CITY OF TORRANCE • DEPARTMENT OF FINANCE

ADOPTED BUDGET AND CAPITAL IMPROVEMENT PLAN

FY 2022 - 2023

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BUDGET MESSAGE

Budget Message

A Message from the City Manager

To Mayor, City Council and the Torrance Community,

I am privileged to present a balanced budget for the second year of the Fiscal Years (FY) 2021-23 Operating Budget and Capital Improvement Plan.

The start of the fiscal year was marked by further easing of pandemic restrictions in the summer of 2022 and the return to schools in person in the fall of 2022. Since then, crowds have returned back to the Del Amo Fashion Center, restaurants, and hotels. Retail and entertainment venues are now fully accessible and infusing social and economic life back to Torrance.

The signs of economic recovery brings welcomed relief given the challenges we've faced since the onset of the pandemic. Since 2020, our focus has been to create programs to aid our community in response to COVID-19, provide access to vaccinations, and maintain our fiscal sustainability - all while maintaining the high quality of services the community deserves, without service interruption. Through cautious fiscal oversight and steadfast leadership by the City Council, the City has been able to provide essential public services and partially rebuild our reserves. In the last two years, the City has reduced the General Fund Operating Budget by $20 million, or 12%. This significant reduction was achieved through collaborative efforts by all city departments. In addition to these budget reductions, the City has held an average vacancy rate of 205 positions or 15% the past two years. During this time federal aid totaled $25.9 million (Coronavirus Aid, Relief, and Economic Security and American Rescue Plan Acts) and other one-time sources totaled $8.9 million. Through all these efforts it is anticipated the General Fund reserve balance will be approximately $36.3 million by June 30, 2022. Though a substantial increase, this balance is still below the recommended reserve balance of 20% of operating expenditures or $44.6 million. Even while holding an average 150 staff vacancies, the General Fund would have only been able to build its reserves from $581k to $1.5 million during the past 2 years without the one-time sources. Long-term financial stability will be the key focus of future budget cycles for many years to come.

Although we have experienced a strong economic recovery this year, the road ahead continues to prove highly uncertain, and challenging. As always, we continue to monitor important economic indicators and trends, and adjust expectations accordingly. High inflation, unpreceded fuel prices, global conflict, stock market fluctuations and housing price concerns remain a concern. Staff has returned to full city operations, including cultural and recreational programming, strategic planning, addressing homelessness, economic development, and completion of the Torrance Regional Transit Center (RTC).

Strategic Plan

The City's 2021 Strategic Plan was adopted by City Council in May 2021 after two years of data mining, deliberation and discussion, led by the community Strategic Plan Committee. This Committee was comprised of nearly 40 community members, with seven appointed by the Council, and the remainder selected by the groups they represented, including Homeowner Associations, large and small businesses, Teen Council and the Commission on Aging. The Committee has developed a Plan to reflect current day needs, and carry out the vision and mission of the community. The new and revised goals include the following priorities:

- Appearance, Character and Quality of the Community
- Communication and Civic Involvement
- Economic Development
- Education, Diversity and Enrichment
- Housing
- Infrastructure
- Mobility
- Reliable Revenue Base and Effective Asset Management
- Responsive, Accountable and Cost Effective Government
- Safe, Secure and Equitable Community
- Stewardship of the Environment

Within each of these strategic priorities, a set of Goals and Sub-goals were developed to direct future actions by the City government and the community to achieve the vision of the Plan. The goals are the heart of the Strategic Plan, describing the end result towards which all efforts are directed. The Sub-goals, though not an exhaustive list, further define the direction provided by the Goals and both embody the consensus of the Strategic Plan Committee. Together, they provide the basis for future decisions about the nature, scope and priority of implementing actions which are necessary to carry out the Strategic Plan. The Budget of the City continues to prioritize these efforts throughout the various departments responsible for carrying out the necessary steps.

Homelessness

In recent years, the number of individuals experiencing homelessness in California and Los Angeles County has increased significantly. In Torrance, based on the annual homeless count, the number of unsheltered individuals in 2019 was 226. In 2020, the number of unsheltered individuals was 322, representing a year-over-year increase of 42%. Results from the 2022 annual homeless count are anticipated to be available from the Los Angeles Homeless Services Authority in July 2022.

Historically, the Torrance Police Department Community Lead Officer (CLO) program has led the City's response to homelessness. As the number of individuals experiencing homelessness has increased, the

City Manager's Office has created the Homeless Response Team, which includes key City departments to strategize solutions for a coordinated response to specific community concerns. The City partners with regional agencies, such as the Los Angeles Homeless Services Authority, LA County Homeless Initiative, and South Bay Cities Council of Governments, and nonprofit homeless service providers to take a collaborative approach to addressing homelessness. Furthermore, City Manager's Office supports efforts of the Social Services Commission in addressing issues impacting individuals experiencing homelessness.

As efforts progressed, at the beginning of 2021, the City retained a dedicated homeless outreach worker through an agreement with Harbor Interfaith Services, Inc. The outreach worker assists those experiencing homelessness to obtain the necessary services and support with the goal to move them towards permanent housing.

At the direction of City Council, on June 22, 2021, the City adopted the Plan to Prevent and Combat Homelessness, which is a three-year plan with a framework for the City's response to homelessness. The Plan has nine goals, each with subgoals and tasks that were written to be actionable and measurable. The City Manager's Office is responsible for maintaining the Plan and can be viewed at http://TorranceCA.Gov/homeless.

Also at the meeting of June 22, 2021, City Council approved the Torrance Civic Grounds to be a site for an interim housing program for a pilot period of 12-months. The approved site will have 40-units for temporary housing, and will include case management, support services, and housing navigation to assist those living in the temporary units to attain permanent housing. Examples of permanent housing include reunification with family, permanent supportive housing, and subsidies for housing. The goal is to have individuals in the interim housing program attain permanent housing in three to six months, although outcomes will vary depending on individual needs and availability of permanent housing. The site is anticipated to be fully activated by July 1, 2022. As directed by City Council, City staff continue to look for other viable alternate sites for this interim housing program.

Lastly, the City continues to balance the needs of all segments of the community. Through the work of the Torrance Police Department's Community Lead Officers, and in conjunction with the City's outreach team, the City regularly responds to resident concerns regarding homelessness by offering services, reducing encampments, and strengthening City infrastructure. Members of the community who see individuals experiencing homelessness can best assist the unhoused community by submitting a request for service at http://LA-Hop.org. The site is operated by the County of Los Angeles and outreach services are dispatched based on submitted requests.

Economic Development

Pursuant to Council approval of the Signage and Wayfinding plan, staff have developed a mock-up of the newly designed gateway sign that will replace the monument signs that currently mark the entryways into the city. Signs identifying particular areas of interest; such as the Downtown, Airport, Beach, Commercial Corridor, etc. will also soon be installed, as well as wayfinding signage to aid vehicular, pedestrian, and cyclist travel around the city.

City staff are also working to carry out the recommendations of the City Council approved Downtown Revitalization Plan to include reconfiguration of parking as well as adding such aesthetic improvements as aerial string lights, additional street furniture, and signage as funding allows. In collaboration with the Downtown Torrance Association, staff are pursuing the development of a Business Improvement District for the area to provide increased opportunities for public private partnership.

Both Downtown Revitalization and Signage and Wayfinding tie into an overall ramp up of refreshed branding and marketing of the city that also includes streetscape and maintenance, to improve the appearance of the city aiding in the attraction and retention of businesses. The Public Works department has completed various beautification projects in the City, including the planting of several new trees to enhance our Urban Forestry. Parkway and/or median landscape areas in areas such as Del Amo Blvd, Madrona Ave, Palos Verdes Blvd and other areas throughout the City have been visually enhanced. Approximately 90 new trees have recently been planted in areas where trees did not previously exist. This results in positive environmental impacts and assists Torrance in remaining a Tree City USA. Collectively, these beautification projects improve the aesthetics, quality and character of the community and are consistent with the overall General Plan.

Other multi departmental projects that will aid the business community include the rollout of the commercial rebate/ façade improvement program that will allow businesses to secure a City match to fund for such improvements as fresh exterior paint, new signage, awnings, or landscaping. This will be an incentive to property owners to spruce up their frontages and will aid in business attraction and retention. Another effort to aid in business attraction is the development of a Business-led Tech Committee that will help attract and retain innovative businesses that bring highly skilled employment opportunities to the city. This Committee is anticipated to launch in May 2022 and may serve in an advisory capacity to the City.

Reconstitution of Cultural and Recreation Programs

After two long years of cancellations, recreation programs and social events have made a comeback. Public bookings in the parks for parties and picnics have significantly ramped up with almost 100 picnic reservations for over 3,300 guests and 28 bounce house permits in March 2022. Recreation facility rentals continue to recover, especially at the Plunge, Hockey Rink and LA Galaxy Sports Complex. In the 1st quarter of 2022 rental revenue was $211,972; compared to $165,699 in the 1st quarter of 2021. Similarly, recreation class registrations are restoring with 1st quarter 2022 enrollments at 2,071; compared to 811

enrollments in 1st quarter of 2021. Spring and Summer Youth Camps have also returned following two years of pandemic cancellations, with Spring Camp filled to capacity with a waiting list and Summer Camp registration to begin on May 18 with high family interest already recorded. Other programs, such as Early Childhood Education, are also waitlisted with high interest.

Older Adult/Senior programming continues restoration at the Bartlett Center. Weekly programming for crafting, quilting, crochet, beading, computer training, bridge and exercise classes have resumed to the delight of all participants. Virtual programs also continue, featuring bingo, Jeopardy and Wheel of Fortune.

This year also marked the return of the Cherry Blossom Festival, Bunka Sai Japanese Cultural Festival, and other City sponsored events. While we have seen a slower return to theatrical events, the Torrance Cultural Arts Foundation kicked off its 2021-22 season in the Fall of 2021 at the Armstrong Theatre, and will be bringing back the long awaited South Bay Festival of the Arts, to be hosted at the Torrance Cultural Arts Center.

Torrance Transit

As part of the Torrance Transit Tomorrow plan, Transit staff acquired and launched Line 13 in July of 2021. This new service operates on the western portion of the Artesia Transit Corridor on what was formerly Metro's Line 130. This East-West service will operate from the Artesia Transit Station to Redondo Beach. Staff is presently working to launch the extension of Line 10 to create the "Torrance to Florence" route, which will run from South Torrance to the Sports and Entertainment District in Inglewood. This new route will provide fans and residents of the South Bay a convenient and cost-effective way to attend sporting events, concerts and other special events hosted at the new stadiums.

Construction of the Mary K. Giordano Regional Transit Center (MKG RTC) is nearing completion and is scheduled to open in summer of 2022. The City of Torrance secured $25.7 million dollars of Measure R funding and $2.5 million in Prop 1B funding for the design and construction of the facility. The MKG RTC will have significant regional impact by reducing traffic congestion, improving air quality and giving residents greater transportation options and connections. This facility will include: eight level boarding platforms for transit vehicles, state-of-the-art passenger information kiosks and maps, fare vending machines, a security office, a transit store, public restrooms, a training facility, several eateries and many other amenities. In an effort to move toward an energy-efficient facility, Torrance Transit will be seeking a LEED certification of Platinum. The Metro C-Line Extension is slated to end its terminus at the MKG RTC and the connection to a second Metro Light Rail Line will be an important future component of the facility.

Additionally, staff is finalizing agreements with Metro to secure the funding necessary for Phase 2 of the MKG RTC, which calls for the construction of a multi-level parking structure. Estimated at $35 million, the parking structure will provide much needed spaces for commuters and travelers who are seeking an

efficient and safe location in which to park their vehicle while they travel. For short-term users, this could be trips to the Del Amo Fashion Center, around Torrance or the South Bay, to Inglewood, or to local schools such as El Camino College or California State University Dominguez Hills. For long-term users, Transit is looking to partner with Greyhound Bus and the Los Angeles World Airports (LAWA) in order to bring the FlyAway program to central Torrance. Travelers hoping to catch a flight or bus ride out of town would only need to park their car at the MKG RTC to begin and end their travels.

Torrance Police Department and Department of Justice and Collaborative Reform

The City of Torrance and its Police Department (TPD) are committed to accountability and will not tolerate any form of bigotry, racism, hate, or misconduct. To ensure that Torrance is a community where all feel welcome, the Police Department is partnering with the California Department of Justice with a new model of collaborative reform. During the reform efforts, the Department of Justice will conduct an independent review of the Torrance Police Department to promote public safety and rebuild trust between TPD and its community. The Police Department and the City remain committed to being transparent and reliable in delivering quality public safety services to all community members.

Conclusion

While the last twelve months have been challenging, we are finally marching down the path of recovery. With the expiration of emergency Federal relief funding and assistance in June of 2023, the need to monitor our finances has never been more crucial. Going forward, in partnership with the Finance Department, heavy emphasis will be placed on transparency, accountability, and budget stewardship as the City transitions toward financial stability. Our long-term goals to maintain our AA credit rating, rebuild reserve balances to healthy levels, and improve our status on the State Auditor's High Risk Dashboard, will be dependent on key information and recommendations provided by Staff to City Council and the Council's direction and leadership. Such information will be consolidated into a single platform on the City's website, to include the following key budget factors:

- Key Performance Indicators – details included in the **Budget Overview** section of this book
- Annual Comprehensive Financial Report (ACFR) and external Auditors' annual presentation
- Access to OpenGov, an online dashboard linked to the City's financial system, that allows the public to filter and navigate the City's finances and transform raw data into intuitive charts and graphs
- Links to annual pension workshops and updates and quarterly budget review presentations

The Fiscal Year 2022-23 Proposed Operating Budget of the General Fund Operating Fund is balanced through approximately $10 million of reductions in public safety, which have been held in abeyance since 2020. On June 7, 2022, during the regular General Municipal Election, Torrance residents will have the opportunity to vote on Measure SST (Safe, Strong Torrance), a local ½ cent sales tax ballot measure, to maintain City services, as approved by City Council and overseen by a newly established Citizens'

Oversight Committee. The June ballot will also include election of the Mayor, Councilmembers for Districts 1, 3, and 5, City Clerk, and City Treasurer, all for four year terms.

Regardless the outcome of the election, as City Manager, alongside the dedicated staff of all departments, it is my responsibility and privilege to protect and serve this wonderful city. The City has overcome financial crisis before, and I have confidence that our staff will pivot to the new reality and maintain their commitment to serving the community. My appreciation and thanks goes out to our residents, businesses, and stakeholders, for continuing to be engaged and supportive. A heartfelt thanks to Mayor and City Council for your continued leadership. Thank you to our Departments and dedicated employees for their resiliency, and their efforts to maintain a balanced budget.

Sincerely,

Aram Chaparyan
City Manager

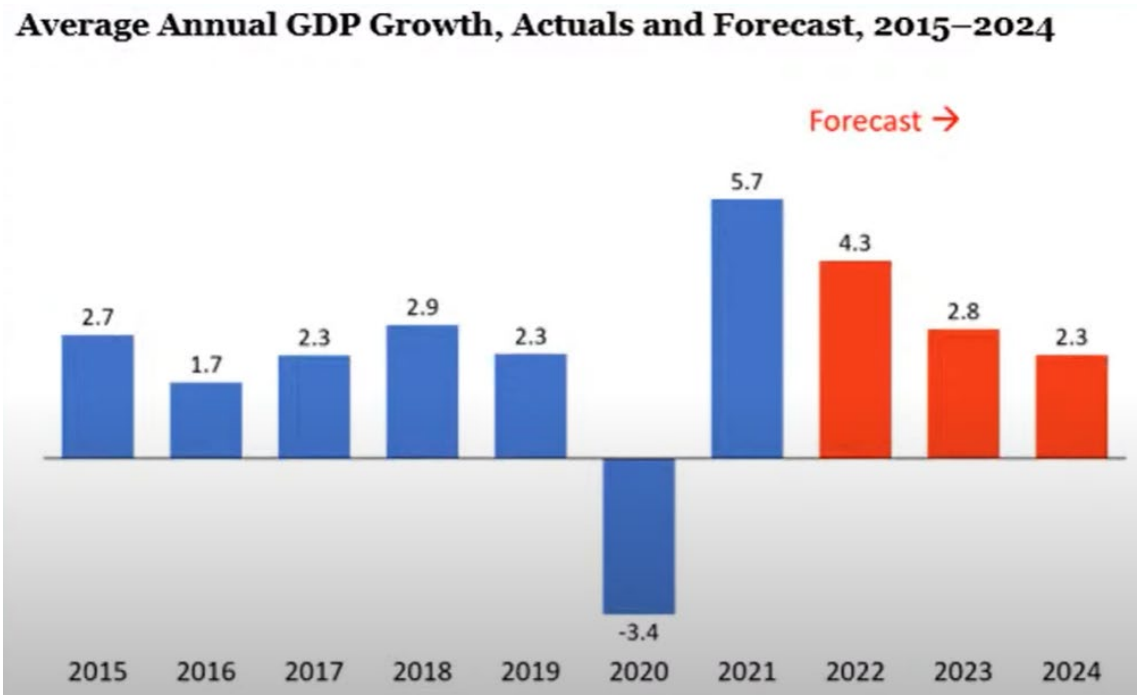
EXECUTIVE SUMMARY

Executive Summary

Economic Outlook

The City of Torrance Fiscal Year 2022–23 operating budget was developed with consideration of both national and local economic trends. Staff have been monitoring economic indicators such as gross domestic product (GDP), unemployment rates, and consumer confidence, especially since the onset of the COVID-19 pandemic. At this time, these indicators are all trending in a positive direction, though some indicators still fall below pre-pandemic levels.

Based on the March 2022 GDP forecast from UCLA Anderson, 2022 is projecting a slowdown in growth compared to 2021, which experienced some of the fastest growth and rebound since the 1980's. The UCLA Anderson Forecast projects a 4.3% increase in real GDP for 2022, followed by 2.8% in 2023 and 2.3% in 2024; closer to growth levels experienced in the years before the pandemic:



Source: U.S. Bureau of Economic Analysis and UCLA Andersen Forecast

"Consumer confidence was up slightly in March after declines in February and January," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index rose substantially, suggesting economic growth continued into late Q1. Expectations, on the other hand, weakened further with consumers citing rising prices, especially at the gas pump, and the war in Ukraine as factors. Meanwhile, purchasing intentions for big-ticket items like automobiles have softened somewhat over the past few months as expectations for interest rates have risen."

Geopolitical uncertainties remain with fresh COVID lockdowns in China and the Russian attack on Ukraine, and inflation is expected to reach 7.9 percent—an all-time high, in the next 12 months. These headwinds are expected to persist in the short term and may potentially dampen confidence as well as cool spending further in the months ahead.

What has kept confidence from plunging is a strong labor market. Workers have leverage over companies for the first time in decades, resulting in more people switching jobs and earning higher pay. In the labor market, as of March 2022 the U.S. unemployment rate was at 3.6%, California at 4.9% and Los Angeles (L.A.) County also at 4.9% respectively. The 2021 calendar year ended with unemployment figures that were a significant improvement from the prior year, where L.A. County reported unemployment of over 10.0%. Although the labor market is showing signs of recovery, unemployment rates overall are still above pre-pandemic levels.

In alignment with National and State results, local unemployment rates mostly remained above pre-pandemic levels, though the gap is beginning to close. In the first calendar quarter of 2022, Torrance had an unemployment rate of 3.5% compared to pre-pandemic rate of 3.3%.

Local Unemployment Rate Trends

	2019	2020				2021				2022
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
National	3.3%	4.4%	11.1%	7.9%	6.7%	6.0%	5.9%	4.8%	3.9%	3.6%
California	3.9%	5.5%	14.9%	11.0%	8.8%	8.3%	7.7%	7.5%	6.5%	4.9%
Los Angeles County	4.3%	6.7%	19.4%	15.1%	10.7%	10.9%	10.6%	9.8%	8.4%	4.9%
Carson	4.5%	6.9%	19.9%	16.2%	12.1%	12.0%	11.2%	9.5%	7.2%	5.2%
Gardena	4.1%	6.7%	21.4%	17.1%	12.9%	12.0%	11.7%	9.8%	6.2%	4.7%
Glendale	3.6%	6.0%	21.1%	15.8%	9.9%	10.3%	10.7%	8.5%	6.0%	4.9%
Hawthorne	4.0%	6.5%	22.8%	18.5%	13.0%	11.9%	11.6%	9.3%	7.2%	5.0%
Inglewood	4.7%	7.6%	24.2%	20.2%	14.5%	13.4%	12.6%	10.8%	8.2%	3.9%
Santa Monica	3.8%	6.1%	16.9%	11.6%	8.3%	7.9%	8.1%	6.3%	5.2%	4.5%
Torrance	**3.3%**	**5.3%**	**16.5%**	**12%**	**8.2%**	**8.2%**	**8.2%**	**6.4%**	**4.5%**	**3.5%**

Citywide Budget

The City of Torrance's total city operating budget for Fiscal Year 2023 is $432.3 million and is comprised of the following five fund types. For purposes of this Executive Summary, focus will be on changes to the budgets in the General Fund and Enterprise Fund Budgets, as they represent approximately 86% of the total citywide budget.

Expenditures

Fund Type	FY 2021-22 Amended Budget	FY 2022-23 Adopted Budget
General Fund	226,534,666	239,401,273
Nonmajor Governmental Funds	31,957,245	32,795,090
Enterprise Funds	120,403,304	131,857,121
Internal Service Funds	27,951,479	26,465,149
Fiduciary Funds	3,210,361	1,820,332
Total Expenditures	**$ 410,057,055**	**$ 432,338,965**

Full-Time Equivalent Positions

Fund Type	FY 2021-22 Adopted Budget	FY 2022-23 Adopted Budget
General Fund	1,140	1,100
Nonmajor Governmental Funds	7	9
Enterprise Funds	343	328
Internal Service Funds	41	43
Fiduciary Funds	1	1
Total FTE Count	**1,532**	**1,481**

For Fiscal Year 2022-23, city-wide expenditures are projected to increase $22.3 million, largely driven by increases in the City's General Fund Operating Fund, Debt Service Fund, and Water Fund offset by decreases in the Street Lighting District Fund, Self-Insurance Fund, and Successor Agency to the Former Redevelopment Agency.

In the General Fund Operating Fund, the Salaries & Employee Benefits classification includes proposed reductions to public safety ($8.6 million in Police and $1.8 million in Fire), that were approved by City Council to be delayed to July 1, 2022, pending the outcome of the sales tax measure placed on the June 7th ballot. Should the sales tax measure be approved by voters, these proposed position reductions will be restored. In the non-wage categories, increases are mainly attributable to the below categories:

- **Materials, Supplies & Maintenance** and **Professional Services/Contracts and Utilities** - $2.6 million: includes a 3.0% CPI increase across all departments. Certain departments have additional increases for vehicle replacement needs, utilities whose rates have increased over 3%, and network segmentation costs, all of which are described in the Department sections.
- **Interdepartmental Charges** - $4.9 million: increased contributions to the Self Insurance Fund.
- **Debt Service** - $3.0 million: primarily related to 2020 and 2021 Lease Revenue Bonds
- **Other Operating Transfers Out** - $2.8 million: transfers to Capital and Replacement Funds, and an increased transfer of $975k to the Fleet Services Fund to mitigate operating losses.

The increase of $10.3 million in the Water Fund is mainly from the increase of $8.1 million in Water Supply Costs is due to the delay in the North Torrance Well Field Project (I-108), increased costs from purchases from the Goldworthy Desalter, and shifting a facility charge to revenues rather than an offset in expenditures.

The proposed decrease to citywide Full Time Equivalent (FTE) employees in FY 2023 is 51.1 FTE. Of that total, 24.9 of non-public safety FTE were reduced on October 12, 2021. At the direction of the City Council, reductions to public safety were to be placed on hold until July 1, 2022, pending the outcome of the sales tax measure. The FY 2023 proposed budget includes these reductions to public safety. Additional details to staffing level changes can be found in the **Budget Changes** section.

General Fund Overview

The Fiscal Year 2023 General Fund expenditure budget is $239.4 million and is comprised of 3 sub-funds: Operating, Restricted/Assigned, and Unassigned. The General Fund Operating Fund makes up 99% of the General Fund budget, and therefore is the focus of the Executive Summary.

Departments within the General Fund provide core community services such as public safety (Police and Fire), parks and recreation, library services, building and planning services, as well as vital support functions such as finance, legal, human resources, information technology, and general services. These core services are primarily supported by major revenue sources that include Taxes, Charges for Services, and Operating Transfers In. These three classifications account for 96% of the General Fund Operating Fund revenues. The taxes classification includes the following three main areas: sales and use tax, property tax, and utility users' tax. The Charges for Services classification includes fees charged to users, which includes fees charged through Departments such as Community Development, Fire, General Services, and Community Services. Finally, Operating Transfers In includes transfers from the Airport Fund, Gas Tax, and Prop C funds to help support day-to-day operations.

These major General Fund revenue sources account for $195.0 million or 82.0% of the revenue in Fiscal Year 2023. Projected growth rates for these revenue sources compared to both FY 2022 Amended and FY 2022 forecasts are shown below. FY 2022 represented a major recovery year coming out of the pandemic, and therefore extremely difficult to predict. As the year progresses staff updates forecasts based on actual results and as such growth rates from the latest published forecast are lesser than that from the previously amended budget.

	Adopted Revenues		Adopted Growth from:	
	2021-22 Amended Budget	2022-23 Adopted Budget	2021-22 Forecasted Actuals	2021-22 Amended Budget
Sales Tax	55,261,835	63,940,625	6.2%	15.7%
Property Tax	59,831,771	62,513,007	3.7%	4.5%
Utility Users' Tax	32,926,251	37,207,940	2.2%	13.0%
Occupancy Tax	7,119,224	11,601,755	25.0%	63.0%
Charges for Services	16,454,206	19,761,271	12.2%	20.1%
Total	**$171,593,287**	**$195,024,598**	**6.1%**	**13.7%**

Sales Tax: The FY 2022-23 budget includes a 6.2% increase over the City's FY 2021-22 forecast. The sales and use tax classification has experienced an extraordinary increase as result of the waning impacts of the pandemic.

Based on the latest data from California Department of Tax & Fee Administration (fourth calendar quarter 2021), the City is experiencing growth in all major industry groups except Food & Drugs, though this is having a "de minimis" effect on results, and State and County Pools. The sectors with the largest impact to sales tax revenue growth is General Consumer Goods (22.8%), Autos and Transportation (17.2%) and Restaurants and Hotels (54.8%). Overall, when comparing fourth quarter 2021 against fourth quarter 2020 for all industry groups, the City experienced an approximate $2.1 million increase, or 14.7%. It is important to note this is comparing one quarter and is not necessarily indicative of annualized year-over-year performance. Due to COVID-19, each quarter's performance has varied significantly.

While sales tax revenues are positively trending, staff continues to be cautious with forecasting over the longer term for several reasons. Looking ahead, sustained sales tax growth is still anticipated through FY 2022-23. Although the significant surge of new and used car dealer sales has come as welcomed relief, the news of stretched thin inventories due to global chip shortages persists. Moreover, expected interest rate hikes resulting in more costly financing for automobiles is anticipated to result in a headwind going into FY 2022-23. Inflationary effects are also impacting the cost of many taxable products; pent up demand for travel and experiences, the return of commuters with more costly fuel and labor shortages having upward pressure on prices is anticipated to consume more disposable income next fiscal year.

Property Tax: The FY 2022-23 budget includes a 3.7% increase over the City's FY 2021-22 forecast. According to the city's property tax consultants HdL, FY 2020-21 net taxable assessed values

increased 3.2% from the prior year to $34.4 billion (from $33.4 billion), placing Torrance in the top 10 highest value cities in Los Angeles County (8th place).

Utility Users' Tax (UUT): In UUT, staff anticipates a more "normalized" growth at 2.2% over the City's FY 2021-22 forecast. Projected increases are anticipated in all the major utilities (primarily electricity and gas), offset by declines in Refinery Co-gen/Gas and Telecom, whose receipts continue to decline due to the trend in streaming applications over traditional cable channels.

Occupancy Tax: is expected to experience the most growth in FY 2022-23 at 25.0% over the City's FY 2021-22 forecast. The City projects a steady return to travel and tourism, and is projecting that the City will be at pre-pandemic levels in the upcoming year.

Charges for Services: The FY 2022-23 budget includes a 12.2% increase over the City's FY 2021-22 forecast. This revenue source represents general government charges for an array of services such as construction related fees, (e.g. plan checks), Green Building Code fees, inspection fees, Emergency Transport Fees, and various participant fees (Community Services and General Services).

In General Services, it is expected this area will function at 65% of pre-pandemic levels as Cultural Arts Center related activities return. In Fire, as the City's Emergency Medical Transport program matures, one unit is converted from peak staffed to full staffed, and more ambulance operators are added for wall unit support, it is anticipated that revenue will continue to grow. Staff are seeing financial outcomes meet projected outcomes as the program passes one year in operation. Finally, in Community Services, based on recent trends, the budget is projected to operate at 85% of pre-pandemic levels as many programs return to regular operation.

Five Year Projection – General Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 48,467,713	$ 52,303,240	$ 55,279,258	$ 61,427,426	$ 70,046,537
Revenues	243,236,800	249,982,354	258,889,309	267,966,599	274,468,872
Expenses	236,676,273	244,006,336	249,651,141	256,164,788	262,719,118
Net Change Operating Activities	6,560,527	5,976,018	9,238,168	11,801,811	11,749,754
Reserved for Capital Improvement Projects	2,725,000	3,000,000	3,090,000	3,182,700	3,278,181
Ending Fund Balance	**$ 52,303,240**	**$ 55,279,258**	**$ 61,427,426**	**$ 70,046,537**	**$ 78,518,110**
Nonspenable	$ 1,618,055	$ 1,068,055	$ 518,055	$ 318,056	$ 327,598
Restricted	$ 7,586,834	$ 9,913,211	$ 12,248,179	$ 14,713,736	$ 17,191,937
Assigned	$ 5,721,196	$ 6,257,566	$ 6,769,401	$ 7,253,835	$ 7,707,807
Unassigned	$ 37,377,155	$ 38,040,426	$ 41,891,791	$ 47,760,910	$ 53,290,768
20% Reserve (Unassigned) Threshold	**$ 47,880,255**	**$ 49,401,267**	**$ 50,548,228**	**$ 51,869,498**	**$ 53,199,460**
Above/(Below) Threshold	$ (10,503,100)	$ (11,360,841)	$ (8,656,437)	$ (4,108,588)	$ 91,309

The General Fund is a summation of all funds under the General Fund umbrella which includes the General Fund Operating Fund, General Fund – Restricted/Assigned, and the General Fund – Unassigned sub-funds.

The City is projecting that the Unassigned fund balance will end Fiscal Year 2022-23 at $37.4 million. It is anticipated that this figure will climb to $53.3 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the General Fund Operating Fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall **Revenue growth** of approximately 2.6%, with the following approximate annual assumptions:
  - Sales Tax: 2.5% - 2.7%
  - Property Tax: 3.0%
  - Utility Users Tax: 3.0%
  - Occupancy Tax: 2.0%
  - Charges for Services: 1.2% to 2.0%
- Overall **Expenditure growth** of approximately 2.5% to 2.7% annually
  - Maintains all reductions previously approved and recommended for approval in this current budget document.
  - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)

- 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
- Continued contribution to CalPERS CEPPT contribution equal to 20% of projected 2020 Lease Revenue Bond savings
- Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)
- Annual contributions to correct Fleet Services underfunded status
- Capital Improvement Plan contributions based on proposed CIP and estimates

Enterprise Funds

Enterprise Funds are used to account for fee-supported businesses operated by the City. Net earnings of these funds provide working capital for maintenance and betterment of the equipment and fixed assets of the business. The City's enterprise fund budget, is $131.9 million for FY 2022-23, an increase of $11.5 million, or 9.5%.

Enterprise Fund	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Airport Fund	15,787,136	15,969,869	182,733	1.2%
Water Fund	43,692,503	54,038,333	10,345,830	23.7%
Sanitation Fund	16,135,561	15,979,038	(156,523)	-1.0%
Sewer Fund	7,270,851	7,275,601	4,750	0.1%
Transit Fund	37,517,253	38,594,280	1,077,027	2.9%
Total Expenditures	**$120,403,304**	**$131,857,121**	**$11,453,817**	**9.5%**

The expenditure budgets of the Enterprise Funds remain fairly consistent with the FY 2021-22 amended budget, with the exception of the Water Fund. The increase of $10.3 million in the Water Fund is mainly from the increase of $8.1 million in Water Supply Costs is due to the delay in the North Torrance Well Field Project (I-108), increased costs from purchases from the Goldsworthy Desalter, and shifting a facility charge to revenues rather than an offset in expenditures.

Capital Improvement Plan

The Capital Improvement Plan budget for fiscal year 2023 is $26.3 million. Details relating to each project are included in the **Capital Improvement Plan** section.

Department	FY 2023	FY 2024	FY 2025	FY 2026
CIT	135,000	90,000	-	-
City Clerk	15,000	15,000	15,000	15,000
City Manager	375,000	-	60,000	-
Community Development	20,000	935,000	100,000	100,000
Community Services	105,000	25,000	396,750	-
Finance	-	125,000	-	-
Fire	1,810,927	-	-	-
General Services	3,924,410	864,723	4,608,820	1,302,621
Public Works	19,938,650	17,679,151	18,624,150	17,689,150
Total	**$ 26,323,987**	**$ 19,733,874**	**$ 23,804,720**	**$ 19,106,771**

Funding Source	FY 2023	FY 2024	FY 2025	FY 2026
Airport Capital Project Fund	2,450,000	100,000	3,700,000	100,000
Cable-PEG (Public Educ Gov)	375,000	-	60,000	-
CDBG Fund	683,333	683,334	683,333	683,333
Community Power Resiliency Allocation to Cities Program	-	-	300,000	-
DIF-Sewer Impact Capital	9,000	-	-	-
DIF-Storm Drain Impact Capital	100,000	100,000	100,000	100,000
DIF-Utility Underground Cap	170,000	50,000	50,000	50,000
Fleet Capital Project Fund	700,000	-	-	-
Gas Tax 2106	2,200,000	2,200,000	2,250,000	2,250,000
General Fund	3,008,154	2,102,540	1,593,387	1,490,438
Measure A-M and S	25,000	25,000	-	-
Measure M Local Return	1,935,000	2,135,000	2,145,000	2,145,000
Measure M Reimb Grant Fund	730,500	-	-	-
Measure R Local Return	1,737,500	1,837,500	1,922,500	1,922,500
Measure W	1,675,000	1,675,000	1,675,000	1,675,000
Prop C Local Return	1,987,500	1,987,500	2,487,500	1,987,500
SB1	2,900,000	2,200,000	2,200,000	2,200,000
Sewer Capital Project Fund	1,535,000	1,535,000	1,535,000	1,400,000
TDA Article 3 Bicycle Fund	103,000	103,000	103,000	103,000
Water Capital Project Fund	4,000,000	3,000,000	3,000,000	3,000,000
Total	**$ 26,323,987**	**$ 19,733,874**	**$ 23,804,720**	**$ 19,106,771**

Key Performance Indicators (KPIs)

The City of Torrance monitors key performance indicators as an objective benchmark for financial performance of the City. This aligns with the Reliable Revenue Base & Effective Asset Management and the Responsive, Accountable & Cost Effective Government priorities from the Strategic Plan. Additionally, the City of Torrance was ranked number 4 on the State Auditors High Risk Dashboard, which has prompted increase focus to ensure the City improves its ranking and financial resiliency.

Many of the KPIs included in this budget document align with the metrics utilized by the State Auditor and the Government Finance Officers Association, while others are provided to help round out the overall picture. By improving our standing with these objective KPIs we will be able to improve our ranking on the State Auditor's ranking and improve the fiscal standing of the City as a whole. Below is a listing of the grading criteria and ten KPIs the City will present annually using data from the City's audited Annual Comprehensive Financial Report (ACFR) as the primary source. Each of these metrics are explained in greater detail in the **Budget Overview** section of this document.

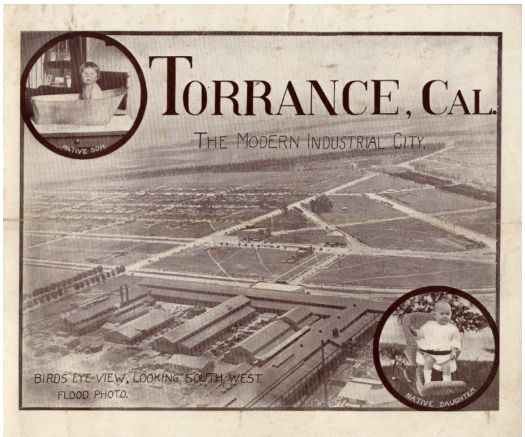
	Grading Criteria		
Key Performance Indicators	**High Risk**	**Moderate Risk**	**Low Risk**
Revenue Trends	< 0%	0% - 2%	2% or >
Net True Operating Surplus/(Deficit)	-$2M or > deficit	-$2M to +$2M	+ $2M
General Fund Reserves	< 15%	15% - 20%	20%+
Liquidity	< 100%	100% - 150%	150%+
Pension Obligations	> 100%	50% - 100%	< 50%
Debt Burden	> 100%	40% - 100%	< 40%
Pension Funded Status	< 70%	70% - 80%	80%+
OPEB Funded Status	< 70%	70% - 80%	80%+
Self Insurance Funded Status	< 70%	70% - 80%	80%+
Capital Asset Condition	< 0%	0% - 2%	2% or >

Key Performance Indicators	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue Trends					
Net True Operating Surplus/(Deficit)					
General Fund Reserves					
Liquidity					
Pension Obligations					
Debt Burden					
Pension Funded Status					
OPEB Funded Status	**				
Self Insurance Funded Status					
Capital Asset Condition					
Notes					
**: GASB75 for net OPEB liability implemented in FY2018 ACFR					

BUDGET OVERVIEW

Budget Overview

Torrance at a Glance



The City of Torrance was first developed in the early 1900s as a planned garden-industrial community. The plan by Frederick Law Olmstead Jr., with Irving Gill as Chief Architect, provided a balance between industrial, commercial, and residential uses. The city incorporated in May 1921, one year after the death of its founder and namesake, Jared Sydney Torrance, with a land area of 3.8 square miles and a population of 1,800. Rapid growth occurred during the 1950s and 1960s and the majority of the housing stock was built during those two decades. The city is now largely built-out and has had a relatively stable population for the last two decades.

The City of Torrance became a charter city in 1947 and operates under a city council-city manager form of government. The City is governed by an elected mayor and a six-member council and is a full-service city providing a wide range of services including police and fire protection, sanitation and water services, airport and bus transit services, the construction and maintenance of streets and infrastructure, and recreational activities. The City is located in southwest Los Angeles County, in the heart of the South Bay with 1.5 miles of beautiful coastline. The City spans 21 square miles and is home to a population of 145,546.

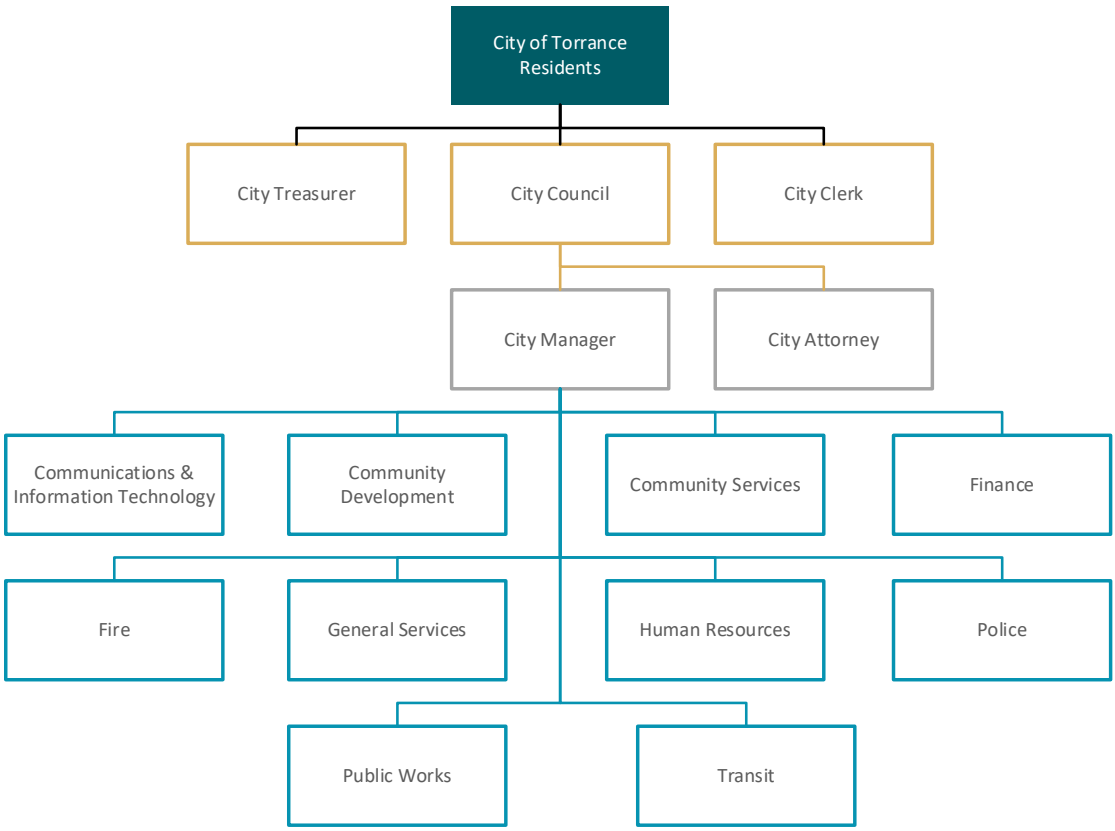
On June 19, 2018 the Torrance City Council adopted an ordinance establishing by-district elections for City Council offices and approved an election calendar for the newly created districts. Previously, each Councilmember was elected for an “At-Large” four-year term which means they serve in an “At-large” capacity and are allowed to live anywhere in the City of Torrance. However, when their four-year term expires, they will be required to live within the boundaries of the district that is on the ballot during that election in order for them to be able to run for a four-year term to that City Council district seat. Districts 2, 4, and 6 were phased in during the 2020 election. Districts 1, 3, and 5 will be introduced in 2022. After all of the districts have been introduced, the City Council will be comprised of six Councilmembers who each live in and represent one of the established districts and one Mayor, who will remain elected “At-Large”.

In addition to the City Council and Mayor, the City Clerk and the City Treasurer are also elected positions. The City Clerk is Clerk of the Council and keeper of the City Seal and is responsible for the safekeeping of the official records. The Clerk accepts claims, administers oaths, conducts municipal elections, maintains the Municipal Code, attests all City documents, and prepares and publicly posts agendas for City Council meetings. The City Treasurer is responsible for the investment of idles funds with the City.

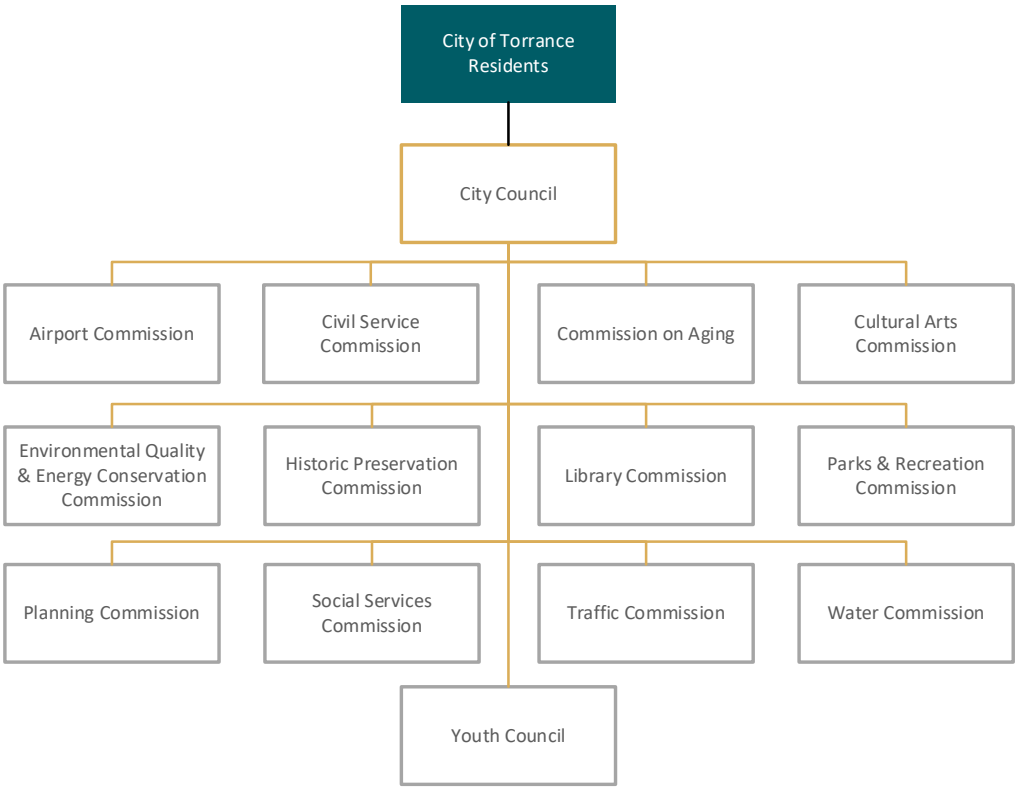
The City of Torrance prides itself on being a premier city, carefully balancing the commercial, industrial and residential sectors. Torrance is proud to consider itself one of the most patriotic cities in the nation. It is home to the longest-running military parade in the U.S., the Torrance Armed Forces Day Parade & Celebration. In addition, the City's Veterans Memorial Wall, Seaside Heroes Park and Hometown Heroes Banner Recognition are other ways the City honors the men and women in military service. The Torrance Certified Farmers' Market has been a fixture in Torrance for more than 30 years. This twice-weekly market offers residents of the City and the region fresh, local, seasonal produce, plants, flowers and nuts as well as prepared and pre-packaged foods. The Farmer's Market has grown to be the largest in Los Angeles County based on the counts of farmers and prepared/pre-packaged vendors that participate in the busiest season. When looking at farmers participating alone, Torrance ranks number two to Santa Monica only in Los Angeles County. Torrance also continues to home to a thriving craft beer scene. The Madrona Marsh preserve is known as "an island of wilderness in the city" and is home to native plants, birds and other wildlife. It is the last vernal freshwater marsh in L.A. County. Torrance has its own art museum, theater company and sports complex. It also provides easy access to many museums, theatres, professional sporting events, concert venues, hiking and biking trails, mountains, deserts and more in Southern California.

Below are summary organization charts showing elected positions, commissions and the City's department structure under the City Manager:

Elected and Appointed Officials with City Departments



City Commissions and Advisory Boards



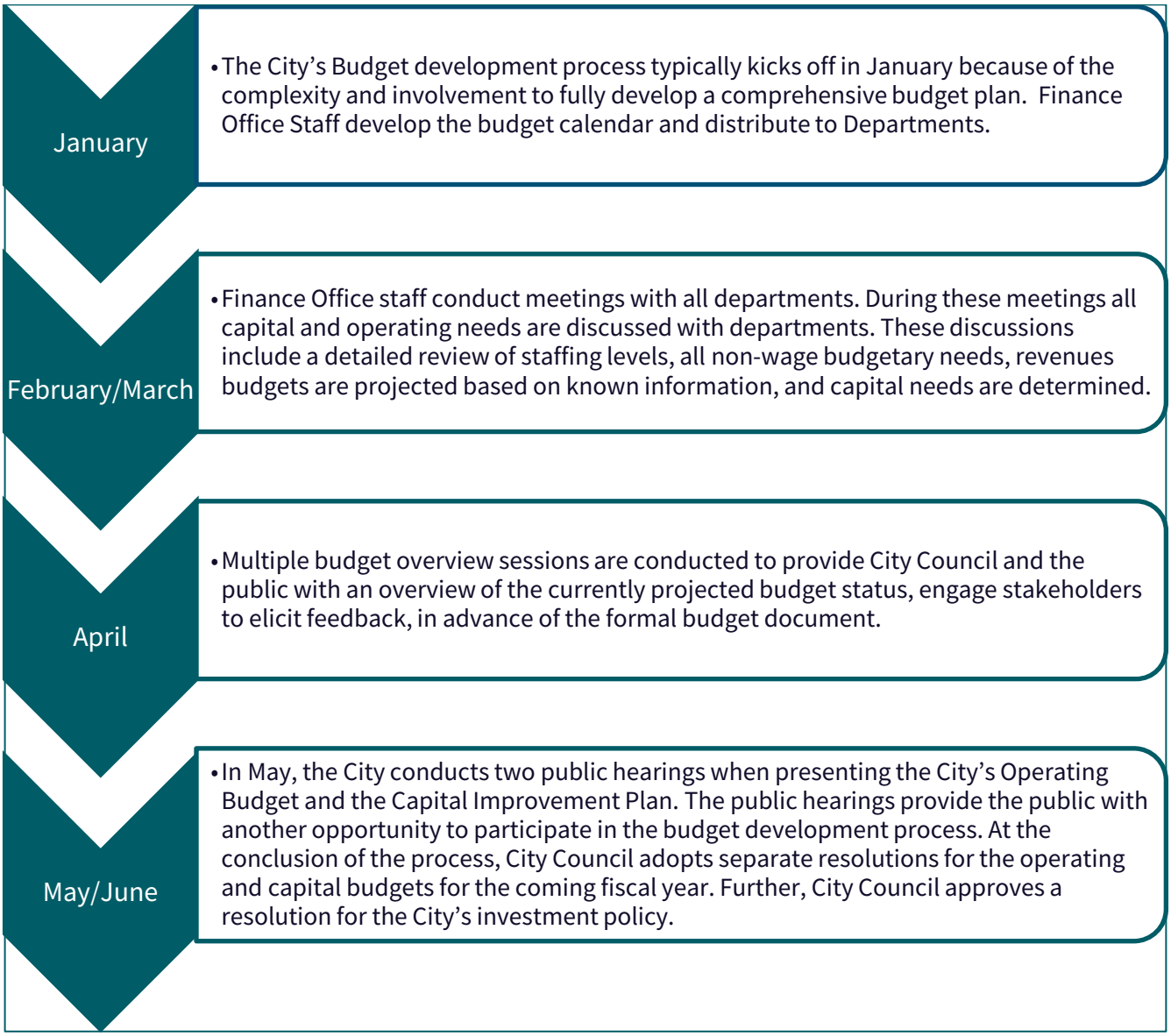
Budget Development Process

The City's budget is broken into the Biennial (Two-Year) Operating Budget and the Five-Year Capital Improvement Plan, which both begin on July 1 and end on June 30. The City's two-year operating budget funds the City's core day-to-day operations. The second year of the Two-Year Operating Budget is adopted in between each two-year budget cycle. The City's Five-Year Capital Improvement Plan funds major facility, equipment, and infrastructure investments. The City develops and proposes a new Five-Year Capital Improvement Plan every two year operating budget cycle. The City will then update the Capital Improvement Plan every two years always budgeting out five years for planning purposes. City Council approves appropriations every year for the Capital and Operating spending plans for the coming fiscal year.

This highly collaborative and public process engages the City Council, city staff, and citizens. The employees of the Finance Office are responsible for coordinating, developing, and monitoring the annual budget process. The City Manager is tasked with developing a budget that advances the City in concert with the outlined policy objectives of the City Council as well as the goals of the City's Strategic Plan. The City Council is responsible for reviewing and approving the budget along with adopting the appropriations resolution to establish expenditure limits. The City must balance its budget annually before adoption as required by the State. The City defines a balanced budget as a budget in which all sources meet or exceed the proposed appropriations resolution. In a given year, a planned use of fund balance (source) may be identified as a balancing measure though is not a preferred long-term solution over multiple years and should not be utilized for a recurring expenditure. It is the ultimate goal to produce a structurally balanced budget. This is a budget where recurring revenues meet or exceed recurring expenditure appropriation levels.

The Finance Department continues its use of OpenGov as a means of improving transparency and collaboration with the budget development process. OpenGov is a web-based platform that provides transparency on the City's finances, making public both actual expenditures and budgets. OpenGov's Budget Builder platform allowed departments to access their budgets in real-time using the cloud based software, review areas where budgets could be reallocated to align with actual needs, and is seamlessly reported and hosted on the City's OpenGov public website.

Major Steps in the Budget Development Process



Classification of Funds

Governmental Funds are used to account for activities supported by taxes and intergovernmental revenues. Governmental activities include all of the City's basic services, such as general government, public safety (police and fire), public works, community development, and culture and recreation. Included in this classification are the General Fund Operating Fund; General Fund – Restricted/Assigned; and General Fund - Unassigned.

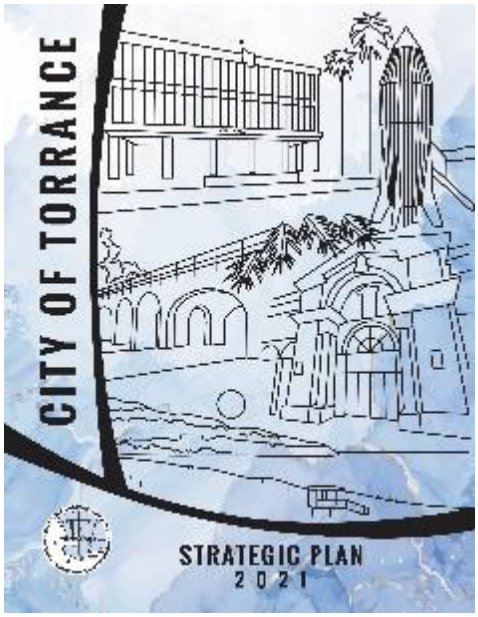
Nonmajor Governmental Funds are governmental funds which do not meet the fund asset or fund revenue threshold to be considered a major governmental fund for reporting in the Annual Comprehensive Financial Report (ACFR). The City presents the budgets on the fund level for this classification for review by Council and the public. Included in this classification are the Air Quality Management District, Debt Service, Inmate Welfare, Meadow Park Parking Lot District, HOME Investment Partnership, Section 8 Housing, Street Lighting and Vanpool Funds. The Animal Control Fund was consolidated to the General Fund Operating Fund in Fiscal Year 2020-21.

Enterprise Funds are used to account for fee-supported businesses operated by the City. Net earnings of these funds provide working capital for maintenance and betterment of the equipment and fixed assets of the business. Included in this classification are the Airport, Sanitation, Sewer, Transit and Water Funds. The Cultural Arts Center, Emergency Medical Services and Parks & Recreation Funds were consolidated to the General Fund Operating Fund in Fiscal Year 2020-21.

Internal Service Funds are used to account for financing of goods and services provided by one city department to other departments of the city and to other governmental units on a cost-reimbursement basis. Included in this classification are the Self-Insurance and Fleet Services Funds.

Fiduciary Funds consist of private-purpose trust funds and agency funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. Included in this classification are the Area G, Interoperability Network South Bay and Redevelopment Agency Funds. The City Council is not responsible for appropriating the Area G and Interoperability Network South Bay operating budgets as these have separate Boards responsible for budget appropriation, therefore they are not shown in this budget document.

Torrance Strategic Plan



The City of Torrance continues to invest in key areas that connect services provided to the needs of the community served. The City's first Strategic Plan was adopted in 1996 in order to create a common vision and a process for anticipating the future based on input from throughout the community. The City council wanted to develop clear direction for the City based upon the realities we had experienced and could anticipate, as well as the hopes, aspiration and gest judgement of the residents, businesses and employees of the City.

The update process for the 2021 Strategic Plan revision began in late 2018, with data gathered from a number of sources including:

- Statistically valid phone/online surveys of the residential and business communities
- A professionally prepared Community Profile, examining financial, societal and demographic conditions in the City and surrounding region
- Community focus groups with a range of interest groups

These data gathering methods have remained consistent both for the initial Plan and through each of the Strategic Plan revisions, allowing for comparison of attitudes, concerns and opinions over time. The data gathered was compiled and presented to the Strategic Plan Committee, and the Plan revision is based on the changes and concerns demonstrated by the data.

The composition of the Strategic Plan Committee was similar to previous revisions, including:

- Seven at-large members appointed by Mayor and Council
- Small Business Representative
- Large Business Representative
- Homeowner Association Representatives
- Torrance Unified School District Representative
- Council on Aging Representative
- Two Youth Council Representatives

As with previous plan revisions, the Committee was presented with a compilation of the data gathered for the Strategic Plan, as well as previous plans, and annual Strategic Plan Community Reports, showing progress made in meeting the goals of the previous plan. The Committee is encouraged to examine the

data to support changes, revisions or maintaining the status quo. Specifically, the Committee was charged with the following:

- Review the Strategic Plan priorities to ensure that they reflect the current data, and revised as needed
- Identify any emerging Strategic Priorities
- Review the goals and sub-goals and revised where warranted
- Review Preamble, Mission Statement and Value and Vision Statement and revise where warranted
- Present the updated Strategic Plan to the City Council for implementation

The Strategic Plan Committee reviewed the City's strengths, weaknesses, opportunities and threats, based on the data. The Committee then focused on the Vision, Values, Mission Statement and Citizen's Preamble to ensure that they were reflective of the current data, followed by an examination of the Strategic Priorities, goals and sub-goals for continued relevance to the community. After many hours of careful and thoughtful analysis, discussion and consensus building, the Strategic Plan Committee took the following actions:

- Created a new Strategic Priority entitled "Housing" based on the new data
- Retitled the "Traffic and Transportation" priority to "Mobility" and the "Safe and Secure Community" to "Safe, Secure and Equitable Community"
- Determined that the existing priorities remain valid and important components of the Strategic Plan
- Added language in goals and sub-goals emphasizing communication, emergency preparedness, equality and inclusion reflective of both the data and the events of the last year

As a result of the Committee's work, the 2021 Strategic Plan (full document and process available here) was published with the following strategic priorities:

- **Appearance, Character and Quality of the Community**
    - Goal 1: Achieve and maintain a distinctive appearance that reflects the character and high standards of the entire community and its unique neighborhoods
    - Goal 2: Achieve a community design that exemplifies balanced land usage in a manner that recognizes and optimizes the changing nature of retail, industry, employment, an age diverse population and other factors that impact land uses
    - Goal 3: Preserve and celebrate the heritage of historic sites throughout the City
- **Communication and Civic Involvement**
    - Goal 1: Utilize a full range of information resources to share local issues with the community

- Goal 2: Engage citizens in all aspects of civic decision-making
- Goal 3: Strengthen the relationship between the City, residents, and community-based organizations with emphasis on measurable outreach to under-served populations

- **Economic Development**
  - Goal 1: Enhance regional, national and international market development
  - Goal 2: Attract and retain businesses
  - Goal 3: Provide a supportive environment for entrepreneurial endeavors
  - Goal 4: Maintain a residential and commercial/industrial balance that supports the economic needs of the community
  - Goal 5: Promote economic health through education and training
  - Goal 6: Promote economic disaster preparedness and recovery
- **Education, Diversity and Enrichment**
  - Goal 1: Strengthen the commitment for collaboration between the City and Torrance Unified School District (TUSD)
  - Goal 2: Expand the educational opportunities for development of the individual potential of youth, adults, and seniors of all abilities
  - Goal 3: Encourage and embrace benefits of a diverse and inclusive community
  - Goal 4: Establish the City as a center of culture
  - Goal 5: Strive to be a leader in the creation of current and relevant recreational opportunities that meet the needs of all citizens
  - Goal 6: Strengthen and develop the Youth Development Programs
  - Goal 7: Promote public services through volunteer opportunities
- **Housing**
  - Goal 1: Promote a diversity of housing types and affordability levels to meet the needs of a wide range of Torrance citizens
  - Goal 2: Take a holistic approach to address homelessness in the City acknowledging and understanding that homelessness is a complex issue with multiple causes and that there is no one-size-fits-all solution
  - Goal 3: Preserve and protect the integrity of Torrance's existing single-family neighborhoods while accommodating future housing needs
  - Goal 4: Ensure the Housing Element and federal, state, and local legislation reflect the values of Torrance to the greatest extent possible
- **Infrastructure**
  - Goal 1: Communicate and coordinate with end-users and stakeholders when prioritizing and designing infrastructure projects
  - Goal 2: Develop, maintain, and protect an efficiently functioning infrastructure
  - Goal 3: Establish Torrance as a premier 21st century City through the dynamic and secure usage of digital technologies

- Goal 4: Establish an infrastructure road map that encourages an ecosystem for technology development and implementation

- **Mobility**
  - Goal 1:Maximize the safe, convenient, and efficient movement of people, goods, and traffic
  - Goal 2: Balance land use practices for mobility management
  - Goal 3: Provide a full range of mobility options and infrastructure
- **Reliable Revenue Base and Effective Asset Management**
  - Goal 1: Employ a realistic, transparent, and conservative fiscal investment strategy
  - Goal 2: Expand the City's revenue base
  - Goal 3: Ensure effective land and property management programs for City-owned properties and buildings
  - Goal 4: Maintain adequate funding and planning for ongoing maintenance and replacement of City's physical assets
  - Goal 5: Monitor and review all fiscal matters
  - Goal 6: Pursue vigorous interaction with County, State, Federal and other governmental agencies regarding revenue decisions and fiscal impacts
- **Responsive, Accountable and Cost Effective Government**
  - Goal 1: Emphasize city governance accountability and responsiveness
  - Goal 2: Delivery high quality services in a timely manner
  - Goal 3: Provide outstanding communication with the community
  - Goal 4: Provide basic civic literacy resources for ease of process navigation
- **Safe, Secure and Equitable Community**
  - Goal 1: Promote a safe community environment
  - Goal 2: Protect persons and property from criminal activity
  - Goal 3: Promote a safe and secure community for youth
  - Goal 4: Provide up-to-date information and educational opportunities that encourage safety and crime prevention
  - Goal 5: Promote and establish a community that is prepared for natural or human made disasters, pandemics, or communicable diseases, cyber security incidents or other emergencies that affect the community
  - Goal 6: Provide a safe an supportive environment for the economic vitality of the business community
  - Goal 7: Mitigate public health and safety risks from the use of Hydrofluoric/Modified Hydrofluoric Acid (HF/MHF) in the alkylation process at Torrance Refinery
- **Stewardship of the Environment**
  - Goal 1: Establish Torrance as a leader in environmental responsibility and sustainability
  - Goal 2: Actively inform, educate, and motivate the community regarding the value and benefit of environmental stewardship

- Goal 3: Aggressively plan and act to enable all city stakeholders to mitigate and adapt to the climate change and ecological crisis
- Goal 4: Create and promote sustainable/green practices for use in daily life
- Goal 5: Strive for water reliability through the preservation and conservation of water resources
- Goal 6: Preserve the natural environment and the benefits provided by well-functioning ecosystems
- Goal 7: Create a positive environment for business and industries to adopt sustainable-green practices

Within each of these strategic priorities' a set of Goals and Sub-goals were developed to direct future actions by the City government and the community to achieve the vision of the Plan. The goals are the heart of the Strategic Plan, because they describe the end result towards which all efforts are directed. The Sub-goals, though not an exhaustive list, further define the direction provided by the Goals and both embody the consensus of the Strategic Plan Committee. Together, they provide the basis for future decisions about the nature, scope and priority of implementing actions which are necessary to carry out the Strategic Plan. The Budget of the City continues to prioritize these efforts throughout the various departments responsible for carrying out the necessary steps.

Key Performance Indicators (KPI)

The City of Torrance monitors key performance indicators as an objective benchmark for financial performance of the City. This aligns with the Reliable Revenue Base & Effective Asset Management and the Responsive, Accountable & Cost Effective Government priorities from the Strategic Plan. Additionally, the City of Torrance was ranked number 4 on the State Auditors High Risk Dashboard, which has prompted increase focus to ensure the City improves its ranking and financial resiliency. Many of the KPIs included in this budget document align with the metrics utilized by the State Auditor and the Government Finance Officers Association, while others are provided to help round out the overall picture. By improving our standing with these objective KPIs we will be able to improve our ranking on the State Auditor's ranking and improve the fiscal standing of the City as a whole. Below is a listing of the grading criteria and ten KPIs the City will present annually using data from the City's audited Annual Comprehensive Financial Report (ACFR) as the primary source:

Key Performance Indicators	Grading Criteria		
	High Risk	Moderate Risk	Low Risk
Revenue Trends	< 0%	0% - 2%	2% or >
Net True Operating Surplus/(Deficit)	-$2M or > deficit	-$2M to +$2M	+ $2M
General Fund Reserves	< 15%	15% - 20%	20%+
Liquidity	< 100%	100% - 150%	150%+
Pension Obligations	> 100%	50% - 100%	< 50%
Debt Burden	> 100%	40% - 100%	< 40%
Pension Funded Status	< 70%	70% - 80%	80%+
OPEB Funded Status	< 70%	70% - 80%	80%+
Self Insurance Funded Status	< 70%	70% - 80%	80%+
Capital Asset Condition	< 0%	0% - 2%	2% or >

Key Performance Indicators	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue Trends					
Net True Operating Surplus/(Deficit)					
General Fund Reserves					
Liquidity					
Pension Obligations					
Debt Burden					
Pension Funded Status					
OPEB Funded Status	**				
Self Insurance Funded Status					
Capital Asset Condition					
Notes					
**: GASB75 for net OPEB liability implemented in FY2018 ACFR					

Each of these ten metrics will be explained in greater detail in this document as it is important to understand the numbers behind the indicators. Utilizing an established list of objective metrics, and monitoring their performance, are key to the financial decisions made during the budget process. The outcomes of these metrics highlight areas of focus and attention to ensure that city finances are properly managed. In addition to publishing these metrics in the annual budget document, staff have added these metrics to the City's public transparency portal using OpenGov at the below link:

https://www.torranceca.gov/government/finance/opengov

As shown in the matrix earlier, the City ranked in the following categories as of the end of Fiscal Year 2020-21.

Red – High Risk

- Net True Operating Surplus/(Deficit)
- General Fund Reserves
- Pension Obligations
- OPEB Funded Status
- Self-Insurance Funded Status

Yellow - Moderate Risk

- Liquidity
- Debt Burden
- Pension Funded Status

Green – Low Risk

- Revenue Trends
- Capital Asset Condition

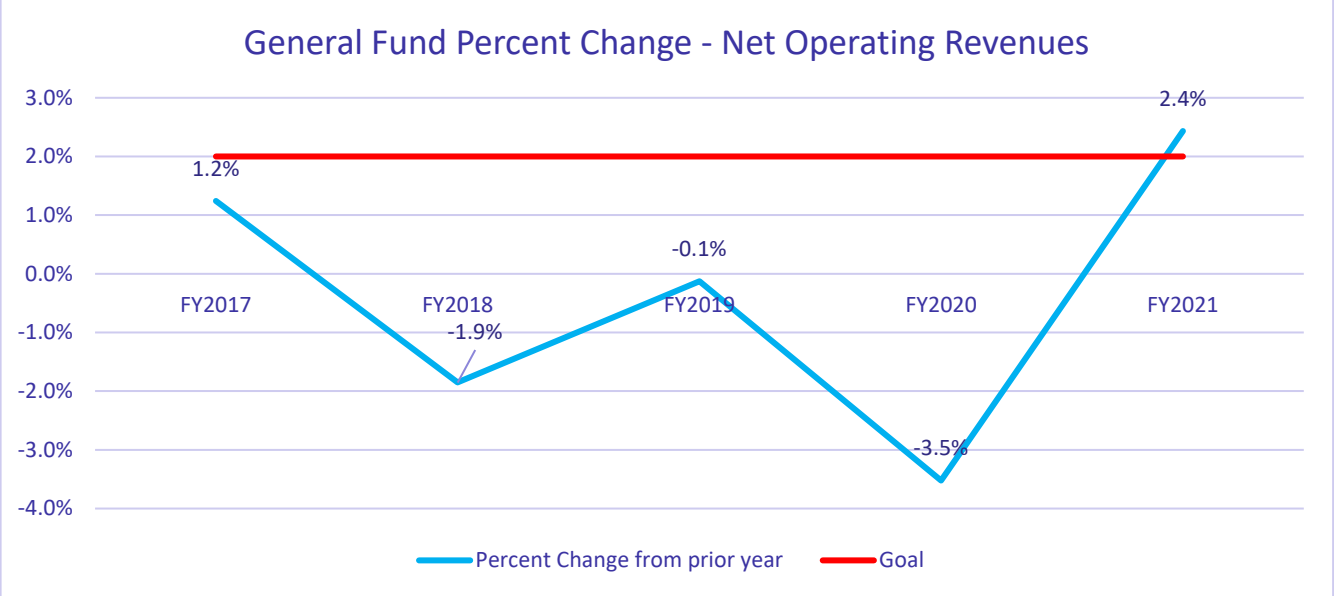
Revenue Trends

Goal: 2.0% or greater
Actual: 2.4%
Risk Category: Low

This key performance indicator monitors the year-over-year changes in Operating Revenues and Transfers In of the City's General Fund, controlled for one-time sources and inflation. The City controls for one-time sources and further controls for inflation using the Consumer Price Index for all Urban Consumers (CPI-U) as of the Fiscal Year ended June 30 for a given year to ensure the metric articulates recurring revenues and depicts real growth beyond inflationary factors.

As shown below, the City's General Fund revenues have underperformed the 2% goal, except for Fiscal Year 2020-21. In Fiscal Year 2017-18 through Fiscal Year 2019-20, the City experienced negative real revenue growth in the amount of -1.9%, -0.1%, and -3.5%, respectively. In Fiscal Year 2020-21, as the economy rebounded from the COVID-19 pandemic and the City consolidated various enterprise funds under the General Fund (Animal Control, Emergency Medical Services, Cultural Arts Center and Parks & Recreation), the City experienced a 2.4% growth factor, pushing it to the green category. It is anticipated revenues will perform strong in Fiscal Year 2021-22 and normalize as the economy stabilizes post-pandemic.

Revenue Trends	FY2017	FY2018	FY2019	FY2020	FY2021
Operating Revenues & Transfers In (net) - thousands	186,565	189,775	194,731	190,089	204,735
CPI-U (as of June 30)	254.5	263.7	271.0	274.2	288.3
CPI-U (adjustment for constant dollars-2012 basis)	91.4%	88.2%	85.9%	84.9%	80.7%
Operating Revenues & Transfers In (net) - thousands	170,606	167,446	167,237	161,347	165,272
Percent Change from prior year	1.2%	-1.9%	-0.1%	-3.5%	2.4%
Goal	2.0%	2.0%	2.0%	2.0%	2.0%
5-Year Average Change					-0.6%



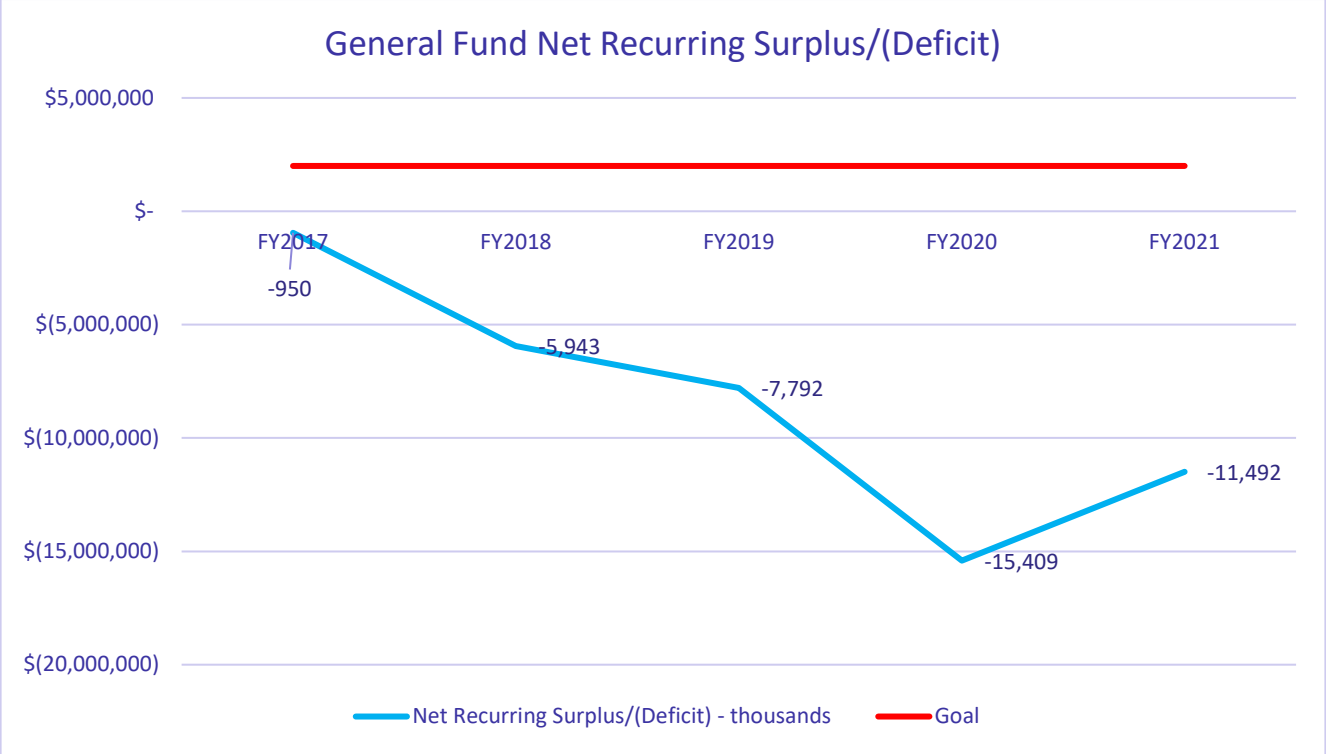
Net True Operating Surplus/(Deficit)

Goal: > $2 million
Actual: -$11.5 million
Risk Category: High

The Net True Operating Surplus/(Deficit) key performance indicator monitors the result of all recurring General Fund revenues against recurring General Fund expenditures. The City controls for one-time activities to ensure the metric articulates recurring outcomes each year to identify and monitor any structural imbalances.

As shown below, the City's General Fund has been operating at a structural loss since Fiscal Year 2016-17, when controlling for one-time activities. Since that time, this underperformance was exacerbated by the COVID-19 pandemic which adversely affected performance in Fiscal Year 2019-20. In Fiscal Year 2020-21 this underperformance was marginally improved and it is anticipated the General Fund will end approximately break-even (after controlling for one-time activities) in Fiscal Year 2021-22. **It will be of continued focus to rebuild the City's fund balance and return to a recurring net operating surplus.**

Net True Operating Surplus / (Deficit)	FY2017	FY2018	FY2019	FY2020	FY2021
Net Operating Revenues & Transfers In - thousands	188,117	189,775	194,731	190,089	204,735
Net Operating Expenditures & Transfers Out - thousands	189,067	195,718	202,523	205,498	216,226
Net Recurring Surplus/(Deficit) - thousands	-950	-5,943	-7,792	-15,409	-11,492
Goal	2,000	2,000	2,000	2,000	2,000
5-Year Average Change					-8,317



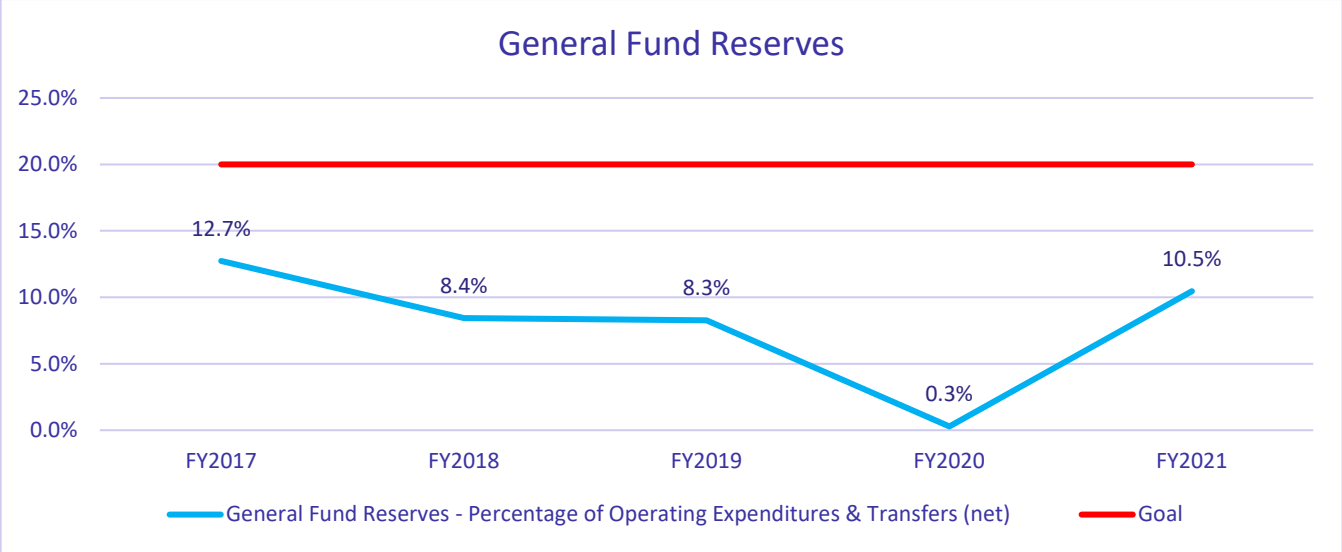
General Fund Reserves

Goal: 20% of operating expenditures
Actual: 10.5%
Risk Category: High

The General Fund Reserves key performance indicator monitors the Unassigned Fund Balance as a percentage of the General Fund's Operating Expenditures and Transfers Out, after controlling for one-time activities. The City controls for one-time activities in the Expenditures/Transfers area to ensure the metric articulates recurring outcomes each year to identify and monitor the true unassigned fund balance of the City.

As shown below, the City's General Fund Unassigned Fund Balance has been deteriorating since Fiscal Year 2016-17. Since that time, this underperformance was exacerbated by the COVID-19 pandemic which adversely affected performance in Fiscal Year 2019-20. In Fiscal Year 2020-21 this metric marginally improved with the assistance of $22.8 million in one-time funds. If the one-time funds and actions were not realized in Fiscal Year 2020-21, the Unassigned Fund Balance would have gone negative ($134,000). It is anticipated the Unassigned Fund Balance of the General Fund will increase again with the assistance of one-time revenues in Fiscal Year 2021-22. Absent these revenues, the Unassigned Fund Balance would only increase $1.6 million in that year. In Fiscal Year 2022-23 and beyond, one-time sources will diminish and the City will need to prioritize rebuilding the Unassigned Fund Balance to at least the 20% threshold. While this is the current goal, the State Auditor does not award full points for this category (30 points) until 9 months (or 75%) is realized.

General Fund Reserves	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund Unassigned Fund Balance - thousands	24,079	16,501	16,725	581	22,633
Operating Expenditures & Transfers (net) - thousands	189,067	195,718	202,523	205,498	216,226
General Fund Reserves - Percentage of Operating Expenditures & Transfers (net)	12.7%	8.4%	8.3%	0.3%	10.5%
Goal	20.0%	20.0%	20.0%	20.0%	20.0%
5-Year Average					8.0%



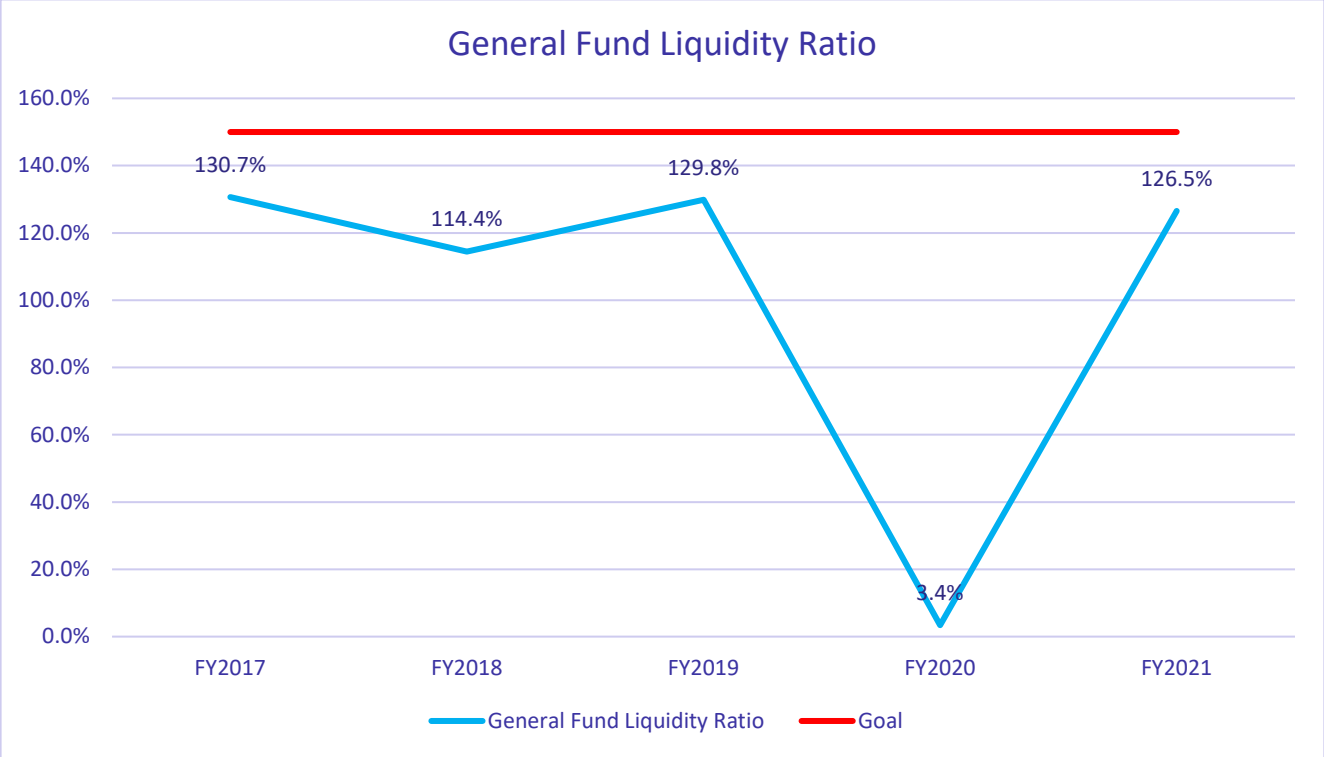
Liquidity

Goal: 150% of liabilities
Actual: 126.5%
Risk Category: Moderate

The Liquidity key performance indicator monitors the City's General Fund cash and investments balance relative to General Fund liabilities. The City uses this metric to determine if enough cash is on hand to pay the near-term liabilities of the General Fund's activities.

As shown below, the City's General Fund Liquidity has performed moderately over the past 5 years, however, was adversely affected by the COVID-19 pandemic in Fiscal Year 2019-20. In Fiscal Year 2020-21 this metric improved as a result of one-time revenue sources to the General Fund. It is anticipated the General Fund will further improve in Fiscal Year 2021-22 with the assistance of additional one-time grant funds. It will be of continued focus to ensure this ratio exceeds the 150% threshold.

Liquidity	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund Cash & Investments - thousands	66,618	56,386	10,782	623	11,550
General Fund Liabilities - thousands	50,989	49,274	8,304	18,319	9,131
General Fund Liquidity Ratio	130.7%	114.4%	129.8%	3.4%	126.5%
Goal	150.0%	150.0%	150.0%	150.0%	150.0%
5-Year Average					101.0%



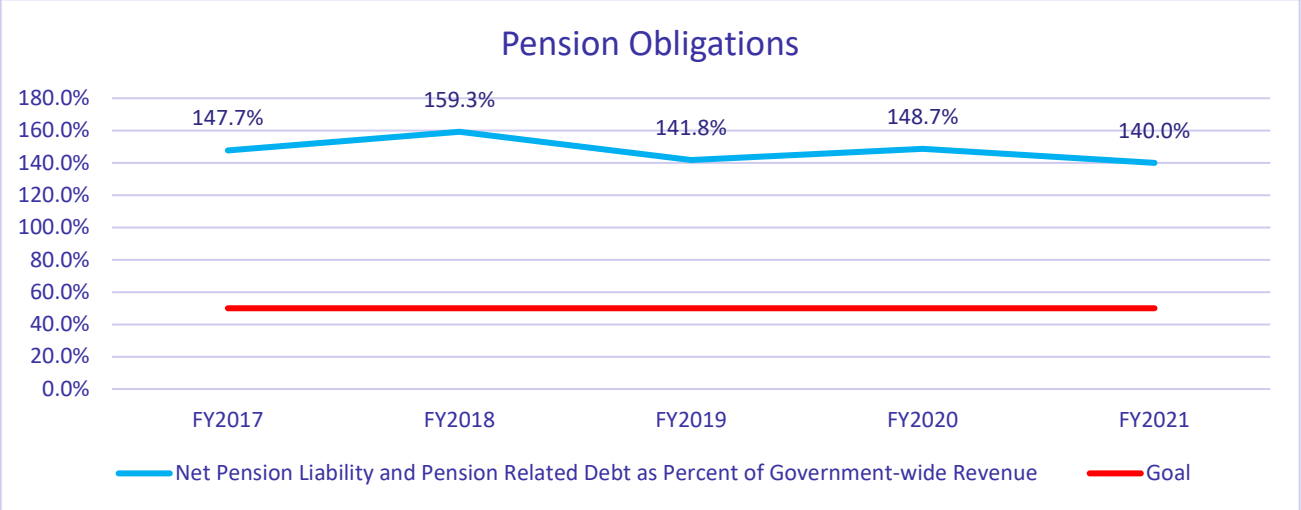
Pension Obligations

Goal: 50% of revenues
Actual: 140.0%
Risk Category: High

The Pension Obligations key performance indicator monitors the City's total pension related liabilities (with CalPERS, PARS, or any other pension-related debt) as a percentage of the City's total revenues. The City uses this metric to monitor how much of its revenue stream is burdened by outstanding liabilities related to its pensions.

As shown below, the City's total pension liability as a percentage of citywide revenues was trending upward, peaked in Fiscal Year 2017-18 and has been trending downward since that time. For Fiscal Year 2020-21, the 2020 Lease Revenue Bonds, issued to pay down a portion of the City's Unfunded Actuarial Liability, are ignored since CalPERS actuarial reports lag one year and in an effort to not double count the liability (it will be displayed in Fiscal Year 2021-22 and beyond). In Fiscal Year 2020-21 CalPERS investment performance beat the discount rate assumption with a return of 21.3%. This performance, despite a discount rate reduction, will improve the City's funded status therefore lowering the City's Net Pension Liability. Further, the City opened a CalPERS California Employers' Pension Prefunding Trust (CEPPT) Fund account to make annual contributions as an available source to smooth future rate increases resulting from changes in Net Pension Liability. The City contributed $1.8 million in Fiscal Year 2021-22 and is budgeted to contribute $1.9 million in Fiscal Year 2022-23. Despite these recent events, the City will need to remain diligent in lowering this ratio to meet the 50% goal.

Pension Obligations	FY2017	FY2018	FY2019	FY2020	FY2021
Net Pension Liability - thousands	444,720	491,427	473,395	487,649	510,899
Pension-Related Debt - thousands	0	0	0	0	0
Governmentwide Revenues - thousands	301,102	308,579	333,806	327,990	364,924
Net Pension Liability and Pension Related Debt as Percent of Government-wide Revenue	147.7%	159.3%	141.8%	148.7%	140.0%
Goal	50.0%	50.0%	50.0%	50.0%	50.0%
5-Year Average					147.5%



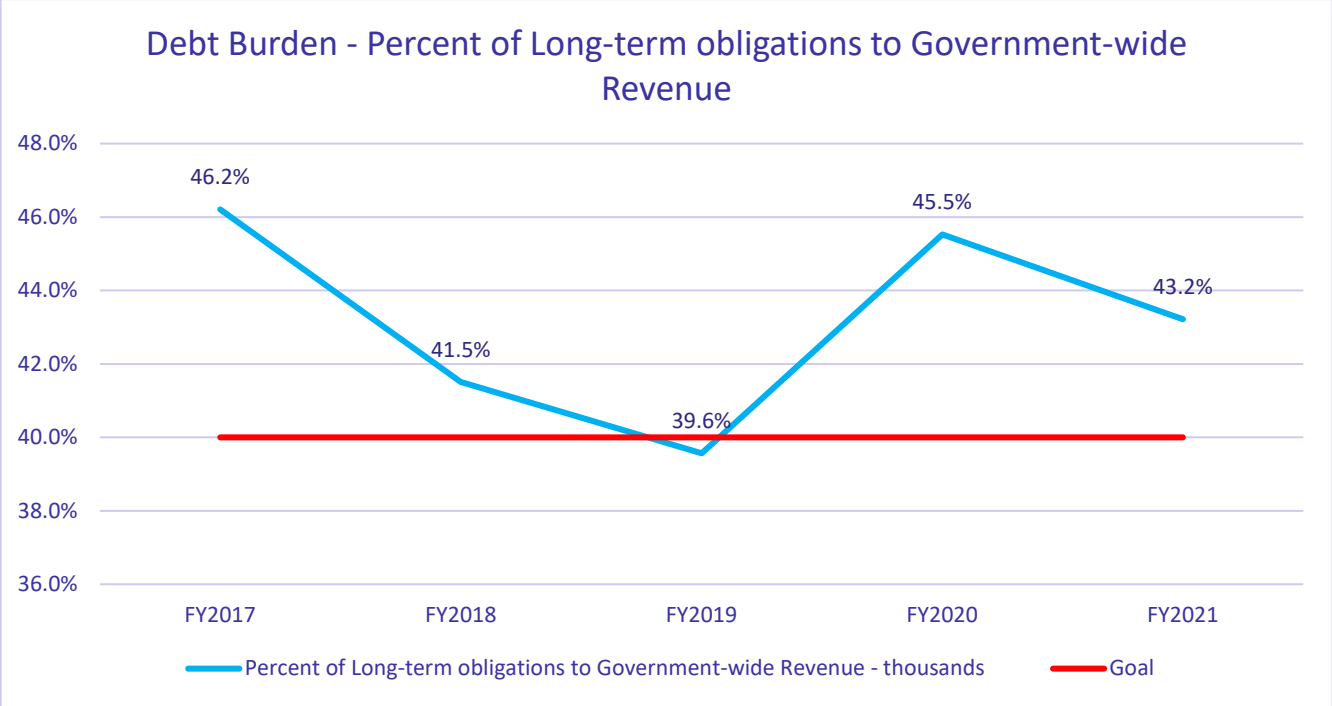
Debt Burden

Goal: 40% of revenues
Actual: 43.2%
Risk Category: Moderate

The Debt Burden key performance indicator monitors the City's total long-term obligations (excluding all pension and OPEB-related debt) as a percentage of the City's total revenues. The City uses this metric to monitor how much of its revenue stream is burdened by outstanding liabilities related to its general debt obligations.

As shown below, the City's total long-term liability (excluding pensions and OPEB) as a percentage of citywide revenues, peaked in Fiscal Year 2016-17 and has been fluctuating between 40% and 46% since that time. In Fiscal Year 2020-21 the City refunded the 2014 Certificates of Participation at a lower interest rate to realize front-end cash flow savings to bridge the revenue impacts of the pandemic. Going forward, the City will need to remain focused on paying down its existing obligations to meet the 40% goal.

Debt Burden	FY2017	FY2018	FY2019	FY2020	FY2021
Long-Term Obligations (excluding pension debt) - thousands	139,131	128,081	132,073	149,313	157,722
Governmentwide Revenues - thousands	301,102	308,579	333,806	327,990	364,924
Percent of Long-term obligations to Government-wide Revenue - thousands	46.2%	41.5%	39.6%	45.5%	43.2%
Goal	40.0%	40.0%	40.0%	40.0%	40.0%
5-Year Average					43.2%



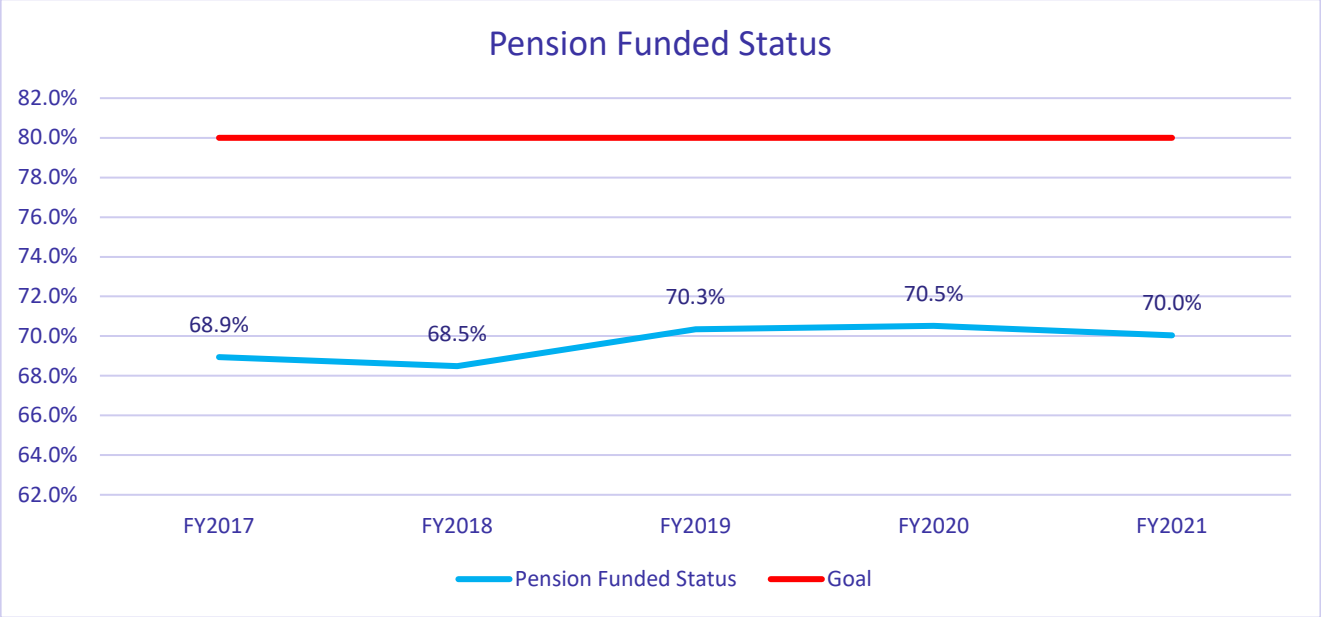
Pension Funded Status

Goal: 80% funded
Actual: 70.0%
Risk Category: Moderate

The Pension Funded Status key performance indicator monitors the City's funded status of its two pension plans, CalPERS and PARS. The PARS pension plan is a closed plan and is no longer offered to new employees after the California Public Employees' Pension Reform Act (PEPRA) went into effect in January 2013. The City uses this metric to monitor the health of its pension plan to fund future retirees.

Ultimately, the goal is to have a pension system funded at 100%, though the State Auditor provides the highest score for those that meet the 80% threshold. CalPERS has implemented discount rate reductions in an effort to more realistically estimate future returns and provide reliable annual actuarially determined contribution amounts. As a result, this has increased City contributions and lowered the City's funded status. In Fiscal Year 2020-21 the City issued $349.5 million in bonds to pay down its CalPERS Unfunded Actuarial Liability at a lower cost of funds. Additionally, the CalPERS system experienced a 21.3% return in this fiscal year. As a result, staff anticipate the Pension Funded Status to improve to near fully funded in the subsequent reporting year. However, recent reports have indicated that Fiscal Year 2021-22 returns are falling below the discount rate and will adversely affect the City's funded status.

Pension (CalPERS & PARS) Funded Status	FY2017	FY2018	FY2019	FY2020	FY2021
Fiduciary Net Position - thousands	987,265	1,068,022	1,123,052	1,166,458	1,194,336
Total Pension Liability - thousands	1,431,985	1,559,448	1,596,447	1,654,107	1,705,235
Pension Funded Status	68.9%	68.5%	70.3%	70.5%	70.0%
Goal	80.0%	80.0%	80.0%	80.0%	80.0%
5-Year Average					69.7%



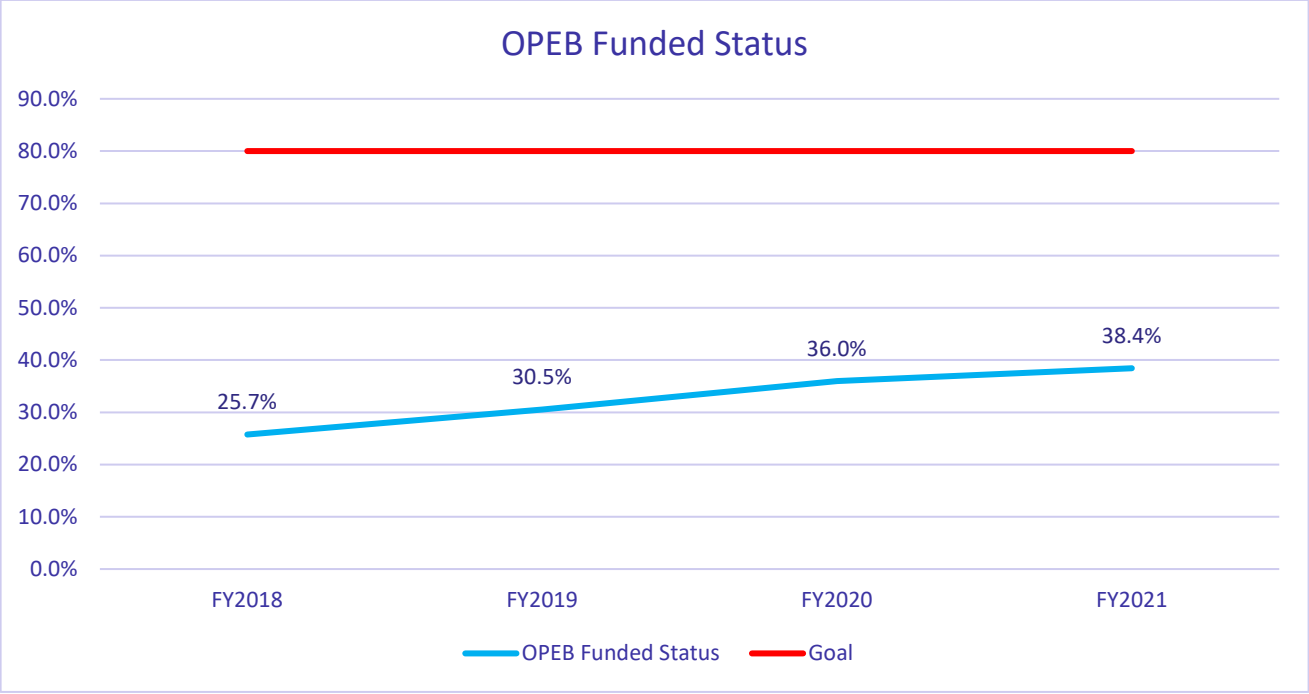
OPEB Funded Status

Goal: 80% funded
Actual: 38.4%
Risk Category: High

The Other Postemployment Benefits (OPEB) Funded Status key performance indicator monitors the City's funded status of its postemployment benefits (outside of pension). This typically includes retiree medical costs. The City uses this metric to monitor the health of its OPEB trust fund to fund future retiree medical costs. The City's funds are currently held in the CalPERS Employers' Retiree Benefit Trust (CERBT) Fund.

As shown below, the City's OPEB funded status has improved since the CERBT account was established and actuarially determined (net of pay as you go costs) contributions have been made. This metric begins in Fiscal Year 2017-18 because GASB75 reporting was implemented at that time and provided for this metric to be tracked in the City ACFR. Ultimately, the goal is to have an OPEB plan funded at 100%, though the State Auditor provides the highest score for those that meet the 80% threshold. The City continues to make its annual payments as determined through regular actuarial reports and is expected to improve its funded status in future years. It will be important to continue sufficiently funding these contributions to stay on this path.

OPEB Funded Status	FY2017	FY2018	FY2019	FY2020	FY2021
Fiduciary Net Position - thousands	0	17,123	21,032	25,039	27,848
Total OPEB Liability - thousands	0	66,499	68,885	69,583	72,460
OPEB Funded Status	0.0%	25.7%	30.5%	36.0%	38.4%
Goal	80.0%	80.0%	80.0%	80.0%	80.0%
4-Year Average					32.7%



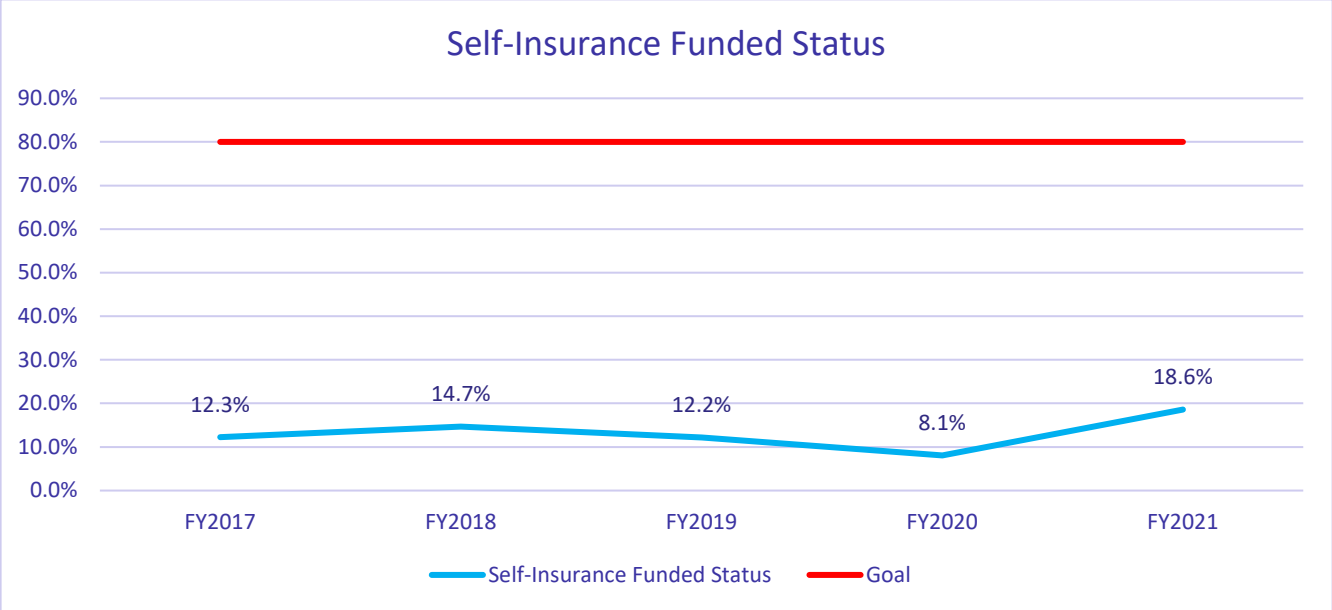
Self-Insurance Funded Status

Goal: 80% funded
Actual: 18.6%
Risk Category: High

The Self-Insurance Funded Status key performance indicator monitors the City's funded status of its Self-Insurance Fund, which contains open litigation liability and workers compensation claims. The City uses this metric to monitor the health of its Self-Insurance Fund to outstanding claims.

As shown below, the City's Self-Insurance funded status has remained below 20% since FY2016-17. Historically, the City has operated on a pay-as-you-go basis when funding this internal service fund. Ultimately, the goal is to have 100% of the City's open liabilities funded, though the goal was set consistent with the pension and OPEB funded status goals. The City continues to increase its contributions to the Self-Insurance Fund though is projected to continue operating at a loss. The Fiscal Year 2021-22 Mid-Year Budget Review Report projected a $5.5 million loss and the Fiscal Year 2022-23 budget has a budgeted deficit of $5.3 million. The Fiscal Year 2022-23 Budget is imbalanced by $5.3 million despite increasing contributions by $7.3 million as a result of increased insurance premiums and increases to our actuarially determined liability from open claims against the City (liability and workers compensation). The City will need to continue increasing its contribution to progress in the Self-Insurance Funded Status metric.

Self-Insurance Funded Status	FY2017	FY2018	FY2019	FY2020	FY2021
Self-Insurance Assets - thousands	5,167	6,228	5,216	4,822	12,743
Self-Insurance Liabilities - thousands	42,106	42,386	42,717	59,815	68,570
Self-Insurance Funded Status	12.3%	14.7%	12.2%	8.1%	18.6%
Goal	80.0%	80.0%	80.0%	80.0%	80.0%
5-Year Average					13.2%



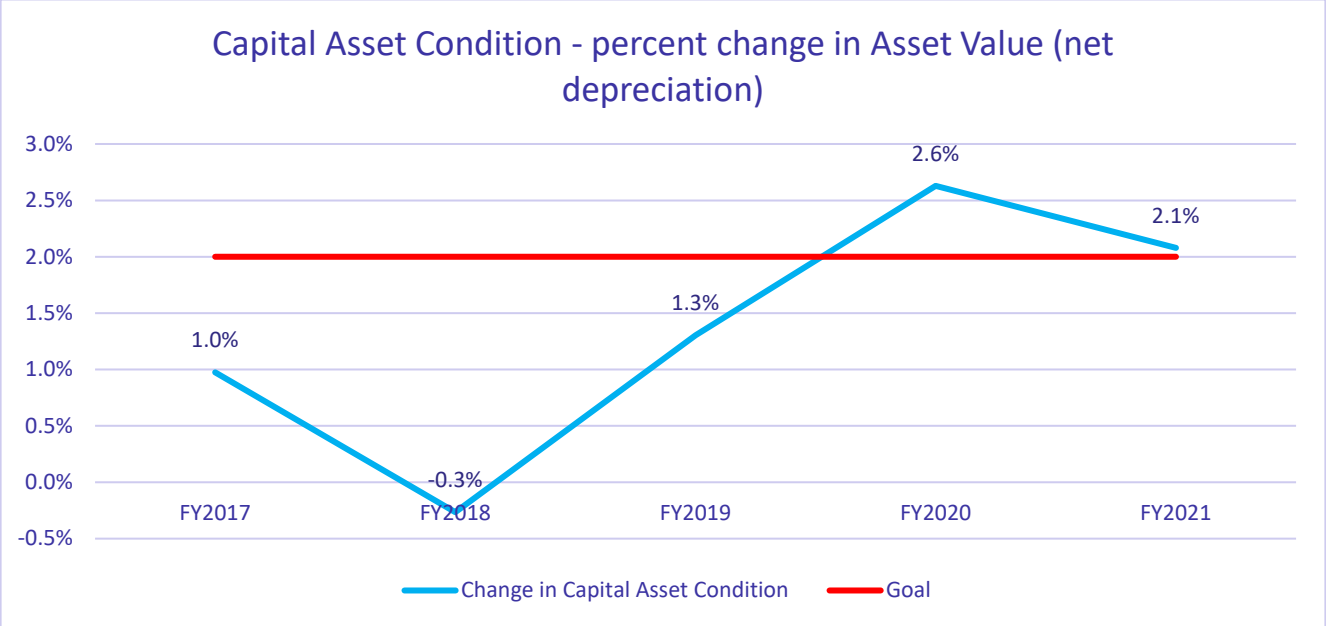
Capital Asset Condition

Goal: 2% annual increase
Actual: 2.1%
Risk Category: Low

The Capital Asset Condition key performance indicator monitors the City's investment in capital assets over time. The City uses this metric to monitor the health of its assets to ensure that proper investments are being made to maintain them at an appropriate level.

As shown below in the chart and graphic, the City's change in total invested capital assets has generally increased each year, except for Fiscal Year 2017-18. It is important to monitor this trend over time to ensure that the City does not have a declining asset balance, which would indicate the assets are deteriorating as they are depreciated and a requisite investment is not being made to maintain them. While the trends have been mildly positive in the last 5 years, it is also important to look at the Capital Asset Condition (amount remaining row). While the change in net Capital Assets (assets minus depreciation) has been largely positive year over year, we can see that this other figure has been declining. In Fiscal Year 2020-21, citywide assets are at 52.7% of their original asset value, which has declined from 55.5% in Fiscal Year 2016-17. It will be of continued focus to improve this trend with increased investment in assets to ensure they are maintained in a state of good repair.

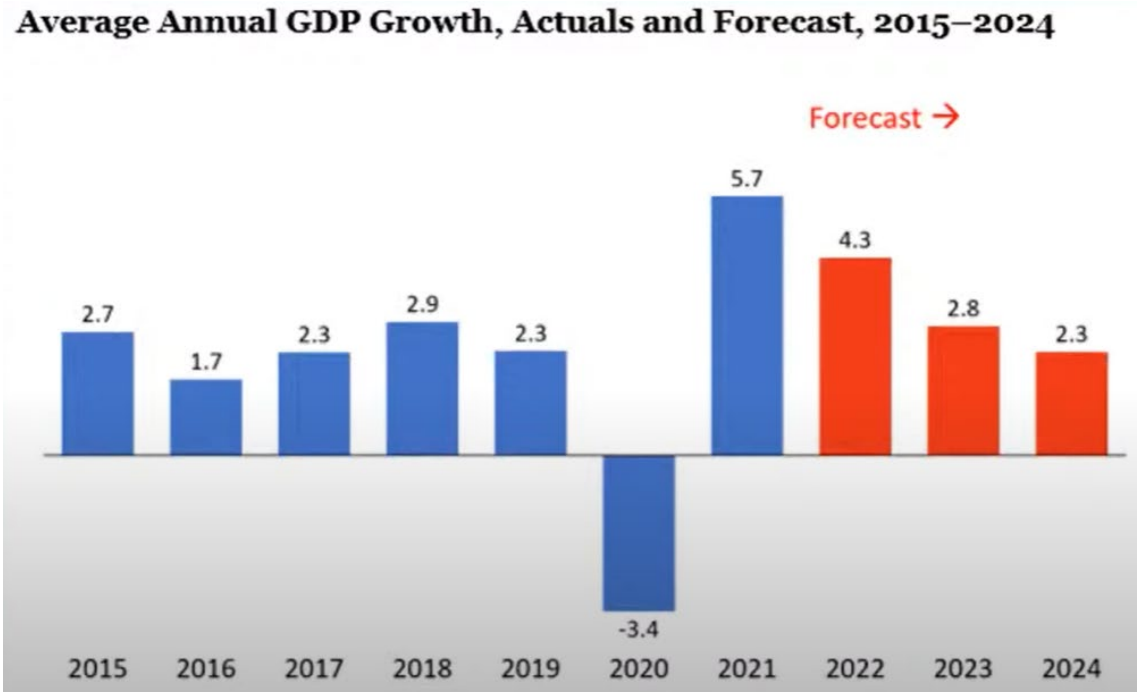
Capital Asset Condition	FY2017	FY2018	FY2019	FY2020	FY2021
Citywide Capital Asset Value - thousands	877,216	893,864	922,522	956,310	977,471
Accumulated Depreciation - thousands	-390,749	-408,688	-431,019	-451,887	-462,557
Citywide Capital Asset Value (net of depreciation) - thousands	486,467	485,176	491,503	504,423	514,914
Citywide Capital Asset Condition (amount remaining)	55.5%	54.3%	53.3%	52.7%	52.7%
Change in Capital Asset Condition	1.0%	-0.3%	1.3%	2.6%	2.1%
Goal	2.0%	2.0%	2.0%	2.0%	2.0%
5-Year Average					1.3%



Economic Data

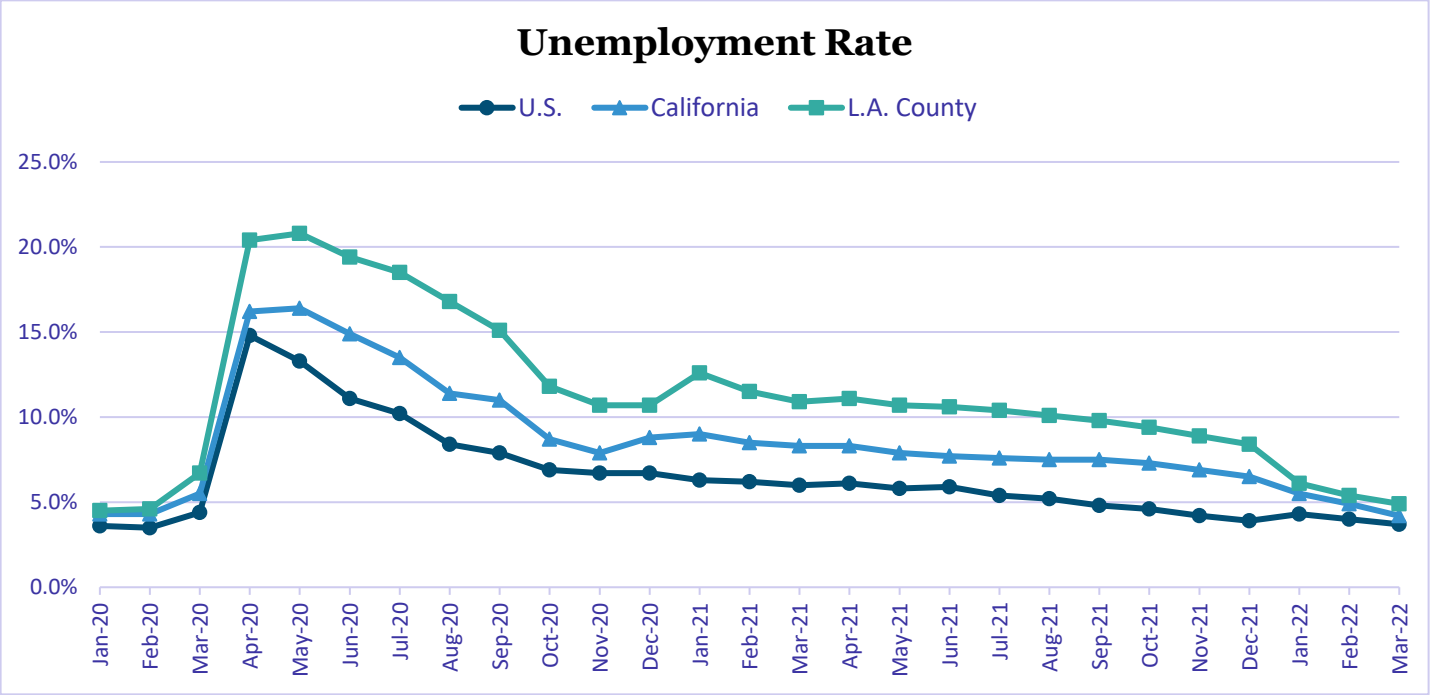
Gross Domestic Product (GDP)

Gross domestic product is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year. Essentially, it measures a country's total economic output, adjusted for price changes. GDP metrics are used for analyzing economic growth and purchasing power over time. Based on the March 2022 GDP forecast from UCLA Anderson, 2022 is projecting a slowdown in growth compared to 2021, which experienced some of the fastest growth and rebound since the 1980's. The UCLA Anderson Forecast projects a 4.3% increase in real GDP for 2022, followed by 2.8% in 2023 and 2.3% in 2024; closer to growth levels experienced in the years before the pandemic:



Labor Market

In the labor market, as of March 2022, the U.S. unemployment rate was at 3.6%, and both California Los Angeles (L.A.) County rates were at 4.9% respectively. For the first time since the pandemic started in March 2020, unemployment levels have nearly reached levels experienced in February 2020. Despite this improvement, organizations nationwide are experiencing what is being called the "Great Resignation". The City is experiencing a similar trend with its labor force and is experiencing challenges in obtaining qualified staff to fill positions.



In alignment with National and State results, local unemployment rates are finally falling in line with pre-pandemic levels. In the first calendar quarter of 2022, Torrance had an unemployment rate of 3.5% compared to the pre-pandemic rate of 3.3%. The downward trend of unemployment signals a return to business before the pandemic. With unemployment at these levels, and the "Great Resignation" taking place, it has grown increasingly challenging to attract and retain high level talent for the organization and will continue to be a focus in the future.

Local Unemployment Rate Trends

	2019	2020				2021				2022
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
National	3.3%	4.4%	11.1%	7.9%	6.7%	6.0%	5.9%	4.8%	3.9%	3.6%
California	3.9%	5.5%	14.9%	11.0%	8.8%	8.3%	7.7%	7.5%	6.5%	4.9%
Los Angeles County	4.3%	6.7%	19.4%	15.1%	10.7%	10.9%	10.6%	9.8%	8.4%	4.9%
Carson	4.5%	6.9%	19.9%	16.2%	12.1%	12.0%	11.2%	9.5%	7.2%	5.2%
Gardena	4.1%	6.7%	21.4%	17.1%	12.9%	12.0%	11.7%	9.8%	6.2%	4.7%
Glendale	3.6%	6.0%	21.1%	15.8%	9.9%	10.3%	10.7%	8.5%	6.0%	4.9%
Hawthorne	4.0%	6.5%	22.8%	18.5%	13.0%	11.9%	11.6%	9.3%	7.2%	5.0%
Inglewood	4.7%	7.6%	24.2%	20.2%	14.5%	13.4%	12.6%	10.8%	8.2%	3.9%
Santa Monica	3.8%	6.1%	16.9%	11.6%	8.3%	7.9%	8.1%	6.3%	5.2%	4.5%
Torrance	**3.3%**	**5.3%**	**16.5%**	**12%**	**8.2%**	**8.2%**	**8.2%**	**6.4%**	**4.5%**	**3.5%**

Consumer Spending

Consumer demand is a critical engine of the U.S. and local economy with consumer confidence measuring consumers' confidence levels regarding their expected financial situation, their sentiment about the general economic situation, unemployment, and capability of savings.

"Consumer confidence was up slightly in March after declines in February and January," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index rose substantially, suggesting economic growth continued into late Q1. Expectations, on the other hand, weakened further with consumers citing rising prices, especially at the gas pump, and the war in Ukraine as factors. Meanwhile, purchasing intentions for big-ticket items like automobiles have softened somewhat over the past few months as expectations for interest rates have risen." Geopolitical uncertainties remain with fresh COVID lockdowns in China and the Russian attack on Ukraine, and inflation is expected to reach 7.9 percent—an all-time high, in the next 12 months. These headwinds are expected to persist in the short term and may potentially dampen confidence as well as cool spending further in the months ahead.

City Budget

	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget
Revenues	359,862,540	374,313,404	1,139,372,820	392,732,242	439,128,878
Expenditures	371,973,195	402,535,347	1,103,783,740	410,057,055	432,338,965
Revenues Less Expenditures	$ (12,110,655)	$ (28,221,943)	$ 35,589,080	$ (17,324,813)	$ 6,789,913

Fiscal Year 2022-23 revenues from all funds are projected to increase $46.4 million and is mainly from extraordinary revenue recovery in the General Fund, one-time grant funds in the Transit Fund, an adjustment to the Water Fund's revenue recognition, increased contributions to the Self-Insurance Fund and Fleet Services Fund, as well as lease revenues in the Debt Service Fund due to one-time savings recognized in Fiscal Year 2021-22. The Public Works Enterprise Funds assume no Consumer Price Index adjustments or rate changes since all of the previously approved Proposition 218 rate adjustment cycles have lapsed.

Fiscal Year 2022-23 expenditures from all funds are projected to increase $22.3 million and is mainly due to increases in General Fund, Water Fund, and Debt Service Fund. The full detail of the changes in each of these funds is discussed in the **Revenues** and **Expenditures** sections.

Below is a summary table that focuses in on the City's overall General Fund, including the General Fund Operating Fund, General Fund – Restricted/Assigned, and the General Fund – Unassigned sub funds:

General Fund	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget
Revenues	200,254,464	207,775,124	576,595,130	216,300,770	243,236,800
Expenditures	204,417,746	227,308,046	554,707,183	226,534,666	239,401,273
Revenues Less Expenditures	(4,163,282)	(19,532,922)	21,887,947	(10,233,896)	3,835,527
Revenues: One-time - ARPA				12,037,139	-
Planned Use of Fund Balance				-	-
Increase/(Decrease) in Fund Balance				1,803,243	3,835,527

As shown above, the City is projected to increase the fund balance of the General Fund by $3.8 million, however all of this budgeted increase relates to the General Fund Restricted/Assigned subfund of the General Fund. This increase is driven by the City's contribution to its CalPERS Employee Pension Prefunding Trust (CEPPT) and various replacement funds of the City, which means the funds are restricted or assigned for certain purposes. The Restricted/Assigned subfund of the General Fund contributes to the City's overall fund balance trend but does not directly affect the Unassigned section, which is the area of focus in improving the City's financial standing on the California State Auditors High Risk Cities Dashboard (General Fund Reserves).

To control for this variation we examine the City's General Fund Operating Fund, highlighted below:

General Fund Operating Fund	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget
Revenues	$ 196,673,911	$ 203,083,970	$ 566,798,013	$ 212,288,458	$ 237,947,615
Expenditures	$ 197,285,585	$ 204,306,468	$ 543,474,044	$ 224,140,426	$ 237,947,615
Revenues Less Expenditures	$ (611,674)	$ (1,222,498)	$ 23,323,969	$ (11,851,968)	$ -
Revenues: One-time Source - ARPA				12,037,139	-
Increase/(Decrease) in Fund Balance				185,171	-

As shown above, the City's General Fund Operating Fund is balanced for Fiscal Year 2022-23. It is projected that General Fund revenues will increase by $13.6 million, which is driven by extraordinary increases in Taxes related to the waning effects of pandemic, increases in Charges for Services as programming returns and the City's Emergency Medical Transport program matures, offset by decreases in Other Revenues as the City receives its final American Rescue Plan Act (ARPA) payment in Fiscal Year 2021-22 (which does not recur in Fiscal Year 2022-23). While the $13.6 million increase represents a 6.1% increase over the prior year's budget, it only represents a 0.50% increase over the projected results from Fiscal Year 2021-22 ($236.8 million) from the City's Fiscal Year 2021-22 Mid-Year Budget Review Report.

General Fund operating expenditures are projected to increase Fiscal Year 2022-23 by $13.8 million driven by the following main factors:

- **Materials, Supplies & Maintenance:** Rates have been adjusted for Fleet Vehicle Replacement and Labor charges, which fund Fleet Services Internal Services Fund to address areas highlighted in previous budget reports. Additionally, fuel budgets have been increased to accommodate recent cost fluctuations.
- **Professional Services/Contract Services & Utilities:** Adjustments have been made to align utility budgets to align with current and projected needs.
- **Interdepartmental Charges:** Increased contributions necessary to the Self-Insurance Internal Service Fund to minimize operating losses.
- **Debt Service:** Increased debt service costs for the General Fund are the result of the 2021 Lease Revenue Bonds beginning their repayment in Fiscal Year 2022-23. The City refunded its 2014 Certificates of Participation (COP) and "front loaded" the savings in Fiscal Year 2020-21 and Fiscal Year 2021-22 to bridge the impacts of the COVID-19 pandemic.
- **Other Operating Transfers Out:** Transfers to capital projects and various replacement funds as well as a transfer to Fleet Services to help rebuild the balance for future vehicle replacement needs.

Further detail is explained in the **Revenues** and **Expenditures** section of this budget document.

Personnel Summary

Fund Name	2018-19 Adopted	2019-20 Adopted	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	FY2023 Increase / (Decrease)
General Fund	995.80	984.30	1,137.98	1,139.93	1,100.42	(39.51)
Airport Fund	9.50	9.50	9.50	11.28	12.07	0.79
Animal Control Fund	4.00	3.00	3.80	-	-	-
AQMD	0.20	0.20	-	0.20	0.75	0.55
Area G Fund	-	-	-	1.00	1.00	-
Cable and Community Relations	21.30	21.30	-	-	-	-
Cultural Arts Center	27.30	27.30	-	-	-	-
Emergency Medical Services Fund	50.49	53.49	-	-	-	-
Fleet Services Fund	34.50	34.50	33.50	33.60	34.60	1.00
HOME Investment Partnership	-	-	-	-	2.50	2.50
Parks & Recreation Fund	98.58	98.58	-	-	-	-
Redevelopment Agency Fund	-	-	0.30	0.40	0.35	(0.05)
Sanitation Fund	42.42	42.42	40.25	43.12	38.95	(4.17)
Section 8 Housing	5.00	5.00	6.00	5.75	4.58	(1.17)
Self-Insurance Fund	-	-	-	7.50	8.50	1.00
Sewer Fund	22.28	22.28	26.85	25.02	15.90	(9.12)
Transit Fund	168.80	168.80	169.90	196.10	196.80	0.70
Vanpool Fund	-	-	-	0.50	0.70	0.20
Water Fund	43.43	43.43	41.45	46.47	40.45	(6.02)
Capital Improvement Fund - Public Works	-	-	-	21.19	23.43	2.24
City-Wide FTE	**1,523.60**	**1,514.10**	**1,469.53**	**1,532.06**	**1,481.00**	**(51.06)**

The Fiscal Year 2022-23 budget is proposed to decrease by 51.06 full-time equivalent (FTE) employees, which is primarily the result of the October 2021 reductions (including the delayed reductions for Police & Fire), program modifications from the First Quarter and Mid-Year Budget Review Reports, and some minor proposed changes included in this budget process, which are explained in the **Budget Changes** section. In addition to these changes, staff evaluate all positions and their funding source each year (no change to total citywide FTE) to align for appropriateness, and these adjustments are captured in the above table as well.

The FTE reflected in the Capital Improvement Fund – Public Works row is a result of the City directly budgeting these positions or portions of positions as funded from various Capital Improvement Plan sources (started in Fiscal Year 2021-22). Previously these positions were shown as budgeted under the General Fund and reimbursed by the Capital projects. The net effect of this budget structure change is zero, though FTE will now reflect in a different fund if paid from that source. The department analysis in the following sections will provide more detail on the proposed FTE changes.

Budget Changes

The Fiscal Year 2022-23 budget includes a reduction of 51.06 FTE though the majority of these position changes have already been approved in a prior Council action or program modification. The detail of position changes that have not been previously approved through separate action is explained below:

- **+1.0 FTE Community Development:** The Community Development Department is proposing a reorganization to establish a new division and establish the position of Neighborhood Services Manager. Below is a summary of the FTE changes needed to implement this proposed reorganization, the cost of which is indirectly offset by the implementation of the HOME Investment Partnerships funding opportunity.
    - +1.0 FTE Housing Specialist: New position added to perform outreach work
    - -1.0 FTE Housing Specialist: Upgrade to Business Manager position
    - +1.0 FTE Business Manager: Upgraded from prior Housing Specialist position
    - -1.0 FTE Planning Associate: Reclassify position to Housing Supervisor classification
    - +1.0 FTE Housing Supervisor: Converted Planning Associate position
    - -1.0 FTE Deputy Community Development Director: downgraded position to Neighborhood Services Manager
    - +1.0 FTE Neighborhood Services Manager: downgraded from vacant Deputy CDD Director position

- **-8.0 FTE Fire Department:** The Fire Department identified $1.8 million in reductions in the October 2021 budget reductions scenario brought forward to Council for approval. It was determined that the Fire Department's reductions would be delayed to July 1, 2022, pending the outcome of the sales tax ballot measure. Since the outcome of the sales tax measure is unknown at this time, the budget is being proposed with these reductions. If the sales tax measure is approved by voters, these positions will be restored.
    - -6.0 FTE Fire Fighter: the elimination of one paramedic rescue
    - -1.0 FTE Battalion Chief: elimination of the Operation Chief administrator position
    - -1.0 FTE Fire Captain: elimination of 40-hour position related to EMS operations

- **-37.0 FTE Police Department:** The Police Department identified $8.6 million in reductions in the October 2021 budget reductions scenario brought forward to Council for approval. It was determined that the Police Department's reductions would be delayed to July 1, 2022, pending the outcome of the sales tax ballot measure, however the civilianization conversions would be implemented immediately (net reduction of 2.0 FTE). Since the outcome of the sales tax measure is unknown at this time, the budget is being proposed with these reductions. If

the sales tax measure is approved by voters, these reductions will be restored. The summary of all reductions (excluding conversions previously approved) is below:

- +1.0 FTE Assistant Police Chief: New classification created as part of the overall reduction strategy
- The following positions are proposed to be eliminated to meet the reduction goal:
  - -1.0 FTE Police Lieutenant
  - -29.0 FTE Police Officer
  - -5.0 FTE Police Sergeant
  - -1.0 FTE Police Records Technician

- **+2.0 FTE Public Works:** Public Works is proposing the net addition of 2.0 FTE funded from various sources, including General Fund, Sanitation, and Water. Below is a summary of the proposed changes:
  - +1.0 Water System Operator III: This is a new position being proposed to help support the Goldsworthy Desalter facility located at the City Yard. Staff negotiated a new operating agreement with the Water Replenishment District to fund this new position along with other costs to support the facility.
  - -1.0 Lead Maintenance Worker: This is to reverse a prior downgrade from 2009 explained further in the line below.
  - +1.0 Public Works Supervisor: In 2009, one of the three Public Works Supervisor positions in Streetscape was downgraded to a Lead Maintenance Worker. At that time, the Division focused exclusively on maintenance. The focus of the Division has expanded during the last three years to include increasing the number of parkway trees in the City and landscape beautification projects. Further, since this division has 36 employees, three supervisors would align with all the other Public Works field divisions as well as the Park Services Division, making the Streetscape Division consistent from a span of control and staffing perspective.
  - +1.0 Sanitation Equipment Operator: This position is being added to adequately support the City's illegal dumping and Large Item pickup program which has increased substantially over the years.

In addition to the above staffing changes, staff have evaluated and made adjustments to existing position allocations across funding sources to ensure the work completed align with the source funding the position.

Torrance Police Department – Team Policing Schedule

The Torrance Police Department Patrol Bureau currently deploys police officers using a "Flex 4/10 schedule." An assessment of this schedule has identified numerous challenges negatively impacting the delivery of quality public safety services. Specifically, inconsistent scheduling of days on/off inhibits a team approach to problem-solving and lacks accountability while also limiting officer growth and development opportunities.

It is the recommendation of the Chief of Police to implement a Team Policing hybrid 4/10 - 3/12 fixed schedule. This Team Policing Model works well because it takes a 4/10 schedule and a 3/12 schedule and distributes the workdays perfectly over a seven-day workweek, eliminating the need of having overlapping workdays for no reason other than scheduling. Moreover, the Team Policing Model ensures consistency in supervision and oversight, improved information sharing, enhanced training, and employee development while also increasing accountability at all ranks. Lastly, the proposed Team Policing Model is a best practice approach to scheduling and will assist the Police Department during collaborative reform efforts with the Department of Justice. The overtime cost for this recommended schedule is included in the FY 2022-23 proposed budget.

Changes between Proposed and Adopted versions of the Budget

Between the proposed budget document and adopted document, the following changes were included:

The City's Street Lighting District Fund revenue and expenditure budget were increased from $1,571,000 to $1,628,970. This update includes the most recent Engineer's Report that was prepared for the May 24, 2022 Council Meeting. This is reflective of the currently anticipated costs of the fund for the coming fiscal year.

The Transit Department annually receives funding marks from the Los Angeles County Metropolitan Transportation Authority (Metro). The City is now in receipt of the Fiscal Year 2022-23 draft funding marks from Metro staff. As such, revenues for Fiscal Year 2022-23 have be increased from $41,114,953 to $45,232,700 to reflect these draft amounts. In the coming months final figures will be issued. Additionally, the Professional/Contract Services & Utilities line item is adjusted upward by $147,858 to accommodate a contract award for security services being considered for award by Council on June 14, 2022.

The Police Department's staffing changes was reduced by 7.0 FTE in the classification of Crossing Guards. As a result they were restored to a total of 13.0 FTE. The City will be engaging the Torrance Unified School District to determine the appropriate level of coverage for highly trafficked

intersections in the coming year. The 7.0 FTE increase of $227,446 was offset by a decrease to materials budget in the Non-Departmental expenditures.

Areas of Focus

In the non-wage area of the budget, improvements have been made in multiple areas. In recent Budget Review Reports, multiple Areas of Focus have been highlighted including:

- Self-Insurance Fund: $55.8 million underfunded
- Fleet Services Fund: $10.8 million underfunded; $2.6 million annual shortfall
- Cash Balances by Fund
- Labor Trends
- Status of Labor Agreements
- Other Replacement Funds: $1.3 million annual shortfall
- Aging Capital and Infrastructure

Self-Insurance Fund: The City's Self-Insurance Fund has been inadequately funded to cover open liabilities. As of June 30, 2021 approximately 18.6% of its liabilities are covered, leaving a $55.8 negative net position. The Fiscal Year 2022-23 budget increases the citywide contribution to the Self-Insurance Fund from $6.7 million to $14.0 million, an increase of $7.3 million. While this is more than doubling of the contributions citywide, the Fund is still budgeted at a deficit of $5.3 million assuming a $8.2 million Other Loss (increase in outstanding liabilities from the upcoming actuarial study) and no major settlements. The City will continue to monitor this fund closely adjusting contributions where possible to fully fund its open liabilities over multiple years.

Fleet Services Fund: The City's Fleet Services Fund is broken into two main subfunds: Operations and Vehicle Replacement.

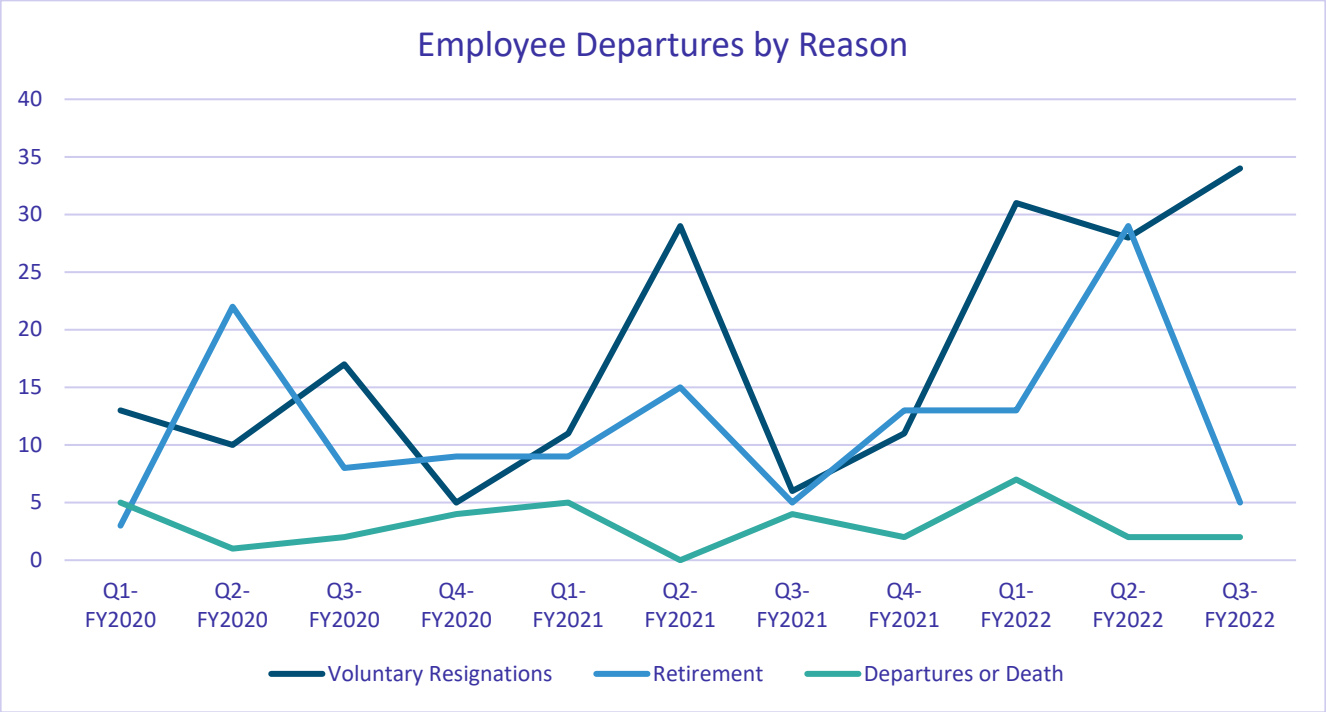
The Operations Fund has operated at a structural deficit of approximately $1.0 - 2.0 million annually. As of June 30, 2021, the fund balance sits at -$4.6 million and is projected to operate at a deficit in Fiscal Year 2021-22. In order to balance the structural performance of this sub-fund, labor rates charged for internal services to the various departments were evaluated and are increased in the proposed budget. The rates are being set consistent with comparable cities and will ensure this fund's performance is stabilized. Going forward, rates will be evaluated and adjusted to keep pace with the cost of providing the service. This change will balance the recurring performance of the Operations Fund but not address the -$4.6 million balance. To address this, a one-time transfer is programmed for approximately $1.0 million. This will be amortized over multiple years.

The Vehicle Replacement Fund has accumulated a balance, however, based on an analysis conducted in Fiscal Year 2021-22 utilizing a 5% assumed inflationary factor, it is estimated this fund is short by $4.8 million to date. Additionally, in order to maintain sufficient funding, an additional $1.4 million is needed in annual contributions. The proposed budget addresses the $1.4 million shortfall, however, is unable to address the $4.8 million funding shortfall. This will be monitored closely and staff will work to address this shortfall in future cycles.

Cash Balances by Fund: The City continues its focus to improve the General Fund's cash balance. As the City improves its **General Fund Reserves** and **Liquidity** ranking in the Key Performance Indicator (KPI) section of this document, this will improve the Cash Balances by Fund concern raised in prior reports. This will be an effort that take multiple years to resolve through the monitoring of these KPIs each year.

Labor Trends: A complex state of trends, including changing demographics, technological change and a reevaluation of the contract between employer and worker, has brought about the tightest labor market of modern times. These shifts are being experienced in the City of Torrance workforce as well. During the first nine months of Fiscal Year 2022, there has been a spike in resignations for other positions with 93 in the 9-month period, compared to 42 and 45 in the 12-month periods ending fiscal year 2021 and 2020, respectively. While staff has just begun gathering more detailed reasons for departure, the most common cited reasons for recent departures have been better salaries and benefits, and flexibility. Until the City's budget situation is significantly improved, employee retention will continue to be a challenge, especially with certain groups being out of contract for several years.

	Fiscal Years Ending		9-months
	2020	2021	2022-Q1
Retirements	43	57	47
Voluntary Resignations	45	42	93
Departures or Death	11	11	11
Total Separations	**99**	**110**	**151**



Status of Labor Agreements: The City's labor agreements with the various union groups follow different terms. The City's Miscellaneous labor groups have been expired since June 2020, with the City's Fire Safety labor agreements poised to expire June 2022, and the Police Safety labor agreements expiring in December 2023. With many contracts having expired for multiple years or on the brink of reaching their end, it will be important to focus on multi-year collective bargaining agreements for the City. For reference, it is estimated that it costs the city, across all Funds, approximately $1.7 million for every 1% in negotiated wage increase for all of our different unions/bargaining units. In order for the City to attract the necessary talent to combat the aforementioned departures, adjustments to salaries and benefits will be an important focus.

Other Replacement Funds: The City is incorporating additional contributions to replacement funds that have been long established, but underfunded as outlined below:

	Fiscal Year 2021-22	Fiscal Year 2022-23	Shortfall
Fire Apparatus	$ 400,000	$ 875,000	$ (475,000)
Telephone	102,000	240,000	(138,000)
Data Communications	90,000	242,000	(152,000)
Radio Communications	210,000	740,000	(530,000)
Defibrillators	89,000	101,000	(12,000)
	$ 891,000	$ 2,198,000	$ (1,307,000)

In addition to these formal replacement funds, staff have incorporated funding for other periodic (interval) funding needs projected in the coming 10 years. This includes funding for upcoming Community Development Department (CDD) Community Profile and Environmental Scan work to inform subsequent Strategic Plans, other mapping/imagery CDD needs (Los Angeles Region Imagery Acquisition Consortium/Cyclomedia), Fire's future replacement of the Self-Contained Breathing Apparatus (SCBA), and the potential replacement of the sports complex turf on Maple Ave.

Aging Buildings and Infrastructure:

The City of Torrance owns and operates over $500 million worth of buildings, public facilities and infrastructure. With every year passing these buildings age and deteriorate, many of which are still in its original condition. Currently the City's capital assets as a whole have reached their half-life mark, requiring heavy maintenance and upgrade. General Services will be developing an RFP to conduct a survey of all City facilities. The purpose will be to index and assess each building and establish criteria for rating it's condition. Items such as ADA and seismic upgrades will be evaluated, along with HVAC, plumbing, electrical and other various infrastructure items. Interior and exterior elements such as windows, doors, paint, flooring and roofs will also be surveyed. Estimated costs will then be associated with each facility based on repair, renovation or new construction needed. It is anticipated that this project will be completed in FY 2022-23.

Pension Costs (CalPERS)

Background

The City participates in the CalPERS agent multiple-employer, defined-benefit (DB) pension plan under §401(a) of the internal revenue code (IRC). This code section also provides for defined contribution (DC) plans similar to 401(k) profit sharing plans and 457(b) deferred compensation plans where the employer's sole responsibility is to make a defined contribution (DC), if any, and all other risks are borne by the employee. However, in a DB plan, the employer guarantees some pre-defined benefit level at retirement and the City bears all risks associated with the promise. This defined benefit retirement system provides city employees with a fixed benefit retirement entitlement based on three main factors:

1. Years of Service
2. Highest CalPERS eligible compensation (1 or 3 years, depending on Tier)
3. Age upon retirement

Depending on an individual's entry into the CalPERS system, their hire date with the City, their employment status with the City, they can fall into one of four tiers:

1. **Tier 1: Classic;** This group of employees is effectively a closed group. Only employees that were hired with the City before the creation of Tier 2 are eligible for this group. In this group, employees are eligible for the Employer Paid Member Contribution (EPMC). The CalPERS benefit is calculated using the highest single year of CalPERS eligible compensation. Within this group, if you were hired before July 1996 there is no limit on CalPERS eligible compensation limits. If you were hired after July 1996, the limit on CalPERS eligible compensation sits at $285,000 for 2020 (with potential future increases).
    a. Miscellaneous Employees: The City contributes 7% for EPMC on behalf of the employees.
    b. Safety Employees: The City contributes 9% for EPMC on behalf of the employees.
2. **Tier 2: 2010;** These employees are part of the Classic benefit structure, but were hired after the City amended its MOU/Resolutions to remove the Employer Paid Member Contribution (EPMC) as a benefit. This meant the City would no longer contribution the 7% contribution for miscellaneous employees and the 9% for safety employees on behalf of the employee and rather the amount would be deducted from employees' paychecks.
    a. **Miscellaneous Employees:** EPMC benefit began being removed from the various MOU/Resolutions, creating this Tier, around August 2010. Since this benefit was in multiple MOU/Resolutions this was process was completed around February 2011.
    b. **Safety Employees:** EPMC benefit began being removed from the various MOU/Resolutions, creating this Tier, around March 2011. Since this benefit was in multiple MOU/Resolutions this was process was completed around January 2012.
3. **Tier 3: PEPRA;** This group was created in January 2013 as a result of Pension Reform legislation at the state level and created an entirely new benefit structure. Employees in this group have a different retirement age, contribute 50% of the normal cost of the pension plan, and have their retirement benefit calculated using the highest three year period of CalPERS eligible compensation. Further, there are reduced CalPERS eligible compensation limits. These amounts are typically adjusted annually. Additionally, there are two sub-tiers within the safety plan: 90% Industrial Disability Retirement (IDR) and 50% Industrial Disability Retirement (IDR). The 90% IDR benefit started 1/1/2013 and then the 50% IDR benefit took over starting 1/1/14.
    a. **Miscellaneous Employees:** For employees participating in social security, the CalPERS eligible compensation limit is set at $128,059 in 2021. Rather than contribute a fixed 7%, these employees contributed half of the normal cost of this pension plan, which is currently sate at 6.75% for Fiscal Year 2021.
    b. **Safety Employees:** For employees not participating in social security (safety employees), the CalPERS eligible compensation limit is set at $153,671 for 2021. Rather than contribute a fixed 9%, these employees contributed half of the normal cost of this pension plan.

i. For Fire Safety employees in the 90% IDR benefit structure, the employee contributes 12% and for those in the 50% IDR benefit structure, the employee contributes 11.25%.
ii. For Police safety employees in the 90% IDR benefit structure, the employee contributes 14.75% and for those in the 50% IDR benefit structure, the employee contributes 12.50%

4. **Tier 4: Part-time Post-tax;** These are part-time/seasonal employees that work more than 1,000 hours in a given fiscal year and therefore must be enrolled in CalPERS plans. This group and its liability is small compared with Tiers 1 through 3, therefore this Tier will not be included in the subsequent headcount tables.

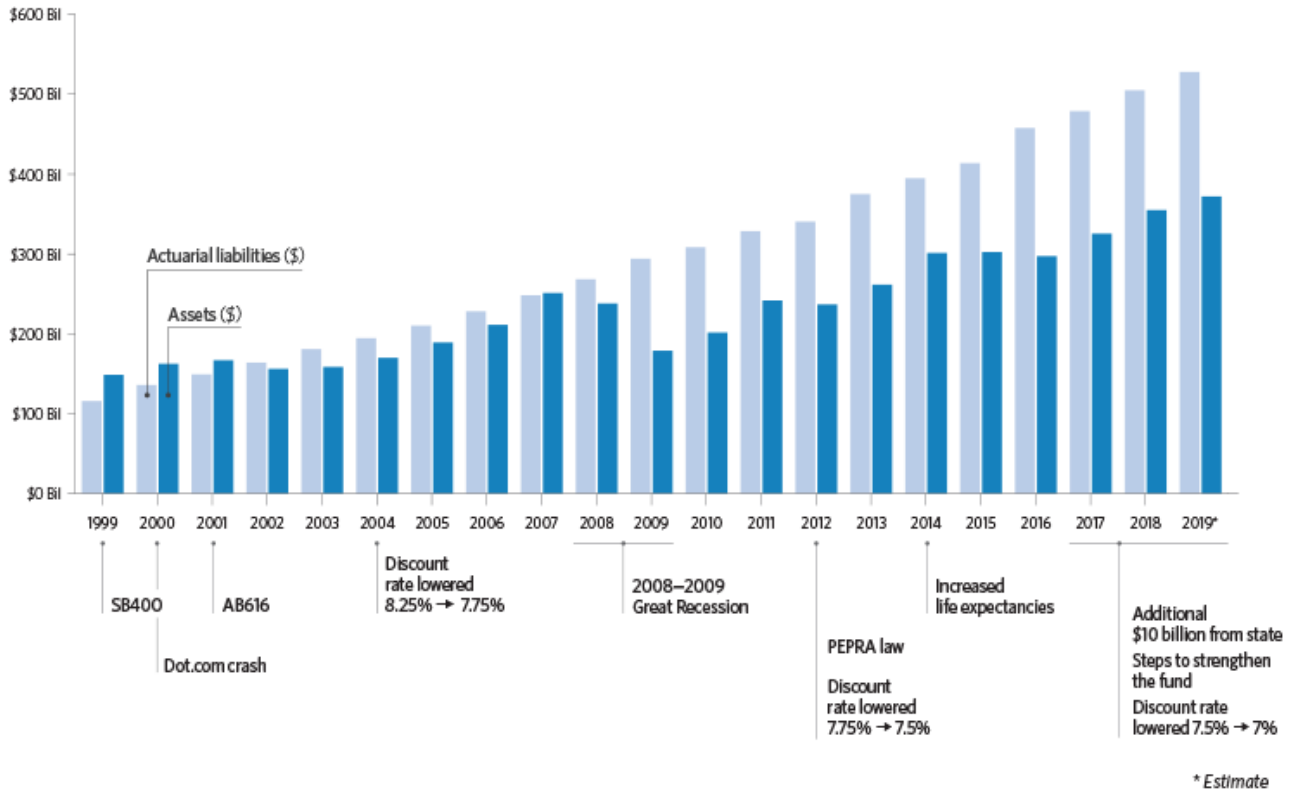
Depending on the Tier in which an employee falls and the Plan in which they're enrolled, they qualify for one of the below retirement benefit formulas:

Plan	Tier 1: Classic	Tier 2: 2010	Tier 3: PEPRA
Miscellaneous	2% @ 55	2% @ 55	2% @ 62
Fire Safety	3% @ 50	3% @ 50	2.7% @ 57
Police Safety	3% @ 50	3% @ 50	2.7% @ 57

When an individual retires, the above table provides a guideline for the amount of benefit they would receive annually if they retired at the plan's "normal" retirement age. CalPERS has a sliding scale for those that retire earlier/later. An employee would take their CalPERS eligible compensation (either highest 1 or 3 year period depending on plan up to the Tier limit) and multiply that against their respective percentage multiplier (i.e. 2%, 3%, 2.7%) and then multiply that against their years of service with CalPERS. As a simple example, this would determine their benefit under the CalPERS system. There are many different considerations that would affect the end result including: service in different cities, exact age, years of service, or death benefit selected.

History

The events that contributed to large unfunded pension liabilities for public employers and a lower funded status for the pension system as a whole can be summarized in the following illustration:



Source: CalPERS

In the late 80's and 90's CalPERS' investment returns were very strong, resulting in most plans accumulating more assets than their plan liabilities. By 1999, the CalPERS system reached its peak funded status where plan assets climbed to 128% of plan liabilities. Since investment earnings offset employer plan costs, the plan benefits appeared to be relatively inexpensive. Senate bill (SB) 400 and assembly bill (AB) 616 provided employers the ability to significantly enhance pension benefit levels to both safety and miscellaneous plans. Many local agencies rushed to enhance benefit levels, seemingly for free since plan assets exceeded plan liabilities. Any remaining agencies that had not increased benefits quickly felt pressure from bargaining units that argued their agency needed to follow suit, in order to remain competitive in attracting and retaining employees or lose out to surrounding communities. Agency after agency increased pension benefit levels to keep pace with their neighboring communities.

Subsequent market corrections and recessions revealed that the benefit enhancements were in fact not free and were prohibitively expensive. At its peak, the expected average annual return or discount rate was 8.75% and was supported by historical earnings patterns. Since then, market returns have not supported the previous investment income assumptions. Therefore, pension plan administrators, including CalPERS, have been forced to adjust the discount rate assumption downward, which in turn increases the cost of the promised employee benefit to employers. The

current CalPERS discount rate now stands at 6.8%. Even still, as fixed income yields have contracted significantly, investment portfolio managers are faced with the dilemma of taking on more investment risk or lowering discount rates even further.

Over the last two decades, both experience losses and changes in assumptions have significantly impacted the funded status of the CalPERS pension plans, driving the employer costs to worrisome levels, contributing to pension reform and the current pension crisis. In 2012, the California legislature passed the Public Employees' Pension Reform Act (PEPRA), championed by former Gov. Jerry Brown. PEPRA took effect January 1, 2013 and places limits on the level of pension benefits as described earlier in this section. While this reform is significant, due to a provision in the California constitution often referred to as the "California Rule," the PEPRA limitation only applies to employees hired after January 1, 2013 AND are either new to the pension system or had a break in service in excess of 6 months. Therefore, the impact of PEPRA will provide employers significant relief, however it will take many years to fully recognize. As shown in the forthcoming discussion, after nearly a decade since implementation, 42% of the City's employees fall in the PEPRA group.

Looking Ahead

The City continues to save money as employees shift out of Tier 1, which is the most expensive plan to the City and into Tier 3, which better shares costs between employer and employee and has a reduced benefit structure. The table below shows as snapshot of the headcount of employees across the different plans and tiers. When comparing this table to the table three years ago, we see positive movement. Citywide, the percentage of employees in Tier 3 has grown from 33% in 2019 to 42% in 2022. Further, the percentage of employees in Tier 1 has shrunk from 58% in 2019 to 50% in 2022. Finally, the employee count has reduced to its lowest levels in the last three years and as the positions that are still budgeted get filled this will further shift the weighting away from the Tier I category. This continued shift from the higher cost Tier 1 plan to the lower cost Tier 3 plan will reduce the percentage of the budget utilized to fund CalPERS costs. The full table can be seen below:

Breakdown by Headcount

Plan	Tier 1: Classic	Tier 2: 2010	Tier 3: PEPRA	Total
Miscellaneous	372	83	397	852
Fire Safety	84	3	36	123
Police Safety	127	13	56	196
Total	**583**	**99**	**489**	**1,171**

Breakdown by Percentage

Plan	Tier 1: Classic	Tier 2: 2010	Tier 3: PEPRA	Total
Miscellaneous	44%	10%	47%	100%
Fire Safety	68%	2%	29%	100%
Police Safety	65%	7%	29%	100%
Total	**50%**	**8%**	**42%**	

While these shifts have improved the trajectory of the City's pension costs compared to if these new tiers were not created, the trend in pension costs continued to rise over the years. To address this trend, in October of 2020 the City refunded $338.4 million of it CalPERS Unfunded Actuarial Liability (UAL) to both lower the peak and help smooth its CalPERS UAL payments. At the time, the City had $497 million in unfunded liability. This additional payment of $338.4 million from the 2020 LRB proceeds plus the Fiscal Year 2021 planned UAL contribution was estimated to increase the City's CalPERS funded level from approximately 71.4% to 92% across the three plans, before accounting for CalPERS returns. On top of this payment, CalPERS earned a 21.3% return on investments over the course of Fiscal Year 2020-21, which is anticipated to place the City at or around 100% funded overall (some over/under funding within each plan). It is important to note that this high return triggered a reduction in the CalPERS discount rate from 7.0% to 6.8%. Despite this reduction, the impact of the returns outweigh the negative effect of the discount rate in future years.

The additional payment for the City's UAL, coupled with the low interest rates with the 2020 Lease Revenue Bonds have provided beneficial relief in Fiscal Year 2021-22 and 2022-23 already. The impacts of the 21.3% returns and lowering of the discount rate will begin to affect the budget in Fiscal Year 2023-24 and is included in our 10-year projections. While this is beneficial, returns can fluctuate annually and initial reports indicate that CalPERS is underperforming in Fiscal Year 2021-22, which will have an adverse effect on rates in Fiscal Year 2024-25. Staff will continue to monitor these trends and reflect in 10-year projections when realized and appropriate.

CalPERS Cost

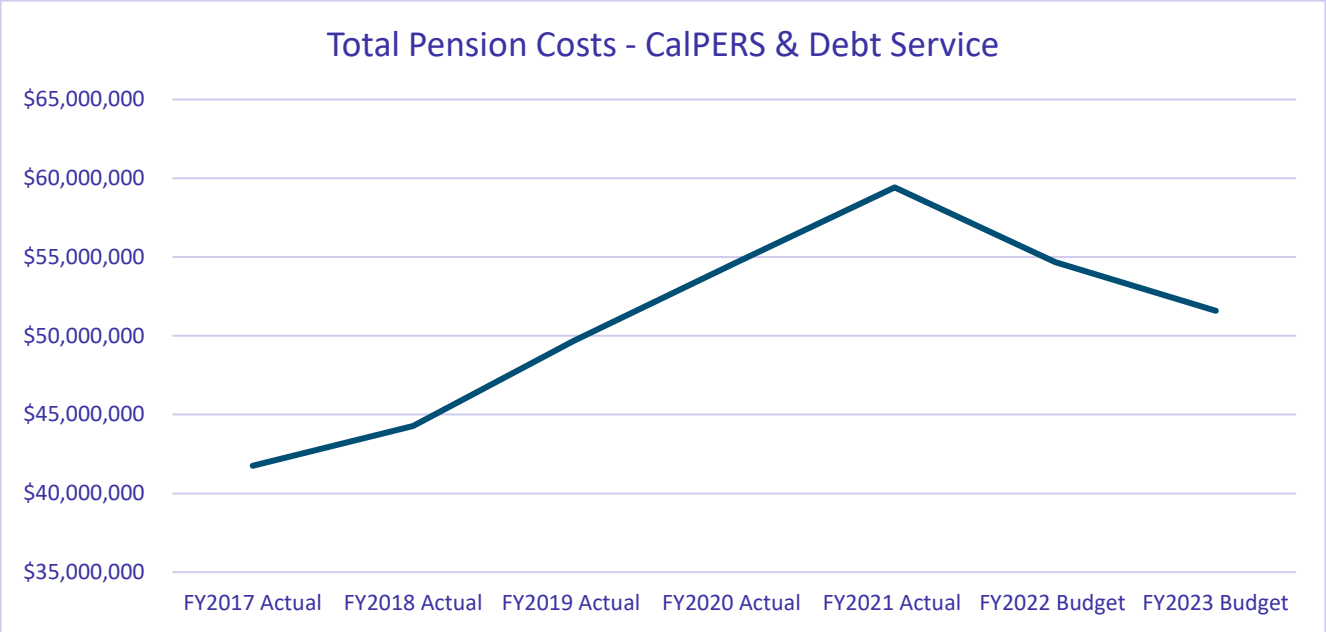
Plan	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Budget	FY2023 Budget
PERS Costs	$41,753,366	$44,270,162	$49,682,155	$54,590,634	$59,419,898	$36,814,825	$33,245,232

2020 LRB Debt Service Costs

Plan	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Budget	FY2023 Budget
Debt Costs	$ -	$ -	$ -	$ -	$ -	$17,854,361	$18,337,743

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Budget	FY2023 Budget
Total Pension Costs - CalPERS & Debt Service	$41,753,366	$44,270,162	$49,682,155	$54,590,634	$59,419,898	$54,669,186	$51,582,975

Note: Fiscal Year 2021 Actual excludes the $338,433,066 additional discretionary payment made to paydown a portion of the City's UAL from the proceeds of the 2020 Lease Revenue Bonds since this was a one-time payment.



As shown above, the City's pension related costs have, at least at the moment, peaked in Fiscal Year 2020-21. The resulting outcome of the 2020 Lease Revenue Bonds has provided some citywide relief for budgets. In thinking forward, the impacts of the 21.3% rate of return in Fiscal Year 2020-21, coupled with the reduction in discount rate (7% to 6.8%), will be reflected in the Fiscal Year 2023-24 budget. The anticipated underperformance in Fiscal Year 2021-22 will be reflected in the Fiscal Year 2024-25 budget.

With the City saving on its pension costs in the near term, the City is budgeted to set an additional $1.9 million aside in a Section 115 Trust to fund future increases in CalPERS cost (adding to the $1.8M contribution from last year). This contribution amount will be updated annually to represent 20% of the 2020 LRB UAL cost savings. As of Fiscal Year 2022-23, the City's CalPERS and CalPERS related debt costs are estimated to be 19.3% of the City's General Fund Operating Fund's budget. The City continues to monitor CalPERS performance in order to estimate impacts out 30 years and incorporate these amounts in our 10-year projection models.

REVENUES

Revenues

Summary by Fund

Fund Type	Fund Name	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
General Fund	General Fund - Operating Fund	196,673,912	203,083,972	566,798,013	224,325,597	237,947,615	13,622,018	6.1%
General Fund	General Fund - Rest/Assigned	648,728	2,236,823	2,296,122	4,012,312	5,289,185	1,276,873	31.8%
General Fund	General Fund - Unassigned	2,931,824	2,454,329	7,500,995	-	-	-	0.0%
Nonmajor Governmental Funds	Animal Control Fund	451,952	476,996	-	-	-	-	0.0%
Nonmajor Governmental Funds	AQMD Fund	196,237	144,932	256,218	191,000	203,842	12,842	6.7%
Nonmajor Governmental Funds	Debt Service Fund	3,823,952	3,827,466	393,885,656	19,109,605	22,098,251	2,988,646	15.6%
Nonmajor Governmental Funds	HOME Investment Partnership	-	-	-	-	628,346	628,346	0.0%
Nonmajor Governmental Funds	Inmate Welfare Fund	-	-	-	10,000	10,000	-	0.0%
Nonmajor Governmental Funds	Meadow Park Parking Lot District	32,373	32,172	33,361	29,342	32,500	3,158	10.8%
Nonmajor Governmental Funds	Section 8 Housing	6,418,565	6,605,376	6,983,258	7,882,360	7,928,184	45,824	0.6%
Nonmajor Governmental Funds	Street Lighting Fund	2,833,191	2,529,491	2,731,993	2,805,549	1,628,970	(1,176,579)	-41.9%
Nonmajor Governmental Funds	Vanpool Fund	176,480	147,985	123,030	247,611	264,997	17,386	7.0%
Enterprise Funds	Airport Fund	14,378,450	14,362,526	16,531,183	14,999,188	15,830,439	831,251	5.5%
Enterprise Funds	Cultural Arts Center	2,175,354	1,983,488	466,676	-	-	-	0.0%
Enterprise Funds	Emergency Medical Services Fund	13,327,014	14,682,254	88,460	-	-	-	0.0%
Enterprise Funds	Parks & Recreation Fund	7,852,010	6,386,244	2,679,273	-	-	-	0.0%
Enterprise Funds	Sanitation Fund	14,693,689	14,932,042	18,217,038	15,562,692	15,793,165	230,473	1.5%
Enterprise Funds	Sewer Fund	5,985,319	6,071,954	8,025,561	6,439,225	6,165,910	(273,315)	-4.2%
Enterprise Funds	Transit Fund	28,330,979	30,630,551	32,544,638	32,376,518	45,232,700	12,856,182	39.7%
Enterprise Funds	Water Fund	43,301,977	46,618,293	53,785,443	47,897,500	52,170,884	4,273,384	8.9%
Internal Service Funds	Fleet Services Fund	6,209,057	5,990,217	8,879,788	6,067,803	9,628,182	3,560,379	58.7%
Internal Service Funds	Self-Insurance Fund	5,821,613	6,741,158	14,068,155	6,740,000	14,050,000	7,310,000	108.5%
Fiduciary Funds	Redevelopment Agency Fund	3,599,864	4,375,135	3,477,959	4,035,940	4,225,708	189,768	4.7%
Total Revenues		**$ 359,862,540**	**$ 374,313,404**	**$ 1,139,372,820**	**$ 392,732,242**	**$ 439,128,878**	**$ 46,396,636**	**11.8%**

The City-wide revenue budget is projected to increase by $46.4 million in Fiscal Year 2022-23 as a result of the below primary drivers, by Fund:

- **General Fund Operating Fund ($13.6 million increase):** driven by extraordinary increases in Taxes related to the waning effects of pandemic, increases in Charges for Services as programming returns and the City's Emergency Medical Transport program matures, offset by decreases in Other Revenues as the City receives its final American Rescue Plan Act (ARPA) payment in Fiscal Year 2021-22 (which does not recur in Fiscal Year 2022-23). While the $13.6 million increase represents a 6.1% increase over the prior year's budget, it only represents a 0.50% increase over the projected results from Fiscal Year 2021-22 ($236.8 million) from the City's Fiscal Year 2021-22 Mid-Year Budget Review Report.
- **General Fund – Restricted/Assigned sub-fund ($1.3 million increase)**: the result of addressing shortfalls to properly fund various replacement funds and other interval funding needs. This is discussed in further detail in the **Non-Departmental** department section of the Budget Book.

- **Debt Service Fund ($3.0 million increase):** a result of the City refunding its 2014 Certificates of Participation (COP) for 2021 Lease Revenue Bonds. This action allowed the City to refinance this debt at a lower interest rate and front-load the savings in Fiscal Year 2020-21 and 2021-22. The Fiscal Year 2022-23 budget returns to similar debt service costs to prior years under the 2014 COP debt service schedule. The revenues in this Fund represent the lease payments made by the General Fund to make debt service payments. This is discussed in further detail in the **Non-Departmental** department section of the Budget Book.
- **Street Lighting District ($1.2 million decrease):** driven by a change in the budgeting/accounting of the overall Street Lighting District. Historically, this fund housed both the general benefit and special benefit portions of the Street Lighting District that was approved. Beginning in Fiscal Year 2022-23, the Street Lighting District fund will house only the special benefit portion of the district and the General Fund will house the general benefit portion of the District. This is discussed in further detail in the **Public Works** department section of the Budget Book.
- **Transit Fund ($12.9 million increase):** driven by one-time COVID-19 pandemic grant funding supporting operations. It is anticipated these grant funds ($10.2 million) will be fully expended in Fiscal Year 2022-23 and will not recur beyond that. This is discussed in further detail in the **Transit** department section of the Budget Book.
- **Water Fund ($4.3 million increase):** driven by a change in accounting related to a fixed facility charge to the Torrance Refining Company. This will change a historically recorded credit to expense as a revenue to the Fund (offset by the gross expenditure being recorded). This is a net zero change to the overall budget and simply a change in accounting. This is discussed in further detail in the **Public Works** department section of the Budget Book.
- **Fleet Services Fund ($3.6 million increase):** primarily driven by increased contributions to the Fund from Departments utilizing its services coupled with increased replacement fund contributions. The City conducted a detailed analysis of the rates charged by Fleet Services, determined the appropriate rates needed to cover the actual expenditures and have adjusted budgets accordingly. Further, a separate analysis was conducted and determined that the City was under contributing to its replacement fund, therefore not setting enough money aside to replace assets when they reach the end of their useful life. The impacts of these two analyses are incorporated into these revenue figures. Finally, an additional transfer of $1.0 million is included from the General Fund to resolve a negative cash balance issue in the Fleet Services Operations sub-fund. This is discussed in further detail in the **General Services** department section of the Budget Book.
- **Self-Insurance Fund ($7.3 million increase)**: which is primarily driven by increased contributions to the Fund. As shown in the Key Performance Indicators (**Self-Insurance Funded Status)**, this Fund has been inadequately budgeted for historically. Additionally, recent settlements and workers compensation claims have placed a strain on it. This

additional contribution is necessary to maintain its funding status and will require additional increases in subsequent years. Even so, the overall fund balance is projected to continue deteriorating. This is discussed in further detail in the **Finance** department section of the Budget Book.

Summary by Classification

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	171,132,767	166,031,378	175,081,684	180,404,220	200,120,015	19,715,795	10.9%
Licenses, Fees and Permits	4,251,655	3,099,284	4,305,857	4,575,836	4,767,606	191,770	4.2%
Fines, Forfeitures and Penalties	1,263,359	973,269	648,759	742,003	735,144	(6,859)	-0.9%
Use of Money and Property	13,156,264	13,313,486	7,921,376	26,241,562	30,589,206	4,347,644	16.6%
Intergovernmental	22,871,033	23,009,926	20,346,385	24,283,649	38,637,503	14,353,854	59.1%
Other Revenues	3,374,300	1,128,742	15,386,632	12,738,416	681,592	(12,056,824)	-94.6%
Charges for Services	104,380,033	107,237,979	110,350,637	120,651,370	137,279,281	16,627,911	13.8%
Operating Transfers In	38,532,732	58,969,252	415,901,724	23,095,186	26,128,763	3,033,577	13.1%
Other Financing Sources	900,397	550,088	389,429,766	-	189,768	189,768	0.0%
Total Revenues	**$ 359,862,540**	**$ 374,313,404**	**$1,139,372,820**	**$ 392,732,242**	**$ 439,128,878**	**$ 46,396,636**	**11.8%**

The City-wide revenue budget is projected to increase by $46.4 million in Fiscal Year 2022-23 as a result of the below primary drivers, by classification:

- **Taxes ($19.7 million increase):** driven by extraordinary increases in the General Fund Operating Fund related to the waning effects of pandemic and the return of economic activity overall.
- **Use of Money and Property ($4.3 million increase)**: largely driven by increase in lease payments received by the City's Debt Service Fund to fund annual debt service payments.
- **Intergovernmental ($14.4 million increase)**: driven by increases in Intergovernmental revenues in the City's Transit Fund. This is a combination of increases in Measure R ($900k), Measure M ($900k) and Transportation Development Act ($2.2 million) funds as well as a significant increase in one-time grant COVID-19 grant revenues ($10.2 million).
- **Other Revenues ($12.1 million decrease):** This is driven by the last installments of the American Rescue Plan Act being received in Fiscal Year 2021-22.
- **Charges for Services ($16.6 million increase)**: This is the result of increases in the City's General Fund ($3.3 million) primarily as a result of programming returns in the Community Services and General Services Departments as well as the maturing of the City's Emergency Medical Transport Program. Additional increases in the enterprise funds ($4.2 million) are primarily driven by the change in accounting for a facility charge in the Water Fund (offset by an increase in expenditure). Finally, the majority of increase is driven by Internal Service Funds with an increase of $7.3 million for Self-Insurance and $1.9 million for Fleet Services Fund. These increases for the Internal Service Funds are in an effort to correct the funded status in this area.

General Fund Operating Fund by Classification

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	164,699,524	159,026,553	170,625,936	175,114,158	194,836,318	19,722,160	11.3%
Licenses, Fees and Permits	3,991,135	2,848,149	4,305,857	4,575,836	4,731,003	155,167	3.4%
Fines, Forfeitures and Penalties	1,263,359	973,269	648,759	742,003	735,144	(6,859)	-0.9%
Use of Money and Property	4,437,597	4,158,245	2,035,499	2,123,339	3,200,594	1,077,255	50.7%
Intergovernmental	430,210	551,302	351,755	469,994	559,241	89,247	19.0%
Other Revenues	2,967,982	612,262	14,403,628	12,523,290	447,766	(12,075,524)	-96.4%
Charges for Services	6,304,193	5,958,824	10,701,209	16,454,206	19,761,271	3,307,065	20.1%
Operating Transfers In	11,808,451	28,595,044	363,725,370	12,322,771	13,676,278	1,353,507	11.0%
Other Financing Sources	771,460	360,322	-	-	-	-	0.0%
Total Revenues	**$ 196,673,911**	**$ 203,083,970**	**$ 566,798,013**	**$ 224,325,597**	**$ 237,947,615**	**$ 13,622,018**	**6.1%**

The majority of General Fund revenue sources are collected from Taxes, Charges for Services, and Operating Transfers In. These three classifications account for 96% of the General Fund Operating Fund revenues. The taxes classification includes the following three major areas: sales and use tax, property tax, and utility users' tax. The Charges for Services classification includes fees charged to users, which includes fees charged through Departments such as Community Development, Fire, General Services, and Community Services. Finally, Operating Transfers In includes transfers from the Airport Fund, Gas Tax, Measure W, and Prop C funds to help support day-to-day operations. These are explained in further detail later in this section.

Tax Revenue by Classification

Taxes	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Sales and Use Tax	50,948,129	50,016,600	54,756,028	55,261,835	63,940,625	8,678,790	15.7%
Property Tax	37,364,854	38,875,827	40,891,279	42,701,064	44,427,885	1,726,821	4.0%
Property Transfer Tax	835,821	943,792	1,005,082	1,000,000	1,469,471	469,471	46.9%
VLF Swap & Repayment	14,480,860	15,230,667	15,631,754	16,130,707	16,615,651	484,944	3.0%
Utility Users Tax	32,031,796	30,846,611	32,521,996	32,926,251	37,207,940	4,281,689	13.0%
Business License Tax	9,549,784	9,444,828	9,210,348	9,179,377	8,992,906	(186,471)	-2.0%
Occupancy Tax	11,601,755	8,704,082	6,031,651	7,119,224	11,601,755	4,482,531	63.0%
Franchise Tax	5,577,307	4,010,123	8,668,584	8,930,800	8,828,324	(102,476)	-1.1%
Construction Tax	2,301,930	947,093	1,902,424	1,857,400	1,745,904	(111,496)	-6.0%
Oil Severance Tax	7,288	6,930	6,790	7,500	5,857	(1,643)	-21.9%
Total Taxes	**$ 164,699,524**	**$ 159,026,553**	**$ 170,625,936**	**$ 175,114,158**	**$ 194,836,318**	**$ 19,722,160**	**11.3%**

The three core tax revenue sources of the General Fund are sales tax, property tax (including Transfers and VLF Swap), and utility users' tax, which typically represent about 84% of the tax classification budget.

Sales and Use Tax

The Fiscal Year 2022-23 budget includes a 15.7% increase over the prior year's budget, or a 6.2% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. The sales and use tax classification has experienced an extraordinary increase as a result of the waning impacts of the pandemic.

Based on the latest data from the CA Department of Tax and Fee Administration (fourth calendar quarter 2021), the City is experiencing growth in all major industry groups except Food & Drugs, though this is having a "de minimis" effect on results, and State and County Pools. The sector with the largest impact to sales tax revenue growth is General Consumer Goods. When comparing fourth quarter 2021 to the same period the year prior, we are seeing an increase of $776,000 or 22.8%. The sector with the second largest impact to sales tax revenue growth is Autos and Transportation. When comparing fourth quarter 2021 to the same period the year prior, we are seeing an increase of $570,000 or 17.2%. The sector with the third largest impact to sales tax revenue growth is Restaurants and Hotels. When comparing fourth quarter 2021 to the same period the year prior, we are seeing an increase of $498,000 or 54.8%. Overall, when comparing fourth quarter 2021 against fourth quarter 2020 for all industry groups, we are showing about a $2.1M increase, or about 14.7%. It is important to note this is comparing one quarter and is not necessarily indicative of annualized year-over-year performance. Due to COVID-19, each quarter's performance has varied significantly. On an annualized basis we are anticipating about 6% growth in sales tax overall next year, which is consistent with overall statewide trends.

Allocations from the Los Angeles county-wide pool continue to be strong, despite the increases experienced in General Consumer Goods in this same period. At the onset of the pandemic these two operated in an inverse manner as consumers shifted to online shopping. Despite the re-opening of brick-and-mortar retailers, online sales continue to hold relatively strong. In the fourth quarter 2021, the State and County Pool allocation decreased $146,000, or 4.5%, over the year prior. This area is still holding at levels higher than those experienced before the pandemic.

While revenues are positive, staff are cautious in the area of Autos & Transportation among other areas. Autos & Transportation accounts for approximately 26% of sales tax revenue for the City and with supply chain constraints, chip shortages, and purchase activity at current levels, inventories are very tight. We are anticipating this revenue stream will see slower growth next year as levels experienced in the last two years are not sustainable.

Inflation rates, increases to the federal funds rate, and geopolitical uncertainty are anticipated to factor into trends for next year as consumer confidence wanes. The drop in Autos along with

normalized growth rates across industry groups may result in moderated growth overall for next year.

Property Tax, Property Transfer Tax, and VLF Swap & Repayment

The Fiscal Year 2022-23 budget includes a 4.5% increase over the prior year's budget, or a 3.7% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report.

The City's property tax base consists of a healthy mix of residential, commercial, and industrial properties, with the residential side comprising the majority of total assessed value. According to the city's property tax consultants HdL, fiscal year 2020-21 net taxable assessed values increased 3.2% from the prior year to $34.4 billion (from $33.4 billion), placing Torrance in the top 10 highest value cities in Los Angeles County (8th place).

When examining the changes in net taxable assessed values, the Residential category is the largest contributor to this change, with $819 million in value being added, a 3.7% increase. The second largest category contributing to the increase was Industrial, which added $311 million in net taxable assessed value, an 11.1% increase.

According to data from the fourth quarter of calendar year 2021, value added from sales in continue to rise. The median price for a Torrance detached single family residential home was $1,133,000, compared to $950,000 in 2020, an increase of 19.3%. Increased demand due to low interest rates and a limited supply have led to properties selling quickly with multiple offers for above asking price. The effect of these factors is increasing the median home sales price. However, the recent increases to the federal funds rate is anticipated to slow this activity with the additional anticipated increases coming during the remainder of 2022 to further constrain these trends.

In 2004, the California Legislature approved a property tax swap of Vehicle License Fees (VLF) as part of a state/local budget agreement. As a result of the swap, more than 90% of the City's Motor License Vehicle Fund was swapped for property taxes. The centerpiece of this legislation was the permanent reduction of the VLF rate. A 3.0% growth is anticipated for FY 2022-23 in this category.

Utility Users' Tax

Utility Users' Tax	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Electricity	13,694,342	13,443,583	14,858,146	15,114,624	18,168,950	3,054,326	20.2%
Gas	2,851,446	3,047,587	3,815,319	4,050,989	4,995,440	944,451	23.3%
Refinery: Co-gen	1,021,853	1,037,070	877,568	553,259	530,230	(23,029)	-4.2%
Refinery: Gas	5,070,884	3,594,015	3,897,948	5,221,642	5,072,350	(149,292)	-2.9%
Water	2,623,463	3,736,247	3,606,414	2,927,471	3,246,210	318,739	10.9%
Cable	1,745,055	1,643,529	1,683,538	1,848,936	2,101,270	252,334	13.6%
Cellular	2,091,405	1,312,048	1,057,511	1,010,492	1,129,710	119,218	11.8%
Telecom	2,933,348	3,032,532	2,725,552	2,198,838	1,963,780	(235,058)	-10.7%
Total Revenues	**$ 32,031,796**	**$ 30,846,611**	**$ 32,521,996**	**$ 32,926,251**	**$ 37,207,940**	**$ 4,281,689**	**13.0%**

The Fiscal Year 2022-23 budget includes a 13.0% increase over the prior year's budget, or a 2.2% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. The utility users' tax rate for electricity, telecommunications, gas and cable is 6.5%, with water set at 6.0%, in the City of Torrance. The City is initiating a process to conduct another round of Proposition 218 hearings to review the rates for sewer, followed by water and sanitation shortly thereafter. This budget does not include adjustments to these potential rate changes. Additionally, electric and gas utility rates have experienced or are anticipated to have increases and adjustments have been incorporated in the budget accordingly.

Projected increases are anticipated in all the major utilities (primarily electricity and gas), offset by declines in Refinery Co-gen/Gas and Telecom, whose receipts continue to decline due to the trend in streaming applications over traditional cable channels.

Business License Tax

The Fiscal Year 2022-23 budget includes a 2.0% decrease from the prior year's budget, or a 1.0% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. The proposed budget updates are to bring the budget more in line with actuals. The City of Torrance typically serves approximately 14,000 businesses, including outside contractors, however this has waned to approximately 12,600 in recent years. Annual renewals for this revenue source are billed in December, due on January 1 and delinquent on February 1.

Occupancy Tax

The Fiscal Year 2022-23 budget includes a 63.0% increase over the prior year's budget, or a 25.0% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review

Report. The City projects a steady return to travel and tourism, and is projecting that the City will be at pre-pandemic levels (Fiscal Year 2019) in Fiscal Year 2023.

According to data and analytics company STR, LLC, occupancy rates have hovered around 77.2% during the period of July 1, 2021-March 31, 2022 compared with 51.3% the year prior. Additionally, the average daily rate per room increased by $31, going from $110 per night to $141 per night. Based on these trends, it is anticipated occupancy tax receipts will meet pre-pandemic levels.

Licenses, Fees & Permits

The Fiscal Year 2022-23 budget includes a 3.4% increase over the prior year's budget, or an 11.2% decrease from the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. This revenue source accounts primarily for development-related fees such as building and inspection fees and it is expected these will normalize in the coming budget year.

Use of Money and Property

The Fiscal Year 2022-23 budget includes a 50.7% increase over the prior year's budget, or a 60.0% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. This revenue source includes investment earnings, interest income, and rental income. The primary driver for the Fiscal Year 2022-23 increase is interest income related to advances between the General Fund and the Successor Agency and a new agreement with the Water Replenishment District.

Fines and Forfeitures

The Fiscal Year 2022-23 budget includes a 0.9% decrease from the prior year's budget, or a 2.0% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. This revenue source includes general court, traffic fines, and parking citation revenues. The City suspended street sweeping and residential permit parking citations under the COVID-19 emergency proclamation, however enforcement of permit parking and street sweeping signs have resumed in April 2021.

Charges for Services

Charges for Services	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
City Manager	-	-	128,356	130,000	888,099	758,099	583.2%
City Clerk	20,713	10,809	5,756	24,236	16,004	(8,232)	-34.0%
Community Development	3,367,527	3,346,499	4,759,976	4,053,469	4,535,761	482,292	11.9%
General Services	-	-	84,899	635,896	853,856	217,960	34.3%
Non-Departmental	15,056	15,937	15,639	30,585	22,175	(8,410)	-27.5%
Police	311,867	270,392	240,658	259,370	212,961	(46,409)	-17.9%
Fire	1,784,091	1,489,291	3,397,471	7,783,935	8,286,291	502,356	6.5%
Public Works	203,854	228,248	215,950	231,930	232,182	252	0.1%
Community Services	601,085	597,648	1,852,504	3,304,785	4,713,942	1,409,157	42.6%
Total Revenues	**$ 6,304,193**	**$ 5,958,824**	**$ 10,701,209**	**$ 16,454,206**	**$ 19,761,271**	**$ 3,307,065**	**20.1%**

The Fiscal Year 2022-23 budget includes a 20.1% increase over the prior year's budget, or a 12.2% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. This revenue source represents general government charges for an array of services such as construction related fees (e.g. plan checks), Green Building Code fees, inspection fees, Emergency Transport Fees, and various participant fees (Community Services and General Services).

Major changes in this category, by department, are summarized below:

- **City Manager's Office**: beginning in Fiscal Year 2022-23 the negotiated a new agreement with the Torrance Refining Company increasing the contribution to support the emergency notification requirements (supporting Interactive Communications Officers and other related tasks).
- **Community Development:** increased activity remains and the budget adjustment aligns with this expectation, though the proposed budget amount is less than expected in Fiscal Year 2022-23.
- **General Services:** it is expected this area will function at 65% of pre-pandemic levels as some cultural arts center related activities return.
- **Fire:** as the City's Emergency Medical Transport program matures, one unit is converted from peak staffed to full staffed, and more ambulance operators are added for wall unit support, it is anticipated that revenue will continue to grow. Staff are seeing financial outcomes meet projected outcomes as the program passes one year in operation.
- **Community Services**: based on recent trends, the budget is projected to operate at 85% of pre-pandemic levels as many programs return to regular operation.

EXPENDITURES

Expenditures

Summary by Fund

Fund Type	Fund Name	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
General Fund	General Fund - Operating Fund	197,285,586	204,306,468	543,474,044	224,140,425	237,947,615	13,807,190	6.2%
General Fund	General Fund - Rest/Assigned	3,298,492	3,523,563	858,962	2,219,573	1,453,658	(765,915)	-34.5%
General Fund	General Fund - Unassigned	3,833,668	19,478,015	10,374,177	174,668	-	(174,668)	-100.0%
Nonmajor Governmental Funds	Animal Control Fund	461,520	463,079	13,917	-	-	-	0.0%
Nonmajor Governmental Funds	AQMD Fund	148,826	142,494	151,442	185,940	203,842	17,902	9.6%
Nonmajor Governmental Funds	Debt Service Fund	3,727,063	3,730,888	395,294,274	20,303,543	22,098,251	1,794,708	8.8%
Nonmajor Governmental Funds	HOME Investment Partnership	-	-	-	-	628,346	628,346	0.0%
Nonmajor Governmental Funds	Inmate Welfare Fund	-	-	-	10,000	10,000	-	0.0%
Nonmajor Governmental Funds	Meadow Park Parking Lot District	32,115	29,689	25,959	29,342	32,500	3,158	10.8%
Nonmajor Governmental Funds	Section 8 Housing	6,514,718	6,732,279	6,800,150	8,283,561	7,928,184	(355,377)	-4.3%
Nonmajor Governmental Funds	Street Lighting Fund	2,852,044	2,487,590	2,760,097	2,829,206	1,628,970	(1,200,236)	-42.4%
Nonmajor Governmental Funds	Vanpool Fund	176,480	147,985	123,030	315,653	264,997	(50,656)	-16.0%
Enterprise Funds	Airport Fund	13,410,096	14,383,300	15,223,287	15,787,136	15,969,869	182,733	1.2%
Enterprise Funds	Cultural Arts Center	2,214,795	2,106,213	-	-	-	-	0.0%
Enterprise Funds	Emergency Medical Services Fund	13,370,383	14,786,140	-	-	-	-	0.0%
Enterprise Funds	Parks & Recreation Fund	7,937,112	7,097,903	1,360,683	-	-	-	0.0%
Enterprise Funds	Sanitation Fund	13,748,070	13,944,499	17,652,162	16,135,561	15,979,038	(156,523)	-1.0%
Enterprise Funds	Sewer Fund	4,323,729	6,739,173	8,060,773	7,270,851	7,275,601	4,750	0.1%
Enterprise Funds	Transit Fund	37,061,215	27,143,826	29,855,096	37,517,253	38,594,280	1,077,027	2.9%
Enterprise Funds	Water Fund	46,288,936	43,502,367	46,866,042	43,692,503	54,038,333	10,345,830	23.7%
Internal Service Funds	Fleet Services Fund	5,487,223	5,563,945	8,117,285	6,655,930	7,101,264	445,334	6.7%
Internal Service Funds	Self-Insurance Fund	7,165,175	24,232,947	14,738,196	21,295,549	19,363,885	(1,931,664)	-9.1%
Fiduciary Funds	Redevelopment Agency Fund	2,635,949	1,992,984	2,034,164	3,210,361	1,820,332	(1,390,029)	-43.3%
Total Expenses		**371,973,195**	**402,535,347**	**1,103,783,740**	**410,057,055**	**432,338,965**	**22,281,910**	**5.4%**

For Fiscal Year 2022-23, city-wide expenditures are projected to increase $22.3 million, largely driven by increases in the City's General Fund Operating Fund, Debt Service Fund, and Water Fund offset by decreases in the Street Lighting District Fund, Self-Insurance Fund, and Successor Agency to the Former Redevelopment Agency.

Summary by Classification

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	219,743,459	225,183,320	555,447,259	231,844,925	229,270,377	(2,574,548)	-1.1%
Salaries and Benefits Reimbursements	(10,305,061)	(9,324,389)	(7,431,565)	(538,305)	(51,294)	487,011	90.5%
Reimbursements-Indirect Costs	(6,761,451)	(7,244,847)	(7,610,489)	(7,947,803)	(7,813,890)	133,913	1.7%
Materials, Supplies & Maintenance	28,143,371	26,564,478	24,683,031	32,169,199	34,660,552	2,491,353	7.7%
Materials Reimbursements	(3,758,026)	(3,748,052)	(3,527,053)	(761,712)	(466,351)	295,361	38.8%
Parts, Fuel & Lubricants Inventory Purchases	4,076,518	3,532,004	3,116,303	4,281,440	4,409,883	128,443	3.0%
Parts, Fuel & Lubricants Contra	(4,076,518)	(3,532,004)	(3,116,303)	(4,281,440)	(4,409,883)	(128,443)	-3.0%
Stored Water Rights Inventory Purchases	358,609	382,290	411,611	432,000	457,960	25,960	6.0%
Stored Water Rights Contra	(358,609)	(382,290)	(411,611)	(432,000)	(457,960)	(25,960)	-6.0%
Professional/Contract Services & Utilities	19,748,738	20,112,995	19,359,553	26,045,294	26,769,594	724,300	2.8%
Water Supply Costs	25,104,957	25,962,808	26,301,940	25,705,000	33,787,000	8,082,000	31.4%
Training, Travel & Membership Dues	1,477,791	1,140,274	636,910	1,380,295	1,418,296	38,001	2.8%
Depreciation and Amortization	6,659,011	6,703,020	7,295,637	7,746,253	12,104,453	4,358,200	56.3%
Liabilities, Settlements & Insurance	13,328,305	25,793,375	9,784,785	21,535,696	10,662,924	(10,872,772)	-50.5%
Interdepartmental Charges	12,947,622	13,402,398	15,085,906	16,647,279	22,601,440	5,954,161	35.8%
Debt Service	13,691,387	12,205,502	9,461,086	43,473,715	48,303,773	4,830,058	11.1%
Debt Service Reimbursements	(2,692,231)	(1,948,721)	(1,811,273)	(18,651,186)	(20,275,021)	(1,623,835)	-8.7%
Other Expenditures	359,051	283,770	254,781	250,000	301,294	51,294	20.5%
Capital Acquisitions	6,227,683	4,982,455	2,312,443	7,551,788	7,395,081	(156,707)	-2.1%
Asset Contra Account	(7,245,274)	(7,285,633)	(3,596,418)	(6,174,417)	(6,174,417)	-	0.0%
Other Operating Transfers Out	50,651,698	69,744,536	410,910,159	29,542,174	31,406,294	1,864,120	6.3%
Bad Debts and Other Losses	4,652,165	8,058	5,582,823	238,860	8,438,860	8,200,000	3433.0%
Other Financing Uses	-	-	40,644,225	-	-	-	0.0%
Total Expenditures	**$ 371,973,195**	**$ 402,535,347**	**$1,103,783,740**	**$ 410,057,055**	**$ 432,338,965**	**$ 22,281,910**	**5.4%**

The City-wide expenditure budget is projected to increase by $22.3 million in Fiscal Year 2022-23 as a result of the below primary drivers, by classification:

- **Salaries and Employee Benefits ($2.6 million decrease):** driven by reductions in the City's General Fund in the Police and Fire Departments ($10.0 million total), offset by overall increases across all other areas due to general salary and benefit cost growth.
- **Materials, Supplies & Maintenance ($2.5 million increase)**: largely driven by increases in the labor rates charged to departments for use of the City's Fleet Services Internal Services Fund to correct structural deficit.
- **Water Supply Costs ($8.1 million increase)**: The increase of $8.1 million in Water Supply Costs is due to the delay in the North Torrance Well Field Project (I-108), increased costs from purchases from the Goldsworthy Desalter, and shifting a facility charge to revenues rather than an offset in expenditures.
- **Liabilities, Settlements & Insurance ($10.9 million decrease):** This is largely driven by one-time settlements in the Self-Insurance Fund being included in the Amended Budget for Fiscal Year 2021-22 that do not recur in Fiscal Year 2022-23.
- **Interdepartmental Charges ($6.0 million increase):** This is largely driven by increased contribution assessments to all funds and departments for the City's Self-Insurance Internal Service Fund.

- **Debt Service ($4.8 million increase):** Increased debt service costs for the City as a whole are largely the result of the 2021 Lease Revenue Bonds beginning their repayment in Fiscal Year 2022-23. The City refunded its 2014 Certificates of Participation (COP) and "front loaded" the savings in Fiscal Year 2020-21 and Fiscal Year 2021-22 to bridge the impacts of the COVID-19 pandemic.
- **Bad Debts and Other Losses ($8.2 million increase):** The City has not historically budgeted for the Bad Debts and Other Losses classification in the City's Self-Insurance Internal Service Fund. Beginning in Fiscal Year 2022-23 the budget will include an estimate derived from the City's annual actuarial report to properly plan for the cash and non-cash entries required in this fund. Doing so will provide a full picture of the anticipated trend of the fund's net position (fund balance).

This will be explained in further detail in the Department section of the Budget.

General Fund Operating Fund by Department

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Council	527,275	504,805	484,093	418,833	425,974	7,141	1.7%
City Manager	2,632,690	2,677,884	7,686,987	5,353,038	6,053,337	700,299	13.1%
City Attorney	2,412,321	2,582,887	4,675,147	2,674,293	2,807,892	133,599	5.0%
City Clerk	1,023,117	1,434,701	1,717,814	1,427,073	1,072,754	(354,319)	-24.8%
City Treasurer	494,640	365,919	579,324	356,017	364,166	8,149	2.3%
Finance	5,091,462	6,587,413	9,201,970	6,193,572	5,985,761	(207,811)	-3.4%
Human Resources	2,227,117	1,764,378	2,841,996	2,068,751	2,186,730	117,979	5.7%
Civil Service	474,647	477,184	915,161	598,794	629,315	30,521	5.1%
Community Development	8,491,190	8,886,262	15,972,756	8,730,072	9,793,700	1,063,628	12.2%
CIT	4,588,749	4,219,127	9,632,101	8,500,829	8,923,781	422,952	5.0%
General Services	4,090,776	4,753,673	10,137,885	9,659,503	10,124,466	464,963	4.8%
Non-Departmental	21,891,633	23,240,202	17,877,381	669,925	6,843,838	6,173,913	921.6%
Police	82,192,252	85,147,086	262,256,435	89,031,719	85,665,042	(3,366,677)	-3.8%
Fire	31,621,296	32,354,100	149,654,245	52,247,241	54,656,115	2,408,874	4.6%
Public Works	12,510,279	12,736,811	18,157,102	13,131,775	18,153,589	5,021,814	38.2%
Community Services	17,016,141	16,574,036	31,683,647	23,078,991	24,261,155	1,182,164	5.1%
Total Expenditures	**$ 197,285,585**	**$ 204,306,468**	**$ 543,474,044**	**$ 224,140,426**	**$ 237,947,615**	**$ 13,807,189**	**6.2%**

General Fund Operating Fund by Classification

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	161,501,345	165,361,321	506,983,879	189,962,003	188,348,559	(1,613,444)	-0.8%
Salaries and Benefits Reimbursements	(9,700,203)	(8,983,121)	(7,363,682)	(538,305)	(51,294)	487,011	-90.5%
Reimbursements-Indirect Costs	(6,761,451)	(7,244,847)	(7,610,489)	(7,947,803)	(7,813,890)	133,913	-1.7%
Materials, Supplies & Maintenance	11,304,216	11,092,410	10,728,193	14,017,171	16,653,496	2,636,325	18.8%
Materials Reimbursements	(3,438,255)	(3,024,135)	(3,061,504)	(761,712)	(221,351)	540,361	-70.9%
Professional/Contract Services & Utilities	9,102,913	10,082,857	10,463,792	13,511,783	14,897,705	1,385,922	10.3%
Training, Travel & Membership Dues	1,253,133	981,069	569,434	1,085,385	1,082,766	(2,619)	-0.2%
Liabilities, Settlements & Insurance	1,499,903	1,186,270	1,174,726	949,590	986,043	36,453	3.8%
Interdepartmental Charges	4,487,117	4,486,189	5,495,226	5,394,653	10,322,948	4,928,295	91.4%
Debt Service	5,098,744	4,665,205	2,048,047	19,371,708	22,360,355	2,988,647	15.4%
Debt Service Reimbursements	-	-	-	(18,097,064)	(18,337,744)	(240,680)	1.3%
Other Expenditures	109,051	81,143	4,781	-	-	-	0.0%
Capital Acquisitions	292,644	166,706	389,899	585,675	327,076	(258,599)	-44.2%
Other Operating Transfers Out	22,532,938	25,455,363	23,651,526	6,606,342	9,391,946	2,785,604	42.2%
Bad Debts and Other Losses	3,490	38	216	1,000	1,000	-	0.0%
Total Expenditures	**$ 197,285,585**	**$ 204,306,468**	**$ 543,474,044**	**$ 224,140,426**	**$ 237,947,615**	**$ 13,807,189**	**6.2%**

As shown above, the City's General Fund Operating Budget is projected to increase by $13.8 million in Fiscal Year 2022-23. The table above highlights the difference across all departments and expense classifications. The detail behind these figures, by expenditure classification, is examined in detail in the Department section of the Budget.

DEPARTMENTS

Departments

City Attorney

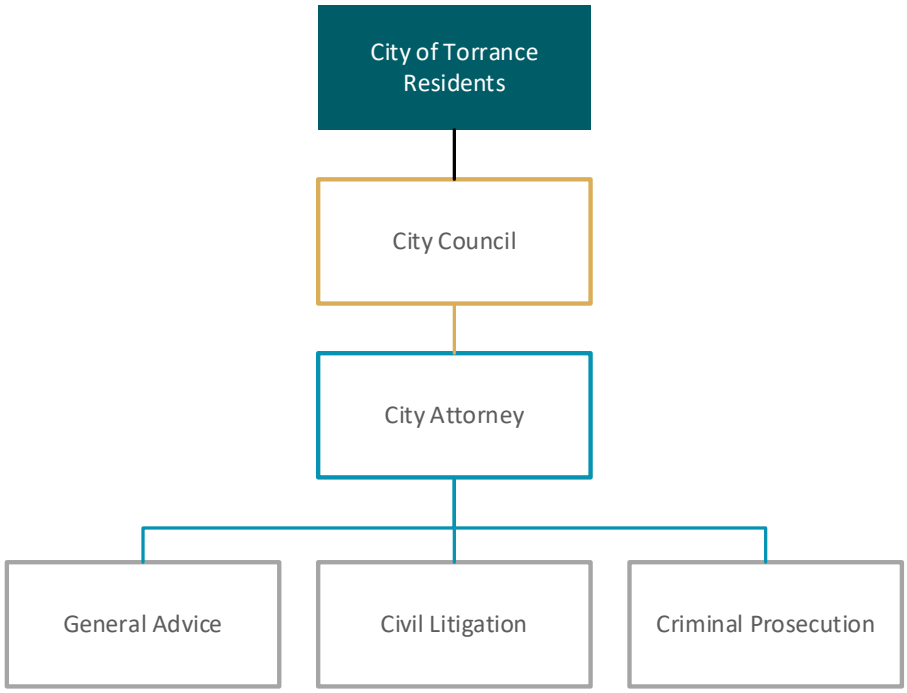
Mission Statement

The mission of the City Attorney is to advise and represent the City Council and City departments on all legal matters in a professional and timely manner. The City Attorney is committed to serving the public fairly and justly.

Functional Responsibilities

The City Attorney is responsible for advising and representing the City Council, City departments, the Successor Agency to the former Redevelopment Agency, and all employees on legal matters related to their offices and duties and the prosecution of state law misdemeanors and Municipal Code violations that occur within the City of Torrance. The office is divided into three divisions: General Advice, Civil Litigation, and Criminal Prosecution.

Department Organization



City Attorney General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	2,164,890	2,361,489	4,497,855	2,342,978	2,498,888	155,910	6.7%
Salaries and Benefits Reimbursements	(93,890)	(97,544)	(126,125)	-	-	-	0.0%
Materials, Supplies & Maintenance	36,115	36,109	33,605	36,138	38,222	2,084	5.8%
Professional/Contract Services & Utilities	218,071	190,577	172,824	220,041	181,702	(38,339)	-17.4%
Training, Travel & Membership Dues	25,831	29,258	18,730	34,748	35,790	1,042	3.0%
Liabilities, Settlements & Insurance	4,090	4,090	4,090	5,415	4,577	(838)	-15.5%
Interdepartmental Charges	55,529	55,929	55,929	19,064	39,686	20,622	108.2%
Other Operating Transfers Out	1,686	2,978	18,240	15,909	9,027	(6,882)	-43.3%
Total Expenditures	**$ 2,412,322**	**$ 2,582,886**	**$ 4,675,148**	**$ 2,674,293**	**$ 2,807,892**	**$ 133,599**	**5.0%**

As noted above, the Salaries and Employee Benefits line is projected to increase by 6.7% in FY2022-23. This is the net result of any staffing list changes including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The City Attorney's budget was adjusted to include funding for department issued cell phones (a requirement costing about $4,860) as well as a $12,000 increase in Legal Services funding to ensure sufficient budget is in place to cover anticipated costs of outside legal counsel separate from specific cases. In Fiscal Year 2022-23, departments will also fund their own outside legal counsel support if requested. The City Attorney's Interdepartmental Charges budget increased by $20,600 as a result of the Department's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the City Attorney's contribution to Telephone Replacement, Data Communications Replacement, and PC Replacement Funds.

City Attorney Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Assistant City Attorney	1.00	1.00	1.00	1.00	1.00	-
City Attorney	1.00	1.00	1.00	1.00	1.00	-
Deputy City Attorney I	2.00	2.00	3.00	3.00	3.00	-
Deputy City Attorney II	2.00	2.00	1.00	1.00	2.00	1.00
Deputy City Attorney III	2.00	2.00	2.00	2.00	1.00	(1.00)
Law Office Administrator	1.00	1.00	1.00	1.00	1.00	-
Legal Assistant I	2.00	2.00	2.00	2.00	2.00	-
Legal Assistant II	2.00	2.00	2.00	2.00	2.00	-
Office Assistant	0.60	0.60	0.60	-	-	-
Total Full-Time Equivalent (FTE)	**13.60**	**13.60**	**13.60**	**13.00**	**13.00**	**-**

The City Attorney's staffing budget for Fiscal Year 2022-23 is recommended to remain unchanged except for capturing the downgrade of a Deputy City Attorney III to Deputy City Attorney II approved during the October 2021 budget reductions.

City Clerk

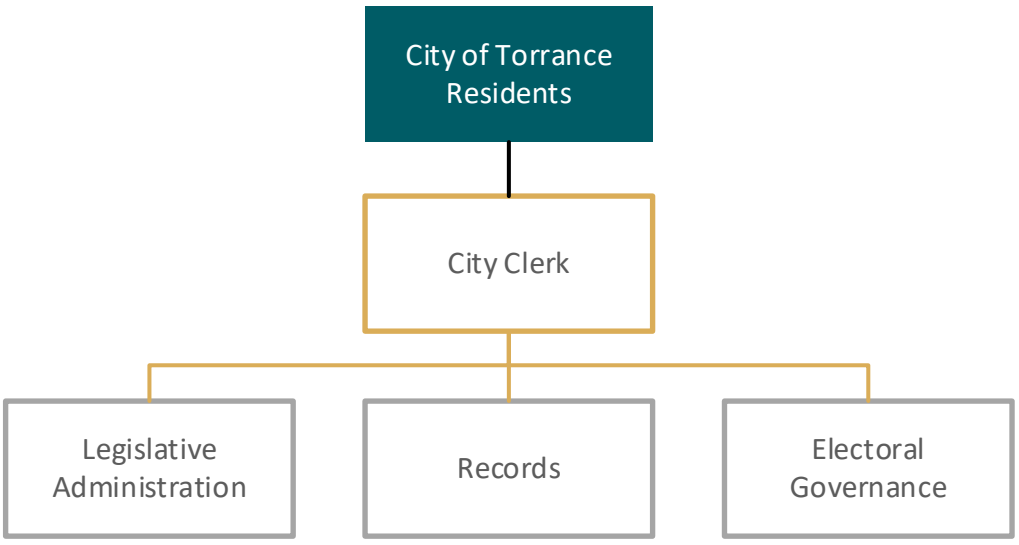
Mission Statement

The mission of the City Clerk's Office is to be the driver for open and transparent government, caretaker and custodian of public records, steward for the elections process, and ambassador to and conduit for the democratic processes of the City. The City Clerk's Office balances the public's need to know with the individual's right to privacy.

Functional Responsibilities

Elected by the citizens of Torrance, the City Clerk is the custodian of City records and keeper of the City Seal; agent for service of legal processes and accepts claims in actions against the City, administers oaths or affirmations, maintains the City's Records Retention Schedule, and serves and Clerk of the City Council; City's Elections Officer who conducts municipal elections; and the filing officer for the City for Conflict of Interest and Campaign Statement Forms. The City Clerk's Office provides minute secretarial services for City Council and advisory commission meetings, maintenance of the Municipal Code, and conducts the opening of all formal City bids.

Department Organization



City Clerk General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Other Revenues	111	15	60	-	-	-	0.0%
Charges for Services	20,713	10,809	5,756	24,236	16,004	(8,232)	-34.0%
Total Revenues	**$ 20,824**	**$ 10,824**	**$ 5,816**	**$ 24,236**	**$ 16,004**	**$ (8,232)**	**-34.0%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	872,609	841,470	1,575,298	868,358	917,964	49,606	5.7%
Salaries and Benefits Reimbursements	(550)	(1,100)	-	-	-	-	0.0%
Materials, Supplies & Maintenance	32,961	29,504	19,062	19,356	23,345	3,989	20.6%
Professional/Contract Services & Utilities	25,008	477,501	26,923	493,237	69,311	(423,926)	-85.9%
Training, Travel & Membership Dues	11,542	11,357	3,547	14,595	15,033	438	3.0%
Liabilities, Settlements & Insurance	2,454	2,454	2,454	3,249	3,346	97	3.0%
Interdepartmental Charges	79,094	72,694	73,894	10,737	29,804	19,067	177.6%
Other Operating Transfers Out	-	822	16,636	17,541	13,951	(3,590)	-20.5%
Total Expenditures	**$ 1,023,118**	**$ 1,434,702**	**$ 1,717,814**	**$ 1,427,073**	**$ 1,072,754**	**$ (354,319)**	**-24.8%**
Revenues Less Expenditures	**$ (1,002,294)**	**$ (1,423,878)**	**$ (1,711,998)**	**$ (1,402,837)**	**$ (1,056,750)**		

As noted above, the Salaries and Employee Benefits line is projected to increase by 5.7% in FY2022-23. This is the net result of any staffing list changes including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. Since Fiscal Year 2022-23 is not an election year, the contract services line was reduced by $400,000 along with a $38,000 reduction to transfer the budget for Laserfiche to CIT going forward. The City Clerk's Interdepartmental Charges budget increased by $19,100 as a result of the Department's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the City Clerk's contribution to Telephone Replacement, Data Communications Replacement, and PC Replacement Funds.

City Clerk Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
City Clerk	1.00	1.00	1.00	1.00	1.00	-
Deputy City Clerk I	2.00	2.00	2.00	2.00	2.00	-
Deputy City Clerk II	2.00	2.00	1.00	1.00	1.00	-
Deputy City Clerk III	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	2.00	2.00	2.00	2.00	2.00	-
Records Management Specialist	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**9.00**	**9.00**	**8.00**	**8.00**	**8.00**	**-**

City Council

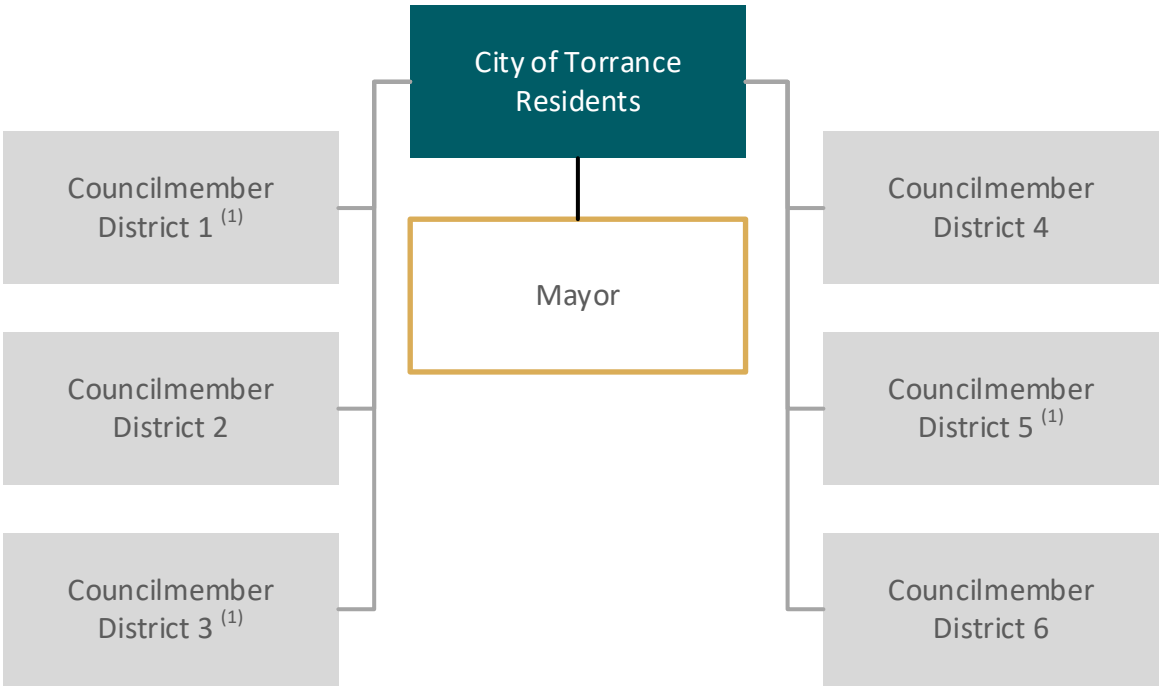
Mission Statement

The mission of the City Council is to adopt legislation, set policy, resolve issues, and establish the budget of the City. City Council is directly accountable to the electorate and must constantly balance the views of individuals and groups with the needs of the entire community.

Functional Responsibilities

The City Council consists of one Mayor and six Council members who represent six districts. The Mayor is elected at-large while Council members are elected by residents in their districts. They establish policy; levy taxes; authorize expenditures; adopt an annual budget; conduct weekly City Council meetings, various workshops, and committee meetings; and appoint volunteers to serve on advisory boards, commissions, and committees. Mayor and Councilmembers may serve as representatives on intergovernmental and regional boards, commissions, and committees.

City Council Organization



(1) District elections for Districts 1, 3, and 5 will be held in June 2022. Current Council Members, except for those in Districts 2, 4, and 6, were elected at-large.

City Council General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Other Revenues	5,000	5,000	12,974	-	-	-	0.00%
Total Revenues	**5,000**	**5,000**	**12,974**	**-**	**-**	**$ -**	**0.00%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	84,017	96,651	103,738	93,980	93,496	(484)	-0.52%
Materials, Supplies & Maintenance	27,360	33,595	24,288	32,162	36,217	4,055	12.61%
Professional/Contract Services & Utilities	123,821	111,490	110,279	96,240	100,672	4,432	4.61%
Training, Travel & Membership Dues	200,081	177,947	153,350	190,719	190,079	(640)	-0.34%
Interdepartmental Charges	91,997	84,197	85,797	-	-	-	0.00%
Other Operating Transfers Out	-	925	6,641	5,732	5,510	(222)	-3.87%
Total Expenditures	**$ 527,276**	**$ 504,805**	**$ 484,093**	**$ 418,833**	**$ 425,974**	**$ 7,141**	**1.70%**
Revenues Less Expenditures	**$ (522,276)**	**$ (499,805)**	**$ (471,119)**	**$ (418,833)**	**$ (425,974)**		

As noted above, the Salaries and Employee Benefits line is projected to decrease by 0.5% in FY2022-23. This is the net result of changes in PERS rates and insurance elections (dental, vision, life).

Materials, Supplies and Maintenance includes supplies for Commissions and special events, and Professional/Contract Services & Utilities includes expenses for secretary minute services, advertising and publishing. These classifications are receiving a 3.0% CPI adjustment. The increase in Other Operating Transfers Out is the result of recalculating the City Council's contribution to the PC Replacement Fund.

City Council Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
City Council	7.00	7.00	7.00	7.00	7.00	-
Total Full-Time Equivalent (FTE)	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**-**

City Manager

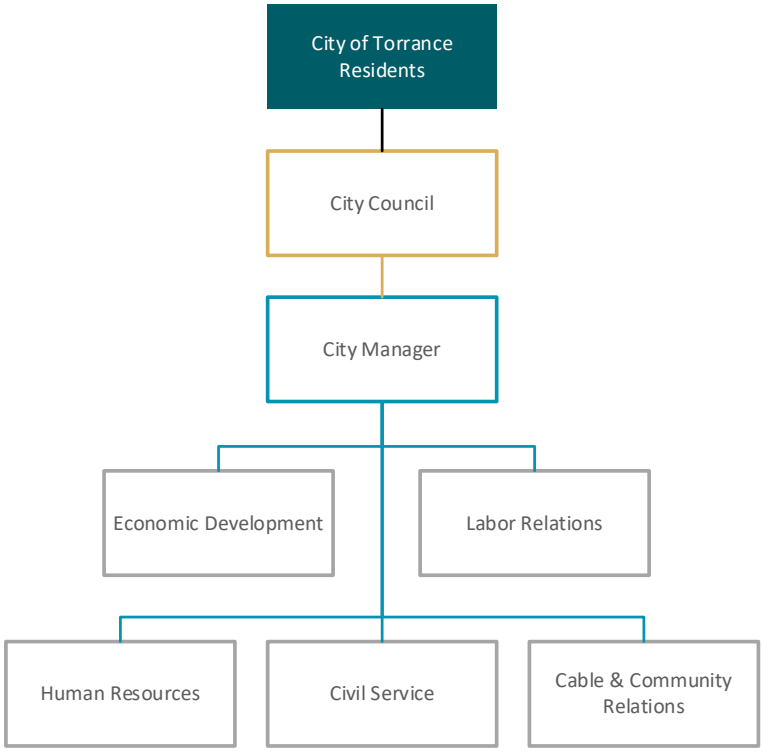
Mission Statement

The mission of the City Manager and the City Manager's Office is to guide and coordinate the efforts of City departments in carrying out policies adopted by the City Council. The City Manager develops and implements a strategic plan that provides a maximum quality of life for the residents of the community at the optimum cost, and to implement the City's mission statement, General Plan, and the priorities of the Strategic Plan.

Functional Responsibilities

The City Manager manages all municipal activities as provided by the City Charter; to advise the City Council on the City's financial and capital improvement needs and other municipal matters; ensures the enforcement of all City laws and ordinances; manages the City's properties; submits a balanced budget; directs all City departments; appoints department heads and authorizes appointment of all other City employees; directs the City's capital improvement projects; informs the public of City activities and services through the media; and represents management in employer-employee relations matters. The City Manager directs activities of the Cable Television Division and is the focal point for economic development and community relations.

Department Organization



City Manager General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	-	-	1,612,297	1,604,280	1,600,050	(4,230)	-0.3%
Intergovernmental	-	-	-	89,930	152,931	63,001	70.1%
Other Revenues	-	-	345	900	-	(900)	-100.0%
Charges for Services	-	-	128,356	130,000	888,099	758,099	583.2%
Total Revenues	**$ -**	**$ -**	**$ 1,740,998**	**$ 1,825,110**	**$ 2,641,080**	**$ 815,970**	**44.7%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	2,479,771	2,483,828	7,155,822	4,351,058	4,796,882	445,824	10.2%
Salaries and Benefits Reimbursements	(235,485)	(225,076)	(197,789)	-	-	-	0.0%
Materials, Supplies & Maintenance	32,993	43,443	75,739	162,075	228,750	66,675	41.1%
Materials Reimbursements	-	-	(22,200)	-	-	-	0.0%
Professional/Contract Services & Utilities	194,705	192,600	376,876	708,651	729,442	20,791	2.9%
Training, Travel & Membership Dues	66,029	57,141	42,488	66,428	123,530	57,102	86.0%
Liabilities, Settlements & Insurance	4,399	4,399	11,013	12,183	12,548	365	3.0%
Interdepartmental Charges	83,450	78,100	202,948	24,477	63,588	39,111	159.8%
Capital Acquisitions	6,829	1,025	17,839	12,500	81,500	69,000	552.0%
Other Operating Transfers Out	-	42,425	24,251	15,666	17,097	1,431	9.1%
Total Expenditures	**$ 2,632,691**	**$ 2,677,885**	**$ 7,686,987**	**$ 5,353,038**	**$ 6,053,337**	**$ 700,299**	**13.1%**
Revenues Less Expenditures	**$ (2,632,691)**	**$ (2,677,885)**	**$ (5,945,989)**	**$ (3,527,928)**	**$ (3,412,257)**		

The City's Cable Fund was merged with the General fund Operating fund and is the main reason for the increase beginning with Fiscal Year 2020-21's actuals.

The increase in Fiscal Year 2022-23 revenues is mainly driven by the City Manager's Office negotiating a new agreement with the Torrance Refining Company to support costs associated with the Interactive Communications Officers and other related activities.

As noted above, the Salaries and Employee Benefits line is projected to increase by 10.2% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. In addition to this exercise, the City's Manager's budget is increasing due three main reasons: (1) transfer of the City's Office of Emergency Services from the Fire Department ($210,000 increase); (2) the consolidation of the no-interest computer loan program, a previously separate sub-fund of the General Fund ($70,000

increase); and (3) a recently negotiated contract with the Torrance Refinery Company which includes funding for enhancements to the program (i.e. expanded emergency alert capabilities and outreach).

The City Manager's Interdepartmental Charges budget increased by $39,000 as a result of the increased contributions to the City's Self-Insurance Fund citywide. The increase in Other Operating Transfers Out is the result of recalculating the City Manager's contribution to the PC Replacement Fund.

City Manager Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Administrative Assistant	3.00	3.00	3.00	3.00	3.00	-
Area G Executive Director	1.00	1.00	1.00	1.00	1.00	-
Assistant City Manager	1.00	1.00	1.00	1.00	1.00	-
Assistant to the City Manager	2.00	1.00	1.00	2.00	2.00	-
Cable & Comm Relations Manager	1.00	1.00	1.00	1.00	1.00	-
Cable TV Announcer	1.80	1.80	1.80	1.80	1.80	-
Cable TV Operations Assistant	3.00	3.00	3.00	3.00	1.00	(2.00)
Cable TV Production Assistant	4.50	4.50	4.50	4.50	4.50	-
Cable TV Production Supervisor	1.00	1.00	1.00	1.00	1.00	-
City Manager	1.00	1.00	1.00	1.00	1.00	-
Community Television Supervisor	-	-	-	-	1.00	1.00
Deputy Finance Director	-	-	-	-	0.25	0.25
Economic Development Manager	1.00	1.00	1.00	1.00	1.00	-
Intern	2.00	2.00	2.00	2.00	2.00	-
Management Assistant	-	-	-	2.00	2.00	-
Management Associate	4.00	4.00	4.00	3.00	4.00	1.00
Office Assistant	1.00	1.00	2.00	2.25	2.25	-
Producer Writer, Assistant	1.00	1.00	1.00	1.00	1.00	-
Senior Admin Assistant	1.00	1.00	-	-	-	-
Staff Assistant	5.00	5.00	5.00	6.00	6.68	0.68
Supervising Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Supervising Producer/Writer	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**36.30**	**35.30**	**35.30**	**38.55**	**39.48**	**0.93**

The City Manager's staffing budget for Fiscal Year 2022-23 is currently projected to increase by 0.93 FTE. There is a decrease of 2.0 FTE in the classification of Cable TV Operations Assistant as a result of the Fiscal Year 2021-22 budget reductions and a program modification approved at First Quarter converting 1.0 FTE to Community Television Supervisor. There is also an increase of 0.25 FTE in Deputy Finance Director, 1.0 FTE in Management Associate, and 0.68 FTE in the position of Staff Assistant. These increases are offset by a 0.25 FTE decrease in Finance and 1.0 FTE in Fire (due to structural reorganization). This is the result of the Mid-Year program modification approved in the Fiscal Year 2021-22 Budget Review Report.

City Treasurer

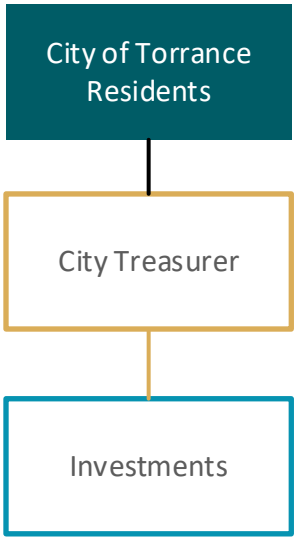
Mission Statement

The mission of the City Treasurer is to safeguard all City funds and manage the investment of surplus cash in accordance with the City's investment policy.

Functional Responsibilities

Elected by the residents of Torrance, the City Treasurer is responsible for the investment of idle funds and for receiving and depositing all monies.

Department Organization



City Treasurer General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	348,182	307,675	541,051	321,200	327,407	6,207	1.9%
Salaries and Benefits Reimbursements	(2,667)	(1,481)	-	-	-	-	0.0%
Materials, Supplies & Maintenance	1,517	1,271	259	2,820	2,905	85	3.0%
Materials Reimbursements	(67,980)	-	-	-	-	-	0.0%
Professional/Contract Services & Utilities	168,112	40,393	17,736	17,549	18,075	526	3.0%
Training, Travel & Membership Dues	3,781	(438)	1,020	4,120	4,244	124	3.0%
Liabilities, Settlements & Insurance	1,636	1,636	1,636	2,166	2,231	65	3.0%
Interdepartmental Charges	14,854	14,654	14,654	4,940	7,792	2,852	57.7%
Capital Acquisitions	27,205	-	-	-	-	-	0.0%
Other Operating Transfers Out	-	2,209	2,967	3,222	1,512	(1,710)	-53.1%
Total Expenditures	**$ 494,640**	**$ 365,919**	**$ 579,323**	**$ 356,017**	**$ 364,166**	**$ 8,149**	**2.3%**

As noted above, the Salaries and Employee Benefits line is projected to increase by 1.9% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

City Treasurer Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Account Clerk	2.00	-	-	-	-	-
City Treasurer	1.00	1.00	1.00	1.00	1.00	-
Deputy City Treasurer	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**4.00**	**2.00**	**2.00**	**2.00**	**2.00**	**-**

Civil Service

Mission Statement

The mission of the Civil Service Department is to provide a quality work force through timely and effective selection processes within the structure of consistently administered policies and procedures. The Civil Service Department works with the Civil Service Commission to resolve issues and communicate standards of clarity, openness, and support.

Functional Responsibilities

The Civil Service Department assists and acts as a liaison to the Civil Service Commission. Appointed by City Council, the Civil Service Commission is a seven-member governing body with authority over Civil Service positions. The Commission acts as a board of review in all employee disciplinary cases where a hearing is requested. The Employee Relations Committee is a sub-committee of the Commission that administers the City's Employee Relations Ordinance. The Commission advises the City Council on all personnel related matters. Commission staff recruits applicants, prepares and conducts examinations, reviews new and revised classifications, interprets policies and rules, prepares Commission meeting agendas, implements Commission actions, and maintains liaison with all City departments.

Department Organization

Civil Service General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	413,963	422,285	892,605	481,999	507,333	25,334	5.3%
Salaries and Benefits Reimbursements	(48,781)	(37,098)	(29,161)	-	-	-	0.0%
Materials, Supplies & Maintenance	14,653	6,217	2,083	16,800	16,504	(296)	-1.8%
Professional/Contract Services & Utilities	44,842	35,002	24,260	80,883	84,110	3,227	4.0%
Training, Travel & Membership Dues	4,917	4,632	1,682	6,900	7,107	207	3.0%
Liabilities, Settlements & Insurance	25,125	26,064	3,237	6,845	7,050	205	3.0%
Interdepartmental Charges	19,930	19,930	18,630	2,736	5,190	2,454	89.7%
Other Operating Transfers Out	-	153	1,826	2,631	2,021	(610)	-23.2%
Total Expenditures	**$ 474,649**	**$ 477,185**	**$ 915,162**	**$ 598,794**	**$ 629,315**	**$ 30,521**	**5.1%**

As noted above, the Salaries and Employee Benefits line is projected to increase by 5.3% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The Civil Service Division's Interdepartmental Charges budget increased by $2,500 as a result of the Division's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the Civil Service's contribution to Telephone Replacement, Data Communications Replacement, and PC Replacement Funds.

Civil Service Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Civil Service Manager	1.00	1.00	1.00	1.00	1.00	-
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	-
Human Resources Technician	0.50	1.00	1.00	1.00	1.00	-
Staff Assistant	0.80	0.80	0.80	0.80	0.80	-
Total Full-Time Equivalent (FTE)	**3.30**	**3.80**	**3.80**	**3.80**	**3.80**	**-**

Communications & Info Technology

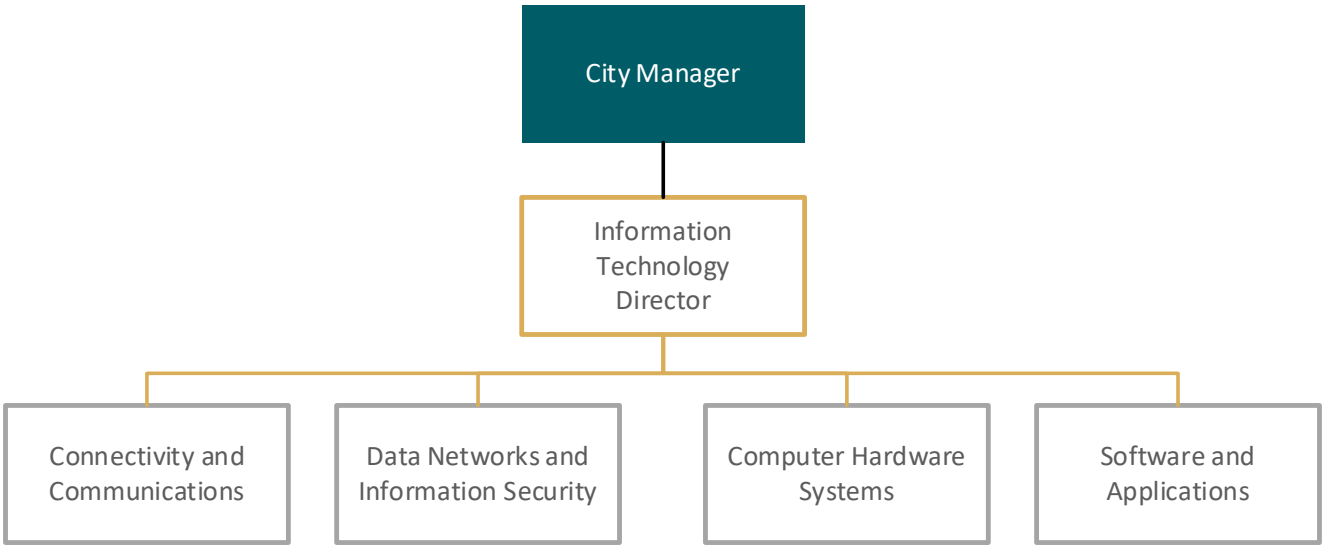
Mission Statement

The mission of the Communications and Information Technology Department is to strategically plan and support all communication and automation needs of the City in an accountable and responsive manner. They provide effective technology solutions to serve the dynamic and diverse needs of the community and City of Torrance employees.

Functional Responsibilities

The Communications and Information Technology Department is responsible for administering the City's information and communications systems and infrastructure. The Department oversees computer hardware systems, data and telecommunications infrastructure, data management, information security, radio and wireless communications, software and applications, and telephone and voice systems.

Department Organization



CIT General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	6,380,431	6,428,455	11,334,246	6,243,400	6,135,820	(107,580)	-1.7%
Salaries and Benefits Reimbursements	(2,507,096)	(2,632,259)	(2,340,692)	-	-	-	0.0%
Materials, Supplies & Maintenance	804,827	723,359	731,626	1,188,787	347,124	(841,663)	-70.8%
Materials Reimbursements	(1,124,838)	(1,119,705)	(1,106,749)	-	-	-	0.0%
Professional/Contract Services & Utilities	696,596	465,607	554,016	800,803	2,104,963	1,304,160	162.9%
Training, Travel & Membership Dues	77,266	82,262	62,445	75,653	127,264	51,611	68.2%
Liabilities, Settlements & Insurance	9,804	9,804	9,804	12,779	13,162	383	3.0%
Interdepartmental Charges	237,084	240,684	239,734	39,534	112,638	73,104	184.9%
Capital Acquisitions	14,675	-	-	1,000	1,000	-	0.0%
Other Operating Transfers Out	-	20,920	147,671	138,873	81,810	(57,063)	-41.1%
Total Expenditures	**$ 4,588,749**	**$ 4,219,127**	**$ 9,632,101**	**$ 8,500,829**	**$ 8,923,781**	**$ 422,952**	**5.0%**

As noted above, the Salaries and Employee Benefits line is decreasing by 1.7% in FY 2022-23. This is the net result of the staffing list changes shown in the staffing section including settled contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. CIT also had budget adjustments in the Materials, Supplies & Maintenance and Professional/Contract Services & Utilities to accommodate adjustments related to network segmentation, VM Ware, Laserfiche transfer of budget from CIT, the new Chief Information Security Officer (CISO), as well as Office 365 and backup support. The CIT Department's Interdepartmental Charges budget increased by $73,000 as a result of the Department's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the Department's contribution to Telephone Replacement, Data Communications Replacement, and PC Replacement Funds.

CIT Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	-
Communication Supv/Wireless	1.00	1.00	1.00	1.00	1.00	-
Communications Manager	1.00	1.00	1.00	1.00	1.00	-
Communications Supv/Telecomm	1.00	1.00	1.00	1.00	1.00	-
Driver/Clerk, Delivery	-	-	1.00	-	-	-
Info Tech Specialist	7.00	7.00	7.00	7.00	6.00	(1.00)
Info Technology Analyst	8.00	8.00	8.00	8.00	7.00	(1.00)
Info Technology Director	1.00	1.00	1.00	1.00	1.00	-
Information Technology Manager	1.00	1.00	1.00	1.00	1.00	-
Intern	1.00	1.00	1.00	1.00	0.50	(0.50)
Office Assistant	1.00	1.00	1.00	1.00	-	(1.00)
Senior Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Storekeeper	1.00	1.00	-	1.00	1.00	-
Systems Analyst	10.00	10.00	9.00	8.00	9.00	1.00
Telecommunications Tech	2.00	2.00	2.00	2.00	2.00	-
Wireless Technician	4.00	4.00	4.00	4.00	4.00	-
Total Full-Time Equivalent (FTE)	**42.00**	**42.00**	**41.00**	**40.00**	**37.50**	**(2.50)**

The CIT Department's staffing budget for Fiscal Year 2022-23 is recommended to decrease by 2.5 FTE. These changes are the result of the October 2021 budget reductions (-3.5 FTE) offset by the 1.0 FTE increase of Systems Analyst (from Finance to CIT).

Community Development

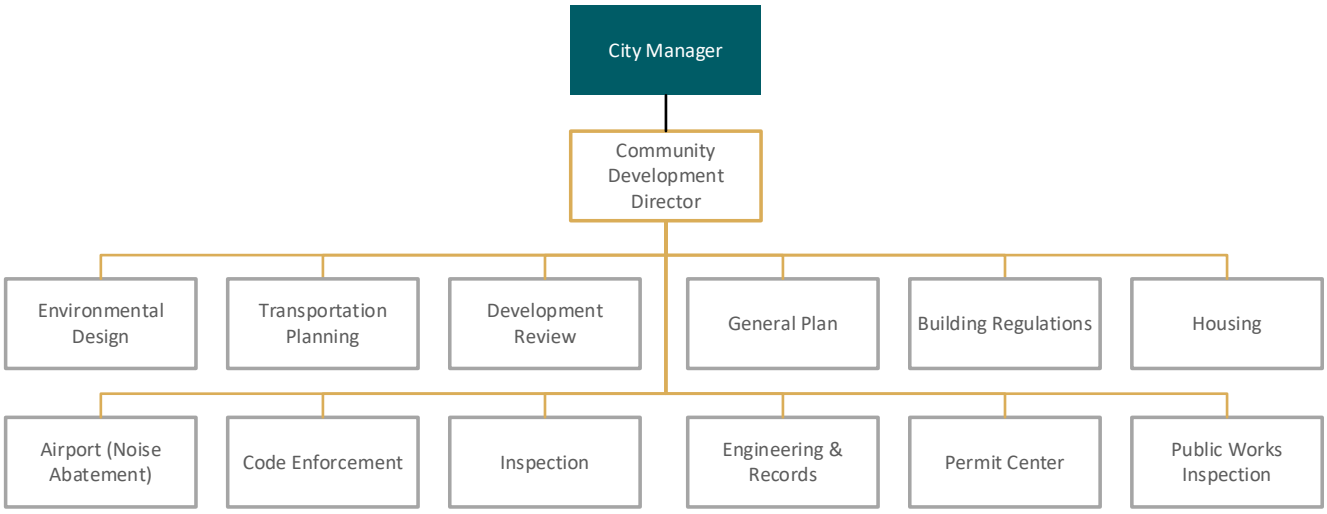
Mission Statement

The mission of the Community Development Department is to guide and support the orderly development of the City and the City infrastructure and the continued revitalization of the City to maintain a balanced community to meet present and future needs.

Functional Responsibilities

The Community Development Department manages all City building and planning activities including building permits, environmental duties, downtown Torrance, engineering permits and records, GIS, mapping and survey information, and housing activities. They are responsible for Advance Planning, Building Permits & Online Permitting, Code Enforcement, Construction Plan Check and Inspections, Development Review, Engineering Permits and Records, GIS, Housing Programs, NPDES Administration, Successor Agency to the Former Redevelopment Agency to the City of Torrance, Survey Information, and Transportation Planning.

Department Organization



Community Development General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Licenses, Fees and Permits	3,858,241	2,832,682	4,010,977	4,286,173	4,448,772	162,599	3.8%
Use of Money and Property	24,225	18,000	(2,725)	21,576	2,435	(19,141)	-88.7%
Other Revenues	104,646	37,165	-	963	-	(963)	-100.0%
Charges for Services	3,367,527	3,346,499	4,759,976	4,053,469	4,535,761	482,292	11.9%
Operating Transfers In	-	37,978	29,518	-	-	-	0.0%
Total Revenues	**$ 7,354,639**	**$ 6,272,324**	**$ 8,797,746**	**$ 8,362,181**	**$ 8,986,968**	**$ 624,787**	**7.5%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	8,742,176	8,917,809	15,448,683	7,909,704	8,915,249	1,005,545	12.7%
Salaries and Benefits Reimbursements	(1,238,498)	(1,026,547)	(548,328)	-	(51,294)	(51,294)	0.0%
Materials, Supplies & Maintenance	188,638	218,432	177,406	181,728	271,761	90,033	49.5%
Professional/Contract Services & Utilities	350,655	305,366	342,200	373,352	248,070	(125,282)	-33.6%
Training, Travel & Membership Dues	34,885	54,637	38,031	45,106	46,459	1,353	3.0%
Liabilities, Settlements & Insurance	49,212	49,212	99,243	42,306	64,541	22,235	52.6%
Interdepartmental Charges	364,122	352,672	354,122	88,114	250,245	162,131	184.0%
Capital Acquisitions	-	-	-	2,200	2,200	-	0.0%
Other Operating Transfers Out	-	14,682	61,398	87,562	46,469	(41,093)	-46.9%
Total Expenditures	**$ 8,491,190**	**$ 8,886,263**	**$ 15,972,755**	**$ 8,730,072**	**$ 9,793,700**	**$ 1,063,628**	**12.2%**
Revenues Less Expenditures	**$ (1,136,551)**	**$ (2,613,939)**	**$ (7,175,009)**	**$ (367,891)**	**$ (806,732)**		

The increase in Fiscal Year 2022-23 revenues of $624,787 or 7.5% are largely driven by estimated budget increases for Long Range Community Planning fees, Plan Check fees, and Inspection fees.

As noted above, the Salaries and Employee Benefits line is projected to increase by 12.7% in FY2022-23. This is driven by the reorganization described in the staffing section along with allocations of positions in Community Development charged to other funds being evaluated and realignments made as part of this budget development process. It also includes impacts for any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The increase of $162,000 in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

Community Development AQMD Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	2,658	3,495	3,382	2,000	3,000	1,000	50.0%
Intergovernmental	193,579	141,438	236,387	189,000	200,842	11,842	6.3%
Operating Transfers In	-	-	16,450	-	-	-	0.0%
Total Revenues	**$ 196,237**	**$ 144,933**	**$ 256,219**	**$ 191,000**	**$ 203,842**	**$ 12,842**	**6.7%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	50,945	50,251	67,877	52,818	103,459	50,641	95.9%
Materials, Supplies & Maintenance	30,363	24,659	15,911	64,402	64,423	21	0.0%
Professional/Contract Services & Utilities	67,519	67,584	67,654	67,720	34,960	(32,760)	-48.4%
Training, Travel & Membership Dues	-	-	-	1,000	1,000	-	0.0%
Total Expenditures	**$ 148,827**	**$ 142,494**	**$ 151,442**	**$ 185,940**	**$ 203,842**	**$ 17,902**	**9.6%**
Revenues Less Expenditures	**$ 47,410**	**$ 2,439**	**$ 104,777**	**$ 5,060**	**$ -**		

As noted above, the Salaries and Employee Benefits line is projected to increase by 95.9% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees. Positions allocated to this Fund are realigned annually and reflected above. The reduction in Professional/Contract Services & Utilities is the result of phasing out contracted services (as of Jan 1, 2023) activities and completing the work in-house.

Community Development HOME Investment Partnership Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Intergovernmental	-	-	-	-	512,936	512,936	0.0%
Operating Transfers In	-	-	-	-	115,410	115,410	0.0%
Total Revenues	**$ -**	**$ -**	**$ -**	**$ -**	**$ 628,346**	**$ 628,346**	**0.0%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	-	-	-	-	273,938	273,938	0.0%
Materials, Supplies & Maintenance	-	-	-	-	292,114	292,114	0.0%
Professional/Contract Services & Utilities	-	-	-	-	11,000	11,000	0.0%
Other Expenditures	-	-	-	-	51,294	51,294	0.0%
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**	**$ 628,346**	**$ 628,346**	**0.0%**
Revenues Less Expenditures	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**		

Fiscal Year 2022-23 is the first year the City is utilizing U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnership funds. The new funding source includes an estimated $512,936 from HUD's allocation along with a 25% local match (excluding 10% Admin

costs). This funding source will fund the City's Home Improvement Program administered under Community Services and serve as a source for expansionary activities that are eligible for spending going forward.

Community Development Meadow Park Parking Lot Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	32,373	32,172	4,500	29,342	32,500	3,158	10.8%
Other Transfers In	-	-	28,861	-	-	-	0.0%
Total Revenues	**$ 32,373**	**$ 32,172**	**$ 33,361**	**$ 29,342**	**$ 32,500**	**$ 3,158**	**10.8%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Professional/Contract Services & Utilities	21,708	19,282	15,552	18,342	22,093	3,751	20.5%
Other Operating Transfers Out	10,407	10,407	10,407	11,000	10,407	(593)	-5.4%
Total Expenditures	**$ 32,115**	**$ 29,689**	**$ 25,959**	**$ 29,342**	**$ 32,500**	**$ 3,158**	**10.8%**
Revenues Less Expenditures	**$ 258**	**$ 2,483**	**$ 7,402**	**$ -**	**$ -**		

As noted above, the Professional/Contract Services line is budgeted to increase $3,751, or 20.5% to account for potential cost increases for contracted services of maintaining the Meadow Park parking lot.

Community Development Successor Agency (Redevelopment Agency) Fund

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	3,399,142	4,050,455	3,187,503	4,000,000	4,000,000	-	0.0%
Use of Money and Property	44,053	134,914	46,200	35,940	35,940	-	0.0%
Other Revenues	1,789	-	-	-	-	-	0.0%
Operating Transfers In	25,944	-	54,491	-	-	-	0.0%
Other Financing Sources	128,937	189,766	189,766	-	189,768	189,768	0.0%
Total Revenues	**$ 3,599,865**	**$ 4,375,135**	**$ 3,477,960**	**$ 4,035,940**	**$ 4,225,708**	**$ 189,768**	**4.7%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	65,260	65,160	137,312	74,483	59,337	(15,146)	-20.3%
Materials, Supplies & Maintenance	5,000	3,000	6,000	8,000	8,000	-	0.0%
Professional/Contract Services & Utilities	15,445	9,350	11,590	17,500	18,500	1,000	5.7%
Depreciation and Amortization	192,735	-	-	-	-	-	0.0%
Debt Service	4,215,195	3,132,848	2,899,262	2,860,378	2,854,495	(5,883)	-0.2%
Debt Service Reimbursements	(2,142,106)	(1,420,000)	(1,270,000)	-	(1,370,000)	(1,370,000)	0.0%
Other Expenditures	250,000	202,626	250,000	250,000	250,000	-	0.0%
Other Operating Transfers Out	25,944	-	-	-	-	-	0.0%
Bad Debts and Other Losses	8,475	-	-	-	-	-	0.0%
Total Expenditures	**$ 2,635,948**	**$ 1,992,984**	**$ 2,034,164**	**$ 3,210,361**	**$ 1,820,332**	**$ (1,390,029)**	**-43.3%**
Revenues Less Expenditures	**$ 963,917**	**$ 2,382,151**	**$ 1,443,796**	**$ 825,579**	**$ 2,405,376**		

The Successor Agency to the former Redevelopment Agency budget is represented in the above table. This is where tax increment from the Former Redevelopment agency is received and debts of this former activity are relieved and paid down.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 20.3% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees. Positions allocated to this Fund are realigned annually and reflected above. Additionally, the City is adding a Debt Service Reimbursement budget to reflect the principal portion of the pay down completed annually (contra account for accounting purposes).

Community Development Section 8 Housing Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	7,693	8,432	7,213	5,000	5,500	500	10.0%
Intergovernmental	6,391,134	6,574,983	6,941,581	7,861,360	7,906,684	45,324	0.6%
Other Revenues	19,738	21,962	34,464	16,000	16,000	-	0.0%
Total Revenues	**$ 6,418,565**	**$ 6,605,377**	**$ 6,983,258**	**$ 7,882,360**	**$ 7,928,184**	**$ 45,824**	**0.6%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	572,814	614,533	637,067	830,340	579,656	(250,684)	-30.2%
Materials, Supplies & Maintenance	5,803,616	5,935,904	5,980,274	7,102,699	7,105,257	2,558	0.0%
Professional/Contract Services & Utilities	20,252	33,711	27,463	64,203	73,527	9,324	14.5%
Training, Travel & Membership Dues	1,099	5	219	5,000	5,000	-	0.0%
Interdepartmental Charges	116,936	140,345	151,240	189,319	130,380	(58,939)	-31.1%
Capital Acquisitions	-	7,782	3,888	92,000	34,364	(57,636)	-62.6%
Total Expenditures	**$ 6,514,717**	**$ 6,732,280**	**$ 6,800,151**	**$ 8,283,561**	**$ 7,928,184**	**$ (355,377)**	**-4.3%**
Revenues Less Expenditures	**$ (96,152)**	**$ (126,903)**	**$ 183,107**	**$ (401,201)**	**$ -**		

As noted above, the Salaries and Employee Benefits line is projected to decrease by 30.2% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees. Positions allocated to this Fund are realigned annually and reflected above.

Community Development Vanpool Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	735	964	954	500	271	(229)	-45.8%
Intergovernmental	36,099	35,710	19,982	37,000	29,892	(7,108)	-19.2%
Charges for Services	46,197	29,222	5,811	54,000	21,180	(32,820)	-60.8%
Operating Transfers In	93,449	82,090	96,283	156,111	213,654	57,543	36.9%
Total Revenues	**$ 176,480**	**$ 147,986**	**$ 123,030**	**$ 247,611**	**$ 264,997**	**$ 17,386**	**7.0%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	61,930	48,606	73,337	118,963	115,622	(3,341)	-2.8%
Materials, Supplies & Maintenance	110,687	95,805	49,502	189,840	142,490	(47,350)	-24.9%
Professional/Contract Services & Utilities	3,612	2,944	-	5,600	5,600	-	0.0%
Training, Travel & Membership Dues	251	631	191	1,250	1,285	35	2.8%
Total Expenditures	**$ 176,480**	**$ 147,986**	**$ 123,030**	**$ 315,653**	**$ 264,997**	**$ (50,656)**	**-16.0%**
Revenues Less Expenditures	**$ -**	**$ -**	**$ -**	**$ (68,042)**	**$ -**		

The Vanpool Fund is used to account for rideshare revenues from Prop C and fares, and to account for rideshare expenses. As noted above, the Salaries and Employee Benefits line is projected to decrease by 2.8% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees. Positions allocated to this Fund are realigned annually and reflected above.

Community Development Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Admin Project Aide	-	-	-	0.75	0.50	(0.25)
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	-
Administrative Assistant	2.00	2.00	3.00	3.00	3.00	-
Assistant Bldg Regulations Manager	1.00	1.00	1.00	1.00	1.00	-
Assistant Engineer	4.00	4.00	5.00	5.00	5.00	-
Associate Engineer	2.00	2.00	1.00	1.00	1.00	-
Bldg Inspection Supervisor	1.00	1.00	1.00	1.00	1.00	-
Building Regulations Administrator	1.00	1.00	1.00	1.00	1.00	-
Business Manager					1.00	1.00
Community Development Director	1.00	1.00	1.00	1.00	1.00	-
Deputy Community Development Director	1.00	1.00	1.00	1.00	-	(1.00)
Electrical Inspector, Sr	1.00	1.00	1.00	1.00	1.00	-
Engineering Technician I	-	-	3.00	4.00	3.00	(1.00)
Engineering Technician II	1.00	1.00	-	-	-	-
Engineering Technician III	3.00	3.00	1.00	1.00	1.00	-
Environmental Qual Officer	5.00	5.00	4.00	4.00	5.00	1.00
Environmental Qual Officer, Sr	2.00	2.00	2.00	2.00	2.00	-
Housing Specialist	3.00	3.00	3.00	3.00	3.00	-
Housing Supervisor					1.00	1.00
Inspector, Building	2.00	2.00	2.00	2.00	2.00	-
Inspector, Mech & Plumbing, Sr	2.00	2.00	1.00	2.00	2.00	-
Inspector, Public Works	3.00	3.00	2.00	2.00	3.00	1.00
Neighborhood Services Manager					1.00	1.00
Office Assistant	2.00	1.00	-	-	-	-
Permit Center Supervisor	1.00	1.00	1.00	1.00	1.00	-
Permit Technician I	3.00	3.00	4.00	4.00	4.00	-
Permit Technician II	3.00	3.00	2.00	2.00	2.00	-
Planning Assistant	4.00	4.00	4.00	4.00	4.00	-
Planning Associate	9.50	8.50	8.50	8.50	7.50	(1.00)
Plans Examiner	3.00	3.00	3.00	3.00	3.00	-
Principal Planner	2.00	2.00	2.00	2.00	2.00	-
Rehabilitation Specialist	1.00	1.00	1.00	-	-	-
Senior Admin Assistant	1.00	1.00	-	-	-	-
Senior Building Inspector	3.00	3.00	3.00	3.00	3.00	-
Structural Plans Examiner	1.00	-	-	-	-	-
Supervising Admin Assistant	-	-	1.00	1.00	1.00	-
Supervising Plans Examiner	-	1.00	1.00	1.00	1.00	-
Systems Analyst	-	-	-	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**69.50**	**67.50**	**64.50**	**67.25**	**69.00**	**1.75**

The Community Development Department's staffing budget for Fiscal Year 2022-23 is projected to increase by 1.75 FTE. This is the net result of the October 2021 budget reductions, First Quarter Budget Review program modifications and the Mid-Year Budget Review program modifications, if any.

Additionally, as part of this budget process, Community Development is proposing a reorganization which includes an overall increase of 1.0 FTE. The Community Development Department's reorganization establishes a new division and position of Neighborhood Services Manager. Below is a summary of the FTE changes needed to implement this proposed reorganization, which is indirectly offset by the implementation of the HOME Investment Partnerships funding opportunity.

- +1.0 FTE Housing Specialist: New position added to perform outreach work
- -1.0 FTE Housing Specialist: Upgrade to Business Manager position
- +1.0 FTE Business Manager: Upgraded from prior Housing Specialist position
- -1.0 FTE Planning Associate: Reclassify position to Housing Supervisor classification
- +1.0 FTE Housing Supervisor: Converted Planning Associate position
- -1.0 FTE Deputy Community Development Director: downgraded position to Neighborhood Services Manager
- +1.0 FTE Neighborhood Services Manager: downgraded from vacant Deputy CDD Director position

Community Services

Mission Statement

The mission of the Community Services Department is to enrich the community through recreational, cultural, and educational opportunities for persons of all ages, abilities, and backgrounds. The Community Services Department provides management, maintenance, and stewardship of the City's public open space including parks, landscaped areas, and natural resources. They provide quality service in a cooperative, responsive, and cost-effective manner.

Functional Responsibilities

The Community Services Department's responsibilities include the provision of affordable leisure and learning opportunities for all citizens with an emphasis on serving the City's youth; the management and maintenance of public facilities and open space that result in a safe and enriching environment; and the delivery of a wide range of services and programs that recognize and respect the differences that exist in Torrance's diverse population, foster a sense of personal growth and belonging, and contribute to an improved quality of life within the community. The Community Services Department manages areas in Cultural Arts, Library, and Parks and Recreation.

Department Organization

Community Services General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Licenses, Fees and Permits	-	-	235,486	257,360	126,274	(131,086)	-50.9%
Use of Money and Property	37,834	42,969	158,995	168,586	443,059	274,473	162.8%
Intergovernmental	20,743	-	9,738	37,144	57,043	19,899	53.6%
Other Revenues	64,485	55,712	27,434	25,680	-	(25,680)	-100.0%
Charges for Services	601,084	597,648	1,852,503	3,304,785	4,713,942	1,409,157	42.6%
Operating Transfers In	-	-	16,500	16,500	-	(16,500)	-100.0%
Total Revenues	**$ 724,146**	**$ 696,329**	**$ 2,300,656**	**$ 3,810,055**	**$ 5,340,318**	**$ 1,530,263**	**40.2%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	12,550,950	12,472,708	26,042,045	16,774,213	16,598,793	(175,420)	-1.0%
Salaries and Benefits Reimbursements	(2,806)	(14,640)	(126)	-	-	-	0.0%
Materials, Supplies & Maintenance	1,957,733	1,738,720	1,716,962	2,693,770	3,071,045	377,275	14.0%
Materials Reimbursements	(195,618)	(234,724)	(79,413)	(63,351)	(63,351)	-	0.0%
Professional/Contract Services & Utilities	1,927,201	1,786,347	2,326,410	2,874,855	3,202,030	327,175	11.4%
Training, Travel & Membership Dues	40,186	23,655	17,379	22,674	37,919	15,245	67.2%
Liabilities, Settlements & Insurance	77,288	138,717	85,860	94,553	97,390	2,837	3.0%
Interdepartmental Charges	608,558	609,108	1,413,930	493,469	1,181,470	688,001	139.4%
Capital Acquisitions	34,648	11,863	20,874	42,090	40,218	(1,872)	-4.4%
Other Operating Transfers Out	18,000	42,283	139,726	146,717	95,641	(51,076)	-34.8%
Total Expenditures	**$ 17,016,140**	**$ 16,574,037**	**$ 31,683,647**	**$ 23,078,990**	**$ 24,261,155**	**$ 1,182,165**	**5.1%**
Revenues Less Expenditures	**$ (16,291,994)**	**$ (15,877,708)**	**$ (29,382,991)**	**$ (19,268,935)**	**$ (18,920,837)**		

The Parks & Recreation Fund was merged with the General fund Operating fund and is a contributing reason for the increase from Fiscal Year 2020-21's actuals.

The increase in Fiscal Year 2022-23 revenues of $1.5 million or 40.2% is mainly driven by the new rental agreement at the Sports Complex along with a steady return of programming. The budget assumes a phased re-opening where the City will generate 85% of its normal operating revenues under the Charges for Services classification.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 1.0% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees. Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The Materials, Supplies & Maintenance classification increase of $377,000 is mainly from the City's adjustment to overall Fleet charges to properly fund expenditures related to

the service of City vehicles. The increase of $327,000 in the Professional/Contract Services & Utilities classification is mainly due to the new lease agreement with the Judicial Council of California for the Sports Complex along with the City-wide strategy of adjusting utility costs to better align with current and anticipated market rates. The increase of $688,000 in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

Community Services Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Admin Services Manager	1.00	1.00	1.00	1.00	-	(1.00)
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	-
Administrative Assistant	5.00	5.00	4.00	4.00	4.00	-
Aide, Environmental	2.40	2.40	1.00	1.00	0.50	(0.50)
Animal Control Officer	-	-	-	3.00	2.00	(1.00)
Aquatics Instructor	5.00	5.00	4.70	4.70	4.70	-
Aquatics Program Coordinator	1.00	1.00	1.00	1.00	1.00	-
Assistant City Librarian	-	-	2.00	2.00	2.00	-
City Librarian	1.00	1.00	1.00	1.00	1.00	-
Community Services Director	1.00	1.00	1.00	1.00	1.00	-
Community Svcs Ldr I	18.10	18.10	16.25	17.02	-	(17.02)
Community Svcs Ldr II	30.50	30.50	28.38	28.94	-	(28.94)
Community Svcs Ldr III	19.20	19.20	18.20	17.96	-	(17.96)
Community Svcs Ldr IV	7.90	7.90	7.80	7.84	-	(7.84)
Cultural Services Manager	1.00	1.00	1.00	1.00	1.00	-
Farmers' Market Manager	1.00	1.00	1.00	1.00	1.00	-
Home Impr Prog Coordinator	1.00	1.00	1.00	1.00	1.00	-
Home Impr Prog Supervisor	1.00	1.00	1.00	1.00	1.00	-
Instructor I	3.10	3.10	3.10	3.10	3.10	-
Instructor II	1.20	1.20	1.20	1.20	1.20	-
Lead Maintenance Worker	16.00	16.00	15.00	15.00	15.00	-
Librarian	13.50	13.50	13.00	13.00	13.00	-
Library Page	19.00	18.00	13.50	13.50	13.50	-
Library Technician	15.00	14.50	13.50	13.50	13.50	-
Lifeguard	3.10	3.10	3.10	3.10	3.10	-
Maintenance Worker	23.60	23.60	20.50	20.50	20.50	-
Nature Center Mgr/Naturalist	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	1.00	1.00	1.00	1.00	1.00	-
Park Services Supervisor	3.00	3.00	3.00	3.00	3.00	-
Parks Services Manager	1.00	1.00	1.00	1.00	1.00	-
Pest Control Technician	1.00	1.00	1.00	1.00	1.00	-
Pool Cashier - Clerk	0.40	0.40	0.40	0.40	0.40	-
Pool Locker Room Attendant	3.00	3.00	3.00	3.00	3.00	-
Pool Manager, Assistant	2.00	2.00	2.00	2.00	2.00	-
Principal Librarian	2.00	2.00	-	-	-	-
Program Coordinator	6.80	6.80	6.80	6.80	5.80	(1.00)
Program Leader	-	-	-	-	45.96	45.96
Program Specialist	-	-	-	-	17.96	17.96
Ranger Supervisor	-	-	-	-	1.00	1.00
Recreation Services Manager	1.00	1.00	1.00	1.00	1.00	-
Recreation Supervisor	6.00	6.00	6.00	6.00	6.00	-
Recreation Supervisor, Sr	6.00	6.00	6.00	6.00	5.00	(1.00)
Senior Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Senior Librarian	6.00	6.00	4.00	4.00	4.00	-
Senior Library Page	6.50	6.50	5.50	5.50	5.50	-
Senior Library Technician	11.00	11.00	9.00	9.00	9.00	-
Senior Program Specialist	-	-	-	-	7.84	7.84
Staff Assistant	-	-	-	0.80	0.80	-
Total Full-Time Equivalent (FTE)	**250.30**	**248.80**	**225.93**	**230.86**	**227.36**	**(3.50)**

The Community Services Department's staffing budget for Fiscal Year 2022-23 is projected to decrease by 3.5 FTE. This is the net result of the October 2021 budget reductions, the First Quarter Budget Review program modification and the Mid-Year Budget Review program modifications.

Finance

Mission Statement

The mission of the Finance Department is to provide financial administration and protect the City's assets while providing and supporting the Torrance community with sound financial advice in a timely, cost-effective, and professional manner.

Functional Responsibilities

The Finance Department is responsible for financial administration, budgeting, purchasing, accounting and auditing for City fiscal resources, the issuing of business licenses, and the billing and collection of all monies due to the City. The Finance Director assists the City Manager with preparing and administering the operating and capital improvement budgets, serves as an advisor to the Land Management Team, and presents an annual audited statement of the City's financial condition to City Council that is prepared in accordance with governmental reporting standards according to the Governmental Accounting Standards Board (GASB). The Finance Department also administers risk management programs whose objectives are to contain costs related to liability and worker's compensation loss.

Department Organization

Finance General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	5,654,238	5,750,075	8,398,386	4,627,901	4,580,997	(46,904)	-1.0%
Salaries and Benefits Reimbursements	(1,459,472)	(1,239,843)	(780,882)	-	-	-	0.0%
Materials, Supplies & Maintenance	56,542	71,314	52,918	160,575	68,582	(91,993)	-57.3%
Materials Reimbursements	-	(80,277)	(121,992)	(120,000)	(150,000)	(30,000)	25.0%
Professional/Contract Services & Utilities	516,106	1,795,375	1,325,199	1,414,070	1,334,979	(79,091)	-5.6%
Training, Travel & Membership Dues	9,904	5,488	8,603	8,488	8,742	254	3.0%
Liabilities, Settlements & Insurance	13,939	13,939	13,939	14,555	2,992	(11,563)	-79.4%
Interdepartmental Charges	269,600	258,200	256,600	37,663	110,019	72,356	192.1%
Capital Acquisitions	30,605	7,569	8,178	9,500	2,500	(7,000)	-73.7%
Other Operating Transfers Out	-	5,573	41,021	40,820	26,950	(13,870)	-34.0%
Total Expenditures	**$ 5,091,462**	**$ 6,587,413**	**$ 9,201,970**	**$ 6,193,572**	**$ 5,985,761**	**$ (207,811)**	**-3.4%**

As noted above, the Salaries and Employee Benefits line is projected to decrease by 1.0% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The Finance Department's budget was reduced to remove one-time funding added for the June 2022 election. The Finance Department's Interdepartmental Charges budget increased by $72,000 as a result of the Department's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the Department's contribution to Telephone Replacement, Data Communications Replacement, and PC Replacement Funds.

Finance Self-Insurance Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Charges for Services	2,626,613	2,499,800	2,739,843	-	-	-	0.0%
Operating Transfers In	3,195,000	4,241,358	11,319,045	6,740,000	14,050,000	7,310,000	108.5%
Other Revenues	-	-	9,267	-	-	-	0.0%
Total Revenues	**$ 5,821,613**	**$ 6,741,158**	**$ 14,068,155**	**$ 6,740,000**	**$ 14,050,000**	**$ 7,310,000**	**108.5%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	685,632	605,557	841,556	974,532	1,046,209	71,677	7.4%
Materials, Supplies & Maintenance	8,501	9,289	12,906	30,683	30,683	-	0.0%
Professional/Contract Services & Utilities	55,774	59,242	130,047	133,279	783,279	650,000	487.7%
Training, Travel & Membership Dues	3,101	2,013	1,324	8,500	8,500	-	0.0%
Liabilities, Settlements & Insurance	6,377,821	23,521,085	8,164,442	20,138,830	9,288,263	(10,850,567)	-53.9%
Interdepartmental Charges	27,276	27,276	27,276	-	-	-	0.0%
Other Operating Transfers Out	7,069	8,485	8,985	9,725	6,951	(2,774)	-28.5%
Bad Debts and Other Losses	-	-	5,551,661	-	8,200,000	8,200,000	0.0%
Total Expenditures	**$ 7,165,174**	**$ 24,232,947**	**$ 14,738,197**	**$ 21,295,549**	**$ 19,363,885**	**$ (1,931,664)**	**-9.1%**
Revenues Less Expenditures	**$ (1,343,561)**	**$ (17,491,789)**	**$ (670,042)**	**$ (14,555,549)**	**$ (5,313,885)**		

Self-Insurance revenues are projected to increase by $7.3 million to help offset projected increases in the expenditure budget for FY 2022-23. While this is more than double the F Y 2021-22 contribution, the budget is still projected to operate at a $5.3 million deficit. Self-Insurance contributions are made by the various funds and departments using a consistent model since Fiscal Year 2021-22 with the following factors in an effort to equitably distribute its costs:

1) Budget Size – 20%;
2) 5-Year Liability Claim Count – 30%;
3) 5 Year Liability Claim Cost – 50%.

As noted above, the Salaries and Employee Benefits line is projected to increase by 7.4% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Liabilities, Settlements & Insurance is projected to decrease compared with FY 2021-22, though this is only due to large one-time settlements being included in the FY2021-22 Amended Budget. Staff are seeing significant increases across all insurance policies held by the City and these estimates are currently included in the proposed budget for FY 2022-23. Despite increased contributions, the Fund continues to operate at a deficit increasing its Fiscal Year 2020-21 audited net position of (-$55.8) million.

Finance Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Account Clerk	6.00	7.00	6.00	6.00	5.00	(1.00)
Account Clerk, Senior	7.00	7.00	7.00	7.00	-	(7.00)
Accountant	6.00	6.00	6.00	6.00	6.00	-
Accountant, Senior	4.00	4.00	3.00	3.00	3.00	-
Accounting Manager	1.00	1.00	1.00	1.00	1.00	-
Accounting Technician	-	-	-	-	5.00	5.00
Administrative Analyst	1.00	2.00	1.00	1.00	1.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	-
Assistant Finance Director	1.00	1.00	1.00	1.00	1.00	-
Audit Manager	1.00	1.00	1.00	1.00	-	(1.00)
Budget Manager	1.00	1.00	-	-	-	-
Buyer	1.00	1.00	1.00	1.00	1.00	-
Claims Technician	3.00	3.00	3.00	3.00	3.00	-
Deputy Finance Director	-	-	-	-	0.75	0.75
Finance Director	1.00	1.00	1.00	1.00	1.00	-
Intern	2.00	2.00	2.00	2.00	-	(2.00)
License Supervisor	1.00	1.00	1.00	1.00	1.00	-
Office Assistant	1.00	-	-	-	-	-
Payroll Specialist	-	-	-	-	2.00	2.00
Revenue Manager	1.00	1.00	1.00	1.00	1.00	-
Risk Manager	1.00	-	-	-	-	-
Senior Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Senior Business Manager	-	1.00	3.00	3.00	3.00	-
Senior Buyer	1.00	1.00	1.00	1.00	1.00	-
Staff Assistant	1.00	1.00	1.00	1.00	-	(1.00)
Systems Analyst	1.00	1.00	1.00	1.00	-	(1.00)
Workers Comp Manager	1.00	1.00	1.00	1.00	1.00	-
Workers' Comp Claims Examiner	2.00	2.00	2.00	2.00	2.00	-
Total Full-Time Equivalent (FTE)	**47.00**	**48.00**	**46.00**	**46.00**	**40.75**	**(5.25)**

The Finance Department's staffing budget for Fiscal Year 2022-23 is recommended to decrease 5.25 FTE for a total of 40.75 FTE. This is the net result of the October 2021 budget reductions, the First Quarter Budget Review program modification and the Mid-Year Budget Review program modifications. In addition to these changes, the Systems Analyst traditionally budgeted under Finance is being transferred to CIT's staffing budget.

Fire

Mission Statement

The mission of the Fire Department is to protect, serve, and improve the quality of life for the entire community through proactive emergency response, risk reduction, and community engagement.

Functional Responsibilities

The Fire Department is responsible for ensuring the safety of life and property from fires, explosions, hazardous conditions, and natural disasters occurring within the City of Torrance; the inspection and correction of any fire or life hazard found; the enforcement of the penal provisions of ordinances of the city and laws of the State and Federal governments; the investigation, gathering, and preservation evidence; apprehension and prosecution of arsonists; education of the public on fire prevention, fire safety, cardiopulmonary resuscitation (CPR), and first aid; and providing emergency medical care for life-threatening or traumatic injuries.

Department Organization

Fire General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Licenses, Fees and Permits	126,389	12,182	52,231	26,383	150,000	123,617	468.5%
Other Revenues	10,000	10,000	125,453	-	-	-	0.0%
Charges for Services	1,784,091	1,489,291	3,397,471	7,783,935	8,286,291	502,356	6.5%
Operating Transfers In	-	-	701,568	-	-	-	0.0%
Total Revenues	**$ 1,920,480**	**$ 1,511,473**	**$ 4,276,723**	**$ 7,810,318**	**$ 8,436,291**	**$ 625,973**	**8.0%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	29,635,857	29,735,472	146,419,333	48,221,843	48,424,893	203,050	0.4%
Salaries and Benefits Reimbursements	(3,133)	(1,522)	(1,425)	-	-	-	0.0%
Materials, Supplies & Maintenance	1,093,385	1,267,085	1,385,937	1,999,427	2,355,545	356,118	17.8%
Materials Reimbursements	(279,652)	(50,000)	(50,000)	-	-	-	0.0%
Professional/Contract Services & Utilities	347,188	418,026	549,513	712,647	746,576	33,929	4.8%
Training, Travel & Membership Dues	98,319	76,250	77,651	118,570	114,913	(3,657)	-3.1%
Liabilities, Settlements & Insurance	43,631	45,493	51,382	54,150	55,775	1,625	3.0%
Interdepartmental Charges	586,886	599,436	590,136	826,966	2,502,960	1,675,994	202.7%
Debt Service	-	-	-	242,703	242,703	-	0.0%
Debt Service Reimbursements	-	-	-	(242,703)	-	242,703	-100.0%
Capital Acquisitions	98,815	137,688	337,888	151,631	151,958	327	0.2%
Other Operating Transfers Out	-	126,171	293,830	162,007	60,792	(101,215)	-62.5%
Total Expenditures	**$ 31,621,296**	**$ 32,354,099**	**$ 149,654,245**	**$ 52,247,241**	**$ 54,656,115**	**$ 2,408,874**	**4.6%**
Revenues Less Expenditures	**$ (29,700,816)**	**$ (30,842,626)**	**$ (145,377,522)**	**$ (44,436,923)**	**$ (46,219,824)**		

The Emergency Medical Services (EMS) Fund was merged with the General Fund Operating fund and is a contributing reason for the increase from Fiscal Year 2020-21's actuals.

The Fiscal Year 2022-23 revenues in the Charges for Services classification are projected to increase by $502,000, or 6.5%. This is largely driven by the increases approved during the Mid-Year Budget Review Report along with the Emergency Medical Transport program continuing to mature. The City continues to collect on revenues for service provided in prior months, sometimes lagging 12-18 months. It is anticipated the program will reach full maturity in next year's budget cycle, realizing the projected outcomes originally modeled.

As noted above, the Salaries and Employee Benefits line is projected to increase by 0.4% in FY2022-23. This is the net result of any staffing list changes shown in the prior section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. In addition to this

exercise, the Fire department's budget is increasing due an increase from Fleet Labor charges and vehicle replacement costs in the Materials, Supplies & Maintenance classification. The increase to these costs are from the City's adjustment to overall Fleet charges to properly fund expenditures related to the service of City vehicles. The increase of $1.7 million in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund. The decrease of $101,000 in the Other Operating Transfers Out classification is from recognizing the Telephone Replacement, Data Communications Replacement, and Radio Replacement transfers in the Non-Departmental expenditures and from recalculating the Fire Department's contribution to the PC Replacement Fund.

Fire Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Admin Services Manager	1.00	1.00	1.00	1.00	1.00	-
Administrative Analyst	2.00	2.00	2.00	3.00	2.00	(1.00)
Administrative Assistant	3.00	3.00	2.00	3.00	2.00	(1.00)
Ambulance Operator	-	-	-	22.00	29.00	7.00
Business Manager	-	-	-	-	1.00	1.00
Deputy Fire Chief	1.00	1.00	1.00	1.00	1.00	-
Emergency Med Svcs Coordinator	1.00	1.00	1.00	1.00	1.00	-
Emergency Services Manager	1.00	1.00	1.00	1.00	-	(1.00)
Fire Battalion Chief-Manager	6.00	6.00	6.00	6.00	5.00	(1.00)
Fire Captain	28.00	28.00	28.00	28.00	27.00	(1.00)
Fire Chief	1.00	1.00	1.00	1.00	1.00	-
Fire Engineer	27.00	27.00	27.00	27.00	27.00	-
Fire Fighter	81.00	81.00	81.00	81.00	75.00	(6.00)
Fire Prevention Manager	1.00	1.00	1.00	1.00	1.00	-
Fire Prevention Specialist	7.00	7.00	7.00	7.00	6.00	(1.00)
Intern	0.50	0.50	0.50	0.50	0.50	-
Office Assistant	2.00	2.00	2.00	2.00	2.00	-
Policy & Resources Specialist	-	-	-	-	1.00	1.00
Senior Admin Assistant	-	-	1.00	1.00	1.00	-
Sr. Fire Prevention Specialist	2.00	2.00	2.00	2.00	3.00	1.00
Staff Assistant	1.00	-	-	1.00	-	(1.00)
Total Full-Time Equivalent (FTE)	**165.50**	**164.50**	**164.50**	**189.50**	**186.50**	**(3.00)**

The Fire Department's staffing budget for Fiscal Year 2022-23 is projected to decrease by 3.0 FTE. This is the net result of the October 2021 budget reductions, the First Quarter Budget Review program modification and the Mid-Year Budget Review program modifications. The Fire Department identified $1.8 million in reductions in the October 2021 budget reductions scenario brought forward to Council for approval. It was determined that the Fire Department's reductions would be delayed to July 1, 2022, pending the outcome of the sales tax ballot measure. Since the outcome of the sales

tax measure is unknown at this time, the budget is being proposed with these reductions. If the sales tax measure is approved by voters, staff can return to restore positions in the Fire Department.

- -6.0 FTE Fire Fighter: the elimination of one paramedic rescue
- -1.0 FTE Battalion Chief: elimination of the Operation Chief administrator position
- -1.0 FTE Fire Captain: elimination of 40-hour position related to EMS operations

General Services

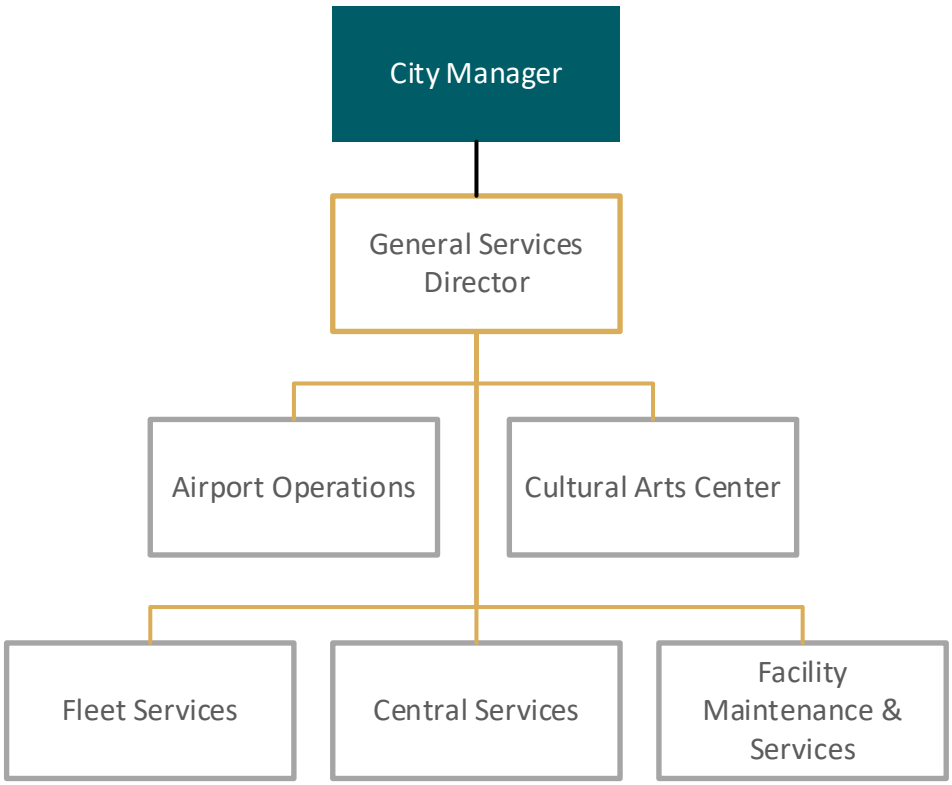
Mission Statement

The mission of the Department of General Services is to provide quality services that support City departments in a manner which enable them to carry-out their community missions and to provide these services at a cost-effective and efficient manner which best serves the operational needs of City departments and the community.

Functional Responsibilities

The Department of General Services maintains all City building and building systems in a good, presentable, and clean condition and provides a healthy and comfortable environment within the buildings in a manner which meets the operational needs for City departments the community. The Department of General Services is also responsible for airport administration, building maintenance, central services, Cultural Arts Center administration, custodial services, fleet services, graffiti abatement program, HVAC/electrical services, and warehouse services. All of these services are provided in an efficient and cost-effective manner.

Department Organization



General Services General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Other Revenues	-	80,477	4,891	-	-	-	0.0%
Charges for Services	-	-	84,899	635,896	853,856	217,960	34.3%
Operating Transfers In	-	-	10,500	-	-	-	0.0%
Total Revenues	**$ -**	**$ 80,477**	**$ 100,290**	**$ 635,896**	**$ 853,856**	**$ 217,960**	**34.3%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	5,399,023	5,841,555	10,761,066	6,918,996	6,952,625	33,629	0.5%
Salaries and Benefits Reimbursements	(2,427,162)	(2,259,590)	(2,027,167)	-	-	-	0.0%
Materials, Supplies & Maintenance	1,165,024	1,233,972	1,069,771	1,349,181	1,448,423	99,242	7.4%
Materials Reimbursements	(1,046,364)	(1,033,339)	(1,044,359)	-	-	-	0.0%
Professional/Contract Services & Utilities	872,999	834,266	1,052,807	1,177,586	1,273,362	95,776	8.1%
Training, Travel & Membership Dues	4,485	8,128	1,251	10,369	10,680	311	3.0%
Liabilities, Settlements & Insurance	17,490	16,283	15,767	28,500	29,355	855	3.0%
Interdepartmental Charges	104,331	105,281	221,370	134,310	385,097	250,787	186.7%
Capital Acquisitions	949	-	4,487	5,500	5,500	-	0.0%
Other Operating Transfers Out	-	7,118	82,892	35,061	19,424	(15,637)	-44.6%
Total Expenditures	**$ 4,090,775**	**$ 4,753,674**	**$ 10,137,885**	**$ 9,659,503**	**$ 10,124,466**	**$ 464,963**	**4.8%**
Revenues Less Expenditures	**$ (4,090,775)**	**$ (4,673,197)**	**$ (10,037,595)**	**$ (9,023,607)**	**$ (9,270,610)**		

The City's Cultural Arts Center Fund was merged with the General fund Operating fund and is a contributing reason for the increase from Fiscal Year 2020-21's actuals.

The increase in Fiscal Year 2022-23 revenues of $218,000 or 34.3% is mainly driven by a steady return of programming. The budget assumes a phased re-opening where the City will generate 65% of its normal operating revenues under the Charges for Services classification.

As noted above, the Salaries and Employee Benefits line is projected to increase by 0.5% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The General Services department's budget is also rising due an increase from vehicle replacement costs in the Materials, Supplies & Maintenance classification. The increase to these costs are from the City's adjustment to overall Fleet charges to properly fund expenditures related to the service of City vehicles. The increase of $96,000 in the Professional/Contract Services & Utilities classification is

mainly due to the City-wide strategy of adjusting utility costs to better align with current and anticipated market rates. The increase of $251,000 in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

General Services Airport Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	139,900	156,782	60,644	145,000	85,000	(60,000)	-41.4%
Other Revenues	107	(100)	469,720	-	-	-	0.0%
Charges for Services	14,213,443	14,205,844	15,027,751	14,854,188	15,745,439	891,251	6.0%
Operating Transfers In	25,000	-	973,068	-	-	-	0.0%
Total Revenues	**$ 14,378,450**	**$ 14,362,526**	**$ 16,531,183**	**$ 14,999,188**	**$ 15,830,439**	**$ 831,251**	**5.5%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	1,786,495	1,788,174	2,473,424	1,397,361	1,480,638	83,277	6.0%
Salaries and Benefits Reimbursements	(34,695)	(30,388)	(27,375)	-	-	-	0.0%
Materials, Supplies & Maintenance	309,740	101,860	82,560	145,740	177,702	31,962	21.9%
Materials Reimbursements	-	-	(71)	-	-	-	0.0%
Professional/Contract Services & Utilities	621,115	681,314	518,340	1,133,962	770,648	(363,314)	-32.0%
Training, Travel & Membership Dues	1,791	4,020	850	10,500	10,815	315	3.0%
Depreciation and Amortization	121,949	200,237	221,988	275,000	275,000	-	0.0%
Liabilities, Settlements & Insurance	14,056	14,056	16,280	14,113	14,536	423	3.0%
Interdepartmental Charges	504,855	520,937	467,034	376,292	493,407	117,115	31.1%
Asset Contra Account	(44,023)	(37,671)	(21,810)	-	-	-	0.0%
Other Operating Transfers Out	10,124,500	11,137,031	11,491,875	12,419,168	12,732,122	312,954	2.5%
Bad Debts and Other Losses	4,312	3,728	191	15,000	15,000	-	0.0%
Total Expenditures	**$ 13,410,095**	**$ 14,383,298**	**$ 15,223,286**	**$ 15,787,136**	**$ 15,969,868**	**$ 182,732**	**1.2%**
Revenues Less Expenditures	**$ 968,355**	**$ (20,772)**	**$ 1,307,897**	**$ (787,948)**	**$ (139,429)**		

The Fiscal Year 2022-23 revenue budget includes a 5.5% increase over the prior year's budget, however this represents a 1.2% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. The increase is largely driven by estimated increases in lease revenues under the Non-Aeronautical operation of the Airport and increases in Aircraft Hangar Storage.

As noted above, the Salaries and Employee Benefits line is projected to increase by 6.0% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. Further, there is a

$363,000 decrease in Professional/Contract Services & Utilities. The change in this classification is mainly due to a decrease in litigation expenditures for the upcoming year. The increase of $117,000 in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

General Services Fleet Services Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	2,807,554	3,018,018	3,023,942	3,194,359	3,879,263	684,904	21.4%
Other Revenues	94,770	96,769	342,141	80,464	80,464	-	0.0%
Charges for Services	3,043,757	2,812,431	2,756,372	2,792,980	4,693,325	1,900,345	68.0%
Operating Transfers In	262,976	63,000	2,757,333	-	975,130	975,130	0.0%
Total Revenues	**$ 6,209,057**	**$ 5,990,218**	**$ 8,879,788**	**$ 6,067,803**	**$ 9,628,182**	**$ 3,560,379**	**58.7%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	3,610,866	3,657,854	6,276,465	3,791,649	3,805,136	13,487	0.4%
Salaries and Benefits Reimbursements	(140,645)	(2,533)	-	-	-	-	0.0%
Materials, Supplies & Maintenance	285,655	244,726	53,259	299,580	336,355	36,775	12.3%
Parts, Fuel & Lubricants Inventory Purchases	2,818,981	2,425,073	2,169,199	2,770,000	2,853,100	83,100	3.0%
Parts, Fuel & Lubricants Contra	(2,818,981)	(2,425,073)	(2,169,199)	(2,770,000)	(2,853,100)	(83,100)	3.0%
Professional/Contract Services & Utilities	70,739	66,505	53,166	67,532	69,558	2,026	3.0%
Training, Travel & Membership Dues	12,141	5,411	9,001	50,300	51,809	1,509	3.0%
Depreciation and Amortization	1,090,912	1,199,863	1,350,270	1,418,000	1,580,000	162,000	11.4%
Liabilities, Settlements & Insurance	7,555	7,555	7,555	16,388	16,880	492	3.0%
Interdepartmental Charges	116,073	117,423	116,809	138,337	372,895	234,558	169.6%
Debt Service	43,211	7,749	(920)	50,000	50,000	-	0.0%
Capital Acquisitions	1,266,395	2,450,237	1,079,932	2,938,361	2,938,361	-	0.0%
Asset Contra Account	(1,262,525)	(2,450,237)	(1,074,022)	(2,841,956)	(2,841,956)	-	0.0%
Other Operating Transfers Out	386,848	259,392	234,662	727,739	722,227	(5,512)	-0.8%
Bad Debts and Other Losses	-	-	11,108	-	-	-	0.0%
Total Expenditures	**$ 5,487,225**	**$ 5,563,945**	**$ 8,117,285**	**$ 6,655,930**	**$ 7,101,265**	**$ 445,335**	**6.7%**
Revenues Less Expenditures	**$ 721,832**	**$ 426,273**	**$ 762,503**	**$ (588,127)**	**$ 2,526,917**		

The increase in Fiscal Year 2022-23 revenues of $3.6 million or 58.7% is driven by increased contributions to the Fleet Fund for operations as well as future vehicle replacements. Staff analyzed both the Operations and Vehicle Replacement subfunds of the overall Fleet Services Fund and determined adjustments were necessary.

In this analysis, it was determined the Operations Fund operated at a structural deficit of approximately $1-2 million annually. As of June 30, 2021, the fund balance sits at -$4.6 million and is projected to operate at a deficit in Fiscal Year 2021-22. In order to balance the structural performance of this subfund, labor rates charged for internal services to the various departments were evaluated and are increased in the proposed budget. The rates are being set consistent with comparable cities and will ensure this fund's performance is stabilized. Going forward, rates will be evaluated and

adjusted to keep pace with the cost of providing the service. This change will balance the recurring performance of the Operations Fund but not address the -$4.6 million balance. To address this, a transfer from the General Fund is programmed for approximately $1.0 million. Rebuilding this negative position will be amortized over multiple years.

The Vehicle Replacement Fund has accumulated a balance, however, based on an analysis conducted in Fiscal Year 2021-22 utilizing a 5% assumed inflationary factor, it is estimated this fund is short by $4.8 million to date. Additionally, in order to maintain sufficient funding, an additional $1.4 million is needed in annual contributions. The proposed budget addresses the $1.4 million shortfall, however, is unable to address the $4.8 million funding shortfall. This will be monitored closely and staff will work to address this shortfall in future budget cycles.

As noted above, the Salaries and Employee Benefits line is projected to increase by 0.4% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The increase of $235,000 in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

General Services Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Account Clerk, Senior	1.00	1.00	1.00	1.00	-	(1.00)
Accounting Technician	-	-	-	-	1.00	1.00
Admin Services Manager	-	-	-	-	1.00	1.00
Administrative Analyst	1.00	1.00	1.00	1.00	1.00	-
Administrative Assistant	3.00	3.00	3.00	3.00	3.00	-
Air Con/Heat/Elec Supervisor	1.00	1.00	1.00	1.00	1.00	-
Air Condition/Heat Technician	3.00	3.00	3.00	3.00	3.00	-
Airport Worker	4.00	4.00	4.00	4.00	4.00	-
Booking Manager	2.00	2.00	1.00	1.00	1.00	-
Booking Manager, Assistant	2.00	2.00	2.00	2.00	0.50	(1.50)
Bookkeeper	1.00	1.00	1.00	1.00	1.00	-
Box Office Attendant	2.10	2.10	2.10	2.10	2.10	-
Box Office Manager	1.00	1.00	1.00	1.00	1.00	-
Building Maintainer	6.00	6.00	6.00	6.00	6.00	-
Building Maintainer, Sr	1.00	1.00	1.00	1.00	1.00	-
Building Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	-
Central Services Coordinator	2.00	1.00	-	1.00	1.00	-
Central Services Supervisor	1.00	1.00	1.00	1.00	1.00	-
Custodian	21.00	20.00	20.00	20.00	18.00	(2.00)
Custodian, Senior	3.00	3.00	2.00	2.00	2.00	-
Customer Service Rep	2.00	2.00	2.00	2.00	2.00	-
Driver/Clerk, Delivery	1.50	1.50	1.50	1.50	1.50	-
Electrician	2.00	2.00	2.00	2.00	2.00	-
Equipment Attendant	4.00	4.00	4.00	4.00	4.00	-
Facilities Service Supervisor	1.00	1.00	1.00	1.00	1.00	-
Facilities Services Manager	1.00	1.00	1.00	1.00	-	(1.00)
Facility Operations Attendant	6.00	6.00	6.00	6.00	6.00	-
Facility Operations Chief	1.50	1.50	1.50	1.50	1.50	-
Facility Operations Manager	1.00	1.00	1.00	1.00	1.00	-
Facility Operations Attendant, Sr	4.00	4.00	4.00	4.00	4.00	-
Fleet Services Manager	1.00	1.00	1.00	1.00	1.00	-
Fleet Services Supervisor	2.00	2.00	2.00	2.00	2.00	-
General Services Director	1.00	1.00	1.00	1.00	1.00	-
Graphic Designer	2.00	2.00	2.00	2.00	2.00	-
Lead Airport Worker	1.00	1.00	1.00	1.00	1.00	-
Mechanic	7.00	7.00	7.00	7.00	7.00	-
Mechanic, Senior	9.00	9.00	9.00	9.00	9.00	-
Office Assistant	3.00	3.00	3.00	3.00	3.00	-
Program Coordinator	-	-	-	-	1.00	1.00
Reprographic Specialist	3.00	3.00	3.00	3.00	3.00	-
Senior Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Senior Box Office Attendant	1.60	1.60	1.60	1.60	1.60	-
Senior Building Inspector	1.00	1.00	1.00	1.00	1.00	-
Senior Business Manager	4.00	4.00	4.00	4.00	4.00	-
Staff Assistant	1.00	1.00	1.00	1.00	1.00	-
Stage Manager	1.10	1.10	1.10	1.10	1.10	-
Storekeeper	2.00	2.00	2.00	2.00	2.00	-
Storekeeper, Auto Parts	1.00	1.00	1.00	1.00	1.00	-
Theater Technician	1.30	1.30	1.30	1.30	1.30	-
Theatre Technical Coordinator	1.20	1.20	1.20	1.20	1.20	-
Theatre Technical Director	1.00	1.00	1.00	1.00	1.00	-
Warehouse Supervisor	1.00	1.00	1.00	1.00	1.00	-
Welder, Senior	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**127.30**	**125.30**	**122.30**	**123.30**	**120.80**	**(2.50)**

The General Services Department's staffing budget for Fiscal Year 2022-23 is projected to decrease by 2.5 FTE. This is the net result of the October 2021 budget reductions, the First Quarter Budget Review program modification and the Mid-Year Budget Review program modifications.

Human Resources

Mission Statement

The mission of the Human Resources Department is to attract, develop, and retain an exceptional workforce in partnership with all city departments. The Human Resources Department promotes organizational effectiveness by providing quality human resource services and programs to line departments, employees, and the public and business community.

Functional Responsibilities

The Human Resources Department manages a comprehensive human resources program that provides support to the employee workforce and the City's line departments. They are responsible for recruitment and selection, classification and compensation, performance management, labor and employee relations, policy and program compliance, benefit administration, employee recognition, and organization and staff development.

Department Organization

Human Resources General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	1,732,430	1,330,569	2,228,500	1,314,634	1,507,260	192,626	14.7%
Salaries and Benefits Reimbursements	(48,644)	(85,024)	(44,063)	-	-	-	0.0%
Materials, Supplies & Maintenance	172,461	137,098	157,226	218,660	218,628	(32)	0.0%
Materials Reimbursements	(8,695)	(6,650)	(7,383)	-	-	-	0.0%
Professional/Contract Services & Utilities	208,868	247,644	355,112	358,240	368,237	9,997	2.8%
Training, Travel & Membership Dues	61,449	31,716	33,697	54,801	63,037	8,236	15.0%
Liabilities, Settlements & Insurance	3,917	3,917	3,917	5,119	5,273	154	3.0%
Interdepartmental Charges	105,331	102,531	101,631	103,270	15,571	(87,699)	-84.9%
Other Operating Transfers Out	-	2,576	13,359	14,027	8,724	(5,303)	-37.8%
Total Expenditures	**$ 2,227,117**	**$ 1,764,377**	**$ 2,841,996**	**$ 2,068,751**	**$ 2,186,730**	**$ 117,979**	**5.70%**

As noted above, the Salaries and Employee Benefits line is projected to increase by 14.7% in FY2022-23. This is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The Human Resources Division's Interdepartmental Charges budget decreased by $88,000 as a result of the Division's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the Human Resources Department's contribution to the PC Replacement Fund.

Human Resources Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Administrative Assistant	2.70	2.70	2.00	2.00	2.00	-
HR Senior Management Associate	1.00	1.00	1.00	1.00	-	(1.00)
Human Resources Administrator	1.00	1.00	-	-	-	-
Human Resources Analyst	5.00	5.00	4.00	4.00	4.00	-
Human Resources Director	-	-	-	-	1.00	1.00
Human Resources Manager	1.00	1.00	-	-	-	-
Human Resources Technician	2.50	3.00	3.00	3.00	2.00	(1.00)
Intern	0.50	-	-	-	-	-
Office Assistant	1.00	1.00	1.00	1.00	1.00	-
Principal Human Resources Analyst	-	-	-	-	1.00	1.00
Total Full-Time Equivalent (FTE)	**14.70**	**14.70**	**11.00**	**11.00**	**11.00**	**-**

The Human Resources division's staffing budget for Fiscal Year 2022-23 is currently projected to remain flat at 11.0 FTE. However, within the approved staffing levels, there are adjustments which are the net result of the October 2021 budget reductions, the First Quarter Budget Review program modifications and the Mid-Year Budget Review program modifications.

Police

Mission Statement

The mission of the Torrance Police Department is to preserve public safety and quality of life within the City of Torrance, respond effectively to the changing needs of the community, and promote mutual respect between the Police Department and the community.

Functional Responsibilities

The Police Department is responsible for enforcing the penal provisions of the City Charter, City ordinances, and State and Federal laws for the purpose of protecting persons and property and the preservation of peace within the community. The Department engages in patrol, crime prevention, investigation of crimes, apprehension of criminals, gathering of evidence, custody of prisoners, rehabilitation of offenders, regulation of traffic, investigation of traffic collisions, custody of property, coordination of all major disaster plans, and all such training and support necessary for these activities.

Department Organization

Police General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	153,991	139,835	132,501	144,316	155,640	11,324	7.8%
Licenses, Fees and Permits	6,505	3,285	7,163	5,920	5,957	37	0.6%
Intergovernmental	87,109	173,637	56,826	62,070	60,624	(1,446)	-2.3%
Other Revenues	9,374	7,975	47,349	7,561	-	(7,561)	-100.0%
Charges for Services	311,867	270,392	240,658	259,370	212,961	(46,409)	-17.9%
Operating Transfers In	81,628	-	-	-	-	-	0.0%
Total Revenues	**$ 650,474**	**$ 595,124**	**$ 484,497**	**$ 479,237**	**$ 435,182**	**$ (44,055)**	**-9.2%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	75,796,677	78,768,746	256,427,961	82,157,725	76,724,464	(5,433,261)	-6.6%
Salaries and Benefits Reimbursements	(188,107)	(197,811)	(190,031)	-	-	-	0.0%
Materials, Supplies & Maintenance	2,769,026	2,716,551	2,604,243	2,622,602	2,832,267	209,665	8.0%
Materials Reimbursements	(43,466)	(35,231)	(47,445)	-	(8,000)	(8,000)	0.0%
Professional/Contract Services & Utilities	1,184,418	1,146,866	1,224,289	1,451,358	1,601,370	150,012	10.3%
Training, Travel & Membership Dues	532,480	381,828	62,032	174,312	202,729	28,417	16.3%
Liabilities, Settlements & Insurance	537,532	481,767	392,737	293,954	302,773	8,819	3.0%
Interdepartmental Charges	1,585,966	1,610,188	1,587,716	2,136,333	4,005,366	1,869,033	87.5%
Other Operating Transfers Out	17,726	274,183	194,933	195,435	4,073	(191,362)	-97.9%
Total Expenditures	**$ 82,192,252**	**$ 85,147,087**	**$ 262,256,435**	**$ 89,031,719**	**$ 85,665,042**	**$ (3,366,677)**	**-3.8%**
Revenues Less Expenditures	**$ (81,541,778)**	**$ (84,551,963)**	**$(261,771,938)**	**$ (88,552,482)**	**$ (85,229,860)**		

The decrease in Fiscal Year 2022 revenues of $44,000 or 9.2% is a result of anticipated reductions in Jail Booking Fees and False Alarm Fees. Parking Citation revenues are not captured in the Police Department revenues but are rather included in the Non-Departmental revenue budget.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 6.6% in FY2022-23. This is the net result of the staffing list changes shown in the staffing section including settled contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The Police Department's Interdepartmental Charges budget increased by $1.9 million as a result of the Department's contribution to the City's Self-Insurance Fund. The decrease in Other Operating Transfers Out is the result of recalculating the Department's contribution to Telephone Replacement, Data Communications Replacement, Radio Replacement, and PC Replacement Funds. Most of these charges have been centralized in Non-Departmental due to unreliable allocation methodologies.

Police Inmate Welfare Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Operating Transfers In	-	-	-	10,000	10,000	-	0.0%
Total Revenues	**$ -**	**$ -**	**$ -**	**$ 10,000**	**$ 10,000**	**$ -**	**0.0%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Materials, Supplies & Maintenance	-	-	-	10,000	10,000	-	0.0%
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ 10,000**	**$ 10,000**	**$ -**	**0.0%**
Revenues Less Expenditures	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**		

The Inmate Welfare Fund is comprised of any money, refund, rebate or commission received from a telephone company or pay telephone provider when the money is attributable to the use of pay telephones which are primarily used by inmates while incarcerated.

Police Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Admin Services Manager	1.00	1.00	1.00	3.00	4.00	1.00
Administrative Analyst	3.00	3.00	3.00	3.00	3.00	-
Administrative Assistant	11.00	11.00	10.00	10.00	10.00	-
Animal Control Officer	3.00	3.00	3.00	-	-	-
Assistant Police Chief	-	-	-	-	1.00	1.00
Crossing Guard	13.00	13.00	13.00	13.00	13.00	-
Forensic ID Specialist	4.00	4.00	4.00	1.00	1.00	-
Forensic Supervisor	1.00	1.00	1.00	1.00	1.00	-
Info Tech Specialist	2.00	2.00	2.00	2.00	2.00	-
Info Technology Analyst	2.00	2.00	2.00	2.00	2.00	-
Juvenile Diversion Case Worker	1.00	1.00	1.00	1.00	1.00	-
Juvenile Diversion Coordinator	1.00	1.00	1.00	1.00	1.00	-
Police Captain	4.00	4.00	4.00	4.00	3.00	(1.00)
Police Chief	1.00	1.00	1.00	1.00	1.00	-
Police Lieutenant	14.00	14.00	13.00	13.00	11.00	(2.00)
Police Officer	175.00	175.00	172.00	172.00	136.00	(36.00)
Police Services Supervisor	4.00	3.00	3.00	5.00	6.00	1.00
Police Records Technician	17.00	17.00	17.00	17.00	16.00	(1.00)
Police Sergeant	33.00	33.00	33.00	31.00	25.00	(6.00)
Police Services Officer	30.00	30.00	30.00	30.00	30.00	-
Public Safety Comm Supvr	2.00	2.00	2.00	3.00	3.00	-
Public Safety Dispatcher	23.00	23.00	23.00	23.00	28.00	5.00
Senior Admin Assistant	-	-	1.00	1.00	1.00	-
Senior Business Manager	1.00	1.00	1.00	1.00	1.00	-
Sr. Forensic ID Specialist	2.00	2.00	2.00	4.00	4.00	-
Staff Assistant	4.80	4.80	4.80	4.00	4.00	-
Support Services Director	-	-	-	-	1.00	1.00
Systems Analyst	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**353.80**	**352.80**	**348.80**	**347.00**	**310.00**	**(37.00)**

The Police Department's staffing budget for Fiscal Year 2022-23 is projected to decrease 37.0 FTE. The Police Department's budget reductions, to fulfil their $8.6 million total reduction, were deferred to July 1, 2022 pending the outcome of the June 7, 2022 election. The civilianization conversions were implemented immediately. Since staff do not know the outcome of the election at this time, these reductions are necessary to balance the City's budget. If the sales tax measure is approved by voters, staff would return to restore reductions in public safety.

Public Works

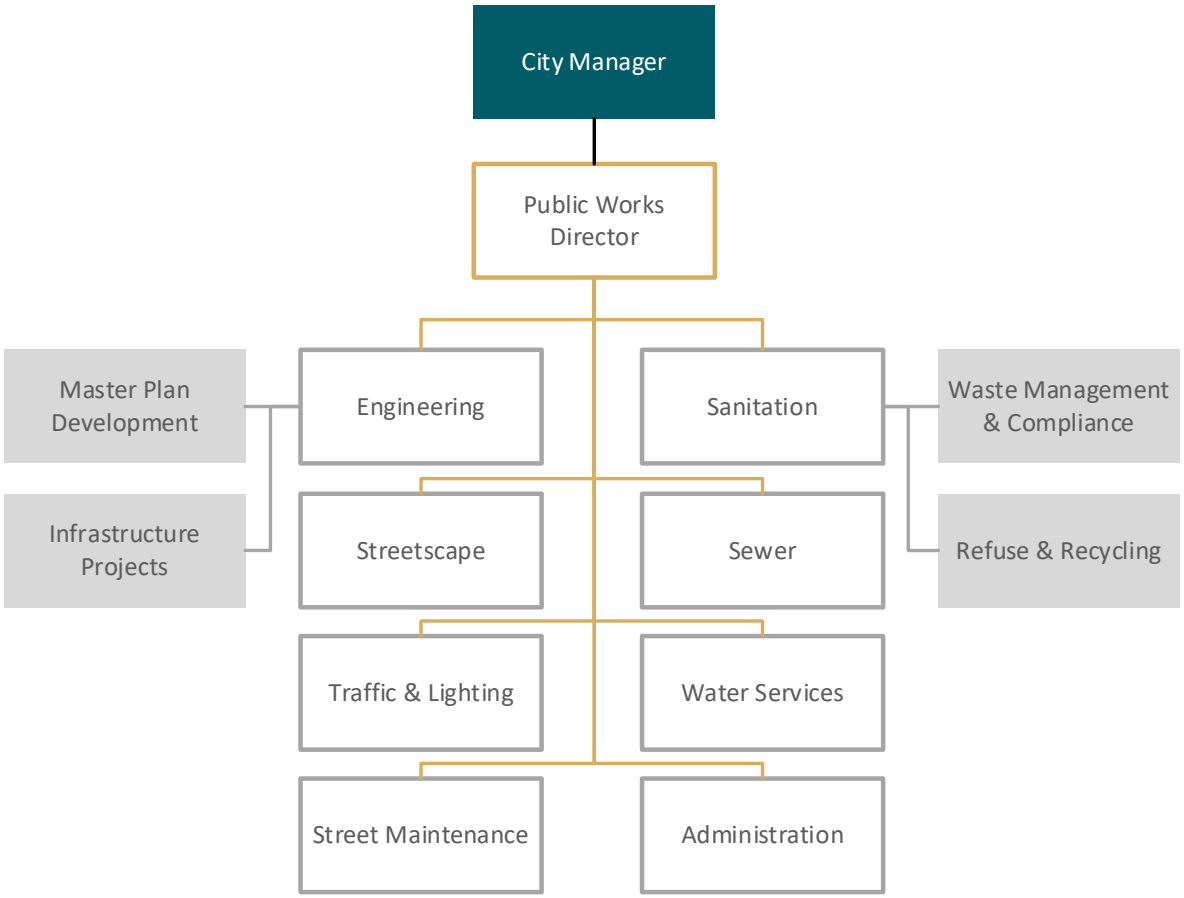
Mission Statement

The mission of the Public Works Department is to provide a superior level of public service and interdepartmental support in the most practical and competent manner possible. Through innovative methods, the Public Works Department seeks to ensure a sound infrastructure and a healthy environment that contributes to the overall mission of the City.

Functional Responsibilities

The Public Works Department provides services to Torrance residents, businesses, and other City departments to improve and maintain the City's streets, sidewalks, landscaping, traffic sewers, and water system. The Department is responsible for civil and traffic engineering, trash and recycling, sewer and wastewater, street sweeping, street operations, city trees and landscapes, and water services.

Department Organization



Public Works General Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Other Revenues	4,057	43,809	(33,753)	6,000	-	(6,000)	-100.0%
Charges for Services	203,854	228,248	215,950	231,930	232,182	252	0.1%
Operating Transfers In	180,000	2,329,669	2,717,397	2,411,658	3,528,324	1,116,666	46.3%
Total Revenues	**$ 387,911**	**$ 2,601,726**	**$ 2,899,594**	**$ 2,649,588**	**$ 3,760,506**	**$ 1,110,918**	**41.9%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	9,160,255	9,526,542	14,989,855	7,720,514	9,244,989	1,524,475	19.7%
Salaries and Benefits Reimbursements	(1,443,913)	(1,163,586)	(1,077,893)	(538,305)	-	538,305	-100.0%
Materials, Supplies & Maintenance	2,918,632	2,807,345	2,671,067	2,797,379	4,869,426	2,072,047	74.1%
Materials Reimbursements	(654,500)	(456,472)	(570,146)	(578,361)	-	578,361	-100.0%
Professional/Contract Services & Utilities	1,446,566	1,312,642	1,332,689	1,725,771	1,948,904	223,133	12.9%
Training, Travel & Membership Dues	14,550	2,734	2,529	18,688	18,749	61	0.3%
Liabilities, Settlements & Insurance	709,386	388,496	479,646	373,816	385,030	11,214	3.0%
Interdepartmental Charges	280,385	282,585	278,135	1,473,040	1,613,522	140,482	9.5%
Capital Acquisitions	78,918	8,560	634	81,254	42,200	(39,054)	-48.1%
Other Operating Transfers Out	-	27,965	50,586	57,979	30,769	(27,210)	-46.9%
Total Expenditures	**$ 12,510,279**	**$ 12,736,811**	**$ 18,157,102**	**$ 13,131,775**	**$ 18,153,589**	**$ 5,021,814**	**38.2%**
Revenues Less Expenditures	**$ (12,122,368)**	**$ (10,135,085)**	**$ (15,257,508)**	**$ (10,482,187)**	**$ (14,393,083)**		

The increase in Fiscal Year 2022-23 revenues of $1.1 million or 41.9% is mainly due to accounting for the general benefit portion of the Street Lighting District in the General Fund instead of the Street Lighting District Fund. This will simplify budget administration, leaving only the service and maintenance costs of the streetlights portion (assessment driven) activities in the Street Lighting District Fund. As a result of this change, the Gas Tax transfers originally budgeted in the Street Lighting District (to fund safety lights and traffic signal costs) is now budgeted in the General Fund to offset costs.

As noted above, the Salaries and Employee Benefits line is projected to increase by 19.7% in FY2022-23. There were two significant changes driving the increase. An assessment was performed to reevaluate allocations of engineering personnel assigned to Capital Improvement Projects funded partially by enterprise funds. In the prior years, some engineering personnel were partially allocated to enterprise funds and the remaining balance to Capital Improvement Projects. It was determined that a portion of their time was not ultimately being allocated (i.e. holidays) to CIP with those hours charging General Fund. To provide more consistency and better planning for actual department costs, these personnel will now be allocated 92.5% to the Capital Improvement Projects (enterprise or other source funded) and the remaining 7.5% allocated to the General Fund. The second driver of the change was from realigning the Street Sweeping program between Sanitation and the General Fund. The change in the Salaries and Benefits Reimbursements classification relates to the change in the structure of the Street Lighting District Fund (no longer budgeted for and reimbursed by the

Street Lighting District Fund but paid for by Gas Tax directly in the General Fund). This change has a zero effect to the overall General Fund operating budget (due to offsetting revenue).

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The non-wage budget is experiencing an overall increase and is mainly from the $2.1 million increase to Materials, Supplies & Maintenance from vehicle replacement charges and vehicle fuel. The increase is due to the City's adjustment to overall Fleet charges to properly fund expenditures related to the service and replacement of City vehicles. The change in the Materials Reimbursement classification relates to the change in the structure of the Street Lighting Fund (no longer budgeted for and reimbursed by the Street Lighting District Fund but paid for by Gas Tax directly in the General Fund). This change has a zero effect to the overall General Fund operating budget (due to offsetting revenue).

Public Works Sanitation Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	100,957	69,987	39,897	145,000	40,000	(105,000)	-72.4%
Other Revenues	58,864	195,055	45,131	50,000	50,000	-	0.0%
Charges for Services	12,792,706	12,748,152	12,883,355	13,065,359	13,585,691	520,332	4.0%
Operating Transfers In	1,741,162	1,918,848	5,248,656	2,302,333	2,117,474	(184,859)	-8.0%
Total Revenues	**$ 14,693,689**	**$ 14,932,042**	**$ 18,217,039**	**$ 15,562,692**	**$ 15,793,165**	**$ 230,473**	**1.5%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	4,602,758	4,766,585	7,851,779	4,859,791	4,271,248	(588,543)	-12.1%
Salaries and Benefits Reimbursements	(11,385)	(12,328)	(10,481)	-	-	-	0.0%
Materials, Supplies & Maintenance	3,255,514	3,038,340	2,976,254	3,092,068	3,612,149	520,081	16.8%
Materials Reimbursements	(105,867)	(188,640)	(170,075)	-	-	-	0.0%
Professional/Contract Services & Utilities	2,222,448	2,528,873	2,725,176	3,256,045	3,443,319	187,274	5.8%
Training, Travel & Membership Dues	4,511	6,057	1,332	11,355	31,696	20,341	179.1%
Depreciation and Amortization	958,384	980,932	1,044,749	1,221,100	1,121,100	(100,000)	-8.2%
Liabilities, Settlements & Insurance	75,174	125,628	92,932	46,683	48,083	1,400	3.0%
Interdepartmental Charges	986,660	1,053,161	1,395,249	1,605,355	1,486,074	(119,281)	-7.4%
Debt Service	56,550	22,513	(4,378)	90,000	90,000	-	0.0%
Capital Acquisitions	1,451,838	1,765,054	-	2,771,561	2,771,561	-	0.0%
Asset Contra Account	(1,451,838)	(1,905,751)	(65,853)	(2,771,561)	(2,771,561)	-	0.0%
Other Operating Transfers Out	1,648,344	1,764,032	1,814,852	1,900,305	1,822,509	(77,796)	-4.1%
Bad Debts and Other Losses	54,979	43	626	52,860	52,860	-	0.0%
Total Expenditures	**$ 13,748,070**	**$ 13,944,499**	**$ 17,652,162**	**$ 16,135,562**	**$ 15,979,038**	**$ (156,524)**	**-1.0%**
Revenues Less Expenditures	**$ 945,619**	**$ 987,543**	**$ 564,877**	**$ (572,870)**	**$ (185,873)**		

The increase in Fiscal Year 2022-23 revenues of $230,000 or 1.5% is mainly due to increases in Charges for services offset by reductions in transfers in for the Vehicle Replacement subfund of the overall Sanitation fund and Use of Money Property (aligning budget with actuals). The Fiscal Year 2022-23 budget includes a 4.0% increase over the prior year's budget in the Charges for Services classification, however this represents a 1.0% increase over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. Council approved a series of annual rate increases over a five year period covering July 2017 through June 2022, meaning July 2021 was the last of the approved rate increases under the most recent Proposition (Prop) 218 hearing process. The budget is not assuming any potential increases that may result from a future Prop 218 hearing.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 12.1% in FY2022-23. An assessment was performed to reevaluate allocations of engineering personnel assigned to Capital Improvement Projects funded partially by enterprise funds. In the prior years, some engineering personnel were partially allocated to enterprise funds and the remaining balance to Capital Improvement Projects. It was determined that a portion of their time was not ultimately being allocated (i.e. holidays) to CIP with those hours charging General Fund. To provide more consistency and better planning for actual department costs, these personnel will now be allocated

92.5% to the Capital Improvement Projects and the remaining 7.5% allocated to the General Fund. The second factor was from realigning the Street Sweeping program between Sanitation and the General Fund as previously discussed.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The non-wage budget is experiencing an overall decrease though is experiencing a $520,000 increase to Materials, Supplies & Maintenance from Fleet labor charges and vehicle fuel costs. The increase is due to the City's adjustment to overall Fleet charges to properly fund expenditures related to the service of City vehicles.

Public Works Sewer Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	113,352	169,451	45,726	75,000	75,000	-	0.0%
Other Revenues	7,960	5,982	28,214	6,161	6,161	-	0.0%
Charges for Services	5,672,589	5,706,334	6,021,285	6,130,164	5,725,220	(404,944)	-6.6%
Operating Transfers In	191,418	190,188	1,930,336	227,900	359,529	131,629	57.8%
Total Revenues	**$ 5,985,319**	**$ 6,071,955**	**$ 8,025,561**	**$ 6,439,225**	**$ 6,165,910**	**$ (273,315)**	**-4.2%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	1,950,861	2,183,860	4,207,974	2,750,269	1,813,364	(936,905)	-34.1%
Materials, Supplies & Maintenance	273,484	231,352	224,000	346,478	399,167	52,689	15.2%
Professional/Contract Services & Utilities	1,046,973	531,479	794,347	997,768	1,062,378	64,610	6.5%
Training, Travel & Membership Dues	3,234	4,038	2,102	11,114	16,447	5,333	48.0%
Depreciation and Amortization	118,387	129,360	161,319	172,194	1,371,094	1,198,900	696.2%
Liabilities, Settlements & Insurance	-	-	-	3,667	-	(3,667)	-100.0%
Interdepartmental Charges	431,531	507,327	705,110	854,555	699,785	(154,770)	-18.1%
Capital Acquisitions	537,141	-	462,605	111,606	111,606	-	0.0%
Asset Contra Account	(526,699)	-	(455,994)	(104,700)	(104,700)	-	0.0%
Other Operating Transfers Out	473,799	3,147,081	1,959,152	2,107,900	1,886,460	(221,440)	-10.5%
Bad Debts and Other Losses	15,017	4,677	159	20,000	20,000	-	0.0%
Total Expenditures	**$ 4,323,728**	**$ 6,739,174**	**$ 8,060,774**	**$ 7,270,851**	**$ 7,275,601**	**$ 4,750**	**0.1%**
Revenues Less Expenditures	**$ 1,661,591**	**$ (667,219)**	**$ (35,213)**	**$ (831,626)**	**$ (1,109,691)**		

The decrease in Fiscal Year 2022-23 revenues of $273,000 or 4.2% is mainly due to decreases in Charges for services offset by increases in transfers in for the Vehicle Replacement subfund of the overall Sewer fund. The Fiscal Year 2022-23 budget includes a 6.6% decrease over the prior year's budget in the Charges for Services classification, however this represents a 3.6% decrease over the City's projected Fiscal Year 2021-22 outcomes from the Mid-Year Budget Review Report. This is the result of anticipated conservation efforts and reductions experienced on the residential side of the Water Fund (driver for Sewer charges). Council approved a series of annual rate increases over a five year period covering January 2017 through December 2021, meaning January 2021 was the last of the approved rate increases under the most recent Proposition (Prop) 218 hearing process. The budget is not assuming any potential increases that may result from a future Prop 218 hearing.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 34.1% in FY2022-23. An assessment was performed to reevaluate allocations of engineering personnel assigned to Capital Improvement Projects funded partially by enterprise funds. In the prior years, some engineering personnel were partially allocated to enterprise funds and the remaining balance to Capital Improvement Projects. It was determined that a portion of their time was not ultimately being allocated (i.e. holidays) to CIP with those hours charging General Fund. To provide more consistency and better planning for actual department costs, these personnel will now be allocated 92.5% to the Capital Improvement Projects and the remaining 7.5% allocated to the General Fund.

Finally, this is also the net result of any staffing list changes shown in the staffing section, reallocations of existing positions in the City, including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The increase of $1.2 million from Depreciation and Amortization is because the Depreciation budget for the Sewer Fund's Capital assets is annually set on the operating budget and transferred to the Capital fund of the Sewer operation after adoption.

Public Works Water Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	611,786	831,072	200,542	675,000	675,000	-	0.0%
Other Revenues	-	43,714	45,200	5,000	5,000	-	0.0%
Charges for Services	42,544,495	45,553,120	49,197,792	46,978,000	51,098,504	4,120,504	8.8%
Operating Transfers In	145,696	190,387	4,341,909	239,500	392,380	152,880	63.8%
Total Revenues	**$ 43,301,977**	**$ 46,618,293**	**$ 53,785,443**	**$ 47,897,500**	**$ 52,170,884**	**$ 4,273,384**	**8.9%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	5,741,606	5,869,446	10,004,120	6,479,752	5,965,109	(514,643)	-7.9%
Salaries and Benefits Reimbursements	(43,946)	(45,684)	(30,028)	-	-	-	0.0%
Materials, Supplies & Maintenance	2,181,681	1,790,924	1,939,252	2,381,048	2,717,130	336,082	14.1%
Materials Reimbursements	(7,250)	(10,757)	(14,555)	-	5,000	5,000	0.0%
Parts, Fuel & Lubricants Inventory Purchases	555,615	445,518	312,650	550,000	566,500	16,500	3.0%
Parts, Fuel & Lubricants Contra	(555,615)	(445,518)	(312,650)	(550,000)	(566,500)	(16,500)	3.0%
Stored Water Rights Inventory Purchases	358,609	382,290	411,611	432,000	457,960	25,960	6.0%
Stored Water Rights Contra	(358,609)	(382,290)	(411,611)	(432,000)	(457,960)	(25,960)	6.0%
Professional/Contract Services & Utilities	1,181,637	1,059,528	1,404,126	1,517,250	1,793,024	275,774	18.2%
Water Supply Costs	25,104,957	25,962,808	26,301,940	25,705,000	33,787,000	8,082,000	31.4%
Training, Travel & Membership Dues	31,877	13,608	6,371	48,500	49,955	1,455	3.0%
Depreciation and Amortization	78,476	109,148	121,003	145,870	2,343,170	2,197,300	1506.3%
Liabilities, Settlements & Insurance	46,984	46,984	51,758	90,125	91,479	1,354	1.5%
Interdepartmental Charges	1,338,939	1,407,151	2,471,572	2,680,826	2,466,123	(214,703)	-8.0%
Debt Service	550,155	644,535	642,387	793,086	850,672	57,586	7.3%
Debt Service Reimbursements	(550,125)	(528,721)	(541,273)	(554,122)	(567,277)	(13,155)	2.4%
Capital Acquisitions	2,294,492	272,175	-	456,200	456,200	-	0.0%
Asset Contra Account	(2,291,735)	(272,175)	-	(456,200)	(456,200)	-	0.0%
Other Operating Transfers Out	10,565,296	7,183,825	4,490,507	4,255,168	4,386,948	131,780	3.1%
Bad Debts and Other Losses	65,892	(428)	18,861	150,000	150,000	-	0.0%
Total Expenditures	**$ 46,288,936**	**$ 43,502,367**	**$ 46,866,041**	**$ 43,692,503**	**$ 54,038,333**	**$ 10,345,830**	**23.7%**
Revenues Less Expenditures	**$ (2,986,959)**	**$ 3,115,926**	**$ 6,919,402**	**$ 4,204,997**	**$ (1,867,449)**		

The increase in Fiscal Year 2022-23 revenues of $4.3 million or 8.9% is mainly due to a change in accounting related to a fixed facility charge to the Torrance Refining Company ($4.0 million). This will change a historically recorded credit to expense as a revenue to the Fund (offset by the gross expenditure being recorded). This is a net zero change to the overall budget and simply a change in transaction recording. Council approved a series of annual rate increases over a five year period covering January 2018 through December 2022, meaning January 2022 was the last of the approved rate increases under the most recent Proposition (Prop) 218 hearing process. The budget is not assuming any potential increases that may result from a future Prop 218 hearing.

As noted above, the Salaries and Employee Benefits line is projected to decrease by 7.9% in FY2022-23. An assessment was performed to reevaluate allocations of engineering personnel assigned to Capital Improvement Projects funded partially by enterprise funds. In the prior years, some engineering personnel were partially allocated to enterprise funds and the remaining balance to

Capital Improvement Projects. It was determined that a portion of their time was not ultimately being allocated (i.e. holidays) to CIP with those hours charging General Fund. To provide more consistency and better planning for actual department costs, these personnel will now be allocated 92.5% to the Capital Improvement Projects and the remaining 7.5% allocated to the General Fund. Additionally, this is the net result of any staffing list changes shown in the staffing section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The increase of $8.1 million in Water Supply Costs is due to the delay in the North Torrance Well Field Project (I-108), increased costs from purchases from the Goldworthy Desalter, and shifting a facility charge to revenues rather than an offset in expenditures. The increase of $2.2 million from Depreciation and Amortization is because the Depreciation budget for the Water Fund's Capital assets is annually set on the operating budget and transferred to the Capital fund of the Sewer operation after adoption.

Public Works Street Lighting Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	1,303,901	1,284,923	1,268,245	1,290,062	1,283,697	(6,365)	-0.5%
Operating Transfers In	1,529,290	1,244,568	1,463,748	1,515,487	345,273	(1,170,214)	-77.2%
Total Revenues	**$ 2,833,191**	**$ 2,529,491**	**$ 2,731,993**	**$ 2,805,549**	**$ 1,628,970**	**$ (1,176,579)**	**-41.9%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	792,756	548,430	691,770	538,305	-	(538,305)	-100.0%
Materials, Supplies & Maintenance	525,577	370,518	485,269	578,361	-	(578,361)	-100.0%
Professional/Contract Services & Utilities	1,533,711	1,568,643	1,583,059	1,712,540	1,628,970	(83,570)	-4.9%
Total Expenditures	**$ 2,852,044**	**$ 2,487,591**	**$ 2,760,098**	**$ 2,829,206**	**$ 1,628,970**	**$ (1,200,236)**	**-42.4%**
Revenues Less Expenditures	**$ (18,853)**	**$ 41,900**	**$ (28,105)**	**$ (23,657)**	**$ -**		

The Street Lighting Fund is used to account for the revenues and expenditures associated with the maintenance and use of the City's street lighting system.

The changes shown above are an effort to simplify the accounting of the Street Lighting District. Beginning in Fiscal Year 2022-23, the Street Lighting District will only include the service and maintenance costs of the streetlights portion, which relates to the assessment charges to parcels in the City of Torrance. The safety lights and traffic signal cost portion of the Street Lighting District will be housed in the General Fund and its costs offset by Gas Tax transfers that previously subsidized the Street Lighting District Fund.

Public Works Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Admin Services Manager	-	-	-	1.00	1.00	-
Administrative Analyst	3.00	3.00	3.00	2.00	2.00	-
Administrative Assistant	5.00	5.00	5.00	5.00	5.00	-
Airport Worker	2.00	2.00	-	-	-	-
Assistant Engineer	4.00	4.00	4.00	4.00	4.00	-
Associate Engineer	9.00	9.00	9.00	9.00	9.00	-
Cement Finisher	2.00	2.00	2.00	2.00	2.00	-
Deputy Public Works Dir-Ops	1.00	1.00	1.00	1.00	1.00	-
Deputy Public Works Director	1.00	1.00	1.00	1.00	1.00	-
Electrician Helper	1.00	1.00	-	-	-	-
Engineering Manager	3.00	3.00	3.00	3.00	3.00	-
Engineering Manager-Major Proj	1.00	1.00	1.00	1.00	1.00	-
Engineering Technician I	1.00	1.00	-	-	-	-
Engineering Technician III	3.00	3.00	3.00	3.00	3.00	-
Equipment Operator	11.00	11.00	11.00	11.00	9.00	(2.00)
HR Senior Management Associate	-	-	1.00	1.00	-	(1.00)
Inspector, Public Works-Cap Proj	2.00	2.00	2.00	3.00	3.00	-
Landscape Mgr/City Arborist	1.00	1.00	1.00	1.00	1.00	-
Lead Maintenance Worker	13.00	14.00	14.00	16.00	15.00	(1.00)
Maintenance Worker	44.00	44.00	43.00	44.00	44.00	-
Office Assistant	0.50	-	-	-	-	-
Pest Control Technician	1.00	1.00	1.00	1.00	1.00	-
Policy & Resources Specialist	-	-	-	2.00	2.00	-
Principal Human Resources Analyst	-	-	-	-	1.00	1.00
Public Works Director	1.00	1.00	1.00	1.00	1.00	-
Public Works Supervisor	7.00	7.00	7.00	7.00	8.00	1.00
Sanitation Equipment Operator	30.00	30.00	30.00	30.00	31.00	1.00
Sanitation Services Manager	1.00	1.00	1.00	1.00	1.00	-
Senior Business Manager	1.00	1.00	1.00	1.00	1.00	-
Street Maintenance Leader	3.00	2.00	2.00	-	-	-
Street Operations Manager	1.00	1.00	1.00	1.00	1.00	-
Supervising Admin Assistant	1.00	1.00	1.00	1.00	1.00	-
Traffic & Lighting Supervisor	1.00	1.00	1.00	1.00	1.00	-
Traffic Painter	3.00	3.00	3.00	3.00	3.00	-
Traffic Signal Technician	4.00	4.00	4.00	4.00	4.00	-
Tree Trimmer	7.00	7.00	6.00	6.00	5.00	(1.00)
Waste Management Coordinator	1.00	1.00	1.00	-	-	-
Wastewater Technician	7.00	7.00	7.00	7.00	7.00	-
Water Operations Manager	1.00	1.00	1.00	1.00	1.00	-
Water Operations Supervisor	3.00	3.00	3.00	3.00	3.00	-
Water Service Intern	2.00	2.00	2.00	2.00	2.00	-
Water System Operator I	13.00	13.00	13.00	13.00	13.00	-
Water System Operator II	5.00	5.00	5.00	5.00	5.00	-
Water System Operator III	11.00	11.00	11.00	11.00	12.00	1.00
Total Full-Time Equivalent (FTE)	**211.50**	**211.00**	**206.00**	**209.00**	**208.00**	**(1.00)**

The Public Works Department's staffing budget for Fiscal Year 2022-23 is projected to decrease by 1.0 FTE. This is the net result of the October 2021 budget reductions, the First Quarter Budget Review program modification and the Mid-Year Budget Review program modifications.

Proposed Changes for the coming budget, not inclusive of the aforementioned program modifications, are the following:

- +1.0 Water System Operator III
- -1.0 Lead Maintenance Worker
- +1.0 Public Works Supervisor
- +1.0 Sanitation Equipment Operator

In 2021, Water Operations completed an assessment of the Goldsworthy Desalter facility located at the City Yard and determined an additional Water System Operator III is needed to efficiently maintain and operate the facility. Effective March 1, 2022, the City of Torrance increased the Operations and Maintenance Contract with the Water Replenishment District (WRD) from $19,533 per month to $54,875 per month, $424,104 annually which includes the addition of a WSO III position and other related costs.

The deletion of 1.0 Lead Maintenance Worker and addition of 1.0 Public Works Supervisor is an effort to reverse a downgrade that took place in 2009 in which one of the three Public Works Supervisor positions in Streetscape was downgraded to a Lead Maintenance Worker. At that time, the Division focused exclusively on maintenance. The focus of the Division has expanded during the last three years to include increasing the number of parkway trees in the City and landscape beautification projects. Further, since this division has 36 employees three supervisors would align with all the other Public Works field divisions as well as the Park Services Division, making the Streetscape Division consistent from a span of control and staffing perspective.

In 2018, the City Manager's Office hired a contractor to collect illegally dumped items for a one-year pilot program. Although many items were collected, residents objected that the contractor was not responding to messages and service requests in a timely manner and that the contractor's phone number was intermittently disconnected. In September 2019, the existing residential large item pickup schedule was modified from 2 days per week to 4 days per week (two-person crew) to incorporate the collection of illegally dumped items. No additional staff has been added since that time. This has resulted in adverse impacts to daily operations including service delays and overtime. In 2020, Sanitation provided 1,027 illegally dumped collections and 5,171 residential large item collections. In 2021, 1,222 illegally dumped items were collected and 4,979 residential large item collections were completed. Prior to the start of illegally dumped item collection, Sanitation

collected an average of 3,600 residential large item collections per year. The addition of illegally dumped items increased the workload by approximately 2,600 collections annually. Therefore an additional Sanitation Equipment Operator is recommended for the budget.

Transit

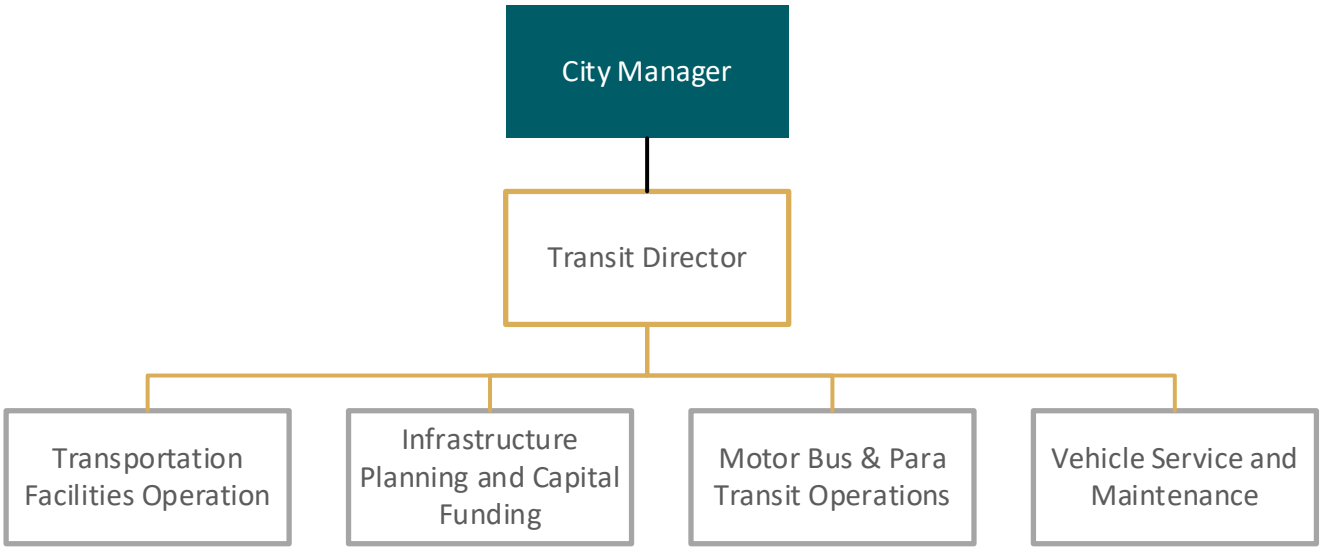
Mission Statement

The mission of the Torrance Transit System is to provide reliable, safe, inexpensive, and courteous transportation to customers which includes the people who live, work, and do business in the City of Torrance.

Functional Responsibilities

The Torrance Transit System's responsibilities include securing its own local, state and federal funding for the department; financial monitoring and reporting; grants administration; transit scheduling; supervision and administration of all privately contracted transit services; planning and marketing tracking and analyzing service statistics; providing staff for city and regional committees or task forces; monitoring and participating in regional and federal transportation legislation, issues, projects, and activities; maintenance of its own fleet of buses; development and implementation of service changes; and general oversight of the bus operations for the City of Torrance.

Department Organization



Transit Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	390,537	381,890	76,870	335,927	93,337	(242,590)	-72.2%
Intergovernmental	15,818,825	15,693,093	12,796,680	15,726,295	29,427,908	13,701,613	87.1%
Other Revenues	84,948	31,231	7,009	57,500	76,201	18,701	32.5%
Charges for Services	9,362,346	11,850,014	11,017,219	13,582,473	12,635,254	(947,219)	-7.0%
Operating Transfers In	2,674,323	2,674,323	8,646,861	2,674,323	3,000,000	325,677	12.2%
Total Revenues	**$ 28,330,979**	**$ 30,630,551**	**$ 32,544,639**	**$ 32,376,518**	**$ 45,232,700**	**$ 12,856,182**	**39.7%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	16,398,275	16,937,561	15,200,697	20,306,659	21,408,100	1,101,441	5.4%
Materials, Supplies & Maintenance	2,568,931	2,320,525	2,070,587	3,854,267	3,044,787	(809,480)	-21.0%
Materials Reimbursements	(184,454)	(502,320)	(280,848)	-	(250,000)	(250,000)	0.0%
Parts, Fuel & Lubricants Inventory Purchases	701,922	661,414	634,454	961,440	990,283	28,843	3.0%
Parts, Fuel & Lubricants Contra	(701,922)	(661,414)	(634,454)	(961,440)	(990,283)	(28,843)	3.0%
Professional/Contract Services & Utilities	1,941,780	1,627,896	1,481,572	3,005,159	1,899,090	(1,106,069)	-36.8%
Training, Travel & Membership Dues	115,896	83,955	46,085	154,391	159,023	4,632	3.0%
Depreciation and Amortization	4,080,693	4,066,615	4,167,954	4,514,089	5,414,089	900,000	19.9%
Liabilities, Settlements & Insurance	5,300,198	885,183	277,093	211,300	217,639	6,339	3.0%
Interdepartmental Charges	3,854,675	4,099,480	4,256,390	5,407,942	6,629,828	1,221,886	22.6%
Asset Contra Account	(1,668,454)	(2,619,799)	(1,978,738)	-	-	-	0.0%
Other Operating Transfers Out	153,675	244,729	4,614,303	63,446	71,724	8,278	13.0%
Bad Debts and Other Losses	4,500,000	-	-	-	-	-	0.0%
Total Expenditures	**$ 37,061,215**	**$ 27,143,825**	**$ 29,855,095**	**$ 37,517,253**	**$ 38,594,280**	**$ 1,077,027**	**2.9%**
Revenues Less Expenditures	**$ (8,730,236)**	**$ 3,486,726**	**$ 2,689,544**	**$ (5,140,735)**	**$ 6,638,420**		

The increase in Fiscal Year 2022-23 revenues of $12.9 million or 39.7% is mainly attributable to one-time grant funding totaling $10.2 million related to the COVID-19 pandemic. It is anticipated these grants will be fully expended by the end of Fiscal Year 2022-23.

As noted above, the Salaries and Employee Benefits line is projected to increase by 5.4% in FY2022-23. This is the net result of any staffing list changes shown in the prior section including any contract increases, step changes, longevity adjustments, PERS rates, insurance elections, and all other cost elements related to employees.

Departments completed an exercise to re-allocate existing budget amounts to better align resources with actual expenditures in other non-wage areas. Additionally, the Materials, Supplies and Maintenance; Professional/Contract Services & Utilities; Training Travel & Membership Dues; and Liabilities, Settlements & Insurance classifications received a 3% CPI adjustment. The department's non-wage budget relating to Materials, Supplies & Maintenance; Materials Reimbursements; and Professional/Contract Services & Utilities is decreasing to better align with actual expenditure trends. The increase in the Interdepartmental Charges classification is a result of the City's increased contribution to the Self-Insurance Fund.

Transit Personnel Summary

Job Classification	2018-19	2019-20	2020-21	2021-22	2022-23	FY2023 Increase / (Decrease)
Administrative Analyst	4.00	4.00	5.00	4.00	4.00	-
Administrative Assistant	1.00	1.00	1.00	1.00	1.00	-
Bus Operator	88.00	88.00	88.00	93.00	93.00	-
Custodian	-	-	-	-	1.00	1.00
Customer Service Rep	2.80	2.80	2.80	2.80	2.80	-
Deputy Transit Director	1.00	1.00	1.00	1.00	1.00	-
Driver/Clerk, Delivery	0.50	0.50	0.50	0.50	0.50	-
Equipment Attendant	13.00	13.00	13.00	13.00	13.00	-
Facilities Service Supervisor	1.00	1.00	1.00	1.00	1.00	-
Fleet Services Manager	1.00	1.00	1.00	1.00	1.00	-
Fleet Services Supervisor	1.00	1.00	1.00	2.00	2.00	-
Human Resources Analyst	1.00	1.00	1.00	1.00	-	(1.00)
Human Resources Technician	1.00	1.00	1.00	1.00	1.00	-
Info Technology Analyst	-	-	-	1.00	1.00	-
Intern	-	-	-	2.00	2.00	-
Maintenance Worker	1.00	1.00	1.00	1.00	1.00	-
Mechanic	3.00	3.00	3.00	3.00	3.00	-
Mechanic, Senior	11.00	11.00	11.00	12.00	12.00	-
Office Assistant	2.00	2.00	2.00	3.00	3.00	-
Principal Human Resources Analyst	-	-	-	-	1.00	1.00
Relief Bus Operator	11.50	11.50	11.50	21.00	21.00	-
Senior Business Manager	2.00	2.00	2.00	3.00	3.00	-
Senior Business Manager - Transit Planning	-	-	-	1.00	1.00	-
Staff Assistant	2.00	2.00	2.00	2.00	2.00	-
Storekeeper	1.00	1.00	1.00	1.50	1.50	-
Storekeeper, Auto Parts	1.00	1.00	1.00	1.00	1.00	-
Systems Analyst	-	-	-	1.00	1.00	-
Transit Director	1.00	1.00	1.00	1.00	1.00	-
Transit Dispatcher	3.00	3.00	3.00	4.00	4.00	-
Transit Manager - Admin	1.00	1.00	1.00	1.00	1.00	-
Transit Manager - Operations	1.00	1.00	1.00	1.00	1.00	-
Transit Manager - Services	-	-	1.00	1.00	1.00	-
Transit Marketing Specialist	-	-	-	1.00	1.00	-
Transit Planner/Scheduler	1.00	1.00	-	-	-	-
Transit Supervisor	11.00	11.00	11.00	12.00	12.00	-
Transit Training Coordinator	1.00	1.00	1.00	1.00	1.00	-
Total Full-Time Equivalent (FTE)	**168.80**	**168.80**	**169.80**	**195.80**	**196.80**	**1.00**

Non-Departmental

The Non-Departmental programs provide specialized budgetary services to citizens and City departments.

Non-Departmental General Fund Expenditures

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Salaries and Employee Benefits	85,877	75,994	167,436	81,500	121,500	40,000	49.08%
Reimbursements-Indirect Costs	(6,761,451)	(7,244,847)	(7,610,489)	(7,947,803)	(7,813,890)	133,913	1.68%
Materials, Supplies & Maintenance	32,351	28,396	6,000	607,974	824,754	216,780	35.66%
Materials Reimbursements	(17,143)	(7,737)	(11,818)	-	-	-	0.00%
Professional/Contract Services & Utilities	777,758	723,156	672,659	901,500	885,900	(15,600)	-1.73%
Training, Travel & Membership Dues	67,429	34,476	45,000	83,990	76,490	(7,500)	-8.93%
Debt Service	5,098,744	4,665,205	2,048,047	19,129,005	22,117,652	2,988,647	15.62%
Debt Service Reimbursements	-	-	-	(17,854,361)	(18,337,744)	(483,383)	-2.71%
Other Expenditures	109,051	81,143	4,781	-	-	-	0.00%
Other Operating Transfers Out	22,495,528	24,884,379	22,555,548	5,667,120	8,968,177	3,301,057	58.25%
Bad Debts and Other Losses	3,490	38	216	1,000	1,000	-	0.00%
Total Expenditures	**$ 21,891,634**	**$ 23,240,203**	**$ 17,877,380**	**$ 669,925**	**$ 6,843,839**	**$ 6,173,914**	**921.58%**

Community Programs

Expenditures related to community outreach programs and events are classified under various line items above. The following are programs and budgets for both of the proposed fiscal years:

Program	$ Amount
Artesia Lights	25,000
TOCA Subsidy	74,400
Sister City Activities	10,900
Armed Forces Parade	81,400
Tournament of Roses Float	127,400
Discover Torrance TBID	45,000
Fourth of July Celebration	45,000
Youth in Government Activities	3,200
Community Clean Up	10,000
Seaside Lights	68,530

The Seaside Lights are presented here as a community event, but the proposed budget is mainly labor costs associated with the event and represented in the participating departments.

Debt Service Lease Payments

The Non-Departmental Budget also houses all of the lease payments made by the General Fund to the City's Debt Service Fund. The increase in Fiscal Year 2023 is mainly driven by the 2021 Lease

Revenue Bonds beginning their repayment in Fiscal Year 2022-23. The City refunded its 2014 Certificates of Participation (COP) and "front loaded" the savings in Fiscal Year 2020-21 and Fiscal Year 2021-22 to bridge the impacts of the COVID-19 pandemic. The second factor is expected debt service cost growth with the debt issued in 2020 to pay down a large portion of the City's CalPERS debt. The cost of this debt service is allocated out to all funds and departments within the Salaries and Employee Benefits classification. As payroll is processed, similar to CalPERS costs, these costs are distributed accordingly. These charges reimburse (Debt Service Reimbursements) the General Fund to offset the lease payment made to the Debt Service Fund. The full detail of the City's debt can be found in the **Debt Financing Information** section in the **Appendix** of this document.

Reimbursements – Indirect Costs

The city charges certain Enterprise and Non-major Governmental Funds an indirect cost rate to recover a portion of general government services provided to these funds in supporting their daily operation. The departments supporting these Enterprise and Non-major Governmental Funds, for which the indirect rate is seeking a proportional reimbursement are: City Manager, City Attorney, City Clerk, City Treasurer, Finance, Human Resources, Civil Service, CIT and General Services. Every year a calculation is performed to determine the proportion of costs that can be charged to these funds. For Fiscal Year 2023, a charge equal to 23.65% of the following Enterprise and Non-major Governmental Funds Salaries and Salaries Reimbursements is assessed. The below funds are subject to this charge:

Fund	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Airport Fund	387,498	401,030	348,327	354,721	316,250	(38,471)	-10.85%
Sanitation Fund	937,865	1,002,866	1,089,378	1,106,640	961,110	(145,530)	-13.15%
Section 8 Housing Fund	116,936	140,345	151,240	189,319	130,380	(58,939)	-31.13%
Sewer Fund	431,531	507,327	584,604	622,261	408,060	(214,201)	-34.42%
Transit Fund	3,627,298	3,866,845	4,028,913	4,210,345	4,817,200	606,855	14.41%
Water Fund	1,260,322	1,326,434	1,408,027	1,464,517	1,180,890	(283,627)	-19.37%
Total Indirect Cost	**$ 6,761,450**	**$ 7,244,847**	**$ 7,610,489**	**$ 7,947,803**	**$ 7,813,890**	**$ (133,913)**	**-1.68%**

Other Operating Transfers Out

This classification houses the miscellaneous transfers from the City's General Fund Operating Fund to other funds across the City, including the below amounts for Fiscal Year 2022-23:

Transfer to Fund(s)	Description	FY2023 Adopted Transfer
Capital Project Funds	Capital Improvement Projects	2,725,000
General Fund - Restricted/Assigned	Contribution to 115 Trust	1,951,325
General Fund - Restricted/Assigned	Contribution to asset replacement and other periodic funding requirements	2,905,557
Fleet Services Fund	Contribution to Fleet Services	975,130
HOME Investment Partnership Fund	Contribution to HOME Investment Partnership	115,410
Street Light District Fund	Contribution to Street Light District	29,375
Santiation Fund	City-wide refuse collection	134,863
Santiation Fund	Senior and low income refuse and recycling discount	108,980
Sewer Fund	Senior and low income wastewater discount	8,069
Water Fund	Senior and low income water discount	14,468
Total Transfers		**$ 8,968,177**

General Fund Restricted/Assigned Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	420,248	410,800	342,290	365,550	365,550	-	0.00%
Other Revenues	-	-	1,863	-	-	-	0.00%
Operating Transfers In	228,480	1,826,023	1,951,969	3,646,762	4,923,635	1,276,873	35.01%
Total Revenues	**$ 648,728**	**$ 2,236,823**	**$ 2,296,122**	**$ 4,012,312**	**$ 5,289,185**	**$ 1,276,873**	**31.82%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Materials, Supplies & Maintenance	59,981	59,962	59,064	65,000	66,800	1,800	2.77%
Professional/Contract Services & Utilities	144,744	166,936	83,670	325,264	255,944	(69,320)	-21.31%
Debt Service	-	-	-	5,000	-	(5,000)	-100.00%
Capital Acquisitions	326,632	304,712	376,119	538,084	755,913	217,829	40.48%
Other Operating Transfers Out	2,767,134	2,991,953	317,109	1,314,117	375,000	(939,117)	-71.46%
Total Expenditures	**$ 3,298,491**	**$ 3,523,563**	**$ 835,962**	**$ 2,247,465**	**$ 1,453,657**	**$ (793,808)**	**-35.32%**
Revenues Less Expenditures	**$ (2,649,763)**	**$ (1,286,740)**	**$ 1,460,160**	**$ 1,764,847**	**$ 3,835,528**		

This contains information on the City's Restricted/Assigned Funds, which are included in the overall General Fund. For Fiscal Year 2023, the increase of $1.3 million is mainly due to increased funding for asset replacement in the CIT department of $820,000 and an increase to the asset replacement in the Fire department of $475,000. The expenditure budget represents budget amounts set annually to allow the City to spend from Replacement Funds to replace equipment across the departments. The decrease in expenditures is attributable to lower capital spending in the PEG Fund of $375,000, the prior year transfer of $475,000 for Microsoft Office 365 licensing in the PC Replacement and the remainder from closing the Computer Loan Program.

Debt Service Fund Operating Budget

Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Use of Money and Property	3,823,952	3,827,466	2,033,716	19,109,605	22,098,251	2,988,646	15.64%
Operating Transfers In	-	-	2,611,940	-	-	-	0.00%
Other Financing Sources	-	-	389,240,000	-	-	-	0.00%
Total Revenues	**$ 3,823,952**	**$ 3,827,466**	**$ 393,885,656**	**$ 19,109,605**	**$ 22,098,251**	**$ 2,988,646**	**15.64%**

Expenditures	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Adopted Budget	FY2023 Increase / (Decrease)	Percent Change
Depreciation and Amortization	-	-	228,353	-	-	-	0.00%
Debt Service	3,727,063	3,730,888	3,876,689	20,303,543	22,098,251	1,794,708	8.84%
Other Operating Transfers Out	-	-	350,545,006	-	-	-	0.00%
Other Financing Uses	-	-	40,644,225	-	-	-	0.00%
Total Expenditures	**$ 3,727,063**	**$ 3,730,888**	**$ 395,294,273**	**$ 20,303,543**	**$ 22,098,251**	**$ 1,794,708**	**8.84%**
Revenues Less Expenditures	**$ 96,889**	**$ 96,578**	**$ (1,408,617)**	**$ (1,193,938)**	**$ -**		

This represents the City's Debt Service fund, which is where Lease payments from the General Fund are transferred so that payments can be tracked for the actual debt payments.

FIVE YEAR FUND PROJECTIONS

Five Year Fund Projections

General Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 48,467,713	$ 52,303,240	$ 55,279,258	$ 61,427,426	$ 70,046,537
Revenues	243,236,800	249,982,354	258,889,309	267,966,599	274,468,872
Expenses	236,676,273	244,006,336	249,651,141	256,164,788	262,719,118
Net Change Operating Activities	6,560,527	5,976,018	9,238,168	11,801,811	11,749,754
Reserved for Capital Improvement Projects	2,725,000	3,000,000	3,090,000	3,182,700	3,278,181
Ending Fund Balance	**$ 52,303,240**	**$ 55,279,258**	**$ 61,427,426**	**$ 70,046,537**	**$ 78,518,110**
Nonspenable	$ 1,618,055	$ 1,068,055	$ 518,055	$ 318,056	$ 327,598
Restricted	$ 7,586,834	$ 9,913,211	$ 12,248,179	$ 14,713,736	$ 17,191,937
Assigned	$ 5,721,196	$ 6,257,566	$ 6,769,401	$ 7,253,835	$ 7,707,807
Unassigned	$ 37,377,155	$ 38,040,426	$ 41,891,791	$ 47,760,910	$ 53,290,768
20% Reserve (Unassigned) Threshold	**$ 47,880,255**	**$ 49,401,267**	**$ 50,548,228**	**$ 51,869,498**	**$ 53,199,460**
Above/(Below) Threshold	$ (10,503,100)	$ (11,360,841)	$ (8,656,437)	$ (4,108,588)	$ 91,309

The General Fund is a summation of all funds under the General Fund umbrella which includes the General Fund Operating Fund, General Fund – Restricted/Assigned, and the General Fund – Unassigned subfunds.

The City is projecting that the Unassigned fund balance will end Fiscal Year 2022-23 at $37.4 million. It is anticipated that this figure will climb to $53.3 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the General Fund Operating Fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall **Revenue growth** of approximately 2.6%, with the following approximate annual assumptions:
  - Sales Tax: 2.5% - 2.7%
  - Property Tax: 3.0%
  - Utility Users Tax: 3.0%
  - Occupancy Tax: 2.0%
  - Charges for Services: 1.2% to 2.0%
- Overall **Expenditure growth** of approximately 2.5% to 2.7% annually
  - Maintains all reductions previously approved and recommended for approval in this current budget document.

- Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
- 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
- Continued contribution to CalPERS CEPPT contribution equal to 20% of projected 2020 Lease Revenue Bond savings
- Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)
- Annual contributions to correct Fleet Services underfunded status
- Capital Improvement Plan contributions based on proposed CIP and estimates

Airport Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 15,316,255	$ 17,626,825	$ 20,027,315	$ 22,497,741	$ 25,020,873
Revenues	15,830,439	16,226,200	16,631,855	17,047,651	17,473,843
Expenses	13,519,869	13,825,710	14,161,429	14,524,519	14,937,886
Net Change Operating Activities	2,310,570	2,400,490	2,470,426	2,523,132	2,535,957
Ending Fund Balance	**$ 17,626,825**	**$ 20,027,315**	**$ 22,497,741**	**$ 25,020,873**	**$ 27,556,830**
Reserved for Capital Improvement Projects	2,450,000	100,000	3,700,000	100,000	500,000

The City is projecting that the fund balance will end Fiscal Year 2022-23 at $17.6 million. It is anticipated that this figure will climb to $27.6 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Airport Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.5% annually
- Overall Expenditure growth of approximately 2.3% to 2.9% annually (after controlling for Capital contributions)
  - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
  - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
  - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Sanitation Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 10,040,692	$ 9,854,818	$ 9,929,540	$ 10,148,716	$ 10,486,135
Revenues	15,793,165	16,187,994	16,592,694	17,007,511	17,432,699
Expenses	15,979,039	16,113,272	16,373,518	16,670,092	17,038,520
Net Change Operating Activities	(185,874)	74,722	219,176	337,419	394,179
Ending Fund Balance	**$ 9,854,818**	**$ 9,929,540**	**$ 10,148,716**	**$ 10,486,135**	**$ 10,880,314**
Reserved for Capital Improvement Projects	-	-	-	-	-

The City is projecting that the fund balance will end Fiscal Year 2022-23 at $9.9 million. It is anticipated that this figure will climb to $10.9 million in Fiscal Year 2026-27, though this continues to fall short of projected needs for working capital. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Sanitation Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.5% annually
- Overall Expenditure growth of approximately 1.3% to 2.7% annually
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
    - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Sewer Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 44,612,274	$ 45,037,583	$ 45,573,633	$ 46,169,255	$ 46,807,007
Revenues	6,165,910	6,320,058	6,478,059	6,640,011	6,806,011
Expenses	5,740,601	5,784,008	5,882,437	6,002,259	6,166,156
Net Change Operating Activities	425,309	536,050	595,622	637,752	639,855
Ending Fund Balance	**$ 45,037,583**	**$ 45,573,633**	**$ 46,169,255**	**$ 46,807,007**	**$ 47,446,862**
Reserved for Capital Improvement Projects	1,535,000	1,535,000	1,535,000	1,400,000	1,442,000

The City is projecting that the fund balance will end Fiscal Year 2022-23 at $45.0 million. It is anticipated that this figure will fall to $47.5 million in Fiscal Year 2026-27. To arrive at these results a

comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Sewer Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.5% annually
- Overall Expenditure growth of approximately 0.8% to 2.8% annually (after controlling for Capital contributions)
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
    - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Transit Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 36,968,614	$ 49,021,123	$ 51,551,526	$ 54,155,587	$ 56,641,405
Revenues	45,232,700	35,818,063	36,582,264	37,365,571	38,168,460
Expenses	38,594,280	38,701,749	39,392,292	40,293,842	41,638,927
Net Change Operating Activities	6,638,420	(2,883,686)	(2,810,028)	(2,928,271)	(3,470,467)
Ending Fund Balance	**$ 43,607,034**	**$ 46,137,437**	**$ 48,741,498**	**$ 51,227,316**	**$ 53,170,938**
Adjustment for Non-Cash	5,414,089	5,414,089	5,414,089	5,414,089	5,414,089
Ending Fund Balance (adj)	**$ 49,021,123**	**$ 51,551,526**	**$ 54,155,587**	**$ 56,641,405**	**$ 58,585,027**
Reserved for Capital Improvement Projects	-	-	-	-	-

The Transit Fund's projection is unique from other enterprise funds in that the City controls for non-cash depreciation entries due to the fact that Transit receives separate federal grants, outside of this projection to fund capital investment in these assets. It is therefore assumed the value of these annual grants and the depreciation expense controlled should typically balance in a given year to maintain the state of good repair of its assets. In the other enterprise funds, since the revenues received in this projection cover that investment, it is not controlled for in those projections. The City is projecting that the fund balance will end Fiscal Year 2022-23 at $49.0 million, as adjusted. It is anticipated that this figure will increase to $58.6 million in Fiscal Year 2026-27, as adjusted. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Transit Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.1% annually, after one-time revenues cease in Fiscal Year 2023-24 (COVID-19 grants)

- Overall Expenditure growth of approximately 0.3% to 3.3% annually (after controlling for Capital contributions)
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns) as well as other potential adjustments known from negotiations processes underway
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
    - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Water Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 118,800,810	$ 120,933,361	$ 125,596,453	$ 130,645,092	$ 136,037,726
Revenues	52,170,884	53,475,156	54,812,035	56,182,336	57,586,894
Expenses	50,038,333	48,812,064	49,763,396	50,789,702	51,956,603
Net Change Operating Activities	2,132,551	4,663,092	5,048,639	5,392,634	5,630,291
Ending Fund Balance	**$ 120,933,361**	**$ 125,596,453**	**$ 130,645,092**	**$ 136,037,726**	**$ 141,668,017**
Reserved for Capital Improvement Projects	4,000,000	3,000,000	3,000,000	3,000,000	3,090,000

The City is projecting that the fund balance will end Fiscal Year 2022-23 at $121.0 million. It is anticipated that this figure will increase to $141.7 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Water Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.5% annually
- Overall Expenditure growth of approximately 2.0% to 2.3% annually after the North Torrance Well Field is fully operational in Fiscal Year 2023-24 yielding budget savings (also after controlling for Capital contributions)
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
    - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Fleet Services Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ 17,146,533	$ 20,373,451	$ 24,978,790	$ 29,806,966	$ 34,824,833
Revenues	9,628,182	10,912,642	11,180,021	11,455,421	11,739,084
Expenses	6,401,264	6,307,303	6,351,845	6,437,554	6,612,514
Net Change Operating Activities	3,226,918	4,605,339	4,828,176	5,017,867	5,126,570
Ending Fund Balance	**$ 20,373,451**	**$ 24,978,790**	**$ 29,806,966**	**$ 34,824,833**	**$ 39,951,403**
Reserved for Capital Improvement Projects	700,000	-	-	-	-

The City is projecting that the fund balance will end Fiscal Year 2022-23 at $20.4 million. It is anticipated that this figure will increase to $40.0 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Fleet Operations fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 2.5%-2.9% annually
    - In the Fiscal Year 2022-23 budget, labor rates for services provided to departments were evaluated and increased. These adjustments allow for those charges to keep pace with increasing costs of providing service.
    - Additionally, in year Fiscal Year 2023-24 through 2026-27 the projection includes an annual contribution from the General Fund of $1,000,000 to address the negative cash balance in the Operations subfund.
- Overall Expenditure growth of approximately 2.2% to 4.8% annually (after controlling for Capital contributions)
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues; Liabilities, Settlements & Insurance classifications
    - Increased Self-Insurance contributions to stabilize this Fund's performance (increased citywide allocations)

Self-Insurance Fund

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	$ (61,342,596)	$ (66,656,481)	$ (71,758,146)	$ (77,058,004)	$ (81,277,443)
Revenues	14,050,000	15,415,000	16,916,500	19,889,470	26,087,121
Expenses	19,363,885	20,516,665	22,216,358	24,108,909	25,263,769
Net Change Operating Activities	(5,313,885)	(5,101,665)	(5,299,858)	(4,219,439)	823,352
Ending Fund Balance	**$ (66,656,481)**	**$ (71,758,146)**	**$ (77,058,004)**	**$ (81,277,443)**	**$ (80,454,091)**
Reserved for Capital Improvement Projects	-	-	-	-	-

The City is projecting that the fund balance will end Fiscal Year 2022-23 at -$66.7 million. It is anticipated that this figure will deteriorate to -$80.5 million in Fiscal Year 2026-27. To arrive at these results a comprehensive projection was conducted, which includes (but is not limited to) the following major assumptions for the Self-Insurance fund for Fiscal Year 2023-24 through Fiscal Year 2026-27:

- Overall Revenue growth of approximately 10.0%-31.2% annually
    - In the Fiscal Year 2022-23 budget, contributions were more than doubled to this fund, though it is still budgeted to erode its fund balance further by $5.3 million.
    - In an effort to keep pace with the anticipated increases in insurance premiums, anticipated legal expenses, workers compensation costs, potential settlements, and increased actuarially determined liability estimates contributions are increasing each year. In Fiscal Year 2023-24 it is projected to increase contributions by 9.7%, another 9.7% in Fiscal Year 2024-25, 17.6% in Fiscal Year 2025-26, and 31.2% in Fiscal Year 2026-27. Fiscal Year 2026-27 is the first year where Self-Insurance is projected to not operate at a deficit.
- Overall Expenditure growth of approximately 4.8% to 8.5% annually
    - Annual wage growth factor of 2% annually, including CalPERS contribution projection adjustments each year based on projection modeling (6.8% discount rate; 6.2% annual returns)
    - 2% CPI adjustments for Materials, Supplies & Maintenance; Professional/Contract Services & Utilities; Training, Travel & Membership Dues
    - Projected costs of insurance premiums, settlements, and external attorney fees

CAPITAL IMPROVEMENT PLAN

Capital Improvement Plan

The City of Torrance recently adopted a new process of biennially developing a five-year Capital Improvement Plan (CIP) budget, with annual adjustments made during in the interim budget years. Although the program spans multiple years, only funds for the current year (FY 2023) are appropriated as part of the budget process. This represents the second year of last year's five-year plan. Next year, a new five-year plan will incorporate Fiscal Year 2023-24 through 2025-26 in it and forecast out the remaining two years. The years beyond any current budget year are included as a planning tool to demonstrate total anticipated capital funding needs. Project needs are evaluated annually to ensure that budgets fall within available funding limits and best reflect current City priorities.

Capital Improvement Plan Structure

The Capital Improvement Plan is a five-year financial plan for the acquisition, expansion or rehabilitation of land, buildings and other major infrastructure.

Budget Process

The Capital Improvement Plan (CIP) budget process is a five-year planning cycle, updated biennially. The goal is to re-develop and establish a five-year plan, every two years, to ensure projects and funding availability are regularly evaluated current priorities. While a five-year plan is presented, City Council only appropriates the first year of funding. Year 2 is appropriated in the mid-cycle update, with years 3-5 of the plan being included for planning purposes. This cycle then repeats itself when entering a new two-year budget cycle.

Continuing Projects

This budget document represents all projects that are recommended to receive new budget appropriations, which include some projects already approved but seeking additional funding as well as new projects. Due to the multi-year nature of capital projects and the fiscal best practice requiring that budget be allocated in the first year that a contract is awarded rather than on a projected cash flow basis, it is common for unspent budget to be "rolled over" from one fiscal year to another to allow for the completion of an approved project scope within contract and budget authority. Some projects that already received a budget allocation in FY 2021-22 or prior but are not yet complete may have unspent, approved budget rolled over into FY 2022-23. This is regularly

monitored to ensure only necessary funds are appropriated each year so that the City can be efficient within its given resource availability.

Capital Improvement Plan Summary

Below is a summary of the Capital Improvement Plan, organized by Department to show the total amount of funding by fiscal year:

Department	FY 2023	FY 2024	FY 2025	FY 2026
CIT	135,000	90,000	-	-
City Clerk	15,000	15,000	15,000	15,000
City Manager	375,000	-	60,000	-
Community Development	20,000	935,000	100,000	100,000
Community Services	105,000	25,000	396,750	-
Finance	-	125,000	-	-
Fire	1,810,927	-	-	-
General Services	3,924,410	864,723	4,608,820	1,302,621
Public Works	19,938,650	17,679,151	18,624,150	17,689,150
Total	**$ 26,323,987**	**$ 19,733,874**	**$ 23,804,720**	**$ 19,106,771**

Below is a summary of the Capital Improvement Plan, organized by funding source to show the total amount of funding by fiscal year. These projected demands on future funding are included in the five-year fund balance projections earlier in this document:

Funding Source	FY 2023	FY 2024	FY 2025	FY 2026
Airport Capital Project Fund	2,450,000	100,000	3,700,000	100,000
Cable-PEG (Public Educ Gov)	375,000	-	60,000	-
CDBG Fund	683,333	683,334	683,333	683,333
Community Power Resiliency Allocation to Cities Program	-	-	300,000	-
DIF-Sewer Impact Capital	9,000	-	-	-
DIF-Storm Drain Impact Capital	100,000	100,000	100,000	100,000
DIF-Utility Underground Cap	170,000	50,000	50,000	50,000
Fleet Capital Project Fund	700,000	-	-	-
Gas Tax 2106	2,200,000	2,200,000	2,250,000	2,250,000
General Fund	3,008,154	2,102,540	1,593,387	1,490,438
Measure A-M and S	25,000	25,000	-	-
Measure M Local Return	1,935,000	2,135,000	2,145,000	2,145,000
Measure M Reimb Grant Fund	730,500	-	-	-
Measure R Local Return	1,737,500	1,837,500	1,922,500	1,922,500
Measure W	1,675,000	1,675,000	1,675,000	1,675,000
Prop C Local Return	1,987,500	1,987,500	2,487,500	1,987,500
SB1	2,900,000	2,200,000	2,200,000	2,200,000
Sewer Capital Project Fund	1,535,000	1,535,000	1,535,000	1,400,000
TDA Article 3 Bicycle Fund	103,000	103,000	103,000	103,000
Water Capital Project Fund	4,000,000	3,000,000	3,000,000	3,000,000
Total	**$ 26,323,987**	**$ 19,733,874**	**$ 23,804,720**	**$ 19,106,771**

City Clerk Department Capital Improvement Plan Projects

Project List:

FEAP: 954; Electronic Records Management System

City Clerk

Project: FEAP: 954; Electronic Records Management System
Target Completion Date: Ongoing
Capital Improvement Plan Request: $60,000

Project Description

The City Clerk's Office is working to convert hard copy records into digital format for efficient and effective records management, and setting in place an Electronic Records Management System ("ERMS"). The intent of the ERMS is to capture paper and electronic documents in a more permanent and durable medium and provide for the storage, retrieval, security and archiving of those documents.

Project Justification

This project requires annual funding to facilitate conversion of existing records into electronic format. Once fully converted, this project will discontinue.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	15,000	15,000	15,000	15,000	60,000
Total Project Cost	**$ 15,000**	**$ 15,000**	**$ 15,000**	**$ 15,000**	**$ 60,000**

City Manager Department Capital Improvement Plan Projects

Project List:

FEAP: TBD; Broadcast Graphics Solution – CitiCABLE

FEAP: TBD; Post-Production – TCtv

FEAP: TBD; Studio Production Control Room, Robotics, Cameras – TCtv

City Manager

Project: FEAP: TBD; Broadcast Graphics Solution – CitiCABLE
Target Completion Date: FY 2023
Capital Improvement Plan Request: $75,000

Project Description

Broadcast Graphics Solution that provides eye-catching real-time 3D graphics, timely news characters, motion graphics, over-the-shoulder (OTS) images, channel branding, and other compelling visual content.

Project Justification

Graphic systems generally last 5-6 years however modern updates occur every year. Maintaining current visual standards is challenging. The existing hardware and software system was installed in 2015 and will soon be outdated and unlikely supported.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Cable-PEG (Public Educ Gov)	75,000	-	-	-	75,000
Total Project Cost	**$ 75,000**	**$ -**	**$ -**	**$ -**	**$ 75,000**

City Manager

Project: FEAP: TBD; Post-Production – TCtv
Target Completion Date: FY 2025
Capital Improvement Plan Request: $60,000

Project Description

Post-Production systems that will provide a full set of high performance built-in features for editing video, managing audio, creating real-time effects and titles, adding graphics, compositing and working seamlessly with third-party applications.

Project Justification

Television systems generally last 5-10 years; however modern updates occur every year. Maintaining current production standards and workflows are challenging. The existing hardware and software system was installed in 2006 and will soon be outdated and unlikely supported.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Cable-PEG (Public Educ Gov)	-	-	60,000	-	60,000
Total Project Cost	**$ -**	**$ -**	**$ 60,000**	**$ -**	**$ 60,000**

City Manager

Project: FEAP: TBD; Studio Production Control Room, Robotics, Cameras – TCtv
Target Completion Date: FY 2023
Capital Improvement Plan Request: $300,000

Project Description

Replacement of monitors, switcher, digital effects, speakers, audio mixer, routing equipment, and recording systems.

Project Justification

Television systems generally last 5-10 years; however modern updates occur every year. Maintaining current production standards and workflows are challenging. The existing system was installed in 2015 and the highly integrated systems will soon be outdated and unlikely supported.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Cable-PEG (Public Educ Gov)	300,000	-	-	-	300,000
Total Project Cost	**$ 300,000**	**$ -**	**$ -**	**$ -**	**$ 300,000**

Communication and Information Technology Capital Improvement Plan Projects

Project List:

FEAP: 1107; Campus Public Address System

FEAP: 1109; Wireless Cellular Boosters and WIFI Improvements

Communication and Information Technology

Project: FEAP: 1107; Campus Public Address System
Target Completion Date: FY 2024
Capital Improvement Plan Request: $90,000

Project Description

Purchase and install an IP network public address (PA) control and distribution system to broadcast life safety and public convenience audio information throughout every building on the City Hall campus and City Yard. Consolidate and fully integrate the variety of standalone, dedicated building public announcement systems. Establish an updated public address and paging system as a basic foundation to support NPFA 72 requirements to enable the creation of a mass notification system (aka emergency communication system).

Project Justification

The system will permit audible, visual, and textual information (i.e. ADA compliance) to be broadcast to employees / public patrons not within cellular coverage capable of receiving SMS text messages, email, Reverse 911 calls, Torrance Alerts, etc.

The basic PA system will permit upgrades to interface the entire campus PA systems into one system capable of NFPA 72 compliant alert and evacuation signals, as well as voice instructions pertaining to fire emergencies, bomb threats, shelter-in-place events. It will also serve as a platform for extended exterior speaker coverage and message boards.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	90,000	-	-	90,000
Total Project Cost	**$ -**	**$ 90,000**	**$ -**	**$ -**	**$ 90,000**

Communication and Information Technology

Project: FEAP: 1109; Wireless Cellular Boosters and WIFI Improvements
Target Completion Date: FY 2023
Capital Improvement Plan Request: $135,000

Project Description

The projects replaces all obsolete Access Points (AP) and migrates all existing 2800 APs to a cloud-managed system as well as deploying and migrating all the existing 2800 APs to virtual Wi-Fi controllers to reduce support costs and improve ease of system management. It also adds additional Wi-Fi access points in various conference rooms that have inadequate coverage.

Project Justification

This project is necessary to maintain and enhance the City's Wi-Fi network.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	135,000	-	-	-	135,000
Total Project Cost	**$ 135,000**	**$ -**	**$ -**	**$ -**	**$ 135,000**

Community Development Department Capital Improvement Plan Projects

Project List:

FEAP: TBD; 3D GIS Mapping System

FEAP: TBD; Conversion of Archived Planning Entitlement files to Digital Format

FEAP: TBD; Electronic Plan Submittal and Review

FEAP: TBD; Land Use Update/Environmental Justice Plan

Community Development

Project: FEAP: TBD; 3D GIS Mapping
Target Completion Date: FY 2024
Capital Improvement Plan Request: $60,000

Project Description

Purchase a 3D GIS Mapping System that applies GIS technology to urban planning to streamline plan creation, analyze the impact of plans, visualize current projects, and facilitate public engagement. A 3D GIS Mapping System would allow staff the ability to do the following:

- View a digital representation of the City in which all urban developments are visualized in one place for collaboration among stakeholder groups.
- Create and compare design scenarios.
- Visualize zoning rules in 3D. Convert legal text into a visual representation that could be used for detailed scenario planning down to the parcel level.
- Generate plausible buildings according to zoning regulations and draw custom buildings.
- Analyze the impact of plans with predefined or custom metrics.
- Discuss and review plan and project scenarios within user groups.
- Gather feedback from the public on plans and projects.

Project Justification

The City Council has consistently stated their opposition to the State's usurpment of local control abilities. The implementation of such zoning and development standard/design guideline initiatives will provide the Torrance Community and the City Council with greater input on new projects as developers take advantage of non-discretionary approval capabilities being given to them by the State.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	60,000	-	-	60,000
Total Project Cost	**$ -**	**$ 60,000**	**$ -**	**$ -**	**$ 60,000**

Community Development

Project: FEAP: TBD; Conversion of Archived Planning Entitlement files to Digital Format
Target Completion Date: FY 2026
Capital Improvement Plan Request: $350,000

Project Description

Converting plans, reports and other documents to digital format to integrate with the Departments current digital plans archiving system and ultimately integrate the scanned documents in the correlating case numbers in Accela and GIS.

Project Justification

By digitizing planning documents and storing them on a secure server, we can provide another level of security. In addition to having these documents stored in a way that protects them from being lost, damaged or misfiled, backups are made of the documents and indexing system for storage both on and off site should there be a network or server incident.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	20,000	130,000	100,000	100,000	350,000
Total Project Cost	**$ 20,000**	**$ 130,000**	**$ 100,000**	**$ 100,000**	**$ 350,000**

Community Development

Project: FEAP: TBD; Electronic Plan Submittal and Review
Target Completion Date: FY 2024
Capital Improvement Plan Request: $500,000

Project Description

Purchase a computer software program that would allow electronic submittal and review of electronic construction drawings. In order for City staff to make use of this type of software program additional hardware and licenses would also be required and would also have to be purchased, such as double or larger computer screens to review e-plans. The software would enable the public to submit construction drawings electronically on a 24/7 basis without having to make a trip to City Hall and integrate into the existing Accela Permits system. The software would also benefit City staff by enabling a more efficient method to review construction drawings, including corrections, across several Divisions and Departments simultaneously with an end product in an electronic format that would ease some of the scanning and archiving needs.

Project Justification

Improved customer service with a more efficient method available to the public for submittal of construction drawings. The software program would also allow staff to modernize the City's review process of construction drawings rather than hand routed printed construction documents, facilitating shorter review timeframes that would in turn accelerate permit issuances and shorten plan check schedules for associated development projects. The end product, City approved construction drawings in an electronic format, would lessen the scanning and archiving cost to handle construction drawings along with less staff time and improved quality control of record documents at the completion of a development project.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	500,000	-	-	500,000
Total Project Cost	**$ -**	**$ 500,000**	**$ -**	**$ -**	**$ 500,000**

Community Development

Project: FEAP: TBD; Land Use Update/Environmental Justice Plan
Target Completion Date: FY 2024
Capital Improvement Plan Request: $245,000

Project Description

In California, state law requires every local jurisdiction to prepare and adopt a comprehensive and long - range General Plan to guide its growth and physical development. The General Plan provides a consistent framework for land use and development decisions in accordance with an established community vision.

Land Use Update: By identifying land use categories and corresponding zones, the General Plan provides the foundational guide for planning, outlining how land is used and how the City allocates its resources. A key part of the City's overall General Plan is the Housing Element. A Housing Element provides an analysis of a community's housing needs for all income levels, and strategies to respond to provide for those housing needs. In developing the City's 2021-2029 Housing Element, the City will be required to plan for and revise local zoning to accommodate 4,939 units.

Environmental Justice Plan: In 2016, the State of California passed Senate Bill 1000 ("the Planning for Healthy Communities Act") requiring cities and counties to address environmental justice within their General Plans. As the City continues to update different components of its General Plan, the environmental justice element will also need to be addressed.

Project Justification

The City Council has consistently stated their opposition to the State's usurpment of local control abilities. The implementation of such zoning and development standard/design guideline initiatives will provide the Torrance Community and the City Council with greater input on new projects as developers take advantage of non-discretionary approval capabilities being given to them by the State.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	245,000	-	-	245,000
Total Project Cost	**$ -**	**$ 245,000**	**$ -**	**$ -**	**$ 245,000**

Community Services Department Capital Improvement Plan Projects

Project List:

FEAP: 975; Carpet replacement-Katy Geissert Civic Center Library

FEAP: 976; Entradero Park Restroom

FEAP: 835; Playground Parts Replacement Fund

Community Services

Project: FEAP: 975; Carpet replacement-Katy Geissert Civic Center Library
Target Completion Date: FY 2025
Capital Improvement Plan Request: $396,750

Project Description

Replacement of all carpeted surfaces in the Katy Geissert Main Library. Replacement will utilize carpet squares to minimize the impact of future maintenance.

Project Justification

The Katy Geissert Main Library is a major City facility asset, hosting customers and programming on a year-round basis. This generic maintenance is needed in order to maintain a healthy environment and workplace, as well as to minimize potential trip and falls and improve the customer experience.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	-	396,750	-	396,750
Total Project Cost	**$ -**	**$ -**	**$ 396,750**	**$ -**	**$ 396,750**

Community Services

Project: FEAP: 976; Entradero Park Restroom Renovation
Target Completion Date: FY 2023
Capital Improvement Plan Request: $80,000

Project Description

This project will complete the interior renovation of the restroom facility to include ADA compliance, new fixtures and anti-graffiti coating.

Project Justification

Entradero Park is the second largest park in Torrance at 26.5 acres. Park amenities include a cooking fireplace, children's play equipment, basketball court, softball and baseball fields, a walking path measuring 0.28 miles as well as the natural habitat conversion of the sump which supports numerous migratory birds and other species. The restroom facilities are inadequate, outdated and lack basic ADA compliance to support modern uses of the park and should be improved to serve the needs of the community.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	80,000	-	-	-	80,000
Total Project Cost	**$ 80,000**	**$ -**	**$ -**	**$ -**	**$ 80,000**

Community Services

Project: FEAP: 835; Playground Parts Replacement Fund
Target Completion Date: FY 2024
Capital Improvement Plan Request: $50,000

Project Description

This project is for a parts replacement funds for the City's play equipment.

Project Justification

The Community Services Department implemented multiple sets of play equipment in the 1990's which means that the equipment needs to be constantly repaired. To mitigate this need, the Parks Services Division added a parts replacement program of $20,000 per year in the last Capital Budget cycle to assist in maintaining the older equipment.

Since play equipment parts such as circular slides, climbing panels, and platforms can cost thousands of dollars per part, often the cost of replacing multiple parts throughout the year goes beyond the capacity of the annual operating budget. This parts fund will help offset the high cost of parts and provide the resources needed to get a park's play equipment open to the public quickly. This strategy also can assist when equipment is vandalized.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Measure A-M and S	25,000	25,000	-	-	50,000
Total Project Cost	**$ 25,000**	**$ 25,000**	**$ -**	**$ -**	**$ 50,000**

Finance Department Capital Improvement Plan Projects

Project List:

FEAP: TBD; Cashiering System Replacement

Finance

Project: FEAP: TBD; Cashiering System Replacement
Target Completion Date: FY 2024
Capital Improvement Plan Request: $125,000

Project Description

This project seeks funding to replace the City's current cashiering system. The current system has limited support due to the size of the organization that provides the software. As a result, there are concerns about the exposure this places on the City should a problem arise. The funds noted for Fiscal Year 2024 are an estimate of what a replacement system may cost. Staff will conduct research for alternatives in advance of next fiscal year.

Project Justification

This project is necessary for completion to mitigate risk exposure of the City's current cashiering system, which processes over 140,000 transactions per year.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	125,000	-	-	125,000
Total Project Cost	**$ -**	**$ 125,000**	**$ -**	**$ -**	**$ 125,000**

Fire Department Capital Improvement Plan Projects

Project List:

FEAP: TBD; Replacement of SCBA and Air Compressors

Fire

Project: FEAP: TBD; Replacement of SCBA and Air Compressors
Target Completion Date: FY 2023
Capital Improvement Plan Request: $1,810,927

Project Description

The Fire Department provides self-contained breathing apparatus (SCBAs) for all operations personnel in order to protect them from IDLH (Immediately Dangerous to Life and Health) atmospheres that they are exposed to during emergency responses. The SCBA ensemble is composed of a backframe/harness assembly, air cylinder, and a facepiece. Associated equipment used in conjunction with the basic SCBA ensemble includes: voice amplifiers that attach to the facepiece for improved communication among members, RIC (Rapid Intervention Crew) packs for assisting with the removal of a downed firefighter, a Pak-tracker device for locating a downed firefighter, spare cylinders for the apparatus and stations, and supplied air systems for technical rescue operations.

The Fire Department is requesting funding for the replacement of the SCBAs equipment and two air compressors. The operating budget includes an annual set aside to fund future replacement of these assets.

Project Justification

The Fire Department's current inventory of SCBA harnesses, cylinders and related equipment was purchased in 2009. The equipment is out of warranty at the 10 year mark (2019), air cylinders have a maximum life of 15 years, wear and tear on the units is increasing and the department anticipates increased repair costs moving forward. In addition, the SCBA harnesses are no longer in compliance with current NFPA (National Fire Protection Administration) recommendations. Staff applied for a grant from the Assistance to Firefighters Grant program but was not awarded. OSHA (Occupational Safety and Health Administration) regulations require that all employees engaged in interior structural firefighting use SCBAs (Code of Federal Regulations 1910.134).

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	1,810,927	-	-	-	1,810,927
Total Project Cost	**$ 1,810,927**	**$ -**	**$ -**	**$ -**	**$ 1,810,927**

General Services Department Capital Improvement Plan Projects

Project List:

FEAP: 562; Abatement at Various City Buildings
FEAP: TBD; Airfield Lighting and Signage Upgrade
FEAP: TBD; Airport Runway
FEAP: TBD; Airport Tower Air Conditioning
FEAP: TBD; Armstrong Theatre Rigging System
FEAP: 871; Automatic Transfer Switch Replacements
FEAP: TBD; Exterior & Wood Repairs at Park Buildings
FEAP: 1106; Heavy Duty Vehicle Lifts Replacement
FEAP: 981; HVAC Major Maintenance and Replacements
FEAP: 592; Painting of City Facilities
FEAP: 1082; Remodel GAC and East T Restrooms
FEAP: 852; Replace Roof City Yard Services Building
FEAP: 985; Replace Water and Sewer Lines - Parks and Rec Areas
FEAP: 984; Replacement and Repair of Roofs at Various City Buildings
FEAP: TBD; Toyota Meeting Hall Lighting
FEAP: 982; Upgrade Exterior Lighting - Civic Center and Parks
FEAP: 983; Upgrade Interior Lighting - Civic Center
FEAP: 604; Various City Buildings- Boiler Replacement
FEAP: TBD; Wide Format Flatbed Printer

General Services

Project: FEAP: 562; Abatement at Various City Buildings
Target Completion Date: FY 2023
Capital Improvement Plan Request: $100,000

Project Description

Asbestos Abatement at Various City Buildings.

Project Justification

Tiles have lifted or became exposed to possible damage and require replacement.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	100,000	-	-	-	100,000
Total Project Cost	**$ 100,000**	**$ -**	**$ -**	**$ -**	**$ 100,000**

General Services

Project: FEAP: TBD; Airfield Lighting and Signage Upgrade
Target Completion Date: FY 2025
Capital Improvement Plan Request: $3,300,000

Project Description

Most of all Airport lighting is supplied by direct burial cables, and not encased in conduit. This project would remove all existing direct burial cables, replace with new wire and conduit, and replace all lighting fixtures with energy efficient LED's. In addition, new lighted signage would be added, replacing metal reflective signs.

Project Justification

Most of the airfield lighting is an original, direct burial system, which requires continuous maintenance and is very costly when the lighting fails. This type of system is antiquated and parts are becoming more difficult to obtain for repair. Airfield lighting is critical for the operation of the Airport and must be in good working order each day. In addition, LED signage will be added to bring the older, metal signs up to date.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Airport Capital Project Fund	150,000	-	3,150,000	-	3,300,000
Total Project Cost	**$ 150,000**	**$ -**	**$ 3,150,000**	**$ -**	**$ 3,300,000**

General Services

Project: FEAP: TBD; Airport Runway
Target Completion Date: FY 2023
Capital Improvement Plan Request: $2,200,000

Project Description

Main Runway and Taxiway (B & J) Rehabilitation.

Project Justification

The main runway and taxiway (B & J) areas are in need of full pavement replacement as they are over 40 years old and deteriorating.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Airport Capital Project Fund	2,200,000	-	-	-	2,200,000
Total Project Cost	**$ 2,200,000**	**$ -**	**$ -**	**$ -**	**$ 2,200,000**

General Services

Project: FEAP: TBD; Airport Tower Air Conditioning
Target Completion Date: FY 2025
Capital Improvement Plan Request: $175,000

Project Description

Replacement of condenser at ground level and air handler for the 4th floor tower cab.

Project Justification

The condenser at ground level, and the air handler on the 4th fl. for the tower cab are in need of replacement as they are reaching useful life 15 years.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Airport Capital Project Fund	-	-	175,000	-	175,000
Total Project Cost	**$ -**	**$ -**	**$ 175,000**	**$ -**	**$ 175,000**

General Services

Project: FEAP: TBD; Armstrong Theatre Rigging
Target Completion Date: FY 2025
Capital Improvement Plan Request: $220,000

Project Description

In the Armstrong Theatre, replace stage operating and lift lines, rope locks, tension, loft, and idler blocks, batten terminations, fire curtain release line, and fire curtain hoist.

Project Justification

The Theatre rigging equipment is original to construction in 1991. Though repairs and upgrades have been made throughout the years, a complete overhaul and renovation of the rigging system is needed. Wear and tear on the system has brought many of the lines near non-operational status.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	-	220,000	-	220,000
Total Project Cost	**$ -**	**$ -**	**$ 220,000**	**$ -**	**$ 220,000**

General Services

Project: FEAP: 871; Automatic Transfer Switch Replacements
Target Completion Date: FY 2026
Capital Improvement Plan Request: $100,101

Project Description

Replace existing 2 ATS and replace 3 MTS's with 5 ATS's for the Transit building. MTS's have to be manually switched during outages, replace with automatic transfer switches.

Project Justification

ATS's are 30 years old and parts are obsolete. MTS's have to be manually switched during outages, replace with automatic transfer switches.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	-	-	100,101	100,101
Total Project Cost	**$ -**	**$ -**	**$ -**	**$ 100,101**	**$ 100,101**

General Services

Project: FEAP: TBD; Exterior & Wood Repairs at Park Buildings
Target Completion Date: FY 2026
Capital Improvement Plan Request: $320,000

Project Description

New wood replacement exterior siding park restroom building.

Project Justification

Many of the exteriors siding/wood on the park restroom buildings are rotting on the exterior wood. Will require new wood replacement

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	120,000	-	200,000	320,000
Total Project Cost	**$ -**	**$ 120,000**	**$ -**	**$ 200,000**	**$ 320,000**

General Services

Project: FEAP: 1106; Heavy Duty Vehicle Lifts Replacement
Target Completion Date: FY 2023
Capital Improvement Plan Request: $700,000

Project Description

Replacement of 4-5 oldest heavy duty lifts at Fleet Services with contingencies for potential soils abatement, in-ground systems, and unforeseen conditions.

Project Justification

The heavy duty vehicle lifts at the Fleet Services Garage are up to 30 years old and have met or exceeded their expected lifecycles. Due to their age, the ongoing service and repair of these hoists is no longer able to maintain them at optimum levels of operation. Collectively, the hoists have begun to exhibit recurring issues with fluid leaks, vibration, and worn out hydraulic posts that raise concerns regarding maximum load limits.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Fleet Capital Project Fund	700,000	-	-	-	700,000
Total Project Cost	**$ 700,000**	**$ -**	**$ -**	**$ -**	**$ 700,000**

General Services

Project: FEAP: 981; HVAC Major Maintenance and Replacements
Target Completion Date: FY 2026
Capital Improvement Plan Request: $342,000

Project Description

This project will replace HVAC equipment at the Toyota Meeting Hall and Torrance Art Museum.

Project Justification

Unit controls are original to the buildings and experiencing increased breakdowns due to age. Replacement of all systems are required to maintain useable spaces.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Measure A-M and S	-	-	160,000	182,000	342,000
Total Project Cost	**$ -**	**$ -**	**$ 160,000**	**$ 182,000**	**$ 342,000**

General Services

Project: FEAP: 592; Painting of City Facilities
Target Completion Date: FY 2026
Capital Improvement Plan Request: $360,000

Project Description

Exterior painting for Civic Center and Park facilities.

Project Justification

Various Civic Center and Parks facilities have paint that is approaching the end of its useful life. Peeling and cracking conditions are beginning to appear requiring repainting to preserve the structures.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	-	-	360,000	360,000
Total Project Cost	**$ -**	**$ -**	**$ -**	**$ 360,000**	**$ 360,000**

General Services

Project: FEAP: 1082; Remodel GAC and East T Restrooms
Target Completion Date: FY 2025
Capital Improvement Plan Request: $275,000

Project Description

Remodel the existing General Aviation Center and East T Hangar restrooms. This will include new flooring, electrical, fixtures and ADA upgrades.

Project Justification

The restrooms are now 30 years old and in need of updating. This will benefit users of the General Aviation Center meeting room and pilots lounge, as well as tenants in the east t hangar area.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Airport Capital Project Fund	-	-	275,000	-	275,000
Total Project Cost	**$ -**	**$ -**	**$ 275,000**	**$ -**	**$ 275,000**

General Services

Project: FEAP: 852; Replace Roof City Yard Services Building
Target Completion Date: FY 2023
Capital Improvement Plan Request: $650,000

Project Description

This project will fund the replacement of the City Yard Roof.

Project Justification

The City Services building was constructed in 1984 and is approaching 30 years old. Built up roofing systems as installed on the facility have a typical life span of 25-30 years. The skylights are presently deteriorating and require replacement.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	650,000	-	-	-	650,000
Total Project Cost	**$ 650,000**	**$ -**	**$ -**	**$ -**	**$ 650,000**

General Services

Project: FEAP: 985; Replace Water and Sewer Lines – Parks and Rec Areas
Target Completion Date: FY 2024
Capital Improvement Plan Request: $150,000

Project Description

This project will replace Parks & Recreation related water and sewer systems.

Project Justification

Various park buildings require sewer and water pipe replacement due to age and severe damage done by tree roots.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	124,410	150,000	-	-	274,410
Total Project Cost	**$ 124,410**	**$ 150,000**	**$ -**	**$ -**	**$ 274,410**

General Services

Project: FEAP: 984; Replacement and Repair of Roofs at Various City Buildings
Target Completion Date: Ongoing
Capital Improvement Plan Request: $703,000

Project Description

This project seeks funding to repair or replace roofs at the follow sites:

Historical Society Museum Roof: $65,000 in Fiscal Year 2024
Russ Nolte Building Roof: $30,000 in Fiscal Year 2024
City Hall Roof: $300,000 in Fiscal Year 2025
Fire Station #3, #6 Roof: $154,000 in Fiscal Year 2026
Bartlett Senior Center and Historical retrofit: $154,000 in Fiscal Year 2026

Project Justification

Building & Safety Roof: The current roof is from 1995 and has multiple leaks due to age.
Historical Society Museum Roof: Current roof is from 1989 and has various leaks due to age.
Russ Nolte Building Roof: Current roof is from 1989 with occasional leaks due to age.
City Hall Roof: The current roof is from 1997 and is experiencing occasional leaks due to age and temporary fixes from high cost of roof to replace.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	95,000	300,000	308,000	703,000
Total Project Cost	**$ -**	**$ 95,000**	**$ 300,000**	**$ 308,000**	**$ 703,000**

General Services

Project: FEAP: TBD; Toyota Meeting Hall Lighting
Target Completion Date: FY 2024
Capital Improvement Plan Request: $180,000

Project Description

Toyota Meeting Hall lighting will be converted to LED for longer life span and dependability for public facility usage.

Project Justification

Current system installed in the 1990s is experiencing numerous failures due to age and using halogen and fluorescents, less efficient than modern LED lighting.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	180,000	-	-	180,000
Total Project Cost	**$ -**	**$ 180,000**	**$ -**	**$ -**	**$ 180,000**

General Services

Project: FEAP: 982; Upgrade Exterior Lighting – Civic Center and Parks
Target Completion Date: FY 2025
Capital Improvement Plan Request: $150,000

Project Description

Civic Center and Park Exterior Lighting Retrofit.

Project Justification

Energy conservation of 20-40% of existing lighting costs is possible with replacement/retrofitting existing lighting. Improved lighting from LED or other options will also result.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	-	150,000	-	150,000
Total Project Cost	**$ -**	**$ -**	**$ 150,000**	**$ -**	**$ 150,000**

General Services

Project: FEAP: 983; Upgrade Interior Lighting – Civic Center
Target Completion Date: FY 2024
Capital Improvement Plan Request: $187,723

Project Description

This project will upgrade interior lighting by retrofit or replacement at the following locations:

- City Hall & East Annex
- Civic Center Library
- Police Department
- City Yard – Services Building

Project Justification

Lighting in these facilities was upgraded to T8 lamps and ballast in 2001 and 2002. Several generations of improvements to lighting with reduction in energy use have occurred since that time. Energy savings of 20% or higher are possible with retrofit or replacement.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	187,723	-	-	187,723
Total Project Cost	**$ -**	**$ 187,723**	**$ -**	**$ -**	**$ 187,723**

General Services

Project: FEAP: 604; Various City Buildings – Boiler Replacement
Target Completion Date: FY 2026
Capital Improvement Plan Request: $331,340

Project Description

Replace boiler for building heating system

Project Justification

Boiler was installed in 2001 and is at end of life cycle.

Boiler has had condensation issues in the past causing corrosion in heat exchanger, heat exchanger will be costly to replace.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Measure A-M and S	-	-	178,820	152,520	331,340
Total Project Cost	**$ -**	**$ -**	**$ 178,820**	**$ 152,520**	**$ 331,340**

General Services

Project: FEAP: TBD; Wide Format Flatbed Printer
Target Completion Date: FY 2024
Capital Improvement Plan Request: $132,000

Project Description

This device will improve productivity of printing on solid substrates, such as metal, wood and plastic, with the ability to cutout designs for signage and displays. This type of device incorporates a vacuum design to hold the substrate in place where our current equipment does not have this ability. This will also allow to print on flat surfaces as well as irregularly shaped and uneven surface materials. White ink printing will allow for additional design and print capabilities.

Project Justification

This printer would enable Central Services to produce permanent signage on hard material. City Departments would be able to have Central Services produce signage, rather than contracting with a vendor.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Fund	-	132,000	-	-	132,000
Total Project Cost	**$ -**	**$ 132,000**	**$ -**	**$ -**	**$ 132,000**

Public Works Department Capital Improvement Plan Projects

Project List:

I: 126; Airport Pavement Maintenance Program
I: 139; Arterial Pavement Improvement Program
I: 191; Citywide Sewer System Improvements
I: 152; Citywide Sidewalk Ramping/Grinding Program
I: 192; Citywide Storm Drain Replacement and Installation
T: 190; Citywide Traffic Engineering and Improvements
T: 171; Citywide Traffic Signal Improvements
FEAP: 851; El Retiro Park and Henrietta Pump Station Facilities for Permanent Backup Generator Equipment
I: 153; Miscellaneous Water Main Replacements for Developer and Street Rehab Projects
I: 159; Residential Pavement Improvement Program
FEAP: TBD; Sewer Lift Station Pump Replacement
I: 135; Sidewalk Repair for handicap accessibility
I: 188; Torrance School Safety and Accessibility Program
I: 156; Undergrounding of Overhead Utilities and Installation of Underground Street Lights along Palos Verdes Blvd between Torrance Blvd and Sepulveda Blvd
I: 182; Utility Undergrounding Administration
I: 181; Walteria Reservoir Slope Repair

Public Works

Project: I: 126; Airport Pavement Maintenance Program
Target Completion Date: Ongoing
Capital Improvement Plan Request: $400,000

Project Description

Slurry seal, pavement repairs and/or re-striping of select asphalt surfaces and restriping of main runway.

Project Justification

Although past pavement repairs have been of good quality, they have been done on a sporadic, reactive basis. This annual pavement maintenance program will establish a more defined maintenance schedule to improve and extend the pavement quality. Notably: By slurry sealing the area around the eastern hangars, it will extend the life of that pavement and provide the necessary routine maintenance. For the runway areas to be reconstruction, it will provide for smoother landings and take offs.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Airport Capital Project Fund	100,000	100,000	100,000	100,000	400,000
Total Project Cost	**$ 100,000**	**$ 100,000**	**$ 100,000**	**$ 100,000**	**$ 400,000**

Public Works

Project: I: 139; Arterial Pavement Improvement Program
Target Completion Date: Ongoing
Capital Improvement Plan Request: $16,400,000

Project Description

The City maintains more than 69 million square feet of asphalt roadways, including several arterial roadways. The application of a slurry seal helps extend the life of the pavement, reduces maintenance costs, and improves the appearance. For more deteriorated streets, a grind and overlay is more appropriate and will provide a smoother riding surface in addition to reducing maintenance costs and improving the appearance.

This project would provide for a grind and overlay or a slurry seal application only on arterial streets.

Project Justification

The program will extend the life of existing asphalt pavement and minimize maintenance costs.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Gas Tax 2106	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Measure R Local Return	1,300,000	1,400,000	1,000,000	1,000,000	4,700,000
Prop C Local Return	1,800,000	1,800,000	2,300,000	1,800,000	7,700,000
Total Project Cost	**$ 4,100,000**	**$ 4,200,000**	**$ 4,300,000**	**$ 3,800,000**	**$ 16,400,000**

Public Works

Project: I: 191; Citywide Sewer System Improvements
Target Completion Date: Ongoing
Capital Improvement Plan Request: $5,609,000

Project Description

This project will replace or rehabilitate sewer mains in various areas in the City. Also, included is the construction of new sewer manholes to facilitate sewer maintenance.

Project Justification

These improvements are required to maintain sewer service and reduce sewer spills and maintenance.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Sewer Capital Project Fund	1,400,000	1,400,000	1,400,000	1,400,000	5,600,000
DIF-Sewer Impact Capital	9,000	-	-	-	9,000
Total Project Cost	**$ 1,409,000**	**$ 1,400,000**	**$ 1,400,000**	**$ 1,400,000**	**$ 5,609,000**

Public Works

Project: I: 152; Citywide Sidewalk/Ramping/Grinding Program
Target Completion Date: Ongoing
Capital Improvement Plan Request: $750,000

Project Description

Eliminates sidewalk displacements by ramping or grinding.

Project Justification

There is a need to continue ramp/grind repairs to eliminate and/or reduce "trip and fall" claims.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Measure R Local Return	375,000	375,000	-	-	750,000
Total Project Cost	**$ 375,000**	**$ 375,000**	**$ -**	**$ -**	**$ 750,000**

Public Works

Project: I: 192; Citywide Storm Drain Replacement and Installation
Target Completion Date: Ongoing
Capital Improvement Plan Request: $7,100,000

Project Description

The purpose of the program is to replace deficient City-owned drainage systems due to drain deterioration or systems being under-sized. It also will provide for new systems, as needed to address drainage issues. The program will address areas of localized flooding, and/or deficient locations in the Storm Drain System Master Plan as well as address regional storm water projects and implement additional system improvements per National Pollution Discharge Elimination (NPDES) Requirements.

Project Justification

Over time, storm drain systems deteriorate or erode away to a point where the bottom of the pipe becomes severely pitted. This allows dirt from underneath the pipe to seep in and wash away, eventually creating a void and ultimately a sinkhole in the street above. Additionally undersized storm drain systems do not drain storm water efficiently and can result in flooding. Replacing storm drain pipes can mitigate these potential issues. Improving storm drains per NPDES requirements keeps the city compliant with the MS4 permit.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
DIF-Storm Drain Impact Capital	100,000	100,000	100,000	100,000	400,000
Measure W	1,675,000	1,675,000	1,675,000	1,675,000	6,700,000
Total Project Cost	**$ 1,775,000**	**$ 1,775,000**	**$ 1,775,000**	**$ 1,775,000**	**$ 7,100,000**

Public Works

Project: T: 190; Citywide Traffic Engineering and Improvements
Target Completion Date: Ongoing
Capital Improvement Plan Request: $1,400,000

Project Description

This project will provide for the traffic investigations and traffic studies needed to respond to resident requests or to make other traffic improvements citywide. The project will also provide for Citywide arterial traffic signage and striping improvements.

Project Justification

Traffic analysis and investigations are required on an ongoing basis due to resident requests or as identified by traffic engineering staff. Supplemental consultant traffic engineering assistance is required due to large volume of traffic analysis needed in the City and to address investigations that may require specific expertise.

City crews need supplemental contract assistance to refresh arterial and collector traffic and crosswalk striping and to maintain traffic signs in good condition.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Gas Tax 2106	100,000	100,000	150,000	150,000	500,000
Measure M Local Return	250,000	250,000	200,000	200,000	900,000
Total Project Cost	**$ 350,000**	**$ 350,000**	**$ 350,000**	**$ 350,000**	**$ 1,400,000**

Public Works

Project: T: 171; Citywide Traffic Signal Improvements
Target Completion Date: Ongoing
Capital Improvement Plan Request: $1,400,000

Project Description

To provide miscellaneous traffic signal improvements and/or installations otherwise not included with other approved/funded CIP projects. Improvements include: underground conduit installations; radio and/or fiber option network hardware and equipment; pedestrian countdown displays; addition/replacement of signal indications; energy-efficient illuminated street name signs; video detection cameras; controllers; intelligent transportation hardware/software; CCTV cameras; signal poles and other equipment to enhance the City's signal network.

Project Justification

There is a need to improve the traffic signal network and operation (communication; synchronization; monitoring; function; implementation of new technology, etc). Improvements would also reduce delays and air/noise pollution and in some cases may be needed for safety improvements.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Gas Tax 2106	100,000	100,000	100,000	100,000	400,000
Measure R Local Return	62,500	62,500	62,500	62,500	250,000
Prop C Local Return	187,500	187,500	187,500	187,500	750,000
Total Project Cost	**$ 350,000**	**$ 350,000**	**$ 350,000**	**$ 350,000**	**$ 1,400,000**

Public Works

Project: FEAP: 851; El Retiro Park and Henrietta Pump Station Facilities for Permanent Backup Generator Equipment
Target Completion Date: FY 2025
Capital Improvement Plan Request: $300,000

Project Description

Install permanent backup generators for sewer pump stations and build a facility to house the equipment. The new building will serve to protect the equipment and for noise abatement when the generators are running (because these areas are adjacent to residential homes).

Project Justification

The power outage that occurred on September 15, 2013 knocked out power to 6 of the 8 sewer pump stations. The system needs permanent backup generators in order to prevent sewer spills and overflows during the next power outage.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Community Power Resiliency Allocation to Cities Program	-	-	300,000	-	300,000
Total Project Cost	**$ -**	**$ -**	**$ 300,000**	**$ -**	**$ 300,000**

Public Works

Project: I: 153; Miscellaneous Water Main Replacements for Developer and Street Rehab Projects
Target Completion Date: Ongoing
Capital Improvement Plan Request: $12,000,000

Project Description

This Project is to fund the water main replacements associated with developer or street rehabilitation projects. It is the City's policy to replace cast iron water mains and/or water mains identified in the 2002 Water System Master Plan in conjunction with projects that pave roads. Water main breaks that occur after a paving project could undermine the City's investment in the new pavement. Water main breaks have undermined new pavement projects in the past where the mains were not replaced.

Project Justification

Water main replacements of cast iron pipes and as identified in the 2002 Water System Master Plan.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Water Capital Project Fund	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Total Project Cost	**$ 3,000,000**	**$ 3,000,000**	**$ 3,000,000**	**$ 3,000,000**	**$ 12,000,000**

Public Works

Project: I: 159; Residential Paving Improvement Program
Target Completion Date: Ongoing
Capital Improvement Plan Request: $20,701,268

Project Description

Slurry seal is a liquid mixture of asphalt emulsion and sand that is applied to extend the life of existing asphalt pavement. The City maintains more than 69 million square feet of asphalt roadways, most of which are in residential areas. We also maintain several asphalt surfaces and drive surfaces at several City facilities. The application of slurry seal helps extend the life of the pavement and improve the appearance of the neighborhood. To be most effective, slurry seal should be applied to each street at 7 to 10 year intervals. At this rate, annual and long term maintenance costs for residential streets can be kept to a minimum.

Note: Funding for repairs to City facilities must come from General Fund.

Project Justification

The slurry seal program will extend the life of existing asphalt pavement and minimize maintenance costs.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Gas Tax 2106	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
General Fund	72,817	72,817	72,817	72,817	291,268
Measure M Local Return	1,000,000	1,200,000	1,495,000	1,495,000	5,190,000
Measure R Local Return	-	-	860,000	860,000	1,720,000
SB1	2,900,000	2,200,000	2,200,000	2,200,000	9,500,000
Total Project Cost	**$ 4,972,817**	**$ 4,472,817**	**$ 5,627,817**	**$ 5,627,817**	**$ 20,701,268**

Public Works

Project: FEAP: TBD; Sewer Lift Station Pump Replacement
Target Completion Date: FY 2025
Capital Improvement Plan Request: $405,000

Project Description

The City currently has 9 sewer lift stations. A sewer lift stations is a critical piece of our City's infrastructure included as part of our sanitary collection system. While most wastewater generated by households, businesses, and industries is collected and conveyed via gravity through large interceptor pipes, lift stations collect the wastewater at a low point in the collection network and pump it to a higher elevation to the next gravity line. This FEAP will replace a total of eighteen pumps over a three year period, two pumps for each of the 9 sewer lift stations.

Project Justification

Each of the City's nine lift stations have two pumps. The current pumps are over 15 years old and have exceeded their re-buildable use. When the pumps stop operating Public Works would replace with spare pumps and have the broken pump sent out and rebuilt. Unfortunately our rebuilder has informed us that the pumps are at their end due to the metal casings eroding over the years and will not be able to be rebuilt in the future.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Sewer Capital Project Fund	135,000	135,000	135,000	-	405,000
Total Project Cost	**$ 135,000**	**$ 135,000**	**$ 135,000**	**$ -**	**$ 405,000**

Public Works

Project: I: 135; Sidewalk Repair for Handicap Accessibility
Target Completion Date: Ongoing
Capital Improvement Plan Request: $4,945,333

Project Description

This project will allow for the replacement of uplifted sidewalks to comply with ADA regulations. Many of the sidewalks have been uplifted due to the roots of adjacent trees. This project will also provide for either root pruning the offending roots or removing the entire tree should the repair of the adjacent sidewalk cause the tree to become unstable. In addition, the project will repair the adjacent curb, curb and gutter, and/or driveways should the sidewalk repair cause the existing conditions to become a tripping hazard or unsafe to pedestrians.

Project Justification

The leveraged funds will cover the items of work that are not covered by CDBG funds such as the replacement of the trees, curb & gutter repair and localized pavement repairs from the damage caused by tree roots.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
CDBG Fund	683,333	683,334	683,333	683,333	2,733,333
Measure M Local Return	450,000	450,000	450,000	450,000	1,800,000
TDA Article 3 Bicycle Fund	103,000	103,000	103,000	103,000	412,000
Total Project Cost	**$ 1,236,333**	**$ 1,236,334**	**$ 1,236,333**	**$ 1,236,333**	**$ 4,945,333**

Public Works

Project: I: 188; Torrance School Safety and Accessibility Program
Target Completion Date: FY 2024
Capital Improvement Plan Request: $1,200,500

Project Description

The project installs and/or repairs damaged or uplifted sidewalk in the vicinity of six Torrance Unified School District elementary schools. This project is being submitted as a placeholder for a pending grant application submitted to Metro. If approved, grant funding will be appropriated to the project at a later date.

Project Justification

South Bay Measure M Transportation System and Mobility Improvements Program (TSMIP) grant will fund a majority of the project costs.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Measure M Local Return	235,000	235,000	-	-	470,000
Measure M Reimb Grant Fund	730,500	-	-	-	730,500
Total Project Cost	**$ 965,500**	**$ 235,000**	**$ -**	**$ -**	**$ 1,200,500**

Public Works

Project: I: 156; Undergrounding of Overhead Utilities and Installation of Underground Street Lights along Palos Verdes Blvd between Torrance Blvd and Sepulveda Blvd
Target Completion Date: FY 2025
Capital Improvement Plan Request: $120,000

Project Description

This project will underground aerial utilities and street light wiring on Palos Verdes Blvd from Torrance Blvd to Sepulveda Blvd.

Project Justification

These improvements are required to improve aesthetics and utility dependability within the project limits.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
DIF-Utility Underground Cap	120,000	-	-	-	120,000
Total Project Cost	**$ 120,000**	**$ -**	**$ -**	**$ -**	**$ 120,000**

Public Works

Project: I: 182; Utility Undergrounding Administration
Target Completion Date: Ongoing
Capital Improvement Plan Request: $200,000

Project Description

This project will provide for administrative support for utility undergrounding projects citywide.

Project Justification

Undergrounding of utilities is a priority for the City. Utility undergrounding projects are pursued by the City and by Southern California Edison Company. Those projects managed by SCE require a significant amount of City administrative support. Utility undergrounding Development Impact Fees are collected for the purpose of utility undergrounding and it is appropriate that these funds be used for staff administrative services related to utility undergrounding.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
DIF-Utility Underground Cap	50,000	50,000	50,000	50,000	200,000
Total Project Cost	**$ 50,000**	**$ 50,000**	**$ 50,000**	**$ 50,000**	**$ 200,000**

Public Works

Project: I: 181; Walteria Reservoir Slope Repair
Target Completion Date: FY 2023
Capital Improvement Plan Request: $1,000,000

Project Description

This project will repair portions of the embankment adjacent to the City of Torrance Walteria water reservoir that were damaged by erosion from storm events.

Project Justification

These improvements are required to restore and strengthen the embankment to prevent future erosion damage and to protect this critical water facility.

Financing Source	FY 2023	FY 2024	FY 2025	FY 2026	Total
Water Capital Project Fund	1,000,000	-	-	-	1,000,000
Total Project Cost	**$ 1,000,000**	**$ -**	**$ -**	**$ -**	**$ 1,000,000**

APPENDIX

Appendix

Fiscal Policies

General Policies

The City will maintain sound financial practices in accordance with all Federal, State and local laws and direct its financial resources towards meeting the City's long-term goals.

The City will maintain and further develop programs to assure its long-term ability to pay the costs necessary to provide the level and quality of service required by its citizens.

The City annually adopts a budget for the upcoming fiscal year. Through this budget document, the City Council establishes public policy by setting funding levels for all funds and exercises control over City spending. The budget further serves as a financial planning tool to ensure that the inflow of resources (revenues) is adequate to meet both anticipated and unanticipated needs (expenditures).

The City is committed to fiscal sustainability. This is defined as maintaining a long-term view of financial planning that anticipates and proactively addresses risks to preserve and enhance quality of life and service provision as identified and prioritized through community input.

The City commits to:

1. **Informed decision-making:** Staff will identify and evaluate immediate and long-term economic, social, and environmental impacts of all issues provided for Council consideration.
2. **Transparency:** The City will conduct all business with transparency pursuant to applicable laws and regulations. The City will proactively pursue ways to make financial information publicly available, accessible, and easy to understand.
3. **Pursuing diversified revenue sources:** The City will pursue diversified revenue sources that align with community priorities and support expenditures
4. **Managing long-term liabilities**: The City will proactively identify and monitor long-term financial liabilities, including unfunded pension and OPEB obligations, and commits to taking actions to manage these commitments that prioritize the City's long-term financial sustainability.
5. **Shared responsibility:** The City recognizes a shared responsibility between the employee and employer to appropriately fund employee benefits to attract and retain high-performing employees while maintaining a long-term sustainable and balanced budget.
6. **Seeking efficiency and effectiveness:** Staff will continuously explore ways to operate more efficiently while preserving effectiveness.

Operating Budget

The City will follow a biennial budget process, emphasizing long-range planning and effective program management. The biennial budget process allows staff to plan ahead for future years. In addition to planning a two-year budget, staff will incorporate multi-year projections to ensure the long-term strategy is balanced and achievable.

The City's use of the biennial budget process complies with Torrance City Charter (Article 9 and Article 14), which includes the following requirements:

- Definition of the fiscal year (July 1-June 30)
- Proposed budget preparation by the City Manager
- Proposed budget submission by City Manager to City Council on or before June 1
- Budget adoption by City Council (at least 4 affirmative votes) by June 30 after completing two public hearings to give an opportunity for community input

In addition to the annual budget process staff will complete two interim budget review reports, a First Quarter and Mid-Year Budget Review Report. These reports will analyze budget status at these two different points, provide an opportunity to adjust revenue or expenditure budgets as well as the approval of any program modifications.

Budget modifications may occur as necessary at any City Council meeting through staff reports that receive affirmative votes from the members of Council.

Each year, during the budget process, the following will be addressed:

- The City will adopt a balanced budget by June 30.
- The City will make all current, ongoing expenditures with current, ongoing revenues, avoiding procedures that balance current budgets by postponing needed expenditures or accruing future revenues.
- The city will estimate revenues using an objective and analytical process utilizing both past experiences and known variables; in the case of assumption uncertainty, conservative projections will be used.
- The City will maintain a level of expenditures that support essential services and promote quality of life to the citizens of Torrance.
- The City will forecast General Fund and other major internal services and enterprise funds for a five-year period and will update the forecast semi-annually. The forecast will guide budget recommendations for Council consideration.

- The City will endeavor to maintain a diversified and stable revenue stream to minimize the impact of short-term fluctuations in any one revenue source.
- The City will avoid targeting revenues for specific purposes wherever possible, allowing maximum flexibility in funding decisions on an annual basis.
- One-time revenues will not be regularly utilized for recurring expenditures.
- The City will endeavor to pay down its unfunded liabilities in the areas of pension, OPEB, and long-term debt. For the purposes of pension and OPEB, the City will utilize trust funds (Section 115 Trust) to assist in managing these long-term liabilities.

Capital Improvement Plan (CIP) Budget

Beginning in Fiscal Year 2021-23, the City will biennially plan for capital improvements for a 5-year period. The CIP budget will incorporate Council priorities, community objectives, and projects that will improve operational efficiency. The first year of the CIP will be presented along with the Biennial Operating Budget. In the interim year, the CIP budget will be amended as needed and recommended for Council approval.

The operating impacts of any CIP budget item will be incorporated into the operating budget to demonstrate the full cost of implementation.

The City will maintain all assets at a sufficient level to protect the City's capital investment and to minimize future maintenance and replacement costs.

Budgetary Control

The City Council is responsible for adopting an annual budget for all funds of the City. The budgets of the City will be appropriated via two separate resolutions. The first resolution shall address the financial needs of the operating budget including any transfers to fund anticipate CIP needs. The second resolution shall address the financial needs of the CIP budget. The City is a Fiduciary for two funds that are outside of the purview of the City Council, which includes the Interoperability Network South Bay and the Area G Budget. These budgets are adopted by their respective Boards. The City Council also serves as the governing body for the Successor Agency, the Housing Authority, and the Public Financing Authority, which addresses budgets for the Successor Agency, Section 8 Housing, and Debt Service Funds.

The budget adoption for both resolutions requires a majority vote, which includes at least 4 of 7 Council members.

The City Council approves any revisions that increase the total budgeted expenditures or revenues for any funds, as appropriated, in the operating or CIP budgets. Council also approves any changes to staffing levels, including budgeted permanent and as-needed full-time equivalent positions. The City Manager is authorized by the City Council to allocate the budget to more detailed levels of control for administrative purposes within each of the respective budgets (operating and CIP). The includes changes between major projects, departments (TMC 12.1.18), programs, or object categories (i.e. different FEAPs, different departments, salaries & benefits versus materials) within a given fund's appropriation limit for each respective budget (operating and CIP).

The City Manager is also delegated authority for periodic appropriations as outlined in the Torrance Municipal Code (TMC) section 12.1.18 and further explained in City Council Policy 3. In addition, changes to the budget shall take place during regularly scheduled Council meetings as recommended. Changes to any budget requires a majority vote of the Council (4 of 7 members).

Basis of Budgeting

The City of Torrance's budget is consistent with the Annual Comprehensive Financial Report (ACFR).

Governmental funds, including general, special revenue and capital project funds, are budgeted on a modified accrual basis with a focus on near-term inflows and outflows of financial resources. Revenues are recognized when measurable and available, while expenditures are recognized as soon as liabilities are incurred, except for debt service, capital lease obligations, inventories, and prepaid items. Year-end encumbrances are included in the fiscal year's expenditures (actual, budgetary basis), as they represent financial resources committed for goods or services to be delivered in the near future (usually within one or two months). However, many multi-year capital projects are budgeted on a full cost basis which spans multiple years. Budgets for capital projects remaining at year-end for active projects are continued to the next fiscal year until the completion of the project.

Proprietary funds, including enterprise funds and internal service funds, are budgeted on an accrual basis similar to private-sector businesses, with a focus on total economic resources. Revenues are recognized when they are earned, while expenses are recognized when the liability is incurred. Year-end encumbrances are excluded from the fiscal year's expenses, for the transactions that have not occurred. The City budgets for all non-cash related items such as investment adjustments to market value, depreciation, amortization and bad debt expense. Similar to governmental funds, multi-year capital projects are often budgeted on a full cost basis and the year-end active project budgets are continued to the next fiscal year until the completion of the project.

Appropriations Limit

The Council will annually adopt a resolution establishing the City's appropriations limit (the Gann Limit) calculated in accordance with Article XIII-B of the Constitution of the State of California, Section 7900 et seq. of the State of California Government Code, and any other voter approved amendments or state legislation that affect the City's appropriations limit. Under the Gann Limit, a maximum amount is established for tax-funded government services. That amount is to be adjusted each year depending on the city population, changes in non-residential assessed value, and the transfer of financial responsibility for various governmental activities from one level of government to another. Any significant amount of state tax revenue received above the Gann Limit is to lead to future tax rebates or cuts.

The supporting documentation used in calculating the City's appropriations limit and projected appropriations subject to the limit will be available for public and Council review at least 15 days before Council consideration of a resolution to adopt an appropriations limit. The Council will general consider this resolution in connection with (or as reasonably possible based on information availability from the State) the annual budget.

Fund and Reserve Policies

General Fund

The City will strive to maintain at the end of each fiscal year a General Fund Unassigned fund balance at a level that is equal to at least 20% of the fiscal year's General Fund Operating Fund operating budget appropriation, as amended. In a year in which the City falls short a plan shall be identified to return to meet the 20% policy. Within this amount, City Council may set a portion aside under an Economic Anomaly Reserve. At this time, $8,081,449 of the City's Unassigned fund balance is set aside in the City's Economic Anomaly Reserve. Council approval will be required before expending funds from the Economic Anomaly Reserve.

Internal Service Funds

The City will maintain a Fleet Replacement Fund to provide for timely replacement of vehicles and related equipment. To the extent possible, the City will maintain a balance that is equivalent to the amortized replacement cost of each vehicle at a given point in its lifecycle, including anticipate growth in replacement costs. This will ensure the timely replacement of vehicles when they have met their useful life. Interest earnings and the sale of surplus equipment along with insurance recoveries will be credited to the Fleet Replacement Fund.

The City will maintain a Self-Insurance Fund to provide centralized funding for the City's workers compensation and litigated/non-litigated claims costs. To the extent possible, the City will set funds

aside in a manner that will cover the annual costs of the fund as well as the actuarially determined liabilities of the City's workers compensation and liability claims.

Enterprise Funds

The City will maintain operating and capital reserves in these funds such that they are sufficient to cover the operating working capital needs, vehicle replacement requirements, and capital infrastructure investment needs. The levels will ensure that a proper state of good repair is maintained on the overall infrastructure (where applicable) to ensure a reliable and dependable service for customers.

Indirect Cost Allocation

Proprietary and special revenue fund programs (i.e. Section 8, Airport, Sanitation, Sewer, Water, Transit), which are financed by user fees or grant funding, are assessed administrative costs to reflect the true costs of doing business through the City's indirect cost allocation plan. This plan provides reimbursement to the General Fund for centralized service costs such as Council, City Manager, City Attorney, Finance, General Services, Human Resources, Civil Service, and Communications & Informational Technology, which is directly applicable to enterprise and special revenue fund operations. Data used in determining the cost allocation is gathered from the year's most recent audited financial statements and applied to the coming budget year (i.e. Fiscal Year 2020-21 audited financials for the Fiscal Year 2022-23 budget). This is revised annually.

Debt Policy

Findings

These Debt Management Policies are intended to comply with Government Code Section 8855(i), and shall govern all debt undertaken by the City.

The City hereby recognizes that a fiscally prudent debt policy is required to:

- Maintain the City's sound financial position.
- Ensure the City has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the City's credit-worthiness.
- Ensure that all debt is structured to protect both current and future taxpayers, ratepayers and constituents of the City.
- Ensure that the City's debt is consistent with the City's planning goals and objectives and capital improvement program or budget, as applicable.

Policies

Purposes for Which Debt May Be Issued

- Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements facilities, equipment and land to be owned and operated by the City.

  (a) Long-term debt financings are appropriate when the following conditions exist:

    - When the project to be financed provides a community benefit.
    - When the project to be financed will provide benefit to constituents over multiple years.
    - When total debt does not constitute an unreasonable burden to the City and its taxpayers and ratepayers.
    - When the debt is used to refinance outstanding debt to produce debt service savings or to realize the benefits of a debt restructuring.

  b) Long-term debt financings are not appropriate for current operating expenses and routine maintenance expenses.

  c) The City may use long-term debt financings subject to the following conditions:

    - The project to be financed must be approved by the City Council.
    - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project.
    - The City estimates that sufficient revenues will be available to service the debt through its maturity.
    - The City determines that the issuance of the debt will comply with the applicable state and federal law.

- **Short-term debt.** Short-term debt may be issued to provide financing for the City's operational cash flows to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment.
- **Financings on Behalf of Other Entities.** The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

Types of Debt

The following types of debt are allowable under these Debt Management Policies

- general obligation bonds
- bond or grant anticipation notes
- tax and revenue anticipation notes
- lease revenue bonds, certificates of participation and lease-purchase transactions
- other revenue bonds (including sales tax revenue bonds) and certificates of participation
- pension obligation bonds
- land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- tax increment financing to the extent permitted under state law
- conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and the City Council may approve such debt without an amendment of these Debt Management Policies.

Debt shall be issued as fixed rate debt unless the City makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance.

Relationship of Debt to Operating and Capital Improvement Budgets

The City is committed to long-term capital planning. The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City’s capital budget and the capital improvement plan.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues.

The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The City shall seek to keep general fund supported debt service at no greater than the lessor of 10% of available general fund revenues or expenditures.

Policy Goals Related to Planning Goals and Objectives

The City is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the City's Operating and Capital Budgets.

It is a policy goal of the City to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

Internal Control Procedures

When issuing debt, in addition to complying with the terms of these Debt Management Policies, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The City will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the City's Investment Policy as they relate to the investment of bond proceeds.

It is the policy of the City to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, and for the purpose of ensuring that proceeds of debt will be used for their intended purpose, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds.

Debt Limits

The outstanding principal amount of debt described will not exceed five percent (5%) of the total assessed value of property in the City, and debt service and lease payments incurred for financing purposes that are payable from the City's general fund will not exceed 10% of annual appropriations.

Investment Policy

The Investment Policy is approved annually by Resolution. As such, this policy is included as an attachment to the May 24, 2022 Budget Hearing Council Item.

Link: https://www.torranceca.gov/government/council-agendas-minutes

Debt Financing Information

Debt Issuance	Date Issued	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Thereafter
2016 Certificate of Participation	November 15, 2016	1,256,844	1,257,644	1,257,644	1,256,844	1,255,244	25,159,758
Opus Bank Loan	October 1, 2017	644,517	644,517	644,515	644,517	644,516	446,196
Lease Revenue Bonds Series 2020	October 22, 2020	18,337,743	18,832,766	19,341,206	19,862,722	20,397,834	407,025,616
Lease Revenue Bonds Series 2021	April 15, 2021	2,503,664	2,502,768	2,508,488	2,506,186	2,501,488	42,567,413
State Revolving Fund Loan	June 30, 2021	206,156	922,771	922,771	922,771	922,771	14,764,331
Total		**$ 22,948,924**	**$ 24,160,466**	**$ 24,674,624**	**$ 25,193,040**	**$ 25,721,853**	**$ 489,963,314**

The City's debt service costs for the next five years and thereafter are presented in the table above and the detail of each debt issuance showing the principal and interest payments are in the following tables.

2016 Certificates of Participation

In 2016, the City of Torrance, with the Public Property Financing Corporation of California, issued $22.1 million of refunding certificates of participation to refinance the 2009 Certificates of Participation issued by the Torrance Public Financing Authority to finance the acquisition of approximately 15 acres of real property for the Regional Transit Center and other City uses. A portion ($6.1 million) of the 2016 Refunding Certificates of Participation was set aside for the construction of capital improvements related to an emergency operations center and any other public capital improvements selected by the City. The refunding certificates of participation debt is considered to be capital related.

Opus Bank Loan

In 2017, the City of Torrance entered into an installment sale agreement with the Public Property Financing Corporation of California, for the purpose of financing the drilling and construction of a new water well, the North Torrance Well Field Project. The proceeds from the agreement were $5.8 million for construction of the project. The installment sale agreement debt is considered to be capital related.

Lease Revenue Bonds Series 2020

In July 2020, as one component of the City's budget revisions for the 2020-21 fiscal year, the City refinanced a portion of the Unfunded Accrued Liability ("UAL") of the City's Miscellaneous, Safety Fire, and Safety Police pension plans with CalPERS. The City refinancing would accomplish three goals: to generate cash flow savings to the City and taxpayers through historically low interest rates relative to the CalPERS discount rate assumption; create a repayment schedule for the City's pension liabilities that increases more gradually; and set aside 20% of the savings into a Trust to mitigate future pension cost increases. The refinancing was achieved through the issuance of $349.5 million of lease revenue bonds by the Torrance Joint Powers Financing Authority, which are expected to have an all-in cost of financing between 3.0% and 4.0% (versus 7.0% CalPERS charges the City on the outstanding UAL debt) based on anticipated market conditions. The City makes lease payments from its general fund under a lease/leaseback of certain real property consisting of most of the City's streets.

State Revolving Fund Loan

In September 2020, Council approved the State Water Resources Control Board Installment Sale Agreement establishing terms and conditions for a $16.0 million State Revolving Fund Loan for water well capacity enhancements to the Van Ness Water Well and Transmission Main, I-45. The loan will be distributed to the City on a project cost reimbursement basis. Throughout the duration of construction, the City will make annual interest payments by fiscal year end (June 30), based only on the project's incurred costs. The City will begin making the twenty annual payments on the principal of the loan one year after construction is completed. Construction is estimated to be completed within 36 months. Construction is anticipated to begin by June 30, 2021.

Lease Revenue Bonds Series 2021

In March 2021, as one component of the City's ongoing efforts to reduce near-term expenditures in response to the COVID-19 pandemic, the City restructured and refinanced its outstanding Certificates of Participation (Refunding and Capital Projects), Series 2014 ("2014 COPs"). The City's primary goal for the financing was to reduce principal lease payments related to the 2014 COPs in fiscal years 2020-21 and 2021-22, but the City also reduced financing costs using lower interest rates available. The financing was achieved through the issuance of $39.7 million of lease revenue bonds by the Torrance Joint Powers Financing Authority. The City makes lease payments from its general fund under a lease/leaseback of certain real property consisting of the City Yard and Transit Facility.

Credit Ratings

The below is an excerpt from the March 19, 2021 Standard & Poors (S&P) Rating Report for the 2021 Lease Revenue Bond refunding that was completed this calendar year. As shown below, the City has maintained its "AA" rating, with a Negative Outlook:

Credit Profile		
US$39.855 mil 2021 taxable rfdg certs of part (Torrance) ser 2021 due 06/01/2044		
Long Term Rating	AA/Negative	New
Torrance rfdg certs of part		
Long Term Rating	AA/Negative	Affirmed
Torrance taxable lse rev bnds		
Long Term Rating	AA/Negative	Affirmed

Negative Outlook

Downside scenario

Should the city experience a prolonged operating imbalance due to a slower recovery in revenue or insufficient expenditure adjustments, indicating a sustained structural imbalance, we could lower the rating.

Return to stable scenario

Should the city achieve and maintain operational balance, alongside a recovery in the underlying tax base, we could return the outlook to stable.

Debt Service Schedules

2016 Certificate of Participation

Date	Principal	Interest Rate	Interest	Total Debt Service
5/1/2017			$ 398,535	$ 398,535
11/1/2017	395,000	2.000%	432,147	827,147
5/1/2018			428,197	428,197
11/1/2018	405,000	3.000%	428,197	833,197
5/1/2019			422,122	422,122
11/1/2019	420,000	3.000%	422,122	842,122
5/1/2020			415,822	415,822
11/1/2020	435,000	4.000%	415,822	850,822
5/1/2021			407,122	407,122
11/1/2021	450,000	4.000%	407,122	857,122
5/1/2022			398,122	398,122
11/1/2022	470,000	4.000%	398,122	868,122
5/1/2023			388,722	388,722
11/1/2023	490,000	4.000%	388,722	878,722
5/1/2024			378,922	378,922
11/1/2024	510,000	4.000%	378,922	888,922
5/1/2025			368,722	368,722
11/1/2025	530,000	4.000%	368,722	898,722
5/1/2026			358,122	358,122
11/1/2026	550,000	4.000%	358,122	908,122
5/1/2027			347,122	347,122
11/1/2027	580,000	5.000%	347,122	927,122
5/1/2028			332,622	332,622
11/1/2028	610,000	5.000%	332,622	942,622
5/1/2029			317,372	317,372
11/1/2029	640,000	5.000%	317,372	957,372
5/1/2030			301,372	301,372
11/1/2030	670,000	5.000%	301,372	971,372
5/1/2031			284,622	284,622
11/1/2031	705,000	5.000%	284,622	989,622
5/1/2032			266,997	266,997
11/1/2032	735,000	3.000%	266,997	1,001,997
5/1/2033			255,972	255,972
11/1/2033	755,000	3.000%	255,972	1,010,972
5/1/2034			244,647	244,647
11/1/2034	780,000	3.000%	244,647	1,024,647
5/1/2035			232,947	232,947
11/1/2035	805,000	3.125%	232,947	1,037,947
5/1/2036			220,369	220,369
11/1/2036	830,000	3.125%	220,369	1,050,369
5/1/2037			207,400	207,400
11/1/2037	860,000	4.000%	207,400	1,067,400
5/1/2038			190,200	190,200
11/1/2038	895,000	4.000%	190,200	1,085,200
5/1/2039			172,300	172,300
11/1/2039	930,000	4.000%	172,300	1,102,300
5/1/2040			153,700	153,700
11/1/2040	970,000	4.000%	153,700	1,123,700
5/1/2041			134,300	134,300
11/1/2041	1,010,000	4.000%	134,300	1,144,300
5/1/2042			114,100	114,100
11/1/2042	1,050,000	4.000%	114,100	1,164,100
5/1/2043			93,100	93,100
11/1/2043	1,095,000	4.000%	93,100	1,188,100
5/1/2044			71,200	71,200
11/1/2044	1,140,000	4.000%	71,200	1,211,200
5/1/2045			48,400	48,400
11/1/2045	1,185,000	1.000%	48,400	1,233,400
5/1/2046			24,700	24,700
11/1/2046	1,235,000	4.000%	24,700	1,259,700
Total	**$ 22,135,000**		**$ 15,989,308**	**$ 38,124,308**

Opus Bank Loan – Water Fund

Date	Principal	Interest Rate	Interest	Debt Service
5/1/2018	$ 195,000	2.360%	$ 6,064	$ 201,064
11/1/2018	256,716	2.360%	3,599	260,315
5/1/2019	259,745	2.360%	10,400	270,145
11/1/2019	262,810	2.360%	62,596	325,406
5/1/2020	265,911	2.360%	56,347	322,258
11/1/2020	269,049	2.360%	53,209	322,258
5/1/2021	272,224	2.360%	50,034	322,258
11/1/2021	275,436	2.360%	46,822	322,258
5/1/2022	278,686	2.360%	43,572	322,258
11/1/2022	281,975	2.360%	40,283	322,258
5/1/2023	285,302	2.360%	36,956	322,258
11/1/2023	288,669	2.360%	33,590	322,259
5/1/2024	292,075	2.360%	30,183	322,258
11/1/2024	295,521	2.360%	26,737	322,258
5/1/2025	299,008	2.360%	23,250	322,258
11/1/2025	302,537	2.360%	19,721	322,258
5/1/2026	306,107	2.360%	16,151	322,258
11/1/2026	309,719	2.360%	12,539	322,258
5/1/2027	313,373	2.360%	8,885	322,258
11/1/2027	317,071	2.360%	5,187	322,258
5/1/2028	122,494	2.360%	1,445	123,939
Total	**$ 5,749,428**		**$ 587,571**	**$ 6,336,998**

Lease Revenue Bonds Series 2020

Date	Principal	Interest Rate	Interest	Debt Service
10/1/2021	$ 2,015,000	1.239%	$ 10,354,094	$ 12,369,094
4/1/2022			5,485,266	5,485,266
10/1/2022	7,415,000	1.289%	5,485,266	12,900,266
4/1/2023			5,437,477	5,437,477
10/1/2023	8,015,000	1.427%	5,437,477	13,452,477
4/1/2024			5,380,290	5,380,290
10/1/2024	8,650,000	1.604%	5,380,290	14,030,290
4/1/2025			5,310,917	5,310,917
10/1/2025	9,325,000	1.804%	5,310,917	14,635,917
4/1/2026			5,226,805	5,226,805
10/1/2026	10,050,000	2.105%	5,226,805	15,276,805
4/1/2027			5,121,029	5,121,029
10/1/2027	10,830,000	2.255%	5,121,029	15,951,029
4/1/2028			4,998,921	4,998,921
10/1/2028	11,655,000	2.422%	4,998,921	16,653,921
4/1/2029			4,857,779	4,857,779
10/1/2029	12,535,000	2.522%	4,857,779	17,392,779
4/1/2030			4,699,712	4,699,712
10/1/2030	13,470,000	2.622%	4,699,712	18,169,712
4/1/2031			4,523,121	4,523,121
10/1/2031	14,460,000	2.772%	4,523,121	18,983,121
4/1/2032			4,322,705	4,322,705
10/1/2032	15,510,000	2.872%	4,322,705	19,832,705
4/1/2033			4,099,981	4,099,981
10/1/2033	16,625,000	2.972%	4,099,981	20,724,981
4/1/2034			3,852,934	3,852,934
10/1/2034	17,810,000	3.072%	3,852,934	21,662,934
4/1/2035			3,579,372	3,579,372
10/1/2035	19,120,000	3.703%	3,579,372	22,699,372
4/1/2036			3,225,365	3,225,365
10/1/2036	20,555,000	3.703%	3,225,365	23,780,365
4/1/2037			2,844,790	2,844,790
10/1/2037	22,060,000	3.703%	2,844,790	24,904,790
4/1/2038			2,436,349	2,436,349
10/1/2038	23,645,000	3.703%	2,436,349	26,081,349
4/1/2039			1,998,562	1,998,562
10/1/2039	25,310,000	3.703%	1,998,562	27,308,562
4/1/2040			1,529,947	1,529,947
10/1/2040	26,590,000	3.803%	1,529,947	28,119,947
4/1/2041			1,024,338	1,024,338
10/1/2041	19,535,000	3.803%	1,024,338	20,559,338
4/1/2042			652,880	652,880
10/1/2042	19,450,000	3.803%	652,880	20,102,880
4/1/2043			283,038	283,038
10/1/2043	14,885,000	3.803%	283,038	15,168,038
Total	**$ 349,515,000**		**$ 172,137,247**	**$ 521,652,247**

Lease Revenue Bonds Series 2021

Date	Principal	Interest Rate	Interest	Debt Service
12/1/2021			$ 664,606	$ 664,606
6/1/2022			529,332	529,332
12/1/2022			529,332	529,332
6/1/2023	1,445,000	0.408%	529,332	1,974,332
12/1/2023			526,384	526,384
6/1/2024	1,450,000	0.640%	526,384	1,976,384
12/1/2024			521,744	521,744
6/1/2025	1,465,000	1.181%	521,744	1,986,744
12/1/2025			513,093	513,093
6/1/2026	1,480,000	1.331%	513,093	1,993,093
12/1/2026			503,244	503,244
6/1/2027	1,495,000	1.708%	503,244	1,998,244
12/1/2027			490,477	490,477
6/1/2028	1,520,000	1.908%	490,477	2,010,477
12/1/2028			475,976	475,976
6/1/2029	1,555,000	2.187%	475,976	2,030,976
12/1/2029			458,972	458,972
6/1/2030	1,590,000	2.287%	458,972	2,048,972
12/1/2030			440,790	440,790
6/1/2031	1,625,000	2.487%	440,790	2,065,790
12/1/2031			420,583	420,583
6/1/2032	1,665,000	2.637%	420,583	2,085,583
12/1/2032			398,630	398,630
6/1/2033	1,705,000	2.837%	398,630	2,103,630
12/1/2033			374,445	374,445
6/1/2034	1,755,000	2.837%	374,445	2,129,445
12/1/2034			349,550	349,550
6/1/2035	1,805,000	3.279%	349,550	2,154,550
12/1/2035			319,957	319,957
6/1/2036	1,865,000	3.279%	319,957	2,184,957
12/1/2036			289,380	289,380
6/1/2037	1,925,000	3.279%	289,380	2,214,380
12/1/2037			257,820	257,820
6/1/2038	1,990,000	3.279%	257,820	2,247,820
12/1/2038			225,194	225,194
6/1/2039	2,060,000	3.279%	225,194	2,285,194
12/1/2039			191,420	191,420
6/1/2040	2,115,000	3.379%	191,420	2,306,420
12/1/2040			155,687	155,687
6/1/2041	2,190,000	3.379%	155,687	2,345,687
12/1/2041			118,687	118,687
6/1/2042	2,270,000	3.379%	118,687	2,388,687
12/1/2042			80,336	80,336
6/1/2043	2,340,000	3.379%	80,336	2,420,336
12/1/2043			40,801	40,801
6/1/2044	2,415,000	3.379%	40,801	2,455,801
Total	**$ 39,725,000**		**$ 16,558,944**	**$ 56,283,944**

State Revolving Fund Loan – Water Fund

Date	Principal	Interest Rate	Interest	Debt Service
6/30/2021	$ -	1.400%	$ 20,397	$ 20,397
6/30/2022	-	1.400%	148,569	148,569
6/30/2023	-	1.400%	206,156	206,156
6/30/2024	698,771	1.400%	224,000	922,771
6/30/2025	708,554	1.400%	214,217	922,771
6/30/2026	718,473	1.400%	204,297	922,771
6/30/2027	728,532	1.400%	194,239	922,771
6/30/2028	738,731	1.400%	184,039	922,771
6/30/2029	749,074	1.400%	173,697	922,771
6/30/2030	759,561	1.400%	163,210	922,771
6/30/2031	770,195	1.400%	152,576	922,771
6/30/2032	780,977	1.400%	141,794	922,771
6/30/2033	791,911	1.400%	130,860	922,771
6/30/2034	802,998	1.400%	119,773	922,771
6/30/2035	814,240	1.400%	108,531	922,771
6/30/2036	825,639	1.400%	97,132	922,771
6/30/2037	837,198	1.400%	85,573	922,771
6/30/2038	848,919	1.400%	73,852	922,771
6/30/2039	860,804	1.400%	61,967	922,771
6/30/2040	872,855	1.400%	49,916	922,771
6/30/2041	885,075	1.400%	37,696	922,771
6/30/2042	897,466	1.400%	25,305	922,771
6/30/2043	910,030	1.400%	12,740	922,771
Total	**$ 16,000,000**		**$ 2,830,536**	**$ 18,830,536**

Glossary

Asset Contra Account – This account is used to offset expenses that are capitalized and thus treated as fixed assets in the City's balance sheet. As such, this classification is an offset to expense for capital acquisitions and result in a net zero effect on operating activities.

Bad Debts and Other Losses – This classification represents the noncash costs of writing off a receivable (asset) from the balance sheet and the noncash value lost below the book value (typically purchase price) for the sale of fixed assets or investments.

Balanced Budget – a balanced budget as a budget in which all sources meet or exceed the proposed appropriations resolution. In a given year, a planned use of fund balance (source) may be identified as a balancing measure though is not a preferred long-term solution over multiple years and should be avoided for a recurring expenditure.

Capital Acquisitions – This classification represents the asset purchases which are capitalized to the balance sheet, but are budgeted for purchase requisition purposes and are offset by the corresponding contra classification to have a net zero effect on operating activities (refer to Asset Contra Account). The expense is recognized in the depreciation and amortization classification when placed in use.

Capital Asset Condition – Financial measure calculating the annual change in net asset value.

Charges for Services – This classification represents cash receipts from business-type activities. Included in this classification are revenue from the Enterprise Funds, planning and zoning fees, inspection fees and internal service fees charged to city departments.

Debt Burden Ratio – Financial measure calculating long-term liabilities (excluding pension obligation) as a percentage of revenues.

Debt Service – This classification represents the costs to issue debt, the principal and interest payments made on the borrowings and capital lease payments.

Debt Service Reimbursements – This classification is an offset to debt services costs to show a net zero effect on the statement of operations.

Depreciation and Amortization – This classification represents the noncash costs of fixed or intangible assets (buildings, utility, machinery and equipment, furniture and fixtures, vehicles and infrastructure improvements) over its useful life.

Extraordinary Gain – This classification represents monetary value received greater than the book value (typically purchase price) for the sale of an asset or group of assets and considered infrequent and unusual.

Extraordinary Loss – This classification represents noncash value lost below the book value (typically purchase price) for the sale of an asset or group of assets and considered infrequent and unusual.

Fines, Forfeitures and Penalties – This classification represents cash receipts from general fines, parking citations, and traffic fines.

Fund Balance – This is defined as the balance for a given fund of all assets minus all liabilities. Within fund balance the balance is broken into main categories such as Nonspendable, Restricted, Assigned, and Unassigned. When examining proprietary funds (i.e. internal service funds and enterprise funds) this is often referred to as net position. This can serve as a source in a year when expenditures would exceed budgeted revenues to balance the budget.

General Fund Reserve Ratio – Financial measure calculating the unassigned portion of the fund balance as a percentage of budgeted expenditures.

Interdepartmental Charges – This classification represents internal expense allocations across various funds and General Fund programs. This includes charges from the Self-Insurance Fund for worker's compensation related administrative and insurance costs, from various General Fund programs to the Enterprise Funds for administrative costs (indirect costs) and from the Enterprise Funds to the General Fund for right-of-way franchise fees.

Intergovernmental – This classification represents cash funding received from state, federal and other municipalities.

Liabilities, Settlements & Insurance – This classification represents the costs of litigation, settlements, worker's compensation and insurance premiums and deductibles.

Licenses, Fees and Permits – This classification represents cash receipts from construction permits, building permits, animal licenses and fire permits.

Liquidity Ratio – Financial measure calculating the cash and investments as a percentage of liabilities.

Materials Reimbursements – This classification represents an offset to Materials, Supplies & Maintenance expense classification for a department or fund's non-wage resources used by or transferred to another department or fund. The City has changed to directly charging departments and has discontinued the use of reimbursements in most departments.

Materials, Supplies & Maintenance – This classification represents non-wage costs for department operations and includes office supplies, construction materials, recreation program supplies, building maintenance, Fleet warehouse and labor charges and vehicle parts and replacement charges.

Net Operating Activity – The excess or deficit of sources (revenues) less uses (expenditures).

Operating Transfers In – This classification represents contributions/transfers from other funds within the city.

Other Expenditures – This classification represents costs which are not classified under other areas and considered one-time in nature.

Other Financing Sources – this classification represents proceeds from bonds and tax revenue anticipation notes.

Other Operating Transfers Out – This classification represents contributions/transfers to other funds within the city.

Other Post-Employment Benefits (OPEB) Funded Status – Financial measure calculating the total plan assets as a percentage of plan liabilities.

Other Revenues – This classification represents cash receipts or funding which are not classified under other areas and considered one-time in nature (donations).

Parts, Fuel & Lubricants Contra – This account is used to offset expenses that are treated as inventory assets in the City's balance sheet. As such, this classification is an offset to expense for Fleet warehouse parts and vehicle fuel and result in a net zero effect on operating activities.

Parts, Fuel & Lubricants Inventory Purchases – This classification represents Fleet warehouse parts, vehicle fuel and lubricant costs which are classified as inventory assets on the balance sheet, but are budgeted for purchase requisition purposes and are offset by the corresponding contra classification to have a net zero effect on operating activities (refer to Parts, Fuel & Lubricants Contra). The expense is incurred upon use of the inventory and recognized on the statement of operations.

Pension Funded Status – Financial measure calculating the total plan assets as a percentage of plan liabilities.

Pension Obligation Ratio – Financial measure calculating net pension liability and pension related debt as a percentage of revenues.

Professional/Contract Services & Utilities – This classification represents costs for third-party services and utilities. Included in this classification are software licenses, electricity, gas and water.

Reimbursements-Indirect Costs – This classification represents the offset to the indirect costs charged by specific General Fund programs to the Enterprise Funds for administrative costs so the net effect to all City Funds is zero.

Salaries and Benefits Reimbursements – This classification represents an offset to expense for an employee's resources used by another department or fund. The City has changed to directly charging funds and has discontinued the use of reimbursements in most departments.

Salaries and Employee Benefits – This classification represents costs from base wages, overtime, pension costs and employee benefits.

Self-Insurance Funded Status – Financial measure calculating the fund assets as a percentage of liabilities and net position.

Stored Water Rights Contra – This account is used to offset expenses that are treated as inventory assets in the City's balance sheet. As such, this classification is an offset to expense for payment of the replenishment assessment to convert or bank unused groundwater pumping rights to carryover storage.

Stored Water Rights Inventory Purchases – This classification represents costs for converting or banking unused groundwater pumping rights to carryover storage. This is treated as an inventory asset of the City, but are budgeted for purchase requisition purposes and are offset by the

corresponding contra classification to have a net zero effect on operating activities (refer to Stored Water Rights Contra).

Structurally Balanced Budget –The City defines a structurally balanced budget as one where recurring revenues meet or exceed recurring expenditure appropriation levels.

Taxes – This classification represents cash receipts from levied taxes and includes sales tax, property tax, business license tax, utility users' tax and franchise fees.

Training, Travel & Membership Dues – This classification relates to costs incurred from employee training, tuition reimbursement, continuing education, out of town travel and professional membership dues.

Use of Money and Property – This classification represents cash receipts from rental income on city property, change in market value from investments and accrued interest.

Water Supply Costs –This classification represents costs for water supply (i.e. groundwater and desalinated water) provided by the West Basin Municipal Water District, the Metropolitan Water District and the Water Replenishment District.