City of El Segundo

Strategic Planning Session – June 26, 2014

Follow-up Items

• Workers’ Compensation Costs
• PERS Rate Update

Policy Decisions

• Fund Policy – Economic Uncertainty
• Earthquake Insurance
• Capital Improvement Funding
• Program Reduction Options
Budget Update

- Fund Balance Reserve – FY 2013-2014
- FY 2014-2015 Estimates – Updated since last SPS
- Three Year Forecast – Updated since last SPS
- OPEB Update – Projected funded status at yearend

Workers’ Compensation Fund

- Staff performed further analysis to ensure adequate funding
  - Reviewed statistics, assumptions and methodology used with Third-Party Administrator and Actuary
Workers’ Compensation Fund

- Collects charges from other departments to support:
  - Insurance premium costs
  - Claims administrator fee costs
  - Actuarially determined costs (estimates):
    - Workers’ Compensation claim current costs
    - Long-term costs

- Actuarially determined costs annually (estimates):
  - Workers’ Compensation claim current costs – payments to be made arising out of a workers’ compensation claim made in the current year
  - Long-term costs – the projected present value of future claims payments.
  - Annual Actuarial Report is used to budget for charges to departments
Workers’ Compensation Fund

- Annual Actuarial Report is used to budget for charges to departments; City uses two components:
  - Estimated Fund Balance to cover all outstanding claims
  - Projected 14-15 claim costs

Workers’ Compensation Fund Analysis
Workers' Compensation Fund

- FY 2014 required funding was overstated by $646,000;
- FY 2015 further decreased by $548,000;
- Total decrease in charges collected - $1,194,000

Workers' Compensation Fund Summary

- 2014-15 Funding Level is more in line with historical averages
- Fund reserves set at 70% confidence level, $475,000 higher than recommended level.
CalPERS 20-Year Returns

YEAR END 6/30 (%)

CalPERS Investments Earn 16.2 Percent in 2013

6/26/14 #11

CalPERS Update - Summary

6/26/14 #12
Economic Uncertainty
Fund Policy

Proposal – Revenue Shortfall Designation

Revenue instability for 5 core revenues*
• Sales and Use Tax
• Sales Tax in lieu
• Franchise Fees
• Gas Utility User Tax
• Electric Utility User Tax
*Net of Chevron

City is dependent on these revenue streams
• Budgets are developed assuming these revenues will cover fixed costs into the future
• Extremely volatile
• Not driven just by the economy
• Commodity pricing
• Supply and demand
• Revenues misallocated to the City (Sales Tax)
10-YEAR HISTORY – TOTAL

Baseline Calculation

Sample Calculation using FY 2014 totals:

<table>
<thead>
<tr>
<th>Basis</th>
<th>Sales Tax</th>
<th>Sales Tax in Lieu</th>
<th>Franchise Tax</th>
<th>Gas UUT</th>
<th>Electric UUT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Year Average</td>
<td>5,421,000</td>
<td>2,680,000</td>
<td>2,722,000</td>
<td>1,338,000</td>
<td>3,287,000</td>
<td>15,448,000</td>
</tr>
<tr>
<td>Total FY 2014</td>
<td>6,301,000</td>
<td>2,007,000</td>
<td>3,075,000</td>
<td>2,069,000</td>
<td>2,985,000</td>
<td>16,437,000</td>
</tr>
<tr>
<td>Excess Available:</td>
<td>880,000</td>
<td>(673,000)</td>
<td>353,000</td>
<td>731,000</td>
<td>(302,000)</td>
<td>989,000</td>
</tr>
</tbody>
</table>
Economic Uncertainty Fund Policy Proposal

- Use as the baseline the 10-year rolling average for the aggregate of the 5 revenue categories.

- Staff proposes the following:
  - At the end of each fiscal year, transfer the excess of the revenue total and the baseline to the Economic Uncertainty Fund.
  - Phased in over 4 years, minimum deposit of $500,000 each year.
  - Thresholds:
    - Minimum set at $1,500,000
    - Maximum set at $2,000,000
  - Anything in excess of the $2 million goes into Undesignated Reserves in Economic Uncertainty.

Earthquake Insurance

- The City does not currently purchase earthquake insurance.
- The City’s insurance risk pool does offer an option to purchase at a group rate.
- The City does have a policy covering property, but earthquake damage is excluded.
- Estimate: $300,000
FY 2014-2015 General Fund Assumptions - Revenues

**COMPARED TO FY 2013-2014 YEAREND ESTIMATES**

* Business License Tax –2% Growth due to annual CPI change and anticipated reduction of sales and use tax credits which result in a higher Business License Tax
* Property Tax – Current projection is flat based on pending reassessment appeals
* Transient Occupancy Tax (TOT) –1.57% growth due to an increase in rates and occupancy.
* Sales Tax –13% increase from 2014 estimated yearend; This category is projected to rebound in FY 2015 due to two major reasons:
  * The end to two misallocations approximating $700,000 that reduced FY 2014 sales tax revenue
  * An increase of $543,000 due to the strengthening sales statewide as well as locally
* Charges for Services -1.85% increase from yearend estimates, due to forecasted decrease in demand for permits/inspections
* Interest on Investments –3% decrease from yearend estimates primarily due to low Federal Reserve Rate
* Utility Users’ Tax and Franchise Fees –3.5% increase from yearend estimates.
* All other revenues remain flat or have very little growth compared to yearend estimates.

FY 2014-2015 General Fund Assumptions - Expenditures

* Salaries – increase of $642,000 due to:
  * Expiring Concessions - $292,800
  * Increase in Overtime - $100,000
  * Increase in Special compensations and steps- $249,200

* California Public Employees’ Retirement System (CalPERS) Rate Increases – $822,000 increase in the discount rate, going from 7.75% return to 7.5%. This impacts both rates, safety and nonsafety:
  * Safety Rate Increase: $762,000
  * Misc Group Rate Increase: $60,000
* Increases to CalPERS costs due to Expiring Concessions - $730,000
FY 2014-2015 General Fund Assumptions

* Health Benefits – $400,000 Increase
* OPEB – $400,000 Increase
* Non-Personnel Costs – Total increase of $297,000
  * Equipment Replacement Charge – 10% increase – $142,000
  * Increase in Utility Fees – 3% increase – $32,000
  * Contractual Services & Professional/Technical – Increase of $123,000
* All other Nonpersonnel Costs, such as Meetings & Travel, Training & Education, Supplies and Services have not been increased.
* ESUSD Funding –
  * $250,000 Cash Contribution
  * $80,000 Crossing Guard Services

Fund Balance Reserve

Available Fund Balance: $11,401,500
FY 13/14 Estimated Revenues: $59,118,000
FY 13/14 Estimated Expenditures: 59,418,000
9/30/14 Projected Deficit: (300,000)
9/30/14 Unreserved, Undesign. Fund Bal.: 11,101,500

Fund Balance Reserve Funded Level: 17%
Projected Expenditures 9/30/15: 61,637,800
Required Reserve: 10,478,400
Over (Under) Reserve: $623,100
Fund Balance Reserve

FY 2013-2014 Forecasted Surplus, net: $ 623,100

FY 2014-15 Estimated Revenues: 60,500,000
FY 2014-15 Estimated Expenditures: 61,638,000
FY 2014-15 Estimated Decrease to Fund Bal.: (1,138,000)

FY 2014-2015 Estimated Shortfall: (514,900)

Fiscal Year 2014-2015 – General Fund Preliminary Estimates

<table>
<thead>
<tr>
<th>2014-2015 ESTIMATE</th>
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</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td>60,500,000</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td>61,638,000</td>
</tr>
<tr>
<td>SURPLUS (DEFICIT)</td>
<td>(1,138,000)</td>
</tr>
</tbody>
</table>

PRIOR YEAR FUND BALANCE

EXCESS (DEFICIT) RESERVES FROM PY:

SURPLUS/(SHORTFALL): $ 623,100

$ (514,900)

Proposed Increase to Expenditures for:

Funding for Revenue Sensitivity 500,000
Funding for Equipment Replacement 200,000
Funding for Facilities Maintenance 80,000

Cumulative increase to 2013-2014 Estimate: 780,000
$(1,294,900)

Funding for Capital Projects
Changes to FY 2014/2015 Estimates

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>$57,686,000</td>
<td>60,500,000</td>
<td>2,814,000</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td>61,495,000</td>
<td>61,638,000</td>
<td>(143,000)</td>
</tr>
<tr>
<td><strong>SURPLUS (DEFICIT)</strong></td>
<td>(3,809,000)</td>
<td>(1,138,000)</td>
<td>2,671,000</td>
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<tr>
<th></th>
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<tbody>
<tr>
<td>Increase in Gas UUT:</td>
<td>110,000</td>
<td>1,200,000</td>
<td>1,090,000</td>
</tr>
<tr>
<td>Increase in Sales and Use Tax &amp; Sales Tax in Lieu:</td>
<td>341,000</td>
<td>974,000</td>
<td>633,000</td>
</tr>
<tr>
<td>Increase in Franchise Tax:</td>
<td>2,000</td>
<td>620,000</td>
<td>618,000</td>
</tr>
<tr>
<td>Increase in Business License:</td>
<td>212,000</td>
<td>698,000</td>
<td>486,000</td>
</tr>
<tr>
<td>Increase in TOT:</td>
<td>26,000</td>
<td>333,000</td>
<td>307,000</td>
</tr>
<tr>
<td>Net decrease in all other revenues:</td>
<td>-</td>
<td>(320,000)</td>
<td>(320,000)</td>
</tr>
<tr>
<td>TOTAL CHANGE IN REVENUE ESTIMATES:</td>
<td>$691,000</td>
<td>3,506,000</td>
<td>2,814,000</td>
</tr>
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Three-Year Forecast Assumptions - Revenue

- **Property Tax** - 2% increase on Secured (Source: HdL Companies)
- **Sales Tax** -
  - FY 15/16 – Increase of $375,000, or 4.7% due to Plaza El Segundo Phase 2 (“The Pointe”)
  - FY 16/17 & 17/18- 1.5% Growth; no new revenues (Source: HdL Companies)
- **TOT (Hotel Tax)** -
  - FY 15/16 – Increase of $816,000 due to Remodeled Hacienda Hotel
  - FY 16/17 & 17/18- Projected increases of 4% New Hotel added (Source: Hoteliers)
- **Business License Tax** – 2% Growth (CPI Increase)
- **Recreation & Parks** – Increase in fees
- **No growth in remaining categories**
Three-Year Forecast Assumptions - Expenditures

* Salaries – increase on average $130,000 annually due to:
  * Normal Step/Longevity Increases - $30,000
  * Increase in Sick/Vacation Payouts - $100,000
  * No COLA
  * Expiring concessions included
  * California Public Employees’ Retirement System (CalPERS) Rate Increases –
    * FY 2015-2016 - $479,500
    * FY 2016-2017 - $600,000 (First Year of Change in Mortality Assumptions)
    * FY 2017-2018 - $435,000 (Second Year of Change in Mortality Assumptions)
* Health Benefits - $200,000 annual increase
* Increase in OPEB - $200,000 annual increase
* Workers’ Compensation – $200,000 annual increase

* Non-Personnel Costs – Minimal Increases
  * Equipment Replacement Charge -10% annual increase.
  * Increase in Utility Fees -3% annual increase.
  * Contractual Services & Professional/Technical - 2% annual increase
  * Wiseburn Pool – $300,000 annual costs beginning in FY 2015/2016
* All other Nonpersonnel Costs, such as Meetings & Travel, Training & Education, Supplies and Services have not been increased.
* ESUSD Funding – No Change
General Fund Three-Year Forecast

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<td>(1,284,000)</td>
<td>(793,000)</td>
<td>(759,000)</td>
</tr>
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</table>

Increase to Expenditures for:
- Funding for Equipment Replacement: $200,000
- Funding for Facilities Maintenance: $80,000

Increase to Transfers for:
- Funding for Revenue Volatility: $500,000

Projected Deficit, as Adjusted: $(2,064,000) $(1,643,000) $(1,609,000)

Funding for Capital Projects

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Retiree Health Benefit Funding (OPEB)

- Funding began September 2008
- The City elected to fund two years earlier than required by accounting standards; this decision was made due to a large unfunded liability;
- At the time, the City was only paying the current retiree portion, not setting aside funds for future retirees.
OPEB FUNDING – 9/30/14


OPEB FUNDING PROGRESS

% Funded

0% 5% 10% 15% 20% 25% 30%


5.05% 10.91% 16.96% 20.20% 24.36% 25.84% 29.37%
Capital Update

- Council requested listing of infrastructure needs
- Staff worked on the list and prioritized them into the following four categories:
  - **CATEGORY 1 - IMMEDIATE NEEDS**: Those projects that need to be addressed in the next few years
  - **CATEGORY 2 - MIDTERM NEEDS**: Projects needing improvements in the next 2-5 years
  - **CATEGORY 3 - LONG-TERM NEEDS**: Projects needing improvements in the next 5-10 years
  - **CATEGORY 4 - FUTURE POTENTIAL PROJECTS**: Other projects that should be addressed in the future.

### Project Cost

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Seismically Retrofit Fire Station 1 and Install New Apparatus Bay Doors</td>
<td>$420,000</td>
</tr>
<tr>
<td>2. Richmond Street</td>
<td>$800,000</td>
</tr>
<tr>
<td>3. Finance Software Upgrades</td>
<td>$350,000</td>
</tr>
<tr>
<td>4. Sidewalk Construction/ Replacement (first 3 years)</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>5. Seismic Early Warning System</td>
<td>$40,000</td>
</tr>
<tr>
<td>6. Fire Station Facility Upgrades</td>
<td>$465,000</td>
</tr>
<tr>
<td>7. Police Department Upgrades</td>
<td>$300,000</td>
</tr>
<tr>
<td>8. Library Exterior Painting</td>
<td>$40,000</td>
</tr>
<tr>
<td>9. Library Technology Upgrade</td>
<td>$175,000</td>
</tr>
<tr>
<td>10. New City Website</td>
<td>$150,000</td>
</tr>
<tr>
<td>11. Replace Plunge Filter System*</td>
<td>$800,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$5,040,000</strong></td>
</tr>
</tbody>
</table>
## Capital Update

### Midterm Needs - $15,175,000-$23,175,000

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Sidewalk Construction/ Replacement</td>
<td>$500,000 Annually</td>
</tr>
<tr>
<td>13. Parks Facilities Upgrades</td>
<td>$2,000,000 - $10,000,000</td>
</tr>
<tr>
<td>14. El Segundo Blvd – Phase 2 (Sepulveda to Aviation)</td>
<td>$2,850,000</td>
</tr>
<tr>
<td>15. El Segundo Blvd – Phase 1 (Whiting to Sepulveda)</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>16. Imperial Ave (Sepulveda to Aviation)</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>17. Center Street Resurfacing (El Segundo to Imperial)</td>
<td>$900,000</td>
</tr>
<tr>
<td>18. Grand Ave. Resurfacing (Sepulveda Blvd. to Maryland)</td>
<td>$800,000</td>
</tr>
<tr>
<td>19. Finalize City Hall Upgrades (Council Chambers and windows)</td>
<td>$600,000</td>
</tr>
<tr>
<td>20. Teen Center Upgrades</td>
<td>$75,000</td>
</tr>
</tbody>
</table>

### Long Term Needs - $13,295,000-13,895,000

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Sidewalk Construction/ Replacement</td>
<td>$500,000 Annually</td>
</tr>
<tr>
<td>22. Rebuild Playgrounds at Hilltop, Acacia, and Washington Parks</td>
<td>$375,000 - $975,000</td>
</tr>
<tr>
<td>23. Local Streets Reconstruction</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>24. Hughes Way</td>
<td>$350,000</td>
</tr>
<tr>
<td>25. Mariposa Ave. (Sepulveda to Main)</td>
<td>$500,000</td>
</tr>
<tr>
<td>26. Resurface City and Parks Facility Parking Lots</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>27. Other Plunge Facility Upgrades</td>
<td>$500,000</td>
</tr>
<tr>
<td>28. Hornet Way Paving</td>
<td>$70,000</td>
</tr>
</tbody>
</table>
Capital Update

Project | Cost
--- | ---
Future Needs - $22,270,000-27,770,000
29. Construct New Potable Water Reservoir | $16,500,000 - $22,000,000
30. Develop Abandoned Water Reservoir | $2,000,000
31. Re-purpose Under-utilized Parks Facilities Unused Handball Court | $200,000
32. Circuit Training on Greenbelt | $120,000
33. Planning and Building Safety software and scanning project | $600,000
34. Bollards on Main Street and Richmond St. | $250,000
35. Crosswalk Lighting on Main | $100,000
36. Library Expansion Project – Children’s Room | $2,500,000

- Recommendation:
  - Prioritize Capital Projects
  - Establish funding level
General Fund Three-Year Forecast

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Increase to Transfers for:
- Funding for Revenue Volatility: +500,000

Projected Deficit, as Adjusted: (2,064,000) (1,643,000) (1,609,000)

Long-Term Budget Balancing Options

- **Option 1**
  - Reduce Staffing and Service Levels/Salary & Benefit Reductions
  - Reduction by Department/Negotiations

- **Option 2**
  - Programs and Revenues
  - ESUSD Wiseburn Pool Trash fees, etc.
OPTION 1 - Staffing and Service Level Impacts by Department FY 2014-2015

3% Reduction by Department FY 2014-2015

- City Treasurer: $3,200
- City Clerk: $9,800
- City Council: $0
- City Attorney: $0
- City Manager/IS: $85,000
- Planning & BS: $85,700
- Finance: $57,000
- Human Resources: $23,800
- Police: $500,000
- Fire: $450,000
- Public Works: $177,500
- Recreation & Parks: $154,500
- Library Services: $92,000

TOTAL: $1,638,500
OPTION 1 - Staffing Reductions
City Manager- $85,000

Staff Reductions
Combine 2 Administrative positions (City Council and City Manager Assistants) into one full-time and one part-time position.

Estimated Savings: $85,000

Impacts of Staff Reductions
• Reduced public access to City Council, City Manager
• Delayed response to citizen inquiries
• Delayed scheduling of meetings and events
• Reduced internal communication and coordination

OPTION 1 - Staffing Reductions
Planning & Building Safety - $85,700

Staff Reductions
Reduce Contractual Services - $85,700

Impacts of Staff Reductions
• Reduction in professional/technical funding will mean:
  o More large scale development projects will be reviewed/managed by in-house staff instead of consultants
  o Re-organizing staffing levels at the counter; will reduce counter hours for professional staff (engineers and planners)
  o Inability to contract out for special studies (i.e. traffic and parking)
**OPTION 1 - Staffing Reductions**

**Finance Department - $57,000**

**Staff Reductions**
- Accounting Technician Position backfilled with Part-Time
- **Estimated Savings** $57,000

**Impacts of Staff Reductions**
- Minimal staffing to serve the public counter assisting customers paying water utility bills, opening and closing. Calculating and processing business licenses (renewals and new accounts), accounts receivable billing and coordinating the collection process for uncollectible revenues.
- Reduced ability to mine for unlicensed businesses using state programs
- Reduced ability to process accounts receivable in a timely manner
- Reduced ability to monitor the monthly aging report

**Human Resource Department - $23,800**

**Staff Reductions**
Reduce City Receptionist service hours:
Office Specialist I, Hourly, part-time staff $17,700 *

**Nonpersonnel Reductions**
- Advertising/Publishing (2506-6201) $ 2,000
- Training and Education (2506-6223) $ 1,100
- Testing/Recruitment (2506-6262) $ 3,000
**TOTAL** $23,800

*Wages represent 280 hours at Step A ($17.11) and 720 hours at Step B ($17.97)

**Impacts of Staff Reductions**
- City Hall Receptionist and mail room operations will continue to be staffed in the morning hours only, Monday-Thursday. Automated attendant will be used in the afternoon to direct incoming calls.
OPTION 1 - Staffing Reductions
Police Department - $439,000-500,000

Reduce staffing by 2 sworn positions (Officers)

- Police Officer (anticipated retirement) $201,600
- Police Officer (resigned/will not fill) $157,800
- Eliminate part-time Background Investigators $50,600
- Police Service Officer, part-time HNB $29,000

Total Savings (range) $439,000 to $500,000 $439,000

** Reduce staffing by 2 sworn positions (one officer and one sergeant) total savings - $500,000

Impacts of Staff Reductions
Reduction in service, loss of supervision, higher risk management, minimal patrol staffing, reduction in task force participation, overtime increase, lateral assignment reduction

OPTION 1 - Staffing Reductions
Fire Department - $350,000-450,000

Run Short Up to 3 Suppression Positions Daily –

Impacts of Staff Reductions:

- Overall fire suppression staffing reduced from 14 per day to 11, over a 42% reduction from long standing staffing level of 19.
- Transportation of patients by private ambulance more frequently.
- Reduced revenues generated from paramedic transport billing due to less ESFD transports.
- Transportation of patients to the most accessible receiving hospital more frequently.
**OPTION 1 - Staffing Reductions**

**Fire Department** - $350,000-$450,000

**Fire Department**: Run Short Up to 3 Suppression Positions Daily - $350K-$450K in Budget Savings

**Impacts of Staff Reductions:**
- Reduced capability of handling simultaneous incidents.
- Reduced personnel to provide emergency assistance at individual incidents.
- Delays in emergency response.
- Reduced ability to handle large scale incidents.
- Increased reliance on mutual aid.
- Reduced capability to perform fire prevention inspections.

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**OPTION 1 – Staffing/Service Reductions**

**Public Works** - $177,500

**Staff Reductions**
- Full Time and Overtime Savings $65,000

**Nonpersonnel Reductions**
- Supplies $7,000
- Services 105,500

**Total** $177,500

**Impacts of Reductions**
- Reduced counter hours and customer service.
- Reduced ability to meet current workload by eliminating some overtime; delays in response time for internal and external customers.
- Reduced outreach to the community for storm water mandates; use digital media instead; impact is that fewer people will be reached.
OPTION 1 - Staffing/Service Reductions Public Works - $177,500

Impacts of Reductions

• Reduced training and access to professional journals/programs for staff development
• Reduced budget for tools that break and/or need to be replaced.
• Reduced ability to implement special projects or needs through contracts (e.g., traffic studies, engineering drafting, etc)

OPTION 1 - Staffing Reductions Recreation & Parks- $154,500

Parks Division
Freeze full-time Park Maintenance Worker II 52,500
* Back-fill with PT position
* Impact: realignment of duties may reduce ability to provide field preparation services (drag & line) to youth sports organizations and/or EHS.

Terminate Services Agreement with Tree Musketeers 5,000

Reduce budget for various park repairs and projects 14,000
* Impact: Reduces the ability to make park improvements such as fencing repairs and modifications or identify special projects that enhance park facilities.
## OPTION 1 - Staffing Reductions

### Recreation & Parks - $154,500

#### Recreation & Parks - Recreation Division

- Reduce operating hours of Rec Facilities: 41,000
  - Impact: Reduced accessibility to program registration and administrative assistance in the evening hours; Teen Center & Joslyn Center closed on Sundays, displacing programs

- Reduce Acacia Pool operating hours (weekends only): 7,500
  - Impact: Reduced accessibility to outdoor pool, as residents in close proximity would be required to travel to Hilltop Pool.

- Reduce operating supplies and special projects: 12,000
  - Impact: Reduces the ability to replace large equipment items or enhance recreation facilities through small projects

- Reduce special events budget: 12,500
  - Impact: Relies upon event sponsorships which are not predictable; reduces ability to enlarge or plan additional events

**Total Recreation and Parks Department $154,500**

---

#### Recreation & Parks - Community Cable Division

- Reduce PT salary & programming budget: 9,000
  - Impact: Reduced programming and onsite coverage for community events and ESUSD programs (i.e. sports games, drama and musical productions)

- Reduce operating supplies: 1,000
  - Impact: Reduced ability to purchase media-related supplies and/or promotional efforts

**Total Recreation and Parks Department $154,500**
OPTION 1 – Staffing/Service Reductions

Library - $92,000

Staff Reductions
Re-organization of Library Staff for Support & Adult Services Divisions – 1- FTE Library Assistant w/benefits – VACANT

Estimated Savings $  92,000

Service Impacts
• Shift Adult Services & Children’s staff to Support Services for Cataloging and Processing of Materials;
• At Circulation Desk, wait period of 4-6 weeks for best-sellers, new books/magazines, requests, and holds;
• Longer lines and wait time at the Information, Internet and Children’s Desks for questions and homework help;
• No loss of Main Library hours

OPTION 2 - Program Reductions/ Revenue

<table>
<thead>
<tr>
<th>Program Reductions</th>
<th>Estimated Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close Beach restrooms</td>
<td>$  20,000</td>
</tr>
<tr>
<td>Reduce Storm Water Funds</td>
<td>$100,000</td>
</tr>
<tr>
<td>LAX Masterplan Legal Fees &amp; Lobbyist Efforts</td>
<td>$  50,000</td>
</tr>
<tr>
<td>Reduce ESUSD Funding:</td>
<td></td>
</tr>
<tr>
<td>Cash Contribution</td>
<td>$250,000</td>
</tr>
<tr>
<td>Library School Resource</td>
<td>$190,000</td>
</tr>
<tr>
<td>Crossing Guard Contract</td>
<td>$  80,000</td>
</tr>
<tr>
<td>Total Program Options</td>
<td>$690,000</td>
</tr>
</tbody>
</table>
OPTION 2 - Program Reductions/ Revenue

<table>
<thead>
<tr>
<th>Revenue Increases</th>
<th>Estimated Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery of Trash Fees for 3 and 4 Units</td>
<td>$75,000</td>
</tr>
<tr>
<td>Recovery of Residential Permit Fee Costs</td>
<td>$200,000</td>
</tr>
<tr>
<td>Ambulance Recovery - Residential Fees</td>
<td>$180,000</td>
</tr>
<tr>
<td>Total Program Options</td>
<td>$455,000</td>
</tr>
</tbody>
</table>

SUMMARY OF OPTIONS

<table>
<thead>
<tr>
<th>Summary of Budget Balancing Options</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing/Service Reductions</td>
<td>$1,638,500</td>
</tr>
<tr>
<td>Program Reductions</td>
<td>690,000</td>
</tr>
<tr>
<td>Revenue Increases</td>
<td>455,000</td>
</tr>
<tr>
<td></td>
<td>$2,783,500</td>
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</table>
## SUMMARY OF OPTIONS

<table>
<thead>
<tr>
<th>Service / Staffing Reduction Options by Department</th>
<th>Estimated Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRE DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>1 Run Short up to 3 Suppression Positions Daily</td>
<td>$350,000-450,000</td>
</tr>
<tr>
<td><strong>FINANCE DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>2 Freeze FT Accounting Technician Position - backfill w/ PT</td>
<td>$57,000</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>3 Reduce PT City Receptionists service hours</td>
<td>$17,700</td>
</tr>
<tr>
<td>4 Reduce Nonpersonnel budget</td>
<td>$6,100</td>
</tr>
<tr>
<td><strong>CITY MANAGER'S DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>5 Reduce two FT Administrative Positions to one FT &amp; one PT</td>
<td>$85,000</td>
</tr>
<tr>
<td><strong>PLANNING &amp; BUILDING SAFETY</strong></td>
<td></td>
</tr>
<tr>
<td>6 Reduce Contractual Services</td>
<td>$85,700</td>
</tr>
<tr>
<td><strong>LIBRARY SERVICES DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>7 Reorganize staffing and freeze vacant position</td>
<td>$92,000</td>
</tr>
<tr>
<td><strong>POLICE DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>8 Reduce staff by two sworn positions</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RECREATION &amp; PARKS DEPARTMENT</strong></td>
<td></td>
</tr>
<tr>
<td>9 Freeze FT Park Maintenance Worker - backfill w/ PT</td>
<td>$52,500</td>
</tr>
<tr>
<td>10 Terminate Services Agreement with Tree Musketeers</td>
<td>$5,000</td>
</tr>
<tr>
<td>11 Reduce park repairs and projects</td>
<td>$14,000</td>
</tr>
<tr>
<td>- Reduce operating hours of various Recreation</td>
<td></td>
</tr>
<tr>
<td>12 facilities</td>
<td>$41,000</td>
</tr>
<tr>
<td>13 Reduce Acacia Pool operating hours</td>
<td>$7,500</td>
</tr>
<tr>
<td>14 Reduce recreation facility supplies and projects</td>
<td>$12,000</td>
</tr>
<tr>
<td>15 Reduce special event budget</td>
<td>$12,500</td>
</tr>
<tr>
<td>16 Reduce Cable TV programming (PT Salaries)</td>
<td>$9,000</td>
</tr>
<tr>
<td>17 Reduce Cable TV operating supplies</td>
<td>$1,000</td>
</tr>
</tbody>
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### SUMMARY OF OPTIONS

#### PUBLIC WORKS DEPARTMENT

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Staff Reductions</td>
<td>$ 65,000</td>
</tr>
<tr>
<td>19</td>
<td>Reduce supplies</td>
<td>$ 7,000</td>
</tr>
<tr>
<td>20</td>
<td>Reduce services</td>
<td>$ 105,500</td>
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</tbody>
</table>

#### CITY TREASURER REDUCTIONS

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Reduce Supplies &amp; Services</td>
<td>$ 3,200</td>
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</tbody>
</table>

#### CITY CLERK

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Reduce Supplies &amp; Services</td>
<td>$ 9,800</td>
</tr>
</tbody>
</table>

### SUMMARY OF OPTIONS

#### Program Reduction Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Estimated Cost Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>Close Beach Restrooms</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>24</td>
<td>Reduce Storm Water Funds</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>25</td>
<td>Reduce LAX Master Plan legal fees and lobbying</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>26</td>
<td>Eliminate cash contribution to ESUSD</td>
<td>$ 250,000</td>
</tr>
<tr>
<td>27</td>
<td>Eliminate Library services to ESUSD</td>
<td>$ 190,000</td>
</tr>
<tr>
<td>28</td>
<td>Eliminate Crossing Guard Contract to ESUSD</td>
<td>$ 80,000</td>
</tr>
</tbody>
</table>

#### Revenue Enhancements

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Estimated Revenue Enhancements</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>Recovery of Trash Fees for 3 and 4 Unit Properties</td>
<td>$ 75,000</td>
</tr>
<tr>
<td>30</td>
<td>Recovery of Residential Trash Fees</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>31</td>
<td>Ambulance Recovery - Residential Fees</td>
<td>$ 180,000</td>
</tr>
</tbody>
</table>
Outstanding Policy Decisions

- Establish Capital Improvement Funding
- Department Reduction Options
- Program Reduction Options
- Revenue Increase Options
- Fund Policy – Economic Uncertainty
- Earthquake Insurance