



Study Session Meeting Agenda March 25, 2014

Placentia City Council
Placentia City Council as Successor to the
Placentia Redevelopment Agency
Placentia Industrial Commercial
Development Authority

Scott W. Nelson
Mayor

Joseph V. Aguirre
Mayor Pro Tem

Constance M. Underhill
Council Member

Chad P. Wanke
Council Member

Jeremy B. Yamaguchi
Council Member

Patrick J. Melia
City Clerk

Craig S. Green
City Treasurer

Troy L. Butzlaff, ICMA-CM
City Administrator

Andrew V. Arczynski
City Attorney

City of Placentia
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Mission Statement

The City Council is committed to keeping Placentia a pleasant place by providing a safe family atmosphere, superior public services and policies that promote the highest standards of community life.

Vision Statement

The City of Placentia will maintain an open, honest, responsive and innovative government that delivers quality services in a fair and equitable manner while optimizing available resources.

Copies of all agenda materials are available for public review in the Office of the City Clerk, online at www.placentia.org, and at Placentia Library Reference Desk. Persons who have questions concerning any agenda item may call the City Clerk's Office, (714) 993-8231, to make inquiry concerning the nature of the item described on the agenda.

Procedures for Addressing the Council/Board Members

Any person who wishes to speak regarding an item on the agenda or on a subject within the City's jurisdiction during the "Oral Communications" portion of the agenda should fill out a "Speaker Request Form" and give it to the City Clerk BEFORE that portion of the agenda is called. Testimony for Public Hearings will only be taken at the time of the hearing. Any person who wishes to speak on a Public Hearing item should fill out a "Speaker Request Form" and give it to the City Clerk BEFORE the item is called.

The Council and Board members encourage free expression of all points of view. To allow all persons the opportunity to speak, please keep your remarks brief. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of an entire group. To encourage all views, the Council and Board discourage clapping, booing or shouts of approval or disagreement from the audience.

PLEASE SILENCE ALL PAGERS, CELL PHONES, AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL AND BOARD MEMBERS ARE IN SESSION.

Special Accommodations

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (714) 993-8231. Notification 48 hours prior to the meeting will generally enable City Staff to make reasonable arrangements to ensure accessibility.
(28 CFR 35.102.35.104 ADA Title II)

In compliance with California Government Code § 54957.5, any writings or documents provided to a majority of the City Council regarding any item on this agenda that are not exempt from disclosure under the Public Records Act will be made available for public inspection at the City Clerk's Office at City Hall, 401 East Chapman Avenue, Placentia, during normal business hours.

Study Sessions are open to the public and held in the City Council Chambers or City Hall Community Room. Executive Sessions are held in the Council Caucus Room. While the public may be in attendance during oral announcements preceding Executive Sessions, Executive Sessions are not open to the public.

**PLACENTIA CITY COUNCIL
PLACENTIA CITY COUNCIL AS SUCCESSOR TO THE
PLACENTIA REDEVELOPMENT AGENCY
PLACENTIA INDUSTRIAL COMMERCIAL DEVELOPMENT AUTHORITY
STUDY SESSION MEETING AGENDA
March 25, 2014
6:00 p.m. – City Council Chambers
401 E. Chapman Avenue, Placentia, CA**

CALL TO ORDER:

ROLL CALL: Councilmember/Board Member Underhill
Councilmember/Board Member Wanke
Councilmember/Board Member Yamaguchi
Mayor Pro Tem/Board Vice Chair Aguirre
Mayor/Board Chair Nelson

INVOCATION: Chief of Police Hicks

PLEDGE OF ALLEGIANCE:

ORAL COMMUNICATIONS:

At this time the public may address the City Council and Boards of Directors concerning any agenda item, which is not a public hearing item, or on matters within the jurisdiction of the City Council and Boards of Directors.

SS 1. Presentation and Discussion of Budget Stabilization Plan

CITY COUNCIL/BOARD MEMBERS REQUESTS:

Council/Board Members may make requests or ask questions of Staff. If a Council/Board Member would like to have formal action taken on a requested matter, it will be placed on a future Council or Board Agenda.

ADJOURNMENT:

The City Council/Successor Agency/ICDA Agency Board of Directors will adjourn to April 1, 2014 at 5:30 p.m.

CERTIFICATION OF POSTING

I, Tania Moreno, Deputy City Clerk for the City of Placentia and Assistant Secretary of the Industrial Commercial Development Authority and Successor Agency, hereby certify that the Agenda for the March 25, 2014 meetings of the City Council, Successor Agency, and Industrial Commercial Development Authority was posted on March 20, 2014.

Tania Moreno, Deputy City Clerk

Placentia City Council

Study Session

March 25, 2014

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- Revenue Enhancement - Increase in Landscape District Assessment Rate
- Revenue Enhancement - UUT Restoration
- Alternative Service Delivery - Contracting for Law Enforcement Services

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Appendices.....7

Budget Stabilization Briefing

City of Placentia
City Council Study Session

March 25, 2014



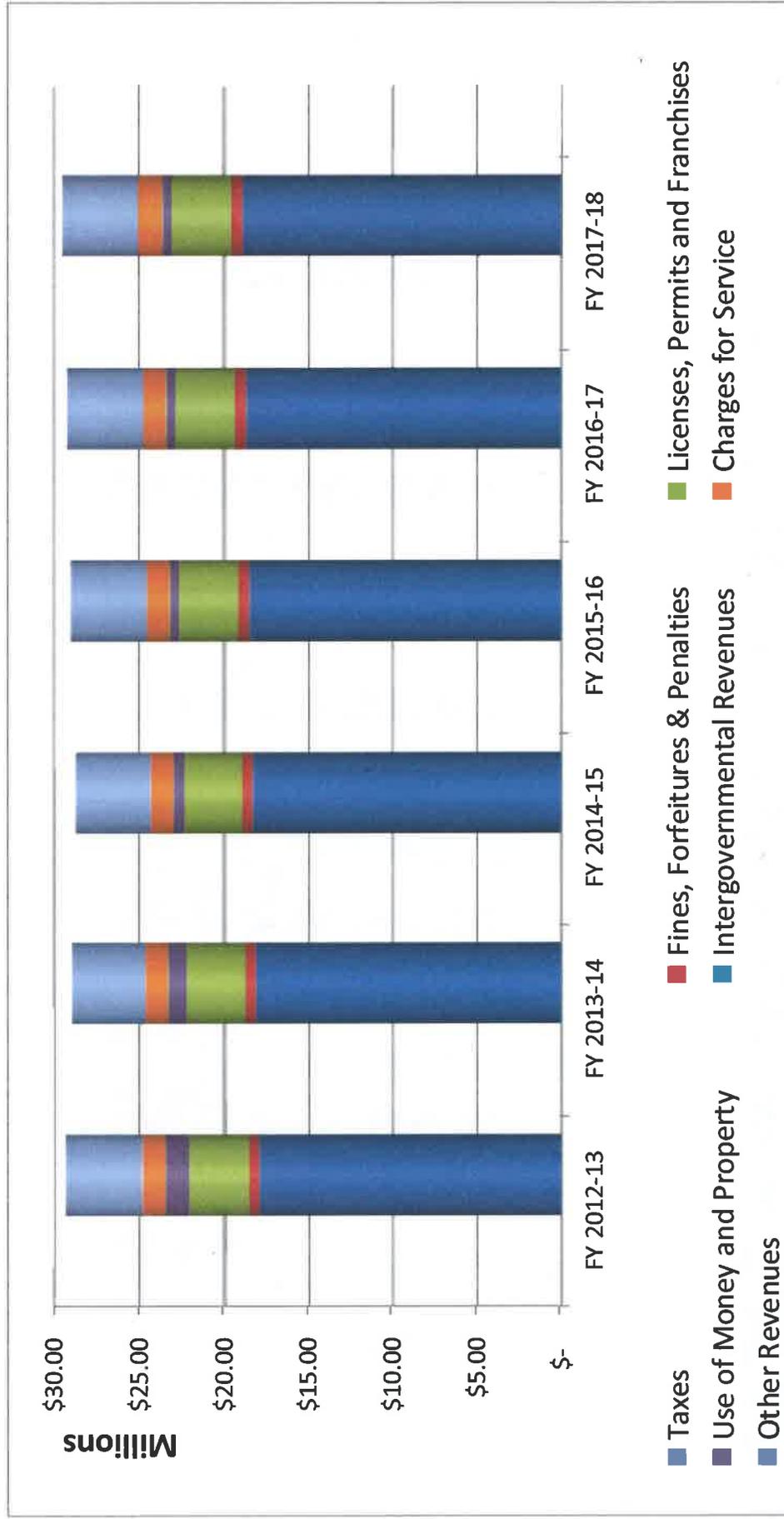
**Management
Partners**

Cathy Standiford, Partner

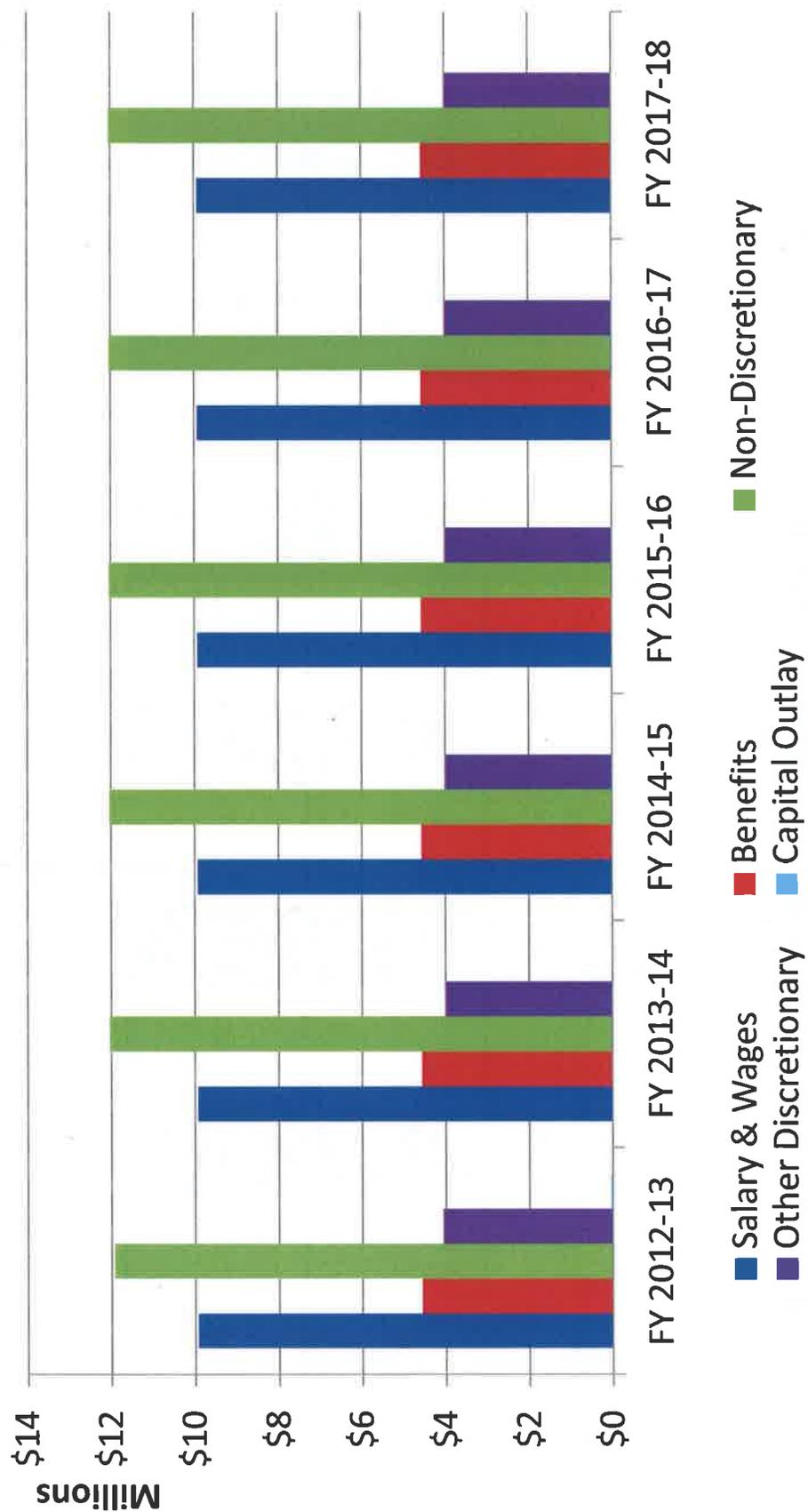
Financial and Organizational Observations

- Placentia's overall financial condition has not changed since May 2013
- The City organization is experiencing significant stress and fatigue

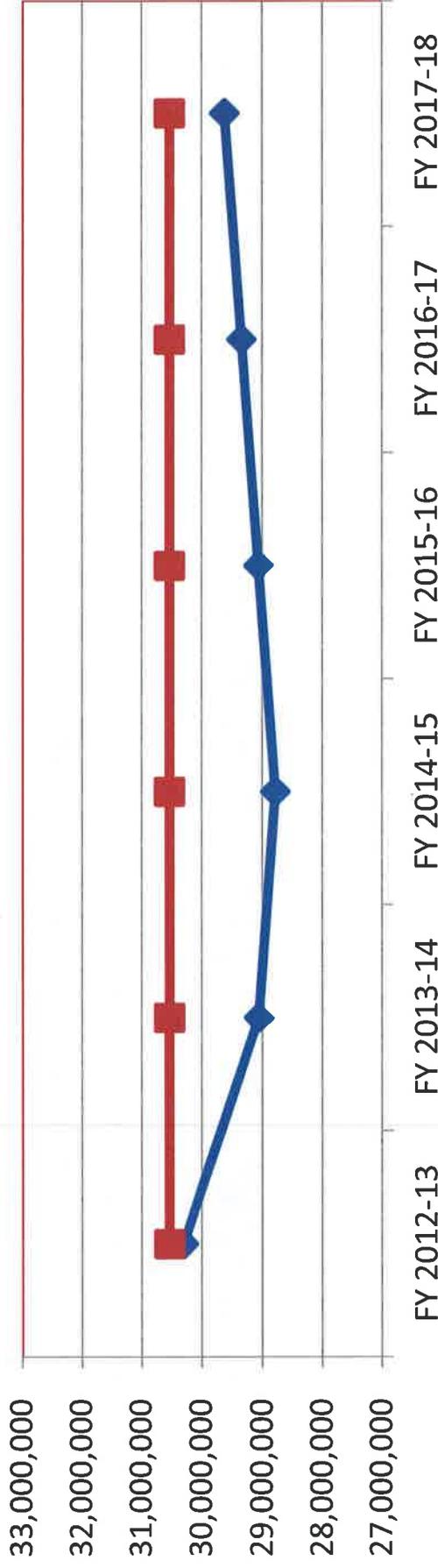
Revenue Projections (May 2013)



Expenditure Projections (May 2013)



Baseline Forecast (No Expenditure Increases)

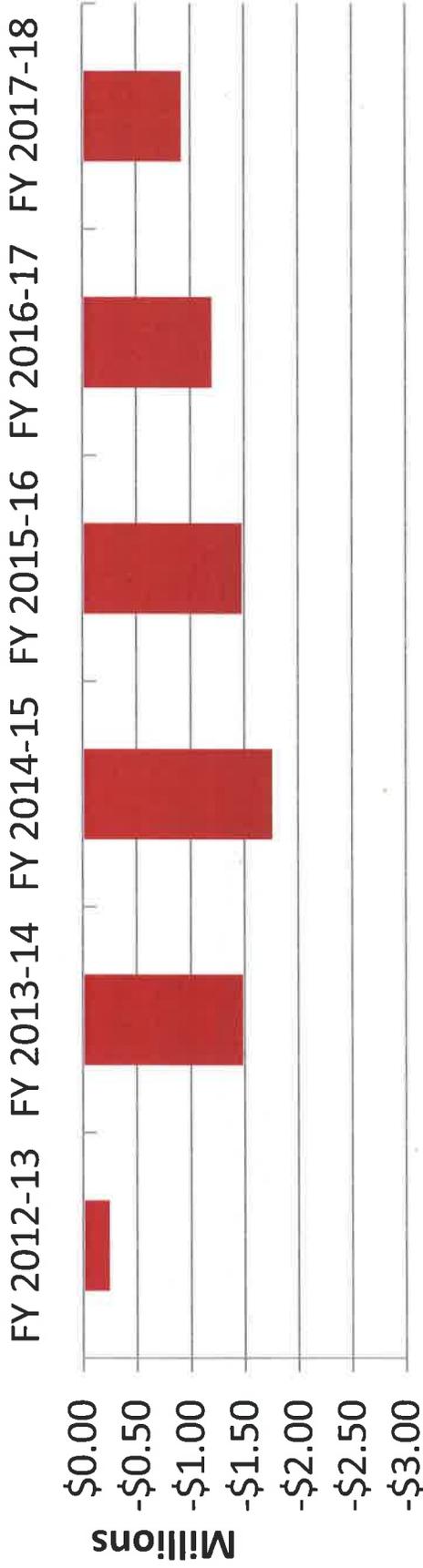


Assumptions

REVENUES	EXPENDITURES
Property and Sales Taxes increase by 1% annually	No COLA
Utility Users Taxes increase by 2% annually	No Benefits and Non-Discretionary increases
Fines, Forfeitures & Penalties increase by 3% annually	No Capital Outlay
Reduction in investment income	
No one-time revenues	
No new developments after FY 2013-14	



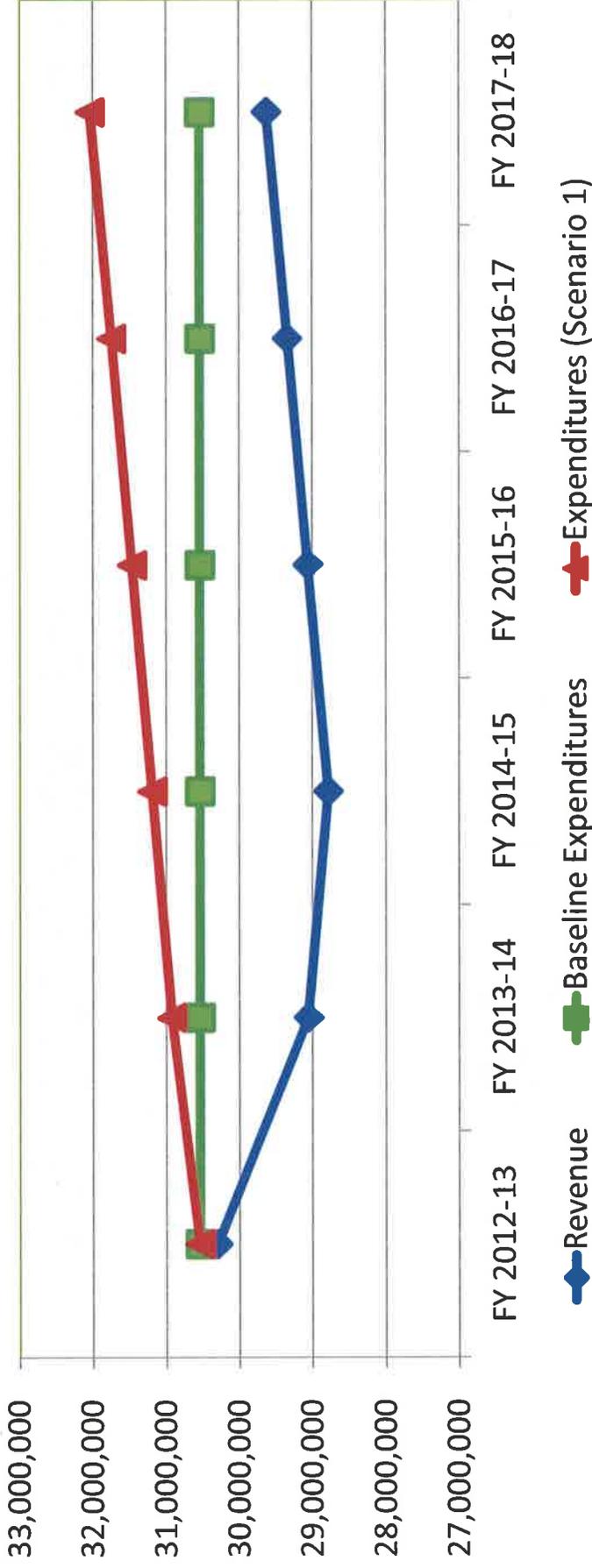
Baseline Forecast



Assumptions

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No one-time revenues	
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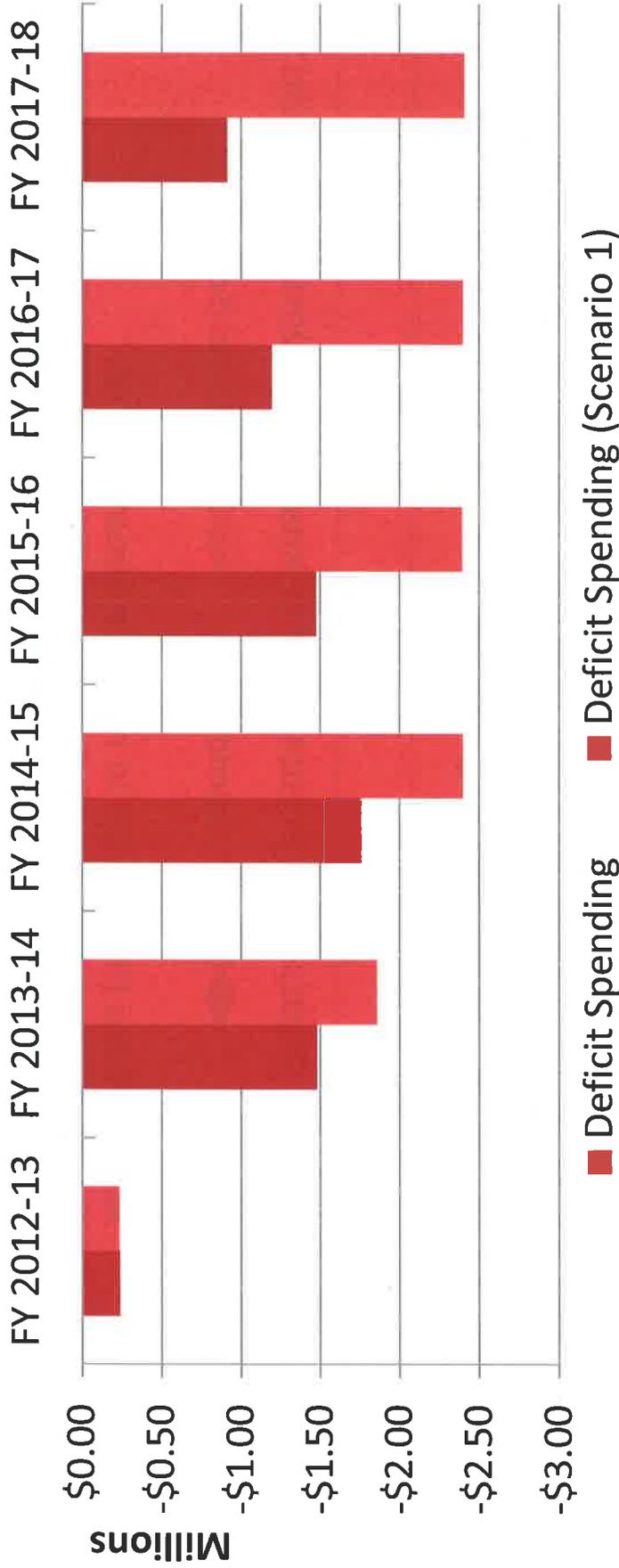
Scenario 1



Assumptions (no change in revenue assumptions)

EXPENDITURES (BASELINE)	EXPENDITURES (SCENARIO 1)
No COLA	No COLA
No Benefits and Non-Discretionary increase	Benefits and Non-Discretionary costs increase 3%
No Capital Outlay	No Capital Outlay

Scenario 1



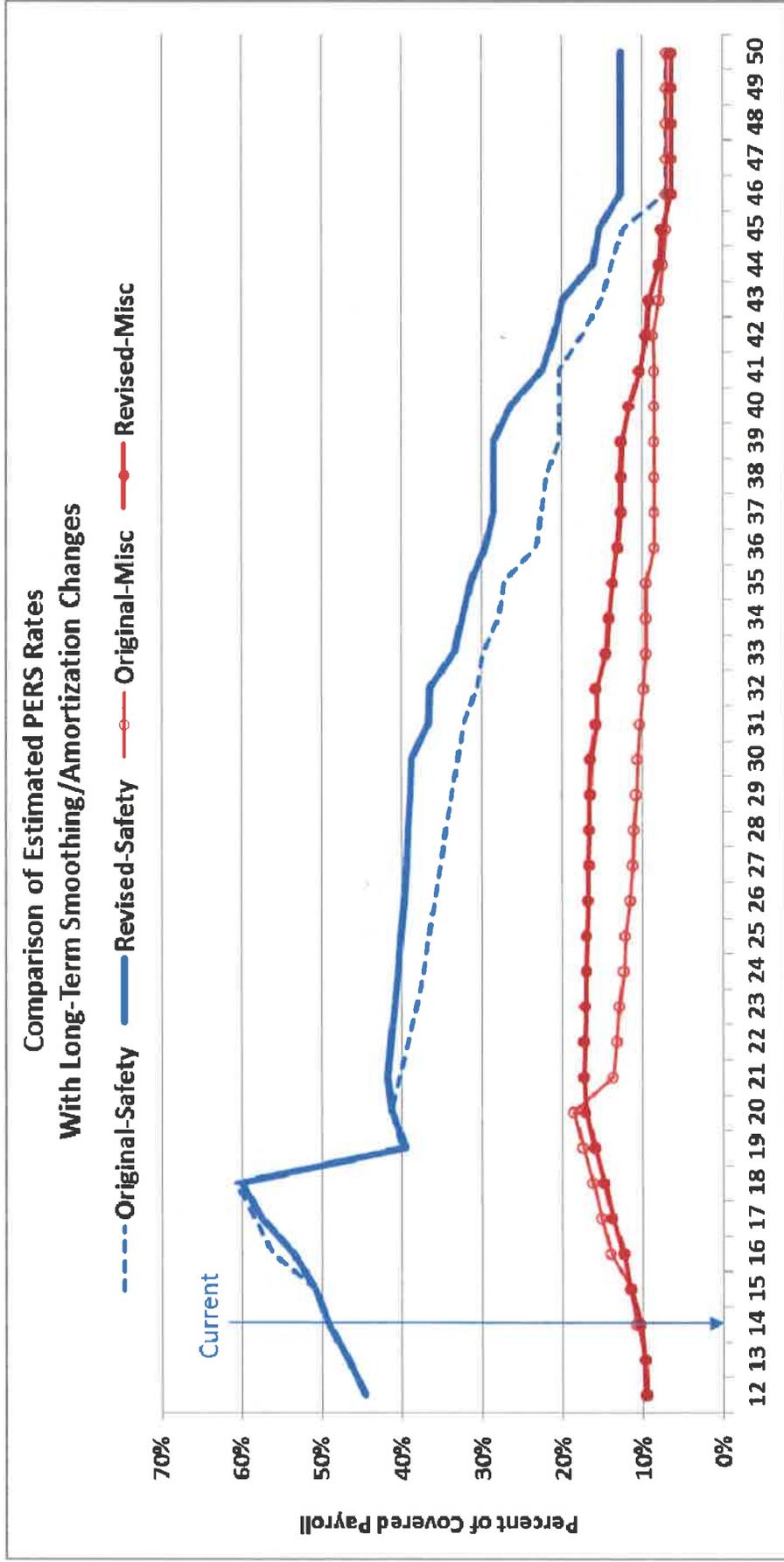
Assumptions (no change in revenue assumptions)

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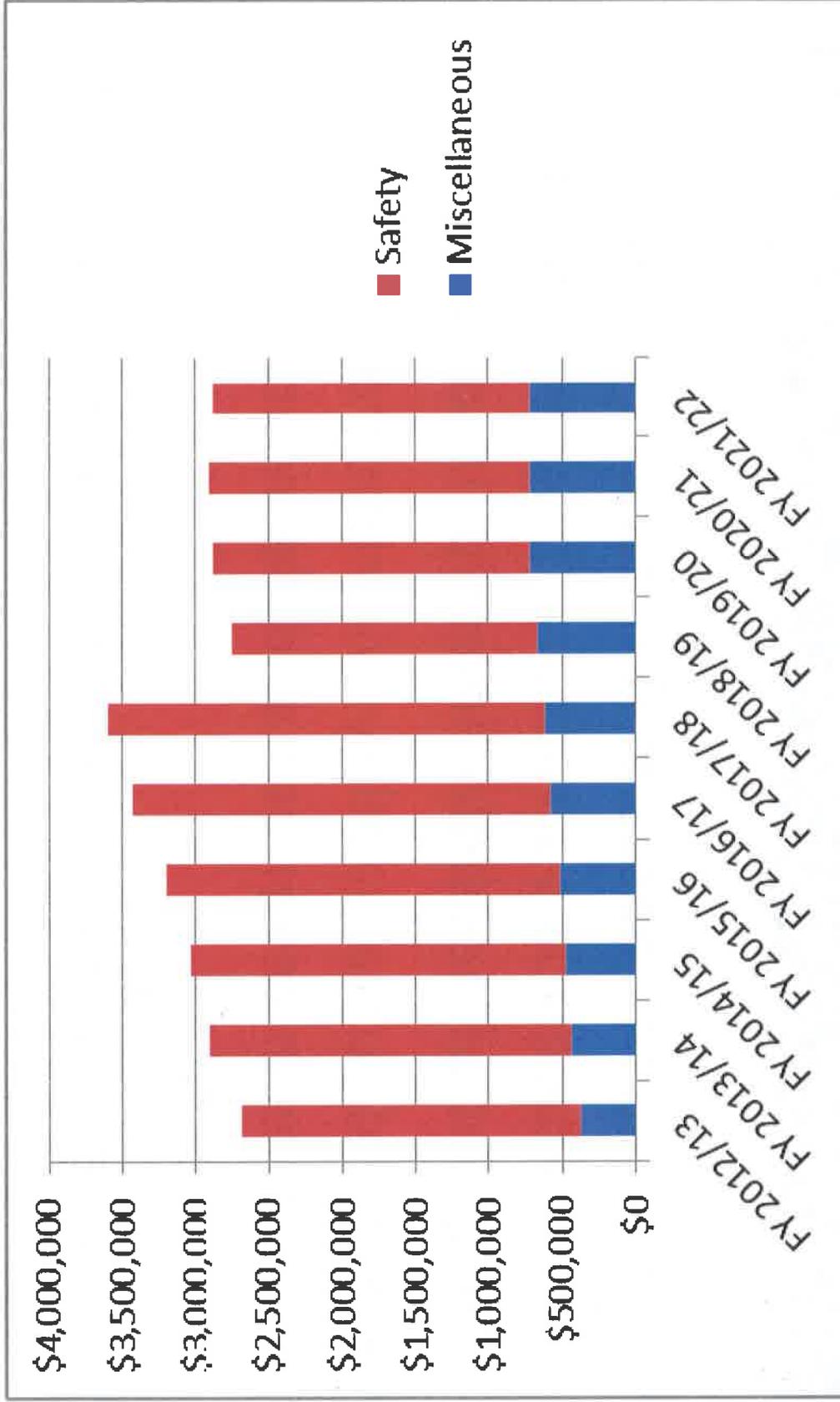
Additional Financial Observations

- Placentia's retirement rates and associated costs will increase substantially over the next 7 years
- Projections have been revised based on recent CalPERS Board actions

Revised PERS Rate Projections



General Fund Projected PERS Costs



Forecast Conclusions

- Projected increases in retirement costs will stress Placentia's structural budget deficit to the point of possible financial insolvency
- Financial sustainability will require both increases in revenues and decreases in expenditures
- Between \$3 million and \$5 million annually is needed

Budget Stabilization Options

- Compensation Changes
 - Already being worked on by the City
 - Subject to negotiation with employees
- Revenue Enhancements
- Alternative Service Delivery

Revenue Enhancements

- Ask voters to restore the Utility Users' Tax to 5% (\$1.2 million per year)
- Ask voters to increase local sales tax by $\frac{1}{2}$ of a cent (\$1.9 million per year)
- Ask voters to increase the Transient Occupancy Tax (1% increase equals about \$65,000 per year)

Additional Options

- Increase the assessments for landscaping and lighting districts to eliminate the current General Fund subsidy (\$415,000 per year)
- Adopt additional Citywide assessments
 - Fire Suppression and EMS (\$2 million per year)
 - Park Maintenance (\$911,400 per year)
 - Street Trees and Sidewalk Maintenance (\$875,000 per year)

Alternative Service Delivery Options

- Placentia is already contracting many services previously provided by City employees
 - Fire and emergency medical response
 - Animal control
 - Some recreation programming
 - Street sweeping
 - Refuse hauling
 - Graffiti removal
 - Park and median island maintenance

Alternative Service Delivery Options

- Contract for law enforcement services (\$4.3 million per year)
- Additional contracting of maintenance and other services (less than \$200,000 per year)

Alternative Service Delivery

- Potential annual savings needs to be verified by obtaining actual proposals from other government agencies and/or private sector
- Other factors
 - Leave cash outs to employees
 - Obligation to pay CalPERS for accrued and unfunded retirement liability
 - Start up costs

Final Thoughts

- Placentia has worked hard to live within its means over the last several years
- The easy options have already been implemented
- Stabilizing the budget will require difficult choices for the next several years
- Serious consideration should be given to both increasing revenues and contracting for law enforcement and other services

Questions?

Thank You



Cathy Standiford, Partner

MEMORANDUM

City of Placentia

TO: CITY COUNCIL
FROM: CITY ADMINISTRATOR
VIA: NEIGHBORHOOD SERVICES COORDINATOR
DATE: MARCH 25, 2014
SUBJECT: COMMUNITY WORKSHOPS: BUDGET STABILIZATION PLAN – SUMMARY OF THE THREE COMMUNITY WORKSHOPS

The City hosted three (3) community workshops regarding the Budget Stabilization Plan at the Backs Community Building, Whitten Community Center, and Golden Elementary. The following are comments and/or questions provided by the public.

Workshop Date: February 12, 2014
Participants: Approximately 130
Location: Backs Community Building

Comments/Questions:

- Re-zoning to attract businesses
- Advertisements on bus stops
- Negotiations with contractors
- Partner with non-profit organizations for services
- Strong support for police services
- Risks associated with contracting out services for the Police Department
- Expiration dates on revenue/tax increases
- Employee work week, 5 days vs. 4 days a week
- Conduct Community Workshops in multiple areas of the City
- Long term savings with contracting out police services
- Contracted services may be irreversible

Workshop Date: February 19, 2014
Participants: Approximately 30
Location: Whitten Community Center

Comments/Questions:

- Create assessment districts for police services/public safety
- Long-term fiscal planning
- Support of the billboards
- Support of landscape maintenance and lighting districts
- Opposed to raising taxes
- Shared police services with surrounding cities
- Impacts of the City declaring bankruptcy

- Support in outsourcing to the Orange County Sheriff's Department
- Impacts from the Affordable Health Care Act
- Concerns with raising sales tax, potential loss of businesses
- Concerns regarding keeping our current Police Officers if we were to contract out police services
- Importance in the relationship between the community and the Police Officers
- Estimated savings for outsourcing police services
- Will contracting out police services provide the same/or better services for less money?
- If police services are contracted out, what will happen with the current Police Officers
- Lack of services provided by the Orange County Sheriff's Department
- Strong support of Placentia police services
- Timeline to add a ballot measure for UUT and other tax increases
- Special funds for street and sewer maintenance
- Lack of savings from Outsourcing Police Services
- Raising Transient Occupancy Tax

Workshop Date: March 3, 2014
Participants: Approximately 40
Location: Golden Elementary School

Comments/Questions:

- What about the Placentia Metro Link Station?
- Assessments for Police and Fire Services
- Level of services with less pay (Police Services)
- What are the Police Departments Revenues?
- Restore 5% Utility Users Tax
- Placentia News Time article regarding Police Department's R.F.P.
- Consider EMT Services Subscription
- Raising Sales Tax to 1%
- Downtown Placentia Development (On-Trac)
- Implement Tax for Public Safety
- Gas Tax used for Emergency Services
- Contract out Administration?
- Strong Support for Police Department
- What will the level of service be by contracting out police services?
- Have we completed a cost allocation study?
- Budget enhancement
- What is the status of the Billboards and what are the projected revenues?
- Actual savings for contracting out Police services
- Difficulty with raising taxes
- City Council Benefits
- City Annual Budget with Police Services (increase)
- Landscaping enhancements
- Lack of public trust
- Election cost (General vs. Special)
- Temporary Tax Increase

- Building residential homes vs. businesses
- Hotel Development
- City-owned property development (Alta Vista & Rose)
- Number of employees for contracted police services vs. current police services
- Increased pension cost
- Limited contracting with Police Services
- Police Department connection with City Residents
- What about conducting raffles and special fundraising events?
- How will bankruptcy affect City services and residents?
- County of Orange declared Bankruptcy a few years ago.
- Negotiations with Contracts
- Comparison of Police Officer Salaries vs. Other cities/agency
- Back taxes on properties
- What if trash services were done every other week?

Attachments: Dot Process Results
 Online Responses

COMMUNITY WORKSHOPS - BUDGET STABILIZATION PLAN

Wednesday, February 12, 2014

Revenue Enhancement Options	No Support	Little Support	Moderate Support	Mostly Support	Absolute Support
Restore the Utility Users' Tax Rate to 5%	15	0	6	0	26
Increase the Assessment for Landscape Maintenance District	13	0	4	0	28
Increase the Assessment for the Street Lighting District	14	0	7	0	19
Create Additional Assessment Districts (e.g. park maint., fire suppression, street maint., street trees and sidewalks, etc.)	20	0	7	1	14
Increase the Local Sales Tax by One-half Cent	17	0	5	0	22

Additional Revenue Services	No Support	Little Support	Moderate Support	Mostly Support	Absolute Support
Create an assessment district for law enforcement services	17	0	5	0	19
Increase the local sales tax by 1 cent (1%)	23	0	1	1	25

Alternative Service Delivery Options	No Support	Little Support	Moderate Support	Mostly Support	Absolute Support
Issue a Request for Proposals to Determine the Exact Cost of Contracting Law Enforcement Services	30	0	2	0	31
Explore Options for Additional Contracting of Maintenance or Other Services	8	0	8	0	36

Wednesday, February 19, 2014

Revenue Enhancement Options	No Support	Moderate Support	Absolute Support
Restore the Utility Users' Tax Rate to 5%	1	0	23
Increase the Assessment for Landscape Maintenance District	1	5	25
Increase the Assessment for the Street Lighting District	1	2	21
Create Additional Assessment Districts (e.g. park maint., fire suppression, street maint., street trees and sidewalks, etc.)	2	1	18
Increase the Local Sales Tax by One-half Cent	4	1	18

Alternate Services	No Support	Moderate Support	Absolute Support
Issue a Request for Proposals to Determine the Exact Cost of Contracting Law Enforcement Services	13	0	11
Explore Options for Additional Contracting of Maintenance or Other Services	5	2	15

Monday, March 3, 2014

Revenue Enhancement Options			
	No Support	Moderate Support	Absolute Support
Restore the Utility Users' Tax Rate to 5%	1	2	15
Increase the Assessment for Landscape Maintenance District	1	1	22
Increase the Assessment for the Street Lighting District	1	0	19
Create Additional Assessment Districts (e.g. park maint., fire suppression, street maint., street trees and sidewalks, etc.)	1	5	13
Increase the Local Sales Tax by One-half Cent	5	1	16

Additional Revenue Services			
	No Support	Moderate Support	Absolute Support
Increase Sales Tax by 1 cent	10	5	10
Increase Transient Occupancy Tax	1	5	13
Dedicated Tax for Public Safety	1	0	15

Alternate Services			
	No Support	Moderate Support	Absolute Support
Issue a Request for Proposals to Determine the Exact Cost of Contracting Law Enforcement Services	15	1	5
Explore Options for Additional Contracting of Maintenance or Other Services	0	11	9

Alternate Services			
	No Support	Moderate Support	Absolute Support
Contract Portions of police services (dispatch)	7	3	1

Community Workshop - Budget Stabilization Plan Online Responses

Name	Comment
M. Padilla	I think that the police department should be out sourced to the Orange County Sheriffs Department. They already service the unincorporated areas. I think it is possible that they might do a better job of servicing the community as well as cut our current police expenses.
M. Haynes	I have owned my home in Placentia for 30 years. The answer is real simple: LIVE WITHIN YOUR MEANS. Period. No new taxes...reduce or eliminate expenditures however you need to in order to spend slightly less than you take in. Save the excess for a rainy day and/or extraordinary, unexpected expenses. Outsource the Police Department...all employees pay their share of retirement and health benefits, just like in the private sector. Eliminate ALL unnecessary "nice to haves". Consolidate with neighbors when/where needed. Thank you. Martyn T. Haynes
D. Moore	Dear City Council, These are my comments about your financial situation. First of all, you wouldn't be in this situation, if you hadn't been so dumb as to have borrowed the money to increase the pension benefits for the police officers to 3 @ 50. That's what is killing our city. So, I vote for contracting out the police to save money. NO NEW SALES TAXES, NO NEW UTILITY TAXES, NO NEW ASSESSMENT DISTRICTS. The citizens of Placentia shouldn't have to pay for your foolish mistakes. Also, you'll never get new businesses, that would generate tax revenue, to ever come here as long as you have that "awful" downtown district and that "low-life" shopping center on Chapman Avenue. It makes us look like a 3rd world country. Get rid of all of that, and maybe some decent stores and restaurants will come in.
G. Lama	As a 30 year employee of city government, a PERS retiree, and a Placentia resident for 35 years I am both understanding of and sympathetic for the difficult choices that face our wonderful city. After reading the Management Partners report I am writing to add support for some of their recommendations. Warranted they may be, the costs for safety employees have become unsustainable. It is not unreasonable for the police officers to pay a portion of their pension costs. As such, I support recommendation number 7 of the MP report suggesting the officers and police department managers pay the employees portion of their pension costs. Further, as in the MP recommendation 11, the FLSA method of calculating overtime should be adopted. For much of my career I paid my employee portion, and worked overtime at straight time. Turing the clock back is sometimes warranted. I am not yet ready to request proposals for police services from other agencies. However, if no cooperation from our police personnel is attained as outlined above, the time will come where my support for our officers will be greatly diminished and contracting out will be our only alternative. I supported the PD in their last public campaign. We now need them to support our community. Further, I am also strongly in favor of the reinstatement of the 5% utility users tax. The MP estimate of \$3.60 a year per household is a very reasonable solution for our financial quandary. Another point off the current subject, I am very much against the proposed electronic billboards along the freeway.

D. Rivenburg

I support the city looking into contracting for law enforcement services through another city or the county in order to reduce operating expenses from the General Fund. Please look into this. Thank you, Deniene Husted Rivenburg

FIVE YEAR FISCAL FORECAST*

Probability Analysis

Best Case Scenario	Probability: Low					
	Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Revenue		\$30,429,745	\$28,788,947	\$29,068,320	\$29,347,033	\$29,629,411
Expenditures		\$31,089,745	\$30,399,130	\$30,262,836	\$30,123,134	\$29,979,941
Deficit Spending		(\$660,000)	(\$1,610,183)	(\$1,194,516)	(\$776,101)	(\$350,530)
Fund Balance Reserves		\$1,385,351	\$725,351	(\$884,832)	(\$2,079,349)	(\$2,855,449)
Remaining Reserves		\$725,351	(\$884,832)	(\$2,079,349)	(\$2,855,449)	(\$3,205,979)

Assumptions: No COLA; No Capital Outlay from General Fund; Employees pay 100% of pension costs; and 5% increase in health benefits.

Target Scenario	Probability: Moderate/High					
	Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Revenue		\$30,429,745	\$28,788,947	\$29,068,320	\$29,347,033	\$29,629,411
Expenditures		\$31,089,745	\$31,187,421	\$31,462,102	\$31,745,024	\$32,036,434
Deficit Spending		(\$660,000)	(\$2,398,474)	(\$2,393,782)	(\$2,397,991)	(\$2,407,023)
Fund Balance Reserves		\$1,385,351	\$725,351	(\$1,673,123)	(\$4,066,906)	(\$6,464,896)
Remaining Reserves		\$725,351	(\$1,673,123)	(\$4,066,906)	(\$6,464,896)	(\$8,871,919)

Assumptions: 2% COLA; Employees pay 100% of pension costs and 50% of Normal Costs; 5% increase in health benefits (net 2.5% to City); and \$410,000 capital outlay commitment from General Fund beginning FY 2015-16

Worst Case Scenario	Probability: Moderate					
	Fiscal Year	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Revenue		30,429,745	28,788,947	29,068,320	29,347,033	29,629,411
Expenditures		31,089,745	31,092,907	31,828,405	32,161,036	32,500,959
Deficit Spending		(660,000)	(2,303,960)	(2,760,085)	(2,814,003)	(2,871,548)
Fund Balance Reserves		1,385,351	725,351	(1,578,609)	(4,338,695)	(7,152,697)
Remaining Reserves		725,351	(1,578,609)	(4,338,695)	(7,152,697)	(10,024,245)

Assumptions: 2% COLA; Employees pay 100% of pension costs; 5% increase in health benefits (net 2.5% to City); and \$410,000 capital outlay commitment from General Fund beginning FY 2015-16

* The Five Year Fiscal Forecast is based on data prepared by Management Partners and updated by City Staff to reflect actual current year deficit projection.

Long-Term Financial Liabilities

<u>Debt (projected as of 6/30/2014)</u>	<u>Outstanding</u>	<u>Maturity</u>	<u>Source of</u>
<u>Issuance</u>	<u>Balance</u>	<u>Date</u>	<u>Funds</u>
2003 COP	\$4,925,000	1/1/2028	12.48% GF / 87.52% S.A.
2009 Lease Revenue Bond	\$3,915,000	6/1/2019	General Fund
2011 Gas Tax Bond	\$5,355,000	6/1/2031	Gas Tax Fund
2013 TARB	\$13,120,000	8/1/2032	Tax Increment
2001 CFD Special Tax Bonds	\$3,510,000	9/1/2015	Property Assessment
2009 CFD Special Tax Bonds	\$2,890,000	9/1/2015	Property Assessment
Capital Leases	\$500,142	Varies	CFD Surplus Fund
OCTA Measure M Advance	\$3,928,622	3/1/2028	Measure M Fund

Compensated Absences (All Employees)

Accrued PTO, Vacation, FSLA, Sick Time: \$3,395,862 (as of 6/30/2013)

Claims Payable

Workers' Comp and General Liability Claims: \$2,954,095 (as of 6/30/2013)

Pension (as of 6/30/2013)

	<u>Annual Retirement</u>	<u>Unfunded</u>	<u>Funded Ratio</u>
	<u>Contribution</u>	<u>Liability</u>	
Public Safety:	\$2,218,234	\$13,289,033	80.5%
Miscellaneous:	\$510,898	\$3,703,617	91.5%

Retiree Medical (as of 6/30/2013)

	<u>Actuarial Accrued</u>	<u>Total</u>	<u>Annual Required</u>
	<u>Liability</u>	<u>Participants</u>	<u>Contribution</u>
Active:	\$6,275,923	115	\$1,437,604
Retirees:	\$18,312,880	104	

Streets (Source: Pavement Management Program Update dated March 2014)

	<u>Residential</u>	<u>Arterial</u>	
Average Annual Cost:	\$1,800,694	\$1,203,700	<i>Projected costs over the next 7 years to maintain an average Pavement Condition Index of 73 for Residential and 62 for Arterial Streets.</i>
Average Deferred Cost:	\$8,996,816	\$15,551,520	
Seven Year Total:	\$12,604,861	\$8,425,902	

Facilities (Source: Facility Condition Assessment Report dated July 2012)

Deferred Backlog:	\$3,100,000	
Critical Maintenance:	\$1,300,000	<i>(Must be performed in the next 12-36 months)</i>
Average Annual Funding Commitment Over Next Five Years:	<u>Low</u>	<u>High</u>
	\$325,297	\$813,362

Equipment

\$1,546,990 in console, radio equipment and infrastructure costs for 800 MHz Radio Replacement due over the next four fiscal years (Source: County of Orange)

\$2,315,500 to replace all vehicles and equipment past due. Average capital expense over next five years is \$216,000. (Source: City of Anaheim Fleet Analysis Report November 2013)

BUDGET STABILIZATION PROPOSAL

- CATEGORY:** Revenue Enhancement through Assessment Districts
- TYPE:** Landscape Maintenance: Represents 11% of City (2,556 parcels), majority of the district is in the southern and eastern portion of the City, near Alta Vista Street, Kraemer Boulevard, Orangethorpe Avenue, Richfield Road, and includes Champion Sports Complex. LMD includes: utilities, signage, landscape maintenance, replacement of plant material, supplies, personnel, and other necessary contract services
- APPROVAL REQUIRED:** Property Owners Within District Vote – Submitted Votes / Majority Approval Vote Required
- POTENTIAL REVENUE GENERATED ANNUALLY:** Landscape Maintenance District - \$170,000-\$200,000
- POTENTIAL COST TO RESIDENT:** Current maximum rate per assessment unit established for the District is \$154.87. Proposed new assessment is an additional \$64.00 to \$100.00 per property located within the district, per year. Also included in new assessment is an annual CPI Index adjustment, so LMD will match future utility increases.
- POTENTIAL COST TO IMPLEMENT:** \$45,000 - \$50,000 for preparation of Engineer's Report, Educational Outreach, and mail-in ballot process, re-coupe engineering costs through assessment
- IMPORTANT DATES:**
- | | |
|--|--------------------|
| Resolution initiating ballot proceeding | April 2014 |
| Resolution intent; approve Engineer's Report | May 2014 |
| Proposition 218 ballot proceeding (45 days) | May-June 2014 |
| Community Outreach/Campaign | May-July 2014 |
| Public hearing; ballot tabulation; levy assessment | July 2014 |
| Submit assessment levies to County Auditor | August 10, 2014 |
| New assessment initiated | 2014/2015 Tax Roll |
- KEY ISSUES/QUESTIONS:** LMD does not meet needs of the district and operates in an approximate \$170,000 deficit absorbed through the general fund
Current LMD has no escalating abilities
No current reserves for any capital improvements
Services may require cutbacks in maintenance and utilities
Utility cost increases

ALTERNATIVES:

General fund continues to absorb deficit/capital improvements continue to be deferred
Reduced service levels to correspond with revenues being generated
Repairs/Capital Improvements to landscaping facilities and vegetation may not occur
Expand existing or new LMD district citywide and incorporate other services
Create Citywide Street Lighting District
Create Public Safety Assessment District

OTHER CONSIDERATIONS:

Vote is weighted by property ownership
Mello-Roos expiring in several neighborhoods, impact to some property owners will be offset
Reserves will allow for capital improvements to lower utility costs and increase efficiency as well as set aside capital improvement funds for infrastructure
LMD costs will continue to rise requiring more general fund contribution

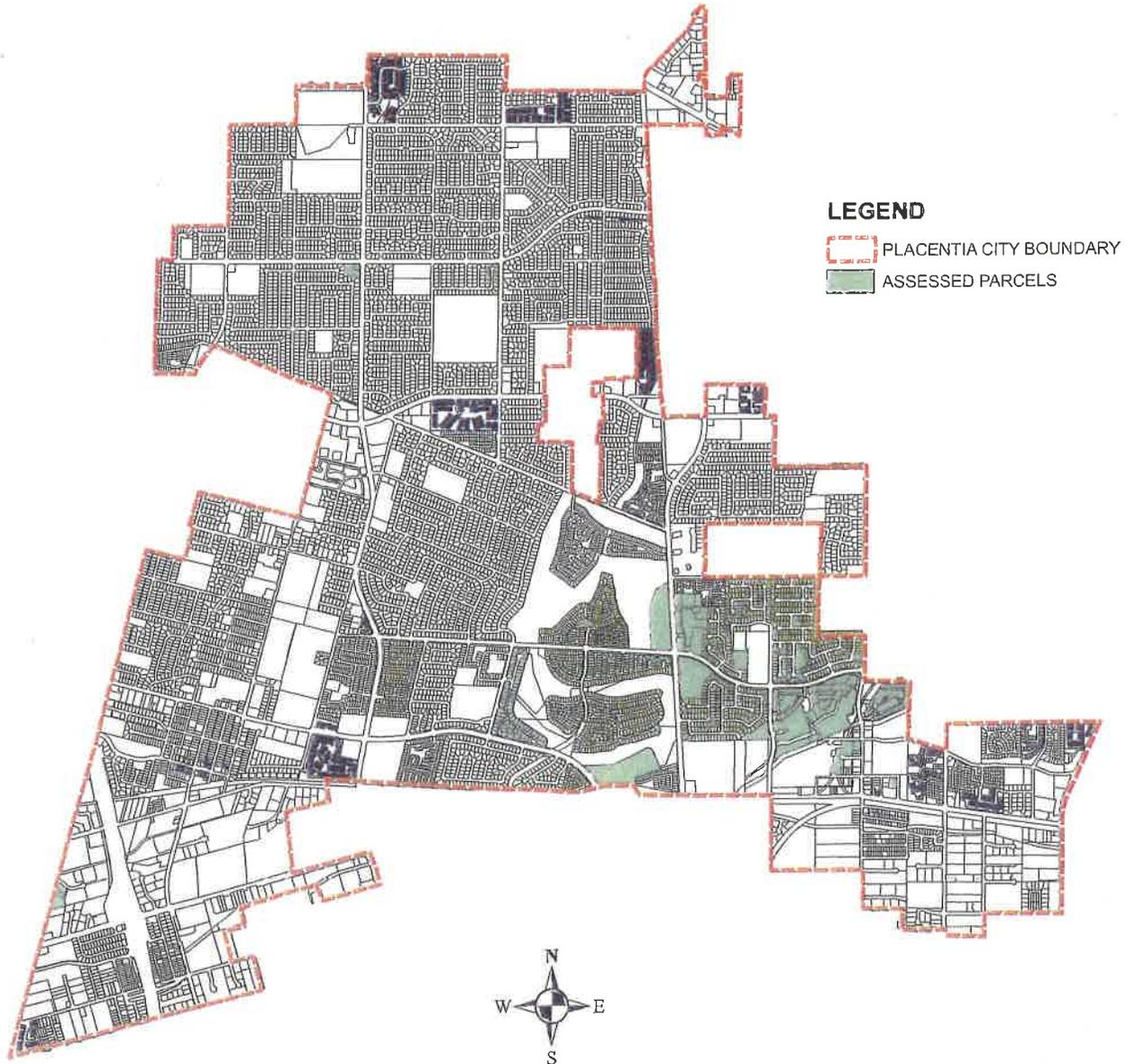
POTENTIAL NEXT STEPS :

April 15, 2014, City Council Meeting to initiate ballot proceeding and award of contract to engineering firm for ballot proceeding process
Evaluate opportunities for Citywide LMD, Street Lighting, and Public Safety Assessment Districts

ASSESSMENT DIAGRAM

LANDSCAPE MAINTENANCE DISTRICT NO. 92-1

CITY OF PLACENTIA
COUNTY OF ORANGE
STATE OF CALIFORNIA



BUDGET STABILIZATION PROPOSAL

CATEGORY:	Revenue Enhancement	
TYPE:	Restoration of Utility User Tax to 5% (increase of 1.5%)	
APPROVAL REQUIRED:	Voter Approval -- Majority Vote Required	
POTENTIAL REVENUE GENERATED ANNUALLY:	\$1.2 Million (\$400K per 0.5% increase)	
POTENTIAL COST TO RESIDENT:	Additional \$77.00 to \$103.00 per household, per year.	
POTENTIAL COST TO IMPLEMENT:	\$25,000 for Public Opinion Survey \$15,000 to \$20,000 for Educational Campaign	
IMPORTANT DATES:	6/17	Last Day for Council to Adopt Resolution Calling for Election
	6/27	Election Official to Publish Notice of Election – Measure(s)- suggested date
	6/30	Last Day to File Arguments & Impartial Analyses
	7/10	Last Day to File Rebuttal Arguments
	11/4	Election Day
	12/2	Certification of Election Results
	1/2015	Notification to Residents
	2/2015	Implementation of Increase
KEY ISSUES/QUESTIONS:	*UUT Increases are difficult to pass – Less than 50% approval of UUT measures since 2001 (State-wide) *National “anti-tax” group working to eliminate UUT’s State-wide. *Where does money go? *Didn’t Measure W increase our UUT? If not, what was it for? *What does UUT include? *Vote required—simple majority	
ALTERNATIVES:	UUT Alternative 7% to sunset at 5% Increase to 7% for 3-5 years with sunset clause returning to 5%. Assists in addressing short-term/immediate financial issues while other cost savings/revenue implementation programs are developed. *Would residents be willing to pay a higher %, i.e. 7% for a short period of time? *Concept could include increasing to 6 or 7%	

until PERS adjustment occurs in 2017-18 and then reducing back to original 5% (or even 3.5%) depending upon other revenue increases that may have occurred.

Parcel Tax for general or specific purpose-If general, simple majority. Specific purpose -2/3 required. At a rate of \$175 per residence, a total of approximately \$2.2 million dollars would be collected. Opportunity to consider for Public Safety purposes allowing community to determine where their tax dollars are utilized.

Sales Tax increase for general or specific use (simple majority or 2/3 respectively). \$0.5 cent increase would generate approximately \$1.9 million. Concern-may impact businesses especially higher priced items such as car sales, appliances, etc. Total Sales and Use Tax for 2012-13 was \$5.6 million.

OTHER CONSIDERATIONS:

Public sentiment regarding increasing taxes
Community interest in "paying" for specific services, i.e. local policing model.
Developing and maintaining trust from the community will be important
May need to market with other cost containment/control measures.

POTENTIAL NEXT STEPS:

Consider which revenue enhancements would be brought forward for review with/and consider in Citizen Survey.

Seek City Council direction to obtain additional detailed information.

City of Placentia UUT Projection

UUT Rate	Actual			Budget	Projection
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
3.5%	2,696,550.36	2,765,755.56	2,851,290.38	2,863,211.13	2,909,676.00
4.0%					3,309,676.00
4.5%					3,709,676.00
5.0%					4,109,676.00
5.5%					4,509,676.00
6.0%					4,909,676.00
6.5%					5,309,676.00
7.0%					5,709,676.00

UUT Rate	UUT Cost Per Household		UUT Cost Per Household
	Monthly	Annually	Annually
3.5%	\$15.00-\$20.00	\$180.00-\$240.00	
4.0%	\$17.14-\$22.86	\$205.68-\$274.32	
4.5%	\$19.28-\$25.72	\$231.36-\$308.64	
5.0%	\$21.42-\$28.58	\$257.04-\$342.96	
5.5%	\$23.56-\$31.44	\$282.72-\$377.28	
6.0%	\$25.70-\$34.30	\$308.40-\$411.60	
6.5%	\$27.84-\$37.16	\$334.08-\$445.92	
7.0%	\$29.98-\$40.02	\$359.76-\$480.24	

*Each 0.5% increase in UUT is \$400,000 to the City

*Each 0.5% increase in UUT cost is \$25.72-\$34.30 per household annually

*Implementation: If approved 11/04/2014 would go into effect in January or February of 2015

BUDGET STABILIZATION PROPOSAL

CATEGORY:	Alternative Service Delivery
TYPE:	Outsource Police Department—Contract with Sheriff's Department
APPROVAL REQUIRED:	City Council Approval
POTENTIAL SAVINGS ANNUALLY:	Estimated \$4.3 Million over current budget (Source: Management Partners)
POTENTIAL COST TO RESIDENT:	N/A
POTENTIAL COST TO IMPLEMENT:	No Charge for "Informal Proposal" from Sheriff. \$75,000 cost for a formal proposal. CalPERS Exit Costs (To be Determined) Sick Leave/Paid Time Off (PTO) Buyout (\$2.2 Million Liability. Payout may be amortized over time) Startup Costs (To be Determined)
IMPORTANT DATES:	July 1, 2016 Employer Rate for Public Safety Plan increases to 57.4% of Payroll (Currently at 49.1% of Payroll) January 1, 2017 Deadline to purchase consoles for 800 MHz system (\$375,537) July 1, 2017 Final 800 MHz Backbone Payment Due to County (\$398,594)
KEY ISSUES/QUESTIONS:	What are the benefits/disadvantages of contracting for law enforcement services? How will contracted services compare to existing Police Department? What will happen to existing staff? What are the indirect cost savings from contracting out for law enforcement? How long will it take to realize cost savings? What will happen with the City's current equipment and facilities? How long to transition from City services to contracted services? How will Placentia maintain local control over police services? Will the City be liable for future claims and litigation if it contracts for law enforcement services? How much of the 800MHz system conversion can be avoided or will be included in the contract costs? How will contract costs be contained; will there be future potential cost escalators? Who handles labor relations if the City contracts for law enforcement services? How would the City return to locally provided law enforcement services if contract efforts are unsatisfactory? What happens to existing revenues, including asset forfeiture funds, if the City contracts with another agency for law enforcement services?

ALTERNATIVES:

Maintain Police Department, but achieve cost savings through efficiency measures such as utilizing VIPs as crossing guards, part-time staff as permitted by law to supplement existing personnel, and service consolidation or contracts with third party providers or another public agency
Achieve further cost savings through labor negotiations

OTHER CONSIDERATIONS:

Possibility of a Regional Policing Authority
Directly contracting with an adjoining city for law enforcement services

POTENTIAL NEXT STEPS:

Council to adopt resolution requesting CalPERS to provide cost information on terminating Public Safety Plan
Council to request informal proposal from Orange County Sheriff's Department
Staff to present City Council a revised estimate of savings based on information gathered

City of Placentia

Current Contracts and Partnerships

Contracted Services:

- Administration/HR
 - Information Technology
 - Medical Examinations
 - Psychological Examinations
- Public Works
 - Street Sweeping
 - Trash Collection
 - Tree Trimming
 - Sewer Maintenance
 - Landscape Maintenance
 - Mowing
 - Basic Landscaping
 - Graffiti Removal
 - Storm Water/NPDES Programs/FOG(Fats,Oils,Grease)
 - Mechanical Systems
 - HVAC
 - Security
 - Pest Control
 - Vehicle/Fleet Maintenance
 - Leave Vehicles
- Community Services/Parks & Recreation
 - Contract Recreation Class Instructors
 - Youth Sports – Non-Profit Organizations
 - Partnerships with other agencies
- City Engineer
 - Traffic
 - Development
- Building and Development Services
 - Chief Building Official
 - Development Services Coordinator
 - Planning Services
 - Building Inspection
 - Public Works Inspection
 - Reduced contracts & service levels
- Police
 - Court Liaison Services with City of La Habra
 - Parking Cite collection
 - False Alarm monitoring & collections
 - Training Management
 - Crossing Guards
 - CAD-RMS Maintenance (PSSI)
 - Canine Foundation

Partnerships with other entities:

- Emergency Preparedness & Response – CERT, Training – County Operational Area
- North Orange County Task Forces
 - SWAT Partnership
 - DUI
 - Traffic Accident Investigations
- Neighborhood Services/Direct Services
 - Friendly Center
 - St Jude Heritage
 - Community Action Partnership
 - Various Service Groups and Non Profits
- PYLUSD Joint Use Agreement
 - Field Use
 - SRO Reimbursement
- Police Department
 - Volunteers on Police
 - Explorers
 - IMPACT Program – Major Accident/Incident Investigation
 - OCATT
 - DEA
- Public Safety
 - OCFA – Orange County Fire Authority
 - Orange County Animal Care Services

Tri City Park – Now maintained by the County