



PUBLIC BUDGET HEARING #2

Proposed Fiscal Year 2023-25

Operating Budget &
Capital Improvement Plan

COMMUNITY OUTREACH PROGRAMS & EVENTS

Homelessness – 3290 Temporary Housing Village

- One-time buildout costs of \$1.1M
 - Funded by multiple sources including donations, grants, and Measure H
- Recurring operating costs of \$2.3M
 - Funded by multiple sources including the City's General Fund (\$1.0M SST; \$100k City Manager's Office) and intergovernmental grants (\$2.2M)

COMMUNITY OUTREACH PROGRAMS & EVENTS

Homelessness – Police & Fire Emergency Response

- Recurring costs of \$1.1M funded by the City’s General Fund (Police – \$886k; Fire – \$199k)

Business Assistance Programs

- Grant & Loan Agreement Program
 - Intended to attract and retain businesses
 - Funded by the City’s Office of Economic Development (General Fund)

COMMUNITY OUTREACH PROGRAMS & EVENTS

Business Assistance Programs

- Commercial Rehabilitation Rebates
 - Intended to support property maintenance compliance
 - \$243k in funding currently available
 - Additional \$50k being allocated in FY24-25 and FY25-26 under the City's Capital Improvement Plan

COMMUNITY OUTREACH PROGRAMS & EVENTS

Artesia Holiday Lights Program

- Recurring annual budget of \$25k
- Funded by the City's General Fund

Friendship City Program

- Recurring annual travel budget of \$35k (\$5k each)
- Funded by the City's General Fund

COMMUNITY OUTREACH PROGRAMS & EVENTS

Torrance Cultural Arts Foundation (TOCA)

- Recurring annual budget of \$169.4k (\$74.4k direct payment; \$95k in-kind subsidy)
- Funded by the City's General Fund

Torrance Rose Float Association

- Recurring annual budget of \$127.4k (\$125k direct payment; \$2.4k materials)
- Funded by the City's General Fund

ADDITIONAL REVENUE OPPORTUNITIES

Community Facilities District

- Special tax assessment on new developments projects (5 units or more) to support essential city services
- Proposed non-residential annual mitigation ranges from \$145/sq ft to \$560/sq ft
- Proposed residential annual mitigation ranges from \$1,300 to \$1,400/unit

ADDITIONAL REVENUE OPPORTUNITIES

Short-Term Rental Compliance

- Develop and adopt an ordinance to update Municipal Code requiring sites, such as AirBNB and VRBO, to collect taxes on properties being used for short-term rentals
- Would facilitate improved occupancy tax compliance

ADDITIONAL REVENUE OPPORTUNITIES

Land Use Study

- Currently underway to determine the best use of city-owned property for generating revenue

Documentary Transfer Tax

- Current rate is set at \$0.55 per \$1,000 of a property sale
- Raising this tax rate could yield approx. \$2.8M to \$4.2M annually (\$2-\$3 per \$1,000)

ADDITIONAL REVENUE OPPORTUNITIES

Business License Tax

- Staff is analyzing the tax structures of other cities for potential alternatives to update the City's business license tax model

Utility Users' Tax

- Current rate is set at 6.5% for cable, electricity, and gas and 6.0% for water
- For every 1% increase, the City would generate an additional \$5.8M annually

ADDITIONAL REVENUE OPPORTUNITIES

Occupancy Tax

- Current rate set at 11.0%; for every 1.0% increase, the City would generate \$1.0M annually

Stormwater Tax

- The City does not currently implement a tax for dedicated stormwater project funding
- Staff is reviewing other city tax structures for viable options to expand this area

MEASURE SST – 10-YEAR FORECAST

Quality of Life	Original Projection	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33
Restore/Maintain Public Safety	10,000,000	10,655,265	10,950,926	11,529,325	12,124,817	12,738,278	13,370,399	13,786,315	14,151,119	14,525,707	14,910,212
Homelessness Response Efforts	1,000,000	1,000,000	1,000,000	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274	1,194,052	1,229,874	1,260,621
Fiscal Sustainability	Original Projection	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33
CEPPT Contribution	-	2,500,000	2,500,000	-	-	-	-	-	-	-	-
Reserve Contribution	5,000,000	4,802,423	2,731,922	5,364,200	3,500,000	- A	2,933,046	2,188,035	1,980,263	5,000,000	6,500,000
Self-Insurance Rebuild Offset Contribution	-	1,000,000	1,500,000	2,750,000	4,582,953	967,141	4,846,792	3,771,847	7,006,431	4,966,146	3,995,983
Deferred Maintenance & Community Services/Programs	Original Projection	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33
Capital Contribution	1,000,000	1,984,600	3,874,100	2,603,100	2,823,600	10,088,209	3,431,000	5,652,714	3,107,000	2,627,000	2,627,000
Emergency Responsiveness	Original Projection	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	FY31-32	FY32-33
Cyber Security Upgrades	1,000,000	1,000,000	1,004,856	1,039,106	1,074,379	1,110,711	1,148,138	1,182,825	1,217,508	1,253,214	1,284,895

A - Future budget cycles will be adjusted to ensure \$5.0 million is dedicated to the Fiscal Sustainability category, subject to City Council approval.

FY23-24 Budget Changes from May 9th Hearing

Citywide Revenue Budget (+\$368.7k)

- Meadow Park Parking Lot Fund (+\$10.7k)
- Street Lighting District Fund (+\$178k)
- Traffic Safety Fund (+\$180k)

FY23-24 Budget Changes from May 9th Hearing

Citywide Expenditure Budget (+\$366.1k)

- Meadow Park Parking Lot Fund (+\$8.1k)
- Street Lighting District Fund (+\$178k)
- Traffic Safety Fund (+\$180k)

FY23-24 Appropriations Limit (GANN Limit)

State Requirement Under Article XIII B

- Places appropriations limit on tax revenues collected in a given fiscal year
- Population Factor – Percent change in Los Angeles County's population (-0.75%)
- Price Factor – Percent change of assessed valuation in non-residential new construction (13.60%)
- FY23-24 calculation sets appropriation limit at \$4.9B

CONCLUSION

Recommendations to Council

- 1) Adopt Proposed FY23-25 Operating Budget and Capital Improvement Plan
- 2) Adopt **RESOLUTION** Establishing the FY23-24 Operating Budget Appropriations
- 3) Adopt **RESOLUTION** Establishing the FY23-24 Capital Budget Appropriations

CONCLUSION

Recommendations to Council (Cont.)

- 4) Adopt **RESOLUTION** Establishing the FY23-24 Appropriations Limit
- 5) Adopt **RESOLUTION** Establishing the 2023 Statement of Investment Policy

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