



AGENDA
ADJOURNED CITY COUNCIL BUDGET STUDY SESSION #2

WEDNESDAY, MAY 12, 2021 AT 6:30 PM

Maywood City Council Chambers
4319 E. Slauson Avenue, Maywood, CA 90270
www.cityofmaywood.com

I. CALL TO ORDER/ROLL CALL

CALL TO ORDER
ROLL CALL

II. CITY OFFICIALS

MAYOR
Ricardo Lara

MAYOR PRO TEM
Heber Marquez

COUNCIL MEMBERS
Eduardo De La Riva
Frank Garcia
Jessica Torres

CITY CLERK
Flor Aguiluz

CITY TREASURER
Mary Mariscal

CITY MANAGER
Jennifer E. Vasquez

CITY ATTORNEY
Roxanne Diaz

III. COVID-19 MEETING PROCEDURES

PUBLIC ADVISORY: THE CITY COUNCIL CHAMBERS WILL NOT BE OPEN TO THE PUBLIC Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the Adjourned City Council Budget Study Session #2 for May 12, 2021 will be conducted telephonically through Zoom and broadcast live on the City's Facebook page. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Council Chambers will not be open for the meeting. Council Members will be participating telephonically and will not be physically present in the Council Chambers.

If you would like to speak on an agenda item, you can access the meeting remotely via zoom:

Join by phone 1-669-900-6833 Enter Meeting ID: 880 1947 3789 Passcode: 340760
OR

Please click the link below to join the webinar:
<https://us02web.zoom.us/j/88019473789?pwd=b2QrMUZkTjBNaVZ1WnN3b0FsTHJtZz09>
Passcode: 340760

If you want to comment during the public comment portion of the agenda, Press *9 on your phone or raise your hand in the zoom controls and we will select you from the meeting cue. NOTE: Your phone number will appear on the screen unless you first dial *67 before dialing the numbers as shown above.

The City wants you to know that you can also submit your comments by email to shirley.quinones@cityofmaywood.org. To give adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to 4:30 p.m.; or if you are unable to email, please call the City Clerk's Office at (323) 562-5714 by 4:30 p.m.

If you wish to have your comments read to the Council Members during the appropriate Public Comment period, please indicate in the Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the Council will be subject to the three minute time limitation (approximately 350 words). Written comments that are only to be provided to Council and not read at the meeting will be distributed to the Council prior to the meeting.

Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the Council meeting, please contact the City Clerk's Office, (323) 562-5714 within 48 hours of the meeting.

IV. MAYOR, COUNCILMEMBERS AND STAFF COMMENTS

V. PUBLIC PARTICIPATION (Agenda Items; Time allotted: 3 minutes)

Speakers wishing to address the City Council on an item on the agenda may use the following:

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VI. PRESENTATION

PRESENTATION OF THE FISCAL YEAR 2021-2022 CITY OF MAYWOOD BUDGET -
SECOND STUDY SESSION

VII. PUBLIC PARTICIPATION (Non-Agenda Items; Time allotted: 3 minutes)

Speakers wishing to address the City Council on non- agenda item you may use the following:

You can access the meeting remotely via zoom:

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OR

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**VIII. ADJOURNMENT - To the next Regular Meeting of the Maywood City Council is
Wednesday, May 12, 2021 at 7:00 p.m.**

PUBLIC ACCESS TO MEETING AGENDA AND AGENDA PACKETS

I, _____, Flor Aguiluz, City Clerk or Shirley Quinones, Deputy City Clerk, hereby certify that this agenda was duly posted by law at 4319 E. Slauson Avenue, Maywood, CA 90270 and the City Website. Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the Maywood City Hall, 4319 E. Slauson Avenue, Maywood CA 90270. If you challenge in court any discussion or action taken concerning an item on this Agenda, you may be limited to rising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting. In compliance with the ADA, if you need special assistance for the meeting, call (323) 562-5723 within 72 hours prior to the meeting so the City can make reasonable arrangements to ensure accessibility.



AGENDA REPORT
CITY OF MAYWOOD



AGENDA ITEM NO.

DATE: May 12, 2021

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JENNIFER VASQUEZ, CITY MANAGER

BY: HRANT MANUELIAN, FINANCE DIRECTOR

SUBJECT: PRESENTATION OF THE FISCAL YEAR 2021-2022 CITY OF MAYWOOD BUDGET - SECOND STUDY SESSION

RECOMMENDATION:

Staff recommends that the City Council provide direction to staff, which will be used to build the draft budget.

BACKGROUND:

This is the second of three planned budget workshops, prior to the public hearing in June 2021 to consider adoption of the proposed FY 2021-2022 budget. Initial draft budgets have been reviewed and discussed with each of the departments.

The purpose of this workshop is for the City Council to receive updated information regarding the General Fund and expectations for FY 2021 – 2022; and to provide direction for potential changes to the budget structure for FY 2021 – 2022.

General Fund Reserve/Balance

Below is an estimate of the General fund balance for fiscal year 2021-2022 based on current data available, which is better than the mid-year estimate. See Attachment No. 1 and Attachment No. 2 for detail of General fund budget expenditures and revenues.

	Estimated FY 20-21 Fund Balance
Estimated Beginning Fund Balance July 1, 2021	3,975,009
Revenue	13,163,188
Expenditure	11,324,626
Ending Fund balance June 30, 2022	<u>5,813,571</u>

As the economy is recovering from the COVID-19 pandemic and stay at home orders are lifted we are expecting revenues to return back to normal pre-COVID amounts and in some categories to even exceed. Businesses are re-opening and due to the economy moving again we are seeing positive effects. With the current budgeted amounts we can expect the City to reach its goal of meeting the reserve balance of 20% of expenditures.

Revenue Expectation for FY 2021 - 2022

Based on current revenues received for FY 20-21, estimates from industry experts and special revenue funding letters received we expect revenues to come in at \$13.1 million for the General Fund.

Sales tax is roughly 18% of the General Fund revenue. Sales tax projections for FY 21-22 are expected to increase and come in at \$2.3 Million, which is a \$484K increase compared to original estimates for FY 20-21. These estimates are based on the current COVID-19 pandemic and the result of the safer at home orders being lifted. As we get more information the sales tax revenue estimate will be adjusted.

Cannabis sales tax revenue makes up roughly 23% of the General Fund revenue. Based on the current trends in the market we expect revenues for FY 21-22 to be \$3 million. This is a conservative estimate due to the uncertainties of the cannabis market coupled with COVID-19. However, it is worthwhile to note that the budget for FY 20-21 was only \$2 million originally and revised to \$2.5 million with the mid-year budget. For FY 20-21 the City is on track to record revenues in excess of \$3.5 million.

Property tax revenue is about 6% of revenues. This is expected to remain in line with the annual 2% increase by the county assessor. The City is expected to receive \$738K in property tax revenues for FY 21-22. The City does not foresee any major changes to its property tax revenues in FY 21 – 22. As expected in the prior year budget adoption the COVID-19 pandemic did not have a negative effect on properties. In fact for the last 3 quarters of data available going back to Quarter 3 2020 Maywood has seen increases in its median sales prices.

Vehicle license fees in lieu of property taxes make up approximately 24% of the General Fund revenues. Like property taxes not much change is expected other than the annual 2% increase in property taxes. Therefore, we expect the City to receive \$3.1 million in VLF fees in lieu of property taxes.

Expenditure Expectations

Employee Compensation Expectation

Employee compensation is 12% of the General Fund budget, this includes wages and benefits. Benefit costs are health insurance, employee pension, and retiree health insurance.

Employee Pension and Retiree Health Insurance Expectation

The City has three major expenditures related to employee retirement: the employer’s normal cost contribution to the defined benefit pension system; the employer’s payment of the unfunded pension liability; and the cost of retiree health insurance premiums.

The employee pension is administered by the California Public Employee Retirement System (CalPERS). Currently the City has the following unfunded liabilities and corresponding funded ratios.

	Unfunded Accrued Liability	% Funded
Misc. - Classic	4,126,110.00	71.0%
Misc. - PEPR	22,595.00	91.1%
Safety	14,515,449.00	53.0%
	<u>18,664,154.00</u>	

An unfunded liability exists when the accrued liability exceeds the market value of plan assets. CalPERS calculates the pension liability for each plan based on assumptions including expected employee wages, expected retirement date, expected mortality, and expected investments returns. When expectations are not met the unfunded liability increases.

Each increase of the unfunded liability is amortized over 30 years to minimize the impact on employers. Beginning with the June 30, 2019 valuation which sets contribution rates for FY 21-22, any increase in the unfunded liability will be amortized over 20 years; thereby increasing employer contributions. The impact to the City cannot be estimated until we have actual results that increase the unfunded liability.

Expected increases for the cost of employee pension per CalPERS current assumption with a 7% rate of return:

	Pension Unfunded Liability Contribution	\$ Increase	% Increase
FY 21-22	1,558,355		
FY 22-23	1,655,000	96,645	6.2%
FY 23-24	1,705,500	50,500	3.1%
FY 24-25	1,753,900	48,400	2.8%
FY 25-26	1,816,000	62,100	3.5%
FY 26-27	1,831,100	15,100	0.8%

The City pays health insurance premiums for 9 eligible retirees. This is expected to remain constant for the foreseeable future.

Sheriff Contract Expectations

The sheriff's contract is 45% of the General Fund budget. The Sheriffs' department has released their costs for FY 21-22. They have increased costs for a deputy sheriff by 1.45% and with the liability remaining unchanged at 11%. The total impact to the City of Maywood would be an increase of about \$73K for FY 21-22 with the same service levels. Currently the City has 9 Deputy Sheriffs, 1 Special Assignment Sheriff, and 1 Motor Deputy. Below is the breakdown and estimate for FY 2021 – 2022 compared to FY 2020 – 2021.

<u>FY 2021 - 2022 Sherriff Contract Estimated Costs</u>			
	FY 2020-21	FY 2020-21	Increase
Base Contract	4,570,080	4,636,346	66,266
Liability Trust Fund	502,709	509,998	7,289
Total	<u>5,072,789</u>	<u>5,146,344</u>	<u>73,555</u>

DISCUSSION:

City Events for FY 21-22

The community events are funded by the General Fund. For discussion: Should these community events be budgeted using the General Fund? What events this year should be budgeted for?

Capital Improvement Projects

The City has several sewer and street related projects that are carried forward from the prior fiscal year. There may also be new projects depending on available funds. The City is currently working with our consultants and preparing a list of projects and expected costs.

The only funds that require a General Fund Match are the SB 1 funds of which the City is required to expend \$68,000.00 of General Fund money.

LEGAL REVIEW:

The City Attorney has reviewed this staff report.

FISCAL IMPACT:

No fiscal impact. City Council direction will be used to prepare the draft FY 2021 – 2022 budget.

ATTACHMENT(S)

1. Attachment No 1 GF Exp
2. Attachment No 2 GF Rev

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
601	City Council		
5000	Elected Officials Stipend	43,549	37,049
5025	Miscellaneous Expense	200	-
5120	Office Supplies	1,000	500
5150	Medicare Expense	632	484
5151	Social Security	400	400
5271	Membership Dues	300	-
5290	Meetings & Mileage & Conference	20,000	20,000
5335	Phone Stipend	2,880	2,400
5470	Group Insurance	74,618	68,499
5500	P.E.R.S. Expense	2,852	2,171
Total 601 City Council		146,431	131,502
01	General Fund		
602	City Administration		
5001	Salaries	248,220	200,305
5120	Office Supplies	-	2,000
5150	Medicare Expense	3,600	2,904
5271	Membership Dues	-	2,000
5290	Meetings & Mileage & Conference	-	7,000
5335	Phone Stipend	660	660
5433	Animal Control Services	-	110,000
5470	Group Insurance	48,763	39,383
5500	P.E.R.S. Expense	33,653	29,231
Total 602 City Administration		334,896	393,483

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
'603	City Clerk		
5000	Elected Officials Stipend	-	7,800
5001	Salaries	-	47,133
5150	Medicare Expense	-	683
5470	Group Insurance	-	13,589
5500	P.E.R.S. Expense	-	3,577
5120	Office Supplies	-	3,000
5125	Computer Software	-	15,250
5200	Municipal Code Service	-	9,300
5271	Membership Dues	-	430
5290	Meetings & Mileage & Conference	-	5,000
5305	Elections	-	10,000
5410	Public Notices	-	25,000
Total 603 City Clerk		-	140,762
01	General Fund		
604	Finance		
5001	Salaries	306,957	306,957
5150	Medicare Expense	4,451	4,451
5470	Group Insurance	90,491	97,431
5500	P.E.R.S. Expense	26,632	26,188
5026	Miscellaneous-Bank Fees & Expenses	-	25,000
5120	Office Supplies	-	8,000
5125	Computer Software	-	10,775
5271	Membership Dues	-	595
5290	Meetings & Mileage & Conference	-	3,300
5430	Contractual Service	-	15,200
5490	Audit Expense	-	45,000
Total 604 Finance		428,531	542,897
01	General Fund		
'605	HR/Risk Management		
5141	New Recruit Expense	-	300
5405	Legal Services	-	20,000
5430	Contractual Service	-	30,000
5450	Worker's Compensation	-	45,000
5455	Unemployment Insurance	-	7,500
5460	Public Liability Insurance	-	235,000
5471	Retiree Benefits	-	214,823
5795	Settlement	-	100,000
Total 605 HR/Risk Management		-	652,623

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
614	General Governmental Services		
5026	Miscellaneous-Bank Fees & Expenses	20,000	-
5100	Custodial Supplies	7,000	7,000
5120	Office Supplies	35,000	10,000
5125	Computer Software	32,500	35,135
5135	Information Technology	78,535	44,160
5141	New Recruit Expense	275	-
5200	Municipal Code Service	9,300	-
5210	Postage & Freight	14,000	14,000
5270	Dues & Subscriptions	2,000	1,379
5271	Membership Dues	24,000	32,233
5290	Meetings & Mileage & Conference	15,000	-
5296	Public Safety Service	5,094,494	5,146,344
5305	Elections	80,000	-
5330	Telephone Svc / Internet Svc	18,000	23,000
5405	Legal Services	350,000	350,000
5430	Contractual Service	521,260	168,256
5434	Temp Services	25,000	-
5450	Worker's Compensation	43,500	45,000
5455	Unemployment Insurance	10,000	7,500
5460	Public Liability Insurance	226,600	235,000
5471	Retiree Benefits	110,000	-
5490	Audit Expense	45,000	-
5534	Emergency Rental Assistance Program	193,260	-
5630	Dump Charges	69,300	-
5751	Processing Fees & Charges	7,500	7,500
5770	Lease Payments	13,900	16,000
5795	Settlement	182,500	-
5920	Office Equipment	15,000	5,000
5958	CJPIA Installment Payment	144,000	144,000
5960	Principal	70,000	75,000
5965	Interest Expense	183,750	178,675
Total 614 General Government Services		7,640,674	6,545,182

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
645	Building and Planning		
5001	Salaries	319,923	310,455
5023	Emergency Clean Up	15,000	-
5040	Planning Commission Stipend	3,900	3,900
5120	Office Supplies	2,000	3,000
5125	Computer Software	5,500	7,156
5150	Medicare Expense	4,639	4,502
5151	Social Security	-	2,500
5271	Membership Dues	35,635	14,984
5290	Meetings & Mileage & Conference	5,000	4,000
5294	Code Enforcement	700	700
5335	Phone Stipend	660	660
5410	Public Notices	63,000	25,000
5430	Contractual Service	374,000	294,000
5434	Temp Services	30,000	-
5470	Group Insurance	75,399	87,108
5500	P.E.R.S. Expense	35,060	32,811
5670	Uniform Allowance	1,000	1,000
5955	Autos & Trucks-Repairs & Maintenance	4,000	-
6000	Projects	-	300,000
Total 645 Building and Planning		975,416	1,091,775

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
648	Public Works		
5001	Salaries	32,932	32,931
5022	Street Repairs & Maintenance	136,000	-
5121	Public Works - Materials & Supplies	8,000	30,000
5150	Medicare Expense	478	478
5151	Social Security	500	250
5290	Meetings & Mileage & Conference	-	2,000
5430	Contractual Service	356,000	573,555
5470	Group Insurance	4,025	4,172
5500	P.E.R.S. Expense	1,582	1,553
5510	Equipment Rental	8,500	5,000
5560	Building Repair and Maintenance	35,000	60,000
5670	Uniform Allowance	500	800
5950	Machinery & Equipment	18,100	8,000
5955	Autos & Trucks-Repairs & Maintenance	16,950	20,000
6000	Projects	300,000	-
Total 648 Public Works		918,567	738,738

Fiscal Year 2021-2022 Preliminary Budget General Fund

<u>Account Code</u>	<u>Account Title</u>	<u>FY 2020-2021 revised Budget</u>	<u>Preliminary FY 2021-2022 Budget</u>
01	General Fund		
681	Community Services		
5001	Salaries	46,276	46,276
5028	Community Food Distribution	1,800	1,800
5120	Office Supplies	5,000	3,000
5150	Medicare Expense	671	671
5210	Postage & Freight	12,000	12,000
5237	Community Benefit Fund Expenditures	75,000	75,000
5270	Dues & Subscriptions	200	100
5290	Meetings & Mileage & Conference	2,200	299
5300	Natural Gas Service	1,500	2,000
5310	Electricity Service	31,000	30,000
5320	Water Service	52,000	45,000
5433	Animal Control Services	110,000	110,000
5470	Group Insurance	7,388	7,708
5500	P.E.R.S. Expense	3,579	3,512
5560	Building Repair and Maintenance	5,000	-
5670	Uniform Allowance	100	50
5751	Processing Fees & Charges	100,000	100,000
5978	Community Events	27,400	27,500
Total 681 Community Services		481,114	464,917
14	Pension/Retirement Fund		
614	General Governmental Services		
5502	PERS Inactive Rate Plan-Unfunded	1,177,888	1,177,888
5504	Active Unfunded Liability-Misc	238,244	238,244
Total Fund 14 Pension/Retirement Fund		1,416,132	1,416,132
	Total	12,341,761	11,324,626

Fiscal Year 2021-2022 Preliminary Budget General Fund Revenues

	Adopted Budget FY 2020-21	FY 2021-2022 Proposed Budget
Taxes		
Franchise & Collectors Fee	165,000	350,000
Property Taxes	724,000	738,480
Utility Users Tax	900,000	960,000
Transfer Tax (Real Estate)	15,000	18,000
Transient Occupancy Tax	60,000	45,000
Cannabis Sales Tax	2,500,000	3,000,000
Sales Tax Revenue	1,871,000	2,355,904
Total Taxes	6,235,000	7,467,384
 Licenses & Permits		
Compliance Program Fee	45,000	45,000
Residential & Building Permits	20,000	25,000
Public Works Permit Fees	100,000	125,000
Other Fees & Permits	30,000	30,000
Occupancy Permits	20,000	20,000
Building Permits	60,000	50,000
Commercial Cannabis Renewal	105,000	105,000
Parking Permits	45,000	45,000
Apartment License	20,000	20,000
Business License	190,000	190,000
Vehicle License Fee - LA County	2,930,000	3,173,048
Total Licenses and Permits	3,565,000	3,828,048

	Adopted Budget FY 2020-21	FY 2021-2022 Proposed Budget
Charges for Services		
Rubbish Assessment	25,000	50,000
Plan Check Fees	35,000	45,000
Rents & Concessions	24,000	24,000
Total Charges for Services	<u>84,000</u>	<u>119,000</u>
Fines and Forfeitures		
Penalties: Apt & Bus License	2,500	2,500
SEMC: Court Collections (DMV)	100,000	100,000
Administrative Citations	8,000	8,000
Parking Fines	80,000	80,000
Total Fines and Forfeitures	<u>190,500</u>	<u>190,500</u>
Leases and Concessions		
Leased Property Rental Income	56,400	39,345
Total Leases and Concessions	<u>56,400</u>	<u>39,345</u>

	Adopted Budget FY 2020-21	FY 2021-2022 Proposed Budget
Miscellaneous		
Interest Income	45,000	20,000
Miscellaneous Revenue	45,000	45,000
Total Miscellaneous Revenue	<u>90,000</u>	<u>65,000</u>
Retiree Pension Levy		
Retiree Pension Levy	850,000	1,158,911
Total Retiree Pension Levy	<u>850,000</u>	<u>1,158,911</u>
Sewer		
Sewer	293,000	295,000
Total Sewer	<u>293,000</u>	<u>295,000</u>
General Fund Revenue Totals	<u><u>11,363,900</u></u>	<u><u>13,163,188</u></u>