CITY OF REDONDO BEACH

PROPOSED BUDGET

Fiscal Year 2016-2017

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CITY OF REDONDO BEACH

MAYOR AND CITY COUNCIL

Steve Aspel
Mayor

Jeff Ginsburg
Councilmember
District 1

Bill Brand
Councilmember
District 2

Christian Horvath
Councilmember
District 3

Stephen Sammarco
Councilmember
District 4

Laura Emdee
Councilmember
District 5

CITY OFFICIALS

Joseph Hoefgen
City Manager

Michael Witzansky
Assistant City Manager

Michael Webb
City Attorney

Eleanor Manzano
City Clerk

Steven Diels
City Treasurer

John LaRock
Community Services Director

Robert Metzger
Fire Chief

Stephen Proud
Waterfront and Economic Development Director

Chris Benson
Information Technology Director

Craig Koehler
Finance Director

Aaron Jones
Community Development Director

Keith Kauffman
Chief of Police

Susan Anderson
Library Director

Ted Semaan
Public Works Director

Diane Strickfaden
Human Resources Director

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CITY OF REDONDO BEACH
PROPOSED BUDGET
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May 16, 2016

Honorable Mayor and Members of the City Council:

I am pleased to present this budget for City Council consideration in accordance with the requirements of the Redondo Beach City Charter. As described in this message and supported in the accompanying pages, the Proposed FY 2016-17 Budget takes into account the City's current economic condition and provides for the continuation of existing core municipal services as well as the enhancement of certain services. Together, the Proposed FY 2016-17 Operating Budget and the Proposed FY 2016-17 Capital Improvement Budget provide funding to support core operational programs and the recommended capital projects for the coming year. Funding for activities supported by the General Fund totals $83.9 million in FY 2016-17. The proposed CIP allocates roughly $9.3 million in new CIP monies in FY 2016-17 along with $37.5 million for existing projects for a total CIP budget of $46.7 million.

The operating budget is structurally balanced with ongoing revenues to support ongoing expenditures for a continuing high level of service to the residents, businesses, and visitors of Redondo Beach. Additionally, the Proposed FY 2016-17 Budget was developed pursuant to the City Council's adopted financial principles -- a copy of which is included in the draft document. Consistent with prior year practices, revenues received in prior years will be used to fund some capital improvement projects in FY 2016-17.

This budget fulfils the operational objectives requested by each department while balancing the Council goal of having recurring expenses being paid for by recurring revenues -- making the use of reserve funds unnecessary. Although a limited use of one time resources (from the City's CalPERS Reserve) in the amount of $650,000 is recommended for the coming year, it is important to note that this recommended CalPERS Reserve appropriation is nearly identical to $631,220 in new one-time expenditures proposed in FY 2016-17 less the beginning fund balance.

Consistent with past actions, the Proposed Budget represents an ongoing commitment to prudent and deliberate financial management, as departments continue to operate with 60 fewer full time positions compared to pre-recessionary levels. Despite the fact there is insufficient funding in the near term to restore these positions and that financial challenges remain, the City Council's recent economic development successes and a continuing commitment to Waterfront Revitalization put the City in position to improve the financial picture over the long term.

The Proposed Budget takes into account a number of internal and external factors which will have significant impact on the City's finances in FY 2016-17 and in years to come including increasing employee pension costs and expanding workers compensation requirements. As shown in further detail in the accompanying pages, there are a variety of recommended measures to ensure that the Proposed Budget remains in balance.

With regard to the City's current financial picture, it is important that we bear in mind the City's existing financial obligations. In this respect, making sure that we have sufficient financial and staff resources available to fund work activities already underway is of paramount importance.

Satisfying Current Obligations -- Prior to considering any additions or modifications to the budget, it is important to consider the City's current obligations as we begin a new fiscal year. A few of these obligations are summarized below.

Meeting Current Payroll – Fortunately, over the past few years, the City has been able to reverse all of the employee pay concessions which were first put in place in FY 2009-10. In addition, there have been incremental pay increases for employees beyond repayment of the prior concessions. While we are pleased to have made progress in this regard, these actions and other staffing additions in the Police and Community Development Departments have increased the City's cost of doing business. As an example, our annual General Fund payroll total in FY 2012-13 was $45.1 million whereas the total General Fund Payroll in FY 2016-17 will be $53.2 million, an ongoing increase of $8.1 million now and into the future.

Higher PERS Rates – Like most cities in California, Redondo Beach has seen significant increases in the rates charged by CalPERS – the California Public Employees Retirement System. For the coming year, the City's CalPERS rates will increase by 2.4% for miscellaneous employees and 3.6% for safety employees resulting in additional ongoing costs of $1.1 million which become part of the City's core operating budget. Fortunately, the City Council previously established a separate reserve to help cushion the increase in CalPERS rates. To achieve balance and cover one-time expenditures proposed in the FY 2016-17 Budget a separate Decision Package recommends a drawdown of $650,000 from the CalPERS Reserve, leaving $4.0 million remaining in this designated fund. It is worthwhile to note that the City Council does have the option of balancing the budget without the use of the CalPERS Reserve monies. This option is achievable by not funding certain Decision Packages with one-time costs as shown in the table immediately following this budget message or utilizing new revenues.

Investment in Infrastructure -- The Proposed Capital Improvement Budget (a separate document) recommends much needed infrastructure investment in key projects projected in FY 2016-17. A few examples of planned work in the coming year are provided below:

- All remaining phases of the original Residential Street Rehabilitation Program will be completed;

- Supplemental funding is provided for resident-driven traffic calming improvements;

- The first phase of critical repairs will be made to the Pier Parking Structure;

- Three long delayed Park Projects including (1) New Veterans Park Play Equipment, (2) Replacement Field Lights at Aviation Park, and (3) Ensenada Parkette Improvements are proposed for completion in FY 2016-17;

- There are continuing investments in City Facilities and Infrastructure including a funding allocation for design of a new Police Shooting Range, another phase of citywide sidewalk repair and ADA curb ramp improvements, and the resurfacing of Flagler Lane, from 190th to Beryl, and Prospect Avenue, from Del Amo to Beryl;

- Additionally, several critical projects designed in FY 2015-16 will be constructed in FY 2016-17 including Esplanade resurfacing, from Knob Hill to Catalina; Marine Avenue reconstruction; and Beryl Street improvements from Flagler Lane to 190th.

The above reflects only the major projects that are to be initiated in the coming year. In total there are 86 projects in the Proposed FY 2016-17 Capital Improvements Budget and $46.7 million of funding.

Focus on Priority Community Projects – It is important to note that significant staff resources are currently dedicated to four major work efforts including the processing, negotiation and/or evaluation of: (1) the Waterfront Revitalization Project; (2) the South Bay Galleria Redevelopment; (3) AES land use alternatives; and (4) the General Plan Update. These work activities are critical to the City's financial future and neighbourhood quality of life and require careful and complex review and analysis. Never has the City dealt with so many major land use projects at one time. It is important to keep the significance of this work effort in mind when considering other possible FY 2016-17 projects and staff assignments.

Realigning Work in the Organization – In many respects, the past year has been one of transition for the City of Redondo Beach. Following the City Council's appointment of me as City Manager, I subsequently appointed six new department heads to rebuild the organization. These new managers naturally bring different perspectives -- which has provided the opportunity to rebalance and realign certain work activities within the organization. Additionally, as a follow-up to the comprehensive assessment of the Police Department completed in the spring of 2015, this budget allocates additional resources towards key recommendations from that study. Similarly, we have preliminary results from the outside assessment of the City Clerk's Office and accompanying budget modifications recommended in the coming year.

Building on the talents of the City Departments and personnel, the Proposed FY 2016-17 Budget shifts certain work activities between and within departments as follows:

Passport Processing will shift from the City Clerk's Office to Community Services effective January 1, 2017 in order to enable the City Clerk's Office to focus on core City Clerk functions such as elections, contracts, records management, and public records act requests. A Decision Package summarizing the budget impact of this shift follows at the conclusion of this budget message.

Web Page and Comcate Oversight will be centralized in the Information Technology Department rather than being decentralized as occurred in the recent past. Existing support contracts will be reassigned to the Information Technology Department as a cost-neutral shift within the budget.

Reorganization in Community Services -- Due to an anticipated Administrative Analyst position vacancy in the Department, we are proposing a reorganization that following staff transitions would result in the defunding of a Senior Administrative Specialist position. Ongoing savings in the amount of $86,400 would be achieved as outlined in the attached Decision Package recommended as an added measure of efficiency. Additionally, a separate Decision Package describes how Community Services will hold open the currently vacant position of Recreation and Youth Services Manager resulting in a one-time savings of $155,500. Further study will be performed on the work needs of Community Services before a final recommendation is made on filling this position.

Fire Plan Check Administration -- Following the retirement of a part-time civilian employee in the Fire Department, the responsibility and resources for Fire Plan Check will shift from the Fire Department to the Building Division in the Community Development Department and become a contract service. Fire inspections following plan check will be in part performed by the Building Division as well. These modifications are outlined in a separate Decision Package.

Additional Resources where Needed – The Proposed FY 2016-17 Budget provides additional resources for departments with particular needs. Examples of supplemental budget allocations (as reflected in the attached Decision Packages) are provided below:

Additional Staffing Support in City Clerk's Office – The recent third party assessment of the City Clerk's Office recommended the addition of a staff position focused on public records act requests, contract management, and records management activities. While the findings and recommendations of the Assessment will be presented at the June 7, 2016 City Council meeting, the attached Decision Package identifies the ongoing funding needed for the new position of Administrative Specialist.

Overhires in the Police Department – There are three positions recommended as "overhires" to address temporary staffing challenges in the Police Department.

The attached decision packages would increase staffing in the jail unit, the records unit, and in emergency dispatch for a one year time frame due to medical absences and in advance of anticipated vacancies. These actions are consistent with the findings of the 2015 Independent Assessment of the Police Department.

City Attorney Department Staffing -- There are two recommended Decision Packages that address separate staffing needs in the City Attorney's Office. The first would create a full-time position (in place of an existing part time position) to assist the City Prosecutor with increased workload due primarily to the Police Department's use of Body Cameras. The second Decision Package recommends one-time funding for continuation of the recently implemented Quality of Life/Nuisance Abatement Prosecutor.

There were many other staffing requests submitted by the Departments, but only the most critical positions have been included in the proposed budget as net new ongoing revenues needed to support ongoing expenditures remain limited and the City's core financial obligations continue to rise.

General Fund Revenues

General Fund revenues are projected to increase by $4,095,411 or the equivalent of 5.1% for FY 2016-17. The below table shows the primary revenue sources along with the percent change compared to the FY 2015-16 midyear report.

	2015/16 Midyear General Fund Rev	2016/17 Proposed General Fund Rev	Percentage Change
Property Tax	22,300,000	23,500,000	5.4%
Sales Tax	11,828,000	10,955,000	- 7.4%
Utility Users Tax	7,600,000	7,600,000	0.0%
Transient Occupancy Tax	4,800,000	7,430,000	54.8%
Property Tax in Lieu of VLF	6,420,000	6,700,000	4.4%
Property Transfer Tax	2,000,000	2,400,000	20.0%
Franchise Fees	1,996,000	1,968,000	-1.4%
Parking Meter Fees	1,685,000	1,850,000	9.8%
Parking Citations	1,500,000	1,600,000	6.7%
Business License Tax	1,150,000	1,150,000	0.0%
Other	10,777,389	10,998,800	2.1%
Total Rev from Outside Sources	72,056,389	76,151,800	5.7%
Overhead Charges	8,176,790	8,176,790	0.0%
Total Revenue	**80,233,179**	**84,328,590**	**5.1%**

All revenues have been conservatively projected, taking into account the best available information and incorporating input from HDL – the City's property tax and sales tax consultant. **Property taxes**, projected at $23,500,000 in FY 2016-17, constitute the largest single source of General Fund revenue for Redondo Beach and show a **5.4% gain** compared to FY 2015-16 reflecting an incremental improvement in property values. The

next largest source of General Fund revenue, **sales tax, is projected to decrease by 7.4%** to $10,955,000 in FY 2016-17 – a reduction of nearly $900,000 compared to the prior year. This is largely attributed to the departure of Nordstrom from Redondo Beach, and the accompanying reduction in sales at the South Bay Galleria. This is significant and will be detailed more in the revenue section of the proposed budget. However, actual growth (not decreases) in sales tax revenue will be essential if we expect to keep pace with expected growth in expenses. Lastly, with regard to sales tax revenue, consumer spending at restaurants continues to be strong with potential for growth in the future.

Notably, **Utility Users tax revenue is projected to remain flat**, at $7,600,000, while **Transient Occupancy Tax** is expected to **increase by 54.8%** to $7,430,000. The growth in TOT is largely a result of the development agreements that were renegotiated this past winter for the two, soon to be three, highly successful hotels on Marine Avenue which together provide an additional $2.3 million in TOT revenue in FY 2016-17. Additionally, we are conservatively projecting $250,000 in TOT from the new Shade Hotel assuming a mid-year opening. As impressive as the growth in TOT appears for the coming year, the revenue could be higher if the PV Inn (currently closed due to a fire) were operational or if the opening of the Shade Hotel had not been delayed. Together, these four revenue sources comprise approximately 59% of the City's General Fund revenue. A more detailed analysis of each of the revenue sources is provided in the revenue section of the Proposed Budget.

It is worthwhile again to remember that there are a number of limitations on the City's ability to increase revenues, including voter approved requirements of Proposition 13, noticing and protest provisions of Proposition 218, and other restrictions imposed by State and Federal regulations. Specific examples of the restrictions on the City's ability to raise additional revenue include requirements to:

- Seek voter approval in many instances prior to increasing tax rates (e.g. Property Tax, Sales Tax, and Utility Users Tax);

- Demonstrate a "nexus" between the City's cost of providing services and the fees charged for those services (e.g. Planning and Building Permit and Inspection Fees, User Pay Fees, etc.);

- Comply with the noticing and protest requirements of Proposition 218 prior to increasing certain property related fees (e.g. refuse rates and sewer rates); and

- Follow State and Federal regulations which govern how outside revenues are calculated and utilized (e.g. Housing, Community Development Block Grant (CDBG), and Transit Revenues)

In keeping with these limitations, the Proposed Budget includes Decision Packages for a limited number of fee increases. A Public Hearing and report describing proposed fee adjustments to achieve cost recovery is scheduled for June 21, 2016.

General Fund Expenditures

FY 2016-17 General Fund expenditures, prior to the consideration of recommended decision packages, total $83,875,745 to fund all General fund supported activities. This represents a 2.9% decrease in expenditure levels compared to the midyear FY 2015-16 budget as reflected in the table below:

	2015/16 Midyear General Fund Exp	2016/17 Proposed General Fund Exp	Percentage Change
Personnel	$52,656,897	$53,212,036	1.1%
Maintenance and Operations	10,588,777	7,558,082	-28.6%
Subtotal	$63,245,674	$60,770,118	-3.9%
Internal Service Fund Allocations	$23,105,627	$23,105,627	0.0%
Capital Outlay	$ 48,940	--	--
Total Expenditures	**$86,400,241**	**$83,875,745**	**-2.9%**

The Proposed General Fund expenditures for FY 2016-17 are $60,770,118, excluding internal service fund allocations and capital outlay. This represents a decrease of nearly $2.5 million, or 3.9%, when compared to the midyear budget for FY 2015-16. The primary reason for the decrease is attributed to the inclusion of the carryover appropriations in the FY 2015-16 midyear budget. Described below are the major assumptions used in projecting our “base” budget.

- Personnel costs will increase by 1.1% to $53,212,036. A follow-up Budget Response Report will be provided on June 7th related to potential FY 2016-17 salary/benefit increases for employee groups whose contracts expire June 30, 2016. As referenced earlier, with the release of the proposed FY 2016-17 Budget, we have a companion Budget Response Report which provides information on anticipated PERS increases for both safety and non-safety employees.

- 436 positions are authorized and funded compared to 496 in FY 2007-08.

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

- Maintenance and operations expenses have decreased with the inclusion of carryover appropriations in the FY 2015-16 midyear budget.

- Internal service fund allocations were adjusted with the FY 2015-16 midyear budget review and will not be adjusted again until the FY 2016-17 midyear budget review.

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

- The difference between FY 2016-17 General Fund revenues and expenditures before beginning fund balance, transfers in/out and Decision Packages is $452,845. If all Decision Packages are adopted and the beginning fund balance and transfers in/out are included, the remaining fund balance would be $468,772.

Mini-Financial Statements

As has been the case for a number of years, we openly communicate the fiscal condition of our various municipal "business units" within the budget by using mini-financial statements. In this way, the Mayor and 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
Harbor Uplands
Solid Waste
Wastewater
Transit
Vehicle Replacement
Street Landscaping and Lighting
Community Development Block Grant
Housing Authority
Seaside Lagoon
Redondo Beach Performing Arts Center
Harbor Parking Structures
Farmers' Market
Successor Agency
Housing Successor Agency
Community Financing Authority
Public Financing Authority

Budget Development Process

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 executive team under the direction of the City Manager. The Budget & Finance and Public Works Commissions also provide their advice and expertise in assisting City staff 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 proposed budgets starting at the expenditure and service levels adopted by the City Council for FY 2015-16. Adjustments were then made to departmental expenditure budgets in the Personnel category that reflect changes due to labor agreements, contractual obligations, and employee movements within authorized compensation schedules. Expenditures in the departmental Internal Service Fund expenditure category were kept at the FY 2015-16 midyear level to be adjusted again during the FY 2016-17 midyear budget review. The combination of all of the above changes set the anticipated departmental "base" budget for FY 2016-17.

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 2016-17 base budgets. We have many more departmental needs than we have funding available. The City is primarily a service organization with nearly 63.34% of its General Fund costs attributed to the personnel that provide services to the community.

The following criteria were used in the evaluation and ranking of Decision Packages with a higher priority given to resources needed for core municipal services in the police, fire, paramedic and public works areas.

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

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

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

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

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

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

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

Budget deliberations are about policy priorities, allocating limited resources and making difficult choices. Using the criteria described above and our corporate value of "Fiscal Responsibility", a total of 48 Decision Packages are recommended.

Decision Packages recommended by the City Manager are listed immediately following this message with a summary table identifying whether the modifications to the budget are of a one-time nature or have recurring costs.

Conclusion

This year we once again made strides towards fulfilling the Mayor and City Council's intent of bringing ongoing revenues in line with recurring expenses. This is a noteworthy accomplishment, and has been achieved primarily through careful controlling of costs, growth in revenues and recent economic development.

I would like to thank the management team for their untiring efforts at working on common goals and what is in the best interest of the community. It does not go unnoticed or unappreciated. Special thanks is due to key staff members who helped formulate the Proposed FY 2016-17 Budget including Assistant City Manager Mike Witzansky (who also led our negotiations on Marine Avenue Hotels resulting in access to $2.3 million in additional TOT revenue), all Department Heads and to all departmental staff involved with the budget process. In the Financial Services Department, we are especially grateful to Assistant Financial Services Director Marni Ruhland, Payroll and Finance Manager Lori Yamasaka and Administrative Analyst Jeff Payne for their work on all elements of the budget. Additional thanks are due to members of the Budget and Finance Commission and to the Public Works Commission for their input and assistance in the budget process.

I would also like to recognize the contributions of the City's employees for providing budgetary solutions that allowed us to meet the economic challenges of the past years, while also maintaining the high levels of service expected by our community. As some of you know, this is the seventh City I have worked for during my career in municipal government. I can honestly say that Redondo Beach employees do their very best to provide an extraordinarily high level of service to the community and we are fortunate to have such a caring and hard-working team of employees.

Finally, to the Mayor and City Councilmembers – both as individuals and as a group, you do not take the responsibility of being good fiscal stewards lightly. Your concern for the well-being of the community and your constructive guidance help validate this document. Your commitment to the community and support for staff enables the team to do their job in the most effective manner possible. Thank you for setting a great example and having confidence our staff team's ability to do the best for Redondo Beach.

Sincerely,

Joseph M. Hoefgen
City Manager

City Manager Recommended
FY 2016-17 Decision Packages for City Council Approval

Decision Packages that would be needed to comply with County-State-Federal mandates or fund unavoidable costs to maintain basic services:

Decision Package #1. 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 FY 2016-17 to cover higher costs for the Street Landscaping and Lighting District to prevent a reduction of service. Recommended is a one-time $122,209 transfer from the General Fund to the Street Landscaping and Lighting Fund.

Decision Package #2. March 7, 2017 Election. Redondo Beach will conduct a General Municipal election in 2017 to elect a Mayor, a City Attorney, three members of the City Council, and three members of the Redondo Beach Unified School District. The City is required to pay for the full costs of the election. Recommended is a one-time General Fund appropriation of $306,525.

Decision Package #3. Parking Meter Connectivity and Credit Card Transaction Fees. With an increase in the number of credit card payments accepted for the parking meters in the waterfront parking structures and around the Riviera Village, additional funding is needed to pay connectivity and credit card transaction fees. Recommended are ongoing appropriations of $70,330 to the General Fund, $6,800 to the Harbor Tidelands Fund, and $151,900 to the Harbor Uplands Fund.

Decision Package #4. Redondo Beach South Bay Galleria Security Reimbursement Agreement. The City entered into a reimbursement agreement with Forest City to continue patrolling the South Bay Galleria. The agreement is in effect from March 15, 2016 to June 30, 2017 with the possibility of an extension or renegotiation after the term of the contract expires. A $100,000 appropriation is necessary for the Fiscal Year 2016-17 portion of the current contract. Recommended is a one-time appropriation of $100,000 to the General Fund.

Decision Package #5. Fire Department Overtime. In light of the past year's salary increases for sworn fire personnel, an adjustment is needed to fully fund overtime costs arising from contractually obligated constant manning in the Paramedic, Suppression and Harbor Patrol operations. Recommended is an ongoing General Fund appropriation of $46,080 and an ongoing Harbor Tidelands appropriation of $5,900.

Decision Package #6. Section 8 Housing Assistance Payment (HAP) Funding Adjustment. The Redondo Beach Housing Authority has a reserve account that is held in trust by the Department of Housing and Urban Development (HUD). A one-time $96,044 use of the HAP reserve account would provide an additional ten to twenty housing vouchers to qualified individuals and families during Fiscal Year 2016-17. Recommended is a $96,044 one-time increase to estimated revenues and appropriations to the Housing Authority Fund.

Decision Package #7. Community Development Block Grant (CDBG) Funding Adjustment. To reflect the FY 2016-17 HUD funding reduction of 5.1%, proposed is an adjustment to the CDBG estimated revenues and appropriations. The City's housing improvement program, public service agency funding program, and capital improvement program for low and moderate income persons will be impacted by the Federal Government reduction, as will CDBG administration. Recommended is a $13,649 ongoing reduction to estimated revenues and appropriation to the CDBG Fund.

Decision Package #8. Waterfront and Economic Development Contracts and Professional Services. An appropriation is needed to fund the cost of existing and proposed contracts and professional services relating to the general operation of the pier and harbor area. Examples of these contracts include parking operating services, tenant auditors, marine engineering consulting, and real estate services. Recommended is a one-time appropriation of $40,000 and an ongoing appropriation of $153,278 to the Harbor Tidelands Fund and a one-time appropriation of $40,000 and an ongoing appropriation of $87,873 to the Harbor Uplands Fund.

Decision Package #9. Citywide Pavement Management Study. The City is required to update its Pavement Management Survey every three years in order to use Proposition C and Measure R funds on City streets. The City uses the results of the survey to prioritize its resurfacing projects and to comply with annual GASB 34 reporting in the Comprehensive Annual Financial Report (CAFR). Recommended is a one-time appropriation of $60,000 to the Proposition C Fund and a $140,000 appropriation to the Measure R Fund.

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

Decision Package #10. Public Safety New Hire Uniforms and Supplies. An appropriation is needed to cover the cost of outfitting new Firefighters and Police Officers with uniforms, safety gear and small tools and supplies. Recommended is a one-time Fire Department General Fund appropriation of $84,000 and a one-time Police Department General Fund appropriation of $10,000.

Decision Package #11. Fire Department Operating Equipment. An additional appropriation is needed for Fire Department equipment, including replacement rain gear, wildland fire radios, fire hose, SCBA (self-contained breathing apparatus) face pieces and voice amplifiers, as well as copies of the 2016 Fire, Building and Residential Code books and National Fire Protection Association updates. Recommended is a one-time General Fund appropriation of $64,020.

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

Decision Package #12. City Clerk Reorganization. To address a recommendation of the recently completed City Clerk's Office organizational assessment, an additional Administrative Specialist is needed to focus on Public Records Act processing compliance, contract management, insurance compliance, and records management activities. The position will also be available to assist during elections. Recommended is approval of the personnel change and an ongoing appropriation of $75,000 to the General Fund.

Decision Package #13. Information Technology Equipment Replacement. An appropriation is needed for the software, equipment and hardware components of the City's network infrastructure that 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 Fund of $543,700.

Decision Package #14. Police Department Administrative Services Division Reorganization. To formalize civilian management of the Police Department Administrative Services Division, the creation of a new Administrative Services Manager position to provide oversight of the Jail, Personnel and Training, Property and Evidence, and Emergency Communications Units is needed. Additionally, an Analyst position is needed in the Personnel and Training Unit. These new positions are to be funded by the deauthorization of the Department's two vacant Administrative Analyst positions. The resulting savings to the General Fund is $3,850. Recommended is approval of the personnel changes and an ongoing reduced appropriation of $3,850 to the General Fund.

Decision Package #15. Main Library Detection System. An appropriation is needed to replace the Main Library's detection system which helps ensure that no materials leave the library without being checked out. Recommended is a one-time General Fund appropriation of $13,500.

Decision Package #16. Community Services Department Reorganization. Cost savings will be realized with a reorganization of the staffing and services in the Community Services Department for operation of the City's special events, Community Development Block Grant (CDBG) program and departmental administrative analysis. The reorganization realigns work for these functions through 1) deauthorizing the Senior Administrative Specialist positon, 2) deauthorizing the Administrative Analyst position, 3) authorizing a new Community Services Analyst position, and 4) freezing the vacant Recreation and Youth Services Manager position for a one-year period. Recommended is approval of the personnel changes, an ongoing reduced appropriation of $77,800 to the General Fund, an ongoing reduced appropriation of $8,600 to the Transit Fund, and a one-time reduced appropriation of $155,500 to the General Fund.

Decision Package #17. Interdepartmental Transfer of Passport Services. Proposed is a shift of passport processing from the City Clerk's Office to the Community Services Department effective January 1, 2017 in order to enable the City Clerk's Office to focus on core City Clerk functions such as elections, contracts, and records management. Recommended is a transfer of the services and $25,000 in City Clerk part-time personnel appropriations to the Community Services Department.

Decision Package #18. Interdepartmental Transfer of Fire Plan Review Services. With the retirement of the part-time civilian Fire Department employee performing Fire plan review services, these services are recommended for transfer to the Building Division in the Community Development Department and provided on a contract "fee for service" basis. Recommended is a transfer of $71,268 in Fire Department Prevention Division personnel appropriations to Community Development Department Building Services Division maintenance and operations appropriations.

Decision Package #19. Code Enforcement Staff Uniforms and Equipment. Currently, Code Enforcement staff has no identifying clothing when conducting field inspections. To lend added authority and ensure staff safety, uniforms for the Code Enforcement staff are needed as well as materials and supplies to support issuance of citations. Recommended is an ongoing appropriation of $2,250 to the General Fund.

Decision Package #20. Solid Waste Consultant. Needed is an appropriation to hire a consultant to assist staff in exploring the feasibility of extending the Solid Waste Handling Services Agreement with Athens Services and adding new services such as street sweeping as part of the solid waste franchise agreement. Recommended is a one-time appropriation to the Solid Waste Fund of $75,000.

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

Decision Package #21. Authorization for Executive Assistant to the City Prosecutor Position. To avoid penalties, now possible due to a recent law change, for failing to comply with necessary discovery obligations and to adequately handle all evidence required to be disclosed to the defense (including that from the expanded use of Police Department body cameras), proposed is authorization for an Executive Assistant to the City Prosecutor position. The cost of this full-time position (in place of an existing part-time position) will be partially funded by a $50,000 reduction in maintenance and operations appropriations in the City Attorney's budget. Recommended is approval of the personnel change and an ongoing appropriation of $60,700 to the General Fund.

Decision Package #22. Quality of Life/Nuisance Abatement Prosecutor. An appropriation is needed to fund for a one-year period a full-time Quality of Life/Nuisance Abatement Prosecutor to assist Code Enforcement in reviewing all pending cases and to advise the Community Development Department on best steps for moving forward with enforcement or otherwise successfully closing active enforcement matters. The temporary assignment would also give assistance to the Police Department with issues regarding the City's homeless population. Recommended is a one-time appropriation to the General Fund of $175,500.

Decision Package #23. Authorization for Over-Hire of Two Community Services Officer II (Jailer) Positions. Authorization for a one-year over-hire of two Jailer positions is needed to provide adequate staffing levels while employees are unable to work in the jail due to long-term medical restrictions. Recommended is a one-time General Fund appropriation of $188,250.

Decision Package #24. Authorization for Over-Hire of a Police Services Specialist Position. Authorization for a one-year over-hire of a Police Services Specialist position in the Records Unit is needed to provide adequate staffing levels during the training period for recently hired employees. Recommended is a one-time General Fund appropriation of $83,000.

Decision Package #25. Authorization for Over-Hire of an Emergency Services Dispatcher Position. Authorization for a one-year over-hire of an Emergency Services Dispatcher position is needed to provide minimum staffing levels and due to a scheduled retirement and while employees are in training, on long-term medical leave, and/or filling an interim position. Recommended is a one-time appropriation of $50,000 to the Emergency Communications Fund.

Decision Package #26. Public Library Materials and Digital Resources. Additional funding would assist with price increases and increased demand for library materials and would facilitate the introduction of new and expanded digital library resources. Recommended is a one-time appropriation of $40,000 to the General Fund as restoration of a prior year reduction in the library materials budget.

Decision Package #27. Senior and Family Services Increased Part-Time Hours. Increased programs and rental bookings at the Anderson, Perry and Veterans' Senior Centers require specially trained and experienced part-time personnel to support the activities and events and provide efficient and safe venue operations. Increasing the number of hours worked by two current part-time employees will allow the workload to be adequately distributed among the workforce. Recommended is an ongoing appropriation of $14,100 offset by additional ongoing revenue of $14,100 to the General Fund.

Decision Package #28. Redondo Beach Performing Arts Center (RBPAC) Audio Network Distribution System. An appropriation is needed to replace the RBPAC's inoperable audio network distribution system. The total replacement cost is $48,450, however, $20,000 is available in the current RBPAC operating budget and facility donation account, and will be used to partially pay for the system. Recommended is a one-time General Fund appropriation of $28,450.

Decision Package #29. Transit Vehicle Replacement. Two fixed route and three WAVE "Dial-A-Ride" vehicles are scheduled for replacement. Funding is needed to purchase the replacement vehicles. Recommended is a $600,000 one-time increase to estimated revenues and appropriations to the Intergovernmental Grants Fund and a $150,000 one-time increase to estimated revenue and appropriations to the Transit Fund.

Decision Package #30. Reinstatement of Senior Code Enforcement Officer Position. An appropriation is needed to fund the incremental cost for a reinstatement of a Senior Code Enforcement Officer position through the reclassification of one existing Code Enforcement Officer position to Senior Code Enforcement Officer for increased oversight of the code enforcement program and complex cases. Recommended is approval of the personnel change and an ongoing appropriation of $8,030 to the General Fund.

Decision Package #31. Waterfront and Economic Development Department Reorganization. An appropriation is needed to fund the net cost of a Senior Management Analyst position to assist with economic development efforts throughout the City and to support waterfront projects as necessary and the deauthorization of the Harbor Facilities Manager upon the incumbent employee's planned retirement. Recommended is approval of the personnel changes, a one-time appropriation of $24,030 and an ongoing reduced appropriation of 18,090 to the Harbor Tidelands Fund, and a one-time appropriation of $24,030 and an ongoing reduced appropriation of $18,090 to the Harbor Uplands Fund.

Decision Package #32. Vehicle Replacement Purchases. The City schedules and funds vehicle replacements as part of the *Vehicle and Heavy Equipment Replacement Program* on an annual basis. An appropriation is necessary for the scheduled replacement of 20 vehicles used by City employees to carry out their work assignments. Recommended is a one-time appropriation to the Vehicle Replacement Fund of $1,524,000.

Decision Package #33. Generator Inclusion in the Vehicle and Heavy Equipment Replacement Program. City facilities and infrastructure are supported by 21 stand-by generators. Inclusion of these generators in the Vehicle and Heavy Equipment replacement program will ensure there is sufficient funding to replace them on a scheduled basis at the end of their useful life. A Fiscal Year 2016-17 appropriation is also needed for generators requiring immediate replacement. Recommended is the inclusion of the generators in the Vehicle and Heavy Equipment Replacement Program and one-time appropriations of $74,780, $21,430, and $214,640 to the Wastewater, Vehicle Replacement, and Building Occupancy Funds, respectively.

Decision Package #34. Authorization for Full-Time GIS Technician Position. Over the last several years, internal requests for GIS mapping services has grown. In an ever-increasing digital world, having accurate data layers of the City's infrastructure is extremely important. While these tasks are currently being handled by a part-time (1,500 hours per year) employee, the quality and quantity of information now needed on a regular basis supports the need for a full-time position. Recommended is approval of the personnel change and an ongoing appropriation of $8,550 to the General Fund, $7,550 to the Harbor Tidelands Fund, $7,550 to the Harbor Uplands Fund, and $36,750 to the Wastewater Fund.

Decision Package #35. Vessel Mooring Maintenance Contract. The 31 vessel moorings installed in the Redondo Beach Harbor require various quarterly, bi-annual and annual maintenance services to remain operational. An appropriation is needed for an outside maintenance contract to perform this work. Recommended is an ongoing appropriation to the Harbor Tidelands Fund of $100,000.

Decision Package #36. Confirmation of Signature Special Events. The six recommended signature events with waiver of City hard and soft costs are 4th of July 2016 Event; Super Bowl 10K Run/Walk; Lobster Festival; Spring Fest; Riviera Village Summer Festival; and Riviera Village Holiday Stroll. Additionally, there is a capped fee waiver for two additional events: King Harbor Sea Fair and King Harbor Boat Parade. These are the same events the City Council approved for FY 2015-16. This represents $32,200 in costs to the General Fund, $16,800 in costs to the Harbor Uplands Fund, and $4,200 to the Harbor Tidelands Fund. Recommended is the ongoing budgeting of hard and soft costs for only these special events.

Decision Package #37. 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 $12,000 payment to Pete Moffet Productions. Additionally, the agreement calls for the City to provide necessary staffing for the event at an approximate cost of $16,000, which is included in the signature special event decision package. Recommended is a one-time appropriation of $12,000 to the Harbor Tidelands Fund.

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

Decision Package #38. Community Development Department Fee Increases. With a steady rise in building industry construction costs, the Community Development Department costs for providing those services has also risen. Therefore, proposed is a 9% increase of all Community Development Department fees which would generate ongoing General Fund revenue of $253,000. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the Community Development Department fee increases.

Decision Package #39. Redondo Beach Performing Arts Center (RBPAC) Filming Location Fee Structure. Currently the RBPAC filming location fees are negotiated amounts. A revised fee structure with a $2,500 daily minimum and a $50,000 daily maximum is proposed in order to provide a more transparent fee structure. No additional revenue is anticipated from the revised fee structure. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the revised RBPAC filming location fee structure.

Decision Package #40. Parks Filming Location Fee Structure. Currently the parks filming location fees are fixed amounts that are not necessarily reflective of actual film production activities and impact. Proposed is a revised fee structure with a $1,500 daily minimum and a $10,000 daily maximum for large parks, a $600 daily minimum and a $10,000 daily maximum for small parks, a $400 daily minimum and a $10,000 daily maximum for playfields, and a $300 daily minimum and a $10,000 daily maximum for parkettes. No additional revenue is anticipated from the revised fee structure. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the revised parks filming location fee structure.

Decision Package #41. Waterfront Filming Location Fee Structure. Currently the waterfront filming location fees are negotiated amounts. A revised fee structure with a $600 daily minimum and a $50,000 daily maximum is proposed in order to provide a more transparent fee structure. No additional revenue is anticipated from the revised fee structure. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the revised waterfront filming location fee structure.

Decision Package #42. Police Department Standby Service Fee Increases. The Police Department last increased its standby service fees for special events and at filming locations in 2004. Since that time, there have been substantial sworn and non-sworn personnel cost increases Therefore, to ensure cost recovery for these services, proposed is an increase to the sworn personnel standby service fee from $106 per hour to $135 per hour and an increase to the non-sworn personnel standby service fee from $57 per hour to $67 per hour. Additionally proposed is a two-hour minimum for these services. The fee increases are anticipated to generate $9,000 additional General Fund revenue. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the Police Department standby service fee increases.

Decision Package #43. Police Department Third Party Records Search Fee. The Police Department receives 25 to 50 name check requests per day for "any and all record information associated to arrests, incidents, and traffic citations" from private vendors. The private vendors are under contract and compensated by the United States Office of Personnel Management (OPM) Federal Investigative Services Division (FISD). Although the private vendors frequently receive separate reimbursement up to $15 for each request, they are currently processed at no charge by the Redondo Beach Police Department. Proposed is a new $15 third party records search fee which is anticipated to generate additional ongoing General Fund revenue of $100,000. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the new Police Department third party records search fee.

Decision Package #44. Riviera Village Triangle Parking Fee Increases. Proposed is a parking meter rate increase in the Riviera Village Triangle from $1.00 per hour to $1.50 per hour to match what is charged throughout the rest of the Riviera Village. An additional $100,000 in ongoing General Fund revenue is anticipated from the fee increase. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the Riviera Village Triangle parking fee increase.

Decision Package #45. Extension of Riviera Village Parking Meter Hours of Enforcement. Proposed is an extension to the hours of parking meter enforcement from 6:00 pm to 9:00 pm in the Riviera Village, including the Triangle. An additional $150,000 in ongoing General Fund revenue is anticipated from the additional hours of enforcement. No additional staffing is required for enforcement based on the current deployment of personnel. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the extension of Riviera Village parking meter hours of enforcement.

Decision Package #46. Parking Meter Permit and Riviera Village Employee Permit Fee Increases. Proposed is an increase to the annual parking meter permits from $110 to $130 and an increase to the employee parking permits from $60 to $75 effective October 1, 2016. An additional $41,125 in ongoing General Fund revenue is anticipated from the fee increases. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the parking meter permit and Riviera Village employee permit fee increases.

Decision Package #47. Waterfront Parking Structure Fee Increase. Parking fees within the various parking structures at the waterfront are tiered for summer and winter use. In addition, the fees provide for a discount for the first hour of parking, Monday through Friday from 8:00 am to 6:00 pm throughout the year. Proposed is an increase in the first hour rate from $.50 to $1.00. An additional $15,000 in Harbor Tidelands revenue and $45,000 in Harbor Uplands revenue is anticipated from the fee increase on an ongoing basis. Recommended is direction to hold a public hearing on June 21, 2016 for consideration of the waterfront parking structure fee increase.

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

Decision Package #48. Transfer from CalPERS Reserve Fund. The City Council has established a reserve fund to help the City absorb its rapidly increasing employee pension costs. The CalPERS cost increase from FY 2015-16 to FY 2016-17 is $1,064,759. These costs are included in the core budget. The balance remaining in the CalPERS Reserve Fund after this transfer would be $3,977,307. The CalPERS Reserve Fund is intended to absorb only the year-over-year increase in pension costs and it has been the City Council's practice to, when possible, at least replenish the reserve as part of the year-end financial reconciliation. Recommended is a one-time $650,000 transfer from the CalPERS Reserve Fund to the General Fund. This is the nearly the same amount as the combined total of the Decision Packages with one-time costs listed on the following summary page with an asterisk.

City Manager Recommended
FY 2016-17 Decision Packages for City Council Approval
Summary

			General Fund		
			One-Time	***Ongoing***	***Other Funds***
1.		Street Landscaping and Lighting Assessment District	122,209		
2.		March 7, 2017 Election	306,525		
3.		Parking Meter Connectivity and Credit Card Transaction Fees		70,330	158,700
4.	*	Redondo Beach South Bay Galleria Security Reimbursement Agreement	100,000		
5.		Fire Department Overtime		46,080	5,900
6.		Section 8 Housing Assistance Payment (HAP) Funding Adjustment			-
7.		Community Development Block Grant (CDBG) Funding Adjustment			-
8.		Waterfront and Economic Development Contracts and Professional Services			321,151
9.		Citywide Pavement Management Study			200,000
10.	*	Public Safety New Hire Uniforms and Supplies	94,000		
11.	*	Fire Department Operating Equipment	64,020		
12.		City Clerk Reorganization		75,000	
13.		Information Technology Equipment Replacement			543,700
14.		Police Department Administrative Services Division Reorganization		(3,850)	
15.	*	Main Library Detection System	13,500		
16.	*	Community Services Department Reorganization	(155,500)	(77,800)	(8,600)
17.		Interdepartmental Transfer of Passport Services		-	
18.		Interdepartmental Transfer of Fire Plan Review Services		-	
19.		Code Enforcement Staff Uniforms		2,250	
20.		Solid Waste Consultant			75,000
21.		Authorization for Executive Assistant to the City Prosecutor		60,700	
22.	*	Quality of Life/Nuisance Abatement Prosecutor	175,500		
23.	*	Authorization for Over-Hire of Two Community Services Officer II	188,250		
24.	*	Authorization for Over-Hire of a Police Services Specialist Position	83,000		
25.		Authorization for Over-Hire of an Emergency Services Dispatcher			50,000
26.	*	Public Library Materials and Digital Resources	40,000		
27.		Senior and Family Services Increased Part-Time Hours		-	
28.	*	Redondo Beach Performing Arts Center (RBPAC) Audio Network Distribution System	28,450		
29.		Transit Vehicle Replacement			-
30.		Reinstatement of Senior Code Enforcement Officer Position		8,030	
31.		Waterfront and Economic Development Department Reorganization			48,060
32.		Vehicle Replacement Purchases			1,524,000
33.		Generator Inclusion in the Vehicle and Heavy Equipment Replacement Program			310,850
34.		Authorization for Full-Time GIS Technician Position		8,550	51,850
35.		Vessel Mooring Maintenance Contract			100,000
36.		Confirmation of Signature Special Events		-	
37.		4th of July Fireworks Event Funding			12,000
38.		Community Development Department Fee Increases		(253,000)	
39.		Redondo Beach Performing Arts Center (RBPAC) Filming Location Fee Structure		-	
40.		Parks Filming Location Fee Structure		-	
41.		Waterfront Filming Location Fee Structure		-	
42.		Police Department Standby Service Fee Increases		(9,000)	
43.		Police Department Third Party Records Search Fee		(100,000)	
44.		Riviera Village Triangle Parking Fee Increases		(100,000)	
45.		Extension of Riviera Village Parking Meter Hours of Enforcement		(150,000)	
46.		Parking Meter Permit and Riviera Village Employee Permit Fee Increases		(41,125)	
47.		Waterfront Parking Structure Fee Increase			(60,000)
			1,059,954	(463,835)	(60,000)
		Excess Beginning Fund Balance (After 8.33% "Minimum Contingency Reserve")	(414,891)	-	(28,493,519)
48.		Transfer from CalPERS Reserve Fund (leaving 4.0 million CalPERS Reserve balance)	(650,000)	-	-
		Revenues over Expenditures if All Decision Packages Adopted	(4,937)	(463,835)	(28,553,519)

* *Denotes Decision Packages with one-time General Fund costs totaling $631,220 - the approximate amount of the transfer from the CalPERS reserve.*

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