



June 8, 2010

To: Honorable Mayor and City Council
City of San Gabriel

RE: 2010-2011 ANNUAL BUDGET

Submitted for your consideration is the proposed 2010-11 Annual Budget for the City of San Gabriel. The continuation of an Annual Budget will allow the City greater flexibility to make fiscally sound decisions in the current volatile economic climate.

Although two-year Budgets in the past have successfully extended and enhanced the planning perspective for the City's financial resources, our continued use of a one-year Budget promises to uphold that same level of fiscal responsibility while delineating ongoing cost of operations and capital outlay. Mirroring last year's Budget, capital improvements from the Capital Improvement Program have been included in the current Budget.

These expenditures have been prioritized given input from the public, staff, commissioners, and most notably, the City Council. Obviously, given the City of San Gabriel's constrained revenues and the current economic downturn, difficult choices have been made. These choices have not been undertaken lightly or indiscriminately, but have been formulated with diligent thought given to the community we serve. The following Budget proposal maintains a positive financial position with adequate reserve levels.

2009-10 ACCOMPLISHMENTS

In keeping with the priorities previously identified by the City Council and staff, substantial progress has been made during the past year. Accomplishments include:

- **Transition.** Successful transition between City management personnel, and the initiation of strategic planning processes – the first of several such initiatives -- to better manage the Council's desired work program. Despite significant vacancies and staff reductions, the City has maintained ongoing personnel operations.

- **Improved communication and transparency in City operations.** In addition, the City has initiated a comprehensive examination of the organizational structure for greater efficiency.
- **Increased emphasis on repaving local streets and roads.** The Engineering Division completed phase 1 of the San Gabriel Boulevard rehabilitation from Las Tunas to Broadway and also completed reconstruction of Roses Road from Mission Drive to Del Mar. Saxon and Brighton street segments were also rehabilitated with slurry seal maintenance.
- **New signs.** The Public Works Department has put in place highly reflective street signs throughout the city and repainted all signal poles. Sixty-two (62) new trees have been planted on Las Tunas between San Gabriel Boulevard and Burton Avenue. The Department also acquired new equipment including a cleaner burning chipper truck, and a chipper and compressor approved by the California Air Resource Board.
- **Economic Development.** The City initiated the Visual Identity and Wayfinding project. The City's Handyworker program was also implemented to help seniors and people with disabilities get free home repairs and modifications.
- **Public Safety .** The San Gabriel Police Department has used a combination of Federal and State grants and local resources to improve its effectiveness and efficiency. The department has conducted ten OTS Grant funded "Click-It or Ticket" enforcement programs targeting occupant restraint safety violations, two OTS Grant funded sobriety checkpoints, and four OTS funded D.U.I. saturation patrols. Through Crimemaping.com, citizens can access crime information for all areas of the City over the internet. In addition, the Police Department continued the process of evaluating the current and future facility needs of the Department. Towards that end, the Police Department will set aside \$875,000 next fiscal year for the future construction of a new Police Facility. The City has approximately \$2 million for the purpose of constructing a new Police facility with the plan to add an additional \$875,000 each year.
- **Fire Protection.** The San Gabriel Fire Department became part of the USAR Regional Task Force 4 as part of the State system to respond to emergencies both domestically and internationally. Having responded to the Station Fire in La Canada, the City has received full reimbursement including a 15% administrative fee. The Department continues to implement a wellness program to maintain the performance of San Gabriel's Firefighters.

- **Housing.** For the fourth time in as many iterations, the City has successfully secured State approval of the Housing Element, the City's strategy to ensure the availability of housing for all ages, populations groups and income levels. The City is now developing implementation strategies through the Redevelopment Implementation Plan, due for action this year.
- **Leisure.** The Parks and Recreation Department completed renovations to Pony League Field at Vincent Lugo Park and the softball field at McKinley School. Construction drawings were completed for Phase I of the Vincent Lugo Park renovation. The Department has also implemented the new TAP (Transit Access Pass) Card system to replace current MTA bus passes. Several facility improvements were also completed at the Recreation Center. These improvements include remodeling of the office space for the Recreation Supervisor's office and new paint to the building's exterior.
- **The Arts.** Several enhancements were completed at the Mission Playhouse including sound system upgrades and the installation of visual equipment. Through the support of a private sponsor, the Mission Playhouse was able to completely renovate the Wurlitzer pipe organ.
- **Successful fiscal management.** With careful management of City finance to ensure stability of service, the Budget will not require furloughs or layoffs to reduce expenditures. The Finance Department was successful in maintaining a budget that did not include fee increases in the last fiscal year. To further improve organizational efficiency and accountability within the Finance Department, a Payroll Policy Manual and Comprehensive Accounting Policy and Procedures Manual were completed.

WHAT'S NEW IN THIS BUDGET

The proposed Budget is a plan for accomplishing the 2010-11 goals. This document incorporates several priority themes such as:

- Maintaining resources to support fire and police services,
- infrastructure and equipment
- Economic development
- Organizational transparency and enhanced communications

The Budget seeks to accomplish these ends while preserving jobs, despite the challenges faced by economic uncertainty and an unstable State financial picture. As presented, it maintains a General Fund Available Reserve of approximately \$1.4 million.

This achievement has been possible due to the collective efforts of the City Council and staff. In the prior fiscal year, where the City was able to use \$700,000 in one-time

Federal Stimulus funding to help balance the General Fund. This year we have deferred \$615,000 of a \$1,555,000 capital improvement project in order to ensure a balanced budget. But these one-time fixes are not sustainable; they do not deal with the fundamental imbalance between growth in revenues and expenditures that we presented to the Council during this year's budget study sessions.

These expenditures have been accomplished within the City of San Gabriel's estimated revenues, despite the deteriorating economy. However, there remains a strong possibility that State legislators will again attempt to pass bills that would drain resources from local agencies. Consequently, given the uncertainty at the State level, the City finds it difficult to determine when and how much of funding we will receive under such a dysfunctional and dynamic system.

Estimated Revenues

The City of San Gabriel's total estimated revenue budget for the 2010-11 fiscal year is approximately \$41.6 million, with the proposed General Fund revenue budget generating approximately \$24.2 million of the total and the balance comprised of various revenue funds and the City's self-insurance funds.

Though some General Fund revenues have decreased, some General Fund revenue sources have also increased over the prior Budget and include the following:

- \$400,000 increase in property tax.
- \$200,000 increase in sales and use tax.
- \$100,000 increase in utility users tax.
- \$160,000 interest from the Redevelopment Agency.

Revenue sources from other funds have been substantially the same when compared to the prior Budget with the exception of the Traffic Congestion Relief Fund, Measure R, Other Grants and Self Insurance Funds. In the case of Traffic Congestion Relief, the revenue has been decreased due to the one-time remittance of the Proposition 1B Funding. In the case of the Measure R Fund, the revenues represent an increase due to a full year's implementation of the tax. For the Other Grants Fund, it has been decreased due to completed one-time street and road, parks and Homeland Security Grant expenditures and for the Self Insurance Fund it is due to underlying increases in expenditures.

Fee increases are generally not being recommended and most Fees identified in each department fee schedule in the Appendix remain unchanged. It should be noted that, the Community Development Department has recommended a fee increase to help cover the cost of training the Building and Safety employees and also carving out specific fees to cover the cost of advertising and posting signs that are development driven. In addition to

the Community Development Department's Fees, the Budget also incorporates using a new projector at the Mission Playhouse to increase General Fund revenue. An additional \$2,870 will be generated by renting the projector equipment.

Operating Budget

Overview. The operating budget includes all expenditures except those costs incurred to maintain the City's infrastructure, acquire certain major equipment systems, or special projects (these are budgeted in the Special and Capital Projects Fund.) The total proposed operating budget for the next year is approximately \$30 million. This is approximately \$1.7 million or approximately 5% more than in the Revised Budget and is attributable to an \$850,000 reduction in the revised expenditures for 2009-10. The 2010-11 Budget essentially maintains the same budget as the prior year. The proposed operating budget does not contain employee adjustments to the labor market or cost-of-living adjustments (COLAs.) Should the City Council approve wage and/or benefit adjustments it would impact the General Fund reserves.

Personnel. During the past year, the City met the demands of an unstable economy by eliminating or delaying recruitment of up to 10 positions in non-safety departments. At least one position remained unfilled for more than a year, and several others have not been filled pending the conclusion of this budget process. No restrictions or delays were imposed on Public Safety departments.

The proposed Budget includes several full time personnel changes in order to meet program demands.

- **Administration.** This Budget eliminates the Administrative Services Manager and transfers most of its functions to other departments. In addition to the full-time positions changes, a limited service part-time clerk has been eliminated in the Community Promotion cost center of the Administration Department.
- **Human Resources Management.** The Budget begins the long-awaited development of a centralized human resources function by establishing an Assistant City Manager, an Administrative Clerk to Secretary (an existing position), and other internal transfers. The absence of a fully defined personnel function has been a frequent concern of Council and staff over the past several years, with a significant backlog of personnel-related projects having been untended.
- **Parks and Recreation.** A Park Maintenance Worker II will be changed to Leadworker.
- **Public Works and Infrastructure.** A Maintenance Leadworker position in the Public Works Department remains unfunded; preserving City funds, a proposed ACE Coordinator to assist City and ACE staff in securing completion of the Alameda Corridor East project is proposed to be funded 100% by the ACE Authority (subject to

terms being negotiated). This individual will be available to all City departments to help coordinate the so-called "San Gabriel trench," part of one of the State's largest infrastructure projects.

- **Redevelopment Agency/Economic Development.** A Senior Housing and Redevelopment position is proposed to address the Low/Mod Housing and economic development issues currently facing the City and Redevelopment Agency. This position will be required in part to meet State requirements for implementation of affordable housing.

Non-personnel expenditures in the operating budget generally reflect the City's costs to provide ongoing services. As this is essentially a "status quo" budget, there are not many notable increases to the non-personnel portion of the operating budget this year.

Capital and Special Projects

Keeping faith with priorities the voters endorsed when they approved the City's most revenue measure, this Budget includes a total of \$11,162,270 in capital and special project for the year. This is an 8.8% increase when compared to the previous Budget. In addition to the items listed in the Capital Improvement Program, this Budget is comprised of Capital Outlay and Special Projects.

- **Capital Improvements.** The Capital Improvement portion is \$7.4 million and consists of a series of street improvements, infrastructure improvements, and other City improvements. Proposed street improvements include the Broadway & Walnut Grove intersection, San Gabriel & Mission intersection, San Gabriel Boulevard at Las Tunas & Broadway intersection, San Gabriel Boulevard, Fairview, Las Tunas, and Mission Road projects. These account for \$4,267,000 (57.5%) of Capital Improvement projects.
- **Capital Outlay.** The Capital Outlay component of this Budget is a \$468,986 and will fund hybrid vehicles for staff, police vehicles, and traffic video detection cameras. Other Capital Outlay items include a light dimming system for the Mission Playhouse and replacement of emergency generators.
- **Special Projects.** The City's Special Projects Budget is \$3,271,135. This is a dramatic increase when compared to the previous Budget and is due to the addition of major projects including the Storm Drain Master Plan, Wayfinding Implementation, and Redevelopment Affordable Housing Strategy accounting for \$2,585,000. Some items of interest include the City-Wide Bridge Repair Project for \$75,000 this year. These funds are needed to facilitate the repair of fourteen bridges throughout the City of San Gabriel. Repairs to the bridges will be scheduled through the 2012-13 Budget year for a total cost of \$350,000.

2010-2011 BUDGET GOALS

This year's budget goals reflect the direction our citizens have provided through survey tools, and reflect the refinements provided by the Council through the budget process. Specific goals and objectives to be completed during the 2010-11 Budget period include:

Infrastructure

- **Facility Needs.** Facility needs assessments will continue to progress with priority given to the **Police building, City maintenance facility, and sewer system** with the goal of securing funding and financing.
- **Transportation.** Implementation of the City's Capital Improvement Program will be undertaken including the **San Gabriel Boulevard streetscape improvements**. Mirroring street improvements, strategies for improved traffic capacity and reduced congestion, especially in major intersections within the City, will be prepared.
- **Recreation.** The improvement of recreational facilities will include the renovation of **Vincent Lugo Park**. Construction will begin for Phase 1 with additional funding sources being sought to assist with future phases of the renovation project.

Public Safety

The City is committed to providing the highest quality and most efficient law enforcement and fire services including the areas of emergency response, enforcement, education, and community participation. Funding for training and upgrades to safety equipment has been incorporated into the proposed Police and Fire budgets to support this goal.

- **USAR and Unified Response.** In keeping with this commitment, the Fire Department will continue participating in the USAR Regional Task Force 4 and automatic aid plan know as "Unified Response" with eleven other Area C cities. Also, the Department will maintain Federal and State compliance with NIMS and SEMS. The City's Fire Department will strive to maintain or improve its average dispatch to arrival time of 4 minutes 28 seconds to all emergencies.
- **Police Facility.** The Police Department will move closer to implementing a plan to address its facility needs, currently estimated at \$23 million. Towards this end \$875,000 annual sinking fund payment is included.

Economic Development

- **Retail Expansion.** Expand economic development activities directed toward retail development to generate jobs, shopping, and entertainment opportunities, and stimulate additional sales and property tax revenues.

- **Mission District.** Implement the Mission District Specific Plan and negotiate and deliver development opportunities on at least three key parcels that will ultimately result in wider shopping opportunities and increased retail vitality for San Gabriel.
- **Valley Boulevard.** Develop financing strategies to implement key provisions of the City's award winning Valley Boulevard Specific Plan, and establish a stakeholder-based alliance to promote and develop the economic value of this corridor.
- **Image and Identity.** By means of marketing and new methodology, the City's image and identity will be defined and expanded. A proposed wayfinding plan will be completed, with first phase funding to occur by the Redevelopment Agency within its project area.

Financial Stability

To protect the City's financial position during economic downturns and to provide for emergency situations, the City will:

- **Maintain the recommended level** of \$1.4 million in General Fund reserves.
- **Maintain a diversified investment portfolio** and ensure that the investments are in compliance with its investment policy.
- **Continue to have its financial records** and internal control structure reviewed on an annual basis by its independent accounting firm and will implement both auditor recommended process modifications and the Governmental Accounting Standards Board pronouncements by the required dates.
- **Monitor costs continually to achieve efficiencies.** All City Service Contracts will be evaluated to ensure each is competitively bid pursuant to the implementation of a revised Purchasing Policy.

In the next Budget year, the City will review and revise the City's Budget Calendar and Budget Document to better meet the needs of an increasingly more complex organization.

Housing

- **Handyworker Program.** A new Handyworker Program will replace the former housing rehabilitation program, generating a greatly improved performance at lower per unit cost; and
- **Affordable Housing.** The City and Redevelopment Agency will implement their state-mandated Affordable Housing Program.

Quality of Life

- **Long-Range Planning.** The Community Development Department will continue implementation of the General Plan, as it begins preparations for a zoning code update and the next State-recommended update to its long term planning efforts.
- **Arts and Culture.** Improvements in both facilities and marketing at the Mission Playhouse will continue as the staff completes a study that would bring internal box-office capabilities – and new revenues – to this historic venue.

Regional Involvement

San Gabriel will continue to be a regional leader.

- **Alameda Corridor East.** The City will continue to be a lead player in guiding the Alameda Corridor East “Gateway to America” Project which entails both the regional rail-crossing improvement plan for the San Gabriel Valley, and construction of a depressed route through San Gabriel to reduce delays and conflicts between vehicles, pedestrians, and trains.
- **Regional Governance.** The City will continue to exert its leadership in addressing regional issues including economic development, goods movement, and mass transit through the Southern California Association of Governments, San Gabriel Valley Council of Governments, San Gabriel Valley Economic Partnership, and other agencies.
- **Animal Control.** The City will strive to enhance the San Gabriel Valley Animal Control Authority—the Joint Powers Authority in which the City participates in for animal control services.

Community Engagement

The City of San Gabriel will continue to emphasize transparency and maximize community engagement for all City operations. A Communications Task Force is now meeting to implement these plans. In addition:

- **New Website.** A new City website will be launched in this fiscal year to further promote and enhance accessibility by the public.
- **Community Engagement Strategies.** The Community Development Department will continue its implementation of community engagement strategies and enhanced public noticing.
- **Disaster Preparedness.** The Emergency PIO Team will be reorganized.

- **Existing Publications.** While the Council-formed Communications Task Force develops a plan for a new generation of communications vehicles that better integrate communications across multiple “platforms” (print, video, web, social networks), the City will continue to promote Department programs and services through the quarterly Recreation Guide, City website, and public relations at community-wide special events. City information will continue to be disseminated via the cable channel.
- **New Collaborations.** The City will continue the expansion of its recent efforts to build partnerships with organizations such as the San Gabriel Unified School District, Garvey School District, Friends of La Laguna, Chamber of Commerce, San Gabriel Library, San Gabriel Historical Society, San Gabriel Community Coordinating Council, Kiwanis and youth sports organizations.

Organizational Effectiveness

The budget includes funding (within existing allocations) to perform an **outside review of the City’s organizational effectiveness** for the first time. The results of this process will be folded into the City’s first strategic planning effort in more than a decade. In addition:

- **Digital Records Management.** The City is proceeding with plans to (1) digitally transfer existing hard-copy building permits and plans to imaging systems that can ultimately accessible from the web; and (2) automate processing through technology improvements.
- **Registration.** The City will enhance computer online registration via the internet for recreation classes and excursions. Efforts will be made to develop and implement customer service programs that further streamline development or project approvals.
- **Development Review.** The Community Development Department will undertake a customer service study – the first outside examination of its processes – to improve the quality and speed of its services.

CONCLUSION

While this has enabled the City to maintain services without furloughs or layoffs, the City must seek a more sustainable practices, more efficient staffing patterns, and better use of technology in order to prevent future budget problems. Towards that end, we will continue to promote budget plans that balance revenue streams with the goals and objectives of the City Council.

This is the first budget I have had the privilege of developing, and so would like to recognize the efforts of Finance Director Tom Marston and his team for their leadership. I would like to thank all of our staff, in every department, for their efforts in putting together the 2010-11 Annual Budget.

I will be using this year's process to evaluate our success, and over the next year will be discussing with our team ways to make this process an even better tool for ensuring that San Gabriel citizens get the best value for every dollar we spend. Thanks to all of you who have helped us achieve that objective this year.

Respectfully submitted,

A handwritten signature in black ink that reads "Steven A. Preston". The signature is written in a cursive, flowing style.

Steven A. Preston
City Manager