



Budget Workshop No. 1

Fiscal Year 2021-2022

CITY OF CARSON



2021-2022 Budget Principles

- 1. Develop a budget based on the best information available including local, state and national economic indicators**
- 2. Set a budget that targets realistic forecasts**
- 3. The goal is to identify those operating expenditures that are our highest priorities and are in balance with the City's ongoing revenues (without considering one-time resources)**
- 4. Adopt a budget that is in alignment with the newly defined City Council Priorities:**
 - **Quality of life improvement (infrastructure, maintenance, beautification)**
 - **Economic development**
 - **Governance policies and procedures pertaining to district**
 - **Housing**
 - **Increase public safety**
 - **Make progress on development that provides community benefits in the long term**
 - **Maintain quality City programs and services**
 - **Advocacy for funds from county, state and federal government**
 - **Increased outreach and information to the community**



Budget Process: Next Steps

❖ March 16, 2021: Budget Workshop no. 1

- Overview of the City's General Fund reserve
- 2021-2022 General Fund Revenue forecast
- County, State and Federal funding

❖ April 20, 2021: Budget Workshop no. 2

- Overview of the City's General Fund operating expenditures
- 2021-2022 General Fund expenditures by department
- 2021-2022 Personnel expenditures
- 2021-2022 Los Angeles County Sherriff Department expenditures

❖ May 18, 2021: Budget Workshop no. 3

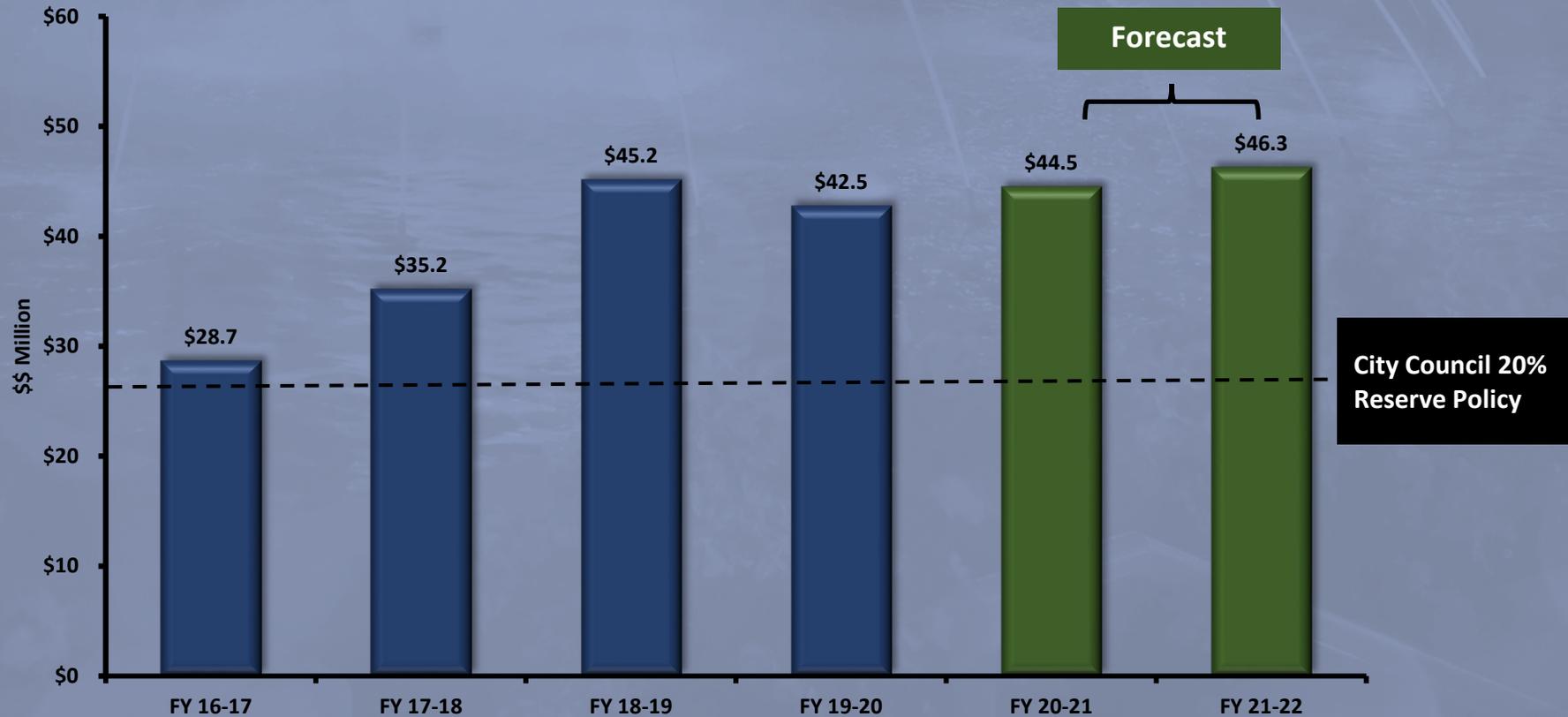
- 2021-2022 Special Events fund
- Overview of the City's Special Revenues
- 2021-2022 Capital Improvement Plan

❖ June 15, 2021: Public Hearing and Budget Adoption



General Fund Reserve

6 Year Fund Balance Trend (\$\$ Million)





General Fund Reserve

The following are the total reserve and cash in hands for the City of Carson:

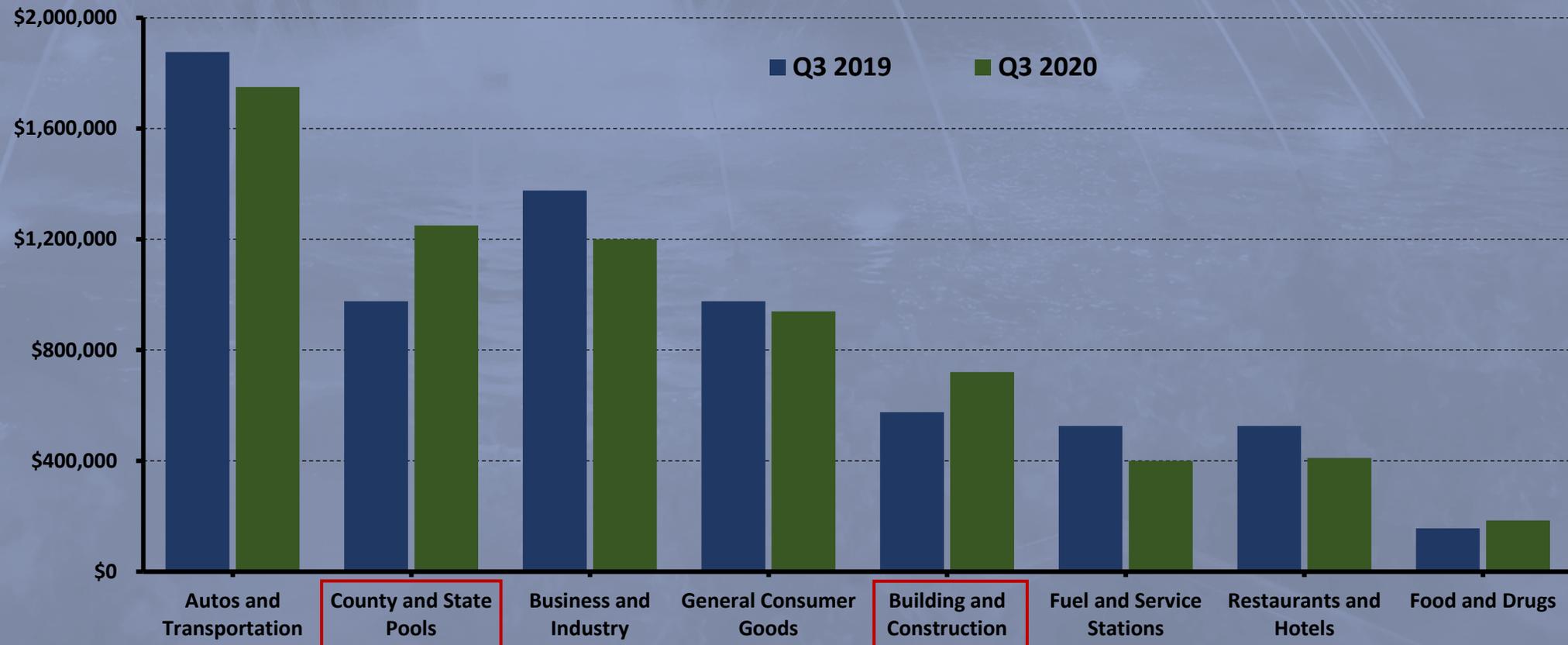
City of Carson reserves (invested assets)	\$61,112,031
City of Carson General Demand Cash Account	\$21,344,727

The City's General Fund reserve balance of \$42.5 million is allocated between the two accounts as follow:

City of Carson General Demand Cash Account	\$21,344,727
Invested Assets	\$21,155,272
Total General Fund Reserve	\$42,500,000

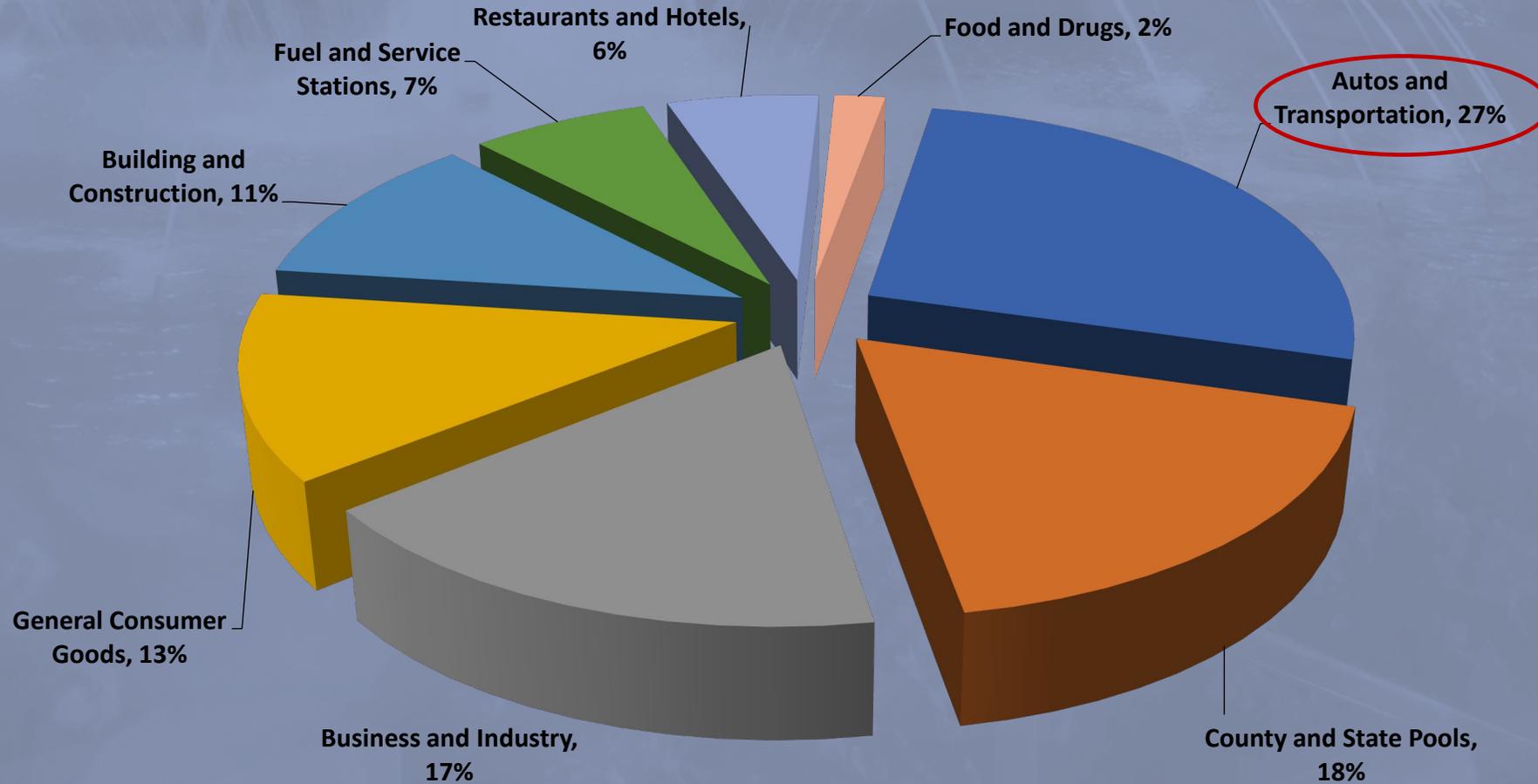


Sales Tax by Major Business Group





Sales Tax Revenue by Economic Sector





Sales Tax Revenue: FY 2020-2021 Forecast

Total Allocation from CDTFA
Includes State and County Pools

Current quarter	3Q – 2020	\$6,065,608
Previous Quarter	2Q – 2020	\$6,583,516
2 nd Previous Quarter	1Q – 2020	\$6,474,278
3 rd Previous Quarter	4Q – 2019	\$8,223,442
Total Allocation		\$27,346,844

Adjustments

Economic Adjustments		
State & County Pools (12.2%)		\$493,000
General Consumer Goods (16.1%)		\$330,400
Autos & Transportation (2.7%)		\$138,000
Business & Industry (-1.6%)		(\$65,200)
Building & Construction (1.5%)		\$30,900
Food & Drugs (5.4%)		\$23,800
Fuel & Service Stations (0.8%)		\$12,000
Restaurants & Hotels (0.6%)		\$8,900
Other Adjustments		(\$729,200)
Administrative Cost (0.864%)		(\$233,561)
Total Adjustments		\$9,039
Estimated FY 20-21 Sales Tax Revenue		\$27,356,000



Sales Tax Revenue: FY 2021-2022 Forecast

Total Allocation from CDTFA Includes State and County Pools

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2 nd Previous Quarter	1Q – 2020	\$6,474,278
3 rd Previous Quarter	4Q – 2019	\$8,223,442
Total Allocation		\$27,346,844

Adjustments

Economic Adjustments		
State & County Pools (6.8%)		\$350,000
General Consumer Goods (16.8%)		\$335,300
★ Autos & Transportation (13.2%)		\$240,900
★ Business & Industry (6.4%)		\$210,800
Building & Construction (3.0%)		\$209,800
Food & Drugs (3.5%)		\$206,000
★ Fuel & Service Stations (3.5%)		\$99,500
Restaurants & Hotels (3.0%)		\$18,500
Other Adjustments		\$1,050,300
Administrative Cost (0.864%)		(\$261,886)
Total Adjustments		\$2,440,733
Estimated FY 20-21 Sales Tax Revenue		\$30,049,900



Sales Tax Revenue Forecast

FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
\$28,473,022	\$27,355,883	\$30,049,000	\$31,551,450	\$32,497,994



Property Tax Revenue Forecast

FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-2025
\$16,738,239	\$16,972,574	\$17,295,053	\$17,640,954	\$17,17,852,646



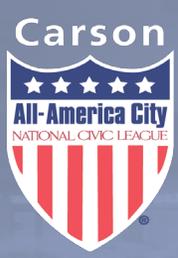
Property Value Growth: Carson vs. Neighboring Cities

City	% Growth
Carson	5.3%
Gardena	6.2%
Compton	6.3%
Bellflower	5.6%
Lakewood	4.8%
Long Beach	5.8%
Torrance	3.9%
Hawthorne	6.3%



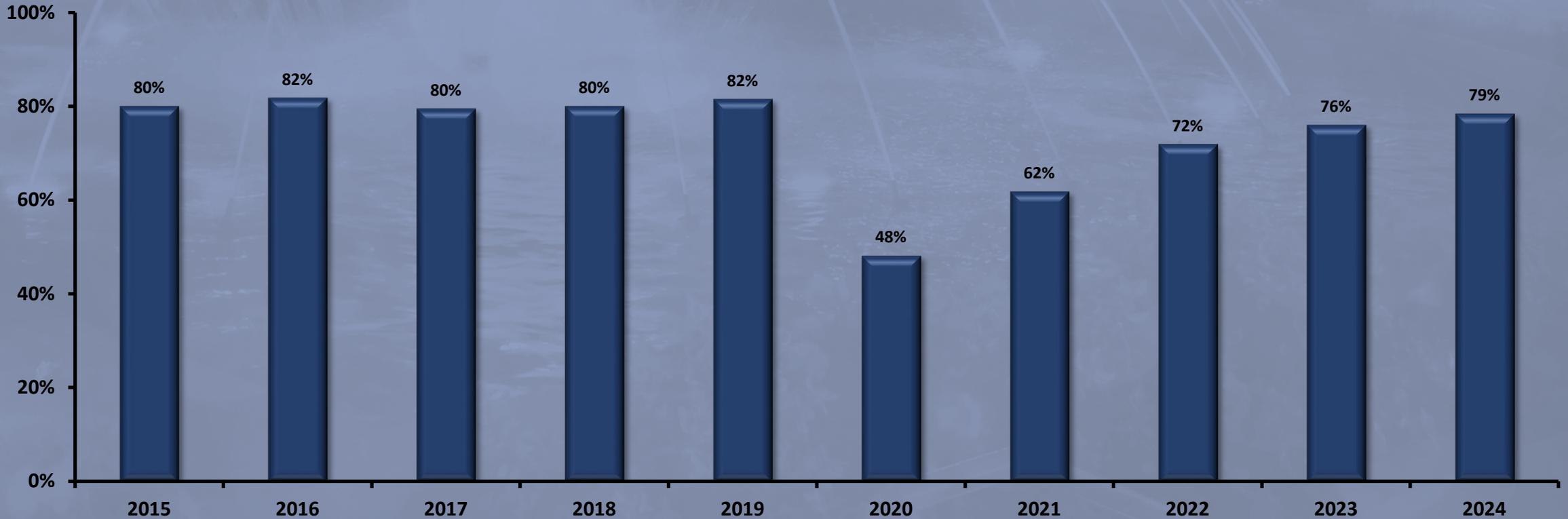
Transient Occupancy Tax: Quarterly Comparison

Q3 / FY 2018-2019	Q3 / FY 2019-2020	Q3 / FY 2020-2021
\$1,129,555	\$1,086,425	\$759,130



Hotel Occupancy Rate: Annual Performance

Los Angeles-Torrance-Carson Market





Transient Occupancy Tax: Revenue Forecast

FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
\$2,242,192	\$1,825,663	\$1,935,000	\$1,958,384	\$1,997,385	\$2,047,319



Utility Users Tax : Quarterly Comparison

Q3 / FY 2018-2019	Q3 / FY 2019-2020	Q3 / FY 2020-2021
\$4,170,045	\$4,210,992	\$3,980,395



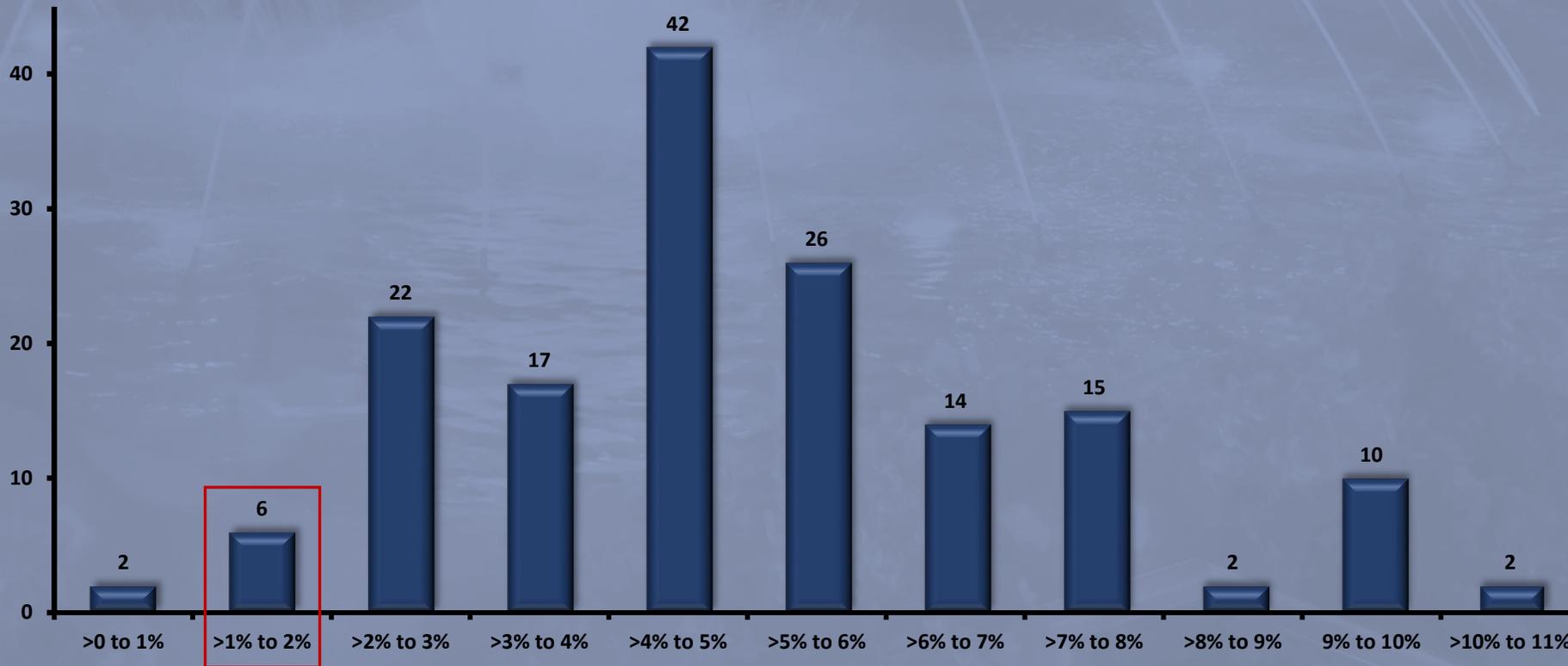
Utility Users Tax: Revenue as Share of GF Revenues

City	UUT as % of GF Revenues
Richmond	31.8%
Huntington Beach	25.3%
Compton	23.6%
Bell	22.3%
Lynnwood	19.4%
El Segundo	18.7%
Torrance	18.5%
Inglewood	16.1%
Carson	10.0%



California Utility User Tax Rates

Cities and Counties



Source: Californiacityfinance.com analysis of League of California Cities Survey data.



Utility Users Tax: Revenue Forecast

FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
\$7,458,906	\$7,450,000	\$7,450,000	\$7,450,000	

The tax is currently scheduled to sunset June 30, 2023.



Transaction and Use Tax: Measure K

- ❑ Measure K was approved by over 53% of the voters on November 3, 2020 General Elections.
- ❑ The initial revenue forecast (before the COVID-19 pandemic) showed that Measure K would generate approximately **\$12 million**
- ❑ The City's sale tax consultant, HdL Companies, has revised its Fiscal Year 2021-2022 revenue forecast for the City of Carson's Measure K to reflect an increase in anticipated sales tax transactions with a new estimated Measure K revenue of about **\$13.9 million**.



State and Federal Resources

- On March 10, 2020, the U.S. House of Representatives voted to pass the American Rescue Plan, which includes **\$65 billion** in direct and flexible relief for every city in the United States.
- Preliminary estimates indicate that the City of Carson will be receiving just over **\$20 million**.
- This will be extremely flexible funding in terms of use and staff will provide updates as the information becomes available.



General Fund Revenues: 5 Year Forecast Summary

FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
\$92,913,457	\$96,400,573	\$91,196,628	\$93,476,544	\$96,280,840

The UUT is currently scheduled to sunset
June 30, 2023.



THANK YOU

City of Carson - Finance Department