

BLUE FOLDER ITEM

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BUDGET & FINANCE COMMISSION MEETING FEBRUARY 11, 2021

J.2. FY 2020-21 MIDYEAR BUDGET REPORT

RECOMMENDATION:

1. Discuss and possible action regarding FY 2020-21 Midyear Budget Report.

CONTACT:

MARNI RUHLAND, FINANCE DIRECTOR

ATTACHMENTS:

- Administrative Report



Administrative Report

Commission Action Date: February 11, 2021

To: BUDGET AND FINANCE COMMISSION
From: MARNI RUHLAND, FINANCE DIRECTOR
Subject: MIDYEAR BUDGET REPORT

RECOMMENDATION

Discussion and Possible Action Regarding FY 2020-21 Midyear Budget Report

EXECUTIVE SUMMARY

In June, the City Council adopted the FY 2020-21 operating budget. The City Council adopted a balanced budget which allocates funding for the provision of core municipal service to the residents, businesses, and visitors of Redondo Beach.

This report reviews the City's budget and financial condition at the midyear point of FY 2020-21. Financial challenges from significant and continuing revenue losses as a result of the global pandemic (particularly in the recreation program and facility rental revenue categories) have led to a projected current fiscal year General Fund shortfall of \$1.4 million dollars.

Decision packages to bring the budget back in balance and to maintain the City's operational effectiveness and financial health are proposed for consideration. Additionally, Budget Response Reports are included as attachments for City Council's consideration and in anticipation of, or in direct response to, questions regarding the midyear budget. Finally, a status report on the Capital Improvement Program will be provided at the City Council meeting.

BACKGROUND

Where are the revised estimated ending fund balance summaries shown with proposed midyear FY 2020-21 revenues and expenditures?

Attachment 1 provides details of the revised estimated ending fund balances as shown on the Proposed Midyear FY 2020-21 Summary that arise in consideration of Decision Packages, adjustments to appropriations, and adjustments to revenue projections.

What was the remaining amount of the General Fund balance at FY 2019-20 year-end after completing the June 30, 2020 Comprehensive Annual Financial Report (CAFR) that becomes the FY 2020-21 beginning fund balance?

The remaining General Fund balance was calculated as follows by excluding fund balance assignments made in November for fiscal year end 2019-20 which are not available to pay for FY 2020-21 expenditures.

| | |
|--------------|--|
| \$10,973,833 | Total General Fund balance before assignments and transfers (June 30, 2020 ending fund balance) |
| -7,585,231 | Committed fund balance for 8.33% General Fund reserve (contingency reserve required by the City Council's Financial Principles) |
| -23,262 | Nonspendable fund balance for notes and loans (loans to employees for computer purchases pursuant to labor agreements) |
| -770,942 | Fund balance assignment for compensated absences (provision for vacation cashouts upon retirement/termination funded at 30% of employee balances as of June 30, 2020) |
| -10,800 | Fund balance assignment for petty cash (small cash funds held by departments for cash register change drawer or reimbursement of expenses in the amount of \$50 or less) |

\$2,583,598 General Fund remaining fund balance

The remaining General Fund balance can also be calculated as follows by including fund balance assignments made in November for fiscal year end 2019-20 which are available to pay for FY 2020-21 expenditures.

| | |
|-----------|--|
| \$704,067 | Unassigned/unallocated fund balance (after all other fund balance assignments) |
| 84,435 | Nonspendable fund balance (payments made in FY 2019-20 for FY 2020-21 expenditures) |
| 1,292,166 | Fund balance assignment for encumbrances (open purchase orders as of June 30, 2020 for contracted goods or services not yet received) |
| 502,930 | Fund balance assignment for carryovers (unspent FY 2019-20 funds to be used for FY 2020-21 departmental, donation, grant and capital improvement project expenditures) |

\$2,583,598 General Fund remaining fund balance

The beginning fund balances of the other funds are calculated similarly with capital assets and net pension and OPEB liabilities excluded from those of the Enterprise and Internal Service Funds.

What additional items adjust the beginning fund balances to their estimated ending fund balances?

In addition to the General Fund adopted revenues and transfers in and the adopted appropriations and transfers out, the following items adjust the beginning fund balance to the estimated ending fund balance.

| | |
|-------------|--|
| \$2,583,598 | General Fund beginning fund balance for FY 2020-21 |
| 93,566,545 | Adopted revenues and transfers in |
| -93,566,545 | Adopted appropriations and transfers out |
| -1,292,166 | Prior year encumbrances (finalized open purchase orders as of June 30, 2020 for which a fund balance assignment is included in the beginning fund balance – see above) |
| -502,930 | Carryover appropriations and transfers out (re-budgeted departmental carryover requests for which a fund balance assignment is included in the beginning fund balance – see above) |
| -194,322 | Other Council-approved appropriations and transfers out (budget modifications approved by City Council resolutions with a 4/5 affirmative vote during |

\$594,180 Estimated General Fund ending fund balance for FY 2020-21

The estimated ending fund balances of the other funds are calculated similarly.

What midyear revenue adjustments to the estimated fund balances are recommended?

At this point in the fiscal year, staff has reviewed revenues received to date and revised the adopted revenue estimates as necessary. The revised revenue estimates are shown in Exhibit B with General Fund revenues anticipated to finish \$2.8 million lower than projected at budget adoption.

As projected in the first quarter budget update, revised tax revenue estimates reflect an increase from the adopted budget. The largest increase is from property tax which continues to remain strong, despite the pandemic. The same cannot be said for transient occupancy tax revenue estimates, which were drastically reduced at budget adoption and now must be revised even lower due to prolonged restrictions on travel and large gatherings.

The overall increase in general tax revenue projections however is unfortunately more than offset by significantly lower estimates for recreation facility and program related revenues. The impacts of the COVID-19 public health emergency have extended beyond projections reflected in the adopted budget. Current estimates for facility rental income and recreation users pay revenue now assume restrictions and closures through the end of the fiscal year. Those facilities and programs impacted include the Redondo Beach Performing Arts Center, the Aviation Gym and Sports Field, events catered by Spectrum Catering at Veterans Park, and various user pay recreation activities which in total reflect an anticipated revenue loss of \$3.2 million.

What midyear adjustments to appropriations are recommended?

The adjustments on the Midyear Adjustments to Appropriations schedule (Exhibit C) reflect the annual update to the internal service fund/overhead allocations (described in the Midyear Budget Response Report) as well as anticipated departmental maintenance and operations savings.

Midyear changes to the adopted budget are also considered by the City Council through supplemental requests called Decision Packages. Decision Packages can be related to policy, operational or financial matters. The following Decision Packages are recommended to address issues at midyear.

Decision Package #1. Retiree Medical Insurance. An increased appropriation is needed for the payment of rising retiree medical insurance premiums costs as well as an offsetting increased revenue estimate for the drawdown from the City's Internal Revenue Service Section 115 trust fund for other post-employment employment benefits (OPEB). Recommended is an ongoing appropriation and offsetting revenue estimate of \$200,000 to the General Fund.

Decision Package #2. Personnel Adjustments. As detailed in Budget Response Report #7, personnel adjustments are needed (primarily as a result of COVID-related restrictions and closures) to recognize savings from vacancies (both current and projected for the remainder of the fiscal year), adjustments for changes in vacation usage/cashout behaviors, full funding of 2021 employee health insurance cash in lieu payments due to MOU approved benefit modifications, and restoration of the Financial Services Department's Office Specialist III position as the expected retirement did not occur. Recommended is the personnel change, one-time reduced appropriations to the General Fund of \$1,142,378, one-time reduced appropriations to other funds of \$261,123, and one-time reduced revenue estimates to other funds of \$12,115.

Decision Package #3. Fire Department Alerting System. As a result of the new Mark 43 computer aided dispatch (CAD) system implementation, the Fire station alerting systems and relays must be replaced in order to ensure system interoperability with WestNet. The current alerting system has been in use beyond its recommended service life. Recommended is a one-time appropriation in the amount of \$100,000 to the Emergency Communications Fund in order to maintain this critical operational need.

Decision Package #4. Fire Department SCBA Compressed Air Fill System. During working fire responses, Redondo Beach firefighters don required self-contained breathing apparatus (SCBA) to protect responders from inhaling super-heated air, smoke and other toxic gases. Following each use, SCBAs are filled to appropriate pressures and are placed back in service for the next response. In order to fill these high-pressure devices, compressed air fill stations are required. The recommended replacement schedule for a compressed air fill system is 15 years. The Redondo Beach Fire Department fill station located on Support 62 has reached the end of its service life and can no longer meet operational needs. Recommended is a one-time Vehicle Replacement Fund appropriation in the amount of \$35,000 to replace a fixed replacement air fill station located at Fire Station 2.

Decision Package #5. Solid Waste Fund Adjustment. The Solid Waste Fund needs to be adjusted to account for the residential and household hazardous waste pass through payments. Residents are charged for refuse service on their property tax assessment and the City in turn pays Athens Services on a monthly basis. Each year the Solid Waste Fund is adjusted at budget time to account for the new approved solid waste rates. However, the count of the number of households is not always known before the budget is adopted. Therefore, in order to account for the increase in residential accounts, an increase to the maintenance agreement is needed. Recommended is an ongoing appropriation and offsetting revenue estimate of \$10,585 to the Solid Waste Fund.

Decision Package #6. Torrance Boulevard Resurfacing. The current Capital Improvement Program (CIP) includes the Torrance Boulevard Resurfacing Project from PCH to Prospect, Job No. 41230. Design plans for the project are currently at approximately 50 %. In order to complete improvements to the street in the most cost-effective manner and to maximize bicycle facility connectivity, staff recommends that the project be expanded to include the portion of Torrance Boulevard west of PCH including Torrance Circle. The requested funds are from a transportation restricted source and would allow the project design to move forward in full. Funds for additional construction costs would be included in the FY 2021-22 CIP and also come from transportation restricted sources. Recommended is a one-time appropriation of \$100,000 to the Proposition C Fund.

Decision Package #7. Transit Vehicle Equipment. City Council approved a Decision Package with the adoption of the FY 2020-21 budget for \$1,568,072 for the planned procurement of three fixed route Beach Cities Transit vehicles. This midyear decision package increases the amount of the funding by \$16,756 for an adjustment in the cost of the procurement. The Federal Transit Administration establishes “useful life/mileage” requirements of at least seven years for heavy-duty transit vehicles. The transit fleet capital plan requires annual purchases to replace vehicles that have or are approaching the maximum standards. New vehicles also improve public safety and have lower maintenance repair costs. Recommended is a one-time appropriation with an offsetting increased revenue estimate of \$13,405 to the Intergovernmental Grants Fund and a one-time appropriation of \$3,351 to the Transit Fund funded by a transfer of the same amount from the Proposition A Fund.

Decision Package #8. Transfer from CalPERS Reserve Fund. The City Council has established a reserve fund to help the City absorb its rapidly increasing employee pension costs and smooth year to year General Fund expenditure hikes. Proposed is a transfer of \$1,363,286 from the CalPERS Reserve Fund to the General Fund to balance the FY 2020-21 operating budget. It was anticipated that this transfer would be necessary at the close of FY 2019-20, but the greatest impacts of the pandemic are instead being felt during FY 2020-21. The balance remaining in the CalPERS Reserve Fund after this transfer will be \$5,209,021. Recommended is a one-time \$1,363,286 transfer from the CalPERS Reserve Fund to the General Fund.

What is the resulting impact of revising the revenue estimates and funding the recommended Decision Packages at this time?

The FY 2020-21 General Fund revised estimated ending fund balance after revising the revenue estimates and funding the recommended Decision Packages would be as follows:

| | |
|------------|--|
| \$594,180 | General Fund estimated ending fund balance (excluding \$7,585,231 General Fund contingency) |
| -2,802,901 | Adjustments to revenue (impact of the revenue revisions as shown in Exhibit B) |
| -296,943 | Adjustments to appropriations and transfers out (impact of appropriations and transfers out as shown in Exhibit C) |
| 1,563,286 | Decision Package adjustments to revenue and transfers in (impact of recommended revenue revisions included in Decision Packages #1 through #8) |
| 942,378 | Decision Package adjustments to appropriations and transfers out (impact of recommended appropriation revisions included in Decision Packages #1 through #8) |

-
- General Fund revised estimated ending fund balance (excluding \$7,585,231 General Fund contingency)

What is the resulting impact of revising the revenue estimates and funding the recommended Decision Packages at this time?

The FY 2020-21 General Fund revised estimated ending fund balance after revising the revenue estimates and funding the recommended Decision Packages would be as follows:

What is the status of preparation of the FY 2021-22 Budget?

Following completion of the midyear review of the current year budget, attention will turn immediately towards preparation of the FY 2021-22 Budget that takes effect July 1, 2021.

COORDINATION

All departments coordinated on this midyear budget review. The City Council will review the midyear budget report on February 16.

FISCAL IMPACT

The report describes the City's financial and budgetary situation at the midyear point of FY 2020-21.

Submitted by:
Marni Ruhland, Finance Director

Attachments:

- Attachment 1 – FY 2020-21 Summary
- Exhibit A – Council-Approved Appropriation Modifications
- Exhibit B – Adjustments to Revenue
- Exhibit C – Adjustments to Appropriations
- Midyear Budget Response Reports

Proposed Midyear FY 2020-21 Summary

| Description | General | State Gas Tax | Storm Drain Improvement | St Landscaping/ Lighting | Local Transport Article 3 | Measure M |
|---|------------------------|---------------|----------------------------|-----------------------------|------------------------------|-----------|
| Beginning Fund Balance | 2,583,598 ¹ | 1,417,733 | 372,782 | - | 33 | 2,571,294 |
| Adopted Revenues | 88,711,978 | 3,022,851 | 50,000 | 1,558,600 | 46,714 | 1,000,261 |
| Carry-over Revenues | - | - | - | - | - | - |
| Other Council-Approved Revenues | - | - | - | - | - | - |
| Transfers In | 4,854,567 | 60 | - | 999,875 | - | - |
| Total Revenue | 93,566,545 | 3,022,911 | 50,000 | 2,558,475 | 46,714 | 1,000,261 |
| Adopted Appropriations | 91,059,196 | 2,185,701 | - | 2,414,967 | - | 700,374 |
| Prior Year Encumbrances | 1,292,166 | 1,039,793 | 36,928 | 88,580 | - | 1,250,000 |
| Carryover Appropriations | 362,810 | 274,995 | 251,802 | 140,120 | - | 1,108,081 |
| Other Council-Approved Appropriations (Exhibit A) | 161,542 | 60 | - | 3,388 | - | - |
| Transfers Out | 2,680,249 | - | - | - | - | - |
| Total Uses | 95,555,963 | 3,500,549 | 288,730 | 2,647,055 | - | 3,058,455 |
| Estimated Ending Fund Balance | 594,180 | 940,095 | 134,052 | (88,580) | 46,747 | 513,100 |
| Adjustments to Revenue (Exhibit B) | (2,802,901) | (231,185) | (48,000) | (10,600) | - | - |
| Adjustments to Appropriations (Exhibit C) | 296,943 | (1,871) | - | 458 | - | (374) |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | 1,563,286 | - | - | (455) | - | - |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | (942,378) | 420 | - | (455) | - | - |
| Revised Estimated Ending Fund Balance | - | 710,361 | 86,052 | (99,638) | 46,747 | 513,474 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Proposed Midyear FY 2020-21 Summary

| Description | Prop A Local Trans Tax | Prop C Local Trans Tax | Measure R | Measure W | Air Quality Improvement | Intergovernmental Grants | Comm Develop Block Grant |
|---|---------------------------|---------------------------|------------------|----------------|----------------------------|-----------------------------|-----------------------------|
| Beginning Fund Balance | 2,492,321 | 7,240,577 | 1,904,586 | (553,575) | 297,924 | - | 38,063 |
| Adopted Revenues | 1,413,383 | 1,267,477 | 875,855 | 720,000 | 67,984 | 3,079,946 | 472,566 |
| Carry-over Revenues | - | - | - | - | - | 9,827,488 | - |
| Other Council-Approved Revenues | - | - | - | - | - | 1,101,265 | 29,250 |
| Transfers In | - | - | - | 144 | 240 | - | - |
| Total Revenue | <u>1,413,383</u> | <u>1,267,477</u> | <u>875,855</u> | <u>720,144</u> | <u>68,224</u> | <u>14,008,699</u> | <u>501,816</u> |
| Adopted Appropriations | - | 1,622,062 | 675,000 | 693,059 | 75,165 | 3,079,946 | 361,502 |
| Prior Year Encumbrances | - | 3,788,943 | 872,602 | - | 12,534 | 9,485,142 | 9,979 |
| Carryover Appropriations | 75,000 | 2,354,384 | 897,894 | 110,496 | 185,600 | 9,827,488 | - |
| Other Council-Approved Appropriations (Exhibit A) | - | - | - | 144 | 240 | 1,101,265 | 29,250 |
| Transfers Out | <u>2,792,272</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Uses | <u>2,867,272</u> | <u>7,765,389</u> | <u>2,445,496</u> | <u>803,699</u> | <u>273,539</u> | <u>23,493,841</u> | <u>400,731</u> |
| Estimated Ending Fund Balance | 1,038,432 | 742,665 | 334,945 | (637,130) | 92,609 | (9,485,142) | 139,148 |
| Adjustments to Revenue (Exhibit B) | - | - | - | - | - | - | - |
| Adjustments to Appropriations (Exhibit C) | - | 89 | - | 6,183 | (172) | - | - |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | - | - | - | - | - | 13,405 | - |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | (8,309) | 100,000 | - | 68 | 134 | 13,405 | - |
| Revised Estimated Ending Fund Balance | 1,046,741 | 642,576 | 334,945 | (643,381) | 92,647 | (9,485,142) | 139,148 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Proposed Midyear FY 2020-21 Summary

| Description | Housing Authority | Parks/Rec Facilities | Narcotic Forfeiture/Seizure | Subdivision Park Trust | Disaster Recovery | CalPERS Reserve |
|---|----------------------|-------------------------|--------------------------------|---------------------------|----------------------|--------------------|
| Beginning Fund Balance | 1,263,444 | 37,243 | 517,359 | 1,265,706 | (325,010) | 6,572,307 |
| Adopted Revenues | 7,166,683 | 31,500 | 30,000 | 500,000 | 50,500 | - |
| Carry-over Revenues | - | - | - | - | 300,159 | - |
| Other Council-Approved Revenues | - | - | - | - | 829,000 | - |
| Transfers In | 2,400 | - | - | - | - | - |
| Total Revenue | 7,169,083 | 31,500 | 30,000 | 500,000 | 1,179,659 | - |
| Adopted Appropriations | 6,719,212 | 50,000 | 52,957 | 60,000 | 17,060 | - |
| Prior Year Encumbrances | - | - | 187,436 | 6,715 | - | - |
| Carryover Appropriations | - | - | 128,201 | 1,610,414 | 300,159 | - |
| Other Council-Approved Appropriations (Exhibit A) | 2,400 | - | - | 21,500 | 829,000 | - |
| Transfers Out | - | - | - | - | - | - |
| Total Uses | 6,721,612 | 50,000 | 368,594 | 1,698,629 | 1,146,219 | - |
| Estimated Ending Fund Balance | 1,710,915 | 18,743 | 178,765 | 67,077 | (291,570) | 6,572,307 |
| Adjustments to Revenue (Exhibit B) | (398,383) | - | (10,000) | - | - | - |
| Adjustments to Appropriations (Exhibit C) | 4,903 | - | - | - | - | - |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | - | - | - | - | - | - |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | (37,557) | - | - | - | - | 1,363,286 |
| Revised Estimated Ending Fund Balance | 1,345,186 | 18,743 | 168,765 | 67,077 | (291,570) | 5,209,021 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Proposed Midyear FY 2020-21 Summary

| Description | Capital Projects | Major Facilities Reconstruction | Open Space Acquisition | Harbor Tidelands | Harbor Uplands | Solid Waste | Wastewater |
|---|-------------------|------------------------------------|---------------------------|---------------------|-------------------|------------------|-------------------|
| Beginning Fund Balance | 7,355,694 | 1,150,000 | 1,201,516 | 15,133,105 | 2,993,228 | 1,528,003 | 13,955,557 |
| Adopted Revenues | 477,262 | - | - | 5,330,880 | 4,717,300 | 5,099,848 | 5,876,765 |
| Carry-over Revenues | - | - | - | - | - | 69,770 | - |
| Other Council-Approved Revenues | 467,567 | - | - | - | - | - | - |
| Transfers In | 2,240,984 | - | - | 3,010 | 1,737 | 3,557 | 824 |
| Total Revenue | <u>3,185,813</u> | <u>-</u> | <u>-</u> | <u>5,333,890</u> | <u>4,719,037</u> | <u>5,173,175</u> | <u>5,877,589</u> |
| Adopted Appropriations | 2,893,953 | - | 175,000 | 6,807,717 | 4,215,631 | 5,463,875 | 6,521,493 |
| Prior Year Encumbrances | 1,763,069 | - | - | 1,612,139 | 247,095 | 90,454 | 975,354 |
| Carryover Appropriations | 3,455,067 | - | - | 5,900,932 | 559,773 | 69,770 | 6,996,163 |
| Other Council-Approved Appropriations (Exhibit A) | 468,551 | - | - | 3,113 | 1,637 | 3,557 | 823 |
| Transfers Out | 2,368,000 | 489,286 | - | 96,299 | 1,650,982 | - | - |
| Total Uses | <u>10,948,640</u> | <u>489,286</u> | <u>175,000</u> | <u>14,420,200</u> | <u>6,675,118</u> | <u>5,627,656</u> | <u>14,493,833</u> |
| Estimated Ending Fund Balance | (407,133) | 660,714 | 1,026,516 | 6,046,795 | 1,037,147 | 1,073,522 | 5,339,313 |
| Adjustments to Revenue (Exhibit B) | - | - | 72,632 | (1,352,787) | (850,500) | (181,698) | (7,948) |
| Adjustments to Appropriations (Exhibit C) | - | - | - | (145,769) | 206,059 | (14,380) | 51,250 |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | - | - | - | - | - | 10,585 | - |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | - | - | - | (45,484) | (15,695) | (159,787) | 12,382 |
| Revised Estimated Ending Fund Balance | (407,133) | 660,714 | 1,099,148 | 4,885,261 | (3,717) | 1,076,576 | 5,267,733 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Proposed Midyear FY 2020-21 Summary

| Description | Transit | Self-Insurance Program | Vehicle Replacement | Building Occupancy | Information Technology | Emergency Communications |
|---|------------------|---------------------------|------------------------|-----------------------|---------------------------|-----------------------------|
| Beginning Fund Balance | - | (10,484,466) ² | 8,262,696 | 2,354,875 | 2,423,200 | 2,935,593 |
| Adopted Revenues | 2,498,092 | 7,937,950 | 3,376,280 | 3,277,446 | 3,505,574 | 3,452,277 |
| Carry-over Revenues | - | - | - | - | - | - |
| Other Council-Approved Revenues | - | - | - | - | - | - |
| Transfers In | 2,796,832 | 840 | 1,440 | 900 | - | 9,000 |
| Total Revenue | <u>5,294,924</u> | <u>7,938,790</u> | <u>3,377,720</u> | <u>3,278,346</u> | <u>3,505,574</u> | <u>3,461,277</u> |
| Adopted Appropriations | 5,290,364 | 6,591,840 | 2,700,052 | 3,157,861 | 4,540,525 | 2,865,310 |
| Prior Year Encumbrances | 258,952 | - | 926,105 | 15,409 | 294,956 | 51,230 |
| Carryover Appropriations | - | 5,093 | 272,096 | - | 550,000 | - |
| Other Council-Approved Appropriations (Exhibit A) | 4,560 | 840 | 81,843 | 900 | (304) | 24,000 |
| Transfers Out | - | - | - | - | 304 | - |
| Total Uses | <u>5,553,876</u> | <u>6,597,773</u> | <u>3,980,096</u> | <u>3,174,170</u> | <u>5,385,481</u> | <u>2,940,540</u> |
| Estimated Ending Fund Balance | (258,952) | (9,143,449) | 7,660,320 | 2,459,051 | 543,293 | 3,456,330 |
| Adjustments to Revenue (Exhibit B) | - | 264,474 | (319,161) | 230,400 | (20,892) | 755,470 |
| Adjustments to Appropriations (Exhibit C) | 22,100 | 7,907 | 46,865 | 22,356 | 21,653 | (11,200) |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | (8,309) | - | - | - | - | - |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | (8,309) | 1,229 | 35,304 | 3,014 | 6,399 | 107,810 |
| Revised Estimated Ending Fund Balance | (281,052) | (8,888,111) | 7,258,990 | 2,664,081 | 494,349 | 4,115,190 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Proposed Midyear FY 2020-21 Summary

| Description | Major Facilities Repair | Successor Agency | Housing Successor Agency | Community Financing Authority | Total |
|---|----------------------------|---------------------|-----------------------------|----------------------------------|--------------------|
| Beginning Fund Balance | 993,250 | - | 4,143,211 | 5,754,839 | 87,396,686 |
| Adopted Revenues | 91,543 | 1,428,995 | 359,650 | 273,975 | 157,770,135 |
| Carry-over Revenues | - | - | - | - | 10,197,417 |
| Other Council-Approved Revenues | - | - | - | - | 2,427,082 |
| Transfers In | - | - | - | 2,468,077 | 13,384,487 |
| Total Revenue | <u>91,543</u> | <u>1,428,995</u> | <u>359,650</u> | <u>2,742,052</u> | <u>183,779,121</u> |
| Adopted Appropriations | 120,000 | 361,900 | 280,500 | 1,924,957 | 163,677,179 |
| Prior Year Encumbrances | 40,126 | - | - | - | 24,345,707 |
| Carryover Appropriations | 741,622 | - | - | - | 36,177,960 |
| Other Council-Approved Appropriations (Exhibit A) | - | - | - | - | 2,738,309 |
| Transfers Out | - | 1,067,095 | - | 2,240,000 | 13,384,487 |
| Total Uses | <u>901,748</u> | <u>1,428,995</u> | <u>280,500</u> | <u>4,164,957</u> | <u>240,323,642</u> |
| Estimated Ending Fund Balance | 183,045 | - | 4,222,361 | 4,331,934 | 30,852,165 |
| Adjustments to Revenue (Exhibit B) | 15,533 | - | - | - | (4,895,546) |
| Adjustments to Appropriations (Exhibit C) | - | - | - | 10,135 | 523,135 |
| Adjustments to Revenue/Transfers In (Decision Pkgs) | - | - | - | - | 1,578,512 |
| Adjustments to Appropriations/Transfers Out (Decision Pkgs) | - | - | - | - | 425,477 |
| Revised Estimated Ending Fund Balance | 198,578 | - | 4,222,361 | 4,321,799 | 26,586,519 |

¹ The General Fund beginning fund balance excludes the 8.33% minimum contingency reserve set by the City Council.

² The Self-Insurance Program Fund beginning fund balance reflects a positive cash balance of \$14,201,733 reduced by liabilities for future workers' compensation and liability claims of \$24,681,132.

Council-Approved Appropriation Modifications

| Fund | Item | Date of Council Action | Amount |
|---------------------------------|--|-------------------------------|-------------------------|
| General Fund | PSA MOU | 01/12/21 | \$ 38,759 |
| General Fund | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ 32,439 |
| General Fund | RBCEA MOU | 01/12/21 | \$ 90,344 |
| | | | <u>\$ 161,542</u> |
| State Gas Tax | PSA MOU | 01/12/21 | \$ 60 ¹ |
| Street Landscaping and Lighting | PSA MOU | 01/12/21 | \$ 2,831 ¹ |
| Street Landscaping and Lighting | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ (43) ¹ |
| Street Landscaping and Lighting | RBCEA MOU | 01/12/21 | \$ 600 ¹ |
| | | | <u>\$ 3,388</u> |
| Measure W | PSA MOU | 01/12/21 | \$ 144 |
| Air Quality Improvement | PSA MOU | 01/12/21 | \$ 120 ¹ |
| Air Quality Improvement | RBCEA MOU | 01/12/21 | \$ 120 ¹ |
| | | | <u>\$ 240</u> |
| Intergovernmental Grants | West Basin Municipal Water District Water Bottle Filling Station Program | 09/01/20 | \$ 2,000 ¹ |
| Intergovernmental Grants | Edward Byrne Memorial Justice Assistance Grant | 09/01/20 | \$ 3,510 ¹ |
| Intergovernmental Grants | State Office of Traffic Safety Pedestrian and Bicycle Safety Program | 09/15/20 | \$ 55,000 ¹ |
| Intergovernmental Grants | State Office of Traffic Safety Traffic Enforcement Program | 09/15/20 | \$ 108,000 ¹ |
| Intergovernmental Grants | Edward Byrne Memorial Justice Assistance Grant | 10/20/20 | \$ 10,881 ¹ |
| Intergovernmental Grants | Dept of Housing and Comm Dev Local Early Action Planning Grants Prog | 11/10/20 | \$ 300,000 ¹ |
| Intergovernmental Grants | Community Development Block Grant CARES Act | 11/10/20 | \$ 621,874 ¹ |
| | | | <u>\$ 1,101,265</u> |
| Comm Dev Block Grant | Leasing of Apartments to House People Experiencing Homelessness | 12/15/20 | \$ 29,250 ¹ |
| Housing Authority | PSA MOU | 01/12/21 | \$ 1,200 |
| Housing Authority | RBCEA MOU | 01/12/21 | \$ 1,200 |
| | | | <u>\$ 2,400</u> |
| Subdivision Park Trust | Bicycle Transportation Plan Implementation Project | 10/06/20 | \$ 21,500 |
| Disaster Recovery | County CARES Act and Fourth District Homeless and Housing Funds | 11/10/20 | \$ 829,000 ¹ |
| Capital Projects | Enhanced Watershed Management Plan Implementation Project | 11/17/20 | \$ 467,567 ¹ |
| Capital Projects | PSA MOU | 01/12/21 | \$ 984 ¹ |
| | | | <u>\$ 468,551</u> |
| Harbor Tidelands | PSA MOU | 01/12/21 | \$ 2,532 ¹ |
| Harbor Tidelands | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ 324 ¹ |
| Harbor Tidelands | RBCEA MOU | 01/12/21 | \$ 257 ¹ |
| | | | <u>\$ 3,113</u> |
| Harbor Uplands | PSA MOU | 01/12/21 | \$ 1,200 ¹ |
| Harbor Uplands | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ 540 ¹ |
| Harbor Uplands | RBCEA MOU | 01/12/21 | \$ (103) ¹ |
| | | | <u>\$ 1,637</u> |
| Solid Waste | PSA MOU | 01/12/21 | \$ 1,145 ¹ |
| Solid Waste | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ (288) ¹ |
| Solid Waste | RBCEA MOU | 01/12/21 | \$ 2,700 ¹ |
| | | | <u>\$ 3,557</u> |
| Wastewater | PSA MOU | 01/12/21 | \$ 2,085 ¹ |
| Wastewater | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ (432) ¹ |
| Wastewater | RBCEA MOU | 01/12/21 | \$ (830) ¹ |
| | | | <u>\$ 823</u> |
| Transit | PSA MOU | 01/12/21 | \$ 3,480 |
| Transit | RBCEA MOU | 01/12/21 | \$ 1,080 |
| | | | <u>\$ 4,560</u> |

Council-Approved Appropriation Modifications

| Fund | Item | Date of Council Action | Amount |
|--------------------------|---|-------------------------------|----------------------------|
| Self-Insurance Program | RBCEA MOU | 01/12/21 | \$ 840 ¹ |
| Vehicle Replacement | Police Motorcycles | 11/10/20 | \$ 80,403 |
| Vehicle Replacement | PSA MOU | 01/12/21 | \$ 1,440 ¹ |
| | | | <u>\$ 81,843</u> |
| Building Occupancy | PSA MOU | 01/12/21 | \$ 900 ¹ |
| Information Technology | PSA MOU | 01/12/21 | \$ 1,579 |
| Information Technology | Management/Confidential Pay/Benefits Plan | 01/12/21 | \$ (1,440) ¹ |
| Information Technology | RBCEA MOU | 01/12/21 | \$ (443) |
| | | | <u>\$ (304)</u> |
| Emergency Communications | Platform - Mark 43 & World Advancement of Tech for EMS & Rescue | 12/01/20 | \$ 15,000 |
| Emergency Communications | PSA MOU | 01/12/21 | \$ 1,800 |
| Emergency Communications | RBCEA MOU | 01/12/21 | \$ 7,200 |
| | | | <u>\$ 24,000</u> |
| | Total | | <u><u>\$ 2,738,309</u></u> |

¹ Also included revenue/transfer in modifications in the same amount

City of Redondo Beach
Mid Year Adjustments to Revenue

| | Fiscal Year 2020 - 2021 | | |
|-----------------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| <u>GENERAL FUND</u> | | | |
| Taxes: | | | |
| Property Tax | 29,200,000 | 29,900,000 | 700,000 |
| Property Tax in Lieu of VLF | 8,150,000 | 8,375,000 | 225,000 |
| Homeowners' Exemption | 140,000 | 135,000 | (5,000) |
| Sales and Use Tax | 9,340,000 | 9,450,000 | 110,000 |
| Public Safety Aug. Fund | 810,000 | 810,000 | - |
| Utility Users' Tax | 6,400,000 | 6,500,000 | 100,000 |
| Transient Occupancy Tax | 2,850,000 | 2,700,000 | (150,000) |
| Franchise Fees | 1,700,000 | 1,650,000 | (50,000) |
| Business License Tax | 1,250,000 | 1,250,000 | - |
| Property Transfer Tax | 2,500,000 | 2,500,000 | - |
| Sub-total | 62,340,000 | 63,270,000 | 930,000 |
| Licenses and Permits: | | | |
| Construction/Excavation Permits | 1,719,900 | 1,719,900 | - |
| Street/Curb/Parking Permits | 66,250 | 66,250 | - |
| Misc. Licenses/Permits | 82,159 | 65,254 | (16,905) |
| Sub-total | 1,868,309 | 1,851,404 | (16,905) |
| Fines and Forfeitures: | | | |
| Parking Citations | 1,125,000 | 1,075,000 | (50,000) |
| Vehicle Code Fines | 95,000 | 118,480 | 23,480 |
| Restitution | 7,500 | 1,000 | (6,500) |
| Sub-total | 1,227,500 | 1,194,480 | (33,020) |
| Use of Money and Property: | | | |
| Investment Earnings | 725,000 | 750,000 | 25,000 |
| Rents and Percentages | 2,324,050 | 491,700 | (1,832,350) |
| Sub-total | 3,049,050 | 1,241,700 | (1,807,350) |
| Intergovernmental: | | | |
| Motor Vehicle/In-Lieu | 30,000 | 30,000 | - |
| SB90 State Mandated Cost Reimb. | 30,000 | 30,000 | - |
| Other Intergovernmental Revenue | 250,000 | 144,987 | (105,013) |
| Sub-total | 310,000 | 204,987 | (105,013) |

| | Fiscal Year 2020 - 2021 | | |
|---|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| Charges for Services: | | | |
| Administrative Fees | 187,000 | 21,000 | (166,000) |
| Parking Meter Fees | 2,070,000 | 2,300,000 | 230,000 |
| Police Service Fees | 292,000 | 251,480 | (40,520) |
| Fire Service Fees | 642,750 | 642,500 | (250) |
| Library Book Fines and Fees | 37,500 | 2,300 | (35,200) |
| Recreation Users Pay | 1,935,000 | 535,100 | (1,399,900) |
| Planning Fees | 398,225 | 398,225 | - |
| Building and Engineering Fees | 2,217,530 | 2,172,530 | (45,000) |
| State Energy Fees | 181,650 | 181,650 | - |
| Other Building Fees | 208,550 | 235,000 | 26,450 |
| Public Works Fees | 14,500 | 3,500 | (11,000) |
| Sub-total | 8,184,705 | 6,743,285 | (1,441,420) |
| Other Revenues: | | | |
| Miscellaneous Revenue | 2,228,225 | 1,941,470 | (286,755) |
| Program Donations | 86,900 | 81,900 | (5,000) |
| Claims Settlement | - | - | - |
| Sub-total | 2,315,125 | 2,023,370 | (291,755) |
| REVENUE FROM OUTSIDE SOURCES | 79,294,689 | 76,529,226 | (2,765,463) |
| Internal Revenue: | | | |
| Overhead Charges | 9,417,289 | 9,379,851 | (37,438) |
| Transfers In | - | - | - |
| Sub-total | 9,417,289 | 9,379,851 | (37,438) |
| TOTAL GENERAL FUND | 88,711,978 | 85,909,077 | (2,802,901) |
| <u>SPECIAL REVENUE FUNDS</u> | | | |
| STATE GAS TAX FUND: | | | |
| Use of Money and Property | 20,000 | 20,000 | - |
| Intergovernmental | 2,996,851 | 2,768,666 | (228,185) |
| Charges for Services | 6,000 | 3,000 | (3,000) |
| Other Revenue | - | - | - |
| TOTAL STATE GAS TAX FUND | 3,022,851 | 2,791,666 | (231,185) |
| STORM DRAIN IMPROVEMENT FUND: | | | |
| Charges for Services | 50,000 | 2,000 | (48,000) |
| TOTAL STORM DRAIN IMPROVEMENT FUND | 50,000 | 2,000 | (48,000) |
| STREET LANDSCAPING/LIGHTING FUND: | | | |
| Charges for Services | 1,558,600 | 1,548,000 | (10,600) |
| Transfers In | - | - | - |
| TOTAL STREET LANDSCAPING/LIGHTING FUND | 1,558,600 | 1,548,000 | (10,600) |
| LOCAL TRANSPORTATION ARTICLE 3 FUND: | | | |
| Intergovernmental | 46,714 | 46,714 | - |
| TOTAL LOCAL TRANSPORT ARTICLE 3 FUND | 46,714 | 46,714 | - |
| MEASURE M FUND: | | | |

| | Fiscal Year 2020 - 2021 | | |
|---|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| Use of Money and Property | 30,000 | 30,000 | - |
| Intergovernmental | 970,261 | 970,261 | - |
| TOTAL MEASURE M FUND | 1,000,261 | 1,000,261 | - |
| PROPOSITION A FUND: | | | |
| Use of Money and Property | 30,000 | 30,000 | - |
| Intergovernmental | 1,383,383 | 1,383,383 | - |
| TOTAL PROPOSITION A FUND | 1,413,383 | 1,413,383 | - |
| PROPOSITION C FUND: | | | |
| Use of Money and Property | 120,000 | 120,000 | - |
| Intergovernmental | 1,147,477 | 1,147,477 | - |
| TOTAL PROPOSITION C FUND | 1,267,477 | 1,267,477 | - |
| MEASURE R FUND: | | | |
| Use of Money and Property | 15,000 | 15,000 | - |
| Intergovernmental | 860,855 | 860,855 | - |
| TOTAL MEASURE R FUND | 875,855 | 875,855 | - |
| MEASURE W FUND: | | | |
| Intergovernmental | 720,000 | 720,000 | - |
| TOTAL MEASURE W FUND | 720,000 | 720,000 | - |
| AIR QUALITY IMPROVEMENT FUND: | | | |
| Use of Money and Property | 2,000 | 2,000 | - |
| Charges for Services | 65,984 | 65,984 | - |
| TOTAL AIR QUALITY IMPROVEMENT FUND | 67,984 | 67,984 | - |
| INTERGOVERNMENTAL GRANTS FUND: | | | |
| Intergovernmental | 14,008,699 | 14,008,699 | - |
| TOTAL INTERGOVERNMENTAL GRANTS FUND | 14,008,699 | 14,008,699 | - |
| COM. DEV. BLOCK GRANT FUND: | | | |
| Intergovernmental | 501,816 | 501,816 | - |
| TOTAL COM. DEV. BLOCK GRANT FUND | 501,816 | 501,816 | - |
| HOUSING AUTHORITY FUND: | | | |
| Intergovernmental | 7,166,683 | 6,768,300 | (398,383) |
| TOTAL HOUSING AUTHORITY FUND | 7,166,683 | 6,768,300 | (398,383) |
| PARKS AND REC. FACILITIES FUND: | | | |
| Charges for Services | 31,500 | 31,500 | - |
| TOTAL PARKS AND REC. FACILITIES FUND | 31,500 | 31,500 | - |
| NARCOTIC FORFEITURE/SEIZURE FUND: | | | |
| Fines and Forfeitures | 20,000 | 10,000 | (10,000) |
| Use of Money and Property | 10,000 | 10,000 | - |
| TOTAL NARCOTIC FORFEITURE/SEIZURE FUND | 30,000 | 20,000 | (10,000) |
| SUBDIVISION PARK TRUST FUND: | | | |
| Intergovernmental | 500,000 | 500,000 | - |

| | Fiscal Year 2020 - 2021 | | |
|--|-------------------------|---------------------|------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| TOTAL SUBDIVISION PARK TRUST FUND | 500,000 | 500,000 | - |
| DISASTER RECOVERY FUND: | | | |
| Intergovernmental | 829,000 | 829,000 | - |
| Charges for Services | 500 | 500 | - |
| Other Revenue | 350,159 | 350,159 | - |
| TOTAL DISASTER RECOVERY FUND: | 1,179,659 | 1,179,659 | - |
| TOTAL SPECIAL REVENUE FUNDS | 33,441,482 | 32,743,314 | (698,168) |
| CAPITAL PROJECTS FUND: | | | |
| Taxes | 180,000 | 180,000 | - |
| Charges for Services | 297,262 | 297,262 | - |
| Other Revenue | 467,567 | 467,567 | - |
| Transfers In | - | - | - |
| TOTAL CAPITAL PROJECTS FUND | 944,829 | 944,829 | - |
| OPEN SPACE ACQUISITION FUND: | | | |
| Other Revenue | - | 72,632 | 72,632 |
| TOTAL OPEN SPACE ACQUISITION FUND | - | 72,632 | 72,632 |
| TOTAL CAPITAL PROJECTS FUNDS | 944,829 | 1,017,461 | 72,632 |
| TOTAL GOVERNMENTAL FUNDS | 123,098,289 | 119,669,852 | (3,428,437) |
| ENTERPRISE FUNDS | | | |
| HARBOR TIDELANDS FUND: | | | |
| Fines and Forfeitures | 7,200 | 7,200 | - |
| Use of Money and Property | 4,826,742 | 3,461,742 | (1,365,000) |
| Charges for Services | 494,938 | 508,026 | 13,088 |
| Other Revenues | 2,000 | 1,125 | (875) |
| TOTAL HARBOR TIDELANDS FUND | 5,330,880 | 3,978,093 | (1,352,787) |
| HARBOR UPLANDS FUND: | | | |
| Fines and Forfeitures | 15,300 | 15,300 | - |
| Use of Money and Property | 2,985,000 | 2,110,000 | (875,000) |
| Charges for Services | 1,716,750 | 1,741,250 | 24,500 |
| Other Revenues | 250 | 250 | - |
| TOTAL HARBOR UPLANDS FUND | 4,717,300 | 3,866,800 | (850,500) |
| SOLID WASTE FUND: | | | |
| Licenses and Permits | 25,000 | 25,000 | - |
| Intergovernmental | 105,288 | 94,487 | (10,801) |
| Charges for Services | 4,860,973 | 4,690,055 | (170,918) |
| Other Revenues | 178,357 | 178,378 | 21 |
| TOTAL SOLID WASTE FUND | 5,169,618 | 4,987,920 | (181,698) |

| | Fiscal Year 2020 - 2021 | | |
|--|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| WASTEWATER FUND: | | | |
| Use of Money and Property | 300,000 | 300,000 | - |
| Charges for Services | 5,576,765 | 5,565,014 | (11,751) |
| Other Revenues | - | 3,803 | 3,803 |
| TOTAL WASTEWATER FUND | 5,876,765 | 5,868,817 | (7,948) |
| TRANSIT FUND: | | | |
| Intergovernmental | 2,171,275 | 2,171,275 | - |
| Charges for Services | 326,317 | 326,317 | - |
| Other Revenue | 500 | 500 | - |
| Transfers In | - | - | - |
| TOTAL TRANSIT FUND | 2,498,092 | 2,498,092 | - |
| TOTAL ENTERPRISE FUNDS | 23,592,655 | 21,199,722 | (2,392,933) |
| INTERNAL SERVICE FUNDS | | | |
| SELF-INSURANCE PROGRAM FUND: | | | |
| Charges for Services | 7,937,950 | 8,202,424 | 264,474 |
| TOTAL SELF-INSURANCE PROGRAM FUND | 7,937,950 | 8,202,424 | 264,474 |
| VEHICLE REPLACEMENT FUND: | | | |
| Charges for Services | 3,323,780 | 3,026,619 | (297,161) |
| Other Revenues | 52,500 | 30,500 | (22,000) |
| TOTAL VEHICLE REPLACEMENT FUND | 3,376,280 | 3,057,119 | (319,161) |
| BUILDING OCCUPANCY FUND: | | | |
| Charges for Services | 3,277,446 | 3,507,846 | 230,400 |
| TOTAL BUILDING OCCUPANCY FUND | 3,277,446 | 3,507,846 | 230,400 |
| INFORMATION TECHNOLOGY FUND: | | | |
| Charges for Services | 3,505,574 | 3,484,682 | (20,892) |
| TOTAL INFORMATION TECHNOLOGY FUND | 3,505,574 | 3,484,682 | (20,892) |
| EMERGENCY COMMUNICATIONS FUND: | | | |
| Charges for Services | 3,452,277 | 4,207,747 | 755,470 |
| TOTAL EMERGENCY COMMUNICATIONS FUND | 3,452,277 | 4,207,747 | 755,470 |
| MAJOR FACILITIES REPAIR FUND: | | | |
| Charges for Services | 91,543 | 107,076 | 15,533 |
| TOTAL MAJOR FACILITIES REPAIR FUND | 91,543 | 107,076 | 15,533 |
| TOTAL INTERNAL SERVICE FUNDS | 21,641,070 | 22,566,894 | 925,824 |
| TOTAL PROPRIETARY FUNDS | 45,233,725 | 43,766,616 | (1,467,109) |
| GRAND TOTAL | 168,332,014 | 163,436,468 | (4,895,546) |

Note: Adopted figures represent total resources including adopted revenues, carry-over revenues, and other Council-approved revenues.

City of Redondo Beach
Mid Year Adjustments to Appropriations

| | Fiscal Year 2020 - 2021 | | |
|-----------------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| <u>GENERAL FUND</u> | | | |
| Mayor and City Council: | | | |
| Personnel | 362,933 | 362,933 | - |
| Maintenance and Operations | 39,131 | 39,131 | - |
| Internal Service Fund Allocations | 221,676 | 243,862 | 22,186 |
| Capital Outlay | - | - | - |
| Sub-total | 623,740 | 645,926 | 22,186 |
| City Clerk: | | | |
| Personnel | 675,983 | 675,983 | - |
| Maintenance and Operations | 464,787 | 464,787 | - |
| Internal Service Fund Allocations | 177,816 | 180,167 | 2,351 |
| Capital Outlay | - | - | - |
| Sub-total | 1,318,586 | 1,320,937 | 2,351 |
| City Treasurer: | | | |
| Personnel | 253,846 | 253,846 | - |
| Maintenance and Operations | 113,458 | 113,458 | - |
| Internal Service Fund Allocations | 30,644 | 32,257 | 1,613 |
| Capital Outlay | - | - | - |
| Sub-total | 397,948 | 399,561 | 1,613 |
| City Attorney: | | | |
| Personnel | 2,706,733 | 2,706,733 | - |
| Maintenance and Operations | 286,069 | 286,069 | - |
| Internal Service Fund Allocations | 349,878 | 365,821 | 15,943 |
| Capital Outlay | - | - | - |
| Sub-total | 3,342,680 | 3,358,623 | 15,943 |
| City Manager: | | | |
| Personnel | 821,141 | 821,141 | - |
| Maintenance and Operations | 368,946 | 368,946 | - |
| Internal Service Fund Allocations | 95,362 | 98,594 | 3,232 |
| Capital Outlay | - | - | - |
| Sub-total | 1,285,449 | 1,288,681 | 3,232 |
| Human Resources: | | | |
| Personnel | 616,378 | 616,378 | - |
| Maintenance and Operations | 1,499,210 | 1,499,210 | - |
| Internal Service Fund Allocations | 81,742 | 79,692 | (2,050) |
| Capital Outlay | - | - | - |
| Sub-total | 2,197,330 | 2,195,280 | (2,050) |

| | Fiscal Year 2020 - 2021 | | |
|---|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| Financial Services: | | | |
| Personnel | 1,821,981 | 1,821,981 | - |
| Maintenance and Operations | 309,677 | 309,677 | - |
| Internal Service Fund Allocations | 234,216 | 245,547 | 11,331 |
| Capital Outlay | - | - | - |
| Sub-total | 2,365,874 | 2,377,205 | 11,331 |
| Police: | | | |
| Personnel | 28,159,556 | 28,159,556 | - |
| Maintenance and Operations | 1,579,876 | 1,579,876 | - |
| Internal Service Fund Allocations | 11,041,878 | 11,788,227 | 746,349 |
| Capital Outlay | 185,987 | 185,987 | - |
| Sub-total | 40,967,297 | 41,713,646 | 746,349 |
| Fire: | | | |
| Personnel | 14,644,969 | 14,644,969 | - |
| Maintenance and Operations | 626,969 | 576,969 | (50,000) |
| Internal Service Fund Allocations | 4,360,587 | 4,241,480 | (119,107) |
| Capital Outlay | 25,991 | 25,991 | - |
| Sub-total | 19,658,516 | 19,489,409 | (169,107) |
| Public Library: | | | |
| Personnel | 1,833,295 | 1,833,295 | - |
| Maintenance and Operations | 470,570 | 470,570 | - |
| Internal Service Fund Allocations | 1,850,608 | 1,908,792 | 58,184 |
| Capital Outlay | - | - | - |
| Sub-total | 4,154,473 | 4,212,657 | 58,184 |
| Community Services: | | | |
| Personnel | 1,889,356 | 1,889,356 | - |
| Maintenance and Operations | 1,058,793 | 798,793 | (260,000) |
| Internal Service Fund Allocations | 2,381,974 | 2,451,312 | 69,338 |
| Capital Outlay | - | - | - |
| Sub-total | 5,330,123 | 5,139,461 | (190,662) |
| Community Development: | | | |
| Personnel | 2,752,413 | 2,752,413 | - |
| Maintenance and Operations | 337,533 | 337,533 | - |
| Internal Service Fund Allocations | 577,732 | 623,465 | 45,733 |
| Capital Outlay | - | - | - |
| Sub-total | 3,667,678 | 3,713,411 | 45,733 |
| Waterfront and Economic Development: | | | |
| Personnel | 75,452 | 75,452 | - |
| Maintenance and Operations | 139,215 | 139,215 | - |
| Internal Service Fund Allocations | 296,889 | 109,890 | (186,999) |
| Capital Outlay | - | - | - |
| Sub-total | 511,556 | 324,557 | (186,999) |

Fiscal Year 2020 - 2021

| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
|---|----------------------------|-----------------------------|--------------------------------|
| Public Works: | | | |
| Personnel | 3,521,769 | 3,521,769 | - |
| Maintenance and Operations | 1,199,233 | 1,199,233 | - |
| Internal Service Fund Allocations | 2,333,462 | 2,272,301 | (61,161) |
| Capital Outlay | - | - | - |
| Sub-total | 7,054,464 | 6,993,303 | (61,161) |
| Non-Departmental: | | | |
| Transfers Out | 2,680,249 | 2,680,249 | - |
| Sub-total | 2,680,249 | 2,680,249 | - |
| GENERAL FUND: | | | |
| Personnel | 60,135,805 | 60,135,805 | - |
| Maintenance and Operations | 8,493,467 | 8,183,467 | (310,000) |
| Internal Service Fund Allocations | 24,034,464 | 24,641,407 | 606,943 |
| Capital Outlay | 211,978 | 211,978 | - |
| Transfers Out | 2,680,249 | 2,680,249 | - |
| TOTAL GENERAL FUND | 95,555,963 | 95,852,906 | 296,943 |
| SPECIAL REVENUE FUNDS | | | |
| STATE GAS TAX FUND: | | | |
| Personnel | 717,345 | 717,345 | - |
| Maintenance and Operations | 290,927 | 290,927 | - |
| Internal Service Fund Allocations | 396,356 | 394,485 | (1,871) |
| Capital Outlay | 2,095,921 | 2,095,921 | - |
| Transfers Out | - | - | - |
| TOTAL STATE GAS TAX FUND | 3,500,549 | 3,498,678 | (1,871) |
| STORM DRAIN IMPROVEMENT FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 288,730 | 288,730 | - |
| Transfers Out | - | - | - |
| TOTAL STORM DRAIN IMPROVEMENT FUND | 288,730 | 288,730 | - |
| STREET LANDSCAPING/LIGHTING FUND: | | | |
| Personnel | 955,614 | 955,614 | - |
| Maintenance and Operations | 1,424,656 | 1,424,656 | - |
| Internal Service Fund Allocations | 266,785 | 267,243 | 458 |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL STREET LANDSCAPING/LIGHTING FUND | 2,647,055 | 2,647,513 | 458 |

| | Fiscal Year 2020 - 2021 | | |
|--|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| LOCAL TRANSPORTATION ARTICLE 3 FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL LOCAL TRANSPORTATION ARTICLE 3 FUND | - | - | - |
| MEASURE M FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | 374 | - | (374) |
| Capital Outlay | 3,058,081 | 3,058,081 | - |
| Transfers Out | - | - | - |
| TOTAL MEASURE M FUND | 3,058,455 | 3,058,081 | (374) |
| PROPOSITION A FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 75,000 | 75,000 | - |
| Transfers Out | 2,792,272 | 2,792,272 | - |
| TOTAL PROPOSITION A FUND | 2,867,272 | 2,867,272 | - |
| PROPOSITION C FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 12,280 | 12,280 | - |
| Internal Service Fund Allocations | 2,062 | 2,151 | 89 |
| Capital Outlay | 7,751,047 | 7,751,047 | - |
| Transfers Out | - | - | - |
| TOTAL PROPOSITION C FUND | 7,765,389 | 7,765,478 | 89 |
| MEASURE R FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 28,653 | 28,653 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 2,416,843 | 2,416,843 | - |
| Transfers Out | - | - | - |
| TOTAL MEASURE R FUND | 2,445,496 | 2,445,496 | - |
| MEASURE W FUND: | | | |
| Personnel | 97,360 | 97,360 | - |
| Maintenance and Operations | 47,954 | 47,954 | - |
| Internal Service Fund Allocations | 47,889 | 54,072 | 6,183 |
| Capital Outlay | 610,496 | 610,496 | - |
| Transfers Out | - | - | - |
| TOTAL MEASURE W FUND | 803,699 | 809,882 | 6,183 |

| | Fiscal Year 2020 - 2021 | | |
|---|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| AIR QUALITY IMPROVEMENT FUND: | | | |
| Personnel | 26,600 | 26,600 | - |
| Maintenance and Operations | 56,089 | 56,089 | - |
| Internal Service Fund Allocations | 5,250 | 5,078 | (172) |
| Capital Outlay | 185,600 | 185,600 | - |
| Transfers Out | - | - | - |
| TOTAL AIR QUALITY IMPROVEMENT FUND | 273,539 | 273,367 | (172) |
| INTERGOVERNMENTAL GRANTS FUND: | | | |
| Personnel | 360,988 | 360,988 | - |
| Maintenance and Operations | 1,878,989 | 1,878,989 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 21,253,864 | 21,253,864 | - |
| Transfers Out | - | - | - |
| TOTAL INTERGOVERNMENTAL GRANTS FUND | 23,493,841 | 23,493,841 | - |
| COM. DEV. BLOCK GRANT FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 207,187 | 207,187 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 193,544 | 193,544 | - |
| Transfers Out | - | - | - |
| TOTAL COM. DEV. BLOCK GRANT FUND | 400,731 | 400,731 | - |
| HOUSING AUTHORITY FUND: | | | |
| Personnel | 376,598 | 376,598 | - |
| Maintenance and Operations | 6,197,695 | 6,197,695 | - |
| Internal Service Fund Allocations | 147,319 | 152,222 | 4,903 |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL HOUSING AUTHORITY FUND | 6,721,612 | 6,726,515 | 4,903 |
| PARKS AND RECREATION FACILITIES FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 50,000 | 50,000 | - |
| Transfers Out | - | - | - |
| TOTAL PARKS AND RECREATION FACILITIES FUND | 50,000 | 50,000 | - |
| NARCOTIC FORFEITURE/SEIZURE FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 156,923 | 156,923 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 211,671 | 211,671 | - |
| Transfers Out | - | - | - |
| TOTAL NARCOTIC FORFEITURE/SEIZURE FUND | 368,594 | 368,594 | - |

| | Fiscal Year 2020 - 2021 | | |
|---|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| SUBDIVISION PARK TRUST FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 1,698,629 | 1,698,629 | - |
| Transfers Out | - | - | - |
| TOTAL SUBDIVISION PARK TRUST FUND | 1,698,629 | 1,698,629 | - |
| DISASTER RECOVERY FUND: | | | |
| Personnel | 35,000 | 35,000 | - |
| Maintenance and Operations | 826,219 | 826,219 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 285,000 | 285,000 | - |
| Transfers Out | - | - | - |
| TOTAL DISASTER RECOVERY FUND: | 1,146,219 | 1,146,219 | - |
| CALPERS RESERVE FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL CALPERS RESERVE FUND | - | - | - |
| TOTAL SPECIAL REVENUE FUNDS | 57,529,810 | 57,539,026 | 9,216 |
| <u>CAPITAL PROJECTS FUNDS</u> | | | |
| CAPITAL PROJECTS FUND: | | | |
| Personnel | 181,937 | 181,937 | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 8,398,703 | 8,398,703 | - |
| Transfers Out | 2,368,000 | 2,368,000 | - |
| TOTAL CAPITAL PROJECTS FUND | 10,948,640 | 10,948,640 | - |
| MAJOR FACILITIES RECONSTRUCTION FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | 489,286 | 489,286 | - |
| TOTAL MAJOR FACILITIES RECONSTRUCTION FUND | 489,286 | 489,286 | - |
| OPEN SPACE ACQUISITION FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 175,000 | 175,000 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL OPEN SPACE ACQUISITION FUND | 175,000 | 175,000 | - |

| | Fiscal Year 2020 - 2021 | | |
|-------------------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| TOTAL CAPITAL PROJECTS FUNDS | 11,612,926 | 11,612,926 | - |
| TOTAL GOVERNMENTAL FUNDS | 164,698,699 | 165,004,858 | 306,159 |
| ENTERPRISE FUNDS | | | |
| HARBOR TIDELANDS FUND: | | | |
| Personnel | 3,855,112 | 3,855,112 | - |
| Maintenance and Operations | 2,272,937 | 2,197,937 | (75,000) |
| Internal Service Fund Allocations | 1,502,811 | 1,432,042 | (70,769) |
| Capital Outlay | 6,693,041 | 6,693,041 | - |
| Transfers Out | 96,299 | 96,299 | - |
| TOTAL HARBOR TIDELANDS FUND | 14,420,200 | 14,274,431 | (145,769) |
| HARBOR UPLANDS FUND: | | | |
| Personnel | 1,881,164 | 1,881,164 | - |
| Maintenance and Operations | 1,311,904 | 1,311,904 | - |
| Internal Service Fund Allocations | 1,366,152 | 1,572,211 | 206,059 |
| Capital Outlay | 464,916 | 464,916 | - |
| Transfers Out | 1,650,982 | 1,650,982 | - |
| TOTAL HARBOR UPLANDS FUND | 6,675,118 | 6,881,177 | 206,059 |
| SOLID WASTE FUND: | | | |
| Personnel | 1,082,777 | 1,082,777 | - |
| Maintenance and Operations | 3,960,619 | 3,960,619 | - |
| Internal Service Fund Allocations | 584,260 | 569,880 | (14,380) |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL SOLID WASTE FUND | 5,627,656 | 5,613,276 | (14,380) |
| WASTEWATER FUND: | | | |
| Personnel | 1,573,873 | 1,573,873 | - |
| Maintenance and Operations | 1,578,756 | 1,578,756 | - |
| Internal Service Fund Allocations | 401,522 | 452,772 | 51,250 |
| Capital Outlay | 10,939,682 | 10,939,682 | - |
| Transfers Out | - | - | - |
| TOTAL WASTEWATER FUND | 14,493,833 | 14,545,083 | 51,250 |
| TRANSIT FUND: | | | |
| Personnel | 630,033 | 630,033 | - |
| Maintenance and Operations | 4,362,710 | 4,362,710 | - |
| Internal Service Fund Allocations | 208,105 | 230,205 | 22,100 |
| Capital Outlay | 353,028 | 353,028 | - |
| Transfers Out | - | - | - |
| TOTAL TRANSIT FUND | 5,553,876 | 5,575,976 | 22,100 |
| TOTAL ENTERPRISE FUNDS | 46,770,683 | 46,889,943 | 119,260 |

| | Fiscal Year 2020 - 2021 | | |
|--|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| INTERNAL SERVICE FUNDS | | | |
| SELF-INSURANCE PROGRAM FUND: | | | |
| Personnel | 87,511 | 87,511 | - |
| Maintenance and Operations | 6,433,179 | 6,433,179 | - |
| Internal Service Fund Allocations | 71,990 | 79,897 | 7,907 |
| Capital Outlay | 5,093 | 5,093 | - |
| Transfers Out | - | - | - |
| TOTAL SELF-INSURANCE PROGRAM FUND | 6,597,773 | 6,605,680 | 7,907 |
| VEHICLE REPLACEMENT FUND: | | | |
| Personnel | 610,571 | 610,571 | - |
| Maintenance and Operations | 1,125,105 | 1,125,105 | - |
| Internal Service Fund Allocations | 243,039 | 289,904 | 46,865 |
| Capital Outlay | 2,001,381 | 2,001,381 | - |
| Transfers Out | - | - | - |
| TOTAL VEHICLE REPLACEMENT FUND | 3,980,096 | 4,026,961 | 46,865 |
| BUILDING OCCUPANCY FUND: | | | |
| Personnel | 1,369,161 | 1,369,161 | - |
| Maintenance and Operations | 1,358,546 | 1,358,546 | - |
| Internal Service Fund Allocations | 446,463 | 468,819 | 22,356 |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL BUILDING OCCUPANCY FUND | 3,174,170 | 3,196,526 | 22,356 |
| INFORMATION TECHNOLOGY FUND: | | | |
| Personnel | 1,296,981 | 1,296,981 | - |
| Maintenance and Operations | 1,879,902 | 1,879,902 | - |
| Internal Service Fund Allocations | 436,324 | 457,977 | 21,653 |
| Capital Outlay | 1,771,970 | 1,771,970 | - |
| Transfers Out | 304 | 304 | - |
| TOTAL INFORMATION TECHNOLOGY FUND | 5,385,481 | 5,407,134 | 21,653 |
| EMERGENCY COMMUNICATIONS FUND: | | | |
| Personnel | 2,030,215 | 2,030,215 | - |
| Maintenance and Operations | 230,523 | 230,523 | - |
| Internal Service Fund Allocations | 657,934 | 646,734 | (11,200) |
| Capital Outlay | 21,868 | 21,868 | - |
| Transfers Out | - | - | - |
| TOTAL EMERGENCY COMMUNICATIONS FUND | 2,940,540 | 2,929,340 | (11,200) |
| MAJOR FACILITIES REPAIR FUND: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | - | - | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | 901,748 | 901,748 | - |
| Transfers Out | - | - | - |
| TOTAL MAJOR FACILITIES REPAIR FUND | 901,748 | 901,748 | - |
| TOTAL INTERNAL SERVICE FUNDS | 22,979,808 | 23,067,389 | 87,581 |

| | Fiscal Year 2020 - 2021 | | |
|--|--------------------------------|-----------------------------|--------------------------------|
| | Adopted 2020-21 | Adjusted 2020-21 | Increase (Decrease) |
| TOTAL PROPRIETARY FUNDS | 69,750,491 | 69,957,332 | 206,841 |
| SUCCESSOR AGENCY: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 361,900 | 361,900 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | 1,067,095 | 1,067,095 | - |
| TOTAL SUCCESSOR AGENCY | 1,428,995 | 1,428,995 | - |
| HOUSING SUCCESSOR AGENCY: | | | |
| Personnel | 200,000 | 200,000 | - |
| Maintenance and Operations | 80,500 | 80,500 | - |
| Internal Service Fund Allocations | - | - | - |
| Capital Outlay | - | - | - |
| Transfers Out | - | - | - |
| TOTAL HOUSING SUCCESSOR AGENCY | 280,500 | 280,500 | - |
| COMMUNITY FINANCING AUTHORITY: | | | |
| Personnel | - | - | - |
| Maintenance and Operations | 1,888,344 | 1,888,344 | - |
| Internal Service Fund Allocations | 36,613 | 46,748 | 10,135 |
| Capital Outlay | - | - | - |
| Transfers Out | 2,240,000 | 2,240,000 | - |
| TOTAL COMMUNITY FINANCING AUTHORITY | 4,164,957 | 4,175,092 | 10,135 |
| GRAND TOTAL | 240,323,642 | 240,846,777 | 523,135 |

Note: Adopted figures represent total appropriations including adopted appropriations, carry-over appropriations, and other Council-approved appropriations. Appropriations for capital improvement projects have been excluded.

FY 2020-21
MIDYEAR BUDGET RESPONSE REPORTS
QUICK REFERENCE GUIDE

| | |
|--|---|
| Artesia Aviation Corridors Area Plan (AACAP) | 3 |
| Internal Service Fund Allocation | 1 |
| Lighting Along Beachfront Pedestrian Walkway | 5 |
| Pavement Rehabilitation Bonds | 6 |
| Personnel Adjustments | 7 |
| Police Department's Lobby and Records Unit Renovations | 4 |
| Vehicle Replacement Fund | 2 |

CITY OF REDONDO BEACH
BUDGET RESPONSE REPORTS
FY 2020-21 MIDYEAR BUDGET

The following is a list of questions raised regarding the FY 2020-21 Midyear Budget. The corresponding answer to each of these questions (the “Budget Response Report”) follows in the sequence reflected.

| Question | No. |
|--|------------|
| <ul style="list-style-type: none"> ▪ What are the City’s internal service fund and overhead allocations, and what policies and procedures govern them? What are the reasons for the changes in the FY 2020-21 allocations included in the midyear budget from those in the FY 2020-21 adopted budget? And what is the opinion of the outside audit firm regarding the internal service funds? | 1 |
| Attachment A: Administrative Policy/Procedures | 1A |
| Attachment B: Internal Service Funds Analysis | 1B |
| Attachment C: Internal Service Funds Financial Statements | 1C |
| <ul style="list-style-type: none"> ▪ How is the vehicle replacement schedule financially structured, what is the methodology for replacing City vehicles, and what is the City’s current lifecycle policy schedule for vehicle replacement? | 2 |
| Attachment A: Vehicle Life Cycle | 2A |
| <ul style="list-style-type: none"> ▪ What funding is needed to complete the environmental review and analysis necessary to consider implementing the land use and parking changes for the Artesia Aviation Corridors Area Plan (AACAP) and what is the schedule for the various work options? | 3 |
| <ul style="list-style-type: none"> ▪ What conceptual design options and construction cost estimates were developed for possible renovation of the Police Department’s Lobby and Records Unit area? | 4 |
| Attachment A: Architectural Renderings of Option1 and Option 2 | 4A |
| <ul style="list-style-type: none"> ▪ What would be the cost to replace the existing lighting along the beachfront pedestrian walkway between Veterans Park and Knob Hill Avenue? | 5 |
| <ul style="list-style-type: none"> ▪ What is the feasibility of the City issuing bonds for pavement rehabilitation to gain the benefit of current construction costs? | 6 |

- What is the net amount of each department's midyear personnel adjustments recommended in Decision Package #2 and to what can they be attributed? 7

CITY OF REDONDO BEACH

Midyear Budget Response Report #1

February 16, 2021

Question:

What are the City's internal service fund and overhead allocations, and what policies and procedures govern them? What are the reasons for the changes in the FY 2020-21 allocations included in the midyear budget from those in the FY 2020-21 adopted budget? And what is the opinion of the outside audit firm regarding the internal service funds?

Response:

Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City. The City uses internal service fund allocations (including overhead) to determine the true cost of departmental operations. The development of internal service fund and overhead allocations is considered to be a best practice within both the private and public sectors. All twenty of the largest cities in California develop a cost allocation plan.

The City has been using its current structure of internal service fund and overhead allocations since FY2005-06 (based on recommendations from a firm retained to review the allocation process). However, the Vehicle Replacement Internal Service Fund has been in place since FY1983-84, and overhead has been charged to enterprise and other specific non-general funds for at least that long.

The City's Statements of Financial Principles were initially adopted in November 1998 and included policies regarding interfund transfers (overhead) as follows:

- Section 8(a) – Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines¹.
- Section 8(b) – All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.

In 2009, the Mayor and City Council approved adding the following policies to the Statements of Financial Principles. The additional policies give further clarification to the methodologies used by Redondo Beach in calculating its allocations.

¹ In OMB A-87 (Cost Principles for State, Local, and Indian Tribal Governments), the federal government establishes the rules underlying the development of cost allocation plans. Plans prepared following the OMB A-87 guidelines can be used for federal grant administrative cost recovery.

- Section 8(c) – Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
- Section 8(d) – Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.

In 2010, the City issued an Administrative Policy / Procedures (APP) regarding internal service fund and overhead allocations to address expenses included in the allocations, methodologies used to make these allocations, and a brief description of how these amounts were calculated. Attachment 1 is the most recently updated APP. This APP is currently being reviewed/updated by Moss Adams, the City's internal auditor, for possible revisions in regards to best practices.

Also attached are City-wide variance analyses comparing allocations in the FY 2020-21 midyear budget to the FY 2020-21 adopted budget. Attachment 2-A is an analysis of each internal service fund/overhead allocation, and Attachment 2-B is an analysis of the impact from these allocations to each fund's proposed expenditures and revenues. Explanations for increases/decreases are included. In total, internal service fund and overhead allocations have increased three percent (3%) primarily due to increased allocations for emergency communications operations as a result of a new methodology whereby pension and other post-employment benefit (OPEB) liabilities are averaged together with increased maintenance/implementation costs for computer aided dispatch (CAD) software.

Beginning with the audit of the FY 2011-12 financials, a report on the internal service funds was issued with the other audit reports. Attachment 3 is a copy of the FY 2019-20 report prepared by Lance, Soll & Lunghard. The report includes a clean opinion from the audit firm.

Attachments:

Attachment A – APP

Attachment B – Internal Service Fund Analysis

Attachment C – Internal Service Funds Financial Statements

| | | |
|-----------------------------------|---------------------------|--|
| CITY OF REDONDO BEACH | | ADMINISTRATIVE POLICY/PROCEDURES (APP) |
| <i>Number:</i> 3.18 | | <i>Subject:</i> Internal Service Fund/Overhead Allocations |
| <i>Original Issue:</i> 2/17/10 | <i>Effective:</i> 2/17/10 | |
| <i>Previous Issue:</i> 5/28/13 | <i>Effective:</i> 2/20/18 | <i>Category:</i> Finance, Accounting and Payroll |
| <i>Supersedes:</i> Not Applicable | | |

I. PURPOSE AND SCOPE

To establish policy and procedures for allocating internal service fund and overhead charges.

II. GENERAL

- A. Internal service fund/overhead allocations are charges to user departments for services provided by other departments of the City.
- B. The City of Redondo Beach uses internal service fund allocations (including overhead) to determine the true cost of departmental operations.
- C. The City of Redondo Beach follows Section 8 of its Statements of Financial Principles in allocating internal service funds and overhead.
 1. Transfers to the General Fund from other funds for overhead costs shall be reviewed annually and shall conform to OMB (Office of Management & Budget) A-87 guidelines.
 2. All City funds, including eligible grant funds, shall share the administrative costs borne by the General Fund.
 3. Internal service funds and central service departments shall retain the costs of using services provided by other City departments.
 4. Allocations among funds and departments shall be based on prior fiscal year-end actual expenses and distributed using fair and justifiable statistics.
- D. The City of Redondo Beach currently has the following internal service funds:
 - I. Self-Insurance Program Fund
 - a. Liability and Property Insurance
 - b. Workers' Compensation

2. Vehicle Replacement Fund
 - a. Vehicle Maintenance
 - b. Vehicle Replacement
 3. Building Occupancy Fund
 4. Information Technology Fund
 - a. Information Technology
 - b. Information Technology Replacement
 5. Emergency Communications Fund
 - a. Emergency Communications
 - b. Emergency Communications Equipment Replacement
 6. Major Facilities Repair Fund
 7. City Facility Sewer Fee
- E. Overhead is charged to departments receiving services from the following support departments/divisions.
1. Mayor and City Council
 2. City Clerk
 3. City Treasurer
 4. City Attorney
 5. City Manager
 6. Human Resources
 7. Financial Services
 8. Police Administration
 9. Fire Administration
 10. Community Services Administration
 11. Public Works Administration

III. PROCEDURES

A. Self-Insurance Program Fund

The Risk Management Division of the Human Resources Department shall be responsible for the Self-Insurance Program Fund, which accounts for the cost of providing liability and property, workers' compensation and unemployment insurances. While unemployment insurance is accounted for as a personnel cost, rather than an internal service fund allocation, allocations for liability and property insurance and workers' compensation insurance are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual cost of the insurance reflected in the Self-Insurance Program Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below. Allocated costs also include Risk Management's personnel costs, contracts and professional services, and internal service fund/overhead allocations, which directly support the insurance function.

1. Liability and Property Insurance
 - a. Expenses included in this category are:
 - 1) Liability and property insurance annual premium expenses
 - 2) Liability and property insurance claims based on a five-year average (avoids spikes in allocations)
 - b. Statistics used to determine the allocation amount to user departments/divisions are:
 - 1) Current value of the structure occupied
 - 2) Claims paid for the structure occupied or activity performed
 - 3) Square footage of the structure occupied
2. Workers' Compensation
 - a. Expenses included in this category are:
 - 1) Workers' compensation insurance annual premium expenses
 - 2) Workers' compensation claims based on a five-year average (avoids spikes in allocations)
 - b. Statistics used to determine the allocation amount to user departments/divisions are:
 - 1) Full-time and part-time salaries
 - 2) Claims paid for each department's specific employees

B. Vehicle Replacement Fund

The Fleet Services Division of the Public Works Department shall be responsible for the Vehicle Replacement Fund, which accounts for the cost of maintaining and replacing vehicles. Allocations are in two separate categories, vehicle maintenance and vehicle replacement. Each category is charged to departments at a rate that fully recuperates the annual cost of operating and replacing City vehicles reflected in the Vehicle Replacement Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Vehicle Maintenance

a. Fleet Services' expenses included in this category are:

- 1) Personnel
- 2) Maintenance and operations (including fuel and parts)
- 3) Internal service fund/overhead allocations which directly support the vehicle maintenance function

b. Statistics used to determine the allocation amount to user departments/divisions are:

- 1) Historical vehicle maintenance hours
- 2) Actual fuel consumption

2. Vehicle Replacement

a. Each year, the Fleet Services Division sets aside specific amounts to fund the replacement of vehicles. The methodology used to determine the appropriate amount to be set aside is the original vehicle cost (with a future replacement inflation factor of 3% compounded annually) amortized over the vehicle's useful life.

b. The specific vehicle(s) utilized by each user department is/are used to determine the allocation amount.

C. Building Occupancy Fund

The Building Maintenance Division of the Public Works Department shall be responsible for the Building Occupancy Fund, which accounts for the cost of maintaining and improving City buildings. Allocations are charged to departments at a rate that fully recuperates the annual building maintenance and improvement costs. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Building Maintenance's expenses included in the fund are:
 - a. Personnel
 - 1) Custodial personnel (excluded from allocations to facilities which do not utilize custodial services provided by the Building Maintenance Division)
 - 2) Maintenance personnel
 - b. Maintenance and operations (including utilities)
 - c. Internal service fund/overhead allocations
 - d. Capital outlay
2. Statistics used to determine the allocation amount to user departments/divisions are:
 - a. Square footage occupied
 - b. Usage of utilities
 - c. Usage of contracts
 - d. Usage of materials and supplies

D. Information Technology Fund

The Information Technology Department shall be responsible for the Information Technology Fund, which accounts for the cost of maintaining and replacing City computer, telecommunications, and duplicating equipment and providing duplicating services. Allocations are in two separate categories. Each category is charged to departments at a rate that fully recuperates the annual maintenance and replacement costs reflected in the Information Technology Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Information Technology
 - a. Information Technology expenses included in this category are:
 - 1) Personnel

- 2) Maintenance and operations (including PC and laptop leases and telephone utility costs)
 - 3) Internal service fund/overhead allocations which directly support the information technology function
- b. Statistics used to determine the allocation amount to each user department/division are:
- 1) Number of computers and computer-related equipment
 - 2) Number of telephones and telecom-related items
2. Information Technology Replacement
- a. Each year, the Information Technology Department sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
- b. Statistics used to determine the allocation amount to user departments/divisions are:
- 1) Replacement cost for equipment that can be specifically identified to a department (e.g., plotters and large scanners)
 - 2) Number of computers, computer-related equipment, telephones, and telecom-related items is used to allocate equipment that cannot be identified directly to a department (e.g., servers and the telephone switch)

E. Emergency Communications Fund

The Support Services Bureau Captain of the Police Department shall be responsible for the Emergency Communications Fund, which accounts for the cost of providing emergency dispatch services for the Police and Fire Departments and replacement of communications equipment for the Police, Fire and Public Works Departments. Allocations are in two separate categories, emergency communications and emergency communications equipment replacement. Each category is charged at a rate that fully recuperates the annual cost of providing emergency dispatch services and replacing the communications equipment reflected in the Emergency Communications Fund. The specific categories of expense and the statistics used to allocate these expenses are detailed below.

1. Emergency Communications
 - a. Emergency Communications Unit expenses included in the fund are:

- 1) Personnel
 - 2) Maintenance and operations
 - 3) Internal service fund/overhead allocations which directly support the emergency communications function
- b. Statistics used to determine the allocation amounts to both Police and Fire Departments are:
- 1) Number of Police and Fire emergency calls from the public
 - 2) Time length of Police and Fire emergency calls from the public
 - 3) Required dispatch staffing
2. Emergency Communications Equipment Replacement
- a. Each year the Communications Unit sets aside specific amounts to fund the replacement of equipment. The methodology used to determine the appropriate amount to be set aside is the original equipment cost (with a future replacement inflation factor of 3% compounded annually) amortized over the equipment's useful life.
 - b. Equipment assigned to the Police, Fire and Public Works departments (with the dispatch equipment assigned to the Police Department) is used to determine the allocation amount

F. Major Facilities Repair Fund

The Building Maintenance Division of the Public Works Department shall be responsible for the Major Facilities Repair Fund, which accounts for the cost of making major repairs to City facilities. This fund is charged to departments at a rate that fully recuperates the annual cost of facility repairs charged to the Major Facilities Repair Fund. The calculated annual dollar amount of the fund and the statistics used to allocate these expenses are detailed below.

1. Each year, the Building Maintenance Division sets aside a specific amount to fund major repairs. The methodology used to determine the appropriate amount to be set aside is two percent of one year's depreciation (over a 45-year life) of the insured value of City facilities.
2. Square footage occupied by each user department

G. City Facility Sewer Fee

The Engineering Division of the Public Works Department shall be responsible for the City Facility Sewer Fee, which accounts for the cost of providing wastewater collection and conveyance services to City facility sewer connections. This fee is charged to departments for use of the City's sewer infrastructure. The calculated annual dollar amount of the fee and the statistics used to determine this expense are detailed below.

1. The institutional sewer rate is used to calculate the amount of sewer charges.
2. Statistics used to determine the allocation amount to departments/divisions residing in City facilities are:
 - a. Annual water usage for departments/divisions that are single occupants of a facility (e.g., Police Department and Fire Department)
 - b. Square footage occupied for departments/divisions sharing a facility
 - c. Number of budgeted full-time employees for departments/divisions sharing a facility

H. Overhead

1. Per the City’s Statements of Financial Principles, all support departments’ operating expenses which conform to OMB A-87 guidelines are included in the allocation.
2. Charts of the allocated services rendered by each support department and the allocation bases for these activities allocated follow.
 - a. City Clerk

| Service | Allocation Methodology |
|-------------------------|--|
| Departmental assistance | Number of budgeted full-time employees |
| Records management | Number of budgeted full-time employees |

- b. City Treasurer

| Service | Allocation Methodology |
|-----------------------|--|
| Departmental auditing | Number of budgeted full-time employees |
| Tax administration | Percentage of total General Fund actual expenditures |

c. City Manager

| Service | Allocation Methodology |
|-----------------------|---|
| Budgeting | Number of budget account numbers |
| Economic development | Percentage of total non-housing Redevelopment Agency expenditures |
| City sponsored events | Number of budgeted full-time employees |
| Human resources | Hours of support to the Human Resources Department |
| General City support | 1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures |
| Oversight Board | Percentage of total non-housing Redevelopment Agency expenditures |

d. Human Resources

| Service | Allocation Methodology |
|------------------|--|
| Employee support | Number of budgeted full-time employees |

e. Financial Services

| Service | Allocation Methodology |
|-------------------------------|--|
| Accounts payable | Number of accounts payable transactions |
| Accounts receivable | Number of accounts receivable transactions |
| Purchasing | Number of purchase orders |
| Cashiering | Number of cash receipts |
| Budgeting | Number of budget account numbers |
| Fixed assets | Number of budgeted full-time employees |
| CAFR preparation | Number of budget account numbers |
| General ledger administration | Number of budget account numbers |
| Bank reconciliation | Number of bank accounts |
| Grants administration | Time spent on departmental grants |
| Payroll | Number of budgeted full-time employees |
| MUNIS support | Number of budgeted full-time employees |

f. Police Administration

| Service | Allocation Methodology |
|------------------|---|
| Division support | 1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures |

g. Fire Administration

| Service | Allocation Methodology |
|------------------|---|
| Division support | 1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures |

h. Community Services Administration

| Service | Allocation Methodology |
|------------------|------------------------|
| Division support | Hours of support |

i. Public Works Administration

| Service | Allocation Methodology |
|------------------|---|
| Division support | 1/2: Number of budgeted full-time employees 1/2: Percentage of total actual expenditures |

3. Although not charged to departments (in accordance with OMB A-87 guidelines), when calculating user fees, the full cost of the items in Number 4 below is allocated to the fees.
4. A chart of the additional services rendered by each support department which are included only in the full cost allocation plan follows.

| Department | Service |
|------------------------|--|
| Mayor and City Council | Departmental assistance |
| City Clerk | Agenda and minute preparation |
| City Clerk | Board and commission support |
| City Clerk | Fair Political Practices Commission coordination |

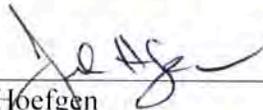
| Department | Service |
|-------------------|---------------------------|
| City Clerk | Legal notice coordination |
| City Attorney | In-house legal support |
| City Attorney | Outside legal support |
| City Manager | Agenda preparation |
| City Treasurer | Investment administration |

IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

V. AUTHORITY

By authority of the City Manager.



Joe Hoefgen
City Manager

City-Wide Internal Service Fund Analysis

| Internal Service Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements |
|--|---|---|-----------|---|---|
| Vehicle Maintenance | 2,468,487 | 2,063,737 | -16% | Decreased allocated costs with allocation methodology improvement | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and other post-employment benefits (OPEB) liabilities have been averaged over a five-year term. |
| Vehicle Equipment Replacement | 790,293 | 900,382 | 14% | Increased allocations for vehicles to be replaced in FY 2020-21 to ensure full funding at time of replacement | No change |
| Information Technology Maintenance | 3,505,574 | 3,484,682 | -1% | n/a - Expected increase / decrease | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and OPEB liabilities have been averaged over a five-year term. |
| Information Technology Equipment Replacement | - | - | 0% | n/a - Expected increase / decrease | No change |

City-Wide Internal Service Fund Analysis

| Internal Service Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements |
|--------------------------------------|---|---|-----------|---|--|
| Communications Equipment Replacement | 486,756 | 487,684 | 0% | n/a - Expected increase / decrease | No change |
| Workers' Compensation Insurance | 3,554,337 | 3,797,440 | 7% | Increased workers' compensation claims payable per the actuarial study of the City's workers' compensation self-insurance program | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and OPEB liabilities have been averaged over a five-year term. |
| Liability Insurance | 4,250,701 | 4,272,072 | 1% | n/a - Expected increase / decrease | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and OPEB liabilities have been averaged over a five-year term. |
| Building Occupancy | 3,277,446 | 3,507,846 | 7% | Increased allocated costs with allocation methodology improvement | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and OPEB liabilities have been averaged over a five-year term. |

City-Wide Internal Service Fund Analysis

| Internal Service Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | % Inc/Dec | Explanation for Increase/Decrease | Allocation Methodology Improvements |
|-------------------------------------|---|---|-----------|---|--|
| Major Facilities Repair | 91,543 | 107,076 | 17% | Addition of the concrete municipal pier as an insured City facility | No change |
| City Facility Sewer Fee | 47,765 | 43,014 | -10% | Decreased water usage at all City facilities | No change |
| Emergency Communications Operations | 2,965,521 | 3,720,063 | 25% | 1) Increased allocated costs with allocation methodology improvement and 2) increased maintenance / implementation costs for computer aided dispatch (CAD) software | To reduce large fluctuations in allocated expenditures, the expenditures for changes in pension and OPEB liabilities have been averaged over a five-year term. |
| Overhead | 9,417,289 | 9,379,851 | 0% | n/a - Expected increase / decrease | No change |
| Totals | 30,855,712 | 31,763,847 | 3% | | |

City-Wide Internal Service Fund Analysis by Fund

| | A | B | C = B - A | D | E = C - D | |
|---------------------------------|---|---|-----------------------|-------------------|-------------------------------|--|
| Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | Expenditure Inc/(Dec) | Revenue Inc/(Dec) | Net Inc/(Dec) to Expenditures | Explanation for Increase/Decrease |
| General | 24,034,464 | 24,641,407 | 606,943 | (37,438) | 644,381 | Increased allocations for emergency communications operations as a result of 1) new methodology whereby pension and OPEB liabilities are averaged and 2) increased maintenance / implementation costs for computer aided dispatch (CAD) software |
| State Gas Tax | 396,356 | 394,485 | (1,871) | - | (1,871) | n/m |
| Street Landscaping and Lighting | 266,785 | 267,243 | 458 | - | 458 | n/m |
| Measure M | 374 | - | (374) | - | (374) | n/m |
| Proposition C | 2,062 | 2,151 | 89 | - | 89 | n/m |

City-Wide Internal Service Fund Analysis by Fund

| | A | B | C = B - A | D | E = C - D | |
|-------------------------|---|---|-----------------------|-------------------|-------------------------------|---|
| Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | Expenditure Inc/(Dec) | Revenue Inc/(Dec) | Net Inc/(Dec) to Expenditures | Explanation for Increase/Decrease |
| Measure W | 47,889 | 54,072 | 6,183 | - | 6,183 | n/m |
| Air Quality Improvement | 5,250 | 5,078 | (172) | - | (172) | n/m |
| Housing Authority | 147,319 | 152,222 | 4,903 | - | 4,903 | n/m |
| Harbor Tidelands | 1,502,811 | 1,432,042 | (70,769) | - | (70,769) | Decreased overhead allocations with fewer expenditures |
| Harbor Uplands | 1,366,152 | 1,572,211 | 206,059 | - | 206,059 | Increased allocations for liability insurance premiums with the addition of the concrete municipal pier as an insured City facility |

City-Wide Internal Service Fund Analysis by Fund

| | A | B | C = B - A | D | E = C - D | |
|------------------------|---|---|-----------------------|-------------------|-------------------------------|--|
| Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | Expenditure Inc/(Dec) | Revenue Inc/(Dec) | Net Inc/(Dec) to Expenditures | Explanation for Increase/Decrease |
| Solid Waste | 584,260 | 569,880 | (14,380) | - | (14,380) | Decreased allocations for vehicle maintenance with fewer vehicle maintenance labor hours for street sweepers |
| Wastewater | 401,522 | 452,772 | 51,250 | (4,751) | 56,001 | Increased overhead allocations with greater percentage of full-time budgeted employees |
| Transit | 208,105 | 230,205 | 22,100 | - | 22,100 | Increased overhead allocations with greater percentage of full-time budgeted employees |
| Self-Insurance Program | 71,990 | 79,897 | 7,907 | 264,474 | (256,567) | Increased revenue from higher workers' compensation insurance allocations with increased claims payable per the actuarial study of the City's workers' compensation self-insurance program |
| Vehicle Replacement | 243,039 | 289,904 | 46,865 | (294,661) | 341,526 | Decreased revenue from vehicle maintenance allocations selecting new methodology whereby pension and OPEB liabilities are averaged |

City-Wide Internal Service Fund Analysis by Fund

| | A | B | C = B - A | D | E = C - D | |
|-------------------------------|---|---|-----------------------|-------------------|-------------------------------|---|
| Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | Expenditure Inc/(Dec) | Revenue Inc/(Dec) | Net Inc/(Dec) to Expenditures | Explanation for Increase/Decrease |
| Building Occupancy | 446,463 | 468,819 | 22,356 | 230,400 | (208,044) | Increased revenue from building occupancy allocations relecting new methodology whereby pension and OPEB liabilities are averaged |
| Information Technology | 436,324 | 457,977 | 21,653 | (20,892) | 42,545 | Decreased revenue from information technology maintenance allocations relecting new methodology whereby pension and OPEB liabilities are averaged / Increased overhead allocations with greater percentage of full-time budgeted employees |
| Emergency Communications | 657,934 | 646,734 | (11,200) | 755,470 | (766,670) | Increased revenue from emergency communications operations allocations as a result of 1) new methodology whereby pension and OPEB liabilities are averaged and 2) increased maintenance / implementation costs for computer aided dispatch (CAD) software |
| Major Facilities Repair | - | - | - | 15,533 | (15,533) | Increased revenue from liability insurance premiums with the addition of the concrete municipal pier as an insured City facility |
| Community Financing Authority | 36,613 | 46,748 | 10,135 | - | 10,135 | Increased allocations for liability insurance premiums with higher insured value of the Kincaid's restaurant building |

City-Wide Internal Service Fund Analysis by Fund

| | A | B | C = B - A | D | E = C - D | |
|---------------|---|---|-----------------------|-------------------|-------------------------------|-----------------------------------|
| Funds | 20-21 Adopted Budget Amounts (Based on 18-19 Actuals) | 20-21 Midyear Budget Amounts (Based on 19-20 Actuals) | Expenditure Inc/(Dec) | Revenue Inc/(Dec) | Net Inc/(Dec) to Expenditures | Explanation for Increase/Decrease |
| Totals | 30,855,712 | 31,763,847 | 908,135 | 908,135 | - | |



CITY OF REDONDO BEACH, CALIFORNIA INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

Focused
on YOU



CITY OF REDONDO BEACH, CALIFORNIA
INTERNAL SERVICE FUNDS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2020

CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Internal Service Funds of the City of Redondo Beach, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Members of the City Council
City of Redondo Beach, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Internal Service Funds of the City of Redondo Beach, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the internal service funds activities of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020, the changes in its financial position, or when applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
December 8, 2020

| |
|---|
| MANAGEMENT'S DISCUSSION AND ANALYSIS |
|---|

As management of the City of Redondo Beach (the "City"), we offer readers of the Internal Service Funds' financial statements this narrative overview and analysis of the financial activities of the Internal Service Funds for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information contained within the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the Internal Service Funds' basic financial statements. The Internal Service Funds' financial statements are comprised of two parts; (1) the Basic Financial Statements, and (2) the Notes to the Basic Financial Statements.

Basic Financial Statements: The Basic Financial Statements are designed to provide readers with a broad overview of the Internal Service Funds' finances, in a manner similar to a private-sector business.

The Statement of Net Positions presents information on all the Internal Service Funds' assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Internal Service Funds is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position provides a more detailed disclosure as to the nature of the Internal Service Funds' revenues and expenses during the fiscal year. This statement provides information on the financial activity that resulted in the change of net position.

The Statement of Cash Flows provides information regarding the cash flow activities of the Internal Service Funds during the fiscal year. As Internal Service Funds, transactions are recorded using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the related cash flows. This statement provides information on the sources and uses of cash during the fiscal year, which may differ from activities as reported on the Statement of Revenue, Expenses and Change in Net Position.

The above statements are provided in accordance with the Governmental Accounting Standards Board Statement No. 34.

Financial Analysis: The Internal Service Funds' net position as reported on the Statement of Net Position as of June 30, 2020 is \$6.5 million. Total assets and deferred outflows of resources of \$42.9 million includes \$30.8 million in cash and investments and approximately \$0.6 million in other current assets (accounts receivable and prepaid costs) combined with capital assets of \$10.0 million, and deferred outflows related to pensions and other post-employment benefits (OPEB) of \$1.4 million. Total liabilities and deferred inflows of resources of \$36.3 million consist primarily of claims and judgments in the amount of \$24.7 million, net pension liability of \$8.8 million, net OPEB liability of \$1.0 million, and accounts payable of \$1.0 million. Following is a summary schedule showing the components that make up the Internal Service Funds' net position at June 30, 2020 and 2019.

Statement of Net Position

| | Internal Service Funds | |
|-----------------------------------|------------------------|--------------|
| | 2020 | 2019 |
| Current and Other Assets | \$31,432,088 | \$28,507,932 |
| Capital Assets, Net Depreciation | 9,999,325 | 9,921,771 |
| Total Assets | 41,431,413 | 38,429,703 |
| Deferred Outflows of Resources | 1,443,506 | 1,270,269 |
| Long-Term Liabilities Outstanding | 33,498,449 | 30,499,157 |
| Other Liabilities | 2,443,724 | 4,917,867 |
| Total Liabilities | 35,942,173 | 35,417,024 |
| Deferred Inflows of Resources | 390,636 | 266,907 |
| Net position | | |
| Investment in capital assets | 9,812,738 | 9,921,771 |
| Unrestricted | (3,270,628) | (5,905,730) |
| Total net position | \$ 6,542,110 | \$ 4,016,041 |

The Internal Service Funds' primary source of program revenues is charges to user City departments to recover costs of providing services to the departments. For the year ended June 30, 2020, total program revenues for the Internal Service Funds were \$23.1 million. Expenses for the Internal Service Funds totaled \$20.6 million resulting in a change in net position of \$2.5 million. The Internal Service Funds' largest expenses are for workers' compensation claims and personnel, which totaled \$3.2 million and \$7.2 million, respectively. Following is a summary schedule showing the components that make up the Internal Service Funds' changes in net position for the years ended June 30, 2020 and 2019.

Changes in Net Position

| | Internal Service Funds | |
|----------------------------------|------------------------|--------------|
| | 2020 | 2019 |
| Operating Revenues | \$23,087,731 | \$23,289,138 |
| Operating Expenses | 20,337,423 | 22,068,197 |
| Operating Income (Loss) | 2,750,308 | 1,220,941 |
| Nonoperating Revenues (Expenses) | (224,239) | 19,352 |
| Transfers | - | (592,723) |
| Changes in Net Position | 2,526,069 | 647,570 |
| Net Position, Beginning of Year | 4,016,041 | 3,368,471 |
| Net Position, End of Year | 6,542,110 | 4,016,041 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council has adopted a balanced fiscal year 2020-2021 operating budget for the Internal Service Funds with total funding of \$21.6 million and total expenditures of \$20.0 million. The June 30, 2021 net position is estimated to be \$3.8 million.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Internal Service Funds' finances. Questions concerning any of the information in this report, or requests for additional financial information should be directed to the City's Financial Services Department at 415 Diamond Street, Redondo Beach CA 90277, phone 310-318-0683 or email FinanceMail@redondo.org.

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020**

| | Vehicle Replacement | Building Occupancy | Information Technology |
|--|------------------------|-----------------------|---------------------------|
| Assets: | | | |
| Current: | | | |
| Cash and investments | \$ 8,229,401 | \$ 2,259,422 | \$ 2,339,343 |
| Receivables: | | | |
| Accounts | 41,520 | - | - |
| Prepaid costs | - | - | 20,592 |
| Due from other governments | - | - | - |
| Total Current Assets | 8,270,921 | 2,259,422 | 2,359,935 |
| Noncurrent: | | | |
| Capital assets - net of accumulated depreciation | 6,895,411 | 170,337 | 838,432 |
| Total Noncurrent Assets | 6,895,411 | 170,337 | 838,432 |
| Total Assets | 15,166,332 | 2,429,759 | 3,198,367 |
| Deferred Outflows of Resources: | | | |
| Deferred pension related items | 145,114 | 341,189 | 298,865 |
| Deferred OPEB related items | 28,328 | 59,084 | 58,679 |
| Total Deferred Outflows of Resources | 173,442 | 400,273 | 357,544 |
| Liabilities: | | | |
| Current: | | | |
| Accounts payable | 108,305 | 135,098 | 68,035 |
| Accrued compensated absences | 4,432 | 11,119 | 21,401 |
| Accrued claims and judgments | - | - | - |
| Bonds, notes, and capital leases | - | - | 93,293 |
| Total Current Liabilities | 112,737 | 146,217 | 182,729 |
| Noncurrent: | | | |
| Accrued compensated absences | 22,592 | 56,680 | 109,092 |
| Accrued claims and judgments | - | - | - |
| Net pension liability | 1,057,631 | 2,486,692 | 2,178,217 |
| Net OPEB Liability | 116,921 | 243,865 | 242,194 |
| Bonds, notes, and capital leases | - | - | 93,294 |
| Total Noncurrent Liabilities | 1,197,144 | 2,787,237 | 2,622,797 |
| Total Liabilities | 1,309,881 | 2,933,454 | 2,805,526 |
| Deferred Inflows of Resources: | | | |
| Deferred pension related items | 19,863 | 46,704 | 40,910 |
| Deferred OPEB related items | 26,475 | 55,219 | 54,841 |
| Total Deferred Inflows of Resources | 46,338 | 101,923 | 95,751 |
| Net Position: | | | |
| Net investment in capital assets | 6,895,411 | 170,337 | 651,845 |
| Unrestricted | 7,088,144 | (375,682) | 2,789 |
| Total Net Position | \$ 13,983,555 | \$ (205,345) | \$ 654,634 |

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020**

| | Self- Insurance Program | Emergency Communications | Major Facilities Repair | Totals |
|--|-------------------------------|-----------------------------|-------------------------------|---------------------|
| Assets: | | | | |
| Current: | | | | |
| Cash and investments | \$ 14,201,733 | \$ 2,760,112 | \$ 993,978 | \$ 30,783,989 |
| Receivables: | | | | |
| Accounts | - | - | - | 41,520 |
| Prepaid costs | 584,373 | - | - | 604,965 |
| Due from other governments | 1,614 | - | - | 1,614 |
| Total Current Assets | 14,787,720 | 2,760,112 | 993,978 | 31,432,088 |
| Noncurrent: | | | | |
| Capital assets - net of accumulated depreciation | 45,361 | 1,824,333 | 225,451 | 9,999,325 |
| Total Noncurrent Assets | 45,361 | 1,824,333 | 225,451 | 9,999,325 |
| Total Assets | 14,833,081 | 4,584,445 | 1,219,429 | 41,431,413 |
| Deferred Outflows of Resources: | | | | |
| Deferred pension related items | 43,189 | 373,149 | - | 1,201,506 |
| Deferred OPEB related items | 10,926 | 84,983 | - | 242,000 |
| Total Deferred Outflows of Resources | 54,115 | 458,132 | - | 1,443,506 |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | 620,710 | 29,195 | 728 | 962,071 |
| Accrued compensated absences | 1,367 | 20,164 | - | 58,483 |
| Accrued claims and judgments | 1,329,877 | - | - | 1,329,877 |
| Bonds, notes, and capital leases | - | - | - | 93,293 |
| Total Current Liabilities | 1,951,954 | 49,359 | 728 | 2,443,724 |
| Noncurrent: | | | | |
| Accrued compensated absences | 6,970 | 102,790 | - | 298,124 |
| Accrued claims and judgments | 23,351,255 | - | - | 23,351,255 |
| Net pension liability | 314,771 | 2,719,623 | - | 8,756,934 |
| Net OPEB Liability | 45,098 | 350,764 | - | 998,842 |
| Bonds, notes, and capital leases | - | - | - | 93,294 |
| Total Noncurrent Liabilities | 23,718,094 | 3,173,177 | - | 33,498,449 |
| Total Liabilities | 25,670,048 | 3,222,536 | 728 | 35,942,173 |
| Deferred Inflows of Resources: | | | | |
| Deferred pension related items | 5,910 | 51,077 | - | 164,464 |
| Deferred OPEB related items | 10,212 | 79,425 | - | 226,172 |
| Total Deferred Inflows of Resources | 16,122 | 130,502 | - | 390,636 |
| Net Position: | | | | |
| Net investment in capital assets | 45,361 | 1,824,333 | 225,451 | 9,812,738 |
| Unrestricted | (10,844,335) | (134,794) | 993,250 | (3,270,628) |
| Total Net Position | \$ (10,798,974) | \$ 1,689,539 | \$ 1,218,701 | \$ 6,542,110 |

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

| | Vehicle Replacement | Building Occupancy | Information Technology |
|---|------------------------------------|-----------------------------------|-----------------------------------|
| Operating Revenues: | | | |
| Sales and service charges | \$ 4,049,072 | \$ 3,277,446 | \$ 4,054,480 |
| Miscellaneous | 68,013 | 25,120 | 4,948 |
| Total Operating Revenues | <u>4,117,085</u> | <u>3,302,566</u> | <u>4,059,428</u> |
| Operating Expenses: | | | |
| Administration and general | 934,883 | 1,076,754 | 502,311 |
| Personnel services | 767,576 | 1,908,095 | 1,525,490 |
| Contractual services | 47,091 | 293,072 | 1,164,905 |
| Internal service charges | 259,915 | 522,576 | 457,690 |
| Depreciation expense | 1,303,616 | 11,750 | 142,536 |
| Total Operating Expenses | <u>3,313,081</u> | <u>3,812,247</u> | <u>3,792,932</u> |
| Operating Income (Loss) | <u>804,004</u> | <u>(509,681)</u> | <u>266,496</u> |
| Nonoperating Revenues (Expenses): | | | |
| Gain (loss) on disposal of capital assets | <u>(224,239)</u> | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>(224,239)</u> | <u>-</u> | <u>-</u> |
| Changes in Net Position | 579,765 | (509,681) | 266,496 |
| Net Position: | | | |
| Beginning of Year | <u>13,403,790</u> | <u>304,336</u> | <u>388,138</u> |
| End of Fiscal Year | <u><u>\$ 13,983,555</u></u> | <u><u>\$ (205,345)</u></u> | <u><u>\$ 654,634</u></u> |

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

| | Self- Insurance Program | Emergency Communications | Major Facilities Repair | Totals |
|---|-------------------------------|-----------------------------|-------------------------------|---------------------|
| Operating Revenues: | | | | |
| Sales and service charges | \$ 8,064,832 | \$ 3,452,277 | \$ 91,543 | \$ 22,989,650 |
| Miscellaneous | - | - | - | 98,081 |
| Total Operating Revenues | 8,064,832 | 3,452,277 | 91,543 | 23,087,731 |
| Operating Expenses: | | | | |
| Administration and general | 4,937,002 | 49,163 | - | 7,500,113 |
| Personnel services | 277,581 | 2,725,669 | - | 7,204,411 |
| Contractual services | 227,942 | 204,845 | - | 1,937,855 |
| Internal service charges | 72,230 | 698,433 | - | 2,010,844 |
| Depreciation expense | - | 226,298 | - | 1,684,200 |
| Total Operating Expenses | 5,514,755 | 3,904,408 | - | 20,337,423 |
| Operating Income (Loss) | 2,550,077 | (452,131) | 91,543 | 2,750,308 |
| Nonoperating Revenues (Expenses): | | | | |
| Gain (loss) on disposal of capital assets | - | - | - | (224,239) |
| Total Nonoperating Revenues (Expenses) | - | - | - | (224,239) |
| Changes in Net Position | 2,550,077 | (452,131) | 91,543 | 2,526,069 |
| Net Position: | | | | |
| Beginning of Year | (13,349,051) | 2,141,670 | 1,127,158 | 4,016,041 |
| End of Fiscal Year | \$ (10,798,974) | \$ 1,689,539 | \$ 1,218,701 | \$ 6,542,110 |

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

| | Vehicle Replacement | Building Occupancy | Information Technology |
|---|--------------------------------|-------------------------------|-----------------------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from customers and users | \$ 4,130,054 | \$ 3,302,566 | \$ 4,073,828 |
| Cash paid to suppliers for goods and services | (1,184,547) | (1,869,452) | (2,243,398) |
| Cash paid to employees for services | (606,906) | (1,249,967) | (1,186,778) |
| Net Cash Provided (Used) by Operating Activities | <u>2,338,601</u> | <u>183,147</u> | <u>643,652</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | (1,259,491) | - | (449,371) |
| Principal paid on capital debt | - | - | (93,293) |
| Interest paid on capital debt | - | - | - |
| Proceeds from capital debt issued | - | - | 279,880 |
| Proceeds from sale of capital assets | 65,598 | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(1,193,893)</u> | <u>-</u> | <u>(262,784)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,144,708 | 183,147 | 380,868 |
| Cash and Cash Equivalents at Beginning of Year | 7,084,693 | 2,076,275 | 1,958,475 |
| Cash and Cash Equivalents at End of Year | <u>\$ 8,229,401</u> | <u>\$ 2,259,422</u> | <u>\$ 2,339,343</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 804,004 | \$ (509,681) | \$ 266,496 |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | |
| Depreciation | 1,303,616 | 11,750 | 142,536 |
| (Increase) decrease in accounts receivable | 12,969 | - | 14,400 |
| (Increase) decrease in due from other governments | - | - | - |
| (Increase) decrease in deferred outflow pension related items | (10,938) | (84,578) | (24,640) |
| (Increase) decrease in deferred outflow OPEB related items | 1,193 | 4,362 | (80) |
| (Increase) decrease in prepaid expense | 6,228 | - | (18,585) |
| Increase (decrease) in accounts payable | 57,661 | 44,450 | (97,007) |
| Increase (decrease) in claims and judgments | - | - | - |
| Increase (decrease) in net pension liability | 149,136 | 749,196 | 321,481 |
| Increase (decrease) in net OPEB liability | (6,547) | (21,500) | (2,900) |
| Increase (decrease) in deferred inflow pension related items | 6,057 | 20,300 | 12,695 |
| Increase (decrease) in deferred inflow OPEB related items | 7,171 | 13,728 | 16,520 |
| Increase (decrease) in compensated absences | 8,051 | (44,880) | 12,736 |
| Total Adjustments | <u>1,534,597</u> | <u>692,828</u> | <u>377,156</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 2,338,601</u> | <u>\$ 183,147</u> | <u>\$ 643,652</u> |

CITY OF REDONDO BEACH

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

| | Self- Insurance Program | Emergency Communications | Major Facilities Repair | Totals |
|---|--|-------------------------------------|--|----------------------|
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ 8,063,230 | \$ 3,452,277 | \$ 91,543 | \$ 23,113,498 |
| Cash paid to suppliers for goods and services | (6,949,057) | (1,045,001) | - | (13,291,455) |
| Cash paid to employees for services | (461,423) | (2,165,098) | - | (5,670,172) |
| Net Cash Provided (Used) by Operating Activities | 652,750 | 242,178 | 91,543 | 4,151,871 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | - | (118,000) | (224,001) | (2,050,863) |
| Principal paid on capital debt | - | - | - | (93,293) |
| Interest paid on capital debt | - | - | - | - |
| Proceeds from capital debt issued | - | - | - | 279,880 |
| Proceeds from sale of capital assets | - | - | - | 65,598 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (118,000) | (224,001) | (1,798,678) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 652,750 | 124,178 | (132,458) | 2,353,193 |
| Cash and Cash Equivalents at Beginning of Year | 13,548,983 | 2,635,934 | 1,126,436 | 28,430,796 |
| Cash and Cash Equivalents at End of Year | \$ 14,201,733 | \$ 2,760,112 | \$ 993,978 | \$ 30,783,989 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ 2,550,077 | \$ (452,131) | \$ 91,543 | \$ 2,750,308 |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | | |
| Depreciation | - | 226,298 | - | 1,684,200 |
| (Increase) decrease in accounts receivable | 12 | - | - | 27,381 |
| (Increase) decrease in due from other governments | (1,614) | - | - | (1,614) |
| (Increase) decrease in deferred outflow pension related items | (2,937) | (55,321) | - | (178,414) |
| (Increase) decrease in deferred outflow OPEB related items | 89 | (387) | - | 5,177 |
| (Increase) decrease in prepaid expense | (584,373) | - | - | (596,730) |
| Increase (decrease) in accounts payable | (398,798) | (89,505) | - | (483,199) |
| Increase (decrease) in claims and judgments | (955,682) | - | - | (955,682) |
| Increase (decrease) in net pension liability | 42,223 | 567,627 | - | 1,829,663 |
| Increase (decrease) in net OPEB liability | (972) | (3,055) | - | (34,974) |
| Increase (decrease) in deferred inflow pension related items | 1,769 | 18,375 | - | 59,196 |
| Increase (decrease) in deferred inflow OPEB related items | 3,009 | 24,105 | - | 64,533 |
| Increase (decrease) in compensated absences | (53) | 6,172 | - | (17,974) |
| Total Adjustments | (1,897,327) | 694,309 | - | 1,401,563 |
| Net Cash Provided (Used) by Operating Activities | \$ 652,750 | \$ 242,178 | \$ 91,543 | \$ 4,151,871 |

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS****NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies

The accounting policies of the City of Redondo Beach Internal Service Funds (City) conform to the generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Internal Service Fund's more significant accounting policies follows:

The accompanying financial statements are not intended to present the financial position or results of operations of the City, taken as a whole.

a. Financial Reporting Entity

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

b. Basis of Accounting and Measurement Focus

Internal Service Funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each Internal Service Fund.

Internal Service Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the Internal Service Funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

c. Cash, Cash Equivalents and Investments

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investments balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)

For more information on the City's cash and investments as of June 30, 2020, please see the City of Redondo Beach's audited financial statements.

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

d. Prepaid Items

Certain interdepartmental payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

e. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable internal service funds. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following:

| | |
|--|----------|
| General Capital Assets | \$ 5,000 |
| Infrastructure Capital Assets | 25,000 |
| Buildings, Parking Structures and Parking Lots | 100,000 |

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 5-45 |
| Equipment | 5-20 |
| Vehicles | 4-20 |

Interest accrued during capital assets construction, if any, is capitalized for funds as part of the asset cost.

f. Compensated Absences Payable

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue from two to three times their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Unused sick leave is forfeited upon termination.

g. Claims and Judgments Payable

The short-term and long-term claims are reported as liabilities in the Self-Insurance Program Internal Service Fund. The liability the amount of settlement reached, but unpaid, related to claims and judgments entered.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)**h. Net Position**

In the Internal Service Funds, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

i. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reports amount of expenses. Actual results could differ from these estimates and assumptions.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. Firstly, the City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts, which are amortized by an actuarial determined period. Secondly, the City has deferred outflows related to Other Post-Employment Benefits (OPEB), which include contributions subsequent to the measurement date of the Total OPEB liability and other amounts.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Firstly, the City also has deferred inflows of resources related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. These amounts are amortized by an actuarial determined period. Secondly, the City also has deferred inflows of resources related to OPEB, which arise only under a full accrual basis of accounting.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)

k. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/ deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|-------------------------|-------------------------------|
| Valuation Date (VD) | June 30, 2018 |
| Measurement Date (MD) | June 30, 2019 |
| Measurement Period (MP) | July 1, 2018 to June 30, 2019 |

l. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|-------------------------|-------------------------------|
| Valuation Date (VD) | June 30, 2019 |
| Measurement Date (MD) | June 30, 2019 |
| Measurement Period (MP) | July 1, 2018 to June 30, 2019 |

m. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

| | |
|--|--|
| Net difference between projected and actual earnings on pension plan investments | 5 years |
| All other amounts | Expected average remaining service lifetime (EARL) (8.1 years at July 1, 2018) |

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 2: Cash and Investments

As of June 30, 2020, cash and investments are as follows:

| | Vehicle Replacement | Building Occupancy | Information Technology | Self-Insurance Program | Emergency Communications | Major Facilities Repair | Total |
|-------------------------|------------------------|-----------------------|---------------------------|---------------------------|-----------------------------|----------------------------|---------------|
| Cash and Investments | \$ 8,229,401 | \$ 2,259,422 | \$ 2,339,343 | \$ 14,201,733 | \$ 2,760,112 | \$ 993,978 | \$ 30,783,989 |

The Internal Service Funds do not own specifically identifiable securities, and their cash is pooled with the other funds of the City.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investments balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

a. Investments

Under the provisions of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- United States Treasury Bills, Notes and Bonds
- Obligations issued by the Federal Government
- Bankers' Acceptances with a maturity of 180 days or less
- Time Certificates of Deposits
- Negotiable Certificates of Deposit
- Commercial Paper with a maturity of 270 days or less
- Local Agency Investment Fund (LAIF) limited to \$75,000,000 by LAIF
- Medium-Term Notes (5 year maximum) of Domestic Corporations or Depository Institutions
- Mutual Funds
- Guaranteed Investment Contracts not to exceed \$5 million annually
- Certificate of Deposit Placement Services
- Collateralized Bank Deposits
- Supranationals

The City's investment policy applies to all financial assets, investment activities and debt issues of the City (including funds which are invested by trustees appointed under debt trust indentures, with direction from the City Treasurer).

The City is a participant in LAIF, which is an external investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment with LAIF at June 30, 2020 includes a portion of the pool funds invested in structured notes and asset-backed securities (2.21 %). The City values its investments in LAIF at a fair market value provided by LAIF. At June 30, 2020, the factor used was 1.004912795.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 2: Cash and Investments (Continued)**b. Deposits and Investment Risks***Credit Risk*

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or "A2" or higher by Moody's. As of June 30, 2020, all MTN's were rated "A2" or higher by Moody's. As of June 30, 2020, the City's Federal Agency investments were rated "AA+" by Moody's and "Aaa" by S&P. All securities were investment grade and were in accordance with State and City law. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2020, the City's investments in external investment pools are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. Investments in Federal Agencies have the implied guarantee of the United States government. While all the City's investments are in compliance with the City's investment policy as of June 30, 2020, if a City has invested more than 5% of its total investments in any one issuer, they are exposed to concentration of credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 2: Cash and Investments (Continued)

The City has invested more than 5% of the total investment value with the following issuers:

| | Up to one year | % of Total Investments |
|--|----------------|---------------------------|
| Federal Home Loan Bank | \$ 8,415,180 | 8% |
| Federal Farm Credit Bank | 16,551,765 | 17% |
| Federal National Mortgage Association | 6,065,020 | 9% |
| Federal Home Loan Mortgage Corporation | 9,368,670 | 6% |
| | \$ 40,400,635 | 40% |

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 50% of the City's portfolio shall mature in three years or less; and at least 25% in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Note 3: Receivables

The following is a summary of receivables net of allowances for uncollectible amounts at June 30, 2020:

| | Vehicle Replacement | Total |
|---------------------|------------------------|-----------|
| Accounts Receivable | \$ 41,520 | \$ 41,520 |

Note 4: Interfund Transactions

Transfers

The internal service funds did not have any transfers from the City Funds as of June 30, 2020.

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 5: Capital Assets

At June 30, 2020, the City's capital assets consisted of the following:

| | Balance at June 30, 2019 | Additions | Deletions | Transfers | Balance at June 30, 2020 |
|---|-----------------------------|-------------------|---------------------|----------------|-----------------------------|
| Non-depreciable assets: | | | | | |
| Construction in progress | | | | | |
| Vehicle Replacement | \$ 454,180 | \$ - | \$ - | \$ (4,180) | \$ 450,000 |
| Major Facilities Repair | 722 | 224,729 | - | - | 225,451 |
| Self Insurance | 45,361 | - | - | - | 45,361 |
| Total non-depreciable assets | <u>500,263</u> | <u>224,729</u> | <u>-</u> | <u>(4,180)</u> | <u>720,812</u> |
| Depreciable assets: | | | | | |
| Buildings and improvements | | | | | |
| Building Occupancy | 124,678 | - | - | - | 124,678 |
| Vehicle Replacement | 39,953 | 923,724 | - | 4,180 | 967,857 |
| Information Technology | 15,272 | - | - | - | 15,272 |
| Emergency Communications | 90,391 | - | - | - | 90,391 |
| Furniture and equipment | | | | | |
| Building Occupancy | 121,809 | - | - | - | 121,809 |
| Vehicle Replacement | 251,807 | - | - | - | 251,807 |
| Information Technology | 1,393,329 | 169,491 | - | - | 1,562,820 |
| Emergency Communications | 2,795,795 | 118,000 | - | - | 2,913,795 |
| Automotive equipment | | | | | |
| Vehicle Replacement | 14,451,251 | 335,767 | (914,086) | - | 13,872,932 |
| Leased equipment | | | | | |
| Information Technology | 1,261,139 | 279,880 | - | - | 1,541,019 |
| Infrastructure | | | | | |
| Vehicle Replacement | 109,199 | - | - | - | 109,199 |
| Total depreciable assets | <u>20,654,623</u> | <u>1,826,862</u> | <u>(914,086)</u> | <u>4,180</u> | <u>21,571,579</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | | | | | |
| Building Occupancy | 45,965 | 4,410 | - | - | 50,375 |
| Vehicle Replacement | 39,953 | 3,093 | - | - | 43,046 |
| Information Technology | 4,243 | 339 | - | - | 4,582 |
| Emergency Communications | 46,753 | 4,675 | - | - | 51,428 |
| Furniture and equipment | | | | | |
| Building Occupancy | 18,435 | 7,340 | - | - | 25,775 |
| Vehicle Replacement | 111,154 | 11,923 | - | - | 123,077 |
| Information Technology | 1,278,976 | 48,904 | - | - | 1,327,880 |
| Emergency Communications | 906,802 | 221,623 | - | - | 1,128,425 |
| Automotive equipment | | | | | |
| Vehicle Replacement | 7,920,222 | 1,285,870 | (624,249) | - | 8,581,843 |
| Leased equipment | | | | | |
| Information Technology | 854,924 | 93,293 | - | - | 948,217 |
| Infrastructure | | | | | |
| Vehicle Replacement | 5,688 | 2,730 | - | - | 8,418 |
| Total accumulated depreciation | <u>11,233,115</u> | <u>1,684,200</u> | <u>(624,249)</u> | <u>-</u> | <u>12,293,066</u> |
| Total depreciable assets, net | <u>9,421,508</u> | <u>142,662</u> | <u>(289,837)</u> | <u>4,180</u> | <u>9,278,513</u> |
| Governmental activities capital assets, net | <u>\$ 9,921,771</u> | <u>\$ 367,391</u> | <u>\$ (289,837)</u> | <u>\$ -</u> | <u>\$ 9,999,325</u> |

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 5: Capital Assets (Continued)

Depreciation expense was charged to internal service funds for the fiscal year ended June 30, 2020, as follows:

| | |
|----------------------------|---------------------|
| Internal Service Funds: | |
| Vehicle Replacement | \$ 1,303,616 |
| Building Occupancy | 11,750 |
| Information Technology | 142,536 |
| Emergency Communications | 226,298 |
| Total depreciation expense | <u>\$ 1,684,200</u> |

Note 6: Compensated Absences Payable

The following is a summary of compensated absences payable transactions for the year ended June 30, 2020:

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 | Amounts Due Within One Year |
|------------------------------|-------------------------|-------------------|---------------------|--------------------------|--------------------------------|
| Internal service funds: | | | | | |
| Compensated absences payable | <u>\$ 374,581</u> | <u>\$ 195,748</u> | <u>\$ (213,722)</u> | <u>\$ 356,607</u> | <u>\$ 58,483</u> |

Note 7: Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2020:

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 | Amounts Due Within One Year |
|------------------------|-------------------------|-------------------|--------------------|--------------------------|--------------------------------|
| Information Technology | <u>\$ -</u> | <u>\$ 279,880</u> | <u>\$ (93,293)</u> | <u>\$ 186,587</u> | <u>\$ 93,293</u> |

Capital Leases

The City has entered into various lease purchase agreements for equipment. These leases have been classified as capital leases. The related assets have been capitalized in the internal service funds at the initial present value of the lease payments. The balance outstanding at June 30, 2020, was \$186,587.

The total leased assets by major asset class consisted of the following:

| | |
|--|-------------------|
| Equipment | |
| Information Technology | \$ 1,541,019 |
| Equipment under capitalized lease, at cost | 1,541,019 |
| Accumulated depreciation | |
| Information Technology | (948,217) |
| Equipment under capitalized lease, net | <u>\$ 592,802</u> |

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 8: Risk Management

The City is exposed to risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and currently reports all of its risk management activities in its Self-Insurance Program Internal Service Fund.

The City has adopted a self-insurance workers' compensation program, which is administered by a third-party agent, AdminSure. The self-insurance coverage for each claim is limited to \$750,000. Excess coverage of up to \$50,000,000 for each claim is provided by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), an insurance pool, in which a consortium of counties and cities has agreed to share risks and losses. As of June 30, 2020, the estimated claims payable for workers' compensation was \$17,312,132, which included claims incurred but not reported (IBNR). The current year's portion of the claims was \$926,143.

For general liability claims, the City is also self-insured up to \$500,000 for each occurrence. The self-insurance program is administered by a third-party agent, AdminSure. Each claim in excess of the self-insured retention of up to \$30,000,000 is covered by the CSAC-EIA.

As of June 30, 2020, the estimated claims payable for general liability was \$7,369,000, which included IBNR. The current year's portion was \$17,312,132. Governmental activities claims and judgments are generally liquidated by the General Fund.

| | |
|-----------------------|-------------------------------|
| | Liability on June 30, 2020 |
| General Liability | \$ 7,369,000 |
| Workers' Compensation | <u>17,312,132</u> |
| Total | <u>\$ 24,681,132</u> |

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's coverage during the year.

The estimated claims payable for workers' compensation and general liability is based on estimates provided by the third-party administrator, the City Attorney, the Risk Management staff, and the City's actuary.

Changes in the reported liability resulted from the following:

| | | | | |
|--------------------------|---------------------|-----------------------|--------------------------|------------------------|
| Balance June 30, 2019 | Additions | Deletions | Balance June 30, 2019 | Due Within One Year |
| <u>\$ 25,636,814</u> | <u>\$ 3,781,453</u> | <u>\$ (4,737,135)</u> | <u>\$ 24,681,132</u> | <u>\$ 1,329,877</u> |

**CITY OF REDONDO BEACH
INTERNAL SERVICE FUNDS****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Note 9: Pension Plan***Plan Description***

The Plans are agent, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

For detailed information on the pension plan refer to the City of Redondo Beach's Comprehensive Annual Financial Report.

Note 10: Other Post-Employment Benefits

Plan Description and Eligibility. In addition to the pension benefits described above, the City provides certain health insurance benefits, in accordance with memorandums of understanding, to retired employees through the California Employers' Retiree Benefit Trust (CERBT) Fund, which is an agent multiple-employer plan administered by CalPERS. The City provides medical insurance for employees in accordance with agreements reached with various bargaining groups. The City shall pay the single retiree medical premium rate, for qualified retirees, for a medical insurance plan in which the retiree is enrolled from among those medical plans provided by the City. These contributions of the City for such medical premiums shall cease on the date the retiree becomes eligible to enroll in the Federal Medicare program and/or any Medicare supplemental plans.

For detailed information on the OPEB plan refer to the City of Redondo Beach's Comprehensive Annual Financial Report.

Note 11: Commitments and Contingencies

- a) Lawsuits - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.
- b) As of June 30, 2020, in the opinion of City management, there were no outstanding matters that would have a significant effect on the financial position of the funds of the City.

CITY OF REDONDO BEACH

Midyear Budget Response Report #2

February 16, 2021

Question:

How is the vehicle replacement schedule financially structured, what is the methodology for replacing City vehicles, and what is the City's current lifecycle policy schedule for vehicle replacement?

Response:

The Vehicle Replacement Fund (VRF) was established by the City during the 1983-84 Fiscal year. It is a best management practice tool that allows the City to efficiently replace vehicles and equipment. The purpose of the Vehicle and Heavy Equipment Replacement Program is to evaluate, maintain, and replace vehicles and equipment on a schedule that optimizes their usefulness, avoids major repairs and periods of downtime, and captures ongoing technological improvements in vehicle safety, efficiency, and performance. Most Redondo Beach vehicles are replaced every 4 to 13 years, depending on their type and function, at an aggregate cost between \$700,000 and \$1,500,000 each year. The total cost is comprised of multiple funding sources including the General Fund, Sewer Fund, Building Occupancy Fund, Harbor Fund, Vehicle Replacement Fund, among other sources. Each vehicle is assigned for a specific use and charged against the appropriate fund. The vehicle replacement program allows for monies to accrue over time utilizing internal service funds (ISF), which provides greater certainty for budgeting purposes.

With regards to the maintenance and operations component of the fund, each department is charged based on the fuel consumption and labor costs associated with vehicles assigned to the respective departments. The funding mechanism used for the replacement of the vehicles/equipment is through a depreciation formula. First the replacement value is calculated by taking the purchase price of the vehicle, multiplying it by a 3% compounding rate to account for inflation, and then aggregating that compounding amount over the life cycle of the vehicle/equipment. The replacement value is then evenly divided for the duration of the life span of the vehicle/ equipment to calculate the annual amount.

For example:

| Vehicle | Purchase Price | Life Span | Replacement Value (3% compounding rate) | Annual Amount |
|-------------------|-----------------------|------------------|--|----------------------|
| Medium Duty Truck | \$ 50,000 | 13 | \$ 73,862 | \$ 5,681.69 |

It's important to note that the approved budget for FY 2019-20 included extending the life off all vehicles/equipment by 10% due to budgetary constraints. This action added one

year to all vehicles that had a life cycle between five and fourteen years, and it added two years to all vehicles between fifteen and twenty years (*see attached life cycle document*). Moreover, the budget for FY 2020-21 also included a temporary 50% reduction of annual Vehicle Replacement Fund internal service fund allocations from all funds, to help balance the FY 2020-21 operating Budget. The 50% reduction in annual allocations to the Vehicle Replacement Fund provided a one-time savings to a number of funds totaling \$790,292 and will continue in FY 2021-22 to complete the one-year delay of vehicle life cycles. Given the added life to all vehicles, staff will continue to evaluate individual vehicles/equipment to ensure the replacement cycle is in line with optimizing the full life of a vehicle/equipment without excessive maintenance and repair costs.

Fund Balance

The beginning fund balance of the VRF for FY 2020-21 is approximately \$7 million. It's important to note that the funding for the VRF is comprised of multiple parts including the vehicle replacement/acquisition, vehicle maintenance and operation, sale of fuel, and other miscellaneous revenue. The expenditures of the VRF also are comprised of multiple items including, personnel, maintenance and operations, internal service fund, overhead, and occasionally capital improvement projects. Therefore, depending on the amount of vehicles/equipment that are due for replacement in the given fiscal year, the fund balance can increase or decrease significantly. Given the delay in replacing vehicles over the last couple of Fiscal Years the fund balance has grown over the last few years.

The vehicles/equipment recommended for purchase are always acquired through the City's regular purchasing procedures. The procedures contain a number of competitive purchasing options including the use of a "Piggyback" Bid which is a procedure of procuring goods or services by utilizing another public entity's recent Request for Proposal (RFP) or Request for Bid (RFB), or Sourcwell, formerly known as the National Joint Powers Alliance (NJPA), Contract Cooperative Purchasing Program. Cooperative purchasing programs provide valuable benefits to state and local governments. By attaching to national or regional cooperatives, an agency has immediate access to competitively solicited contracts and guaranteed pricing and delivery options without expending staff resources on the preparation of its own RFB. Pricing is often attractive because of the purchasing power of these cooperatives.

Zero/Low Emission Vehicles (ZEV/LEV)

In line with Council's direction, as vehicles reach the end of their life cycle and are set to be replaced, staff works towards replacing the vehicles with ZEV or LEV options if fiscally and operationally feasible. Over the last several years the City has added two fully electric vehicles, several hybrid vehicles, and several Compressed Natural Gas (CNG) trucks. Over the last few of years, it has become apparent through legislation and market trends that there is a push to electrify vehicles. For example, our Transit buses will need to be zero emission by 2030 as mandated by the California Air Resources Board (CARB). Moreover, General Motors (GM) recently announced its intent to manufacture only electric

vehicles by 2035. As the City looks to decrease its vehicular carbon footprint, staff continues to look at opportunities to add ZEV or LEV to the City fleet.

Industry standards estimate that CNG vehicles emit 20-30% less CO2 emissions than gasoline or diesel-powered vehicles and up to 90% less NOx emissions. Therefore, while CNG vehicles are not ZEV, staff views CNG trucks as a good intermediate solution until the full conversion to zero emission occurs in the next decade or two. Furthermore, the electrification of vehicles has been concentrated on the light duty/passenger vehicles and the heavy-duty transportation sector. The majority of the City fleet is medium duty trucks and police vehicles, which as of now do not have feasible options. While there continues to be the development of hybrid pursuit rated Police Vehicles there is still not sufficient data on their performance that would allow staff to recommend moving in that direction at this time.

Therefore, while there are opportunities to continue making our fleet “greener”, there still exists barriers to these efforts, such as upfront capital costs and operational needs. Furthermore, the Public Works Department will need to continue plans and discussions to increase the City’s electric vehicle charging infrastructure that would allow the City to increase its EV inventory in a more streamlined manner.

Attachment:

Attachment A – Vehicle Life Cycle

Attachment A

| DESCRIPTION | LIFE OF VEHICLE |
|-----------------------------------|--------------------|
| SMALL PICKUP TRUCK | 13 |
| ADMINISTRATIVE SEDAN | 13 |
| FD-COMMAND VEHICLE (SUV) | 10 |
| PUMPER TRUCK | 19 |
| LADDER TRUCK | 19 |
| TELESQUIRT | 19 |
| AIR/LIGHT | 19 |
| AMBULANCE | 10 |
| PENYAN FIRE PUMP (BOAT) | 11 |
| KUSTOM SIGNAL TRAILER | 17 |
| 4 WHEELER (ATV) | 11 |
| UNDERCOVER SEDAN | 5 |
| 11 PASS.VAN CNG-EQ | 13 |
| FULL SIZE PICKUP TRUCK 3/4 -1 TON | 13 |
| DIAL SCALE | 11 |
| 4-DOOR POLICE PATROL SEDAN | 4 |
| CANINE TRAILER | 17 |
| STEP VAN (SWAT) | 17 |
| POLICE MOTORCYCLE | 9 |
| MANLIFT** MEDIUM DUTY TRUCK | 17 |
| TRAILER MOUNT GENERATOR | 17 |
| TILT TRAILER | 22 |
| SEATED MOWER | 9 |
| VIDEO VAN | 17 |
| STREET SWEEPER | 11 |
| STAKE BED TRUCK | 17 |
| VACTOR TRUCK | 17 |
| INTER SEWER TRUCK | 17 |
| DUMP TRUCK | 17 |
| CASE ROLLER/TRAILER | 20 |
| KNUCKLE BOOM | 17 |
| TRACTOR | 17 |
| FORKLIFT | 22 |
| PAYLOADER | 13 |
| 2000 STEAM CLEANER | 8 |
| ROLLER | 17 |
| 1500 GPM WATER PUMP | 17 |
| FELKER SAW | 11 |
| COMPRESSOR | 11 |
| PIER/HARBOR ELECTRIC UTILITY CART | 9 |
| ELECTRIC UTILITY CART | 13 |
| TRAILER STEAM CLEANER | 22 |
| SKID STEER | 17 |
| PRO SPRAY | 0 |

CITY OF REDONDO BEACH

Midyear Budget Response Report #3

February 16, 2021

Question:

What funding is needed to complete the environmental review and analysis necessary to consider implementing the land use and parking changes for the Artesia Aviation Corridors Area Plan (AACAP) and what is the schedule for the various work options?

Response:

Per the City Council's direction, City staff received proposals from Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) for preparation of environmental review documents and parking/traffic analysis to consider implementing the adopted Artesia Aviation Corridors Area Plan (AACAP).

This BRR summarizes the costs for the different components of implementation, including the zoning amendments and two options for parking analysis and provides a timeline for each element of the follow-up work. The total cost for the AACAP work would be \$175,592. The City Council could choose to separately initiate each individual scope at the stated cost. Funding is available in the City's General Plan Maintenance Fund, which has a current balance of approximately \$290,000. As such, no budget appropriation is required to complete the work, just direction to prepare the contracts for consideration of approval at a future City Council meeting.

Zoning Amendments to Activate the AACAP - \$53,491

Rincon Consultants, Inc. (environmental consultant) submitted a proposal for preparation of an Initial Study-Mitigated Negative Declaration (IS-MND) for the following proposed amendments to the Redondo Beach Zoning Ordinance.

Scope of Work

- An amendment to "activate" the AACAP and require future development in the AACAP Area to be consistent with the "intent" of the AACAP. It should be noted that actions allowed under the AACAP that may result in environmental impacts include increases in the allowable floor area ratio from 0.5 to 0.6 (FAR), the application of design guidelines, alterations to signage, improvements to walking and biking infrastructure, and the creation of new public spaces.
- An amendment to Section 10-2.621, Additional Land Use Regulations, which applies to the C-2-PD Zone. The amendment would remove the restriction of "Office" uses, including "Medical Office" to only the second floor or on the ground floor to the rear of other permitted retail or services uses in the AACAP area.

Schedule

The environmental review is estimated to take 4-5 months per the proposal.

Following the completion of the draft zoning ordinance amendments and the associated environmental review process, the public hearing process before the Planning Commission and ultimately the City Council would commence. The public hearing process is estimated to take approximately 3-4 months.

The estimated total time for completion of the zoning amendments would be approximately 9 months.

Cost

Per the proposal, the amendments would likely require the preparation of an Initial Study-Mitigated Negative Declaration (IS-MD), for a total cost of \$53,491.

Full Parking Implementation Study - \$122,101

Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) prepared proposals for a "Parking Implementation Study" and the required CEQA environmental document (Initial Study-Mitigated Negative Declaration (IS-MND)).

Scope of Work-Parking Implementation Study with CEQA

- *Shared Parking Model Update/Recalibration*

As part of the AACAP update, F&P conducted inventory and occupancy counts of existing parking throughout the Corridor Area Plan. They collected new counts of existing on-street and off-street parking supply and utilization during one weekday and one weekend midday peak period. Using parcel data provided by the city and the existing parking utilization data, coupled with the Urban Land Institute's (ULI) recently updated (2020) Shared Parking manual, F&P would calibrate an existing conditions shared parking model, to be used to estimate future parking demand.

- *Estimate Future Parking Demand, Parking Ratios, & Supply Changes to Determine Sufficient Parking or Shortfall*

The shared parking models would be used to estimate the parking demand effects of the land use changes associated with the AACAP, considering a reasonable expectation for use of transportation network companies (TNCs) and autonomous vehicles (AVs) that will likely lower the parking demand. These factors could be considered to propose modified parking ratios for land uses within the AACAP.

- *Parking Management Strategies, Implementation, and Siting Recommendations for Public Parking*

If estimated future demand exceeds supply for any parking scenarios within the AACAP area, the study would make recommendations for the best parcel within sub areas to

accommodate new parking supply, based on parcel size, shape, and access, as well as the importance of the pedestrian network and walkability to and from new parking supply.

In addition to potential opportunities to increase parking supply through infrastructure development, F&P would identify policy and management recommendations that consider weekday, weekend, daytime, nighttime, and seasonal demand patterns, as well as management of the parking supply through time limits and long-term/short-term controls.

Policies for administering a district parking strategy, such as a framework for evaluating the need for and implementation of parking supply as demand increases in the future, as well as funding strategies, such as in-lieu fees would be summarized in the Study as well.

F&P would also evaluate best practices in other nearby coastal cities with similar parking management goals intended to balance future land use impacts with projected parking demand. This analysis would identify parking and land use ratios adopted by nearby cities in areas similar to the Aviation Artesia Corridor (like Long Beach's 2nd Street corridor) and explore the successes and/or shortfalls of curb space management tactics such as pricing.

- *Recommended Amendment to the City's Existing Parking Regulations*

F&P would also identify "flexible" parking standards/regulations that could support addressing the increased development of the preferred uses, namely restaurants and in some cases medical office (higher parking rate than professional office).

- *Parking Implementation Plan Report & Public Meetings*

F&P would prepare a draft and final parking implementation plan report. Given the potential interest level and potential for controversy, F&P is including four public hearings/workshops over the course of the parking implementation plan development process.

Schedule

The Parking Implementation Study with associated environmental review process could be completed in approximately 8 months, following contract funding and execution.

Following the completion of the Parking Implementation Study a likely next step would be the implementation of amendments to the City's parking regulations within the AACAP area. The Zoning Ordinance amendments to the City's parking regulations are expected to take approximately 4 months. The anticipated timelines for other determined recommendations resulting from the Parking Implementation Study would vary depending upon City Council priorities and funding.

The estimated total time to complete the Parking Implementation Study and implement recommended amendments to the City's parking regulations, inclusive of the required environmental review process, would be approximately 1 year.

Cost

Per the attached proposal, completion of the Parking Implementation Study and associated environmental review and CEQA documentation will be \$122,101.

Reduced Parking Implementation Study - \$84,065

Rincon Consultants, Inc. (environmental consultant) and Fehr & Peers (traffic engineering consultant) prepared proposals for a reduced scope focusing only on updating the current parking regulations and associate environmental review. The timeframe to begin implementing parking changes would be reduced from 1 year down to 9 months.

Scope of Work

- *Estimate Existing Residual Parking Capacity & Parking Management Triggers*

As part of the AACAP update, Fehr & Peers conducted inventory and occupancy counts of existing parking throughout the Corridor Area Plan. We collected new counts of existing on-street and off-street parking supply and utilization during one weekday and one weekend midday peak period, which identified available parking supply. Using parcel data provided by the city and the existing parking utilization data, we calibrated an existing conditions shared parking model, to be used to estimate future parking demand.

Due to existing available parking in the AACAP, there is the capacity to increase land intensity without necessarily increasing the parking supply. Using parking demand ratios from the Urban Land Institute (ULI) Shared Parking, Third Edition (2020) manual, Fehr & Peers will estimate the residual capacity for land use growth for a range of different uses, targeting an overall parking occupancy percentage of 85% in the corridor as an effective capacity. This will provide the City with information for how much organic land use growth could occur on the corridor before the need to implement parking management strategies and/or parking supply increases.

- *Parking Management Strategies & Recommended Amendment to the City's Existing Parking Regulations*

Fehr & Peers will evaluate best practices in other nearby coastal cities with similar parking management goals intended to balance future land use impacts with projected parking demand. This analysis would identify parking and land use ratios adopted by nearby cities in areas similar to the Aviation Artesia Corridor (like Long Beach's 2nd Street corridor) and explore the successes and/or shortfalls of curbspace management tactics such as pricing. Policy and management recommendations that consider weekday, weekend, daytime, nighttime, and seasonal demand patterns, as well as management of the parking supply through time limits and long-term/short-term controls.

Policies for administering a district parking strategy, such as a framework for evaluating the need for and implementation of parking supply as demand increases in the future, as well as funding strategies, such as in-lieu fees would be summarized as well. Fehr & Peers will identify “flexible” parking standards/regulations that could support addressing the increased development of the preferred uses, namely restaurants and in some cases medical office (higher parking rate than professional office).

- *Parking Implementation Plan Report & Public Meetings*

Fehr & Peers will prepare a concise draft and final parking implementation plan report. Fehr & Peers is including three public hearings / workshops over the course of the parking implementation plan.

Schedule

The reduced Parking Implementation Study with associated environmental review process could be completed in approximately 6 months, following contract funding and execution.

Following the completion of the study and environmental review, the amendments to the City’s parking regulations within the AACAP area would be expected to take approximately 3 months.

The estimated total time to complete the reduced Parking Implementation Study and recommended amendments to the City’s parking regulations, inclusive of the required environmental review process, would be approximately 9 months.

Cost

Per the attached proposal, completion of the reduced Parking Implementation Study and associated environmental review and CEQA documentation would be \$84,065.

Summary

No budget appropriation is required at this time, only direction regarding the scope of AACAP follow-up work. Should the City Council decide to pursue implementation of the entire scope of work described above, a withdrawal from the General Plan Maintenance Fund of \$175,592 would occur when the consultant services agreements are ultimately executed.

Alternatives to implementing the full scope of work include 1) just revising the office regulations at this time (to be completed in house with expected CEQA exemption) at no contract expense by utilizing only Planning Division staff to complete the amendments; 2) only conducting the full zoning amendment work at a cost of \$53,491; 3) completing the zoning amendment work and the reduced parking study for a cost of \$137,556; or 4) completing only the reduced parking amendments for a cost of \$84,065.

Lastly, there will be some additional cost for legal review of the environmental documents by the City’s CEQA legal consulting firm, coordinated with the City Attorney’s office. This

amount will be determined based on the options City Council wishes to pursue. A cost quote would be solicited from the legal consultant, and incorporated as part of the City Council's contract approval for the environmental review consulting services agreement. Funding for legal expenses associated with environmental review could also be paid for out of the General Plan Maintenance Fund.

CITY OF REDONDO BEACH

Midyear Budget Response Report #4

February 16, 2021

Question:

What conceptual design options and construction cost estimates were developed for possible renovation of the Police Department's Lobby and Records Unit area?

Response:

An agreement between Gillis & Panichapan Architects, Inc. (GPA) was approved by the Redondo Beach City Council on January 21, 2020. GPA was tasked with providing consulting services and two conceptual designs, along with cost estimates, for upgrades to the Police Department's Lobby and Record's Unit. The Police Department Lobby and Records Unit is antiquated and significantly inadequate for the current operations of the Police Department. The current structure and design of the Lobby and Records Unit significantly lacks contemporary security features for employees and does not properly address community access needs.

GPA provided two conceptual designs for the upgrades to the Police Department Lobby and Records Unit to meet existing requirements and to equip the Police Department for community access in the coming years. Additionally, incorporated in this report are the estimated Public Works Department costs associated with design, management and abatement on the renovations. The scope of work from the Public Works Department is anticipated to include floor plan modifications, window and door systems, finishes and furnishings, a publicly accessible restroom, HVAC improvements, lighting improvements, civil site improvements, hazardous materials abatement, in house project and construction management and acquisition of temporary facilities for impacted employees.

Conceptual Option #1 utilizes the existing foot print of the Lobby and Records Unit area and does not add any additional square footage to the building. Option #1 rearranges the Records Unit and Police Department Lobby to allow for a more functional work space, efficient interior access, improved security features, additional storage and meeting space. It provides a limited upgrade for community access to the public area, including an ADA compliant restroom. The cost as enumerated in the Conceptual Design Statement of Probable Cost provided by Gillis & Panichapan Architects, Inc. is \$860,000. The total cost for conceptual design #1, including Public Works estimated costs, is \$1,460,000.

Conceptual Option #2 adds approximately 600 square feet onto the Police Department building along the east portion of the Lobby and Records Unit, increasing the function and useable space for the public and employees. The area is currently unused space bordered by a 4-foot stucco wall where Police Department K9 plaques are mounted. Options #2, additionally, rearranges the Records Unit and Police Department Lobby to

allow for a more functional work space, efficient interior access to the Records Unit, improved security features, additional and larger records storage area, a meeting space and both public and employee ADA accessible restrooms. The cost as enumerated in the Conceptual Design Statement of Probable Cost provided by GPA Inc. is \$1,180,000. The total cost for conceptual design #2, including Public Works estimated costs are \$1,820,000.

Both designs change the location of the entry point of the Police Department and are compliant with Americans With Disabilities Act. Additionally, the designs provide a clean updated look to the front of the Police Department building. Conceptual renderings of each option are provided as attachments to this report. The scope of work and cost summaries for each option are provided in the table below.

PD Lobby and Record Unit Upgrade - Conceptual Plan Options - Budget Level Cost Estimate

Monday, March 16, 2020

Scope of Work Remodeling of PD Records Room and Lobby space to provide ADA compliant restroom, more efficient workspace, new lobby entrance and conference room,

Option 1 Provides for remodel in existing building envelope

Option 2 Provides for remodel in expanded building envelope

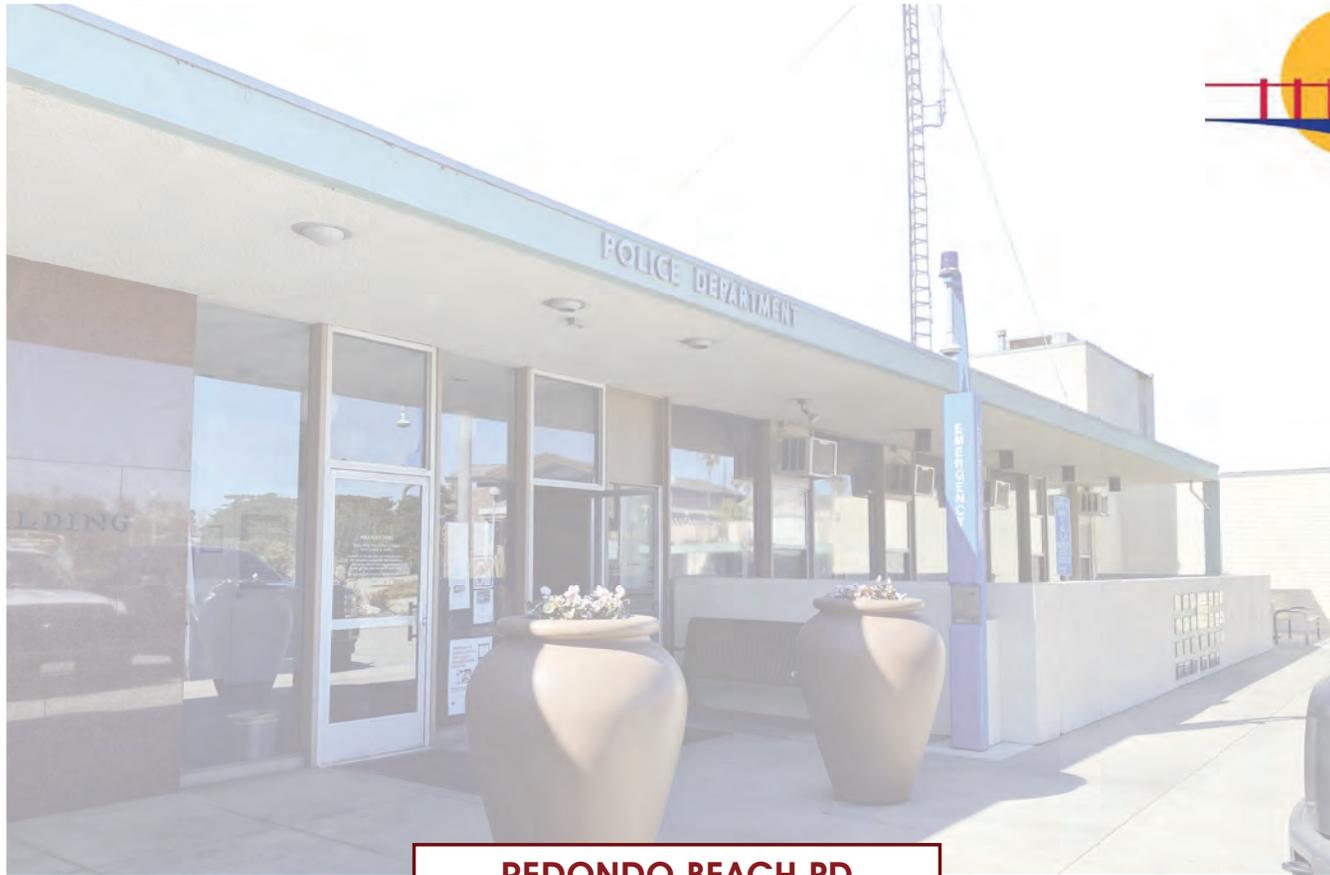
| Cost Category Item | Option 1 | Option 2 |
|--|---------------------|---------------------|
| Building Improvements/Furnishings ¹ | \$ 830,000 | \$ 1,145,000 |
| Civil Site Improvements | \$ 150,000 | \$ 150,000 |
| Haz Mat Abatement Allowance ¹ | \$ 30,000 | \$ 35,000 |
| <i>Construction Subtotal</i> | <i>\$ 1,010,000</i> | <i>\$ 1,330,000</i> |
| Design Services | \$ 150,000 | \$ 150,000 |
| In House Project Mgmt | \$ 75,000 | \$ 95,000 |
| Construction Mgmt | \$ 75,000 | \$ 95,000 |
| Staff Relo / Temp Facilities | \$ 150,000 | \$ 150,000 |
| <i>Soft Costs Subtotal</i> | <i>\$ 450,000</i> | <i>\$ 490,000</i> |
| Project Total | \$ 1,460,000 | \$ 1,820,000 |

Notes ¹ Provided by GP Architects

- Budget cost level estimates provided by Public Works Department.

ATTACHMENT:

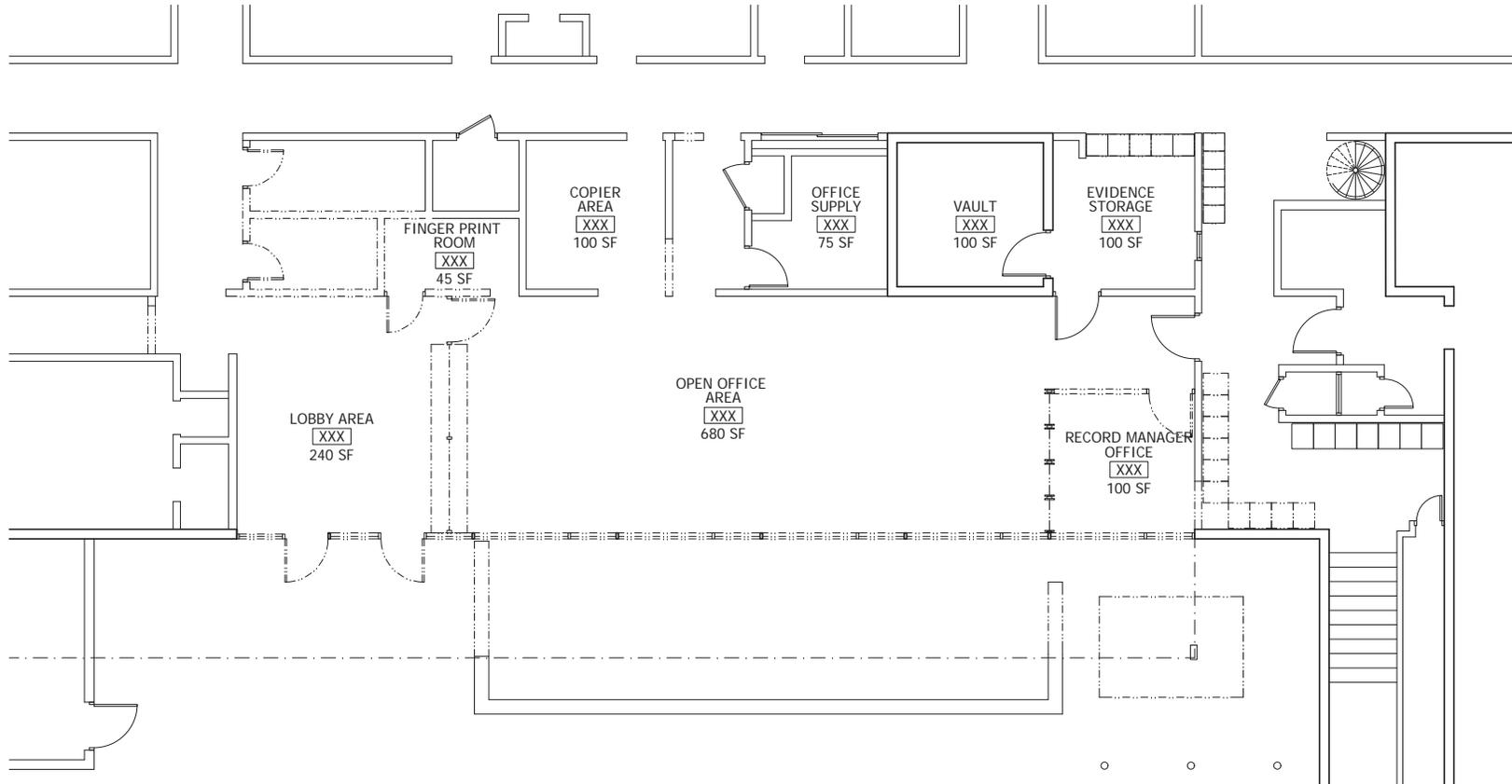
Attachment A - Architectural Renderings of Option1 and Option 2



REDONDO BEACH PD

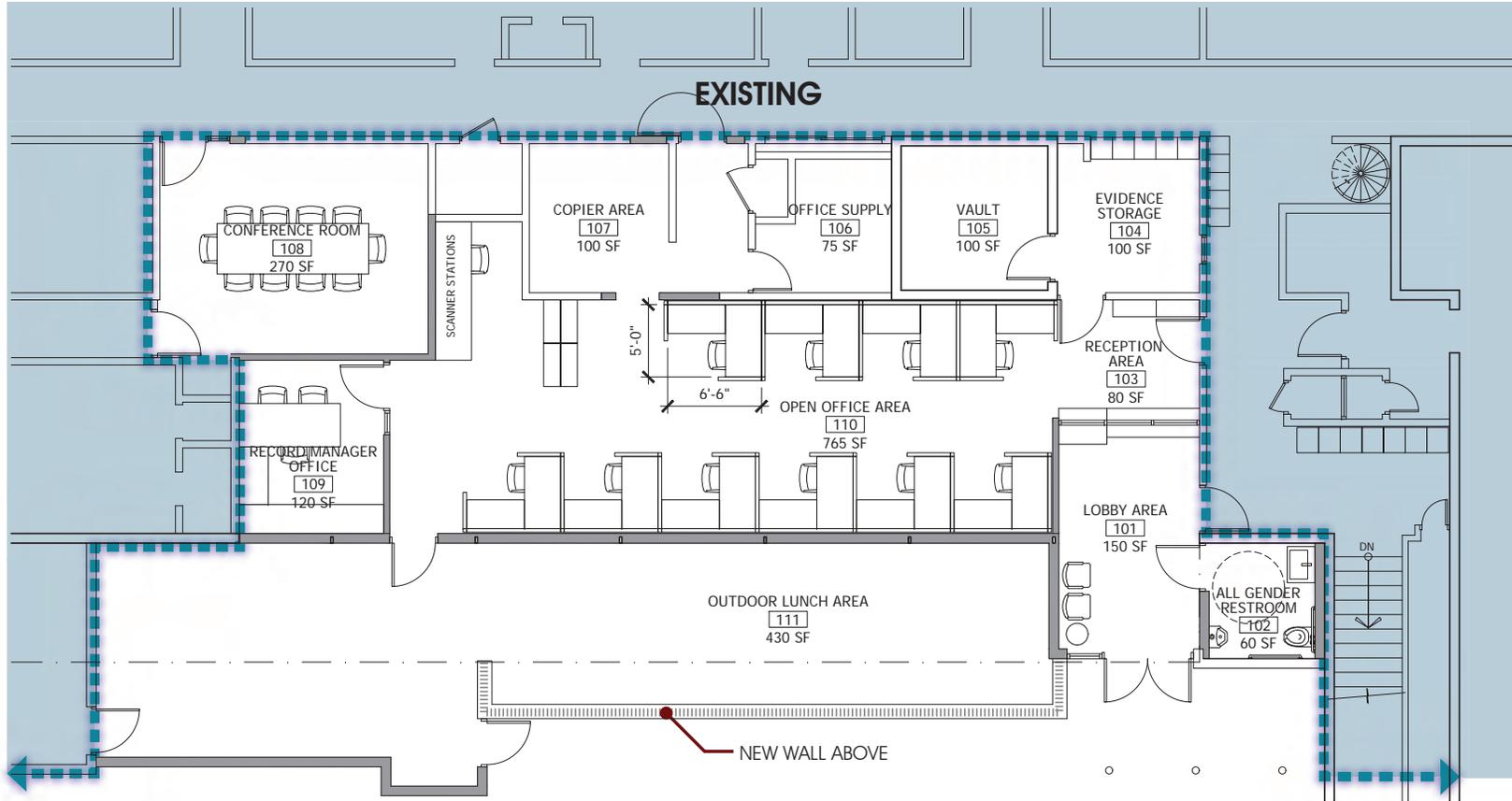
OPTION 1

| | |
|---|---------------------------|
| LEGEND: | |
|  | EXISTING WALL TO REMAIN |
|  | EXISTING TO BE DEMOLISHED |




**EXISTING/DEMO
FLOOR PLAN**
scale : 1/8" = 1'-0"

| LEGEND: | |
|---|-------------------------|
|  | EXISTING WALL TO REMAIN |
|  | NEW WALL |




PROPOSED FLOOR PLAN
 scale : 1/8" = 1'-0"



**CONCEPTUAL FLOOR PLAN
 OPTION 1**



CITY OF REDONDO BEACH
 POLICE DEPARTMENT LOBBY &
 RECORD UNITS UPGRADE
 MARCH 23, 2020

DRAFT 4

EXISTING PAINTED ROOFING SYSTEM
NEW GLAZING (TYP)

PAINTED EXTERIOR DOOR- COLOR 1
STUCCO COLOR 1



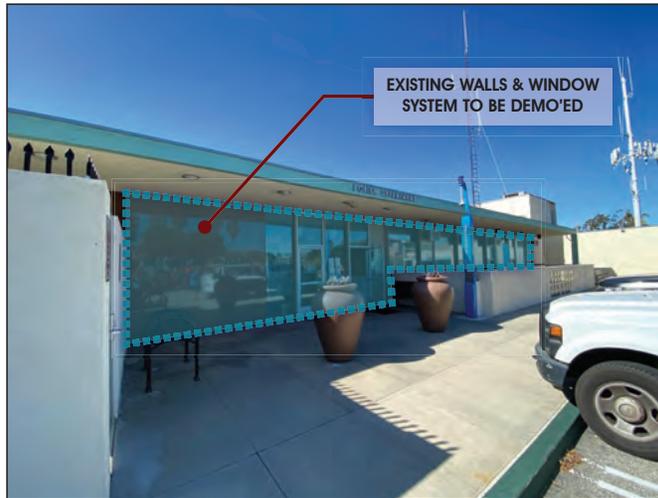
ROOFING SYSTEM

STUCCO COLOR 2
CLEAR ANODIZED ALUMINUM STOREFRONT

SECURITY BOLLARD

EXISTING PAINTED CMU WALL

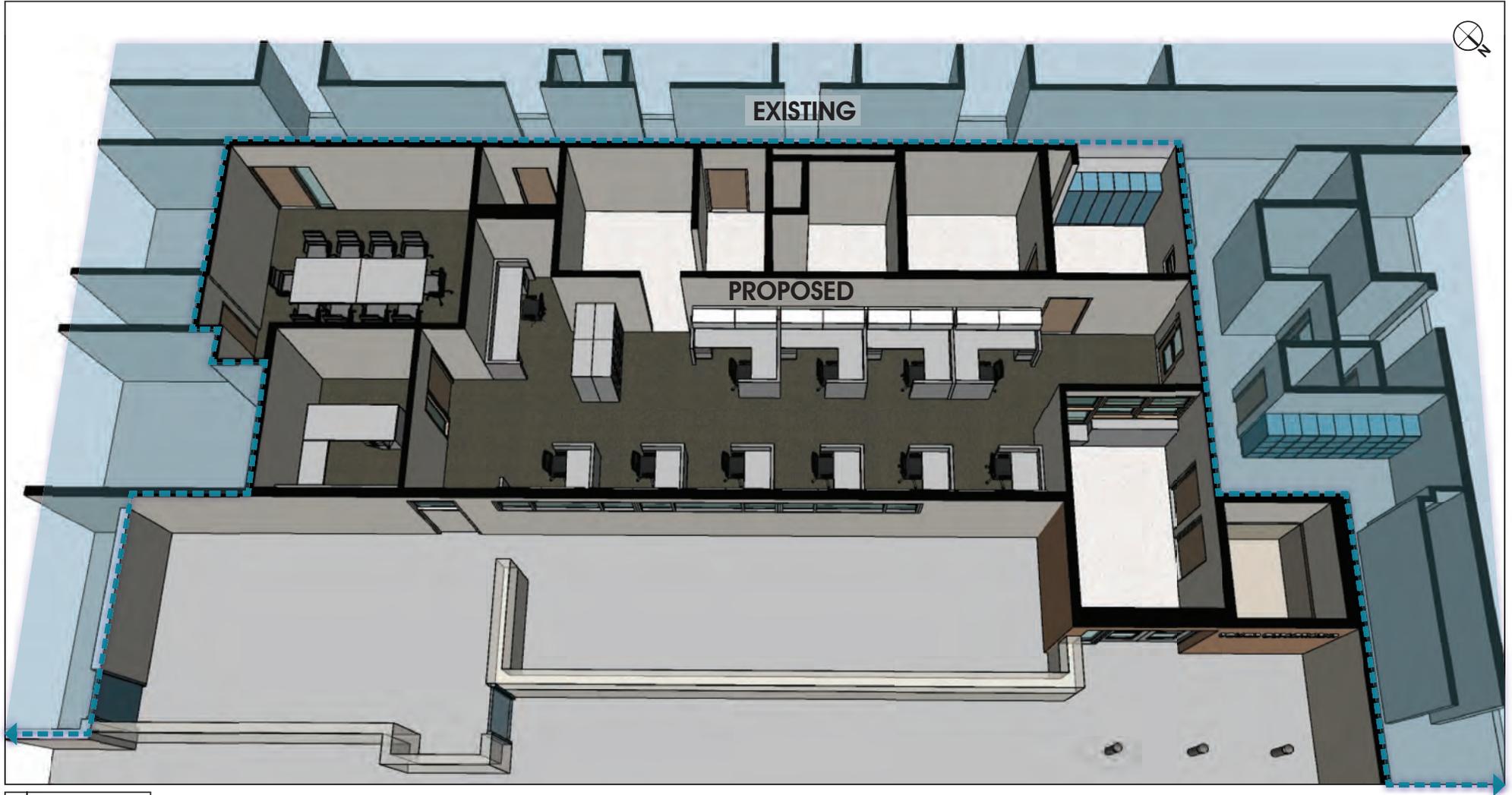
Conceptual Perspective 1



EXISTING WALLS & WINDOW SYSTEM TO BE DEMO'ED

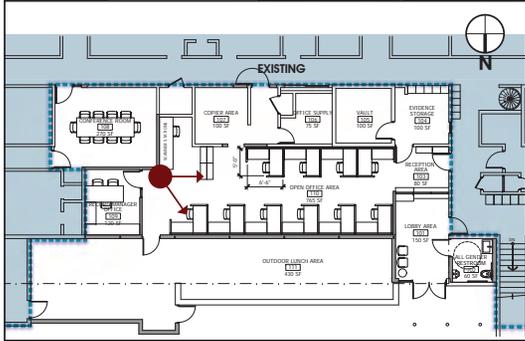


LOCATION OF NEW LOBBY ENTRANCE



| | | |
|--------|---|--------|
| LEGEND |  | CARPET |
| |  | VCT |
| |  | TILE |

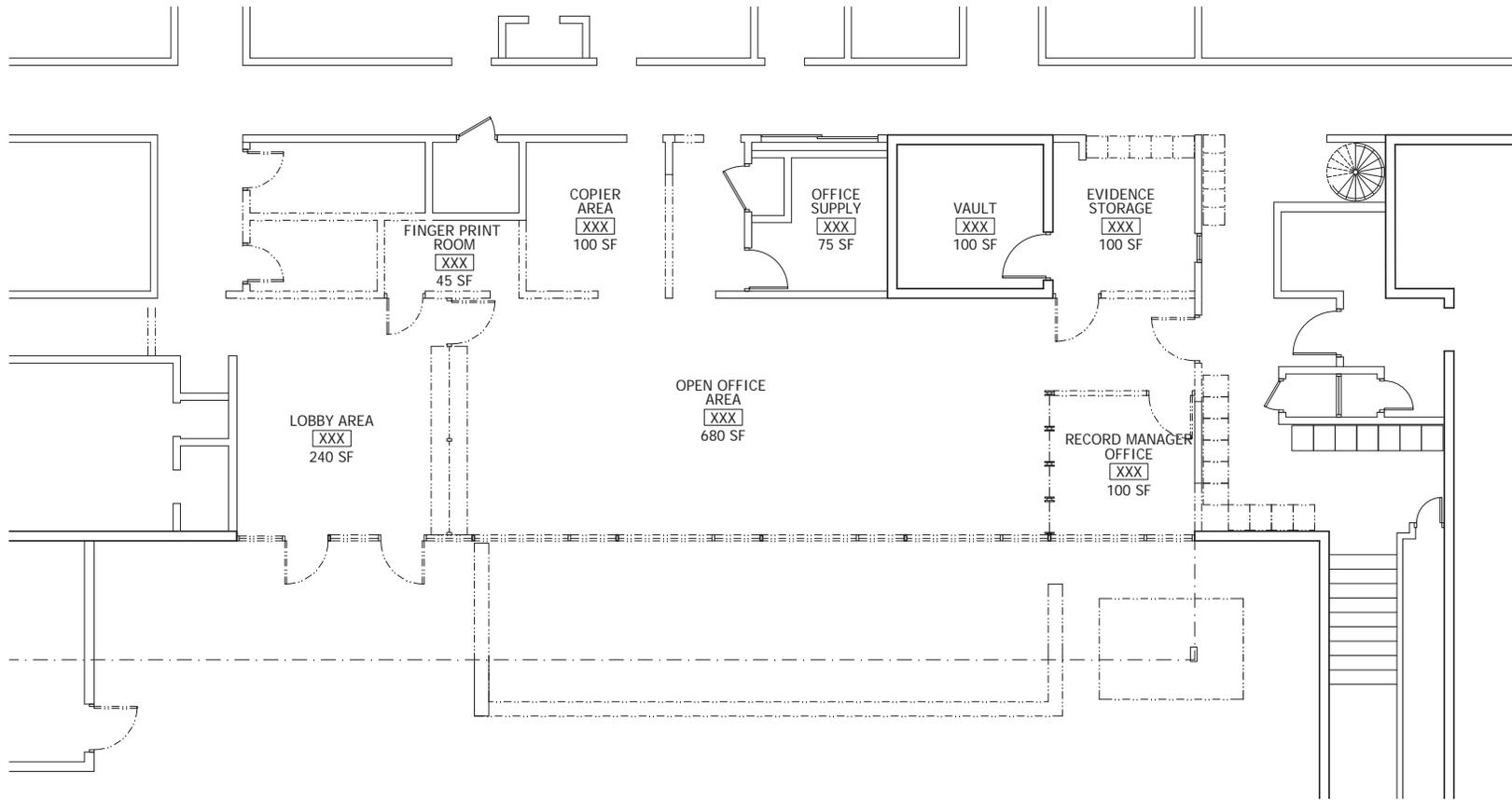
Conceptual Perspective 2



Conceptual Perspective 3

OPTION 2

| | |
|---|---------------------------|
| LEGEND: | |
|  | EXISTING WALL TO REMAIN |
|  | EXISTING TO BE DEMOLISHED |



**EXISTING/DEMO
FLOOR PLAN**

scale : 1/8" = 1'-0"

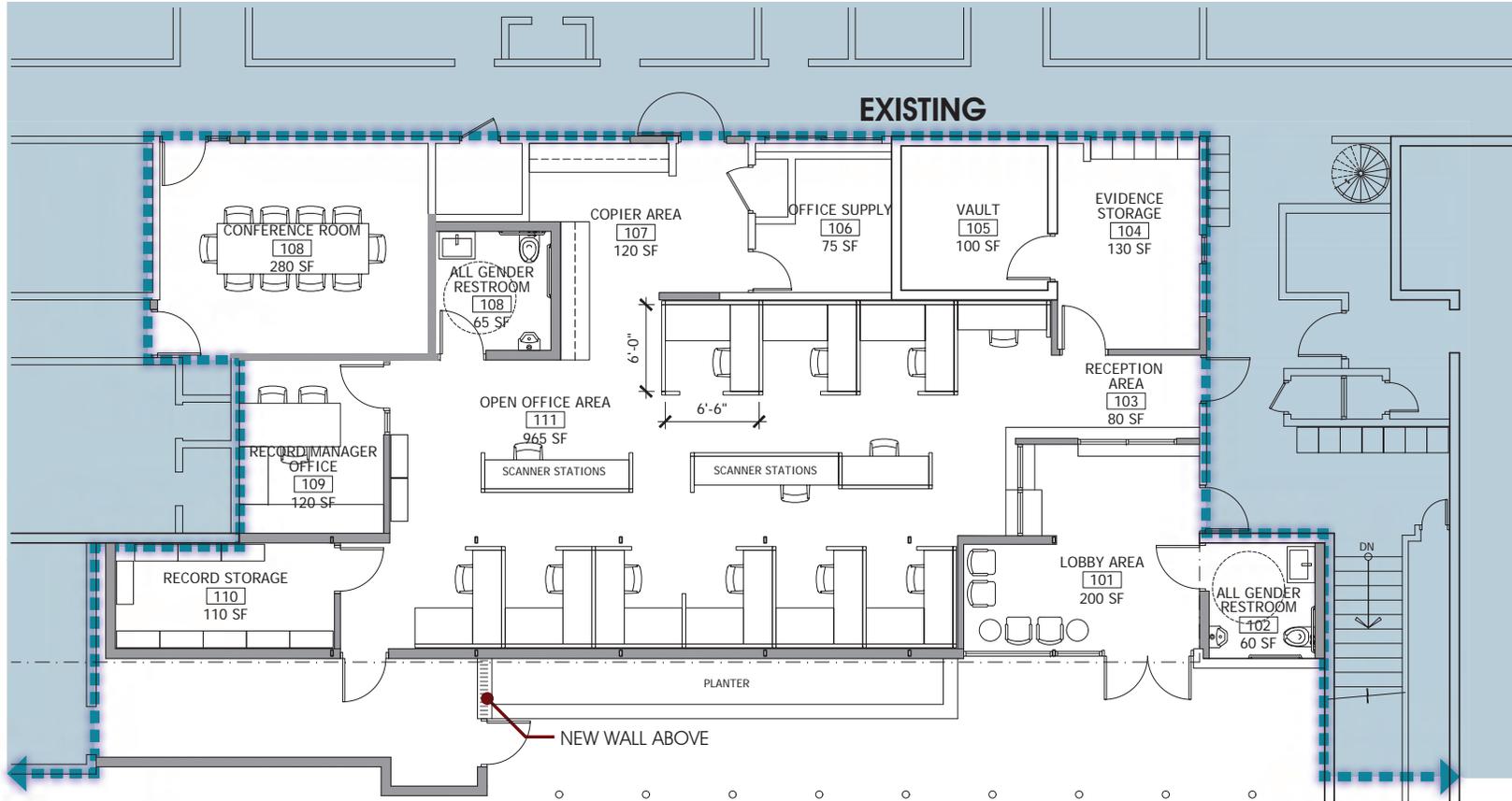


**CONCEPTUAL EXISTING/DEMO FLOOR PLAN
OPTION 2**



CITY OF REDONDO BEACH
POLICE DEPARTMENT LOBBY &
RECORD UNITS UPGRADE
MARCH 23, 2020

| LEGEND: | |
|---|-------------------------|
|  | EXISTING WALL TO REMAIN |
|  | NEW WALL |




PROPOSED FLOOR PLAN
 scale : 1/8" = 1'-0"



**CONCEPTUAL FLOOR PLAN
 OPTION 2**

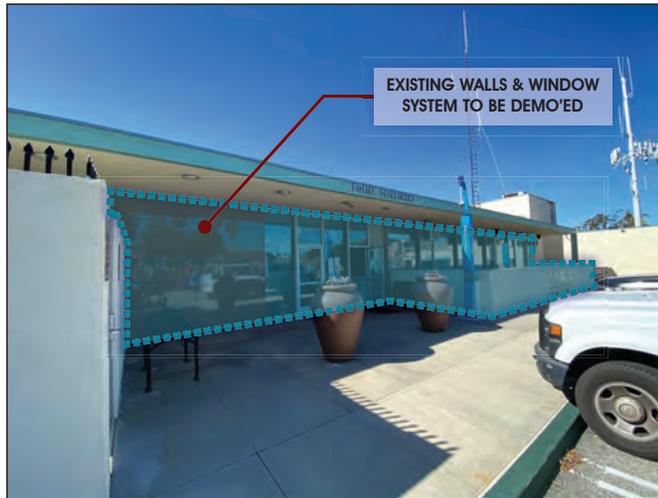


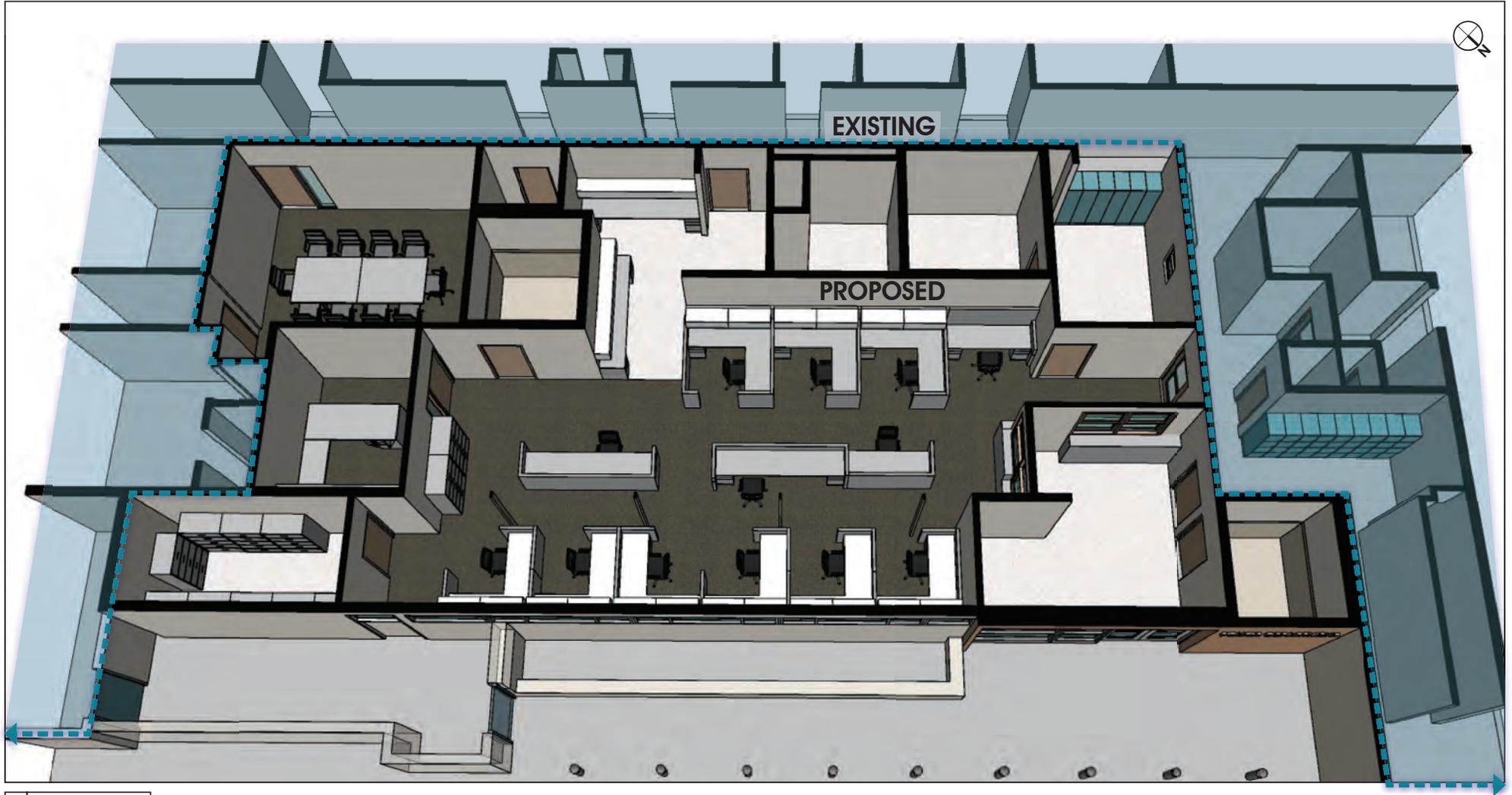
CITY OF REDONDO BEACH
 POLICE DEPARTMENT LOBBY &
 RECORD UNITS UPGRADE
 MARCH 23, 2020

Attachment A



Conceptual Perspective 1





| | |
|--------|--|
| LEGEND |  CARPET |
| |  VCT |
| |  TILE |

Conceptual Perspective 2



CONCEPTUAL PERSPECTIVES
OPTION 2



CITY OF REDONDO BEACH
POLICE DEPARTMENT LOBBY &
RECORD UNITS UPGRADE
MARCH 23, 2020

CARPET SELECTION



SHAW CARPET TILE
34761- PORTABELLA- PORTAL TILE

PAINT SELECTION 1



DUNN EDWARDS
DE6226 FOGGY DAY- LRV 71

Attachment A

TILE SELECTION 1



DALTILE FLOOR TILE
KEYSTONES- URBAN PUTTY

STUCCO SELECTION 1



OMEGA STUCCO
432 MILKY QUARTZ

VCT SELECTION



SHAW CARPET TILE
34761- PORTABELLA- PORTAL TILE

PAINT SELECTION 2



DUNN EDWARDS
DE6241 LUNAR LANDING LRV 58

TILE SELECTION 2



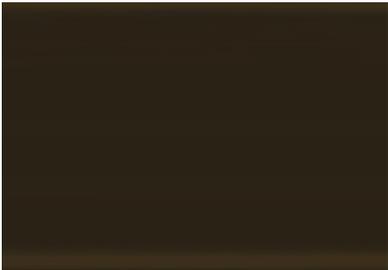
DALTILE WALL TILE- ACCENT
KEYSTONES- ELEMENTAL TAN

STUCCO SELECTION 2



OMEGA STUCCO
415 ONIONSKIN TAN

RUBBER BASE



BURKE- 4" RUBBER BASE
#523 BLACK-BROWN (COVERD)

PAINT SELECTION 3



DUNN EDWARDS
DE6192 NOMADIC TAUPE LRV 53

TILE SELECTION 3



DALTILE WALL TILE
GLAZED PORCELAIN- VOLUME 1.0- REVERB ASH VL74

GLAZING



VIRACON
GREEN 2

MULLIONS



CLEAR ANODIZED
ALUMINUM

CITY OF REDONDO BEACH

Midyear Budget Response Report #5

February 16, 2021

Question:

What would be the cost to replace the existing lighting along the beachfront pedestrian walkway between Veterans Park and Knob Hill Avenue?

Response:

The beachfront pedestrian walkway located west of the Esplanade properties between Veterans Park and Knob Hill Avenue contains lighting that has reached the end of its useful life and needs to be replaced. A project to replace the 35 lights would include the following:

- New solar light fixtures
- New poles
- Replacement of the light pole foundations
- Project design, installation and inspection

The estimated cost to implement the replacement project is approximately \$200,000, including a 25% contingency.

It should be noted that the Public Works Department intends to replace a single light, pole and foundation using a contemporary solar light fixture at the end of the beach bluff path near Knob Hill as a pilot project. Costs for the pilot project will be covered by the department's existing maintenance and operating budget. A larger project to replace the remaining beach bluff lights will be considered as part of the annual Capital Improvement Program budgeting process.

CITY OF REDONDO BEACH

Midyear Budget Response Report #6

February 16, 2021

Question:

What is the feasibility of the City issuing bonds for pavement rehabilitation to gain the benefit of current construction costs?

Response:

STEP 1: Determine the Bonding Amount

The first step to determine the feasibility of issuing bonds to fund the City's pavement rehabilitation work is to obtain the cost for construction of all the streets that require rehabilitation and then determine how much, if any, of that amount should be covered by bond financing.

Nichol's Consulting Engineers (NCE), the City's consultant that updated the Pavement Management Report in 2020, has experience in analyzing the City's pavement network and, if desired, could determine the cost of construction to complete all streets. The estimated cost for the analysis needed to determine the full estimated cost of street reconstruction is \$34,000.

STEP 2: Determine the Financing Options

The City is currently exploring bond financing options to help reduce long term pension costs. The outcome of this exploration could have an impact on the City's bond rating and would likely alter the pros and cons of subsequent construction bond financing. That said, the City could propose a General Obligation Bond Measure which would be subject to a two-thirds voter approval of a special tax which would not require collateral. Additionally, the City could utilize sales tax revenue bonds or certificates of participation (COP) backed by Metro Local Return Funding: Proposition C, Measure M and Measure R, specifically.

A formal review of these options would require assistance from a finance consulting firm. The estimated cost to determine the City's construction bond financing options will need to be determined.

CITY OF REDONDO BEACH
Midyear Budget Response Report #7

February 16, 2021

Question:

What is the net amount of each department's midyear personnel adjustments recommended in Decision Package #2 and to what can they be attributed?

Response:

Attached are each department's midyear personnel adjustments recommended in Decision Package #2.

Attachment:

Attachment A – Personnel Adjustments

Attachment A

GENERAL FUND

| | Vacancy Savings | Vacation Cashouts | Health Insurance Cash in Lieu | Position Restoration | Total |
|-------------------------------------|------------------------|--------------------------|--------------------------------------|-----------------------------|--------------------|
| Mayor/City Council | - | - | 1,440 | - | 1,440 |
| City Clerk | - | 1,446 | - | - | 1,446 |
| City Treasurer | - | (516) | - | - | (516) |
| City Attorney | - | 7,995 | 4,523 | - | 12,518 |
| City Manager | - | - | - | - | - |
| Information Technology | - | - | - | - | - |
| Human Resources | - | 527 | - | - | 527 |
| Financial Services | - | 6,048 | 3,701 | 40,976 | 50,725 |
| Police | (100,000) | 65,537 | 4,105 | - | (30,358) |
| Fire | (500,000) | 66,620 | 2,261 | - | (431,119) |
| Public Library | (370,750) | 42 | 821 | - | (369,887) |
| Community Services | (408,027) | 2,469 | - | - | (405,558) |
| Community Development | - | 3,478 | 3,285 | - | 6,763 |
| Waterfront and Economic Development | - | 1,463 | - | - | 1,463 |
| Public Works | - | 13,028 | 7,605 | - | 20,633 |
| Totals | (1,378,777) | 168,137 | 27,741 | 40,976 | (1,141,923) |

OTHER FUNDS

| | Vacancy Savings | Vacation Cashouts | Health Insurance Cash in Lieu | Position Restoration | Total |
|-------------------------------------|------------------------|--------------------------|--------------------------------------|-----------------------------|------------------|
| Mayor/City Council | - | - | - | - | - |
| City Clerk | - | - | - | - | - |
| City Treasurer | - | - | - | - | - |
| City Attorney | - | - | - | - | - |
| City Manager | - | - | - | - | - |
| Information Technology | - | 2,495 | 3,904 | - | 6,399 |
| Human Resources | - | 1,229 | - | - | 1,229 |
| Financial Services | - | - | - | - | - |
| Police | - | 10,087 | - | - | 10,087 |
| Fire | (172,287) | 4,688 | - | - | (167,599) |
| Public Library | - | - | - | - | - |
| Community Services | (86,755) | 3,735 | - | - | (83,020) |
| Community Development | - | - | - | - | - |
| Waterfront and Economic Development | (44,670) | 7,458 | - | - | (37,212) |
| Public Works | - | 17,164 | 3,489 | - | 20,653 |
| Totals | (303,712) | 46,856 | 7,393 | - | (249,463) |

Attachment A

ALL FUNDS

| | Vacancy Savings | Vacation Cashouts | Health Insurance Cash in Lieu | Position Restoration | Total |
|-------------------------------------|------------------------|------------------------------|--|---------------------------------|--------------|
| Mayor/City Council | - | - | 1,440 | - | 1,440 |
| City Clerk | - | 1,446 | - | - | 1,446 |
| City Treasurer | - | (516) | - | - | (516) |
| City Attorney | - | 7,995 | 4,523 | - | 12,518 |
| City Manager | - | - | - | - | - |
| Information Technology | - | 2,495 | 3,904 | - | 6,399 |
| Human Resources | - | 1,756 | - | - | 1,756 |
| Financial Services | - | 6,048 | 3,701 | 40,976 | 50,725 |
| Police | (100,000) | 75,624 | 4,105 | - | (20,271) |
| Fire | (672,287) | 71,308 | 2,261 | - | (598,718) |
| Public Library | (370,750) | 42 | 821 | - | (369,887) |
| Community Services | (494,782) | 6,204 | - | - | (488,578) |
| Community Development | - | 3,478 | 3,285 | - | 6,763 |
| Waterfront and Economic Development | (44,670) | 8,921 | - | - | (35,749) |
| Public Works | - | 30,192 | 11,094 | - | 41,286 |
| Totals | (1,682,489) | 214,993 | 35,134 | 40,976 | (1,391,386) |