



City of Placentia

**PRELIMINARY OPERATING BUDGET
FISCAL YEAR 2012-13**



PURPOSE

- ① Provide preview of the Fiscal Year 2012-13 Operating Budget
- ① Receive feedback and direction from the City Council
- ① Review Next Steps



OVERVIEW OF PRESENTATION

- ① Economic Outlook
- ① Budget Strategies Fiscal Year 2012-13
- ① Fiscal Year 2012-13 Budget Projections
- ① Budget Summary



ECONOMIC OUTLOOK



ECONOMIC OUTLOOK NATIONWIDE RECOVERY

- ① Regional differences
- ① Employment not improving as hoped
- ① Increasing economic activity
- ① Stock markets have recovered a portion of the lost value
- ① Stagnant real estate markets
- ① Increasing inflationary pressures



ECONOMIC OUTLOOK

DISMAL LOCAL PICTURE

- ① High unemployment
- ① Declining real estate market
- ① Low consumer confidence
 - ◆ Sense the local economy is dragging along the bottom and not improving
 - ◆ Wealth effect of real estate market
- ① Unresolved State and local government budget problems
- ① High unemployment and declining real estate market will continue to be a drag on local recovery



SIGNIFICANT BUDGET FACTORS

FISCAL YEAR 2012-13

Reduction in
Vehicle Impound
Release Fees

Inclusion
of City-
wide
Street Tree
Balancing
(Phase I)

Sales and Use Taxes
Restored to Fiscal Year
2005-06 levels

Increasing Utility
Costs

Rising PERS Retirement
Costs

Impacts of AB109
(Early Release)

Elimination of 960
Employees due to
AB1028





BUDGET STRATEGIES FOR FISCAL STABILITY

BUDGET STRATEGIES

CURRENT STRATEGIES

CURRENT STRATEGIES

Positions

Maintain Freeze on Current Vacant Positions

- Police Captain, Sergeant, Police Officers (7), Community Services Officer, Community Services Coordinator



Retired Annuitants

Utilize Retired Annuitants to fill specialty or temporary assignments as a cost reduction measure



Wage Freeze

Continuation of wage freeze for Management and Mid-Management (6 years without a Cost of Living Adjustment)



Health Benefits Cap

Maintain cap on health benefit costs paid by City



BUDGET STRATEGIES

PROPOSED STRATEGIES



Shift Costs

Shift a proportional share of public employee pension and health care costs to active employees

Contract/Direct Staffing

Achieve balance between the use of contract and direct staffing

Service Consolidation

Explore opportunities for job sharing and service consolidation with other agencies

Realign Costs

Realign the costs of public services to more accurately address the public/private benefits of services provided

Economic Development

Expand our revenue base by actively pursuing economic development activities

Assess Current Assets

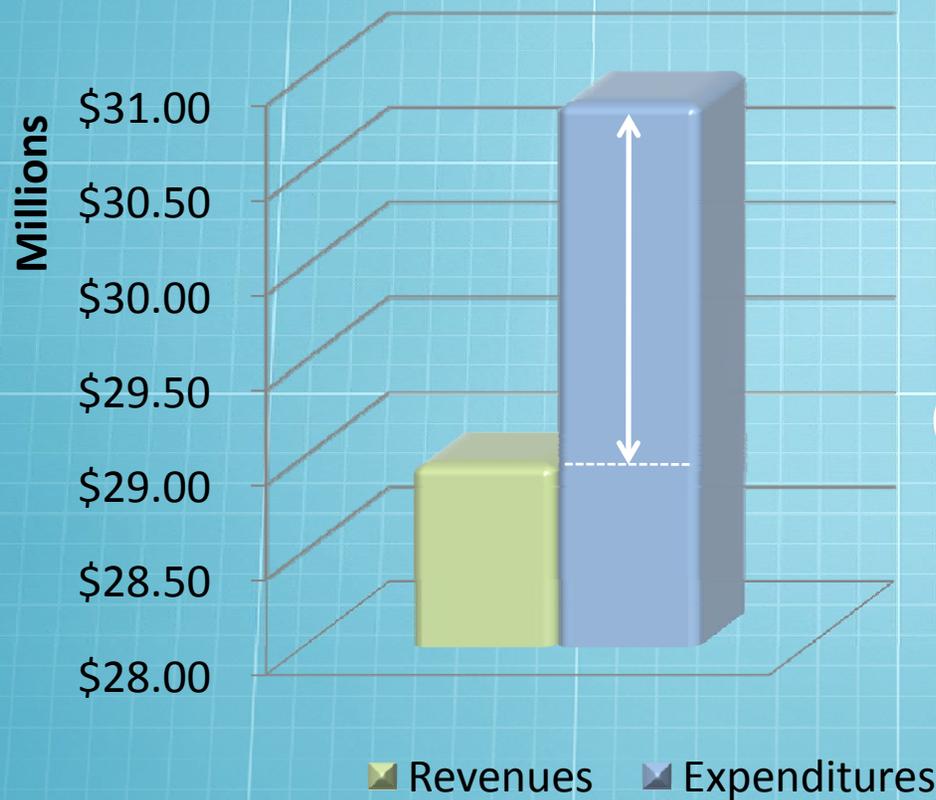
Assess the condition of City-owned assets (e.g. streets, buildings, equipment) for the purpose of identifying current and future maintenance and replacement costs and related funding strategies





PROJECTED BUDGET SHORTFALL

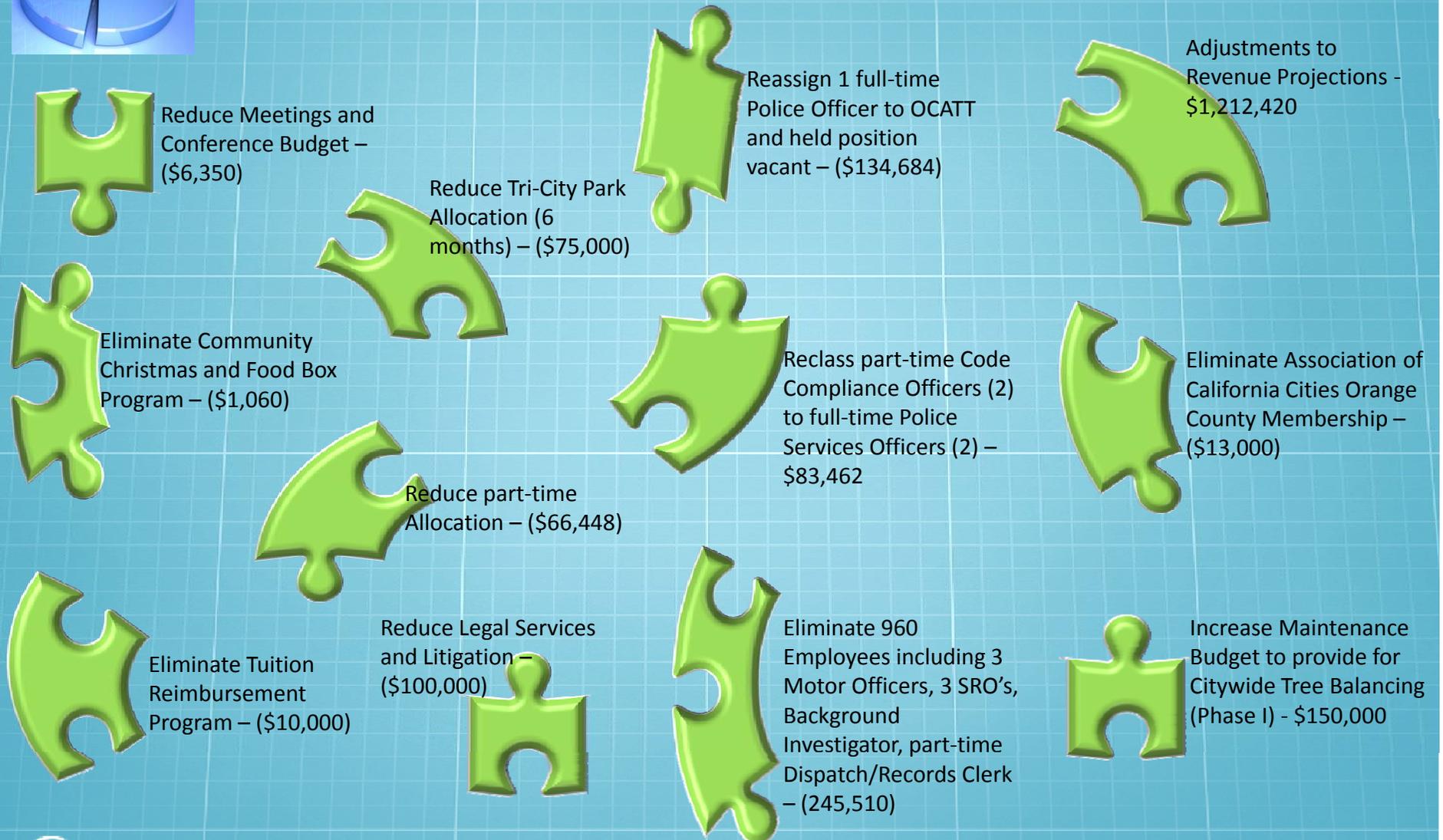
FISCAL YEAR 2012-13



DEFICIT SPENDING
(\$1,899,969)
(Does not include budget adjustments)

ASSUMED BUDGET ADJUSTMENTS

PROPOSED SOLUTION

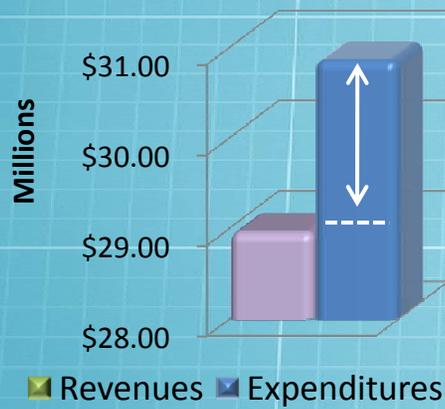


ASSUMED BUDGET ADJUSTMENTS

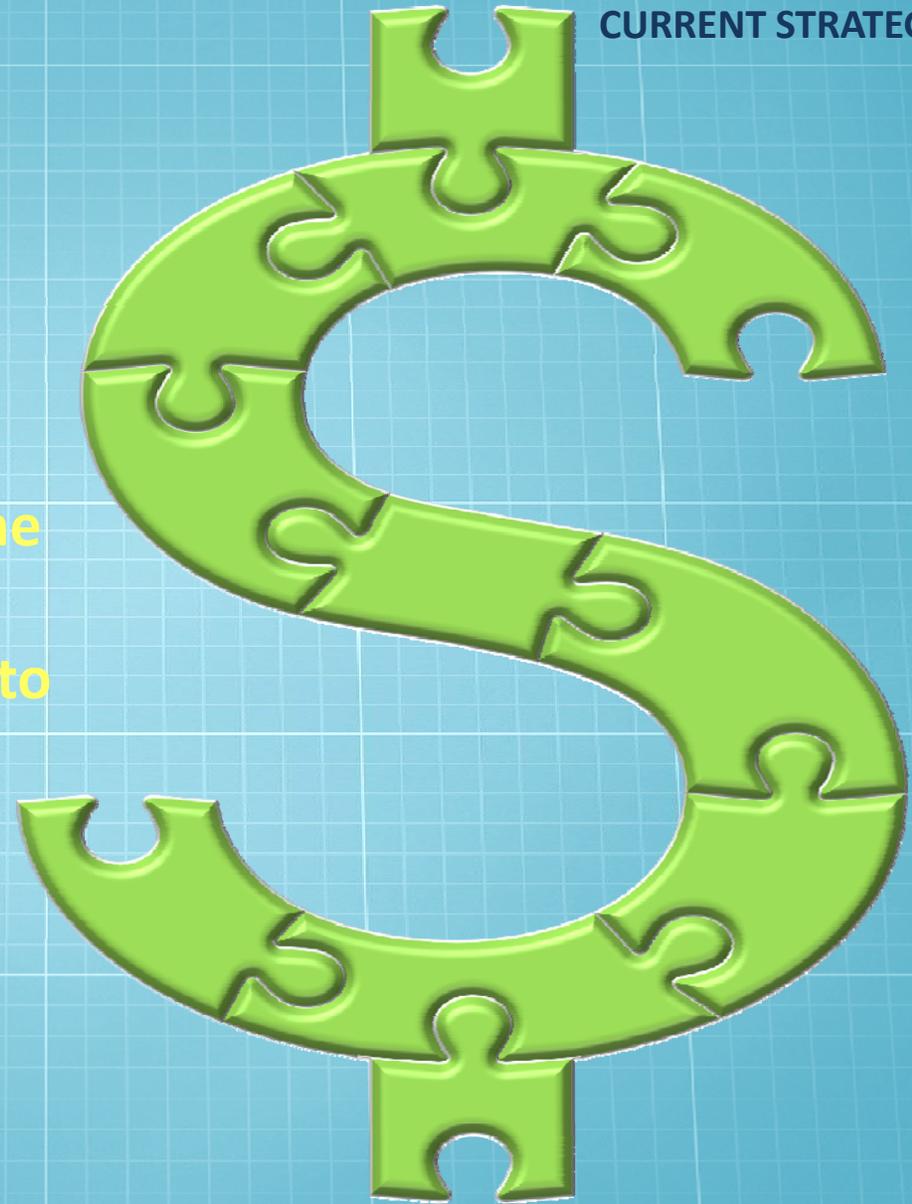
CURRENT STRATEGIES



DEFICIT SPENDING
(\$1,899,969)



All pieces of the
SOLUTION
reduce deficit to
(\$268,959)





BUDGET PROJECTIONS

BUDGET PROJECTIONS

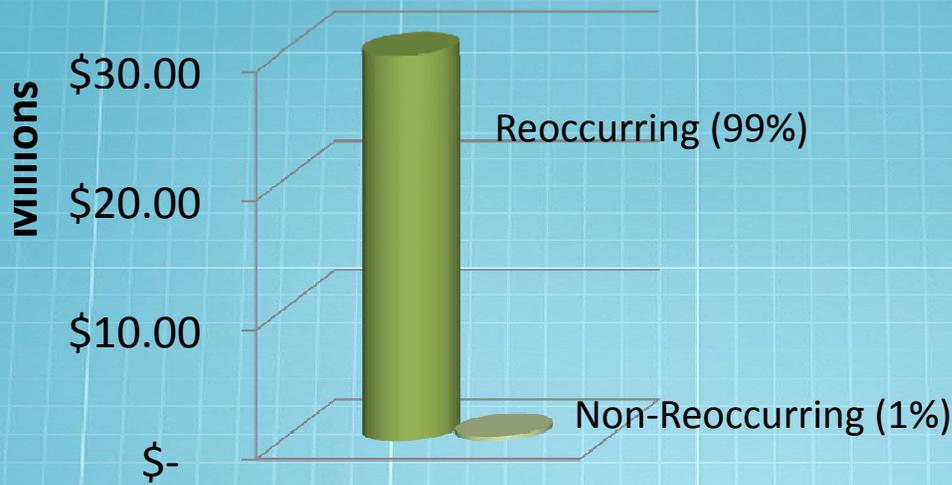


Revenues Over/(Under) Expenditures



BUDGET PROJECTIONS

FISCAL YEAR 2012-13



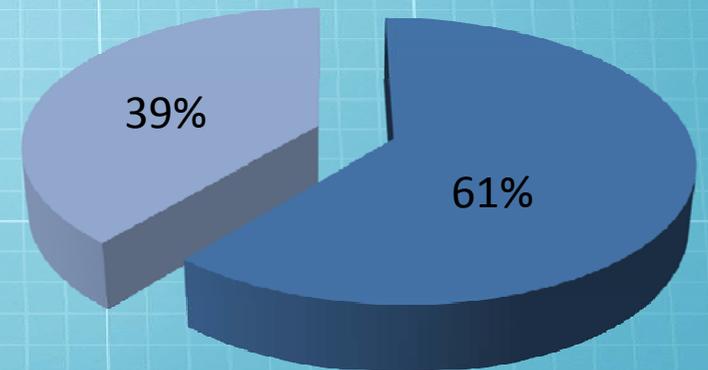
REVENUES \$30,178,560

Non-Reoccurring Revenues are Interest Earnings, Sale of Real Property, and Reimbursements

Non-Discretionary spending includes OCFA services, Animal Control, Post Employment Benefits, Utilities and other related costs

Discretionary spending includes Personnel, Materials, and Supply costs

EXPENDITURES \$30,447,519



■ Non-Discretionary ■ Discretionary



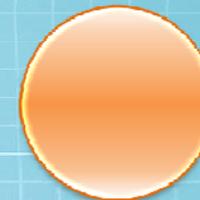
PROPOSED REDUCTION OPTIONS

FISCAL YEAR 2012-13

Cancel Summer Programs at Tynes Gym and Cathy Torrez Learning Center \$9,904



Budget Shortfall \$268,959



Shift Costs of Private Property Graffiti Removal \$100,000

Park Closures (Full and Partial) \$31,000



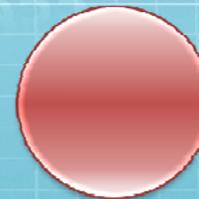
Employee Paid Member Contribution – PPOA \$120,000



Cancel Tynes Gym After School Program \$15,406



Use of Reserves





PRELIMINARY BUDGETS

NEXT STEPS

May 29th

Review and
Receive Direction
on Preliminary
Operating and
Capital Budgets

June 19th

Adoption of
Fiscal Year 2012-
13 Operating
Budget and
Capital
Improvement
Program





QUESTIONS AND ANSWERS