



CITY OF  
**EL SEGUNDO**

Public Hearing & Adoption  
of the  
Proposed Fiscal Year 2023-2024  
Annual Operating & CIP Budget

June 6, 2023

Adopted June 17, 2010

# FY 2023-2024 Budget Hearing Outline

- City Manager's Introduction & Comments
- Proposed General Fund Budget
  - Revenues
  - Appropriations (Expenditures)
  - Reserves
- Special Revenue Funds
- Debt Service Funds
- Enterprise Fund
- Internal Service Funds
- Capital Improvement Program (CIP)
- Recommendation to Adopt Resolution approving the proposed FY 2023-2024 Operating Budget and Capital Improvement Project Budget

# Proposed FY 2023-2024 General Fund Revenues

No.	General Fund Revenue	FY 2022-2023 Year-End Estimate	FY 2023-2024 Projected	\$ Change	% Change
1	Sales & Use Tax	\$ 14,600,000	\$ 14,750,000	\$ 150,000	1.0%
2	Business License	11,910,000	14,300,000	2,390,000	20.1%
3	Transient Occupancy Tax	12,500,000	12,750,000	250,000	2.0%
4	Property Tax	12,209,615	12,539,805	330,190	2.7%
5	Chevron Tax Reso Agreement	5,865,512	5,500,000	(365,512)	-6.2%
6	Utility User Tax (UUT)	11,671,908	10,634,000	(1,037,908)	-8.9%
7	Charges for Services	4,447,150	4,976,040	528,890	11.9%
8	Transfers In	2,191,733	50,000	(2,141,733)	-97.7%
9	Franchise Tax	5,450,000	4,200,000	(1,250,000)	-22.9%
10	Other Revenues	2,163,683	3,112,944	949,261	43.9%
11	Intergovernmental	194,551	130,000	(64,551)	-33.2%
12	License & Permits	2,200,000	2,182,000	(18,000)	-0.8%
13	Interest & Rental Income	2,674,000	2,843,620	169,620	6.3%
14	Fines & Forfeitures	376,766	327,101	(49,665)	-13.2%
	<b>Total General Fund Revenues</b>	<b>\$ 88,454,918</b>	<b>\$ 88,295,510</b>	<b>\$ (159,408.00)</b>	<b>-0.2%</b>



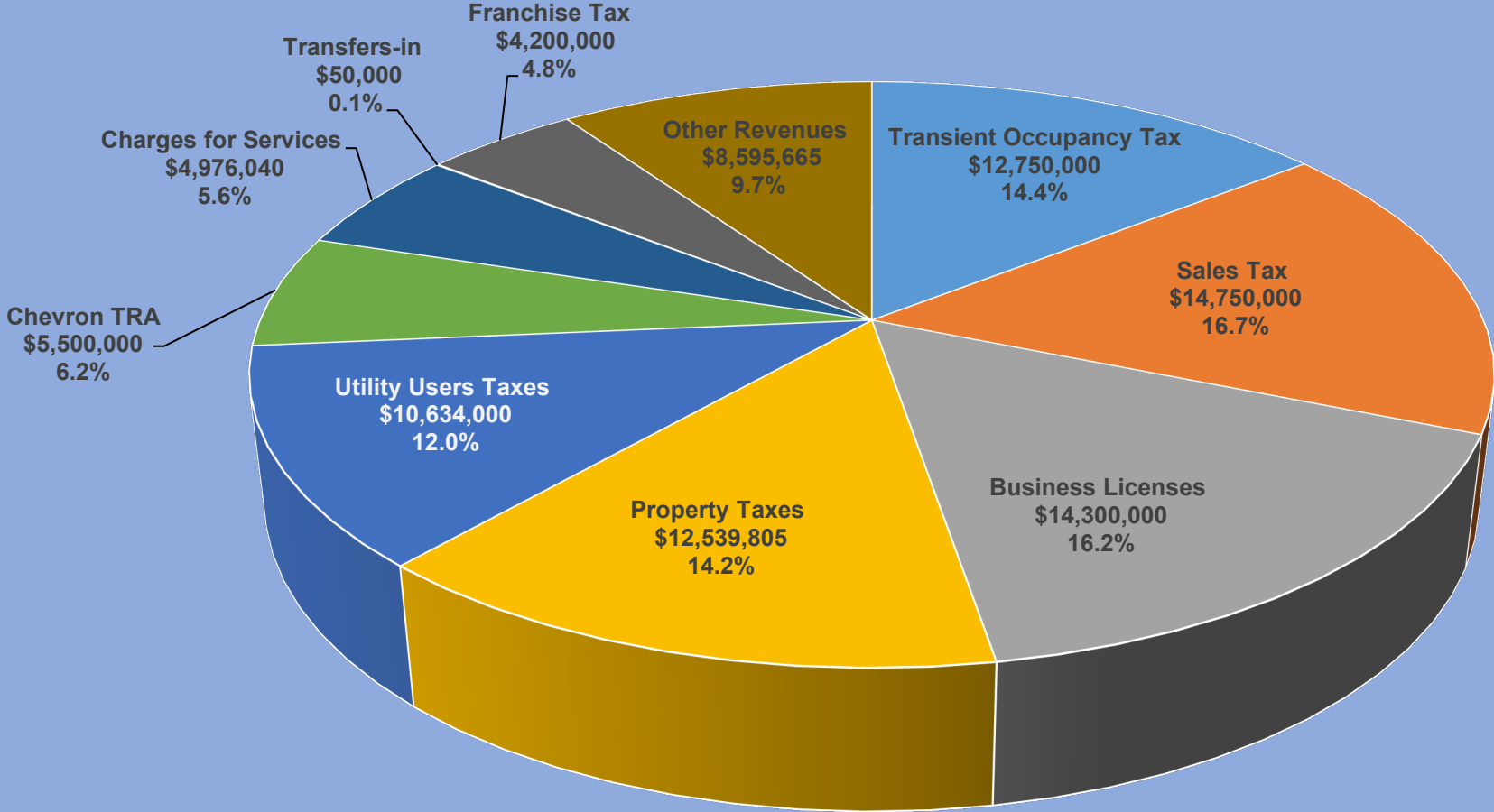
# Topgolf Revenue

## FY 2023-2024 – General Fund Payments

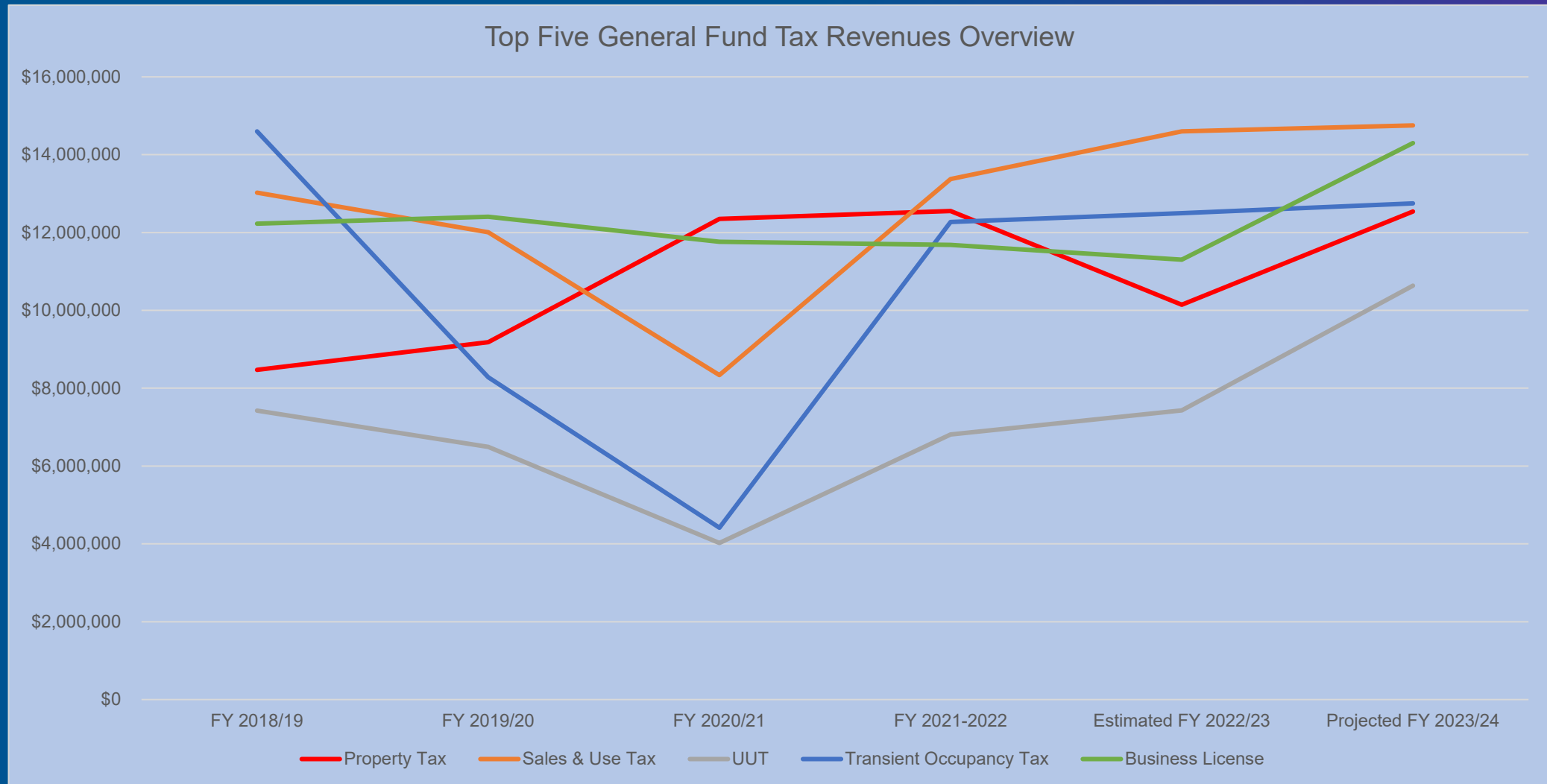
- **Included in FY 2023-2024 revenue estimates**
- Annual \$1,300,000 driving range ground lease payment
  - \$910,000 (70%) dedicated to annual pension contribution
  - \$390,000 (30%) dedicated to the repayment of loan to the Equipment Replacement Fund
- Annual \$200,000 Community Benefit Contribution
  - Dedicated to Recreation and Park capital improvement projects
- Recurring 3% beverage fee payment at driving range & golf course (minimum guarantee of \$200,000)
  - Dedicated to General Fund for general use purposes
  - First payment is due by July 15, 2023
- Annual \$20,000 golf course ground lease payment
  - Dedicated to General Fund for general use purpose

# Proposed FY 2023-2024 General Fund Revenues

Proposed FY 2023-2024 General Fund Revenues \$88,295,510



# FY 2023-2024 Top Five General Fund Tax Revenues Overview



# Proposed FY 2023-2024 Revenues – All Funds

No.	Fund Name	Year-End Revenue Forecast FY 2022-2023	% of Budget	FY 2023-2024 Proposed Revenues	% of Budget
1	General Fund	\$88,454,917	56.3%	\$88,295,510	53.8%
2	Water Fund	36,825,000	23.4%	36,850,000	22.5%
3	Transportation Funds	2,153,300	1.4%	2,229,935	1.4%
4	Debt Service POBs	9,490,010	6.0%	9,497,716	5.8%
5	Wastewater Fund	5,344,000	3.4%	5,200,000	3.2%
6	General Fund CIP	1,500,000	1.0%	8,432,500	5.1%
7	Equipment Replacement Fund	1,397,000	0.9%	2,261,969	1.4%
8	Workers Compensation Fund	3,125,374	2.0%	3,235,881	2.0%
9	General Liability Fund	3,030,000	1.9%	3,115,000	1.9%
10	Dev. Services Trust	245,000	0.2%	270,000	0.2%
11	Public Safety Special Rev.	3,347,858	2.1%	1,196,231	0.7%
12	Other Special Rev.	782,000	0.5%	795,700	0.5%
13	Rec & Econ Dev Trust Funds	0	0.0%	1,050,000	0.6%
14	Cultural Dev. Trust Fund	500,000	0.3%	500,000	0.3%
15	Debt Service Fund	360,000	0.2%	367,200	0.2%
16	Solid Waste Fund	270,000	0.2%	600,000	0.4%
17	Senior Housing Fund	10,000	0.0%	203,099	0.1%
18	Golf Fund	200,000	0.1%	0	0.0%
19	Economic Uncertainty	100,000	0.1%	0	0.0%
	<b>Total</b>	<b>\$ 157,134,459</b>	<b>100.0%</b>	<b>\$ 164,100,741</b>	<b>100.0%</b>

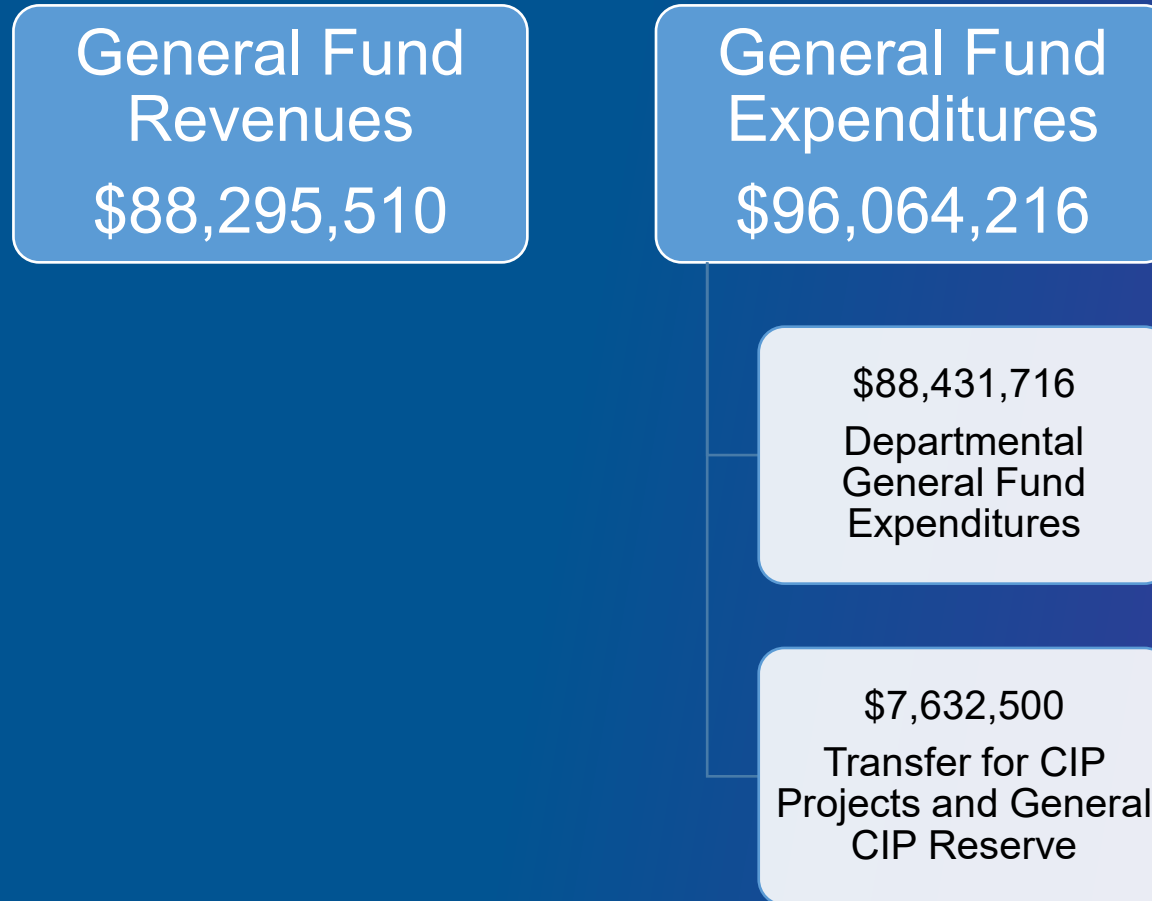
# FY 2023-2024 Proposed General Fund Appropriations

No.	Department	FY 2022-2023 Year-end Estimate	FY 2023-2024 Proposed Appropriations	\$ Variance	% Variance
1	Police	\$ 20,628,246	\$ 21,611,055	\$ 982,809	4.8%
2	Fire	14,026,268	14,196,502	170,234	1.2%
3	Transfers Out	13,985,120	17,930,206	3,945,086	28.2%
4	Public Works	7,504,856	8,602,036	1,097,180	14.6%
5	Non-Departmental	6,328,801	6,745,052	416,251	6.6%
6	Recreation, Park and Library	8,722,569	10,233,080	1,510,511	17.3%
7	Community Development Department	3,828,987	3,802,120	(26,867)	-0.7%
8	Information Technology	3,741,130	3,864,715	123,585	3.3%
9	City Manager	2,850,000	2,903,270	53,270	1.9%
10	Finance	2,576,681	2,472,453	(104,228)	-4.0%
11	Human Resources	1,659,391	2,116,401	457,010	27.5%
12	City Attorney	770,450	835,450	65,000	8.4%
13	City Clerk	568,511	516,545	(51,966)	-9.1%
14	City Council	216,018	235,329	19,311	8.9%
	<b>Total</b>	<b>\$ 87,407,028</b>	<b>\$ 96,064,216</b>	<b>\$ 8,657,188</b>	<b>9.9%</b>

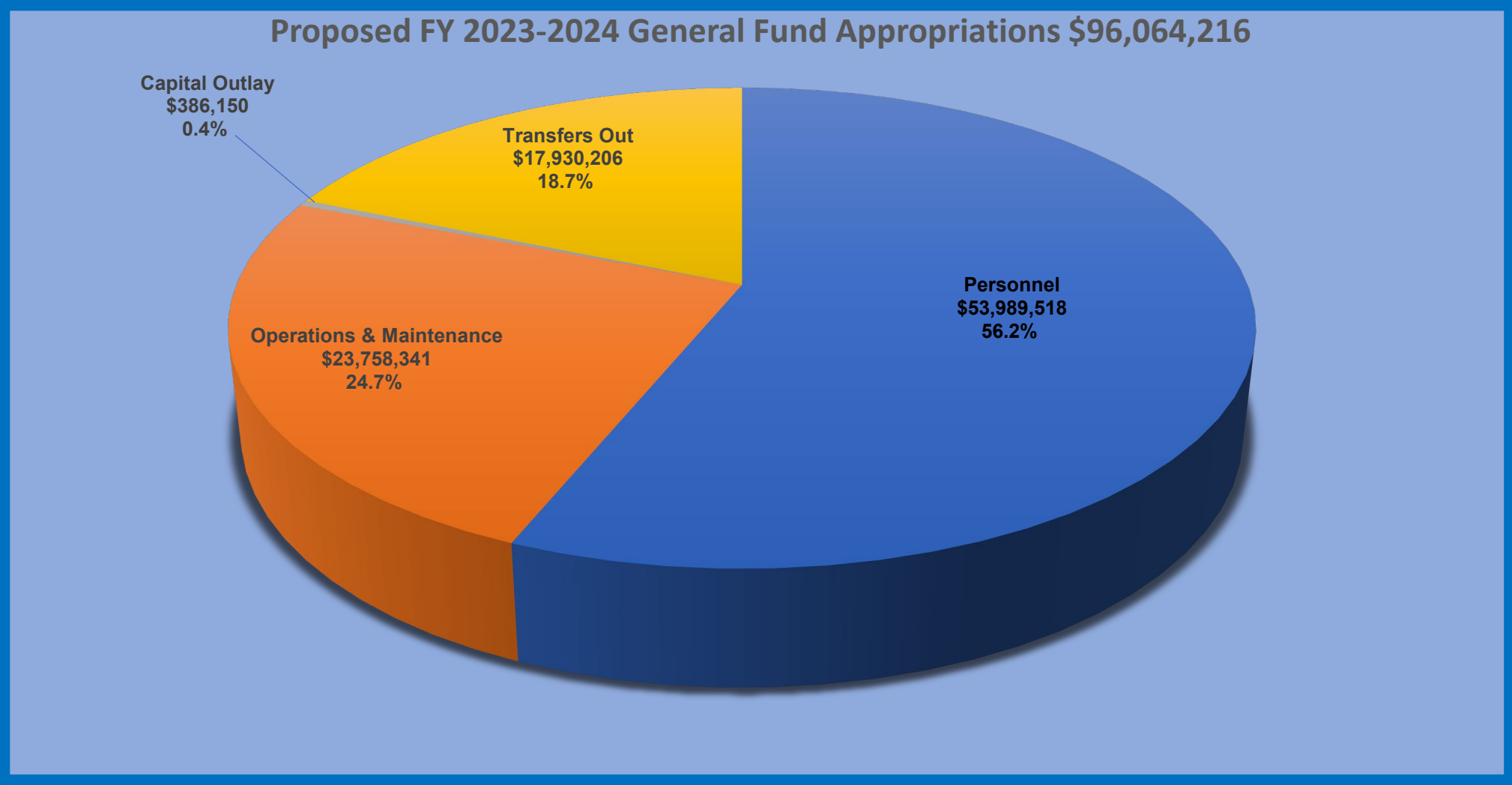




# FY 2023-2024 General Fund



# Proposed FY 2023-2024 General Fund: Personnel, Maintenance & Operations, Capital Outlay, Transfers-Out



# FY 2023-24 General Fund Transfers Out

- Included in the Proposed Budget
  - Transfers out from the GF to other Funds totaling \$17,930,206
    - Transfer from General Fund to Solid Waste: \$600,000 (for FY 2022-23 & FY 2023-24)
      - Annual GF subsidy is \$300,000, until rates are adjusted
    - Transfer from GF to CIP Fund: \$7,632,500 (per City Council direction from April 17<sup>th</sup> Budget Study Session)
    - Transfer to Debt Service Fund POB's: \$9,497,706
    - Transfer from General Fund to Senior Housing: \$200,000
      - Recommended annual contribution to Senior Housing CIP Reserve dedicated for Park Vista
- Finance – add to Administration for ERP System: \$500,000
- Contribution to Pension Trust
  - Pension Trust Payment: \$500,000
  - In compliance with UAL Policy & Topgolf Revenue Policy

# Proposed FY 2023-2024 Operating & Capital Budget – All Funds

Fund Name	Adopted FY 2022-2023	% of Total Budget	Proposed FY 2023-2024	% of Total Budget
General Fund	\$ 85,941,128	54.1%	\$ 96,064,216	49.0%
Water Fund	31,359,005	19.7%	31,772,572	16.2%
Transportation Funds	4,840,258	3.0%	2,599,026	1.3%
Debt Service POBs	9,800,000	6.2%	9,497,706	4.8%
Wastewater Fund	6,500,017	4.1%	6,791,056	3.5%
General Fund CIP	7,870,893	5.0%	18,575,000	9.5%
Equip. Replcmt. Fund	1,386,989	0.9%	18,233,737	9.3%
Workers Comp. Fund	3,263,365	2.1%	3,405,200	1.7%
General Liability Fund	3,572,125	2.2%	3,222,127	1.6%
Dev. Services Trust	-	0.0%	-	0.0%
Public Safety Spcl. Rev.	1,782,642	1.1%	2,607,390	1.3%
Other Special Rev.	1,350,800	0.9%	1,024,592	0.5%
Rec & Econ Dev Trust	-	0.0%	169,000	0.1%
Cultural Dev. Trust Fund	326,000	0.2%	298,196	0.2%
Debt Service Fund	545,000	0.3%	603,300	0.3%
Solid Waste Fund	270,000	0.2%	300,000	0.2%
Senior Housing Fund	75,313	0.0%	808,981	0.4%
Golf Fund	10,000	0.0%	-	0.0%
Economic Uncertainty	-	0.0%	-	0.0%
<b>Total</b>	<b>\$ 158,893,535</b>	<b>100%</b>	<b>\$ 195,972,100</b>	<b>100.0%</b>



# FY 2023-2024 Reserves

- General Fund Reserve
  - 25% as directed by City Council on April 17<sup>th</sup> Budget Study Session
- Economic Uncertainty Reserve of \$2M
- 5% General Fund Reserve for CIP (transferred to CIP reserve)
- OPEB Reserve
  - No new contributions required
  - Balance of ~\$30M
- Pension Trust Reserve
  - Balance of ~\$4.5M
  - \$500,000 contribution to Trust in FY 2023-24
- Other Reserves:
  - Workers' Compensation
  - General Liability Reserves
  - Equipment Replacement

## Updating the City's Credit Rating

- City Council authorized the issuance of POBs
  - City received AA+ Bond Rating
- Finance Staff & elected City Treasurer are working with the City's Financial Advisor, KNN, to undertake a rating review with S&P in mid-July with the intent of obtaining a AAA rating for the City

# Proposed FY 2023-2024 Special Revenue Funds

- Transportation Funds: \$2,229,935
- Public Safety Special Revenue Funds: \$1,196,231
- Other Special Revenue Funds: \$795,700
- Senior Housing Funds: \$203,099

Total of All Special Revenue Funds = \$4,424,965

# Fiscal Year 2023-2024 Cultural Development Fund

*The Arts and Culture Advisory Committee's proposed FY 2023-2024 budget was presented to the City Council on May 2, 2023 & Council approved the following:*

- The Arts and Culture Advisory's Committee's recommendations for FY 2023-2024 totaled \$316,000 (salaries partially funded by the General Fund)
  - \$10,000 Operating Fund
  - \$10,000 Literary Arts
  - \$25,000 Festival of Holidays
  - \$25,000 Visual Artists in Community Program Fund
  - \$25,000 Arts and Culture Community Engagement Fund
  - \$71,000 El Segundo Art Walk 2023
  - \$40,000 Downtown Beautification Project (ACC Contribution to CIP Projects)
  - \$110,000 Staff Salary (Cultural Arts Coordinator)



# Proposed FY 2023-2024 Debt Service Funds

- **Douglas Street Gap Closure**
  - Funded with Traffic Mitigation Fees
  - \$1,074,592 proposed beginning fund balance on 7/1/2023
  - Annual debt service payment of ~\$530,000
  - Final payment: August 1, 2035
  
- **Pension Obligations Bonds (POBs)**
  - Funded primarily by the General Fund & minimal amount from Enterprise Funds
  - Annual payment of \$9.7M
  - FY 2023-24 will be the third year of principal payment towards the POB
  - Final payment is due in June 2040

# Proposed FY 2023-2024 Enterprise Funds

- **Water Fund**

- Proposed Revenues = \$36,850,000
- Proposed Operating Budget = \$28,722,572
- Proposed Capital Budget = \$3,050,000

- **Wastewater Fund**

- Proposed Revenues = \$5,200,000
- Proposed Operating Budget = \$6,041,056
- Proposed Capital Budget = \$750,000

# Water and Wastewater Rates

- Water rate adjustments: January 1 of 2022, 2023, 2024, and 2025.
- The rate adjustments are:

Utility	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Water	0%	3.0%	3.0%	3.0%	3.0%

- Wastewater rate adjustments: April 2, 2021, January 1 of 2022, 2023, 2024, and 2025.
- The rate adjustments are:

Utility	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Wastewater	9.0%	9.0%	9.5%	9.5%	9.5%

# Proposed FY 2023-2024 Internal Service Funds

- **Equipment Replacement Fund**
  - Proposed Revenues = \$2,261,969
  - Proposed Budget = \$18,233,737

# Proposed FY 2023-2024 Internal Service Funds (cont'd)

- **General Liability**

- Proposed Revenues = \$3,115,000
- Proposed Budget = \$3,222,127

- **Workers' Compensation**

- Proposed Revenues = \$3,235,881
- Proposed Budget = \$3,405,200

# Proposed FY 2023-2024 CIP Projects for All Funds

- Carryover projects in progress or about to begin = \$14,954,000
- New Projects = \$19,121,000
  - \$4,500,000 Proposed Transportation Funds Appropriations
  - \$3,800,000 Proposed Enterprise Funds Appropriations
  - \$2,788,500 Proposed Special Revenue Funds Appropriations
  - \$ 400,000 Proposed Stormwater Fund Appropriations
  - \$7,632,500 Proposed General Fund Appropriations

**\$34,075,000 (Total)**

## Recommendation: Establish General CIP Reserve:

- Build the fund over time – City Council authorized 5% General Fund funding policy going forward
- Allows funding for Council to utilize for projects during the FY
- Potential to contribute to the reserve fund through completed CIP projects that are completed under-budget

# Proposed FY 2023-2024 General Fund CIP

- (#22B) \$125,000 Library Southwall Waterproofing
- (#23B) \$107,500 Emergency Operations Center (EOC) Upgrades
- (#29) \$50,000 Electric Vehicle (EV) Charging Station
- (#31) \$100,000 HVAC (Citywide)
- (#33) \$150,000 Fire Alarm Panels (Citywide)
- (#34) \$50,000 Plumbing (Citywide)
- (#35) \$100,000 Miscellaneous Electrical (Citywide)
- (#38) \$750,000 Main Facilities ADA Compliance Projects
- (#44) \$2,500,000 The Plunge Rehabilitation
- (#45) \$3,000,000 Recreation Park Projects Phase I Reserve
- (#49) \$200,000 Center Street Storm Drain Improvements
- (#52) \$100,000 Downtown Beautification
- (#53) \$400,000 General CIP Reserve

**\$7,632,500 (Total)**



# FY 2023-2024 Plunge & Recreation Park Projects Funding

- The Plunge

- Construction to begin in FY 2023-2024

Current designated (reserve) amounts for the Plunge \$4.7M:

- \$2.5M in The Plunge “reserve” Trust Fund

- \$2.2M in the Capital Improvement Program (CIP) fund thru FY 2022-2023 appropriation (about \$250k has already been used for design)

Pending contributions to The Plunge reserve:

- \$1M pending from Chargers/Mar Ventures

Recommended contribution to the Plunge reserve for FY 2023-24 of \$2.5M from the GF

Recommended contribution to the Plunge reserve for FY 2024-25 of \$2.5M from the GF

Potential total balance in The Plunge “reserve” by FY 2024-25 \$10.7M



# FY 2023-2024 Plunge & Recreation Park Projects Funding (cont'd)

- Recreation Park Phase I

- Phased-in approach, beginning with design work in FY 2023-2024
- Construction to begin in FY 2024-2025

Current designated (reserve) amounts for Rec Park \$1.75M:

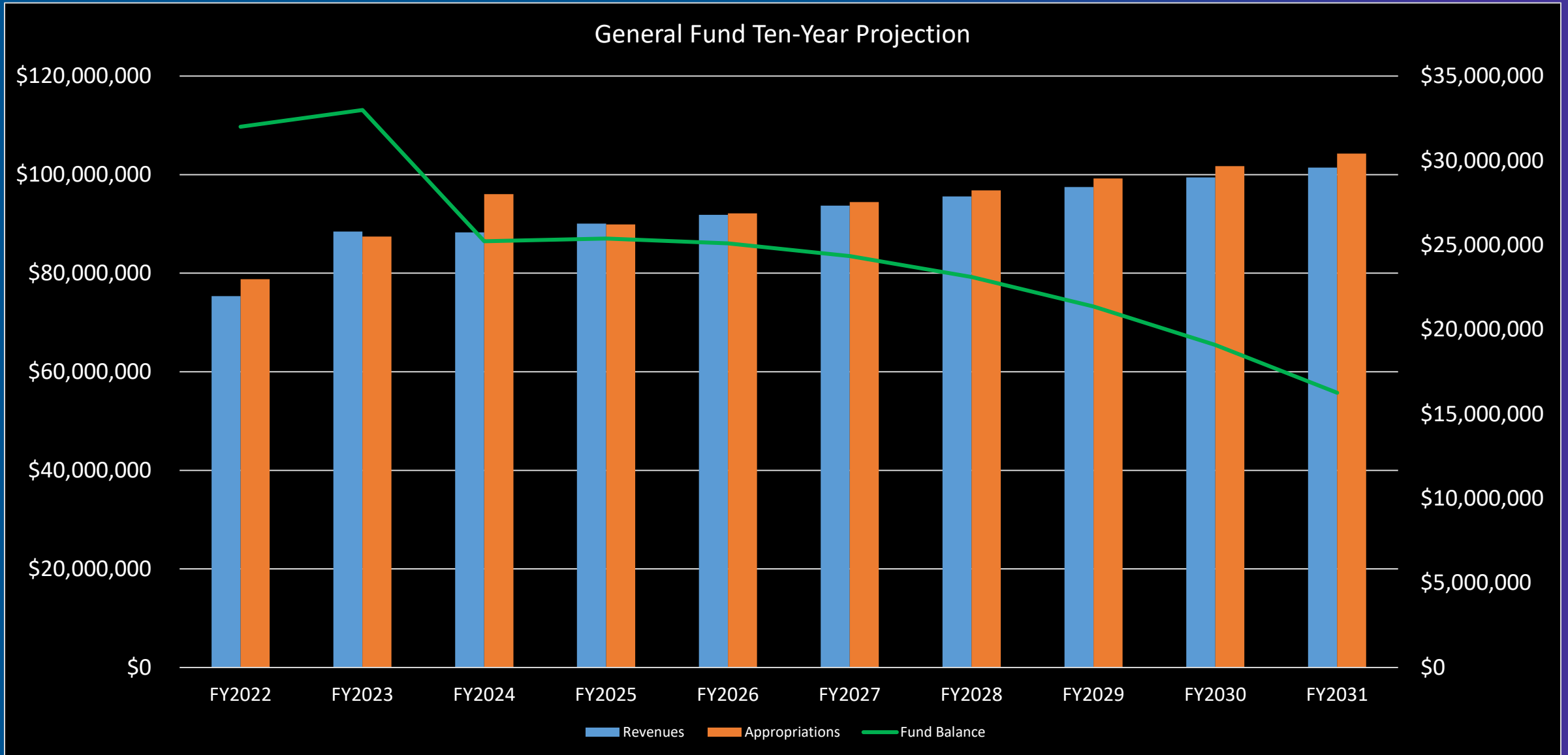
Recommended contribution to Rec Park reserve for FY 2023-24 of \$3M from the GF

Recommended contribution to Rec Park reserve for FY 2024-25 of \$2M from the GF

Recommended contribution to Rec Park reserve for FY 2025-26 of \$2M from the GF

Potential total balance in Rec Park Phase I “reserve”: \$8.75M

# 10-Year General Fund Financial Forecast



## PROPOSED GENERAL FUND UNASSIGNED BALANCE FOR FY 2023-2024

<u>Description</u>	<u>Adopted</u>
Estimated Beginning <b>Unassigned Fund</b> Balance on July 1, 2023	\$32,967,881
Proposed FY 2023-2024 Revenues	88,295,510
Proposed FY 2023-2024 Appropriations	(88,431,716)
Estimated Ending Fund Balance (June 30, 2024)	32,831,675
25% Reserve Requirement (based on proposed recurring appropriations)	\$22,107,929
<b>Estimated Ending Unassigned Fund Balance after meeting 25% reserve</b>	<b>\$10,723,746</b>

# FY 2023-2024 Unassigned Reserves

- Recommended use of \$10,723,746
  - \$7,232,500 CIP projects and CIP reserve
  - \$400,000 establish a General CIP Reserve (to fund 301)
  - \$500,000 contribution to Pension Trust
    - In compliance with UAL Policy & Topgolf Revenue Policy
  - \$400,000 transfer to Equipment Replacement loan
    - Current balance of \$5.5M
    - In compliance with Topgolf Revenue Policy
  - ≈\$1.5M reserved for costs of new labor agreements
    - \$1M was appropriated in FY2022-2023, bringing to the total cost for new labor agreements to ≈\$2.5M

# Proposed FY 2023-2024 Budget Wrap-Up

## Recommended Actions:

- Adopt Resolution approving the proposed FY 2023-2024 Operating Budget and Capital Improvement Project Budget

# Questions

