

June 26, 2012

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 2012-13 and 2013-14 fiscal years. This document reflects the City's continuing efforts to address the fiscal challenges of current times. While the City's revenues were beginning to experience a modest recovery due to the improving economy, the State legislature passed ABx1 26 which abolished redevelopment agencies throughout the state as of February 1, 2012. ABx1 26 was upheld by the California Supreme Court and this document reflects the winding down of the former Buena Park Redevelopment Agency with the City's role as the Successor Agency. This short-sighted and ill-conceived legislation will have a tremendous effect on the future of Buena Park, as the City now struggles to implement its Strategic Plan.

It is clear that the City's organization has been, and will continue to be, significantly affected by this new crisis. The direction from the City Council is to continue to take necessary steps in an effort to balance the City budget. Several actions have been taken in recent years to address this policy statement by reviewing all sources of City revenues, re-evaluating fees for services, controlling and limiting expenditures and assessing enterprise funds for their share of City costs. Most recently, actions include continuation of the hiring freeze on vacant positions and requiring departments to re-engineer their method of service delivery with fewer personnel. In a cooperative effort, the City and all the employee groups agreed to implement a 5% furlough program and a 3% pay reduction through the end of fiscal year 2011-12. The Buena Park City Employees' Association (BPCEA) has agreed to a Memorandum of Understanding (MOU) for fiscal year 2012-13. The main points of the MOU provide for the continuation of the furlough program and the employees' full payment of CalPERS member's contribution. Additionally, the City Council approved a compensation plan for the management employees with similar provisions. Both agreements have been incorporated in the fiscal year 2012-13 budget. The City is still working towards approving MOUs with the three remaining labor groups. Finally in order to address the General Fund budget shortfall created by ABx1 26, a \$1.6 million reduction plan was submitted to the City Council for consideration. That plan included further reallocation of traffic and engineering funds, the potential of privatizing certain services and commencing layoffs of 21 positions. Clearly, the City will emerge as a very different organization than we were just a year ago. Focus will continue to 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 Hearings and workshops were previously held on May 8, 2012, and June 12, 2012.

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 provides a basis for longer term planning and accountability. In addition, it saves 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 2012-13 and 2013-14 Adopted Budget represents the approved 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 adopted appropriations for all budgeted funds approved for fiscal year 2012-13 is \$103,254,440. The operating appropriations on an all funds basis are \$93,235,440, and the appropriations for the Capital Improvement Program are \$10,019,000. These appropriations represent an increase of 19.2% for operations and an increase of 34.9% for capital improvements, over the prior year, as illustrated by the following schedule. The 2012-13 Adopted Budget on an all funds basis of \$103,254,440, represents an increase of \$17,626,070, or 20.6% when compared to the fiscal year 2011-12 revised adopted budget of \$85,628,730. There are several factors that attributed to this increase. The first is the inclusion of the Successor Agency to the RDA as a City fund in the amount of \$12,840,210, to account for the winding down of the Redevelopment Agency. In previous fiscal years, these activities were provided for in a separate RDA budget and not in the City’s budget. Secondly, the elimination of the RDA required that positions that were previously funded by the RDA now be funded by other City funds. Lastly, due to the ongoing nature of the labor negotiations, no concessions were included in the budgets for three of the labor groups.

	2012-13 Adopted Budget	2011-12 Adopted Budget	Increase/ (Decrease)	Percent
Operating Budget – All Funds	\$ 93,235,440	\$78,202,950	\$15,032,490	19.2%
Capital Budget – All Funds	10,019,000	7,425,420	2,593,580	34.9%
Total Budget – All Funds	\$103,254,440	\$85,628,370	\$17,626,070	20.6%

The total adopted appropriations for all budgeted funds approved for fiscal year 2013-14 is \$101,918,490. The operating appropriations on an all funds basis are \$94,636,490, and the appropriations for the Capital Improvement Program are \$7,282,000. These appropriations represent an increase of 1.5% for operations and a decrease of (27.3%) for capital improvements, as illustrated by the schedule below. The 2013-14 Adopted Budget on an all funds basis of \$101,918,490, represents a decrease of \$1,335,950, or (1.3%) when compared to the fiscal year 2012-13 Adopted Budget of \$103,254,440.

	2013-14 Adopted Budget	2012-13 Adopted Budget	Increase/ (Decrease)	Percent
Operating Budget – All Funds	\$ 94,636,490	\$ 93,235,440	\$ 1,401,050	1.5%
Capital Budget – All Funds	7,282,000	10,019,000	(2,737,000)	(27.3%)
Total Budget – All Funds	\$101,918,490	\$103,254,440	\$(1,335,950)	(1.3%)

To gain a better understanding of the 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:

2012-13 and 2013-14 Budget Message

	2012-13 Adopted Budget	2011-12 Adopted Budget	Increase/ (Decrease)	Percent
Appropriations – General Fund	\$54,468,650	\$52,856,280	\$ 1,612,370	3.1%
Appropriations – Special Revenue Funds	19,645,970	6,222,640	13,423,330	215.7%
Appropriations – Capital Projects Funds	2,070,000	104,300	1,965,700	1,884.7%
Appropriations – Enterprise Fund	18,415,470	17,616,540	798,930	4.5%
Appropriations – Internal Service Funds	8,654,350	8,828,610	(174,260)	(2.0%)
Total Appropriations – All Fund Types	\$103,254,440	\$85,628,370	\$17,626,070	20.6%

	2013-14 Adopted Budget	2012-13 Adopted Budget	Increase/ (Decrease)	Percent
Appropriations – General Fund	\$55,832,890	\$54,468,650	\$ 1,364,240	2.5%
Appropriations – Special Revenue Funds	18,981,400	19,645,970	(664,570)	(3.4%)
Appropriations – Capital Projects Funds	-	2,070,000	(2,070,000)	(100.0%)
Appropriations – Enterprise Fund	18,456,610	18,415,470	41,140	0.2%
Appropriations – Internal Service Funds	8,647,590	8,654,350	(6,760)	(1.3%)
Total Appropriations – All Fund Types	\$101,918,490	\$103,254,440	\$(1,335,950)	(1.3%)

The General Fund comprises 52.8% of the total budget on an all funds basis for 2012-13 and 54.8% in 2013-14. The expenditures in the General Fund increased by \$1,612,370, or 3.1% in 2012-13 when compared to the approved budget for fiscal year 2011-12 and increased by \$1,364,240, or 2.5% in 2013-14 when compared to the budget for fiscal year 2012-13.

As previously discussed, the City has frozen the hiring of any current and future vacant positions. The fiscal years 2012-13 and 2013-14 approved budget reflects adjusted operating deficits in General Fund budget of \$2,479,740 and \$2,942,580 respectively. These figures have been adjusted to reflect the frozen vacant positions. Also reflected is the set aside of the sales tax revenue pursuant to the CDW participation agreement.

Summary of vacant positions:

Human Resources Specialist	General Fund
Mailroom Aide	General Fund
Senior Secretary	General Fund
Account Clerk	General Fund
Senior Building/Plan Checker	General Fund
Neighborhood Improvement/Code Enf. Manager	General Fund
Police Captain	General Fund
Police Lieutenant (2)	General Fund
Police Corporal (2)	General Fund
Police Service Officer	General Fund
Parking Enforcement Specialist	General Fund
Public Works Maintenance Leader	General Fund
Public Works Maintenance Employee (3)	General Fund
Environmental Inspector	Water Fund
Water Services Technician II	Water Fund

Engineering Technician II
Equipment Mechanic

Water Fund
Equipment Fund

Adopted fiscal year 2012-14 estimated revenues and appropriations are summarized and listed below.

	General Fund	All Other Funds	Total
2012-13 Estimated Revenues	\$55,788,910	\$44,910,680	\$100,699,590
CDW Set Aside	(6,000,000)	-	(6,000,000)
2012-13 Utilization of Fund Balances	-	4,990,710	4,990,710
Total 2012-13 Resources	49,788,910	49,901,390	99,690,300
2012-13 Appropriations	54,468,650	48,785,790	103,254,440
Current vacant positions	(2,200,000)	(218,000)	(2,418,000)
2012-13 Required Resources over Expenditures	\$(2,479,740)	\$ 1,333,600	\$(1,146,140)

	General Fund	All Other Funds	Total
2013-14 Estimated Revenues	\$56,690,310	\$44,814,460	\$101,504,770
CDW Set Aside	(6,000,000)	-	(6,000,000)
2013-14 Utilization of Fund Balances	-	3,089,390	3,089,390
Total 2013-14 Resources	50,690,310	47,902,510	98,592,820
2013-14 Appropriations	55,832,890	46,085,600	101,918,490
Current vacant positions	(2,200,000)	(218,000)	(2,418,000)
2013-14 Required Resources over Expenditures	\$(2,942,580)	\$ 2,034,910	\$ (907,670)

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 approved for the 2012-13 and 2013-14 fiscal years.

STATE OF THE ECONOMY

Various economic indicators show that the United States economy continues to moderately grow at a slow but steady pace. As a result, the City is experiencing some partial recoveries of revenues lost during the recession. However, revenues are still significantly below pre-recession levels. The City of Buena Park's economic outlook continues to call for modest growth.

As previously discussed, ABx1 26 abolished the Redevelopment Agency, devastating the City's efforts on many economic development projects that were anticipated to provide an economic stimulus in the long-term. Without redevelopment as a tool, the City will have to explore alternative methods to promote economic development in the city. The City is facing great challenges to implement the vision of the Strategic Plan.

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 continues to greatly hamper the City's ability to accomplish our goal. The General Fund's expenditures exceeds estimated revenues for fiscal years 2012-13 and 2013-14, resulting in projected operating deficits of \$2,479,740, and \$2,942,580, respectively, after setting aside \$6,000,000, in each year as a result of sales tax revenue generated by the CDW participation agreement and before considering any policy issues.

Transfers from the General Fund to the Liability Insurance Fund are recommended in fiscal years 2012-13 and 2013-14 in the amount of \$890,000, 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 2012-13 and 2013-14 budgets in the area of both revenues and expenditures.

General Fund Revenues:

Fiscal year 2012-13 and 2013-14 estimated revenues and transfers in total \$55,788,910, and \$56,690,310, respectively. Tax revenues and development revenues have experienced the greatest declines during the Great Recession and while some of these revenues have made partial recoveries, they are still below pre-recession levels. The 2012-14 revenues are projected to continue with modest increases as the economic expansion continues.

- **Property Taxes**

Base property tax revenues are projected to remain flat in 2012-13 and 2013-14. Information received from the county Assessor modestly projects a 0%-1% change in assessed valuations. However, due to ABx1 26, it is anticipated that a portion of the previous tax increment revenues received by the former Redevelopment Agency, will be redistributed to various taxing entities, including the City. Currently, there is no clear calculation available on the amounts to be redistributed, so the City is conservatively estimating an amount of \$500,000.

- **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. During the Great Recession period of fiscal years 2008-10, point of sales decreased by 23.3 %. Since that time, sales taxes have rebounded somewhat but are still projected to remain below pre-recession levels. Projections are based upon factors and estimates received from our sales tax consultant, HdI Companies, and support a continuing modest recovery with a 4.6% net increase in 2012-13 and a 3% net increase in 2013-14. As discussed above, \$6,000,000, 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 decreased by 23.2% during fiscal years 2008-10. Since then this revenue is trending upward, but again below pre-recession levels. Estimates for the next two years project a modest recovery with a 2.4% increase in 2012-13 and a 1.6% increase in 2013-14. These estimates are supported by recent activity as well as discussions with various hotel operators throughout the City.

- 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 4.1% increase in 2012-13 and a 3.8% increase in 2013-14.

- Investment Earnings

Investment earnings for fiscal year 2012-13 and 2013-14 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 capital 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 Beach and Orangethorpe, and Nabisco properties will positively affect this revenue source in the future. Should one or more of these projects commence during the next two fiscal years, revenue estimates will have to be adjusted upwards.

- Fines and Forfeitures

Fines and forfeitures are projected to decrease moderately due to limited staffing resulting in fewer citations being issued.

- Charges for Services

Most of the revenues within this category have also been unaffected by the economic slowdown. Additionally, Recreation rentals and charges have been increased to reflect revised rates and increased rentals due to the opening of the new Community Center.

- Transfers In

The General Fund will receive transfers in from the Gas Tax Fund (\$7,500) for allowable reimbursement of Public Works expenditures, the Water Fund (\$72,170) to compensate the General Fund for rent for City-owned well sites, and the Successor Agency to the RDA Fund (\$27,120) to reimburse the General Fund for allowable administrative costs.

General Fund Expenditures:

As shown in the charts on page iii, General Fund expenditures for fiscal years 2012-13 and 2013-14 are projected to be \$54,468,650, and \$55,832,890, respectively. This includes operating expenditures of \$53,093,170, capital expenditures of \$146,790, and transfers out of \$1,228,690, for 2012-13 and operating expenditures of \$54,455,960, capital expenditures of \$142,410, and transfers out of \$1,234,520, for 2013-14. The total requirements for 2012-13 exceed the prior year by \$1,612,370, or 3.1%. The total requirements for 2013-14 exceed the prior year by \$1,364,240, or 2.5%.

- Salaries and Benefits

Salaries and benefits, which represent 59.4% of total General Fund expenditures, show an increase of \$751,960, or 2.4% for fiscal year 2012-13. For fiscal year 2013-14, salaries and benefits represent 59.6% of total General Fund expenditures and an increase of 3.3% or \$1,059,820. As previously discussed, current labor agreements, which provide for a 5%

furlough and 3% concessions, will expire at the end of fiscal year 2011-12. The Buena Park City Employees' Association (BPCEA) has agreed to a Memorandum of Understanding (MOU) for fiscal year 2012-13 that provides for the continuation of the furlough program and the employees' full payment of CalPERS member's contribution. Additionally, the City Council approved a compensation plan for the management employees with similar provisions. Both agreements have been incorporated in the fiscal year 2012-13 budget. The City is still working to towards approving MOUs with the three remaining labor groups. Other major factors that impact salaries and benefits are the loss of Redevelopment funding for various positions coupled with a reduction in the labor. Additionally, CalPERS rates increased in fiscal year 2012-13 by 0.427% for the miscellaneous employees and 0.595% for the safety employees. Due to a recent CalPERS Board action to reduce the discount rate from 7.75% to 7.5%, rates are anticipated to increase in fiscal year 2013-14 by 1-3%.

- 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 2012-13 and 2013-14, the maintenance and operations budgets are \$20,862,610, and \$21,165,580, respectively. When compared to the respective prior year budget, the increase is \$728,770, or 3.6% and \$302,970, or 1.5%.

The items contributing significantly to this increase are the fire services contract with Orange County Fire Authority increasing by \$162,730 for 2012-13 and \$363,820 for 2013-14; an increase due the costs of operating the new Community Center of \$191,270 for 2012-13 and \$195,480 for 2013-14, which are partially offset by additional program revenues; an increase in parks maintenance water costs of \$45,000; and election costs of \$63,000.

Capital Outlay

Capital outlay expenditures include expenditures for furniture, fixtures and equipment. The fiscal year 2012-13 budget includes capital outlay expenditures totaling \$146,790, a decrease of \$4,690, or (3.1%) from the prior year's budget. The fiscal year 2013-14 budget includes capital outlay expenditures totaling \$142,410, a decrease of \$4,380 or (3.0%) from the 2012-13 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) does not include General Fund projects for either the 2012-13 or the 2013-14 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 as in the previous year by deferring projects that were deemed not detrimental to operations or service delivery.

- Transfers Out

The General Fund's transfers out for fiscal year 2012-13 includes \$100,000 to the Capital Projects Fund for the set aside funds for the rehabilitation of the Fire Stations; \$238,690 to the Supplemental Law Enforcement Services Fund to supplement the cost of police officer positions in excess of the grant amount; and \$890,000 to the Public Liability Self-Insurance Fund for ongoing and new claims.

The General Fund's transfers out for fiscal year 2013-14 includes \$100,000 to the Capital Projects Fund for the set aside funds for the rehabilitation of the Fire Stations; \$244,520 to the Supplemental Law Enforcement Services Fund to supplement the cost of police officer

positions in excess of the grant amount; and \$890,000 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 2012-13 and 2013-14 amount to \$18,415,470, and \$18,456,610, respectively. The difference between the respective prior year's budget is \$798,930, or 4.5% and \$41,140, or 0.2%. The majority of the Water Fund's expenses are for the cost of water (\$7,908,600) from the Metropolitan Water District and the Orange County Water District. Cost of water accounts for 42.9% of this fund's total budget in 2012-13 and 42.8% in 2013-14. The capital improvement projects for 2012-13 and 2013-14 amounts to \$4,491,000, or 24.4% and \$4,433,000, or 24.0%, respectively.

Revenues in the Water Fund are estimated at \$15,588,250, for fiscal years 2012-13 and 2013-14. This represents an increase over the respective prior fiscal year of \$92,350, or 0.6%. The annual analysis of the Water Fund will be presented to the City Council at a future study session. Any subsequent rate adjustments that may be approved as a result of the analysis are not included in this budget.

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 2012-13 and 2013-14 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.

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 2012-13 and 2013-14 are \$295,000 for both years, while projected expenditures amount to \$286,930, and \$138,060, respectively, which leaves a projected ending balance at June 30, 2014 of \$768,510.

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 2012-13 and 2013-14 are \$303,000, for both years and appropriations are \$323,250, and \$332,710, respectively. Included in the appropriations are operating transfers to fund deficits in the Local Law Enforcement Block Grant Fund of \$54,640, for 2012-13 and 2013-14. This fund is estimated to complete fiscal year 2013-14 with an ending balance of \$193,040.

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 2012-13 and 2013-14 are \$100,000, for both years while projected expenditures amount to \$338,690, and \$344,520, respectively. The projected deficits of \$238,690, and \$244,520, 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 2012-13 and 2013-14 shows estimated revenues of \$2,645,500, and \$2,237,500, with appropriations (including transfers out) of \$3,017,660, and \$2,316,970, respectively. This fund is estimated to complete fiscal year 2013-14 with an ending balance of \$1,948,370.

MEASURE M2

The Measure M2 Fund is used to account for transportation projects funded by a voter-approved county sales tax initiative. Revenues are estimated for fiscal years 2012-13 and 2013-14 at \$1,230,380, and \$1,314,250, while expenditures are projected to be \$1,302,320, and \$1,424,420, respectively. This fund is estimated to complete fiscal year 2013-14 with an ending balance of \$67,890.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The 2012-13 and 2013-14 budget appropriates \$1,092,970, and \$1,098,910, 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 2012. 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 \$200,720, and \$203,830, for fiscal years 2012-13 and 2013-14, 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 needs and/or expansion of facilities. Estimated revenue for fiscal years 2012-13 and 2013-14 are \$450,000, and \$550,000, while appropriations total \$2,070,000 for fiscal year 2012-13 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 2012-13 and 2013-14 estimated revenues are \$102,500, for both years.

SUCCESSOR AGENCY TO THE RDA

As previously discussed, ABx1 26 eliminated all redevelopment agencies in the State. As a result, the City is acting as the Successor Agency to wind down the affairs of the former Redevelopment Agency. This fund was created for this purpose. The revenues and expenditures are subject to the approval of the Recognized Obligation Payment Schedule (ROPS) by the State Department of Finance and the County Auditor-Controller.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The Capital Improvement Program for 2012-13 totals \$10,019,000. The projects listed in detail in the final section of this budget are funded by several different sources. The Gas Tax Fund projects total \$2,492,000; the Measure M2 Fund \$966,000; the Park In-Lieu Fund \$2,070,000; and the Water Fund \$5,528,000. The majority of the projects in the City's Capital Improvement Program are street and road-related projects, and water and sewer projects. The current CIP is an increase over the prior budget year of \$2,593,580 or 34.9%.

The Capital Improvement Program for 2013-14 totals \$7,282,000. The projects listed in detail in the final section of this budget are funded by several different sources. The Gas Tax Fund projects total \$1,790,000; the Measure M2 Fund \$1,059,000; and the Water Fund \$4,433,000. The projects in the City's Capital Improvement Program are street and road-related projects, and water and sewer projects. The current CIP is a decrease from the prior budget year of \$2,737,000, or (27.3%).

CONCLUSION

The City is facing many budget challenges as a result of the economy and state legislation. 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 working toward agreements with the three remaining employee groups in an effort to identify further cost reduction measures. The future of economic development suddenly becomes uncertain due to ABx1 26, the City will have to consider alternatives to redevelopment to spur economic activity.

Clearly, this continues to be difficult times for Buena Park and its citizens. Staff remains committed to working with the City Council to address the current budget challenges, while continuing to provide quality essential services.

Respectfully submitted,

Rick Warsinski
City Manager