



CITY OF COSTA MESA, CALIFORNIA

# BUDGET AT A GLANCE



Building *for the*  
**FUTURE**



PROPOSED FOR FISCAL YEAR  
**2006-2007**



## **CITY COUNCIL**

**Allan Mansoor**  
Mayor

**Eric Bever**  
Mayor Pro Tem

**Linda Dixon**  
Council Member

**Katrina Foley**  
Council Member

**Gary Monahan**  
Council Member

**Allan L. Roeder**  
City Manager

*Prepared by the Finance Department*

**Marc R. Puckett**  
Director of Finance

**Agnes T. Walker**  
Budget & Research Officer

## **INTRODUCTION**

The FY 06-07 proposed operating and capital improvement budget is balanced without new or increased taxes. The budget continues to provide an outstanding level of service to the community. The City's management team and staff have put together an operating and capital expenditure plan that addresses Council's priorities to fulfill the service requirements of the people who live, work, and play in Costa Mesa. The proposed budget demonstrates a sound financial plan for the next twelve months.

An exciting and challenging work program awaits the City Council and staff in the coming year. The continuation of quality services to the residents and businesses in Costa Mesa has been made possible because of Council's leadership and staff's commitment to provide services that continue to improve the lives of the people the City serves.

The strategies for preparing the proposed budget were designed to submit a balanced budget to the City Council; to maintain high levels of service to the community; to implement as many of the Council's priorities as possible within fiscal constraints; and to support a Capital Improvement Program focused both on capital maintenance and repairs as well as new construction.

## **SERVICES PROVIDED BY THE CITY**

The citizens of Costa Mesa continue to enjoy an outstanding level of service and facilities provided by the City including: police protection and crime deterrence; fire protection and prevention; emergency medical care; animal control; recreation programs for the youth, adults and seniors; access to sports fields and other recreational facilities; community centers; transportation; engineering; parks maintenance; street maintenance; building safety; street sweeping; housing; planning; development; code enforcement; administration; legal; finance; human resources; risk management; reprographics; telecommunications including public education and government cable TV programming; and technology support.

## PRIOR YEAR ACCOMPLISHMENTS

All City departments achieved many wonderful things this past year. Some of the key accomplishments include the following:

- ▶ **Increased** patrol services by re-assigning two police officers to field operations after the DARE program was discontinued.
- ▶ **Digitized** the photo lab to increase efficiency and effectiveness in crime analysis.
- ▶ **Completed** the Police facility basement remodel which consolidated all female lockers; provided for ample shower/ restroom facilities; allowed more property storage; and made available an additional parking area.
- ▶ **Deployed** 80 new mobile data computers (MDC's), which will position the City to take advantage of new technology, specifically a Broadband high-speed network. This will enable the police officers in the field to expedite completion of police reports and responses to calls for service.
- ▶ **Completed** the Volcom Skate Park of Costa Mesa and opened for use with great success.
- ▶ **Completed** the TeWinkle Park Irrigation Mainline Replacement Project allowing the lake to re-open and be operational for the community to enjoy.
- ▶ **Rehabilitated** 2.5 miles of residential streets; 7.5 miles of arterial streets; and paved 10 residential streets.
- ▶ **Installed** new landscaping at the Senior Center to help beautify the Center.
- ▶ **Completed** a \$6 million project to rehabilitate and improve Placentia Avenue and 19<sup>th</sup> Street including removal and replacement of pavement; sidewalk; curb and gutter repair; installation of median islands, bus turnouts, decorative pavers, and flashing lights; landscaped parkways; and major storm drain improvements.
- ▶ **Completed** construction of a 155-foot long, 50-ton steel bridge at Fairview Park that crosses over Placentia Avenue. The bridge ties the east and west sections of Fairview Park and provides for safe pedestrian and bicycle traffic. The total cost of this project was approximately \$675,000.



*Fairview Park Bridge*

*New street lights line the improved 19th Street*



- ▶ **Negotiated** a revised Joint Use Agreement (JUA) with Newport-Mesa Unified School District, which resulted in a reallocation of field use and transfer of field maintenance to the District.
- ▶ **Continued** to offer a wide variety of successful recreation programs to over 300,000 satisfied residents and the greater Costa Mesa community.
- ▶ **Implemented** successfully a web-streaming media solution allowing users to access all Costa Mesa cable TV programming via the internet.
- ▶ **Converted** City Council agendas, minutes, and staff reports by using the Granicus web-streaming program which allows more efficient access by all users through the internet.
- ▶ **Hosted** two successful “Neighbors for Neighbors” events to assist with the beautification of 12 area homes and Canyon Park.

## PRIOR YEAR ACCOMPLISHMENTS (CONT.)

- ▶ **Implemented** a successful Residential Remodeling Incentive Program (RRIP) by waiving permit fees resulting in more home improvements in the City. The cost of this successful program included fees waived, which totaled \$351,000 plus \$46,800 in additional expenditures for consultants and supplies.
- ▶ **Received** the “2006 Building Department of the Year” award from the California Building Officials Association, in recognition of outstanding contribution to the furtherance of public health and safety through community service, education, code development, and innovation.
- ▶ **Finalized** the upgrade of the Fire Department's current oxygen filling stations, bringing the City to full compliance with CAL OSHA (California Occupational Safety & Health Administration).
- ▶ **Negotiated** a new agreement with the Fairview Development Center which, in future years, will provide four lighted sports fields for youth organizations.
- ▶ **Received** \$8.9 million Arterial Highway Rehabilitation (AHRP) grant award.
- ▶ **Continued** to receive budgeting, financial reporting, and procurement awards from both national and State financial organizations, signifying that the City consistently applies the standards and principles of good practices set by these professional organizations.



TeWinkle Park & Lake

## OBJECTIVES FOR THE COMING YEAR

Some of the departments' objectives for the coming year are:

**Process** and dispatch 90% of emergency calls within one minute of receipt.

**Develop** further the concept of the Five-Year Gangs Elimination Plan.

**Continue** to assist the County of Orange with reviewing, updating, and creating multiple Emergency Medical Services protocols.

**Conduct** a Citywide disaster preparedness exercise in the Fall of 2006.

**Expand** the City's closed-circuit TV (CCTV) traffic monitoring system and improve inter-jurisdictional signal coordination.

**Begin** the construction of the Police Facility Expansion and Renovation Project.

**Provide** public outreach education and special programs for waste reduction.

**Respond** to requests for inspections for all phases of new construction within 24 hours.

**Issue** over-the-counter plan reviews within five working days of submittal.

**Prepare** for the advent of high-rise residential construction through close coordination between the Development Services and the Fire Department.

**Maintain** an average rating of “4” (on a scale of 1 to 5) for satisfaction of Recreation programs through surveys of the public and program participants.

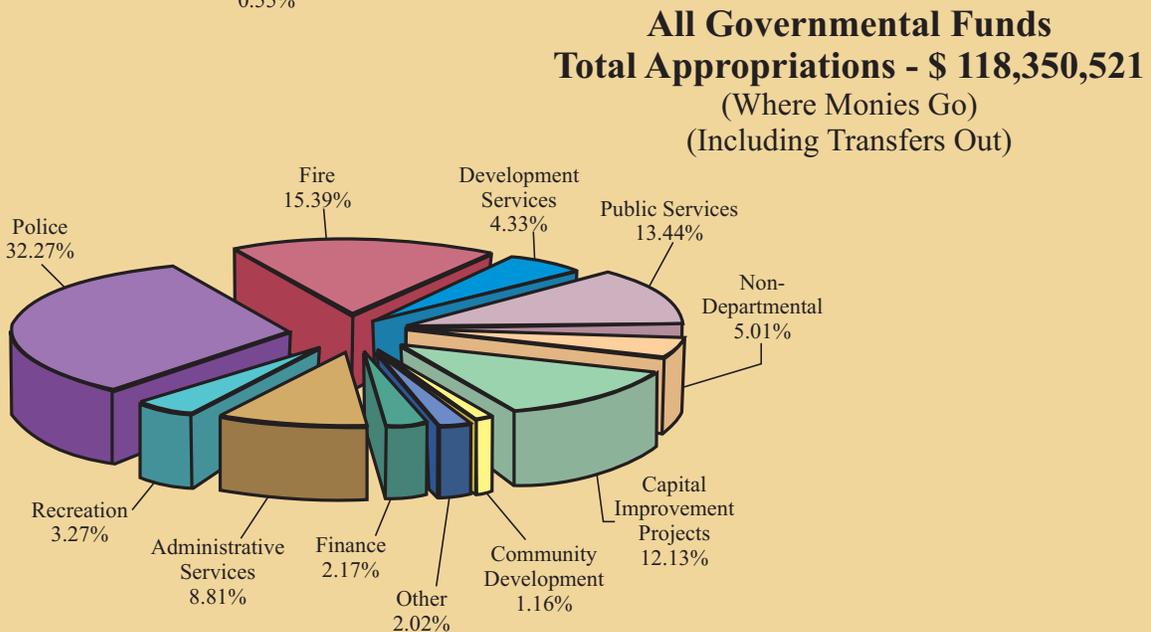
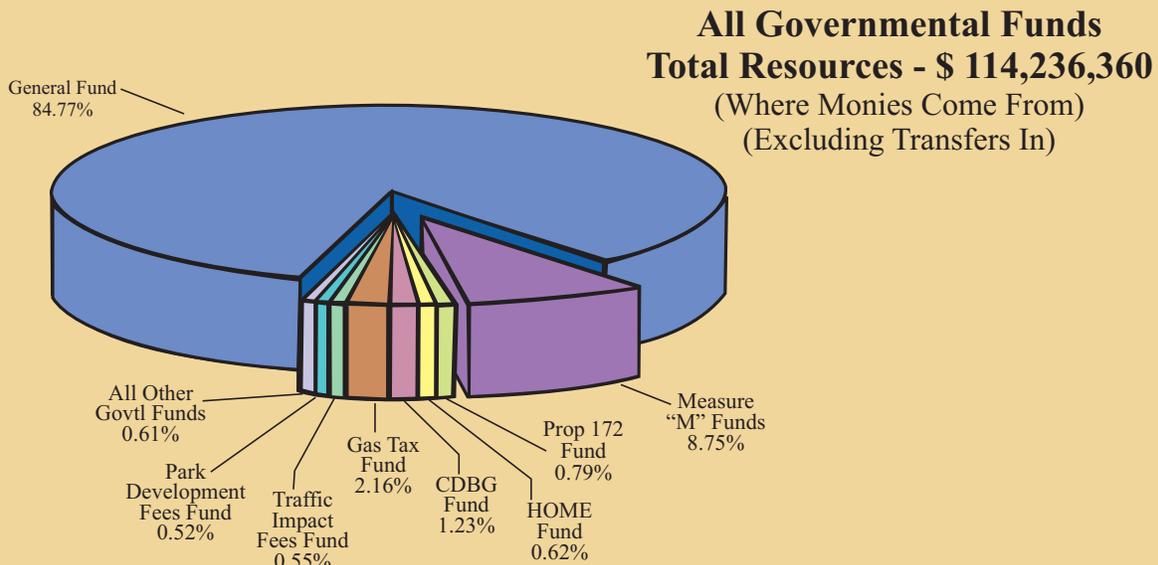
**Upgrade** the Granicus Media-Manager and Minutes-Maker to allow the Commissions to implement separate minutes and allow access to designated personnel in different departments. The upgrade will also extend the archiving capabilities beyond one year.

## BUDGET OVERVIEW - ALL FUNDS

The table below includes the proposed budget for all governmental funds (described in subsequent paragraphs) and the two internal service funds: the Equipment Replacement Fund and the Self-Insurance Fund.

<b>PROPOSED BUDGET - ALL FUNDS</b>				
<b>Appropriations/ All Funds</b>	<b>Proposed FY 06-07</b>	<b>Adopted FY 05-06</b>	<b>Increase (Decrease)</b>	
			<b>Amount</b>	<b>Percent</b>
Operating Budget	\$ 110,503,556	\$ 104,535,301	\$ 5,968,255	5.71%
Transfers Out	1,047,240	1,874,000	(826,760)	-44.12%
Capital Budget	<u>14,354,900</u>	<u>11,970,254</u>	<u>2,384,646</u>	19.92%
<b>Total</b>	<b><u>\$ 125,905,696</u></b>	<b><u>\$ 118,379,555</u></b>	<b><u>\$ 7,526,141</u></b>	<b><u>6.36%</u></b>

The following graphs illustrate the governmental funds' estimated revenues and appropriations:



## GENERAL FUND PROPOSED BUDGET

The General Fund provides 97.06% of the total operating budget for all governmental funds (which include the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds). Including the capital budget, the General Fund represents 85.25% of the total proposed. Therefore, the following analyses will focus on the General Fund budget.

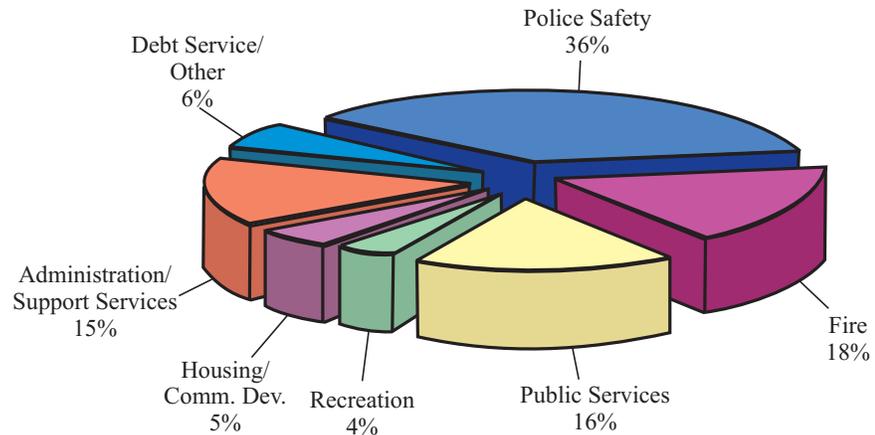
The table below describes the components of the proposed budget totaling \$100.6 million, an increase of \$5.6 million or 5.84% over the adopted budget in FY 05-06.

<u>Expenditure Category</u>	<u>Proposed FY 06-07</u>	<u>% Change Over FY 05-06</u>	<u>% of Total Proposed Budget</u>
Salaries & Benefits	\$ 75,704,168	6.21%	75.25%
Maintenance & Operations	23,806,813	7.33%	23.66%
Fixed Assets	1,094,522	-31.48%	1.09%
<b>Total</b>	<b><u>\$ 100,605,503</u></b>	<b><u>5.84%</u></b>	<b><u>100.00%</u></b>

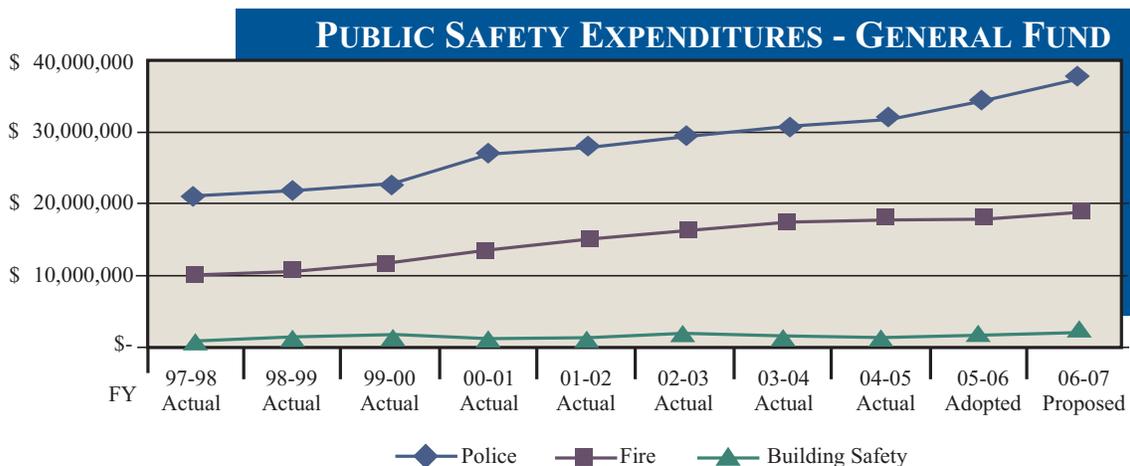
### Cost of services provided by the General Fund:

The biggest share of the operating budget is for public safety (police and fire services), which account for almost 55% of the total as illustrated in the following graph:

### Cost of Services Funded by the General Fund \$100,605,503



Below is a 10-year expenditures trend for the protection of persons and properties throughout the City:

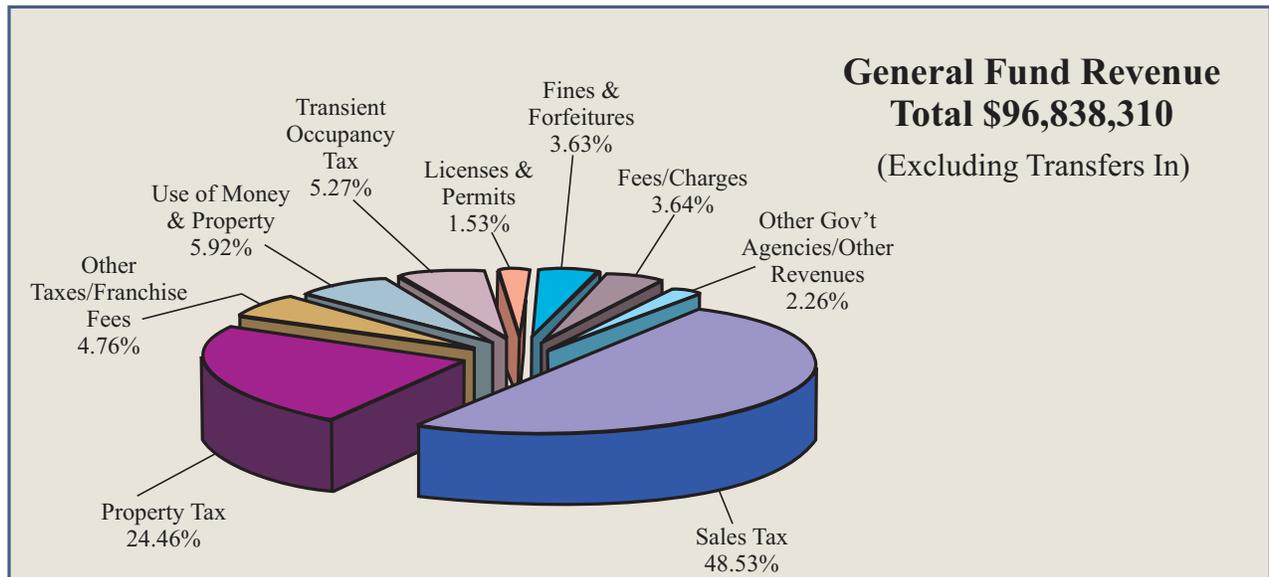


**Where money comes from:**

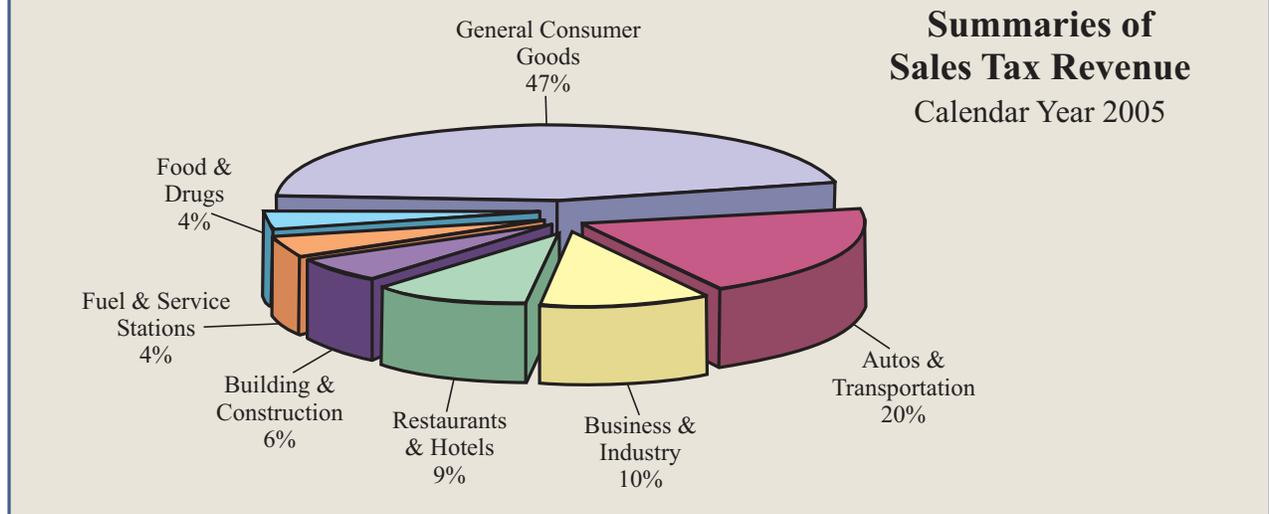
About 83% of the revenues that provide for the General Fund operating budget comes from taxes such as: sales tax; property taxes; transient occupancy tax; business licenses; and franchises. The remaining sources include investment earnings; rental for use of City recreational facilities and community centers; aid/grants from other governmental agencies; traffic and other municipal code violations fines; building permits; and fees for services such as those paid by recreation program participants. The graph below illustrates the revenue sources by major categories:



*Costa Mesa Fire Department*



Sales & Use Tax is the largest single revenue source for the City. The graph below illustrates the sources that generated sales tax for the City in calendar year 2005.



Property tax is the second largest revenue source to the City. For every dollar the County collects in property taxes, Costa Mesa receives approximately 15 cents. The following table illustrates what portion of property tax revenue pays for the services provided to the community.

### Property Tax Benefit Statement for FY 06-07

Median Residential Property Value	\$ 631,000
Approximate Property Tax Paid to County	\$ 6,310
<b>TAX PORTION THAT GOES TO THE CITY</b>	<b>\$ 947</b>

<u>General Fund Services</u>	<u>City Average per Parcel</u>	<u>% of Total</u>	<u>Property Owner's Contribution</u>
Police Services	\$ 1,531	37%	\$ 346
Fire Services	758	18%	171
Public Services	660	16%	149
General Government	873	21%	197
Recreation	161	4%	36
Community Development	203	5%	46
<b>Total per Parcel</b>	<b>\$ 4,186</b>	<b>100%</b>	<b>\$ 947</b>

### BUDGET HIGHLIGHTS

The proposed budget includes many of Council's priorities and changes in existing service levels, some of which, are part of the \$14.4 million capital budget.

- ▶ \$202,000 allocation to complete first segment of missing sidewalks on Broadway
- ▶ \$200,000 for conceptual and final design of up to 40,000 square feet second Skate Park
- ▶ \$165,000 for sound wall on Adams Avenue
- ▶ \$1,050,000 for lighting two additional fields at the Costa Mesa Sports Complex
- ▶ \$180,000 for development of athletic fields at the Fairview Development Center
- ▶ \$58,431 for a new Maintenance Worker for the Graffiti Abatement Program
- ▶ \$58,128 (net cost) for a new Senior Maintenance Technician for the Signs & Markings Program
- ▶ \$22,141 (net cost) for converting a part-time Custody Officer position to full-time for the jail



*Volcom Skate Park of Costa Mesa*

## OTHER PROPOSALS FOR FURTHER DISCUSSION

Over the course of the 2005-06 fiscal year, Council members have requested that staff bring forward various proposals and projects for consideration in the FY 06-07 Operating & Capital Improvement Budget. The following highlights those requests, along with requests by various City departments that are not recommended for funding pending City Council's direction.

**Gang Detail Unit** - request for two additional Police Officers with the goal of eliminating the presence and impact of criminal street gangs in the City within five years. Estimated cost is \$257,102 plus \$110,000 for participation in the Tri-Agency Gang Enforcement Team (TARGET).

**Immigration & Customs Enforcement (ICE) Cross-Training** - request for two additional Custody Officers to assist in processing and transporting booked felony arrestees, who may be in violation of immigration laws. Total estimated cost is \$188,462.

**Animal Licensing** - request to convert a 30-hour per week Permit Processing Specialist to a full-time 40-hour per week position. This request is not recommended for funding as the analysis indicates it is not cost-effective. Instead, staff will research other options to help ensure compliance with the City's animal licensing regulations.

**Bark Park Lighting Project** - \$200,000 request to provide permanent lighting at the Bark Park. If approved, this allocation will be combined with the \$100,000 approved in FY 05-06 for the Arlington Drive Parking Lot Project, which serves TeWinkle Park, the Skate Park, and the Bark Park.

## CURRENT/FUTURE DEVELOPMENT PROJECTS

Costa Mesa continues to be a vibrant community, evidenced by recently completed developments and current and future developments throughout the City. This will be especially true with the opening of the new concert hall this fall and the renewed interest in private market redevelopment and reinvestment in the Westside.

Some of these projects include: 145 townhomes in 1901 Newport Plaza; 32-unit single-family residential community at the former site of the Daily Pilot; 37-unit, two-story, detached single-family home at the intersection of Harbor Boulevard and Fair Drive; high-rise condominiums in North Costa Mesa; conversion of an industrial property into a new residential community at 1640 Monrovia Avenue; 890 apartments on Sakioka Lot 1; Pacific Medical Plaza in the 1600 block of Newport Boulevard; and the mixed-use urban plans called SoBECA (South Bristol Entertainment and Cultural Arts).

## CAPITAL IMPROVEMENT PROJECTS

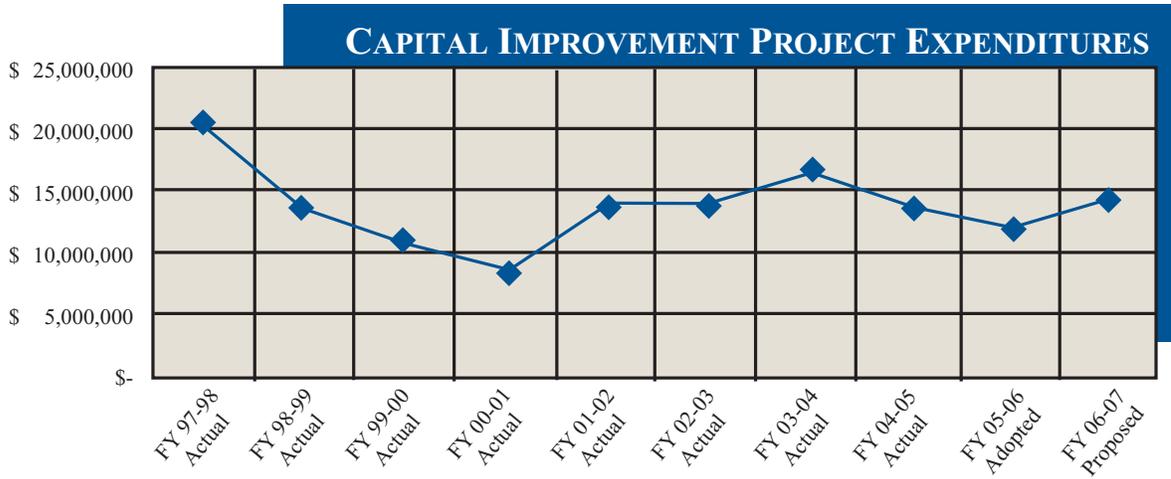
Once again, the City is planning to embark on an aggressive capital improvement program to maintain and improve its valuable assets and infrastructure. For FY 06-07, the following projects are recommended for funding:



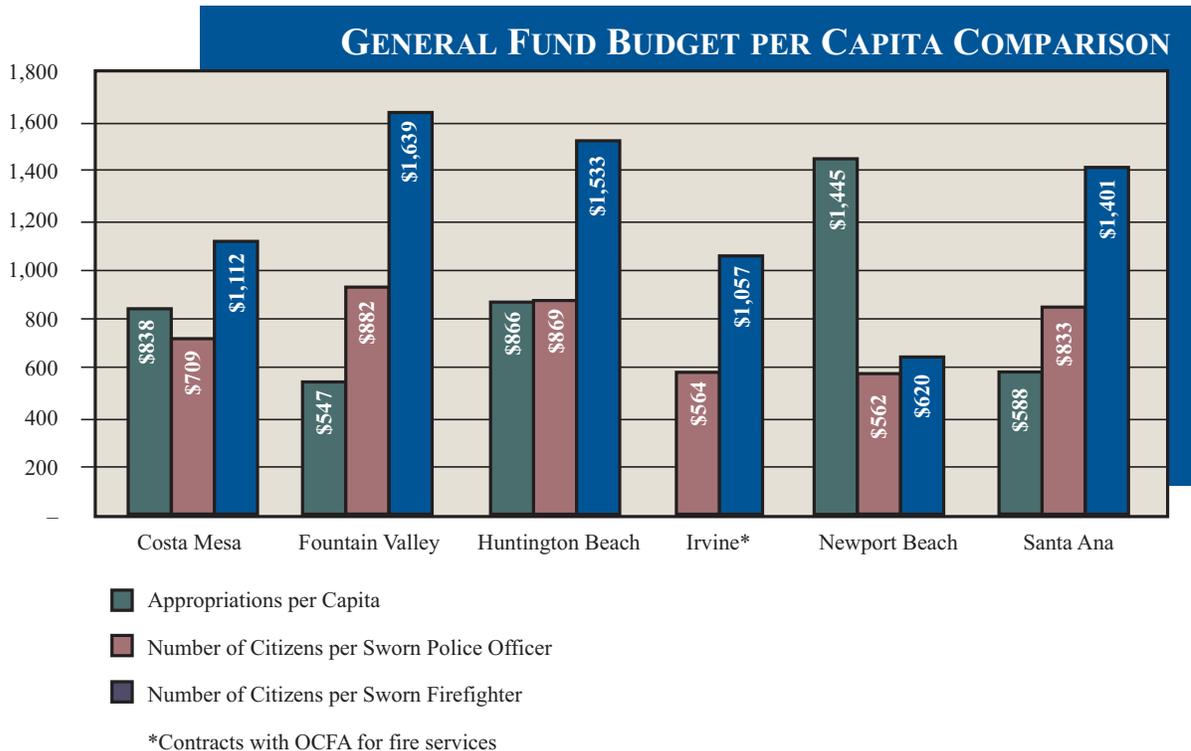
### Capital Improvement Projects

<u>Program Category:</u>	<u>Proposed FY 06-07</u>
Street Improvements	\$ 11,497,900
Traffic Signal Improvements	160,000
Curbs & Sidewalks	502,000
Parks Improvements	1,725,000
Parks Maintenance	185,000
Facilities Maintenance	<u>285,000</u>
Total	<u>\$ 14,354,900</u>

A complete detailed listing of the proposed capital improvement projects can be found in the FY 06-07 Proposed Operating & Capital Improvement Budget document published separately. In addition, the City also has a Seven-Year Capital Improvement Program that calls for approximately \$184 million in funding sources. Below is a graph that illustrates what the City has expended for capital improvement projects for 10 years.



The following graph is a comparison of Costa Mesa's General Fund budget for Fire and Police services with jurisdictions that are contiguous to the City. The data used are based on the FY 05-06 adopted budget:



## **LOOKING BEYOND FY 06-07:**

While General Fund revenues are on an upward swing, the cost of services provided to the community also continues to rise, at an even faster pace. While Proposition 1A passed in November 2004 provided some relief to local government that the State will not access local revenues in the near future, the City must also be cautiously optimistic that this will not happen.

One major expenditure that has not been included in the proposed budget is the debt service payment for the Police Facility Expansion & Renovation Project, which is currently estimated at \$26 million. Based on a 20-year payment schedule, the annual debt service is \$2.2 million. Staff will be presenting the financing option for this project in Summer 2006, at which time, budget amendments will be presented as well.

In FY 05-06, City hired Godbe Research to conduct a survey. The purpose of the survey was to gauge the voters' support for a ballot measure to increase existing taxes, or implement a new tax to provide funding for undergrounding utilities. Based on the survey results, it appears that only the Transient Occupancy Tax may get some voter support. For any measure to qualify for the November 2006 ballot, a decision needs to be made by middle of August.

## **BUDGET STUDY SESSION/COMMUNITY HEARINGS:**

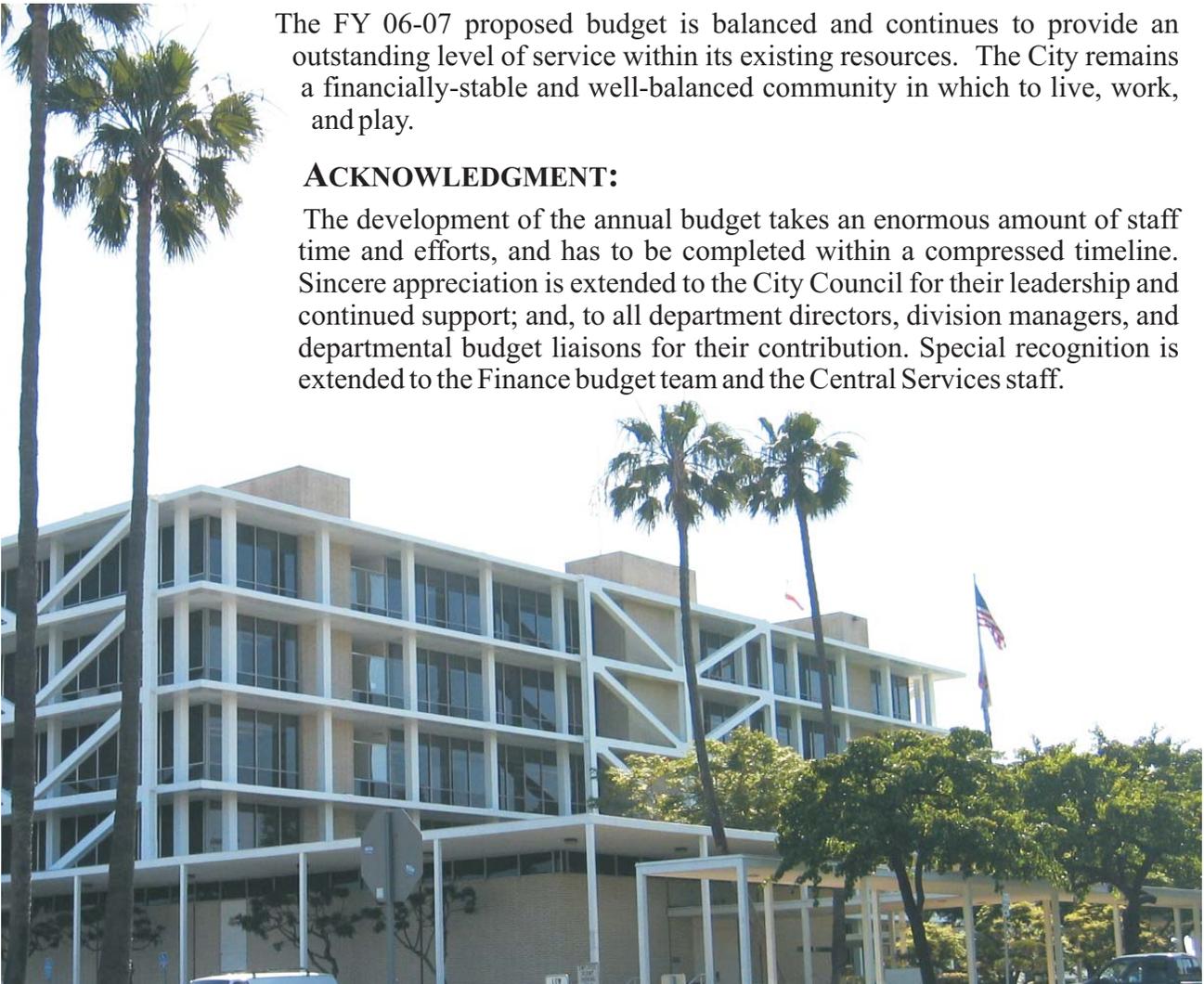
The budget study session with City Council and other interested parties is scheduled on June 13, 2006. Community hearings and employee orientation about the proposed budget will also be conducted. During these meetings, staff will provide an overview and will be available to respond to any questions about the proposed budget.

## **CONCLUSION:**

The FY 06-07 proposed budget is balanced and continues to provide an outstanding level of service within its existing resources. The City remains a financially-stable and well-balanced community in which to live, work, and play.

## **ACKNOWLEDGMENT:**

The development of the annual budget takes an enormous amount of staff time and efforts, and has to be completed within a compressed timeline. Sincere appreciation is extended to the City Council for their leadership and continued support; and, to all department directors, division managers, and departmental budget liaisons for their contribution. Special recognition is extended to the Finance budget team and the Central Services staff.





*Anyone who has a question about the City's budget is encouraged to call the Budget & Research Officer at (714) 754-5241. A comprehensive budget document is available for public view at the City Clerk's Office or at the Costa Mesa or Mesa Verde branch libraries in Costa Mesa. The budget document is also available at the City's Website [www.ci.costa-mesa.ca.us](http://www.ci.costa-mesa.ca.us)*

The City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626  
Tel. (714) 754-5241 • Fax (714) 754-5040

### **ABOUT THE CITY OF COSTA MESA**

- ◆ *Incorporated on June 29, 1953*
- ◆ *General Law City*
- ◆ *Council-Manager form of government*
- ◆ *Population 113,134*
- ◆ *Area 16.8 square miles*
- ◆ *600 full-time employees*
- ◆ *1 police station - 160 sworn positions*
- ◆ *2 police sub-stations*
- ◆ *6 fire stations - 102 sworn positions*
- ◆ *28 parks*
- ◆ *2 18-hole golf courses*