



THE CITY OF
SAN FERNANDO



BUILDING A BETTER COMMUNITY:

TOWN HALL MEETING ON HOW WE MANAGE YOUR TAX DOLLARS

SEPTEMBER 30, 2024

PRESENTED BY:
ERICA D. MELTON
DIRECTOR OF FINANCE/CITY TREASURER



PRE-LOCAL TRANSACTION TAX MEASURE ERA

**2005-
2006**

- **INCREASED OPERATING EXPENDITURES:** Regional Pool, Los Angeles Fire Department Contract, etc.

**2008-
2009**

- **GREAT RECESSION:** The US economy experienced the worst economic downturn since the Great Depression from 2008 – 2009. The economy did not start to rebound until after 2012.

2012

- **RDA ELIMINATION:** In February 2012 following much litigation, over 400 local Redevelopment Agencies (RDAs) throughout the state were dissolved. This included the City of San Fernando's RDA.

GENERAL FUND BALANCE PRIOR TO MEASURE A



CITY'S RESPONSE TO FINANCIAL CRISIS

- Short-term:

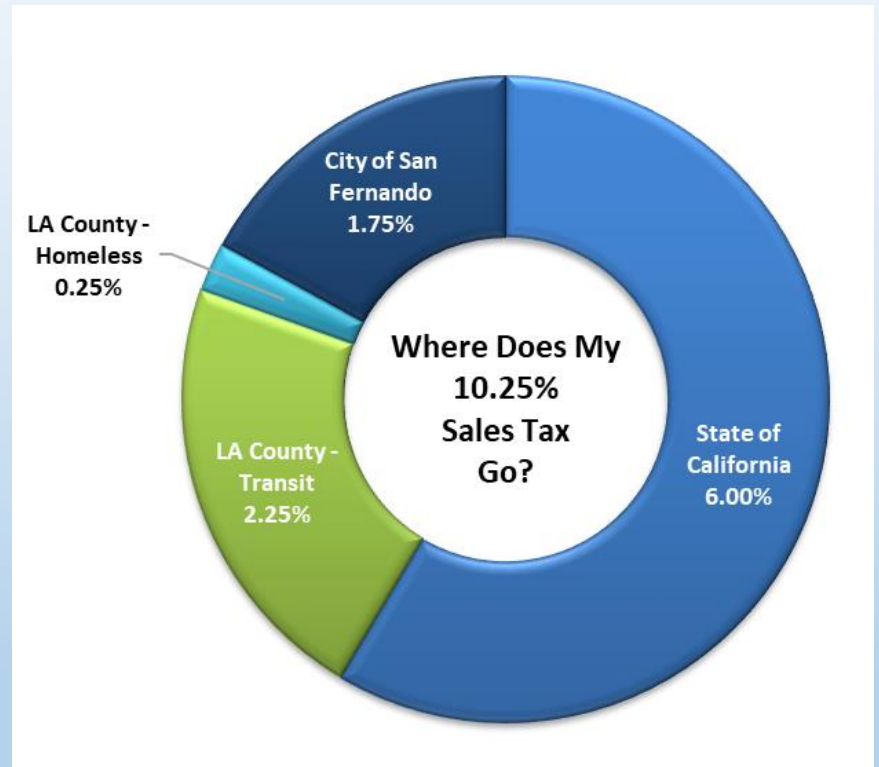
- Eliminated vacant positions, reduced employee benefits, implemented layoffs and furloughs, reduced training and professional development budgets.
- Renegotiated LAFD contract and leased Regional Pool operations to LA County.
- Sold surplus property to pay off debt.
- Declared fiscal emergency and held 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.

CITY'S RESPONSE TO FINANCIAL CRISIS (Cont.)

- In November 2018, Measure A was extended indefinitely by voters.
- In November 2020, Measure "SF" was passed which increased the City's transaction tax from 0.50 percent to 0.75 percent. Measure "A" and Measure "SF" are now collectively referred to as Local Transaction Taxes.
- Without the revenues generated by Local Transaction Taxes, the City would have struggled to stay out of bankruptcy.

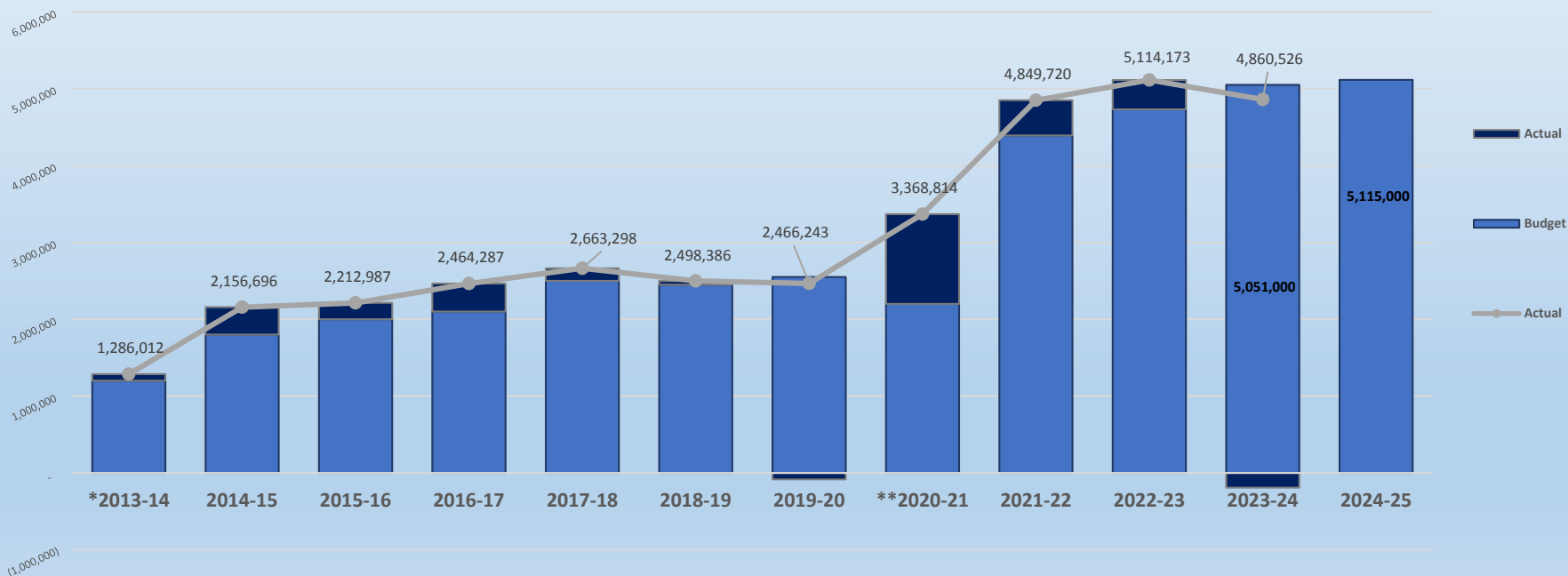




POST-LOCAL TRANSACTION TAX

- Since October 1, 2013, Local Transaction Taxes have generated \$31.5 million in additional revenue.
- Projected to raise ~\$5.0 million annually.

Historical Local Transaction Tax Receipts
Budget vs. Actual



LOCAL TRANSACTION TAX USES



PAY OFF DEBT & ELIMINATE DEFICIT

- Reduced General Fund Deficit from **(\$5M)** to \$10M
- Fully Repaid Loan for Pool, California Housing Finance Agency Loan & Internal Debt



ESTABLISH RESERVES

- Increased General Fund Liquidity
- Established and Increased Internal Service Funds



CAPITAL PROJECTS AND EQUIPMENT

- Resurfaced Residential Streets
- Replaced Over 13 Police Vehicles and Upgraded In-Car Computers



REPLACE OUTDATED TECHNOLOGY

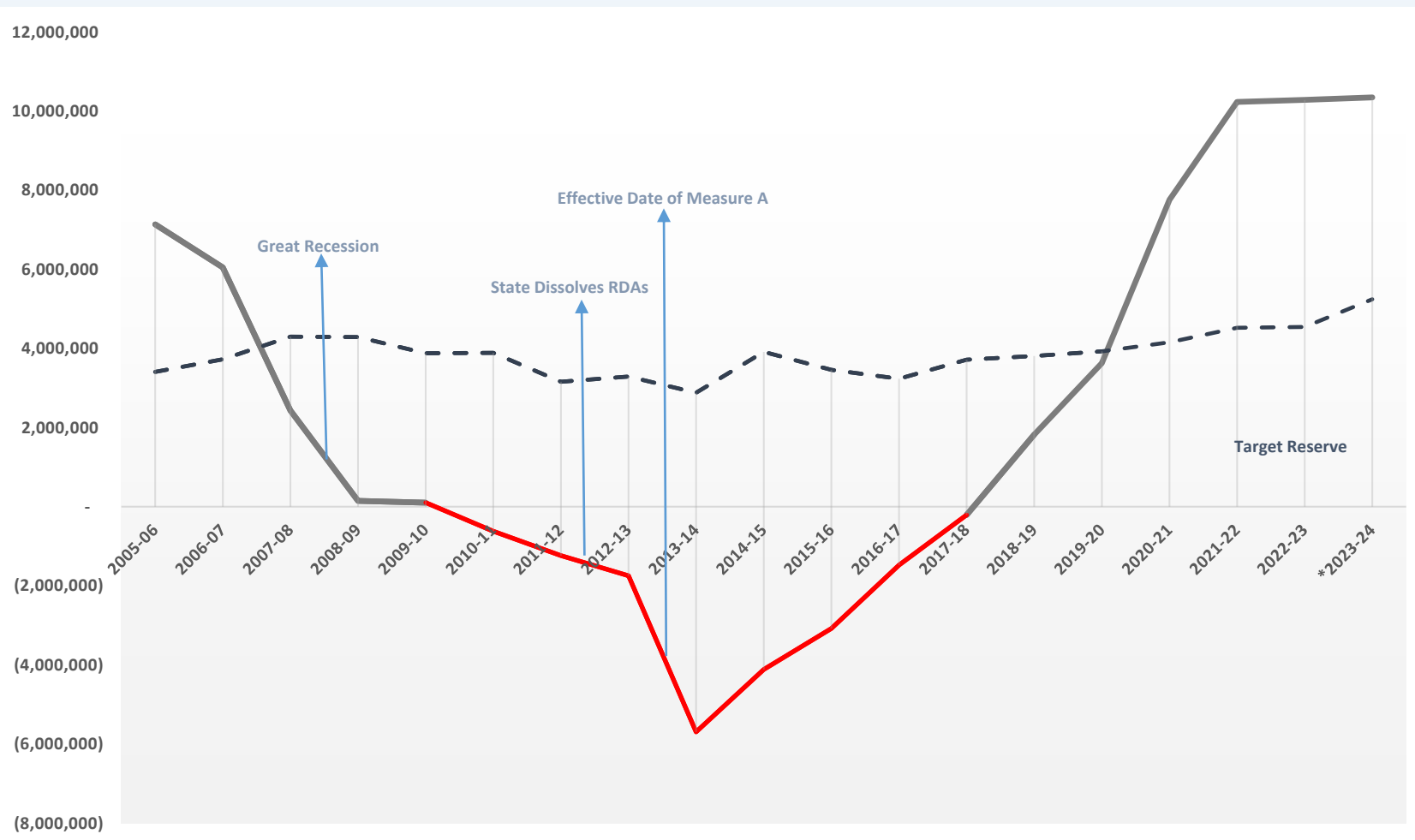
- Modernized City's Technology Backbone



FISCAL YEAR 2023-2024 LOCAL TRANSACTION TAX BUDGET

DESCRIPTION	AMOUNT
Prior-Year Approved Ongoing Enhancements	\$2,594,673
Establish Reserves	1,599,675
One-Time Enhancements	518,150
Repayment of Debt	271,327
Ongoing Enhancements/Investments	67,175
TOTAL LOCAL TRANSACTION TAX USES	\$5,051,000

GENERAL FUND BALANCE SINCE MEASURE A



Year-End Budget vs Actuals

- In FY 2023-24, City Council adopted a budget with the emphasis to “let the dust settle.”
- Appropriations focused on investing in resources to complete the implementation of previously approved projects, programs and services.
- Actual Local Transaction Tax Revenues are projected to fall behind budget estimates by 8.1% or \$0.3 million.
- Revenue outperformed budget due to investments in the business sector and higher than expected restaurant receipts.

	Budget	Actual
SOURCES		
Local Transaction Taxes	\$5,051,000	\$4,860,526
USES		
<u>Repayment of Debt</u>		
To Retirement Fund	\$271,327	\$271,327
<u>Establish Reserves</u>		
General Fund	61,300	61,300
Self Insurance Fund	850,000	850,000
Equipment Replacement Fund	103,875	103,875
Pre-Fund OPEB	500,000	500,000
Appropriated Reserve	85,000	18,243
	\$1,599,675	\$1,532,918
<u>Enhancements/Investments</u>		
One-Time Enhancements	516,150	401,036
Ongoing Enhancements	69,175	67,495
Prior year Ongoing Enhancements	2,594,673	2,419,461
	\$3,179,998	\$2,887,992
Total Local Transaction Tax Uses:	\$5,051,000	\$4,692,237
ADDITIONAL GENERAL FUND RESERVE SURPLUS (DEFICIT):	\$0	\$168,289



INVESTING IN 2022-2026 STRATEGIC GOALS



Focus On Community First



Cultivate a Stronger Economy

INVESTING IN 2022-2026 STRATEGIC GOALS *(cont'd)*



**Preserve Beautiful Homes and
Neighborhoods**



**Strengthen Climate Resilience and
Environmental Justice**

INVESTING IN 2022-2026 STRATEGIC GOALS *(cont'd)*



**Enhance Public Transportation to
Move San Fernando**



**Build Resilient and Reliable
Infrastructure**

INVESTING IN 2022-2026 STRATEGIC GOALS *(cont'd)*



Forge Financial Strength and Stability



**Emergency Preparedness:
Supporting the Community**

CITY COUNCIL BUDGET PRIORITIES

- Parking
- Homelessness
- Trash (*including City parking lots, trash enclosures, and bulky items*)
- Speeding/Rolling Stops
- Graffiti
- Street/Sidewalk Repair
- Lack of Businesses
- Lack of Murals/Public Art
- Stray Cats/Animal Control
- Affordability of Utilities (*including power, trash and water*)



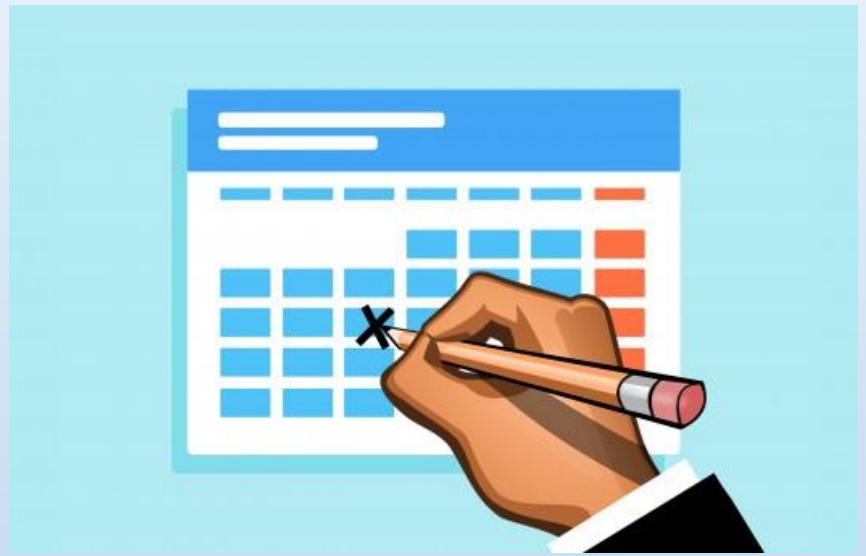


FISCAL YEAR 2024-2025 LOCAL TRANSACTION TAX BUDGET

DESCRIPTION	AMOUNT
Prior-Year Approved Ongoing Enhancements	\$2,520,124
Establish Reserves	1,201,973
One-Time Enhancements	742,070
Repayment of Debt	176,333
Ongoing Enhancements/Investments	474,500
TOTAL LOCAL TRANSACTION TAX USES	\$5,115,000

NEXT LOCAL TRANSACTION TAX TOWN HALL MEETING

March 31,
2025



FY 2025-26 BUDGET DEVELOPMENT

Future Uses of Local Transaction Tax Funding Enhancement will take into account:

- City Council Strategic Goals Study Session
- Feedback from Transaction Tax Town Halls
- Feedback from Community Survey
- Operational Needs for City Departments
- Feedback from Budget Proposal Town Hall



QUESTIONS?



THE CITY OF
SAN FERNANDO