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Dear Mayor and Members of the City Council,

Our City mission is clear – enhance the quality of life for those who live, work, visit and play in our community.

We find honor and purpose in our work for the City of Redondo Beach serving the citizenry as public servants.

We are entering a new era, shaped by powerful trends that will bring the City of Redondo Beach opportunities and challenges. These trends are being driven by economic changes occurring on a global scale and by political decisions being made in Sacramento and Washington, D.C.

The past four years at the City has focused on maintaining our financial viability during the most tumultuous economic times we have seen since the Great Depression of the 1930s. The next four years will be a period of transformation for the City adjusting to the trends of a new era. The transformations will involve changes to municipal leadership, public service delivery, organizational structure, financial security, Waterfront revitalization and employee compensation.

To deliver on the mission's promise demands that we must have dedicated people working effectively as a team for the City with sufficient financial resources to achieve success for our community.

Our Annual City Budget is the central place where the City Council combines people and finances for the purpose of achieving the City's mission. The City of Redondo Beach is financially stable because of City Council's past sound budgetary decisions and principled financial governance.

Today, we are able to recommend to the Mayor and City Council a balanced City Budget for Fiscal Year 2013-14. A direct result of the wise fiscal choices made by the Mayor and City Council in recent years.

The $100 million total City Budget is clearly focused on quality service delivery to the public, investments in public infrastructure, meeting payroll and CalPERS demands and retaining our $5,846,146 General Fund reserve of 8.33%. It is a budget that respects our City's heritage, recognizes that now "is not the way it used to be" and begins to alter the way we do business as we transform ourselves to meet the future.

Trends and Transformations

The City's elected leadership is changing.
A new Mayor and two new City Council Members will be seated in 2013. The newly constituted City Council will make its strategic, policy and financial choices in the FY 2013-14 City Budget.

The City's departmental leadership is changing.
A new Fire Chief and City Engineer have just been hired and a new Finance Director, City Treasurer, Human Resources Director, Library head and Fire Division Chief will also be brought onboard in the upcoming fiscal year. The proposed City Budget supports the performance of their duties with people and financial resources.

The City's public service delivery and organization is changing.
We must deliver services more effectively within our existing financial resources. The proposed City Budget recommends a series of reorganizations and reclassifications aligned with that purpose to be effective, efficient and economical.

The City's infrastructure is changing.
Residents are proud of our investments in parks, streets, sidewalks, trees, clean water systems. The proposed City Budget includes an aggressive capital improvement program with 73 projects with recommended funding of $33,827,510.

The Waterfront is changing.
After many years of physical and economic decline, new public and private investment has begun the Waterfront's revitalization process. The proposed City Budget supports the ongoing revitalization efforts in FY 2013-14 and beyond.

The City's economic base is changing.
Regional business closures, job losses, weak consumer spending, feeble construction activity, federal sequestration and global competition has hard hit the Southern California economy. The proposed City Budget responds to these economic factors, but also reflects incremental improvements in housing construction, travel and property valuations.

The City's long-term financial base is changing.
Traditional revenue sources for California cities are becoming obsolete as the economy restructures, voters decline to approve new municipal revenues and the State/Federal governments take funding from cities and mandate new unfunded programs. The proposed City Budget recognizes our revenue limitations and the costs of mandated expenses.

However, to retain for our current program of public services as a full-service City - and - to improve the wages of employees, the City must generate new dependable "ongoing" sources of revenues sufficient to meet expenditure requirements.

Realistically, this means again seeking voter approval of a Utility Users Tax applied to the AES power plant and again seeking voter approval of an increase to the Landscaping and Lighting District assessment. Yes votes on these initiatives would generate approximately $2.7 million annually of new General Fund revenue. Additionally, the City Council may wish to provide direction regarding the potential oil exploration on City property as is being done in the adjacent City of Hermosa Beach. This already appears as a suggestion for new revenue in the Council's adopted Strategic Plan.

The City's employee compensation plan is changing.
The City Budget is built around revenues received from tax payers. It is from these tax revenues employees are paid. The City's ability to restore employee wages to pre-recession levels has been stymied by weak "ongoing" tax revenues coming into the City's coffers plus the higher employee pension expenses mandated by the California Public Employee Retirement System (CalPERS).

The City has met its commitment to make payroll every two weeks for the employees in accordance with labor agreements; paid merit, longevity and special duties pay to employees in accordance with labor agreements; and paid for higher employee pension costs employees in accordance with labor agreements.

As shown in the table below, the employee pension cost increases to the City in the past four years total approximately $1.7 million. In the next four years, the employee pension cost increase to the City will be approximately $2.6 million. To provide a comparative perspective, a six percent wage increase equals $2.5 million.

	PERS Costs Paid by City - Misc	PERS Costs Paid by Employee - Misc	PERS Costs Paid by City - Safety	PERS Costs Paid by Employee - Safety	Total	Increase	Cumulative Increase *
FY10-11	2,736,017	666,712	6,397,025	334,070	10,133,824		
FY11-12	3,148,040	666,712	7,187,702	334,070	11,336,524	11.9%	11.9%
FY12-13	3,228,778	666,712	7,505,535	334,070	11,735,095	3.5%	15.8%
FY13-14	3,303,362	666,712	7,543,580	334,070	11,847,724	1.0%	16.9%
FY14-15	3,586,130	666,712	8,030,077	334,070	12,616,989	6.5%	24.5%
FY15-16	3,893,879	666,712	8,854,897	334,070	13,749,558	6.8%	35.7%
FY16-17	4,201,628	666,712	9,139,716	334,070	14,342,126	6.4%	41.5%
FY17-18	4,509,378	666,712	9,710,388	334,070	15,220,548	6.1%	50.2%
FY18-19	4,817,127	666,712	10,265,208	334,070	16,083,117	5.7%	58.7%
FY19-20	5,124,876	666,712	10,820,027	334,070	16,945,685	5.4%	67.2%

** The above chart includes rounding and compounding amounts; therefore, the cumulative percentages may be distorted.*

The City continues to be an employer of choice with market-competitive wages, an excellent benefits package and a guaranteed pension plan. We recognize that our revenue base does not permit us to pay wages equal to employees working for Beverly Hills, Santa Monica, Torrance, El Segundo or Manhattan Beach.

The proposed City Budget does continue to allow us to deliver high quality services and attract and retain great employees - - - all within a wage, benefit and pension plan that can be paid for in FY 2013-14 from sustainable "on-going" tax revenue. The next four years will be challenging as the City focuses on developing the financial capacity to pay the employees' ever-increasing CalPERS pension costs and as we try to improve wages.

Workshops to inform the City employees about the proposed FY 2013-14 Annual City Budget are being conducted by the Financial Services Department on May 20 and May 30.

Outlook for 2013-14 Fiscal Year

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

- *Projected Revenues*
  - Property taxes will be decreasing primarily due to the FY 2012-13 one-time receipt ($1.6 million) of property tax representing the City's portion of the State's/County's distribution of the former Redevelopment Agency's housing funds.
  - Property transfer taxes will remain flat with property in Redondo Beach continuing to be sold at a moderate pace.
  - Sales taxes will be increasing from the midyear budget for FY 2012-13 with increasing consumer spending.
  - Utility users' taxes will be decreasing primarily due to consumers' conservation efforts.
  - Transient occupancy (hotel room) taxes will be modestly increasing as a result of more personal travel.
  - Fees and charges are decreasing when compared to the midyear budget for FY 2012-13 due to the inclusion of one-time construction-related revenues for several large construction projects in the midyear amount.

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

- *Projected Reserves, Designations and Fund Balances*
  - Recent changes to the CalPERS amortization and smoothing policies are expected to further increase employer contribution rates beginning in FY 2015-16.
  - The Street Landscaping and Lighting District continues to drain General Fund resources because Council adjustments to charge rates have been constrained by the courts and voter/taxpayer resistance.

Overview of Developing the Proposed Budget

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

Every year the budget development process begins with an assessment of our revenue base, followed by an evaluation of potential changes in that revenue base. Next, the proposed expenditure plan for services and capital projects is prepared by the City's Department Heads under the direction of the City Manager. The Budget & Finance and Public Works Commissions also provide their advice and expertise in assisting the City Manager in the development of the operating budget and CIP. The City's expenditures are categorized into five areas: Personnel, Maintenance and Operations, Internal Service Fund Allocations, Capital Outlay, and Capital Improvements.

The departments were directed to prepare their budgets starting at the expenditure and service levels adopted by the City Council for FY 2012-13. Adjustments were then made to departmental expenditure budgets in the Personnel category that reflect changes due to labor agreements and employee movements within authorized compensation schedules. Expenditures in the departmental Internal Service Fund expenditure category were kept at the FY 2012-13 midyear level to be adjusted again at the FY 2013-14 midyear budget review. The combination of all of the above changes set the anticipated departmental "base" budget for FY 2013-14.

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

The highest priority Decision Packages are recommended for approval by the City Council as reductions and supplements to the departments' FY 2013-14 base budgets. We have many more departmental needs than we have funding available. The City is primarily a service organization with nearly 78% of our costs associated with the personnel that provide theses services reside in the General Fund.

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

1. Would the Decision Package reduce ongoing General Fund departmental expenditures to align with available City funding resources?

2. Would the Decision Package sustain or improve revenues to the City?

3. Would the Decision Package be needed to comply with mandates or fund unavoidable costs for current basic services?

4. Would the Decision Package be needed to protect the health and safety of the public, employees or environment?

5. Would the Decision Package support achievement of goals and objectives in the Strategic Plan?

6. Would the Decision Package improve organizational efficiency, economy or effectiveness?

7. Would the Decision Package fill gaps in current services or meet new service needs?

Budget deliberations are about policy priorities, allocating limited resources and making difficult choices. Using the criteria described above and guided by our corporate value of "Fiscal Responsibility", a total of 68 Decision Packages are recommended.

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

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

The total amount of proposed expenditure reductions for all Decision Packages is $212,000, with $177,000 recommended for the General Fund. The total amount of revenue enhancement recommended is approximately $500,000. The total amount of proposed appropriations for all Decision Packages is $2.8 million with $510,647 recommended for the General Fund. Decision Packages recommended by the City Manager are listed immediately following this message.

The Annual Budget in Brief

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

The City Council is scheduled to review the proposed Annual City Budget on May 28. The second review and adoption of the budget and CIP are slated for June 4 and 18, respectively. A more focused review of the CIP budget is set for a workshop on June 11. Approximately 40 to 50 Budget Response Reports are expected to be prepared by staff during the City Council's budget deliberations. These Budget Response Reports answer important financial, budgetary, and policy questions raised by the City Council.

The total revenue from all sources (excluding internal charges) is estimated to be $100.5 million in FY 2013-14. The total expenditures proposed for all funds are $100.2 million.

The FY 2013-14 CIP plan proposes $8.4 million in projects to be paid for with $8.4 million from 14 funding sources.

General Fund Revenue

The projected revenue from outside sources for FY 2013-14 is $63,771,369. This represents a decrease of $1,298,891, or 2.0%, when compared to the midyear budget for FY 2012-13. All major categories of revenue are contributing to this decrease.

General Fund Expenditures

The projected General Fund expenditures for FY 2013-14 are $53,033,340 excluding internal service fund allocations. This represents a decrease of $2.2 million, or 4.1%, when compared to the midyear budget for FY 2012-13. The primary reason for the decrease can be attributed to the inclusion of the carryover appropriations in the FY 2012-13 midyear budget. Described below are the major assumptions used in projecting our "base" budget.

Personnel costs will increase by 0.5% to $46,126,597.

431 positions are authorized and funded compared to 481 five years ago.

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

Internal service fund allocations were adjusted with the FY 2012-13 midyear budget review and will not be adjusted again until the FY 2013-14 midyear budget review.

Capital improvement costs are scheduled in the Five-Year Capital Improvement Program.

The difference between the General Fund revenue and expenditures before transfers in/out and Decision Packages is $246,406. If all Decision Packages were adopted and transfers in and out were included, revenues would exceed expenditures by $76,080.

General Fund Reserve, Designations and Fund Balance

In accordance with the City Council's adopted Statements of Financial Principles, the General Fund will maintain a minimum reserve (undesignated fund balance) equivalent to 8.33% of the General Fund's projected operating budget. For FY 2013-14, the total amount of this reserve is $5,846,146. The reserve earns interest, smoothes cash flow and is ready for unanticipated expenditures or emergencies.

Harbor Enterprise Fund

The Harbor Tidelands Fund and the Harbor Uplands Fund continue to move toward a continuation of two key goals: 1) vitalizing the waterfront; and 2) ensuring the financial health of the Harbor Enterprise. The City is continuing the Business Plan implementation and the financials are reflecting its positive impact.

The projected Harbor Enterprise revenue for FY 2013-14 is $9,764,155 This represents a decrease of $1,759,820, or 15.3%, over the midyear budget for FY 2012-13. The decrease reflects a FY 2012-13 one-time payment of $2.4 million from Chevron for the design and construction of Moonstone Park. Excluding the FY 2012-13 one-time payment, revenues are increasing $640,180, or 7.0%

The projected Harbor Enterprise expenditures for FY 2012-13 are $9,783,849. This represents a decrease of $9,741,053, or 49.9%, from the midyear budget for FY 2012-13. The primary reason for the decrease can be attributed to the inclusion of carryover capital improvement projects funded by the Harbor Enterprise.

The difference between revenues and expenditures of $19,694 will be funded from the estimated beginning fund balance retained for the capital improvement projects.

Successor Agency to the Dissolved Redevelopment Agency

The Redevelopment Agency was dissolved as of February 1, 2012 and succeeded by the Successor Agency to the Redevelopment Agency (Successor Agency). The Successor Agency exists basically to pay administrative expenses and debt previously incurred by the Redevelopment Agency. Revenues and expenditures for the Successor Agency are both anticipated to be $1,379,572 for FY 2013-14. In compliance with State policies and procedures, administrative expenses are limited to $250,000 and the remainder of the revenue of $1,129,572 will be distributed by the State from the Property Tax Trust Fund to pay debt.

Budget and Financial Transparency

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

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

Conclusion

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

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

Sincerely,

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City Manager Recommended
Decision Packages for City Council Approval

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

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

Decision Package #2. City Electrical Costs. Electrical expenses for the City have been reduced due to enactment various power conservation measures. Recommended is an ongoing reduction in appropriations of $35,000 to the Building Occupancy Fund.

Decision Package #3. Rental Expense For 200 PCH Building. The City and RBUSD completed a lease exchange involving the Franklin and 200 North Pacific Coast Highway (PCH) properties. With this agreement, the City no longer pays rent to RBUSD for the PCH facility to house the Police Department Detective Bureau. Recommended is an ongoing reduction in appropriations to the General Fund of $51,000.

Decision Package #4. Rental Income For Franklin Community Center. Rental revenue in the amount of $84,000 per year from users at the Franklin Community Center was transferred to the School District as part of the 200 PCH-Franklin lease exchange between the City and RBUSD. Recommended is an ongoing reduction to General Fund revenue of $84,000.

Decision Package #5. Summer Drama Camp. The City's Summer Drama Camp is planned to be self-supporting under a contract with Encore Entertainers -- a non profit Redondo Beach youth theater organization. Recommended is an ongoing expense reduction of $38,000 and additional ongoing revenue of $4,000 to the General Fund.

Decision Package #6. Vehicle and Heavy Equipment Replacement Policy Update. Recent maintenance records indicate that many fleet vehicles can safely and effectively operate beyond their current funding replacement cycle. Recommended is updating the *Vehicle and Heavy Equipment Replacement Program* to extend the life cycle of certain vehicles by two years. This excludes Police Patrol and Special Investigations vehicles, Fire Suppression apparatus, and other large heavy equipment items with current cycles of 12 years or more. Savings in annual Internal Service Fund charges, which will be updated at FY 2013-2014 Midyear, are estimated to be $66,080.

City Manager Recommended
Decision Packages for City Council Approval

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

Decision Package #7. City Treasurer's Revenue Enhancement Program. The use of Tax Revenue Anticipation Notes (TRAN) has been suspended due to weak interest rate yields and adequate carrying cash flow. Consequently, the City Treasurer's Office no longer incurs the $62,770 of expenses related to issuance of a TRAN. Proposed by the Temporary Acting City Treasurer is the reassignment of these funds to contracts needed to support the expansion of revenue-generating compliance audits and investment advisory services to promote additional investment income. Recommended is an ongoing decrease of $62,770 in appropriations for debt issuance costs and an ongoing increase in appropriations of $62,000 for contract services.

Decision Package #8. Film Permit Administrative Fee. The City encourages filming within Redondo Beach to support this important regional economic development activity. However, the City currently does not have a fee to recover its costs for administering film permits or for use of City-owned locations. Proposed is a set of Film Permit fees expected to generate General Fund revenue of approximately $44,100. Recommended is direction to hold a public hearing on June 18, 2013 for consideration of the proposed film permit fees.

Decision Package #9. Performing Arts Center Rental (RBPAC) Fees. The Redondo Beach Performing Arts Center has become a successful regional entertainment, educational and cultural venue. However, rental fees for use of the RBPAC need to be adjusted to reflect rising markets rates and pay for higher costs of materials, maintenance and labor. Proposed are fee schedule adjustments expected to generate General Fund revenue of approximately $18,636. Recommended is direction to hold a public hearing on June 18, 2013 for consideration of the increase in RBPAC rental fees.

Decision Package #10. Street Banner Fees. The City operates a Street Banner program which promotes community-based activities and events. The existing City fees charged to promoters for the display of banners in Redondo Beach include only the contract cost to hang and remove the banners. Proposed is an adjustment to the Street Banner fee to recover City expenses for administering the program. It is expected to generate revenue of $3,075 to pay for City costs. Recommended is direction to hold a public hearing on June 18, 2013 for consideration of an increase in the banner fees.

Decision Package #11. Waterfront Parking Structures Revenue. The City owns and operates two waterfront parking structures. Recent implementation of the pay-by-space parking meters at the structures has resulted in $102,840 of additional revenue. Recommended is a revenue increase of $20,460 to the Harbor Tidelands Fund and $82,380 to the Harbor Uplands Fund.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #12. Annual Parking Permit. The City's annual parking meter permit program provides customer convenience and cost savings to permit holders using designated metered parking lots and streets. The existing permit is $95. The Redondo Beach permit is the lowest priced in a market survey of adjacent beach communities. Proposed is an increase to the annual Parking Permit fee to $110 to generate approximately $25,500 of additional General Fund revenue. Recommended is direction to hold a public hearing on June 18, 2013 for consideration of a proposed price increase in the Annual Parking Meter Permit.

Decision Package #13. Fee Schedule for Affordable Housing Property Transactions. Over the years, approximately 30 affordable income units have been constructed in Redondo Beach. These units include deed restrictions setting forth the maximum household income levels for the homeowners. When homeowners wish to sell or refinance a deed-restricted dwelling, Housing staff completes work (previously funded by Redevelopment monies) to preserve the existing deed restrictions and covenants – essentially ensuring that the properties remain owned by individuals with qualifying incomes and preserving the City's right to acquire the property in the event of default by the homeowner. Proposal is made to establish a fee schedule for these affordable housing property transactions to recover the cost of staff time. The fees would be paid by the homeowner as part of a proposed refinancing or when the property is sold. The fees are expected to generate revenue of approximately $5,500 annually to offset corresponding proposed appropriations for staff time expenses. Recommended is direction to hold a public hearing on June 18, 2013 for consideration of a proposed Fee Schedule for Affordable Housing Property Transactions.

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

Decision Package #14. City's Annual Employee CalPERS Pension Payment. Redondo Beach City employees are enrolled in the State's defined benefit pension plan. The City is contractually obligated to make payments to the California Public Employees Retirement System (PERS). The FY 2013-14 PERS pension payment of $10,846,942 is planned to be made from ongoing FY 2013-14 City revenues. The City's total pension cost next fiscal year is $11,847,724 but leaps to $12,616,989 in FY 2014-15. Recommended is confirmation of the ongoing General Fund appropriation of $9,001,795 and an ongoing appropriation from other funds of $1,845,147.

Decision Package #15. Public Employee Retirement System. The City's employees participate in the California Public Employees Retirement System (CalPERS) pension program. It is a defined benefit program that requires contributions from the employees and the City. The employees' contribution is capped but the City's pension funding liability is uncapped. Actuarial inaccuracies and policy changes by CalPERS have resulted in step increases to the City's pension liability. This has required the City to devote significant funds beyond the original CalPERS funding projections for Redondo Beach. Recommended is a one-time transfer of $100,000 to the CalPERS Reserve Fund for projected unfunded pension obligations.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #16 Police Weapons Ammunition. Police Officers have been issued new Glock duty weapons. An appropriation is needed for the purchase of ammunition for the weapons and associated practice frangible ammunition. Recommended is an ongoing appropriation to the General Fund of $12,000.

Decision Package #17. Water Cost Price Increases. The City has experienced a 14% cost increase from the So. Cal Water Co. for municipal water and a 10% cost increase for park/landscape irrigation water. The higher water costs can no longer be absorbed by the Public Works Department. Recommended is an ongoing appropriation of $23,000 to the General Fund and a one-time appropriation of $11,000 to the Street Landscaping and Lighting Fund.

Decision Package #18. Federal Section 8 Housing Assistance Program (HAP) Funding. The City operates its Housing Authority entirely funded with Federal money. Notification has been received from the Department of Housing and Urban Development that funding will be reduced approximately $150,000 and that all housing authorities nationwide will be required to draw down their HAP reserves to prevent the lowering of client Section 8 rent subsidy payments. The Housing Authority has approximately $475,000 in HAP reserve. Recommended is a one-time drawdown of $150,000 from the Housing Authority reserve.

Decision Package #19. Federal Community Development Block Grant (CDBG) Funding. The City will receive CDBG funds in the amount of $253,024 from the federal government to conduct activities and projects in support of low and moderate income individuals. This represents a reduction of $13,317 – the equivalent of a 5% funding cut. Recommended is a $253,024 CDBG budget in accordance with the City Council's approved FY 2013-14 Action Plan.

Decision Package #20. Pavement Management Survey Update. City roadways are important municipal infrastructure to maintain. The City is required to update its Pavement Management Survey every three years. In doing so, the City remains eligible to use Proposition C and Measure R funds on City streets. Results of the survey are used to prioritize resurfacing projects and comply with GASB 34 reporting requirements. Recommended is a one-time appropriation of $60,000 to the Proposition C Fund and a one-time appropriation of $140,000 to the Measure R Fund.

Decision Package #21. Fire Emergency Vehicle Driver Training. The State has applied another unfunded training mandate on cities. New Department of Motor Vehicles training regulations specific to drivers of fire apparatus is now required. Recommended is a one-time appropriation to the General Fund of $6,200.

Decision Package #22. Maintenance Contracts for Police Department Technology. Police vehicles and critical facility spaces are equipped with essential technology. An appropriation is needed for the increased cost of maintenance of Hitech systems and camera software and equipment. Recommended is an ongoing appropriation of $2,700 to the Emergency Communications Fund and an ongoing appropriation of $25,600 to the General Fund.

Decision Package #23. Point-to-Point Microwave Link. A point-to-point microwave link is needed to replace the aging copper lines that connect the Police Station and 801 North Prospect cell towers. The link will provide reliable, high-performance wireless transportation of data, voice and video for Police, Fire and Public Works. Recommended is a one-time appropriation to the SLESF Grant Fund of $32,000 and an ongoing appropriation to the Emergency Communications Fund of $9,600.

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

Decision Package #24. City Public Trash Receptacles. A large portion of the City's public trash receptacles are aged and deteriorated. Replacement of 200 street trash receptacles will help safeguard the public's health and better protect the environment from litter and spills. Recommended is a one-time appropriation to the Solid Waste Fund of $151,400.

Decision Package #25. Waterfront Parking Structure Personnel Uniforms and Equipment. Uniforms and equipment are needed for new personnel responsible for customer service and enforcement activities at the City's two Waterfront parking structures. Recommended is an ongoing appropriation of $2,475 to the Harbor Tidelands Fund and $7,425 to the Harbor Uplands Funds.

Decision Package #26. Firefighter Protective Clothing & Safety Equipment. Firefighter safety clothing and equipment for four new firefighters is needed as well as replacement of Firefighter gear expiring at the end of its manufactured life. Recommended is a one-time appropriation of $28,000 to the General Fund.

Decision Package #27. Fire Department Constant Manning Overtime. A one-time appropriation for Fire Department personnel costs is needed to pay the overtime expenses related to constant manning caused by unexpected, although consistent, long-term injuries within the Fire Paramedic and Fire Suppression operations. Recommended is a one-time appropriation of $88,470 from the Self-Insurance Fund to the General Fund.

Decision Package #28. EKG Heart Monitors Purchase. Three of six Fire Department EKG heart monitors have reached the end of their recommended service lives. Funding is required to purchase new monitors. Recommended is a one-time appropriation to the General Fund of $105,000.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #29. EKG Monitors Maintenance. Fire Department uses EKG 12 lead cardiac heart monitors. The monitors need to be maintained to ensure performance efficiency and operational readiness. Funding is required to maintain the monitors. Recommended is a one-time appropriation to the General Fund of $3,782.

Decision Package #30. Jail Panic Alarm System. The Police Department's Jail panic alarm system is faulty and needs immediate replacement. Funding is required to purchase and install a new system. Recommended is a one-time appropriation to the General Fund of $18,000 and inclusion of the project in the Capital Improvement Program.

Decision Package #31. Fire Department Mobile Radios. The Fire Department will be receiving three new vehicles in the coming fiscal year and will require mobile radios in the vehicles to be replaced, Recommended is a one-time appropriation to the Emergency Communications Fund of $8,300.

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

Decision Package #32. Street Landscaping and Lighting Assessment District. The City's Street Landscaping and Lighting Assessment District was a self-funding mechanism to pay for municipal street lights, signals and median landscaping. Changes in State law placed heavy restrictions on the City Council modifying assessments to pay for District costs. The District is today subsidized by $873,500 from the General Fund. An additional appropriation is required in FY2013-14 to cover higher costs for the Street Landscaping and Lighting District so as to prevent a reduction of service. Recommended is a one-time $119,589 transfer from the General Fund to the Street Landscaping and Lighting Fund.

Artesia Decision Package #33. Renaming of Artesia Boulevard to Redondo Beach Boulevard. The Artesia Boulevard Vitalization Strategy and request from the North Redondo Beach Business Association calls for renaming Artesia Boulevard to Redondo Beach Boulevard. The renaming process is projected to cost $27,000. It includes the delivery of informational materials to property owners along the street to obtain input on the proposed name change; a Public Hearing; and, if approved, the installation of a new monument and street name signs. Recommended is a one-time appropriation to the General Fund of $27,000.

Artesia Decision Package #34. Artesia Boulevard Business Improvement District. The Artesia Boulevard Vitalization Strategy and request from the North Redondo Beach Business Association calls for consideration of an Artesia Boulevard Business Improvement District (BID). The cost for initiating a BID feasibility study is approximately $10,000 with full implementation costing $25,000 - $35,000. Recommended is a one-time appropriation to the General Fund of $10,000.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #35. Artesia Boulevard Sign Plan and Standards. The Artesia Boulevard Vitalization Strategy and request from the North Redondo Beach Business Association calls for consideration of an Artesia Boulevard Sign Plan and Standards. The cost for a Sign Plan and Standards package is approximately $9,000. Recommended is a one-time appropriation to the General Fund of $9,000.

Decision Package #36. City Website Upgrade. The City website (www.redondo.org), in its current state, has been in operation since 2003 and is in need of a technology upgrade that will provide additional features and functionality, improved performance, security improvements, and ADA compliance. Recommended is a one-time appropriation of $21,740 to the Information Technology Fund.

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

Decision Package #37. Departmental Reorganization – Deauthorization of Full-Time Deputy City Treasurer Position. The City Treasurer's Office over the past several years has increased the use of contract investment services, employed outside auditors/advisors and enhanced the use of investment technology. Based on a management assessment and recommendations by the Temporary Acting City Treasurer, a full-time Deputy City Treasurer position is no longer needed for the City's Treasury operations. Proposed is the deauthorization of the full-time Deputy City Treasurer position ($166,331) upon his December 2013 retirement and retention of funding for a part-time Deputy City Treasurer ($45,000). Ongoing savings to the General Fund beginning FY2014-15 would be $121,331. Recommended is approval of the personnel change and a reduction in appropriations to the General Fund of $60,666.

Decision Package #38. Departmental Reorganization: Deauthorization of Office Specialist I Position. In response to new operational needs and increasing administrative requirements, proposed is a City Clerk's Office reorganization to deauthorize a vacant Office Specialist I ($57,339) position and the reallocate budget resources to a reclassified Records Management Supervisor position and part-time employee hours ($37,411). Recommended is approval of the personnel change and an ongoing expense reduction of $19,928 to the General Fund.

Decision Package #39. Departmental Reorganization – Reclassification of Records Management Coordinator Position to Records Management Supervisor. The responsibilities of the Records Management Coordinator position have increased due to the complexity and volume of public records requests; the implementation of new technologies; and, the addition of new supervisory responsibilities. To address these changes, proposed is the reclassification of the Records Management Coordinator ($72,989) position to Records Management Supervisor ($92,917). Funding would come from savings derived from deauthorization of the vacant Office Specialist I position and the existing Records Management Coordinator compensation. Recommended is approval of the personnel change and an ongoing appropriation to the General Fund of $19,928.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #40. Departmental Reorganization – Authorization for Accounting Technician Position. The payroll function of the Financial Services Department is understaffed with one full-time and one part-time employee to administer increasingly complex activities. To strengthen the payroll area, proposed is authorization for a full-time Accounting Technician position ($65,141) to replace the part-time Payroll Technician ($40,457) position. The position's salary cost would be paid for from savings derived from a reduction in departmental part-time employee expenses, lower contract audit expenses and reduced contract banking services costs. Recommended is approval of the personnel change and an ongoing expense reduction of $25,000 to the General Fund, and an ongoing appropriation of $24,684 to the General Fund.

Decision Package #41. Departmental Reorganization – Senior Human Resources Analyst Reclassification to Human Resources Analyst. As a result of operational changes and a management assessment conducted by the Assistant City Manager, proposed is the reclassification of the current Senior Human Resources Analyst ($155,962) position to a Human Resources Analyst ($117,135) position. The position will provide administrative support to the City's required personnel, training and compliance programs. It would be effective upon the October 2013 retirement of the current Senior Human Resources Analyst. Funding would come from savings derived from the former Senior Human Resources Analyst compensation. Recommended is approval of the personnel change and an ongoing decreased appropriation to the General Fund of $25,884.

Decision Package #42. Departmental Reorganization: Deauthorization of the Cultural Arts Recreation Supervisor Position. Proposed is the deauthorization of the vacant Cultural Arts Recreation Supervisor position in the Recreation, Transit and Community Services Department. The position's duties are planned to be divided between part-time personnel at the Redondo Beach Performing Arts Center and the reclassified Cultural Arts Manager position. Recommended is approval of the personnel change and an ongoing expense reduction of $108,044 to the General Fund.

Decision Package #43. Departmental Reorganization: Part-Time Employee Hours at the Redondo Beach Performing Arts Center. Proposed is an increase in the allocation of part-time employee hours to accommodate additional rental activity at the RBPAC. The additional hours are needed for coordination of volunteer ushers, for interfacing with rental clients and for coordination of events occurring primarily during evenings and weekends. Funding would be from the deauthorization of the vacant Cultural Arts Recreation Supervisor position. Recommended is approval of the personnel change an ongoing appropriation of $50,502 to the General Fund.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #44. Departmental Reorganization: Reclassification of Recreation Facilities Manager to Cultural Arts Manager. The supervisory and administrative responsibilities for the Recreation Facilities Manager have increased significantly with additional work managing the RBPAC as well as overseeing educational & cultural arts programs, the Historical Museum and Farmers Market. Proposed is a reclassification to Cultural Arts Manager ($136,142). Funding would come from savings derived from deauthorization of the vacant Cultural Arts Recreation Supervisor position and existing Recreation Facilities Manager compensation. Recommended is approval of the personnel change and an appropriation to the General Fund of $13,000.

Decision Package #45. Departmental Reorganization: Defunding of Vacant Police Lieutenant Position. In response to field operational needs and increasing administrative requirements, proposed is a Police Department reorganization to defund one vacant Police Lieutenant position and to reallocate budget resources to add one Police Officer position and one Administrative Analyst position. The Lieutenant position would be placed on the Annual City Budget unfilled position list. Recommended is approval of the personnel change and an ongoing appropriation reduction of $246,736 to the General Fund.

Decision Package #46. Departmental Reorganization: Authorization for Police Officer Position. To address field operational needs in the Police Patrol Division, proposed is the addition of one Police Officer position funded from the from defunding of a vacant Police Lieutenant position. Recommended is approval of the personnel change and an ongoing appropriation to the General Fund of $129,364.

Decision Package #47. Departmental Reorganization: Authorization for Police Administrative Analyst Position. The Police Administrative Services Division is tasked with completing research, audits, reports, purchases, budgets and projects in support of departmental activities. Proposed is the addition of a civilian Administrative Analyst position to assist in carrying out these responsibilities. Funding would be from the savings derived from defunding a vacant Police Lieutenant position. Recommended is approval of the personnel change and an ongoing appropriation to the General Fund of $111,116.

Decision Package #48. Departmental Reorganization: Reclassification of Police Communications Manager Position to Civilian Services Manager Position. Based on an operational assessment conducted by the Chief of Police, proposed is the reclassification of the Communications Manager ($115,651) to a Civilian Services Manager ($130,903). The role of the Communications Manager has significantly expanded in administrative scope permitting sworn supervisory personnel to better focus on law enforcement activities. Funding would come from savings derived from deauthorization of the vacant Police Lieutenant position and the existing Communications Manager position compensation. Recommended is approval of the personnel change and an ongoing appropriation to the General Fund of $65,451 together with an appropriation reduction to the Emergency Communications Fund of $50,199.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #49. Departmental Reorganization: Deauthorization of Library Director Position. Based on a management assessment conducted by the City Manager, proposed is deauthorization of the Library Director position and assignment of Library management duties to the Director of Recreation, Transit and Community Services. The planned reorganization would provide senior management direction to the Library from an existing Department Head and allow coordinated educational, recreational and cultural offerings; provide funding to hire a library services professional administrator – City Librarian; and, permit the funding to open the North Branch Library on Tuesdays. Recommended is approval of the personnel change and an ongoing appropriation reduction to the General Fund of $217,278.

Decision Package #50. Departmental Reorganization: Authorization of City Librarian Position. Professional librarian administrative support is required for the day-to-day operation of the City's two libraries. Proposed as a key component to the Library reorganization plan is authorization for a City Librarian ($136,142) position to provide professional library planning, organization and operational supervision reporting to the Director of Recreation, Transit and Community Services. Funding would be from the savings derived from the deauthorization of the Library Director position. Recommended is approval of the personnel change and an ongoing appropriation to the General Fund of $136,142.

Decision Package #51. Departmental Reorganization: Authorization for Opening North Branch Library on Tuesdays. The North Branch Library is currently open to the public Monday, Wednesday, Thursday Noon – 8:00 PM and Saturday 9:00 AM – 5:00 PM. Proposed is to open the North Branch Library for one additional day per week – Tuesday from Noon to 8:00 PM at a cost of $37,000 for personnel expenses. Funding would be from the savings derived from deauthorization of the Library Director position. Recommended is an ongoing appropriation to the General Fund of $37,000.

Decision Package #52. Departmental Reorganization: Library Part-Time Employee Hours. A vacant full-time Library Page position was deauthorized in FY 2012-13 upon the employee's retirement. Salary savings from the position are proposed to be allocated to part-time employee hours to serve patron and operational needs. Recommended is an ongoing appropriation of $28,264 to the General Fund.

Decision Package #53. Departmental Reorganization: Reclassification of Recreation, Transit and Community Services Director Position to Community Services Director and New Departmental Name. The reorganization of the Library with management duties assigned to the Director of Recreation, Transit and Community Services necessitates a reclassification of the Director position. Proposed is the reclassification of the position to Director of Community Services with no modification to the current salary range. Recommended is approval of the personnel change and new Departmental name "Community Services Department".

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #54. Departmental Reorganization: Development of a Library Mini-Strategic Plan. Redondo Beach has enjoyed stable Library leadership and excellent services during past decades. The entire library services field is now quickly changing with challenges to library relevancy, use of space, funding and digital integration. The *City Manager's Library Assessment and Futures Report* describe tasks a reorganized Library needs to undertake. A mid-range plan of services and strategic outlook is proposed to address Library needs in the next 1-3 years. Recommended is approval to develop a Library Mini-Strategic Plan lead by the Recreation, Transit and Community Development Director in collaboration with the Library Commission.

Decision Package #55. Departmental Reorganization: In-Service Firefighter Training Program. The Fire Department has ended its participation in the El Camino In-Service Firefighter Training Program. Recommended is both an ongoing reduction of revenue as well as ongoing appropriation to the General Fund of $28,000.

Decision Package #56. Kaplan Fire and EMS Training. Kaplan Fire and EMS Training is an internet-based training program. This program will provide continuing education for EMT and paramedics, as well as track paramedic license renewals. Recommended is an ongoing appropriation to the General Fund of $4,992.

Decision Package #57. Information Technology – Equipment Replacement. The current software equipment and hardware components of the City's network infrastructure have reached their end-of-life or can no longer meet increased demands and provide service levels needed by City staff. Recommended is a one-time appropriation to the Information Technology Replacement Fund of $985,291.

Decision Package #58. 1922 Artesia Boulevard Lease Payment. The lease payment for the Recreation, Transit and Community Services Department facility at 1922 Artesia Boulevard will increase in January 2014. An appropriation is needed to cover the cost of the lease adjustment. Recommended is an ongoing General Fund appropriation of $12,500.

Decision Package #59. Police Department – Storage of Property and Evidence. An appropriation is needed to purchase a replacement of the Property & Evidence storage container which has deteriorated and resulted in damage to stored items. Recommended is a one-time appropriation to the General Fund of $16,650.

Decision Package #60. Police Department – Evidence Storage Lockers. Chain of Custody is a major concern to the courts. Lockers will allow investigators to temporarily maintain crime evidence securely in the Investigation Division Facility. Recommended is a one-time appropriation to the General Fund of $3,000.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #61. Police Department – CSI Lab Upgrades. An appropriation is needed to provide a computer workstation for CSI officers to complete their work in the Crime Lab. Recommended is a one-time appropriation to the General Fund of $3,500.

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

Decision Package #62. Attorney Fees – Personnel Matters. Additional funding is necessary for increased costs of attorney and arbitrator fees related to extensive arbitration of personnel matters. Recommended is a one-time appropriation $272,000 to the General Fund.

Decision Package #63. Attorney Fees – Waterfront Revitalization. Additional funding is necessary for attorney fees related to asset management, leasing, and transaction activities within the Waterfront. The scope and volume of legal work has increased as a result of the Waterfront Revitalization activity. Specific projects include the processing of master ground lease and tenant lease documents, land use and entitlement legal support, and transaction assistance. Recommended are ongoing appropriations of $66,505 to the Harbor Tidelands Fund and $59,812 to the Harbor Uplands Fund.

Decision Package #64. Vehicle Replacement Purchases. The City schedules and funds vehicle replacements as part of the *Vehicle and Heavy Equipment Replacement Program.* An appropriation is necessary for the scheduled replacement of 18 vehicles used by City employees to carryout their work assignments. Recommended is a one-time appropriation to the Vehicle Replacement Fund of $1,254,488.

Decision Package #65. Comprehensive Annual Financial Report (CAFR) Software. For many years, the Government Accounting Standards Board (GASB) has been considering mandating cities to publish their own Comprehensive Annual Financial Reports (CAFR). The auditors for the City confirmed GASB's intention and recommend the CAFRonline software. Recommended is a one-time appropriation to the General Fund of $12,000 for implementation and an ongoing appropriation to the General Fund of $3,000 for maintenance.

Decision Package #66. MUNIS Financial Management/Human Resources System (MUNIS) Funding. To upgrade and enhance the efficiency and effectiveness of MUNIS and keep it up-to-date with needs of users, additional funding is required. Recommended is a $25,000 appropriation to the General Fund.

Decision Package #67. 4th of July Fireworks Event Funding. The City's Annual 4th of July Fireworks Event provides a safe, family oriented activity. The City Council has approved a one-year agreement for the Event with a not-to-exceed $5,000 payment to Pete Moffett Productions. Additionally, the agreement provides that the City provide necessary staffing for the event estimated to be approximately $16,000. Recommended is a one-time appropriation of $5,000 to the Harbor Tidelands Fund.

City Manager Recommended
Decision Packages for City Council Approval

Decision Package #68. Confirmation of Signature Special Events. The six recommended signature events with waiver of City hard and soft costs are: 4th of July 2013 Event; Super Bowl 10K Run/Walk; Lobster Festival; Spring Fest; Riviera Village Summer Festival; and the Riviera Village Holiday Stroll. These are the same events City Council approved for FY 2012-13. This represents $31,000 in costs to the General Fund, $16,800 in costs to the Harbor Uplands Fund, and $4,200 to the Harbor Tidelands Fund for the July 4th event costs. Recommended is the ongoing budgeting of hard and soft costs for only these special events.

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July 1, 2013

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

Subject: Council Actions Amending the Proposed FY13-14 Budget

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Prior to formal adoption of the FY13-14 Budget, reallocation adjustments were needed to several funds described below and reflected in Attachment A.

Christmas Boat Parade and Sea Fair Fee Waivers	*Reduced revenues of $1,200 are estimated from special event fee waivers for the King Harbor Yacht Club Christmas Boat Parade and Sea Fair.*
Deletion of Civic Center Courtyard Landscape Replacement Project	*A reduced appropriation of $18,000 will delete from the Public Works Department's FY13-14 Work Program the Civic Center Courtyard Landscape Replacement Project.*
Renaming of Torrance Boulevard	*An additional $7,078 appropriation will fund the renaming of Torrance Boulevard.*
Handheld Flashing LED Stop Signs	*A $4,800 appropriation will equip the Police Department's Crossing Guards with handheld flashing LED stop signs.*
City Manager's Office Reorganization	*A reduced appropriation of $25,000 will deauthorize the Assistant to the City Manager and replace the position with a Senior Manaagement Analyst.*
Waterfront Revitalization Legal Resouces	*Increased appropriations of $191,317 will fund legal resources required for waterfront revitalization activities.*
Harbor Area Flagpole	*A $18,000 appropriation will fund a harbor area flagpole.*

The adjusted costs reflected in Attachment A were approved by the City Council at its June 18, 2013 meeting. In addition to the items above, all recommended Decision Packages except #36, #49, #50, and #63 were adopted.

William P. Workman
City Manager

ATTACHMENT A

SUMMARY OF BUDGET AMENDMENTS
BY CATEGORY / BY FUND

	Christmas Boat Parade and Sea Fair Fee Waivers	Deletion of Civic Center Courtyard Landscape Replacement Project	Renaming of Torrance Blvd	Handheld Flashing LED Stop Signs	City Manager's Office Reorganization	Waterfront Revitalization Legal Resources	Harbor Area Flagpole	Totals
Revenues								
General Fund	(1,200)	-	-	-	-	-	-	(1,200)
Expenditures								
General Fund	-	(18,000)	7,078	4,800	(25,000)	-	-	(31,122)
Harbor Tidelands	-	-	-	-	-	66,505	18,000	84,505
Harbor Uplands	-	-	-	-	-	124,812	-	124,812
Total Expenditures	-	(18,000)	7,078	4,800	(25,000)	191,317	18,000	178,195