



MEMORANDUM

Agenda Item #: 12
Meeting Date: May 8, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

THRU: ANTON DAHLERBRUCH, CITY MANAGER /s/

**FROM: SHARON DEL ROSARIO, INTERIM FINANCE DIRECTOR /s/
KARINA BAÑALES, ASSISTANT TO THE CITY MANAGER /s/**

SUBJECT: REVIEW OF FISCAL YEAR 2017-2018 YEAR-END PROJECTIONS AND APPROVAL OF RESOLUTION R18-29 FOR YEAR-END BUDGET ADJUSTMENTS

DATE: MAY 8, 2018

THE ISSUE

Shall the City Council “receive and file” the year-end budget projections and approve Resolution R18-29 approving year-end budget adjustments?

BACKGROUND

Following the failure of Measure D in March, 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 for fiscal year (FY) 2017-18. The strategies included:

1. **Reducing the general citywide budget.** The 2017-2018 fiscal year (FY) 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 in the Police Department.** The study was completed in September 2017 and the City Council approved a cumulative total of \$630,000¹ in Police Department reductions in addition to the previously implemented budget reductions within the FY 2017-18 budget.

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

3. **Increasing 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 were adjusted in March 2018 to more fully recover actual City costs. Annualized, the updated fees and charges are estimated to directly increase City revenue by approximately \$380,000.
4. **Completing an independent, neutral expert evaluation of the costs, operations, and efficiencies of the City's non-safety services.** The study was presented to the City Council at its meeting on March 13, 2018 and subsequently also discussed at the City Council meeting on April 24, 2018. Recommendations in the report will be considered through the review and adoption of the FY 2018-2020 budget.

On February 27, 2018, the City Council was provided a mid-year budget report comparing the approved budget to actual revenues and expenditures. The report identified that through six-months of FY 2017-18, the City was in a positive operating position with revenues 1% higher than expected and expenditures 1% below the budget.

At this time, as the next step in the process of preparing the biannual budget, staff is presenting in this report the FY 2017-2018 year-end projections. The year-end projections serve two primary purposes:

1. The year-end projections establish the base upon which the City builds the base budget (the annual budget without enhancements).
2. The year-end projections identify the projected starting Fund Balance for the upcoming year. The Fund Balance represents the funds held in reserve in accordance with the City Council's policy requirements and the funds in excess of the minimum reserve level (also known as the undesignated Fund Balance or undesignated reserves) for the allocation to programs, projects and costs as determined appropriate by the City Council.

Based on the year-end projections, City staff will next complete the base budget. The base budget will be presented to the City Council at a workshop scheduled at 5:30 p.m. on May 22. In the workshop, staff will explain and justify the base budget for the purpose of (1) providing a common understanding of the resources necessary to maintain the current level of services and (2) presenting the expected revenues. Thereafter, on May 30 at 9:00 a.m., the City Council will meet to review and discuss "decision packages" and the City Council's priorities for making modifications to the base budget and allocating the undesignated reserves.

In this report on FY 2017-2018 year-end projections, we provide the projected revenues and projected expenditures in relation to budget. As such, this report is intended to provide the following:

- Year-end projections compared to the adjusted budget.
- June 30, 2018, projected fund balances.
- June 30, 2018, Capital Improvement Projects projected status report.
- Proposed FY 2017-2018 year-end projected budget adjustments based on the projections.

DISCUSSION

The City Council approves the budget every two years and annually also authorizes (adopts) the appropriations necessary for funding City services, programs, projects and obligations. The appropriations are approved by Fund (e.g., General Fund, Capital Improvement Project Fund, etc.). Within the total appropriations for each Fund, the City Manager has the authority and responsibility for implementing the services, projects, and policies of the City Council. If expenses during the year will exceed the appropriations (approved budget) or if it is necessary because of particular circumstances, it is necessary that the budget be adjusted. The budget is adjusted by the City Council's approval of a Resolution that authorizes new (increased) appropriations. On the other hand, if an appropriation is not authorized, services and operations in support of the public must be reduced.

It is the City's practice not to pad the annual budget for the "what if" or potential issue. Padding the budget results in incremental, unnecessary budget and spending increases and reserves money that may be important for other priorities. Rather, the City budgets as close to the real costs as possible. This means that throughout the year, when there are unexpected costs, cost increases, or new projects, a budget adjustment (appropriation) is necessary to authorize the increased expenditure. Mid-year appropriations constitute the "Adjusted Budget."

Summary of year-end projection compared to the adjusted budget.

Attachment A and B represent the Finance Department revenue and expenditures projections for the fiscal year ending June 30, 2018.

- General Fund revenue is projected to be \$15,225,283, which is \$291,995 lower than the adjusted budget of \$15,517,277.
- General Fund expenditures are projected to be \$16,603,589 which is \$504,512 lower than the adjusted budget amount of \$17,108,101.
- It is projected that \$1,378,306 in reserves will be necessary to cover the difference between revenues and expenditures (due to the March 2017 loss of \$5 million in revenue). This is \$212,519 less than expected in comparison to the adjusted budget figure of \$1,590,825.

What are current year-to-date (YTD) revenues and expenditures and how are they tracking compared to the FY 2017-2018 budget?

1. General Fund Revenue is projected to be \$291,995 lower than the adjusted budget. Property tax revenue is projected to be slightly (2.34%) lower than the adjusted budget. Also, Sales Tax and Interest Income are each about \$40,000 lower than expected (10.33% and 58.37%, respectively). Other Fees* is additionally \$505,434 below the budget. On the other hand, development fees are projected to be \$418,265 (40.57%) higher than adjusted budget. In combination of these, total revenues are 1.88% under the budget.

Key revenue indicators at year-end are as follows:

Revenue Sources	2017-2018 Adjusted Budget	2017-2018 Projected	Budget to Projection \$\$ Variance	Budget to Projection % Variance
General Fund Revenues				
Property Tax	7,981,689	7,795,302	(186,387)	97.66%
Property Tax-In Lieu	1,375,395	1,391,098	15,703	101.14%
Sales Tax	379,000	339,840	(39,160)	89.67%
Real Estates Transfer Tax	200,000	192,000	(8,000)	96.00%
Business License Tax	218,000	208,600	(9,400)	95.69%
Franchise Fees	569,206	572,788	3,582	100.63%
Development Fees	1,031,000	1,449,265	418,265	140.57%
Motor Vehicle License Fees	0	0	0	0
Interest Income	70,000	29,140	(40,860)	41.63%
Key Revenues	11,824,290	11,978,033	153,743	101.30%
Concessions and Rent	1,288,100	1,354,832	66,732	105.18%
Licenses & Permits	30,500	14,515	(15,986)	47.59%
Safety Fines	150,000	127,048	(22,952)	84.70%
Services Charges	58,000	92,952	34,952	160.26%
Other Fees*	539,591	34,157	(505,434)	6.33%
Other Revenues	2,066,191	1,623,503	(442,688)	78.57%
Revenues Before Transfers	13,890,481	13,601,537	(288,945)	97.92%
Transfers In	1,626,796	1,623,746	(3,050)	99.81%
Total Revenues Including Transfers	15,517,277	15,225,283	(291,995)	98.12%

* The General Fund revenue resulting from the exchange of Proposition A funds that was scheduled to be realized during fiscal year (FY) 2017-2018 has been recorded by the City's external auditor in the Comprehensive Annual Financial Report (CAFR) as having occurred in FY 2016-2017. As a result, the FY 2016-2017 General Fund year-end balance was \$502,142 greater than expected, and the General Fund year-end revenue for FY 2017-2018 will be \$502,142 lower than the budget. A 2017-2018 budget adjustment is proposed to correct this item.

2. General Fund (operating) expenditures are at 97.05% percent of the FY 2017-2018 adjusted budget. This is a favorable position of \$504,512 (2.95%) below the adjusted budget resulting from a combination of implementing the City Council's budget reductions in the Police Department (through attrition and reducing Mountain Recreation Conservation Authority Rangers use), employee pension concessions, and management's prudent, cost-conscious control of costs. With seasonality and timing of payments considered, annualized operating expenditures at the end of the year are projected to be in line with the adjusted budget.

3. Departmental costs, overall, are projected to end the year within the adjusted budget with two exceptions. Within *Administration*, Liebert Cassidy Whitmore (LCW) legal costs are higher than budgeted due to labor relations and negotiations²; *Finance* is also over budget due to vacancies that have necessitated professional accounting and technical services. On the other hand, the Police

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

department has considerable savings of \$547,402 due to employee attrition, unfilled vacancies and employees contributing 100% of the “employee” portion of CalPERS pension costs. In the Planning and Building Department, projected expenditures are higher than the adjusted budget; however, development and planning fees offset the difference.

4. Capital Improvement expenditures are projected to be \$1,524,565 at year-end. This includes the budgeted transfer of \$1,079,246 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.

Projected fund balances through June 30, 2018

The presentation below compares the audited fund balance at June 30, 2017 to the projected fund balance as of June 30, 2018. The total FY 2016-2017 governmental audited fund balances reflected below can be found in the FY 2016-2017 Comprehensive Annual Financial Report (CAFR page 18 & 19). The FY 2016-2017 Internal Service Fund statement can be found on page 92 of the CAFR. The projected FY 2017-2018 General Fund Balance for June 30, 2018 is \$1,341,876 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). Concurrently, the City Fund Balance will meet or exceed the reserve policy balance expectations. Notably, “rainy day” target balances of 50% are maintained, and even strengthened in comparison to the original budget, as a result of overall fiscal performance. The City’s governmental and internal service funds projections follow:

These projections exclude the impact of the proposed year-end budget adjustments.

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	2,596,855
Total General Fund **	11,138,731	9,796,855
Special Projects	943,848	970,120
Fire/Paramedic Parcel Tax	703,615	122,552
Transit Proposition A	2,124	251,522
Total Special Revenue Funds	1,649,587	1,344,194
Capital Improvement Fund	6,182,123	5,060,913
Sewer Capital Projects Fund	3,698,194	3,687,835
Total Capital Projects Funds	9,880,317	8,748,748
Total Other Governmental Funds *	1,240,040	2,019,401
Total Governmental Funds	23,908,675	21,909,198
Equipment Replacement	2,962,825	2,382,091
Insurance	1,045,064	1,051,064
Total Internal Service Funds	4,007,889	3,433,155
Total Governmental including Internal Service Funds	27,916,564	25,342,353

** Other Governmental Funds include - Gas Tax, Drug Intervention, Police Grants, Corrections, Measure R, Prop C, Parklands, RMRA and Measure M.*

*** Projected FY 2017-2018 General Fund Revenues (\$13,637,967) in Attachment C is different from Attachment A - Projected FY 2017-2018 General Fund Revenues (\$13,601,537 before transfers) by the Stable Fund revenues of \$36,430.*

June 30, 2018, Capital Improvement Projects projected status report.

Pages 80 and page 81 of the [FY 2017-2018 annual budget](#) includes a comprehensive listing of all Capital Improvement Projects (CIPs) that are both ongoing and scheduled for completion. FY 2017-2018 projects comprised of \$2.1 million of capital improvements.

Given the materiality of CIP dollar amounts and their public significance, **Attachment D** 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.

The proposed FY 2017-2018 year-end projected budget adjustments.

The year-end projection is an opportunity to review operational activities for making necessary budget adjustments. Doing so aligns the budget with current events; it is an important part of the budget cycle, supports planning for subsequent years, and serves to assess fiscal and operational activity. This year-end projection analysis has resulted in the proposed budget adjustments noted in **Attachment E** for approval by the City Council with Resolution R18-29 (**Attachment H**).

Resolution R18-29 addresses the following adjustments:

1. The General Fund revenue resulting from the exchange of Proposition A funds that was scheduled to be realized during fiscal year (FY) 2017-2018 has been recorded by the City's external auditor in the Comprehensive Annual Financial Report (CAFR) as having occurred in FY 2016-2017. As a result, the FY 2016-2017 General Fund year-end balance was \$502,142 greater than expected, and the General Fund year-end revenue for FY 2017-2018 will be \$502,142 lower than the budget. We have proposed a 2017-2018 budget adjustment to correct this item. The adjustment will reduce general fund revenues by \$502,142 and reduce Proposition A expenditures by \$669,522.
2. In FY 2017-2018, the Corrections Fund received unanticipated Asset Seizure - Department of Treasury funds in the amount of \$551,100. As a result, the Corrections Fund is projected to receive additional interest income of \$1,200.
3. The Road Maintenance and Rehabilitation program, resulting from the Legislature's mid-year approval of SB 1 for roadway maintenance, is a new program in FY 2017-2018 that was not in the City's original budget. Under this program, the City is receiving approximately \$78,000 in unanticipated revenue in FY 2017-2018 and the Fund is projected to receive additional interest income of \$500.
4. The Measure M program, approved by voters in Los Angeles County, is a new transportation-related program in FY2017-2018 that was not originally in the budget. As a result, the Fund is projected to receive additional revenue of \$170,816 plus interest income of \$3,000.

FISCAL IMPACT

For all the budget adjustments, as presented in **Attachment E**.

Fiscal Impact General Fund	Revenue Adjustments	Expenditure Adjustments	Transfers	Fund Increase (Decrease)
General Fund Undesignated	(502,142)			(502,142)
Transit Prop A		(669,522)		669,522
Drug Intervention	556,300			556,300
Road Maintenance & Rehabilitation	78,500			78,500
Measure M	173,816			173,816
Total All Funds	306,474	(669,522)		975,996

NOTIFICATION

This matter was posted and noticed for the City Council meeting consistent with the City’s routine process. The Finance Advisory Committee has also been forwarded this information.

ALTERNATIVES AVAILABLE TO THE CITY COUNCIL

1. Receive and file the year-end budget report and approve Resolution R18-29 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 year-end budget and approve Resolution R18-29.

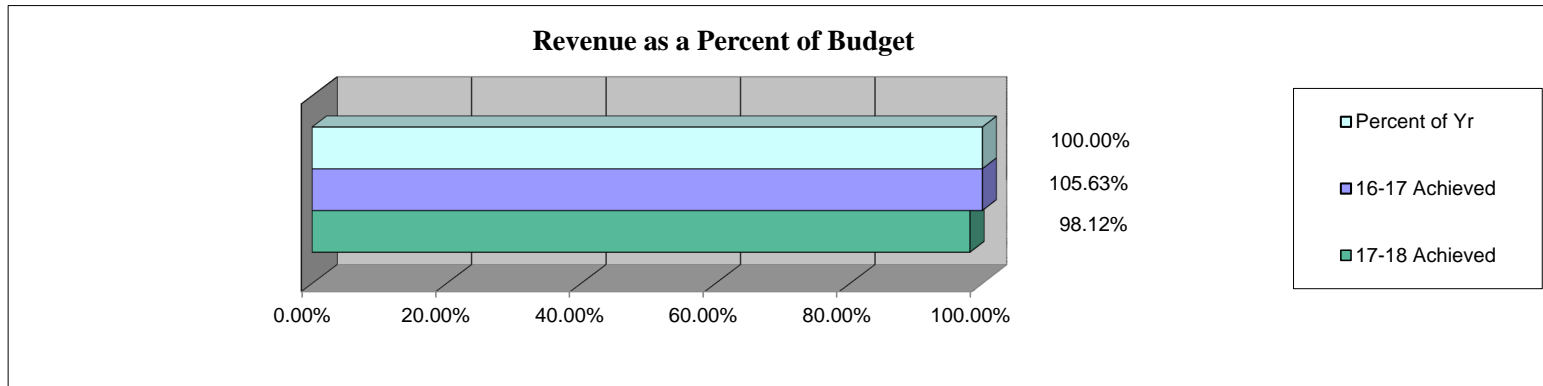
Attachments:

- A - FY 2017-2018 Revenue Budget to Projection Comparisons – General Fund
- B - FY 2017-2018 Budget to Projected Expenditures by Program – General Fund
- C - FY 2017-2018 Projected Fund Balances
- D - FY 2017-2018 Budget to Projected Expenditures – CIP Status Report
- E - FY 2017-2018 Year-End Budget Adjustments
- F - FY 2017-2018 Authorized Positions
- G - Glossary of Terms
- H - Resolution R18-29
- I - Reserve Policy
- J - Exception Report
- K - Year to Date – 2017/2018 Building Permit statistics
- L - Budget Overview slides



**City of Palos Verdes Estates
Revenue Budget to Projection Comparisons - General Fund
Fiscal Year 2017 - 2018 Year-end Projections**

HISTORICAL REFERENCE										
REVENUE SOURCES	16-17 Budget	16-17 Audited Actual	17-18 Adopted Budget	17-18 Adjusted Budget	17-18 Projection	Budget to Projection \$\$ Variance	Budget to Projection % Variance	16-17 Budget to Actual %	17-18 Budget to Projection %	
GENERAL FUND REVENUES										
PROPERTY TAX	7,697,833	7,700,660	7,981,689	7,981,689	7,795,302	(186,387)	97.66%	100.04%	97.66%	
PROPERTY TAX - IN LIEU	1,317,554	1,388,090	1,375,395	1,375,395	1,391,098	15,703	101.14%	105.35%	101.14%	
SALES TAX	377,000	426,147	379,000	379,000	339,840	(39,160)	89.67%	113.04%	89.67%	
REAL ESTATE TRANSFER TAX	200,000	287,068	200,000	200,000	192,000	(8,000)	96.00%	143.53%	96.00%	
BUSINESS LICENSE TAX	208,000	212,783	208,000	218,000	208,600	(9,400)	95.69%	102.30%	95.69%	
FRANCHISE FEES	561,135	541,636	569,206	569,206	572,788	3,582	100.63%	96.53%	100.63%	
DEVELOPMENT FEES	994,000	1,155,284	994,000	1,031,000	1,449,265	418,265	140.57%	116.23%	140.57%	
INTEREST INCOME	70,000	(54,176)	70,000	70,000	29,140	(40,860)	41.63%	-77.39%	41.63%	
KEY REVENUES	11,425,522	11,657,491	11,777,290	11,824,290	11,978,033	153,743	101.30%	102.03%	101.30%	
CONCESSIONS AND RENT	1,263,100	1,274,366	1,288,100	1,288,100	1,354,832	66,732	105.18%	100.89%	105.18%	
LICENSES & PERMITS	30,500	18,010	30,500	30,500	14,515	(15,986)	47.59%	59.05%	47.59%	
SAFETY FINES	150,000	135,200	150,000	150,000	127,048	(22,952)	84.70%	90.13%	84.70%	
SERVICE CHARGES	58,000	72,696	58,000	58,000	92,952	34,952	160.26%	125.34%	160.26%	
OTHER FEES	40,920	554,506	539,591	539,591	34,157	(505,434)	6.33%	1355.10%	6.33%	
OTHER REVENUES	1,542,520	2,054,777	2,066,191	2,066,191	1,623,503	(442,688)	78.57%	133.21%	78.57%	
REVENUES BEFORE TRANSFERS	12,968,042	13,712,268	13,843,481	13,890,481	13,601,537	(288,945)	97.92%	105.74%	97.92%	
TRANSFERS IN	246,462	246,462	1,623,746	1,626,796	1,623,746	(3,050)	99.81%	100.00%	99.81%	
TOTAL REVENUES INCLUDING TRANSFERS	13,214,504	13,958,730	15,467,227	15,517,277	15,225,283	(291,995)	98.12%	105.63%	98.12%	
Revenue Over (Under) Prior Year Dollars						1,266,553				
Budget to Actual Over (Under) Prior Year %								-7.51%		
Budget to Actual Over (Under) Annual Average %										





City of Palos Verdes Estates
Budget to Projected Expenditures by Program - General Fund
Fiscal Year 2017 - 2018 Year-End Projections

DEPT / DIVISION EXPENDITURES	17-18	17-18	17-18 PROJECTION	% USED	BALANCE AVAILABLE	% AVAILABLE	% of Yr 100.00%
	ADOPTED BUDGET	ADJUSTED BUDGET					% UNDER (OVER)
CITY MANAGER	726,014	782,514	668,111	85.38%	114,403	14.62%	
CITY ATTORNEY	177,000	191,900	233,054	121.45%	(41,154)	-21.45%	
CITY CLERK	203,919	296,892	276,321	93.07%	20,571	6.93%	
NON-DEPARTMENTAL	167,532	145,432	172,090	118.33%	(26,658)	-18.33%	
ADMINISTRATION	1,274,466	1,416,738	1,349,576	95.26%	67,162	4.74%	4.74%
FINANCE	619,119	699,493	796,178	113.82%	(96,685)	-13.82%	
CITY TREASURER	45,398	45,398	38,416	84.62%	6,982	15.38%	
FINANCE	664,517	744,891	834,594	112.04%	(89,703)	-12.04%	-12.04%
POLICE	7,142,338	7,133,988	6,586,586	92.33%	547,402	7.67%	
POLICE	7,142,338	7,133,988	6,586,586	92.33%	547,402	7.67%	7.67%
BUILDING	738,671	738,671	801,167	108.46%	(62,496)	-8.46%	
PLANNING	367,021	367,021	403,585	109.96%	(36,564)	-9.96%	
CITY PROPERTIES	177,501	177,501	165,363	93.16%	12,138	6.84%	
PLANNING & BUILDING	1,283,193	1,283,193	1,370,115	106.77%	(86,922)	-6.77%	-6.77%
PUBLIC WORKS ADMN	829,263	829,263	775,066	93.46%	54,197	6.54%	
STREETS	102,385	102,385	92,678	90.52%	9,707	9.48%	
PARKLANDS	1,201,785	1,251,785	1,249,116	99.79%	2,669	0.21%	
MAINTENANCE SERVICES	2,133,433	2,183,433	2,116,860	96.95%	66,573	3.05%	3.05%
GENERAL FUND EXPENDITURES BEFORE TRANSFERS	12,497,947	12,762,243	12,257,731	96.05%	504,512	3.95%	3.95%
TRANSFERS OUT	4,345,858	4,345,858	4,345,858	100.00%	0	0.00%	0.00%
GENERAL FUND EXPENDITURES INCLUDING TRANSFERS	16,843,805	17,108,101	16,603,589	97.05%	504,512	2.95%	2.95%

* - Year to date expenditures include encumbered amounts

**City of Palos Verdes Estates
Projected FY 17-18 Fund Balance
As of June 30, 2018**

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	2,596,855
Total General Fund **	11,138,731	9,796,855
Special Projects	943,848	970,120
Fire/Paramedic Parcel Tax	703,615	122,552
Transit Proposition A	2,124	251,522
Total Special Revenue Funds	1,649,587	1,344,194
Capital Improvement Fund	6,182,123	5,060,913
Sewer Capital Projects Fund	3,698,194	3,687,835
Total Capital Projects Funds	9,880,317	8,748,748
Total Other Governmental Funds *	1,240,040	2,019,401
Total Governmental Before Internal Service Funds	23,908,675	21,909,198
Equipment Replacement	2,962,825	2,382,091
Insurance	1,045,064	1,051,064
Total Internal Service Funds	4,007,889	3,433,155
Total Government Including Internal Service Funds	27,916,564	25,342,353

* - Other Governmental Funds include - Gas Tax, Drug Intervention, Police Grants, Corrections, Measure R, Prop C, Parklands, RMRA and Measure M

** - Projected FY17-18 General Fund Revenues (\$13,637,967) in this presentation is different from Attachment A - Projected FY 17-18 General Fund Revenues (\$13,601,537 before transfers) by the Stable Fund revenues of \$36,430.



City of Palos Verdes Estates
Budget to Projected Expenditures - CIP Status Report
Fiscal Year 2017 - 2018 Year-end Projections

FUND	ACCOUNT	PROJECT #	CAPITAL PROJECT	% of Year 100.00%					
				17-18 ADOPTED BUDGET	17-18 ADJUSTED BUDGET	17-18 PROJECTION	AVAILABLE BALANCE	% USED	
	30-7500-5	80047	TRAFFIC CALMING	26,200	26,200	13,945	12,255	53.23%	
	30-7500-5	80050	SLURRY SEAL	-	-	580	(580)	0.00%	
	30-7500-5	80100	REPAIRS STORM	50,600	50,600	2,812	47,788	5.56%	
	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	51,145	158,855	24.35%	
	30-7500-5	80800	STREET CONST. & MAINT.	-	-	-	-	0.00%	
	30-7500-5	80806	PINALE LANE EMERGENCT RP	-	97,775	70,889	26,886	72.50%	
	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	ON-CALL ROADWAY MAINT/REPAIR	354,400	354,400	139,525	214,875	39.37%	
	30-7500-5	80892	PAVEMENT MGMT SYSTEM	60,000	60,000	60,000	-	100.00%	
	30-7500-5	80895	LIGHT CRS WLK PVDW VIA C	-	-	1,200	(1,200)	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	2,700	99,771	2.63%	
	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	19,787	4,213	82.45%	
	30-7500-5	81105	DEL SOL - FIRE TURNOUT	-	-	-	-	0.00%	
	30-7500-5	81300	CURB & GUTTERS	76,900	76,900	25,377	51,523	33.00%	
	30-7500-5	81310	GUARDRAIL PROJECT	25,000	25,000	15,000	10,000	60.00%	
	30-7500-5	81315	REFLECT ROAD REG SIGNS	100,000	100,000	-	100,000	0.00%	
	30-7500-5	81497	CITYWIDE IRRIGATION UPGR	-	-	-	-	0.00%	
30 - CAPITAL IMPROVEMENT				1,970,775	2,068,550	402,960	1,665,590	19.48%	
	30-7500-5	69999	CIP - OPERATING TRANSFERS	1,029,246	1,029,246	1,029,246	-	100.00%	
30 - CAPITAL IMPROVEMENT				3,000,021	3,097,796	1,432,206	1,665,590	46.23%	
	31-7500-5	80920	PARKLANDS PROJECTS	100,000	100,000	-	100,000	0.00%	
	31-7500-5	69999	OPERATING TRANSFERS OUT	-	50,000	50,000	-	100.00%	
31 - PARKLANDS				100,000	150,000	50,000	100,000	33.33%	
	62-7200-3	80101	SEWER REPAIR	361,635	361,635	9,727	351,908	2.69%	
	62-7200-3	80155	VIA CORONEL/ZURITA UPGRA	343,940	343,940	26,130	317,810	7.60%	
	62-7200-3	80158	SEWER COND ASSESSMENT	58,420	58,420	6,502	51,918	11.13%	
62 - SEWER				763,995	763,995	42,359	721,636	5.54%	
	50-7500-5	80886	STABLE MANURE PLATFORM	-	35,000	-	35,000	0.00%	
50 - PV STABLES				-	35,000	-	35,000	0.00%	
GRAND TOTAL				3,864,016	4,046,791	1,524,565	2,522,226	37.67%	

* - Projected year-end expenditures include encumbered amounts



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

R18-29

FUND	ACCOUNT	CLASSIFICATION	DEPARTMENT	JUSTIFICATION	REVENUE	EXPENDITURE	UNDESIGNATED FUND IMPACT
GENERAL FUND							
01	38010	MISCELLANEOUS REVENUE		Reduce Miscellaneous Revenue for FY 16-17 Prop A Exchange	(502,142)		(502,142)
Subtotal					\$ (502,142)	\$ -	\$ (502,142)
TRANSIT PROP A							
26	64430	CONTRACTUAL SERVICES		Reduce Contractual Services for FY 16-17 Prop A Exchange		(669,522)	669,522
Subtotal						\$ (669,522)	\$ 669,522
DRUG INTERVENTION							
03	33815	ASSET SEIZURE - US TREASURY		FY 17-18 ASSET SEIZURE REVENUE	555,100		555,100
03	34100	INTEREST INCOME		INCREASE FY 17-18 INTEREST INCOME REVENUE	1,200		1,200
Subtotal					\$ 556,300	\$ -	\$ 556,300
RMRA							
08	35450	RMRA (2032)		FY 17-18 ROAD MAINTENANCE & REHABILITATION ACCOUNT REVENUE	78,000		78,000
08	34100	INTEREST INCOME		FY 17-18 RMRA INTEREST INCOME REVENUE	500		500
Subtotal					\$ 78,500	\$ -	\$ 78,500
MEASURE M							
25	31215	MEASURE M		FY 17-18 MEASURE M REVENUE	170,816		170,816
25	34100	INTEREST INCOME		FY 17-18 MEASURE M INTEREST INCOME REVENUE	3,000		3,000
Subtotal					\$ 173,816	\$ -	\$ 173,816
Subtotal	General Fund				\$ (502,142)	\$ -	\$ (502,142)
	Other Funds:						
	Transit Prop A				-	(669,522)	669,522
	Drug Intervention				556,300	-	556,300
	RMRA				78,500	-	78,500
	Measure M				173,816	-	173,816
Grand total					\$ 306,474	\$ (669,522)	\$ 975,996

ADOPTED STAFF POSITIONS

Function	2013/14	2014/15	2015/16	2016/17	2017/18	Count as of 4/1/2018						FY 2018/19 Projected	3 yr projection approved as of 4/2018 thru attrition (does not include Matrix conclusions)
							Filled	Open	Recruiting	On Leave	Temp		
City Manager													
City Manager	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Asst. to the City Manager	1.000	1.000	0.000	0.000	0.000	1	x					1	1
City Clerk/ Exec Asst. to CM		0.500	0.500	0.500	0.500	0.5	x					0.5	0.5
Deputy City Clerk/ Exec Asst.	0.500					0						0	0
Admin Analyst	0.500	0.500	1.000	2.000	2.000	1			x			1	1
Receptionist		0.563	0.563	0.000	0.000	0						0	0
Senior Receptionist		0.563	0.563	0.000	0.000	0						0	0
	3.000	4.125	3.625	3.500	3.500	3.5						3.5	3.5
Finance & Treasury													
Finance Director	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Administrative Analyst - HR	0.000	0.000	1.000	0.000	0.000	0						0	0
Financial Services Manager	1.000	1.000	1.000	1.000	1.000	0						0	0
Senior Accountant	0.000	0.000	0.000	0.000	0.000	1					x	1	1
Financial Services Technician	2.000	2.000	2.000	2.000	2.000	2	x				1	2	2
	4.000	4.000	5.000	4.000	4.000	4						4	4
City Clerk													
City Clerk/ Exec Asst. to CM		0.500	0.500	0.500	0.500	0.5	x					0.5	0.5
Deputy City Clerk/ Exec Asst.	0.500	0.000	0.000	0.000	0.000	0						0	0
Office Specialist	0.500	0.563	0.563	0.560	0.560	0		x				?	?
Receptionist	0.563	0.000	0.000	0.563	0.563	0.563		x				?	?
Senior Receptionist	0.563	0.000	0.000	0.563	0.563	0.563	x					0.563	0.563
	2.125	1.063	1.063	2.186	2.186	1.626						1.063	1.063
POLICE													
Police Chief	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Police Captain	2.000	2.000	2.000	2.000	2.000	2	x					1	1
Support Services Manager	0.000	0.000	0.000	0.000	0.000	0			x			1	1
Exec. Asst./Custodian of Records	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Police Officer	13.000	13.000	13.000	13.000	13.000	11	x					10	10
Senior Police Officer (Corporal)	3.000	3.000	3.000	3.000	3.000	3	x					4	4

ADOPTED STAFF POSITIONS

Function	2013/14	2014/15	2015/16	2016/17	2017/18							3 yr projection approved as of 4/2018 thru attrition (does not include Matrix conclusions)	
						Count as of 4/1/2018	Filled	Open	Recruiting	On Leave	Temp		FY 2018/19 Projected
Police Sergeant	6.000	6.000	6.000	6.000	6.000	6	x					6	6
Services Officer	9.000	9.000	9.000	9.000	9.000	8	x					8	7
Lead Services Officer	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Community Relations Officer	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Traffic Control Officer	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Data Entry Clerk	0.500	0.300	0.300	0.300	0.300	0						0	0
Police Intern	1.000	1.000	1.500	2.000	2.000	1	x					1	1
PVE Cares Coordinator	0.300	0.300	0.300	0.600	0.600	0.5	x					0.5	0.5
	39.800	39.600	40.100	40.900	40.900	36.5						36.5	35.5
Planning & Building													
Planning & Building Director	1.000	1.000	1.000	1.000	1.000	1	x					1	1
Planner		1.000	1.000	1.000	1.000	1	x					1	1
Code Enforcement Officer	0.000	0.000	1.000	1.000	1.000	0		x				?	?
Permit Technician	1.500	1.500	2.000	1.000	1.000	1	x					1	1
Admin Analyst/Code Enf.	0.500	0.500	0.000	0.000	0.000	0						0	0
Maintenance Foreman	1.000	1.000	1.000	0.500	0.500	0.5	x					0.5	0.5
Equipment Mechanic	0.500	0.500	0.500	0.250	0.250	0		x				?	?
Maintenance Worker	4.000	4.000	4.000	2.000	2.000	2	x					2	2
Forester	0.000	0.000	1.000	1.000	1.000	1	x					1	1
	8.500	9.500	11.500	7.750	7.750	6.5						6.5	6.5
Public Works													
City Engineer				1.000	1.000	1	x					1	1
Permit Technician				1.000	1.000	1	x					1	1
Maintenance Foreman				0.500	0.500	0.5	x					0.5	0.5
Equipment Mechanic				0.250	0.250	0		x				?	?
Maintenance Worker				2.000	2.000	2	x					2	2
Planning, Bldg & Public Works	0.000	0.000	0.000	4.750	4.750	4.5						4.5	4.5
Citywide	57	58	61	63	63	57						56	55

ADOPTED STAFF POSITIONS

Function	2013/14	2014/15	2015/16	2016/17	2017/18						FY 2018/19 Projected	3 yr projection approved as of 4/2018 thru attrition (does not include Matrix conclusions)	
						Count as of 4/1/2018	Filled	Open	Recruiting	On Leave			Temp
Captain	3.000	3.000	3.000	3.000	3.000	3	x					3	3
Engineer	3.000	3.000	3.000	3.000	3.000	3	x					3	3
Paramedics/FireFighters	9.000	9.000	9.000	9.000	9.000	9	x					9	9
Contract Fire (3 Shifts 24/7)	15	15	15	15	15	15						15	15

GLOSSARY OF TERMS

Actual: A column heading in the budget. Figures found in the Actual column indicate actual financial information recorded for that time period.

Adjusted Budget: It is the Adopted Budget as amended by the City Council throughout the fiscal year. The Adjusted Budget represents changes in revenues and expenditures for unexpected activities.

Administrative Charge: A transfer of monies to the General Fund to reimburse the General Fund for work performed in other funds by an employee whose salary is budgeted in the General Fund.

Adopted Budget: A plan of financial operations and capital improvements approved by the City Council for fiscal year. The Adopted Budget reflects estimates of revenues, expenditures, transfers, City's goals, objectives and performance data.

Approved Budget: The second year of a two year (Biennial) budget, where the City Council only adopts the upcoming fiscal year and approves the budget plan for the second fiscal year.

Appropriation: Legal authorization by the City Council to make expenditures and to incur obligations for specific purposes.

Appropriations Limit: Article XIII B of the California Constitution was amended by Proposition 4, "The Gann Initiative," in 1979. This Article limits growth in government spending to changes in population and inflation, by multiplying the limit for the prior year, by the percentage change in the cost of living (or per capita personal income, whichever is lower); then multiplying the figure resulting from the first step, by the percentage change in population. The base year limit (FY1978-1979) amount consists of all tax proceeds appropriated in that year. The Appropriations Limit calculation worksheet can be found in the Appendix of the budget.

Assessed Valuation: The dollar value assigned to real estate or other property, by Los Angeles for the purpose of levying property taxes.

Beginning Fund Balance: The balance of a fund including restricted, assigned, committed and unassigned values carrying over into the following year.

GLOSSARY OF TERMS

Bond: A city may raise capital by issuing a written promise to pay a specified sum of money called the face value, or principal amount, at a specified date or dates in the future, together with periodic interest, at a special rate.

Budget: The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the proposed means of financing those expenditures.

Budget Message: A general outline of the budget which includes comments regarding the City's financial status at the time of the message and recommendations regarding the financial policies for the coming period.

CalPERS: A short name for the California Employee Public Retirement System.

Capital Improvement Plan (CIP): A financial plan of proposed capital improvement projects. CIP projects typically improve City-owned assets such as buildings, parks, streets and other infrastructure components. Capital projects often span more than one fiscal year.

Capital Outlay: A budget category which budgets major equipment purchases and capital improvement projects.

Capital Improvement Projects: Significant infrastructure improvements that have a useful life of one year or more and selected studies related to such activities that are expected to lead to a capital project. Examples include constructing a new park, street resurfacing, building remodels/repairs and construction of water mains.

Debt Service: Annual principal and interest payments owed on money the City has borrowed.

Department: An organizational unit comprised of divisions or programs. The City of Palos Verdes Estates has four departments: Administration, Finance, Police and Community Development. Fire Services are provided on a contract basis.

Division/Program: A common purpose combination of programs or activities within a department, which furthers the objectives of the City Council by providing services or a product.

GLOSSARY OF TERMS

Encumbrances: Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. Encumbrances end when the obligations are paid or otherwise terminated.

Enterprise Funds: Funds established to account for the total costs of those governmental facilities and services that are operated in a manner similar to private enterprise. These programs are mainly self-supporting.

Expenditure: The cost of goods received or services rendered for the government unit.

Fiscal Year: A 12-month period of time to which an annual operating budget applies. The City's fiscal year is July 1 through June 30.

Fund: A self-balancing set of accounts. Governmental accounting information is organized into funds, each with separate revenues, expenditures and fund balances. The major types of funds include: General, Proprietary, Special Revenue, Capital, Debt Service, Permanent and Trust & Agency.

Fund Balance/Reserve: The difference between a fund's assets and its liabilities. Portions of the fund balance may be reserved for various purposes, such as contingencies or encumbrances.

Funds Definitions:

General Fund: The primary fund of the City used to account for all revenues and expenditures of the City not legally required to be accounted for in another fund.

Gas Tax Fund - to account for state and county gas taxes, funds that may be used for street maintenance, right-of-way acquisition and street construction.

Special Projects - to account for funds received from other governmental agencies that are earmarked for specific projects.

Police/Fire/Paramedic - to account for funds received from City Proposition A for police and paramedic services.

GLOSSARY OF TERMS

Drug Intervention - to account for funds received from L.A. IMPACT, an association of local governmental agencies, related to drug enforcement activities. The funds are earmarked for the City's drug intervention programs.

CLEEP - California Law Enforcement Equipment Program (CLEEP) - to account for funds received from the State of California for law enforcement technology equipment.

SLESF - Supplemental Law Enforcement Services Fund - to account for Community Oriented Policing Services (COPS) police U.S. Department of Justice grant funds received through the State of California.

Corrections - to account for funds received from the State Department of Corrections.

Proposition A - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition A to finance transit projects within the City.

Proposition C - to account for the City's share of funds collected and distributed by the County of Los Angeles under Proposition C to finance transit projects within the City.

Grants: Contributions, or gifts of cash or other assets from another entity. Grants are typically to be used or expended for a specific purpose.

Infrastructure: The underlying foundation or basic framework of a system or organization, such as the roads, sewers and storm drains, etc.

Internal Service Fund: Internal Service Funds are used to account for the financing of equipment and services of the City on a cost-reimbursement basis. The City uses the following Internal Service Funds:

Equipment Replacement – to account for the purchase and maintenance of vehicular equipment on behalf of all City departments.

Insurance - to account for the City's insurance activities.

GLOSSARY OF TERMS

Line-item: Refers to any individual expenditure object or appropriation detailed in the department's budget.

Materials & Services: This budget category accounts for all non-personnel and non-capital expenses. Such expenditures include building maintenance, contract services, equipment maintenance, office supplies and utility costs.

Municipal Code: The collection of City Council approved ordinances currently in effect. The Municipal Code defines City policy in various categories (i.e. building regulations, planning and zoning regulations, sanitation and health standards, and traffic regulations).

Operating Budget: The financial plan for the operation of a program or organization that includes an estimate of proposed expenditures for a given period of time and the estimated means of financing those expenditures.

Ordinance: A formal legislative enactment by the City Council. An ordinance has the full force and effect of law within the City boundaries, unless it is in conflict with any higher form of law, such as a State statute or constitutional provision. An ordinance has a higher legal standing than a resolution.

Overhire: An authorized position without monies budgeted for salary and fringe benefits. The overhire concept assumes that a department (particularly Public Safety) experiences several position vacancies during a fiscal year, and that the salary and fringe benefit savings from these vacancies will off-set the cost of the overhire personnel. The overhire personnel in-turn ensures that the department will not be forced to limit operations because of staffing shortages and can better control overtime expenditures.

Program: An activity or division, within a department, which furthers the objectives of the City Council, by providing services or a product.

Projected (Revenue or Expenditures): The projected, forecasted revenue or expenses for the specified time period in the future.

Reserve: Used to earmark a portion of the fund balance as segregated for a specific use.

GLOSSARY OF TERMS

Resolution: A special order of the City Council, which requires less legal formality than an ordinance in terms of public notice and the number of public readings prior to approval. A resolution has lower legal standing than an ordinance. The Operating Budget is approved by resolution and requires a majority vote of the Council Members present.

Restricted Funds: As used in the budget presentation, restricted fund dollars are those that are qualified as to use by either a council set policy and or an external agency/contract requirement. A fund restriction can also apply to internal service funds that have accumulated dollars earmarked for future use i.e. – Equipment Replacement / Insurance Funds.

Salaries: A budget category, which accounts for full-time and part-time employees, salary and benefits, overtime expenses, and fringe benefits.

Special Revenue Funds: Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Special Projects Fund: See City fund definitions above

Supplies & Services: A budget category, which accounts for the materials, goods and contract services necessary to run a city program and function.

Transfer: Monies appropriated from one fund to another, in order to reimburse the fund for expenses or to finance the operation of the other fund. Transfers between a Proprietary Fund and a Governmental Fund are budgeted as revenues and expenditures in the various funds, to comply with governmental accounting principles.

RESOLUTION R18-29

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES
ESTATES, CALIFORNIA APPROVING FISCAL YEAR 2017-18 YEAR-END 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 # 12

Attached hereto as Attachment E.

The City Clerk shall certify to the passage and adoption of Resolution R18-29.

PASSED, APPROVED AND ADOPTED on this 8th day of May, 2018.

Betty Lin Peterson, Mayor

ATTEST:

Lauren Pettit, City Clerk

APPROVED AS TO FORM:

Christi Hogin, City Attorney

RESOLUTION R11-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALOS VERDES ESTATES, CALIFORNIA APPROVING A FUND BALANCE POLICY FOR THE GENERAL FUND

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued its Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" with the intent of improving financial reporting by providing fund balance categories that will be more easily understood; and

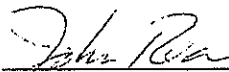
WHEREAS, the City Council of the City of Palos Verdes Estates has reviewed and consider a "Fund Balance Policy for the General Fund", attached hereto as Exhibit "A", which outlines the policy and procedures to accurately reflect and report the fund balance of the General Fund.

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

Section 1. The City Council hereby approves and adopts the "Fund Balance Policy for the General Fund" dated May 24, 2011.

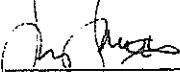
Section 2. The Clerk shall certify to the passage and adoption of Resolution R11-09 and enter into the book of original resolutions.

PASSED, APPROVED AND ADOPTED on this 24th day of May, 2011.



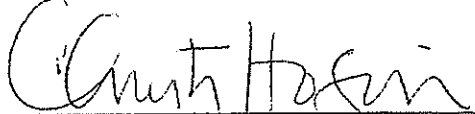
John Rea, Mayor

ATTEST:



Judy Smith, City Clerk

APPROVED AS TO FORM:



Christi Hogin, City Attorney

“EXHIBIT A” RESOLUTION R11-09

**CITY OF PALOS VERDES ESTATES
“FUND BALANCE POLICY FOR THE GENERAL FUND”
DATED: MAY 24, 2011**

Page 1 of 1

This fund balance policy establishes the procedures for reporting fund balance in the general fund financial statements. Certain commitments and assignments of fund balance will help ensure there are adequate general fund financial resources. This policy authorizes and directs the Assistant City Manager/Finance Director to prepare financial reports which accurately categorize fund balance in accordance with Governmental Accounting Standards Board Statement No. 54 and as further detailed below.

Committed Fund Balance

The City Council, as the highest level of decision-making authority, may commit fund balance for specific purposes. Commitments of fund balance for a fiscal year must be adopted by resolution prior to the end of the fiscal year. Amounts that have been committed by the City Council cannot be used for any other purpose, unless the City Council adopts a resolution to change or remove the constraint.

Emergency Contingency – The City’s general fund balance committed for emergency contingencies is established as \$7.2 million. The specific permitted uses of the committed fund balance are:

- Declaration of a state or federal state of emergency or declaration of a local emergency as provided in the Palos Verdes Estates Municipal Code Section 2.28.060;
- Loss of general fund revenue in the amount of \$500,000 or more, either through state action to divert or change general fund allocations, or local conditions affecting a major revenue source.

Assigned Fund Balance

The Assistant City Manager / Finance Director is provided the authority to assign general fund balance amounts to fulfill Council direction and in order to ensure accurate financial statement presentation.

Unassigned Fund Balance

As part of the presentation of the Comprehensive Annual Financial Report (CAFR), the Assistant City Manager / Finance Director shall report to the City Council on the total unassigned general fund balance in order that the City Council may evaluate and provide direction on possible alternate use of such unassigned funds, provided that the combined balance including all general fund balance categories equals approximately six (6) months of total operating funds.

City of Palos Verdes Estates
Fiscal Year 2017-2018
Year - End Exception Report

Department	Adjusted Budget	Projection	Difference	Comments
Administration	\$1,417,000	\$1,350,000	\$67,000	The difference of \$67,000 is the net of higher costs for Labor Relations (counsel) for negotiations and personnel matters and not having budgeted membership in the South Bay Cities Council of Governments (COG), offset by temporary vacancies throughout the year in the full time positions of City Clerk and Administrative Analyst, and part-time positions of Office Specialist and Receptionist.
Finance	\$745,000	\$835,000	(\$90,000)	The difference of \$90,000 is due to the use of consultant support services throughout the year. This is the net difference from position vacancies consisting of the Finance Director, Senior Accountant and two Financial Services Technicians.
Police	\$7,134,000	\$6,587,000	\$547,000	The difference of \$547,000 is in addition to the savings into the adopted FY 2017-2018 budget approved by the City Council in June 2017. This additional savings results from: salary savings during the year encompassing the Police Chief, 1 Captain, 2 Officers, and 1 Service Officer; reduction in salaries due to employees paying pension costs; reduced contract services from the Mountain Recreation Conservation Authority Rangers; and lower expenses for supplies and services (contractual services, PVE programs, etc.).
Planning & Building	\$1,283,000	\$1,370,000	(\$87,000)	The difference of \$87,000 is primarily due to higher than budgeted payments to HRGreen. These higher payments are offset by increased revenue generated by building permit activities. Additional costs are also associated with wireless telecommunication consultant services.
Public Works	\$2,183,000	\$2,117,000	\$66,000	The difference of \$66,000 is due to less use of overtime, less than expected storm water fees, and reduced staff training and development. Less overtime is the result of a mild storm season.

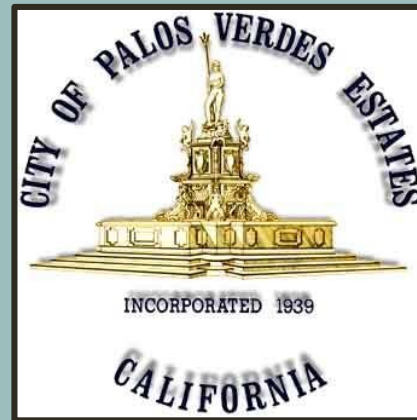
Total	\$12,762,000	\$12,259,000	\$503,000
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* Data is rounded

Building Activity Report for Palos Verdes Estates

FY-16/17	Neighborhood Compatibility	Total # of New Plan Checks	Total Plan Check Fees	Total Valuation for Plancheck	Total # of Building Permits	Total Building Permit Fees	Total Valuation for Building Permits	# of New SFR Permits	# of New Condos	Total # of Insp.	Average # of Insp. per day
July	1	8	\$ 10,653.00	\$ 902,164.00	168	\$ 42,827.00	\$ 2,018,032.00	2	0	265	20
August	5	18	\$ 21,817.00	\$ 1,958,730.00	167	\$ 38,461.07	\$ 1,644,503.00	1	0	320	13
September	7.5	8	\$ 22,988.00	\$ 2,087,076.00	167	\$ 44,168.52	\$ 2,117,071.00	1	0	218	9
October	3.5	8	\$ 4,430.00	\$ 350,160.00	198	\$ 30,747.00	\$ 993,155.00	0	0	218	10
November	2	7	\$ 19,991.00	\$ 1,946,536.00	119	\$ 20,406.00	\$ 604,609.00	0	0	227	11
December	3	16	\$ 65,258.00	\$ 6,179,758.00	171	\$ 52,735.00	\$ 2,582,202.00	1	0	229	10
January	3	9	\$ 16,467.00	\$ 1,536,202.00	162	\$ 30,288.00	\$ 1,031,172.00	0	0	211	10
February	1.5	3	\$ 3,850.00	\$ 322,348.00	154	\$ 18,815.00	\$ 394,095.00	0	0	176	9
March	5	10	\$ 9,000.00	\$ 727,616.00	211	\$ 67,937.00	\$ 2,550,296.00	3	0	276	12
April	3	9	\$ 16,440.00	\$ 1,420,204.00	168	\$ 64,552.00	\$ 2,769,807.00	3	0	234	11
May	4	12	\$ 28,403.00	\$ 2,631,239.00	172	\$ 33,048.00	\$ 1,272,391.00	0	0	237	11
June	3	15	\$33,403	\$ 3,018,890.00	173	\$ 71,972.00		0	0	305	13
YEAR	41.5	123	\$ 252,700.00	\$ 23,080,923.00	2,030	\$ 515,956.59	\$ 17,977,333.00	11	0	2,916	
FY-17/18	Neighborhood Compatibility	New Plan Checks	Total Plan Check Fees	Total Valuation for Plancheck	Total # of Building Permits	Total Building Permit Fees	Total Valuation for Building Permits	New SFR Permits	# of New Condos	Total # of Insp.	Average # of Insp. per day
July	1	15	\$ 29,444.00	\$ 2,554,540.00	159	\$ 66,005.00	\$ 3,157,138.00	1	0	227	11
August	1	15	\$ 61,144.00	\$ 5,574,088.00	183	\$ 65,877.17	\$ 3,347,236.00	1	0	263	11
September	3	9	\$ 7,470.00	\$ 583,180.00	202	\$ 54,464.00	\$ 4,231,615.00	1	0	220	11
October	3	9	\$ 21,853.00	\$ 2,039,174.00	236	\$ 76,525.00	\$ 3,778,527.00	1	0	292	13
November	2	4	\$ 4,042.00	\$ 353,640.00	108	\$ 42,637.00	\$ 1,896,466.00	2	0	252	12
December	1	7	\$ 14,884.00	\$ 1,368,570.00	142	\$ 59,205.00	\$ 2,980,350.00	4	0	215	10
January	2	8	\$ 29,106.00	\$ 2,713,160.00	205	\$ 80,010.00	\$ 3,507,545.00	3	0	265	12
February	1	12	\$ 24,436.00	\$ 2,228,860.00	258	\$ 58,581.00	\$ 2,922,612.00	4	0	298	14
March											
April											
May											
June											
YTD	14.0	79	\$ 192,379.00	\$ 17,415,212.00	1,493	\$ 503,304.17	\$ 25,821,489.00	17	0	2,032	
Previous Year to Date	26.5	77	\$ 165,454.00	\$ 15,282,974.00	1306	\$ 278,447.59	\$ 11,384,839.00	5	0	1864	
% Change from previous year	-47%	3%	16%	14%	14%	81%	127%	n/a	0%	9%	

City of Palos Verdes Estates



OVERVIEW OF CITY OPERATING BUDGET

March 22, 2018

CYCLE — OF THE BUDGET PROCESS



- Baseline expenditures and revenues
- Complete year-end expenditure and revenue projections
- Project next year expenses and revenues
 - Include fixed cost projections
 - Include Set-asides for prepayments, CIP, Equipment Replacement
 - Include Set-asides for contract commitments
 - Include Presumptions for labor negotiations (in some years)
- Council meetings and public engagement
- External Auditor reviews prior year financials
- Budget adoption
- Close of year-end books
- Council Audit Committee meets w/ External Auditor
- Mid-year budget review
 - Budget adjustment (moving the goal posts)
- External Auditor (CAFR) presentation
- Implement Auditor recommendations
- Start-over

February

May

June

August

November

February



WHAT MAKES UP THE BUDGET

Funds – each is a bank account

- General Government
 - General Fund (for operations from property and business taxes, fees, concessions, etc.)
 - Fire Parcel Tax Fund (to be eliminated)
 - Capital Improvement Fund (for infrastructure projects and one-time maintenance projects from General Fund)
 - Parklands Fund (for enhancements to parklands)
 - Reserve Fund (for the rainy day from General Fund)
- Special Revenue Funds
 - Proposition A, C, R, & M (from County for transpiration related purposes)
 - COPS (from State for police)
 - SLESF (from State for police)
 - Gas Tax (from State for transportation related purposes)
- Sewer Fund (for sewer projects, residual from expired user assessment)
- Proprietary Funds (Internal Service)
 - Equipment Replacement (from General Fund)
 - Insurance (CJPIA) (from General Fund)

Key Points:

- Authority for spending is by Fund, not Dept. or Line Item.
- Budget appropriations are necessary to authorize spending in order not to exceed Fund limit.
- One-time expenditures are paid by appropriations from banked money in a Fund.
- Each Fund has a specific, designated purpose.
- Revenue in excess of expenditures, not saved in the Reserve Fund, is “undesignated reserve” available for spending.
- Use of revenue is for providing public service. Philosophically, after covering costs and creating necessary reserve(s), tax revenues are to provide service, not to be saved (or taxes should be reduced). +/- 60% of costs to provide service is (necessitates) personnel.
- Revenue has been enhanced through increased fees and business license collection. Expenditures are continually evaluated for cost savings. Grants are continually pursued.
- Property Tax is approximately \$9 million of the City’s \$13 million revenue.

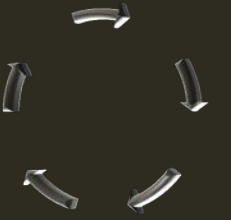


WHAT'S IN THE BUDGET



- Maintain
 - storm drains,
 - sanitary sewer lines,
 - streets,
 - potholes
 - sidewalks,
 - sewer lines,
 - street signs,
 - Collect business taxes and utility bills
 - Manage the City's investments
 - Prepare and monitor the City's budget
 - Account for how City funds are spent
 - Prosecute people who violate a City issued license/permit or don't follow the municipal code
 - Provide legal counsel to the City and City Council relative to City business
 - Collect hazardous materials
 - Oversight and programming for volunteer programs
 - Commission and Committees support
 - Paint linear feet of pavement markings on the street
 - Retrieve dead animals on roads
 - Create street signs
 - Repair damaged property from vehicle incidents/accidents
- Catch criminals
 - Finger printing and background checks
 - Conduct pre-employment physicals
 - Dispatch Fire and Police in an emergency
 - Conduct traffic and criminal investigations
 - Issue tickets to drivers who break the law
 - Patrol the streets
 - Make sure organizations who solicit for money are legitimate
 - Direct traffic at schools and where signals are not working
 - Train people to administer CPR
 - Train people on what to do in an emergency
 - Extinguish fires
 - Inspect buildings for fire safety and compliance with building codes
 - Maintain parks and trails
 - Publish newsletters
 - Oversight of Volunteer programs, Park Rangers, VIPS, DDP
 - Peacock Management
 - Train new hires
- Among other things ...





WHAT'S IN OUR BUDGET

Overview of the adopted 17/18 budget

- 53 full time and 3 part-time personnel
- \$8.9 million for employee compensation inclusive of salaries, benefits and insurance
- \$3.1 million for materials and supplies inclusive of service contracts
- Prepayments to CalPERS and CJPIA avoid interest charges
 - (Typically) transfer of approximately \$1 million to CIP and Equipment Replacement Funds for capital purchases and infrastructure





WHAT'S COMING OUT OF THE BUDGET FOR 2018-20

Police Department

Reductions	
Employee Reduction in Compensation for Contribution to Pension cost	\$100,000
Convert sworn Captain positions to civilian Manager position	\$51,584
Eliminate 2 Service Officer position	\$197,396
Eliminate Training & Personnel Sergeant & add Service Officer assignment	\$189,621
Eliminate Patrol Officer & K-9 Unit, Upgrade Officer to Corporal & assignment for 2 motor officers	\$68,290
Mountain Recreation Conservation Authority Rangers Services	\$25,000
TOTAL	\$631,891



GENERAL FUND

REVENUE BY FUND

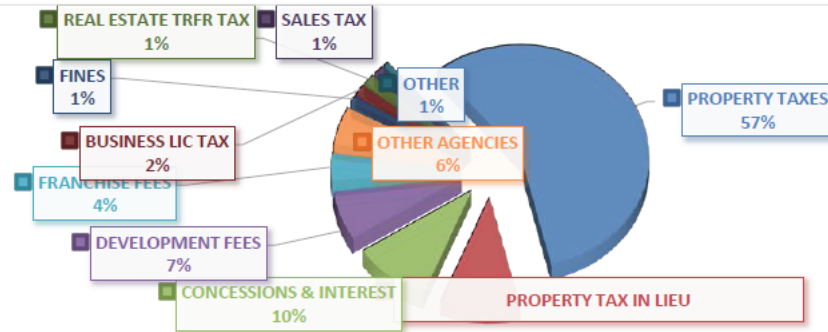
FUND NAME	ACTUAL 2014/15	BUDGET 2015/16	ACTUAL 2015/16	PROJECTED 2016/17	ADOPTED 2017/18	
GENERAL FUND						
GENERAL	12,474,527	12,508,000	13,202,386	12,968,042	13,843,481	
	12,474,527	12,508,000	13,202,386	12,968,042	13,843,481	64%
FIRE TAX FUND						
FIRE PARCEL TAX	4,471,543	4,533,534	4,590,876	4,697,992	-	
	4,471,543	4,533,534	4,590,876	4,697,992	-	23%
SPECIAL REVENUE FUNDS						
GAS TAX	363,258	362,000	304,993	361,192	361,192	
DRUG INTERVENTION	728	500	731	500	500	
POLICE GRANTS (SLESF)	107,727	100,500	1,621	100,500	100,500	
SPECIAL PROJECTS	207,906	112,000	47,312	371,567	99,000	
CORRECTIONS	5,980	6,000	-	6,000	6,000	
	685,599	581,000	354,657	839,759	567,192	4%
TRANSIT TAX FUNDS						
TRANSIT PROP A	244,915	210,600	251,703	255,065	260,096	
MEASURE R	151,303	130,100	155,514	158,812	161,969	
TRANSIT PROP C	201,550	174,200	206,590	210,892	215,090	
	597,768	514,900	613,807	624,769	637,155	3%
CAPITAL FUNDS						
CAPITAL IMPROVEMENT	-	-	-	-	-	
STABLE	37,555	31,600	34,191	35,000	35,000	
SEWER	28,993	30,000	42,132	30,000	30,000	
	66,548	61,600	76,323	65,000	65,000	0%
SHARED SERVICES						
EQUIP REPLACEMENT	464,601	435,400	432,765	381,575	21,000	
INSURANCE	4,590	2,500	(62)	780,418	981,498	
	469,191	437,900	432,702	1,161,993	1,002,498	6%
TOTAL	18,765,176	18,636,934	19,270,752	20,357,555	16,115,326	100%



GENERAL FUND

GENERAL FUND REVENUE BY TYPE

SOURCE	ACTUAL 2014/15	BUDGET 2015/16	ACTUAL 2015/16	PROJECTED 2016/17	ADOPTED 2017/18
PROPERTY TAXES	6,810,561	6,986,000	7,199,159	7,648,833	7,932,689
PROPERTY TAX IN-LIEU-FEE	1,242,410	1,281,000	1,323,094	1,317,554	1,375,395
CONCESSIONS & INTEREST	1,288,989	1,237,000	1,463,853	1,333,100	1,358,100
PLANNING & BUILDING FEES	951,674	993,000	1,098,425	994,000	994,000
FRANCHISE FEES	590,429	587,000	566,762	561,135	569,206
OTHER AGENCIES	660,511	550,000	675,854	274,920	773,591
FINES	175,866	201,000	147,573	150,000	150,000
BUSINESS LICENSE TAX	210,524	213,000	211,125	208,000	208,000
REAL ESTATE TRANSFER TAX	241,485	205,000	231,116	200,000	200,000
SALES TAX	209,222	158,000	192,214	192,000	194,000
LICENSE & PERMITS	34,834	35,000	35,158	30,500	30,500
SERVICE CHARGES	58,020	62,000	58,055	58,000	58,000
TOTAL	12,474,527	12,508,000	13,202,386	12,968,042	13,843,481



GENERAL FUND

EXPENDITURES BY FUND

FUND NAME	ACTUAL 2014/15	BUDGET 2015/16	ACTUAL 2015/16	PROJECTED 2016/17	APPROVED 2017/18	ADOPTED 2017/18
GENERAL FUND						
GENERAL	11,111,230	12,330,157	12,359,793	13,542,448	13,311,482	12,497,947
	11,111,230	12,330,157	12,359,793	13,542,448	13,311,482	12,497,947
FIRE TAX FUND						
FIRE	4,421,786	4,537,822	4,525,696	4,703,818	4,826,030	5,006,988
	4,421,786	4,537,822	4,525,696	4,703,818	4,826,030	5,006,988
SPECIAL REVENUE FUNDS						
GAS TAX	315,836	346,756	310,645	356,957	364,908	363,724
SPECIAL PROJECTS	13,164	19,050	3,907	8,000	8,160	10,160
POLICE GRANTS	69,468	48,505	49,485	114,145	-	-
CORRECTIONS	1,721	4,700	4,387	4,700	4,700	4,700
	400,189	419,011	368,423	483,802	377,768	378,584
TRANSIT TAX FUNDS						
PROP A	205,309	205,310	205,700	214,951	261,906	931,428
PROP C	196,843	200,940	204,328	-	208,667	208,667
	402,152	406,250	410,028	214,951	470,573	1,140,095
CAPITAL FUNDS						
CAPITAL IMPROVEMENT	2,307,769	4,138,994	2,087,590	3,855,024	1,742,600	1,970,775
PARKLANDS	-	-	-	100,000	-	100,000
STABLE	-	35,000	-	36,000	-	-
SEWER	219,931	2,404,881	1,495,987	593,570	191,400	771,495
	2,527,700	6,578,874	3,583,577	4,584,594	1,934,000	2,842,270
SHARED SERVICES						
EQUIP REPLACEMENT	285,268	226,300	108,745	518,183	327,200	383,060
INSURANCE	295,575	561,758	249,669	787,499	819,315	978,498
	580,843	788,058	358,413	1,305,682	1,146,515	1,361,558
TOTAL	19,443,901	25,060,172	21,605,929	24,835,295	22,066,368	23,227,443

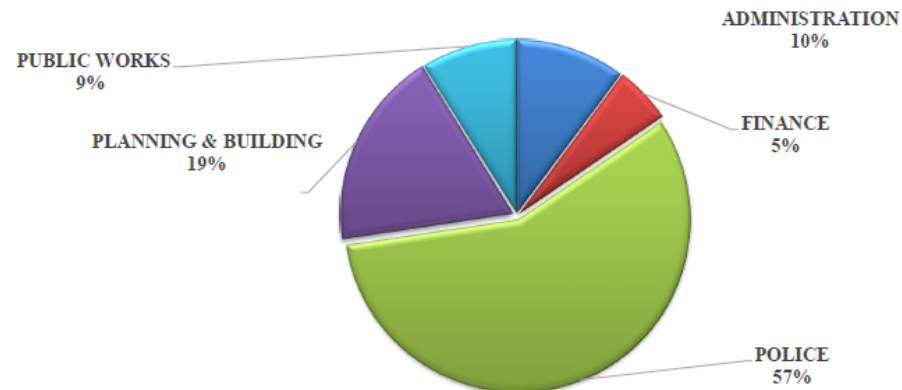


GENERAL FUND

EXPENDITURES BY DEPT - FUNCTION

SERVICE AREA	ACTUAL 2014/15	BUDGET 2015/16	ACTUAL 2015/16	PROJECTED 2016/17	APPROVED 2017/18	ADOPTED 2017/18
ADMINISTRATION	1,106,523	1,249,585	1,133,071	1,542,590	1,285,175	1,274,466
FINANCE	677,247	823,863	748,567	738,706	737,463	664,517
POLICE	6,310,410	6,726,939	6,832,597	7,260,344	7,372,403	7,142,338
PLANNING & BUILDING	2,214,708	2,421,395	2,616,727	2,591,324	2,572,170	2,307,477
PUBLIC WORKS	802,343	1,108,375	1,028,830	1,409,483	1,344,271	1,109,149
GENERAL FUND	11,111,230	12,330,157	12,359,793	13,542,448	13,311,482	12,497,947
FIRE SERVICES	4,421,786	4,537,822	4,525,696	4,703,818	4,826,030	5,006,988
TRANSIT	402,152	406,250	410,028	214,951	470,573	1,140,095
CAPITAL PROJECTS	2,707,958	4,593,004	2,456,013	4,374,826	2,120,368	2,349,360
PARKLANDS	-	-	-	100,000	-	100,000
SEWER PROJECTS	219,931	2,404,881	1,495,987	593,570	191,400	771,495
EQUIPMENT	285,268	226,300	108,745	518,183	327,200	383,060
INSURANCE	295,575	561,758	249,669	787,499	819,315	978,498
OTHER FUNDS	8,332,671	12,730,015	9,246,136	11,292,847	8,754,886	10,729,496
TOTAL	19,443,901	25,060,172	21,605,929	24,835,295	22,066,368	23,227,443

FY 2017-18 General Fund By Department



TODAY AND LOOKING TO TOMORROW

PAY AS YOU GO FOR TODAY, AND FORECASTING FOR ANTICIPATING FUTURE.

Considerations:

- Proposition 13 limited revenues.
- Property Tax increases approx. 2% a year.
- CPI and service demands growing faster
- Expectations
- Technology and external, environmental impacts (traffic, drought, etc.)
- Infrastructure and urban forest aging, now at 79 years of age
- State mandates
- Fixed costs growing
- Decisions in the past are coming to fruition today

