

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

Members of the Council:

**Subject: 2nd Quarter 2009-10 Budget Review**

**RECOMMENDATION**

Recommendation of the Finance and Governmental Operations Committee that Your Honorable Body concur with the following recommendations:

- Accept the Mid Year 2009-10 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the program modification for the following departments: Community Development, Human Resources and Transit
- Approve the FEAP requests from the General Services Department

**BACKGROUND/ANALYSIS**

On Tuesday, February 23, the Finance and Governmental Operations Committee heard a presentation from staff on the Second Quarter 2009-10 Budget Review.

The Committee voted and accepted unanimously the Second Quarter 2009-10 Budget Review Report, the City Treasurer's Investment Report, the program modifications for the Community Development, Human Resources, Transit and the FEAP requests from the General Services Department.

Respectfully submitted,

Finance and Governmental Operations Committee



Councilman Bill Sutherland, Chair



Councilman Cliff Numark, Member



Councilwoman Susan Rhilinger, Member

Attachments:

- A. Executive Summary
- B. City Treasurer's Investment Report
- C. Program Modifications
- D. FEAP requests

\*A copy of the 2<sup>nd</sup> quarter 2009-10 Budget Review Report is available for review in the City Clerk's office.



Committee Meeting of  
February 23, 2010

Honorable Chair and Members  
of the Finance and Governmental Operations Committee  
City Hall  
Torrance, California

Members of the Committee:

**Subject: Mid Year 2009-10 Budget Review**

### **RECOMMENDATION**

The City Manager and the Finance Director recommend that the following items be approved by the Finance and Governmental Operations Committee and recommended to City Council for action:

- Accept the Mid Year 2009-10 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the program modification for the following departments: Community Development, Human Resources and Transit
- Approve the FEAP requests from the General Services Department

### **EXECUTIVE SUMMARY**

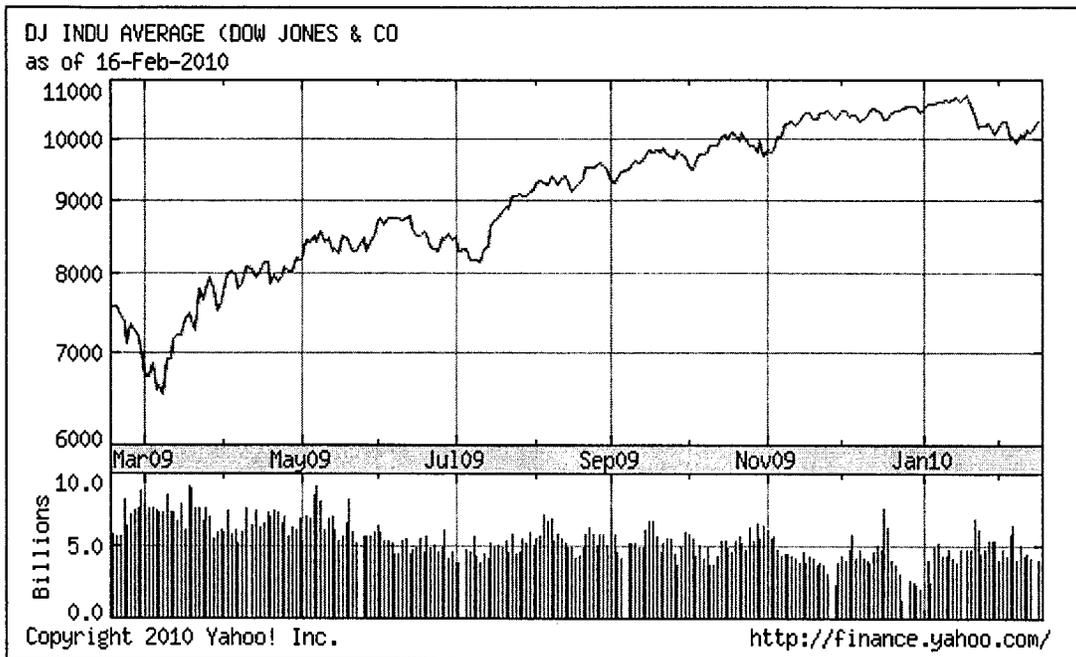
The City's economy based revenues are lagging and are projected to be below budget by fiscal year end. Department expenditures are well within budget at 47.0%, compared to 47.7% and 48.7% in the prior two years. Revenues at mid-year are at 35.9 % compared to 40.4% and 40.6% in the prior two years.

As reported during 1<sup>st</sup> Quarter, the economy appears to have bottomed out. The Gross Domestic Product (GDP) for the United States for the 3<sup>rd</sup> Quarter grew at 2.2%, the most it has in two years. This news does not technically end the recession, as most believe, but predicts the recovery will be gradual. As the recovery continues revenue streams to the City should improve. The budgetary outlook for the City remains optimistically guarded.

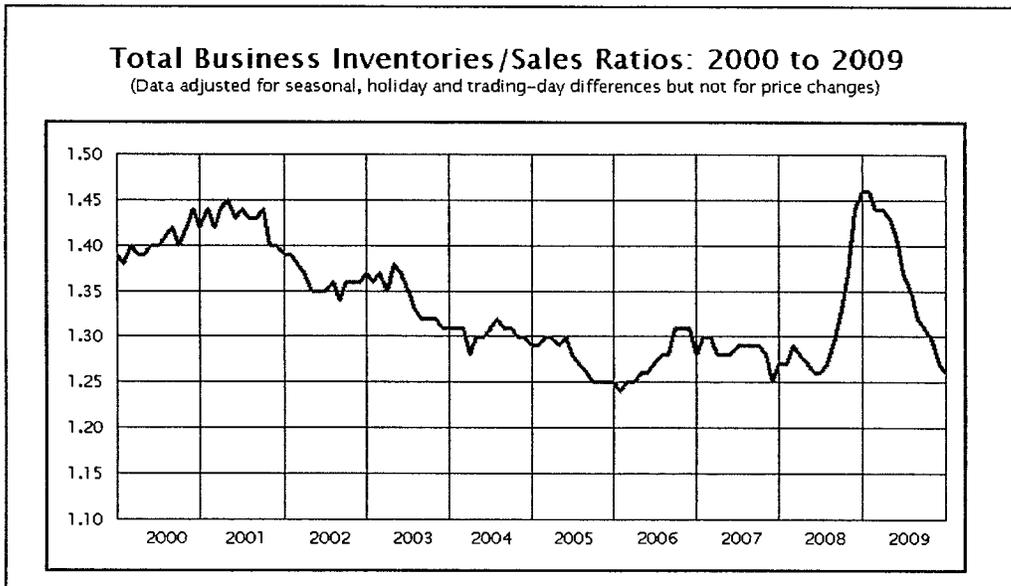
<b>A Snapshot of Torrance</b>
Population: 149,111
Peak Daytime Population (2 p.m.): 203,011
Area: 21 Square Miles
1343 Full-time Employees
6 Fire Stations
1 Police Station &
2 Police Community Centers
235 Sworn Police Employees
156 Sworn Fire Employees
6 Public Libraries
40,000 Street Trees
550 Miles of Sidewalks
53 Parks & Recreation Amenities

Other signs of the economy improving are indicated by the rebound in the stock markets, positive growth in retail sales, decline in business inventories, some stabilization in median home values and some improvement in unemployment.

The Dow Jones Industrial Average is trading above the 10,000 level which marks the highs for the year (see chart). A favorable sign since the Dow was at 6,547 just a short time ago in March of 2009 but nowhere near the 14,000 level that was achieved just two years ago in October 2007. There are also positive signs for consumer purchases as U.S. Department of Commerce figures for advance retail sales for January 2010 are 5.3% above last year and 0.5% above December 2009.



Business inventories at December 2009 are at 1.26 inventories to sales ratio which is lower than the 1.46 a year ago and close to a 10 year low of just under 1.25. As inventories drop, companies will need to increase production by adding work hours to the existing work force or hire additional workers.



Some median home prices in Torrance appear to be stabilizing, as the chart reflects. However, there are still major concerns with regards to residential foreclosures as well as the commercial real estate market.

Zip Code	Median Price December 2009	% Change Year over Year
90501	\$410,000	0.0%
90503	630,000	0.0
90504	432,000	0.0
90505	661,000	-19.8
90277	878,000	-14.7

The unemployment rate continues to be high despite the above economic trends. Even though the unemployment rate is a lagging economic indicator it remains a major concern. The Federal and State's unemployment rate for December 2009 is 10.0% and 12.4% after reaching a high of 10.1% and 12.5% respectively. The unemployment rate for Torrance is at 6.0% which is down 0.3% from September 2009 and is well below the National, State, and County of Los Angeles averages as well as some of our neighboring cities. The unemployment rate can be deceiving since it only measures those actively seeking employment. The drop in some areas could be attributable to those job seekers who have simply given up.

December Unemployment Rate	2009	2008
Federal Gov	10.0%	7.4%
State of California	12.4	9.1
Los Angeles County	12.0	7.8
Carson	12.1	9.6
Gardena	11.3	8.9
Glendale	10.5	8.3
Hawthorne	15.5	12.4
Inglewood	15.0	11.9
Santa Monica	9.9	7.8
Torrance	6.0	4.7

The shortfall in revenues is directly related to revenues that are sensitive to the local economy. The major revenues that have been impacted by the sluggish economy are Sales Tax, Utility Users' Tax and the Sales Tax backfill from the State (Triple Flip).

Sales tax revenue generates approximately \$39 million annually and is the General Fund's second largest revenue source. All of the major elements of sales tax producers are down from September 2009 as compared to September 2008.

Retail Sales				
Top 5 Sales Tax Producers by Economic Segment (by 000's)				
Description	Year End 09/30/09	Year End 09/30/08	Variance	%
Auto Sales New	\$ 4,976	\$ 6,557	\$ (1,581)	-24.1 %
Department Stores	\$ 4,303	\$ 4,870	\$ (567)	-11.7 %
Restaurants	\$ 3,446	\$ 3,704	\$ (258)	-7.0 %
Misc Retail	\$ 2,978	\$ 3,497	\$ (519)	-14.9 %

Actual sales tax receipts for the 3<sup>rd</sup> quarter (calendar) are 6.3% higher than the 2<sup>nd</sup> quarter. A positive sign since actual sales taxes declined each quarter since 3<sup>rd</sup> quarter 2008. Staff will be waiting for the 4<sup>th</sup> quarter sales tax figures which will be released in late March. At this time, staff is projecting sales tax to be below budget by \$3.0 to \$5.0 million inclusive of the State's sales tax flip monies.

Of the \$5 million shortfall in sales tax revenue, \$2.2 million of the decrease is due to the State's change to the allocation methodology of the sales tax flip money. Past practice by the State was to adjust next year's allocation for any changes to actual sales tax receipts during the current fiscal year. However, due to the dramatic decrease in sales tax receipts, the State adjusted the City's current allocation. The State of California has reduced the advance allocation resulting in the City receiving approximately \$2.2 million less than budget.

Utility Users' Tax (UUT) is the other major revenue source that is projected to be below budget by fiscal year end by approximately \$2.0 - \$3.0 million. The UUT covers a wide tax base including, gas, electricity, cellular phones, telephones and water. The shortfall is mainly in the natural gas component including refineries and electricity. Both attributable to the struggling economy which has caused lower usage and consumption by residents and businesses in the City.

As mentioned above, staff is concerned with certain revenue reaching budgeted projections. The mid-year report covers fiscal year 2009-10 results from July through December; however, because the Finance and Governmental Operations Committee meeting is scheduled for February 23, 2010 significant January revenues have been received which are included in the following General Fund revenue schedule as of January 31, 2010:

	Budget 2009-10	Actual as of 01/31/2010	Actual As of 01/31/2009	Revised Projected Surplus/Deficit
Property Tax	\$ 29,194,575	\$ 16,371,395	\$ 16,318,626	-
Vehicle License Fee Swap	11,287,500	5,608,076	5,478,617	210,000
Prop Transfer Tax	450,000	352,293	263,254	(150,000)
Sales Tax	28,816,889	14,649,749	17,814,266	(3,300,000)
Sales Tax Flip	9,915,000	3,833,125	4,981,929	(2,200,000)
Public Safety Augmentation Fund	1,364,928	638,339	773,736	(80,000)
Utility Users' Tax	36,542,018	18,778,666	21,304,121	(2,200,000)
Business License	8,241,960	3,448,352	4,008,093	400,000
Franchise Tax	6,402,751	834,932	1,002,651	1,000,000
Occupancy Tax	8,329,408	4,237,451	5,302,892	(250,000)
Other Taxes	835,130	298,069	430,227	-
In Lieu & Transfer	16,827,776	10,538,234	9,233,515	280,000
Interest Income	4,371,360	1,266,967	2,474,803	(500,000)
Charges for Service	10,961,381	4,770,205	4,503,307	(300,000)
Total	\$173,540,676	\$85,625,853	\$93,890,037	(\$7,090,000)

### Other Concerns

For the mid-year reporting period, the primary focus has been on the General Fund and the economic concerns relating to its' revenues. There are other funds that are also experiencing economic uncertainties in either their revenues or expenditures.

### Airport

Lease revenues in the Airport Fund are below budget projections primarily caused by the economy. Many of the City's land leases at the Airport are performance based and track closely with automobile sales which have declined dramatically since the recession started.

### Cultural Arts Center

The Cultural Arts Center (CAC) revenue budget was increased by \$457,090 in 2009-10 as a result of a recent fee study. Fees were adjusted to offset the costs of providing tickets and to adjust fees for facility rentals and staff fees. The Center has experienced an increase in canceled reservations for Community Services bookings, as cancellations increased from 22% in 2008-09 to 33% in 2009-10 for the same five month period (July through November). Staff is currently analyzing customer data and determining the competitiveness of our fees once all costs are included (set-up, take-down, catering, etc.) with surrounding facilities.

### Self Insurance

Expenses in this fund are projected to exceed budget by year end due primarily to the escalating medical costs paid for older life-time medical claims. Additional appropriation of \$775,000 is being requested by the Human Resources Department to the Finance Committee to fund these claims through year end.

### Redevelopment Agency and Transit

Both the Redevelopment Agency (RDA) and Transit are within budget parameters and their revenue streams continue to be at risk as the State continually attempts to divert revenues from RDA and Transit. Staff will continue to work closely with our outside lobbyists to protect these revenue streams.

At this time, staff is recommending to continue reviewing the filling of any vacant positions on a case by case basis as well as monitoring all departmental expenditures. This policy for the first six months of the fiscal year has generated one time savings in labor of approximately \$3 million and an additional \$1 to \$1.5 million in the non wage areas. This action alone should provide a one-time

solution to re-balance the current fiscal year. The re-balancing of the budget for the 2<sup>nd</sup> year of the 2009-11 Operating Budget will be challenging and will require some difficult decisions. It is expected over the next several years that as the economy recovers revenue streams to the City will return.

Other Concerns

The City's permitting software is quite old and is in need of replacement. In addition, as the City transitions to the "full" one stop operations, the additional technological enhancements the upgraded software will have, will better meet the expectations of our customers. Rough estimates for the upgrade will be between \$400,000 - \$600,000.

Another concern is in the area of Utility Billing. Our current vendor has informed the City that they would like to discontinue our contract. The vendor understands that switching vendors is a timely process and are fully committed to honor all aspects of the existing contract which expires March 2014. Staff has begun to seek out alternate service providers.

At this time, staff is working on the rebalancing of the 2010-11 budget through the 2014-15 fiscal year. The City Manager is recommending to re-balance the 2010-11 budget forward through reducing expenditures, the temporary use of one-time reserves and revenue growth in the out years. The target for expenditure reductions would be approximately \$2-4 million and any use of reserves would be phased out over three fiscal years. It is envisioned that the expenditure reductions will focus on program support and efficiencies rather than across the board reductions to all departments. The City Manager will return to Council in May with his recommendations.

Respectfully submitted,



Eric E. Tsao  
Finance Director

CONCUR.  
  
LeRoy J. Jackson  
City Manager

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February 9, 2010

COMMITTEE MEETING  
February 23, 2010

Honorable Chair and Members  
Of the Finance & Governmental Operations Committee  
City Hall  
Torrance, California

The Treasurer's Office and the Investment Advisory Committee have set out to develop and implement investment procedures that insure the City's investment objectives of a high degree of asset safety, an adequate liquidity to meet operating and capital expenditure needs, and a reasonable return of the City's investment assets given the City's foremost goals of safety and liquidity.

### Investment Summary

As of December 31, 2009 total investments of \$293.9 million consisted of the following categories:

1) Pooled Funds (Investment Portfolio)	\$ 153.2 million
2) Restricted Funds:	
A. Debt issue proceeds	\$ 10.1 million
B. Deferred Compensation	
1) 457	\$ 117.4 million
2) 401(a)	\$ 5.5 million
C. Retirement Health Savings Plan	\$ 3.6 million
D. Public Agency Retirement Services (PARS)	\$ 4.1 million

The pooled Funds consist of surplus funds invested and managed directly by the City Treasurer. To date the fund has generated year-to-date interest earnings of \$2.3 million and the effective rate of return equaled 2.93%.

The restricted funds, made up of the Debt issue proceeds, Deferred Compensation funds, Retirement Health Savings Plan and PARS are invested accordingly:

- 1) Debt issue proceeds are invested through a trustee appointed under the Debt Trust Indenture. The funds are invested at the direction of the City Treasurer.
- 2) Deferred Compensation fund is managed by a third party administrator - Great West Life. Investment options made available to the participants are selected and approved by the Deferred Compensation Committee. The fund is a self-directed program. Participants have the ability to direct their contributions among several different investment options.

- 3) The Retirement Health Savings Plan is managed by a third party administrator – ICMA Retirement. Investment Options are made available to the participants and are selected by ICMA Retirement. Participants can direct their contributions among several different investment options. This tax-deferred program has been offered to employees for the purpose of saving dollars to supplement the cost of health expenses upon retirement.
- 4) The PARS Plan is an enhanced benefit plan managed by a third party administrator – Public Agency Retirement Services and held in Trust through Union Bank. The investment Option is chosen by the City Treasurer as the Plan Administrator, however the City Treasurer works in conjunction with the two employee associations (TPSA and Engineers) that negotiated this benefit for their membership. This tax-deferred program has been negotiated with TPSA and Engineers for the purpose of enhancing their retirement benefit.

**NOTE:** The Deferred Compensation Plans, Retirement Health Savings Plan and PARS are held in a custodial account for the benefit of the Participant or their Beneficiaries and are not an asset of the City of Torrance.

### **Investment Forecast**

As stated by The Federal Open Market Committee: “The committee has maintained the target for the federal funds rate at 0 to .25 percent and continues to anticipate the economic conditions, including low rate of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period. “

How does this affect our Investment Portfolio? It means that current and future purchases will be receiving a lower interest rate return. It means there is a greater possibility that higher coupon securities we have purchased with a call feature will be called and reinvested in a lower coupon security. Over all, the effective rate of return on the Portfolio will decline.

### **GASB 31 Impacts on Investments**

GASB 31 took effect June 1997. The intent of GASB 31 is to bring to light potential liquidity problems by requiring municipalities to mark to market their securities with a maturity greater than one year. This paper gain or loss must be booked against investment earnings at year-end.

One way to avoid the gain/loss issue is to limit all purchases to maturities of less than one year. This condition would then preclude a market valuation and allow investments to be carried on a book value basis. This situation could reduce earnings potential in the loss of yield that a security with a longer term would usually offer.

Within our investment policy we adhere to a buy and hold philosophy. Therefore, our current strategy will not change in light of GASB 31. We will continue to place a percentage of the portfolio out longer on the yield curve to take advantage of higher earnings. At the same time we keep in excess of 35% of the portfolio liquid in order to meet current and future obligations.

At the present time the monthly investment report tracks all securities by listing the face value, book value and market value. The portfolio paper gain or loss is the difference between book and market value. The unrealized gain/loss is noted monthly even though it is not physically applied to earnings until year-end.

### **Investment Strategy**

Over the last quarter, securities that were either called or redeemed have been re-invested. However, due to the declining market environment all new purchases were re-invested at a lower interest rate. As an example, the securities that were redeemed rolled off with an average rate of return of 4.18% whereas all new purchases were invested with an average rate of return of 2.45%. However, when compared to the Two year Constant Maturing Treasury rolling average of 1.17%, the Portfolio is still outperforming its benchmark.

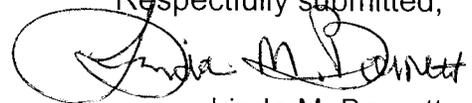
Strategically, we will continue to place money out in the market. Although the market would encourage a very short portfolio, it is not our intent to change our objectives of matching purchases with cash flow needs. We will continue to place investments out on the yield curve to take advantage of a higher rate of return with funds that are not needed on the short term.

To be consistent with the City's objectives of high degree of Asset safety, all investments will be invested in high quality rated instruments or those guaranteed by the "full faith and credit" of the government.

### **Recommendation**

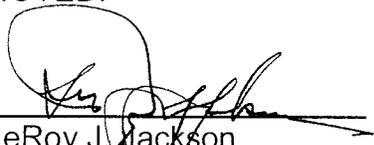
Accept and file the 2<sup>nd</sup> Quarter Report.

Respectfully submitted,



Linda M. Barnett  
City Treasurer

NOTED:



LeRoy J. Jackson  
Investment Committee Member

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Committee Meeting of  
February 23, 2010

Honorable Chair and Members  
 of the Finance and Governmental Operations Committee  
 City Hall  
 Torrance, California

Members of the Committee:

**Subject: Community Development Department – Request to transfer funds from the Section 8 Housing Reserve Fund balance for Housing Assistance payments.**

**Expenditure: \$150,000**

**RECOMMENDATION**

The Community Development Director recommends that the Finance and Governmental Operations Committee approve an additional appropriation of \$150,000 from the Section 8 Housing Reserve Fund balance to cover housing assistance payments.

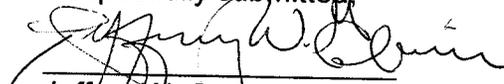
**Funding**

Funding is available in the Section 8 Housing Reserve Fund balance to cover the increased rental assistance payments. The funding is used to subsidize rents for low income elderly, disabled and other families on the Section 8 Rental Assistance Program.

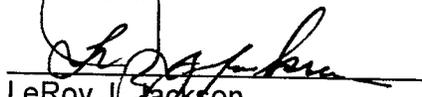
**BACKGROUND/ANALYSIS**

U. S. Department of Housing and Urban Development (HUD) funding for housing assistance payments is provided on a calendar year basis. At the time of the City's budget adoption on June 23, 2009, the final funding letter from HUD had not been received. The 2009/2010 adopted budget of \$5,880,000 was based on prior year expenditures. Due to increased lease up and higher rents, the amount of money spent for housing assistance payments is higher than was anticipated at the beginning of the fiscal year. An additional \$150,000 appropriation is needed to cover the expenditures thru June 30, 2010. The new not to exceed housing assistance payments is \$6,030,000. Funding is available to cover the additional expenses. Maximizing the amount of payments will maximize the number of families we can assist. The funding comes from the Federal government and is used to subsidize rents for low-income elderly, disabled and other families on the program.

Respectfully submitted,

  
 Jeffrey W. Gibson  
 Community Development Director

CONCUR:

  
 LeRoy J. Jackson  
 City Manager

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Honorable Chair and Members  
of the Finance & Governmental Operation Committee  
City Hall  
Torrance, California

**SUBJECT: Approval to Appropriate Additional Funds from the Self-Insurance Reserve Fund**

**Expenditure: \$775,000**

### **RECOMMENDATION**

Recommendation of the Human Resources Director that the Finance & Governmental Operation Committee approve an additional appropriation of \$775,000 to the Self Insurance Fund.

### **FUNDING**

Funds are available in the Self-Insurance Reserve Fund

### **BACKGROUND AND ANALYSIS**

Presently, there are 718 open workers' compensation claims, which are down from 774 open claims on June 30, 2008. Additionally, new claims have dropped from 232 for the 2007-08 fiscal year to 196 for the 2008-09 fiscal year. Of the open claims, the costs fall into two categories: Claims that are four (4) years or younger and those claims that exceed four (4) years. The 275 claims that are four years or younger are charged to the various City departments operating budgets. Costs related to 443 claims which exceed four (4) years are charged to the Self Insurance Fund. This year staff is anticipating a short fall in the appropriation for those claims that exceed four (4) years due to escalating permanent disability and life-time medical care costs.

Since 2004, due to increased education, worker practices and safer working conditions the City has experienced a decrease in workers' compensation claims. While the number of new claims has decreased, the cost of workers' compensation has been rising since 2005 with regards to temporary disability, permanent disability and medical expenses. The majority of claims expenses that are covered by the over four (4) year account are for permanent disability and life-time medical care. Medical expenses include medications, tests, procedures, hearing aides, surgeries for back, joint replacement and heart, as well as repeated hospitalizations during the final 1-2 years of life. A large percentage of the life-time medicals claims involve injured workers age 60 or greater. Because life expectancy is increasing and the medical field continues to make strides in treatment, many injured workers are having multiple procedures and surgeries.

Staff continues to experience an increase in old claims being reopened for these medical services over the last 10 years. To control these costs, staff has been attempting to buyout life-time medical claims when appropriate. Staff will monitor this account to determine future appropriation levels.

The workers compensation claim costs up to four (4) years and over four (4) years old are shown below from 2006-07 fiscal-year through December 31, 2009-10 fiscal year.

Fiscal Year	Workers Compensation Claims	
	Up to 4 Years	Over 4 Years
2006-07	\$1,539,614	\$1,843,351
2007-08	2,204,289	2,166,598
2008-09	2,565,688	1,674,233
2009-10 (12/31/2009)	1,225,081	1,066,164

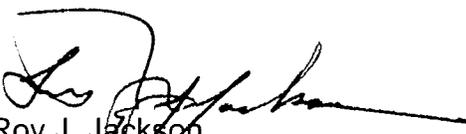
The Self-Insurance Reserve Fund was established and is available for anticipated increase in high cost claims. Therefore, it is recommended \$775,000 be appropriated to the Self-Insurance Fund.

Respectfully submitted,



Elaine M. Winer  
Human Resources Director

CONCUR:



LeRoy J. Jackson  
City Manager

Honorable Chair and Members  
of the Finance and Governmental Operations Committee  
City Hall  
Torrance, California

**SUBJECT:** Transit and Communication & Information Technology:  
Approve the reallocation of one Transit Supervisor position to  
one Information Technology Analyst position.

**Expenditure:** \$133,100

### **RECOMMENDATION**

The Transit and Communications & Information Technology Directors recommend that the Finance and Governmental Operations Committee approve the reallocation of 1.0 Transit Supervisor position to 1.0 Information Technology Analyst position.

### **FUNDING**

Transit will fund \$109,400 (82.2%) and the Communication & Information Technology department will fund \$23,700 (17.8%).

### **BACKGROUND**

The Automatic Vehicle Location/Computer Aided Dispatch (AVL/CAD) project, previously referred to as Smart Bus System, was initiated prior to 1997.

Since 1997, the following tasks were accomplished:

- Torrance Transit secured \$2.0 million in federal grant funding for the project
- Formation of the AVL Project Team
- Preparation of a needs assessment (required by the Federal Transit Administration):
  - EigerTech Systems of Santa Monica set up on-site interviews with all divisions and City staff. The needs assessment report (Feb. 2004) highlighted issues for consideration including costs of the project, staff requirements, radio needs, and other operations related issues.
  - The report identified the specific costs associated with implementing a Smart Bus System.

- Acquisition of a radio frequency (in conjunction with City's CIT Communications Division Staff)
  - The City communications staff was able to obtain the appropriate radio frequency that will allow Torrance Transit to upgrade its radio system. The new system will feature separate voice and data communication channels. A 500 MHz channel will be assigned for voice transmission and an 800 MHz will be utilized for data transmission.
  - The existing radio system is over fifteen (18) years old and needs to be replaced. The Smart Bus System project will incorporate the radio replacement as a component of the overall project. The radio replacement will be paid by the AVL grants.

## **ANALYSIS**

The advantage of AVL to the operation and management of the agency is centered on the ability to reduce cost while providing a more efficient service. The measurable benefits from an AVL system include cost reduction by the elimination of staff and reducing response time to incidents, as well as increased efficiency of existing routes and greater productivity without increased staff or vehicles. Both of these areas lead to greater revenue generation through cost savings and the increase of potential ridership. The immeasurable benefits of AVL to an agency have to do with the ability to use AVL as a public relations tool to increase awareness and reliability in the existing service.

A Smart Bus System has the potential of reducing the cost of managing a transit system in several ways. The first is the ability to reduce or reassign existing staff. With the use of AVL existing staff positions can be evaluated and assessed since it is no longer necessary to manually monitor the on-time performance. Another area of cost savings comes from the reduction in response time to incidents which may require police, fire, medical, or insurance personnel. In this case the ability to determine the exact location of an incident, takes much of the guesswork out of directing response personnel. Cost savings can also come in a more efficient use of radio systems. In many cases AVL reduces the need for direct communication between the base and the vehicle.

Torrance Transit currently has three vacant Supervisor positions. Staff recommends shifting one of the Route Supervisor positions to an Information Technology Analyst position. The AVL System will perform oversight and observational tasks that are currently being done by a route supervisor position and will allow for its elimination.

The Information Technology Analyst will have direct responsibility for the maintenance and support of the computers and applications related to the new AVL system. Additionally, the position will provide support for existing technology such as the dispatch/schedule management software (Trapeze), the existing video surveillance system and interfaces to other City based computer systems, and may assist in supporting other City computer servers or systems.

The Transit Department currently pays for a partial position with CIT for desktop computer and server on-going technical support. This position will continue providing support and

provide back-up assistance during the absence of the IT analyst. Radio and data network support and services will continue to be provided by the CIT Communications Division. The AVL Smart Bus System procurement process is estimated at twelve to eighteen months from the time the consultant is hired. This timeframe will allow the agency the opportunity to evaluate existing staffing levels and anticipate additional needs, if required, based on the changing nature of transit operations.

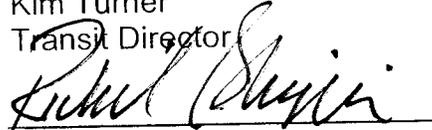
Funds for this project are programmed in three grants, one from FY 1997 and the other from FY 2002 and 2010. Should we not move forward with this project, we would have to de-obligate \$600,000 in the FY 1997 grant and \$1,000,000 in the FY 2002 grant. The FY 1997 and 2002 funds would be lost to us and the region; they would not be available to be re-programmed due to their age. The FY 2010 grant funds would likely stay in the region and could be available to us again in the future. We would not be able to immediately re-program the funds for another project.

Due to the size and age of the de-obligations, the FTA would likely want to meet with the City to discuss the City's decision regarding the project and any potential consequences with regards to future funding.

Respectfully submitted,



Kim Turner  
Transit Director



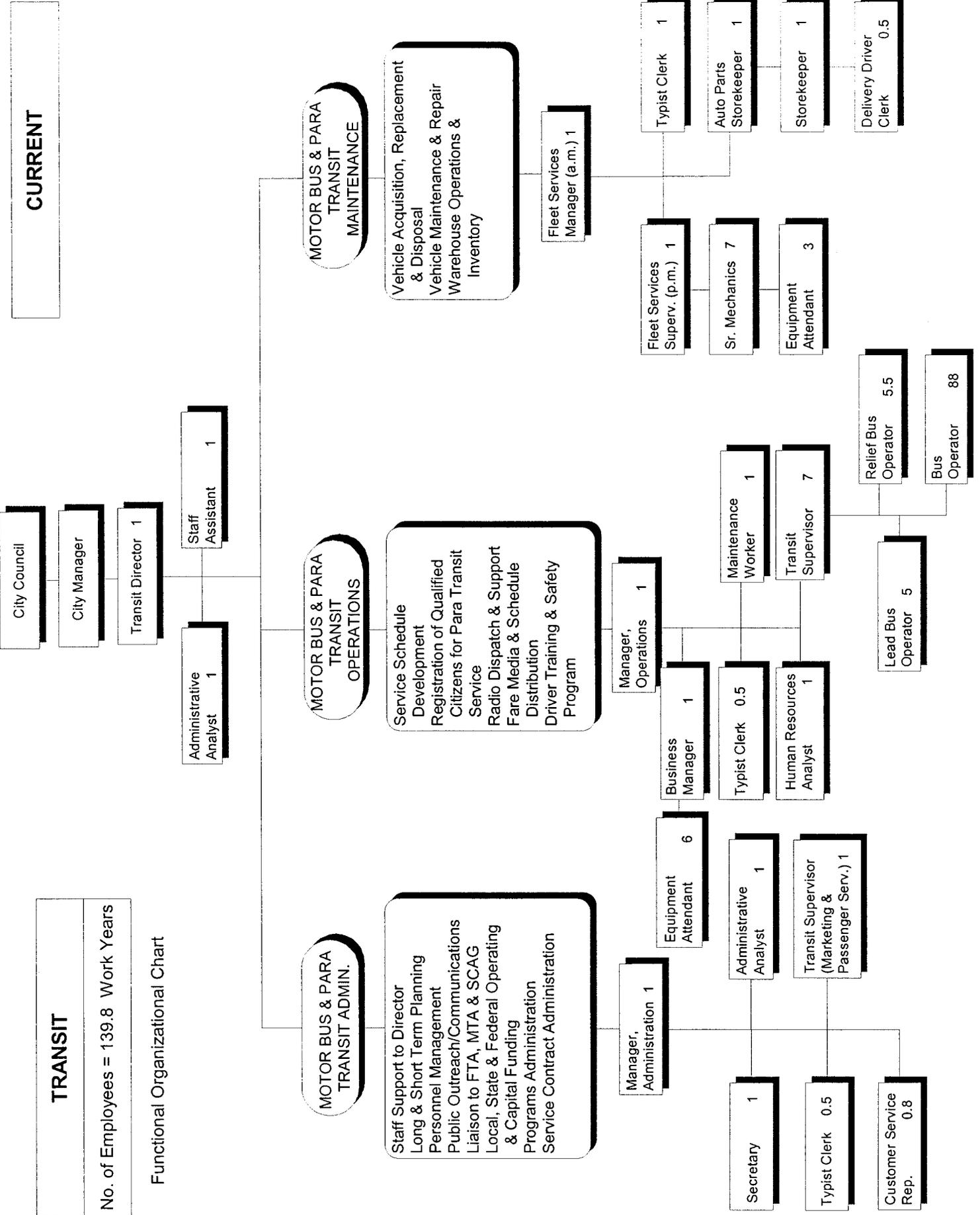
Richard Shigaki  
Communication & Information  
Technology Director

CONCUR:

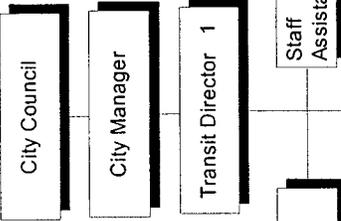


LeRoy J. Jackson  
City Manager

Attachment: Transit Department Revised Organization Chart

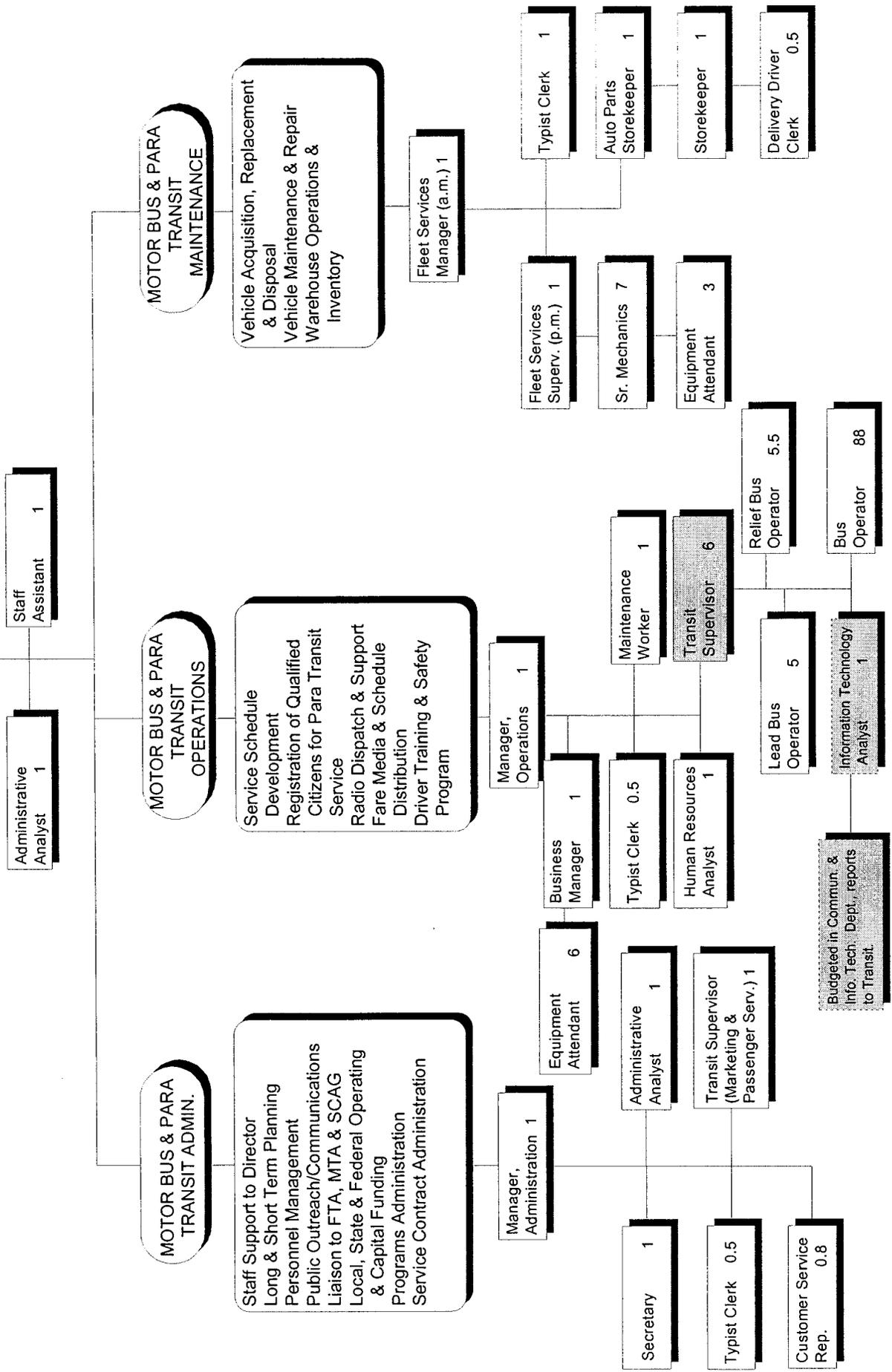


**PROPOSED**



**TRANSIT**  
No. of Employees = 138.8 Work Years

Functional Organizational Chart



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## City of Torrance

# Capital Improvement Project Request Form

**Type of Project:**

Equipment     Automation     Infrastructure     Facilities     Other

**Project Location:** Human Resources Building

**Department:** City Manager

**Project Title:** Expand Human Resources Building

**Description:** Expansion of the Human Resources Building to house Civil Service personnel. Expand the facility west toward the Civic Center Library for an approximately 1,000 sf. facility for 2 offices, reception area and a conference area. An upgraded electrical main panel for the Human Resources building is included in this project.

**Justification:** The Human Resources building has not been adequately sized to house Human Resources and Civil Service personnel and operations for a number of years. Additionally the facility public restrooms are non ADA compliant. The upgrade of the restrooms is a separately funded capital project; however, the upgrade of the restrooms will further impact the space for operations as discussed below.

Currently the Civil Service Manager has a small office that is not sized to accommodate meetings. The Civil Service analyst works from a converted supply closet. Both offices are tucked within the interior of the HR Department. The responsibilities of the division result in many planning meetings and discussions with both internal and external people in a building with limited space. The division acquired responsibility for the volunteer program this past year. Under the CS Manager's guidance, this program is becoming a very viable, vital, organized program, meeting both department and volunteer needs, and state requirements for volunteer fingerprinting and records maintenance. To continue to grow the program, the CS Manager is looking to the use of a part-time intern to assist in the registration and records maintenance given space availability.

Spatially, within the HR building, due to the lack of space, a small conference room next to the public restrooms in the lobby of the building was converted into an office for an HR analyst. With the upgrade of the public restroom to ADA standards, this space will be consumed to provide the square footage required for the restroom remodel. This person can be relocated to the current office of Civil Service if the remodel is approved. (If the remodel does not go forward at this time, General Services will look at enclosing the external entry foyer as part of the ADA upgrade.)

Expansion of the existing building will allow adequate spaces for Civil Service as well as clear 1 office space and 1 small room for Human Resource operations. It is expected that upgrade of facility restrooms for ADA compatibility will be accomplished concurrently under a separate project as noted above.

**Project Costs**

<b>Estimated Project Implementation Cost</b>		
Additional Personnel Requirements:		
# of positions (within department)	0.00	
Annual labor costs (with benefits)	\$ 0.00	
Additional Personnel Requirements:		
# of positions (support department)	0.00	
Annual labor costs (with benefits)	\$ 0.00	
Equipment	\$	
Materials	\$ 335,000	Building costs
Professional Services	\$ 35,000	Architect/Design Services
Land	\$ 0	
Other	\$ 35,000	Project Management (General Services)
<b>TOTAL</b>	<b>\$ 400,000</b>	

**Status of Land:**     No land involved     City owned     Not yet acquired

<b>Estimated Annual Ongoing Operating and Maintenance Costs</b>		
<input checked="" type="checkbox"/> None		
Additional Personnel Requirements:		
# of position(s) - within department	_____	
Annual labor costs (with benefits)	\$	
Additional Personnel Requirements:		
# of position(s) - support department	_____	
Annual labor costs (with benefits)	\$	
Professional Services/Contracts	\$	
Materials	\$	
Equipment	\$	
Other: _____		
<b>TOTAL</b>	<b>\$</b>	<b>0.00</b>

<b>Project Time Line</b>	<b>Fiscal Year Ending June 30</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<i>Description</i>					
Survey/Design		X			
Plans/Specifications		X			
Purchase/Construction			X		
Other: _____					

<b>Project Financing</b>						
Fiscal Year Ending June 30						
<i>Financing Source</i>	2009	2010	2011	2012	2013	<b><i>TOTAL</i></b>
Loan from General Fund appropriation in McMaster Park Capital Project (FEAP 337 – GF appropriation: \$3.1 mil); to be restored when other capital funds become available		35,000	365,000			<b>400,000</b>
<b><i>TOTAL</i></b>						<b>400,000</b>
<i>Less offsetting revenue</i>						
<i>Net project request</i>						

Vehicle Request Approval (if necessary)		Automation Request Approval (if necessary)	
_____	_____	_____	_____
Department Head Signature	Date	Department Head Signature	Date

Requested by:		Department Priority # _____
Department Head Signature	Date	

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## City of Torrance FEAP Project Request Form

**Type of Project:**

Equipment   
  Automation   
  Infrastructure   
  Facilities   
  Other

**Requesting Department:**  
 General Services

**Managing Department:** General Services

**Project Leader:** Diane Megerdichian

**Project Location:** Cultural Arts Ctr

**Project Title:** Meeting Hall Lighting Controls

**Project Start Date:** May 2010

**Estimated Completion Date:** August 2010

**Description:**

Install new lighting controls in the Toyota Meeting Hall

**Justification:**

The lighting controls in the Meeting Hall are original to the building and are no longer functioning properly after nearly 20 years of heavy use. This presents both operational and safety concerns, and requires the replacement of all controls to ensure continued functionality of lights throughout the facility.

**Impact of Non-Approval:**

Failure of the lighting control system could result in the temporary closure of the Meeting Hall, cancelled reservations, and lost revenues.

**Other Alternatives Considered:** None available.

**Project Costs**

<b>Estimated Project Implementation Cost (ONE TIME COSTS)</b>			Comments:
	<b>Within Dept</b>	<b>Support Dept.</b>	
Personnel Requirements			
# of Positions			
Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Equipment	\$	\$	
Materials	\$	\$	
Professional and contract services	\$ 25,000	\$	
Other:	\$	\$	
Other:	\$	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

<b>Estimated Annual Ongoing Operating and Maintenance Costs (UPON PROJECT COMPLETION/IMPLEMENTATION)</b>			Comments:
	<b>Within Dept</b>	<b>Support Dept.</b>	
<input checked="" type="checkbox"/> Not Applicable			
Personnel Requirements # of positions			
Annual Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Materials	\$	\$	
Equipment	\$	\$	
Professional and contract services	\$	\$	
Other:	\$	\$	
Other:	\$	\$	
Other:	\$	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

<b>Project Time Line</b>	<b>Fiscal Year Ending June 30</b>				
	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
<u>Description</u>					
Survey/Design					
Plans/Specifications					
Purchase/Construction			25,000		
Other: _____					

<b>Project Financing</b>						
<i>Financing Source</i>	Fiscal Year Ending June 30					<b><i>TOTAL</i></b>
	2008-09	2009-10	2010-11	2011-12	2012-13	
Cultural Arts Center Fund			25,000			25,000
<b><i>TOTAL COST</i></b>			25,000			25,000

Requested by:	
Sheryl Ballew	2/11/2010
Department Head	Date

Department Priority # :	High	Medium	Low
	x		

Type an X in the box if project is: High, Medium or Low

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## City of Torrance FEAP Project Request Form

**Type of Project:**

Equipment     Automation     Infrastructure     Facilities     Other

**Requesting Department:**

General Services

**Managing Department:** General Services**Project Leader:** Diane Megerdichian**Project Location:** Cultural Arts Ctr**Project Title:** Fire Panel Replacement**Project Start Date:** August 2010**Estimated Completion Date:** August 2011**Description:**

Replace Fire Panel at the Cultural Arts Center.

**Justification:**

The fire panel controls the fire alarm system that relays a signal to the Fire Department when detectors or pull stations are activated. The existing fire panel is 20 years old and the parts are obsolete. The system is also proprietary and require a Simplex-Grinnel trained personnel to repair it. Unfortunately due to the age of the panel, knowledgeable personnel trained on this particular model are not readily available, creating high costs and delayed responses. Staff will replace this system with a non-proprietary system to alleviate delayed repairs and control costs.

**Impact of Non-Approval:**

Repairs and costs will continue to increase. If failure of the fire panel should happen, it could result in the temporary closure of the CAC due to fire code violations.

**Other Alternatives Considered:** None available.

**Project Costs****Estimated Project Implementation Cost (ONE TIME COSTS)**

	Within Dept	Support Dept.	Comments:
Personnel Requirements			
# of Positions			
Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Equipment	\$	\$	
Materials	\$	\$	
Professional and contract services	\$ 68,200	\$	
Other:	\$	\$	
Other: PM Fees	\$ 6,800	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

**Estimated Annual Ongoing Operating and Maintenance Costs  
(UPON PROJECT COMPLETION/IMPLEMENTATION)** Not Applicable

	Within Dept	Support Dept.	Comments:
Personnel Requirements # of positions			
Annual Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Materials	\$	\$	
Equipment	\$	\$	
Professional and contract services	\$	\$	
Other:	\$	\$	
Other:	\$	\$	
Other	\$	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

**Project Time Line**

## Fiscal Year Ending June 30

<u>Description</u>	2008-09	2009-10	2010-11	2011-12	2012-13
Survey/Design					
Plans/Specifications					
Purchase/Construction			75,000		
Other: _____					

<b>Project Financing</b>						
<i>Financing Source</i>	Fiscal Year Ending June 30					<i>TOTAL</i>
	2008-09	2009-10	2010-11	2011-12	2012-13	
Cultural Arts Center Fund			75,000			75,000
<b><i>TOTAL COST</i></b>			75,000			75,000

Requested by:	
Sheryl Ballew	2/11/2010
Department Head	Date

Department Priority # :	High	Medium	Low
	x		

Type an X in the box if project is: High,  
Medium or Low

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City of Torrance  
**FEAP Project Request Form**

**Type of Project:**

Equipment     Automation     Infrastructure     Facilities     Other

**Requesting Department:**

General Services

**Managing Department:** General Services

**Project Leader:** Diane Megerdichian

**Project Location:** City Yard- City Services Building

**Project Title:** City Services Building- Abatement and Replacement Flooring

**Project Start Date:** October 2010

**Estimated Completion Date:** October 2011

**Description:**

Abatement of mastic and removal of floor tile and will be replaced with sealant on the concrete floor in the City Services locker room, Fleet Services Warehouse and Offices.

**Justification:**

The flooring in the above areas is cracking, chipping and loose due to the age and heavy use of the areas. Loose and chipped tiles are a safety issue, and should be addressed. Repairs cannot be economically made due to the hazardous nature of the mastic (glue).

**Impact of Non-Approval:**

Safety of employees would be adversely affected if not completed in the next 12 months.

**Other Alternatives Considered:** None available.

**Project Costs****Estimated Project Implementation Cost (ONE TIME COSTS)**

	Within Dept	Support Dept.	Comments:
Personnel Requirements			
# of Positions			
Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Equipment	\$	\$	
Materials	\$	\$	
Professional and contract services	\$ 68,200	\$	
Other:	\$	\$	
Other: PM Fees	\$ 6,800	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

**Estimated Annual Ongoing Operating and Maintenance Costs  
(UPON PROJECT COMPLETION/IMPLEMENTATION)** Not Applicable

	Within Dept	Support Dept.	Comments:
Personnel Requirements # of positions			
Annual Labor Costs:	\$	\$	
Per Comp Detail Report-Total			
Date of Comp Detail Report <u>MM/DD/YY</u>			
Materials	\$	\$	
Equipment	\$	\$	
Professional and contract services	\$	\$	
Other:	\$	\$	
Other:	\$	\$	
Other	\$	\$	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	

**Project Time Line**

Fiscal Year Ending June 30

<u>Description</u>	2008-09	2009-10	2010-11	2011-12	2012-13
Survey/Design					
Plans/Specifications					
Purchase/Construction			75,000		
Other: _____					

<b>Project Financing</b>						
<i>Financing Source</i>	Fiscal Year Ending June 30					<i>TOTAL</i>
	2008-09	2009-10	2010-11	2011-12	2012-13	
General Fund			15,000			15,000
Water Fund			15,000			15,000
Sewer Fund			15,000			15,000
Sanitation Fund			15,000			15,000
Fleet Services Fund			15,000			15,000
<b><i>TOTAL COST</i></b>			75,000			75,000

Requested by:	
Sheryl Ballew	2/11/2010
Department Head	Date

Department Priority # :	High	Medium	Low
	x		

Type an X in the box if project is: High,  
Medium or Low