



City of Culver City

Staff Report Details (With Text)

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 Budget/Gann Public Hearing FY 22/23

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File created: 5/15/2024 **In control:** City Council Meeting Agenda

On agenda: 6/10/2024 **Final action:**

Title: CC:SA:HA:PA - PUBLIC HEARING: (1) Adoption of a City Council Resolution Approving and Adopting the Annual Appropriations Limit for Fiscal Year 2024-2025; (2) Consideration of the Culver City Unified School District's Request to Fully Fund the Crossing Guard Contract and, if Desired, Direction to City Manager to Include in the Budget \$288,495 from the General Fund for this Purpose; (3) Adoption of Respective Resolutions Adopting the Fiscal Year 2024-2025 Budget for the City of Culver City, the Successor Agency to the Culver City Redevelopment Agency, the Culver City Housing Authority, and the Culver City Parking Authority; (4) Adoption of a Resolution Approving Salary Schedules for Miscellaneous Employees, Police Safety Employees and Fire Safety Employees Effective July 1, 2024; (5) Authorization of the Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close Out Summary; and (6) Authorization to Perform Treasurer Transactions for Westside Cities Council of Governments for Fiscal Year 2024-2025.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Gann Limit Reso 24-25.pdf, 2. City/ CCUSD Liaison Committee June 4, 2024 Staff Report.pdf, 3. City Council Budget Resolution and Related Exhibits A-G, 4. Successor Agency to the Culver City Redevelopment Agency Budget Resolution, 5. Housing Authority Budget Resolution, 6. Parking Authority Budget Resolution, 7. Adjustments to the City's Proposed Budget Fiscal Year 2024-2025, 8. Salary Resolution and Salary Schedule 20240701.pdf, 9. Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close-Out Summary, 10. WSCCOG Proposed Budget for Fiscal Year 2024-2025

Date	Ver.	Action By	Action	Result
6/10/2024	1	City Council Meeting Agenda		
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for this Purpose; (3) Adoption of Respective Resolutions Adopting the Fiscal Year 2024-2025 Budget for the City of Culver City, the Successor Agency to the Culver City Redevelopment Agency, the Culver City Housing Authority, and the Culver City Parking Authority; (4) Adoption of a Resolution Approving Salary Schedules for Miscellaneous Employees, Police Safety Employees and Fire Safety Employees Effective July 1, 2024; (5) Authorization of the Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close Out Summary; and (6) Authorization to Perform Treasurer Transactions for Westside Cities Council of Governments for Fiscal Year 2024-2025.

Meeting Date: June 10, 2024

Contact Person/Dept: Lisa Soghor/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes No

General Fund: Yes No

Attachments Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/06/2024)

Department Approval: Lisa Soghor, Chief Financial Officer (06/06/2024)

RECOMMENDATION

Staff recommends (1) the City Council adopt a resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2024-2025; (2) the City Council consider the Culver City Unified School District's (CCUSD) request to fully fund the crossing guard contract and, if desired, direct the City Manager to include in the budget an additional \$288,495 to Account No. 10130100 from the General Fund for this purpose; (3) the City Council and the Boards of the Successor Agency to the Culver City Redevelopment Agency (Successor Agency), Culver City Housing Authority (Housing Authority), and the Culver City Parking Authority (Parking Authority) (collectively, "Boards") adopt respective resolutions approving the Fiscal Year 2024-2025 Budgets for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority; (4) the City Council adopt a resolution approving Salary Schedules for Miscellaneous Employees, Police Safety Employees and Fire Safety Employees effective July 1, 2024; (5) the City Council authorize the Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close Out Summary; and (6) the City Council authorize performance of Treasurer transactions for Westside Cities Council of Governments (WSCCOG) for Fiscal Year 2024-2025.

PROCEDURE

- 1) Mayor/Chair seeks motion to receive and file the Affidavit of Publication;
- 2) Mayor/Chair seeks a Motion to open the Joint Public Hearing;
- 3) Mayor/Chair requests a staff report, if desired;

- 4) Mayor/Chair calls for, and the City Council/Boards receive, public testimony;
- 5) Mayor/Chair seeks a Motion to close the Joint Public Hearing;
- 6) City Council adopts resolution approving the Annual Appropriations Limit for Fiscal Year 2024-2025;
- 7) City Council considers CCUSD's request to fully fund the crossing guard contract and, if desired, provides direction to City Manager to include in the budget an additional \$288,495 from the General Fund;
- 8) City Council and Boards adopt respective resolutions approving the Fiscal Year 2024-2025 Budgets for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority;
- 9) City Council adopts a resolution approving salary schedules for Miscellaneous Employees, Police Safety Employees, and Fire Safety Employees effective July 1, 2024; and
- 10) City Council authorizes the Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close Out Summary and the return of unused funds from Fund 420 (CIP) to Fund 101 (General Fund Unassigned Fund Balance)
- 11) City Council authorizes staff to perform Treasurer transactions for the WSCCOG.

BACKGROUND/DISCUSSION

Annual Appropriation Limit:

In 1979, California voters approved Proposition 4 and created Article XIII B of the State Constitution, a state law that requires the state and local governments to adopt an annual appropriation limit. This limit, also referred to as the "Gann Limit," establishes a limit on the proceeds of taxes that may be appropriated for spending in a given fiscal year. The limit initially allowed the City's spending of tax proceeds to increase only by population growth and cost-of-living factors from the base year of 1978-1979.

In June 1990, Proposition 111 was passed which changed the base year to Fiscal Year 1986-1987 and altered the way the limit is calculated. It enabled cities to increase the limit annually in two ways. First, by a percentage equal to the increase from the preceding year in county or city population (whichever is greater); and second by an amount equal to the change in per capita personal income in California or the change in the assessment roll the preceding year due to the addition of local nonresidential new construction (whichever is greater). The calculations also allow for exclusions of certain costs subject to the appropriation limit including but not limited to debt service, qualified capital outlay and the costs of complying with a federal mandate. Based on these guidelines, the City establishes the appropriation limit each fiscal year by resolution.

CCUSD Request Regarding Crossing Guard Contract

On April 16, 2024, leading up to the City's Fiscal Year 2024-2025 budget process, CCUSD Superintendent Brian Lucas sent the City a letter requesting that the City include in the budget the amount of \$489,000 to pay for all 17 locations during the 2024-2025 school year. Additionally, requests were made during public comment at a City Council meeting to add crossing guards at the intersection of Overland and Virginia. The City Council, during the City's

budget discussion in May 2024, remanded this issue to the City/CCUSD Liaison Subcommittee (“Subcommittee”) to discuss this issue and make a recommendation.

On June 4, 2024, the Subcommittee met to discuss the issue. The staff report is Attachment 2. There is an agreement in place between the City and All City Management Services Inc. (ACMS) to provide crossing guard services at 17 intersections. In the current fiscal year, the City contributes \$305,558, which covers 10 intersections, and CCUSD contributes \$179,767, which covers 7 intersections.

The Subcommittee made the following unanimous recommendation: That the City Council 1) Approve the additional request to have a crossing guard at Overland/Virginia; 2) Approve City-funding of all costs for crossing guards, including the one at Overland/Virginia, which, totals \$514,664.64 for Fiscal Year 2024-2025; 3) Approve CCUSD management of the contract with ACMS; and 4) Determine that any additional requests for crossing guards be primarily discussed by the Subcommittee, until there is a system in place.

The Proposed Budget for Fiscal Year 2024-2025 includes \$226,170 in Account No. 10130100.619800 (PRCS Administration - Other Contractual Services). If City Council approves funding the full cost of the crossing guard services for the 18 intersections, an additional \$288,495 will need to be added to the budget to Account No. 10130100.619800 from the General Fund prior to adoption of the budget.

Staff will work with CCUSD to finalize an MOU regarding the funding and management of the agreement with ACMS per the Council’s approval on August 14, 2023. Funding for future years of the agreement will be considered in the budget process for future fiscal years.

Fiscal Year 2024-2025 Budget

The City Manager’s/Executive Director’s Proposed Budgets for Fiscal Year 2024-2025 were presented to the City Council and Boards on Monday, May 13, 2024. Since that time, City Council held Regular Meetings on May 20 and 21, 2024, to review the associated budget requests and allow for public input. These meetings were in addition to the opportunities provided to the City’s various Commissions, Committees, and Boards to provide input on the City Manager’s Proposed Budget.

The City Council also called two Meetings in March 2024 to review the work plans of each of the City’s Departments and provide an opportunity for additional public input. As a result of this series of meetings, staff has prepared any changes directed by the City Council and incorporated such changes into the budget resolutions presented to the City Council and Boards for approval this evening.

Salary Schedules Effective July 1, 2024

All agencies that are members of CalPERS are required to ensure that pay schedules are publicly adopted and available as prescribed by the California Code of Regulations, Title 2, §570.5 and §571 (b). “Publicly available” is defined as posted at the employer’s office or immediately accessible and available for public review. Placing the adopted pay schedules on

the City's website meets this requirement. The attached resolution containing the salary schedules for Miscellaneous and Safety employees (Attachment 8) reflects all required changes to the salary schedules proposed for Fiscal Year 2024-2025.

The Miscellaneous groups, Culver City Employees' Association (CCEA), Culver City Management Group (CCMG), and the Executive Group will receive a 5% cost-of-living adjustment (COLA) per their respective MOUs effective July 1, 2024. The new salary schedule also includes the new Miscellaneous classifications recommended by the City Manager during the Fiscal Year 2024-2025 budget process.

The Salary Initiative Ordinance (SIO), initially approved by the Culver City electorate in 1953, and subsequently amended by the electorate in 1982, requires that the City Council adjust salaries for its sworn police and fire employees by an average increase of base salaries provided by the City and/or County of Los Angeles. Per the terms of the SIO, Culver City Safety groups receive 50% of what Los Angeles County and City of Los Angeles safety groups receive. The Los Angeles City Council approved an agreement for a successor Memorandum of Understanding (MOU) for the Association of United Firefighters of Los Angeles City (UFLAC), effective January 2, 2023. The increase associated with that MOU went into effect on January 14, 2024. The Los Angeles City Council approved an agreement for a successor MOU for the Association of the Los Angeles City Police Officers, Lieutenant, and Below Representation Unit, effective January 2, 2023. That MOU includes a 3% increase effective June 30, 2024. The Los Angeles County Board of Supervisors approved an MOU with Los Angeles County Fire (Local 1014) on April 4, 2023, that includes a 3.25% increase effective July 1, 2024. The Los Angeles County Board of Supervisors approved an MOU with the Association of Los Angeles County Deputy Sheriffs (ALADS) on June 27, 2023, that includes a 3.25% increase effective July 1, 2024.

Based on the Los Angeles City and County MOUs, the Culver City Firefighters (FIRE) and Fire Management (FMGT) groups will receive a 1.625% mandated SIO increase, and Police Officer's Association (POLC) and Police Management (PMGT) will receive 3.125%.

Sufficient funding for all salary increases reflected in the salary schedules has been included in the Proposed Budget for Fiscal Year 2024-2025.

Capital Improvement Program Adjustments

As part of the budget process, Finance staff performed an analysis of projects in the Capital Improvement Program (CIP) to determine the fund balances available for future operating and capital use. Staff identified 22 CIP projects in Fund 420 that were successfully completed under-budget in prior fiscal years with a total of \$1,859,788 in unspent funds from the General Fund. Staff recommends that Council approve the official closing out of these projects and authorize staff to return the unspent funds to the General Fund Unassigned Balance for future capital and operating project considerations. Additionally, one project was identified in the Park Facilities Fund (419) that was completed with a remaining \$50,000 available to be returned to Fund 419. Seven projects in the Parking Authority Fund (475) can be closed and funding in the amount of

\$834,028 can be returned to Fund 475. Please see Attachment 9 for more detail on the CIP proposed budget adjustments.

Westside Cities Council of Governments

Every three years the responsibility for treasurer duties for the Westside Cities Council of Governments (WSCCOG) rotates amongst the participating cities. Fiscal Year 2024-2025 will be the third year the City of Culver City has been responsible for performing treasurer duties in the current rotation. The WSCCOG funds are separate from the City's funds, however, to pay invoices and receive revenues, the WSCCOG fund must be reflected in the City's financial system. To incorporate the WSCCOG fund in the City's financial systems, best practices are for the City Council to approve the City's treasurer function. The WSCCOG Board has not yet approved its Budget for Fiscal Year 2024-2025. Please see Attachment 10 for the WSCCOG proposed budget.

FISCAL ANALYSIS

As noted previously, the City calculates the appropriations limit each year as part of the budget process. Based on the City Manager's/Executive Director's Proposed Budget for Fiscal Year 2024-2025, the Finance Department has calculated the City's Fiscal Year 2024-2025 Appropriation Limit to be \$144,399,712. The City's Fiscal Year 2024-2025 appropriations from the proposed budget that are applicable to Appropriations Limit are \$113,355,558, which is \$31,044,154 under the limit.

The [proposed budget presented to City Council in May 2024](https://www.culvercity.org/City-Hall/City-Departments/General-Info-Finance/Annual-Budget)

<https://www.culvercity.org/City-Hall/City-Departments/General-Info-Finance/Annual-Budget>

included \$382,001,312 in appropriations and \$334,843,038 in revenues. The May 2024 Proposed Budget for Fiscal Year 2024-2025 is available on the City's website at:

<https://www.culvercity.org/City-Hall/City-Departments/General-Info-Finance/Annual-Budget>.

Adjustments to these amounts have been summarized in the tables below by Fund. More detail on these adjustments can be found in Attachment 7 of the staff report.

The adjustments include items recommended by the City Council at the Regular Meetings on May 20, May 21, and May 28. The adjustments also include corrections made during Finance staff's final review of the budget document. General Fund adjustments include but are not limited to the addition of \$249,710 for cloud-based platform services and related equipment moved from the Building Surcharge Fund (412), \$129,114 in corrections to liability and worker's comp allocations, \$166,320 for one-time street-sweeping services, and an increase of \$386,159 in transfers from the General Fund for capital improvement projects. The Refuse Fund (202) includes an additional \$197,588 for one-time street sweeping services. The Safe/Clean Water Fund (434) includes an additional \$800,000 for CIP Project #PZ497 (Stormwater Discharge Program). The Parking Authority Fund includes an additional \$98,000 to cover increased cost estimates for CIP Project #PA010 (Parking Structure Elevator Modernization), \$181,588 for the annual costs of the Skidata contract; and \$399,000 for the Service Use Agreement for the Culver Steps.

Similarly, adjustments have been made to the City’s proposed revenue. Adjustments include but are not limited to a transfer of \$250,000 from Prop C Local Return to the Paratransit Fund to cover increased costs, a correction adding \$200,000 for Building Surcharge that was inadvertently left out of the proposed budget, a reduction of \$2.0 million in the Mobility Improvement Fund based on Planning Department recommendations, increased transfer from the General Fund to the Capital Improvements & Acquisitions Fund (420) for capital improvements, a reduction of \$923,000 in the Grants Capital Fund (423) due to timing of outside grants, and a correction in the CDBG Capital Fund (428) of \$154,833 to reflect expected revenue.

The tables below show the total expenditure and revenue adjustments proposed by Fund.

Expenditure Adjustments from FY 2024-2025 Proposed Budget			
<i>Fund</i>	<i>Proposed Budget</i>	<i>Adjusted Amount</i>	<i>Difference</i>
General Fund	\$ 187,300,004	\$ 188,231,307	\$ 931,303
Refuse Fund	24,036,224	24,233,812	197,588
Transportation Fund	68,268,739	66,357,339	(1,911,400)
Sewer Fund	13,290,561	13,290,561	-
Municipal Fiber Fund	1,818,612	1,818,612	-
Equipment Maint/Fleet Svcs	4,130,000	4,130,000	-
Self Insurance Fund	12,808,533	12,808,533	-
Central Stores	2,928,500	2,928,500	-
Paratransit Fund	1,024,939	1,024,939	-
Park Facilities Fund	270,000	270,000	-
Capital I & A Fund	10,451,645	10,882,944	431,299
CDBG - Operating	27,323	27,323	-
CDBG - Capital	155,000	154,833	(167)
Other Funds	55,491,232	56,114,769	623,537
Total	\$ 382,001,312	\$ 382,273,472	\$ 272,160

Revenue Adjustments from FY 2024-2025 Proposed Budget			
Fund	Proposed Budget	Adjusted Amount	Difference
General Fund	\$ 170,184,808	\$ 170,184,808	\$ -
Refuse Fund	21,934,346	21,934,346	-
Transportation Fund	55,411,100	53,315,636	(2,095,464)
Sewer Fund	9,504,600	9,504,600	-
Municipal Fiber Fund	1,383,612	1,383,612	-
Equipment Maint/Fleet Svcs	3,275,988	3,275,988	-
Self Insurance Fund	12,342,948	12,395,391	52,443
Central Stores	2,785,400	2,785,400	-
Paratransit Fund	774,939	1,024,939	250,000
Park Facilities Fund	100,000	100,000	-
Capital I & A Fund	10,351,645	10,737,804	386,159
CDBG - Operating	27,323	27,323	-
CDBG - Capital	-	154,833	154,833
Other Funds	46,766,329	44,089,352	(2,676,977)
Total	\$ 334,843,038	\$ 330,914,032	\$ (3,929,006)

The final Proposed Fiscal Year 2024-2025 Budget provides \$382,273,472 of appropriations authority in all funds (including Internal Service Funds). It anticipates \$330,914,032 in revenue, with the balance to be made up from reserves. For the General Fund, ongoing operational expenditures exceed revenues by \$5.7 million and require the use of unassigned reserve balance to make up the deficit. Staff recommends drawing down \$1.4 million from the Restricted Section 115 Pension Trust to partially offset the increased cost of the City’s Unfunded Accrued Liability payment to CalPERS. The one-time enhancements and adjustments require the use of \$1.9 million in unassigned fund balance, and the transfers to capital projects require the use of \$5.3 million in unassigned fund balance, \$4.6 million from the Facilities Planning Reserve, \$466,000 from the Recreation Facilities Reserve, and \$80,000 from the Public Safety Equipment Reserve. Combined, these represent a decrease of approximately \$18.1 million to the General Fund balance.

The estimated beginning General Fund balance for July 1, 2024 is now projected to be \$136.7 million. This is approximately \$1.86 million more than what was projected in the May 13th version of the proposed budget due to the proposed CIP project close-outs from Fiscal Year 2023-2024. The estimated ending General Fund balance is \$118.6 million which is approximately \$1.0 million more than what was projected in the first version of the proposed budget once all the adjustments and close-out of CIP projects from Fiscal Year 2023-2024 are taken into account. If the City Council approves funding the full cost of the crossing guards and includes the additional \$288,495 in the budget, the estimated ending General Fund balance will be \$118.3 million. The chart below details the changes in the General Fund reserve accounts.

General Fund - Fund Balance		
Est. Beginning Fund Balance		134,803,071
FY2023-2024 CIP Project Closeouts		1,859,788
Adjusted Est. Beginning Fund Balance		136,662,859
FY 2024-2025 Revenues	170,184,808	
Less:		
FY 2024-2025 On-Going Expenditures	(175,904,963)	
Structural Budget Surplus/(Shortfall)	(5,720,155)	
Less:		
One-Time Transfers for Capital Projects		
Transfer from Unassigned Reserve Balance	(5,267,094)	
Transfer from Facilities Reserve Balance	(4,564,710)	
Transfer from Recreation Reserve Balance	(466,000)	
Transfer from Public Safety Equipment Reserve	(80,000)	
One-Time Enhancement Request	(1,948,540)	
Total One-Time Expenditures	(12,326,344)	
Net Increase / (Decrease) to Fund Balance		(18,046,499)
Est. Ending Fund Balance		118,616,360
General Fund - Fund Balance cont.		
<i>Breakdown of Ending Fund Balance</i>		
Non-Spendable		15,630,679
Restricted Pension Trust Funds		26,762,414
Contingency Reserves (30%)		50,471,742
Facility Planning Reserves		16,140,735
Recreation Facilities Reserves		400,396
Public Safety Equipment Reserve		114,140
Assigned		6,765,186
Unassigned Fund Balance		2,331,068
Est. Ending Fund Balance		118,616,360

ATTACHMENTS

1. Proposed Resolution for Annual Appropriation Limit and related Exhibits and Schedule I
2. City/CCUSD Liaison Committee June 4, 2024 Staff Report
3. City Council Budget Resolution and related Exhibits A - G
4. Successor Agency to the Culver City Redevelopment Agency Budget Resolution
5. Housing Authority Budget Resolution
6. Parking Authority Budget Resolution
7. Adjustments to the City’s Proposed Budget Fiscal Year 2024-2025

8. Salary Schedule Resolution and related Exhibit A
9. Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close-Out Summary
10. WSCCOG Proposed Budget for Fiscal Year 2024-2025

MOTIONS

That the City Council:

1. Adopt a resolution approving and adopting the annual Appropriations Limit for Fiscal Year 2024-2025; and
2. Consider the CCUSD's request to fully fund the crossing guard contract and, if desired, provide direction to the City Manager to include an additional \$288,495 in the budget in Account No. 10130100.619800 from the General Fund; and

That the City Council and Boards:

Adopt respective resolutions approving the Fiscal Year 2024-2025 Budget for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority; and

That the City Council:

1. Adopt a resolution approving the Salary Schedule for Miscellaneous Employees, Police Safety Employees, and Fire Safety Employees effective July 1, 2024; and
2. Authorize the Fiscal Year 2023-2024 Capital Improvement Program Project Completion and Close Out Summary and the return of \$1,859,788 from Fund 420 to the General Fund Unassigned Fund Balance, \$50,000 to Fund 419, and \$834,028 to Fund 475.
3. Authorize the City staff to perform Treasurer transactions for the WSCCOG.