

City of
TORRANCE
California

FY 2022 - 2023
PROPOSED BUDGET
AND CAPITAL IMPROVEMENT PLAN



AGENDA

01

Opening of Community Budget Hearing

Mayor Patrick Furey

02

Presentation

Aram Chaparyan, City Manager

Sheila Poisson, Finance Director

03

Questions & Discussion

Mayor and City Council

04

Motion to Close

Mayor Patrick Furey

MAJOR INITIATIVES

**Economic
Development**

**TPD/DOJ
Collaborative Reform**



Homelessness

Torrance Transit

**City Council
Onboarding**

BUDGET DEVELOPMENT PROCESS



JANUARY

- Process is initiated, timeline developed, and department meetings are scheduled



FEB/MARCH

- Finance Office staff conduct meetings with all departments
- Revenue projections are initiated



MARCH/APRIL

- Conduct budget overview sessions
- Follow-up meetings with Departments



MAY/JUNE

- 2 public hearings; City Council adopts budget resolutions & the City's investment policy



Economic Outlook

ECONOMIC OUTLOOK

- ▶ Economic indicators: gross domestic product (GDP), unemployment rates, and consumer confidence
- ▶ These indicators have been trending in a positive direction since 2020, signaling signs of steady economic recovery since the onset of the COVID-19 pandemic



ECONOMIC OUTLOOK

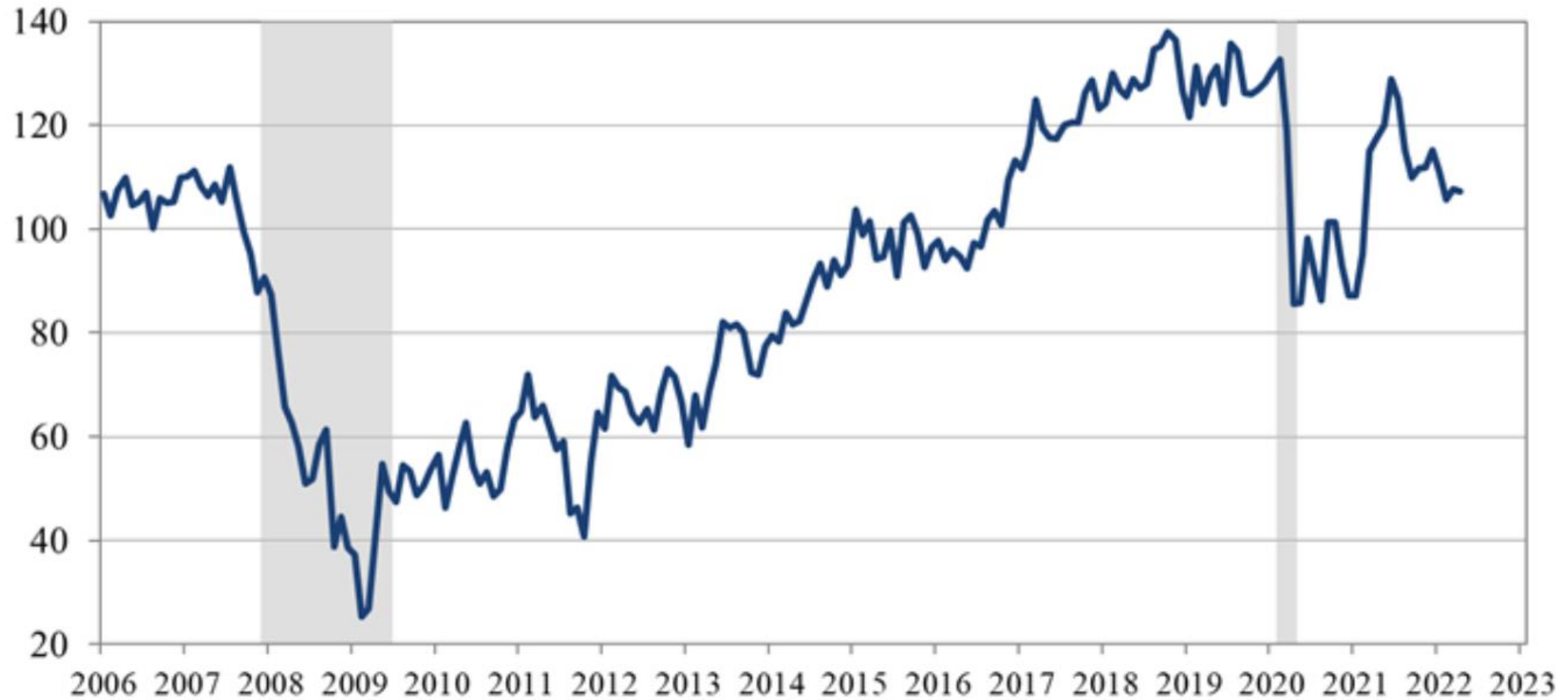
Gross Domestic Product (GDP)

Average Annual GDP Growth, Actuals and Forecast, 2015–2024



ECONOMIC OUTLOOK

Consumer Confidence Index



*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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ECONOMIC OUTLOOK

Labor Market

Local Unemployment Rate Trends

	<u>2019</u>	<u>2020</u>				<u>2021</u>				<u>2022</u>
	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
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%



AREAS OF FOCUS

AREAS OF FOCUS

- ▶ Self-Insurance Fund
- ▶ Fleet Services Fund
- ▶ Cash Balances by Fund
- ▶ Labor Trends
- ▶ Labor Agreements
- ▶ Other Replacement Funds
- ▶ Deferred Capital



AREAS OF FOCUS

Self Insurance Fund

- ▶ Historically inadequately funded to cover open liabilities
- ▶ As of June 30, 2021 ~18.6% of its liabilities are covered, leaving a **\$55.8 negative net position**.
- ▶ FY 2022-23 budget increases the citywide contribution to the Self-Insurance Fund to \$14.0 million (**increase of \$7.3 million**).
- ▶ Still budgeted at a **deficit of \$5.3 million** (related to a non-cash actuarial entry).

AREAS OF FOCUS

Fleet Services Fund

- ▶ **Operations Fund** has historically operated at a structural **deficit of ~\$1.0 - 2.0 million annually**.
 - ▶ Labor rates charged for internal services to the various departments were evaluated and are increased in the FY 2022-23 budget to address deficit.
 - ▶ Rates are consistent with comparable cities.
 - ▶ Rates will be evaluated annually and adjusted to keep pace with the cost of providing the service.
- ▶ **Vehicle Replacement Fund** is also underfunded for future needs.
 - ▶ Using a 5% inflationary factor, an **additional \$1.4 million** is incorporated in annual contributions to maintain sufficient funding.

AREAS OF FOCUS

Cash Balances by Fund

- ▶ General Fund cash balance represents **7.2%** of all cash on hand, while **representing over 60% of the City's total budget.**
- ▶ Continued focus will improve the City's ranking on the State Auditor's High Risk dashboard in the category of Liquidity and General Fund Reserves.

AREAS OF FOCUS

Labor Trends

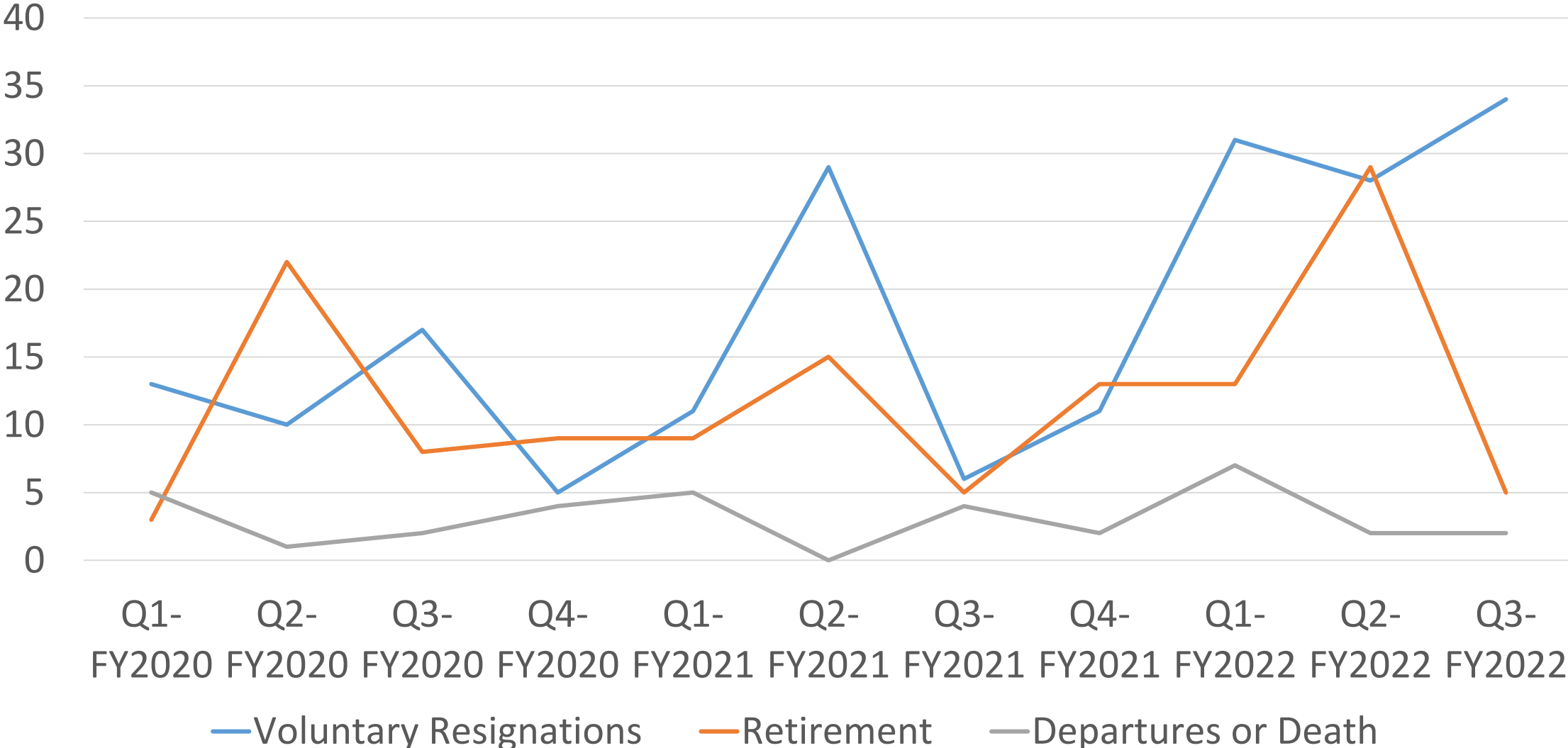
	Fiscal Years Ending		9-months
	2020	2021	2022-Q1
Retirements	43	57	47
Voluntary Resignations	45	42	93
Departures or Death	11	11	11
Total Separations	99	110	151

- ▶ 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.

AREAS OF FOCUS

Labor Trends

Employee Departures by Reason



AREAS OF FOCUS

Status of Labor Agreements

- ▶ **Miscellaneous** labor group agreements have been **expired since June 2020**.
- ▶ **Fire Safety** labor agreements **expire June 2022**.
- ▶ **Police Safety** labor agreements expiring in December 2023.
- ▶ Focus on multi-year collective bargaining agreements Citywide.
 - ▶ Approximately **\$1.7 million for every 1%**, across all Funds (all unions/bargaining units)

AREAS OF FOCUS

Other Replacement Funds

- ▶ Proposed FY 2022-23 budget includes additional contributions to address the following funding need shortfalls:

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

- ▶ Additional (interval) funds created to address the following needs over the next 10 years: CDD Community Profile and Environmental Scan (Strat Plan), Fire: future replacement of the Self-Contained Breathing Apparatus (SCBA), and replacement of the sports complex turf on Maple Ave.

AREAS OF FOCUS

Aging Capital & Infrastructure

- ▶ The City owns and operates over **\$500 million** worth of buildings, public facilities and infrastructure.
 - ▶ Have reached their half-life mark and require heavy maintenance and upgrade.
- ▶ General Services will be developing an RFP to conduct a survey of all City facilities.
 - ▶ Index and assess each building and establish criteria for rating it's condition.
 - ▶ ADA and seismic upgrades will be evaluated, HVAC, plumbing, electrical and other various infrastructure items.
 - ▶ Project to be completed in FY 2022-23.



KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS


















































Objective benchmarks largely based on metrics utilized by the State Auditor, Government Finance Officers Association (GFOA), and California Society of Municipal Finance Officers (CSMFO):

- ▶ 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

KEY PERFORMANCE INDICATORS

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

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					

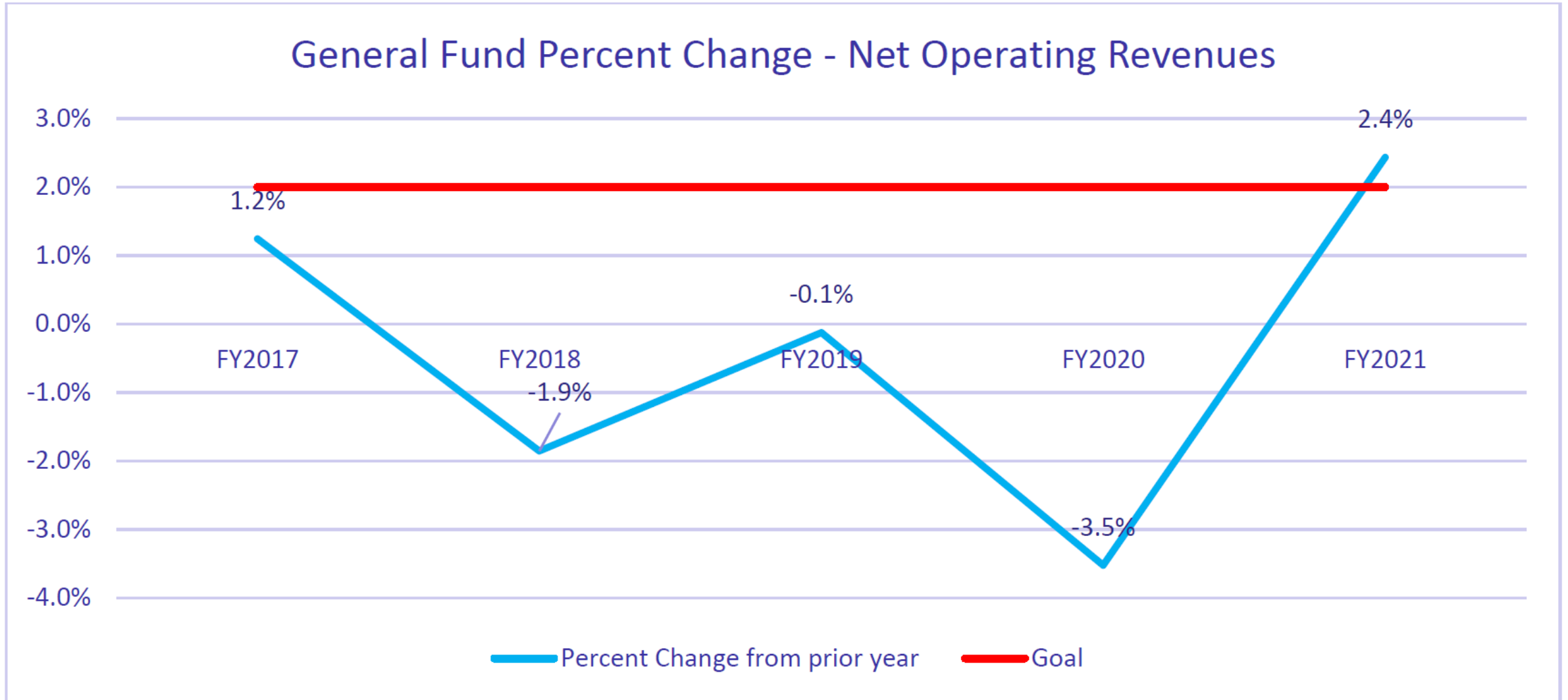
KEY PERFORMANCE INDICATORS

Revenue Trends

Green – Low Risk

▶ **Goal:** 2.0% or greater

▶ **Actual:** 2.4%



Note: Controls for one-time revenues and inflation (using CPI-U).

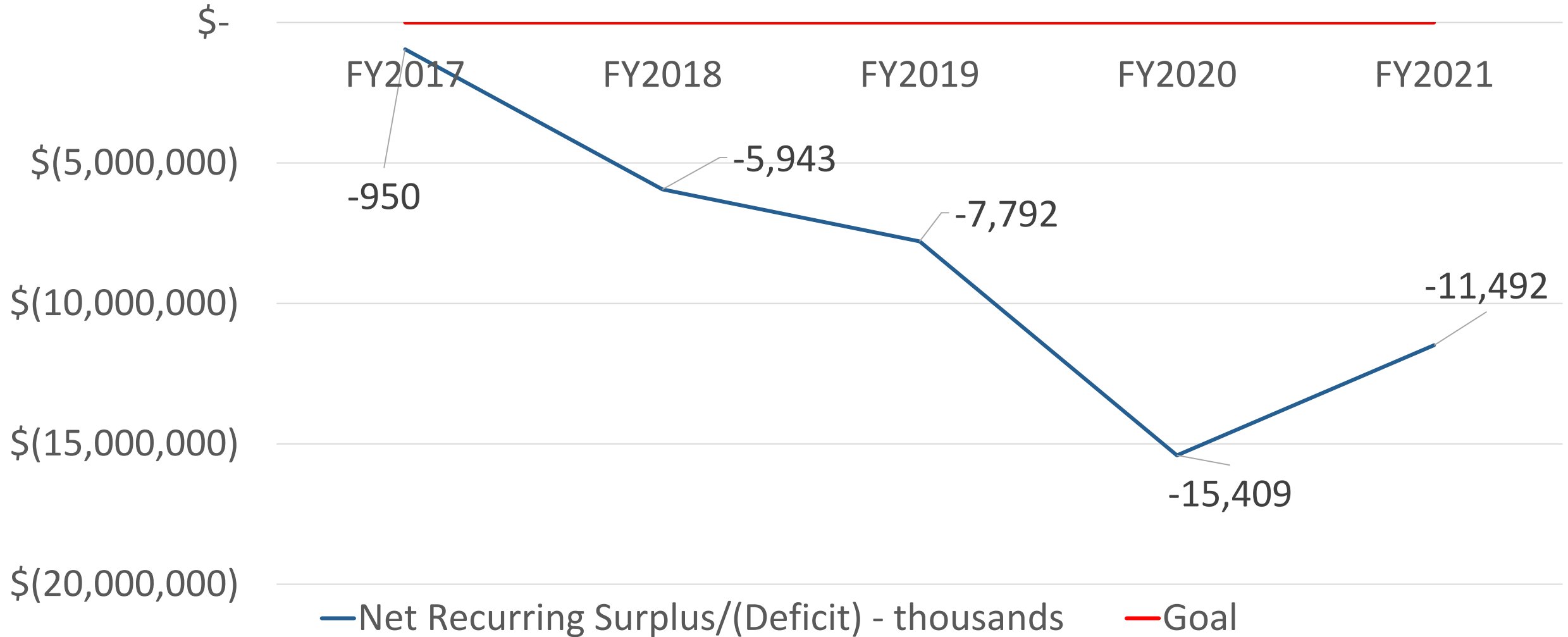
KEY PERFORMANCE INDICATORS

Net True Operating Surplus/(Deficit)

Red - High Risk

▶ **Goal:** > \$0

▶ **Actual:** -\$11.5 mil.



Note: Controls for one-time revenues and expenditures.

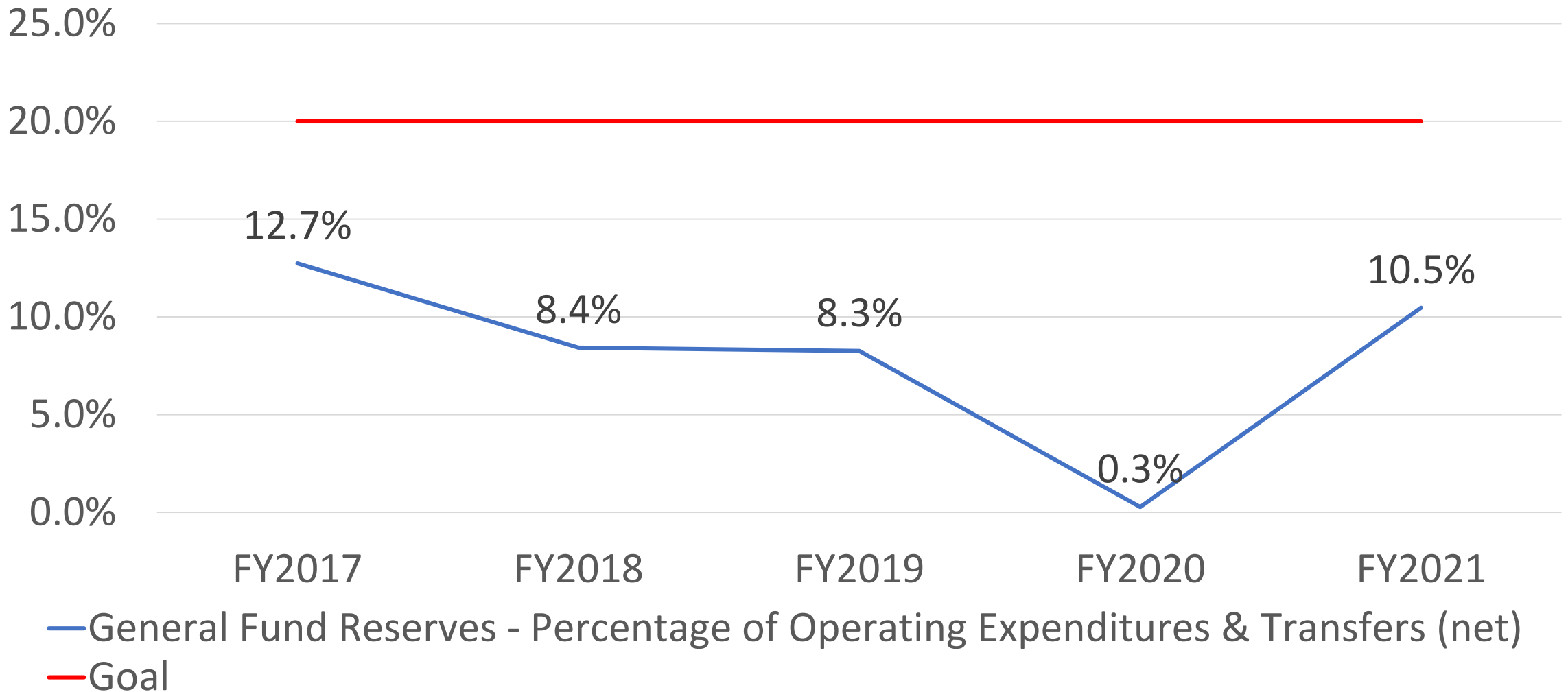
KEY PERFORMANCE INDICATORS

General Fund Reserves

Red – High Risk

► **Goal:** 20% of Operating expenditures

► **Actual:** 10.5%



Note: Controls for one-time revenues and expenditures.

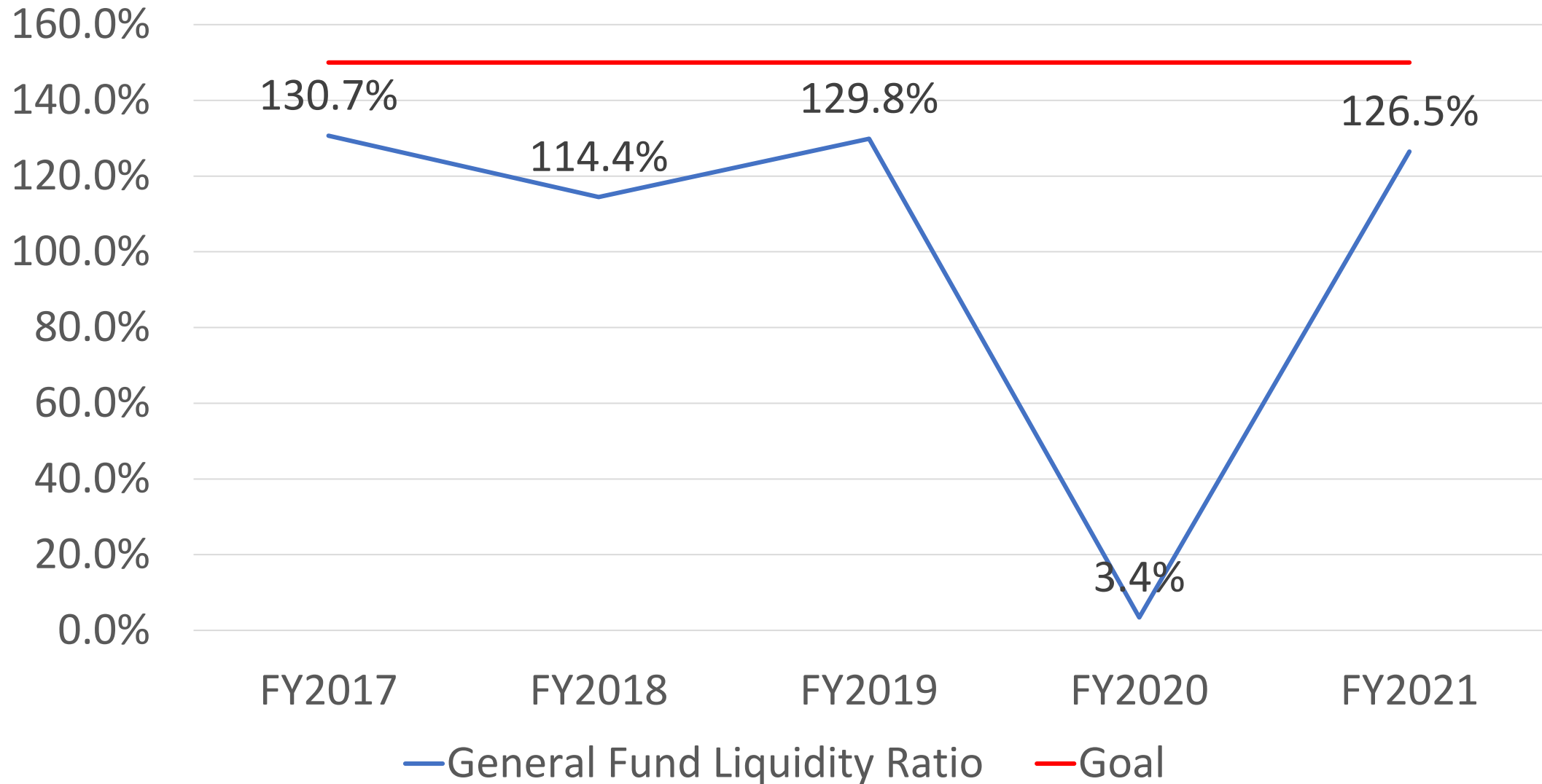
KEY PERFORMANCE INDICATORS

Liquidity

Yellow - Moderate Risk

▶ **Goal:** 150% of Liabilities

▶ **Actual:** 126.5%



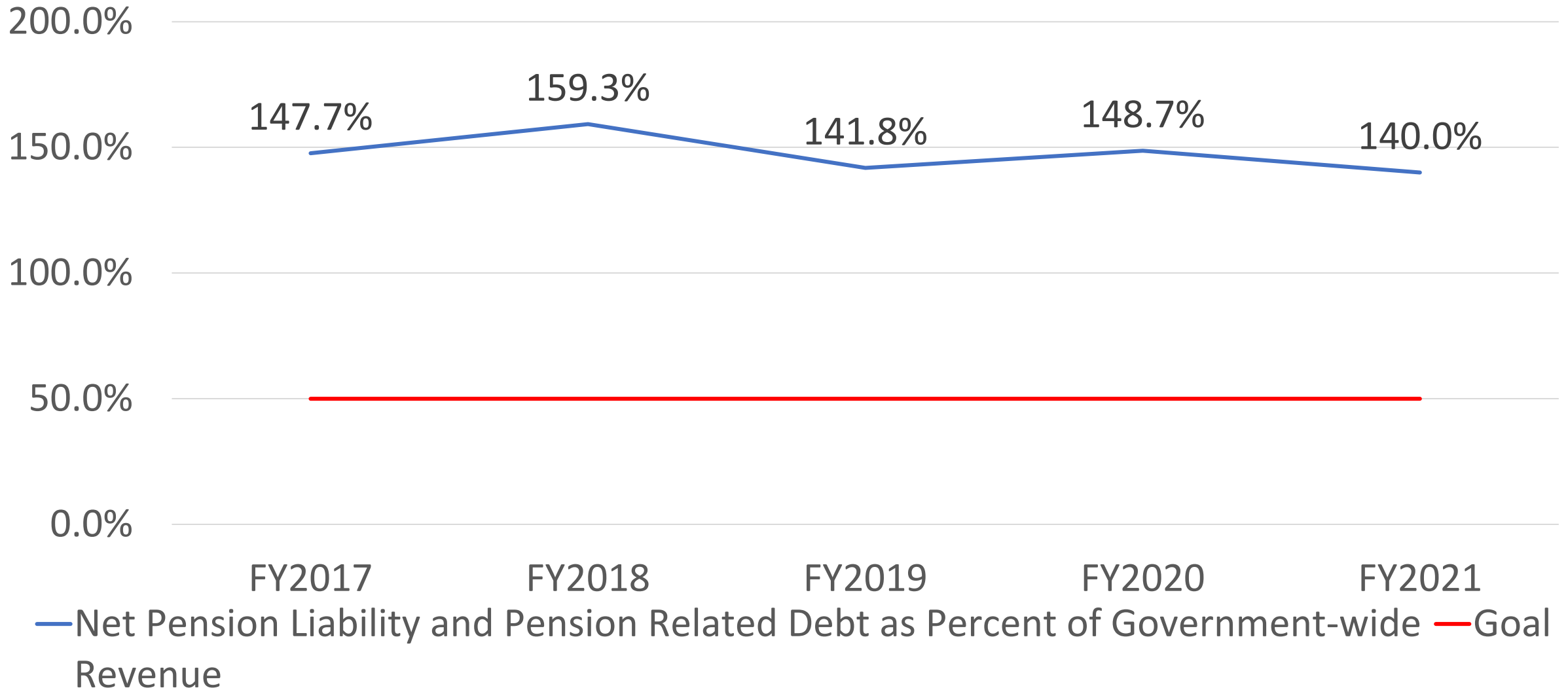
KEY PERFORMANCE INDICATORS

Pension Obligations

Red – High Risk

▶ **Goal:** 50% of Revenues

▶ **Actual:** 140.0%



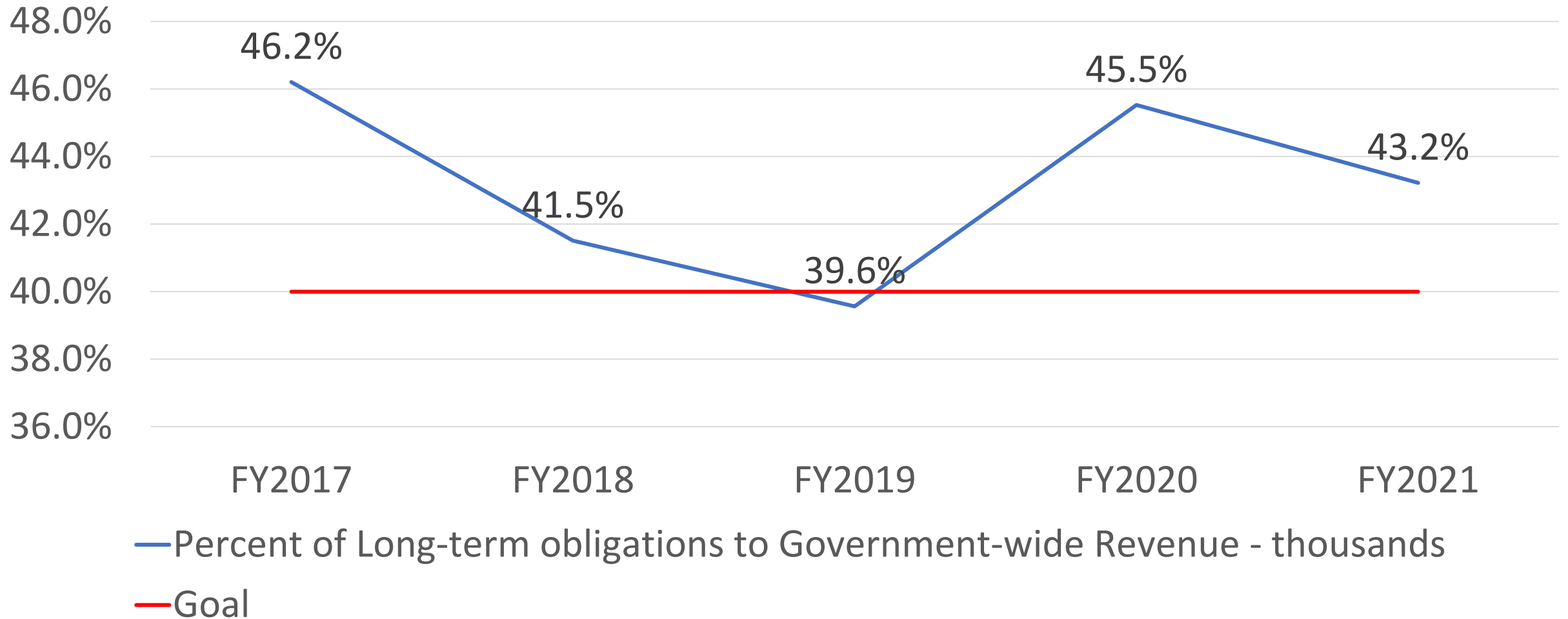
KEY PERFORMANCE INDICATORS

Debt Burden

Yellow - Moderate Risk

▶ **Goal:** 40.0% of Revenues

▶ **Actual:** 43.2%



Note: Includes long-term debt borrowings, compensated absences, & claims and judgements (excludes pension and OPEB obligations).

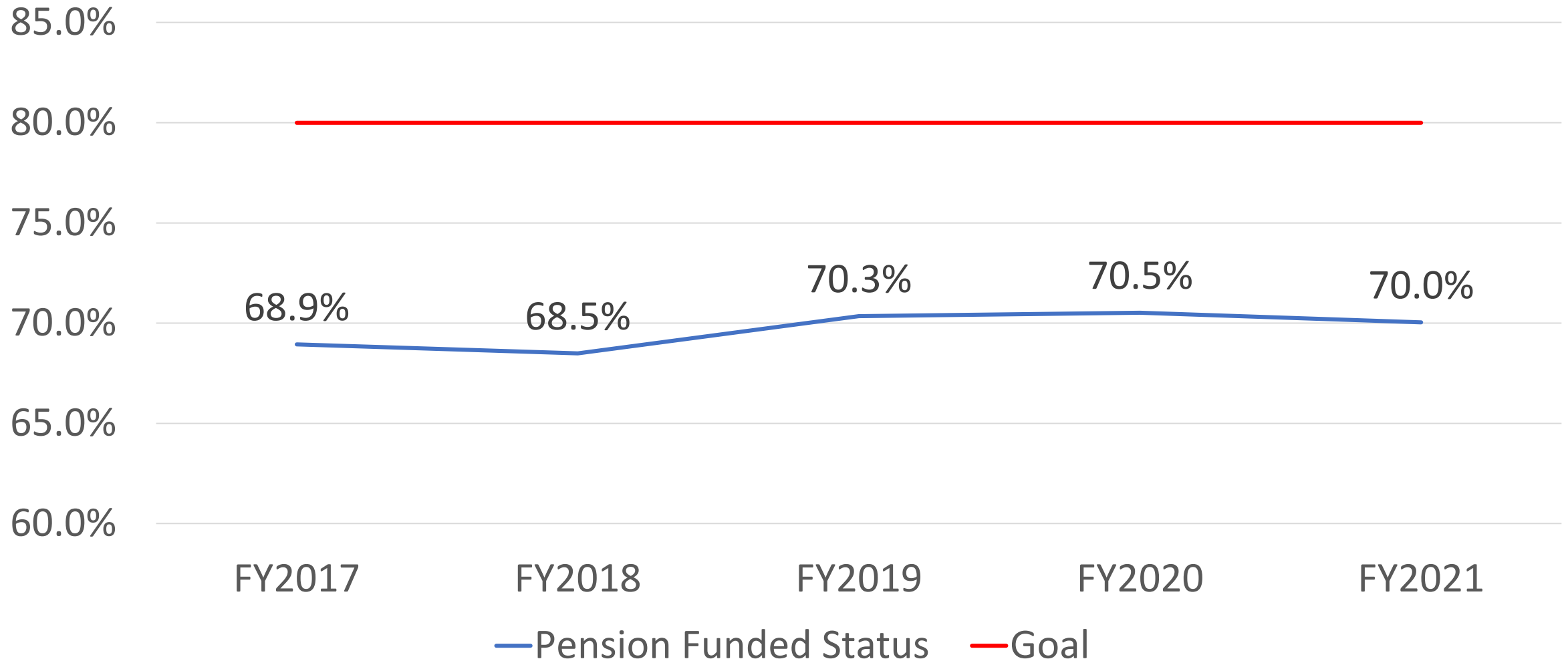
KEY PERFORMANCE INDICATORS

Pension Funded Status

Red – High Risk

▶ **Goal:** 80.0% Funded

▶ **Actual:** 70.0%



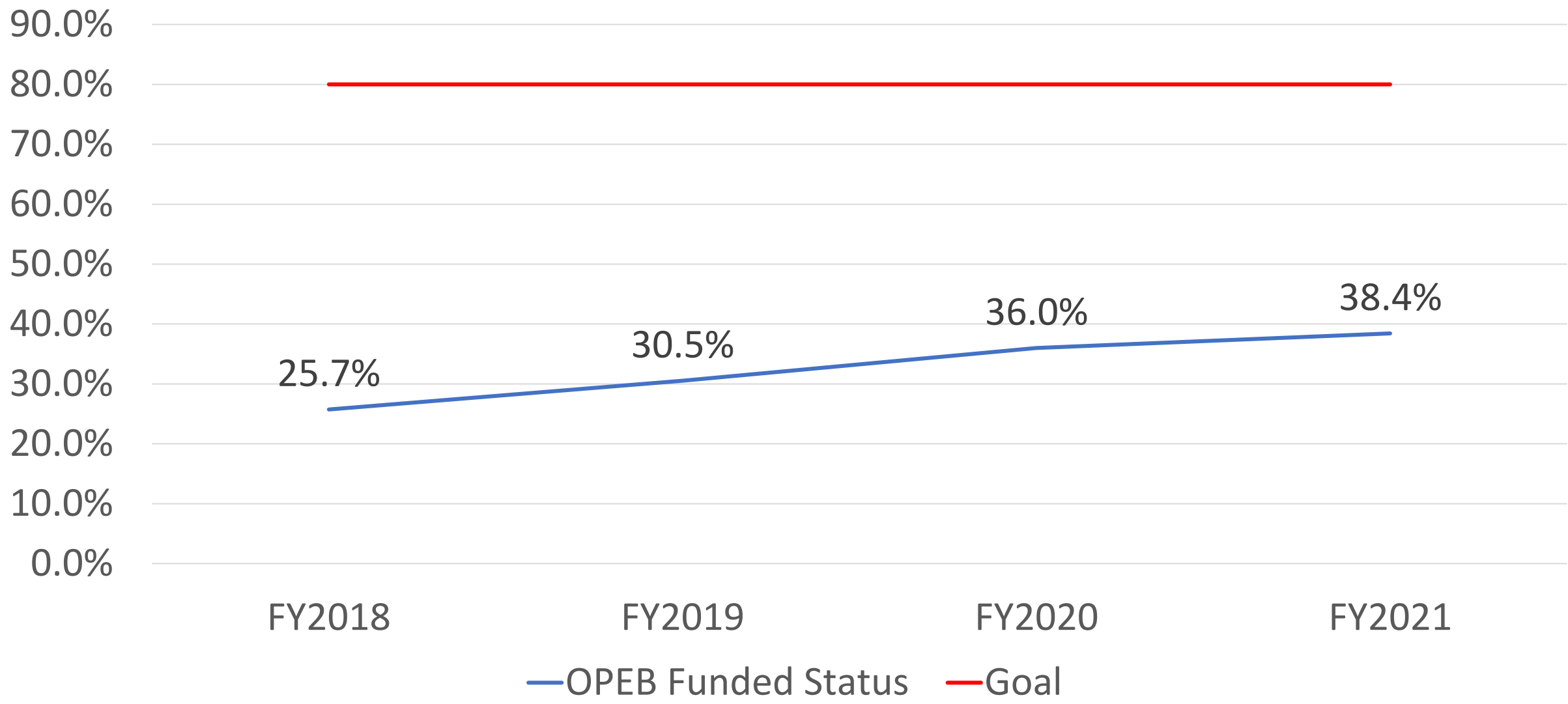
Note: UAL paydown will be reflected in FY 2021-22 actuals.

KEY PERFORMANCE INDICATORS

OPEB Funded Status

Red – High Risk

▶ **Goal:** 80.0% Funded
▶ **Actual:** 38.4%



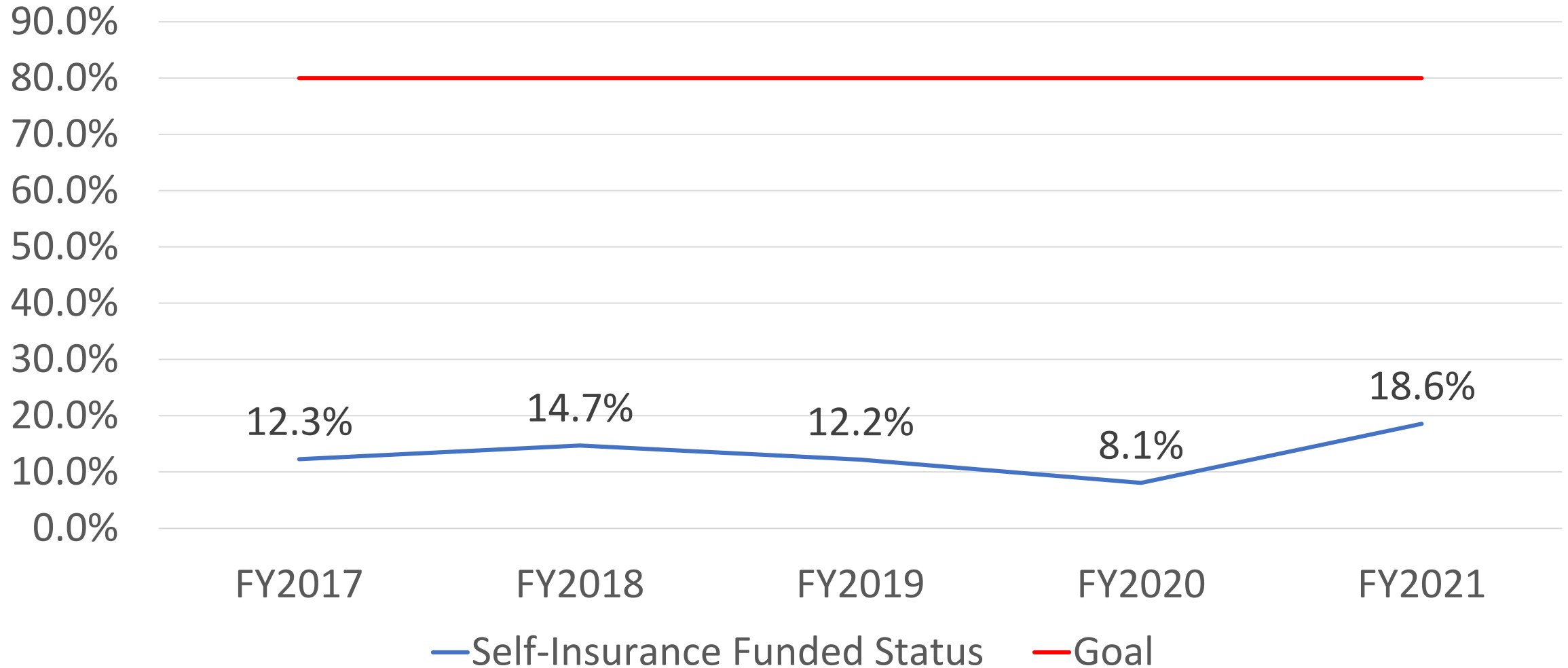
KEY PERFORMANCE INDICATORS

Self Insurance Funded Status

Red – High Risk

▶ **Goal:** 80.0% Funded

▶ **Actual:** 18.6%



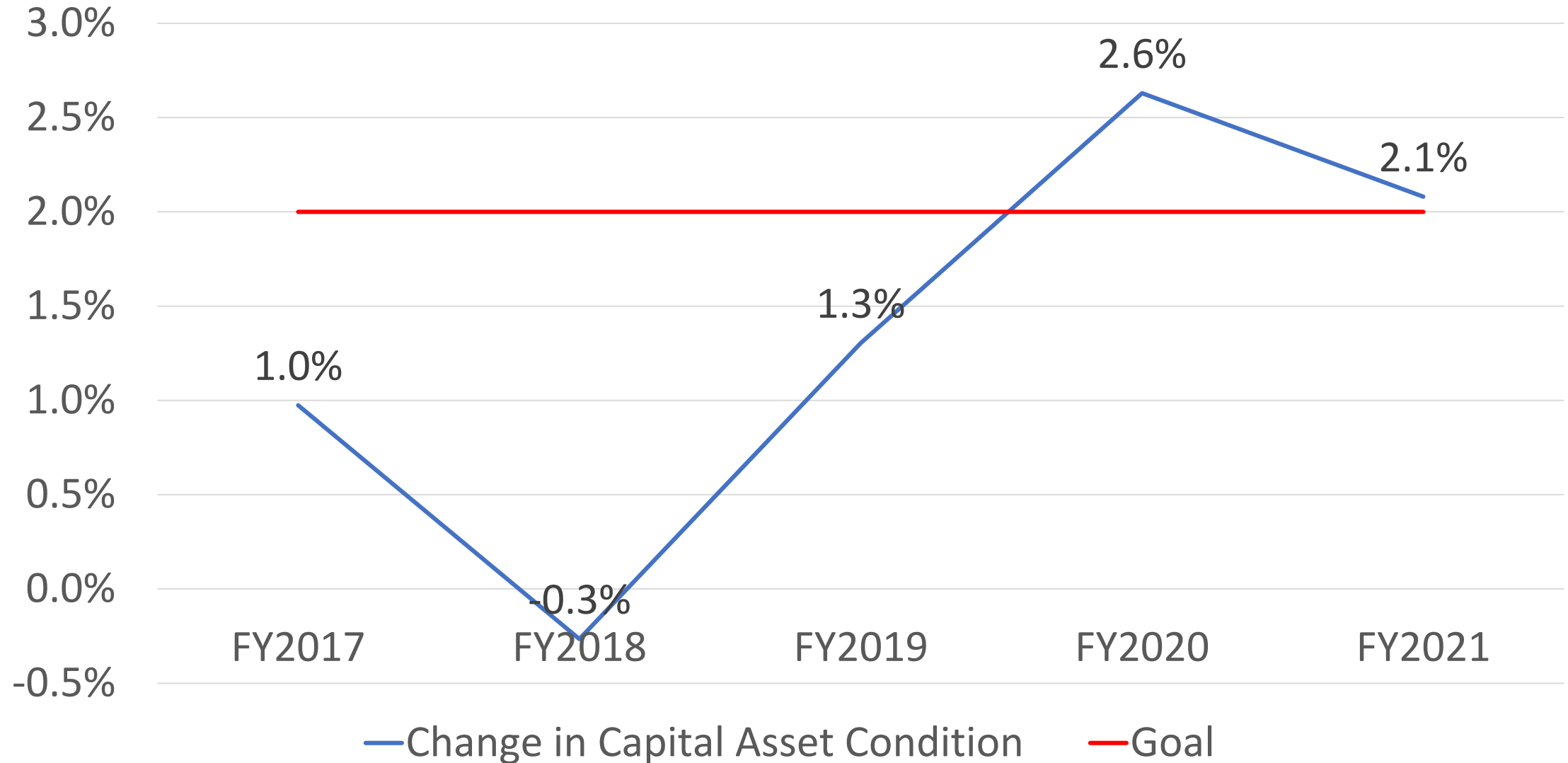
KEY PERFORMANCE INDICATORS

Capital Asset Condition

Green – Low Risk

▶ **Goal:** 2.0% annual increase

▶ **Actual:** 2.1%

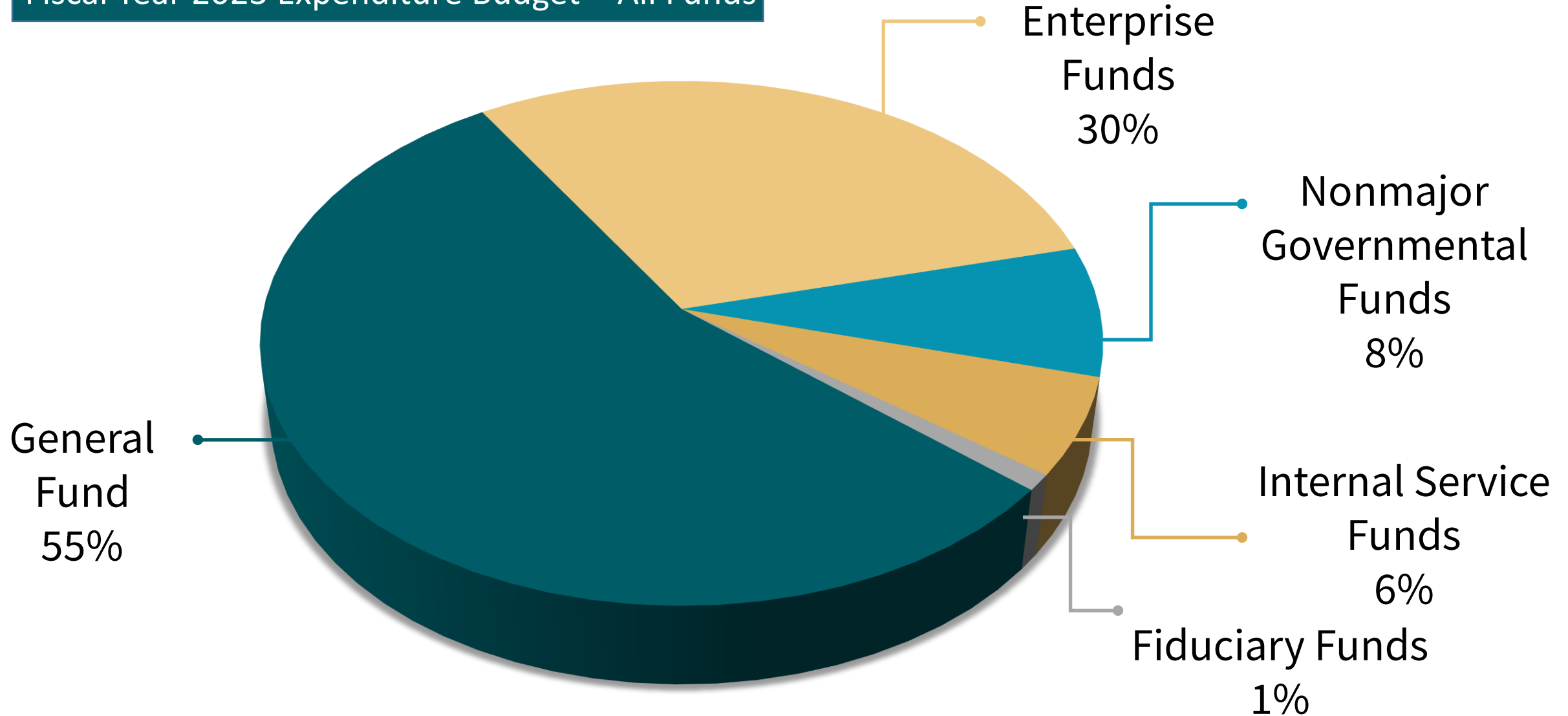




***FY 2022-23
OPERATING
AND CAPITAL
BUDGETS***

CITYWIDE BUDGET

Fiscal Year 2023 Expenditure Budget – All Funds



FY 2022 – 2023 PROPOSED BUDGET CHANGES



STAFFING

- ▶ **-58.06** Full Time Equivalent (FTE) positions for FY 2023
- ▶ Majority of changes already approved in prior Council action or program modification.
- ▶ Those not yet approved and recommended for adoption:
 - Community Development: **+1.0 FTE** - Reorganization
 - Fire: **-8.0 FTE** – Delayed budget reductions
 - Police: **-44.0 FTE** – Delayed budget reductions
 - Public Works: **+2.0 FTE** – Support for expanded services

STAFFING CHANGES

COMMUNITY DEVELOPMENT

Creation of a new **Neighborhood Services Division** to include:

- ▶ Code Enforcement (previously Environmental & Noise Abatement)
- ▶ Special Programs/Homelessness (new)
- ▶ Section 8 Housing



General Fund cost impact: \$205,115 - indirectly offset by HUD's HOME Investment Partnerships grant funding opportunity of approx. **\$280,000**.

STAFFING CHANGES

COMMUNITY DEVELOPMENT

Change in FTE	Position	Description
-1.0	Housing Specialist	Converted position to oversee Special Programs/Homelessness Program
+1.0	Business Manager	
-1.0	Planning Associate	Downgraded position to oversee Section 8 Program
+1.0	Housing Supervisor	
-1.0	Deputy CDD Director	Downgraded position to oversee new Neighborhood Services Division
	Neighborhood Services	
+1.0	Manager	
+1.0	Housing Specialist	Position added to perform outreach work

STAFFING CHANGES

FIRE

- ▶ **\$1.8 million** in reductions to meet budget reduction needs.
- ▶ Reduction of 8.0 FTE (following slide).
- ▶ In October 2021, City Council approved delay of recommended reductions to July 1, 2022, pending the outcome of the sales tax ballot measure.
 - ▶ If approved by voters these positions will be restored.



STAFFING CHANGES

FIRE

Change in FTE	Position	Description
-6.0	Fire Fighter	Elimination of one paramedic rescue
-1.0	Battalion Chief	Elimination of the Operation Chief administrator position
-1.0	Fire Captain	Elimination of 40-hour position related to EMS operations

STAFFING CHANGES

POLICE

- ▶ **\$8.6 million** in reductions to meet budget reduction needs.
- ▶ Reduction of 44.0 FTE (following slide).
- ▶ In October 2021, City Council approved delay of recommended reductions to July 1, 2022, pending the outcome of the sales tax ballot measure.
 - ▶ If approved by voters these positions will be restored.



STAFFING CHANGES

POLICE

Change in FTE	Position	Description
+1.0	Assistant Police Chief	New classification created as part of the overall reduction strategy
-1.0	Police Lieutenant	Eliminated to meet General Fund reduction needs
-29.0	Police Officer	
-5.0	Police Sergeant	
-1.0	Police Records Technician	
-7.0	Crossing Guard	

POLICE – TEAM POLICING SCHEDULE

- ▶ Torrance Police Department (TPD) Patrol Bureau currently deploys police officers using a "Flex 4/10" schedule.
- ▶ Numerous challenges: inconsistent scheduling of days on/off inhibits a team approach and Officer growth and development opportunities.



POLICE – TEAM POLICING SCHEDULE

- ▶ Recommendation: **Team Policing Hybrid** 4/10 - 3/12 fixed schedule
 - ▶ Takes a 4/10 schedule and a 3/12 schedule and distributes the workdays perfectly over a 7-day workweek
 - ▶ Eliminates need of overlapping workdays for no reason other than scheduling.
 - ▶ Consistency in supervision and oversight, improved information sharing, enhanced training, and employee development.
 - ▶ Increased accountability at all ranks.
 - ▶ FY 2022-23 budget includes approx. \$600k in overtime to cover this proposed change.
- ▶ Assists TPD during collaborative reform efforts with the Department of Justice.

POLICE – ASSISTANT POLICE CHIEF & CROSSING GUARDS

- ▶ Restructure the Deputy Chief Position (Police Captain, Steps 3-4) to an Assistant Police Chief
 - ▶ At-will position
- ▶ A Crossing Guard post survey was completed during the 2021/2022 school year. Based on survey, staff recommend:
 - ▶ Eliminating 20 Crossing Guard locations
 - ▶ Maintain 12 Crossing Guard locations for most critical intersections



CROSSING GUARD – PROPOSED POSTS FOR ELIMINATION

School	POST #	LOCATION	Distance to Elementary	Traffic	Reduction / Reason
Adams	1	237th & E. of Arlington	Directly behind	Light	Small residential crosswalk
Anza	2	Palos Verdes & Carson	.4 miles	Light	Low numbers of users
Anza	3	Anza & Lenore	.3 miles	Moderate	Low number of unattended kids
Arnold	6	227th & Ladeene	.06 miles	Light	Low number of unattended kids
Arnold	7	228 Pl & Adolph	Directly behind	Light	Low number of unattended kids
Carr	8	168th & Ermanita	Directly in front	Moderate	Low number of unattended kids
Edison	10	182nd & Prairie	.2 miles	Heavy	Mostly Middle/High school kids
Fern	12	Torrance & Fern	.1 miles	Moderate	Low number of unattended kids
Fern	13	Torrance & Crenshaw	.3 miles	Heavy	Low numbers of users
Hickory	15	230 & Juniper	Behind School	Moderate	Residential 3 way stop
Lincoln	16	166 & Purche	Directly in front	Moderate	Residential 3 way stop
*St. Catherine	17	168 & Ainsworth	Directly in front	Moderate	Not TUSD School / Private
Seaside	20	Carlow & Calle Mayor	.3 miles	Moderate	Mostly Middle/High school kids
Seaside	21	Sharynne & Dennis	Adjacent	Light	Low number of unattended kids
Torrance	23	Lincoln & Apple	Directly in front	Light	Residential 4 way stop
Victor	26	Anza & Spencer (2nd Guard)	.2 miles	Heavy	Eliminate 2nd guard
Walteria	29	Newton & Madison (2nd Guard)	.05 miles	Moderate	Eliminate 2nd guard
Wood	30	236th W/O Arlington	Directly behind	Light	Small residential crosswalk
Yukon	31	177th & Yukon	.1 miles	Moderate	Mostly Middle/High school kids
Yukon	32	182 & Yukon	.2 miles	Heavy	Mostly Middle/High school kids

STAFFING CHANGES

PUBLIC WORKS

Net **+2.0 FTE** funded from various sources:

- ▶ Sanitation Fund: \$88,290
- ▶ Water Fund: \$135,760
- ▶ General Fund: \$34,440



STAFFING CHANGES

PUBLIC WORKS

Change in FTE	Position	Fund	Description
+1.0	Water System Operator III	Water	New position to help support the Goldsworthy Desalter facility. New operating agreement with the Water Replenishment District will fund this new position.
-1.0	Lead Maintenance Worker	General Fund	To reverse a prior downgrade from 2009 (explained below).
+1.0	Public Works Supervisor	General Fund	Streetscape Division has expanded to include increasing the number of parkway trees in the City and landscape beautification projects. As such a 2009 downgrade to Lead Maintenance Worker is being restored.
+1.0	Sanitation Equipment Operator	Sanitation	Added to adequately support the City's illegal dumping and large item pickup which has increased substantially over the years.

FY 2022 – 2023 PROPOSED BUDGET CHANGES



NON-WAGE

▶ **Materials, Supplies & Maintenance**

- ▶ Rates adjusted to address shortfall in Fleet Services Internal Service Fund (Vehicle Replacement and Labor)
- ▶ 3% general CPI increase
- ▶ 20% increase to fuel costs

▶ **Professional/Contract Services & Utilities –**

- ▶ Utility costs adjusted to more closely align with actuals
- ▶ 3% general CPI increase

▶ **Interdepartmental Charges** – increased contributions to the Self-Insurance Fund to minimize operating losses

CITYWIDE BUDGET – REVENUE ANALYSIS

Citywide Revenue Budget Change: **+\$42.2 million** (\$13.6M General Fund)

MAJOR DRIVERS:

1

General Fund
+\$13.6M: Taxes,
recovering from
pandemic, EMT
program and
return of
programs

2

Transit Fund
+\$8.7M: one-time
COVID19 grant
funding of \$11.0M
to fund
operations

3

Water Fund
+\$4.3M: change in
accounting for a
facility charge to
Refinery. (Net zero
change to budget
with offsetting
expense)

4

Self-Insurance
Fund +\$7.3M:
increased
contributions to
minimize
operating losses

5

Fleet Services
Fund +\$3.6M:
increased
contributions
to offset
operating
losses

CITYWIDE BUDGET – EXPENDITURE ANALYSIS

Citywide Expenditure Budget Change: **+\$22.1 million (\$13.8M General Fund)**

MAJOR DRIVERS:

1

General Fund
Operating Fund
+\$13.8M:
mainly
attributable to
non-wage
categories

2

Debt Service
Fund +\$1.8M:
driven by 2021
LRB cost savings
that were
“frontloaded” in
FY21 & FY22

3

Water Fund +\$10.3M:
mainly increased
water supply costs of
\$8.1M due to: facility
charge accounting,
delays with N.
Torrance Well Field, &
Goldsworthy Desalter

4

Self Insurance
Fund -\$1.9M: due
to large one-time
settlements
included in FY22

GENERAL FUND BUDGET - OVERVIEW

- ▶ General Fund is composed of multiple sub-funds:
 - ▶ General Fund Operating Fund
 - ▶ General Fund Restricted/Assigned
 - ▶ General Fund - Unassigned
- ▶ Important to evaluate the General Fund overall, but more important to evaluate the General Fund Operating Fund to determine structural budget balance

GENERAL FUND BUDGET OVERVIEW (ALL SUB-FUNDS)

General Fund	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed Budget
Revenues	200,254,464	207,775,124	576,595,130	216,300,770	243,236,800
Expenditures	<u>204,417,746</u>	<u>227,308,046</u>	<u>554,707,183</u>	<u>226,534,666</u>	<u>239,401,273</u>
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				<u>-</u>	<u>-</u>
Increase/(Decrease) in Fund Balance				1,803,243	3,835,527

GENERAL FUND BUDGET OVERVIEW (ALL SUB-FUNDS)

- ▶ Projecting \$3.8 million available for FY 2022-23, **mainly driven by Restricted/Assigned** sub-funds:
 - \$2.0 million related to Pension Prefunding Trust (restricted)
 - \$2.0 related to Replacement Funds (assigned)

GENERAL FUND OPERATING FUND OVERVIEW

General Fund Operating Fund	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed 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	-

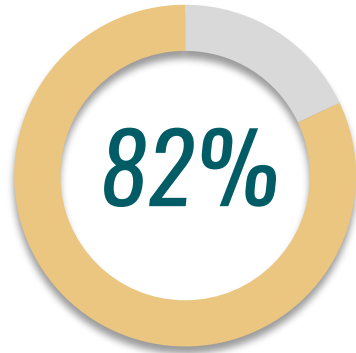
FIVE-YEAR PROJECTION GENERAL FUND

- ▶ As shown in the next slide, the budget remains balanced with all recommended reductions in place and an annual wage growth factor of 2%.
 - ▶ Reductions include **44.0 FTE** in Police and **8.0 FTE** in Fire
- ▶ Under those assumptions the unassigned fund balance is expected to meet the recommended 20% threshold by FY 2026-27

FIVE-YEAR PROJECTION: GENERAL FUND (ALL SUBFUNDS)

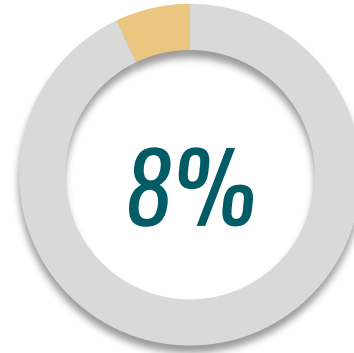
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Beginning Fund Balance	\$ 48,467,713	\$ 52,303,240	\$ 55,279,258	\$ 61,427,426	\$ 70,046,537
Revenues	243,236,800	249,982,354	258,889,309	267,966,599	274,468,872
Expenses	<u>236,676,273</u>	<u>244,006,336</u>	<u>249,651,141</u>	<u>256,164,788</u>	<u>262,719,118</u>
Net Change Operating	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
Nonspendable	\$ 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) Goal	\$ 47,880,255	\$ 49,401,267	\$ 50,548,228	\$ 51,869,498	\$ 53,199,460
Above/(Below) Goal	\$ (10,503,100)	\$ (11,360,841)	\$ (8,656,437)	\$ (4,108,588)	\$ 91,309

GENERAL FUND OPERATING FUND - REVENUES



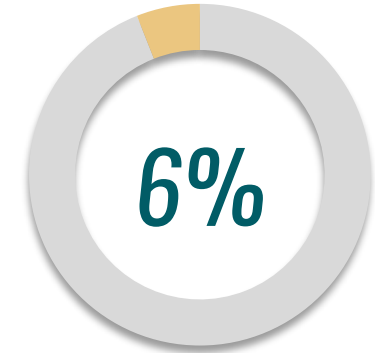
TAXES

Derived largely from sales and use tax, property tax, and utility users' tax.



CHARGES FOR SERVICES

Charges for services from Community Development, Community Services, Fire, and General Services.



OPERATING TRANSFERS IN

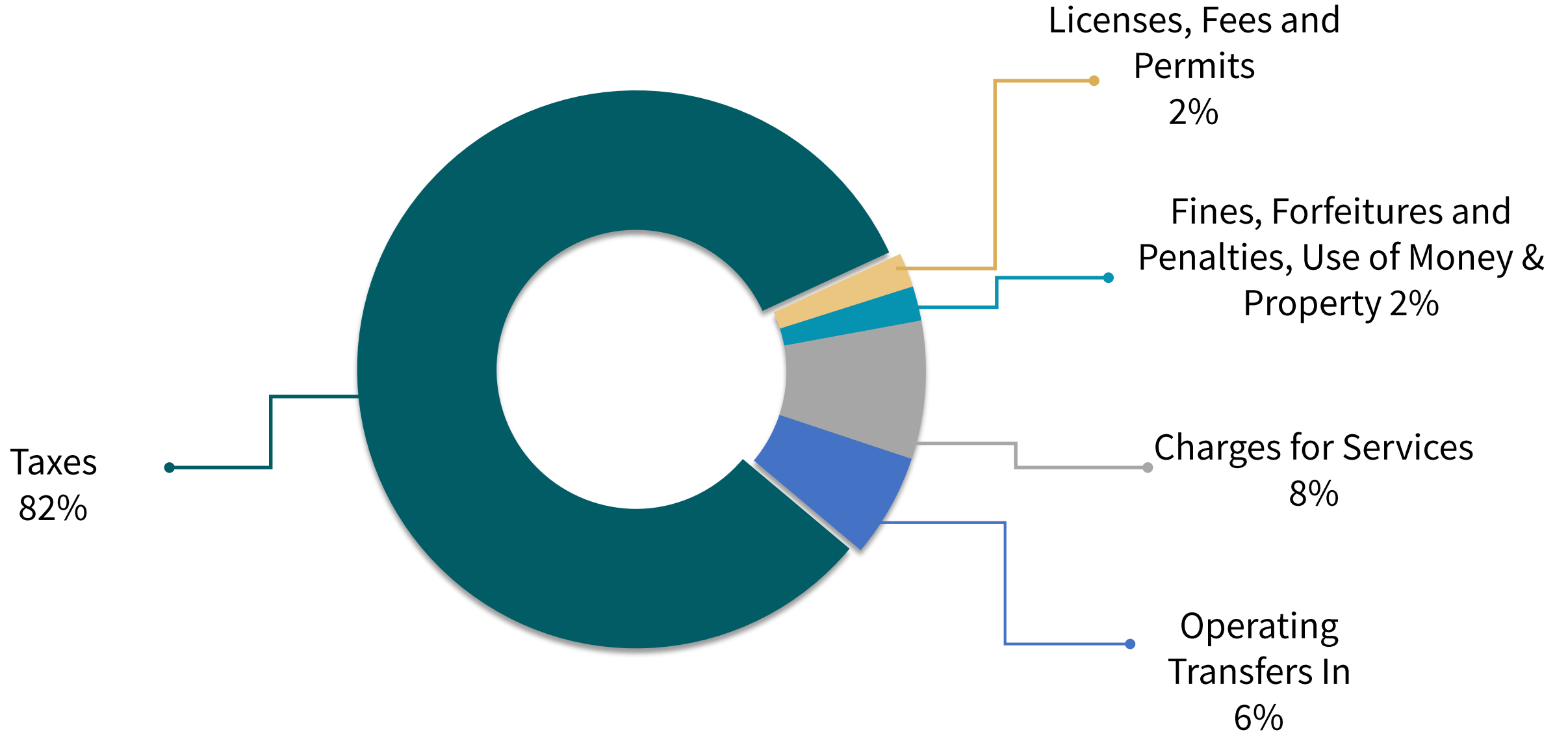
Largely from Transfer from the Airport Fund, Gas Tax, and Measure W.

GENERAL FUND OPERATING FUND - REVENUES

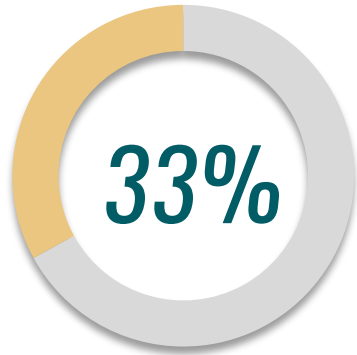
Revenues	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed Budget	FY2023 Increase / (Decrease)	Percent Change
Taxes	164,699,524	159,026,553	170,625,936	175,114,158	194,836,318	19,722,160	11.3%
Licenses, Fees and Permits	3,991,135	2,848,149	4,305,857	4,575,836	4,731,003	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%

Decrease in Other Revenues of \$12.0 million related to last payment of American Rescue Plan Act (ARPA) funds in FY 2021-22.

GENERAL FUND OPERATING FUND - REVENUES

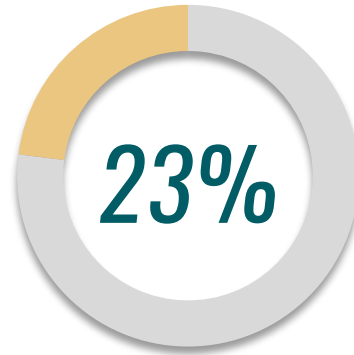


GENERAL FUND OPERATING FUND - TAXES



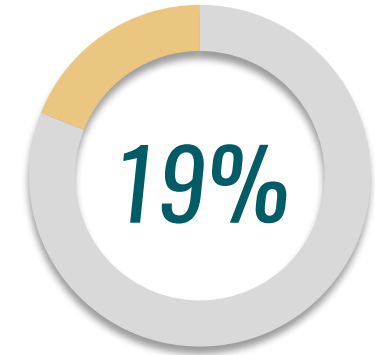
SALES TAX

Derived from point-of-sale transactions and Los Angeles County and State pool allocations.



PROPERTY TAX

Fiscal year 2021-22 net taxable assessed values increased 3.2% to \$34.4B, placing Torrance in the top 10 highest value cities in Los Angeles County (8th place).



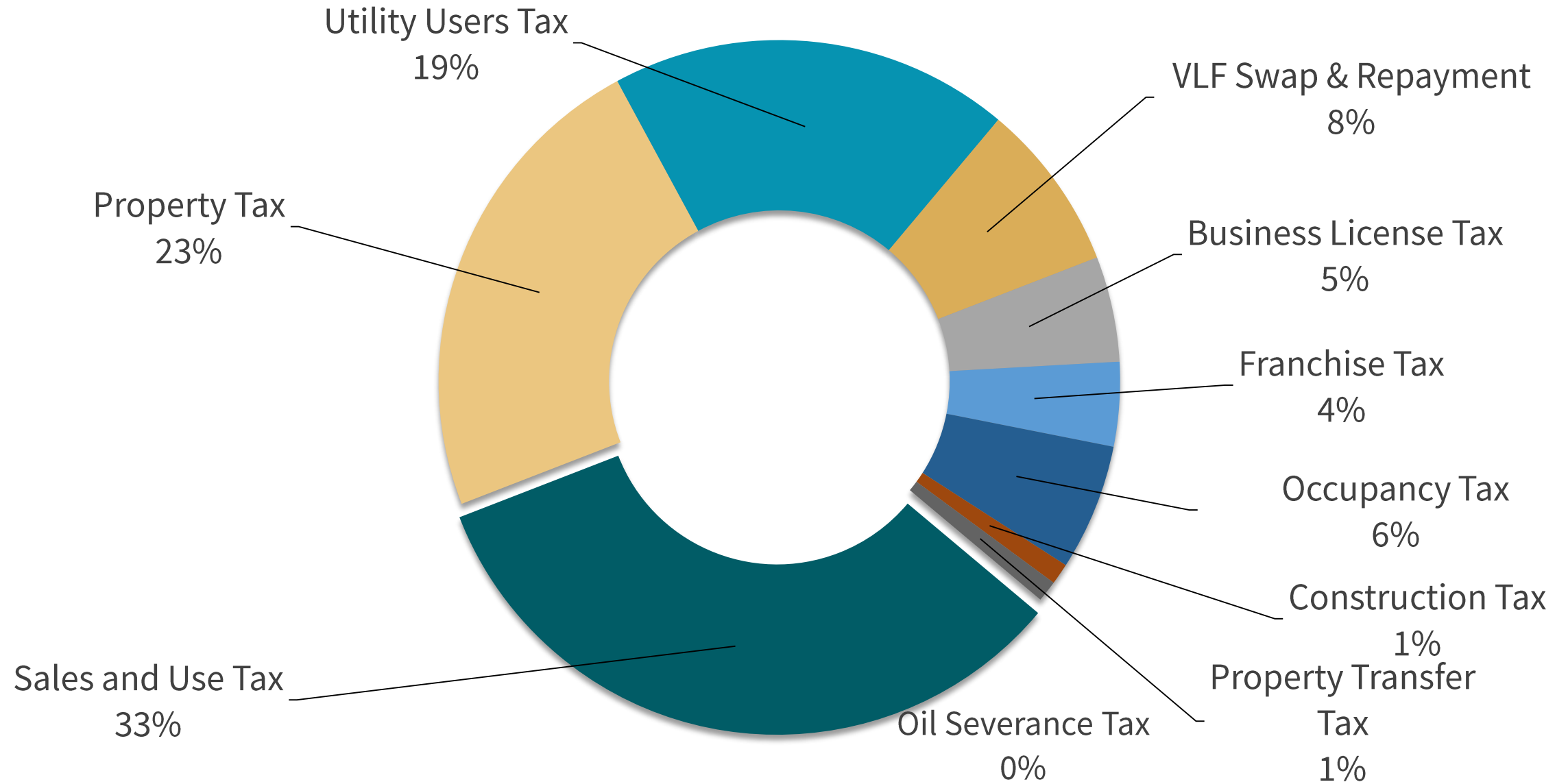
UTILITY USERS' TAX

A 6.5% consumption tax applied on the usage of utilities such as electricity, gas, and water.

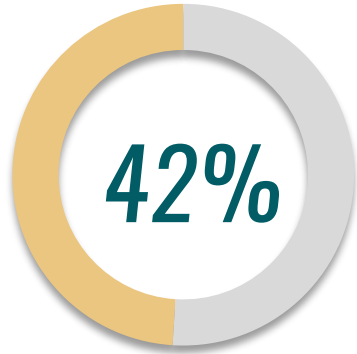
GENERAL FUND OPERATING FUND - TAXES

Taxes	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed 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%

GENERAL FUND OPERATING FUND - TAXES

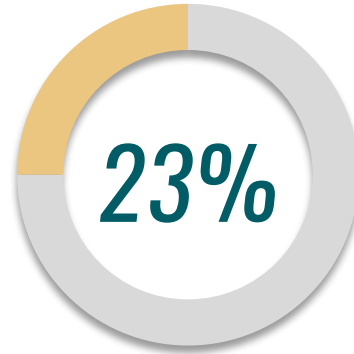


GENERAL FUND OPERATING FUND - CHARGES



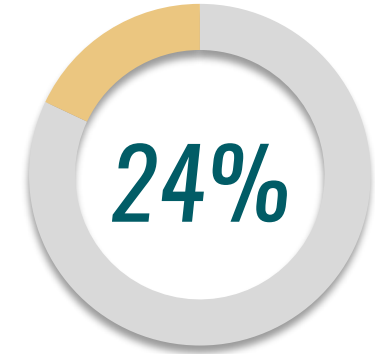
FIRE

Derived from emergency medical transport revenues, which is being transitioned “in-house”.



COMMUNITY DEVELOPMENT

Derived from fees charged on development and plan checks.



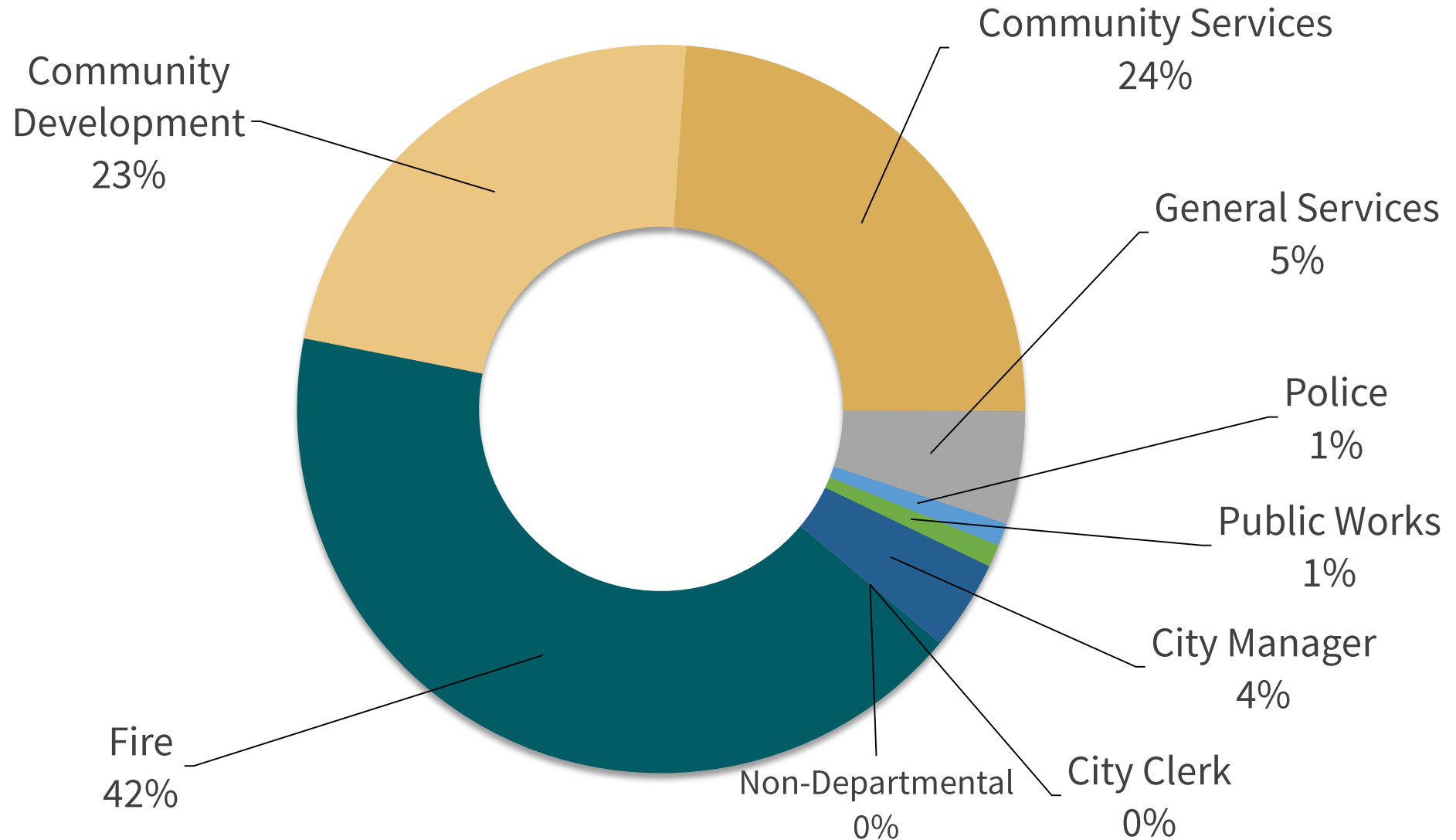
COMMUNITY SERVICES

Derived from fees charged to class and program participants and facility rentals.

GENERAL FUND OPERATING FUND - CHARGES

Charges for Services	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended Budget	2022-23 Proposed 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%

GENERAL FUND OPERATING FUND - CHARGES



General Fund Operating Fund – Non-Departmental

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 Gov't Activities	3,200
Community Clean Up	10,000
Seaside Lights	68,530
Total External Subsidies	\$ 490,830



General Fund Operating Fund – Subsidized Programs

Community Services Program	Revenue	Expenses	Net Operating Activity
Adult Sports Programs	470,992	557,932	(86,940)
Animal Control Program	148,558	498,068	(349,510)
Benstead Plunge	544,600	737,408	(192,808)
Civic Chorale	-	36,983	(36,983)
Classes	698,505	847,218	(148,713)
Community Gardens	1,746	24,759	(23,013)
Coyote Management Program	-	153,034	(153,034)
Early Childhood Education	52,581	140,163	(87,582)
Library Services	4,179	6,732,087	(6,727,908)
Madrona Marsh	-	6,787	(6,787)
Park After School Programs	523,122	531,678	(8,556)
Park Drop-In	-	70,567	(70,567)
Park Ranger Program	-	259,719	(259,719)
Scholarships	-	25,750	(25,750)
Senior Programs	23,207	193,675	(170,468)
Teen Activities	11,431	200,578	(189,147)
Therapeutic Programs	2,018	31,824	(29,806)
Torrance Art Museum	23,389	164,139	(140,750)
Youth Sports Programs	120,000	235,612	(115,612)
Total	\$ 2,624,327	\$ 11,447,981	\$ (8,823,654)

General Fund Operating Fund – Subsidized Programs

General Services Program	Revenue	Expenses	Net Operating Activity
CAC - Classrooms	42,185	684,700	(642,515)
CAC - Theaters	335,234	686,050	(350,816)
EV Charging Program	59,263	68,586	(9,323)
Graffiti Removal	-	443,611	(443,611)
Total	\$ 436,682	\$ 1,882,947	\$ (1,446,265)

- Note: FY 2022-23 proposed revenues are set at 85% of full operations for Community Services and 65% of full ops for General Services. Revenues in this slide and the previous slide are reflected at 100% return to programming, which may not occur until FY2023-24.

ENTERPRISE FUNDS

- ▶ The Enterprise Fund Type is comprised of the **Airport, Sanitation, Sewer, Transit, and Water Funds**
- ▶ Used to account for fee-supported businesses operated by the City
- ▶ Net earnings of these funds provide working capital for maintenance services of equipment and fixed assets



FY 2022 – 2023 ENTERPRISE FUNDS



SANITATION & SEWER FUNDS

A series of annual rate increases over a 5-year period to help support overall program costs, has ended. A new rate study will be conducted to review current rates.



WATER FUND

A series of annual sewer rate increases over a 5-year period, ends Dec 2022



TRANSIT FUND

Construction of the Mary K. Giordano Transit Center is scheduled to open June 2022.

FY 2021 – 2023

ENTERPRISE FUNDS

- ▶ The City's Enterprise Fund budget is \$131.7 million for FY 2023
- ▶ These proposed expenditure budgets represent an \$11.3 million (9.0%) increase from FY 2022, are mainly attributable to increased water supply costs of \$8.1 million due to change in accounting of a facility charge, delays in the operation of the North Torrance Well Field, and Goldsworthy Desalter costs

FY 2021 – 2023

ENTERPRISE FUNDS

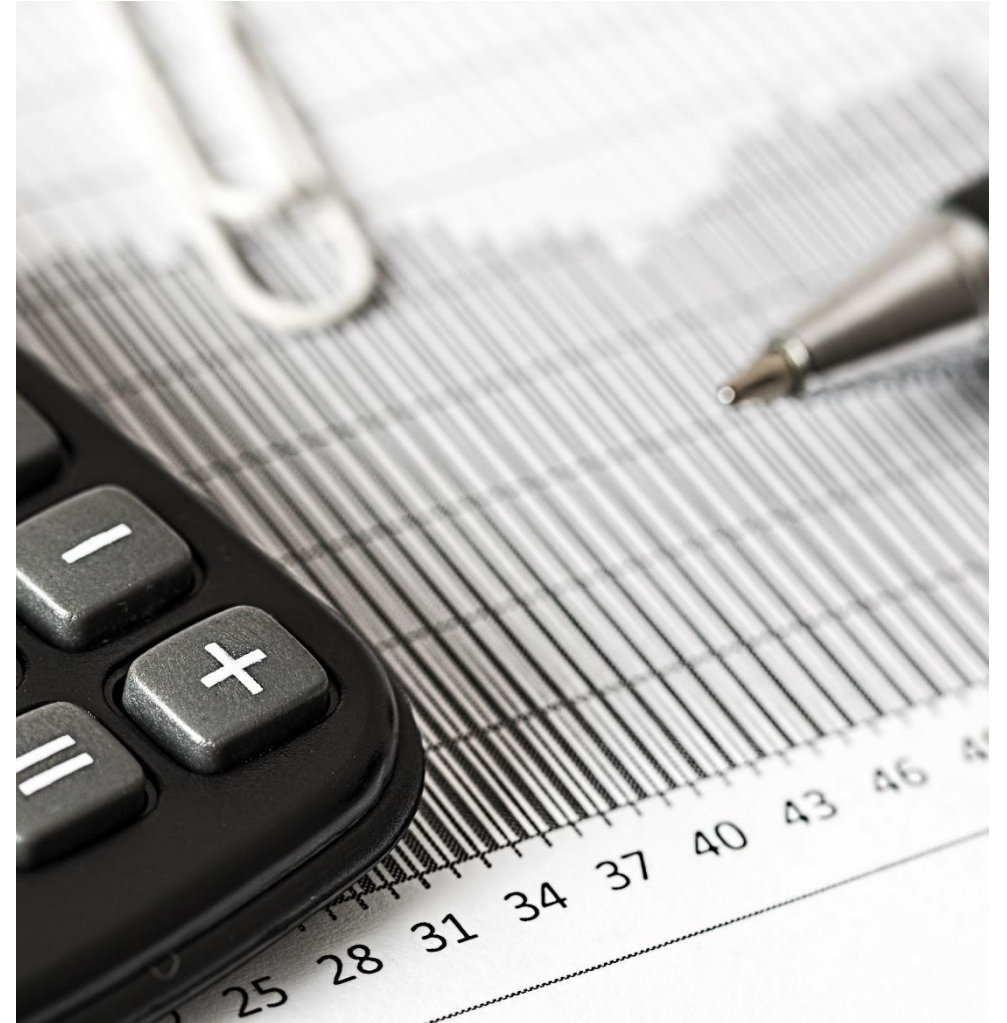
Enterprise Fund	2021-22 Amended Budget	2022-23 Proposed Budget	FY2023 Increase / (Decrease)	Percent Change
Airport Fund	15,787,136	15,969,869	182,733	1.0%
Water Fund	43,692,503	54,038,333	10,345,830	24.0%
Sanitation Fund	16,135,561	15,979,038	(156,523)	-1.0%
Sewer Fund	7,270,851	7,275,601	4,750	0.0%
Transit Fund	37,517,253	38,446,422	929,169	2.0%
Total Expenditures	\$ 120,403,304	\$ 131,709,263	\$ 11,305,959	9.0%

CAPITAL IMPROVEMENT PLAN

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	50,000	396,750	-
Finance	-	125,000	-	-
Fire	1,810,927	-	-	-
General Services	3,924,410	864,723	4,608,820	1,302,621
Public Works	<u>19,938,650</u>	<u>17,679,151</u>	<u>18,624,150</u>	<u>17,689,150</u>
Total	\$ 26,323,987	\$ 19,758,874	\$ 23,804,720	\$ 19,106,771

INVESTMENT POLICY

- ▶ Approved annually by Council via Resolution
- ▶ Draft version with track changes included for initial review
- ▶ Seek formal approval on May 24, 2022 to adopt resolution formalizing the 2022 Investment Policy



*QUESTIONS
&
DISCUSSION*

