



**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: OFFICE OF THE CITY MANAGER**  
**BY: STEPHEN W. HANNAH, DIRECTOR OF FINANCE**

**DATE: JUNE 25, 2024**

**SUBJECT: ADOPTION OF THE PROPOSED BUDGET FOR THE 2024-2025 FISCAL YEAR**

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**EXECUTIVE SUMMARY**

The City Council will hold a public hearing and, after concluding the hearing, adopt the Fiscal Year (FY) 2024-2025 Annual Budget, GANN Limit, and personnel additions and changes as specified in the attached Resolution No. 24-8245 and Exhibit A of the Resolution.

**RECOMMENDATION**

That the City Council:

1. Conduct a Public Hearing considering the adoption of the City's Fiscal Year 2024-2025 Annual Budget and Appropriations Limit (GANN Limit), and
2. Adopt Resolution No. 24-8245, adopting the Fiscal Year 2024-2025 Budget and Annual Appropriations Limit (GANN Limit).

**BACKGROUND**

The Charter of the City of Downey requires adoption of the annual budget on or before June 30 of each fiscal year. In accordance with the annual budget cycle, the City's budget process began in the beginning of the calendar year with the annual City Council goal-setting workshop. In keeping with the City Council five-overarching priorities and fiscal year budget goals, the process was continued with the development of the budget through budget meetings between department heads and executive leadership, City Council Budget Subcommittee, City Council Budget Workshop, and publishing of public notice of a hearing to adopt the budget for the upcoming fiscal year. The City Council Goal Setting Workshop was held on February 15, 2024, and provided valuable input to inform priorities for the upcoming budget preparation. Additionally, the City launched the Downey Discussion in April 2024 as part of this year's budget process as a follow up to the Downey Forward, 2030 Strategic Plan efforts. The Downey Discussion gathered input from the community to hear their priorities as the City prepares its budget. Key areas of focus were related to public safety.

The City conducted a budget study session on May 20, 2024. During the study session, the overall budget, General Fund budget, and the addition of eleven fulltime and one part time positions were discussed. These additions were offset by the deletion of three fulltime and one part time positions for a net change of eight fulltime positions. Additionally, each department presented details about their budget, their accomplishments, and their upcoming fiscal year's goals.

## **ANALYSIS**

The total proposed annual operating budget is \$284,936,760 and includes the cost of personnel, operations, materials, supplies, capital equipment, capital improvement projects, and transfers to other funds. The proposed General Fund portion of the budget is \$124,215,608 in operating expenditures and based upon estimated General Fund revenues of \$125,580,565. The City's basic services, including police, fire, public works, parks and recreation, library services, community development, and administrative services (such as executive leadership, human resources, and financial services), are all funded from the General Fund.

The City Council's five strategic priorities were integral in the development of the annual budget goals and objectives. These goals and objectives became the foundation for the budgetary proposals. The attached budget transmittal letter provides a more detailed overview of the proposed FY 2024-2025 budget.

The Fiscal Year 2024-2025 budget contains a number of organizational changes. The Changes include the movement of Information Technology to the City Manager Office from Finance.

Consistent with the priorities of the City Council and/or operating needs of the City a number of new positions and position changes have been included within the proposed budget. The specifics of those personnel changes are listed within the attached resolution. The attached resolution also contains the GANN limit information required to adopt the City's annual budget.

### Economic factors that influenced the preparation of this year's budget

Elevated interest rates to address inflation levels continue to impact consumer confidence and buying behavior. The impact of this extended period of above average interest rates has been particularly heavy on the housing market where year-over-year sales of single-family homes for the 12-month periods ending December 31, 2022 and 2023 have fallen by 21.2 percent. Alternatively, the market has seen an increase in the overall sale price of homes, as the median sales price on Los Angeles increased 12.1 percent from the previous year. Despite the slowdown in home sales, the market is expected to sustain moderate growth in property tax revenue for the City, driven in part by increases in median sales prices.

With the fairly unfavorable view for economic growth during the upcoming fiscal year, the risk that consumer spending will slow is heightened. This could have negative impact on Downey’s sales tax revenues and other transaction-based revenue sources.

The elevated cost for goods and services used for all City operations continues to cause concern. Whether it is for construction materials for a public works project, labor costs for a subcontractor, or contract related costs for professional services, all have seen increases in pricing as a result of these rate increases over the last year.

The proposed budget

The City of Downey proposed FY 2024-2025 budget is structurally balanced for operations. The revenues and expenditures for all other services for which the City receives restricted use funding, as well as for the City’s utility operations, are also included in the proposed budget document.

The summary of estimated Revenues, Transfers, and Appropriations for all City fund is:

<b>Fund Type</b>	<b>Estimated Beginning Fund Balance</b>	<b>Revenues, Transfers In and Other Resources</b>	<b>Appropriations And Transfers Out</b>	<b>Projected Ending Fund Balance</b>
<b>General Fund</b>	\$ 52.4	\$ 125.6	\$ 124.2	\$ 53.7
<b>Reserve Funds</b>	(0.3)	6.5	6.1	0.1
<b>Special revenue Funds</b>	39.7	42.2	56.5	25.5
<b>Capital Project Funds</b>	13.6	27.9	37.8	3.7
<b>Debt Service Funds</b>	11.5	13.9	12.2	13.2
<b>Enterprise Funds</b>	17.7	24.5	39.4	2.9
<b>Successor Agency Fund</b>	-	1.3	0.8	0.5
<b>Internal Service Funds</b>	5.9	6.8	8.0	4.8
<b>Total</b>	<u>\$ 140.4</u>	<u>\$ 248.7</u>	<u>\$ 284.9</u>	<u>\$ 104.2</u>

The decrease in Special Revenue Funds reflects the use of special funding sources for multiple-year capital and capital-like projects. The decrease in enterprise fund balance reflects the expected use of grant resources during the upcoming fiscal year.

The General Fund Reserve is projected to be \$36,587,000 at the conclusion of FY 2024-2025, which is line with the City’s General Fund Reserve Policy.

The attached Resolution adopts the City’s proposed annual budget and sets the City’s annual appropriations limit (GANN Limit) as required by the City Charter and by State law.

## **CITY COUNCIL PRIORITIES**

Fiscal Responsibility  
Public Engagement

## **FISCAL IMPACT**

Approval of the adoption of today's public hearing and resolution will satisfy Article 12, Section 1204 of the City Charter of the City of Downey which requires that on or before June 30, the City Council shall adopt the budget by majority vote.

## **ATTACHMENTS**

Attachment A – City Manager's Transmittal Letter  
Attachment B – Resolution No. 24-8245, adopting the FY 2024-2025 Budget and Annual Appropriations Limit.





City of Downey

# BUDGET OVERVIEW

ATTACHMENT A - CITY MANAGER'S TRANSMITTAL LETTER

2024-2025

FISCAL  
YEAR



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June 20, 2024

Dear Mayor Trujillo and Members of the City Council:



Figure 1: Roger Bradley, City Manager

In accordance with the City Charter, I'm pleased to present a structurally balanced operating budget of \$284 million for Fiscal Year (FY) 2024-2025 for the City Council's consideration. Staff has worked diligently to construct a budget that provides high-quality services to the City of Downey, and which contributes to the quality of life of residents, businesses, and visitors to our community. It's important to acknowledge the dedication of our staff in assembling the budget. Our team's commitment is truly commendable!

The budget is comprised of an operating plan, a five-year capital improvement program, and appropriations for debt service and other uses. This document continues the City's strong record of prudent fiscal stewardship, and ability to adapt to fiscal pressures amidst some uncertainty in the economic outlook. It also demonstrates the City's commitment to high-quality customer service, while experiencing a period of organizational change and transition. The budget conservatively estimates the City's revenues, maximizes available resources, maintains fiscal reserves, and prudently recommends expenditures to work toward achieving the priorities and objectives of the City Council.

Further, the budget establishes a framework to meet the needs of the community, while also seeking ways to fund and enhance programs and services under the guidance of the City Council's five overarching priorities of:

- Fiscal Responsibility;
- Economic Vibrancy;
- Efficiency & Adaptability;
- Quality of Life, Safety & Infrastructure; and
- Public Engagement.

Several objectives have been identified for each of the above priorities, which were discussed with the City Council at its Strategic Planning and Goal Setting Workshop this spring. Outreach was also done through the City's Downey Discussion Initiative to gather input from the public regarding City priorities. These objectives are discussed in the immediate section below. The remainder of this budget message will provide a greater overview of the City's financial program for the next year and, the major priorities and challenges that shaped the budget.

## CITY COUNCIL PRIORITIES, GOALS, AND PERFORMANCE INDICATORS

The City Council's five overarching priorities drive the development of the annual budget goals and objectives, which are the basis for the budgetary proposals. The individual department goals described in each department section was confirmed during the City Council's annual goal-setting workshop as supporting the City Council's five priority areas.

## FISCAL YEAR 2023-2024 BUDGET GOAL SUCCESSES

Notable successes from Fiscal Year 2023-2024 goals include:

- Continued to filled key vacancies and returned organizational stability to the City
- Received budget awards from GFOA and CSMFO
- Initiated and developed the Downey Forward, 2030 Strategic Plan
- Record attendance at the City of STEM event held at the LA Historic State Park (25,000-30,000)
- Enhanced the Plan Check Process by adding key personnel and launching the plan check submittal portal, Accela Citizens Access.
- Continued fostering growth and investment in Downtown Downey with the Downey Farmers Market, approval to install bollards, procurement of design services for the gateway sign, painting of the parking structure, and enhanced security coverage and police detail.
- New Community Garden site selected with design underway.
- Held the 2<sup>nd</sup> annual Special Needs Resources Fair.
- Hired Additional Code Enforcement Staff to enhance effectiveness and efficiency, and allow for the implementation of a proactive enforcement program.
- Continued homeless assistance efforts, conducting outreach and clean-ups on alternating weeks.
- Held 3<sup>rd</sup> annual Touch-a-Truck Event
- Introduced Police facility dog, Howdy.
- Approved funding for the Downey Rose Float Association to guarantee their success and effective representation of the City.
- 2024 John S. Todd Award from Contract Cities for the Downey Police Department with LA County for its Mental Health Unit
- 2024 Sustainability Award from the Southern California Association of Governments for the Solar Improvement Project.
- Hosted the 24<sup>th</sup> Police Citizens Academy and 3<sup>rd</sup> Youth Academy
- Approved Pets for Fur-st Responders Program, a no-cost pet adoption partnership with SEAACA for Downey first responders.

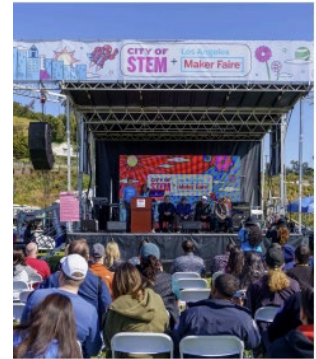


Figure 2: City of STEM



Figure 3: 2024 Sustainability Award



Figure 4: 2024 Downey Rose Float

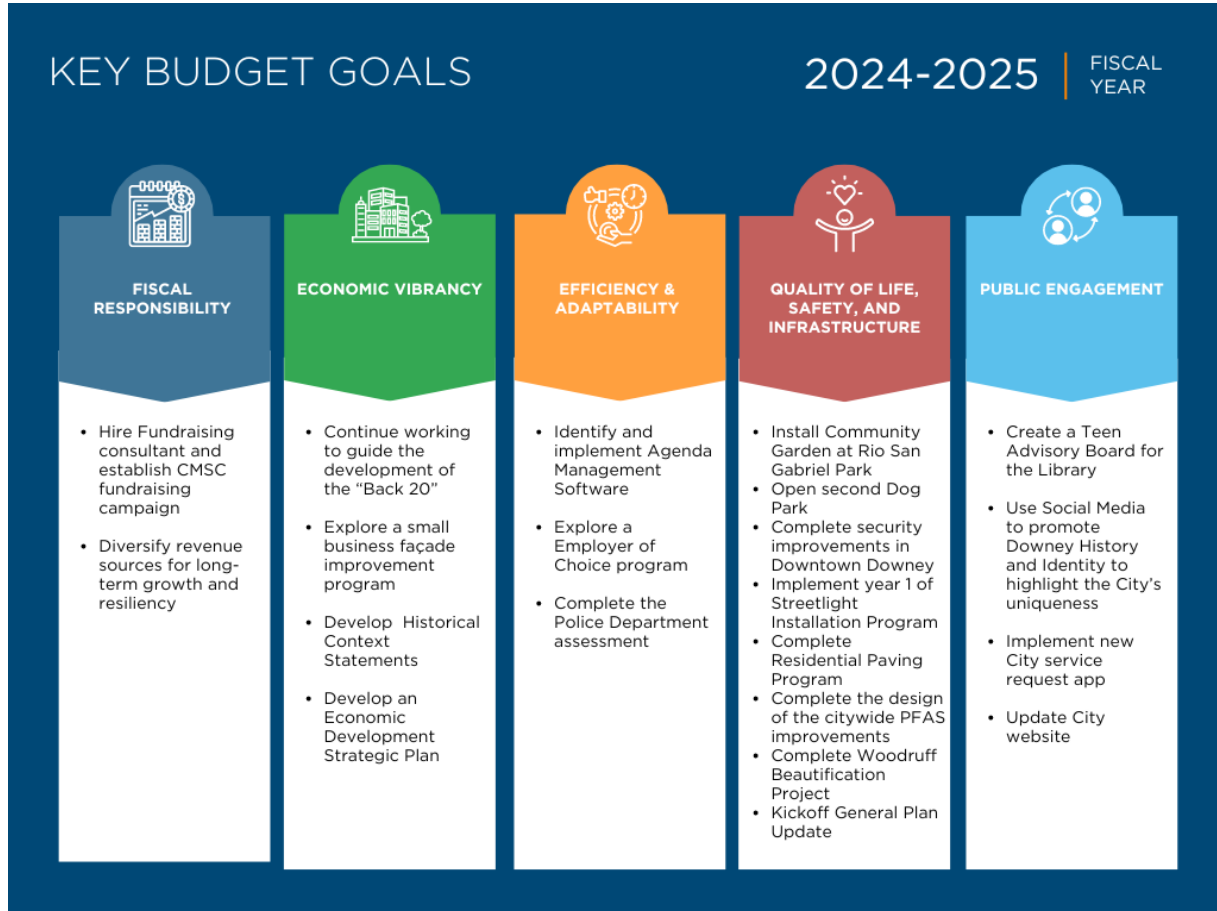


Figure 5: Facility Dog, Howdy



## FISCAL YEAR 2024-2025 KEY BUDGET GOALS

The following are the key budget goals for Fiscal Year 2024-2025. A more comprehensive list is shown within each department's budget section.



### Performance Indicators

In alignment with the City Council's five overarching priorities; the City has devised a variety of Performance Indicators to track Department efficiencies and effectiveness. These indicators are noted in each of the Department sections and compare annual targets to actual data and projections.

## ECONOMIC OUTLOOK

### Housing

Rising interest rates to address historic inflation levels have impacted the housing market, in terms of sales volume and median sales prices. In March 2024, statewide median sales prices increased by 7.7 percent, while home sales decreased by 4.4 percent. In Los Angeles County, the median sales price increased 12.1 percent from the previous year, while the number of sales dropped by 10.2 percent.



Figure 6: Downey Neighborhood

A decline in home sales in Downey affects the turnover rate of homeownership in the City, which is usually driven by home sales. This slowdown may moderate the growth in property tax revenue received by the City, as properties under California State Proposition 13 cannot be reassessed at market values until a change in ownership occurs. However, assessment values, even if below market, still undergo an annual inflationary adjustment determined by the County Assessor, capped at a maximum of two percent per year. Despite the anticipated ongoing slowdown in home sales in the coming year, the market is expected to sustain moderate growth in property tax revenue for the City, driven in part by increases in median sales prices.

### Unemployment and Consumer Confidence

As of March 2024, California's unemployment rate remained at 5.3 percent as the State's employers added 28,300 nonfarm payroll jobs to the economy, according to data released by the California Employment Development Department. In Los Angeles County, the rate was at 5.2 percent. In Downey, the unemployment rate was listed at 4.9 percent as of March 2024.



While the unemployment rate has returned to pre-COVID-19 levels, consumer confidence is at its lowest since July 2022 as a result of persistent high inflation and increasing cost of everyday items such as food and gas. This is compounded by growing concerns about future business conditions, jobs, and income. With a pessimistic view of the economy growing, and particularly among those on a fixed income, consumer spending is anticipated to slow with consumers anticipating a cautious approach to spending. This could have negative impacts on Downey’s sales tax revenues and the

overall economic growth of the business community. Additionally, this reduction in sales tax revenue could impact the City's ability to fund essential services, infrastructure projects, and other initiatives. As a result, this budget represents an increase in investment in economic development to not only recruit and expand the economic base of the community, but to increase business retention activities to help current businesses thrive within Downey.

## BUDGET PROCESS

The City's budget is developed by the following framework and timeline:

1. Focusing on the long-term fiscal health of the City.
2. Building a prudent reserve;
3. Developing long-term strategies to reduce unfunded liabilities;
4. Controlling labor costs while minimizing impacts to staff;
5. Allocating one-time revenue for one-time expenses;
6. Requiring enterprise and grant funds to balance revenues with expenses and new programs to pay for themselves; and
7. Any new expenditure requiring either additional revenue or expenditure reductions.



## Basis of Budgeting

The budgeting (accounting and reporting) policies of the City conform to Generally Accepted Accounting Principles (GAAP) applicable to state and local governments. These principles include standards prescribed by the Governmental Accounting Standards Board (GASB) which includes the statements and interpretations of the National Council on Governmental Accounting and the principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments. The budget differs from the annual financial reports issued by the City in two ways: The budget does not show depreciation expense, and it does not show the value of employee leave balances, in keeping with traditional municipal budgetary conventions. These expenses are, however, reported in the Annual Comprehensive Financial Report (ACFR).

## Budget Controls

Supplemental appropriations can be approved through minute action or a resolution approved by a simple majority vote of the Council. With the exception of transfers between personnel costs and operations/services costs, the City Manager is authorized to transfer amounts between or within departments or programs within any fund. The Council must approve any transfer which alters the total appropriations on any fund.

Departments monitor reports that are issued on the 15th working day of each month for the preceding month to ensure expenditures are properly charged and to ensure there are appropriate funds for future expenditures. At any time during the fiscal year, Departments report to the City Manager and Finance Director of any significant budget variance that cannot be reconciled with the division/department responsible for incurring the variance. Additionally, upon review by the department Directors, purchase orders are transmitted to the Finance Department for verification of budget compliance.

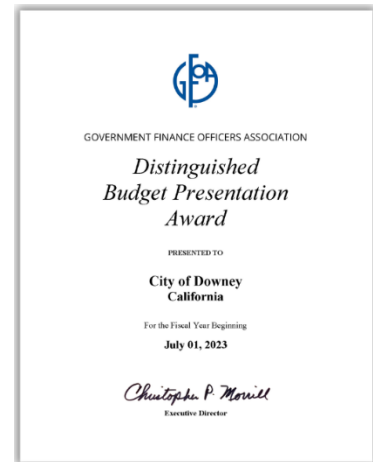


Figure 7: GFOA Distinguished Budget Presentation Award

## BUDGET HIGHLIGHTS

The proposed overall City-wide Fiscal Year 2024-2025 Budget for all funds is \$284,937,000. Overall, this budget is an increase of roughly \$12,649,000, or 4.6 percent compared to Fiscal Year 2023-2024.

The Fiscal Year 2024-2025 General Fund expenditure budget of \$124,216,000 is funded with Fiscal Year 2024-2025 estimated revenues of \$125,581,000, with a surplus of \$1,365,000.

## Revenues and Projections

Overall, Fiscal Year 2024-2025 General Fund Revenue is projected to be \$125,581,000, which is 6.3% percent higher than Fiscal Year 2023-2024.

The City’s Fiscal Year 2024-2025 revenue projections, which extend five years into the future, are done on an annual basis to responsibly inform operations and planning.



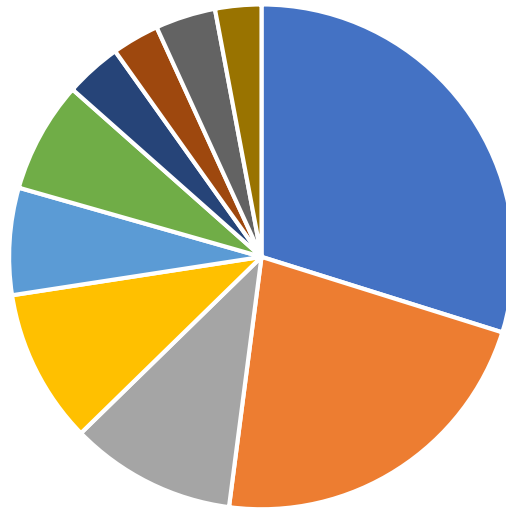
Figure 8: CSMFO Budget Excellence Award



Property taxes provide 29.8 percent of the City’s General Fund revenue, while Sales Tax revenues, including Measure S, account for 32.8 percent of the City’s revenue stream. Property Tax and Sales Tax are projected to have low to moderate growth. The City’s Utility Users Tax, which the City’s voters adjusted in 2014, will continue its stable growth.

Overall, economic indicators are suggesting a 0.3 percent annual growth in the job market with unemployment levels expected to remain relatively stable in the near future. However, growing pessimistic views continue to impact consumer confidence, and overall consumer spending resulting in impacts to City Sales and Use Tax revenue estimates.

## FY 24-25 General fund Estimated Revenue



### Expenditures and Projections

Proposed General Fund expenditures are \$124,216,000, which is a 7.9 percent increase over last year’s adopted General Fund budget.

In addition to the Goals mentioned earlier under “City Council Priorities, Goals, And Performance Indicators”, the budget proposes continued funding for ongoing public safety services and annual public events, increased revitalization of commercial corridors, second dog park, City service request app, and for the development of a new website.

### Capital Projects

Capital improvements are required to maintain the City’s physical infrastructure. The City’s FY 2024-2025 CIP appropriates \$93,352,000 for street, sewer, light, stormwater, water, traffic and public facility improvements. Capital improvement projects are funded by Measure S, Proposition C, Measure R, Measure M, 2017 Road Maintenance Rehabilitation Act (SB 1), and other revenues sources.

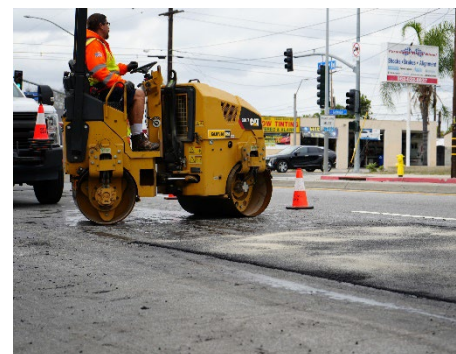


Figure 9: Street repairs

### Employee Service Costs

The primary source of service to the public is through employees, and as such, the Employee Service Costs (consisting of salaries, wages and employee benefits) make up the largest component of the General Fund expenditures. There are seven represented employee groups in the City: Downey City

Employee’s Association-Maintenance, Downey City Employee’s Association-Miscellaneous, Downey Fire Management Association, Downey Firemen’s Association, Downey Police Management Association, Downey Police Officer’s Association, and Downey Public Safety Auxiliary Association. Executive and Management positions remain unrepresented.

The City strives to provide sufficient staffing levels within its limited resources, with a focus of providing services, public safety, and an overall quality of life that surpasses surrounding cities.

In FY 2023-2024, the City completed labor negotiations with the Downey City Employees’ Association-Maintenance Unit providing a 12% percent total salary increase over the next two years with Classic employees contributing an additional 3% percent towards their CalPERS pension costs.

Although there have been increases in personnel in recent years, the City’s full-time budgeted staffing continues to be less than what it was over a decade ago. From FY 2008-2009 to FY 2024-2025, full-time budgeted staffing has reduced from 481 to 449, a 7.1 percent decrease to address budget challenges and improve organizational alignment. Over the 15 years since the reduction in staffing in 2008, the community has continued to grow and has increased its needs for high quality service provision. Staff has worked diligently to meet those demands with less manpower than has been available in the past. Over the next few years, the City will be challenged to prudently grow its staffing levels to meet the needs of a thriving community and continue to ensure high quality services are available here in Downey.



For the FY 2024-2025 budget, a total of 8 positions were added to the budget to improve service levels and department efficiencies. These positions will assist in streamlining services and increasing response times to the public. Utilizing Measure S Funding, the Police Department is adding two Community Service Officers, a Police Records Specialist, and a Public Safety Dispatcher and Parks and Recreation is adding a Program Coordinator. To more appropriately support City operations, Finance added a Budget Analyst, Payroll Specialist, Revenue Supervisor, and Senior Accountant while eliminating two Principal Accountants and an Accountant position. Funding for these positions will be offset by reductions in contract services and anticipated increases in City revenues.

While the City’s revenues have increased marginally as the result of intensive business development and retention efforts, these revenues are only enough to meet the ever-increasing costs of CalPERS pensions, and so while staff’s continued outstanding performance and dedication are what has made this organization so successful, there have been modest increases to compensation in the past.

### BUDGET CHALLENGES

While the City is making progress to meet its financial obligations, there continues to be major challenges that need to be made that impact City finances. The City is continuing to review strategies to address these challenges to ensure they become manageable.

### **Retirement Costs**

The City contracts with the California Public Employees retirement System (CalPERS), to provide retirement benefits to full-time employees. On January 1, 2013, the State adopted California Public Employee's Pension Reform Act (PEPRA) in an effort to control rising pension costs. Members who became CalPERS members on or after January 1, 2013 or have been separated from service for longer than six months, are considered "new" members", and are required to pay half of the normal cost towards their pension contribution.



In recent years, CalPERS has made changes that will continue to increase employer retirement costs. These changes include: 1) new CalPERS amortization periods and smoothing methods for employer contributions, 2) changes to actuarial assumptions including projecting longer life expectancies and demographic assumptions, and 3) reducing the discount rate of return on investments from 7.5 percent to 7.0 percent. These changes continue to significantly increase the City's retirement costs over the next several years.

In order to control rising retirement costs, the City implemented a new tier on January 11, 2012 where each new staff member in the City enters under either a second-tier or pension reform (PEPRA) retirement formula, which will continue the slow reduction of the City's unfunded pension liability in the next twenty to thirty years.

However, despite these efforts, like many cities, the City's contribution rates to CalPERS continued to increase as PERS adjusts its discount rate (the rate of return that CalPERS predicts it will achieve on its investments of public pension funds). Fortunately, the City had the foresight to take a proactive measure of refinancing its CalPERS Unfunded Actuarial Liability (UAL) in early 2021 resulting in a projected gross savings of \$65 million to the City and increasing the City's Pension Funding Level from 67.1 percent to 80.7 percent as of June 30, 2023.

### **Health Care Premiums**

Healthcare costs for CalPERS-negotiated healthcare plans are expected to increase over the prior year. While the City has not received data from CalPERS regarding upcoming year costs, the City anticipates an increase similar to prior years, approximately 4-5 percent. Anticipating future years' healthcare cost increases and to help offset rising healthcare premiums, in Fiscal Year 2017-2018 the City negotiated with labor groups to require staff, for the first time ever, to begin contributing toward their employer-provided healthcare costs.

### **Minimum Wage Increases**

In April 2016, Governor Brown signed SB 3 (Leno), which established a state minimum wage phase in requirement that increases the minimum wage to \$15 per hour by 2022. Additionally, after the state minimum wage reaches \$15 an hour for all employees, the rate is adjusted annually for inflation based on the national CPI for urban earners and clerical workers at a cap of 3.5 percent. The current state

minimum wage rate is at \$16.00. These rate increases have impacted City Department recruitments, particularly for part-time employees.

### ***Inflation***

Inflation is of significant concern for the City. As the cost of materials rises, the City has experienced unexpected increases in contractor bids for capital projects, delays in receiving necessary components for equipment projects, and increases in fuel and labor costs due to a tight and competitive labor market. While inflation has not caused the cancellation of capital projects, the continual high cost may cause the City to re-evaluate the resources it has available for certain projects in the future. The City must continue to monitor inflation trends closely and adapt financial strategies to mitigate its impacts effectively.

### ***Staffing Levels***

In the coming years, reaching sufficient staffing levels to meet the demands for public services that Downey has come to expect will remain a significant challenge. Labor market challenges, including issues related to compensation and benefits, will continue to hinder efforts to maintain expected service levels. Additionally, competition for skilled workers across various sectors adds further complexity to recruitment efforts. Low staffing levels not only strain existing staff but also impede the City's ability to deliver essential services efficiently, impacting residents' quality of life and satisfaction with municipal operations. Therefore, addressing these challenges and strategically increasing staffing levels are essential for sustaining Downey's growth and ensuring the continued provision of high-quality services to its residents.

### ***Infrastructure Investment***

Investing in infrastructure is crucial to the long-term vitality and sustainability of Downey. Delaying necessary infrastructure investments can lead to a host of issues, including deteriorating roads, bridges, and utilities, which not only pose safety risks but also impede economic growth and quality of life for residents. The City must continue to prioritize timely investments in infrastructure to prevent costly failures and avoid disruptions to essential services. While fiscal responsibility is crucial, neglecting infrastructure needs can ultimately prove more expensive in the long run due to increased repair and replacement costs, as well as potential impacts to the City's reputation and economic competitiveness. Therefore, it is imperative for the City to carefully consider infrastructure investments as part of its fiscal planning and ensure that adequate resources are allocated to address critical infrastructure needs proactively.

### ***Community Aspirations***

The City of Downey recently initiated the Downey Discussion campaign, inviting the community to share their service priorities. Community survey responses have underscored the importance of public safety, particularly in relation to Police and Fire services provided by the City. Throughout each community conversation regarding service priorities, it has become evident that residents highly value swift 911 response times, overall public safety, and the preservation of the City's aesthetics and community character. As Downey prides itself on being a full-service city, maintaining robust Police and Fire Departments presents ongoing challenges. Balancing these community values with the fiscal responsibilities of maintaining such services is crucial to meeting the expectations of residents and preserving the unique identity of Downey.



## LOOKING BEYOND FISCAL YEAR 2024-2025

To ensure long-term fiscal viability, the City has made substantial changes to compensation, retirement, and healthcare structure; sought federal, state, local and private funding for projects to support our parks, library, police, fire, water, and community development needs; and supported state and federal legislation to increase funding for infrastructure projects.

Longstanding infrastructure and maintenance projects will update City facilities and ensure viability for the next 20-30 years, thanks to funds from Downey's Measure S, the County's Measure M, and the State's SB 1. Specifically, the 2017 transportation funds and local sales tax dollars have helped to stabilize infrastructure resources over the next twenty to thirty years.



Figure 10: Residential Streets Pavement Rehabilitation

Additionally, the City's bond issuance using Measure M and Measure R funds helped accelerate projects and limit future increased construction costs. Over \$30,000,000 in street repairs were completed this past year. Additionally, the City maximized one-time federal revenue dollars such as ARPA funds, to advance City infrastructure creating generational impacts.

The city's prudent management of revenue ensures that it can consistently deliver high-quality services, whether during periods of economic growth or in times of uncertainty. The City prepares a five-year capital improvement plan to track projects, costs, funding sources, and potential impacts to the General Fund due to ongoing maintenance of these projects. By forecasting for the next five years, it allows City staff to properly budget and allocate resources to future projects, while also anticipating and minimizing, when possible, effects to the General Fund.

Further, Downey is on a sustainable long-term path in terms of state-of-the art infrastructure repair and regional economic development opportunities that will have tremendous impacts for decades. These include the redevelopment of the Rancho Los Amigos South Campus, expansion of the Columbia Memorial Space Center, and the development of the Southeast Gateway (formerly West Santa Ana Branch) light rail line and station in Downey.

Incorporating these various projects and future legacy projects, the City completes long-range revenue and expenditure projections to assist with this effort of financial stewardship.

As the City remains focused on long-term infrastructure and economic development efforts, the City is also proactively exploring methods of expanding its revenue base to support and enhance services.

### **Additional Revenue Augmentation**

The City is currently considering the feasibility of placing a revenue measure such as a hotel users' tax (also known as the Transient Occupancy Tax) or a Transactions and Use Tax (Sales Tax) on the November 2024 ballot to update the rate along with modernizing the City's municipal code. A hotel users' tax is not likely to impact development and is not a revenue measure that affects residents. A

potential hotel users' tax update could generate an additional \$950,000 to help maintain City services. Additionally, the City is exploring the feasibility of proposing a sales tax measure of ¼ cent on the ballot as an alternative to the hotel users' tax. This measure aims to supplement the annual revenue base, enabling the City to address increased demand for services and enhance its capacity to meet community needs. The estimated additional revenue of approximately \$6 million annually would significantly contribute to the City's financial stability and empower it to fund essential public safety, City projects, programs, and services. This revenue measure, if executed, would ensure that funds remain solely within the City to benefit the local community. Leveraging this additional revenue measure would allow Downey to more comprehensively address local needs and support essential services. Failure to pursue a measure could lead outside agencies to compete for this ¼ cent and result in revenue being directed to the County or other agencies that do not directly benefit Downey. Most importantly, over the next several years, the City will need to expand its revenue base to ensure resources are available in order to continue to meet community service expectations and staffing needs.

### CONCLUSION

The Fiscal Year 2024-2025 Budget provides the funding needed to meet the City Council's fiscal year goals driven by the Council's five overarching priorities. The City will continue to monitor many factors impacting revenues and expenditures, and look at strategic ways to continue achieving balanced budgets.

I would like to thank the City Council for its policy guidance and support, and our dedicated workforce for its efforts in developing this budget. With the continued collaborative efforts of the City Council, staff, and the Downey community, the City is well-positioned to continue providing high-quality services to Downey residents and businesses.

Respectfully Submitted,

CITY OF DOWNEY



Roger Bradley  
City Manager

#### Mission

Proudly committed to continuously improving the quality of life for the Downey community by providing excellent service in a professional, ethical and responsible manner.

#### Values

Integrity

Commitment

Respect

Teamwork

Engagement

Passion

Excellence

#### City Council Priorities

- Fiscal Responsibility
- Economic Vibrancy
- Efficiency and Adaptability
- Quality of Life, Safety and Infrastructure
- Public Engagement

**RESOLUTION NO. 24-8245**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DOWNEY  
ADOPTING THE FISCAL YEAR 2024-2025 BUDGET AND THE ANNUAL  
APPROPRIATIONS LIMIT**

**WHEREAS**, the City Council has considered the proposed budget recommended by the City Manager for the Fiscal Year 2024-2025; and

**WHEREAS**, two Principal Accountants and one Accountant were removed from the Finance Department; and

**WHEREAS**, the addition of one Payroll Specialist, one Budget Analyst, one Revenue Supervisor, and one Senior Accountant were included in the Finance Department; and

**WHEREAS**, the addition of one Associate Civil Engineer-Utilities was included in the Public Works Utilities Division; and

**WHEREAS**, the addition of two Community Service Officers, one Police Records Specialist, and one Public Safety Dispatcher were included in the Police Department; and

**WHEREAS**, the addition of one Paralegal was included in the City Attorney's Office; and

**WHEREAS**, the addition of one Program Coordinator was included in the Parks and Recreation Department; and

**WHEREAS**, one Program Coordinator was removed from the Library Department; and

**WHEREAS**, the addition of one Education Coordinator was included in the Columbia Memorial Space Center; and

**WHEREAS**, the reclassification of one Fire Building Inspector to Fire Inspector I/II to be more reflective of the scope of duties and responsibilities was included; and

**WHEREAS**, the reclassification of Building Permit Technician to Senior Building Permit Technician to be more reflective of the scope of duties and responsibilities was included; and

**WHEREAS**, the reclassification of one Management Analyst to Senior Management Analyst to be more reflective of the scope of duties and responsibilities was included; and

**WHEREAS**, the position title change from City Planner to Deputy Director of Community Development was included; and

**WHEREAS**, the position title change from Housing Manager to Housing Grants Manager was included; and

**WHEREAS**, the newly established classifications of Education Coordinator and Fire Inspector I/II are non-exempt classifications and determined to be appropriately represented by the Downey City Employees' Association – Miscellaneous Unit; and

**WHEREAS**, the newly established classification of Budget Analyst is an exempt Middle Management at-will classification; and

**WHEREAS**, the newly established classifications of Payroll Specialist and Paralegal are Confidential/ Exempt at-will classifications.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DOWNEY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The budget for the City of Downey for fiscal year 2024-2025 is hereby adopted as set forth in the statement of Summary of Resources and Requirements by Fund. The City Manager is hereby authorized to expend, in accordance with the laws of the State of California, the Charter of the City of Downey, and its ordinances, on behalf of the City Council, an amount of \$284,936,760 for City operations as detailed in Exhibit "A".

**SECTION 2.** City staff is directed to prepare and publish a final budget document incorporating those changes approved by Council.

**SECTION 3.** In accordance with Article XIII B of the State Constitution, and using data furnished by the State Department of Finance and the Los Angeles County Assessor, the appropriations limit for Fiscal Year 2024-2025 has been calculated.

The limit has been computed by adjusting the appropriations limit for Fiscal Year 2023-2024 as multiplied by the product of the percentage change in either California's per capita personal income from the preceding year (3.62%) or the City's total assessed valuation from the preceding year due to new non-residential construction (7.49%); and the percentage change in population from the preceding year of either the County of Los Angeles (-0.05%) or the City (-0.15%). Since the percentage change in total assessed valuation due to new non-residential construction and the percentage change in the County's population will provide greater benefit to the City, these factors have been selected to compute the fiscal year 2024-2025 appropriations limit. Using these factors, the appropriations limit for 2024-2025 is \$306,953,236, which generally means that certain aspects of the budget cannot exceed this amount. The proposed budget for Fiscal Year 2024-2025 contains appropriations subject to this limit of \$84,435,500.

**SECTION 4.** The appropriations specified herein shall constitute the maximum amounts authorized for each department in each fund. The City Manager is hereby authorized to make budgetary transfers between departments in a fund if, in his opinion, such transfers are necessary and proper to the effective operation of the City; provided, however, that:

- (a) Appropriations for personnel costs cannot be transferred to supply and service accounts.
- (b) Any non-budgeted equipment, new or replacement, which costs \$75,000 or more requires prior City Council approval.
- (c) The City Manager will inform the City Council of the purchase of non-budgeted equipment, new or replacement that costs less than \$75,000.
- (d) Authorized manpower levels as specified in the Budget document are neither increased nor transferred without prior approval of the City Council. However, the City Manager may exceed authorized manpower levels on a temporary basis to provide for the effective training and orientation of new employees.

**SECTION 5.** For the fiscal year ending June 30, 2024, the amount of unassigned Fund Balance shall be deposited into Assigned General Fund balance accounts to (1) ensure the Emergency Reserve and the Stability Reserve are appropriately funded and (2) provide future resources for other significant City projects or needs.



**SECTION 6.** The number and classification of employees as specified in the Budget and any amendments or revisions authorized by the City Council are hereby authorized for the fiscal year.

**SECTION 7.** The following pay ranges shall take effect to coincide with the pay period that includes July 1, 2024 as follows:

<b>Classification Title</b>	<b>Grade</b>	<b>Pay Range</b>
Payroll Specialist	01-227	\$5,315.31 to \$6,584.70 per month
Budget Analyst	04-004	\$6,656.92 to \$8,246.73 per month
Revenue Supervisor	04-004	\$6,656.92 to \$8,246.73 per month
Education Coordinator	01-232	\$5,772.79 to \$7,151.44 per month
Fire Inspector I	01-224	\$5,464.51 to \$6,767.67 per month
Fire Inspector II	01-226	\$6,010.96 to \$7,446.64 per month
Senior Building Permit Technician	01-171	\$4,438.16 to \$5,498.17 per month

**SECTION 8.** The City Manager, or designee, is hereby authorized to make all classification specification revisions in accordance with the FY 2024-2025 Budget.

**SECTION 9.** The City Clerk shall certify to the adoption of this Resolution.

**APPROVED AND ADOPTED** this 25<sup>th</sup> day of June, 2024.

\_\_\_\_\_  
MARIO TRUJILLO, Mayor

**ATTEST:**

\_\_\_\_\_  
MARIA ALICIA DUARTE, CMC  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
JOHN M. FUNK  
City Attorney

**RESOLUTION NO. 24-8245**

**PAGE 4**

**I HEREBY CERTIFY** that the foregoing Resolution was adopted by the City Council of the City of Downey at a Regular meeting held on the 25<sup>th</sup> day of June, 2024, by the following vote, to wit:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

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MARIA ALICIA DUARTE, CMC  
City Clerk

**EXHIBIT A**

**SUMMARY OF RESOURCES AND REQUIREMENTS BY FUNDS**

**Exhibit A**

Fund No.	Fund	Estimated Beginning Balance July 1, 2024	Estimated Revenues	Transfers from Other Funds	Total Resources Available	Operating Expenditures	Equipment	Capital Projects	Transfers to Other Funds	Total Requirements	Projected Ending Fund Balance June 30, 2025	Fund	Fund No.
<b>General Fund</b>												<b>General and Reserve Funds</b>	
10	General Fund	\$ 42,855,128	\$ 107,379,565	\$ 4,849,000	\$ 155,083,693	\$ 109,912,945	\$ -	\$ -	\$ 1,415,583	\$ 111,328,528	\$ 43,755,165	General Fund	10
17	Measure S Operating	9,520,733	13,352,000	-	22,872,733	5,495,431	-	-	7,391,649	12,887,080	9,985,653	Measure S Operating	17
Sub Total		52,375,861	120,731,565	4,849,000	177,956,426	115,408,376	-	-	8,807,232	124,215,608	53,740,818	Sub Total	
65	Civic Center	25,160	119,811	1,975,830	2,120,801	2,120,801	-	-	-	2,120,801	-	Civic Center	65
73	Special Deposit Fund	67,600	-	-	67,600	-	-	-	-	-	67,600	Special Deposit Fund	73
76	Liability Insurance	(431,120)	4,385,631	-	3,954,511	3,954,511	-	-	-	3,954,511	-	Liability Insurance	76
Sub Total		(338,360)	4,505,442	1,975,830	6,142,912	6,075,312	-	-	-	6,075,312	67,600	Sub Total	
Total		52,037,501	125,237,007	6,824,830	184,099,338	121,483,688	-	-	8,807,232	130,290,920	53,808,418	Total	
<b>Special Revenue Funds</b>												<b>Special Revenue Funds</b>	
11	Federal Police Grant	(231,516)	156,550	-	(74,966)	116,577	-	-	-	116,577	(191,543)	Police Grants	11
13	Fire Dept. Haz Material	(72,788)	165,000	-	92,212	260,260	-	-	-	260,260	(168,048)	Fire Dept. Haz Material	13
14	Federal Fire Grant	15,582	246,000	-	261,582	94,173	-	-	-	94,173	167,409	Federal Fire Grant	14
19	Federal Emergency Grants	495,287	1,100,000	-	1,595,287	160,000	-	-	900,000	1,060,000	535,287	Federal Emergency Grant	19
20	Waste Reduction	(299,334)	726,174	-	426,840	930,288	-	-	-	930,288	(503,448)	Waste Management	20
22	Air Quality	320,077	150,000	-	470,077	187,464	-	149,000	-	336,464	133,613	Air Quality	22
23	Street Lighting	2,095,072	3,201,000	-	5,296,072	2,489,760	-	360,000	-	2,849,760	2,446,312	Street Lighting	23
24	Learning Center	681,145	288,000	1,117,884	2,087,029	2,087,029	-	-	-	2,087,029	-	Learning Center	24
25	TDA Article III	(54,524)	-	-	(54,524)	170	-	181,000	-	181,170	(235,694)	TDA Article III	25
27	Grants-In-Aid	-	1,329,000	-	1,329,000	146,428	-	-	-	146,428	1,182,572	Grants-In-Aid	27
28	CDBG	716,587	1,269,000	-	1,985,587	1,224,448	-	-	-	1,224,448	761,139	CDBG	28
29	Federal Home Program	352,409	2,070,000	-	2,422,409	1,739,175	-	-	-	1,739,175	683,234	Federal Home Program	29
30	Gas Tax	-	3,124,000	-	3,124,000	141,010	-	-	2,799,000	2,940,010	183,990	Gas Tax	30
31	LSTA Fund	384	-	-	384	-	-	-	-	-	384	LSTA GRANT	31
32	State - SB1	6,607,484	2,980,000	-	9,587,484	-	-	6,483,000	-	6,483,000	3,104,484	SB1	32
47	Art In Public Places	558,260	95,000	-	653,260	550	-	-	-	550	652,710	Art in Public Places	47
50	Storm Drain Fund	7,452,254	12,440,803	-	19,893,057	524,888	-	20,423,508	-	20,948,396	(1,055,339)	Storm Drain Fund	50
54	Transit - "PROP. C"	4,239,704	2,755,000	-	6,994,704	36,287	-	3,717,714	1,000,000	4,754,001	2,240,703	Transit - "PROP. C"	54
55	Transit - "PROP. A"	5,528,066	3,213,000	1,000,000	9,741,066	3,714,669	-	-	-	3,714,669	6,026,397	Transit - "PROP. A"	55
56	Transit - "MEAS. R"	2,545,804	2,113,000	-	4,658,804	15,275	-	2,663,075	838,000	3,516,350	1,142,454	Transit - "MEAS. R"	56
57	Transit - "MEAS. M"	2,884,889	2,327,000	-	5,211,889	725	-	2,049,276	1,023,000	3,073,001	2,138,888	Transit - "MEAS. M"	57
74	State Asset Forfeiture	93,485	36,750	-	130,235	-	-	-	-	-	130,235	State Asset Forfeiture	74
77	Public Access	1,290,173	116,000	-	1,406,173	-	-	-	-	-	1,406,173	Public Access	77
78	Asset Forfeiture	241,574	21,000	-	262,574	-	-	-	-	-	262,574	Asset Forfeiture	78
84	Housing	4,259,301	160,000	-	4,419,301	12,765	-	-	-	12,765	4,406,536	Housing	84
Sub Total		39,719,375	40,082,277	2,117,884	81,919,536	13,881,941	-	36,026,573	6,560,000	56,468,514	25,451,022	SUB TOTAL	

Fund No.	Fund	Estimated Beginning Balance July 1, 2024	Estimated Revenues	Transfers from Other Funds	Total Resources Available	Operating Expenditures	Equipment	Capital Projects	Transfers to Other Funds	Total Requirements	Projected Ending Fund Balance June 30, 2025	Fund	Fund No.
<b>Capital Project Funds</b>													
26	Grants	(643,910)	23,713,267	-	23,069,357	21,275	-	23,713,267	-	23,734,542	(665,185)	Grants	26
33	Measure S Capital	453,700	-	1,670,352	2,124,052	707,052	-	-	-	707,052	1,417,000	Measure S	33
34	NASA Infrastructure	256,955	7,000	-	263,955	-	-	-	-	-	263,955	NASA Infrastructure	34
36	Capital Project Firestone	517,642	-	-	517,642	357	-	20,130	-	20,487	497,155	Capital Project	36
38	Vehicle Impact	6,216,002	2,275,000	-	8,491,002	2,267	-	4,805,000	-	4,807,267	3,683,735	Vehicle Impact	38
40	Capital Projects	6,778,042	3,000	235,166	7,016,208	1,075	-	8,141,697	404,000	8,546,772	(1,530,564)	Capital Projects	40
Sub Total		13,578,431	25,998,267	1,905,518	41,482,216	732,026	-	36,680,094	404,000	37,816,120	3,666,096	SUB TOTAL	
<b>Debt Service Funds</b>													
18	Pension Obligation Bonds	7,791,281	8,116,000	-	15,907,281	-	-	-	-	-	15,907,281	Pension Obligation Bonds	18
35	Measure S Debt Service	597,268	4,000	3,962,000	4,563,268	4,384,458	-	-	-	4,384,458	178,810	Measure S Debt Service	35
58	Measure M Bond 2021A	2,375,560	-	1,023,000	3,398,560	1,024,856	-	2,195,229	-	3,220,085	178,475	Measure M Bond 2021A	58
59	Measure R Bond 2021B	689,878	-	838,000	1,527,878	840,131	-	3,733,135	-	4,573,266	(3,045,388)	Measure R Bond 2021B	59
Sub Total		11,453,987	8,120,000	5,823,000	25,396,987	6,249,445	-	5,928,364	-	12,177,809	13,219,178	SUB TOTAL	
<b>Enterprise Funds</b>													
51	Water Fund <sup>1</sup>	11,845,605	17,712,000	-	29,557,605	17,699,046	-	12,917,000	900,000	31,516,046	(1,958,441)	Water Fund	51
52	Golf Course Fund <sup>1</sup>	5,326,516	5,080,000	-	10,406,516	4,413,586	-	-	-	4,413,586	5,992,930	Golf Course Fund	52
72	Sewer Fund <sup>1</sup>	538,452	1,745,000	-	2,283,452	1,666,193	-	1,800,000	-	3,466,193	(1,182,741)	Sewer & Storm Drain	72
Sub Total		17,710,573	24,537,000	-	42,247,573	23,778,825	-	14,717,000	900,000	39,395,825	2,851,748	SUB TOTAL	
<sup>1</sup> Only Unrestricted Net Position (Available Resources) are presented													
<b>Successor Agency Funds</b>													
91	Red. Oblig. Retirement	-	-	-	-	168,994	-	-	-	168,994	(168,994)	Red. Oblig. Retirement	91
93	CRA Debt Service	-	1,263,000	-	1,263,000	628,893	-	-	-	628,893	634,107	CRA Debt Service	93
Total Successor Agency Funds		-	1,263,000	-	1,263,000	797,887	-	-	-	797,887	465,113	Total Internal Services	
<b>TOTAL CITY BUDGET</b>		<b>134,499,867</b>	<b>225,237,551</b>	<b>16,671,232</b>	<b>376,408,650</b>	<b>166,923,812</b>	<b>-</b>	<b>93,352,031</b>	<b>16,671,232</b>	<b>276,947,075</b>	<b>99,461,575</b>	<b>TOTAL CITY BUDGET</b>	
<b>Internal Service Funds</b>													
61	Employee Benefit Fund	5,928,406	3,132,000	-	9,060,406	4,055,525	-	-	-	4,055,525	5,004,881	Employee Benefit Fund	61
62	Equipment Fund	20,456	3,665,000	-	3,685,456	-	3,934,160	-	-	3,934,160	(248,704)	Equipment Fund	62
Total Internal Service Funds		5,948,862	6,797,000	-	12,745,862	4,055,525	3,934,160	-	-	7,989,685	4,756,177	Total Internal Services	
<b>GRAND TOTAL</b>		<b>\$ 140,448,729</b>	<b>\$ 232,034,551</b>	<b>\$ 16,671,232</b>	<b>\$ 389,154,512</b>	<b>\$ 170,979,337</b>	<b>\$ 3,934,160</b>	<b>\$ 93,352,031</b>	<b>\$ 16,671,232</b>	<b>\$ 284,936,760</b>	<b>\$ 104,217,752</b>	<b>GRAND TOTAL</b>	