



Office of the City Manager

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May 15, 2012

Dear Mayor and Members of the City Council:

Greater well-being and longevity are the Vitality City project goals of which Redondo Beach is a major participant. The same can be said about managing the “Blue Zone” goals of our City’s financial affairs. The decisions made by the City Council in the Annual Budget have far-reaching effects on the well-being of the community and longevity of the City’s fiscal health. Presented for the Mayor & City Council’s consideration is the proposed FY 2012-13 Annual Budget optimizing our available resources and addressing more economic and intergovernmental challenges to our financial fitness.

The Mayor & City Council, coupled with the employees and community have handled in recent years some of the most difficult financial times we have seen in the past eight decades. Through that collaboration, we have demonstrated that we can “Do More with Less” and now “Do Less with Less” in response to economic circumstances outside our control. Today, the City’s finances have stabilized based on wise decisions of the Mayor & City Council, but at a significantly lower level than anyone of us could have predicted.

The City Manager’s recommended FY 2012-13 City Budget is balanced. The budget plan calls for maintaining the City’s 8.33% General Fund reserve of \$5,677,733 and continues the use of financial best practices to support our Standard & Poor’s bond rating of AA+. The City’s budget situation is better; therefore, we recommend that the Fiscal Emergency resolution adopted by Council last year be rescinded.

According to Will Rogers, “Even if you are on the right track, you’ll get run over if you just sit there”. There will be no “sitting there” under the leadership of the Mayor and City Council in FY 2012-13. Our positive drive in the coming year includes:

- **Great Services:** We will continue to train and equip our employees to deliver top-notch service to the community with high levels of customer service. Public safety will be our primary emphasis. However, this will be a year of transition as we hire new employees at nearly every level of the organization to replace those retiring.
- **Community Building:** We will be fully engaged in the second year of the Vitality City program, now Blue Zone Project, to improve community health and well-being. Our enhanced relationship with the School District will deliver dividends in support of public education. Additionally, the community soon will be able to celebrate a remodeled Seaside Lagoon and new Harbor Patrol facility just in time for the annual 4th of July Event in the Harbor.

- **Economic Development:** We will enter a new phase of our economic development program focusing on attracting new investment for the Harbor's revitalization, protecting the LA Air Force Base as a regional asset, encouraging local small business development, connecting with the globe through trade and tourism and supporting expansion of the South Bay Galleria.
- **Environmental Protection:** We will be highly involved in new initiatives to safeguard the community's environment land, air and water. The wastewater and stormwater systems are slated to be upgraded with new facilities and operational changes. The City is poised to be an "intervener" with the California Energy Commission as they decide the fate of AES Corporation's electrical power plant in the Harbor. Countywide traffic congestion fees and stormwater parcel taxes appear to be on the table for decisions in the next 12-14 months.

While our City Budget and finances have stabilized, we are again looking ahead to a series of new tests to our fiscal integrity in FY 2012-13 including:

- The State of California has announced that its budget deficit has swelled to \$16 billion. This could mean additional cuts of funding to cities, more mandated costs imposed on us and additional transfer of program responsibilities without associated resources. We have already seen the negative impact on local law enforcement due to the State's actions concerning early release of prisoners.
- The economy will continue to be sluggish as California inches its way out of the bottom of our most difficult economic times since the Great Depression. Our financial health is tied to the economy. We will not see major improvements in our finances until we see a significant drop in unemployment and higher levels of private sector economic activity. Unfortunately, the State eliminated our economic tools to assist in this regard when they eliminated redevelopment agencies throughout California.
- The Federal government has embarked on a new round of funding cuts to cities, imposition of mandated costs and budget reductions to locally-based important space and defense programs. The cuts to Community Development Block Grant and Housing Authority funding have begun with potential Transit/Transportation funding reductions looming in the future. The costs of unfunded national mandates for health care, stormwater and wastewater are illustrative of how the Federal government avoids its fiscal responsibility for their priorities and places them on local governments. The Southern California economy could potentially be rocked in the near future if the Federal government ends funding for weather satellites, space exploration-national defense aerospace research as well as a possible shuttering of the LA Air Force Base.
- City employees worked collaboratively with the City to shrink compensation by 6%. However, the total cost for City employees will increase as we are buffeted by fast-rising health plan costs, workers compensation pay-outs and uncontrolled PERS

retirement costs. Employees are not seeing improvements in their paycheck despite the fact payroll costs per employee are increasing. A drawdown on the CalPERS Reserve Fund in the amount of \$393,489 will be required.

The chart below illustrates the problem.

	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Misc Employer	\$ 2,116,760	\$ 2,524,905	\$ 2,604,885	\$ 2,940,941	\$ 2,994,739
Misc Employee	1,255,280	1,255,280	1,255,280	1,255,280	1,255,280
Safety Employer	5,117,959	6,005,502	6,319,185	6,789,944	6,868,169
Safety Employee	1,408,053	1,408,053	1,408,053	1,408,053	1,408,053
Total	\$ 9,898,052	\$11,193,740	\$11,537,403	\$12,394,218	\$12,526,241

Outlook for 2012- 13 Fiscal Year

The City's Budget is built around key assumptions for the coming fiscal year. Our budget assumptions for creating this fiscal plan were as follows:

❖ *Projected Revenues*

- Property taxes will be modestly increasing as improvements in the housing market are seen. To comply with Proposition 13, the FY 2012-13 includes a positive CPI adjustment unlike last year in which it was in fact negative.
- Sales taxes will be increasing from the midyear budget for FY 2011-12 with new businesses replacing closures and increasing consumer spending.
- Utility users' taxes remain flat due to an increase in energy costs offset by conservation.
- Transient occupancy (hotel room) taxes will remain relatively flat when compared to the midyear budget for FY 2011-12 as a result of rising energy costs, continuing high (though decreasing) unemployment, the Euro's drop in value against the dollar, and Japan's recovery from earthquake damage.

- Fees and charges are modestly increasing due to slightly improved construction-related activity.
- State actions to take away additional local City revenues are likely if Governor Brown's proposed tax hikes fail at the polls. It is unknown at this time what precise new attacks may have to be endured.
- The dismal California unemployment rate hovering between 10% and 11% will continue to heavily weigh down consumer spending on goods, housing and travel translating to reduced levels of tax revenue.

❖ *Projected Expenditures*

- Personnel expenses remain relatively flat with no changes to the FY 2011-12 Memorandums of Understanding.
- Maintenance and operation expenses are increased only with a Decision Package recommended by the City Manager for a specific expenditure purpose.
- Internal service fund allocations remain flat until the regularly scheduled midyear budget adjustment.

❖ *Projected Reserves, Designations and Fund Balances*

- The Harbor Uplands Fund balance is declining and actions are continuing to be taken to correct this situation consistent with the City Council's approved Harbor Enterprise Business Plan. The budget of Harbor Uplands Fund will balance with use of beginning fund balance for capital projects and implementation of Decision Packages for operations.
- The Street Landscaping and Lighting District continues to drain General Fund resources because Council adjustments to charge rates have been constrained by the courts and voter/taxpayer resistance.

Overview of Developing the Proposed Budget

The City Manager is responsible for delivering a proposed budget to the City Council by May 16 of each year. This is done in accordance with the City Charter and the City Council's Statements of Financial Principles. The City Manager is directly responsible to the City Council under the City Charter to 1) prepare and submit the annual budget to the City Council, 2) advise the City Council on the City's financial condition and future needs, 3) be responsible for the budget's administration after adoption, and 4) prepare and submit a complete report on year-end financial and administrative activities. The City's fiscal year runs from July 1 to June 30.

Every year the budget development process begins with an assessment of our revenue base, followed by an evaluation of potential changes in that revenue base. Next, the proposed expenditure plan for services and capital projects is prepared by the City's Department Heads under the direction of the City Manager. The Budget & Finance and Public Works Commissions also provide their advice and expertise in assisting the City Manager in the development of the operating budget and CIP. The City's expenditures

are categorized into five areas: Personnel, Maintenance and Operations, Internal Service Fund Allocations, Capital Outlay, and Capital Improvements.

The departments were directed to prepare their budgets starting at the expenditure and service levels adopted by the City Council for FY 2011-12. Adjustments were then made to departmental expenditure budgets in the Personnel category that reflect changes due to labor agreements and employee movements within authorized compensation schedules. Expenditures in the departmental Internal Service Fund expenditure category were kept at the FY 2011-12 midyear level to be adjusted again at the FY 2012-13 midyear budget review. The combination of all of the above changes set the anticipated departmental “base” budget for FY 2012-13.

Those departments seeking changes to their base budgets or service levels were required to submit a supplemental request (known as a “Decision Package”) to the City Manager for each change.

The highest priority Decision Packages are recommended for approval by the City Council as reductions and supplements to the departments’ FY 2012-13 base budgets. We have many more departmental needs than we have funding available. The City is primarily a service organization with nearly 77% of our costs associated with the personnel that provide these services reside in the General Fund.

The following criteria were used in the evaluation and ranking of Decision Packages. However, higher priority was given to providing resources to the police, fire, paramedic and public works functions.

1. Would the Decision Package reduce ongoing General Fund departmental expenditures to align with available City funding resources?
2. Would the Decision Package sustain or improve revenues to the City?
3. Would the Decision Package be needed to comply with mandates or fund unavoidable costs for current basic services?
4. Would the Decision Package be needed to protect the health and safety of the public, employees or environment?
5. Would the Decision Package support achievement of goals and objectives in the Strategic Plan?
6. Would the Decision Package improve organizational efficiency, economy or effectiveness?
7. Would the Decision Package fill gaps in current services or meet new service needs?

Budget deliberations are about policy priorities, allocating limited resources and making difficult choices. Using the criteria described above and guided by our corporate value of “Fiscal Responsibility”, a total of 53 Decision Packages are recommended.

Not included as a Decision Package are unfunded positions, listed below, as these positions have already been removed from the budgeted numbers to move the City closer to a balanced budget.

Office Specialist III – City Clerk
Senior Auditor – City Treasurer
Litigation Paralegal – City Attorney
Senior Administrative Specialist – Planning
Maintenance Worker I (5) – Public Works

The total amount of proposed expenditure reductions for all Decision Packages is \$913,848, with \$345,495 recommended for the General Fund. The total amount of revenue enhancement recommended is \$1.4 million. The total amount of proposed appropriations for all Decision Packages is \$5.1 million with \$352,284 recommended for the General Fund. Decision Packages recommended by the City Manager are listed immediately following this message.

The Annual Budget in Brief

The annual budget is a means to communicate about the municipal services we provide, the quality of those services and the value of those services. The departments have prepared performance measures that describe their core annual service activities. Identified also are the key departmental projects and assignments that we expect to see completed during the fiscal year. In each department budget is an estimate of where staff hours are applied in accomplishing the work.

The City Council is scheduled to review the proposed Annual City Budget on May 29. The second review and adoption of the budget and CIP are slated for June 5 and 19, respectively. A more focused review of the CIP budget is set for a workshop on June 12. Approximately 40 to 50 Budget Response Reports are expected to be prepared by staff during the City Council’s budget deliberations. These Budget Response Reports answer important financial, budgetary, and policy questions raised by the City Council.

The total revenue from all sources (excluding internal charges) is estimated to be \$96.3 million in FY 2012-13. The total expenditures proposed for all funds are \$100.2 million. The difference of \$3.9 million will be funded from the estimated beginning fund balances, a drawdown the PERS set-aside, transfers from the Capital Improvement Fund and other Decision Packages.

The FY 2012-13 CIP plan proposes \$9.9 million in projects to be paid for with \$9.9 million from 12 funding sources.

General Fund Revenue

The projected revenue from outside sources for FY 2012-13 is \$62,210,114. This represents an increase of \$777,748, or 1.3%, when compared to the midyear budget for FY 2011-12. Taxes, licenses and permits, and charges for services are contributing to the increase, while fine and forfeitures, use of money and property (primarily investment earnings) and intergovernmental revenues are decreasing.

General Fund Expenditures

The projected General Fund expenditures for FY 2012-13 are \$51,990,767 excluding internal service fund allocations. This represents a decrease of \$1.6 million, or 2.9%, when compared to the midyear budget for FY 2011-12. The primary reason for the decrease can be attributed to the inclusion of the carryover appropriations in the FY 2011-12 midyear budget. Described below are the major assumptions used in projecting our "base" budget.

Personnel costs will increase by 0.8% to \$45,130,349.

432 positions are authorized and funded compared to 496 five years ago.

Maintenance and operations and capital outlay costs are not permitted to increase from midyear amounts unless a Decision Package is recommended by the City Manager for a specific purpose.

Internal service fund allocations were adjusted with the FY 2011-12 midyear budget review and will not be adjusted again until the FY 2012-13 midyear budget review.

Capital improvement costs are scheduled in the CIP.

The difference between the General Fund revenue and expenditures before transfers in/out and Decision Packages is \$299,680. If all Decision Packages were adopted, transfers in and out were included, revenues would exceed expenditures by \$98,583.

General Fund Reserve, Designations and Fund Balance

In accordance with the City Council's adopted Statements of Financial Principles, the General Fund will maintain a minimum reserve (undesignated fund balance) equivalent to 8.33% of the General Fund's projected operating budget. For FY 2012-13, the total amount of this reserve is \$5,677,733. The reserve earns interest, smoothes cash flow and is ready for unanticipated expenditures or emergencies. Year-end fund balance designation money may be needed to meet the actuarial calculated reserve levels for the Self-Insurance Program Fund.

Harbor Enterprise Fund

The Harbor Tidelands Fund and the Harbor Uplands Fund continue to move toward a continuation of two key goals: 1) vitalizing the waterfront; and 2) ensuring the financial health of the Harbor Enterprise. The City is continuing the Business Plan implementation and the financials should reflect their positive impact over the next several years.

The projected Harbor Enterprise revenue for FY 2012-13 is \$9,047,300. This represents an increase of \$299,980, or 3.2%, over the midyear budget for FY 2011-12.

The projected Harbor Enterprise expenditures for FY 2012-13 are \$10,510,530. This represents a decrease of \$8,977,244, or 46.1%, from the midyear budget for FY 2011-12. The primary reason for the decrease can be attributed to the fluctuation from year to year in capital improvements funded by the Harbor Enterprise.

The difference between revenues and expenditures of \$1,463,230 will be funded from the estimated beginning fund balance and proposed decision packages.

Successor Agency to the Redevelopment Agency

The Redevelopment Agency was dissolved as of February 1, 2012 and succeeded by the Successor Agency to the Redevelopment Agency (SARA). SARA exists basically to pay administrative expenses and debt previously incurred by the Redevelopment Agency. Revenues and expenditures for SARA are both anticipated to be \$1,366,600 for FY2012-13. In compliance with State policies and procedures, administrative expenses are limited to \$250,000 and the remainder of the revenue of \$1,116,600 will be distributed by the State from the Property Tax Trust Fund to pay debt.

Budget and Financial Transparency

We openly communicate the fiscal condition of our various municipal "business units" within the budget by using mini-financial statements. In this way, the City Council can make informed policy choices, staff can make informed management decisions, and the public can have an informed understanding of City activities. This budget includes mini-financial statements for the following activities:

Harbor Tidelands	Community Development Block Grant
Harbor Uplands	Housing Authority
Solid Waste	Seaside Lagoon
Wastewater	Redondo Beach Performing Arts Center
Transit	Breakwater Day Camp
Vehicle Replacement	Harbor Parking Structures
Street Landscaping and Lighting	Farmers' Market
Successor Agency to the Redevelopment Agency	Community Financing Authority

Conclusion

The Annual Budget is the single most important matter that comes before the community's elected officials. In the role of policy decision makers, Mayor and City's Council have acted decisively in the making of wise financial decisions that have allowed the City of Redondo Beach to have a balanced budget. My thanks and appreciation are extended for that leadership.

I wish to also acknowledge the dedicated efforts of the Department Head team in preparing the recommendations found in the Annual Budget. They take seriously our corporate value of "Fiscal Responsibility" in their work. Respect and gratitude are due to the Financial Services Department staff including Diana Moreno, Marni Ruhland, Jeff Payne and Doug Kaku. In addition I would like to say thank you to Pete Grant, Ernie O'Dell, Eleanor Manzano and Frank Rowlen for their contributions to the Budget's development.

Sincerely,

A handwritten signature in black ink, appearing to read "William P. Johnson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

City Manager Recommended Decision Packages for City Council Approval

Decision Packages that would reduce departmental expenditures to align with available City funding sources:

Decision Package #1. Flexible Hiring Freeze and Part-Time Hiring Practice. The continuation of the City Manager's flexible hiring freeze is needed as a tool to create additional savings as a buffer to further economic and financial uncertainty. Where practical, the use of part-time employees for staffing needs and PERS cost avoidance with continue. Recommended is approval to continue the City Manager's flexible hiring freeze.

Decision Package #2. Reduction in City Treasurer Operating Expenses. The proposed reduction of City Treasurer expenses is related to not issuing a Tax Revenue Anticipation Note (TRAN) and lessening other miscellaneous operating expenses. Recommended is approval of reduction in appropriation to the General Fund of \$61,350.

Decision Package #3. IT Department Reorganization: Deauthorization of Printing and Graphics Supervisor Position. Print shop operations were transferred to the Information Technology Department by the Council at the Mid-Year Budget Update. Proposed is to de-authorize the vacant Printing and Graphics Supervisor position (\$96,912). Two part-time positions (\$48,000) would be hired to complete necessary printing work. Recommended is approval of reduction in appropriation to the Information Technology Fund of \$48,912.

Decision Package #4. Pier Police Investigations Assignment. Law enforcement issues at the Pier requiring police investigators has declined over the past three years. The assignment of only one police investigator instead of two is needed for the Pier area. Recommended is a reduction in appropriation to the Uplands Fund of \$30,000.

Decision Package #5. Departmental Reorganization – Deauthorization of Senior Librarian Position and Authorization of Library Clerical Supervisor Position. As part of the City's Succession Plan and to improve customer service, it is proposed to deauthorize the current vacant Senior Librarian position (\$115,344) and authorize the Library Clerical Supervisor position (\$94,712). Recommended is an on-going reduction to the General Fund of \$20,632.

Decision Package #6. Elimination of Redondo Beach Swim Program. The Recreation & Community Services Department's swim programs no longer have access to pool facilities. The City's swim programs are being eliminated. Recommended is the reduction of General Fund revenues (\$24,000) and appropriations (\$18,462).

City Manager Recommended Decision Packages for City Council Approval

Decision Package #7. Departmental Reorganization – Deauthorization of One Community Program Coordinator Position. The City Council approved a reorganization of the Recreation & Community Services Department. As part of the reorganization plan, proposed is deauthorization of a vacant Community Program Coordinator position (\$80,092) and retention of funding for a part-time Community Program Coordinator (\$18,000). Through this reorganization, production of the quarterly City newsletter will become a contract service as opposed to being performed by in-house City staff resulting in an annual expenditure of \$20,000 in RT&CS contracts and professional services. Recommended is a \$30,078 reduction in the appropriation to the General Fund and \$12,014 to the Harbor Tidelands Fund.

Decision Packages that would sustain or improve revenues to the City:

Decision Package #8. Redondo Beach Performing Arts Center Bookings. Additional booking for use of the Redondo Beach Performing Arts Center are scheduled in the coming year along with associated revenues. Recommended is the increase of revenues (\$40,443) to the General Fund.

Decision Package #9. Reduction of Parking Structure Operational Expenses. Installation of the new pay-by-space parking system for Pier and Plaza parking structures has eliminated the need for a contract parking structure operator and their associated costs. Recommended is an on-going expense reduction of \$87,103 to the Harbor Tidelands Fund and \$280,480 to the Harbor Uplands Fund.

Decision Packages that would be needed to comply with county-state-federal mandates or fund unavoidable costs to maintain current basic services:

Decision Package #10. March, 2013 Election. Redondo Beach will conduct a General Municipal election in 2013 to elect a Mayor, three members of the City Council, three members of the Redondo Beach Unified School District and a City Attorney. The City is required to pay for the full costs of the election. Recommended is a one-time General Fund appropriation of \$281,175 funded by a transfer from the Capital Improvement Fund.

Decision Package #11. Transfer from CalPERS Reserve Fund. Mandated CalPERS contributions by the City for employee retirement programs are increasing for FY 12-13. \$3 million was reserved to partially defray the expected CalPERS increases over the next several years. Recommended is a transfer of \$393,489 from the CalPERS Reserve Fund to the General Fund to pay for the FY 12-13 increment.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #12. Increase in Costs for Police Department Maintenance Contracts. Appropriations are needed for increases in maintenance contracts for existing programs in the Police Department as follows: Hitech Patrol, Records, and Communications (\$7,200); Advanced Electronics for Property & Evidence (\$4,000); The Omega Group for Crime Analysis (\$4,000); MdE for Personnel & Training (\$2,200); and Telestaff for Administration (\$11,000). Recommended is a \$23,900 appropriation to the General Fund and a \$4,500 appropriation to the Communications Operations Fund.

Decision Package #13. Police Department Clearance Letter Fee. Requests are made for notarized letters stating that there has been a search of all names of a person and that no criminal record and/or that no criminal record is on file. The Police Department charges \$41 for this service. The Clearance Letter fee without notary is \$33, and the State recommends an additional \$10 fee per notary signature. Proposed is an increase to \$43. The estimated annual revenue to the General Fund is \$1,700. Recommended is direction to hold a public hearing on June 19, 2012 for consideration of a proposed fee increase of \$10 to \$43 for a Notarized Clearance Letter.

Decision Package #14. Police Department Annual Parking Meter Permit. The City's annual Parking Meter Permit program provides customer convenience and cost savings to participants using designated parking lots. The existing permit is \$80 which remains the lowest in the survey of adjacent beach communities and was last increased in 2010. Proposed is an increase to the annual Parking Meter Permit fee to \$95 to generate approximately \$24,000 of General Fund revenue. Recommended is direction to hold a public hearing on June 19, 2012 for consideration of a proposed increase in the Annual Parking Meter Permit.

Decision Package #15. 1922 Artesia Boulevard Lease Payment. The lease payment for the Recreation & Community Services Department facility at 1922 Artesia Boulevard rent will increase in January 2013. An appropriation is needed to meet the cost for the lease adjustment. Recommended is an on-going General Fund appropriation of \$8,800.

Decision Package #16. L.A. County Beaches/Harbor Use Fee. The County of Los Angeles has applied a 10% of gross receipts policy for use of the beach by City recreation programs. Recreation & Community Services Department gross receipts of \$120,000 are expected from City based beach programs during the fiscal year. Funding is required to pay the County's fee. Recommended is an appropriation of \$12,000 to the General Fund.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #17. Departmental Reorganization: Deauthorization of One Housing Authority Administrative Specialist Position. The City Council approved a reorganization of the Housing Authority. As part of the reorganization plan, proposed is to the deauthorization of a vacant Housing Authority Administrative Specialist position (\$73,294) and retention of funding for a part-time Administrative Specialist (\$20,450). Recommended is a \$52,844 reduction in the appropriation to the Housing Fund.

Decision Package #18. Recreation and Community Services Department Facilities Fees. Based on increased maintenance due to high usage of the Aviation Track and Field, Wilderness Park, and Seaside Lagoon facilities, proposed is a modification to the existing fees charged for private events and group reservations. The fee modifications are an incremental step toward recovering the City's operational costs of these high demand facilities. The fiscal impact is an estimated \$14,170 annual increase to General Fund revenue and an additional \$13,175 to the Tidelands Fund. Recommended is direction to hold a public hearing on June 19, 2012 for consideration of the proposed fee increase for Recreational and Community Service Facilities Fees.

Decision Package #19. Recreation and Community Services Department Senior Center Rental Fees. A new hourly use fee is proposed for rental of Anderson and Perry Park Senior Centers for private events when not used for scheduled senior activities. Upon implementation, additional General Fund revenue of \$7,200 would be generated in FY 2012-13. Recommended is direction to hold a public hearing on June 19, 2012 for consideration of the proposed increase for Recreation and Community Services Senior Center Rental fees.

Decision Package #20. Transit CNG Cost Increase. Fuel costs are rising for operating BCT vehicles. An appropriation is needed to pay for increased CNG cost related to transit services. Recommended is an on-going appropriation of \$65,000 to the Transit Fund.

Decision Package #21. Transportation Concepts Rate Increase. An appropriation is needed for Council's previously approved contractual rate adjustments with the BCT transportation provider, Transportation Concepts, to operate Lines 102, 104, and 109. Recommended is an on-going appropriation to the Transit Fund of \$89,000.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #22. Refuse Collection and Recycling Program. Needed is an appropriation to the Solid Waste Fund to align revenues and expenditures. This would bring the solid waste handling services agreement into conformance with the May 2012 Council approved refuse rate increases. Recommended is an on-going revenue increase to the Solid Waste Fund of \$40,375 and an on-going appropriation to the Solid Waste Fund of \$33,446.

Decision Packages that would be needed to protect the health and safety of the public, employees or environment:

Decision Package #23. Replacement of the 9-1-1 System. The City's 9-1-1 Communication system is core to the City's public safety function. An appropriation for replacement and enhancement of the 9-1-1 system is needed for the Communications Center, Fire Station 2 (alternate Communications Center) and added mobile capability. The total cost of \$465,542 is anticipated to be funded by the State (\$336,000) and City appropriation. Recommended is an appropriation to the Narcotic Asset Forfeiture Fund of \$129,542.

Decision Package #24. Firefighter Protective Clothing & Safety Equipment. An appropriation is needed to cover one-time costs related to firefighter safety clothing and equipment for six new firefighters. Recommended is a one-time \$21,000 appropriation to the Self-Insurance Program Fund.

Decision Package #25. Wastewater Maintenance Contracts. Protecting public health and the environment are key goals of the City. Preventative maintenance will enhance the integrity of the sewer system and reduce back ups and system failures. Funding is needed for preventative maintenance contracts that target extensive line clearing and inspections, video integrity inspection, root control, insect/rodent control, force main maintenance and siphon inspections. Recommended is an on-going appropriation to the Wastewater Fund of \$597,000.

Decision packages that would support achievement of goals and objectives in the Strategic Plan:

Decision Package #26. Intervener Participation in CEC Review of AES Power Plant Application. The City Council approved an Intervener level of participation in the California Energy Commission's review of the AES Corporation's application for a new power plant application. Funding is required for retention of experts to advise the City and provide pertinent data to the Commission on behalf of the City. Recommended is a one-time \$175,000 appropriation to the General Fund funded by a transfer from the Capital Improvement Fund.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #27. Exchange of Franklin Property. A planned property lease exchange between the City and Redondo Beach Unified School District will end the City's use of the Franklin Community Center along with associated program revenues and expenditures. Recommended is the reduction of General Fund revenues (\$126,000) and appropriations (\$2,690).

Decision Package #28. Chamber of Commerce and Visitors' Bureau TOT Allocation. With the projected increase in the City's TOT revenue from the FY 11-12 Adopted Budget to the FY 11-12 Midyear Budget of \$330,000 and a projected increase from the FY 11-12 Midyear Budget to the FY 12-13 Proposed Budget of \$20,000, the contracted allocation to the Visitors' Bureau increases by 10% of the total \$350,000 to enhance marketing activities related to the City. Recommended is a one-time increased appropriation of \$35,000 to the General Fund.

Decision Package #29. Street Landscaping and Lighting District. In FY 2007-08, the City Council approved an on-going \$873,500 General Fund subsidy to the Street Landscaping and Lighting District. An additional appropriation is required in FY 2012-13 to cover higher costs for the Street Landscaping and Lighting District to prevent a reduction of service. Recommended is a one-time \$103,719 transfer from the General Fund to the Street Landscaping and Lighting District Fund.

Decision Packages that would improve the organizational efficiency, economy or effectiveness:

Decision Package #30. City Audit Services. Rogers, Anderson, Malody & Scott, LLP was selected by Council to perform not only the standard audit services for the City, but also issue separate financial statements for the Enterprise and Internal Service Funds. The new contract exceeds the funding allocated in the budget for auditing. Recommended is approval of \$17,350 of contract funding from the City Council's core professional services and training budget account.

Decision Package #31. Information Technology – Phone System Replacement. Appropriation is necessary for replacement of the current telephone system which has reached end-of-life or can no longer meet the needs and service levels required of the City. Recommended is a one-time \$460,971 appropriation to the Information Technology Equipment Replacement Fund.

Decision Package #32. Information Technology – Replacement Equipment. Appropriation is necessary for upgrade and/or replacement of equipment that has reached end-of-life or can no longer meet increasing software demands and provide the service levels needed by City staff to serve the community. Recommended is a one-time appropriation of \$89,327 to the Information Technology Equipment Replacement Fund.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #33. Police Department SafetyNet EZ Reports. An appropriation is needed to purchase SafetyNet EZ reports, a database mining and reporting tool. The program extracts data for Public Safety work plans, performance objectives and public records requests. Recommended is a one-time \$15,000 appropriation and an on-going appropriation of \$3,000 to the Emergency Communications Fund.

Decision Package #34. Reclassification of Municipal Enforcement Supervisor. The supervisory and management tasks of the Municipal Enforcement Supervisor (MES) have increased with more stringent policies and procedures and an increased level of accountability. The MES is tasked with improving revenue collection, auditing revenues, and increasing citation issuance. The MES currently supervises 15 people with the possibility of an additional 4 part-time staff and has assumed many responsibilities of the former Municipal Services Manager. The Police Department will present a revised job description to the City Council at a future date to reflect added job responsibilities. Recommended is a reclassification of the Municipal Enforcement Supervisor to the new monthly salary range of \$5,010 to \$6,471 and an appropriation to the General Fund of \$9,944.

Decision Package #35. Fire Department Policy Manual Legal Review and Update. To ensure consistency with Federal and California State laws, an appropriation is needed for the professional review and legal updating of Fire Department policy and procedure manuals. Recommended is an on-going appropriation of \$3,500 to the General Fund.

Decision Package #36. Transit Vehicle Replacement. Three fixed-route BCT vehicles are scheduled for replacement. Funding is needed to purchase the replacement vehicles. Recommended is a one-time appropriation of \$1,277,611 restricted grants in the Transit Fund and \$27,389 in proceeds from the sale of vehicle capital assets.

Decision Package #37. Reorganization of the Engineering & Building Services, Public Works and Planning Departments - Proposed is a reorganization of three City Departments to reduce expenditures and align available resources with projected workloads and strategic objectives. Recommended is the transfer of the Building Services Division, including plan checking, permitting, and construction regulation and inspection to the Planning Department and the transfer of the Engineering Services Division, including capital project management, infrastructure construction and right-of-way oversight, to the Public Works Department. The current Building Services & Engineering Department would be deauthorized. The reorganization described in Decision Packages #37 through #42 will reduce one-time General Fund appropriations by \$11,068 in FY 12-13 and FY 13-14 appropriations by \$22,137.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #38. Departmental Reorganization: De-authorization of the City Engineer/Chief Building Official Position. Proposed is the deauthorization of the City Engineer/Chief Building Official's position (\$237,978) upon his retirement in 2012. The position's duties are proposed to be divided between the reclassified Public Works Director, newly classified Community Development Director position (former Planning Director), the newly created City Engineer position and the newly created Chief Building Official position. Recommended is a one-time reduction to the General Fund of \$118,989.

Decision Package #39. Departmental Reorganization: Authorization for a City Engineer Position - Proposed is authorization of a new City Engineer position (\$196,965) effective January 1, 2013 that would report to the Public Works Director and manage the staff and operations of the Engineering Services Division within the Public Works Department. The position would require Council approval of a new job classification that contains the technical skills for essential civil engineering expertise and offers a salary benchmarked to engineer division heads in comparable cities. Recommended is an on-going appropriation of \$98,483 to the General Fund.

Decision Package #40. Departmental Reorganization: Authorization for a Chief Building Official Position – The California Building Code requires cities to maintain a certified Chief Building Official (CBO). Proposed is authorization of a Chief Building Official position that would report to the Community Development Director. The Chief Building Official (CBO) position would require Council approval of a new job classification that contains current professional skill and Building Code pre-requisites. Recommended is an ongoing appropriation of \$9,438 to the General Fund.

Decision Package #41. Departmental Reorganization: Authorization for a Revised Public Works Director Position. The merged operations of the Engineering Division and the Public Works Department necessitate a revised Public Works Director position classification. The Public Works Director would be responsible for management and oversight of the Engineering Division and the eight existing Divisions of the Public Works Department. Recommended is authorization to create a proposed Public Works Director revised position classification and proposed associated Municipal Code changes for Council consideration.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #42. Departmental Reorganization: Authorization for a Community Development Director Position. The merged operations of the Building Services Division with the Planning Department necessitate a changing the Planning Director position classification to a Community Development Director position classification. The Community Development Director would be responsible for management and oversight of the Building and Planning Divisions of a new Community Development Department. Recommended is authorization to create a proposed new Community Development Director position classification; change the name Planning Department to Community Development Department; and, propose associated Municipal Code changes for Council consideration.

Decision Package #43. Departmental Reorganization – De-authorization of One Vacant Public Works Administrative Specialist Position. Proposed is the de-authorization of one vacant Administrative Specialist position as part of a restructure of the Public Works Department support services. The purpose of the restructure is to reduce costs, increase staffing flexibility, and improve customer service. Recommended is an ongoing expense reduction of \$73,294 to the General Fund.

Decision Package #44. Departmental Reorganization - Administrative Specialist Position Reclassification to Senior Administrative Specialist. Proposed is the reclassification of an Administrative Specialist position (\$3,647 - \$4,160 per month) to Senior Administrative Specialist (\$3,896 - \$4,444 per month) as part of a restructure of the Public Works Department support services. The purpose of the restructure is to reduce costs, increase staffing flexibility, and improve customer service. Recommended is an ongoing appropriation of \$5,000 to the General Fund.

Decision Package #45. Departmental Reorganization - Authorization for Part-Time Public Works Office Support Personnel. Proposed is the authorization of 2,650 hours of part-time staff assistance at approximately \$15 per hour as part of a restructure of the Public Works Department support services. The purpose of the restructure is to reduce costs, increase staffing flexibility, and improve customer service. Recommended is an ongoing appropriation of \$40,000 to the General Fund.

Decision Package #46. Authorization for One Public Works Maintenance Supervisor Position for Sewer Operations. Proposed is authorization for one Public Works Maintenance Supervisor position for Sewer Operations. The new position will enable the department to meet increased maintenance responsibilities identified in the Wastewater Operations and Maintenance Program including oversight of sewer maintenance crews, management of preventative maintenance contracts, and preparation of regulatory compliance reports. An updated job specification for the position would be presented to City Council for approval prior to initiating recruitment. Recommended is an on-going appropriation of \$98,000 to the Wastewater Fund.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #47. Authorization for One Pump Station Operator Position. Proposed is authorization for one Pump Station Operator position. The additional operator position will allow for the implementation of a second sewer crew that is needed to meet the increased maintenance responsibilities identified in the Wastewater Operations and Maintenance Program. An updated job specification for the position would be presented to City Council for approval prior to initiating recruitment. Recommended is an on-going appropriation of \$79,626 to the Wastewater Fund.

Decision Package #48. Public Works Management Reorganization. Proposed is a reorganization of management personnel in the Public Works Department to better align resources with current operational responsibilities. Recommended is transfer of Pier and Harbor maintenance oversight from the PW Manager/Streets – Sewers and Pier – Harbor position to the PW Manager/Building Facilities position. The staff re-allocation will allow the Streets and Sewer Manager to focus on increased obligations for wastewater system maintenance and allow the Building Facilities Manager to combine related building and pier maintenance services. Recommended is on-going reduced appropriations to the Street Landscaping and Lighting Fund of \$16,000, Building Occupancy Fund of \$35,000 and the Harbor Tidelands Fund of \$6,000, and on-going increased appropriations to the Gas Tax Fund of \$32,000 and the Wastewater Fund of \$25,000.

Decision Package #49. Public Works – Vehicle Replacement Purchases and Vehicle Fund Adjustment. Appropriation is necessary for the replacement of 25 vehicles used by Fire, Police and Public Works Departments. The vehicles needed for replacement in FY 2012-2013 are beyond their normal replacement cycle and are experiencing increased repair costs. The vehicles are used as critical safety, operational and emergency response units. Recommended is a one-time appropriation of \$867,800 to the Vehicle Replacement Fund.

Decision Packages that would fill gaps in current services or meet new service needs:

Decision Package #50. Streaming Video, Voting and Electronic Agenda Annual Agreement. The Council has adopted new technology for Council and Commission streaming video, voting and electronic agendas. The annual hosting and software agreement requires funding. Recommended is a transfer from the Mayor and Council budget to the City Clerk's budget in the amount of \$15,600.

Decision Package #51. Santa Monica Bay Restoration Commission. Funding is requested for membership dues to allow Council's continued participation on the Santa Monica Bay Restoration Commission. Recommended is an on-going General Fund appropriation of \$2,500.

City Manager Recommended Decision Packages for City Council Approval

Decision Package #52. 4th of July Fireworks Event Funding. The City's Annual 4th of July Fireworks Event provides a safe, family oriented activity. The Council approved a one-year agreement for the Event with a not-to-exceed \$5,000 payment to Pete Moffett Productions. Additionally, the agreement provides that the City provide necessary staffing for the event estimated to be approximately \$16,000. Recommended is a one-time appropriation of \$5,000 to the Tidelands Fund.

Decision Package #53. Confirmation of Signature Special Events. The six recommended signature events with waiver of City hard and soft cost are: 4th of July 2012 Event; Super Bowl 10K Run/Walk; Lobster Festival; Spring Fest; Riviera Village Summer Festival; and the Riviera Village Holiday Stroll. These are the same events City Council approved for FY 2011-12. This represents \$31,000 in costs to the General Fund, \$16,800 in costs to the Uplands Fund and \$4,200 to the Tidelands Fund for the July 4th event costs. Recommended is the on-going budgeting of hard and soft costs for only these special events.



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July 1, 2012

The Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Subject: Council Actions Amending the Proposed FY12-13 Budget

Prior to formal adoption of the FY12-13 Budget, reallocation adjustments were needed to several funds described below and reflected in Attachment A.

<i>Alta Vista Community Center Events</i>	<i>Additional revenues of \$7,600 are estimated from allowing the service of alcohol at Alta Vista Community Center private events.</i>
<i>Artesia Boulevard Monument Sign Modifications</i>	<i>A \$5,000 appropriation will modify the Artesia Boulevard monument sign for the inclusion of the Transit Division.</i>
<i>Renaming of Artesia Boulevard</i>	<i>An additional \$27,000 appropriation will fund the renaming of Artesia Boulevard.</i>
<i>Mole B Plans and Specifications</i>	<i>A \$300,000 appropriation will fund Mole B construction plans and specifications.</i>
<i>Pier Parking Structure Parking Enforcement</i>	<i>An \$128,000 appropriation will provide parking enforcement coverage required after installation of new meters at the Pier Parking Structures.</i>
<i>Franklin Facility Materials Removal</i>	<i>An \$8,800 appropriation will fund the removal, transport and recycling/disposal of non-valuable materials remaining at the Franklin facility.</i>

The adjusted costs reflected in Attachment A were approved by the City Council at its June 19, 2012 meeting. In addition to the items above, all recommended Decision Packages except #27 were adopted.

William P. Workman
City Manager

ATTACHMENT A

SUMMARY OF BUDGET AMENDMENTS
BY CATEGORY / BY FUND

	<u>Alta Vista Community Center Events</u>	<u>Artesia Blvd Monument Sign Modifications</u>	<u>Renaming of Artesia Blvd</u>	<u>Mole B Plans and Specifications</u>	<u>Pier Parking Structure Parking Enforcement</u>	<u>Franklin Facility Materials Removal</u>	<u>Totals</u>
<i><u>Revenues</u></i>							
General Fund	7,600	-	-	-	-	-	7,600
<i><u>Expenditures</u></i>							
General Fund	-	-	27,000	-	-	8,800	35,800
Harbor Tidelands	-	-	-	300,000	32,000	-	332,000
Harbor Uplands	-	-	-	-	96,000	-	96,000
Transit	-	5,000	-	-	-	-	5,000
Total Expenditures	-	5,000	27,000	300,000	128,000	8,800	468,800