



Legislation Text

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Report to Mayor and City Council

Tuesday, December 15, 2020

Discussion

SUBJECT:

UPDATED FINANCIAL REPORT OF THE GENERAL FUND RESERVE FOR THE FIRST QUARTER OF FISCAL YEAR 2020-2021

I. SUMMARY

The Finance Department performs an ongoing review of the City's financial performance and provides updates on the General Fund results to the Mayor and the City Council. This report presents a year-to-date update on the City's General Fund reserve in the current Fiscal Year (2020-2021).

II. RECOMMENDATION

RECEIVE and FILE Updated Financial Report of the General Fund Reserve.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

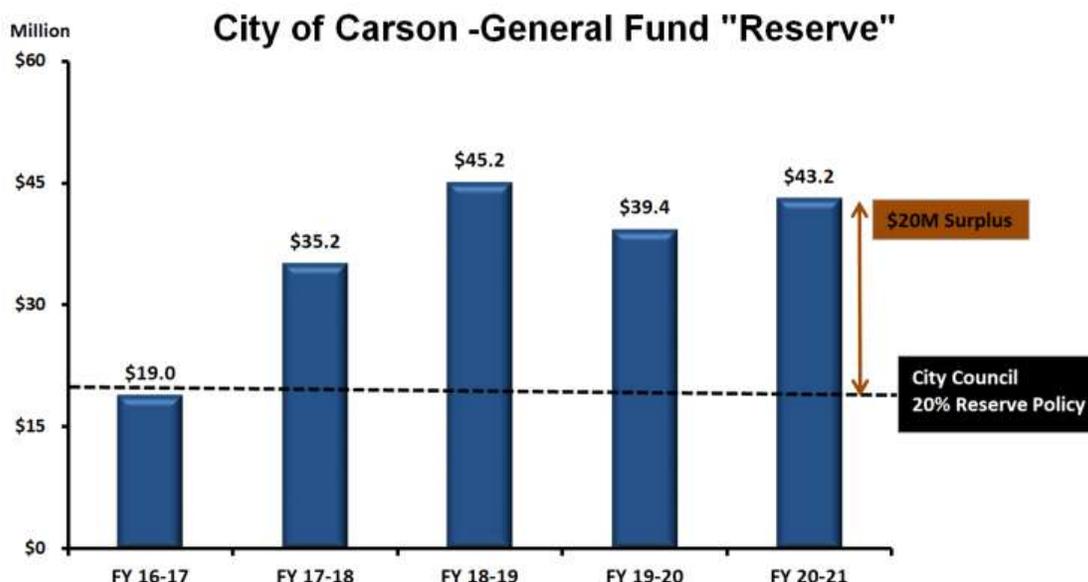
The City of Carson has projected it would end Fiscal Year 2019-2020 with an estimated General Fund Balance Reserve of \$39.4 million, which is \$16 million above the City Council's reserve policy requirements. The audited fund balance will be available upon the completion of the ongoing financial audit, December 30, 2020. Fund balance is the City's "reserve"; it provides a measure of the City's ability to mitigate future risks associated with providing important services in times of economic uncertainties. To provide funding for emergencies, the City Council has adopted a policy that requires the fund balance to be maintained at a minimum level equal to 20% of the General Fund's budget. The chart below provides a five year fund balance trend for the General Fund.

On Friday November 20th, 2020, with the Land Exchange of the City Yard Real Property,

the City added \$5,305,473 into the City's General Fund, bringing the City's reserve fund up to \$43.2 million.

On June 18, 2019, the City Council approved the Land Exchange of the City Yard Real Property at 2390/2400 E. Dominguez for the Prologis Targeted U.S. Logistics Fund, L.P. owned property at 18620 S Broadway & 18601 S Main Street, Carson. The appraisals determined that the fair market value of the City Property is \$25,824,000 and the fair market value of the Prologis Property is \$15,624,000, with the net difference being \$10,200,000. The initial estimate for the build out was \$4,110,000, of which Prologis would pay \$2,410,000 and City would be responsible for \$2,461,733 that would be offset against the excess amount leaving the City with a Net Balance of \$7.7 million. During the project, the City Council approved the expenditure of an additional \$2.7 million for certain additional features to enable the facility to be more efficient and effective for future growth and to maximize the space. With the allocation of these additional funds, the total amount the City has spent to build the New Corporate Yard is \$4.9 million, leaving a Net Balance of \$5.3 million that the City received on November 20th, 2020 upon Certificate of Occupancy/Close of Escrow.

This is a great result for the City's year-to-date General reserve fund that currently stands at \$43.2 million, which is \$20 million above the City Council's reserve policy requirements.



V. FISCAL IMPACT

None associated with this staff report.

VI. EXHIBITS

None

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