

Other Elected Officials Present:

Donesia Gause, City Clerk; and Karen Avilla, City Treasurer

Other Elected Officials Absent: None

Also Present: Nelson Hernandez, City Manager; Bruce Barrette, Interim Assistant City Manager; Jacquelyn Acosta, Director of Administrative Services; Cedric Hicks, Director of Community Services; Gilbert Marquez, Acting Director of Public Works/City Engineer, and Jeff Westbrook, Acting Director of Community Development; and staff:

Lisa Berglund, Principal Administrative Analyst; Trini Catbagan, Finance Officer; Robert Eggleston, IT Manager; Brent Gesch, Administrative Analyst; Luchie Magante, Senior Administrative Analyst; Garrett Roberts, Senior Administrative Specialist; Gina Trinidad, Administrative Analyst; Glenn Turner, Computer Systems Support Technician; Wanda Higaki, Chief Deputy City Clerk

### **BUDGET WORKSHOP #3 - NEW BUSINESS DISCUSSION**

#### **ITEM NO. (1) FISCAL YEAR 2014/15 CITY MANAGER'S PROPOSED GENERAL FUND OPERATING BUDGET**

(Council Member Gipson exited and reentered the meeting at 6:12 P.M.)

Jacquelyn Acosta, Director of Administrative Services, informed the City Council that no proposals to reduce the shortfall would be presented this evening. She reported that she would present and discuss the following exhibits and options from staff, and requested input from the City Council:

- Exhibit No. 1, City of Carson Schedule of General Fund Balance-FY 1993/94 Through FY 2013/14.
- Exhibit No. 2, City of Carson General Fund Reserve Analysis Estimated as of June 30, 2014.
- Exhibit No. 3, City of Carson General Fund Operating Expenditures Summary & Comparison FY 2011/12 Through 2013/14.

She distributed copies of Ordinance No. 13-1528, "An Ordinance of the City Council of the City of Carson, California, Amending Section 2953 of the Carson Municipal Code Regarding the Payment of City Council Salaries During Which Time the City Budget Is Not Adopted After July 20<sup>th</sup> of Any Fiscal Year, and informed the City Council, adopted on September 17, 2013, and reported that the provision for the suspension of salaries was no longer in effect.

**Exhibit No. 1, City of Carson Schedule of General Fund Balance-FY 1993/94 Through FY 2013/14**  
Jacquelyn Acosta, Director of Administrative Services, referred to Exhibit No. 2, City of Carson General Fund Reserve Analysis Estimated as of June 30, 2014, and explained how she arrived at the projected bottom line number for the General Fund Balance FY 2013/14: \$33,176,147.00.

**Exhibit No. 2, City of Carson General Fund Reserve Analysis Estimated as of June 30, 2014**  
**\$33,176,147**

Jacquelyn Acosta, Director of Administrative Services, referred to Exhibit No. 2, City of Carson General Fund Reserve Analysis Estimated as of June 30, 2014, and a discussion ensued regarding the following items:

**Expenditures taken directly from Fund Balance (Non-operating Expenditures) - \$5,562,003**

Jacquelyn Acosta, Director of Administrative Services, reported that \$5,562,003.00 was directly expended from the Fund Balance as of 6/30/13, as follows:

Fund Balance as of 6/30/13: \$36,368,007

OPEB Deposit (25% of FB over \$20,000,000)	4,092,003
Transfer to Capital Improvement Fund	1,000,000
Project No. 1454 – Community Center Renovations	130,000
Project No. 1364 – Corporate Yard Roof	330,000
Project No. XXX – City Clerk’s Office Remodel	10,000

Fund Balance as of 6/30/14 (before year-end operating results): \$30,806,004

A discussion ensued regarding the following items:

**Project No. 1454 – Community Center Renovations - \$130,000**

Council Member Davis-Holmes requested additional information; whereupon, Jacquelyn Acosta, Director of Administrative Services, clarified that this amount would not affect this fiscal year.

**OPEB Deposit - \$4,092,003**

Jacquelyn Acosta, Director of Administrative Services, clarified that the Irrevocable Trust for the OPEB set-aside was controlled by CalPERS; whereupon, a discussion ensued regarding the interest rate for funds in this account and to consider other options.

**Public Comments**

**Rita Boggs**

Requested additional information regarding the OPEB Trust Fund. Whereupon, Jacquelyn Acosta, Director of Administrative Services, clarified that Other Post-Employment Benefits (OPEB) consist of post-employment healthcare benefits, including medical, dental, vision, and other health-related benefits promised to employees upon retirement. She added that for the 3% at 60 Retirement Plan, after working forty (40) years and at age 60, the retirement pension would be 120%.

**Exhibit No. 3, City of Carson General Fund Operating Expenditures Summary & Comparison FY 2011/12 Through 2013/14**

Jacquelyn Acosta, Director of Administrative Services, informed the City Council that this exhibit was in a new format and by department. She referred to the schedule for the next budget workshop and reported that she had provided Executive Assistant Buesing with several dates to propose to the Council Members.

**Public Comments**

**Miriam Vazquez**

Offered general comments regarding the benefits for City employees and expressed her support for the City of Carson to grow. She referred to a book entitled, "Success Strategy for Growth," and gave a copy to Mayor Dear.

**Mila Boyer**

Inquired into the timeframe for the old budget to be in force if a new budget is not approved and briefly discussed qualifying work time to receive a pension.

City Manager Hernandez clarified that if projects are cancelled, monies go into the reserves and then reappropriated.

**SET-ASIDE FOR CAPITAL IMPROVEMENT PROGRAM (CIP)**

Jacquelyn Acosta, Director of Administrative Services, referred to the inquiry by Council Member Davis-Holmes and reported that this year the set aside for CIP will be \$2 million dollars from the Fund Balance.

Mayor Dear referred to a vacant parcel with a chain-link fence on the northeast corner of 223<sup>rd</sup> Street and Moneta Avenue, across from Veterans Park, and inquired whether the funds could be used to purchase real estate. He suggested that, perhaps, the City of Carson should buy that parcel and develop and public parking lot for events held at Veterans Park to have less impact to the residents. Whereupon, City Manager Hernandez stated that the City could purchase property and although there was no annual return, there would be capital appreciation.

Council Member Davis-Holmes discussed the use of other funding and requested staff to provide information about other funding sources. She referred to the list of deferred projects and in keeping with the direction to put people in place, reported that she had a list to give to staff. She referred to 2012 and wanted confirmation that none of the projects were deferred.

Mayor Dear suggested that staff consider open-space grants and reiterated his desire to beautify Carson, eliminate blight, and for staff to seek the owner of the vacant property at 223<sup>rd</sup> Street and Moneta Avenue.

City Manager Hernandez indicated that there could be other state and federal funds available and the staff would ensure that the use would be an eligible use.

Council Member Gipson expressed his desire to consider other ways to have a return.

**Jenny Vazquez**

Reported that there were weeds growing at Reflection Park on Shearer Avenue and felt that a better use would be to develop homes since Carson Park is close in proximity.

Mayor Dear commented that the land is contaminated and the cost of remediation would exceed the cost to develop houses. He requested that City Manager Hernandez and Cedric Hicks, Director of Community Services conduct a site visitation at the park.

Cedric Hicks, Director of Community Services, clarified that the plants were drought resistant and look like weeds. He suggested that the City Council consider redesigning the park.

**Dr. Rita Boggs**

Expressed concern about the value of homes in Carson that were not rising as compared to other communities in the South Bay.

**Miriam Vazquez**

Reiterated that she has been asking for a Costco in Carson for several years along with Trader Joe's and restaurants similar to Hometown Buffet and Hibachi Grill.

Council Member Davis-Holmes referred to the \$1 million set-aside for capital improvement projects and requested City Manager Hernandez to take a different approach and consider options other than departmental reductions. She expressed her support to expend funds to restore Carson to the way it was and to improve City facilities. She reiterated that it was an embarrassment to hold an event at a "dust bowl."

Council Member Gipson felt that once a budget was passed, one must live within that budget. He stated that he would propose making a motion to not make any deficit spending and to require a super majority vote in order to move money from the Fund Balance.

RECOMMENDATION for the City Council:

RECEIVE and HEAR the staff presentation on the FY 2014/15 City Manager's Proposed General Fund Operating Budget

ACTION: The City Council received and heard the staff presentation on the FY 2014/14 City Manager's Proposed General Fund Operating Budget.

**ADJOURNMENT**

The meeting was adjourned at 7:27 P.M. by Mayor Dear with Santarina and Robles absent.

Jacquelyn Acosta, Director of Administrative Services, referred to the next meeting dates and reported that she was waiting to hear from Ginger Buesing, Executive Assistant, about availability of the Mayor and City Council to meet on July 2 or July 3. Whereupon, Council Member Gipson reported that he was not available on July 2.

---

Mayor Jim Dear

ATTEST:

---

City Clerk Donesia L. Gause



**CITY OF CARSON  
SCHEDULE OF GENERAL FUND BALANCE  
FY 1993/94 THROUGH FY 2013/14**

FISCAL YEAR	REVENUES & TRANSFERS IN	EXPENDITURES & TRANSFERS OUT	EXCESS (DEFICIENCY) OF REVENUES	GENERAL FUND BALANCE
1993/94	34,490,695	29,610,885	4,879,810	11,247,499
1994/95	34,700,497	30,334,948	4,365,549	15,613,048
1995/96	34,981,965	29,939,535	5,042,430	20,655,478
1996/97	34,840,872	32,700,729	2,140,143	22,795,621
1997/98	38,441,717	33,976,149	4,465,568	27,261,189
1998/99	40,884,151	38,446,680	2,437,471	29,698,660
1999/00	45,320,052	42,645,192	2,674,860	32,373,520
2000/01	57,619,806	47,393,148	10,226,658	42,600,178
2001/02	51,137,922	51,823,704	(685,782)	41,914,396
2002/03	51,661,111	62,997,939	(11,336,828)	30,577,568
2003/04	55,667,023	60,828,311	(5,161,288)	25,416,280
2004/05	57,856,512	56,354,914	1,501,598	26,917,878
2005/06	58,041,296	57,127,132	914,164	27,832,042
2006/07	63,680,226	63,674,552	5,674	27,837,716
2007/08	63,442,874	66,895,583	(3,452,709)	24,385,007
2008/09	63,203,252	66,798,866	(3,595,614)	20,789,393
2009/10	63,905,349	66,512,618	(2,607,269)	18,182,124
2010/11	62,726,567	57,407,400	5,319,167	23,501,291
2011/12	73,273,125	67,155,514	6,117,611	29,618,902
2012/13	74,167,891	67,418,786	6,749,105	36,368,007
2013/14*	70,022,083	68,635,600	1,386,483	37,754,490
2013/14**	68,095,143	65,725,000	2,370,143	33,176,147

\* Adopted  
\*\* Year-end Projection

6-24-14

**CITY OF CARSON  
GENERAL FUND RESERVE ANALYSIS  
ESTIMATED AS OF JUNE 30, 2014**

Fund Balance as of 6/30/13	36,368,007
Expenditures taken directly from FB (non-operating expenditures):	
OPEB deposit (25% of FB over \$20,000,000)	4,092,003
Transfer to Capital Improvement Fund	1,000,000
Project No. 1454 - Community Center Renovations	130,000
Project No. 1364 - Corporate Yard Roof	330,000
Project No. XXXX - City Clerk's Office remodel	10,000
Subtotal of directly expended fund balance	<u>5,562,003</u>
Fund Balance as of 6/30/14 (before year-end operating results)	30,806,004
Estimated Operating Results for FY 2013/14:	
Operating Revenues	68,095,143
Operating Expenditures	<u>65,725,000</u>
Net Operating Results	<u>2,370,143</u>
<b>Final Fund Balance as of 6/30/14</b>	<b><u><u>33,176,147</u></u></b>



CITY OF CARSON  
 GENERAL FUND  
 OPERATING EXPENDITURES SUMMARY & COMPARISON  
 FY 2011/12 THROUGH FY 2013/14

DEPARTMENT	FY 2011/12 ACTUAL	FY 2012/13 AMENDED BUDGET	FY 2012/13 ACTUAL	FY 2013/14 ADOPTED BUDGET	FY 2013/14 AMENDED OPERATING BUDGET	FY 2013/14 YEAR-END OPERATING ESTIMATE	FY 2013/14 AMENDED BUDGET VS ESTIMATED ACTUAL (OVER)/UNDER
CITY COUNCIL	590,963	781,671	645,732	886,204	897,330	780,000	117,330
CITY ATTORNEY	1,168,743	1,266,000	977,225	1,090,558	1,130,558	1,655,000	(524,442)
GENERAL DEPARTMENTAL	9,717,262	8,249,563	7,812,068	5,024,686	4,861,000	4,400,000	461,000
CITY CLERK	532,554	898,238	774,052	603,632	639,727	640,000	(273)
CITY TREASURER	719,857	716,999	735,546	729,059	758,929	750,000	8,929
CITY MANAGER	2,922,968	3,351,275	3,201,955	3,532,171	3,607,061	3,200,000	407,061
ADMINISTRATIVE SERVICES	6,511,060	6,275,842	5,973,594	6,267,701	6,750,461	6,300,000	450,461
COMMUNITY DEVELOPMENT	1,435,081	1,437,600	3,889,965	4,203,878	4,491,974	4,100,000	391,974
PUBLIC WORKS	8,441,805	16,499,676	13,598,228	14,267,609	14,917,248	13,800,000	1,117,248
COMMUNITY SERVICES	35,115,221	30,347,153	29,789,582	30,250,137	30,879,967	30,100,000	779,967
CAPITAL IMPROVEMENT PROJ	0	248,850	20,855	1,779,965	0	0	0
<b>TOTALS</b>	<b>67,155,514</b>	<b>70,072,867</b>	<b>67,418,781</b>	<b>68,635,600</b>	<b>68,934,255</b>	<b>65,725,000</b>	<b>3,209,255</b>

