

**TO: Honorable Mayor and City Councilmembers**

**FROM: Joan L. Flynn, City Clerk** 

**DATE: 9/3/2013**

**SUBJECT: SUPPLEMENTAL COMMUNICATION FOR THE SEPTEMBER 3, 2013, REGULAR CITY COUNCIL MEETING**

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Attached is Supplemental Communication to the City Council (received after distribution of the Agenda Packet):

**Notice of Absence**

Notice of Absence received from Councilmember Shaw indicating he will not be attending the Study Session and the Closed Session portion of the regular meeting.

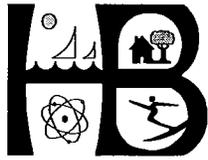
Notice of Absence received from Councilmember Katapodis indicating he will not be attending the City Council meeting scheduled for September 3, 2013.

**Study Session**

PowerPoint presentation submitted by Travis Hopkins, Director of Public Works, dated September 3, 2013, entitled *Orange County Water District Annexation Update*.

**Public Hearing**

**#9.** PowerPoint presentation submitted by Lori Ann Farrell, Director of Finance, dated September 3, 2013, entitled *FY 2013/14 Proposed Budget*.



**CITY OF HUNTINGTON BEACH**  
City Council Interoffice Communication

**To:** Honorable Mayor and City Council Members  
**Attention:** Joan Flynn, City Clerk  
**From:** Joe Shaw, City Council Member  
**Date:** August 28, 2013  
**Subject:** *NOTICE OF ABSENCE*

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I will be absent from the Study Session and Closed Session scheduled for September 3, 2013.

Pursuant to City Council Resolution Number 2001-54, and there being no objection, the City Council's permission for this absence shall be expressed in the official minutes of this meeting.

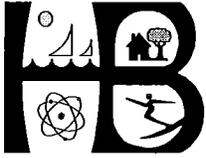
  
\_\_\_\_\_  
Joe Shaw, City Council Member

xc: Fred Wilson, City Manager

**SUPPLEMENTAL  
COMMUNICATION**

Meeting Date: 9/3/2013

Agenda Item No. N/A



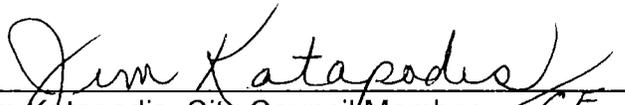
**CITY OF HUNTINGTON BEACH**  
City Council Interoffice Communication

**To:** Honorable Mayor and City Council Members  
**Attention:** Joan Flynn, City Clerk  
**From:** Jim Katapodis, City Council Member  
**Date:** September 3, 2013  
**Subject:** ***NOTICE OF ABSENCE***

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I will be absent from the regular City Council Meeting scheduled for September 3, 2013.

Pursuant to City Council Resolution Number 2001-54, and there being no objection, the City Council's permission for this absence shall be expressed in the official minutes of this meeting.

  
Jim Katapodis, City Council Member

xc: Fred Wilson, City Manager

# **Orange County Water District Annexation Update**

**September 3, 2013**

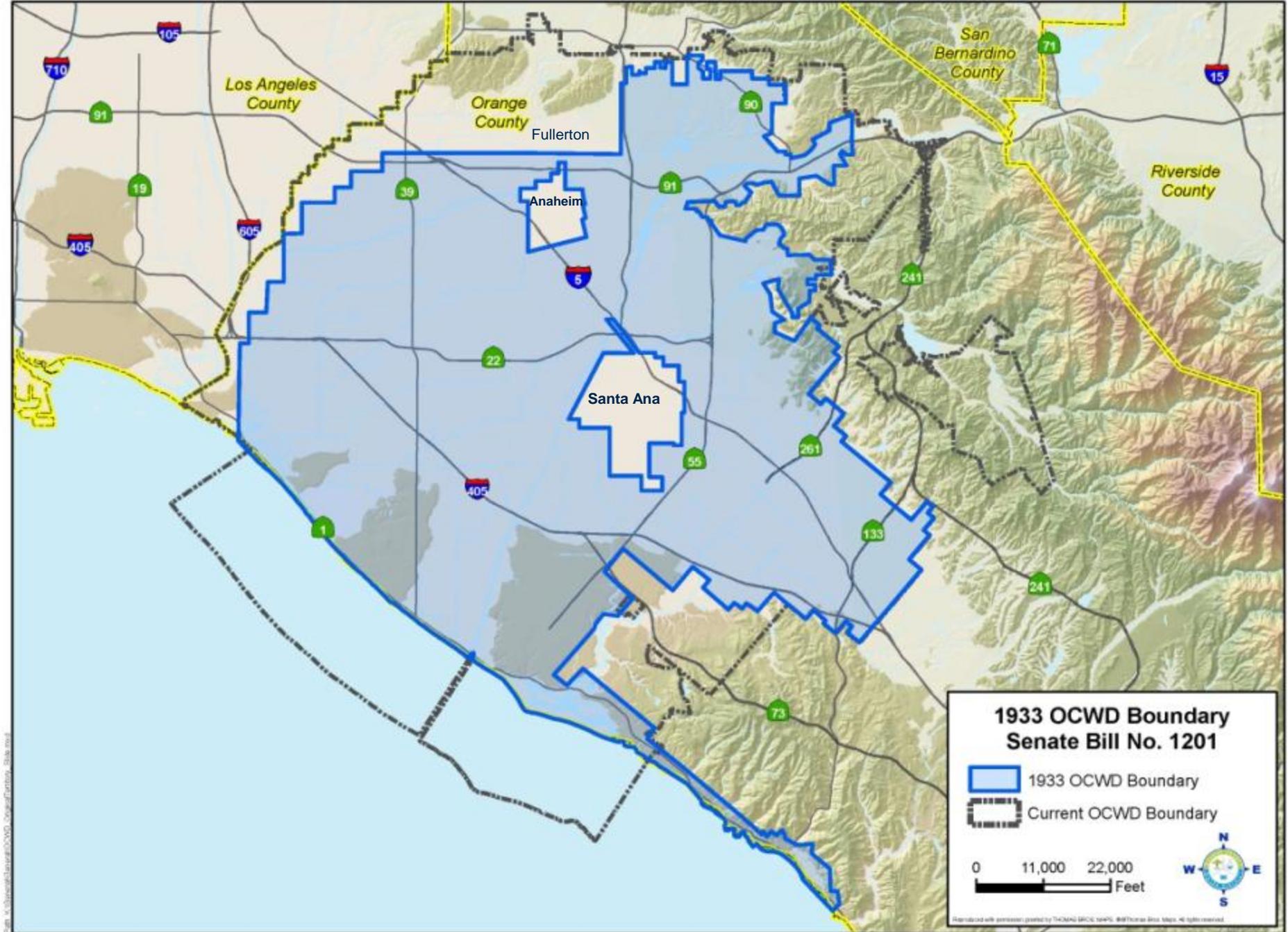
**Cathy Green – OCWD Director  
Michael R. Markus, P.E. - General Manager**

# 1986 Annexation Policy Summary

- ▶ Accommodate long-term producers
- ▶ Provide uniformity of cost and access
- ▶ Within Orange County SAR Watershed
- ▶ Within MWD service area
- ▶ Pay annexation charge
  - ▶ Annexation applicant collects and pays what would have been *ad valorem* property tax received by OCWD before Prop 13 (1978)

# Annexation History

- ▶ **OCWD 1933 original size – 163,000 acres**
- ▶ **Current size – 229,000 acres**
  - ▶ **40% increase**
- ▶ **45 annexations**



From: \\sharepoint\lan\maps\OCWD\_Original\Territory\_State.mxd

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# **1999 Lawsuit with Cities of Huntington Beach and Fountain Valley**

- ▶ **Cities sued for lack of CEQA on OCWD Master Plan Report**
- ▶ **Master Plan Report was a planning document predicting future with and without proposed annexations at that time**
- ▶ **OCWD prevailed**
- ▶ **However OCWD later decided to prepare CEQA documents for any annexation requests.**

Areas of Requested Annexations – 15,424 acres

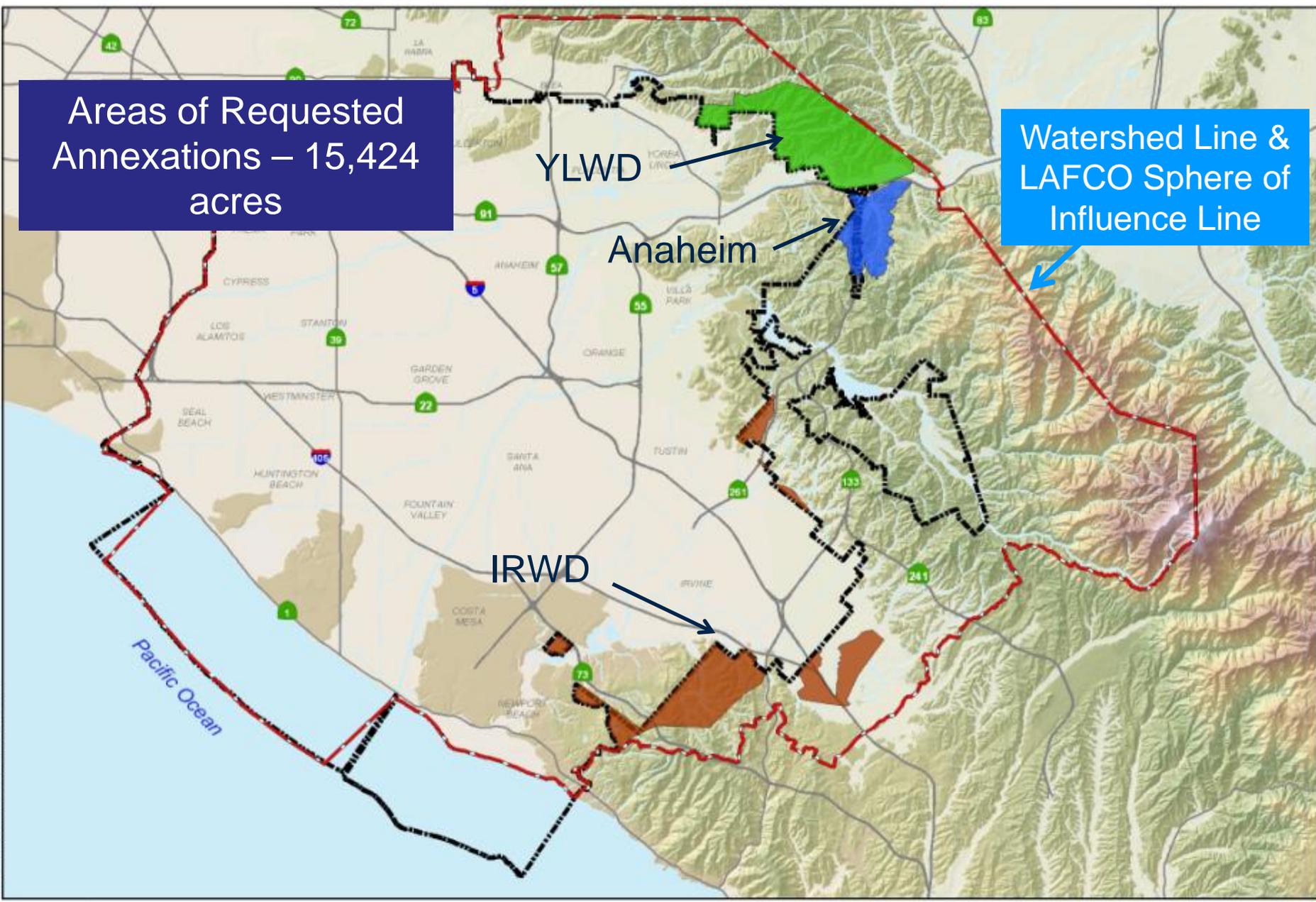
Watershed Line & LAFCO Sphere of Influence Line

YLWD

Anaheim

IRWD

Path: K:\Planning\Annexations\060\Map\annexatn\_areas.mxd



- City of Anaheim
- Yorba Linda Water District
- Irvine Ranch Water District
- Sphere of Influence
- OCWD Boundary

Areas of Requested Annexations

# Annual Additional Pumping & Annexation Fee

| Agency                 | Additional Pumping at 70% BPP (afy) | Annual Annexation Fee |
|------------------------|-------------------------------------|-----------------------|
| YLWD                   | 4,562                               | \$303,457             |
| IRWD                   | 4,291                               | \$285,393             |
| Anaheim <sup>(1)</sup> | <u>1,729</u>                        | <u>\$114,995</u>      |
| <b>Totals</b>          | <b>10,582</b>                       | <b>\$703,845</b>      |

(1) Assumes Anaheim area develops

# OCWD Basin Pumping Percentage - BPP

Groundwater Pumping

Total Water Demands = BPP

- ▶ Currently set at 70% - City can pump 70% of its total water demands and pay Replenishment Assessment
- ▶ Has averaged 71% over past 43 years
- ▶ Impacted by numerous issues
- ▶ Groundwater pumping must match groundwater recharge

# What Impacts the BPP ?

| Issues   | BPP Impact |
|--|------------|
| Annexations  | 2% ↓       |
| GWRS Constructed   | 16% ↑      |
| SAR Flows decrease 45,000 afy                                    | 11% ↓      |
| Dry Winter – 50,000 afy less water                               | 12% ↓      |
| OCWD allowed to store up to elevation 505' at Prado Dam annually | 2% ↑       |
| GWRS Initial Expansion Constructed                               | 7% ↑       |
| OCWD Purchases 30,000 af block of imported water                 | 7% ↑       |

| Producer                | 2011-12 Total Water Demands Excluding GAP (afy) | Variable Water Supply Cost 70% BPP | Variable Water Supply Cost 67.8% BPP | Difference       |
|-------------------------|---|------------------------------------|--------------------------------------|------------------|
| Buena Park              | 14,185  | \$7,315,914                        | \$7,475,339                          | \$159,425        |
| EOCWD                   | 1,017   | \$524,518                          | \$535,948                            | \$11,430         |
| Fountain Valley         | 9,810   | \$5,059,508                        | \$5,169,762                          | \$110,255        |
| Fullerton               | 27,408  | \$14,135,676                       | \$14,443,715                         | \$308,039        |
| Garden Grove            | 25,057  | \$12,923,148                       | \$13,204,763                         | \$281,616        |
| Golden State            | 26,526  | \$13,680,785                       | \$13,978,910                         | \$298,126        |
| <b>Huntington Beach</b> | <b>29,801</b>                                   | <b>\$15,369,866</b>                | <b>\$15,704,799</b>                  | <b>\$334,933</b> |
| La Palma                | 2,162   | \$1,115,052                        | \$1,139,350                          | \$24,299         |
| MCWD                    | 17,751  | \$9,155,078                        | \$9,354,582                          | \$199,503        |
| Newport Beach           | 15,736  | \$8,115,842                        | \$8,292,699                          | \$176,857        |
| Orange                  | 29,603  | \$15,267,747                       | \$15,600,455                         | \$332,708        |
| Santa Ana               | 39,643  | \$20,445,877                       | \$20,891,425                         | \$445,548        |
| Seal Beach              | 3,571   | \$1,841,743                        | \$1,881,878                          | \$40,134         |
| Serrano                 | ,3,066  | \$1,581,290                        | \$1,615,748                          | \$34,459         |
| Tustin                  | 11,907  | \$6,141,035                        | \$6,274,858                          | \$133,823        |
| Westminster             | <u>12,011</u>                                   | <u>\$6,194,673</u>                 | <u>\$6,329,665</u>                   | <u>\$134,992</u> |
| Totals                  | 269,254   | \$138,867,751                      | \$141,893,896                        | \$3,026,146      |

# Groundwater Producer Meetings

- ▶ **Cost neutrality concept**
- ▶ **Five meetings to date**
- ▶ **Annexing Producers agree to additional requirements to offset impact**
- ▶ **Examples of ideas being considered**
  - ⌘ **Pay 40 years of annexation fee upfront**
  - ⌘ **Guarantee wastewater always sent for GWRS use**
  - ⌘ **No new annexations**
  - ⌘ **Agree to pump below the BPP**
  - ⌘ **Other**

# Current Annexation Schedule

**Bring to the OCWD Board on September 18th:**

- ▶ **Environmental Impact Report**
  - ▶ Comment letters answered by the end of August
- ▶ **Annexation Agreement**
  - ▶ Separate agreement with each of three applicants
- ▶ **Resolution to request LAFCO to annex land**

**End of Presentation**

# CITY OF HUNTINGTON BEACH



## FY 2013/14 Proposed Budget



September 3, 2013



# Building Blocks to Economic Prosperity

## □ Recovery

- Stimulating our economic growth by supporting local businesses, as well as attracting new business opportunities

## □ Realignment

- Realigning our resources to meet our long-term commitments to the employees and community

## □ Reinvestment

- Promoting reinvestment in our community and infrastructure to ensure a strong foundation for the future



# FY 2013/14

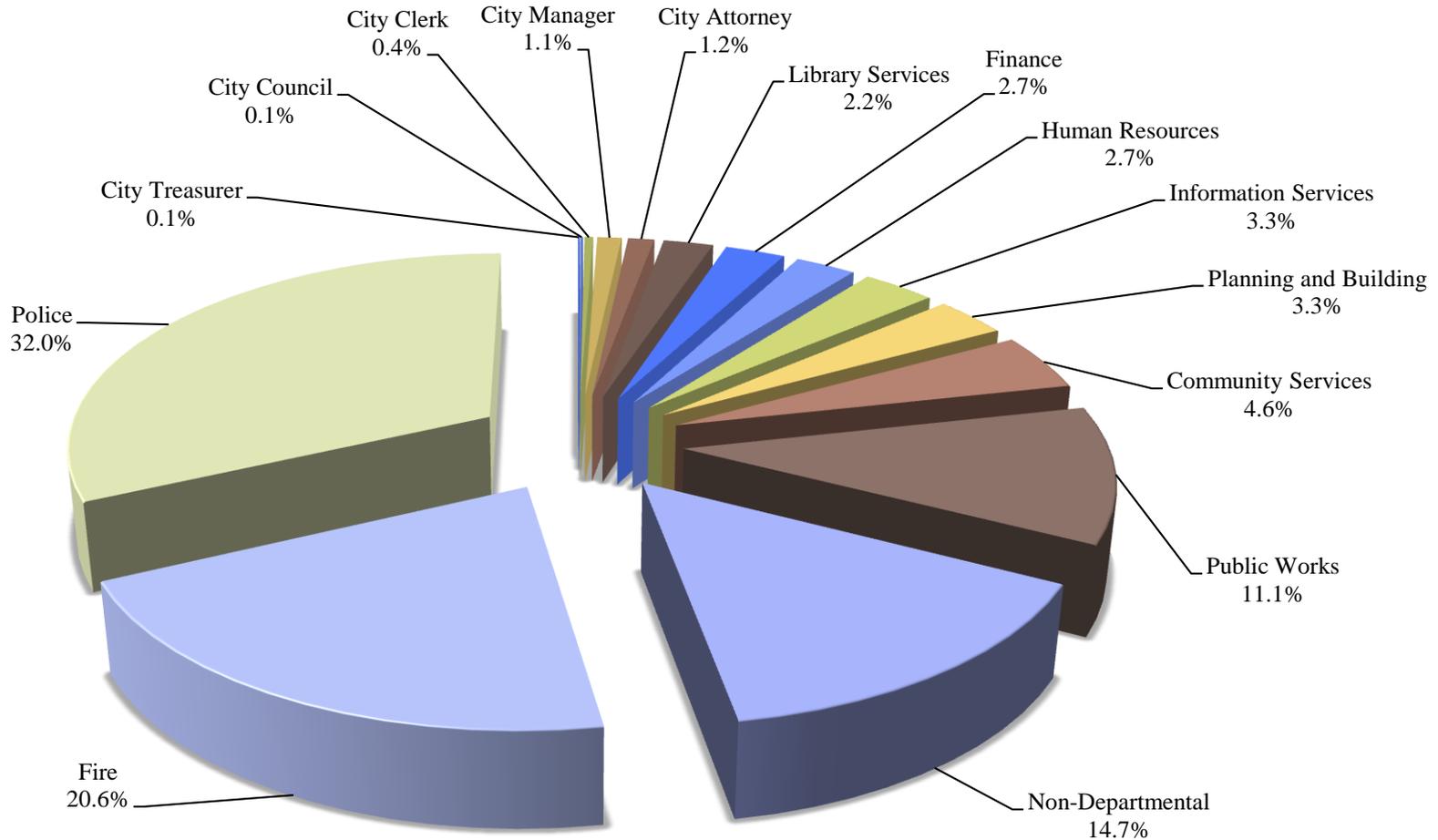
## Proposed Budget Overview

- ❑ The Proposed All Funds budget totals \$313.8 million, a 6.5% increase from the FY 2012/13 Adopted Budget
- ❑ The Proposed General Fund budget totals \$193.5 million, a 5.8% increase from the FY 2012/13 Adopted Budget





# FY 2013/14 Proposed Budget General Fund by Department



# Recovery

- For the first time in six years, the General Fund budget is balanced for FY 2013/14
  - No layoffs, position reductions, or defunded positions
  - No departmental cuts
  - No service reductions





# Realignment

## ❑ Organizational Realignment

- Marine Safety Realignment into the Fire Department
- Transfer the former Economic Development operations into the City Manager's Office

## ❑ Public Safety

- Increase funding for the Police Department's staffing by 7.0 FTEs (2 Community Services Officers and 5 Police Officers)
- Funding for a fifth City-operated ambulance and related staffing in the Fire Department (6 Ambulance Operators)
- \$1.0 million for the City's share of the new 800 MHz County-wide system

## ❑ Fixed Costs

- CalPERS rate increases of \$3.1 million
- Unfunded liabilities solutions including "25 to 10" Plan for Retiree Medical and "16 to 10" Plan for Retiree Supplemental



# Reinvestment

- Improve the City's Infrastructure
  - The Proposed Budget meets the 15% Infrastructure requirement
  - FY 2013/14 Proposed Budget includes \$28.5 million in CIP Projects including \$1.5 million in funding for new Senior Center
  - General Fund contains \$3.0 million in recurring funding for infrastructure
  
- Equipment Replacement
  - \$4.0 million has been included for Equipment Replacement



# FY 2013/14

## Budget Accomplishments

- ❑ Reflects a balanced budget with no layoffs, departmental cuts, or service reductions
- ❑ Realigns financial and human resources to promote greater efficiency and enhance delivery of services
- ❑ Enhances staffing and funding for Public Safety
- ❑ Accelerates unfunded liability payments saving \$16.6 million in taxpayer dollars over the long-term
- ❑ Proposes the creation of a CalPERS “One Equals Five” Set-Aside
- ❑ Reinvests funding to improve the City’s infrastructure and equipment replacement
- ❑ Provides funding for a new Senior Center

# CITY OF HUNTINGTON BEACH



## Questions?



September 3, 2013