

**BUDGET
RESPONSE
REPORTS
FY 2016-17**



FY 2016-2017
BUDGET RESPONSE REPORTS
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CITY OF REDONDO BEACH
BUDGET RESPONSE REPORTS
FY 2016-17 PROPOSED BUDGET

The following is a list of questions raised regarding the FY 2016-17 Proposed Budget. The corresponding answer to each of these questions (the “Budget Response Report”) follows in the sequence reflected.

Question	No.
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CITY OF REDONDO BEACH

Budget Response Report #1

June 7, 2016

Question:

What corrections/adjustments need to be made to the FY 2016-17 Proposed Budget document for inclusion in the Adopted Budget?

Response:

Corrections/adjustments that need to be made to the FY 2016-17 Proposed Budget document are listed below.

- ⇒ The Harbor Enterprise Funds Summary excluded the Harbor Tidelands Public Works Administration and Capital Improvements expenditures (\$36,692 and \$1,587,500, respectively). An updated summary is attached.
- ⇒ Decision Package #41 incorrectly lists the proposed daily minimum waterfront filming location fee as \$600. The correct proposed daily minimum is \$100. The revised decision package is shown below.
 - *Decision Package #41. Waterfront Filming Location Fee Structure. Currently the waterfront filming location fees are negotiated amounts. A revised fee structure with a \$100 daily minimum and a \$50,000 daily minimum 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.*
- ⇒ Included with the Mayor and City Council Offices' core budget on page 98 should have been the following notation regarding an appropriation transfer to the Information Technology Department.
 - *Transferred from the Mayor/City Council Offices' FY 16-17 Proposed amounts is an appropriation for the customer service request software, Comcate, annual maintenance contract to reflect the administration and management transfer to the Information Technology Department.*
- ⇒ The selected performance measures for the City Manager's Office incorrectly identified 6 appointments for executive and management positions in FY 2014-15 instead of 3 appointments in FY 2014-15 and 3 in FY 2015-16. On the following page are updated selected performance measures for the City Manager's Office.

City Manager	Actual FY 2014-15	Estimated FY 2015-16	Proposed FY 2016-17
Finalize agenda packets and reports for City Council meetings throughout the year	35	35	36
Complete appointments for executive and management positions	3	3	0
Issue weekly updates by the City Manager	33	50	52
Conduct regular department head meetings to update staff on current events, review project progress and implement Council policy.	52	52	52

⇒ The selected performance measures for the Risk Management Division of the Human Resources Department did not break out the number of annual health benefits insurance plan renewals processed for active employees and retired employees. Below are updated selected performance measures for the Risk Management Division.

Risk Management:	Actual FY 2014-15	Estimated FY 2015-16	Proposed FY 2016-17
Process employee new workers' compensation claim filings within three days of receipt	42	45	45
Process new general liability claims within 45 days of receipt	60	50	50
Process annual health benefits insurance plan renewals for active employees	380	390	410
Process annual health benefits insurance plan renewals for retired employees	170	170	180

HARBOR ENTERPRISE FUNDS SUMMARY
BY DEPARTMENT/BY EXPENDITURE TYPE
FISCAL YEAR 2016-17

<i>Harbor Enterprise Funds</i>	Personnel	Maintenance & Operations	Internal Service	Capital Outlay	Total
Harbor Tidelands:					
Department:					
Mayor & City Council	4,200	-	1,376	-	5,576
City Attorney - General Legal	-	106,000	4,033	-	110,033
City Manager	-	-	1,048	-	1,048
Police - Special Operations	27,000	2,475	2,047	-	31,522
Fire - Operations	1,625,399	92,340	379,381	-	2,097,120
Recreation Services	270,670	143,670	75,910	-	490,250
General Engineering	4,700	-	1,413	-	6,113
Harbor	299,204	697,880	292,085	-	1,289,169
Public Works Administration	36,692	-	-	-	36,692
Harbor Maintenance	1,088,097	591,486	349,479	-	2,029,062
Total Operating	3,355,962	1,633,851	1,106,772	-	6,096,585
Capital Improvements	-	-	-	1,587,500	1,587,500
Total Harbor Tidelands Fund	3,355,962	1,633,851	1,106,772	1,587,500	7,684,085
Harbor Uplands:					
Department:					
Mayor & City Council	16,800	-	1,266	-	18,066
City Attorney - General Legal	-	171,000	3,506	-	174,506
City Manager	-	-	1,048	-	1,048
Police - Investigation Division	179,948	-	51,472	-	231,420
Police - Special Operations	1,079,614	16,735	315,973	-	1,412,322
Police - Administrative Services Division	103,376	-	10,859	-	114,235
General Engineering	4,700	-	869	-	5,569
Harbor	299,203	333,053	479,205	-	1,111,461
Harbor Maintenance	806,585	512,481	337,345	-	1,656,411
Total Operating	2,490,226	1,033,269	1,201,543	-	4,725,038
Capital Improvements	-	-	-	1,612,500	1,612,500
Total Harbor Uplands Fund	2,490,226	1,033,269	1,201,543	1,612,500	6,337,538
Total Harbor Enterprise:					
Department:					
Mayor & City Council	21,000	-	2,642	-	23,642
City Attorney - General Legal	-	277,000	7,539	-	284,539
City Manager	-	-	2,096	-	2,096
Police - Investigation Division	179,948	-	51,472	-	231,420
Police - Special Operations	1,106,614	19,210	318,020	-	1,443,844
Police - Administrative Services Division	103,376	-	10,859	-	114,235
Fire - Operations	1,625,399	92,340	379,381	-	2,097,120
Recreation Services	270,670	143,670	75,910	-	490,250
General Engineering	9,400	-	2,282	-	11,682
Harbor	598,407	1,030,933	771,290	-	2,400,630
Public Works Administration	36,692	-	-	-	36,692
Harbor Maintenance	1,894,682	1,103,967	686,824	-	3,685,473
Total Operating	5,846,188	2,667,120	2,308,315	-	10,821,623
Capital Improvements	-	-	-	3,200,000	3,200,000
Total Harbor Enterprise Funds	5,846,188	2,667,120	2,308,315	3,200,000	14,021,623

CITY OF REDONDO BEACH

Budget Response Report #2

May 17, 2016

Question:

What are the City's internal service fund and overhead allocations, and what policies and procedures govern them? What are the reasons for the changes in the FY 2016-17 allocations included in the proposed budget from those in the FY 2015-16 adopted budget? And what is the opinion of the outside audit firm regarding the internal service funds?

Response:

Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City. The City uses internal service fund allocations (including overhead) to determine the true cost of departmental operations. The development of internal service fund and overhead allocations is considered to be a best practice within both the private and public sectors. All twenty of the largest cities in California develop a cost allocation plan.

The City has been using its current structure of internal service fund and overhead allocations since FY 2005-06 (based on recommendations from a firm retained to review the allocation process). However, the Vehicle Replacement Internal Service Fund has been in place since FY 1983-84, and overhead has been charged to enterprise and other specific non-general funds for at least that long.

The City's Statements of Financial Principles were adopted in November 1998 and included policies regarding interfund transfers (overhead) as follows:

- Section 8(a) – Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines¹.
- Section 8(b) – All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.

In 2009, the Mayor and City Council approved adding the following policies to the Statements of Financial Principles. The additional policies give further clarification on the methodologies used by Redondo Beach in calculating its allocations.

¹ In OMB A-87 (Cost Principles for State, Local, and Indian Tribal Governments), the federal government establishes the rules underlying the development of cost allocation plans. Plans prepared following the OMB A-87 guidelines can be used for federal grant administrative cost recovery.

- Section 8(c) – Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
- Section 8(d) – Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.

In 2010, the City issued an Administrative Policy / Procedures (APP) regarding internal service fund and overhead allocations to address expenses included in the allocations, methodologies used to make these allocations, and a brief description of how these amounts were calculated. Attached is the most recently updated APP.

Also attached are City-wide variance analyses comparing allocations in the FY 2016-17 proposed budget to the FY 2015-16 adopted budget. Attachment 2-A is an analysis of each internal service fund/overhead allocation, and Attachment 2-B is an analysis of the impact from these allocations to each fund's proposed expenditures and revenues. Explanations for increases/decreases are included. In total, internal service fund and overhead allocations have increased approximately 12 percent primarily due to higher workers' compensation and liability insurance allocations from increased claims and premiums as well as higher building occupancy allocations from several large maintenance project contracts such as elevator renovations and replacement of the energy management system at the Performing Arts Center.

The allocations in the FY 2016-17 proposed budget are the same as those approved by the City Council on March 15, 2016 as part of the FY 2015-16 midyear budget and then reviewed, again as part of the midyear budget, by the Budget and Finance Commission on March 17. Including the annual update with the midyear budget allows the allocations to be based on the prior fiscal year-end actual expenses (FY 2014-15 in this case) in compliance with the APP (referred to above and attached).

Beginning with the audit of the FY 2011-12 financials, a report on the internal service funds was issued with the other audit reports. Attachment 3 is a copy of the FY 2014-15 report prepared by Rogers, Anderson, Malody & Scott. The report includes a clean opinion from the audit firm.

CITY OF REDONDO BEACH

Attachment A

ADMINISTRATIVE POLICY/PROCEDURES (APP)*Number:* 3.18*Subject:* Internal Service Fund/Overhead Allocations*Original Issue:* 2/17/10*Effective:* 2/17/10*Current Issue:* 5/28/13*Effective:* 7/1/13*Category:* Finance, Accounting and Payroll*Supersedes:* Not Applicable**I. PURPOSE AND SCOPE**

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

II. GENERAL

- A. Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City.
- B. The City of Redondo Beach uses internal service fund allocations (including overhead) to determine the true cost of departmental operations.
- C. The City of Redondo Beach follows Section 8 of its Statements of Financial Principles in allocating internal service funds and overhead.
 - 1. Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.
 - 2. All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.
 - 3. Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
 - 4. Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.
- D. The City of Redondo Beach currently has the following internal service funds:
 - 1. Self-Insurance Program Fund
 - a. Liability and Property Insurance
 - b. Workers' Compensation

2. Vehicle Replacement Fund
 - a. Vehicle Maintenance
 - b. Vehicle Replacement
 3. Building Occupancy Fund
 4. Information Technology Fund
 - a. Information Technology
 - b. Information Technology Replacement
 5. Emergency Communications Fund
 - a. Emergency Communications
 - b. Emergency Communications Equipment Replacement
 6. Major Facilities Repair Fund
 7. City Facility Sewer Fee
- E. Overhead is charged to departments receiving services from the following support departments/divisions.
1. Mayor and City Council
 2. City Clerk
 3. City Treasurer
 4. City Attorney
 5. City Manager
 6. Human Resources
 7. Financial Services
 8. Police Administration
 9. Fire Administration
 10. Recreation, Transit and Community Services Administration
 11. Recreation Services
 12. Public Works Administration

III. PROCEDURES

A. Self-Insurance Program Fund

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

1. Liability and Property Insurance

a. Expenses included in this category are:

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

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

- 1) Current value of the structure occupied
- 2) Claims paid for the structure occupied or activity performed
- 3) Square footage of the structure occupied

2. Workers' Compensation

a. Expenses included in this category are:

- 1) Workers' compensation insurance annual premium expenses
- 2) Workers' compensation claims based on a five-year average (avoids spikes in allocations)

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

- 1) Full-time and part-time salaries
- 2) Claims paid for each department's specific employees

B. Vehicle Replacement Fund

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

1. Vehicle Maintenance

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

- 1) Personnel
- 2) Maintenance and operations (including fuel and parts)
- 3) Internal service fund/overhead allocations which directly support the vehicle maintenance function

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

- 1) Historical vehicle maintenance hours
- 2) Actual fuel consumption

2. Vehicle Replacement

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

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

C. Building Occupancy Fund

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

1. Building Maintenance's expenses included in the fund are:
 - a. Personnel
 - 1) Custodial personnel (excluded from allocations to facilities which do not utilize custodial services provided by the Building Maintenance Division)
 - 2) Maintenance personnel
 - b. Maintenance and operations (including utilities)
 - c. Internal service fund/overhead allocations
 - d. Capital outlay
2. Statistics used to determine the allocation amount to user departments/divisions are:
 - a. Square footage occupied
 - b. Usage of utilities
 - c. Usage of contracts
 - d. Usage of materials and supplies

D. Information Technology Fund

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

1. Information Technology
 - a. Information Technology expenses included in this category are:

- 1) Personnel

- 2) Maintenance and operations (including PC and laptop leases and telephone utility costs)
 - 3) Internal service fund/overhead allocations which directly support the information technology function
- b. Statistics used to determine the allocation amount to each user department/division are:
- 1) Number of computers and computer-related equipment
 - 2) Number of telephones and telecom-related items
2. Information Technology Replacement
- a. Each year, the Information Technology Department sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
- b. Statistics used to determine the allocation amount to user departments/divisions are:
- 1) Replacement cost for equipment that can be specifically identified to a department (e.g., plotters and large scanners)
 - 2) Number of computers, computer-related equipment, telephones, and telecom-related items is used to allocate equipment that cannot be identified directly to a department (e.g., servers and the telephone switch)

E. Emergency Communications Fund

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

1. Emergency Communications

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

- 1) Personnel
 - 2) Maintenance and operations
 - 3) Internal service fund/overhead allocations which directly support the emergency communications function
- b. Statistics used to determine the allocation amounts to both Police and Fire Departments are:
- 1) Number of Police and Fire emergency calls from the public
 - 2) Time length of Police and Fire emergency calls from the public
 - 3) Required dispatch staffing
2. Emergency Communications Equipment Replacement
- a. Each year the Communications Unit sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
 - b. Equipment assigned to the Police, Fire and Public Works departments (with the dispatch equipment assigned to the Police Department) is used to determine the allocation amount

F. Major Facilities Repair Fund

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

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

G. City Facility Sewer Fee

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

1. The institutional sewer rate is used to calculate the amount of sewer charges.
2. Statistics used to determine the allocation amount to departments/divisions residing in City facilities are:
 - a. Annual water usage for departments/divisions that are single occupants of a facility (e.g., Police Department and Fire Department)
 - b. Square footage occupied for departments/divisions sharing a facility

H. Overhead

1. Per the City’s Statements of Financial Principles, all support departments’ operating expenses which conform to OMB A-87 guidelines are included in the allocation.
2. Charts of the allocated services rendered by each support department and the allocation bases for these activities allocated follow.
 - a. City Clerk

Service	Allocation Methodology
Departmental assistance	Number of budgeted full-time employees
Records management	Number of budgeted full-time employees

- b. City Treasurer

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

c. City Manager

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

d. Human Resources

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

e. Financial Services

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

f. Police Administration

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

g. Fire Administration

Service	Allocation Methodology
Division support	Hours of support

h. Recreation, Transit and Community Services Administration

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

i. Recreation Services

Service	Allocation Methodology
Website services	Number of web pages maintained

j. Public Works Administration

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

3. Although not charged to departments (in accordance with OMB A-87 guidelines), when calculating user fees, the full cost of the items in Number 4 below is allocated to the fees.
4. A chart of the additional services rendered by each support department which are included only in the full cost allocation plan follows.

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

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

IV. EXCEPTIONS

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

V. AUTHORITY

By authority of the City Manager.

William P. Workman
City Manager

City-Wide Internal Service Fund Analysis

Internal Service Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	% Inc/Dec	Explanation for Increase/Decrease	Allocation Methodology Improvements
Vehicle Maintenance	1,951,093	2,101,591	8%	Increased allocations with the filling of a vacant position	No change
Vehicle Equipment Replacement	1,217,664	1,418,466	16%	Updated replacement costs (which are based on recent purchases)	No change
Information Technology Maintenance	2,605,443	2,774,708	6%	n/a - Expected increase / decrease	No change
Information Technology Equipment Replacement	488,259	441,795	-10%	Decreased allocations with updated equipment replacement costs and estimated useful lives to reflect changes in technology	No change

City-Wide Internal Service Fund Analysis

Internal Service Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	% Inc/Dec	Explanation for Increase/Decrease	Allocation Methodology Improvements
Communications Equipment Replacement	362,125	362,125	0%	n/a - Expected increase / decrease	No change
Workers' Compensation Insurance	2,408,104	3,082,261	28%	Increased workers' compensation claims	No change
Liability Insurance	2,763,473	3,308,480	20%	Increased liability claims and premiums	No change
Building Occupancy	3,031,028	3,878,838	28%	Increased allocations primarily attributable to large maintenance projects such as elevator renovations and replacement of the energy management system at the Performing Arts Center	No change

City-Wide Internal Service Fund Analysis

Internal Service Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	% Inc/Dec	Explanation for Increase/Decrease	Allocation Methodology Improvements
Major Facilities Repair	123,628	128,404	4%	n/a - Expected increase / decrease	No change
City Facility Sewer Fee	46,093	36,284	-21%	Decreased water usage	No change
Emergency Communications Operations	3,405,204	3,388,542	0%	n/a - Expected increase / decrease	No change
Overhead	7,588,928	8,176,790	8%	Increased allocation to Public Works and Police Departments with higher Public Works Administration and Police Administration personnel costs from the salary reallocation to the Administration Division from the Engineering Division and FY 2014-15 salary increases.	No change
Totals	25,991,042	29,098,284	12%		

City-Wide Internal Service Fund Analysis by Fund

Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	Expenditure Inc/(Dec)	Revenue Inc/(Dec)	Net Inc/(Dec) to Expenditures	Explanation for Increase/Decrease
General	20,762,859	23,105,627	2,342,768	587,862	1,754,906	Increased allocations from higher workers' compensation and liability claims and premiums as well as building occupancy large maintenance project contracts such as elevator renovations and replacement of the energy management system at the Performing Arts Center
State Gas Tax	367,652	429,031	61,379	-	61,379	Increased vehicle maintenance allocations from the use of more vehicle maintenance labor hours and increased overhead allocations resulting from increased State Gas Tax Fund expenditures
Street Landscaping and Lighting	261,943	311,213	49,270	-	49,270	Increased vehicle maintenance allocations from the use of more vehicle maintenance labor hours and increased overhead allocations resulting from increased Street Landscaping and Lighting Fund expenditures
Proposition C	2,097	2,197	100	-	100	n/m
Air Quality Improvement	4,582	3,942	(640)	-	(640)	n/m

City-Wide Internal Service Fund Analysis by Fund

Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	Expenditure Inc/(Dec)	Revenue Inc/(Dec)	Net Inc/(Dec) to Expenditures	Explanation for Increase/Decrease
Housing Authority	112,244	116,311	4,067	-	4,067	n/m
Harbor Tidelands	1,030,858	1,106,772	75,914	-	75,914	Increased allocations from higher workers' compensation and liability claims and premiums
Harbor Uplands	1,067,344	1,201,543	134,199	-	134,199	Increased vehicle maintenance, liability insurance and Emergency Communications operations allocations from greater use of fuel and vehicle maintenance labor hours, higher liability claims and premiums, and percentage of Police Department portable radios, respectively
Solid Waste	286,433	316,750	30,317	-	30,317	Increased building occupancy allocations with large maintenance project contracts such as elevator renovations and replacement of the energy management system at the Performing Arts Center as well as increased overhead allocations from higher Solid Waste Fund expenditures
Wastewater	312,266	342,292	30,026	(9,809)	39,835	Increased vehicle maintenance allocations from the use of more vehicle maintenance labor hours and increased overhead allocations resulting from increased Wastewater Fund expenditures

City-Wide Internal Service Fund Analysis by Fund

Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	Expenditure Inc/(Dec)	Revenue Inc/(Dec)	Net Inc/(Dec) to Expenditures	Explanation for Increase/Decrease
Transit	170,197	211,192	40,995	-	40,995	Increased liability insurance allocations from higher claims and premiums as well as increased overhead allocations resulting from a greater number of processed cash receipts
Self-Insurance Program	49,777	61,708	11,931	1,219,164	(1,207,233)	Increased revenue from allocations for higher workers' compensation and liability claims and premiums
Vehicle Replacement	203,119	230,125	27,006	351,300	(324,294)	Increased revenue from higher vehicle maintenance allocations resulting from the filling of a vacant position and higher vehicle replacement allocations resulting from updated replacement costs
Building Occupancy	364,487	499,322	134,835	847,810	(712,975)	Increased revenue from allocations for large maintenance projects
Information Technology	367,593	442,972	75,379	122,801	(47,422)	Increased revenue from allocations for higher Information Technology maintenance costs

City-Wide Internal Service Fund Analysis by Fund

Funds	15-16 Adopted Budget Amounts (Based on 13-14 Actuals)	16-17 Proposed Budget Amounts (Based on 14-15 Actuals)	Expenditure Inc/(Dec)	Revenue Inc/(Dec)	Net Inc/(Dec) to Expenditures	Explanation for Increase/Decrease
Emergency Communications	610,174	691,699	81,525	(16,662)	98,187	Increased workers' compensation insurance and building occupancy allocations from increased claims and higher Police Station electric costs
Major Facilities Repair	-	-	-	4,776	(4,776)	n/m
Community Financing Authority	17,417	25,588	8,171	-	8,171	n/m
Totals	25,991,042	29,098,284	3,107,242	3,107,242	-	

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**Financial Statements and
Report on Audit**

For the year ended June 30, 2015



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

CITY OF REDONDO BEACH
Internal Service Funds
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For the year ended June 30, 2015

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Attachment C

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To the City Council
City of Redondo Beach
Redondo Beach, California

INDEPENDENT AUDITOR’S REPORT

We have audited the accompanying financial statements of the Internal Service Funds of the City of Redondo Beach, California (City), and the related notes to the financial statements, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

DIRECTORS
Bradferd A. Welebir, CPA, MBA

MANAGERS / STAFF
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MEMBERS
American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Internal Service Funds of the City as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements present only the Internal Service Funds and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2015, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Rogers Anderson Malooly & Scott, LLP

San Bernardino, California

December 9, 2015

CITY OF REDONDO BEACH

Statement of Net Position

Internal Service Funds

June 30, 2015

	Vehicle Replacement	Building Occupancy	Information Technology
ASSETS			
Current assets:			
Cash and investments	\$ 6,545,672	\$ -	\$ -
Accounts receivable	5,589	-	-
Total current assets	<u>6,551,261</u>	<u>-</u>	<u>-</u>
Noncurrent assets:			
Capital assets - net of accumulated depreciation	3,933,459	96,755	1,204,872
Total noncurrent assets	<u>3,933,459</u>	<u>96,755</u>	<u>1,204,872</u>
Total assets	<u>10,484,720</u>	<u>96,755</u>	<u>1,204,872</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	49,820	91,291	84,611
Total deferred outflows of resources	<u>49,820</u>	<u>91,291</u>	<u>767,017</u>
LIABILITIES			
Current liabilities:			
Accounts payable	413,165	270,636	158,562
Accrued compensated absences	6,886	12,588	21,800
Due to other funds	-	358,886	70,133
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	-	-	271,460
Total current liabilities	<u>420,051</u>	<u>642,110</u>	<u>521,955</u>
Noncurrent liabilities:			
Accrued compensated absences	21,639	39,558	68,508
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	-	-	478,976
Net pension liability	608,980	1,115,897	1,034,246
Total noncurrent liabilities	<u>630,619</u>	<u>1,155,455</u>	<u>1,581,730</u>
Total liabilities	<u>1,050,670</u>	<u>1,797,565</u>	<u>2,103,685</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	174,646	320,023	296,606
Total deferred inflows of resources	<u>174,646</u>	<u>320,023</u>	<u>296,606</u>
NET POSITION			
Net investment in capital assets	3,933,459	96,755	454,436
Unrestricted	5,375,765	(2,026,297)	(1,565,244)
Total net position (deficit)	<u>\$ 9,309,224</u>	<u>\$ (1,929,542)</u>	<u>\$ (1,110,808)</u>

The accompanying notes are an integral part of these financial statements

CITY OF REDONDO BEACH

Statement of Net Position, Continued

Internal Service Funds

June 30, 2015

	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Total
ASSETS				
Current assets:				
Cash and investments	\$ 11,771,036	\$ 2,096,583	\$ 692,271	\$ 21,105,562
Accounts receivable	-	-	-	5,589
Total current assets	<u>11,771,036</u>	<u>2,096,583</u>	<u>692,271</u>	<u>21,111,151</u>
Noncurrent assets:				
Capital assets - net of accumulated depreciation	-	242,521	-	5,477,607
Total noncurrent assets	<u>-</u>	<u>242,521</u>	<u>-</u>	<u>5,477,607</u>
Total assets	<u>11,771,036</u>	<u>2,339,104</u>	<u>692,271</u>	<u>26,588,758</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	20,874	167,552	-	414,148
Total deferred outflows of resources	<u>20,874</u>	<u>167,552</u>	<u>-</u>	<u>414,148</u>
LIABILITIES				
Current liabilities:				
Accounts payable	367,345	5,257	-	1,214,965
Accrued compensated absences	4,135	36,414	-	81,823
Due to other funds	-	-	-	429,019
Accrued claims and judgments	981,277	-	-	981,277
Bonds, notes, and capital leases	-	-	-	271,460
Total current liabilities	<u>1,352,757</u>	<u>41,671</u>	<u>-</u>	<u>2,978,544</u>
Noncurrent liabilities:				
Accrued compensated absences	12,992	114,436	-	257,133
Accrued claims and judgments	16,166,107	-	-	16,166,107
Bonds, notes, and capital leases	-	-	-	478,976
Net pension liability	255,159	2,048,079	-	5,062,361
Total noncurrent liabilities	<u>16,434,258</u>	<u>2,162,515</u>	<u>-</u>	<u>21,964,577</u>
Total liabilities	<u>17,787,015</u>	<u>2,204,186</u>	<u>-</u>	<u>24,943,121</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	73,176	587,359	-	1,451,810
Total deferred inflows of resources	<u>73,176</u>	<u>587,359</u>	<u>-</u>	<u>1,451,810</u>
NET POSITION				
Net investment in capital assets	-	242,521	-	4,727,171
Unrestricted	(6,068,281)	(527,410)	692,271	(4,119,196)
Total net position (deficit)	<u>\$ (6,068,281)</u>	<u>\$ (284,889)</u>	<u>\$ 692,271</u>	<u>\$ 607,975</u>

The accompanying notes are an integral part of these financial statements

CITY OF REDONDO BEACH

Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2015

	Vehicle Replacement	Building Occupancy	Information Technology
OPERATING REVENUES:			
Sales and service charges	\$ 3,168,757	\$ 3,031,028	\$ 3,093,702
Miscellaneous	71,459	47,500	5,501
Total operating revenues	3,240,216	3,078,528	3,099,203
OPERATING EXPENSES:			
Administrative and general expenses	1,178,539	1,576,879	620,533
Personnel services	515,976	1,116,617	837,335
Contractual services	105,579	530,964	707,191
Depreciation	662,462	1,967	382,504
Total operating expenses	2,462,556	3,226,427	2,547,563
OPERATING INCOME (LOSS)	777,660	(147,899)	551,640
NONOPERATING REVENUES:			
Gain on sale of capital assets	27,676	-	-
Total nonoperating revenues	27,676	-	-
INCOME (LOSS) BEFORE TRANSFERS	805,336	(147,899)	551,640
Transfers in	33,953	84,505	45,366
Change in net position	839,289	(63,394)	597,006
NET POSITION (DEFICIT)			
Beginning of year, as restated (note 10)	8,469,935	(1,866,148)	(1,707,814)
End of year	\$ 9,309,224	\$ (1,929,542)	\$ (1,110,808)

The accompanying notes are an integral part of these financial statements

CITY OF REDONDO BEACH

Statement of Revenues, Expenses and Changes in Net Position, Continued

Internal Service Funds

For the year ended June 30, 2015

	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Total
OPERATING REVENUES:				
Sales and service charges	\$ 5,291,677	\$ 3,767,329	\$ 123,628	\$ 18,476,121
Miscellaneous	-	-	-	124,460
Total operating revenues	5,291,677	3,767,329	123,628	18,600,581
OPERATING EXPENSES:				
Administrative and general expenses	6,708,404	748,452	-	10,832,807
Personnel services	391,024	1,929,969	-	4,790,921
Contractual se	137,340	102,792	-	1,583,866
Depreciation	-	76,346	-	1,123,279
Total operating expenses	7,236,768	2,857,559	-	18,330,873
OPERATING INCOME (LOSS)	(1,945,091)	909,770	123,628	269,708
NONOPERATING REVENUES:				
Gain on sale of capital assets	-	-	-	27,676
Total nonoperating revenues	-	-	-	27,676
INCOME (LOSS) BEFORE TRANSFERS	(1,945,091)	909,770	123,628	297,384
Transfers in	10,649	119,356	-	293,829
Change in net position	(1,934,442)	1,029,126	123,628	591,213
NET POSITION (DEFICIT)				
Beginning of year, as restated (note 10)	(4,133,839)	(1,314,015)	568,643	16,762
End of year	\$ (6,068,281)	\$ (284,889)	\$ 692,271	\$ 607,975

The accompanying notes are an integral part of these financial statements

Attachment C

CITY OF REDONDO BEACH
Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

	Vehicle Replacement	Building Occupancy	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 4,245,399	\$ 3,078,528	\$ 2,505,642
Cash payments to suppliers for goods and services	(1,497,390)	(1,953,975)	(1,286,940)
Cash payments to employees for services	(513,499)	(1,120,859)	(845,658)
Net cash provided (used) by operating activities	<u>2,234,510</u>	<u>3,694</u>	<u>373,044</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	33,953	84,505	45,366
Net cash provided by noncapital financing activities	<u>33,953</u>	<u>84,505</u>	<u>45,366</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,255,834)	(88,199)	(814,522)
Proceed from new capital leases	-	-	767,017
Principal paid on capital debt	-	-	(370,905)
Proceeds from sales of capital assets	29,373	-	-
Net cash (used) in capital and related financing activities	<u>(1,226,461)</u>	<u>(88,199)</u>	<u>(418,410)</u>
Net increase (decrease) in cash and cash equivalents	1,042,002	-	-
CASH AND CASH EQUIVALENTS:			
Beginning of year	5,503,670	-	-
End of year	<u>\$ 6,545,672</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Attachment C

CITY OF REDONDO BEACH

Statement of Cash Flows, Continued

Internal Service Funds

For the year ended June 30, 2015

	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 5,291,677	\$ 3,767,829	\$ 123,628	\$ 19,012,703
Cash payments to suppliers for goods and services	(5,027,269)	(847,168)	-	(10,612,742)
Cash payments to employees for services	(394,459)	(1,923,193)	-	(4,797,668)
Net cash provided (used) by operating activities	(130,051)	997,468	123,628	3,602,293
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	10,649	119,356	-	293,829
Net cash provided by noncapital financing activities	10,649	119,356	-	293,829
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	-	(2,158,555)
Proceed from new capital leases	-	-	-	767,017
Principal paid on capital debt	-	-	-	(370,905)
Proceeds from sales of capital assets	-	-	-	29,373
Net cash (used) in capital and related financing activities	-	-	-	(1,733,070)
Net increase (decrease) in cash and cash equivalents	(119,402)	1,116,824	123,628	2,163,052
CASH AND CASH EQUIVALENTS:				
Beginning of year	11,890,438	979,759	568,643	18,942,510
End of year	\$ 11,771,036	\$ 2,096,583	\$ 692,271	\$ 21,105,562

The accompanying notes are an integral part of these financial statements

CITY OF REDONDO BEACH

Statement of Cash Flows, Continued

Internal Service Funds

For the year ended June 30, 2015

	Vehicle Replacement	Building Occupancy	Information Technology
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 777,660	\$ (147,899)	\$ 551,640
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	662,462	1,967	382,504
Actuarial pension expense	43,553	79,807	73,967
Pension contributions subsequent to measurement date	(49,820)	(91,291)	(84,611)
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	8,684	-	-
(Increase) decrease in due from other funds	996,499	-	-
Increase (decrease) in accounts payable	(213,272)	127,787	40,784
Increase (decrease) in accrued claims and judgements	-	-	-
Increase (decrease) in due to other funds	-	26,081	(593,561)
Increase (decrease) in compensated absences	8,744	7,242	2,321
Total adjustments	1,456,850	151,593	(178,596)
Net cash provided (used) by operating activities	\$ 2,234,510	\$ 3,694	\$ 373,044

For the year ended June 30, 2015, there were no significant noncash financing or investing transactions.

CITY OF REDONDO BEACH

Statement of Cash Flows, Continued

Internal Service Funds

For the year ended June 30, 2015

	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,945,091)	\$ 909,770	\$ 123,628	\$ 269,708
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	76,346	-	1,123,279
Actuarial pension expense	18,249	146,478	-	362,054
Pension contributions subsequent to measurement date	(20,874)	(167,552)	-	(414,148)
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	-	500	-	9,184
(Increase) decrease in due from other funds	-	-	-	996,499
Increase (decrease) in accounts payable	252,831	4,076	-	212,206
Increase (decrease) in accrued claims and judgements	1,565,644	-	-	1,565,644
Increase (decrease) in due to other funds	-	-	-	(567,480)
Increase (decrease) in compensated absences	(810)	27,850	-	45,347
Total adjustments	1,815,040	87,698	-	3,332,585
Net cash provided (used) by operating activities	\$ (130,051)	\$ 997,468	\$ 123,628	\$ 3,602,293

For the year ended June 30, 2015, there were no significant noncash financing or investing transactions.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Redondo Beach Internal Service Funds (City) conform to the generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Internal Service Fund's more significant accounting policies follows:

The accompanying financial statements are not intended to present the financial position or results of operations of the City, taken as a whole.

A. Reporting Entity

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

B. Basis of Accounting**Internal Service Funds Financial Statements**

Internal Service Funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each Internal Service Fund.

Internal Service Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the Internal Service Funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued***D. Cash, Cash Equivalents and Investments***

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

E. Prepaid Items

Certain interdepartmental payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued***F. Capital Assets***

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable internal service funds. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$	5,000
Infrastructure Capital Assets		25,000
Buildings, Parking Structures and Parking Lots		100,000

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Asset	Years
Buildings and Improvements	45
Equipment	5-20
Vehicles	4-20

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

G. Compensated Absences Payable

All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue from two to three times their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Unused sick leave is forfeited upon termination.

H. Claims and Judgments Payable

The short-term and long-term claims are reported as liabilities in the Self-Insurance Program Internal Service Fund. The short-term liability which will be liquidated with *current financial resources* is the amount of settlement reached, but unpaid, related to claims and judgments entered.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued***I. Net Position***

In the Internal Service Funds, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net assets that do not meet the definition of "Net Investment in Capital Assets" or "restricted net position."

J. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

K. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued*L. New GASB Pronouncement*

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

The funds have the following cash and investments at June 30, 2015:

	<u>Vehicle Replacement</u>	<u>Self-Insurance Program</u>	<u>Emergency Communications</u>	<u>Major Facilities Repair</u>	<u>Total</u>
Cash and investments	\$ 6,545,672	\$ 11,771,036	\$ 2,096,583	\$ 692,271	\$ 21,105,562
Total	<u>\$ 6,545,672</u>	<u>\$ 11,771,036</u>	<u>\$ 2,096,583</u>	<u>\$ 692,271</u>	<u>\$ 21,105,562</u>

The Funds do not own specifically identifiable securities and their cash is pooled with the other funds of the City.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investments balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued***A. Authorized Investments***

Under the provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- United States Treasury Bills, Notes and Bonds
- Obligations issued by the Federal Government
- Bankers' Acceptances with a maturity of 180 days or less
- Time Certificates of Deposits
- Negotiable Certificates of Deposit
- Commercial Paper with a maturity of 270 days or less
- Local Agency Investment Fund (LAIF) limited to \$50,000,000 by LAIF
- Medium-Term Notes (5 year maturity or more) of domestic Corporations or Depository Institutions
- Mutual Funds
- Guaranteed Investment Contracts not to exceed \$5 million annually
- Certificate of Deposit Placement Services
- Collateralized Bank Deposits

The City's investment policy applies to all financial assets, investment activities and debt issues of the City (including funds which are invested by trustees appointed under debt trust indentures, with direction from the City Treasurer).

The City is a participant in LAIF, which is an external investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment with LAIF at June 30, 2015 includes a portion of the pool funds invested in structured notes and asset-backed securities (0.97%). The City values its investments in LAIF at a fair market value provided by LAIF. At June 30, 2015, the factor used was 1.000375979.

B. Deposits and Investment Risks

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

2. CASH AND INVESTMENTS, ContinuedCredit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2015, all MTN's were rated "A" or higher by Moody's. As of June 30, 2015, the City's Federal Agency investments were rated "Aaa" by Moody's and S&P. All securities were investment grade and were in accordance with State and City law. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2015, the City's investments in external investment pools are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2015, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. Investments in Federal Agencies have the implied guarantee of the United States government. While all the City's investments are in compliance with the City's investment policy as of June 30, 2015, in accordance with GASB Statement No. 40, if a City has invested more than 5% of its total investments in any one issuer, they are exposed to concentration of credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The City has invested more than 5% of the total investment value with the following issuers:

		% of Total Investments
Federal Home Loan Bank	\$ 13,001,720	16%
Federal National Mortgage Association	11,987,750	15%
Federal Home Loan Mortgage Corp.	12,000,880	15%
	<u>\$ 36,990,350</u>	<u>46%</u>

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued*Interest Rate Risk*

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 50% of the City's portfolio shall mature in three years or less; and at least 25% in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

3. RECEIVABLES

The following is a summary of receivables net of allowances for uncollectible amounts at June 30, 2015:

	Vehicle Replacement	Total
Accounts receivable	\$ 5,589	\$ 5,589
Total	<u>\$ 5,589</u>	<u>\$ 5,589</u>

4. INTERFUND TRANSACTIONS*Transfers*

The internal service funds had the following transfers from the City Funds as of June 30, 2015:

Transfers In						
Transfers Out	Vehicle Replacement	Building Occupancy	Information Technology	Self-Insurance Program	Emergency Communications	Total
General Fund	\$ 33,953	\$ 84,505	\$ 45,366	\$ 10,649	\$ 119,356	\$ 293,829
Total	<u>\$ 33,953</u>	<u>\$ 84,505</u>	<u>\$ 45,366</u>	<u>\$ 10,649</u>	<u>\$ 119,356</u>	<u>\$ 293,829</u>

The General Fund transferred a total of \$293,829 to the Internal Service Funds for employee compensation restoration and stipends.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

5. CAPITAL ASSETS

At June 30, 2015, the City's capital assets consisted of the following:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Depreciable assets:				
Buildings and improvements				
Building Occupancy	\$ 36,477	\$ 88,199	\$ -	\$ 124,676
Vehicle Replacement	39,953	-	-	39,953
Information Technology	15,272	-	-	15,272
Emergency Communications	90,391	-	-	90,391
Furniture and equipment				
Building Occupancy	11,707	-	-	11,707
Information Technology	1,325,174	47,502	(10,060)	1,362,616
Emergency Communications	682,224	-	-	682,224
Vehicle Replacement	155,243	-	-	155,243
Automotive equipment				
Vehicle Replacement	10,336,879	1,255,837	(148,410)	11,444,306
Leased equipment				
Information Technology	2,052,274	767,017	(729,360)	2,089,931
Total depreciable assets	14,745,594	2,158,555	(887,830)	16,016,319
Less accumulated depreciation for:				
Buildings and improvements				
Building Occupancy	(26,759)	(1,565)	-	(28,324)
Vehicle Replacement	(39,953)	-	-	(39,953)
Information Technology	(2,545)	(340)	-	(2,885)
Emergency Communications	(23,377)	(4,675)	-	(28,052)
Furniture and equipment				
Information Technology	(1,228,968)	(38,744)	10,060	(1,257,652)
Building Occupancy	(10,902)	(402)	-	(11,304)
Vehicle Replacement	(111,921)	(3,740)	-	(115,661)
Emergency Communications	(430,371)	(71,671)	-	(502,042)
Automotive equipment				
Vehicle Replacement	(7,038,417)	(658,722)	146,710	(7,550,429)
Leased equipment				
Information Technology	(1,388,350)	(343,420)	729,360	(1,002,410)
Total accumulated depreciation	(10,301,563)	(1,123,279)	886,130	(10,538,712)
Total depreciable assets, net	\$ 4,444,031	\$ 1,035,276	\$ (1,700)	\$ 5,477,607

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to internal service funds for the fiscal year ended June 30, 2015 as follows:

Internal Service Funds:	
Vehicle Replacement	\$ 662,462
Building Occupancy	1,967
Information Technology	382,504
Emergency Communications	<u>76,346</u>
Total depreciation expense	<u><u>\$ 1,123,279</u></u>

6. COMPENSATED ABSENCES PAYABLE

The following is a summary of compensated absences payable transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Change	Balance June 30, 2015	Classification	
				Amounts Due Within One Year	Amounts Due in More than One Year
Internal service funds:					
Compensated absences payable	<u>\$ 279,126</u>	<u>\$ 59,830</u>	<u>\$ 338,956</u>	<u>\$ 81,823</u>	<u>\$ 257,133</u>

7. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2015:

	Balance		Deletions	Balance June 30, 2015	Amounts Due Within One Year	Amounts Due in More than One Year
	July 1, 2014	Additions				
Information Technology	\$ 444,896	\$ 767,016	\$ (461,476)	\$ 750,436	\$ 271,460	\$ 478,976
Total governmental activities	<u>\$ 444,896</u>	<u>\$ 767,016</u>	<u>\$ (461,476)</u>	<u>\$ 750,436</u>	<u>\$ 271,460</u>	<u>\$ 478,976</u>

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

7. LONG-TERM DEBT, ContinuedCapital Leases

The City has entered into various lease purchase agreements for equipment. These leases have been classified as capital leases. The related assets have been capitalized in the internal service funds at the initial present value of the lease payments. The balance outstanding at June 30, 2015, was \$750,436.

The total leased assets by major asset class consisted of the following:

	<u>June 30, 2015</u>
Equipment	
Information Technology	\$ 2,089,931
Equipment under capitalized lease, at cost	<u>2,089,931</u>
Accumulated depreciation	
Information Technology	<u>(1,002,410)</u>
Equipment under capitalized lease, net	<u><u>\$ 1,087,521</u></u>

The annual debt service requirements outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 271,460	\$ 36,742
2017	282,175	26,027
2018	196,801	9,396
Total	<u>\$ 750,436</u>	<u>\$ 72,165</u>

8. RISK MANAGEMENT

The City is exposed to risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and currently reports all of its risk management activities in its Self-Insurance Program Internal Service Fund.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

8. RISK MANAGEMENT, Continued

The City has adopted a self-insurance workers' compensation program, which is administered by a third-party agent, AdminSure. The self-insurance coverage for each claim is limited to \$750,000. Excess coverage of up to \$5,000,000 for each claim is provided by the Independent Cities Risk Management Authority (ICRMA), an insurance pool, in which a consortium of cities has agreed to share risks and losses. As of June 30, 2015, the estimated claims payable for workers' compensation was \$13,393,734, which included claims incurred but not reported (IBNR). The current year's portion of the claims was \$886,315.

For general liability claims, the City is also self-insured up to \$500,000 for each occurrence. The self-insurance program is administered by a third-party agent, AdminSure. Each claim in excess of the self-insured retention of up to \$2,000,000 is covered by the ICRMA. There is also excess coverage in the amount of \$18 million.

As of June 30, 2015, the estimated claims payable for general liability was \$3,753,650, which included IBNR. The current year's portion was \$94,962. Governmental activities claims and judgments are generally liquidated by the General Fund.

	Liability <u>June 30, 2015</u>
General Liability	\$ 3,753,650
Workers' Compensation	13,393,734
Total	<u>\$ 17,147,384</u>

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's coverage during the year.

The estimated claims payable for workers' compensation and general liability is based on estimates provided by the third-party administrator, the City Attorney, the Risk Management staff, and ICRMA's actuary.

Changes in the reported liability resulted from the following:

Year Ended June 30,	Balance			Amounts		
	July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
2013	\$ 14,828,821	\$ 608,744	\$ 889,729	\$ 16,327,294	\$ 802,585	\$ 15,524,709
2014	16,327,294	1,671,249	(2,416,803)	15,581,740	1,022,697	14,559,043
2015	15,581,740	6,221,365	(4,655,721)	17,147,384	981,277	16,166,107

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

8. RISK MANAGEMENT, Continued

Effective July 17, 1990, the City became a member of the Independent Cities Risk Management Authority (ICRMA), a public entity risk pool currently operating as a common risk management and insurance program for 29 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the ICRMA provides that the pool will be self-sustaining through member premiums. The City continues to carry insurance from commercial companies for all other risks of loss, including coverage for property, earthquake and flood, automobile, physical damage and special events.

Condensed Financial Information of the ICRMA

Condensed audited financial information of ICRMA as of June 30, 2014 (most recent information available) is as follows:

	Total
Assets	<u>\$ 69,756,162</u>
Liabilities of member cities	<u>\$ 39,214,436</u>
Net position	<u>30,541,726</u>
Total liabilities and net position	<u><u>\$ 69,756,162</u></u>
Revenues	\$ 22,667,200
Cost and expenses	<u>28,815,332</u>
Net income	(6,148,132)
Net position - July 1, 2013	36,689,858
Net position - July 30, 2014	<u><u>\$ 30,541,726</u></u>

9. PENSION PLANS*Plan Descriptions*

The Plans are agent, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The financial statement only reports a portion of the net pension liability, \$5,062,361, the remaining net pension liability are recorded in the City's comprehensive annual financial report.

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
	Prior to May 1, 2012	On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2 % @ 55	2 % @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.092%-2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.00%	6.50%
Required employer contribution rates	14.938%	14.938%	14.938%
	Safety		
		On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date	Prior to May 1, 2012		
	Police - 3% @ 50		
Benefit formula	Fire - 3% @ 55	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4-3%	2.4-3%	2%-2.7%
Required employee contribution rates	9.00%	9.00%	11.25%
Required employer contribution rates	40.631%	40.631%	40.631%

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	400	266
Inactive employees entitled to but not yet receiving benefits	339	38
Active employees	<u>294</u>	<u>138</u>
Total	<u><u>1,033</u></u>	<u><u>442</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the following table details the employee contribution rates and the portion of those rates paid by the City, as employer, on their behalf and for their accounts in regards to the Miscellaneous, Safety - Police, and Safety - Fire plans. The employer's contribution rate is 16.179% and 43.367% of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the respective miscellaneous and safety plans are \$2,635,441 and \$5,748,872.

<u>Pension Plan</u>	<u>Employee Contribution Percentage</u>	<u>City Portion</u>	<u>Employee Portion</u>
Miscellaneous Tier 1	7.00%	7.00%	0.00%
Miscellaneous Tier 2	7.00%	0.00%	7.00%
Miscellaneous Tier 3	6.50%	0.00%	6.50%
Fire Tier 1	9.00%	9.00%	0.00%
Fire Tier 2	9.00%	4.50%	4.50%
Fire Tier 3	11.25%	0.00%	11.25%
Police Tier 1	9.00%	9.00%	0.00%
Police Tier 2	9.00%	9.00%	0.00%
Police Tier 3	11.25%	0.00%	11.25%

Tier 1 Employees hired before May 1, 2012

Tier 2 Employees hired on or after May 1, 2012 and classic members of the CalPERS system

Tier 3 Employees hired on or after January 1, 2013 and new to the CalPERS system

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

i. **Net Pension Liability**

The City's net pension liability for the each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	6/30/2013	6/30/2013
Measurement Date	6/30/2014	6/30/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Salary Increases (1)	3.30% to 14.20%	3.30% to 10.90%
Investment Rate of Return (2)	7.50%	7.50%
Mortality Rate Table (3)	Deriverd using CALPERS' membership data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter	

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

9. PENSION PLANS, Continued**i. Net Pension Liability, Continued**

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

i. Net Pension Liability, Continued

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plans' fiduciary net position and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

ii. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for each Plan.

Miscellaneous Plan:

	Increase(Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)¹	\$ 168,086,614	\$ 124,062,963	\$ 44,023,651
Changes Recognized for the Measurement Period:			
• Service Cost	2,874,216	-	2,874,216
• Interest on the Total Pension Liability	12,419,054	-	12,419,054
• Contributions from the Employer	-	2,678,754	(2,678,754)
• Contributions from Employees	-	1,301,991	(1,301,991)
• Net Investment Income ²	-	21,314,935	(21,314,935)
• Benefit Payments, including Refunds of Employee Contributions	(7,872,679)	(7,872,679)	-
Net Changes during 2013-14	\$ 7,420,591	\$ 17,423,001	\$ (10,002,410)
Balance at: 6/30/2014 (MD)¹	\$ 175,507,205	\$ 141,485,964	\$ 34,021,241

Safety Plan:

	Increase(Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)¹	\$ 298,328,930	\$ 201,747,147	\$ 96,581,783
Changes Recognized for the Measurement Period:			
• Service Cost	4,500,890	-	4,500,890
• Interest on the Total Pension Liability	21,930,219	-	21,930,219
• Contributions from the Employer	-	5,790,913	(5,790,913)
• Contributions from Employees	-	2,003,854	(2,003,854)
• Net Investment Income ²	-	34,672,500	(34,672,500)
• Benefit Payments, including Refunds of Employee Contributions	(16,352,903)	(16,352,903)	-
Net Changes during 2013-14	\$ 10,078,206	\$ 26,114,364	\$ (16,036,158)
Balance at: 6/30/2014 (MD)¹	\$ 308,407,136	\$ 227,861,511	\$ 80,545,625

Valuation Date (VD), Measurement Date (MD).

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

9. PENSION PLANS, Continued**ii. Changes in the Net Pension Liability, Continued*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability for each Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan's Net Pension Liability	\$ 56,217,014	\$ 34,021,241	\$ 15,519,597
Safety Plan's Net Pension Liability	\$ 118,502,931	\$ 80,545,625	\$ 48,983,788

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

CITY OF REDONDO BEACH
Notes to Financial Statements
Internal Service Funds
For the year ended June 30, 2015

9. PENSION PLANS, Continued

ii. Changes in the Net Pension Liability, Continued

The EARSL for the Miscellaneous Plan for the 2013-14 measurement period is 2.7 years, which was obtained by dividing the total service years of 2,773 (the sum of remaining service lifetimes of the active employees) by 1,003 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Safety Plan for the 2013-14 measurement period is 3.2 years, which was obtained by dividing the total service years of 1,406 (the sum of remaining service lifetimes of the active employees) by 442 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

iii. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability is \$140,605,434.

For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense of \$8,099,785 for the Plan. A complete breakdown of the pension expense is as follows:

Description	Miscellaneous	Safety	Total
Service Cost	\$ 2,874,216	\$ 4,500,890	\$ 7,375,106
Interest on the Total Pension Liability	12,419,054	21,930,219	34,349,273
Employee Contributions	(1,301,991)	(2,003,854)	(3,305,845)
Projected Earnings on Pension Plan Investments	(9,118,938)	(14,782,640)	(23,901,578)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(2,439,199)	(3,977,972)	(6,417,171)
Total Pension Expense	\$ 2,433,142	\$ 5,666,643	\$ 8,099,785

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

As of June 30, 2014, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Made Subsequent To Measurement Date	\$ 9,276,734	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan	-	(25,668,684)
Total	\$ 9,276,734	\$ (25,668,684)

CITY OF REDONDO BEACH

Notes to Financial Statements

Internal Service Funds

For the year ended June 30, 2015

9. PENSION PLANS, Continued**iii. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, Continued**

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2015	\$ (6,417,171)
2016	(6,417,171)
2017	(6,417,171)
2018	(6,417,171)
2019	-
Thereafter	-

iv. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

10. PRIOR YEAR RESTATEMENTS

As discussed in Note 1, the City implemented GASB Statements No. 68 and 71 effective July 1, 2014. GASB Statements No. 68 and 71, among other provisions, amended prior guidance with respect to the reporting of pensions, and established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the City's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. In addition, a restatement of \$90,570 in Internal Service Funds was needed to correct beginning net position. The amount of adjustments affecting the cumulative results of operations in the Internal Services Funds to correct leased equipment accumulated amortization.

Accordingly, beginning net position on the Statement of Revenue, Expenses, and Changes in Net Position has been restated for changes related to GASB 68 as follows:

	Vehicle Replacement Fund	Building Occupancy Fund	Information Technology Fund	Self-Insurance Program Fund	Emergency Communications Fund
Beginning net position, as previously reported	\$ 9,210,009	\$ (510,035)	\$ (541,499)	\$ (3,823,753)	\$ 1,174,946
Restatement due to change in accounting principle	(740,074)	(1,356,113)	(1,256,885)	(310,086)	(2,488,961)
Restatement due to correction of errors	-	-	90,570	-	-
Beginning net position, as restated	<u>\$ 8,469,935</u>	<u>\$ (1,866,148)</u>	<u>\$ (1,707,814)</u>	<u>\$ (4,133,839)</u>	<u>\$ (1,314,015)</u>

CITY OF REDONDO BEACH

Budget Response Report #3

May 17, 2016

Question:

What City vehicles and equipment are scheduled for replacement by the Public Works Department in the 2016-2017 Fiscal Year, and what factors are used to determine the possibility of purchasing a zero-emission or low-emission vehicle?

Response:

The purpose of the Vehicle and Heavy Equipment Replacement Program is to evaluate, maintain, and replace vehicles and equipment on a schedule that optimizes their usefulness, avoids major repairs and periods of downtime, and captures ongoing technological improvements in vehicle safety, efficiency, and performance. Most Redondo Beach vehicles are replaced every 4 to 12 years, depending on their type and function, at an aggregate cost of between \$1,000,000 and \$1,500,000 each year.

This year staff members are recommending (via Decision Package #32) that twenty vehicles be replaced at a total cost to the Vehicle Replacement Fund of \$1,524,000. The vehicles proposed for replacement are used for essential public safety operations, public works maintenance activities, parking enforcement and community services. The vehicles have accrued many miles and are beyond their normal replacement cycle. Once replaced, the fully equipped vehicles will be safer and more efficient, and will provide reliable tools needed to perform critical municipal services, infrastructure repair and/or respond to natural disasters, accidents and other major emergencies.

The vehicles recommended for purchase would be acquired through the City's regular purchasing procedures. The procedures contain a number of competitive purchasing options including the use of a "Piggyback" Bid which is a procedure of procuring goods or services by utilizing another public entity's recent Request for Proposal or Bid, or the National Joint Powers Alliance Contract Cooperative Purchasing Program. Cooperative purchasing programs provide valuable benefits to state and local governments. By attaching to national or regional cooperatives, an agency has immediate access to legitimately solicited contracts and guaranteed pricing and delivery options without expending staff resources on the preparation of its own RFB. Pricing is often attractive because of the purchasing power of these cooperatives.

Zero/Low Emission Vehicle Analysis

Staff is currently receiving internal feedback on the Administrative Policy and Procedure (APP) 12.01 to update the Fleet Services Guide to incorporate the purchase of zero/low emission vehicles (battery electric, hydrogen fuel cell electric, gasoline-electric hybrid or compressed natural gas) (ZEV/LEV). Similar to the state of California's zero emission

vehicle purchasing goal, the City's APP 12.01 will emphasize the purchase of light-duty vehicles that do not have special performance needs such as police patrol, special investigative units (SIU) or fire operations.

Staff is recommending the replacement of 20 vehicles in the 2016-2017 Fiscal Year predominantly for the Police and Public Works Departments. The six electric carts will remain electric, the Compressed Natural Gas vehicle in the Solid Waste Division will be replaced with a Nissan Leaf EV. The vehicle is eligible for the California Air Resources Board Clean Vehicle Project rebate of \$2,500. The Public Works Department plans to install a level 2 charging station at the Public Works Corporation Yard capable of charging 2 EV's from empty to full in 2 to 4 hours. The remainder of the vehicles are exempt from APP 12.01 with the exception of unit 650 which the Police Department plans to request an exemption from the APP because the vehicle will be for the Chief of Police. All of the vehicles recommended for replacement are listed in the table below:

UNIT	YEAR	EXISTING VEHICLE	ASSIGNED	REPLACEMENT W/EQUIPMENT	REPLACEMENT MODEL	ZEV/LEV
121	2004	AMERICAN LAFRANCE	OPS-SPEC-SRVS	\$ 675,000	PIERCE XT PUMPER	N/A
622	2012	HONDA ODYSSEY VAN	INVESTIGATIONS-SIU	\$ 43,000	HONDA ODYSSEY VAN	N/A
650	2005	FORD CROWN VICTORIA	PD CHIEF VEHICLE	\$ 37,000	FORD UTILITY SUV	POLICE CHIEF
651	2013	CHEVROLET TAHOE	PATROL-SERGEANTS	\$ 60,000	CHEVROLET TAHOE SUV	N/A
652	2013	CHEVROLET TAHOE SUV	PATROL-SERGEANTS	\$ 60,000	CHEVROLET TAHOE SUV	N/A
660	2013	DODGE RAM CHARGER	PATROL	\$ 57,000	FORD UTILITY SUV	N/A
661	2013	DODGE RAM CHARGER	PATROL	\$ 57,000	FORD UTILITY SUV	N/A
672	2013	DODGE RAM CHARGER	PATROL	\$ 57,000	FORD UTILITY SUV	N/A
675	2013	DODGE RAM CHARGER	PATROL	\$ 57,000	FORD UTILITY SUV	N/A
678	2013	DODGE RAM CHARGER	PATROL	\$ 57,000	FORD UTILITY SUV	N/A
3	2004	HONDA CIVIC-CNG	SOLID WASTE	\$ 31,000	NISSAN LEAF SEDAN	ZEV
861	2009	TAYLOR-DUNN EV	UPLANDS MAINT	\$ 11,000	TAYLOR-DUNN CART	ZEV
862	2009	TAYLOR-DUNN EV	UPLANDS MAINT	\$ 15,000	TAYLOR-DUNN DUMP CART	ZEV
863	2009	TAYLOR-DUNN EV	UPLANDS MAINT	\$ 11,000	TAYLOR-DUNN CART	ZEV
864	2009	TAYLOR-DUNN EV	UPLANDS MAINT	\$ 11,000	TAYLOR-DUNN CART	ZEV
855	2009	TAYLOR-DUNN EV	TIDELANDS MAINT	\$ 11,000	TAYLOR-DUNN CART	ZEV
899	2009	TAYLOR-DUNN EV	TIDELANDS MAINT	\$ 11,000	TAYLOR-DUNN CART	ZEV
286	2007	TORO GROUNDMASTER	PARKS	\$ 113,000	TORO GROUNDMASTER	N/A
295	2007	TORO GROUNDMASTER	PARKS	\$ 83,000	TORO GROUNDMASTER	N/A
395	1995	TRAILER MOUNT GENERATOR	SEWER	\$ 67,000	TBD	N/A
				\$ 1,524,000		

CITY OF REDONDO BEACH

Budget Response Report #4

May 17, 2016

Question:

What is the Transient Occupancy Tax (TOT) rate for hotel stays in Redondo Beach as compared to other neighboring cities?

Response:

Below are the current TOT rates for Redondo Beach and its neighboring cities.

City	Tax Rate
Beverly Hills	14.0%
Culver City	14.0%
Inglewood	14.0%
Los Angeles	14.0%
Santa Monica	14.0%
West Hollywood	12.5%
El Segundo	12.0%
Hawthorne	12.0%
Hermosa Beach	12.0%
Malibu	12.0%
Redondo Beach	12.0%
Gardena	11.0%
Torrance	11.0%
Lomita	10.0%
Manhattan Beach	10.0%
Rancho Palos Verdes	10.0%
Carson	9.0%

A one percent increase in the TOT rate citywide would generate additional General Fund net revenue of approximately \$560,000 (\$620,000 in revenue less a \$60,000 payment to the Visitors' Bureau for enhanced marketing activities) per year. An increase to the TOT rate for general purposes would require simple majority approval by Redondo Beach voters. A few years ago, an increased TOT rate for hotels in the waterfront was discussed as a possible mechanism to support ongoing capital infrastructure costs. This would not be recommended by staff unless significant revitalization occurs in the area, as the increased tax would require strong hotel demand to be sustained. A TOT for special/restricted purposes, such as waterfront capital infrastructure, would require a 2/3rds vote of the electorate.

CITY OF REDONDO BEACH

Budget Response Report #5

May 17, 2016

Question:

Can the Southern California Edison transmission poles along Lilienthal Lane near Washington Elementary School be relocated to make way for the installation of bike lanes and a sidewalk and is there funding for the project?

Response:

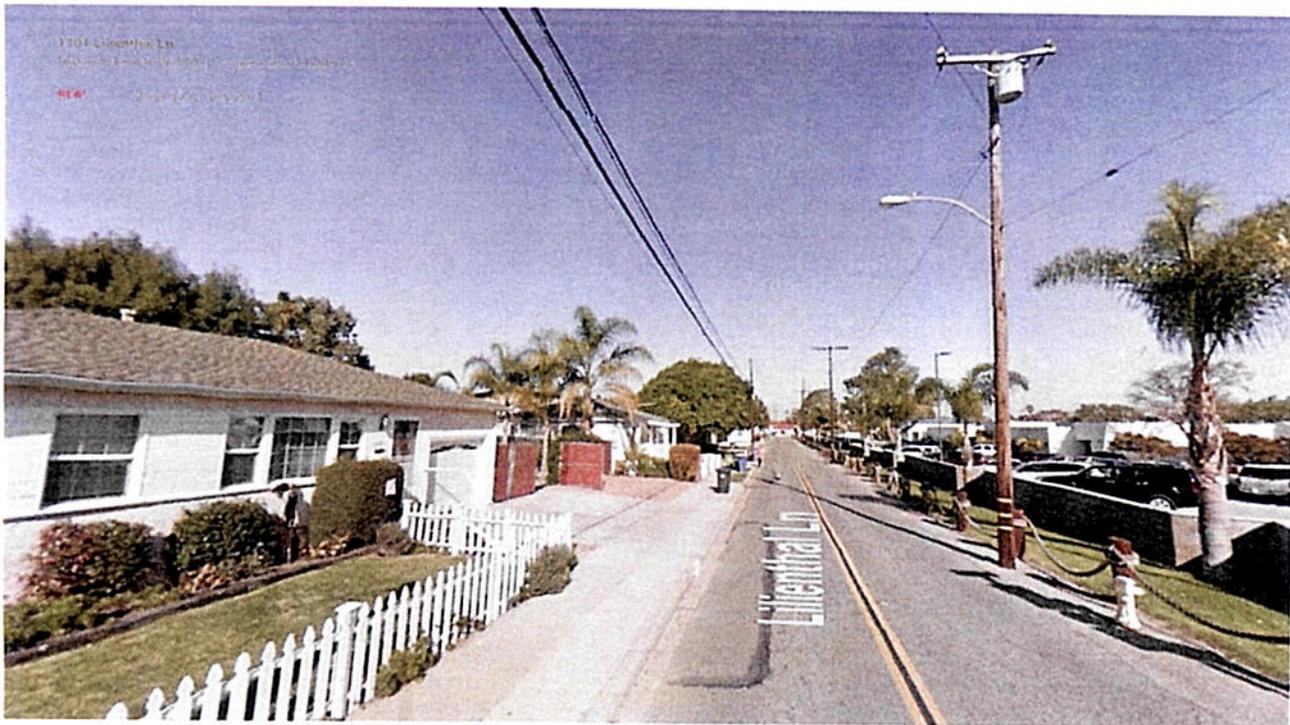
The City received a grant for \$1,948,575 as part of the 2009 MTA Call for Projects for implementation of the South Bay Bicycle Transportation Plan. One of the streets proposed for bicycle and pedestrian improvements in the grant application is the two block length of Lilienthal Lane adjacent to Washington Elementary School from Ives to Ripley Avenue. Currently this length of street has narrow southbound and northbound vehicle lanes and is obstructed from widening by utility poles along the east side of the street and a 10 foot grass area adjacent to the school parking lot that is owned by the Redondo Beach Unified School District.

A review of the existing street profile and property boundaries shows the SCE utility poles are located within the City's right of way. An inquiry with SCE revealed that the utility poles could be relocated at no charge to the City under the terms of the existing Electrical Franchise Agreement. If the School District agreed to dedicate a road easement and allow the City to utilize its 10 foot section of property for the installation of a six foot sidewalk and a four foot parkway and Edison agreed to relocate the poles within the proposed parkway space, then two 10 foot vehicle and bike sharrows lanes could be installed in the street right of way. This plan would also require relocation of the existing fire hydrants.

The reconfigured streetscape would provide a safer and more attractive route to school for students attending Washington Elementary and would allow for improved vehicle and bicycle connectivity to Lilienthal Lane south of Ives. All of the identified improvements are eligible for grant funding. After initiating the preparation of plans and specifications for the South Bay Bicycle Transportation Plan Phase I Implementation Project this summer, staff intend to contact School District Officials to officially pursue the road easement. School District Officials have expressed a need to improve both pedestrian and bicycle path of travel near Washington School and are expected to be receptive to the proposed project.

Attachments: Site Photos

Attachment A



Looking north from near southend of
proposed bikeway project.
Across street from 1101 Lilienthal Lane.

Bikeway project will result in removal
of wood bollards and utility poles
resulting in tow vehicular lanes each
with shared bikeways, sharrows, a 4 foot
parkway and a 6 foot sidewalk.

Attachment A



Looking south from north end of proposed bikeway project. Across street from 1207 Lilienthal Lane. Bikeway project will result in removal of wood bollards and utility poles resulting in two vehicular lanes each with shared bikeways, sharrows, a 4 foot parkway and a 6 foot sidewalk.

CITY OF REDONDO BEACH

Budget Response Report #6

May 17, 2016

Question:

What can be done to widen the pedestrian walkway adjacent to the County bicycle path south of the pier?

Response:

As shown on the attached photos, there is currently a 10' pedestrian walkway adjacent to bicycle path south of the pier continuing to the Ainsworth Court Stairway. South of that location, the pedestrian walkway tapers down to a 5' walkway that continues south for approximately 1.7 miles. The walkway is located entirely within Los Angeles County parcels. (See attached map)

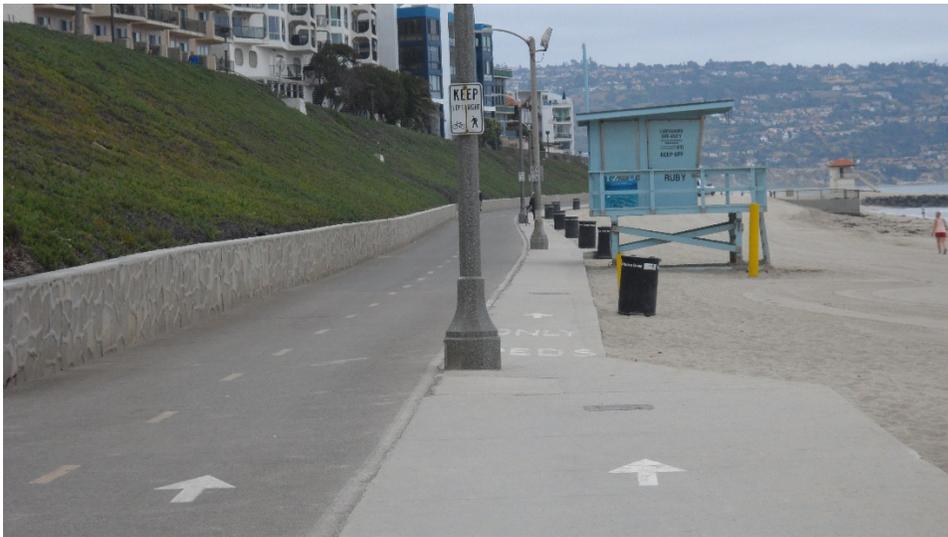
Any project to widen the pedestrian walkway would need to be approved and permitted by the County. If the County is unable or unwilling to fund the project, the City could provide the funds with County approval. Widening of the walkway would require approximately 45,000 square feet of concrete (5' wide x 1.7 miles) at least 4" thick and a footing on the side nearest to the ocean.

The Council appropriated \$50,000 as part of the FY15-16 budget to begin preliminary design of the project and to begin discussions with the County to assess their level of interest in this project. Assuming a cost of construction at \$7 to \$10 per square foot of concrete plus footing, a rough estimate for this project ranges from \$315,000 to \$450,000.

Attachments:

- Location Photos
- City/County Boundary Map

Attachment A





County

City

**City of Redondo Beach
2015**

 City County Boundary



CITY OF REDONDO BEACH

Budget Response Report #7

May 17, 2016

Question:

What is the possibility of renovating medians along Manhattan Beach Boulevard, Catalina Avenue and 190th Street to make them more water-wise?

Response:

In light of water conservation mandates enacted by the State of California and specific water usage requirements implemented by California Water Service, since June 1, 2015 the City has been prohibited from irrigating medians that contain spray irrigation systems and use potable water. As a result, the ten landscaped medians along Manhattan Beach Boulevard between Aviation Boulevard and Inglewood Avenue and the 12 medians along Catalina Avenue between Pacific Coast Highway and Pearl Avenue have deteriorated significantly. Most of the turf has turned brown and died and most of the plant materials are in poor condition. As a short-term remedy to keep median trees alive staff has been hand watering and experimenting with converting prohibited spray irrigation fixtures to drought-compliant drip fixtures. The four landscaped medians on 190th Street between Pacific Coast Highway and Cluster Lane are irrigated using reclaimed water and therefore are not subject to conservation requirements.

The Public Works Department does not have the resources to take on a major median renovation project without impacting core maintenance services. Removing turf, installing plant materials and retrofitting irrigation systems is very labor intensive. However, the work could be contracted out as a Capital Improvement Project. Staff has obtained rough cost information for renovating medians to make them more water-wise. A local landscaping contractor has provided a ballpark cost of \$6.10 per square foot to remove existing turf and install drought-tolerant plants and shrubs, decomposed granite and drought-compliant drip irrigation fixtures. As the medians on Manhattan Beach Boulevard contain a total of roughly 21,000 square feet, a renovation project would cost approximately \$128,000. The 35,000 square feet of medians on Catalina would cost approximately \$213,500 to renovate. These costs could be partially offset by annual water cost savings of roughly \$19,000. Staff could also pursue grant funding through various drought management programs.

Another long-term solution for keeping medians in compliance with drought requirements is to irrigate them using reclaimed water. Unfortunately, sources of reclaimed water are very limited in the City. A project to make reclaimed water available along Manhattan Beach Boulevard and Catalina would involve wide-scale utility line construction. The current cost projection for installation of new reclaimed water infrastructure is over \$1 million per mile.

**CITY OF REDONDO BEACH
Budget Response Report #8**

May 17, 2016

Question:

When will the City's signature CIP Projects be under construction?

Response:

Completion dates for the design and construction of the City's signature CIP projects are as follows:

	<u>Complete Design</u>	<u>Complete Construction</u>
Beryl Street Improvements	Complete	10-31-16
Marine Avenue Resurfacing	Complete	12-31-16
Residential Resurfacing	8-1-16	12-31-16
Ensenada Parkette	8-1-16	12-31-16
Esplanade Resurfacing	Complete	12-31-16
Anderson Park Improvements	11-1-16	4-30-17
PCH/Torrance Right Turn Lane	9-1-16	3-31-17
Riviera Village Improvements	10-1-16	4-30-17
Redondo Beach Transit Center	1-1-17	6-30-18

CITY OF REDONDO BEACH

Budget Response Report #9

May 17, 2016

Question:

What is the current status of Plug-In Electric Vehicle charging in Redondo Beach and the South Bay?

Response:

The Public Works Department is recommending that the replacement vehicle for the Solid Waste Division be a Nissan Leaf Electric Vehicle (EV). The vehicle is eligible for the California Air Resources Board Clean Vehicle Project rebate of \$2,500. The Department plans to install a level 2 charging station at the Public Works Corporation Yard capable of charging 2 EV's from empty to full in 2 to 4 hours.

Staff will be exploring and may bring forward an agreement for City Council consideration with NRG EVgo that will provide a DC Fast Charger, installation, reimbursement for electricity costs and a five year operating agreement to operate and maintain the charger all at no cost to the City.

The South Coast Air Quality Management District (AQMD) was awarded a grant to install 26 DC Fast Charger stations (capable of charging an EV from 0 to 80% charge in 30 minutes) throughout its four county area. The AQMD offered the City the opportunity to participate in the unique free program. The DC Fast Charger station, if approved, would be sited in the Main Library parking garage near the entrance on Carnelian St.

Currently the Community Development Department policy is to require pre-wiring for EV chargers at large projects. More comprehensive charging requirements will be considered in the upcoming General Plan amendment.

Additionally, staff has learned about a number of incentive programs for residents, tenants, employees and businesses all captured at www.driveclean.ca.gov.

- For a limited time, NRG EVgo is wiring eligible apartment buildings and workplaces with up to ten charge-ready parking spaces for free. They'll also manage the charging stations and cover the electricity costs through each driver's usage fee.
- The South Coast Air Quality Management District (SCAQMD) and the Mobile Source Air Pollution Reduction Review Committee has established a residential EV charging incentive pilot program to offset Level 2 (240V) EV charger hardware costs. This program will be available to residents within the SCAQMD's four-county jurisdiction. The program will provide an incentive to buy-down the cost of residential chargers, which typically range from \$400 - \$800.

- The California Air Resources Board Clean Vehicle Project has rebates for California residents up to \$5,000 for the purchase or lease of new, eligible, zero-emission or plug-in hybrid light-duty vehicles.
- Plug-in hybrid-electric vehicles (PHEVs) purchased in or after 2010 may be eligible for a federal income tax credit of up to \$7,500.

The table below shows a sample of the growing number of EV charging stations in and around Redondo Beach.

CHARGING/FUELING STATIONS	ADDRESS	TYPE/QUANTITY
Whole Foods Shopping Center	405 N. PCH., Redondo Beach	Level 2/2 DC Fast/2
Walgreens Drug Store	535 S. PCH., Redondo Beach	Level 2/2
Independent Repair	2720 Artesia Blvd., Redondo Beach	Level 2/1
Salvation Army	125 Beryl Street, Redondo Beach	Level 2/2
Hilton Garden Inn	2410 Marine Ave., Redondo Beach	DC Fast (Tesla)/8
Hermosa Beach Pier Parking Structure	301 Pier Ave., Hermosa Beach	Level 2/2 DC Fast/1
Hermosa Beach City Hall	1315 Valley Drive, Hermosa Beach	Level 2/1
South Bay BMW	18800 Hawthorne Blvd., Torrance	Level 2/4
Torrance Marriot	3635 Fashion Way, Torrance	Level 2/2
Del Amo Fashion Center	3525 West Carson St., Torrance	DC Fast/1
Del Amo Mall AMC Theater	3525 West Carson St., Torrance	DC Fast/1
Columbia Park	4045 190 th St., Torrance	DC Fast/1
Walteria Park	3855 W. 242 nd . St., Torrance	Level 2/2 DC Fast/1
Manhattan Beach City Hall	1400 Highland Ave., Manhattan Beach	Level 2/4
Walgreens Drug Store	2400 North Sepulveda Ave., Manhattan Beach	Level 2/1

CITY OF REDONDO BEACH Budget Response Report #10

May 17, 2016

Question:

What is the status of the City's social media program?

Response:

On April 21, 2015, the City Council approved a one year pilot program for the use of social media 2.0 tools Twitter and Facebook by the Transit and Cultural Divisions of the Community Services Department. This social media pilot program would accompany the City's successful deployment of Nixel as a social media tool used by public safety officials. Also approved was a subscription to ArchiveSocial, a program to manage and archive social media content from any 2.0 platform. To implement the use of social media, a social media policy must be approved by City Council and incorporated into the City's Communication & Customer Service Plan. The proposed policy regarding social media would provide guidelines for the structure, content, implementation and records retention of Twitter and Facebook accounts for any City Department utilizing a social media account.

The proposed social media policy is currently under review by the City Attorney. Once this review is complete, the policy will be presented to City Council for approval. If approved, the social media pilot program would be launched and would include a Twitter account for the Transit Division to provide transportation information to the ridership and public about Beach Cities Transit and a Facebook account for the Performing Arts Center to provide information to the public about upcoming arts and entertainment events at the PAC as well as to promote the PAC as a rental venue. Promotional materials would be developed to support the launch of the City's pilot program social media accounts and to encourage the public's awareness and participation. By September 15, 2016, staff will provide a report to the City Council on the status of the pilot program as per the objectives of the Strategic Plan.

CITY OF REDONDO BEACH

Budget Response Report #11

May 17, 2016

Question:

What are the estimated costs to replace the Police Station and City Hall and rehabilitate Fire Stations 1 and 2?

Response:

The City's current Five-Year Capital Improvement Program includes over \$100 million in unfunded Public Facility Improvement Projects. Examples (with rough cost estimate ranges) include:

City Hall Replacement	\$ 15 - 30 million
Corporation Yard	\$ 20 - 30 million
Fire Stations 1 & 2 Modernization	\$ 10 - 20 million
Police Station Replacement	\$ 40 - 50 million

Funding to replace these facilities would require some form of public debt including a possible General Obligation Bond. The recent analysis prepared by KNN regarding potential financing of public infrastructure in the City's waterfront included a scenario that examined the issuance of a General Obligation Bond paid for by the taxpayers of Redondo Beach. In that scenario, a total debt of \$108 Million would cost each City household approximately \$39.00 per \$100k in assessed value. For a home valued at \$1,000,000 – this would represent an annual tax of approximately \$390 over the 30-year life of the bonds. A bond of similar size would be needed to fund the major City facilities listed above.

CITY OF REDONDO BEACH

Budget Response Report #12

May 17, 2016

Question:

How did water conservation requirements recently enacted by the state impact the City's operations and water budget and how has the Redondo Beach community performed in water conservation?

Response:

On June 1, 2015, water conservation requirements mandated by the State went into effect to address drought conditions throughout California. The City, along with all other California Water Service customers, was required to reduce overall water usage by 20% as compared to usage levels in 2013. In addition, certain types of water use activities are currently prohibited, most notably irrigating roadway medians with potable water. The State recently extended drought regulations up through October 2016. Effective March 31, 2016, California Water Service adjusted the required water usage reduction from 20% to 19% as compared to 2013 baseline levels.

Prior to June 1, 2015, the Public Works Department implemented a conservation program to keep the City in compliance with the new State and California Water Service requirements. As greater than 80% of the City's typical water usage is attributable to irrigation activities, the program focuses on reducing irrigation frequencies and durations in parks, medians, greenbelts and landscaped areas around City buildings. The program has been very successful. Overall water usage as compared to baseline figures has been as follows:

August 2015	41.9% reduction
November 2015	38.2% reduction
February 2016	34.3% reduction

The City has not incurred any fines or surcharges for non-compliance and water costs for the 2015/16 budget year are on pace to be about \$35,000 below 2014/15 figures.

While the Redondo Beach community as a whole hasn't fared quite as well as the City in reducing water usage, for the most part conservation targets have been met. Combined conservation figures for all water users in Redondo Beach have been as follows:

August 2015	19% reduction
November 2015	33% reduction
February 2016	19% reduction

As expected the City's conservation efforts have resulted in various drawbacks in terms of aesthetics. A majority of the turf and plant materials in medians that can no longer be irrigated have turned brown. Parks and greenbelts do not appear as green and healthy as they normally do. While unfortunate, in light of emergency drought conditions these aesthetic costs are considered unavoidable.

Unless there is new direction from the Council, staff will continue along with current conservation efforts and attempt to keep overall City water usage at 35% to 40% below baseline levels.

CITY OF REDONDO BEACH

Budget Response Report #13

May 17, 2016

Question:

What is the Status of Treasurer reforms?

Response:

The City Treasurer was elected to complete specific reforms to reduce costs and increase oversight by way of modernizing operations and establishing best practices. Reforms include reduction of the Treasurer's salary and the establishment of internal auditing thanks to voter approval of the City Charter reforms in Measure CT.

Charter Reforms

Measure CT City of Redondo Beach Charter Amendment -- The Measure CT ballot question was on the November 4, 2014 election ballot for voters in the city of Redondo Beach in Los Angeles County, California. It was approved by 63% of the voters.

Measure CT amended the Redondo Beach Charter by deleting the requirements that the City Treasurer devote his or her full time to the duties of the office and may not engage in private business practice during city business hours. The measure also added new language to give the treasurer the authority to audit all monies collected by the city in order to prepare monthly reports.

Reduce costs

Measure CT removed the City Charter ban on outside employment for the City Treasurer thus removing the correlated requirement that the City pay a full-time salary for the position.

To date, the City Treasurer has been acting alone as Treasurer without a deputy -- saving expenses from one full-time budgeted position in addition to the reduced salary of the City Treasurer. The savings of the full time deputy has been approximately \$150,000 per year. Noting that the former Treasurer salary would be approximately \$118,000, the fully loaded cost for that salary would be \$176,000. The current salary of the City Treasurer is \$25,000. The fully loaded cost of the new \$25K salary is \$57,000 for a continuous annual savings of \$119,000. Considering that the Deputy position has been vacant and after accounting for the reduced salary of the Treasurer, the savings from personnel costs has been \$269,000 per year. Through Fiscal Year 2016-17, the City will have achieved total savings of \$800,000 in the Treasurer's office due to reduced costs.

Increase Oversight and Modernize Operations

OpenGov: The City Treasurer initiated and funds OpenGov online reporting of the City's financial reports. The budgeted cost of OpenGov is \$7,500.

Investment Advisory services: The investment duties of the former Deputy Treasurer have been transferred to an investment advisory firm First Tennessee Main Street (FTN). The \$10,000 year-to-date cost to the City in FY 2015 for investment advisory services and reporting has been offset by \$9,850 in trade credits for a net cost of \$150. FTN's economic and investment reporting is vastly improved over the City's internal capabilities helping to increase oversight.

New Chief Deputy Treasurer: The position of Chief Deputy City Treasurer is currently advertised and accepting applications. The date of first review is May 2, 2016. Upon the hiring of the Chief Deputy Treasurer, it is the intention of the City Treasurer to post updates online via OpenGov, include cash-flow reports and forecasts in future quarterly reports and to take on the responsibility of producing an Annual Revenue Manual. An acute focus on cash flow can improve revenue from investments as the weighted average maturity may be allowed to increase while meeting the city's cash flow requirements. The City Treasurer expressed these goals to the City Manager at the annual departmental budget review meeting. The budget for the Chief Deputy Treasurer is set at \$118,000, the maximum salary level for the position.

Auditing: Measure CT made explicit the City Treasurer's auditing authority. One hundred thousand dollars is budgeted to have in external firm conduct internal auditing of the City's financial operations. An agreement by the former City Treasurer and City Manager consolidated most of the Treasurer's activities with the Finance Department but left the City Charter-mandated responsibilities of the City Treasurer intact. This action was organizationally efficient but created a management gap between duties the Office of Treasurer and the City Charter responsibilities. The auditing authority made possible by Measure CT is an attempt to close this gap.

The City Treasurer working with the City Clerk, City Manager and the Director of Finance selected the auditing firm of Moss Adams as the winning bidder to evaluate the City's financial operations. The new auditing program will include a risk assessment of our financial operations, followed by ongoing compliance audits of agreed upon policies and procedures. The City has operated without internal auditing since 2009. The contract is expected to be presented to the City Council in May after the City Attorney and the auditing firm attempt to minimize their differences with respect to the City's indemnification language in the City's standard contract.

CITY OF REDONDO BEACH

Budget Response Report #14

May 17, 2016

Question:

What is the process for considering proposed special events and what special events are included in the proposed budget for FY 2016-17?

Response:

The proposed budget for FY 2016-17 includes funding to cover the City's hard costs for six signature events as designated by the Mayor and City Council. In addition to the hard costs of supporting the events, the City waives rental, permit, and parking fees related to the events. The FY 2016-17 events are as follows:

FY 2016-17 Proposed Budget Funding

Signature Events	General Fund	Tidelands	Uplands
Super Bowl 10K Run/Walk	\$17,000	\$ -	\$ -
Lobster Festival	\$ 5,500	-	-
Springfest Carnival	\$ 4,000	-	-
Riviera Village Summer Festival	\$ 2,500	-	-
Riviera Village Holiday Stroll	\$ 2,000	-	-
4 th of July 2014 Fireworks*		4,200	16,800
TOTAL	\$31,000	\$4,200	\$16,800

*Funding offset by parking revenues

Two other events, each with a waiver of total costs are: King Harbor Sea Fair - \$2,000 and the King Harbor Boat Parade - \$1,000.

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

In order to reduce the impact these events have on City resources, the City has not accepted applications for new events that require unfunded Public Works, Fire, and/or Police department support since October 2008.

Special events, including signature events, are required to submit a Special Event application to the Community Services Department. The application is circulated to each

City department for a review of community impacts, to consider safety and accessibility, and for assessment of appropriate fees and permit requirements.

CITY OF REDONDO BEACH ~ 2016 SPECIAL EVENTS

DATE	EVENT	LOCATION	SPONSOR	FOR MORE INFORMATION
Thursdays 8AM - 1PM	Farmers Market	Harbor Drive/Veterans Park	Redondo Beach CS Dept	310-372-1171 X2252 www.redondo.org
Fridays 3-7PM	Farmers Market	Avenue I-Riviera Village	Riviera Village Association	310-377-0205
February 7, 2016	Redondo Beach Superbowl Sunday 10K/5K	Seaside Lagoon	Redondo Beach Chamber of Commerce	310-376-6911 redondochamber.org
March 13, 2016	Festival of the Kite	Redondo Beach Pier	Sunshine Kite Co/ Redondo Beach Pier Assoc	ani@pierkites.com
March 13, 2016	St. Patrick's Day 5K Run/Community Walk	Riviera Village	Village Runner Racing	www.VillageRunner.com
March 20, 2016	Temple Menorah Purim Carnival	Temple Menorah 1101 Camino Real	Temple Menorah	catering@templemenorah.org
March 26, 2016	Easter Egg Hunt	Veterans Park	King's Harbor Church	lisa@kingsharbor.org
March 27, 2016	Easter Sunrise Service	Veterans Park	King's Harbor Church	dan@kingsharbor.org
April 9, 2016	Best Buddies Hearst Castle-Redondo Beach Ride	Redondo Beach Pier	Best Buddies California	Bestbuddieschallenge.org

April 21-24, 2016	Springfest	Performing Arts Center	VR Promotions/NRBBA	springfestredondo@earthlink.net
May 5, 2016	National Day of Prayer	Redondo Beach Civic Center	Mayor and City Council	310-372-1171
May 14, 2016	Fire Service Day	Fire Stations 1 and 2	RB Fire Department	310-318-0663
May 21, 2016	Walk for Life	South side of RB Pier to Torrance Beach	Pregnancy Help Center	agross@phctorrance.org
May 2016	Sea Fair	King Harbor Yacht Club	King Harbor Yacht Club	310-376-2459 manager@khyc.org
May 30, 2016	Memorial Day Tribute	Veterans Park	Redondo Beach CS Dept	www.redondo.org
June 12, 2016	Redondo Beach Triathlon	Veterans Park	TC Tri Productions	tc@tctriproductions.com
June 2016	Riviera Village Summer Festival	Riviera Village	VR Promotions/Riviera Village BID	www.rvsummerfestival.com
July 4, 2016	Friends of the Fireworks	Seaside Lagoon	Pete Moffett Productions	redondofireworks.com
July and August 2016 Thursdays & Saturdays	Pier Summer Concerts	Redondo Beach Pier	Redondo Beach Pier Association	waterfront@redondo.org
July 15-17, 2016	South Bay Greek Festival	722 Knob Hill Avenue	St. Katherine Greek Orthodox Church	310-540-2434
September 17, 2016	Coastal Cleanup Day	Ruby Street Lifeguard Tower	Heal the Bay	healthebay.org

September 17, 2016	LA Kings 5K Run/Walk	Riviera Village	LA Kings	jpope@lakings.com
September 23-25, 2016	Lobster Festival	Seaside Lagoon	Redondo Beach Chamber of Commerce	redondochamber.org
September 25, 2016	Rods, Rides, and Relics Car Show	Redondo Beach Pier	Redondo Beach Pier Association	waterfront@redondo.org
October 2, 2016	Community Open House	Civic Center	Redondo Beach Police Dept	310-372-1171 x 2565 www.redondo.org
Late Oct/Early Nov	Senior and Adult Disabled Health Fair	Performing Arts Center	Redondo Beach CS Dept	310-318-0650 Darryl.kim@redondo.org
October 31, 2016	Halloween Trick or Treat	Riviera Village	Riviera Village Association	310-251-5194 www.rivieravillage@verizon.net
November 11, 2016	Veterans Day Tribute	Veterans Park	Redondo Beach CS Dept	www.redondo.org
December 1, 2016	Holiday Stroll	Riviera Village	Riviera Village Association	310-251-5194 www.rivieravillage@verizon.net
December 6, 2016	Christmas Tree Lighting	Redondo Beach Civic Center	RB Round Table	www.redondo.org
December 2016	Menorah Lighting	Redondo Beach Civic Center	Jewish Community Center	310-214-4999 info@jccmb.com
December 2016	Christmas Boat Parade	Main Channel of King Harbor	King Harbor Yacht Club	310-376-2459 manager@khyc.org

CITY OF REDONDO BEACH

Budget Response Report #15

May 17, 2016

Question:

What is the status of Transit Funding for FY 2016-17?

Response:

All transportation programming is fully funded for Fiscal Year 2016-17. Beach Cities Transit (BCT), as a recognized Municipal Transit Operator, receives its primary sources of funding from the Los Angeles County Metropolitan Transportation Authority (Metro) under the Countywide Formula Allocation Procedure (FAP) Transit Funds. Many elements of transit funding are voter-approved sales tax measures that are stable sources of funding for transit operations and programming.

In June 2016, Metro will approve the Countywide FAP Transit Funds for the Municipal Transit Operators, and Proposition A/C and Measure R Local Return Fund Allocations. Additionally, the City receives annual Metro Proposition A Subregional Incentive Funds for the service coordination of the WAVE Dial a Ride service with the City of Hermosa Beach. The City's FAP allocation is based on Metro's fare-unit formula that uses vehicle service miles and passenger revenues as factors to determine the proportionate share of revenue distributed to Municipal Transit Operators. Metro's FAP Transit Fund projections for FY 2016-17 decreased for all Municipal Transit Operators due to the California State Controller's Office recent interpretation of State Transit Assistance (STA) program funding which added more than 100 new transit entities to the list of agencies for which the Controller calculates transit revenue, resulting in less funding to the existing transit agencies. Transit Associations are advocating for the reinstatement of the STA funds at the State level. While the majority of FAP funding has increased approximately 5% based on economic forecasting data which shows improvement in the economy on a County-wide basis, the STA funding decrease results in an overall FAP increase of approximately \$35,386 from FY 2015-16.

The total transit funds inclusive of FAP revenues and Proposition A Local Return Funds to be used for services is estimated at approximately \$4,011,000 (pending updated personnel, maintenance/operations, Internal Service Funds and overhead adjustments) for Fiscal Year 2016-17. A summary of all transit revenues is included below.

Anticipated FY 2016-17 Transit Fund Revenues

Proposition A Fund Local Return Allocation FY 16-17	\$ 1,269,514
Prop A Fund Local Return Fund Balance Transfer	545,346
Metro Transit FAP Funds Allocation FY 2016-17	1,753,647
Metro Proposition A Subregional Incentive Funds	87,493
BCT Fares	300,000
BCT & Metro Bus Pass Sales & Other Revenue	30,000
Cost Sharing Agreements-the Cities of El Segundo, Hermosa Beach and Manhattan Beach	25,000
Total Estimated Transit Fund Revenue	<u>\$4,011,000</u>

Transportation program expenditures include programming for BCT and WAVE service operations and facilities, transit marketing, transit security, the bus pass sales and subsidy programs, senior and youth recreational trips, professional consultants, personnel costs, general transportation administration, and rideshare programming related to Rule 2202 compliance (SCAQMD regulation). Proposition A Fund Local Return funds are required to be spent within three years of allocation. The City receives and spends approximately \$1.2 million Proposition A Fund Local Return funds per year, and unspent Proposition A Fund Local Return funds are placed in the Proposition A Special Reserve Fund for future use. The FY 2014-15 CAFR lists a fund balance of \$1,337,413. The City also receives funds from the South Coast Air Quality Management District (SCAQMD), the Federal Transit Administration (FTA), and California Department of Transportation (CALTrans) for capital purchases.

CITY OF REDONDO BEACH

Budget Response Report #16

May 17, 2016

Question:

How much funding has been generated by the public art ordinance to date, and how much is projected based on projects recently approved?

Response:

On December 2, 2014, the City Council adopted Ordinance No. 3127-14 establishing the John Parsons Public Art Fund along with funding mechanisms and operational guidelines for a Redondo Beach Public Art Program. The Fund balance is currently \$124,099. In addition, the City's Capital Improvement Project Budget includes a one-time allocation of \$46,561 for the public art program from the adopted FY 2008-2009 Budget. The \$170,660 in total public art funding is available for the acquisition and installation of new public artworks as well as the restoration and repair of existing public artworks.

The John Parsons Public Art Fund began receiving developer fees in August, 2015. Following is a record of the fund balance:

DATE	FUND BALANCE*
September, 2015	\$8,087
November, 2015	\$23,985
January, 2016	\$51,817
March, 2016	\$87,609
April, 2016	\$124,099

*Balance does not include the allocation of \$46,561 from the adopted FY 2008-2009 Budget

There are a number of development projects in process with the Community Development Department. If a project exceeds the permit value threshold of \$250,000, then the developer may choose to pay a one percent (1%) equivalent to the Public Art Fund. Alternatively, the Developer may choose to install public art at the project site, such art to have a value equivalent of one percent (1%) of the permit value above \$250,000. Additionally, the Developer may choose to have public art installed at a public place in proximity to the development project, again, such art to have a value equivalent of one percent (1%) of the permit value above \$250,000. Given these scenarios it is difficult to project the ongoing balance of the public art fund. It should be noted that development projects that have a permit value of \$75,000,000 and above are permitted to request that their public art contribution be capped at \$750,000. Regardless of the contribution method chosen by a developer, the final result is an increasing inventory of public artworks throughout the community.

CITY OF REDONDO BEACH

Budget Response Report #17

May 17, 2016

Question:

What was the cultural and entertainment rental activity at the RBPAC in FY 2015-16 and how has the Business Plan approved in 2007 affected the Center's fiscal impact and facility booking percentages?

Response:

The Redondo Beach Performing Arts Center (RBPAC) continues to be a highly sought after and fully functional facility owned by the City of Redondo Beach, with a variety of economically diverse rental clients. It hosts over 500,000 patrons, artists and event participants each year and has become a critical icon for the City's cultural and visitor serving brand. In 2007, the City Council approved a business plan for the Center directing a variety of marketing and customer service initiatives that to date, have resulted in a greater percentage of event bookings, increased revenue, and a higher industry profile. Specific measures put in place pursuant to the business plan have included hiring a full-time Cultural Arts Manager, benchmarking the rental rates charged for usage of the RBPAC to similar venues in the region, creating rental rates for specialized equipment and hourly corporate usage, and establishing a RBPAC marketing budget. Additional revenue sources have been developed with rentals of the facility parking lot for weekly road course bicycle training and food truck events.

The ongoing operational goal of the Center is to minimize General Fund support while increasing the quantity, quality and diversity of cultural offerings for the community. The Center's programming is generated by resident non-profit arts organizations; local, national and international promoters; community-based organizations; and numerous corporate, television and film companies.

As shown below, when comparing revenues and expenditures, the General Fund subsidy is projected to be approximately \$295,000 in FY 2015-16. Although charges for Internal Service Funds and Overhead increase at a percentage greater than that of RBPAC annual revenue, the General Fund subsidy continues to be below the levels seen prior to the implementation of the RBPAC Business Plan. Use fees are updated on a bi-annual schedule to further offset cost increases and Internal Service Fund/Overhead charges.

FY	Revenue	Expense	Excess/(Deficit)
2006-07	\$425,000	\$997,005	(\$572,005)
2007-08	574,000	1,097,400	(523,400)
2008-09	720,600	1,130,235	(409,635)
2009-10	609,091	1,165,772	(556,681)
2010-11*	616,379	1,076,558	(460,179)
2011-12	710,210	1,006,483	(296,273)
2012-13	850,759	1,021,392	(170,633)
2013-14	888,801	1,035,129	(146,328)
2014-15	1,006,155	1,287,241	(281,086)
2015-16**	981,369	1,276,865	(295,496)

* 2010-11 FY Revenue does not include \$209,322.50 owed to the City by the Civic Light Opera of South Bay Cities for 123 days of use covering 76 theatrical performances.

**Projected - additional revenues/expenses expected through June 30, 2016.

RBPAC Update on Broadway Series and Rental Statistics

In FY 2015-16, the resident musical theater company at the RBPAC, 3D Theatricals, announced that the company would no longer perform at the Plummer Auditorium in Fullerton, CA. Instead, the company will now premiere all of its shows at the RBPAC and then transfer them to the Cerritos Center for the Performing Arts for additional performances. A complete listing of performances at the Redondo Beach Performing Arts Center can be found in the Events Calendar on the RBPAC website at www.RBPAC.com.

Rental statistics are provided below for the past nine fiscal years.

Rental Statistics

	<u>Total # of Days Booked per FY</u>		<u>Total # of Weekends* Booked per FY</u>	
FY 07-08	212	58%	44	85%
FY 08-09	259	71%	46	88%
FY 09-10	253	70%	42	81%
FY 10-11	248	68%	43	83%
FY 11-12	167	46%	35	67%
FY 12-13	211	58%	46	88%
FY 13-14	225	62%	39	75%
FY 14-15	280	76%	47	90%
FY 15-16	267**	73%	50	96%

*Weekends = Friday, Saturday & Sunday

**Projected – additional bookings anticipated through June 30, 2016

Following is a listing of RBPAC Programming for FY 2015-16:

City Events at RBPAC - (Fee Waiver Events) FY 2015-16:

RBPD/Transit Taxi Inspections	Car Fit-Senior Services
Household Hazardous Waste Round-Ups	Springfest Carnival (9 days)
Human Resources Employment Exams	RBFD Vehicle Operation Training
Special Olympics Culmination Event	Redondo Beach Unified School District

RBPAC Facility Rental Clients FY 2015-16:

Do Thanh Entertainment Events	Courtney's School of Dance
Los Angeles Telugu Association	The Dance Factory
3D Theatricals	US Pole Sport International
Patel Aragetram	Tisha Entertainment
Manhattan Beach Studios	Kalapeetham Foundation
Nuestras Raices	Flypoet
Kaytee Entertainment	Sharman Joshi
Northrop Grumman	National Yo-Yo
Los Angeles Ballet	Akshaya Patra USA
Los Angeles County Lifeguards	Kala Koa Entertainment
Kinecta Federal Credit Union	ICMG Concerts
Okinowan Association of America	The Aurora Foundation
Distinguished Speaker Series	CBS Television
Peer 97 Music Group	Andern Educational Research
Vibe Jr. Dance	NDM Bollywood Dance
Inspiration Nation	Virgelia Productions
World Financial Group/Melonee Weaver	Nonosina Ploynesian
Warren Miller, Inc.	St. Anastasia Catholic School
Journey of Faith Church	Tedx Redondo
Starbound Dance	Encore Entertainers
Sri Lankan Foundation	Cedars-Sinai Medical Center
NPC Gold Coast Muscle	Sidedoor Events
Kid Artistic Revue Dance	Beachbody LLC
Soroptimists of Southern California	Hall of Fame Dance
Move Dance	Brightstar Academy
Spotlight Dance	Thunderstruck Dance
Greg & Steve Productions	Skechers, Inc.
VistaMar School	Skirball Middle School
Webby Dance	Miss Vietnam Global

CITY OF REDONDO BEACH Budget Response Report #18

May 17, 2016

Question:

What is the status of the program to steam clean sidewalks on Esplanade and Artesia Boulevard?

Response:

In 2010 the City implemented an in-house program in the Public Works Department to provide focused cleaning services for sidewalks in commercial corridors and other heavily traveled areas. Two new maintenance worker positions were established and the necessary vehicles, equipment and materials were acquired. For the last six years the sidewalk cleaning crew has rotated through the City removing litter and performing sidewalk scrubbing in areas such as the Esplanade, Artesia Boulevard, Riviera Village and Torrance Boulevard.

For the 2015-2016 fiscal year the City Council established a budget of \$130,000 to fund outside contracts for additional steam cleaning on Artesia Boulevard, the Esplanade and other key areas. In October 2015, staff retained Hytetra Services to perform a cleaning treatment on the entire length of the Esplanade using the company's foam cleaning technique. The service was performed over five days and results were mixed. Initially, the appearance of the walkway was improved and odors from debris and pet waste were reduced. However, the improvements were short-lived as within several days conditions appeared largely unchanged from prior to the treatment.

As the Esplande treatment was only marginally effective, staff is experimenting with some other vendors and different techniques before considering a large-scale contract. Pricing is being obtained from other companies to provide a cleaning service for the commercial corridor on Artesia Boulevard. There are multiple types of sidewalk cleaning techniques available and staff would like to compare the effectiveness of other treatments relative to Hytetra Services. Once some other vendors have been tested staff will return to Council with a recommendation for how to best utilize the funding set aside for sidewalk cleaning in the future.

As staff only expects to spend about \$30,000 on contract cleaning treatments during the current fiscal year, approximately \$100,000 should be available to be carried over into 2016-2017.

CITY OF REDONDO BEACH

Budget Response Report #19

May 17, 2016

Question:

What equipment is scheduled for replacement as recommended in the Information Technology – Equipment Replacement Decision Package?

Response:

The City's Information Technology Equipment Replacement Program was established in 2003 as a way to keep the City's technological infrastructure up to date and to minimize failures and workplace disruption due to unreliable, outdated or failing computer hardware and software. The City had experienced considerable disruption due to old technology from the time it started implementing non mainframe based solutions around 1993, up to 2003. It was those experiences in that time period and the realization that technology had become a mission critical system that needed to be maintained, that drove the City to initially fund the replacement program. Since the program's implementation, the City has enjoyed a very robust and reliable technological infrastructure.

In addition, the IT equipment replacement program is in keeping with adopted financial principle #2(f) which reads "The City will provide funding for capital equipment replacement, including a long-term technology plan, to achieve greater efficiency in its operations."

Each mid-year IT staff reviews the replacement schedule and makes adjustments based on equipment lifespan. We may extend or reduce the lifespan based on the condition of the equipment or pending changes in the technological paradigm. For example in FY07-08, instead of replacing 21 computer servers, we funded the implementation of a virtual server infrastructure. At times equipment is replaced for other reasons than simply reaching the end of its lifespan. Technological advances or the inability of equipment to run current software also drive the decision to replace.

In the event Departments decide that they no longer need the equipment and decline replacement or the equipment is retired and not replaced, the money set aside for that equipment is turned back into the replacement fund and the equipment is removed from the replacement schedule at the next available mid-year update.

These are estimated costs. Sometimes the cost is higher or lower than expected. To date, we have successfully covered the costs of each FY replacement program with lower cost items helping to cover the higher costs items.

Here are some examples of enterprise wide mission critical systems that have benefitted from the replacement program:

- Data Network Infrastructure (2003, 2006, 2013)
- Telecommunications System – (2003, 2006, 2012)
- Public Safety Computer Aided Dispatch and Records Management Systems (2005, 2010, 2015)

Below is a listing of technological equipment scheduled for replacement in FY16-17 and estimated costs that make up the requested \$543,686:

Information Technology:

- Barracuda Archiving Device \$ 6,098
 - Acquired in 2013. Equipment will be ~4 years old upon replacement. This appliance acts as the archive device for City email.
- Avaya Core Router/Switch (Qty-2) \$ 110,872
 - Acquired in 2006, updated in 2013. Equipment will be ~10 years old upon replacement. These two core routers act as the traffic cops for the City voice and data network. Without these functioning devices all network activity stops. They are deployed in a redundant fashion (active-active) and actively back each other up. Replacement significantly reduces hardware footprint, hardware complexity and power consumption.
- SonicWall E6500 (Qty-2) \$ 43,024
 - Acquired in 2010. Equipment will be ~6 years old upon replacement. Deployed in a High Availability configuration. These are the network perimeter firewalls for the City, providing multi-layered protection for internal City networks. Failure of these devices shuts down all external communication including public safety.
- Phone System/Voice Mail Upgrade \$ 321,306
 - Upgraded in 2003, 2006 and 2012. Some components will be ~13 years old upon replacement. This upgrade takes the phone and voice mail system almost completely virtual and significantly reduces the hardware footprint, hardware complexity and power consumption. This replacement is in alignment with the strategic objective to Modernize Communication Systems at City Offices. This upgrade will integrate the phone system with Microsoft Office, Skype for Business and Outlook email. The voice mail system will be new so all departmental auto attendants will be redesigned from the ground up.
- Paper Folder – Copy Center \$ 5,738
 - Acquired in 2012. Equipment will be ~5 years old upon replacement. Device is used by Copy Center staff to fold paper for flyers, handouts etc.
- Tape Binder – Copy Center \$ 5,738

- Acquired in 2012. Equipment will be ~5 years old upon replacement. Machine is used to bind reports, documents for distribution, RFP's etc. Very fast and efficient compared to the old practice of ring binding.

Police Department:

- Projector – Briefing Room \$ 7,376
 - Acquired in 2010. Equipment will be ~5 years old upon replacement. Current projector is showing age and failing intermittently. Projector is used frequently by PD as part of daily briefings and for training.

- EqualLogic PS4000 x – Video Storage \$ 40,565
 - Acquired in 2010. Equipment will be ~6 years old upon replacement. This device stores data for the Police Department video recording system.

Library:

- Projector – North \$ 2,969
 - Acquired in 2011. Equipment will be ~6 years old upon replacement. This is the projector that serves the North Branch Library meeting room. The device has been problematic. IT will be looking to provide a more useable projection solution.

Equipment Replacement Total	\$ 543,686

CITY OF REDONDO BEACH

Budget Response Report #20

May 17, 2016

Question:

What would be the timing and recommended funding for an upgrade to the City's website content management system (CMS) in the Information Technology – Equipment Replacement Decision Package?

Response:

The City website (www.redondo.org), in its current state, has been in operation since 2003. Since that time, there has been only one significant upgrade to the website management software. New features available:

- Unique, powerful and user-centered design
- Lively non-Flash friendly homepage slideshows which allow for images, photos and videos
- Option to have homepage slideshow driven by the News Module
- Easy to use navigation and service-centered information architecture
- Dynamic dropdown menus and mega-menus (How do I...)
- Most popular links and dynamic sitemap
- Optimized graphics and low-graphic version option
- Responsive design framework
- Media Manager control of homepage graphic elements
- Social Media Sharing (Facebook, Twitter, etc.) and Google Translate
- RSS and News Feeds
- ADA compliance
- Significant Security Enhancements

Timing

The overall project timeline will be between 4-5 months depending on the extent of the upgrade/redesign once the kick-off meeting is set. The goal for project completion is December of 2016. The estimated dates for completion of services are as follows:

Service	Estimated Completion Date
Project kick-off meeting	05/17/16
Provide theme selection and branding	06/07/16
Provide information architecture and content migration	08/09/16

Content enhancement to ensure responsive design	08/30/16
Apply department branding options	11/02/16
Quality assurance and technology transfer	11/02/16
Training for staff members	Ongoing

The schedule is widely based upon participation and coordination from all departments who have a website presence.

Currently, a Website Redesign Committee has been established with at least one representative from each department. Meetings have taken place to update website content and reorganize pages; this will greatly speed the process for information architecture and content migration.

Additionally, the Website Redesign Committee will develop a recommendation on the final theme selection and branding for City Council approval.

Funding

The cost for the upgrade is between \$45,355 and \$50,000 depending on final department branding selections. The Website upgrade project will be funded from the FY15-16 Information Technology Internal Service Fund, no appropriation of funds is necessary.

New modules and functionality

- **Admin Module** – Allows for centralized setup and management of user rights, roles and permissions
- **Photo Manager** – Interactive photo books and galleries to share photos with community
- **Advanced Media Manager** – More control to change homepage and secondary page graphic elements and buttons
- **Advanced Calendar** – More control to change calendar elements and display
- **Social Media Module** – At the City's discretion, the city can connect news items to a social media feed (i.e. Facebook and Twitter)
- **Quicklinks** – Easily setup friendly URLs for pages throughout the city website
- **Google Custom Search Engine** – The Content Management System is fully integrated with Google's Custom Search Engine that allows for detailed search results on pages and documents.
- **Unique Department Side Navigation Feature Buttons** – Five fixed unique side buttons for each requested department to easily take users to popular pages/links.
- **Unique Department Background Image** – A graphical display as a background for the requested department pages.
- **Widget Based Landing Pages** – Dynamic ad management, department branding, videos, slideshows, script snip-its – all easily configured in a variety of new page layouts and templates for the requested department.
- **Department Title Bar Graphic** – Title bar with graphics display for the requested department.

New Security Enhancements

1. Passed parameters validated by type and length.
2. User input checked for persistent (stored) cross-site scripting.
3. Eradication of reflective cross-site scripting access points where discovered.
4. SQL statements changed to parameterized commands, to help protect against SQL injections.
5. File types validated on upload to prevent executables being uploaded as txt files, allowed files is configurable.
6. Login:
 - a. Less verbose login error messages, i.e. password does not match.
 - b. Username no longer enumerated.
 - c. Auto complete disabled.
7. Code added to prevent Cross-site request forgery and cross frame scripting (XFS).
8. IP checking on login- requires users to register from new IP addresses.
9. System can be configured to allow only one concurrent user session.
10. User admin passwords no longer passed in clear text.

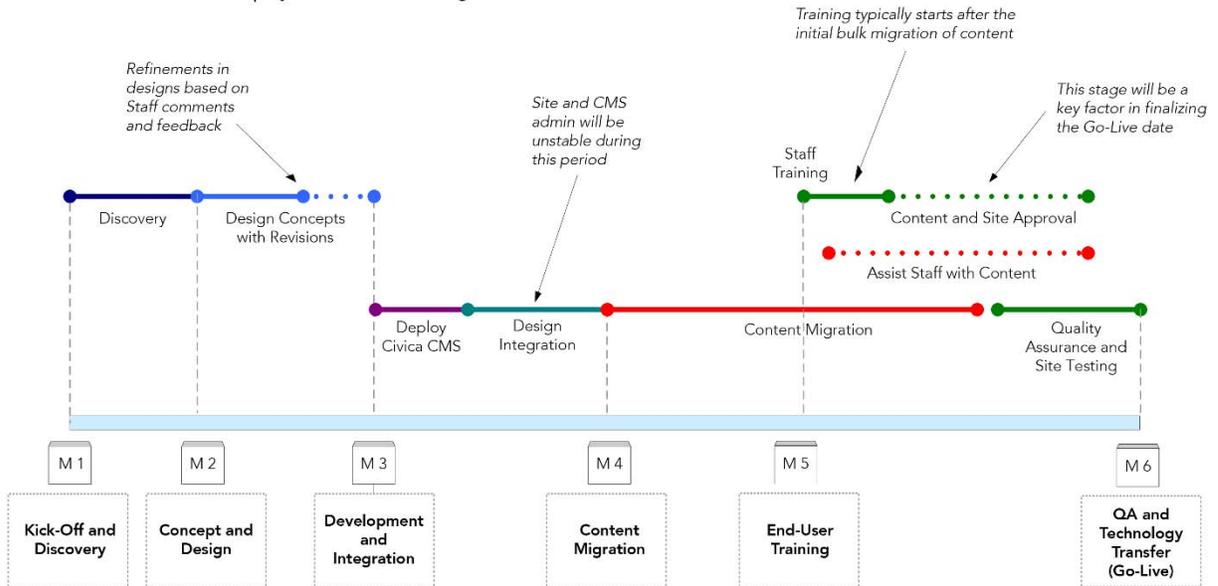
Project Management

Working with the IT Analyst, Civica Software will provide active project management throughout the following milestones:

- Milestone 1 – Redesign the City's website with the new features and host a project kick-off meeting with the City's Website Redesign Committee
- Milestone 2 – Theme Selection and Branding
- Milestone 3 – Information Architecture, Content Migration, Content Enhancement
- Milestone 4 – Department Branding Options, Quality Assurance and Technology Transfer, Project Management,

Project Timeline

Standard Website Deployment Timeline / Diagram



Notes:
 1. The timeline is not to scale
 2. Dotted sections (•••••) will have the most impact on the overall schedule as they require staff input and cooperation to keep the project moving forward.

CITY OF REDONDO BEACH

Budget Response Report #21

May 17, 2016

Question:

What are the options for adding bicycle facilities to Manhattan Beach Boulevard?

Response:

Currently, the South Bay Bicycle Master Plan (SBBMP) for the City of Redondo Beach proposes Class II bike lanes on Manhattan Beach Boulevard between Aviation and Inglewood Avenue. Within this segment Manhattan Beach Boulevard (MBB) is a divided roadway with 2 lanes and on-street parking in the eastbound direction and generally 3 lanes in the westbound direction. Parking is prohibited in the westbound direction. The eastbound and westbound barrels are separated by raised, landscaped medians. There are left-turn pockets at most intersections and primary driveways. The roadway width in each direction and median varies throughout the segment.

MBB within the City of Manhattan Beach and directly adjacent to Redondo Beach (from Aviation Blvd to Ardmore/Valley) is a 4 lane divided roadway with 2 lanes and on-street parking in each direction. The roadway width in this segment is approximately 32 feet. Within the City of Lawndale, MBB is also a 4 lane divided roadway with generally two lanes and on-street parking in each direction. Between Grivellea Avenue and Hawthorne Boulevard there are three travel lanes in the eastbound direction.

Per the Caltrans Highway Design Manual (HDM): "The Streets and Highway Code Section 890.4 defines a "Bikeway" as a facility that is provided primarily for bicycle travel.

- (1) Class I Bikeway (Bike Path). Provides a completely separated right of way for the exclusive use of bicycles and pedestrians with crossflow by motorists minimized.
- (2) Class II Bikeway (Bike Lane). Provides a striped lane for one-way bike travel on a street or highway.
- (3) Class III Bikeway (Bike Route). Provides for shared use with pedestrian or motor vehicle traffic."

The South Bay Bicycle Master Plan (SBBMP) for the City of Manhattan Beach (west of Aviation Blvd to Valley/Ardmore) proposes Class II bike lanes while farther west (from Sepulveda Blvd to The Strand), Class III with head-out angled parking. The proposed improvements require the removal of approximately 69 on-street parking spaces between Sepulveda and Pacific Avenue. The SBBMP for the City of Lawndale (east of Inglewood Avenue to Prairie Avenue) also proposes Class II bike lanes. The proposed improvements within Lawndale require the removal of a third eastbound travel lane between Grivellea Avenue and Hawthorne Boulevard.

Preliminary evaluation indicates that a Class II bike lane could be accommodated in the eastbound direction if the current roadway geometrics and/or parking restrictions are modified. Reducing the travel lanes to 10 feet, which would be the minimum acceptable for this roadway, would allow parking to be retained for the majority of the segment. There may, however, be isolated locations where the center median width would need to be reduced. As an alternative, parking could be eliminated and wider travel lanes retained. At locations Vail Avenue and Rindge Lane, where there is a striped right turn lane, the median would need to be reconstructed to reduce its width. The bike lane would need to end just prior to Inglewood Avenue unless significant modifications to the median and traffic signal detection were made.

A Class II bike lane in the westbound direction would be possible if the number of through travel lanes were reduced from three to two. Some modifications to the median (alignment and width) would also be required. As an alternative, a Class III bike route could be established in the westbound direction without any modifications other than installation of signage. However this type of facility does not provide the same degree of protection for bicycles as would normally be provided for an arterial roadway such as MBB.

Elimination of parking on the south side of MBB would require public outreach and an opportunity for public input at the Public Works Commission and City Council. This may also affect parking availability for the Redondo Beach Performing Arts Center. Due to the complexity of establishing Class II bike lanes on MBB, the City would need to retain the services of an engineering consultant to design the improvements and develop a Capital Improvement Program project to fund construction.

CITY OF REDONDO BEACH

Budget Response Report #22

May 17, 2016

Question:

What staffing and enforcement tools are available to enhance our code enforcement efforts?

Response:

Staffing Levels

Current Code Enforcement operations are authorized at 2.0 FT positions and staffed at 1.75 FTE (1.0 FT position and 0.75 PT). Both positions are Code Enforcement Officers. The City's Chief Building Official oversees Code Enforcement operations and reports to the Community Development Director. Prior to 2009 3.0 FT positions were authorized for Code Enforcement. The additional position was a Code Enforcement Manager assigned both office and field responsibilities.

The Code Enforcement caseload has increased and responsibilities for Business License, Massage Permit, Vacation Rentals and other new investigations have been added. Staff is examining the possibility of supplemental staffing for code enforcement activities and/or the possibility of supplemental staffing/services in the City Attorney's office to assist with prosecution of quality of life issues identified through our code enforcement activities.

Process Improvements

The current Notice of Violation (NOV) process is a fairly standard practice where following investigation, a NOV is issued to the property owner and a compliance date is set to correct the violation (usually 2-3 weeks). A follow up inspection is made on or after the compliance date and a determination is made as to whether an owner has complied by eliminating the violation. If no compliance or only partial compliance has been achieved, a final NOV will be issued and the owner is notified that failure to comply may result in criminal prosecution. This compliance period usually ranges from 1-3 weeks dependent on the nature of the violation. If a property continues to be non-complaint, a case will be prepared and submitted to the City Prosecutor.

Once a case has been submitted it is up to the City Prosecutor as to whether or not to file charges. The NOV process is of value in establishing that sufficient effort has been made by the City to obtain voluntary compliance before proceeding to prosecution. However, the process is also lengthy and at times is not well suited to cases that should be resolved more quickly and easily. To be performed properly the traditional NOV process requires that a Code Enforcement Officer spend up to on-half of their time in office rather than in the field.

Proposed is the implementation of an Administrative Citation procedure whereby Code Enforcement Officers would have the ability to issue warnings and citations for various types of minor violations. The City's two existing officers have the basic training to issue citations and require only an update course to bring their certifications current. The issuance of warnings and citations for routine cases such as weeds and debris, parking of inoperative vehicles and other matters quickly and easily resolved may be a more effective approach to gaining compliance.

In addition to implementing Administrative Citations, the efficiency of Code Enforcement Officers in the field could be improved by providing them with mobile devices to access both the Munis Permit and Business License Modules and the Comcate Code Enforcement Module. The ability to link to these systems from the field would avoid officers having to call in to verify permit information and allow them to record the violation to make all departments aware of the condition.

The Community Development Department is working with the City Attorney's Office in developing a Neighborhood Improvement Task Force. Several recent major cases have shown the need to maintain a standing group of departmental and divisional representatives from Fire, Police, Animal Control, Planning, Building and Public Works to respond as necessary to major cases involving suspected hoarding, drug related activities, animal-keeping, neighbor to neighbor conflicts and other serious conditions.

It is anticipated that the City Attorney's office and the Community Development Department will be taking the lead on the establishment and the operation of this Task Force.

Code Review and Update

Many sections of the Municipal are dated and would benefit from updates. The City's property maintenance code section adequately addresses Life and Safety issues and public nuisances e.g. hazardous buildings, but could be substantially improved with respect to keeping the City clean, safe and attractive. On April 19, 2016 the City Council introduced the International Code Council's property maintenance code for adoption by reference. The addition of these regulations and standards will provide Code Enforcement with substantial new tools in the form of laws and regulations.

CITY OF REDONDO BEACH

Budget Response Report #23

May 17, 2016

Question:

What is the status of the City's General Plan, and what steps are recommended as part of the \$500,000 strategic update to the General Plan?

Response:

The General Plan is the document which sets forth the goals, policies, and objectives that guide the City's planning and development. The current General Plan was last comprehensively updated in 1992 with periodic updates to the Land Use, Circulation, Housing and Recreation Elements. The City adopted an objective in the current Strategic Plan to update the City's General Plan to ensure sustainability, livability, and community health.

The City Council provided specific direction on March 1, 2016 to proceed with a "Strategic" General Plan update that would initially focus on updating the Land Use Element, and on March 15, 2016 the City Council approved a one-time General Fund appropriation of \$500,000 to fund the update.

The general scope of the "Strategic" approach to updating the General Plan is outlined below.

- General Plan Land Use Element Update Only;
 - Include chapters within an updated Land Use Element to address contemporary planning concepts.
 - Healthy Communities;
 - Economic Development;
 - Climate Change; and
 - Sustainability
- Document and track potential inconsistencies created with other existing General Plan Elements.
 - Following the focused update of the Land Use Element an "incremental" and targeted update for consistency purposes would be conducted to address any discovered inconsistencies (separate project, post Land Use Element Update)
- Incorporate within the Land Use Element Update results of a focused land use planning effort for the AES property. It is expected that the AES Zoning and land use change effort will be supported by the consultant selected for the General Plan Update and a subcommittee of the City Council appointed General Plan Advisory Committee as the AES Task Force.

The anticipated schedule is as follows:

- 05.17.16: Prepare a request for proposal (RFP) for contract services for the General Plan update and present to the City Council for consideration and release.
- 07.19.16: Recommend to the City Council for action the selection of a General Plan Update consultant.
- 08.16.16: Present to the City Council for consideration the formation and composition of a citizens' General Plan Advisory Committee (GPAC), including potential inclusion of representatives from Neighborhood Councils and the formation and composition of an AES Task Force that will work with the selected General Plan Update consultant on a future land use plan for the AES Property.
- 09.16 Confirm scope of the general plan update and establish an outreach strategy and community participation program
- 10.16 Initiate regular public meetings with the citizen's GPAC and AES Task Force
- 12.16 Conclude review of existing conditions and data. These evaluations and research will include identifications of existing land use objectives, goals, and policies that are still relevant and a quantification of the city's various existing land use categories
- 01.17 Initiate preparation of Draft General Plan Land Use Element. Initial steps to include identifying community priorities. Conduct citywide public workshops
- 07.17 Issue first draft of Updated Land Use Element
- 09.17 Initiate consistency analysis and environmental analysis
- 09.17 Consultant finalizes IS/NOP
- 10.17 Begin 30-day noticing period
- 11.17 Conduct Public Scoping Session
- 12.17 End 30-day noticing period
- 03.18 Administrative Draft EIR received and reviewed by the City
- 04.18 Consultant completes DEIR

- 05.18 DEIR deemed complete and final materials are submitted to the City
- 05.18 Begin 45-Day Publication/Circulation Date of DEIR
- 07.18 End of 45-Day Public Circulation Period for DEIR
- 08.18 Consultant Prepares response to comments (RTC)
- 10.18 Planning Commission Public Hearing
- 12.18 City Council Public Hearing

CITY OF REDONDO BEACH

Budget Response Report #24

May 17, 2016

Question:

What is the Status of the Residential Street Rehabilitation Program?

Response:

The City's residential street rehabilitation program was initiated in 2001 and was originally broken into six sections with the expectation that \$10 million was needed to resurface all residential streets citywide. The project phasing was based on the results of the Pavement Management Study (PMS) data available at the time. The first phase of the residential street rehabilitation program included the residential area immediately north of 190th Street through Ripley Avenue. The next three phases included the streets from Ripley Avenue through the northern City border.

In the 2004-05 FY it became clear that the City could no longer provide sufficient funding to complete the program according to the original six year plan and extended the program schedule. Over the next nine years the City completed residential street resurfacing from 190th Street south through Knob Hill Avenue and west of PCH, and east of Prospect through Massena Avenue. A Public Works contract for Phase 11 was awarded on April 7, 2015, and the project was accepted as complete on December 15, 2015. The streets included in Phase 11 were south of Avenue D and east of PCH, as well as most of the streets in Riviera Village. (See attached Map 1 for details).

The area still to be completed is shown on the attached Map 2. Using the City's Pavement Management System, the estimated current dollar cost of completing the remaining pavement area is \$2.7M.

The Proposed Five-Year Capital Improvement Program 2016-2021 includes \$2.72M in new and carryover funding available in FY 2016-17 comprised of \$2.30M of CIP Funds and \$420,000 in Measure R Funds, to complete the remaining residential resurfacing effort in South Redondo Beach by the end of the fiscal year.

Any additional project funding in the period beyond the 2016-17 FY will expedite the resurfacing effort in other areas of the City. Upon completion of these streets, staff is also exploring the use of slurry seal on streets that are in good condition based on the PMS as a means of extending pavement life.

Attachments:

- Map 1 – Completed Residential Street Rehabilitation Areas
- Map 2 – Remaining Residential Street Rehabilitation Area

MAP #1
CITY OF REDONDO BEACH
RESIDENTIAL STREET
REHABILITATION PROGRAM
2001-2015 PHASE



CITY OF REDONDO BEACH
Budget Response Report #25

May 17, 2016

Question:

What was the feedback received from the Public Works and Budget and Finance Commissions on the Proposed Capital Improvement Program?

Response:

The proposed 2016-2021 Capital Improvement Program was presented at a joint meeting of the Public Works and Budget and Finance Commissions on April 28, 2016. The Commissions supported the recommendations included in the proposed Program and urged staff to expedite the residential resurfacing program and the street improvements at Inglewood Avenue and Manhattan Beach Boulevard. Attached, for City Council reference, are the draft minutes from the meeting.

Attachment: Draft Minutes, Special Joint Meeting of the Public Works/Budget and Finance Commissions - April 28, 2016

CALL TO ORDER

A Special Joint Meeting of the Public Works/Budget and Finance Commissions was called to order by Acting-Chair Funabashi at 7:05 p.m. in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

ROLL CALL

Commissioners Present: Acting-Chair Funabashi, Garcia, Glass, Savino, Gran, Johnson, Kartounian, Kilroy, Murakawa
Commissioners Absent: Chair Brown, Vice-Chair Hannon, Fox, Geittmann, Chair Nguyen
Officials Present: Ted Semaan, Public Works Director
Wisam Altowaiji, City Engineer
Jack Rydell, City Traffic Engineer
Jin (Gene) Kim, Associate Traffic Engineer
Brad Lindahl, Capital Projects Program Manager
Doug Kaku, Grants Financial Administrator
Marni Ruhland, Assistant Financial Services Director
Diane Cleary, Minutes Secretary

SELECTION OF A TEMPORARY CHAIRPERSON

Motion by Commissioner Kilroy, seconded by Commissioner Kartounian, to select Acting-Chair Funabashi as Temporary Chairperson. Motion carried unanimously, with Chair Brown, Vice-Chair Hannon, Commissioner Fox, Commissioner Geittmann and Chair Nguyen absent.

SALUTE TO THE FLAG

Acting-Chair Funabashi led the audience and Commissioners in a Pledge of Allegiance to the Flag.

APPROVAL OF ORDER OF AGENDA

Motion by Commissioner Kilroy, seconded by Commissioner Glass, to approve the Order of Agenda as presented. Motion carried unanimously, with Chair Brown, Vice-Chair Hannon, Commissioner Fox, Commissioner Geittmann and Chair Nguyen absent.

CONSENT CALENDAR

- 1. PUBLIC WORKS COMMISSION: APPROVAL OF AFFIDAVIT OF POSTING** of the April 28, 2016 Regular Public Works Commission meeting.
- 2. BUDGET AND FINANCE COMMISSION: APPROVAL OF AFFIDAVIT OF POSTING** of the April 28, 2016 Joint Special Meeting of the Budget and Finance Commission.

Motion by Commissioner Kilroy, seconded by Commissioner Kartounian, to approve the Consent Calendar as presented. Motion carried unanimously, with Chair Brown, Vice-Chair Hannon, Commissioner Fox, Commissioner Geittmann and Chair Nguyen absent.

ORAL COMMUNICATIONS

Acting-Chair Funabashi opened the Public Comment.

There being no speakers, Acting-Chair Funabashi closed the Public Comment.

EXCLUDED CONSENT CALENDAR - NONE

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Acting-Chair Funabashi opened the Public Comment.

There being no speakers, Acting-Chair Funabashi closed the Public Comment.

OLD BUSINESS – NONE

NEW BUSINESS

DISCUSSION REGARDING THE PROPOSED CAPITAL IMPROVEMENT PROJECTS BUDGET FOR FISCAL YEAR 2016-2017

RECOMMENDATION:

- a. Receive and file a presentation on the City's Capital Improvement Program and the projects proposed for FY2016-2017; and,
- b. Provide input and recommendations to the City Council.

Capital Projects Program Manager Brad Lindahl gave a report and discussed the following:

- Why is the CIP Important
 - Quality of Life
 - Health & Safety
 - Property Values
 - Economic Development
 - City Liability
 - Stakes are High:
 - City's infrastructure valued at \$370 million
 - ASCE recommends 2% minimum annual capital expense
- Evaluation Criteria
 - Health and safety?
 - Mandated?
 - Implement a Strategic Plan goal?
 - Does it complete an existing project?
 - Does it support economic development?
 - Will it result in future operating savings?
 - Is there significant outside funding?
- Five-Year Accomplishments
 - Over \$30 million in completed CIP projects
 - Over 75 projects completed including:
 - Esplanade streetscape improvements
 - Harbor Patrol Facility
 - Pier Revitalization
 - Harbor/Herondo Gateway
- Sewer & Drainage Projects
 - Completed Projects
 - Public Works Yard Clarifier installation
 - Continued NPDES Permit Milestone compliance
 - Current Projects
 - Camino Real Sewer Main Line
 - Sewer Pump Station Design Contract

Attachment A

- Waterfront Projects
 - Completed Projects
 - Pier Structure Repairs
 - Current Projects
 - Boat Launch Location and Planning
 - Pier Parking Structure Repairs
- Parks & Public Facilities
 - Completed Projects
 - Veterans Park Library Carpeting
 - Current Projects
 - Anderson Park Improvements
 - Redondo Beach Transit Center
 - Sr. Center Improvements at Veterans Park, Perry Park and Anderson Park
- Living Streets Projects
 - Completed Projects
 - Herondo/Harbor Gateway Improvements
 - PV Blvd./Catalina Avenue Improvements
 - Riviera Village Monument Sign
 - Current Projects
 - Beryl Street & Drainage Improvements
 - Riviera Village Phase IV
- Street Projects
 - Completed Projects
 - Residential Resurfacing, Phase 11
 - Avenida del Norte Resurfacing
 - Aviation Boulevard
 - Current Projects
 - Citywide Curb Ramps
 - Esplanade Resurfacing
 - Marine Avenue Resurfacing
 - Measure R Regional Projects
- Proposed CIP Projects
 - Recommendation of Staff CIP Committee
 - Commission Feedback to CM & City Council
 - City Manager's Proposed Budget to City Council by May 16
- FY15-16 CIP Carryover Funding
 - Sewer Projects - \$8,858,006
 - Drainage Projects - \$791,119
 - Street Projects - \$14,194,432
 - Waterfront Projects - \$4,534,270
 - Park Projects - \$852,923
 - Public Facility Projects - \$7,997,147
 - General Improvements Projects - \$251,956
 - Total \$37,479,853
- FY16-17 Recommended CIP (New) Funding
 - Sewer Projects - \$1,550,000
 - Street Projects - \$3,148,380
 - Waterfront Projects - \$3,200,000
 - Park Projects - \$1,188,500
 - Public Facility Projects - \$200,000
 - General Improvements Projects - \$500
 - Total \$9,287,380

Attachment A

- Sewer Improvement Projects
 - Morgan Sewer Pump Station - \$1,300,000
 - Rindge Sewer Pump Station Design - \$250,000
 - Total \$1,550,000
- Street Improvement Projects
 - Bicycle Transportation Plan Implementation - \$70,000
 - Citywide Curb Ramp Project - \$120,000
 - Flagler Lane Resurfacing – 190th to Beryl - \$313,000
 - Marine Avenue Resurfacing – Aviation to I405 - \$350,000
 - Preventive Maintenance – Sidewalks, Curbs - \$150,000
 - Prospect Resurfacing – Beryl to Del Amo - \$825,380
 - Residential Street Rehabilitation - \$1,250,000
 - Torrance Blvd./Francisca Traffic Signal Mod. - \$20,000
 - Traffic Calming - \$50,000
 - Total \$3,148,380
- Waterfront Improvement Projects
 - Harbor Dredging – Preliminary Eng./Permit - \$200,000
 - Harbor Railing Replacement - \$100,000
 - Pier Decorative Sculpture Sails – Repainting - \$100,000
 - Pier Light Replacement - \$300,000
 - Pier Parking Structure Critical Repairs - \$1,350,000
 - Pier Parking Structure Elevations 1 & 2 - \$365,000
 - Relocation of Boat Launch – Design/Site Ac. - \$500,000
 - Replacement of Harbor Patrol Docks - \$285,000
 - Total - \$3,200,000
- Park Improvement Projects
 - Aviation Park Filed Lights - \$365,000
 - Aviation Track Resurfacing - \$73,500
 - Ensenada Parkette - \$300,000
 - Veterans Park Play Equipment - \$450,000
 - Total - \$1,188,500
- Public Facility & General Improvement Projects
 - Police Shooting Range – Assessment/Preliminary Engineering - \$50,000
 - Public Facility Parking Lot Improvements - \$150,000
 - Path of History Marker – Vincent - \$500
 - Total - \$200,500
- Looking Ahead...
 - FY 17-18
 - North Redondo Beach Commercial Streets (Doolittle Dr., Space Park Dr., Santa Fe Ave.)
 - Grant Avenue Signal Improvements
 - Harbor Dredging
 - FY 18-19
 - Beryl Street Improvements – Flagler to Prospect
 - Inglewood/MBB SB Right Turn Lane
 - FY 19-20
 - Dominguez Park Plan Equipment
- Recommendation
 - Receive and file the presentation on the City's Capital Improvement Program and the projects proposed for the 2016-17 FY, and provide input and recommendations to help inform the City Manager's budget.

Attachment A

Commissioner Kilroy supported acceleration of the Residential Resurfacing Project and putting it back on the schedule, starting it all over again.

In response to Commissioner Kilroy, Capital Projects Program Manager Lindahl explained that City Council adopted a conceptual plan on April 5 regarding the gated area for the police station but noted the proposed design had created ADA issues. He said the funding is available along with a plan, and staff is currently developing plans and specifications.

Commissioner Kilroy noted an important security issue a few years back regarding the gated area.

In response to Commissioner Kilroy, Capital Projects Program Manager Lindahl referred to the Transit Center and said it is relatively a simple building and the funding seems sufficient for the project itself. In the meantime, improvements to Kingsdale are taking place.

Commissioner Kilroy believed money was put aside regarding a signal at Kingsdale and 182nd Street. He also said the right-turn lane northbound on PCH was part of the CVS agreement when approved to build their property which still hasn't taken place due to Caltrans restrictions. He referred to the annex building at Anderson Park which used to be a childcare facility which can continue to be a useful building if the lead paint and ADA compliance issues were addressed.

In response to Commissioner Kilroy regarding Department of Boaters and Waterways money for a ramp design, Capital Projects Program Manager Brad Lindahl stated the City applied but was not successful and was told it was still in the queue as a potentially funded project. He said the plan is to actually fund the design and then go after the funding for the actual construction.

Commissioner Kilroy indicated the busiest stretch of roadway in Redondo Beach is Inglewood Avenue between Marine and Manhattan Beach Boulevard.

In response to Commissioner Kilroy regarding the Lawndale project and Measure R Funds, Public Works Director Ted Semaan explained that the City of Lawndale has gone through a changeover in their staffing and are behind on the project moving forward, but the City is in discussions with them.

Commissioner Kilroy requested an update on the Lawndale project.

In response to Commissioner Kilroy, Capital Projects Program Manager Lindahl stated the City is working with Manhattan Beach, Hermosa Beach, and the Beach Cities Health District is the lead regarding Aviation Boulevard and the Bicycle Master Plan. He also gave an update on the implementation of a South Bay Bicycle Master Plan within the City of Redondo Beach which continues to be postponed but will be on the City Council agenda for next Tuesday night to receive an extension. He said the map continues to be used, the funding is in place, and staff is moving ahead.

In response to Commissioner Kilroy regarding funding storm water, Capital Projects Program Manager Lindahl explained there was a countywide effort which was not successful but believed there is some state funding that is now becoming available and the City is applying for a couple of grants.

In response to Commissioner Garcia regarding the Torrance Boulevard/Francisca traffic signal modification, City Traffic Engineer Rydell stated the safety and alignment issues will be addressed as the signal is designed.

Attachment A

In response to Commissioner Gran, Capital Projects Program Manager Lindahl stated the City generally spends and encumbers in a fiscal year \$8 to \$10 million with many projects in capacity.

Public Works Director Semaan noted staffing change over with many projects in motion, and significant improvements should be seen in the upcoming years.

In response to Commissioner Gran, Capital Projects Program Manager Lindahl stated the \$46 million includes some large projects to include Inglewood/Manhattan Beach Blvd., the Transit Center, the Residential Street Rehab project, and sewer pump stations and sewer system upgrades.

In response to Commissioner Gran, Capital Projects Program Manager Brad Lindahl explained that preparation of a project takes the most time. He also referred to the Ensenada Parkette and said there is a conceptual plan with completion by the end of the calendar year. He also confirmed that the City has the capacity to handle a project this size because it needs to be done by December 31.

Commissioner Glass stated the intersection at Manhattan Beach Boulevard and Inglewood should take priority which is the most dangerous intersection in the City. He also expressed concern with the majority of projects taking place in South Redondo and suggest priority shifted to North Redondo.

Commissioner Murakawa supported Public Works Director Semaan. She expressed concern with it costing more money than actually spending the money received for the bike plan. She asked if there are any opportunities to leverage any of the Measure R money when doing the restriping on PCH and the right turn pocket lane on Torrance.

Capital Projects Program Manager Lindahl stated staff has reviewed how a bike lane would interact with the intersection at Torrance Boulevard and PCH if it were an east/west bike lane on Torrance Boulevard through crossing PCH. He said Torrance Boulevard will be in the first round of bicycle improvements.

Commissioner Murakawa noted Vancouver has done an excellent job with bike lanes and she provided a picture of a left-turn pocket bike lane in a major intersection.

Commissioner Murakawa also believed that the most dangerous intersection for pedestrians in the entire country as identified by the National Highway Safety Transportation Administration is Vincent and PCH or Vincent near El Redondo. She also believed that it is very dangerous due to the high school and children walking looking at their phones, noting people don't stop at the intersections.

City Traffic Engineer Rydell clarified that this information from the National Highway Safety Transportation Administration turned out to be incorrect which was referring to the multiple fatal accident on PCH and Vincent.

City Traffic Engineer Rydell stated he has been meeting with every school within the City of Redondo Beach to discuss safety around each and every school, and he will be bringing back recommendations to address safety.

In response to Commissioner Murakawa regarding receiving money from Caltrans for the Safe Routes for Schools, City Traffic Engineer Rydell explained that the City is applying for a grant but the state is three years behind.

Commissioner Murakawa suggested widening sidewalks and incorporating cycle tracks on Artesia in the North Redondo area around Aviation heading west.

Attachment A

In response to Acting-Chair Funabashi, Capital Projects Program Manager Lindahl stated approximately \$500,000 in state funding was received for the Herondo Harbor cycle track along with local transportation funding, Prop C, Measure R, Gas tax funding and some General Fund money.

Acting-Chair Funabashi noted funds came from outside sources for the Herondo Harbor cycle track.

In response to Commissioner Kartounian regarding the status of the Transit Center, Capital Projects Program Manager Lindahl reviewed the efforts, funding and timeline of the project including implications and impacts on widening the street, storm drain system, Edison moving a vault, changes internally, impacts from NPDS and a changing environment. He said the plan is to start construction by the end of the calendar year.

In response to Commissioner Kilroy, Capital Projects Program Manager Lindahl stated the money from the Chevron project is in the Tidelands Fund and the Moonstone Park project is on hold due to other current projects in the waterfront.

In response to Commissioner Glass, Capital Projects Program Manager Lindahl stated staff has worked very well with the Galleria and are working with the landscape plan.

Public Works Director Semaan stated the Galleria has been a good partner in the process.

Chair Funabashi opened the Public Comment.

There being no speakers, Chair Funabashi closed the Public Comment.

Motion by Commissioner Kilroy, seconded by Commissioner Garcia, to receive and file the presentation on the City's Capital Improvement Program and the projects proposed for the 2016-17 FY. Motion carried unanimously, with Chair Brown, Vice-Chair Hannon, Commissioners Fox, Geittmann and Chair Nguyen absent.

MEMBERS ITEMS AND REFERRALS TO STAFF – NONE

PUBLIC WORKS COMMISSION – NONE

BUDGET AND FINANCE COMMISSION

Commissioner Murakawa requested that Public Works keep in mind the peak pick up and drop off times around schools when approving permits for any street improvement projects.

ADJOURNED: 8:24 P.M.

ADJOURN JOINT MEETING OF THE SPECIAL BUDGET & FINANCE COMMISSION AND PUBLIC WORKS COMMISSION MEETING

Motion by Commissioner Kilroy, seconded by Commissioner Johnson, to adjourn at 8:24 p.m. to a Special Meeting of the Budget and Finance Commission to be held at 6:30 p.m. on May 26, 2016 in the Redondo Beach Main Library, Small Conference Room, 303 N. Pacific Coast Highway, 2nd Floor, Redondo Beach, California. Motion carried unanimously, with Chair Brown, Vice-Chair Hannon, Commissioners Fox, Geittmann and Chair Nguyen absent.

Respectfully submitted,

Jack Rydell
City Traffic Engineer

DRAFT

CITY OF REDONDO BEACH

Budget Response Report #26

May 17, 2016

Question:

What proportion of sales tax does Redondo Beach receive for out-of-state or web-based purchases?

Response:

The attached graph shows County and State pools, including out-of state or web-based retailers, ranking number three of the major industry groups in generating sales tax for Redondo Beach in calendar year 2015. The 2015 sales tax generated by the major industry groups is as follows.

Industry Group	Sales Tax
General Consumer Goods	\$ 4,002,502
Restaurants and Hotels	2,306,336
County and State Pools	1,298,837
Food and Drugs	1,108,353
Autos and Transportation	1,008,243
Fuel and Service Stations	623,472
Business and Industry	503,474
Building and Construction	313,214
Total	<u>\$11,164,431</u>

The County and State pools are used to distribute any sales tax that cannot be easily tied to a permanent place of sale. Under the pool concept, the tax is first coded to the county of use and then distributed to each jurisdiction in that county on a pro rata share of taxable sales. Because in 2014 Redondo Beach generated 0.7% of the county's total taxable sales, we received 0.7% of the tax in the pool without consideration for the city in which the taxpayer resides.

Sales Tax by Major Industry Group

- General Consumer Goods**
Count: 1,458

- Restaurants And Hotels**
Count: 295

- State & County Pools**

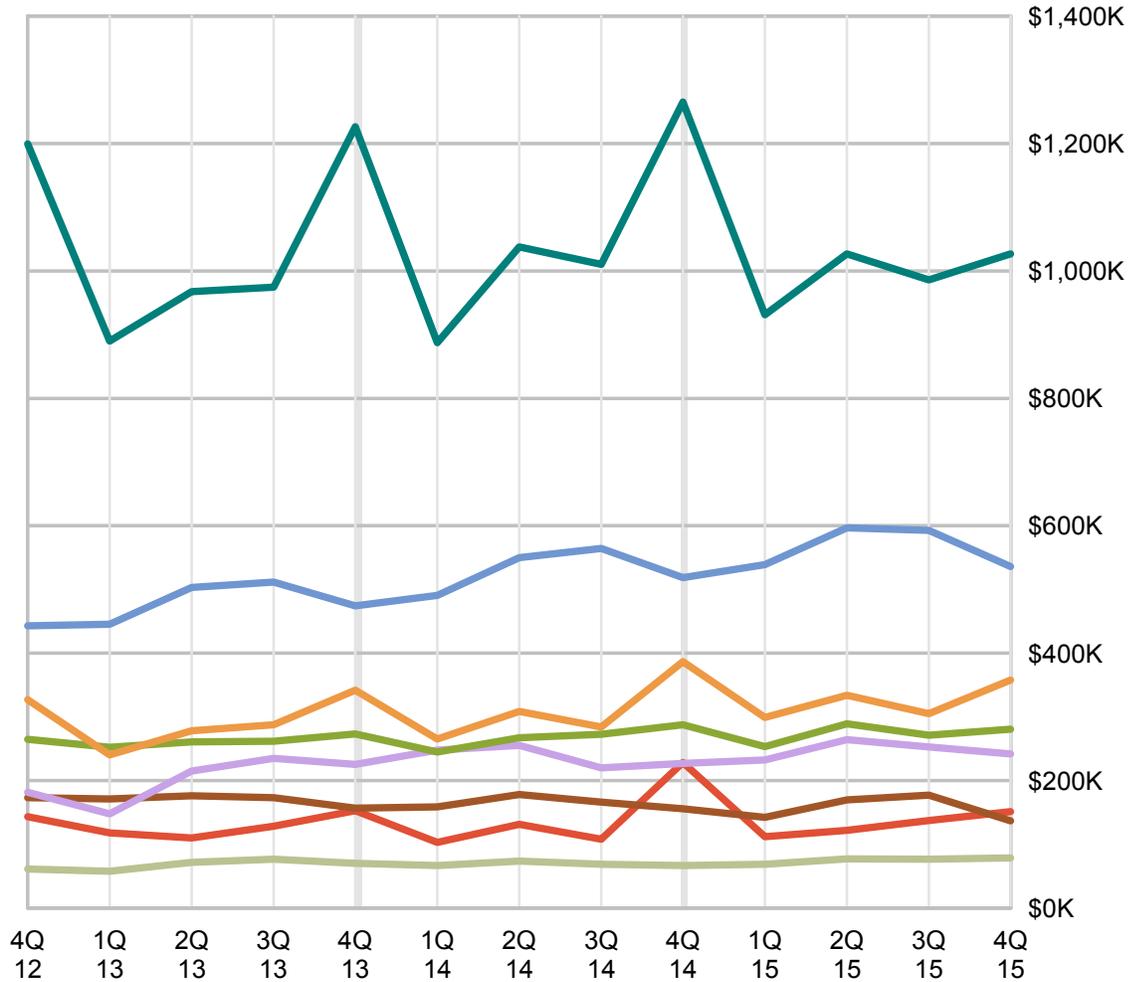
- Food And Drugs**
Count: 97

- Autos And Transportation**
Count: 99

- Business And Industry**
Count: 692

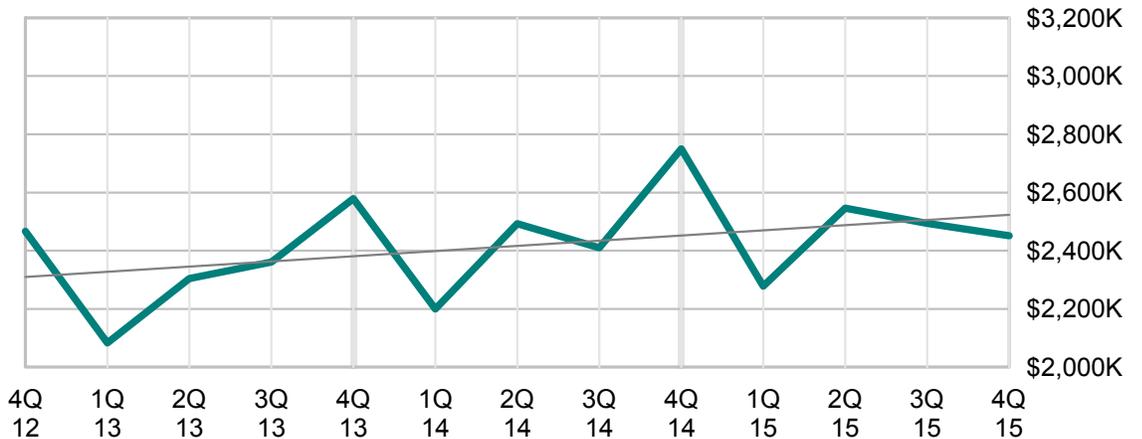
- Fuel And Service Stations**
Count: 16

- Building And Construction**
Count: 49



Agency Trend

- Redondo Beach**
13 Quarter Trend: +9.3%



Periods shown reflect the period in which the sales occurred - Point of Sale

CITY OF REDONDO BEACH

Budget Response Report #27

May 17, 2016

Question:

What is the status of sworn officer staffing in the Police Department?

Response:

Current Status

The staffing status for the Police Department's 96 sworn personnel as of April 30, 2016 is shown on the following table:

Position	Authorized	Filled	Vacant
Chief of Police	1	1	0
Police Captain	2	2	0
Police Lieutenant	6	6	0
Police Sergeant	15	15	0
Police Officer	72	63	9
Total	96	85	9

There are currently nine sworn police officer vacancies. The Police Department has recently promoted two sergeants to lieutenant, and two officers to sergeant. These promotions have resulted in two additional officer vacancies that are reflected in the table above.

Additionally, one lateral, three pre-service and two police recruit officer candidates are in the background stage of the hiring process. Based on the current staffing situation, if these six officers are successfully hired, the department's vacancies would be reduced from nine to three.

It is important to note that the sixty-three officer filled positions include two trainees, who are currently part of the field training program, two police recruits in the academy, who will graduate on August 26, 2016, and three additional new police recruits, who will start the academy on May 23, 2016. Therefore, while the police officer vacancies continue to be filled it will take some time for all officer hires to become fully functioning solo patrol officers.

It is also significant that in the last five months, four sworn police officers have been medically retired and only one remains on light duty status, and is currently working in a light duty capacity.

The Police Department's enhanced recruitment efforts (billboard, professional flyers, academy visits, etc.) have increased the number of qualified pre-service and recruit officer applicants. During the latest open application for recruit police officer, the City received over 500 applications, the highest number received for any recent recruitment announcement in the Police Department. The first phase of this recruit officer testing occurred on April 25, 2016 when 166 police recruit applicants who submitted an application participated in the written exam and physical agility testing process. After the oral interviews occur on May 16, 2016, the Human Resources Department will prepare a certified Civil Service and the Police Department will begin to process the top candidates from that list. When the Police Department's sworn staffing level of 96 is reached, consideration will be given to process up to four over-hire officers which were approved by the City Council during the FY 15-16 mid-year budget process in anticipation of future sworn officer retirements.

CITY OF REDONDO BEACH

Budget Response Report #28

May 17, 2016

Question:

What is the status of the Redondo Beach and South Bay Galleria Cost-Sharing Security Agreement?

Response:

A new agreement has been established and signed by both the City and South Bay Center SPE, LLC ("Forest City"). The reimbursement agreement is valid from March 16, 2016 through June 30, 2017 and includes a cost of \$150,000 to the City and \$306,666 to Forest City. At the conclusion of the agreement, the department will reevaluate and potentially extend the agreement for another agreed upon term. However the long-term goal is to, depending on patrol hiring levels, move towards having the Galleria be part of the department's regular patrol area.

This agreement allows the department to utilize a new model which puts the control and supervision of the program back under the Police Department. This modification allows the department to better control the service model, and staff the program during peak times when a uniformed presence is most needed. Furthermore, this agreement serves to increase staffing and efficiency, while limiting exposure to liability and increasing the level of service and safety for our citizens. The City's liability is now reduced based on officers being under the direction of the department and not serving as employees of Forest City.

The program has been rolled out and police officers are now staffing the new schedule that is based on a 90 hour a week deployment. The shifts include days and times that were agreed to by both the department and Forest City. Another benefit of the agreement is that it provides officers, patrolling the South Bay Galleria, with equitable compensation. Moreover, the service model being utilized has a renewed focus on community engagement towards both the public and businesses. This model is consistent with the new service model and aligns with the new vision of the department.

CITY OF REDONDO BEACH Budget Response Report #29

May 17, 2016

Question:

What is the status of the City's critical incident training?

Response:

The City's critical incident training plan pertains to all hazards with emphasis on the response to a domestic terrorism event, which most commonly occurs as an active shooter situation. The training plan is designed to accomplish the following: (1) relevant current training to Police Department supervisors and managers, (2) relevant current training for a unified response by police and fire personnel to a critical event, (3) active shooter training for City employees, (4) implementation of a Police Department partnership with the School District for training relative to an active shooter event, and (5) implementation of a Police Department partnership with the business community for training relative to an active shooter event.

To date, five Police Department supervisors & managers have attended a certified four day Critical Incident Command Course. Six additional supervisors/managers attended the course May 23-27, 2016. Due to this class being in extreme demand it will take another 6 to 8 months to train the remaining staff.

Additionally, a staff member from the fire department and a staff member from the Police Department attended a "Unified Response to Violent Incidents" train-the-trainer course presented by the California Firefighter Joint Apprenticeship Committee. This course was designed to allow firefighters to seamlessly integrate into law enforcement's active shooter protocols. The primary goal of a unified response is to provide quicker medical aid to those injured victims trapped in a proximate area of danger during an active incident. Training, in this area, for all police/fire managers and supervisors is anticipated to occur in June 2016. Training for all police and fire line level first responders will be provided by October 2016.

Active shooter training for City Department Heads was conducted in March 2016 and the remaining City Hall employees were trained on May 19, 2016. Off-site City Employees will receive training in June 2016.

In accordance with the training plan, the Police Department continues to partner with the School District in providing "Run, Hide, and Fight" active shooter presentations, active shooter training, and vulnerability assessments for all City schools. Active shooter training drills involving the high school property are slated for summer 2016.

Lastly, the Police Department is reaching out to the business community by evaluating and preparing such locations for possible active shooter incidents. Northrup Grumman evaluation took place on April 25, 2016 and the Chamber of Commerce occurred on May 5, 2016.

CITY OF REDONDO BEACH Budget Response Report #30

May 17, 2016

Question:

How is the City addressing homelessness issues in coordination with outside agencies?

Response:

Following the work of the City Manager's Homeless Task Force, a number of follow-up items have taken place. Most significantly, the City of Redondo Beach has entered into an agreement with People Assisting the Homeless (PATH). PATH services provide the support that homeless individuals and families need in order to successfully transition from living on the streets into homes of their own. The Police Department set tangible, specific and measurable outcomes to evaluate the success of PATH as they provide their services in coordination with the Redondo Beach Police Department.

As an additional resource, Harbor Interfaith provides emergency shelter, food, job placement, transitional housing, childcare, and support services to the homeless in the South Bay area.

In an effort to enhance the effectiveness of the program, a *Homeless Committee* working group has been created. The working group has representatives from a wide variety of stakeholders. Members include: the Police Department, the Community Services Department, the City Attorney's Office, a current City Council Member, a PATH District Manager and their on-site outreach workers, a Harbor Interfaith manager and their outreach worker, and a representative from the *South Bay Coalition to End Homelessness*. The working group meets weekly and has developed a strategic plan to address the City's growing homeless population. The group is currently working with key stakeholders in the local faith community to deal with the vast amount of services being provided by local churches and the unintended consequences that have resulted. The group is scheduled to meet with key local business leaders to develop a strategy to educate and engage the City's business community regarding homelessness in the City.

The Police Department is currently working hand-in-hand with PATH outreach workers to personally identify those local homeless individuals that are in greatest need of social services. PATH Workers are riding in police vehicles with one of our current Homeless Unit officers. Furthermore, the Police Department is developing a close relationship with the City Attorney's Office to allow for timely advice and direction as to the collection of property, enforcement of state/local ordinances, and eventual prosecution of criminal acts involving the homeless for those instances when police action is appropriate.

Moreover, the Police Department is in the process of reorganizing the structure and staffing of our homeless outreach efforts. Selection consideration is underway for one

full-time "Quality of Life" Community Based Police Officer assigned to the Special Operations Division. The primary responsibility of this assignment is to coordinate all outreach efforts. In addition, two patrol officers will be selected and designated as Community Based Police Officers while they continue their patrol assignment. Again, the focus of these officers is on the homeless outreach efforts. This dual role assignment will ensure effective collaboration between the Special Operations Division and the Patrol Division. These three new assignments, coupled with our current (6) officer Homeless Unit, will make a noticeable impact on quality of life issues.

All members of our current Homeless Unit have attended advanced training courses on addressing the homeless. All sworn members of the Police Department have been given an overview of the services offered by PATH and how their outreach capability fits into the overall mission and goal for addressing the homeless.

The Redondo Beach Police Department will be sponsoring two sessions of the 2-day "Crisis Intervention Tactics for First Responders" course. This course is taught by mental health professionals from the Los Angeles County Department of Mental Health. These sessions are scheduled for April 20-21, 2016 and October 11-12, 2016.

CITY OF REDONDO BEACH

Budget Response Report #31

May 17, 2016

Question:

What would the cost savings to the General Fund be for including street sweeping services in the Solid Waste Franchise Agreement with Athens Services, and what is the status of discussions with Athens Services?

Response:

The Public Works Department has traditionally performed street sweeping services in-house using City staff, vehicles and equipment. The operation is entirely funded by the General Fund at a cost of approximately \$436,000 annually. During FY 2014-15 budget development the City Council requested information regarding potential cost savings resulting from including these services in the Solid Waste Franchise Agreement with Athens Services. This was also identified as a work objective in the City's Strategic Plan at that time. In discussions with Athens Services the company indicated it was willing to take over street sweeping services in exchange for the City waiving certain annual fees required as part of the Franchise Agreement to offset the cost.

While the City has continued to negotiate this item with Athens Services, one of the byproducts of staffing changes in the City has been that minimal progress was made since last year's budget review. The company remains willing to take on the operation and there is continuing interest on the City's part in this regard.

Staff is requesting an appropriation in DP#20 to hire HF&H Consultants to help evaluate the various options for amending the Agreement with Athens Services to include the street sweeping services while maintaining the great services and low prices in the existing Agreement. Staff will continue to pursue the potential transfer of services in ongoing negotiations with Athens Services.

CITY OF REDONDO BEACH

Budget Response Report #32

June 7, 2016

Question: *What was the 2015 attendance and revenue at Seaside Lagoon, what factors contribute to the current operating deficit, and what are the implications of the upcoming 2016 NPDES operating permit?*

Response:

Seaside Lagoon is a large aquatic facility built in the mid 1950's. The lagoon offers supervised swimming; children's play equipment, volleyball courts, barbeques, picnic areas, and a luau shelter for day and evening events. Seaside Lagoon is open to the public from Memorial Day weekend through Labor Day weekend.

The current admission categories and corresponding rates for the Lagoon are:

Daily Category	Daily Admission
Adults (18 & Older)	\$7.00
Children (2-17)	\$6.00
Children under 2	Free

Season Pass Category	Season Pass Rate
Family (up to 4)	\$125.00
Each Additional Member	\$25.00
Individual	\$75.00
Senior (60+)	\$30.00

Group Category*	Group Rate
Adults (18 & Older)	\$6.00
Children (2-17)	\$5.00
Children under 2	Free

(*excluding weekends & holidays for 20 or more people)

As detailed on the attached breakdown of attendance and revenue for the 2015 operating season, total attendance in 2015 was 81,328 and the total revenue for 2015 was \$495,895. In addition to operating season attendance and revenue, there were 63 private event rentals in 2015 with total revenue of \$69,413. Attendance figures for special events are not recorded.

As noted on the attached Financial Statement, the projected operating deficit for Seaside Lagoon for FY 2016-2017 is \$238,411. This deficit is caused by the following factors:

- The weather is the single most important factor in determining the number of Lagoon admissions. Cold and/or cloudy days result in lower attendance figures.
- The requirements of the Regional Water Quality Control Board also contribute to the Lagoon deficit. The annual compensation for Michelson Labs is currently \$31,277.35 for monitoring and reporting the water quality at the Lagoon as mandated by the National Pollutant Discharge Elimination System (NPDES) Permit. Staff is also required to test the water every hour and log the results. Attached to this Budget Response Report is an administrative report that was presented to the City Council on April 19, 2016 further detailing the process for the Lagoon's NPDES 2016 operating permit, Lagoon water quality testing results, and the history and current status of the Lagoon's violations and payment of fines.
- The Lagoon is open for three months annually. The 2015 attendance represents just over 900 admissions per day over the three months of summer. An increase in attendance by 10%, assuming a summer of consistently good weather, would yield an additional \$39,000 in income.
- As reflected on the attached Lagoon Financial Statement the annual personnel costs for janitorial, maintenance and landscaping are \$235,926. While these expenses are largely expended during the summer operating season, they still represent a cost during the months when the Lagoon is closed and revenue offsets are limited to private event rentals.

Attachment A: Seaside Lagoon Attendance and Revenue

Attachment B: Seaside Lagoon Financial Statement

Attachment C: Administrative Report – Seaside Lagoon Operation Update – April 19, 2016

**Seaside Lagoon
Weekly Attendance and Revenue Report
Summer 2015**

Week	Weekly Attendance	Weekly Revenue	Cumulative Attendance	Cumulative Revenue
1	1,331	\$13,927		
2	918	12,546	2,249	26,473
3	1,659	11,500	3,908	37,973
4	3,085	21,099	6,993	59,072
5	6,087	39,329	13,080	98,401
6	7,970	47,363	21,050	145,764
7	6,299	24,933	27,349	170,697
8	7,461	44,614	34,810	215,311
9	5,516	32,846	40,326	248,157
10	8,532	48,926	48,858	297,083
11	7,495	44,667	56,353	341,750
12	6,917	41,504	63,270	383,254
13	6,405	38,453	69,675	421,707
14	4,320	25,235	73,995	446,942
15	3,878	23,274	77,873	470,216
16	3,455	25,679	81,328	495,895
TOTAL	81,328	\$495,895	--	--

Attachment B

CITY OF
REDONDO BEACH

BUDGET
FY 2016-17

SEASIDE LAGOON FINANCIAL SUMMARY
FISCAL YEAR 2016-2017

<i>Funding</i>		<i>Expenditures</i>	
Entrance Fees	400,000	Personnel - Program	218,936
		Personnel - Maintenance	235,926
		Maintenance and Operations	118,670
		Internal Service Fund Allocations	33,147
		Overhead	31,732
Total Funding	400,000	Total Expenditures	638,411
Excess (Deficit) = (\$238,411)			
Operating Excess (Deficit)¹ = (\$238,411)			

¹Excludes beginning fund balance, capital improvement projects, and reserves, where applicable.

- The Seaside Lagoon is funded through the Harbor Tidelands Fund.



Administrative Report

Council Action Date: April 19, 2016

To: MAYOR AND CITY COUNCIL

**From: TED SEMAAN, PUBLIC WORKS DIRECTOR
JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR**

Subject: SEASIDE LAGOON OPERATION UPDATE

RECOMMENDATION

Receive and file an update on Seaside Lagoon 2015 water quality results and the status of the NPDES Permit for 2016 Lagoon operation.

EXECUTIVE SUMMARY

The Seaside Lagoon is a unique salt water swimming and special events venue that serves approximately 100,000 people each year. The Lagoon is subject to swimming water quality requirements maintained by the Los Angeles County Health Department and water discharge regulations set by the Los Angeles Regional Water Quality Control Board through multi-year National Pollutant Discharge Elimination System (NPDES) Permit. Compliance with the Regional Board's discharge regulations over the past 10 years has been a challenge, and the City has occasionally been forced to contest Board efforts to further restrict the quality of water that is discharged from the Lagoon.

In recent years the City has had to contend with increasingly restrictive NPDES Permit limitations and staff has worked diligently to reduce the Lagoon's water discharge liability. These efforts have required the City's active evaluation of the facility's water quality monitoring results and, in collaboration with Regional Board staff, modifications to water testing methodologies that have improved testing accuracy. In September 2015, Seaside Lagoon completed its fifth season of water quality monitoring under the now expired Five-Year NPDES Permit which ran through September, 2015. In the past, the facility has struggled with two primary water effluent discharge categories, Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD). The Lagoon's water quality data for the 2011, 2012, 2013, 2014, and 2015 operating seasons improved significantly in these areas; in March, 2015, the City Council directed staff to continue to operate the Lagoon for the 2015 summer season.

The 2015 operating season had compliance challenges associated with different pollutants of concern; including toxicity and indicator bacteria testing. On March 24, 2016, the City received notice from the Regional Water Quality Control Board of 20 separate water quality/discharge alleged violations based on testing dating back to 2013. These alleged violations are likely the precursor to the issuance of fines to the City by the

Regional Board. To operate the Lagoon for the 2016 season, the City filed a renewal application with the Regional Board on March 12, 2015. The City has not yet received its new Permit and may operate for the 2016 summer season under the terms of the expired 2015 Permit. Informal communication with staff at the Regional Board provided an indication that the Permit is in process, and that the Permit will include increased testing requirements. The new Permit may be adopted during the 2016 summer operating season, however the City has yet to receive a formal notice from the Regional Board regarding the proposed Hearing date.

Any new discharge limitations under a new Permit, including the potential inclusion of metals limitations and more stringent existing discharge limitations, will be untenable for the City to manage and require consideration that the Lagoon be closed for any water related activities. Once the new Permit has been received and evaluated, the continued operation of the Lagoon will be evaluated based on the feasibility to comply with the requirements and the potential for penalties and fines associated with non-compliance.

BACKGROUND

The 3.75 acre Seaside Lagoon is a unique recreation amenity that operates as a full water and events facility. Over the course of a typical year the facility's open space and 49,500 square foot saltwater lagoon serve 75,000 seasonal swimmers, supply picnic tables to approximately 475 user groups, host 80 private parties, provide space for roughly 600 participants in the City's Breakwater and Sailing Camp programs, and serve more than 25,000 patrons during special events such as the Lobster Fest, July 4 Fireworks, and the Super Bowl 10K Run.

The Seaside Lagoon, when originally built in 1963, was a creatively designed recreational aquatic park with a mechanical system that, for water intake purposes, took advantage of a heated water supply made available by the nearby power plant and for discharge purposes utilized proximity to the harbor. The facility was constructed years before the adoption of the Clean Water Act and the establishment of basic water chlorination practices for public swimming facilities.

While chlorination and de-chlorination functions have been added to the Lagoon, the rudimentary elements of the original water system design remain the same but compliance with contemporary Los Angeles Regional Water Quality Control Board regulations has been difficult. Since the implementation of the Lagoon's first NPDES permit in 1999, the City has been assessed penalties of \$246,000 for water discharge violations. Of this total, the City has paid \$138,000 in penalties with \$21,000 of those payments still under negotiations. Many of these violations were for the discharge of Total Suspended Solids (TSS). After extensive examination by water quality experts and City Engineering staff, it has been determined that there is no cost effective way to treat or filter Suspended Solids in the high volume of water discharged by the Lagoon. The filtration approach suggested by Los Angeles Regional Water Quality Control Board (Regional Board) staff in 2007, as an example, would require the installation of a multi-million dollar treatment plant and the acquisition of several acres of harbor area property.

Over the years the City has been put in the difficult position of either 1) closing the facility, 2) spending significant capital resources to rehabilitate the facility and implement a contemporary water delivery and filtration system to eliminate discharge into the Harbor, or 3) working with the Regional Board to modify the Lagoon's NPDES Permit to allow for increased water discharge limits. In 2007, the City pursued the latter option and convinced the Regional Board to approve a Time Schedule Order (TSO) that significantly increased the Lagoon's TSS limits in exchange for the completion of an extensive water quality study. The study concluded that all but one of the Lagoon's problematic effluent categories could be managed through changes to operating procedures and testing methods, but that there was no cost effective way, given the facility's rudimentary water delivery system, to treat or filter the Lagoon's TSS. It also concluded that, on average, 94% of the TSS in the Lagoon's water discharge was in the ocean water before it entered the facility and the quality of the Lagoon's water discharge is effectively at the mercy of the ocean's natural conditions.

After determining that there was no cost effective way to eliminate the TSS problems through modification of the existing facility, the City pursued an extension of the TSO to allow for continued operation of the Lagoon while developing plans to reconstruct the facility (open the Lagoon to the ocean) and ultimately eliminate water discharge into the Harbor. The Regional Board agreed to extend the Lagoon's TSO for two years (through February 28, 2010). In January 2010, the City pursued a third TSO providing a continued relief of the TSS Permit limits.

The first TSO issued in 2007 expired on January 31, 2008. The second TSO issued in 2008 expired on February 28, 2010. The third and most recent TSO was issued in 2010 and expired September 10, 2013. As the TSO has expired, the Lagoon has been subject to the water discharge limits established in the facility's now expired Five-Year NPDES Permit.

Current Permit Limits

Seaside Lagoon's current NPDES Permit was issued on October 7, 2010 and expired on September 10, 2015. Permit limits for TSS were as follows:

Monthly average 50 mg/L	Daily maximum, 75 mg/L
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For the first three operating seasons of the current Permit, Seaside Lagoon was regulated by the 2010 TSO setting the limits as follows:

Monthly average 60 mg/L	Daily maximum, 120 mg/L
-------------------------	-------------------------

With the anticipation of the new Permit, the City is concerned with the potential inclusion of metal discharge limitations. The most recent Permit did not include specific metal limitations however it did require the City to regularly test, monitor and report on the discharge of arsenic, cadmium, copper, nickel, selenium, silver, thallium and zinc. It is assumed that the Regional Board intends to utilize the metals data collected by the City to assess the need for including metal discharge limitations in the new Seaside Lagoon

Permit. When initially preparing the 2010-2015 Permit, the Board considered including metal limitations but after the City challenged the inclusion, settled for inserting a re-opener clause in that Permit that provided the option to add metals limitations at a later date. However the re-opener clause also included an expiration date, which passed on March 31, 2013. Although the Board did not elect to reopen the Permit by the set date, they may elect to include metals discharge limitations under the new NPDES Permit.

Monitoring Results

In 2011, TSS levels were well below the Permit limits. The peak monthly average was 18.5 mg/L, which was significantly below the Permit monthly averages of 60 mg/L and 50 mg/L set by the TSO and Permit respectively. Similarly in 2012, TSS peak monthly average showed 6.8 mg/L. In 2013, the monthly average indicated a peak of 38.2 mg/L. Single samples taken within the period between 2011 and 2013 were all below 41 mg/L. One sample taken on September 2, 2013 registered 100 mg/L. On that day, the TSS level in the Harbor showed similar strength, demonstrating that the elevated level was not caused by Seaside Lagoon. While the single sample on September 2, 2013 exceeded the Permit threshold, the discharge was within the limits of the TSO, and therefore, no violation occurred. In 2014, TSS levels were well below the Permit limits. The peak monthly average was 21.4 mg/L, which was significantly below the Permit monthly averages of 50 mg/L. The highest single sample of TSS in 2014 came in at 39 mg/L again well below the single sample limit of 75 mg/L. In 2015, the TSS level exceeded the daily maximum limit on one occurrence.

Acute and chronic toxicity testing are required on an annual basis. For the 2013, 2014, and 2015 operating seasons, compliance with the limitations associated with these tests has been a challenge. City staff has been in contact with Regional Board staff to discuss the efforts taken to source track the cause of the exceedance but no discoveries were found.

To adhere to the requirements of the Los Angeles County Health Department, and to protect the health of Lagoon users, the facility is required to maintain a chlorine residual level. Prior to discharging into the Harbor, the water is required to be de-chlorinated per the requirements of the Regional Water Quality Control Board to protect marine life. City staff operating and maintaining the facility keeps a constant watch of the chlorine residual level within the Lagoon at various locations, as well as at the outfall throughout each operating day. During the 2014 operating season, water quality sampling showed one instance of not meeting the chlorine residual limit at the Lagoon's discharge outfall. Additionally, for three days during the 2014 swim season the bacteria limits were exceeded. All three exceedance events were separate, occurring on different days. During the 2015 operating season, water quality sampling showed one day where indicator bacteria limitations were exceeded (Total Coliform, Fecal Coliform, and Enterococcus) at the Lagoon's discharge outfall.

Risk Assessment

Monitoring data analysis showed that the TSS levels at Seaside Lagoon are consistently below Permit limits. There is no apparent explanation for the improved TSS results as City staff has continued to operate the facility as in years past. In 2011, in collaboration with the Regional Board, the standard operating procedures for analyzing water samples for TSS by the City's hired laboratory, Michelson Laboratory Inc., (Michelson) were modified. This change in laboratory procedures may have affected the most current results of TSS levels. As with many other variables, it is difficult to pin point a single source to explain the variability of the water quality in the ocean and harbor.

The chronic and acute toxicity tests are designed to assess the effects of the Lagoon discharge on marine life in the Harbor. Although the Seaside Lagoon has not demonstrated issues with passing the toxicity tests in years 2010 and 2011, during the past three years of operating, compliance with the limitations associated with these tests has been a challenge.

Clean water mandates have imposed extensive obligations on the operation of Seaside Lagoon. After years of open dialogue with the regulators, monitoring results demonstrate that they can fall within the Permit established limits; however, discharge limitation exceedances can occur with no identified source. During the 2014 and 2015 swim seasons, Lagoon operators and maintenance staff had to contend with getting chemical supply on-site and meeting operational demands with the aging infrastructure. The main system pump is approaching the end of its operating life and the chlorine system is in need of a major upgrade.

Permit Renewal

In September 2015, Seaside Lagoon completed its fifth season of water quality monitoring under the current Five-Year NPDES Permit which expired in September 2015. The City applied for a new NPDES Permit for the Seaside Lagoon upon the expiration of the current Permit. The expired NPDES Permit will remain in effect if the following two conditions are satisfied: (1) The City has submitted a timely and complete application for a new Permit; and (2) through no fault of the City, the Regional Board does not issue a new Permit with an effective date on or before the expiration date of the previous Permit. The City was obligated to commence the renewal process and file its application for a new Permit at least 180 days prior to the expiration date of the 2010-2015 Permit or March 14, 2015.

The City did make a timely application for a new Permit on March 12, 2015 and the Regional Board has to date indicated the Permit application is under review. The renewal application is comprised of several forms, technical information reports and a fee to the Regional Board. The City will receive a draft Permit from the Regional Board prior to any final action to approve the Permit. Additionally, the EPA will have an opportunity to comment on the application and the Regional Board will conduct a public hearing before approving the final Permit.

COORDINATION

This staff report was prepared in coordination with the City Attorney’s Office, Public Works and Community Services Departments.

FISCAL IMPACT

Seaside Lagoon’s annual revenue and expenditure figures for FY 2014-2015 are listed in detail below. The Lagoon operates at an annual deficit that is subsidized by the Harbor Tidelands Fund. Last year the Lagoon’s operating deficit was \$224,713. In comparison, the Lagoon’s operating deficit was \$194,715 for FY 2013-14. Most of the deficit, much like a park, is attributed to fixed costs associated with annual facility and grounds maintenance. It should be noted the weather directly impacts attendance levels at the Lagoon and has a corresponding effect on the amount of funding generated on an annual basis through admission and special event fees.

Admission is charged to entrants at the Lagoon during the operating season from Memorial Day to Labor Day. The daily admission fee is \$7.00 for adults and \$6.00 for children 2 to 17 years. Admission fees for groups on weekdays are \$6.00 for adults and \$5.00 for children 2 to 17 years of age. Daily and group admission fees were last updated in 2014. Season passes are \$75.00 for an individual, \$125.00 for a family up to 4 persons, \$25.00 for each additional family member beyond 4, and \$30.00 for seniors. Season pass fees were last updated in 2012. Private event rental fees are based on total rental hours, required staffing, equipment, cleaning, and permits. The private event rental rates were last updated in 2012. There are no plans to increase Lagoon fees for the upcoming 2016 season which begins on May 28, 2016.

<u>Funding</u>		<u>Expenditures</u>	
Lagoon User Fees	\$405,289	Program Personnel	\$217,297
Tidelands Fund Subsidy	<u>\$224,713</u>	Maintenance Personnel	\$231,207
		M & O	\$118,670
		Overhead & ISF Allocations	<u>\$ 62,828</u>
TOTAL	\$630,002	TOTAL	\$630,002

Submitted by:
Ted Semaan, Public Works Director
John La Rock, Community Services Director

Approved for forwarding by:
Joe Hoefgen, City Manager

CITY OF REDONDO BEACH

Budget Response Report #33

June 7, 2016

Question:

Why are negative fund balances shown on Page 25 of the Proposed Budget for the Self-Insurance Program, Building Occupancy, Information Technology, Street Landscaping and Lighting, Proposition C, and Harbor Uplands Funds?

Response:

The Self-Insurance Program, Building Occupancy, and Information Technology Funds are internal service funds. These funds display negative balances (Page 25 of the Proposed Budget) because of the different schedules on which internal service fund expenditures and revenues are set by the City Council.

The Street Landscaping and Lighting and Proposition C Funds are special revenue funds and the Harbor Uplands Fund is an enterprise fund each with its own unique circumstance associated with costs exceeding revenues, which result in negative fund balances.

More detail about each of the funds follows.

Internal Service Funds

Negative fund balances are expected in the three internal service funds (ISF) based on timing differences between the funds' expenditures and the receipt of their respective revenues, which are derived from experienced-based charges to departments. This approach to ISF budgeting and cost allocation is common and is an acceptable practice in municipal accounting.

With rising and uneven expenditures (e.g. insurance claims and equipment purchases), the minimum one-year lag time before charges to departments are adjusted to reflect actual, rather than budgeted, costs results in negative fund balances. While at specific points in time an ISF may reflect a negative fund balance, equipment purchases do not occur unless sufficient cash is available in the fund.

Additionally, prior to the FY 2014-15 midyear budget, the funds' ISF and overhead expenditures were not included in the charges to departments. The inclusion of these expenditures will help mitigate negative fund balances in the future, and a catch-up of the expenditures not previously included are allowing the negative fund balances to be reduced over a four-year period (FY 2014-15 through FY 2017-18).

Detailed information about all of the City's internal service funds is provided in Budget Response Report #2. An illustration of the revenue and expenditure timing differences for internal service funds is also attached.

The **Self-Insurance Program Fund** charges departments for liability, workers' compensation and unemployment insurance premiums and claims. Much like a personal automobile insurance policy, if a department has experienced significantly greater losses, its charges for the Self-Insurance Program will increase faster than a department with no losses.

The charges for premiums are based on a five-year average of insurance premium and claim expenditures (currently FY 2010-11 through FY 2014-15). Although over time the charges fully recuperate the prior years' costs, they are not keeping pace with the rapidly rising price of insurance.

The **Building Occupancy Fund** charges departments for the cost of maintaining City buildings. The charges are based on actual expenditures from FY 2014-15, which, excluding the catch-up of ISF and overhead expenditures not previously charged, were significantly lower than the FY 2016-17 proposed expenditures. The differences between actual and budgeted expenditures, together with the timing difference between the charges and the expenditures they reimburse, result in a negative estimated ending fund balance.

Funding for the **Information Technology Fund** is obtained through charges to user departments for maintenance and the replacement of equipment. Although the equipment replacement charges to departments remain relatively stable, the equipment purchases do not. For example, the FY 2013-14 Budget included appropriations for nearly \$1 million of equipment purchases, while the FY 2014-15 Budget and the FY 2015-16 Budget include approximately \$200,000 for equipment purchases. As equipment purchases as significant as those in FY 2013-14 occur only every seven to 10 years, the fund's balance fluctuates over time.

Special Revenue Funds

Negative fund balances can occur in special revenue funds based on insufficiencies or fluctuations in revenue received from outside sources. Each of the two special revenue funds with negative fund balances are experiencing their own unique circumstances detailed below.

The **Street Landscaping and Lighting Fund** accounts for the activities of the assessment district by the same name and is only partially funded by assessment fees levied on property owners. Without a Proposition 218 vote of the property owners, these assessment fees cannot be raised. Therefore, the additional funding must be obtained from the General Fund. A subsidy of \$873,500 is built into the core budget and shown in the schedule on Page 25 of the Proposed Budget as a transfer in. The remaining subsidy of \$122,209 is recommended in Decision Package #1. If the Decision Package is approved, the negative fund balance will be eliminated.

The **Proposition C Fund** is for monies received from a 1990 voter-approved ½ cent sales tax levied within Los Angeles County for the operation of transit-related projects. The

largest expenditures in the fund are for capital improvement projects which, at times, are appropriated well in advance of payments being issued. Such is the current case where an appropriation has been made for the transit center, but payment will not be made until there is sufficient cash available.

Enterprise Fund

Negative fund balances can also occur in enterprise funds based on capital improvement project expenditure fluctuations as detailed below.

The **Harbor Uplands Fund** is for the operations of small boat harbor facilities available to the general public, including related pier activities. The large capital improvement project expenditures in the fund are, at times, appropriated well in advance of payments being issued. Such is the current case where capital improvement project appropriations are proposed, but payment will not be made until there is sufficient cash available.

CITY OF REDONDO BEACH Budget Response Report #34

June 7, 2016

Question:

What is the status of the Moonstone Area Development project?

Response:

During 2010 and 2011, the City conducted a thorough public outreach process including meetings at the Harbor and Recreation and Parks Commissions as well as several public meetings and discussions with user groups regarding the future of Mole B and Moonstone Park. In January 2012, the City Council approved a conceptual design plan for Moonstone Park which included enhanced park and boating uses on both City owned property and adjacent property under ground lease to Marina Cove Ltd. Uses proposed on City property included enhanced park space as well as small craft storage and hand launch facilities. Marina Cove proposed a new Sailing and Paddling Center for their portion of the project, including classroom, sailboat dry storage and sailboat launch facilities.

In August of 2012, the City signed an agreement with Chevron Products Company allowing for the temporary use of Mole B for water delivery of heavy equipment to be used at their El Segundo refinery. In exchange for their use of the site, the agreement included \$2.4 million in funding from Chevron for the implementation of the Moonstone Park Project.

In May 2013, Marina Cove informed the City that the cost to construct a Sailing and Paddling Center was anticipated to be over \$3 million dollars and, as such, the leaseholder was planning to move the Sailing and Paddling Center to Mole A as an addition to the King Harbor Yacht Club, where costs would be lower. This move had significant implications for the design of the City's portion of the project and the project designer, Hirsch and Associates, was engaged to re-evaluate the plan in light of this change.

On September 16, 2014, the City Council received a new Proposed Design Concept and set an outreach schedule to solicit additional feedback on the plan. The Proposed Design Plan has an estimated cost of \$1,300,000.

On November 18, 2014, the City Council approved a consulting services agreement with Noble Consultants to provide the engineering services necessary to conduct alternative site analysis and to perform the required environmental analysis and permitting of a proposed boat ramp facility. Several ramp alternative locations, including Mole B, have been identified and are currently under review. If the Mole B location is identified as the best alternative, additional changes to the Mole B Master Plan will be required. Therefore,

further action on the Moonstone Development project is pending a decision on the location of the new boat launch.

CITY OF REDONDO BEACH

Budget Response Report #35

June 7, 2016

Question:

What grades were assigned to City beaches in the 2015-16 Heal the Bay Report Card and how did the Redondo Beach Pier perform?

Response:

Heal the Bay typically releases its annual Beach Report Card prior to the start of the summer swim season and Memorial Day. This year they released the 2015-2016 Beach Report Card on May 26, 2016.

2015-2016 Annual Beach Report Card Results

On May 26, 2016 Heal the Bay released their 2015-2016 Annual Beach Report Card. The report card included four water quality locations in Redondo Beach and was based on the aggregated water quality data submitted by the agencies monitoring each location. Three Santa Monica Bay shoreline locations along the frontage of the City are sampled by the City: the shoreline 100 yards south of the Pier, the shoreline at Sapphire Street, and the shoreline at Avenue I. One monitoring location is sampled by the Los Angeles County Department of Public Health: Topaz Street, north of the jetty.

Heal the Bay's grades are broken into three categories: Summer Dry Season (April through October), Winter Dry Season (November through March) and Wet Weather Season (year round). Most of the water quality monitoring locations in Redondo Beach received good to excellent marks in these categories with a few exceptions for the grades assigned to the shoreline 100 yards south of the Pier.

City Stations	Summer Dry	Winter Dry	Wet Weather
Redondo Pier – 100 yards south	F	D	A
Sapphire Street	A	A+	C
Avenue I	A	A	B
Topaz Street, north of jetty	A	A+	B

During the summer and winter dry months, beaches fronting the City of Redondo Beach performed particularly well. Three of the four monitoring stations received a grade of “A” during these seasons. Historically, the Redondo Pier, much like the Santa Monica Pier, due to its dense land use and large concentration of birds, boaters, and tourists experienced water quality challenges. The water quality just south of the pier again experienced challenges during the 2015-2016 summer dry and winter dry weather seasons.

This year, the Redondo Beach Pier was added to Heal the Bay’s Beach Bummer list. City staff has identified the storm drain outfall under the south end of the Pier as a “priority” location and will conduct a bacteria source investigation to reduce and eliminate any identified sources in the coming year. In addition, staff will pursue projects that may help reduce urban runoff flow in the area, thereby reducing the potential pollutant loading sources.

As noted in Heal the Bay’s Report Card, this location is new to the Beach Bummer list and interestingly, summer exceedances at this location did not begin to occur until the Hyperion Treatment Plant began its planned diversion on September 21st. The planned diversion involved discharging effluent out the one-mile pipe located off El Segundo Beach instead of the regularly used 5-mile discharge pipe. While this site has had historically poor wet weather water quality, possibly due to the storm drain discharge impacts, there has never been an “F” summer dry weather grade at this location. Staff will closely monitor the results at this location and will continue to identify and eliminate known indicator bacteria sources.

**CITY OF REDONDO BEACH
Budget Response Report #36**

June 7, 2016

Question:

What is the cost of a one percent compensation increase for employee bargaining groups and other non-represented employees currently without FY 2016-17 agreements?

Response:

The breakdown for the cost of a one percent compensation increase by bargaining group is as follows.

City Employees Association (95 positions)	\$ 72,000
Firefighters Association (58 positions)	96,000
Firefighters Association - Overtime	25,000
POA (87 positions)	146,000
Professional and Supervisory Association (68 positions)	86,000
Teamsters (82 positions)	57,000
Management and Confidential (38 positions)	65,000
Part-Time	20,000
Total 1% Calculation	\$567,000

The breakdown for the cost of a one percent compensation increase by funding source is as follows.

General Fund	\$447,000
State Gas Tax Fund	5,000
Transit Fund	4,000
Air Quality Improvement Fund	1,000
Intergovernmental Grants Fund	1,000
Capital Projects Fund	1,000
Harbor Tidelands Fund	28,000
Harbor Uplands Fund	19,000
Solid Waste Fund	7,000
Wastewater Fund	11,000
Self-Insurance Program Fund	2,000
Vehicle Replacement Fund	4,000
Building Occupancy Fund	10,000
Information Technology Fund	9,000
Emergency Communications Fund	15,000
Housing Authority	3,000
Total 1% Calculation	\$567,000

CITY OF REDONDO BEACH

Budget Response Report #37

June 7, 2016

Question:

What are the cost for the March 7th 2017 General Municipal Election?

Response:

On March 7th 2017, the City will conduct the General Municipal Election for the Mayor, Council District One, Two, Four, City Attorney, and Three Members of the Redondo Beach Unified School District. In anticipation of an initiative, we anticipate a high number of voters and an expansion of polling locations. And if the City has more than two measures it could increase to two ballots.

Overall costs for this election, of \$306,525, would come from:

- Staff part-time and overtime (pre, day of and post-election) of \$7,500
- Postage mailing of Sample Ballots and vote-by-mail of \$23,500
- Elections cost related to poll workers and location of \$10,000
- Supplies and Advertising cost associated with election supplies, candidates handbook, legal advertising and voter outreach of \$3,700
- Contracts/Professional Services/Part-time Staff;
 - Gladwell – Poll worker training \$600,
 - **Netfile – e-filing Campaign and Conflict of Interest Statements \$10,000* and available for public viewing on the City’s website,**
 - Consultants/Part-time – Pre, day of and post-election, and the vote-by-mail process with signature verification \$30,000,
 - Martin & Chapman - Candidate statements (reimbursed by candidate estimated \$7,000), fulfillment, printing of sample ballots, and ballots by districts and city-wide, language translation, and consulting advise of \$204,225, and
 - LA County - Verification of signatures if we receive an initiative \$10,000.

The Decision Package incorporates a \$10,000 request for Netfile -- an e-filing Campaign and Conflict of Interest Statements software that would auto redact and available for public viewing on the City’s website. The City Clerk’s Office would come back within the next two month with the assistance of the City Attorney’s Office for a proposed ordinance to the Mayor and City council members to presented mandates for filers to file their Campaign and Conflict of Interest forms thru e-filing.

CITY OF REDONDO BEACH

Budget Response Report #38

June 7, 2016

Question:

When will the Harbor Commission and/or other Commission meetings be available to view by streaming video?

Response:

On May 15, 2012, the City Council approved the City-wide Agenda Management System and Voting Module which incorporated streaming video. The implementation has been a slow process due to changes with the vendor (the company was purchased by Hyland Software), lack of resources and changes in staffing, and the administration of numerous elections.

On April 16, 2013, the City switched from our former streaming video vendor to SIRE with a new look to our agenda document.

On October 7, 2013, the departments began utilizing the Agenda Management workflow to include their staff reports and backup documents and they have become comfortable with the Agenda Management System.

In July 2014, the laptops were installed on the dias with a slow roll out of providing training for each Councilmember and the Mayor. At this time, three councilmembers are utilizing the Agenda-To-Go software. The City Clerk's Office will continue working with the Mayor and Councilmembers to support the use of the Agenda-To-Go software.

The City Clerk's Office is in the process of recruiting an Administrative Specialist, one of their duties, is to dedicate their time to start training our commission liaisons to manage their electronic agenda which will initiate the process of streaming video online for each commission meeting. Our target date to have all commission meetings streaming video online is by the end of 2015.

It has been difficult working with SIRE, at times, their system has been down and been unreliable. I have one employee who stays late during each Council meeting to make sure the streaming video is working. SIRE works internally as in processing staff reports however the Agenda to Go Software is not easily loaded and/or doesn't sync well with our City Computers. We have started the process of moving to another Agenda Management system and will be bring the item to Council in the next couple of months. Once we move to another system and it's working successfully, at that time it would be best to implement all Commissions meetings.

CITY OF REDONDO BEACH Budget Response Report #39

June 7, 2016

Question:

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

Response:

Last year at the 2015-2016 Budget public hearing the decision was to continue for a savings reduction of the number of Commission meeting to once every two months, except Planning and Harbor, of an estimated saving of \$20,356 in hard costs. In July of 2015, Ordinance No. 3133-15 was adopted and will sunset on August 6, 2016.

To continue the reduction of number of commission meetings to save money and staff time for the 2016-2017 Budget, except Planning and Harbor, an estimated savings of \$89,621 annually would continue. The soft costs of \$69,265 reflect staff salaries (during normal business hours), duplicating, and overhead costs. Hard costs of \$20,356 pertain to minute secretary services, video technician, postage, legal ads and various costs.

During the Strategic Planning Session on March 25, 2009, when the 2009-2010 Budget Shortfall was addressed, Council requested that a reduction in the number of Commission meetings be considered, thereby reducing costs and staff time.

The City Manager will request the City Attorney's office to prepare an Ordinance to extend the sunset clause for an additional year before August.

CITY OF REDONDO BEACH Budget Response Report #40

June 7, 2016

Question:

What is the City's parking meter replacement plan and the proposed parking meter fee increases and additional enforcement hours as proposed in the FY 2016-17 Budget?

Response:

During the 2015 calendar year many of the coin only meters around the perimeter of the Riviera Village were replaced with credit card enabled meters. To date, there are 332 credit card enabled meters in service around the Riviera Village. Proposed for FY 2016-17 is the replacement of all 210 coin meters in the Riviera Village Triangle with a credit card enabled option. The plan is to present City Council with options between pay boxes and credit card meters during FY 2016-2017. There is approximately \$256,000 available through an existing Capital Improvement Project that to fund the one-time costs of replacing the meters.

The new credit card meters have provided many benefits to both residents and visitors and operational efficiencies for the Police Department. The credit card meters allow for more payment options for the residents and visitors of the Riviera Village, which increases the ease in paying for parking. Over the last five months fifty-four percent (54%) of all transactions at these meters were made via credit card. Credit card usage is expected to increase as more people become accustomed to the new meters. At the same time, these new meters allow the tracking of revenue and usage statistics online, which provides useful information and a more efficient method of tracking revenue.

However, along with these benefits there are increased costs associated with having credit card meters. Per the current contract with IPS, the City pays \$8 per month per meter for connectivity fees along with 6 cents a transaction. Over the last twelve months this has averaged out to approximately \$3,500/month or \$42,000 annually. Moreover, the City also pays bank fees associated with the credit card transactions, which have averaged out to \$3,400/month or \$40,800 annually. This is a total increase in costs of approximately \$82,800 over the last year. It is difficult to calculate whether the credit card meters have increased revenue for the City, since revenue collection in these areas was not collected separately prior to the replacement of these meters. It is also important to note that the bank fees are likely to increase as more credit card meters are installed and people continue to utilize credit cards as the preferred method of payment.

In order to address the increased parking meter costs and bank fees, and in order to provide an ongoing source of General Fund revenue, the proposed FY 2016-2017 budget includes four recommendations: 1) Increase the parking rates in the Riviera Triangle from \$1.00/hour to \$1.50/hour, 2) Increase the parking rate for the first hour in the Pier and

Plaza parking structures, 3) Extend the hours of enforcement in the Riviera Village from 6:00 pm to 9:00 pm, and 4) Increase the costs of both the parking meter permits and employee parking meter permits from \$110 to \$130 and \$60 to \$75 respectively.

The first recommendation was reviewed by the City Attorney's Office and it was determined that the increase must be established by an amendment to the ordinance. Moreover, the increase is consistent with the Coastal Commission policy that rate increases do not exceed fifty percent (50%) over a consecutive three year period. The second and third recommendations were also reviewed by the City Attorney's Office and can be implemented through a resolution pursuant to Redondo Beach Municipal Code sections 3-6.08(e) and 3-6.03 (d) respectively. Lastly, the fourth recommendation is a change to the master fee schedule that can be approved through the resolution process. All four recommendations will be presented to the City Council through public hearings at the June 21st City Council meeting. A summary of the recommendations with more detail is presented below.

1. Increase the parking rates in the Riviera Triangle from \$1.00/hour to \$1.50/hour

The proposed budget recommends a fifty cent increase in the Riviera Triangle, from \$1.00/hour to \$1.50/hour, which would apply to two hundred ten (210) meter spaces. Currently, parking rates throughout the City are set at \$1.50/hour and this proposed increase would create uniformity in parking rates in the immediate adjacent areas as well as throughout the City. Moreover, when comparing the City's parking meter rates to other nearby beach cities, an increase to \$1.50/hour would be in line with other beach cities parking meter rates, which range from \$1.25/hour to \$3.00/hour. The anticipated additional revenue from the proposed rate increase is estimated at \$100,000 annually. The projection of anticipated revenue was reached by looking at the last fourteen weeks of revenue in the Riviera Triangle and projecting based on the weekly averages. Due to ordinance regulations, the earliest the rate increase would take effect would be August 5, 2016, which was taken into account when projecting revenues for this recommendation.

2. Increase the Parking Rate for the First Hour in the Pier and Plaza Parking Structures

Currently the parking rates in the Pier and Plaza parking structures that service the Waterfront are set at \$.50 for the first hour between 8am and 6pm Monday through Friday. For each additional hour during these periods, the rates are set at \$1.50 per hour in the winter and \$2.00 during the summer. The proposed budget would increase the rate for the first hour to \$1.00 with the rest of the hourly rates remaining the same. This proposal is the first step in a multi-phase process of eliminating the first hour discount and making the rate structure in the Pier and Plaza parking structures consistent with the parking rates in other commercial areas of the City which do not offer a first hour discount. Based on a sample of transactions during a one week period, it is estimated that the proposed first hour increase would generate

an additional \$60,000 in revenue on an annual basis – consisting of \$15,000 in Harbor Tidelands revenue and \$45,000 in Harbor Uplands revenue.

3. Extend the hours of enforcement in the Riviera Village from 6:00 pm to 9:00 pm

The proposed budget also recommends extending the hours of enforcement in the Riviera Village, including the Triangle lot, from 6:00 pm to 9:00 pm. The department looked at nine nearby beach cities (e.g. Manhattan Beach, Hermosa Beach, Huntington Beach, Long Beach, Laguna Beach, Santa Monica, Newport Beach, Del Mar, and Seal Beach) and compared hours of enforcement in Redondo Beach to these other nearby cities. The department found that six out of the nine cities, including Manhattan and Hermosa Beach, enforced parking meters in their respective entertainment areas until 9:00 pm or later. Through the comparison of cities, the department determined that extending hours of enforcement until 9:00 pm for parking meters in the Riviera Village would be in line with other similar beach cities.

Moreover, in order to project potential revenue from this recommendation, an informal parking meter space survey was conducted. The survey looked at all parking meter spaces in the Riviera Village, by block, and noted any empty parking spaces every half hour from 6:00 pm to 9:00 pm. The survey was conducted daily for fifteen days, from April 15 through May 1, 2016, by the Municipal Services Officers. The survey found that every block in the Riviera Village, except for Lot 1, had at least eighty-three percent (83%) of spaces filled until at least 9:00 pm. Based on this information and hourly revenue of the credit card meters over the last twelve months in the Riviera Village, the additional revenue to the General fund is estimated at \$150,000 annually.

4. Increase the costs of both the parking meter permits and employee parking meter permits from \$110 to \$130 and \$60 to \$75 respectively.

The final recommendation is to increase the price of the parking meter permits and employee parking permits from \$110 to \$130 and \$60 to \$75 respectively. 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 Redondo Beach permit is the lowest priced in a market survey of adjacent beach communities. In fact, the only other nearby beach cities that offer parking meter permits are Del Mar and Seal Beach, which sell parking meter permits at an annual cost of \$600 and \$559 respectively. This current term, October 2015- Present, the City has sold 1,850 parking meter permits and 275 employee parking permits. The additional revenue from the proposed increases, contingent on selling the same amount of permits, is estimated at a combined total of \$41,125.

CITY OF REDONDO BEACH

Budget Response Report #41

June 7, 2016

Question:

What is the status of the South Bay Galleria Revitalization Project?

Response:

Forest City Enterprises, the applicant and property owner, made an application for environmental review and is in process of completing applications for the comprehensive revitalization of the site. Detailed Planning applications are expected by early summer.

The City Council awarded a contract to Environmental Science Associates (ESA) to complete a comprehensive Environmental Impact Report (EIR). As part of the early steps required in the EIR process, the Notice of Preparation, circulation of the Initial Environmental Study, and the hosting of a public Scoping meeting were completed in October 2015.

All background and data collection for the EIR is complete, thus, ESA has commenced the drafting of the report. It is anticipated that the full draft EIR will be submitted to the City in May. The following is the tentative schedule for the project pending receipt of all studies and reports:

June	Full Administrative Draft EIR submitted to the City
June	Consultant completes DEIR and Notice of Availability (NOA)
July	DEIR deemed complete and Final materials are submitted to the City
July	Begin 45-Day Publication/Circulation Date of DEIR
August/September	End of 45-Day Public Circulation Period for DEIR
September	Consultant Prepares response to comments (RTC)
October	City reviews and Consultant finalizes RTC
October	Modify the draft Staff Reports, Amendments, Resolutions, Etc.
October/November	Distribute Planning Commission Agenda & Staff report
October/November	Planning Commission Hearing

CITY OF REDONDO BEACH
Budget Response Report #42

June 7, 2016

Question:

What was the feedback to the City Manager on the Proposed FY 2016-17 City Budget and the FY 2016-2021 Capital Improvement Program from the Budget and Finance Commission?

Response:

The City Manager sought feedback from the Budget and Finance Commission on the Proposed FY 2016-17 City Budget and the FY 2016-2021 Capital Improvement Program. Attached are the draft minutes from the Budget and Finance Commission meeting of May 26, 2016.

Attachments – Draft Minutes of May 26, 2016

OPENING SESSION

A Special Meeting of the Redondo Beach Budget and Finance Commission was called to order by Chair Nguyen at 6:30 p.m. in the Redondo Beach Public Library Small Conference Room – 2nd Floor, 303 N. Pacific Coast Highway, Redondo Beach, California.

ROLL CALL

Commissioners Present: Geittmann, Gran, Johnson, Chair Nguyen
Commissioners Absent: Kartounian, Kilroy, Murakawa
Officials Present: Joe Hoefgen, City Manager
Mike Witzansky, Assistant City Manager
Craig Koehler, Finance Director
Steve Diels, City Treasurer
Marni Ruhland, Assistant Financial Services Director
Ted Semaan, Public Works Director
Jin (Gene) Kim, Associate Traffic Engineer
Diane Cleary, Minutes Secretary

SALUTE TO THE FLAG

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

APPROVAL OF ORDER OF AGENDA

Motion by Commissioner Geittmann, seconded by Commissioner Gran, to approve the Order of Agenda as presented. Motion carried unanimously, with Commissioners Kartounian, Kilroy, and Murakawa absent.

ADDITIONAL ITEMS FOR IMMEDIATE CONSIDERATION – NONE

BLUE FOLDER ITEMS

Motion by Commissioner Johnson, seconded by Commissioner Gran, to receive and file blue folder items. Motion carried unanimously, with Commissioners Kartounian, Kilroy, and Murakawa absent.

CONSENT CALENDAR

- 4. **APPROVAL OF AFFIDAVIT OF POSTING** for the Special Budget and Finance Commission Meeting of May 26, 2016.
- 5. **APPROVAL OF THE FOLLOWING MINUTES:**
 - a. Special meeting of April 28, 2016.
 - b. Special meeting of March 17, 2016.
 - c. Special meeting of January 14, 2016.

Motion by Commissioner Geittmann, seconded by Commissioner Gran, to approve Consent Calendar Items 4 and 5, with Commissioners Nguyen and Geittmann recused from Item 5a, and Commissioners Kartounian, Kilroy, and Murakawa absent.

PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Chair Nguyen opened the Public Comment.

Seeing no speakers, Chair Nguyen closed the Public Comment.

OLD BUSINESS - NONE

NEW BUSINESS

6. FISCAL YEAR 2016-2017 CITY MANAGER'S PROPOSED BUDGET, FISCAL YEAR 2016-2021 CITY MANAGER'S PROPOSED FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM. AND FISCAL YEAR 2016-2017 BUDGET RESPONSE REPORTS

RECOMMENDATION:

Receive and file

City Manager Joe Hoefgen gave a presentation and discussed the following:

- Budget Process
- City Council's adopted Financial Principles and Policies
- Proposed FY 2016-17 Budget
 - City Manager's Budget Message
 - Core Budget
 - Decision Packages
 - Budget Response Reports
- A proposed Balanced Budget FY 2016-17
 - \$84 Million core General Fund Budget
 - \$47 Million CIP budget
 - \$6.9 Million General Fund Reserve
 - 436 Full Time Employees
 - \$84.3 Million General Fund Revenue
 - \$88.3 Million General Fund Expenditures
- Look Back on the Adopted FY 2015-16 Budget
 - Themes for FY 2015-16 and Beyond
 - Financial and operational transparency
 - Rebuilding the organization
 - Proactive oversight
- Budget Highlights Revenues – Mixed Results
 - Property Tax - + 5.4% - \$23,500,000
 - TOT – +54.8% - \$7,430,000
 - UUT – flat - \$7,600,000
 - Sales Tax – 7.4% \$10,955,000
 - GF Revenue - +5.1%
- Budget Highlights Expenditures
 - Satisfying current obligations
 - Realigning work in the organization
 - Additional resources where necessary
 - General Fund expenditures: -2.9%
- Budget Highlights Decision Packages
 - Number 1 to 48 following budget message
 - Page XXI – Summary
 - One time impacts versus ongoing impacts
 - Use of \$650,000 in CALPERS reserve
 - A number of new/increased fees
- Budget Highlights Decision Packages

Attachment A

- 31 Budget Response Reports to Date
 - Items of Note:
 - Police Staffing – BRR #27
 - Street Resurfacing – BRR #24
 - General Plan Update – BRR #23
 - Water Conservation – BRR #12
 - Additional Reports under development
 - PERS rates
 - One percent calculations – salary
 - Effectiveness of Commissions
- Budget Calendar
- Recommendations

Assistant City Manager Mike Witzansky gave a report on the Proposed CIP Budget and discussed the following:

- FY 2016-17 Proposed CIP Budget
 - Same projects as presented at April 28th Joint Budget & Finance/Public Works Meeting
- FY 16-17 Recommended CIP (NEW) Funding
 - Sewer Projects - \$1,550,000
 - Street Projects - \$3,148,380
 - Waterfront Projects - \$3,200,000
 - Park Projects - \$1,188,500
 - Public Facility Projects - \$200,000
 - General Improvement Projects - \$500
 - Total = \$9,287,380

Public Works Director Ted Semaan gave a report and discussed the FY 15-16 CIP Carryover Funding.

In response to Commissioner Johnson, City Manager Hoefgen explained that Decision Package changes are from FY15/16 to FY16/17 if there is a staffing change. He said increases in fees are set aside as separate decisions. He also said if there are no increases in personnel and the PERS rates will be going up, this becomes part of the core budget along with salary increases. He also said revenue sources become part of the proposed budget. He further explained that some assumptions and projections are made, so it is not exactly the same as what was adopted prior.

In response to Commissioner Gran, City Manager Hoefgen explained that the actuals take place later in the year once the books are closed and the audits are done. He also said staff checks internally when comparing projections and actuals.

Finance Director Craig Koehler believed there is a schedule in the CAFR that compares the budgeted amounts to the actuals.

Commissioner Johnson supported having a budget to actual to the prior year.

In response to Commissioner Geittmann, City Manager Hoefgen informed a statewide reform was passed by the legislature in effect now where new employees hired not previously in PERS come in with a significantly reduced pension. He also said there are reduced benefits and costs for the City as people retire and new employees are hired.

Attachment A

Commissioner Geittmann pointed out that excesses that occurred in other areas where people have spiked the pension benefits, and the requirements cannot be changed for people who are already in the system.

City Manager Hoefgen stated as part of the reform, there are things agencies used to be able to do that are no longer allowed, noting abuse of the system in other cities.

Commissioner Geittmann believed the abuse of the system from other cities has raised the PERS costs causing all of the other cities having to absorb it.

City Manager Hoefgen said there are new rules but PERS rates continue to go up due to not getting the returns they projected on their investments.

In response to Commissioner Johnson, City Manager Hoefgen explained there is a way to have a balanced budget and take into account the amount of money being used from the PERS reserve, not touching the General Fund contingency for one month.

In response to Commissioner Geittmann, City Treasurer Steve Diels believed that Frontier will collect the same amounts as Verizon but Verizon always fought the City on the set top boxes which was approximately \$80,000. He believed this issue will be resolved with Frontier.

In response to Commissioner Gran, Assistant Financial Services Director Marni Ruhland explained that the City receives vehicle license fees but the City receives it as property taxes.

In response to Commissioner Nguyen, City Manager Hoefgen explained that the sales tax decline is due to the loss of Nordstrom's and spillover effect in terms of reduced shopping at the Galleria.

City Treasurer Steve Diels also noted loss of supermarkets in the City as well which has affected sales tax.

Assistant Financial Services Director Marni Ruhland stated FY15/16 was the end of the triple flip and the City received one extra payment in FY15/16 and now it has all shifted back to sales tax.

In response to Commissioner Gran, City Manager Hoefgen stated the M&O being down by 28.6% is a function of carryovers identified as part of the FY15-16 budget. He also said the \$300k negative amount are costs budgeted for FY15-16 that were a one-time nature that continued into the next year.

In response to Commissioner Gran, City Manager Hoefgen stated during the public hearing on June 7 the Council will receive public input on the budget, debate among themselves and ask questions of staff to clarify any items. He also said the adoption of the budget should take place June 21, noting the budget has to be legally adopted by June 30.

In response to Commissioner Johnson, City Manager Hoefgen stated 1% in salaries is just below \$500k to include the salary, PERS, medicare components, etc.

In response to Commissioner Geittmann, City Manager Hoefgen stated ambulance service by the City rather than a private contractor is still being worked on. He said the county puts out a request for proposals and right now McCormick provides the services in Redondo Beach. He said a submittal proposal to the county is being considered as part of the Strategic Plan, and stated this item should go before Council on June 21.

Attachment A

In response to Commissioner Geittmann, City Manager Hoefgen stated all billing right now is done by McCormick, but the City does see some reimbursement now through McCormick. He also said if awarded the ambulance responsibility, the City would be responsible for the billing.

In response to Commissioner Johnson, Public Works Director Ted Semaan stated the sewer pumps will be replaced with new pumps as a cyclable replacement.

In response to Commissioner Gran, Public Works Director Semaan stated approximately \$1.5 million has been allocated for actual repairs on the parking structure, noting the west end of the structure has the most extensive damage as well as the stairwells on the west.

In response to Commissioner Gran, Assistant City Manager Mike Witzansky stated the assessment of the Walker report noted approximately \$18 million in infrastructure repair over the next 10 to 12 years for the pier parking lot, and the City is trying to obtain as many resources available to the effort. He further said everything will be done to avoid subsidizing work with General Fund money, along with maintaining reserves for Upland Funds.

In response to Commissioner Geittmann, Assistant City Manager Mike Witzansky explained the developer of the waterfront project is contemplating their investment in public infrastructure. He also said over \$100 million has been identified just only in existing infrastructure over the next ten years and there isn't this level of resource in the Enterprise Fund. He said the idea of bringing on a partner will help address some of these costs and other resources from the project itself.

In response to Commissioner Gran, Assistant City Manager Mike Witzansky stated that tideland funding can be used for the plaza structure, but the pier structure is an upland structure predominantly which is more constrained than tidelands. He also said the \$1.8 million will be largely from uplands with a small amount from tidelands, with the goal of not taking money from the General Fund. He said the pier structure is deteriorating and the \$1.8 million is consistent with the Walker Report.

Public Works Director Semaan said the critical elements have to be addressed first, buying some time to get the resources back into the funds in order to continue the repairs.

In response to Chair Nguyen, Assistant City Manager Mike Witzansky said Marine Avenue is a project currently in motion. He also said there is a regional Measure R project that is funded to add a right turn lane south on Inglewood Avenue at Manhattan Beach Boulevard, which requires some level of property acquisition. He said Marine Avenue is shared with Hawthorne and parts of Inglewood are shared with Lawndale.

Chair Nguyen opened the Public Comment.

Seeing no speakers, Chair Nguyen closed the Public Comment.

Motion by Commissioner Geittmann, seconded by Commissioner Johnson, to receive and file the budget report. Motion carried unanimously, with Commissioners Kartounian, Kilroy, and Murakawa absent.

7. CITY TREASURER'S THIRD QUARTER 2015-16 REPORT

RECOMMENDATION:

Receive and file

City Treasurer Steve Diels gave a report and discussed the following:

- o #1 – Update on Chief Deputy City Treasurer

Attachment A

- #2 – Update - issue has been resolved
- #3 - Update on cost savings
- Move revenue manual into Treasurer's Office
- Revenue Forecast as part of the report
- Auditing and reporting on adherence to Treasurer's responsibility
- Continue report on GF balance but back out GF fund separately and not include in investment portfolio – starting first quarter of next FY
- Cash in banks, LAIF balances
- Quarterly Investment Report
 - Portfolio Summary
 - Investment policy compliance

In response to Commissioner Johnson, City Treasurer Diels stated a representative from FTN Financial will be attending the City Council meeting on June 7.

In response to Commissioner Gran, City Treasurer Diels stated the \$2.6 million increase has to do with cash flow and revenue sources.

Chair Nguyen opened the Public Comment.

Seeing no speakers, Chair Nguyen closed the Public Comment.

Motion by Commissioner Geittmann, seconded by Chair Nguyen, to receive and file the City Treasurer's Third Quarter 2015-16 Report. Motion carried unanimously, with Commissioners Kartounian, Kilroy, and Murakawa absent.

8. ANNUAL REVIEW AND ADOPTION OF CITY'S STATEMENT OF FISCAL YEAR INVESTMENT POLICY, AS AMENDED

RECOMMENDATION:

Receive and file

City Treasurer Diels gave a report and discussed the following:

- Added paragraph
- The City recommends the following amendments to the City's investment policy for discussion and possible adoption:
 - Consideration of CalTrust as an investment vehicle
 - Stipulate opportunities for selling securities
 - Increase allowable limits in LAIF per state guidelines
 - Stipulate benchmarking standard as book return
 - Clarify language in bankers' acceptances
 - Clarify language in negotiable CD's
 - Permit A rated notes for purchase
 - GFOA to certify policy

Lyle Defenbaugh, Wells Fargo Asset Management, spoke on the CalTrust Program and stated that GASB recently issued a new regulation that governs external investment pools such as LAIF. Under the prior regulation, GASB permitted external investment pools to account for the securities held at amortized cost basis, if the pool was money market-like. He said the new regulations address the money market-like aspects and require being much closer to a money market fund than the old regulations required. He said under its current structure, LAIF operates like a money market (dollar in, dollar out basis), carrying securities at amortized cost basis. Under the new regulations, LAIF would have to significantly restructure the portfolio or report on a market basis, and may have to stop operating on the dollar in and dollar out basis. He said this would apply to

Attachment A

a very short term fixed income portfolio, and dramatic swings won't be seen in the market value. He explained that at CalTrust, there are four different fund options and stated they have been operating on a market value basis since day one and unaffected by these new regulations.

In response to Commissioner Johnson, Mr. Defenbaugh stated that market value has to be reported once a year. He also explained that there could be some minor capital gains and losses.

In response to Commissioner Geittmann, City Treasurer Diels stated he is not looking to replace LAIF but to add an additional short-term investment instrument.

In response to Commissioner Gran, City Treasurer Diels stated LAIF is convenient and effective but the returns are extraordinarily low.

In response to Commissioner Gran, Mr. Defenbaugh stated CalTrust is very similar in a lot of respects to LAIF such as with enhanced cash funds which are very short instruments.

In response to Commissioner Geittmann, Mr. Defenbaugh explained that GASB is a national organization that creates the uniform standards across the country.

In response to Commissioner Geittmann, City Treasurer Diels stated that LAIF is an operating body and is operated by the Treasurer of the State of California.

In response to City Treasurer Diels, Mr. Defenbaugh stated the turnaround time is the next day.

Mr. Defenbaugh stated the CalTrust Program has 254 accounts and is opened only to public agencies in California. He said it is a joint powers authority organized under California's joint powers Law, created over 11 years ago by a group of local treasurers and finance directors looking for additional sources of liquidity for their portfolio, to use in addition to LAIF.

In response to Commissioner Johnson, Mr. Defenbaugh stated that the CalTrust short-term fund is rated by the S&P at AA, and stated LAIF doesn't have a rating.

In response to Commissioner Gran, City Treasurer Diels said the CalTrust funds are rated AA and also would offset the requirement of having a concentration in one kind of pool.

In response to Commissioner Geittmann, City Treasurer Diels said there are changes with LAIF but will continue to be a very important investment tool.

Commissioner Johnson stated the funding would be very small and he supported the investment into CalTrust.

Commissioner Gran also agreed with CalTrust as long as it's not against the policy.

City Treasurer Diels stated investing into CalTrust would not be against the spirit of the policy which is to safely invest funds.

In response to Commissioner Johnson, Mr. Defenbaugh explained that the account is opened with CalTrust, and Wells Fargo Investment Management would only make buy and sell decisions for the portfolio.

In response to Commissioner Johnson, City Treasurer Diels stated a certain amount would be put into both LAIF and CalTrust, but if the CalTrust returns were higher, LAIF would be drawn on first.

Attachment A

In response to Commissioner Geittmann, City Treasurer Diels explained that Bank of American is highly leveraged and fee-based and has been dropping small cities, but stated there are less leveraged institutions who see the City's deposits as attractive.

In response to Commissioner Gran, Mr. Defenbaugh stated another pooled option similar to CalTrust is CAMP which has one fund offering.

Motion by Commissioner Johnson, seconded by Commissioner Geittmann, to approve the Annual Review and Adoption of the City's Statement of Investment Policy, as amended. Motion carried unanimously, with Commissioners Kartounian, Kilroy, and Murakawa absent.

Commissioner Geittmann left the meeting at 8:31 p.m.

City Treasurer Diels referred to Page 15 of the staff report and discussed the three bullet points under Item 3, which allows taking advantage of opportunities, reducing risk and increasing returns. He also pointed out that there would be an investment team managing the fund, rather than just the Deputy Treasurer.

Commissioner Johnson suggested wordsmithing the second bullet, noting a security swap is not allowed.

City Treasurer Diels referred to page 23 and discussed "with the City's utilization of an external investment advisor, which has a credit analysis team, the investment in California Code allowed corporate securities ("A" rated or equivalent) should increase future interest earnings."

In response to Commissioner Gran, City Treasurer Diels stated there is not a significant risk difference between AA and A.

City Treasurer Diels stated the state guidelines changed to allow more money into LAIF.

City Treasurer Diels referred to Page 21, and discussed Item C, "No more than five percent (5%) of the market value of the Pool may be invested in banker's acceptances issued by any one entity."

In response to Commissioner Gran, City Treasurer Diels referred to Decision Package No. 42 on the Performing Arts Center, and stated it still generates revenue which has to be reported versus the expenses along with the capital costs.

In response to Commissioner Johnson, City Treasurer Diels stated the companies that use the Performing Arts Center facility make money. He also said the City generates some revenue from public spaces by allowing private entities to rent the space at certain times.

Chair Nguyen opened the Public Comment.

Motion by Chair Nguyen, seconded by Commissioner Johnson, to close the Public Participation. Motion carried unanimously, with Commissioners Geittmann, Kartounian, Kilroy, and Murakawa absent.

EXCLUDED CONSENT CALENDAR – NONE

MEMBER ITEMS AND REFERRALS TO STAFF – NONE

ADJOURNMENT BUDGET & FINANCE COMMISSION: 9:00 P.M.

Attachment A

Motion by Commissioner Gran, seconded by Commissioner Johnson, to adjourn the meeting at 9:00 p.m. to a Regular Meeting to be held on August 11, 2016 at 6:30 p.m. in the Redondo Beach Public Library Small Conference Room – 2nd Floor, 303 N. Pacific Coast Highway, Redondo Beach, California. Motion carried unanimously, with Commissioners Geittmann, Kartounian, Kilroy, and Murakawa absent.

Respectfully submitted,

Craig Koehler, Finance Director

DRAFT

CITY OF REDONDO BEACH

Budget Response Report #43

June 7, 2016

Question:

What impact do CalPERS rate increases have on the City's budget?

Response:

The City contracts with the California Public Employees Retirement System (CalPERS) for employee retirement benefits. In FY 2015-16 the City's total budgeted cost for this benefit was \$13,238,150. In FY 2016-17 the City's total CalPERS budget allocation is \$14,518,666, an increase of \$1.3 million (reflecting \$1.1 million in increased CalPERS rates and \$200,000 in FY 2015-16 MOU changes), and is expected to be \$15,048,590 in FY 2017-18. CalPERS costs have increased every year since 2006 and are expected to continue to increase through at least 2022.

CalPERS Pension Benefit Reform

In FY 2011-12, the City Council, in anticipation of the pension reform movement, proactively negotiated "Tier II" CalPERS retirement benefits with Redondo Beach's employee bargaining units. Subsequently, the State of California enacted the Public Employee Pension Reform Act (PEPRA) in late 2012, which created new, even lower pension benefits for most state and municipal employees. This level of pension benefits became "Tier III".

While both the City's and State's reforms will provide relief from escalating pension costs, the relief will come in the long term through employee turnover. The City's Tier II pension plan only applies to employees hired after June 2012, and PEPRA's Tier III reform only applies to employees hired after January 1, 2013 who are not already active CalPERS members. Regardless of the pension reform tier, CalPERS continues to provide substantial benefits and leave the City responsible for the lion's share of pension costs.

In addition, the overwhelming majority of current City employees are Tier I, and are not subject to pension reform. They will continue to earn the same benefits they did prior to 2012. CalPERS advises it will take at least a decade for the City to experience sufficient staff turnover for the Tier II and Tier III employee contributions to have a noticeable impact on the City's CalPERS costs. It will be at least 20 years for the full impact of pension reforms to be realized.

CalPERS Rate Increase Details

While CalPERS rates for Safety (sworn Police and Fire) employees are significantly higher than rates for non-safety (Miscellaneous) employees, the rate increases for both employee groups is projected to increase approximately 73% over the nine year period from FY 2012-13 to FY 2021-22.

Over the past few years, some City bargaining units began to pay for a portion of the City's share of Tier I CalPERS costs in exchange for commensurate pay increases. However, existing Tier I employees' contributions remain modest – between 2% and 7% of the CalPERS rate. Tier II and Tier III employees pay a portion or all of their employee share of the CalPERS cost with contributions ranging from 4.5% to 11.25%.

In October 2015, the City received the most recent Annual Valuation Reports from CalPERS, dated June 30, 2014. The reports included historical employer rates, the FY 2016-17 employer rates, and projected employer rates for FY 2017-18 through FY 2021-22. The following charts demonstrate the impact of those CalPERS rate increases (exclusive of any negotiated employee cost sharing or subsequent wage and benefit adjustments) for both Safety and Miscellaneous personnel.

CalPERS Costs for Safety Employees (Police Officers and Firefighters) Actual (A) and Projected (P) Rates Based on FY 2015-16 Data

Fiscal Year	Employer Rate	Employer Share	Employee Rate	Employee Share	Total Amount
2012-13	40.4% (A)	6,931,643	9.0% - 11.3%	1,619,285	8,550,928
2013-14	40.6% (A)	6,972,830	9.0% - 11.3%	1,619,285	8,592,115
2014-15	43.4% (A)	7,442,365	9.0% - 11.3%	1,619,285	9,061,650
2015-16	48.1% (A)	8,247,233	9.0% - 11.3%	1,619,285	9,866,518
2016-17	51.7% (A)	8,866,414	9.0% - 11.3%	1,619,285	10,485,699
2017-18	56.0% (P)	9,610,359	9.0% - 11.3%	1,619,285	11,229,644
2018-19	60.2% (P)	10,331,136	9.0% - 11.3%	1,619,285	11,950,421
2019-20	64.5% (P)	11,069,074	9.0% - 11.3%	1,619,285	12,688,359
2020-21	65.8% (P)	11,292,172	9.0% - 11.3%	1,619,285	12,911,457
2021-22	67.0% (P)	11,498,108	9.0% - 11.3%	1,619,285	13,117,393

**CalPERS Costs for Miscellaneous Employees
(Non-Safety)
Actual (A) and Projected (P) Rates Based on FY 2015-16 Data**

Fiscal Year	Employer Rate	Employer Share	Employee Rate	Employee Share	Total Amount
2012-13	14.5% (A)	2,933,989	6.5% - 7.0%	1,399,615	4,333,604
2013-14	14.9% (A)	3,017,205	6.5% - 7.0%	1,399,615	4,416,820
2014-15	16.2% (A)	3,267,865	6.5% - 7.0%	1,399,615	4,667,480
2015-16	18.2% (A)	3,671,020	6.5% - 7.0%	1,399,615	5,070,635
2016-17	20.6% (A)	4,162,644	6.5% - 7.0%	1,399,615	5,562,259
2017-18	22.7% (P)	4,584,988	6.5% - 7.0%	1,399,615	5,984,603
2018-19	24.7% (P)	4,988,952	6.5% - 7.0%	1,399,615	6,388,567
2019-20	26.8% (P)	5,413,114	6.5% - 7.0%	1,399,615	6,812,729
2020-21	27.3% (P)	5,514,105	6.5% - 7.0%	1,399,615	6,913,720
2021-22	27.9% (P)	5,635,294	6.5% - 7.0%	1,399,615	7,034,909

While the above charts show the impact of CalPERS rate increases exclusive of MOU commitments, the charts below show the actual historical cost impact to the City including salary changes, workforce changes (Tier II and Tier III employees replacing Tier I employees over time), employees paying the “employee’s” share of CalPERS costs during their final year of employment, and for some bargaining groups, ongoing negotiated cost share formulas.

**Actual CalPERS Costs for Safety Employees
(Police Officers and Firefighters)**

Fiscal Year	City Budget	Amount Paid
2011-12	7,499,416	6,775,093
2012-13	7,459,270	6,960,780
2013-14	7,543,580	7,228,318
2014-15	8,186,532	7,980,752
2015-16 Est.	9,134,012	8,244,905

**Actual CalPERS Costs for Miscellaneous Employees
(Non-Safety)**

Fiscal Year	City Budget	Amount Paid
2011-12	3,347,526	3,073,278
2012-13	3,312,515	2,995,446
2013-14	3,303,362	3,183,732
2014-15	3,625,002	3,089,209
2015-16 Est.	4,104,138	3,478,456

The budget-to-actual variance for both safety and non-safety employees is due to the number of staff vacancies in each group. As with all other expenditure savings, these savings become part of fund balance and are assigned at year-end for such purposes as CalPERS Reserve Fund replenishment, transfer to the Capital Projects Fund, and/or funding of the Self-Insurance Program.

City's CalPERS Reserve Fund Status

Recognizing CalPERS rate increases could outstrip City revenue growth, the City Council established a reserve fund to help off-set CalPERS costs and smooth annual budget impacts. Below are the details of the current CalPERS Reserve Fund balance.

Fiscal Year	Contributions / Repayments	Uses	Balance
2009-10	1,433,167	--	1,433,167
2010-11	2,574,069	--	4,007,236
2011-12	--	1,000,000	3,007,236
2012-13	1,200,000	393,489	3,813,747
2013-14	1,739,153*	944,938	4,607,962
2014-15	1,000,000	694,215	4,913,747
2015-16	--	286,440	4,627,307
2016-17 Proposed	--	650,000	3,977,307

* The Fiscal Year 2013-14 contribution/repayment included a repayment of both the Fiscal Year 2013-14 and Fiscal Year 2014-15 uses.

CITY OF REDONDO BEACH

Budget Response Report #44

June 21, 2016

Question:

What is the status of the City's Subdivision Park Trust (Quimby Fee) Funds and what is the process for increasing the development fee?

Response:

On September 7, 2004, the City of Redondo Beach adopted Ordinance 2939-04 establishing park and recreation dedications and in-lieu fees (Quimby fees). Under the ordinance, fees are imposed on developers of new subdivided residential housing units. Fees are set at the lesser of: (1) the fee cap of \$7,500 established by resolution, or (2) the amount determined by formula incorporating the average fair market value of the land which would otherwise be required for dedication. Developments of low and moderate income housing units, as defined by the California Health and Safety Code, are exempt from Quimby fees. Such units must remain affordable for a period of 30 years in order to receive the exemption. Owners of these units must legally commit to the affordability requirement.

Currently, the estimated balance of the Quimby Fund is \$915,032, with estimated FY 16-17 revenue of \$206,639. The FY 16-17 capital budget includes \$833,500 in Quimby Fund expenditures on three new CIP projects including the Aviation Park Field Light Replacement Project, the Aviation Track Resurfacing Project, and the Veterans Park Play Equipment Project.

The process for the City to consider a change to its Quimby fees would include a determination of the current value of land by conducting citywide land appraisals to establish average citywide or area-wide land costs. This appraisal process would then inform a potential revision to the Quimby fee cap amount of \$7,500 which could be changed by resolution.

As per the recently published Los Angeles County Parks Assessment, Redondo Beach has 1.4 acres of parkland per 1,000 residents; this assessment does not include open spaces or beaches.

When it was adopted in 2004, the \$7,500 Quimby Fee cap was instituted through resolution. This was done to allow for a more efficient method to make future adjustments to the fee cap through resolution. Given that the Quimby Fee cap of \$7,500 has remained unchanged since its inception in 2004, it is inconsistent with current land values. Consideration of a Quimby Fee cap increase is recommended. Council direction would be needed to initiate actions for the preparation of a proposed Quimby Fee increase

including a legal analysis to determine if a potential increase is governed by Proposition 218 and a land survey to determine current land values.

CITY OF REDONDO BEACH

Budget Response Report #45

June 21, 2016

Question:

What is the process for increasing the City's Transient Occupancy Tax?

Response:

A one percent increase in the City's Transient Occupancy Tax (TOT) rate citywide would generate additional net revenue of approximately \$560,000 (\$620,000 in revenue less a \$60,000 payment to the Visitors' Bureau for enhanced marketing activities per the terms of our existing agreement with the Chamber of Commerce/Visitors' Bureau) per year. The revenue could be for general (unrestricted) purposes or it could be for special (restricted) purposes. As described below, there are different voter approval and election timing requirements based on the use of the revenues.

An increase to the TOT rate for general purposes would require a simple majority approval by the Redondo Beach voters. As general purpose taxes must be placed on the same ballot that members of the legislative body are elected, the increase would need to be submitted to the voters at the March 7, 2017 election. The steps to be taken before the election (by December 9, 2016) are outlined below.

1. Adopt a resolution calling for the election, including:
 - a. Date of the election
 - b. Ballot measure language, including:
 - i. Ordinance amending Section 8-2.03 of the Redondo Beach Municipal Code to authorize increasing the transient occupancy tax charged to guests by hotel operators
 - ii. Ordinance amending Section 8-2.04B of the Redondo Beach Municipal Code to authorize adjusting the formula for partial exemptions from the transient occupancy tax on room rents charged by the operator of a hotel
 - iii. New rate
 - iv. Effective date
2. Adopt a resolution requesting the City Attorney to prepare an impartial analysis

3. Adopt a resolution setting priorities and schedules for filing written arguments for/against the proposed measure

An increase to the TOT rate for special purposes, such as waterfront capital infrastructure, would require a two-thirds vote of the electorate. Elections for special taxes may be held on any date allowed in State law or authorized in the City Charter. The steps to be taken at least 88 days before the election are the same as those for general purpose taxes.

CITY OF REDONDO BEACH

Budget Response Report #46

June 21, 2016

Question:

What is the status of the City's Street Landscaping and Lighting Assessment District and what is the process for increasing revenue within the District?

Response:

The City's Street Landscaping and Lighting Assessment District was formed in 1983 under the requirements of the 1972 Landscaping and Lighting Act. The District operates and maintains: 5,127 street lights (3,228 Southern California Edison owned and 1,899 City owned); 101 signals (54 traffic and 23 flashing yellow beacon and 24 flashing red beacon); and 21.85 acres of landscaping. To fund the District, the City collects assessments from residential and commercial parcels based on the street frontage and is supplemented by a subsidy from the General Fund:

For FY 16-17 the District's Budget is as follows:

District Generated Revenues	1,576,500
Total Street Landscaping and Lighting District Expenditures	<u>-2,572,209</u>
Deficit per Budget	- 995,079
Core Budget General Fund Subsidy	873,500
Decision Package #1: Street Landscaping and Lighting District	<u>122,209</u>
Deficit Balance	0

The annual assessment fee has not been changed since 1991. In 2006, the City sought voter approval under Proposition 218 to make adjustments to the assessment to pay for all District costs. Redondo Beach property owners voted against the proposed fee increase. The attached document, prepared by the City Attorney's Office, documents the process that must be followed to increase revenue to the District and meet the requirements of Proposition 218.

Consideration of a District Assessment increase is recommended. Council direction would be needed to initiate actions to retain the services of a registered engineer with assessment district expertise to prepare a detailed engineer's report. In 2006, Harris & Associates, the firm that prepared the benefit assessment methodology, rate study and engineer's report for the attempted assessment increase, was paid approximately \$70,000 for their services.

Attachment:

- Prop 218 Requirements

PROP 218 REQUIREMENTS

I. SUBSTANTIVE REQUIREMENTS

- A. Assessments **must be supported by a detailed engineer's report** prepared by a registered engineer certified by the State.
1. Determine **the proportionate special benefit** in relationship to the entire cost of the improvement or service.
 2. **Must calculate the amount of the assessment** to be imposed on each identified parcel.
 3. **No assessment shall exceed the reasonable cost of the proportional special benefit** that is conferred on a parcel.
- B. **Identify all properties** that receive special benefit.
- C. **Separate** the general benefits from the special benefits.

II. PROCEDURAL REQUIREMENTS

- A. **SCHEDULE DATE.** Set a Public Hearing date for the levying of the new or increased assessment.
- B. **NOTICE.** Mail notice to record property owners of each identified parcel in the district to be assessed.
1. Must be mailed not less than **45 calendar days prior to the public hearing**. The day of mailing is excluded from the 45 day mailing period.
 2. Must include the **following information**.
 - a. **Amount** of the proposed assessment to be imposed on the identified parcel
 - b. **Total amount** to be imposed in the entire assessment district
 - c. **Duration** of the assessment
 - d. **Reason** for the assessment
 - e. **Basis** upon which the assessment was **calculated**
 - f. The **date, time, and location of the public hearing**
 - g. A **ballot**
 - h. A **summary of the procedures** for completing it, including a **disclosure statement that if the ballots opposing the proposed assessment exceed the ballots submitted in favor** of the assessment (referred to as a **majority protest**), the assessment may not be imposed.



- C. **BALLOT REQUIREMENTS.** Set a Public Hearing date for the levying of the new or increased assessment.
1. Face of the envelope with the ballot and notice **must be in at least sixteen-point type**, the following statement in substantially the following form: **“OFFICIAL BALLOT ENCLOSED.”**
 2. Ballot must include the following information.
 - a. **City's address** for the receipt of completed ballot
 - b. A place for the property owner to indicate **name** and a **reasonable identification of the parcel** subject to the proposed assessment.
 - c. A place for the property owner to indicate **support or opposition** for the proposed assessment.
 3. The ballot must be **in a form that conceals its contents** once it is sealed and delivered by the person submitting the ballot.
 4. Ballot must be:
 - a. **Signed by the record owner** or his or her authorized representative
 - b. **Mailed or otherwise delivered** to the City address on notice
 - c. **Received by the City prior to the close of the public hearing.**
 5. Ballots must **remain sealed** until the close of the public hearing.
 6. Ballots **may be submitted, changed, or withdrawn prior to the close of the public hearing.**
 7. City **may provide return envelope.**

D. **PUBLIC HEARING**

1. **Conduct public hearing** on the date and time stated in the notice and must not be held less than 45 calendar days after the notice of the proposed assessment and public hearing is mailed to the record owner(s) of each identified parcel.
2. City must **consider all objections or protests.**
3. City must **only consider valid ballots as official protests.**
4. After public hearing has been closed, City shall **tabulate ballots.**
5. City **may continue** public hearing.



6. City **may also continue the tabulation** of the ballots to a different time and location accessible to the public, **BUT** City must announce the time and location.

E. PROTESTS

1. An impartial person (City Clerk) shall tabulate the ballots.
2. Tabulation must be done in view of the public.
3. **Majority protests exists if**, upon conclusion of the public hearing, **ballots submitted in opposition exceed ballots submitted in favor.**
4. All returned ballots are **weighted according to the amount assessed** on each particular parcel.
5. Ballots submitted by **more than one property owner are allocated based on ownership interest.**

F. BURDEN OF PROOF IS ON THE CITY

1. Burden is on the City to **demonstrate that the properties in question receive special benefit.**
2. Burden is on the City to **demonstrate that the amount of the assessment is proportional** to the benefits conferred.



CITY OF REDONDO BEACH

Budget Response Report #47

June 21, 2016

Question:

What is the current condition of the City's roadway network and what are the cost estimates to reconstruct the roadway infrastructure citywide?

Response:

The Pavement Management System is an objective way of classifying the pavement condition of individual street segments within a municipality's street network. The necessary information is collected by specialized equipment as part of a systemwide survey. The City is required to conduct the survey every three years in order to meet the reporting requirements of GASB 34 and to qualify to receive and use Proposition C and Measure R funds on City streets. The data was last collected in 2014 and is scheduled to be collected again in the next fiscal year.

The pavement management survey evaluates the pavement condition based on nationally accepted standards and focuses on the following four major variables:

- Surface distress – cracking, patching, and other deformations of pavement;
- Ride coefficient – smoothness of street;
- Structural Adequacy – strength of pavement section; and
- Traffic volumes – Average Daily Traffic (ADT) provided by the City.

The data collected for each of the above variables is rated individually and processed by the pavement management software to calculate a Pavement Quality Index (PQI) figure. The PQI is rated on a scale of 0 to 100 with 100 being a top rated street. The average rating for Citywide streets in 2015 was 84. The policy of the City, as established as part of its GASB 34 reporting requirements, is to maintain an average citywide rating of 80 or better.

Given the City's desire to maintain a minimum level of service of PQI of 80, below is the preliminary budget estimate needed to maintain the pavement over the next 5 years, which aligns with our 5-year Capital Improvement Program (CIP) Budget:

ESTIMATED BUDGET NEEDED FOR MAINTENANCE OF PAVEMENT

Maintain PQI =80 (Art/Coll Network Only)					Maintain PQI =80 (Residential Network Only)				
2017	80	\$	1,459,411.00	80.7	2017	80	\$	1,266,097.00	80.7
2018	80	\$	916,621.00	80.1	2018	80	\$	2,572,818.00	80.1
2019	80	\$	988,722.00	80.0	2019	80	\$	2,801,212.00	80.0
2020	80	\$	1,189,569.00	80.6	2020	80	\$	2,640,301.00	80.6
2021	80	\$	818,498.00	80.1	2021	80	\$	3,218,807.00	80.1
Totals		\$	5,372,821		Totals		\$	12,499,235,	

Arterials/Collectors: \$ 5,400,000

Residential Streets: \$ 12,500,000

Total: \$ 17,900,000

Note: This amount includes asphalt pavement only. No concrete work (curbs, gutters, ramps) is included in this cost estimate.

Over the last five years, the City has spent approximately \$13 million on street rehabilitation, with \$11 million spent on arterial and collector roads and \$2 million spent on residential roads. The FY16-17 capital budget includes \$5.27 million in arterial and collector street improvement projects and \$2.7 million for residential street resurfacing.

The results indicate that a working budget of approximately \$1.1 million annually for the arterial and collector roads is sufficient to maintain these streets at their desired level of service. However, with a budget of \$500,000 annually for residential streets, these streets are expected to drop from a PQI=85.2 in 2014 to PQI=65.4 by 2021.

Given these results, the current funding level of street maintenance and rehabilitation for residential roads may need to be increased over the next 5 years in order for the City to keep the road network operating at a "GOOD" level of service for the citizens of Redondo Beach.

CITY OF REDONDO BEACH

Budget Response Report #48

Jun 21, 2016

Question:

What issues should be examined when considering the conversion of the vacant City owned property at 900-904 Torrance Blvd. to a community/demonstration garden and what is the cost and process to consider selling or leasing a portion of the property to the adjacent homeowner as discussed at the June 7, 2016 City Council meeting?

Response:

At their meeting on June 7, 2016, the City Council received a report and the resident proposal for a community garden at 900-904 Torrance Boulevard. The City Council directed that the item be agendaized on June 21, 2016 and be considered in the context of the FY 2016-17 Budget. This Budget Response Report has been prepared as a follow-up to the City Council direction. The June 7, 2016 report recommending discussion on June 21, 2016 regarding the creation of a community garden is attached to this report. Also attached is an initial proposal from the proponent for the subject community garden.

The property at 900-904 Torrance Boulevard is owned by the City of Redondo Beach and is currently vacant. The lot is 5,420 square feet and is zoned C-2 (commercial). Although a "community garden" is not included in the permitted or conditionally permitted C-2 zoning, a conditional use permit (CUP) could be issued by the Planning Commission for one of three Land use categories: (1) Commercial Recreation; (2) Plant Nurseries; (3) Recreation Facilities. Of these categories, Recreation Facilities would be most applicable for the consideration of a community garden. It is recommended that the Recreation and Parks Commission provide a recommendation to the Planning Commission regarding a potential CUP, if this use is to be considered.

As noted on the attached Community Garden Start-Up Guide, published by the Los Angeles County Division of Agriculture and Natural Resources, there are a number of key steps in establishing a community garden. These steps include, but are not limited to, (1) forming an official organization such as a garden club; (2) determining a consistent source of water and water metering (estimated cost for installation of a water meter is \$6,500); (3) soil testing; (4) acquisition, leasing or licensing the land; (5) carrying appropriate insurance; and (6) installing basic security measures including a fence incorporating a vehicle gate. As noted on the attached sample community garden guidelines and policies, community gardens typically include deposits and fees for users to access planting plots. Additional considerations could include a requirement for a percentage of produce being allocated to a local food bank, a waiver of liability for garden participants, and trash management and access to trash receptacles by a refuse collection operator.

Prior to any activation or utilization of this property, there are existing conditions that would first need to be addressed. These include sewer lines, property lines, parking, ADA accessibility, and ingress/egress.

Sewer Lines

The property at 900-904 Torrance Boulevard shares a sewer line with the properties at 302 S. Lucia Avenue and 315 S. Maria Avenue. The sewer line carries wastewater from 315 S. Maria Avenue along the north east side of the property, then turns and travels along the northwest side of the property to the westerly corner of the property. At the westerly corner of the property, the sewer line then connects to the 302 S. Lucia Avenue sewer line which then connects to the sewer mainline located on Lucia Avenue. There is a clean out for this sewer lateral within the parkway adjacent to 302 S. Lucia Avenue. The replacement of the sewer lines and connections would need to be considered when evaluating this property for either conversion to a public garden, selling, or leasing the property. The initial cost estimate for this work is approximately \$35,000-\$50,000 due the clay composition of the line and reported shallow placement depth. An evaluation of the condition of this line will be required before any final decisions are made with regard to the site.

Property Lines

A determination of the property lines for the City property at 900-904 Torrance Blvd. would be recommended to clarify its borders with the neighboring properties at 302 N. Lucia and at 315 S. Maria. In particular, the property at 315 S. Maria has a long-standing but unofficial encroachment onto the City property that could be mitigated through a lease, sale or license of the encroached area. A land valuation would be required to inform any lease, sale or license terms. Additionally, the land valuation could inform any potential lease terms for the purpose of conducting a community garden as well as the use rates for individual planting plots. The estimated cost to conduct a land valuation study is \$2,500. For each neighboring property, a buffer area could be considered to mitigate the impacts of a publicly accessible space at 900-904 Torrance Boulevard. A recent appraisal for the commercial property resulted in a valuation range of \$92 - \$114 per square foot.

Parking

There is no dedicated on-site parking for the property at 900-904 Torrance Boulevard. Available street parking is located along sections of S. Lucia and Torrance Boulevard, and is utilized primarily by the residents and businesses along those streets. The property also abuts the driveway and parking lot for the neighboring apartment complex. Additionally, there are street sweeping restrictions in place for all the streets adjacent to the subject property. Parking is a challenge for access to the site and the area would be impacted with additional vehicle trips.

ADA Accessibility

The accessibility to and within the garden would need to comply with the Americans with Disabilities Act (ADA), including the garden's entryways, interior pathways and any

garden features intended to be interactive for the public such as planting beds. Also required would be an ADA van accessible parking space adjacent to or within the proposed plot. A van-accessible parking space includes a 96" access aisle to accommodate a wheelchair lift; vertical clearance to accommodate van height at the van parking space, the adjacent access aisle, and on the vehicular route to and from the van-accessible space, and an additional sign that identifies the parking space as "van accessible." While precise costs have not been determined for ensuring ADA accessibility, the costs are comprised of concrete work to construct a driveway, ADA compliant sidewalk and ADA compliant curb ramp and the installation of an ADA compliant parking space within the subject property. The estimated cost for these ADA compliance requirements is \$24,000.

An alternative to the ADA compliant parking space within the subject property is the installation of an ADA compliant parking space on the street adjacent to the subject property. The estimated cost for this compliance requirement is \$2,000. It should be noted that the option for an ADA compliant parking space on the street could incur additional costs to create additional required ADA compliant sidewalks and curb ramps.

Ingress/Egress

Currently, there is no ingress and egress to the property. Due to the shape and location of the parcel, this access would need to come from the Torrance Boulevard side of the property. There are several utilities that would be impacted to accommodate ingress and egress on Torrance Blvd. A Los Angeles County Flood Control District catch basin would need to be relocated (estimated cost \$10,000); a street light would need to be relocated (estimated cost \$7,500); a traffic signal pull box would need to be relocated (estimated cost \$3,000); a Southern California Edison vault would need to be adjusted or relocated (estimated cost \$10,000); and a cable T.V. pull box would need to be relocated to accommodate access to the property (estimated cost \$1,000). The limited access and cost to provide ingress and egress should be taken into consideration when considering the potential conversion to a community garden, selling, leasing or licensing of the property. The total estimated ingress/egress mitigation cost is \$31,500.

Alternatively, access to the City lot might be possible from Lucia Avenue, however this would require the acquisition of right of way from the owner of the adjacent private property.

Lease/License Agreement

Any potential community use of the City property at 900-904 Torrance Boulevard would require a lease or license agreement. A use agreement with the City would include, but not be limited to, the requirements detailed in this report, use fees, community program guidelines, insurance requirements, indemnification for the City against any and all claims, usage period, usage period options, non-discrimination, and required reporting.

Attachments:

- June 7, 2016 Admin Report
- June 7, 2016 Resident Proposal-Community Garden
- Community Garden Start-Up Guidelines
- Sample Community Garden Program Guidelines and Policies



Memorandum

DATE: June 7, 2016

TO: City Council

FROM: Bill Brand, Council Member

SUBJECT: RECOMMENDATION TO AGENDIZE FOR CITY COUNCIL
DISCUSSION ON JUNE 21, 2016 CREATION OF A COMMUNITY
GARDEN AT 900-904 NORTH TORRANCE

Samantha laocobello, a Redondo resident and landscape architect, is proposing a community garden at 900-904 North Torrance Blvd. This location is city owned property that is zoned for commercial uses, C-2, but has sat fallow for years because of the small size, odd shape and lack of parking. Consequently, this site has become an eyesore and blight on Torrance Blvd, attracting abandoned vehicles, numerous homeless and associated criminal activity initiating multiple police responses over many years.

The benefits of community gardens are numerous. Here are just a few:

- Increase a sense of community ownership and stewardship
- Crime is reduced with increasing eyes and ears on the street
- Educates youth about the origins of food and what is sustainable and healthy
- Restores an eyesore and community blight to a beautiful place for everyone to enjoy, learn and relax

Redondo Beach is sorely lacking a community garden and this could be the opportunity many of us have been looking for. Ms. laocobello has formed a group of local volunteers, including Mike Garcia of Enviroscope, to construct the garden. Attached is her preliminary plan. She has also already secured Athens Services to donate a trash bin for demolition and to supply sufficient organic mulch.

There are many other issues however, but I believe this opportunity is worthy of a Council discussion at our meeting of June 21st, 2016, when we will be discussing funding of capital projects for the coming year.

Attachments:

- Draft Community Garden Plan

The Redondo Beach Garden of Compassion

- Mission: The Redondo Beach Garden of Compassion aims to provide the local community a FREE and organic demonstration vegetable garden and small orchard using permaculture design elements that are central to efficiently saving water during times of drought. The garden will also serve as an educational platform to engage local residents, schools, tourists, businesses, and organizations in creating more sustainable food systems.
- How is this garden different than other community gardens?

The 5,000 sq ft space is ideal for a permaculture food system, which is all about variety and diversity. It is a large enough space to have several dwarf and semi-dwarf fruit and citrus trees, raised beds, a central open area for events and workshops, a composting area, a small vineyard, several water catchment devices, and meandering pathways for the public to enjoy.

The most essential element of this garden is WATER, specifically using it efficiently during times of drought. This garden will be promoting and using a few different water-saving techniques and devices to ensure both the sustainability of the garden itself and long-term water usage. Rain barrels, wicking beds, french drains, Rainbird copper shield drip irrigation, and maximum soil conditioning will retain or redirect water throughout the garden efficiently.

As a demonstration garden, the community is proudly obligated to maintain its integrity. The garden becomes a community cultural center where ideas turn into reality. A community learns to work together, share specialized skills, network, and create a culture that is unique and appreciated by all participants.

A "Legacy Path" can be integrated into the garden highlighting all the efforts made by the city, organizations, businesses, residents, volunteers, and donors. Either bricks or flagstones can be engraved and dry-set into the pathway substrate.

- List of Materials Needed:

Water Meter \$6500

Redondo Beach Roll Off Dumpster - Athens Services

Soil Test kits - \$25 from Soil and Plant Lab located in Long Beach, CA

Organic compost (60 yards) - Gary Clifford with Athens Services \$2000

Organic fertilizers (worm castings, kelp or alfalfa meal, gypsum with sulfur) \$800

Organic wood chips and straw as soil covering all areas (25+ yards) \$1500

Composting Pallets (10) FREE

Entry Arbor - entrance to the garden made of wood to support fruiting
or flowering vines \$300

2 large wooden vegetable boxes (6x6) for salad greens with mesh covering \$500

Cardboard boxes (under boxes) and mesh screening (bugs on leafy greens) \$250

Medium sized boulders, old concrete, bricks, etc - create raised beds \$1000

Perforated piping, beach pebble 1/2", weed cloth liner - Wicking Beds

Central Learning area - flooring decomposed granite (2 cubic yards) in Mandala Design -

Flower of Life with different colored DG (pink, orange, dark brown/red) \$150

215' Wooden Fence around space - 5' closed face; 2' lattice on top

Tools - shovels, rakes, wheel barrows(2), wheel cart(2), loppers,
pruners, gloves, pick axe \$1000

Shed - 8'x10' wooden \$800

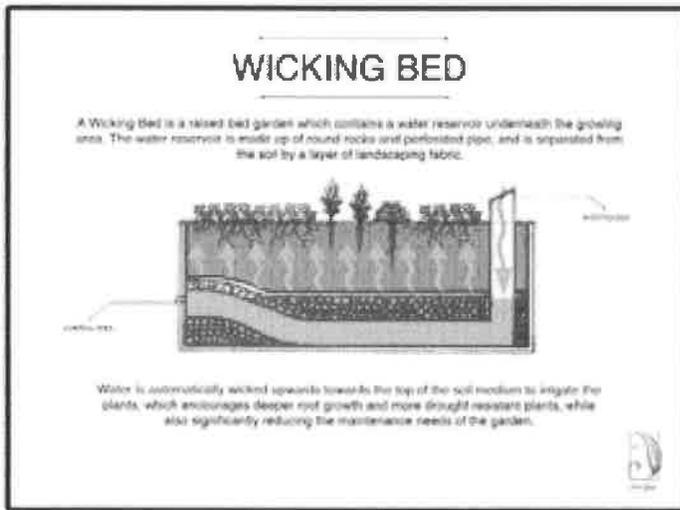
Blue Recycling bin on site

Large Chalkboard - educational workshops, events, etc \$100

4 Benches - located in central open area for public, events, workshops, etc. \$600

Plants, seeds, trees \$3500

• Wicking Beds for irrigation:



- Water saving technique
- Drip irrigation used in conjunction with underground piping to establish plants
- Pond liner used under piping instead of fabric

• Drip Irrigation:

Rainbird Copper-Shield Irrigation System

RECOMMENDED PRACTICES

- Bury 2" - 4" below shrubs and 4" - 6" below turf
- Uniform depth and parallel laterals for buried tubing
- Be sure soil compaction is uniform over the entire site
- Thoroughly flush dirt from the system after installation
- After installation and backfill, confirm uniformity of wetting pattern

- Permaculture Design Elements:



- Circular spider-web designs
- One central open area

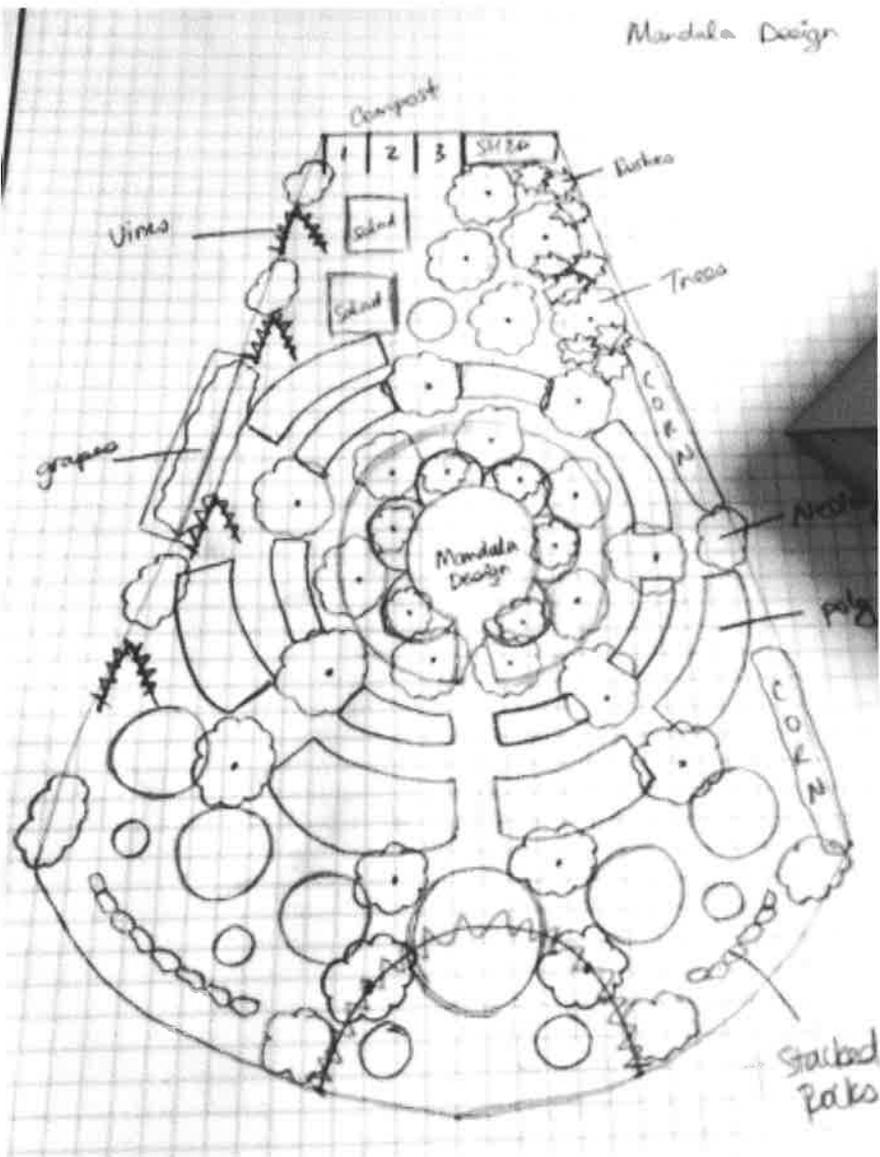
- Using recycled stone, brick, concrete, pavers, and flagstone for raised wicking beds



- Garden of Compassion Design layout(s):

- Diverse plantings
- Polyculture patches
- Companion planting
- Native nectary plants
- Nitrogen fixing trees and ground covers
- Heirloom varieties
- Organic, non-gmo
- Seeds





Organizations for
Donations/Support:

- Blue Zone
- Green Guy Catalog
- CA Native Plant Society
- Holistic Chamber of
Commerce
- West Basin Water
- South Coast Botanical
Garden
- South Bay Parkland
Conservancy
- Master Gardeners
- Redondo Beach Unified
School District
- Butterfly Sanctuary -
Augustine (Auggie)
Garnier
- Redondo Beach Center for
Spiritual Living
- SLOLA - seed bank
- South Bay Cities

- Rainbird
- Health District
- Athens Services
- Soil and Plant Laboratories

*All estimated costs here need to be rechecked and some items still need to be priced out. A more accurate cost for the entire project will be presented to the City Council at the next available meeting.



University of California Cooperative Extension, Los Angeles County
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COMMUNITY GARDEN START-UP GUIDE

By

Rachel Surls, UCCE County Director

With Help of Chris Braswell and Laura Harris, Los Angeles Conservation Corps

Updated March 2001 by

Yvonne Savio, Common Ground Garden Program Manager, UCCE

This "Community Garden Start-Up Guide" is intended to help neighborhood groups and organizations along the path to starting and sustaining a community garden.

Why Start a Community Garden?

Many families living in the city would like to grow some of their own fruits, vegetables, herbs, and flowers. Some want to save money on their food bills. Others like the freshness, flavor and wholesomeness of home-grown produce. And for many, gardening is a relaxing way to exercise and enjoy being out-of-doors. There are also families from other cultures who would like to grow traditional foods not available in the supermarket.

Community gardens beautify neighborhoods and help bring neighbors closer together. They have been proven as tools to reduce neighborhood crime--particularly when vacant, blighted lots are targeted for garden development. Community gardens provide safe, recreational green space in urban areas with little or no park land, and can contribute greatly to keeping urban air clean.

Those who are lucky enough to have sunny backyards or balconies can plant a garden whenever they have the time and energy. But what about those who do not have a place to garden? For these people, community gardens may be the answer.

Step by Step To Your Own Community Garden

1. Get Your Neighbors Involved

There is a lot of work involved in starting a new garden. Make sure you have several people who will help you. Over the years, our experience indicates that there should be at least ten interested families to create and sustain a garden project. Survey the residents of your neighborhood to see if they are interested and would participate. Hold monthly meetings of the interested group to develop and initiate plans, keep people posted on the garden's progress, and keep them involved in the process from day one.

2. Form a Garden Club

A garden club is a way of formally organizing your new group. It helps you make decisions and divide-up the work effectively. It also ensures that every one has a vested interest in the garden and can contribute to its design, development, and maintenance. It can be formed at any time during the process of starting a community garden; however, it's wise to do so early on. This way, club members can share in the many tasks of establishing the new garden. The typical garden club will have many functions, including:

- Establishing garden rules (see sample)
- Accepting and reviewing garden applications
- Making plot assignments
- Collecting garden dues (if any)
- Paying water bills
- Resolving conflicts

The typical garden club has at least two officers: a president and a treasurer; although your garden club may have more if necessary. Elections for garden officers usually are held annually.

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Find Land for the Garden

Look around your neighborhood for a vacant lot that gets plenty of sun—at least six to eight hours each day. A garden site should be relatively flat (although slight slopes can be terraced). It should be relatively free of large pieces of concrete left behind from demolition of structures. Any rubble or debris should be manageable—that is, it can be removed by volunteers clearing the lot with trash bags, wheelbarrows, and pick up trucks. Ideally, it should have a fence around it with a gate wide enough for a vehicle to enter. It is possible to work with a site that is paved with concrete or asphalt by building raised beds that sit on the surface or using containers. You can also remove the asphalt or concrete to create areas for gardens, but such a garden will be much more difficult, expensive, and time-consuming to start. A site without paving, and soil relatively free of trash and debris is best.

The potential garden site should be within walking, or no more than a short drive from you and the neighbors who have expressed interest in participating. If the lot is not already being used, make sure the community supports establishing a garden there.

It's best to select three potential sites in your neighborhood and write down their address and nearest cross streets. If you don't know the address of a vacant lot, get the addresses of the properties on both sides of the lot—this will give you the ability to make an educated guess on the address of the site. We suggest you identify at least three potential sites because one or more might not be available for you to use for various reasons, and you want to end up with at least one that works out.

3. Find out Who Owns the Land

It is illegal to use land without obtaining the owners permission. In order to obtain permission, you must first find out who owns the land.

Take the information you have written down about the location of the sites in step 3 to your county's tax assessor's office. The Los Angeles County Tax Assessor's office is located at 225 North Hill Street, Room 205. Or go to a branch office listed in the white pages of the telephone directory. At this office, you will look through the map books to get the names and addresses of the owner of the sites you are interested in.

4. Find out if Your Proposed Site has Water

While you are researching site ownership, contact the water service provider in your area to find out if your potential site(s) has/have an existing water meter to hook-in to. Call your water provider's customer service department, and ask them to conduct a "site investigation". They will need the same location information that you took with you to the Tax Assessor's office.

Existing access to water will make a critical difference in the expense of getting your project started. Depending on the size of your garden site, you will need a 1/2-inch to 1-inch water meter. If there has been water service to the site in the past, it is relatively inexpensive to get a new water meter installed (if one doesn't already exist). If there has never been water service to that site, it might cost much more for your water provider to install a lateral line from the street main to the site and install your new meter.

5 Contact the Land Owner

Once you have determined that your potential site is feasible, write a letter to the landowner asking for permission to use the property for a community garden. Be sure to mention to the landowner the value of the garden to the community and the fact the gardeners will be responsible for keeping the site clean and weed-free (this saves landowners from maintaining the site or paying city weed abatement fees).

Establish a term for use of the site, and prepare and negotiate a lease. Typically, groups lease garden sites from land owners for \$1 per year. You should attempt to negotiate a lease for a least three years (or longer if the property owner is agreeable). Many landowners are worried about their liability for injuries that might occur at the garden. Therefore, you should include a simple "hold harmless" waiver in the lease and in gardener agreement forms. For more information on the lease, and the hold harmless waiver, see 8, "Signing a Lease".

Be prepared to purchase liability insurance to protect further the property owner (and yourself) should an accident occur at the garden. For more information on the hold harmless waiver, and liability insurance, see 8, "Signing a Lease", and 9, "Obtaining Liability Insurance".

6. Get Your Soil Tested

It might be advisable to have the soil at the site tested for fertility pH and presence of heavy metals. Contact a private lab.

7. Signing a Lease

Landowners of potential garden sites might be concerned about their liability should someone be injured while working in the garden. Your group should be prepared to offer the landowner a lease with a "hold harmless" waiver. This "hold harmless" waiver can simply state that should one of the gardeners be injured as a result of negligence on the part of another gardener, the landowner is "held harmless" and will not be sued. Each gardener should be made aware of this waiver and should be required to sign an

agreement in order to obtain a plot in the community garden. A sample gardener agreement form is attached which your group can use as a model.

8. Obtaining Liability Insurance

Landowners may also require that your group purchase liability insurance. Community gardeners in the Los Angeles area can obtain inexpensive policies from Metro Farm Gardens. Contact Toby Leaman at (323) 663-7441 or fax (323) 663-5715, for more information on obtaining an insurance policy.

Once you have a lease signed by the landowner and liability insurance, you're free to plan and plant your garden!

9. Planning the Garden

Community members should be involved in the planning, design, and set-up of the garden. Before the design process begins, you should measure your site and make a simple, to-scale site map. Hold two or three garden design meetings at times when interested participants can attend. Make sure that group decisions are recorded in official minutes, or that someone takes accurate notes. This ensures that decisions made can be communicated to others, and progress will not be slowed. A great way to generate ideas and visualize the design is to use simple drawings or photos cut from garden magazines representing the different garden components--flower beds, compost bins, pathways, arbors, etc.--that can be moved around on the map as the group discusses layout.

a. Basic Elements of a Community Garden

Although there are exceptions to every rule, community gardens should almost always include:

- At least 15 plots assigned to community members. These should be placed in the sunniest part of the garden. Without plots for individual participation, it is very difficult to achieve long-term community involvement. Raised bed plots, which are more expensive, should be no more than 4 feet wide (to facilitate access to plants from the sides without stepping into the bed), and between 8 and 12 feet long (it is advisable to construct your raised beds in sizes that are found in readily-available lumber, or that can be cut without too much waste). In-ground plots can be from 10 x 10 up to 20 x 20 feet. Pathways between beds and plots should be least 3 to 4 feet wide to allow space for wheelbarrows. The soil in both raised bed and in-ground plots should be amended with aged compost or manure to improve its fertility and increase its organic matter content.
- A simple irrigation system with one hose bib or faucet for every four plots. Hand watering with a hose is the most practical and affordable for individual plots (and it's almost a necessity when you start plants from seed). Drip and soaker-hose irrigation can be used in all areas of the garden for transplanted and established plants, but especially for deep-rooted fruit trees and ornamentals. If no one in your group is knowledgeable about irrigation, you might need some assistance in designing your irrigation system. Seek out a landscape contractor or nursery or garden center professional to help you develop a basic layout and materials list.
- An 8-foot fence around the perimeter with a drive-through gate. In our experience, this is a key element of success. Don't count on eliminating all acts of vandalism or theft, but fencing will help to keep these to tolerably low levels.
- A tool shed or other structure for storing tools, supplies, and materials. Recycled metal shipping containers make excellent storage sheds, and are almost vandal-proof. Contact the Port Authority for leads on where to find them.
- A bench or picnic table where gardeners can sit, relax, and take a break--preferably in shade. If there are no shade trees on the site, a simple arbor can be constructed from wood or pipe, and planted with chayote squash, bougainvillea, grapes, kiwis, or some other vine.
- A sign with the garden's name, sponsors, and a contact person's phone number for more information. If your community is bilingual, include information in this language.
- A shared composting area for the community gardeners. Wood pallets are easy to come-by and (when stood on-end, attached in a U-shape, and the inside covered with galvanized rabbit-wire) make excellent compost bins.

b. Nice Additions to Your Garden Plan

- A small fruit tree orchard, whose care and harvest can be shared by all the members. The orchard can also create shade for people as well as shade-loving plants.
- A water fountain. This can be a simple drinking fountain attachment to a hose bib (or faucet) you can purchase at a hardware store.
- Perimeter landscaping, which can focus on drought tolerant flowers and shrubs, plants which attract butterflies and hummingbirds, or roses and other flowers suitable for cutting bouquets. Herbs are also well-suited to perimeter landscaping and help to create barriers to unwanted pest insects who do not like the smell of their essential oils.
- A children's area, which can include special small plots for children, a sand box, and play equipment.
- A meeting area, which could range from a semi-circle of hay bales or tree stumps, to a simple amphitheater built of recycled, broken concrete. Building a shade structure above would be beneficial as well.

- A community bulletin board where rules, meeting notices, and other important information can be posted.

10. Creating a Garden Budget

Use your design to develop a materials list and cost-out the project. You will need to call-around to get prices on fencing and other items. You might be surprised at the cost. A community garden with just the Basic Elements (listed above) typically costs between \$2,500 to \$5,000. At this point, your group might decide to scale back your initial plans and save some design ideas for a "Phase Two" of the garden.

11. Where to Get Materials and Money

While some start-up funds will be needed through determination and hard work, you can obtain donations of materials for your project. Community businesses might assist, and provide anything from fencing to lumber to plants. The important thing is to ask. Develop a letter that tells merchants about your project and why it's important to the community. Attach your "wish list", but be reasonable. Try to personalize this letter for each business you approach. Drop it off personally with the store manager, preferably with a couple of cute kids who will be gardening in tow! Then, follow-up by phone. Be patient, persistent, and polite. Your efforts will pay-off with at least some of the businesses you approach. Be sure to thank these key supporters and recognize them on your garden sign, at a garden grand opening, or other special event.

Money, which will be needed to purchase items not donated, can be obtained through community fund-raisers such as car washes, craft and rummage sales, pancake breakfasts, and bake sales. They can also be obtained by writing grants, but be aware grant writing efforts can take six months or longer to yield results, and you must have a fiscal sponsor or agent with tax-exempt 501(c)3 status (such as a church or non-profit corporation) that agrees to administer the funds.

12. Make Sure Your Garden Infrastructure is in Place

If you have not yet formed a garden club, now is the time to do so. It's also time to establish garden rules, develop a garden application form for those who wish to participate, set up a bank account, and determine what garden dues will be if these things have not already been done. This is also the time to begin having monthly meetings if you have not already done so. Also, if you haven't already contacted your city councilperson, he or she can be helpful in many ways including helping your group obtain city services such as trash pick-up. Their staff can also help you with community organizing and soliciting for material donations.

13. Get Growing!

Many new garden groups make the mistake of remaining in the planning, design and fundraising stage for an extended period of time. There is a fine line between planning well and over planning. After several months of the initial research, designing, planning, and outreach efforts, group members will very likely be feeling frustrated and will begin to wonder if all their efforts will ever result in a garden. That's why it's important to plant something on your site as soon as possible. People need to see visible results or they will begin to lose interest in the project. To keep the momentum going, initiate the following steps even if you are still seeking donations and funds or your project (but not until you have signed a lease and obtained insurance).

a. Clean up the Site

Schedule community workdays to clean up the site. How many work days you need will depend on the size of the site, and how much and what kind of debris are on site.

b. Install the Irrigation System

Without water, you can't grow anything. So get this key element into place as soon as possible. There are plenty of opportunities for community involvement--from digging trenches to laying out PVC pipes.

c. Plant Something

Once you have water, there are many options for in-garden action. Stake out beds and pathways by marking them with stakes and twine. Mulch pathways. If your fence isn't in yet, some people might still want to accept the risk of vandalism and get their plots started. You can also plant shade and fruit trees and begin to landscape the site. If you do not yet have a source of donated plants, or don't wish to risk having them vandalized, plant annual flower seeds which will grow quickly and can be replaced later. Seeds for Los Angeles County community and school gardens can be obtained through the Common Ground Garden Program (323) 260-3348.

d. Continue to construct the garden as materials and funds become available.

14. Celebrate!

At this point, your ideas and hard work have finally become a community garden! Be sure to take time to celebrate. Have a grand opening, barbecue, or some other fun event to give everyone who helped to make this happen, a special thank-you. This is the time to give all those who gave donated materials or time a special certificate, bouquet, or other form of recognition.

15. Troubleshooting as the Garden Develops

All community gardens will experience problems somewhere along the way. Don't get discouraged--get organized. The key to success for community gardens is not only preventing problems from ever occurring, but also working together to solve them when they do inevitably occur. In our experience, these are some of the most common problems that "crop-up" in community gardens, and our suggestions for solving them

a. Vandalism

Most gardens experience occasional vandalism. The best action you can take is to replant immediately. Generally the vandals become bored after a while and stop. Good community outreach, especially to youth and the garden's immediate neighbors is also important. Most important--don't get discouraged. It happens. Get over it and keep going. What about barbed wired or razor wire to make the garden more secure? Our advice--don't. It's bad for community relations, looks awful, and is sometimes illegal to install without a permit. If you need more physical deterrents to keep vandals out, plant bougainvillea or pyracantha along your fence, their thorns will do the trick!

b. Security

Invite the community officer from your local precinct to a garden meeting to get their suggestions on making the garden more secure. Community officers can also be a great help in solving problems with garden vandalism, and dealing with drug dealers, and gang members in the area.

c. Communication

Clear and well-enforced garden rules and a strong garden president can go a long way towards minimizing misunderstandings in the garden. But communication problems do arise. It's the job of the garden club to resolve those issues. If it's something not clearly spelled out in the rules, the membership can take a vote to add new rules and make modifications to existing rules.

Language barriers are a very common source of misunderstandings. Garden club leadership should make every effort to have a translator at garden meetings where participants are bilingual--perhaps a family member of one of the garden members who speaks the language will offer to help.

d. Trash

It's important to get your compost system going right away and get some training for gardeners on how to use it. If gardeners don't compost, large quantities of waste will begin to build up, create an eyesore, and could hurt your relationships with neighbors and the property owner. Waste can also become a fire hazard. Make sure gardeners know how to sort trash properly, what to compost, and what to recycle. Trash cans placed in accessible areas are helpful to keep a neat and tidy garden.

e. Gardener Drop-Out

There has been, and probably always will be, a high rate of turnover in community gardens. Often, people sign up for plots and then don't follow through. Remember, gardening is hard work for some people, especially in the heat of summer. Be sure to have a clause in your gardener agreement which states gardeners forfeit their right to their plot if they don't plant it within one month, or if they don't maintain it. While gardeners should be given every opportunity to follow through, if after several reminders either by letter or phone nothing changes, it is time for the club to reassign the plot. It is also advisable that every year, the leadership conduct a renewed community outreach campaign by contacting churches and other groups in the neighborhood to let them know about the garden and that plots are available.

f. Weeds

Gardeners tend to visit their plots less during the winter time, and lower participation, combined with rain, tends to create a huge weed problem in January, February, and March. Remember, part of your agreement with the landowner is that you will maintain the lot and keep weeds from taking over. In the late summer/early fall, provide gardeners with a workshop or printed material about what can be grown in a fall and winter garden. Also, schedule garden workdays for the spring in advance since you know you'll need them at the end of winter to clear weeds. If you anticipate that plots will be untended during the winter, apply a thick layer of mulch or hay to the beds and paths to reduce weed proliferation.

Good luck with your community garden project!

Yvonne Savio, Common Ground Garden Program Manager, University of California Cooperative Extension, Los Angeles County
4800 E. Cesar E. Chavez Avenue, Los Angeles CA 90022, Phone 323-260-3407, Fax 323-881-0067, Email ydsavio@ucdavis.edu
Website: http://celosangeles.ucdavis.edu/Common_Ground_Garden_Program/
Master Gardener Gardening helpline: mglosangeleshelpline@ucdavis.edu, 323-260-3238

2007 Lifetime Achievement Award, Los Angeles Community Garden Council
2007 Certificate of Commendation, Los Angeles Unified School District
2006 Certificate of Appreciation, City of Los Angeles
2004 "Feeding the Hungry" Garden Crusader Award, Gardener's Supply Company

Since 1978, the Common Ground Garden program has helped Los Angeles County residents to garden, grow their own food, and healthfully prepare it. Our targeted audience and priority are to serve limited-resource residents and those traditionally underrepresented. By training community volunteers, we empower neighborhoods to create their own solutions. Our Master Gardener volunteers work primarily with community gardens, school gardens, seniors, and homeless and battered women's shelters.

Sample Community Garden CONTRACT
(Information in parentheses is to be determined by individual garden)

Common Ground Garden Program, University of California Cooperative Extension, Los Angeles County
P.O. Box 22255, 4800 E. Cesar E. Chavez Avenue, Los Angeles CA 90022
Phone (323) 260-3407, Fax (323) 881-0067, Email <ydsavio@ucdavis.edu>

Rules, Terms, and Conditions for Participation

Introduction

- A. The (organization/garden manager) is the highest governing authority at the (Name) Community Garden.
- B. Breaking any rules, terms, and conditions is cause for exclusion from the garden and loss of your plot.
 - 1. You will receive one verbal warning from the garden manager.
 - 2. If no response or correction has been made, you will receive written notice two weeks later.
 - 3. In another two weeks, if no response or correction has been made, you will receive written final notification that you have forfeited your gardening privileges and plot.
 - 4. You will be allowed to reapply for another garden plot only after one year, and only at the discretion of the garden manager.

Rules, Terms, and Condition for Participation

If accepted as a gardener, I will abide by the following rules, terms, and conditions.

- 1. I use this garden at the sole discretion of (Watts Family) Community Garden. I agree to abide by its policies and practices.
- 2. The fee for the use of the garden is (\$32.00) per plot, per year (January 1 – December 31), due on or before January 1). Fee for half a year after (beginning July 1 or later) is (\$16.00). There are no refunds.
- 3. Once I have been assigned a plot, I will cultivate and plant it within two weeks. I will garden year round. My plot cannot be left fallow or unused for any period of three weeks or longer, more than one time a year.
- 4. My plot is (20 x 20) feet. I will not expand my plot beyond this measurement or into paths or other plots. I will keep all my plants within the limits of my garden plot and will not allow any plants to grow more than six feet high. I must keep my plot free of weeds, pests and diseases.
- 5. I will keep my plot, paths, and surrounding areas clean and neat. I will completely separate my trash into three groups: 1) dead plants, leaves, and other green waste plant parts; 2) rocks, stones, and asphalt; and 3) paper, plastic, cardboard, wood, metal, etc. I will put each type of trash only in the areas designated specifically for each. Anything I bring from my home I will take back home. I will not bring household trash and leave it at the (Watts Family) Community Garden.
- 6. If I now have more than one plot, I will give up my additional plots by the end of this gardening year (December 31).
- 7. I will not plant any illegal plant. I will not smoke, drink alcoholic beverages, use illegal drugs, or gamble in the garden. I will not come to the garden while under the influence of alcohol or illegal drugs. I will not bring weapons or pets or other animals to the garden.
- 8. Guests and visitors, including children, may enter the garden only if I accompany them. They must follow all rules, terms, and conditions stated here. I will supervise my children at all times when they are in the garden. I am solely responsible for the behavior of my guests.
- 9. The garden manager will assign me general garden maintenance tasks each month, and I must complete them by the end of the month that I am assigned them
- 10. I will water my plot according to water-wise guidelines. (If I use more than the recommended amount of water, I will pay a fee each month to cover the cost of this additional water.
- 11. I will attend the regular (bi-monthly) garden club meetings. If workshops are offered, I will attend at least one of each of the following topics: soil preparation and maintenance, watering the vegetable garden, and pest and disease control.
- 12. I will not apply any pesticides in the garden without the approval of the garden manager.
- 13. I will not make duplicate keys of any locks at the garden or give my key or lock combination to another person.
- 14. I will not take food or plants from other gardeners' plots. I will not take anything from the garden that is not rightfully mine.
- 15. I will respect other gardeners, and I will not use abusive or profane language or discriminate against others.
- 16. I will work to keep the garden a happy, secure, and enjoyable place where all participants can garden and socialize peacefully in a neighborly manner.
- 17. I forfeit my right to sue the owner of the property

Commitment

I have read and understand the application and accept these rules, terms, and conditions stated above for the participation in the (Name) Community Garden

Signed _____

Gardener

Date: _____

Approved: _____

Garden Manager

Date: _____

Community Garden Plot Application

Welcome to the Hermosa Beach Community Garden. Gardening is a satisfying addition to our lives, allowing us to live a little more sustainably by eating and sharing food we've grown, as well as getting better acquainted our neighbors and savor the beauty and life-giving health possibilities of the area in which we live. However, garden plots are in high demand in our community, so please understand that you are committing yourself to the time and effort necessary to support all the following guidelines in a spirit of cooperation with your fellow gardeners.

If accepted as a gardener, I agree to the following:

1. My individual plot will be maintained and used as an organic garden. No pesticides or chemical non-organic fertilizers will be used. As I plan my garden, I will consider my neighbors' need for full sun rather than shade etc.

I agree

2. Once I have been assigned a plot, I will cultivate and plant as soon as possible. I will garden year-round and will use only organic gardening methods. This means no Miracle-Gro® or chemical fertilizers or pesticides.

I agree

3. Initially, the Annual Fee will be \$50 for a 3' X 4.5' sized bed and \$25 for 6 months or less paid before occupancy the first time and then by January 1st on the following year. This is subject to change based on a vote of the gardeners. There are no refunds.

I agree

4. Garden plots may not be transferred. At the cessation of use, the gardener must contact the Garden Manager to release their plot. Gardeners must make arrangements to clean up their plot and collect their \$100.00 deposit. The deposit will be forfeited if the plot is not cleared unless the next tenant requests the plot to remain "as-is".

I agree

5. 20% of the beds in the permanent garden will be for the purpose of growing food that will be donated to the South Bay Neighbor to Neighbor program, and the Meals on Wheels program or other organizations that serve those in need. Gardeners are invited to help with this endeavor if they so choose.

I agree

6. My plot is 3 X 4.5 and I will keep my plot, paths, and surrounding areas clean, neat and weedfree. General plants, i.e. trees and decorative pots, are to be kept watered and in good condition for the benefit and enjoyment of everyone and the pride of the community.

I agree

7. I will separate my trash in the designated containers and will help maintain the compost bins which include turning over the pile or bin and being responsible for keeping the area clean of soil, and debris etc. Anything I bring from home, I will take back home. All tools including the hose and nozzle will be treated in a manner that allows the items to remain in useful, good condition for as long as possible.

I agree

8. I will not plant any illegal plants. I will not smoke, drink alcoholic beverages, use illegal drugs, or gamble in the garden. I will not come to the garden while under the influence of alcohol or illegal drugs. I will not bring pets, other animals or weapons to the garden.

I agree

9. Guests and visitors are the responsibility of the gardeners who are present.

I agree

10. A toolbox is permitted and must be kept on the gardener's plot. All toolboxes must remain in good repair. Toolboxes may not be placed in the surrounding walkway or roadway. Shared garden tools shall be stored in the gardener's toolbox.

I agree

11. I will always lock the gate when leaving the garden and will reduce the potential for strangers to enter the garden unattended.

I agree

12. I will respect the other gardeners and will not use abusive language, discriminate against others, or take anything from other gardeners' beds.

I agree

13. I will attend as many of the Garden meetings as possible and will participate in our Garden work projects as often as I can.

I agree

14. I will work to keep the Garden a welcoming, happy, secure and enjoyable place where all participants can garden and socialize peacefully in a neighborly manner.

I agree

Responsibilities of All Gardeners

1. The Hermosa Beach Community Garden program is available only to the City of Hermosa Beach residents (exception only made for those helping with the 20% program). It is each gardener's responsibility to keep a current address, phone number and email address on record with the Garden

Manager.

I agree

2. The Garden Board will include the Garden Manager, the treasurer and the member-at-large who will all be elected by their fellow-gardeners for a two year term. At the end of that time, they may be reinstated or replaced by a vote of the gardeners. If reinstated, they will automatically have use of their garden bed for another two years.

I agree

3. Only one garden plot can be issued per household or organization except for the 20% of the beds used to grow food to be donated to those in need.

I agree

4. If the conditions for participation are not met, there will be a minimum of one verbal warning. If no response or corrective action is made, written notice will be given one month later. Following one month, if no corrective action has been taken then a final notice will be issued and the plot is forfeited. At any point during this process, an appeal to the full Garden Board may be made. After a period of one year, a terminated applicant may reapply subject to Board approval.

I agree

Application process for a garden bed:

Notification of the open-application date will be made through print and electronic media two-weeks in advance. Once the application is completed and turned in, gardeners will be selected based on the date and time of the sign-up - a lottery will not be used. The Garden Contract will be made available by the Garden Manager as will the key/combination to the Garden gate lock once the deposit is paid. Gardeners will be able to use their plot for 2 years. Then if there is a waiting list, the previous gardener will vacate the bed and the first person on the list will take over. However, if there is no one on the waiting list, they may continue another year at which time they may again be asked to rotate out if others are waiting. At this time they may reapply on the waiting list. There is one exception: those gardening in the 20% sections of the Garden will continue indefinitely at the will of the entire community of gardeners.

I agree

Waiver & Commitment: The undersigned hereby agrees to defend, indemnify, and hold harmless the City of Hermosa Beach and its officers, employees and agents from and against any and all loss, liability charges and expenses (including attorney's fees) and cost which may arise by reason of participation in any program. (The City does not provide accident, medical liability, workers' compensation insurance or any other insurance for program participants.) I agree to carefully inspect and satisfy for myself that the facilities provided are safe for their intended use. Once having conducted the inspection, I agree to expressly assume the risk of participating at the community garden site.

I have read and understand the contract and accept the rules, terms, and conditions stated above for participating in the Hermosa Beach Community Garden.

I agree

Primary Gardener

Name:

Email:

COMMUNITY GARDENS

The City of Culver City operates one community garden with 16 rental plots that is located on the south side of Culver Boulevard between Coombs and Elenda Streets. The Culver City Community Gardens were established to provide a place for active participation in gardening for residents of Culver City who would otherwise not have the opportunity. The Gardens are managed by the Parks, Recreation and Community Services (PRCS) Department.

The Culver City Community Gardens are governed by the Plot Rules, including a Waiver and Release of Liability; and a Rental Agreement. To be eligible for a Gardens plot, you must: 1) be a Culver City resident; 2) live in an apartment, condominium, townhome or other dwelling unit; and 3) have no gardening space available to you. One (1) plot is allowed per family/household. Plots are non-transferable to family members, friends or others, regardless of the circumstances.

Status of the Culver City Community Gardens:

Sorry, NO VACANCIES at this time.

Status of the Culver City Community Gardens Waiting List:

CLOSED.

Staff Contact:

Darren Uhl

(310) 235-6727

(310) 253-6711 Fax

darren.uhl@culvercity.org.

The information on this webpage is current and is kept up-to-date. Please check back periodically for any changes to the status of the Culver City Community Gardens. – Thank you.

Resources for Community Gardeners

The LA Food Policy Council – The LA Food Policy Council's Urban Agriculture Working Group believes that urban agriculture is about far more than growing vegetables on an empty lot. It's about revitalizing and transforming unused public spaces, connecting city residents with their neighborhoods in a new way and promoting healthier eating and living for everyone. The Working Group's vision is to create a world-class local food system in Los Angeles that is affordable, equitable, and environmentally sustainable.

The Los Angeles Community Garden Council (LACGC) – The Los Angeles Community Garden Council's mission is to strengthen communities by building new and supporting



existing community gardens where every person in Los Angeles County can grow healthy food in their neighborhood.

The Los Angeles Neighborhood Initiative (LANI) – The mission of Los Angeles Neighborhood Initiative (LANI) is to stimulate community-driven neighborhood revitalization. LANI facilitates stakeholder participation and decision-making, and promotes public/private partnerships that result in catalytic community improvement projects. Organizations and/or individuals with a plan for developing new community gardens may contact LANI for assistance with finding available land for their project.



Compiled Articles on Urban Gardening

Disclaimer:

The information provided on the Website and the links to other related Websites are provided as a courtesy to Website visitors only. They are in no manner an endorsement, recommendation or approval of any person, any product or any service contained on any other Website. The City of Culver City does not endorse or support any of the advertising that may be contained on any linked site.

Culver City Community Gardens Plot Rules & Regulations; Waiver and Release of Liability; and Rental Agreement

The Culver City Community Gardens (the "Gardens") were established to provide a place for active participation in gardening for residents of Culver City who would otherwise not have the opportunity. The Gardens are managed by the City of Culver City (the "City"), Parks, Recreation and Community Services (PRCS) Department.

To be eligible for a Gardens plot, you must: 1) be a Culver City resident; 2) live in an apartment, condominium, townhome or other dwelling unit; and 3) have no gardening space available to you. One (1) plot is allowed per family/household. Plots are non-transferable to family members, friends or others, regardless of the circumstances. The PRCS Department will maintain a waiting list of interested plot renters as necessary; however, we reserve the right to "close" this list should it become untenably long.

RENTAL AGREEMENT

Rental and Renewal Process

The Gardens plots may be reserved under a Rental Agreement on a first come, first served basis for a period of up to twelve (12) consecutive months at an annual fee of \$30.00 (fees are subject to change during the City Budget Process), commencing on April 1st of each year—or as a plot becomes available throughout the year. If a plot is rented for a period of less than one year, the rental fee will be calculated on a pro rata basis for the actual number of months rented. In order to give other residents an opportunity to utilize this valuable community asset, all new Rental Agreements shall expire on March 31st.

New Renters:

- 1) New renters will have the opportunity to re-rent the same plot for a maximum of an additional rental term of twelve (12) months, subject to payment of the annual fee.
- 2) After the twelve (12) month renewal has expired, the renter shall not be eligible to be placed on the waiting list until two (2) years have lapsed, after which time they will be placed at the bottom of the waiting list until another Gardens plot becomes available, unless the waiting list is closed.

Existing Renters:

- 1) Existing renters who have had an existing Gardens plot for more than 15 years may rent the same Gardens plot for a maximum of an additional four consecutive years.
- 2) Existing renters who have had an existing Gardens plot for 15 years or less may rent the same Gardens plot for a maximum of an additional six consecutive years.
- 3) After the maximum rental renewals have expired, as listed in (1) and (2) above, those renters shall be placed at the bottom of the waiting list until another Gardens plot becomes available, unless the waiting list is closed.

Rental Agreement and Fees

- 1) Before gardening can begin, Renters (also referred to as "Gardeners") must have read and understand all rules and regulations contained herein and agree to comply with such rules and regulations, submit a signed Rental Agreement (Renter's signature on this document below shall constitute the Rental Agreement and Renter shall be bound by the

Culver City Community Gardens Plot Rules & Regulations; Waiver and Release of Liability; and Rental Agreement

- terms and conditions of rental as set forth herein), and pay their annual plot fee.
- 2) The rent for plots is \$30.00, due by April 1st each year and considered delinquent if not paid by May 1st. Any plot not paid will be reassigned any time thereafter. Fees are subject to change.
 - 3) One set of keys will be included with the annual rental fee. Additional sets of keys (or replacement keys) may be purchased at the cost of \$11.00 each. Renters are required to return all keys when their plot rental period is terminated.
 - 4) Plots are assigned on a first come-first serve basis.
 - 5) Gardens plots are assigned to one (1) person only and are not transferable. Family, friends or other individuals (hereinafter, referred to as "Invitee" or "Invitees") may assist and have access to a Renter's assigned Gardens plot with their explicit permission.
 - 6) The responsibility for payment of fees, cleanup, and other duties at the site are the sole responsibility of the individual whose name is assigned to the plot.
 - 7) Sub-leasing of Gardens plots is prohibited.
 - 8) One time per year, a licensed and insured contractor may be engaged by Renters with written permission from the City of Culver City to assist in plot maintenance.
 - 9) Gardeners and Invitees will report to staff issues in the garden (such as broken items, safety hazards, rodents, vandalism, etc.) as soon as possible in order that issues may be addressed in a timely manner.
 - 10) City staff shall be advised of your current address and telephone number; notification of any change must be made by calling 310-253-6729.

RULES & REGULATIONS

Plot Rules and Regulations

- 1) Gardeners may lose their opportunity to participate in the Gardens, and their Rental Agreement may be immediately terminated, if they fail to comply with any of the following Rules:
 - a. Gardeners' and Invitees' conduct and/or activities shall not endanger other Gardeners, Invitees or individuals;
 - b. Gardeners and Invitees shall not take or use another Gardener's or Invitee's tools, supplies, or produce without permission;
 - c. Gardeners and Invitees shall not use the Gardens for commercial purposes;
 - d. Gardeners' plot and its contents shall not encroach onto adjacent Gardens plots or onto City property;
 - e. Gardeners and Invitees shall not grow plants or other vegetation that is deemed illegal under state or Federal law;
 - f. Gardeners and Invitees shall comply with the City's smoking regulations set forth in Culver City Municipal Code Section 9.11.115, which prohibits smoking within any park or recreational area;
 - g. Gardeners and Invitees shall not carry, use or store firearms, or use alcohol or illegal drugs in the Gardens;
- 2) The City, at its discretion, may immediately terminate a Gardner's right to participate in the Garden in the case of noncompliance with the rules set forth above and/or any provisions herein. If a Gardener or any of the Invitees violate any of these policies, the City will inform Gardener of the violation by sending a letter through the U.S. Postal Service. Gardener will have one (1) month to correct the violation. If the violation has not corrected within one (1) month as determined by the City, at its discretion, the City may terminate the Gardener's

Culver City Community Gardens Plot Rules & Regulations; Waiver and Release of Liability; and Rental Agreement

Agreement. After termination, Gardener will have two (2) weeks to harvest and clean up the plot.

- 3) Upon termination for any reason, a Gardener shall promptly return to the City all keys to the Garden and any other City property. Terminated Gardeners are not entitled to any refunds or other payments from the City and are ineligible to rent a Gardens plot in the future.

Gardening Rules

- 1) The use of chemicals (fertilizers, pesticides, etc.) in or around the Gardens is prohibited.
- 2) Gardeners agree to keep their plot and plot edges free of weeds, diseased plants, insect-infested plants, and over-ripe vegetables.
- 3) Plots shall be maintained free of litter and weeds.
- 4) Diseased and infected plants must be removed from the Gardener's plot and disposed of properly.
- 5) Gardens plots must be neatly weeded on a regular basis.
- 6) The planting of trees or shrubs is prohibited. No trees over six feet in height measured from the ground are allowed anywhere on rented parcels.
- 7) Use of sand and gravel in the Gardens plots is not allowed unless requested and granted written permission from the City.

Adjacent Paths & Borders

- 1) Wood chips, hay, and straw are allowed to be used as mulch in the plots.
- 2) Plants must stay within the boundaries of a Gardner's rented plot and shall not protrude into an adjacent plot or walkway.
- 3) Paths must be kept clear of weeds, rocks, garden plants and other obstacles. This includes plants, such as raspberry canes, overhanging from a Gardner's rented plot. Landscaping cloth covered with wood chips may be used to keep weeds from the path, but Gardeners may not use carpeting, roofing material, or other non-organic materials within their rented plot.

Watering

- 1) Gardeners and Invitees must be diligent in shutting off the water after use.
- 2) Gardeners and Invitees must report all leaks.
- 3) Gardeners and Invitees must ensure that their water hose does not cross adjacent plots or walkways and must be attended at all times. Water sprinklers are prohibited in the Gardens.
- 4) Use of open-ended hoses is prohibited. Gardeners and Invitees must use a nozzle on all hoses to conserve water. Additionally, Gardeners and Invitees must comply with all water regulations, including, but not limited to, any watering bans in effect.

Gardens Site, Rented Plots, Property and Tools

- 1) Gardeners and Invitees must not make any permanent changes to the Gardens or their individual rented plots, such as, but not limited to, adding an underground watering system, changing the fence, altering the plot boundaries or building raised beds, without written permission from the City.
- 2) Electric fences are not permitted in the Gardens.
- 3) Both the access and perimeter paths must be free of garden materials and debris to prevent creating a hazard or to impede plot maintenance.

Culver City Community Gardens Plot Rules & Regulations; Waiver and Release of Liability; and Rental Agreement

- 4) Glass containers are prohibited in the Gardens.
- 5) When a Gardener or Invitees are finished with work on the rented plot, all tools and other items must be removed from the Gardens or stored safely and neatly in a storage container provided by the individual Gardener on the Gardener's rented plot.
- 6) Containers, bags and supplies of any kind should be secured in order to prevent them from blowing around and/or detracting from the orderliness of the Gardens.
- 7) Gardeners and Invitees must provide their own tools, seeds and planting materials.
- 8) The City of Culver City is not responsible for lost or stolen items. The City strongly advises against leaving anything of value at the Gardens.
- 9) Gardeners and Invitees are required to lock the Gardens gates if there are no other individuals in the Gardens. The last Gardener or Invitee to leave the Gardens, regardless of the time of day, must securely close and lock the gate.
- 10) Power equipment may only be operated by persons 18 years of age or older, who own or lease the equipment. All use is at the Gardener's or Invitee's own risk (insurance requirement) and with written permission from the City. Persons, other than the Gardner/Renter of the assigned plot, shall be required to sign a separate release of liability and waiver prior to use of any power equipment on the Gardens site.

Trash and Green Waste

- 1) It is the responsibility of each Gardener to remove trash and green waste from their plots and completely out of the Gardens area.
- 2) Organic items (green waste) must be placed in the green waste bin provided by the City outside of the Gardens fence.
- 3) Rubbish must be placed in the garbage bin provided by the City outside of the Gardens fence.
- 4) Gardeners and Invitees must keep the Gardens trash-free at all times. Plant material is not allowed in the trash bins unless it is diseased or infested.
- 5) Mulch/fertilizer bags must be used when brought to the Gardens and shall not be stored at the Gardens.

Gardeners, Family and Pets

- 1) Gardeners and Invitees must be considerate of their neighbors in the Garden.
- 2) All Gardeners and Invitees shall treat the Gardens, other Gardeners, Invitees, neighbors, and visitors with respect and consideration. No stealing, or verbal or physical harassment is allowed in the Gardens.
- 3) Persons under the age of 18 years old are welcome at the Gardens when accompanied and fully supervised by an adult and are expected to stay on paths and out of other plots.
- 4) Dogs and other pets are not allowed in Culver City parks, including the Gardens. Please be considerate, comply with the City's regulations, and leave them at home.
- 5) Radios and other audio devices may be used in the Gardens only with headphones.

WAIVER AND RELEASE OF LIABILITY

In consideration of the City's permission to participate in and use the Gardens, I agree to assume full responsibility for all risk of bodily injury or loss of life which may result from my conduct and activities in the Gardens. Furthermore, I hereby agree to hold harmless, release and forever discharge the City of Culver City, members of its elected or appointed boards or commissions, its

Culver City Community Gardens Plot Rules & Regulations; Waiver and Release of Liability; and Rental Agreement

officers, agents, volunteers and employees from any and all liability, claims or demands whatsoever, which the undersigned or any third person, or any person acting under my or their behalf, have or may have against the City of Culver City, or its respective elected and appointed boards and commissions, its officers, agents, and employees, by reason of any accident, bodily injury or death arising or occurring from or during my participation in and/or conduct and activities at the Gardens.

I understand that mortal or personal injury and/or property damage can occur as a result of my participation in and/or conduct and activities at the Gardens. Knowing and acknowledging these risks, nevertheless, I hereby voluntarily agree to assume those risks and to release and hold harmless the City of Culver City, members of its elected or appointed boards or commissions, its officers, agents, volunteers and employees from any and all claims or demands whatsoever which may arise as a result of those risks.

This release extends to all rights, demands, liabilities, obligations, claims or causes of action, in law or equity, of whatever kind or nature, whether known or unknown, whether now existing or hereinafter arising, which result from or in any manner relate to my participation in and/or conduct and activities at the Gardens.

The terms of this release will serve as a release and assumption of risk for myself and my heirs, executors, and administrators and for all of my family members.

By signing below, I acknowledge that I have read and understand this release and its contents and am forever giving up legal rights to which I may otherwise be entitled, including all rights to sue the City of Culver City or its elected or appointed boards and commissions, its officers, agents or employees or to recover any money or damages from them for any harm I may suffer, including bodily injury or death, occurring from or during my participation in and/or conduct and activities at the Gardens.

PLEASE PRINT

Print Name: _____

Participant Signature: _____

Date: _____ Phone: _____

Culver City Mailing Address

ZIP Code

E-mail Address

Culver City Community Gardens Plot
Rules & Regulations; Waiver and Release of Liability; and
Rental Agreement

FOR CITY USE ONLY:

Assigned Gardens Plot Number: _____

Rental Period: _____

Rental Fee Paid: _____

CITY OF REDONDO BEACH

Budget Response Report #49

June 21, 2016

Question:

*How can the project description for the **North Redondo Beach Bikeway Irrigation Improvements Project, Job No. 30640**, be revised to emphasize water wise plantings, localized improvements adjacent to Artesia Boulevard, and the installation of fitness stations on the Edison ROW?*

Response:

The North Redondo Beach Bikeway Irrigation Improvements Project was approved as part of the FY14-15 CIP with a budget of \$250,000. The project description in the CIP document read: *The project includes replacement of the irrigation equipment along the North Redondo Beach Bikeway with new, energy efficient, water conserving equipment. The project will reduce water use and improve irrigation coverage in the Edison ROW.*

The City Council can revise the project description and direct the \$250,000 of appropriated project funds to be used for water wise landscape and fitness improvements along the ROW. If it is Council's desire to do so, staff would recommend that the project description be modified to read as follows: *The project includes the installation of water wise plantings at sites along the North Redondo Beach Bikeway route, localized landscape and hardscape improvements adjacent to Artesia Boulevard, and the installation of fitness stations on the Edison ROW.*

Recommendation:

Approve the BRR and direct staff to revise the project description of the North Redondo Beach Bikeway Irrigation Improvements Project, Job No. 30640 as described above.

CITY OF REDONDO BEACH

Budget Response Report #50

June 21, 2016

Question:

What Police Department savings can be expected in FY 2016-17 from the lengthy hiring process needed to fill vacant police officer positions and is it possible to use these savings, if any, to provide increased pay and/or benefits for current employees?

Response:

As of June 10, 2016 there are ten sworn officer vacancies in the Police Department. There are currently eleven police officer candidates involved in various stages of the background investigation process. If the candidates successfully complete the process, the Police Department estimates that three officers will be hired in July, three officers will be hired in August and an additional four officers will be hired in September.

The following table represents the estimated personnel savings that would occur within the Police Department if the ten vacant positions are filled without delay:

Anticipated Personnel Savings due to Police Officer Vacancies FY 2016-2017		
Month	Vacant Positions	Personnel Savings
July	10	104,448.12
August	7	73,113.68
September	4	41,779.25
October	0	0
Total		219,341.05

There are at least eight current officers who are eligible or will be eligible for service retirement within the next eighteen months. The process to recruit, hire, and fully train a recruit police officer takes approximately 18 months. The time needed to recruit, hire and fully train a pre-service or lateral police officer is approximately 12 months. Using any or all of the personnel savings to provide increased pay and/or benefits for current employees may inhibit the Police Department's ability to participate in the over-hire program previously approved by the City Council. This program was intended to allow the temporary increase of the allotted sworn officers by four positions in anticipation of planned service and medical retirements. If it is the City Council's desire to identify funding for one-time pay and/or benefit increases, staff would recommend using monies currently in the City's CalPERS Reserve Fund.

CITY OF REDONDO BEACH

Budget Response Report #51

June 21, 2016

Question:

Can credit card transaction fees associated with the use of electronic parking meters be added to the parking meter rates and has the installation of electronic meters in Riviera Village resulted in staff savings from reduced coin collection?

Response:

Yes. California Civil Code (“CCC”) Section 1748.1 states retailers may not impose a surcharge on a customer electing to use a credit card for payment. However, CCC Section 1747.02(e) states that “retailers” **shall not mean** the state, a county, city, city and county or any other public agency. Therefore, the City of Redondo Beach can impose a surcharge to recover credit card fees for those electing to use a credit card to pay for parking meter fees pursuant to CCC Section 1748.1.

California Proposition 26 expanded the scope of permissible fees under Proposition 13 and 218 and provided the fees imposed for regulatory purposes are not taxes requiring a citywide general election. Instead, the establishment of a surcharge may be levied by majority vote of the local governing body, here the Redondo Beach City Council. Proposition 26 states, in part, “a charge imposed for a specific benefit conferred or privilege granted directly to the payer that is not provided to those not charged **and** which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.” This is exactly how the City of Redondo Beach would apply credit card surcharges: (1) only to card users and (2) only totaling the cost to the City for providing the “privilege” of paying for meter time with a credit card.

The determination of “reasonable costs” associated with a surcharge for the use of credit cards to pay parking meter fees will require a comprehensive analysis by the City Finance Department, City Attorney’s Office, and Police Department through review of the relevant associated contract agreements. The electronic parking meter service contract provides for a \$0.06 per swipe fee; however, this does not cover the service fee imposed by credit card companies who calculate their fee based on a percentage of the total cost of the parking fee. Further, there are potential relevant fees imposed by Bank of America Merchant Services who contracts with the City through the Finance Department.

The City of Redondo Beach is required to notify Visa and MasterCard at least thirty (30) days prior to levying a surcharge fee described above. Additionally, the City of Redondo Beach must comply with notification procedures by notifying the consumer prior to a purchase at the meter that a fee will be charged for credit card use. This notification can occur by programming an electronic message in the display of the electronic parking meter such as, “Please Note \$0.27 Transaction Fee for Credit/Debit Cards Use.”

Yes. The Police Department has realized staff savings from reduced coin collections. There are 332 electronic meters and 228 traditional coin meters for a total of 560 metered spaces in the Riviera Village. Nearly 60% of the metered spaces in the Riviera Village are controlled by the credit card capable electronic meters that were installed by May 2015. Prior to this installation, coin collections for Riviera Village took approximately three hours and occurred two times a week - a weekly total of six hours. Since installation, weekly collections are scheduled four times per week but involve less time per collection. The current total staff time required for weekly collection is about four hours for a weekly savings in staff time of two hours. Staff time attributed to the coin counting by our Parking Enforcement staff at City Hall has realized slight savings, as well, due to the reduction in coinage as a result of the increase in credit card use.

Recommendation

Approve the parking meter rate increases proposed in the FY 2016-17 Budget and direct staff to perform further research regarding standard municipal cost recovery practices for credit card surcharges associated with electronic parking meter use and report the findings to the City Council prior to FY 2017-18 budget consideration.

CITY OF REDONDO BEACH

Budget Response Report #52

June 21, 2016

Question:

What staffing and operations are included in the Emergency Communications Budget and what major capital equipment expenses have occurred in the Emergency Communications Equipment Fund in the past five years?

Response:

RBPD Emergency Communications Center

The Redondo Beach Police Department Communications Center is budgeted for twelve Emergency Services Dispatchers and four Communications Supervisors. The purpose of the Communications Center is to answer calls for service from the public for both Police and Fire Department personnel and to dispatch emergency services personnel to incidents in the City. The Center receives approximately 20,000 calls for service annually. The Communications Center requires the minimum staffing of two Emergency Services Dispatchers and one Communications Supervisor per shift, twenty-four hours a day, seven days a week. This allows for a dedicated Police Dispatcher and a Fire Dispatcher with a Supervisor to assist during breaks or busy periods. The Communications staff are employees who are able to provide excellent customer service to our Police and Fire personnel in the field and our residents. These employees have a vast knowledge of the City and their ability to provide added safety by recalling individual calls for service and other information enhances the efficiency of the Communications Center.

Emergency Communications Expenses:

Fiscal Years		Expenditures
FY 2011/2012		2,530,462
FY 2012/2013		2,743,794
FY 2013/2014		2,772,273
FY 2014/2015		2,852,882
FY 2015/2016 projection		2,700,000

The annual expenditures have steadily increased due to overtime costs resulting from staffing shortages and extended medical absences. With more proactive management over the past year, these costs are projected to decline and level off.

Emergency Communications Equipment Fund

The Emergency Communications Equipment Fund is an internal service fund that provides for the replacement of radio infrastructure as well as portable and mobile units for Police, Fire, Public Works, Dispatch, EOC and the Alternate Public Safety Answering Point. Currently that fund has a balance of \$2,792,902. The below table represents expenditures made from this fund during the last five fiscal years.

Fiscal Years	Communications Capital Outlay Expenditures	Equipment/Software Expenditures
FY 2011/ 2012	49,380	Purchases of PD radios, (1) Base station and Back-up batteries
FY 2012/2013	57,641	Purchase of monitors for Dispatch, Radios for PD (Municipal Svs Ofcrs), (3) Base stations
FY 2013/2014	32,797	Nixle Subscription, Code plug for PD mobiles and portable radios, Mapping license
FY 2014/2015	102,793	Nixle Subscription and Dispatch Console Upgrades, Purchase of Fire Dept. radios
FY 2015/2016	44,485	Nixle Subscription, Dispatch Console Software, Reprogram PD Radios
Total	\$ 287,485	

In 2015, the City Council approved the City's withdrawal from the Los Angeles Regional Interoperable Communications Systems (LA-RICS). As part of that discussion, the City Council was given information that the Police Department, along with other South Bay agencies, were meeting regularly to discuss logistics, funding and grants to enter into a Joint Powers Authority (JPA) for interfacing with the Interagency Communications Interoperability System (ICIS). Participation in this JPA will allow the sharing of resources between the City and other ICIS JPA agencies that will potentially include grant funded radio infrastructure replacement and enhancement for the Police and Fire Departments.

The Police Department is currently assessing its radio system infrastructure and the necessity to purchase both mobile and portable radios in anticipation of a request to the City Council to participate in the ICIS JPA in July 2016.