May 16, 2011

Honorable Mayor and City Council Members:

We are pleased to present the budget for the City of Santa Ana for the 2011-2012 Fiscal Year. This budget reflects established priorities and maintains core services to the extent possible, while responding to the impacts of the current economic climate on the City’s financial position. As you know, our global, national, state and local economies are experiencing challenges that have not been seen since the Great Depression. In times such as these, cities such as Santa Ana are being forced to go back to the basics, and place the highest priority on those programs most effective in achieving our mission: “To provide quality service to enhance the safety, livability and prosperity of our community.”

Even during difficult economic times, the City continues to pursue 12 citywide goals that are essential for achieving our mission. They are:

- Ensure a safe community;
- Be a catalyst for the positive development of young people;
- Foster neighborhood pride and community understanding;
- Provide and maintain first-rate infrastructure and community facilities;
- Ensure an attractive and well-maintained city;
- Create an environment that stimulates the growth of arts and cultural opportunities;
- Recruit and retain a highly skilled and diverse workforce;
- Ensure the City’s long-term financial ability to deliver quality services;
- Attract and retain a prosperous business community;
- Optimize workforce effectiveness through training, technology, equipment and facilities;
- Develop and continuously improve systems to assure high-quality services to customers; and
- Assume a leadership role in regional issues of primary importance to Santa Ana.

In the fall of 2008, the City Council reaffirmed these goals, and established four focused priorities. They are to:

- Enhance public safety;
- Improve transportation infrastructure;
• Address minor deferred maintenance projects in all parks; and
• Ensure the City’s long-term financial stability.

As a result of the global financial crisis and its impact on local and state resources, ensuring the City’s long-term financial stability has become even more important. The proposed FY 2011-2012 budget has been developed to move Santa Ana closer to such stability, while maintaining core programs and services to the extent possible.

Economic Outlook

The economic crisis at all levels of our country is being felt in many areas such as low property values and high unemployment levels—and Santa Ana is feeling these impacts as a community. Median home prices have fallen over 40 percent, their lowest since 2003. The decline in property values has spilled over into the commercial sector which is negatively impacting the business community and local redevelopment efforts. According to the County of Orange Assessor’s Office, property tax revenues will finally flatten-out during fiscal year 2011-12 as housing prices begin to stabilize. A recent report from the State of California Employment Development Department (EDD) puts the preliminary March 2011 unemployment rate in Santa Ana at 14.3%, the second highest in Orange County. These economic indicators mean Santa Ana residents have less disposable income due to limited job growth and decreased home values.

Discretionary spending has a major impact on both the businesses in our community and the revenues we receive as a City. Although, sales tax revenues are improving, the gains are considered nominal when compared to the losses experienced over the past three years. From fiscal years 2006-07 to 2009-10, the City’s sales tax revenue experienced a 27 percent (over $12 million) drop. Business-to-business and construction sectors contributed heavily to the City’s overall sales tax declines.

The State of California continues to have its own budgetary challenges, which potentially puts the City’s revenues at risk. As part of the current budget, the State proposes to eliminate the current funding mechanism for all Redevelopment Agencies which would prohibit existing agencies from creating new contracts or obligations. Existing Redevelopment Agencies would be disestablished and successor local agencies would be required to use the tax increment revenues that local Redevelopment Agencies would otherwise have received to retire debts and contractual obligations. Essentially, local Redevelopment Agencies would be eliminated. This all comes on the heels of a $2.05 billion State raid of local Redevelopment funds of which the City of Santa Ana was obligated to pay the County Supplemental Educational Revenue Augmentation $21.2M over the past two years.

While the nation is experiencing mixed signals that the economy is rebounding, all indications are that the decline in the economy has finally leveled off. However, there are events that are occurring that could derail any speedy recovery or relapse into a lingering recession. Primarily
the current European debt crisis and turmoil in the Middle Eastern countries have the potential to negatively impact the US financial markets and thrust the US economy into another downward spiral. On the home front, the most critical sector that could have a major impact on the nation’s economic recovery is commercial real estate. Many institutions are feeling the effects of commercial real estate loan failures. It is estimated that the largest commercial real estate loan losses will occur in 2011 and could be as high as $200-$300 billion. How the financial markets react to these events will be important for a sustained recovery.

Even with these events looming on the horizon, the economy appears to be recovering. Although commercial real estate continues to pose great concern, residential real estate has shown some indication that the worse is behind us. Unfortunately, the City will continue to feel the effects of lower property values for a few years. In addition, unemployment has eased but is still at unprecedented high levels. The national average remains at 8.8%, California at 12.3%, while Santa Ana is estimated at 14.3%. Obviously, these rates have a direct impact on consumer spending and on the City’s sales tax revenue. Overall, we anticipate a very slow recovery and growth in our revenue. In the meantime, ensuring long-term financial stability for Santa Ana will require the courage to significantly reduce expenditures. In order to provide quality City programs and services so they are financially sustainable in the future, the City must look to reinvent itself through the elimination of redundancies, by consolidating programs, contracting out, and seeking assistance from the various bargaining groups on wages and benefits.

**Budget Overview**

The total estimated revenue for all city funds for FY 2011-2012 is $440,323,344. Of this amount $84.2 million represents the water, sewer, sanitation and refuse funds; $35 million comes from grants and other special revenues for restrictive programs; $22.6 million from grants for capital projects; $88.5 million comes from redevelopment and housing assistance; and $210 million represents the General Fund.

Total budgeted appropriations for all city funds for 2011-2012 is $459,361,890 which is a decrease of 2.8% (or $13.1M) when compared to the prior year budget. Fiscal year 2011-2012 budget includes a capital improvement budget of $25.4 million; a water, sewer, sanitation and refuse budget of $92 million; redevelopment and housing budget of $89.8 million; special revenues and grants of $42.1 million; and a General Fund budget of $210 million.

The General Fund budget supports the functions most commonly associated with city government: police, fire, recreation, library, planning and building, street maintenance, and general city administration. These services are being provided to an increasing population. According to the State Department of Finance, Santa Ana’s population in January 2011 was 325,228 which is over a 50 percent increase over the past 20+ years. The General Fund’s four largest revenue sources comprise 54% of total General Fund revenues. Those revenue sources are Sales Tax (17.1%), Property Tax (13%), Property Tax in Lieu of Motor Vehicle Fees (12%) and Utility Users Tax (11.9%).
Despite depressed home sales, volatility in energy costs and high unemployment, the City’s General Fund largest revenue sources appear to be stabilizing. Sales Tax revenues are expected to increase by 9.7% to just over $35.9 million as the economy begins to recover. Both Property Tax and Property Tax In-Lieu of Motor Vehicle License revenues are expected to remain flat at $27.3 and $25.2 million respectively as the housing markets stabilize. Utility Users Tax revenues are expected to decline 5.5% to $25 million as a result of telecommunications customer base shifting from land-line phones to wireless services. Revenues received from charges for services are expected to decline by 5.9%, primarily due to a drop in paramedic charges and subscription service activity. Revenue transfers into the General Fund will increase by over $10 million as a result of internal service borrowing to balance the budget. Overall, General Fund revenues for the coming fiscal year are expected to increase by 6.5% from budgeted FY 2010-2011, primarily as a result of internal service fund borrowing.

Throughout the last three budget processes, we have provided information about Santa Ana’s financial challenges, and the need for us to grow smaller as an organization to become more financially stable over the long term. The City had experienced rapid declines in revenues which accelerated the need for significant budgetary reductions. The Mayor and City Council agreed that we should continue to make budget reductions over the next two to three years. Our original plan was to preserve high quality core services to the public and minimize the need to layoff City employees by keeping vacancies open, restricting travel, deferring large equipment and materials purchases, and taking advantage of additional vacancies created by the implementation of the 2.7% at 55 enhanced retirement formula.

Fortunately, as the revenue declines continued to emerge, we did not wait to take action. Departments developed reduction plans and suspended non-critical expenditures. Overtime was curtailed and/or eliminated. The Mayor and Council showed leadership in approving a series of budgetary adjustments throughout the 2009-2010 and 2010-2011 fiscal years to ensure fiscal stability by year end.

In terms of reserves, it becomes critical to contain and reduce expenditures quickly to prevent the depletion of General Fund reserves. Like most California cities, Santa Ana relies on these fund balance reserves to maintain a positive cash position during the course of the fiscal year, and especially during the first five to six months of each fiscal year, since the majority of the City’s revenues are not received until December/January and April/May.

The rapid decline in the national and local economy has greatly complicated the process of maintaining a balanced budget that is fair to both residents and employees alike. The City relies on employees to provide quality, front-line services to the public as well as to support those direct service efforts. Costs associated with labor represent approximately 74% of total operational expenditures. Consequently, reducing labor expenditures by reducing the number of employees remains the City’s best strategy for long-term sustainability.

In December of 2008 the City’s Executive Management Team deferred salary increases and performance-based merit pay equating to 10% of their compensation. In July 2009, the majority of the bargaining groups (POA, PMA, FBA, FMA, SAMA, CASA), with the exception of
SEIU, deferred their negotiated 4% salary increase and then deferred a 2.5% increase in January of 2010 for the period of one year. In spite of these efforts, the City was forced to once again reduce the number of employees, by issuing an additional 40+ layoff notices in May 2010. While the first and second rounds of layoffs did not have a discernable impact on the front-line services provided to the public, the third and fourth rounds necessitated changes in how we provide certain services. Care was taken to minimize the impacts of these reductions on public safety, which remains the City’s most important priority. None of the layoffs have included sworn personnel in our police or fire departments. In July 2010, these same bargaining groups once again agreed to defer their negotiated salary increases and made several other salary and benefit related concessions to reduce city costs and help preserve front-line services at their current levels. SEIU also agreed to various salary and benefit related concessions which included furloughing its members. During fiscal year 2010-2011, the Executive Management Team established several committees to evaluate cost saving opportunities to permanently reduce City costs. This resulted in $1.4 million in cost reduction strategies that will be implemented during 2011-2012. In addition, the City is currently conducting a citywide cost allocation study as a means by which to allocate general fund costs to non-general fund sources and assess the possibility of future cost recovery fees.

For 2011-2012, departmental budgets incorporate various assumptions which include bargaining group concessions and the end of certain deferrals such as negotiated salary increases and accrual cash-outs. For the most part, the City’s budget is balanced through the use of anticipated vacancy savings, restructuring of internal service fund cost allocations and the use of one-time funds. As far as the proposed departmental reductions, all are being accomplished through the elimination of vacancies that have been created due to retirements.

The proposed budget decreases the full-time employee count by 3 positions for a total workforce allocation of 1510. This workforce figure equates to a ratio of 4.6 employees per 1,000 residents and demonstrates a significant improvement in operational efficiencies over the past several years. For example, in FY 1986-87, the ratio was 7.5 employees per 1,000 residents. Through a combination of reductions in our workforce, keeping a number of positions vacant and generating savings through systems improvements resulting from our continuous improvement efforts, the City continues to maintain its position of being one of the most efficient at providing services when compared to the 11 largest cities in California and the 100 largest cities in the country.

Fiscal stability strategies incorporated into the proposed General Fund Budget include reorganization of some departments and functions, elimination of service redundancies, shifting of legitimate expenses to non-General Fund sources, and contracting out services when the private sector can provide comparable or better quality service for less cost. For example, the retirement of the City’s Library Director in 2009 has provided an opportunity to merge the Library into the Parks, Recreation and Community Services Agency, generating savings through consolidation of administrative functions that can be used to maintain existing programs and services. Several years ago the City contracted out park maintenance services to all but 13 park sites. During fiscal year 2009-2010, the City along with leadership from the Mayor and City Council agreed to contract out the remaining park sites and Civic Center which resulted in
approximately $800,000 in ongoing cost savings. Based on the experience of parks that have been under private contract for maintenance, the condition of the parks have improved, as private contractors have more personnel who can be devoted to providing the level of service our busy park sites require.

While the General Fund struggles to match revenues with expenditures, Santa Ana continues to receive significant funding for capital infrastructure improvements. The City’s Capital Improvement Program for FY 2011-2012 exceeds $25 million. In addition, during fiscal year 2009-2010 Santa Ana was the beneficiary of approximately $9 million in federal American Recovery and Reinvestment Act (ARRA) funds, intended to create jobs and help spur the economy. While this funding will definitely benefit our community, most of it must be spent on infrastructure improvements, job training and workforce development, or neighborhood stabilization programs to address foreclosed homes. None of it will directly benefit the City’s General Fund.

Achieving Established Council Priorities

In spite of the financial challenges Santa Ana is experiencing, we remain committed to providing responsive, high quality services to the public. This fiscal year the City’s departments will continue to align their efforts with the four established City Council priorities, while maintaining many of the programs and services the community has come to expect. The following is a synopsis of the activities, programs and projects incorporated in the proposed budget to respond to these priorities.

Enhance Public Safety

The City will continue to dedicate significant resources to Police, Fire, Public Works, and Planning and Building, which have primary responsibility for enhancing public safety. The City demonstrates its commitment to this goal by providing public safety facilities that accommodate current and future needs of the City; recruiting and retaining quality public safety and code enforcement personnel; effectively and equitably enforcing construction and land use codes; and protecting the health of the community through high quality and reliable water, sewer and refuse collection systems. Programs for FY 2011-2012 that will enhance the City’s public safety include the following:

- The City of Santa Ana Police Department has applied for federal funding through the COPS hiring program for 18 police officers. Thirteen officers have completed the police academy and the field training process. Five additional officers will be attending the police academy in June.
- The Santa Ana Police Department is the proud recipient of a $400,000 Cal-GRIP Grant which helped fund the expansion of the Santa Ana Police Activities Athletics League and offer mentoring, physical activities and development programs to more of the City’s
youth. The program served 1,308 youth during this past year in various programs including the “Fitness for SAPAAL” program at Jackson Elementary School.

- Since its inception, the Cities of Santa Ana and Anaheim have been jointly awarded over $68 million in UASI funds to help coordinate and implement regional emergency preparedness, response, and recovery from natural disasters and acts of terrorism for all Orange County. In the coming year, grant staff from the Anaheim Police and Fire Departments will be co-locating with the Santa Ana Police Department to streamline effectiveness, eliminate duplication of efforts and decrease operating costs. Santa Ana has taken a leadership role and has been cited as a model for other urban areas within the country.

- Santa Ana Police and the California Endowment / Santa Ana Building Healthy Communities (SABHC) have partnered up to continue community education efforts within the Building Healthy Community areas. Grant funding from the California Endowment will allow the Police Department to lead a team of educators, social service experts and Non-Profit entities to offer 16 courses to area residents. Courses such as Jr. COP, the Teen Academy and the Parent Academy will address public safety issues and empower residents to work with their neighborhoods for a safer and healthier community.

- The Police Department will continue to work closely with the Santa Ana Police Foundation to bring businesses and youth together, through business emergency preparedness, youth gang prevention and direct departmental support.

- The Police Department has applied for $355,000 in additional funding from the Department of Justice, Solving Cold Case with DNA Grant. This grant provides overtime salary to accelerate the process of submission of DNA evidence on older cases. If awarded, the grant will fund in November 2011.

- The Computer Forensics Unit has completed its third year of operation and continues to uncover vital evidence in all case types including discovering additional crimes, identifying victims, suspects, and finding key evidence not found elsewhere including evidence on murder cases. In the past year, the Unit assisted over 80 Santa Ana Police Department and outside agency investigations, examined over 150 computers and devices, obtained or assisted in preparing over a dozen search warrants, and has testified in both Santa Ana Police Department and outside agency murder trials, all with convictions. The Computer Forensics Unit will join with the FDBI, DA’s office, and eight other agencies later this year to form the new OCRCFL. The new multi-million dollar facility will not only be a cost savings to Santa Ana, it will substantially increase the computer forensics resources, expertise, and networking valuable to the Santa Ana Police Department.

- The $25,000 Project Safe Neighborhoods Grant of the Santa Nita Gang Injunction will continue. This grant provides overtime funding for the Police Department and District Attorney’s Office to actively pursue gang members and ensure their prosecution.
The Fire Department has received $321,221 in federal funding through the Metropolitan Medical Response System Grant (MMRS). The grant supports the integration of emergency management, health and medical systems by augmenting existing local operational response systems before the incident occurs by funding limited personnel time, tools, supplies and training. This year’s grant funds are targeted to upgrade Cardiac Monitor/Defibrillators. The upgrade provides External Pacing that allows for advanced heart regulating for cardiac patients.

The Fire Department is receiving an approximate $35,000 in federal funding through the Emergency Management Performance Grant (EMPG). The grant supports activities that contribute to our capability to prepare for, mitigate against, respond to, and recovery from disasters, whether natural or man-made. The focus is on training; Emergency Operation Center facilities, equipment and personnel.

The Fire Department has received $20,000 in state funding through the CalEMA Hazardous Materials Emergency Preparedness Planning Grant (HMEP). The grant supports the required maintenance and updates of the City’s Hazardous Materials Area Plan. The plan is a preparatory measure to insure safe transport of hazardous materials through the City as well as a response plan to mitigate releases.

The Fire Department has received $62,400 in federal funding through the Assistance to Firefighter Grant (AFG). The grant supports the health and safety of the public and firefighting personnel against fire and fire related hazards. The fire department focus this year is the upgrade and purchase of firefighting gloves and boots.

The Fire Department has applied for $20,000 of designated state funding (CalEMA) that is being allotted through Assembly Bill 2286. The bill requires all local government agencies and regulated business to report hazardous materials Business Emergency Response plans and chemical inventory to the State electronically by January 1, 2013. The funds will be expended to connect our electronic files to the Orange Health Care Agency electronic portal that in turn will report countywide data to the State.

The Fire Department continues to work collaboratively with the Orange County Health Care Agency/Emergency Medical Services agency (OCHCA) in their effort to implement a single integrated electronic data system to connect patient data tracking between field paramedics, local hospitals, ambulance companies and OCHCA. OCHCA has received $375,000 in federal funding through the Urban Areas Security Initiative (UASI) with the intent to provide collaboration funding.

**Improve Transportation Infrastructure**

Transportation improvements continue to be a priority for the City in FY 2011-2012. Funding highlights include a return of competitive grants from OCTA as part of the renewed Measure
M2 as well as funding from the Federal Transit Agency for the Fixed Guideway project. Programs for FY 2011-2012 that will improve the City’s transportation infrastructure include the following:

- The Residential Street Repair Program, the City’s $72 million investment in residential streets continues, with construction completion of the last two phases of the original program anticipated in summer 2011. The original estimate for the program was to repave 100 miles of residential streets in five years. Thanks in part to the innovative use of the cold in-place recycling and full depth reclamation pavement technologies, the current estimate is that the budget will enable 255 miles of streets to be repaved, or 100% of the asphalt residential roads in our community. The project is now expected to be completed in 3.5 years, 1.5 years ahead of schedule. The total budget for Residential Street Repair in FY 2011-2012 is $725,000. These improvements will focus on residential concrete streets within CDBG eligible areas.

- Progress continues on the $225 million Bristol Street Widening Project from Warner Avenue to 17th Street. Phase I between McFadden and Pine was substantially completed in February 2011. Bristol Warner Intersection Widening Project is under construction with completion anticipated in winter 2011. The Bristol/17th Intersection Widening Project is under construction and will be completed in spring 2012. Design and property acquisitions for Phase II between Third Street and Civic Center Drive are ongoing. The city was awarded $6.24 million of construction funding for Phase II as part of the Arterial Capacity Enhancement (ACE) program of the renewed Measure M2. Construction of Phase II is scheduled to begin in spring 2012. An additional $120,000 of ACE funds was awarded by OCTA for design of a portion of Phase III from Washington Avenue to 17th Street.

- Design of the Grand Avenue Widening Project from 1st to 4th is ongoing, with $3.55 million budgeted in FY 2011-2012 for final design and land acquisition. Additional arterial improvements identified in the proposed budget include $3 million for the rehabilitation of Lyon from Chestnut to First, McFadden from Euclid to Newhope, McFadden from Harbor to Fairview and a second year allocation to Hazard from Harbor to Euclid.

- The City’s “Go Local” Transit Study proposes to build a fixed guideway system to provide high frequency transit service between the Santa Ana Regional Transportation Center (SARTC) and Harbor Boulevard in the City of Garden Grove. The system would provide a last mile connection for rail commuters travelling from SARTC to employment and activity centers in Central Orange County. It would also function as an urban circulator throughout downtown Santa Ana and the Civic Center, serving schools, businesses, and densely populated neighborhoods. To date, the project has received funding approval from the OCTA Go Local Program in the amount of $11.4 million for environmental analysis, financial planning, project development and preliminary design. The project will be environmentally cleared and a Locally Preferred Alternative adopted by March 2012. Preliminary design for this important transit project will start in the second half of FY 2011-2012.
The City applied for and received $1.5 million in funding from OCTA to develop a Master Plan for the Santa Ana Regional Transportation Center (SARTC). In March 2010, the City hired the IBI Group to prepare the plan. IBI has completed the draft conceptual design and is working with staff to solicit feedback from various community and stakeholder groups. The SARTC Master Plan is one of the key components of the Santa Ana-Garden Grove Transit Vision. The goals for the SARTC Master Plan include: a transportation facility that integrates well with the surrounding community, provides new station areas for different transit modes including the fixed guideway, integrates land use and transportation (TOD development), improves bus, pedestrian and bicycle access, and creates an attractive, sustainable transportation facility with low maintenance costs. The study is scheduled to be completed on July 1, 2011.

Complete Minor Deferred Maintenance Projects in all Parks and Enhance Park Programs

Because the City is built out, parks are a critical asset for our residents, providing a place for the community's youth and families to enjoy nature and the outdoors. Santa Ana’s parks are extremely well used. With reduced City revenues, this is one priority that will be difficult to fully address this fiscal year. Instead, our emphasis will be on maintaining green and clean spaces, re-engineering multiple services so that they can still be offered to the public but with less cost to the City and enhanced Park programs. Programs for FY 2011-2012 that will further enhance the utility of Santa Ana’s parks and open space include the following:

- The proposed Capital Improvement Program includes park improvements in excess of $8 million, which strongly address deferred maintenance including resurfacing Jerome parking lot, El Salvador and Jerome walkway reconstruction, Santiago roadway reconstruction, security lighting improvements at Jerome Park, Monte Vista School Fencing, and Centennial Waterfowl Sanctuary. Additional park improvements include a retaining wall at Dan Young Soccer Complex Field #4, and development of Willard Intermediate Park. Also, Parks and Recreation will take lead in improving the Downtown’s Fourth and French Plaza and a new park at McFadden/Orange.

- In addition, the Parks, Recreation and Community Services Agency is actively pursuing grant funding to extend our bike trail system, such as Phase 2 of the Flower Street Bike Trail, and a bike rest stop improvements at Maple/Occidental. We are also providing funding for park improvements, and working with the Santa Ana Unified School District on additional joint use agreements for use of school sites, at Willard, Garfield, Monte Vista and Roosevelt schools.

- The proposed budget maintains funding for youth summer recreation programs and Project PRIDE. Park Ranger and field attendant services will continue for community youth sports organizations and funding for the senior lunch program and senior transportation has been maintained. Partnerships with non-profits and leisure classes will continue to be provided by instructors instead of City staff to ensure a variety of programming for all ages.
• A major emphasis of the last two years has been to enhance Library services to the community. The successful tutoring program for youth is continuing through direct federal funding support.

• The Library has been able to obtain several grants that will enable it to enhance services to the community without impact on the General Fund. The largest of these is the three-year, $636,000, Laura Bush 21st Century Librarian grant from the federal Institute for Museum and Library Services. The Library will provide opportunities for bilingual teens and college-age young adults to learn about libraries and the library profession and to pursue successful careers as librarians. In the first year of the grant, the library has provided library employment and training for 20 high school and three college students from the local community. The program will use long-term mentoring and employment to support the students into higher education.

• The California State Library awarded $28,000 to the Library for a project to train and mentor a core of volunteer Youth Health Ambassadors to create bilingual health-related videos for the community.

• Two smaller grants from the State Library will enable Library staff to: 1) support an ongoing oral history program, Our lives, Our History, in which the library’s History Room and teen volunteers interview residents of Santa Ana to record their place in the history and heritage of the City, and; 2) through the “Skills to Work” program, provide the community with an ongoing series of six bilingual classes in résumé creation, online job searching, and e-mail communication, as well as a Job Fair.

• The successful “TeenSpace” program at the Library successfully expanded as a satellite initiative into the newly renovated Jerome Recreation Center. The TeenSpace at Jerome will provide all of the amenities, programs, workshops, and computer access available at the primary site in the Main library.

• In addition, the Parks, Recreation and Community Services Agency is continuing its partnership effort with the community to Build A Healthy Central Santa Ana through a 10-year community grant from The California Endowment. Through this effort, PRCSA will continue to demonstrate its commitment to help neighborhood and school environments support improved health and healthy youth development.

• Santa Ana’s Art in the Park program brings art into the community for all to enjoy. Art in the Park encourages residents to collaborate with artists and creatively transform public spaces. Murals and sculptures enhance Santa Ana’s natural environments to educate, delight, and motivate. The art reflects the experiences of the community and honors their history, building a legacy that future generations can cherish. Santa Ana is on a quest to produce more art throughout the City. This is made possible by donated funds and the dedicated work of neighborhood volunteers.

• The Santa Ana Zoo at Prentice Park has improved its ability to attract greater attendance because of the recent improvements in the animal collection. The public is learning how
giant anteaters, rheas, and guanacos live in the grasslands, their natural habitats. Knowlwood, the new zoo concessionaire, is getting positive praise from zoo visitors.

Ensure Long Term Financial Stability

To ensure Santa Ana’s long term financial stability, staff will continue to implement a plan to address the General Fund deficit, using a combination of expenditure controls while we continue to work towards improving the City’s revenue base.

- Organizational changes have been implemented to improve efficiency and shift emphasis to core functions. As an example, the mobile field booking van, mobile field booking services and transport services by Correctional Officers will provide support for Patrol, Investigations, and Traffic by relieving police officers of booking, transport, and hospital guard duties thus increasing the manpower available for direct enforcement.

- To enhance revenue, the Jail bed capacity was increased from 480 to 532. As a result, Jail housing revenues have been increased to the point that the Jail operation is almost fully funded through contracts.

- Budget reductions to Parks, Recreation and Community Services were done in such a way to prevent having to close down any centers, libraries, or the zoo and to make sure that the ability to maintain the parks green and clean was not compromised. The consolidation of Parks and Recreation with Library Services has been effective in developing a more comprehensive plan that has enabled the use of staff more efficiently.

- Park Maintenance Inspection provides improved contract administration and inspection to enhance the effectiveness of park landscape maintenance contracts on all park sites, at the Santa Ana Zoo and along the City’s bike trails. By providing an efficient system, PRCSA is able to provide the best level of service at lowest cost. We have already seen a vast improvement in the maintenance quality of our parks.

- Facilities, Fleet Management, and Central Stores, (FMCS) through new leadership, will broaden its approach towards technology and renewable and sustainable energy. FMCS will aggressively pursue the transition of the three (3) business units towards renewable, sustainable alternative energy and fuels. FMCS will actively pursue a zero waste operation, which will reduce the City’s carbon footprint and greenhouse gas emissions by exploring and expanding the use of alternative energy such as compressed natural gas, hydrogen, propane, ethanol, biodiesel, electric as well as hybrid vehicles. Furthermore, FMCS will pursue Leadership Environmental Energy Design (LEED) certification for the Corporate Yard, including solar power and Green: Purchasing Policy in the City Central Stores operation.
• The American Recovery and Reinvestment Act (ARRA) awarded Santa Ana $2.8 million in funding to be allocated over three-years for Homelessness Prevention and Rapid Re-Housing (HPRP). These programs provide financial assistance and services to either prevent individuals and families from becoming homeless (Homelessness Prevention) or to help those who are experiencing homelessness to be quickly re-housed and stabilized (Rapid Re-housing).

• The WORK Center received an additional $68,419 from the State of California to implement the California New Start – Prison-to-Employment program for parolees. The CA New Start – Prison-to-Employment program is a collaborative project that utilizes the resources and service delivery mechanisms of the California Department of Corrections and Rehabilitation (CDCR), Employment Development Department (EDD), and the City of Santa Ana WORK Center. The primary goal of the program is to improve the vocational aptitude of offenders while in custody and increase the likelihood of their secured employment upon release from prison. CA New Start is vital in reducing prisoner recidivism and improving parolee reintegration by providing jobs.

• The City has applied for and received more than $17 million through the federal Neighborhood Stabilization Program (NSP), which is intended to help states, local governments and consortiums to purchase, rehabilitate and resell foreclosed residential properties. These activities will help reduce the negative social and economic impact of residential foreclosures, by restoring property values and bringing families back into neighborhoods, local schools, and the local economy, both as employees and customers. To date, the City’s NSP activities have been among the most successful in the entire country, and Santa Ana has been recognized as a model others should follow for Best Practices in Program Management. The City has exceeded all federal NSP implementation standards, and has helped bring a total of 62 rental and owner occupied units out of foreclosure. In addition, a 37-unit new construction project is being developed on a foreclosed vacant lot.

In keeping with our commitment to long-term planning, we will continue to dedicate our time, energy and resources toward providing quality service to enhance the safety, livability and prosperity of our community. In spite of the fiscal challenges the City is facing, the FY 2011-2012 budget confirms our commitment to this purpose and incorporates the important programs and projects you have requested in response to the community and its needs. On behalf of our talented and dedicated workforce, I am proud to present the budget for the 2011-2012 Fiscal Year.

David N. Ream
City Manager