



CITY OF CULVER CITY

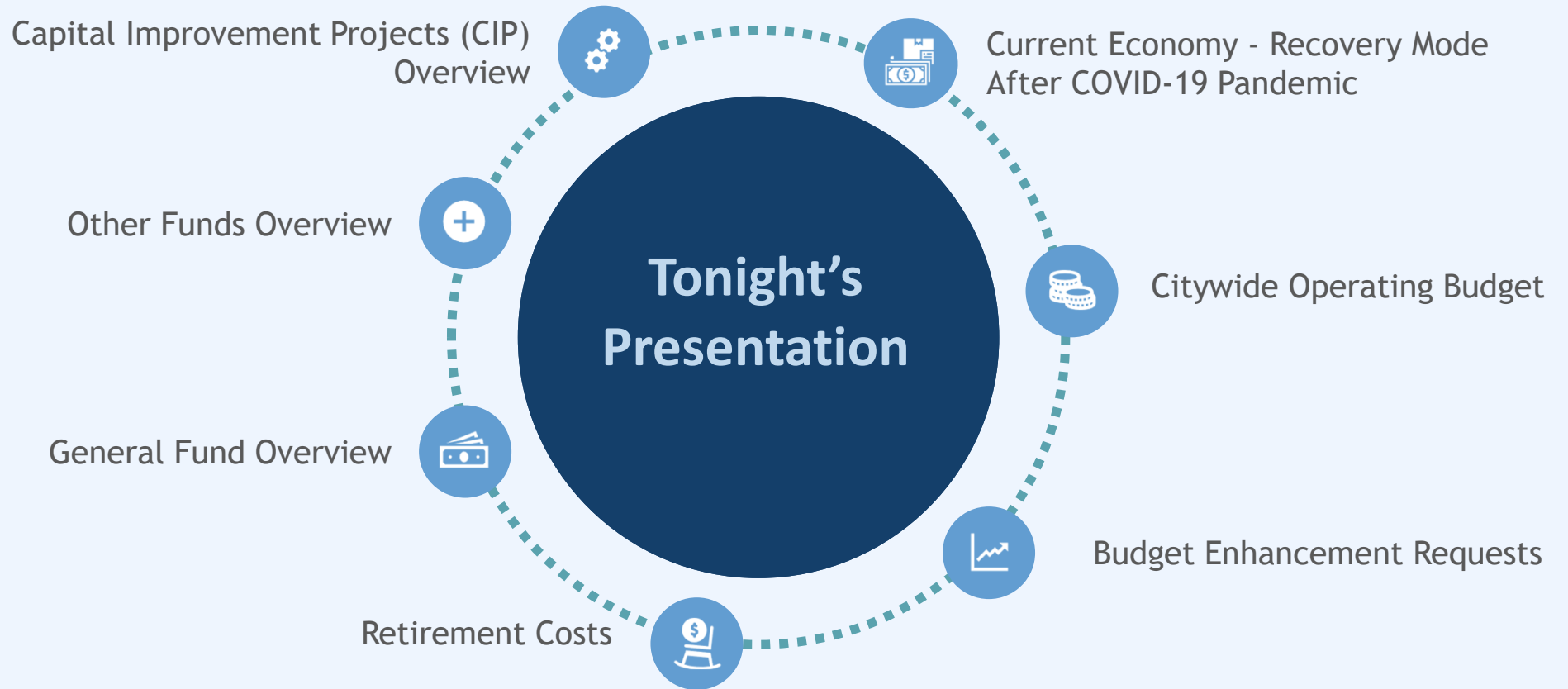
Proposed Budget FY 2022/2023

May 16, 2022



GFOA and CSMFO Budgeting Awards





Project Homekey



City Emergency Shelter & Temporary Supportive Housing

- On March 15, 2022, the City received a \$26M grant from Project Homekey to acquire and convert two motels into an emergency shelter and temporary supportive housing for homeless individuals
- The acquisition and rehabilitation of the buildings will be funded through a combination of:
 - Homekey Grant
 - \$3.4M State Grant through Senator Sydney Kamlager
 - The City's Low and Moderate-Income Housing Asset Fund
- Some additional Grant Funds for Operating Costs secured from LA County, with up to \$4.9M in commitment from City's General Fund
- Staff will continue to pursue other operating funding opportunities

Citywide Operating Budget

FUND TYPE	ADJUSTED BUDGET FY2021/2022	PROPOSED BUDGET FY2022/2023
General Fund	142,140,739	149,163,271
Special Revenue Funds	59,089,968	31,406,910
Enterprise Fee Funds	101,056,613	77,974,680
Capital Improvement Funds	52,832,155	8,136,002
Internal Service Funds	22,293,272	25,205,444
TOTAL OPERATING BUDGET:	\$377,412,747	\$291,886,307

ENHANCEMENT REQUEST	ONE-TIME	ONGOING	TOTAL CITY MANAGER RECOMMENDED
City Attorney	1,055,000	5,400	1,060,400
City Manager	-	27,660	27,660
City Clerk	201,251	64,180	265,431
Non-Departmental	-	441,000	441,000
Human Resources	242,000	15,700	257,700
Finance	51,000	21,400	72,400
Information Technology	70,943	188,035	258,978
Parks, Rec, & Comm Svcs	170,780	596,884	767,664
Police Department	11,500	410,550	422,050
Fire Department	311,276	101,757	413,033
Community Development	1,270,400	209,025	1,479,425
Public Works	758,000	494,715	1,252,715
TOTAL GENERAL FUND:	\$4,142,150	\$2,576,306	\$6,718,456

**Budget
Enhancement
Requests
Summary –
General Fund**

ENHANCEMENT REQUEST	ONE-TIME	ONGOING	TOTAL CITY MANAGER RECOMMENDED
Municipal Fiber Network	125,000	-	125,000
Art Fund	234,500	17,750	252,250
Asset Seizure	427,000	-	427,000
Central Stores	-	66,000	66,000
Parking Authority	-	165,755	165,755
Housing Authority	30,000	4,168,038	4,198,038
Refuse	179,974	1,214,791	1,394,765
Sewer	-	70,000	70,000
Building Surcharge	-	-	-
Transportation	-	198,752	198,752
Equipment Replacement	241,500	-	241,500
Equipment Maintenance	-	34,393	34,393
TOTAL OTHER FUNDS:	\$1,237,974	\$5,935,479	\$7,173,453

Budget Enhancement Requests Summary – Other Funds

Retirement Costs

California Public Employees Retirement System (CalPERS)



- Safety Employees (Sworn Police and Fire Employees)
 - Classic Members pay **9%** towards their retirement
 - PEPRAs Employees pay **11.75%** towards their retirement

- Miscellaneous Employees (All Other Non-Safety Employees)
 - Classic Members pay **8%**, or **7%** if hired after 12/19/2011, towards their retirement
 - PEPRAs Employees pay **7%** towards their retirement

Retirement Costs

There are two components to the employer contributions



- "Normal cost" is the calculated cost of the current year of service for active employees (**9.47%** for Miscellaneous and **19.50%** for Safety in FY 2022/2023)
- Unfunded Accrued Liability (UAL) payment is **\$8.8M** for Miscellaneous. and **\$12.8M** for Safety in FY 2022/2023
- Total UAL is **\$108.3M** for the Miscellaneous Plan and **\$182.2M** for the Safety Plan as of June 30, 2020

Retirement Costs



The City negotiated for employees to pick up a portion of the employer contribution (maximum of **3.5%** for Miscellaneous and **5.0%** for Safety Classic Members)

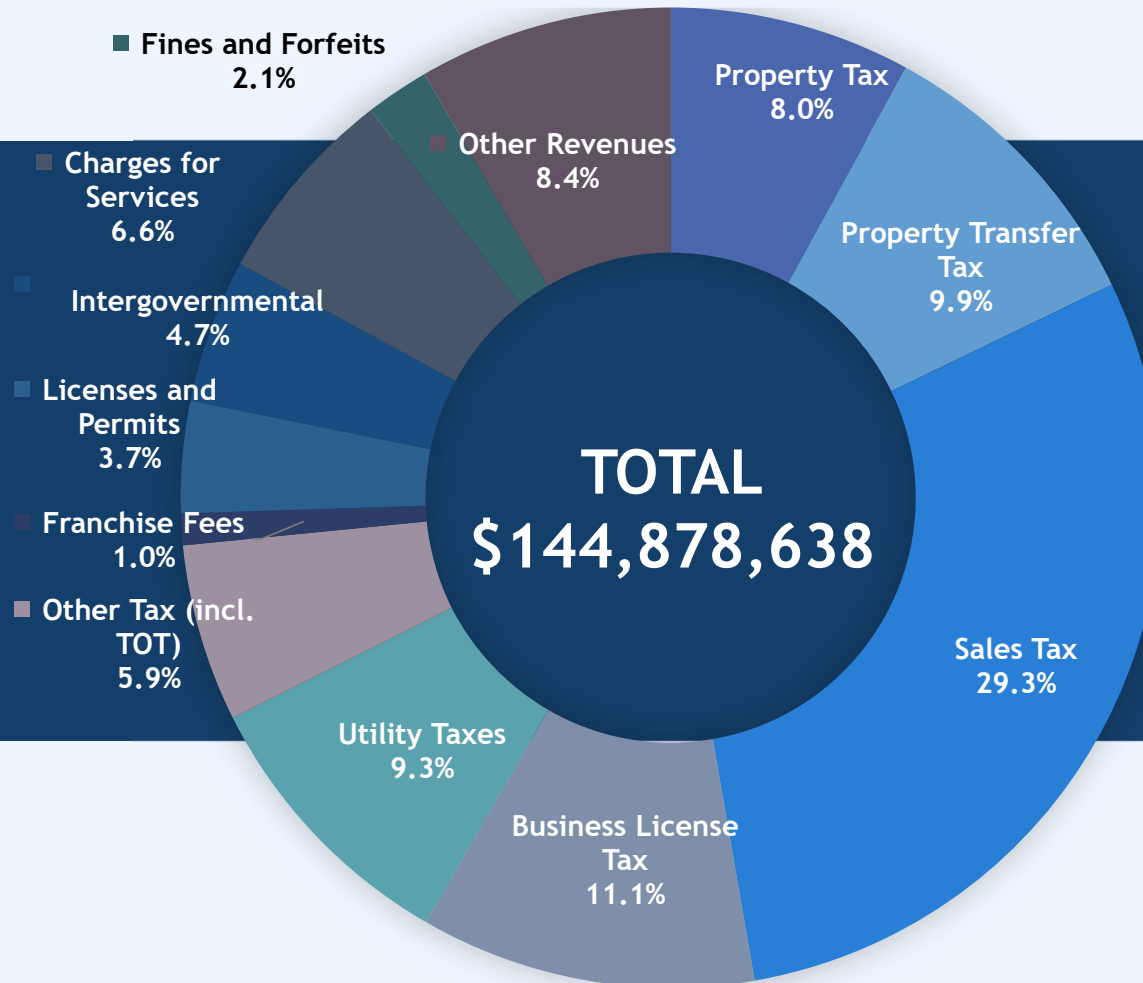


For FY 2022/2023, the employee cost sharing is estimated to be **3.445%** for Miscellaneous and **5.0%** for Safety Classic members and **2.25%** for PEPRAs members



The employee cost sharing is estimated to generate a ten-year cost savings of **\$14.7M** for Miscellaneous **\$14.8M** for Public Safety

General Fund Revenue Overview



General Fund Review

REVENUE CATEGORY	ACTUAL RECEIPTS FY2020/2021	ADOPTED BUDGET FY2021/2022	ADJUSTED BUDGET FY2021/2022	PROPOSED BUDGET FY2022/2023	CHANGE FROM PRIOR YEAR ADJUSTED
Property Tax	11,830,948	10,511,000	10,511,000	11,543,711	1,032,711
Property Transfer Tax	8,533,467	10,550,000	14,050,000	14,300,000	250,000
Sales Tax	37,830,897	36,951,192	41,834,487	42,630,257	795,770
Business License Tax	15,895,303	15,561,000	15,561,000	16,025,000	464,000
Utility Taxes	13,184,795	13,397,000	13,347,000	13,414,320	67,320
Other Tax (incl. TOT)	3,465,465	4,204,000	8,804,000	8,500,000	(304,000)
Franchise Fees	2,298,715	1,400,000	1,400,000	1,500,000	100,000
Licenses and Permits	3,385,286	5,322,500	5,602,500	5,345,500	(257,000)
Intergovernmental	11,225,938	10,030,259	11,111,049	6,869,184	(4,241,865)
Charges for Services	8,401,950	8,897,965	9,921,311	9,552,007	(369,304)
Fines and Forfeits	3,562,963	2,912,000	2,912,000	3,065,500	153,500
Other Revenues	13,385,251	12,551,077	12,556,077	12,133,159	(422,918)
TOTAL GENERAL FUND:	\$133,000,978	\$132,287,993	\$147,610,424	\$144,878,638	\$(2,731,786)

* Adjusted Budget does not include one-time March additional \$15 million for Property Transfer Tax

General Fund Revenue



SALES TAX

- Sales Tax revenues have been more resilient than expected during the pandemic.
- The FY 2022-2023 Proposed Budget is increasing by \$795,770 over the FY 2021-2022 Adjusted Budget. The FY 2021-2022 budget was adjusted at mid-year by \$4.9M over the adopted budget amount.



TRANSIENT OCCUPANCY TAX (TOT)

- TOT is estimated to increase by \$696,000 over FY 2021-2022 Adjusted Budget. The FY 2021-2022 budget was adjusted at mid-year by \$3.6M over the adopted budget amount.
- TOT still is estimated to be below actual receipts prior to the COVID-19 pandemic but has been recovering more quickly than originally anticipated.



BUSINESS LICENSE REVENUE / CANNABIS TAX REVENUE

- This revenue source did not show the downturn in receipts like other revenue categories.
- The FY 2022-2023 Proposed Budget for Business License is increasing by \$464,000 or 1.3% over the Adjusted Budget.
- For Cannabis Tax, the FY 2022-2023 Proposed Budget is increasing by \$289,000 or 13.8% over Adjusted Budget.

General Fund Revenue



PROPERTY TAX / PROPERTY TRANSFER TAX

- Property Tax revenues for FY 2022-2023 are increasing by \$1.03M or 8.9% over Adjusted FY 2021-2022.
- Measure RE, approved by voters at the November 3, 2020 election, is a marginal tax applied to property sales over \$1.5M. The FY 2021-2022 **Adjusted** Budget increased revenue projections to \$14M.
- Based on transactions in March 2022, receipts surpassed the Adjusted Budget by \$15M.



UTILITY USER TAX (UUT)

- UUT for FY 2022-2023 is holding steady overall, and only expected to increase by \$67K or 0.5%.



CHARGES FOR SERVICES

- FY 2022-2023 Proposed Budget is \$9.6M or \$369,304 less than the FY 2021-2022 budget. The FY 2021-2022 budget was adjusted at mid-year to reflect one-time higher than normal development related activity.
- The FY 2022-2023 Proposed Budget is \$654,040 higher than the FY 2021-2022 Adopted Budget.

General Fund Revenue



FINES AND FORFEITURES

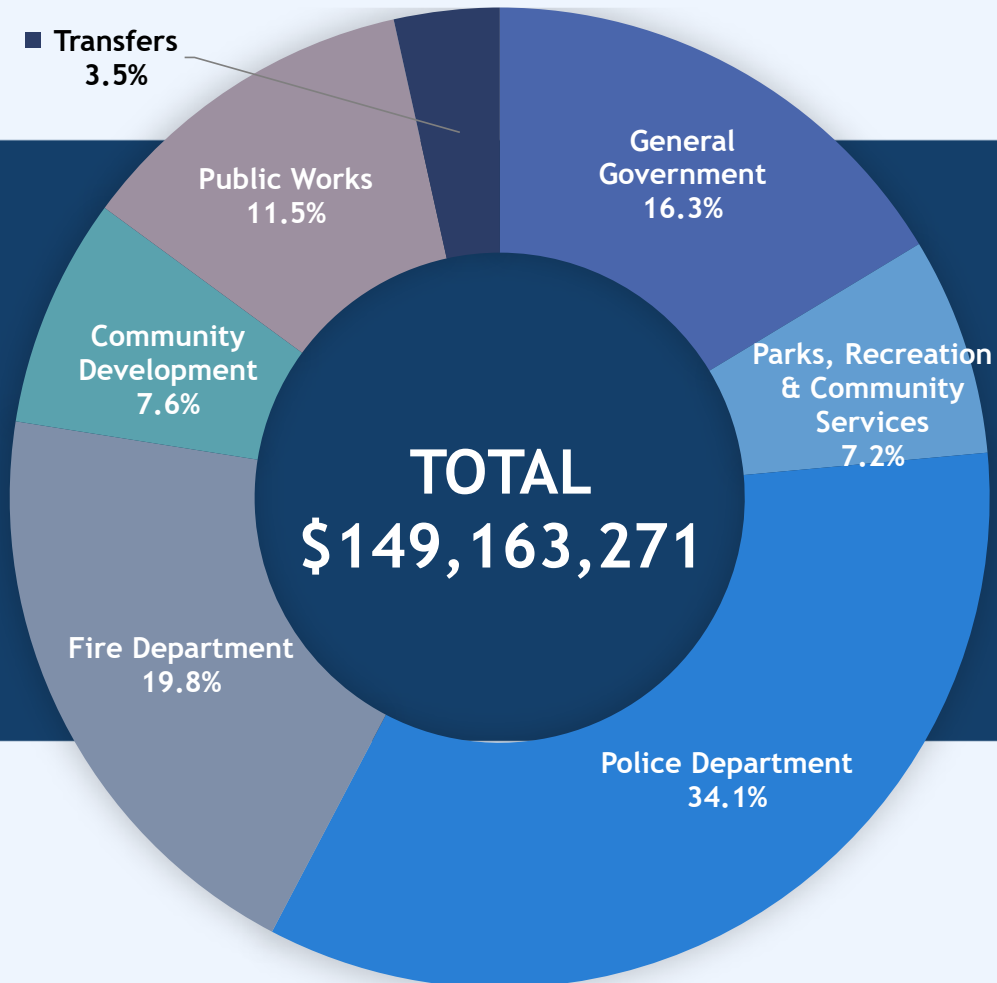
- Fines and Forfeitures for FY 2022-2023 are increasing by a modest \$153,500.
- During the pandemic, this revenue category reduced significantly due to less people on the roads, thus less code violations and court fines.



INTERGOVERNMENTAL REVENUES

- The second \$4.7M payment of the American Rescue Plan allocation included in the FY 2021-2022 Adjusted Budget is the main cause for this category having decreased for FY 2022-2023

General Fund Expenditure Overview



General Fund Expenditure Overview

DEPARTMENT	ACTUAL EXPEND FY2020/2021	ADOPTED BUDGET FY2021/2022	ADJUSTED BUDGET FY2021/2022	PROPOSED BUDGET FY2022/2023	CHANGE FROM PRIOR YEAR ADJUSTED
General Government	23,486,654	22,444,909	21,034,984	24,368,327	3,333,343
Parks, Recreation & Community Services	8,268,396	9,759,843	10,666,673	10,736,661	69,988
Police Department	44,359,141	48,282,825	48,991,690	50,954,116	1,962,426
Fire Department	25,967,334	27,826,478	28,613,545	29,523,843	910,298
Community Development	8,976,956	9,575,327	12,810,156	11,323,766	(1,486,390)
Public Works	12,892,461	14,588,671	16,698,387	17,082,165	383,778
Transfers	619,000	2,742,000	3,325,304	5,174,393	1,849,089
TOTAL GENERAL FUND:	\$124,569,942	\$135,220,053	\$142,140,739	\$149,163,271	\$7,022,532

General Fund Expenditure

GENERAL GOVERNMENT

\$3.3M

- The increase of \$3.3M in the total general government is due to:
 - Increases in fully funding previously unfunded positions from the prior year
 - Enhancements, including funding for potential outside attorney expenses, increases in credit card fees and election expenses

PUBLIC SAFETY

\$2.9M

- The combined increase of \$2.9M in Police and Fire is due to:
 - Projected salary increases due to the Salary Initiative Ordinance
 - Step Increases
 - Increases in the CalPERS Unfunded Accrued Liability allocation
 - Additional Budget Enhancement Requests

CAPITAL IMPROVEMENT

\$1.8M

- The increase of \$1.8M in transfers due to an increased transfer for Capital Improvement projects

COMMUNITY DEVELOPMENT

-\$1.5M

- The decrease in funding in Community Development from the prior year is due to carried over funding from FY2020/2021 for ongoing projects such as the General Plan Update

General Fund – Fund Balance

- FY 2022/2023 projected ending fund balance is a decrease of **\$4.3M** to **\$125.9M**.
- Restricted Pension Trust Funds (**\$29.4M**) can be used to pay annual pension cost.
- Remaining fund balance reserves (**\$81.7M**) can be used with City Council approval to balance the budget.
- Projected ending unrestricted reserves equal **55%** of the FY 2022/2023 operating expenditures.
- The City’s Contingency Reserve requirement is **30%** (Council Policy Statement, Policy #5002 and Resolution #2014-R058).

GENERAL FUND - FUND BALANCE		
Est. Beginning Fund Balance		130,157,163
FY 2022/2023 Revenues	144,878,638	
Less:		
FY 2022/2023 On-Going Expenditures	(139,646,728)	
Structural Budget Surplus/(Shortfall)	5,231,910	
Less:		
One-Time Transfers for Capital Projects	(5,374,393)	
One-Time Enhancement Request	(4,142,150)	
Total One-Time Expenditures	(9,516,543)	
Net Increase / (Decrease) to Fund Balance		(4,284,633)
Est. Ending Fund Balance		\$125,872,530
GENERAL FUND - FUND BALANCE (cont.)		
<i>Breakdown of Ending Fund Balance</i>		
Non-Spendable		14,766,327
Restricted Pension Trust Funds		29,431,017
Contingency Reserves		44,748,982
Facility Planning Reserves		14,770,482
Recreation Facilities Reserves		1,626,651
Unassigned Fund Balance		20,529,071
Est. Ending Fund Balance		\$125,872,530
Less: Nonspendable / Restricted		(44,197,344)
Amount Available for Reserves:	55%	\$81,675,186

Financial Forecast – General Fund Revenues

SCENARIOS FORECAST - SUMMARY (in \$ thousands)		ACTUAL	ADJUSTED BUDGET	FORECAST FISCAL YEARS									
		-1	0	1	2	3	4	5	6	7	8	9	10
Category/Type		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
REVENUES													
Property Taxes	\$	11,831	\$ 10,511	\$ 11,544	\$ 12,337	\$ 12,923	\$ 13,551	\$ 14,209	\$ 14,881	\$ 15,568	\$ 16,270	\$ 16,988	\$ 17,723
Property Transfer Tax		8,533	29,050	14,300	14,802	15,320	15,856	16,411	16,986	17,580	18,195	18,832	19,491
Sales & Use Taxes		37,831	41,834	42,630	43,041	43,888	44,798	45,730	46,593	47,480	48,399	49,329	50,259
Utility User Tax (UUT)		13,185	13,347	13,414	13,539	13,552	13,510	13,466	13,419	13,369	13,315	13,262	13,208
Transient Occupancy Tax (TOT)		3,074	7,304	8,000	8,750	9,116	9,190	9,264	9,337	9,410	9,482	9,553	9,624
Business License/Cannabis Tax		15,895	15,561	16,025	16,780	17,397	17,905	18,401	18,893	19,390	19,892	20,402	20,915
Other Taxes / Intergovernmental		6,429	12,611	7,369	7,759	8,146	8,561	8,989	9,427	9,873	10,344	10,840	11,355
Franchise Fees		2,299	1,400	1,500	1,531	1,564	1,613	1,662	1,713	1,764	1,816	1,870	1,924
Licenses & Permits		3,169	5,713	5,346	5,612	5,643	5,701	5,713	5,609	5,493	5,450	5,411	5,357
Charges for Services		8,347	9,495	9,552	10,046	10,337	10,648	10,937	11,129	11,315	11,576	11,846	12,105
Cost Recovery, Fines, Earnings & Misc.		16,997	11,394	12,203	12,488	12,776	13,053	13,308	13,555	13,796	14,047	14,308	14,571
Transfers In, Prop & FMV Adj		3,371	(1,890)	2,995	4,194	4,117	4,117	3,550	3,700	6,150	6,900	7,375	7,300
<i>(Prior FY Adjustments - One-Time Revenues/Transfers)</i>		<i>(488)</i>	-	-	-	-	-	-	-	-	-	-	-
TOTAL - SCENARIO REVENUES	\$	130,473	156,331	144,879	150,879	154,779	158,502	161,641	165,242	171,187	175,687	180,017	183,833

Financial Forecast – General Fund Fund Balances

SCENARIOS FORECAST - SUMMARY (in \$ thousands)	ACTUAL	ADJUSTED BUDGET	FORECAST FISCAL YEARS									
	-1	0	1	2	3	4	5	6	7	8	9	10
Category/Type	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
ANNUAL OPERATING SURPLUS/(DEFICIT)	6,222	21,349	(4,285)	(4,046)	(5,726)	(6,821)	(8,640)	(9,521)	(9,337)	(10,671)	(12,664)	(14,160)
FUND(S) BALANCE - END OF FY	\$ 108,808	\$ 130,157	\$ 125,873	\$ 121,827	\$ 116,100	\$ 109,279	\$ 100,639	\$ 91,118	\$ 81,781	\$ 71,110	\$ 58,446	\$ 44,286
Non-spendable	14,766	14,766	14,766	14,766	14,766	14,766	14,766	14,766	14,766	14,766	14,766	14,766
Pension Trust (Restricted)	13,875	29,431	29,431	27,955	26,555	25,155	23,505	21,705	17,455	12,455	6,980	4,480
Reserves (Committed)	53,002	60,753	59,433	61,156	60,429	59,128	57,224	54,647	49,560	43,889	36,700	25,040
Contingency	39,743	41,237	41,894	46,477	48,152	49,597	51,084	52,429	49,560	43,889	36,700	25,040
Facility planning	11,632	17,889	15,912	13,051	10,651	7,904	4,513	887	-	-	-	-
Recreation facilities	1,627	1,627	1,627	1,627	1,627	1,627	1,627	1,331	-	-	-	-
Encumbered Contracts (Assigned)	5,234	-	-	-	-	-	-	-	-	-	-	-
Undesignated	21,930	25,207	22,242	17,950	14,350	10,230	5,144	-	-	-	-	-

Other Funds

FUND TYPE	ACTUAL EXPENDITURES FY2020/2021	ADOPTED BUDGET FY2021/2022	ADJUSTED BUDGET FY2021/2022	PROPOSED BUDGET FY2022/2023	CHANGE FROM PRIOR YEAR ADJUSTED
Special Revenue Funds	16,341,510	23,899,288	59,089,968	31,406,910	(27,683,058)
Enterprise Fee Funds	54,152,815	78,196,921	101,056,613	77,974,680	(23,081,933)
Capital Improvement Funds	14,809,511	51,213,432	52,832,155	8,136,002	(44,696,153)
Internal Service Funds	24,020,606	21,724,992	22,293,272	25,205,444	2,912,172
TOTAL GENERAL FUND:	\$109,324,442	\$175,034,633	\$235,272,008	\$142,723,036	\$(92,548,972)

Other Funds

SPECIAL REVENUE FUND (\$27.7M)

- Decrease due to one-time capital project requests that were made in prior years for:
 - Safe/Clean Water Protection net decrease of (\$11.2M)
 - CC Parking Authority net decrease of (\$5.6M)
 - CC Housing Authority net decrease of (\$3.6M)

ENTERPRISE FUNDS (\$23.1M)

- Decrease due to one-time capital project requests that were made in prior years for:
 - Transportation Fund net decrease of (\$20.75M)
 - Sewer Fund net decrease of (\$3.5M)

CAPITAL IMPROVEMENT FUNDS (\$44.7M)

- Decrease due to one-time capital project requests that were made in prior years for:
 - New Development Impact Fund net decrease of (\$549K)
 - Special Gas Tax Fund net decrease of (\$2.2M)
 - Capital Grants Fund net decrease of (\$30.3M)

Other Funds – Enterprise Funds

REFUSE FUND

- FY 2022/2023 proposed expenditures are **\$745K more** than the FY 2021/2022 Adjusted Budget
- Expenditures are estimated to exceed revenues by **(\$1.3M)**
- The ending fund balance is estimated at **\$3.9M***. Note: Reserve requirement is **\$5.0M**
- A rate study was presented to City Council during the May 10, 2021, Council Meeting. The proposed rate increases, which have been included in the FY 2022/2023 Proposed Budget, will enable the Refuse Fund to cover ongoing operating cost. It will also allow for the replacement of capital and increase reserves over a five-to-six-year period.

*Depreciation of **\$514,980**, when excluded increases the ending fund balance



Other Funds – Enterprise Funds

TRANSPORTATION FUND

- FY 2022/2023 proposed expenditures are **\$20.75M** less than the FY 2021/2022 Adjusted Budget
- Revenues are estimated to exceed expenditures by **\$5.8M**
- The ending fund balance is estimated to be **\$5.8M**



Other Funds – Enterprise Funds

SEWER FUND

- FY 2022/2023 has a **(\$3.5M)** decrease in expenditures from the FY 2021/2022 Adjusted Budget.
- The decrease in expenditures is due to multi-year capital projects that were budgeted and carried over into FY 2021/2022, such as sewer main rehabilitation and pump station upgrades.
- There is **\$3.7M** budgeted in FY 2022/2023 for capital improvement projects, the completion of these projects will reduce ongoing operating and maintenance costs.
- Current Capital Projects include; Sewer Emergency Notification System, Fox Hills and Bristol Sewer Pump Station Diversion Pipelines, and Public Works/Engineering Office Construction/Conversion.



Other Funds – Enterprise Funds

MUNICIPAL FIBER FUND

- Culver Connect is Culver City’s municipal fiber open access network that lowers the cost of entry for service providers and gives the community more options for high-speed internet service
- The network backbone consists of **21.7** route miles of underground fiber infrastructure with a **576-strand** count
- In FY 2020-2021, City Council approved agreement with another Inter Service Provider, Ting, to build a citywide fiber network
- In FY 2022/2023, estimated revenue is **\$3.6M** and estimated expenditures are **\$3.6M**
- Revenues for FY 2022-2023 include approximately **\$3M** in pass-throughs from customers to offset an expected **\$3M** in one-time construction costs



Capital Improvement Projects

CIP FUNDING SOURCES	FY2022/2023 PROPOSED CIP BUDGET
202 - Refuse Fund	100,000
203 - Municipal Bus Fund	5,971,552
204 - Sewer Fund	3,675,000
307 - Equipment Replacement Fund	3,182,000
417 - Community Development Fund	166,000
418 - Special Gas Tax Fund	753,434
419 - Park Facilities Fund	450,328
420 - Capital Imp & Acquisition (I&A) Fund	3,924,393
420F - Facilities Planning Reserve	200,000
420S - Sewer Fund Transfer	360,000
424 - Proposition C	350,000
428 - CDBG - Capital Fund	160,000
431 - Measure R	302,067
434 - Urban Runoff Mitigation	4,534,022
435 - Measure M	1,419,780
475 - Culver City Parking Authority	550,000
TOTAL CIP PROJECT FUNDING:	\$ 26,098,576



Capital Improvement Projects

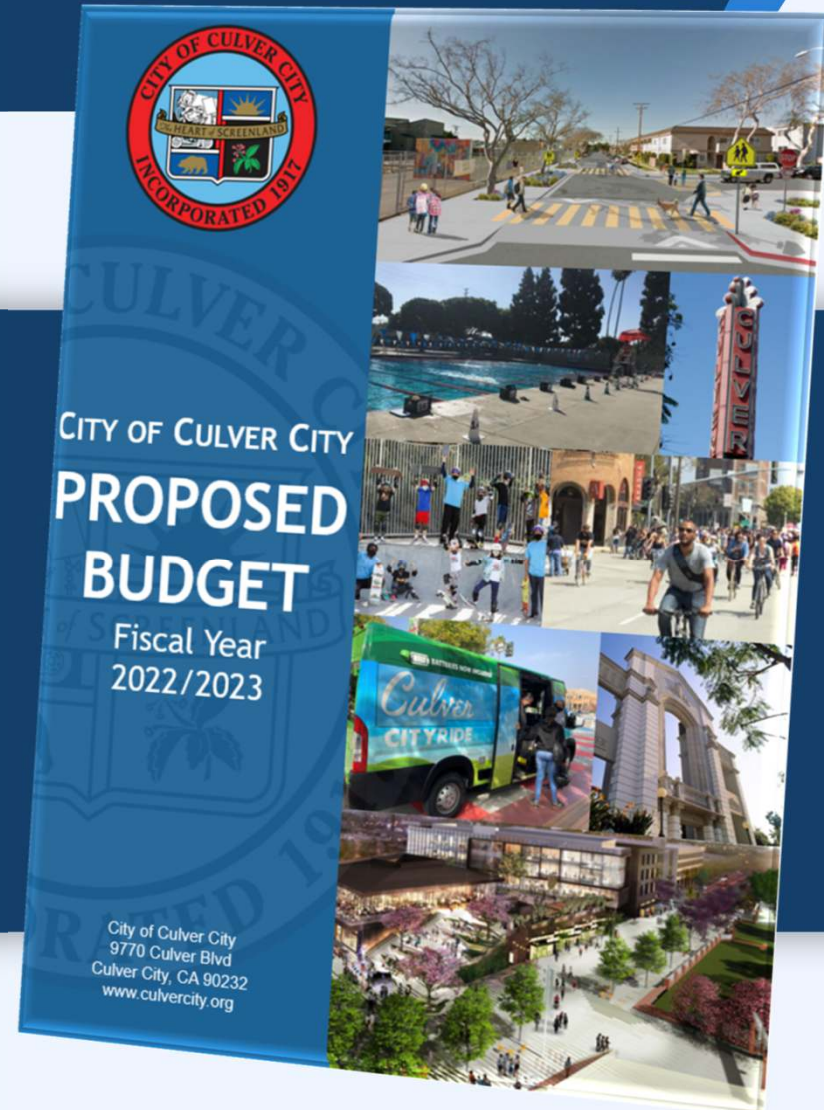


CIP FUNDING USES	FY2022/2023 PROPOSED CIP BUDGET
Equipment Improvements	5,625,000
Facilities Improvements	4,474,552
Other	391,393
Parking Improvements	550,000
Parks & Park Facilities Projects	850,328
Sewer Improvement Projects	3,650,000
Street & Alley Improvements	5,196,281
Technology Improvements	177,000
Traffic Signal & Lighting Improvements	650,000
Urban Runoff Management	4,534,022
TOTAL CIP PROJECT FUNDING:	\$ 26,098,576

Budget Schedule

TUESDAY, MAY 17th
@ 3:00 PM
Part II Department
Presentations

MONDAY, JUNE 27th
@ 7:00 PM
Final Budget Public Hearing
Budget Adoption on Agenda



The image features a central blue circle with the text "ANY QUESTIONS?" in white, bold, uppercase letters. The background consists of a light blue gradient with a dark blue horizontal band. Large, light blue geometric shapes, including triangles and a V-shape, are overlaid on the background.

**ANY
QUESTIONS?**