



Legislation Text

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Report to Mayor and City Council

Tuesday, June 21, 2022

Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER ADOPTION OF RESOLUTION NO. 22-070, ADOPTING THE FISCAL YEAR 2022-2023 ANNUAL BUDGET IN THE GENERAL FUND (CITY COUNCIL)

CONSIDER RESOLUTION NO. 22-05-CSA, ADOPTING THE FISCAL YEAR 2022-2023 ANNUAL BUDGET FOR THE CARSON SUCCESSOR AGENCY (SUCCESSOR AGENCY)

CONSIDER RESOLUTION NO. 22-05-CHA, ADOPTING THE FISCAL YEAR 2022-2023 ANNUAL BUDGET FOR THE CARSON HOUSING AUTHORITY (HOUSING AUTHORITY)

CONSIDER RESOLUTION NO. 22-071 APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2022-2023 (CITY COUNCIL) AND APPROVAL OF THE 2022-2023 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 2022-2023 budget. The Public Hearing Notice was published on June 11th (Exhibit A) and the draft budget has been on file with the City Clerk's Office for public viewing since June 15^h. The resolutions are ready for the City Council to consider adoption (Exhibit F and Exhibit G).

For the second year in row, and 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 2022-2023 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, back in February 2021 the City Council selected four priority focus areas to guide the development of the annual budget: Economic Development, Increased Public Safety, Maintaining Quality City Programs and Services, and Making Quality of Life Improvements.

Structurally Balanced Budget for Fiscal Year 2022-2023:

The consideration and adoption of the City budget is one of the most important actions that the City Council takes. The Fiscal Year 2022-2023 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 2022-2023 budget is structurally balanced, while maintaining a General Fund reserve of \$59.3 million (Exhibit B) that is \$39.4 million above or 48% higher than the City Council reserve policy requirement. **The General Fund totals \$104,872,743 in revenues (Exhibit C) and \$103,933,129 in expenditures (Exhibit D).** Note that the \$103,933,129 in expenditures is increase from what was presented to Council on May 17th meeting (\$103,482,258) to align salaries and benefits to the City Council Phase I Re-Org initiative approved during Budget Workshop #3 on May 17th and an additional request of \$133,519 General Fund appropriation from Public Safety division.

Over the course of Fiscal Year 2022-2023, 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, accounting, and position control.

The Fiscal Year 2022-2023 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 2022-2027 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 \$81 million on capital improvements in Fiscal year 2022-2023.**

The Public Works staff made changes to 5 Year CIP Plan since Budget Workshop no. 3 on May 17th in particular increasing FY 22-23 Budget of listed projects from \$79 million to \$81 million. The changes reflect proper adjustments and up-stream/down stream project delivery timelines and budgets.

II. RECOMMENDATION

1. OPEN the Public Hearing, TAKE public testimony for the proposed Fiscal Year 2022-2023 budget, and CLOSE the Public Hearing.
2. WAIVE further reading and ADOPT Resolution No. 22-070, A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL ADOPTING THE FISCAL YEAR 2022-2023 BUDGET IN THE GENERAL FUND AND SPECIAL REVENUE FUNDS (Exhibit F)
3. WAIVE further reading and ADOPT Resolution No 22-05-CSA, A RESOLUTION OF THE BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED CARSON REDEVELOPMENT AGENCY ADOPTING THE FISCAL YEAR 2022-2023 BUDGET (Exhibit J)
4. WAIVE further reading and ADOPT Resolution No. 22-05-CHA, A RESOLUTION OF THE BOARD OF THE CARSON HOUSING AUTHORITY ADOPTING THE FISCAL YEAR 2022-2023 BUDGET (Exhibit I)
5. WAIVE further reading and ADOPT Resolution No. 22-071, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON ADOPTING THE ANNUAL APPROPRIATION LIMIT FOR THE FISCAL YEAR 2022-2023 (Exhibit G)
6. APPROVE the 2022-23 Capital Improvement Plan (Exhibit E).

III. ALTERNATIVES

DO NOT ADOPT the proposed Fiscal year 2022-2023 budget and PROVIDE additional direction to staff.

IV. BACKGROUND

This staff report includes the information and resolutions necessary to adopt the Fiscal Year 2022-2023 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 2022-2023 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 2022-2023 budget on March 15th, April 19th and May 17th as summarized in Exhibit K.

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 \$575,059 in the budget (identified in first table) and staff will adjust as decisions are made on any additional events (second table).

Special Event Name	Total Proposed Budget
Community Friendship Day	\$14,476
Samoan Flag Day	\$10,000
Unity Day*	\$32,412
Heroes Day	\$26,905

Cajun & Blues White Linen Festival	\$37,113
Jazz Festival	\$53,093
Women's Health Conference	\$58,607
Country Western Fair	\$41,220
Winterfest	\$30,075
Children's Day	\$27,032
Cinco de Mayo*	\$51,368
Gospel Fest/Faith, Family, Friends***	\$46,897
Philippine Independence Day*	\$57,160
Juneteenth*	\$51,870
Samoan Heritage Day*	\$36,801
Total	\$575,059

*Currently being planned and/or expenses pending payment

**Event was given additional support by funds originally budgeted for Unity Day

*** Revenue will be used to offset a portion of the total cost of the event

Staff is requesting additional guidance from Council on the events associated with 55th Anniversary Events.

Event Name	Total Proposed Budget
Gala Ball	\$102,574
Street Fair	\$111,231
Tour de Carson	\$43,245
Total	\$257,050

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 2022-2023, as well as planned project needs for Fiscal Year 2023-2024 through 2026-2027. The proposed Five-Year CIP includes 159 projects with an estimated cost of \$81.8 million (Exhibit E).

Project Category	Number of Projects	FY 22-23 Budget
Projects Previously Approved by City Council	109	\$62,180,887
New Projects funded by Grants, Special Revenues, or General Fund	42	\$13,347,895
Unfunded Projects awaiting grant funded revenue source	7	\$3,620,000
Other*	1	\$2,700,000
Total	159	\$81,848,782

*On-Call Engineering and Architectural Consultants

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 2022-2023 includes \$13.3 million in new identified special revenue funding for 42 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 2022-2023 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 (pg.8)
2. Exhibit B - General Fund Reserve (pg.9)
3. Exhibit C - General Fund Revenue (pg.10)
4. Exhibit D - General Fund Expenditures (pg.11)

5. Exhibit E - Capital Improvement Program (pg.12-19)
6. Exhibit F - Budget Resolution (pg.20-23)
7. Exhibit G - Gann Appropriation Resolution (pg.24-26)
8. Exhibit H - City Events List (pg.27)
9. Exhibit I - Carson Housing Authority Resolution (pg.28-29)
10. Exhibit J - Carson Successor Agency Resolution (30-31)
11. Exhibit K - Year over Year General Fund Operational Budget Increases (pg. 32)

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