

City of La Mirada

Dedicated to Service

Financial Program
2014 - 2015



MISSION STATEMENT

AS CITY OF LA MIRADA STAFF MEMBERS, WE ARE COMMITTED TO SERVICE THROUGH DEDICATION, INNOVATION AND FINANCIAL RESPONSIBILITY. OUR MISSION IS TO PRESERVE LA MIRADA AS A SUPERIOR PLACE IN WHICH TO LIVE, WORK, AND INVEST.

WE BELIEVE THAT THE SUCCESS OF OUR ORGANIZATION DEPENDS ON TEAMWORK, INTEGRITY, AND EXCELLENCE ACHIEVED THROUGH COMMITMENT TO THE FOLLOWING PRECEPTS:

WE ARE COMMITTED TO ENHANCING THE QUALITY OF LIFE IN LA MIRADA THROUGH INNOVATIVE AND DIVERSE SERVICES FOCUSING ON EXPRESSED COMMUNITY NEEDS;

WE SUPPORT A CARING, COURTEOUS AND TIMELY RESPONSE TO THE FUNDAMENTAL SAFETY, HUMAN, RECREATIONAL, AND CULTURAL NEEDS OF THE COMMUNITY;

WE SUPPORT OPEN COMMUNICATION BETWEEN MEMBERS OF OUR ORGANIZATION AND WITHIN THE COMMUNITY TO ACHIEVE AN ATMOSPHERE OF MUTUAL COOPERATION;

WE ARE COMMITTED TO MAINTAINING A SAFE AND CLEAN ENVIRONMENT;

WE VALUE SOUND, ETHICAL DECISION-MAKING;

WE SUPPORT EFFORTS TO FOSTER A VITAL CITY ECONOMY;

WE RECOGNIZE AND EMBRACE THE RICH DIVERSITY OF THE COMMUNITY AND WORKPLACE BY CREATING AN ENVIRONMENT WHICH RESPECTS THE HUMAN DIGNITY OF ALL WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN, AGE, GENDER, SEXUAL ORIENTATION OR PHYSICAL ATTRIBUTES; AND

WE NURTURE THE SKILLS AND ABILITY OF EMPLOYEES AND INVOLVED CITIZENS THROUGH EDUCATION AND TRAINING AND ENCOURAGE PUBLIC PARTICIPATION.

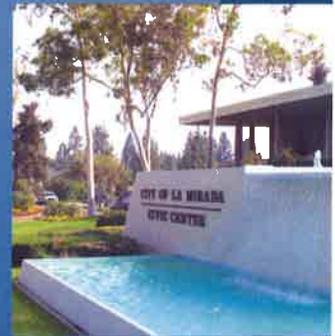


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CITY OF LA MIRADA

DEDICATED TO SERVICE

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June 24, 2014

HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL AND CITIZENS OF LA MIRADA

The City of La Mirada's adopted budget for Fiscal Year 2014-15 allocates available resources to preserve La Mirada as a safe and vibrant community. Enhancing the community's high quality of life with an emphasis on improving the local infrastructure remains the City's strategic focus. This budget reflects the ongoing efforts of the City Council and staff to meet major financial challenges, and provides detailed information about planned expenditures and projected revenues.

The City continues to recover from the Great Recession, state grabs of local tax dollars, and the loss of redevelopment in recent years. Tax revenues are showing signs of continued slow to moderate growth, and adopted total operating revenues are projected to exceed total operating expenditures. A robust capital improvement projects budget includes a significant General Fund contribution and is in keeping with the City's philosophy of "saving first and spending second."

The Successor Agency was successful in obtaining a Finding of Completion (FOC) from the Department of Finance (DOF). The FOC allows the Successor Agency to spend remnant redevelopment bond proceeds on capital projects within the redevelopment project area. The amount of bond proceeds available in Fiscal Year 2014-15 is approximately \$7 million. The FOC also allows the Successor Agency to place the loan between the City and the Successor Agency on the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation. The estimated loan balance is approximately \$25 million. Exact payment dates have yet to be determined.

The State Controller's Office completed its audit to determine the validity of the former Redevelopment Agency (RDA) asset transfers. The audit found that the transfers were authorized. Additionally, the DOF determined the property transfers from the former RDA to the City were appropriate, and the Successor Agency's Long-Term Property Management Plan, of having no properties, was approved. These findings remove the risk of former RDA properties being taken by the State.

While encouraged by improvements to the economy, the City remains committed to its prudent fiscal management practices and conservative approach to revenue

forecasting. Basic services are delivered by a lean workforce. The City continues to make extensive use of contracted services to achieve cost efficiencies while meeting the community's needs.

Measure I, a one percent transactions and use tax approved by 66.63 percent of La Mirada voters in November 2012, went into effect on April 1, 2013. The measure is estimated to generate a total of \$20 to \$25 million in new revenues over five years for local infrastructure repairs. The adopted budget anticipates allocating \$8 million of Measure I funds for residential street improvements as part of the City's robust capital improvements program.

Recap of Fiscal Year 2013-14

During Fiscal Year 2013-14, the City continued to keep crime levels low through its strong public safety program, provided first-class recreational and cultural facilities and services, and maintained the City's physical environment. The City continued to invest in programs and projects to enhance the quality of life that La Mirada citizens and businesses expect and enjoy.

La Mirada can be proud of some notable accomplishments by City departments during the past year:

Administration

La Mirada was honored to receive the 2013 "Most Business Friendly City Award" from the Los Angeles County Economic Development Corporation. La Mirada was chosen for its many business attraction and retention efforts. The retention of Living Spaces Furniture is noted as a major achievement.

La Mirada was awarded the 2013 Sunny Award from Sunshine Review, a national government transparency organization, which recognizes the most transparent state and local government websites. La Mirada earned top honors with a website transparency grade of "A+."

The City Charter Exploratory Committee concluded its thorough review of advantages and disadvantages of becoming a charter city. The committee explored the differences between general law and charter cities and reviewed recent legislation enacted concerning charter cities. It was determined the current City governance structure operates effectively, and there are no compelling economic advantages or other reasons for pursuing a charter at the present time.

La Mirada successfully retained all former Redevelopment Agency properties. The properties are no longer at risk of being taken by the State.

Administrative Services

Administrative Services assisted with efforts to respond to the dissolution of redevelopment, including supporting the Oversight Board, and coordinating the response to numerous requests for financial information and audits. The department

worked with DOF to receive the Finding of Completion. This now unfreezes bond proceeds which can be spent on the final phase of infrastructure improvements in the Foster Park neighborhood and street improvements in the industrial area. The department continues to work with DOF and the Los Angeles County Auditor Controller's office regarding repayment of the City loan.

The department completed the actuarial valuation for retiree medical for July 2013. An additional study was completed to explore the possibility of cost savings benefits by modifying the retiree medical in accordance with the State's Vesting Schedule. This report will be reviewed to determine if it will provide the City future savings.

The California Joint Powers Insurance Authority (CJPIA) completed a risk management evaluation of City facilities and operations. City staff was recognized for completing all risk management action items identified in the previous evaluation. The department will continue to update policies and programs as necessary to ensure employee safety and reduce liability exposure.

The User Fee Study is nearing completion. Staff will review the results and recommend fee adjustments in accordance with the City's cost recovery policies.

Community Development

Progress continues on La Mirada's newest housing development, The Orchards. The 41-home development broke ground last August and is expected to be substantially completed by the end of 2014. Four model homes offer a preview of what will be an attractive addition to the community.

Following renovations to the Crossroads Shopping Center last year, which helped to attract new businesses including Walmart Neighborhood Market and Walgreens Pharmacy, two shopping centers at the intersection of Valley View and Rosecrans Avenues are undergoing renovations. Improvements to the Roseview Shopping Center, located on the southeast corner, are nearing completion with new signage and parking lot landscaping to be added. Improvements to the commercial center across the street are continuing to progress. These privately-funded improvements will enhance the aesthetics and shopping opportunities in La Mirada.

The department coordinated adoption of the General Plan Housing Element. The Housing Element was adopted in accordance with State laws and is eligible to remain on the eight year update cycle.

Community Services

The Community Services Master Plan was updated, and will guide recreation and community services programs for the next five years. The updated plan establishes goals, identifies current recreation needs, reviews trends affecting community services, and recognizes department achievements.

Splash! continued to be a popular community destination. Buccaneer Bay had a successful summer in 2013, and continues to serve as a premiere location for birthday parties and other celebrations.

The department continues to ensure residents have access to a wide-range of recreation and leisure activities for all interests and skill levels. Additionally, several events were held that brought the community together and promoted community spirit.

La Mirada Theatre for the Performing Arts

The La Mirada Theatre for the Performing Arts had an exceptional year, and was recognized with three Ovation Awards from the L.A. Stage Alliance, including one for Best Overall Season. This past season featured back-to-back runs of two of the most celebrated musicals of all-time in *Cats* and *Les Miserables*, the return of the unique and intimate Onstage series with *Floyd Collins*, and the Tony Award-winning play *God of Carnage*.

Public Safety

During the past year, the City of La Mirada experienced one of the region's lowest crime rates and remained one of the safest cities in Los Angeles County. Major crimes have decreased by 34 percent over the past ten years. The City's low crime rate is attributable to a strong partnership between residents, businesses and the Public Safety Team. This partnership fosters a well-coordinated team approach to fighting crime.

Last year, efforts were made to promote the Neighborhood Watch program and encourage residents to report suspicious activity in their neighborhoods. Neighborhood Watch meetings were held in all reporting districts. An e-watch newsletter is e-mailed to subscribing residents weekly. Additionally, the Public Safety Team has expanded its use of social media to enhance its outreach efforts.

Public Works

Investments in local infrastructure continued, and the department completed design work on the first phase of Measure I improvements, which will address needed infrastructure repairs in La Mirada neighborhoods. Improvements will include street rehabilitation and slurry seal, curb and gutter repairs, installation of ADA curb access ramps, removal and replacement of slotted cross gutters, and storm drain pipe repairs.

Foster Park Phase III and Santa Gertrudes Sidewalk Phase I were completed. Foster Park Phase IV construction will begin in Fiscal Year 2014-15. Phase II of the Santa Gertrudes Sidewalk is in the study and design phase. The Valley View Grade Separation Project made significant progress and is on track to be completed by the end of summer. Three phases of improvements to neighborhood streets, rated as being in the worst condition, were completed using General Fund revenues. The improvements to Alondra Boulevard, Stage Road, Trojan Way, and Firestone Boulevard in advance of the I-5 freeway widening were also completed.

Highlights for Fiscal Year 2014-15

Employee Allocation: The adopted budget reflects the reallocation of salaries for full-time and part-time hourly employees within the Community Services, Public Works, and Administration functions. The reallocation better reflects time spent by staff within these departments.

Contract Services: Public Works and Community Services contract services were increased by \$50,000 and \$85,000, respectively, to explore contracting with a private vendor for janitorial services. This will enable Public Works crews to enhance street maintenance and beautification efforts.

General Liability Insurance: In Fiscal Year 2013-14, the City had a one-time savings in general liability insurance due to the rolling retroactive deposit refund as determined by the City's insurance provider. The City will not be receiving a rolling retroactive deposit refund in Fiscal Year 2014-15. Total General Liability Insurance is approximately \$719,000.

Theatre: Theatre expenditures are proposed to increase \$320,000 to account for telemarketing contract services and additional marketing for an Onstage offering, *Carrie the Musical*. Revenues are expected to cover the cost increase of these offerings.

Elections: The Elections activity increased \$94,600, as Fiscal Year 2014-15 is an election year.

Sales Tax Revenue Sharing: A new sales tax sharing agreement of approximately \$240,000 will be effective in Fiscal Year 2014-15.

Goals for Fiscal Year 2014-15

Administration

Administration will work to ensure an effective, responsive, and efficient City organization, implement the programs and policies established by the City Council, and oversee day-to-day City operations. Administration will actively support legislation that provides for the repayment of the City's loan to the former Redevelopment Agency, protects local control of local funds and former Redevelopment Agency properties, and offers new economic development opportunities. Administration will continue efforts to improve retail opportunities by exploring retention and attraction strategies and developing partnerships with key property owners and tenants to encourage business development.

Administrative Services

Administrative Services will continue to work with the Measure I Citizens' Oversight Board to properly account for funds received from Measure I and monitor spending on appropriate projects.

Community Development

Community Development will continue to protect the public's health, safety and general welfare through the firm and fair application of land use regulations, building codes and environmental standards. To enhance service to residents, business owners, developers, and contractors, project plans will be reviewed in a timely manner and built in accordance with prescribed standards and codes. The department will also complete the development and adoption of the I-5 Freeway Specific Plan to achieve the highest and best uses of the freeway commercial corridor.

Community Services

Community Services will continue to evaluate programs and events, and strive to lower reliance on the General Fund by offsetting expenditures through increased sales, partnerships, corporate sponsorships, effective planning and grant opportunities. The department will continue to make Splash! operations efficient by controlling costs and meeting revenue goals. The department will work towards achieving its strategic goals as identified in the recently updated Community Services Master Plan.

La Mirada Theatre for the Performing Arts

The La Mirada Theatre will continue to evaluate the changing media landscape and restructure marketing and outreach efforts accordingly, with an emphasis on reaching new audiences and filling unused capacity. Educational outreach will be a priority to better connect with younger audiences and local families, while audience development strategies will be targeted towards converting single ticket buyers into repeat customers and subscribers.

Public Safety

Public Safety will continue its comprehensive and proactive law enforcement program to deter crime, monitor offenders and arrest suspects. Neighborhood Watch meetings will be used to encourage community involvement and enhance communication with residents and businesses. Public Safety will pursue grant opportunities, and will continue to provide Community Emergency Response Team (CERT), HAMWatch and community disaster preparedness training.

Public Works

Public Works will work to complete the City's ambitious Capital Improvement Projects (CIP) program. The top priority is the Measure I infrastructure improvement projects, which include the rehabilitation of roadways, storm drains, and other infrastructure needs in La Mirada neighborhoods.

The department will increase its use of contract services to support City staff in areas of need. The department will strive to provide excellence in customer service while enhancing the maintenance, safety, and appearance of the community.

Capital Projects

Capital improvements are required to maintain the City's physical infrastructure. The City's Fiscal Year 2014-15 Capital Improvement Projects (CIP) Budget appropriates \$24.3 million. Capital improvements are funded by the City's General Fund, Measure I, bond proceeds from the former Redevelopment Agency, Prop C, Measure R, and other revenue sources. The adopted budget continues to focus on neighborhood street improvements that were identified in the infrastructure needs assessment. Major projects adopted include Residential Street Improvements Phases I and II, Foster Park Phase IV, Street Rehabilitation in the Industrial Area, Slurry Seal on Santa Gertrudes Avenue, Hillsborough Drive, La Mirada Boulevard and Rosecrans Avenue, and Street Rehabilitation on Leffingwell Road and Telegraph Road.

DESCRIPTION	ADOPTED FY 2014-15
PUBLIC FACILITIES	830,000
STREETS, SIDEWALKS AND STORM DRAINS	18,294,000
PARK AND RECREATION	1,720,000
SIGNALS AND LIGHTING	2,757,000
MEDIANS/LANDSCAPING AND PANELS	450,000
SPECIAL PROJECTS	250,000
	24,301,000

Reserves

The City's General Fund reserve balance at the end of Fiscal Year 2014-15 is currently projected to be \$27.6 million, excluding repayment of the loan between the City and former Agency. Some \$2 million in Measure I reserves will be available for future capital projects. Additionally, the Council has established \$6.625 million as a reserve for economic uncertainty.

Summary

The adopted budget provides public safety services at a high level, maintains most City programs at levels expected by the public, and schedules an ambitious slate of capital improvement projects. A concerted effort will be made to maximize the use of available capital improvement project funds in Fiscal Year 2014-15 to take advantage of relatively favorable construction pricing in the current economic climate.

The City's General Fund operations have undergone multiple years of significant expenditure reductions. Basic services continue to be delivered by a very lean staffing complement with minimal funds budgeted for contingencies. In the current environment, much work needs to be done to maintain services, address future needs, and defend the City from negative State actions. The City continues to explore new service delivery methods, including the expanded use of contract services.

The Fiscal Year 2014-15 adopted budget provides the resources to meet the City's strategic goals while taking into consideration the continuing recovery of the local economy. The budget may be amended as necessary to respond to changing conditions to ensure the City's ongoing fiscal stability. With the continued cooperative efforts of the City Council, City staff, and the community, we will be able to meet the challenges ahead.

Respectfully submitted,

CITY OF LA MIRADA

A handwritten signature in black ink, appearing to read "Jeff Boynton". The signature is fluid and cursive, with the first name "Jeff" and last name "Boynton" clearly distinguishable.

Jeff Boynton
City Manager

JB:ah:mlp

General Fund Trends and Resource Allocation

When preparing the Adopted Budget for Fiscal Year 2014-15, City staff reviewed and documented numerous trends. The following charts illustrate important factors affecting the City's Budget.

Chart 1 plots all General Fund expenditures and revenues from Fiscal Year 2004-05 through the adopted Fiscal Year 2014-15. Revenues generally exceeded expenditures, as the City saved to invest in infrastructure and capital projects. In Fiscal Year 2005-06 through Fiscal Year 2007-08, General Fund expenditures exceeded revenues, as savings were used to pay for the expansion of the Sheriff's Station, Splash! La Mirada Regional Aquatics Center and other infrastructure projects. With the completion of these projects, the Fiscal Year 2008-09 revenues and expenditures returned to a more historical relationship. In Fiscal Year 2012-13, revenues exceeded expenditures as property tax and sales tax recovered from the effects of the Great Recession, and Measure I revenue began to be received in April 2013. The Fiscal Year 2014-15 Adopted Budget shows increased spending due mainly to infrastructure improvements funded by the General Fund.

CHART 1- GENERAL FUND EXPENDITURES AND REVENUES

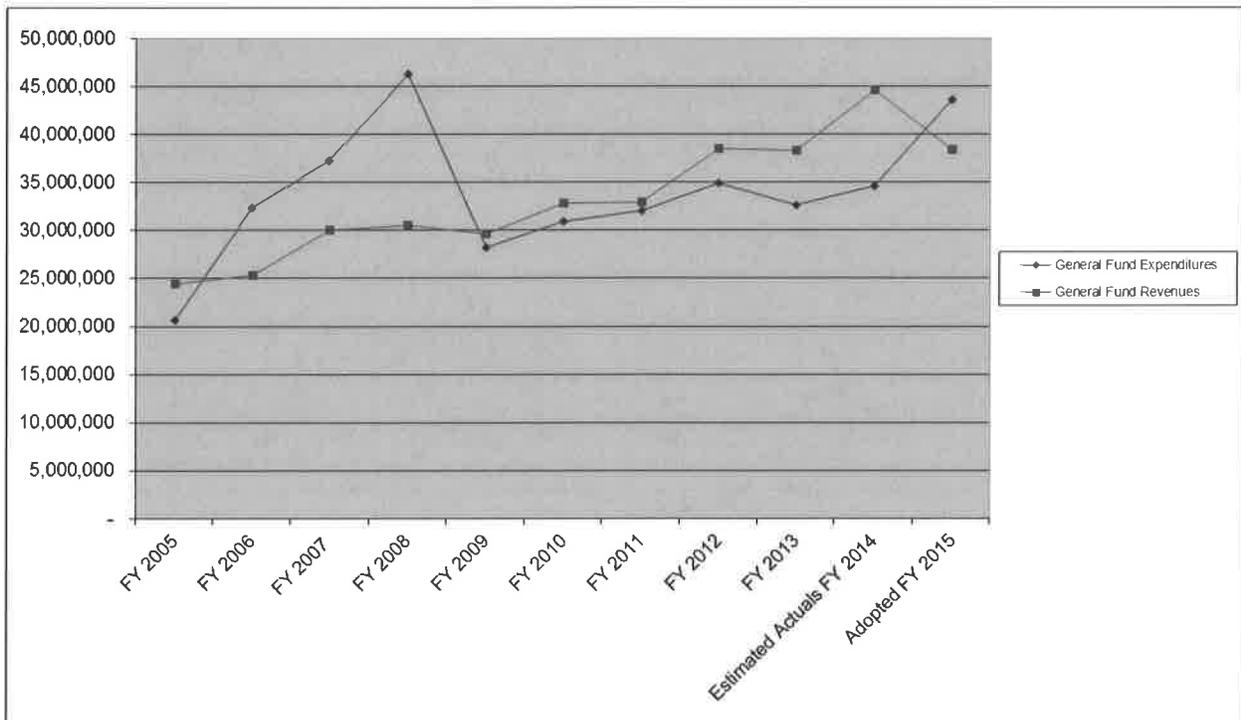


Chart 2 illustrates the City's sales tax and property tax receipts for the same period. Sales tax revenues began a precipitous drop from Fiscal Year 2006-07 through Fiscal Year 2009-10 during the nation's Great Recession. In Fiscal Year 2010-11 through Fiscal Year 2012-13, sales tax revenues experienced modest growth as the economy

gradually recovered. Fiscal Year 2013-14 through the Adopted Fiscal Year 2014-15 sales tax revenues reflect a decrease due to a relocation of a major business.

Fiscal Year 2013-14 marks the first full year of Measure I sales tax revenue, which is estimated at \$4.8 million. The Adopted Fiscal Year 2014-15 conservatively estimates Measure I receipts at \$4.3 million.

Property taxes continue to be stable. Slight declines during the Great Recession have been offset by rising property values beginning in FY 2011-12. Property tax revenues tend to be much less volatile than sales tax revenues.

CHART 2 – SALES TAX AND PROPERTY TAX

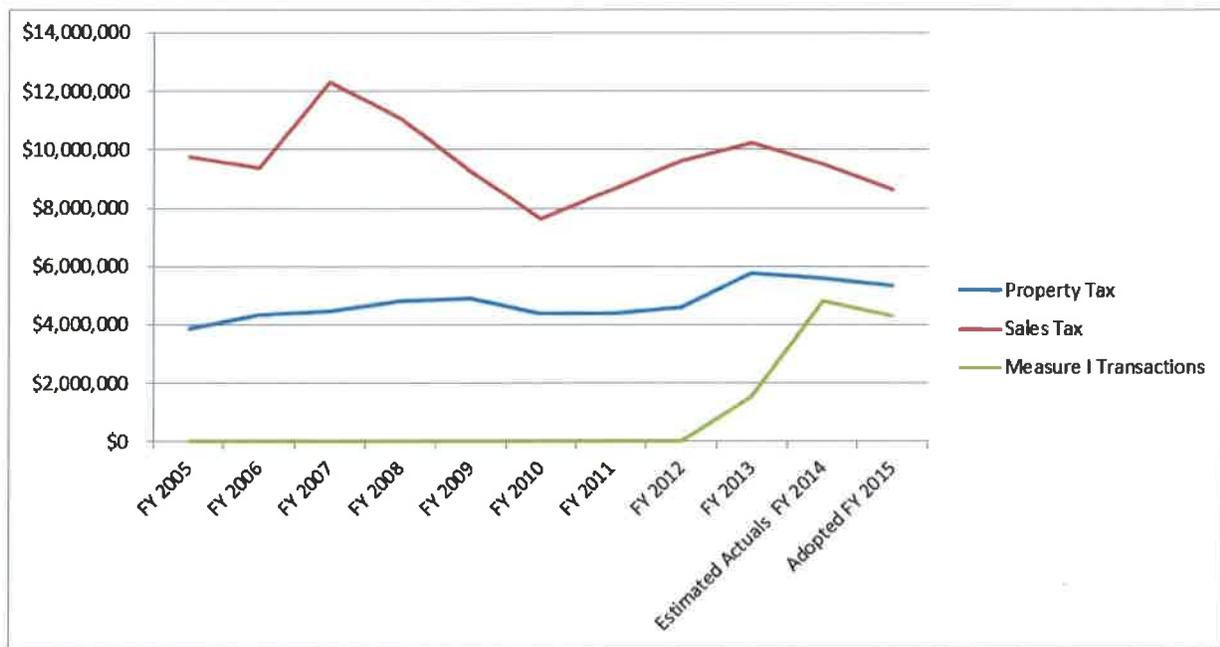


Chart 3 illustrates licenses and permits revenues since Fiscal Year 2004-05. This activity reflects consumer confidence in the local economy as expressed by development and building permit activity. Following several down years during the Great Recession, building activity has been up on a year-over-year basis every year since Fiscal Year 2008-09 with the exception of Fiscal Year 2011-12. Increased building activity and the adoption of the County’s building fees in Fiscal Year 2008-09 have strengthened this source of revenue. Fiscal Year 2013-14 revenues are expected to be the highest across the range. Adopted Fiscal Year 2014-15 licenses and permits are conservatively estimated at more historical post-Recession levels.

CHART 3 – LICENSES AND PERMITS

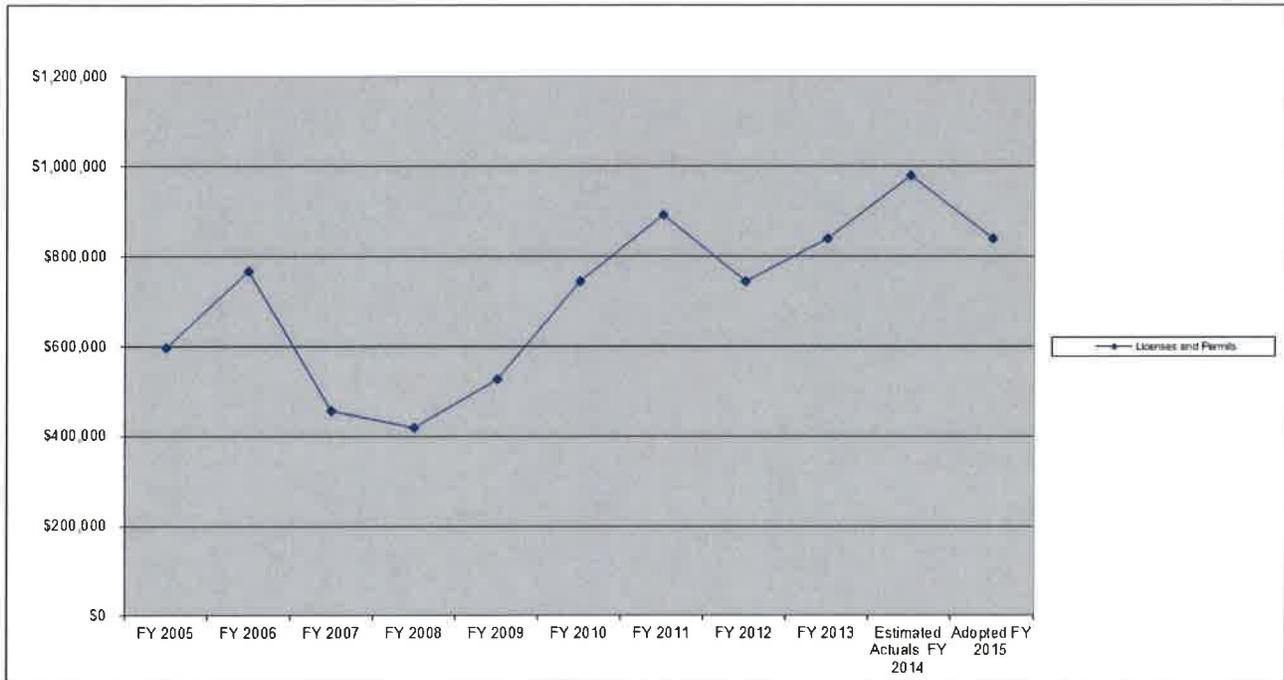


Chart 4 illustrates the percentage breakdown of the General Fund’s revenue sources. While the City’s revenue base is broad and diverse, Sales Tax and Other Taxes are volatile and can fluctuate significantly through various economic cycles.

CHART 4 - GENERAL FUND REVENUE

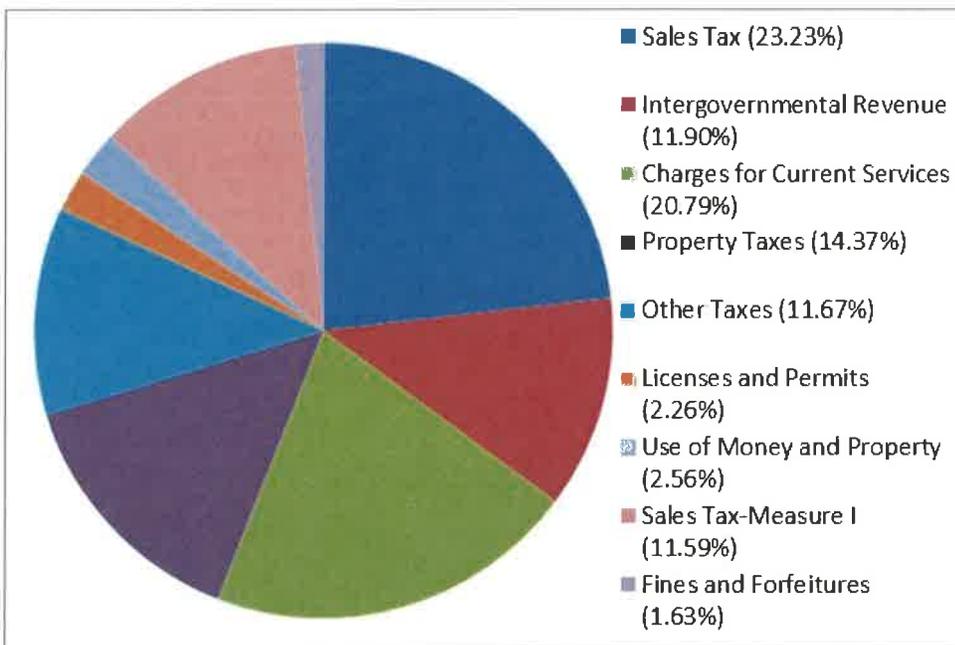


Chart 5 illustrates the resource allocation percentage breakdown by City department or function. Public Safety is the top priority and receives the largest resource allocation.

CHART 5 - CITY DEPARTMENTS

