



## PRESS RELEASE (Adopted)

# *City of Camarillo*

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## 2012/13 Mid-Year Budget Spending Plan Review

A joint working session was held Wednesday, February 13 to present City Council with the Fiscal Year 2012/13 Mid-Year Budget Report. The budget is a dynamic document subject to a variety of adjustments and fine-tuning throughout the fiscal year. As changes occur in economic conditions, Council goals and objectives, and other areas affecting the budget, amendments are necessary to keep the document more reflective of the anticipated outcomes.

Overall, recommended Revenue adjustments reflect a net increase of \$1,735,976 (2%) over the December 31, 2012 adjusted budget. The following highlights outline the major Revenue adjustments:

- **General Fund increases \$323,835** – This figure primarily reflects an AB1484 Residual payments of \$159,664 and a decrease of \$63,690 In lieu Property Taxes. Engineering Inspection, Subdivision and Geotechnical fees increase \$265,000. These fees are budgeted based on planned activity and adjusted as actual projects move forward and fees are collected.
- **Gas Tax Fund decreases \$184,842** – This reflects the downward revision in projections issued by the State due to debt payments and offsets to replace weight fees.
- **Citywide Lighting & Landscape Maintenance District Fund increases \$51,458** – This reflects AB1484 Residual payments and Supplemental Property Taxes.
- **Water Utility Fund increases \$1,068,750** – Actual water usage through the first six months of the fiscal year indicates increased demand over the prior year. Therefore, Water Sales are projected to increase by \$405,250. The usage pattern is also reflected in the \$112,000 Irrigation Water increase. Plan Check Fees and Capital Improvement Fees increased \$397,450 based on current project activity.
- **Camarillo Sanitary District increases \$567,133** – This primarily reflects Capital Improvement Fees increase of \$402,915 based on current project activity. AB1484 Residual payments and Supplemental Property Taxes also increased \$38,522.

Overall, recommended Expenditure adjustments reflect a net increase of \$1,072,080 (0.9%) over the December 31, 2012 adjusted budget. A total of \$224,500 is due to non-cash expenditure adjustments for depreciation. Highlights of the major Expenditure adjustments are:

- **General Fund increases \$200,419** – The majority of this increase, \$165,062, is in development related costs including special studies, survey and mapping, and subdivision engineering. These additional costs are due to the uptick in development projects, and are offset by the increase in development services revenue highlighted in General Fund revenue. Additionally a \$19,981 increase in Police Services is related to Federal grant expenditures which are offset by the corresponding grant revenue.
- **Water Utility Fund increases \$493,264** – This increase is primarily due to \$400,000 in Water Purchases to meet Department of Public Health requirements. More imported water, at a higher cost, must be blended with well water in order to meet more stringent groundwater maximum mineral levels. An additional \$35,000 for higher electrical costs during the Well #3 rehabilitation project is included in the adjustments to expenditures in this fund.
- **Camarillo Sanitary District increases \$157,019** – This increase reflects an additional \$25,000 to complete a Renewable Energy Study, and \$75,000 for annexation costs.

**Reserves Projected at Appropriate Levels.** The City of Camarillo has a policy that during the budget process and again at mid-year, as well as when any substantial changes are made in the budget, a reserve analysis will be prepared and submitted to the City Council.

The Reserve Policy sets a goal of 50% for the General Fund reserve. With the various staff recommendations in the General Fund for this mid-year analysis totaling a decrease of \$82,934 in fund balance, the reserve level for 2012/13 is projected to be met. While the fund will continue to meet/exceed the established reserve level, it will be important to continually monitor its level given the ongoing economic uncertainties at both the national and state levels. Several other select funds have reserve level goals and are in compliance.

**Potential State Impacts.** The State of California's fiscal instability continues to have an impact on the City's budget. The potential loss of approximately \$1 million in Transportation Development Act funding creates an uncertainty in the City's ability to continue its level of street maintenance. Loss of this major revenue source would shift the cost to the City's General Fund. Although the General Fund balance is currently healthy, it cannot sustain such an additional cost burden.

The aftermath of ABx1 26 and AB1484 legislation eliminating redevelopment continues to burden agencies attempting to interpret the largely unclear process of winding down operations. City Staff are continuing to analyze the law in order to complete the implementation with minimal impact to City resources.

**Fiscal Management.** Overall, the City and the Camarillo Sanitary District remain in a healthy fiscal condition. It is the goal of the City Council to maintain sound and conservative financial practices to ensure the fiscal sustainability of the City. The City of Camarillo is dedicated to providing effective and efficient municipal services that promote a high quality of life, economic vitality, and a safe environment.