

CITY OF LOS ALAMITOS

3191 Katella Avenue
Los Alamitos, CA 90720

AGENDA BUDGET STANDING COMMITTEE SPECIAL MEETING

Tuesday, May 7, 2019 – 6:00 p.m.

NOTICE TO THE PUBLIC

This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Any written materials relating to an item on this agenda submitted after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 3191 Katella Ave., Los Alamitos CA 90720, during normal business hours. In addition, such writings or documents will be made available for public review at the respective public meeting.

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made. Assisted listening devices may be obtained from the City Clerk at the meeting for individuals with hearing impairments.

Persons wishing to address the Committee on any item on the agenda will be called upon at the time the agenda item is called or during the Committee's consideration of the item and may address the Committee for up to three minutes.

1. CALL TO ORDER

2. ROLL CALL

Council Member Chirco
Council Member Hasselbrink

3. CONSENT CALENDAR

A. Approval of Minutes

Approve the Minutes of the Special Meeting on April 2, 2019

4. DISCUSSION ITEMS

A. 7-Year Capital Improvement Program

(Finance)

Review and discuss the Preliminary Seven-Year Capital Improvement Program for Fiscal Year 2019-20 through 2025-26.

Recommendation: Review and discuss the Preliminary Seven-Year Capital Improvement Program for Fiscal Year 2019-20 through 2025-26.

B. Vehicle & Equipment Replacement Schedule (Finance)

Review and discuss the Vehicles & Replacement Schedule.

Recommendation: Review and discuss the Vehicle & Replacement Schedule.

C. Continued Fiscal Year 2019-20 General Fund Budget Gap Measures (Finance)

This report will provide the Budget Standing Committee budget gap measure considerations for closing the remaining Fiscal Year 2019-20 General Fund budget gap of \$64,700 as last reported on April 15, 2019.

Recommendations:

1. Review Potential General Fund Gap Closures for Budget Fiscal Year 2019-2020; and,
2. Direct staff regarding modifications to the General Fund Budget for Fiscal Year 2019-2020.

D. Other Funds' Budget Fiscal Year 2019-20 (Finance)

Staff has discussed the General Fund and CIP Budgets for the Fiscal Year 2019-20. This report updates the Budget Standing Committee on the budgets for all other funds not included in previous reports.

Recommendation: Review and discuss Other Funds (Other than General Fund and CIP) for Budget Fiscal Year 2019-2020.

E. Budget and Fiscal Sustainability Calendar; Review of 115 Trust; and Community Engagement Opportunities (City Manager)

This report seeks the Budget Standing Committee's feedback on the proposed Fiscal Sustainability Calendar and suggested topics for the balance of the 2019 calendar year; community engagement opportunities and review of the PARS 115 Trust option. Staff is proposing open meetings to discuss the long-term Fiscal Sustainability of the City of Los Alamitos and budget challenges that are anticipated.

Recommendations:

1. Discuss the recommended Fiscal Sustainability Calendar and topics for July-December 2019; and,
2. Discuss Community Engagement Opportunities; and,
3. Review the PARS 115 Trust option; and,
4. Seek feedback and direction on the Fiscal Sustainability Plan for the City.

5. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the following locations: Los Alamitos City Hall, 3191 Katella Ave.; Los Alamitos Community Center, 10911 Oak Street; and, Los Alamitos Museum, 11062 Los Alamitos Blvd.; not less than 24 hours prior to the meeting.

Eric Hendrickson

Eric Hendrickson, Finance Director

05/02/19

Date

MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING Tuesday, April 2, 2019 – 6:00 p.m.

1. CALL TO ORDER

The Budget Standing Committee met in Special Session at 6:00 p.m., Tuesday, April 2, 2019, at City Hall, 3191 Katella Avenue, Council Members Chirco and Hasselbrink presiding.

2. ROLL CALL

Present: Committee Members: Council Member Chirco
Council Member Hasselbrink

Absent: Committee Members: None

Present: Staff: Bret Plumlee, City Manager
Maria-Luisa Valdez, CPA, Finance Director
Eric Nunez, Police Chief
Sean Connolly, Police Captain
Chris Karrer, Police Captain
Les Johnson, Development Services Director
Ron Noda, Recreation Manager
Emeline Noda, Recreation Manager

3. CONSENT CALENDAR

A. Approval of Minutes

Motion/Second: Chirco/Hasselbrink

Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting on March 11, 2019

4. DISCUSSION ITEMS

Council Member Hasselbrink opened the item for public comment. There being no one present wishing to speak, Council Member Hasselbrink closed the item for public comment.

A. Fiscal Year 2019-20 General Fund Budget Department Review

(Finance)

Each department head presented a budget overview of their department. Director Valdez provided the FTE and Fiscal Year 2019-20 budget for administration which includes City Council, City Manager/City Clerk and

Finance Departments. Chief Nunez provided FTE, department operations and Fiscal Year 2019-20 budget for the Police Department. Nunez also discussed potential gap closure option of freezing the Motor Officer position due to staffing and realistic recruitment. Director Johnson provided a brief overview of Development Services. Recreation managers Noda and Noda provided FTE, Recreation division operation overview and Fiscal Year 2019-20 budget for the Recreation and Community Services Department. The Budget Standing Committee provided direction to make adjustments to the budget in order to address the Fiscal Year 2019-20 preliminary budget gap deficit of \$482,510.

B. Fiscal Sustainability Update (Finance)

To address shortfalls in the Ten-Year Financial Forecast due to escalating expenditures, staff provided the Budget Standing Committee other savings options city-wide which include creating a SAS 115 Trust, asset transfer to PERS and/or Pension Obligation Bonds. In addition to addressing the long-term deficit, Director Valdez provided considerations for closing the Fiscal Year 2019-20 Budget gap of \$482,510. Options included a quarter of tax for the new hotel development, increases in revenues for the Master Fee CPI adoption, changes in property tax estimates, changes in personnel assumptions for the Development Services, Finance and Police Departments. The Budget Standing Committee supported the report to be presented to City Council for approval.

5. ADJOURNMENT

The Budget Standing Committee adjourned at approximately 9:00 p.m.

Mark Chirco, Council Member

Attest:

Eric Hendrickson, Finance Director

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: May 7, 2019

ITEM NUMBER: 4A

To: Budget Standing Committee Members

**Presented By: Eric Hendrickson, Finance Director
Dave Hunt, City Engineer**

Subject: 7-Year Capital Improvement Program

SUMMARY

Review and discuss the Preliminary Seven-Year Capital Improvement Program for Fiscal Years 2019-20 through 2025-26.

RECOMMENDATION

Review and discuss the Preliminary Seven-Year Capital Improvement Program for Fiscal Years 2019-20 through 2025-26.

BACKGROUND

Budget Workshops for Fiscal Year 2019-20 were held with the Budget Standing Committee on February 11th, March 11th and April 2nd, which focused on the City's operating budget. Today's Budget Workshop will focus on the City's Capital Improvement Program.

DISCUSSION

The City's Capital Improvement Program (CIP) is a multi-year planning instrument that drives the evaluation and identification of capital infrastructure projects in need of renovation, repair, and/or construction. Capital projects range from road maintenance or construction to the renovation of municipal buildings, park improvements, etc. The CIP relates these projected capital needs to the financial sources that will support their realization and the timeframe in which both the financing and work will take place.

The Capital Improvement Program document is different from the annual budget as it sets forth a seven-year program. The first year's program contains projects that are included in the proposed Annual Operating Budget for the upcoming fiscal year. The remaining six years reflect staff's recommended priorities for the future and are reviewed and revised annually by the City Council. Capital projects that have been budgeted in the current Fiscal Year 2018-19 are not reflected in the upcoming 7-Year CIP. However, unexpended amounts on projects that are "in-process" as of June 30, 2019 will be carried-over and re-budgeted in Fiscal Year 2019-20.

Presented for your consideration is the Capital Improvement Program (CIP) for Fiscal Year 2019-20 through Fiscal Year 2025-26 (**Attachment 1**). Dave Hunt, City Engineer, will be present at the meeting to discuss both the 7-Year CIP and the Pavement Management Plan (PMP) (**Attachment 2**) in conjunction with the proposed projects. The PMP includes a map of the City and different areas of the most recent work.

The following projects are recommended in the Fiscal Year 2019-20 capital budget:

Fund	Project Description
CDBG (19)	Noel Street Improvements from Farquhar to Katella Ave
Gas Tax (20)	Regular Yearly Street Maintenance
SB1 Gas Tax (20)	Farquhar- between Los Alamitos Blvd and Bloomfield
Measure M (26)	Regular street maintenance, ADA curb ramps and sidewalks
AQMD (23)	Katella Ave Signal Synchronization
Park Development (40)	Park projects - Labourdette Park Turf renovations, Community Center and Youth Center ADA repairs, Community Center Door
Facilities Streets Parks (52)	Upgrade Electric Service and Wiring in Police Department

There are available resources in each fund for the proposed projects.

Community Development Block Grant (Fund 19) – Every year the City applies to receive Community Development Block Grant (CDBG) funds to fund programs for neighborhood revitalization, economic development, improvement of community facilities, and can be used for ADA projects as well. On January 16, 2018, City Council adopted a resolution to use the Fiscal Year 2019-20 CDBG funds to remove and replace sections of asphalt concrete, grind and overlay Noel Street, from Katella Avenue to Farquhar Avenue in the Apartment Row neighborhood. By reconstructing this street, it would make it easier for residents to travel to and from their residences. The project was approved by HUD for \$150,000 with a 10% city match. As detailed in Attachment 1, the City will use \$135,000 from the CDBG grant and \$15,000 will be funded with gas tax funds.

Gas Tax (20) – The City is estimated to receive \$329,250 in gas tax funds and \$209,730 in SB1 Funds in Fund 20. \$185,000 is proposed to be transferred to the General Fund to offset the Street Maintenance division. Staff recommends using the remaining gas tax funds for regular street maintenance such as arterial and residential tree trimming as well as street marking and striping, which amount to \$65,000. There is an additional amount of \$15,000 match requested as aforementioned for the Noel Street improvements.

On April 15, 2019, Council approved SB1 funds in the amount of \$209,730 to be used on the Farquhar Street rehabilitation. The total project will cost approximately \$300,000 therefore the matching funds will be funded by Measure M in the amount of \$90,270.

Measure M (26) – The City is estimated to receive \$234,250 in Measure M funds for Fiscal Year 2019-20. Staff recommends \$95,000 be used on regular street maintenance such as residential street improvements (crack seals, potholes), tree planting, replace safety lights and intersections with LED lights, and maintaining and repairing traffic signal heads. There is an additional \$50,000 proposed for ADA repairs on curb ramps and sidewalks

from Measure M. There is an additional amount of \$90,270 match requested from Measure M for the Farquhar Street rehabilitation primarily funded by SB1 Funds.

Air Quality Management (23) – The City is estimated to receive \$14,900 in AQMD funds for Fiscal Year 2019-20. There is a fund balance projected as July 1, 2019 of \$62,395. The FY 2019-20 CIP budget proposes to use \$51,150 of AQMD funds toward the Katella Avenue signal synchronization project that is administered by the Orange County Transportation Agency (OCTA).

Los Alamitos Television (28) – Based on the OURLosAI contract and regular scheduled expenses in the fund, there is a projected budget of \$36,650 (maintenance and operations), which is funded by the revenue projected in the fund for PEG fees. The fund pays for meeting cablecasting, event filming that is reimbursed, dues and subscriptions. \$15,500 is requested in order to purchase 4 PTZ cameras for digital upgrade (capital project).

Facilities, Streets and Parks Capital Expenditures (52) – On September 17, 2018, Council approved \$40,000 to be an annual allocation from the General Fund to Fund 52 in order to replenish the fund. Staff recommends \$40,000 be used this year to fund the electric service and wiring in the Police Department. The police department building has been in existence since 1970. During that time frame, there have been many demands placed on the electrical infrastructure, including expansions/additions of electrical panels. As technology has advanced, so has the need for more power and outlets. There are many electrical outlets connected to essential equipment, which do not receive power during outages. There is also a need to provide additional power supplies in the building as to accomplish core level workloads. The purpose of the “Upgrade Electric Service and Wiring Project”, is to identify current and future needs of power to all areas of the building and to identify additional electrical panels or restructuring of the existing panels to maximize the loads without the current problems of overloading panels and breakers, causing them to trip and lose power.

Park Development (Fund 40) - Staff recommends the Recreation and Community Services Department use Park Development funds that are expected from the 50-unit Olsen project on several park projects. The development fees collected in relation to the permits for the units are restricted for park development use. The recommended projects include Community Center and Park ADA repairs, Labourdette Park playground and equipment renovations, and a new door for the Community Center. There is a total of \$268,250 park development funds proposed in the Capital Improvement budget for Fiscal Year 2019-20. The largest project is the Labourdette Park playground and equipment renovation, which is projected at a cost of \$163,000. The project was adopted in the Fiscal Year 2018-19 CIP Budget for \$140,000 however bids came in higher. With the proposed \$163,000 for the Labourdette Park in Fiscal Year 2019-20, staff will modify the specs and ensure to stay within the budget. Labourdette Park currently has old equipment and due to safety, is recommended to have the park equipment and surface renovated. Additionally, there is \$45,000 proposed for ADA repairs and \$60,000 for a new Community Center door.

The FY 2019-20 through FY 2025-26 CIP provides a spending plan, which provides funding for critical, safety related projects that will get the City through the next 3 to 5 years and funding for key Recreation facilities and projects which will benefit the entire community. There are several critical and safety-related projects that staff would like to accomplish however due to funding, these projects have been delayed to Fiscal Year 2020-21 and beyond. The City is experiencing difficulty balancing the budget for Fiscal Year 2019-20 therefore no projects are proposed from the General Fund.

Fiscal Impact

The Preliminary Seven-Year Capital Improvement Program includes \$1,049,650 of proposed capital expenditures in Fiscal Year 2019-20. As shown below, sufficient funds are available to cover the proposed capital improvements from the following funds:

Fund	Projected Fund Balance as of July 1, 2019¹	2019-20 Revenues	2019-20 Capital Improvement Projects	Projected Fund Balance as of June 30, 2020
CDBG (19)	\$ -	\$ 135,000	\$ 135,000	\$ -
Gas Tax (20)	-	329,250 ²	289,730	39,520
Measure M (26)	28,050	234,250	250,270	12,030
AQMD (23)	62,350	14,900	51,150	26,100
Los Alamitos Television (28)	86,400	-	15,500	70,900
Facilities Streets & Parks (52)	123,000	40,000	40,000	123,000
Park Development (40)	300	268,250	268,000	550
Total	\$ 300,100	\$ 1,021,650	\$ 1,049,650	\$ 272,100

¹ The projected fund balance at July 1, 2019 assumes all capital projects that have been budgeted in Fiscal Year 2018-19 will be fully expended.

² 2019-20 Gas Tax Revenues are net of amounts to be transferred to the General Fund in 2019-20 to offset the costs (\$185,000) of the street maintenance division.

Submitted By: Eric Hendrickson, Finance Director

Approved By: Bret M. Plumlee, City Manager

Attachments: 1. 7-Year Capital Improvement Program
2. Pavement Management Plan

	PROJECT TITLE	FUNDING SOURCE	FISCAL YEAR 2019-20	FISCAL YEAR 2020-21	FISCAL YEAR 2021-22	FISCAL YEAR 2022-23	FISCAL YEAR 2023-24	FISCAL YEAR 2024-25	FISCAL YEAR 2025-26	TOTAL PROJECT COSTS
	School Traffic Study - Special Projects									
35	Cerritos Ave @High School Intersection - Striping Duel Left turns into school	Unfunded							\$ 7,700	\$ 7,700
36	Cerritos Avenue/Los Alamitos Boulevard Intersection Improvements	Unfunded							\$ 131,000	\$ 131,000
37	Los Alamitos Blvd North of Cerritos add signal at Teachers Parking Lot	Unfunded							\$ 460,000	\$ 460,000
38	McAuliffe Middle School Restriping Cerritos Ave	Unfunded								\$ -
39	McAuliffe Middle School protective right-turn arrow for northbound Bloomfield and Cerritos Ave	Unfunded								\$ -
40	Los Alamitos Elementary School Restriping Bloomfield Ave	Unfunded								\$ -
41	Fix drainage problems on East side of Saratoga Dr	Unfunded						\$ 25,000		\$ 25,000
	Pavement Management Plan									
42	Suburbia - Rehabilitation	Measure M / Gas Tax		\$ 328,800						\$ 328,800
43	Cerritos and Lexington Intersection Improvements	Measure M / Gas Tax			\$ 200,000					\$ 200,000
44	Country Square	Measure M / Gas Tax			\$ 76,800					\$ 76,800
45	Old Town East and Medical Center Area	Measure M / Gas Tax			\$ 111,000					\$ 111,000
46	New Dutch Haven	Measure M / Gas Tax			\$ 69,600					\$ 69,600
47	Orangewood Avenue Pavement Rehabilitation	Measure M / Gas Tax			\$ 18,000					\$ 18,000
48	Old Town West - Rehabilitation	Measure M / Gas Tax			\$ 85,000					\$ 85,000
49	Woodcrest - Rehab	Measure M / Gas Tax				\$ 36,000				\$ 36,000
50	College Park North	Measure M / Gas Tax				\$ 318,000				\$ 318,000
51	Storm Drain Master Plan - Citywide	Measure M / Gas Tax				\$ 50,000				\$ 50,000
52	GIS Map Showing Detailed City Right of Way	Measure M / Gas Tax				\$ 50,000				\$ 50,000
53	Bloomfield Ave - Cerritos to Katella	Measure M / Gas Tax				\$ 73,200				\$ 73,200
54	Los Alamitos Blvd - N City Limit to Cerritos Ave	Measure M / Gas Tax				\$ 70,800				\$ 70,800
55	Katella Ave - Los Alamitos Blvd to Bloomfield St	Measure M / Gas Tax				\$ 52,800				\$ 52,800
56	Katella Ave - Bloomfield St to Lexington Dr	Measure M / Gas Tax				\$ 51,600				\$ 51,600
57	Katella Ave - Lexington Dr to Siboney	Measure M / Gas Tax				\$ 57,600				\$ 57,600
	PMP - CDBG Funding Projects									
58	Apartment Row Green Street, Reagan to Lexington	CDBG / Gas Tax/ Measure M				\$ 200,000				\$ 200,000
59	Apartment Row Howard Street, Reagan to	CDBG / Gas Tax/ Measure M			\$ 204,000					\$ 204,000
60	Apartment Row Farquhar Ave, Reagan to Lexington	CDBG / Gas Tax/ Measure M			\$ 252,000					\$ 252,000
61	Apartment Row Reagan, Farquhar to Katella	CDBG / Gas Tax/ Measure M					\$ 192,000			\$ 192,000
62	Apartment Row Maple, Farquhar to Katella	CDBG / Gas Tax/ Measure M					\$ 167,000			\$ 167,000
63	Apartment Row Bloomfield, Farquhar to Katella	CDBG / Gas Tax/ Measure M						\$ 128,000		\$ 128,000
64	Apartment Row Lexington, Farquhar to Katella	CDBG / Gas Tax/ Measure M						\$ 30,000		\$ 30,000
	Subtotal Streets and Drainage Funded		\$ 726,150	\$ -	\$ -	\$ -	\$ -	\$ -		
	Subtotal Streets and Drainage Unfunded			\$ 1,561,800	\$ 1,365,900	\$ 1,621,500	\$ 4,975,000	\$ 6,140,000	\$ 21,536,700	\$ 37,927,050

	PROJECT TITLE	FUNDING SOURCE	FISCAL YEAR 2019-20	FISCAL YEAR 2020-21	FISCAL YEAR 2021-22	FISCAL YEAR 2022-23	FISCAL YEAR 2023-24	FISCAL YEAR 2024-25	FISCAL YEAR 2025-26	TOTAL PROJECT COSTS
	FACILITIES									
1	Community Center and Youth Center ADA Repairs	Park Development Fund	\$ 45,000	\$ 50,000	\$ 50,000					\$ 145,000
2	11'X8' Glass Aluminum Door for Community Center	Park Development Fund	\$ 60,000							\$ 60,000
3	Incode General Ledger Update	Unfunded		\$ 105,000						
4	Community Center Generator	Unfunded			\$ 150,000					\$ 150,000
5	Painting of Police and City Hall Interiors	Unfunded		\$ 15,000						
6	Replace Roof Hatches	Unfunded			\$ 3,000					\$ 3,000
7	Pine Street Parking Lot Pavement Rehabilitation	Unfunded			\$ 50,000					\$ 50,000
8	Mobile Outdoor Screen	Unfunded			\$ 65,000					\$ 65,000
9	PTZ Cameras HD Upgrade	Los Alamitos Television (28)	\$ 15,500							
10	New Carpeting for Youth Center, Community Center and Police Department	Unfunded		\$ 30,000						\$ 30,000
11	City Hall, Community Center and Youth Center Exterior Wood Repairs	Unfunded		\$ 75,000						
12	Los Alamitos Museum Seismic Retrofits	Unfunded			\$ 30,000					\$ 30,000
13	City Hall New Entrance	Unfunded								\$ -
	JLL Study									
14	Install Emergency Lighting throughout blgs and pathways	Unfunded		\$ 30,000						\$ 30,000
15	City Hall Sidewalk	Unfunded			\$ 49,500					\$ 49,500
16	Consultant to Design Fire Alarm system	Unfunded					\$ 100,000			\$ 100,000
17	Interior to TV Building	Unfunded						\$ 150,000		\$ 150,000
18	TV Blg HVAC	Unfunded						\$ 15,000		\$ 15,000
19	LA TV Roof	Unfunded								\$ -
	Police Department									
20	Upgrade Electric Service and Wiring	Facilities Streets and Parks Fund	\$ 40,000							\$ 40,000
21	Update Emergency Operations Center (EOC)	Unfunded		\$ 250,000						\$ 250,000
22	Key Fob Lock System	Unfunded		\$ 35,000						\$ 35,000
23	Kitchen Remodel	Unfunded			\$ 15,000					\$ 15,000
24	Remodel Training Room	Unfunded			\$ 50,000					\$ 50,000
25	Property Room Remodel	Unfunded		\$ 100,000						\$ 100,000
26	Remodel Holding Facility	Unfunded						\$ 200,000		\$ 200,000
	ADA Study									
27	City Hall & Council Chamber	Unfunded		\$ 140,699				\$ 430,467		\$ 571,166
28	Community & Youth Center	Unfunded			\$ 64,727			\$ 402,021		\$ 466,748
29	Police Department	Unfunded				\$ 30,850		\$ 350,106		\$ 380,956
30	LATV Studio	Unfunded					\$ 4,586	\$ 169,976		\$ 174,562
31	City Owned Parking Lot	Unfunded					\$ 670			\$ 670
32	Museum	Unfunded						\$ 97,197		\$ 97,197
	Subtotal Facilities		\$ 160,500	\$ 830,699	\$ 527,227	\$ 30,850	\$ 105,256	\$ 1,814,767	\$ -	\$ 3,258,799

	PROJECT TITLE	FUNDING SOURCE	FISCAL YEAR 2019-20	FISCAL YEAR 2020-21	FISCAL YEAR 2021-22	FISCAL YEAR 2022-23	FISCAL YEAR 2023-24	FISCAL YEAR 2024-25	FISCAL YEAR 2025-26	TOTAL PROJECT COSTS
	PARKS									
1	Little Cottonwood Park Septic Tank Rehab	Unfunded					\$ 100,000			\$ 100,000
2	Laurel Park Restrooms	Park Development Fund		\$ 30,000						\$ 30,000
3	Replace mesh around tennis court and add it to fence between Laurel field and church	Park Development Fund		\$ 30,000						\$ 30,000
4	Labourdette Park Playground Equipment and Surface	Park Development Fund	163,000							\$ 163,000
5	Oak Field Lights Upgrade	CIP Fund Fee		\$ 100,000						\$ 100,000
6	Stansbury Park Turf Renovations	Park Development Fund		\$ 10,000						\$ 10,000
7	Laurel Park Tennis Court Resurfacing	Park Development Fund		\$ 40,000						\$ 40,000
8	Installation of ADA compliant bleachers at Laurel Park	Unfunded		\$ 30,000						\$ 30,000
9	Sterns Park Turf Renovations	Unfunded		\$ 10,000						\$ 10,000
10	Sterns Park New Playground Equipment and Surface	Unfunded		\$ 120,000						\$ 120,000
11	Soroptimist Park Turf Renovations	Unfunded		\$ 10,000						\$ 10,000
12	Laurel Park Parking Lot Lights	Unfunded			\$ 50,000					\$ 50,000
13	Orville Lewis Park Field	Unfunded			\$ 125,000					\$ 125,000
14	Sterns Park Turf Renovations	Unfunded			\$ 10,000					\$ 10,000
15	Roberts Park Turf Renovations	Unfunded			\$ 10,000					\$ 10,000
16	Laurel Park Playground	Unfunded						\$ 40,000		\$ 40,000
17	Little Cottonwood Park Field Renovations	Unfunded				\$ 275,000				\$ 275,000
18	Stanbury Park New Playground Equipment and Surface	Unfunded				\$ 120,000				\$ 120,000
19	Replace playground woodchips with poured or tiled flooring	Unfunded					\$ 30,000			\$ 30,000
20	Purchase and place modular building at Little Cottonwood Park	Unfunded					\$ 50,000			\$ 50,000
21	Soroptimist Park New Playground Equipment and Surface	Unfunded					\$ 120,000			\$ 120,000
	ADA Study									
22	Little Cottonwood Park	Unfunded					\$ 94,784			\$ 94,784
23	Laurel Park	Unfunded						\$ 84,507		\$ 84,507
24	Stansbury Park	Unfunded					\$ 23,333			\$ 23,333
25	Orville Lewis Park	Unfunded		\$ 19,301						\$ 19,301
26	Sterns Park	Unfunded						\$ 16,368		\$ 16,368
27	Labourdette Park	Unfunded		\$ 11,238						\$ 11,238
28	Roberts Park	Unfunded						\$ 6,678		\$ 6,678
29	Soroptimist Park	Unfunded						\$ 6,283		\$ 6,283
30	Coyote Creek Park & Bike Trail	Unfunded						\$ 68,810		\$ 68,810
	Subtotal Parks Funded		-	\$ -	\$ -	\$ -	\$ -	\$ -		
	Subtotal Parks Unfunded		\$ 163,000	\$ 410,539	\$ 195,000	\$ 395,000	\$ 418,117	\$ 222,646	\$ -	\$ 1,804,302
			\$ 1,049,650	\$ 2,803,038	\$ 2,088,127	\$ 2,047,350	\$ 5,498,373	\$ 8,177,413	\$ 21,536,700	\$ 42,990,151

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: May 7, 2019

ITEM NUMBER: 4B

To: Budget Standing Committee Members

Presented By: Eric Hendrickson, Finance Director

Subject: Proposed Budget for Vehicle & Equipment Replacement Schedule

SUMMARY

Review and discuss the recommended Vehicle & Equipment Replacement Schedule for Fiscal Year 2019-20.

RECOMMENDATION

Review and discuss the recommended Vehicle & Equipment Replacement Schedule for Fiscal Year 2019-20.

BACKGROUND/ DISCUSSION

In 2013 the City Council adopted Resolution No. 2013-07 (**Attachment 1**), which outlined the Vehicle & Equipment Replacement Policy. The Policy established guidelines for replacement based on a number of factors including, but not limited to, age, mileage, mechanical condition, maintenance costs, etc. The Policy also established targeted replacement cycles for vehicles and equipment. For example, the targeted replacement cycle for a Police Patrol Sedan is 4 years and 75,000 miles whereas the targeted replacement cycle for a Police SUV is 5 years and 100,000.

In March and April 2019 each department reviewed the inventory of vehicles and equipment. Based on the results of that assessment and as reflected in the Vehicle and Equipment Replacement Schedule (**Attachment 2**), it is recommended that the following items be replaced/purchased:

The Development Services Department also needs the following vehicle and equipment for replacement:

- **1 Development Services Vehicle and 1 equipment item**
 1. 2012 Code Enforcement Dodge Charger
 - Mileage is at 110,705 miles and there have been several trips to the repair shop in relation to the maintenance and repair. The vehicle is in need of repairs in order to be in safe conditions. It would be more useful if it were replaced new at an estimated replacement cost of \$37,000.
 2. 2012 Floor Machine
 - The floor machine typically has a 7-year lifespan. The floor machine purchased is what our Public Works crew used to clean and make our facilities' floors shine. Over the past couple of years, the current floor machine has been repaired several times with various parts wearing out on the machine. It is the only floor machine and is used frequently. Estimated replacement cost is \$9,100.

The Recreation and Community Services Department also needs the following vehicle for replacement:

- **1 Recreation and Community Services Vehicle**
 1. 2009 Recreation Van
 - Mileage is at 29,445 and expected to be at 34,000 when a replacement vehicle is delivered. Repairs to this van are needed frequently due to constant transporting of heavy equipment for special events and events to promote the department. The Recreation Department is in need of replacement of the vehicle in order to transport equipment and to transport more people to trainings/meetings/conferences. The current van is insufficient to satisfy the needs of the department. Estimated replacement cost is \$37,000.

The Police Department is not requesting vehicles for replacement/purchase for the Budget Fiscal Year 2019-20. Based on usage, condition, and current staffing, Police is recommending replacement of scheduled vehicles from 2019-20 be pushed back another budget year. Additionally, there was a motorcycle scheduled to be purchased in Fiscal Year 2018-19. The motor officer position has been vacant in Fiscal Year 2018-19 and is not expected to be filled in Fiscal Year 2019-20; therefore, the purchase of the motorcycle associated with the position will be pushed out to Fiscal Year 2020-2021.

Approved vehicles that were budgeted in the current Fiscal Year 2018-19 are not reflected in the upcoming requests for Fiscal Year 2019-20. Unexpended amounts at June 30, 2019 will be carried-over and re-budgeted in Fiscal Year 2019-20.

FISCAL IMPACT

The cost to replace the two vehicles and floor machine equipment requested is \$83,100 which will be funded from Fund 50- Vehicle and Equipment Replacement Fund. The cost to replace the floor machine equipment item is \$9,100 and the three vehicles are estimated to cost \$74,000.

There is sufficient fund balance in Fund 50- Vehicle and Equipment Replacement Fund for the budget in Fiscal Year 2019-20.

Submitted By: Eric Hendrickson, Finance Director

Approved By: Bret M. Plumlee, City Manager

Attachments:

- 1. Vehicle & Equipment Replacement Policy*
- 2. 2019 Vehicle & Equipment Replacement Schedule*
- 3. Vehicle & Equipment Fund Revenues & Expenses (5 Years)*

RESOLUTION NO. 2013-07

**A RESOLUTION OF CITY COUNCIL OF THE CITY OF LOS
ALAMITOS, CALIFORNIA, APPROVING THE
VEHICLE/EQUIPMENT REPLACEMENT POLICY**

WHEREAS, the City of Los Alamitos wishes to properly formalize a mechanism for vehicle/equipment replacement and expenditures from the Fleet Maintenance Fund; and,

WHEREAS, Staff has conducted an intensive research to determine the best practical policy that would serve the City of Los Alamitos and was able to develop a policy that incorporates all the City departments' needs for vehicles and equipment; and,

WHEREAS, the policy identifies timely budgeting procedures for all departments, a replacement schedule that is based upon mileage and age, and a spreadsheet for determining internal charge rates; and,

WHEREAS, the policy will provide guidelines for vehicle replacement and allow for improved budgeting and planning with regard to the City's fleet of vehicles.

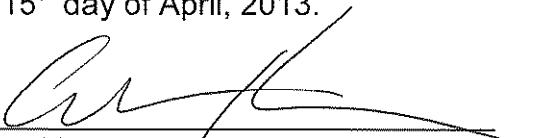
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. The City Council hereby approves the attached Vehicle/Equipment Replacement Policy (Exhibit A).

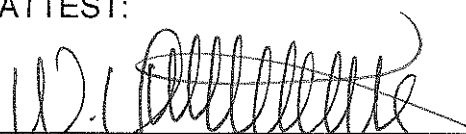
SECTION 3. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 15th day of April, 2013.



Warren Kusumoto, Mayor

ATTEST:



Windmera Quintanar, CMC, City Clerk

APPROVED AS TO FORM:



Steve Skolnik, Interim City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

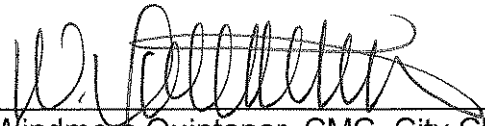
I, Windmera Quintanar, CMC, City Clerk of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a meeting of the City Council held on the 15th day of April, 2013, by the following vote to wit:

AYES: COUNCILMEMBERS: Grose, Murphy, Graham-Mejia

NOES: COUNCILMEMBERS: Edgar, Kusumoto

ABSENT: COUNCILMEMBERS: None

ABSTAIN: COUNCILMEMBERS: None



Windmera Quintanar, CMC, City Clerk

CITY OF LOS ALAMITOS FLEET MAINTENANCE DIVISION

Vehicle/Equipment Replacement Guidelines/ Procedures

MISSION

The Public Works Fleet Maintenance Division's mission is to provide and maintain the most appropriate, safe, reliable, and clean vehicles/equipment allowing departments to better serve the residents.

OBJECTIVES

The objective of this vehicle/equipment replacement guideline/procedure is to promote an orderly system of funding, purchasing and managing a standardized fleet replacement process and to plan future departmental transportation requirements.

GENERAL

All City vehicles/equipment acquired and maintained by Public Works Fleet Maintenance Division are recommended for replacement in accordance with this guideline/procedure and all departments are responsible for complying with these guidelines/procedures. Priority will be given to those departments whose services relate to public health, safety, and law enforcement.

As vehicles/equipment reach the targeted mileage and age of replacement criteria, a vehicle/equipment maintenance evaluation will be performed by Public Works Fleet Maintenance Division. If the evaluation proves the vehicle/equipment would be economical to retain for an additional year(s), the vehicle/equipment will be targeted for retention or reassignment.

ACQUISITION

The Public Works Fleet Maintenance Division is responsible for acquiring all City vehicles/equipment with the approval of the City Council. Vehicles/equipment are to be purchased using one of the following criteria:

- Utilizing the "Piggy Back" process whenever possible, as more vehicles can be acquired at lower prices; or

- Request for Proposal (RFP) process as outlined in Section 2.60.030 of the City's Municipal Code; or
- Purchases at an auction (will require City Council pre-approval). The City Council will set a predetermined spending cap. The purchase decision will be made by the Public Works Superintendent.

Before any order is placed, the Public Works Fleet Maintenance Division and the user department will jointly review department requirements and vehicle/equipment specifications. It is the Public Works Fleet Maintenance Division's goal to select the proper vehicle/equipment for the department. Suitability and appropriateness for the job intended, balanced by initial cost, depreciation/resale value, and maintenance repair factors are the primary factors for the review process. Compatibility with the rest of the fleet, fuel economy, safety/repair records, and serviceability are also important considerations.

Once the replacement cycle is complete, the replaced vehicle/equipment is evaluated for reassignment as a "low usage" vehicle to another department or declared surplus and sold at auction.

RETENTION or REASSIGNMENT

In some cases, it may be beneficial to reassign vehicles/equipment to other departments that have "low usage" requirements. These decisions are made on a case by case basis between the Public Works Superintendent and the director of the department to which the vehicle is to re-assigned. The vehicle/equipment must have one third of its life expectancy remaining (years and mileage) and show a direct cost savings to the budget. Exception to this rule is if the vehicle/equipment in question has had major repairs completed within the past 12 months, deeming it reliable for use by the Fleet Maintenance Division.

ADDITIONS TO THE FLEET

Additions are defined as any increase in the total number of vehicles/equipment assigned to a City's department. Additions to the fleet are to be requested by City departments via a Vehicle/Equipment Request Form and approved by the Department Head before submitting to the Public Works Fleet Maintenance Division.

REPLACED VEHICLE/EQUIPMENT

Replaced vehicles/equipment that are not reassigned to another City department are to be declared surplus by the City Council. After the equipment is declared surplus, the Fleet Maintenance Division shall dispose of it in a manner best serving the interest of the City, which include:

- Public auction; or
- Sale or transfer to other governmental entities; or
- Sale or transfer to nonprofit entities

MID-YEAR REQUESTS

If a department desires to add or replace a vehicle/equipment to the fleet, outside of the annual vehicle replacement request process, a completed Vehicle/Equipment Request Form shall be submitted for processing. In addition to the Vehicle/Equipment Request Form, a budget amendment request for funding may be needed. This request is to be submitted by November 1st of that year.

VEHICLE/EQUIPMENT REQUEST CYCLE

The Public Works Fleet Maintenance Division initiates the vehicle/equipment request cycle each year in February when departments are asked to submit requests for additional or replacement vehicles/equipment. Requests are reviewed and prioritized based on the vehicle or equipment's inspection report. Throughout February and March, the Public Works Fleet Maintenance Division works with departments to recommend a vehicle/equipment replacement list based on the strategic budget outlook and the total vehicle/equipment replacement liability. In May, the Public Works Superintendent prepares the annual vehicle/equipment replacement request for budget consideration from City Council.

REPLACEMENT CRITERIA*

Timely replacement ensures that vehicles/equipment are replaced once the life cycle, or economic costs, reach a minimum. The guidelines for vehicles/equipment replacement are, but not limited to:

- Predetermined age and/or mileage
- Mechanical condition
- State of technology
- Availability of replacement parts
- Anticipated depreciation
- Resale value
- Operation costs
- Safety standards
- Departmental needs
- Overall appearance

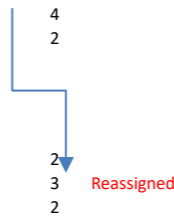
The Public Works Fleet Maintenance Division recommends replacement of vehicles or equipment based on the above criteria met for each class of vehicle. A technical/maintenance evaluation of requested replacement vehicles/equipment will be performed by Public Works Fleet Maintenance staff before each vehicle/equipment is recommended for replacement. The targeted replacement cycles, in terms of years and miles, are as follows:

<u>DESCRIPTION</u>	<u>AGE/MILES</u>
Law Enforcement	
• Sedan – Patrol	4 yrs./75,000 miles
• SUV – Patrol	5 yrs./100,000 miles
• Detective/Unmarked	5 yrs./75,000 miles
• Motorcycle	4 yrs./75,000 miles
Administrative – Passenger	10 yrs./90,000 miles
Light Duty Trucks	
• Sports Utility	10 yrs./90,000 miles
• Pickup & 4 x 4	10 yrs./95,000 miles
Medium & Heavy Duty Trucks	15 yrs./100,000 miles
Miscellaneous Equipment	
• Trailers	By condition
• Mowers (tractor style)	By condition

*The above vehicle replacement criteria are from Local Agency Surveys and City of Los Alamitos historical data.

Vehicle & Equipment Replacement Schedule

UNIT #/ ID	VIN #/SERIAL #	MAKE	MODEL	YEAR	PURCHASE COST	TARGETED	ESTIMATED	POLICY	ESTIMATED	2019-20	2020-21	2021-22	2022-23	2023-24 and Beyond
						REPLACEMENT CYCLE (YEARS):	REPLACEMENT COST	REPLACEMENT YEAR	REPLACEMENT YEAR					
POLICE														
522	48-1	1GNLCDEC5JR182930	Chevy	Tahoe	2018	42,368	5	52,000	2022-23	2022-24				52,000
522	48-2	2C3CDXATXEH350827	Dodge	Charger	2014	35,000	4	39,000	2017-18	2018-19	4			39,000
522	48-3	2C3CDXAT7GH188335	Dodge	Charger	2016	35,000	4	39,000	2019-20	2020-21		39,000		
522	48-4	2C3CDXAT6HH608717	Dodge	Charger	2017	36,712	4	39,000	2021-22	2021-22			39,000	
522	48-5	2C3CDXATXHH608719	Dodge	Charger	2017	36,712	4	39,000	2021-22	2021-22			39,000	
522	48-6	2C3CDXAT8HH608718	Dodge	Charger	2017	36,712	4	39,000	2021-22	2021-22			39,000	
522	48-7	2C3CDXAT5GH188334	Dodge	Charger	2016	35,000	4	39,000	2019-20	2020-21		39,000		
522	48-SRO	2C3CDXATXCH287838	Dodge	Charger	2012	35,000	4	39,000	2015-16	2020-21		39,000		
528	Motorcycle	JH2SC5156DK100046	Honda	Motor	2014	26,993	4	31,000	2017-18	2020-21		31,000		
528	Pkg-1							35,000		2018-19	4			35,000
528	Pkg-2	2B3LA43H08H314565	Dodge	Charger	2008	35,000	5	37,625	2012-13	2020-21	2	37,625		
523	UM-1/Blu Chg	2C3CDXAT1DH560506	Dodge	Charger	2013	35,000	5	37,000	2016-17	2018-19	4			37,000
523	UM-2/Chv HPU	3GCUUEJ6DG148222	Chevy	1500HYB	2013	42,331	5	46,225	2017-18	2020-21	2	46,225		
523	UM-3/Jeep Ch	1C4RJEAGXFC836435	Jeep	Cherokee	2015	35,168	5	37,625	2019-20	2020-21		37,625		
521	UM-4/Slv Chg	2C3CDXAT1HH649384	Dodge	Charger	2017	27,017	5	37,625	2022-23	2022-23			37,625	
521	UM-5/Slv Dur	1C4SDJFT4HC921605	Dodge	Durango	2017	36,274	5	37,500	2022-23	2023-24				37,500
521	UM-6/Blk Dur	1C4SDJFT6HC921606	Dodge	Durango	2017	36,274	5	37,500	2022-23	2023-24				37,500
524	Supp-1	1GNLC2E07CR190184	Chevy	Tahoe	2012	38,847	5	45,000	2016-17	2020-21	2	45,000		
523	Supp-2							37,625	2016-17	2021-22	3		37,625	
522	Supp-3/Recruitment	2C3CDXAT4CH287835	Dodge	Charger	2012	35,743	4	37,100	2015-16	2021-22	2		37,100	
PUBLIC WORKS														
TRUCKS														
542	PS1	1FTBF2A66CEC99622	Ford	F250	2012	30,630	10	34,000	2021-22	2022-23	2		34,000	
543	PS2	1FTBF2A68CEC99623	Ford	F250	2012	30,630	10	34,000	2021-22	2023-24				34,000
543	PS3IRR	1FDWF30599EA32799	Ford	F350	2008	45,000	10	46,000	2017-18	2022-23	2		46,000	
543	PS4STK	1FDWF36YX9EA32800	Ford	F350	2008	45,000	10	46,000	2017-18	2021-22	2	46,000		
542	PS6MEC	1GCGC24R8XR710246	Chevy	2500	1999	24,999	10	46,000	2008-09	2020-21	2	46,000		
542	PS7SPR	1GCEC19R3W1108954	Chevy	1500	1997	24,899	10	38,500	2006-07	2018-19	4			38,500
542	PS8CNGPU	1GCHC24U87E177962	Chevy	2500	2007	48,911	10	38,500	2016-17	2018-19	4			38,500
543	PS5550	1FDAF56S73ED54609	Ford	F550	2003	63,000	15	71,175	2017-18	2021-22	2	71,175		
542	PS10DMP	3FDNF65222MA16634	Ford	F450	2002	65,000	15	74,625	2016-17	2023-24	2			74,625
542	PS11BOOM	1FDXF46S24ED66432	Ford	F450	2004	67,398	15	95,000	2018-19	2021-22	2		95,000	
533	Code Enforcement	2C3CDXAT6H261737	Dodge	Charger	2012	35,000	10	37,000	2016-17	2019-20		37,000		
EQUIPMENT														
544	Floor Machine	351012080Z544	Adfinity	20R Ecoflex	2012	6,500	5	9,100	2016-17	2019-20		9,100		
542	Concrete Mixer	MHZ5430	MQ Whiteman		2001	5,000	10	5,000	2011-12	2021-22	2		5,000	
542	1250 Balancer	SN 0807303517	Coats		2009	5,598	10	7,300	2019-20	2022-23	2		7,300	
542	Scan TL Part 700-7108	C1VCGM39080025790T			2009	5,386	10	6,000	2019-20	2022-23	2		6,000	
546	Light Tower	G4500031	MultiQuip	2400W	2019	10,506	10	11,000	2029-30	2029-30				11,000
543	Dual Equip Trailer	4ZCLT2020E1063033	LOAD TRAIL		2014	5,194	20	6,890	2033-34	2033-34				6,890
542	Press. Washer Trl	1W9DC061XK1063087	FMC/Los AL PW		2013	5,000	20	5,000	2032-33	2032-33				5,000
543	knife aerator	92141490005	Aerway		2014	9,908	15	11,250	2028-29	2033-34				11,250
543	72" ride on mower	6310544	Grasshopper		2012	14,604	15	15,375	2026-27	2026-27				15,375
546	Turf Tiger 72" ride-on mower	FM0700105	Yamada	STTII-72V-26CH	2018	12,229	10	16,000	2029-30	2029-30				16,000
542	bobcat	502422578	Bobcat Corp.		1986	20,000	25	40,000	2010-11	2020-21	2	40,000		
543	turf vacuum	G1602	Smithco	Sweep Star 60	2003	24,545	15	24,545	2017-18	2020-21	2	24,545		
543	turf Tractor	M-Y3702	Massey Ferguson		2003	17,186	25	20,250	2027-28	2027-28				20,250
542	Striping machine	BA2091	Graco		2005	11,865	25	14,000	2029-30	2029-30				14,000
542	Crack Sealer Trl	1C9EP1226T1418200	Crafco		1996	30,169	20	32,500	2015-16	2020-21	2	32,500		
546	Tack Sprayer Trl	198587	Lee Boy	Leeboy L150T	2018	12,856	10	14,000	2029-30	2029-30				14,000
542	BACK HOE	JJG0232727	Case		1996	56,015	25	59,000	2020-21	2021-22		59,000		



Vehicle & Equipment Replacement Schedule

UNIT #/ ID	VIN #/SERIAL #	MAKE	MODEL	YEAR	PURCHASE COST	TARGETED	ESTIMATED	POLICY	ESTIMATED	2019-20	2020-21	2021-22	2022-23	2023-24 and Beyond	
						REPLACEMENT CYCLE (YEARS) ¹	REPLACEMENT COST	REPLACEMENT YEAR	REPLACEMENT YEAR						
RECREATION															
551	REC HYBRID	3GCUCUEJ7DG243419	Chevy	1500HYB	2013	42,331	10	49,450	2022-23	2023-24				49,450	
551	RECVAN	2D8HN44E79R625663	Dodge	caravan	2009	24,529	10	37,000	2018-19	2019-20	37,000				
551	REC TRLR	53BTV1213DF004879	Looks	Vision	2012	6,000	20	7,800	2031-32	2026-27				7,800	
CABLE TV															
511	Los AI TV	1FTEE14Y1THA31907	Ford	E150	1995	11,840	10	28,750	2004-05	2020-21	² 28,750				
							Vehicles	1,465,625		Vehicles	74,000	389,225	403,900	117,625	480,875
							Equip	297,210		Equip	9,100	97,045	64,000	13,300	113,765
							Total	1,762,835		Total	83,100	486,270	467,900	130,925	594,640

1 - Per Vehicle/Equipment Replacement Policy Approved by City Council on April 15, 2013

2 - Vehicles Scheduled past due for Replacement in Fiscal Year however have been determined by department to be bumped for future fiscal years for replacement

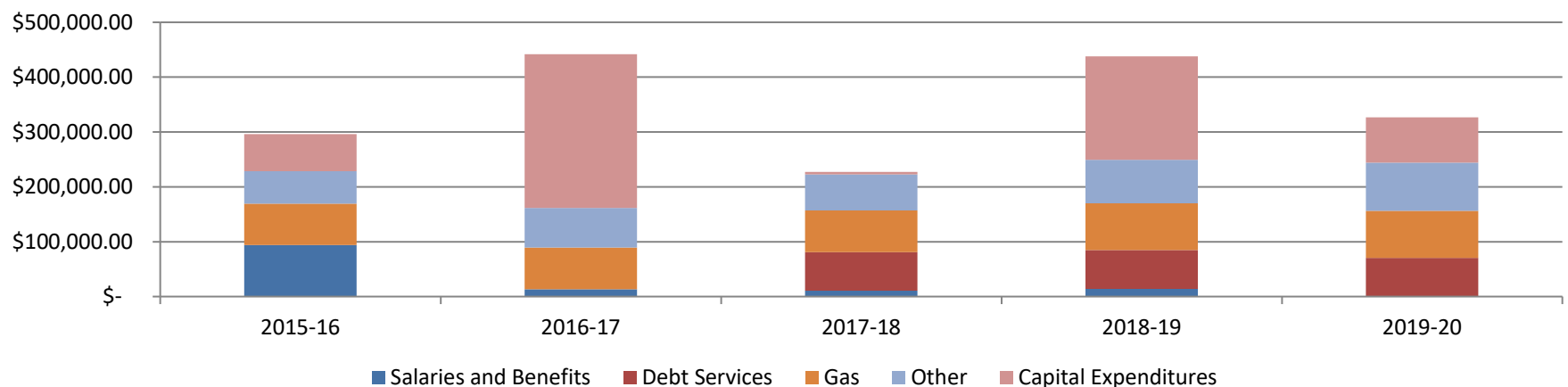
3 - The 2013 Police Dodge Charger (UM-1/Blu Chg) will be repurposed and used for Police Support-2

4 - Vehicles have not been purchased as of May 7, 2019 however funds will be available from Fiscal Year 2018-19 to be carried forward to purchase in Fiscal Year 2019-20, if not purchased by June 30, 2019.

VEHICLE & EQUIPMENT FUND REVENUES & EXPENSES (4 YEARS)

Account Description	Type	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Projected	2019-20 Proposed Budget
REVENUES						
GENERAL FUND CHARGES/TRANSFERS	INTERNAL SVC FUND CHGS	234,018	404,026	404,026	304,026	304,026
GAIN/LOSS ON DISPOSAL OF ASSET	MISCELLANEOUS REVENUE	994	-	18,590	-	-
INSURANCE REIMBURSEMENT	MISCELLANEOUS REVENUE	1,831	27,306	1,926	-	-
CAPITAL LEASE PROCEEDS	MISCELLANEOUS REVENUE	-	189,676	79,473	-	-
TOTAL REVENUES		236,843	621,008	504,015	304,026	304,026
EXPENSES						
SALARIES - FULLTIME	SALARIES AND BENEFITS	42,497	11,565	-	-	-
ON CALL PAY	SALARIES AND BENEFITS	1,285	-	-	-	-
UNIFORM ALLOWANCE	SALARIES AND BENEFITS	650	25	-	-	-
OVERTIME	SALARIES AND BENEFITS	2,715	-	-	-	-
SICK CONVERSION	SALARIES AND BENEFITS	9,334	-	-	-	-
VACATION CONVERSION	SALARIES AND BENEFITS	9,665	-	-	-	-
MEDICARE	SALARIES AND BENEFITS	921	299	-	-	-
RETIREMENT	SALARIES AND BENEFITS	13,215	424	10,550	13,885	-
HEALTH INSURANCE	SALARIES AND BENEFITS	13,262	1,222	-	-	-
LIFE INSURANCE	SALARIES AND BENEFITS	146	12	-	-	-
DISABILITY INSURANCE	SALARIES AND BENEFITS	300	25	-	-	-
SUPPLIES	OTHER	6,154	13,718	5,109	16,200	17,000
UNIFORMS	OTHER	260	260	-	-	-
TRAVEL & TRAINING	OTHER	20	-	-	-	-
INSURANCE	OTHER	-	6,995	5,357	7,074	7,075
AUTO PARTS - POLICE	OTHER	15,371	6,065	3,158	10,000	10,000
AUTO PARTS-RECREATION	OTHER	169	-	-	500	500
AUTO PARTS-PW	OTHER	4,119	8,287	7,895	10,000	10,000
AUTO PARTS-OTHER	OTHER	-	379	116	1,500	1,500
NATURAL GAS	GAS	2,876	2,525	274	2,500	2,500
GASOLINE	GAS	72,586	73,105	75,551	83,000	83,000
OUTSIDE SERVICES-PD	OTHER	25,571	21,558	26,554	21,000	26,000
OUTSIDE SERVICES-REC	OTHER	805	1,042	777	850	1,000
OUTSIDE SERVICES-PW	OTHER	4,523	4,419	9,661	8,000	10,000
OUTSIDE SERVICES-OTHER	OTHER	310	7,584	2,880	2,000	3,000
TECHNOLOGY INTRNL SRVC	OTHER	1,865	1,865	4,103	1,865	1,600
INTEREST EXPENSE	DEBT SERVICE	-	-	4,980	3,770	2,536
PRINCIPAL EXPENSE	DEBT SERVICE	-	-	65,661	66,872	68,105
VEHICLES/EQUIPMENT PURCHASES	CAPITAL OUTLAY	67,394	203,435	4,607	35,590	83,100
VEHICLE CARRYFORWARD		-	77,000	-	153,000	-
TOTAL EXPENSES		296,013	441,809	227,233	437,606	326,916
BEGINNING BUDGETARY FUND BALANCE AT JULY 1		163,842	104,672	283,871	560,653	427,073
ENDING BUDGETARY FUND BALANCE AT JUNE 30		104,672	283,871	560,653	427,073	404,183

Expenses by Type



City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: May 7, 2019

ITEM NUMBER: 4C

To: Budget Standing Committee Members

Presented By: Eric Hendrickson, Finance Director

Subject: Continued FY 2019-2020 General Fund Budget Gap Measures

SUMMARY

Staff will discuss options for closing the Fiscal Year 2019-2020 General Fund budget gap with the Budget Standing Committee. On March 18, 2019, the preliminary budget for Fiscal Year 2019-20 General Fund reported a \$482,500 budget gap deficit. On April 15, 2019, there were potential gap measures approved that reduced the budget gap by \$417,800 to a \$64,700 budget gap deficit. At this time, staff will discuss additional budget gap measure options to close the remaining budget gap deficit for Fiscal Year 2019-20.

RECOMMENDATIONS

1. Review Potential General Fund Gap Closures for Budget Fiscal Year 2019-2020; and,
2. Direct staff regarding modifications to the Preliminary Budget for Fiscal Year 2019-2020.

BACKGROUND

Staff has been meeting with the Budget Standing Committee and will continue to meet regularly to discuss closing the gap for the upcoming year along with developing a long-term fiscal sustainability plan. The objective of the budget workshops are to eliminate the General Fund structural deficit and provide long-term fiscal sustainability.

On March 18, 2019, staff reported on the preliminary projected General Fund budget for Fiscal Year 2019-2020, including an initial budget gap of \$482,500. Material increases in Fiscal Year 2019-2020 expenditures are primarily due to salaries and benefits. On April 15, 2019, there were potential gap measures approved that reduced the budget gap by \$417,800 to a \$64,700 budget gap deficit.

DISCUSSION

As of April 15, 2019, the budget gap deficit for the Fiscal Year 2019-20 General Fund budget is \$64,700. As a result of changes in estimates, the following items alter the Fiscal Year 2019-20 expenditure budget:

Expenditure Adjustments:

- ❖ Police: Reduction in one-time bonuses due to ineligibility of POA members entitled to the bonus (coincide with criteria in MOU). 9,000

These changes bring the budget gap down from \$64,700 to \$55,700. In an effort to close the remainder of the budget gap of \$55,700, staff has gathered the following options for consideration to close the short-term budget gap forecasted for Fiscal Year 2019-20:

Expenditure Adjustments:

- ❖ Reduce Community Group outreach contract by \$42,150. There was a consultant included in the budget for \$60,000 for a community outreach consulting group that would assist the City Council, Budget Standing Committee, Fiscal Sustainability Manager, Finance Director and executive team with a long-term fiscal plan. After consideration, the budget may be reduced and the product of a community survey would serve the purpose of the project. 42,150
- ❖ Police: Realistic savings in Patrol due to vacancies. Estimate is based on one month of police officer's savings. 13,550

Additional consideration is to use (a portion of) fund balance reserves from Fiscal Year 2017-18 General Fund surplus. Based on the feedback previously received by the Budget Standing Committee and to remain consistent with the Budget Standing Committee and City Council's previous approval and direction to use this FY 2017-2018 surplus to balance the FY 2019-2020 budget, staff is recommending using other options first to reduce the budget gap and then using a portion of this \$220,000 to balance the remainder of the gap. The Budget Standing Committee has directed staff to continue to present additional options to reduce the budget gap as close as possible to closing it to 0 before using this option. Once the gap is closed as far as possible, then the Budget Standing Committee will recommend using this option to close the remaining gap. There may be additional options and realistic scenarios that will close the Fiscal Year 2019-20 budget however the most likely scenarios available at this time are presented and included in the Fiscal Year General Fund Budget for 2019-20. If the Budget Standing Committee approves staff's recommendations included in this report to further close the General Fund budget gap, then the FY 2019-2020 General Fund Preliminary Budget will be balanced without having to use any of the \$220,000 FY 2017-2018 General Fund surplus.

FISCAL IMPACT

The Fiscal Year 2019-2020 preliminary budget presented an initial budget gap of \$482,500 on March 18, 2019. As a result of changes in assumptions and budget gap measures approved, the budget gap was reduced by \$482,500 to \$64,700 on April 15, 2019. If the options discussed in this report are approved, the Fiscal Year 2019-20 General Fund Budget will be balanced.

Submitted By: Eric Hendrickson, Finance Director

Approved By: Bret M. Plumlee, City Manager

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: May 7, 2019

ITEM NUMBER: 4D

To: Budget Standing Committee Members

Presented By: Eric Hendrickson, Finance Director

Subject: Other Funds' Budget Update Fiscal Year 2019-20

SUMMARY

Staff has discussed the General Fund and CIP Budgets for the Fiscal Year 2019-20. This report updates the Budget Standing Committee on the budget for all other funds not included in previous reports.

RECOMMENDATIONS

Review Other Funds (Other than General Fund and CIP) for Budget Fiscal Year 2019-2020.

BACKGROUND

Staff has been meeting with the Budget Standing Committee to update the Committee on the Fiscal Year 2019-20 General Fund revenues and expenditures budget and discussing closing the budget gap deficit. The City additionally has nine (9) special revenue funds, one debt service fund, four (4) capital projects funds and five (5) internal service funds to discuss for budget purposes.

DISCUSSION

The following are the funds in the City separated by type of fund:

Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Internal Service Funds
CDBG (19)	Debt Service Fund (31)	Residential Street (24)	Vehicles & Equipment (50)
Gas Tax (20)		Building Improvement (25)	Police Capital (51)
PSAF (21)		Park Development (40)	Facilities Streets and Parks (52)
SLESF (22)		Traffic Improvement (44)	Technology (53)
AQMD (23)			Self-Insurance (54)
Measure M (26)			
Asset Seizure (27)			
Los Alamitos TV (28)			
Office of Traffic Safety (29)			

5 special revenue funds (CDBG, Gas Tax, Measure M, Los Alamitos Television and AQMD) are discussed in the 7-Year Capital Improvement Program (CIP) report since the

funds are used to fund capital projects for Fiscal Year 2019-20. The Park Development Capital Project Fund is additionally discussed in the 7-Year CIP to fund the Labourdette Park playground and other community center projects. The Facilities Streets and Parks Internal Service Fund is discussed in the CIP Budget to be used to fund the electric service and wiring in the Police Department. Staff is providing the Budget Standing Committee with detail of proposed revenue and expenditures for the remaining funds.

Special Revenue Funds:

Fund	Projected Fund Balance as of July 1, 2019	2019-20 Revenues	2019-20 Transfers /Expenditures	Projected Fund Balance as of June 30, 2020
PSAF (21)	\$ 29,650	\$ 105,000	\$ 120,000 *	\$ 14,650
SLESF (22)	64,250	140,000	150,000 *	54,250
Asset Seizure (27)	10,250	500	-	10,750
Office of the Traffic Safety (29)	25,000	10,000	5,000 *	30,000
Total	\$ 129,150	\$ 255,500	\$ 275,000	\$ 109,650

*Transfers Out

The Public Safety Augmentation Fund (PSAF) and Supplemental Law Enforcement Services Fund (SLESF) include transfers of \$120,000 and \$150,000, respectively to fund the General Fund for police-specific programs that are specified through the special revenue purpose.

Asset Seizure has no expenditures budgeted for Fiscal Year 2019-20 however the Police Department is currently working on a Mobile-Device-Computer upgrade for their patrol cars and planning to utilize the asset forfeiture funds to make the purchase in the upcoming months. An appropriation will be brought forward by June 30, 2019.

The Office of Traffic Safety (OTS) Fund 29 is provided grant funding for local and state law enforcement agencies to participate in traffic enforcement programs to reduce occurrences of driving under the influence (DUI) and related collisions. The fund is projecting \$10,000 in revenues for Fiscal Year 2019-20, which is an increase of the preliminary amount of \$5,000. A proposed gap measure for the General Fund is to transfer \$15,000 instead of \$5,000 that was included in the preliminary budget. There is sufficient funds in the fund for the transfer of \$15,000 in Fiscal Year 2019-20.

Debt Service Fund:

Fund	Projected Fund Balance as of July 1, 2019	2019-20 Transfers In from General Fund	2019-20 Transfer	Projected Fund Balance as of June 30, 2020
Debt Service Fund (31)	\$ 3,350	\$ 209,000	\$ 210,300	\$ 2,050

On September 1, 2015, the City issued 2015 Certificates of Participation (COP) in the amount of \$3,685,000 to refinance the outstanding balance of Laurel Park Acquisition COP and to fund approximately \$915,000 for the Los Alamitos Boulevard median project. \$210,300 has been budgeted for debt service (principal and interest expense) in Fiscal Year 2019-20, which is funded from a transfer from the General Fund.

Capital Projects Funds:

The projected fund balances as of June 30, 2020 for Residential Street Fund, Building Improvement and Traffic Improvement Funds are \$6,500, \$15,200, and \$9,600, respectively. There are no proposed expenditures for the these funds. The Park Development Fund's activity is discussed in the 7-Year CIP report.

Internal Service Funds:

Fund	Projected Fund Balance as of July 1, 2019	2019-20 Revenues/ Transfers In	2019-20 Expenses	Projected Fund Balance as of June 30, 2020
Police Capital (51)	\$ 54,750	\$ 40,000	\$ 20,000	\$ 74,750
Technology Replacement (53)	44,300	160,000	160,000	44,300
Self-Insurance (54)	393,050	621,000	695,350	318,700
Total	<u>\$ 492,100</u>	<u>\$ 821,000</u>	<u>\$ 875,350</u>	<u>\$ 437,750</u>

On September 17, 2018, Council approved \$40,000 to be an annual allocation from the General Fund to the Police Capital Fund (51). There is a budget of \$20,000 proposed out of this fund for potential repair and replacement of 800MHz radios.

The Technology Replacement Fund (53) provides funding for ongoing technology upgrades and replacements. Charges to city departments for the 2019-20 fiscal year total \$160,000, which is what was budgeted for expenses. Expenses include annual anticipated amounts for contractual services with Scientia Consulting, computer purchases, software and licenses renewal.

Self-Insurance Fund (54) is used to account for the operations of the City's self-insured workers' compensation, general liability and property insurance programs. The expenses budgeted of \$695,350 include insurance premiums, third-party administration fees, actuarial services, training costs and estimated claim and worker's compensation expenses. There is an increase this year due to higher than anticipated reserve for a workers' compensation case.

FISCAL IMPACT

As illustrated below for a comprehensive review of all funds discussed in the report, sufficient funds are available to cover the proposed expenditures/expenses.

Fund	Projected Fund Balance as of July 1, 2019	2019-20 Revenues	2019-20 Transfers /Expenditures	Projected Fund Balance as of June 30, 2020
PSAF (21)	\$ 29,650	\$ 105,000	\$ 120,000	\$ 14,650
SLESF (22)	64,250	140,000	150,000	54,250
Asset Seizure (27)	10,250	500	-	10,750
Office of the Traffic Safety (29)	25,000	10,000	5,000	30,000
Debt Service (31)	3,350	209,000	210,300	2,050
Police Capital (51)	54,750	40,000	20,000	74,750
Technology Replacement (53)	44,300	160,000	160,000	44,300
Self Insurance (54)	393,050	621,000	695,350	318,700
Total	<u>\$ 624,600</u>	<u>\$ 1,285,500</u>	<u>\$ 1,360,650</u>	<u>\$ 549,450</u>

Submitted By: Eric Hendrickson, Finance Director
Approved By: Bret M. Plumlee, City Manager

City of Los Alamitos

BUDGET STANDING COMMITTEE

AGENDA REPORT

MEETING DATE: May 7, 2019

ITEM NUMBER: 4E

To: Budget Standing Committee Members

Presented By: David D. Cain, Fiscal Sustainability Manager

Subject: Budget and Fiscal Sustainability Calendar; Review of 115 Trust; and Community Engagement Opportunities

SUMMARY

This report seeks the Budget Standing Committee's (Committee) feedback on the proposed Fiscal Sustainability Calendar and suggested topics for the balance of the 2019 calendar year; community engagement opportunities and review of the PARS 115 Trust option.

RECOMMENDATIONS

1. Discuss the recommended Fiscal Sustainability Calendar and topics for July-December 2019; and,
2. Discuss Community Engagement Opportunities; and
3. Review the PARS 115 Trust option; and,
4. Seek feedback and direction on the Long Term Fiscal Sustainability Plan for the City.

BACKGROUND

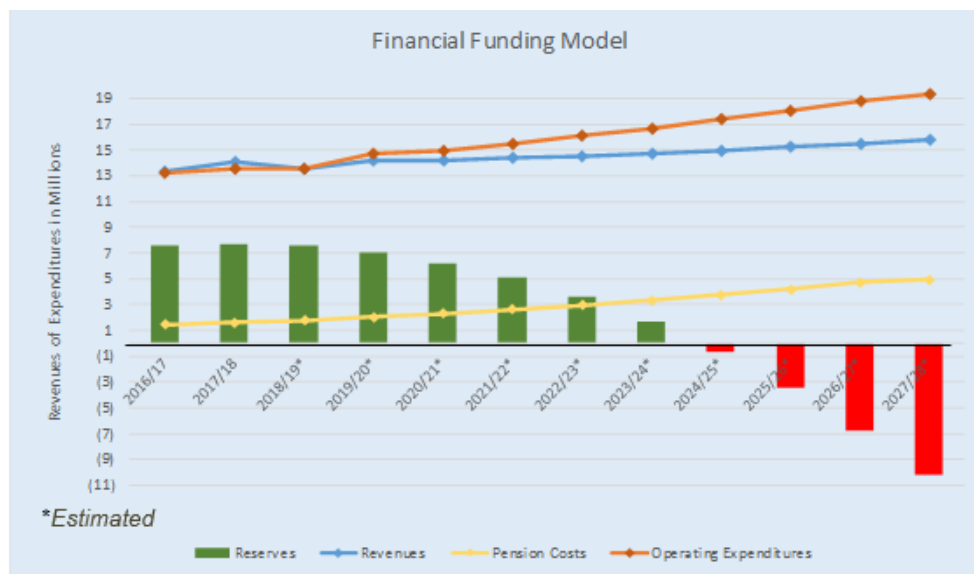
The City would like to propose monthly meeting dates, for the balance of 2019, to discuss the long-term Fiscal Sustainability for the City of Los Alamitos. Staff would like to have scheduled meetings to discuss options for closing the gap; develop an ongoing balanced budget; and create a long term sustainable financial plan which would provide for maintaining essential city services, including public safety.

The Committee and the City Council authorized the position and hiring of a Fiscal Sustainability Manager in April 2019. David Cain was hired to fill this part-time position and will help provide direction and recommendations for the City's long term fiscal sustainability plan.

Staff was directed by the Budget Standing Committee and City Council to provide a list of options of potential gap closures to address the Ten-Year Financial Forecast deficit. This extensive process commenced during the first half of the 2019 as staff gathered, shared, and sought feedback for each potential option. The Budget Standing Committee developed a detailed pros and cons worksheet for each of the potential option, which allowed for comprehensive discussion and feedback. The City has been exploring opportunities for cost savings that includes an extensive list of possibilities, along with and analysis of both pros and cons for each. The City will continue to explore all options for putting the City in a fiscally sustainable position so it can maintain all essential city services

The City of Los Alamitos has limited ability to generate significant new revenues to cover the growing structural budget deficit forecasted, which will impact future essential City services. The City researched many cost cutting options from each operating department and presented a series of educational workshops with the Budget Standing Committee. The current outstanding services that the Los Alamitos community has come to expect are not sustainable without significant restructuring of the City’s long term financial plan.

A Ten-Year Forecast was presented to Council on October 15, 2018 reported an anticipated depletion of fund balance reserves by Fiscal Year 2024-25. Staff is working to update this to a 20-year plan in an effort to address longer term forecasted deficits and to develop a long term fiscal sustainable plan that will help the City maintain essential city services, including public safety, well into the future.



On June 17, 2019 it will be recommended that the City Council adopt the proposed 2019-20 budget and CIP plan.

The Budget Sustainability Committee at its April meeting discussed the pros and cons of creating a Section 115 Trust for both pension and OPEB funds. The monies held in such trusts can be invested in accordance with the rules governing such special purpose

accounts, thus allowing for a higher earnings due to the longer duration of the investments.

DISCUSSION

Proposed Committee Calendar:

Staff is seeking direction on the proposed calendar and any input for future sustainability topics based on staff recommendations. Staff has prepared a series of meetings for the balance of the calendar year. Proposed Meeting dates for June – December 2019 with staff and the Budget Standing Committee:

Proposed Meeting Dates*
July 22
August 12*
September 23
October 14*
November 4
December 9*

*Some meeting dates would be the second Monday of the month.

During these meetings, staff will present to the Budget Standing Committee a variety of topics and discussion items. The topics and focus areas could include the following:

- Overview of “Long Term Sustainability” – What is it?
- Review of State & Local Relationship and specific impacts on Los Alamitos
- Resident and Business Survey on community priorities on essential city services
- 2018-19 FY Final Results and review of fund balance policies
- Presentation of a 20-year Long Term Financial & CIP Plan
- Update from each operating department about their essential service programs and the status based on an updated 20 year long term financial plan
- Economic Development enhancement options (including possible P3 project)
- Update on the 2019-20 Budget (Mid-Year)
- Update on revenue enhancement opportunities
- Review of proposed 2020-21 Budget Schedule (to be discussed in fall of 2019)
- Review of the Audited 2018-19 CAFR

Community Engagement Meetings:

On June 7, 2019 City staff will have the opportunity to make a presentation about “fiscal sustainability” at the Los Alamitos Chamber of Commerce Breakfast. This will give the City the opportunity to being to proactively reach out to the community through various engagement meetings where we can seek feedback from our residents and business members about their priorities related to essential city services and explain what the long term fiscal sustainability plan will encompass.

115 Trust (Pension and OPEB):

A 115 trust is a vehicle for segregating agency funds from general assets for the purpose of funding essential governmental functions. A Section 115 trust can be used to set aside monies to meet future pension and OPEB contributions or liabilities. Funds placed in a 115 trust are irrevocably committed for the essential government function specified in the applicable trust agreement (e.g., pension obligations). Therefore, the monies held in such trusts can be invested in accordance with the rules governing such special purpose accounts. The benefit of creating such a trust is potentially earning a higher rate of return on monies set aside for future pension obligations. These investment are designed for a longer term horizon and thus can produce higher investment returns from 3 to 7 percent annually – given the increased flexibility and range of investment choices in comparison to the City’s adopted Investment Policy. The City has the option to choose between five different investment options, ranging from conservative to capital appreciation base on the timing in which the funds would be withdrawn and the City’s investment objectives.

The City has already committed ‘assigned’ reserves which have been set aside funds for both future pension and OPEB obligations, in the amount of \$3,620,000 and \$500,00 respectfully. It would be recommend that the City formally authorize a PARS 115 trust for both pension and OPEB funds. Staff discussed the fact trust would improve investment earnings on these funds and could further reduce the unfunded liabilities and lower costs which impact the General Fund. Funds from these assigned reserves would be added to the trust account as various City investments matured. There is no cost to the city for authorizing the formation of 115 trusts. Staff is preparing to bring this item to the June 17, 2019 City Council meeting for consideration and adoption.

It is recommended that the committee members provide feedback and suggestions on the Long Term Fiscal Sustainability Plan discussion items and calendar for the balance of 2019; community engagement opportunities; and formation of a PARS 115 trust.

FISCAL IMPACT

None.

Submitted By: David D. Cain, Fiscal Sustainability Manager
Reviewed By: Eric Hendrickson, Director of Finance
Approved By: Bret M. Plumlee, City Manager