2014-2015 BUDGET PUBLIC HEARING
SEPTEMBER 2, 2014
Budget Planning Overview

- Strategic Planning Session May 29, 2014
- Strategic Planning Session June 26, 2014
- Preliminary Budget August 4, 2014
Summary of Policy Decisions
SPS – June 26, 2014

Revenues:

- Recovery of Trash Fees - 3&4 Units $75,000
- Recovery of Residential Permit Fees 200,000
- Recovery of Residential Ambulance Fees 180,000

**Increase to Revenues:** $455,000

Expenditures:

- Funding for Equipment Replacement 200,000
- Funding for Facilities Maintenance 80,000
- Close Beach Restrooms in the winter (savings from cleaning svcs) (10,000)
- Reduce Storm Water Funding (100,000)
- Eliminate Cash Contribution to ESUSD: (250,000)

**Decrease to Expenditures:** $(80,000)

Funding for Capital Projects 3,200,000

**Increase to Expenditures:** $3,200,000
Policy Decisions

• General Fund Reserve Policy
  - Increase the reserve from 17% to 18% of FY 2014-2015 budgeted revenues or expenditures (higher of the two).

• Economic Uncertainty Fund
  - Establish a Revenue Offset Policy to mitigate current and future risks due to fluctuations in the City’s General Fund 5 core revenues
  - First year deposit: $750,000 from FY 2014-2015 General Fund Revenues
## Service / Staffing Reduction Options by Department

<table>
<thead>
<tr>
<th>Department</th>
<th>Reduction Options</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCE DEPARTMENT</strong></td>
<td>Freeze Accounting Technician Position - backfill w/ PT</td>
<td>$57,000</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES DEPARTMENT</strong></td>
<td>Reduce PT City Receptionists service hours</td>
<td>$17,700</td>
</tr>
<tr>
<td><strong>LIBRARY SERVICES DEPARTMENT</strong></td>
<td>Reorganize staffing and freeze vacant position</td>
<td>$92,000</td>
</tr>
<tr>
<td><strong>POLICE DEPARTMENT</strong></td>
<td>Reduce staff by two sworn positions</td>
<td>$500,000</td>
</tr>
<tr>
<td><strong>RECREATION &amp; PARKS DEPARTMENT - $92,500</strong></td>
<td>Freeze FT Park Maintenance Worker - backfill w/ PT</td>
<td>$52,500</td>
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<tr>
<td></td>
<td>Reduce operating hours of various Recreation facilities</td>
<td>$20,000</td>
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<tr>
<td></td>
<td>Reduce Acacia Pool operating hours</td>
<td>$7,500</td>
</tr>
<tr>
<td></td>
<td>Reduce special event budget</td>
<td>$12,500</td>
</tr>
<tr>
<td><strong>CITY TREASURER REDUCTIONS</strong></td>
<td>Reduce Supplies &amp; Services</td>
<td>$3,200</td>
</tr>
<tr>
<td><strong>TOTAL REDUCTIONS:</strong></td>
<td></td>
<td>$762,400</td>
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</tbody>
</table>
General Fund

Adjustments to General Fund Budget:

- **Revenues** –
  - Property Tax – decrease of $321,400
  - Charges for Services – increase of $9,000

- **Expenditures** –
  - **Salaries**
    - Funding for Building Safety Manager - $169,000 increase
    - Net decrease for salaries and benefits – $(44,800)
    - Salary Adjustments – COLA – increase to contractual COLA – adjusted from 1.5% increase to 2% increase - $46,000
    - Service/Staffing Reductions approved at the August 4th SPS - $(762,400)
# City of El Segundo General Fund

<table>
<thead>
<tr>
<th></th>
<th>Preliminary</th>
<th>Corrections</th>
<th>Adopted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>$60,955,100</td>
<td>($312,400)</td>
<td>$60,642,700</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td>$64,635,300</td>
<td>($592,200)</td>
<td>$64,043,100</td>
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<tr>
<td><strong>SHORTFALL</strong></td>
<td>($3,680,200)</td>
<td>$279,800</td>
<td>($3,400,400)</td>
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</tbody>
</table>

### ADJUSTMENTS & CORRECTIONS
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Fund Balance Reserves, 9/30/14</td>
<td>$ 12,267,000</td>
</tr>
<tr>
<td>9/30/15 Preliminary Revenues, net of Transfers</td>
<td>60,242,700</td>
</tr>
<tr>
<td>18% Reserve Requirement</td>
<td>10,843,700</td>
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<tr>
<td>Excess Surplus</td>
<td>1,703,400</td>
</tr>
<tr>
<td>14/15 Revenues</td>
<td>60,642,700</td>
</tr>
<tr>
<td>14/15 Expenditures</td>
<td>64,043,100</td>
</tr>
<tr>
<td>FY 14/15 Operating Deficit</td>
<td>(3,400,400)</td>
</tr>
<tr>
<td>Projected Shortfall (Fund Balance)</td>
<td>$ (1,697,000)</td>
</tr>
</tbody>
</table>
FY 2014-2015 Adopted General Fund Revenues - $60,642,700

- Business License
- Property Tax
- Transient Occupancy (TOT)
- Charges for Services
- Sales & Use Tax
- Sales Tax in Lieu
- Tax Resolution Agreement
FY 2014-2015 Adopted
General Fund Revenues - $60,642,700

FY 2013-2014 Adopted Budget
FY 2013-2014 Yearend Estimate
FY 2014-2015 Adopted Budget First Hearing
FY 2014-2015 Adopted
General Fund Revenues - $60,642,700

- TAXES $41,703,500 (74%)
- TAX RESOLUTION AGREEMENT $5,906,900 (10%)
- CHARGES FOR SERVICES $4,215,900 (7%)
- OTHER REVENUE $2,799,800 (5%)
- LICENSES AND PERMITS, $1,477,500 (3%)
- TRANSFERS FROM OTHER FUNDS, $400,000 (1%)
- INTEREST INCOME $240,000 (0%)

TAXES
- $41,703,500 (74%)
Assumptions for 14/15
Adopted Budget Expenditures:

- **Salaries** –
  - COLA Increase (per memorandum of understanding for one labor group) - $146,000
  - Step increases and longevity/educational incentive premiums - $150,000
  - Increase to Overtime - $615,600
    - Due to expired concessions - $185,000
    - Due to backfilling vacant positions - $430,600
  - Funding for vacant Building Safety Manager Position - $169,000
Assumptions for 14/15
Adopted Budget Expenditures:

- California Public Employees’ Retirement System (CalPERS) Rate Increases – $822,000 increase in the estimated discount rate, being reduced from 7.75% return to 7.5%. This impacts both rates, safety and nonsafety:
  - Safety Rate Increase: $761,700
  - Misc Group Rate Increase: $60,300
- Increases to CalPERS costs due to Expiring Concessions - $729,900
Assumptions for 14/15
Adopted Budget Expenditures:

- **Other Post-Employment Benefits (OPEB)**
  - Decrease due to updated June 2014 valuation - $400,000
    - Effects of Early Implementation
    - Reduction in the Workforce
    - Benefits are capped
    - Future increases shared with most employees

- **Health Benefits** – Increase of $85,000

- **Workers’ Compensation** –
  - Decrease in the estimated liability for FY 2014-2015 of approximately $1.2 million.
  - An additional $475,000 fund balance reserve.
Assumptions for 14/15
Adopted Budget Expenditures:

- Non-Personnel Costs:
  - Equipment Replacement Charge – Funded at 100% -
    Annual charge $1.4 million
  - Increase in Utility Charges to the City (Electricity & Gas) –
    2% increase – $21,100
  - Contractual Services & Professional/Technical increase -
    $121,000
  - Increase for Credit Card Fees - $95,000; this line item is
    new and was not included in the FY 2013/2014 Adopted
    Budget

- All other Nonpersonnel Costs remained flat.
Assumptions for 14/15
Adopted Budget Expenditures:

- **Transfers to other funds - increase of $4,230,000**
  - Increase in Transfer to Facilities Maintenance - $80,000
  - Transfer to Equipment Replacement $200,000 – To help replenish the fund balance of the reserve
  - Transfer to Economic Uncertainty Fund $750,000 – To establish a Revenue Offset Designation
  - Transfer to Capital Improvements Fund – $3,200,000 – To fund for approved list of projects.

- **ESUSD Funding –**
  - $ 80,000 Crossing Guard Services;
  - $764,600 in In-Kind Services;
  - In total, the City offers $844,600 annually to support activities for ESUSD.
General Fund Expenditures – $64,043,100

- 2014
  - Salaries: $27,890,748
  - Benefits: $18,317,000
  - Nonpersonnel: $12,862,880
  - Transfers: $346,400

- 2015
  - Salaries: $28,493,500
  - Benefits: $18,363,900
  - Nonpersonnel: $12,609,300
  - Transfers: $4,576,400
Other Funds

INTERNAL SERVICE FUNDS:
  EQUIPMENT REPLACEMENT
  GENERAL LIABILITY
  WORKERS’ COMPENSATION

ENTERPRISE FUNDS
  WATER FUND
  WASTEWATER (SEWER) FUND
  GOLF COURSE FUND
• Used to accumulate and allocate costs internally among the City’s various functions.

• Equipment Replacement Fund – Funded at 100% for FY 2014-2015 PLUS an additional $200,000

• General Liability & Workers’ Compensation Fund
  ○ Budgeted at actuarially required levels
## Internal Service Funds
### FY 2014-2015 Revenues & Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Equipment Replacement Fund</th>
<th>General Liability Fund</th>
<th>Workers' Compensation Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$1,733,700</td>
<td>1,321,400</td>
<td>1,518,900</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>5,279,300</td>
<td>1,116,300</td>
<td>1,897,300</td>
</tr>
<tr>
<td><strong>Net Operating Deficit (Surplus):</strong></td>
<td>(3,545,600)</td>
<td>205,100</td>
<td>(378,400)</td>
</tr>
</tbody>
</table>

| **Available Fund Balance** | 9,347,112 | 501,082 | 1,367,360 |

| **Avg Capital Outlay (Expenditures):** | 1,718,317 |
Enterprise Funds
FY 2014-2015 Budget

- Funds where the City charges a fee to customers to cover all or most of the costs of services it provides.
- The budgets in the Water and Sewer Funds are in balance.
- Golf Course Fund:
  - Budget includes a loan repayment to the General Fund of $200,000.
## Enterprise Funds
### FY 2014-2015 Revenues & Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water</td>
<td>Wastewater</td>
<td>Golf Course</td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 24,936,300</td>
<td>$ 4,170,400</td>
<td>$ 2,170,000</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$ 24,675,100</td>
<td>$ 3,181,300</td>
<td>$ 2,091,600</td>
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<tr>
<td>Net Operating Surplus</td>
<td>$ 261,200</td>
<td>$ 989,100</td>
<td>$ 78,400</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$ 1,510,000</td>
<td>$ 4,325,000</td>
<td>$ 60,000</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$ 26,185,100</td>
<td>$ 7,506,300</td>
<td>$ 2,151,600</td>
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<tr>
<td>Available Fund Balance:</td>
<td>$ 8,453,999</td>
<td>$ 10,970,622</td>
<td>$ 98,900</td>
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</tbody>
</table>
Summary

- General Fund Revenues – estimated to grow at 1.6% over yearend estimates

- General Fund Expenditures – estimated to grow at 7.75% over prior year adopted

- Estimated Shortfall - $1.7 million
  - General Fund Reserve Undesignated, Unreserved Balance
Summary

- Total Citywide Revenues: $133,522,300
- Total Citywide Expenditures: $151,846,500
- Prior Year Designations available for appropriations: $18,324,200

Next Steps
- September 16th – Budget Adoption Hearing
END
General Fund Revenues - $60,642,700

- Business License: $11,118,000 (18%)
- Sales Tax & Sales Tax in Lieu: $10,700,500 (18%)
- Property Tax: $6,356,600 (10%)
- Tax Resolution Agreement: $5,108,300 (8%)
- UUT & Cogenerated: $10,815,000 (18%)
- Transient Occupancy (TOT): $5,459,200 (9%)
- Fees: $6,440,500 (11%)
- Interest on Investments/Rentals: $247,000 (0%)
- Other Revenues: $3,997,600 (7%)
- Transfers In: $400,000 (1%)
General Fund Expenditures – $64,043,100

- Public Safety: 33,558,000 (52%)
- Planning / Building Safety: 2,996,700 (5%)
- Public Works: 5,925,600 (9%)
- Recreation and Parks: 5,082,200 (8%)
- Library: 2,188,400 (3%)
- Nondepartment: 4,242,900 (7%)
- Transfers to Other Funds: 4,576,400 (7%)
- Elected Officials: 1,015,900 (2%)
- Administrative Support: 4,457,000 (7%)

Total: $64,043,100
Assumptions for 14/15
Adopted General Fund Budget Revenues:

- Business License Tax – $218,000 net increase over yearend estimates.
- Property Tax – ($298,400) or 4.5% decrease over yearend estimates
- Transient Occupancy Tax (TOT) – Current projection is fairly flat
Assumptions for 14/15
Adopted General Fund Budget Revenues:

- Sales Tax – $492,500 or 6.6% increase from 2014 estimated yearend.
- Sales Tax in Lieu – $751,200 or 37.4% increase
- Charges for Services – $679,655 or 16.85% increase from yearend estimates
Assumptions for 14/15
Adopted General Fund Budget Revenues:

- Interest on Investments – ($5,000) or 4.5% decrease from yearend estimates
- Utility Users’ Tax – $290,000 or 3.4% increase from yearend estimates
- All other revenues remain flat or have very little growth compared to yearend estimates.