

## CITY COUNCIL

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## ADMINISTRATION

CITY MANAGER  
ANDREW VIALPANDO

## CITY OF LOMITA

June 18, 2024

### **Subject: City Manager's FY 2024-2026 Budget Message**

Dear Honorable Mayor, City Council, and Residents of Lomita:

It is my pleasure to submit to you the Fiscal Year Biennial 2024-2026 Operating and Capital Improvement Budget for the City of Lomita for your consideration and adoption. The City Council is committed to setting a high standard for service delivery, and this budget reflects the goals and vision established by the City Council at its last Strategic Planning Session. With the uncertainty from the once in a lifetime COVID-19 Pandemic mostly in our rearview, the City continues to persevere and to meet the needs of the community. I am proud of our organization and its dedicated staff who serve this community with unwavering resilience and compassion to carry Lomita forward. The Fiscal Year 2024-26 Biennial Budget builds on the many lessons learned from the Pandemic and sets lofty goals for the Lomita team to accomplish. I look forward to working with each of you, and our small but mighty staff, to carry out your vision with the utmost prudence and fiduciary responsibility.

The Biennial Budget enables the City to better plan for revenues and expenditures over the intermediate term and provides the public with a clear plan for investments in the community beyond one single fiscal year. The Fiscal Year 2024-26 Biennial Budget is balanced without the use of any carryover funds, and benefits from additional revenues committed through the approval of Measure L while representing a total investment of more than \$74 Million over the next two years into the Lomita community.

While the budget plan reflects significant investments in the future of the community, we remain prepared for potential upcoming challenges while prudently monitoring the balancing of revenues and expenditures. With revenues still in the process of returning to pre-pandemic levels, one-time federal funding helped the City bridge revenue challenges experienced in FY 2022-23 and FY 2023-24 budget so that essential programs and services continued to be delivered without interruption. Moreover, the City Council's sound policymaking and vision enabled the City to make strategic investments to core services and programs that create opportunities for residents and business to thrive, despite cost increases outpacing revenues. The City Council's commitment to fiscal prudence and modernization of our revenue structure will keep us on the road to recovery and long-range stability.

Keeping Lomita a safe community to live, work, and play remains the City's top priority. Similar to the previous Biennial Budget, priority is given to the services that maintain the exceptional quality of life in Lomita, such as comprehensive public safety resources and programs for fast emergency response, supporting seniors, and safe and reliable infrastructure. Among the notable investments featured in the Fiscal Year 2024-26 Biennial Budget is the expected completion of the Lomita Water System's granular activated carbon (GAC) filtration upgrades at the City's water production facility, which will ensure a continued a safe and healthy water system for many years. Additional public

safety and traffic safety efforts are also included with additional patrol deputies through our partnership with the Los Angeles County Sheriff's Department.

The City operates with 35 governmental funds, including the General Fund (and its miscellaneous fund components), Special Revenue funds, Capital Project funds, and Internal Service funds. The City's General Fund comprises approximately 46% of the total revenue and 42% of the total expenditures for the City in the Budget, accounting for the majority of the City's fiscal operation. The General Fund is the City's primary source of funding for general City operations and is the fund most directly available for appropriation by the City Council. For this reason, it is the focus of this letter, though all funds are accounted for in the proposed budget.

Two Enterprise funds (Water Operations and Water Capital) contribute to approximately 35% of the City's overall revenue stream and make up 32% of its total expenditures and are intended to be self-supporting.

Overall revenues are projected to increase by almost \$3 million. Within the City's General Fund, the primary funding source for governmentwide obligations, revenues are projected to be \$14,990,643 and \$15,143,186 for Fiscal Years 2024-25 and 2025-26, respectively, with planned expenditures of \$14,990,643 and \$15,143,186. The overall budget in each fiscal year has been balanced without the use of the City's Reserves or transfers from other funds.

Below is an overview of the major General Fund revenue sources and expenditures with comparisons to previous years:

### **General Fund Overview of Fiscal Year 2024-2026 Biennial Budget**

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. Expenditures of this fund include the general operating expenses which are not paid through other funds.

Although the economy has continued to pull itself out of the pandemic-induced recession, City staff is monitoring indications that the economy may be on a pre-recessionary path due to high inflation, shortages, and other economic indicators. In light of this, the revenue projections included in the budget continue to be conservative, and reflective of the uncertainty related to the economic recovery. A more detailed account is described below.

### **General Fund Revenues**

General fund revenues for FY 2024-25 are projected at \$14,990,643, an increase of \$370,492 from FY 2023-24 Amended Adopted Budget. General fund revenues for FY 2025-26 are projected at \$15,143,186, an increase of \$152,543 from FY 2024-25.

Some of the most significant year-to-year changes in funding for FY 2024-25 is listed below:

- Sales tax revenue (Bradley-Burns and Measure L revenues combined) is projected at \$5.12 million, a net decrease of \$72,857 from FY 2023-24 Amended Adopted Budget and represents 34% of total general fund revenues.

- Motor Vehicle In-Lieu revenue is projected at \$2.97 million, a net increase of \$270,000 from FY 2023-24 Amended Adopted Budget and represents 20% of total general fund revenues.
- Property tax revenue is projected at \$2.1 million, a net increase of \$142,916 from FY 2023-24 Amended Adopted Budget and represents 14% of total general fund revenues.
- Business License Fees are projected at \$700,000, a slight increase from FY 2023-24 Amended Adopted Budget and represent 5% of total general fund revenues.
- Building Department Fees are projected at \$850,000, an increase of \$150,000 from FY 2023-24 Amended Adopted Budget and represent 6% of total general fund revenues.

## **General Fund Expenditures**

Preliminary projections for the coming years were developed in early 2024, but specific expenditure categories and programs were developed following the City Council's Strategic Planning and Goal Setting sessions. The expenditures detailed below represent our efforts to drive those goals forward.

General fund expenditures for FY 2024-25 are projected at \$14,990,643 – an increase of \$168,042 from FY 2023-24 Amended Adopted Budget. General fund expenditures for FY 2025-26 are projected at \$15,143,186 – an increase of \$152,543 from the FY 2024-25 Proposed Budget. Adjustments to expenditures include augmenting our Public Safety and Traffic safety efforts, increasing our ongoing efforts to rebuild our streets, and building up our capacity to grow and prepare for the recovery and rebuilding of our State and local economies. They also include continued implementation of the General Plan Updates, technology, and digital infrastructure upgrades, and increasing the City's voice in State and federal affairs - especially as it relates to local control.

Some of the major expenditure adjustments in the budget includes the following:

- Investing an additional \$200,000 for each Fiscal Year into the City's Street Improvement Fund above what has already been programmed for upcoming street rehabilitation projects.
- Investing \$200,000 in FY 2024-25 for City Hall Upgrades.
- Adding engineering staff to expedite delivery of Capital Improvement Projects and Water Operations staff in anticipation of the completion of the GAC upgrades to the Cypress Water Production Facility.
- Programming resources to enhance our disaster recovery efforts, cybersecurity, and broadband infrastructure upgrades.

## **Summary Conclusions**

The Fiscal Year Biennial 2024-26 Operating and Capital Improvement Budget keeps our organization moving forward and capitalizes on opportunities to grow and adjust. It maintains and builds critical services and invests in long term infrastructure improvements to enhance the quality of life of our residents.

In summary, the Fiscal Year Biennial 2024-26 Budget provides a spending plan that maintains Lomita's tradition of fiscal responsibility while building and investing in the things that make Lomita strong.

I would like to recognize the efforts of each City Department for collaborating to develop key strategies to realize the City Council's vision and goals, as well as our Administrative Services Department for coordinating efforts to assemble this vital and transparent budget plan. I would also like to recognize the City's staff for their dedication to improving our community. Our "Team Lomita" mindset is what makes this organization strong, and I am proud to serve along with them. Finally, I would like to thank the City Council for their continued support and for providing a long-term vision to drive this community into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Vialpando". The signature is fluid and cursive, with the first name being more prominent.

Andrew Vialpando  
City Manager