

CITY MANAGER BUDGET REMARKS TO CITY COUNCIL

JUNE 22, 2021

Mayor and Members of Council:

Thank you for taking the time to do a deep dive into the City Administration's proposed budget recommendations during our Study Session on June 3rd. Your feedback has been very helpful. I would like to begin tonight by making some overall remarks about the budget, prior to the presentation itself. With me [today](#) for this presentation are Patricia Song, our Finance Director, and Ann Eifert, our Budget Manager. Of course, our ACMs and Dept Directors are also here to answer any operational questions that might come up.

The staff and I are pleased to present the proposed Biennial Budget to you for FY 2021-22 and FY 2022-23. The total All-Funds budget is \$337.3M for FY 2021-22 and \$302.7M for FY 2022-23. The General Fund operating budget is \$141.1M for FY 2021-2022 and \$145.6M for FY 2022-23.

This is a balanced budget, meaning that projected expenditures do not exceed projected revenue, and no one-time Internal Service Fund dollars are being used to balance the budget. However, the budget also includes one-time American Rescue Plan revenue that we will have to carefully consider allocating for future long-term financial stability.

When we approved our last biennial budget in [June 2019](#), little did we know that the global COVID pandemic was looming on the horizon. Garden Grove was not spared from the devastation to come. In addition to the immeasurable human cost, the City lost more than \$28M in hotel tourism revenue over the past 18 months, with more than \$10M in losses expected during this upcoming biennial. Our Police Department alone was required to allocate millions of dollars in resources to continue to provide services. In most cases, we were forced to hunker down and take smart precautions such as implementing a hiring freeze, placing job recruitments on hold, suspending non-essential travel and training, deferring non-essential equipment and capital purchases, reassessing personnel equipment needs, and eliminating low-value tasks and reassessing business processes.

Thankfully, the desperately-needed infusion of more than \$48M in ARP funding over the next two years will give us a fighting chance to protect precious reserves, rebuild critical services, and plan for facility and infrastructure improvements. While we don't quite have all the final guidance from the Treasury Dept for how these funds can be spent, we are hopeful that critical services and projects can be restored.

You will note that the material we are presenting tonight is comprehensive, and includes a number of graphical depictions of the budget that we believe will make it easier for the public to understand this complex subject matter.

Attached for your review is the:

- proposed budget book;
- Budget in Brief;
- as well as a one-page budget summary.

We have worked diligently to keep this Biennial Budget faithful to our Community Vision and Guiding Principles.

As a reminder:

The vision of Garden Grove is to be a safe, attractive, and economically vibrant city with an informed and involved public. We are a diverse community that promotes our unique attributes and preserves our residential character.

Our Guiding Principles say that we commit ourselves to the betterment of the individual, the organization, and the community by fostering a spirit of trust, creativity, cooperation, integrity, empathy, respect, and quality service to all.

So...let me talk a bit about some of the budget highlights and challenges.

This budget reflects our commitment to the four priority areas that you have asked us to remain focused on. Those include:

1. Balancing the budget and maintaining critical reserves.
2. Infrastructure
3. Public Safety / facility improvements
4. Quality of life enhancements

More than any other department, Public Works has been hit with significant funding and staffing cuts due to revenue losses caused by COVID. This biennial budget recommends relief in the following ways:

- \$17.5M in funding for an infrastructure-based Pavement Management Acceleration plan for our streets (Pavement Management Program);
- restoration of 9 service positions that were previously defunded, which is more than half of the 17 restored positions included in this budget;
- \$137k in new funding for graffiti abatement services;

- additional funding for street sign replacement;
- \$430k for trees, medians and traffic signal maintenance from the General Fund;
- and a number of capital projects that will be outlined later in the presentation.

In addition, we have kept our commitment to public safety when Measure O was passed in [November 2018](#). We rebuilt GGPD with added staffing, equipment, and new technology. One national study recently ranked Garden Grove as one of the safest communities in CA. That public safety commitment continues in this biennial budget, specifically to include:

- funding for a major mental health response partnership with the Community & Economic Development Department, GGPD, and Be Well OC;
- major initial funding to rebuild a GGPD police facility that is outdated and does not meet seismic building standards;
- two additional GGPD School Resource Officer positions funded in partnership with the Garden Grove Unified School District;
- replacement of outdated equipment, increased funding for training, and mandated increases for crime prevention partnerships, are included;
- continued funding for our partnership with the OCFA, that includes response for Fire/EMS service with 4-person staffing, including 2 paramedics on every apparatus vehicle.

We have also been able to include a number of other non-Public Works and public safety core services. Some are increases for State and County mandates. Additional initiatives include:

- \$3.6M for park maintenance
- Sanitary District funding for organic waste and street sweeping;
- \$217k in IT reinvestment;
- continued funding for Buy in Garden Grove and Open Streets initiatives;
- 17 newly-restored positions as previously mentioned;
- funding to meet all pension and labor contract obligations;
- creation of a new full-time Code Enforcement officer position;
- full funding for our Housing Authority and continuing human services and homeless support services;
- and, a full complement of street, stormwater, water and sewer projects and upgrades that will be mentioned later.

Before wrapping up, I wanted to make just a couple of additional points.

-- I have greatly appreciated the work of our Finance team in the creation of an Infrastructure Funding Policy that will be discussed later this evening. That follows up on the Pension Stabilization and a Reserve Fund policies that Council approved last year. As you have seen at the Study Session, the Infrastructure Policy includes plans for Capital Replacement Reserves, Infrastructure, and Asset Management.

-- and later this year, you will start to see some of the City Hall first-floor design/security improvements get underway, which had been delayed due to COVID.

Finally, I want to thank the staff...Patricia and Ann for all their hard work. Also, Janet Chung in Finance, Meena Yoo in the City Mgr's Office, and Anna Gold and Katrena Schulze in IT/Graphics were instrumental in helping to prepare all the material for you this evening.

For transparency purposes, my remarks tonight will be included on our website tomorrow along with all the other budget documents. And with that, I will turn the presentation over to Patricia and Ann.

Scott Stiles

City Manager

June 22, 2021