

**JOINT SPECIAL MEETING AGENDA OF THE
CITY OF INDUSTRY CITY COUNCIL, SUCCESSOR
AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, INDUSTRY
PUBLIC UTILITIES COMMISSION, AND INDUSTRY PUBLIC FACILITIES
AUTHORITY**

**JUNE 11, 2019
4:00 P.M.**

**CITY COUNCIL/SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT
AGENCY/INDUSTRY PUBLIC UTILITIES COMMISSION/INDUSTRY PUBLIC FACILITIES
AUTHORITY:**



*Mayor/Chairman/President Mark Radecki
Mayor Pro Tem/Vice-Chair/Board Member Cory Moss
Council Member/Board Member Abraham Cruz
Council Member/ Board Member Catherine Marcucci
Council Member/ Board Member Newell Ruggles*

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California 91744

Addressing the City Council/Agency/Commission/Authority:

- ▶ **Agenda Items:** Members of the public may address the City Council/Agency/Commission/Authority on any matter listed on the Agenda. Anyone wishing to speak is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed form should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard.
- ▶ **Public Comments (Agenda Items Only):** During public comments, if you wish to address the City Council/Agency/Commission/Authority during this Special Meeting, under Government Code Section 54954.3(a), you may only address the City Council/Agency/Commission/Authority concerning any item that has been described in the notice for the Special Meeting.

Americans with Disabilities Act:

- ▶ In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.

Agendas and other writings:

- ▶ In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.

1. Call to Order
2. Flag Salute
3. Roll Call
4. Public Comments
5. **OATH OF OFFICE/REORGANIZATION**

5.1 Administration of Oath of Office

5.2 Reorganization of City Council

RECOMMENDED ACTION: Consider nominations and make appointments for Mayor and Mayor Pro Tempore.

6. **ACTION ITEMS**

6.1 Presentation and discussion regarding the FY 2019-2020 Proposed Budget

7. Adjournment. The next regular City Council Meeting will be Thursday, June 13, 2019 at 9:00 a.m.

*JOINT SPECIAL MEETING
CITY COUNCIL, SUCCESSOR AGENCY,
INDUSTRY PUBLIC UTILITIES COMMISSION
AND INDUSTRY PUBLIC FACILITIES AUTHORITY
JUNE 11, 2019*

ITEM NO. 6.1



CITY OF INDUSTRY

MEMORANDUM

TO: Honorable Mayor and Members of the City Council

FROM: Troy Helling, City Manager

STAFF: Yamini Pathak, Director of Finance
Dean Yamagata, Frazer, LLP – Financial Consultant

DATE: June 11, 2019

SUBJECT: Consideration of Resolution No. 2019-27 - A Resolution of the City Council of the City of Industry, California, Approving and Adopting the FY 2019-20 Proposed Budget.

BACKGROUND

The Budget Adoption Process is one of the most important processes the City undertakes each year, entailing a five (5) month process beginning in January/February and culminating with the budget adoption in June. The City's Operating Budget is an extremely important document, as it represents the City's financial operating plan and transparency vehicle to summarize the City's key fiscal resources, top budget priorities for the fiscal year, and planned programming & service levels for our residents, businesses and surrounding communities.

Budget Recap

The Proposed Budget for the fiscal year 2019-2020 adheres to the financial policies of the City of Industry.

There are no "one-time" sources of revenues used to balance the General Fund budget for FY 2019-2020.

The FY 2019-2020 proposed revenues and expenditures budget amounts were increased using a 2.5% (CPI) increase over the estimated actual amounts for the FY 2018-2019 year. Certain revenue and expenditures amounts were also budgeted based upon known factors that would increase or decrease the amount more than the proposed 2.5% increase.

Expenditures for all funds for the proposed FY 2019-2020 operating budget totaled \$283,579,178.00

Budget Recap (continued)

Below is a summary of all fund groups including the transfers.

		CITY OF INDUSTRY PROJECTED FUND BALANCES Fiscal Year 2019-2020						
		PROPOSED						
		PROJECTED FUND BALANCE JUNE 30, 2019	REVENUES 2019- 2020	EXPENDITURES 2019- 2020	TRANSFER IN FROM OTHER FUNDS	TRANSFER OUT TO OTHER FUNDS	PROJECTED SURPLUS/ (DEFICIT)	PROJECTED FUND BALANCE JUNE 30, 2020
GENERAL FUND								
100	OPERATIONS	642,062,934	65,281,398	(44,794,440)	7,578,000	(37,171,940)	(9,106,982)	632,955,952
		<u>642,062,934</u>	<u>65,281,398</u>	<u>(44,794,440)</u>	<u>7,578,000</u>	<u>(37,171,940)</u>	<u>(9,106,982)</u>	<u>632,955,952</u>
SPECIAL REVENUES								
101	STATE GAS TAX	17,903	24,100	(24,000)	-	-	100	18,003
102	MEASURE R	-	7,000	(7,000)	-	-	-	-
103	PROP A	3,491,618	50,000	(442,000)	-	-	(392,000)	3,099,618
104	PROP C	12,372	9,010	(10,000)	-	-	(990)	11,382
105	AQMD GRANT	471	-	-	-	-	-	471
106	MEASURE M	271	8,000	(11,000)	-	-	(3,000)	(2,729)
165	CARB	719,245	150,000	(100,000)	-	-	50,000	769,245
110	GRANT FUND	-	-	-	-	-	-	-
		<u>4,241,680</u>	<u>246,110</u>	<u>(594,000)</u>	<u>-</u>	<u>-</u>	<u>(345,890)</u>	<u>3,895,990</u>
ENTERPRISE FUND								
360	CIVIC RECREATIONAL INDUSTRIAL AUTH	119,770	3,010	(527,400)	677,900	(150,500)	3,010	122,780
361	EXPO CENTER	6,619,931	2,541,900	(2,692,400)	150,500	-	-	6,619,931
161	CITY ELECTRIC	552,314	5,706,000	(5,611,000)	-	-	95,000	647,314
560	INDUSTRY PUBLIC UTILITIES COMMISSION	10,463,692	1,538,000	(679,300)	-	-	858,700	11,322,392
561	INDUSTRY PUBLIC UTILITIES COMMISSION	1,397,276	2,026,100	(2,167,600)	-	-	(141,500)	1,255,776
160	INDUSTRY PROPERTY HOUSING AUTH	10,262,747	252,200	(571,240)	319,040	-	-	10,262,747
		<u>29,415,730</u>	<u>12,067,210</u>	<u>(12,248,940)</u>	<u>1,147,440</u>	<u>(150,500)</u>	<u>815,210</u>	<u>30,230,940</u>
CAPITAL IMPROVEMENTS FUNDS								
120	CITY CAPITAL IMPROVEMENTS	200,014,234	2,607,000	(70,522,000)	1,400,000	-	(66,515,000)	133,499,234
		<u>200,014,234</u>	<u>2,607,000</u>	<u>(70,522,000)</u>	<u>1,400,000</u>	<u>-</u>	<u>(66,515,000)</u>	<u>133,499,234</u>
FDUCIARY FUNDS								
145	ASSESSMENT DISTRICT 91-1	2,296,046	29,000	(507,954)	-	-	(478,954)	1,817,092
		<u>2,296,046</u>	<u>29,000</u>	<u>(507,954)</u>	<u>-</u>	<u>-</u>	<u>(478,954)</u>	<u>1,817,092</u>
DEBT SERVICE								
135	TAX OVERRIDE	4,468,973	55,529,100	-	-	(55,529,000)	100	4,469,073
140	CITY OF INDUSTRY	79,946,135	14,513,200	(41,327,308)	34,760,000	(7,578,000)	367,892	80,314,027
440	INDUSTRY PUBLIC FACILITIES AUTHORITY	396,564,177	16,607,286	(113,584,536)	55,544,000	-	(41,433,250)	355,130,927
	Total PFA	<u>396,564,177</u>	<u>16,607,286</u>	<u>(113,584,536)</u>	<u>55,544,000</u>	<u>-</u>	<u>(41,433,250)</u>	<u>355,130,927</u>
		<u>480,979,285</u>	<u>86,649,586</u>	<u>(154,911,844)</u>	<u>90,304,000</u>	<u>(63,107,000)</u>	<u>(41,065,258)</u>	<u>439,914,027</u>
	PROJECTED ENDING FUND BALANCE	<u>1,359,010,109</u>	<u>166,882,304</u>	<u>(283,579,178)</u>	<u>100,429,440</u>	<u>(100,429,440)</u>	<u>(116,696,874)</u>	<u>1,242,313,235</u>

General Fund

The General Fund is the main operating fund of the City. We have budgeted total revenues of \$65,281,398.00, expenditures of \$44,794,440.00 and net transfers out of \$29,593,940.00, which represents an approximate \$9.1 million decrease in fund balance for FY 2019-2020. The proposed budget reflects an increase in the Adopted General Fund revenues of 4% over the prior year budget. The \$9.1 million decrease will be partially offset by collections on the note receivable from the City of La Puente and also funded by approximately \$552 million of cash and investments that the City has on hand. The City is in the process of reviewing potential income generating alternatives to help bridge the deficit in future years.

Conservatively, the proposed FY 2019-2020 projects sales tax revenues with a minimal increase over the prior year. However, the City anticipates that sales tax revenues will exceed the budgeted amount for FY2019-2020. The remaining budgeted General Fund revenues of increases and decreases basically offset each other in the proposed budget.

The proposed budget has approximately a 3% increase in General Fund expenditures over the prior year's amended budget. Net Transfers Out decreased slightly from the prior year's budgeted amount. The FY 2019-2020 transfers will be \$29.6 million compared to \$29.4 million budgeted in the prior year.

Special Revenue Funds

The City anticipates receiving approximately \$248,000.00 in Special Revenue Funds during FY 2019-2020. In the prior year we had budgeted \$5.3 million in Prop C Grant funds for the 57/60 off ramp project, which was completed last fiscal year.

Enterprise Funds

The Enterprise Funds FY 2019-2020 proposed budget for the Civic Recreational-Industrial Authority, Industry Public Utilities Commission and Industry Property and Housing Management Authority will be approved by their respective boards. The General Fund will be funding the \$677,900.00 deficit of Civic Recreational-Industrial Authority and the \$319,040.00 deficit of Industry Property and Housing Management Authority, respectively.

Capital Improvement Funds

The City has budgeted approximately \$70.5 million in capital projects during FY 2019-2020. See the Capital Projects Fund budget for a listing of the proposed projects. These expenditures will be funded by the bond proceeds from the 2015 Sales Tax Bond and interest income earned on the remaining balance of \$200 million in cash and investments.

Fiduciary Funds

The Fiduciary Fund for Assessment District 91-1 has sufficient cash and investments on hand to retire the remaining outstanding principal and interest payments on the bonds. Therefore, we have not assessed the landowners a property tax assessment for the current year.

Debt Service

The accounting for the cash transferred from the Successor Agency and City's Tax Override fund was changed in 2017-2018 which resulted in a change in how the City budget's these revenues in the debt service fund for IPFA. The City has budgeted a total of \$86.6 million in revenues and net transfers in of \$27.2 million to pay for \$154.9

million of bond principal and interest payments, resulting in a shortfall of \$41.1 million. However, there is no shortfall in cash as this difference is being paid by monies received from the Successor Agency in the form of principal payments received by IPFA.

FISCAL IMPACT

The FY 19-20 Proposed General Fund Budget will total \$44,794,440.00 in expenditures and \$29,593,940.00 in transfers out will be supported by \$65,281,398.00 in revenues and \$9,106,982.00 in available reserves.

The FY 19-20 Proposed CIP Program Budget of \$70,522,000.00 in total project costs that will be supported by \$2,607,000.00 in revenues, \$1,400,000.00 Transfers In from the General Fund, and \$66,515,000.00 of available bond proceeds from the 2015 Sales Tax Revenue bond proceeds.

RECOMMENDATION

Staff recommends the City Council approve and adopt Resolution No. CC 2019-27, adopting the Proposed Operating Budget and Proposed CIP Budget for the City of Industry for Fiscal Year 2019-2020. In addition, staff recommends the City Council approve and ratify all City-affiliated entities' budgets, as approved by each respective board and/or commission.

Attachments:

1. Resolution No. CC 2019-27 – Resolution Approving the FY 19-20 Proposed Budget
2. Exhibit A – FY 2019-20 Proposed Budget