



City of Culver City

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Staff Report Details (With Text)

File #: 19-1425 **Version:** 1 **Name:** Public Hearing - Budget FY 19-20
Budget/Gann Public Hearing FY 18-19

Type: Public Hearing **Status:** Public Hearing

File created: 6/10/2019 **In control:** City Council Meeting Agenda

On agenda: 6/24/2019 **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 (FY) 2019/2020; 2) Adoption of Respective Resolutions Adopting the FY 2019/2020 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; 3) Adoption of Respective Resolutions Approving Salary Schedules for Miscellaneous Employees, Police Safety Employees and Fire Safety Employees Effective July 1, 2019; 4) Approve FY 2018/2019 Entries and Budget Adjustments Needed to Properly Record Transactions Between the General Fund and Municipal Fiber Network Fund; and 5) Approve FY 2018/2019 Budget Amendment up to \$1M to the Self-Insurance Fund. (Budget Amendment Requires a Four-Fifths Vote)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Proposed Resolution for Annual Appropriation Limit and related Exhibits and Schedule I, 2. Budget Resolutions and related Exhibits A - G, 3. Adjustments to the City's Proposed Budget FY 2019/2020, 4. Salary Schedule Resolutions and related Exhibit A, 5. Requested FY 2018/2019 Budget Amendments

Date	Ver.	Action By	Action	Result
6/24/2019	1	City Council Meeting Agenda		
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Meeting Date: June 24, 2019

Contact Person/Dept: Onyx Jones/Finance

Phone Number: (310) 253-5865

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☒ No ☐

Public Hearing: ☒

Action Item: ☐

Attachments: Yes ☐ No ☐

Commission Action Required: Yes ☐ No ☐ **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/19/19)

Department Approval: Onyx Jones, Chief Financial Officer (06/20/19)

RECOMMENDATION

Staff recommends (1) the City Council adopt a resolution approving and adopting the Annual Appropriations Limit for FY 2019/2020; (2) 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 FY 2019/2020 Budgets for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority; (3) the City Council adopt respective resolutions approving Salary Schedules for Miscellaneous Employees, Police Safety Employees and Fire Safety Employees effective July 1, 2019; 4) Approve FY 2018/2019 entries and budget adjustments needed to properly record transactions between the General Fund and Municipal Fiber Network Fund; and 5) Approve FY 2018/2019 budget amendment up to \$1M to the Self-Insurance Fund. (Budget Amendment Requires a Four-Fifths Vote)

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 FY 2019/2020;
- 7) City Council and Boards adopt respective resolutions approving the FY 2019/2020 Budgets for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority;
- 8) City Council adopts respective resolutions approving salary schedules for Miscellaneous Employees, Police Safety Employees, and Fire Safety Employees effective July 1, 2019.
- 9) City Council approve requested FY 2018/2019 Budget Amendments and Journal Entries.

BACKGROUND / DISCUSSION

Annual Appropriation Limit:

Proposition 4, approved by the voters on November 6, 1979, added Article XIII B to the State Constitution. Article XIII B places an appropriations limit on the State and local governments and requires them to establish their appropriations limit by resolution each year at a regularly scheduled meeting or a noticed special meeting.

As adopted in 1979, Article XIII B provided that FY 1978/1979 would be considered the “base year” used to calculate the appropriations limit. Article XIII B was amended by the voters in 1990 through the approval of Proposition 111, which provided FY 1986/1987 would become the “base year.” Each subsequent year, the total annual appropriations subject to the limit may not exceed the appropriations limit for the prior year adjusted for changes in the cost-of-living and city or county population.

FY 2019/2020 Budget

The City Manager’s/Executive Director’s Proposed Budgets for FY 2019/2020 were presented to the City Council and Boards on Monday, May 13, 2019. Since that time, City Council held Special Meetings on May 20 and 21, 2019, 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 Special Meetings in March 2019 to review the work plans of each of the City’s Departments and allow for additional public input. As a result of the various 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, 2019

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 employer’s internet website meets this requirement. The attached resolutions reflect changes to the salary schedule per the budget being adopted for FY 2019/2020, as well as increases due in accordance with the applicable bargaining units Memoranda of Understanding (MOU’s) and the Salary Initiative Ordinance as described in detail below.

Police Safety: Total 2.2625%

<u>Effective Date</u>	<u>COLA provided by LA City</u>	<u>Adjustment to be provided to CCPD</u>
7/1/19	2.0%	1.0%

Adjustment to be

<u>Effective Date</u>	<u>COLA provided by LA County</u>	<u>provided to CCPD</u>
7/7/19	2.5%	1.25%

Fire Safety: Total 2.2625%

<u>Effective Date</u>	<u>COLA provided by LA County</u>	<u>Adjustment to be provided to CCFD</u>
10/1/18*	2.0%	1.0%
7/1/19	2.5%	1.25%

* The LA Board of Supervisors approved the contract in late May 2019 and included a retroactive increase back to October 1, 2018.

FISCAL ANALYSIS

As mentioned, the base year for calculating the appropriations limit is FY 1986/1987. Based on the City Managers/Executive Director's Proposed Budget for FY 2019/2020, the Finance Department has calculated the City's FY 2019/2020 Appropriation Limit to be \$112,826,305. The City's FY 2019/2020 appropriations from the proposed budget that are applicable to this limit are \$76,653,930, which is \$36,172,376 under the appropriations limit.

The Proposed FY 2019/2020 Budget provides \$278,998,437 of appropriations authority in all funds (including Internal Service Funds). It anticipates \$262,751,313 in revenue, with the balance to be made up from reserves. General Fund operational costs are anticipated to be fully covered by operating revenues, with some use of reserves for one-time costs and Capital Improvement Projects. Further information is provided in the City Manager's/Executive Director's Budget Message.

Funding has been included in the respective departments for FY 2019/2020 to cover the salary adjustments for Police Safety employees and Fire Safety employees.

FY 2018/2019 ADJUSTMENTS

The City Manager's/Executive Director's Budget Message also included information regarding adjustments needed for FY 2018/2019.

MUNICIPAL FIBER NETWORK FUND

Staff is requesting Council to approve entries needed to properly record loan entries between the General Fund and the Municipal Network Fund. As indicated in the November 12, 2017 Council Report, a twenty-year construction loan in the amount of \$11.5M and a twenty-year working capital loan of \$3.4M is due to begin being repaid in June 2018. That same staff report also stated that Council has the power to forgive the annual construction loan payments and Council can also defer the annual working capital loan payments, if the Municipal Fiber Network Fund is not generating any revenue. Staff has stated from project inception that the construction loan may not be repaid. However, the loan was established in anticipation of the possibility.

Staff is thereby requesting Council Approval for the following actions to be recorded in FY 2018/2019:

- Write off the FY 2017/2018 annual construction loan payment (\$658,605.24) and the FY 2018/2019 loan payment (\$718,155.87) for a total of \$1,376,761.11.
- Record a deferral of FY 2017/2018 annual working capital loan payment (\$191,963.44) and the FY 2018/2019 loan payment (\$221,813.30) for a total of \$413,776.74 until the Municipal Fiber fund generates enough revenue to make the annual payments.
- Record the amendment of the working capital loan for the amount of \$1.865M, this amount was previously approved by Council on November 9, 2015 and on December 11, 2017; however, it was not properly recorded in the year that loan was authorized.
- Increase the working capital loan by \$400,000 to cover the operating expenditures for FY 2018/2019.

SELF INSURANCE FUND

The Self-Insurance Fund (SIF) pays for insurance premiums, settlement payments, and administrative and operating expenses for Worker's Compensation, General Liability and unemployment. The Fund is supported by charges to other City funds for the services it provides. According to City Council Policy Statement 5002, the SIF Fund's estimated reserve requirement for FY 2019/2020 is \$4.7M. Currently, the SIF fund reserve amount is short by \$1.4M.

Staff is thereby requesting Council approval to record an allocation up to \$1M of General Liability and Worker's Compensation cost to all departments citywide in FY 2018/2019, assuming there is sufficient General Fund surplus at year end. Currently, staff estimates that the General Fund will end FY 2018/2019 with a \$3M surplus before these proposed adjustments.

ATTACHMENTS

1. Proposed Resolution for Annual Appropriation Limit and related Exhibits and Schedule I
2. Budget Resolutions and related Exhibits A - G
3. Adjustments to the City's Proposed Budget FY 2019/2020
4. Salary Schedule Resolutions and related Exhibit A
5. Requested FY 2018/2019 Budget Amendments

RECOMMENDED MOTION(S)

That the City Council:

1. Adopt a resolution approving and adopting the annual Appropriations Limit for FY

2019/2020; and

That the City Council and Boards:

1. Adopt respective resolutions approving the FY 2019/2020 Budget for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority.

That the City Council:

1. Adopt respective resolutions approving the Salary Schedule for Miscellaneous Employees, Police Safety Employees, and Fire Safety Employees effective July 1, 2019.

That the City Council:

1. Write off the FY 2017/2018 annual construction loan payment (\$658,605.24) and the FY 2018/2019 loan payment (\$718,155.87) for a total of \$1,376,761.11;
2. Record a deferral of FY 2017/2018 annual working capital loan payment (\$191,963.44) and the FY 2018/2019 loan payment (\$221,813.30) for a total of \$413,776.74 until the Municipal Fiber fund generates enough revenue to make the annual payments;
3. Approve entries needed to properly record the FY 2018/2019 working capital loan between General Fund and Municipal Fiber Network Fund in the amount of \$1.865M;
4. Approve additional working capital loan budget amendment in the amount of \$400,000 from General Fund to Municipal Fiber Network to cover FY 2018/2019 operating expense deficit. (Budget Amendment requires a Four-Fifths Vote.); and
5. Approve a budget amendment to record an allocation up to \$1M of General Liability and Workers' Compensation costs to all departments Citywide in FY 2018/2019. (Budget Amendment requires a Four-Fifths Vote.)