

2015-2017

Proposed Budget

City Council Study Session

June 9, 2015

2015-17 Proposed Budget Background

- Great Recession severely impacted Stanton's financial position
- Elimination of redevelopment agencies further aggravated financial situation
- From 2009 to 2013, City Council and City staff worked diligently to cut costs and creatively produce a high level of service
- Full-time City staff were reduced from 36 to 24, a cut of 33%
- Sheriff deputies were cut from 25 to 20, a reduction of 20%
- Fire personnel were cut 38% in conjunction with elimination of a fire truck
- 6 consecutive years with a structurally imbalanced budget required reserves/one-time money to balance the budget

2015-17 Proposed Budget Background

- City Council established “Talk on the Block” meetings in local neighborhoods in 2013
- A survey was sent to residents asking them their funding priorities
- A Blue Ribbon Panel of key community leaders, business leaders and residents was established to review ways to solve the structural deficit
- After much searching, only one solution made long-term sense for the City:
 - A one-cent transactions and use tax measure on the ballot (Measure GG) to provide funding for local City services
- The Stanton 9-1-1 Public Safety and Essential City Services Protection Measure was approved by voters in November 2014.
- This measure has changed everything for the City of Stanton

2015-17 Proposed Budget Increasing

Thanks to Measure GG, the Stanton 9-1-1 Public Safety and Essential City Services Protection Measure, instead of having to make over \$2 million in cuts to public safety and other essential City services:

- A balanced budget is in effect for FY 15/16
- Over \$500,000 is budgeted to replenish reserves
- The 15/16 budget calls for adding 2 additional deputies to improve public safety:
 - Increase traffic safety and street patrols
 - Improve community policing
 - Address prostitution, illegal massage parlors and transient/homeless issues
 - Improve gang/youth violence prevention programs
- The budget includes an additional Code Enforcement Officer who will:
 - Address transient issues
 - Improve clean-up of gang tagging and graffiti
 - Respond to quality-of-life complaints, giving deputies more time to focus on neighborhood patrols and responding to emergencies
- The budget increases funds for economic development programs to:
 - Fix blight
 - Attract new businesses
 - Create local jobs

Sample of 2013-15 Accomplishments

Despite previous tough financial times, the City had many accomplishments in the past two years: FY 13/14 & FY 14/15

- Voter-approved funding provides a new revenue stream, which will eliminate the structural deficit and balance the City's budget
- Voter-approved funding supports local services including public safety, allowing the City to maintain:
 - Existing levels of fire protection services and firefighters
 - Neighborhood police patrols and sheriff's deputies
 - 9-1-1 response times
 - Economic development programs that attract new businesses to Stanton
- Developed the 2015 City Strategic Plan
- Secured properties from the former Redevelopment Agency that had been held up by the State for the City and Stanton Housing Authority
- Overall crime rate dropped 9%
- Police response times at all-time low (4:02 minutes for Priority 1 calls)
- Business Attraction Program and Grand Openings
- 4th and 5th Annual Business Appreciation Luncheons

2013-15 Accomplishments (continued)

- Aggressive development schedule
 - Stanton Plaza, Shapell Property, Beach Blvd Locations, Wal-Mart Neighborhood Market Shopping Center, Car Wash Property
- Stanton Central Park development progressing
- Reorganized Parks and Recreation Commission at no cost to City
- Re-opened Parks and Recreation counter in City Hall
- Obtained FaCT & GRIP Grants to support Parks and Recreation
- Continued development of Neighborhood Enhancement Task Force
- New Administrative Services, Parks and Recreation and Public Works Directors
- Brought Business License enforcement in-house
- Successfully completed GFOA award-winning CAFR for external audit as well as passed audits for FaCT, GRIP & Measure M Grants
- Citywide street improvement projects
- City Hall roof replacement and moveable wall projects completed

2015-17 Proposed Budget – Strategic Plan Initiatives

- The distributed 2015-17 Proposed Budget accomplishes a number of 2015 Strategic Plan Initiatives
 - 1.1 – Add 2 Deputies – Traffic & Community Enhancement
 - 1.5 – Add One Additional Code Enforcement Officer
 - 2.3 – Enhance and continue Economic Development Program
 - 6.6 – Create a multi-year projection of expenditures and revenues
- In addition to the above items, the budget also approves funding for a significant number of additional initiatives

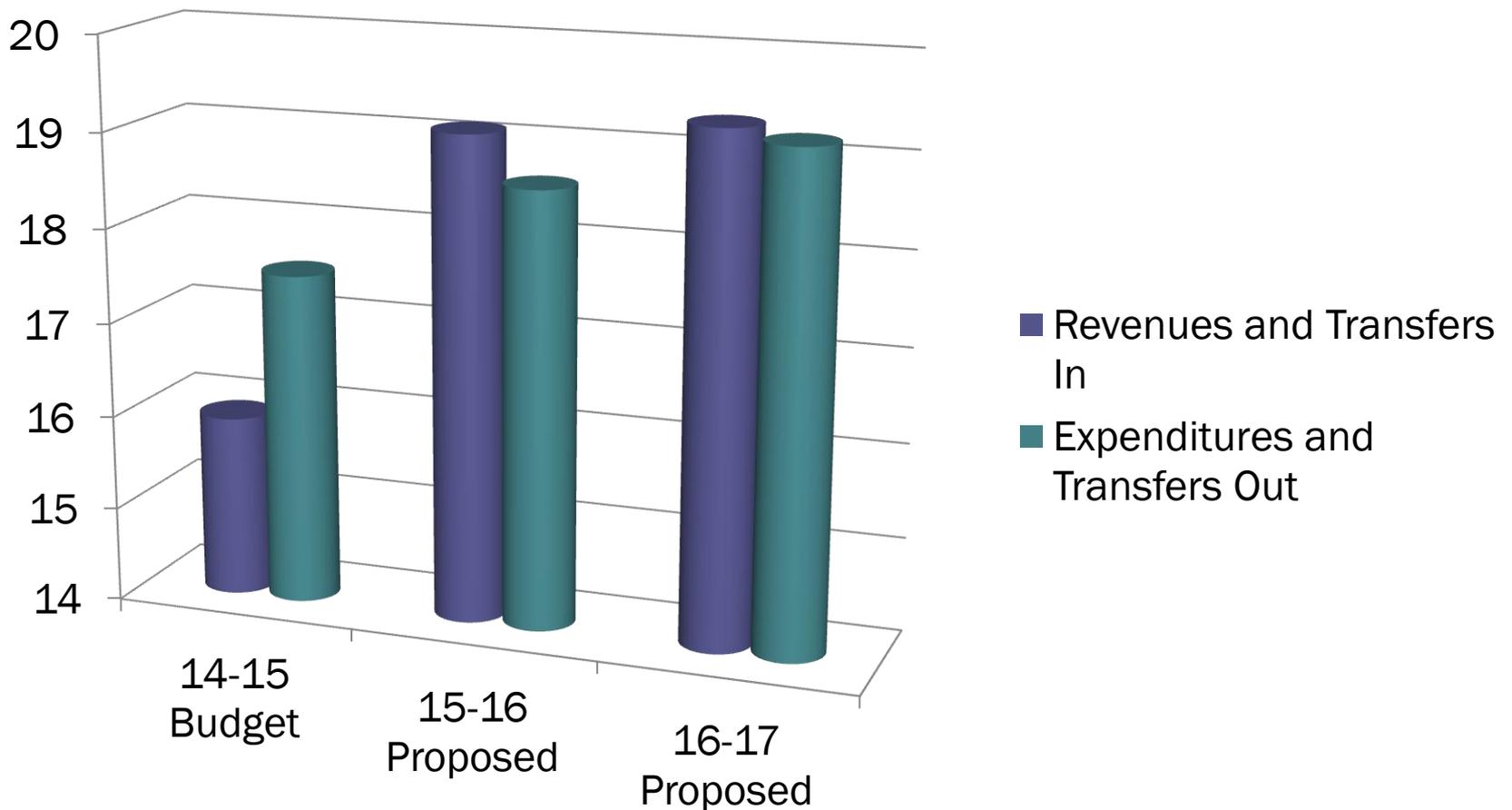
2015-17 Budget Summary

| Proposed FY 2015/16 | | Proposed FY 2016/17 | |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|
| Starting Fund Balances (estimated) | 6.7 million* | Starting Fund Balances | \$7.7 million* |
| Revenues and Transfers In | 19.1 million | Revenues and Transfers In | 19.3 million |
| Expenditures and Transfers Out | <u>(18.6 million)</u> | Expenditures and Transfers Out | <u>(19.2 million)</u> |
| Net Reserve Increase | 0.5 million | Net Reserve Increase | 0.1 million |
| Repayment of RDA Loan | 0.7 million | Repayment of RDA Loan | 0.9 million |
| Funding committed FB | <u>(0.2 million)</u> | Funding committed FB | <u>0.0 million</u> |
| Ending Fund Balances | \$7.7 million | Ending Fund Balances | \$8.7 million |

* Excludes General Fund committed fund balance of \$4.6 million and \$4.8 million, respectively

Budget Trend – General Fund

(\$ millions)

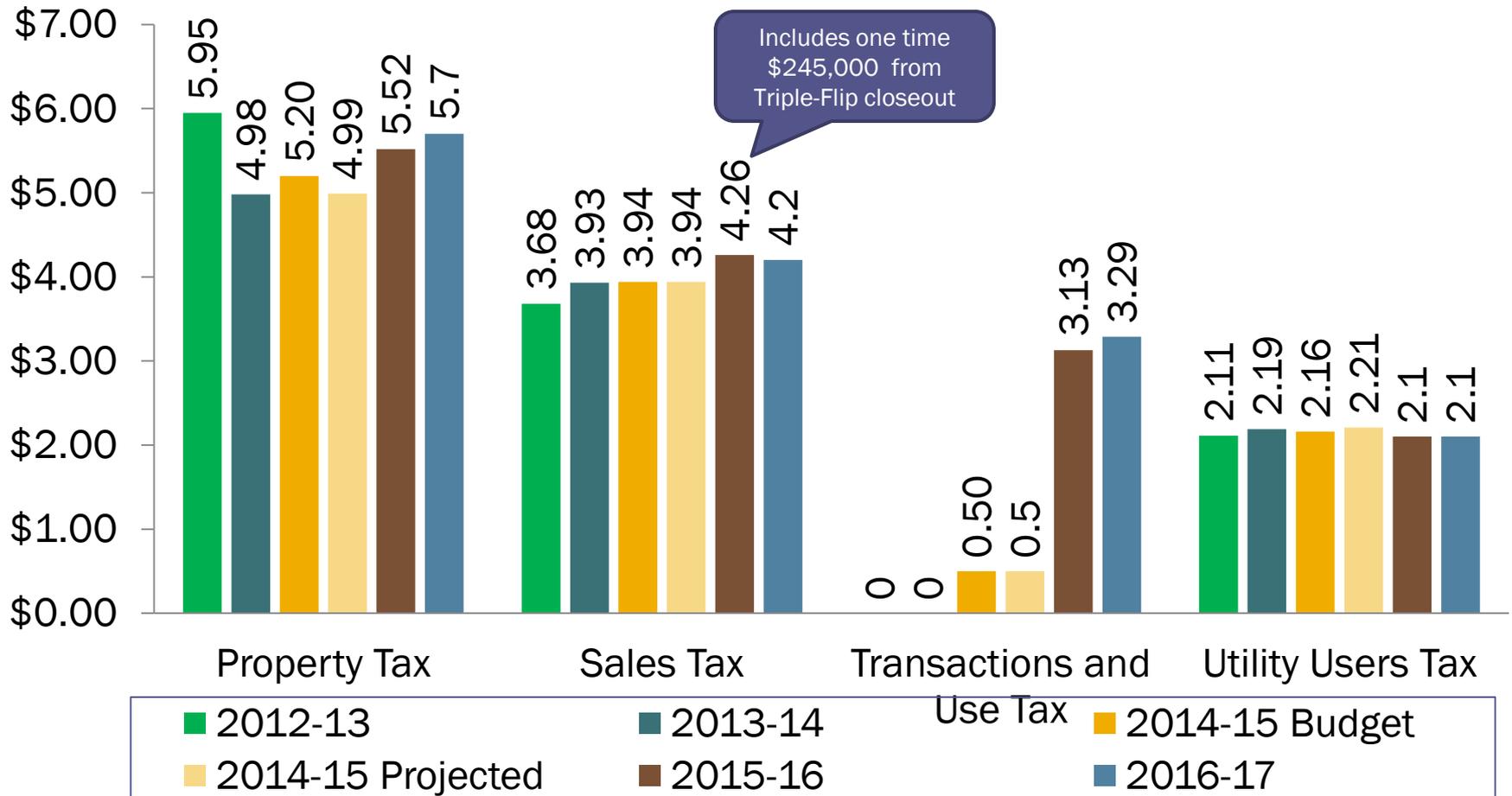


Revenues – General Fund

- Transactions and use tax is new voter approved revenue – consultants project it at \$3.125 million for FY 15/16
- Property tax (7%) and sales tax (8%) other sizable revenues with increases
- Utility users tax (-5%), investment earnings (-30%) and rental income (-57%) are revenues with anticipated decreases
- Total General Fund revenues, excluding transfers in from other funds
 - Up \$3.0 million, 18.9%, in FY 2015-16 (compared to FY 2014-15 estimate)
 - Due primarily to new transactions and use tax revenue
 - Up \$0.2 million, +1.2%, in FY 2016-17 (compared to FY 2015-16)
 - Transactions and use tax should increase \$165,000 as start-up costs disappear
 - Slow growth or decline in all other revenues

Four Major General Fund Revenues

(\$millions)



6 Strategic Plan Components

1. Provide a Safe Community
2. Promote a Strong Local Economy
3. Promote a Quality Infrastructure
4. Ensure Fiscal Stability and Efficiency in Governance
5. Provide a High Quality of Life
6. Maintain and Promote a Responsive, High Quality and Transparent Government

Strategic Plan Elements

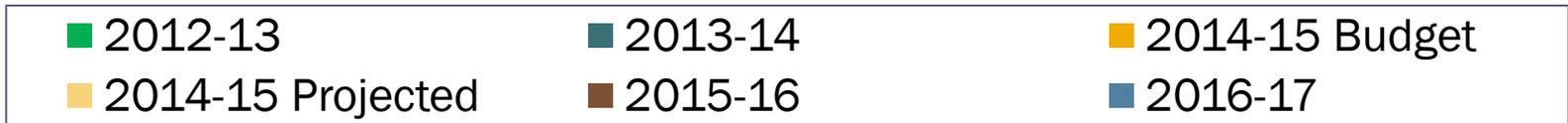
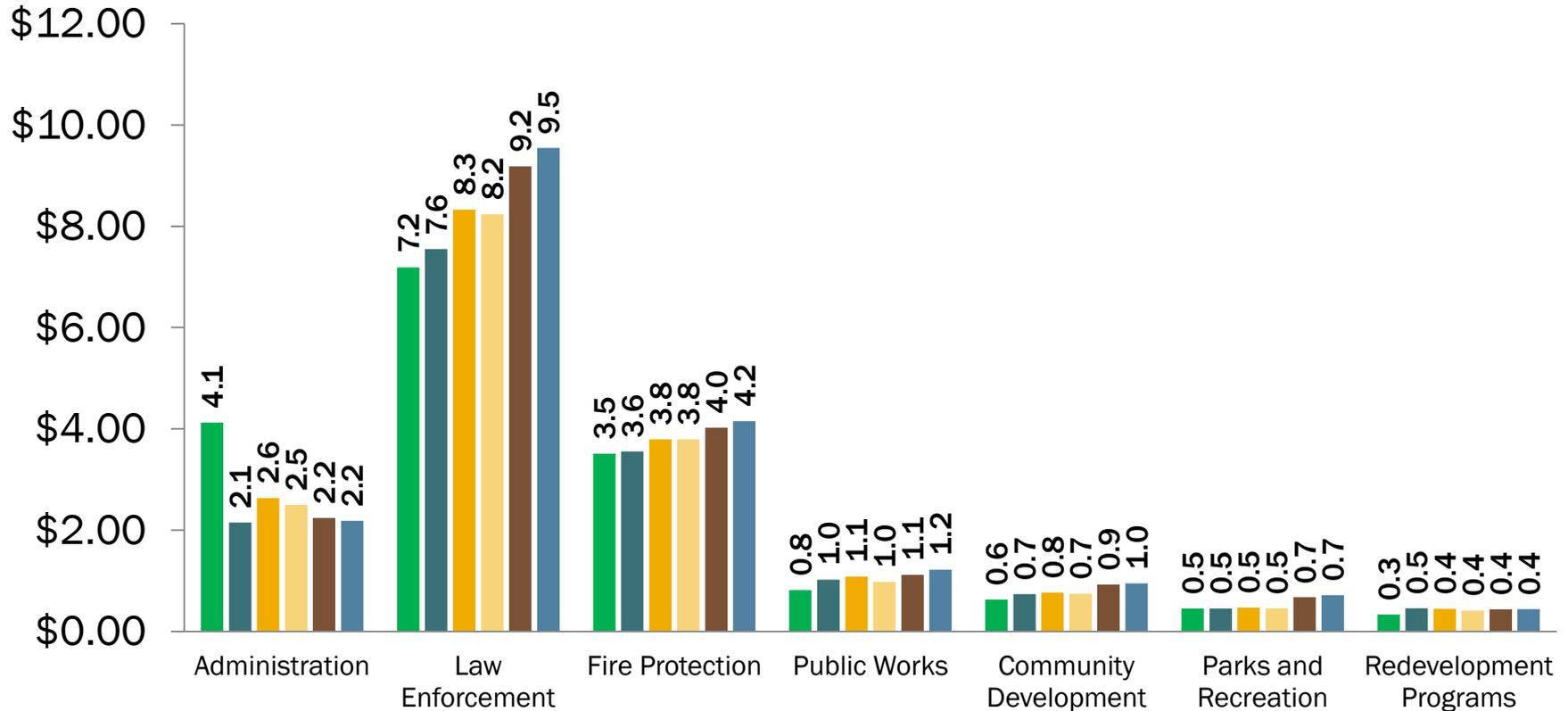
- Complete design & construction of Stanton Central Park
- Initiate and coordinate the City of Stanton 60th Anniversary Year Long Celebration for 2016
- Implement City Council policy on reserve levels
- Modify and enhance City's website to include additional transparency and easier navigation
- Review/refurbish exterior "Plaza" area of Civic Center
- Conduct and implement a classification and compensation study
- Enhance and Continue Economic Development Program

Proposed General Fund Expenditures

- Expenditures including transfers to other funds
 - Up \$1.1 million, +7%, in FY 15/16, compared to FY 14/15 budget
 - Public safety costs, +\$0.9 million
 - Transfer of costs from internal service funds, -\$213,000
 - Parks and recreation costs, +203,000
 - Business relations, +102,000
 - Code enforcement, +87,000
 - Up \$0.6 million, +3%, in FY 2016-17
 - Public safety costs, +\$0.5 million

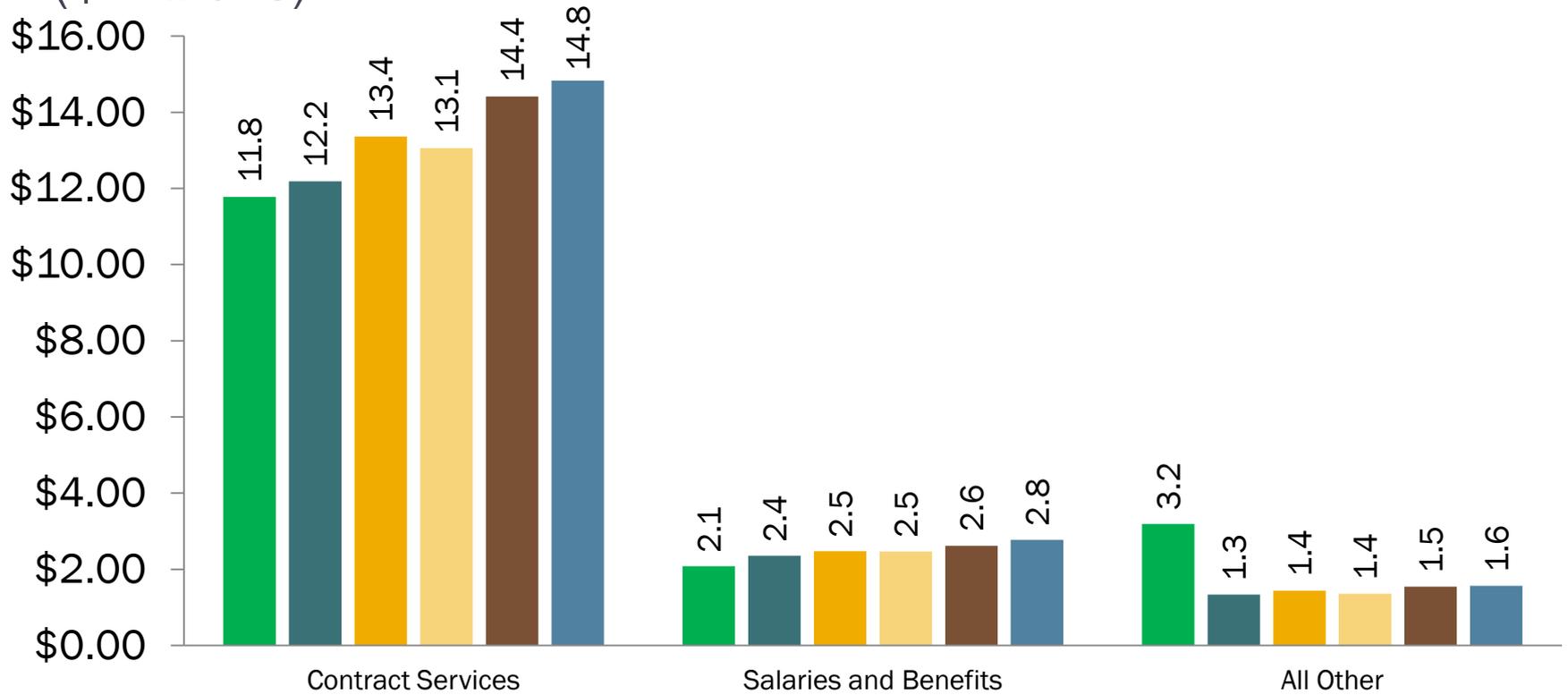
General Fund Expenditures & Transfers

(\$millions)



General Fund Expenditures & Transfers

(\$millions)



2012-13

2013-14

2014-15 Budget

2014-15 Projected

2015-16

2016-17

Other City Funds

- **Strong funds**
 - Gas Tax, Measure M, Lighting/Landscape Districts, Sewer Maintenance
 - Substantial fund balances, but drawing down Measure M and Lighting/Landscape budgets
- **Internal Service funds**
 - Stable funds with no budgeted transfers in
- **Housing Authority Fund**
 - Rental income supports staff and property maintenance costs
 - 20% of all General Fund loan repayments will go into Housing Authority fund, by law

Other Funds

- Successor Agency to Stanton Redevelopment Agency
 - No longer included in 2-Year Budget
 - Actual budget is now determined every six months
 - Recognized obligations approved by Oversight Board and State Dept of Finance (DOF)
 - Budget for July-December 2015 (ROPS 15-16A) approved by DOF in May
 - Budget for January – June 2016 (ROPS 15-16B) will be submitted to Successor Agency board for approval in September

Proposed Capital Improvements

- Largest Project – Stanton Central Park; paid by Prop 84 Grant/RDA Bond money & Parks and Recreation Facilities Capital Project Fund (Park In Lieu)
 - General Fund will advance and be repaid by Parks and Recreation Facilities CP Fund (Park In Lieu) to extent fund balance is exhausted
- Most other projects are street-related
 - Funded by Gas Tax, Measure M, CDBG funds
- Sewer improvements, \$1,200,000
 - From Sewer Maintenance Fund over 2 years
- Civic Center improvements, \$280,000
 - City Hall Plaza and Sheriff's Roof
- Kermore Lane improvements, \$568,000
 - Money repaid by County
- Monument Signage & Beach Blvd. Landscaping, \$500,000
 - From Lighting / Landscape District Fund

Alternative Budget – Budget B

- Stanton 9-1-1 Public Safety and Essential City Service Protection Measure funding may be in jeopardy
 - Opponents want to overturn election results and are circulating petitions to end Measure GG funding for public safety and other essential services
- If voter-approved funding is gone, the City would put into effect alternative Budget B cuts to services:
 - All increases in FY 15/16 to public safety services and economic development programs would be eliminated
 - Substantial reductions to nearly every City service, including neighborhood police patrols, fire protection, gang and youth violence prevention programs, senior programs and others

Alternative Budget – Cuts to Services

- If voter-approved funding is eliminated, the alternative Budget B cuts shown in the Budget include:
 - Eliminating services improvements in FY 15/16 Budget:
 - Eliminating 2 Sheriff Deputies
 - Eliminating 1 Code Officer
 - Eliminating School Crossing Guards
 - Eliminating improved Economic Development funding
 - Departments would share the remaining cuts necessary:
 - Cuts to Police protection of \$1.22 million
 - Eliminating police patrols and fewer gang prevention programs
 - Cuts to Fire protection of \$560,000
 - Longer 9-1-1 response times
 - Lower level of fire protection services and firefighters/paramedics
 - Cuts to other essential City services of \$710,000

Conclusion

- The City is in a good place with its first structurally balanced budget in 7 years
- Other funds are strong
- Stanton 9-1-1 Public Safety and Essential City Service Protection Measure is doing what it said it would do
 - Public safety is being protected and is being augmented
 - Economic development/job creation projects are funded
 - The 2015-17 budget is balanced with reserves beginning to be replenished
- Budget adoption scheduled for June 23
- Tonight's Recommended Action
 - Provide direction to staff (any recommended changes to budget)

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