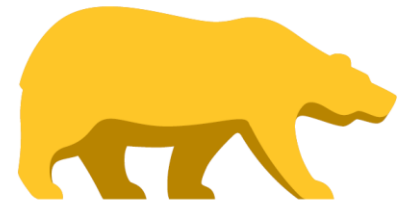


# Fiscal Year 2018-2019 Budget Review

City of Cudahy



**CUDAHYCA**  
OPEN MINDS, OPEN DOORS

# FY 2018-19 City Budget

- **City Budget Overview** – *Jose Pulido, City Manager*
  - Budget Process
  - Property Tax Notable Trends and News
  - Sales Tax Notable Trends and News
  - City Budget Overview – Revenues and Expenditures
  - Capital Projects
  
- **General Fund** – *Steven Dobrenen, Finance Director*
  - Overview of FY 2018-19 General Fund Budget
  - General Fund Trends and News
  
- **Departments**
  - Management Services                      *Jose Pulido, City Manager*  
*Jennifer Hernandez, Human Resource Specialist*  
*Richard Iglesias, Deputy City Clerk*
  - Finance    *Steven Dobrenen, Finance Director*
  - Community Development                      *Jose Pulido, City Manager*
  - Parks and Recreation                          *Victor Santiago, Parks and Recreation*
  - Public Safety and Services                      *Aaron Hernandez, City Engineer*  
*Aurelio, Maintenance Superintendent*
  
- **Next Steps, Closing Remarks and Questions**

# Budget Process

- On June 29, 2017, City Council passed Resolution No. 17-11 that adopted the FY 2017-18 City Budget.
- On February 12, 2018, City Council passed a Resolution No. 18-05 amending the FY 2017-18 City Budget (i.e., Mid-Year).
- On May 7, 2018, the City Manager and Finance Director met with Vice Mayor Hernandez to present the preliminary budget revenues and expenditures for one and five years.
- On Tuesday, May 8, 2018, the City Manager and Finance Director met with Council Members Markovich and Sanchez to present the preliminary budget revenues and expenditures for one and five years.
- On May 31, 2018, the City Manager met with Mayor Garcia to present the preliminary budget revenues and expenditures for one and five years.
- On June 5, 2018, City staff posted on the City website an initial Draft FY 2018-19 City Budget summaries of Estimated Revenues and Estimated Expenditures.
- On June 12, 2018, City staff posted on the City website a Draft FY 2018-19 City Budget of Estimated Revenues and Estimated Expenditures.

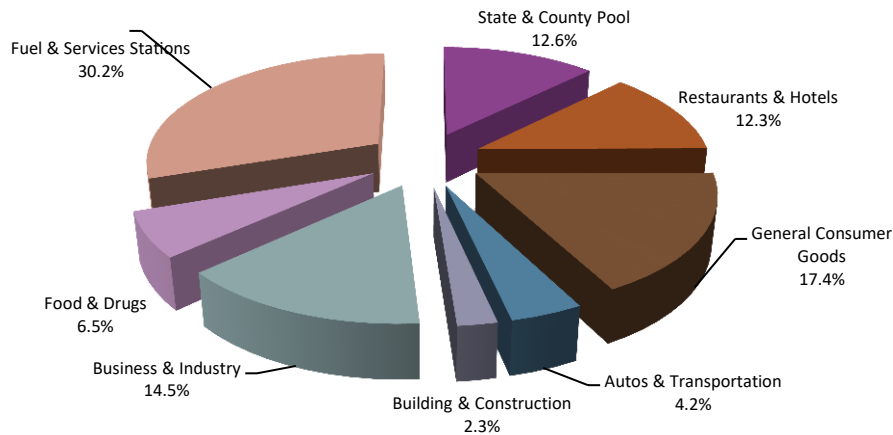
# Property Tax Notable Trends and News

*\*Note: Analysis provided by Hinderliter, de Llamas & Associates (HdL)*

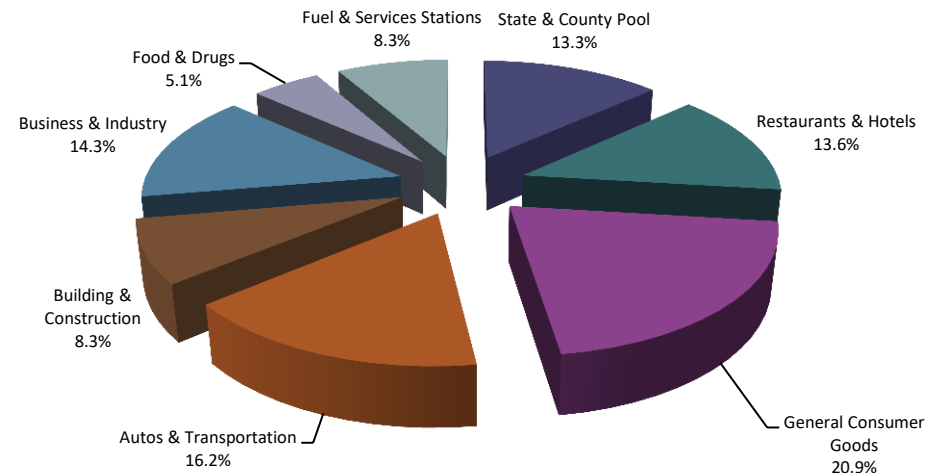
- The City's share of property tax revenue is dictated by Proposition 13 and the legislation approved to implement Proposition 13 in 1978.
  - The City has no legal ability to increase its share of property tax revenue.
- Assessed values, have risen by \$137.6 million (21.79%) over the past 5 years. The rate of growth for 2017-18 is estimated at 3.34%.
  - The majority of that value is within the former redevelopment areas and added revenues must flow through the successor agency tax increment allocation process.
- Since the dissolution of redevelopment agencies, the revenue that went to the redevelopment agency is now used first to pay tax sharing amounts (including about \$25,000 paid to the City) to local taxing entities.
- Generally, as new developments occur or sales of properties increase values, about 9% of the resulting increase in revenue will find its way to the City's General Fund.
- There are about 728 single family homes in the City.
  - Approximately 15 homes (i.e., 2%) of these homes sell in any given year.
  - The current assessed values of homes in the City are about \$166/ square foot while the market value of homes in the City is \$279 per square foot based on recent sales.
  - The current assessed values for single family homes are about 40% below the current market values.

# Sales Tax Notable Trends and News

## Cudahy Sources of Sales Tax



## Statewide Sources of Sales Tax



# Sales Tax Notable Trends and News

## ■ 3 Year Sales and Use Tax Budget Estimate

Industry Group	FY 2016-17	FY 2017-18		FY 2018-19		FY 2019-20	
	Actuals	Projection	%	Projection	%	Projection	%
Autos & Transportation	53,037	52,523	1.0%	49,623	-5.5%	49,823	0.4%
Building & Construction	28,988	29,483	1.7%	29,183	-1.0%	29,883	2.4%
Business & Industry	148,152	184,718	24.7%	166,918	-9.6%	169,418	1.5%
Food & Drugs	87,779	82,193	-6.4%	82,693	0.6%	83,893	1.5%
Fuel & Service Stations	375,595	390,307	3.9%	412,107	5.6%	416,207	1.0%
General Consumer Goods	251,433	195,740	-22.2%	110,440	-43.6%	110,440	0.0%
Restaurants & Hotels	143,848	156,022	8.5%	158,022	1.3%	162,722	3.0%
Transfers & Unidentified	0	60	N/A	60	0.0%	60	0.0%
State & County Pools	155,842	161,330	3.5%	164,730	2.1%	171,330	4.0%
<b>Total</b>	<b>1,244,674</b>	<b>1,252,377</b>	<b>0.6%</b>	<b>1,173,777</b>	<b>-6.3%</b>	<b>1,193,777</b>	<b>1.7%</b>
Administration Cost	(15,091)	(14,680)		(15,259)		(15,519)	
<b>Total</b>	<b>1,229,583</b>	<b>1,237,698</b>	<b>0.7%</b>	<b>1,158,518</b>	<b>-6.4%</b>	<b>1,178,258</b>	<b>1.7%</b>
60-Day Accrual Adjustment	14,100	(7,400)		4,400		5,300	
<b>With 60-Day Accrual</b>	<b>1,243,683</b>	<b>1,230,298</b>	<b>-1.1%</b>	<b>1,162,918</b>	<b>-5.5%</b>	<b>1,183,558</b>	<b>1.8%</b>

*\*Note: Provided by Hinderliter, de Llamas & Associates (HdL)*

# City Budget Overview

## Revenues and Expenditures

▪ Total Revenues – All Funds	
▪ FY 2017-18	\$12,939,628
▪ FY 2018-19	<u>\$13,991,336</u>
Increase in total revenues of	\$ 1,051,708
▪ Total Expenditures – By Type	
▪ Operations	
▪ FY 2017-18	\$8,853,719
▪ FY 2018-19	<u>\$8,308,999</u>
Decrease in operations expenditures of	\$ 544,720
▪ Salaries & Benefits	
▪ FY 2017-18	\$2,872,016
▪ FY 2018-19	<u>\$3,269,794</u>
Increase in employee salary & benefits expenditures of	\$ 397,778
▪ Special Funds	
▪ FY 2017-18	\$6,308,432
▪ FY 2018-19	<u>\$6,913,841</u>
Increase in special funds expenditures of	\$ 605,409
▪ Total Expenditures FY 2017-18	\$15,416,326
▪ Total Expenditures FY 2018-19	<u>\$15,816,717</u>
Increase in total expenditures vs. FY 2017-18	\$ 395,391

# General Fund Reserve Balance Historical Review

Fiscal Year (FY)	General Fund Reserve Balance	Change +/- From Previous FY
FY 2007-08	\$8,904,928*	\$1,461,189
FY 2008-09	\$9,300,964*	\$396,036
FY 2009-10	\$8,967,448*	\$333,516
FY 2010-11	\$7,530,636*	\$1,436,812
FY 2011-12	\$7,022,047*	\$508,589
FY 2012-13	\$5,399,587*	\$1,622,460
FY 2013-14	\$4,075,322*	\$1,324,265
FY 2014-15	\$4,015,557*	\$59,765
FY 2015-16	\$2,259,240*	\$1,756,317
FY 2016-17	\$1,435,939*	\$823,301
FY 2017-18	\$1,435,939**	0
FY 2018-19	\$1,574,240	\$138,301

*\*City Audited Financial Statements \*\*Staff Estimated Balances*



# Capital Projects

## Sources of Secured Grant Funding

- **HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP). Federal Grant**
  - **HSIP CYCLE 6 (HSIP-6).** Traffic Signal Modification Project on Atlantic Avenue.  
Amount: \$688,800 Local Match (10%): \$69,000 (Measure R)  
FY 2018-19: \$350,000 Local Match: \$40,000 (Measure R)
  - **HSIP CYCLE 7 (HSIP-7).** Safety Enhancements Along Salt Lake Avenue.  
Amount: \$396,500. Local Match (9.16%): \$36,320
  
- **ACTIVE TRANSPORTATION PROGRAM (ATP). Federal/State Grant**
  - **ATP CYCLE 2 (ATP-2).** Wilcox Avenue Complete Streets and SRTS. Federal Grant with State Participation.  
Amount: \$1,344,000. Local Match (2%): \$27,000 (Measure R)  
FY 2018-19: \$143,000
  
- **METRO CALL FOR PROJECTS (CFP). LACMTA (Metro) Local Grant**
  - **2015 CALL FOR PROJECTS (2015 CFP).** Atlantic Avenue Complete Streets Improvement Project  
Amount: \$3,283,767 Local Match (35%): \$1,149,318 (Various Funding Sources).  
FY 2018-19: \$163,892 Local Match: \$88,249 (Measure R)

# Capital Projects

## Sources of Secured Grant Funding

- **SYSTEMIC SAFETY ANALYSIS REPORT PROGRAM (SSARP).** Federal Grant.
  - **SSARP ( 2017).** Cudahy Citywide Traffic Analysis Report.  
Amount: \$150,000 Local Match (10%): \$15,000 (Measure R)

# Capital Projects

## Future Grant Opportunities

- Highway Safety Improvement Program (HSIP)
  - Cycle 9 (HSIP-9)
- Active Transportation Program (ATP)
  - Cycle 4 (ATP-4)
- Metro Call For Projects (CFP)
  - 2017 (2017 CFP)
- Metro Open Streets Grant Program
- Caltrans Sustainable Communities/ Transportation Planning Grant Program

# Overview of FY 2018-19 General Fund Budget

**TOTAL REVENUES**

**\$13,991,336**

GENERAL FUND

**\$9,035,272**

SPECIAL FUND

**\$4,956,064**

**TOTAL EXPENDITURE**

**\$15,841,717**

GENERAL FUND

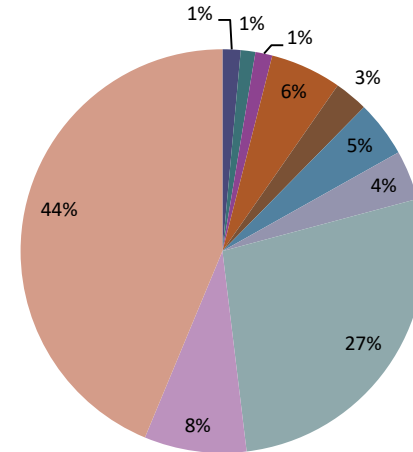
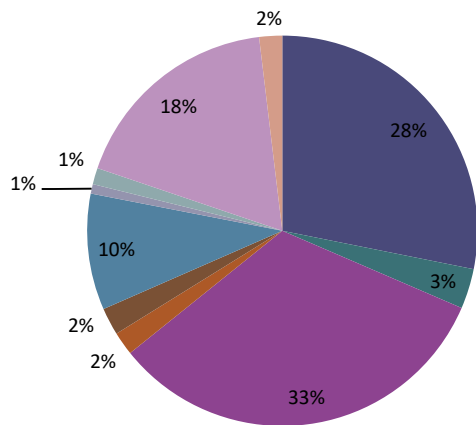
**\$8,896,971**

SPECIAL FUND

**\$6,944,746**

- Taxes
- Franchise Fees
- Intergovernmental Revenues
- Fines & Forfeitures
- Building & Safety
- Use of Money/ Property
- CHGS for SVCS-Planning/ Engineer
- Charges for Services
- Licenses & Permits
- Other

- City Council
- City Manager
- Parks and Recreation
- Special Funds
- Attorney
- Finance
- Public Safety
- City Clerk
- Community Development
- Facility Operations



\*TOTAL EXPENDITURE includes grants, which are typically reimbursed after completion of a funded project, and not accounted under total revenues

# General Fund Trends and News

- General Fund Revenues are slightly higher than last year with a 11% anticipated increase.
  - Sales Tax is projected to decrease by 8.4% in FY 18-19 and 1.8% increase in FY 19-20 (HdL projection)
  - Property tax is projected to remained flat-lined in FY 18-19 (HdL projection)
  - Operating Fees
  - Community Benefit Program
- General Fund Expenditures are 12% more for this FY 2018-19 than the prior year adopted budget.
- We do have a proposed balanced operating budget for the FY 2018-19 with a \$138,000 surplus upcoming.

# Departments

- **Management Services**  
Jose Pulido  
Jennifer Hernandez  
Richard Iglesias
- **Finance Services**  
Steven Dobrenen
- **Community Development**  
Jose Pulido
- **Parks and Recreation**  
Victor Santiago
- **Public Safety and Services**  
Aaron Hernandez  
Aurelio Trujillo

# Management Services

- Management Services has five divisions:
  - City Council
  - City Attorney
  - City Clerk
  - City Manager's Office
  - Human Resources
  
- 12% decrease in operations
  
- 51% increase in salary, insurance, benefits, and funding of retirement and OPEB

# Management Services

- City Council Budget Highlights (Department 4001)
  - Increase insurance cost.
  - Increase in travel budget
  - Increase in public relations
  
- City Attorney Budget Highlights (Department 4005)
  - City Attorney's contract has been restructured from a retainer-based contract to an hourly-based contract and is projected to remain at \$185,000 in General Fund monies.



# Management Services

- City Manager Budget Highlights (Department 4011)
  - Increase in travel budget.
  - Magazine expenses moved to facility operations.
  
- City Clerk Budget Highlights (Department 4008)
  - Succession planning and staff development.
  - Fund allocation for 2018 election change.
  
- Human Resources Budget Highlights (Department 4015)
  - Increase in unfunded pension prepayment.
  - Prefunding of OPEB and retirement.
  - Professional HR Certification Training Program.

# Finance Services

- Finance Services has four divisions:
  - Finance Administration
  - Accounting
  - Business License
  - Purchasing
  
- 48% increase in operations
  
- Franchise fee and other operational audits

# Finance Services

- Finance Administration Budget Highlights (Department 4151)
  - Continued monthly financial recordation of activities into the book of records.
  - Ensure submittal of quarterly tax forms to State and Federal Agencies.
  - Ensure the continued planning and coordination of annual external audits.
  
- Accounting Budget Highlights (Department 4155)
  - Ensure the continued processing of semi-monthly payments to vendors.
  - Ensure the continued processing of daily cash receipts and wire transfers from State, government agencies, and utility agencies.

# Finance Services

- Business License Budget Highlights (Department 4160)
  - Continued accurate receiving and processing of new business licenses and renewals.
  - Continued positive community business relations.
  
- Purchasing Budget Highlights (Department 4018)
  - Ensure that purchasing activity is compliant with all City Ordinances and Municipal Codes.
  - Ensure all of the City's fixed assets are properly accounted for through identification tags.

# Community Development

- Community Development has four divisions:
  - Community Development Administration
  - Planning
  - Building Regulation
  - Housing and Community Development
- 62% decrease in operations

# Community Development

- Community Development Administration Budget Highlights (Department 4210)
  - Reassessment of duties/responsibilities required for currently vacant Community Development Manager position keeping the position vacant.
- Planning Budget Highlights (Department 4215)
  - Consolidation of redundancy in consultant contracts for planning, engineering, building and safety, and NPDES compliance has resulted in considerable savings to the General Fund and a more streamlined efficient process.
  - Processing of Development Agreements and related permits on a cost reimbursement basis.

# Community Development

- Building Regulation Budget Highlights (Department 4212)
  - Consolidation of redundancy in consultant contracts for planning, engineering, building and safety, and NPDES compliance has resulted in considerable savings to the General Fund and a more streamlined efficient process.
  
- Housing and Community Development Budget Highlights (Department 4260)
  - Continue ongoing and successful CDBG Housing Rehabilitation Programs aimed at improving the City affordable housing stock.

# Community Services

- Community Services has one division:
  - Recreation
- 13% increase in operations
- 20% increase in salary, insurance, and benefits.

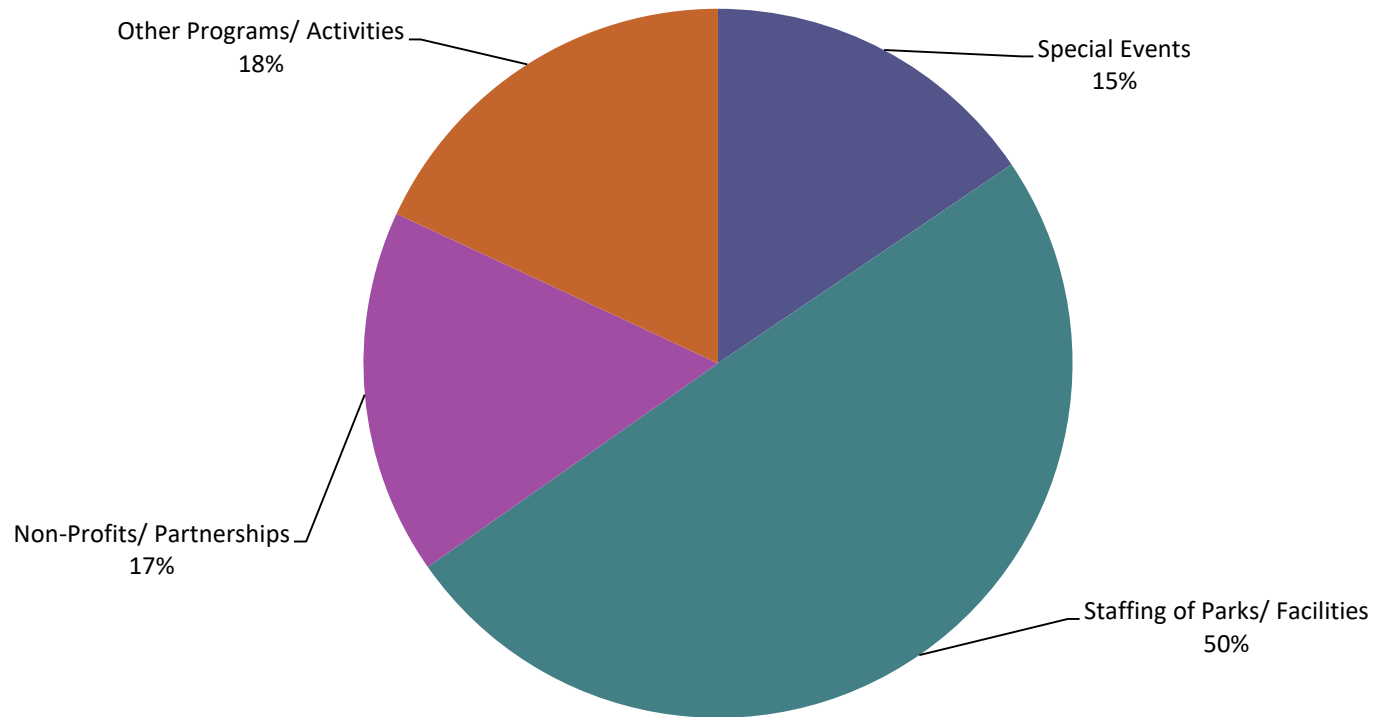


# Community Services

- Recreation Budget Highlights (Department 4350)
  - Increase in funding to be used for the hiring of additional part-time staff in order to adequately meet departmental operational staffing levels throughout the day and especially at peak park usage hours.
  - Increase in funding from revenues received through the Community Benefit Program.

# Public Safety and Services

## Community Benefits Program (\$480,000)



# Public Safety and Services

- Public Safety and Services has ten divisions:
  - Engineering
  - Park Maintenance
  - Law Enforcement
  - Community Preservation
  - Animal Regulation
  - Crossing Guards
  - Municipal Enforcement
  - Public Works – Street Maintenance
  - Public Works – Street Lighting
  - Facility – City Hall Operations
  
- 19% increase in operations
  
- 2% decrease in salary, insurance, and benefits.

# Public Safety and Services

- Engineering Budget Highlights (Department 4216)
  - Consolidation and streamlining of consultant contracts.
  - Focus on building the City's internal infrastructure database.
  - Ensure grant submittals align with City finances.
  
- Law Enforcement Budget Highlights (Department 4501)
  - 2.67% increase in per unit cost.
  - 10.5% increase in insurance cost related to services provided by Los Angeles Sheriff's Department (LASD).
  
- Community Preservation Budget Highlights (Department 4230)
  - Omnibus amendment to the Public Nuisance provisions of the City Code.
  - Systematic enforcement of "quality of life" violations.
  - Development and implementation of the Multi-Family Inspection Program.

# Public Safety and Services

- Animal Regulation Budget Highlights (Department 4510)
  - Continue citywide canvassing to ensure compliance with LA County Title 10 provisions.
- Crossing Guards Budget Highlights (Department 4250)
  - Conduct assessment of existing locations utilizing crossing guards and work with schools to identify safe crosswalks and realign resources accordingly.
- Municipal Enforcement Budget Highlights (Department 4530)
  - Continue enforcement of overnight parking restrictions to ensure proper street sweeping.

# Public Safety and Services

- Street Maintenance Budget Highlights (Department 4425)
  - Complete Citywide Sign Replacement Project.
  - Purchase of one arrow board.
  - Ensure City property ongoing preventative maintenance.
  
- Street Lighting Budget Highlights (Department 4430)
  - Work with City Attorney and consultant(s) to assess viability of modifying existing street lighting assessment to align with increased maintenance costs.
  - Begin work on possible Landscape and Lighting District for Atlantic Ave street improvements.
  
- City Hall Operations Budget Highlights (Department 4020)
  - Bedwell Hall improvements.
  - Roof repairs Clara/ Lugo facilities.

# Public Safety and Services

- Park Maintenance Budget Highlights (Department 4410)
  - Tree trimming throughout City parks.
  - Renovation of Clara and Cudahy Park restrooms.

- Next Steps
- City Council Questions & Comments
- Closing Remarks