# BUDGET RESPONSE REPORTS

## FY 2012-13

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# CITY OF REDONDO BEACH

# BUDGET RESPONSE REPORTS

# FY 2012-13 PROPOSED BUDGET

The following is a list of questions raised regarding the FY 2012-13 Proposed Budget. The corresponding answer to each of these questions (the "Budget Response Report") follows in the sequence reflected.


| Question | No. |
|---|---|
| ▪ What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document for inclusion in the Adopted Budget? | 1 |
| ▪ What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document by Financial Services for inclusion in the Adopted Budget? | 1A |
| ▪ What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document by Financial Services for inclusion in the Adopted Budget? | 1B |
| ▪ What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget documentation? | 1C |
| ▪ What are the City's policies and procedures regarding internal service fund/overhead allocations, and what are the reasons for the changes in the FY 2012-13 internal service fund/overhead allocations included in the proposed budget from those in the FY 2011-12 adopted budget? | 2 |
| ▪ What impact do projected CalPERS rate increases and the change in discount formula have on the City's budget? | 3 |
| ▪ What are the costs for the March 5, 2013 General Municipal Election? | 4 |
| ▪ When will the City install bike lanes on Torrance Boulevard? | 5 |
| ▪ What is the status of the Beach Sand Replenishment Project? | 6 |
| ▪ What is the Los Angeles County Flood Control District Water Quality Funding Initiative (WQFI)? | 7 |
| ▪ What special events are included in the proposed budget for FY 2012-13? | 8 |
| ▪ What are the implications of allowing the service of alcohol at private events at the Alta Vista Community Center? | 9 |

| Question | No. |
|---|---|
| ▪ What is the status of a community partnership between the City and the Leadership Redondo Class of 2010 for the placement of a new public event venue in Veterans Park? | 10 |
| ▪ What actions are necessary to reflect the FY 2011-12 Midyear transfer of the Transit Division from the Harbor, Business and Transit Department to the Recreation and Community Services Department? | 11 |
| ▪ What was the cultural and entertainment rental activity at the RBPAC in the 2011-12 FY and how has the Business Plan approved in 2007 affected the Center's fiscal impact and facility booking percentages? | 12 |
| ▪ What is the status of Transit Funding for FY 2012-13? | 13 |
| ▪ Provide a listing of information technology equipment scheduled for replacement as recommended in Decision Packages #31 and #32. | 14 |
| ▪ What City vehicles are scheduled for replacement by the Public Works Department in the 2012-2013 Fiscal Year? | 15 |
| ▪ What are the anticipated impacts of the RWQCB's new municipal stormwater NPDES permit? | 16 |
| ▪ What is the status of the Metro congestion mitigation fee proposal? | 17 |
| ▪ Does the May 1, 2012 Engineer's Report on the City's Street Landscaping and Lighting District Assessment reconcile with the FY 2012-13 Proposed Budget? | 18 |
| ▪ What is the condition of the City's 797 parking meters, and what are the possible funding options to replace them? | 19 |
| ▪ What will be the organizational structure and key functions and services of the new Community Development and Public Works Departments following implementation of the proposed reorganization? | 20 |
| ▪ What should be the cost for a beekeeping permit? | 21 |
| ▪ What impact has investment income had to the General Fund over the past five years? | 22 |
| ▪ How can the City determine the value of the real estate holdings owned by the AES Corporation adjacent to King Harbor? | 23 |
| ▪ What feedback was received by the City Manager from the Budget & Finance Commission regarding the FY 2012-13 Proposed Budget and FY 2012-2017 Proposed CIP at its meeting of May 24? | 24 |

| Question | No. |
|---|---|
| ▪ Should the City Consider Purchasing Street Light Facilities from Southern California Edison? | 25 |
| ▪ Should the City join the Coalition for Affordable Street Lights? | 26 |
| ▪ What is the projected General Fund operating budget for the next three years assuming best case, probable case and worst case scenarios? | 27 |
| ▪ What is the status of the Strategic Plan objective for the City Council to consider policies regarding use of food trucks during Special Events and Temporary Events? | 28 |
| ▪ What were the CIP priorities identified and discussed by the various City Commissions? | 29 |
| ▪ What is the process and what are the costs for renaming Artesia Boulevard? | 30 |
| ▪ What maintenance activities are performed along the Esplanade? | 31 |
| ▪ What “improvements” qualify for funding under the Landscaping and Lighting Act of 1972? | 32 |
| ▪ What actions are required to place a measure to finance a harbor-area park on the March 2013 ballot? | 33 |
| ▪ What is the status of the Mole B Master Plan? | 34 |
| ▪ Describe the CalPERS Reserve Fund and how it is used and replenished. | 35 |
| ▪ What is the selection process and requirements to operate a vendor stand on the west side of the Esplanade? | 36 |
| ▪ What is the updated status of plans and specifications for the Leadership Redondo Class of 2010 project for a new public event venue in Veterans Park? | 37 |
| ▪ What transactions have required internal financing? | 38 |
| ▪ What is the financial and operational management plans for the proposed moorings in King Harbor? | 39 |
| ▪ What are the cost implications to continue the reduction of the number of commission meetings to save money and staff time? | 40 |
| ▪ How is the City budgeting for the new parking enforcement coverage that will be required after installation of the new meters at the Pier Parking Structures? | 41 |

| Question | No. |
|---|---|
| ▪ What effect will the pending property lease exchange of the Franklin Property and 200 North PCH between the City and the Redondo Beach Unified School District have on the City's revenues and expenditures? | 42 |
| ▪ What is the impact to the City to increase the property insurance All Risk deductible? | 43 |
| ▪ What is the plan for seeking proposals for the catering contract at the Redondo Beach Historic Library? | 44 |
| ▪ What should the cost be for a beekeeping permit? | 45 |
| ▪ What can the City do to hasten resolution of property maintenance nuisances and abandoned construction projects? | 46 |
| ▪ What actions are necessary to reflect the proposed reorganization of the Harbor, Business & Transit Department; Recreation & Community Services Department; Engineering & Building Services Department; Public Works Department; and Planning Department? | 47 |
| ▪ What City Council actions have been taken with respect to the development of an Ordinance banning leaf blowers? | 48 |
| ▪ What is the process for considering proposed special events? | 49 |
| ▪ What was the feedback to the City Manager on the FY 12-13 City Budget from the Public Arts Commission, Parks & Recreation Commission and Historical Commission? | 50 |
| ▪ What are the fiscal impacts of the State Department of Finance's rejection of the Recognized Obligations Payment Schedule (ROPS)? How is the Successor Agency responding? | 51 |
| ▪ How much revenue has the City received pursuant to ABx1 26? | 52 |
| ▪ What is the process and cost associated (quote still pending) with consolidating the City's General Municipal Election with Los Angeles County? | 53 |

# CITY OF REDONDO BEACH
# Budget Response Report #1

**May 29, 2012**

**Question:**

*What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document by Financial Services for inclusion in the Adopted Budget?*

**Response:**

Corrections/adjustments that need to be made to the FY 2012-13 Proposed Budget document are listed below.

⇒ In the City Manager's message, the projected revenue budget assumption regarding State actions included a typographical error. The revised assumption is shown below.

- *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.*

⇒ Decision Package #10 is incorrectly titled as regarding the March 2012 election instead of the March 2013 election. The revised decision package is shown below.

- *Decision Package #10. <u>March 2013 Election</u>. 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 #37 incorrectly identifies Decision Packages #37 through #48 as those that describe the reorganization of the Engineering and Building Services, Public Works and Planning Departments. Instead it should have identified Decision Packages #37 through #42. The revised decision package is shown below.

- *Decision Package #37. <u>Reorganization of the Engineering and Building Services, Public Works and Planning Departments</u>. 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 Engineering and Building Services Department would be deauthorized. The reorganization described in Decision Packages #37 through #42 will reduce one-time General Fund appropriations by $11,068 in FY12-13 and FY 13-14 appropriations by $22,137.*

# CITY OF REDONDO BEACH
# Budget Response Report #1A

**June 5, 2012**

**Question:**

*What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document by Financial Services for inclusion in the Adopted Budget?*

**Response:**

Corrections/adjustments that need to be made to the FY 2012-13 Proposed Budget document are listed below.

⇒ Decision Package #28 does not include a reconciliation of the transient occupancy tax (TOT) payment to the Visitors' Bureau to the total increase in TOT revenue. The revised decision package is shown below.

- *Decision Package #28. <u>Chamber of Commerce and Visitors' Bureau TOT Allocation</u>. With a projected increase in the City's TOT revenue from the FY11-12 Adopted Budget to the FY11-12 Midyear Budget of $330,000 and a projected increase from the FY11-12 Midyear Budget to the FY12-13 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.*

# CITY OF REDONDO BEACH
# Budget Response Report #1B

**June 12, 2012**

**Question:**

*What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget document by Financial Services for inclusion in the Adopted Budget?*

**Response:**

Corrections/adjustments that need to be made to the FY 2012-13 Proposed Budget document are listed below.

⇒ As part of the implementation of the Recreation and Community Services Department reorganization approved by the City Council, production of the quarterly City newsletter will become a contract service instead of work by in-house City staff. As a result, recommended is an appropriation of $20,000 in RCS contracts and professional services to cover newsletter production costs. This action will result in a $30,078 reduction (as opposed to $50,078) in the appropriation to the General Fund. The revised decision package is shown below.

- Decision Package #7: <u>Departmental Reorganization – Deauthorization of One Community Program Coordinator Position</u>. 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 RCS 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.

# CITY OF REDONDO BEACH
# Budget Response Report #1C

**June 19, 2012**

**Question:**

*What corrections/adjustments need to be made to the FY 2012-13 Proposed Budget documentation?*

**Response:**

Corrections/adjustments that need to be made to the FY 2012-13 Proposed Budget documentation are listed below.

⇒ Budget Response Report #8 includes a chart of special annual events. Inadvertently omitted from the listing were the Pier Summer Concerts, the Chalk Art Festival, the Dolphin Dash, and the Rods, Rides & Relics Classic Car Show. Attached is a revised chart reflecting these additions.

⇒ Budget Response Report #49 lists the City's special events by category. Inadvertently omitted from the "Other Special Events" category were the Pier Summer Concerts, the Chalk Art Festival, and the Rods, Rides & Relics Classic Car Show. Below is a revision of the category listing.

- <u>Other Special Events</u> – There are 22 other special events which are subject to the City's current review policy for special events. These special events are required to pay the requisite fees and to cover any resulting cost to the City due to these events. Budget Response Report #8 includes a chart showing the dates and locations of the special events which are listed below:

| | | |
|---|---|---|
| Dive N Surf Yard Sale | RB Triathlon | POW/MIA Vigil |
| St. Patrick's Day 5K | July 4th Run/Walk | Classic Car Show |
| Easter in the Park | Pier Summer Concerts | Riv. Village Trick/Treat |
| Holy Week Processions | So Bay Greek Festival | Christmas Boat Parade |
| Fido and Friends | Relay for Life | Menorah Lighting |
| Walk for Life | Paddle Board Event | Farmers Market |
| King Harbor Sea Fair | Chalk Art Festival | |
| Ultra Lux Salon Event | D Man Festival | |

⇒ Budget Response Report #10 gave the status of a community partnership between the City and the Leadership Redondo Class of 2010 for the placement of a new public event venue in Veterans Park.

At its June 12, 2012 meeting, the City Council discussed the impact of allocating additional City resources to the Chamber of Commerce 2010 Leadership Redondo class Veteran's Park event venue project. Of particular concern are prevailing wage and public bidding requirements that may accompany City funding (beyond demolition of the old band shell).

The Financial Services Department reports that additional City contributions would not obligate the Chamber of Commerce/Leadership Redondo to adhere to City purchasing or bidding requirements. A similar arrangement, also not subject to City purchasing or bidding requirements is the Riviera Village Business Improvement District to which the City passes through funding.

The California Supreme Court is deliberating whether or not the State's prevailing wage law applies to charter cities. The Court's decision is expected shortly and should resolve whether or not additional City resources toward the Chamber of Commerce Leadership Redondo project will trigger payment of prevailing wages. If prevailing wages are required, they will increase the project cost by approximately 30 percent.

# CITY OF REDONDO BEACH
# Budget Response Report #2

**May 29, 2012**

**Question:**

*What are the City's policies and procedures regarding internal service fund/overhead allocations, and what are the reasons for the changes in the FY 2012-13 internal service fund/overhead allocations included in the proposed budget from those in the FY 2011-12 adopted budget?*

**Response:**

In 2010, the City issued an Administrative Policy / Procedures (APP) regarding internal service fund / overhead allocations to address expenses included in the allocations, methodologies used to make these allocations, and a brief description of how these amounts were calculated. Attached is a proposed revision to that APP which reflects organizational changes that have occurred since 2010. The major change is the elimination of the Printing and Graphics Fund with the transfer of printing operations from the Financial Services Department to the Information Technology Department. This change will be implemented with the normal update to the allocations, which occurs at midyear (specifically, midyear FY 2012-13).

Also attached are City-wide variance analyses comparing allocations in the FY 2012-13 proposed budget to the FY 2011-12 adopted budget. Attachment 2-A is an analysis of each internal service fund/overhead allocation, and Attachment 2-B is an analysis of the impact from these allocations to each fund's proposed expenditures and revenues. Explanations for increases/decreases are included. In total, internal service fund/overhead allocations have decreased approximately two percent (2%) due to staffing reductions and operating expense adjustments. Again, the major change with the FY 2012-13 proposed internal service fund / overhead allocations is the elimination of the Printing and Graphics Fund. Since the allocations are calculated on a one-year lag, printing and graphics internal service fund allocations will be incorporated into the information technology allocations at the FY 2012-13 update.

| CITY OF REDONDO BEACH | | ADMINISTRATIVE POLICY/PROCEDURES (APP) |
|---|---|---|
| *Number:* 3.18 | | *Subject:* Internal Service Fund/Overhead Allocations |
| *Original Issue*: 2/17/10 | *Effective:* 2/17/10 | |
| *Current Issue:* 5/29/12 | *Effective:* 7/1/12 | *Category:* Finance, Accounting and Payroll |
| *Supersedes:* Not Applicable | | |

## I. PURPOSE AND SCOPE

To establish policy and procedures for allocating internal service fund and overhead charges.

## II. GENERAL

A. Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City.

B. The City of Redondo Beach uses internal service fund allocations (including overhead) to determine the true cost of departmental operations.

C. The City of Redondo Beach follows Section 8 of its Statements of Financial Principles in allocating internal service funds and overhead.

1. Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.

2. All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.

3. Internal service funds and central service departments shall retain the costs of using services provided by other City departments.

4. Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.

D. The City of Redondo Beach currently has the following internal service funds:

1. Self-Insurance Program Fund

a. Liability and Property Insurance

b. Workers' Compensation

2. Vehicle Replacement Fund

   a. Vehicle Maintenance

   b. Vehicle Replacement

3. Building Occupancy Fund

4. Information Technology Fund

   a. Information Technology

   b. Information Technology Replacement

5. Emergency Communications Fund

   a. Emergency Communications

   b. Emergency Communications Equipment Replacement

6. Major Facilities Repair Fund

7. City Facility Sewer Fee

E. Overhead is charged to departments receiving services from the following support departments/divisions.

1. Mayor and City Council

2. City Clerk

3. City Treasurer

4. City Attorney

5. City Manager

6. Human Resources

7. Financial Services

8. Police Administration

9. Fire Administration

10. Recreation and Community Services Administration

11. Recreation Services

12. Public Works Administration

## III. PROCEDURES

### A. Self-Insurance Program Fund

The Risk Management Division of the Human Resources Department shall be responsible for the Self-Insurance Program Fund, which accounts for the cost of providing liability and property, workers' compensation and unemployment insurances. While unemployment insurance is accounted for as a personnel cost, rather than an internal service fund allocation, allocations for liability and property insurance and workers' compensation insurance are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual cost of the insurance reflected in the Self-Insurance Program Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below. Allocated costs also include Risk Management's personnel costs, contracts and professional services, and internal service fund/overhead allocations, which directly support the insurance function.

1. Liability and Property Insurance

   a. Expenses included in this category are:

      1) Liability and property insurance annual premium expenses

      2) Liability and property insurance claims based on a five-year average (avoids spikes in allocations)

   b. Statistics used to determine the allocation amount to user departments/divisions are:

      1) Current value of the structure occupied

      2) Claims paid for the structure occupied or activity performed

      3) Square footage of the structure occupied

2. Workers' Compensation

   a. Expenses included in this category are:

      1) Workers' compensation insurance annual premium expenses

      2) Workers' compensation claims based on a five-year average (avoids spikes in allocations)

   b. Statistics used to determine the allocation amount to user departments/divisions are:

1) Full-time and part-time salaries

2) Claims paid for each department's specific employees

**B. Vehicle Replacement Fund**

The Fleet Services Division of the Public Works Department shall be responsible for the Vehicle Replacement Fund, which accounts for the cost of maintaining and replacing vehicles. Allocations are in two separate categories, vehicle maintenance and vehicle replacement. Each category is charged to departments at a rate that fully recuperates the annual cost of operating and replacing City vehicles reflected in the Vehicle Replacement Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Vehicle Maintenance

a. Fleet Services' expenses included in this category are:

1) Personnel

2) Maintenance and operations (including fuel and parts)

3) Internal service fund/overhead allocations which directly support the vehicle maintenance function

b. Statistics used to determine the allocation amount to user departments/divisions are:

1) Historical vehicle maintenance hours

2) Actual fuel consumption

2. Vehicle Replacement

a. Each year, the Fleet Services Division sets aside specific amounts to fund the replacement of vehicles. The methodology used to determine the appropriate amount to be set aside is the original vehicle cost (with a future replacement inflation factor of 3% compounded annually) amortized over the vehicle's useful life.

b. The specific vehicle(s) utilized by each user department is/are used to determine the allocation amount.

## C. Building Occupancy Fund

The Building Maintenance Division of the Public Works Department shall be responsible for the Building Occupancy Fund, which accounts for the cost of maintaining and improving City buildings. Allocations are charged to departments at a rate that fully recuperates the annual building maintenance and improvement costs. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Building Maintenance's expenses included in the fund are:

    a. Personnel

        1) Custodial personnel (excluded from allocations to facilities which do not utilize custodial services provided by the Building Maintenance Division)

        2) Maintenance personnel

    b. Maintenance and operations (including utilities)

    c. Internal service fund/overhead allocations

    d. Capital outlay

2. Statistics used to determine the allocation amount to user departments/divisions are:

    a. Square footage occupied

    b. Usage of utilities

    c. Usage of contracts

    d. Usage of materials and supplies

## D. Information Technology Fund

The Information Technology Department shall be responsible for the Information Technology Fund, which accounts for the cost of maintaining and replacing City computer, telecommunications, and duplicating equipment and providing duplicating services. Allocations are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual maintenance and replacement costs reflected in the Information Technology Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Information Technology

    a. Information Technology expenses included in this category are:

1) Personnel

2) Maintenance and operations (including PC and laptop leases and telephone utility costs)

3) Internal service fund/overhead allocations which directly support the information technology function

b. Statistics used to determine the allocation amount to each user department/division are:

1) Number of computers and computer-related equipment

2) Number of telephones and telecom-related items

2. Information Technology Replacement

a. Each year, the Information Technology Department sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.

b. Statistics used to determine the allocation amount to user departments/divisions are:

1) Replacement cost for equipment that can be specifically identified to a department (e.g., plotters and large scanners)

2) Number of computers, computer-related equipment, telephones, and telecom-related items is used to allocate equipment that cannot be identified directly to a department (e.g., servers and the telephone switch)

## E. Emergency Communications Fund

The Support Services Bureau Captain of the Police Department shall be responsible for the Emergency Communications Fund, which accounts for the cost of providing emergency dispatch services for the Police and Fire Departments and replacement of communications equipment for the Police, Fire and Public Works Departments. Allocations are in two separate categories, emergency communications and emergency communications equipment replacement. Each category is charged at a rate that fully recuperates the annual cost of providing emergency dispatch services and replacing the communications equipment reflected in the Emergency Communications Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Emergency Communications

   a. Emergency Communications Unit expenses included in the fund are:

      1) Personnel

      2) Maintenance and operations

      3) Internal service fund/overhead allocations which directly support the emergency communications function

   b. Statistics used to determine the allocation amounts to both Police and Fire Departments are:

      1) Number of Police and Fire emergency calls from the public

      2) Time length of Police and Fire emergency calls from the public

      3) Required dispatch staffing

2. Emergency Communications Equipment Replacement

   a. Each year the Communications Unit sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.

   b. Equipment assigned to the Police, Fire and Public Works departments (with the dispatch equipment assigned to the Police Department) is used to determine the allocation amount

**F. Major Facilities Repair Fund**

The Building Maintenance Division of the Public Works Department shall be responsible for the Major Facilities Repair Fund, which accounts for the cost of making major repairs to City facilities. This fund is charged to departments at a rate that fully recuperates the annual cost of facility repairs charged to the Major Facilities Repair Fund. The calculated annual dollar amount of the fund and the statistics used to allocate these expenses are detailed below.

1. Each year, the Building Maintenance Division sets aside a specific amount to fund major repairs. The methodology used to determine the appropriate amount to be set aside is two percent of one year's depreciation (over a 45-year life) of the insured value of City facilities.

2. Square footage occupied by each user department

**G. City Facility Sewer Fee**

The Engineering Division of the Engineering and Building Services Department shall be responsible for the City Facility Sewer Fee, which accounts for the cost of providing wastewater collection and conveyance services to City facility sewer connections. This fee is charged to departments for use of the City's sewer infrastructure. The calculated annual dollar amount of the fee and the statistics used to determine this expense are detailed below.

1. The institutional sewer rate is used to calculate the amount of sewer charges.

2. Statistics used to determine the allocation amount to departments/divisions residing in City facilities are:

   a. Annual water usage for departments/divisions that are single occupants of a facility (e.g., Police Department and Fire Department)

   b. Square footage occupied for departments/divisions sharing a facility

## H. Overhead

1. Per the City's Statements of Financial Principles, all support departments' operating expenses which conform to OMB A-87 guidelines are included in the allocation.

2. Charts of the allocated services rendered by each support department and the allocation bases for these activities allocated follow.

   a. City Clerk

| Service | Allocation Methodology |
|---|---|
| Departmental assistance | Number of budgeted full-time employees |
| Records management | Number of budgeted full-time employees |
| Reception services | Number of budgeted full-time employees residing in City Hall |

   b. City Treasurer

| Service | Allocation Methodology |
|---|---|
| Departmental auditing | Number of budgeted full-time employees |
| Tax administration | Percentage of total General Fund actual expenditures |

c. City Manager

| Service | Allocation Methodology |
|---|---|
| Budget performance measurement | Number of divisions |
| Website services | Number of web pages maintained |
| Economic development | Percentage of total non-housing Redevelopment Agency expenditures |
| Human resources | Hours of support to the Human Resources Department |
| General City support | 1/2: Number of budgeted full-time employees<br>1/2: Percentage of total actual expenditures |

d. Human Resources

| Service | Allocation Methodology |
|---|---|
| Employee support | Number of budgeted full-time employees |

e. Financial Services

| Service | Allocation Methodology |
|---|---|
| Accounts payable | Number of accounts payable transactions |
| Accounts receivable | Number of accounts receivable transactions |
| Purchasing | Number of purchase orders |
| Cashiering | Number of cash receipts |
| Budgeting | Number of budget account numbers |
| Fixed assets | Number of budgeted full-time employees |
| CAFR preparation | Number of budget account numbers |
| General ledger administration | Number of budget account numbers |
| Bank reconciliation | Number of bank accounts |
| Grants administration | Time spent on departmental grants |
| Payroll | Number of budgeted full-time employees |
| MUNIS support | Number of budgeted full-time employees |

f. Police Administration

| Service | Allocation Methodology |
|---|---|
| Division support | 1/2: Number of budgeted full-time employees<br>1/2: Percentage of total actual expenditures |

g. Fire Administration

| Service | Allocation Methodology |
|---|---|
| Division support | Hours of support |

h. Recreation and Community Services Administration

| Service | Allocation Methodology |
|---|---|
| Division support | Hours of support |
| Departmental support | Hours of support |

i. Recreation Services

| Service | Allocation Methodology |
|---|---|
| Website services | Number of web pages maintained |

j. Public Works Administration

| Service | Allocation Methodology |
|---|---|
| Division support | 1/2: Number of budgeted full-time employees<br>1/2: Percentage of total actual expenditures |

3. Although not charged to departments (in accordance with OMB A-87 guidelines), when calculating user fees, the full cost of the items in Number 4 below is allocated to the fees.

4. A chart of the additional services rendered by each support department which are included only in the full cost allocation plan follows.

| Department | Service |
|---|---|
| Mayor and City Council | Departmental assistance |
| City Clerk | Agenda and minute preparation |
| City Clerk | Board and commission support |
| City Clerk | Fair Political Practices Commission coordination |

| Department | Service |
|---|---|
| City Clerk | Legal notice coordination |
| City Attorney | In-house legal support |
| City Attorney | Outside legal support |
| City Treasurer | Investment administration |

## IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

## V. AUTHORITY

By authority of the City Manager.

_____

William P. Workman
City Manager

# City-Wide Internal Service Fund Analysis

| Internal Service Funds | 11-12 Adopted Budget Amounts (Based on 09-10 Actuals) | 12-13 Proposed Budget Amounts (Based on 10-11 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements ** |
|---|---|---|---|---|---|
| Vehicle Maintenance | 1,525,809 | 1,550,411 | 2% | n/a - Expected increase / decrease | No change |
| Vehicle Equipment Replacement | 1,333,551 | 1,273,413 | -5% | n/a - Expected increase / decrease | No change |
| Information Technology Maintenance | 2,150,830 | 1,884,532 | -12% | Decreased computer lease costs | No change |
| Information Technology Equipment Replacement | 617,354 | 494,909 | -20% | Updated replacement schedule including a phone switch upgrade rather than a full replacement and select servers being leased rather than purchased | No change |

# City-Wide Internal Service Fund Analysis

| Internal Service Funds | 11-12 Adopted Budget Amounts (Based on 09-10 Actuals) | 12-13 Proposed Budget Amounts (Based on 10-11 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements ** |
|---|---|---|---|---|---|
| Communications Equipment Replacement | 452,199 | 452,199 | 0% | n/a - Expected increase / decrease | No change |
| Workers' Compensation Insurance | 1,303,115 | 1,494,050 | 15% | Increased actuarially calculated FY10-11 workers' compensation claims reserve | No change |
| Liability Insurance | 2,162,326 | 2,427,465 | 12% | Increased liability insurance premiums | No change |
| Building Occupancy | 2,239,558 | 2,289,652 | 2% | n/a - Expected increase / decrease | No change |

# City-Wide Internal Service Fund Analysis

| Internal Service Funds | 11-12 Adopted Budget Amounts (Based on 09-10 Actuals) | 12-13 Proposed Budget Amounts (Based on 10-11 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements ** |
|---|---|---|---|---|---|
| Major Facilities Repair | 108,868 | 115,017 | 6% | Insured value of buildings increased 4% by ICRMA (in lieu of performing an appraisal). Additionally, the new North Branch Library was added. | No change |
| Printing and Graphics | 242,023 | - | -100% | The transfer of the City's printing operations from the Financial Services Department to the Information Technology Department will result in the incorporation of the printing and graphics internal service fund allocations into the information technology allocations with the next update at the FY12-13 midyear budget review. | Discontinuation of separate printing and graphics internal service fund allocations |
| City Facility Sewer Fee | 18,795 | 17,618 | -6% | Decreased water usage in City facilities | No change |
| Emergency Communications Operations | 2,235,104 | 2,148,266 | -4% | n/a - Expected increase / decrease | No change |

# City-Wide Internal Service Fund Analysis

| Internal Service Funds | 11-12 Adopted Budget Amounts (Based on 09-10 Actuals) | 12-13 Proposed Budget Amounts (Based on 10-11 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements ** |
|---|---|---|---|---|---|
| Overhead | 6,383,731 | 6,249,628 | -2% | n/a - Expected increase / decrease | No change |
| **Totals** | **20,773,263** | **20,397,160** | **-2%** | | |

# CITY OF REDONDO BEACH
# Budget Response Report #3

**May 29, 2012**

**Question:**

*What impact do projected CalPERS rate increases and the change in discount formula have on the City's budget?*

**Response:**

## CALPERS RATE INCREASES

Beginning with FY 2012-13, the City offers its employees six defined benefit pension plans. Tier 1 CalPERS benefits are provided to employees hired before June 28, 2012. Tier 2 CalPERS benefits are provided to employees hired beginning June 28, 2012.

| | Retirement Formula | Employee Contribution[1] |
|---|---|---|
| Tier 1 - Police Officer | 3% at age 50 | 0% |
| Tier 1 - Firefighter | 3% at age 55 | 0% |
| Tier 1 - Misc./Non-Safety | 2% at age 55 | 0% |
| Tier 2 - Police Officer | 3% at age 55 | 0% |
| Tier 2 - Firefighter | 3% at age 55 | 4.5% |
| Tier 2 - Misc./Non-Safety | 2% at age 60 | 7% |

Tier 2 benefits offer less generous benefits than Tier 1 and require most employees to contribute to the cost of their pension benefits. The Tier 2 benefits will, over the long-term, reduce the City's pension costs by 10 to 15 percent.

In October 2011, the City received its Annual Valuation Report from CalPERS. The report provides the required employer contribution rate for FY 2012-13 along with estimates of the contribution rate for FY 2013-14 and 2014-15. These rates, along with rates from FY 2010-11 and 2011-12 for both safety and miscellaneous employees appear below. The CalPERS projections **do not** include the one to two percent rate increases CalPERS projects in FY 2013-14 and 2014-15 as a result of its decision to lower the discount rate (rate of return) on its investment portfolio. Nor do the rates include demographic and actuarial adjustments CalPERS has

[1] *As part of the compensation reductions the City negotiated with employee bargaining groups, nearly all employees make a contribution toward the City's employer contribution to CalPERS.

announced it plans to make in FY 2014-15 and 2015-16. CalPERS expects the demographic and actuarial changes to increase rates more significantly than the 0.25 percent discount rate change. If that expectation comes to pass, the City's CalPERS rate could increase more than 40 percent between FY 2010-11 and FY 2015-16, which would increase the City's cost to provide pension benefits by more than $4 million.

The estimated rate for FY 2012-13 is based solely on a projection of the investment return for FY 2010-11, namely 20 percent. The estimated rate for FY 2013-14 uses the valuation assumption of 7.75 percent as the investment return for FY 2011-12. It is important to note that in 2011, the CalPERS investment portfolio earned one percent – effectively losing 6.75 percent against its assumed rate of return. The reduction in the discount rate from 7.75 percent to 7.5 percent does not take effect for cities until FY 2013-14.

| **CalPERS Rates for Safety Employees (Police Officers & Firefighters)** | | | |
|---|---|---|---|
| **Fiscal Year** | **Employer Contribution Rate** | **Employee Contribution Rate** | **Total PERS Rate** |
| 2009-10 | 32.1% | 9% | 41.1% |
| 2010-11 | 32.7% | 9% | 41.7% |
| 2011-12 | 38.4% | 9% | 47.4% |
| 2012-13 | 40.4% | 9% | 49.4% |
| 2013-14 | 40.9% (projected) | 9% | 51.4% |
| 2014-15 | 41.4% (projected) | 9% | 53.9% |

| **CalPERS Rates for Miscellaneous Employees (Non-Safety)** | | | |
|---|---|---|---|
| **Fiscal Year** | **Employer Contribution Rate** | **Employee Contribution Rate** | **Total PERS Rate** |
| 2009-10 | 11.7% | 7% | 18.7% |
| 2010-11 | 11.8% | 7% | 18.8% |
| 2011-12 | 14.1% | 7% | 21.1% |
| 2012-13 | 14.5% | 7% | 21.5% |
| 2013-14 | 14.9% (projected) | 7% | 22.5% |
| 2014-15 | 15.2% (projected) | 7% | 24.0% |

As the rate increases demonstrate, the present system is not sustainable – CalPERS pension costs are accelerating far faster than the revenues that pay for them. The chart below illustrates the costs associated with the rate increases.

| Cost of CalPERS Defined Pension Benefit | | | | | |
|---|---|---|---|---|---|
| | **FY 10-11** | **FY 11-12** | **FY 12-13** | **FY 13-14**p | **FY 14-15**p |
| Misc-Employer | $2,116,790 | $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** | **$9,898,082** | **$11,193,740** | **$11,537,403** | **$12,394,218** | **$12,526,241** |

*: Paid by the City. Tier 1 employees do not contribute toward the cost of their retirement benefits. Tier 2 CalPERS benefits will be provided to new employees beginning with FY 2012-13.
p: Projected cost.

Recognizing projected CalPERS rates outstrip increases in City revenues, the City Council has established a reserve to help off-set CalPERS costs. The following table demonstrates how the CalPERS reserve could be deployed as part of a broader strategy to manage the City's pension obligations.

| | **PERS Payment** | **Increase** | **Use of PERS Reserve** | **PERS Reserve Fund Balance** |
|---|---|---|---|---|
| FY 2010 - 11 | 9,898,000 | - | - | 4,007,000 |
| FY 2011 - 12 | 11,194,000 | 1,296,000 | (1,000,000) | 3,007,000 |
| FY 2012 - 13 | 11,537,000 | 343,000 | (400,000) | 2,607,000 |
| FY 2013 - 14 | 12,394,000 | 857,000 | (1,257,000) | 1,350,000 |
| FY 2014 - 15 | 12,526,000 | 132,000 | (1,350,000) | - |

In February 2011, The Little Hoover Commission released a report entitled *Public Pensions for Retirement Security* that speaks to the unsustainable nature of the CalPERS system:

"The recent increase in contribution rates reveals a harsh reality: The money coming in is nowhere near enough to keep up with the money that will need to go out for the coming wave of Baby Boomer retirements. Investment losses in 2008-09 certainly shocked the system, but several other factors have contributed to an unsustainable pension environment. While banking on an aggressive investment strategy, employers and employees also have not contributed sufficiently – and on occasion, stopped paying into the system at all, failing to take prudent steps fundamental to pension plan solvency and sustainability. Payroll growth – in terms of both compensation for public employees and the number of employees – has ballooned

pension liabilities. At the same time, state and local governments sweetened what was already considered a generous pension package."

The report goes on to say, "several factors have contributed to increasing pension costs for government agencies. CalPERS actuaries attribute half the additional costs to growth in salaries and in the number of employees. Benefit enhancements (35%) and investment losses (14%) make up the other half of new costs."

Given these realities, it seems highly unlikely, even with CalPERS recent market gains and history of success, the system can "earn" its way back to a sustainable path.

Consequently, the City anticipates high CalPERS rates and the potential for additional increases to be an on-going budget challenge.

## PENSION REFORM

Public pension reform is a major issue in state and local governments. Like Redondo Beach, cities and their employees throughout California have agreed to second tier retirement benefits for new employees, greater retirement cost sharing among existing employees and other compensation reductions. While reform efforts continue at the local level, larger statewide reforms are also being pursued.

In particular, the State Legislature is reported to have recently reinitiated discussion regarding the Governor's 12-point CalPERS pension reform plan. Most significantly, it is rumored that the Legislature could create a third tier of CalPERS pension benefits. The third tier would cap current employee retirement accruals and place all public employees (existing and future hires) in a lower benefit plan – likely a hybrid of a defined pension plan, 401(k) account and Social Security. Such a change would dramatically alter the City's cost to provide employee retirement benefits.

## CONCLUSION

The Little Hoover Commission underscores the need for significant, legitimate, and sustainable pension reform by calling on … "the Governor and the Legislature to take immediate and bold steps to put the state's pension plans on a path to sustainability and to add oversight to protect current employees, retirees and taxpayers. Delay will continue to create concern over California's ability to pay for its promises, distort local government budgets and further erode California governments' standing in the municipal bond market. The stakes are too high to continue making temporary changes at the margin."

# CITY OF REDONDO BEACH
# BUDGET RESPONSE REPORT #4

**May 29, 2012**

**Question:**

*What are the costs for the March 5, 2013 General Municipal Election?*

**Response:**

On March 5, 2013, the City will conduct the General Municipal Election for the Mayor, Council District One, Two, Four, City Attorney, and Three Members of the Redondo Beach Unified School District. Six positions are incumbent seats that will be termed out this election which could anticipate a high number of candidates creating a lengthy ballot. If the City also has more than two measures it could increase to two ballots.

Overall costs for this election, of $281,175, would come from:

- Staff part-time and overtime (pre, day of and post-election) of $44,500
- Postage mailing of Sample Ballots and vote-by-mail of $22,000
- Elections cost related to poll workers and location of $11,000
- Supplies and Advertising cost associated with election supplies, candidates handbook, legal advertising and voter outreach of $3,925
- Contracts/Professional Services pertaining to poll worker training, vote-by-mail signature verification services, candidate statements (reimbursed by candidate estimated $7,000), fulfillment and printing of sample ballots and ballots by district and city-wide, language translation, and consulting advise of $199,750.

There is another pending issue which the cost has been included above is a mandatory second language on all documentation/website due to the 2010 Census which the City will do the minimum requirements to keep cost down.

# CITY OF REDONDO BEACH
# Budget Response Report #5

**May 29, 2012**

**Question:**

*When will the City install bike lanes on Torrance Boulevard?*

**Response:**

The South Bay Bicycle Master Plan, adopted by City Council on September 20, 2011, proposes the installation of bike lanes on Torrance Boulevard as part of the regional bikeway network. The City's 2005 Bicycle Transportation Plan also proposed bike lanes on Torrance Boulevard.

In 2009, Metro awarded the City $1,558,860 in Call for Projects monies to build out the bike lanes and bike routes identified in the 2005 Bicycle Transportation Plan. These funds will be available in Fiscal Year 2013-14 and require a 20 percent local match in the amount of $389,715. This project is in the current Capital Improvement Program and is listed as the Bicycle Transportation Plan Implementation Project, Job No. 40510. The build out will also include installing video detection at signalized intersections so that bicyclists will be able to fully utilize the new bike facilities.

The proposed bike lanes on Torrance Boulevard are included in the CIP project and will be installed in FY 2013-14. The cost estimate for Torrance Boulevard is approximately $189,000 ($79,000 for striping plus $110,000 for video detection). If the City installs the Torrance Boulevard bike lanes ahead of receiving the Metro monies, the City would be responsible for 100 percent of the project cost. If the City installs the bike lanes as part of the CIP project, the cost to the City is only 20 percent, or $37,800.

# CITY OF REDONDO BEACH
# Budget Response Report #6

**May 29, 2012**

**Question:**

*What is the status of the Beach Sand Replenishment Project?*

**Response:**

As a part of the Marina Del Rey Maintenance Dredging Project by the U.S. Army Corps of Engineers (Corps), in collaboration with the County of Los Angeles (County), the beach between the Ruby Groin and the Topaz Groin will be replenished with approximately 80,000 cubic yards of dredged clean sand from the Marina's north entrance.

The project was originally scheduled to be completed by March 15, 2012. However, because the Memorandum of Agreement (MOA) between the Corps and the County was not executed until mid April, the project could not proceed.

With the signed agreement in place, County staff is now considering delaying the start of the project until September 2012 in order to avoid impacts to summer beach activities. The County is currently reviewing two scheduling options from the Corps. The first will move forward immediately and the second will delay replenishment until the fall. The project is funded 100% by the County and there will be no fiscal impact to the City with either option.

# CITY OF REDONDO BEACH
# Budget Response Report #7

**May 29, 2012**

**Question:**

*What is the Los Angeles County Flood Control District Water Quality Funding Initiative (WQFI)?*

**Response:**

The Water Quality Funding Initiative (WQFI) proposes a property-related fee that would be levied to assist cities in Los Angeles County in funding the removal of pollutants from local rivers, lakes, channels, beaches, and coastal waters. The Los Angeles County Flood Control District (District) will fund the property owner election planned for March 2013. The proposed fee would be calculated based on the size of the property, the impervious area as determined by the property's land use and the established rate per impervious square feet. Every parcel with an APN (Assessor's Parcel Number) within the County would be assessed the fee. This includes publically owned properties such as City Halls and Police Stations. If passed, 90% of the revenue would be returned to 85 municipalities within the district for water quality related projects. 40% would go directly to municipalities and 50% would be distributed based on watershed groups. Fee amounts for single family residential homes would range from $8 and $83 annually.

The District's preliminary report projects that Redondo Beach will receive $700,000 per year by formula, plus a portion of the estimated $8 Million designated for the Santa Monica Bay Watershed group and a portion of the $16 Million designated for the Dominquez Channel Watershed group.

**Recommendation:**

Recommended is that the Stormwater Subcommittee receive an update on the WQFI and make a recommendation to the full Council regarding future support of this initiative.

# CITY OF REDONDO BEACH
# Budget Response Report #8

**May 29, 2012**

**Question:**

*What special events are included in the proposed budget for FY 2012-13?*

**Response:**

The proposed budget for FY 2012-13 includes funding to cover the City's hard costs for six signature events as designated by the Mayor and Council. In addition to the hard costs of supporting the events, the City waives rental, permit, and parking fees related to the events. The events and their funding follow:

**FY 2012-13 Proposed Budget Funding**

| Signature Events | General Fund | Tidelands | Uplands |
|---|---|---|---|
| Super Bowl 10K Run/Walk | $17,000 | $ - | $ - |
| Lobster Festival | 5,500 | - | - |
| Springfest Carnival | 4,000 | - | - |
| Riviera Village Summer Festival | 2,500 | - | - |
| Riviera Village Holiday Stroll | 2,000 | - | - |
| 4th of July 2012 Fireworks* | - | 4,200 | 16,800 |
| **TOTAL** | **$31,000** | **$4,200** | **$16,800** |

*Funding offset by parking revenues

A limited number of other events are sponsored and funded through City department budgets as part of their work program, such as the Community Open House, Earth Day, and the Senior Health Fair. A list of annual events is attached. Signature events and department-sponsored events are shaded.

In order to reduce the impact of Special Events on the City's limited staff resources, and to minimize adverse impacts on residents, the City has not accepted applications for new events that require unfunded Public Works, Fire, and/or Police department support since October 2008.

Special events, including signature events, are currently required to submit an application to the Recreation and Community Services Department. The application is reviewed by City Departments for safety, accessibility, and community/staffing impacts. Staff is currently reworking the administrative process for special events in Redondo Beach. This will result in a less labor intensive review process and an application form with greater functionality.

# CITY OF REDONDO BEACH ~ 2012 SPECIAL EVENTS

| DATE | EVENT | LOCATION | SPONSOR | FOR MORE INFORMATION |
|---|---|---|---|---|
| Thursdays 8AM - 1PM | Farmers Market | Harbor Drive/Veterans Park | Redondo Beach Rec/Comm Serv Dept | 310-372-1171 X2252<br>www.redondo.org/farmersmarket |
| Fridays 3-7PM | Farmers Market | Avenue I-Riviera Village | Riviera Village Business Improvement District | 310-377-0205 |
| February 2-22, 2012 | 36th Annual Yard Sale | 504 N. Broadway | Dive N'Surf | www.divensurf.com |
| February 5, 2012 | Redondo Beach Superbowl Sunday 10K/5K | Seaside Lagoon | Redondo Beach Chamber of Commerce | 310-376-6911<br>www.redondochamber.org |
| March 17, 2012 | St. Patrick's Day 5K Run/Community Walk | Riviera Village | Village Runner Racing | villagerunner@earthlink.net |
| April 8, 2012 | Easter in the Park | Veterans Park | King's Harbor Church | 310-376-6555 |
| April 13-14, 2012 | Holy Week Processions | 722 Knob Hill Avenue | St Katherine's Greek Orthodox Church | 310-540-2434 |
| April 21, 2012 | Fido and Friends | Veterans Park | Cancer Support Community Redondo Beach | 310-376-3550<br>Kristin@cancersupportredondobeach.org |
| April 26-29, 2012 | Springfest | Performing Arts Center | VR Promotions/NRBBA | 310-943-9007<br>springfestredondo@earthlink.net |
| April 16, 2012 | Earth Day Celebration | Sea Lab and Adjacent Lot | RB Public Works Department | 310-318-0686 |
| May 3, 2012 | National Day of Prayer | Redondo Beach Civic Center | Mayor and City Council | 310-372-1171 |
| May 7, 2012 | Walk for Life | South side of RB Pier to Torrance Beach | Pregnancy Help Center | 310-320-8976<br>phctorrance@dslextreme.com |
| May 5, 2012 | Fire Service Day | Fire Stations 1 and 2 | RB Fire Department | 310-318-0663 |
| May 31, 2012 | Memorial Day Tribute Ceremony | Veterans Park | Marine Corps Junior Reserve Officers' Training | 310-798-8665 X4109 |

| DATE | EVENT | LOCATION | SPONSOR | FOR MORE INFORMATION |
|---|---|---|---|---|
| May 6, 2012 | Ultra Lux Salon 7th Annual Promotional Event | 1312 Aviation Blvd #101 | Ultra Lux Salon | 310-372-3332 |
| June 10, 2012 | Redondo Beach Triathlon | Veterans Park | TC Tri Productions | tc@tctriproductions.com |
| June 23-24, 2012 | Riviera Village Summer Festival | Riviera Village | Village Runner | 310-531-8939<br>rvsummerfestival@earthlink.net |
| July 4, 2012 | Fourth of July 5K Run/Walk | Riviera Village | Village Runner | 310-531-8926 |
| July 4, 2012 | Friends of the Fireworks | Seaside Lagoon | Pete Moffett Productions, Inc. | 310-746-7650<br>www.Redondofireworks.com |
| July 13-15, 2012 | South Bay Greek Festival | 722 Knob Hill Avenue | St. Katherine Greek Orthodox Church | 310-540-2434 |
| July 21-22, 2012 | Relay for Life of the Beach Cities | Alta Vista Elementary School | American Cancer Society | 310-348-0356 |
| July 2012 | U.S. Paddleboard Championship | Avenue I/Pacific Ocean | Hennessey's | hennesseysraces@aol.com<br>310-540-2274 |
| September 8, 2012 | D Man Festival | Seaside Lagoon | Dive N' Surf | www.divensurf.com |
| September 15, 2012 | POW/MIA Vigil | Knob Hill Avenue | Los Angeles Air Force Base | 310-653-9968 |
| September 21-23, 2012 | Lobster Festival | Seaside Lagoon | Redondo Beach Chamber of Commerce | 310-376-6911 x 21<br>www.redondochamber.org |
| October 7, 2012 | Community Open House | Civic Center | Redondo Beach Police Dept | 310-372-1171 x 2565<br>Don.martinez@redondo.org |
| October 26, 2012 | Senior and Adult Disabled Health Fair | Performing Arts Center | Redondo Beach Rec/Comm Serv Dept | 310-318-0650<br>Marsha.enriquez@redondo.org |
| November 11, 2012 | Veterans Day Tribute | Veterans Park | Redondo Beach Rec/Comm Serv Department | 310-318-0644<br>John.larock@redondo.org |

| DATE | EVENT | LOCATION | SPONSOR | FOR MORE INFORMATION |
|---|---|---|---|---|
| December 15, 2012 | Christmas Boat Parade | Main Channel of King Harbor | King Harbor Yacht Club | 310-376-2459<br>Dinah2@earthlink.net |
| December 2012 | Menorah Lighting | Redondo Beach Civic Center | Jewish Community Center Church | 310-699-0151<br>rabbidovid@jccmb.com |
| December 2012 | Holiday Stroll | Riviera Village (South Catalina Avenue, Avenue I, Elena Street) | Riviera Village Business Improvement District | 310-377-0205<br>Ellen@cowgirlcommunications.com |

# CITY OF REDONDO BEACH
# Budget Response Report #9

**May 29, 2012**

**Question:**

*What are the implications of allowing the service of alcohol at private events at the Alta Vista Community Center?*

**Response:**

The Alta Vista Community Center consists of a large multi-purpose room, a catering kitchen and restrooms. While the Alta Vista Community Center is regularly used for private rentals such as birthday parties and meetings, the existing rental guidelines do not allow for the service of alcohol at this facility. This policy precludes most class reunions, wedding receptions and banquets. Staff receives requests on a weekly basis for these types of events where alcohol service is desired.

In terms of other City facilities, the City of Redondo Beach allows the service and consumption of alcohol at a limited number of rental locations including events at the Redondo Beach Performing Arts Center, the Veterans Park Community Center (through a lease agreement with Spectrum Catering), and at Seaside Lagoon. Staff estimates that allowing the service of alcohol at private events at the Alta Vista Community Center would result in additional revenues totaling $7,600 annually.

From a legal perspective, the City Attorney's Office has determined that the City does have the authority to permit private events with alcohol service at this site, subject to rental contract regulations regarding public sale/consumption of alcohol, and compliance with State law.

From an operational perspective, staff would apply the existing "Guidelines for Approval of the Sale and/or Consumption of Alcohol at City Parks and Facilities" which are successfully used at Seaside Lagoon and the other sites which permit alcohol. These guidelines help ensure that applicable laws are being followed, specify minimum insurance requirements, and provide that any required on-site police supervision will be funded by the applicant. These guidelines were developed in consultation with City legal staff and the Redondo Beach Police Department, and would be applied at the Alta Vista Center if alcohol service is permitted.

In developing a final rental agreement with any group which wishes to serve alcohol at the Alta Vista Community Center, consumption of alcohol would be limited within the premises and consideration would be made of the size of the user group, the type of alcohol served, the method of serving alcohol, and security/monitoring for the event. In addition, staff would require a damage deposit that would be refunded to

the user once staff has inspected the facility at the conclusion of the event. At a minimum, all renters would need to satisfy the following requirements:

1. The event sponsor must present evidence of a Certificate of Insurance which includes coverage for the sale/consumption of alcohol.
2. The applicant must present proof of an alcoholic beverage control license from the Alcohol Beverage Control Board (ABC) if alcohol is sold by means of cash or ticket exchange during the scheduled event, or be a properly licensed vendor (usually the event's caterer).
3. Sufficient Redondo Beach police officers will be on-site if determined they are necessary by the Police Department and RCS staff.
4. The distribution and consumption of alcohol will be limited to a designated area.
5. No sale or distribution of alcohol to minors is permitted. All minors must be accompanied by a parent, relative, legal guardian or other responsible adult.
6. A representative from the organization, a City staff member assigned to the event and Redondo Beach police officers (as necessary) will monitor individual consumption. If there appears to be abuse or overuse of alcohol which could lead to an unsafe situation, individuals will be asked to voluntarily refrain from further alcohol consumption or sales and distribution will be discontinued.
7. The event sponsor must sign a statement acknowledging that he/she has received and read, "Hospitality Tips for Party Planners". These tips highlight a variety of topics regarding the service of alcohol including: A summary of pertinent California State Laws regarding the use of alcohol, service to minors rules, staffing, food and beverage service, and suggestions for policies and procedures regarding the event.

As part of the application process, the applicant would have to certify that they will adhere to these policies and safeguards.

Given the ongoing interest by prospective users of the Alta Vista facility and the staff experience gained through management of other City facilities where alcohol service is allowed, staff recommends that Council provide direction to allow alcohol service for selected private events at the Alta Vista Community Center.

The existing $80 dollar per hour rate charged for private rentals of the Alta Vista Community Center now generates $38,000 annually in General Fund Revenue. Using the same $80 hourly rental rate and allowing alcohol service is projected to increase annual revenues by an additional $7,600.

# CITY OF REDONDO BEACH
# Budget Response Report #10

**May 29, 2012**

**Question:**

*What is the status of a community partnership between the City and the Leadership Redondo Class of 2010 for the placement of a new public event venue in Veterans Park?*

**Response:**

In October 2010, the City Council approved a project proposed by the Redondo Beach Chamber of Commerce 2010 Leadership Redondo Class for a replacement Event Plaza in Veterans Park. The former bandshell was found to be structurally unsound, was demolished, and the area it occupied was converted to grass.

Leadership Redondo retained the services of a volunteer architect to create plans and specifications for a new Event Plaza. The Event Plaza, as originally envisioned, was found to be significantly beyond the available resources for the project. The project was reduced in scope and redesigned by Leadership Redondo with the intention of remaining within an available project budget of $111,000.

The revised design concept was approved by the City Council on September 6, 2011. At that time, Leadership Redondo was authorized to prepare plans and specifications for review by City staff, and ultimately, for submission to the City Council for approval. Partial plans were submitted in November 2011, but returned to the volunteer architect for additional work and completion.

On April 24, 2012, the plans were resubmitted to the City's Engineering and Building Department for review. The specifications are currently being written by a spec writer retained by the 2010 Leadership Class. In contrast to the partial plans submitted in 2011, the April 24, 2012 plan submittal incorporates a specific design for lighting, landscaping, irrigation, grading, aviary mitigation, and donor recognition placements. The City has provided its comments related to the plans and is awaiting the final plan submittal along with the required specifications.

Leadership Redondo Projects typically rely solely on private donations to fund design and construction costs. To date, in addition to significant pro-bono contributions of professional services (architect, engineering, and consulting services), $90,000 has been contributed to the Chamber of Commerce towards the project's costs. This includes a $50,000 title sponsor funding commitment from Athens Services with $40,000 contributed by a variety of other donors.

In addition to private donations, the City Council has approved the use of $21,000 which remains in the project budget from demolition of the former Band Shell. The construction budget for the new events plaza would be comprised of Leadership Redondo fundraising and the remaining CIP demolition funds ($90,000 + $21,000 = $111,000).

Discussions are underway concerning a Memorandum of Understanding (MOU) between the City and the Chamber of Commerce Community Foundation for funding and construction of this project. Once the plans and specifications are in final form, the next steps will be to (1) update the construction estimates, (2) finalize a project schedule, and (3) bring forward the final plans, specifications and the MOU for City Council review – anticipated for June 19, 2012.

# CITY OF REDONDO BEACH
# Budget Response Report #11

**May 29, 2012**

**Question:**

*What actions are necessary to reflect the FY 2011-12 Midyear transfer of the Transit Division from the Harbor, Business and Transit Department to the Recreation and Community Services Department?*

**Response:**

In an effort to streamline the organization and reallocate key resources, the FY 2011-12 Midyear Budget Report transferred the Transit Division from the Harbor, Business and Transit Department (HBT) to the Recreation and Community Services Department (RCS). This move will allow HBT to refocus its limited resources on the ongoing waterfront revitalization efforts now underway. Additionally, as RCS is in the process of its own reorganization due to recent changes to Redevelopment and Housing, the addition of Transit is a natural fit.

An important step towards implementation of this organizational change is to modify the names of the respective departments and their department directors so that the transfer of transit is apparent to both internal and external customers. A retitling of these two departments is therefore recommended as follows:

| Current | Proposed |
|---|---|
| Harbor, Business & Transit Dept. | Waterfront & Economic Development Dept. |
| Recreation & Community Svs. Dept. | Recreation, Transit & Community Services Dept. |

In consultation with the City Attorney's office, the following three actions are necessary in order to implement the name changes.

1. The City Council is required to adopt an ordinance which: (a) repeals the prior departments and creates the new departments, (b) outlines divisions of the new departments, and (c) creates titles of the new department directors.

2. Human Resources would need to update the position descriptions for the two respective department directors and bring a report to the City Council for review and action.

3. Modifications to the monument sign at the RCS facility on Artesia Boulevard will be necessary to reflect the name change. This work can be completed at a cost of $5,000 which is chargeable to the Transit Fund. The cost of changing the wall-mounted HBT sign at City Hall will be minimal and can be absorbed within existing HBT resources.

Lastly, during the summer months, RCS will complete an analysis and finalize the physical relocation of all or part of transit staff to RCS offices and will work with other departments to evaluate the current method of sale/distribution of Metro and BCT bus passes and Wave Applications.

# CITY OF REDONDO BEACH
# Budget Response Report #12

**May 29, 2012**

**Question:**

*What was the cultural and entertainment rental activity at the RBPAC in the 2011-12 FY and how has the Business Plan approved in 2007 affected the Center's fiscal impact and facility booking percentages?*

**Response:**

The Redondo Beach Performing Arts Center (RBPAC) is a highly sought after and fully inclusive facility owned by the City of Redondo Beach with a variety of economically diverse rental clients. It hosts over 500,000 patrons and artists each year and has become a critical icon for the City's cultural and visitor serving brand. In 2007, the City Council approved a business plan for the Center specifying a number of marketing and customer service initiatives that have resulted in a greater percentage of event bookings, increased revenue, and a higher industry profile. Specific measures put in place pursuant to the business plan have included hiring a full-time Cultural and Performing Arts Manager, modifying the base rental rates charged for usage of the RBPAC, creating rental rates for specialized theatrical equipment, establishing an RBPAC marketing budget, and approving hourly rates for corporate events at the Center.

The ongoing operational goal of the Center is to decrease General Fund support while increasing the quantity, quality and diversity of cultural offerings. The Center's programming is generated by resident organizations; local, national and international promoters; community-based organizations; and various media, television and film companies. Additionally, the RBPAC hosts free monthly art exhibits in the Gallery Lobby featuring work by Redondo Beach artists. A detailed listing of the Center's cultural offerings can be found in the Events Calendar on the RBPAC website at www.RBPAC.com.

When comparing revenues and expenditures, the General Fund subsidy will be approximately $300,000 in FY 2011-12 – the lowest in the history of the RBPAC. The steady decline in the General Fund subsidy is directly attributable to implementation of the RBPAC Business Plan. The revenues and expenditures

dating to FY 2006-07 along with the declining deficit amounts are shown below:

| FY | Revenue | Expense | Excess/(Deficit) |
|---|---|---|---|
| 2006-07 | $425,000 | $ 997,005 | ($572,005) |
| 2007-08 | $574,000 | $1,097,400 | ($523,400) |
| 2008-09 | $720,600 | $1,130,235 | ($409,635) |
| 2009-10 | $609,091 | $1,165,772 | ($556,681) |
| 2010-11* | $616,379 | $1,076,558 | ($460,179) |
| 2011-12 | $710,210 | $1,006,483 | ($296,273) |

***** Revenue does not include $209,322.50 owed to the City by the Civic Light Opera of South Bay Cities for 123 days of use covering 76 theatrical performances.

**RBPAC Rental to New Arts Company and Rental Statistics**

Looking ahead to FY 2012-13, the RBPAC has secured a new professional arts organization to present musical theater shows at the RBPAC beginning in August 2012. This organization, 3-D Theatricals, is an innovative, family-owned company that currently presents shows at the Plummer Auditorium in Fullerton. They will bring Broadway caliber entertainment to Redondo Beach and the South Bay, which begins with the Tony Award© winning musical *Avenue Q* in August. Two additional shows will be presented in 2012 and planning is underway to present a five show series at the RBPAC in 2013.

Following the eviction of the Civic Light Opera in August 2011 for non-payment of $209,322.50 owed to the City for 123 days of use and 76 performances, there was an anticipated reduction in the number of booking days in FY 2011-12 as compared to FY 2010-11. It is important to note however, that the City's revenues actually increased without the Civic Light Opera in FY 2011-12 due to (1) the end of discounted rental fees charged to the Civic Light Opera and (2) an increase in the number of commercial rentals of the Redondo Beach Performing Arts Center. Rental statistics are provided below for the past five years.

| | Total # of Days Booked per FY | | Total # of Weekends* Booked per FY | |
|---|---|---|---|---|
| FY07-08 | 212 | 58% | 44 | 85% |
| FY08-09 | 259 | 71% | 46 | 88% |
| FY09-10 | 253 | 70% | 42 | 81% |
| FY10-11 | 248 | 68% | 43 | 83% |
| FY 11-12** | 167 | 46% | 35 | 67% |

*Weekends are Friday through Sunday
**Projected - additional bookings pending

The rental to 3-D Theatricals comes at an opportune time given (1) the availability of dates at the RBPAC and (2) the community's desire for musical theatre at the Performing Arts Center.

The following is a listing of RBPAC Programming for FY 2011-12.

**RBPAC Programming FY 2011-12**

**Internal City Events FY 2011-12: (8)**

| | |
|---|---|
| Vitality Cities Bicycle Coalition Event | Senior Services Volunteer Luncheon |
| Hazardous Waste Round-Up | Senior Services Holiday Craft Fair |
| Housing Division Workshop | Springfest Carnival |
| Vitality Cities Purpose Workshop | Vitality Cities Blue Zones Kick-Off |

**Facility Rental Clients FY 2011-12 (78):**

| | |
|---|---|
| Los Angeles Guitar Festival | Las Danzas Del Peru-History of My People |
| Shaan Indian Music Concert | The Dance Factory |
| Shamrock Carnival | Paul Jackson Music Concert |
| Debbie Allen Dance Academy | Fantasia Family Music |
| Sarina Bhakta Dance Concert | Echelon Music Jazz Concert |
| Miss/Mrs. Asia USA Pageant | Showtime 2011 |
| DirecTV Corporate Meeting | South Bay Law Enforcement Training |
| 90210 Television Shoot | Suze Orman-Distinguished Speaker Series |
| Redondo Beach Chamber of Commerce | Diego El Cigala Flamenco Music Concert |
| Everest College Torrance Graduation | Murad Fundraiser |
| KCPF Hawaiian Play | United States Martial Arts Festival |
| NDM Bollywood Dance | Betty White-Distinguished Speaker Series |
| LA Metro Church of Christ | Hapa Hawaiian Music Concert |
| ABC Family Television Shoot | Everest College Gardena Graduation |
| MDA Holiday Fundraiser | School of Dance & Music-Holiday Concert |
| Vibe Dance | Hawaiian Holiday Concert-Kanani Studio |
| Los Angeles Ballet-The Nutcracker | Max Entertainment-New Year's Gala |
| David Axelrod-Speakers Series | Zakat Foundation of America Music Concert |
| Metro LA Church Worship | Slack Key Guitar Festival |
| ABC Television Base Camp Parking | Starbound National Dance Competition |
| Ranwaan Ryak Indian Music Concert | K-Swiss Television Commercial Shoot |
| Global Imagination Jazz Concert | Faith Evans Valentine's Day Concert |
| Syrian American Council Concert | Jake Shimabukuro Music Concert |
| Charles Krauthammer-Speaker Series | Los Angeles Ballet-Swan Lake |
| Adam Carolla In Concert | NDM Bollywood Dance Academy |
| Gen. Stanley McChrystal-Speaker Series | Hall of Fame Dance Competition |
| School of Dance & Music-Circus Circus | Flamenco Festival |

| | |
|---|---|
| Move Production Dance Competition | Yo Yo Ma-Speaker Series |
| Dave Ramsey-KFWB | Legacy Dance Competition |
| Thunderstruck Dance Competition | Los Angeles Ballet-Next Wave LA |
| Los Angeles Ballet Academy | Everest College Gardena Graduation |
| Greg & Steve Children's Concert | Masquerade Dance Competition |
| Dan Buettner-Speaker Series | Comerica Bank Corporate Meeting |
| School of Dance & Music-Little History | St. Bernard's Academy Dance Recital |
| Kids Artistic Review Dance Competition | Lennox School Graduation |
| School of Dance & Music Summer Recital | Vista Mar School Graduation |
| Skirball School Graduation | College Ready Academy Graduation |
| Beach Cities Dance Recital | Webby Dance Recital |
| American-Islamic Council Concert | Las Danzas Del Peru |

# CITY OF REDONDO BEACH
# Budget Response Report #13

**May 29, 2012**

**Question:**

*What is the status of Transit Funding for FY 2012-13?*

**Response:**

All transportation programming is fully funded for Fiscal Year 2012-13. Beach Cities Transit (BCT), as a recognized Los Angeles County Municipal Transit Operator, receives its primary source of funding from Metro under the Countywide Formula Allocation Procedure (FAP). Many elements of transit funding are voter-approved sales tax measures that serve as stable sources of funding for transit operations and programming.

In June 2012, Metro will approve the Countywide Formula Allocation Funds for Prop A/C, Measure R Local Return funds, and all FAP fund allocations. Additionally, the City receives annual Metro Prop A Subregional Incentive Funds for the service coordination of the WAVE Dial a Ride service with the City of Hermosa Beach. The City's FAP allocation is based on a fare-unit formula that uses vehicle service miles and passenger revenues as factors to determine the proportionate share that is distributed to the Municipal Transit Operators. While County FAP Transit Fund projections are projected to increase by 4% on a Countywide basis for FY 2012-13, the City of Redondo Beach FY 2012-13 FAP fund allocation will increase by 6.1% compared to FY 2011-12. This level of FAP funding is reflective of high ridership levels on BCT lines 102 and 109 in our service area.

The total transit funds inclusive of FAP revenues and Proposition A Local Return Funds to be used for services is estimated at approximately $3,302,830 for Fiscal Year 2012-13. A summary of all transit revenue is included below.

**Anticipated FY 2012-13 Transit Fund Revenues**

| | |
|---|---|
| Proposition A Fund Local Return | $ 1,262,243 |
| Metro Transit FAP Funds | 1,490,666 |
| Metro Proposition A Sub regional Incentive Funds | 52,221 |
| BCT Fares | 286,200 |
| BCT & Metro Bus Pass Sales & Other Revenue | 111,500 |
| Cost Sharing Agreements-the Cities of El Segundo, Hermosa Beach and Manhattan Beach | 100,000 |
| Total Estimated Transit Fund Revenue | $ 3,302,830 |

Transportation program expenditures include programming for BCT and WAVE service operations, transit marketing, transit security, the bus pass sales and

subsidy programs, senior and youth recreational trips, rideshare programming related to Rule 2202 compliance (SCAQMD regulation), professional consultants, and personnel costs and general transportation administration. Proposition A Fund Local Return funds are required to be spent within three years of allocation. The City receives and spends approximately $1 million per year, and unspent Proposition A Fund Local Return funds are placed in the Proposition A Reserve Fund for future use. The FY 2010-11 CAFR lists a fund balance of $1,625,617. The City also receives funds from the South Coast Air Quality Management District (SCAQMD), the Federal Transit Administration (FTA), and the California Department of Transportation (CALTrans) for capital purchases.

# CITY OF REDONDO BEACH
# Budget Response Report #14

**May 29, 2012**

**Question:**

*Provide a listing of information technology equipment scheduled for replacement as recommended in Decision Packages #31 and #32.*

**Response:**

Below is a listing of technological equipment scheduled for replacement in FY12-13 and their costs that make up the $550,298.

City Clerk : $ 19,956

- Replace two high speed Fujitsu scanners used with LaserFiche document imaging system.

Police :

- Replace two high speed Fujitsu scanners used with LaserFiche document imaging system. $ 19,956
- Replace Telestaff scheduling server. $ 6,098

Finance:

- Replace two cashiering receipt printers. $ 5,938

Information Technology:

Replace the following systems/hardware equipment:

- DMZ network switches $ 15,522
- Public Access Network Firewall Appliance $ 3,326
- Email Archiving Appliance $ 6,098
- Meeting room Projectors $ 5,226
- Avaya Telephone Switch – Upgrade $ 381,069
- Avaya Call Pilot Voice Mail – Upgrade $ 79,902

Library:

- Replace Library fine notification computer. $ 7,207

# CITY OF REDONDO BEACH
# Budget Response Report #15

**May 29, 2012**

**Question:**

*What City vehicles are scheduled for replacement by the Public Works Department in the 2012-2013 Fiscal Year?*

**Response:**

The purpose of the Vehicle Replacement Program is to evaluate, maintain, and replace vehicles on a schedule that optimizes their usefulness, avoids major repairs and periods of downtime, and captures ongoing technological improvements in vehicle safety, efficiency, and performance. Redondo Beach vehicles are typically replaced every 4 to 10 years, depending on their type and function, at an aggregate cost of between $1,000,000 and $1,500,000 each year. Since the 2009-10 Fiscal Year, a limited number of vehicles have been approved for replacement.

As the City continues to work through a slow economic recovery, staff is again recommending that only the most critical vehicles be replaced in the 2012-13 Fiscal Year. Specifically, it is recommended that twenty-five vehicles be purchased at a total cost to the Vehicle Replacement Fund of $867,800. The vehicles proposed for replacement are used for public safety operations and Public Works Department maintenance activities. The vehicles have aged beyond their replacement life, have accrued many miles, and have experienced increased annual repair costs. Once replaced, the fully equipped vehicles will be safer and more efficient, and will provide reliable tools needed to perform critical infrastructure maintenance and respond to natural disasters, accidents and other major emergencies.

Additional information regarding the vehicles recommended for replacement is as follows:

| Unit # | Year | Type | Assignment | Replacement Amount w/ equipment |
|---|---|---|---|---|
| 100-05 | 2005 | FIRE ADMIN SEDAN | FD-CHIEF | $ 29,456 |
| 102-99 | 1999 | FIRE PREV. SEDAN | FD-PREVENTION | 29,456 |
| 130-99 | 1999 | FIRE PREV. SEDAN | FD-PREVENTION | 29,456 |
| 620-07 | 2007 | UNDERCOVER VEHICLE | PD-INVESTIGATIONS | 33,289 |
| 637-99 | 1999 | INVESTIGATIONS SEDAN | PD-INVESTIGATIONS | 31,142 |
| 651-07 | 2007 | SGT. PATROL SUV | PD-PATROL | 49,416 |
| 652-07 | 2007 | SGT. PATROL SUV | PD-PATROL | 49,416 |
| 653-04 | 2004 | PATROL SEDAN K-9 | PD-PATROL | 47,341 |
| 660-08 | 2008 | PATROL SEDAN | PD-PATROL | 41,021 |

| Unit # | Year | Type | Assignment | Replacement Amount w/ equipment |
|---|---|---|---|---|
| 661-08 | 2008 | PATROL SEDAN | PD-PATROL | 41,021 |
| 672-07 | 2007 | PATROL SEDAN | PD-PATROL | 41,021 |
| 675-07 | 2007 | PATROL SEDAN | PD-PATROL | 41,021 |
| 678-08 | 2008 | PATROL SEDAN | PD-PATROL | 41,021 |
| 14-00 | 2000 | PICKUP TRUCK | PW-BUILDING MAINT. | 23,963 |
| 20-95 | 1995 | PICKUP TRUCK | PW-BUILDING MAINT. | 23,963 |
| 12-00 | 2000 | PICKUP TRUCK | PW-PARKS | 24,336 |
| 250-99 | 1999 | PICKUP TRUCK | PW-PARKS | 21,905 |
| 296-04 | 2004 | RIDE-ON MOWER | PW-PARKS | 19,749 |
| 297-04 | 2004 | RIDE-ON MOWER | PW-PARKS | 19,749 |
| 375-02 | 2002 | STREET PAINTING/ STRIPING MACHINE | PW-STREETS | 23,343 |
| 382-01 | 2001 | SOLAR ARROW/ MESSAGE BOARD | PW-STREETS | 10,000 |
| 803-05 | 2005 | PIER PAVEMENT SCRUBBER | PW-HARBOR | 64,000 |
| 805-05 | 2005 | PIER PAVEMENT SCRUBBER | PW-HARBOR | 64,000 |
| 806-05 | 2005 | PIER PAVEMENT SWEEPER | PW-HARBOR | 60,000 |
| 872-04 | 2004 | ELECTRIC MAINT. CART | PW-HARBOR | 8,715 |
| | | | **TOTAL** | **$ 867,800** |

# CITY OF REDONDO BEACH
# Budget Response Report #16

**May 29, 2012**

**Question:**

*What are the anticipated impacts of the RWQCB's new municipal stormwater NPDES permit?*

**Response:**

In September, the Regional Water Quality Control Board is expected to adopt an updated NPDES permit that will place additional water quality restrictions on cities to further limit the amount of pollutants that enter the ocean and other bodies of water through local stormwater systems. These requirements will have significant short term and long term impacts on the City's capital and operating expenditure budgets.

Capital Improvement Project Expenses

Since 2004, a number of capital improvement projects have been completed to comply with the Board's current Total Maximum Daily Load (TMDL) requirements for stormwater "Bacteria." The new NPDES permit will include restrictions for three additional pollutants: specifically "PCB/DDT" and "Debris" limitations for the Santa Monica Bay; and "Toxics" limitations for the Dominguez Channel. The capital cost to comply with the increased permit restrictions is expected to be as much as $19 million over the next ten years. The proposed 2012-13 Fiscal Year capital budget alone includes over $1.25 million of funding for projects to address immediate permit compliance needs.

Ongoing Operating, Maintenance and Permit Monitoring Expenses

The City spends an estimated $1.8 million per year on ongoing programs, maintenance, and operations needed to comply with existing NPDES permit requirements. These expenses include specialized industrial and commercial inspections, engineering plan check for stormwater best management practices, catch basin cleaning, street sweeping, oversight of the illicit connection and elimination program, water quality monitoring, and maintenance of existing stormwater systems and water treatment structures. The new permit will require the City to increase water quality monitoring in stormdrains and receiving waters and perform additional construction inspections. Cities will also be responsible for their own public outreach and education programs, a task that is currently being provided by LA County.

The City's operation and maintenance expenditures for NPDES permit compliance are expected to remain $1.8 million in the 2012-13 Fiscal Year, and increase to $2 million in the 2013-14 Fiscal Year. In future years, as more stormwater structures and enhanced systems are built to comply with the permit's new TMDL requirements, ongoing maintenance expenditures will increase further.

# CITY OF REDONDO BEACH
# Budget Response Report #17

**May 29, 2012**

**Question:**

*What is the status of the Metro congestion mitigation fee proposal?*

**Response:**

Metro established the Congestion Management Program (CMP) in response to voter approval of Proposition 111 in June 1990. Jurisdictions were required to conform to the local requirements of the CMP in order to continue receiving their portion of state gas tax and to preserve their eligibility for state and federal funding for transportation projects funded through Metro's Call for Projects. Cities were originally required to track the impact of development within their borders on the CMP Highway System through a debit/credit approach.

The MTA suspended the debit/credit approach when it adopted the Short Range Transportation Plan in 2003. This was mainly the result of the County and other jurisdictions experiencing severe transportation funding cutbacks from the State as a result of not complying with the CMP. The Metro Board approved a study to explore the feasibility of working with local jurisdictions to implement a congestion mitigation fee.

The Congestion Mitigation Fee (CMF) program would continue to link deficiencies on the transportation system to new development activity with a trip fee amount based on new trips generated by new development. The fee would augment resources for transportation improvements that would be directed at reducing congestion caused by development in the area. In 2008, after extensive community outreach, including a presentation to the City Council by Metro staff, the Metro Board approved a plan that established the guidelines for the proposed program and the framework for proceeding to work with local jurisdictions to identify projects. Local jurisdictions were required to select and build capital projects and adopt a fee ordinance. Qualifying City projects were required to:

Be specified at outset of program
Be located on the regional transportation network
Mitigate new regional development impacts (reduce congestion)
Be capital projects (no operational and maintenance)
Be financially constrained, i.e., fully funded with projected fees and other reasonably anticipated revenues.

The City approved and submitted a project list meeting the criteria of the Congestion Mitigation Fee program in the amount of $56,154,000. The projects include over

$7.5 million in intersection improvements and traffic signal upgrades on Artesia Boulevard, Manhattan Beach Boulevard, Inglewood Avenue and 190th Street, in addition to $36 million in ROW Improvements on PCH. The projects can be modified, removed/deleted as necessary prior to approval of the fee. The above projects have been approved by Metro as meeting the conditions of the program.

Per the implementation schedule developed by Metro, the City will be required to address the congestion mitigation fee in the next 12-14 months. The next step will include making a formal determination of the fee amount. It is anticipated that future project costs of $56,154,000 will result in a fee of $1,013 per net new trip. The City must determine what portion of the net new trip fee is needed to augment existing revenues to pay for these future transportation projects. Once the amount of the new fee is determined, the Planning Commission will hold a public hearing to approve the list of eligible transportation projects and make a finding of consistency with the General Plan. The City Council will then hold a public hearing to discuss the reasons/legislation authorizing the fee, the justification for the projects, and approval of the fee and ordinance. Once the fees are approved and collected, they will be controlled by the City.

# CITY OF REDONDO BEACH
# Budget Response Report #18

**May 29, 2012**

**Question:**

*Does the May 1, 2012 Engineer's Report on the City's Street Landscaping and Lighting District Assessment reconcile with the FY 2012-13 Proposed Budget?*

**Response:**

The following is a reconciliation of the May 1, 2012 Engineer's Report on the City's Street Landscaping and Lighting District Assessment with the FY 2012-13 Proposed Budget.

| | |
|---|---|
| Total Street Landscaping and Lighting District Expenditures | $ 2,705,579 |
| District Generated Revenues | 1,600,500 |
| Deficit per the Engineer's Report | $-1,105,079 |
| Core Budget General Fund Subsidy | 873,500 |
| Decision Package #29: Street Landscaping and Lighting District | 103,719 |
| Anticipated Savings from Current MOU Agreements | 127,860 |
| Deficit Balance | $ 0 |

# CITY OF REDONDO BEACH
# Budget Response Report #19

**May 29, 2012**

**Question:**

*What is the condition of the City's 797 parking meters, and what are the possible funding options to replace them?*

**Response:**

Condition of the Meters

The 797 parking meters have been in service for ten years. Historically, the City has not had a plan or funding source to replace them. The parking meters regulate 1,420 parking spaces in the City's three Central Traffic Districts and are near the end of their serviceable life due to repetitive failure of the internal mechanisms and external corrosion. The City has 174 single space and 623 double space meters. The cost to replace the existing single and double space meters with single space credit card capable meters would cost approximately $800,000 to $1,500,000. The price range depends on the choice of manufacturer, the ability to use existing single meter housings, the addition of pole adapters to facilitate one meter to one space and the deployment of optional features. Potential options to reduce this cost would be to use multi-space pay station meters in parking lot areas and standard non-credit card meters in low-use areas. Small parking lots and parallel and diagonal street parking would continue to use single space meters.

The existing parking meters have specific points of failure due to their original design and age. An exposed electronic coil in the original design of the City's POM brand meters causes the frequent failure of the parking meters' coin chutes whenever it rains. The meters become inoperable and will not register payments. The technician must reprogram the parking meter with a handheld device in a five minute process. Up to seventy-five percent of the 197 meters on the Esplanade can fail with heavy rain. Until the meters are reprogrammed, there is lost revenue and customer dissatisfaction. The meter circuit boards randomly fail throughout the City due to age, and they must be replaced. The external housings of the meters have corroded; the meters closest to the ocean are in the worst condition. A recent attempt to remove the corrosion from a meter housing to powder coat it resulted in the housing melting in the chemical process.

Proposed Replacement and Funding Options

The City of Redondo Beach parking meter rates are $.25 to $1.00 per hour less than other beach and coastal communities in Southern California. The cost of a City of Redondo Beach expired parking meter citation is $3.00 to $18.00 less than other

beach and coastal communities. See the following matrix of fees for parking meter hourly rates, for expired parking meters and for permits.

| City | Cost for Meter Pass | Cost Per Hour for Meter | Pass for Residents Only | Cost of Exp Meter | Other Comments |
|---|---|---|---|---|---|
| | | | | | |
| Redondo Beach | $80.00/yr. | $1.00 / hr. | No | $40.00 | |
| Hermosa Beach | $143.00 Business area only | $1.25 / hr. | $40.00 limited to yellow poles | $53.00 | Prepaid cash key; no discount of fees. |
| Inglewood | No meter passes | $1.00 / hr. | No | $40.00 | |
| Long Beach | No annual passes | Five different locations and prices | No | $49.00 | Downtown .75 per hr., Hub $1.00 per hr., Pike area $2.00 per hr., Belmont Shores .50 per hr., Marina $1.00 per hr. |
| Huntington Beach | Annual pass $150.00 for 13 months | $1.50 / hr. | $10.00 annual valid at res. meters only | $48.00 | Seniors meter pass $50.00. Business meters no passes apply |
| Manhattan Beach | No annual passes | Business area only $1.00 / hr. beaches: 1.50 / hr. | No | $48.00 | Prepaid cash key; no discount fees |
| Newport Beach | See comments | $1.50 per hr. | Res. Lots, $250. / yr. | $58.00 | $150.00 for 35% of city meters per yr. $450.00 for every meter per yr. |
| Seal Beach | No annual passes | $1.00 / hr. | No | $43.00 | |
| Carlsbad | No annual passes | | | | State beaches run by state |
| San Clemente | No annual passes | $1.00 / hr. | Resident $ 50.00 Non-Res. $100.00 | $43.00 | |
| Laguna Beach | Res. only 80.00 for 2 years | $1.00 per hr. beaches $1.50 - $2.00 / hr. | Residents only | $43.00 | Annual passes start in August for the first two cars after that for 3-4 cars is $150.00 each |

| City | Cost for Meter Pass | Cost Per Hour for Meter | Pass for Residents Only | Cost of Exp Meter | Other Comments |
|---|---|---|---|---|---|
| | | | | | |
| Del Mar | | $.50 / hr. + $1.00 / hr. | | $43.00 | $3.00 per hr. at beaches. General paid pass and/or quarterly or monthly pass for structures. |
| Oceanside | $100.00 | | Resident pass only | $43.00 | |
| Santa Monica | No annual passes | $.75 / hr. $1.00 / hr. | Any Calif. license plate | $53.00 | Lot parking annual passes $155.00 for a year, 2 passes for $105.00 for 6 months. Senior passes $2.20 a year |

The Police Department proposes to replace the City's parking meters with a combination of single space and multi-space pay station parking meters that are capable of credit card payments and cellular telephone payment. The funding sources would be specific parking meter rate increases of $.50 to $.75 per hour and parking meter citation increases of $5.00 in each of the City's three Central Traffic Districts. A portion of these funds would be directed to a maintenance and replacement fund dedicated to the replacement of meters in these specific parking areas in the next five years. The amount of increase in each District would determine the meter features, the number to be replaced and the timeline for replacement. These funds would provide for the current and future replacement of meters in the District on a ten year replacement cycle.

Parking Enforcement tested the IPS credit card capable single space meter and is ready to test the Duncan single space credit card capable meter. The original IPS meters had keypad failures with increased moisture that disabled the credit card capability of the meter. The meters could not distinguish some tokens from coins. The Police Department has ten single-space Duncan meters that it is ready to test on the west side of the Esplanade with City Council approval. This area has proven to be the most challenging environment for our existing POM meters and any proposed new meters.

Staff recommends that a single space meter is the most customer intuitive and reliable meter for parallel and diagonal street parking and small parking lots with less than twenty spaces. For the past ten years, the City has used 623 double parking meters. One meter services two spaces, and the customer must select a right or left option for their parking space. This has occasionally caused confusion, has challenged some visitors and residents and results in customer complaints. Staff proposes to eliminate these double meter types, provide a two meter adapter and deploy one meter for each metered street parking space in all Districts. Multi-space pay stations are used in some cities for street parking. This is possible when the

service area for the meter is clearly defined by boundaries such as planters or other structures. A disadvantage is that if the device fails, all revenue is lost for this area until it is repaired.

Staff is working with the Harbor Department to evaluate multi-space pay stations in the Pier parking structures. If these are successful, staff believes that these pay stations are viable options in City parking lots 5, 13, and the Riviera Triangle. Multiple devices in each parking lot at strategic ingress/egress areas make them viable options. The cost of a single space credit card capable meter is about $500. The one pole to two space adapter is $50. New housings are about $250. If the City replaced all components of the 100 metered spaces in Lot 5, the approximate cost would be about $90,000. Three multi-space pay stations (one at each entrance to Veteran's Park and one in the center island) would cost approximately $40,000. Similar savings of about one half the costs of single space meters could be realized by using the multi-space stations in the Riviera Village triangle and Lot 13 at Harbor Drive and Herondo. Additional savings may be realized by using conventional parking meters in locations with low usage. The monthly service cost of the credit card capable meters can be per transaction or in a flat monthly fee.

Staff recommends that the City Council consider the following increases to the parking meter rates and expired meter parking citations. Increase the amount of an expired meter citation by $5.00. Redondo Beach would be $3.00 less than Manhattan Beach and Hermosa Beach for the same violation.

| Citation<br>Expired Meter Current | Citation<br>Expired Meter Proposed | Potential Annual Revenue<br>Increase |
|---|---|---|
| $ 40.00 | $ 45.00 | $68,000 per year |

14,778 expired meter citations were issued in 2011; about 13,600 were paid. An increase of $5.00 per citation would result in annual revenue of approximately $68,000.

Increase the hourly rate of parking meters by twenty-five or fifty cents per hour throughout the City. The table below shows revenues by general areas for calendar year 2011. Amounts are subject to change based on weather, permit usage and other variables.

| Location | Current Meter Cost | Proposed Meter Cost | 2011 Revenue by Area | Potential Added Revenue |
|---|---|---|---|---|
| 100/200 Avenue I (Village) | $ 1.00 | $ 1.50 | $352,004 | $176,002 |
| 200 Ave del Norte | 1.00 | 1.50 | | |
| 1700/1800 S Elena | 1.00 | 1.50 | | |
| 200 Vista del Mar | 1.00 | 1.50 | | |
| 1700/1900 S Catalina | 1.00 | 1.50 | | |
| 1800 S Catalina | 1.00 | 1.50 | | |
| 100 Via Valencia | 1.00 | 1.50 | | |
| Lot 1 | 1.00 | 1.50 | | |
| Riviera Lot (Triangle only) | 50 | 1.00 | 103,366 | 51,683 |
| 300 Esplanade | 1.00 | 1.50 | 87,067 | 43,534 |
| 500/600/700 N Harbor | 1.00 | 1.50 | | |
| 100/200/300 N Catalina | 1.00 | 1.50 | | |
| 100/200/(300 S Catalina) | 1.00 | 1.50 | | |
| 300 S Catalina | 1.00 | 1.50 | | |
| 100 Pearl | 1.00 | 1.50 | | |
| 100/200 Herondo | 1.00 | 1.50 | 11,322 | 5,661 |
| Lot 4 | 1.00 | 1.50 | 9,570 | 4,785 |
| 300 S Harbor | 1.00 | 1.50 | 96,601 | 48,300 |
| Lot 5 | 1.00 | 1.50 | 115,465 | 57,733 |
| 800-1800 Esplanade | 1.00 | 1.50 | 166,310 | 83,154 |
| Lot 13 | 1.00 | 1.50 | 59,808 | 29,904 |
| Total | | | | $500,756 |

An increase of $.50 per hour per meter would realize an annual revenue increase of about $500,000. An increase of $.25 per hour would realize an annual revenue increase of $250,000. With a $.25 per hour increase, the City could replace a majority of its meters in a five year period.

# CITY OF REDONDO BEACH
# Budget Response Report #20

**May 29, 2012**

**Question:**

*What will be the organizational structure and key functions and services of the new Community Development and Public Works Departments following implementation of the proposed reorganization?*

**Response:**

The reorganization consolidates the Planning, Public Works, and Engineering and Building Services Departments into two departments by moving the engineering function from the Engineering and Building Services Department to the Public Works Department and the building function from the Engineering and Building Services Department to the Community Development (formerly Planning) Department.

The major functions of the new Community Development Department will be:

- Planning – Administration of the City's long-range and current planning programs, as guided by the City's adopted General Plan and Zoning Ordinances.
- Building – Oversight of plan checking, permitting, and inspection of all private construction within the City.
- Code Enforcement – Enforcement of the City's Zoning Ordinance, Housing Code, and other related codes.

The major functions of the Public Works Department will be:

- Public Works Maintenance and Operations – Oversight of solid waste/recycling collection services and maintenance of all public facilities, parks, streets, sewers, vehicles, infrastructure and equipment through eight operating divisions including: 1) Administration, 2) Building Occupancy, 3) Fleet Services, 4) Harbor/Pier Maintenance, 5) Sewer/Storm Drain Maintenance, 6) Solid Waste/Recycling, 7) Street Maintenance, and 8) Parks Maintenance
- Engineering – Oversight of CIP and public right-of-way construction, compliance with Federal, State and Regional environmental regulations, and management of city infrastructure.

In order to fully implement the reorganization, the following tasks must be completed.

- July - Prepare new and revised job classifications for City Council consideration for the following positions:
    - City Engineer
    - Chief Building Official

    - Community Development Director
    - Public Works Director
    - Deputy Public Works Director
- July and August - Prepare Municipal Code amendments for City Council consideration to properly reference new department titles and job classifications..
- August through December - Conduct internal and external job recruitments for the Chief Building Official and City Engineer positions.
- December – Complete final workspace Final preparations for reorganized operations

It is anticipated that all tasks will be completed by the end of the calendar year when the current City Engineer/Chief Building Official retires.

# COMMUNITY DEVELOPMENT
Revised - FY 2012-13

***Community Development Administration***

Community Development Director (1)

***Planning Services***

Associate Planner (1)
Assistant Planner (2)
Planning Technician (1)

***Building Services***

Chief Building Official (1)

Senior Plan Check Engineer (1)
Plan Check Engineer (1)
Plans Examiner (1)
Senior Building Inspector (2)
Building and Engineering Technician (2)
Code Enforcement Officer (2)

# SUMMARY OF PERSONNEL
# Revised - FY 2012-13

## COMMUNITY DEVELOPMENT

Planning Services

| | |
|---|---|
| 0.50 | Community Development Director |
| 1.00 | Associate Planner |
| 2.00 | Assistant Planner |
| 1.00 | Planning Technician |
| 4.50 | |

Building Services

| | |
|---|---|
| 0.50 | Community Development Director |
| 1.00 | Chief Building Official |
| 1.00 | Senior Plan Check Engineer |
| 1.00 | Plan Check Engineer |
| 1.00 | Plans Examiner |
| 2.00 | Senior Building Inspector |
| 2.00 | Building and Engineering Technician |
| 2.00 | Code Enforcement Officer |
| 10.50 | |

## TOTAL PERSONNEL: 15.00

# PUBLIC WORKS
Revised - FY 2012-13

## Public Works Administration

Public Works Director (1)
City Engineer (1)
Deputy Public Works Director (1)

Capital Projects Program Manager (1)
Senior Management Analyst (1)
Senior Administrative Specialist (1)
Analyst (1)

## Engineering Services

Principal Civil Engineer (1)
Civil Engineer (2)
Transportation Engineer (1)
Associate Civil Engineer (4)
Assistant Civil Engineer (2)
Public Works Inspector (1)
Building and Engineering Technician (1)

## Public Works Maintenance and Operations

### Sewer/Storm Drain Maintenance

PW Manager - St/Sewer/Harbor (0.5)

Electrician Leadworker (0.25)
Public Services Leadworker (1)
Pump Station Operator (4)

### Harbor/Pier Maintenance

PW Manager - Bldg Facilities (0.25)

Public Works Maintenance Supervisor (1)
Pier Maintenance Leadworker (1)
Public Services Leadworker (1)
Electrician (1)
Painter (1)
Building Maintenance Worker (4)
Maintenance Worker I (11)

### Street Maintenance

PW Manager - St/Sewer/Harbor (0.5)

Public Services Leadworker (3)
Electrician (1)
Traffic Painter (1)
Equipment Operator (6)
Maintenance Worker II (5)
Maintenance Worker I (2)

### Parks Maintenance

PW Manager - Pks/Urb Forestry (1)

Public Works Maintenance Supervisor (1)
Park Maintenance Leadworker (1)
Public Services Leadworker (1)
Irrigation Technician (1)
Senior Park Caretaker (8)
Park Caretaker (2)
Administrative Specialist (1)
Maintenance Worker I (8)

### Building Occupancy

PW Manager - Bldg Facilities (0.75)

Electrician Leadworker (0.75)
Building Maintenance Leadworker (1)
Public Services Leadworker (1)
Building Maintenance Worker (4)
Maintenance Worker I (6)

### Solid Waste/Recycling

Senior Management Analyst (1)

Recycling Specialist (1)
Administrative Specialist (1)
Recycling Ranger (1)

### Fleet Services

Public Works Maintenance Supervisor (1)

Senior Mechanic (2)
Mechanic (1)
Equipment Service Worker (1)

# SUMMARY OF PERSONNEL
## Revised - FY 2012-13

## PUBLIC WORKS

**Administration**

| | |
|---|---|
| 1.00 | Public Works Director |
| 1.00 | City Engineer |
| 1.00 | Deputy Public Works Director |
| 1.00 | Capital Projects Program Manager |
| 1.00 | Senior Management Analyst |
| 1.00 | Senior Administrative Specialist |
| 1.00 | Analyst |
| 7.00 | |

**Street Maintenance**

| | |
|---|---|
| 0.50 | PW Manager - St/Sewer/Harbor |
| 3.00 | Public Services Leadworker |
| 1.00 | Electrician |
| 1.00 | Traffic Painter |
| 6.00 | Equipment Operator |
| 5.00 | Maintenance Worker II |
| 2.00 | Maintenance Worker I |
| 18.50 | |

**Fleet Services**

| | |
|---|---|
| 1.00 | Public Works Maintenance Supervisor |
| 2.00 | Senior Mechanic |
| 1.00 | Mechanic |
| 1.00 | Equipment Service Worker |
| 5.00 | |

**Sewer / Storm Drain Maintenance**

| | |
|---|---|
| 0.50 | PW Manager - St/Sewer/Harbor |
| 0.25 | Electrician Leadworker |
| 1.00 | Public Services Leadworker |
| 4.00 | Pump Station Operator |
| 5.75 | |

**Solid Waste / Recycling**

| | |
|---|---|
| 1.00 | Senior Management Analyst |
| 1.00 | Recycling Specialist |
| 1.00 | Administrative Specialist |
| 1.00 | Recycling Ranger |
| 4.00 | |

**Building Occupancy**

| | |
|---|---|
| 0.75 | PW Manager - Bldg Facilities |
| 0.75 | Electrician Leadworker |
| 1.00 | Building Maintenance Leadworker |
| 1.00 | Public Services Leadworker |
| 4.00 | Building Maintenance Worker |
| 6.00 | Maintenance Worker I |
| 13.50 | |

**Harbor / Pier Maintenance**

| | |
|---|---|
| 0.25 | PW Manager - Bldg Facilities |
| 1.00 | Public Works Maintenance Supervisor |
| 1.00 | Pier Maintenance Leadworker |
| 1.00 | Public Services Leadworker |
| 1.00 | Electrician |
| 1.00 | Painter |
| 4.00 | Building Maintenance Worker |
| 11.00 | Maintenance Worker I |
| 20.25 | |

**Parks Maintenance**

| | |
|---|---|
| 1.00 | PW Manager - Pks/Urb Forestry |
| 1.00 | Public Works Maintenance Supervisor |
| 1.00 | Park Maintenance Leadworker |
| 1.00 | Public Services Leadworker |
| 1.00 | Irrigation Technician |
| 8.00 | Senior Park Caretaker |
| 2.00 | Park Caretaker |
| 1.00 | Administrative Specialist |
| 8.00 | Maintenance Worker I |
| 24.00 | |

**Engineering Services**

| | |
|---|---|
| 1.00 | Principal Civil Engineer |
| 2.00 | Civil Engineer |
| 1.00 | Transportation Engineer |
| 4.00 | Associate Civil Engineer |
| 2.00 | Assistant Civil Engineer |
| 1.00 | Public Works Inspector |
| 1.00 | Building and Engineering Technician |
| 12.00 | |

## TOTAL PERSONNEL: 110.00

# CITY OF REDONDO BEACH
# Budget Response Report #21

**May 29, 2012**

**Question:**

*What should be the cost for a beekeeping permit?*

**Response:**

Municipal Code 4-10.02 subsection (12) allows the City Council to issue a permit to keep bees in Redondo Beach. Currently there are no guidelines to apply for or obtain a permit to keep or maintain bees on private property in Redondo Beach. Staff proposes an annual fee of $150.00 per permit. Staff believes that processing, compliance inspection, registration verification, the verification of neighbor approval and verification of other conditions of the permit will require at least eight hours of work in the first year by Municipal Service Officers, Planning Department personnel and the Municipal Services Supervisor. Subsequent years will involve approximately five hours of work. See the following matrix of the fully loaded cost for each employee and the task descriptions.

Recommended is to hold a public hearing on June 19, 2012 for consideration of a proposed beekeeping permit fee.

| Task | Employee Type | Hours to complete task | Full hourly wage |
|---|---|---|---|
| | | | |
| Determine which neighbors must be notified, prepare letters to mail based on the 150 foot regulation | Planning Personnel | 2 hours | $44.00 |
| Inspect the property, obtain neighbor verification of approval, measure hive distance relative to property lines, measure fence height, inspect hive equipment. | Municipal Services Officer | 2 Hours | $37.96 |
| Process application, Confirm registration with Food and Agriculture<br>Confirm all planning regulations are met; R-1 Lot, hive location relative to any public right of ways, hive location regulations within resident's property.<br><br>Prepare the Staff Report, Resolution, City Attorney Action Memo.<br><br>Create and maintain records. | Municipal Services Supervisor | 4 Hours | $53.33 |

# CITY OF REDONDO BEACH
# Budget Response Report #22

**May 29, 2012**

**Question:**

*What impact has investment income had to the General Fund over the past five years?*

**Response:**

The City Treasurer's initial estimate of General Fund investment income for FY 2012-13 is $600,000, reflecting a reduction of $70,000 or 10.4% below the mid-year FY 2011-12 revised estimate of $670,000. Components of this reduced estimate are as follows:

- Continuation of low market interest rate environment responding to the Federal Reserve's pledge to hold interest rates at exceptionally low levels at least through late 2014 in order to foster the economic recovery and ease high unemployment

- Continued ultra-low rates of return provided by the City's investment with the Local Agency Investment Fund (LAIF) which provide the primary component of the investment portfolio's liquidity. LAIF rates of return are projected to improve slightly from current levels of 0.38% to average 0.45% for FY 2012-13.

- During FY 2012-13, 4 of 19 current investments in high yielding Corporate Medium Term Notes will mature with an average yield of 5.07%. These maturing investments are projected to be replaced with AA rated Corporate Medium Term Notes with average yields projected of 2.30%.

- Significant level of early investment call of Federal Agency investments. 10 of the 13 current investments with Federal Agencies, bearing an average yield of 1.67%, are subject to call exposure during FY 2012-13. These called investments are projected to be replaced with similar Federal Agencies yielding 1.40% on average.

- The total amount invested within the General Investment Portfolio for FY 2012-13 has been conservatively estimated at $60.36 M, while the apportionment of investment income to the general fund remains stable at 64% of overall investment income.

- Continued low market interest rates of return continue to make utilization of Tax Revenue Anticipation Notes (TRANs) financially unfeasible for FY 2012-

13. During the prior 14 year period of successful utilization of TRANs, $783,000 of additional investment income was generated to the general fund, averaging $56,000 annually.

Estimate of FY 2012-13 General Fund Investment Income

The City maintains its investments in accordance with the standards of the City's Statement of Investment policy. A well diversified investment portfolio is maintained consisting of four major investment components. These investment components, with the projection of investment income for FY 2012-13, are as follows:

| Investment Component | Objective | Amount | Yield% | $ Income |
|---|---|---|---|---|
| LAIF | Liquidity | $20.94 M | 0.45% | $ 94,230 |
| Federal Agencies | Safety/Yield | 20.31 M | 1.46% | 296,526 |
| Corp Medium Term Notes | Safety/Yield | 18.11 M | 2.93% | 530,623 |
| Certificates of Deposit | Safety/Yield | $1.00 M | 1.45% | 14,500 |
| Total: | | $60.36 M | 1.55% | $935,879 |

Apportionment to General Fund: 64% X $935,879 = $598,963, or $600,000 Rounded Up

Performance of General Fund Investment income over past 5 Years

Over the past five years, declining market interest rates have reduced the level of general fund investment income. The following information details the performance of investment income within the general fund for the past five years.

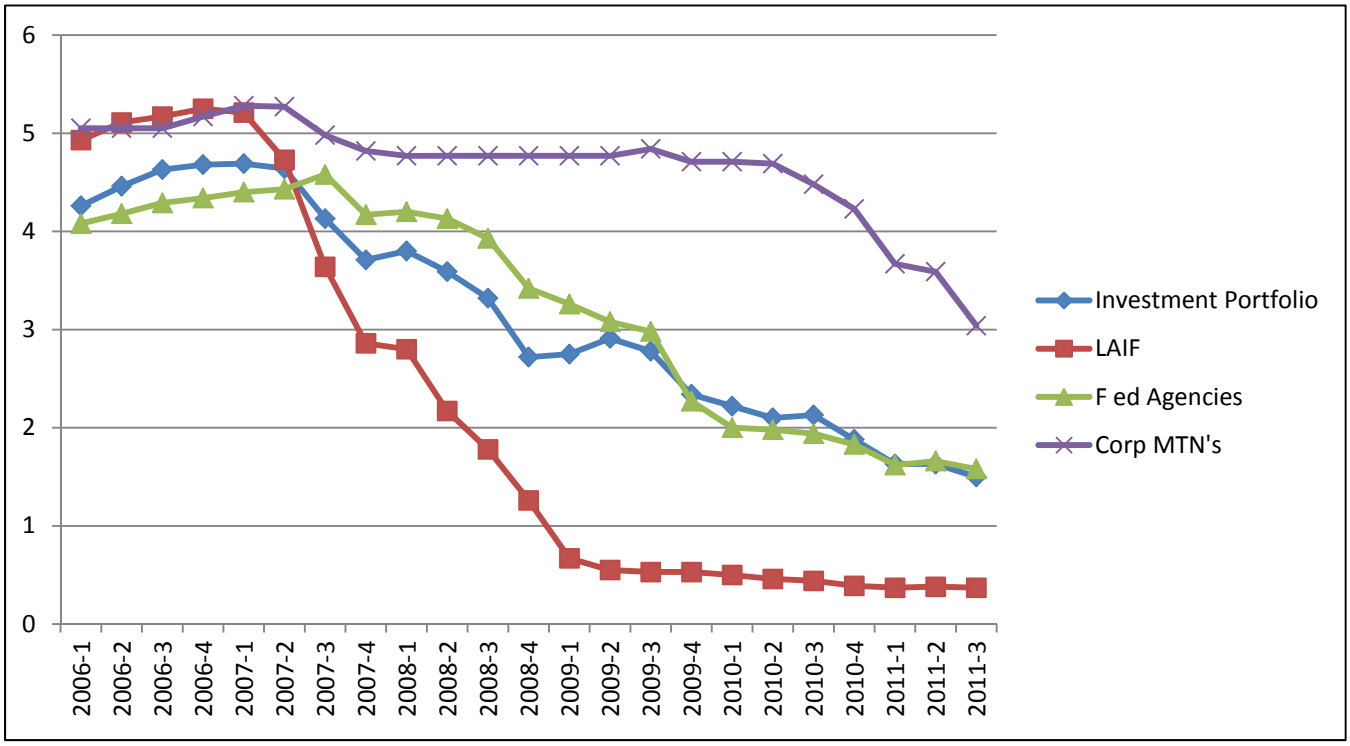
| Fiscal Year | Adopted Budget | Revised Budget | Actual Revenue | |
|---|---|---|---|---|
| FY 11-12 | $710,000 | $670,000 | $500,425 | 74.7% as of 9 mo |
| FY 10-11 | $866,000 | $810,000 | $847,720 | 104.7% of revised |
| FY 09-10 | $1,262,000 | $1,054,000 | $1,045,380 | 99.2% of revised |
| FY 08-09 | $1,492,000 | $1,451,000 | $1,536,406 | 105.9% of revised |
| FY 07-08 | $1,663,000 | $1,766,000 | $1,917,334 | 108.6% of revised |

During the five year period from FY 07-08 to FY 11-12, general fund investment income has been reduced from $1.92 million to $670,000, a reduction of $1.25 million or 65%. The reduction in market interest rates of return for the various components of the general investment portfolio are the reason for this reduction in investment income.

The following graphic details the rates of return provided by the investment components within the general investment portfolio for the past five years.

Percentage Yields of Investment Components of General Investment Portfolio

FY 2006-2012




Over the past five years, the percentage reduction in rates of return provided by the investment components of the general investment portfolio, as well as the overall performance of the general investment portfolio, are as follows:

| Investment Component | 5 Yr Hi % Return | 5 Yr Low % Return | Reduction |
|---|---|---|---|
| LAIF | 5.21% (07-1st) | 0.37% (11-3rd) | 92.9% |
| Federal Agencies | 4.58% (07-3rd) | 1.58% (11-3rd) | 65.5% |
| Corp Medium Term Notes | 5.28% (07-1st) | 3.04% (11-3rd) | 42.4% |
| General Investment Port. | 4.69% (07-1st) | 1.50% (11-3rd) | 68.0% |

The dramatic reduction in the LAIF rate of return (-93%) has been somewhat offset by a moderate reduction in returns provided by Corporate Medium Term Notes (-42%). The reduction in returns from Federal Agencies (-66%) parallels the overall reduction in overall investment portfolio yield (-68%)

The bottom line of this data and graphic presentation shows that lower rates of return available within the investment marketplace over the past five years have reduced the level of investment income earned by the general fund.

# CITY OF REDONDO BEACH
# Budget Response Report #23

**Question:**

*How can the City determine the value of the real estate holdings owned by the AES Corporation adjacent to King Harbor?*

**Response:**

The AES Corporation owns and operates the electrical generation plant on 51 acres situated at 1100 North Harbor Drive in Redondo Beach. It is located within the Coastal Zone. Pursuant to voter approval, the property is zoned for park and/or industrial uses.

Based in Arlington, Virginia - AES is a private corporation with other power facilities around the globe. The Corporation has indicated that they plan to submit an application to the California Energy Commission (CEC) in August 2012 seeking a State license to continue generating electricity with new facilities on their Redondo Beach property. As an independent State agency, the CEC has the exclusive authority to approve or deny the AES application.

During City Council discussions concerning AES's intent to submit an application to the State, inquiries were made about the value of the land, business activity and buildings & equipment. There are several ways to approach that question:

1. Respond to a real estate sales offering by AES: Presently, the AES property is not on the market for sale therefore, no asking price is available.

2. Request AES to set an asking price for some or all of their property: In this approach AES would voluntarily set the sales price for their property holdings.

3. Obtain an appraisal: The City Council may wish to seek a real estate appraiser to value the property. An appraisal would need AES's consent and assistance to determine value since the property has many unique attributes in its land, business activity and buildings & equipment.

4. Obtain an appraisal and economic study with an amortization schedule: The City Council may wish to seek a specialized appraiser-economist to determine a value of the AES property and create an associated amortization schedule. This approach would need AES's consent and assistance to determine value since the property has many unique attributes in its land, business activity and buildings & equipment.

The cost of an appraiser in Option 3 to complete an appraisal would be in the range of $105,000 - $150,000.

The cost of an appraisal and economist in Option 4 to complete an appraisal-amortization schedule would be in the range of $120,000 - $165,000.

To complete the work for either Option 3 or Option 4 would require retaining outside expertise and appropriating City funds for the work in the FY 12-13 Annual Budget.

Additionally, there are four other factors the Council should consider on the issue of AES property values:

1. A policy determination has not yet been made by the City Council that the City of Redondo Beach intends to pursue acquisition of some or all of the AES property.

2. A policy determination has not yet been made by the City Council that the City of Redondo Beach intends to use its local zoning authorities with an appraisal-amortization study to pursue changes on the AES property.

3. A financial determination has not yet been made by the City Council that funding can be secured by the City of Redondo Beach from public, private or non-profit sources to pursue acquisition of some or all of the property from AES.

4. A regulatory determination has not yet been made by the California Energy Commission on an application by AES to license a new Redondo Beach power plant on some or all of the AES property.

# CITY OF REDONDO BEACH
# Budget Response Report #24

**June 5, 2012**

**Question:**

*What feedback was received by the City Manager from the Budget & Finance Commission regarding the FY 2012-13 Proposed Budget and FY 2012-2017 Proposed CIP at its meeting of May 24?*

**Response:**

The Budget & Finance Commission took the opportunity to ask the City Manager questions related to the Successor Agency to the Redevelopment Agency, AES and what it means to be an intervener, various decision packages, and unfunded CIP projects. Additional details of the Commission's meeting of May 24 can be found in Section 8 of the attached draft minutes.

Minutes
Special Meeting
Budget & Finance Commission
May 24, 2012

**OPENING SESSION**

A Special Meeting of the Redondo Beach Budget and Finance Commission was called to order by Chair Ung at 6:30 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

**ROLL CALL**

| | |
|---|---|
| Commissioners Present: | Nussbaum, Horowitz, Henry, Murakawa, Smith, Chair Ung |
| Commissioners Absent: | Maruszko |
| Officials Present: | William P. Workman, City Manager |
| | Diana Moreno, Finance Director |
| | Marni Ruhland, Budget, Revenue and Payroll Manager |
| | Frank Rowlen, Deputy City Treasurer |
| | Diane Cleary, Minutes Secretary |

**SALUTE TO THE FLAG**

At the request of Chair Ung, Commissioner Henry led the Commissioners and audience in a Salute to the Flag.

**ADDITIONAL ITEMS FOR IMMEDIATE CONSIDERATION**

Motion by Commissioner Murakawa, seconded by Commissioner Henry, to receive and file additional backup material for Item 8. Motion carried unanimously, with Commissioner Maruszko absent.

**APPROVAL OF ORDER OF AGENDA**

Motion by Commissioner Murakawa, seconded by Commissioner Smith, to approve the Order of Agenda as presented. Motion carried unanimously, with Commissioner Maruszko absent.

**CONSENT CALENDAR #4 through #7**

Chair Ung referred to Item 5, page 3, last paragraph, and noted "$500 million" should state "$500,000".

Motion by Commissioner Nussbaum, seconded by Commissioner Henry, to approve the following Consent Calendar items, and by its concurrence, the Commission:

**4.** **APPROVED AFFIDAVIT OF POSTING** for the Budget and Finance Commission meeting of May 24, 2012.

**5.** **APPROVED THE FOLLOWING MINUTES**: April 26, 2012 [AS AMENDED].

**6.** **RECEIVED AND FILED MONTHLY UPDATES TO: 1. THE WATER QUALITY IMPLEMENTATION MATRIX; AND 2. THE GREEN TASK FORCE PRIORITY MATRIX AND THE STRATEGIC PLAN**



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**7. RECEIVED AND FILED THE BUDGET AND FINANCE COMMISSION MEETING SCHEDULE FOR 2012**

Motion carried unanimously, with Commissioner Maruszko absent.

**ORAL COMMUNICATIONS**

None.

**PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

None.

**OLD BUSINESS**

None.

**NEW BUSINESS**

**8. FISCAL YEAR 2012-2013 CITY MANAGER'S PROPOSED BUDGET AND FISCAL YEAR 2012-2017 CITY MANAGER'S PROPOSED FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.**

City Manager Workman gave a presentation and discussed the following:

- Budget Overview
  - Balanced budget
  - 8.33% General Fund Reserve = $5.7 Million
  - Standard & Poor's AA+ Rating – City has been able to sustain
  - Great Services – Public Safety, Police and Fire, Harbor Patrol, Public Works, Library
  - Community Building – Vitality City Program, School District
  - Economic Development – better position in sales tax than other cities, attractive City for businesses, international trade area
  - Environmental Protection – water quality, quality of life for residents and visitors
- Budget Process
  - Revenues – Expenditures – Productivity
  - Economic Forecasts – indexed to the economy, possible recession, business investment/drop in unemployment needed for things to turn around
  - State and Federal Impacts – automatic trigger cuts, local mandates, release of prisoners impacts
  - Employee Compensation – very flat, little increases, most costs are in personnel
  - Strategic Plan – Council meets twice a year with goals and objectives – reflected in performance-based budget
  - Commission Input – Citizen Interests
  - City Manager's Proposed Budget – deliver budget to City Council 5/16 of each year and capital improvement budget – collaborative effort
  - City Council Workshop, Hearings and Action – meeting 5/29/12, 06/05/12, 06/12/12 and 06/19/12

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- Budget Issues
    - Decision Packages
    - Budget Response Reports – up to 70 reports on a variety of topics
    - AES Power Plant – set aside money for City to participate as an intervener regarding re-permitting
    - Economic Development-Redevelopment – Galleria / South Bay South generating good cash flows and revenues, continue to support aerospace and defense, harbor and pier revitalization, loss of RDA-only economic development tools that were available
    - Global Economy – Chamber working with local businesses to connect internationally, international trade, foreign tourism
    - PERS – close with a reform package out of state legislature – currently unsustainable
    - Organizational Transition – succession plan
    - Mandates – State and Federal Cuts
- Capital Improvements
    - Projects Underway – completed
        - Harbor Patrol Life Guard Facility on Mole B, Seaside Lagoon Restrooms, drainage/waste water projects, Perry Park and Anderson playground equipment
    - Projects Planned - street improvements, waste water system, replacing planking at foot of pier
    - Projects on Horizon – extension of Measure R, storm water assessment, congestion management fees
- Summary
    - Total Budget = $100 million
    - CIP = $9.9 million
    - Employees = 432
    - General Fund Reserve = $5.7 million
    - General Fund Balance = $98,583
- Next Steps
    - Budget and Finance Commission
    - City Council
        - May 29
        - June 5
        - June 12
        - June 19

In response to Chair Ung, City Manager Workman stated any comments from the Commission will be memorialized in the minutes and any other special items will be put in a budget response report and provided to City Council who will make the final decisions.

In response to Commissioner Murakawa, City Manager Workman explained that the Metropolitan Transportation Authority is developing a congestion management fee taking place the beginning of next year and the City Council will be asked to act the beginning of next year. He believed the level of accountability should go to whoever has the plan and is mandating it. He said it would be similar to a developer fee, such as for new construction, expansion or renovation, paying a proportionate amount in a new congestion management fee. He believed that some of the fee would automatically come back for projects already approved as part of the CIP. He further explained that there is a federal law requiring a transportation and congestion management plan in

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urban areas. He also said the trigger is adding around 100 square feet up, down, or on a side when expanding the existing footprint regarding the congestion management fee being required.

In response to Commissioner Murakawa, City Manager Workman explained there is an adjustment at midyear regarding the ISF allocation and does not impact the budget since it is just a shifting of existing money. He also referred to the reserve percentage and stated it represents one month's of cash flow reserve as an emergency, which is at the lowest end of a range. He noted many cities across the state have used up their reserves, having to lay off a significant amount of employees.

In response to Commissioner Murakawa, Budget, Revenue and Payroll Manager Marni Ruhland, stated the purpose of the Successor Agency is to wind down the debt and the Agency would exist the length of the debt, but at some point, some of the actions are turned over to the county and all of the county redevelopment agencies. City Manager Workman stated within 12 to 15 years, there will only be one Successor Agency for the entire county.

In response to Commissioner Murakawa, City Manager Workman stated all of the revenue of the Successor Agency goes to pay off the debt. He also pointed out that the State Department of Finance wants to do another money grab and declare that many of the legitimate debts of local agencies are null and void. He anticipated significant litigation between the state, successor agencies and former redevelopment agencies and cities.

In response to Commissioner Henry, City Manager Workman stated he would like to see more money in reserve but the first priority is PERS and additional payments. He also said if things become worse, he will be back to speak on reduction in services and closure of facilities and possible reductions in compensation. He also said the 8.33% is emergency money and would not be used for other needs.

In response to Commissioner Horowitz, City Manager Workman stated if the City had new, higher revenues in the future, areas of priority would include public safety and infrastructure. He also spoke about the AES site and noted the City does not own the property. He said AES has indicated that if they do not obtain approval for a new plant, they won't have the money to tear down the old plant and potentially it could be abandoned, which would be the worst outcome for the community. He said if AES gets their re-power application approved, they would want to land use plan the rest of it which could be a park, high quality hotel, etc. He noted AES actively opposed its fair share of UUT taxes.

Commissioner Horowitz stated the AES property is important to the budget since it's a revenue source also and any ideas could create a gain or loss in revenue.

City Manager Workman stated that an active park has significant costs associated with it. A hotel generating sales tax, UUT and TOT and a low generation of traffic may be an alternative use of the site. He also pointed out that AES currently does not pay UUT, and any choices made over the next 24 months by the California Energy Commission (CEC) will affect the community for the next 60-70 years regarding the property.

In response to Commissioner Smith, City Manager Workman explained when there is an application before the CEC, public participation can take place just by being on the mailing list or showing up to the hearings and provide comment. Being an intervener

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would allow information formally going into the record, motions and objections, being at the table and fully participating.

In response to Chair Ung, City Manager Workman referred to Decision Package #2, Reduction in City Treasurer Operating Expenses, not issuing the TRAN, and said there are two purposes in a TRAN, the ability to do some arbitrage and make some money and second to smooth the cash flow in anticipation of receiving certain revenues. He said currently there is not the cash flow need and there is no ability to make any money.

Chair Ung expressed a concern with any risk in not being able to meet the payroll.

City Manager Workman stated the City Treasurer makes sure there is enough liquidity for making payroll and capital projects.

In response to Chair Ung, City Manager Workman referred to Decision Package #25, Waste Water Maintenance Contracts, and stated most of the preventive maintenance is not being done due to federal mandates raising the bar. He said EPA auditors came out in January and were very impressed with the next step. He also said if it hadn't been for the new federal rules, the City would not be spending the appropriation of $597k. He also referred to Decision Package #26, Intervener Participation in CEC Review of AES Power Plant Application, and stated the $175k will be the basis of the estimate based on his experience and feedback and would only be for one year. He further said two items coming out of the CIP are the AES participation and the election.

In response to Commissioner Murakawa, City Manager Workman stated staff is dealing with estimates right now regarding the election. Since the county cannot provide hard numbers currently, but if more money is needed such as for run offs, staff will come back to Council.

In response to Chair Ung, City Manager Workman referred to Decision Package #33, Police Department SafetyNet EZ Reports, and stated this is an additional tool for police, providing additional productivity and protection, keeping track of workloads, performance measures, etc.

In response to Commissioner Nussbaum, City Manager Workman stated the increases seen in sales and use tax are related to the new businesses at the Galleria. Everything else is essentially flat. He also noted socioeconomic changes in Redondo Beach, noting there is a lot of wealth moving into the community.

In response to Chair Ung, City Manager Workman referred to the unfunded/under funded projects and the Belmont Lane project and stated it is only problematic during heavy rains and it would be too costly to repair it currently with limited resources.

City Manager Workman stated the City and School District have come to an agreement on the City leasing 200 PCH for a new police station and within the next five years a bond issue. The police station is obsolete and has to be replaced. He said the attorneys are currently finalizing the language and the School District will receive back the Franklin school facilities on Inglewood as part of the deal.

In response to Chair Ung, City Manager Workman stated the police station would likely be a separate bond issue from City Hall replacement which should get by for a few more years but it is decaying quickly.

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In response to Chair Ung, City Manager Workman stated unfunded/underfunded projects have conditions and it's important to have the list available and ready. He also said items on an unfunded list being available have included help from the community or other sources and partnerships such as for the new kitchen at Fire Station No. 1. He also referred to the Sneary Parkette decorative fence project and noted this is an example of the community making a request for repair. He said there is great value in having items identified and then looking outside of the normal funding sources.

Motion by Commissioner Smith, seconded by Commissioner Henry, to receive and file the Fiscal Year 2012-2013 City Manager's Proposed Budget and Fiscal Year 2012-2017 City Manager's Proposed Five-Year Capital Improvement Program. Motion carried unanimously, with Commissioner Maruszko absent.

**9. CITY TREASURER'S THIRD QUARTER 2011-12 REPORT AND ANNUAL REVIEW AND APPROVAL OF CITY'S STATEMENT OF INVESTMENT POLICY.**

Deputy City Treasurer Frank Rowlen gave a report and discussed the following items:

- 3rd Quarter Interest Rate Movement – improved slightly compared to prior quarter
- 3rd Quarter Interest Rate Outlook – economy softening slightly, market interest rates remain near historically low levels
- 3rd Quarter Investment Portfolio Activity
- Investment Portfolio Valuation 3rd Quarter 3-31-12 – Unrealized gain = .51% of total portfolio
- Today's Economic Situation: Synopsis
- Federal Open Market Committee Action March 13, 2012
- Composition and Yield of Current Investment Portfolio: Third Quarter – Total $61.62 M, 1.50% yield – one-third of portfolio retained in liquid cash
- Portfolio Yield vs. Benchmark: 8 yrs: Balanced Portfolio Reduces Volatility while improving Yield
- Analysis of Portfolio Interest Rate Changes Over 1 year Term – Investment Portfolio down –29%
- Portfolio Liquidity and Maturity Laddering: 3rd Quarter 11-12 Portfolio
- Investment Management in Low Interest Rate Environment
- Investment Portfolio Liquidity – maintained at about 47.1%, ongoing state budgetary challenges
- Annual Review of Investment Policy – award winning, no legislative changes-no changes recommended to the policy
- Investment Portfolio Performance: 3rd Quarter 11-12 vs. Prior Year
- Recommendation
    - Receive and file the City Treasurer's Third Quarter 2011-12 Report
    - Review and Approve/Adopt the City's Statement of Investment Policy
- Tax Revenue Anticipation Note – over 14 year term, $783k created in additional investment income to the City. Currently over the past two years, yields too low – rates of return on top of what is paid for short-term borrowing – no opportunity to use this investment vehicle
- Amount of money remained liquid to address cash flow needs for Operating Budget and Capital Improvement Program

In response to Commissioner Horowitz, Deputy City Treasurer Frank Rowlen stated the Corporate Medium Term Notes are the riskiest investment, despite the fact that they are

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AA rated. He noted that LAIF investments are safe, secure and liquid and the Federal Agencies are rated AAA and have been safe.

Chair Ung referred to the Statement of Investment Policy and agreed there shouldn't be any changes. However, he referred to page 4 and suggested under Maturity Matrix that "1 year to 3 years" should state "less than 3 years" because it currently reads as being in noncompliance. He also referred to page 7 and suggested under Authorized Investments A and B, that "maximum of 100%" should state "maximum of 80%" because by policy, a minimum of 20% is required in LAIF. He also said this should be reflected on the bottom of page 10. He further referred to page 16, top paragraph, and corrected "compliment" to "complement."

In response to Chair Ung, Deputy City Treasurer Frank Rowlen stated the City's Statement of Investment Policy and other forms have been referred to in the past as Comprehensive Statement of Investment Policy and are one in the same. He also said the CAFR is a Comprehensive Annual Financial Report.

Motion by Commissioner Nussbaum, seconded by Commissioner Henry, to receive and file the City Treasurer's Third Quarter 2011-12 Report and Approve the City's Statement of Investment Policy, as amended. Motion carried unanimously, with Commissioner Maruszko absent.

**EXCLUDED CONSENT CALENDAR**

None.

**PUBLIC PARTICIPATION**

None.

**MEMBER ITEMS AND REFERRALS TO STAFF**

None.

**RECESS: 8:41 P.M.**

Motion by Commissioner Murakawa, seconded by Commissioner Nussbaum, to adjourn the meeting at 8:41 p.m. to a Regular Meeting to be held at 6:30 p.m. on August 9, 2012 in the Redondo Beach Council Chambers, 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with Commissioner Maruszko absent.

Respectfully submitted,

_____

Diana Moreno, Finance Director

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# CITY OF REDONDO BEACH
# Budget Response Report # 25

**June 5, 2012**

**Question:**

*Should the City Consider Purchasing Street Light Facilities from Southern California Edison?*

**Response:**

Of the 5,123 street lights in Redondo Beach, 1,895 are owned and maintained by the City. The City spends an estimated $400,000 per year to maintain the lights and $125,000 to power them, for an annual cost per fixture of roughly $275. Southern California Edison charges the City approximately $500,000 per year to operate, power and maintain the 3,228 fixtures owned by the utility, for an annual cost per fixture of roughly $155. While City-owned street light facilities are currently more expensive on a per unit basis, they provide the following benefits:

- The City has control over the design and style of the poles and light fixtures.
- The City uses higher quality materials such as attractive Marbelite poles, while Edison typically uses wooden and aluminum poles.
- The City provides a higher quality and more responsive level of maintenance. The City typically replaces non-functioning light fixtures within two days, while Edison usually takes several weeks. The City replaces deteriorated poles on a regular basis, while Edison typically leaves them in service many years beyond their normal life.
- The City has the ability to implement energy efficiency projects as opportunities arise, such as the ARRA grant funded installation of LED fixtures, without needing second party review and approval.

Edison recently provided some information regarding the opportunity for cities to acquire SCE-owned poles and street light fixtures. The information does not address the specific costs that would be applied to the City of Redondo Beach for fixture acquisition as the electrical infrastructure for each City is of unique design and age. The information does state however, that in order to obtain the cost for street light purchase cities must pay Edison to conduct a “Replacement Cost New Less Depreciation” analysis. The cost for SCE to complete this analysis is not immediately known but can be obtained by request, at no charge.

Given that the City’s Street Landscaping and Lighting Assessment District requires a large General Fund subsidy to currently operate, a wide-scale purchase of Edison facilities at an increased ongoing cost is not advisable at this time. However, owning street lights in certain areas, such as key commercial and transportation corridors or

adjacent residential entryways that contain a mix of City and SCE owned structures may be of cost benefit.

**Recommendation:**

It is recommended that staff conduct further analysis regarding the opportunity to purchase Edison-owned street lights in critical areas, make initial contact with SCE personnel to determine the price for the required analysis, and provide a report to the City Council in the fall addressing the overall cost and benefit of street light acquisition.

# CITY OF REDONDO BEACH
# Budget Response Report #26

**June 5, 2012**

**Question:**

*Should the City join the Coalition for Affordable Street Lights?*

**Response:**

One of the current Strategic Plan Objectives is to analyze the cost and benefit of joining the Coalition for Affordable Street Lights. The Coalition, which is comprised of eight Southern California cities and is administered by the City of Moreno Valley, is challenging various elements of Southern California Edison's street light program, including rates, information disclosure and the level of SCE maintenance. The Coalition has asserted that SCE rates appear to be significantly higher than the cost to provide service and may include subsidies for private developers to install street light facilities that after construction are deeded back to SCE.

To date, the Coalition has been successful in securing a "settlement in principal" on some of the items of concern, including a revised streetlight rate structure. Over the next few months, the Coalition will work with SCE to prepare a settlement agreement for consideration of approval by the CA Public Utilities Commission that will codify the agreed upon terms. Review and approval of the agreement by the CPUC is expected to occur in the fall and any approved change to the streetlight rates would take affect in January 2013. Additionally, the Coalition will work with SCE to address items that were not covered in the principal settlement including customer service issues, restrictions on SCE's use of funds, and rates for lighting equipment upgrades.

By joining the Coalition the City could potentially benefit in two ways. First, if the Coalition is successful in getting SCE to reduce rates now and into the future, the expenses paid to Edison for street lighting, which are currently about $625,000 per year, would be reduced. Second, if the Coalition is successful in obtaining a settlement from SCE in response to customer service and equipment concerns, City neighborhoods would receive higher quality service levels and access to improved equipment design standards.

The cost for the City to join today is $10,000, which is the amount the current member cities paid when the Coalition was initially established.

**Recommendation:**
Staff recommends that the City of Redondo Beach join the Coalition. Funds to participate in the Coalition and pay the $10,000 contribution are available in the Public Works Department's Building Occupancy Fund budget for utility expenses.

# CITY OF REDONDO BEACH
# Budget Response Report # 27

**June 5, 2012**

**Question:**
*What is the projected General Fund operating budget for the next three years assuming best case, probable case and worst case scenarios?*

**Response:**

Attached is a *General Fund Three-Year Financial Plan* for the City of Redondo Beach. The purpose of this plan is to ensure our continued success as a community and to ensure a quality of life for our residents by preserving the fiscal integrity of the General Fund.

This document is not a strategic plan or a future budget. Rather, it represents fiscal possibilities for the next three years relative to the policies, programs, goals, and objectives of the City of Redondo Beach. The document is designed to address such issues as what direction the City is going and what it will cost to get there. As such, the *General Fund Three-Year Financial Plan* attempts to project General Fund revenues and expenditures in probable case, best case, and worst case scenarios. Additionally, this document identifies scenarios to assist the City Council in addressing significant fiscal issues.

It is intended that the *General Fund Three-Year Financial Plan* will continue to be utilized as a dynamic tool which will provide the City Council, community members, and staff a better understanding of City resources and service decisions that may be required for the future.

<u>Assumptions for Projections</u>

The operating revenue and expenditure assumptions for the *General Fund Three-Year Financial Plan* were developed by using the 2012/2013 Proposed Budget (with the recommended decision packages excluded) as the base and then forecasting the next two years. With respect to revenue, these percentages are compounded annually with each year of analysis. Additionally, projected revenues do not include any one-time funds that may be received by the City.

<u>Schedules</u>

The document summarizes the assumptions and corresponding revenues and expenditures for each case scenario. Additionally, the significant fiscal issues are identified and prioritized for each scenario. Detailed information on the significant fiscal issues are included in the schedule format.

***FINANCIAL HIGHLIGHTS - General Fund***
***Probable Case Scenario Projections***

| | 2012/13 Proposed Budget | 2013/14 Forecast | 2014/15 Forecast |
|---|---|---|---|
| **General Fund** | | | |
| *Revenue* | | | |
| Property Tax | $ 19,200,000 | $ 19,584,000 | $ 19,975,680 |
| Sales Tax | 10,177,000 | 10,482,310 | 10,796,779 |
| Utility Users Tax | 8,000,000 | 8,160,000 | 8,323,200 |
| Property Tax in Lieu of VLF | 5,500,000 | 5,610,000 | 5,722,200 |
| Transient Occupancy Tax | 3,450,000 | 3,553,500 | 3,660,105 |
| Franchise Fees | 1,875,000 | 1,893,750 | 1,912,688 |
| Property Transfer Tax | 1,450,000 | 1,464,500 | 1,479,145 |
| Parking Citations | 1,260,400 | 1,310,816 | 1,363,249 |
| Business License Tax | 1,250,000 | 1,250,000 | 1,250,000 |
| Parking Meter Fees | 1,230,989 | 1,267,919 | 1,305,957 |
| Other | 8,816,725 | 8,993,060 | 9,172,921 |
| Total Revenue from Outside Sources | $ 62,210,114 | $ 63,569,855 | $ 64,961,924 |
| Overhead Charges | 6,249,628 | 6,406,170 | 6,418,239 |
| Successor Agency Reimbursement | 250,000 | 250,000 | 250,000 |
| Harbor Tidelands Property Tax in Lieu | 82,190 | 83,834 | 85,511 |
| **Total Revenue** | **$ 68,791,932** | **$ 70,309,859** | **$ 71,715,674** |
| *Expenditures* | | | |
| Personnel | $ 45,130,349 | $ 46,260,780 | $ 46,347,932 |
| Maintenance & Operations | 6,860,418 | 6,997,626 | 7,137,579 |
| Internal Service Fund Allocations | 16,169,295 | 16,574,306 | 16,605,531 |
| Capital Outlay | 0 | 0 | 0 |
| **Total Expenditures** | **$ 68,160,062** | **$ 69,832,712** | **$ 70,091,042** |
| **Preliminary Excess (Deficit)** | **$ 631,870** | **$ 477,147** | **$ 1,624,632** |
| **Other Considerations:** | | | |
| Subsidize Street Landscaping and Lighting District | (977,219) | (1,001,200) | (1,004,904) |
| Fund Recommended Decision Packages | 3,373 | 0 | 0 |
| Drawdown on CalPERS Reserve | 393,489 | 616,315 | 74,643 |
| Increase Fees | 47,070 | 47,070 | 47,070 |
| Fund Future Capital Improvement Projects | 0 | 0 | (719,922) |
| **Budget Excess (Deficit)** | **$ 98,583** | **$ 139,332** | **$ 21,519** |
| Change in Contingency Reserve (Excluded from Budget) | $ 0 | $ (139,332) | $ (21,519) |
| **Final Excess (Deficit)** | **$ 98,583** | **$ 0** | **$ 0** |

***FINANCIAL HIGHLIGHTS - General Fund***
***Best Case Scenario Projections***

| | 2012/13 Proposed Budget | 2013/14 Forecast | 2014/15 Forecast |
|---|---|---|---|
| **General Fund** | | | |
| *Revenue* | | | |
| Property Tax | $ 19,200,000 | $ 19,968,000 | $ 20,766,720 |
| Sales Tax | 10,177,000 | 10,584,080 | 11,007,443 |
| Utility Users Tax | 8,000,000 | 8,400,000 | 8,820,000 |
| Property Tax in Lieu of VLF | 5,500,000 | 5,720,000 | 5,948,800 |
| Transient Occupancy Tax | 3,450,000 | 3,657,000 | 3,876,420 |
| Franchise Fees | 1,875,000 | 1,950,000 | 2,028,000 |
| Property Transfer Tax | 1,450,000 | 1,493,500 | 1,538,305 |
| Parking Citations | 1,260,400 | 1,361,232 | 1,470,131 |
| Business License Tax | 1,250,000 | 1,287,500 | 1,326,125 |
| Parking Meter Fees | 1,230,989 | 1,292,538 | 1,357,165 |
| Other | 8,816,725 | 9,081,227 | 9,353,664 |
| Total Revenue from Outside Sources | $ 62,210,114 | $ 64,795,077 | $ 67,492,773 |
| Overhead Charges | 6,249,628 | 6,581,884 | 6,808,846 |
| Successor Agency Reimbursement | 250,000 | 250,000 | 250,000 |
| Harbor Tidelands Property Tax in Lieu | 82,190 | 83,834 | 85,511 |
| **Total Revenue** | **$ 68,791,932** | **$ 71,710,795** | **$ 74,637,130** |
| *Expenditures* | | | |
| Personnel | $ 45,130,349 | $ 47,529,661 | $ 49,168,619 |
| Maintenance & Operations | 6,860,418 | 6,860,418 | 6,860,418 |
| Internal Service Fund Allocations | 16,169,295 | 17,028,920 | 17,616,126 |
| Capital Outlay | 0 | 0 | 0 |
| **Total Expenditures** | **$ 68,160,062** | **$ 71,418,999** | **$ 73,645,163** |
| **Preliminary Excess (Deficit)** | **$ 631,870** | **$ 291,796** | **$ 991,967** |
| **Fiscal Issues:** | | | |
| Subsidize Street Landscaping and Lighting District | (977,219) | (1,023,943) | (1,055,860) |
| Fund Recommended Decision Packages | 3,373 | 0 | 0 |
| Drawdown on CalPERS Reserve | 393,489 | 909,476 | 395,732 |
| Increase Fees | 47,070 | 94,140 | 94,140 |
| Fund Future Capital Improvement Projects | 0 | 0 | (240,540) |
| **Budget Excess (Deficit)** | **$ 98,583** | **$ 271,469** | **$ 185,439** |
| Change in Contingency Reserve (Excluded from Budget) | $ 0 | $ (271,469) | $ (185,439) |
| **Final Excess (Deficit)** | **$ 98,583** | **$ 0** | **$ 0** |

***FINANCIAL HIGHLIGHTS - General Fund***
***Worst Case Scenario Projections***

| | 2012/13 Proposed Budget | 2013/14 Forecast | 2014/15 Forecast |
|---|---|---|---|
| **General Fund** | | | |
| *Revenue* | | | |
| Property Tax | $ 19,200,000 | $ 19,008,000 | $ 18,817,920 |
| Sales Tax | 10,177,000 | 9,871,690 | 9,575,539 |
| Utility Users Tax | 8,000,000 | 7,840,000 | 7,683,200 |
| Property Tax in Lieu of VLF | 5,500,000 | 5,445,000 | 5,390,550 |
| Transient Occupancy Tax | 3,450,000 | 3,346,500 | 3,246,105 |
| Franchise Fees | 1,875,000 | 1,856,250 | 1,837,688 |
| Property Transfer Tax | 1,450,000 | 1,435,500 | 1,421,145 |
| Parking Citations | 1,260,400 | 1,260,400 | 1,260,400 |
| Business License Tax | 1,250,000 | 1,212,500 | 1,176,125 |
| Parking Meter Fees | 1,230,989 | 1,230,989 | 1,230,989 |
| Other | 8,816,725 | 8,684,474 | 8,554,207 |
| Total Revenue from Outside Sources | $ 62,210,114 | $ 61,191,303 | $ 60,193,868 |
| Overhead Charges | 6,249,628 | 6,285,601 | 6,104,808 |
| Successor Agency Reimbursement | 250,000 | 250,000 | 250,000 |
| Harbor Tidelands Property Tax in Lieu | 82,190 | 83,834 | 85,511 |
| **Total Revenue** | **$ 68,791,932** | **$ 67,810,738** | **$ 66,634,187** |
| *Expenditures* | | | |
| Personnel | $ 45,130,349 | $ 45,390,122 | $ 44,084,564 |
| Maintenance & Operations | 6,860,418 | 7,203,439 | 8,159,867 |
| Internal Service Fund Allocations | 16,169,295 | 16,169,295 | 16,169,295 |
| Capital Outlay | 0 | 0 | 0 |
| **Total Expenditures** | **$ 68,160,062** | **$ 68,762,856** | **$ 68,413,726** |
| **Preliminary Excess (Deficit)** | **$ 631,870** | **$ (952,118)** | **$ (1,779,539)** |
| **Fiscal Issues:** | | | |
| Subsidize Street Landscaping and Lighting District | (977,219) | (985,861) | (980,855) |
| Fund Recommended Decision Packages | 3,373 | (250,000.000) | (250,000.000) |
| Drawdown on CalPERS Reserve | 393,489 | 806,205 | 131,880 |
| Increase Fees | 47,070 | 0 | 0 |
| Fund Future Capital Improvement Projects | 0 | 0 | 0 |
| **Budget Excess (Deficit)** | **$ 98,583** | **$ (1,381,774)** | **$ (2,878,514)** |
| Change in Contingency Reserve (Excluded from Budget) | $ 0 | $ 1,381,774 | $ 2,878,514 |
| **Final Excess (Deficit)** | **$ 98,583** | **$ 0** | **$ 0** |

## A. General Fund Revenue Sources

| **A1 - Property Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with property taxes, now largely protected from State diversions by Propositions 1A and 22. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate increase residential, commercial and industrial property values, resulting in comprable property tax growth. | x | x | x | Property tax revenues increase by 2.0% each fiscal year. City continues actions to protect and enhance property values. |
| Best:<br>Resurgance of positive economic climate increase residential, commercial, and industrial property values at the higher end of cyclical valuations. | x | x | x | Property tax revenues increase by 4.0% each fiscal year. City continues actions to protect and/or enhance property values. |
| Worst:<br>Declines and economic climate decrease residential, commercial and industrial property values, resulting in comprable property tax revenue decreases. | x | x | x | Property tax revenues decrease by 1.0% each fiscal year with declining property values. |

| **A2 - Sales Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with sales taxes, now largely protected from State diversions by Propositions 1A and 22. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate produces increased sales taxes from City businesses. | x | x | x | Sales tax revenues increase by 3.0% each fiscal year. City continues actions to attract and retain commercial enterprises, thereby enhancing the City's sales tax base. |
| Best:<br>Strong growth and positive economic climate increases strength in sales taxes from City businesses. | x | x | x | Sales tax revenues increase by 4.0% each fiscal year. City to improve economic development efforts to attract, retain and increase City's sales tax base. |
| Worst:<br>Negative economic pressures and/or leakage from electronic commerce constrain sales taxes from City businesses. | x | x | x | Sales tax revenues decrease by 3.0% each fiscal year. The negative economic climate results in decreased consumer confidence and business closures. |

| **A3 - Utility Users Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with utility users taxes. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate increase expanded array of utility services in response to technology and local utility services demands, resulting in comprable utility users tax growth. | x | x | x | Utility users tax revenues increase by 2.0% each fiscal year as the array of utility services expand in response to technology and local utility service demands. Local utility users tax modernization ordinance addressing telecommunications challenges strenghtens the revenue base. |
| Best:<br>Advancement in technologies and demand for utility services compliment local residential, commercial, and industrial growth and result in increased utility users taxes. | x | x | x | Utility users tax revenues increase by 5.0% each fiscal year. Local utility users tax modernization ordinance addressing telecommunications challenges strenghtens the revenue base. |
| Worst:<br>Negative economic pressures, technology changes, and several legal challenges may constrain collection of utility users tax from residential, commercial and industrial utility providers. | x | x | x | Annual utility users tax revenues decline by 2.0% as telecommunications service-based revenue declines resulting from the combination of reduced consumer expenditures, hostile litigations, technology change, and adverse legislation. Local utility users tax modernization ordinance cushions the revenue base. |

| **A4 - Property Tax in Lieu of VLF** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with property tax in lieu of vehicle license fees (VLF), now largely protected from State diversions by Propositions 1A and 22. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate increase residential, commercial and industrial property values, resulting in comprable property tax growth. | x | x | x | Property tax in lieu of VLF revenues increase by 2.0% each fiscal year due to changes in gross assessed valuation of taxable property. City continues actions to protect and enhance property values. |
| Best:<br>Resurgance of positive economic climate increase residential, commercial, and industrial property values at the higher end of cyclical valuations. Favorable legislation returns portion of funds previously diverted by the State. | x | x | x | Property tax in lieu of VLF revenues increase by 4.0% each fiscal year due to changes in gross assessed valuation of taxable property. City continues actions to protect and enhance property values. |
| Worst:<br>Declines and economic climate decrease residential, commercial and industrial property values, resulting in comprable property tax revenue decreases. | x | x | x | Property tax in lieu of VLF revenues decrease by 1.0% each fiscal year due to changes in gross assessed valuation of taxable property with declining property values. |

| **A5 - Transient Occupancy Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with transient occupancy taxes. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate, coupled with enhanced promotional efforts produces increased transient occupancy taxes from hotels within the City. | x | x | x | Transient occupancy tax revenues increase by 3.0% each fiscal year. Addition of a new hotelier late in the forecasted period boosts the future revenue base. |
| Best:<br>Strong growth and positive economic climate, coupled with strong marketing efforts allow hoels within the City to expand operations and strengthen transient occupancy taxes. | x | x | x | Transient occupancy tax revenues increase by 6.0% each fiscal year. Addition of a new hotelier late in the forecasted period boosts the future revenue base. |
| Worst:<br>Negative economic pressures on hotels within the City reduce transient occupancy taxes. | x | x | x | Transient occupancy tax revenues decrease by 3.0% each fiscal year, although the addition of a new hotel late in the forecasted period mitigates reductions to the future revenue base. |

| **A6 - Franchise Fees** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with franchise fees. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate increase residential, commercial and industrial energy and cable television usage resulting in comparable franchise fee growth. | x | x | x | Franchise fee revenues increase by 1.0% each fiscal year. High cost of energy and franchise audits preserve the revenue base. |
| Best:<br>Strong growth and positive economic climate, combined with expanded local power plant operations and local franchise fee based activities result in growth to the City's franchise fees. | x | x | x | Franchise fee revenues increase by 4.0% each fiscal year. Economic improvements boost consumer spending on energy and telecommunications consumer services. |
| Worst:<br>Negative economic pressures constrain local power plant operations and local franchise fee based activities resulting in a reduction in franchise fees. | x | x | x | Franchise fee revenues decline by 1.0% each fiscal year. Power plant operations are scaled back while consumers reduce expenditures on franchise-based services. |

| **A7 - Property Transfer Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with property transfer taxes. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Following recovery from cyclical downturn, economic growth increases residential, commercial, and industrial property values, while property turnover rates return to more stable cyclical trend. Interest rates likely increase, but unemployment slowly drops. Property in the area holds its value and is traded at a low but steady rate. | x | x | x | Property transfer tax revenues increase by 1.0% each fiscal year. |
| Best:<br>Strengthened growth and positive economic climate increase residential, commercial, and industrial property values coupled with brisker turnover rates, resulting in additional strength in property transfer tax growth. | x | x | x | Property transfer tax revenues increase by 3.0% each fiscal year. |
| Worst:<br>Increased interest rates from the low levels of recent periods and other negative economic pressures slow residential, commercial, and industrial property value growth rates, turnover rates, and property transfer tax growth. | x | x | x | Property transfer tax revenues decline by 1.0% each fiscal year. |

| **A8 - Parking Citations** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with parking citation revenue. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>The number of parking citations issued increases with enforcement added to the harbor parking structures, and parking violation civil penalties are increased in conjuction with full implementation of the new contract for processing and collection generates additional revenue to the City. | x | x | x | Parking citation revenue increases by 4.0% each fiscal year. |
| Best:<br>The number of parking citations issued increases with enforcement added to the harbor parking structures and use of new hand-held citation writers, and parking violation civil penalties are increased in conjunction with full implementation of the new contract for processing and collection generates additional revenue to the City. | x | x | x | Parking citation revenue increases by 8.0% each fiscal year. |
| Worst:<br>The number of parking citations issued remains consistent, but parking violation civil penalties are increased in conjunction with full implementation of the new contract for processing and collection generates no additional revenue to the City. | x | x | x | Parking citation revenue remains flat each fiscal year. |

| **A9 - Business License Tax** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with business license taxes. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>No growth due to a stagnant economic climate produces flat business license tax revenue from City businesses. | x | x | x | Business license tax revenues remain flat each fiscal year. |
| Best:<br>Strong growth, a positive economic climate, and increased employee numbers increases strength in business license taxes from City businesses. | x | x | x | Business license tax revenues increase by 3.0% each fiscal year due to increased contractor licensing resulting from new construction and remodeling projects and businesses hiring new employees. |
| Worst:<br>Negative economic pressures leading to business closures and possible employee layoffs weaken the growth in business license taxes from City businesses. | x | x | x | Business license tax revenues decrease 3.0% each fiscal year as a result of business closures, decreased contractor licensing from decline in construction projects, and businesses laying off employees. |

| **A10 - Parking Meter Fees** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with parking meter fees. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Limited parking meter usage increases are realized. | x | x | x | Parking meter fee revenue increases by 3% each fiscal year with limited increased usage. |
| Best:<br>Significant parking meter usage increases are realized. | x | x | x | Parking meter fee revenue increases by 5% each fiscal year with significantly increased usage. |
| Worst:<br>Parking meter usage remains consistent. | x | x | x | Parking meter fee revenue remains flat with no changes implemented. |

| **A11 - General Fund "Other" Revenue** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with other taxes, licenses and permits, fines and forfeitures, use of money and property, intergovernmental revenue, charges for services, and miscellaneous revenues. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued growth and economic climate produces increased revenues in the "other" category. | x | x | x | "Other" revenues increase by 2.0% each fiscal year. |
| Best:<br>Investment earnings and fee-related transactions increase with higher interest rates and a positive economic climate. | x | x | x | "Other" revenues increase by 3.0% each fiscal year. |
| Worst:<br>A struggling economic climate results in declining revenues in the "other" category. | x | x | x | "Other" revenues decrease by 1.5% each fiscal year. |

| **A12 - Overhead Charges** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with overhead charges. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Growth rates in the costs of related services results in an increase to these costs. | x | x | x | Overhead charges increase/decrease at the same rate as the personnel expenditures. |
| Best:<br>Modest growth rates in the costs of related services results in a smaller increase to these costs. | x | x | x | Overhead charges increase/decrease at the same rate as the personnel expenditures. |
| Worst:<br>Higher growth rates in the costs of related services results in an increase to these costs. | x | x | x | Overhead charges increase/decrease at the same rate as the personnel expenditures. |

| **A13 - Successor Agency Reimbursement** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with reimbursement for administrative expenses made by the City on the Successor Agency's behalf | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Continued reimbursement for Successor Agency administrative expenses as provided for in the Redevelopment Agency Dissolution Act (AB26) | x | x | x | Successor Agency reimbursement remains flat at $250,000 each fiscal year. |
| Best:<br>Continued reimbursement for Successor Agency administrative expenses as provided for in the Redevelopment Agency Dissolution Act (AB26) | x | x | x | Successor Agency reimbursement remains flat at $250,000 each fiscal year. |
| Worst:<br>Continued reimbursement for Successor Agency administrative expenses as provided for in the Redevelopment Agency Dissolution Act (AB26) | x | x | x | Successor Agency reimbursement remains flat at $250,000 each fiscal year. |

| **A14 - Harbor Tidelands Property Tax in Lieu** | | | | |
|---|---|---|---|---|
| Goal: Maintain the fiscal health of the General Fund with property tax in lieu for the publicly used portions of the Harbor Tidelands area. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Pursuant to the Harbor Financial Action Plan, continued payment for the publicly used portions of the Harbor Tidelands area. | x | x | x | Property tax in lieu increases by 2.0% each fiscal year. |
| Best:<br>Pursuant to the Harbor Financial Action Plan, continued payment for the publicly used portions of the Harbor Tidelands area. | x | x | x | Property tax in lieu increases by 2.0% each fiscal year. |
| Worst:<br>Pursuant to the Harbor Financial Action Plan, continued payment for the publicly used portions of the Harbor Tidelands area. | x | x | x | Property tax in lieu increases by 2.0% each fiscal year. |

## B. General Fund Expenditure Categories

| **B1 - Personnel Expenditures** | | | | |
|---|---|---|---|---|
| Goal: To attract, retain, and appropriately compensate City employees. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Compensation (primarily consisting of pay rate adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay. | x | x | x | Personnel expenditures remain consistent with current Memoradums of Understanding; PERS rates increase as projected; and health care costs increase 15% each fiscal year, although nearly all of the cost increases are paid by employees. |
| Best:<br>Compensation (primarily consisting of pay rate adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay. | x | x | x | Over the projected period, personnel expenditures include the restoration of the 6% compensation reductions and five positions. PERS rates increase as projected, and health care costs increase 10% each fiscal year, although nearly all of the cost increases are paid by employees. |
| Worst:<br>Compensation (primarily consisting of pay rate adjustments, PERS rates, and health care costs) is made consistent with the City's service levels, pay philosophy, and commensurate with the City's ability to pay. | x | x | x | Over the projected period, personnel expenditures include additional 6% compensation reductions and the elimination of five positions. PERS rates increase 3% higher than projected, and health care costs increase 25% each fiscal year, although nearly all of the cost increases are paid by employees. |

| **B2 - Maintenance and Operations** | | | | |
|---|---|---|---|---|
| Goal: To provide tools, materials, supplies, equipment and support services for effective department operations. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Modest increases in the price of municipal related purchases. | x | x | x | Maintenance and operations expenditures increase by 2.0% each fiscal year. |
| Best:<br>Modest increases in the price of municipal related purchases are absorbed by the departments. | x | x | x | Maintenance and operations expenditures remain flat as price increases are absorbed by the departments. |
| Worst:<br>Increases in the price of municipal related purchases with an associated increased demand for materials, supplies, equipment and services expenditures. | x | x | x | Maintenance and operations expenditures increase by 5.0% each fiscal year with the inclusion of additional expenditures in FY 14/15 for a City election and the use of contractors for eliminated positions. |

| **B3 - Internal Service Fund Allocations** | | | | |
|---|---|---|---|---|
| Goal: To reimburse the departments providing overhead, vehicle maintenance, information technology, insurance, building maintenance, sewer use, emergency communications, and equipment replacement. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Higher growth rates in the costs of related services results in an increase to these costs. | x | x | x | Internal service fund charges increase at the same rate as the personnel expenditures. |
| Best:<br>Modest growth rates in the costs of related services results in a smaller increase to these costs. | x | x | x | Internal service fund charges increase at the same rate as the personnel expenditures. |
| Worst:<br>Higher growth rates in the costs of related services results in an accelerated growth rate in these costs. | x | x | x | Internal service fund charges remain flat with increases in maintenance and operations expenditures (e.g., fuel, utilities and insurance) offsetting decreases in personnel expenditures. |

| **B4 - Capital Outlay** | | | | |
|---|---|---|---|---|
| Goal: To provide minor capital equipment and facility improvements for departments. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Capital outlay expenditures are maintained at recent historic levels. | x | x | x | Capital outlay expenditures remain remain not funded. |
| Best:<br>Capital outlay expenditures are not funded. | x | x | x | Capital outlay expenditures remain remain not funded. |
| Worst:<br>Capital outlay expenditures are maintained at levels consistent with recent history combined with moderate price increases. | x | x | x | Capital outlay expenditures remain remain not funded. |

## D. Other Considerations

| **C1 - Street Landscaping and Lighting District** | | | | |
|---|---|---|---|---|
| Goal: To fund Street Landscaping and Lighting District subsidy. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Higher growth rates in the costs of street landscaping and lighting services results in an increase to the subsidy. | x | x | x | Street Landscaping and Lighting District subslidy increases/decreases at the same rate as the General Fund expenditures. |
| Best:<br>Modest growth rates in the costs of street landscaping and lighting services results in a smaller increase to the subsidy. | x | x | x | Street Landscaping and Lighting District subslidy increases/decreases at the same rate as the General Fund expenditures. |
| Worst:<br>Higher growth rates in the costs of street landscaping and lighting services results in an accelerated growth rate in the subsidy. | x | x | x | Street Landscaping and Lighting District subslidy increases/decreases at the same rate as the General Fund expenditures. |

| **C2 - Recommended Decision Packages** | | | | |
|---|---|---|---|---|
| Goal: To fund recommended decision packages. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Recommended decision packages (excluding the Street Landscaping and Lighting District subsidy and the drawdown on the CalPERS reserve) for expenditures beyond core budget amounts are maintained at current levels. | x | x | x | Recommended decision packages include expenditure increases offset by expenditure savings and/or revenue increases. |
| Best:<br>Recommended decision packages (excluding the Street Landscaping and Lighting District subsidy and the drawdown on the CalPERS reserve) for expenditures beyond core budget amounts are absorbed within departmental budgets. | x | x | x | Recommended decision packages include expenditure increases offset by expenditure savings and/or revenue increases. |
| Worst:<br>Higher costs of municipal related purchases impact recommended decision packages (excluding the Street Landscaping and Lighting District subsidy and the drawdown on the CalPERS reserve) for expenditures beyond core budget amounts. | x | x | x | Recommended decision packages remain at the recent historic level of $250,000 each fiscal year. |

| **C3 - Drawdown from CalPERS Reserve** | | | | |
|---|---|---|---|---|
| Goal: To fund CalPERS rate increases from the CalPERS Reserve. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Higher CalPERS rate increases require a drawdown from the CalPERS Reserve. | x | x | x | CalPERS rate increases are funded by a drawdown from the CalPERS Reserve. |
| Best:<br>Higher CalPERS rate increases require a drawdown from the CalPERS Reserve. | x | x | x | CalPERS rate increases are funded by a drawdown from the CalPERS Reserve. |
| Worst:<br>Higher CalPERS rate increases require a drawdown from the CalPERS Reserve. | x | x | x | CalPERS rate increases are funded by a drawdown from the CalPERS Reserve. |

| **C4 - Fee Increases** | | | | |
|---|---|---|---|---|
| Goal: To recover increased costs of providing services through fee increases. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Fee increases are implemented to partially recover the increased costs of providing services. | x | x | x | Fee increases are implemented at Fiscal Year 12/13 levels. |
| Best:<br>Fee increases are implemented to fully recover the increased costs of providing services. | x | x | x | Fee increases are implemented at double the Fiscal Year 12/13 levels. |
| Worst:<br>Fee increases are not implemented to recover the increased costs of providing services. | x | x | x | No fee increases are implemented. |

| **C5 - Capital Improvement Projects** | | | | |
|---|---|---|---|---|
| Goal: To fund future capital improvement projects. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>Increased revenues are available to fund future capital improvement projects. | | | x | Future capital improvement projects are funded with available revenue increases. |
| Best:<br>Increased revenues are available to fund future capital improvement projects. | | | x | Future capital improvement projects are funded with available revenue increases. |
| Worst:<br>Revenues are not available to fund future capital improvement projects. | x | x | x | Future capital improvement projects are not funded. |

## D. Change in Contingency Reserve

| **D1 - Contingency Reserve** | | | | |
|---|---|---|---|---|
| Goal: To maintain the policy-designated 8.33% contingency reserve. | | | | |
| Scenario | 12/13 | 13/14 | 14/15 | Impact and Recommendation |
| Probable:<br>A steadily growing deficit exists with expenditures exceeding revenues. | x | x | x | Contingency reserve is maintained at 8.33%. |
| Best:<br>A diminishing deficit exists whereby expenditures exceed revenues. | x | x | x | Contingency reserve is maintained at 8.33%. |
| Worst:<br>Although tempered by a reduction in personnel expenditures, substantial deficits exist with expenditures exceeding revenues. | | x | x | Over the projected period, contingency reserve is maintained only only 4.165% (one-half of the policy required percentage). |

# CITY OF REDONDO BEACH
# Budget Response Report #28

**June 5, 2012**

**Question:**

*What is the status of the Strategic Plan objective for the City Council to consider policies regarding use of food trucks during Special Events and Temporary Events?*

**Response:**

The March–September, 2012 Strategic Plan includes an objective directing the Planning Department to "Recommend to the City Council for consideration a policy regarding the use of food trucks during Special Events (SEP) and Temporary Use Permit (TUP) activities." Since this direction the Planning Department has conducted extensive research and has found that there is little consistency in how local jurisdictions are responding to and regulating the operation of mobile food facilities on public streets and private property.

The City's current policy permits food trucks only on private property through either a TUP or SEP. The TUP process as provided for in Section 10-2.2520 of the Zoning Ordinance can permit any single location to have up to 4 events per year each with a maximum of 4 trucks per event. Larger or more frequent events require consideration of a SEP.

The TUP process is administered by the Planning Department and is designed to allow temporary, infrequent uses or activities exclusively on private property that are not anticipated to place any additional demand on public services (Police, Fire, Public Works). Examples of temporary events include: tree lots, pumpkin patches, grand openings, special parking lot sales and similar events.

The SEP process is administered by the Recreation and Community Services Department. Special Events include the City's recognized "Signature Events" and other events requiring use of public property or demand for public services.

The current TUP policy of permitting up to 4 trucks, 4 times per year is based on past adopted policy regarding "Vehicle-related Events". This policy prohibits vehicle-related events from occurring more than 4 times per year on any individual property, and was adopted as a result of requests for vehicle-sales events being proposed on

properties not otherwise authorized for that use. The limitation of 4 trucks per event is based on the observation of prior events. Events on private property with 4 or fewer trucks have not resulted in demands for additional public services.

Unlike many surrounding communities, the Redondo Beach Municipal Code does not allow vending from the public street right of way, except for 4 locations on the Esplanade. Therefore, the need exists only to consider appropriate policy or regulation of the use on private property.

Given the existing policy regarding mobile food trucks that allows a maximum of four (4) mobile food trucks to operate at a given location (on private property only), a maximum of four (4) times a year through the issuance of a TUP as provided for in Section 10-2.2520 of the Zoning Ordinance, it is recommended that the City Council re-affirm this existing policy. It is further recommended that the City Council affirm that proposed events on private property that include five (5) or more mobile food truck trucks/vendors must be approved through the City's Special Event Permit Process as administrated by the Department of Recreation and Community Services.

If desired, the City Council may direct Planning Department to provide additional information and options for the regulation of food trucks.

# CITY OF REDONDO BEACH
# Budget Response Report #29

**June 5, 2012**

**Question:**

*What were the CIP priorities identified and discussed by the various City Commissions?*

**Response:**

As part of the budget preparation process, the City Manager/Assistant City Manager met with various City Commissions to solicit their input on the City budget and Capital Improvement Program. The following priorities/comments were provided as part of that process.

| Date | Commission | CIP Priorities/Comments |
|---|---|---|
| 11-02-11 | Preservation | Ainsworth Court Stair Restoration |
| 01-05-12 | Youth | No CIP Recommendations |
| 01-09-12 | Harbor | Renaming Torrance Boulevard |
| | | Repair pilings along George Freeth Way |
| | | Public Boat Launch Ramp |
| | | Mole B Improvements |
| | | Restrooms for Mooring Tenants |
| 01-11-12 | Recreation & Parks | No CIP Recommendations |
| 01-23-12 | Public Safety | Harbor/Pier Bike Path |
| 01-25-12 | Public Art | Public Art opportunities |
| | | Waterfront Development |
| | | Transit Center |
| 02-06-12 | Library | No CIP Recommendations |
| 02-16-12 | Planning | Public Art in private development |

On April 26, 2012, the combined Budget & Finance and Public Works Commissions met to review the proposed capital projects for fiscal year 2012-13. The Commissions supported staff's recommended list of capital projects. (Draft Minutes attached) The following changes were made to the recommended project list subsequent to the presentation to the joint commission.

| Project | Amount | Fund | Action |
|---|---|---|---|
| Alta Vista Facilities Inspection & Repair | $ 50,000 | CIP Fund | Deferred 1 yr. |
| City Hall Public Space Improvements | $ 50,000 | CIP Fund | Deferred 1 yr. |
| City Parking Lot Safety & ADA Improvements | $150,000 | CIP Fund | Unfunded list |
| Comprehensive City Identity Program | $100,000 | CIP Fund | Deferred 1 yr. |
| Traffic Calming Improvements | $ 50,000 | CIP Fund | Deferred 1 yr. |
| Wet Weather Bacterial TMDL Implementation | $100,000 | CIP Fund | Deferred 1 yr. |

Draft Minutes
Budget and Finance Commission
Public Works Commission
April 26, 2012

**CALL TO ORDER**

A Regular Meeting of the Public Works Commission was convened at 7:15 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

**ROLL CALL**

| | |
|---|---|
| Commissioners Present: | Brown, Lloyd, Gaian, Chair Ginsburg |
| Commissioners Absent: | Dalton, Stewart, Ezell |
| Officials Present: | Peter Grant, Assistant City Manager |
| | John Mate, Transportation Engineer |
| | Brad Lindahl, Capital Projects Program Manager |
| | Diane Cleary, Minutes Secretary |

A Special Meeting of the Budget and Finance Commission was reconvened at 7:20 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

**ROLL CALL**

| | |
|---|---|
| Commissioners Present: | Smith, Horowitz, Maruszko, Ung |
| Commissioners Absent: | Henry, Murakawa, Nussbaum |
| Officials Present: | Peter Grant, Assistant City Manager |
| | John Mate, Transportation Engineer |
| | Brad Lindahl, Capital Projects Program Manager |
| | Diane Cleary, Minutes Secretary |

It was the consensus of the Commissions to select Chair Ginsburg as Temporary Chairperson.

**NEW BUSINESS**

**DISCUSSION REGARDING PROPOSED CAPITAL IMPROVEMENT PROJECTS BUDGET FOR FISCAL YEAR 2012-2013.**

Assistant City Manager Peter Grant gave a presentation and reviewed the following:

- CIP Recommendations
- Evaluation Criteria
- FY12-13 CIP Carryover Funding
- FY12-13 Recommended CIP Funding
- Street Improvement Projects
- Park Improvement Projects
- Harbor Improvement Projects
- Sewer Improvement Projects

BRR 29 Attachment 1

- Public Facility Projects
- Drainage Improvement Projects
- General Improvement Projects

In response to Commissioner Brown, Assistant City Manager Peter Grant stated most departments are involved in some way regarding the CIP such as Building and Engineering, Recreation and Community Services, Harbor Department, Police Department, and Public Works. He also said the Planning Department plays a role from a land use perspective.

In response to Commissioner Horowitz, Assistant City Manager Peter Grant stated funding for a police station would take place through either a bond or debt issue.

In response to Commissioner Gaian, Assistant City Manager Peter Grant believed the City's current bond rating is AA+.

In response to Commissioner Smith, Assistant City Manager Peter Grant referred to the Comprehensive City ID Program and stated it is citywide signage, branding Redondo and helping with wayfinding.

In response to Commissioner Maruszko, Assistant City Manager Peter Grant stated the RBTV Broadcast Facility Upgrades for $580k will be the improvements to the Council Chambers.

In response to Commissioner Ung, Capital Projects Program Manager Brad Lindahl explained that the Comprehensive City Identity program was adopted by Council about ten years ago and last year the focus included regulatory signage in the parks which was approximately $150k. Prior to that, a series of five signs were installed throughout the City at approximately $150k. He also said new signage is being installed in the parks and parkettes. He noted Council adopted in 2009 their priorities based on five series of steps, noting that the signage is halfway through priority two.

Assistant City Manager Peter Grant informed that $100k of this year's funding is dedicated for the waterfront.

In response to Commissioner Maruszko, Assistant City Manager Peter Grant referred to the Pier Parking Structure Repairs and Operations Improvement and stated the entire operating system will be replaced at both the Plaza and Pier structure with the pay-by-space system, and the $200k funding is part of that effort.

In response to Commissioner Horowitz, Assistant City Manager Peter Grant stated operating budget advantages should include the change in the parking system with a significant increase in parking revenue. He also said technology will pair up with the agenda process for City Council in electronic files.

Capital Projects Program Manager Brad Lindahl stated the various proposed projects are identified in the CAFR with regard to their impact on the operating fund.

In response to Commissioner Lloyd, Capital Projects Program Manager Brad Lindahl stated the $8 million is regional Measure R money and is over and above the $600k received annually. He also reviewed projects and funds pursued and said staff is constantly pursuing the competitive grant money.

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Assistant City Manager Peter Grant also noted on a per capita basis, Redondo Beach was one of the top stimulus recipients from the ARRA monies in the entire country, which paid for a big part of the Esplanade improvements.

In response to Commissioner Horowitz, Assistant City Manager Peter Grant stated the budget is heavy with sewer projects due to the new sewer fee which is providing a revenue stream to rehabilitate the sewer system.

In response to Chair Ginsburg, Assistant City Manager Peter Grant stated almost 1200 LED lights were installed but have been in for less than a year, not allowing the opportunity to identify cost savings yet. He also said staff has been leaning on Edison without much success in getting them to do the right thing as it relates to LED streetlights.

Capital Projects Program Manager Brad Lindahl stated the City did receive an additional rebate from Edison on the LED lights installed last year of about $35,000 which allowed the purchase for another batch of LED lights.

In response to Chair Ginsburg, Assistant City Manager Peter Grant stated that LED lighting is about halfway complete.

In response to Commissioner Ung, Assistant City Manager Peter Grant stated the Seaside Lagoon Rehabilitation project of $300k is aimed at the structures that protect the chlorine machines that sanitize the water along with elements of improving the lanai. He also stated the restrooms are one of the carryover projects. He noted the size of the CIP and complexity of the projects are factors in determining the carryover projects and their completion. He also stated the carryover projects will flex slightly but there should be a pretty stable ongoing set of CIP's coming back and is a five-year program.

In response to Commissioner Gaian, Assistant City Manager Peter Grant stated there is really no advantage in reducing the CIP budget and noted the monies are almost entirely restricted towards capital improvement projects.

In response to Commissioner Ung, Assistant City Manager Peter Grant stated the City benefited over the last couple of years from recessionary pricing. He pointed out staff is tackling the projects as quickly as possible and sensitivity to pricing and the bidding environment is an important part of deciding which project advances.

In response to Commissioner Horowitz, Capital Projects Program Manager Brad Lindahl stated as a general rule, approximately $10 million a year is spent with about $20 million carrying forward, depending on the projects.

Commissioner Lloyd supported staff recommendation and believed that it seems pretty balanced.

**PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

Marisol Shankar expressed concern with pedestrian access on Grant between Inglewood and Kingsdale and difficulty using the sidewalk. She also noted a wheelchair bound resident being harassed.

Assistant City Manager Peter Grant explained that the project is in the CIP, listed as one of the unfunded projects which will cost approximately $500 million as an improvement to do the stretch. He said there is no funding in the CIP this year and the five-year plan is finding a way to fund it in

FY 13/14. He said it is a project that could qualify for a grant out of the Vitality Cities Program, impact fees from the redevelopment at the SB Galleria, or compete for funding available under the 2010 fund for ADA curb cuts throughout the City.

In response to Commissioner Brown, Transportation Engineer John Mate stated the safest mitigation would be to widen the sidewalk and the project should all be completed at one time.

In response to Chair Ginsburg, Assistant City Manager Peter Grant stated undergrounding would be an inefficient and ineffective solution and extremely costly.

In response to Chair Ginsburg, Transportation Engineer John Mate did not recommend a pedestrian area without a physical barrier between pedestrians and traffic.

In response to Commissioner Gaian, Assistant City Manager Peter Grant did not believe there would be further impacts from the transit center since that stretch of Grant is not a bus route.

In response to Commissioner Smith, Assistant City Manager Peter Grant stated there is an infinite number of unfunded CIP projects to include the police station, and the spreadsheet provided addresses only the upcoming 12/13 CIP.

Commissioner Ung stated it was helpful to receive the unfunded list, underfunded list and categories A and B which allows a comparison of something versus nothing now.

In response to Commissioner Lloyd, Assistant City Manager Peter Grant believed that the Vitality Cities have identified all projects they will be doing in the short-term but stated there could be other grants to consider that may be available to help fund the project on Grant.

Commissioner Ung suggested following up on the unfunded and underfunded categories list which is very helpful.

Capital Projects Program Manager Brad Lindahl stated the unfunded list is included in the CIP document which is going to City Council May 15, 2012 and a copy will be provided to the Commission.

**MEMBERS ITEMS AND REFERRALS TO STAFF FOR BUDGET AND FINANCE**

Commissioner Ung commended staff on the planning process which has been very transparent with all departments being equally involved.

**RECESS PUBLIC WORKS COMMISSION**

The Public Works Commission recessed their meeting at 8:38 p.m.

**ADJOURN BUDGET & FINANCE COMMISSION**

The Budget & Finance Commission adjourned their meeting at 8:38 p.m. to a Special Meeting to be held at 6:30 p.m. on May 24, 2012 in the Redondo Beach City Council Chambers, 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with Commissioners Henry, Murakawa and Nussbaum absent.

Respectfully submitted,



DRAFT

_____
John Mate, Transportation Engineer

_____
Diana Moreno, Finance Director

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# CITY OF REDONDO BEACH
# Budget Response Report #30

**June 12, 2012**

**Question:**

*What is the process and what are the costs for renaming Artesia Boulevard?*

**Response:**

In the past the City has followed the CA Streets and Highways Code, Section 970.5 in regard to the process for renaming streets. This procedure requires the City Council to conduct a public hearing on the proposed name change. The City would post public notices at the end of each block and also in the center of each block recommended for the name change 10 days in advance of the public hearing date. Notice of the public hearing would be advertised in *The Easy Reader* ten days in advance of the public hearing date. Mailers would be sent to the 356 commercial businesses, 5 home occupation businesses, and owners of the 241 residential units regarding notification of the public hearing.

At the time of the hearing, the City Council would receive a report from the City Engineer recommending consideration of a specific proposal to adopt the name change. After the conclusion of the public hearing, the City Council would vote on the formal resolution favoring a name change.

Following adoption of a resolution authorizing a change in name, the City Clerk would notify the County Clerk and the County Engineer of the name change. Additionally, utilities, post offices, residences, businesses and others would be notified.

These same businesses and residents would also be sent a letter confirming that the street name change was approved and the need to change their addresses. It is typical to have a transition period of one year when both street names would be in use.

Artesia Boulevard, within the City of Redondo Beach, has 30 small street name signs, 6 overhead illuminated street name signs and 3 extra large street name signs which must be replaced at an estimated material cost of $15,000. Public Works Maintenance labor costs to install all of the signs are estimated at $10,000.

Costs to the impacted businesses and residents are undetermined as each business is unique with its public relations, stationery, and advertising.

The street renaming would be coordinated with Engineering and Building Services, City Clerk, the City Attorney, Public Works Department, Police and Fire Departments.

The mailer notification costs, material costs, and labor costs for Public Works staff are estimated at $27,000. These estimated costs are unfunded at this time.

The estimated City expenditures are as follows:

| | |
|---|---|
| Mailing / Postage (public hearing) | $ 500 |
| Notification Posting | $ 1,000 |
| Mailing / Postage (name change notification) | $ 500 |
| Street Sign Materials | $15,000 |
| Sign Installation | $10,000 |
| **Total** | **$27,000** |

# CITY OF REDONDO BEACH
# Budget Response Report #31

**June 12, 2012**

**Question:**

*What maintenance activities are performed along the Esplanade?*

**Response:**

In May, 2011, the City completed the Esplanade Streetscape Improvements Project. The $2.9 million enhancement included installation of decorative sidewalk pavers, a seat wall, new street lights and poles with bird prevention devices, benches, landscaping, roadway resurfacing and concrete curb and gutter replacement. Prior to completion of the project, the Esplanade lacked parkway landscaping and was an eclectic and unsightly mix of benches, waste containers, antiquated aluminum streetlight poles that attracted birds, and a narrow concrete sidewalk area with an adjoining dirt path. The concrete walkway was in poor condition, was riddled with gum and a number of stains, and was rarely cleaned because at the time the City did not have a dedicated sidewalk cleaning program or crew. The Esplanade Streetscape project was a dramatic aesthetic and functional improvement to one of the City's signature street corridors that is now maintained in the following ways.

<u>Sidewalk Cleaning</u>

During construction of the Esplanade Improvement project, the Public Works Department added a two-person crew that is dedicated to power washing sidewalks, picking up litter, re-stocking pet waste bags, and removing weeds along critical streets in commercial districts and other high pedestrian traffic areas throughout the City. The crew typically services the Esplanade every four to six weeks during the months of October through May, and every two to three weeks during the summer months of June through September. It takes the sidewalk crew approximately three consecutive, four-hour morning shifts to service the entire length of the Esplanade. The Esplanade is a particularly difficult sidewalk surface to clean due to the high number of pedestrians and dogs that use the area and leave a variety of food and biological stains. Any increase to the frequency of sidewalk cleaning along the Esplanade would detract from regular cleaning in other key locations such as Artesia Blvd, PCH, Aviation, and the Riviera Village.

<u>Street Sweeping</u>

Street sweeping is performed along the Esplanade twice per week, which is double the frequency of sweeping provided in residential neighborhoods. The sweeper cleans and vacuums the roadway surface, gutters and storm drains removing accumulated litter and debris.

Refuse Collection

Athens Services, the City's solid waste hauler, empties the trash and recycling containers at the Esplanade every day. During busy summer weekends, Athens monitors the volume of waste along the Esplanade and will often make secondary collections to prevent the containers from overflowing.

Sidewalk Paver Stone Sealer

As part of the original formation of the sidewalk paver stones a sealant product was included in the paver premix that protects and prolongs the life of the stones. A post construction sealer could be applied to the paver stones at an estimated cost of $20,000. However, while the sealant could help prevent future stains for a one to two year period, it could also adversely impact the appearance of the stones by locking in any existing stains and could increase the pavers' slip factor.

# CITY OF REDONDO BEACH
# Budget Response Report #32

**June 12, 2012**

**Question:**

*What "improvements" qualify for funding under the Landscaping and Lighting Act of 1972?*

**Response:**

Public improvements that qualify for funding under the Landscaping and Lighting Act of 1972, are outlined in Section 22525 of the California Streets and Highways Code. Section 22525 (c) includes "The installation or construction of public lighting facilities, including, but not limited to, traffic signals" as an eligible use. Other eligible uses include landscaping, statuary, fountains, curbs, gutters, water, irrigation and drainage as well as certain park improvements. The full text of Section 22525 is attached. The eligibility of traffic signals was also confirmed by the City's Landscaping and Lighting consultant, Harris and Associates, as part of their 2006 Supplemental Street Landscaping and Lighting Assessment District Report.

To pay for Street Landscaping and Lighting, the City collects Street Landscaping and Lighting Assessments from residential and commercial parcels based on the street frontage and is supplemented by a subsidy from the General Fund:

| | | |
|---|---|---|
| Total Street Landscaping and Lighting District Expenditures | $ | 2,705,579 |
| District Generated Revenues | | 1,600,500 |
| Deficit per the Engineer's Report | | -1,105,079 |
| Deficit per the Engineer's Report | | 873,500 |
| Decision Package #29: Street Landscaping and Lighting District | | 103,719 |
| Anticipated Savings from Current MOU Agreements | | 127,860 |
| Deficit Balance | $ | 0 |

Our Public Works Department street maintenance expenses are funded by $1,390,423 in State Gas Tax funds and $1,001,190 in General Funds. The transfer of traffic signal expenses out of the Street Landscaping and Lighting Fund to be paid for by the State Gas Tax Fund would have to be accompanied by cuts to the Public Works budget and an associated reduction in street maintenance.

# STREETS AND HIGHWAYS CODE
# SECTION 22520-22540

22520. The definitions contained in this article govern the construction of this part unless the context otherwise requires. The definition of a word or phrase applies to any variants thereof.

22521. "Assessment district" means an assessment district formed pursuant to this part.

22522. "Clerk" means the clerk or secretary of a local agency or its legislative body.

22523. "Engineer" means the city engineer, county engineer, engineer of the district, or any other person designated by the legislative body as the engineer for the purposes of this part, including any officer, board, or employee of the local agency or any private person or firm specially employed by the local agency as engineer for the purposes of this part.

22524. "Fiscal year" means a 12-month period commencing on July 1 and ending on the following June 30.

22525. "Improvement" means one or any combination of the following:
(a) The installation or planting of landscaping.
(b) The installation or construction of statuary, fountains, and other ornamental structures and facilities.
(c) The installation or construction of public lighting facilities, including, but not limited to, traffic signals.
(d) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
(e) The installation of park or recreational improvements, including, but not limited to, all of the following:
(1) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
(2) Lights, playground equipment, play courts, and public restrooms.
(f) The maintenance or servicing, or both, of any of the foregoing, and of any improvement authorized by subdivision (i).
(g) The acquisition of land for park, recreational, or open-space purposes.
(h) The acquisition of any existing improvement otherwise authorized pursuant to this section.
(i) The acquisition or construction of any community center, municipal auditorium or hall, or similar public facility for the indoor presentation of performances, shows, stage productions, fairs, conventions, exhibitions, pageants, meetings, parties, or other group events, activities, or functions, whether those events, activities, or functions are public or private.

22526. "Incidental expenses" include all of the following:
(a) The costs of preparation of the report, including plans, specifications, estimates, diagram, and assessment.
(b) The costs of printing, advertising, and the giving of published, posted, and mailed notices.
(c) Compensation payable to the county for collection of

# CITY OF REDONDO BEACH
# Budget Response Report #33

**June 12, 2012**

**Question:**

*What actions are required to place a measure to finance a harbor-area park on the March 2013 ballot?*

**Response:**

At its May 1, 2012 meeting, the City Council received a presentation from Public Financial Management (PFM) regarding options for financing the acquisition, development and operation of a harbor-area park.

PFM's presentation examined a number of different financing mechanisms available to the City Council. The information regarding the actions, time and costs to place harbor-area park financing on the March 2013 ballot appear below. PFM's analysis from the May 1, 2012 City Council meeting is attached.

Financing Mechanism Costs Timing

Placing a harbor-area park financing measure on the ballot would involve three to 12 months of preparation. Required pre-election activities include City Council approval of ordinances and resolutions; preparation of engineer's reports; and public hearings. The City Council would also have to identify and appropriate funding for the project. Detailed information about different financing mechanism's pre-election timing, process and cost is attached.

Should the City Council pursue a joint powers authority (JPA) to allocate the harbor-area park cost to areas outside Redondo Beach's corporate boundary, additional pre-election activities will be required. While PFM estimates the JPA could be formed in two to four months after all the jurisdictions involved in the JPA agree to its creation, staff's experience is that forming a JPA will take six to 12 months.

Outside consultant and legal costs for the pre-election activities range from $15,000 to $65,000. JPA formation would cost an additional $15,000. Staff costs would likely match the outside costs, resulting in a total cost of $30,000 to $150,000.

Election Timing

Having selected a method of financing the acquisition, development and operation of a harbor-area park, the City Council will need to place the measure on the ballot.

The City Clerk and election consultants recommend the City Council place the measure on the ballot no later than October 2012. However, the following schedule represents the deadlines set by the State and adjusted to coincide with the City Council's meeting schedule.

| | |
|---|---|
| December 4, 2012 | final opportunity to place the measure on the ballot |
| December 11, 2012 | deadline to withdraw measure from the ballot |
| December 18, 2012 | City Attorney completes impartial analysis; arguments for and against the measure due |
| January 2, 2013 | rebuttals arguments for and against the measure due |
| February 12, 2013 | sample ballots mailed |
| March 5, 2013 | election day |

Attachments: May 1, 2012 Public Financial Management Report to the City Council
Harbor-area Park Financing Pre-election Timing and Costs

The PFM Group
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PFM Asset Management LLC
PFM Advisors

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April 26, 2012

# Memorandum

**To:** Mayor and City Council, *City of Redondo Beach*

**From:** Craig Hoshijima, *Public Financial Management, Inc.*

**Re:** Debt Financing Options for the Purchase of Park Land and Improvements

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Public Financial Management, Inc. ("PFM") has prepared this memorandum to provide the City of Redondo Beach (the "City") with a summary of financing options for the purchase of land for a public park (and possibly pay for improvements and ongoing maintenance). The financing options involve the issuance of tax-exempt debt and do not include other potential park funding sources, such as State grants or developer fees (although the debt could be repaid by these sources). After preliminary discussions with the City, it is our understanding that the City would like to evaluate the costs for a $50 to $500 million bond financing that would be used for, among other things, the purchase of parkland and improvements. This memorandum provides an overview of the main debt financing options available to the City and its residents, and debt service estimates.

## Financing Options

Debt financing options that are available to California cities and/or districts to finance the purchase of parkland, development of parkland and improvements, and operating costs, and have been successfully implemented in the past, include general obligation (GO) bonds, lease revenue bonds or certificates of participation, assessment district bonds, community facilities district bonds, and special tax bonds. Also discussed is the infrastructure financing district, as this long-existing financing option has characteristics similar to the widely-used tax increment bond, which is no longer an option for cities. A description of each financing option is provided below, including the approval requirements, repayment source, and allowable uses.

### General Obligation (GO) Bonds

The GO bond is debt secured by an ad valorem tax on all property owners in the City. The GO tax must be approved by 2/3 of eligible voters (as it is a special tax). Voters approve a ballot measure that specifies the amount of GO bonds that will be issued to fund park costs (land and improvements only). Upon voter approval, the City must issue GO bonds through a competitive bond sale. The GO tax is considered the strongest form of security for debt (as the tax is assessed citywide and the City can enforce a tax lien sale in the event of non-payment) and will likely have the lowest interest cost. Because of the strong security, GO bonds do not require a reserve fund, which reduces the bond size.

Policy considerations include: the issuance of GO bonds may create a perceived inequity among property owners as long-term property owners will pay lower taxes than recent property owners because, due to Proposition 13, their assessed value is lower; the issuance of GO bonds will require 2/3 voter approval; and the GO bonds will not fund any operations and maintenance costs.

### Lease Revenue Bonds or Certificates of Participation

The lease revenue bond (LRB) or certificates of participation (COP) refers more to a financing vehicle, but in the context of park development generally relates to debt payable by a city general fund (and not the creation of new taxes; although, a city may need to issue LRBs or COPs payable solely from a new tax if there is not State authorizing legislation for the type of debt). The City can issue debt to finance park development that is secured by a lease payment (made by the City) for the property or other identified leased property. The debt (and City's lease

payments) is secured by the City's existing general fund revenues (i.e., any legally available revenues, which excludes special revenues) and not any new revenue or tax, and the funding of the lease payments would compete with other general fund expenditures.

The interest cost on City LRBs or COPs would be higher than G.O. bonds as the security is relatively weaker (there is not a dedicated tax for the debt and a risk the City does not make a lease payment if the leased asset is not accessible). The LRBs or COPs cannot fund ongoing park maintenance costs.

**Assessment District Bonds**

A park assessment district would be an area within the City (which could include the entire City) where property owners approve an assessment to fund park costs, including a bond issue. A common type of park assessment district bond is allowed under the State Landscaping and Lighting Act of 1972.[1] The process for creating the assessment involves the preparation of an engineer's report or other study that sets the assessment per parcel based on the "special benefit" the parcel derives from the public improvements, and approval by a majority of property owners (based on the amount of the assessment). Because of the need to assess properties based on the specific benefit received (made more stringent as a result of Proposition 218), it is challenging to substantiate the assessment for the purchase of parkland or open space, or development of a park, as this type of improvement arguably provides general benefits to the community. The park assessment would likely need to vary by parcel (or group of parcels) to demonstrate the recovery of specific benefits to each parcels. Any general benefits from the improvements may need to be funded from sources other than the assessment. In 2008, the State Supreme Court struck down a park and open space assessment that was a flat amount per single-family household and held that it did not sufficiently demonstrate a special benefit of the improvements to individual parcels.[2]

The assessment district bonds may have the highest interest cost of the financing options, if the size of the district is limited; however, the City may be able to fund a reserve fund and debt service coverage (i.e., an amount more than is needed for debt service in order to provide a cushion for any property owner defaults) from the assessments that can result in a security almost as strong as a GO bond.

Advantages of using a park assessment district are: the assessments are in proportion to the benefit derived and voter approval requires a majority of property owners based on the amount of assessment. Disadvantages are the challenge to determine the special benefit to parcels within the district, as a park may have citywide and regional benefits (by drawing visitors from beyond the district and producing a spillover benefit through increased tourism) and the potentially higher interest costs. Under the Landscaping and Lighting Act, the assessment can fund ongoing park operating costs. The budget for the park is set each year and the assessment is levied sufficient to pay budgeted costs. If the City obtains 2/3 voter approval (as a special tax), the assessment would not need to be based on specific benefit to parcels.

The voters in the County of Los Angeles approved two separate assessments (Proposition A in 1992 and Proposition A in 1996) for a countywide park district (the Regional Park and Open Space District). The assessments pay for, among other things, park maintenance and parkland acquisition. The assessment is based on the size of residential parcels (up to 2.5 acres) and any improvements. For commercial and industrial properties, the assessment is based on the size of the parcel, use, and square feet of structural improvements. The County has issued debt secured by the assessments. The assessments were approved by a majority of County voters prior to the passage of Proposition 218, and although arguably based on specific benefit, have a lesser risk of legal challenge (than assessments approved after passage of Proposition 218). Projects in the City that have been funded by the County assessment include a $3.2 million pier reconstruction in 1995 and $590,000 for Dominguez Park improvements in 1995 and 1999.

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[1] Streets and Highways Code §22500 et seq.

[2] Silicon Valley Taxpayers' Assn., Inc. v. Santa Clara County Open Space Authority, 44 Cal. 4th 431, 447-48 (2008).

Multiple Jurisdictions
The Landscaping and Lighting Act allows a joint powers authority (JPA) to create an open space district and conduct proceedings for the levy of an assessment. Any district that includes cities or other local jurisdictions other than the City could be jointly managed through a JPA.

**Community Facility Districts**
Similar to assessment districts, property owners can create a special district called a community facilities district (CFD), also known as a Mello-Roos district, to finance park development and maintenance. The public facilities to be financed do not need to be within the district boundaries. The CFD levies a special tax to finance capital (including the repayment of bonds) and operating costs (i.e. services). The tax can be based on the benefit derived by the parcels, or on the cost of making the facilities or services available, or on any other reasonable basis. The tax cannot be ad valorem or related to the value of the property. The CFD law allows the tax to pay for a debt service reserve fund and provide debt service coverage, which (depending on the size of the district) can result in a lower interest cost. The CFD requires 2/3 approval of "qualified electors," which can be residents within the district or property owners (if there are 12 or less residents).

The CFD tax can finance entitlement fees, including development impact fees or park development/preservation fees (i.e., Quimby fees). This is a funding approach used for new developments, whereby the developer and city issue CFD bonds to fund impact fees and the proceeds are used to fund a portion of parkland acquisition.

Multiple Jurisdictions
The CFD law allows for a district's boundary to include multiple cities. The CFD can be administered (i.e., conduct proceedings, levy tax, institute foreclosures) by one of the cities, and the interest of other CFD cities can be represented through a joint powers agreement. Alternatively, the cities can form a joint powers authority to create and jointly administer the district.

**Infrastructure Improvement District**
Cities and counties have had the authority since 1990 to create Infrastructure Financing Districts (IFDs) to fund the purchase of and improvements to real property.[3] IFDs divert incremental property tax revenues for 30 years to fund, among other things, parks, recreational facilities, and open space. IFDs may not finance routine maintenance, repair work, or the costs of ongoing operation or providing services and cannot overlap with existing redevelopment agency project areas.

Proceedings to establish an IFD are initiated by the City through the adoption of a resolution that identifies the boundaries of the IFD, the type of facilities to be financed, and a time and place for a public hearing. Following adoption of the resolution, the City directs the appropriate official to prepare an Infrastructure Financing Plan (the "Plan") to include a map of the proposed boundaries of the IFD, the location, timing and costs of all public facilities (whether or not to be provided by the IFD) required to serve the proposed development, and a financing section. The financing section includes all of the following:

1. The maximum portion of Tax Increment revenue from each affected taxing entity proposed to be committed to the IFD for each year
2. The Tax Increment revenues projected to be received by the IFD in each year of the Plan
3. The amount of debt intended to be incurred by the IFD
4. The maximum amount of Tax Increment revenue the IFD may receive
5. An analysis, for each affected taxing entity, of the costs and the taxes, fees, and other revenues to be received
6. A fiscal impact analysis of the IFD, and the development within the IFD, on each of the affected taxing entities

[3] Government Code §53395 et seq.

7. A date on which the IFD will cease to exist (maximum term of 30 years)

A copy of the Plan is sent to each of the affected taxing entities and to the property owners within the proposed IFD. A public hearing on the Plan is held no sooner than 60 days after the Plan is sent to all affected taxing entities. The City cannot adopt a resolution proposing formation of the IFD unless a resolution approving the Plan is adopted by 75% of the affected taxing entities prior to the hearing. The Plan could be amended to exclude any affected agency that does not approve the Plan, or to amend the percentage of increment from an agency that would be passed through to the IFD.

Subsequent to the public hearing, if the City adopts a resolution proposing adoption of the Plan and formation of the IFD, an election is called to submit the proposal to the qualified electors. The election can be a registered voter election or a property owner election, depending upon the City's preference.

IFD have been used very sparingly, and there has been only one created (in the city of Carlsbad in 1999). Possible reasons for the lack of use are concerns (prior to 1999) of the constitutionality of using tax increment revenue that is not within a redevelopment project area, the diversion of tax revenue that would otherwise go to a local jurisdiction General Fund, and the 2/3 voter approval requirement.

Another factor that may facilitate the creation of IFDs is the pending elimination of redevelopment agencies. An IFD could be sited so that the amount of property tax revenue equals the amount from a former redevelopment project area. This would ostensibly minimize the general fund impact as the incremental property tax would have otherwise been diverted to the redevelopment agency (if the redevelopment was not otherwise eliminated as a result of ABX1 26). The IFD would instead allow the participating local jurisdictions to use the incremental property tax for mutually beneficial public improvements.

**Other Special Taxes**

Cities and local jurisdictions have the ability to impose a range of special taxes, subject to 2/3 voter approval, including additional sales, utility users, and parcel taxes. Cities and special districts in California (including open space districts) have obtained voter approval for new special taxes that are designated for the purchase and maintenance of parkland and open space and have borrowed against these tax revenues.

Parcel taxes

A parcel tax is a fixed annual amount (or annual amount subject to a cap) that is levied against each approved parcel within the city or special district. Assessments and CFD special taxes can be levied as parcel taxes. The parcel tax can have a limited or no stated duration, a cap on the amount collected, and can exclude certain parcels (e.g. tax-exempt properties). Any restrictions on the tax are incorporated into the ballot measure that is presented to voters. The parcel tax, unlike the GO tax, can be used for operating expenses. The parcel tax has become widely used by school districts to pay for operating costs. The parcel tax can become a lien on the property and failure to pay the tax can result in a tax lien sale of the property.

In comparison to the GO tax, the parcel tax is arguably fairer to new property owners, as properties regardless of assessed value (as restricted by Proposition 13) pay the same tax. However, the tax is regressive as lower valued properties pay the same as the highest valued, and there is little relationship of the tax to the benefits received.

The interest rate for a parcel tax bond would depend on the amount and term of the tax, as well as bond covenants including the minimum debt service coverage (there is greater security and a lower interest cost if bondholders are promised a relatively high debt service coverage that limits the amount of tax revenue that can be leveraged). The interest rate is also affected by the inflexibility to raise the tax above the approved cap and any other restrictions enacted by voters. For the purchase only of parkland and improvements, the GO bond would likely have a lower interest cost.

Sales taxes

A few cities and special districts in California have enacted incremental sales taxes for the purchase and maintenance of parkland and open space. The amount and term of dedicated sales taxes in California varies, with most being 1/4% or 1/2%. There sales tax can be used for both capital and operating expenditures as specified in the ordinance approved by voters. A limiting factor on the amount that is generated is the size of the city (and the amount of taxable sales) and the term of the tax. The interest rate on any sales tax debt financing for parkland would depend on the amount and term of the tax, as well as the bond covenants for debt service coverage and additional indebtedness.

## Preliminary Financing Scenario

Based on our conversations with the City we have evaluated the costs for bond issues that would provide $50 to $500 million (in $50 million increments) in project funds for the cost of the park. For our analysis we have evaluated a GO bond, general fund-supported lease revenue bond/COP, and assessment district/CFD using current interest rates. The interest rates for the assessment district or CFD bonds are dependent on the size and amount of the assessment/tax and the estimate assumes the district achieves an A-rating (which implies the district includes much of the properties within the City and the tax is not completely leveraged). Other relevant assumptions are summarized below:

**Financing Assumptions**

- Dated and delivered 11/1/12
- Principal due annually on 7/1
- Cost of issuance = $250,000
- Underwriter's discount (i.e., commission) = $4 / $1,000
- $50, $100 or $150 million purchase
- Bonds sized for aggregate level debt service

*Preliminary Financing Results*

The table below provides a summary of bond size and interest cost. The GO bond would currently have an average interest cost of about 3.4%, which is 0.45% less than a City LRB or COP. The annual debt service for a $50 million issue would be $2.7 million, compared to $3.0 million for a LRB/COP (net of projected debt service reserve fund interest and balance). The assessment district/CFD bonds would have a slightly higher interest cost of 3.9%, with $3.0 million of average annual debt service for a $50 million bond size. The interest cost for a special tax bond would depend on the amount and characteristics of the tax, as well as the bondholder protections included in the bond covenants, but could be structured so that the interest cost is within the range presented in the accompanying tables.

**City of Redondo Beach**
**2012 Financing**

| | $50MM GO | $100MM GO | $150MM GO | $200MM GO | $250MM GO | $300MM GO | $350MM GO | $400MM GO | $450MM GO | $500MM GO |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sources** | | | | | | | | | | |
| Par Amount | $50,455,000 | $100,655,000 | $150,855,000 | $201,055,000 | $251,260,000 | $301,460,000 | $351,660,000 | $401,860,000 | $452,060,000 | $502,260,000 |
| Net Premium/Discount | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Sources** | **$50,455,000** | **$100,655,000** | **$150,855,000** | **$201,055,000** | **$251,260,000** | **$301,460,000** | **$351,660,000** | **$401,860,000** | **$452,060,000** | **$502,260,000** |
| **Uses** | | | | | | | | | | |
| Project Fund | $50,000,000 | $100,000,000 | $150,000,000 | $200,000,000 | $250,000,000 | $300,000,000 | $350,000,000 | $400,000,000 | $450,000,000 | $500,000,000 |
| DSRF | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Cost of Issuance | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 |
| Underwriter's Discount | $201,820 | $402,620 | $603,420 | $804,220 | $1,005,040 | $1,205,840 | $1,406,640 | $1,607,440 | $1,808,240 | $2,009,040 |
| Additional Proceeds | $3,180 | $2,380 | $1,580 | $780 | $4,960 | $4,160 | $3,360 | $2,560 | $1,760 | $960 |
| **Total Uses** | **$50,455,000** | **$100,655,000** | **$150,855,000** | **$201,055,000** | **$251,260,000** | **$301,460,000** | **$351,660,000** | **$401,860,000** | **$452,060,000** | **$502,260,000** |
| Average Annual Net Debt Service | $2,702,315 | $5,390,973 | $8,079,881 | $10,768,412 | $13,457,290 | $16,145,245 | $18,834,686 | $21,523,327 | $24,211,956 | $26,900,664 |
| Total Net Debt Service | $80,168,691 | $159,932,207 | $239,702,130 | $319,462,892 | $399,232,940 | $479,005,279 | $558,762,343 | $638,525,374 | $719,288,033 | $798,053,030 |
| All-in TIC | 3.40% | 3.38% | 3.37% | 3.37% | 3.37% | 3.37% | 3.37% | 3.37% | 3.36% | 3.36% |

**City of Redondo Beach**
**2012 Financing**

| | $50MM Rev | $100MM Rev | $150MM Rev | $200MM Rev | $250MM Rev | $300MM Rev | $350MM Rev | $400MM Rev | $450MM Rev | $500MM Rev |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sources** | | | | | | | | | | |
| Par Amount | $53,500,000 | $106,730,000 | $159,960,000 | $213,185,000 | $266,415,000 | $319,645,000 | $372,875,000 | $426,100,000 | $479,330,000 | $532,560,000 |
| Net Premium/Discount | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | |
| **Total Sources** | **$53,500,000** | **$106,730,000** | **$159,960,000** | **$213,185,000** | **$266,415,000** | **$319,645,000** | **$372,875,000** | **$426,100,000** | **$479,330,000** | **$532,560,000** |
| **Uses** | | | | | | | | | | |
| Project Fund | $50,000,000 | $100,000,000 | $150,000,000 | $200,000,000 | $250,000,000 | $300,000,000 | $350,000,000 | $400,000,000 | $450,000,000 | $500,000,000 |
| DSRF | $3,033,381 | $6,049,875 | $9,065,563 | $12,081,234 | $15,097,678 | $18,113,380 | $21,129,511 | $24,145,174 | $27,160,993 | $30,177,425 |
| Cost of Issuance | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 |
| Underwriter's Discount | $214,000 | $426,920 | $639,840 | $852,740 | $1,065,660 | $1,278,580 | $1,491,500 | $1,704,440 | $1,917,320 | $2,130,240 |
| Additional Proceeds | $2,619 | $3,205 | $4,597 | $1,037 | $1,662 | $3,040 | $3,989 | $427 | $1,688 | $2,335 |
| **Total Uses** | **$53,500,000** | **$106,730,000** | **$159,960,000** | **$213,185,010** | **$266,415,000** | **$319,645,000** | **$372,875,000** | **$426,100,040** | **$479,330,000** | **$532,560,000** |
| Average Annual Net Debt Service | $2,973,825 | $5,932,927 | $8,891,581 | $12,078,851 | $15,094,843 | $18,110,932 | $21,127,032 | $24,142,662 | $27,158,718 | $30,174,840 |
| Total Net Debt Service | $83,487,781 | $166,565,062 | $249,639,262 | $358,338,235 | $447,813,683 | $537,290,978 | $626,768,617 | $716,232,317 | $805,708,644 | $895,186,915 |
| All-in TIC | 3.85% | 3.84% | 3.83% | 3.83% | 3.82% | 3.82% | 3.82% | 3.82% | 3.82% | 3.82% |

**City of Redondo Beach**
**2012 Financing**

| | $50MM AD/CFD | $100MM AD/CFD | $150MM AD/CFD | $200MM AD/CFD | $250MM AD/CFD | $300MM AD/CFD | $350MM AD/CFD | $400MM AD/CFD | $450MM AD/CFD | $500MM AD/CFD |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sources** | | | | | | | | | | |
| Par Amount | $53,540,000 | $106,810,000 | $160,080,000 | $213,345,000 | $266,615,000 | $319,885,000 | $373,155,000 | $426,425,000 | $479,690,000 | $532,960,000 |
| Net Premium/Discount | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Sources** | **$53,540,000** | **$106,810,000** | **$160,080,000** | **$213,345,000** | **$266,615,000** | **$319,885,000** | **$373,155,000** | **$426,425,000** | **$479,690,000** | **$532,960,000** |
| **Uses** | | | | | | | | | | |
| Project Fund | $50,000,000 | $100,000,000 | $150,000,000 | $200,000,000 | $250,000,000 | $300,000,000 | $350,000,000 | $400,000,000 | $450,000,000 | $500,000,000 |
| DSRF | $3,073,942 | $6,129,949 | $9,186,198 | $12,241,354 | $15,297,382 | $18,353,548 | $21,410,249 | $24,465,369 | $27,521,173 | $30,577,331 |
| Cost of Issuance | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 | $250,000 |
| Underwriter's Discount | $214,160 | $427,240 | $640,320 | $853,380 | $1,066,460 | $1,279,540 | $1,492,620 | $1,705,700 | $1,918,760 | $2,131,840 |
| Additional Proceeds | $1,898 | $2,811 | $3,482 | $266 | $1,159 | $1,912 | $2,131 | $3,931 | $68 | $829 |
| **Total Uses** | **$53,540,000** | **$106,810,000** | **$160,080,000** | **$213,345,000** | **$266,615,000** | **$319,885,000** | **$373,155,000** | **$426,425,000** | **$479,690,000** | **$532,960,000** |
| Average Annual Net Debt Service | $3,071,358 | $6,127,395 | $9,183,601 | $12,239,407 | $15,295,119 | $18,351,186 | $21,407,233 | $24,463,140 | $27,518,993 | $30,574,960 |
| Total Net Debt Service | $91,116,966 | $181,779,380 | $272,446,823 | $363,102,420 | $453,755,209 | $544,418,521 | $635,081,252 | $725,739,833 | $816,396,799 | $907,057,146 |
| All-in TIC | 3.96% | 3.94% | 3.93% | 3.93% | 3.93% | 3.92% | 3.92% | 3.92% | 3.92% | 3.92% |

We hope you find this memorandum helpful and would be happy to discuss this with the City in greater detail. Please feel free to call me at your convenience at (213) 404-0079.

| | General Obligation | LRB/COP | Landscape and Lighting Act Assessment District | CFDs | Infrastructure Improvement District | Parcel Tax | Sales tax |
|---|---|---|---|---|---|---|---|
| **Pre-election*** | | | | | | | |
| Key tasks: | Adopt City resolution to initiate process, GO tax ordinance, publish ordinance | | Adopt City resolution to initiate process, engineer's report, resolution of intent, 218 protest hearing | Adopt local goals and policies, City resolution to initiate process/intent to form district, public hearing (at least 30 days after resolution of intent), resolution of formation, protest hearing | Adopt resolution of intent, prepare infrastructure financing plan, public hearing (at least 60 days after distribution of plan), adopt resolution of formation by taxing entities, public hearing, adopt plan | Prepare ordinance, develop tax rate, adopt tax ordinance | Prepare ordinance, develop tax rate, BOE review of ordinance, adopt tax ordinance |
| Timing: | 3 to 5 months | | 4 to 6 months | 5 to 7 months | 7 to 12 months | 3 to 5 months | 4 to 6 months |
| Cost (pre-election): | | | | | | | |
| Tax consultant | | | | | $ 50,000 | | $ 35,000 |
| Special tax report | | | | $ 50,000 | | | |
| Engineer's report | | | $ 50,000 | | | | |
| Appraisal | | | not needed | not needed | | | |
| Legal services | $ 15,000 | | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 | $ 15,000 |
| Total Cost | $ 15,000 | $ - | $ 65,000 | $ 65,000 | $ 65,000 | $ 15,000 | $ 50,000 |
| | | | | | | | |
| **JPA formation** | | | | | | | |
| Key tasks: | | | Prepare agreement, meetings to discuss, adopt agreement | Prepare agreement, meetings to discuss, adopt agreement | | | |
| Timing: | | | 2 to 4 months | 2 to 4 months | | | |
| Cost (JPA): | | | | | | | |
| Legal services | | | $ 15,000 | $ 15,000 | | | |
| Other | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total Cost | $ - | $ - | $ 15,000 | $ 15,000 | $ - | $ - | $ - |
| | | | | | | | |
| **Bond Issue** | | | | | | | |
| Key tasks: | Adopt resolution approving bond documents | | Adopt resolution approving bond documents | Adopt resolution approving bond documents | Adopt resolution approving bond documents | Adopt resolution approving bond documents | Adopt resolution approving bond documents |
| Timing: | | | | | | | |
| Cost of Issuance: | | | | | | | |

# CITY OF REDONDO BEACH
# Budget Response Report #34

**June 12, 2012**

**Question:**

*What is the status of the Mole B Master Plan?*

The original conceptual design for the Mole B Master Plan was completed in 2011. A revised plan developed in collaboration with Marina Cove, LLC., which incorporates property on the Marina Cove leasehold, was subsequently approved in February, 2012. The estimated cost for the final architecture and engineering services to convert the conceptual design to detailed construction plans and specifications is approximately $300,000. The estimated hard cost for the actual construction of the Master Plan is approximately $2,600,000.

The City is finalizing a license agreement with Chevron for the temporary use of Mole B during the first quarter of 2013 for the offload of heavy equipment to be transported to their refinery in El Segundo. Staff expects the license agreement to be finalized by the end of June.

To expedite construction of the master plan, the current conceptual design will need to be converted into detailed plans and specifications prior to the completion of Chevron's work at the site. With these plans in place, construction can begin immediately after Chevron is finished. The process for development of plans and specifications will take approximately six months and will need to start in summer, 2012 to be finished in April, 2013, when Chevron's operation is complete. Therefore, staff is recommending, by way of this budget response report, an appropriation of $300,000 as part of the FY 2012/13 budget from the Harbor Tidelands Fund balance to move forward with this process. The Engineering contract for the development of plans and specifications can be awarded to a consultant in 90 days from the approval of this budget response report. Consistent with the City's municipal code and state contractual law, the construction contract for the Mole B Master Plan will be competitively bid and awarded through the City's standard sealed bid procedures.

# CITY OF REDONDO BEACH
# Budget Response Report #35

**June 12, 2012**

**Question:**

*Describe the CalPERS Reserve Fund and how it is used and replenished.*

**Response:**

A standalone City CalPERS Reserve Fund was created in 2010 as a sinking fund to be used for future rate increases of which California Employees' Retirement System (CalPERS) has notified the City that it will be contractually obligated to pay. It differs from the General Fund 8.33% contingency (rainy day) reserve which is to be used only for unforeseen circumstances.

The City Council has the opportunity to add to the fund when cost savings, one-time monies or unassigned fund balance are available. As shown in the table below, the City Council first added to the fund during the FY09-10 year-end close. At that time, savings from construction of the North Branch Library and better than anticipated year-end finances in the General Fund were available for transfer into the fund. Recognizing that projected CalPERS rates outpace increases in revenues, the City Council has taken other opportunities (generally during the year-end close) to add to the fund. The next opportunity to add to the fund will be with the FY11-12 year-end close, scheduled for November 2012.

The City Council also has the opportunity to use the fund at its discretion. As planned, the fund was first used when a transfer from the CalPERS Reserve Fund to the General Fund was made for significant rate increases in FY11-12. A transfer is proposed again for FY12-13 increases. Knowing CalPERS rates will continue to rise at an unsustainable pace, it is probable that transfers from the fund will also continue for the foreseeable future. These transfers are not loans that need to be repaid, but the life of the fund can be extended with additions to the fund as described in the paragraph above.

| CalPERS Reserve Fund Activity | | | |
|---|---|---|---|
| **Timing** | **Description** | **Amount** | **Balance** |
| FY09-10 Year-End Close | North Branch Library Savings | 933,167 | 1,433,167 |
| FY09-10 Year-End Close | General Fund Transfer | 500,000 | 500,000 |
| FY10-11 Adopted Budget | Vehicle Replacement Fund Transfer | 1,500,000 | 2,933,167 |
| FY10-11 Midyear Budget | General Fund Transfer | 968,069 | 3,901,236 |
| FY10-11 Year-End Close | General Fund Transfer | 106,000 | 4,007,236 |
| FY11-12 Adopted Budget | CalPERS Rate Increases | -1,000,000 | 3,007,236 |
| FY12-13 Proposed Budget | CalPERS Rate Increases | --393,489 | 2,613,747 |

# CITY OF REDONDO BEACH
# Budget Response Report #36

**June 5, 2012**

**Question:**

*What is the selection process and requirements to operate a vendor stand on the west side of the Esplanade?*

**Response:**

In accordance with Article 20, Chapter 7, Title 3, of the Redondo Beach Municipal Code (RBMC), there are four (4) phases related to the process of obtaining a vending permit to operate a vendor stand on the west side of the Esplanade. (see attachment 1)

Phase 1 is the *selection process.* A notice is published in a local newspaper announcing the lottery selection process, deadline to submit applications (Dec. 15), and application fee ($10). The lottery is conducted by mid-January and notification of lottery results is mailed to all participants by the end of January. The first four (4) entries drawn through the lottery can proceed to phase 2 of the permit process. All remaining entries that are drawn are placed on a waiting list in order of their selection.

Phase 2 is *completing requirements.* To qualify for issuance of a vending permit, a statement of intent to utilize lottery space is mailed to the four (4) participants identified in the lottery selection process. Included in the mailing is a list of requirements that must be submitted by April 30 to qualify for a vending permit. A copy of the vending regulations in the RBMC is also included.

The requirements to qualify for a vending permit are:

- Business License ($99)
- Food Service Certificate
- Health Permit
- Liability/Bond Insurance
- Permit Fee ($25)
- Picture of stand/cart
- Seller's Permit

Phase 3 is *code compliance*. In addition to satisfying the City's vending permit requirements, the vendor must also comply with the RBMC.

Listed below are configuration standards mandated by the RBMC:

- Size of Stands (not to exceed)

    - Length Six Feet (6’)
    - Width fifty three (53”)
    - Height six feet (6’)
- Vending is not allowed between 8pm and 10am and stand must be removed
- Trash must be removed within fifty feet (50’) of stand
- Amplified sound or devices that produces loud noises are not allowed
- Selling and dispensing of glass containers are prohibited
- Sale of food and drink only
- Permits must be displayed during operating hours

Phase 4 is *code enforcement*. Once the vendor has satisfied the City’s vending permit and municipal code requirements, it is the operator’s duty to maintain its vending operations in compliance with code. Failure to maintain compliance can result in suspension, modification or revocation of the vending permit. Code enforcement will respond to all complaints regarding vendors and may issue notices of violation.

## Article 20. Vending from Stands in Public Ways

### 3-7.2001 Findings and purpose.

The City Council finds as follows:

(a) The primary purpose of the public streets, sidewalks, and other public ways is for use by vehicular and pedestrian traffic;

(b) Vending from stands on public streets impedes the flow of both vehicular and pedestrian traffic;

(c) Vending on public streets for commercial purposes is unnecessary because residents and tourists have ample commercial facilities from which to purchase food, beverages, wares and other merchandise;

(d) However, there is a minimum of commercial facilities providing food and drink within easy walking distance from the County beach located west of and adjacent to the Esplanade; and it is in the public interest to permit a limited number of vendors to operate temporary stands, particularly during the summer season, on the west side of the Esplanade to supplement such facilities by providing food and drink for the convenience of those persons frequenting the public beach;

(e) And the Redondo Beach Municipal Pier together with the adjacent Basin 3 area is a unique ocean oriented commercial-recreation attraction utilized by the entire Southern California community and in which vending from certain vending stands on City-owned leaseholds has historically been permitted as an addition to the festive ambience thereof;

(f) And at such special events as designated by the City Council from time to time. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2002 Definitions.

For the purpose of this article the words set out in this section shall have the following meanings:

"Public way" shall mean all areas legally open to public use such as public streets, sidewalks, roadways, highways, parkways, alleys, parks, as well as the interior and areas surrounding public buildings.

"Stand" shall mean any table, bench, booth, rack, handcart, pushcart, or any other fixture or device which may or may not be required to be licensed and registered by the Department of Motor Vehicles and is used for the display, storage, or transportation of articles offered for sale by a vendor.

"Vendor" shall mean any individual, including an employee or agent of a group of individuals, partnership, or corporation, who sells or offers to sell food, beverages, goods, wares, or merchandise on any public way from any stand, pushcart, other human powered device, or from any lunch truck or motor vehicle powered device. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2003 Business license and permit required.

It shall be unlawful for any person to sell, display, or offer for sale any food, beverage, goods, wares, or merchandise from any stand on any public way within the City without first obtaining a business license and vendor's permit therefor from the City Treasurer. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2004 Limitation of vending sales.

No permit shall be issued for sales of food, beverage, goods, wares, or merchandise from any stand or vendor's vehicle other than for specifically designated areas. With regard to that area in the City on the west side of the Esplanade between Knob Hill and Paseo de la Playa; the four (4) locations within said area for which permits may be issued pursuant to Section 3-7.2008, will be designated by the City Manager's office. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2005 Exceptions.

The provisions of chapter shall not be applicable to:

(a) Newsracks permitted pursuant to Chapter 21 of Title 4 of the Redondo Beach Municipal Code;

(b) Certified farmer's markets established under the provisions of Division 21 (Section 58001 et seq.) of the State Food and Agricultural Code;

(c) The five (5) existing vending sites on City owned leaseholds on the Redondo Beach Municipal Pier and adjacent Basin 3 areas;

(d) The County beach adjacent to the Esplanade;

(e) Fairs, shows, festivals, exhibitions, city-wide celebrations and other special events for which a permit allowing vendors' stands has been issued by the City. (§ 1, Ord. 2702 c.s., eff. September 16, 1993, as amended by § 1(24), Ord. 2844 c.s., eff. November 4, 1999)

### 3-7.2006 Application.

(a) The application for a vending permit shall be filed with the City Treasurer and shall contain all information relevant and necessary to determine whether a particular permit may be issued, including but not limited to:

(1) Full name, home address, permanent business address (if any), telephone number, and driver's license number;

(2) A brief description of the nature, character, and quality of the food, beverages, goods, or merchandise to be sold;

(3) If vendor is employed by or is an agent of another, the name and business address of the principal/hiring person, firm, association, organization, company or corporation;

(4) A complete listing of any other permits or permits issued to applicant by the City within the past five (5) years;

(5) Any permits issued or required by the Los Angeles County Health Department.

(b) Except for the year 1993-94, all applications for a vending permit shall be received by the City Treasurer no later than December 15 of the year prior to which the permit is to be issued. (§ 1, Ord. 2702 c.s., eff. September 16, 1993, as amended by § 1, Ord. 2711 c.s., eff. November 18, 1993)

### 3-7.2007 Health permits.

The application of any vendor engaged in the sale of food or beverages shall also be referred to the Los Angeles County Health Department for approval of a health permit in addition to the regular vending license. Such vendor's equipment shall be subject to inspections by the Health Department at the time of application and at periodic intervals thereafter. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

**3-7.2008 Issuance of permit.**

(a) Vending permits shall be issued by the City Treasurer.

(b) Applicants qualifying for a permit shall be chosen by lottery. Site location shall be made by the permittee in the order of their selection.

(c) A vending permit shall be valid for the period from January 1 through December 31 of that year.

(d) In the event that a space becomes available between annual selections, a vending permit shall be issued to an applicant therefor which shall be valid only until the following December 31. (§ 1, Ord. 2702 c.s., eff. September 16, 1993, as amended by § 1, Ord. 2711 c.s., eff. November 18, 1993)

**3-7.2009 Fees.**

(a) Each applicant for a vending permit shall pay to the City Treasurer a non-refundable application fee which shall be set by action of the City Council.

(b) Each vendor granted a vending permit shall pay to the City Treasurer an annual permit fee which shall be set by action of the City Council. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

**3-7.2010 Insurance of bond.**

No vending permit shall be issued to an applicant unless the applicant furnishes proof to the city of a public liability bond or insurance policy in an amount not less than One Million and no/100ths ($1,000,000.00) Dollars for property damage and injuries, including injury resulting in death, caused by the operation of the vending business. Said insurance shall provide that (1) the City is named as an insured, (2) that it cannot be canceled without thirty (30) days prior notice to the City, and (3) the insurance is primary to all other insurance. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

**3-7.2011 Display of permits.**

(a) The permit issued to a vendor shall be with the vendor at all times when he or she is engaged in the business of vending. If the vendor sells food or beverages, the health permit must be displayed.

(b) Permits shall be displayed only by the person to whom they were issued and may not be transferred to any other person. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

**3-7.2012 General regulations.**

The following regulations are applicable to vendors with vending permits:

(a) Size of stands. Vendors stands shall not exceed six (6′) feet in length, fifty-three (53″) inches in width, or six (6′) feet in height. Vendors are prohibited from blocking the public right-of-way beyond their area of immediate operation and are required to minimize their interference with pedestrian traffic.

(b) Hours of operation. It is unlawful for vendors to engage in the business of vending between the hours of 8:00 p.m. and 10:00 a.m. When temporary vending permits are sought for special events, pursuant to Section 6-3.07, the applicant may request from the City an exception to the usual hours of operation. All stands used for vending must be removed from public property during non-operating hours.

(c) Removal of trash. All trash or debris accumulating within fifty (50′) feet of any vending stand shall be collected by the vendor and deposited in a trash container. All vendors selling food or beverages must provide

trash receptacles adjacent to a part of their stands.

(d) Noise. No vendor may sound any device which produces a loud and raucous noise, or use or operate any loudspeaker, public address system, radio, sound amplifier, or similar device to attract public attention.

(e) Glass containers. Vendors are not permitted to sell or dispense items of food or drink in glass containers which would be carried away by the customer after purchase.

(f) Sale of food items only. Vendors are permitted to sell only items of food or drink. Additional goods, wares, or merchandise of non-food character will not be allowed sold from vendors' carts. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2013 Suspension or revocation of permit.

Any permit issued under this article may be suspended or revoked by the City Treasurer for any of the following reasons:

(a) Fraud or misrepresentation in the application for the permit;

(b) Fraud or misrepresentation in the course of conducting the business of vending;

(c) Conducting the business of vending contrary to the conditions of the permit;

(d) Conducting the business of vending in such a manner as to create a public nuisance or constitute a danger to the public health, safety or welfare;

(e) Conviction of any crime involving moral turpitude while holding a vending permit from the City;

(f) Cancellation of health department authorization for a food or beverage vending unit due to uncorrected health or sanitation violations;

(g) Failure to pay sales taxes or other taxes payable by the permittee due to the operation of such stand;

(h) Refusal to provide sufficient records to the City Treasurer's office to verify by audit the proper collection of sales tax;

(i) Violation of any of the provisions of this article.

(§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2014 Revocation and suspension hearings.

All hearings relating to and appeal of the revocation or suspension of any permit granted pursuant to this article shall be conducted by the City Council in accordance with the provisions of Redondo Beach Municipal Code, Sections 6-1.26 and 6-1.27. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

### 3-7.2015 Penalties.

Any person who violates any provision of this article shall be punished upon conviction by a fine not to exceed One Thousand and no/100ths ($1,000.00) Dollars or by imprisonment not to exceed six (6) months, or by both fine and imprisonment. (§ 1, Ord. 2702 c.s., eff. September 16, 1993)

# CITY OF REDONDO BEACH
# Budget Response Report # 37

**June 12, 2012**

**Question:**

*What is the updated status of plans and specifications for the Leadership Redondo Class of 2010 project for a new public event venue in Veterans Park?*

**Response:**

Budget Response Report #10 provided a status report on efforts by the Redondo Beach Chamber of Commerce 2010 Leadership Class for a replacement Event Plaza in Veterans Park. This follow-up Budget Response Report provides additional information related to the status of the plans and specifications as described below:

**Plans** – On April 24, 2012, staff received a set of plans which were routed to the various City departments for review and comment. On May 21, 2012, staff met with a representative of the Leadership Class and the volunteer architect to communicate the City's requested revisions to the plans. The plans have been returned to Leadership Redondo and the design professionals in order to incorporate these minor modifications.

**Specifications** – The new development is that there will be further delays in moving the project forward as no specifications have been written for the project. Specifications consist of instructions for (1) bidding the project (bidding specs) and (2) listing the materials to be used to build the project (technical specs). While the bidding specifications do not vary significantly from project to project, the technical specifications must be written specifically for each project and provide a significant level of detail beyond the written plans

Technical specifications are used to describe the specific materials and components of the project. Having a detailed set of technical specifications serves many purposes such as: (1) describing appropriate building materials which will result in an aesthetically pleasing and long lasting project; (2) allowing a fair and uniform comparison of project bids; and (3) avoiding costly change orders during construction.

The Chamber of Commerce will be following up to determine the best method for getting the specifications written. However, in the absence of specifications and a complete set of plans, the City is unable to approve the project.

Options for completing the specifications include:

**Option One** -- Allocating 160 hours of City staff time to write the specifications (valued at $11,000). In addition to the staff time associated with completing the specifications, the City will experience an opportunity cost of engineering staff being diverted from other projects including the replacement of Wilderness Park Furnishings and the Aviation Gymnasium Exterior Doors;

**Option Two** -- Retaining an outside firm to write the specifications (cost of +/- $10,000). The expectation is that the cost of retaining an outside firm would be a funding requirement of the Leadership Redondo Class. The City Council has made no appropriation of funding to complete this work.

In any event, the project cannot proceed to bidding without completed plans and specifications.

Additionally, as the MOU with the Chamber of Commerce includes reference to the plans and specifications, the MOU cannot be finalized until this work has been completed. As a result, the City Council report previously planned for June 19, 2012 is being delayed until August 2012 to allow more time for completion of the plans and specifications.

As a final note, to date, the City has spent $37,000 on work related to the Event Plaza project including the required soils report, demolition of the prior bandshell, grading, and re-landscaping of the site.

# CITY OF REDONDO BEACH
# Budget Response Report #38

**June 12, 2012**

## Question:

*What transactions have required internal financing?*

## Response:

Over the years, the City's General Fund has been a party in internal financing transactions both as a borrower and a lender. Below are summaries of the two types of transactions since Fiscal Year 2006-07.

**General Fund as Borrower from the Self-Insurance Program Fund**

| Purpose | Amount | Amount Repaid | Amount Outstanding | Repayment Date |
|---|---|---|---|---|
| FY06-07 AES/Williams Appeal Attorney Fees | 630,000 | 630,000 | 0 | Nov 2007 |
| FY07-08 General Plan Updates | 295,000 | 295,000 | 0 | Nov 2007 |
| FY07-08 Personnel Rules Review | 43,100 | 43,100 | 0 | Nov 2007 |
| FY10-11 RCS Department Relocations | 510,000 | 510,000 | 0 | Nov 2011 |
| *Totals* | *1,478,100* | *1,478,100* | *0* | |

**General Fund as Lender**

| Purpose | Amount | Amount Repaid | Amount Outstanding | Repayment Date |
|---|---|---|---|---|
| FY08-09 RDA Aviation Refunding Bonds | 700,000 | 700,000 | 0 | Jul 2009 |
| FY09-10 CFA Kincaids Loan Refinancing | 1,470,541 | 191,898 | 1,278,643 | * |
| *Totals* | *2,170,541* | *891,898* | *1,278,643* | |

* A principal and interest payment totaling $11,760 is to be made monthly until Sep 2014, when a balloon payment of $1,107,061 is due. It is anticipated that the loan will again be refinanced at that time.

# CITY OF REDONDO BEACH
# Budget Response Report # 39

**June 12, 2012**

**Question:**

*What is the financial and operational management plans for the proposed moorings in King Harbor?*

**Response:**

In a letter dated March 11, 2009, the City was notified that it had been awarded a Boating Infrastructure Grant in the amount of $250,000 from the United States Department of Interior to install 50 vessel moorings.

It was anticipated that the proposed 50 moorings may be able to enhance Tidelands Fund revenue by approximately $430,625 per year based on an industry recognized fee formula and prior to the economic recession. The establishment of a mooring fee typically depends on key factors and varies from harbor to harbor. Fees are usually established at the local level and often take into consideration area amenities and geographical locations. A survey of fees charged by other coastal marinas back in 2009 suggested an average rate of $1.25 per vessel foot. One of several formulas utilized to estimate revenues is as follows; 50 moorings x $1.25/foot/day x 26 foot vessel x 265 days/year = $430,625/year.

Unfortunately, due to the impacts of the economic recession, numerous harbors have had to reduce costs to maintain some form of revenue continuance. A more recent survey suggests that a “per foot rent” now ranges between sixty-five cents ($0.65) and one-dollar ($1.00). Utilizing the $0.65 per foot basis, it would be anticipated that 26 moorings x $0.65/foot/day x a 26 foot vessel x 265 days/year would realize a revenue enhancement of $116,141 a year; should $1.00 per foot be utilized, there would be an estimated possible revenue of $179,140 annually. Note that this formula takes into consideration the closure of moorings for one-hundred days annually in anticipated winter storms and otherwise poor weather conditions).

Over the past year and a half, City staff has engaged in three community stake-holder meetings to obtain input from the boating community and marina operators. During each meeting, concerns and ideas were expressed and at the conclusion resulted in a reduction of 24 of the originally proposed 50 moorings. At the conclusion of the third meeting, all parties reached agreement.

The actual cost per mooring installation varies and are priced based upon the type of installation desired. The proposed installation for King Harbor is the Seaflex system which utilizes a screw-type device that anchors to the floor of the harbor. This type

of installation typically averages $6K to $8K per installation and the award of any contract would be subject to the City's competitive bid process.

Once the moorings have completed installation the on-going inspection and maintenance will be handled by the harbor patrol and incorporated to coincide along with their annual dock inspection process. It is estimated that each mooring inspection will take approximately 15 minutes each to perform and reflects a total time of 6.5 hours annually to perform this additional work. Because the Seaflex system has one moveable component, the replacement cost for this is approximately $200 dollars and can also be replaced during the harbor patrols annual dock inspection.

Once complete the there are no additional costs anticipated. Based upon the $250,000 grant, a projected installation cost of $208,000 (utilizing $8K per installation), this leaves $40,000 for unanticipated change orders related to the construction and installation; unfortunately, these funds cannot be used for operational expenses.

With respect to the Mooring Management Plan (MMP), the Fire Chief and the Harbor, Business and Transit Director are initiating the development of this program. The goal will be to have this completed prior to making the moorings available to the public. The MMP is tentatively scheduled to be completed by December 2012, and will address projected revenues, expenditures, on-going maintenance needs and options for long-term management.

In the meantime, during the start-up phase, the Harbor Patrol administrative staff will be the first point of contact for vessels entering and requesting a mooring. Once contact is made, the Harbor Patrol's administrative assistant will initiate the appropriate permits, notify harbor patrol officer's, have them perform a navigational vessel inspection and instruct the vessel owner to proceed to the Harbormasters office where they will then pay the required fee. At the closure of each business day, the administrative assistant will meet with the City's financial and cashiering staff and surrender all financial receipts, cash and credit card information for proper accounting.

# CITY OF REDONDO BEACH
# BUDGET RESPONSE REPORT #40

**June 12, 2012**

**Question:**

*What are the cost implications to continue the reduction of the number of Commission Meetings to save money and staff time?*

**Response:**

Last year at the 2011-2012 Budget public hearing, the decision was to continue the for a savings reduction of the number of Commission meeting, except Planning and Harbor, of $12,000 in hard costs. In August of 2011 Ordinance No. 3083-11 was adopted and to sunset on September 30, 2012.

During the Strategic Planning Session on March 25, 2009, when the 2009-2010 Budget Shortfall was addressed, Council requested that a reduction in the number of Commission meetings be considered, thereby reducing costs and staff time. Staff has identified both hard and soft costs, associated with the reduction of Commissions Meetings to once every two months. The soft costs of $80,803 reflect staff salaries (during normal business hours), duplicating, video and overhead costs. Hard costs of $17,876 pertain to minute secretary services, video technician, postage, legal ads and various costs**.** A total estimated reduction of $98,679.

The City Attorney's office will present an Ordinance to extend the sunset clause for an additional year at a future meeting.

# CITY OF REDONDO BEACH
# BUDGET RESPONSE REPORT #41

**June 12, 2012**

**Question:**

*How is the City budgeting for the new parking enforcement coverage that will be required after installation of the new meters at the Pier Parking Structures?*

**Response:**

The new multi-space parking meters being installed at the Pier and Plaza Parking Structures will eliminate the entry/exit gates and the need for our onsite operator, AMPCO. The elimination of AMPCO and other anticipated savings/revenues from the implementation of the new system will improve the annual net income from the parking structures by an estimated $300,000 to $400,000 annually.

Included in this anticipated improvement to net income are the fiscal impacts of new parking enforcement operations at the parking structures. The new meters operate much like street meters and will require parking enforcement on site at the structures to ensure proper payment. This new enforcement activity will generate both new revenue and new expenses. Staff estimates that new ticket revenue from the approximately 1,400 spaces at the two structures will total between $150,000 and $300,000 annually. The new enforcement costs include four additional part time staff at approximately $108,000 total on an annual basis and a one-time cost of $20,000 for a new enforcement vehicle. These costs and revenues will accrue to the Harbor Uplands and Tidelands funds proportionate to the number of parking spaces within each of the two geographic areas (i.e.; Uplands and Tidelands).

Recommended by way of this budget response report is an ongoing annual appropriation starting with FY 2012/13 of $81,000 from the Harbor Uplands Fund and $27,000 from the Harbor Tidelands fund for the parking enforcement personnel expenses. Additionally, a one-time appropriation of $15,000 from the Harbor Uplands and $5,000 from the Harbor Tidelands Funds is recommended in FY 2012/13 for the purchase of a parking enforcement vehicle.

# CITY OF REDONDO BEACH
# Budget Response Report #42

**June 12, 2012**

**Question:**

*What effect will the pending property lease exchange of the Franklin Property and 200 North PCH between the City and the Redondo Beach Unified School District have on the City's revenues and expenditures?*

**Response:**

The City of Redondo Beach and the Redondo Beach Unified School District are in the final stages of completing a lease exchange involving the Franklin Property and 200 Pacific Coast Highway. This lease transaction is a key milestone in the eventual relocation of the Redondo Beach Police Department to the 200 PCH site.

This Budget Response Report provides supplemental information concerning the revenue and expenditure implications of this lease transaction and withdraws Decision Package #27 which referenced only the Franklin Property. The operating revenues for each of the facilities, both as they exist now and after completion of the lease transactions, are described below:

**Current City Revenues**

Franklin The City currently has subleases in place at the Franklin site with the following three organizations: (1) The Beach Cities Child Development Center, (2) CSU Dominguez Hills Adult Learning Program, and (3) Helpline Youth Counseling Inc. These subleases currently generate $126,000 in annual revenue to the City.

200 PCH The City currently does not receive any lease income or revenue from the 200 N. PCH site.

**City Revenues After Lease Transactions Complete**

Franklin Following the lease transactions, the City will no longer receive revenue from the above referenced subleases at the Franklin facility as the Franklin buildings will be managed by RBUSD.

200 PCH The Redondo Beach Chamber of Commerce currently is a tenant at 200 PCH and pays $9,240 to RBUSD in annual lease payments. It is anticipated that the Chamber and the City will enter into a lease agreement

which would result in the City's receipt of a comparable amount of revenue in the future.

The operating expenditures for each of the facilities, both as they exist now and after completion of the lease transactions, are described below:

**Current City Expenditures**

Franklin The City currently incurs costs totaling $64,090 annually for use of the Franklin site. These expenditures consist of utilities, maintenance and supplies, and associated Internal Service Fund (ISF) allocations. The ISF charges include such items as building maintenance, liability insurance, and overhead charges.

200 PCH The City's annual cost for its current occupancy of a portion of the 200 PCH site includes ISF charges, $51,000 in rent paid to RBUSD, and $6,700 in utilities.

**City Expenditures After Lease Transactions Complete**

Franklin Following completion of the lease transaction, the City-paid utilities for the Franklin Facility will be reduced by 50% until such time that separate utility meters are installed. Internal Service Fund allocations at Franklin will be reduced by $12,715 due to reduced sewer fee charges and reduced liability insurance charges. As part of the move out, the City will incur one-time costs in the amount of $8,500 to cover the removal/disposal of materials at the Franklin site.

200 PCH Following the lease transaction, the City will no longer pay rent to RBUSD for this site. Additional expenditures totaling $3,200 will be incurred including added utility costs, property insurance, and other applicable ISF charges.

The resulting changes to operating revenues and expenditures for the Franklin site and at 200 PCH are summarized below:

| **Revenues** | | **Expenditures** | |
|---|---|---|---|
| End of Franklin Lease Revenues | ($126,000) | Reduced Utilities at Franklin | ($ 7,500) |
| New Lease Revenue at 200 PCH | $ 9,240 | No Supplies at Franklin | ($ 2,690) |
| | | Reduced ISF at Franklin | ($12,710) |
| | | End of Rent at 200 PCH | ($51,000) |
| | | Addtl. ISF, Utilities and Property Ins. at 200 PCH | $ 3,200 |
| | ($116,760) | | ($70,700) |

A comparison of the above annual revenues vs. expenditures shows a combined loss of $46,060 on an ongoing basis for the two sites upon completion of the lease exchange.

In terms of the move-out of the Franklin site, the City will incur one-time costs in the amount of $8,800 to cover the cost of loading, transport, and disposal of a significant amount of accumulated materials including old costumes and dilapidated sets, props and building materials from prior year drama camps. Staff has retained items of value, offered items to local schools, sent items to auction, and a large quantity of material remains to be recycled and disposed of as appropriate.

In conclusion, this Budget Response Report includes two recommendations:

(1) To withdraw Decision Package #27 and delay action on making adjustments to FY 2012-13 ongoing revenues and expenditures for these two properties until the lease exchange is complete which is anticipated in August/September 2012. At that time, staff will prepare a budget amendment to account for the resulting changes in the City's revenues and expenditures at the affected properties.

(2) To appropriate $8,800 to the Franklin facility budget covering one-time FY 2012-13 costs for the removal, transport, and recycling/disposal of non-valuable materials remaining at the Franklin facility.

# CITY OF REDONDO BEACH
# Budget Response Report # 43

**June 19, 2012**

**Question:**

*What is the impact to the City to increase the property insurance All Risk deductible?*

**Response:**
The City purchases property and casualty insurance through the Independent Cities Risk Management Authority (ICRMA), a 22 city joint powers authority of which the City is a member.

The City's property insurance costs are set to increase by $70,000 from FY 2011-12 to 2012-13. The increase is driven by an increase in insurance rates and property acquisition (Pier Plaza and International Boardwalk) and will result in the cost of property insurance growing from $846,000 to $916,000.

Property insurance provides coverage for All Risk, Earthquake and Flood. All Risk provides coverage for fire, vandalism and other perils that are not specifically excluded. The current deductible for All Risk is $10,000. Earthquake has a five percent deductible and Flood a $100,000 deductible.

In order to offset the insurance rate increase, the City has the ability to increase its All Risk insurance deductible from $10,000 to $100,000. Doing so will lower insurance costs by $30,000 annually and reduce the overall property insurance increase to $40,000 ($886,000 annually). AJ Gallagher, the City's insurance broker recommends the deductible increase in light of the limited losses the City has experienced.

The City has filed three property insurance claims with ICRMA in the past 12 years. The City received reimbursement for one of the claims.

1. In February 2005 a lightning strike hit City Hall. The City was reimbursed $117,000.

2. In October 2007 the City filed a claim for wind damage to light poles on Torrance Circle and George Freeth Way. Unfortunately, since the City cut the poles down to prevent them from being torn loose by the wind, the claim was not considered a covered loss and was denied.

3. In February 2008 the City filed a claim due to storm damage at the Harbor Patrol dock. ICRMA determined the loss was Flood-related and the damage was less than the deductible for flood.

The other cities in the ICRMA pool have All Risk deductibles ranging from $10,000 to $50,000. Alhambra is increasing its deductible to $100,000 to contain its insurance costs.

Insurance Premiums are budgeted out of the Liability Insurance Fund.

**Recommendation:**

That the City Council increase the City's All Risk insurance deductible from $10,000 to $100,000.

# CITY OF REDONDO BEACH
# Budget Response Report #44

**June 19, 2012**

**Question:**

*What is the plan for seeking proposals for the catering contract at the Redondo Beach Historic Library?*

**Response:**

Spectrum Holding, Inc., (Spectrum Catering) has served as the contract caterer at the Redondo Beach Historic Library (also known as the Veterans Park Community Center) since July 16, 1996. Spectrum was selected as the contract caterer following a competitive RFP process and awarded an initial five year contract for the period July 16, 1996 – July 15, 2001, with three one-year options to extend (effective contract period: July 16, 1996 – July 15, 2004).

At the conclusion of this agreement, Spectrum continued to operate the concession while the City evaluated an alternate use for the Community Center as an arts/cultural facility. When it was determined that such a use would entail significant capital and operating outlays, the City Council elected to renew the catering agreement with Spectrum. The new agreement, under which Spectrum Catering is currently operating, runs for the period November 1, 2005 – October 31, 2010, with three one-year options to extend. The contract, including the options to extend, will expire on October 31, 2013.

Highlights of the current Spectrum Catering Agreement are as follows:

- Spectrum serves as the exclusive concessionaire for scheduling, managing and catering weddings, receptions, private parties, benefits, business meetings, banquets and other private functions at the Center.
- The agreement sets forth that at a minimum, Spectrum shall remit $90,000 annually to the City for use of the facility. During the past five years, Spectrum has paid an average of $165,583 in concession payments to the City.
- The Agreement sets forth that Spectrum will pay the City 20% of their gross monthly sales for weekend events and 12% for weekday usage.
- Spectrum is obligated to schedule and manage use of the facility without charge to nonprofit and local community groups for meetings and other events on Mondays

through Thursdays (9:00 a.m. to 9:00 p.m.) and Fridays (9:00 a.m. to noon), and to the City as needed for meetings and events.

- Spectrum's maintenance obligations are as follows:
    - Provide janitorial and pest control services for the facility.
    - Clean and maintain the kitchen equipment.
    - Spectrum is currently required to pay 50% of the cost, up to $20,000, to repair or replace kitchen equipment that fails due to normal use.
- Spectrum is required to contract with a licensed, insured and bonded valet company to park all vehicles belonging to persons attending events at the Veteran's Park Community Center. The valet company must use the park's Circle Drive, located just north of the Community Center, for vehicle drop-offs and pick-ups. Spectrum is required to obtain an off-site parking lot with sufficient spaces for all vehicles for each event.
- For each event at the Community Center, Spectrum is required to use a standard contract that is executed by the client. The contract must provide for minimum guarantees, a reasonable deposit, and other conditions that guarantee performance.
- Spectrum is required to submit to the City, along with its monthly payment, a written report on a form provided by the City documenting all gross sales for the previous month.
- Spectrum is required to maintain a full set of books, records and accounts of daily gross sales generated under the agreement, both cash and on credit. Spectrum must keep all such documents for a minimum of five years.

The City's obligations under the agreement are as follows:

- Provide and pay for water, sewer, gas and electricity at the Center.
- Maintain the Center's foundations, bearing and exterior walls, subflooring and roof. However, any damage caused by Spectrum Catering or its clients must be covered by Spectrum's or the client's insurance.
- Maintain all major building systems in the Community Center, including the HVAC system, elevator, electrical system, plumbing and sewer systems provided, however, that Spectrum is responsible for blockages of all drain lines.
- Repair or replace any kitchen equipment that is damaged, destroyed or stolen due to vandalism or theft.

**Process for Seeking Proposals**

As indicated above, the contract with Spectrum Catering expires on October 31, 2013, prior to which time the City will initiate a competitive RFP process for the award of a long term catering concession. The anticipated timeline for this process is as follows:

| ACTION | DATE |
|---|---|
| Issue Catering Concession RFP | September 2012 |
| Evaluate Proposals, Interview Finalists | October 2012 |
| Negotiate Contract | November 2012 |
| City Council Award Contract | January 2013 |
| Contract Start Date | October 2013. |

Given the lead time for scheduling weddings and private banquets, it will be necessary to complete the RFP process by early 2013 in order to provide adequate lead time for fall/winter 2013 bookings regardless of whether Spectrum is retained or a new operator is selected.

**Fiscal Impact**

A comparison of the projected FY 2011-12 operating revenues and expenditures for the Center are shown below.

| Revenue | | Expenditures | |
|---|---|---|---|
| Catering Concession | $181,500 | M & O | $ 1,147 |
| | | Building Occupancy* | |
| $122,544 | | | |
| | | Building Replacement | $ 2,220 |
| | | Overhead | $ 53,256 |
| Total | $181,500 | | $179,167 |

* Most of the Building Occupancy costs are allocated maintenance costs based on building square footage. These costs include City maintenance workers, supplies, vehicles and overhead. However, it should be noted that Spectrum Catering provides all day-to-day maintenance and janitorial services and supplies for the building. Spectrum also pays for 50% of kitchen equipment repair/replacement.

# # #

Because the Veterans Community Center is a City-owned historic landmark, the City of Redondo Beach retains the obligation to cover the cost of capital improvements and major repairs. As such, the City's capital expenditures for the Community Center during the past five years have been as follows: (1) The facility was re-roofed in FY 2008-09 at a cost of $85,700 and (2) Significant work is occurring on the HVAC in 2011-12 at a cost of $190,000. Additionally, the proposed FY 2012-13 Budget includes a capital project to replace carpeting and tile at the Center at a cost of $42,000.

**CITY OF REDONDO BEACH**
**Budget Response Report #45**

**Question:**

*What should the cost be for a beekeeping permit?*

**Response:**

On June 5, the Council was presented with a resolution establishing a residential beekeeping permit program. The Council discussed the beekeeping resolution, as well as the fee for obtaining a permit for this activity. Council believed that a permit cost of $150.00 could not be justified for the work required. Therefore, they requested that the permit fee be re-reviewed. After specifically determining the inspection and compliance issues that need to be completed by the Municipal Service Officer and the time it would take to accomplish these tasks, a rate to cover the costs was determined to be $45.00.

Staff is proposing an annual fee of $45.00 per permit. This amount is consistent with the current City Council-approved fee for exotic animal permits. Staff believes that processing, compliance inspection, registration verification, and other conditions of the permit will require at least seventy minutes per year by Municipal Service Officers. See the following matrix of hourly wages and task descriptions for related personnel.

| Task | Employee Type | Hours to complete task | Cost * |
|---|---|---|---|
| | | | |
| Process application.<br><br>Inspect the property; measure hive distance relative to property lines and fence height; inspect hive equipment. Confirm all planning regulations are met; R-1 Lot, hive location relative to any public right of ways. Create and maintain records.<br><br>Confirm registration with Food and Agriculture Department. | Municipal Services Officer | 70 minutes | $45.00 |

- Hourly rate for Municipal Service Officers is $38.00

# CITY OF REDONDO BEACH
# Budget Response Report #46

**June 19, 2012**

**Question:**

*What can the City do to hasten resolution of property maintenance nuisances and abandoned construction projects?*

**Response:**

Recent economic conditions have resulted in circumstances where property owners have been unable or unwilling to exercise responsible maintenance of their sites and/or complete construction. The failure of these owners to properly maintain their properties and/or complete construction has resulted in exposure of neighbors to substantial negative and unacceptable visual, aesthetic and safety impacts, and has degraded the quality and appearance of City's residential and commercial neighborhoods and districts.

Current regulations regarding public nuisance and property maintenance allow for enforcement of a variety of violations including: accumulation of trash, weeds and debris, site safety and security, exposure of the public to unsafe buildings, exposure of the public to vectors (rats, vermin, pests), lack of habitability etc. However, often owners will only perform the minimum corrective work necessary and will then let the property deteriorate. A similar situation can occur with respect to ongoing construction where an owner abandons construction. These circumstances result in unacceptable expenditures of staff resources, and continued to exposure of the neighborhood to blighted conditions.

Lack of property maintenance and incomplete construction are conditions that constitute a public nuisance, These conditions can be corrected through effective enforcement and prosecution. However, a small number of properties (perhaps 6-12 at this time) have owners that are either absentee or without sufficient resources to correct long-standing substandard conditions.

While we are proceeding to prosecute these habitual enforcement sites, the need exists to consider amending the Municipal Code to strengthen the regulations regarding public nuisance and abandoned construction. An example of potential regulations from the City of Newport Beach is attached to this Budget Response Report.

Should the City Council determine that additional property maintenance and construction regulation standards are appropriate; staff will work with the City Attorney to update the regulations and prepare an Ordinance for City Council consideration.

# CITY OF REDONDO BEACH
# Budget Response Report #47

**June 19, 2012**

**Question:**

*What actions are necessary to reflect the proposed reorganization of the Harbor, Business & Transit Department; Recreation & Community Services Department; Engineering & Building Services Department; Public Works Department; and Planning Department?*

**Response:**

With the upcoming retirement of the City Engineer/City Building Official, staff proposes to reorganize three departments to reduce expenditures and align available resources with projected workloads and strategic objectives.

The reorganization involves 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.

In addition to the consolidation of the Planning, Public Works, and Building and Engineering Department, staff also recommends transferring the Transit division from the Harbor, Business and Transit Department to the Recreation and Community Services Department.

Moving the Transit division will allow the proposed Waterfront & Economic Development Department to focus its limited resources on the ongoing waterfront revitalization efforts. Additionally, as the Recreation and Community Services Department is in the process of a reorganization in response to recent changes to Redevelopment and Housing, the addition of Transit is a natural fit.

The proposed reorganizations create the need for the City Council to change the names of the affected departments and to adjust the job descriptions of the department directors.

**Department Name Changes**

| Current Department | Proposed Department |
|---|---|
| Harbor, Business & Transit | Waterfront & Economic Development |
| Recreation & Community Services | Recreation, Transit & Community Services |
| Planning | Community Development |
| Engineering & Building Services | Dissolved and incorporated into Community Development and Public Works |

**Job Description Changes**

Updated department head job descriptions reflecting the proposed reorganizations and the realignment of job duties are included with this report. They include Community Development Director; Waterfront & Economic Development Director; Recreation, Transit & Community Services Director; and Public Works Director. The job descriptions are consistent with the City's 2011 Workforce Succession Plan.

**Recommendation**

Adopt by title only, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA AMENDING THE OFFICIAL BOOK OF CLASSIFICATIONS BY ADDING THE CLASS SPECIFICATIONS FOR THE POSITIONS OF COMMUNITY DEVELOPMENT DIRECTOR, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR, RECREATION, TRANSIT AND COMMUNITY SERVICES DIRECTOR AND MODIFYING THE CLASS SPECIFICATION FOR PUBLIC WORKS DIRECTOR

City of Redondo Beach Approved: EXHIBIT A
Class Specification Resolution: CC-
Unclassified

**COMMUNITY DEVELOPMENT DIRECTOR**

DEFINITION

Under the direction of the City Manager, the position is accountable for performing executive level administrative work, directing the operations, activities, teams, complex tasks, programs and projects of the Community Development Department to achieve successful results in support of the City's mission, goals, policies and objectives.

DUTIES, RESPONSIBILITIES AND EXPECTATIONS

The position is accountable for the strategic and day-to-day management of the Community Development Department by:

- Providing effective leadership to accomplish the administrative objectives of the City Manager and the policy goals of the City Council
- Providing critical thinking towards thorough and professional recommendations, decisions and completed staff work
- Providing initiative in achieving positive, timely results for the organization
- Providing effective planning, management and evaluation of departmental programs, functions, services and projects
- Delivering outstanding internal and external customer service while solving problems and proactively creating sustainable solutions to issues
- Providing effective leadership, direction, supervision, training, coaching, teambuilding, evaluation, safety and support for employees
- Providing quality fiscal management, prudently preparing and administering budgets, seeking new revenues, containing costs, safeguarding assets, improving productivity, and accurately reporting financial conditions
- Completing analytic research, preparing well-written reports and making effective presentations
- Conducting duties, responsibilities, tasks and assignments with a constructive, cooperative, positive, professional attitude and demeanor
- Providing effective leadership in the development and implementation of planning, zoning, and community development goals, objectives and policies

- Providing effective oversight in the administration, interpretation and updating of the City's zoning ordinances, General Plan and other land use plans

- Providing effective management and oversight of the City's Local Coastal Program including, but not limited to responsibility for issuance of Local Coastal Development Permits and ensuring land use consistency

- Providing effective leadership in the regulation of building, construction and development activities within the community including, but not limited to: application review and development, plan review, entitlement processing, plan checking, permitting and inspection services

- Maintaining effective relations with City Council, Boards, Commissions, businesses, community groups and stakeholders to accomplish goals

- Conducting regular performance evaluations of personnel, giving frequent and specific feedback about personnel performance, and holding employees accountable for doing their jobs while also celebrating accomplishments and successes

- Supporting of the City's mission, goals, policies and objectives

- Supporting City's corporate values of: openness and honesty; integrity and ethics; accountability; outstanding customer service; teamwork; excellence; and fiscal and environmental responsibility

- Performing other related duties as required

CLASSIFICATION

The position is exempt from coverage under the Fair Labor Standards Act and employee is member of the Unclassified Service.

QUALIFICATIONS

The position requires knowledge of leadership, management practices, techniques and methods to accomplish the goals and objectives of the City by directing the right combination of people, resources, processes and time to successfully achieve results.

The position requires graduation from an accredited college or university with a bachelors' degree in public administration, planning, architecture, engineering or a related field. A master's degree in a relevant field is highly desirable.

The position requires at least five years of increasingly responsible, professional planning, building, engineering or community development experience with at least three years of experience in a supervisory capacity.

The position requires computer literacy with knowledge in the use of Microsoft Word, Excel, and PowerPoint; ability to communicate using email programs; and, understanding and adherence to City policies for information technology.

The position's expected competencies are sound decision making skills; critical thinking ability; problem solving and innovation skills; drive for results; analytic skills; interpersonal, customer service and diplomatic skills; ethical conduct; proven top performances.

The position requires meeting the physical employment standards for the position.

City of Redondo Beach Approved: EXHIBIT B
Class Specification Resolution: CC-
Unclassified

**WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR**

DEFINITION

Under the direction of the City Manager, the position is responsible for performing executive level administrative work, directing the operations, activities, teams, complex tasks, programs, projects, and strategies of the Waterfront and Economic Development Department to achieve results in support of the City's mission, goals, policies and objectives.

DUTIES, RESPONSIBILITIES AND EXPECTATIONS

The position is accountable for the day-to-day management of the Waterfront and Economic Development Department by:

- Providing effective leadership to accomplish the administrative objectives of the City Manager and the policy goals of the City Council

- Providing critical thinking towards thorough and professional recommendations, decisions and completed staff work

- Provide initiative and leadership for the city's marketing, public relations, and tourism promotion programs

- Providing effective planning and oversight of departmental projects as well as business enterprise management and strategic leadership

- Delivering outstanding internal and external customer service while solving problems and proactively creating sustainable solutions to issues

- Conducting duties, responsibilities, tasks and assignments with a constructive, cooperative, positive, professional attitude and demeanor

- Providing effective leadership, direction, supervision, training, coaching, teambuilding, evaluation, safety and support for employees while demonstrating a constructive, and professional attitude

- Providing quality fiscal management, prudently preparing and administering budgets, seeking new revenues, containing costs, safeguarding assets, improving productivity and accurately reporting financial conditions

- Providing leadership and strategic direction on matters of real estate, asset management, and business transactions

- Maintaining effective relations with the City Council, Commissions, stakeholders, and the business community

- Conducting regular performance evaluations of personnel, giving frequent and specific feedback about personnel performance, and holding employees accountable for doing their jobs while also celebrating accomplishments and successes

- Providing effective contract, grants, purchasing and regulatory administration

- Supporting the City's mission, goals, policies and objectives

- Supporting the City's corporate values of: openness and honesty; integrity and ethics; accountability; outstanding customer service; teamwork; excellence; and fiscal and environmental responsibility

- Performing other related duties as required

CLASSIFICATION

The position is exempt from coverage under the Fair Labor Standards Act and employee is a member of the Unclassified Service.

QUALIFICATIONS

The position requires knowledge of leadership, management practices, techniques and methods to accomplish the goals and objectives of the City by directing the right combination of people, resources, processes and time to successfully achieve results.

The position requires graduation from an accredited college or university with a bachelors' degree in public administration, engineering, or a related field. A master's degree in a relevant field is highly desirable.

The position requires at least five years of increasingly responsible management experience in real estate asset management, government operations, or a comparable business with at least three years of experience in a supervisory capacity. Relevant knowledge and experience in some or all of the following areas is desirable: urban planning; real estate development; harbor administration; economic development; marketing and public relations; engineering and capital project management; employer/employee relations; dispute resolution; budgeting and fiscal management; applicable Federal, State and local laws, codes and regulations; goal setting; organizational development; and communications.

The position requires computer literacy with knowledge in the use of Microsoft Word, Excel, and PowerPoint; the ability to communicate using email programs; and, understanding and adherence to City policies for information technology.

The position's expected competencies are sound decision making skills; critical thinking ability; problem solving and innovation skills; drive for results; analytic skills; interpersonal, customer service and diplomatic skills; ethical conduct; and proven top performances.

The position requires  meeting the physical employment standards for the position.

City of Redondo Beach Approved: EXHIBIT C
Class Specification Resolution: CC-
Unclassified

**RECREATION, TRANSIT AND COMMUNITY SERVICES DIRECTOR**

DEFINITION

Under the direction of the City Manager, the position is accountable as a team member for performing executive level administrative work directing departmental operations, business units, teams, projects and complex tasks to achieve results in support of the City's mission, goals, policies and objectives.

DUTIES, RESPONSIBILITIES AND EXPECTATIONS

The position is accountable to direct the day-to-day management of the Recreation, Transit and Community Services Department by:

- Providing effective leadership to accomplish the administrative objectives of the City Manager and the policy goals of the City Council
- Providing critical thinking to professional recommendations, decisions and completed staff work
- Providing initiative in achieving positive, timely results for the organization
- Providing effective planning, management and evaluation of departmental business units, programs, functions, services, contracts and projects
- Delivering outstanding internal and external customer service while solving problems and proactively creating sustainable solutions to issues
- Providing effective leadership, direction, supervision, training, coaching, teambuilding, evaluation, safety and support for employees
- Providing quality fiscal management prudently preparing and administering budgets, seeking new revenues, containing costs, safeguarding assets, improving productivity and accurately reporting financial conditions
- Providing leadership for negotiating business, personnel/labor relations and real estate transactions
- Providing management to capital improvement project planning, financing, administration and construction

- Maintaining effective relations with City Council, Boards, Commissions, businesses, community groups and stakeholders to accomplish goals

- Providing interdepartmental leadership and administration of multiple projects

- Providing effective representation and communications to public agencies, businesses, employees, media and community

- Completing analytic research, preparing well-written reports and making effective presentations

- Providing effective contract, grants and regulatory administration

- Conducting regular performance evaluations of personnel; gives frequent and specific feedback about personnel performance; holds employees accountable for doing their jobs while also celebrating accomplishments and successes.

- Conducting duties, responsibilities, tasks and assignments with a constructive, cooperative, positive, professional attitude and demeanor

- Supporting of the City's mission, goals, policies and objectives

- Supporting City's corporate values of: openness and honesty; integrity and ethics; accountability; outstanding customer service; teamwork; excellence; fiscal responsibility; and environmental responsibility

- Performing other related duties as required

CLASSIFICATION

The position is exempt from coverage under the Fair Labor Standards Act and employee is a member of the Unclassified Service.

QUALIFICATIONS

The position requires knowledge of leadership, management practices, techniques and methods to accomplish the goals and objectives of the City by combining the appropriate people, resources, processes and time to successfully achieve results. The position requires the professional ability to analyze, innovate and solve complex municipal problems with initiative and working as a team member in a dynamic environment.

The position requires graduation from an accredited college or university with a bachelors' degree in public administration, business administration or a closely related field. A master's degree in a relevant field is highly desirable. Knowledge of local government management is highly desirable.

At least 5 years of increasingly responsible management experience in government or comparable business or non-profit organization is required. Relevant experience with some or all of the following fields is desirable: leisure, arts, culture, recreation, housing, transit, youth, education, seniors, jobs development, facilities, parks, tourism and health services. Skills and experience with people, negotiations, finance, budgets, contract administration, goal-setting, economic development, technology, legislative affairs, communications and public relations, and human resources are desirable.

The position requires computer literacy with knowledge in the use of Microsoft Word, Excel, and PowerPoint; ability to communicate using email programs; and, understanding and adherence to City policies for information technology.

The position's expected competencies are sound decision making skills; critical thinking ability; problem solving and innovation skills; drive for results; analytic skills; interpersonal, customer service and diplomatic skills; ethical conduct; proven top performances.

The position requires meeting the physical employment standards for the position.

City of Redondo Beach Approved: EXHIBIT D
Class Specification Resolution: CC-
Unclassified

**PUBLIC WORKS DIRECTOR**

DEFINITION

Under the direction of the City Manager, the position is responsible for performing executive level administrative work, directing the operations, activities, teams, complex tasks, programs and projects of the Public Works Department to achieve results in support of the City's mission, goals, policies and objectives.

DUTIES, RESPONSIBILITIES AND EXPECTATIONS

The position is accountable for the day-to-day management of the Public Works Department by:

- Providing effective leadership to accomplish the administrative objectives of the City Manager and the policy goals of the City Council

- Providing critical thinking towards thorough and professional recommendations, decisions and completed staff work

- Providing initiative in achieving positive and timely results for the organization

- Providing effective planning, management and evaluation of departmental programs, functions, services and projects

- Delivering outstanding internal and external customer service while solving problems and proactively creating sustainable solutions to issues

- Providing effective leadership, direction, supervision, training, coaching, teambuilding, evaluation, safety and support for employees

- Providing quality fiscal management, prudently preparing and administering budgets, seeking new revenues, containing costs, safeguarding assets, improving productivity and accurately reporting financial conditions

- Completing analytic research, preparing well-written reports and making effective presentations

- Conducting duties, responsibilities, tasks and assignments with a constructive, cooperative, positive, professional attitude and demeanor

- Maintaining effective relations with the City Council, Boards, and Commissions

- Conducting regular performance evaluations of personnel, giving frequent and specific feedback about personnel performance, and holding employees accountable for doing their jobs while also celebrating accomplishments and successes

- Providing effective contract, grants, purchasing and regulatory administration

- Supporting the City's mission, goals, policies and objectives

- Supporting the City's corporate values of: openness and honesty; integrity and ethics; accountability; outstanding customer service; teamwork; excellence; and fiscal and environmental responsibility

- Performing other related duties as required

CLASSIFICATION

The position is exempt from coverage under the Fair Labor Standards Act and employee is a member of the Unclassified Service.

QUALIFICATIONS

The position requires knowledge of leadership, management practices, techniques and methods to accomplish the goals and objectives of the City by directing the right combination of people, resources, processes and time to successfully achieve results.

The position requires graduation from an accredited college or university with a bachelors' degree in public administration, engineering, or a related field. A master's degree in a relevant field is highly desirable.

The position requires at least five years of increasingly responsible management experience in public works maintenance, civil engineering, government operations, or a comparable utility company or business with at least three years of experience in a supervisory capacity. Relevant knowledge and experience in some or all of the following areas is desirable: public infrastructure operations; facility maintenance; engineering and capital project management; contract administration; employer/employee relations; dispute resolution; budgeting and fiscal management; principals of public works safety programs; applicable Federal, State and local laws, codes and regulations; goal setting; organizational development; and communications.

The position requires computer literacy with knowledge in the use of Microsoft Word, Excel, and PowerPoint; the ability to communicate using email programs; and, understanding and adherence to City policies for information technology.

The position's expected competencies are sound decision making skills; critical thinking ability; problem solving and innovation skills; drive for results; analytic skills; interpersonal, customer service and diplomatic skills; ethical conduct; and proven top performances.

The position requires meeting the physical employment standards for the position.

# CITY OF REDONDO BEACH
# Budget Response Report #48

**June 19, 2012**

**Question:**

*What City Council actions have been taken with respect to the development of an Ordinance banning leaf blowers?*

**Response:**

Regulation of leaf blowers has been considered by previous City Councils on several occasions in past years as indicated below:

- In 1986 the Noise Ordinance was amended to prohibit operation of motorized leaf blowers between 8 p.m. and 8 a.m. Monday through Friday and between 6 p.m. and 9 a.m. on Saturday and Sunday.
- In 1993 the City Council directed that staff research further restrictions on leaf blowers. After much discussion at a public hearing in 1994, no action was taken.
- In 1999 the City Council again directed staff to study a possible ban on leaf blowers. The City Council deferred action on the issue because a State Assembly Bill was pending that would have overturned any bans on leaf blowers enacted by cities. The Assembly Bill did not pass, but the issue was not reconsidered by the City Council.
- In November 2007 the City Council again considered adding the development of an Ordinance to the City's Work Plan, but deferred discussion to the February 2008 Strategic Plan.
- In February 2008 Strategic Plan considerations this item did not rise to significance amongst the City's other key tasks and priorities.

Study and preparation of a leaf blower ban will involve significant staff time. Presently, this project is not an objective in the adopted Strategic Plan, nor is it a work program item identified in the budget. Currently the Planning Department is working on a number of major projects identified in the Strategic Plan and/or Budget.

# CITY OF REDONDO BEACH
# Budget Response Report #49

**June 19, 2012**

**Question:**

*What is the process for considering proposed special events?*

**Response:**

Throughout the year, City staff receives numerous inquiries from outside organizations wishing to hold special events (races, outdoor concerts, etc.) in Redondo Beach.

This Budget Response Report describes a revision to the process used for review of Special Events in order to achieve a balance between the frequently competing desires of (1) Organizations wishing to hold special events and (2) Residents and businesses concerned about the cumulative impacts of noise, traffic, and parking overflow that can result from Special Events.

In order to reduce the impact of Special Events on the City's limited staff resources, and to minimize adverse impacts on residents, the City has not accepted applications for new events that require unfunded Public Works, Fire, and/or Police department support since October 2008.

Typically, special events on public property fall into one of three particular categories – (1) Signature Events; (2) City-Initiated Events; and (3) Other Special Events. Activities on private property are regulated by Temporary Use Permits which are discussed later in this Budget Response Report.

Each special event category is summarized briefly below:

Signature Events – There currently are six signature events designated by the Mayor and City Council which receive funding and/or staff support from the City of Redondo Beach. The list of Signature Events and the degree of support is reviewed annually by the City Council as part of the budget process. The City also waives rental, permit, and parking fees for the current Signature Events which are listed below and described in fuller detail in Budget Response Report #8:

| | | |
|---|---|---|
| Super Bowl 10 K Run/Walk | Lobster Festival | Rivera Vill. Holiday Stroll |
| Riviera Village Summer Festival | Spring Fest Carnival | 4th of July Fireworks |

City Initiated Events -- Additionally, there are a limited number of City-Initiated events which are sponsored and funded through City department budgets as part of their work program,

such as the Community Open House, Earth Day, and the Senior Health Fair. These events are largely self contained and do not create impacts causing concern to residents or businesses.

Other Special Events – There are 19 other special events which are subject to the City's current review policy for special events. These special events are required to pay the requisite fees and to cover any resulting cost to the City due to these events. Budget Response Report #8 includes a chart showing the dates and locations of the Special Events which are listed below:

| | | |
|---|---|---|
| Dive N Surf Yard Sale | Walk for Life | Relay for Life |
| St. Patrick's Day 5K | Ultra Lux Salon Event | Paddle Board Event |
| Easter in the Park | RB Triathlon | D Man Festival |
| Holy Week Processions | July 4th Run/Walk | POW/MIA Vigil |
| Fido and Friends | South Bay Greek Fest. | Farmers Market |
| King Harbor Sea Fair | Christmas Boat Parade | Menorah Lighting |
| Riviera Vill. Trick or Treat | | |

The processing of Special Event Applications has remained unchanged for the past several years. The staff is instituting improvements to the process to address reoccurring concerns and offer improved response to applicants.

## 1. Review and Consideration of Special Events

The City's review process follows a past practice that has been in place for the past six years. The process typically involves most operating departments of the City and utilizes a similar review process for Special Events regardless of the scope or complexity of the event.

The review process is detailed in the Administrative Policy/Procedure (APP) which provides guidance to the Departments involved with the review of Special Events. The City Council delegated the review and approval process to the staff rather than each Special Event returning to the Council for deliberation and authorization.

The APP is written to achieve a balance between (1) the important role that Special Events often have in fostering a sense of community and promoting Redondo Beach as a visitor destination and (2) the significant demands that Special Events can place on City staff resources and the level of traffic and parking congestion, noise concerns, and other potential impacts on residents and visitors.

The APP will assist City staff in its review of Signature Events as well as other Special Event applications proposed for the City of Redondo Beach. In instances where the City cannot accommodate the Special Event, the APP provides a checklist of other potential locations to refer the event promoter.

## 2. Differentiating Between Special Events and Temporary Use Permits

Temporary Use Permits (TUP), administered by the Planning Department, are designed to allow temporary, infrequent uses or activities exclusively on private property that are not anticipated to place any additional demand on public services (Police, Fire, Public Works). Examples of temporary events include: tree lots, pumpkin patches, grand openings, special parking lot sales and similar events.

One significant distinction is that the RB Municipal Code sets forth that the City must act on TUP requests within seven working days of receipt.

Because different departments are administering the review processes (Planning coordinates the TUP's while RCS coordinates Special Events) staff has begun the process of cross training between these two departments to ensure that accurate and uniform information is provided to all applicants.

## 3. Administrative Fee for Special Event Applications

As referenced earlier, the existing Special Event review process is labor intensive due to the number of staff members and meetings held as part of the review. Many of the Special Events are fund raising activities for other organizations. The current Special Event Application fee of $40 has been in place since 2005. The fee is waived for Signature Events. It is our calculation that the $40 administrative fee does not cover the City's cost of reviewing and processing Special Event applications.

We will present a recommendation to the City Council for adjusting the $40 fee in order to recover the City's administrative costs. Staff anticipates that the fee will likely range between $100 to $300 in order to recover the City's costs of review. A specific recommendation will be presented as part of the midyear review of the FY 12-13 budget.

## 4. Special Event Application Form to Improve Functionality

The existing application form does not include information about the City's strict regulations limiting the use of amplification, nor does it solicit information about how special event organizers will ensure that the event is accessible to the disabled. The required will be a re-write of the application form to collect information to assist in the City's overall review of the event.

# # #

Attachment: APP on Review of Special Events

| CITY OF REDONDO BEACH (APP) | | ADMINISTRATIVE POLICY/PROCEDURES |
|---|---|---|
| *Number:* | | *Subject:* Special Events Review Procedure |
| *Original Issue*: 6/14/12 | *Effective:* 6/14/12 | |
| *Current Issue:* 6/14/12 | *Effective:* 6/14/12 | *Category:* General Administration |
| *Supersedes:* N/A | | |

## I. PURPOSE AND SCOPE

The purpose and scope of this policy is to establish procedures for the City's review of Special Event applications.

## II. GENERAL

The Recreation and Community Services Department receives Special Event applications and coordinates the interdepartmental review of all Special Events.

Special events on public property fall into one of three particular categories – (1) Signature Events, (2) City-Initiated Events; and (3) Other Special Events. While these three categories are commonly referred to collectively as "Special Events", there are important distinctions between the three categories as noted below.

Signature Events – There are six Signature Events designated by the Mayor and City Council, which receive funding and/or staff support from the City of Redondo Beach. The list of Signature Events and the degree of support is reviewed annually by the City Council as part of the budget process. The City also waives rental, permit, and parking fees for these Signature Events.

City-Initiated Events -- Additionally, there are a limited number of City-Initiated events which are sponsored and funded through City department budgets as part of their work program, such as the Community Open House, Earth Day, and the Senior Health Fair. These events are largely self contained and do not create impacts causing concern to residents or businesses.

Other Special Events – All other special events are subject to the City's review policy for special events as outlined in this APP. These special events are required to pay the requisite fees and to cover any resulting cost to the City due to these events. On an annual basis, the Recreation and Community Services

Department prepares an event calendar which lists these events with dates and locations of the Special Events to be published on the City's web page.

Additionally, Temporary Use Permits (TUP), administered by the Planning Department, are designed to allow temporary, infrequent uses or activities exclusively on private property that are not anticipated to place any additional demand on public services (Police, Fire, Public Works). Examples of temporary events include: tree lots, pumpkin patches, grand openings, special parking lot sales and similar events. One significant distinction is that the RB Municipal Code sets forth that the City must act on TUP requests within seven working days of receipt.

In instances where a TUP use results in minor spillover impacts on other properties (whether public or private), the activity could be subject to the Special Event review procedures set forth in this APP.

## III. PROCEDURES

All inquiries related to Special Events shall be referred to the Recreation and Community Services (RCS) Department which is responsible for coordination of special events with input from other City Departments.

### A. Step One – Initial Conversation

A staff member from RCS will first speak with the applicant in order to obtain additional information about the proposed special event. In order to determine whether the event is a good "fit" for Redondo Beach, RCS staff will collect the following information related to the proposed event:

- The Day, Time, Place and Character of the Event
- Number of Participants and Spectators
- Impact on City Personnel and Financial Resources
- The Organization Proposing the Event
- Is the Event a unique promotional opportunity for the City of Redondo Beach?
- What is the number of overnight visitors likely for the event?
- Are there significant impacts likely due to noise, traffic, or parking?
- Has the event been conducted elsewhere previously?
- If yes, why do they want to come to Redondo Beach?

Additional guidelines for staff's interaction with event organizers are provided below:

1. Signature Events – For Signature Events, the focus of the conversation with the event organizer is whether the event is proposed exactly the same as during the past year or if there are modifications proposed from prior year

activities. RCS staff will check the file from the prior year event to determine whether there are desired modifications to the event identified by City Departments. In the absence of advance contact from the organizers of Signature Events, RCS staff will initiate contact three months prior to the event. Notes from this discussion will be placed in the staff file related to this Signature Event. The event organizer will be sent a blank Special Event Application form to be returned 60 days prior to the event.

2. Other Special Events – For outside Special Events which have occurred during the immediate prior year in Redondo Beach, RCS staff will engage in a similar conversation as outlined above for Signature Events. If there was a lapse in the event (meaning that the event did not occur in the prior calendar year), the event organizer will be advised that there is the possibility that the event may not be approved.

3. Consideration of New Special Events

   In order to reduce the impact of Special Events on the City's limited staff resources, and to minimize adverse impacts on residents, the City has not accepted applications for new events that require unfunded Public Works, Fire, and/or Police department support since October 2008.

   If the event will create significant economic activity or will effectively promote the City of Redondo Beach without creating adverse impacts to residents or businesses, it may be possible for a new Special Event to be conducted in Redondo Beach.

   If after the initial conversation it appears that the event may be a good "fit" for Redondo Beach, RCS staff will conduct an internet search related to the organization and past activities and share this information with the RCS Director along with a recommendation on whether to issue the organization an application form. The RCS Director will consult with other Department Heads and the City Manager as appropriate.

4. Offering Alternatives

   If the conclusion is that issuance of Special Event permit is NOT possible as proposed by the organizers, RCS staff will offer alternative venues including:

   a. Other City Facilities as appropriate (RBPAC, Historic Library, Community Centers, Libraries, Parks, etc.)
   b. RBUSD Facilities (Schools and Fields)
   c. Private Venues (Elks, Restaurants, etc.)

If the conclusion is that it is possible to hold the Special Event in Redondo Beach, RCS staff will forward a blank application form to the organizer.

**B. Step Two – Review of Application Form and Collection of Application Fee**

1. Upon receipt of the completed application, staff will collect a non-refundable application fee to recover the City's administrative review costs. (Signature Events Excepted). Also upon receipt of a complete application, whether a Signature Event or an "Other" Special Event, RCS Staff will distribute an electronic copy of the completed Special Event Application to the following individuals who shall consist of the Special Events Review Team:

   a. Traffic Engineer
   b. Police Chief or designee
   c. Fire Chief or designee
   d. Public Works Director or designee
   e. RCS Director or designee
   f. Risk Manager
   g. Harbor Director or designee as appropriate
   h. Community Development Director or designee as appropriate

2. Comments concerning the Special Event application will be collected via e-mail. In the event of significant concerns, a meeting of the above individuals will be scheduled to review the application. There may be a pre-meeting of the Special Events Review Team prior to meeting with the event promoter.

3. The City's review of all Special Event Applications will take into consideration the following issues:

   a. <u>Safety</u>

      In evaluating a Special Event, the highest priority is safety including:

      Safety of participants
      Safety of spectators
      Safety of residents and businesses
      Safety of motorists
      Need for Road Closures
      Need for Signage

Security of Equipment

b. Adherence to Regulations

How will the event comply with applicable laws and regulations including:

Sound Amplification
Access for the Disabled
Service of Alcohol
Traffic Regulations
Parking Regulations

c. Staff Support

What if any City staff support is needed from the various City Departments in order to conduct the event?

d. Community Impacts

What are the impacts from a standpoint of:

Sound
Environment
Traffic
Parking
Conflict with events from schools, churches, other concurrent activities, or other Special Events

d. Overall Considerations

Does the event positively or negatively impact City personnel and or financial resources?

Does the event unduly divert City resources away from core City Functions?

Does the special event enhance the quality of life for those who live, work, visit and play in the community?

What is the degree of economic activity that will be generated through this special event? (i.e. number of overnight guests)

To what degree is the special event supporting a charitable organization versus enriching a special event promoter?

## C. Step Three – Collecting Documents

1. Prior to issuance of a Special Event Permit, RCS staff shall secure the following documents from the applicant:

   a. Evidence of Insurance and Indemnity Language Satisfactory to the Risk Manager.
   b. Signed Agreements indicating the applicant's (1) agreement to comply with conditions specified in the Permit and (2) agreement to reimburse the City for required staffing, parking and other payments upon receipt of a final invoice issued by RCS within 14 days following the event.
   c. Contact information for responsible individuals on site during the event.

## D. Step Four – Permit Issuance

1. The decision to issue a Special Event Permit is done solely at the discretion of the City.
2. Special Event Permit issued by RCS shall include a listing of all applicable conditions of approval.
3. A copy of the Special Event Permit will be distributed to members of the Special Event Team for distribution within their Department.

## E. Step Five – Event Monitoring and Debrief

1. During the first year of any Special Event not previously held in Redondo Beach, one or more members of the Special Event Team may be assigned to attend and monitor the event to ensure compliance with required conditions.
2. Failure to adhere to the required permit conditions may result in revocation of the permit, shut down of the event, and non-issuance of future Special Event permits to the promoter and/or the organization.
3. Following completion of the Special Event, the Special Events Review Team may be convened to debrief on the results of the Special Event. The applicant may be asked to participate in the meeting.

4. RCS will include notes in the project file and will communicate in writing with the applicant if it is found that there were instances of non-compliance with permit conditions or if adverse impacts to residents and businesses occurred.

## IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

## V. AUTHORITY

This APP is in effect by authority of the City Manager.

_____

William P. Workman
City Manager

# CITY OF REDONDO BEACH
# Budget Response Report #50

**June 19, 2012**

**Question:**

*What was the feedback to the City Manager on the FY 12-13 City Budget from the Public Arts Commission, Parks & Recreation Commission and Historical Commission?*

**Response:**

Attached are the minutes for the Public Arts Commission, Parks & Recreation Commission and Historical Commission concerning the City Budget.

A

# MINUTES OF THE
# REDONDO BEACH RECREATION AND PARKS COMMISSION MEETING
# JANUARY 11, 2012

## CALL TO ORDER
A meeting of the Recreation and Parks Commission was called to order by Chairperson Boston at 7:00 p.m. in the City Hall Council Chambers, 415 Diamond Street.

## ROLL CALL

| | |
|---|---|
| Commissioners Present: | Boston, Brunkhardt, Buchan, Knight |
| Commissioners Absent: | Geittmann, Lewis, Michael |
| Officials Present: | Peter Grant, Assistant City Manager |
| | Joe Hoefgen, Recreation/Community Services Director |
| | John La Rock, Performing and Cultural Arts Manager |
| | Joe Lodinsky, Parks and Urban Forestry Manager |
| | Paula Matusa, Administrative Analyst |
| | Bill Workman, City Manager |
| | Margareet Wood, Recording Secretary |

## SALUTE TO THE FLAG
Commissioner Brunkhardt led the members in the salute to the flag.

It was the consensus of the Commission to consider item H1 prior to the Consent Calendar.

Planning for the Fiscal Year 2012-13 Annual Budget, 5-Year Capital Improvement Plan, and Strategic Plan

City Manager Workman explained that he visits the commissions each year to solicit input on the budget, strategic plan, and capital projects. He stated that the dismantling of the redevelopment agency and related funding will have a major impact on the capital budget, housing programs, and development; and the Recreation and Community Services Department will be restructured to account for the loss of revenue. He said that positive things are in store for the Pier and Galleria, and he anticipated stability through the rest of the year. He was proud of recent projects including the Esplanade and various parks and parkettes.

In response to Commissioner Brunkhardt, City Manager Workman stated that redevelopment, Section 8 housing, and Community Development Block Grant programs are combined; therefore affordable housing, housing rehabilitation, and block grant money will all be severely cut. He said the City will comply with the State order to dissolve the redevelopment agency by February 1. He invited the members to visit him in his office anytime.

## PRESENTATIONS/ANNOUNCEMENTS
Director Hoefgen reported that he met with Chairperson Boston to clarify the Commission's Mole B recommendations which were included in a letter to City Council. He anticipated that the Mole B plan will be presented to City Council soon.

Director Hoefgen also reported that the light feature on the public sculpture at the Catalina Avenue/Pacific Coast Highway intersection is back on now, and he encouraged the members to call him if the lights go out again.

B

Minutes
Regular Meeting Historical Commission
February 22, 2012

**CALL TO ORDER**

A Regular Meeting of the Historical Commission was called to order by Chair Funabashi at 7:00 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

**ROLL CALL**

| | |
|---|---|
| Commissioners Present: | Beaudelaire, Brown, Rituma, Chair Funabashi |
| Commissioners Absent: | Arrata |
| Officials Present: | John La Rock, Cultural and Performing Arts Manager<br>Pamela Ament, Cultural Arts Supervisor<br>Diane Cleary, Minutes Secretary |

**SALUTE TO THE FLAG**

At the request of Chair Funabashi, Commissioner Brown led the Commissioners in the Salute to the Flag.

**PRESENTATIONS AND ANNOUNCEMENTS**

Chair Funabashi announced the hours of the Historical Museum and encouraged the public to attend.

**APPROVAL OF THE ORDER OF AGENDA**

Motion by Commissioner Beaudelaire, seconded by Commissioner Rituma, to consider Item G immediately after the Consent Calendar. Motion carried unanimously, with Commissioner Arrata absent.

**CONSENT CALENDAR**

Motion by Commissioner Beaudelaire, seconded by Commissioner Rituma, to approve the following Consent Calendar items:

C1. **APPROVED AFFIDAVIT OF POSTING** of the Historical Commission Regular Meeting of February 22, 2012.

C2. **APPROVED THE FOLLOWING MINUTES:** December 7, 2011.

C3. **APPROVED THE STRATEGIC PLAN UPDATE**

Motion carried unanimously, with Commissioner Arrata absent.

**ORAL COMMUNICATIONS**

None.

**EXCLUDED CONSENT CALENDAR**

None.

**G. PLANNING FOR THE FISCAL YEAR 2012-13 ANNUAL BUDGET, 5-YEAR CAPITAL IMPROVEMENT PLAN AND STRATEGIC PLAN**

City Manager Workman gave a report and discussed the following items:

- State of the City – overview of last year's successors
- City Council adopted the Housing and Transportation Circulation Element
- Discussion of 120th City Birthday Event at Dominguez Park at the Morrell House
- City Council required to present budget to City Council by May 18, 2012
- Elimination of a division due to loss of redevelopment
- State found a way around Prop 22
- Coming year about the same revenues and expenditures
- Capital Improvement Budget – 5-year plan
- New Harbor Patrol facility being constructed
- Sewer repairs and testing taking place
- Increase in waste water rates to be approved by Council next week
- Strategic Plan Process – Council meets twice a year – next session taking place March 1

In response to Commissioner Rituma, City Manager Workman stated that Edison owns 80% of the lights in the City and suggested any specific neighborhood issues be brought forth to staff. He also noted a new tree trimming contract which will provide more frequent trimming, and a new trash hauling contract where the rates went down.

Commissioner Beaudelaire stated there is a fund that carries over year to year which is showing up in the financials as an expense. She also said there is no budget for items other than office supplies, etc., and suggested using some of these funds to do something new such as with the exhibits.

City Manager Workman suggested partnering with other organizations, non-profits and universities and bringing in students obtaining experience. He said the carryover account could be used for projects and expenditures approved by City Council. He also said there are donation accounts that are separated out.

**PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

None.

**COMMITTEE REPORTS**

**Media and Public Relations Committee: Craig Funakoshi, Committee Chairman**

C

Minutes
Redondo Beach Public Art Commission
January 25, 2012

**CALL TO ORDER**

A Regular Meeting of the Public Art Commission was called to order by Chair Toporow at 7:00 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

**ROLL CALL**

| | |
|---|---|
| Commissioners Present: | Baughman, Gantner, Garfield, Moses, Nakano, Chair Toporow |
| Commissioners Absent: | Liljenwall |
| Officials Present: | John La Rock, Cultural and Performing Arts Manager<br>Pete Grant, Assistant City Manager<br>Diane Cleary, Minutes Secretary |

**SALUTE TO THE FLAG**

At the request of Chair Toporow, Commissioner Gantner led the audience and Commissioners in a Salute the Flag.

**PRESENTATION AND ANNOUNCEMENTS**

Commissioner Gantner announced a coin competition through the City of Redondo Beach open for public participation to design a coin to be part of the current set with the deadline for submission no later than Friday, February 3, 2012.

Commissioner Nakano announced the Pacific Standard Time Performance and Public Art from January 19 through January 29, 2012 and stated a complete schedule of events can be found at pacificstandardtime.org.

**APPROVAL OF ORDER OF AGENDA**

Motion by Commissioner Moses, seconded by Commissioner Nakano, to approve the Order of Agenda as presented. Motion carried unanimously, with Commissioner Liljenwall absent.

**CONSENT CALENDAR**

C1. **APPROVED AFFIDAVIT OF POSTING** for the Regular Public Art Commission Meeting of January 25, 2012.

C2. **APPROVED THE FOLLOWING MINUTES:** November 30, 2011.

C3. **APPROVED THE STRATEGIC PLAN UPDATE.**

Motion by Commissioner Nakano, seconded by Commissioner Baughman, to approve Consent Calendar Items C1 through C3. Motion carried unanimously, with Commissioner Liljenwall absent.

**ORAL AND WRITTEN COMMUNICATIONS**

None.

**EXCLUDED CONSENT CALENDAR**

None.

**PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

None.

**G. PLANNING FOR THE FISCAL YEAR 2012-13 ANNUAL BUDGET, 5-YEAR CAPITAL IMPROVEMENT PLAN AND STRATEGIC PLAN**

Assistant City Manager Pete Grant gave a report and reviewed the following:

- Operating budget due to Council on May 16 - $100 million across all funds
- RDA's are being eliminated
- 435 employees at Council direction
- Strategic Plan
- Operating Budget
- CIP Budget
- Sewer replacement needed
- Mandates with no funding
- State and federal budget issues
- Sources of funding have gone down over last decade
- Economic challenges
- Dependent on property tax values which have flat lined but costs have not
- Sales tax revenues dropped dramatically
- UUT fallen off
- Positive economic development – South Bay Marketplace
- Restore the waterfront and great opportunities
- Spend time with the Commissions and provide input

In response to Commissioner Gartner, Assistant City Manager Pete Grant stated the property taxes collected by the Redevelopment Agency will now flow out to Sacramento and will be distributed back out to all the taxing agencies in the areas where the Redevelopment Agency used to be located. He said the Redevelopment Agency used to get about 80 cents of all new property taxes generated in a project area and the City will now get 16 cents and the 84 cents will go back up to Sacramento. He said it was felt the 84 cents would be going back to schools but it will stay in Sacramento and there will be no net gain for education in this plan by the Governor. He also said the City Council will be serving as a successor agency and will be responsible for continuing to pay off

the Redevelopment Agency's debt, and money will be received from the state for this until it is retired in about 20 years.

In response to Chair Toporow, Assistant City Manager Pete Grant said there has been aggressive lobbying taking place and actively engaged through statewide associations trying to get the implementation of the law which has to be accomplished by February 1, 2012. He also said staff has been trying to get the legislature to consider the tools involved with redevelopment but this has not taken place. He further said there is a third bill to consider keeping affordable housing but no money would be provided to do the functions and the money would have to be spent out of the General Fund which can't take place.

In response to Commissioner Gentner, Assistant City Manager Pete Grant stated currently with the Redevelopment Agency in place, the City spends approximately $500k administering the affordable housing function. He also stated there has been no projects cancelled due to this money having to be redirected to Sacramento and noted the pier is completely unrelated from redevelopment. He stated the affordable housing money will be the only thing impacted from a project perspective. From a programming perspective, the Section 8 affordable housing program and community development block grant program were both supported by the Redevelopment Agency and they will have to be reorganized resulting in the loss of some staff. He explained that Council will be making a decision on the $6 million on January 31, 2012, but believed the City is better served with letting this money go back to Sacramento.

In response to Commissioner Moses, Assistant City Manager Pete Grant stated the $6 million was the amount of redevelopment housing cash on hand. He explained that the affordable housing annual budget was approximately $1.5 million and the economic development functions annual budget was in the $4-5 million range but most of this was debt service payments which is moving into the new successor agency and will stay with the City in a different form or fashion. He explained that sales tax dropped close to 50% since the peak and TOT dropped 25-30% since the peak but it has rallied back.

Commissioner Moses expressed concern with AES not paying tax on the large amounts of metro gas used to provide power for cities well beyond Redondo Beach.

In response to Commissioner Moses, Assistant City Manager Pete Grant stated the sewer bond money has been deployed into the system but given its age and the topography of the City, the sewer lines are compromised and a financing/bond program needs to be in place that addresses the full cost over time.

Commissioner Moses pointed out that a single family home pays the largest sewer fee compared to multi-unit buildings.

Assistant City Manager Pete Grant explained that the sewer fees are tied to water consumption and single homes have a tendency to use more water with landscaping. He said he can provide further information on the methodology regarding the sewer fees.

In response to Commissioner Moses, Assistant City Manager Pete Grant stated the CIP budget will not be allocating any funds for public art, but the Master Plan for Mole B was just approved by City Council. He stated it is hoped there will be a large private source of funds available to make the improvements happen more quickly than anticipated.

Chair Toporow suggested working with the City to obtain grant writing to access funds.

Assistant City Manager Pete Grant suggested working with Cultural and Performing Arts Manager John La Rock and Community Services staff regarding grant opportunities. He said it is important to have a shovel ready project and ideas ready to go, and funds available to maintain any public art.

Chair Toporow noted nonprofit groups in the City can go forward and stated the Public Art Task Force has defined everything and brought this forward to the City and is now ready to move forward in obtaining shovel ready projects.

Commissioner Baughman recommended to the City Council that public art support (funding) be incorporated into the City's Strategic Plan and that both the Public Art Commission and the Planning Commission collaborate to develop recommended options for policy that could yield opportunities for private and/or public developer partnerships on public artworks as well as ongoing public art funding.

Motion by Commissioner Moses, seconded by Commissioner Gantner, to approve the recommendation presented by Commissioner Baughman. Motion carried unanimously, with Commissioner Liljerwall absent.

Commissioner Gantner commended Cultural and Performing Arts Manager John La Rock on his presentation and input at the Planning Commission meeting on January 19, 2012.

Assistant City Manager Pete Grant stated there is a Council Strategic Planning Session scheduled in March and requested input from the Commission.

Chair Toporow suggested the Commission be involved early in the design phase regarding the waterfront.

Assistant City Manager Pete Grant stated there will be a tremendous amount of community involvement and engagement regarding the waterfront and said the City would like to take advantage of the resources represented by the Commission. He informed that the contact person would come through Cultural and Performing Arts Manager John La Rock.

In response to Commissioner Moses, Assistant City Manager Pete Grant reviewed the progress of the Transit Center which should be under construction the calendar year 2012 but it would need to be timed with the Galleria's busy holiday shopping season.

In response to Commissioner Moses, Cultural and Performing Arts Manager John La Rock stated staff is waiting for the multiple financial hurdles to be cleared before committing to the artist's contract. He stated the contract is now in the City Attorney's Office for review and it will be brought to Council for ratification of the artist. He also said the Commission could see the contract before it goes to City Council.

Commissioner Nakano suggested having a public art element included with the new urban furnishings throughout the City.

Assistant City Manager Pete Grant explained that the street furnishings were approved by City Council and the design was to be more utilitarian for maintenance and durability purposes.

In response to Commissioner Gantner, Assistant City Manager Peter Grant stated some of the surplus terra cotta benches can be purchased for $150 as they cycle back into Public Works.

Commissioner Gantner suggested a project could have taken place with the cement bus benches, saving the City money.

Chair Toporow suggested artistically repurpose and recycle, incorporating this into the environmental plans for the City.

Assistant City Manager Pete Grant stated staff and the Council's challenge is to balance the cultural and artistic opportunities with the City's limited financial resources.

## ITEMS FOR DISCUSSION PRIOR TO ACTION

### H1. UPDATE ON TIKI SCULPTURE PLACEMENT AT SEASIDE LAGOON

Cultural and Performing Arts Manager John La Rock gave an update and stated the Recreation and Parks Commission agreed with the Public Art Commission's recommendation of location No. 3, the main entry plaza of the Lagoon for the placement of the tiki. He stated the next step is for staff to evaluate the logistics at the location as well as alternatives if necessary. Within the next two weeks, a groundbreaking of the field house renovation at the Lagoon will take place and a coinciding timing will need to be considered, having the contractor manage the installation of the tiki. He said a full report will be presented to City Council including the recommendation of the two Commissions.

In response to Commissioner Moses, Cultural and Performing Arts Manager John La Rock stated the tiki is faded and will need an oiling and sealant but otherwise it's in good condition.

In response to Chair Toporow, Cultural and Performing Arts Manager John La Rock stated the tiki is made of redwood.

# CITY OF REDONDO BEACH
# Budget Response Report #51

**June 19, 2012**

**Question:**

*What are the fiscal impacts of the State Department of Finance's rejection of the Recognized Obligations Payment Schedule (ROPS)? How is the Successor Agency responding?*

**Response:**

The State Department of Finance (DOF) has been routinely rejecting ROPS submitted by Successor Agencies without adequate analysis. The DOF has adopted a very narrow interpretation of the ABx1 26 and Successor Agencies have limited options for appealing DOF's rejection of their ROPS.

In Redondo Beach's case, DOF's narrow interpretation led to the rejection of two of the obligations listed on the ROPS, one of which impacts FY 2012-13. As a result of DOF's rejection of a portion of the ROPS, the Successor Agency received a payment of $538,374. Had the ROPS been approved in its entirety, the payment would have been $8,416,898.

The obligations the DOF rejected are:

1. $125,648 for outside legal counsel from January to June 2012 related to the dissolution of the Redevelopment Agency (RDA)

The DOF is rejecting the FY 2012-13 attorney fees listed on the ROPS and requiring they be paid from the Successor Agency's administrative budget. The ROPS reflected $125,648 in attorney fees for January through June 2012, and $40,298 for July through December 2012. The $125,648 for January through June 2012 was rejected by the DOF, the $40,298 for July through December 2012 was approved. The Successor Agency's approved administrative budget includes funding for outside counsel, which will be used for the rejected fees. Staff will recommend that the Successor Agency not appeal this rejection.

2. The $7.9 million loan from the Harbor Uplands and Tidelands Funds to the RDA for the Harbor Center Project Area

The DOF also rejected the Uplands and Tidelands Funds loan to the RDA because the DOF claims it is an interagency agreement made after the first two years the RDA was established. While the RDA was formed in 1962 and the loan was made in 1990, staff believes the loan is a legitimate obligation because the project area

was not eligible for tax increment until 1989, which is its arguable date of establishment and makes the loan well within the two year criteria.

Staff further believes the loan should be approved because it is not an interagency agreement. The loan included Tidelands Fund moneys, which are managed by the City on behalf of the State Lands Commission (SLC), meaning the loan was between the RDA and the SLC. The RDA and SLC entered into a repayment agreement in 2009, well in advance of the elimination of the RDA.

Staff is recommending the appeal of the DOF's rejection of the at the June 19, 2012 Successor Agency meeting.

**Attachments:**

- ROPS with rejected items highlighted
- May 30, 2012 Letter From the Department of Finance

Name of Redevelopment Agency: City of Redondo Beach

Project Area(s) RDA Project Area All

**FORM A - Redevelopment Property Tax Trust Fund (RPTTF)**

BRR 51 Attachment 1

**INITIAL DRAFT OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE**
**Per AB 26 - Section 34177 (*)**

| | Project Name / Debt Obligation | Contract/Agreement Execution Date | Payee | Description | Project Area | Total Outstanding Debt or Obligation | Total Due During Fiscal Year 2011-2012 | Funding Source * | Payable from the Redevelopment Property Tax Trust Fund (RPTTF) Payments by month: Jan 2012 | Feb 2012 | Mar 2012 | Apr 2012 | May 2012 | June 2012 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1) | 2001 Refunding Revenue Bonds Redondo Pier Reconstruction | November 1, 2001 | US Bank | Redondo Pier reconstruction refinancing project | All | 2,400,621 | 2,025,552 | RPTTF | 12,097 | 1,740,153 | | | | | $ 1,752,250 |
| 2) | Letter of Credit and Reimbursement Agreement | February 26, 2009 | Bank of the West | Letter of Credit for 2001 Refunding Redondo Pier Reconstruction | All | 740,000 | 740,000 | RPTTF | | 740,000 | | | | | $ 740,000 |
| 3) | 1996 Tax Allocation Bonds | July 1, 1996 | US Bank | Improvements within South Bay Center project area | All | 13,078,979 | 835,468 | RPTTF | | | | | | 532,734 | $ 532,734 |
| 4) | 1990 Cooperative Agreement | June 19, 1990 | City of Redondo Beach | Advance from Harbor funds | All | 7,929,175 | 257,212 | RPTTF | | | | | | 257,212 | $ 257,212 |
| 5) | County Deferral Loans | 11/15/1993 & 2/14/1984 | County of Los Angeles | South Bay Center & Aviation Project Areas | All | 14,334,987 | TBD | RPTTF | To be determined as funds are made available | | | | | | $ 231,201 |
| 6) | Attorney Fees | FY 2011-12 | Best Best & Krieger, LLP | Fees associated with dissolution of the Redevelopment Agency | All | 125,648 | 125,648 | RPTTF | To be determined as invoiced | | | | | | $ 125,648 |
| 7) | Community Development Block Grant | FY 2011-12 | City of Redondo Beach | Final salaries & benefits resulting from the dissolution of the Redevelopment Agency per labor contract | All | 5,398 | 5,398 | RPTTF | | 5,398 | | | | | $ 5,398 |
| 8) | Community Development Block Grant | FY 2011-12 | Housing Rights Center | Remaining Housing Rights contract costs | All | 8,000 | 8,000 | RPTTF | To be determined as invoiced | | | | | | $ 8,000 |
| 9) | RDA Bonds | FY 2011-12 | Citigroup | Bond remarketing | All | 2,999 | 2,999 | RPTTF | To be determined as invoiced | | | | | | $ 2,999 |
| 10) | RDA Bonds | FY 2011-12 | BLX Group | Bond arbitrage rebate calculations | All | 4,500 | 4,500 | RPTTF | To be determined as invoiced | | | | | | $ 4,500 |
| 11) | RDA Bonds | FY 2011-12 | US Bank | Bond Trustee | All | 5,635 | 5,635 | RPTTF | To be determined as invoiced | | | | | | $ 5,635 |
| 12) | | | | | | | | | | | | | | | $ - |
| 13) | | | | | | | | | | | | | | | $ - |
| 14) | | | | | | | | | | | | | | | $ - |
| 15) | | | | | | | | | | | | | | | $ - |
| 16) | | | | | | | | | | | | | | | $ - |
| 17) | | | | | | | | | | | | | | | $ - |
| 18) | | | | | | | | | | | | | | | $ - |
| 19) | | | | | | | | | | | | | | | $ - |
| 20) | | | | | | | | | | | | | | | $ - |
| 21) | | | | | | | | | | | | | | | $ - |
| 22) | | | | | | | | | | | | | | | $ - |
| 23) | | | | | | | | | | | | | | | $ - |
| 24) | | | | | | | | | | | | | | | $ - |
| 25) | | | | | | | | | | | | | | | $ - |
| 26) | | | | | | | | | | | | | | | $ - |
| 27) | | | | | | | | | | | | | | | $ - |
| 28) | | | | | | | | | | | | | | | $ - |
| 29) | | | | | | | | | | | | | | | $ - |
| 30) | | | | | | | | | | | | | | | $ - |
| 31) | | | | | | | | | | | | | | | $ - |
| 32) | | | | | | | | | | | | | | | $ - |
| | Totals - This Page (RPTTF Funding) | | | | | $ 38,635,942 | $ 4,010,412 | N/A | $ 12,097 | $ 2,485,551 | $ - | $ - | $ - | $ 789,946 | $ 3,665,577 |
| | Totals - Page 2 (Other Funding) | | | | | $ - | $ - | N/A | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Totals - Page 3 (Administrative Cost Allowance) | | | | | $ 250,000 | $ 250,000 | N/A | To be determined as expensed | | | | | | $ 250,000 |
| | Totals - Page 4 (Pass Thru Payments) | | | | | $ - | $ - | N/A | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| | Grand total - All Pages | | | | | $ 38,885,942 | $ 4,260,412 | | $ 12,097 | $ 2,485,551 | $ - | $ - | $ - | $ 789,946 | $ 3,915,577 |

*** Funding sources from the successor agency: (For fiscal 2011-12 only, references to RPTTF could also mean tax increment allocated to the Agency prior to February 1, 2012.)**

**RPTTF - Redevelopment Property Tax Trust Fund** **Bonds - Bond proceeds** **Other - reserves, rents, interest earnings, etc**

**LMIHF - Low and Moderate Income Housing Fund** **Admin - Successor Agency Administrative Allowance**

BRR 51 Attachment 2

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 30, 2012

Bill Workman, City Manager
City of Redondo Beach
415 Diamond Street
Redondo Beach, CA 90277

Dear Mr. Workman:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Redondo Beach submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 30, 2012 for the periods of the January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January to June 2012 ROPS

- Form A, item 4 in the amount of $7.9 million for a loan from the City to the former redevelopment agency (RDA). HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.

- Administrative expenses in the amount of $125,648. HSC section 34171 (b) limits administrative expenses for 2011-12 to five percent of property tax allocated to the successor agency or $250,000, whichever is greater. Five percent of the property tax allocated is $164,136. Therefore, $125,648 of the claimed $375,648 is not an EO. Item 6 on Form A and item 1 on Form C were considered administrative expenses.

July to December 2012 ROPS

- Form A, item 3 in the amount of $7.9 million for a loan from the City to the former RDA. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.

Except for items disallowed in whole or in part as enforceable obligations noted above, Department of Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1 property tax allocations. If your oversight board

disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Peter Grant, Assistant City Manager, City of Redondo Beach
Ms. Marissa Christiansen, Assistant to the City Manager, City of Redondo Beach
Mr. Doug Kaku, Grants Financial Administrator, City of Redondo Beach
Ms. Kristina Burns, Program Specialist III, Los Angeles County

# CITY OF REDONDO BEACH
# Budget Response Report #52

**June 19, 2012**

**Question:**

*How much revenue has the City received pursuant to ABx1 26?*

**Response:**

Pursuant to ABx1 26, all revenues are distributed bi-annually (June 1 and January 16) by the County Auditor-Controller. On June 1, 2012, payments for the first half of Fiscal Year 2012-2013 were distributed to each agency below as follows.

| | Successor Agency | City | County |
|---|---|---|---|
| Pass-Through Payments | $ - | $ - | $ 157,020 |
| Administrative Costs | 125,000 | - | 2,230 |
| ROPS Obligations | 413,374 | - | - |
| Property Taxes | - | 56,909 | - |
| Totals | $ 538,374 | $ 56,909 | $ 159,250 |

# CITY OF REDONDO BEACH
# BUDGET RESPONSE REPORT #53

**June 19, 2012**

**Question:**

*What is the process and cost associated (quote still pending) with consolidating the City's General Municipal Election with Los Angeles County?*

**Response:**

The Redondo Beach voters would need to approve a charter amendment changing both the election date under Article 16, Redondo Beach Unified School District Section 16.3 and Article 18 Elections, Section 18 stating, "said City on the first Tuesday after the first Monday in March of each succeeding odd-numbered year to fill the offices of persons whose terms expire on March 31st next succeeding the election."

In addition a provision would have to be made regarding the terms of the incumbents (reduction/extension).

Per Los Angeles County policy, Charter City elections are held on even years. The City is still awaiting a quote from the Los Angeles County to consolidate the City's General Municipal Election. The County has requested that the City run its own run-off election.

With the County having control of the process, a majority of the information below is bounded by the California Election Code. Things to consider with a consolidated election are:

- Any election would be dependent upon other agencies participating in the election to share the cost.

  ***Note:*** *As you may remember, the City has consolidated with Los Angeles County three measures within the past five years in the November elections; 2008 for Measure DD and EE Major Changes in Allowable Land Use with a cost of $83,622; 2009 Measure UU Telephone, Gas, Electricity and Video User's Taxes with a cost of $207,899; and 2010 Measure G Costal Land Use Plan and the Zoning Ordinance with a cost of $154,617.*

- The City would be on a first-come-first-serve basis to be on the ballot, if the County doesn't have room, the City would have a second ballot specifically for City issues.

- The City is limited to a number of pages on the sample ballot; otherwise the City would have to print its own sample ballot.

- Candidate statements and measure information would be after Federal, State, and County contests and measures.

- On Election Day, semi-results may not be posted to the lavote.net website until the late hour.

- Final results would be received 28 days after the election.