



THE CITY OF
SAN FERNANDO

BUDGET STUDY SESSION NO. 3 BUDGET FOLLOW-UP

JUNE 3, 2019

PRESENTED BY:
NICK KIMBALL
CITY MANAGER



BUDGET STUDY SESSION NO. 3

1. Follow up from May 28th including:
 1. Pothole Buster Unit.
 2. Leveraging City Funds to Finance Street, Parks, and City Building Improvements.
2. Discuss City Council Budget Priorities
3. Discuss City Council Ad Hoc Committees that support staff Policy recommendations
4. Follow-up provided on May 28th

POTHOLE BUSTER UNIT

- Add 2 Part-time Public Works Maintenance Helpers
 - Approx. 18 hours each per week (4 hours/day)
 - Total ongoing cost: \$35,000 per year
 - Primarily needed during rainy season
 - During summer months, could provide additional power wash/maintenance services to Mall area.

LEVERAGING CITY FUNDS

Recently Completed Financing/Leveraging:

1. Measure R (T.R.I.P.) Financing

- Tax exempt financing completed in 2016.
- Pledged 75% of annual Measure R allocation (\$175,000/year) for 23 years; Received \$2.7 million in proceeds.
- Allocated to Glenoaks Blvd Resurfacing Project, Safe Routes to School Project, Pacoima Wash Bikeway Project, and Residential Resurfacing Project.

2. Smart Parking Meters – Phase 1

- Tax exempt lease/purchase financing completed in 2018.
- Financed \$53,000 equipment purchase through 36-month lease purchase agreement.
- Purchased and installed 100 smart meters in the Civic Center area.

LEVERAGING CITY FUNDS

Future Finance/Leverage Opportunities:

1. Measure M Financing

- Similar to Measure R Financing.
- Can be used for street/sidewalk improvements.
- Depending on Market Conditions, may generate approx. \$2.5 million

2. Property Acquisition for Future Water Reservoir

- Private placement financing up to \$1 million to purchase property for future water reservoir

3. Smart Parking Meters – Phase II (Downtown Area)

- Upon repayment of Phase I in 2021, consider implementing Phase II

4. Pension Obligation Bond

- Consider issuing a Pension Obligation Bond based on recommendation from fiscal advisor



LEVERAGING CITY FUNDS

Overview of Process:

1. Identify funds to repay debt and potential uses of proceeds
2. Prepare RFP and Award Contracts for Financing Team
 - Fiscal Advisor
 - Bond Counsel
 - Financial Consultant
 - Underwriter
3. Determine type of financing (e.g. taxable and/or tax exempt bonds, private placement, certificates of participation, lease/purchase, etc.)
4. Determine authority to issue debt (G.O. Bonds require voter approval, Special Funds may require judicial review)
5. Prepare financial projections, legal documents, rating agency presentation, and marketing strategy.
6. Sell debt, execute financing contracts, and receive proceeds.
7. Monitor expenditure of proceeds to ensure compliance with financing documents.

LEVERAGING CITY FUNDS

Additional Considerations:

1. IRS code typically requires tax exempt proceeds be spent within 3 – 5 years of receiving proceeds to maintain tax exempt status.
2. City's current rating on Measure R financing was downgraded from "A" to "BBB+," which may increase borrowing costs through higher interest cost for bond insurance.
 - Note: Each financing is evaluated by the rating agencies on its own merit. Therefore, a new financing may have a higher or lower rating based on the structure and security for the debt.
3. Despite 10% - 20% matching requirements, grant funding is typically cheaper than debt financing in the long-run. The drawback is grant funding is often competitive and not always available at the time the City is looking to finance a project.



CITY COUNCIL PRIORITIES

Description of Goal/Priority	Status	Timeline	Fiscal Year Added
1. Work to establish a Property-based Business Improvement District (PBID).	On-hold. Staff has met with Downtown Mall Association on a number of occasions to discuss moving the PBID process forward. City Council received a presentation on April 15, 2019. Further discussion is need to determine next steps.	Proponents requesting implementation in 2021.	2013-2014
2. Evaluate policy for neighborhoods to petition for the installation of speed humps.	The City has a speed hump policy that needs to be reviewed and expanded upon. Establishing a Traffic Calming Policy to be included in FY 2019-2020 Department Work Program (Public Works).	Fiscal Year 2019-2020	2015-2016
3. Create and implement a Rent Control Program.	On April 2, 2019, staff presented City Council with a number of options for a rent control regulatory options. Council gave direction to continue to evaluate regulatory options that would be appropriate for San Fernando. Community Development staff will present recommendations for a rent stabilization program in FY 2019-20.	Fiscal Year 2019-2020	2016-2017
4. Develop comprehensive list of all deferred maintenance and needed infrastructure improvements.	The City has information on vehicle replacements, tree trimming maintenance, street light replacements, sewer/water main replacement and street pavement. Needs information on facility replacement. Developing an RFP to finish this effort and produce a report is included in the FY 2019-2020 Public Works Work Program.	To be discussed during FY 2019-2020 budget study sessions.	2016-2017



CITY COUNCIL PRIORITIES

Description of Goal/Priority	Status	Timeline	Fiscal Year Added
5. Explore possibility of building a pedestrian bridge over the existing rail right-of-way connecting residents and businesses on 1 st Street to the Downtown Area.	Staff will continue to discuss this with Metro as part of the East San Fernando Valley Transit Corridor light rail construction project. This project may be included in the First/Last Mile study; however, the City would need to identify funds to design and construct.	To be discussed with Metro.	2016-2017
6. No new priorities were added during budget process. City Council directed staff to focus on core mission items and completing existing priorities.	All vacant Department Head positions have been filled with permanent appointees.		2017-2018
7. Implement LGBT initiatives from 2013/2014.	Staff will work with City Council to identify specific initiatives to implement.	Fiscal Year 2019-20	
8. Install Google fiber/fiber-optic broadband for businesses and residents.	This requires additional discussion with City Council to develop a long-term policy. Many areas of the City are serviced by utility owned/operated fiber. It will require a substantial ongoing investment in capital and staff to create a city-owned utility. Staff will request information from other cities that have implemented this program.	Additional Information to be provided in Fiscal Year 2019-20	
9. Event to teach seniors to use Facebook	Recreation staff will work with the Senior Club to identify and offer appropriate programming.	Fiscal Year 2019-20	
10. Listing of number of liquor licenses in the City with chart plotting changes over time.	To be provided under separate cover by Community Development.	Fiscal Year 2019-20	
11. Video recording of City Council meetings.	Staff is currently working on a live streaming audio service (podcast) that will also have a recording immediately available to increase public access to City Council meetings. It is recommended that video recording is implemented in future years.	Live audio to be implemented in FY 2019-20. Video in future years.	

CITY COUNCIL PRIORITIES

Description of Goal/Priority	Status	Timeline	Fiscal Year Added
12. Hold City Hall "Open House" for students.	Recreation staff will work with local schools to identify and offer appropriate programming.	Fiscal Year 2019-20	
13. Study feasibility of a parking permit system.	Will be studied through SCAG grant award to be managed by Community Development.	Fiscal Year 2019-20	
14. Automatic recount of elections if results are close.	Considered by City Council on 6/18/2018 with no direction to proceed. Recommend removing from Priorities.		
15. Development round table.	In FY 2018-19, City Council awarded a contract to Kosmont Companies to provide Economic Development consulting services. Kosmont has provided an initial analysis and will meet with each City Councilmembers to discuss priorities. Staff will present a report to City Council with recommended next steps in early FY 2019-20.	Fiscal Year 2019-20	
16. Clergy Council/Community event on National Day of Prayer.	The Police Department has assigned staff to develop a Clergy Council and has adopted basic guidelines. This effort will continue in FY 2019-20.	TBD	
17. Listing of current contracts with contract expiration dates.	Included in FY 2019-2020 Department Work Program (Administration).	Fiscal Year 2019-20	
18. Social media policy/policy for passwords.	Included in FY 2019-2020 Department Work Program (Administration).	Fiscal Year 2019-20	



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CITY COUNCIL PRIORITIES

Description of Goal/Priority	Status	Timeline	Fiscal Year Added
19. Down payment assistance for home buyers (similar to City of LA LIPA/MIPA)	The City had a similar program funded through the former RDA until 2012. The program required Housing Division staff to vet applicants, draw up and execute contracts, and monitor contract compliance, including collect loan repayments when the home was re-financed or sold. A funding source will need to be identified to fund loans as well as additional staffing to administer the program.	TBD	
20. Review/update pothole policy and program.	City Council is considering a Pothole Buster Unit as part of the FY 2019-20 Budget Process.	TBD	



CITY COUNCIL AD HOC COMMITTEES

DATE CREATED		NAME	MEMBERS	SCOPE
1	4/2/13	East San Fernando Valley Transit Corridor	Gonzales Pacheco	Review information and develop policy recommendations to City Council related to the planned light rail project through San Fernando, including reviewing options related to the City's local match, public outreach efforts with Metro, providing feedback regarding potential improvements along the rail ROW by Metro and/or the City, and other ESVTC policy related items that require additional study. (Recommend dissolving upon completion of ESVTC construction through San Fernando)
2	2/6/17	Commercial Cannabis Alternatives	Fajardo Ballin	Review information and develop policy recommendations to City Council related to cannabis in San Fernando, including potential allowable uses, public outreach, permit application processes, and other cannabis policy related items that require additional study. (Recommend dissolving upon adoption of local regulations and finalization of permitting process)
3	5/1/17	Accessory Dwelling Units	Fajardo Pacheco	Review information and develop policy recommendations to City Council related to the construction and regulation of Accessory Dwelling Units within the City, including reviewing existing regulations and make recommendations for amendments, when required, provide input re: public outreach, and other ADU policy related items that require additional study. (Recommend dissolving upon adoption of local regulations and finalization of permitting process)



CITY COUNCIL AD HOC COMMITTEES

DATE CREATED		NAME	MEMBERS	SCOPE
4	8/21/17	Organize a Veterans' Recognition Event Committee in the City	Gonzales Fajardo	Review information and develop policy recommendations to City Council related to a Veteran's Recognition Event, including receiving feedback from local Veteran's groups, provide input to enhance the impact of the proposed event/program, and other veteran's recognition events/programs that require additional study. <i>(Recommend dissolving after completion of initial veteran's recognition event/program)</i>
5	10/16/17	Code Enforcement	Fajardo Lopez	Review information and develop policy recommendations to City Council related to an appropriate level of Code Enforcement in the City, including reviewing existing levels of enforcement, legal and financial resource restrictions related to Code Enforcement activities, review staff recommendations regarding program enhancements, assist with public outreach related to changes in service, and other Code Enforcement policy items that require additional study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>
6	5/7/18	Wildhorse Children's Foundation regarding the use of Pioneer Park	Lopez Gonzales	Review information and develop policy recommendations to City Council related to the City's partnership with WHF, including providing feedback related to a formal agreement (e.g. Lease/MOU/etc.) regarding use of facilities at Pioneer Park, connecting WHF with other community service providers to enhance programming at the facility, provide input re: public outreach, and other WHF items that require additional study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>



CITY COUNCIL AD HOC COMMITTEES

DATE CREATED		NAME	MEMBERS	SCOPE
7	6/18/18	Parking Meters	Gonzales Fajardo	Review information and develop policy recommendations to City Council related to the City's parking meter program, including providing feedback related to potentially expanding the parking meter program and increasing the use of smart meters, provide input re: public outreach, and other parking meter items that require additional study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>
8	10/1/18	Financial Advisor Services for Pension and Retiree Health (renamed 1/7/19)	Gonzales Fajardo	Review information and develop policy recommendations to City Council related to the City's Pension and Retiree Health Programs, including recommending selection of a Financial Advisor, review projections and funding strategies from the Advisor, provide feedback on presentations, and other Pension/Retiree Health funding items that require add'l study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>
9	1/7/19	Update to City General Plan	Pacheco Ballin	Review information and develop policy recommendations to City Council related to updating the City's General Plan, including evaluating potential funding sources, reviewing draft plan amendments with staff, provide feedback related to public outreach efforts, and other General Plan items that require additional study. <i>(Recommend dissolving upon adoption of an updated General Plan)</i>



CITY COUNCIL AD HOC COMMITTEES

DATE CREATED		NAME	MEMBERS	SCOPE
10	2/4/19	U.S. Census	Ballin Gonzales	Review information and develop policy recommendations to City Council related to the United States Census 2020, including act as the City's liaison on the City's Complete Count Committee, provide feedback related to Census public outreach activities/programs, and other Census items that require additional study. <i>(Recommend dissolving upon completion of 2020 Census activities)</i>
11	2/4/19	Social Media Policy	Ballin Pacheco	Review information and develop policy recommendations to City Council related to the City's Social Media program, including reviewing the draft social media policy and other parking meter items that require additional study. <i>(Recommend dissolving upon adoption of Social Media Policy)</i>
12	2/19/19	Expanded Polystyrene Foodware and a Green City Concept (Recommend re-naming to Green City Ad Hoc)	Ballin Fajardo	Review information and develop policy recommendations to City Council related to the City's environmental related programs, including environmental programs available to City residents, public outreach efforts, City Hall programs to decrease carbon footprint, and other Green City items that require additional study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>



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CITY COUNCIL AD HOC COMMITTEES

DATE CREATED	NAME	MEMBERS	SCOPE
13	3/4/19	Implementation of a Local Minimum Wage Ordinance	Ballin Pacheco
Review information and develop policy recommendations to City Council related to the City's minimum wage, including review of studies related to local minimum wage, public outreach efforts to stakeholders, and other Minimum Wage items that require additional study. <i>(Recommend review during City Council re-org each year to determine necessity to extend)</i>			

CITY COUNCIL STANDING COMMITTEE

DATE CREATED	MEETING DAY/TIME	NAME	MEMBERS	COMMENT
1	8/2010	Vary (as needed)	California High-Speed Rail Authority Standing Committee	Fajardo Ballin
Recommend review during City Council re-org each year to determine necessity to extend.				



CITY COUNCIL PRIORITIES

- Some priorities/direction require creating a regulatory framework:
 - Creating a Rent Control program will require additional staff resources to implement regulations and enforce violations.
 - Creating a minimum wage in excess of the state minimum wage will require staff resources to implement regulations and enforce violations.
 - Creating a Cannabis program will require additional staff resources to implement regulations and enforce violations.
 - Moving away from a LA City Office of Public Safety (OPS) certified tow and impound vendor will require staff resources to implement regulations and enforce violations.
 - Creating a Home Buyer Down Payment Assistance Program will require additional staff resources to administer and monitor the program.
- These efforts are in addition to current programs/services, which means it will take away from the City's ability to replace public safety and public works equipment, add resources, such as a Pothole Buster unit, increase to level of maintenance services at parks and medians, and increase special events in the community.
- These efforts are significant and, even with an offsetting revenue source, will be subsidized from the General Fund. These are ongoing costs that, in the long run, may jeopardize the city's financial stability.



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FOLLOW-UP ITEMS DISCUSSED AT MAY 28TH STUDY SESSION

1. Justification for proposed equipment replacements
 - Staff recommends approval of equipment replacements in Proposed Budget
2. Feasibility of creating a Pothole Buster Unit
 - Additional information and direction to be provided at June 3rd Study Session.
3. Additional Senior Club funding request
 - Staff recommends continuing with existing in-kind contributions (>\$20,000 per year) with supplemental funding to be provided through Community Investment Funds.
4. List of improvements included in the Prop 68 Grant application request
 - Additional information and direction to be provided at June 3rd Study Session.
5. Update on Trolley service
 - Staff is seeking AQMD grant funds to replace Trolleys.



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FOLLOW-UP ITEMS DISCUSSED AT MAY 28TH STUDY SESSION

Additional Services to Consider:

- Grant writing
 - \$25,000 in grant writing funds included in Proposed Budget.
- Contract Lobbyist
 - Staff recommends adopting a legislative monitoring policy, which is included in the Administration Department's FY 2019-20 work program, to increase the City's ability to submit letters of support or opposition. Review contract lobbyist when finances more stable.
- RFP for Deferred Maintenance Report & Energy Audit
 - Preparation of RFP to secure a consultant included in Public Works FY 2019-20 Work Program. Additional funding to be allocated during mid-year, if necessary.



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2002 DETECTIVE VEHICLE REPLACEMENT



- 2002 Police Ford Crown Victoria with 120,325 miles and is in overall poor condition.
- To meet emergency vehicle standards and keep the vehicle in service, it will require approximately \$15,000 worth of repairs:
 - Rebuilding the motor, transmission and the rear-end (along with other related parts)
 - Repaint the vehicle.

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2009 PARKING ENFORCEMENT VEHICLE



- 2009 Ford Escape with 79,675 miles and is currently being replaced out this current budget.
- Constantly down for repairs (fuel leaks and constant shaking of the vehicle) and overall in poor shape. Recent major repairs include:
 - Replaced steering column, fuse box, and motor mounts
 - Replaced rack & pinion and struts
 - Replaced a/c condenser, radiator, and fuel pump
 - Replaced axle bushing and motor mounts (again)
 - Repaired steering column (again)

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FIELD MOWER REPLACEMENT



- Current mower is the City's only mower for Parks and large fields.
- 20+ years old and is constantly down for repairs.
- Excess vibration has required constantly welding stress breaks.
- Have spent over \$4,200 in parts and outside services for major repairs.
- Has caused staff to finding alternative methods of mowing during down-time.



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SEWER JETTER TRUCK REPLACEMENT



- 27+ years old and replacement parts are no longer available to repair it.
- Truck is critical piece of equipment for ongoing maintenance to clean sewer pipes regularly.
- Also critical during an emergency response to vacuum sewage from streets during an overflow event.



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FURNITURE/REPAIRS IN PUBLIC WORKS YARD FACILITY



JUNE 3, 2019



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FURNITURE/REPAIRS IN PUBLIC WORKS YARD FACILITY



The Yard Facility located at 501 First Street serves as the primary gathering facility for field operations. It is used to punch in/out, break room, locker room and field office.

- Most of the existing furniture was collected during bulky item pickups
- Minor paint and repairs are needed to walls and window sills



SENIOR CLUB FUNDING REQUEST

- City values the benefit of having an active senior population and takes pride in facilitating high quality/low cost senior programming.
- The City receives many funding requests from community based organizations that provide high value social programs to the community.
- Requests tend to benefit as specific population rather than being open/accessible to all community members.
- Consequently, these requests have historically been facilitated through fee waivers or through Community Investment Funds rather than an allocation from the General Fund.



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SENIOR CLUB FUNDING REQUEST

In-kind Support for the Senior Club:

- The City waives all facility use fees for the Senior Club events and dances.
- Since taking over management of the Senior Club, the City has provided a significant amount of staff resources (>\$20,000 per year) without charging the staff cost to the Club.
- City Council Members have allocated Community Investment Funds to assist with annual Mothers' and Fathers' Day events.



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PROP 68 PARK IMPROVEMENTS & TROLLEY SERVICE

Prop 68 Park Improvements: Staff is applying for grant funding through Prop 68 to fund a number of park improvements identified in the Park Master Plan. A list of improvements will be provided under separate cover.

Trolley Service: The City receives Prop A funding to operate a small fixed route transit system. This service is currently contracted out to Parking Company of America and most of our annual allocation is used toward operations. The Trolleys are very old and unreliable. Last year, Trolley 1 was only in service 16% of the time and Trolley 2 was in service 51% of the time. The remaining routes were services by the backup vehicle. Staff is looking at applying for AQMD grant funds to replace current Trolleys.



ADDITIONAL SERVICES TO CONSIDER

Grant Writing Services: The City has on-call contracts with a few grant writing services and has allocated approximately \$25,000 to be used toward these services as the need arises.

Contract Lobbyist: Long-term, this may be a good policy option. Typically there is a monthly “retainer” rate that can be costly. Considering existing financial resources, the recommendation is to create a legislative monitoring policy, which is included in the Administration Department’s FY 2019-20 work program, to increase the City’s ability to submit letters of support or opposition.

Comprehensive Deferred Maintenance Report: A complete report to provide annual replacement costs for streetlights, signage, street resurfacing, striping, sidewalks, sewer and water mains, vehicles and equipment, facilities, etc. Depending on scope, estimated cost \$15,000 - \$30,000. Staff was attempting to put this together using in-house resources. However, it has proven difficult to accommodate in the work program. The Public Works Department can include preparation of a RFP for this service in the FY 2019-20 work program and return to City Council at mid-year with a more accurate cost.

Energy Audit: RFP and interviews with firms have been completed. Contract award scheduled for June 17th.

The seal of the City of San Fernando, California, is a circular emblem. It features a central illustration of a mission-style building with a tiled roof, set against a background of a rising sun with rays. 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". Two stars flank the central text.

Questions?

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