

Letter from the City Manager

June 21, 2023

To the Honorable Mayor Vince Palomar, Members of City Council, and Residents of Kingsburg:

In accordance with Section 2.08.090(G) of the City Charter, it is my pleasure to submit the 2023-2024 \$32,617,056 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 FY2024 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 FY2024 Adopted Budget (Budget Resolution) occurred at the June 21, 2023, City Council meeting. The city's budget document has been recognized by the GFOA with the Distinguished Budget Award 17 total times, including the last nine 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 the coming fiscal year.

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 FY24 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.

Year Ahead

As we present the annual budget for the upcoming fiscal year, we do so with cautious optimism. Our city's financial outlook remains positive, and we anticipate modest revenue growth for the year ahead. This improvement enables us to focus on the vital aspects that make our community unique and successful. Our proposed budget reflects a strategic and balanced approach towards enhancing community needs including infrastructure development, public safety, and quality of life investments. We are prioritizing these areas as they are the cornerstones of a thriving, safe, and vibrant community. While we stay mindful of the economic uncertainties that lie ahead, we remain committed to fiscal responsibility and strategic investments that will foster growth and resilience. This balanced and careful budget planning allows us to take measured steps toward a brighter and more prosperous future for all citizens of our city.

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 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 prudent and accountable spending plans, has led to an expected General Fund surplus of ~\$300,000 for FY23 (not including ARPA funds).

Without a safe, clean environment, our city would struggle. Thankfully, our residents believe in this as well, supporting 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. This fund has continued to exceed expectations for revenue growth, and our community is the benefactor. For FY24, 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 FY2024 General Fund budget places an emphasis on public safety, infrastructure investments, support of economic development activities, and maintaining our 20% fund balance. We are presenting a structurally balanced budget for FY24. 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 10 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 remains in place for the coming year.

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

including an Economic Stabilization Fund (503), Equipment Reserve Fund (504) and CalPERS Unaccrued Liability Fund (502).

2024 Priorities

While our efforts and budget are driven by all our Strategic Goals, this budget focuses on Kingsburg's efforts in Sustainability, Resilience and Prosperity.

Sustainability

For Kingsburg, sustainability means more than just being environmentally friendly, it also means adding new or maintaining in our existing infrastructure to keep Kingsburg viable for the long-term.

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 agreed to enter into a public/private agreement to install 17+ miles of conduit and fiber optic infrastructure that will provide coverage for all Kingsburg neighborhoods. The project is currently in phase 2 (of 3) of construction and is estimated to be fully built-out by August 2023. 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 hardwire.

High-speed fiber internet plays an indispensable role in modern cities, acting as a lifeline to the digital world and profoundly impacting access to information and services for all citizens. This technological infrastructure is not merely about faster internet connection; it's about social equity, economic development, and bridging the digital divide. It's about ensuring all citizens - regardless of their socio-economic status - have access to online education, telehealth services, remote work opportunities, and digital government services. It can also stimulate economic growth by attracting tech-savvy businesses and entrepreneurs, fostering innovation and creating job opportunities. Thus, investing in high-speed fiber internet is investing in our city's future, fostering a digitally inclusive environment where every citizen has the opportunity to participate fully in our increasingly digital society. 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.

Groundwater Sustainability Agency

California has been in a state of drought for over twenty years. The storms of early 2023 brought record breaking rain and snow events to the entire west coast, including Kingsburg and the nearby Sierra Nevada Mountains. Kingsburg, through a joint powers agreement, is a member of a multi-agency groundwater sustainability agency, as required by the State's Sustainable Groundwater Management ACT (SGMA). Projects in the coming year will connect several existing ponding basins with the appropriate connections and telemetry to take flood water for the purposes of groundwater recharge. With several basins currently able to accommodate floodwater, we continue to examine both existing and new development options that will further protect this vital natural resource.

Additional Infrastructure (Engineering, Public Works)

There are several infrastructure improvement projects that will also occur in FY24.

- Installation of four (4) Rapid Flashing Beacon Pedestrian Safety System and new crosswalk (201/Madsen Ave) on SR201/Sierra St. to improve pedestrian safety
- Annual Street Repair Program including \$1.7M for various projects
- Installation of new sidewalks on 12th and 18th Ave.
- Transit Oriented Development Construction Phase 1 (TOD grant); including new bike lanes and cape seal of Draper St.
- 2" & 4" water line replacements and additions in older neighborhoods in order to improve fire flows, as identified by our water model that was updated in FY23 (15th Ave, 16th Ave. & Draper St.)
- Funding for Water Conservation Efforts; reducing turf on city-owned properties as well as matching funds for residential conversions.
- Update Flow Meters at Wells #9, 10, 12, 14, 16.

Resilience

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 with necessary amenities, as opposed to simple subdivisions. Strategic and careful planning is the cornerstone of ensuring long-term viability and resiliency of a city. By proactively identifying potential challenges and opportunities, planning allows a city to navigate through uncertainties, adapt to changing circumstances, and foster sustainable growth. The next year will see our continued investment in these efforts.

- 5-year city Strategic Plan update
- City's General Plan Update (Phase 1); Last updated in 1992
- Finalization of the required Housing Element update for the sixth cycle (2024-2032)
- Commercial zoning updates (updating language for permitted uses)
- Updates to our Growth Management ordinance (clarifying language for entitlements)
- Organizational compensation study
- Local Road Safety Plan Update
- Development Impact Fees Nexus Study Update (8-year State mandated update)

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.

Prosperity

Economic Development

Kingsburg continues to gain momentum as it relates to investment in our community. This not only contributes to the creation of new jobs and the attraction of investment, but it also fosters an environment that stimulates innovation, enhances local businesses' competitiveness, and increases our city's overall economic resilience. A thriving economy positively impacts every facet of community life. It bolsters public revenue, enabling us to invest in critical infrastructure, public services, and quality of life enhancements that benefit all residents. Moreover, a robust economy can create a virtuous cycle, attracting more talent and investment to our city, further fueling our growth and development.

In the past year, we've had several new businesses open, including:

- T-Mobile completed their \$54M investment into a 90,000-square-foot former K-Mart facility to open their west coast Customer Experience Center. The Center is now fully staffed, employing over 1,100 people. Their initial commitment and investment has spurred additional development in the area, including
 - Cheyanne's Steakhouse
 - Andale! Mexican Grill
 - Bento-2-Go
- Valley Health Team completed construction on their new all-purpose medical facility, located in the Kingsburg Business Park.

Downtown Growth

Downtown Kingsburg continues to be the motivating force for the transformation to a more robust offering of restaurants, retail, nightlife, and other services, attracting visitors to our clean, safe and welcoming community. This past year saw several new openings in the Downtown alone, including:

- RoadHouse Restaurant
- Pelican's Snoballs
- Henry's Screen Shop
- Mercantile Kids
- Glory and Grace
- Kabab Twist
- Brew-Wings
- Magosh Brewery Tap-Room

This coming year will see the completion of the much anticipated Stone Plaza project, a mixed-use development that will house 3 new commercial offerings (Toshiko Izakaya & Sushi Bar, DiCicco's Italian Restaurant & a Medi-Spa) along with 10 new market-rate apartments on the corner of Draper & California St.

The City was recently honored to learn that we were selected for a 2023 regional planning award for our efforts related to downtown revitalization. The award reflects the ongoing commitment to the Downtown Revitalization Strategy that was completed in 2017. Several of the report's recommendations have been implemented or are in progress, including the conversion of "catalytic" sites to spur investment.

The Blueprint Award recognizes projects, such as the recently renovated former Woods Building, now home to Corsaros Pizza and Roadhouse restaurants, as well as Stone Plaza, the new mixed-use development currently under construction at Draper St. & California St., that are an example of attractive, functional, and environmentally friendly projects in the San Joaquin Valley.

Parks Investment

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

- New .75 acre park in Kings Estates Phase 3 development (T6167) is underway and includes playground equipment, shade, two lighted pickleball courts and green space.
- New .5 acre Veteran's Park in Century Community development (T6141) is also under construction, and will pay tribute to the seven branches of the US Armed forces, and includes multi-age playground equipment, a walking path and ample green space.
- 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.

- Partnering with the Kingsburg Tri-County Healthcare District to install poured-in-place rubber at two existing parks (Memorial and Coffee Pot) in order to improve accessibility for all visitors.

Conclusion & Acknowledgements

This year marks the tenth year that I have personally had the distinction of presenting the annual budget for council consideration. Our organization is committed to providing the highest level of service and quality of life for 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 Palomar, 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, Assistant City Manager/Administrative Services Director, Christina Windover, City Clerk, Abigail Palsgaard, and our entire Large Management Team. This document could not have been completed without your assistance.

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