



PRESS RELEASE

City of Camarillo

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2015/16 Budget Spending Plan of \$127,969,906 focuses on Capital Improvement Projects

The City Council, Camarillo Sanitary District, Camarillo Library Board, and Successor Agency, adopted the Fiscal Year 2015/16 Proposed Budget Spending Plan. City Staff presented a balanced and sustainable budget that will continue 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 **provide cost-effective efficient services to the public, maintain a positive environment for new business and business retention**, and to **maintain effective communication with the community**. Those goals provided the backdrop for development of the Proposed 2015/16 Budget.

Proposed Spending Plan Highlights

- ◆ **Public Safety and Emergency Operations: \$18.4 Million.** The City fully expects to continue to deliver the same high level of law enforcement services through its contract relationship with the County of Ventura Sheriff's Department. This relationship allows the City to maximize its fiscal resources and provide police services that incorporate the latest in proactive patrol by incorporating technological innovation.
- ◆ **Library Operations: \$4.0 Million.** While the library steadily experiences growth in the number of patrons served, the collection has similarly expanded to meet the needs of the community, including high demand print and digital media. Flagship events, such as Camarillo Reads, and Chinese New Year, have drawn increasing numbers of attendees and have continued to be supplemented by a variety of rewarding and relevant programming, including an increased focus on services for small business. Combined, these materials and events affirm the library as a cornerstone of the community and an enriching cultural center.

In anticipation of the opening of Rancho Campana High School and the increase of students using the library, City Council has authorized a relocation and remodeling of the Young Adults area. This new state of the art area will provide space for students to complete team projects, do homework and participate in the many young adult programs the library has to offer.

- ◆ **Community Service Grants, Community Development Block Grant Programs and Cultural Arts: \$949 Thousand.** The City Council awarded grants totaling \$53,285 to community service organizations for programs or projects that directly benefit the community. In addition, Cultural Arts Services Division has budgeted \$610,347 for continued support of City-sponsored projects and annual community events in FY 2015/16 such as Fiesta, Holiday Parade, 4th of July Celebration, Concerts in the Park, Music Fest, and Senior Meals on Wheels.
- ◆ **Citywide Lighting, Landscape & Street Maintenance: \$7.2 Million.** The City will continue to maintain streets, lighting, and landscaping to ensure an aesthetically pleasing environment for those who live, work, and play in Camarillo, while minimizing water usage.
- ◆ **Capital Outlay Planned: \$39.9 Million.** The City pre-funds capital projects over five years, thus allowing several projects to commence, even in lean years. Twenty-eight projects in FY 2015/16 are reflective of the 2015 Five-Year Capital Improvement Program (CIP) as presented at the May 13, 2015 CIP Study Session. These projects include:
 - **Street Improvements: \$13.0M** – Several projects to improve City streets are planned, including \$2.9 million to complete the widening of Santa Rosa Road between Via Latina Drive and San Rafael Way, \$1.8 million for drain improvements, and \$5.0 million for Annual Street Overlay and Slurry Program.

- **Water Repairs/Improvements: \$9.4M** – Various projects are planned, including regional groundwater desalter for \$6.6 million, and \$2.3 million for a reclaimed water storage reservoir.
- **Sewer Improvement Projects: \$12.7M** – \$3.5 million is planned for the design and construction of a pipeline system to deliver recycled water to potential customers and reduce discharge flows to Conejo Creek. Rehabilitation and upgrades at Pump Station #3 totaling \$2.8 million, which includes higher capacity pumps and an electrical wiring upgrade, will improve operations efficiency and reduce potential of sewer spills. \$3.2 million is budgeted for sewer improvements on Dawson Drive and Lewis Road. \$3.0 million is planned for 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, levee improvements, and sewer rehabilitation to upgrade system and improve safety.

- ◆ **General Fund and Operating Transfers for FY 2015/16.** General Fund revenues are projected at \$35.5 million, a \$734,330 decrease from 2014/15 levels. With an improved local economy, the City is projecting modest growth in several key revenues: Sales Tax increase \$411,900, Property tax increase \$169,607, Building Permits increase \$271,005, and Transient Occupancy Tax (TOT) increase \$65,230. These year-over-year increases are offset by a reduced level of revenue in Development Services, and the absence of some other one-time revenues received in 2014/15, such as the partial reimbursement from the USDA Grant of \$742,000 for the Camarillo Springs Debris Flow remediation. Overall, FY 2015/16 recurring revenues are projected to continue to exceed and outpace recurring expenditures in the General Fund.

The General Fund FY 2015/16 Spending Plan totals \$36.4 million when combining budgeted expenditures and operating transfers, which is an increase of \$416,673 from revised FY 2014/15 expenditures and operating transfers. Operating Transfers from the General Fund include: Community Service Grants Fund (\$44,100), Gas Tax Fund (\$2,720,000), Citywide Lighting/Landscape Maintenance Fund (\$2,140,000), Zone 9-Adolfo Glen II Maintenance District Fund (\$9,000), Storm Water Management Fund (\$722,000), Library Operations Fund (\$2,160,000), Library Debt Service Fund (\$496,000), Vehicle & Equipment Fund (\$29,600), Camarillo Chamber Facility Fund (\$16,000), and Transit Fund (\$400,000).

In addition to the operating transfers, the General Fund provides contributions to the CIP Fund based on a formula for the applicable projects as outlined in the annual Five-Year Capital Improvement Plan. Based on the 2015 Five-Year Capital Improvement Plan, it is recommended that \$300,000 be transferred to the CIP Fund in FY 2015/16.

- ◆ **Reserves Projected at Appropriate Levels.** Adequate reserve levels are imperative. The Reserve policy sets a goal for a General Fund reserve at 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, the planned capital improvement programs, economic conditions, at both the national and state levels, it is important to continually monitor its level. The Reserve Policy goals for the majority of funds will be met or exceeded in FY 2015/16, 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.

◆ **Future Opportunities and Challenges.**

- **Fiscal Opportunity with Pension Reform/CalPERS.** On January 1, 2013, AB340 (Pension Reform) was enacted which set in motion various mandatory reforms to the CalPERS (PERS) 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 for 15-30 years. City employees hired after January 2013, who have no prior membership in any California public retirement system, contribute 6.75% of their salary to PERS.

PERS Administration has taken action to adjust their methods of amortization, smoothing policies, and demographic assumptions of mortality rates. The fiscal impact of the amortization and smoothing policies will impact the City's PERS employer rates beginning in FY 2015/16, with the revised demographic assumptions taking effect in FY 2016/17. These assumption changes will impact the PERS employer contribution rate prior to realizing any significant reduction as a result of Pension Reform implementation.

- **Implementation of Health Care Act.** Thus far, the fiscal impact of the Affordable Care Act (ACA) implementation has been minimal. The City is currently working on the compliance requirements for ACA. Treasury Decision 9660 and 9661 were issued, which require employers to report 2015 health coverage information to the IRS and employees (to be reported in early 2016).
- **State Budget Challenges.** Revenue shortfalls in the State budget have the potential to negatively impact the City of Camarillo. According to the Governor's May 2015 Revise, State reserves are projected to grow \$1.6 billion to \$4.6 billion at the end of FY 2015/16. Key measures of California economic growth (such as employment and personal income) are outpacing those of the nation as a whole.

- ◆ **Fiscal Outlook.** Overall, the City's financial position remains in excellent condition. While not immune from the impacts of the national and state economy, the local economy of the City of Camarillo has rebounded from the worst recession in recent history. The City continues to use conservative revenue assumptions, and restraint in expenditure projections to build a better platform for fiscal sustainability while maintaining City services through the adoption of a balanced and sustainable budget for all funds.