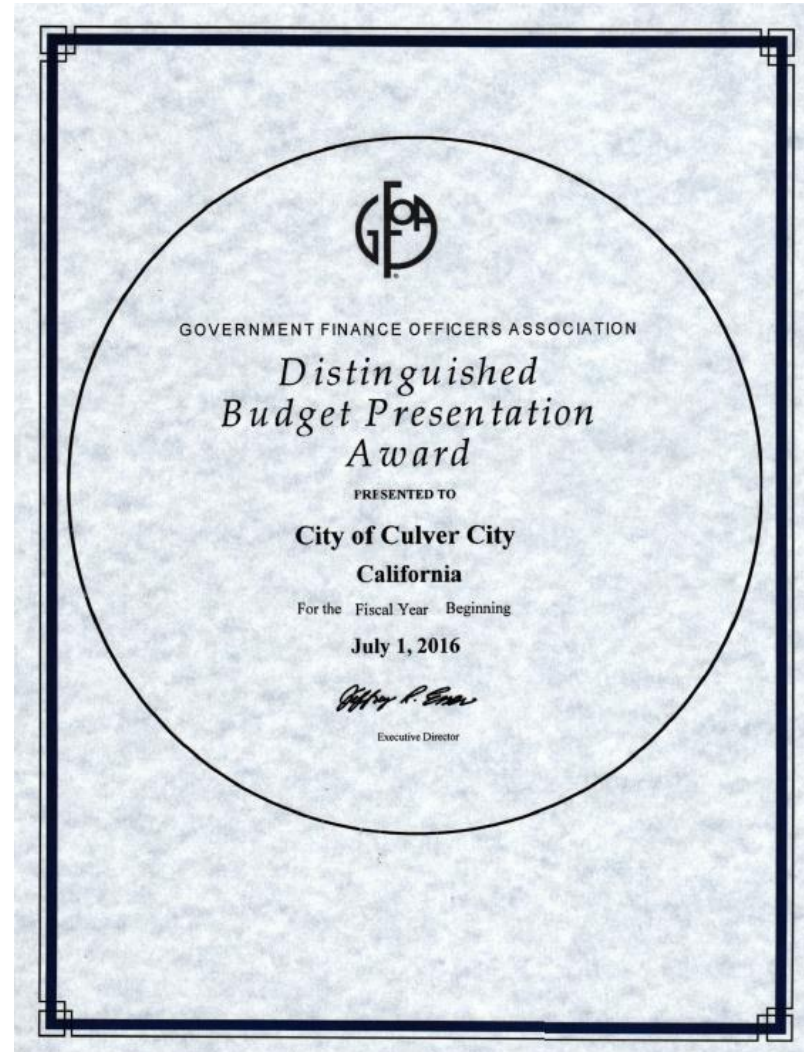


Fiscal Year 2017-2018 Proposed Budget

GFOA Budget Presentation Award

- Recognizes budget documents of the very highest quality that reflect best practices for clearly communicating budget information.
- Recently received this award for the FY15-16 budget document.
- The City has a long history of receiving this award.



GFOA Certificate of Achievement for Excellence in Financial Reporting

- Established to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is to ensure that users of their financial statements have the information they need to do so themselves.
- Recently received this award for the FY15-16 financial statements.
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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Culver City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director/CEO

Proposed Budget Document

- Available as PDF online from Finance Department webpage
- The City Manager's Budget Message and the Proposed Reductions/Enhancements listing are the best summarizing documents. Located at the very front of the document.
- This evening's presentation will be posted on the website tomorrow.

Tonight's Agenda

- Discussion of economic trends and issues
- High-level discussion of proposed City budget
- General Fund Specifics
- Updated Forecast
- Future meeting schedule

Economic Outlook

- California March unemployment at 5.1% versus 5.8% last year
- Steady growth of stock market, but correction remains risk to outlook
- Some concern with State budget as tax revenues are below projections
- Local growth continues, helped greatly by Measure Y and private development activity
- Former RDA developments imminent
- Slow but steady progress expected to hold for next two years, but a slowdown becomes increasingly likely

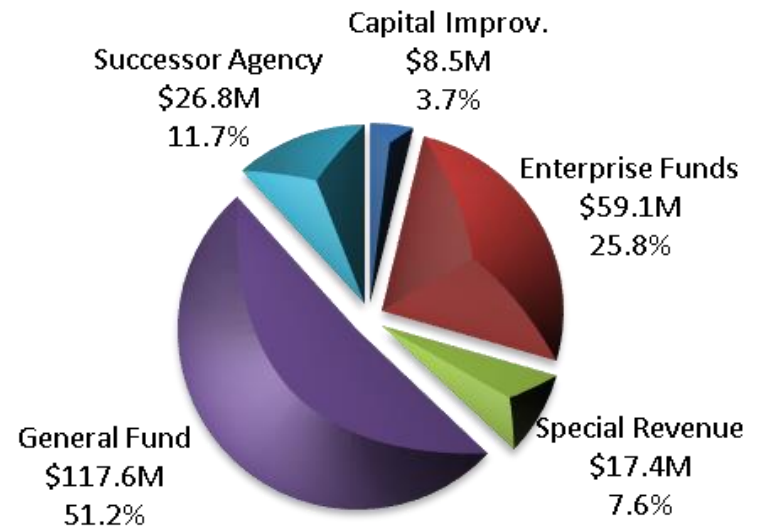
Financial Pressures

- CalPERS actuarial policy changes will result in significant increases to Employer Contribution Rate. Discussed and forecasted earlier this year
- Continued need for deferred maintenance/infrastructure investment
- Measure Y sunset
- Additional sources of revenue or expenditure savings must be explored in order to alleviate large-scale deficits as a result of increasing fixed costs

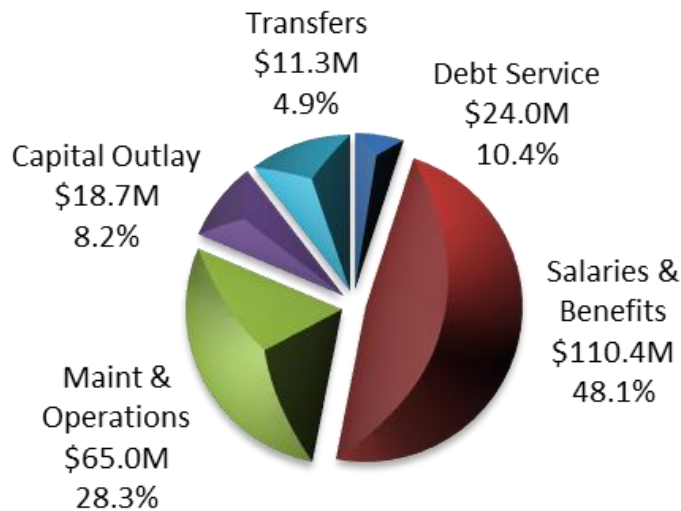
Citywide Expenditures

\$229.4 Million

Citywide Expenditures by Fund



Citywide Expenditures by Category



Other Fund Highlights

- Refuse Disposal Fund- \$1.6M (\$0.8M one-time)
 - Added Environmental Compliance Inspector and additional vehicle and equipment
 - Funding for large wheel-loader and hoist for repair and maintenance of solid waste vehicles
 - Increases for storm water lab testing, storm water pollution prevention planning monitoring, and scale maintenance contracts
 - Increase in contract services to raise hauling per day permits to transfer station and container utilization audit
 - Increase in department supplies for container replacements

Other Fund Highlights *(contd.)*

- Bus Lines Fund - \$0.4M (\$40K one-time)
 - Added (2) Management Analysts for Transportation Planning and Finance & Grants
 - Added (2) Administrative Interns to assist with Social Media and Transit Operations

- Sewer Enterprise Fund - \$3.9M in projects

Projects	Amount
Mesmer/Overland Sewer Pump Diversion	\$2,500,000
Bankfield Pump Station Sewer	1,000,000
Sewer Emergency Notification System Radio	300,000
Sewer Local & Emergency Repair	<u>100,000</u>
Total: Sewer Enterprise Projects	\$3,900,000

Other Fund Highlights *(contd.)*

- Equipment Replacement Fund
 - Fuel and radio systems
 - 27 Vehicles scheduled for replacement and upgrade
 - 40 Networking switches and attached storage devices
 - City Council Chamber staff seating
- Equipment Maintenance Fund
 - Added Fleet Services Technician Position (funded by Bus Lines)
 - Additional funding needed for fleet maintenance parts, materials, and equipment

Other Fund Highlights *(contd.)*

- Culver City Safe and Clean Water Protection Measure Fund
 - This fund is to account for all future activities associated with the mitigation and clean-up of urban water runoff. (Previously referred to as 'storm water'.)
 - In November 2016, voters approved special parcel tax – Measure CW
 - This Measure is estimated to generate \$2.06M in revenue
- Measure M Fund
 - First two years of funding dedicated to bike sharing project in partnership with Metro

Other Fund Highlights *(contd.)*

- Culver City Housing Authority Fund

- Department of Finance approval received to begin paying off Low and Moderate Income Housing Fund obligations of former RDA. \$3.5M approved for FY17-18.
- Continued funding for staff, RAP wind-down, one-time grants and \$2.1M towards affordable housing creation.

- Culver City Parking Authority Fund

- Significant one-time investments in parking structure and lot deferred maintenance (water-proofing, elevator enhancements, painting, signage, video monitoring, etc.)

Capital Improvement Projects

<u>CIP Projects by Funding Sources</u>	<u>Amount</u>
Sewer Enterprise (204)	\$3,900,000
Capital Improvements & Acquisition (420)	3,390,000
Safe & Clean Water Protection (434)	2,330,000
Parking Authority (475)	1,584,198
Facilities Planning Reserves (420)	1,102,000
Measure M (435)	960,000
Gas Tax (418)	733,067
Park Facilities (Develop In-lieu Fees) (419)	443,000
CDBG - Capital (428)	367,193
Recreation Facilities Reserves (420)	278,000
Measure R (431)	233,419
Capital Grants (423)	80,000
Other Funds	<u>360,000</u>
Total: Sources	\$15,760,877

Capital Improvement Projects

<u>CIP Projects by Funding Uses</u>	<u>Amount</u>
Sewer Improvement Projects	\$3,900,000
Facilities Improvements	2,383,000
Safe & Clean Water Protection Measure	2,330,000
Street & Alley Improvements	1,807,989
Parking Improvements	1,584,198
Traffic Signal & Lighting Improvements	1,042,193
Parks & Park Facilities Projects	671,000
Technology Improvements	440,000
Other Projects	<u>1,602,497</u>
Total: Uses	\$15,760,877

Capital Improvement Projects

Improvements & Acquisition Funded Projects (420)

<u>Projects</u>	<u>Amount</u>
City Hall - Centennial Garden	\$546,000
Traffic Signal Replace/Upgrade	450,000
Street Light Upgrades	450,000
Police Records Management System Replacement	400,000
Citywide Electronic Doc. Mgt. Sys.	365,000
Neighborhood Traffic Management Program	225,000
Annual Street Pavement Rehabilitation Project	178,503
City Traffic Sign Retroreflectivity	138,000
Safe Routes to School	129,497
Other Miscellaneous Projects	<u>508,000</u>
<i>Subtotal: General Fund Balance Reserves</i>	<i>\$3,390,000</i>

Capital Improvement Projects

Improvements & Acquisition Funded Projects (420) (*contd.*)

<u>Project</u>	<u>Amount</u>
Vet's Memorial Bldg. Refurbishment	\$600,000
Building Repairs	375,000
Radio Tower Repairs	75,000
Fire Station Renovations	<u>52,000</u>
<i>Subtotal: Facilities Planning Reserves</i>	<i>1,102,000</i>
Vet's Memorial Marquee Sign	225,000
Plunge Cantilever Canopy Shade Structures	43,000
Park Facilities Improvements	<u>10,000</u>
<i>Subtotal: Recreation Facilities Reserves</i>	<i><u>278,000</u></i>
<i>Total: Improvement & Acquisition</i>	<i>\$4,770,000</i>

General Fund

- The “General Fund” is where general taxes like property and sales taxes are placed and where expenditures for many broad operations (like Police, Fire, and Parks) are released
- The General Fund is often the fund most subject to economic fluctuation

General Fund On-going Changes

- No additional full-time positions recommended.

<u>Department</u>	<u>Description</u>	<u>Amount</u>
Police	Emergency Dispatch Transition to SBRCA	\$744,019
IT	Software/Hardware Support and Maintenance	179,293
City Manager	Communications Consultant	95,000
Public Works	Various On-Call Maintenance Contracts	90,000
Public Works	Increase in Tree Maintenance Contract	69,000
Public Works	Contract Coordinator (Bicycle and Ped. Plan)	60,000
Public Works	Walk and Roller Program	40,000
Miscellaneous	All other items	<u>445,593</u>
	<i>Total: General Fund On-going Changes</i>	<i>\$1,722,905</i>

General Fund One-time Changes

<u>Department</u>	<u>Description</u>	<u>Amount</u>
City Attorney	Zoning & Environmental issues including IOF Specific Plan Project, LAX Expansion & Overflights, upcoming Historic Preservation update, Marijuana CCMC Amendments	\$692,000
Community Development	On-call Building Inspection Services and Plan Checking	350,000
Public Works	Expo-Downtown Connector Environmental & Engineering	350,000
Community Development	Soft Story Study	200,000
Public Works	Consultant Inspector	200,000
Community Development	Mansionization Study Contract	180,225
Fire	One-time Funding for Fire Captain to oversee Communications until Supervisor position is filled.	177,135
City Attorney	Telecom Ordinance Update and Complex Enforcement Issues	150,000
Public Works	Bike/Pedestrian/Vision Zero Planning & Project Development	140,000
Police	Furniture and Furnishings	100,000
Community Development	Contract Permit Technicians - Building Safety and Public Works	96,000

General Fund One-time Changes

(contd.)

<u>Department</u>	<u>Description</u>	<u>Amount</u>
Community Development	Consultant for Cost Recovery Plan	\$75,000
Community Development	Contract Code Enforcement Officer	71,150
Police	Unmanned Aerial Vehicle Equipment/Certification	70,000
Community Development	Contract Planner on Oil Field Specific Plans	68,000
Admin. Services	Municipal Election Services	60,000
Admin. Services	Increase Hours for Contract Employee	53,170
Information Technology	Consulting Services - Security Audit and IT Strategic Plan/Smart Cities Initiative	50,000
Public Works	Consultant Plan Reviewer	50,000
Fire	Ford C-Max Vehicle - Electric	37,320
Miscellaneous	All other items	<u>1,072,001</u>
	Total: General Fund One-time Changes	\$4,242,001

General Fund Revenues (\$000s)

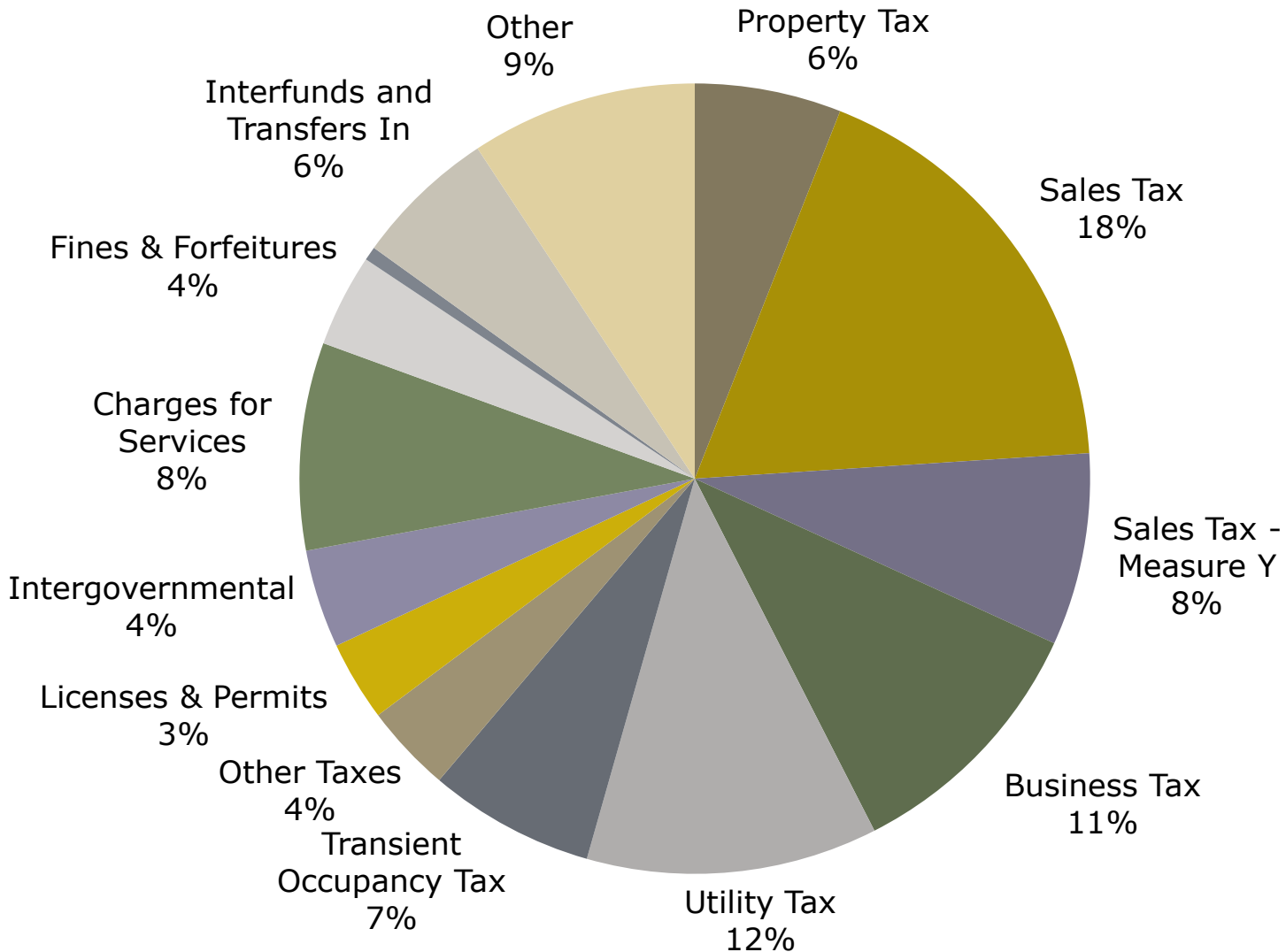
<i>(in thousands)</i>	Adopted 2016-17	Estimated 2016-17	Proposed 2017-18
Property Tax	\$6,099	\$7,114	\$7,201
Sales Tax	21,528	20,906	21,596
Sales Tax - Measure Y	9,304	9,256	9,447
Business Tax	12,213	12,473	12,800
Utility Tax	14,897	14,135	14,311
Transient Occupancy Tax	7,210	7,875	8,151
Other Taxes	3,925	4,510	4,324
Licenses & Permits	3,955	4,095	3,925
Intergovernmental	4,328	4,480	4,831
Charges for Services	8,343	9,974	10,199
Fines & Forfeitures	4,378	4,505	4,560
Use of Money & Property	834	793	679
Interfunds & Transfers In	6,747	6,796	6,983
Other	<u>311</u>	<u>370</u>	<u>323</u>
Total: Operating Revenue	104,072	107,282	109,330
One-Time Revenue	<u>0</u>	<u>0</u>	<u>10,800</u>
Total: Revenues	\$104,072	\$107,282	\$120,130

General Fund

Year-to-Year Revenue Changes

<u>Description</u>	Change from 16-17 Estimated (\$ Millions)
Increased Estimated Other Revenue – Land Sale Proceeds	\$10.8
Increased Estimated Sales Tax	0.7
Increased Estimated Business Tax	0.3
Increased Estimated Transient Occupancy Tax	0.3
Increased Estimated Charges for Services	0.2
Increased Estimated Sales Tax – Measure Y	0.2
Increased Estimated Utility Tax	0.2
Reduction Estimated Licenses & Permits	(0.2)
Miscellaneous Decreases and Increases	<u>0.3</u>
Total: Change	\$12.8

General Fund Revenue By Category



General Fund Expenditures (\$000s)

<i>(in thousands)</i>	Adopted 2016-17	Revised 2016-17	Estimated 2016-17	Proposed 2017-18
<u>Operating Expenditures</u>				
Personnel Costs	\$82,304	\$82,736	\$80,512	\$85,215
Operating O&M	15,197	18,047	16,342	18,317
Internal Service Fund Charges	(2,296)	(2,296)	0	(2,365)
Internal Service Fund Charges	<u>7,201</u>	<u>7,201</u>	<u>7,201</u>	<u>7,406</u>
Total: Operating Expenditures	102,406	105,688	104,055	108,573
<u>One-time Expenditures</u>				
One-time O&M	3,923	3,923	3,923	4,252
Transfer to CIP	4,700	4,701	4,700	4,770
Transfer to Safe & Clean Water	<u>847</u>	<u>847</u>	<u>847</u>	<u>0</u>
Total: One-time Expenditures	9,470	9,471	9,470	9,022
Total: Expenditures	\$111,876	\$115,159	\$113,525	\$117,595

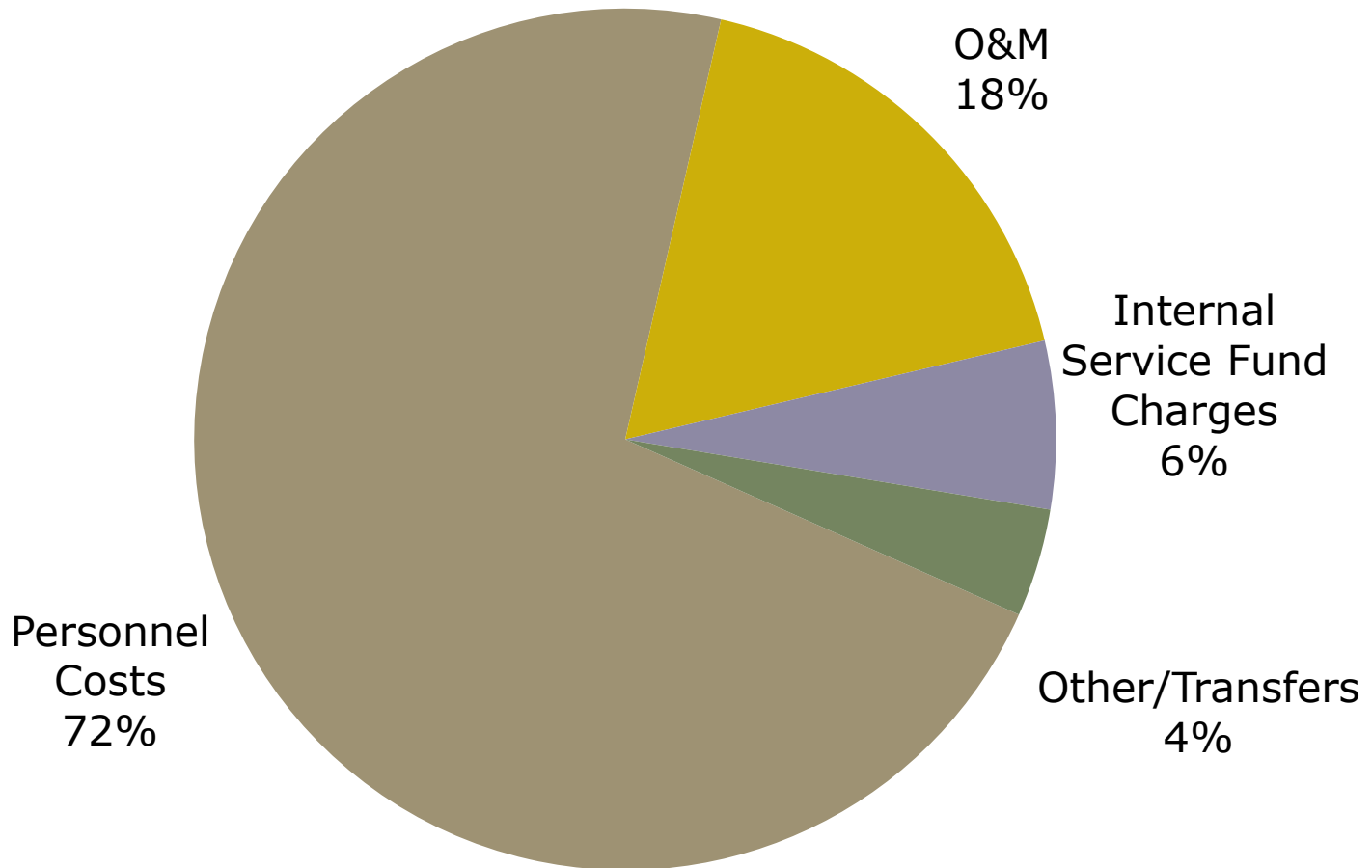
General Fund

Year-to-Year Expenditure Changes

<u>Description</u>	Change from 16-17 Adopted (\$ Millions)
Increased Pension Expenses	\$1.1
SIO/COLA and Step Increases (Offset by elimination of 12 positions in Police Dispatch)	1.1
Active and Retiree Health Premium Increases / OPEB	0.7
Contract with SBRCA for Dispatch Services	2.4
Other miscellaneous O&M adjustments	0.9
Decreased One-Time O&M and Infrastructure Investment	<u>(0.5)</u>
Total: Change	\$5.7

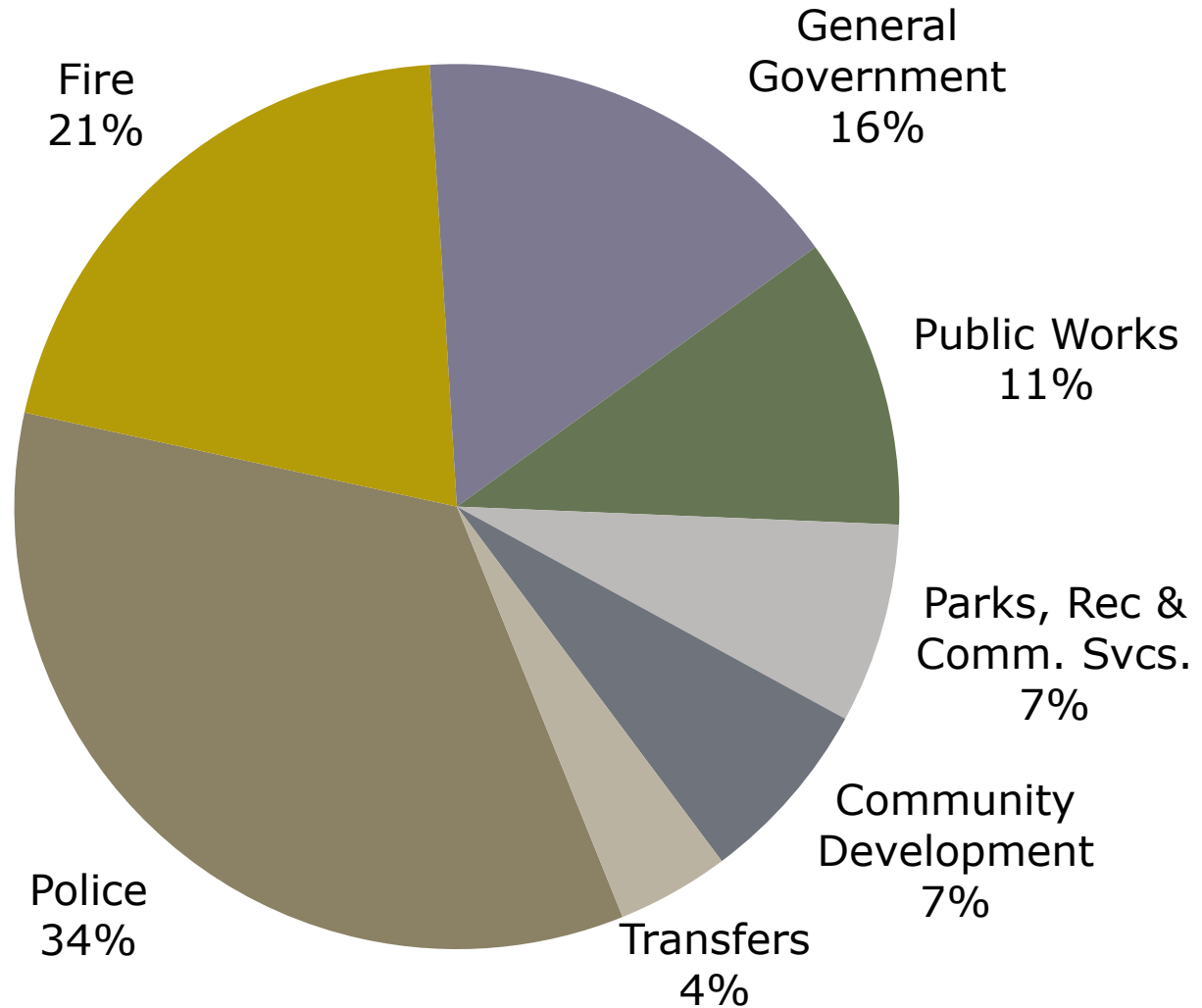
General Fund Expenditures

By Category



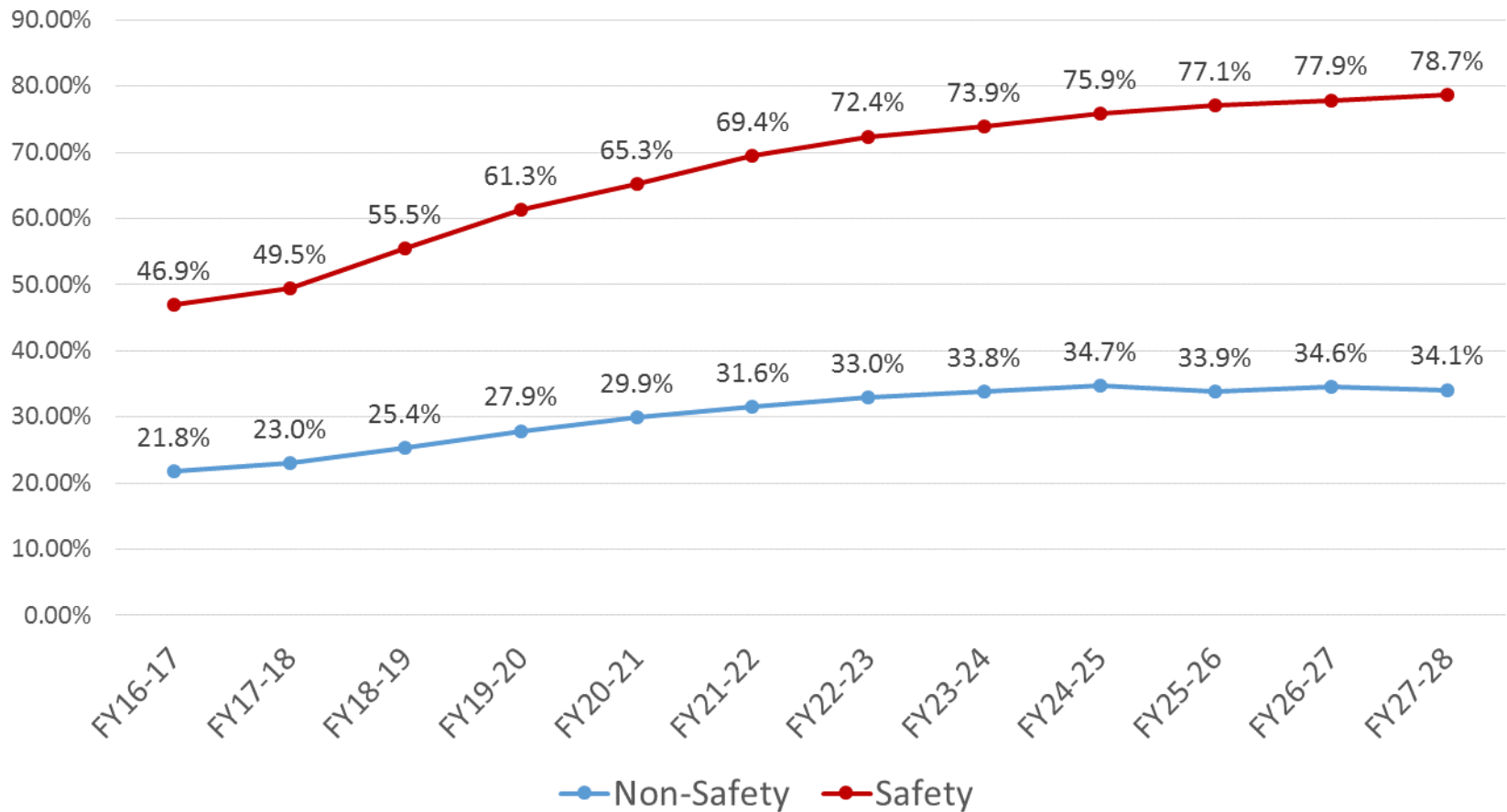
General Fund Expenditures

By Department

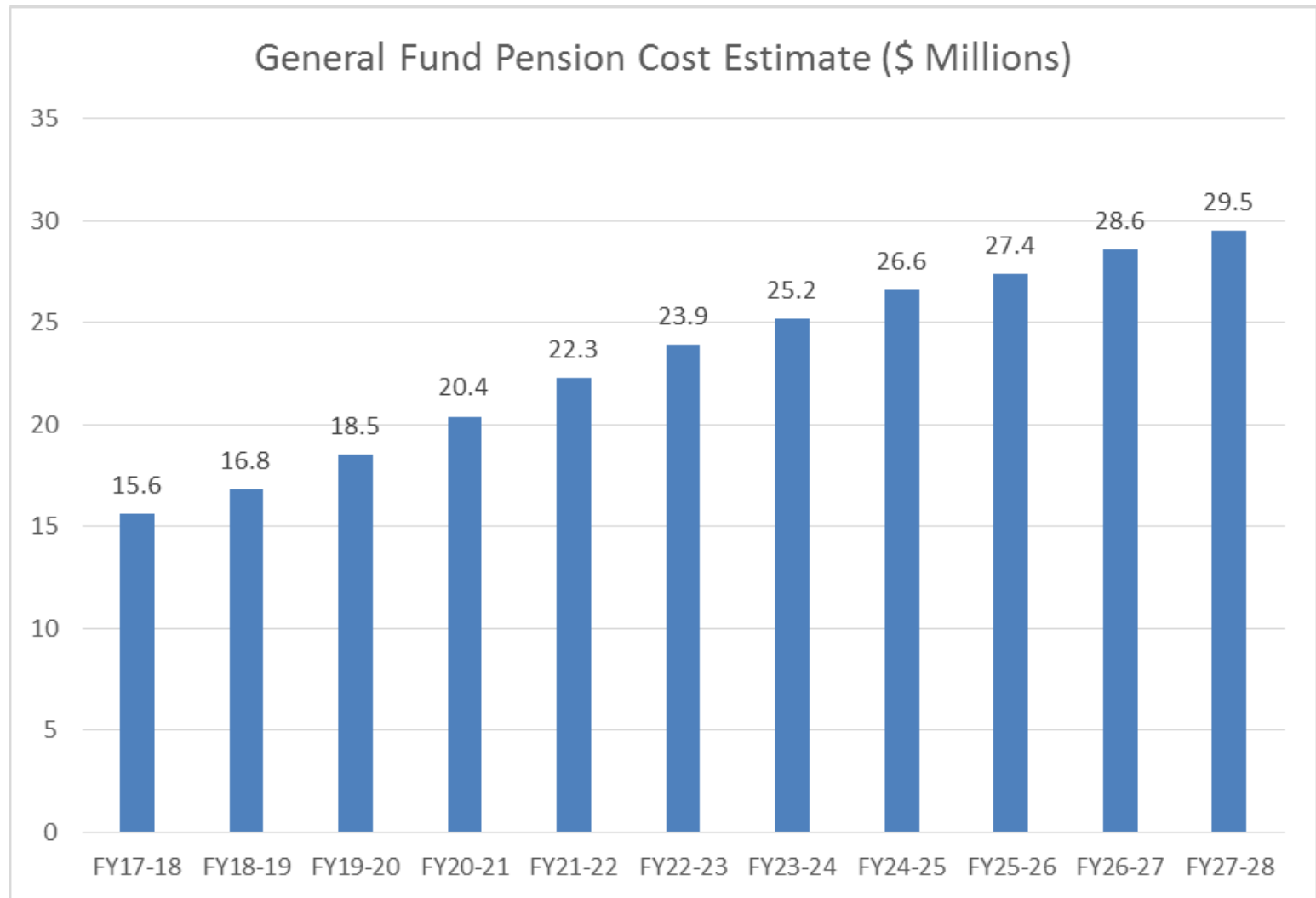


CalPERS Rates

Employer Pension Rates - Based on CalPERS Data



CalPERS Costs



General Fund

Financial Forecast

- No position increases
- Reflects CalPERS contribution rate increases based on the latest actuarial valuation obtained due to CalPERS discount rate reduction
- Reflects assumption of 3% decreasing to 2% of Safety Initiative Ordinance increases for Safety and 2% annual COLA adjustments for Non-Safety for FY 17-18 and thereafter
- **Assumes cost sharing for Non-Safety of 1% starting in FY 17-18 and increasing by 1% each year thereafter**
- **Assumes cost sharing for Safety of 5% by 2020 (based on current MOU), and increasing by 1% each year thereafter**
- **Assumes Measure Y sunset is removed by voters**
- Assumes 4% annual increase in City's share of health care for active employees
- Assumes 6% decreasing to 5% annual increase in retiree medical premiums
- Assumes annual CPI increases of 2% for most other costs
- Assumes \$2 million per year towards CIP and \$0.5 million towards one-time enhancements until FY 20-21, **after which \$0 is assumed each year thereafter**
- Assumes increased revenues from known developments and land sale
- **Does not assume a recessionary period**
- Assumes no further General Fund support to Safe and Clean Water Protection Measure

General Fund - Financial Forecast

General Fund Forecast [in millions]

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28
	Est	Recom	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
RESOURCES												
Beginning Balance *	61.8	55.4	57.9	55.8	52.4	48.3	43.7	41.1	38.0	34.6	31.2	27.5
OPERATING REVENUES												
Operating Revenue	97.8	99.9	102.0	104.2	106.8	109.9	113.2	115.6	118.0	120.6	123.2	125.9
Measure Y	9.3	9.4	9.6	9.9	10.2	10.6	10.9	11.3	11.6	11.9	12.3	12.6
Additional Operating Rev from Development	0.0	0.0	0.1	0.4	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	107.1	109.3	111.7	114.5	117.9	121.4	124.1	126.8	129.6	132.5	135.5	138.5
OPERATING EXPENDITURES												
Current Service Budget	(104.1)	(110.9)	(114.3)	(118.3)	(122.0)	(125.9)	(129.3)	(132.5)	(135.8)	(138.7)	(142.1)	(145.3)
2% Assumed Savings - Vacancies, O&M, etc.	0.0	2.3	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.9
TOTAL OPERATING EXPENDITURES	(104.1)	(108.6)	(112.0)	(115.9)	(119.6)	(123.4)	(126.8)	(129.9)	(133.1)	(135.9)	(139.2)	(142.4)
OPERATING SURPLUS / (DEFICIT)	3.0	0.7	(0.3)	(1.5)	(1.6)	(2.0)	(2.7)	(3.1)	(3.4)	(3.4)	(3.7)	(3.9)
ONE-TIME ITEMS AND INFRASTRUCTURE INVESTMENTS												
One-Time Revenue - Development	0.0	0.0	0.7	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One-Time Revenue - Sale of Properties	0.0	10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
One-time Enhancement Costs	(3.9)	(4.2)	(0.5)	(0.5)	(0.5)	(0.5)	0.0	0.0	0.0	0.0	0.0	0.0
Advance to Urban Runoff Mitigation Fund	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Infrastructure Funding	(4.7)	(4.8)	(2.0)	(2.0)	(2.0)	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
Net One-time Items and Infrastructure	(9.5)	1.8	(1.8)	(1.9)	(2.5)	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0
GROSS SURPLUS / (DEFICIT)	(6.4)	2.5	(2.1)	(3.4)	(4.1)	(4.5)	(2.7)	(3.1)	(3.4)	(3.4)	(3.7)	(3.9)
<i>30% Contingency Reserve Requirement</i>	<i>31.2</i>	<i>32.6</i>	<i>33.6</i>	<i>34.8</i>	<i>35.9</i>	<i>37.0</i>	<i>38.0</i>	<i>39.0</i>	<i>39.9</i>	<i>40.8</i>	<i>41.8</i>	<i>42.7</i>
<i>Facilities Planning Reserve (40% of any gross surplus)</i>	<i>5.3</i>	<i>5.6</i>	<i>4.8</i>	<i>4.1</i>	<i>3.3</i>	<i>2.6</i>	<i>1.8</i>	<i>1.1</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
<i>Recreation Facilities Reserve (10% of certain PRCS fees)</i>	<i>0.6</i>	<i>0.6</i>	<i>0.6</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
UNASSIGNED FUND BALANCE	18.3	19.2	16.8	13.0	8.5	3.6	0.7	(2.5)	(6.2)	(10.4)	(15.1)	(20.0)
ENDING TOTAL BALANCE	55.4	57.9	55.8	52.4	48.3	43.7	41.1	38.0	34.6	31.2	27.5	23.6

* NOTE: Excludes Non-Spendable Reserves (Land Held for Resale, Loans Receivable, etc.)

Upcoming Meetings

- **Monday, May 8, 2017, 7:00pm**
 - Proposed Budget - Public Comment Period
- **Tuesday May 30th and Monday June 5th, 4:00pm**
 - Department Presentations to City Council
- **Monday, June 26, 2017, 7:00pm**
 - Final Budget Public Hearing
 - Budget Adoption on Agenda
- **Budget Input Box is available for people to submit input at any time.**

