

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The overall composition is clean and modern.

# Proposed FY 2021-22 Budget

# OVERALL EVALUATION

- ▶ South Gate is a \$250 Million plus Corporation (Assets & Liabilities)
- ▶ The Proposed City Expenditure Budget is \$195,560,581 (all funds)
  - ▶ General Fund \$62,810,848
  - ▶ Special Revenue Fund \$75,910,272 + 480,000 TDA
  - ▶ Enterprise Funds \$33,749,528
  - ▶ Internal Svc Funds \$12,293,393
  - ▶ Successor Agency Budget \$ 5,094,359
  - ▶ Housing Authority Budget \$ 5,150,959

# OVERALL EVALUATION

Proposed Revenue Budgets is \$180,112,771

- ▶ General Fund \$56,084,001
- ▶ Special Revenue Fund \$79,033,646
- ▶ Capital Projects Fund \$480,000
- ▶ Internal Service Funds \$7,694,923
- ▶ Enterprise Funds \$25,710,833
- ▶ Successor Agency \$5,502,420
- ▶ Housing Authority \$5,220,300

# New Elements Introduced

- ▶ More detail budget Message
  - ▶ Service & Tax Survey
- ▶ Fiscal Policies
- ▶ Budget Guide:
  - ▶ Fund Structure and Types
  - ▶ Fund Descriptions
  - ▶ Glossary of Terms
  - ▶ Acronyms
- ▶ Forecasts
- ▶ 5-year Capital Improvement Plan
- ▶ Department/Division Narratives

# Goals

- ▶ Improve Transparency/Communication
- ▶ Improve Understanding
- ▶ Identify Opportunities/Challenges
- ▶ Begin moving toward a more “program” based budget
- ▶ Align closer to Community Priorities
- ▶ Ultimately a Work in Progress on all fronts

# Opportunities

- ▶ Executive Team Members
- ▶ American Rescue Plan Act
- ▶ Master Plans
- ▶ WSAB Light Rail
- ▶ Development Opportunities
- ▶ Infrastructure
- ▶ Community

# Challenges

- ▶ GF expenses exceeding GF revenue
- ▶ Internal Service Charges
- ▶ Enterprise Fund - Sewer
- ▶ Balancing “Transportation” Funds more equitably
- ▶ Street Lighting & Landscape District
- ▶ Pension Costs
- ▶ Technology Master Plan
- ▶ Employee Compensation
- ▶ Communication

# Basic Budget Terms

- ▶ Fiscal Year - Starts on July 1<sup>st</sup> and runs through June 30<sup>th</sup>
- ▶ Modified Accrual - The accounting basis used
- ▶ General Fund - typically the largest and most expansive
- ▶ Special Revenue - Funds where the use is specifically restricted
- ▶ CIP - Capital Improvement Projects
- ▶ Capital - assets like vehicles/computers/furniture
- ▶ Transfers in/out - moving of one fund's reserves to another (CIP)
- ▶ Enterprise Fund - A business type operation where 100% of costs are paid by users (i.e., water)
- ▶ Internal Service Fund - Organization wide function supported by Dept Charges
- ▶ Successor Agency - a separate legal entity to handle RDA obligations
- ▶ Housing Authority - a separate legal entity handling various housing assets



# Total City Budget (all funds) by Department

City Council	\$ 359,191
City Clerk	\$ 596,330
City Treasurer	\$ 37,557
City Attorney	\$ 1,206,032
City Manager	\$ 1,318,166
Administrative Svcs.	\$ 11,311,640
Non-Department	\$ 38,846,046
Parks & Rec.	\$ 12,742,856
Police	\$ 34,718,823
Community Dev.	\$ 18,431,563
Public Works	\$ 70,986,593

# Total General Fund Budget by Departments

▶ City Council	\$ 359,191
▶ City Clerk	\$ 596,330
▶ City Treasurer	\$ 37,557
▶ City Attorney	\$ 1,208,032
▶ CMO	\$ 1,246,127
▶ Admin Svcs	\$ 3,340,842
▶ Parks & Rec	\$ 9,896,660
▶ Police	\$ 32,767,560
▶ Community Dev	\$ 3,411,026
▶ Public Works	\$ 4,943,773
▶ Non-Department	<u>\$ 5,003,750</u>
TOTAL	\$62,810,848

# General Fund (Significant Actions) Adopted Budget to Budget

## ▶ Revenue

▶ Administrative Allocation (100-4901)	\$ 1,169,867
▶ Property Tax	\$ 1,413,608
▶ Sales Tax (Bradly-Burns & Measure P)	\$ 2,449,707
▶ P&R Fees/Registrations	\$ 824,288
▶ Interest Earnings	\$ < 666,025 >
▶ Removal of SB 2/LEAP Grant	\$ < 416,206 >
▶ Misc Reimbursements (100-4903)	\$ 350,000
▶ Traffic Safety/Vehicle Code (100-4401)	\$ 80,000
▶ PW Permits (100-4340)	\$ 257,200

# General Fund (Significant Actions) Adopted Budget to Budget

## ► Expenditures

► Transfers Out	\$ 4,728,750
► CalPERS	\$ 1,700,000
► Salary Savings Offset	\$ 1,500,000
► Profession Svcs	\$< 825,241>
► R&P hourly P/T	\$ 680,801
► Crossing Guard*	\$ 439,951
► P&R contract Classes	\$ 31,919
► Sick Leave Payout	\$ 212,971
► Vacation Payout	\$ 94,229
► Admin Leave Payout	\$< 165,081>

# Future Fund Forecasts

- ▶ Assists in understanding impacts
- ▶ Help prepare earlier action steps
- ▶ Make better decisions in the use of funds, especially in CIP
- ▶ Major funds analyzed (GF and Transportation related)
- ▶ Should have the elements of:
  - ▶ Historical expenditures (2-3 years)
  - ▶ Current
  - ▶ Future trend expenditures (2-3 years)

# General Fund Forecast

## General Fund 5 Year Forecast

	Actual				Forecast				
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>GENERAL FUND</b>									
Est. Beginning Fund Balance					\$ 10,534,649	\$ 11,366,821	\$ 9,368,724	\$ 6,086,578	\$ 2,318,925
Revenue	47,261,025	53,909,547	52,982,020	50,955,449	52,832,172	56,084,001	56,778,623	58,386,018	60,009,775
<b>Total Revenues</b>	<b>\$ 47,261,025</b>	<b>\$ 53,909,547</b>	<b>\$ 52,982,020</b>	<b>\$ 50,955,449</b>	<b>\$ 52,832,172</b>	<b>\$ 56,084,001</b>	<b>\$ 56,778,623</b>	<b>\$ 58,386,018</b>	<b>\$ 60,009,775</b>
<b>Expenditures</b>									
Personnel	31,155,506	33,394,420	35,712,594	38,492,862	39,156,466	43,848,977	45,602,936	47,427,054	49,324,136
Operation & Maint	9,532,471	10,594,430	10,604,634	12,116,661	10,664,314	12,177,082	12,420,624	12,669,036	12,922,417
Debt	2,370,407	2,498,074	2,252,520	2,211,482	2,179,220	2,017,039	2,037,209	2,057,581	2,078,157
Capital	482,917	160,033	402,006	26,945	-	39,000	-	-	-
<b>Total Expenditures</b>	<b>\$ 43,541,300</b>	<b>\$ 46,646,957</b>	<b>\$ 48,971,755</b>	<b>\$ 52,847,950</b>	<b>\$ 52,000,000</b>	<b>\$ 58,082,098</b>	<b>\$ 60,060,769</b>	<b>\$ 62,153,671</b>	<b>\$ 64,324,710</b>
Est. Ending Fund Balance	\$ 3,719,725	\$ 7,262,590	\$ 4,010,265	\$ (1,892,501)	\$ 832,172	\$ (1,998,097)	\$ (3,282,146)	\$ (3,767,654)	\$ (4,314,935)

# Capital Projects Fund

- ▶ This fund acts as a clearing house for various funds used for CIP
- ▶ Primary source is to account for General Fund dollars allocated to CIP
- ▶ Helps in ensuring GF is set-a-side for Council approved CIP
- ▶ GF usually involves allocation out of Reserves

# Enterprise Funds

## ▶ Water

- ▶ Revenue           \$20,194,540
- ▶ Expenditures   \$16,520,996
- ▶ Capital           \$11,113,134
- ▶ Fiscal policies - Operation Reserves and Capital Fund
- ▶ ARPA eligible infrastructure projects

## ▶ Refuse

- ▶ Revenue           \$ 4,321,368
- ▶ Expenditures   \$ 4,055,520
- ▶ Basically, a balance between Curbside collection and payment to WM



# Enterprise Funds

## ▶ Sewer

▶ Revenues \$ 1,194,925

▶ Expenses \$ 1,740,039

▶ 2001 Lease Agreement

▶ Master Capital Plan

▶ Sewer Rate Study - included in Proposed Budget

▶ ARPA eligible Infrastructure projects

# Internal Service Funds

- ▶ Insurance
- ▶ Fleet Management
- ▶ Information Systems
- ▶ Capital Asset & Equipment
- ▶ Building & Infrastructure
- ▶ Challenges
  - ▶ Better defining Methodology
  - ▶ Review Internal rate structure to support Methodology
  - ▶ GF transfers to deal with current shortfalls

# Capital Improvement Projects

- ▶ First five-year Projection
- ▶ Compilation of all active previously approved projects
- ▶ Shows near future needs and possible funding sources
- ▶ Listed by both funding source and benefactor (streets; parks; etc.)
- ▶ Listed Projects come from adopted Master Plans; Council policy and staff identified
- ▶ Years 2 thru 5 are place holders awaiting direction/future consideration
- ▶ Important to remember future maintenance costs

# Staffing Changes

- ▶ Staffing changes proposed
  - ▶ Administrative Services
  - ▶ Community Development
  - ▶ Police
  - ▶ Public Works
- ▶ General Fund impact limited
- ▶ General Themes - Reduce P/T vacancies or reduce reliance on Consultants

# Staffing Changes

#	Position	New	Eliminated	Reclass	Salary	Benefits	Total	%	General Fund	%	Other Funds
1	Sr. Secretary	X			57,660	31,613	\$ 89,273	50%	44,637	50%	44,637
(1)	PT Intermediate Typist Clerk		X		(20,839)	(302)	\$ (21,141)	50%	(10,571)	50%	(10,571)
1	Revenue Manager			X	89,878	36,992	\$ 126,870	50%	63,435	50%	63,435
(1)	Customer Service Supervisor			X	(89,878)	(36,992)	\$ (126,870)	50%	(63,435)	50%	(63,435)
1	Crime Scene Forensic Specialist	X			62,832	31,099	\$ 93,931	100%	93,931	0%	-
1	Crime Scene Forensic Specialist	X			62,832	31,099	\$ 93,931	75%	70,448	25%	23,483
(8)	PT Community Services Officer		X		(176,854)	(2,564)	\$ (179,418)	100%	(179,418)	0%	-
1	Housing Specialist	X			57,096	30,339	\$ 87,435	0%	-	100%	87,435
1	Principal Civil Engineer	X			143,748	41,820	\$ 185,568	75%	139,176	25%	46,392
1	Principal Civil Engineer	X			143,748	41,820	\$ 185,568	0%	-	100%	185,568
1	Principal Civil Engineer			X	143,748	41,820	\$ 185,568	0%	-	100%	185,568
(1)	Sr. Civil Engineer			X	(114,996)	(38,011)	\$ (153,007)	100%	(153,007)	0%	-
1	Street Maintenance Worker	X			48,000	29,810	77,810	0%	-	100%	77,810
1	Street Maintenance Worker	X			48,000	29,810	77,810	0%	-	100%	77,810
(4)	Maintenance Helpers		X		(78,092)	(1,132)	(79,224)	0%	-	100%	(79,224)
							-				
					<u>\$376,883</u>	<u>\$267,220</u>	<u>\$ 644,104</u>		<u>\$ 5,196</u>		<u>\$638,907</u>

**Comments:** Housing Specialist position to be funded as a limited term position. Position to be eliminated when CARES funding is depleted.

# Fiscal Policies

- ▶ First Fiscal Policies
- ▶ Are meant to guide staff and policy makers on basic fiscal matters
- ▶ Will strengthen your fiscal position
- ▶ Should be reviewed annually (Usually during budget)
- ▶ Annual Comprehensive Financial Report (ACFR - formerly CAFR)
- ▶ Ask your Independent Auditor to verify compliance

# American Rescue Plan Act

- ▶ We have budgeted \$169,790
  - ▶ Enhanced Janitorial Service \$86k
  - ▶ Homeless Encampment Cleanup \$30k
- ▶ Will be bringing back in September more detail plan for CC
- ▶ Will follow the outline in presentation presented in June CC meeting
- ▶ Opportunity to improve infrastructure; fill gaps in social svcs; cover continuing cost associated with the pandemic
- ▶ Important Dates
  - ▶ 12/31/2024 Deadline to obligate/commit
  - ▶ 12/31/2026 Deadline to complete projects
- ▶ Will be audited by U.S. Treasury

# Cost to Residents

## SERVICE & TAX SURVEY

<u>CITY</u>	<u>POPULATION</u>	<u>POLICE SVCS</u>	<u>FIRE SVCS</u>	<u>LIBRARY SVCS</u>	<u>% OF PROPERTY TAX</u>	<u>UTILITY USER TAX</u>	<u>SPECIAL ASSESSMENT</u>	<u>SALES TAX</u>	<u>PENSION TAX</u>	<u>OTHER FEE/TAX</u>	<u>PER CAPITA \$\$</u>
Pico Rivers	63,374	Sheriff	LACFD	County Library	8.92%	\$3.00 million	\$1.36 million	10.25%	0	0	\$68.80
Paramount	55,461	Sheriff	LACDF	County Library	6.72%	\$3.70 million	0	10.25%	0	0	\$66.71
Downey	113,529	Local	Local	Local	13.97%	\$6.75 million	\$1.941 million	10.00%	0	0	\$76.55
Lynwood	71,269	Sheriff	LACDF	County Library	11.30%	\$5.27 million	\$2.172 million	10.25%	\$3.77 million	0	\$157.32
Norwalk	105,712	Sheriff	LACDF	County Library	9.25%	\$4.15 million	0	10.25%	0	\$2.62 million	\$64.04
Bell Flower	78,110	Sheriff	LACDF	County Library	6.66%	\$2.90 million	0	10.25%	0	0	\$37.13
Whittier	86,801	Local	LACDF	Local	7.17%	\$6.814 million	0	10.25%	0	\$4.75 million	\$133.22
Montebello	63,544	Local	Local	County Library	9.86%	0	0	10.25%	\$4.0 million	0	\$62.95
Carson	93,108	Sheriff	LACDF	County Library	6.74%	\$7.50 million	0	9.50%	0	0	\$80.55
Gardena	58,829	Local	LACDF	County Library	11.16%	\$5.00 million	0	10.25%	0	0	\$84.99
<b>Average</b>	<b>78,974</b>										<b>\$83.22</b>
South Gate	97,003	Local	LACDF	County Library	6.15%	0	\$2.00 million	10.25%	0	\$1.301 million	\$34.03

Use FY 20-21 Budget  
 Property Tax - HdI Report  
 Population - CA Dept of Finance  
 Other - Sewer Fee  
 Sales Tax - CA DTFA



# Post Publication Adjustments

## ▶ General Fund

### On-Going

- ▶ Delete \$20,000 CD Grant Writing
- ▶ Delete \$20,000 CD staffing augmentation (planning)
- ▶ Add \$19,562 SEAACA contract (PD)
- ▶ Delete \$15,000 of audit (AS - transfer to water/refuse)

### One-Time

- ▶ \* Add \$2,000 for Election Notices (City Clerk)
- ▶ \* Delete \$400,000 roof repair set aside (City Hall/Civic Center)
- ▶ \* Change \$180,000 for PD Fuel Station (to AQMD Fund 223)
- ▶ \* Change \$1.037 million in park project to Park Enhancement (Fund 271)
- ▶ \* Delete \$75,000 in Comp Study from Non-Department

# POST PUBLICATION ADJUSTMENTS

- ▶ Other Funds
  - ▶ 7/13/21 Award of Clientfirst contract (\$79,700 to ARPA and \$19,925 Water)
  - ▶ Sewer relining \$199,839 to ARPA (from Sewer fund)
  - ▶ Street Lighting Project to Measure R (from Lighting District)

# Future

- ▶ Is bright
- ▶ Scope of CIP is out of this world
- ▶ Use of Third Party Funding Opportunities
- ▶ Communication (Internally and Externally)
- ▶ Strategic Plan
- ▶ Fiscal awareness
- ▶ American Rescue Plan Act Funds - Opportunities
- ▶ Housing
- ▶ Development (Gateway/ElAC area/Hollydale)
- ▶ Workforce (motivated; competing with smaller pool)
- ▶ Continue to be an example in LA County