

2016-17 FY Proposed Budget

2nd Year of the 2015-17 Two-Year Operating Budget
and 2016-2021 Five-Year Capital Budget Plan

AGENDA

Opening of 1st Public Hearing/Budget Workshop

Mayor Patrick Furey

Introduction

LeRoy J. Jackson, *City Manager*

Presentation

Eric E. Tsao, *Finance Director*

Questions of Staff

Mayor & City Council

Questions & Discussion

Mayor Patrick Furey

Questions & Discussion from Audience

Mayor Patrick Furey

Summary

Mary K. Giordano, *Assistant City Manager*

Motion to Close

Mayor Patrick Furey



City Manager respectfully transmits his proposal for the 2nd year of the two-year Operating Budget 2016-17 fiscal year for your consideration.

- Take input from the public
- Review the recommended budget
- Address funding requests by the Community and City Departments
- Concur with or modify this document



PRESENTATION AGENDA

- ▶ Tonight's Presentation will include summaries of the Operating and Capital Budgets.*
- ▶ No Action required until after closing of the second Public Hearing/Budget Workshop on May 17.



*: www.TorranceCA.gov/1743.htm

PRESENTATION AGENDA

▶ Operating Budget Book

- Proposed Revisions as Recommended by the City Manager
- Council and Community Requests to be considered by the Council
- Department Submittals – Deferred/No Action at this time
- Budget & Revenue Overviews
- Department Information/Financial Statements/Credit Ratings

PRESENTATION AGENDA

▶ Capital Budget

- Summary of Recommended Projects/Deferred
- Financing Sources & Uses
- Recommended FEAP & IAP by Department
- Existing FEAP & IAP

OPERATING BUDGET & CAPITAL BUDGET PLAN

Background

- ▶ Adopted May 2015 as year one of two-year budget.
- ▶ Del Amo Fashion Center and other improvements to the “Boulevard” (Hawthorne).
- ▶ Utility Users’ Tax (UUT) stalled due to the ExxonMobil refinery operating below full capacity since early 2015.

Current Proposal

- ▶ Continues to reflect City's policies and goals, allocating resources based on priorities of the City's Strategic Plan.
- ▶ Begins to restore some elements reduced in prior budgets and addresses operational and capital needs in certain vital areas.
- ▶ Includes enrichments into public safety, beautification of City Parks, return of popular Community events and additions to the rehabilitation of municipal intersections.
- ▶ Introduces funding towards digitalization, automation and other technological advancements to compete in the modern world

Capital Budget

- ▶ Five-Year Capital Budget Plan contains two separate action plans.
 - Facilities, Equipment, Automation Plan (FEAP)
 - ❖ Purchases and installation of equipment or for maintaining/improving City facilities
 - Infrastructure Action Plan (IAP)
 - ❖ Improvements to City infrastructure, e.g. streets, sewers, sidewalks, water lines, etc.
- ▶ Receive funding from various restrictive sources with exception of funds from General Fund.

Capital Budget

(Continued)

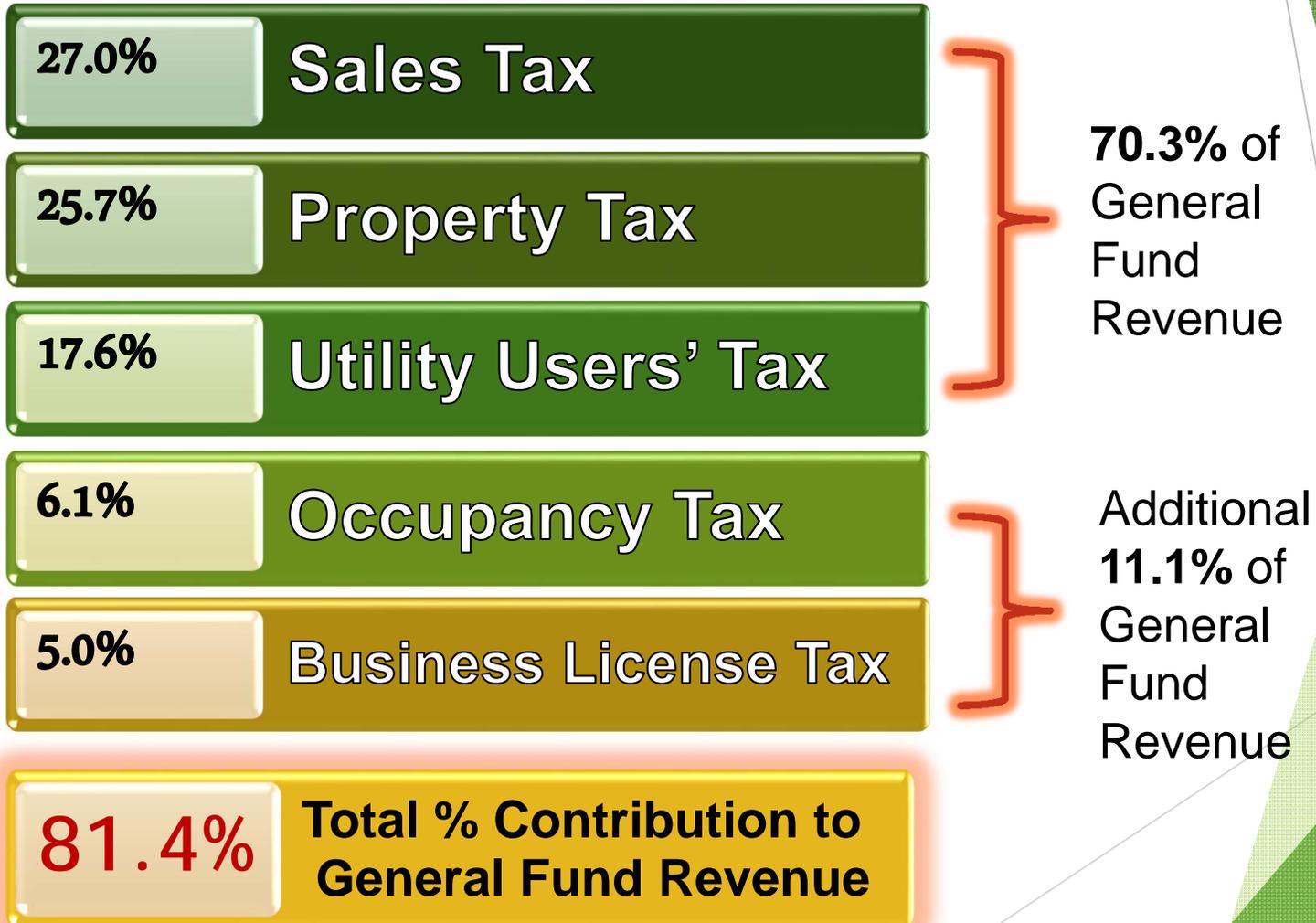
- ▶ Competitive Grants: Measure R and Federal Grants.
 - Del Amo Boulevard Extension; Crenshaw Boulevard Rehabilitation; Regional Transit Center; and Intersection Improvements at PCH & Hawthorne.
- ▶ General Fund capital projects primarily rely on use of “year-end carryover”.
- ▶ Operating Budget includes:
 - \$600,000 annually
 - \$500,000 for Maintenance of City Facilities

GENERAL FUND

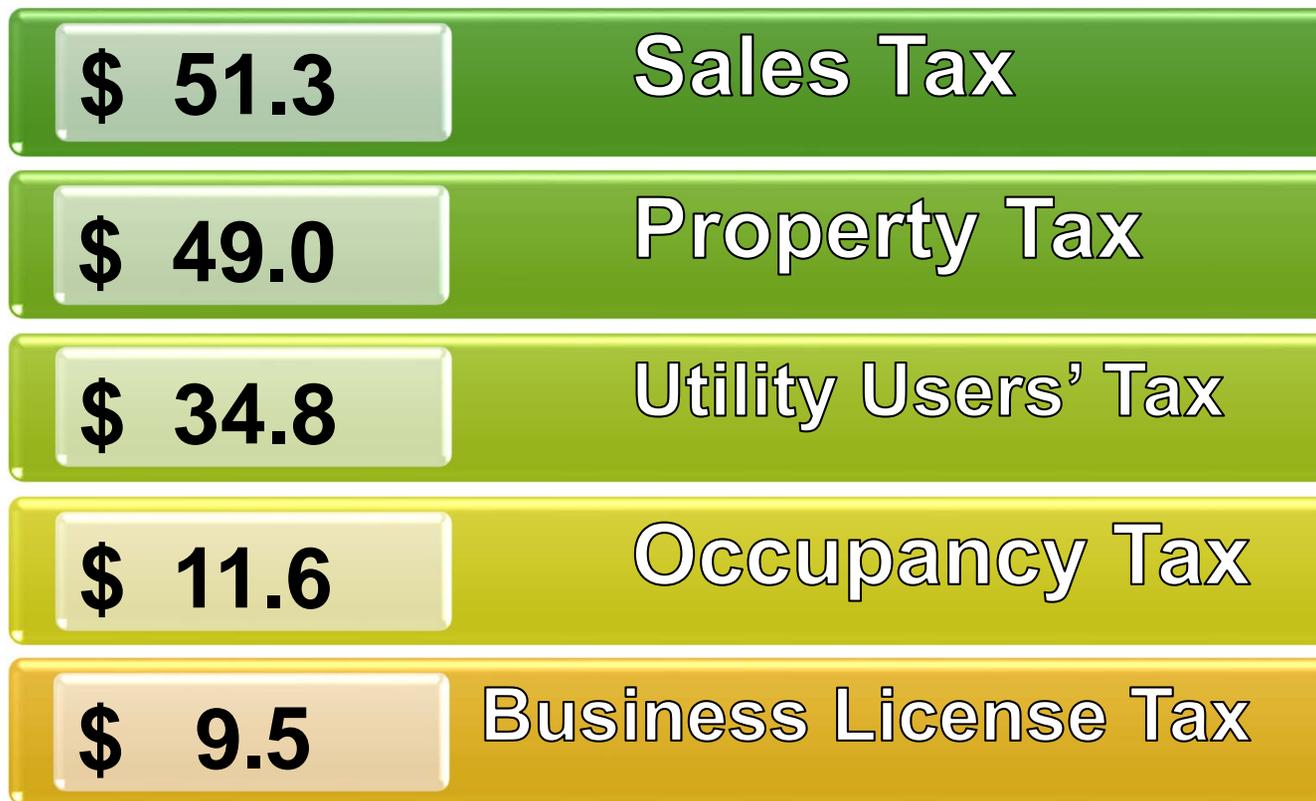
(Revenue Projections)

- ▶ Continues to grow steadily with projected increase of approximately **2.5%** over 2015-16 fiscal year.
- ▶ **Other Projections:**
 - ▶ Sales Tax: **+4%**
 - ▶ Property Tax: **+3.5% ~ 4.4%**
(Annually over last 3 years)
 - ▶ Occupancy Tax: **+6.4 ~ 13.3%**
(Annually over last 3 years)

MAJOR REVENUE



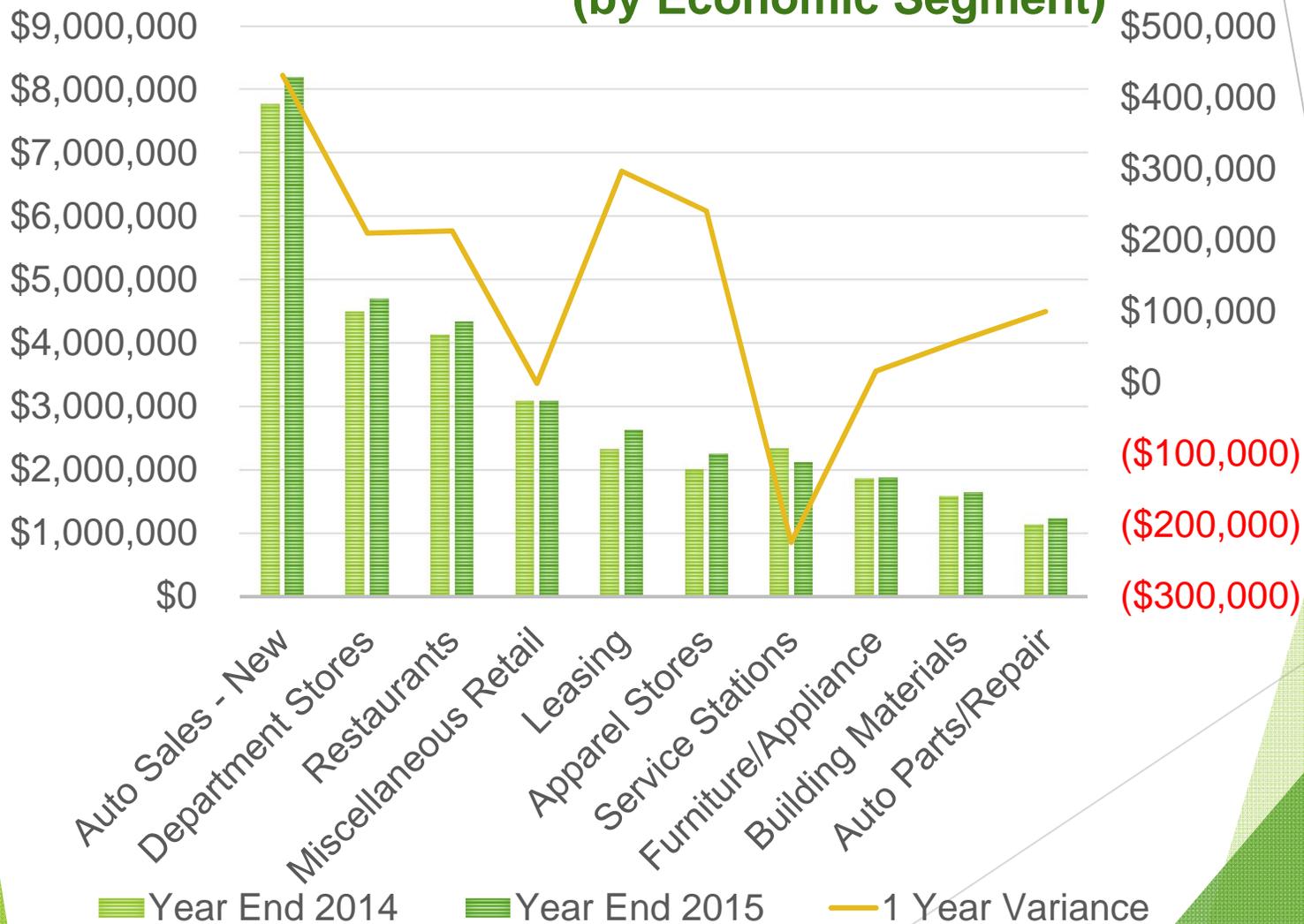
TOP 5 GENERAL FUND (2016-17 Projected Revenues)*



*: Revenues in millions.

TOP 10 SALES TAX PRODUCERS

(by Economic Segment)



CONCERNS ON THE HORIZON

▶ **Water and Wastewater Rates**

- Per Proposition 218, comprehensive rate study in process. (Recommendations expected in late Summer 2016)

▶ **Work Force**

- Increase in employee retirements and staff turnover - Efforts toward recruitment indicate shortage of viable qualified candidates.
- California Public Employees' Pension Reform Act (PEPRA) impacts CalPERS benefits - Experienced public employees are reluctant to work for another city as their pension formula & vacation accruals could be reduced and their contribution rates raised.

CONCERNS ON THE HORIZON

(Continued)

▶ **Requests from Community Organizations**

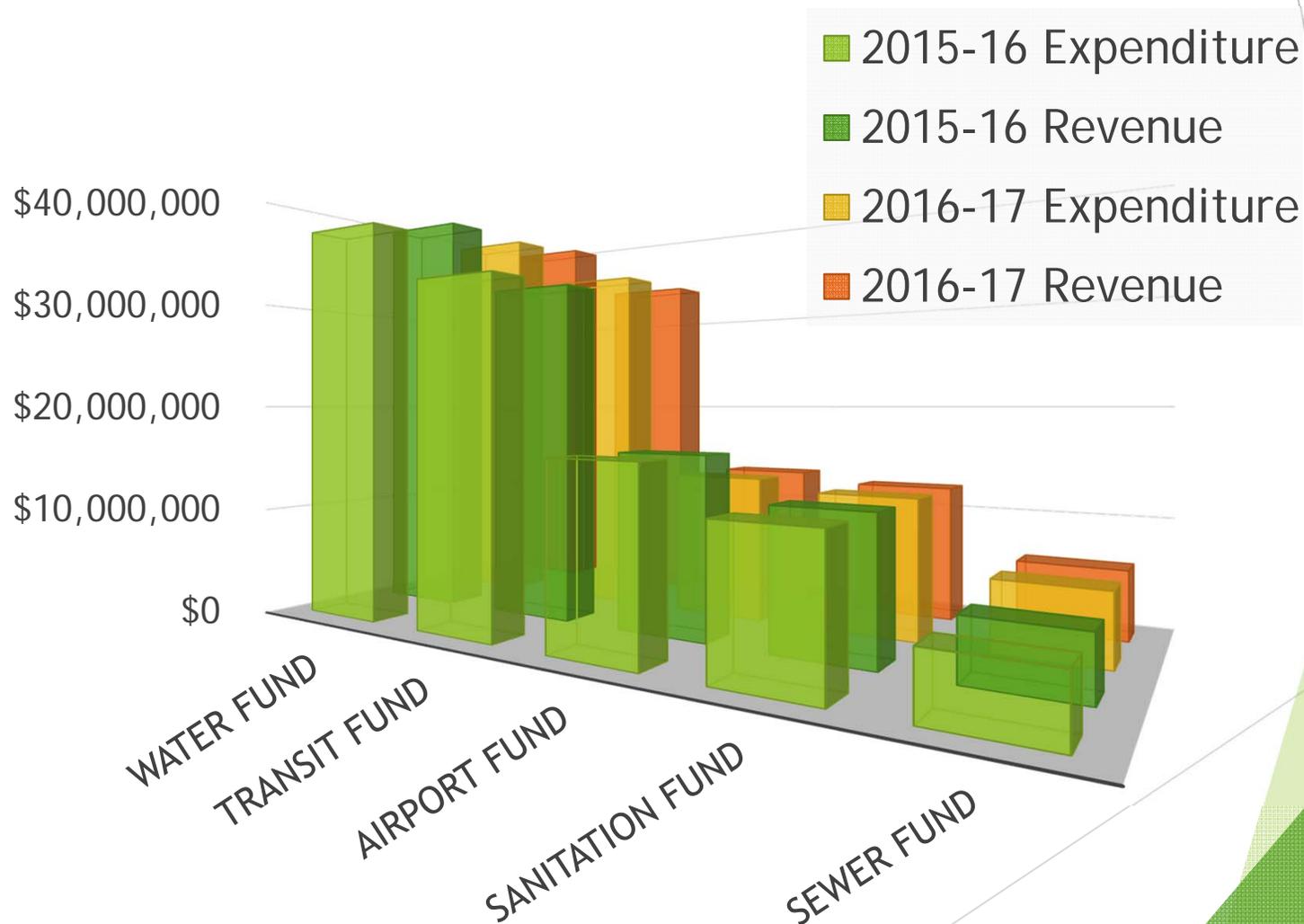
- Annually one-time funded Community Organizations like the Torrance Rose Float Association and the Torrance Cultural Arts Foundation both seek on-going funding.

▶ **Employee Memorandums of Understanding**

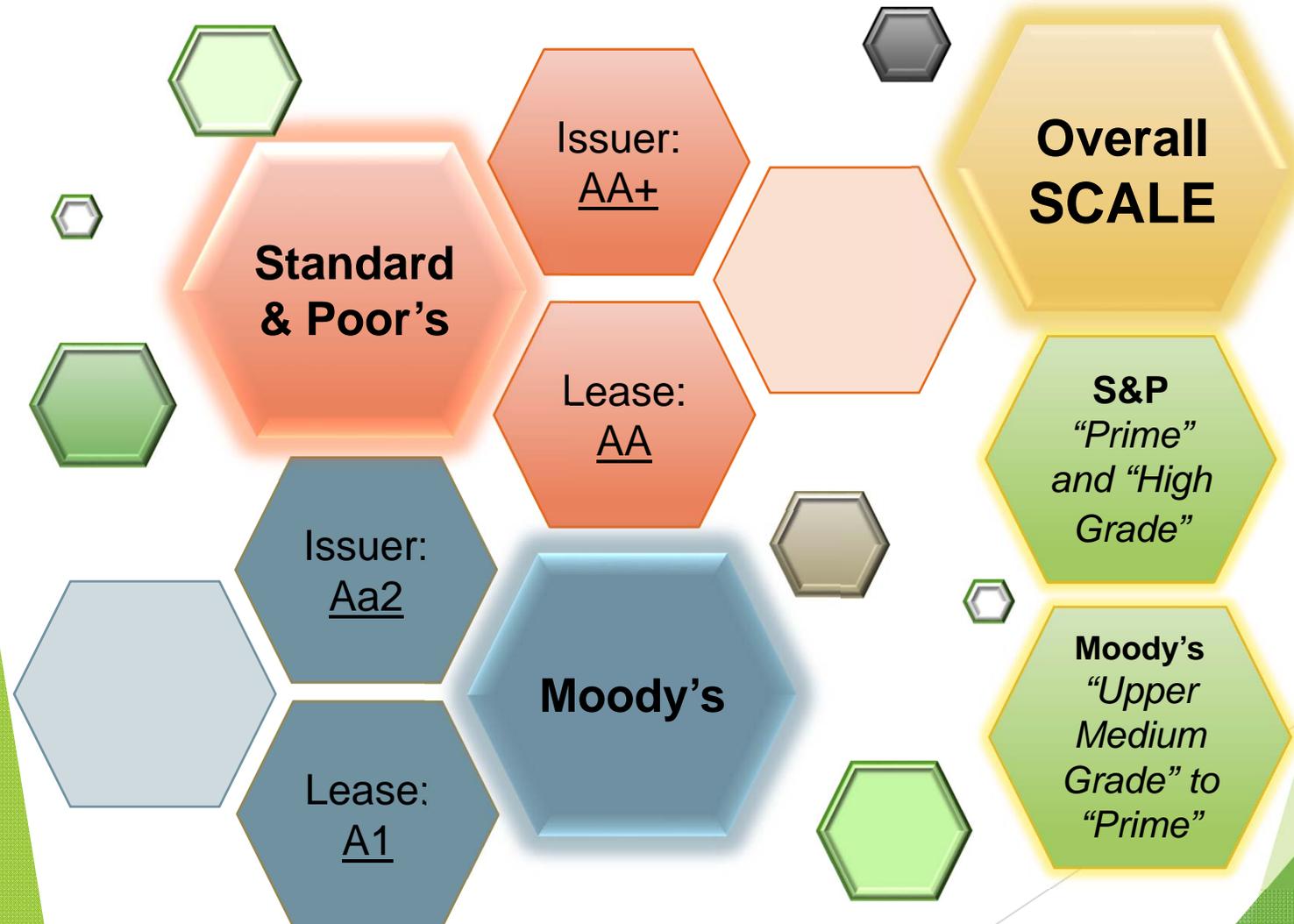
- Current Memorandums expire in 2017.
 - June 2017: Police and Fire
 - December 2017: All miscellaneous groups

ENTERPRISE FUNDS

2 Year Projection of Revenue and Expenses



LONG TERM BOND RATINGS



PROGRAM MODIFICATIONS

City Manager Recommended*

► Public Safety

➤ Police

- ❖ 1.0 Staff Assistant for Community Affairs - \$86,300
- ❖ 1.0 Administrative Analyst for Special Investigations – \$130,900

➤ Fire

- ❖ CPSE Accreditation program cost and 1.0 Administrative Analyst – \$17,557 (one-time) \$132,822 (on-going)

► Public Works

➤ Engineering Division

- ❖ 1.0 Senior Business Manager - \$135,400 [Capital Projects Fund]

➤ Sewer Division

- ❖ 1.0 Wastewater Tech, 1.0 Maintenance Worker & Vehicle Replacement Cost - \$229,764 [on-going; Sewer Fund]
- ❖ 1 Vactor Truck - \$540,640 [one-time; Sewer Fund]

*: **All General Funds unless noted.**

City Manager Recommended*

(Continued)

▶ Community Development

- ❖ Digital format archival - \$75,000

▶ Community Services

- ❖ Add Library security services - \$0 [Funded by deletion of 0.5 Sr. Library Page and addition of 0.5 Community Svcs Leader III]
- ❖ Upgrade position in the Park Ranger Program from Community Svcs Leader II to Community Svcs Leader III - \$6,370
- ❖ Upgrade position in the Madrona Marsh Nature Center from Community Svcs Leader II to Community Svcs Leader III and increase materials/supplies budget - \$21,910
- ❖ Reduce trim cycle on City Park trees - \$42,575

***: All General Funds unless noted.**

City Manager Recommended*

(Continued)

► Community Services

- ❖ Add 1.2 Maintenance Worker, materials and supplies for Wilson Park Turf Management Field Renovation - \$137,000
- ❖ Toyota Sports Complex – Add 1.2 Community Svcs Leader II, 1.0 Program Coordinator, and materials/supplies. Delete 0.8 Community Svcs Leader IV - \$98,100 (Offset by revenue of \$130,000). [Parks & Recreation Fund]
- ❖ Senior Lunch Program position upgrade - \$4,550 [Parks & Recreation Fund]
- ❖ Free Concerts in the Park materials/supplies and Staff - \$8,689 [Parks and Recreation Fund]

***: All General Funds unless noted.**

FOR COUNCIL CONSIDERATION*

- ▶ Fourth of July Celebration Civic Center Fireworks Show \$75,000
- ▶ Free Public Wi-Fi within City Council Chamber
\$7,215 (one-time) / \$2,910 (on-going)
- ▶ Historic Preservation Program
\$92,198 (6 months) / \$168,110 (annual on-going)
- ▶ Tree/View Ordinance
\$60,492 (6 months) / \$167,610 (annual on-going)
- ▶ Torrance Cultural Arts Foundation Annual Support - Increase to \$169,400
(additional \$59,980)

*: Tournament of Roses Parade float and material/supply costs have been budgeted for 2016-17. The Torrance Rose Float Association requests consideration for an on-going fund for future fiscal years.



RECOMMENDED
FEAPS & IAPS



(2016 – 2021)

CITY CLERK

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Electronic Records Management System	2016-17	General Fund	\$350,000/\$35,000
Electronic Agenda Management System	2018-19	General Fund	\$100,000/\$20,000
Electronic Campaign Statement & Conflict of Interest Form Filing	2017-18	General Fund	\$85,000/\$25,000

CITY MANAGER

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Digital Sign at Wilson Park	2016-17	Cable	\$85,000/\$0
Master Control High Def Replacement	2016-17	PEG	\$500,000/\$7,000
Post-Production (CitiCABLE)	2019-20	PEG	\$250,000/\$2,500
Field Cameras (CitiCABLE)	2020-21	PEG	\$165,000/\$0

CITY MANAGER

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
City Council TV Production Control Room, Cameras, & Robotics	2017-18	Cable	\$350,000/\$0
City Council Sound System	2016-17	PEG	\$65,000/\$0
Expand Offices (CitiCABLE)	2016-17 2017-18	Cable	\$30,000/\$0 \$120,000/\$0

COMMUNICATIONS & INFORMATION TECHNOLOGY

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Radio System Replacement	2018-19	General Fund	\$400,000
	2019-20	Radio Replacement & General Fund	\$2,340,008 & \$1,297,492
	2020-21	Radio Replacement & General Fund	\$237,303 & \$812,697
	2021-22	Radio Replacement & General Fund	<u>\$222,689 & \$2,222,311</u> \$540,000 (on-going)
Replace Uninterrupted Power Supply (UPS)	2019-20	General Fund	\$150,000/\$0

COMMUNICATIONS & INFORMATION TECHNOLOGY

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Fire Mobile Dispatch (SPOT) Replacement	2017-18	General Fund	\$122,000/\$280
Accela Asset Management Expansion	2017-18	General Fund	\$120,000
	2017-18	Airport	\$16,200
	2017-18	Sanitation	\$80,600
	2017-18	Sewer	\$80,500
	2017-18	Street Lighting	\$32,000
	2017-18	Water	<u>\$80,700</u>
			(\$10,000 on-going)

COMMUNITY DEVELOPMENT

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on- going)
Airport Noise Monitoring Equipment Replacement	2019-2020	Airport Fund	\$225,000 /\$155,000

COMMUNITY SERVICES

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
New Chipper	2016-17	General Fund	\$18,000/\$0
Pool Tarp Replacement	2016-17	General Fund	\$24,000/\$0
Bartlett Senior Center Redesign Exercise & Fitness Room	2016-17	General Fund	\$75,000/\$0
Bartlett Senior Center Exercise & Fitness Room Equipment	2016-17	Parks & Recreation Facilities Fund	\$25,000/\$0

COMMUNITY SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Expansion & Education at Lago Seco Park Community Gardens	2016-17	Parks & Recreation Grant	\$40,000/\$0
Madrona Marsh Nature Center-Curation Lab	2016-17	General Fund	\$40,000/\$0
Shower Installation-Madrona Marsh Nature Center	2017-18	General Fund	\$25,000/\$1,200
Computer Room Vent-Madrona Marsh Nature Center	2017-18	General Fund	\$10,000/\$0

COMMUNITY SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Turf Management Plan-City Sports Field	2016-17	Parks & Recreation Open Space Fund	\$97,000/\$4,300
Torrance Southern Tarplant Preserve	2016-17	Prop 1 Grant	\$500,000/\$0

FIRE

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Replacement of 3 Fire Engines <i>(Additional Funding Request)</i>	2017-18	Fire Apparatus Replacement Fund	\$43,628/\$0
Replacement of 2 Fire Engines & 1 Fire Truck	2020-21	Fire Apparatus Replacement Fund	\$2,509,767/\$0
Replacement of Monitors/ Defibrillators	2016-17 2017-18	General Fund General Fund	\$270,000 <u>\$236,581</u> \$101,316 (on-going)

GENERAL SERVICES

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Carpet Replacement- All Fire Stations	2016-17 2017-18	General Fund-Building Maintenance Fund General Fund-Building Maintenance Fund	\$56,816/\$0 \$56,815/\$0
Carpet Replacement- Katy Geissert Civic Center Library	2019-20	General Fund-Building Maintenance Fund	\$396,750/\$0
Entradero Park Restroom Renovation	2018-19	General Fund-Building Maintenance Fund	\$80,000/\$0
El Nido Park Restroom Renovation	2018-19	General Fund-Building Maintenance Fund	\$160,000/\$0

GENERAL SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Scout House Renovations	2016-17 2017-18	General Fund-Building Maintenance Fund	\$35,000 <u>\$220,000</u> \$5,000 (on-going)
Carpet Replacement-Benstead Plunge	2016-17	General Fund-Building Maintenance Fund	\$10,000/\$0
Civic Center Library & City Hall Chiller Maintenance	2016-17	General Fund-Building Maintenance Fund	\$225,000/\$0
Replace Roof – East Annex	2016-17	General Fund-Building Maintenance Fund	\$140,000/\$0

GENERAL SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Floor Covering & Carpet Replacement at Various City Facilities	2017-18	General Fund-Building Maintenance Fund (All Years)	\$100,000/\$0
	2018-19		\$75,000/\$0
	2019-20		\$60,000/\$0
	2020-21		\$60,000/\$0
Painting of Civic Center & Parks Facilities <i>(Additional Funding Request)</i>	2018-19	General Fund-Building Maintenance Fund (All Years)	\$40,000/\$0
	2019-20		\$40,000/\$0
	2020-21		\$40,000/\$0
Repair Water & Sewage Lines - Greenwood Park <i>(Additional Funding Request)</i>	2016-17	General Fund-Building Maintenance Fund	\$30,000/\$0

GENERAL SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Repair Various Heating & Air Conditioning (HVAC) Units within City Facilities <i>(Additional Funding Request)</i>	2016-17	General Fund-Building Maintenance Fund	\$75,000/\$0
Replace Roof – Walteria Library, Henderson Library & Fire Station 4	2017-18	General Fund-Building Maintenance Fund	\$206,000/\$0
Inspect & Test Electrical Panels – Various Buildings	2016-17 2017-18	General Fund-Building Maintenance Fund (All Years)	\$75,000/\$0 \$75,000/\$0
Fire Stations Door Preventive Maintenance & Replacement	2017-18	General Fund-Building Maintenance Fund	\$164,000/\$0

GENERAL SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
HVAC Replacement – Phase 3	2018-19 2019-20	General Fund- Building Maintenance Fund (All Years)	\$285,000/\$0 \$200,000/\$0
Upgrade Exterior Lighting – Civic Center & Parks	2019-20	General Fund- Building Maintenance Fund	\$150,000/\$0
Upgrade Interior Lighting- Civic Center	2018-19	General Fund- Building Maintenance Fund	\$200,000/\$0
Repair Roofs – Park Buildings	2019-20 2020-21	General Fund- Building Maintenance Fund (All Years)	\$75,000/\$0 \$75,000/\$0

GENERAL SERVICES

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Replace Water & Sewer Lines - Parks and Recreation Areas	2019-20 2020-21	General Fund- Building Maintenance Fund	\$75,000/\$0 \$75,000/\$0
Replacement of Light Duty Vehicle Hoists	2016-17	Fleet Vehicle Replacement Fund	\$250,000/\$3,000

POLICE

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Hazard Mitigation – Emergency Operations Plan	2016-17	General Fund	\$100,000/\$0
	2018-19	General Fund	\$35,000/\$0
Jail Locks & Control Panel <i>(Additional Funding Request)</i>	2016-17	General Fund	\$60,000/\$0
Body/Vehicle Cameras & Mobile Computer Devices*	2016-17	General Fund (All Years)	\$200,000/\$0
	2017-18		\$300,000/\$0
	2018-19		\$700,000/\$0
	2019-20		\$700,000/\$0

***: First year will be funded with the intent that future years will be funded as funds become available.**

POLICE

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Automated License Plate Recognition System	2016-17 2017-18	General Fund (All Years)	\$300,000 <u>\$300,000</u> (\$12,000 on-going)
Installation of Audio Visual Equipment in Three Meeting Rooms	2016-17	Asset Forfeiture Department of Justice Unappropriated Funds	\$125,000/\$0

PUBLIC WORKS (FEAPS)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time/on-going)
Fourth Aerial Lift Truck-Overhead Outdoor Lighting	2016-17	Fleet Vehicle Replacement Fund	\$140,000/\$16,500
Brush Chippers	2016-17	Fleet Vehicle Replacement Fund	\$87,000/\$14,000
Replacement of Crack Sealing Machine	2016-17	Fleet Vehicle Replacement Fund	\$68,000/\$10,000

PUBLIC WORKS (IAPS)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time only)
Sepulveda Blvd Rehabilitation (Hawthorne to Western)	2018-19	Prop C	\$290,000
	2020-21	Gas Tax	\$2,525,000
	2020-21	Prop C	\$1,700,000
Citywide Sidewalk Ramping/Grinding Program <i>(Additional Funding Request)</i>	2018-19	Gas Tax	\$300,000
	2019-20	Gas Tax	\$300,000
	2020-21	Gas Tax	\$300,000
Arterial Street Pavement Sealing Program <i>(Additional Funding Request)</i>	2018-19	Measure R Local & Prop C (All Years)	MRL: \$255,000/yr
	2019-20		Prop C: \$595,000/yr
	2020-21		(Same Total All Years)
Residential Slurry Seal Program <i>(Additional Funding Request)</i>	2018-19	Measure R Local & General Fund (All Years)	MRL: \$652,500/yr
	2019-20		Gen. Fund: \$97,500/yr
	2020-21		(Same Total All Years)

PUBLIC WORKS (IAPS)

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time only)
FY 2018-21 Residential Street Rehabilitation Program	2018-19	Measure R Local	\$900,000
	2019-20	Measure R Local	\$550,000
	2019-20	Gas Tax	\$450,000
	2020-21	Gas Tax	\$1,000,000
FY 2018-21 Sewer Repairs	2018-19	Sewer Fund	\$250,000
	2019-20	(All Years)	\$250,000
	2020-21		\$250,000
Machado Lake Water Quality Monitoring & Reporting Plan <i>(Additional Funding Request)</i>	2017-18	Sewer Fund	\$200,000
Airport Pavement Maintenance Program <i>(Additional Funding Request)</i>	2016-17	Airport Fund	\$300,000
	2018-19	(All Years)	\$100,000
	2020-21		\$100,000

PUBLIC WORKS (IAPS)

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time only)
Miscellaneous Water Main Replacements for Developer & Street Rehab Projects <i>(Additional Funding Request)</i>	2018-19	Water Fund	\$750,000
	2019-20	Water Fund	\$750,000
	2020-21	Water Fund	\$750,000
Goldsworthy Desalter Expansion <i>(Additional Funding Request)</i>	2016-17	Water Fund	\$250,000
Citywide Traffic Signal Improvements	2017-18	Measure R Local	\$62,500
	2017-18	Prop C	\$187,500
	2018-19	Measure R Local	\$62,500
	2018-19	Prop C	\$187,500
	2019-20	Measure R Local	\$62,500
	2019-20	Prop C	\$187,500
	2020-21	Gas Tax	\$62,500
	2020-21	Prop C	\$187,500

PUBLIC WORKS (IAPS)

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time only)
Sewer System Master Plan	2016-17 2017-18	Sewer Fund (All Years)	\$575,000 \$75,000
Citywide Traffic Analysis	2016-17 2016-17 2017-18 2017-18	Measure R Local Prop C Measure R Local Prop C	\$207,000 \$483,000 \$12,000 \$28,000
Downtown Sewer Trunk Line Replacement – Phase II-North [Funds to be used to relocate a previously designed water main] <i>(Additional Funding Request)</i>	2016-17	Water Fund	\$1,000,000

PUBLIC WORKS (IAPS)

(Continued)

Project Title	Fiscal Year	Recommended Financial Source	Cost (one time only)
Incremental Water Main Replacement Program <i>(Additional Funding Request)</i>	2016-17	Water Fund (All Years)	\$250,000
	2017-18		\$250,000
	2018-19		\$250,000
	2019-20		\$250,000
	2020-21		\$250,000
Sidewalk Repair for Handicap Accessibility <i>(Additional Funding Request)</i>	2018-19	CDBG	\$600,000
	2018-19	TDA	\$90,000
	2019-20	CDBG	\$600,000
	2019-20	TDA	\$90,000
	2020-21	CDBG	\$600,000
	2020-21	TDA	\$90,000



QUESTIONS
&
DISCUSSION

SUMMARY



NEXT STEPS

▶ **May 10th, 2016**

- 1st Budget Workshop/Hearing
 - ❖ Provide Direction/Follow-up by Staff

▶ **May 17th, 2016**

- 2nd Budget Workshop/Hearing
- Council Action to Modify Operating and Capital Budgets
- Appropriation Resolutions