

# Letter from the City Manager

**June 15, 2022**

To the Honorable Mayor Laura North, Members of City Council, and Residents of Kingsburg:

In accordance with City Charter 2.08.090(G), it is my pleasure to present the 2022-2023 \$31.6M All-Funds budget for your consideration. The budget presents in summary form the revenues and expenditures from each of the City's funds.

The annual budget serves as the blueprint for policy decisions and is a direct corollary to the City's strategic initiatives, adopted by City Council. The City of Kingsburg's Budget and Financial Management Policies and the Government Finance Officers Association (GFOA) "Best Practices" are the framework for the City's fiscal policies and the FY2023 Adopted Budget. The budget has been prepared within the framework of City Council's General Fund unencumbered reserve policy (relative to annual operating expenditures), as identified in our Financial Policy. The Public Hearing and first reading of the FY2023 Adopted Budget (Budget Resolution) occurred at the June 15, 2022, City Council meeting. The city's budget document has been recognized by the GFOA with the Distinguished Budget Award 16 total times, including the last eight years.

In 2018, Council completed the most recent update to our strategic planning process. The document serves as the City of Kingsburg's 2018-2023 Strategic Plan. Its purpose is to help the City prioritize its efforts, allocating both fiscal and human capital to achieve a shared vision and goals that also reflect community priorities and needs. The Plan is the result of a comprehensive review by Regional Government Services (RGS) of the City's current operations and finances, interviews with staff members and discussions with City Council members and an online survey taken by Kingsburg residents. The City will embark on our Strategic Plan update in FY23.

The findings and conclusions of the review and survey results were presented to Council and staff at a one-day Study Session. The Study Session, which was open to the public, resulted in the development of a Mission Statement, a Vision Statement, a set of Core Values and six Goals to guide the City's future operations:

1. Ensure Financial Stability
2. Improve Public Safety
3. Provide Recreation Opportunities for All Ages
4. Improve Community Communication
5. Increase Retail Opportunities
6. Promote Sustainable Development

Our annual budget process reflects our focus on transparency throughout the organization. It is our desire to present a budget that promotes accountability, increases engagement, and tells the story of our path to success. This document holds information that we believe is relevant to guide staff, Council and to inform our residents.

The FY23 budget process has been guided by these strategic principles and meets our commitment to a high level of service, our cultural history, and coincides with the financial parameters set by the City Council. The budget is the most important document that the City creates on an annual basis.

## **Beyond Covid**

For the past two fiscal years, the budget has been led with conservative forecasting, anticipated revenue loss, and a general unknown of what the coming year would bring. U.S. state and local governments, on the front lines of the response to the pandemic of the new coronavirus disease, projected the potential of record budget shortfalls.

Today, as we consider our next year ahead, I am happy to report that we find ourselves on solid financial footing and are prepared to not only fully return to pre-pandemic conditions, but to advance Kingsburg in every area.

Fiscally, our sales tax, fuel tax, and tourism related revenues are returning to pre-pandemic status. In some cases, we are exceeding pre-pandemic levels. Sales tax receipts, for the first time in over a decade, are anticipated to outpace property tax revenues in the General Fund. Property taxes, transient occupancy taxes, sales taxes and development related fees have all performed higher than forecasted. This, combined with reduced spending from anticipated shortfalls, has led to an expected General Fund surplus of ~\$800,000 for FY22 (not including ARPA funds).

Perhaps the fund most impacted by COVID (positively) is the 1% public safety transaction and use tax (Measure E). Passed by 72% of voters in 2018, revenues received are utilized only by our police and fire/EMS. To date, it accounts for 15 full-time positions across both departments, as well as equipment, capital projects, training and more. During COVID, the increase of online purchases has led to significant growth in the fund. For FY23, we are projecting nearly \$2.67M in receipts, which is a 15.8% increase from FY21 (the most recent full year of actual receipts). Measure E has proven an invaluable resource for our departments, helping to increase full-time staffing, training and equipping personnel.

The American Rescue Plan Act (ARPA) has provided the City with ~\$2.8M, which can be utilized for any governmental service. The Council has allocated a portion of that funding, but has reserved roughly 50% for future years, as the funds are not required to be encumbered until the end of 2024, and fully spent until the end of 2026.

## **General Fund**

The FY2023 General Fund budget places an emphasis on public safety, park improvements, support of economic development activities, and maintaining our 20% fund balance. In last year's budget, the city expected to utilize fund balance to continue to maintain staffing, provide regular programs, and provide a balanced budget. However, with controlled spending and revenues returning stronger in FY22, we will not need to utilize reserve fund balances. In addition, we are presenting a structurally balanced budget for FY23. Public Safety operations (Police, Fire/EMS) account for roughly 50% of the General Fund Budget. Roughly 90% of Fire/EMS operations are supported via a separate enterprise fund.

The public safety budget includes the staffing of 17 police positions (sworn and non-sworn), while Measure E accounts for another 11 police positions, both sworn and non-sworn. Given the city's continued focus on economic development through recruiting and retaining businesses, our nine (9) incentive program(s) funding has increased nearly 20% for FY23.

Council policy, as set forth in Resolution No. 2018-052, mandates that any amount over the 20% balance of expenditures in the General Fund be transferred to three separate accounts, including an

Economic Stabilization Fund (503), which has a balance of \$750,366 (or approximately an additional 10%) as of June 30, 2022.

## **2023 Priorities**

There are several initiatives and projects planned for FY23 that will address infrastructure and improve quality of life.

### **Park Amenities**

Each year, we focus on adding additional amenities to our parks, including adding new green spaces as part of new subdivisions being constructed.

- Two new parks were added in FY22 (Kings Estates and Summerlyn Park), which provide pickleball and basketball courts, splash pad, green space, and multi-age playground equipment.
- New restrooms at Athwal Park, as part of a \$185,000 Prop. 68 grant.
- Redesign of the Kingsburg Dog Park, which received a \$1.24M Prop. 68 grant.
- Shade structures, expression swings and lighting improvements are also planned for our existing park spaces.
- New .75 acre park in Kings Estates Phase 3 development (T6167)
- New .5 acre Veteran's Park in Century Community development (T6141)

### **T-Mobile Customer Experience Center/Kingsburg Business Park**

In 2019, T-Mobile announced plans to partner with the City of Kingsburg to locate their new west coast Customer Experience Center (CEC). T-Mobile officially completed construction of the CEC in April 2022. T-Mobile's CEC revitalized a formerly vacant K-Mart site, converting the 90,000 sq. ft. facility into a state of the art facility. The CEC delivers on the company's commitment to create approximately 1,000 new jobs, making T-Mobile one of the largest employers in the region.

An economic impact assessment completed by Berkley Research Group in 2019 identified more than \$100 million in total value added to Fresno County through T-Mobile's investment. The report outlines how the Center will help address systemic economic challenges facing Fresno County by providing more employment opportunities, accelerated economic growth and additional tax revenues. According to the report, "T-Mobile's average wage is 34% higher than the average compensation in the Central Valley and 51% higher than the average compensation in Fresno County."

T-Mobile's renovation of the facility and off-site improvements totaled more than \$54M. The full-ramp up of employee hiring and economic impact has already kickstarted additional activity in the adjacent Kingsburg Business Park. The city is planning on additional infrastructure improvements in the Business Park to unlock developable acreage with SR99 frontage.

### **Fiber Optic Broadband Installation**

During the pandemic, it became clear that our city is underserved as it relates to affordable, reliable, high speed internet. In FY23, the city plans to install 12+ miles of conduit and fiber optic infrastructure that will provide coverage for all Kingsburg neighborhoods. Once installed, strategically placed access points will allow for high-speed internet access to all homes and businesses via either a Wi-Fi backhaul or direct hardware.

The installation of this vital resource will impact our entire population, make us more competitive for economic development and job creation, provide reliability for ongoing public safety efforts, and

provides a necessary ISP option that currently does not exist. With just five franchisees delivering services to 97% of Californians, our options are limited, and often, inadequate. This project is the definition of an essential community and infrastructure need.

Perhaps most important is how this project will be built, implemented, and maintained. First, we can and will deliver this project in a timely and efficient manner. In addition, it marries what is greatly needed in preventing the digital divide – partnerships between private business (Vast Networks), non-profit business (Kingsburg Media Foundation, 501c3), and public (City of Kingsburg) entities.

The city will finance and provide for the infrastructure (conduit and fiber) construction utilizing a self-funded loan (repaid at 4% interest) and \$1M of ARPA funds. Vast Networks will provide the dedicated bandwidth, leasing it to Kingsburg Media Foundation, who will be the local internet service provider (ISP). Vast Networks will maintain the fiber optic cable, including but not limited to servicing, repair and upgrading fiber as needed in partnership with KBMF. This partnership will allow us to give our residents and businesses another ISP option, including adding a low cost/reduced fee option for eligible households. That means more social equity, which also will make our community a leader in providing this fundamental service.

### **Additional Infrastructure (Engineering, Public Works)**

There are several infrastructure improvement projects that will also occur in FY23.

- Installation of roundabout at Bethel/Sierra via a Highway Safety Improvement Grant (\$1M); including entryway features
- Annual Street Repair Program including \$1.75M for various projects
- Renovation of 3 downtown parking lots
- Extension of Madsen Ave. Class 1 trail (Stroud to Kamm)
- Installation of five (5) Rapid Flashing Beacon Pedestrian Safety System (4 on SR201 and 1 in front of Roosevelt School) to improve pedestrian safety
- City-wide Street Striping Project (School Focused)
- Assistance with city facility renovations (Police Station remodel, Fire Station #1 safety improvements, roof repairs at PD, FD and City Hall)
- Transit Oriented Development Construction Phase 1 (TOD grant)

### **Planning Efforts**

As the city continues to see investment both commercially and residentially, it is imperative that we remain forward-thinking about our community design standards and the potential impacts of these new developments. Careful planning has helped ensure our housing stock remains highly desirable, as we build neighborhoods and not just subdivisions. We must also be cognizant of the impacts on traffic, air quality, and water use as we welcome new commercial development.

- Required Housing (General Plan element) update
- Emergency Operations Plan update
- Vehicle Miles Traveled vs. Level of Service (CEQA) update
- General Plan RFP (for full General Plan update)
- Commercial zoning updates (allowed uses)
- Updates to our Growth Management ordinance (housing)
- Urban Water Management Plan update
- 5-year city Strategic Plan update
- Organizational compensation study

City staff are also forward looking in terms of how service delivery and resident expectations may change in the next 5-10 years as the world changes. The impacts of the sharing economy, our aging (but longer-living) population, long-term drought, and other global factors will all play a part in how Kingsburg will look in the next decade.

### **Conclusion & Acknowledgements**

We are committed to providing the highest level of service and quality of life to our citizens. This budget document hopes to recognize the values that make Kingsburg what it is today, and reflects each of our employees, businesses, and residents.

Thank you to Mayor North, City Council, staff and all Kingsburg residents for your energy, effort, and passion to make Kingsburg the “Gem of the Valley.” A special thank you to the City’s Finance Director, Alma Colado, Administrative Services Director, Christina Windover, City Clerk, Abigail Palsgaard, and all staff who were a part of preparing our FY2023 budget.

Respectfully,

A handwritten signature in brown ink, appearing to read 'AJH', with a large loop at the bottom.

Alexander J. Henderson; ICMA-CM  
City Manager, Kingsburg, California