

The Budget Brief

Fiscal Year 2008-2009

A PUBLICATION BY THE FINANCE DEPARTMENT OF THE CITY OF FOUNTAIN VALLEY

The City of Fountain Valley

The City's General Operating Fund

Have you ever wondered where the City gets its money and how much it costs for the services we all enjoy? The illustrations and explanations below explain the City's General Operating Fund and the sources that pay for the day-to-day services provided to our community.

Revenue: \$36,176,568 Where Our Money Comes From



\$11,985,000

Sales Tax

The City's share of sales tax is equal to 1% of the total taxable sales generated within the City (or 1% of 7.75% local sales tax rate).

Property & Other Taxes

Taxes are levied for both real and personal property. Real property is immobile and includes land, natural resources and fixed improvements to the land. Personal property is mobile and includes tangible property, such as equipment, inventory, water and air craft. Other taxes include:



\$11,857,700

Business Tax—a requirement for all businesses conducting business within the City limits.

Franchise Tax—a contractual or exclusive right-of-way fee paid by power, gas, rubbish and cable television companies.

Transient Occupancy Tax—a local tax imposed for hotel/motel occupancy of less than thirty days in duration.

Government Agencies

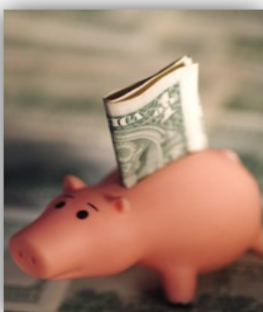
Revenues collected by one Governmental Agency and apportioned to others. The majority of this revenue category represents the City's share of Motor Vehicle License Fees.



\$4,593,000

Permits, Fines & Fees

Certain City services and activities, such as local community service programs, issuance of planning and building permits, and fire inspections are paid by the individuals who benefit from the services rather than by the community as a whole. Fines for municipal code violations are also included in this category.



\$3,315,650

Intrafund Transfers

Amounts received from other funds for services provided or activities that are co-funded but accounted for as a single project.



\$2,785,000

Interest & Property

Investment income and rental of City buildings and facilities.

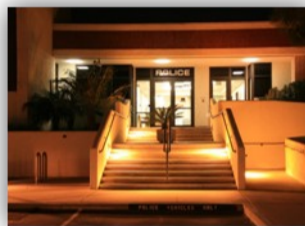


\$1,640,218

Expenditures: \$36,151,459 What Our Money Is Used For

Police

Police respond to each 911 call promptly and patrol units blanket the community to ensure a safe, crime-free environment. The Investigations Bureau not only solves crimes, but also identifies criminal activity trends. A crime prevention program and community volunteers also make Fountain Valley "A Nice Place to Live".



\$14,711,116

Fire & Building

Medical emergencies account for approximately 80% of the emergency response calls in Fountain Valley. Additional activities include disaster preparedness and fire prevention. Inspections and permits for all building activities are also handled by this department.



\$9,441,003

Public Works

Every street driven, every acre of park where children play, every sidewalk strolled, all sewer and storm drains that flow, and every median, sign and public building is maintained by the various divisions of the Public Works Department.



\$6,872,316

Administration

Direction is set and City operations are kept in motion with the people, supplies and equipment provided by the administrative arm of the City. They are responsible for keeping records, providing legal direction, elections, creating the Budget and managing the money. The public has the opportunity to be involved in government through their Council and Administration.



\$3,299,280

Community Services

Community Services creates "Community through people, parks and programs." The division's mission is to provide recreational experiences, programs and services for all ages that promote a strong and healthy community.



\$1,827,744

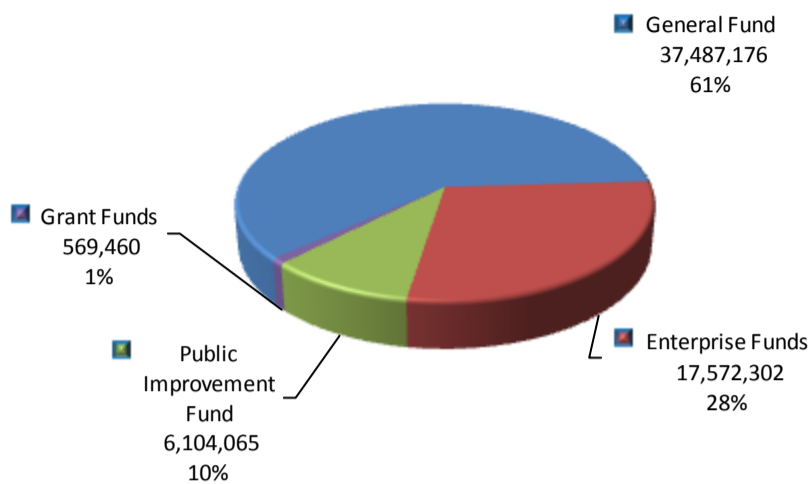
Classes, sports, special events and senior activities are available for every member of the community. Families can spend a pleasant summer evening together at a concert in the park, or enjoy swim programs, baseball, basketball, soccer and tennis for all levels.

The City of Fountain Valley

Combined Statements of Funds

Public agency expenditures are legally categorized into fund groups. The City's annual budget is comprised of four fund groups:

Fund Revenues \$61,733,003



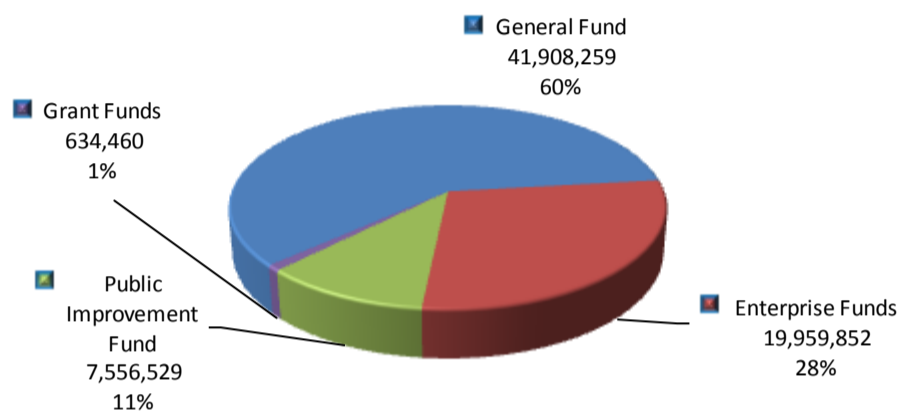
Grant Funds: These are one-time funds competitively awarded by other government agencies. One such grant, the Community Development Block Grant, provides funding for neighborhood revitalization, housing rehabilitation and various non-profit public service agencies.

Enterprise Funds: These funds are entirely "fee-for-service" supported, which means that the fees collected for the service must cover the cost of providing the service. The City's two enterprise activities are water & refuse service.

General Fund: This is the operating fund for the City and provides for the day to day services provided to the community by the 249 full time employees. Annual projects such as tree trimming, sidewalk restoration and park improvements are funded from general fund capital reserves.

Public Improvement Funds: These funds are legally restricted for specific uses. Gas tax, traffic improvement, and traffic congestion relief funds pay for construction and rehabilitation of streets and intersections; and drainage, sewer and median funds pay for maintenance of their own infrastructures.

Fund Expenses \$70,059,100



Message from Fountain Valley City Manager Ray Kromer

The 2008-09 Budget supports the services necessary to meet our goal of a vibrant community, both residentially and commercially. Our long-range vision and adaptability serves the community well as we align resources with community needs.

The City's fiscal health is closely linked with how well the local economy does, and to the financial decisions made by the legislators in Sacramento and Washington, DC. The budget does not anticipate any shift of local revenues by the state, however, it appears the state policymakers will be struggling with balancing a budget mired in red ink for an extended amount of time.

Our budget was built on the reality of basically flat growth in our major revenue sources, sales tax and property tax and increases in labor costs competitive to the marketplace.

Last year we identified four goals:

1. *Preserve our neighborhoods...* This past year the City completed its most ambitious residential street rehabilitation program in our history. Many of the more heavily used streets received a full asphalt cap while others received the tar chip and slurry seal. With 40 to 50 year old streets, the process is anticipated to continue for several years.

Additionally, due to the downturn in the housing market, we are seeing more residential properties being neglected. We have created a proactive code enforcement program by teaming up with the Police Department's Retired Senior Volunteers for more eyes on the street.

2. *Maintain a long-range vision...*The City Council and staff completed several workshops for the purpose of planning for the future Fountain Valley.

New development opportunities identified included land use along the I-405 corridor as 350,000 cars a day drive the freeway and provide the window to our community. Other areas targeted for commercial opportunities is the Santa Ana River corridor and the district south of the freeway. The city will explore overlay zoning or code changes to stimulate private investment in these areas.

3. *Improve and maintain the City's infrastructure...*The City has adopted the Water System Master Plan for the next 20 years. This plan compliments the Pavement and the Sewer Master Plans. We have positioned ourselves well ahead of the possibility of unanticipated infrastructure failure facing many of the cities in Orange County that have attained the ripe old age of 50 years.

4. *Continue to develop revenue sources...* This is the most significant issue we face today as the cost to maintain the current level of service continues to grow and our financial resources continue to decrease. Public safety, the very foundation of service to the community is 67% of the total cost of operating the City. Therefore it is essential we seize every opportunity to capitalize on our freeway exposure, update land use and be flexible to new ideas that can create sustainable resources. The City will continue to change and we must encourage the transformation.

Issues Facing Us:

Traffic – Traffic volume and circulation will, unfortunately, always be an issue with which to deal. Fountain Valley initiated and has participated extensively in the I-405 Improvement Study. Improvement of the I-405 should take the pressure off our surface streets.

Paramedic Delivery – Over 80% of the Fire Department's calls are now for medical aid. High traffic volumes, aging population and use of paramedic services as the primary health provider is a County-wide problem currently under review.

City Codes – A complete review of the land-use code needs to be done in light of meeting the goals noted above. We will look at density, uses, signs, height, parking, etc., with an eye to transform commercial and industrial areas to more productive uses.

We are anticipating some exciting changes in the next year with the reopening of the Recreation Center at Mile Square Park, and the completion of the Orange Coast Memorial Patient Care Pavilion.

The future is whatever we make it and I look forward to the opportunity of working with the City Council and citizens to shape that future.

Raymond H. Kromer
City Manager

We welcome your questions and comments. For additional information about the City's budget, or to find out how you can become involved, please contact the Finance Department in City Hall at (714) 593-4418.

Thank you!

