

**CITY OF TEMPLE CITY
CITY COUNCIL AND COMMUNITY REDEVELOPMENT AGENCY
AND FINANCING AUTHORITY
SPECIAL BUDGET STUDY MEETING MINUTES**

MAY 20, 2010

1. CALL TO ORDER ALL AGENCIES

Mayor Vizcarra called the City Council, Community Redevelopment Agency and Financing Authority Special Meeting to order at 6:38 p.m.

2. ROLL CALL

PRESENT: Councilmember-Blum, Sternquist, Yu, Chavez, Vizcarra
ABSENT: Councilmember-None

ALSO PRESENT: City Manager Pulido, Parks & Recreation Director Burroughs, Deputy City Clerk Kuo, Assistant to the City Manager Flod, Community Development Manager Lambert, Financial Services Manager Molina, Public Safety Officer Ariizumi, Accountant Ma

PLEDGE OF ALLEGIANCE

Temple City Public Safety Officer Bryan Ariizumi led those present in the Pledge of Allegiance to the Flag.

3. PUBLIC COMMENTS

Mary Kokayko, Temple City resident, questioned the amount of Applebee's loan balance; what services are provided by the Chamber with the \$72,000 they receive from the City; who manages and maintains the City's apartment property on Primose Avenue; and how much revenue is generated by the property. Mayor Vizcarra stated that staff can make this information available to her.

4. THREE FISCAL YEAR (FY) OVERVIEW OF REVENUES AND EXPENDITURES (FY 2007-08 THROUGH FY 2009-10)

Financial Services Manager Molina reviewed the revenues and expenditures for the FY 2007-2008 through FY 2009-2010 City budgets.

General Fund Revenues continue to decrease due to the economy and revenues have been decreasing for the past three fiscal years by \$2 million. In FY 2007-

2008, the City received \$11,774,388 in General Fund Revenues. In FY 2008-2009 revenues decreased by 10 % to \$10,574,810. For FY 2009-2010, an additional 6% decrease is anticipated for approximately \$9,914,930 in General Fund Revenues. Temple City expects to receive \$135,160 or 1.4% less for FY 2010-2011, an estimate of \$9,779,770 in General Fund Revenues. The revenue figures included in the proposed budget document do not reflect any fee increases that will be reviewed in September after the fee study is completed. Any approved fee increases at that time will be included during Mid-Year Budget review.

Because of a decrease in General Fund Revenues, staff continues to keep expenditures low. On June 16, 2009, the City Council adopted FY 2009-2010 budget with General Fund Expenditures in the amount of \$9,428,245. Due to changes in operations, the revised General Fund Expenditures for FY 2009-2010 are \$9,824,715 and staff expects the estimated FY 2009-2010 General Fund expenditures to be \$9,463,155. The City also implemented the “zero-based budget” exercise and will not be replacing position vacancies. The estimated expenditures for FY 2010-2011 are \$9,450,985, which is a 3.8% reduction of the original FY 2009-2010 budget estimates.

5. PROPOSED FY 2010-11 CITY BUDGET DOCUMENT

Financial Services Manager gave a power point presentation with an overview of the budget for the following items. Staff responded to questions as needed.

a) REVIEW FY 2009-10 CITY BUDGET – YEAR END

FY 2009-2010, General Fund Revenues are estimated to have a balance of \$9,914,930. General Fund Expenditures are \$9,607,105, and the Landscape and Lighting District subsidy is \$193,815, leaving a surplus amount of \$570,026.

Mayor Vizcarra left the meeting at 6:57 pm and returned at 7:02 pm.

b) PROPOSED FY 2010-11 CITY BUDGET

i. GENERAL FUND REVENUES / EXPENDITURES

The estimated General Fund Undesignated revenues for FY 2010-2011 are \$9,779,770 and the total expenditures, including capital equipment are \$9,560,035. An estimated surplus amount of \$219,735 in revenues is expected at the end of the year.

The General Fund Designated One-Time Expenditures fund is used to store surplus funds. Every year that the City has a surplus, the funds are transferred to the “one-time expenditure” fund for Capital

Improvement Projects or it can also be used for emergency expenditures. Some fiscal years, there are more expenditures paid out than money transferred in. Estimated fund balance as of June 30, 2011 is \$16,043,887.

The General Fund Designated Future Retirement Expenditures was established in FY 2000-2001 to cover future retirement expenditures. The estimated retiree expenditures for FY 2010-2011 are approximately \$140,000.

In July, 2004, the Government Accounting Standards Board (GASB) published GASB Statement 45, which requires government employees to measure and report the liability associated with other post employment benefits. As of June 30, 2009, Temple City reported a liability in the amount of \$866,980 for the other post employment benefits.

Staff recommends the City Council to establish a new designated fund for "other post employment benefits". This will allow the City to have available funds to trust the liability and reduce the reported liability on the audited financials.

General Fund reserved accounts for money owed to the City for various loans. Current outstanding loans include: CRA loan of \$1,670,204; Applebee's \$637,504; Home Rehabilitation Loans of \$56,775; and Chamber Loan of \$6,100.

ii. SPECIAL FUND REVENUES / EXPENDITURES

The City estimates to receive \$115,000 in Traffic Safety Funds during FY 2010-2011. Traffic Safety Funds are revenues collected by Superior Courts for traffic violation citations issued by the Los Angeles County sheriff's Department. 2% of the base bail fee is transferred to the State Automation Fund. 80 % of the remaining base bail fee is submitted to Temple City. The County keeps the remaining funds. The total expenditures for FY 2010-2011 are \$125,000. Funds are used to pay for school crossing guards and a portion of one motorcycle deputy.

Temple City will continue to receive the minimum \$100,000 from Citizens' Option for Public Safety Grant for FY 2010-2011 budget. Grant funds are used to pay for a portion of one motorcycle deputy position.

Proposition A's FY 2010-2011 estimated revenues is \$643,700. Estimated expenditures of \$746,710 used for the Dial-A-Ride Program, Recreation Transit, Bus Pass Subsidy, Bus Shelter Maintenance, and 60% of COG membership and administrative costs.

Proposition C's FY 2010-2011 estimated revenue is \$418,600. Estimated expenditures of \$3,461,825 are used for Rosemead Boulevard Improvement Project.

Traffic Congestion Relief Funds (Proposition 42) are used for street maintenance or reconstruction. FY 2010-2011 expenditures of \$350,000 are for slurry seal.

Gas Tax Funds revenue for FY 2010-2011 are estimated at \$568,080. Total expenditures amount to \$830,420 paying for street sweeping, curb addressing, curb painting, traffic sign maintenance, street maintenance and sidewalk maintenance.

It is estimated that Temple City will receive \$322,505 in Community Development Block Grant (CDBG) funds for FY 2010-2011, which will be used for: the Handyworker Program; Housing Rehabilitation Loan Program; Lead-Based Paint Abatement Program; Asbestos Testing & Removal Program; Youth Scholarship Program; and administrative cost to perform the programs.

Estimated revenue for Air Quality Management District (AQMD) funds for FY 2010-2011 is \$37,050. Funds have been used for purchase of hybrid and Compressed Natural Gas (CNG) vehicles in the previous year. There are no budgeted expenditures for use of these funds in FY 2010-2011. The estimated fund balance as of June 30, 2011 will be \$65,926.

It is estimated that the City will receive \$299,900 in Measure R funds. These funds can be used for pothole repairs, major street resurfacing, left-turn signals and bikeways.

Sewer Reconstruction fees are paid by developers of multiple family development projects. A total of \$400,000 in expenditures is budgeted in FY 2010-2011 for the upgrade of sewer line on Longden Avenue from Muscatel to Encinita Avenue. The estimated fund balance by June 30, 2011 is \$181,056.

The Park Acquisition fee is a \$500 per unit fee on any new dwelling constructed in the City. The fees are used for acquisition or improvement of neighborhood or community parks.

The General Fund has been subsidizing the Lighting/Landscape District expenditures since FY 2003-2004. As of July 1, 2009, the fund balance is (\$1,173,255). The General Fund will be subsidized approximately \$193,815 during FY 2009-2010 but not in the FY 2010-2011 City Budget.

iii. EQUIPMENT REPLACEMENT

The total expenditure estimate for FY 2010-2011 is \$25,500.

iv. CAPITAL IMPROVEMENT PROGRAM (CIP)

Due to the stimulus money, many projects were started during FY 2009-2010. Since most of these projects have not been completed, staff did not recommend any new projects for FY 2010-2011. A carry-over of \$1,024,310 from various funding sources has been budgeted for FY 2010-2011. New funds proposed for FY 2010-2011 are \$5,207,865.

c) COMMUNITY REDEVELOPMENT AGENCY (CRA) BUDGET - FY 2010-11

Redevelopment agencies technically do not have so-called reserves. The funds are used to revitalize blight, create jobs, and build affordable housing. As in the City, revenues for the Community Redevelopment Agency (CRA) have also decreased.

Revenues received by the CRA are interest on investments and tax increment. In FY 2007-2008, the CRA received \$1,053,338; in FY 2008-2009, \$1,020,902 a 3.1 % decrease; and in FY 2009-2010, it is estimated the CRA will receive \$961,250, a 5.8% decrease. For FY 2010-2011, the CRA estimates to receive a total of \$934,860 in revenues which is a 2.7 % decrease in comparison to FY 2009-2010 revenues.

The Capital Project Fund is used to account for expenditures in the CRA area for redevelopment; elimination of blight; to expand the commercial base; and improve housing. The function of this program includes seeking new business opportunities; implement strategies for eliminating blight conditions; and continue to negotiate with the property owners of "Block B" in working toward establishing a better maintenance program for the center. As of June 30, 2009, the fund balance in Capital Project Fund is \$2,729,324. The total revenue for the fund is estimated at \$32,500 and total

expenditures to run the CRA programs are \$327,680. This includes expenditures in the amount of \$67,910 to pay for Supplemental Educational Revenue Augmentation Fund (SERAF).

The Low & Moderate Housing Fund expenditure is estimated to be \$342,980 with an estimated fund balance of \$490,066 as of June 30, 2011. The fund is used for housing programs and debt.

The Debt Service Fund estimated expenditure is \$689,378 with an estimated fund balance of \$934,003 as of June 30, 2011. The fund is used to pay 80% of outstanding debt; loan repayment to the City; and bond repayment.

a) FINANCING AUTHORITY (FA) BUDGET - FY 2010-11

Financing Authority was created in 1993. It was established to provide a loan to the CRA. The balance as of July 1, 2009 is \$7,195,000.

Mayor Pro Tem Chavez asked what strategic plans will be taken into account for this year's budget. City Manager Pulido said decreases in revenues are consistent. Staff requested direction from Council before budget adoption meeting in June as to how Council want to proceed in accordance with all the different funds, and setting priorities in using the reserves. Staff recommended Council establish a reserve policy.

Councilmember Blum asked what the budget ad hoc committee's recommendation is for reserves at this point.

Councilmember Yu answered that they have not had a chance to form recommendations yet. The committee members will be reviewing the City of Haywood's reserve policy as an example. Councilmember Sternquist asked for a copy of the City of Haywood's policy.

Staff responded to questions from Jerry Jambazian, Temple City businessman, regarding the budget.

Mr. Jambazian also recommended that the Mayor give a State of Address to the residents informing the happenings of the City in the Chamber's newspaper.

Mayor Pro Tem Chavez mentioned that no one Councilmember can have an article in the newspaper. Mayor Vizcarra suggested that the City Manager do so.

Mary Burke, Temple City resident, asked about Gas Tax Fund being used for street sweeping as she thought Athens provided the street sweeping. Mayor Vizcarra clarified that Athens is the company providing the street sweeping service and that the bill is partially paid by the Gas Tax Fund.

Mary Kokayko, Temple City resident, stated that some streets in Temple City should be swept more than once.

6. ADJOURNMENT

The City Council, Community Redevelopment Agency and Financing Authority Special meeting was adjourned at 8:03 p.m.

Chairman

ATTEST:

Deputy Agency Secretary