

**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Joan L. Flynn, City Clerk   
**DATE:** 8/19/2013  
**SUBJECT:** SUPPLEMENTAL COMMUNICATION FOR THE AUGUST 19, 2013, REGULAR CITY COUNCIL/PUBLIC FINANCING AUTHORITY MEETING

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

**Study Session**

- #1. PowerPoint communication received from Lori Ann Farrell, Director of Finance dated August 19, 2013, entitled *Long-Term Financial Plan*.
- #2. PowerPoint communication received from Travis Hopkins, Director of Public Works, entitled *Bicycle Master Plan*.

**Consent Calendar**

- #8. Communication received from Jennifer McGrath, City Attorney dated August 15, 2013, submitting a corrected Exhibit for Resolution No. 2013-23 entitled, *Exhibit A, Ticket Distribution Policy*.

# CITY OF HUNTINGTON BEACH



## Long-Term Financial Plan



August 19, 2013



# Summary

- Five-Year Plan Update
- General Fund Financial Outlook
  - FY 2013/14 Proposed Budget Baseline
  - Revenue Assumptions
  - Expenditure Assumptions
  - Unfunded Liabilities Review
  - General Fund Reserves
  - Risk Factors
  - Strategic Planning Retreat Discussion
- Recommendations



# Benefits of a Five-Year Plan

- ❑ Build a financially resilient government through long-term financial planning
- ❑ Improve long-term financial sustainability as required through the Strategic Plan
- ❑ More time to effect change and adapt
- ❑ Adds transparency and encourages involvement
- ❑ Methods to determine the cost/benefits of decisions over the long-term
- ❑ Tool to help leaders balance demanding needs for:
  - Enhanced or new services, infrastructure needs and financial reserves



# Basis of Estimates

- ❑ Local and National Economic Indicators
- ❑ Orange County Assessor's Office
- ❑ Property Tax and Sales Tax Consultants (HDL)
- ❑ Economic Forecasts (i.e., Chapman, Fullerton, and UCLA)
- ❑ CalPERS' Actuarial Valuations
- ❑ Bartel Associates' Analyses and Recommendations
- ❑ Financial Advisor's Input and Analysis (PFM)

# Five-Year Plan



August 19, 2013



# General Fund Expenditure Baseline

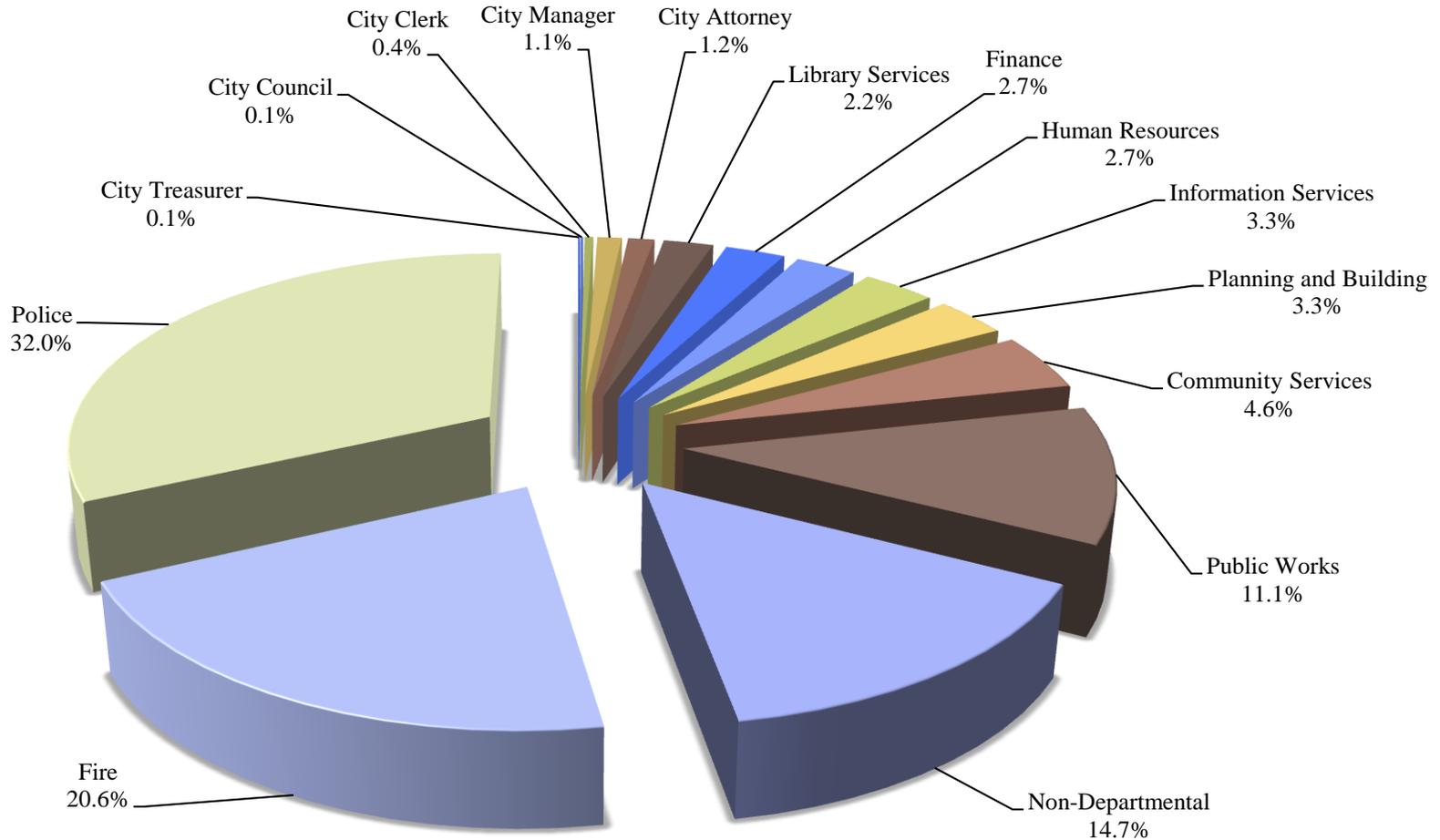
- ❑ The Proposed General Fund Budget totals \$193.5 million, a 3.9% increase from the FY 12/13 Adopted Budget
- ❑ For the first time in six years, the Proposed General Fund Budget is balanced for FY 13/14 with:
  - No layoffs, position reductions, or defunded positions
  - No departmental cuts
  - No service reductions





# FY 2013/14 Baseline

## General Fund Budget by Department





# Revenue Assumptions

- ❑ Property Tax will increase steadily by a modest 3.5% annually in FY 14/15 and thereafter
- ❑ Sales Tax will increase by 4.25% in FY 14/15 and FY 15/16, and stabilize at 4.0% in FY 16/17
- ❑ Transient Occupancy Tax is estimated at 4.0% annually
- ❑ Overall, General Fund revenue will increase on average by 2.8% per year over the next 5 years, or an additional \$5.7 million annually on average



# Expenditure Assumptions

- ❑ Baseline labor costs with no changes to the Table of Organization
- ❑ Existing employees' PERS pick-ups remain\*
- ❑ Reflects projected CalPERS rate increases per Bartel Associates' analysis
- ❑ \$1 million additional for Equipment Replacement for FY 13/14, and \$500,000 thereafter until \$6 million is reached in FY 17/18
- ❑ \$500,000 more for Infrastructure in FY 14/15, and thereafter, to meet the 15% infrastructure Charter requirement
- ❑ \$1 million per year for 800 MHz interoperability project
- ❑ \$500,000 per year for three years for the General Plan
- ❑ \$516,000 per year for Affordable Care Act compliance
- ❑ \$1 million in FY 14/15 and thereafter for the Senior Center Debt Service Payment

\*Assumes continuation of HBFA at 6.75% pick-up



# Expenditure Assumptions

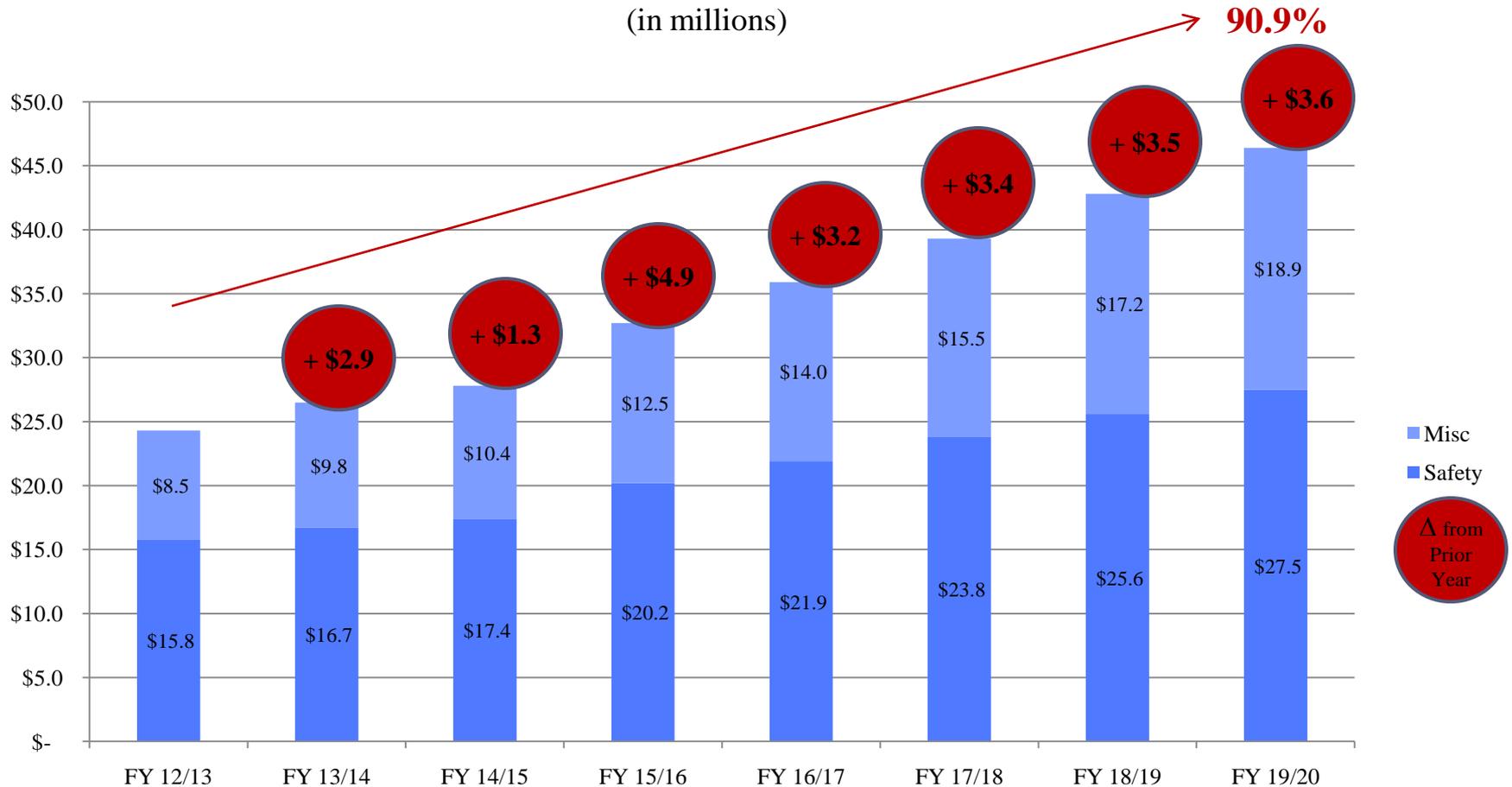
## (CalPERS Rate Increases)

- ❑ CalPERS costs will increase from \$25.6 million in FY 13/14 to \$46.4 million in FY 19/20
  - Reflects impact of discount rate change from 7.75% to 7.50% (no phase-in) in FY 13/14 and a reduction to 7.25% in FY 15/16
  - Reflects impact of a significantly reduced payroll base
  - Accounts for almost 50% of the total increase in the General Fund Budget in FY 13/14
  - Reflects shift from a 30-year rolling amortization to a 30-year fixed amortization period
  - Reflects a 5-year smoothing methodology versus the original 15-year smoothing
  - Reflects pension cost increases due to longer lifespans



# 7-Year CalPERS – All Funds

## Employer Contribution Increases



Summary considers 30-Year Rolling to Fixed Amortization, Direct Rate Smoothing, Mortality Study and 7.25% Discount Rate



# Five-Year Plan Highlights

(in thousands)

Category	Proposed FY 13/14	Projected FY 14/15	Projected FY 15/16	Projected FY 16/17	Projected FY 17/18
SALARIES	91,331	94,606	96,021	97,101	98,159
CALPERS	25,560	26,760	31,450	34,500	37,750
WORKERS' COMP & OTHER BENEFITS	22,687	22,673	22,860	23,033	23,212
OPERATING & NON-OPERATING	46,963	47,509	47,956	45,843	45,585
INFRASTRUCTURE	3,000	3,500	4,000	4,500	5,000
EQUIPMENT	4,000	4,500	5,000	5,500	6,000
<b>TOTALS</b>	<b>193,541</b>	<b>199,548</b>	<b>207,286</b>	<b>210,477</b>	<b>215,706</b>

<b>REVENUES</b>	<b>193,541</b>	<b>198,791</b>	<b>204,224</b>	<b>210,345</b>	<b>216,364</b>
CIR - Senior Center Debt		1,000	1,000		
<b>(CHALLENGE)/SURPLUS</b>	<b>0</b>	<b>(242)</b>	<b>(2,062)</b>	<b>(132)</b>	<b>658</b>



# Five-Year Plan Highlights

- ❑ The City's General Fund is benefiting from the national economic recovery
- ❑ The City is well poised to benefit from this recovery through increased revenue
- ❑ However, the City's personnel cost is approximately 72% of the General Fund Budget
- ❑ As such, fixed cost increases related to the existing payroll base will largely consume projected revenue increases
- ❑ The most significant cost increases projected over the next 5 to 10 years are the City's pension costs due to CalPERS' rate changes



# Five-Year Plan Highlights

- ❑ Hence, projected revenue increases will primarily assist in funding increased pension costs
- ❑ FY 15/16 will be challenging as there is a projected \$2.1 million deficit due to the full implementation of PERS' new rate changes
- ❑ The 5 Year Plan reflects the “Base Case” and does not reflect enhanced staffing levels or restored positions

# Unfunded Liabilities



August 19, 2013



# Accomplishments

- ✓ Paid off PARS liability in FY 12/13, two years ahead of schedule
- ✓ Increased payments to Retiree Medical Plan by a total of \$981,000 over the past 3 years (above the ARC)
- ✓ Increased payment to Retiree Supplemental Plan by \$969,000 in FY 11/12 (above the ARC)
- ✓ Opted to budget full impact of discount rate change in Year One for PERS rate (FY 13/14)

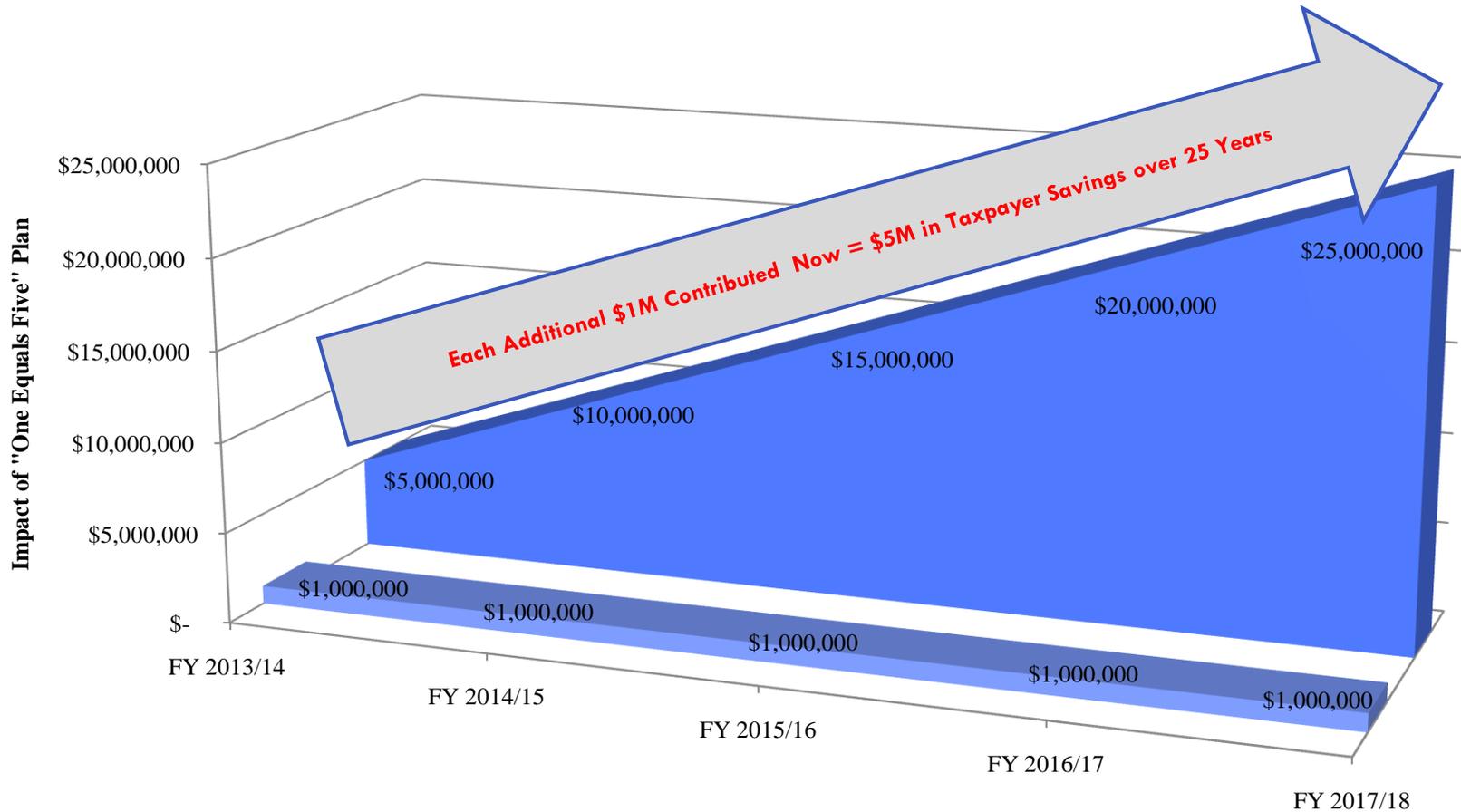


# Plan to Reduce Unfunded Liabilities

- The 5-Year Plan reflects a 5-pronged approach:
  - “One Equals Five” Set-Aside for CalPERS
  - “25 to 10” Plan for Retiree Medical
  - “16 to 10” Plan for Retiree Supplemental
  - Consider revision to Financial Reserve Policy as follows:
    - 25% to Economic Uncertainties Reserve
    - 25% to Capital Improvement Reserve (CIR)
    - 25% to Pension Rate Stabilization Fund
    - 25% for Infrastructure Fund
  - As recommended by Bartel Associates, reduce unfunded pension liabilities by \$1.9 million year-end, if possible

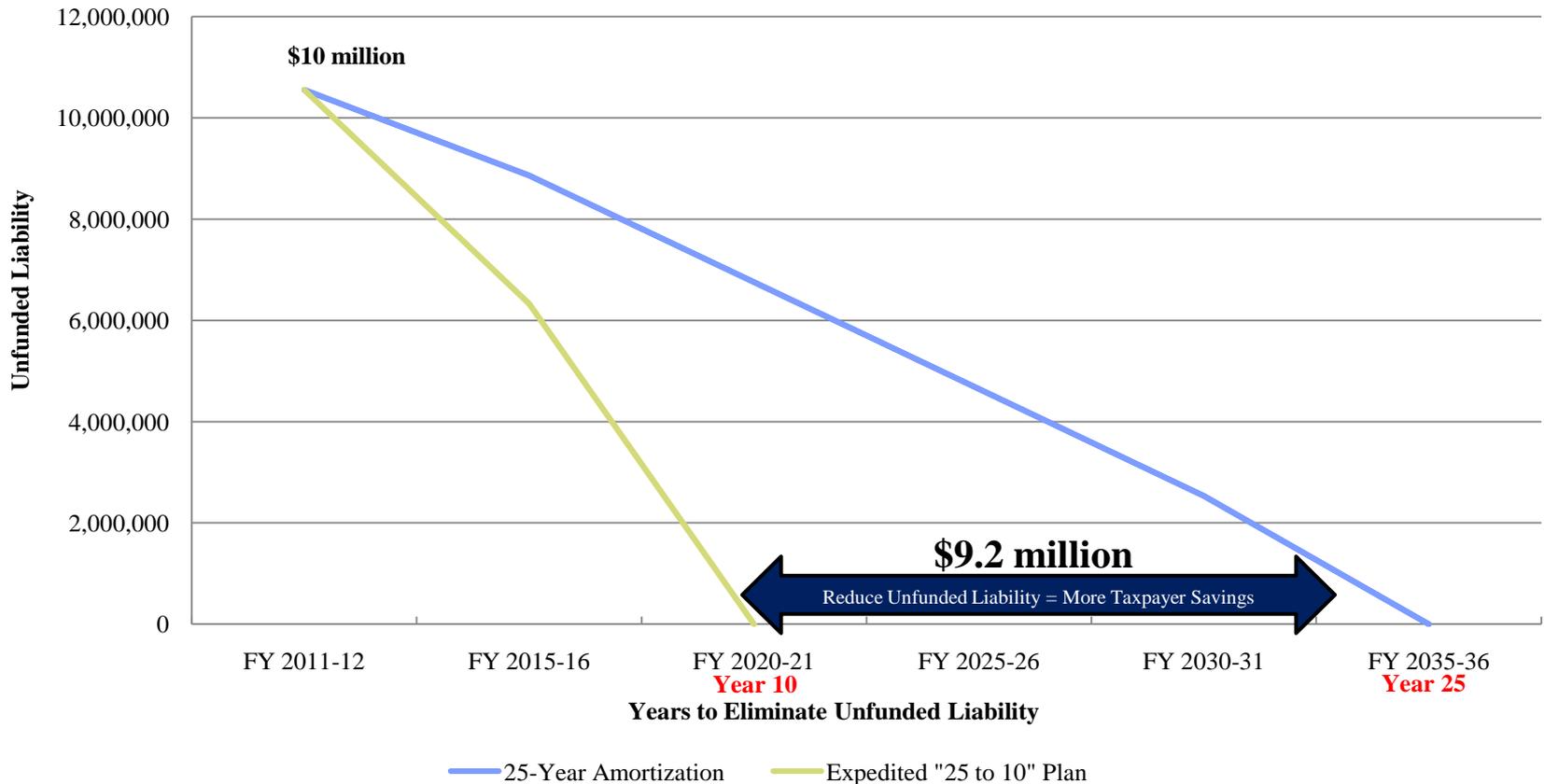


# “One Equals Five” Plan CalPERS



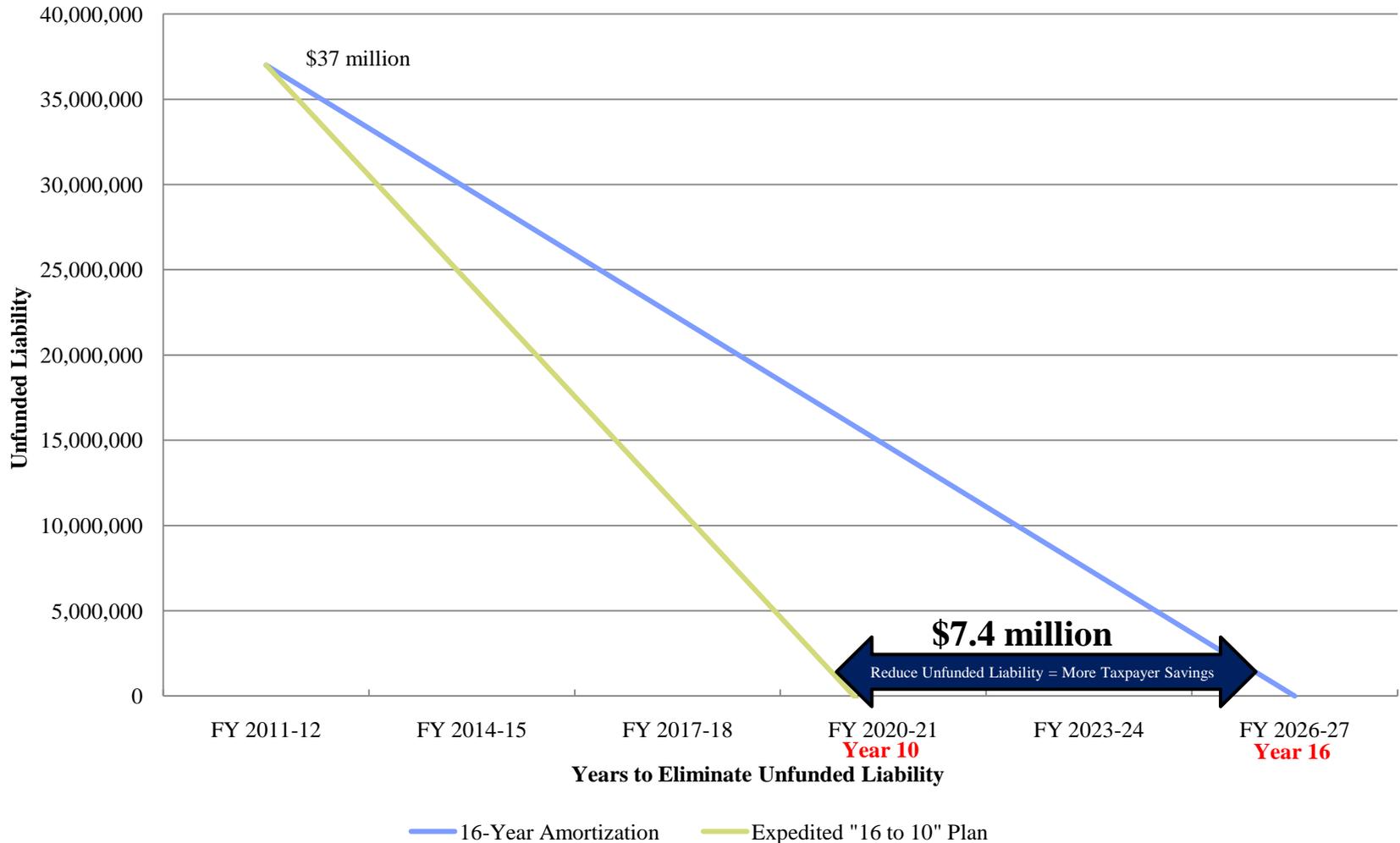


# “25 to 10” Plan Retiree Medical





# “16 to 10” Plan Retiree Supplemental





# Recommendations by Bartel Associates

- ✓ Budget the full impact of the previous discount rate change (7.75% to 7.5%) in FY 2013/14
- ✓ Use extra one-time money to pay down unfunded liabilities
- ✓ Options to fund higher future pension costs include:
  - Allocate/Find additional ongoing revenue to fully fund increasing future pension costs
  - Negotiating to have employees pay more
- ✓ Utilize long-term financial plan to expedite full funding for increased CalPERS costs

# General Fund Reserves



August 19, 2013



# General Fund Balance

(in thousands)

<b>Fund Balance Category</b>	<b>Audited FY 11/12</b>	<b>Estimated FY 12/13</b>	<b>Estimated FY 13/14</b>	<b>Estimated FY 14/15</b>
Economic Uncertainties	24,011	24,011	24,011	24,011
Equipment Replacement	6,913	11,413	11,413	11,413
Capital Improvement Reserve	5,970	5,970	4,970	3,970
PARS Obligation	4,701			
Budget Stabilization Fund	3,100	3,100	3,100	3,100
Retiree Medical Unfunded Liability	698			
Senior Center Debt Service			1,000	1,000
Litigation Reserve	900	1,900	1,900	1,900
Other Fund Balance	8,142	8,253	8,253	8,253
<b>Total Fund Balance</b>	<b>54,435</b>	<b>54,647</b>	<b>54,647</b>	<b>53,647</b>

# **Risk Factors**



August 19, 2013



# Redevelopment Dissolution

❑ Disallowed Items – Recurring Costs	\$ 836,000
❑ Additional disallowances	
➤ Low-Mod Housing DDR*	\$ 3,600,000
➤ Non-Housing DDR (Other Funds)	\$ 8,813,384
➤ General Fund Impact	<u>\$ 5,078,834</u>
	<b>\$17,492,218</b>

\*City filed litigation against the Department of Finance in FY 11/12 regarding the \$3.6 million in Low-Mod Funds.

# **Strategic Planning Retreat Discussion**



August 19, 2013



# Strategic Planning Retreat Discussion

## Funding for 3 Police Officers

At the August 2, 2013 Strategic Planning Retreat, the City Council requested options to fund three additional Police Officers in the FY 13/14 Proposed Budget



# Police Officer Costing

## Assumptions:

<i>FTE</i>	1	3	1	3
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	Year 1		Year 2	
Fully Burdened Cost without PERS	166,110	498,330	166,110	498,330
PERS	63,700	191,100	67,360	202,080
<b>Total Cost*</b>	<b>\$ 229,810</b>	<b>\$ 689,430</b>	<b>\$ 233,470</b>	<b>\$ 700,410</b>



# Funding Options for 3 Police Officers

Options	Description	FY 13/14 Proposed Budget
Option 1	800 MHz Interoperability Project	\$1 million
Option 2	Affordable Care Act^	\$516,000
Option 3	Capital Improvement Projects*	\$3 million

➤ **Staff recommends Option 2**

^One-time delay in Affordable Care Act implementation to January 1, 2015.

\*Balance to be funded by the CIR.

# CITY OF HUNTINGTON BEACH



## Questions?



August 19, 2013



# City of Huntington Beach Bicycle Master Plan

# **Bicycle Master Plan Overview**

- **Introduction**
- **Existing Conditions**
- **Recommendations**
- **Bikeway Funding**

# Facility Types

## Multi-use Path (Class 1)

- 8' Paved + 2' graded edge min. each side
- More width recommended where high bicycle or mixed use volumes occur



## Bicycle Lane (Class 2)

- Minimum 5' where curb occurs (4' without curb)
- Wider lane recommended with high bike volumes



## Bicycle Route (Class 3)

- Signed only or can include “Sharrows”
- Wider than standard outside lane recommended



# Example Class 1 Multi-use Path



**Huntington Beach Multi-use Beach Path**

# Example Class 2 Bicycle Lane



Pacific Coast Highway

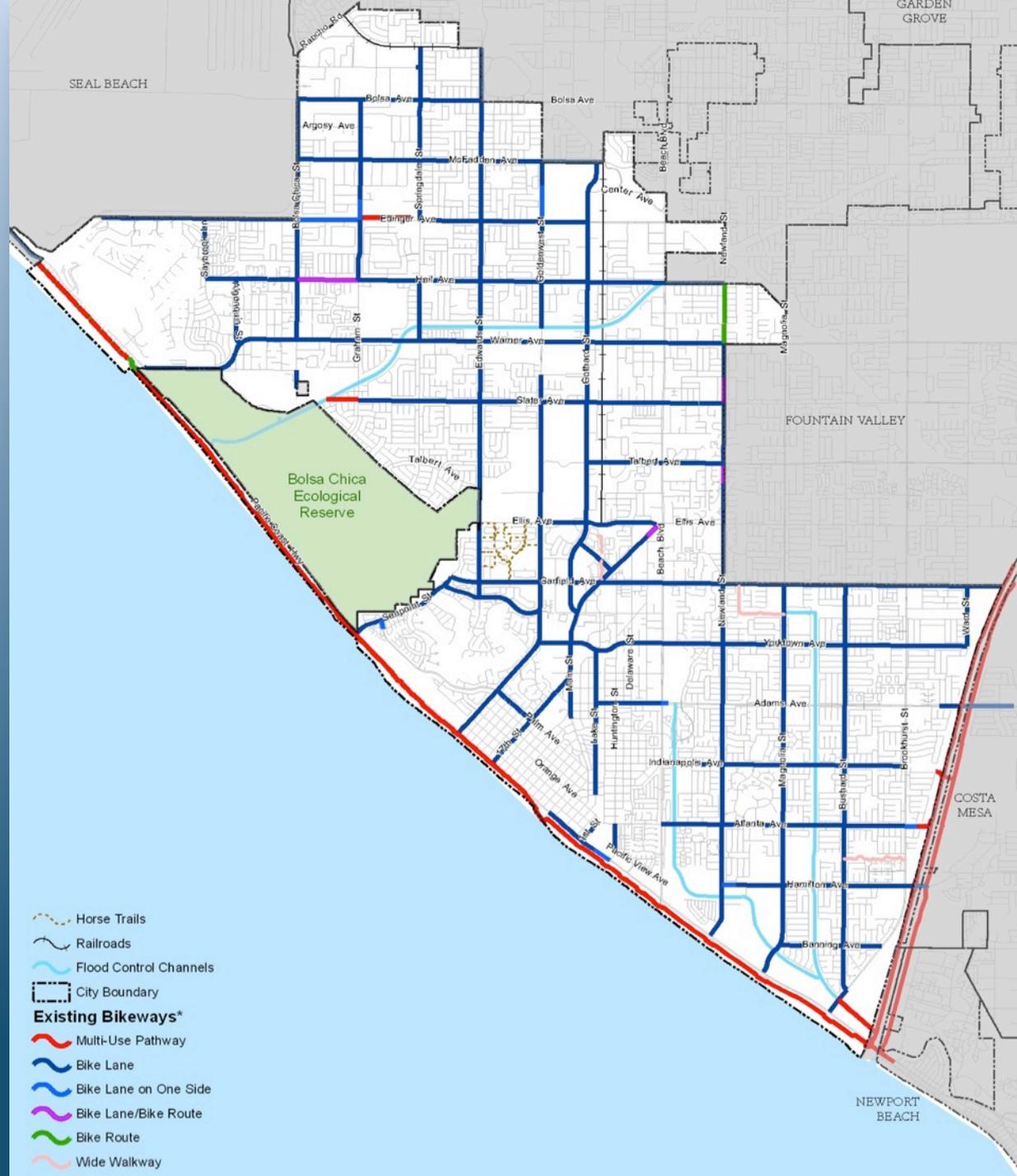
# Class 3 Bicycle Route



# Existing Bikeways



## Bicycle Master Plan



-  Horse Trails
-  Railroads
-  Flood Control Channels
-  City Boundary
- Existing Bikeways\***
-  Multi-Use Pathway
-  Bike Lane
-  Bike Lane on One Side
-  Bike Lane/Bike Route
-  Bike Route
-  Wide Walkway

# Recommendations

- **Facilities – Improvements & New**
- **Bicycle Programs**
- **Other (bike map, events, signage)**
- **PCH Alternatives**



# Facility Recommendations

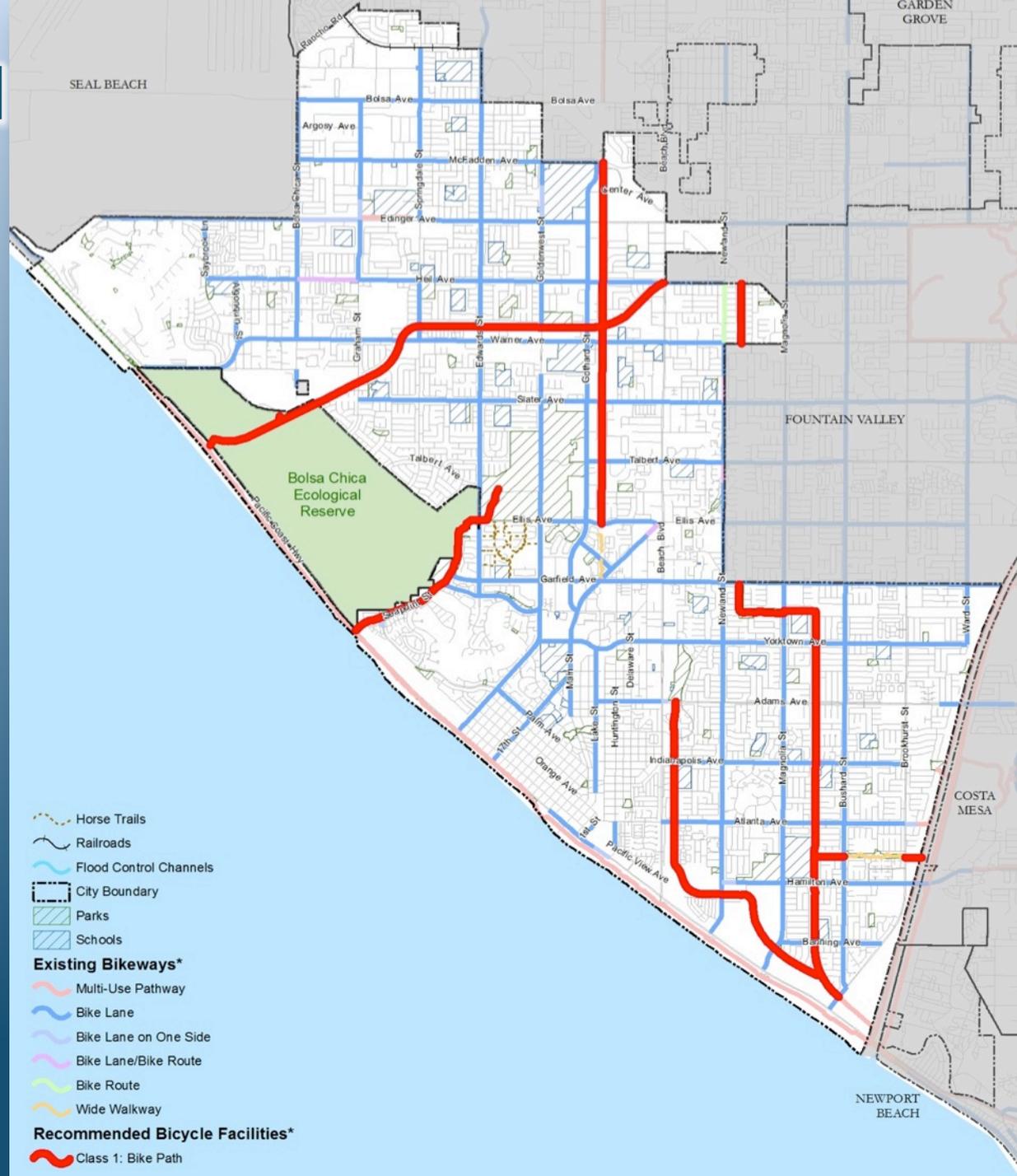
- Improve existing facilities
- Fill remaining bicycle lane gaps
- Add more separated facilities, such as multi-use paths along canals
- Add bicycle boulevards
- Add more bicycle parking, especially at the beach and downtown



# Recommended Class 1 Multi-use Paths



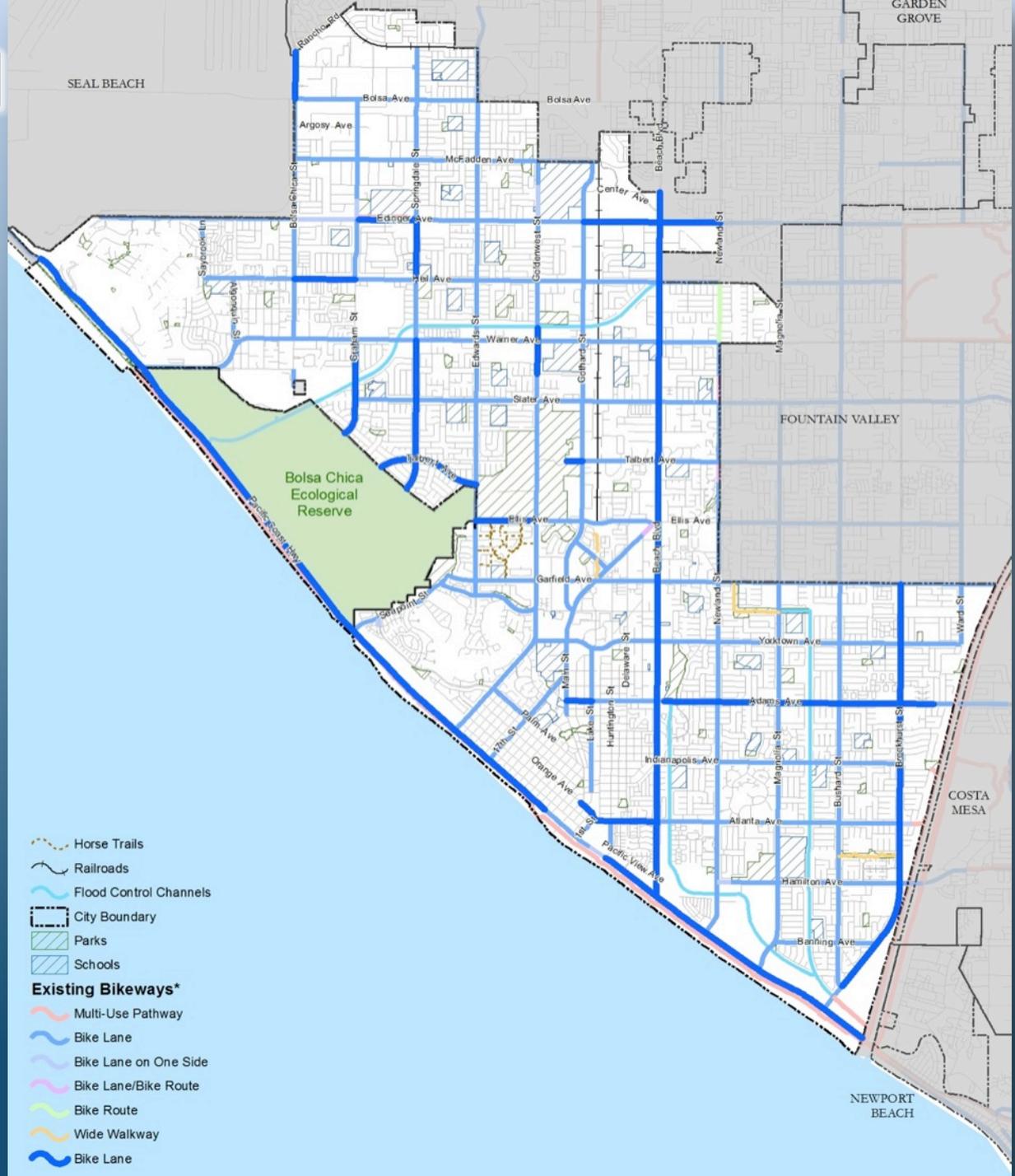
## Bicycle Master Plan



# Recommended Class 2 Bicycle Lanes



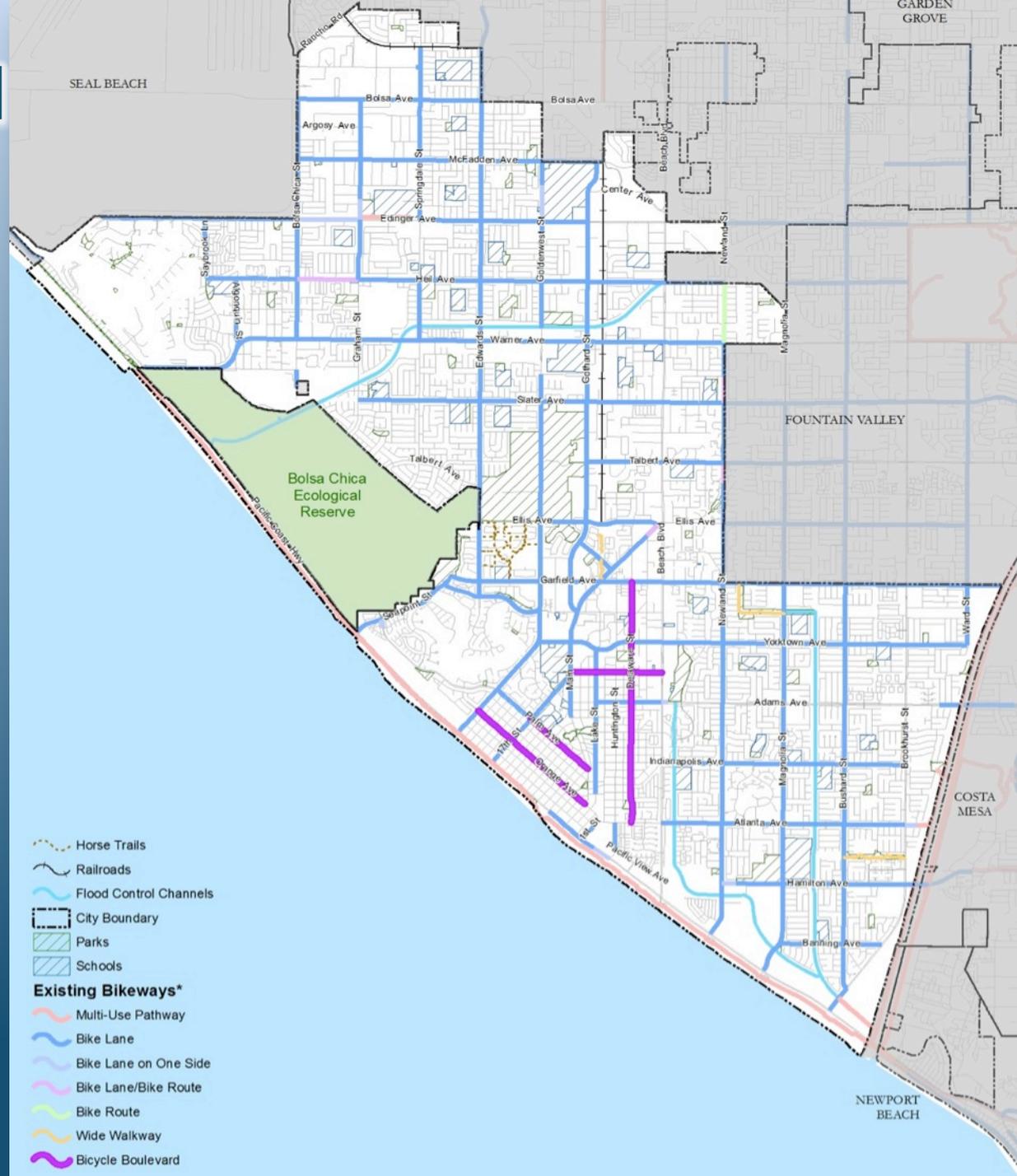
## Bicycle Master Plan



# Recommended Bicycle Boulevards



## Bicycle Master Plan



# Recommended Bicycle Boulevards



**Example: Orange Avenue**

# Bicycle Parking



# Bicycle Parking Facility



## In-Street Parking (Bike Corral)



# Bicycle Parking Facility



In-Street Parking (Bike Corral)

# Program Recommendations

1. Institute public education campaign aimed at cyclist, pedestrian and driver behavior
2. Promote “Bicycle Trains” to and from school
3. Integrate cycling network improvements into land use planning and development



# Other Recommendations

- Provide a regularly updated network map
- Support business incentive programs
- Host more bicycle promotion events
- Improve bicycle way-finding signage



# PCH: Bikeway Alternatives

## Bicycle Lanes

(Parking retained, but minimal buffering)



# PCH: Bikeway Alternatives

Buffered Bicycle Lanes

(Loss of 99 parking spaces on east side)



# PCH: Bikeway Alternatives

One-way Cycle Track and Bicycle Lane Hybrid  
(Parking retained, but requires 11' lanes)



# **Draft BMP Review Process – Steps Completed**

- **Internal Draft BMP reviewed by staff & Bike Committee**
- **Draft BMP Public Review complete including public workshop**
- **Presented BMP to Public Works Commission & Community Services Commission**



# Next Steps

- **Collect Comments and Final Plan**
- **City Council for Adoption**
- **Caltrans Certification**



**Questions or Comments?**





# City of Huntington Beach Bicycle Master Plan



**CITY OF HUNTINGTON BEACH**  
**Interdepartmental Communication**

**TO:** JOAN FLYNN, City Clerk  
**FROM:** JENNIFER MCGRATH, City Attorney  
**DATE:** August 15, 2013  
**SUBJECT:** Late Communication - Corrected Exhibit for Resolution 2013-23

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The exhibit that is currently attached to the Resolution No. 2013-23 Approving a Policy for Limiting the Distribution of Tickets and Passes to City Officials is incorrect. Please replace with the attached "Exhibit A – Ticket Distribution Policy" document.

JENNIFER MCGRATH,  
City Attorney

/slf

Attachment

**SUPPLEMENTAL  
COMMUNICATION**

Meeting Date: 8/19/2013

Agenda Item No. 8

**EXHIBIT A****TICKET DISTRIBUTION POLICY****1.0 Purpose of Policy.**

The purpose of this Policy is to ensure that all Tickets the City receives from public and private entities and individuals are distributed in furtherance of governmental and/or public purposes.

**2.0 Application of Policy.**

2.1 Types of Tickets: This Policy applies to Tickets which provide admission to or use of a facility or event for an entertainment, amusement, recreational or similar purpose, and are either:

- a) gratuitously provided to the City by an outside source;
- b) acquired by the City by purchase;
- c) acquired by the City as consideration pursuant to the terms of a contract for the use of a City venue; or
- d) acquired and distributed by the City in any other manner.

2.2 Policy Applicable to Tickets Only: This Policy shall only apply to the City's distribution of Tickets to, or at the behest of, a City Official. This Policy does not apply to any other item of value provided to the City or any City Official, regardless of whether received gratuitously or for which consideration is provided.

2.3 This Policy, together with the procedures established pursuant to Section 4.4 below, shall supersede and replace any prior City policy governing Tickets to which this Policy applies.

**3.0 Definitions.**

Unless otherwise expressly provided herein, words and terms used in this Policy shall have the same meaning as that ascribed to such words and terms in the California Political Reform Act of 1974 (Government Code Sections 81000, et seq., as the same may from time to time be amended) and the Fair Political Practices Commission ("FPPC") Regulations (Title 2, Division 6 of the California Code of Regulations, Sections 181 10 et seq., as the same may from time to time be amended).

- a) "City" or "City of Huntington Beach" shall mean and include the City of Huntington Beach, and/or any other affiliated agency created or activated by the Huntington Beach City Council, and any departments, boards and commissions thereof.
- b) "City Official" shall mean and refer to the City's "public officials," as that term is defined by Government Code Section 82048 and FPPC Regulation 18701. Such term shall include, without limitation, any City board, commission, or committee member or other appointed official or employee required to file an annual Statement of Economic Interests (FPPC Form 700).
- c) "FPPC" shall mean and refer to the California Fair Political Practices Commission.

- d) "Immediate family" shall mean and refer to the spouse and dependent children.
- e) "Policy" shall mean and refer to this Ticket Distribution Policy.
- f) "Ticket" shall mean and refer to a "ticket or pass" as that term is defined in FPPC Regulation 18944.1, as amended from time to time, but which currently defines a "ticket or pass" as admission privilege to a facility, event, show or performance for an entertainment, amusement, recreational, or similar purpose.

#### **4.0 General Provisions.**

4.1 No Right to Tickets: The use of complimentary Tickets is a privilege extended by the City and not the right of any person to which the privilege may from time to time be extended.

4.2 Limitation on Transfer of Tickets: Tickets distributed to a City Official pursuant to this Policy shall not be transferred to any other person, except to members of such City Official's immediate family solely for their personal use.

4.3 Prohibition Against Sale of or Receiving Reimbursement for Tickets: No person who receives a Ticket pursuant to this policy shall sell or receive reimbursement for the value of such Ticket.

4.4 Implementation of Policy: The City Manager shall have the authority, in his or her sole discretion, to establish procedures for the distribution of Tickets in accordance with this Policy. All requests for Tickets which fall within the scope of this Policy shall be made in accordance with the procedures established by the City Manager.

4.5 Designation of Agency Head: The City Manager or his/her designee shall be the "Agency Head" for purposes of implementing the provisions of this Policy and completing and posting the FPPC California Form 802.

4.6 No Earmarking of Ticket to City: No Ticket gratuitously provided to the City by an outside source and distributed to, or at the behest of, a City Official pursuant to this Policy shall be earmarked by the original source for provision to a particular City Official.

#### **5.0 Conditions Under Which Tickets May be Distributed.**

Subject to the provisions of this Policy, complimentary Tickets may be distributed to City Officials under the following conditions:

5.1 The City Official reimburses the City for the face value of the Ticket(s).

5.2 The City Official treats the Ticket(s) as income consistent with applicable federal and state income tax laws.

5.3 The distribution of the Ticket(s) to, or at the behest of, the City Official accomplishes a governmental and/or public purpose. The following list of governmental and/or public purposes the City may accomplish through the distribution of Tickets is illustrative rather than exhaustive:

a) Facilitating the performance of a ceremonial role or function by a City Official on behalf of the City at an event.

b) Facilitating the attendance of a City Official at an event where the job duties of the City Official require his or her attendance at the event.

- c) Promotion of intergovernmental relations and/or cooperation and coordination of resources with other governmental agencies, including, but not limited to, attendance at an event with or by elected or appointed public officials from other jurisdictions, their staff members and their guests.
- d) Promotion of City resources and/or facilities available to Huntington Beach residents.
- e) Promotion of City-run, sponsored or supported community programs or events.
- f) Promoting, supporting and/or showing appreciation for programs or services rendered by charitable and non-profit organizations benefiting Huntington Beach residents.
- g) Promotion of business activity, development, and/or redevelopment within the City.
- h) Promotion of City-owned businesses.
- i) Promotion of City tourism on a local, state, national or worldwide scale.
- j) Promotion of City recognition, visibility, and/or profile on a local, state, national or worldwide scale.
- k) Promotion of open government by City official appearances, participation and/or availability at business and/or community events.
- l) Increasing public exposure to, and awareness of, the various recreational, cultural, and educational venues and facilities available to the public within the City.
- m) Attracting or rewarding volunteer public service.
- n) Encouraging or rewarding significant academic, athletic, or public service achievements by Huntington Beach students, residents or businesses.
- o) Attracting and retaining highly qualified employees in the City service.
- p) Recognizing or rewarding meritorious service by a City employee.
- q) Promoting enhanced City employee performance or morale.
- r) Recognizing contributions made to the City by former City Council Members or City employees.

## **6.0 Disclosure Requirements.**

6.1 This Policy shall be posted on the City website in a prominent fashion.

6.2 Tickets distributed by the City to any City Official either i) which the City Official treats as income pursuant to Section 5.2 above, or ii) for one or more public purposes described in Section 5.3 above, shall be posted on the City website in a prominent fashion, within thirty (30) days after distribution. Such posting shall incorporate the use of FPPC California Form 802, attached to and incorporated in this Policy as **Exhibit A-1**, or such alternative form(s) as may from time to time be designated by the FPPC.

6.3 Tickets distributed by the City for which the City receives reimbursement from the City Official as provided under Section 5.1 above shall not be subject to the disclosure provisions of Section 6.2.