



Council Agenda Report

Meeting Date: June 3, 2019

TO: HONORABLE MAYOR & COUNCILMEMBERS

FROM: JIM SADRO, CITY MANAGER
By: Mel Shannon, Director of Finance & Admin. Services

SUBJECT: FISCAL YEAR 2019-2020 PROPOSED BUDGET PRESENTATION

SUMMARY RECOMMENDATION:

Receive and consider the Fiscal Year 2019-2020 Proposed Budget and direct staff regarding any revisions.

DISCUSSION:

The City's budget team has prepared the proposed \$124,737,925 Fiscal Year 2019-2020 municipal budget for Council review and discussion. The presentation includes:

- A comparison of the proposed Fiscal Year 2019-2020 budget versus the Fiscal Year 18/19 amended budget;
- An overview of proposed budgets by department; and
- A summary of accomplishments and goals by department.

The proposed Fiscal Year 2019-2020 General Fund expenditure budget is \$45,869,641, which is \$1,587,574, or 3.6 percent, more than the Fiscal Year 2018-2019 amended expenditure budget. The proposed Fiscal Year 2019-2020 General Fund revenue budget is also \$45,869,641, which is \$1,587,574, or 3.6 percent, more than Fiscal Year 2018-2019 amended budget. If adopted as proposed, the General Fund will be in balance with no remaining funds available for appropriation without further expenditure reductions or an appropriation of General Fund reserves.

The City has two major sources of General Fund revenue: property taxes and sales/transaction taxes. Compared to the Fiscal Year 2018-2019 Amended Budget, secured property taxes are expected to grow by approximately \$632,700, or 6.5 percent, in Fiscal Year 2019-2020; combined sales and transaction taxes are expected to grow by approximately \$634,200, or 4.0 percent, compared to the prior year amended budget. Based on current and projected market conditions, secured property taxes are expected

Agenda Item No. VI.B.1

Meeting Date: 6/3/18

to continue steady growth in Fiscal Year 2019-2020; however, as home prices reach new highs there is increasing speculation that growth in the real estate market could level off in the next few years.

Retail sales tax growth continues to post modest gains; however, data shows that more retail sales transactions are occurring online versus at local retail stores. This shift in shopping preference is resulting in reduced sales activity at local businesses, which impacts both the local economy and job market, and also results in reduced sales tax revenue generation for cities. On the positive side, the recent U.S. Supreme Court decision in *South Dakota v. Wayfair* and changes in California law may create a process whereby local taxing agencies, such as the City of La Habra, could receive an allocation of sales tax revenues assessed for online purchases. However, there are currently no projections as to how much new revenue these changes could create for the City.

Furthermore, this revenue allocation does not address the continued impact of online retail sales on local “brick and mortar” businesses in the community. Nevertheless, in the short term, sales tax revenues are anticipated to experience modest growth during Fiscal Year 2019-2020, especially in the latter half of the fiscal year as several pending commercial projects reach completion and begin doing business in the community.

Significant cost increases in the proposed Fiscal Year 2019-2020 General Fund budget include:

- \$876,000 to fund higher CalPERS normal and unfunded liability pension costs;
- \$825,000 for increased fire contract costs, prior year contract carryover, and contract adjustments;
- \$630,000 in new funding for negotiated labor costs and merit based salary increases for all employee groups;
- \$197,000 for labor and operational costs reverting back to the General Fund from other funding sources;
- \$106,000 in new debt service payments for recent property acquisitions
- \$68,500 for increased ambulance contract services costs due to state mandated minimum wage increases;

A summary of significant proposed General Fund budget balancing measures include:

- Continued Pension Reforms:
 - Employees designated as “Classic” PERS members (Tier 1 and Tier 2) in Police Sworn group will contribute an additional 1% of compensation earnable toward CalPERS required **employer** contribution as pension cost sharing on 7/1/19.
- Delayed hiring of two (2) vacant Full Time positions
 - A Recreation Specialist in Community Services and a Senior Service Worker in Public Works
- A hiring freeze for five (5) vacant Full Time positions
 - An Assistant Planner in Community Development, an Accountant in Finance, and a Police Officer, Police Sergeant and Crime Analyst in the Police Department
- A hiring freeze of two (2) vacant Part Time positions
 - Two Police Service Aides in the Police Department

- Elimination of three (3) vacant Part Time positions
 - Three Police Dispatchers in the Police Department
- Elimination of two (2) staffed Part Time positions
 - Two City Hall Receptionists in the Human Resources Department. In the event the City Council approves this proposed reduction, staff will attempt to reassign the affected part time employees to other vacant part time positions within the City.
- Reduced funding for legal services
- Reduced funding in Operation & Maintenance budgets across all departments
- Allocated costs to the Fire Contract Stabilization reserve
- Allocated costs to the Public Safety Augmentation Fund
- Defer Fleet Replacement charges which will result in underfunding the City's Fleet Replacement Fund

Continuing increases in pension costs, primarily related to unfunded pension liabilities, represent an area of great budgetary concern for the future. Over the past decade the City's pension administrator, CalPERS, has revised its policies regarding the amortization of unfunded pension liabilities, lowered its investment earnings estimates, and increased its life expectancy for retirees, among other changes in its actuarial assumptions. The combination of these factors has resulted in significantly higher pension costs assigned to CalPERS member agencies, including the City of La Habra, for both public safety employees (including former City of La Habra firefighters), as well as non-public safety employees.

As previously presented to the City Council and based on current projections, the City's pension obligation costs are expected to increase significantly each year for the next 14 years, growing from approximately \$8.3 million per year during Fiscal Year 2019-2020 to almost \$16.7 million per year by Fiscal Year 2032-2033. The General Fund portion of these costs will be approximately \$6.8 million in Fiscal Year 2019-2020 growing to approximately \$13.7 million per year by Fiscal Year 2032-2033. The impact of increasing pension costs will be magnified once the City's locally adopted transaction and use tax (Measure T) expires in December 2028. This critical source of locally controlled revenue currently generates approximately \$5.6 million per year for the City's General Fund.

Recognizing the impact of growing pension liabilities, the City Council over the past decade has directed staff to negotiate pension reforms with the City's employee groups, which has resulted in lower pension formulas for newly hired employees, as well as having City employees pay towards their own pension costs and a portion of the City's pension cost. The State of California followed this with statewide pension reforms in 2013. While these changes will have a positive impact on the City's overall pension costs in the future, the changes that CalPERS has made to their actuarial assumptions and interest earnings estimates will continue to drive pension costs up over the next 14 years.

Summary

The proposed Fiscal Year 2019-2020 General Fund operating budget is balanced through the use of one-time reductions, permanent reductions, deferred internal service charges, phased hiring, proposed position freezes, elimination of certain filled and unfilled part time positions, and use of certain special revenue funds and reserves. Though some of these

budget balancing tools are effective in the short term, they do not sufficiently address structural budget shortfalls due to projected cost increases in future fiscal years.

Non-General Fund operating and capital budgets, including enterprise funds, authority funds, and special revenue funds, reflect expenditures that are within available revenues or which intentionally draw upon fund balances for capital and other planned expenditures. It should be noted that growing unfunded pension liability costs are also impacting non-General Fund operating budgets, such as the Utility and Housing Authorities, and will continue to do so in the future. An additional impact on the Utility Authority will be the increased cost of purchasing water from regional and imported sources. These costs will be incorporated in the Utility Authority's operating budget and water rate structure.

Finally, there are certain non-operating special revenue or grant related funds that have specific cash flow patterns, such as delays in the receipt of grant funding or up front expenditures made at the start of new capital projects, which can impact the cash position of those funds. Staff will continue to monitor these unique cash flows to ensure that sufficient funding is available and allocated for budgeted programs and projects.

FISCAL IMPACT / SOURCE OF FUNDING:

None at this time. Final fiscal impact will be calculated upon further direction by the City Council and will be presented to Council for consideration and approval at a public hearing during the June 17th, 2019, City Council meeting.

GENERAL PLAN RELEVANCE:

ED 9.1 – Balanced Fiscal Practices

RECOMMENDATION / REQUESTED ACTION:

Receive and consider the Fiscal Year 2019-2020 Proposed Budget and direct staff regarding any revisions.

- ATTACHMENTS:**
1. Proposed Budget Presentation
 2. Proposed Budget Comparison by Fund & Department
 3. Proposed Budget Book – on file in the City Clerk's Office



City of La Habra

**Proposed Municipal Budget
Fiscal Year 2019-2020**

FY2019-20 Budget Overview

- \$124.7 million proposed overall municipal budget
- \$45.8 million proposed General Fund (GF) budget
 - \$1.58 million projected increase in GF revenues compared to FY2018-19
 - \$1.58 million estimated increase in GF expenditures compared to FY2018-19

General Fund Budget Overview-New Expenses

- \$876,000 to fund increases in CalPERS normal and unfunded liability pension costs
- \$825,000 for increased fire contract costs and prior year contract carryover and adjustments
- \$630,000 for negotiated labor costs and merit based salary increases for all groups
- \$197,000 for labor and operational costs reverting back to the General Fund from other funding sources
- \$106,000 debt service payment for land acquisition
- \$68,500 for increased ambulance contract costs

Proposed GF Budget Balancing Measures

- The proposed budget includes a combination of line-item, one-time, and permanent budget reductions, reallocations and reserves

– Departmental line item budget reductions:	\$1,718,909
– Deferred vehicle replacement charges:	\$526,869
– Use of Fire Contract Stabilization reserve:	<u>\$400,000</u>

Total Budget Reductions/Reallocations: \$2,645,778

Proposed GF Budget Balancing Measures

- Continued Pension Reforms:
 - Employees designated as “Classic” PERS members (Tier 1 and Tier 2) in Police Sworn group will contribute an additional 1% of compensation earnable toward CalPERS required employer contribution as pension cost sharing on 7/1/19.
- Delay hiring of 2 vacant Full Time positions
 - Recreation Specialist and Senior Service Worker
- Freeze hiring of 5 vacant Full Time positions
 - Assistant Planner, Accountant, Police Officer, Police Sergeant and Crime Analyst
- Freeze hiring of 2 vacant Part Time positions
 - Police Service Aides
- Eliminate 3 vacant Part Time positions
 - Police Dispatchers
- Eliminate 2 staffed Part Time positions
 - City Hall Receptionists
- Reduced funding for legal services
- Reduced funding in operation & maintenance budget for all departments
- Allocated costs to the Fire Contract Stabilization reserve
- Allocated costs to the Public Safety Augmentation Fund
- Deferred Fleet Replacement charges

General Fund Budget Comparison

Revenues

Proposed FY 19/20 Budget	\$45,869,641
Amended FY 18/19 Budget	\$44,282,067
YtY Change: 3.6%	\$ 1,587,574

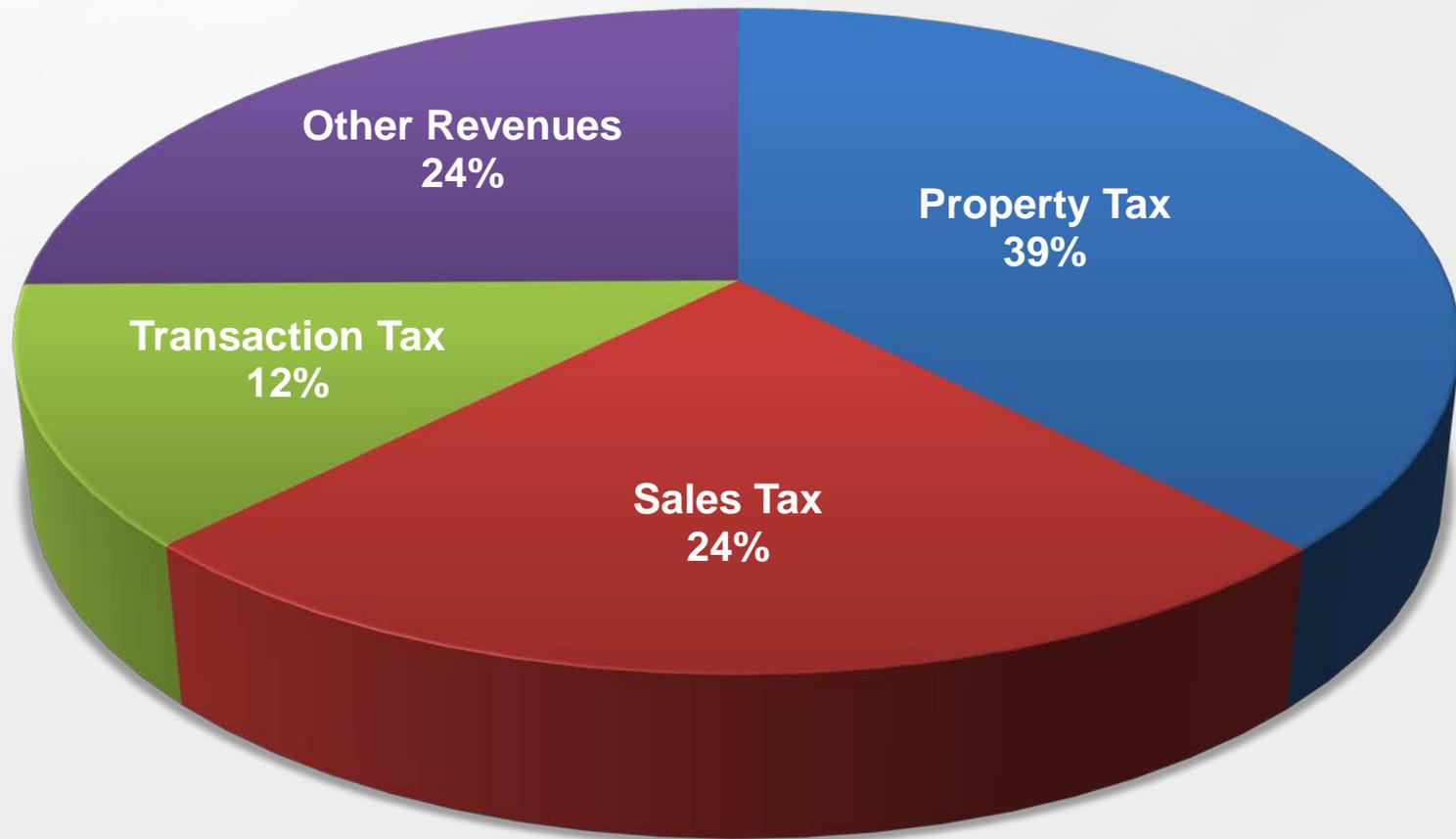
Expenditures

Proposed FY 19/20 Budget	\$45,869,641
Amended FY 18/19 Budget	\$44,282,067
YtY Change: 3.6%	\$ 1,382,637

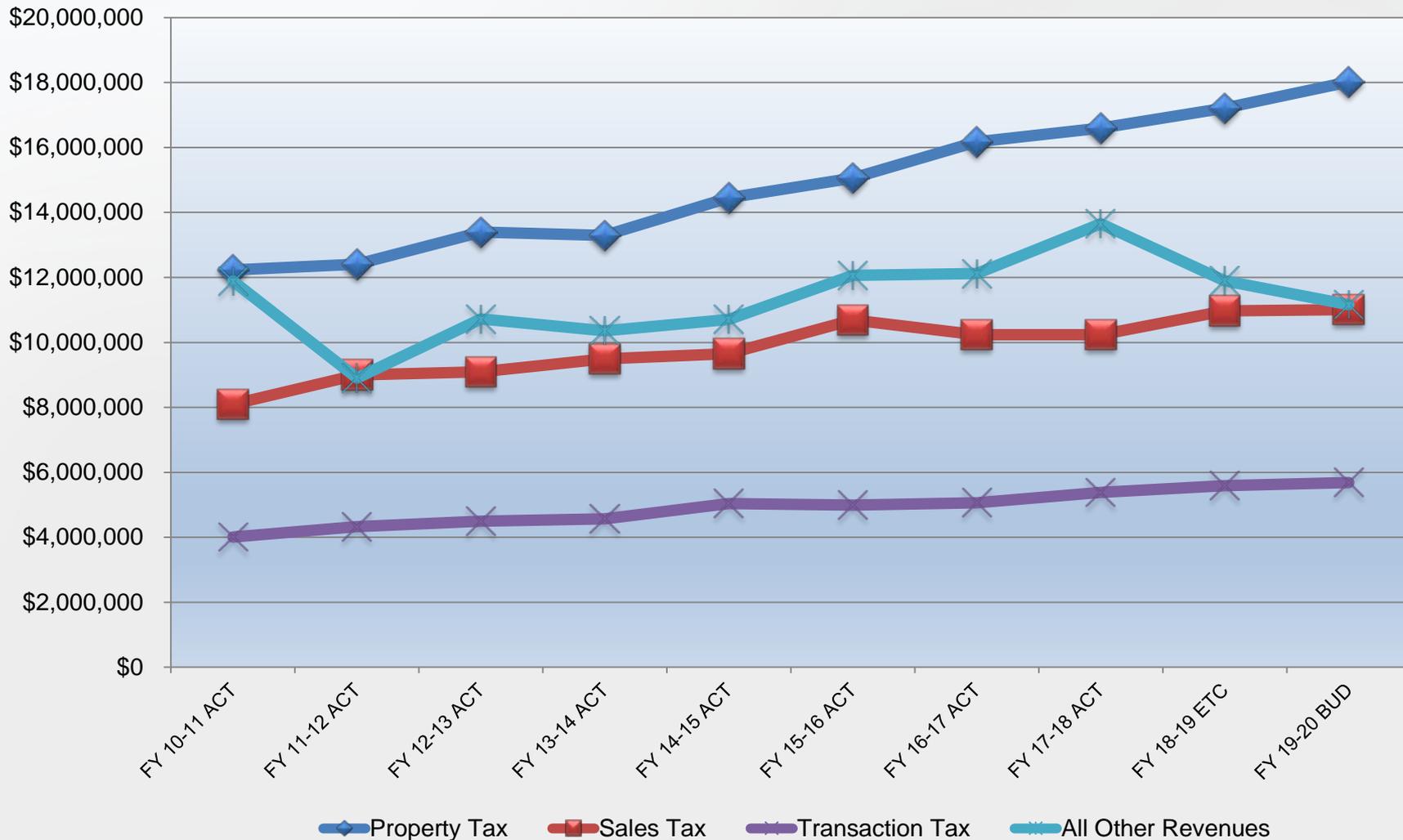
FY 19/20 Proposed Budget

Proposed FY 19/20 Revenues	\$45,869,641
Proposed FY 19/20 Expenditures	\$45,869,641
Variance	\$ 0

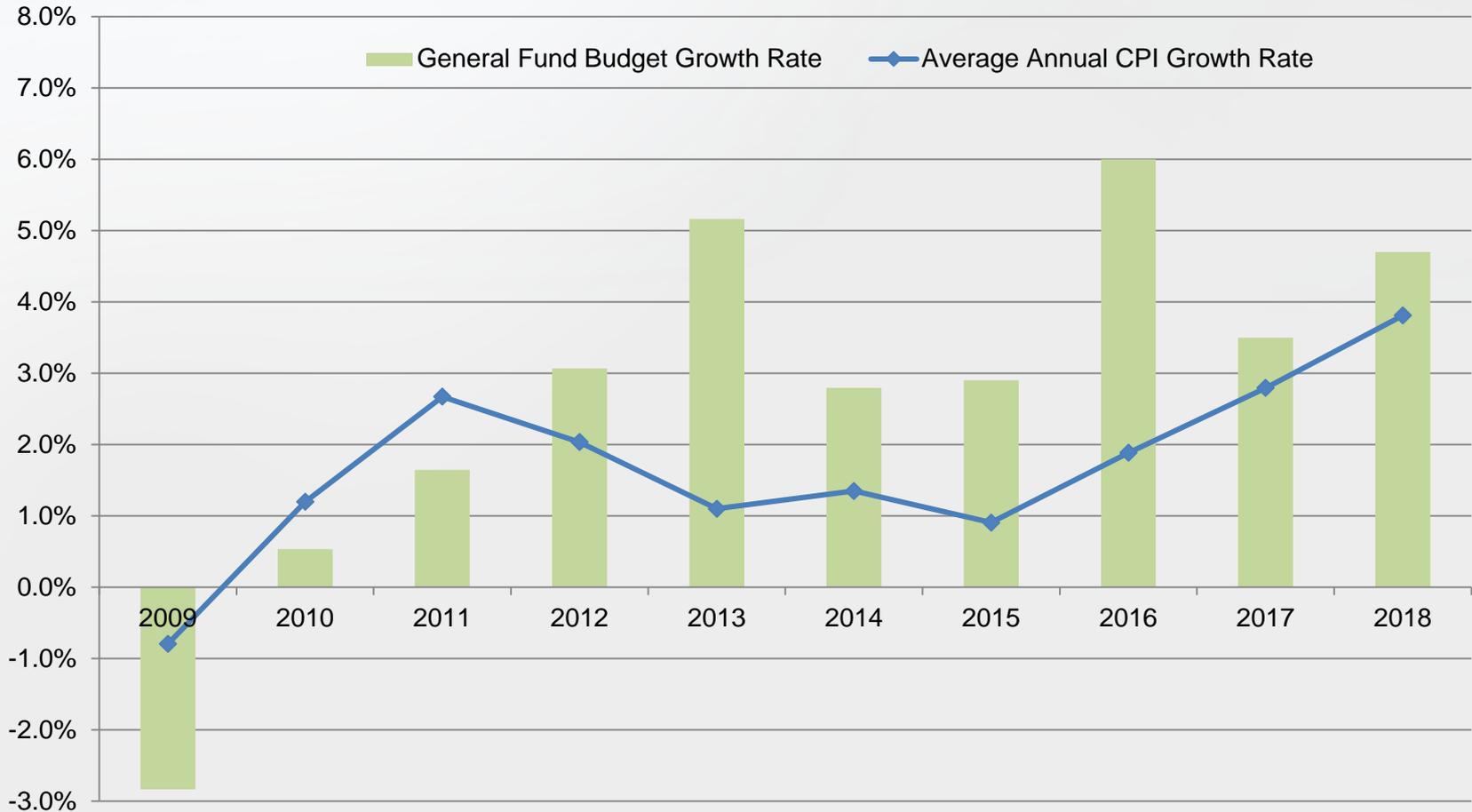
General Fund Revenues



General Fund Revenue History: 10 years



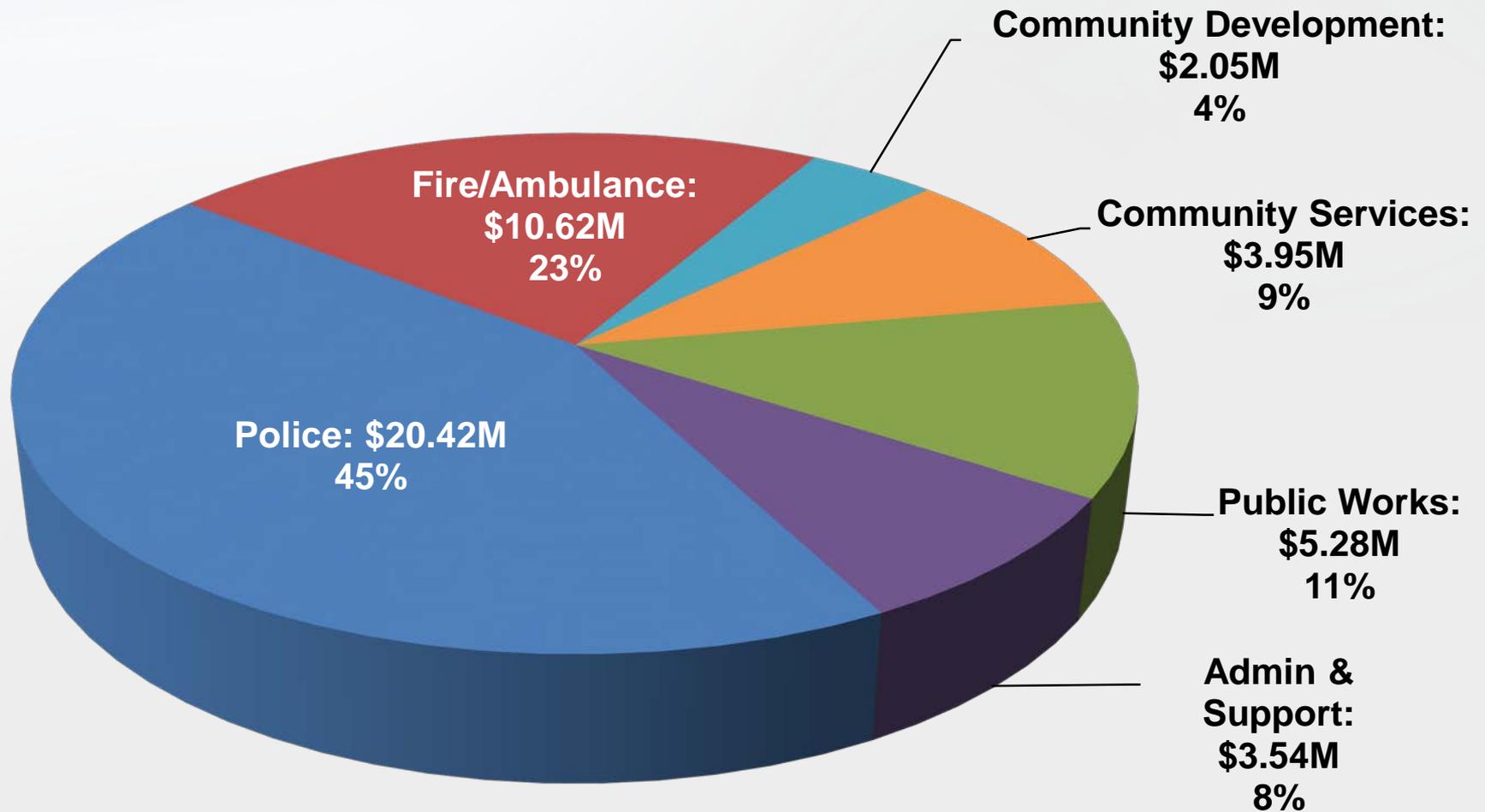
General Fund Budget Growth vs. CPI



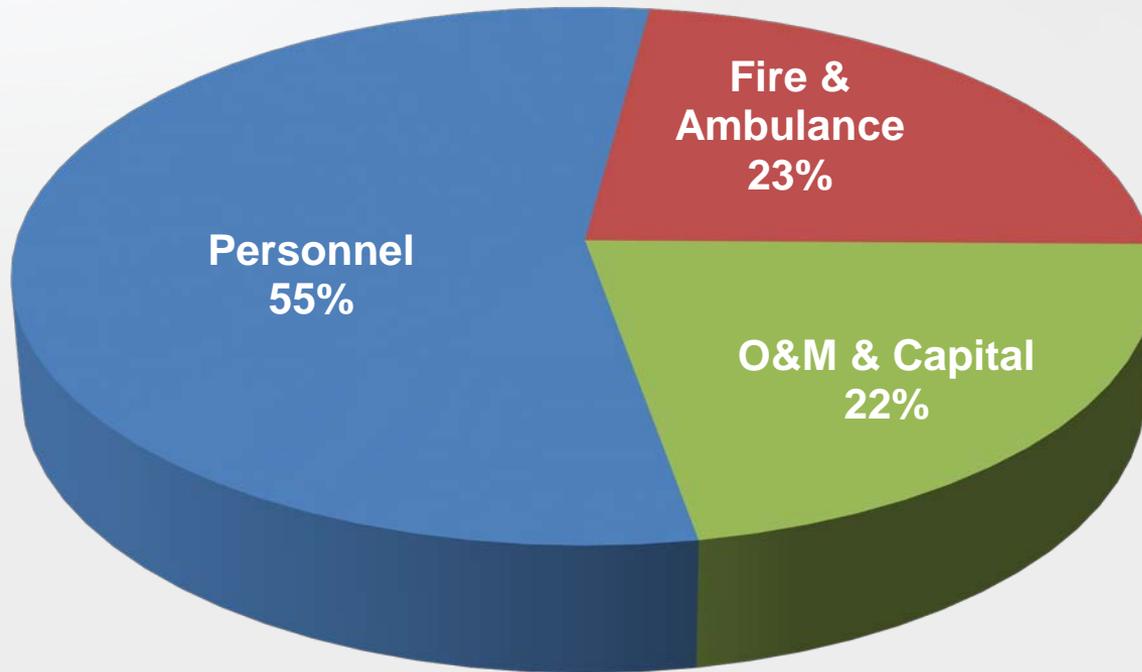
FY19-20 General Fund Proposed Budget Summary by Department

Police	\$ 20,421,964
Fire & Ambulance	\$ 10,619,947
Public Works	\$ 5,281,615
Community Services	\$ 3,950,153
Administration & Support	\$ 3,543,136
Community Development	\$ 2,052,826
Total	\$ 45,869,641

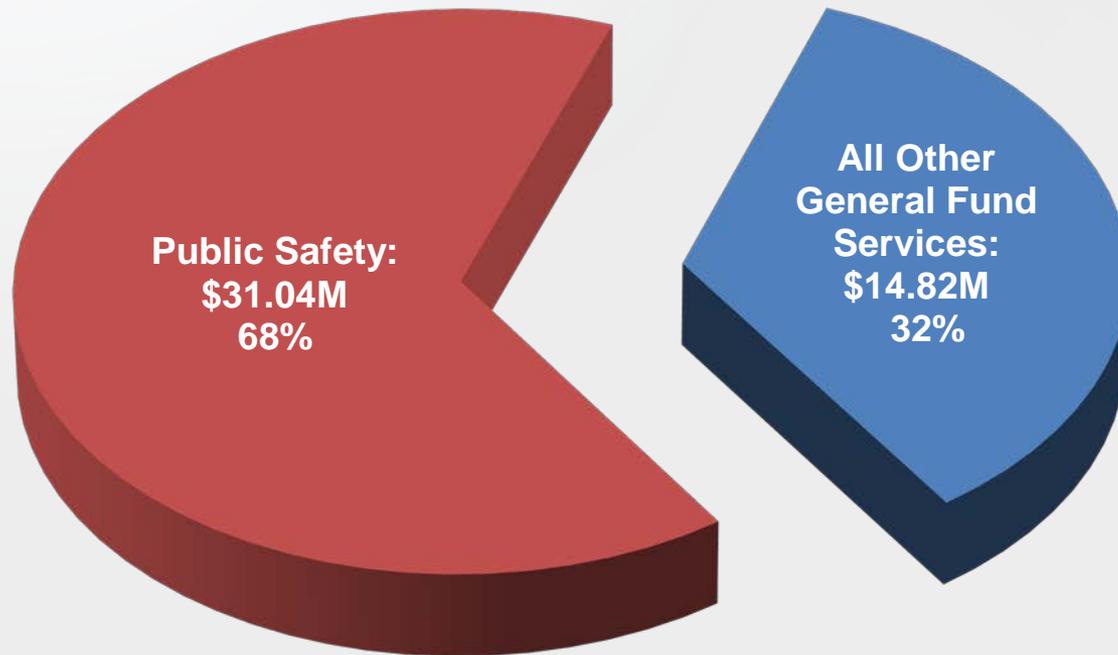
General Fund Expenditures



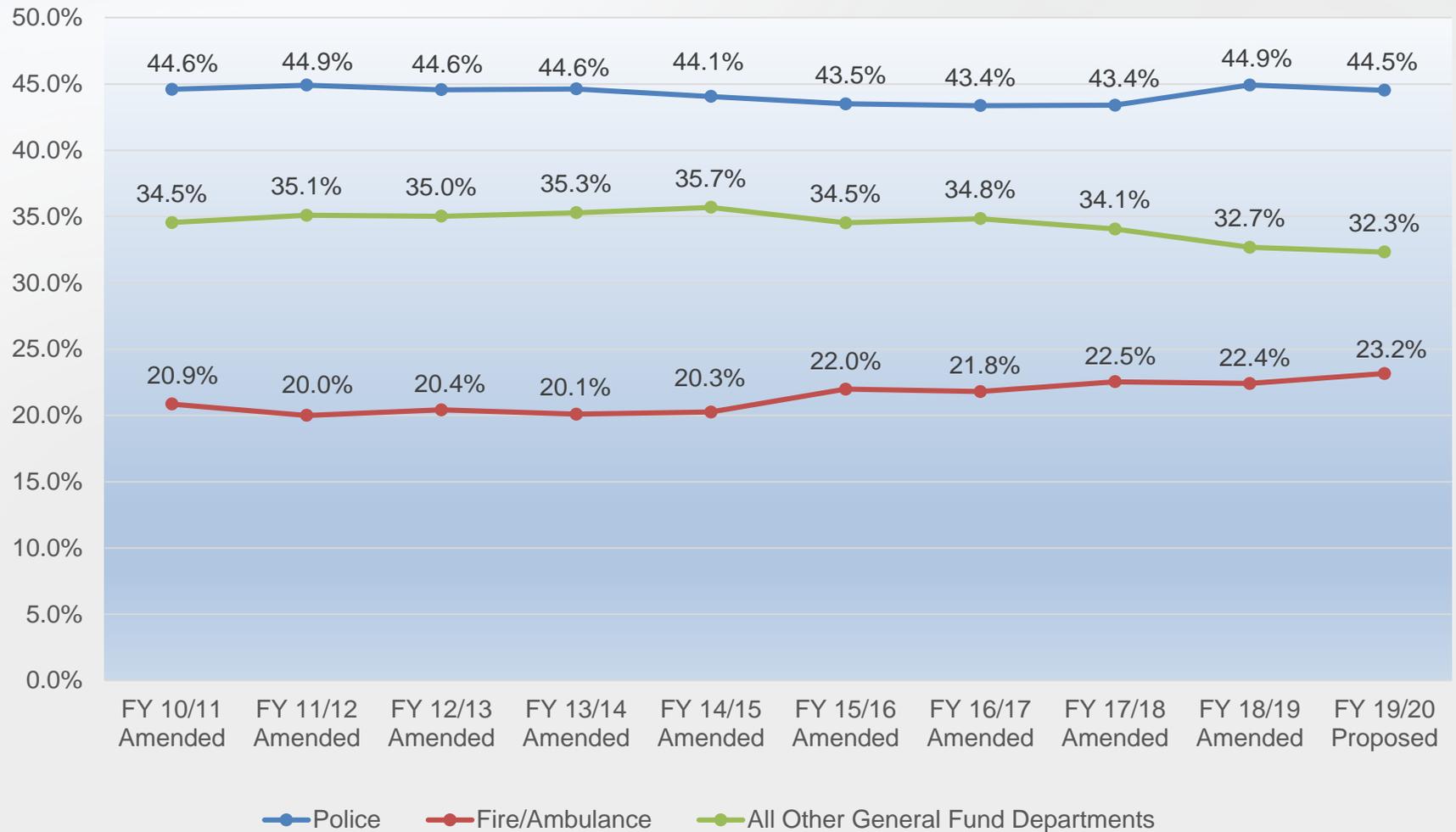
General Fund Expenditures by Type

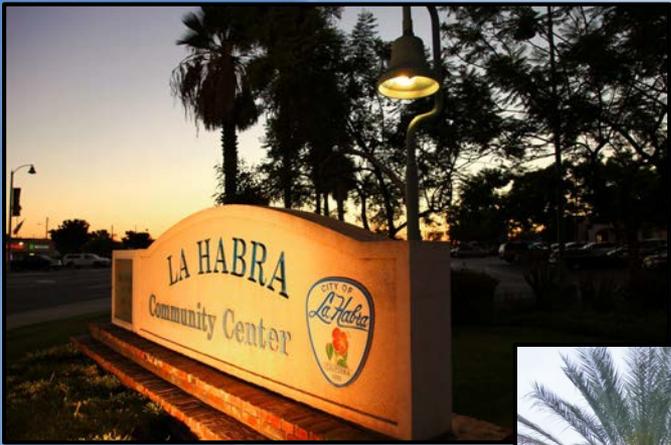


Allocation of General Fund Resources



General Fund Budget Allocation History





Departmental Budgets

Community Services

- Administration
- Child Development
- Children's Museum
- Employment & Training
- Facility Maintenance
- Recreation & Special Events
- Senior & Social Services

**Parks
Make
Life
Better!**[®]

Community Services

**Parks
Make
Life
Better!**



Special Events



Community Services



New fitness equipment at
Las Lomas Park

Youth Committee



Veteran's Day

**Parks
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Life
Better!**

Community Services

**Parks
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Life
Better!**



Day Camp



**Love La Habra
Block Party**



Enchanted Par-Tea

Community Services

Children's Museum



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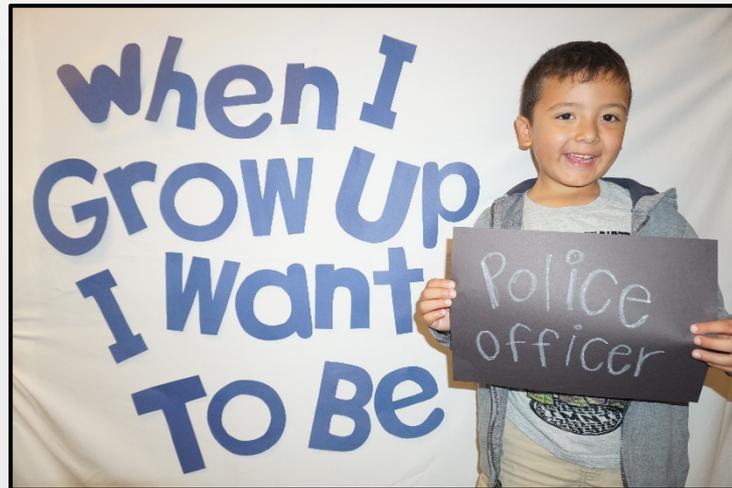
Community Services

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**Employment &
Training**

Community Services



**Parks
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Life
Better!**

Child Development

Community Services

Parks
Make
Life
Better!



Senior Activities

Community Services



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Life
Better!**

Community Services



Parks
Make
Life
Better!



4th of July Spectacular

Community Services

Tamale Festival

**Parks
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Life
Better!**



Community Services Budgets

General Fund Total \$ 3,950,153

Administration	\$ 647,455
Social Services	\$ 157,138
Facility Rentals	\$ 247,808
Recreation	\$ 943,476
Special Events	\$ 314,453
Facility Maintenance	\$ 1,639,823

Other Funds

Child Development	\$ 5,937,940
Children's Museum	\$ 845,489
Employment & Training	\$ 747,950
AQMD	\$ 168,000

ALL BUDGETS TOTAL \$11,649,532

Community Services

FY 18/19 Major Accomplishments

- Managed Special Events serving thousands of residents and visitors:
 - La Habra 5K Run
 - Student Government Day
 - Spring Family “Eggstravaganza”
 - Volunteer Recognition Event
 - Summer Concerts in the Park
 - 4th of July Spectacular
 - Movies in the Park and Dive-In Movies
 - Veterans Day
 - Tamale Festival
 - Holiday Wishes

Community Services

FY 18/19 Major Accomplishments

ADMINISTRATION

- Successfully removed more than 200,000 square feet of graffiti throughout the City with an average removal response time of less than 24 hours as part of the Graffiti Abatement Program.
- Redesigned the Operation Santa Program serving over 500 local families, with parents given the opportunity to select toys and wrap gifts for their children.
- Completed the Active Network registration software upgrade and implementation of modules including facility reservations, memberships, and field allocations.

Community Services

FY 18/19 Major Accomplishments – Continued

CHILD DEVELOPMENT

- Program was fully enrolled at the beginning of the school year and maintained full-enrollment throughout the year with an active waiting list.
- Continued to collaborate with St. Jude, Healthy Smiles, VCC-Gary Center, Orange County Department of Education, Friends of Family, La Habra Family Resource Center, and University of California–Irvine to provide children and families with various services to assist with the children's well-being.

Community Services

FY 18/19 Major Accomplishments – Continued

CHILDREN'S MUSEUM

- Implemented year 2 of the IMLS funded program “*Lil Innovators*”, The Museum collaborated with the CAL Tech Learning center to provide a preschool STEM program to the La Habra Child Development Center.
- Installed two new permanent exhibits including the La Habra Police Exhibit and updated the Preschool Play Park.

Community Services

FY 18/19 Major Accomplishments – Continued

EMPLOYMENT & TRAINING

- Served 201 total youth (76 active, 125 follow up).
- 71% percent of the youth in the program were placed in employment or entered post-secondary education (college/vocational training program).
- Partnership with John Muir Charter School served 14 students who received their high school diploma in FY 2017-18, with an expected 10 students to graduate in June 2019.
- 32 at-risk young adults participated in work experience for a total of 6,861 hours; Additional participants are currently being placed in summer programs.

Community Services

FY 18/19 Major Accomplishments – Continued

FACILITY MAINTENANCE

- Collaborated with staff in Public Works, the Police Department, the City's Building Division, and other departments to help complete the Police Department Facility Renovation and Improvement Project.
- Assisted the Engineering Division in completing the Depot Theater CIP Roof Project.

Community Services

FY 18/19 Major Accomplishments – Continued

RECREATION & SPECIAL EVENTS

- Presented or supported several major community special events including Spring Citrus Fair, Corn Festival, Eggstravaganza, 4th of July show, and Tamale Fest.
- Smaller events included two Daddy/Daughter Dances, Night Time Egg Hunt, Red Ribbon Community Breakfast, two Love La Habra Service Day, co-sponsored events include; La Habra Police Open House, Cool Cops, and Back to School Health Fair.
- Reduced the General Fund subsidy for all special events from \$97,000 in FY 16/17 to \$78,000 in FY 17/18.
- Crossed trained recreation leaders and facility attendants to help improve operational efficiency and reduce costs.

Community Services

FY 18/19 Major Accomplishments – Continued

SOCIAL SERVICES

- Worked with OCTA to acquire another shuttle for Senior Services programs.
- “Park it Market” food program serves an average of ninety seniors a week to provide food and health & wellness items.
- Community SeniorServ Congregate Meal Program serves an average of 55 seniors per day and Meals on Wheels delivery program has expanded to an average of 65 meals a day.

Community Services

FY 19/20 Major Goals

- Coordinate with Code Enforcement Division to research and analyze a full cost recovery Graffiti Removal Program for private businesses and residential properties.
- Evaluate quarterly “Life in La Habra” brochure options with the Chamber of Commerce and consider designing the brochure in-house to reduce costs.
- Consider a rebranding of the Concerts in the Park program to secure new sponsorships, increase the number of concerts, increase attendance, improve food vendor options and offer new high quality musical options.
- Improve and support potential energy efficiency programs at City facilities to help reduce costs.
- Continue to review and monitor the Child Development children’s assessments and plan on activities to prepare the children for the next level of learning (early head start children ready for preschool; the preschool children ready for kindergarten).

Community Services

FY 19/20 Major Goals- Continued

- Research and draft a plan to review with the La Habra City and Lowell-Joint school districts regarding the possibility of having the City provide childcare services for children at designated school sites.
- Work with the Friends of the Children's Museum to increase fundraising efforts towards museum building renovations, permanent and changing exhibits and unrestricted operational funds, including continuing the Chipping in for Kids Golf Classic Fundraiser and expanding the Gourmet Guys annual fundraiser.
- Continue to implement revenue enhancement programs, expand classes, and implement an instructor and student evaluation system.
- Continue to evaluate ways to improve revenue streams and sponsorships for special events.

Community Services

FY 19/20 Major Goals- Continued

- Expand Social Media Footprint to include new local platforms. Host the Social Media symposium for community stakeholders.
- Secure a licensed therapist to be onsite at the Employment & Training center through a partnership with VCC.
- Add an onsite Career technical Education (CTE) program at the Employment & Training Center.
- Evaluate the establishment of a non-profit foundation to help secure tax exempt donations to fund Community Services Department programs, events and services

Community Services

Potential Future Program/Budget Challenges

- Due to the recent change in venue, consider major modifications or potential elimination of the annual 4th of July Spectacular if the event continues to experience declining attendance.
- Consider changes to the Tamale Festival if sponsorship revenues and vendor fees are insufficient to cover the cost of the event.
- Potentially increase or reduce the number of Concerts & Movies in the Park depending on sponsorship levels and attendance.
- Consider charging nonprofit organizations for lease payments and facility rentals.
- Evaluate if certain clerical staff functions can be incorporated through a information kiosk and automated registration system.

Net General Fund Support: Special Events

FY 11/12 to FY 17/18

Special Events	Net General Fund Annual Subsidy Amount						
	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
4th of July	\$22,742	\$26,173	\$28,202	\$30,374	\$45,030	\$28,670	\$33,985
Concerts in the Park	\$14,670	\$9,542	\$526	\$18,983	\$11,822	\$1,581	\$6,000
Veteran's Day	\$1,222	\$0	\$17,866	\$9,408	\$7,713	\$4,774	\$4,322
Eggstravaganza	\$1,044	\$0	\$2,273	\$5,747	(\$2,877)	\$8,255	\$334
La Habra Races	\$0	(\$1,390)	(\$6,006)	(\$777)	\$9,353	\$3,105	\$2,533
LH Mayor's Task Force	(\$105)	\$2,832	\$805	\$239	(\$701)	\$3,271	(\$53)
Citrus Fair	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tamale Festival	\$0	\$0	\$0	\$9,931	\$7,276	\$23,504	\$6,028
Late Night Egg Hunt	\$0	\$0	\$0	\$0	\$724	\$2,609	(\$522)
Love La Habra	\$0	\$0	\$0	\$0	\$1,195	\$1,738	\$6,194
Corn Festival	\$26,317	\$23,869	\$29,155	\$28,968	\$15,405	\$9,768	\$13,238
Operation Santa	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Movies in the Park	\$0	\$0	\$0	\$24,252	\$5,623	\$10,165	\$5,926
Total	\$65,890	\$61,026	\$72,821	\$127,125	\$100,563	\$97,440	\$77,986

Public Works



Depot Theatre Roof Replacement



Police Department Landscaping Project

Public Works

Idaho Street Rehabilitation & Waterline Before / After



Lambert Road Rehabilitation Project Before / After



Public Works

Brio Park Shade Canopy Project Before / After



Public Works

FY 18-19 Major Accomplishments

- Completed the FY 2018-2019 Annual Striping Program.
- Replaced more than 1,750 water meters and repaired 35 water main breaks.
- Completed the FY 2017-2018 Alley No. 85 and No. 3 Project.
- Completed construction for the Annual Sidewalk and Access Ramp Program for the FY 2016-17 and 2017-2018.
- Completed the Depot Theater Roof Replacement Project.
- Completed the construction for Idaho Street Rehabilitation Project.
- Completed the Pavement Management Survey.

Public Works

FY 18-19 Major Accomplishments - continued

- Completed the resurfacing of Valley Home Ave.
- Completed the Police Department landscaping project.
- Completed Harbor Blvd. storm drain repair jointly with the City of Fullerton.
- Completed the parking lot resurfacing at the Police Department.
- The City implement new state mandated organics recycling program for La Habra businesses.
- Collected approximately 79,434 pounds from the annual citywide household hazardous waste collection.

Public Works

FY 19-20 Major Goals

- Complete La Habra Blvd. Rehabilitation Project between Idaho St. and Beach Blvd.
- Complete the implementation of the Imperial Highway Corridor Signal Synchronization Project.
- Complete the implementation of Neighborhood E, C and A traffic calming plans.
- Construct improvements as part of the La Habra Bikeway Master Plan.
- Complete ongoing Alley Improvement Projects.
- Complete Annual Residential Street Rehabilitation and Water Main Replacement Programs.
- Complete Annual Sidewalk Replacement and Access Ramp Programs.
- Complete the Annual Striping Program.

Public Works

FY 19-20 Major Goals - continued

- Install splash pad playgrounds at Oeste and Brio parks.
- Continue acquisition efforts for the UPRR Bikeway Project right-of-way easements.
- Start and complete the resurfacing of Portola Park, Las Lomas Park and Loma Verde Park parking lots.
- Complete design and begin construction on the final landfill cover and park development at Vista Grande Park.
- Implement FY 2019-2020 Annual Water Main Replacement Program.
- Automate 15 percent of the City's water meters.
- Install Water bottle filling stations at Brio Park and Las Lomas Park with donated funding from St. Jude Medical Center.
- Complete street improvements at Park La Habra and Viewpark

Public Works Budgets

General Fund Total

\$ 5,281,615

Administration	\$	188,068
Street Maintenance	\$	756,938
Storm Drains	\$	67,573
Parks/Landscape	\$	2,650,589
Engineering	\$	385,354
Traffic Management	\$	888,906
NPDES	\$	344,187

(other Public Works budgets continued next slide)

Public Works Budgets

General Fund	\$ 5,281,615
Non-General Fund	\$ 52,904,850
Utility Authority-Water	\$ 20,603,087
Utility Authority-Sewer	\$ 3,795,203
Refuse	\$ 6,785,877
Capital Projects Fund (GF)	\$ 2,115,272
Gas Tax	\$ 5,380,936
Measure M2	\$ 6,432,435
SB1 – Road Maintenance	\$ 2,038,902
Other Grants (State/ Federal)	\$ 3,774,136
Traffic Improvement	\$ 137,090
Fleet Maintenance	\$ 1,206,638
Fleet Replacement	\$ 635,274
ALL BUDGETS TOTAL	\$ 58,186,465

Public Works Budget Highlights

- **General Fund**
 - Delay hiring of one vacant Senior Service Worker position in Parks division
 - Proposed elimination of two Part Time positions and creation of one Full Time Engineering Clerk position.
 - Funding for reclassification of four Maintenance Laborer to Service Worker positions
 - Funding for reclassification of one Service Worker to Sr. Service Worker position
- **Water and Sewer Fund**
 - Additional funding for increased cost to purchase water
 - Funding allocated for Annual Pipe Replacement and turf removal programs.
- **Fleet Replacement**
 - Deferred replacement of certain vehicles and equipment purchases
 - Funding for reclassification of one Equipment Mechanic to Equipment Mechanic II position

Capital Improvement Program: FY 19/20

Total Proposed Budget: \$10,360,614

Notable Proposed Projects

- Annual Residential Street Rehabilitation \$1,450,000
- Annual Arterial Street Rehabilitation \$1,385,000
- Annual Water Main Replacement \$1,125,000
- Highway Safety Improvement Program \$ 900,000
- Annual Alley Improvement Project \$ 742,706
- Sewer Main Inspections \$ 365,000
- Other Projects \$4,392,908

Prior Year Approved Projects in Progress during FY 19/20

Total Proposed Budget: \$22,140,118

Notable Projects

- Imperial Highway Signal Synchronization \$ 2,032,482
- Vista Grande Park Design \$ 2,750,000
- Annual Water Main Replacement \$ 1,655,193
- Whittier/Hacienda Intersection Improvements \$ 1,630,731
- Residential Street Rehabilitation Program \$ 1,548,785
- Union Pacific Rail Line Bikeway \$ 1,488,260
- Annual Arterial Rehabilitation Program \$ 1,453,480
- Brio & Oeste Park Splash Pad Improvements \$ 1,421,050
- Other Projects \$ 8,160,137

Fire & Ambulance



Care Ambulance

LA County Fire



Fire & Ambulance Budgets

Total Budget: \$11,087,547
General Fund Portion: \$10,619,947

- Estimated unfunded liability pension costs for former City of La Habra Firefighters: \$1,231,744 (an increase of \$198,000 over FY18/19)
- LA County Fire contract cost: \$8,761,405 (an increase of \$825,000 over FY18/19)
 - Base contract cost increase of \$483,415
 - Prior year contract cost carryover and adjustments of \$341,480
- CARE Ambulance contract cost: \$893,500 (an increase of \$68,469 over FY18/19)
- Ambulance operation and maintenance costs: \$200,898 (an increase of \$10,404 over FY18/19)
- Allocations of costs to the Fire Contract Stabilization Reserve: (\$400,000)
- Allocation of costs to the Public Safety Augmentation Fund: (\$67,600)

Community Development



Our Mission:
To Build a Vibrant Community

Community Development

Completed Private
Development Projects

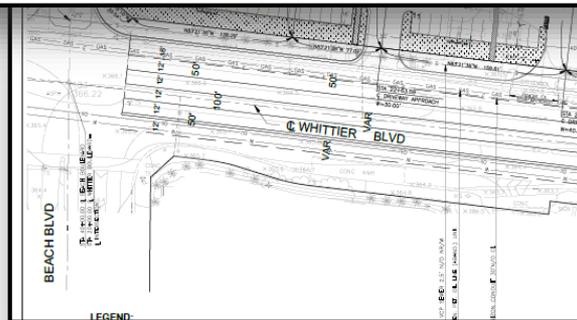
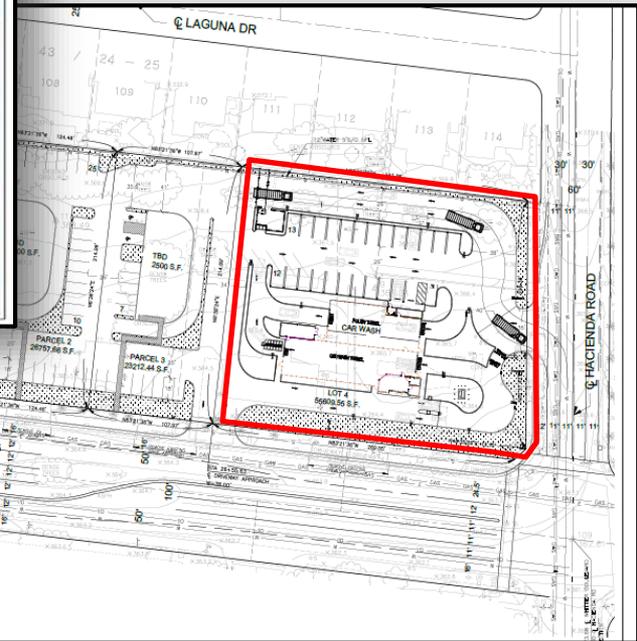
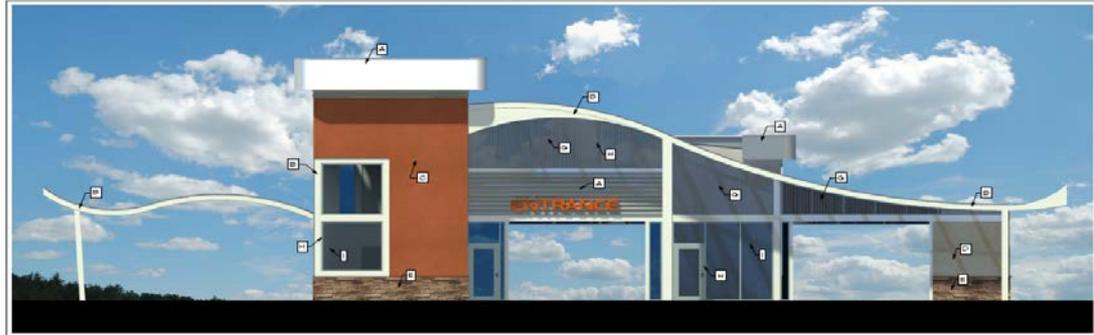
Community Development



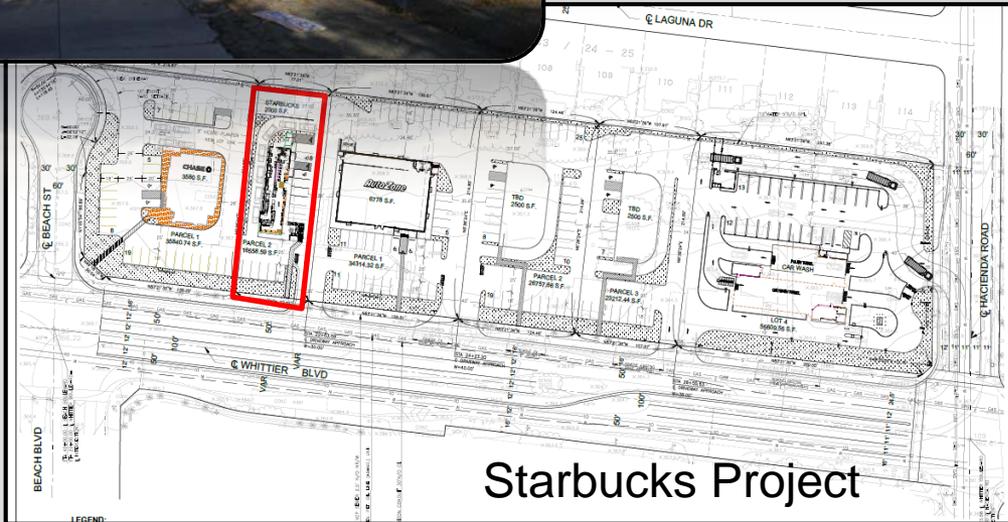
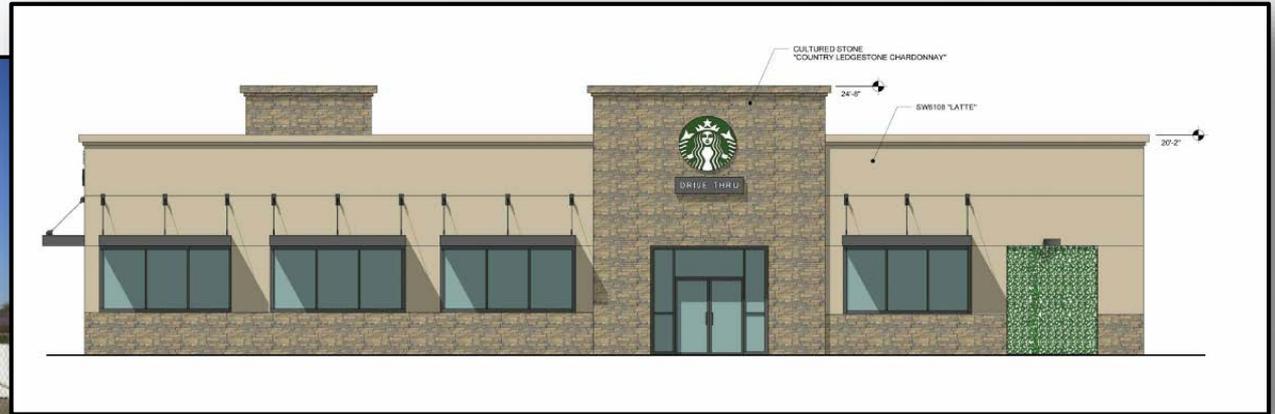
Wave City Car Wash Project



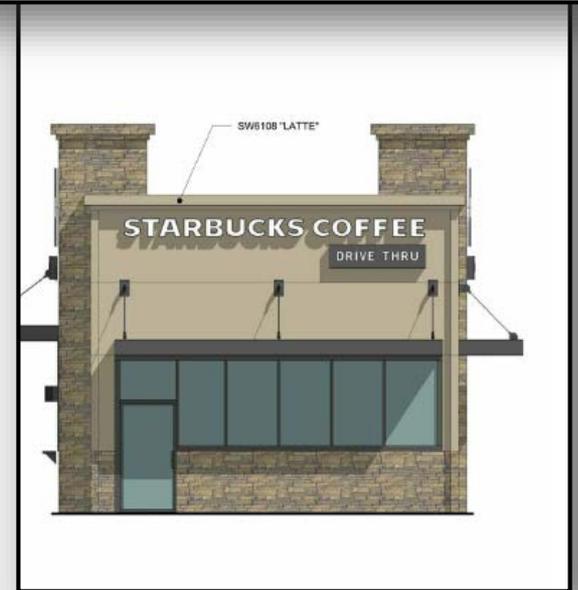
A EAST ELEVATION
NOT TO SCALE



Community Development



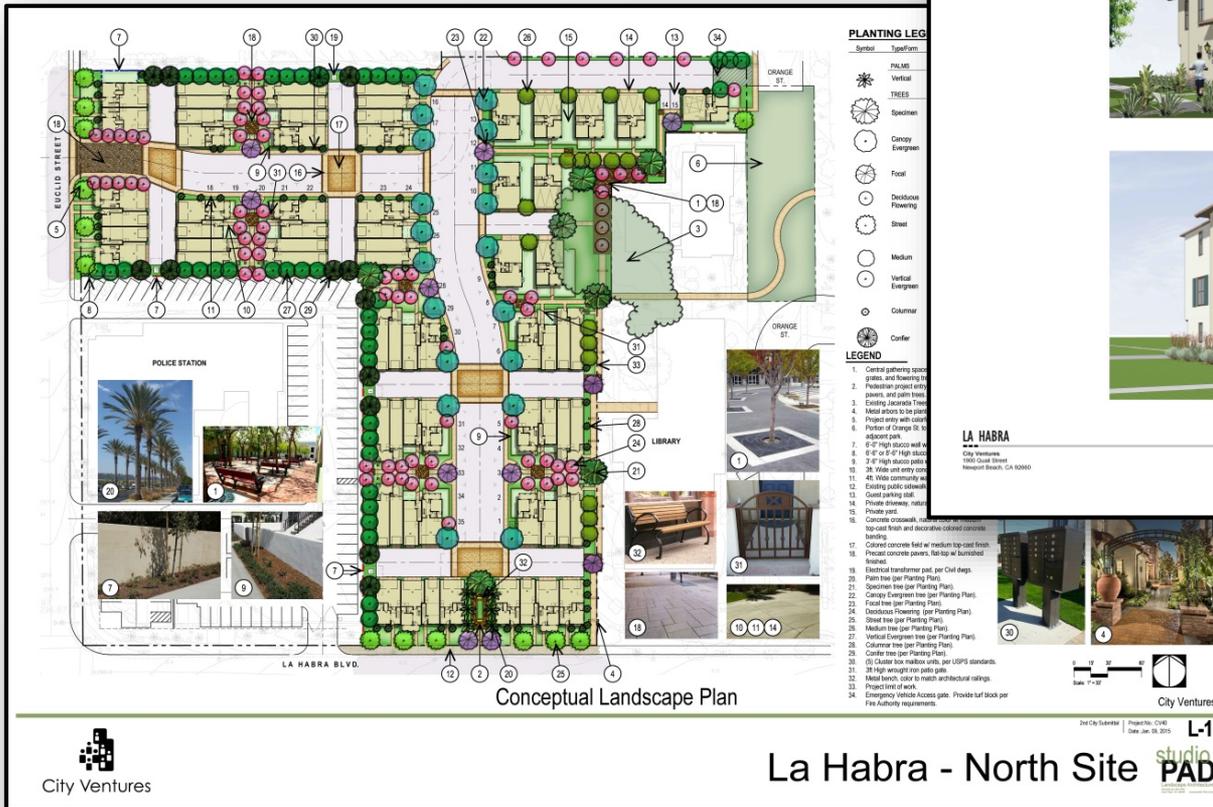
Starbucks Project



Community Development

Private Development Projects
Under Construction

Community Development



A6.0

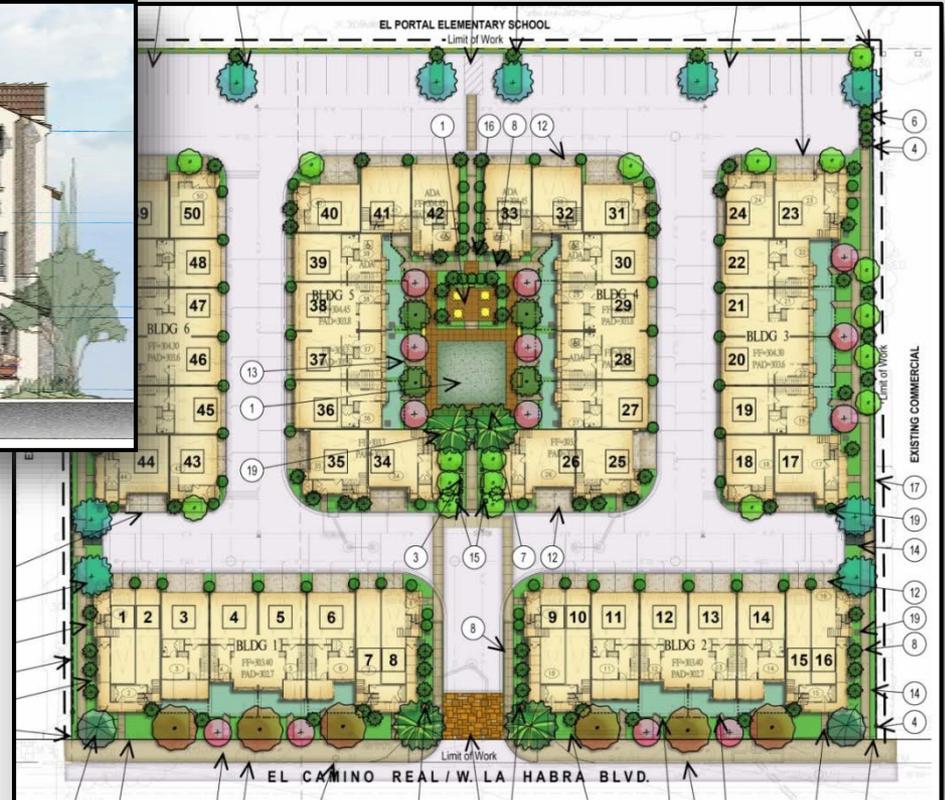
KTGY Group, Inc.
Architecture/Planning
17522 Foothill
Irvine, CA 92614
949.851.3123
ktgy.com

Luna Residential
Development
(City Ventures)

La Habra - North Site PAD

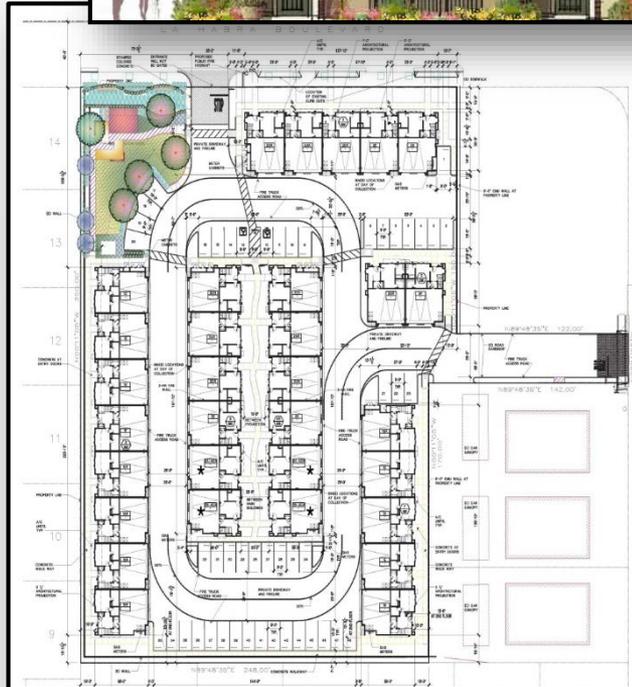


Community Development



Portola Walk Residential Development
(Olson)

Community Development



Skylark Residential Development
(Shea Homes)

Community Development

Approved/Pending Private
Development Projects

Community Development



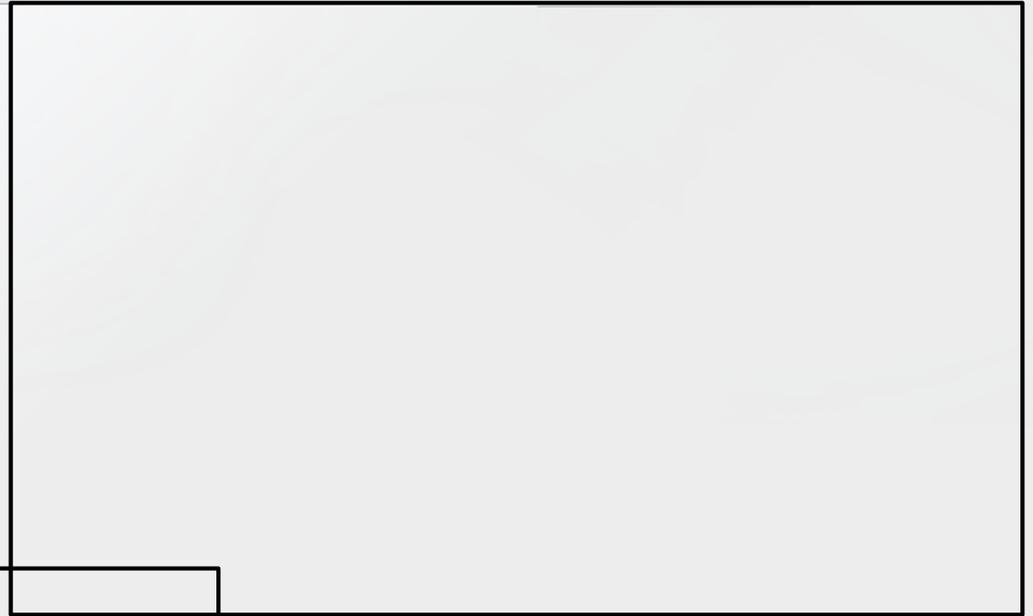
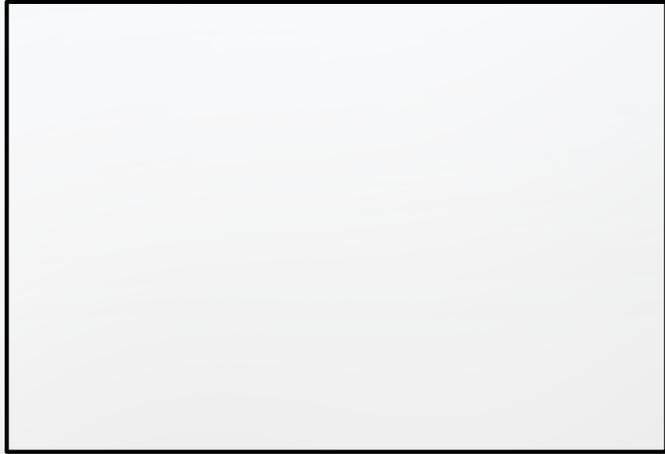
Vons Center Rehab - Trader Joe's
– Burlington - CVS

Community Development



1450 S. Harbor
Commercial Center Rehab.

Community Development



La Habra Market Place upgrade

Community Development



La Quinta Hotel

Community Development



Popeye's Chicken

Community Development



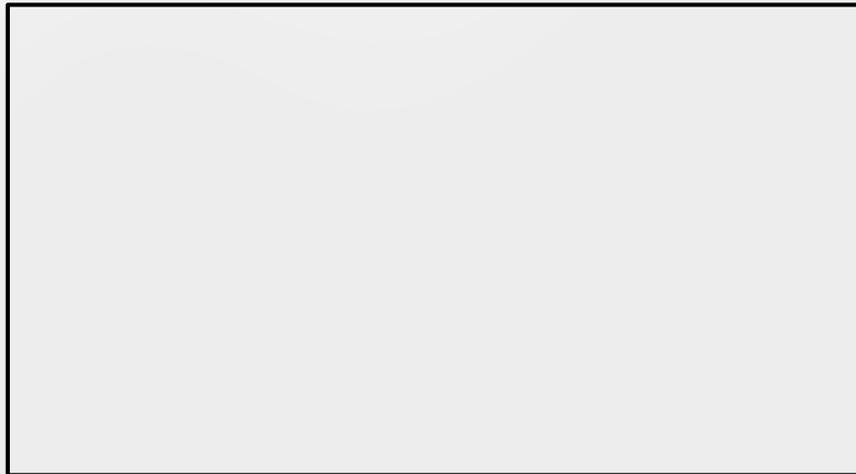
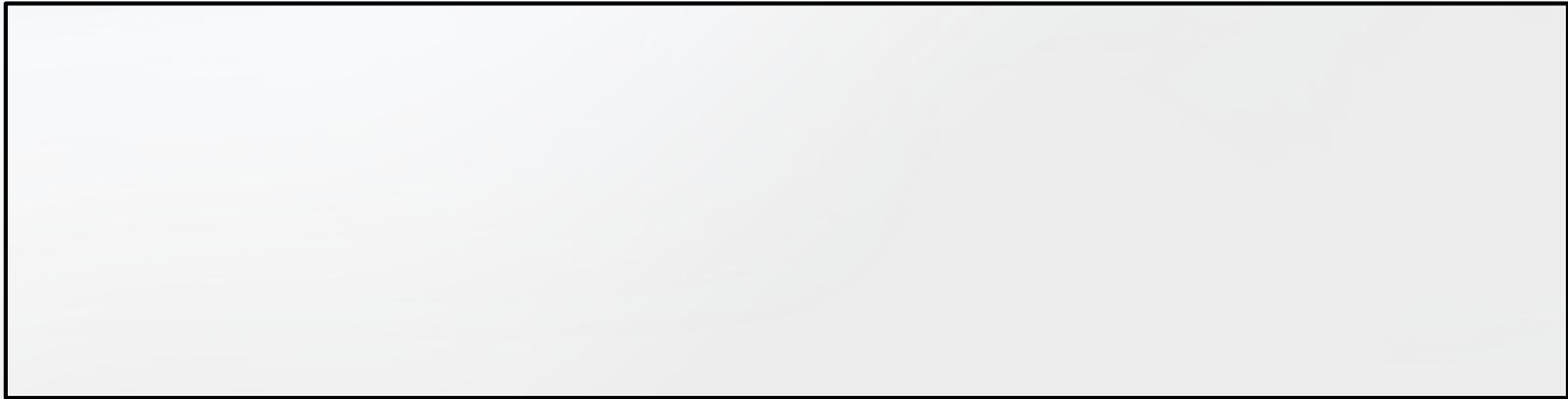
Taco Bell

Community Development



Tommy's Hamburgers Project

Community Development



30 Unit Apartment Monte Vista

Community Development Budgets

General Fund Total **\$ 2,052,826**

Administration	\$447,026
Planning	\$512,955
Code Enforcement	\$349,942
Building & Safety	\$628,773
Economic Development	\$103,773
Planning Commission	\$ 10,357

Other Funds

Mobile Home Lease Fund	\$ 4,394,941
RDA Successor Agency	\$ 1,531,184
Housing Authority	\$ 1,943,162
CDBG	\$ 1,192,520
SAAV Grant	\$ 85,000
Mello Roos Fund	\$ 269,387
ALL FUNDS TOTAL	\$ 11,469,020

Community Development

FY 18-19 Major Accomplishments

- The Building and Safety Division issued 851 permits, with a construction valuation of over 25 million for the 2018 calendar year.
- The Code Enforcement Division responded to 983 property maintenance violations.
- The Code Enforcement Division, in partnership with LHPD, closed one illegal cannabis dispensary.
- Hosted monthly SCORE (small business) workshops in partnership with the La Habra Chamber of Commerce
- In partnership with land owners and private developers, staff facilitated the establishment of several new businesses coming to La Habra (i.e. Trader Joe's, Burlington, La Quinta Hotel, Popeye's Chicken etc.)

Community Development

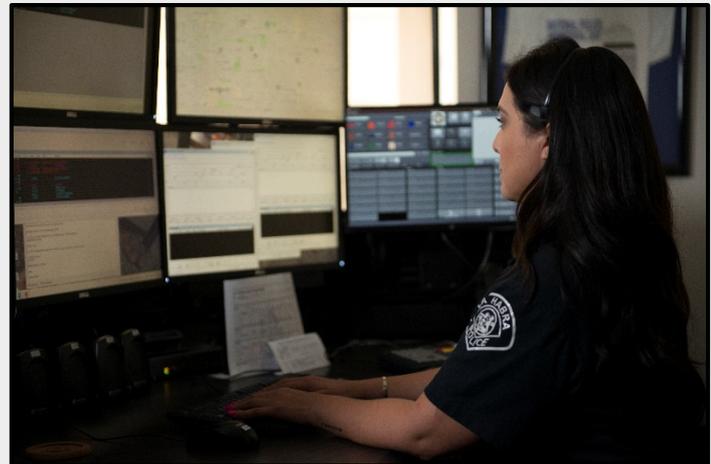
FY 19-20 Major Goals

- Maintain and improve the built environment to protect the public health, safety, and welfare of our residents, businesses, and guests
- Encourage and support economic development opportunities through appropriate and balanced land use development.
- Coordinate interdepartmental actions to maximize delivery of public service and better address regional and local community development needs.
- Encourage and assist in the revitalization and improvement of blighted commercial/industrial properties and improve the City's aging housing stock.

Community Development Budget Highlights

- Community Development's \$11 million budget represents approximately 10.3% of the overall municipal budget. Of that total, \$2 million impacts the General Fund, which represents 4.5% of the total City General Fund budget
- In FY 18-19 (year to date) the department has generated approximately \$1 million (2.2%) of all General Fund revenue via fees and charges
- Community Development's FY 19/20 General Fund proposed budget was reduced by 4.03% (\$86,555) consisting of:
 - Freezing a vacant Assistant Planner position and instead retain a part-time Planning intern (not to exceed 1,000 hours) resulting in a savings of \$72,555. This will be the third position not filled within the past two year budget cycles (two code enforcement positions eliminated the previous year)
 - Reductions in Professional Services, Material & Supplies, Postage, Training and Conferences totaling \$14,000

Police



Police



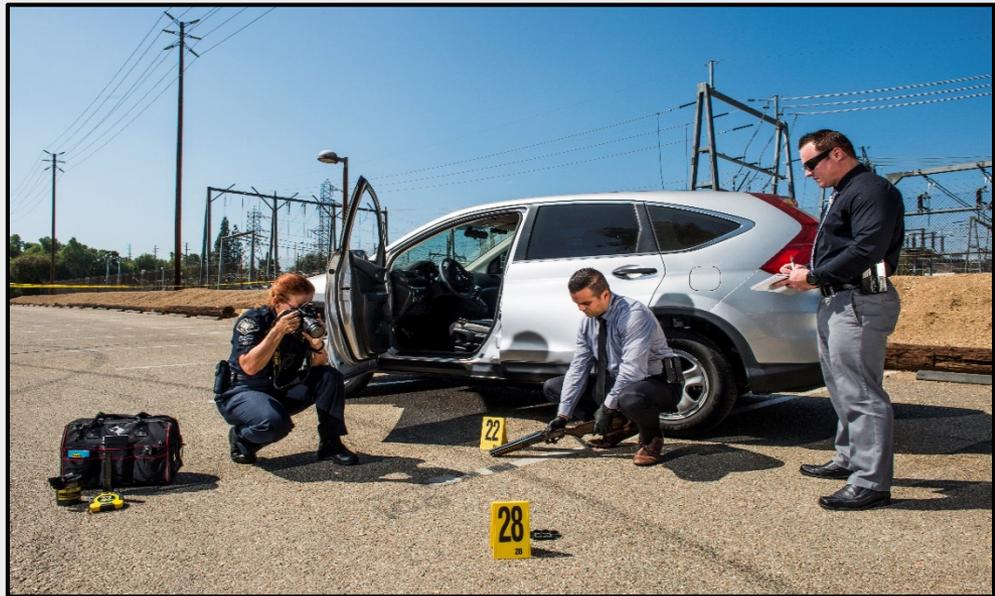
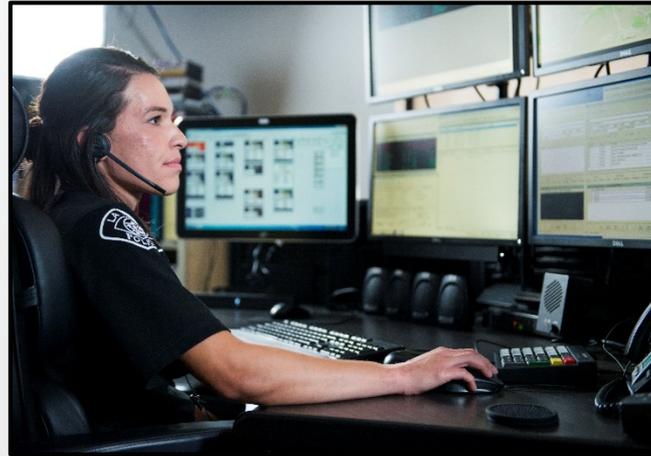
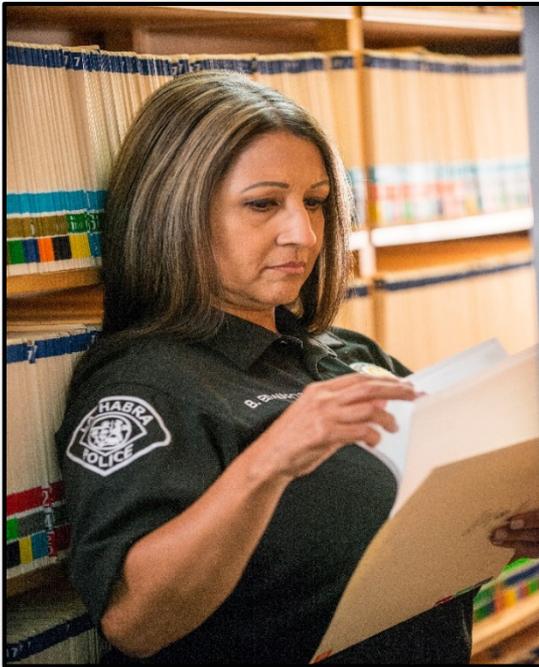
Community Outreach



Police - Operations



Police – Support Services



Police Budgets

General Fund Total **\$ 20,421,964**

Administration	\$ 2,491,843
Operations	\$10,619,265
Investigations	\$ 3,616,307
Support Services	\$ 2,713,227
Animal Control	\$ 539,750
Auxiliary Services	\$ 441,572

Other Funds

Public Safety Augmentation	\$ 467,600
Police Grants	\$ 615,200
EMPG Grant	\$ 9,636
Traffic Safety Fund	\$ 38,500
ALL BUDGETS TOTALS	\$ 21,552,900

Police

FY 18-19 Major Accomplishments

- Responded to approximately 43,239 calls for service during calendar year 2018
- “Priority 1” call average response time = 4:04 (goal is 4 minutes or less)
- 6.7 percent reduction in in Part 1 crimes.
- Conducted directed enforcement at DUI checkpoints, red light violations, speed violations, and distracted driving violations through grant funds awarded by the California Office of Traffic Safety.
- Hosted several community events, including the Police Department Open House, “National Night Out,” “Coffee with a Cop,” “Cool Cops,” and the La Habra Citizen’s Academy, in both English and Spanish.
- Increased social media presence on Facebook with more than 13,000 followers and the introduction of the Next Door App.
- Incorporated a new Computer Aided Dispatch and Records Management System.

Police

FY19-20 Major Goals

- Achieve full staffing levels in all job classifications
- Promote outstanding customer service to the community throughout all levels of the police department
- Maintain average response time for “Priority 1” calls to four minutes or less, and thirteen minutes or less for less urgent “Priority 2” calls
- Ensure that all personnel remain current in their continued professional training, thereby meeting POST and NIMS training requirements
- Continue the collaborative effort with other City departments in aggressively enforcing the City’s graffiti ordinance to address the community’s graffiti problem.

Police Budget Highlights

- Propose to temporarily decrease personnel costs through delayed hiring:
 - One vacant Police Officer position (1 year)
 - One vacant Sergeant position (1 year)
 - Two vacant Police Services Aide positions (1 year)
 - One Crime Analyst position after a pending retirement
- Decrease additional personnel costs through the elimination of:
 - Three vacant part-time dispatcher positions
- Strategically decrease O&M expenses for additional cost savings
- Fund the replacement of the Electronic Ticker Writer devices through the use of the Traffic Safety Fund
- Purchase a new Police Service Dog and train a new K9 Officer
- Purchase and install new Mobile Data Terminal Computers for patrol units
- Allocation of some costs to the Public Safety Augmentation Fund

Administration and Support Departments



City Council
City Manager
City Clerk
City Attorney
Finance
Human Resources

Administration & Support Budgets

General Fund Total **\$ 3,543,136**

City Council	\$ 64,903
City Manager Dept.	\$1,403,469
City Clerk Dept.	\$ 477,770
Legal Services	\$ 250,000
Finance	\$1,030,234
Human Resources	\$ 316,760

Other Funds

Risk Management Fund	\$ 2,740,949
Information Technology Fund	\$ 1,934,347
Information Technology Replacement	\$ 462,000
Other Post Employee Benefits Fund	\$ 415,896
Civic Improvement Authority	\$ 577,111
Debt Service Fund	\$ 151,568
ALL FUNDS TOTAL	\$ 9,825,007

Administration & Support Departments

FY18-19 Major Accomplishments

- Adopted the City's Annual Goals and Objectives and Legislative Platform.
- Conducted the 2018 General Municipal election.
- Completed 52 FT/PT recruitments and processed 2,786 job applications.
- Scheduled and completed ongoing mandated training for employees.
- Implemented internal employee reporting system for health and safety concerns/ hazards.
- Implemented an Employee Assistance Program (EAP).
- Submitted for the GFOA award for the FY17/18 audited financial statements.
- Finished the installation of the Police Department's new Computer Aided Dispatching/ Record Management System (CAD/ RMS).

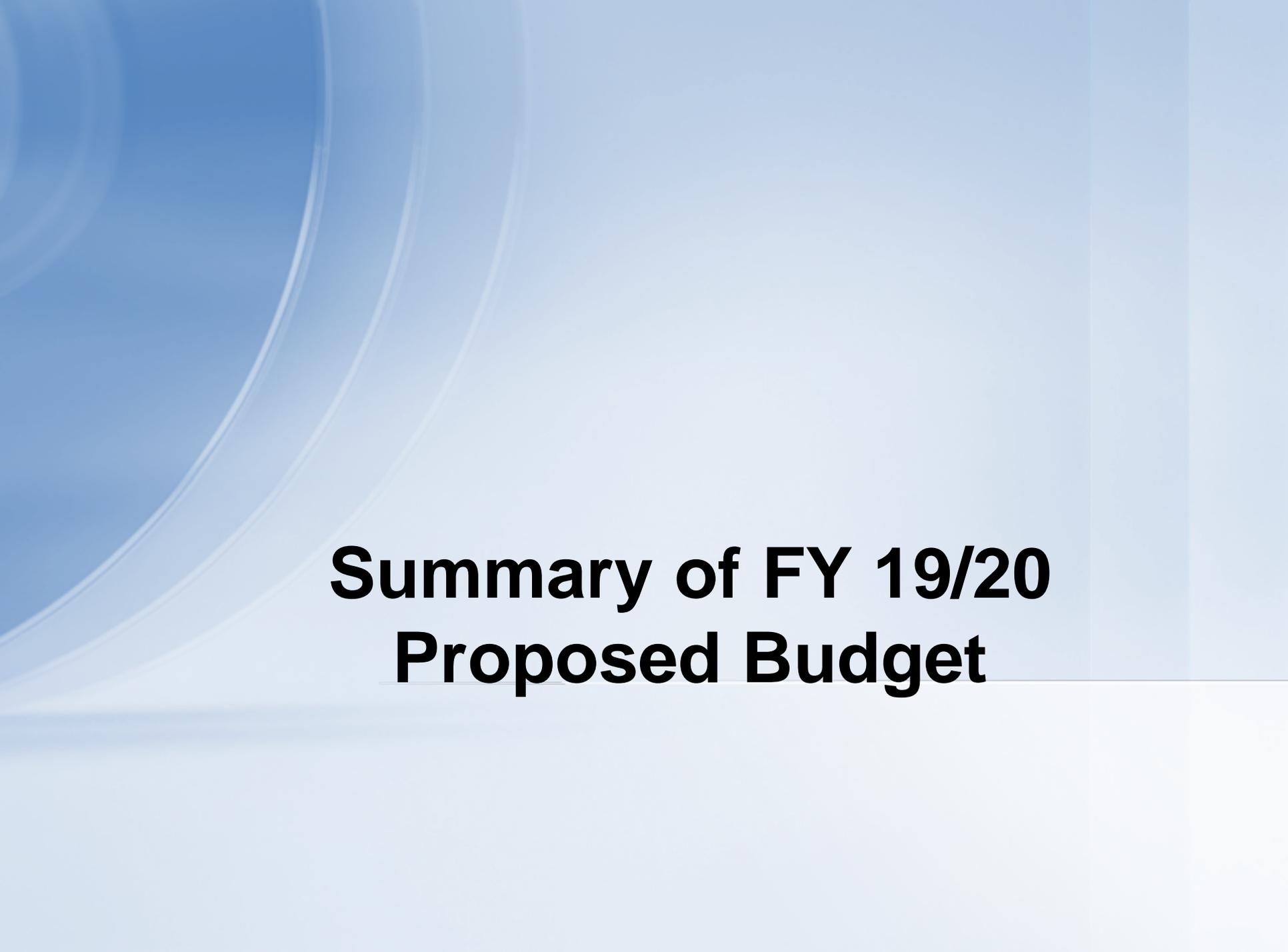
Administration & Support Departments

FY19-20 Major Goals

- Implement Council policy direction.
- Emphasize organizational excellence, values, and customer service as top priorities.
- Advocate the City's legislative platform and seek grant funding for City priorities.
- Work with City departments to aggressively pursue grant funding opportunities for the City
- Implement phase III of the City Enterprise Geographic Information System (GIS)

Administration & Support Budget Highlights

- Freeze hiring of one vacant Accountant position in the Finance Department
- Funding for reclassification of Payroll Technician to Payroll Coordinator and Account Clerk III to Account Clerk Technician in the Finance Department
- Funding for reclassification of Deputy City Clerk to Assistant City Clerk in the City Clerk's office
- Funding for reclassification of Network Administrator to IT Systems Support Manager and two IT System Analyst to IT System Analyst II in the Finance Department
- Proposed elimination of two staffed Part Time City Hall Receptionists in the Human Resources Department
- Funding for reclassification of Secretary to Human Resources Technician in the Human Resources Department



Summary of FY 19/20 Proposed Budget

Proposed Municipal Budget Summary by Fund

General Fund	\$ 45,869,641
Agency & Authority Funds	\$ 28,719,134
Special Revenue Funds	\$ 28,460,899
Enterprise Funds	\$ 12,026,307
Internal Service Funds	\$ 7,395,104
Capital Projects Fund (GF)	\$ 2,115,272
Debt Service Fund	\$ 151,568
TOTAL MUNICIPAL BUDGET	\$124,737,925

Budget Summary

- General Fund budget is balanced using a combination of one-time reductions/deferred charges, phased hiring, proposed freezes or eliminations of certain filled and unfilled part time positions, and use of certain special revenue funds and reserves.
- City infrastructure projects are anticipated to continue at a brisk pace, although private development projects are expected to moderate.
- Continued escalation of costs related to unfunded pension liabilities is anticipated to continue straining the City's budget for the next 14 years.

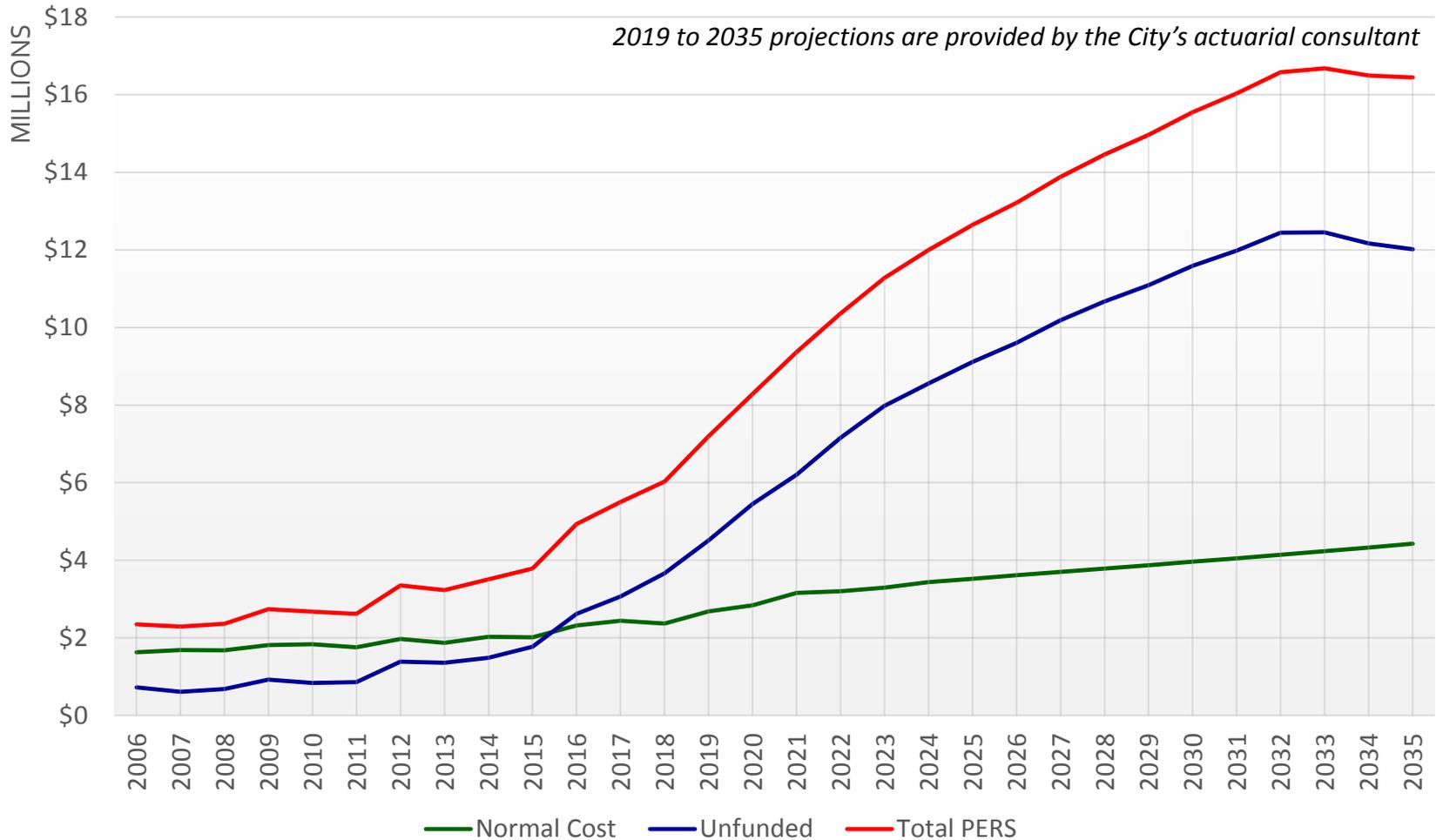
Future Budget Challenges

- Increasing unfunded pension liability costs
- Increasing use of internal reserves and diminished ability to replenish those reserves
- Maintaining salaries and benefits competitive with agencies in the region to control attrition rates
- Recruitment and retention of key staff positions, particularly Police Officers and Dispatchers
- The growing adverse impact of online retail sales on local businesses and, as a result, the City's sales and transaction tax revenues
- A growing threat of a recession in the near future
- The pending loss of the City's Measure T local transaction and use tax in December 2028

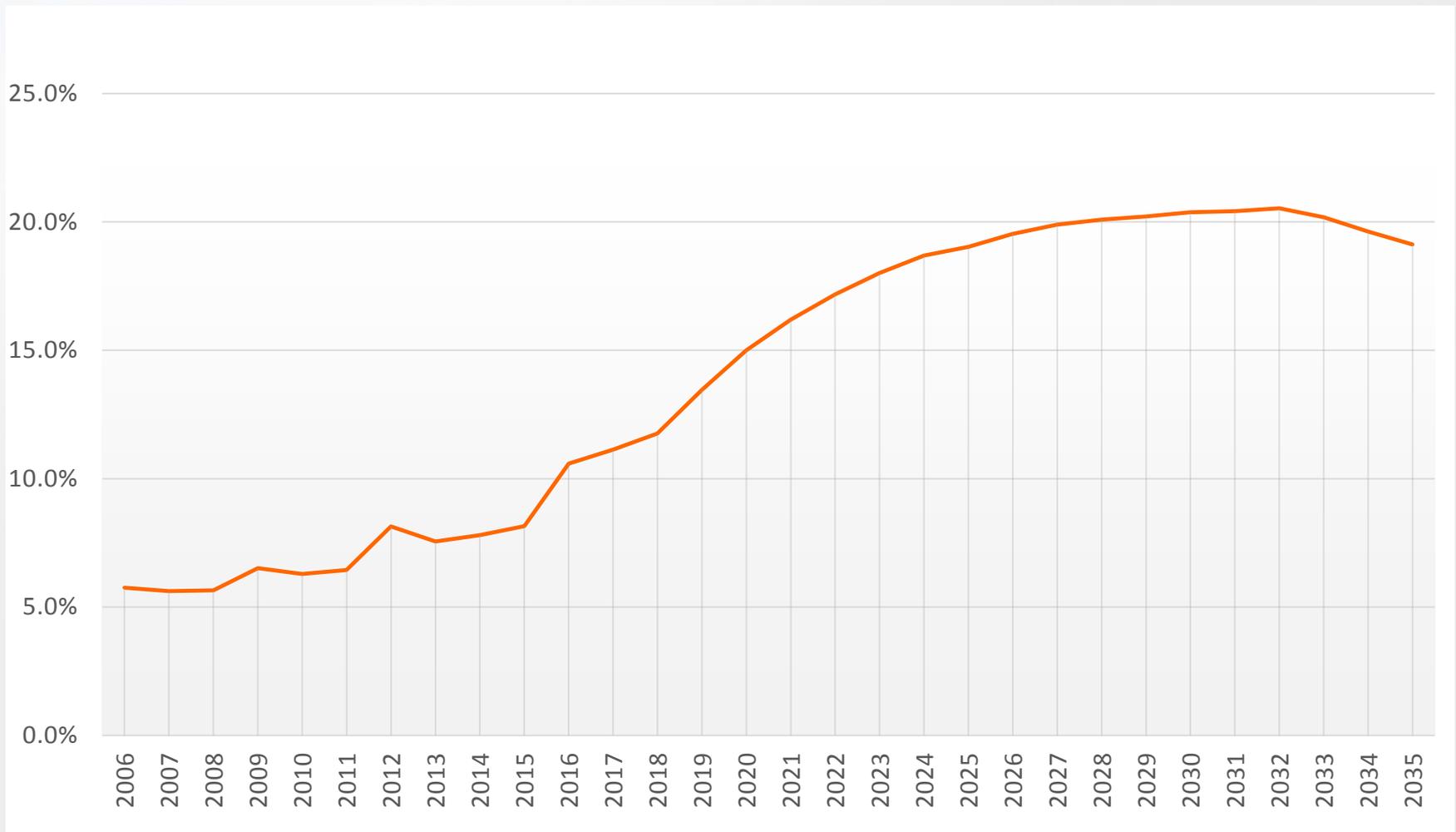


Pension Cost History and Forecast

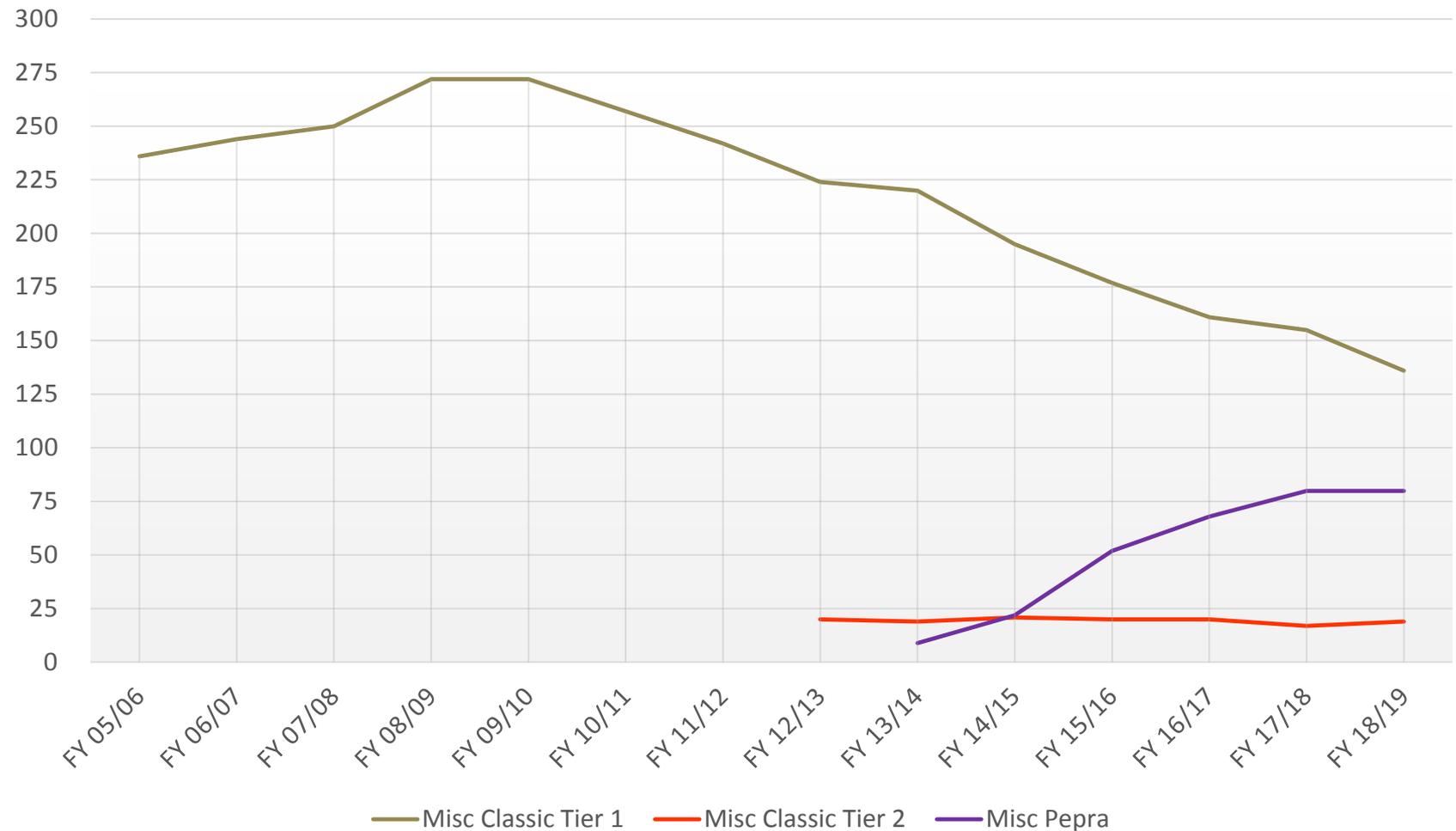
Historical and Projected Pension Costs



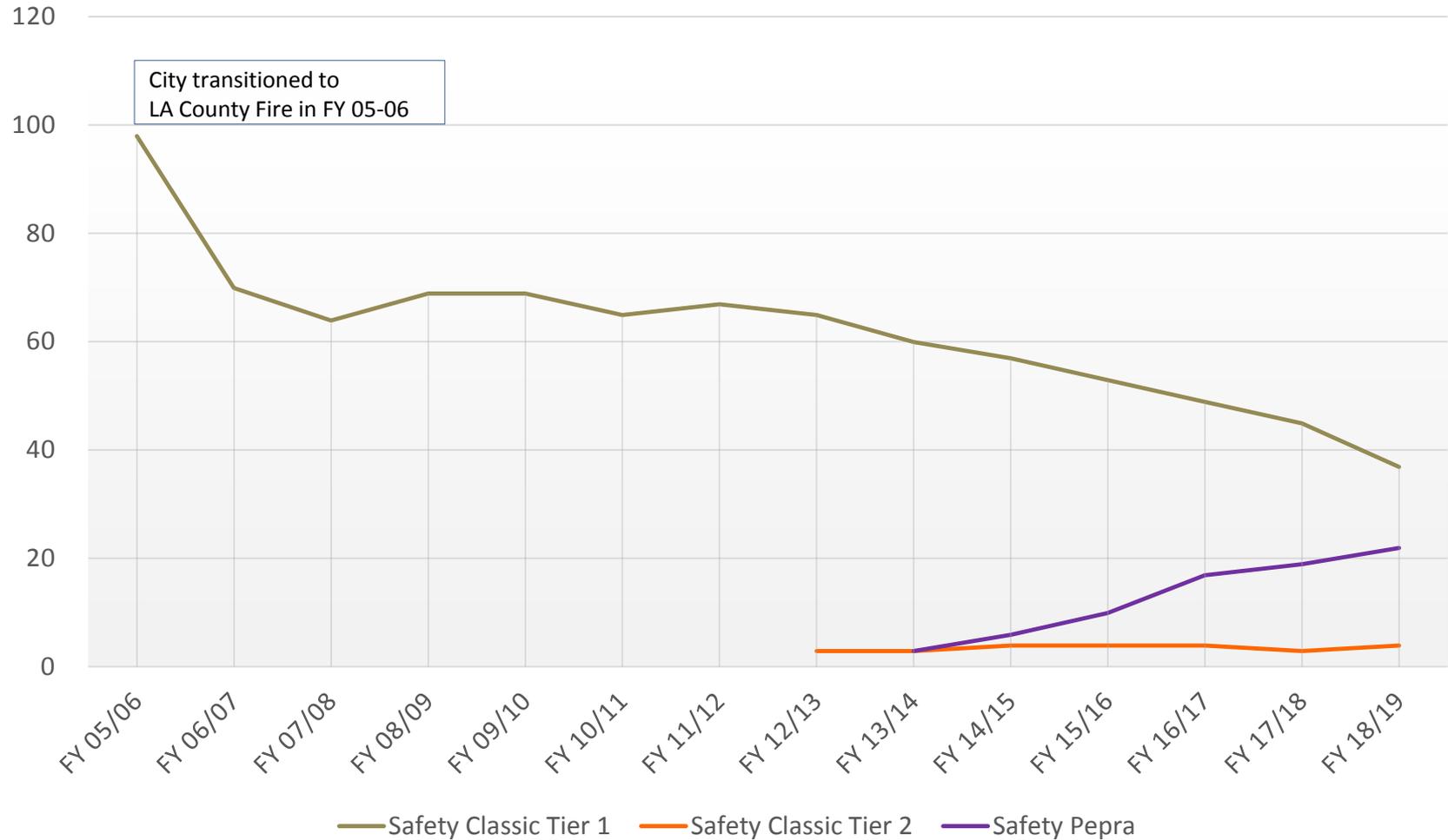
Historical and Projected General Fund Pension Costs as a percentage of Projected General Fund Budgeted Expenditures



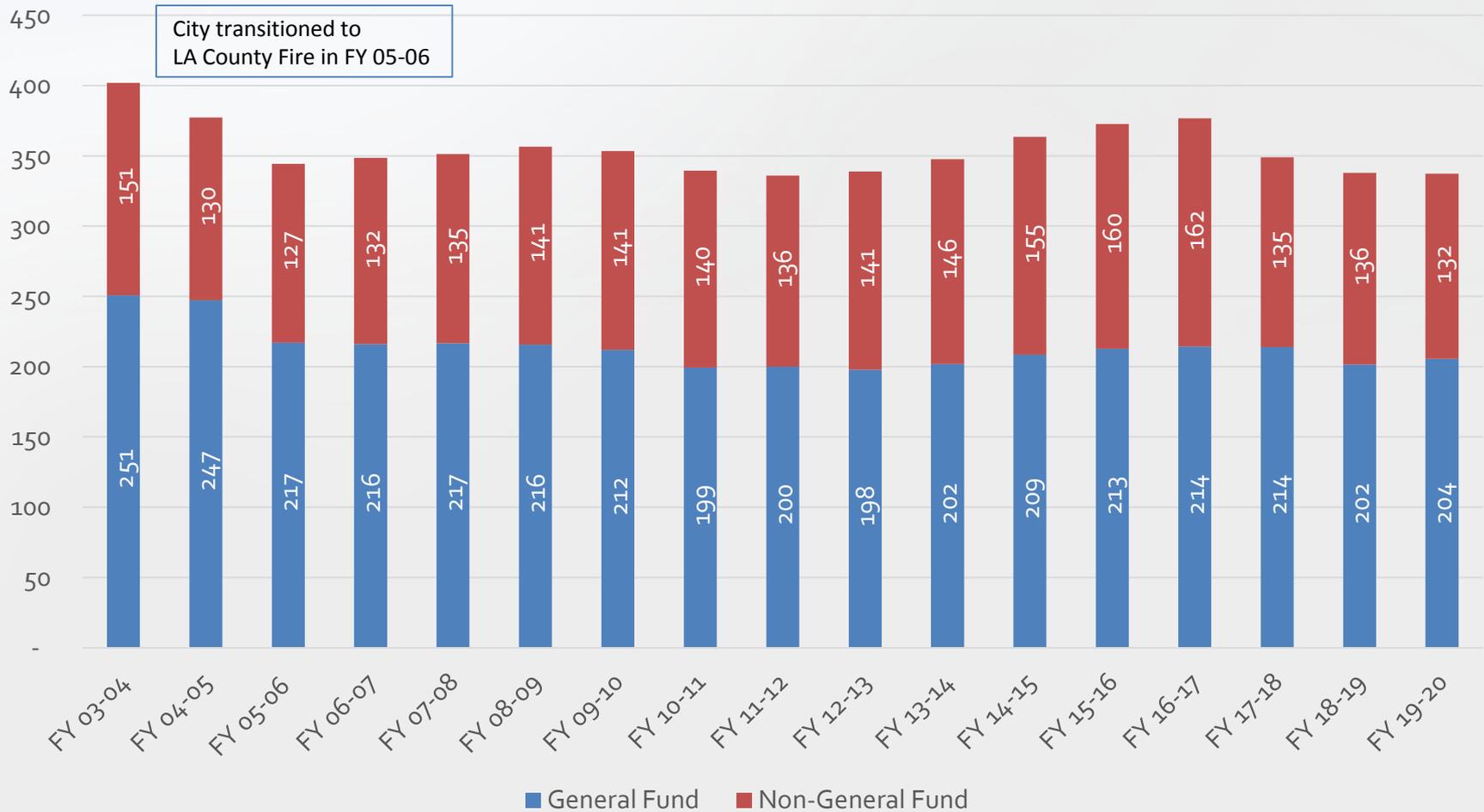
Miscellaneous Employees (FTEs) By Pension Plan: Classic, Tier 2, PEPRA



Safety Employees (FTEs) By Pension Plan: Classic, Tier 2, PEPRA



Staffing Levels (FTE's) 17 Fiscal Year Comparison





Implemented and Potential Pension Strategies

- City Council began establishing lower tier pension options and plans for new hires starting in July 2010
- CalPERS Pension Reform Act (PEPRA) took effect in January 2013 for all new hires statewide
- City Council established a Section 115 Trust (Pension Rate Stabilization fund) with an initial deposit of \$500,000
- Continue reviewing City operations to determine ways to reduce costs and/or increase revenues
- Continue facilitating economic development projects to broaden and enhance the City's core revenue base
- Continue reviewing new potential revenue options



Implemented and Potential Pension Strategies

- Utilize staff vacancies due to attrition to consider departmental realignment and establish targeted hiring for key positions on a case by case basis
- Review/renegeotiate City contracts to determine potential savings
- Utilize the Meet and Confer process to discuss employee concessions to help address rapidly increasing pension liabilities
- Support the League of California Cities efforts to lobby the State to increase flexibility for cities to address rising pension costs

Questions?

FY 19/20 Proposed Budget: Comparison by Fund

Fund	FY 18/19 Amended	FY 19/20 Proposed	Variance in \$	Variance as a %
General Fund				
Community Development	\$1,857,371	\$2,052,826	\$195,455	10.5%
Community Services	\$3,988,372	\$3,950,153	(\$38,219)	-1.0%
Public Works	\$5,187,323	\$5,281,615	\$94,292	1.8%
Administration & Support	\$3,436,933	\$3,543,136	\$106,203	3.1%
Police	\$19,891,458	\$20,421,964	\$530,506	2.7%
Fire/Ambulance	\$9,920,610	\$10,619,947	\$699,337	7.0%
Total	\$44,282,067	\$45,869,641	\$1,587,574	3.6%
Agencies & Authorities				
Utility Authority-Water Operations	\$13,676,983	\$15,544,060	\$1,867,077	13.7%
Utility Authority-Water Capital	\$2,900,844	\$5,059,027	\$2,158,183	74.4%
Utility Authority-Sewer Operations	\$2,341,496	\$2,373,267	\$31,771	1.4%
Utility Authority-Sewer Capital	\$1,290,544	\$1,421,936	\$131,392	10.2%
Housing Authority	\$1,969,946	\$1,943,162	(\$26,784)	-1.4%
Civic Improvement Authority	\$485,900	\$577,111	\$91,211	18.8%
Redevelopment Successor Agency	\$1,524,181	\$1,531,184	\$7,003	0.5%
Mello Roos Fund	\$282,348	\$269,387	(\$12,961)	-4.6%
Total	\$24,472,242	\$28,719,134	\$4,246,892	17.4%
Special Revenue Funds				
CDBG	\$1,010,194	\$1,192,520	\$182,326	18.0%
Child Development Grants	\$5,677,322	\$5,937,940	\$260,618	4.6%
Employment & Training Grant	\$717,800	\$747,950	\$30,150	4.2%
Gas Tax	\$5,337,943	\$5,380,936	\$42,993	0.8%
Measures M2 Fairshare & Grants	\$4,660,490	\$6,432,435	\$1,771,945	38.0%
Other State and Federal Grants	\$2,931,636	\$3,774,136	\$842,500	28.7%
Public Safety Augmentation	\$530,829	\$467,600	(\$63,229)	-11.9%
SB1 (Road Maint Rehab Acct)	\$1,381,637	\$2,038,902	\$657,265	47.6%
Traffic Improvement	\$348,023	\$137,090	(\$210,933)	-60.6%
All others	\$1,862,506	\$2,351,390	\$488,884	26.2%
Total	\$24,458,380	\$28,460,899	\$4,002,519	16.4%
Enterprise Funds				
Refuse Fund	\$4,595,629	\$6,785,877	\$2,190,248	47.7%
Children's Museum Fund	\$840,130	\$845,489	\$5,359	0.6%
Mobile Home Fund	\$3,155,627	\$4,394,941	\$1,239,314	39.3%
Total	\$8,591,386	\$12,026,307	\$3,434,921	40.0%
Internal Service Funds				
Fleet Replacement Fund	\$671,128	\$635,274	(\$35,854)	-5.3%
Fleet Maintenance Fund	\$1,154,215	\$1,206,638	\$52,423	4.5%
Risk Management Fund	\$2,642,119	\$2,740,949	\$98,830	3.7%
Information Technology Fund	\$1,842,968	\$1,934,347	\$91,379	5.0%
Information Technology Replc Fund	\$422,000	\$462,000	\$40,000	9.5%
Other Post Employee Benefits Fund	\$436,000	\$415,896	(\$20,104)	0.0%
Total	\$7,168,430	\$7,395,104	\$226,674	3.2%
Capital Projects Fund (GF)	\$1,314,263	\$2,115,272	\$801,009	60.9%
Debt Service Fund	\$68,637	\$151,568	\$82,931	120.8%
Total Municipal Budget	\$110,355,405	\$124,737,925	\$14,382,520	13.0%