Fiscal Year 2013-2015
CITY OF SANTA ANA
PROPOSED 2-YEAR BUDGET

Presented May 20, 2013
Agenda

- Historical Budget Overview
- Policy Assumptions Going Forward
- Budget Assumptions
- 2013-15 Budget Overview
- One-Time Revenues & Term Specific Expenditures
- Capital Improvement Program (CIP)
- Departmental Presentations
- Next Steps
### City of Santa Ana (Stats & Figures)

<table>
<thead>
<tr>
<th></th>
<th>High’s</th>
<th>Low’s</th>
<th>Currently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate</td>
<td>15.5% (Jan 2010)</td>
<td>7.1% (Jan 2008)</td>
<td>9.1% (April 2013 Prelim)</td>
</tr>
<tr>
<td>Assessed Valuation (Fiscal Year)</td>
<td>$21.9 Billion (FY08-09)</td>
<td>$19.8 Billion (FY10-11)</td>
<td>$20.3 Billion (FY12-13)</td>
</tr>
</tbody>
</table>

Worst Economic Decline Since The Great Depression
Significant Declines in Major Revenue Sources

- Sales Tax revenues declined by 26% (approx. $11.6M from FY07-08 to FY09-10)
- Property Tax revenues declined by 11.5% (approx. $6.7M from FY07-08 to FY10-11)

*Includes Property Tax In-Lieu VLF
**Projected
Budget Challenges – Cont’d.
(FY2008-09 to FY2012-13)

- Pre-negotiated Salary/Benefit Contractual Obligations
- Rising Pension Contribution Rates

State Budget Impacts:
- Dissolution of RDA and loss of Tax Increment Dollars
  - Loss of resources for Economic Development
- Loss of Motor Vehicle License Revenues ($1.2M)
Surviving the Fiscal Challenge (FY2008-09 to FY2012-13)

- Labor Concessions
  - Negotiations during closed contracts
- Use of One-time Funds and Reserves
- Reductions in Staffing Levels
  - Managing vacancies
- Outsourcing & Reorganizations
- Other Cost Reduction Strategies
  - Moratorium on training and travel
  - Limited capital purchases
General Fund Budget Comparison
(Approx. $47M or 19% reduction over 5-yr period)
## Historical Workforce Count
**(Peak vs. Low)**

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>FY 08-09*</th>
<th>FY 12-13</th>
<th>Positions Deleted</th>
<th>% Change</th>
<th>FY 12-13 Vacant Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager's Office</td>
<td>10</td>
<td>9</td>
<td>1</td>
<td>-10.0%</td>
<td>2</td>
</tr>
<tr>
<td>City Attorney's Office</td>
<td>18</td>
<td>13</td>
<td>5</td>
<td>-27.8%</td>
<td>2</td>
</tr>
<tr>
<td>Clerk Of The Council</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>-20.0%</td>
<td>0</td>
</tr>
<tr>
<td>Community Development Agency</td>
<td>112</td>
<td>81</td>
<td>31</td>
<td>-27.7%</td>
<td>19</td>
</tr>
<tr>
<td>Finance &amp; Management Services</td>
<td>141</td>
<td>110</td>
<td>31</td>
<td>-22.0%</td>
<td>20</td>
</tr>
<tr>
<td>Fire Department**</td>
<td>283</td>
<td>N/A</td>
<td>283</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Parks, Recreation &amp; Community Services</td>
<td>149</td>
<td>70</td>
<td>79</td>
<td>-53.0%</td>
<td>10</td>
</tr>
<tr>
<td>Personnel Services</td>
<td>34</td>
<td>26</td>
<td>8</td>
<td>-23.5%</td>
<td>5</td>
</tr>
<tr>
<td>Planning &amp; Building Agency</td>
<td>110</td>
<td>71</td>
<td>39</td>
<td>-35.5%</td>
<td>30</td>
</tr>
<tr>
<td>Police Department</td>
<td>718</td>
<td>669</td>
<td>49</td>
<td>-6.8%</td>
<td>96</td>
</tr>
<tr>
<td>Public Works Agency</td>
<td>205</td>
<td>151</td>
<td>54</td>
<td>-26.3%</td>
<td>29</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,785</strong></td>
<td><strong>1,204</strong></td>
<td><strong>581</strong></td>
<td><strong>-32.6%</strong></td>
<td><strong>213</strong></td>
</tr>
</tbody>
</table>

*Peak Position Count; Estimated 272 vacant positions in FY08-09

**City Contracted Fire & Medic Services on 4/20/12
Defining a balanced budget
- Recurring revenues to meet recurring expenditures
- Use of one-time funding for one-time expenditures
- Establishing adequate reserve levels
  - In accordance with the Government Finance Officers Association (GFOA)
Rising to the Challenge:

Policy Assumptions
Going Forward
10-Year Forecast Model

**REVENUES**

<table>
<thead>
<tr>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Growth</td>
<td>2.00%</td>
<td>3.00%</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Sales Tax Growth</td>
<td>5.58%</td>
<td>2.18%</td>
<td>2.83%</td>
<td>3.42%</td>
<td>3.27%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Utility Tax Growth</td>
<td>-0.98%</td>
<td>-0.56%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**EXPENDITURES**

<table>
<thead>
<tr>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>19/20</th>
<th>20/21</th>
<th>21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Growth</td>
<td>0.00%</td>
<td>0.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>% 12/13 Vacancy Cut</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Added Maint (Mill)</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Sv/Curr Growth</td>
<td>0.00%</td>
<td>0.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>OCA Growth</td>
<td>-0.86%</td>
<td>1.99%</td>
<td>1.97%</td>
<td>1.97%</td>
<td>-0.24%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

**CA D A RESIDUAL**

**REVENUE RISKS**

**OTHER ASSUMPTIONS**

- 2.0% Vacancy Rate Balanced Goal
- 15.0% Fixed Balance
- % Vac Cut
- Maint Add

**ASSUMPTIONS FROM SCENARIO COMBINATION SELECTED:**

**General Fund Forecast**

**General Fund Balance**

![Graphs showing General Fund Forecast and General Fund Balance]
1. Adopt a 2-year budget
2. Provided labor strategy authority
3. Supported restructuring of departments’ organizations and services provided based on the dollars available
4. Supported review of Police Dept. operations to identify financial savings
5. Continued support of Fiscal Policy & appropriate reserves
6. Supported appropriating Property Tax from former RDA
7. Supported the preparation of assessment studies for CIP infrastructure needs, deferred maintenance issues and planning needs
8. Modernizing the UUT
9. Supported studying the reduction of the water transfer
10. Provided direction on budget outreach and communication
11. Supported the development of strategic plan
Budget Meetings & Outreach

10 Council and Public Workshops

- **February**
  - Community Budget Meeting (Sunshine Ordinance) 2/28/13

- **April**
  - 4/16/13 City Council Work-study
  - 4/29/13 City Council Work-study

- **May**
  - 5/7/13 City Council Work-study
  - 5/20/13 City Council Work-study
  - Youth Presentation 5/23/13
  - Community Budget Forum 5/29/13

- **June**
  - 5/28/13 City Council Work-study
  - 6/3/13 Budget 1st Reading
  - 6/17/13 Budget 2nd Reading Adopted
Development of a Strategic Plan

1. Budget
2. Strategic Plan
3. Council Committees
Fiscal Year 2013-15
Budget Assumptions
Major Budgetary Assumptions

1. Departments to reorganize structure based on what City can afford
2. Implements the expiration of the compensated deferrals (approximately $7.4M)
3. No new programs or services
4. Continues to evaluate public safety costs
5. No new increases in negotiated compensation
6. Increases in CalPERS and medical costs are included
7. Capped costs for services and supplies
8. No additional general fund contributions to CIP
9. Honors Council approved Fiscal Policy
10. Assumes moderate growth in revenue sources
11. Returns former redevelopment Property Tax to General Fund
12. Risks to significant revenues identified but not included
Fiscal Year 2013-15
Budget Overview
Fiscal Year 2013-14
Citywide Budget

Revenues
$428.1M*

Expenditures
$428.1M

* Includes $26.5M in prior year balances for non-general funds.
Fiscal Year 2014-15
Citywide Budget

Revenues
$390.9M*

- General Fund: 54.2%
- Water Enterprise: 13.2%
- Capital Projects-Grants: 9.5%
- Other Enterprise Funds: 13.2%
- CDBG and Other Grants: 4.0%
- Successor Agency: 3.7%
- Special Revenue Fund: 4.0%
- GF Related Special Revenues: 4.9%
- Housing Assistance: 2.3%

Expenditures
$390.9M

- General Fund: 52.3%
- Water Enterprise: 3.9%
- Capital Projects-Grants: 4.8%
- Other Enterprise Funds: 7.8%
- CDBG and Other Grants: 11.1%
- Special Revenue Fund: 13.0%
- GF Related Special Revenues: 3.7%
- Housing Assistance: 3.0%

Note: Reduction in budget primarily tied to reduced Capital Improvement Funds

* Includes $13.7M in prior year balances for non-general funds.
Fiscal Year 2013-15
General Fund Budget
General Fund Budget
Fiscal Year 2013-14

Revenues
$205.7M

6 Major Tax Revenues
- Use Of Money & Property
- License, Permits & Fees
- Intergovernmental

Other Revenue & Taxes
- Charges for Services & Fees
- Franchise Fees

Intergovernmental
- 50.5%

License, Permits & Fees
- 19.5%

Charges for Services & Fees
- 19.5%

Franchise Fees
- 14.1%

Expenditures
$205.7M

Police Department
- 50.5%

All Others (Gen. & Admin. Services)
- 21.4%

Planning & Building
- 7.0%

Finance & Management Services
- 5.0%

Reserves
- 2.5%

Public Works Agency
- 2.1%

Debt Service
- 1.5%

Fire Services
- 1.5%

Parks & Recreation
- 1.5%

Public Works Agency
- 1.5%

Reserves
- 1.5%

71.2%

5.1%

4.5%

4.1%

1.4%
General Fund Budget
Fiscal Year 2014-15

Revenues
$204.5M

- 6 Major Tax Revenues
- Other Revenue & Taxes
- Charges for Services & Fees
- Franchise Fees
- Use Of Money & Property
- License, Permits & Fees
- Intergovernmental

Expenditures
$204.5M

- Police Department
- Fire Services
- All Others (Gen. & Admin. Services)
- Planning & Building
- Finance & Management Services
- Debt Service
- Public Works Agency
- Reserves
Fiscal Year 2013-15
Full-Time Workforce
Since FY08-09 full-time workforce count has decreased over 41%.

*Includes the transfer of Fire Department personnel to OCFA
**Proposed Workforce Changes**

- Net Reduction of 155 FT Positions
- Reallocation of 12 Positions
- No Unfunded Positions
- Filling of 74 Vacancies
Fiscal Year 2013-14
Cost Recovery Schedule
2.7% CPI – LA/Riverside/Orange County Services Index

Ten New Fees:

- **FMSA** - Return Payment Service Fee
  - Utility Service Set-up Fee
  - Business License Related Fees Effective 10/1/13:
    - Hearing Service, Auto Registration, Audit Service, Inspection/Collection Service, Transfer Service and Recording Service

- **PRCSA** - Santa Ana Stadium/Commercial Events/Non-Spectator
  - Adult Baseball Surcharge
Modifying six existing fees:
- FMSA – Extend Credit Card Charge Moratorium though June 2014
- CDA – Enterprise Zone Hiring Credit Application Processing Fee
- PRCSA – Santa Ana Stadium – Television Rights
- PRCSA – Santiago Lawn Bowling Greens
- PD – Police Security Services
- PWA – Residential Parking Permit
One-Time Revenues and Term Specific Expenditures
## Additional General Fund Revenues & Expenditures

<table>
<thead>
<tr>
<th>Possible One-Time Revenues</th>
<th>Amount</th>
<th>Term Specific Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2013-14:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• County Admin Fee (Reimbursement)</td>
<td>$700K</td>
<td>• General Plan &amp; Zoning Ordinance</td>
<td>$2.6M</td>
</tr>
<tr>
<td>• Return of Property Tax (Non-Housing DOF settlement)</td>
<td>$1.9M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o DDR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FY2013-14 Subtotal:</strong></td>
<td><strong>$2.6M</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unknown:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Return of Property Tax (Non-Housing DOF settlement)</td>
<td>$2M</td>
<td>• City Facility Capital Improvements (52M annually term specific projects)</td>
<td>$2M</td>
</tr>
<tr>
<td>o Settlement Agreement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Return of Property Tax (Housing DOF settlement)</td>
<td>$0 to $5.4M</td>
<td>• Modernizing UUT Costs</td>
<td>$300K</td>
</tr>
<tr>
<td><strong>Unknown Subtotal:</strong></td>
<td><strong>$2M to $7.4M</strong></td>
<td>• Street Light Improvements</td>
<td>$250K</td>
</tr>
<tr>
<td>Totals</td>
<td><strong>$4.6M to $10M</strong></td>
<td>• Cabrillo Street Sidewalk Improvement Project</td>
<td>$500K</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Settlement Agreement Impacts Associated with Return of Tax Increment to DOF</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reserves</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$5.65M</strong></td>
</tr>
</tbody>
</table>
Capital Improvement Program (CIP)
Organizational Strategies for the Coming 2-Years

- Development of the City’s Strategic Plan
- Development of Capital and deferred maintenance needs assessment
- Update the General Plan and Zoning Code
- Continue to identify for reorganization & cost efficiency opportunities
- Development of an Information Services Strategic Plan
- Preparation of Citywide Economic Development Strategy
Next Steps

• May 28 – City Council Workshop
• May 29 - Community Budget Forum
• June 3 – 1st Public Hearing
• June 17- 2nd Public Hearing & Adoption
• July 1 – New Fiscal Year Begins