



THE CITY OF
SAN FERNANDO

LOCAL TRANSACTION TAX ANNUAL REPORT

FEBRUARY 28, 2022

PRESENTED BY:

SONIA G. GARCIA

INTERIM DIRECTOR OF FINANCE



LEGAL REQUIREMENT

Chapter 82, Article V, Section 82-132 of the San Fernando City Code states:

On or before each anniversary of the operative date, the city shall complete a study and produce a report reviewing the collection, management and expenditure of revenue from the proposed tax and shall present a report explain[ing] and providing an overview of the same at an open and public meeting of the City Council. This report shall be a public document.

With the passage of Measure SF in November 2020, Measure “A” and Measure “SF” receipts will be combined and reported on jointly through this *Local Transaction Tax Annual Report*.



THE CITY OF
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BACKGROUND

HOW DID THE CITY GET IN THIS
FINANCIAL SITUATION?

PERFECT STORM

Chain of events created a “Perfect Storm” and caused a dramatic reduction in General Fund between FY 2005-06 and FY 2013-2014:

Increase in operating expenditures (e.g. regional pool, LAFD contract)

+ “Great Recession” (Dec 2007–June 2009*)

+ Elimination of RDA (January 2012)

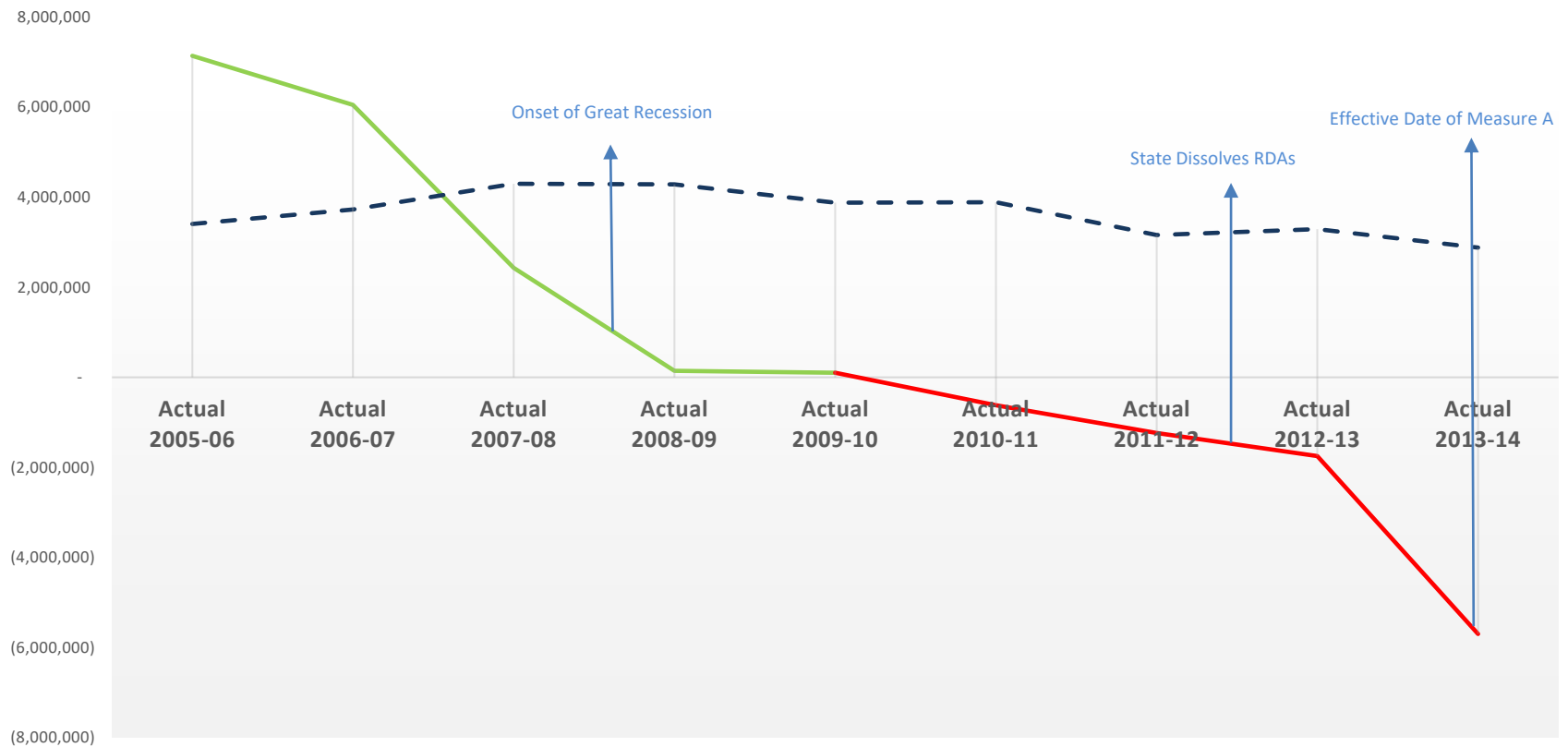
= **General Fund Deficit**

*As determined by the National Bureau of Economic Research. June 2009 marked the bottom of the recession, at which time the economy stagnated and stopped contracting. However, the economy did not start to rebound until after 2012.



FINANCIAL DECLINE

General Fund Balance – Prior to Measure A





CITY'S RESPONSE TO FINANCIAL CRISIS

Short-term:

- Eliminated vacant positions, reduced employee benefits, implemented layoffs and furloughs, reduced training and professional development budgets.
- Renegotiated LAFD contract and lease Regional Pool operations to LA County.
- Sold surplus property to pay off debt.
- Declared fiscal emergency and held a special election on June 4, 2013 to vote on a temporary ½ cent sales tax measure to raise revenue (approved by 60%).

Long-term:

- Developed and implemented a Deficit Elimination Plan to pay off debt, reduce ongoing expenditures and increase ongoing revenue.



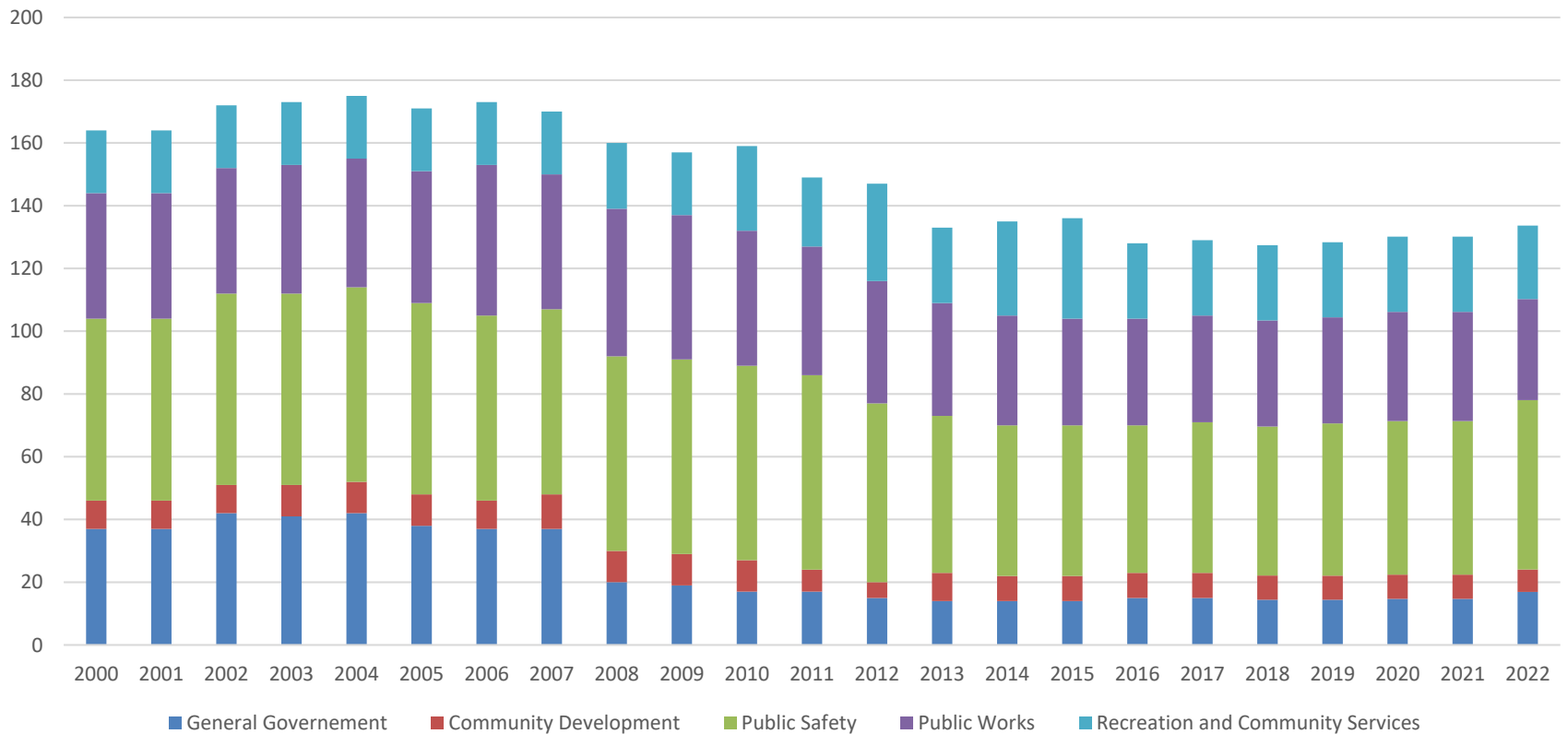
RESPONSE TO FINANCIAL CRISIS (CONT.)

In the 10 years following the Great Recession:

- The number of total City employees was reduced from 160 in 2008 to 129 in 2017 (-20%)
- The number of sworn Police Officers was reduced from 62 in 2008 to 48 in 2017 (-23%)
- The number of Public Works employees was reduced from 47 in 2008 to 34 in 2017 (-28%)

RESPONSE TO FINANCIAL CRISIS (CONT.)

CITYWIDE POSITION SUMMARY BY FUNCTION

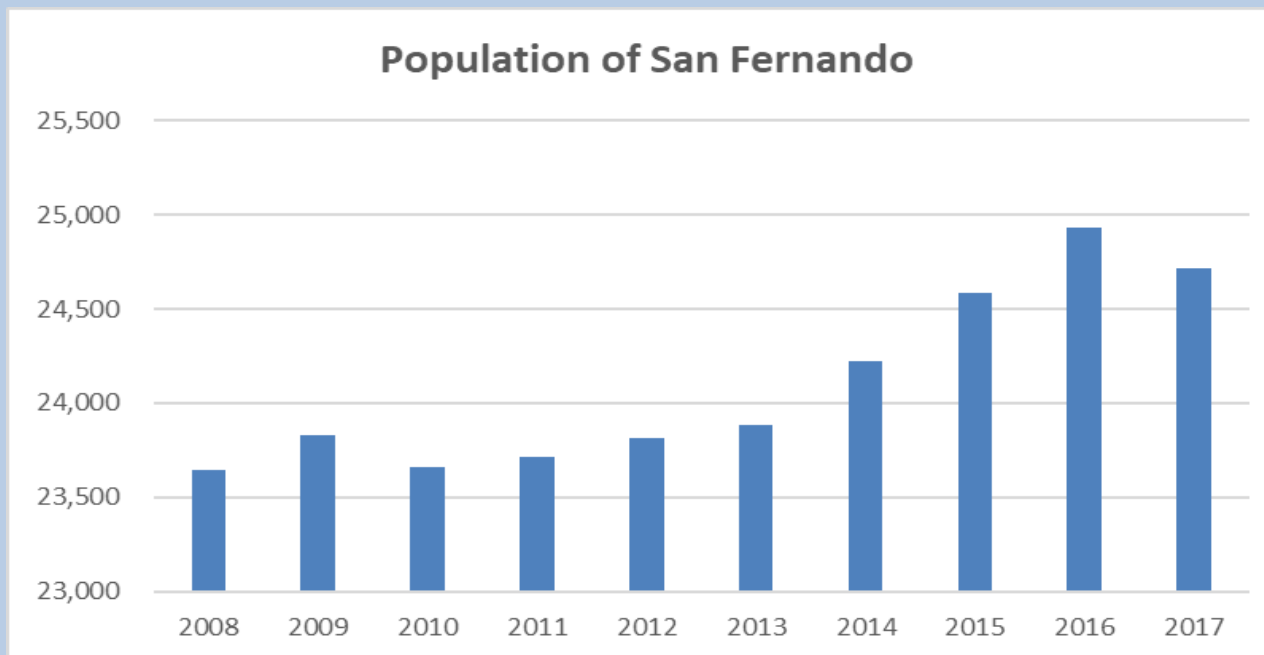




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RESPONSE TO FINANCIAL CRISIS (CONT.)

Population of San Fernando has increased from 23,645 in 2008 to 24,717 in 2017 (+4.5%)





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HOW HAVE THE TAX FUNDS BEEN MANAGED?

RESPONSIBLE STEWARDS OF MEASURE A/SF

- 1) A Local Transaction Tax Annual Report is presented to City Council for Public Review**

The Annual Report identifies how local Transaction Tax funds were spent in the prior year.

- 2) The City Manager's Budget Message in the Adopted Budgets clearly identifies the plan for spending Local Transaction Tax 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 CDTFA.

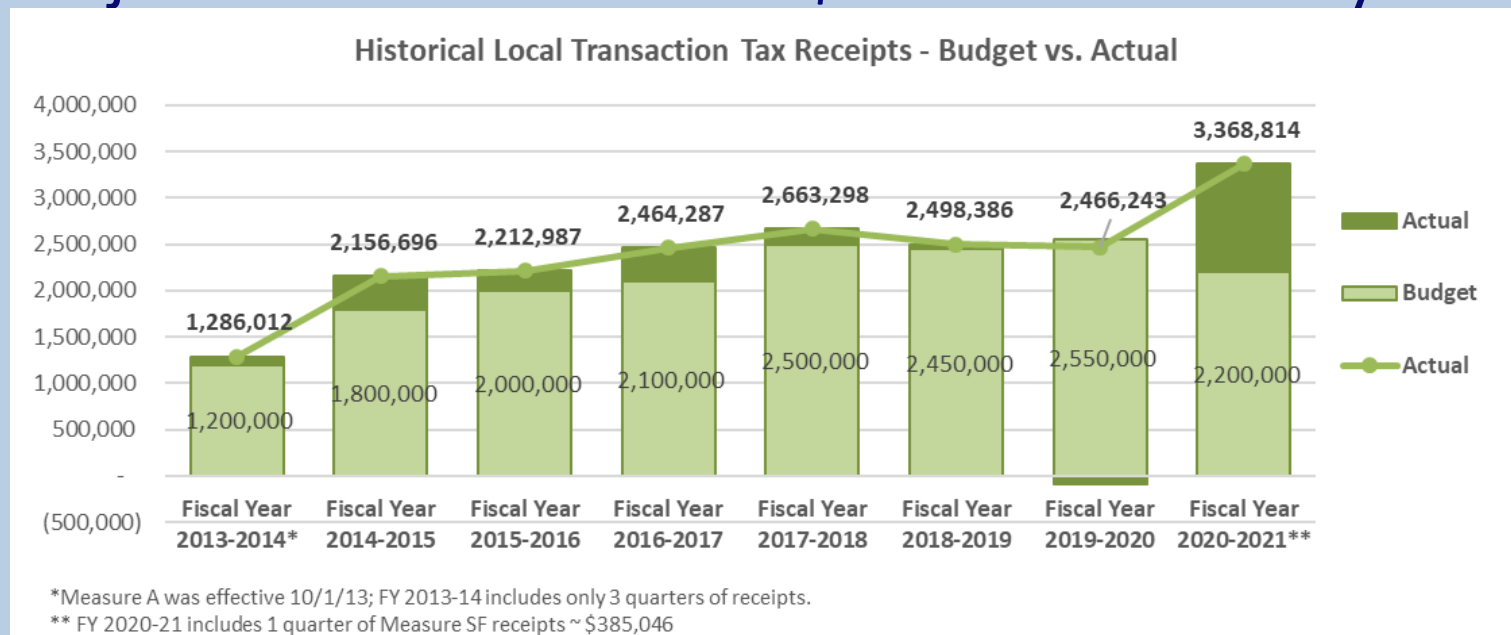
- 4) Local Transaction Tax (formerly Measure A) Annual Reports, Budget documents and Quarterly Sales Tax information available on City's website (www.sfcity.org/financial-documents/)**

Financial Documents section on Finance Department Page.



HOW MUCH HAS BEEN COLLECTED?

- Since October 1, 2013, Local Transaction Taxes have generated \$19.1 million in additional revenue.
- Projected to raise close to \$4 million annually.





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HOW HAVE THE TAX FUNDS BEEN USED?

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 Fund Balance Reserve of approximately **\$7.7 million** as of 6/30/2021.
- Fully repaid Section 108 Loan for Pool: \$613,000
- Fully repaid California Housing Finance Agency loan: \$692,000
- Reduced internal debt to Retirement Fund by \$957,480
- Reduced internal debt for Las Palmas Improvements by \$715,589



CAPITAL PROJECTS AND CAPITAL EQUIPMENT

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

- Resurface 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.
- Glenoaks Boulevard Reconstruction.
- San Fernando Park Facility and Tot Lot Improvements.
- Replaced 13 police patrol vehicles and upgraded all in-car computers.
- Purchased new utility trucks and maintenance equipment for DPW.

ESTABLISH RESERVES

Since passage of Measure A, the City has increased reserves:

General Fund: Increased liquidity from \$280,000 on 6/30/2013 to \$10M million on 6/30/21 (audited).

Self-Insurance Fund: Established \$1.5 million reserves to protect the City from the financial impact of large lawsuits.

Equipment Replacement Fund: Accumulated \$1,175,000 to pre-fund future vehicle replacements.

Facility Maintenance Fund: Accumulated \$260,000 to fund facility maintenance.

REPLACE OUTDATED TECHNOLOGY

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

- Modernized the City's technology backbone, including servers, routers, switches and computers to retire equipment vulnerable to security breaches (\$100,000).
- Replaced the mobile computers in police vehicles (\$120,000).
- Upgraded City-wide Radio Communications System (\$1 million).

COVER OPERATING DEFICIT

Since passage of Measure A, the City has decreased the General Fund's budgeted operating deficit:

- Ongoing expenditures exceeded ongoing revenues by \$1.5 million in FY 2013-2014.
- Operating deficit was eliminated by FY 2019-2020.
- Due to COVID-19, an operating deficit was projected in FY 2020-2021. Measure A funds were shifted to cover the operating deficit rather than pay debt and build reserves.
- However, resilient local economy exceeded projections with very minimal actual operating deficit.

EXPENDITURE

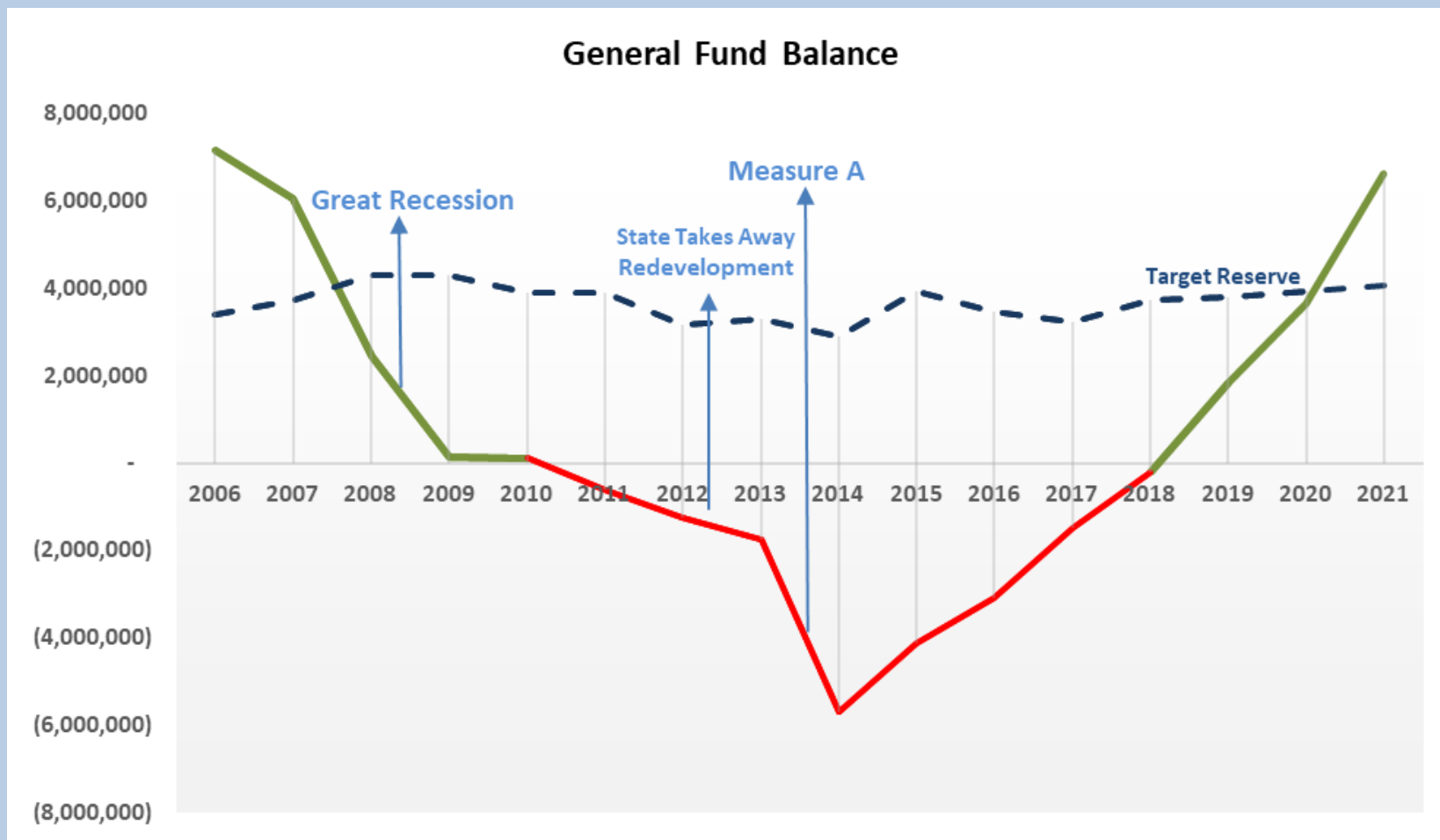
- City Council adopted a “bare bones” budget for FY 20-21 due to significant uncertainty.
- Focused appropriations on maintaining existing services through COVID-19 response.
- Revenues projected to decrease by 13.7% to \$2.2 million due to Pandemic.
- Significantly outperformed budget due to strength of Building and Construction, Vehicle Sales, and Online Sales.
- Therefore, very little needed for operations; most applied to General Fund reserve.

Repayment of Debt	Budget	Actual
To Retirement Fund	Deferred	-
To Sewer Fund	Deferred	-
To Water Fund	Deferred	-
<u>Establish Reserves</u>		
General Fund	Deferred	3,073,335
Self Insurance Fund	Deferred	-
Equipment Replacement Fund	Deferred	-
Facility Maintenance Fund	Deferred	-
		3,073,335
<u>One-Time Enhancements/Investments</u>	None	-
<u>Ongoing Enhancements/Investments</u>	None	-
Prior year On-going Staffing Enhancements	160,000	160,000
Operating Costs: COVID-19 Response	2,040,000	135,479
	2,200,000	295,479
Total Local Transaction Tax Uses:	\$2,200,000	\$3,368,814
Less Measure “SF”		(385,046)
Total Measure “A”		\$2,983,768



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GENERAL FUND FUND BALANCE 2006 - PRESENT





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WHAT'S NEXT?

CONCLUSION

Since October 2013, Local Transaction Tax funds have been used to:

- 1) Eliminate the General Fund deficit.
- 2) Pay down external/internal debt.
- 3) Establish financial reserves.
- 4) Make one-time investments in infrastructure, equipment and technology.

As of June 30, 2021, most of these goals have been met or exceeded.

CONCLUSION

With many of the original goals met, Local Transaction Taxes can be used to implement the City Council Strategic Goals 2022-2027:

1. Focus on Community First
2. Support Economic Recovery: Stronger Than Ever
3. Preserve Beautiful Homes and Neighborhoods
4. Strengthen Climate Resilience and Environmental Justice
5. Enhance Public Transportation to Move San Fernando
6. Build Resilient and Reliable Infrastructure
7. Forge Financial Strength and Stability
8. COVID-19: Responding to a Pandemic



FISCAL YEAR 2021-2022

The FY 2021-2022 Adopted Budget includes funding to begin implementing City Council's Strategic Goals:

- 1) Four (4) new SFPD Officer positions and safety equipment.
- 2) Establish new City-run Baseball Program.
- 3) Funding for a 4th of July Fireworks celebration in 2022.
- 4) New Maintenance Worker positions to enhance clean streets.
- 5) New management positions and funding to support Economic Development in San Fernando.
- 6) Resources to strengthen the City's water system.
- 7) Funding to slurry seal approximately 18 miles of residential streets.

And much more!!!

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 backdrop of a rising sun with rays. The words "CITY OF SAN FERNANDO" are inscribed along the top arc, and "CALIFORNIA" along the bottom arc. Below the building, the text "INCORPORATED AUG. 31 1911" is visible, accompanied by a small star on the left.

QUESTIONS

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APPENDIX A: DEFICIT REDUCTION PLAN

Staff worked with City Council to implement a multi-year plan to eliminate the General Fund deficit

Since passage of Measure A, the City has:

- Renegotiated the Fire Services contract with LAFD (saved more than \$500,000/year).
- Transferred pool operations to LA County (saved more than \$500,000/year)
- Restructured future retiree health benefits to statutory minimum to decrease the City's liability (significant long-term savings)

DEFICIT REDUCTION PLAN (CONT.)

- Sold surplus land to reduce the City's deficit (\$1 million in proceeds)
- Developed a five-year General Fund projection to improve long term decision making
- Adopted a Development Agreement Ordinance to increase economic development tools and diversify the tax base
- Updated user fees, development fees and cost allocation plan (more than \$500,000 per year in projected ongoing revenue)
- Continue to explore opportunities to partner with private sector firms to provide efficient, quality services



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TRANSACTIONS TAX TOWN HALL STRATEGIC PLANNING ACTIVITIES & ACCOMPLISHMENTS

FEBRUARY 28, 2022

PRESENTED BY:
NICK KIMBALL
CITY MANAGER

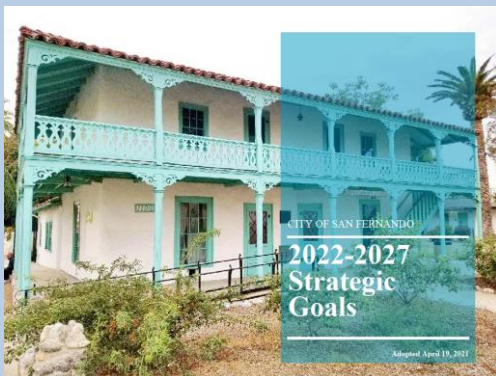


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STRATEGIC GOALS TIMELINES

April 2021: City Council Adopted Strategic Goals for 2022-2027.

<https://ci.san-fernando.ca.us/city-council/#strategic-goals>



December 2021: City release Community Survey to receive feedback. Received 650 responses in English/Spanish

February 2022: City Council Study Session to discuss Strategic Goals for 2022-2023.

May/June 2022: City Council Budget Study Sessions to allocate funds for FY 2022-2023 priorities.



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STRATEGIC GOALS FOR 2022 TO 2027

- 1. Focus on Community First**
- 2. Support Economic Recovery: Stronger than Ever**
- 3. Preserve Beautiful Homes and Neighborhoods**
- 4. Strengthen Climate Resilience and Environmental Justice**
- 5. Enhance Public Transportation to Move San Fernando**
- 6. Build Resilient and Reliable Infrastructure**
- 7. Forge Financial Strength and Stability**
- 8. Covid-19: Responding to a Pandemic**



FY 2021-2022 MID-YEAR ACCOMPLISHMENTS

- **Not an exhaustive list of accomplishments.**
- **Highlight more significant accomplishments that meet the City's Strategic Goals.**
- **Value added to leverage San Fernando taxpayer funds:**
 - \$8.7 million in competitive Grants.
 - \$24 million in Pending Grant Applications.
 - \$25.9 million in current grant funded CIPs.



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GRANTS RECEIVED SINCE JULY 1, 2021

Description:	Granting Agency	Amount Awarded	Resp. Dept:
1 Alcohol Policing Partnership Program	Alcoholic Beverage Control Board	63,704	Police
2 City-Wide Radio System, Body-Worn Cameras and in-vehicle cameras	State of California	2,000,000	Police
3 On-site education/presentations annually at various educational institutions	CA Dept. of Justice	113,735	Police
4 Funding to acquire a virtual de-escalations training system	US Dept. of Justice	91,845	Police
5 Selective Traffic Enforcement Program	CA Office of Traffic Safety	55,000	Police
6 Homeless Outreach Services Team	Measure H	9,000	Police
7 Water and Wastewater Arrearage Payment Program	CA Dept. of Water Resources	292,846	Finance
8 Community Nonprofit Resiliency Program	Dr. Lucy Jones Center	5,000	Admin
9 PSPS Program: Purchase large capacity mobile generators for LP and Rec Park	CA Office of Emergency Services	300,000	Public Works
10 Prepare Climate Action Plan, Phase 1	SoCal Gas	50,000	Public Works
11 Solar Battery Storage Rebate Program (SGIP)	SoCal Edison	590,000	Public Works
12 Prepare Urban Forestry Management Plan	Cal Fire	284,000	Public Works
13 Renovations and improvements at Las Palmas Park	Proposition 68	4,200,000	Recreation
14 Funding to operate Mariachi Master Apprentice Program	National Endowment for the Arts	55,000	Recreation
15 Open Streets - Northeast Valley Community Street Festival	Metro	500,000	Recreation
16 San Fernando Valley Mile	Anthem Blue Cross	40,000	Recreation
Subtotal:		8,650,130	

Private Funding Raised:

1 Holiday basket program serving 125 families and seniors	Private Donors	13,000	Police
2 Police Advisory Council (PAC)	Private Donors	5,400	Police
3 Provided more than 35 meals to persons experiencing homelessness	Private Donors	350	Police
4 Mariachi Masters Apprentice Program honorarium	Private Donor (Plaza de La Raza)	1,000	Recreation
Subtotal:		19,750	

TOTAL:

8,669,880

FEBRUARY 28, 2022

FOCUS ON COMMUNITY FIRST

Achieved the following to enhance the quality of life and community satisfaction in San Fernando.

- 1) Significant recruitment efforts to enhance service to the public:**
 - a. Completed Executive recruitments for *Director of Community Development* and *Police Chief*.
 - b. *New Assistant to the City Manager* position to focus on grants, public information and community outreach, and policy development and support.
 - c. Completed 24 recruitments and hired 31 new employees.
- 2) City Council Chamber Audio Visual Upgrade to broadcast meetings in real time enhancing accessibility and transparency.**
- 3) Worked with City Council to implement the San Fernando Beautification Program to organize and host community cleanups.**

FOCUS ON COMMUNITY FIRST (CONT.)

4) Return of Community Events:

- *National Night Out* with more than 800 attendees.
- *Special Olympics Law Enforcement Torch Run*.
- *San Fernando Birthday Celebration* at the Lopez Adobe.
- Revitalized *Holiday Tree Lighting Ceremony* in partnership with the Mall Association.
- Planning a new, large scale *4th of July Celebration* for the first time in more than ten years.

5) Received almost 650 responses to a Community Survey soliciting feedback on community priorities. (English and Spanish)



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SUPPORT ECONOMIC RECOVERY: STRONGER THAN EVER

Achieved the following to support economic development and the business community:

- 1) Received a Bronze Certificate of Recognition for “Most Business-Friendly City” from LA Economic Development Corporation for the City’s business friendly actions during COVID-19.**
- 2) Established \$10,000 small business grants through LACDA (available 2/28/2022).**
- 3) Received almost 50 responses from small businesses to a Business Survey to receive feedback for small business recovery needs.**



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SUPPORT ECONOMIC RECOVERY: STRONGER THAN EVER

Continued:

- 4) Completed the Bollard Installation Project to provide permanent and safe infrastructure to facilitate the San Fernando Street Fair.
- 5) Working with City Council to establish a staff position responsible for Economic Development and Business Liaison services.
- 6) Finalizing an updated MOU with the San Fernando Mall Association to facilitate revitalization of the Downtown Mall.



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PRESERVE BEAUTIFUL HOMES AND NEIGHBORHOODS

Achieved the following to preserve the beautiful architecture of our homes and desirable characteristics of our neighborhoods:

- 1) Completed a public review and submitted a draft of the City's 2021-2029 Housing Element to the State HCD and City Council.**
- 2) Processed more than 325 Code Enforcement notices to ensure compliance with the City's zoning, safety, and property maintenance standards.**
- 3) Completed Parking Management Master Plan study. Next steps: Work to establish and implement residential parking permit program.**



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PRESERVE BEAUTIFUL HOMES AND NEIGHBORHOODS

Continued:

- 4) Received approval to establish a new Housing Coordinator position to manage Housing Rehab Loans, Down payment Assistance Loans, Homeless Outreach Coordination, Landlord/Tenant Programs, and other housing related efforts.
- 5) Completing initial draft of Homeless Plan and convened Northeast Valley Homeless Task Force to coordinate outreach efforts in the northeast San Fernando Valley.



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STRENGTHEN CLIMATE RESILIENCE AND ENVIRONMENTAL JUSTICE

Achieved the following to be good stewards of the environment and the positive impact environmental responsibility has on the health and well-being of residents.

- 1) Awarded the Solar, HVAC, and Battery Energy Storage System design contract for the Police Department, Public Works, and City Hall facilities.**
- 2) Awarded construction contracts for the Recreation Park Infiltration project.**
- 3) Awarded construction contracts for an additional Nitrate Water Treatment System and Upper Water Reservoir Replacement Project.**
- 4) Planted approximately 615 trees (215 in FY 21-22) through the Calles Verdes Project.**
- 5) Received grant funding to prepare a Climate Action Plan and Urban Forest Management Plan.**



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ENHANCE PUBLIC TRANSPORTATION TO MOVE SAN FERNANDO

Achieved the following to enhance regional and local public transportation and active streets networks.

- 1) Completing the Safe and Active Streets Implementation Plan to support an enhanced biking and pedestrian network throughout the City.**
- 2) Completed a community cleanup of the Mission City Bike Trail, including repainting of signage.**
- 3) Initiating project to upgrade approx. 10 City bus stops.**



BUILD RESILIENT AND RELIABLE INFRASTRUCTURE

Achieved the following to address the City's aging infrastructure, including streets, sidewalks, water and sewer transmission lines, sports fields and courts, and public buildings.

- 1) Awarded multi-year engineering services contracts to support the design and construction of new street paving program, water facility improvements, and general engineering support.**
- 2) Finalizing plans and specifications for paving and slurry seal program to begin in June 2022.**
- 3) Awarded construction contracts for the Pico Street Resurfacing project.**
- 4) Awarding contracts for parking lot sweeping, sidewalk repair, street signage, and striping/pavement marking services by April 2022.**

FORGE FINANCIAL STRENGTH AND STABILITY

Achieved the following to maintain fiduciary responsibility to San Fernando taxpayers:

- 1) Completed Pension Obligation Bond refinancing resulting in estimated savings of approximately \$16.5 million over the 25-year term.**
- 2) Received \$8.7 million in competitive grant and private funding.**
- 3) Received the GFOA Distinguished Budget Presentation Award for the 7th consecutive year and the Certificate of Achievement for Excellence in Financial Reporting for the 37th consecutive year.**

COVID-19: RESPONDING TO A PANDEMIC

Achieved the following milestones in the vaccination and recovery phase of the emergency response.

- 1) San Fernando Fully Vaccinated Rates (2/6/2022)**
 - a) All Eligible (Age 5+): 73.2%
 - b) Youth (12-17): 84.5%
 - c) Seniors (65+): 93.9%

- 2) Received \$5.6 million in ARPA funding, engaged HdL consulting services and formed an Ad Hoc to assist with developing a comprehensive program to support San Fernando's economic recovery.**



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COMMUNITY SURVEY



- Online survey designed to obtain community input on what matters most to respondents (English/Spanish).
- Distributed through email, social media, and postcards mailed to all residents.
- The survey asked respondents to select their top priorities for Strategic Goals 1 through 6.
- Top 3 for each strategic goal presented on the following slides.
(Priorities receiving more than 50% are indicate in **bold**)



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COMMUNITY SURVEY: RESULTS

1. Focus on Community First

- Increased police services and community-based public safety programming (45%)
- Increase efforts to address homelessness (32%)
- Increase opportunities for the community to participate in city decisions (32%)

2. Support Economic Recovery

- **Support economic recovery of local businesses (55%)**
- Create job opportunities (48%)
- Invest in the city's business corridors (34%)



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COMMUNITY SURVEY: RESULTS

3. Preserve Beautiful Homes and Neighborhoods

- Provide low-cost home-improvement loans (48%)
- Enforce property maintenance standards (39%)
- Support regular neighborhood cleanup events (39%)

4. Strengthen Climate Resilience and Environmental Justice

- More walking trails and paths (44%)
- More parks and green spaces (41%)
- Plant more trees (40%)



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COMMUNITY SURVEY: RESULTS

5. Enhance Public Transportation to Move San Fernando

- **Increase pedestrian safety to make San Fernando more walkable (58%)**
- Increase low-cost/no-cost public transportation services (46%)
- Invest in bike lanes and bike safety to make San Fernando more bikeable (27%)

6. Build Resilient and Reliable Infrastructure

- **Fix sidewalks (54%)**
- Pave residential roads (47%)
- Replace water and sewer lines (34%)



BUDGET PRIORITIES FOR FY 2022-23

- **Budget Study Sessions will be held in May/June 2022.**
- **Due to prudent fiscal planning and voters' approval of Transaction Taxes, San Fernando has a budget surplus to invest in service enhancements in FY 2022-2023.**
- **Investments may include:**
 - New staff positions to provide services for Housing, Economic Development, Project Management, Community Outreach, Public Safety, etc.
 - Upgrades to operations, including technology, vehicles, equipment, service contracts for additional tree trimming, street sweeping, etc.
 - Capital Improvements to streets and sidewalks, city buildings, water and sewer system, transportation system, etc.



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BUDGET PRIORITIES FOR FY 2022-23

Recommended budget and service enhancements will take into account:

- **Feedback from Transaction Tax Town Halls**
- **Feedback from Community Survey**
- **City Council Strategic Goals Study Session**
- **Operational needs for City Departments**



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Questions?
Comments
Feedback

www.sfcity.org/e-notifications

www.sfcity.org/citys-major-projects-programs

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