

*This Agenda contains a brief general description of each item to be considered. Copies of the Staff reports or other written documentation relating to each item of business referred to on the Agenda are on file in the Office of the City Clerk and are available for public inspection. Any person who has a question concerning any of the agenda items may call the City Manager at (310) 603-0220, ext. 200.*

Procedures for Addressing the Council

IN ORDER TO EXPEDITE CITY COUNCIL BUSINESS, WE ASK THAT ALL PERSONS WISHING TO ADDRESS THE COUNCIL SUBMIT YOUR COMMENTS IN ADVANCE TO CITYCLERK@LYNWOOD.CA.US OR FILL OUT A FORM PROVIDED AT THE PODIUM, AND TO TURN IT IN TO THE CITY CLERK PRIOR TO THE START OF THE MEETING. FAILURE TO FILL OUT SUCH A FORM WILL PROHIBIT YOU FROM ADDRESSING THE COUNCIL IN THE ABSENCE OF THE UNANIMOUS CONSENT OF THE COUNCIL.



**AGENDA  
City Council Special Meeting  
TO BE HELD ON**

**June 29, 2021**

**Web conference via ZOOM - To participate please join via Zoom or by telephone:  
1-669-900-9128 or 1-253-215-8782 Meeting ID: 835 2029 8238.  
If interpretation services are needed, please dial (310) 372-7549; conference code  
673120. Duly Posted on 6/28/21 By MQ  
5:00 PM**

- 1. CALL TO ORDER**
- 2. CERTIFICATION OF AGENDA POSTING BY CITY CLERK**
- 3. ROLL CALL OF COUNCIL MEMBERS**

Marisela Santana, Mayor  
Jorge Casanova, Mayor Pro Tem  
Oscar Flores, Council Member  
Jose Luis Solache, Council Member  
Rita Soto, Council Member

- 4. PLEDGE OF ALLEGIANCE**
- 5. INVOCATION**

**PUBLIC ORAL COMMUNICATIONS**

(Regarding Agenda Items Only)

**CITY COUNCIL ORAL AND WRITTEN COMMUNICATION**

**NEW/OLD BUSINESS**

- 6. FISCAL YEAR (FY) 2021-23 BUDGET WORKSHOP**

**Comments:**

In preparation for the FY 2021-23 Budget Hearing, the purpose of this Budget Workshop is to

review the FY 2021-23 City Manager Proposed Budget. The focus at the Budget Workshop is on the General Fund. Staff looks forward to Council's comments on the draft budget and proposed modifications for incorporation into the full Proposed FY 2021-23 Budget (City, Successor Agency, Lynwood Utility Authority, Appropriations Limit, and Master Fee Schedule), which will be presented at the scheduled budget hearing for Council approval. (FIN)

**Recommendation:**

Staff recommends that the City Council conduct a budget workshop to receive a presentation on the FY 2021-23 City Manager Proposed Budget and provide input.

**7. CITY COUNCIL ORAL AND WRITTEN COMMUNICATION**

**8. STAFF ORAL COMMENTS**

**ADJOURNMENT**

THE NEXT REGULAR MEETING WILL BE HELD ON JULY 6, 2021 AT 6:00 P.M. IN THE COUNCIL CHAMBERS OF THE CITY HALL ANNEX, 11350 BULLIS ROAD, CITY OF LYNWOOD, CALIFORNIA.



# AGENDA STAFF REPORT

**DATE:** June 29, 2021

**TO:** Honorable Mayor and Members of the City Council

**APPROVED BY:** Ernie Hernandez, City Manager

**PREPARED BY:** John Downs, Director of Finance & Administrative Services

**SUBJECT:** FISCAL YEAR (FY) 2021-23 BUDGET WORKSHOP

**Recommendation:**

Staff recommends that the City Council conduct a budget workshop to receive a presentation on the FY 2021-23 City Manager Proposed Budget and provide input.

**Background:**

In preparation for the FY 2021-23 Budget Hearing, the purpose of this Budget Workshop is to review the FY 2021-23 City Manager Proposed Budget. The focus at the Budget Workshop is on the General Fund. Staff looks forward to Council's comments on the draft budget and proposed modifications for incorporation into the full Proposed FY 2021-23 Budget (City, Successor Agency, Lynwood Utility Authority, Appropriations Limit, and Master Fee Schedule), which will be presented at the scheduled budget hearing for Council approval.

**Discussion and Analysis:**

**FY 2020-21 General Fund Year-End Performance**

On July 2, 2019, the City Council adopted the FY 2019-20 budget and approved the FY 2020-21 budget. The FY 2020-21 Revised General Fund Budget included \$38.25 million of expenditures and transfers out, \$38.70 million in revenues and transfers in, with an operating surplus of \$450k. The City is projecting to end the year with \$35.39 million in expenditures and transfers out, offset by \$38.59 million in revenues and transfers in, resulting in a surplus of \$3.19 million. Please note the beginning fund balance for FY 2020-21 year-end (unaudited), indicates the \$2.36 million of spendable monies, the total beginning fund balance is \$5.52 million.

<b>FY 2021-21 GENERAL FUND BUDGET</b>		
	<b>FY 2020-21 Revised Budget</b>	<b>FY 2020-21 Year-End (Unaudited)</b>
Beginning Fund Balance	\$5,529,106	\$2,362,692

Revenues	\$38,701,866	\$38,589,946
Expenditures	<u>(\$38,251,154)</u>	<u>(\$35,399,329)</u>
Operating Surplus (Deficit)	\$450,712	\$3,190,617
Ending Fund Balance	\$5,979,818	\$5,553,309

**FY 2020-21 Year-End Financial Report (Unaudited):**

The table below details the City's FY 2020-21 Revised Budget and FY 2020-21 Year-End Estimates (Unaudited) for revenue and expenditures. Overall, revenues for the City are projected to be down by 10.9% (or \$111k) compared to the FY 2020-21 Revised Budget. Numerous sources of revenue are projected to exceed the revised budgeted figures. The City's expenditures are projected to be down by 23.1% (or \$2.85 million) compared to the FY 2020-21 Revised Budget.

<b>MAJOR GENERAL FUND REVENUES</b>				
	<b>FY 2020-21 Revised Budget</b>	<b>FY 2020-21 Year- End Estimate</b>	<b>Increase (Decrease) Amount</b>	<b>Increase (Decrease) %</b>
<b><i>Revenues</i></b>				
Property Tax	\$11,646,501	\$11,887,311	\$240,810	2.1%
Sales Tax (including Measure PS)	8,121,223	10,806,929	\$2,685,706	33.1%
Utility Users Tax	5,270,000	4,235,219	(\$1,034,781)	-19.6%
Franchise Fees	833,144	985,452	\$152,308	18.3%
Business License & Other Tax	637,600	606,560	(\$31,040)	-4.9%
Charges for Current Services	1,434,363	1,767,586	\$333,223	23.2%
Fines, Forfeits, & Penalties	1,199,500	677,600	(\$521,900)	-43.5%
Other Revenues	6,594,245	4,126,031	(\$2,468,214)	-37.4%
Transfers In	2,965,290	3,497,258	\$531,968	17.9%
<b>Total Revenues</b>	<b>\$38,701,866</b>	<b>\$38,589,946</b>	<b>(\$111,920)</b>	<b>-10.9%</b>
<b><i>Expenditures</i></b>				
Operational Expenditures	\$34,559,913	\$32,322,023	(\$2,237,890)	-6.5%
Transfers Out	3,691,241	\$3,077,306	(\$613,935)	-16.6%
<b>Total Expenditures</b>	<b>\$38,251,154</b>	<b>\$35,399,329</b>	<b>(\$2,851,825)</b>	<b>-23.1%</b>

**FY 2021-23 Proposed Budget Overview**

The City Manager and Finance staff met with all Departments and Offices to review and discuss FY 2021-23 proposed budgets. The table below highlights the FY 2021-22 and FY 2022-23 General Fund Proposed Budgets.

<b>CITY MANAGER FY 2021-23 GENERAL FUND PROPOSED BUDGET</b>		
	<b>FY 2021-22 Proposed</b>	<b>FY 2022-23 Proposed</b>
Revenues and Transfers In	\$37,697,359	\$38,776,373
Expenditures and Transfers Out	\$38,169,811	\$39,342,717
Projected Deficit	(\$472,452)	(\$566,344)
Beginning Balance	\$5,553,309	\$5,080,856
Ending Balance	\$5,080,856	\$4,514,513

Fund Balance Needed to Meet Reserve Policy	\$3,816,981	\$3,934,272
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The General Fund is the primary source and operating fund for most of the services, such as public safety (Los Angeles County Sheriff & Fire), street and park maintenance, and community services, that the City provides to the community.

The FY 2021-22 and FY 2022-23 Proposed Budgets were developed in the context of the City gradually recovering from the impact of the Covid-19 pandemic. For FY 2021-22, the proposed revenue for property, sales, and use taxes is comprised of 62.79%, or \$23.67 million of the total \$37.69 million in resources provided to the General Fund. Utility user's tax, licenses, permits, franchise fees, fines, interest, rent and other miscellaneous sources represent 31.65% of revenues (\$11.93 million). Interfund transfers from other funds make up another 5.56%, or \$2.09 million of the total.

<b>FY 2021-22 AND FY 2022-23 PROPOSED GENERAL FUND BUDGET</b>
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	<b>FY 2020-21 Revised Budget</b>	<b>FY 2020-21 Year- End Estimate</b>	<b>FY 2021-22 Proposed Budget</b>	<b>FY 2022-23 Proposed Budget</b>
<b><u>Revenues</u></b>				
Property Tax	\$11,646,501	\$11,887,311	\$11,844,069	\$11,749,505
Sales Tax (including Measure PS)	8,121,223	10,806,929	11,826,400	12,560,100
Utility Users Tax	5,270,000	4,235,219	5,270,000	5,270,000
Franchise Fees	833,144	985,452	973,144	973,144
Business License & Other Tax	637,600	606,560	594,820	614,600
Charges for Current Services	1,434,363	1,767,586	1,604,025	1,933,450
Fines, Forfeits, & Penalties	1,199,500	677,600	906,000	1,016,000
Other Revenues	6,594,245	4,126,031	2,581,427	2,440,900
Transfers In	2,965,290	3,497,258	2,097,474	2,218,674
<b>Total Revenues</b>	<b>\$38,701,866</b>	<b>\$38,589,946</b>	<b>\$37,697,359</b>	<b>\$38,776,373</b>
<b><u>Expenditures</u></b>				
Operational Expenditures	\$34,559,913	\$32,322,023	\$35,831,199	\$36,920,786
Transfers Out	3,691,241	\$3,077,306	\$2,338,612	\$2,421,931
<b>Total Expenditures</b>	<b>\$38,251,154</b>	<b>\$35,399,329</b>	<b>\$38,169,811</b>	<b>\$39,342,717</b>

The FY 2021-22 proposed budget includes \$38.17 million in recommended expenditures. Personnel costs, which include salaries and benefits, represent \$7.50 million of the total expenditures. Operational costs, which include materials, services, contracts and supplies, account for \$28.33 million of the budget. Debt service and transfers to other funds costs total \$2.34 million. The proposed FY 2021-22 expenditures and transfers out have decreased by 0.21% or \$81,343 over FY 2020-21 revised budget.

The FY 2022-23 proposed budget includes \$39.34 million in recommended expenditures and transfers out. Personnel costs, which include salaries and benefits, represent \$7.80 million of the total expenditures. Operational costs, which include materials, services, contracts and supplies, account for \$29.11 million of the budget. Debt service and transfers to other funds costs total \$2.42 million. The projected expenditures have increased by 3.07% or \$1.17 million over the FY 2021-22 budget.

## Other Proposed Budget Recommendations

As part of the upcoming budget adoption, the City Manager is recommending the establishment of a New Reserve Policy and four (4) new Funds indicated below:

- Formal Reserve Policy
  - 10% Dedication with goal of 20%
  - \$3.81 million set aside from current fund balance
- Reserved Contingency Funds
  - Fleet Replacement Fund - \$200,000
  - Building Maintenance Fund - \$250,000
  - Street Maintenance Fund - \$250,000
  - Technology Preservation Fund - \$100,000

In efforts to maintain adequate service levels, the City Manager recommends that the City Council consider the addition of four (4) part-time maintenance workers. In addition, the City Manager recommends including \$60,000 in the City Manager's Office budget for federal lobbyist for FY 2021-22.

Please note that the recommendations listed above are not included in the figures presented for the FY 2021-22 and FY 2022-23 proposed budgets.

### Fiscal Impact:

It is estimated that the General Fund balance will complete the FY 2021-21 fiscal year at \$5.55 million. This is an estimated increase of \$3.19 million in revenues over expenditures.

Based on the FY 2021-22 Proposed Budget and FY 2022-23 Proposed Budget, the projected General Fund balance would be \$5.08 million at the end of FY 2021-22 and \$4.51 million at the end of FY 2022-23.

### Coordinated With:

City Manager's Office  
City Attorney  
All Department

### ATTACHMENTS:

#### Description

No Attachments Available