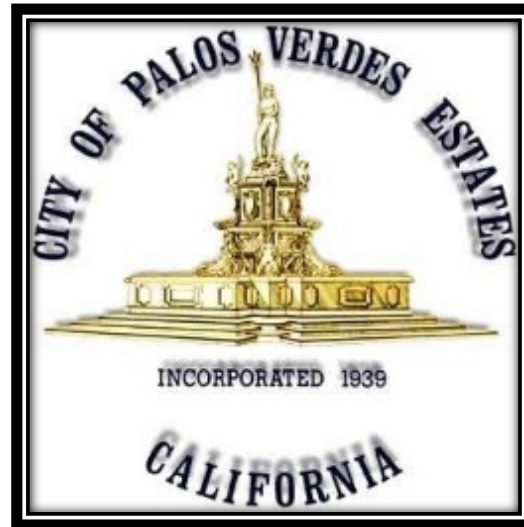


City of Palos Verdes Estates

MID-YEAR BUDGET REVIEW

2018



PURPOSE OF MID-YEAR BUDGET REVIEW



- Review and compare current budget (revenues and expenditures) with adopted budget for assessing status of budget expectations.
- Make budget adjustments as necessary.
- Serve as a baseline for forecasting year-end.

A Mid-Year Budget Review is a routine practice and part of the budget cycle.

IN 2017-18, THE CITY HAS:



- Covered Fire & Paramedic services.
 - Implemented one-time and temporary reductions of \$1,271,733, fund transfers of \$1,529,246, and utilized fiscal reserves in the amount of \$1,471,078 (\$4,272,057 – total).
- Completed an independent evaluation of the Police Department.
 - Police Department reductions amount to \$630,000 when fully implemented.
- Updated user fees and charges.
 - Net fees and charges are estimated to increase revenue by \$380,000.
- Commenced an independent study of the City's non-safety services.
 - Scheduled for presentation to the City Council on March 13, 2018.
- Established a Finance Advisory Committee.
 - For providing advice and recommendations on the City's fiscal health and fiscal sustainability.

CITY REVENUE



Income is as-expected and on target.

As of December 31, 2017, revenue is consistent with expectations at mid-year (at 38.27% realized) and performing favorably.

- Property Taxes: The City receives 40% of estimated property taxes during December. Currently, the City demonstrates a 1.23% favorable variance.

Revenue Sources	2017-2018 Adopted Budget	2017-2018 Actual	Budget to Actual \$\$ Variance	Budget to Actual % Variance
General Fund Revenues				
Property Tax	7,981,689	3,290,512	4,691,177	41.23%
Property Tax-In Lieu	1,375,395	0	1,375,395	0.00%
Sales Tax	379,000	138,351	240,649	36.50%
Real Estates Transfer Tax	200,000	100,111	99,889	50.06%
Business License Tax	208,000	20,211	187,789	9.72%
Franchise Fees	569,206	67,711	501,495	11.90%
Development Fees	994,000	705,627	288,373	70.99%
Motor Vehicle License Fees	0	0	0	0.00%
Interest Income	70,000	49,267	20,733	70.38%
Key Revenues	11,777,290	4,371,790	7,405,501	37.12%
Concessions and Rent	1,288,100	574,727	713,373	44.62%
Licenses & Permits	30,500	4,314	26,186	14.14%
Safety Fines	150,000	55,454	94,546	36.97%
Services Charges	58,000	45,736	12,264	78.85%
Other Fees*	539,591	8,905	530,686	1.65%
Other Revenues	2,066,191	689,135	1,377,056	33.35%
Revenues Before Transfers	13,843,481	5,060,925	8,782,556	36.56%
Transfers In	1,623,746	859,123	764,623	52.91%
Total Revenues Including Transfers	15,467,227	5,920,048	9,547,179	38.27%

CITY EXPENDITURES



Expenses are as-expected and on target.

- General Fund (operating) expenditures is at a favorable position of 1.82% (approximately \$300,000) below budget expectations
- Available budget is being realigned among Departments to reflect actual expenditures.

DEPT / DIVISION EXPENDITURES	ORIGINAL BUDGET	ADJUSTED BUDGET	Y-T-D ACTUAL *	% USED	BALANCE AVAILABLE	% AVAILABLE	% UNDER (OVER)
CITY MANAGER	726,014	770,514	359,938	46.71%	410,576	53.29%	
CITY ATTORNEY	177,000	177,000	122,279	69.08%	54,721	30.92%	
CITY CLERK	203,919	292,242	107,862	36.91%	184,380	63.09%	
NON-DEPARTMENTAL	167,532	167,532	92,215	55.04%	75,318	44.96%	
ADMINISTRATION	1,274,466	1,407,289	682,295	48.48%	724,994	51.52%	1.52%
FINANCE	619,119	650,543	339,910	52.25%	310,633	47.75%	
CITY TREASURER	45,398	45,398	18,593	40.96%	26,805	59.04%	
FINANCE	664,517	695,941	358,502	51.51%	337,439	48.49%	-1.51%
POLICE	7,142,338	7,142,338	3,486,088	48.81%	3,656,250	51.19%	
POLICE	7,142,338	7,142,338	3,486,088	48.81%	3,656,250	51.19%	1.19%
BUILDING	738,671	738,671	279,353	37.82%	459,318	62.18%	
PLANNING	367,021	367,021	205,496	55.99%	161,525	44.01%	
CITY PROPERTIES	177,501	177,501	80,297	45.24%	97,204	54.76%	
PLANNING & BUILDING	1,283,193	1,283,193	565,146	44.04%	718,047	55.96%	5.96%
PUBLIC WORKS ADMN	829,263	829,263	281,759	33.98%	547,504	66.02%	
STREETS	102,385	102,385	42,278	41.29%	60,107	58.71%	
PARKLANDS	1,201,785	1,251,785	629,458	50.28%	622,327	49.72%	
MAINTENANCE SERVICES	2,133,433	2,183,433	953,494	43.67%	1,229,938	56.33%	6.33%
GENERAL FUND EXPENDITURES BEFORE TRANSFERS	12,497,947	12,712,194	6,045,525	47.56%	6,666,668	52.44%	2.44%
TRANSFERS OUT	4,345,858	4,345,858	2,172,929	50.00%	2,172,929	50.00%	0.00%
GENERAL FUND EXPENDITURES INCLUDING TRANSFERS	16,843,805	17,058,052	8,218,454	48.18%	8,839,597	51.82%	1.82%

CAPITAL IMPROVEMENT PROJECT (CIP)



At the Fund level, expenditures are below expectations. Funds are retained in the Fund until the projects commence.

- Note: ALPR expenses necessitate an accounting adjustment to align with the approved budget appropriation.

FUND	ACCOUNT	PROJECT #	CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTED BUDGET	PERIOD EXPENDITURES	YEAR TO DATE EXP *	AVAILABLE BALANCE	% USED
	30-7500-5	80047	TRAFFIC CALMING	26,200	26,200	1,475	9,945	16,255	37.96%
	30-7500-5	80050	SLURRY SEAL	-	-		580	(580)	0.00%
	30-7500-5	80100	REPAIRS STORM	50,600	50,600		2,152	48,448	4.25%
	30-7500-5	80102	CATCH BASIN REPLACEMENT	1,815	1,815			1,815	0.00%
	30-7500-5	80159	MS4: FULL CAPTURE SM BAY	210,000	210,000			210,000	0.00%
	30-7500-5	80800	STREET CONST. & MT.	-	-			-	0.00%
	30-7500-5	80815	MALAGA BEAUTIFY	-	-			-	0.00%
	30-7500-5	80849	CITY HALL SAFETY PROJECT	-	-			-	0.00%
	30-7500-5	80855	CITY HALL ADA IMPROVEMEN	187,969	187,969			187,969	0.00%
	30-7500-5	80857	GREEN WASTE STORAGE CAMP	-	-			-	0.00%
	30-7500-5	80891	STREET RESURFACING	354,400	354,400		15,963	338,438	4.50%
	30-7500-5	80892	PAVEMENT MGMT SYSTEM	60,000	60,000		11,140	48,860	18.57%
	30-7500-5	80895	LIGHT CRS WLK PVDW VIA C	-	-			-	0.00%
	30-7500-5	80896	ADA UPGRADES CITYWIDE	202,500	202,500			202,500	0.00%
	30-7500-5	80897	CITY HALL PHONE SYSTEM	-	-			-	0.00%
	30-7500-5	80901	CIVC CTR INFR ASSESSMENT	-	-			-	0.00%
	30-7500-5	80904	CTY STM DRN #3 REPAIR	288,920	288,920			288,920	0.00%
	30-7500-5	80906	TREE MGMT PLAN	50,000	50,000			50,000	0.00%
	30-7500-5	80909	PVDW TRIANGLE STUDY	102,471	102,471			102,471	0.00%
	30-7500-5	80910	FARNHAM MARTIN PARK FNTN	-	-			-	0.00%
	30-7500-5	80911	ROSSLER FOUNTAIN UPGRADE	10,000	10,000			10,000	0.00%
	30-7500-5	80912	MALAGA CV PLZA ENHANCE	-	-			-	0.00%
	30-7500-5	80913	LND A BY PLZA ENHANCEMENT	150,000	150,000			150,000	0.00%
	30-7500-5	80914	TRIANGLE LANDSCAPE PVDW	-	-			-	0.00%
	30-7500-5	80916	TREE INVENTORY	50,000	50,000			50,000	0.00%
	30-7500-5	80918	LANDUSE STUDY MLGA CV PL	-	-			-	0.00%
	30-7500-5	80919	AUTOMOBILE LICENSE PLATE READER	24,000	24,000		53,813	(29,813)	224.22%
	30-7500-5	81105	DEL SOL - FIRE TURNOUT	-	-			-	0.00%
	30-7500-5	81300	CURB & GUTTERS	76,900	76,900			76,900	0.00%
	30-7500-5	81310	GUARDRAIL PROJECT	25,000	25,000			25,000	0.00%
	30-7500-5	81315	REFLECT ROAD REG SIGNS	100,000	100,000			100,000	0.00%
	30-7500-5	81497	CITYWIDE IRRIGATION UPGR	-	-		5,378	(5,378)	0.00%
30 - CAPITAL IMPROVEMENT				1,970,775	1,970,775	1,475	98,969	1,871,806	5.02%
	30-7500-5	69999	CIP - OPERATING TRANSFERS	1,029,246	1,029,246	514,623	514,623	514,623	50.00%
30 - CAPITAL IMPROVEMENT				3,000,021	3,000,021	516,098	613,592	2,386,429	20.45%
	62-7200-3	80101	SEWER REPAIR	361,635	361,635	-	3,574	358,061	0.99%
	62-7200-3	80155	VIA CORONEL/ZURITA UPGRA	343,940	343,940	-	-	343,940	0.00%
	62-7200-3	80158	SEWER COND ASSESSMENT	58,420	58,420	-	2,647	55,773	4.53%
62 - SEWER				763,995	763,995	-	6,221	757,774	0.81%
	50-7500-5	80886	STABLE MANURE PLATFORM	-	35,000	-	-	35,000	0.00%
50- PV STABLES				-	35,000	-	-	35,000	0.00%
GRAND TOTAL				3,764,016	3,799,016	516,098	619,814	3,179,202	16.32%

* - Year to date expenditures include encumbered amounts

FUND SUMMARY



The Fund Balances are as-expected.

- The City is maintaining \$7.2 million as the Policy reserve. With net transfers, the total General Fund operating balance of \$9.5 million is +/- 50%, consistent with Policy.
- Projected reduction of \$1,590,825 in General Fund balance reflects the reduction in Fire parcel tax revenue.

Major Funds	Audited Fund Balance June 30, 2017	Projected Fund Balance June 30, 2018
Fiscal Policy Reserve	7,200,000	7,200,000
Undesignated	3,938,731	2,347,906
Total General Fund Balance	11,138,731	9,547,906
Gas Tax	84,703	82,171
Police Grants (SLESF)	186,883	210,636
Fire/Paramedic Parcel Tax Fund Balance	703,615	42,485
Capital Improvement Fund	6,182,123	3,441,098
Sewer Capital Projects Fund	3,698,194	2,956,699
Equipment Replacement	2,962,825	2,163,012
Insurance	1,045,064	1,048,064
Total - Major Fund Changes	26,002,138	19,492,071

MID-YEAR BUDGET ADJUSTMENTS



								UNDESIGNATED GENERAL FUND IMPACT
FUND	ACCOUNT	CLASSIFICATION	DEPARTMENT	JUSTIFICATION	REVENUE	EXPENDITURE		
SERVICES								
01	3000-64425	PROFESSIONAL SERVICES	FINANCE	BUDGET RECLASS	Finance Dept. Technical Support / Professional Accounting Services		23,950	
01	3160-66601	CONTINGENCY RESERVE	NON-DEPARTMENTAL	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services		(22,100)	
01	4000-41095	CANINE PAY	POLICE	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services		(1,850)	
01	3040-64425	LEGAL	CITY ATTORNEY	BUDGET RECLASS	Legal Services - Liebert Cassidy Whitmore		14,900	
01	3010-50090	HEALTH INSURANCE	CITY CLERK	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(8,400)	
01	4000-41059	STUDENT & THE LAW	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(4,000)	
01	4000-62260	CANINE MAINTENANCE	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(2,500)	
01	2000-64425	PROFESSIONAL SERVICES	CITY MANAGER	BUDGET EXPENDITURE	Cornerstone Communications - Communications and Newsletter		12,000	
01	3010-62265	ELECTION	CITY CLERK	BUDGET EXPENDITURE	Martin & Chapman Election Services		10,000	
01	3000-64430	CONTRACTUAL SERVICES	FINANCE	BUDGET EXPENDITURE	Hdl Business License Charges FY 17-18		25,000	
01	31400	BUSINESS LICENSE TAX		BUDGET REVENUE OFFSET	Increase Business License Tax Revenue	10,000		
01	37100	CONSTRUCTION PERMITS		BUDGET REVENUE OFFSET	Increase Construction Permits Revenue	37,000		
Total						\$47,000	\$47,000	\$ -

Budget is being realigned to reflect actual revenues and expenditures

FISCAL IMPACT



The budget adjustments have a net impact of \$0.

- The budget is being realigned to reflect actual revenues and expenditures.
- Appropriation represents expenditures offset by revenues.

Fiscal Impact General Fund	Revenue Adjustments	Expenditure Adjustments	Transfers	Fund Increase (Decrease)
Fiscal Policy Reserve	-	-	-	-
Undesignated	47,000	47,000	-	-
Total General Fund Balance	47,000	47,000	-	-

NEXT STEPS



Receive and file the mid-year budget report.

Approve Resolution R18-19.

*The mid-year budget review will be provided to
the Finance Advisory Committee.*



MEMORANDUM

Agenda Item #: 8
Meeting Date: February 27, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

THRU: ANTON DAHLERBRUCH, CITY MANAGER /s/

**FROM: JIM WALKER, INTERIM FINANCE DIRECTOR /s/
KARINA BAÑALES, ASSISTANT TO THE CITY MANAGER /s/**

**SUBJECT: FISCAL YEAR 2017-2018 MID-YEAR OPERATING AND CAPITAL
IMPROVEMENT PLAN BUDGET REVIEW AND APPROVAL OF
RESOLUTION R18-19 FOR MID-YEAR BUDGET ADJUSTMENTS**

DATE: FEBRUARY 27, 2018

THE ISSUE

Shall the City Council “receive and file” this report and approve Resolution R18-19 approving authorizing mid-year budget adjustments?

BACKGROUND

Following the failure of Measure D on March 7, 2017, and specifically in reference to addressing the \$5 million budget shortfall (25% of the City’s operating budget), the City Council implemented a variety of budget balancing strategies. The strategies included:

1. **Reducing the general citywide budget.** The 2017-2018 fiscal year budget included one-time and temporary reductions of \$1,271,733, fund transfers of \$1,529,246, and use of fiscal reserves in the amount of \$1,471,078.
2. **Completing an independent, neutral expert evaluation of the costs, operations, value, benefits and efficiencies associated with having a locally controlled Police Department.** The study was completed in September 2017 and, in addition to the previous budget

reductions, the City Council approved a cumulative total of additionally \$630,000¹ in Police Department reductions.

3. **Updating user fees and charges.** The City is authorized to collect fees for the cost of providing services to the public. Following a comprehensive analysis of citywide charges for service, user fees have been adjusted to more fully recover City costs. Annualized, the updated fees and charges are estimated to directly increase revenue to the City by approximately \$380,000.
4. **Conducting an independent, neutral expert evaluation of the costs, operations, and efficiencies of the City's non-safety services.** The study commenced in early November 2017 and is scheduled for presentation to the City Council at its meeting on March 13, 2018.
5. **Establish a Finance Advisory Committee.** In broad terms, the Committee has been established to provide the City Council with advice and recommendations regarding the City's fiscal health and fiscal sustainability.

This 2017-2018 Mid-Year Budget Report presents the City's current mid-year revenues and expenditures in relation to the annual budget and expectations at mid-year. In turn, this report is intended to answer the following questions:

- What are current year-to-date revenues and expenditures and how are they tracking compared to the original budget adopted for fiscal year 2017-18?
- Are projected Fund balances better or worse than expected?
- How are Capital Improvement Projects proceeding?
- What budget adjustments, if any, are necessary?

DISCUSSION

What are current year-to-date (YTD) revenues and expenditures and how are they tracking compared to the original budget adopted for fiscal year 2017-18?

As of December 31, 2017, budget estimates are consistent with expectations at mid-year (50% of the year completed) and performing favorably. For further review, see **Attachment A**, the Revenue Budget to Actual Comparisons - General Fund and **Attachment B**, Budget Expenditures by Program - General Fund. Highlights of the Mid-Year Report are as follows.

1. General Fund Revenue is consistent with budget estimates with property tax revenue being slightly higher than expected. The City receives 40% of estimated property taxes during December which would have resulted in \$3,192,675, but actually received \$3,290,512 or \$97,837 above estimates, representing a 1.23% favorable variance. Key revenue indicators at mid-year are as follows:

¹ \$580,000 upon initial review of the Police Operations Study plus \$50,000 resulting from replacing a sworn Captain with a civilian Manager.

Revenue Sources	2017-2018 Adopted Budget	2017-2018 Actual	Budget to Actual \$\$ Variance	Budget to Actual % Variance
General Fund Revenues				
Property Tax	7,981,689	3,290,512	4,691,177	41.23%
Property Tax-In Lieu	1,375,395	0	1,375,395	0.00%
Sales Tax	379,000	138,351	240,649	36.50%
Real Estates Transfer Tax	200,000	100,111	99,889	50.06%
Business License Tax	208,000	20,211	187,789	9.72%
Franchise Fees	569,206	67,711	501,495	11.90%
Development Fees	994,000	705,627	288,373	70.99%
Motor Vehicle License Fees	0	0	0	0.00%
Interest Income	70,000	49,267	20,733	70.38%
Key Revenues	11,777,290	4,371,790	7,405,501	37.12%
Concessions and Rent	1,288,100	574,727	713,373	44.62%
Licenses & Permits	30,500	4,314	26,186	14.14%
Safety Fines	150,000	55,454	94,546	36.97%
Services Charges	58,000	45,736	12,264	78.85%
Other Fees*	539,591	8,905	530,686	1.65%
Other Revenues	2,066,191	689,135	1,377,056	33.35%
Revenues Before Transfers	13,843,481	5,060,925	8,782,556	36.56%
Transfers In	1,623,746	859,123	764,623	52.91%
Total Revenues Including Transfers	15,467,227	5,920,048	9,547,179	38.27%

**The General Fund revenue resulting from the exchange of Proposition A funds that was scheduled to be realized during fiscal year (FY) 2017-18 has been recorded by the City's external auditor in the Comprehensive Annual Financial Report (CAFR) as having occurred in FY 2016-17. As a result, the FY 2016-17 General Fund year-end balance was \$502,142 greater than expected, and the General Fund year-end revenue for FY 2017-18 will be \$502,142 lower than the budget.*

2. General Fund (operating) expenditures are at 48.18% percent of the budget at the halfway point in the year. This is a favorable position of 1.82% below budget expectations. With seasonality and timing of payments considered, annualized operating expenditures at the end of the year are projected to be in line with the approved budget.
3. Departments are reasonably in line with their respective budget at mid-year, and among all the Departments (total within the General Fund), existing funds are available to cover all costs. Budget savings in some Departments, through budget adjustments, are being made to cover overages in other Departments. Of note, within *Administration*, Cornerstone Communications increased due to communications and newsletter support; Liebert Cassidy Whitmore (LCW) legal costs are higher than budgeted due to labor relations and negotiations²; *City Clerk's Office*,

² These legal services are not to be confused with the services of the City Attorney, Jenkins and Hogin, who is on a fixed-fee monthly retainer and for all services is within the allocated budget.

for unexpected Election expenses and *Finance* is over budget due to vacancies that have necessitated professional accounting and technical services.

4. Capital Improvement year to date expenditures are at \$619,814. This includes transfers of \$514,623 to the General Fund. As such, it is clear that a very limited number of infrastructure projects have commenced. This is due in part to timing (it takes time to initiate projects once the project budget is authorized on July 1), resource limitations resulting from the City’s fiscal condition, and day-to-day matters that compete for available staff time.

Are projected Fund balances better or worse than expected?

The projected General Fund Balance for June 30, 2018, is \$1,590,825 lower than the June 30, 2017, Audited Fund Balance. The majority of the decrease is due to a General Fund Transfer of \$4,345,858 to the Fire/ Paramedic Parcel Tax Fund (to pay the service contract) of which \$2,172,929 (50%) is in the YTD Actual column (see **Attachment B**).

It is relevant to note that the FY 16-17 Comprehensive Annual Financial Report presents a higher (better) Fund balance for beginning FY 17-18. Therefore, the FY 17-18 budget under represented the beginning Fund balance. City funds will meet or exceed the Reserve Policy balance expectations. Notably, “rainy day” target balances of 50% are maintained, and even strengthened, as a result of overall fiscal performance. The important major fund reserve and balance projections follow:

Major Funds	Audited Fund Balance June 30, 2017	Projected Fund Balance June 30, 2018
Fiscal Policy Reserve	7,200,000	7,200,000
Undesignated	3,938,731	2,347,906
Total General Fund Balance	11,138,731	9,547,906
Gas Tax	84,703	82,171
Police Grants (SLESF)	186,883	210,636
Fire/Paramedic Parcel Tax Fund Balance	703,615	42,485
Capital Improvement Fund	6,182,123	3,441,098
Sewer Capital Projects Fund	3,698,194	2,956,699
Equipment Replacement	2,962,825	2,163,012
Insurance	1,045,064	1,048,064
Total - Major Fund Changes	26,002,138	19,492,071

These projections exclude the impact of proposed budget adjustments presented below.

How are Capital Improvement Projects proceeding?

Pages 80 and page 81 of the FY 2017-18 annual budget (City Website) includes a comprehensive listing of all Capital Improvement Projects (CIPs) that are both ongoing and scheduled for completion. FY 17-18 projects comprised of \$1.9 million of capital improvements.

Given the materiality of CIP dollar amounts and their public significance, **Attachment C** of this report provides an itemized status update for all projects. Similar reports are shared internally with staff to ensure that budget allocations are maintained.

What budget adjustments, if any, are necessary?

The mid-year budget review is an opportunity to review operational activities for making necessary budget adjustments. Doing so, aligns beginning estimates with current events and year-end forecasts. It is an important part of the budget cycle, supports planning for subsequent years, and serves to assess fiscal and operational activity. This mid-year analysis has resulted in the proposed budget adjustments noted on **Attachment D** for approval by the City Council with Resolution R18-19.

Resolution R18-19 addresses the following adjustments:

1. Martin & Chapman's \$56,000 agreement failed to include necessary translation and printing needs for the election and thus \$10,000 is additionally necessary as an election expense. The additional cost must be appropriated. With approval of this appropriation, the City Manager is given authority to execute the corresponding amendment to the agreement for services. Staff worked with Martin & Chapman representatives to obtain the least amount of cost adjustment possible.
2. Legal Services for Liebert Cassidy Whitmore in the amount of \$14,900, Finance Department Professional Services/HdL/Professional Accounting Services in the amount of \$23,950 and contractual services of HdL Business Licenses charges FY 17-18 in the amount of \$25,000.
3. On December 12, 2017, the City contracted communications and newsletter support with Cornerstone Communications in the amount of \$12,000 with no expenditure appropriation.
4. Business License Tax was increased by \$10,000 due to HdL FY 17-18 Business License revenue projections. Construction Permits increased by \$37,000 due to stronger than anticipated mid-year revenues.

FISCAL IMPACT

For all the budget adjustments, as presented in **Attachment D**, there is no fiscal impact of the mid-year budget adjustments. Funds within the General Fund have been identified to cover the reclass adjustments and new expenditures will be offset by revenue increases. The proposed budget adjustments have a net impact of \$0.

Fiscal Impact General Fund	Revenue Adjustments	Expenditure Adjustments	Transfers	Fund Increase (Decrease)
Fiscal Policy Reserve	-	-	-	-
Undesignated	47,000	47,000	-	-
Total General Fund Balance	47,000	47,000	-	-

NOTIFICATION

This matter was posted and noticed for the City Council meeting consistent with the City’s routine process. The information herein with a link to the webcast of this proceeding will be provided to the Finance Advisory Committee for its review and reference.

ALTERNATIVES AVAILABLE TO THE CITY COUNCIL

1. Receive and file the mid-year budget report and approve Resolution R18-19 as presented or with modifications.
2. Request further information.
3. Provide alternate direction.

RECOMMENDATION

It is recommended that the City Council receive and file the mid-year budget and approve Resolution R18-19.

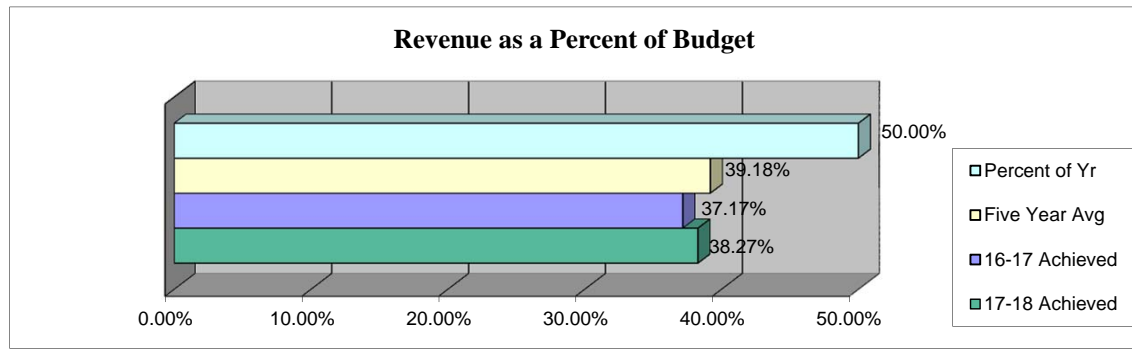
Attachments:

- A - Revenue Budget to Actual Comparisons – General Fund December 2017- Mid Year Review
- B - Budget to Actual Expenditures by Program – General Fund December 2017- Mid Year Review
- C - Budget to Actual Expenditures – CIP Status Report FY 17-18 December 2017
- D - Mid-Year Budget Adjustments Fiscal Year 2017/2018
- E – Resolution R18-19



City of Palos Verdes Estates
Revenue Budget to Actual Comparisons - General Fund
December 2017 - Mid Year Review

HISTORICAL REFERENCE											
REVENUE SOURCES	16-17 Budget	16-17 Audited Actual	17-18 Adopted Budget	17-18 Actual	Budget to Actual \$ Variance	Budget to Actual % Variance	16-17 Budget to Actual %	17-18 Budget to Actual %	Five Year Average	Percent of Year Expired	
GENERAL FUND REVENUES											
PROPERTY TAX	7,697,833	3,236,253	7,981,689	3,290,512	4,691,177	41.23%	42.04%	41.23%			
PROPERTY TAX - IN LIEU	1,317,554	0	1,375,395	0	1,375,395	0.00%	0.00%	0.00%			
SALES TAX	377,000	162,325	379,000	138,351	240,649	36.50%	43.06%	36.50%			
REAL ESTATE TRANSFER TAX	200,000	112,330	200,000	100,111	99,889	50.06%	56.16%	50.06%			
BUSINESS LICENSE TAX	208,000	51,712	208,000	20,211	187,789	9.72%	24.86%	9.72%			
FRANCHISE FEES	561,135	66,779	569,206	67,711	501,495	11.90%	11.90%	11.90%			
DEVELOPMENT FEES	994,000	543,888	994,000	705,627	288,373	70.99%	54.72%	70.99%			
MOTOR VEH LIC FEES	0	0	0	0	0	0.00%	-	0.00%			
INTEREST INCOME	70,000	52,471	70,000	49,267	20,733	70.38%	74.96%	70.38%			
KEY REVENUES	11,425,522	4,225,757	11,777,290	4,371,790	7,405,501	37.12%	36.99%	37.12%			
CONCESSIONS AND RENT	1,263,100	529,406	1,288,100	574,727	713,373	44.62%	41.91%	44.62%			
LICENSES & PERMITS	30,500	9,971	30,500	4,314	26,186	14.14%	32.69%	14.14%			
SAFETY FINES	150,000	60,478	150,000	55,454	94,546	36.97%	40.32%	36.97%			
SERVICE CHARGES	58,000	41,299	58,000	45,736	12,264	78.85%	71.21%	78.85%			
OTHER FEES	40,920	44,548	539,591	8,905	530,686	1.65%	108.87%	1.65%			
OTHER REVENUES	1,542,520	685,702	2,066,191	689,135	1,377,056	33.35%	44.45%	33.35%			
REVENUES BEFORE TRANSFERS	12,968,042	4,911,460	13,843,481	5,060,925	8,782,556	36.56%	37.87%	36.56%			
TRANSFERS IN	246,462	-	1,623,746	859,123	764,623	52.91%	0.00%	52.91%			
TOTAL REVENUES INCLUDING TRANSFERS	13,214,504	4,911,460	15,467,227	5,920,048	9,547,179	38.27%	37.17%	38.27%	39.18%	50.00%	
Revenue Over (Under) Prior Year Dollars					1,008,588						
Budget to Actual Over (Under) Prior Year %							1.11%				
Budget to Actual Over (Under) Annual Average %									-0.91%		





**City of Palos Verdes Estates
Budget to Actual Expenditures by Program - General Fund
December 2017 - Mid Year Review**

DEPT / DIVISION EXPENDITURES	ORIGINAL BUDGET	ADJUSTED BUDGET	Y-T-D ACTUAL *	% USED	BALANCE AVAILABLE	% AVAILABLE	% of Yr 50.00%
							% UNDER (OVER)
CITY MANAGER	726,014	770,514	359,938	46.71%	410,576	53.29%	
CITY ATTORNEY	177,000	177,000	122,279	69.08%	54,721	30.92%	
CITY CLERK	203,919	292,242	107,862	36.91%	184,380	63.09%	
NON-DEPARTMENTAL	167,532	167,532	92,215	55.04%	75,318	44.96%	
ADMINISTRATION	1,274,466	1,407,289	682,295	48.48%	724,994	51.52%	1.52%
FINANCE	619,119	650,543	339,910	52.25%	310,633	47.75%	
CITY TREASURER	45,398	45,398	18,593	40.96%	26,805	59.04%	
FINANCE	664,517	695,941	358,502	51.51%	337,439	48.49%	-1.51%
POLICE	7,142,338	7,142,338	3,486,088	48.81%	3,656,250	51.19%	
POLICE	7,142,338	7,142,338	3,486,088	48.81%	3,656,250	51.19%	1.19%
BUILDING	738,671	738,671	279,353	37.82%	459,318	62.18%	
PLANNING	367,021	367,021	205,496	55.99%	161,525	44.01%	
CITY PROPERTIES	177,501	177,501	80,297	45.24%	97,204	54.76%	
PLANNING & BUILDING	1,283,193	1,283,193	565,146	44.04%	718,047	55.96%	5.96%
PUBLIC WORKS ADMN	829,263	829,263	281,759	33.98%	547,504	66.02%	
STREETS	102,385	102,385	42,278	41.29%	60,107	58.71%	
PARKLANDS	1,201,785	1,251,785	629,458	50.28%	622,327	49.72%	
MAINTENANCE SERVICES	2,133,433	2,183,433	953,494	43.67%	1,229,938	56.33%	6.33%
GENERAL FUND EXPENDITURES BEFORE TRANSFERS	12,497,947	12,712,194	6,045,525	47.56%	6,666,668	52.44%	2.44%
TRANSFERS OUT	4,345,858	4,345,858	2,172,929	50.00%	2,172,929	50.00%	0.00%
GENERAL FUND EXPENDITURES INCLUDING TRANSFERS	16,843,805	17,058,052	8,218,454	48.18%	8,839,597	51.82%	1.82%

* - Year to date expenditures include encumbered amounts



**City of Palos Verdes Estates
Budget to Actual Expenditures - CIP Status Report
FY 17-18
December 2017**

									% of Year 50.00%
FUND	ACCOUNT	PROJECT #	CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTED BUDGET	PERIOD EXPENDITURES	YEAR TO DATE EXP *	AVAILABLE BALANCE	% USED
	30-7500-5	80047	TRAFFIC CALMING	26,200	26,200	1,475	9,945	16,255	37.96%
	30-7500-5	80050	SLURRY SEAL	-	-		580	(580)	0.00%
	30-7500-5	80100	REPAIRS STORM	50,600	50,600		2,152	48,448	4.25%
	30-7500-5	80102	CATCH BASIN REPLACEMENT	1,815	1,815			1,815	0.00%
	30-7500-5	80159	MS4: FULL CAPTURE SM BAY	210,000	210,000			210,000	0.00%
	30-7500-5	80800	STREET CONST. & MT.	-	-			-	0.00%
	30-7500-5	80815	MALAGA BEAUTIFY	-	-			-	0.00%
	30-7500-5	80849	CITY HALL SAFETY PROJECT	-	-			-	0.00%
	30-7500-5	80855	CITY HALL ADA IMPROVEMEN	187,969	187,969			187,969	0.00%
	30-7500-5	80857	GREEN WASTE STORAGE CAMP	-	-			-	0.00%
	30-7500-5	80891	STREET RESURFACING	354,400	354,400		15,963	338,438	4.50%
	30-7500-5	80892	PAVEMENT MGMT SYSTEM	60,000	60,000		11,140	48,860	18.57%
	30-7500-5	80895	LIGHT CRS WLK PVDW VIA C	-	-			-	0.00%
	30-7500-5	80896	ADA UPGRADES CITYWIDE	202,500	202,500			202,500	0.00%
	30-7500-5	80897	CITY HALL PHONE SYSTEM	-	-			-	0.00%
	30-7500-5	80901	CIVC CTR INFR ASSESMENT	-	-			-	0.00%
	30-7500-5	80904	CTY STM DRN #3 REPAIR	288,920	288,920			288,920	0.00%
	30-7500-5	80906	TREE MGMT PLAN	50,000	50,000			50,000	0.00%
	30-7500-5	80909	PVDW TRIANGLE STUDY	102,471	102,471			102,471	0.00%
	30-7500-5	80910	FARNHAM MARTIN PARK FNTN	-	-			-	0.00%
	30-7500-5	80911	ROSSLER FOUNTAIN UPGRADE	10,000	10,000			10,000	0.00%
	30-7500-5	80912	MALAGA CV PLZA ENHANCE	-	-			-	0.00%
	30-7500-5	80913	LNDA BY PLZA ENHANCEMENT	150,000	150,000			150,000	0.00%
	30-7500-5	80914	TRIANGLE LANDSCAPE PVDW	-	-			-	0.00%
	30-7500-5	80916	TREE INVENTORY	50,000	50,000			50,000	0.00%
	30-7500-5	80918	LANDUSE STUDY MLGA CV PL	-	-			-	0.00%
	30-7500-5	80919	AUTOMOBILE LICENSE PLATE READER	24,000	24,000		53,813	(29,813)	224.22%
	30-7500-5	81105	DEL SOL - FIRE TURNOUT	-	-			-	0.00%
	30-7500-5	81300	CURB & GUTTERS	76,900	76,900			76,900	0.00%
	30-7500-5	81310	GUARDRAIL PROJECT	25,000	25,000			25,000	0.00%
	30-7500-5	81315	REFLECT ROAD REG SIGNS	100,000	100,000			100,000	0.00%
	30-7500-5	81497	CITYWIDE IRRIGATION UPGR	-	-		5,378	(5,378)	0.00%
30 - CAPITAL IMPROVEMENT				1,970,775	1,970,775	1,475	98,969	1,871,806	5.02%
30 - CAPITAL IMPROVEMENT	30-7500-5	69999	CIP - OPERATING TRANSFERS	1,029,246	1,029,246	514,623	514,623	514,623	50.00%
				3,000,021	3,000,021	516,098	613,592	2,386,429	20.45%
	62-7200-3	80101	SEWER REPAIR	361,635	361,635	-	3,574	358,061	0.99%
	62-7200-3	80155	VIA CORONEL/ZURITA UPGRA	343,940	343,940	-	-	343,940	0.00%
	62-7200-3	80158	SEWER COND ASSESSMENT	58,420	58,420	-	2,647	55,773	4.53%
62 - SEWER				763,995	763,995	-	6,221	757,774	0.81%
	50-7500-5	80886	STABLE MANURE PLATFORM	-	35,000	-	-	35,000	0.00%
50- PV STABLES				-	35,000	-	-	35,000	0.00%
GRAND TOTAL				3,764,016	3,799,016	516,098	619,814	3,179,202	16.32%

* - Year to date expenditures include encumbered amounts



City of Palos Verdes Estates
Mid-Year Budget Adjustments
Fiscal Year 2017/2018

R18-19

							UNDESIGNATED GENERAL FUND				
FUND	ACCOUNT	CLASSIFICATION	DEPARTMENT	JUSTIFICATION	REVENUE	EXPENDITURE	IMPACT				
SERVICES											
01	3000-64425	PROFESSIONAL SERVICES	FINANCE	BUDGET RECLASS	Finance Dept. Technical Support / Professional Accounting Services		23,950				
01	3160-66601	CONTINGENCY RESERVE	NON-DEPARTMENTAL	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services		(22,100)				
01	4000-41095	CANINE PAY	POLICE	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services		(1,850)				
01	3040-64425	LEGAL	CITY ATTORNEY	BUDGET RECLASS	Legal Services - Liebert Cassidy Whitmore		14,900				
01	3010-50090	HEALTH INSURANCE	CITY CLERK	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(8,400)				
01	4000-41059	STUDENT & THE LAW	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(4,000)				
01	4000-62260	CANINE MAINTENANCE	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services		(2,500)				
01	2000-64425	PROFESSIONAL SERVICES	CITY MANAGER	BUDGET EXPENDITURE	Cornerstone Communications - Communications and Newsletter		12,000				
01	3010-62265	ELECTION	CITY CLERK	BUDGET EXPENDITURE	Martin & Chapman Election Services		10,000				
01	3000-64430	CONTRACTUAL SERVICES	FINANCE	BUDGET EXPENDITURE	Hdl Business License Charges FY 17-18		25,000				
01	31400	BUSINESS LICENSE TAX		BUDGET REVENUE OFFSET	Increase Business License Tax Revenue	10,000					
01	37100	CONSTRUCTION PERMITS		BUDGET REVENUE OFFSET	Increase Construction Permits Revenue	37,000					
Total						\$	47,000	\$	47,000	\$	-

RESOLUTION R18-19

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES
ESTATES, CALIFORNIA APPROVING FISCAL YEAR 2017-18 MID-YEAR BUDGET
ADJUSTMENTS**

THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA DOES
RESOLVE AS FOLLOWS:

To authorize the adjustment of the FY 2017-2018 Budget as follows:

BUDGET ADJUSTMENT # 10

Attached hereto as Attachment D

The City Clerk shall certify to the passage and adoption of Resolution R18-19

PASSED, APPROVED AND ADOPTED on this 27th day of February, 2018.

James Vandever, Mayor

ATTEST:

Lauren Pettit, City Clerk

APPROVED AS TO FORM:

Christi Hogin, City Attorney

**City of Palos Verdes Estates
Mid-Year Budget Adjustments
Fiscal Year 2017/2018**

R18-19

FUND	ACCOUNT	CLASSIFICATION	DEPARTMENT	JUSTIFICATION	REVENUE	EXPENDITURE	UNDESIGNATED GENERAL FUND IMPACT	
SERVICES								
01	3000-64425	PROFESSIONAL SERVICES	FINANCE	BUDGET RECLASS	Finance Dept. Technical Support / Professional Accounting Services	23,950		
01	3160-66601	CONTINGENCY RESERVE	NON-DEPARTMENTAL	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services	(22,100)		
01	4000-41095	CANINE PAY	POLICE	BUDGET RECLASS	Offset Finance Dept. Technical Support / Professional Accounting Services	(1,850)		
01	3040-64425	LEGAL	CITY ATTORNEY	BUDGET RECLASS	Legal Services - Liebert Cassidy Whitmore	14,900		
01	3010-50090	HEALTH INSURANCE	CITY CLERK	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services	(8,400)		
01	4000-41059	STUDENT & THE LAW	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services	(4,000)		
01	4000-62260	CANINE MAINTENANCE	POLICE	BUDGET RECLASS	Offset Liebert Cassidy Whitmore Legal Services	(2,500)		
01	2000-64425	PROFESSIONAL SERVICES	CITY MANAGER	BUDGET EXPENDITURE	Cornerstone Communications - Communications and Newsletter	12,000		
01	3010-62265	ELECTION	CITY CLERK	BUDGET EXPENDITURE	Martin & Chapman Election Services	10,000		
01	3000-64430	CONTRACTUAL SERVICES	FINANCE	BUDGET EXPENDITURE	Hdl Business License Charges FY 17-18	25,000		
01	31400	BUSINESS LICENSE TAX		BUDGET REVENUE OFFSET	Increase Business License Tax Revenue	10,000		
01	37100	CONSTRUCTION PERMITS		BUDGET REVENUE OFFSET	Increase Construction Permits Revenue	37,000		
Total						\$ 47,000	\$ 47,000	-