



PRESS RELEASE (Revised)

City of Camarillo

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2012/13 Budget, Reduced Spending Plan of \$107,891,032 focuses on Fiscal Management & Fiscal Sustainability

On Wednesday, June 27, 2012, the City Council will be presented with the Fiscal Year 2012/13 Proposed Budget Spending Plan for adoption. City staff is presenting 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 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** during these economically challenging times. As part of the Annual Goal Setting Session, the City Council established a separate goal of Fiscal Management, to underscore its commitment to maintain sound and conservative financial practices to ensure the fiscal sustainability of the City. This goal thus provided the backdrop for development of the Proposed 2012-2014 Budget.

Proposed Spending Plan Highlights

- ◆ **\$16.7 Million Supports Public Safety and Emergency Operations.**
- ◆ **\$3.8 Million Provides for Library Operations.**
- ◆ **\$1.3 Million in Community Service Grants, Community Development Block Grant Programs and Cultural Arts to be Funded.** Annually, the City Council awards grants to community service organizations for programs or projects that directly benefit the community. The City will continue the program, granting \$81,100 to 16 organizations in 2012/13. In addition, Cultural Arts Services Division has budgeted \$658,984 to continue support of City-sponsored projects and annual community events in 2012/13 such as Fiesta, Holiday Parade, 4th of July Celebration, Concerts in the Park, Music Fest, and Senior Meals on Wheels.
- ◆ **\$6.4 Million in Citywide Lighting, Landscape & Street Maintenance.**
- ◆ **\$26.3 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 2012/13 are reflective of the 2012 Five-Year Capital Improvement Program (CIP) as presented at the May 9, 2012 CIP Study Session, and amendments that were presented at the June 9, 2012 Budget Study Session. These projects include:
 - ◆ **Street Improvements - \$3.4M** – Several projects to improve City streets are planned, including \$1.7 million to complete the widening of Santa Rosa Road between Via Latina Drive and San Rafael Way, and \$400,000 to install bike lanes on Daily Drive between Lewis Road and Ponderosa Drive.
 - ◆ **Landscaping Improvements - \$2.5M** – Three landscaping projects are planned, two on Ponderosa Drive and one at Central Avenue at US101 Freeway Interchange.
 - ◆ **Annual Pavement Overlay/Slurry Maintenance Program - \$4.9M** – Continue the annual Pavement Management Plan to restore and maintain pavement to minimize major reconstruction and extend pavement life span.

- ◆ **Bike Trail Phases 3 & 4 - \$900,000** – Continuation of the Calleguas Creek Bike Trail improvements, joining with Village at the Park.
- ◆ **Water Repairs/Improvements - \$2.8M** – Various projects are planned, including reclaimed water pipeline for \$1.5 million, airport pipeline construction and rehabilitation for \$700,000, and \$300,000 water infrastructure replacement to upgrade aging systems and improve safety.
- ◆ **Sewer Improvement Projects - \$11.0M** – \$4.5 million is planned for the design and construction of a pipeline system to deliver recycled water to potential customers, creating a new water supply source and reduce discharge flows to Conejo Creek. \$3.3 million is budgeted for design and construction of a sewer pipeline along Daily Drive between Calle La Roda and Rosewood Avenue, and upgrading the collection system and improving safety. Budgeted at \$1 million each is a project to install solar panels at the Sanitary Plant to reduce energy usage, and sewer facility rehabilitation to upgrade the system and improve safety.

General Fund and Operating Transfers for FY 2012/13. The General Fund Spending Plan Fiscal Year 2012/13 totals \$31.8 million, when combining budgeted expenditures and operating transfers. This expenditure plan reflects approximately \$1.3M in expenditure reductions and the use of one-time fund balances to minimize the fiscal impact on operating transfers from the General Fund. Operating Transfers from the General Fund include: Gas Tax (\$1,550,000), Citywide Lighting/Landscape Maintenance (\$1,650,000), Library Operations (\$1,700,000), Transit (\$575,000), Storm water Management (\$100,000), and Police/Library Debt Service (\$730,000). Without benefit of those accumulated Fund Balances, the fiscal year 2012/13 Operating Transfers from the General Fund would have been approximately \$1.1 million higher, or \$7.3 million. Correcting this structural deficit (General Fund Revenues vs. General Fund Expenditures and Operating Transfers) is one of the primary objectives of implementing the City Council's adopted goal focused on fiscal management and financial sustainability.

It is anticipated that the City Council will adopt the proposed Budget totaling \$107,891,032 (General Fund \$31,755,525) which reflects expenditure reductions, reflects the elimination of the redevelopment agency and related positions, and provides for a retiree incentive program as an initial step towards implementation of the fiscal management goal. As part of the budget adoption, the City Council authorized the potential implementation of early retirement incentive program for City employees. Recognizing the continued slow recovery of the national, state, and local economy, continued local revenue take away by the State of California, and related impacts to the City's budget, the City Council previously adopted a goal focused on fiscal management and sustainability to maintain the longer term healthy fiscal position of the City. The incentive program provides the City with the opportunity to reduce long-term recurring salary and benefit costs while maintaining current service levels and programs. The one-time cash incentive program will allow the City to realize multi-year expenditure savings to achieve the City Council's goal of fiscal sustainability.

Reserves Projected at Appropriate Levels. Adequate reserve levels are imperative in these uncertain times. 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. Those factors, combined with possible loss of other funding sources in the very near future, would have a significant impact on our operating transfers. The Reserve Policy goals for the majority of funds will be met or exceeded in 2012/13, 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.

Potential State Impacts. As the State continues to grapple with their budgetary woes, the City will continue to monitor the fiscal impact proposed measures, more specifically proposed tax measures, would have if they were not successful at the ballot box. Within the next 2 to 3 years, it is expected that the use of Transportation Development Act (TDA) Article 8 funds will no longer be allowed for street expenditures. Unless another revenue source is identified, General Fund contributions will again increase in order to maintain current service levels.

Fiscal Outlook. Through use of one-time accumulated fund balances and expenditure reductions, the City is able to present a balanced budget for fiscal year 2012/13. The revamped budget with the reduction in expenditure levels, while maintaining current service and safety levels, is the initial step toward achieving our Council Adopted Goal focused on fiscal management and fiscal sustainability.