



Legislation Text

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File #: 2014-487, Version: 1

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**Report to Mayor and City Council**

Tuesday, November 18, 2014

Unfinished Business

**SUBJECT:**

**CONSIDER THE PROPOSED FY 2014/15 GENERAL FUND OPERATING BUDGET AND THE UUTCBOC RECOMMENDATIONS PERTAINING TO THE BUDGET.**

**I. SUMMARY**

I. The City Council has held five budget workshops at which the FY 2014/15 general fund operating budget has been reviewed and discussed. As of September 2, 2014, the City Manager's proposed general fund operating budget for FY 2014/15 still has a shortfall of \$564,351. Included in this report are options which the City Council may consider to eliminate the shortfall and adopt a balanced budget.

To-date, the budget has not been adopted. At its August 5 and October 7, 2014 meetings, the City Council directed staff to review and discuss the budget with the Utility Users Tax Citizens Budget Oversight Committee (UUTCBOC). A fourth meeting with the UUTCBOC is scheduled for November 13, 2014. At the time of writing of this report, the meeting has not been held so staff will present the results of that meeting under separate cover.

**II. RECOMMENDATION**

1. CONSIDER recommendations from the UUTCBOC regarding the proposed FY 2014/15 general fund provided by the Committee during its meeting on November 13, 2014.

**III. ALTERNATIVES**

1. WAIVE further reading and ADOPT Resolution No. 14-076, "A RESOLUTION OF THE

CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADOPTING THE FY 2014/15 GENERAL FUND BUDGET AND APPROVING APPROPRIATIONS FOR THE 2014/15 FISCAL YEAR."

2. TAKE any other action the City Council deems appropriate.

#### IV. BACKGROUND

The City Council has held five budget workshops at which the FY 2014/15 general fund operating budget has been reviewed and discussed. A noticed public hearing was also held on July 1, 2014 to receive input from the public on the proposed general fund budget.

As originally presented, the City Manager's proposed general fund operating budget for FY 2014/15 estimated operating revenues to be \$67,958,459 and operating expenditures to be \$72,692,292, which indicated an operating shortfall of \$4,733,833. Since that time, further adjustments were made to the budget and choices have been provided to the City Council on how to close that gap. In a report to the City Council for its September 2, 2014 meeting, it was shown that the budget shortfall has been reduced to \$564,351. The details of the changes to the proposed budget are listed under Exhibit No. 1. The following options are being provided to the City Council for consideration, as a means to balance the budget:

1. Transfer \$575,000 from the Capital Asset Replacement Fund (CARF).  
By making this transfer, the FY 2014/15 general fund projected operating revenues will exceed budgeted operating expenditures by \$10,649 (Exhibit No. 2). However, making this transfer will only leave \$250,000 in the Capital Asset Replacement Fund. Therefore, some items proposed to be replaced may have to be delayed unless the Council approves supplemental budget adjustment to the fund at future Council meetings.
2. Draw on the Budget Stabilization Fund of \$2.5 million, which is set-aside in the City's General fund reserves (Exhibit No. 3). Exercising prudent financial management, the City Council established this budget stabilization fund to be used, if needed, to assist in the transition to a post-redevelopment operating environment. The City is still navigating through the ramifications of the elimination of the redevelopment agencies; therefore, these funds may be used to eliminate the shortfall of revenues over expenditures.
3. Revisit the budget and look for additional areas in which to reduce expenditures.

The most significant savings can come from delaying personnel recruitments. However, this is the least preferred option for staff because lack of the much needed manpower resources will impact programs and activities which the City Council desires to provide to the citizens of Carson to enhance their quality of life.

Due to extenuating circumstances, the budget has not been adopted to-date. Part of the reason for the delay in the adoption of the FY2014/15 budget was staff's failure to involve the UUTCBOC in the budget discussions prior to August 5, 2014 when the budget was originally proposed to be adopted. To rectify the situation, Council directed staff to convene a meeting with the UUTCBOC.

More specifically, at the September 2, 2014 Council meeting, Mayor Pro Tem Elito Santarina moved to postpone the adoption of the general fund budget based upon the concern of the Utility Users' Tax Citizens Budget Oversight Committee (UUTCBOC) Chairman Paul Randall that the Committee had not been given an opportunity to be part of the budget process. With the unanimous consent of the Councilmembers, Mayor Jim Dear directed staff to continue the budget adoption item and convene a meeting of the UUTCBOC for the main purpose of reviewing the proposed budget. The Committee meetings were held on September 10 and 23, 2014.

On October 14, 2014 UUTCBOC held another meeting for the main purpose of conducting the review of the proposed budget. While the meeting could be described as productive, further documentation and clarification were asked of the staff which should be made available and presented at the next UUTCBOC meeting set for November 13, 2014. As of this writing, the meeting has not been held; hence, staff will provide a report on the result of the meeting under separate cover.

Attached as Exhibit No. 4 is Resolution No. 14-076 adopting the FY 2014/15 general fund budget which will be adjusted, if needed, if the Council chooses to make additional changes to the budget, as proposed.

## **V. FISCAL IMPACT**

Adoption of the general fund budget will establish the City's spending plan for the 2014/15 fiscal year. The funds will be appropriated in each City Department's accounts, in accordance with the City Council Resolution No. 14-076, as approved.

VI. EXHIBITS

1. Changes to Proposed Revenue and Expenditure Budgets. (pg. 4)
2. Effect of Transfer of Funds from Capital Asset Replacement Fund.(pg. 5)
3. Governmental Funds Balance Sheet from the June 30, 2013 Audited Comprehensive Annual Financial Report. (pg. 6)
4. Resolution No. 14-076. (pgs. 7-8)

Prepared by: Trini H. Catbagan, Finance Officer

**CITY OF CARSON**  
**CHANGES TO ORIGINAL PROPOSED REVENUE & EXPENDITURE BUDGETS**  
**FY 2014/15**

Decision Package (DP) No.	UUTCBOC Recommendation	DESCRIPTION	AMOUNT
		<b>Changes in revenue projections:</b>	
		Initial total revenue projection	68,178,895
DP 1		Increase property tax projection	141,450
DP 2		Increase sales tax projection	63,901
DP 3		Increase TOT projection	15,432
DP 4		Increase real property transfer tax projection	2,323
DP 5		Increase in UUT projection	1,384,298
DP 6		Increase in admissions fee projection	3,207
DP 7		Increase in building permits revenue projection	26,975
DP 8		Decrease in Community Center revenues projection	(34,373)
DP 9		Decrease in lease payment re: Reflections Park	(1,144)
DP 10		Decrease in CRA Lease Revenue Bond payment to the City	(50,499)
DP 11		Transfer funds from the Measure R fund to offset street maintenance costs	434,000
DP 12		Transfer funds from the Family Support Grant fund to offset costs related to the Anti-Bullying initiative	15,000
DP 13		Transfer funds from the CalHOME Grant fund to offset admin staff costs	17,500
DP 14		Transfer funds from the Beverage Container Recycling Fund to offset administrative	10,000
DP 15		Transfer funds from the Used Oil State Grant Fund to offset admin staff costs	22,000
DP 16		Transfer funds from the Park Development Fee Fund to offset administrative sta	79,881
DP 17		Transfer funds from the Park Development Fee Fund to reimburse GF for two p	211,541
DP 18		Increase sales tax projections for new retailers	61,000
DP 38		TRANSFER FROM CAPITAL ASSET REPLACEMENT FUND	575,000
		Total changes in revenues	2,977,492
		<b>Revised total revenue projection</b>	<b>71,156,387</b>
		<b>Changes in projected expenditures:</b>	
		Initial total expenditure projection	73,357,292
DP 20		Reduce the transfer to the CARF to \$0	(500,000)
DP 21		Add \$41,200 for Apollo West Carson Players	41,200
DP 22		Add \$208,800 to reinstate a Cultural Arts programs funding	208,800
DP 23		Salary savings for positions not filled at 7-1-14 (approved to be filled)	(167,605)
DP 24		Salary savings for positions not filled at 7-1-14 (pending approval to be filled and	(660,181)
DP 25		Reduce amount for Zoning Ordinance update	(250,000)
DP 26		Reduce Sheriff's contract costs by amount to be paid with State COPS grant fund	(130,000)
DP 27		Potential savings from the proposed reorg (pending approval of the City Council)	(625,000)
DP 28		Add Filipino American History Month (Budget Referral #11)	5,000
DP 29		Add funding for Tour de Carson	5,000
DP 30		Add funding for American Heritage Day	20,000
DP 31		Add funding for Mariachi Festival/Hispanic Cultural Month (Budget Referral No.	10,000
DP 32		Giveaways items (Budget Referral #3, Option no. 3	5,000
DP 33		Giveaways items- 2 or 3 different items (Budget Referral #13)	5,000
DP 34		13-week Volleybal Program at 4 gyms (Budget Referral No. 14)	6,680
DP 35		Operation of 1 pool for 9 months and giving free lessons to Carson Families (Bu	51,616
DP 36		Reduce budget for anti-bullying	(55,000)
DP 37		Add funding of Special Olympics (sharing costs with CSUDH)	12,500
		Total changes in expenditures	(2,016,990)
		<b>Revised total expenditure projection</b>	<b>71,340,302</b>

CITY OF CARSON  
GENERAL FUND BUDGET  
EFFECT OF TRANSFER OF FUNDS FROM CAPITAL ASSET REPLACEMENT FUND  
FY 2014/15

	FY 2014/15 BEFORE TRANSFER	FY 2014/15 AFTER TRANSFER
Total General Fund Revenues:	\$70,581,387	\$71,156,387
One-Time Revenues:		
Election reimbursement	54,936	54,936
Absentee ballot reimbursement	165,500	165,500
<b>Net General Fund Operating Revenues</b>	<u>70,360,951</u>	<u>70,935,951</u>
Total General Fund Expenditures:	71,340,302	71,340,302
One-Time Expenditures:		
2015 General Election	225,000	225,000
Update Zoning Ordinance	150,000	150,000
Replace phone system	0	0
Replace financial accounting system	0	0
Polling/Educational Campaign - UUT extension	40,000	40,000
<b>Net General Fund Operating Expenditures</b>	<u>70,925,302</u>	<u>70,925,302</u>
<i>Net Surplus/ (Shortfall) of operating revenues over operating expenditures</i>	<u>(\$564,351)</u>	<u>\$10,649</u>

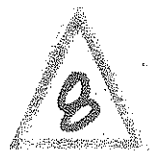
EXHIBIT NO. 2



City of Carson  
Governmental Funds  
Balance Sheet  
June 30, 2013

	General	Carson Housing Authority	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments (Note 2)	\$ 31,436,690	\$ 28,868,557	\$ 8,090,594	\$ 68,395,841
Cash and investments with fiscal agents				
Receivables:				
Taxes	6,598,468		9,508	6,598,997
Accounts	343,418	180		343,608
Accrued interest - other	3,877	4,394,286	181,124	4,579,287
Loans	35,119	50,921,599		50,956,718
Due from other funds (Note 5)	717,172	66,321	38,960	822,453
Due from Successor Agency	23,751	35,475	142,854	202,080
Due from government agencies	563,184			563,184
Inventory	373,690		860,181	1,233,871
Prepays and other assets	1,223,457			1,223,457
Land held for resale		8,146,939		8,146,939
<b>Total assets</b>	<b>\$ 41,301,794</b>	<b>\$ 92,433,373</b>	<b>\$ 9,323,253</b>	<b>\$ 143,058,420</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,435,955	101,271	1,007,163	\$ 4,544,389
Accrued payroll	150,000		77,439	227,439
Due to other funds (Note 5)	54,022	130,660	637,771	822,453
Due to Successor Agency	-		1,254,220	1,254,220
Due to government agencies	1,471			1,471
Retentions payable		139,815	22,330	162,145
Unearned revenue	474,545		184,964	659,509
Refundable deposits	22,236			22,236
Self insurance claims payable	795,555			795,555
<b>Total liabilities</b>	<b>4,933,784</b>	<b>371,746</b>	<b>3,183,887</b>	<b>8,489,417</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue		55,315,885		55,315,885
<b>FUND BALANCES</b>				
<b>Nonspendable</b>				
Loans receivable	35,119			35,119
Inventory	373,690			373,690
Prepaid and other assets	1,223,457			1,223,457
Land held for resale		8,146,939		8,146,939
<b>Restricted</b>				
Housing projects		28,598,803	5,206,026	33,804,829
1% PEG fees	361,310			361,310
Alameda Corridor Projects	1,000,000			1,000,000
Capital projects (DTC)	1,123,088			1,123,088
<b>Committed</b>				
Economic uncertainties	13,727,120			13,727,120
Budget stabilization fund	2,500,000			2,500,000
Reward funds	90,000			90,000
OPEB Trust contribution	4,092,003			4,092,003
<b>Assigned</b>				
Raised median construction	345,072			345,072
Self-insurance	1,500,000			1,500,000
Special projects	1,000,000			1,000,000
Capital projects	1,000,000			1,000,000
Equipment replacement			1,015,107	1,015,107
Utility underground	998,110			998,110
Load shed program	102,329			102,329
Encumbrances and continuing appropriations	156,714			156,714
Unassigned	6,739,998		(81,767)	6,658,231
<b>Total fund balances</b>	<b>36,368,010</b>	<b>36,745,742</b>	<b>6,139,366</b>	<b>79,253,118</b>
<b>Total liabilities, deferred inflows of \$ resources and fund balances</b>	<b>41,301,794</b>	<b>\$ 92,433,373</b>	<b>\$ 9,323,253</b>	<b>\$ 143,058,420</b>

See notes to financial statements.



RESOLUTION NO. 14-076

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADOPTING THE FY 2014/15 GENERAL FUND BUDGET AND APPROVING APPROPRIATIONS FOR THE 2014/15 FISCAL YEAR

WHEREAS, the City Manager has prepared and submitted to the City Council a proposed budget for the 2014/15 fiscal year, which commences on July 1, 2014, and ends on June 30, 2015; and

WHEREAS, the City Council has reviewed the proposed budget; and

WHEREAS, a public hearing has been duly held pursuant to the provisions of the Carson Municipal Code; and

WHEREAS, the City Council has determined that it is necessary for the efficient management of the City that certain sums be appropriated to the various departments and activities of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

**Section 1.** The general fund budget for the City of Carson for the fiscal year beginning July 1, 2014, and ending June 30, 2015, is hereby adopted. Said budget being the proposed budget as reviewed and amended in open study session before the City Council, a copy of which is on file in the City Clerk's Office.

**Section 2.** The sums of money therein set forth are hereby appropriated to the respective accounts for expenditure during fiscal year 2014/15, for each of the several items set forth in the proposed budget, as amended.

**Section 3.** The following sums of money are hereby appropriated to the following departments of the City for expenditure during fiscal year 2014/15:

[MORE]

EXHIBIT NO. - 4





BUDGET APPROPRIATIONS  
FOR EXPENDITURE

General Fund Budget

<u>DEPARTMENT</u>	<u>AMOUNT</u>
City Council	\$ 1,032,248
City Attorney	1,505,000
Non Departmental	2,799,139
City Clerk	920,027
City Treasurer	769,261
City Manager	3,865,245
Administrative Services	6,767,825
Community Development	5,182,495
Public Works	16,396,338
Community Services	<u>32,102,724</u>
<b>TOTAL GENERAL FUND BUDGET</b>	<b><u>\$ 71,340,302</u></b>

**Section 4.** The City Manager is hereby instructed to have copies hereof duplicated and distributed to all departments, officials and interested parties as soon as convenient.

**Section 5.** The City Clerk shall certify to the adoption of this resolution and shall keep a copy of this resolution attached to the fiscal year 2014/15 budget on file, and effective as of July 1, 2014, the same shall be in force and effect.

**PASSED, APPROVED, and ADOPTED** this 21st day of October, 2014.

\_\_\_\_\_  
Mayor Jim Dear

ATTEST:

\_\_\_\_\_  
City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

[MORE]

