



CITY OF BUENA PARK

Office of the City Manager
Rick Warsinski, City Manager

June 22, 2010

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

INTRODUCTION

Presented for your consideration, is the City of Buena Park's Adopted Budget and Capital Improvement Program for the 2010-11 and 2011-12 fiscal years. As you are well aware, we are experiencing historic economic conditions. The nation is experiencing the deepest recession since the 1930's. This downturn has had a very significant impact in the City's ability to assemble a balanced budget while maintaining existing service levels. It is clear that the City's organization has been, and will continue to be, significantly affected by the current crisis. The City has already implemented a hiring freeze on vacant positions, with departments re-engineering their method of service delivery with less personnel. The employees have been willing partners with the City in addressing the budget shortfall. In a cooperative effort, the City and all the employee groups agreed to implement a twelve month 5% furlough program that started on January 1, 2010. Additionally, all departments instituted budget reductions in November 2009 and identified approximately \$623,000 of ongoing General Fund reductions. While not reflected in the budget document due to the ongoing nature of the current efforts, the City is continuing its discussions with all the employee groups for further cost reduction measures. In addition, the City Council approved a retirement incentive program in an effort to create additional vacancies and reduce the City's labor force. Clearly, the City will emerge as a very different organization than we were just a couple of years ago. Focus will remain on providing quality essential services to all our citizens.

This budget document is designed to provide a comprehensive financial overview of City activities during the next two fiscal years. The document includes departmental functions/objectives, major accomplishments and desired service levels for the upcoming fiscal year. The document also includes an overview of the City's finances and related budget issues to enhance utilization of this document as a communication device, financial plan, policy tool and operations guide for the City Council and citizens of Buena Park.

The Budget Hearing and Workshop was previously held on May 18, 2010. During the hearing, the City's 2010-11 and 2011-12 budgets were reviewed in detail by the City Council and staff. The City Council direction at the meeting was to reduce the General Fund operating deficits to \$2.5 million or less for each fiscal year. While the budgets presented provides a framework for the next two years, considerable work remains to implement the City Council's direction. Accordingly, the City Council adopted the budgets presented with the qualification that a budget deficit reduction plan be brought back for consideration within the next 2-3 months. The major components of the budget

deficit reduction plan involve continuing discussions with all the employee labor groups and a citywide re-organization, including possible labor-force reductions.

The Adopted Budget has been prepared in accordance with local ordinances, state statutes and professional standards promulgated by the Governmental Accounting Standards Board governing its development. We will continue to make the City's priorities and spending plans available to the public by making this publication available for the public's review.

Staff has once again prepared a budget that encompasses two years. The two year budget process will provide a basis for longer term planning and accountability. In addition, it will save staff resources during the second year of the budget process since the only items addressed will be by exception basis for those items that are new, changed, or unanticipated.

This 2010-11 and 2011-12 Adopted Budget represents the operating and capital spending plans for the following fund types including the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Fund and Internal Service Funds. The total appropriations for all budgeted funds adopted for fiscal year 2010-11 is \$86,022,360. The adopted operating appropriations on an all funds basis are \$78,141,240, and the adopted appropriations for the Capital Improvement Program are \$7,881,120. These adopted appropriations represent an increase of 3.9% for operations and an increase of 45.9% for capital improvements, over the prior year, as illustrated by the following schedule. The 2010-11 Adopted Budget on an all funds basis of \$86,022,360, represents an increase of \$5,393,630, or 6.7% when compared to the fiscal year 2009-10 original adopted budget of \$80,628,730.

	2010-11 Adopted Budget	2009-10 Adopted Budget	Increase/ (Decrease)	Percent
Operating Budget – All Funds	\$78,141,240	\$75,226,430	\$2,914,810	3.9%
Capital Budget – All Funds	7,881,120	5,402,300	2,478,820	45.9%
Total Budget – All Funds	\$86,022,360	\$80,628,730	\$5,393,630	6.7%

The total appropriations for all budgeted funds adopted for fiscal year 2011-12 is \$88,295,780. The adopted operating appropriations on an all funds basis are \$81,138,780, and the adopted appropriations for the Capital Improvement Program are \$7,157,000. These adopted appropriations represent an increase of 3.8% for operations and a decrease of (9.2%) for capital improvements, as illustrated by the schedule below. The 2011-12 Adopted Budget on an all funds basis of \$88,295,780, represents an increase of \$2,273,420, or 2.6% when compared to the fiscal year 2010-11 Adopted Budget of \$86,022,360.

	2011-12 Adopted Budget	2010-11 Adopted Budget	Increase/ (Decrease)	Percent
Operating Budget – All Funds	\$81,138,780	\$78,141,240	\$2,997,540	3.8%
Capital Budget – All Funds	7,157,000	7,881,120	(724,120)	(9.2%)
Total Budget – All Funds	\$88,295,780	\$86,022,360	\$2,273,420	2.6%

The 2010-11 and 2011-12 adopted budget reflects all the provisions of the current Memorandums of Understanding (MOUs) for the City's five employee groups. All current MOUs remain in effect until July 8, 2011.

To gain a better understanding of the adopted budget document as a whole, it is important to compare the General Fund as it relates to the entire budget covering all fund types. The following schedules illustrate this relationship:

	2010-11 Adopted Budget	2009-10 Adopted Budget	Increase/ (Decrease)	Percent
Appropriations – General Fund	\$53,976,110	\$54,068,400	\$ (92,290)	(0.2%)
Appropriations – Special Revenue Funds	6,754,290	6,008,630	745,660	12.4%
Appropriations – Capital Projects Funds	420,000	23,300	396,700	1,702.6%
Appropriations – Enterprise Fund	16,802,290	14,252,650	2,549,640	17.9%
Appropriations – Internal Service Funds	8,069,670	6,275,750	1,793,920	28.6%
Total Appropriations – All Fund Types	\$86,022,360	\$80,628,730	\$5,393,630	6.7%

	2011-12 Adopted Budget	2010-11 Adopted Budget	Increase/ (Decrease)	Percent
Appropriations – General Fund	\$55,651,920	\$53,976,110	\$1,675,810	3.1%
Appropriations – Special Revenue Funds	5,901,050	6,754,290	(853,240)	(12.6%)
Appropriations – Capital Projects Funds	65,000	420,000	(355,000)	(84.5%)
Appropriations – Enterprise Fund	17,789,390	16,802,290	987,100	5.9%
Appropriations – Internal Service Funds	8,888,420	8,069,670	818,750	10.1%
Total Appropriations – All Fund Types	\$88,295,780	\$86,022,360	\$2,273,420	2.6%

The General Fund comprises 62.7% of the total adopted budget on an all funds basis for 2010-11 and 63% in 2011-12. The adopted expenditures in the General Fund decreased by \$92,290 in 2010-11 when compared to the adopted budget for fiscal year 2009-10 and increased by \$1,675,810, or 3.1% in 2011-12 when compared to the adopted budget for fiscal year 2010-11.

As previously discussed, the City has frozen the hiring of any current and future vacant positions. The City's recent Supplemental Employee Retirement Plan (SERP) has also created additional vacancies. The final impact of the SERP vacancies will be brought back to the City Council as part of the budget deficit reduction plan. The fiscal years 2010-11 and 2011-12 adopted budget reflects adjusted operating deficits in General Fund budget of \$5,516,030 and \$5,580,580 respectively. These figures have been adjusted to reflect the frozen vacant positions, as well as additional projected vacancies that will not be filled. Also reflected is the set aside of the sales tax revenue pursuant to the CDW participation agreement.

Summary of vacant positions:

Administrative Secretary	General Fund
Deputy City Clerk	General Fund
Senior Human Resources Technician	General Fund
Senior Accounting Technician	General Fund
Executive Secretary	General Fund
Senior Building/Plan Checker	General Fund
Police Captain	General Fund
Police Lieutenant	General Fund
Police Service Officer	General Fund
Parking Enforcement Specialist	General Fund
Police Records Clerk (2)	General Fund
Police Dispatcher	General Fund
Police Custodian	General Fund
Jailer	General Fund
Police Corporal	General Fund
Public Works Maintenance Leader (2)	General Fund
Senior Typist-Clerk	General Fund
Maintenance Helper PPT (2)	General Fund
Street Maintenance Superintendent	General Fund
Environmental Inspector	Water Fund
Water Quality Inspector	Water Fund
Water Services Technician III	Water Fund
Secretary to Department Head	Water Fund
Lead Equipment Mechanic	Equipment Fund

Adopted fiscal year 2010-11 estimated revenues and appropriations are summarized and listed below.

	General Fund	All Other Funds	Total
2010-11 Estimated Revenues	\$51,742,080	\$30,601,980	\$82,344,060
CDW Set Aside	(4,707,000)	-	(4,707,000)
2010-11 Utilization of Fund Balances	-	2,954,980	2,954,980
Total 2010-11 Resources	47,035,080	33,556,960	80,592,040
2010-11 Appropriations	53,976,110	32,046,250	86,022,360
Current vacant positions	(1,025,000)	(158,000)	(1,183,000)
Projected vacant positions	(400,000)	-	(400,000)
2010-11 Required Resources over Expenditures	\$(5,516,030)	\$ 1,668,710	\$(3,847,320)

	General Fund	All Other Funds	Total
2011-12 Estimated Revenues	\$52,953,340	\$30,765,050	\$83,718,390
CDW Set Aside	(4,707,000)	-	(4,707,000)
2011-12 Utilization of Fund Balances	-	3,141,450	3,141,450
Total 2011-12 Resources	48,246,340	33,906,500	82,152,840
2011-12 Appropriations	55,651,920	32,643,860	88,295,780
Current vacant positions	(1,425,000)	(158,000)	(1,583,000)
Projected vacant positions	(400,000)	-	(400,000)
2011-12 Required Resources over Expenditures	\$(5,580,580)	\$ 1,420,640	\$(4,159,940)

The following paragraphs give an overview of the state of the economy and how it affects the City of Buena Park. Following this overview is a more detailed view of each fund's financial position including both estimated revenues and adopted appropriations for the 2010-11 and 2011-12 fiscal years.

STATE OF THE ECONOMY

As previously discussed, the United States has experienced the deepest recession since the 1930's. Recent factors suggest that the recession is coming to a conclusion and the economy is in expansion mode. However, by almost all accounts, the recovery is expected to be gradual and restrained. The recession has greatly reduced City revenues across the board, but most significantly taxes and development revenues. The City of Buena Park's economic outlook calls for modest growth.

The City and the Redevelopment Agency continues its efforts on many economic development projects that are anticipated to provide an economic stimulus in the long-term. Among these are the re-positioning of the entertainment corridor including redevelopment of the former Movieland and certain motel properties, and possible augmentation of the City Auto Center. Final re-use of the Nabisco site and the Beach/Orangethorpe project will likewise have a positive impact.

GENERAL FUND

The City's general financial goal is to provide an adequate level of municipal services with the ability to adapt to local and regional economic changes while maintaining and enhancing the sound fiscal condition of the City. Certainly, the current economic climate has greatly constrained the City's ability to accomplish our goal. While prudent fiscal practices in the past has afforded the City with a level of reserve balance, it is clear that without major changes to the City's structure, that reserve balance is projected to be depleted to a critical level in the next two year budget cycle. The General Fund's adopted expenditures exceeds estimated revenues for fiscal years 2010-11 and 2011-12, resulting in projected operating deficits of \$5,516,030, and \$5,580,580, respectively, after setting aside \$4,707,000, in each year as a result of sales tax revenue generated by the CDW participation agreement and factoring in the projected frozen vacant positions.

Transfers from the General Fund to the Liability Insurance Fund are recommended in fiscal years 2010-11 and 2011-12 in the amount of \$690,000, for each year. The City's self-insurance fund continues to have significant claims expenditures over the past few years and these large expenditures are expected to continue in the upcoming fiscal year.

The following paragraphs have been provided to give you a more detailed understanding of the 2010-11 and 2011-12 budgets in the area of both revenues and expenditures.

General Fund Revenues:

Fiscal year 2010-11 and 2011-12 estimated revenues and transfers in total \$51,742,080, and \$52,953,340, respectively. When comparing the 2010-11 estimates to the original 2009-10 adopted budget, which was prepared before the economic crisis, there is a decrease of 10.86%. Tax revenues and development revenues have experienced the greatest declines during the last 18-24 months. The City is projecting a modest recovery in 2010-11 for some of the tax revenues, while keeping most other revenues in line with the 2009-10 mid-year estimates. The 2011-12 revenues are projected to continue with modest increases as the economic expansion continues.

- Property Taxes

Property tax revenues are projected to remain flat in 2010-11 and increase 2% in 2011-12. While some sectors of the real estate market appear to be stabilizing, the uncertainty of the commercial real estate market and the remaining potential of further distressed properties may have further negative impacts on this revenue. Since over 50% of the City is in the Redevelopment Project Area, the General Fund will be somewhat less affected by reassessments or further foreclosure activities.

- Sales and Use Taxes

Sales taxes are the single largest source of revenue for the General Fund and has also been the most affected by the economic crisis. Point of sales for 2008-09 decreased by 12.5% when compared to 2007-09. Current year projections are approximately 13% below 2008-09. As a result, the City is projected to experience a 25% reduction during this two year period. Estimates for the next two years project a modest recovery with a 3% net increase in 2010-11 and a 5% net increase in 2011-12. As discussed above, \$4,707,000, of this projected revenue is to be set aside pursuant to the CDW participation agreement.

- Transient Occupancy Tax

This revenue source has also been greatly affected by the economic crisis and is tracking to be 30% lower in the two year period between 2007-08 and 2009-10. The projected economic recovery is expected positively affect this revenue. Estimates for the next two years project a modest recovery with a 3% increase in 2010-11 and a 5% increase in 2011-12.

- Utility User Fee

While the increasing costs of energy should have had a positive effect on this revenue, the slowdown in the economy offset these increases, as consumers reduced their energy consumption or were unable to pay their energy bills, resulting in no

increases. Estimates for the next two years project a modest recovery with a 3% increase in 2010-11 and a 5% increase in 2011-12.

- State Motor Vehicle In-Lieu Fees

This revenue source includes “property taxes in lieu of VLF” which is based on the change in assessed valuation. The revenue is projected to be on par with the prior year actual.

- Investment Earnings

Investment earnings for fiscal year 2010-11 and 2011-12 are projected to decrease from the prior year actual. The Federal Reserve Bank has continued to maintain historically low interest rates in an effort to stimulate economic growth. In addition, the reductions in City revenues decreases the City’s captial available for investments.

- Licenses and Permits

Licenses and permits have been negatively affected by the slowdown in development and construction activity. With the economic recovery underway, modest increases are projected for the next two years. Pending major projects, such as the Movieland, Beach and Orangethorpe, and Nabisco properties will positively affect this revenue source in the future.

- Fines and Forfeitures

Fines and forfeitures are projected to remain consistent with the revised mid-year revenue estimate and seems to have been unaffected by the economic slowdown. There are no projected changes to enforcement activity or process that will affect this revenue source.

- Charges for Services

Most of the revenues within this category have also been unaffected by the economic slowdown. Modest increases are projected for the next two years.

- Transfers In

The General Fund will receive transfers in from the Redevelopment Agency (\$381,800) for repayment of existing loans, the Gas Tax Fund (\$7,500) for allowable reimbursement of Public Works expenditures, and the Water Fund (\$300,000) to compensate the General Fund for revenue lost when our hydro-electric connection was eliminated as part of two new water wells and for compensation for park land where the wells are located.

General Fund Expenditures:

As shown in the charts on page iii, General Fund expenditures for fiscal years 2010-11 and 2011-12 are projected to be \$53,976,110, and \$55,651,920, respectively. This includes operating expenditures of \$52,930,900, capital expenditures of \$50,000, and transfers out of \$995,210, for 2010-11 and operating expenditures of \$54,577,380, capital expenditures of \$50,000, and transfers out of \$1,024,540, for 2011-12. The total requirements for 2010-11 are \$92,290 less than the prior year. The total requirements for 2011-12 exceed the prior year by \$1,675,810, or 3.1%.

- Salaries and Benefits

Salaries and benefits, which represent 60.4% of total General Fund expenditures, show a decrease of \$63,090 for fiscal year 2010-11. For fiscal year 2011-12, salaries and benefits represent 60.8% of total General Fund expenditures and an increase of 3.7% or \$1,201,060. As previously outlined, all the provisions of the five employee associations' Memorandums of Understanding (MOUs) have been included. Fiscal year 2010-11 reflects a 5% furlough for all employees through December 31, 2010. Fiscal year 2011-12 reflects estimated CalPERS rate increases of 1.749% for the miscellaneous employees and 2.52% for the safety employees.

- Maintenance and Operations (M & O)

Maintenance and operations expenditures includes such items as professional and contractual services, equipment maintenance/rental, supplies, memberships and subscriptions, training, utilities and a variety of other fees. For 2010-11 and 2011-12, the maintenance and operations budgets are \$20,237,220, and \$20,704,560, respectively. When compared to the respective prior year budget, the increase is \$642,510, or 3.3% and \$467,340, or 2.3%.

The items contributing significantly to this increase are the fire services contract with Orange County Fire Authority of \$392,290 for 2010-11 and \$502,990 for 2011-12; an increase in Trash Collection services of \$398,110, which is offset by an increase in revenue; an increase in parks maintenance water costs of \$60,000; and election costs of \$62,900. To offset some of these increases, all of the departments made various reductions to their budget as approved during the November 3, 2009 budget review session. As a part of these reductions, most departments also reduced their Conference/Meetings/Training budgets by at least 50%.

- Capital Outlay

Capital outlay expenditures include expenditures for furniture, fixtures and equipment. The fiscal year 2010-11 budget includes capital outlay expenditures totaling \$173,550, a decrease of \$162,410, or (48.3%) from the prior year's budget. The fiscal year 2011-12 budget includes capital outlay expenditures totaling \$151,840, a decrease of \$21,710 or (12.5%) from the 2010-11 budget. The decreases are a result of deferring new or replacement items that are not a detriment to the departments' operations.

- Capital Improvement Program (CIP)

The City's Capital Improvement Program (CIP) for the General Fund totals \$50,000, for the 2010-11 and the 2009-10 fiscal years. This represents a decrease over the respective prior fiscal year budget of \$209,000, or (80.7%). The same approach was used to prepare this budget by deferring projects that were deemed not detrimental to operations or service delivery. The only project being recommended is the setting aside of funds for the replacement of fire station generators.

- Transfers Out

The General Fund's transfers out for fiscal year 2010-11 includes \$31,670 to the Orange County Anti-Drug Abuse Program Fund to supplement the cost of one police

officer position in excess of the grant amount; \$100,000 to the Capital Projects Fund for the set aside funds for the rehabilitation of the Fire Stations; \$173,540 to the Supplemental Law Enforcement Services Fund to supplement the cost of police officer positions in excess of the grant amount; and \$690,000 to the Public Liability Self-Insurance Fund for ongoing and new claims.

The General Fund's transfers out for fiscal year 2011-12 includes \$37,280 to the Orange County Anti-Drug Abuse Program Fund to supplement the cost of one police officer position in excess of the grant amount; \$100,000 to the Capital Projects Fund for the set aside funds for the rehabilitation of the Fire Stations; \$197,260 to the Supplemental Law Enforcement Services Fund to supplement the cost of police officer positions in excess of the grant amount; and \$690,000 to the Public Liability Self-Insurance Fund for ongoing and new claims.

WATER FUND

The cost of delivering water services to the citizens of Buena Park and the related costs of maintaining the system at a safe and reasonable level is the goal of the City's Water Enterprise Fund. The total Water Fund appropriations for fiscal years 2010-11 and 2011-12 amount to \$16,802,290, and \$17,789,390, respectively. The increase over the respective prior year's budget is \$2,549,640, or 17.9% and \$987,100, or 5.9%. The majority of the Water Fund's expenses are for the cost of water (\$7,532,000 and \$7,908,600) from the Metropolitan Water District and the Orange County Water District. Cost of water accounts for 44.8% of this fund's total budget in 2010-11 and 44.5% in 2011-12. The capital improvement projects for 2010-11 and 2011-12 amounts to \$3,305,000, or 19.7% and \$3,803,000, or 21.4%, respectively.

Revenues in the Water Fund are estimated at \$15,145,900, and \$15,495,900, for fiscal years 2010-11 and 2011-12. This represents an increase over the respective prior fiscal years of \$2,203,900, or 17.0%, and \$350,000, or 2.3%. The increases are a result of new water service rates including a new capital charge. The annual analysis of the Water Fund will be presented to the City Council at a future study session.

LOCAL LAW ENFORCEMENT BLOCK GRANT

The Local Law Enforcement Block Grant Fund accounts for federal grant funds used for local law enforcement activities. Estimated revenues in this fund for 2010-11 and 2011-12 were not available at the time of budget preparation, while projected expenditures amount to \$54,640, for both years. Accordingly, funding for this program will be provided by transfers in from the Proposition 172 Fund, until further grant information is received.

ORANGE COUNTY ANTI-DRUG ABUSE PROGRAM

The Orange County Anti-Drug Abuse Program Fund accounts for grant monies received for the purpose of funding a multi-jurisdictional anti-drug task force. Money from this fund pays for one police officer. Estimated revenues in this fund for 2010-11 and 2011-12 are \$136,500, for both years, while projected expenditures amount to \$168,170, and \$173,780, respectively. The projected deficits of \$31,670, and \$37,280, will be funded by transfers in from the General Fund.

ASSET FORFEITURE

The Asset Forfeiture Fund is used to account for assets seized as a result of illegal activities. Money generated in this fund can be used to pay for police activities. Projected revenues in this fund for 2010-11 and 2011-12 are \$125,000 for both years, while projected expenditures amount to \$134,810, and \$73,100, respectively, which leaves a projected ending balance at June 30, 2012 of \$342,090.

PROPOSITION 172

The Proposition 172 Fund accounts for the half-cent sales tax received by the City of Buena Park to be utilized for qualified police activities. Estimated revenues for fiscal years 2010-11 and 2011-12 are \$263,000, for both years and appropriations are \$290,800, and \$310,280, respectively. Included in the appropriations are operating transfers to fund deficits in the Local Law Enforcement Block Grant Fund of \$54,640, for 2010-11 and 2011-12. This fund is estimated to complete fiscal year 2011-12 with an ending balance of \$76,920.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND

The Supplemental Law Enforcement Services Fund accounts for funds received from State used for police activities. Estimated revenues in this fund for 2010-11 and 2011-12 are \$123,000, for both years while projected expenditures amount to \$296,540, and \$320,260, respectively. The projected deficits of \$173,540, and \$197,260, will be funded by transfers in from the General Fund.

GAS TAX

The Gas Tax Fund is used to account for street projects of the Public Works Department. Fiscal years 2010-11 and 2011-12 shows estimated revenues of \$2,263,730, and \$2,239,500, with appropriations (including transfers out) of \$2,706,930, and \$2,354,960, respectively. This fund is estimated to complete fiscal year 2009-10 with an ending balance of \$991,340.

MEASURE M

The Measure M Fund is used to account for transportation projects funded by a voter-approved initiative. Revenues are estimated for fiscal years 2010-11 and 2011-12 at \$925,730, and \$1,050,230, while expenditures are projected to be \$1,447,470, and \$1,349,080, respectively. This fund is estimated to complete fiscal year 2009-10 with an ending balance of \$129,410.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The 2010-11 and 2011-12 budget appropriates \$1,425,790, and \$1,073,680, respectively, for CDBG expenditures. These recommended expenditures have been processed and reviewed by the Citizens Advisory Committee (CAC). The City Council has also reviewed and supported various recommendations from CAC and staff during Council actions in March 2010. These funds continue to support many important community needs, which may not otherwise be possible. Programs like graffiti removal, senior citizen outreach, code enforcement and medical transportation are examples of how these funds directly impact the City of Buena Park. Continuing our efforts to keep this funding available is a high priority.

STATE ORANGE COUNTY AUTO THEFT TASK FORCE (OCATT) FUND

The State OCATT Fund was established in fiscal year 2002-03. Prior to this, grant revenues and expenditures were accounted for in the General Fund Police Department budget. Expenditures are projected at \$187,660, and \$191,270, for fiscal years 2010-11 and 2011-12, respectively, and will fund one police officer and related maintenance and operations costs, which are fully reimbursable with grant funds received from the State.

PARK IN-LIEU

The Park In-Lieu Fund is used to account for recreational development projects financed by developer fees paid in-lieu of park development. This fund pays for certain park maintenance needs and/or expansion of facilities. Estimated revenue for fiscal years 2010-11 and 2011-12 are \$220,000, and \$370,000, while appropriations total \$420,000, and \$65,000, respectively, for improvements at various parks.

AB2766/AQMD

The AB2766/AQMD Fund is used to account for revenue received from the Air Quality Management District for air quality improvement projects. Fiscal years 2010-11 and 2011-12 estimated revenues are \$103,000, for both years.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The Capital Improvement Program for 2010-11 totals \$11,881,120. The projects listed in detail in the final section of this budget are funded by several different sources. The General Fund projects total \$50,000; the Gas Tax Fund \$2,413,000; the Measure M Turnback Fund \$1,277,000; Community Development Block Grant Fund \$416,120; Park In-Lieu Fund \$420,000; Water Fund \$3,305,000; and the Redevelopment Agency Capital Projects Fund of \$4,000,000. The majority of the projects in the City's Capital Improvement Program are street and road-related projects. The current CIP is an increase over the prior budget year of \$5,478,820 or 85.6%.

The Capital Improvement Program for 2011-12 totals \$19,157,000. The projects listed in detail in the final section of this budget are funded by several different sources. The General Fund projects total \$50,000; the Gas Tax Fund \$2,066,000; the Measure M Turnback Fund \$1,173,000; Park In-Lieu Fund \$65,000; Water Fund \$3,803,000; and the Redevelopment Agency Capital Projects Fund of \$12,000,000. The majority of the projects in the City's Capital Improvement Program are street and road-related projects. The current CIP is an increase from the prior budget year of \$7,275,880, or 61.2%.

The proposed Capital Improvement Program was prepared so that the City remains in compliance with any applicable maintenance-of-effort requirements.

Not included in the proposed Capital Improvement Program are two significant projects that have previously been approved. The first is the re-location of the City Yard facility to a newly retrofitted property. The Redevelopment Agency has acquired the new property and will begin the retrofit during 2010-11. Once completed the Agency will exchange the properties with the City and develop the "old yard property" with affordable housing as part of a Master Planned community. The budget for this project is \$13.2 million and is funded by Low and Moderate Income Housing funds. The other project is a new Community Center at the Buena Park Civic Center. This project involves the re-use of

the former Police Facility property for the construction of an 18,000 square foot facility to include meeting rooms for recreation classes and special events, as well as housing the Recreation Department's administrative offices and the Parks Division's maintenance yard. The City is currently pursuing a State grant to fund this project.

REDEVELOPMENT AGENCY

The Consolidated Redevelopment Project Area was created in May 2002 by merging all the redevelopment project areas, including the Central Business District and Project Areas II, III, and IV. Approximately 50% of the City, totaling 3,940 acres, is in the Consolidated Redevelopment Project Area. The Redevelopment Agency's top priority is to focus on redevelopment of the E-Zone, located on Beach Boulevard from Orangethorpe Avenue south to Knott's Berry Farm. The Agency has continued to acquire older motels and has completed purchase of six motels and the former Movieland Wax Museum property. Further, the Agency is implementing the master plan that includes preparing conceptual streetscape plans, soliciting proposed entertainment related uses for the Agency owned sites, and tying Buena Park Downtown to Knott's. On the northern edge of the E-Zone, the Agency is working with the owner of the the NE corner of Beach and Orangethorpe on the development of a mixed-use project that includes residential, office, hotel, and retail uses. A goal of the Agency is to upgrade Buena Park Downtown by assisting the owner in attracting new tenants and working with Sears to redevelop their property. Another goal is neighborhood preservation with a comprehensive citywide program to rehabilitate existing housing, develop infill housing, and upgrade public improvements in targeted neighborhoods. Additional properties have been acquired by the Agency as they become available for further expansion of the City's Auto Center; and the Agency continues to monitor the effects of the widening of the I-5 on the auto dealers. Affordable housing continues to be a priority for the Agency and they continue to look at opportunities to provide affordable housing. The Agency has purchased a relocation site for the City Yard and has purchased blighted commercial and industrial properties adjacent to the existing City Yard to assemble a 12-acre site for a mix of affordable housing. Also, scattered lots were acquired to develop nine affordable single family homes, and a 2.14 acre site was acquired to develop a 71 unit affordable rental project. The Agency continues to budget funds for project development and business retention and attraction within the City of Buena Park. An Industrial Loan Program to assist businesses to locate or expand in the City was created last year and continues to be funded. The Agency assisted in funding the development of the new, state-of-the-art Police Facility; expansion of the Senior Citizen Center with the construction of Heritage Hall; and, joint funding of the gymnasium with the Buena Park School District.

In May 2010, the Agency was required to pay \$8,848,933 to the county after Sacramento Superior Court Judge Lloyd Connelly upheld AB X4 26, the state budget bill passed in July 2009 as part of the 2009-2010 state budget that requires redevelopment agencies statewide to transfer \$2.05 billion in local redevelopment funds over the next two years. A second payment of \$1,821,000 is scheduled for 2011. These payments greatly reduced the Agency's cash flow, limiting the Agency's ability to move forward with infrastructure improvement, housing development, and private development projects that would eliminate blight in the community.

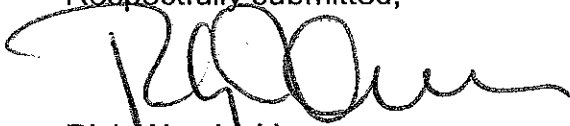
CONCLUSION

The City is facing many budget challenges as the economy finds its way out of the recession. Due to the significant revenue to expenditure shortfall presented in this budget, the City Council will have to make many difficult policy decisions on the services that the City continues to deliver, as well as the structure of the organization. The City is continuing its discussions with all the employee groups in an effort to identify further cost reduction measures. The City Council has also approved a retirement incentive program to reduce the City's labor force. Vacancies created by this program will allow the City to re-organize and reduce costs. The outcome of all these efforts will be a part of the budget deficit reduction plan that will be presented to the City Council in 2-3 months.

As the economy starts to expand, the City and the Agency continues its work on economic development projects that were envisioned by City Council for the future of Buena Park.

Clearly, these have been difficult times for Buena Park and its citizens. Staff is committed to working with the City Council to address the current budget challenges, while continuing to provide quality essential services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rick Warsinski', written over a horizontal line.

Rick Warsinski
City Manager

**CITY OF BUENA PARK
ADMINISTRATIVE DIRECTORY
FISCAL YEARS 2010-11 AND 2011-12**

City Manager Rick Warsinski

Deputy City Manager James Vanderpool

City Attorney Steven Dorsey

City Clerk.....Shalice Tilton

Director of Community DevelopmentJoel Rosen

Director of Economic Development..... May Wong Hui

Director of Finance..... Sung Hyun

Police Chief..... Thomas Monson

Director of Public Works/City Engineer.....James Biery

Director of Recreation, Parks and Community Services Steve Hunt

CITY OF BUENA PARK
Organizational Chart

