



THE CITY OF  
**SAN FERNANDO**

# BUDGET STUDY SESSION NO. 1

## BUDGET OVERVIEW

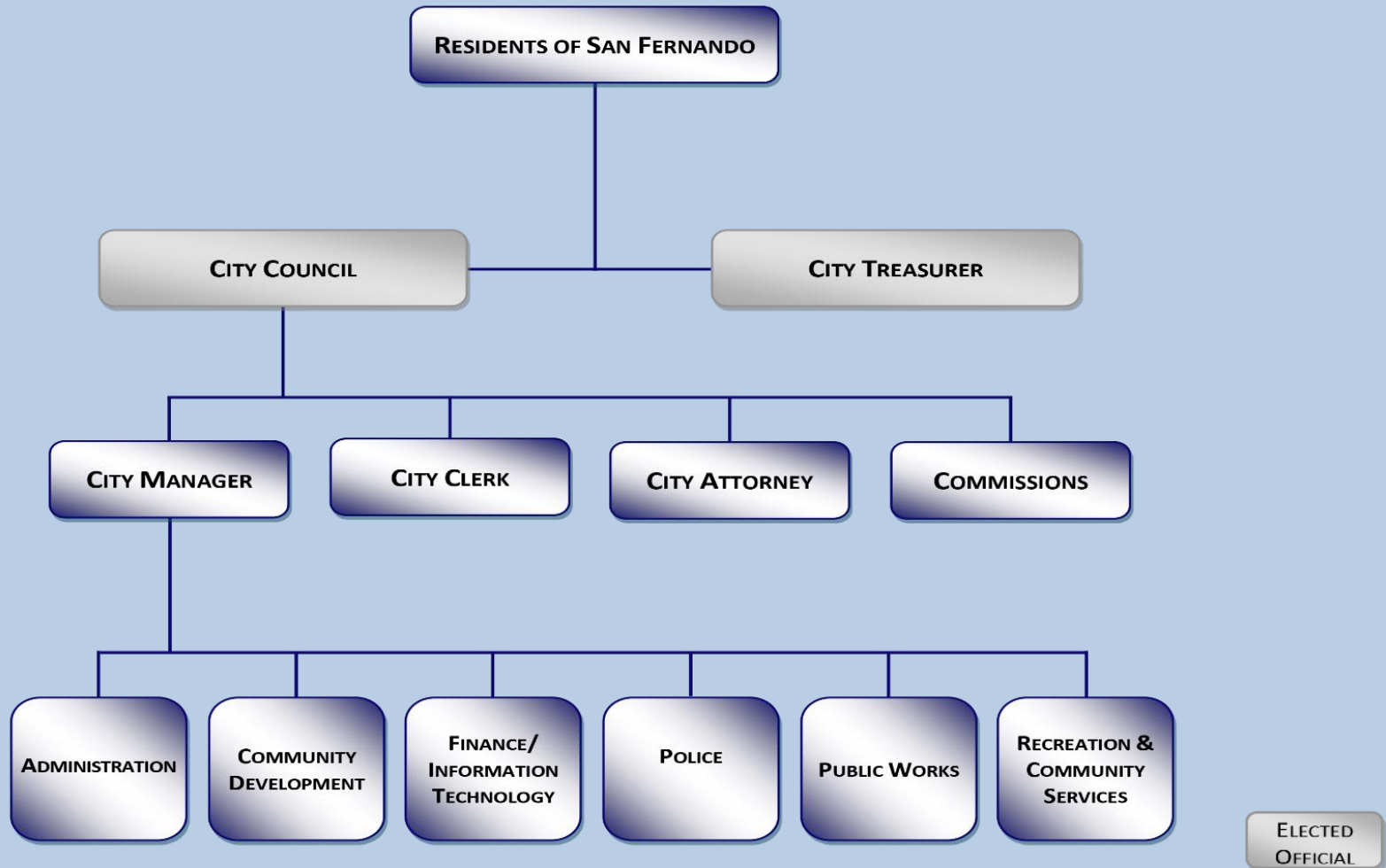
MAY 20, 2019

PRESENTED BY:  
**NICK KIMBALL**  
**CITY MANAGER**



THE CITY OF  
**SAN FERNANDO**

# CITYWIDE ORGANIZATIONAL STRUCTURE



MAY 20, 2019



## NATIONAL ECONOMIC OUTLOOK

- Economy continues to chug along; same outlook as last year.
- National and state economies have been on a long slow expansion since the Great Recession in 2009.
- Fundamentals are strong:
  - Record low unemployment (3.9%)
  - Private residential and non-residential investment has been increasing since 2016
  - Personal consumption has been increasing since 2009
  - S&P 500 index remains at record levels
- Threats: Uncertainty surrounding the Trump Administration's stance on tariffs and international trade.



## LOCAL ECONOMIC OUTLOOK

- Locally, sales and property taxes have shown steady growth over the last ten years.
- Metro approved the East San Fernando Valley light rail project that will connect San Fernando to the Orange Line by 2028.
- Specific Plan No. 5 will help streamline the development review process and facilitate new development in the downtown area.
- New business (CVS, Truman House Tavern, Spectrum Mobile) have started to energize the Mall area.
- Developers have approached the City with new entertainment, retail and housing development opportunities.
- City is working with an Economic Development consultant to assist with evaluating City assets and possible future development sites.



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## FY 2019-2020 BUDGET OBJECTIVES

The emphasis of this budget is on:

- Investing in the future of San Fernando
- Add staff resources to address a mounting backlog due to prior cuts
- Continue street resurfacing program (>\$6 million allocated)
- Replace critical equipment to increase service delivery
- Rebuild the General Fund reserve



## BUDGET DEVELOPMENT GUIDANCE

- 1) Maintenance of Effort Budget
- 2) No Consumer Price Index increases for operations
- 3) Enhancement requests considered if they are:
  - Required by law or contract.
  - Offset by additional revenue to the City.
  - Result in net long-term benefit to City.
  - Meet a citywide strategic goal.

# FY 2019-2020 PROPOSED BUDGET

Fund	FY 2018-2019 Adjusted Budget	FY 2019-2020 Proposed Budget	% Change
General Fund	\$19,343,226	\$19,853,654	2.6%
Internal Service Funds*	\$3,988,073	\$3,780,363	-5.2%
Enterprise Funds**	\$12,904,179	\$11,249,402	-12.8%
Special Revenue Funds***	\$12,329,848	\$14,582,352	18.2%
<b>Total Citywide Budget</b>	<b>\$48,565,325</b>	<b>\$49,465,772</b>	<b>1.8</b>

Notes:

\*ISF – Reflects a reduction in Self Insurance Fund Charges

\*\*Unfinished Water/Sewer CIPs budgeted in prior years will be carried forward to FY 19-20. Limited new CIP funding included in FY 19-20 budget.

\*\*\*Additional new funding included in FY 19-20; Primarily for Grant Funded projects and residential street resurfacing projects.



## GENERAL FUND HIGHLIGHTS

- 1) Projected Revenues: \$20.363 million
- 2) Proposed Expenditures: \$19.853 million
- 3) Projected Budget Surplus of \$510,000 to rebuild Reserve Fund balance and cover unexpected items during the fiscal year
- 4) Total Enhancement Requests: \$1.26 million
- 5) Recommended enhancements: \$366,950
  - a) Ongoing: \$156,880
  - b) One-time: \$210,070

## RECOMMENDED PERSONNEL ENHANCEMENTS

- 1) \$63,500 to add a full-time Public Works Superintendent of Streets/Trees/Sewer (50% General Fund; 50% Sewer Fund).
- 2) \$49,630 to upgrade the part-time Deputy City Clerk position to a full-time Deputy City Clerk/Management Analyst.
- 3) \$22,250 to add a part-time Police Records Specialist (960 hours).
- 4) \$26,570 in additional professional training and education for staff.



# THE CITY OF SAN FERNANDO

## RECOMMENDED EQUIPMENT, MATERIALS & SERVICE ENHANCEMENTS

- 1) \$25,000 for the Street Maintenance Division to provide additional street striping and pavement marking around schools and citywide.
- 2) \$83,500 to replace a heavy duty man lift vehicle for the Electrical Division.
- 3) \$40,000 to replace one Police Detective vehicle and \$30,000 to replace one Parking Enforcement vehicle.
- 4) \$12,000 to upgrade the scheduling and billing software for Recreation Programs.
- 5) \$10,000 to engage a firm to assist the City Clerk's Office with getting up to date with City Council meeting minutes.
- 6) \$4,500 to cover the additional cost of JAM sessions and special events.



## MEASURE A EXPENDITURE PLAN

<u>Repayment of Debt</u>		<u>Equip, Materials, Service Enhancements (Cont.)</u>	
To Retirement Fund	175,000	City Council meeting minutes	10,000
To Sewer Fund	75,000	Special Events & Rec Programs	16,500
To Water Fund	75,000	Add'l training & education	9,570
<b>Subtotal</b>	<b>325,000</b>	<b>Subtotal</b>	<b>314,570</b>
<u>Establish Reserves</u>		<u>Ongoing Staffing</u>	
Facility Maintenance Fund	100,000	Upgrade PT Dep. City Clerk to FT Dep. City Clerk/Mgmt Analyst	49,630
Equipment Replacement Fund	100,000	Add PT Records Specialist (.46)	22,250
<b>Subtotal</b>	<b>200,000</b>	Add PW Superintendent (.50)	63,500
<u>Equip, Materials, Service Enhancements</u>		Ongoing training & education	17,000
Replace one (1) Detective vehicle	40,000	<b>Subtotal</b>	<b>152,380</b>
Replace one (1) CSO Vehicle	30,000		
Replace Heavy Duty Man Lift	83,500	Deficit fund balance reduction	510,000
Add'l Street maint. Materials & Equip	25,000	Subsidize Street Lighting District	40,000
Economic Development Activity	50,000	Amount allocated to City operations	1,008,050
Special Studies, as needed	50,000	<b>Subtotal</b>	<b>1,558,050</b>

**Total Measure A funds:**

**\$2,550,000**

## CAPITAL IMPROVEMENT PROJECTS

Category	Amount Appropriated	Funding Source(s)
Street and Sidewalk Improvements	6,300,000	Multiple Special Funds
Streetlight/Signal Improvements	2,177,000	Grants/Multiple Special Funds
Pacoima Wash Ped, Bike & Bridge	2,055,000	Grants/Measures R & M
Safe Routes to School	2,940,000	Grants/Measure R
Water System Improvements	1,025,000	Water Fund
Water Reservoir Replacement	5,000,000	Grants
Sewer System Improvements	1,740,000	Sewer Fund
<b>Total</b>	<b>21,237,000</b>	

- Street projects include: Glenoaks Blvd Reconstruction and resurfacing portions of Pico, Arroyo, Phillipi, Alexander, N Workman, Lazard, and Lucas.
- Signal improvements include citywide traffic signal synchronization.
- Total Amount Appropriated includes new funding appropriate in FY 19-20 as well as funds to be carried over from prior years for unfinished projects.



# STRUCTURE OF BUDGET DOCUMENT

City Manager's  
Budget Message

Proposed Revenue  
and Expenditure

Goals for the  
Upcoming Fiscal Year

Summary of Revenue  
and Expenditures – All  
Funds

Summary of Revenues  
and Expenditures –  
General Fund

Expenditure Detail by  
Department & Special  
Fund

**SUMMARY**

**DETAIL**



# THE CITY OF SAN FERNANDO

## BUDGET SCHEDULE

### Monday, May 20<sup>th</sup>:

#### ***Study Session #1***

- Proposed Budget Overview
- Administration
- Finance & IT
- Police Department
- Recreation and Community Services

### Tuesday, May 28<sup>th</sup>:

#### ***Study Session #2***

- City Clerk
- Community Development
- Public Works
- Capital Improvement Projects
- Review of City Council Priorities & Ad Hoc Committees

### Monday, June 3<sup>rd</sup>:

#### ***Study Session #3 (if necessary)***

- Follow-up and additional questions from City Council.

### Monday, June 18<sup>th</sup> :

- Follow-up and additional questions from City Council.
- Adoption of Budget.



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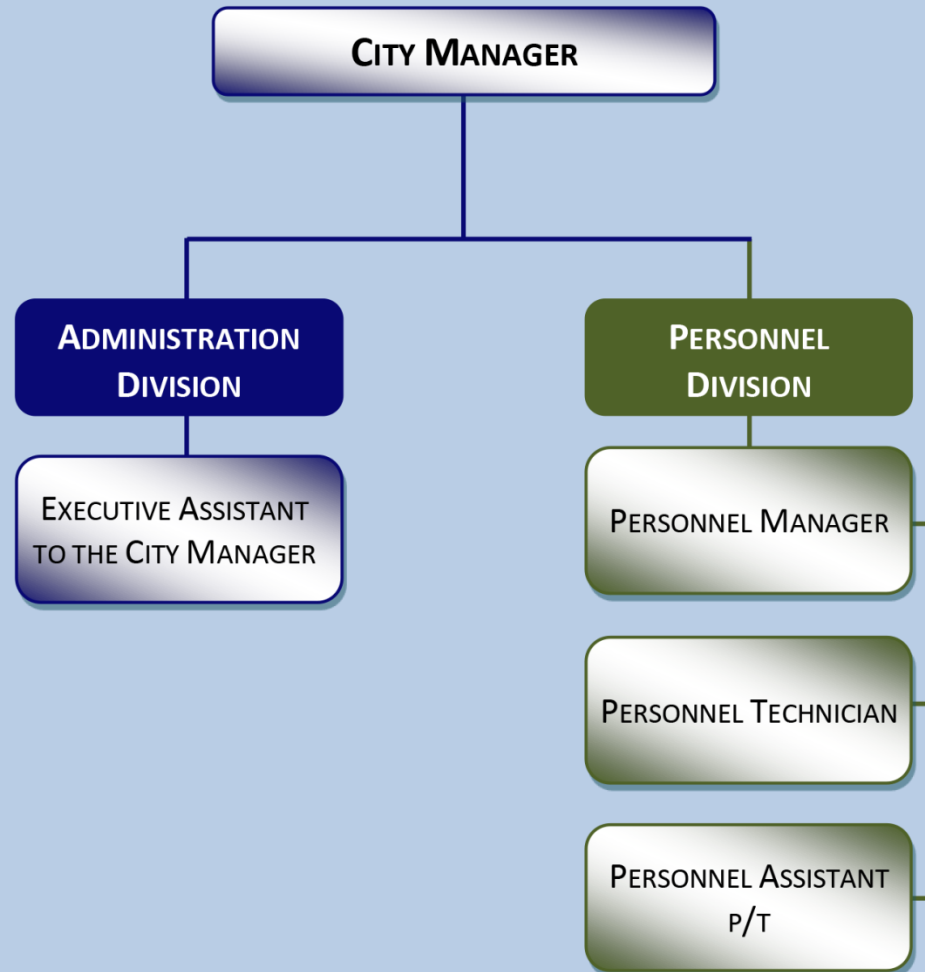
## BUDGET STUDY SESSION

# Administration Department



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# DEPARTMENT ORGANIZATION



**PROPOSED:**  
MOVED FROM FINANCE DEPT.



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## FISCAL YEAR 2018-2019 ACCOMPLISHMENTS

- 1) Completed negotiations for new MOUs with the Management Group and Police Civilians' Association. (Strategic Goal #1)
- 2) Facilitated business community effort to establish a property based improvement district (PBID). (Strategic Goal #3)
- 3) Worked with Census Ad Hoc to establish a Complete Count Committee and develop/implement grass roots "I COUNT" programs. (Strategic Goal #7)
- 4) Worked with Wild Horse Ad Hoc to execute "Puig House" lease agreement and facilitate improvements at Pioneer Park. (Strategic Goal #6)
- 5) Continued monthly meetings to work with Republic Services to address ongoing issues.



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# FISCAL YEAR 2019-2020 OBJECTIVES

- 1) Recruit and hire Directors of Finance and Public Works.
- 2) Complete MOU negotiations with Police Officers' Association. (Strategic Goal #1)
- 3) Coordinate a facilitated strategic planning process with City Council to work toward consensus on long term planning. (Strategic Goal #3)
- 4) Develop a process for ongoing legislative monitoring to increase San Fernando's input on statewide legislation impacting local control. (Strategic Goal #3)
- 5) Adopt and implement updated personnel rules and general policies. (Strategic Goal #8)
- 6) Continue to support City Council Ad Hoc committees to execute and complete each Committee's scope. (Multiple Strategic Goals)



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## FISCAL YEAR 2019-2020 BUDGET HIGHLIGHTS

- The Personnel Division is recommended to be moved back to the Administration Department from the Finance Department to better align management resources.
- \$75,000 in Appropriated Reserve for economic development activity and other special studies/priorities that may arise during the fiscal year.
- Overall budget increase of 1.8% from FY 2018-19 primarily for negotiated compensation increases.



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## BUDGET STUDY SESSION

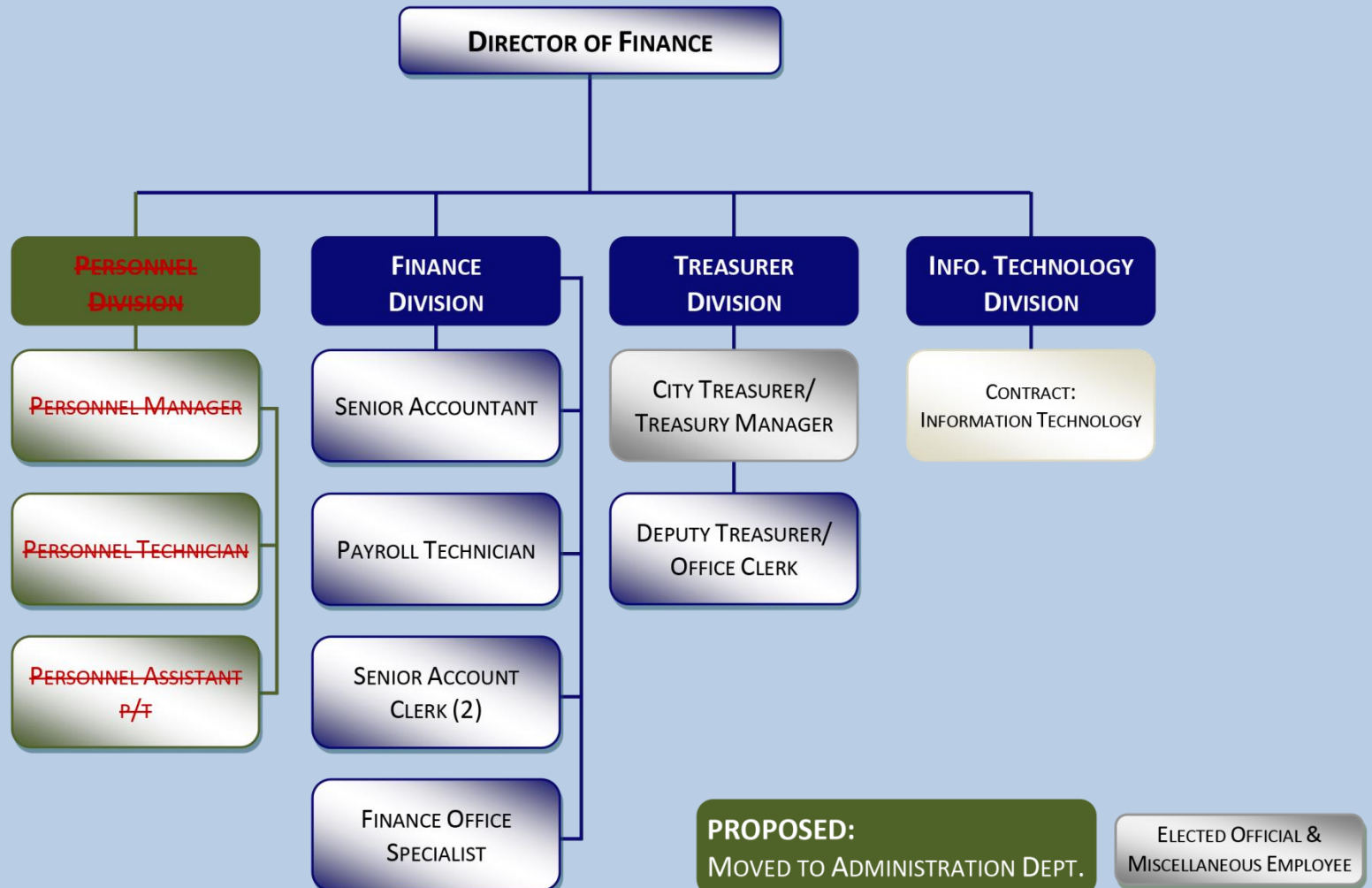
# Finance Department

MAY 20, 2019



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# DEPARTMENT ORGANIZATION



MAY 20, 2019



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## FISCAL YEAR 2018-2019 ACCOMPLISHMENTS

- 1) Provided a study session on the City's pension and OPEB liabilities. Completed RFP for fiscal advisor to prepare projections and present options. (Strategic Goal #1)
- 2) Completed RFP for Information Technology Management Services and awarded contract to new firm. (Strategic Goal #5)
- 3) Completed negotiations with Management Group and Police Civilians' Association. (Strategic Goal #1)
- 4) Received GFOA *Distinguished Budget Presentation Award* for FY 2018-19 Budget (5<sup>th</sup> consecutive year) and *Certificate of Achievement for Excellence in Financial Reporting* for FY 2017-18 Audited Financial Statements (28<sup>th</sup> consecutive year). (Strategic Goal #1)



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# FISCAL YEAR 2019-2020 OBJECTIVES

- 1) Facilitate smooth transition for a new Director of Finance.
- 2) Facilitate smooth transition of new Information Technology Management firm.
- 3) Work with Pension and OPEB Fiscal Advisor to implement recommended strategies. (Strategic Goal #1)
- 4) Support labor negotiations for a new MOU with the Police Officers' Association. (Strategic Goal #1)
- 5) Receive GFOA *Distinguished Budget Presentation Award* for FY 2019-20 Budget and *Certificate of Achievement for Excellence in Financial Reporting* for FY 2018-19 Audited Financial Statements. (Strategic Goal #1)



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## FISCAL YEAR 2019-2020 BUDGET HIGHLIGHTS

- The Personnel Division is recommended to be moved back to the Administration Department from the Finance Department to better align management resources.
- Includes appropriation to offset potential negotiated labor increases.
- Includes funds for contract grant writing services.
- Overall budget increase of 2.8% from FY 2018-19 primarily for negotiated compensation increases and 3% projected increase in Retiree Health costs (excludes one-time enhancements).



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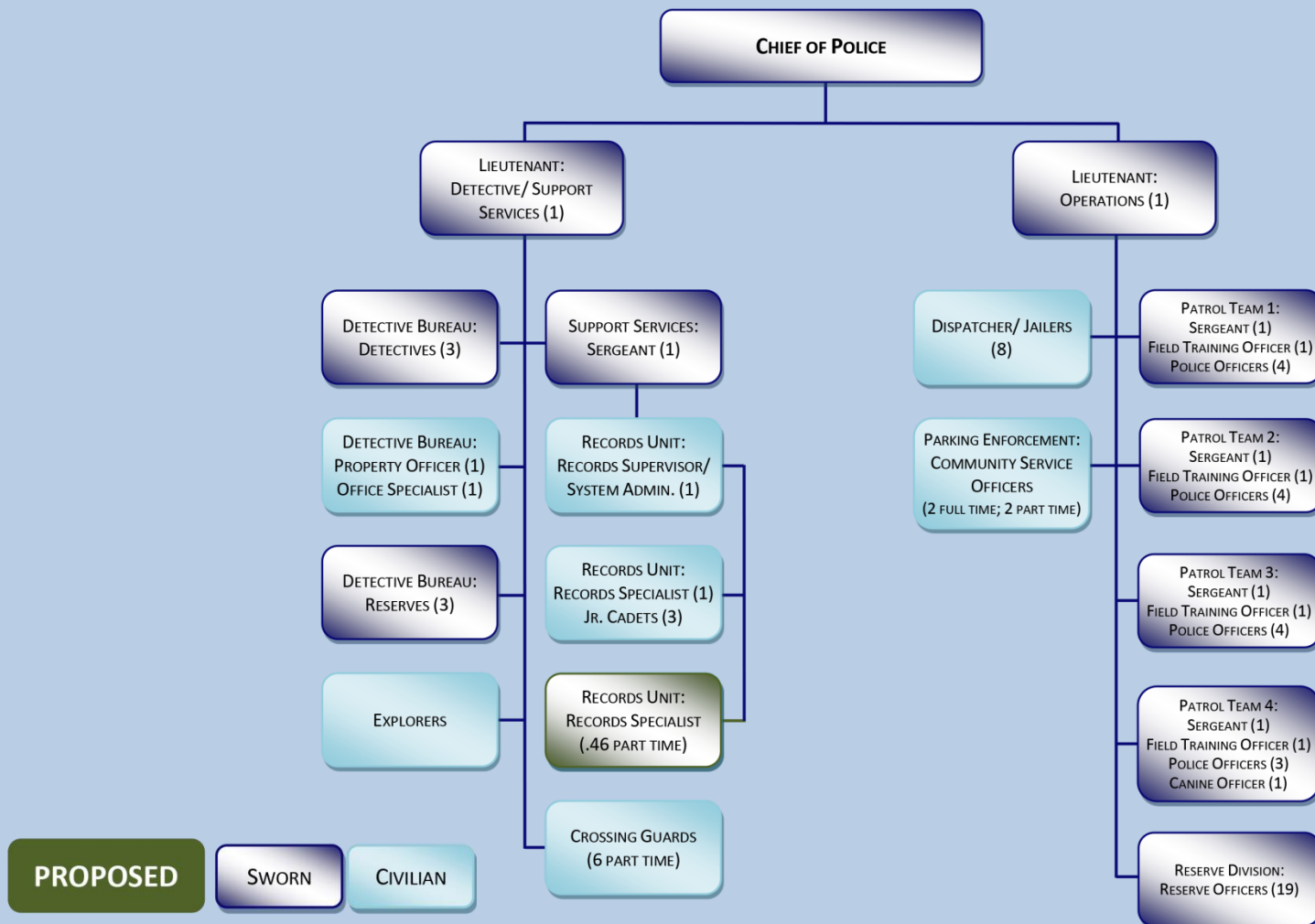
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## BUDGET STUDY SESSION

# Police Department



# DEPARTMENT ORGANIZATION





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## FISCAL YEAR 2018-2019 ACCOMPLISHMENTS

- 1) Filled five (5) vacant patrol positions.
- 2) Replaced one (1) detective vehicle. (Strategic Goal #4)
- 3) Replaced one (1) Community Service vehicle for Parking Enforcement. (Strategic Goal #4)
- 4) Updated and replaced perimeter security cameras at the Police facility. (Strategic Goal #4)
- 5) Purchased and issued voice recorders for all Police Officers. (Strategic Goal #5)
- 6) Received 2018 National Award for National Night Out recognizing outstanding participation in “America’s Night Out Against Crime.”



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# FISCAL YEAR 2019-2020 OBJECTIVES

- 1) Replace one (1) 2002 detective vehicle. (Strategic Goal #4)
- 2) Replace one (1) 2008 Parking Enforcement vehicle. (Strategic Goal #4)
- 3) Pursue Office of Traffic Safety grant funding for DUI check points. (Strategic Goal #7)
- 4) Pursue grant funding for a School Resource Officer and City-wide Radio Communication System. (Strategic Goal #7)
- 5) Pursue ABC grant funding for sting operations. (Strategic Goal #7)
- 6) Continue Community and Business outreach efforts through Neighborhood Watch and Business Watch programs



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## FISCAL YEAR 2019-2020 BUDGET HIGHLIGHTS

- \$22,250 to add a part-time Police Records Specialist (960 hours):
  - Address a backlog of police records filing, crime statistics reporting and federal/state mandated reporting.
  - Backlog due to loss of 2 full-time positions during cutbacks.
  - Assist with implementation of new RMS to provide more robust reporting capabilities.
- \$70,000 to replace a 2008 Detective vehicle and a 2008 Parking Enforcement vehicle.
- \$17,000 in ongoing training to ensure highly training public safety staff.
- Overall budget increase of 2.3% from FY 2018-19 for negotiated compensation increases and ongoing staffing enhancements (excludes one-time enhancements).



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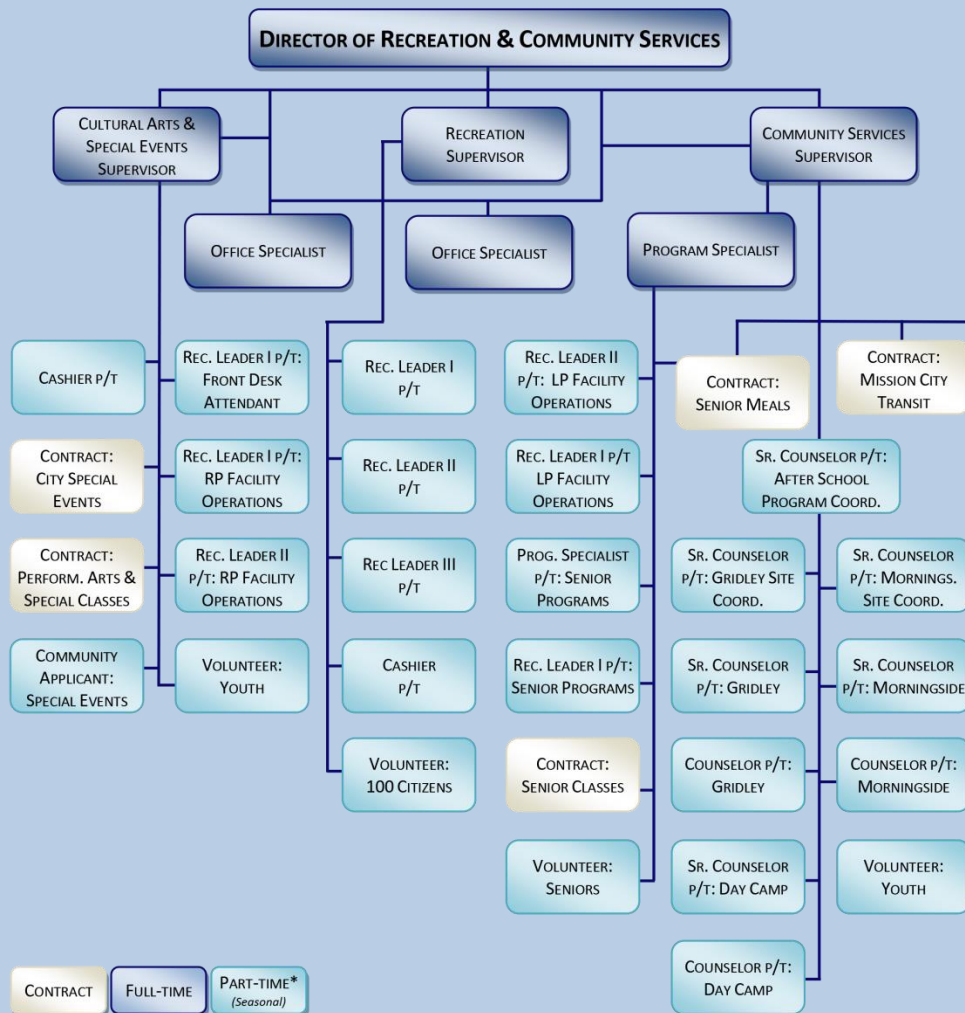
## BUDGET STUDY SESSION

# **Recreation and Community Services Department**



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# DEPARTMENT ORGANIZATION





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## FISCAL YEAR 2018-2019 ACCOMPLISHMENTS

- 1) Identified several cultural programs and activities for Rudy Ortega Park. (Strategic Goal #9)
- 2) Applied for grant funding for a Farmers' Market in collaboration with the Mall Association and California Fruits. (Strategic Goal #7)
- 3) Worked with stakeholders to develop appropriate recognition of local active and veteran members of the armed services. (Strategic Goal #9)
- 4) Promoted and fostered community engagement through free and low cost classes, workshops and activities for seniors and other community members. (Strategic Goal #9)
- 5) Completed renovations at Layne Park. (Strategic Goal #9)
- 6) Continued to offer high quality events and programs. (Strategic Goal #9)



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# FISCAL YEAR 2019-2020 OBJECTIVES

- 1) Work with community partners to implement the cultural programs and activities identified for Rudy Ortega Park. (Strategic Goal #9)
- 2) Implement *San Fernando Honors Veterans* activities. (Strategic Goal #9)
- 3) Plan and manage second San Fernando Open Streets event on Dia De Los Muertos in 2020. (Strategic Goal #6)
- 4) Continue to research funding to acquire land for a community garden. (Strategic Goal #7)
- 5) Continue to develop collaborations to enhance the programs and services offered to the community. (Strategic Goal #9)
- 6) Purchase and implement a new web-based registration and billing software for recreation programs. (Strategic Goal #5)
- 7) Identify available funding sources for implementing the Parks and Recreation Master Plan. (Strategic Goal #9)



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## FISCAL YEAR 2019-2020 BUDGET HIGHLIGHTS

- \$12,000 to upgrade the scheduling and billing software for recreation programs. Current system is outdated and charges a significant processing fee for payments made through the system.
- \$4,500 to cover the additional cost of JAM sessions and special events.
- Overall budget increase of 4.1% from FY 2018-19 for negotiated compensation increases and increase in minimum wage, which will increase part-time recreation staff costs by more than 8% (excludes one-time enhancements).

The seal of the City of San Fernando, California, is a circular emblem. It features a central illustration of a mission building with a sunburst rising behind it. The words "CITY OF SAN FERNANDO" are arched across the top, and "CALIFORNIA" is arched across the bottom. In the center, below the building, it says "INCORPORATED AUG. 31 1911".

# Questions?

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