

CITY OF TEMPLE CITY
ADOPTED BUDGET
FY 2016 - 2017

BUDGET MESSAGE

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June 23, 2016

Honorable Mayor and City Council:

We present to the City Council the Adopted Fiscal Year (FY) 2016-17 City Budget, which serves as the guiding document for the delivery of services for Temple City.

WHERE WE HAVE BEEN:

In comparison to other Southern California municipalities, Temple City weathered the economic downturn fairly well, having experienced one of L.A. County's highest growth rates in property values. However, because local sales tax revenues have flat-lined in the last several years, the City has taken steps to ensure that available resources are spent wisely.

To fund its programs and activities, the City uses multiple resources—among which include state and federal transportation revenues and various grant monies. But the chief operating fund out of which the City pays for general services and activities is the General Fund, comprised primarily of local tax revenues, license and permit fees, charges for services, and interest on investments. And in any given year when the City experiences revenue surpluses and unspent allocations, they are set aside as savings in the General Fund Reserves (GFR). Over the last several decades, thanks to a history of fiscal prudence, the City was able to accumulate a significant GFR. Even with the use of reserves this year, the City has an extraordinarily healthy level of reserves at 120% of operating expenditures. While there is not a required level of reserves, having a reserve level at 100% or above is considered to be very healthy for most government agencies.

MOVING FORWARD FY 2016-17:

The FY 2016-17 City Budget, serves as the guiding document for the delivery of services for Temple City. Because of prudent prior decisions by the City Council, conservative and thoughtful revenue projections, the City is in a strong financial position. In preparing the Budget staff took careful consideration making adjustments and modest increases where necessary to provide the services required, and where possible managing the

increases in expenditures so that the immediate and long term ability to meet the City's obligations is not compromised.

This budget is not entirely, but somewhat dependent, on the growing residential real estate market and residential development fees. While revenues have remained consistent for the last couple of years, if the residential real estate market and associated activities decline, further adjustments may be necessary at mid-year. The City still faces the issue of long term deficits in infrastructure, building and equipment costs. However, last year the City took a step towards dealing with one of those deficits by leasing City vehicles, which is now part of the City's operation budget. The City resurfaced many residential streets last year and proposes to do more this fiscal year but that only represents a down payment on the longer term costs of maintaining our roadway infrastructure.

The City is making substantial reinvestments in the community from resurfacing streets, creating new recreation opportunities, new amenities to our parks and partnering with the County of Los Angeles for a library expansion. Staff will be looking at continuously improving the communications platforms utilized by City and focusing on neighborhoods.

The question is always raised during budget time: "Is your budget balanced?" The answer to this question is not as straightforward as it first appears. For this proposed budget, basic General Fund operational revenues slightly (by \$78,285 or less than 1%) exceed operational expenditures. But, if you count replacement costs and other long-term liabilities (funding for the depreciation of City assets, i.e., roads, buildings, and other infrastructure, etc.), the City is in a long-term financial deficit. Temple City is not an anomaly in having long-term financial challenges, but luckily being a contract city we have the flexibility to constructively address issues both in the short term and the long-term.

In order to balance a budget, there are six key areas in which to draw from: 1) Labor and Operational Costs, 2) Use of One-Time Funds (Deficit Spending), 3) Internal Efficiencies, 4) Service Reductions, 5) Revenue Increases, 6) Improvement in the Local Economy/Economic Development. These areas are challenging to tackle, because some of these factors are controllable, and some are not, for example, the City does not control CalPERS rates, revenue increases are limited, and the use of one-time-funds should not be used for on-going expenses. Economic Development is a longer term endeavor whereas increases in revenue develop over years and not in a single budget cycle. The City has actively and productively dealt with the Labor and Operations costs with a prudent two-year labor agreement with the City's bargaining unit, and looked at all controllable operating expenditures to find efficiencies while not compromising services.

The following summary highlights major elements of the proposed FY 2016-17 City Budget and the manner in which Staff proposes to address City's services. These items summarize several major changes and key initiatives included in the document:

GENERAL FUND:

Appropriations are 2.3% more than the prior fiscal year; primary components of increases include:

- Increase in salary and benefits of \$128,500 as a result of the implementation of the Temple City Employees Association's (TCEA) Memorandum of Understanding (MOU), similar changes with the salary and benefit changes for unrepresented employees and reorganization of some full time and part-time positions;
- Increase in the law enforcement budget of \$230,000, representing overhead increases the Los Angeles Sherriff's Department passes on to cities in Los Angeles County who contract for law enforcement services and additional resources necessary for the County's Liability Trust Fund; and
- Bi-annual elections expense of \$85,875.

Projects funded from General Fund Reserves include:

- Community Development – General Plan (\$1,025,990 – Economic Development);
- Management Services - Las Tunas Drive Study (\$200,000 – Economic Development);
- Management Services - 5800 Temple City Boulevard Parking Lot (\$550,000 – Economic Development);
- Community Development – Green Streets NPDES (Stormwater Mitigation) – (\$100,000 – One-Time Expenditures).
- Library Remodel – (Council action to designate \$1.95 million was taken earlier this year, and will be appropriated with agreement with County of Los Angeles)

OTHER FUNDS:

Gas Tax - The significant downturn in Gas Tax subventions (which began in FY 2015-16 with a reduction of approximately 20%) remains largely due to falling gasoline prices and reduced consumption as well as "true ups" under the fuel tax swap system. Consequently as revenues fall, the entire decline impacts the subsequent allocations to cities, counties and the state highway program. This magnifies the ups and downs of revenue upon those allocations and has resulted in those allocations receiving substantially less revenue than they would have received had the 2010 swap not been enacted.

While Gas Tax revenue remains unsteady, the City has been able to build reserves from other Transportation funding sources. This budget includes \$1,500,000 be funded with Measure R current year revenues and existing reserves to address repaving and street rehabilitation efforts as identified in the Pavement Management Program. In addition, as a result of State and Federal grants, the upgrade of traffic signals and other safety

improvements on Temple City Boulevard are proposed at \$2,076,650. Other community oriented capital projects include a walking and jogging path at Live Oak Park and a Veteran's Monument at Temple City Park are also included in the proposed Capital Projects budget.

STRATEGIC PLAN:

The City's Strategic Plan developed in January 2015 identified key program and policy areas for the City to focus its efforts on over the following five years.

The Overarching Goals of the Strategic Plan were identified as follows:

- Good Governance (GG)
- Public Health and Safety (PHS)
- Quality of Life (QL)
- Sustainable Infrastructure (SI)
- Economic Development (ED)
- Citizen Education and Communication (CEC)

Currently, all staff reports and requests for City Council consideration identify and tie back to these strategic goals. Identified at the time were 16 areas developed in part from other Master Plans and program documents, which would assist the City in guiding the allocation of resources. The following are some the initiatives and on-going efforts that the proposed FY 2016-17 will address within the identified program areas. It should be noted that the Strategic Plan is a guide, and does not fully account for all of the day to day operations of the City, but rather focuses on outstanding initiatives and issues that may be both timely and long-term in nature.

Top Priority Programs as presented in Strategic Plan

Communications (GG; CEC):

- Continued to produce Connect but evaluate the context of other communication platforms;
- Maintain active presence on Social media with Facebook, Twitter, Instagram and Nextdoor;
- Maintain and improve cable channel postings;
- Maintain ad placements on Rosemead Blvd digital sign; and
- Refining improvements to City website.

Economic Development (GG; QL; ED; CEC):

- Continue to engage San Gabriel Valley Economic Partnership at local level with Business Visitations and services;
- Continue discussion of Las Tunas revitalization (without street scape and lane configuration), including, needs assessment for infrastructure, evaluation of BID, and Downtown Parking update;
- Complete Parking lot at 5800 Temple City Blvd; and

- Continue to work with businesses to assist in facilitating development, including assistance from City Staff through development process.

Water Conservation/Storm water (SI):

- Continue with extensive monitoring efforts with Storm water Permit compliance;
- Designate \$100,000 in reserves to fund storm water capture components to applicable and to appropriate projects (street improvements, parking lots, other public projects);
- Continue to seek partnerships in conservation efforts, including landscaping of front of City Hall with Upper San Gabriel Valley Water District;
- Continue water reduction efforts at all City facilities and properties, with a target of additional savings; and
- Evaluate catch basin insert installations, based upon updated monitoring data and analysis.

General Plan (GG; QL; ED; CEC):

- Continue with current timeframe and budget for General Plan and Zoning Code Update (Currently on-track and within budget).

Parks and Open Space (QL; PHS):

- Temple City Park and Live Oak Park Master Plans are completed and we will begin phased implementation when feasible. Including, Veteran's Memorial in November 2016 and Walking Trail in Late Summer/Early Fall 2016;
- Complete re-roofing of City Corporate Yard;
- Continue and evaluate use of private school and church facilities for Parks programming;
- Expand programming in new interest areas, including adult sports and dance programming;
- Complete Joint Use agreement with School District for use of facilities; and
- Finalize agreement and work collaboratively with the County concerning Library expansion and renovations.

Pavement Management Plan (SI):

- Program and use of \$1.5 million in Measure R funding for street repaving, and prioritize based upon updated Pavement Management Assessment;
- Resurface Temple City Blvd, to address pavement issues on a major arterial through the City; and
- Continue annual inspection of pavement.

Emergency Preparedness (GG; PHS; QL):

- Continue CERT training for interested community members;
- Continue to provide project specific EOC training for new staff members, retrain current staff in basic EOC every two years;
- Continue maintenance schedules of EOC equipment and systems; and
- Conduct a table top EOC exercise.

CDBG Program (GG; QL; ED):

- Continue efforts to ensure that drawdown requirements are met;
- Continue the policy of using CDBG reserves to expand the use of current programs and services; and
- Evaluate and reevaluate current programs and services and how they address the needs of the community.

Energy Action Plan (SI):

- Continue effort with San Gabriel Valley Coalition of Governments in participating in Energy wise programs; and
- Install and purchase LED and other efficiency measures within City property and City equipment.

Second Priority Programs as presented in the Strategic Plan**Law Enforcement Strategy (GG; PHS; QL; CEC):**

- Continue with successful Area Watch program with Area Captains, and Area Neighborhood Watch meetings, continue to adjust program as needed to address current needs and concerns;
- Continue translation of crime statistics and distribute through multiple outlets;
- Continue pro-active policing efforts including targeted patrols (burglaries) and use of Motor deputy (Traffic enforcement); and
- Continue team approach to Law Enforcement, City staff attendance at monthly Law Enforcement meetings, Neighborhood Watch, and regular City Executive team meeting with Captain, and Assigned Sergeant.

Public Art Program (QL):

- Develop a Public Arts Master Plan.

Street Lights Master Plan (SI):

- Evaluate the use of funding and financial capacity of the assessment district and Ad Valorem assessment to leverage and use both funding sources fully; and
- Once funding and financial capacity analysis is complete, develop a needs assessment for current Street Light system and other infrastructure needs.

Traffic Calming Master Plan (SI):

- Continue to identify opportunities to install feasible and appropriate traffic calming measures in conjunction with street resurfacing and other street projects; and
- Continue to identify and implement other traffic calming needs, for example, last year's successful implementation of traffic calming measures along Longden Elementary School.

Civic Center and Library Upgrade (QL, SI):

- Complete agreement with County for joint funding of Temple City Library expansion and renovation;
- Complete 2nd phase (program needs) of City Hall Needs Assessment. 1st phase (physical assessment of City Hall) completed in April 2016; and
- Third Priority Programs as presented in the Strategic Plan.

Sewer Master Plan (SI):

- Staff still evaluating the needs and issues with Sewer Master Plan.

The City Council is presented with a budget that both addresses the needs for the community and does so in a prudent fiscal manner. Over the next several years it will be important that the City continue to cautiously watch economic trends and their impact to local revenues. The City's focus on prudently managing resources while at the same time compensating employees and managing service agreements in a reasonable manner will be a key element as to the City's financial sustainability.

The FY 2016-17 City Budget was prepared through combined hard work by members of City staff. We would also like to thank the City Council and the Budget Ad Hoc Committee for their continued support and interest in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



Bryan Cook
City Manager



Tracey L. Hause
Administrative Services Director

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