



CITY OF CARSON

Legislation Text

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Report to Mayor and City Council

Tuesday, June 15, 2021

Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER ADOPTION OF RESOLUTION NO. 21-073, ADOPTING THE FISCAL YEAR 2021-2022 ANNUAL BUDGET IN THE GENERAL FUND (CITY COUNCIL)

CONSIDER RESOLUTION NO. 21-06-CSA, ADOPTING THE FISCAL YEAR 2021-2022 ANNUAL BUDGET FOR THE CARSON SUCCESSOR AGENCY (SUCCESSOR AGENCY)

CONSIDER RESOLUTION NO. 21-06-CHA, ADOPTING THE FISCAL YEAR 2021-2022 ANNUAL BUDGET FOR THE CARSON HOUSING AUTHORITY (HOUSING AUTHORITY)

CONSIDER RESOLUTION NO. 21-074 APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2021-2022 (CITY COUNCIL) AND APPROVAL OF THE 2021 CAPITAL IMPROVEMENT PLAN (CITY COUNCIL)

I. SUMMARY

Over the past several months, the City Council has held three budget workshops and provided direction to staff for the Fiscal Year 2021-2022 budget. The Public Hearing Notice was published on May 27th (Exhibit A) and the draft budget has been on file with the City Clerk's Office for public viewing since June 7th. The resolutions are ready for the City Council to consider adoption (Exhibit F and Exhibit G).

For the first time since Fiscal Year 2012-2013, the City of Carson has the opportunity to adopt a structurally balanced budget where recurring revenues are equal to or exceed recurring expenditures.

The Fiscal Year 2021-2022 budget focuses on the City Council's newly adopted priorities:

1. Make quality of life improvements (infrastructure, maintenance, beautification)
2. Prioritize economic development
3. Adopt governance policies and procedures pertaining to districts

4. Promote housing development
5. Increase public safety
6. Make progress on development that provides community benefits in the long term
7. Maintain quality City programs and services
8. Advocate for funds from county, state and federal government
9. Increase outreach and information to the community

To address the most pressing community and regional challenges, in February 2021 the City Council selected four priority focus areas for the coming fiscal year: Economic Development, Increased Public Safety, Maintaining Quality City Programs and Services, and Making Quality of Life Improvements.

To move these priorities forward, staff will be implementing a new budget process that aligns departmental budgets with the City Council Priorities, measures progress towards priorities and gets the best value for each tax dollar with the use of a robust use of performance management. In addition, various departmental reorganizations are under review and discussion that will further enhance the City administration's ability to implement the City Council priorities. These will all be subject to our bargaining agreement requirements and City Council's approval before being advanced.

Structurally Balanced Budget for Fiscal Year 2021-2022:

The consideration and adoption of the City budget is one of the most important actions that the City Council takes. The Fiscal Year 2021-2022 proposed budget determines the services the City provides to the community, the staffing of the organization and sets the amount of funds spent in the Fiscal Year. In prioritizing the long-term fiscal sustainability of the City, the proposed Fiscal Year 2021-2022 budget is structurally balanced, while maintaining a General Fund reserve of \$45.2 million (Exhibit B) that is \$19.6 million above or 14% higher than the City Council reserve policy requirement. The General Fund totals \$92,913,457 in revenues (Exhibit C) and \$92,618,379 in expenditures (Exhibit D). Note that the \$92,618,379 in expenditures do not include the remaining items discussed in detail below where we are looking for City Council direction.

Over the course of Fiscal Year 2021-2022, staff will assess and recommend potential revenue opportunities that the City may consider in balancing the budget long-term, as the City needs to be mindful that the Utility Users Tax sunsets in 2023. With the intention of building on these strengths and as part of the continuous improvement efforts related to financial management, staff will also review policies related to a citywide comprehensive user fee study, purchasing and the budget process.

The Fiscal Year 2021-2022 proposed Capital Improvement Plan (CIP) is a five-year plan that will serve as a planning instrument, in conformance with the City's General Plan, to coordinate funding and timing of improvements in a way that maximizes the return to the public. Exhibit E shows the City's CIP funded projects for Fiscal Year 2021-2026 for which outside special funding has been identified, projects for which grant requests are pending and projects that will require general fund contribution. If the CIP is approved, the City would spend \$49.8 million on capital improvements in Fiscal year 2021-2022.

The Public Works staff has taken many steps towards strengthening the City's CIP and increasing operating efficiencies citywide. Those steps include:

- Proposing improvements to maintain the City's infrastructure as a necessary prerequisite to economic development, business retention and expansion.
- Putting forward a reorganization to ensure effective and efficient engineering, operations to provide a high level of service to the public and its internal customers by reviewing skill sets and responsibilities and optimizing workflow. The reorganization under consideration will allow the Department to manage projects, based on size and complexity, that are aligned with City Council priorities.
- Assessing existing program management technologies and benchmarking the department with other cities of comparable size, character and complexity to manage and monitor CIP projects. Conduct a formal inventory of all city-owned assets, which includes deferred maintenance and condition assessments. This effort will be tied to a structured Condition Maintenance Management System (CMMS) that will provide better management of all city-owned assets. The City's insurance carrier has a list of insured assets that will serve as a basis for the inventory that will be supplemented by Public Works' engineering and maintenance divisions. This includes all facilities, parks, City Hall and Community Center.
- In coordination with the Risk Manager recommended in the Fiscal Year 2021-2022 proposed budget, Public Works will better understand the risks and liabilities with its assets and how better to evaluate, design, maintain, and construct facilities in the City to reduce risk. The proposed Risk Manager will provide the critical information that the Public Works department will need to provide programs and projects that minimize risk. In turn, this will help the City Council develop priorities, assess risk at city-owned facilities and understand impacts and needs across the organization.
- Developing achievable actions to create a healthy, sustainable and resilient city. Our goals towards a more sustainable future involve purchasing electric, hybrid and low carbon fuel vehicles as part of its Fleet Replacement Program, developing a Food Waste Recycling Program to increase diversion levels and reduce the amount of waste taken to landfills, planting drought tolerant plants and trees in our landscaping projects and creating an environmentally focused purchasing program.
- Streamlining processes in Public Works, for better staff efficiencies and cost effectiveness. This includes evaluating all activities including the Warehouse and Fleet operations.

II. RECOMMENDATION

1. OPEN the Public Hearing, TAKE public testimony for the proposed Fiscal Year 2021-2022 budget, and CLOSE the Public Hearing.

2. WAIVE further reading and ADOPT Resolution No. 21-073, A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL ADOPTING THE FISCAL YEAR 2021-2022 BUDGET IN THE GENERAL FUND AND SPECIAL REVENUE FUNDS (Exhibit F)
3. WAIVE further reading and ADOPT Resolution No 21-06-CSA, A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED CARSON REDEVELOPMENT AGENCY ADOPTING THE FISCAL YEAR 2021-2022 BUDGET (Exhibit J)
4. WAIVE further reading and ADOPT Resolution No. 21-06-CHA, A RESOLUTION OF THE BOARD OF THE CARSON HOUSING AUTHORITY ADOPTING THE FISCAL YEAR 2021-2022 BUDGET (Exhibit I)
5. WAIVE further reading and ADOPT Resolution No. 21-074, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON ADOPTING THE ANNUAL APPROPRIATION LIMIT FOR THE FISCAL YEAR 2021-2022 (Exhibit G)
6. APPROVE the 2021 Capital Improvement Plan (Exhibit E).

III. ALTERNATIVES

DO NOT ADOPT the proposed Fiscal year 2021-2022 budget and PROVIDE additional direction to staff.

IV. BACKGROUND

This staff report includes the information and resolutions necessary to adopt the Fiscal Year 2021-2022 budget for the City Council. The recommendation is for the City Council to conduct a Public Hearing and consider adoption of the proposed Fiscal Year 2021-2022 budget via the attached resolutions (Exhibit F, Exhibit G, Exhibit I and Exhibit J).

The City Council has held three budget workshops to provide direction for the draft Fiscal Year 2021-2022 budget on March 16th, May 5th and May 18th as summarized in this table:

Department	Budget action	Budget
Information Technology	2.0 FTEs	\$148,000
	2 Interns	\$35,000
	IT hardware/Software	\$91,600
Los Angeles County Sheriff Contract	1.4% increase	\$320,062
City Clerk's Office	Special Elections	\$105,000
Community Services	ADA Mandated Aquatics Lifts	\$25,000
	Furniture Replacement	\$190,000
	Mobile Stage	\$220,000

	New Pool Covers	\$26,000
Human Resources	Insurance Premium increase	\$94,600
Public Works	Potholes, sidewalks, urban forestry, street maintenance, Asphalt/Concrete	\$1,500,000
Total		\$3,783,047

The following items are the remaining budget policy questions for Fiscal year 2021-2022 proposed budget:

Position Add: 1.0 FTE Risk Manager

On May 18th, the City Council directed staff to bring back the funding need for the Risk Manager depending upon a 3, 6 and 9 months recruitment timeline. At this time, no dollar amount has been included in the Fiscal Year 2021-2022 budget, pending the direction of the City Council. The budgeted amount for the Risk Manager role may be based whatever start date the City Council may select:

- Full Year - \$ \$203,987
- 9 months - \$152,989 (if filled in 3 months)
- 6 months - \$101,993 (if filled in 6 months)
- 3 months - \$50,996 (if filled in 9 months)

The City Council requested staff to confirm the role of the Emergency Services Manager compared to the proposed Risk Manager in disaster preparedness. Disaster preparedness refers to measures taken to prepare for and reduce the effects of disasters, that is, to predict and where possible, prevent disasters, mitigate their impact on vulnerable populations and respond to and effectively cope with their consequences. While complementary, these two Managers focus on different elements. The Risk Manager responsibilities are further described below.

❖ *Emergency Services Manager:*

- Coordinate emergency planning efforts
- Maintain disaster inventory/supplies
- Coordinate staff during emergency/supports Emergency Operations Center activation
- Organize city resources to prepare for, mitigate, respond to and recover from disaster
- Facilitate inter-agency operations
- Coordinates and conducts emergency training and exercises for staff
- Conduct public preparedness outreach
- Coordinate media and communications
- Protect safety of residents/citizens

❖ *Risk Manager:*

- Management and compliance with Worker's Comp and TPA self-insured claims (property/GL)
- ADA Assessment and Compliance; Internal Coordinator for ADA Self-Evaluation and Transition Plan
- Safety program compliance, response and training (Injury/Illness Prevention Program (IIPP), Cal OSHA, LADPH)
- Regulatory and accreditation reporting (self-insurers; actuarial reserve analysis)
- Recovery efforts for damage to city property/assets including subrogation
- Manage return-to-work programs
- Contract and City events review for appropriate indemnity, risk and loss transfer and safety requirements
- Implement cost effective insurance/self-insurance program

The former employee in the Senior Risk Management Analyst role retired in 2018. Thereafter, the City utilized the services of an external consultant while conducting the search for a replacement. The incumbent Senior Risk Management Analyst is the only staff primarily dedicated to risk management. Risk Management requirements are performed by the following HR staff - Director 30%; Senior Risk Management Analyst 90%; Human Resources Specialist 50%; Human Resources Specialist 50%. Currently, the Human Resources & Risk Management Department does not have any staff at the Manager level and does not have a dedicated Division within Human Resources & Risk Management. The Department previously had five (5) staff in Risk Management to properly address the City's risk needs. The last of the previous staff retired in 2018 and the others transitioned to other departments/divisions and/or left. None of the other four positions were backfilled after being vacated. The Department Director is the only department executive with no staff at the manager level to whom they may appropriately delegate responsibility based upon Department needs.

The Risk Manager role will provide critical functions in the Human Resources & Risk Management Department, including implementation of key City-wide programs such as safety, return-to-work, workers compensation, liability and first-party property claims, City's insurance policies and vendor insurance at a management level. Further, the Risk Manager will work closely with Public Works to ensure that risks are accessed, addressed and mitigated.

The City has decentralized its efforts to address ADA concerns based upon each Department's need. The City will be issuing an RFP to create a Citywide ADA Self-Evaluation and Transition Plan and the Risk Manager will serve as the internal coordinator for the ADA Plan. This Manager would be the City's point person for health and safety compliance including interactions with external agencies such as the LA County Department of Public Health (LADPH), emergency/pandemic response protocols and CAL/OSHA regulations.

In conjunction with the Director of HR & Risk Management, the incumbent Senior Risk Management Analyst conducted contact tracing and required follow-up with employees impacted by COVID-19. Under direction from the Director of Human Resources & Risk

Management, the Senior Risk Management Analyst led the City's response efforts at City Hall during COVID-19 including environmental health inspections, implementing Health Officer Orders and interviews with the County Health staff. A Manager is the appropriate level to manage the citywide response to emergency concerns.

The Manager will coordinate the Americans with Disabilities Act (ADA) employee requirements including reasonable accommodation/interactive meetings with employees and/or applicants and investigate/process ADA complaints regarding City facilities. The position will manage division staff and external vendors for specialized needs - the worker's compensation law firm, brokers, actuarial and claims consultants and third-party administrative services. The position interacts with residents, other departments, the Executive team, City Attorney and Risk Managers in neighboring cities. The position represents the City in mediations, settlement conferences and risk management organizations/forums.

Short and Long-Term Measurable Goals include the following:

- Significant reduction in Worker's Compensation legacy claims - continued success on settling and closing the City's litigated claims inventory, which has been reduced from 50+ cases in 2018 to 28 cases currently.
- Reduction in Property/General Liability legacy claims - continue success on settling and closing the City's open claims inventory, which has been reduced from 40+ cases to 16 cases currently.
- Proper management, oversight and accountability of the City's third-party vendors and consultants.
- Contract management: consistent review of City-wide contracts for indemnity/insurance requirements to ensure compliance with City policies.
- Safety: administer City's Injury/Illness Prevention Program, conduct periodic inspections to ensure compliance with CAL/OSHA and LA County requirements.
- Respond to emergencies and special situations to ensure the health and safety of employees and to protect City's assets.
- Gather underwriting data and manage the annual insurance renewal process to provide comprehensive and cost-effective coverage.
- Manage the first party claims process for loss recovery of damages to City property.
- Events: ensure appropriate risk management for City sponsored events, including safety and insurance/indemnity review.

Special Events

The City of Carson has a long history of supporting signature special events for its residents. These events promote and create a sense of place and assist in making Carson a regional destination, as well as a desirable place to live and work.

On April 6, 2021, during discussion of agenda item no. 2021-208, the City Council adopted Resolution No. 21-012 approving policies and procedures to improve internal controls relating to the City's Special Events fund based on recommendations of a financial advisory firm. The resolution contains detailed information and procedures that are required or recommended by the financial advisory firm:

- Individual budgets are to be created for each event so that expenses can be charged against the budgeted accounts and that they account for straight time in addition to overtime that employees spend on special events.
- The City is to improve its budgeting process by submitting detailed budgets for each event (including personnel and non-personnel expenditures), which would be approved by Council and entered into the general ledger.
- Budget controls should be focused on the event costs and the General Fund transfer must provide funding for an amount up to the actual costs incurred.
- All indirect costs of each special event are to be tracked each year to capture the true cost of putting on a specific event.
- All event fees and financial contributions to special events must be used before any transfer of General Fund monies to the Special Events Fund are made for subsidizing events.
- The Special Events Fund should not accumulate a fund balance through the General Fund subsidy.
- Special Events must be treated as a project where all revenues and expenditures can be recorded, which will allow City Council and management the ability to evaluate the cost benefit of each special event.
- All City sponsored events must follow the City's purchasing regulations, inclusive of approved City employees authorizing purchases on behalf of the City.

The resolution is intended to provide a policy structure so that the City's Special Events finances are managed in a manner that will continue to provide for the delivery of quality of services, maintain sound financial practices and direct financial resources towards meeting the City Council's priorities. Staff has included the \$234,587 in the budget (identified in first table) and staff will adjust as decisions are made on any additional events (second table) as well as the proposed Risk Manager position.

Special Event Name	Prior Year (s) Budget	Estimated Direct Cost	Estimated Indirect Cost	Total Proposed Budget

Jazz Festival (virtual)	\$20,000	\$14,520	\$23,831	\$38,351
Larry Itliong Day (virtual)	\$5,000	\$7,736	\$9,659	\$17,395
Women's Health Conference (virtual)	\$20,000	\$47,042	\$12,130	\$59,172
Cinco de Mayo	\$20,000	\$11,727	\$11,484	\$23,211
Philippine Independence Day	\$20,000	\$13,357	\$17,007	\$30,364
Juneteenth	\$20,000	\$15,750	\$25,344	\$41,094
*White Linen	\$5,000	-	-	\$5,000
*Unity Day	\$20,000	-	-	\$20,000
Total	\$130,000	\$110,132	\$99,455	\$234,587

*Event has not been offered for +3 years. Baseline expenditure data are not readily available.

White Linen and Women's Health Conference have been traditionally ticketed events with a fee charged to attend and participate. As such, there is anticipated corresponding revenue for both events as well as the possibility of collecting donations towards these and other events. The total revenues will be used to offset the total budget expenditures.

These costs assume that these events will be in-person. The City Council previously directed that all Special Events through the end of October 2021 would be virtual or drive-through. Staff will separately ask the City Council to revisit this and allow events in September and October to be in-person, subject to State and County health orders, in light of the State's anticipated reopening on June 15, 2021. October citywide special events traditionally include the Jazz Festival, Larry Itliong Day, and the Women's Health Conference. The only September citywide Special Event is the Country Western event that the City Council will be deciding on. For further information about the dates for other events that the City produces, see Exhibit (H).

Staff is requesting direction from the City Council on adding any of the following events as part of the Special Events Fund.

Special Event Name	Prior Year(s) Budget	Estimated Direct Cost	Estimated Indirect Cost	Total Proposed Budget
4 th of July/Community Friendship Day	\$5,000	\$9,850	\$1,540	\$11,390
*Country Western	\$5,000	-	-	\$5,000
Children's Day (co-sponsorship)	\$5,000	\$5,000	-	\$5,000
Total	\$15,000	\$14,850	\$1,540	\$21,390

*Event has not been offered for +3 years. Baseline expenditure data are not readily available.

As a point of clarification, special events occurring from July through September of 2021 are included in the above tables as fully budgeted despite current direction prohibiting in-person events through October 2021. As such, staff intends to use these allocations to plan those events in the following year or to offer them in a virtual format. Should health protocols loosen in the coming month, the 4th of July, White Linen, Unity Day, and Country Western events would be delayed to the following year, allowing staff necessary time to properly plan and coordinate the events.

An expanded list of proposed events to be appropriated in the Special Events Fund and various departmental budgets are categorized in the attached Exhibit H (Special Events List) for reference.

Capital Improvement Program (CIP)

The CIP is a valuable resource to achieving the City Council's strategic priorities. Proposed projects include infrastructure and facility upgrades, as well as major capital investments. The Five-Year CIP provides a longer-term perspective on needed capital investments and is a fiscal and strategic tool to plan, prioritize and monitor capital investments in the community. The Five-Year CIP includes the proposed capital budget for Fiscal Year 2021-2022, as well as planned project needs for Fiscal Year 2022-2023 through 2025-2026. The proposed Five-Year CIP includes 89 projects with an estimated cost of \$67.5 million (Exhibit E).

CIP Category	Number of Projects	FY 21-22 Budget
City Council Previously Approved Projects	35	\$39,732,731
New Projects/Funded Construction	45	\$23,834,088
Projects identified and pending grants funding approval	9	\$3,925,000
Total	89	\$67,491,819

CIP Projects Included:

A Capital Project includes the design and construction of new infrastructure and facilities or extends the life of an existing asset by rehabilitation. Infrastructure assets costing \$200,000 or more are capitalized and depreciated in the City's financial statements. Estimated project costs include acquisition if necessary, evaluations and studies, design and construction of buildings, park facilities, roadways, traffic signals, utility systems and/or major landscaping projects.

The recommended CIP budget for Fiscal Year 2021-2022 includes \$23.8 million in new identified special revenue funding for 45 projects. Projects are funded from a variety of funding mechanisms including the Special Gas Tax Fund, Metro's Measure M and Measure R's Road Maintenance & Rehab Account, Caltrans, LA County Public Works, Development Impact Fees, Air Quality, Public Education and Government Broadcasting as well as grants from other local, regional, state and federal agencies. In some instances, General Fund expenses will be required, but those items are presented in Exhibit E.

Funding Sources:

The City's revenue streams are insufficient to fund all desirable infrastructure rehabilitation. In past years, the Redevelopment Agency's tax increment revenue provided funding for public infrastructure within the redevelopment project areas.

The nature and cost of the project generally determines the funding source. The City receives the following limited revenue sources that may be used for CIP projects in the following order of preference.

- Outside funding that does not require repayment; including shared revenue and grants from other governmental agencies, as well as donations. Outside funding is typically restricted to specific uses.
- Developer fees through Development Impact Fees (one-time funds) and Community Facilities District fees (ongoing revenue).

V. FISCAL IMPACT

The fiscal impact of the proposed Fiscal Year 2021-2022 budget for all funds of the City's General Fund and Special Revenue Fund is summarized in the attached resolutions.

VI. EXHIBITS

1. Exhibit A - Public Hearing Notice
2. Exhibit B - General Fund Reserve
3. Exhibit C - General Fund Revenue
4. Exhibit D - General Fund Expenditures
5. Exhibit E - Capital Improvement Program
6. Exhibit F - Budget Resolution
7. Exhibit G - Gann Appropriation Resolution
8. Exhibit H - City Events List
9. Exhibit I - Carson Housing Authority Resolution
10. Exhibit J - Carson Successor Agency Resolution

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