



Legislation Details (With Text)

File #: 2018-163 **Version:** 1 **Name:**
Type: Discussion **Status:** Agenda Ready
File created: 3/6/2018 **In control:** City Council
On agenda: 3/20/2018 **Final action:**
Title: FISCAL YEAR 2018-19 BUDGET WORKSHOP #1 - BUDGET POLICY ISSUES (CITY COUNCIL)
Sponsors:
Indexes:
Code sections:
Attachments: 1. City Events Summary, 2. File Summary

| Date | Ver. | Action By | Action | Result |
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Report to Mayor and City Council

Tuesday, March 20, 2018

Discussion

SUBJECT:

FISCAL YEAR 2018-19 BUDGET WORKSHOP #1 - BUDGET POLICY ISSUES (CITY COUNCIL)

I. SUMMARY

This is the first of three planned budget workshops, prior to a public hearing in June 2018 to consider adoption of the proposed FY18-19 budget. Initial draft budgets have been received from the departments. One purpose of tonight's workshop is to receive direction from City Council on the proposals that would change the current budget structure.

The City has an ongoing General Fund budget deficit. The new Oil Industry Business License tax is expected to generate at least \$3.2 million for FY18-19, based on information received to date. Collection of the tax began in January 2018, and the City is still in a stage of discovery. The estimated revenue may grow as additional information becomes available, or when audits are conducted. Using the minimum estimate for now, the FY18-19 General Fund deficit may be about \$3.7 million without further changes to the budget structure.

- Sales Tax (one-third of General Fund revenue) is expected to decrease slightly due to expected cooling off for auto sales.
- Property Tax (one-fifth of General Fund revenue) is expected to increase by 2%

for most parcels and decrease for the oil refineries.

- Employee compensation (one-half of General Fund expenditures) is expected to increase by 2.5% (\$0.9 million) for the City's pension contribution alone. That does not include any potential wage increases.
- The Sheriff contract for law enforcement (one-quarter of General Fund expenditures) will increase by 3.0% overall based upon the same number of service units.

Although the City's General Fund Reserve for Economic Uncertainties is nearly fully funded, the City is not prepared for the next recession. The structural budget deficit has not yet been cured; and the City's major revenue sources are not increasing as fast as expenditures. Funding for infrastructure rehabilitation continues to be inadequate. For example, the City needs to spend \$9 million annually to gradually improve the overall condition of its streets. The expected funding available for pavement repair is only \$4.2 million; which includes new revenues from the county's Measure M sales tax and the state's Road Maintenance and Rehabilitation Account (RMRA from SB 1).

We must continue to determine whether services are necessary or nice to have. The City Council's decisions tonight are not final, as there will be additional opportunities to make changes to the draft FY18-19 budget prior to June 2018.

II. RECOMMENDATION

PROVIDE direction for each budget policy question, which will be used to build the draft budget.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

The purpose of this workshop is for the City Council to receive updated information regarding the General Fund Reserve and expectations for the FY18-19 budget; and to provide direction for potential changes to the budget structure for FY18-19.

Staff will be prepared to provide an overview of updated information, and walk through each policy question during the workshop.

General Fund Reserve

As reported on February 20th, the expected General Fund balance at June 30, 2018 is \$21.2 million. As a reminder, the estimate includes sale of the property at 2403 E. 223rd by June 30, 2018 for \$4.5 million. It is uncertain whether the sale will close by that date. As part of escrow, the buyer will have 90 days to perform due-diligence on the property once it is vacated. WIN Chevrolet currently has vehicles stored on the property. If the property

does not sell by June 30th, the expected FY17-18 ending fund balance will be \$16.7 million.

The City Council's reserve policy (Resolution 12-014) requires 20% of annual budget expenditures to be set-aside as a Reserve for Economic Uncertainty, calculated at \$16.8 million for FY17-18. Another \$1 million has been set aside for self-insurance claims. Another \$0.3 million is non-spendable in form (inventory and prepaid amounts).

| | |
|---|-----------------|
| Expected June 30, 2018 Balance <u>without</u> property sale | \$16.7 million |
| Less: | |
| Calculated Reserve for Economic Uncertainties | \$16.8 million |
| Set Aside for Self-Insurance Claims | \$1.0 million |
| Non-Spendable in Form (inventory, prepaid amounts) | \$0.3 million |
| General Fund Balance Shortfall <u>without</u> property sale | \$(1.4 million) |

Once the property at 2403 E. 223rd sells, the City Council may consider the use of the \$4.5 million proceeds. Staff recommends the following:

1. Use \$1.4 million to restore the General Fund Reserve.
2. Increase the amount set aside for self-insurance claims by \$0.8 million.
3. Reduce the FY18-19 General Fund budget deficit from \$3.7 million to \$1.3 million; and use \$1.3 million of the sales proceeds to balance the budget.
4. Use \$1.0 million to supplement high priority street repairs.

After the Great Recession, the economy has enjoyed a long period of expansion. Leading economists such as Dr. Christopher Thornberg of Beacon Economics are not predicting a recession within the next 24 months; however, recession after expansion is inevitable. The City Council may consider reducing the General Fund budget to eliminate the ongoing structural deficit.

The City is self-insured for dental and unemployment insurance; the first \$250,000 per liability claim; the first \$750,000 per workers' compensation claim; the first \$10,000 per property claim; and the first \$10,000 per crime claim. For the last 2 years, claims payments have averaged \$1.8 million per year. It may be prudent to increase the General Fund balance set aside for self-insurance from \$1 million to \$1.8 million.

In June 2017, the City Council adopted an updated policy to pre-fund retiree health insurance. Resolution 17-044 states "It shall be the policy of the City Council to review the results of each fiscal year, including favorable budget variances and remaining unrestricted fund balances, to determine whether to make a pre-funding contribution to the Trust." Considering the expected FY18-19 General Fund budget deficit, staff does not recommend a pre-funding contribution at this time.

The Pavement Management System indicates the City should spend \$9 million per year to gradually improve the condition of the City's streets. Currently, the City only uses restricted monies to fund pavement repair. An estimated \$4.2 million is available each year as follows.

| | |
|--|---------------|
| Proposition C (primarily used for transit) | \$0.2 million |
| Measure R | \$1.1 million |
| Measure M - NEW in FY17-18 | \$1.3 million |
| RMRA (SB 1) - New in FY17-18 | \$1.6 million |
| Total Potentially Available | \$4.2 million |

Staff recommends making a General Fund contribution of \$1 million to supplement pavement repair for high priority projects.

Revenue Expectations for FY18-19

General Fund revenue estimates will be refined over the next 3 months. An early estimate for FY18-19 is \$82 million; including a one-time sale of surplus property for \$1.5 million, and minimum Oil Industry Business License Tax of \$3.2 million. Oil Industry Business License tax collection began in January 2018 and we are still in a stage of discovery. The new tax revenue estimate may grow as more information becomes available. It is too early to provide estimates for potential Cannabis tax revenue, as applications for commercial permits have not yet been received. Until specific construction milestones are completed for the Andeavor Integration project, the City will not receive additional payments pursuant to the Community Benefits Agreement (CBA). An updated estimate of FY18-19 General Fund revenue will be presented with the Budget Workshop #2 report on April 17th.

Sales tax comprises roughly one-third of General Fund revenue. Due to an expected cooling off of auto sales, the revenue is expected to decrease slightly for FY18-19, from \$24.8 million to \$24.5 million.

Property tax comprises roughly one-fifth of General Fund revenue. The assessed values will likely increase by 2% for most parcels. However, we have conservatively assumed a continued erosion of assessed values for the oil refineries. Over the last 5 years, the City's share of property tax revenue from Andeavor (formerly Tesoro) has decreased by an average of \$131,000 per year. Over the same period, the City's share of property tax revenue from Phillips 66 has decreased by an average of \$141,000 per year. The assessed values for the refineries:

- Fluctuate with the volume and market price of oil held in the tanks each January;
- Increase when new equipment is purchased (expected to occur after Andeavor completes integration project);
- Decrease when existing equipment is depreciated; and
- Decrease when old equipment is decommissioned.

An estimate for the new Oil Industry Business License tax will be included in the draft FY18-19 budget. At a minimum if we take the taxes paid to date for one month of activity and multiply by 12, the estimated revenue may be at least \$3.2 million. The tax returns for the period of January 2018 through March 2018 will be due April 30th; and the FY18-19 revenue estimate can be updated. It should be noted that staff is requesting a FY18-19 appropriation to audit gross receipts reported by the businesses subject to the tax (see

discussion below).

Employee Compensation Expectations for FY18-19

Employee compensation is roughly half of the General Fund budget. Employee compensation includes wages and benefits. The City is currently in negotiations with the City's bargaining groups. Potential wage increases have not been solidified or included in the draft FY18-19 budget. The primary benefit costs are health insurance (City contribution capped), employee pension, and retiree health insurance. Employee pension and retiree health insurance expectations are discussed below.

Employee Pension and Retiree Health Insurance Expectations for FY18-19

The City has three major expenditures related to employee retirement: the employer's normal cost contribution to the defined benefit pension system (current cost of continued service); the employer's payment of the unfunded pension liability; and the cost of retiree health insurance premiums.

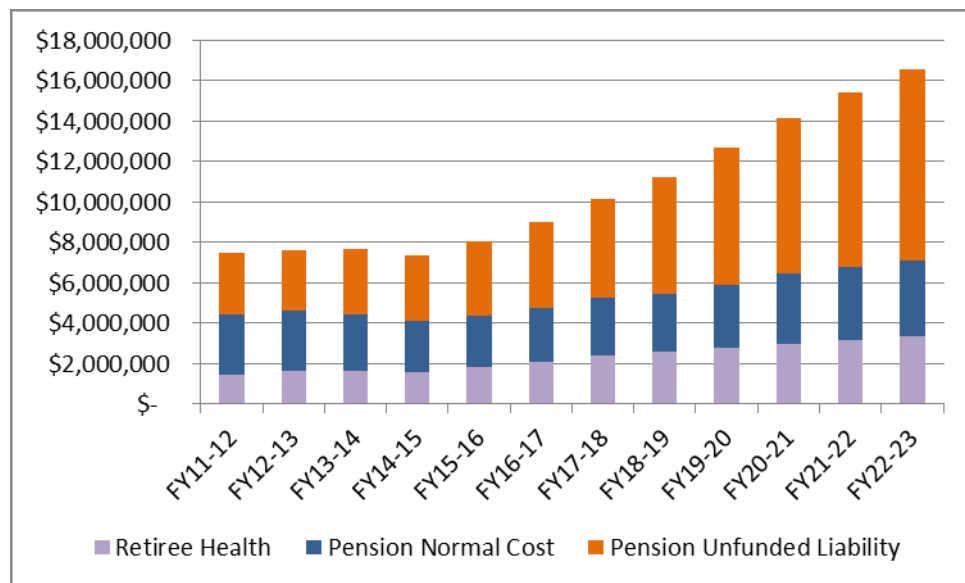
The employee pension plan is administered by the California Public Employee Retirement System (CalPERS). In December 2016, the CalPERS Board took action to reduce the assumed rate of return from 7.5% to 7.0% over a 3-year period beginning FY17-18. This impacted both the normal cost contribution and payment of the unfunded liability. In February 2018, the CalPERS Board took further action to reduce the amortization period for future additions to the unfunded liability.

An unfunded liability exists when the accrued liability exceeds the market value of plan assets. The City's unfunded liability at June 30, 2016 was \$98.4 million. CalPERS calculates the pension liability for each plan based on assumptions including expected employee wages, expected retirement date, expected mortality, and expected investment returns. Approximately 2/3 of retiree benefit payments are made from investment earnings. When the assumptions are not met, the unfunded liability increases.

Each increase of the unfunded liability has been amortized over 30 years, to minimize the impact on employers. Beginning with the June 30, 2019 valuation which sets contribution rates for FY21-22, any increase of the unfunded liability will be amortized over 20 years; thereby increasing employer contributions. The impact to the City cannot be estimated until we have actual results that increase the unfunded liability.

The City pays health insurance premiums for eligible retirees (241 currently receiving benefits). The average age of the City's workforce is 46.8 years. Due to retirees living longer, an independent actuary expects the number of retirees receiving benefits will continue to increase.

A summary of the City's employee retirement costs follows. Total expenditures are expected to increase from \$10.1 million in FY17-18 to \$16.6 million in FY22-23. This is an average increase of \$1.3 million or 10.3% each year.



Expected increases for the cost of employee retirement are primarily attributable to the pension unfunded liability.

| | Pension Unfunded Liability | Increase \$ | Increase % |
|---------|----------------------------|-------------|------------|
| FY17-18 | \$4,869,400 | | |
| FY18-19 | \$5,773,341 | \$903,941 | 18.6% |
| FY19-20 | \$6,796,495 | \$1,023,154 | 17.7% |
| FY20-21 | \$7,690,085 | \$893,590 | 13.1% |
| FY21-22 | \$8,658,945 | \$968,860 | 12.6% |
| FY22-23 | \$9,496,565 | \$837,620 | 9.7% |

| | Pension Normal Cost | Increase \$ | Increase % |
|---------|---------------------|-------------|------------|
| FY17-18 | \$2,878,247 | | |
| FY18-19 | \$2,863,837 | -\$14,410 | -0.5% |
| FY19-20 | \$3,097,199 | \$233,362 | 8.1% |
| FY20-21 | \$3,490,040 | \$392,841 | 12.7% |
| FY21-22 | \$3,594,741 | \$104,701 | 3.0% |
| FY22-23 | \$3,702,584 | \$107,842 | 3.0% |

| | Retiree Health | Increase \$ | Increase % |
|---------|----------------|-------------|------------|
| FY17-18 | \$2,390,964 | | |
| FY18-19 | \$2,573,769 | \$182,805 | 7.6% |
| FY19-20 | \$2,805,775 | \$232,006 | 9.0% |
| FY20-21 | \$2,960,288 | \$154,513 | 5.5% |
| FY21-22 | \$3,166,978 | \$206,690 | 7.0% |
| FY22-23 | \$3,368,418 | \$201,440 | 6.4% |

Sheriff Contract Expectations for FY18-19

The Sheriff's contract is roughly one quarter of the General Fund budget. The Sheriff's

Department has provided rate increases for FY18-19. Unit rates will increase by 2.57%; except for Sergeants, which will increase by 3.27%. The contribution to the liability trust fund will increase from a 10% surcharge of services to 10.5%. An official calculation will come from the Sheriff by May. In the meantime, the information provided was used to calculate the following estimates.

| | FY17-18 | FY18-19 Estimate | Increase |
|----------------------|--------------|------------------|------------------|
| Base Contract | \$16,806,491 | \$17,242,686 | \$436,195 |
| Liability Trust Fund | \$1,610,992 | \$1,735,014 | \$124,022 |
| Total Contract | \$18,417,483 | \$18,977,700 | \$560,217 |

The resulting overall increase is expected to be 3.0% for FY18-19. This assumes no changes to the number of units.

Status of Hiring Freeze for Full-Time Positions

To help reduce the General Fund budget deficit, 18 vacant full-time positions were frozen in FY16-17. Another 20 vacant full-time positions were frozen in FY17-18. Work is being deferred, as more than 10% of the City's full-time positions are subject to the hiring freeze. On January 23, 2018, City Council released the hiring freeze for 6 full-time Public Works positions. Therefore the hiring freeze stands at 32 positions with an estimated cost of \$2.9 million.

| Frozen | Department | Classification |
|---------|---------------|---------------------------------|
| FY16-17 | City Council | FIELD DEPUTY |
| FY16-17 | City Council | FIELD DEPUTY |
| FY16-17 | City Manager | TYPIST CLERK I |
| FY16-17 | City Manager | SENIOR CLERK |
| FY16-17 | Info Tech | COMPUTER SYSTEMS SUPPORT TE |
| FY16-17 | Public Safety | CODE COMPLIANCE OFFICER |
| FY16-17 | Public Safety | EMERGENCY PREPAREDNESS ANALYS |
| FY16-17 | Public Safety | YOUTH SERVICES OFFICER |
| FY16-17 | Public Safety | YOUTH SERVICES OFFICER |
| FY16-17 | Finance | ADMINISTRATIVE SECRETARY |
| FY16-17 | Comm Dev | ADMINISTRATIVE SECRETARY |
| FY16-17 | Comm Dev | ASSOCIATE PLANNER |
| FY16-17 | Comm Dev | MGR, REDEVELOPMENT |
| FY16-17 | Comm Svcs | TYPIST CLERK I |
| FY16-17 | Public Works | CUSTODIAN |
| FY16-17 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY16-17 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY16-17 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Safety | PUBLIC SAFETY SPECIALIST |
| FY17-18 | Public Works | CIVIL ENGINEERING ASSISTANT |
| FY17-18 | Public Works | CONSTRUCTION INSPECTOR |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT MAINTENANCE WORKER |
| FY17-18 | Public Works | ASSISTANT FACILITIES MAINT TECH |
| FY17-18 | Public Works | SENIOR GROUNDSWORKER |
| FY17-18 | Public Works | ASSISTANT GROUNDSWORKER |
| FY17-18 | Public Works | CUSTODIAN |
| FY17-18 | Public Works | CUSTODIAN |
| FY17-18 | Public Works | HEAVY EQUIPMENT OPERATOR |
| FY17-18 | Public Works | ASSISTANT TREE TRIMMER |
| FY17-18 | Public Works | FACILITIES MAINT TECH |
| FY17-18 | Public Works | SENIOR MAINTENANCE WORKER II |
| FY17-18 | Public Works | ASSOCIATE CIVIL ENGINEER |

Budget Policy Issue - Release of Hiring Freeze for Public Works Positions

The Public Works Director proposes a FY18-19 release of all remaining frozen positions for Public Works (17 full-time positions with a total cost estimate of \$1.3 million). The work

order system has been up and running since June 2017. In the last 9 months, Public Works has received 3,930 maintenance requests. A total of 3,203 have been completed, and 727 are still incomplete primarily due to staffing shortages. Once the work order system is released to the public in May 2018, the Director anticipates many more requests will be received. Current staff responsibilities are summarized below.

| Crew | # FTE's | Coverage per Staff Equivalent to |
|------------------------|---------|---|
| Grounds/Turf/Landscape | 28.0 | 358,357 sq ft: 6 football fields |
| Building Maintenance | 24.0 | 13,333 sq ft: 5.3 homes (2500 sq ft each) |
| Custodial Services | 16.5 | 19,394 sq ft: 7.8 homes (2500 sq ft each) |
| Sidewalks | 7.0 | 1,428,571 sq ft |
| Signs | 4.0 | 3,000 signs |
| Trees | 3.0 | 6,667 trees |
| Vehicles | 1.5 | 49 vehicles |

The Public Works Director will be prepared to offer recommendations for the highest priority positions to be released from the hiring freeze.

Shall all or some of the 17 remaining Public Works positions currently subject to the hiring freeze be included in the draft FY18-19 budget?

Budget Policy Issue - Landscape & Building Maintenance Program

The Public Works Director requests the re-establishment of a Superintendent position previously funded in the Landscape & Building Maintenance (LBM) Division. The LBM Division provides all facility and grounds maintenance that is not in the City's right-of-way.

In recent years, Landscape and Building Maintenance Supervisors have been reporting to a single Public Works Operations & Maintenance Superintendent. That Superintendent position has been vacant, and now all Operations Supervisors are reporting to the Director. The LBM crews cover shifts 7 days per week, 20 hours per day. Given the effort required to effectively manage all Operations Supervisors, we recommend funding two Superintendent positions.

Shall the draft FY18-19 include funding to re-establish an LBM Superintendent with an estimated annual cost of \$160,000?

Budget Policy Issue - Release of Hiring Freeze for Public Safety Specialist

The Public Safety Division Managers propose a FY18-19 release of the Public Safety Specialist position (cost estimate of approximately \$100,000). The position was frozen after the most recent Public Safety Specialist retired in March 2017. However, the programs supported by the position were not suspended; including 10 Town Hall meetings per year, the Safety First Act Now (SFAN) program, the Neighborhood Watch Block Captain program, the Community Emergency Response Team (CERT) program, and monthly first-aid and CPR training for the community. A Parking Control Officer has been supporting these programs; and as a result annual parking citation revenue has decreased by more than \$300,000.

Shall the Public Safety Specialist position currently subject to the hiring freeze be included in the draft FY18-19 budget? Or shall the Public Safety programs noted above be suspended?

Budget Policy Issue - Parking Enforcement Program

Parking enforcement in the City was previously provided by a contractor. In 2016, the City brought the program in-house by hiring three Parking Control Officers. A summary of program revenues and expenditures follows.

| | FY15-16 Actual | FY16-17 Actual | FY17-18 Estimate |
|--------------|----------------|----------------|------------------|
| Revenue | \$810,532 | \$1,123,076 | \$860,000 |
| Expenditures | \$151,738 | \$144,869 | \$174,193 |
| Net Revenue | \$658,794 | \$978,207 | \$685,807 |

Each Parking Control Officer may generate \$300,000-\$400,000 of annual revenue.

During FY17-18, one Parking Control Officer has been covering the duties previously performed by the Public Safety Specialist who retired in March 2017 (see discussion above). Therefore, parking revenue is currently only generated by two Parking Control Officers, reducing the estimated revenue for FY17-18 by more than \$300,000.

The Parking Enforcement program includes 3 routes for 3 Officers, the preferential parking zones (permit parking), and morning requests from local schools. Even when 3 Officers are serving the program, there is no coverage for the preferential parking zones or the school requests. When Parking Control Officers are out sick or on vacation, there is even less coverage.

To ensure the City maximizes its parking citation revenue, Public Safety Staff recommends the addition of one Parking Control Officer, to ensure all 3 Parking Enforcement routes are covered; as well as the preferential parking zones and morning requests from local schools. The annual employee compensation for one additional Parking Control Officer is approximately \$61,000. The estimated upfront cost of an additional vehicle and equipment is \$27,000.

Shall the draft FY18-19 budget include the cost of one additional Parking Control Officer, and an increase of estimated parking citation revenue?

Budget Policy Issue - Security Cameras at City Facilities

The Public Safety Division proposes to add \$360,000 to the draft FY18-19 budget to begin a two-year plan to install security cameras at all City facilities. Once cameras are acquired, ongoing annual maintenance would also be added to the budget. During FY18-19, cameras would be installed at the following highest priority locations.

| Location | Number of Cameras |
|------------------|-------------------|
| City Hall | 32 |
| Community Center | 48 |
| Corporate Yard | 64 |

| | |
|----------------|----|
| Veterans Park | 16 |
| Carson Park | 16 |
| Scott Park | 16 |
| Dominguez Park | 16 |

The plan includes installation of cameras at the remainder of the City parks during FY19-20. A Request for Proposals (RFP) was published in February and closes March 22nd. Based on the results of the RFP, the proposed budget amount may change.

Shall an allocation for the installation and maintenance of 208 security cameras be included in the draft FY18-19 budget?

Budget Policy Issue - Hazardous Materials Inspection Program

The Public Safety Division proposes to expand City services during FY18-19 by implementing a program to inspect businesses in the City that store hazardous materials. Staff has estimated there are approximately 200 businesses in the City that may be impacted. The program would include a physical inspection and review of the business hazmat plan. Staff proposes hiring a consultant to perform the work, and recovering 100% of the cost through a fee deposit paid by each business to be reviewed. Staff recommends an initial allocation of \$100,000 to begin the program; which would be cost neutral to the General Fund.

Shall an expenditure of \$100,000 and the corresponding fee revenue of \$100,000 for a Hazardous Materials Inspection Program be included in the draft FY18-19 budget?

Budget Policy Issue - Oil Industry Business License Tax Audit Program

The City has received the first tax returns for the City's new Oil Industry Business License tax. For one month of activity (December 2017), \$266,473 has been received; which is significantly less than the estimate from the City's oil industry expert consultant. Tax returns for January 2018 through March 2018 will be due on April 30th.

Staff has solicited audit proposals from several firms with oil industry experience; and to date, two proposals have been received. A third proposal is expected soon. Staff recommends the FY18-19 budget include an allocation to establish an ongoing audit program for the Oil Industry Business License tax. An in-depth initial audit of major taxpayers will likely be expensive. Once we have established an understanding of oil industry gross receipts, the cost of subsequent audits may be significantly less. If an oil industry business is found to have underpaid the tax by more than 2%, that business must reimburse the City for the cost of the audit.

Shall an allocation be included in the draft FY18-19 budget for initial in-depth audits of oil industry businesses paying the City's new business license tax?

Budget Policy Issue - Social Media Program

The City has a Social Media policy, but does not have dedicated resources for the expertise to manage Social Media outreach. The Technology Subcommittee of the City Council (Santarina & Hilton) worked with the City's Technology Commission and the

Information Technology Manager to develop a Social Media Consultant RFP, which was never published. Staff requests permission to publish the RFP. Proposal results may indicate there is an advantage to bundling social media with other services. Initial estimates indicate a Social Media consulting contract may be roughly \$60,000 per year.

Shall a placeholder be included in the draft FY18-19 budget, and an RFP be published for a Social Media Consultant with the results reported to City Council?

Budget Policy Issue - Improvements to the Quarterly Carson Report and/or Community Services Guide

The quarterly Carson Report costs approximately \$11,000 to print each issue and prepare for mailing. An upgrade to a full color publication on glossy paper would cost an additional \$3,000 per issue. An upgrade of the Community Services Guide would have a similar cost increase. Staff recommends issuing an RFP to obtain best pricing for both publications.

Shall staff include a placeholder in the draft FY18-19 budget, and publish an RFP for full color printing on glossy paper for both the Carson Report and Community Services Guide and report the results to City Council?

Budget Policy Issue - City Sponsored Community Events

The FY17-18 budget includes a General Fund subsidy of \$232,000 for community events (excluding 50th Anniversary). A list of events has been attached to this report (see Exhibit A).

The Carson Community Foundation (CCF) was formed in 2016 to assist the City in funding community events. Through February 28, 2018, the CCF has raised \$444,750; and has funded the 2018 City of Carson Rose Parade Float, a portion of the 50th Anniversary Gala Ball, and various City events. Contributions totaling \$40,000 were made for the “Why I Like Carson” essay contest, Jazz Festival, Cinco de Mayo, Miss Carson pageant, Youth Conference, and Juneteenth celebration. It is uncertain whether the CCF will be able to fund any Community events for FY18-19.

In considering whether to fund community events with General Fund money during FY18-19, the City Council may wish to consider combining various events. For example, the City Council may choose to combine the Country and Western Fair with Community Friendship Day (July 4th).

Shall the draft FY18-19 budget include funding for community events? If yes, then City Council direction is needed to identify the events and amounts to be included.

Budget Policy Issue - City Support of 2019 Rose Parade Float

The Carson Community Foundation has approved the \$5,500 application fee to the Tournament of Roses for a 2019 City of Carson Rose Parade float. For the City’s 50th anniversary entry to the Tournament in 2018, the City contributed significant staff time summarized as follows.

- Preparation and administration of the float construction contract.

- 20 planning meetings, including preparation and attendance.
- Significant outreach for rose vial and raffle ticket sales.
- 22 shifts from December 26th through December 30th.
- Long hours December 31st and January 1st for a team of 4 full-time staff.

The overtime and part-time wages paid for this support was absorbed by the City's FY17-18 budget due to staff vacancy savings. Those same savings may not be available for FY18-19.

Shall the draft FY18-19 budget include Overtime and Part-Time allocations for staff preparation and coordination of a 2019 Rose Parade Float?

Budget Policy Issue - Wi-Fi at All City Parks

The City Manager will meet with representatives of Spectrum to discuss the City's options for deploying Wi-Fi at all City parks. To avoid overload of the City's network and firewall security issues, it would be in the City's best interest to allow Spectrum to provide the service if the service is cost-neutral or feasible for the City.

Shall staff pursue options for deploying Wi-Fi at all City parks and report back to City Council?

Budget Policy Issue - Senior Assisted Living Services

Senior assisted living services provided by the City include case management and home services, Geriatric Aides, and the Emergency Alert Response System. The FY17-18 Senior Assisted Living Services budget was \$222,091.

The Geriatric Aides provide light housekeeping, grocery shopping, meal preparation, and limited bathing and feeding for homebound seniors. There are currently 40 seniors enrolled in the program.

The Emergency Alert Response System (EARS) is a personal response unit connected to a telephone system that enables seniors to press a button worn on their person and alert the Long Beach Memorial Medical Center of an emergency. There are 28 seniors participating, and the City's cost of the service is approximately \$12,000 per year. There is a waiting list for this program.

Staff recommends the City Council consider implementing income qualification requirements for Senior Assisted Living Services, or phasing out the program completely.

Shall the City establish income qualification requirements for Senior Assisted Living Services? Or shall the City phase out the program during FY18-19?

Budget Policy Issue - Summer Youth Program

The FY17-18 budget included funding for 100 Summer Youth program participants. The

appropriation included 100 hours each at minimum wage, Medicare tax, and a \$15 TB test. If the City were to fund another 100 participants for 2018, the estimated total appropriation would be approximately \$113,000.

Shall the draft FY18-19 budget include funding for 100 Summer Youth participants?

Budget Policy Issue - Contracting Youth Sports Officials

The City hires part-time Sports Officials at minimum wage for the Youth Sports program. The program includes the following sports and number of games officiated in 2017.

| | |
|-------------------|-------|
| Basketball | 752 |
| Baseball/Softball | 907 |
| Flag Football | 148 |
| Soccer | 599 |
| Total | 2,406 |

When the FY17-18 budget was prepared, Sports Officials had worked a total of 10,305 hours during the previous 12 months. Using actual hours as a basis, the FY17-18 budget was calculated at \$152,982. Actual FY16-17 part-time expenditures coded to Youth Sports totaled \$184,423. Therefore, the average Sports Official cost ranges from \$63 to \$77 per game.

Community Services Staff proposes hiring a third-party contractor for Sports Officials. A Request for Proposals (RFP) would be issued, and a contract negotiated. Staff believes the contract would reduce the City's liability; secure higher quality officials; ensure an official is present for each game; eliminate the need for training; and save staff time scheduling, managing and administering the part-time Sports Officials. It is possible that the contracted Sports Officials will be more expensive than the part-time staff currently utilized.

Shall staff include a placeholder for contracted sports officials in the draft FY18-19 budget, and publish an RFP for contracted sports officials and report the results to City Council?

Budget Policy Issue - Cultural Arts Contracts

The Cultural Arts program provides funding for local organizations providing services to Carson's residents. The program includes publishing an RFP, collecting applications, conducting application assistance meetings, compliance meetings, two dedicated Cultural Arts Commission meetings, preparation of reports to City Council, preparation and execution of contracts, administering payments, tracking contractor events, reviewing quarterly reports from contractors, and ensuring contract compliance.

The FY17-18 funding allocation was \$84,850. Due to budget constraints funding was decreased from \$212,938 in FY14-15 to \$158,426 in FY15-16; then decreased again to the current level of funding in FY16-17 and FY17-18. Nine contractors were approved for funding ranging from \$7,500 to \$15,300 each.

In addition to the cash contributions, two of the recipient organizations are receiving free

room rental through June 2019 based upon prior City Council approval. In some cases, wear on the City facilities is significant with no reimbursement. As an example, facility flooring that would normally last 5 to 6 years was replaced 3 years ago at a cost of \$15,000; and needs to be replaced again.

Community Services staff proposes a new program of Reciprocal Agreements with approved Cultural Arts organizations. The City would provide use of a City facility, advertising space in the Carson Report, and attendee registration services. No cash contributions would be provided. The Cultural Arts organizations would provide classes/events for Carson residents.

Shall staff prepare a detailed proposal for City Council consideration to establish a program of Reciprocal Agreements without a City cash contribution for FY18-19?

Budget Policy Issue - Community Center Decorative Lighting

One way to improve the appearance of the Community Center is to install LED lights in the surrounding trees, the atrium, and the outside of the building. Initially, the City would need to publish an RFP for a landscape architect to develop a plan. The actual installation would require tree-trimming, trenching, and an upgrade of the electrical system to comply with the current building code. The full cost of the project may exceed \$200,000. It is difficult to estimate the impact of such a project to rental revenue.

Shall an allocation for preparation of a plan be included in the draft FY18-19 budget, and an RFP published for a consulting Landscape Architect with the results reported to City Council?

Next Steps in the Budget Process

The next Budget Workshop is scheduled for April 17, 2018. A draft budget will be presented to City Council, along with an initial version of the 2018 Five-Year Model.

V. FISCAL IMPACT

There is no immediate fiscal impact. City Council direction will be used to prepare the draft FY18-19 budget.

VI. EXHIBITS

A - FY17-18 City Events (page 17)

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