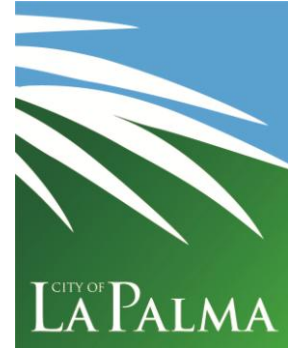


City of La Palma

Agenda Item No. 8



MEETING DATE: June 4, 2013

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Ellen Volmert, City Manager

AGENDA TITLE: Public Hearing for Adoption of Fiscal Years 2013-14 Operating and Capital Budget

PURPOSE:

This agenda report and attachments will provide an opportunity for review, discussion and adoption of the Fiscal Year 2013-14 Operating and Capital budget.

BACKGROUND:

This past fiscal year has presented many challenges. Within the context of losing a significant sales tax provider, the dissolution of redevelopment, and other fiscal and organizational issues, the budget for Fiscal Year 2013-14 has been developed. Through a series of three budget study sessions and four regular City Council meetings, the City Council and residents have had the opportunity to review, discuss and provide direction on the budget plan for next year.

All of this feedback, as well as considerable Staff analysis and research, have been incorporated into the proposed budget document provided as Attachment 1 to this staff report. The proposed budget has been updated to incorporate changes made as a result of City Council direction at the May 15 study session and May 21 regular meeting. In addition, there have been changes made to projected revenue and expenditures which impact the budget as well. Staff has reviewed and updated fund balance assumptions and the changes can be seen on pages 55-56 of the proposed budget document. Also, Attachment 2 to this report details the impact on General Fund reserves if certain proposed one-time investments are made (i.e., energy upgrade projects, funding of an irrevocable trust, etc.).

SUMMARY:

The proposed FY 2013-14 budget has been updated to incorporate all changes since the May 15 budget study session. The General Fund operating budget for FY 2013-14 proposes \$8,616,545 in expenditures against \$8,351,900 in revenue, with a gap (expenditures over revenue) of \$264,645. This proposed one-time use of reserves would be a bridge amount for FY 2013-14 only. The estimated FY 2014-15 General Fund budget shows no use of reserves

and in fact projects a small surplus of \$89,195. The proposed use of reserves is therefore intended to be a one year bridge with future operating revenue growth expected to match or exceed future expenditures.

Total appropriations across all funds are proposed to be \$20,452,770, against \$17,762,895 in revenue. The draw on total reserves is primarily due to the use of funds in the Capital Outlay Reserve (COR), Water and Sewer, and Facilities funds for various infrastructure and capital projects.

The table "Summary of Resources and Requirements by Fund" included in the proposed budget (pages 55-56) provides detail on projected revenue, expenditures, and ending fund balances for FY 2013-14 and FY 2014-15. As noted above, this schedule has been updated to reflect revenue and expenditure projections for the current fiscal year, and their impact on FY 2012-13 ending fund balances, which impacts fund balances into next fiscal year.

Organizational Change and Restructure

General Fund appropriations for FY 2013-14 are proposed at \$8,616,545 across five departments. It should be noted that one of the major changes since the budget was first presented May 7 is the creation of a new Community Services Department, which combines Public Works functions with the Recreation and Community Services Department. This reorganization takes the City from six to five departments, and eliminates one department director position as well as restoring to full time a Maintenance Worker position. The expanded nature of the new Community Services Department includes all recreation/special events functions as well as water, streets, and maintenance operations. In addition, a contract City Engineer has been engaged and will be utilized to consult and advise where necessary. This change to the City's operations saves the General Fund approximately \$85,000 in FY 2013-14.

The two-year budget plan being proposed assumes this structure remains in place through at least FY 2014-15. Therefore, the estimated General Fund savings are ongoing. However, this reorganization could be "undone" relatively easily if a determination is made that a full-time Public Works director is needed.

Additional Budget Adjustments: Additions and Reductions

Other changes made to the proposed budget since it was first presented on May 7 increased proposed appropriations for FY 2013-14. These changes were either per City Council direction or determined by Staff as necessary to align proposed appropriations with projected expenses:

- **Removal of \$30,000 in assumed energy savings:** The proposed budget had originally included this amount as general "energy consumption" savings from the possibility of several energy system projects being completed in FY 2013-14 (i.e., upgrade of City Hall HVAC system). Per City Council direction on May 15, this amount of savings was removed until additional information on the various energy infrastructure projects could be made available and presented to the City Council. Staff investigation of these projects will continue.
- **Removal of \$50,000 in assumed partial year savings from contracting out Police Dispatch services:** The proposed FY 2013-14 budget had included this amount of assumed partial year savings from the potential contracting out of dispatch services. However, per City Council direction on May 15, this amount of savings was removed

until a firm proposal with costing information could be presented. Staff is currently working with outside agencies to finalize a proposal for dispatch services that can be presented to the City Council at a later date and this investigation will continue.

- **Add \$26,000 to restore one Senior Office Assistant / eliminate one vacant Recreation Specialist:** Ongoing staffing changes continue to present opportunities for additional restructuring throughout the organization. A recently announced resignation of the full-time Recreation Specialist in Recreation and Community Services allows for the restoration of a Senior Office Assistant in that same department. Initial budget plans had included the Sr. Office Assistant as a layoff. This updated FY 2013-14 budget restores that position, eliminates the Recreation Specialist, and adds \$10,000 in part-time salary appropriations to help back-fill the duties previously performed by the Recreation Specialist. This change increases General Fund appropriations by approximately \$26,000 -- \$10,000 for additional part-time salaries and a net difference of \$16,000 between the position restored and the position eliminated. However, with one less layoff proposed, unemployment and related payouts will not be incurred, hence saving costs in the Employee Benefits fund.
- **Increase of \$20,500 to Police Reserves budget:** This increase will bring the total Police Reserves budget to an amount more in line with actual annual expenditures.
- **Increase of \$36,000 related to updated cost of living adjustment:** The initial proposed budget assumed a 1.24% cost of living increase for employees per the 2011-2014 memoranda of understanding (MOU) in place with all employee associations. Updated revenue projections indicate a cost of living increase of 2.0% is more likely for FY 2013-14.
- **Restore City Council stipends to full amount (\$3,600):** This minor adjustment brings the amount budgeted for City Council stipends to the full amount necessary should all Council Members choose to take their allowed stipend.

These appropriation increases are offset by the following proposed reductions:

- **Removal of Development Committee stipends (\$1,300):** The initial proposed budget had inadvertently included this amount for stipends, even though they had been removed as part of the FY 2012-13 budget amendment process.
- **Reduce by \$2,000 the amount needed for animal control agreement:** The contract with SEAACA has been received by Staff and the initial proposed budget amount was \$2,000 higher than needed. Hence, the appropriations for this contract can be reduced now that the actual amount is known.
- **Utilize \$25,000 in AQMD funds for General Plan update:** The subvention from the Air Quality Management District (AQMD) allows for the use of funds towards certain aspects of a city's General Plan update.
- **Reduce Police printing costs by \$4,500:** Review of the Police Department budget found additional ongoing savings in the printing/reproduction budget that were part of the FY 2012-13 budget reduction process that had not been removed from the proposed budget.

Further savings were found when Staff reviewed the budget and removed several “one-time” expenditures which will not be needed in FY 2013-14. For example, \$3,500 in Wi Fi costs were removed since the project was completed in FY 2012-13; \$1,500 in translation services was removed from the FY 2013-14 budget since this is a general election year need (this funding can be found in the City Clerk’s FY 2014-15 budget); additional reductions across various departments were taken, reflecting updated expenditure needs.

The proposed budget provides additional detail for each department as well as the various programs/divisions, updated to reflect all of the above changes. It should be noted that historical Public Works Department information can be found in the new Community Services Department section. Once adopted, the City Manager’s Budget Message will also be updated to reflect updated information.

One-Time Use of Reserves

Attachment 2 provides a detailed accounting of the various proposed one-time uses of reserves, and their cumulative impact on estimated fund balance. These projects have not been approved by the City Council and detailed proposals are not yet available. All projects would be subject to additional City Council action. Included are the various energy project investments first brought to the City Council’s attention in January. Also included are the estimated costs for the City’s share of the countywide 800 Mhz radio system upgrade. The proposed pre-funding amount for establishing the other post employment benefits (OPEB) irrevocable trust are also included. The schedule shows that, even if all of these one-time uses of reserves were to come to fruition in FY 2013-14, the General Fund ending fund balance amount would still be above 100% and the City’s reserve policies would be met (i.e., 60% contingency reserve and 40% capital project reserve).

It should also be noted that the estimated savings from the proposed energy projects are currently not included in this proposed budget. Therefore, any energy related infrastructure upgrades that would lead to reduced General Fund expenditures (i.e., lower electricity costs) would reduce the bridge amount shown in the proposed budget. That is, the \$264,645 gap would be reduced though reduced energy consumption charges.

Attachment 3 has also been provided in order to reference previous Staff work related to presentation of a ten-year capital improvement funding plan. This item, presented to the City Council on February 19, 2013, is part of the 2013 City Council goals and has been used to build the five-year Capital Improvement Plan (CIP) that is included in the proposed FY 2013-14 budget. The ten-year plan showed the various infrastructure projects planned for the next decade and the funding which could be utilized.

Internal Service Funds Projected Fund Balances

Projected FY 2012-13 ending fund balances for all five internal service funds have been updated as part of this proposed budget presentation and are based on having additional expenditure data for the current fiscal year. This updated information is reflected in the “Summary of Resources and Requirements by Fund” schedule of the proposed budget. In addition, Attachment 4 includes a historical accounting of expenditures in these funds as well as a projection through FY 2016-17 on estimated expenditures and fund balances based upon the proposed 2013-14 and estimated 2014-15 budgets. Actual fund balances which fall below targets for either FY 2013-14 or FY 2014-

15 would be different than what is presented in Attachment 4 since allocations would be adjusted based on updated (actual) expenditure information.

Having recently approved reserve policies in place sets minimum reserve levels for each of the internal service funds. Per the policy, once FY 2012-13 actual expenditures are finalized (i.e., after the close of the fiscal year), a final determination of where each fund's reserve level is relative to the policy can be made. Then, per the policy, those funds below the reserve level will be returned to the policy levels within one to three years. Staff will present an appropriate plan outlining the process for returning those funds to their reserve policy levels for approval by the City Council.

Reservation of Sales Tax Revenue

Related to the use of reserves for infrastructure projects, it should be noted that the proposed budget shows setting aside \$500,000 in sales tax revenue in FY 2014-15 specifically for infrastructure and capital projects or other non-operating needs as determined by the City Council. This proposal has been part of the budget plan since the January 28, 2013, budget study session. The purpose of reserving this amount of revenue is to avoid having the City become overly dependent on using sales tax income from one source for ongoing operations. Promoting increased revenue diversity is one step towards attaining a more sustainable and resilient budget with increased fiscal stability.

The budget plan continues to include the assumption of a full year of sales tax from Tesoro in FY 2014-15 along with the reservation of half of the revenue received for eventual programming by the City Council towards as of yet unspecified capital or other uses.

The table below shows the assumed sales tax revenue amounts included in the two-year budget plan and how it could be utilized:

	FY 2013-14	FY 2014-15
Revenue Estimate	\$ 500,000	\$ 2,000,000
50% Share Amount	\$ 250,000	\$ 1,000,000
Net (Recognized Revenue)	\$ 250,000	\$ 1,000,000
Utilized for Reserves	\$ -	\$ 500,000
Net (Utilize for Operations)	\$ 250,000	\$ 500,000

Even with the recent good news of Federal and State approval of the sale of BP/Arco assets to Tesoro, the two-year budget plan continues to only include one fiscal quarter of sales tax – which equates to \$250,000 in net estimated operating revenue – in FY 2013-14. The estimated FY 2014-15 budget includes an assumption of a full fiscal year of sales tax revenue and the assumption of only \$500,000 utilized for operating expenses; with \$500,000 being earmarked for infrastructure, capital projects or other one-time uses as determined by City Council action.

ALTERNATIVES:

The purpose of this item is to adopt the Fiscal Year 2013-14 operating and capital budgets. Should the City Council determine additional time is needed to review, discuss, modify, and amend this proposed budget, this public hearing item could be continued to the regular City Council meeting of June 18, 2013.

Should the City Council wish to increase appropriations or reduce the amount of reserves needed for the one year bridge, Staff would recommend returning to a one year use of staff furloughs to accomplish the necessary expenditure reduction. Furloughs would have to be negotiated with the City's employee associations prior to their implementation.

FISCAL IMPACT:

The General Fund FY 2013-14 proposed budget, as attached, includes a one-time use of reserves in the amount of \$264,645. This one-time bridge amount would allow for essential services to continue to be provided at a level where anticipated future revenues are expected to meet or exceed the expenditure level. The estimated FY 2014-15 budget shows a surplus \$89,195 (i.e., no use of reserves in FY 2014-15) based largely on the ongoing revenue assumptions.

Overall, the non-General Fund portion of the City's budget will provide various infrastructure, public safety, rehabilitation and utility services. Attachment 1 provides detail for the City's enterprise, internal service and special revenue funds operations.

RECOMMENDED ACTION:

It is recommended that the City Council receive the Staff presentation on the proposed FY 2013-14 budget and, after review and discussion, move to adopt the FY 2013-14 operating and capital budgets.

APPROVED:



Finance



City Manager

Attachments:

1. Proposed Fiscal Year 2013-14 Budget
2. One-time Use of Reserves, FY 2013-14 and FY 2014-15
3. Ten-Year Capital Funding Plan, February 19, 2013, Agenda Report
4. Internal Service Fund Historical and Projected Expenditures and Fund Balances
5. Resolution Adopting the Fiscal Year 2013-14 Budget
6. Resolution Approving and Adopting the Annual Appropriations Limit (Gann Limit), Exhibit A

Attachment 1: FY 2013-14 Budget Document

<http://www.cityoflapalma.org/DocumentCenter/View/3926>

**Proposed Use of General Fund Reserves
FY 2013-14 and FY 2014-15
Impact on Projected Ending Fund Balance**

Fiscal Year 2013-14

General Fund Estimated Fund Balance 07/01/2013	\$	13,618,200
General Fund Proposed FY 2013-14 Revenue	\$	8,351,900
General Fund Proposed FY 2013-14 Expenditures	\$	8,616,545
Revenue Over / (Under) Expenditures	\$	(264,645)
	\$	<u>13,353,555</u>

General Fund Proposed FY 2013-14 Use of Reserves

Transfer to Capital Outlay Reserve (COR)	\$	400,000
Pre-fund OPEB Irrevocable Trust	\$	1,500,000
Install Photovoltaic Cells (solar)	\$	1,190,000
Purchase of Street Lights	\$	600,000
Replace/Upgrade HVAC System at City Hall	\$	15,000
Upgrade Climate Control System at City Hall	\$	25,000
Upgrade Lights at Central Park	\$	50,000
800 MhZ Radio System Upgrade (City's Contribution)	\$	200,000
Update Economic Development Plan	\$	44,000
	\$	<u>4,024,000</u>

General Fund Estimated Fund Balance 06/30/2014	\$	<u>9,329,555</u>
General Fund Reserves as % of Proposed Expenditures		108.27%

General Fund Reserve Policy, 60% Contingency Reserve	\$	5,169,927
General Fund Reserve Policy, 40% Capital Projects Reserve	\$	3,446,618
	\$	<u>8,616,545</u>

General Fund Reserves above 60% and 40% Reserves	\$	<u>713,010</u>
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Fiscal Year 2014-15

General Fund Estimated Fund Balance 07/01/2014	\$	9,329,555
General Fund Proposed FY 2014-15 Revenue	\$	8,806,100
General Fund Proposed FY 2014-15 Expenditures	\$	8,716,905
Revenue Over / (Under) Expenditures	\$	89,195
	\$	<u>9,418,750</u>

General Fund Proposed FY 2014-15 Use of Reserves

800 MhZ Radio System Upgrade (City's Contribution)	\$	400,000
Estimated One-time City Council Goals (2014)	\$	50,000
	\$	<u>450,000</u>

General Fund Estimated Fund Balance 06/30/2015	\$	<u>8,968,750</u>
General Fund Reserves as % of Proposed Expenditures		102.89%

General Fund Reserve Policy, 60% Contingency Reserve	\$	5,230,143
General Fund Reserve Policy, 40% Capital Projects Reserve	\$	3,486,762
	\$	<u>8,716,905</u>

General Fund Reserves above 60% and 40% Reserves	\$	<u>251,845</u>
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AGENDA ITEM

Item Number:

TO: CITY COUNCIL
FROM: CITY MANAGER

Submitted By:
Jeff Moneda
Public Works Director
Michael Solorza
Finance Director

Meeting Date:
February 19, 2013

Subject: Long-Term Capital Improvement Program (CIP)
Funding Plan

RECOMMENDATION:

It is recommended that the City Council review the long-term (ten year) Capital Improvement Plan (CIP) projected project and funding plan and provide feedback on the projected use of various funding sources to meet the City's long-term infrastructure needs. City Council feedback will help Staff in finalizing the CIP as part of the budget process. Formal presentation of the CIP will occur as part of the regular Fiscal Year 2013-14 budget development process (April) with anticipated adoption occurring in June.

SUMMARY:

As part of the annual budget process, the Public Works and Finance Departments develop a five-year Capital Improvement Plan (CIP). The CIP lists the major infrastructure projects planned for the subsequent fiscal year, and four additional future years. In addition to listing the specific projects and their estimated cost, funding sources are identified. Generally, La Palma focuses its CIP on arterial and residential roadway rehabilitation (i.e., paving projects). However, the CIP also lists major projects such as water and sewer system upgrades, intersection improvements or major repairs to City facilities (e.g., roof replacement, Americans with Disability Act required improvements, etc.).

Over the last several fiscal years, the primary source of funding for CIP projects has been the Capital Outlay Reserve (COR), Measure M and Gas Tax funds. To a lesser extent, the Building Maintenance fund also supplies funding when appropriate. Also, prior to the statewide dissolution of redevelopment, the former Community Development Commission (CDC) had provided funding for various road projects. Finally, when the City receives Federal, State or County grants, those funding sources are earmarked for the specific eligible projects. It should also be noted that the CIP contains Water and Sewer system projects. These projects are funded solely by Water and Sewer revenue.

In an effort to present a longer term estimate of the City's ability to meet its infrastructure needs beyond the traditional five-year CIP, this report (and the attached schedule, Attachment 1) presents a ten-year plan. The intent is to provide, per City Council direction, a plan that illustrates the City's commitment to maintaining its infrastructure as well as indicating the proposed funding sources. In addition, this ten-year plan will help frame part of the discussion when Staff brings proposed, updated reserve policies to the City Council for consideration (March, 19, 2013). The plan fulfills one of the City Council's 2013 goals, which is to establish a funding plan for streets.

Also included, as Attachment 2, is a capital project list for those items listed as part of the Park Master Plan. These items currently do not have identified funding sources. However, in an effort to present the entirety of the City's long-term infrastructure needs, the Park Master Plan items are being presented. Future discussions can focus on potential funding sources for these items.

BACKGROUND:

In recent years, the Public Works Department has stepped up efforts to address a backlog of residential and arterial rehabilitation projects. Recent adopted CIPs show larger than normal amounts of funding committed for road rehabilitation projects. Seeing that the City's annual apportionment of Measure M (and later, Measure M2) and Gas Tax funds would be insufficient to meet these needs, the City Council has committed General Fund reserves in excess of the 100% policy level to the Capital Outlay Reserve (COR) fund.

The COR fund has hence served as the primary source of funding for street rehabilitation projects in recent years. Due to large transfers of excess reserves to COR – \$1.04 million in Fiscal Year 2010-11, \$3.50 million in FY 2011-12 and \$1.70 million in the current fiscal year – that fund has accumulated a sizeable fund balance (\$4.785 million in spendable fund balance as of June 30, 2012). However, with the recent changes to the City's General Fund revenue stream, it can be safely assumed that future fiscal years may not afford the same amounts of excess reserves that have been available for transfer to COR in recent years.

Therefore, Staff is presenting a ten-year CIP to illustrate that sufficient funding exists through FY 2022-23 to meet La Palma's projected infrastructure needs. The ten-year CIP assumes a base amount of funding from Measure M2 and Gas Tax of at least \$640,000 annually. This is a safe assumption since Measure M2 was approved for a thirty year term by Orange County voters in 2006. Measure M2 extends the ½ cent sales tax until 2041, proceeds of which are allocated to Orange County cities (Measure M2 Turnback) to fund various road projects. In addition, with the passage of Proposition 22 by State voters in 2010, the Highway Users Tax (Gas Tax) is safe from reductions or transfer by the State of California.

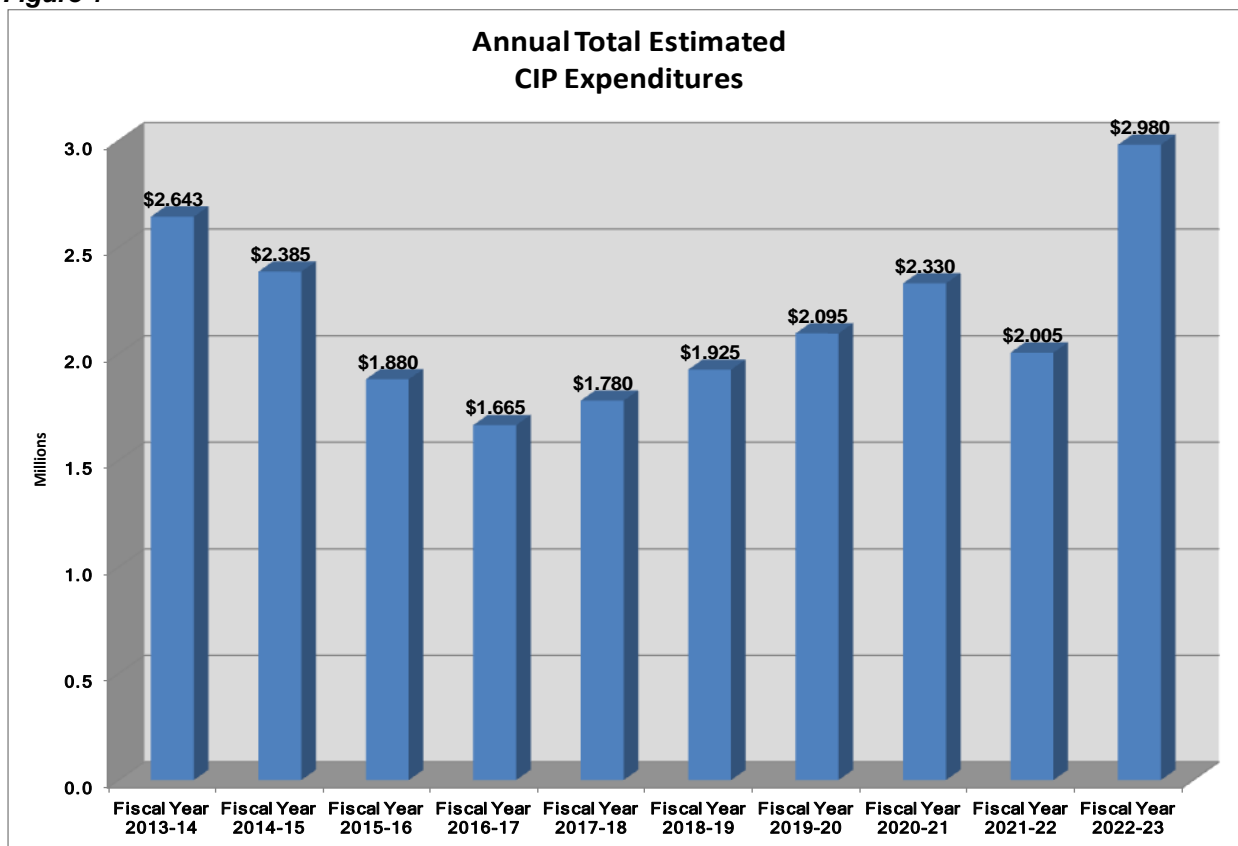
Staff looked at each year's (beginning with FY 2013-14) total, projected CIP expenditure amount. The variance was then calculated showing the amount above the assumed base annual funding of \$640,000 from Measure M2 and Gas Tax. That "overage" in estimated expenditures needed for the various projects would then be funded using COR, Facilities Maintenance, Water or Sewer funds (depending on the project).

It should be noted that the ten-year CIP is only as good as the estimates which go into forming it. That is, predicting what asphalt and construction costs will be three years out, let alone ten years from now, is a difficult prospect. The key to the long-term CIP is illustrating the City's commitment to maintain its infrastructure at a level residents have come to expect. That is, using the latest pavement management plan, the water and sewer master plans, and the long-term facilities master plan, Staff is able to provide estimated dates of when each project should be completed, as well as well-informed estimates of the scope and cost of the particular project.

Given the relative stability of Measure M2 and Gas Tax funding, as well as the continued presence of Water and Sewer funding, the key variable in the 10 year funding plan is determining how much COR funding (and to a lesser extent, the Building Maintenance Fund) is needed and available each year. This determination in turn drives consideration of how much General Fund reserves should be committed to COR for funding of needed infrastructure projects on an annual basis.

Attachment 1 provides a detailed, projected ten-year CIP (out to FY 2022-23), listing individual projects in the various CIP categories and their estimated completion dates (fiscal year). Figure 1 is a summary graph of the estimated total annual CIP expenditures for FY 2013-14 through FY 2022-23:

Figure 1



Long-Term Capital Improvement Program (CIP) Plan

February 19, 2013

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The summary table below (Figure 2) indicates the total CIP estimated budget each year for the next ten years, by source of funding. As can be seen, it is the funding from COR that fluctuates the most, from year to year, as Measure M2 and Gas Tax funding remain relatively constant and any Water and Sewer projects are adequately funded from their respective funds.

Figure 2

Funding Source	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Capital Outlay Reserve (COR)	525,000	625,000	250,000	150,000	25,000
Facility Maintenance	803,000	140,000	50,000	215,000	350,000
Gas Tax/HUTA	400,000	325,000	400,000	350,000	400,000
Measure M	75,000	275,000	275,000	175,000	200,000
Sewer	540,000	540,000	540,000	540,000	540,000
Water	300,000	480,000	365,000	235,000	265,000
	2,643,000	2,385,000	1,880,000	1,665,000	1,780,000

Funding Source	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Capital Outlay Reserve (COR)	375,000	400,000	725,000	450,000	1,275,000
Facility Maintenance	20,000	140,000	50,000	-	100,000
Gas Tax/HUTA	350,000	350,000	350,000	325,000	350,000
Measure M	325,000	350,000	350,000	375,000	400,000
Sewer	540,000	540,000	540,000	540,000	540,000
Water	315,000	315,000	315,000	315,000	315,000
	1,925,000	2,095,000	2,330,000	2,005,000	2,980,000

Due to the diligent efforts of the Public Works department in the past four years, a backlog of much needed infrastructure improvement projects have been completed. The positive gain from this schedule is a reduced need for funding arterial and residential paving projects as the scope of the projects turns from rehabilitation to slurry seal.

This shift from major rehabilitation to less expensive slurry seal and maintenance projects can be seen in the table below (Figure 3), beginning in FY 2015-16 and continuing to FY 2021-22 for arterial projects and FY 2018-19 for residential projects:

Figure 3

Project Summary	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
Arterial Street Rehabilitation	375,000	900,000	650,000	350,000	350,000
Residential Street Rehabilitation	655,000	355,000	305,000	355,000	305,000
Water and Sewer Projects	810,000	990,000	875,000	745,000	775,000
Facilities Upgrades and Repairs	803,000	140,000	50,000	215,000	350,000
	2,643,000	2,385,000	1,880,000	1,665,000	1,780,000

Long-Term Capital Improvement Program (CIP) Plan

February 19, 2013

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Project Summary	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Arterial Street Rehabilitation	375,000	225,000	350,000	175,000	1,150,000
Residential Street Rehabilitation	705,000	905,000	1,105,000	1,005,000	905,000
Water and Sewer Projects	825,000	825,000	825,000	825,000	825,000
Facilities Upgrades and Repairs	20,000	140,000	50,000	-	100,000
	1,925,000	2,095,000	2,330,000	2,005,000	2,980,000

As part of the ten year CIP plan, and illustrated in Figure 2 above, Staff has analyzed the estimated expenditure needs and matched those with appropriate areas of funding: Measure M2, Gas Tax and Capital Outlay Reserve. The process sought to maximize Measure M2 and Gas Tax, counting on a projected annual average of \$640,000 in available funding from these sources. Then, any additional funding needed in a given year was taken from the Capital Outlay Reserve fund. This method minimizes the amount of COR funding utilized for street projects.

It should be noted that other potential capital needs or projects not in this plan may be added at a future time and impact funding requirements for a given fiscal year. For example, the plan does not include estimates for Park Master Plan projects (Attachment 2), purchase of the City's street lights, changes to street lights in order to realize energy efficiency savings, or other projects for which there are not reliable cost or funding estimates available at this time.

CONCLUSIONS:

This presentation shows the City's long-term commitment to infrastructure maintenance and presents a funding plan through FY 2021-22. One of the goals of this ten-year plan is to assist the City Council in making near-term determinations about the use of General Fund reserves.

Future presentations to the City Council on updating reserve policies will necessarily impact available funding for future CIP projects. That is, the ten-year CIP presented here assumes the City Council maintains the 100% General Fund reserve policy. Should that be amended to a different level, then additional General Fund reserves could be available for transfer to COR.

Based on feedback received with this plan, Staff will prepare the standard five year CIP for inclusion with the FY 2013-14 budget, with an anticipated presenting of an updated CIP in April. Additional discussions at upcoming City Council meetings will provide an opportunity for Staff to present proposed reserve policies that further help address infrastructure funding needs (March).

FISCAL IMPACT:

The status quo FY 2013-14 budget presented to the City Council on January 28, 2013, showed a \$400,000 transfer in estimated excess General Fund reserves to the Capital Outlay Reserve Fund. Based on initial estimates, FY 2014-15 indicates only a \$100,000 transfer to COR would be needed in order to provide adequate funding for that year's CIP projects. However, as the summary table above and Attachment 1 shows, additional, larger transfers to COR would be needed in the outer years of the ten year plan. In addition, the projects listed on Attachment 2 – Park Master Plan items – currently do not have funding sources identified. If

the City Council chooses to pursue any one of these projects, funding sources would have to be determined and incorporated into a subsequently adopted (and updated) CIP.

This plan assumes City Council's commitment to funding infrastructure remains at least at the same levels as recent years. In addition, the ten year plan assumes the necessary annual transfers to COR are made when needed. Furthermore, any future discussion of reserve policies will help further guide Staff when considering how best to fund its infrastructure needs. The individual project pages in the attachment also address anticipated changes to operating costs from the project. The currently proposed CIP does not include any projects which would cause an increase in annual operating costs due to their completion.

- Attachments:**
1. Ten-Year Capital Improvement Plan (CIP) Funding Plan, FY 2013-14 through FY 2022-23
 2. Park Master Plan, Potential Future Projects (Funding to be Determined), FY 2013-14 through FY 2022-23

Capital Improvement Plan

Summary by Project Type

	Projected / Estimated									
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Arterial Street Rehabilitation	375,000	900,000	650,000	350,000	350,000	375,000	225,000	350,000	175,000	1,150,000
Residential Street Rehabilitation	655,000	355,000	305,000	355,000	305,000	705,000	905,000	1,105,000	1,005,000	905,000
Intersection Improvements	-	-	-	-	-	-	-	-	-	-
Water System Improvements	285,000	465,000	350,000	220,000	250,000	300,000	300,000	300,000	300,000	300,000
Sewers	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
Community Center and Parks	175,000	-	-	-	300,000	-	80,000	-	-	100,000
City Hall	560,000	140,000	-	140,000	20,000	20,000	20,000	20,000	-	-
Police Facilities	35,000	-	-	-	30,000	-	-	30,000	-	-
City Yard	33,000	-	50,000	75,000	-	-	40,000	-	-	-
Total Capital Improvement Plan	\$ 2,643,000	\$ 2,385,000	\$ 1,880,000	\$ 1,665,000	\$ 1,780,000	\$ 1,925,000	\$ 2,095,000	\$ 2,330,000	\$ 2,005,000	\$ 2,980,000

Capital Improvement Plan

Summary by Funding Source

	Projected / Estimated									
	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Capital Outlay Reserve (COR)	525,000	625,000	250,000	150,000	25,000	375,000	400,000	725,000	450,000	1,275,000
Facility Maintenance	803,000	140,000	50,000	215,000	350,000	20,000	140,000	50,000	-	100,000
Gas Tax/HUTA	400,000	325,000	400,000	350,000	400,000	350,000	350,000	350,000	325,000	350,000
Measure M	75,000	275,000	275,000	175,000	200,000	325,000	350,000	350,000	375,000	400,000
Sewer	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Water	300,000	480,000	365,000	235,000	265,000	315,000	315,000	315,000	315,000	315,000
Total Capital Improvement Plan	\$ 2,643,000	\$ 2,385,000	\$ 1,880,000	\$ 1,665,000	\$ 1,780,000	\$ 1,925,000	\$ 2,095,000	\$ 2,330,000	\$ 2,005,000	\$ 2,980,000

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Project	Total Project Cost	Projected / Estimated									
		Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Water System Improvements:											
SCADA Upgrades Phase 2 (Replacement of PLC at Walker Well and Walker Booster)	60,000	60,000									
Emergency Electrical Generator at City Yard	185,000	\$ 185,000									
Seismic Valve at Walker Street Reservoir	40,000	\$ 40,000									
SCADA Upgrades Phase 3 (Replacement of PLC at City Yard)	40,000	\$ -	\$ 40,000								
Security Cameras at City Yard and Walker Well	100,000	\$ -	\$ 100,000								
OC-54 Vault Rehabilitation	75,000	\$ -	\$ 75,000								
Fire Hydrant Check Valve Installations	100,000		\$ 100,000								
City Yard well development for Arsenic removal/sequestration	250,000			\$ 250,000							
City Yard Reservoir rehabilitation	100,000			\$ 100,000							
Conversion of Natural Gas Generator to Diesel at Walker Street Booster	50,000				50,000						
City Yard water vault rehabilitation	100,000				\$ 100,000						
Exterior coatings rehabilitation/application, all City reservoirs	70,000				\$ 70,000						
Installation of emergency interconnection with City of Buena Park	250,000					\$ 250,000					
Ongoing Water System Maintenance, projected annual costs	1,500,000						300,000	300,000	300,000	300,000	300,000
Water Division Walker Well reservoir and building reroofing, painting and	75,000		75,000								
Water Division City Yard reservoir and building reroofing, painting and	75,000		75,000								
Total Water System Improvements	\$ 3,070,000	\$ 285,000	\$ 465,000	\$ 350,000	\$ 220,000	\$ 250,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Project	Total Project Cost	Projected / Estimated										
		Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	
Sewers:												
Longitudinal Crack Repairs - Repair cracks and/or reline sewer lines per Sewer Master Plan, using Sewer funds. (Ongoing)	\$ 2,500,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Removal of Grease and Encrustation - Clean sewer lines, as necessary, to remove encrustation from sewer pipes per Sewer Master Plan, using Sewer funds. (Ongoing)	\$ 750,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Sewer Lining (Ongoing)	\$ 2,000,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total Sewers	\$ 5,250,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000	\$ 525,000
Community Center and Parks:												
Replace playground equipment at Central Park	175,000	175,000	-	-	-	-	-	-	-	-	-	-
Replace rubberized matting in playgrounds (FY 2017-18 Central Park; FY 2022-23 El Rancho Verde Park)	250,000	-	-	-	-	150,000	-	-	-	-	-	100,000
Replace playground equipment at El Rancho Verde Park	150,000	-	-	-	-	150,000	-	-	-	-	-	-
Refurbish Restrooms (Central Park Administration)	20,000	-	-	-	-	-	-	20,000	-	-	-	-
Replace Electronic Readerboard (Central Park)	60,000	-	-	-	-	-	-	60,000	-	-	-	-
Total Community Center and Parks	\$ 655,000	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ 80,000	\$ -	\$ -	\$ 100,000

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Project	Total Project Cost	Projected / Estimated									
		Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
City Hall											
Replace carpet and tile work at City Hall (throughout)	40,000	-	40,000	-	-	-	-	-	-	-	-
Reroof City Hall	500,000	500,000	-	-	-	-	-	-	-	-	-
Seismic Retrofit City Hall Facility - Conduct seismic upgrades at City Hall Facility to ensure compliance with seismic safety standards, using Facility Maintenance funds.	60,000	60,000	-	-	-	-	-	-	-	-	-
Replace concrete outside of buildings	100,000	-	100,000	-	-	-	-	-	-	-	-
Refurbish restrooms	120,000	-	-	-	120,000	-	-	-	-	-	-
Replace Air Conditioning Units (5 total @ \$20,000 each)	100,000	-	-	-	20,000	20,000	20,000	20,000	20,000	20,000	-
Total City Hall	\$ 920,000	\$ 560,000	\$ 140,000	\$ -	\$ 140,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Police Facilities:											
Reroof Police Facility - Reroof Police Facility using Facility Maintenance funds.	35,000	35,000	-	-	-	-	-	-	-	-	-
Refurbish restrooms	30,000	-	-	-	-	30,000	-	-	-	-	-
Replace jail cells and locks	30,000	-	-	-	-	-	-	-	30,000	-	-
Total Police Facilities	\$ 95,000	\$ 35,000	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -	\$ -

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Projected / Estimated

Project	Total Project Cost	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Maintenance Division: City Yard											
Payvement Overlay and Striping	50,000		-	50,000	-	-					
Repair and recoat roof on all buildings, FY 2016-17 / Repaint exterior of maintenance buildings and repair rock, sand, asphalt storage, FY 2019-20	115,000				75,000			40,000			
Replace trees and irrigation on North and East side of buildidngs and replace storage units	33,000	33,000	-			-	-	-	-	-	-
Total City Yard	\$ 198,000	\$ 33,000	\$ -	\$ 50,000	\$ 75,000	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Total Capital Improvement Plan Before Ongoing Projects	\$ 10,188,000	\$ 1,613,000	\$ 1,130,000	\$ 925,000	\$ 960,000	\$ 1,125,000	\$ 845,000	\$ 965,000	\$ 875,000	\$ 825,000	\$ 925,000

Arterial Street Rehabilitation:

Crescent Ave. - W.C.L. TO E.C.L. (Pre 1998)	100,000		-	-	-	-		100,000			
Houston Ave. - Walker St. to Moody St. (2010)	425,000		-	-	-	100,000	-				325,000

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Project	Total Project Cost	Projected / Estimated									
		Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
La Palma Ave. - Coyote Creek Channel to Moody St. (2013)	-										
- Moody St. to Walker (2000)	700,000		500,000						200,000		
- Walker St. to Valley View St. (2007)	550,000	-	400,000						150,000		
Moody St. - S.C.L. to La Palma Avenue (2012)	175,000	-	-					175,000			
- La Palma Ave. to Houston Ave. (2011)	200,000	-	-					200,000			
- Houston Ave. to Orangethorpe Ave. (2012)	-										
Orangethorpe Ave. - Moody St. to Walker St. (2002)	625,000	-	-	450,000						175,000	
- Walker St. to 91 Frwy (2007)	525,000	-	-		150,000						375,000
- 91 Frwy to Valley View St. (2010)	450,000	-	-		100,000						350,000
Valley View St. - S.C.L. to Thelma Ave (2007)	300,000			200,000							100,000
- Orangethorpe Ave. to 183rd St. (Pre 1998)	500,000	375,000						125,000			
Walker St. - Crescent Ave. to La Palma Ave. (2012)	100,000	-	-			100,000					
- La Palma Ave. to 183rd St. (2011)	250,000	-	-			250,000					
Total Arterial Street Rehabilitation	\$ 4,900,000	\$ 375,000	\$ 900,000	\$ 650,000	\$ 350,000	\$ 350,000	\$ 375,000	\$ 225,000	\$ 350,000	\$ 175,000	\$ 1,150,000

**Capital Improvement Plan
Project Summary - 10 Year Plan**

Project	Total Project Cost	Projected / Estimated									
		Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Residential Street Rehabilitation:											
Residential Pavement Management Program - Rehabilitate residential streets according to City Council adopted plan, using COR, Gas Tax, and Measure M funds. The project cost is based on the Residential Pavement Management Report, which includes ADA Pedestrian Ramp Construction.											
Zone 1 - Area north of La Palma Ave., South of Houston, West of Moody St. (2010)	\$ 1,150,000	\$ -	\$ -	\$ 250,000	\$ -					\$ 900,000	
Zone 2 - Area north of Houston Ave., West of Moody St. (2008)	\$ 1,000,000	-	-	200,000					800,000		
Zone 3 - Area east of Walker St. (2011)	\$ 1,000,000	-	-	-		200,000					800,000
Zone 4 - Area west of Walker St., East of Moody St., South of Houston Avenue, North of Edison ROW (2007)	\$ 1,050,000	-	250,000	-	-	-		800,000			
Zone 5 - Area south of Moody Creek (2012)	\$ 300,000	-	-	-	-		300,000				
Zone 6 - Area south of La Palma Ave., West of Moody St. (2013)	\$ 300,000	-	-	-	-		300,000				
Zone 7 - Area east of Moody St., west of Walker St., south of Edison ROW, north of Moody Creek (2001)	\$ 750,000	550,000	-	-	-	-			200,000		
Raise and Repair Water Valves and Sewer Manholes - This is done in conjunction with the residential pavement management program, using Water (\$15,000) and Sewer (\$15,000) funds.	\$ 300,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Repair Broken/Settled Curb and Gutter - This is completed by using Measure M funds.	\$ 750,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total Residential Street Projects	\$ 6,600,000	\$ 655,000	\$ 355,000	\$ 305,000	\$ 355,000	\$ 305,000	\$ 705,000	\$ 905,000	\$ 1,105,000	\$ 1,005,000	\$ 905,000
Total Capital Improvement Plan	\$ 21,688,000	\$ 2,643,000	\$ 2,385,000	\$ 1,880,000	\$ 1,665,000	\$ 1,780,000	\$ 1,925,000	\$ 2,095,000	\$ 2,330,000	\$ 2,005,000	\$ 2,980,000

Capital Improvement Plan

Project Funding Summary - 10-Year Plan

Projected / Estimated

Project Name	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
COR										
Intersection Improvements - La Palma / Walker										
Intersection Improvements - Orangethorpe / Valley View										
Shade structure at Miller Elementary School										
Arterial Street Rehabilitation	225,000	625,000	250,000	150,000	25,000	100,000	25,000	50,000		800,000
Residential Street Rehabilitaiton	300,000	-	-	-	-	275,000	375,000	675,000	450,000	475,000
COR Total	525,000	625,000	250,000	150,000	25,000	375,000	400,000	725,000	450,000	1,275,000
Facility Maintenance										
Replace flooring in Royal Palm and Fan Palm Community Center rooms	-	-	-	-	-	-	-	-	-	-
Replace carpet/tile in City Hall	-	40,000	-	-	-	-	-	-	-	-
ADA upgrades in City Hall	-	-	-	-	-	-	-	-	-	-
Replace playground equipment at Central Park	175,000	-	-	-	-	-	-	-	-	-
Reroof City Hall	500,000	-	-	-	-	-	-	-	-	-
Reroof Police Facility	35,000	-	-	-	-	-	-	-	-	-
Seismic Retrofit City Hall Facility	60,000	-	-	-	-	-	-	-	-	-
Refurbish Restrooms (Central Park Administration)	-	-	-	-	-	-	20,000	-	-	-
Replace Electronic Readerboard (Central Park)	-	-	-	-	-	-	60,000	-	-	-
Refurbish Restrooms, ADA Upgrades (City Hall)	-	-	-	120,000	-	-	-	-	-	-
Replace Air Conditioning Units (5 total @ \$20,000 each)	-	-	-	20,000	20,000	20,000	20,000	20,000	-	-
Replace jail cells and locks	-	-	-	-	-	-	-	30,000	-	-
Replace trees and irrigation on North and East side of buildngs and replace storage units	33,000	-	-	-	-	-	-	-	-	-
Replace concrete outside of buildings	-	100,000	-	-	-	-	-	-	-	-

Capital Improvement Plan

Project Funding Summary - 10-Year Plan

Projected / Estimated

Project Name	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Refurbish restrooms			-							
Payement Overlay and Striping			50,000							
Replace rubberized matting in playgrounds (FY 2017-18 Central Park; FY 2022-23 El Rancho Verde Park					150,000	-	-	-	-	100,000
Replace playground equipment at El Rancho Verde Park					150,000	-	-	-	-	-
Refurbish restrooms					30,000	-	-	-	-	-
Repair and recoat roof on all buildings, FY 2016-17 / Repaint exterior of maintenance buildings and repair rock, sand, asphalt storage, FY 2019-20				75,000			40,000			
Facility Maintenance Total	803,000	140,000	50,000	215,000	350,000	20,000	140,000	50,000	-	100,000
Gas Tax										
Residential Street Rehabilitaiton	250,000	125,000	100,000	150,000	100,000	150,000	150,000	150,000	150,000	150,000
Arterial Street Rehabilitation	150,000	200,000	300,000	200,000	300,000	200,000	200,000	200,000	175,000	200,000
Repair Broken/Settled Curb and Gutter	-	-	-	-	-	-	-	-	-	-
Gas Tax Total	400,000	325,000	400,000	350,000	400,000	350,000	350,000	350,000	325,000	350,000
Measure M2										
Residential Street Rehabilitaiton	-	125,000	100,000	100,000	100,000	175,000	275,000	175,000	300,000	175,000
Arterial Street Rehabilitation		75,000	100,000		25,000	75,000		100,000		150,000
Repair Broken/Settled Curb and Gutter	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Measure M2 Total	75,000	275,000	275,000	175,000	200,000	325,000	350,000	350,000	375,000	400,000
Sewer										
Longitudinal Crack Repairs	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Removal of Grease and Encrustation	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Sewer Lining	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Raise and Repair Water Valves and Sewer Manholes	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Sewer Total	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000

Capital Improvement Plan

Project Funding Summary - 10-Year Plan

Projected / Estimated

Project Name	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Water										
Relocate Motor Control Center at City Yard	-	-	-	-	-	-	-	-	-	-
SCADA Upgrades										
Residential Meter Replacement	-	-	-	-	-	-	-	-	-	-
SCADA Upgrades Phase 2 (Replacement of PLC at Walker Well and Walker Boo	60,000									
Emergency Electrical Generator at City Yard	185,000									
Seismic Valve at Walker Street Reservoir	40,000									
SCADA Upgrades Phase 3 (Replacement of PLC at City Yard)		40,000								
Security Cameras at City Yard and Walker Well		100,000								
OC-54 Vault Rehabilitation		75,000								
Fire Hydrant Check Valve Installations		100,000								
Water Division Walker Well reservoir and building reroofing, painting and pavements		75,000								
Water Division City Yard reservoir and building reroofing, painting and pavements		75,000								
City Yard well development for Arsenic removal/sequestration			250,000							
City Yard Reservoir rehabilitation			100,000							
Conversion of Natural Gas Generator to Diesel at Walker Street Booster Station				50,000						
City Yard water vault rehabilitation				100,000						
Exterior coastings rehabilitation/application, all City reservoirs				70,000						
Installation of emergency interconnection with City of Buena Park					250,000	-	-	-	-	-
Ongoing Water System Maintenance, projected annual costs						300,000	300,000	300,000	300,000	300,000
Raise and Repair Water Valves and Sewer Manholes	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water Total	300,000	480,000	365,000	235,000	265,000	315,000	315,000	315,000	315,000	315,000
Grand Total	\$ 2,643,000	\$ 2,385,000	\$ 1,880,000	\$ 1,665,000	\$ 1,780,000	\$ 1,925,000	\$ 2,095,000	\$ 2,330,000	\$ 2,005,000	\$ 2,980,000

Park Master Plan - Potential Future Capital Projects

Project	Estimated Project Amount	Fiscal Year	Estimated Annual Operating Cost Impact	Total Estimated Annual Operating Cost, Through FY 2022-23
Central Park Adopted Site Plan Phase 1				
Relocated Children's Play Areas/Surfacing	\$380,600	2013-14	\$2,000	\$20,000
Fabric Shade Structures @ Play Areas	\$146,400	2013-14	\$500	\$5,000
Move Bicentennial Gazebo	\$25,000	2013-14	\$0	\$0
Dry Creek Bed & Bioswales	\$54,900	2014-15	\$1,000	\$9,000
Park Entry Feature	\$12,200	2014-15	\$200	\$1,800
Decomposed Granite Perimeter Trail	\$91,500	2015-16	\$1,000	\$8,000
Fitness Stations	\$18,300	2015-16	\$300	\$2,400
New Security Lighting	\$36,600	2015-16	\$300	\$2,400
2 Group Picnic Shelters	\$122,000	2016-17	\$200	\$1,400
Walkway Paving Connecting Ammenities	\$73,200	2016-17	\$500	\$3,500
Field/Open Space Turf Renovation	\$60,000	2017-18	\$400	\$2,400
Softball Field New Backstop & Lighting	\$250,000	2017-18	\$300	\$1,800
Plaza Shade Covering	\$73,200	2018-19	\$200	\$1,000
Water Plaza	\$366,000	2019-20	\$7,500	\$30,000
New Restroom/Water Pump Building	\$366,000	2019-20	\$10,000	\$40,000
Central Park Adopted Site Plan Phase 2				
Reflection/Meditation Garden	\$152,500	2020-21	\$10,000	\$30,000
Demonstration Garden	\$55,000	2020-21	\$5,000	\$15,000
Renovation of Existing Softball Restroom	\$10,000	2021-22	\$0	\$0
Seating @ Tennis & Basketball Courts	\$7,300	2021-22	\$1,000	\$2,000
Central Park Adopted Site Plan Phase 3				
SCE Easement Overflow Parking	\$785,500	2022-23	\$2,000	\$2,000
	\$3,086,200		\$42,400	\$177,700
Estimated 10-Year Cost =>				\$3,263,900

**Internal Service Funds
Estimated Fund Balance Analysis
FY 2012-13 through FY 2014-15 Projections**

	<i>FY 2012-13</i>			<i>FY 2013-14</i>				<i>FY 2014-15</i>			
	Estimated Ending Fund Balance	Target Fund Balance	OVER / (UNDER) TARGET	Estimated Beginning Fund Balance	Estimated Ending Fund Balance*	Target Fund Balance**	OVER / (UNDER) TARGET	Estimated Beginning Fund Balance	Estimated Ending Fund Balance*	Target Fund Balance**	OVER / (UNDER) TARGET
	FY 12-13			FY 13-14	FY 13-14			FY 14-15	FY 14-15		
Insurance	716,400	1,446,000	(729,600)	716,400	666,720	1,482,000	(815,280)	666,720	382,400	924,300	(541,900)
Employee Benefits	572,800	579,000	(6,200)	572,800	441,600	569,000	(127,400)	441,600	270,820	569,000	(298,180)
Facility Maintenance	1,037,600	483,000	554,600	1,037,600	682,300	488,000	194,300	682,300	393,900	576,000	(182,100)
Vehicle Maintenance	830,100	689,000	141,100	830,100	895,400	689,000	206,400	895,400	961,700	700,000	261,700
Technology Maintenance	624,300	390,000	234,300	624,300	419,300	395,000	24,300	419,300	408,400	402,000	6,400

**The actual ending fund balances for FY 2013-14 and FY 2014-15 will differ from what is presented here based on what actual expenditures are for FY 2012-13 and FY 2013-14 as well as the fact that steps will be taken in FY 2013-14 to return fund balance levels to the policy target amounts. Therefore, it is likely that the actual ending fund balances in either of the next two fiscal years will be at or very near their policy target levels based on the commitment to do so and per the reserve policy.*

FUND BALANCE POLICY: TARGET LEVELS

- Insurance Fund The reserve amount is equal to three times the annual insurance expenses of the immediately preceding fiscal year
- Employee Benefits Fund Fund balance level will be equal to the total amount of compensated absences, as noted in the CAFR "Statement of Net Assets"
- Facility Maintenance Fund Reserve amount is equal to a rolling six-year average of actual Maintenance and Operations expenses, updated annually plus a contingency amount equal to half of the rolling six-year average amount
- Vehicle Maintenance Fund The reserve level is equal to one-third (33%) of the replacement value of all rolling stock, as determined annually
- Technology Maintenance Fund The reserve amount is equal to the full replacement value of the City's entire technology network, as determined annually through the budget development process

**Internal Service Funds
 Historical Expenditure Analysis
 FY 2012-13 Expenditure Projections
 FY 2013-14 Proposed Budget
 FY 2014-15 through FY 2016-17 Estimated Expenditures**

	FY 2006-07 ACTUALS	FY 2007-08 ACTUALS	FY 2008-09 ACTUALS	FY 2009-10 ACTUALS	FY 2010-11 ACTUALS	FY 2011-12 ACTUALS	6 YEAR AVERAGE	FY 2012-13 AMENDED BUDGET	FY 2012-13 YTD MAY	FY 2012-13 PROJECTED	FY 2013-14 PROPOSED	FY 2014-15 ESTIMATED	FY 2015-16 ESTIMATED	FY 2016-17 ESTIMATED
Insurance Fund (060)														
620.000 Meetings & Training	719	1,965	1,648	1,683	1,041	582	1,273	3,000	1,085	1,300	1,500	1,500	1,500	1,500
730.000 Automotive Insurance & Claims	45	9,808	3,244	1,000	3,254	1,000	3,059	5,000	0		5,000	5,000	5,000	5,000
731.000 Liability Insurance & Claims	148,870	296,350	419,136	305,423	256,654	481,521	317,992	291,100	266,044	493,000	301,600	542,600	542,600	300,000
	149,866	308,206	423,679	308,338	260,949	482,059	322,183	299,100	267,011	494,000	308,000	549,000	549,000	307,000
Employee Benefits Fund (061)														
515.000 Conversion & Termination Pay	269,493	233,395	427,092	320,811	504,793	293,967	341,592	320,000	202,358	320,000	300,000	300,000	300,000	300,000
560.000 Unemployment Insurance/Claims	11,141	3,959	1,978	6,815	6,398	1,035	5,221	10,000	687	15,000	10,000	10,000	10,000	10,000
561.000 Workers Compensation/Claims	133,825	170,857	40,021	215,747	130,489	247,400	156,390	200,800	148,683	150,000	210,800	221,300	225,700	230,200
562.000 Life & Health Insurance	482,509	479,270	621,063	619,980	610,728	647,263	576,802	715,100	588,828	650,000	558,700	680,780	714,800	743,400
563.000 Medicare/FICA Contribution	60,935	63,183	74,318	80,132	85,693	84,231	74,749	83,800	72,189	84,000	82,500	83,500	83,500	83,500
564.000 Retirement	1,388,667	1,415,927	1,587,668	1,172,548	1,235,366	1,265,059	1,344,206	1,126,300	997,944	1,154,000	1,048,000	1,129,100	1,185,600	1,233,000
565.000 Disability Insurance	14,283	14,277	16,456	19,279	21,131	20,288	17,619	21,400	17,581	21,400	20,000	20,000	20,000	20,000
566.000 Physical Exams	8,265	10,158	11,451	6,380	4,960	5,271	7,747	13,600	3,822	7,700	5,000	11,000	11,000	11,000
600.000 Professional Contract Services	10,605	49,189	22,130	25,309	12,691	54,714	29,106	28,700	9,773	20,000	13,700	18,700	18,700	18,700
604.000 Computer Software Support	1,194	0	0	5,500	3,000	3,000	2,116	3,000	3,000	3,000	3,000	3,000	3,000	3,000
619.440 Bank Service Charges	68	22	42	20	20	0	29	300	30	30	0	300	300	300
620.000 Meetings & Training	17,883	9,952	14,416	9,606	7,590	11,122	11,762	12,300	6,984	10,000	10,700	10,700	10,700	10,700
622.000 Publications & Dues	2,395	1,898	1,551	1,921	1,775	1,979	1,920	1,800	1,017	1,900	1,100	1,100	1,100	1,100
624.000 Tuition Reimbursement	12,301	661	3,775	8,419	9,121	4,328	6,434	12,500	10,109	12,000	7,000	12,500	12,500	12,500
625.000 Employee Recognition Award	3,558	1,046	777	921	2,183	838	1,554	1,500	1,035	1,500	1,500	1,500	1,500	1,500
653.000 Advertising	35,618	15,635	4,080	1,606	851	0	9,632	2,000	0	0	1,000	1,000	1,000	1,000
733.000 Special Departmental Supplies	1,489	1,823	3,124	1,145	713	543	1,473	2,000	465	1,000	900	900	900	900
	2,454,229	2,471,251	2,834,986	2,496,138	2,637,501	2,641,038	2,589,190	2,557,100	2,064,505	2,453,000	2,273,900	2,505,380	2,600,300	2,680,800
Facilities Maintenance Fund (062)														
501.000 Salaries-Full-time	20,025	23,969	19,495	19,382	29,247	29,865	23,664	30,200	24,935	30,000	45,300	46,000	46,900	47,800
530.000 Overtime	1,673	2,107	2,579	2,059	2,498	4,058	2,496	3,500	3,460	4,000	2,000	2,000	2,000	2,000
550.000 Employee Benefits	12,000	11,183	9,275	9,349	14,293	13,794	11,649	14,000	11,064	15,000	17,700	19,700	20,300	20,900
600.000 Professional Contract Services	16,378	8,068	9,048	17,052	11,900	7,354	11,633	18,000	12,691	15,000	14,000	14,000	14,000	14,000
605.000 Custodial Services	32,696	36,998	38,242	40,557	36,887	38,017	37,233	40,000	26,119	34,000	32,000	32,000	32,000	32,000
652.000 Postage	17,452	20,679	24,984	25,674	26,226	16,067	21,847	25,400	13,210	20,000	25,400	25,400	25,400	25,400
692.000 Gas	11,653	11,704	11,301	10,187	10,039	9,406	10,715	12,000	7,625	11,000	12,000	12,000	12,000	12,000
693.000 Electric	62,611	60,244	63,947	63,831	60,053	52,438	60,521	65,000	48,026	60,500	65,000	65,000	65,000	65,000
701.000 Copier Rental & Supplies	29,508	29,393	20,642	0	0	0	13,257	0	0	0	0	0	0	0
705.000 Maintenance & Repair Materials	5,900	4,465	7,658	5,283	7,683	8,300	6,548	6,000	5,602	6,500	6,000	6,000	6,000	6,000
706.000 Maintenance & Repair Services	2,715	2,065	10,330	5,532	5,353	2,641	4,773	8,000	4,073	4,800	8,000	8,000	8,000	8,000
707.000 Maintenance & Repair of Eqpt	239	0	1,571	0	0	1,280	515	2,000	2,035	2,500	2,000	2,000	2,000	2,000
708.000 Maintenance & Repair-Buildings	5,155	17,626	22,345	24,214	18,257	22,923	18,420	2,000	31,225	33,000	35,000	205,500	229,000	234,500
725.000 Small Tools/Other Equipment	0	0	0	0	492	0	82	0	29	100	0	0	0	0
729.000 Janitorial Supplies	13,379	15,363	18,354	22,212	18,619	19,727	17,942	20,000	13,684	18,000	16,000	16,000	16,000	16,000

Internal Service Funds
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	FY 2006-07 ACTUALS	FY 2007-08 ACTUALS	FY 2008-09 ACTUALS	FY 2009-10 ACTUALS	FY 2010-11 ACTUALS	FY 2011-12 ACTUALS	6 YEAR AVERAGE	FY 2012-13 AMENDED BUDGET	FY 2012-13 YTD MAY	FY 2012-13 PROJECTED	FY 2013-14 PROPOSED	FY 2014-15 ESTIMATED	FY 2015-16 ESTIMATED	FY 2016-17 ESTIMATED
733.000 Special Departmental Supplies	2,610	1,225	3,749	4,456	3,872	2,514	3,071	3,000	3,259	3,300	3,000	3,000	3,000	3,000
743.000 Special Assessments/Taxes	11,785	12,937	14,287	15,987	17,650	19,749	15,399	16,000	21,745	22,000	16,000	16,000	16,000	16,000
801.000 Building Improvements	25,476	26,021	88,097	69,357	0	24,784	38,956	200,000	23,680	30,000	150,000	45,000	0	0
802.000 Furniture & Fixtures	8,068	942	149	2,345	0	0	1,917	6,400	0	0	0	10,000	0	0
804.000 Machinery & Equipment	15,454	1,114	1,328	1,363	14,120	19,356	8,789	22,500	1,720	8,000	0	16,000	0	0
887.000 Park Improvements	15,454	0	0	0	3,305	30,079	8,140	61,000	12,312	20,000	193,000	32,000	20,000	22,000
	316,134	287,002	368,775	338,840	280,495	322,352	318,933	553,700	266,494	338,000	640,600	573,700	515,700	524,700
Vehicle Maintenance Fund (063)														
732.000 Vehicle Operating Expense	155,673	160,726	150,468	144,980	153,348	168,148	155,557	157,000	145,626	165,000	146,175	146,175	150,600	153,600
805.000 Vehicles	130,276	107,784	337,813	164,008	56,920	54,394	141,866	455,000	259,508	260,000	96,000	74,000	150,000	100,000
	285,949	268,509	488,281	308,988	210,269	222,542	297,423	612,000	405,134	425,000	242,175	220,175	300,600	253,600
Technology Fund (064)														
600.000 Professional Contract Services	104,452	114,307	121,732	123,043	129,983	139,076	122,099	152,700	95,707	131,000	119,600	110,900	110,900	110,900
604.000 Computer Software Support	3,708	12,159	31,082	32,586	21,559	16,839	19,655	39,700	30,813	32,000	19,400	19,400	19,400	19,400
620.000 Meetings & Training	195	0	69	0	0	0	44	0	0	0	0	0	0	0
651.000 Computer Supplies & Expense	1,741	2,442	3,670	2,290	6,530	2,533	3,201	4,000	2,670	3,200	3,000	3,000	3,000	3,000
691.000 Communications	52,600	49,092	54,673	44,063	43,493	42,474	47,733	49,500	26,988	47,000	49,500	49,500	49,500	49,500
701.000 Copier Rental & Supplies	0	0	0	14,734	15,495	14,296	7,421	19,000	12,465	14,800	17,000	17,000	17,000	17,000
704.000 Office Equipment Maintenance	0	0	0	1,645	2,147	1,561	892	3,000	1,336	1,600	1,500	1,500	1,500	1,500
803.000 Office Equipment	50,930	25,459	48,579	12,945	46,361	31,157	35,905	251,400	59,668	75,000	190,400	5,000	30,000	30,000
	213,626	203,459	259,805	231,305	265,567	247,936	236,950	519,300	229,647	305,000	400,400	206,300	231,300	231,300

RESOLUTION NO. 2013-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA PALMA APPROVING AND ADOPTING A BUDGET FOR FISCAL YEAR 2013-14

WHEREAS, the City Manager of the City of La Palma did on May 7, May 15, May 21, and June 4, 2013, present to the City Council of said City a Proposed Budget for the Fiscal Year 2013-14 and

WHEREAS, the City Council held a duly noticed public hearing in the Council Chambers of City Hall of said City on June 4, 2013; and

WHEREAS, the City Council did review, revise, modify, correct, amend, and change said Proposed Budget for Fiscal Year 2013-14; and

WHEREAS, said City Council has taken the necessary public actions to raise sufficient revenues to finance said Proposed Budget; and

WHEREAS, the original of said Proposed Budget will be revised so as to reflect each and all of the amendments, changes, and modifications which the City Council, up to the time of adoption of this resolution, believes should be made in said Proposed Budget as so submitted and to correct any nonsubstantive errors discovered.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LA PALMA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The said Proposed Budget, including the five-year Capital Improvement Plan, of the City of La Palma, California, for the Fiscal Year 2013-14, as so amended, modified, revised, and corrected, including those changes directed by the City Council at the June 4, 2013, City Council meeting, is hereby approved and adopted. In adopting said budget, the City Council hereby instructs the City Manager to change the columns headed "Proposed" or "Amended" to "Adopted" for each of the several items of Personnel Services, Maintenance and Operations, and Capital Outlay and Improvements for each of the various funds, departments, programs, and accounts as set forth in said Proposed Budget and, as so amended, modified, and corrected, and hereby approves the distribution of the salary detail, maintenance and operations detail, capital outlay and improvements detail, policy revisions, and contractual arrangements noted in the program description and program explanation sections of the "Program Summary" pages, and interfund transactions and transfers shown under each of the respective funds, departments, programs, and accounts, and each of the respective "Item Description" accounts and explanatory data in its entirety, each provision of which should be construed to give effect to the entire document. The City Manager is also directed to adjust

beginning balances to reflect actual amounts, to the extent they are known, and, in accordance with standard budgeting and appropriating practice, is authorized to transfer appropriations within and between departmental budgets as required to accommodate unforeseen operating requirements.

SECTION 2. The City Council authorizes the City Manager to make changes in internal service fund allocations to departments to reflect any modifications made after the Proposed Budget was presented.

SECTION 3. The City Manager, for the purpose of administrative necessity in implementing the budget, shall have the authority to transfer monies to the appropriate item, account, program, department, or fund to cover expenditures which have been approved by the City Council, except where such transfer is expressly prohibited in a resolution or ordinance approved by the City Council, such as transfers involving utility replacement funds. The City Manager shall also have the authority to transfer monies between and within funds to meet the operational needs of the City within established spending limits.

SECTION 4. The City Manager is hereby authorized and instructed to take all steps necessary to implement this Resolution.

SECTION 5. The original of said budget for the City of La Palma, California, for the Fiscal Year 2013-14 as now before this City Council, and as amended, modified, revised, and corrected by City Council and staff, in open session, shall be placed on file in the office of the City Clerk of the City of La Palma, California, open to public inspection, and that said Proposed Budget is expressly incorporated in this resolution and made a part thereof. The City Clerk is hereby instructed to have copies of the Adopted Budget duplicated and available for public review and inspection and a copy provided to the Orange County Public Library, La Palma Branch, as soon as practicable.

APPROVED AND ADOPTED by the City Council of the City of La Palma at a regular meeting held on the 4th day of June 2013.

Steve Hwangbo
Mayor

ATTEST:

Laurie A. Murray, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing resolution was adopted by the City Council of said City at a regular meeting of said City Council held on the 4th day of June 2013, and that it was so adopted by called vote as follows:

AYES:

NOES:

ABSENT:

Laurie A. Murray, City Clerk

RESOLUTION NO. 2013-__

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF LA PALMA APPROVING AND
ADOPTING THE ANNUAL APPROPRIATIONS
LIMIT FOR FISCAL YEAR 2013-14**

WHEREAS, the voters of California, on November 6, 1979, added Article XIII B to the State Constitution placing various limitations on the appropriations of state and local governments; and

WHEREAS, Proposition 111 established Fiscal Year 1986-87 as the base year for establishing the appropriations limit; and

WHEREAS, the City of La Palma has complied with the provisions of Article XIII B in determining the appropriations limit for Fiscal Year 2013-14.

NOW, THEREFORE, the City Council of the City of La Palma does find, determine, and declare as follows:

SECTION 1. The appropriations limit for Fiscal Year 2012-13 is \$14,170,894, as calculated on Exhibit A, attached hereto.

SECTION 2. In calculating the appropriations limit, the City has utilized the California per capita personal income growth factor for Fiscal Year 2013-14, as shown on Exhibit A, attached hereto.

SECTION 3. In calculating the appropriations limit, the City has utilized the population growth factor for the County of Orange for Fiscal Year 2013-14, as shown on Exhibit A, attached hereto.

SECTION 4. The City reserves the right to change or revise the growth factors associated with the calculation of the appropriations limit if such changes or revisions would result in a more advantageous appropriations limit in the present or future.

SECTION 5. The City Clerk shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED by the City Council of the City of La Palma at a regular meeting held on the 4th day of June 2013.

Steve
Hwangbo, Mayor

ATTEST:

Laurie A. Murray, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, LAURIE A. MURRAY, City Clerk of the City of La Palma, California, DO HEREBY CERTIFY that the foregoing resolution was adopted by the City Council of said City at a regular meeting of said City Council held on the 4th day of June 2013, and that it was so adopted by called vote as follows:

AYES:

NOTES:

ABSENT:

Laurie A. Murray, City Clerk

**CITY OF LA PALMA
APPROPRIATIONS LIMIT
FISCAL YEAR 2013-14**

Appropriations Limit Calculation

Appropriations Limit Fiscal Year 2012-13	\$	13,376,348
Adjustment Factor for Fiscal Year 2013-14	x	1.05939936
Appropriations Limit Fiscal Year 2013-14	\$	<u>14,170,894</u>

FY 2013-14 Appropriations Subject to Limit and Appropriation Margin:

Proceeds of Taxes	\$	6,588,000
Less Exclusions, Qualified Capital Outlay		-
FY 2013-14 Appropriations Subject to Limit		<u>6,588,000</u>
FY 2013-14 Appropriations Limit		14,170,894
FY 2013-14 Appropriations Under Limit	\$	<u>7,582,894</u>

Calculation of Adjustment Factor for Fiscal Year 2013-14

Per Capita Personal Income Change = 5.12%		1.05120000
Population Change (County) = .78%*	x	1.00780000
Adjustment Factor for Fiscal Year 2013-14		<u>1.05939936</u>