



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: A Resolution Adopting the Annual Operating Budget for Fiscal Year 2019-2020

MEETING DATE: June 18, 2019

RECOMMENDATION:

Approve and adopt the proposed Resolution adopting the annual operating budget for fiscal year 2019-2020, and assign the number next in order.

BACKGROUND/ANALYSIS:

The City is potentially looking at another year of a projected surplus -- **\$973,517** for FY 2019-20. With that said, Administration moved ahead with caution due to the threats against the City's cannabis operators and the potential loss of up to two thirds of the Card Club revenue (potential loss of \$2,000,000-\$3,000,000 and \$15,000,000 in annual revenue, respectively). Administration has recommended a pragmatic 4-pronged approach to the process:

- a) Usage of the aforementioned surplus amount of **\$973,517** to address proposed recurring enhancement requests
- b) Usage of the FY 18/19 Surplus Funds to address one time funding requests of **\$351,392**
- c) Usage of Community Benefits Funds to address 60th Anniversary enhancements requests of **\$295,600**
- d) Usage of Measure AA funds to address Departmental operational request and capital improvements

The City Council has worked to balance the available revenues with the needs of the community while taking into consideration various fiscal challenges. Current challenges include the potential for an economic slowdown in the near future, the impact of labor negotiations, maintaining our current services levels without additional resources and the continued rise of employee retirement and health care costs.

Mindful of the organizational and financial impact that a recurring item will have on the base line budget going forward, the City Council made a concerted effort to address operational areas of concern. The most impactful are discussed below.

- Re-programmed \$236,695 of General Fund expenditures to the Community Benefit Fund. If at a future date the community and/or the City Council decides to go in a different direction regarding the cannabis issue, these expenditures may have to be moved back to the General Fund.
- The City's 60th anniversary event costs of \$295,600 (as revised) are included in this budget and have been programed in the Community Benefit Fund.
- There were departmental personnel requests that totaled \$243,400 in costs. These requests will be deferred at this time and will be potentially re-considered at mid-year after contract negotiations have completed. Staff is also recommending that an operational evaluation be made before funding these personnel requests.
- City Council has directed staff to add 2 Los Angeles Sheriff's Security Officers to the current contract to provide a higher public safety presence at City parks and vicinity.

In addition to the aforementioned, the City Council (in concept) approved the following CIP items be referred to the AA Advisory Committee for potential funding.

• Public Facilities/Parks Mitigation	\$250,000
• Baseball Dugouts – Shade Structures	\$ 85,000
• Teen Center – Floor Replacement	\$ 56,000
• Main Library / Bandini Library -- Radio-Frequency ID Solution	\$ 48,167

Other funds that the City Council needs to take action on are as follows:

➤ Fund 22 – COPS Grant	\$ 100,000
➤ Fund 25 – Proposition A	\$1,300,000
➤ Fund 26 – State Gas Tax	\$ 350,000
➤ Fund 29 – CDBG Fund	\$ 141,785
➤ Fund 42 – Community Ctr. Debt Svc	\$ 815,000
➤ Fund 50 – Water Utility Fund	\$1,580,000
➤ Fund 53 – Cable TV	\$ 325,000
➤ Fund 57 – Transportation	\$5,957,174
➤ Fund 61 – Garage Maintenance	\$ 715,557
➤ Fund 63 – Information Technology	\$ 65,000

A few other discussion items of note that the Council may be asked to consider at a later date:

- Fees/Assessments for Card room Issues
- Fees/Assessments for Washington Gold Line staffing for advocacy and technical support related to the EIR and the alignment.
- Fees/Assessments related to High-Speed Rail and 710 Expansion

The City Council has discussed and taken the appropriate action on the City Manager's proposed operating budget for fiscal year 2019-20. The public was invited to provide input throughout the deliberation process and prior to its scheduled adoption on June 18, 2019.

A PowerPoint presentation recapping the process and all City Council actions will be presented.

In closing, the Council and City staff worked collaboratively to achieve an overall balanced general city operating budget for Fiscal Year 2019-2020, providing enhancements in order to solidify its service to the community.

ALTERNATIVES:

1. Approve staff recommendation
2. Provide staff with further direction

FISCAL IMPACT:

The FY 2019-20 budget includes proposed revenue of \$65,322,210 and expenditures of \$64,348,693 leaving a surplus of \$973,517. The usage of the surplus is discussed in this report and the usage of such surplus will be approved as directed by Council once the budget is adopted.

RELATIONSHIP TO STRATEGIC GOALS:

This report before the Council is not applicable to any specific 2016 Strategic Plan goal; however, it is related to the following: *Fiscal Sustainability – The City of Commerce will implement innovative and responsible policies and business practices to effectively manage its fiscal and human resources. The City will maintain a stable financial environment that is transparent and supports an outstanding quality of life for our community. City business practices will be efficient, business friendly and ensure exceptional customer service.*

Recommended by: Vilko Domic, Director of Finance

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar P. Cisneros, City Manager

ATTACHMENT:

1. Resolution