



THE CITY OF
SAN FERNANDO

MEASURE A TOWN HALL

FEBRUARY 22, 2021

PRESENTED BY:

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DIRECTOR OF FINANCE



THE CITY OF
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TOWN HALL MEETING AGENDA

- A. Measure A Background**
- B. How Measure A Funds Are Managed**
- C. How Measure A Funds Have Been Used**
- D. Fiscal Year 2020-2021 Measure A Funds and COVID-19**
- E. Path To Continued Fiscal Sustainability**
- F. Community Feedback**



MEASURE A: A BRIEF HISTORY

June 4, 2013 – San Fernando voters approved Measure A: ½ cent sales tax to address the City's fiscal emergency.

- Effective October 1, 2013; sunset on October 1, 2020.
- Included annual report requirement reviewing the collection, management and expenditure of revenue.

November 6, 2018 – San Fernando voters approved extending Measure A until revoked.

October 21, 2019 – City Council adopted final Measure A Transparency Forum Guidelines requiring multiple Town Hall style meetings.



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HOW HAVE THE TAX FUNDS BEEN MANAGED?



RESPONSIBLE STEWARDS OF MEASURE A

- 1. A Measure A Annual Report is presented to City Council for Public Review**
 - The Annual Report identifies how Measure A funds were spent in the prior year
- 2. The City Manager's Budget Message in the Adopted Budgets clearly identifies the plan for spending Measure A revenues each year**
- 3. Quarterly review of receipts by firm that specializes in monitoring auditing tax receipts (HdL Company)**
 - Assist in identifying, correcting, and recovering allocation errors and submit case documents with BOE
- 4. Measure A Annual Reports available on City's website (www.sfcity.org/measure-a)**
- 5. Measure A Transparency Forums: Town Hall Meetings**



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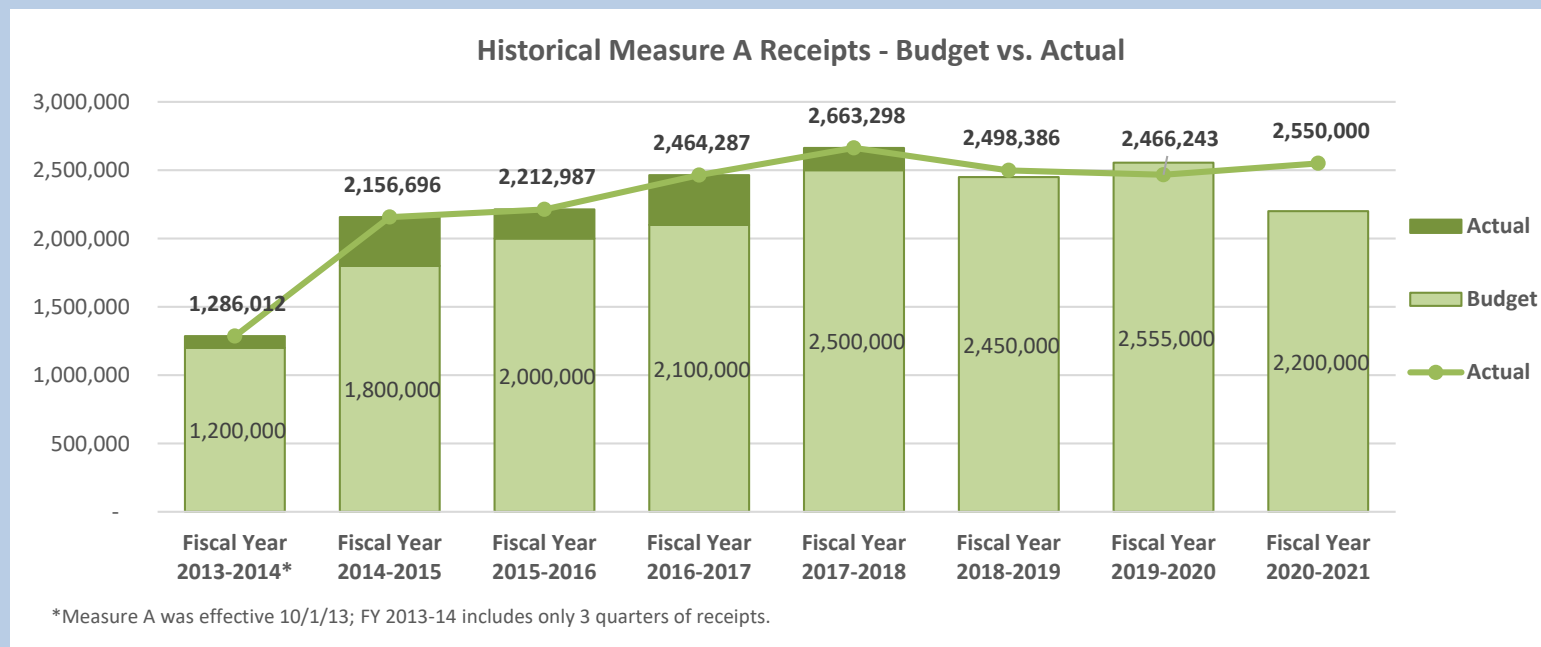
MEASURE A AND THE COVID 19 PANDEMIC

- In FY'20-'21, Measure A was projected to raise approximately \$2.2M which was a decrease of \$350K from FY'19-'20.
- Due to pandemic, the City deferred a number of internal debt payments, draw down on self insurance funds and freeze all enhancements.
- Department Heads were told to reduce their operating budget by 10%.
- City Council approved Retirement Incentive Program, that reduced staff costs by approximately \$700,000.
- Staff monitored the overall macro environment.



HOW MUCH HAS BEEN COLLECTED?

Since October 1, 2013, Measure A has generated more than \$15.7 million in additional revenue





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HOW HAVE THE TAX FUNDS BEEN USED?



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PAY OFF DEBT & ELIMINATE DEFICIT

Since passage of Measure A, the City made progress on the following debt:

- Reduced General Fund Deficit from **(\$5,693,905)** on 6/30/2014 to a positive reserve of \$3,626,544 as of 6/30/2020.
- Fully repaid Section 108 Loan for Pool: \$613,000.
- Fully repaid California Housing Finance Agency loan: \$692,000.
- Reduced loan from Water/Sewer for Las Palmas Improvements by more than \$500,000.
- Reduced advance from Retirement Fund by more than \$900,000.



CAPITAL PROJECTS AND CAPITAL EQUIPMENT

The City has used Measure A funds to partially fund the following projects:

- Completed the resurface of 2.5 miles of streets including: Alexander Street, Huntington Street, Library Street, and San Fernando Road.
- Brand Boulevard Median Project to create notable entrance to City.
- Completed Glenoaks Boulevard Resurfacing Project.
- San Fernando Recreation Park Facility and Tot Lot Improvements.
- Replaced 10 police patrol vehicles and upgraded all in-car computers and modems.
- Purchased new utility trucks for Street Maintenance.

COVID RELIEF PROGRAM FOR BUSINESS

The City has provided the following COVID-Relief Projects

- Waiving of Business License Processing Fees.
- Interest Free Payment Plans – Business License.
- Business License Delinquent Fee Amnesty Program.
- Mall Maintenance and Parking Maintenance Waiver.
- Non-Construction Permit Fee Waiver.



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COVID RELIEF PROGRAM FOR RESIDENTS

The City has provided the following COVID-Relief Projects

- Interest Free Payment Plans for Water/Sewer Utility.
- Parking Ticket Reduction Program.
- Non-Construction Permit Fee Waiver Program .
- Non-Construction Permit Fee Waiver.

ESTABLISH RESERVES

Since passage of Measure A, the City has increased reserves

General Fund

- Increased liquidity from \$280,000 in cash on 6/30/2013 to \$6.1 million in cash on 6/30/20, including \$3.6 million reserve.

Self-Insurance Fund

- Established \$1.81 million reserve.

Equipment Replacement Fund

- Accumulated \$943,265 to pre-fund future vehicle replacements.

Facility Maintenance Fund

- Accumulated \$349,477 to fund facility maintenance.

REPLACE OUTDATED TECHNOLOGY

Since passage of Measure A, the City has increased efficiency and safety:

- Updated the City's technology backbone, including servers, routers, switches and computers to retire equipment vulnerable to security breaches (\$100,000).
- Replaced the mobile data terminals in police vehicles (\$120,000).
- City Purchased a new Emergency Radio System for Public Safety (\$2.1M)



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MEASURE A EXPENDITURE PLAN FISCAL YEAR 2019-2020

<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
Subtotal	325,000	Subtotal	314,570
<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
Subtotal	200,000	Add PW Ops Manager (.50)	63,500
<u>Equip, Materials, Service Enhancements</u>		Ongoing training & education	17,000
Replace one (1) Detective vehicle	40,000	Subtotal	152,380
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	Subtotal	1,558,050

Total Measure A funds:

\$2,550,000



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MEASURE A EXPENDITURE PLAN FISCAL YEAR 2020-2021

Original Projected Measure A Revenue	\$2,550,000
Cover Revenue Loss and COVID-19 Response Expenses	\$1,100,000
Ongoing Staffing Enhancements Approved in FY 19-20	\$350,000
1) Public Works Operations Manager	
2) Deputy City Clerk/Mgmt Analyst	
3) Police Department Records Specialist	
4) Public Works Maintenance Workers (Pothole Buster Unit)	
5) Police Officer (Expiring COPS Grant)	
New Radio Communications System (Lease Payment 1 of 3)	\$600,000
Revised Projected Measure A Revenue	2,050,000



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FISCAL YEAR 2021-2022 MEASURE A PROJECTIONS



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POSSIBLE MEASURE A BUDGET ALLOCATIONS FISCAL YEAR 2021-2022

1. Street resurfacing and sidewalk repair (in addition to available Special Revenue Funds)
2. Economic Development (façade rehab programs, additional investment in business districts, developer land subsidy, etc.)
3. Additional staffing (Police Officers, Maintenance Workers, etc.)
4. Enhance recreation & cultural programs
5. Pre-fund retiree health benefits
6. Increase Tree Trimming (in addition to available Special Revenue Funds)



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PATH TO FISCAL SUSTAINABILITY

GUIDING PRINCIPLES:

- A) INCREASE RESERVES
- B) DECREASE DEFERRED MAINTENANCE
- C) DECREASE UNFUNDED LIABILITY

FINANCIAL SUSTAINABILITY

In order to continue on the path toward true financial stability, the City must:

1. Establish General Fund reserve to weather financial downturns (at least 20% of annual expenditures).
2. Set-aside funds to continue the annual residential street paving program to pave or resurface every street on a 10-year cycle.
3. Set-aside funds to repair, replace and maintain the City's recreation facilities, playground and exercise equipment, and sports fields.
4. Continue to set-aside funds to replace public safety and Public Works vehicles when they have reached their useful life.



FINANCIAL SUSTAINABILITY (CONT.)

5. Increase Police Department and maintenance staff to pre-recession staffing and deployment levels.
6. Increase tree trimming cycle and tree replacement program.
7. Maintain a Self Insurance Fund reserve to protect the General Fund from the impact of a large lawsuit.
8. Increase funding for employee pension benefits (\$40+ million unfunded liability) and retiree health benefits (\$42+ million unfunded liability).

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. Two stars flank the central image, and the text "INCORPORATED AUG. 31 1911" is written below the building.

Questions?

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