

Fiscal Year 2013-2014

City of Santa Ana

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City Manager

Mid-Year Review and Revised Forecast

Presented February 4, 2014



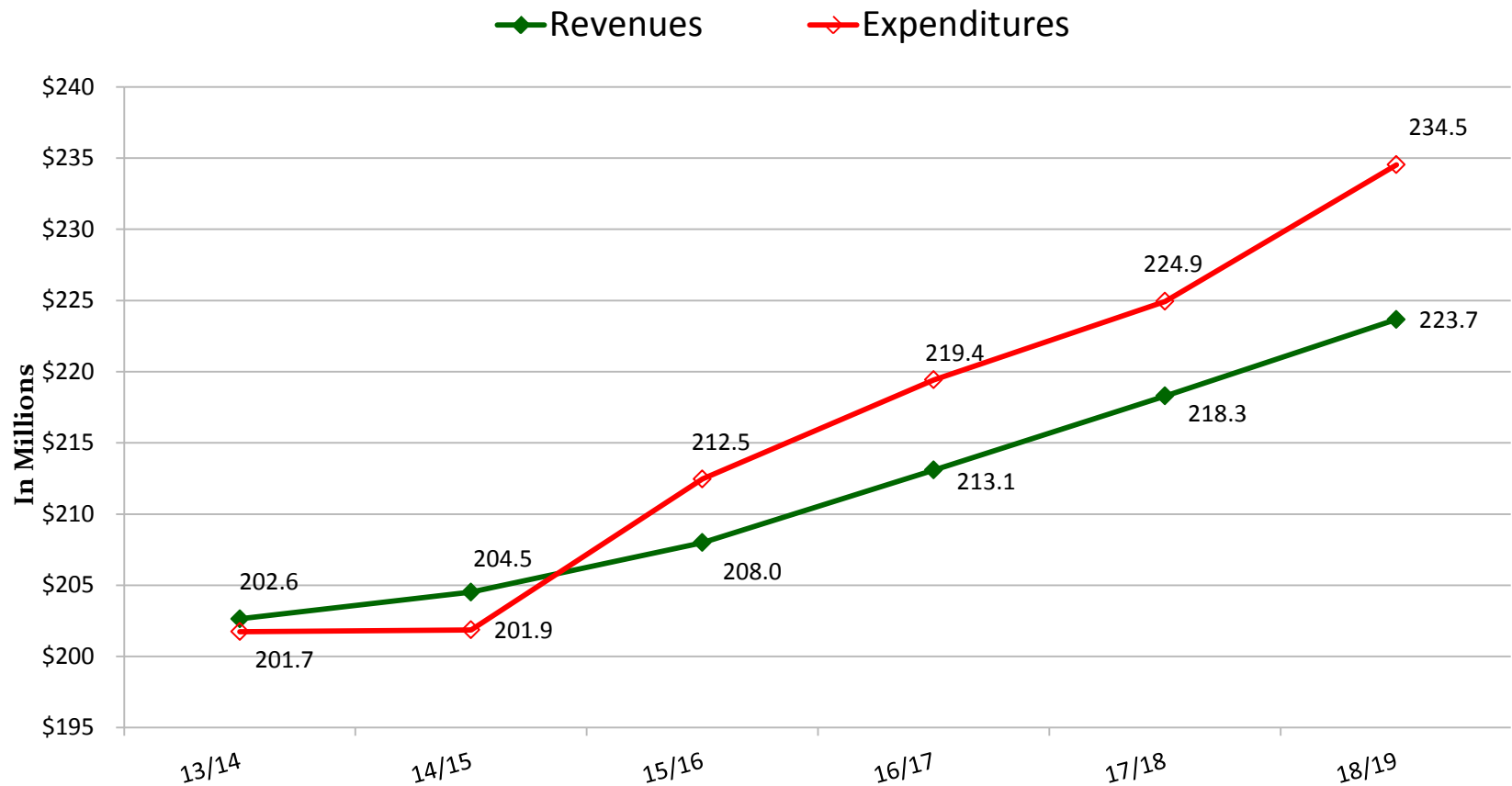
Prior 5-year Forecast

(Presented September 2013)

Major Assumptions:

- Conservative 2% annual revenue growth which includes a revenue tax base of \$149.3M in 14/15.
- Utility Users Tax (UUT) telecom revenues continue to decline in 2013-14 and 2014-15
- Salary increases forecasted (*2% per year 2015/16 through 2017/18 and 3.25% in 2018/19*).
- Estimated pension costs in anticipation of Public Employee Retirement System actuarial forecast (*5-year estimated cost: \$104.8M 2014/15 to 2018/19*).
- Health care cost increases as recommended by Personnel
- Water transfer reduction of \$1.2M in 2014/15 and \$2.4M 2015/16 through 2018/19
- 2% increase for inflation in commodities in 2015/16 thru 2018/19

Prior 5-year Forecast (Presented September 2013)



Revised 5-year Forecast

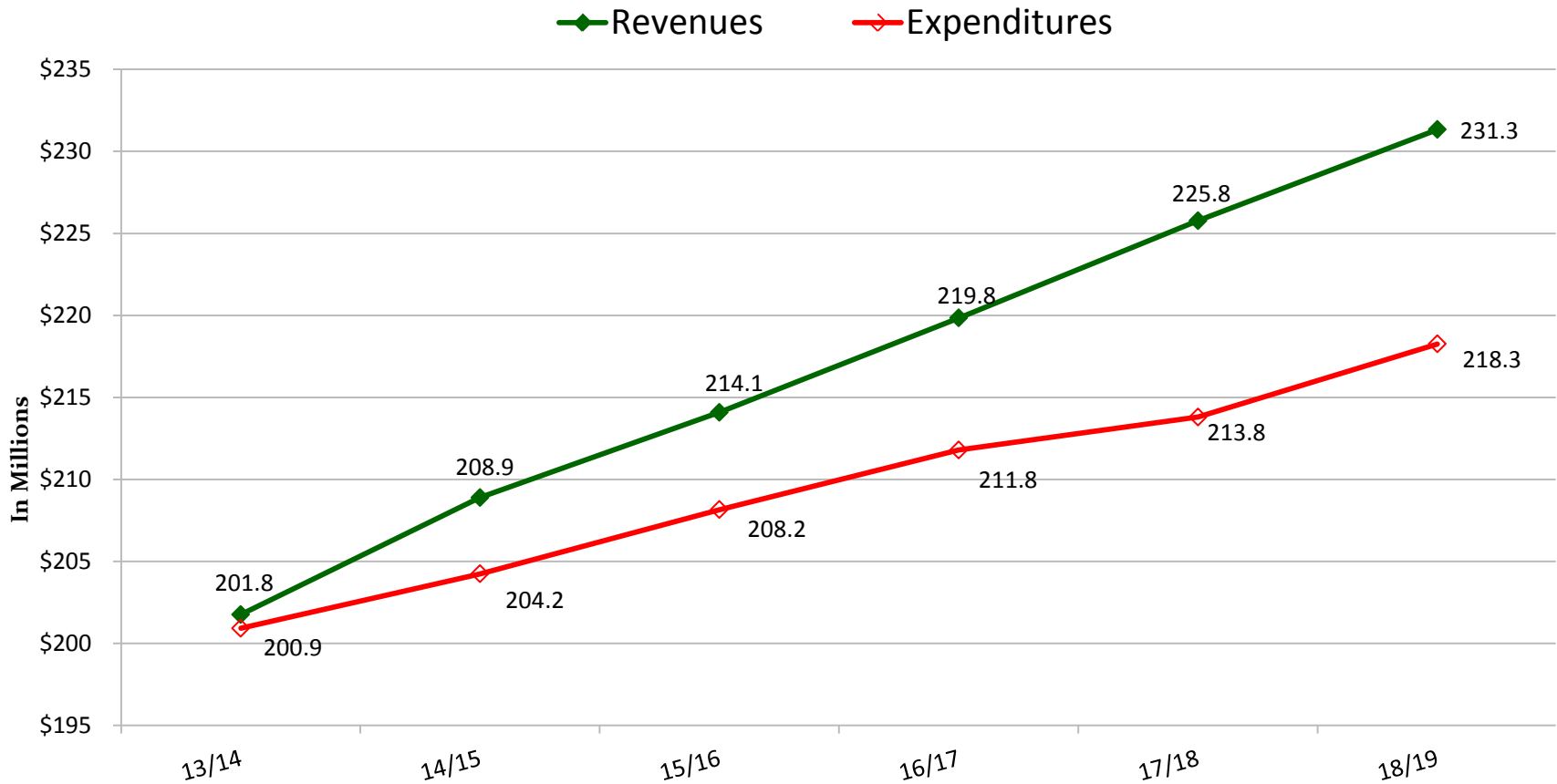
January 2014

Major Assumptions:

- Moderate 3% annual revenue growth which includes a higher revenue tax base of \$153.5M in 14/15. *Important: Higher tax base equates to \$4.2M in additional revenue throughout the forecast.*
- UUT revenues stabilize (*previous 2013-14 value of \$24.1M, revised to \$24.6M*)
- No service level or salary schedule changes forecasted
- Public Employee Retirement System actuarial forecast reflects current pension formulas w/ increases absorbed (*5-year estimated cost: \$98M which is \$6.8M less than originally anticipated*).
- Revised lower health care costs as recommended by Personnel
- Water transfer will remain at current Council approved level pending study updates
- 2% increase for inflation in commodities in 2015/16 thru 2018/19
- 1% ongoing innovation and efficiency savings (*\$1.4M annually*)
- Includes funding to implement the 5-year Strategic Plan (*\$2M annually 2014/15 - 2018/19*)

Revised 5-year Forecast

January 2014



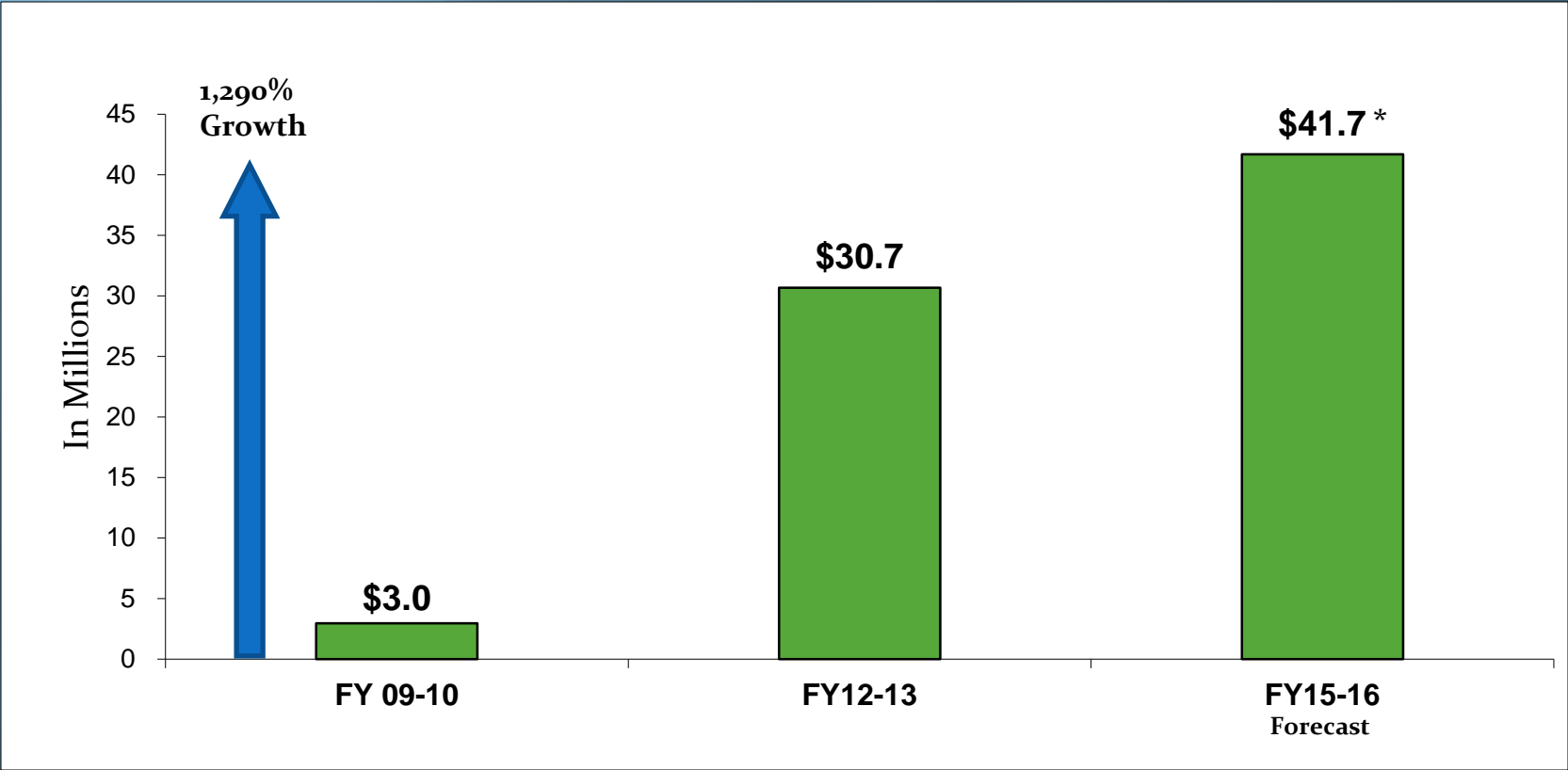
2st Quarter GF Major Revenue Performance

Variances vs. Projections

(Cumulative July 1 to December 31, 2013)

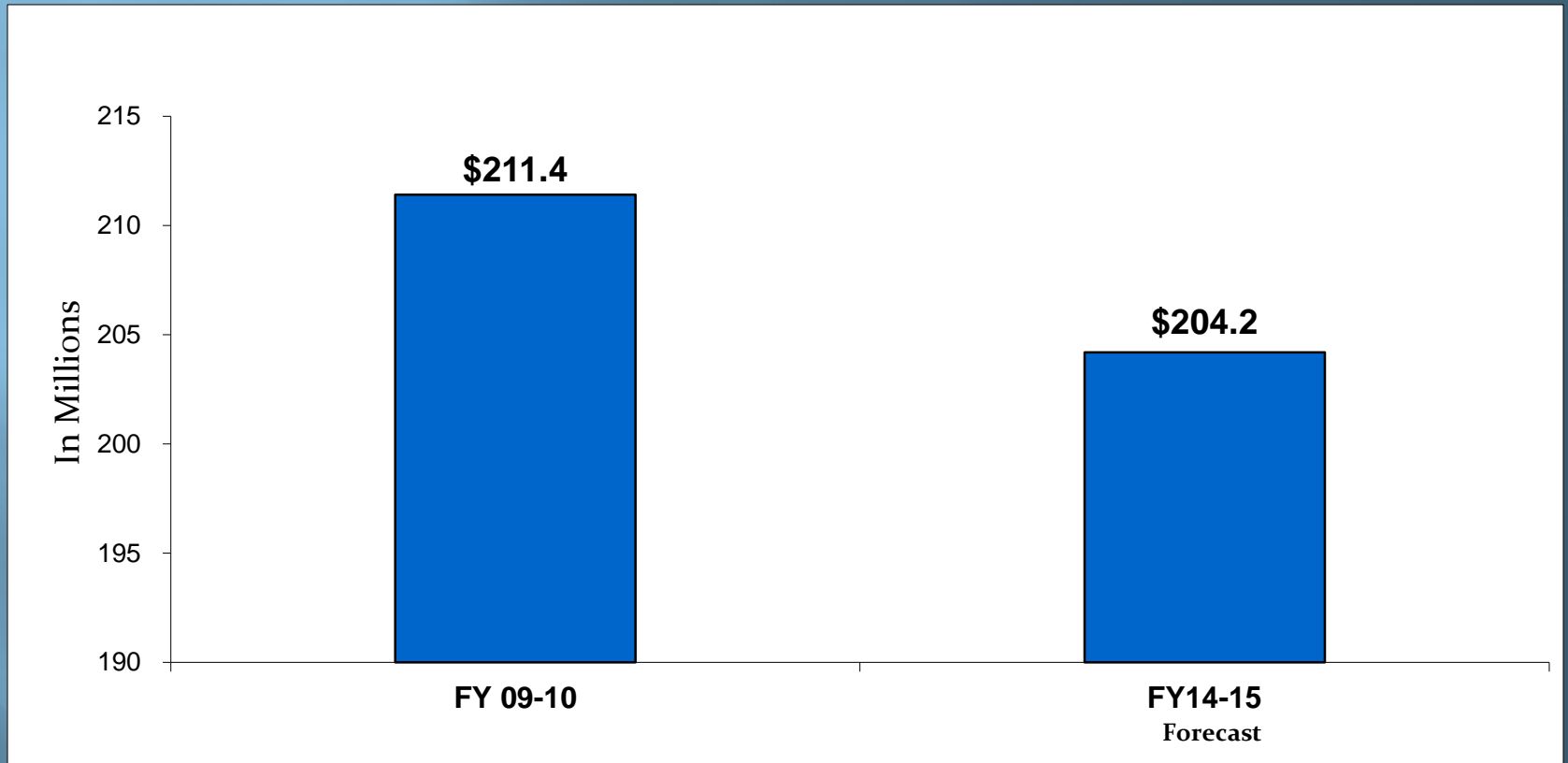
Sales Tax	\$508K	5.0%	↑
Property Tax	\$632K	4.3%	↑
Property Tax In-Lieu VLF	\$204K	155.8%	↑
UUT	\$446K	4.4%	↑
Business License	\$137K	6.0%	↑
Hotel Visitors Tax	\$460K	14.3%	↑

General Fund Reserves (Unassigned Balance)



*Unassigned reserve level of 20% achieved

Total General Fund Expenditures



The General Fund is recovering from recession lows.

Major Economic Indicators

□ City of Santa Ana:

- Auto sales are significantly higher
 - Automall - New auto sales tax numbers are up 74.7% from 2011 ⁽¹⁾
 - Transportation represent 26% of City's Sales Tax ⁽¹⁾
- Downtown sales tax up 7.9% ⁽¹⁾
- Total Assessed Valuation increased 3.7%
 - \$21.1 Billion 2013/14 vs. \$20.3 Billion 2012/13 ⁽²⁾
- Building Permits up 3.8%
- Unemployment rate dropped to 8.5% in Dec 2013 (peak of 15% in 2010) ⁽³⁾

□ Positive Economic Outlook for California:

- State Budget - \$6 Billion Budget Surplus for FY 2014-2015 and forecasting "surplus" through fiscal year 2017-2018.
- Moderate economic growth in 2013 and Accelerated economic growth in 2014 ⁽⁴⁾
- 3% economic growth for 2014 ⁽⁵⁾
- Unemployment rate expected to decline to 6% by the end of 2015 ⁽⁵⁾

(1) MuniServices LLC.
(2) OC Auditor-Controller Office

(3) Employment Development Dept. Prelim Dec. 2013
(4) Legislative Analyst Office

(5) UCLA Anderson Forecast

Strategic Plan

- ▣ February 8, 2014 – Conduct Community Meeting to discuss draft Strategic Plan
- ▣ February 2014 – Conduct meeting(s) with City Council Members
- ▣ February 22, 2014 – City Council Workshop
- ▣ March 2014 – City Council review and adoption of Strategic Plan
- ▣ April 2014 – Approval of funding for Strategic Plan
- ▣ 2014-15 through 2018/19 - Implementation of Strategic Plan

Budget Modification

- ▣ Action Items:
 - Adopt the revised forecast

Next Steps

- March/April – Revise the budget
- May/June – Adopt changes for fiscal year 2014-15