



Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 7, 2018

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: DONALD K. HOPPE, DIRECTOR OF PUBLIC WORKS

SUBJECT: DISCUSSION ON BUDGET STRATEGIES TO INCREASE STREET INFRASTRUCTURE FUNDING

SUMMARY

At the July 17, 2018 City Council meeting, Staff was directed to report back to the City Council on efforts to include public education, decision making milestones, and timelines to meet regarding decisions about how to improve City streets.

RECOMMENDATION

Discuss and provide further direction to Staff.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets

FISCAL IMPACT

Pending final City Council direction, potential reallocation of up to \$9,000,000 from current General Fund appropriations included in the 2018-19 operating budget.

DISCUSSION

The deficit for improving the City's current Pavement Condition Index (PCI) from Fair to Good is between \$8 million and \$9 million annually for the next ten years. This is based on the continued receipt of \$2.5 million of Senate Bill 1 (SB 1) annual funding.

The adopted General Fund expenditure budget for Fiscal Year 2018-19 is \$93,127,055.

Staff is beginning to collect data and review operations in which to bring back to the City Council discussion points for identifying service and personnel reductions that equal the amount required for street improvements. It is important to note that \$68,652,203 of the City's adopted 2018-19 General Fund expenditures of \$93,127,055 are for personnel. Accordingly, any reduction up to \$9 million will require personnel cuts and corresponding service cuts.

The General Fund expenditure budget is broken down by Department/Function with identified revenues. The revenues include charges for service, such as fees for permits and inspections, traffic ticket revenue (for PD), business license fees, and charges for recreational programs or activities, among others. The purpose in showing such revenues is to show that some departments actually partially pay for their expenditures out of their activities.

Department/Function	Expenditures	Percentage	Revenue
City Council	\$ 509,683	1%	
City Manager	\$ 1,432,705	2%	
Administrative Services	\$ 1,926,906	2%	\$ 131,000
Human Resources	\$ 871,078	1%	
General Government	\$ (1,290,000)	-1%	
Fire	\$ 20,252,269	21%	\$ 2,794,200
Police	\$ 46,784,827	49%	\$ 3,437,740
Community Development	\$ 5,557,796	6%	\$ 2,297,960
Public Works	\$ 6,876,886	7%	\$ 672,550
Library	\$ 4,159,746	4%	\$ 461,700
Parks & Recreation	\$ 6,045,159	6%	\$ 2,727,114
Total Expenditures	\$ 93,127,055		

This is not going to be an easy exercise, but Staff wanted to make sure that we met this initial deadline of keeping the item before Council. Over the next few months, we will compile those cuts and service reductions that the City has implemented in prior years.

At the meeting of August 21, 2018, Staff will provide more information to include a timeline for completing this initial analysis and budgetary review. It is important to note that current the City is undertaking several reviews of operations for increased efficiency and effective service delivery. These reviews include a complete organizational analysis of the Public Works Department, a development process and organizational review of the Community Development Department, an operations review of the City Clerk's Office, and various studies to review the potential of contracting for services to include street sweeping, landscaping, jail staffing, and large field mowing.

Additionally, Staff is reviewing other funding avenues to include the potential sale of our Tariff Rule 20A allocation balance for undergrounding of utilities. There is a market to sell such allocations to cities planning or completing undergrounding projects which may generate one-time funds up to \$2.5 million for street improvements.