

FISCAL YEAR 2014-15

CITY BUDGET IN BRIEF



**TEMPLE
CITY**



CITY OF TEMPLE CITY
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FY 2014-15 BUDGET OVERVIEW

EFFECTIVE

July 1, 2014 - June 30, 2015

CITY BUDGET

\$20,592,925

HIGHLIGHTS & TRENDS

General Fund operating budget is balanced and includes a surplus.

Overall revenues are less due to reduced grant funding from completion of the Rosemead Boulevard streetscape project.

Local revenues remain steady at last year's levels while property tax revenues are estimated to increase by 4.4 percent.

New Strategic Plan to help identify key projects and community objectives for upcoming years.

KEY INITIATIVES

Continued zero-based budgeting to maximize operational efficiency.

Utilized priority-based budgeting to internally evaluate resource alignment for current service levels.

Engage with the public to ensure that resource allocation for programs and services match community interests and needs.

Support increasing property values by continuing to focus on infrastructure maintenance and neighborhood services—e.g., public safety, street sweeping, community preservation.

June 30, 2014

Dear Community Members:

Welcome to the Budget-in-Brief outlining the proposed Fiscal Year (FY) 2014-15 City Budget. The following report provides a concise overview of the City's financial position and forecast for the upcoming year—including anticipated revenues, expenditures and economic trends.

Also featured is an introduction to priority-based budgeting (PBB), a new practice the City adopted last year in an attempt to increase the efficiency of government spending. Having recently completed the public engagement process for the Temple City Strategic Plan, we are now using the PBB approach to help ensure that resources are allocated in a way that reflects and responds to community objectives and needs.

ECONOMIC CONDITION

In comparison to other Southern California municipalities, Temple City weathered the recent economic downturn fairly well, having experienced one of L.A. County's highest growth rates in property values. Meanwhile, 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.

Revenues, Reserves and Investments

Local revenues remain steady at last year's levels, while property tax revenues based on assessed valuation are expected to increase by 4.4 percent. The General Fund Reserve (GFR) also remains in good shape. Over the last

several decades, thanks to a history of fiscal prudence, the City was able to accumulate a significant GFR. While most municipalities typically maintain a reserve level about 5 to 25 percent of its operational budget, Temple City currently enjoys a reserve level of about 138 percent. This year, with a balanced General Fund budget, the City also expects surpluses flowing back into the GFR.

In addition, we have been diligently monitoring the City's approximate \$20 million portfolio, and over the last year—despite the national trend of declining interest rates—were able to increase investment returns from 0.75 to 0.96 percent.

Investing in Infrastructure

In the current economic climate, characterized by low interest rates, assets left sitting in the bank provide very limited yields. Instead, the City has been taking a strategic approach, investing and leveraging dollars to complete high-yield endeavors such as capital improvement projects and infrastructure upgrades.

One example is the recently completed Rosemead Boulevard enhancements, which not only is an infrastructure project featuring modernized facilities like new bike lanes and sidewalks; but is also an economic development project including amenities like public art and landscaping to enhance Temple City's market value and make it a more desirable place for shoppers to spend and property owners to invest. While a costly endeavor, the \$20.7 million project leveraged funds and utilized various grant resources to ultimately help secure long-term health for our community by elevating the local quality of life and promoting economic vitality.

As local home prices continue to see significant increase, the City recognizes the importance of protecting property values by investing in quality neighborhood services. This year, the City will spend about \$200,000 to increase its street sweeping program from biweekly to weekly, and is also expected to appropriate about \$1.2 million to kick off a citywide



PRIORITY BASED BUDGETING

In most municipalities including Temple City, the line item budget has historically been the prevailing accounting mechanism for its simplicity. However, with Temple City in the process of adopting a Strategic Plan and looking to address evolving community needs, the priority-based budget (PBB) is becoming the more preferred alternative. In contrast to the traditional approach that was focused on replenishing existing line items, PBB allocates resources based on evolving needs. In addition to being more responsive to priorities changing over time, the PBB also recognizes the interdepartmental nature of many programs, and allocates funds based on activity rather than by individual departments.

GENERAL FUND RESERVE

The City uses multiple resources to fund programs and activities including state and federal transportation revenues, grant monies, etc. The chief operating fund for general services is the General Fund, comprised primarily of local tax revenues, license and permit fees, charges for services, and interest on investments. When the City experiences revenue surpluses or unspent allocations in any given year, those "surplus" funds are set aside in the General Fund Reserve (GFR). To safeguard GFR assets, the City Council in 2012 adopted a policy ordinance, setting minimum reserve levels and standards for allocation.

pavement management plan (PMP). In addition to repairing streets and performing preventative maintenance over the next six to eight years, the PMP also sets a schedule for regular maintenance. Other key projects include grant-funded traffic improvements for traffic signal upgrades and other safety enhancements along Temple City Boulevard.

Engaging with Citizens

In addition to instituting internal best practices, the City has also reached out and worked with residents to make sure that available resources are being spent effectively and productively on programs that matter to the community. Over

the last year, the City has conducted an extensive community engagement effort to develop the Strategic Plan.

Under the moniker "Make TC Happen," the City led a community visioning process, asking residents to identify major objectives for Temple City over the next 20 years, and how those objectives might be achieved. As part of the Strategic Plan implementation, the City has adopted priority based budgeting to ensure that resources would be allocated to fund programs identified in the strategic planning process.

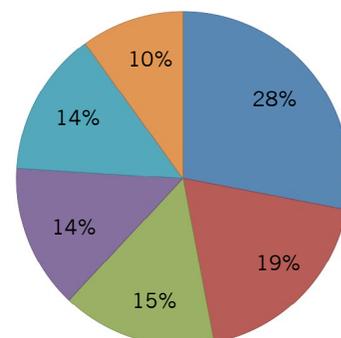
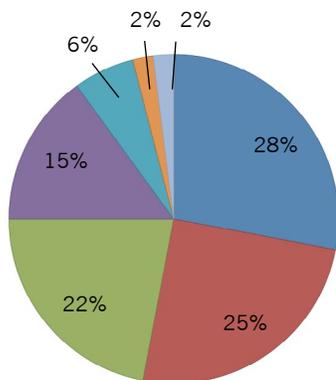
REVENUES & EXPENDITURES

In general, the City's revenues consist of various sources—both local and external such as special funds and grant awards, like state gas tax monies and federal transportation earmarks.

Perhaps the most important revenue source however is the **General Fund (GF)**, comprising locally generated revenues such as property and sales taxes, as well as user fees like licensing and permit charges. Unlike outside resources that are often limited in purpose (e.g., State Gas Tax can only be used for street-related programs), the City has more control in deciding how to allocate GF monies. It is also the main source funding most basic City services and operations.

TOTAL REVENUES \$18,206,785
GENERAL FUND \$11,961,300
SPECIAL FUND \$ 6,189,485
OTHER \$ 56,000

TOTAL EXPENDITURE \$20,592,925*
GENERAL FUND \$11,928,835
SPECIAL FUND \$ 1,936,525
RESERVES & GRANTS \$ 6,727,565



- INTERGOVERNMENTAL - 28%
- FINES, FEES, CHARGES - 25%
- PROPERTY TAXES - 22%
- SALES TAXES - 15%
- OTHER TAXES - 6%
- OTHER SOURCES - 2%
- INVESTMENTS - 2%

- PUBLIC SAFETY - 28%
- COMMUNITY DEVELOPMENT - 19%
- PARKS AND RECREATION - 15%
- MANAGEMENT SERVICES - 14%
- MAINTENANCE - 14%
- ADMINISTRATIVE SERVICES - 10%

* TOTAL EXPENDITURE includes grants, which are typically reimbursed after completion of a funded project, and not accounted under TOTAL REVENUES.

A NEW COMPASS: THE STRATEGIC PLAN

To promote public participation in government, the City conducted an extensive outreach effort during its Strategic Plan process, identifying community priorities for the next 20 years, to be used for informing program evaluation and resource allocation:

CITIZEN EDUCATION & COMMUNICATION

Integrate best practices and multimedia tools into daily government operations to promote government transparency, and support the development of an informed, involved, inclusive and engaged community.

ECONOMIC DEVELOPMENT

Foster a prosperous local economy by encouraging a diverse business mix and investing in neighborhoods. Maintain a safe, appealing, accessible environment for businesses, residents and patrons alike.

PUBLIC HEALTH & SAFETY

Develop proactive strategies for crime prevention and emergency preparedness. Provide law enforcement protection and encourage community involvement in public safety. Plan and maintain infrastructure that supports the community's physical and environmental health and wellbeing.

QUALITY OF LIFE

Promote arts, cultural, educational and civic opportunities that meet the diverse needs of Temple City's

multicultural, multigenerational community. Instill pride in neighborhoods by encouraging upkeep in residential and commercial areas for safe, clean, healthy and properly regulated environments in which to live and work.

SUSTAINABLE INFRASTRUCTURE

Focus planning efforts and invest adequate resources to develop a safe, accessible infrastructure network. Encourage "green" initiatives, standards and best practices to advance conservation of natural resources, alternative transportation options and other sustainable features.

GOOD GOVERNANCE

Institute best practices to promote accountability, efficiency and innovation in all aspects of City Hall governance, including the management of financial, human, physical and technology resources. Apply short-term and long-range analyses to inform vision exercises and planning efforts. Ensure regulatory and policy compliance to minimize and mitigate risk. Provide communications tools to encourage public involvement.





FY 2014-15 BUDGET HIGHLIGHTS

With the City looking to adopt its Strategic Plan in fall, the document will serve as a guide for Temple City's growth, development and decision-making over the next twenty years. In the upcoming fiscal year, residents can already start looking forward to key projects that promote community quality of life.

Pavement Management Program

To address urgent road repairs and preventative maintenance, this year's budget appropriates \$1.4 million in state gas tax revenues for an aggressive street maintenance and repaving program.

Replacement of City Street Signage

A \$200,000 outlay from the General Fund Undesignated Reserves will provide for new high-reflective street signage that increases visibility and legibility.

Enhanced Traffic Safety

A recent \$1.25 million grant from the Highway Safety Improvement Program (HSIP) is helping to pay for new traffic signals and other safety enhancements along Temple City Boulevard.

Increased Street Sweeping Service

The City is increasing the frequency of street sweeping from every other week to weekly to not only improve neighborhood curb appeal, but also protect storm drains from getting clogged. The increased service will cost an additional \$78,000, for a full program cost of \$200,000, paid by State Gas Tax revenues.

City Hall Staffing Levels

Balancing city services with cost effectiveness, this year's budget eliminates two-part time positions to generate roughly \$125,000 in savings. These staffing cuts are not expected to impact local service levels. Furthermore, the City's organizational structure and workload will be continually reviewed over the next year for added efficiencies and cost savings.

Employee Provisions

To avoid larger costs down the line, the City added a \$100,000 contribution from the General Fund Unreserved Balance for future retiree medical liability. A \$112,000 General Fund allocation was also included to cover health insurance for permanent part-time employees.

Rosemead Boulevard Maintenance

As the City enters its first year with the new Rosemead Boulevard enhancements, up to \$2 million is available for maintenance costs, comprised of assessments from the Lighting and Landscape Fund as well as a portion of the City's state gas tax revenues.

Contract with Los Angeles County Sheriffs

The City's public safety contract represents the largest expenditure at more than \$3.6 million. Continuing a long-standing partnership, the City is working with L.A. County Sheriffs to reevaluate needs and refine contract provisions toward ensuring a high level of public safety services—which includes the addition of a dedicated patrol unit this year.

Pedestrian and Bicycle Improvements

Having recently received more than \$900,000 in grants from Safe Routes to School and Caltrans, the City is continuing a project to add pedestrian improvements near nine local school campuses, as well as 12 miles of bicycle improvements.

Public Arts

Funding of the Arts Program from projected revenues from the Linden Walk residential subdivision will save \$50,000 in General Fund revenues. Staff is continuing to develop strategies for future arts funding—which this year includes a \$150,000 contribution from Linden Walk developers, The Olson Company. Meanwhile, the Arts Annual Plan for the coming year includes completion of Rosemead Boulevard public art installations, and discussions for a rotating mural program at Temple City Library.

Parks and Open Space

After surveying the community to identify desired new park amenities, energies are now focused on



implementation. A \$35,000 allocation has been made to begin development of specific master plans for existing facilities. Staff will also be pursuing grants and exploring options for integrating highly desired items like walking trails and Wi-Fi in public parks.

General Plan Update

The City is embarking on a two-year process of working with the community to update the General Plan which was last updated in 1987. The General Plan serves as a vision and blueprint for Temple City's future by identifying goals and policies for issues like transportation, land use, downtown development and parks.

STAY ENGAGED

As always, the City remains committed to securing long-term fiscal health, in order to ensure a continued ability to provide quality public services to the community.

Moving forward, the City looks to build on recent progress and continue working with the public to identify community objectives and needs. Following the recent Strategic Plan, the upcoming General Plan Update will provide additional opportunities for community stakeholders to express their goals and visions for Temple City. Input will be invaluable for informing future spending decisions, and promoting responsible and responsive budgeting.

I hope you have found this overview of the FY 2014-15 City Budget informative. As always we greatly appreciate and encourage your ongoing engagement with City Hall.

Sincerely,



Interim City Manager



TALK BACK!

Questions? Comments? Share them with staff at City Hall, or by contacting (626) 285-2171 or info@templecity.us.

Get involved in the budgeting process by attending annual budget study sessions, typically held in late May or early June.



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