File #: 20-1066, **Version:** 1 **Item #:** PH-1.

CC:SA:HA:PA - PUBLIC HEARING: 1) Adoption of a City Council Resolution Approving and Adopting the Annual Appropriations Limit for Fiscal Year (FY) 2020/2021; 2) Adoption of Respective Resolutions Adopting the FY 2020/2021 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, 2020; and 4) Approve FY 2019/2020 Entries and Budget Adjustments Needed to Properly Record Transactions Between the General Fund and Municipal Fiber Network Fund. (Budget Amendment Requires a Four-Fifths Vote)

Meeting Date: June 22, 2020

Contact Person/Dept: Onyx Jones/Finance

Phone Number: (310) 253-5865

Fiscal Impact: Yes [X] No [] **General Fund:** Yes [X] No []

Public Hearing: [X] **Action Item:** [] **Attachments:** Yes [] No []

Commission Action Required: Yes [] No [] **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/18/2020)

Department Approval: Onyx Jones, Chief Financial Officer (06/16/2020)

RECOMMENDATION

Staff recommends (1) the City Council adopt a resolution approving and adopting the Annual Appropriations Limit for FY 2020/2021; (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 2020/2021 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, 2020; and 4) the City Council approve FY 2019/2020 entries

and budget adjustments needed to properly record transactions between the General Fund and Municipal Fiber Network 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 2020/2021;
7) City Council and Boards adopt respective resolutions approving the FY 2020/2021 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, 2020;
9) City Council approve FY 2019/2020 entries and budget adjustments needed to properly record transactions between the General Fund and Municipal Fiber Network Fund.

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 2020/2021 Budget

The City Manager’s/Executive Director’s Proposed Budgets for FY 2020/2021 were presented to the City Council and Boards on Monday, May 11, 2020. Since that time, City Council held Special Meetings on May 18 and 19, 2020, 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 2020 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, 2020

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 2020/2021, 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.

Fire Safety: Total 3.655%

Effective Date	COLA provided by LA County	Adjustment to be provided to CCFD
7/1/20	2.5%	1.25%

Effective Date	COLA provided by LA City	Adjustment to be provided to CCFD
7/5/20	4.75%	2.375%

Police Safety: Total 2.01%

Effective Date	COLA provided by LA County	Adjustment to be provided to CCPD
7/1/20	2.5%	1.25%

Effective Date	COLA provided by LA City	Adjustment to be provided to CCPD
7/5/20	1.5%	0.75%

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 2020/2021, the Finance Department has calculated the City's FY 2020/2021 Appropriation Limit to be $117,666,714. The City's FY 2020/2021 appropriations from the proposed budget that are applicable to this limit are $66,096,281, which is $51,570,433 under the appropriations limit.

The Proposed FY 2020/2021 Budget provides $257,100,032 of appropriations authority in all funds (including Internal Service Funds). It anticipates $234,874,660 in revenue, with the balance to be made up from reserves. General Fund operational costs are anticipated to be fully covered by operating revenues and the use of reserves. Further information is provided in the City Manager's/Executive Director's Budget Message.

Funding has been included in the respective departments for FY 2020/2021 to cover the salary adjustments for Fire Safety employees and Police Safety employees. These salary adjustments have been included to be in compliance with the Salary Initiative Ordinance. However, staff is in negotiations with the City's collective bargaining groups to acquire the proposed $1.8M in salary savings currently factored into the FY 2020/2021 General Fund Budget.

During a recent City Council meeting held on June 15, 2020, the City Manager was given direction from Council to work with the Acting Police Chief to identify approximately $100K - $150K in budget savings to allocate to Social Services. The funding would be used for Social Workers to deploy on certain Police and Fire emergency calls. Staff has exceeded Council's objective and have identified an additional $402K in budget savings through the defunding of (3) Police Officer positions and (1) Parking Enforcement Officer through attrition and the reclass of a vacant Police Captain position to a Police Lieutenant position. See Attachment 3A for a more detailed breakdown of these adjustments.

FY 2019/2020 ADJUSTMENTS

The City Manager's/Executive Director's Budget Message also included information regarding adjustments needed for FY 2019/2020 to the Municipal Fiber Network Fund.

Staff is requesting City Council to approve entries needed to properly record the FY 2019/2020 loan entries between the General 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 can also defer the annual working capital loan payments if the Municipal Fiber Network Fund is not generating adequate 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 City Council approval for the following actions to be recorded in FY 2019/2020:

- Write off the FY 2019/2020 annual construction loan payment $706,754.67
- Record a deferral of FY 2019/2020 annual working capital loan payment $233,135.12

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 2020/2021
4. Salary Schedule Resolutions and related Exhibit A
5. Fiscal Year 2020/2021 Capital Improvement Budget

RECOMMENDED MOTION(S)

That the City Council:

Adopt a resolution approving and adopting the annual Appropriations Limit for FY 2020/2021; and

That the City Council and Boards:

Adopt respective resolutions approving the FY 2020/2021 Budget for the City of Culver City, Successor Agency, Housing Authority, and Parking Authority; and

That the City Council:

Adopt respective resolutions approving the Salary Schedule for Miscellaneous Employees, Police Safety Employees, and Fire Safety Employees effective July 1, 2020; and

That the City Council:

Write off the FY 2019/2020 annual construction loan payment of $706,754.67; and

Record a deferral of FY 2019/2020 annual working capital loan payment of $233,135.12.

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