



RESOLUTION 15-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MISSION VIEJO, CALIFORNIA, APPROVING A BUDGET FOR 2015-17, AND APPROPRIATING FUNDS FOR FISCAL YEAR 2015/16 ONLY

WHEREAS, the City Manager presented to the City Council on June 1, 2015, a Proposed Budget for the 2015-17 fiscal years; and

WHEREAS, one budget workshop was duly scheduled, and held on June 15, 2015, and there was an opportunity for all persons to be heard and their suggestions or objections considered.

WHEREAS, City staff and the City Council have recommended certain changes be made to the Proposed Budget to reflect revised appropriations; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MISSION VIEJO, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the 2015-17 Budget for the City of Mission Viejo is hereby adopted.

SECTION 2. That appropriations are hereby authorized and revenue estimates confirmed for FY 2015/16 only, in accordance with the Proposed Budget dated June 1, 2015, as further modified by Council and staff on June 15, 2015, and July 6, 2015, as reflected on Exhibits A, B, C, D, E, and F to this Resolution.

SECTION 3. That regular staff positions are hereby authorized for FY 2015/16 in accordance with Exhibit G to this Resolution.

SECTION 4. That, for FY 2015/16, Department Heads are hereby authorized to overspend individual operating budget object accounts within the budget categories of personnel services, operations, and capital outlay, and are authorized to move appropriations from one object to another, within each budgetary program and within the same fund, provided that total appropriations for a budget program and within the same fund are not exceeded.

SECTION 5. That, for FY 2015/16, the City Manager is hereby authorized to transfer operating budget appropriations within the same fund between categories, budgetary departments and budgetary programs, but only within each of the five broad program areas of: General Government (Legislative and Management & Support combined); Public Safety; Community Development; Engineering & Transportation and Infrastructure Maintenance combined; and Recreation, Community and Library Services; provided that total appropriations for a program area by fund are not changed.

SECTION 6. That, for FY 2015/16, the City Manager is hereby authorized to transfer capital improvement project appropriations between projects up to a limit of \$30,000 per transfer, within the same fund and within the responsibility of the same

department.

SECTION 7. That changes to total program area appropriations, changes to total fund appropriations, all other changes to capital improvement project appropriations not specified in Section 6 of this Resolution, changes to the number of regular positions by classification, transfers to and/or from appropriated reserves, cancellation of appropriations, and appropriations of fund balances shall require the majority approval of the City Council.

SECTION 8. That encumbrances at the end of FY 2014/15 will be re-appropriated for continued use in FY 2015/16.

SECTION 9. That all active capital project appropriation balances that existed at the end of FY 2014/15 will be re-appropriated for continued use in the FY 2015/16.

SECTION 10. That \$36,000 in the Human Resources program, account 233101-7705 be re-appropriated for continued use in FY 2015/16 to supplement funds in the 2015-17 Human Resources program budget to fund organizational assessments of the recreation and library departments.

SECTION 11. That \$90,000 in the Information Technology program, account 233101-7500 be re-appropriated for continued use in FY 2015/16 to supplement funds in the 2015-17 Information Technology program budget to fund the redesign of the city website.

SECTION 12. That the unencumbered balance in the Information Technology program, account 233101-8451 be re-appropriated for continued use in FY 2015/16 for the completion of the accounting software implementation.

SECTION 13. That the net unencumbered balance in all Police Services programs be re-appropriated for continued use in FY 2015/16 to fund the 800 Mhz system upgrade.

SECTION 14. That \$15,000 in the Advanced Planning program, account 412101-6535 be re-appropriated to the Economic Development program for continued use in FY 2015/16 to fund the membership to OCTANe, a networking organization that facilitates economic development through technology.

SECTION 15. That \$30,000 in the Signal Maintenance program, account 524101-6575 be re-appropriated for continued use in FY 2015/16 to fund the purchase of traffic management related software.

SECTION 16. The Budget contains appropriations for the funding of the following community service organizations/projects: (1) Orange County Sheriff's Department of Valor ceremony (\$1,500); (2) Fair Housing Foundation (\$7,000); (3) Social Service agencies identified as part of the Community Development Block Grant allocation (\$60,670); (4) Marine and Sailors Adoption Committee (\$26,705); (5) Pacific Symphony (\$50,000); (6) Mission Viejo Activities Committee (\$82,000); (7) Capistrano Valley, Trabuco Hills, Mission Viejo, Silverado, and Tesoro High Schools for graduation

nights (\$8,500); (8) Community Service organizations (\$75,000); (9) American Cancer Society's Relay for Life (\$8,000); (10) Vocational Visions ceremony (\$1,250); (11) Trauma Intervention Program (\$11,200). In making these appropriations, and any additional appropriations to community service organizations/projects on July 6, 2015, the City Council finds, determines and declares that with respect to each matter: (1) the project provides a services for the City that complements or enhances a service that the City may lawfully provide itself; (2) the project provides a secondary benefit to the citizens of the City within the City's authority; and (3) the project provides a specific service to the City that the City could perform, but chooses not to perform or not to perform fully. Council hereby approves the contributions totaling over \$30,000 to the organizations/projects listed above or added on July 6, 2015.

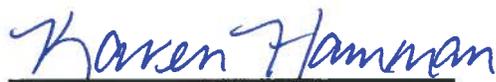
PASSED, APPROVED, AND ADOPTED this 6th day of July, 2015.


Cathy Schlicht
Mayor

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Mission Viejo at a regularly scheduled meeting thereof, held on the 6th day of July, 2015, by the following vote of the Council:

AYES: Bucknum, Rath, Sachs, Schlicht, and Ury
NOES: None
ABSENT: None

ATTEST:


Karen Hamman
City Clerk



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CITY OF MISSION VIEJO
Adopted Appropriations Limit
Article XIII B Gann Initiative



Article XIII B of the California State Constitution, more commonly referred to as the Gann Initiative or Gann Limit, was adopted by California voters in 1980. This Article placed annual limits on the amount of tax proceeds that State and local governmental agencies can receive and appropriate (i.e., authorize to spend). The limit is different for each agency and changes each fiscal year. The limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978/79 in each agency, modified for changes in inflation and population in subsequent years.

For Mission Viejo and other cities that incorporated after FY 1978/79, the voters set the initial appropriations limit. Mission Viejo voters established the initial appropriations limit for the City at \$35,000,000. Each subsequent year the limit is increased or decreased for changes in inflation and population according to calculation methods prescribed by Proposition 111, which was passed by the State's voters in June, 1990.

The law now requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The City's FY 2015/16 appropriations limit and annual adjustment factor, which are shown below, were presented to the City Council at the June 1, 2015 meeting

<u>I. 2014-15 APPROPRIATIONS LIMIT:</u>		
2013-14 Limit		\$427,442,006
x Annual Adjustment Factors:		
Population Increase (for the City)	1.397%	1.01397
Inflation Change (California Personal Income)	3.820%	1.03820
		1.05271
2014-15 Limit		\$449,971,529
<u>II. APPROPRIATIONS SUBJECT TO LIMIT AND APPROPRIATIONS MARGIN:</u>		
Proceeds of Taxes		50,672,382
Less Exclusions:		
Federal Mandates		1,015,701
Total Exclusions		1,015,701
	Appropriations Subject To Limit	49,656,681
Appropriations Margin		\$400,314,848



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CITY OF MISSION VIEJO *Glossary*



GLOSSARY OF BUDGET-RELATED TERMS

ACCRUAL BASIS: The method of accounting under which revenues and expenses are recorded when they occur, regardless of the timing of related cash flows. Expenses are recorded at the time liabilities are incurred and revenues are recorded when earned.

AMERICANS WITH DISABILITIES ACT (ADA): The Americans with Disabilities Act is a Federal law that gives civil rights protections to individuals with disabilities. The law guarantees equal opportunity for individuals with disabilities in State and local government services, public accommodations, employment, transportation, and telecommunications.

APPROPRIATION: A legal authorization granted by the City Council to make expenditures or incur obligations for specific purposes.

ATTRITION: A reduction in staff due to resignation or retirement.

ASSESSED VALUATION: The value assigned to real property (land and buildings) and tangible personal property (moveable property) by the Orange County Assessors Office for use as a basis in levying property taxes.

BALANCED BUDGET: The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available sources.

BOND: A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

BUDGET: A financial plan that identifies revenues, and specific types and levels of services to be provided and establishes the amount of money that can be spent.

CAPITAL IMPROVEMENT PROGRAM: A multi-year financial plan for construction of physical assets such as buildings, streets, and recreational facilities.

CAPITAL OUTLAY: Expenditures that qualify as capital costs according to accounting standards. Includes items such as furniture, fixtures, machinery, equipment and other relatively minor fixed assets.

CONSUMER PRICE INDEX (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

CONTINGENCY: A budgetary reserve set aside for emergency or unanticipated expenditures.

CSMFO: The California Society of Municipal Finance Officers, a statewide organization of municipal finance professionals. CSMFO annually sponsors a Budget Awards Program, which recognizes municipal budgets in four categories: operating budgets, capital budgets, public communications documents, and innovations in budgeting.

DEBT INSTRUMENT: Methods of borrowing funds, including general obligations (G.O.) bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, certificates of participation (COPs), and assessment district bonds.



CITY OF MISSION VIEJO *Glossary*



DEBT SERVICE: The payment of principal and interest on borrowed funds such as bonds and other debt instruments according to a pre-determined schedule.

DEFEASANCE: The irrevocable setting aside of sufficient funds with a third party bank to pay, together with interest earnings thereon, the principal and interest of debt obligations when they become due, such that the legal liability to pay such debt has been extinguished at the time of the set-aside.

DEPARTMENT: A major organizational unit of government that has overall management responsibility for a group of related service responsibilities or operations within a functional area. A department typically is comprised of divisions.

DIVISION: An organizational unit, which provides specific services or products within a department. Divisions may be comprised of one or more programs.

ENCUMBRANCE: An amount of money committed for the payment of goods and services not yet received or paid for. A purchase order is a common encumbrance.

EXPENDITURE: Decrease in net financial resources. Represents the actual payment for goods and services or the accrual thereof.

FIXED ASSETS: Tangible assets having a long life that are intended to be held or used, such as land, buildings, machinery, furniture and other equipment.

FISCAL YEAR: The period designated by the City for the beginning and ending of financial transactions. The City's fiscal year begins July 1 and ends June 30.

FULL-TIME EQUIVALENTS (FTE): The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for 2,080 hours per year while a .25 FTE employee would work 520 hours per year.

FUND: An accounting entity with a set of self-balancing accounts used to record the financial affairs of a governmental organization.

FUND BALANCE: The difference between the assets and liabilities for a particular fund. Also represents the amount available for future spending from a fund.

GENERAL PLAN: A comprehensive, long-term plan, required of all California cities, for the physical development of the city. Mission Viejo's General Plan was initially adopted by the City Council on October 8, 1990; its policies, goals, and objectives are implemented through the City's development standards.

GFOA: The Government Finance Officers Association of the United States and Canada, an organization of government finance officials in the United States and Canada. GFOA annually sponsors a Distinguished Budget Presentation Awards program and makes awards to those governmental budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

GRANT: Contributions, gifts of cash, or other assets from another government entity to be used or expended for a special purpose, activity or facility.



CITY OF MISSION VIEJO *Glossary*



INFRASTRUCTURE: The underlying physical foundation or basic framework of a city, including streets, medians, sidewalks, bridges, traffic signals, buildings, parks, and other related facilities and fixtures.

MASTER FINANCIAL PLAN: The City's long-range financial plan that, on a biennial basis, projects General Fund revenues and expenditures over a seven-year period.

MISSION STATEMENT: A statement describing the main purpose of an organization in general, timeless terms.

MODIFIED ACCRUAL BASIS: The method of accounting under which revenues are recorded when they are both measurable and available while expenditures are recognized when incurred.

OPERATING BUDGET: A budget that is based on the day-to-day costs of delivering City services.

OPERATING COSTS: Items categorized as operating costs in this budget include office supplies and other materials used in the normal operations of City departments. Includes items such as books, maintenance materials and contractual services.

ORDINANCE: A formal legislative enactment by the City Council.

PERFORMANCE MEASURE: A measure that gauges the amount or quality of work performed and results achieved. Types of measures include: input, output, efficiency, and effectiveness.

PERSONNEL COSTS: Salaries and benefits paid to City employees. Included are items such as insurance and retirement.

PROGRAM: A subsection of a division that provides a specific service or product. A program is the smallest unit of service. There may be one or more programs within a division.

PROGRAM AREA: A grouping of individual programs in one or more departments that are similar based on a broad definition of the type of service provided.

PROGRAM BUDGET: A budget wherein expenditures are displayed based on programs of work, and only secondarily by the character and object class of the expenditure.

RESERVE: A separate account maintained for restricted use, e.g. self-insurance programs, capital improvement projects, or for unrestricted use to protect the City from emergencies or unanticipated expenditures.

RESOLUTION: An order of a legislative body requiring less formality than an ordinance.

RESOURCES: The amounts available for appropriation including estimated revenues, beginning fund balances and beginning appropriated reserves.

REVENUE: Income received through such sources as taxes, fines, fees, grants or service charges which can be used to finance operations or capital assets.

RISK MANAGEMENT: An organized attempt to protect an organization's assets against accidental loss in the most cost-effective manner.



CITY OF MISSION VIEJO *Glossary*



SUBVENTIONS: Revenues collected by the State that are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu, and gasoline taxes.

TRUST & AGENCY FUNDS: These funds are used to account for assets held by the City in a trustee capacity or as an agent.

VISION: A guiding statement that describes a desirable future state toward which priority efforts should be directed.

WORKING CAPITAL: A financial measure calculated as current assets minus current liabilities; it represents the amount of day-to-day operating liquidity of an organization.



**2015-17 Adopted Budget
Authorized Positions
Regular Positions/Full-Time Equivalents (FTE)**

TO BE EFFECTIVE JULY 1, 2015

Retitle
Reclassification
FTE Reduction
FTE Increase

Department	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Adopted	FY 2015/16 Adopted	Change from Prior Year	FY 2016/17 Adopted	Change from Prior Year
City Council							
Councilmembers	5.000	5.000	5.000	5.000	0.000	5.000	0.000
Total City Council	5.000	5.000	5.000	5.000	0.000	5.000	0.000
City Manager							
City Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Executive Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Executive Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total City Manager	3.000	3.000	3.000	3.000	0.000	3.000	0.000
Administrative Services							
Director of Admin Services/City Treasurer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Accountant</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>2.000</i>	<i>1.000</i>	<i>2.000</i>	<i>0.000</i>
Accounting Clerk	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Accounting Information Specialist	0.800	0.800	0.800	0.800	0.000	0.800	0.000
Accounting Manager	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounting Supervisor	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Accounting Technician	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Budget & Purchasing Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Budget & Research Manager	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Human Resources Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Junior Accountant</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>	<i>-1.000</i>	<i>0.000</i>	<i>0.000</i>
Payroll & Accounting Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Payroll Technician	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Purchasing Analyst	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Accountant	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Accounting Clerk	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Senior Department Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Sr. Human Resources Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Treasury Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Treasury Manager	0.900	0.900	0.900	0.900	0.000	0.900	0.000
Total Administrative Services	14.700	14.700	14.700	14.700	0.000	14.700	0.000
City Clerk							
City Clerk / Director of Community Relations	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Director of Community Relations/City Clerk	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Assistant City Clerk	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Marketing Graphics Designer	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Records Management and Community Relations Coordinator	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Records/Television Production Coordinator	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Total City Clerk	3.000	3.000	4.000	4.000	0.000	4.000	0.000
Community Development							
Director of Community Development	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Associate Planner	2.000	2.000	1.000	1.000	0.000	1.000	0.000
Code Enforcement Officer	2.000	1.000	1.000	1.000	0.000	1.000	0.000
Code Enforcement Supervisor	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Economic Development Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Planning and Economic Development Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Code Enforcement Officer	0.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Planner	0.000	0.000	1.000	1.000	0.000	1.000	0.000
Total Community Development	9.000	9.000	9.000	9.000	0.000	9.000	0.000
Information Technology							
Director of Information Technology	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	0.750	0.750	0.750	0.750	0.000	0.750	0.000
Information Technology Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Information Technology Service Delivery Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Information Technology Specialist	3.000	5.000	5.000	5.000	0.000	5.000	0.000
Information Technology Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total Information Technology	7.750	9.750	9.750	9.750	0.000	9.750	0.000



2015-17 Adopted Budget
Authorized Positions
Regular Positions/Full-Time Equivalents (FTE)



TO BE EFFECTIVE JULY 1, 2015

Retitle
Reclassification
FTE Reduction
FTE Increase

Department	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Adopted	FY 2015/16 Adopted	Change from Prior Year	FY 2016/17 Adopted	Change from Prior Year
Library Services							
Director of Library & Cultural Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Cultural Services Supervisor	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Design & Marketing Specialist	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Librarian I/II	6.700	6.700	6.700	6.700	0.000	6.700	0.000
Library Assistant	3.500	2.500	2.500	2.500	0.000	2.500	0.000
Library Clerk	2.900	2.900	2.900	2.900	0.000	2.900	0.000
Library Manager	3.000	3.000	3.000	3.000	0.000	3.000	0.000
Library Services Coordinator	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Librarian	3.000	3.000	3.000	3.000	0.000	3.000	0.000
Senior Library Assistant	1.000	2.000	2.000	2.000	0.000	2.000	0.000
Total Library Services	25.100	25.100	24.100	24.100	0.000	24.100	0.000
Public Services							
Assistant City Manager/Director of Public Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Animal Services Assistant</i>	<i>3.500</i>	<i>3.500</i>	<i>3.500</i>	<i>4.000</i>	<i>0.500</i>	<i>4.000</i>	<i>0.000</i>
Animal Services Licensing Representative	1.500	1.750	1.750	1.750	0.000	1.750	0.000
Animal Services Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Animal Services Officer	4.000	4.000	4.000	4.000	0.000	4.000	0.000
Animal Services Representative	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Animal Services Supervisor	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Animal Services Volunteer Coordinator	0.750	0.750	0.750	0.750	0.000	0.750	0.000
<i>Custodian</i>	<i>2.000</i>	<i>2.000</i>	<i>2.000</i>	<i>1.000</i>	<i>-1.000</i>	<i>1.000</i>	<i>0.000</i>
Emergency Services Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Facilities Maintenance Manager	0.000	1.000	1.000	1.000	0.000	1.000	0.000
Facilities Maintenance Superintendent	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Public Services Operations Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Public Services Supervisor	5.000	5.000	5.000	5.000	0.000	5.000	0.000
Public Svcs Contracts Administrator	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Senior Animal Services Officer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Senior Department Assistant	1.000	1.000	1.600	1.600	0.000	1.600	0.000
Sr Public Svcs Contracts Administrator	4.000	5.000	5.000	5.000	0.000	5.000	0.000
Total Public Services	31.750	32.000	32.600	32.100	-0.500	32.100	0.000
Public Works							
Director of Public Works	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Assistant City Engineer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
City Engineer	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Engineering Technician	0.625	0.625	0.000	0.000	0.000	0.000	0.000
Environmental Program Administrator	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Program Engineer	0.750	0.750	0.750	0.750	0.000	0.750	0.000
Senior Engineering Technician	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Sr Public Works Inspector	2.000	2.000	2.000	2.000	0.000	2.000	0.000
Transportation Analyst	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Transportation Manager	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Total Public Works	11.375	11.375	10.750	10.750	0.000	10.750	0.000
Recreation & Community Services							
Director of Recreation & Community Services	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Administrative Assistant	1.000	1.000	1.000	1.000	0.000	1.000	0.000
Community & Senior Center Administrator	1.000	1.000	1.000	1.000	0.000	1.000	0.000
<i>Community & Senior Center Supervisor</i>	<i>1.000</i>	<i>1.000</i>	<i>1.000</i>	<i>0.000</i>	<i>-1.000</i>	<i>0.000</i>	<i>0.000</i>
Community Services Coordinator	4.625	5.625	5.625	5.625	0.000	5.625	0.000
Community Services Manager	2.000	2.000	2.000	2.000	0.000	2.000	0.000
<i>Community Services Specialist</i>	<i>7.175</i>	<i>6.175</i>	<i>5.175</i>	<i>4.950</i>	<i>-0.225</i>	<i>4.950</i>	<i>0.000</i>
<i>Community Services Supervisor</i>	<i>5.000</i>	<i>5.000</i>	<i>5.000</i>	<i>6.000</i>	<i>1.000</i>	<i>6.000</i>	<i>0.000</i>
<i>Department Assistant</i>	<i>3.000</i>	<i>3.000</i>	<i>2.500</i>	<i>1.000</i>	<i>-1.500</i>	<i>1.000</i>	<i>0.000</i>
<i>Sr Department Assistant</i>	<i>0.800</i>	<i>0.800</i>	<i>0.800</i>	<i>2.300</i>	<i>1.500</i>	<i>2.300</i>	<i>0.000</i>
Total Recreation & Community Services	26.600	26.600	25.100	24.875	-0.225	24.875	0.000
GRAND TOTAL	137.275	139.525	138.000	137.275	0.000	137.275	0.000



CITY OF MISSION VIEJO ***Accounting System and Internal Controls***

BASIS OF PRESENTATION

The financial transactions of the City are recorded in individual funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Descriptions of individual funds are included elsewhere in the Appendix to this budget document. In summary, the funds used by the City of Mission Viejo are grouped as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. In addition, for budgetary purposes, the City maintains two separate replacement reserve funds, the Computer/Equipment/Furnishings/ Vehicles (CEFV) Replacement Fund and the Facility Rehabilitation/Replacement Fund, which are combined with the General Fund for purposes of the City's audited financial statements.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City of Mission Viejo maintains several special revenue funds for gas taxes; library operations funded from restricted property taxes; various types of transportation funding and other grant programs; and the operations of the senior center.

Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest general long-term debt.

Proprietary Funds

Enterprise Funds

Enterprise Funds are established for government activities that are financed and operate in a manner similar to private business. User fees primarily finance costs of providing services to the general public. The City has three enterprise funds --- one for animal services and two for the Mission Viejo Television program.

BASIS OF ACCOUNTING

The City's accounting system operates on a basis consistent with "generally accepted accounting principles" (GAAP), which requires that the "modified accrual" basis be used for all Governmental Funds. A modified accrual system is one where 1) revenues are recorded when received in cash and are accrued when they are both measurable and available within the accounting period or soon enough after the end of the period to pay liabilities of the period; and 2) expenditures, other than interest or long-term debt, are recorded when liabilities are incurred. For Proprietary Funds, the accrual basis is utilized; revenues are recognized when earned, and expenses are recognized when incurred.



CITY OF MISSION VIEJO ***Accounting System and Internal Controls***

BASIS OF BUDGETING

The budgets for all Governmental Funds are prepared on a modified accrual basis. Revenue estimates for Governmental Funds include resources expected to be received and also resources that will be measurable and available at year-end. The basis of budgeting for Governmental Funds differs from the basis of accounting for these funds in that each governmental fund's budget is based on all expected obligations to be incurred. Expected obligations include both purchase orders to be issued as well as services to be received. During the year, for budgetary control purposes, encumbrances are recorded against appropriations when a commitment is made (e.g., at the time a purchase order is issued).

Budgets for Proprietary (Enterprise) Funds are generally prepared on a full accrual basis. Revenue estimates are based on resources expected to be earned and expenses are budgeted based on the total expected obligations expected to be incurred. In each of the two funds, depreciation and capital outlay are budgeted. During the course of the year, for both Enterprise Funds, encumbrances are recorded against appropriations when a commitment is made (e.g., at the time a purchase order is issued).

The City's Comprehensive Annual Financial Report shows Governmental Fund expenditures on both a GAAP basis and budgetary basis for comparison purposes.

INTERNAL CONTROLS

The City is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.



CITY OF MISSION VIEJO
Debt Administration



The City's Management and Budget policy on capital financing and debt management (see Section 4 of these policies, which are located in their entirety in the Appendices) directs that there be a balance between pay-as-you-go financing (i.e., funding projects using available cash on hand) and debt financing of capital projects.

In addition to the City Council approved policies governing capital financing and debt management, the City is subject to a State-imposed legal debt limit. This debt limit refers to "general obligation debt," and specifies that it cannot exceed 15% of the City's assessed property valuation. The table below shows the City of Mission Viejo's legal debt limit calculation, based on the FY 2014/15 assessed valuation per the County of Orange, Auditor/Controller. As the table shows, if the city chose to, it could incur more than \$545 million in debt.

However, State laws significantly limit the ability of local governments to issue general obligation debt. Accordingly, most governments, including Mission Viejo, have utilized other forms of long-term financing, including certificates of participation and lease revenue bonds, to address capital financing needs. There is no legal limit on these forms of long-term financing.

Legal Debt Limit (General Obligation Debt)	
Assesed Valuation, FY 2013/14*	\$ 13,639,459,848
Adjusted Assesed Valuation (x 0.25)	\$ 3,409,864,962
Legal Debt Limit -- 15% of Adjusted Assesed Valuation	\$ 511,479,744
Amount of Debt Applicable to Limit	\$ -
Legal Debt Margin	\$ 511,479,744
Percent of Legal Debt Limit Utilized	0%

*This figure from Orange County Auditor/Controller, "Assesed Valuations" table

Since incorporation, the City has relied predominantly on pay-as-you-go financing for funding capital projects. No general obligation debt has ever been used and other forms of general bonded debt have been utilized sparingly. The City has no plans to issue new bonds during the 2015-17 budget period.

Outstanding Bond Issues

The 2009 Series A Lease Revenue Bonds were issued in 2009 for \$17.305 million to refinance the 1996 Certificates of Participation (COPs) and the 2001 Lease Revenue Bonds. Debt service on these bonds is \$1,354,113 in FY 2015/16, and \$1,362,313 in FY 2016/17 and comprise 2.5% of General Fund revenue in FY 2015/16 and 2.4% in FY 2016/17. From FY 2015/16 until the loan is paid off in FY 2030/31, debt service payments are approximately \$1.35 million annually.

There are two additional outstanding bond issues – both relate to the financing of public parking improvements at the "Shops at Mission Viejo." The table below provides details on the City's outstanding bond debt.



**CITY OF MISSION VIEJO
Debt Administration**



The first of the two mall bond issues, the 1999 Series A bonds, are variable-rate demand revenue bonds. At June 30, 2015, \$20.7 million of these bonds were outstanding. These bonds are secured solely by mall property tax increment and 50% of mall sales tax. A rate cap of 5.5% offers interest rate protection and letters of credit assure adequate liquidity. Project revenues (e.g., property tax increment and sales tax) in excess of annual debt service requirements are, after one year, released to the City and/or are available for 1999 Series B bond debt service.

It is anticipated that approximately \$1,574,533 in excess project revenues will be returned to the City's General Fund during 2015-16 (i.e., the "rolling reserve release" amount).

The 1999 Series B bonds are subordinate bonds, held by the mall owner. Debt service is payable only from excess project revenues released from the Series A bonds.

At June 30, 2015, the outstanding principal was \$7.3 million and the unpaid interest was \$1.8 million. Any unpaid debt service as of 2028 will be forgiven. There remains \$2.7 million of authorized, but unissued, Series B bonds.

Bond Debt Service Requirements to Maturity				
Year Ending June 30	CDFA**		General Fund	Total
	1999 Series A Revenue Bonds*		2009 Series A Lease Revenue Bonds	
2016	\$ 1,109,341		\$ 1,354,113	\$ 2,463,453
2017	\$ 1,208,820		\$ 1,362,313	\$ 2,571,133
2018	\$ 1,208,280		\$ 1,357,063	\$ 2,565,343
2019	\$ 1,307,740		\$ 1,355,313	\$ 2,663,053
2020	\$ 1,307,175		\$ 1,356,813	\$ 2,663,987
2021	\$ 1,406,570		\$ 1,351,313	\$ 2,757,883
2022	\$ 1,505,940		\$ 1,358,569	\$ 2,864,509
2023	\$ 1,505,265		\$ 1,348,169	\$ 2,853,434
2024	\$ 1,604,603		\$ 1,361,769	\$ 2,966,371
2025	\$ 1,603,870		\$ 1,358,769	\$ 2,962,639
2026	\$ 1,603,150		\$ 1,353,519	\$ 2,956,669
2027	\$ 1,702,430		\$ 1,361,019	\$ 3,063,449
2028	\$ 1,801,670		\$ 1,130,519	\$ 2,932,188
2029	\$ 1,900,431		\$ 1,134,614	\$ 3,035,045
2030	\$ -		\$ 1,135,513	\$ 1,135,513
2031	\$ -		\$ 1,136,700	\$ 1,136,700
	\$ 20,775,283		\$ 20,816,082	\$ 41,591,366
Lease Amount Representing Interest	\$ (75,283)		\$ (6,341,082)	\$ (6,416,366)
Outstanding Principle	\$ 20,700,000		\$ 14,475,000	\$ 35,175,000

**Debt service requirements to maturity are based on the interest rate in effect as of June 30, 2014. The interest rate is currently 0.08%, and is reset weekly per the terms of the bond issuance.*

***Excluded from this table is the 1999 Series B Revenue Bonds, since these are subordinate bonds and a minimum debt service payment amount has yet to be established.*



CITY OF MISSION VIEJO
Descriptions of Individual Funds



GENERAL FUND GROUP:

GENERAL FUND (Fund 101) – Used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

CDA/SUCCESSOR AGENCY (SA) ADMINISTRATIVE COSTS REVOLVING FUD (Fund 109) – Used to accumulate charges to, and revenues received from the SA, (formerly the Community Development Agency (CDA)) for SA administrative work performed by City staff.

COMPUTER/EQUIPMENT/FURNISHINGS/VEHICLES REPLACEMENT (Fund 180) – Used to account for the accumulation of resources and expenditures for the replacement of computers, office equipment, furnishings and vehicles.

FACILITY REHABILITATION/REPLACEMENT (Fund 190) – Used to account for the accumulation of resources and expenditures for the rehabilitation and replacement of existing City facilities.

SPECIAL REVENUE FUND GROUP:

Special Revenue funds are used to account for the proceeds of specific revenues sources that are restricted to expenditures for specified purposes.

AIR QUALITY IMPROVEMENT TRUST (Fund 219) - This fund was established to account for the City's share of vehicle registration fees collected under Assembly Bill 2766 passed during the 1990 State Legislative session. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses. Allocations to agencies are made on an apportionment basis and also through a competitive process. The South Coast Air Quality Management District distributes these funds to the City.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) (Fund 260) – This fund accounts for the receipt and expenditure of funds associated with this Federal grant program. The City receives an entitlement under this program and administers its own grant award. Funds are used to revitalize neighborhoods through housing rehabilitation, expand affordable housing and economic opportunities, and improve community facilities and services, principally to benefit low- and moderate-income persons. The City carries out some of these activities itself and also awards some of the funds to outside organizations.

CROWN VALLEY CORRIDOR FEES (Fund 218) – Used to account for the receipt and expenditure of funds received from developers under the Crown Valley Corridor Fee program. This program was established by the City to provide funding for improvements to the Crown Valley Parkway corridor area, with assessments proportionate to the impact caused by new developments in that area.

GAS TAX FUNDS (Fund 211/212) – Used to account for receipts and expenditures of money apportioned under the Streets and Highways Code, sections 2105, 2106, 2107 and 2107.5, of the State of California. These funds are earmarked for maintenance, rehabilitation or improvement of public streets. Section 2107.5 funds can be used for engineering and gas tax auditing costs. In addition, beginning in FY 2010/11, the new excise tax on fuel, which took the place of State Traffic Congestion Relief/ Proposition 42 funds, is recorded in the gas tax fund.



CITY OF MISSION VIEJO
Descriptions of Individual Funds



LIBRARY (Fund 201) – This fund is used to account for the receipts and expenditures of funds related to library activities. Library operations are funded primarily from property taxes restricted for library purposes, originally levied by the County of Orange and transferred to the City effective July 1, 1996.

MEASURE M/M2 SALES TAX APPORTIONMENT (Fund 220/267) – Represents funds apportioned by the Orange County Transportation Authority (OCTA) and received by the City as a result of the voter-approved initiative that increased sales tax by 1/2 cent in Orange County to fund transportation projects. The original Measure M funds were approved in 1990; Measure M2 represents funds since the sales tax was renewed by Orange County voters in 2006.

MISSION VIEJO COMMUNITY FOUNDATION (Fund 261) – This fund is used to account for the receipt and expenditure of funds received from the Mission Viejo Foundation that are restricted for certain capital projects.

PARK DEVELOPMENT FEES (Fund 245) – This fund was established to account for receipts and expenditures of fees collected from developers to fund park development associated with the approval of additional housing units or park improvement projects.

PROP 1B/STATE INFRASTRUCTURE BOND (Fund 265) – This fund was established to account for receipts and expenditures related to infrastructure improvements established by Prop 1B.

OCTA FUND EXCHANGE (Fund 207) – Used to account for gas tax funds received from the Orange County Transportation Authority (OCTA) under an exchange program whereby the City gives OCTA general funds of the City previously used for street purposes. This exchange program was the result of the Orange County bankruptcy recovery plan, which transferred sales taxes previously received by OCTA to the County in exchange for County gas taxes. A number of Orange County cities participated in the exchange program.

OTHER MEASURE M FUNDS – Represents funds received by the City from OCTA and their related expenditure, which are awarded through competitive allocation. Funds are restricted for transportation purposes. These funds include:

- Measure M-Master Plan of Arterial Highways (MPAH) (Fund 223)
- Measure M-Growth Management Area 9 (Fund 224)
- Measure M-Growth Management Area 10 (Fund 226)
- Measure M-Intersection (Fund 228)
- Measure M-Signal (Fund 230)
- Measure M-Arterial Capacity Enhancement (ACE) (Fund 272)
- Measure M2-Environmental Cleanup Program (Fund 275)
- Measure M2-Arterial Pavement Management (Fund 279)

OTHER GRANT FUNDS – The City receives grant awards from various sources based on an application process. Currently included in these funds are monies from Federal, State and County governments that are used to fund several specific transportation and park capital improvement projects. These grant funds include:

- Federal Regional Surface Transportation Program (RSTP) (Fund 234)
- Transportation Equity Act – ISTEA (Fund 248)



CITY OF MISSION VIEJO
Descriptions of Individual Funds



- Federal Transportation Appropriations (Fund 254)
- State Traffic Congestion Relief (STCR) (Fund 255)
- Federal Highway Bridge Replacement/Rehabilitation (HBRR) (Fund 258)
- Miscellaneous Federal Grants (Fund 264)
- Miscellaneous State Grants (Fund 266)
- American Recovery and Reinvestment Act (ARRA) Stimulus (Fund 268)
- County Traffic Congestion Relief (TCR) (Fund 269)
- Federal Energy Grant (EECBG) Fund (Fund 271)
- Highway Safety Improvement Program (HSIP) (Fund 276)
- OC Muni Water District Grant (Fund 277)
- Regional Narcotics Suppression Grant (Fund 251)

SAFE ROUTES TO SCHOOL FUND (Fund 273) – The Federal Safe Routes to School (SRTS) program is a reimbursement funding program intended to reduce injuries and fatalities through capital projects that improve safety for children in grades K-8 who walk or bicycle to school.

SCRIP FUND (Fund 262) – South County Roadway Improvement Program (SCRIP) is a developer funding program for implementing transportation improvements in South Orange County necessitated by the expected traffic impacts of the Ranch Plan development.

SENIOR CENTER OPERATIONS (Fund 225) – This fund is used to account for receipts and expenditures related to activities at the City’s Senior Center. The Senior Center, built in 1988, was funded in part through the State of California Senior Center Bond Act, which requires that revenues generated at the facility be used to benefit seniors.

SENIOR MOBILITY GRANT (Fund 278) – This fund was established to account for receipts and expenditures of funds related to the Senior Meals and Senior Transportation programs.

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND (Fund 202) – This fund is used to account for the receipts and expenditures of funds related to the Citizens’ Option for Public Safety (COPS) program. This is a State-funded program requiring annual appropriation by the State Legislature. Funds are used for front-line municipal police services.

DEBT SERVICE FUND GROUP:

Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

MISSION VIEJO MALL PARKING LEASE (Fund 343) – This fund accounts for the receipt of sales tax revenue from the Shops at Mission Viejo (formerly the Mission Viejo Mall) that is pledged to debt service for the 1999 Series A bonds issued by the Mission Viejo Community Development Financing Authority, the proceeds of which were used to build public improvements at the mall in conjunction with the mall expansion project in 1999. Approximately 50% of the sales tax generated from the mall is pledged to debt service annually. This fund also accounts for the transfer of these funds to the Authority’s bond trustee.



CITY OF MISSION VIEJO
Descriptions of Individual Funds



ENTERPRISE FUND GROUP:

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise -- where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City of Mission Viejo's enterprise funds are summarized below.

MISSION VIEJO TELEVISION (Fund 510) – To account for the operation of Mission Viejo Television (MVTV), an activity co-sponsored by the City and the Saddleback Valley Unified School District.

MVTV CAPITAL FUND (Fund 511) – This is a new fund established in FY 2011/12 to account for new franchise revenue (an additional 1% of gross tax receipts annually) per the State franchise agreement. This revenue can only be used for the purchase of capital equipment.

ANIMAL SERVICES (Fund 560) – To account for the City's animal services operations. The City of Mission Viejo provides animal licensing, field patrol and shelter services to the City of Laguna Niguel and the City of Aliso Viejo under contract to those cities and shares the total costs of the program with those cities, net of total program revenues, on a basis proportional to population.



CITY OF MISSION VIEJO ***Community at a Glance*** ***and Selected Demographic Statistics***

GENERAL INFORMATION

Mission Viejo is a 17.4 square mile community located in south Orange County, California. It is located about halfway between Los Angeles and San Diego, along the east side of Interstate 5.

Mission Viejo's master plan, approved by the County of Orange in 1965, laid the foundation for the development of a community having a broad range of housing opportunities.

HISTORY

Mission Viejo is built upon what once was part of the 53,000 acre Rancho Mission Viejo. The chain of title to the land dates back to 1769, close to the beginning of Spanish rule in California. In the 1800's, an English trader, John Foster (later Don Juan Forster) purchased Rancho Mission Viejo and Rancho Trabuco. After Forster's death in 1882, his sons began selling the land holdings. A cattle rancher, James O'Neill, eventually took possession of the Rancho Mission Viejo lands in 1907. For decades, Rancho Mission Viejo was a working cattle ranch.

In 1963, the Mission Viejo Company began the purchase of 10,000 acres of Rancho Mission Viejo for a new, planned community. Three years later, this new community welcomed its first residents.

On November 3, 1987, the residents voted to incorporate. Mission Viejo officially became a city on March 31, 1988. On December 16, 1992, the Aegean Hills area was annexed to the City.

CITY GOVERNMENT

The City of Mission Viejo is a General Law city that operates under the Council- Manager form of city government.

The voters elect five "at-large" members to serve on the City Council for staggered four-year terms. There is a term limit of three terms for Council members. The Council appoints the City Manager and selects one of its members to serve as Mayor for a one-year term. The City Council holds regular public meetings on the first and third Mondays of each month. Beginning August 25, 2015 City Council regular public meetings will be held on the second and fourth Tuesdays of each month.

DEMOGRAPHIC AND ECONOMIC INFORMATION

The Department of Finance as of January 2015, shows a population of approximately 96,652. The residents of the city have a median age of 42 years and per median household income is \$96,088 as reported by the Saddleback College 2015 South Orange County Economic Report. The median home value in Mission Viejo is \$580,000. In 2014 (latest year data is available) the City's three largest employers were Saddleback Community College, Mission Hospital Regional Medical Center, and Saddleback Unified School District. Additional, detailed information can be found in the tables on the following page.

PARKS AND RECREATIONAL FACILITIES

Mission Viejo is known for its recreational facilities and overall sports orientation. The City was the site of the 1984 Olympic long-distance cycling competition and is home to the Nadadores swim and dive team. Mission Viejo was also the training site for the 1994 World Cup USA men's soccer team. In 2013 Mission Viejo was the first location in the United States to host the International Tennis Federation Wheelchair Masters. Mission Viejo will participate as a Host Town for the 2015 Special Olympics World Games.

There are forty two parks in Mission Viejo, including Wilderness Glen, an 83-acre area with large sycamore and oak trees, Lake Mission Viejo, a 124-acre manmade recreational lake, the Oso Creek Trail, the newly renovated universally designed and interactive Pavion Park, and La Paws dog park.

Recreational facilities include three recreation and fitness centers, two tennis facilities, and an aquatics center. Community centers include the Melinda Heritage House and the Norman P. Murray Community and Senior Center.



CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics



POPULATION*	96,652	
GENDER*	Number	% of Population
Male	45,566	48.8%
Female	47,739	51.2%
RACE*		
White	64,276	68.74%
Hispanic	15,877	16.98%
Asian and Pacific Islander	8,312	8.89%
African American	1,129	1.21%
All Other	3,711	3.97%
AGE*		
Under 5 Years	4,613	4.9%
Under 18 years	21,270	22.8%
21 Years and Older	68,282	73.2%
55 Years and Older	25,887	27.7%
60 Years and Older	19,347	20.7%
65 Years and Older	13,532	14.5%
MEDIAN AGE*	42	

AREA IN SQUARE MILES	17.4	
PARKS & COMMUNITY CENTERS		
Number of Parks	42	
Acres of Parks/Open Space/Medians/Slopes	1,128	
Recreation and Community Centers	9	
Baseball/Softball fields	19	
Soccer/Football fields	35	
LAND USE**		
Residential	60%	
Recreation/Open Space	18%	
Community Facility	6%	
Commercial/Office	5%	
Industrial	2%	
Transportation Corridors	9%	
HOUSING DATA		
Median Home Price	\$	580,000
Total Number Housing Units	\$	34,254
Median Household Income***	\$	96,088
Assessed Valuation^ (FY 2013/14)	\$13.639 billion	

POLICE SERVICES (Orange County Sheriff Department)

Sworn personnel	58
Non-sworn personnel	9
Patrol Units	24
Number service calls	26,550

FIRE SERVICES (Orange County Fire Authority)

Stations	3
Commissioned personnel	51
Volunteer personnel	0
Number of Incidents (2013)	6,805

EMPLOYMENT^^

Total Labor Force in Mission Viejo	50,400
Total Employed	48,300
Total Unemployed	2,100
Unemployment Rate	4.1%

MAJOR EMPLOYERS^^^

Mission Hospital Regional Medical Center	2,443
Saddleback College	1,975
Saddleback Valley Unified School District	1,502
Capistrano Unified School District	441
Nordstrom	400

SCHOOLS

Elementary	13
Secondary	7
Community College	1

TOP 5 PRINCIPAL PROPERTY TAX PAYERS 2014^^^

Mission Hospital Regional Medical Center	\$131,173,116
Mission Viejo Associates	\$109,909,606
Mission Viejo Medical LLC	\$ 88,839,079
Essex Madrid LP	\$ 64,02,695
EQR-Del Lago Vistas Inc.	\$ 62,694,822

*Data from State of California, Department of Finance, January 1, 2015. California State Data Center, 2010 Census Data

** City of Mission Viejo General Plan, August 19, 2013

*** Saddleback College 2015 South Orange County Economic Report

^County of Orange, Auditor-Controller, Property Tax Accounting

^^State of California, Employment Development Department, Labor Market Information, March 2015, Preliminary

^^^Information from City of Mission Viejo Comprehensive Annual Financial Report (CAFR), 06/30/2014



CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics



TOP 25 SALES TAX PRODUCERS

(In alphabetical order)

May 5, 2015

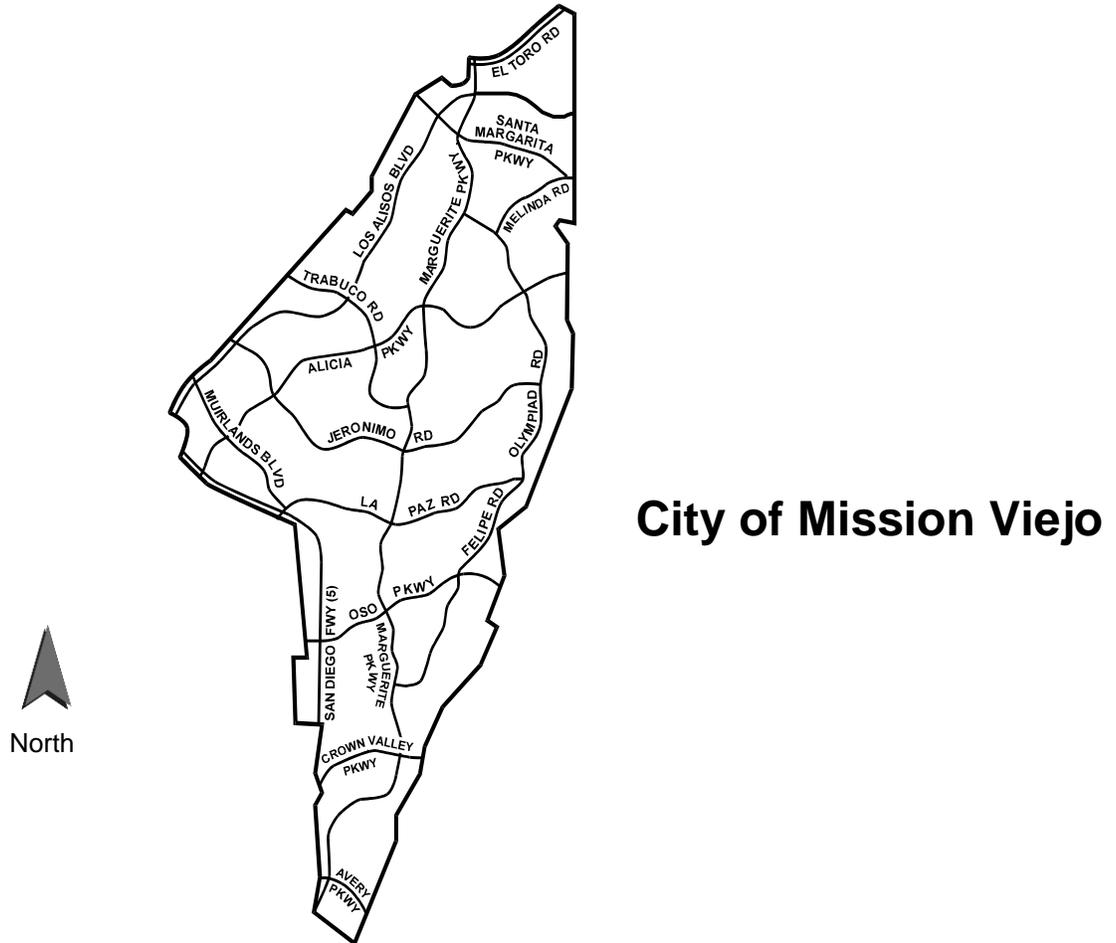
Apple Computer
Arco Alicia Parkway Center
Audi Leasing Bentley Leasing
Audi Mission Viejo
Bed Bath & Beyond
Best Buy
Circle K
Home Depot
Infiniti of Mission Viejo
Jaguar Land Rover Mission Viejo
Js Arco
Macys
Nordstrom
Norm Reeves Acura
Ralphs
South County Lexus
Target
Tesla Motors
Tesoro
TJ Maxx
Toyota Lease Trust
Toys R Us
Victoria's Secret
Vons
Williams Sonoma

**% of Total Sales Tax Revenue
Generated by Top 5 Producers**

21%



CITY OF MISSION VIEJO
Community at a Glance
and Selected Demographic Statistics



City of Mission Viejo COUNCIL POLICY



SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
MANAGEMENT AND BUDGET POLICIES	92-124 04-91 05-100 06-57 07-54 08-09 12-24 13-53	0300-8	7/31/92 7/6/04 (revised) 8/15/05 (revised) 8/21/06 (revised) 10/1/07 (revised) 2/4/08 (revised) 5/7/12 (revised) 9/16/13 (revised)	1 of 12

PURPOSE

The purpose of this policy is to set forth the financial policies upon which the development of the City’s budget is to be based. Except as otherwise noted, the following policies will be reviewed every two years during the preparation of the City’s biennial budget; recommended changes will be presented to the City Council for consideration with the adoption of the City’s biennial budget.

1. REVENUE

- A. The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation.
- B. The City will estimate revenue using an objective, analytical process; in the case of assumption uncertainty, conservative projections will be utilized.
- C. The City will fund all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.
- D. Development process costs and related administrative expenses will be totally offset by development fees.
- E. The City will identify basic tax-provided services and will establish user fees and charges for services provided in excess of basic services and/or to non-taxpaying users.
- F. The Administrative Services Director will provide to the City Council quarterly reports that discuss revenue projections in light of actual collections to date. Revised revenue projections will be budgeted every six months.
- G. On an ongoing basis, non-recurring revenues and fund balances will not be used to fund recurring expenditures, and regarding interest earnings, only interest generated from minimum General Fund fund balance amounts, as specified by Council policy, will be used for recurring expenditures. Each two-year budget will be evaluated for compliance with this policy. Necessary changes to these policies to achieve compliance will be evaluated at the time of each Master Financial Plan update.

City of Mission Viejo COUNCIL POLICY



SUBJECT	RES. NO.	POLICY NO.	EFF. DATE	PAGE
MANAGEMENT AND BUDGET POLICIES	92-124	0300-8	7/31/92	2 of 12
	04-91		7/6/04 (revised)	
	05-100		8/15/05 (revised)	
	06-57		8/21/06 (revised)	
	07-54		10/1/07 (revised)	
	08-09		2/4/08 (revised)	
	12-24		5/7/12 (revised)	
	13-53		9/16/13 (revised)	

H. Gas Tax revenues, except those resulting from the Orange County Transportation Authority (OCTA) Fund exchange agreement, will be allocated between the operating and capital budget on a flexible, two-year basis. Capital projects will be funded first, and any remaining balance, less the replenishment of the minimum Gas Tax reserve, will be available to fund street-related operating costs.

2. RESERVES

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) and to support long-term financial plans. The purpose of this reserves policy is to establish the reserve levels for various City funds. The policy covers the General Fund Group (which includes the General Fund, Computer/Equipment/Furnishings/Vehicle (CEFV) Replacement Fund and the Facility Rehabilitation/Replacement (FR&R) Fund), Library Fund and the Gas Tax Fund. The General Fund Group includes the CEFV and FR&R Replacement Funds since the resources maintained in these funds originated from the General Fund.

For the General Fund Group, unless the fund balances are non-spendable or restricted, fund balances are considered to be unrestricted and available for use at the discretion of the City Council. Under GASB Statement 54 - Fund Balance Reporting and Governmental Fund Type Definitions, unrestricted fund balances may be categorized as committed, assigned and unassigned. For the Library and Gas Tax Fund, since the resources in these funds is limited as to use by external enforceable limitations (e.g. enabling legislation) fund balances in these funds will be categorized as restricted.

Unrestricted fund balances may be categorized as committed, assigned and unassigned within the General Fund Group. To be categorized as *Committed*, amounts can be used only for the specific purposes determined by the highest formal action of the City Council (adoption of ordinance). The City Council has the authority to establish, modify, or rescind a fund balance commitment.

To be categorized as *Assigned*, amounts are categorized to reflect the City's intended use of those resources. Such intent is to be established by the City Council; however, the City Council may designate the authority to another body or official.

All fund balance resources that cannot be properly classified into the non-spendable, restricted, committed or assigned category will be categorized as *Unassigned*.

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A. General Fund Group

The City Council may Assign unrestricted fund balances in the General Fund, CEFV Fund and FR&R Fund for two primary purposes: (1) to ensure the continued orderly operation of City government, while maintaining the stability of tax and fee structures in the event of unforeseen occurrences or emergencies outside of the City’s control; and (2) to allow for the setting aside of funds for particular purposes that will be spent in the future.

1. A Contingency Reserve in the General Fund to address unforeseen occurrences or emergencies will be maintained at a level of 15% of General Fund revenues. Unforeseen occurrences or emergencies may include uncertainties related to local economic downturns, State and/or Federal actions affecting local revenues, uninsured losses, errors in actuarial liability estimates and other financial risks outside the control of the City. The level of this reserve will be re-evaluated every two years.

2. The CEFV Replacement Fund shall be maintained as a separate fund for budgetary purposes, to provide a source of funding for the replacement of existing office equipment, vehicles, computers and office furnishings when these assets reach the end of their useful lives and there are no other funding sources available. This fund will be combined into the General Fund on the City’s audited financial statements and the total balance in this fund will be categorized as **assigned**. There is no minimum balance required in this fund; however, all transfers to this fund will be directed by the City Council.

3. The FR&R Replacement Fund shall be maintained as a separate fund for budgetary purposes to provide a source of funding for the rehabilitation or replacement of existing City buildings, recreational facilities, and parks/sport fields fixtures when these assets reach the end of their useful lives and there are no other funding sources available. Rehabilitation and replacement costs may include design and construction administration costs related to the projects. This fund will be combined into the General Fund on the City’s audited financial statements and the total fund balance in this fund will be categorized as **assigned**. There is no minimum balance required in this fund; however, all transfers to this fund will be directed by the City Council.

4. Computer Software Replacement Reserve – The City Council may assign portions of General Fund unrestricted fund balance to accumulate resources for funding the replacement of major software programs. The funding level of the reserve will take into account the estimated costs of replacement programs as well as the probabilities of the programs having to be replaced. The level of the reserve will be re-evaluated every two years.

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COUNCIL POLICY



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5. Capital Projects Reserve – The City Council may assign portions of General Fund unrestricted fund balance to fund capital projects and other expenditures that were not anticipated in the biennial budget process or could not be entirely financed from current revenues.

6. The City Council will direct staff to determine the amount of outstanding contract and purchase order commitments at the end of every fiscal year and assign these balances as Encumbrances in the financial records and on the annual audited financial statements.

7. The City Council will direct staff to determine the amount of continuing appropriations at the end of every fiscal year and assign these balances as Unencumbered Carryover Appropriations in the financial records and on the annual audited financial statements.

The assigned reserves identified in items 1, 2, 3, 4 and 5 and any unassigned fund balances in the General Fund will be included in the City Council’s **Discretionary Reserve** total. Discretionary Reserves will be maintained at a minimum of no less than 40%, with a maximum target level of 50% of annual General Fund Group revenues.

Funding levels of all General Fund Group reserves will be reviewed during periods of economic stagnation to avoid reductions in operating service levels. To the extent that resources are insufficient in the Contingency Reserve to adequately address the unforeseen occurrence or emergency, the expenditure budget should be reduced or the revenue budget increased to fund an unanticipated need. The Capital Projects Reserve may be utilized next, if there are no viable means of reducing the expenditure budget or increasing the revenue budget. If the Capital Projects Reserve is depleted, all other reserve accounts may be utilized to address the unforeseen occurrence or emergency.

B. Library Fund

A minimum fund balance of 10% of estimated Library Fund revenues for the current year will be set aside as a reserve for unanticipated economic downturns and/or one-time expenditures.

C. Gas Tax Fund

A minimum fund balance of 30% of estimated Gas Tax revenues for the current year will be set aside as a reserve for street repair emergencies and other unanticipated traffic safety projects.

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3. CASH MANAGEMENT

A. Investments and cash management will be the responsibility of the City Treasurer.

B. In accordance with Section 53646 of the Government Code, the City Council will review and update annually, a specific investment policy. The primary purpose of this policy is to set forth the City's investment philosophy and objectives. The City's investment objectives are, in order of priority: 1) safety, 2) compliance with Federal, State and local laws, 3) liquidity, and 4) yield. The policy also specifically outlines authorized investments, the acceptable percentages and maximum maturities allowed for each investment instrument and the criteria used to determine qualified depositories/dealers.

C. The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.

D. In order to maximize yields from the overall portfolio, the City will consolidate cash balances from all funds for investment purposes, and will allocate investment earnings to each fund, including the Computer, Equipment, Furnishings, and Vehicle Replacement Fund and the Facility Rehabilitation/Replacement Fund, in accordance with generally accepted accounting principles.

E. The City will maintain the investment portfolio under the prudent person standard. The investment officer, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments. The Prudent Person Standard is as follows: Investments shall be made with judgment and care -- under circumstances then prevailing -- which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

F. To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank trust department, acting as the City's agent.

G. The City Treasurer will generate a monthly report to the City Manager and City Council in conformance with all State laws and City investment policy requirements.

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H. The City's independent auditors, in conjunction with their annual audit, will audit the cash and investment balances in conformance with generally accepted accounting principles. In addition, the Treasurer shall establish an annual process of independent review by an external auditor to assure compliance with internal controls. The City Council may at any time order an audit of the investment portfolio and/or City Treasurer's investment practices.

I. An Investment Advisory Commission (IAC) will oversee the implementation of the City's investment program, assuring its consistency with the investment policy and recommending changes to the investment policy for consideration by the City Council.

4. CAPITAL FINANCING AND DEBT MANAGEMENT

A. Capital budgeting will be consistent with the City's Master Financial Plan (MFP) and Capital Improvement Plan (CIP) which have been developed to assure the provision of adequate and complete physical facilities necessary to implement the City's General Plan and all of its components.

B. Capital projects may be funded on a pay-as-you-go basis or using debt proceeds. Capital budgeting is limited by the availability of revenues and bond proceeds. The ability to meet debt service requirements will act as a ceiling on capital programming. Because capital expenditures produce long-term benefits, they can appropriately be funded by debt. The issuance of debt can lead to a more equitable tax burden across generations of citizens and taxpayers. However, pay-as-you-go financing provides operating flexibility when the economy or revenue growth slows. Therefore, it is best that there be a balance between pay-as-you-go financing and debt financing for capital projects.

C. The City recognizes the value of external sources of capital and incorporates these into the CIP to the degree funding is available. The availability of alternative sources of funding will always be examined.

D. When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the project.

E. The City will not use long-term debt financing for any recurring purpose such as current operating and maintenance expenditures. Short-term debt instruments such as revenue, tax, or bond anticipation notes shall be excluded from this limitation.

F. It is critical that outstanding debt be kept at a level that is appropriate for the City's resources. To accomplish this goal, certain industry-standard measures of debt burden will be monitored regularly. The

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following measurements will be monitored by staff, as part of the MFP biennial update or by other means: debt service on General Fund supported debt as a percent of General Fund operating expenditures; debt service on General Fund supported debt as a percent of General Fund revenues; unreserved General Fund fund balance as a percent of General Fund operating expenditures; unreserved General Fund fund balance as a percent of General Fund revenues; debt service coverage on lease revenue bonds that are secured by specific revenue sources; gross direct debt; net direct debt; net overlapping debt; gross direct, net direct, and net overlapping debt per capita; net direct debt as a percent of per capital personal income; and net direct debt as a percent of assessed valuation. These measures will be examined for the City and for other comparable cities. Trends in these measures will be reported to the City Council. In addition, prior to the issuance of long-term debt, staff will review these measurements as well as current economic conditions including local unemployment rates, per capita and median family income trends and federal, state and county economic forecasts. Staff will analyze the impact of any potential debt on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debt service.

G. The City will generally conduct debt financing on a competitive basis. However, negotiated issues may be used due to market volatility or the use of an unusual or complex financing or security structure.

H. The City will diligently monitor its compliance with bond covenants and ensure its adherence to federal arbitrage regulations.

I. The City will provide full disclosure on every financial report and bond prospectus and will strive to maintain the best possible bond rating on all debt issuances.

5. OPERATING BUDGET

A. The City of Mission Viejo's Operating Budget will be developed on a biennial basis. Appropriations for each year of the two-year budget will be approved by the City Council annually.

B. The City of Mission Viejo's Two-Year Operating Budget will be presented in a program budget format. The purpose of this format is to clearly outline the major service areas and the associated expenditures.

C. The City's Budget Document will include selected performance measures to better describe the workload of the different City programs, to gauge our effectiveness in providing services, and to ultimately be able to compare the City's overall performance with other like agencies.

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D. The City will avoid budgetary and accounting procedures that balance the current budget at the expense of future budgets. Each adopted two-year budget will be balanced. Recurring General Fund revenues will be equal to or greater than recurring General Fund operating expenditures for each year of the two-year budget, and over the long term. It shall also be a goal to fund the required transfers to the City’s two asset replacement reserve funds (CEFV Replacement Fund and Facility Rehabilitation and Replacement Fund) from recurring revenues.

E. All budgetary procedures will conform to state regulations and generally accepted accounting principles.

F. Three levels of budgetary authority to amend appropriations will be maintained. 1) Department Heads will have the flexibility to move appropriations from one object to another within the budget categories of personnel costs, operating costs and capital outlay, within each budgetary program within the same fund; 2) the City Manager will have the authority to transfer appropriations between categories, and between budgetary programs within the same fund, but only within each of the five broad program areas of General Government (Legislative and Management & Support combined), Public Safety, Community Development, Engineering & Transportation and Infrastructure Maintenance combined, and Recreation, Community and Library Services; and 3) City Council approval will be required to transfer appropriations between funds and between program areas.

G. With Council approval, all non-salary appropriations in the operating budget will be carried over from the first year to the second year of the two-year budget period; however, only encumbered operating budget and all unexpended capital budget appropriations will be recommended to Council for carryover at the end of the two-year budget period.

H. Omnibus budget adjustment reports will be presented to Council every six months.

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6. EMPLOYEE COMPENSATION

A. On an annual or biennial basis, the Human Resources Division will perform a salary and total compensation survey of selected benchmark positions for the group of comparator agencies approved by the City Council. The current approved group of comparator agencies is as follows: Brea, Carlsbad, Costa Mesa, Fullerton, Irvine, Laguna Niguel, Lake Forest, Newport Beach, Orange, Rancho Cucamonga, San Clemente, Tustin, Whittier and Yorba Linda. . The Human Resources Division may use alternate comparator agencies for benchmark positions in Information Technology, Animal Services, and Library Services. The California Public Agencies Compensation Survey (CalPACS) will serve as the primary source of information for determining the recommended salary range and total compensation level for each of the City’s authorized position titles.

B. The policy of the City is to compensate its employees on a total compensation basis at a level comparable to the median plus five percent of the group of approved comparator agencies, with salary levels set at no less than the median salary level of such comparator agencies. For purposes of this policy, total compensation is defined to include salary, retirement, insurances, auto allowances and City-paid deferred compensation, as defined in the most recent citywide classification and compensation study. Retiree health insurance benefits are currently not included in total compensation, pending the availability of sufficient data from the comparator agencies for their programs.

C. The City Manager is authorized to develop a salary range structure consistent with this policy. Salary range adjustments will reflect consideration of internal differentials and the relationships among all other authorized City positions.

D. In recognition of the significant change this policy represents from the previous employee compensation policy, an implementation timeframe of up to four years (until January 2010) is authorized to reach the policy goals outlined in B. above.

E. The policy of the City is to carefully control the cost of employee retirement programs. Accordingly, the City’s policy is to require employees to pay a portion of the 8% member contribution toward the 2.7% @ 55 retirement benefit.

F. The policy of the City is to promote and facilitate wellness and wellness programs for its employees. Effective July 1, 1999, the City Council authorizes free membership, with some restrictions as determined by the City Manager, to the City’s Recreation and Tennis Centers for employees and their resident family members.

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G. Health care benefits are important for attracting and retaining competent and dedicated providers of municipal services and providing employer contributions toward the cost of retiree health insurance is a particularly attractive benefit. Effective July 1, 2000, the City Council authorized the City Manager to establish a Retiree Insurances Program available to City employees with at least twelve (12) years of continuous service who simultaneously retire from the City and CalPERS. The escalating cost of health care, however, requires the City to manage this benefit in a fiscally responsible manner. In light of the expected continued growth in the cost of health care premiums, as well as the requirement in FY 2008-09 to implement Governmental Accounting Standards Board (GASB) Statement No. 45 regarding post-employment benefits, the City has established the Supplemental Health Account for Retired Employees (SHARE), a defined contribution program for retiree health insurance benefits for all employees first eligible for City health benefits on or after January 1, 2007. It is the City's policy to conform to all GASB reporting requirements affecting post-employment benefits and to fully fund the actuarially determined annual required contribution (ARC) for the Retiree Insurances Program.

H. With Council approval, the City will utilize the standard mileage rate set by the Internal Revenue Service to reimburse eligible employees for any miles driven in the employees' own vehicles while on City business.

7. CAPITAL IMPROVEMENT PROGRAM

A. The purpose of the Capital Improvement Program is to systematically plan, schedule, and finance capital projects as determined by the City Council. The Capital Improvement Program will include major rehabilitation costs to existing infrastructure and facilities, as well as the cost of new facilities or capital improvements. It is the policy of the City Council that staff inventory and assess the condition of all major capital assets every two years as part of the Master Financial Plan update and budget development processes.

B. A Capital Improvement Project (CIP) shall be established for all projects greater than \$100,000 with an expected useful life of at least three years that meet the definition of a public project per Section 22002 of the State Public Contracts Code. These include projects involving construction, reconstruction, alteration, renovation, improvement, demolition, repair work, and painting (other than minor repainting) of any City-owned, leased or operated facility. This definition excludes maintenance work as defined in Section 22002 of the State Public Contracts Code (for example: routine, recurring and usual work for the preservation or protection of any publicly owned or operated facility; landscape maintenance; minor repainting)

For purposes of this policy, the scope of a proposed CIP may be defined as the work to be undertaken at a single location. However, if work at a specific location would not otherwise meet the cost

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threshold for establishing a separate CIP, and similar work is to take place at other locations(s) during the same fiscal year, then all such similar work shall be defined as one CIP.

C. The City Council shall be notified in advance, via the consent calendar, of all public projects to be undertaken as part of the operating budget that are greater than \$30,000 and less than or equal to \$100,000, and all non-landscape maintenance work (such as concrete/hardscape repairs and creek repairs) greater than \$100,000 at a single location. All other maintenance work is not subject to this notification requirement.

D. As part of the budget process, departments will submit Capital Improvement Program requests providing a detailed description of the proposed project or purchase. All requests will be reviewed by the City Manager using a formal evaluation process. The evaluation system consists of several ranking criteria, which are assigned relative weights as follows:

1. Project's impact on health and safety, weight of 10
2. Project remedies a service deficiency, 8
3. Service area served by the project, 7
4. Percent of project costs to be funded by outside (non-City) resources/funding to be lost if project not done, 7
5. Priority assigned by requesting department, 6
6. Project improves, upgrades or rehabilitates an existing facility, 9
7. Project's impact on the City's operating budget, 8
8. Other considerations, including aesthetics, feasibility, special populations served, conformance to plans (including the General Plan), interjurisdictional effects and community economic effects, 6

Once the evaluation scores are assigned, project priorities will be determined and then presented to City Council for further review. After completing their review, City Council will appropriate funding for the capital improvement plan as part of the two-year budget process.

E. The City Manager will have the authority to transfer up to \$30,000 in appropriations between capital projects within the same fund but only among projects under the responsibility of the same department. All other changes to capital project budgets must be approved by the City Council.

F. With Council approval, unexpended project appropriations will be carried forward as continuing appropriations to future fiscal years, as required to complete the intent of the original budget.

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G. The City will actively pursue grant and other outside funding sources for all capital improvement projects.

8. FIXED ASSETS

A. The “modified approach” to fixed asset infrastructure accounting, as defined by the Governmental Accounting Standards Board in their Statement No. 34, shall be utilized for the City’s street network. This policy will be reevaluated in the event there is a substantial reduction in City revenues from FY 2001-02 levels. The City Council will establish a range of acceptable condition levels for the street network on a biennial basis and the City Manager will set the actual target condition level(s) each year.

9. LONG-RANGE FINANCIAL PLANNING

A. The City will provide an update of the Master Financial Plan (MFP), which projects General Fund revenues and expenditures over a seven-year period, on a biennial basis. The MFP update will serve as the first step in the development of the City’s budget for the subsequent two-year period. The MFP will address long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.