



PRESS RELEASE

City of Camarillo

Office of the City Manager

601 Carmen Drive, Camarillo CA 93010 • (805) 388-5300/Fax (805) 388-5318

June 27, 2013

PRESS CONTACT:

Ronnie J. Campbell, Director of Finance
(805) 388-5320

2013/14 Budget Spending Plan of \$110,936,262 focuses on Fiscal Sustainability

The City Council adopted the Fiscal Year 2013/14 Budget Spending Plan. City staff presented a balanced budget that continues to meet the City Council's goals for the upcoming fiscal year, and the City's mission statement –

“Dedicated to providing effective and efficient municipal services that promote a high quality of life, economic vitality, and a safe environment.”

The City Council's Budget and Fiscal Policy provides guidance for budget development, implementation and periodic reporting. In establishing annual goals and objectives, the City Council has further maintained the City of Camarillo's commitment to **maintain sound and conservative financial practices**, with the objective of ensuring the City's ability to **maintain current levels of service** and to **continue to support community programs**. Those goals provided the backdrop for development of the Proposed 2013/14 Budget.

Spending Plan Highlights

- ◆ **\$17.0 Million Supports Public Safety and Emergency Operations.**
- ◆ **\$4.2 Million Provides for Library Operations.**
- ◆ **\$1.0 Million in Community Service Grants, Community Development Block Grant Programs and Cultural Arts to be Funded.** The City Council awarded grants to community service organizations for programs or projects that directly benefit the community. The City will continue the community service grant program, granting \$33,500 to nine organizations in 2013/14. CDBG HUD allocation of \$279,930 will award public service grants to nine programs and funding for the housing cost reduction program. In addition, Cultural Arts Services Division has budgeted \$707,203 to continue support of City-sponsored projects and annual community events in 2013/14 such as Fiesta, Holiday Parade, 4th of July Celebration, Concerts in the Park, and Senior Meals on Wheels.
- ◆ **\$6.8 Million in Citywide Lighting, Landscape & Street Maintenance.**
- ◆ **\$28.4 Million Capital Projects Planned.** The City pre-funds capital projects over five years, thus allowing several projects to commence, even in lean years. Projects in 2013/14 are reflective of the 2013 Five-Year Capital Improvement Program (CIP) as adopted by City Council on June 26, 2013. These projects include:
 - **Street Improvements - \$6.4M** – Several projects to improve City streets are planned, including \$1.5 million to complete the widening of Santa Rosa Road between Via Latina Drive and San Rafael Way, and \$1.8 million for Pancho Road pavement rehabilitation.
 - **Bike Trail Phases 3 & 4 - \$975,000** – Continuation of the Calleguas Creek Bike Trail improvements, from US-101 Freeway to south of Pleasant Valley Road.
 - **Water Repairs/Improvements - \$8.3M** – Various projects are planned, including regional groundwater desalter for \$6.9 million, airport pipeline construction and rehabilitation for \$1 million, and \$300,000 water infrastructure replacement to upgrade aging systems and improve safety.
 - **Sewer Improvement Projects - \$12.1M** – \$5.5 million is budgeted for the design and construction of pipeline system to deliver recycled water to potential customers and reduce discharge flows to Conejo Creek, creating a new water supply source. \$1 million is planned for the installation of

solar panels at the Wastewater Treatment Plant (WWTP) to produce energy from existing digester gas production reducing energy usage from outside non-renewable sources. \$3.3 million is budgeted for design and construction of a sewer pipeline along Daily Drive between Calle La Roda and Rosewood Avenue, upgrading the collection system and improving safety. \$1 million is budgeted for improvements to the WWTP, including floodwalls, levee and road improvements to protect the plant from flooding the sewer spill prevention, and repair of existing sludge drying beds to prolong usefulness.

General Fund and Operating Transfers for FY 2013/14. The FY 2013/14 General Fund budget reflected \$3.1 million in non-recurring revenues that were related to specific project development. After adjusting for this one-time infusion, FY 2013/14 General Fund revenues of \$32.3 million are increasing slightly due to a local recovering economy. The City is expecting modest growth (1 to 2%) in three of the top four key revenues – Sales Tax, Franchise Fees, and Transient Occupancy Tax. Property Tax revenue is projected to retract 1.2% as assessed values continue to lag behind the economic recovery.

FY 2013/14 expenditures total \$25.5 million. When combined with operating transfers from the General Fund, the combined total of \$31.8 million is a decrease of \$2.3 million from the revised FY 2012/13 expenditure levels. Operating transfers from the General Fund include: Citywide Lighting/Landscape Maintenance (\$2,025,000), Library Operations (\$1,900,000), Gas Tax (\$1,350,000), Storm Water Management (\$900,000), Library Debt Service (\$525,000), Transit (\$150,000), Camarillo Chamber of Commerce Facility Fund (\$45,000), Vehicle & Equipment Fund (\$28,700), and Adolfo Glen II Maintenance District (\$20,000). Addressing our Operating Transfers that are dependent on General Fund resources is one of the primary objectives of the forthcoming plan for financial sustainability.

Reserves Projected at Appropriate Levels. In this ever changing economy, adequate reserve levels are imperative. The City Council has established reserve goals for several of our key funds, including the General Fund. The Reserve Policy goals for the majority of funds will be met or exceeded in 2013/14, providing the City a cushion against short-term reduced revenues, while maintaining effective and efficient municipal services and a high quality of life for the citizens of Camarillo. The Reserve policy sets a goal for the General Fund reserve as 50% of expenditures, including operating transfers. While the General Fund is projected to continue to meet/exceed the established reserve level, given the draw required to subsidize operations in other funds and the ongoing economic uncertainties at both the national and state levels, it is important to continually monitor its level.

Challenges and Uncertainties.

Fiscal Impact of Pension Reform. On January 1, 2013, AB340 (Pension Reform) was enacted which set in motion various mandatory reforms to the CalPERS Pension system. The full fiscal impact of that reform will not be realized until many years from now....some estimate significant reductions will not materialize until 15-30 years. Subsequent to the passage of AB340, the CalPERS (PERS) Board has taken action to adjust their methods of amortization and their smoothing policies. The fiscal impact of these two approved changes will impact our PERS employer rates beginning in 2015/16. Future changes being discussed by the CalPERS Board include a revision to other assumptions, such as the discount rate and improvements to a plan participants' mortality. Revisions to these and other assumptions would likely have a fiscal impact on our PERS employer rate in the very near-term, prior to any significant reduction we would realize as a result of Pension Reform.

Fiscal Impact of Health Care Act. As this FY 2013/14 Mid-Cycle Budget is being prepared, provisions of the Healthcare Act are being analyzed in preparation of implementation.

State Budget Status. Cuts in the State budget hold the potential to affect our financial status negatively. While no direct State takeaways are currently in view, this could change as the economy's recovery is slower than projected.

Transportation Funds. Within the next 2 to 3 years, there is the possibility that the use of Transportation Development Act (TDA) Article 8 funds will no longer be allowed for street expenditures. Staff has been working with our local legislators and VCTC to secure an exemption that would allow continued use of TDA funds for local street maintenance. Unless another revenue source is identified, General Fund contributions would be required in order to maintain current service levels.

Fiscal Outlook. Overall, the City's financial position remains in good condition. The movement to reduce expenditure levels in FY 2012/13, providing a plan of action toward fiscal management and sustainability moving forward, is visible through this mid-cycle review. Although the current economic recovery has shown positive signs of continued growth, the City continues to use conservative revenue assumptions, and restrain in expenditure projections.