

MISSION VIEJO AGENDA

City Council, Community Development Agency,
Community Development Financing Authority,
Public Improvement Corporation, and Library Board of Trustees*
June 19, 2007, at 5:00 PM

City Hall, 200 Civic Center, Mission Viejo, California, 92691

City Council Chamber

This meeting was imported into the system.

MEETING ITEMS

Urban Land Institute Presentation

Workshop Agenda

02 - Review of Proposed 2007-2009 City Budget

U r b a n L a n d I n s t i t u t e

Orange County Council District

City of Mission Viejo

“Mission Viejo Village Center”

Final Report

ULI Orange County Technical Advisory Panel

April 24th-25th, 2007



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I. INTRODUCTION

ABOUT THE URBAN LAND INSTITUTE

The Urban Land Institute is an international, non-profit research and educational organization that serves to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. The ULI is based out of Washington D.C., and is connected throughout the Americas, Europe and Asia by a network of district councils. In North America, there are currently 63 district councils, and in Europe, there are currently 13 district councils. The ULI Orange County is the ninth largest district council, with over 1,300 members.

The ULI is funded by sponsors, programs, and its members. Over 36,000 members are active in the research and education of land use planning and development issues. ULI members have access to information such as publications, case studies, and community catalyst reports. The ULI also organizes special workshops and programs geared towards people who develop and redevelop neighborhoods, business districts and communities across the U.S. and around the world. Networking is one of the primary reasons to join the ULI as professionals seek to be connected and share best practices.

The members of the ULI Orange County are community builders. They represent a range of professions from academicians to economic development officials and designers to property managers. The activities of the ULI Orange County are geared specifically towards local land use issues, but also towards issues that affect the Southern California region and California statewide.

In an effort to create a forum where professionals under 35 years old could network with their colleagues or meet seasoned professionals in the industry, in 2003, the Young Leaders Group was formed. Today, nearly 30% of the ULI Orange County membership is involved in the Young Leaders Group.

The mission and the principles of the ULI have withstood the test of time over the past 70 years. Founded in 1936, by J. C. Nichols, the ULI has been bringing together leaders from the private and public sectors in an open exchange of ideas and experiences to improve the quality of real estate and development decisions in regions throughout the world and in Orange County.

ULI ADVISORY SERVICES

The Urban Land Institute is a leader in conducting research and providing information on all aspects of real estate development and land use policy. In order to maintain its status as a valued and objective source in the private and public sectors, the ULI seeks to bring together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs; foster collaboration within and beyond ULI's membership through mentoring, dialogue and problem-solving; explore issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development; advance land use policies and design practices that respect the uniqueness of both built and natural environments; share knowledge through education, applied research, publishing, and electronic media; and, sustain a diverse global network of local practice and advisory efforts that address current and future challenge.

Since 1947, ULI's Advisory Services Program has been assisting communities by bringing together panels of seasoned real estate, planning, financing, marketing, and development experts to provide unbiased pragmatic advice on complex land use and development issues. At the local level, the ULI Orange County District Council provides advisory services panels on specific issues, which are addressed in one or two days.

To ensure objectivity, members of a District Council Technical Advisory Panel (TAP) cannot be involved in matters pending before or be working for the sponsor and cannot solicit work from the sponsor during the panel's assignment period. The panel consists of professionals, who are ULI Orange County members, with expertise relative to the scope of the project. All TAP panelists are volunteering their time and expertise to participate. Sponsors request TAPs, and the District Council assists the sponsor in refining the scope of the assignment and in organizing the panel's efforts. At the conclusion of the TAP, the panel issues a report with findings and recommendations to the sponsor. A fee is paid to the ULI Orange County for the TAP, which is used by the district council to further the Institute's mission to share best practices and provide educational services in local land use planning and real estate development.

II. MISSION VIEJO VILLAGE CENTER TECHNICAL ADVISORY PANEL

OVERVIEW OF PREPARATION AND PROCESS

On April 24-25, 2007, the ULI Orange County held a Technical Advisory Panel (TAP) for the City of Mission Viejo. The City enlisted ULI Orange County's help with their desire to look at place making opportunities around the Mission Viejo Village Center.

A team of eleven professionals in the land use planning industry was assembled by the ULI Orange County to study the site and make recommendations to the City on how best to address this objective. Alex Wong, Principal, Red Oak Investments, Inc., and John Shumway, Principal, The Concord Group chaired the ULI Orange County TAP. The panel consisted of high-level professionals with backgrounds and experience in Landscape Architecture; Planning and Design; Mixed-Use/Multi-Use Development; Retail Development; Office Development; Residential Development; Market Research and Site Analysis; Redevelopment; Public Policy and Community Outreach. A list of the TAP panelists and their biographies are included in this report.

The TAP was tasked with focusing on the following general topic: Are there viable place-making opportunities in the 80-acre study area located at La Paz Road and Marguerite Parkway? A Scope of Work was developed by the City of Mission Viejo, outlining 12 specific questions relative to Market Demand and Potential, Planning and Design, and Policy and Implementation. A copy of the Scope of Work is included in this report.

In the weeks leading up to the TAP, the panelists were provided with instructions to take a driving tour of the district in order to be familiar with the Mission Viejo/Sub regional study area and, in particular, understand the diverse circulation challenges. A copy of the driving tour instructions is included in this report.

The City also prepared a thorough Briefing Book that was provided to all of the panelists.

On the first day of the TAP, April 24, the panelists met with 14 of 24 stakeholders invited by the City to participate in the community outreach portion, including property owners and tenants in the study area. One resident from Pacific Hills, a neighborhood adjacent to the study area, was also interviewed.

Property Owners

Joan Cernich
Eric Cernich
Jim Christensen
Fred Ewald
Terry Tornek

Resident

Deborah McCarthy

Tenants

Deanna Balbas, Union Bank of California
Tom Cannon, Associated Realtors
Helene Chaban, Associated Realtors
Scott Kim, Skimmers
Julie Marshall, The Shirt Cannery
Sallie Ngarmtap, Glass Door Thai
Cindy Pruzinsky, CVS Pharmacy
Victoria Reed, MVVC Property Management

The eleven panelists divided into three subgroups (Market Demand and Potential, Planning and Design, and Policy and Implementation) to focus on the specific questions in the Scope of Work. A list of the subgroups is included in this report.

After a two-day long process, the TAP panelists presented their findings and recommendations in a PowerPoint presentation to the City Staff on April 25, 2007. A copy of the PowerPoint presentation has already been forwarded to the City.

All members of the ULI Orange County TAP participate in writing the final report for the Mission Viejo Village Center TAP. Those comments are summarized below by subgroup. This written report is supplemental to the PowerPoint presentation presented to the City Staff on April 25, 2007. TAP panelists may provide additional elaborations on findings and recommendations by contacting them directly.

SCOPE OF WORK**Background**

The City of Mission Viejo's geographic center is a combination of commercial, office, public facility, and recreation uses generally located in vicinity of the intersection of Marguerite Parkway and La Paz Road. This proposed Town center area includes a civic center with a city hall and public library; several large neighborhood commercial centers with retail stores, offices, restaurants, and automobile repair shops; Thomas R. Potocki conference center; Norman P. Murray Community and Senior Center; Oso Viejo sports fields; and Oso Creek and existing trail system.

There has been minimal new development or revitalization of existing properties within the Mission Viejo Village Center area, especially the largest commercial center at the southeast quadrant of the intersection of Marguerite Parkway and La Paz Road. A fragmented ownership pattern, dated architectural design, an abundance of surface parking

lots, minimal landscaping, and the lack of a pedestrian environment are the observed challenges hindering the establishment of a downtown or town center for this area. A key question is what type or types of development opportunity is the missing ingredient to catalyze new development and revitalization. If there is a market for a different type of development, what are the appropriate product types and where should they be located?

The City seeks assistance and advice from the Urban Land Institute to assemble a Technical Advisory Panel of land use planning and development professionals to evaluate the Mission Viejo Village Center area described above, address the questions set forth above, and make general recommendations regarding future development and revitalization opportunities and implementation options. It is anticipated that the Technical Advisory Panel's recommendations will serve as a starting point for further public discussion and potential revisions to the current zoning districts and development standards for this area.

General Goals and Objectives for the Mission Viejo Village Center Area

- To improve and revitalize the commercial, cultural, and civic center of the city.
- To improve vehicular and pedestrian circulation and connectivity within the area.
- To improve the physical appearance of private property through new development, and revitalization of existing businesses and buildings.
- To improve the physical appearance of public and private property through a strong landscape and streetscape program.
- To improve identity of properties and businesses through a comprehensive identification sign program.
- To improve the linkage of Oso Creek and existing trail system to the City's recreation centers, and to better incorporate this linear open space into the built environment.
- To develop additional water quality measures and features to protect Oso Creek.
- To consider revising the zoning district(s) and development standards, if necessary, for this area to facilitate market-driven development opportunity and flexibility.
- To further enhance sales tax revenue and the creation of jobs.
- To recommend implementation strategies to turn the vision into reality.

- To establish planning and design guidelines ensuring implementation is consistent with the vision but flexible enough to respond to changing market conditions.

Market Demand and Potential

1. What is the market demand in the Mission Viejo Village Center area?
2. Who is the target market(s)?
3. What is the market demand for new commercial development?
4. What is the market demand for new mixed-use development?

Planning and Design

1. Which areas are most appropriate for new commercial development or revitalization?
2. Which areas are most appropriate for mixed-use development? Which areas are least appropriate?
3. What are the most critical traffic and pedestrian challenges in the area?
4. How might the creek and trail system be turned into an asset for the area?
5. What type of new zoning district(s) and related development standards would be necessary to facilitate new development or revitalization?

Implementation Issues

1. What new and creative approaches are being used to encourage private investment and development without the formal use of redevelopment and eminent domain? What are the incentive-based zoning possibilities?
2. How can the City encourage existing businesses / property owners to improve the appearance of their buildings and property? What tools are available?
3. If some form of residential development is permitted in this area, how can the City ensure that a healthy mix of non-residential uses is maintained or attracted to the area?

Aerial View of Study Area



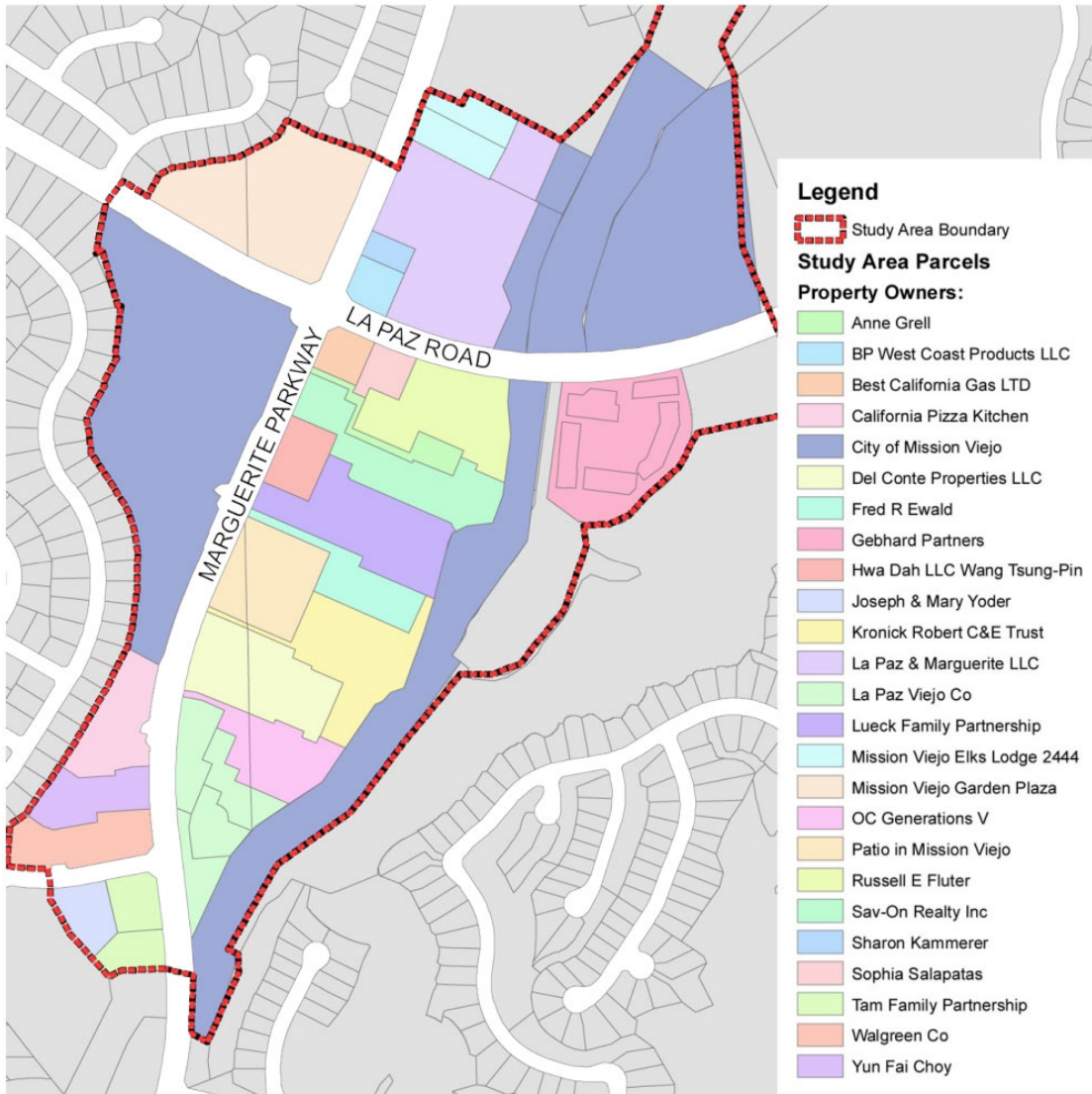
October 2006

Aerial View of Building and Parcel Areas



March 2007

Map of Parcel Ownership



III. FINDINGS AND RECOMMENDATIONS

STAKEHOLDERS COMMENTS AND OBSERVATIONS

The panelists initially spent approximately three-and-a-half hours interviewing City Staff, property owners, tenants and one Pacific Hills resident on the morning of April 24. Keep in mind, these interviews were brief, 30-minute sessions with 3-5 people in each meeting, allowing the panelists to garner a general understanding of the stakeholders' opinions.

The TAP panelists started the discussions with the stakeholders, by asking the following two questions:

1. Are you happy or not with the current condition and layout of the Mission Viejo Village Center? If not, what changes would you like to see?
2. Does the surrounding area – the creek, park, civic center, nearby shopping centers, residences, traffic conditions, sidewalks, and paths connecting the above – enhance or detract from your business? What could be improved?

The general comments and observations noted by the stakeholders are that the Mission Viejo Village Center works for the owners' and tenants' individual business and investment needs. Addressing what changes the tenants would like to see, the stakeholders suggested that property and building owners could improve the Mission Viejo Village Center with painting structures, improved signage, upgrading building façades, improving landscaping, and adding much needed high-speed Internet access. The tenants also felt that the City should provide umbrella marketing programs to direct local residents to the businesses located in the Village Center.

Focusing on what could be improved in the surrounding area to connect the various amenities (such as the creek, park, civic center, etc.), the property owners and tenants interviewed recognized that the disjointed business ownership would be a challenge to making improvements in the study area. All suggested focusing on maintaining a mix of tenants and especially retaining the independent business mix of the current shopping centers.

Although the panel only interviewed one resident, it was her opinion that the Mission Viejo Village Center does not reflect the needs of the Pacific Hills residents with whom she is acquainted. In fact, a quote from the

resident suggested that the Center “is stuck in the 70s”. The topic of bringing in a mix of more residences near the Village Center was discussed very briefly, and the stakeholders commented that it might be permissible. However, it should be noted that the stakeholders were specifically averse to low-income housing in or near the Center.

It was apparent to the panelists that communication among and between property owners and tenants is lacking and there is a strong desire among tenants to establish and maintain better communication among themselves, with the property owners, the City and the residents.

MARKET DEMAND AND POTENTIAL

Specific to the request by the City of Mission Viejo staff, the Market Demand sub panel's focus was placed on developing market-driven recommendations in both land use and densities for the Mission Viejo Village Center study area. Using the large amount of data supplied early in the process by city staff and the panel's own broad-based development expertise, market knowledge, and land planning experience, the panel outlined the current market opportunities for each product type (retail, office and residential) within the Mission Viejo Village Center area.

Located in the heart of South Orange County, Mission Viejo can be considered a fully built-out city with a broad range of mid- and high-income residents who are looking for inviting places to grow their families as well as the opportunity to spend their time and money locally. In comparison with more traditional malls such as The Shops at Mission Viejo and Kaleidoscope, the panel observed that Mission Viejo lacks updated, higher-end commercial retail developments that provide outdoor, walkable areas that combine shopping, dining and entertainment. In essence, there is no downtown or town center in Mission Viejo for residents to congregate with friends and family, be entertained for extended periods, shop at attractive upscale stores, dine at a variety of restaurants, visit entertainment venues and conduct business. In addition, there are limited residential ownership opportunities for higher density residential living within walking distance of these amenities for new or current residents who are either unable or wish to transition from living in a single-family detached neighborhood.

Given this background, the panel analyzed the data at hand in a one to three-mile radius of the Study Area, including the City's demographic and household characteristics, resident retail spending patterns, housing mix, and traffic counts at major intersections to determine the level and type

of retail, commercial office and residential demand that would be supported in the Mission Viejo Village Center area. Given the number of residents in the established trade area (approximately 121,000), the higher incomes surrounding the proposed Village core (average - \$119,000; median - \$96,000) the high daily traffic counts along Marguerite Parkway (74,000 cars daily) and the close proximity to the Civic Center complex, the panel concluded that there is significant demand to establish a “new” Mission Viejo Village Town Center at the intersection of La Paz Road and Marguerite Parkway.

Furthermore, it is the opinion of the panel that the target market must be directed primarily at local residents – which will include families with children ages 0-18, married couples with no children, young professionals looking for residential purchase opportunities, in a mixed-use environment, and seniors looking for an inviting and attractive place to relax, dine and congregate with others. This mixed-use development configuration is specifically designed to retain Mission Viejo residents who are now driving to nearby, newer community center to meet their retail/lifestyle needs, as these needs are not being currently met in their own City.

The panel further concluded that from a market perspective, and to insure a “Town Center” vision moves forward in line with the expectations of the City, the City Council will need assume the role of project “champion” in order to initiate revitalization activities. Over time, this role should evolve to private sector and community champions. The panel's strong recommendation is that the City's role of project champion must be embraced if the proposed revitalization effort is to move forward and reach its full market potential.

In summary, the panel is confident that there is more than adequate demand for the development of a sustained lifestyle (commercial and residential) environment which integrates civic uses, outdoor communal spaces, upscale shopping with a local flair as well as national tenants, a variety of dining opportunities, boutique professional office and residential uses. Specifically, the market demand panel outlined a mix of land uses product type, and square footage recommendations to assist the city on a go-forward basis. The recommendations of the panel are outlined below:

Retail: 250,000 sq. ft.

- 100,000 sq. ft. "Lifestyle Tenants" (6-25,000 sq.ft.)
- 100,000 sq. ft. Inline retail space (1-5,000 sq.ft.)
- 35-50,000 sq. ft. Sit-down Restaurant/Entertainment

The Mission Viejo Village Center is clearly in one of Orange County's most desirable suburban communities. The strong market demand for a more urbanized, denser, upscale town center including retail, boutique office and residential is clearly an unmet need within this community. Objectives such as design quality, tenant mix, and sense of place are critical to the success of creating a unique study area and to reinforce and complement market demand. Lifestyle tenants of all sizes, like some of the tenants already there, and including sit-down restaurants, high-end fashion, homeware retail, bookstores, entertainment retail, and boutique markets and shops, will be very interested in a unique town center offered in this environment. Redundancies of stores in The Shops at Mission Viejo and the Laguna Hills Mall should be avoided for this reason. An eclectic offering of high quality national/regional stores and local operators will create the optimal combined offering for the Town Center area.

While it is easy to conclude that the property is mismanaged or not at its "best potential", it is important to underscore that property owners are acting rationally within the context of their individual interests. This behavior will continue to be the case unless some economic incentive (the carrot) or disincentive, such as penalties for deteriorating conditions (the stick), are introduced. Perhaps a combination of these forces will ultimately provide the best solution.

Office: 50-75,000 sq. ft.

- above retail
- designed for local professionals, smaller tenants

In a mixed-use, new "town center" development there is the opportunity to create approximately 50-to-70-thousand square feet of boutique office space. The panel envisions most of that space to be above some of the retail where the office users could enjoy the rich amenities available from the nearby shops and restaurants and even walk to work from the newly created lofts, townhomes or brownstones. These owners/tenants, such as accountants, attorneys, real estate and insurance agents, etc., would not only be encouraged to live nearby but would serve the local community. Owner/occupant space would typically average about 1,000 to 2000 square feet in size and could be rental or "condo". The space would not be as attractive to larger, more corporate users, which prefer to be closer to freeways in a larger office environment. Since the office space created would be used by locals and serving the local community, traffic would be minimized as well.

Residential: 350-450 units

- Designed for single-income professionals, double income-no children, seniors, and work/live
- Flats above the retail, garden walkups on grade behind the retail, and townhouses or Brownstones on grade near Oso Creek
- The number of units reflects the minimum amount necessary to create a premium over the current value of the real estate, as an operating strip retail center. The owners will find it worthwhile to sell or develop their properties only if they can achieve such premiums.

The housing over the retail adds to the Main Street experience by enclosing the space, by creating “eyes on the street”, and by bringing people physically closer to the retail sidewalk. In a similar way, the at-grade housing near Oso Creek activates the sidewalk and bike path. In both areas, the housing contributes most when it looks outwards, not inwards. Where the housing sits at grade, it also helps to have direct entries or stoops connecting the units to the sidewalks, even though alternate entries might sit on a corridor or an alley on the back side. The point is to connect the housing to the public space, both visually and functionally.

The inclusion of housing as an element of the mix creates an evening population and a small base of built-in customers for the retail. Several hundred households alone will not sustain a commercial center, but they will add to the energy of the area.

The land parcels can physically accommodate much more housing than the panel recommends, while staying within a 4-story height limit. The panel, however, was not interested in determining a theoretical maximum density that could fit on the properties. Instead, the panel tried to establish the minimum density necessary to provide sufficient economic incentives for redevelopment.

PLANNING AND DESIGN

The Mission Viejo Village Center has the potential to be a vibrant, thriving, and sustainable community hub for the City of Mission Viejo. The existing conditions of the study area, however, currently impede the realization of this vision. Several planning and design principles need to be implemented to facilitate a successful revitalization. The proposed concept plan for the study area reflects these principles as follows.

(1) Create an Engaging Main Street Environment

An interesting and dynamic street experience is critical to creating a vibrant village center. Some built environment features that help to accomplish this goal include: continuous streetscapes; public uses on ground floors; varied facades; window displays; tying in the local context; outdoor dining; street vendors; and banners and signage.

(2) Establish a mixed-use village center

A village center that incorporates various uses, including retail, office, residential, and civic, helps to establish a 24/7 “living” community that ensures safety and sustainability. In terms of the residential component, a transition between the neighborhood and commercial uses must be provided. Some built environment features that help to accomplish this goal include: establishing a variety of housing types at various densities; housing that reflects the mix of the broader community; providing entry-level workforce housing; senior housing; and providing live-work opportunities.

(3) Create a pedestrian-friendly, walkable center

A safe, comfortable, and convenient pedestrian environment needs to be created. In particular, connectivity within the town center must be established. For example, the concept plan proposes a pedestrian walkway (over Marguerite and over La Paz) connecting the civic center to mixed-use centers, and a grand stairway from the mixed-use center to the trail. Further, a trolley system should be considered to connect the Mission Viejo Village Center with the civic center, senior center, conference center, and the recreational center. Some built environment features that help to facilitate walkability include: wide, buffered sidewalks; tree-lined streets; on-street parking; marked crosswalks; special paving treatments; traffic calming features; and pedestrian-oriented amenities such as human-scaled lighting, street trees, and street furniture.

Rendered Overlay of Design Opportunities



(4) Extend the public realm

The town center should capitalize on existing civic uses and should serve as a “stage” for both the civic center and the entire community. Additionally, the town center can become a “museum without walls.” Some built environment features that help to accomplish this goal include: the creation of a variety of gathering spaces such as “village greens” public plazas, and “outdoor rooms” which provide passive and active public spaces; public art; and water elements/fountains.

POLICY AND IMPLEMENTATION

The City of Mission Viejo has the ability to reposition its town center so that it will become a south county destination dining and specialty retail center. The town center also will again become the hub of the community since it will provide shopping and dining opportunities, complemented by professional office space and residential living units. All this can be achieved with little or no city investment if the City is willing to allow increased densities for these uses.

The City Council should take a leadership role in creating a working group/task force of selected stakeholders and community leaders whose job it would be to vision the future of the Mission Viejo Village Center. An outside facilitator should be used whose strengths are community consensus building, land economics and urban design. ULI’s “Ten Principles for Reinventing America’s Suburban Business Districts” should be used as a guide to develop the vision and implementation program. Through this process, attention should be paid to identifying “champions” from the community, stakeholders and/or the City who may be able to implement the town center vision. City staff should play a support role, and will be responsible for presenting to the decision makers any regulatory implementing documents that may be identified, (i.e. Specific Plan, Planned Unit Development (PUD”), zoning changes, design guidelines, etc.), and should also identify/implement financing mechanisms (i.e. property and/or tenants-based business improvement district, fee reductions/waivers, expedited processing) which would aid in getting the project off the ground. In order for any vision implementation to be successful, a strong public/private partnership must be formed.

The importance of public/private cooperation in addressing revitalization opportunities for the Mission Viejo Village Center Study Area cannot be overemphasized. Good ideas are many times obvious. Building partnership arrangements among property owners, tenants, the community, city government and all other stakeholders to take action is

much more difficult and time consuming. Such partnerships are critical to addressing the Study and will provide its long-term “legs for success.” It is clear to the Panel that a vibrant town center could thrive in this area and that a market-driven, private sector managed and financed solution is available, in cooperation with the City and community leaders.

Several short-term initiatives should be considered:

Mission Viejo Village Center *tenants and property owners should begin to meet together* on a regular basis to start to identify their issues and opportunities to more fully realize more economic and community value from their businesses and properties.

The City should create a *working group/task force* that consists of property owners and tenants in the Mission Viejo Village Center Study Area, community leaders, and representatives of City advisory bodies such as the Planning Commission and the Design Review Board.

The City, in consultation with property owners, tenants and community leaders in the Study Area, should engage the services as an *outside community engagement facilitator* with knowledge in community planning and downtown revitalization to develop a market-based community-driven vision for the Mission Viejo Village Center Study Area. The outside facilitator would work with the working group/task force to develop the community-based vision; the strengths and weaknesses of the study area, the outside threats and opportunities affecting the Study Area; goals and objectives to further the vision; and a work program to achieve them. City staff would coordinate the administrative and support functions for the working group/task force such as schedules and milestones, public meeting and public hearing notices, community mailings, meeting minutes, interim working papers, and final reports.

The panel suggests that the working group/task force utilize an Urban Land Institute publication entitled, “Ten Principles for Reinventing American’s Suburban Business Districts” as a guide to assist in the process. *(This publication is no longer in print, but can be provided to City Staff by contacting the ULI Orange County District Council office at (714) 628-2856.)* Briefly, those ten principles are: (1) understand your position in the market; (2) build community support; (3) develop a vision and a plan; (4) stress results over regulation; (5) break up the super block and optimize connectivity; (6) embrace mixed use; (7) honor the human scale by creating a pedestrian-friendly place; (8) think transit – think density; (9) create public/private partnerships, and (10) share and manage parking.

The emergence of “champions” from property owners, tenants, community leaders and the City should be nurtured and encouraged to implement the vision through specific actions and programs.

Depending upon the outcomes of the short-term initiatives, key long-term strategies should be considered:

The *land regulating plan* must be an outgrowth of the vision and its implementing objectives. This would include the development of (a) an urban design program and land use standards for the placement and massing of buildings; (b) the land uses allowed, including mixed use; (c) streetscapes and landscaping; (d) pedestrian-friendly access and connectivity, (e) the management of traffic flows, and (f) parking location and shared use.

A land regulating plan that could be explored for the Mission Viejo Village Center Study Area is the *Specific Plan*. This planning process permits local government and developers to write planning policies and development standards that have the flexibility to creating zoning standards appropriate to the site/project in question and to respond to evolving market forces. The development of a Specific Plan can be one of the most valuable ways to encourage and facilitate multiple property owners to participate in a single, coordinated planning process; it is similar to a zoning ordinance and particularly to a planned unit development. It must address land uses; needed public facilities and infrastructure; standards and criteria for development, and implementation measures including financing measures, needed to carry out the plan. Adoption is subject to the *California Environmental Quality Act (“CEQA”)*.

Another land regulating plan that could be utilized is the *Planned-Unit Development (“PUD”)*. The PUD would be particularly applicable to the Mission Viejo Center and could be described as a method of development as well as a zoning classification. As a method of development, it normally consists of individually owned lots with common areas (such as open space, street improvements, and parking) that are owned in common by the lot owners. As a zoning classification, it allows a single zoning district to combine a variety of uses (e.g. commercial, residential, open space, industrial) that are otherwise generally not permitted with the same zoning district. A Planned-Unit Development is also subject to *CEQA*.

A *business improvement district (“BID”)* should be considered, in particular for the Mission Viejo Village Center. BIDs allow business districts or areas to establish an assessment that generates revenue to support enhanced

services including maintenance security, marketing and economic development. Two types of BID mechanisms exist under California law. One, the *Business Improvement Area (BIA)*, has been used widely in the State and provides for an assessment on business licenses. The newer "*Property-Based Business Improvement District*" ("*PBID*") provides for an assessment on real property. Both the BIA and the PBID can be used in combination for the same area. BID/BIAs are a self-imposed and self-governed assessment mechanism for local businesses or property owners to pool funds for *physical improvements* such as streetscapes, street furniture, banners, additional parking, and for *activities* such as parking programs, increased maintenance, heightened security, local promotion, business attraction, special events, advocacy, etc. PBIDs have a broader set of allowed activities than BIAs, a longer life (maximum five years versus one year), typically a larger funding base, and additional authority for improving existing streets, sidewalks pedestrian malls, facilities to improve security, and rehabilitation or removal of existing structures. BID/BIAs can serve as the organizational entity for public/private partnerships and for the management of a common set of interests and/or common area. All BID/BIA assessments are subject to public hearings and approval by the City; both pay for services over and above those already provided by the City.

Subject to the establishment of a PBID, the City and the property owners in the Center should explore the use of a "*sales tax sharing or rebate agreement*" to provide further incentives to property owners to provide upgraded/enhanced physical improvements to the center. A sales tax base could be established based upon current sales, with a sharing (perhaps 50/50) of amount above the established base for a period of up to ten years or until the specified improvements are paid off, whichever occurs first. This could serve as the public contribution as well as a public incentive to property owners for upgrading the center.

The property owners of the Mission Viejo Village Center and/or the Study Area also could explore the formation of a "*Mello-Roos Community Facilities District*" for public improvements associated with an upgraded and more financially viable Mission Viejo Center and/or Study Area. This financing mechanism provides for tax-exempt financing of public improvements associated with upgrading the Center or the Study Area.

In order to provide incentives to the Center and/or Study Area development and associated infrastructure, the City of Mission Viejo should institute an *expedited development review process* for planned public and improvements at the Center and/or in the Study Area. Also,

the City could explore the possibility of fee reductions, waivers and/or secured installment payments for such fees over time.

“Reinventing” the Mission Viejo Village Center Study Area can only happen in an effective way when strong partnerships among the community, the City, property owners and tenants are developed. The most important function of these new partnerships will be to develop a community-based vision to achieve a sense of place, and to create a realistic implementation strategy that is embraced by stakeholders and the community. This “place-based” economic approach will provide differentiation in the market place and create renewed civic pride and economic vitality in the central part of Mission Viejo.

CONCLUSION

The Mission Viejo Center is declining, not improving. The owners and the tenants, acting in their own self-interests, are allowing the properties to deteriorate. The fragmented ownership pattern prevents owners from acting like the consolidated owners of other Orange County 1970's centers, many of which have been renovated, updated, or redeveloped. The Mission Viejo Center does serve a purpose in the marketplace: to provide space for low-rent tenants. Some of these are “character” tenants that add flavor to the area. The overall benefits that the center provides to the community, however, could be improved by new investment.

The property has the potential to be much more than it is today. It can be Mission Viejo's Town Center: a vibrant mix of shopping, housing, recreation, and civic use that sits at the geographic center of the City. There is ample potential for “place-making,” to create an environment and an experience that no other place in the City can provide. This location wants to be a town center, not another regional mall, and not another set of neighborhood strip centers on an arterial intersection. The four corners of La Paz Road and Marguerite Parkway can work together to create this better result. The economic potential, as well as the community-building potential, are there.

There is a market-driven, private sector-financed solution available to realize the potential. The City, as regulator of land use, can change its regulations so that owners find reinvestment to be in their economic interest. The housing component of the mix is important; it provides as much new value as the retail and office components combined. The current owners, however, do not know what is going on, and are suspicious of what has been done recently, including this ULI panel's work.

Yet they are the first step towards any change, and they are the ultimate economic beneficiaries of the change. Little will occur without the buy-in of the owners.

Tenant businesses are also suspicious of prospective change. Some are rightfully afraid that the higher rents that owners will seek by reinvesting in the properties will force some businesses to go elsewhere. Other tenants, however, will decide that the reinvestment dollars will improve their own businesses enough to accommodate higher rents, and still come out ahead.

This panel suggests that the City engage the stakeholders to create the vision. Once a vision is in place, a champion will be needed to implement the vision. The champion(s) replaces what has been lost by lack of common ownership; the champion(s), in effect, unites the multiple owners to act like a single owner. It is the owners, acting in self-interest, who will push reinvestment forward. The public benefits will be a byproduct of that reinvestment and a byproduct of the planning vision.

III. APPENDIX

ULI ORANGE COUNTY TAP PANELISTS – MISSION VIEJO VILLAGE CENTER

The following ULI members served on the Mission Viejo Technical Advisory Panel on the Mission Viejo Village Center, April 24-25, 2007.

Co-Chairs:

John Shumway
Principal, The Concord Group
130 Newport Center Drive, Suite 230
Newport Beach, CA 92660
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jshum@theconcordgroup.com

Alex Wong
Principal, Red Oak Investments, Inc.
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Irvine, CA 92612
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Panelists:

Market Demand and Potential

John Shumway
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Allison Schneider
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Randal W. Jackson
President, The Planning Center
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Mariela Alfonzo, Ph.D
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Policy and Implementation

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Marsha V. Rood, FAICP, CMSM
Principal, Urban Reinventions
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Ray Silver
City Manager
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ULI Orange County Vice Chair, TAPs:

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ULI Staff:

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ULI ORANGE COUNTY TAP PANELISTS' BIOGRAPHIES

Mariela Alfonzo, Ph.D.

Mariela Alfonzo is an urban design consultant and researcher. She has a Ph.D. in Urban and Regional Planning with an emphasis in Urban Design and Behavior from the University of California, Irvine. Dr. Alfonzo is an expert on commercial and mixed-use redevelopment, sense of community, and walkability. As a consultant, her mission is to help developers, designers, and public officials enhance the social and economic value of their development projects. Bridging the worlds of academia and practice, she translates the results of new and existing research into effective, viable, and sustainable planning and development solutions. She has consulted on the urban design of several mixed-use and pedestrian-oriented developments, conducted site plan analysis, and developed retail and economic redevelopment strategies. Dr. Alfonzo has also sat on several Delphi panels as an expert on walkability. Dr. Alfonzo's research focuses on the links between design, community, and quality of life. Over the past three years, Dr. Alfonzo conducted an extensive study of three formerly failing malls that were converted into mixed-use neighborhoods. Her study of this increasingly popular national real estate trend led to several cutting-edge findings, including establishing empirical evidence for the link between the built environment and design and social and economic value. She has co-authored several academic articles in premier planning and design journals. She has also published a solo-authored paper on the various urban design characteristics that may motivate people to walk, which was amongst the 40 most top-read articles in the journal of Environment and Behavior. She also conducted a study of the urban design of 12 Houston neighborhoods and ranked them based on walkability and sense of place. She has presented her work on walkable neighborhoods and mixed-use redevelopment at various national conferences, including ULI Houston's Urban Marketplace program. Dr. Alfonzo sits on ULI Orange County's Young Leader Group committee as chair of University Outreach.

Mike Haack

Director, Community Development, City of La Habra, CA

A Los Angeles native, Michael attended local schools, and received his Master's Degree in Urban Planning from Cal-Poly Pomona. As a planning and redevelopment professional he has worked for a variety of organizations, including the cities of La Mirada, Santa Ana, Los Angeles, and Irvine. He is currently the Director of Community Development for the City of La Habra in north Orange County. He resides in the City of Yorba Linda, is a member of the City's Planning Commission, and is the past Chairman of the Measure M Transportation Initiative Citizen's Oversight

Committee. Michael brings a unique perspective in that he is a state licensed Engineering and Landscaping Contractor, and a small business owner. Mr. Haack is a member of the Urban Land Institute.

Erik S. Hansen

Senior Vice President, LNR Property Corporation-Commercial Property Group

Erik Hansen is Senior Vice President, Western Acquisitions for LNR Property Corporation and directs the acquisition and entitlement of land for retail, office, industrial and apartment development with primary focus on Southern California. Mr. Hansen has over 30 years experience in commercial real estate. Prior to joining LNR in 2003, he served as the Managing Partner of commercial development activities in Southern California for Lincoln Property/Legacy Partners for 20 years. During that time, he directed and participated in more than 19 million square feet of commercial real estate acquisition, development and management projects. Previously, Mr. Hansen was a salesman and Sales Manager for Coldwell Banker (now CB Richard Ellis). He served as a Navy Officer aboard destroyers based out of Long Beach, California. Mr. Hansen earned a bachelor's degree from the University of Montana and a Post Graduate Degree from the Thunderbird Graduate School of International Management in Phoenix, Arizona. He is a licensed California real estate broker. He is a member and former President of the local chapter of the National Association of Industrial and Office Parks (NAIOP). He is a member of the International Council of Shopping Centers (ICSC) and serves on various charitable and church boards. Mr. Hansen is also a member of the ULI and served as a panelist on the Technical Advisory Program for the City of Laguna Niguel Gateway project in April 2006.

Tal Jackson, ASLA

Senior Principal, Land Arc+West

As founding principal of Land Arc+West, a 32-person firm located in Newport Beach, Tal brings leadership in the design of master planned communities, retail/entertainment and town centers, mixed use urban design, destination resorts, and parks/recreation facilities. Tal's achievements also extend to successful international projects in Indonesia, Italy, The Philippines, China, Japan, Saudi Arabia, India and Mexico. Tal excels in the development of landscape concepts that meet clients' programmatic requirements with innovation and artistry. He provided concept design through construction administration for the Valencia Town Center, which created a vibrant core destination for specialty retail, restaurants, entertainments, businesses, and housing. At the forefront of lifestyle center design, the half-mile Town Center is graced with benches, street trees, fountains, art, and landscaping to encourage

leisurely strolling and shopping. The project was recognized by ULI in 2001 with an Award of Excellence. Jurors commented, "*This pioneering 'Main Street' project provides a much-needed sense of place and a soul for the master planned community of Valencia, creating an 'interactive' community and stimulating the redevelopment of the town's commercial district.*" He also provided concept design for Summerlin Town Center, the heart of the rapidly growing Summerlin master planned community adjacent to Las Vegas, Nevada. The concept for the new Town Center encourages pedestrian use with landscape design emphasizing shade, water, and intimacy of scale. Tal also has experience in the landscape design of more than 30 urban and suburban retail/entertainment centers, including extensive re-imagining to update them to contemporary standards and enhance their appeal as destination people spaces. Tal is active in the Southern California Chapter of the American Society of Landscape Architects, serving as treasurer from 2001-2003, incoming president from 2003-2004, and as president from 2004-2005. He is also an active member in ULI and HBC Orange County.

Randal W. Jackson

Principal, The Planning Center

Throughout his more than 38 years of experience in planning and design, Randy Jackson has conceived and developed unique land use and community concepts for award-winning communities. He continues to focus his expertise on communities built around and integrating transportation, open space, and park and recreation systems. He oversees projects throughout California and in Arizona, Texas, South Carolina, Nevada, and Colorado. Randy has a wide range of community design and landscape architecture experience with both public and private concerns throughout the western and southwestern United States and the Pacific Basin. He served as Chairman on a 13-member Urban Design Commission that was appointed by the Pima County, Arizona Board of Supervisors. Randy serves as a guest lecturer at the University of California, Irvine, and Riverside campuses for courses in both the Air Quality and Planning Certificate programs. He currently teaches Land Development in the Graduate School of Social Ecology at the University of California, Irvine. Randy has also served as an Expert Witness on cases regarding the impact of land taking and severance as it relates to community development. Notable cases include the Domenigoni Reservoir, which resulted in a \$46,000,000 settlement in Hemet, California, and the 1580 condemnation case in Reno, Nevada. Prior to joining The Planning Center, Randy resided in Hawaii where he served as Special Projects Manager to the Chairman of the Board of the Department of Land and Natural Resources, establishing a statewide trail and access program.

Kenneth Robertson
President, Treadwell Robertson, Inc.

Having been a part of the Southern California real estate landscape for more than fifteen years, Ken is a veteran in the commercial real estate industry. With a unique blend of finance, development, construction and brokerage experience, Ken has been successful in identifying investment opportunities throughout a variety of commercial real estate sectors. Prior to starting TRI, Ken was Vice-President with the Southern California office of Roger T. Staubach, a corporate real estate consulting firm called The Staubach Company. During his 10-year brokerage career, Ken represented many of America's largest corporations as well as private developers and investors. During this time, Ken completed commercial real estate transactions valued at over \$500 million, representing over 3 million square feet of space. Of particular noteworthiness, Ken completed many of the largest lease and self development transactions in Southern California; Experian World Headquarters, Costa Mesa (\$200M self-development), Nissan Motors (\$50M lease), Powerwave World Headquarters, Santa Ana (\$100M rehab). Ken attended California State University of Long Beach, where he graduated with a BS in Business Administration with an emphasis in finance. Ken is an active member of the Urban Land Institute (ULI) and International Council of Shopping Centers (ICSC). Born in Northern California, Ken has been a resident of Orange County for over 20 years. Ken currently lives in South Orange County with his wife Laura and their two children.

Marsha V. Rood, FAICP, CMSM
Principal, Urban Reinventions

Marsha Rood is Principal of Urban Reinventions, a sole proprietorship company formed in 2002, devoted to creating mixed use, pedestrian and transit-based livable communities. Ms. Rood consults with infill developers regarding the entitlements process, and with cities and public agencies regarding redevelopment partnerships and community vision-based, action-oriented implementation programs. She is very experienced in effective engagement strategies for government agency coordination and for stakeholder involvement. Ms. Rood has a distinguished career during which she has served in various leadership roles to create public/private partnerships, community-based visions, creative funding strategies, and planning mechanisms oriented to mixed use commercial and residential districts and transit-oriented development projects. In her capacity as Community Development Director of the City of Culver City, Ms. Rood initiated and oversaw major boulevard revitalization efforts, streetscape improvements, public art projects, parking and economic revitalization strategies as well as adaptive reuse projects such as the West Coast Headquarters of National Public Radio, and the Kirk Douglas

Theater in City's downtown. She also initiated the modernization of the City's permit process and land use regulations that had remained substantially unchanged since the 1970s. Prior to joining Culver City in January 2000, Ms. Rood served as the City of Pasadena's Development Administrator. In her 18 years with the City, she was responsible for an award-winning coordinated program of redevelopment, housing and economic revitalization efforts for Downtown Pasadena, including Old Pasadena, the Civic Center/Mid-Town, the Playhouse District, and South Lake Avenue Districts. In that capacity, she partnered with the community to developed community-based visions and implementation programs; developed and managed various retail, housing, cinema and performance theater, parking structure developments, and streetscapes improvement projects for three key downtown districts; initiated and formed both property-based and business-based improvement districts, and developed the strategy and disposition and development agreement for transforming the Plaza Pasadena into the "Paseo Colorado" mixed use urban village. She also was the lead project manager for the Holly Street Village Apartments, the first transit-oriented development project on the Pasadena Gold Line. Prior to joining the City of Pasadena, Ms. Rood was Planning Manager of the Community Redevelopment Agency of the City of Los Angeles and served as the Transportation Planner responsible for joint development and economic impacts for the planned Downtown People Mover project in Downtown Los Angeles. She also served as a private consultant to Henningson, Durham and Richardson; the Governor's Office of Planning and Research; the California Energy Commission; Dames & Moore, and the Great Los Angeles Community Action Agency. Ms. Rood serves as board member and president of several professional and community associations and is a Full Member of the Urban Land Institute.

Allison Schneider
Associate, CB Richard Ellis

Allison Schneider is an Associate in Brokerage Services in the Newport Beach office of CBRE. She specializes in the leasing and selling of office properties in the Airport Area and South Orange County. Summit Office Campus, 100 Bayview and Heritage Fields (formerly the El Toro Marine Base) are a few of the notable projects she is involved with. She also focuses on facilitating transactions for investors and developers to create adaptive re-use and mixed-use revitalization projects throughout Southern California.

Ms. Schneider's professional background includes working for MBNA America Bank and Warmington Homes. In 2006, Ms. Schneider was awarded by CBRE staff as Newport Beach Broker of the Year. That same year, she was also nominated for the Orange County Business Journal

Women in Business Award. She is a licensed California Real Estate Agent, a member of the ULI Young Leaders Group and the NAIOP Young Professionals Group as well as a member of the ICSC. Ms. Schneider was graduated Magna Cum Laude with a B.S. in Business Administration from the University of Southern California, Marshall School of Business.

John Shumway

Principal, The Concord Group

John R. Shumway is a principal with The Concord Group with offices in Newport Beach, San Francisco, California. The Concord Group is a real estate advisory firm providing strategic advice and analysis for land use issues in the development of residential, commercial office, retail, and industrial projects. Mr. Shumway's broad range of clients includes land developers, homebuilders, institutional investors, family landowners as well as public agencies and universities throughout the nation. Mr. Shumway has extensive experience, spanning 23 years, in the evaluation and analysis of both residential and commercial properties. He has lead in numerous engagements that focused on the optimum mix of land uses that would insure timely absorption of the property and bring enhanced land value to the landowner. From a density standpoint, these engagements range from large master-planned communities planned for hundred of homes to infill, mixed-use developments in the urban city core. Mr. Shumway's professional affiliations include the National Association of Home Builders (NAHB). The Building Industry Association (BIA), The National Association of Industrial and Office Parks (NAIOP) and a longstanding member of the Urban Land Institute. Recently, Mr. Shumway was selected to participate on the first panel, to develop and publish the 10 principles of Transit Oriented Development. He is a frequent guest lecturer before professional organizations, UCI and UCLA classes, as well as other academic groups. Mr. Shumway has also spoken overseas, including a recent lecture to a group of key Japanese homebuilders interested in learning strategies to expand market penetration in a downsizing economy. Mr. Shumway is a graduate of the University of Oregon with a degree in Business/Economics. He is very active in local community and civic groups. Mr. Shumway resides with his wife and son in the City of Irvine.

Ray Silver

City Manager, City of Westminster

Ray Silver currently serves as the City Manager for the City of Westminster. Before his current position Mr. Silver worked as a Director at the RSG, Inc. economic development consulting firm. He has previously served as the City Manager for the cities of Huntington Beach, Coronado and Upland. He has also served as the Director of Planning and Land Use for the

County of San Diego and the Director of Administrative Services for the City of Coronado. Mr. Silver is a member of the Urban Land Institute and serves on the ULI Orange County District Council Executive Committee as a co-Vice Chair of the Public Sector Committee. He is also a current member of the University of California, Irvine Urban Planning Graduate School Advisory Committee. He is a past President of the City Managers' Department of the League of California Cities, past Chairman of the Board of the Alba 80 Scholarship Foundation and the Chair of the County of San Diego Telecommunications Task Force.

Alex Wong

Principal, Red Oak Investments, Inc.

Alex Wong co-founded Red Oak Investments, Inc. with Joe Flanagan in 2005. Red Oak Investments owns retail, office, and industrial property in LA and Orange Counties, and is entitling 1,000 units of ground up housing and mixed-use development. From 1998 to 2005, Mr. Wong worked for Trammell Crow Residential. As Managing Director, he identified, acquired, and entitled projects in Los Angeles County, Orange County, and San Diego. He held primary responsibility, as an equity partner, for the success of those projects from start to finish. His work represents 1,300 units of luxury housing development and \$100 million of gross profit for Trammell Crow and its equity partners. The Savoy project in Downtown Los Angeles was the most profitable project in Trammell Crow Residential's 30-year history. From 1992 to 1998, Mr. Wong worked for Community Corporation of Santa Monica. As Development Director there, he managed a staff of project managers and held primary responsibility for the acquisition, entitlement, and finance of 12 buildings with 100% low-income housing. Mr. Wong was graduated from Harvard with a bachelor's degree in Economics.

Driving Tour of the 80-acre Mission Viejo TAP site

Notice Points of Interest throughout the area.

I-5 Freeway, La Paz Avenue exit east. Turn right on Marguerite Parkway to Oso Parkway. Make a U-turn.

Points of Interest (right side): Mission Viejo Civic Center at corner of La Paz and Marguerite, Shopping Center with California Pizza Kitchen, (new) Walgreen's, Plaza Viejo Shopping Center

Head back (north) on Marguerite toward La Paz.

Point of Interest (right side): Entrance to Oso Creek Trail, which runs thru the site featured in the TAP - 1 ½ to 2 miles north to Jeronimo. Goal is to extend trail to Saddleback Valley YMCA.

Turn right into Mission Viejo Village Center. Drive behind Pet Store and step out to look at Oso Creek Trail (if you decided not to enter the trail 200 yard back).

Continue driving north thru the Mission Viejo Village Center, with stores on your right side.

Points of Interest: Retailers (Trader Joes, Saddleback Lanes, Michaels, Steinmart, CVS Pharmacy, Big Lots), all the small stores in between, parking lot layout. The multiple-owner center, from Michael's north, is professionally managed by Victoria Reed.

Turn right on La Paz, then right at Commerce Center. Circle thru the parking lot back out to La Paz and make a right.

Points of Interest: Retail.

Turn left on Veteran's Way. Entrance to Community and Senior Center. Circle thru and head back out to La Paz. Make a right.

Points of interest: An active Center, run by the City, will be adding a new wing, Oso Creek Trail runs west of the Center.

Turn right on Thomas Potocki Conference Center and drive thru the parking lot. Go up hill, veer right.

Points of interest: Sports Park and underutilized conference center

MISSION VIEJO AGENDA

Budget Workshop
June 19, 2007, at 5:00 P.M.

City Hall, 200 Civic Center, Mission Viejo, California, 92691

City Council Chamber

CALL TO ORDER—CITY COUNCIL

Roll Call: Council/Agency Member Kelley
Council/Agency Member MacLean
Council/Agency Member Ury
Mayor Pro Tempore/Vice Chair Ledesma
Mayor/Chair Reavis

Pledge of Allegiance: Council/Agency Member Kelley

Invocation: Council/Agency Member MacLean

PUBLIC COMMENTS

(Request-to-speak forms must be turned in before the Mayor announces this agenda item. Each speaker may be allotted three minutes. This portion of the agenda is limited to thirty minutes. Any remaining public comments will be heard at the end of the meeting.)

PRESENTATIONS

1. **Urban Land Institute Orange County District Council Technical Advisory Panel Final Report for the Mission Viejo Village Center Area Generally Located in Vicinity of the Intersection of Marguerite Parkway and La Paz Road**

Recommended Action: Receive Presentation.

6:00 P.M.

NEW BUSINESS

2. **Review of Proposed 2007-2009 City Budget**

Recommended Action: As necessary

ADJOURNMENT TO July 2, 2007 at 5:00 P.M.



AGENDA REPORT

Meeting Date

June 19, 2007

Agenda Title

Review of Proposed 2007-09 City Budget

Recommended Action

As necessary.

Executive Summary

Attached to this agenda report are three memoranda addressing issues that were mentioned at the Council meeting of June 4, 2007 meeting that relate to the 2007-09 Budget discussion.

In addition, staff will have two slide presentations as well as a set of handouts available at the meeting to summarize the budget and direct the Council's attention to particular items and issues related to the budget.

Previous Relevant Council Actions for This Item

Attachments

- Exhibit 1 – Marguerite Aquatics Complex
- Exhibit 2 – Dog Park – Next Step Planning
- Exhibit 3 –Special Events

Fiscal Impact:

Amount Requested \$

Sufficient Budgeted Funds Available?: Yes ___ No ___ (If no, see attached fiscal analysis)

Prog/Fund # _____ Category: Pers. ___ Optg. ___ Cap. ___ -or- CIP# _____ Fund# _____

Prepared By

Irwin Bornstein
Asst City Mgr/Dir of Admin Services

Reviewed By

Irwin Bornstein
Asst City Mgr/Dir of Admin Services

Reviewed By

William P. Curley, III
City Attorney

Submitted By

Dennis Wilberg
City Manager

**CITY OF MISSION VIEJO
 PROPOSED 2007-09 BUDGET
 BUDGET WORKSHOP
 June 19, 2007**

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City of Mission Viejo

Office of the City Manager

Gail Reavis
Mayor

John Paul "J.P." Ledesma
Mayor Pro Tempore

Trish Kelley
Council Member

Lance R. MacLean
Council Member

Frank Ury
Council Member

June 4, 2007

HONORABLE MAYOR AND CITY COUNCIL:

I am transmitting to you today the City Manager's Proposed Budget document for the two fiscal years 2007-08 and 2008-09. The proposed budget includes increases in service levels in those areas rated most important by our residents in this past year's Citizen Opinion Survey. Maintenance of our existing facilities and infrastructure will continue to be of primary importance and funding has been increased to address facility needs. In addition, significant contributions to our two asset replacement funds are again included in the budget.

Total estimated revenues for all City funds combined for the next two years are \$138.2 million, and the total of the operating and capital budgets is \$133.5 million, resulting in a surplus of total revenues over operating and capital spending for the two-year period of \$4.7 million. From this amount, net operating transfers to the City's Financing Authority and Community Development Agency (CDA) for City Hall bond debt service, net sales tax pledged to the mall bonds, and net loan payoffs from the CDA will total \$2.7 million in the coming two years. As a result, total fund balances for all funds will increase by \$2.0 million, from an estimated \$36.7 million on July 1, 2007, to a projected \$38.7 million as of June 30, 2009.

Total discretionary reserves (fund balances for the combined General Fund group of funds -- the General Fund plus the City's two asset replacement funds) are also expected to increase significantly over the next two years. The opening level of discretionary reserves is projected to be \$33.0 million, and the ending balance \$36.7 million, reflecting a \$3.7 million increase for the two-year period.

This Proposed Budget will also result in a stronger financial condition of the City in FY 2008-09 as measured by the projected improvements in each of the five ratios that we monitor as part of our biennial Master Financial Plan trend analysis:

- Total General Fund revenues per capita (\$548 at 6/30/06 vs. \$589 projected in FY 2008-09)
- Net direct debt per capita (\$196.39 at 6/30/06 vs. \$181.57 projected at 6/30/09)
- Percent net direct debt to assessed valuation -- "net debt burden" (0.164% at 6/30/06 vs. 0.133% projected at 6/30/09)
- Percent debt service on General Fund obligations to General Fund revenues -- "net lease burden" (2.57% at 6/30/06 vs. 2.39% projected at 6/30/09)
- Percent unreserved fund balance (General Fund group) to General Fund group revenues (65% at 6/30/06 vs. 66% projected at 6/30/09)

HONORABLE MAYOR AND CITY COUNCIL
Budget Message
June 4, 2007

The Proposed Budget also includes a transfer of our current \$1.45 million General Fund reserve for our retiree insurance program to a trustee to formally begin advance funding of our obligations under that program. It also includes the acquisition of one new phone system for the entire City organization to replace several outdated systems and the acquisition of a generator for the Library building, which will greatly enhance our ability to maintain operations during an emergency. These three items result in a modest decline in the fund balance of the General Fund alone of \$0.7 million over the next two years. The overall two-year decline is made up of a decline of \$1.8 million in FY 2007-08 (made up primarily of the three items listed above) and then an increase of \$1.0 million in FY 2008-09.

The challenge in putting together this 2007-09 Proposed Budget was to manage the growth in General Fund ongoing expenditures consistent with the growth in ongoing revenues. While revenues have been conservatively forecast in line with the Council's policy, the recent slowing in the real estate market and the flattening of retail sales over the past 12 months has resulted in revenue growth in these two areas not being quite as strong as it has been in recent years. At the same time, cost increases in a number of contract service areas, in particular the various maintenance areas, has added additional necessary cost increases to the General Fund operating budget in order to maintain established maintenance service levels. In response to this challenge, reductions were made to a number of budget requests from the City departments. To minimize the growth in City staff positions, contracting and temporary staffing will be relied upon to the greatest extent possible in providing the planned levels of service. Additional staff is recommended in this budget only to the extent that contracting out or temporary staff cannot adequately address the needs that we face.

In addition, we have made a concerted effort to estimate the amount of budgetary savings in the General Fund for the current fiscal year. We have a history of significant budget savings at the end of every year. These savings have been a product of conservative revenue estimates and underestimating the strength of our local economy, as well as of City departments not spending all of their budget allotments each year. We are currently estimating that we will end FY 2006-07 with at least \$2 million of General Fund budget savings and perhaps more. As a result, we should be able to add back into the budget a number of capital projects and other one-time expenditures that are not currently included in the Proposed Budget. These capital projects proposed to be added back include Marguerite Tennis Center Renovation and Court Lighting Improvements, and Montanoso Locker Room Renovation.

PRIORITIES FOR DEVELOPING THE 2007-09 BUDGET

The development of the 2007-09 Budget was guided by four priorities:

1. Support of the 2011 Vision and Long-Range Goals adopted by City Council in January 2005;
2. Emphasis on the services ranked of highest importance by the community in our 2006 Community Opinion Survey;
3. Relation to the most recent (January 2007) update to the City's long-range Master Financial Plan; and
4. Maintaining adequate reserve levels.

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2011 VISION AND LONG-RANGE GOALS

In January 2005, the City Council adopted a Vision Statement for the year 2011 to provide strategic and programmatic direction for the City for the next six years. The 2011 Vision for Mission Viejo is to:

- “Continue to be one of the safest communities in California and the United States;
- Preserve a vibrant, attractive, and pleasant environment in which to live and work, with a distinct community identity;
- Operate in a fiscally sound and efficient manner;
- Encourage open government and full participation by our residents in civic matters;

and to strive to achieve this vision and continue to offer a balanced variety of quality services and programs citywide.”

At the same time, the Council approved a set of long-range goals for 2005-2011 that will move the City in the direction of achieving the 2011 Vision. These goals are grouped into seven areas: Public Safety; Traffic and Transportation; City Facilities/Capital Projects; Economic Development and Redevelopment; Housing; Finance/Administration; and Community Outreach. These long-range goals guided the City departments in the development of the individual program objectives shown in the Operating Budget section of this document. A complete listing of the long-range goals is included as an Appendix to this document.

A status report was presented to the Council in January of this year outlining the progress to date on these goals. In summary, there have been some particularly noteworthy achievements during the past two years: 1) We continue to be ranked as one of the safest cities in California and the United States; 2) we conducted the City’s first ever Community Opinion Survey and received some outstanding marks; 3) we completed the widening of Alicia Parkway between I-5 and Charlinda; 4) our streets continue to be rated as very good or excellent in terms of pavement condition; 5) we renovated over 15 acres of parkway slopes; 6) the Council recently approved certain zoning changes to facilitate recertification of the City’s General Plan Housing Element; 7) we have implemented a one-year pilot program for senior transportation; and 8) staff developed and has begun to implement the initial phases of a Technology Master Plan.

I also want to draw your attention to just a few of the individual program objectives and capital projects included in the Proposed Budget that are directly related to our long-term goals:

- The completion of the Crown Valley Parkway widening, the Oso/Marguerite intersection improvements and the La Paz Road/bridge widening from Muirlands to Chrisanta will improve roadway capacity and contribute toward better managing the City’s traffic volumes
- A number of City departments will be involved in facilitating the expansion of the Shops at Mission Viejo and the re-tenanting of the previous Macy’s Department Store, which will be one of several economic development efforts to be undertaken.
- The revamping our City website will enhance our community outreach efforts.

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- We are anticipating a number of retirements of city employees during the next two years and we will be promoting good succession planning for key positions to effectively manage our staffing resources and productivity during this transition period.
- We will be implementing a new defined contribution program for new hires as well as an annual program for advance funding of our existing defined benefit program for retiree health benefits in response to new accounting pronouncements taking effect in FY 2008-09. I believe these strategies are prudent approaches to managing the long-term costs of this program and maintaining our ability to balance future budgets.

As you aware, we also include numerous performance measures in the budget document. These measures help tell the story of what each individual budget program is designed to accomplish, and provide valuable gauges to judge the success of the program. I encourage you to review the performance measures included throughout the document. I think you will agree that these measures demonstrate that we continue to be very successful in delivering high levels of service to the community.

SERVICES IMPORTANT TO THE COMMUNITY

Another important consideration in developing this two year budget was the input we received from the residents we serve. The Community Opinion Survey conducted in 2006 indicated that the following eight services are rated as the most important by our residents:

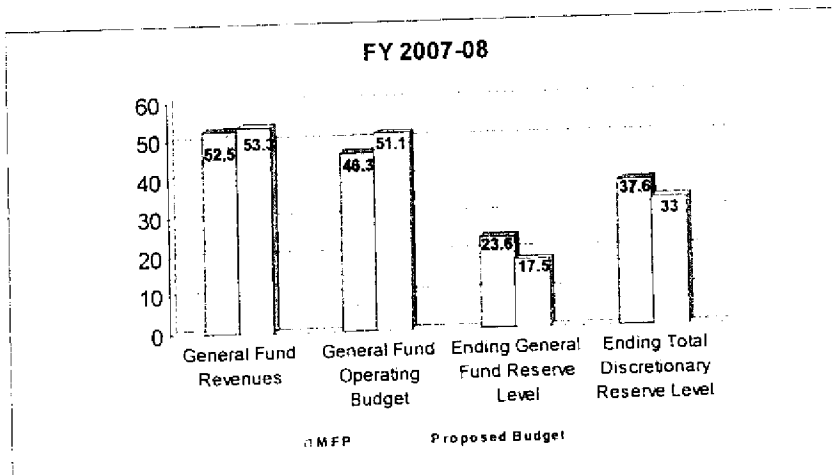
- Maintaining a low crime rate
- Maintaining streets
- Providing trash collection and recycling services
- Preparing the City for emergencies
- Reducing traffic congestion on streets and around schools
- Maintaining adequate street lighting
- Maintaining City parks and sports fields
- Providing library services

This Proposed Budget recommends additional resources to enhance the service levels in most of these areas. I am proposing to add two School Resource Officers in FY 2008-09 to enhance our ability to maintain a safe community. Additional funds are being added for sidewalk repair and additional funding from the State will allow us to continue our street resurfacing program to maintain our streets. We are expanding our efforts in emergency preparedness in a number of ways: our Information Technology Department is implementing a disaster recovery plan, we will be developing an emergency response plan for animal care and we will be enhancing our emergency operations center and emergency communications capabilities. I propose the addition of two new staff positions to address traffic and transportation issues. Spending on our parks and other landscape maintenance areas will be increased to continue the current high level of maintenance as well as to make needed improvements to playgrounds, parkway slopes and sports field lighting. At the library, I propose to increase the resources devoted to our materials collection to keep the collection up to date and to grow the collection over the next 10 years. I believe all of these proposals provide a positive response to the views expressed by our residents and will increase service levels in those areas rated most important.

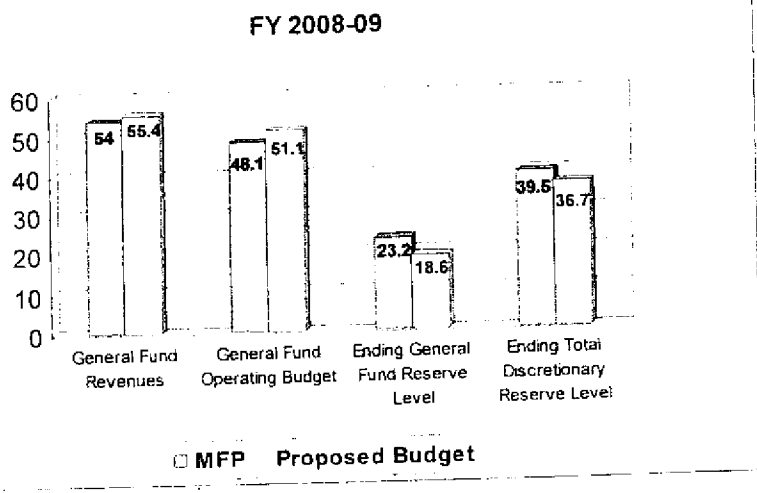
RELATION TO THE MASTER FINANCIAL PLAN

An additional guideline in developing this two-year budget was comparing this actual two-year budget proposal to the figures included in the City's long-range Master Financial Plan. City Council policy calls for City staff to prepare an update to the City's long-range Master Financial Plan (MFP) every two years. The most recent update occurred in January 2007. The MFP consists of two major components: a seven-year financial plan (which projects revenues, operating expenditures, capital projects, and reserve requirements for the General Fund) and a trend analysis section (which includes

analyses of past trends and comparisons with other comparable cities). The MFP serves as a guide to staff for the development of the two-year budget and creates a strong linkage between the City's shorter-term financial objectives and its long-term financial goals.



For both years of the two-year budget period, the 2007-09 Proposed Budget contains higher estimated General Fund revenues as well as higher General Fund operating budget expenditures than were forecast for these two years in the MFP. (The MFP definitions of revenues and



operating budget are slightly different than the budget presentation. The amounts in the accompanying graphs are presented on the MFP basis.) In addition, for both years, both the General Fund ending fund balance and the total discretionary reserve level at the end of the fiscal year are projected to be lower now than the amounts in the MFP forecast. It must be kept in mind, however, that \$3.1 million of the lower General

Fund and total discretionary reserve level is attributable to the April 2006 budget amendment to withdraw funds from reserves for the Norman P. Murray Community Center expansion project. As a result, the projected ending General Fund balance is only \$1.5 million below the adjusted target level at 6/30/09 and the total discretionary reserve balance in the budget is actually \$0.3 million higher than the adjusted target.

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The overall estimates for General Fund revenues are higher in the Proposed Budget than in the Master Financial Plan due to higher property tax, franchise tax and development-related revenues. Sales tax and property transfer tax revenues and interest earnings are currently projected lower than in the MFP. Operating budget expenditures \$4.8 million higher and \$3 million higher than MFP estimates for FY 2007-08 and 2008-09 respectively, primarily as a result of higher than projected infrastructure maintenance costs (most notably landscape maintenance) in both years, and the transfer of reserves to a dedicated trust account for retiree insurance and higher capital outlay expenditures in FY 2007-08.

For the two budget years combined, the proposed General Fund capital improvement budget of \$1.5 million is considerably smaller than the \$4.4 million anticipated in the MFP. However, we expect to add several capital improvement projects to the budget once the actual FY 2006-07 budgetary savings are known. This is expected to occur in September/October when the FY 2006-07 books are closed. The net increase in full-time equivalent staffing in the General Fund of 7.725 positions in this 2007-09 Proposed Budget is also less than the 9.475 FTE positions anticipated in the MFP for these two years.

Excerpts of the January 2007 MFP update are included under a separate tab in this document before the Appendices. The next update of the Master Financial Plan will take place during the fall of 2008, and will be presented to the City Council in January 2009.

ADEQUACY OF RESERVE LEVELS

One of the more popular barometers of a city's fiscal strength is its level of reserves. Much attention has been given to the level of our reserves over the years by members of the community. In addition, bond rating agencies also place a high level of importance on the adequacy of a city's reserves.

As noted earlier, the City's total reserve level for all its funds combined is projected to increase during the next two years, as a result of this budget, by \$2 million to a level of \$38.7 million. Total discretionary reserves are expected to increase by \$3.7 million to a level of \$37.6 million, which will be 66% of General Fund group revenues. The total reserve level of the General Fund alone, while expected to decline by \$0.7 million over the next two years, will still be at \$18.6 million at the end of FY 2008-09 and 36% of the General Fund operating budget.

These reserve levels are substantial in relation to annual revenues and the size of our operating budget. But the question has often been asked: is this the appropriate level of reserves for a City such as ours? Should we have more in reserve, or do we have more than enough? In April 2004, the City Council authorized an independent analysis of our debt and reserve levels. The result of that study emphasized the difficulty of determining the adequacy of reserve levels and noted that the City Council must make the ultimate determination regarding the appropriate level of reserves in terms of their tolerance for risk. In response to the discussion of this subject by the City Council at the March 2007 Leadership Development Workshop, a special review of all the City's reserve accounts was conducted during the past two months as part of the budget development process. Assistant City Manager Irwin Bornstein and his Administrative Services

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Department conducted the study, which included a comprehensive look at reserve levels and the structure of our reserve accounts in terms of both the kinds of financial risks the City faces and also the special purposes for which reserves have been set aside. A report of the findings and recommendations from that study is included as an appendix to this budget document. In summary, the report recommends that a portion of our existing General Fund reserves could be reallocated to our Facility Rehabilitation and Replacement Fund to make it possible for that fund to reach its target funding level set by Council policy of 50% of accumulated depreciation of the assets in the fund.

The recommendations from the report were not incorporated into the Proposed Budget, pending further direction from the City Council. If the Council wishes to implement the report recommendations, we can do so at the time of budget adoption.

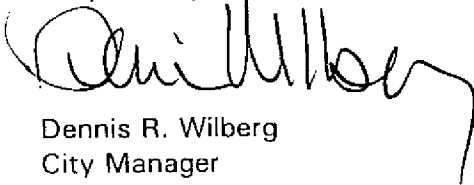
CONCLUSION

I believe this Proposed Budget for 2007-09 successfully maintains and expands the services important to the community, takes adequate care of our infrastructure, and preserves the City's current financial strength.

I wish to take this opportunity to thank Assistant City Manager/Director of Administrative Services Irwin Bornstein and the entire Administrative Services Department staff for their top-quality work in preparing this budget document. In particular, I wish to express my thanks to Budget and Research Manager Nancy Livingston for her outstanding efforts over the past nine months of coordinating the development of the 2007 Master Financial Plan and the 2007-09 budget and preparing this Proposed Budget document. I also want to express my appreciation to all members of the City management staff for their continued dedication and their commitment to delivering the highest quality services and projects to the community.

The next two years will bring new challenges and new opportunities. I am honored to have the opportunity to serve this outstanding community and to work with you to continue to make Mission Viejo a place our residents are proud to call home.

Respectfully submitted,



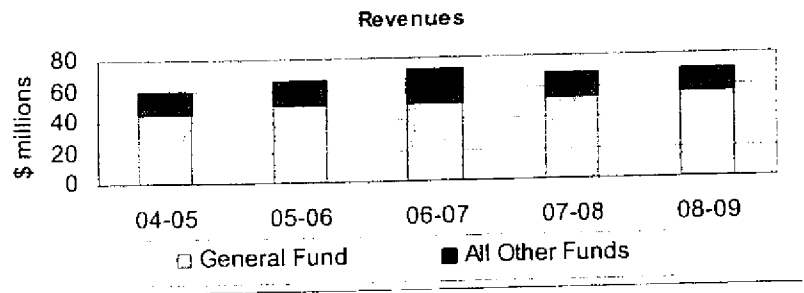
Dennis R. Wilberg
City Manager

**CITY OF MISSION VIEJO
2007-09 Budget
Overview and Analysis**

Following is a summary and analysis of the 2007-09 Budget, including a comparison with prior years and a discussion of the changes.

Revenues

Total estimated revenues for FY 2007-08 are expected to decrease by 5% from the amended FY 2006-07 Budget. Total revenues are then expected to increase by 2% in FY 2008-09 compared to FY 2007-08. The decrease for FY 2007-08 can be attributed to a 34% drop in revenues in the Special Revenue funds, which consist primarily of intergovernmental revenues (for example, large one-time Measure M grants for capital projects). In comparison, General Fund revenue alone in FY 2007-08 is expected to grow 5% over FY 2006-07 budget levels. The expected growth in total revenues of 2% in the second year of the two-year budget period is due to an expected increase in General Fund revenues of 4% offset to some extent by a decline in Special Revenue fund revenues of 6%. The decline in Special Revenue fund revenues in both years of the budget period mirrors the expected decreases in the City's capital budget, since the majority of the capital budget is funded from intergovernmental revenues in the Special Revenue funds.



	Actual FY 2004-05	Actual FY 2005-06	Budget FY 2006-07	Proposed FY 2007-08	Proposed FY 2008-09
Revenues - All Funds	\$58,844,420	\$66,301,603	\$71,723,421	\$68,265,155	\$69,935,589
\$ Change fr Prior Yr		+7,457,183	+5,421,818	-3,458,266	+1,670,434
% Change fr Prior Yr		+13%	+8%	-5%	+2%

The single largest revenue category, tax revenues, represents 73% and 74% of the City's total revenues during FY 2007-08 and FY 2008-09, respectively. Combined tax revenues (property taxes, sales taxes, property transfer taxes, franchise taxes, and transient occupancy taxes) are expected to grow by 5% in FY 2007-08 over FY 2006-07 levels and again by 5% in FY 2008-09 over FY 2007-08. However, this forecasted growth rate is slightly less than during the past two years. From FY 2004-05 through FY 2006-07, tax revenues had been growing at an average

rate of 13% per year, due primarily to the swap of approximately \$6 million of motor vehicle in lieu subvention revenue (intergovernmental revenue) for additional property tax revenue in FY 2005-06. But absent this revenue swap, average annual tax revenue growth during the past two years would still have been 5.5% per year.

Property tax revenue will be our single largest revenue source in the coming two years (approximately 39% of total revenues in FY 2007-08 and 40% of total revenues in 2008-09). We currently expect actual property tax revenue to come in ahead of budget for FY 2006-07, and so we forecast a growth of 8% in total property tax revenue for FY 2007-08 over FY 2006-07 budgeted levels, and an additional 5% growth in FY 2008-09. Historically, even during low periods in the housing market, our property tax revenue has grown over prior year levels. FYs 1992-93 and 1994-95 were the only two years since our incorporation when property tax revenue was less than in the prior year.

Sales tax revenue will continue to be the second largest source of tax revenues to the City, at 27% of total estimated revenues for FY 2007-08 and 28% of total estimated revenues for FY 2008-09. Due to slowing retail sales this past year, we are currently expecting actual sales tax revenue to come in about 3.5% or \$650,000 below budget for FY 2006-07, and thus we are forecasting a growth in total sales tax revenue of only 1% from FY 2006-07 budgeted levels to FY 2007-08. We expect the area economy to pick up further in FY 2008-09, and accordingly we are budgeting a growth of 5% in sales tax revenues from FY 2007-08 to FY 2008-09. The new Target store on Jeromino has been factored into the estimate for part of FY 2007-08 and the 100,000 square foot addition to the Shops at Mission Viejo for FY 2008-09.

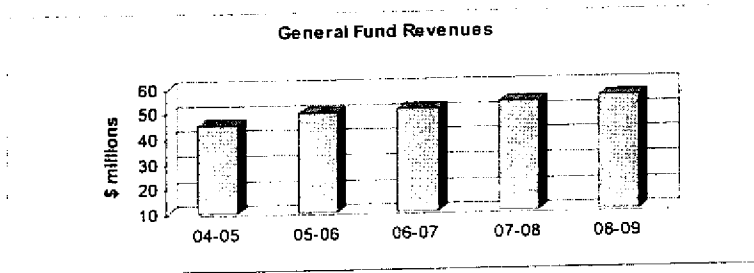
Intergovernmental revenue is the second largest category of revenues after tax revenues. Total intergovernmental revenue will be 13% of total revenues in FY 2007-08 and 12% of total revenues in FY 2006-07. This revenue category consists of Federal, State and County grants and shared revenue programs as well as the remaining motor vehicle in lieu subvention from the State. Significant revenue programs within this revenue category include the City's share of the State gas tax, Measure M local apportionment and grants, the OCTA Fund Exchange program, Federal ISTEA transportation funds, State Proposition 1B funds for road improvements and State traffic congestion relief funds (Proposition 42) funds for road maintenance. The motor vehicle in lieu subvention had been at a level of over \$6 million through FY 2004-05. After the swap of most of this revenue for additional property tax, this subvention has now been reduced to between \$600,000 and \$700,000 per year. Intergovernmental revenues are forecast to decline by 14% (\$1.5 million) in FY 2007-08 from budgeted FY 2006-07 levels, and by another 7% (\$0.6 million) in FY 2008-09. This is due to some one-time grants in FY 2006-07 that are not continuing into the 2007-09 budget period (Measure M-Intersection and Federal Arterial Highway Rehabilitation Program, for example).

Together, tax revenues and intergovernmental revenues are estimated to account for 86-87% of total revenues during the upcoming two years.

General Fund Revenues

The General Fund is the major operating fund of the City. As such, revenue trends are highlighted in this overview. As noted earlier, General Fund revenues are expected to increase 5% in FY 2007-08 compared to the FY 2006-07 amended budget amount, and then increase again by 4% in FY 2008-09. This equates to an average annual growth rate of 4.3%. Over the

past two years, General Fund revenues have grown at a somewhat greater average annual growth rate of 5.9%.



	Actual FY 2004-05	Actual FY 2005-06	Budget FY 2006-07	Proposed FY 2007-08	Proposed FY 2008-09
Revenues - Gen Fund	\$45,427,671	\$49,779,905	\$50,939,999	\$53,275,898	\$55,387,602
\$ Change fr Prior Yr		+ 4,352,234	+ 1,160,094	+ 2,335,899	+ 2,111,704
% Change fr Prior Yr		+ 10%	+ 2%	+ 5%	+ 4%

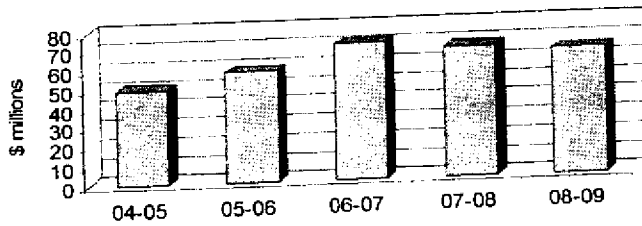
Within the General Fund, the two major revenue sources are property and sales tax revenue. They are expected to represent 46% and 31%, respectively, of total General Fund revenues in FY 2007-08 and 47% and 32%, respectively, of total General Fund revenues in FY 2008-09. General Fund property tax revenue (which excludes the Library property tax revenue) is still expected to grow 8% in FY 2007-08 and 5% in FY 2008-09, the same growth rates as for total property tax revenue. Sales tax revenue for the General Fund (which excludes the portion of sales tax pledged for mall bond debt service) is expected to increase 2% in FY 2007-08 and 5% in FY 2008-09, or at a somewhat greater rate in FY 2007-08 than for total sales tax revenue.

The overall 5% growth in General Fund revenues from FY 2006-07 to FY 2007-08 is the result of the growth in property and sales tax revenue, as well as growth in a number of other revenue sources, including private property development permits, franchise tax revenues, recreation center fee revenue and investment earnings. This budget assumes an increase in membership fees for the City's recreation centers. Declines are expected in certain other revenue sources, including property transfer tax revenues, State motor vehicle in lieu subvention revenue, plan checking fees and developer fees. The overall 4% growth in General Fund revenues from FY 2007-08 to FY 2008-09 is due entirely to the expected growth in property and sales tax revenue.

Spending

Estimated total spending for all funds (the operating and capital budgets combined) for FY 2007-08 will be 4% lower than for FY 2006-07 (exclusive of carryovers from 2005-06), and will decline from FY 2007-08 levels by 3% in FY 2008-09. Total spending for FY 2007-08 is estimated at \$67.8 million and for FY 2008-09, \$65.7 million.

Total Spending



	<u>Expenditures FY 2004-05</u>	<u>Expenditures FY 2005-06</u>	<u>Budget* FY 2006-07</u>	<u>Proposed FY 2007-08</u>	<u>Proposed FY 2008-09</u>
Total Exp, All Funds	\$49,242,792	\$58,082,240	\$70,975,817	\$67,826,777	\$65,669,377
\$ Change fr Prior Yr	-	+\$8,839,448	+\$12,893,577	-\$3,149,040	-\$2,157,400
% Change fr Prior Yr		+18%	+22%	-4%	-3%

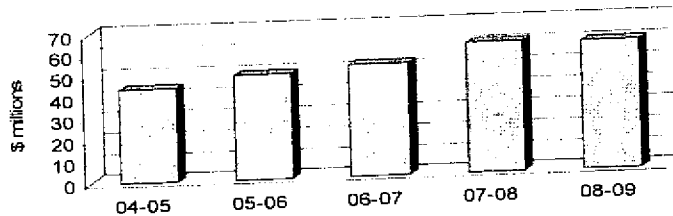
*Excludes carryover appropriations from FY 2005-06

Total spending is expected to decrease in FY 2007-08, compared to FY 2006-07, by \$3.1 million. In FY 2008-09, the 3% decline in total spending is due to both smaller operating and capital budgets. The operating budget in FY 2008-09 is expected to decline by \$0.9 million (2%) and the capital budget by \$1.2 million (18%).

The reasons for the changes in the operating and capital budgets are further discussed in the next two sections.

Operating Budget

Operating Budget



	<u>Actual FY 2004-05</u>	<u>Actual FY 2005-06</u>	<u>Budget* FY 2006-07</u>	<u>Proposed FY 2007-08</u>	<u>Proposed FY 2008-09</u>
Op Budget-All Funds	\$43,923,590	\$49,477,177	\$52,266,837	\$61,093,512	\$60,155,497
\$ Change fr Prior Yr	-	+\$5,553,587	+\$2,789,660	+\$8,826,675	-\$938,015
% Change fr Prior Yr		+13%	+6%	+17%	-2%

* Excludes carryover appropriations from 2005-06

The operating budget growth of 17% in the first year of the two-year budget and the decrease of 2% in the second year averages to a growth of 7.3% per year. In contrast, from FY 2004-05 to FY 2006-07, the average annual growth in the operating budget was 9.1%.

FY 2007-08

Our operating budget is divided into seven program areas. Five of the seven program areas are proposed to increase in FY 2007-08 compared to FY 2006-07. The changes by program area are as follows:

Program Area – All Funds	FY 2007-08 \$ Change from FY 2006-07	FY 2007-08 % Change from FY 2006-07
General Gov't - Legislative	\$ -127,396	-8%
General Gov't - Mgmt & Support	+2,807,645	+30%
Public Safety	+1,028,319	+7%
Community Development	+195,829	+8%
Engineering and Transportation	-49,456	-2%
Infrastructure Maintenance	+4,228,601	+31%
Recreation/Community/Library Svcs	+743,133	+11%
Total	\$ +8,826,675	+17%

The largest percent and dollar increases occur in the Infrastructure Maintenance and General Government - Management & Support program areas. The increases in these two program areas represent 80% of the total operating budget increase for FY 2007-08. The Infrastructure Maintenance increase of 31% or \$4.2 million is due to: 1) major unexpected increases in landscape maintenance costs (an increase of \$1.7 million or 51%, from \$3.2 million in FY 2006-07 to \$4.9 million in FY 2007-08, as a result of contract bids coming in much higher than anticipated); 2) an overall 44% increase in the costs of facilities maintenance (for various building repairs and improvements, as well as cost increases for labor, materials and utilities); 3) environmental maintenance (storm drain maintenance) costs in FY 2006-07 being much lower than originally planned; and 4) a \$140,000, or 49%, increase in the sidewalk repair budget to respond to the level of spending in FY 2006-07 in this area.

The General Government – Management and Support program area is proposed to increase 30% or \$2.8 million due to the following reasons, in order of magnitude: (1) the one-time cost to transfer the existing \$1.45 million General Fund reserve account for retiree health benefits to an irrevocable trust account to formally initiate an advance funding program for these costs (included in the Interdepartmental program budget); (2) a 30% increase in the Information Technology budget, for expanded efforts in disaster preparedness and recovery, acquisition of a new phone system, and computer hardware replacement; (3) a set-aside in the Interdepartmental budget for possible competitive wage and benefit adjustments for City employees funded from the General Fund (this account will be eliminated once compensation negotiations for calendar 2008 are completed, at which time any approved compensation adjustments will then be spread throughout all the program areas of the budget); (4) a 100% increase in the Economic Development budget, including an increase in economic development consulting services, expanded support of the area chambers of commerce, and the implementation of the business district branding and banner program; 5) a 24% increase in the City Manager Administration program for the costs of a lobbyist and temporary help; and 6) a 34% increase in the Human Resources program for the addition of .25 FTE to an existing clerical

position and other costs to administer the proposed increase in overall City staffing, as well as actuarial consulting, outside assistance for priority projects and expanded advertising efforts for recruitments. Absent the first item, the \$1.45 million transfer of funds to a trustee, the increase in General Government – Management and Support costs would be 15%.

The cost of public safety is increasing 7%, or \$1.0 million, primarily as a result of two factors: (1) a 4%, or \$0.5 million, increase in the cost of the County Sheriff's contract (no increase in the number of police personnel is proposed in FY 2007-08), and (2) a 42% or \$0.4 million cost increase in the Animal Services program, due to two animal control trucks needing to be replaced, increased spending for emergency food supplies, kennels and other equipment for emergency preparedness at the shelter, improvements to the truck wash out area to meet water quality requirements, increased personnel costs including the conversion of a half-time seasonal/temporary position to a regular part-time Animal Services Officer position, and an increase in veterinary services costs as a result of the retirement of the veterinarian who previously had donated his services.

The Recreation/Community/Library Services program area is proposed to increase 11% or \$0.7 million. The primary causes for this increase are: 1) an increase in Library Services appropriations of \$364,000, including a 27% increase in library materials spending, increased library personnel costs, replacement and upgrade of public copier machines, additional book shelving, assistance with local history collection digitization and restoration of funding for a security guard; 2) increased Recreation program costs associated with the recreation services contract with the Saddleback Valley Unified School District (including the expansion of the Kids Factory program to six additional schools beginning in September 2007); 3) six months of additional staffing costs associated with the opening of the expanded Norman P. Murray Community and Senior Center; and 4) additional spending at the Montanoso Recreation Center related to higher staffing costs and increased contract instructor costs.

The proposed increase in the Community Development program area is prompted by the higher contract building staff costs associated with the expected higher private property development permit activity and higher professional services costs related to completion of the General Plan Housing Element, staff support for the monitoring of various outside agencies' activities, and scanning planning and building files to electronic storage. Reduced Community Development Block Grant program costs offset some of this increase.

Decreases will occur in FY 2007-08 in the General Government - Legislative program area, due to a reduction in estimated City Attorney and election costs in FY 2007-08 (FY 2007-08 is not a municipal election year), and in the Engineering and Transportation program area, as a result of grants for transit access and water quality being included in the FY 2006-07 budget and not the FY 2007-08 budget.

FY 2008-09

From FY 2007-08 to FY 2008-09, the overall decrease in the Operating Budget of 2% can be broken down among program areas as follows:

<u>Program Area – All Funds</u>	<u>FY 2008-09 \$ Change from FY 2007-08</u>	<u>FY 2008-09 % Change from FY 2007-08</u>
General Gov't - Legislative	\$ +80,487	+6%
General Gov't - Mgmt & Support	-1,336,705	-11%
Public Safety	+604,162	+4%
Community Development	-3,241	-0%
Engineering & Transportation	-39,436	-1%
Infrastructure Maintenance	-661,350	-4%
Recreation/Community/Library Svcs	<u>+418,068</u>	+6%
Total	\$ -938,015	-2%

Four of the seven program areas are expected to have cost decreases in FY 2008-09, compared to FY 2007-08. The most significant change for FY 2008-09 is the decrease in General Government -Management and Support appropriations. The large decline in this area is due to the transfer of the \$1.45 million of retiree insurance set aside funds to an irrevocable trust account in FY 2007-08 that will not repeat in FY 2008-09. Partially offsetting the decline is the second-year set aside for possible competitive wage and benefit adjustments for employees in calendar 2009.

Public safety appropriations are increasing by 4% overall, due to the 5% increase in the County Sheriff's contract (we are adding two additional School Resource Officers in FY 2008-09 at an annual cost in FY 2008-09 of \$435,000), which is partially offset by a decline in the Animal Services program (there were significant one-time costs in Animal Services in FY 2007-08). Recreation/Community/Library Services costs are going up in FY 2008-09 by 6% or \$418,068. This is due to: 1) an 18% increase in Murray Community Center program costs (the additional staffing costs for the first full year of operation of the expanded Murray Center and funding the second year of senior transportation taxi service contract (FY 2007-08 costs are to be funded from the initial \$100,000 appropriated in FY 2006-07)); 2) increased staffing costs at the Library, including the competitive wage and benefit adjustment reserve for 2009; and 3) an increase of 13% in Recreation program costs, attributable to a full year of the expanded Kids Factory program. General Government – Legislative is expected to increase by 7% due to the costs of the November 2008 municipal election. Infrastructure Maintenance is declining by 4% in FY 2008-09, because many of the costs in this program area in FY 2007-08 are just one-time costs.

Expenditure Categories

Our operating budget can also be divided into the following four categories of expenditures:

<u>Budget Category</u>	<u>FY 2007-08 \$ Increase over FY 2006-07</u>	<u>FY 2007-08 % Increase over FY 2006-07</u>	<u>FY 2008-09 \$ Increase over FY 2007-08</u>	<u>FY 2008-09 % Increase over FY 2007-08</u>
Personnel Services	\$ +2,819,117	+21%	\$ +264,425	+2%
Operating Expenditures	+4,249,226	+11%	+586,956	+1%
Capital Outlay	+1,758,152	+280%	-1,786,101	-75%
Debt Service	<u>+180</u>	+0%	<u>-3,295</u>	-1%
Total	\$8,826,675	+17%	\$ -938,015	-2%

Roughly half of the 21% increase in personnel services costs in FY 2007-08 is the result of the previously mentioned proposed transfer of the \$1.45 million General Fund set aside for retiree insurance costs to the irrevocable trust account. Absent that transfer, personnel costs for FY 2007-08 would be up \$1.4 million or 10%. In FY 2007-08, there is a proposed net addition of 8.225 new full-time equivalent (FTE) positions (discussed in detail in the following section). These positions add only about \$200,000 to the FY 2007-08 budget, due to the offsetting reductions in contract services and temporary staffing and because most of the new positions are being added midway through the year. Other factors causing the increase in personnel costs in FY 2007-08 are merit increases for existing employees not at the top of their salary ranges and the set-aside for possible competitive wage and benefit adjustments for employees for calendar 2008.

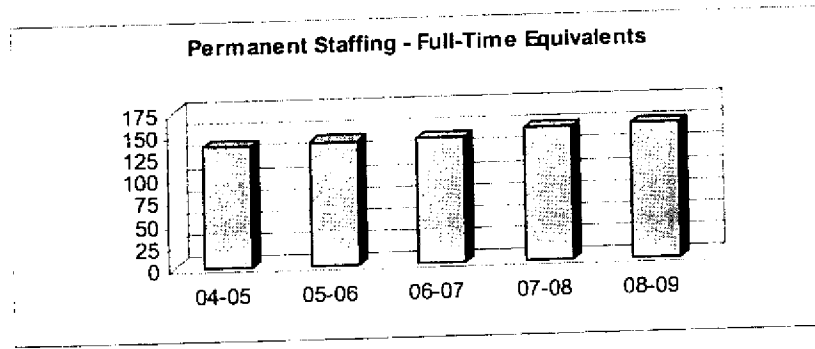
In FY 2008-09, absent the FY 2007-08 transfer to the trustee of the retiree insurance set aside, personnel costs would be increasing \$1.7 million or 12%. FY 2008-09 marks the proposed implementation of an annual pre-funding program for retiree insurance costs. It is recommended that the City implement this advance funding program as a fiscally prudent response to Governmental Accounting Standards Board Statements No. 43 and 45, which take effect for cities our size in FY 2008-09. These pronouncements don't require a government agency to pre-fund such liabilities associated with post-employment benefits such as retiree insurance, but they do require actuarial calculations of the liabilities and the reporting of funding progress for these liabilities in annual audited financial statements. The completion of the actuarial analysis of the costs and liabilities of our retiree insurance program is expected during the first half of FY 2007-08. In the meantime, staff's best estimate of the amount of additional funds needed annually to be included in the budget citywide to pre-fund this obligation, over the amount previously included on a pay-as-you-go basis, is approximately \$650,000 (which equates to about 1% of the total City operating budget). Additional positions equaling 1.25 FTEs are proposed for FY 2008-09, and the full annual costs of the 8.225 FTE positions added in FY 2007-08 are included in the FY 2008-09 budget. And again in FY 2008-09 as in FY 2007-08, there are funds included in the budget for merit increases for existing employees as well as a set-aside for possible competitive wage and benefit adjustments for calendar 2009.

Operating expenditures are projected to increase by 11% in FY 2007-08 compared to FY 2006-07 for many of the reasons enumerated earlier, the largest ones being significantly higher landscape maintenance costs, increased facilities maintenance expenditures, expanded efforts in the area of emergency preparedness and recovery, projected increases in the Sheriff's department contract, the larger recreation services contract that expands the Kids Factory program for nine months, and the larger contract for contract building staff services. The 1% increase in FY 2008-09 is due primarily to the Sheriff's contract cost increases including the addition of two School Resource Officer deputies, senior transportation program costs and 12 months of the expanded Kids Factory program.

The nearly three-fold increase in capital outlay expenditures in FY 2007-08 over FY 2006-07 levels is due to significantly higher levels of capital spending in the following areas: park maintenance (asphalt trails, playground equipment and parking lot resurfacing); information technology (computer hardware replacement, new telephone system); facility maintenance (minor improvements at City Hall and Corporation Yard, Montanoso tennis court lighting); and animal services (replacement of two animal control trucks, improvements to the vehicle wash-out area).

Staffing Levels

Compared to the 2006-07 amended budget, the total number of regular City employees will increase by a net of 8.225 full-time equivalent (FTE) positions, or 6%, in FY 2007-08, and in FY 2008-09, the proposed increase is 1.25 FTE positions, or 1%.



	Actual FY 2004-05	Actual FY 2005-06	Budget FY 2006-07	Proposed FY 2007-08	Proposed FY 2008-09
FTE Positions	134.475	138.850	140.575	148.800	150.050
# Change fr Prior Yr	-	+4.375	+1.725	+8.225	1.25
% Change fr Prior Yr		+3%	+1%	+6%	+1%

The net increase of 8.225 FTEs in FY 2007-08 is less than the growth of 8.475 FTEs assumed in the Master Financial Plan (MFP) for FY 2007-08. In addition, the MFP only addressed positions funded from the General Fund. The portion of total proposed additional 8.225 FTEs in the FY 2007-08 budget that is to be funded from the General Fund is only 6.475 FTEs. The lower amount of proposed additional FTE's than was included in the MFP is primarily the result of the current plan to contract for the bulk of the custodial work associated with the Murray Center expansion. The proposed additional 6.475 FTE positions funded from the General Fund include:

- 2.475 additional FTE positions associated with the expansion of the Murray Community Center to address the anticipated increase in room rentals, programming, visitors and maintenance of the additional square footage (1.6 FTEs of Community Services Specialists, .375 FTE Department Assistant, and .5 Custodian);
- Two FTEs in the transportation area of Public Works (1.0 Traffic Engineer and 1.0 Associate Transportation Analyst), the former to split off some of the responsibilities of the current Transportation Manager and to reduce the need for outside consultant services; and
- Two additional FTE's for infrastructure maintenance to keep up with minimum service standards at the City's buildings, as well as to better meet the demands of ongoing landscape maintenance (2.0 Senior Public Services Contract Administrators – one each for facility maintenance and landscape maintenance). Over the last 12 years, the City has added 440 acres of public landscape, without any concurrent increase in staff oversight.

Outside the General Fund, the additions for FY 2007-08 are:

- 1.25 FTEs of additional positions in the Library, to convert current on-call seasonal/temporary Librarians to two .625 FTE Librarian positions; and
- .5 FTE in Animal Services, to convert a current seasonal/temporary reserve Animal Services Officer to a .5 FTE regular Animal Services Officer position.

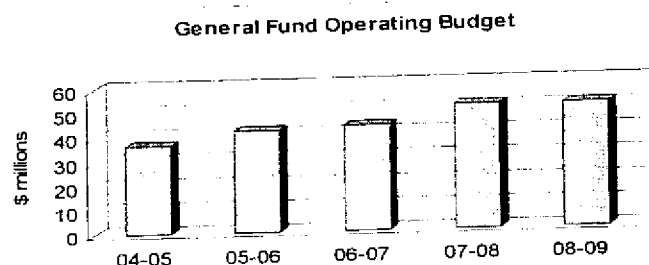
There is also a proposed exchange of a current, vacant .5 FTE Senior Management Analyst position in the City Manager's Office for a .5 FTE Administrative Assistant position in the Information Technology Department, both within the General Fund, which will result in a net cost savings, as well as a shift of .25 FTE Senior Department Assistant from Information Technology to Human Resources, to address the clerical support needs related to the projected increase in City staff included within this budget.

For 2008-09, the 1.25 additional proposed FTEs are all funded from the General Fund and are slightly more than the 1.0 FTE incorporated in the MFP. The two positions proposed to be added in the second year of the two-year budget are:

- 1.0 FTE Information Technology Specialist, to help keep up with the management of the City's increasingly larger and more complex technology systems and equipment, particularly as major software systems are brought on line and/or upgraded over the next two to three years, per the Information Technology Strategic Plan. This position, which was first requested in the revision of the FY 2006-07 Budget in August 2006, was also recommended in the final report for the City's Information Technology Strategic Plan earlier in 2006, and was included in the MFP in January 2007.
- .25 FTE Senior Accounting Clerk, to address the greater accounting activity in the Administrative Services Department associated with the operations of the expanded Murray Community Center.

General Fund Operating Budget

The operating budget for the General Fund alone is up 17% in FY 2007-08 from the FY 2006-07 level, and then up 0% from FY 2007-08 to FY 2008-09. This compares to increases of 17% and a decrease of 2% for the operating budget for the two years for all funds combined, as previously discussed.



	<u>Actual FY 2004-05</u>	<u>Actual FY 2005-06</u>	<u>Budget* FY 2006-07</u>	<u>Proposed FY 2007-08</u>	<u>Proposed FY 2008-09</u>
Optg Budget-Gen Fund	\$37,020,638	\$42,301,749	\$43,907,959	\$51,323,340	\$51,435,612
\$ Change fr Prior Yr		+ \$5,281,111	+ \$1,606,210	+ \$7,415,381	+ \$112,272
% Change fr Prior Yr		+ 14%	+ 4%	+ 17%	+ 0%

* Excludes carryover appropriations from 2005-06

The increase of 17% in the first year of the two-year budget and then 0% in the second year equates to an average annual projected growth rate in the General Fund operating budget over the next two years of 8.2%. Over the past two years, General Fund operating budget expenditures have grown at a somewhat greater average annual growth rate of 8.9%.

For the General Fund operating budget alone, the program area breakdown of the changes from FY 2006-07 to FY 2007-08 is as follows:

<u>Program Area – General Fund</u>	<u>FY 2007-08 \$ Change from FY 2006-07</u>	<u>FY 2007-08 % Change from FY 2006-07</u>
General Gov't - Legislative	\$ -137,396	-9%
General Gov't - Mgmt & Support	+2,354,229	+27%
Public Safety	+566,959	+4%
Community Development	+312,096	+16%
Engineering & Transportation	+255,350	+10%
Infrastructure Maintenance	+3,604,035	+31%
Recreation/Community/Library Svcs	+460,108	+11%
Total	\$ +7,415,381	+17%

The same reasons as noted above for the operating budget for all funds combined generally apply to the variances in the General Fund as well. However, in the Public Safety program area, the increase is substantially less here than in the previous all-funds analysis table, because of the exclusion here of the effect of the higher Animal Services Fund spending in FY 2007-08. Community Development spending in the General Fund will be increasing primarily due to increased building activity (the decrease in CDBG operating budget spending is excluded here). In Engineering and Transportation, General Fund spending is increasing in both engineering and transportation areas (the decrease in grant-funded activities is excluded here).

The program area breakdown of the changes from FY 2007-08 to FY 2008-09 for the General Fund operating budget is as follows:

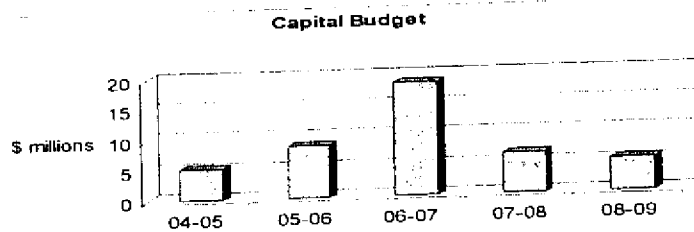
<u>Program Area – General Fund</u>	<u>FY 2008-09 \$ Change from FY 2007-08</u>	<u>FY 2008-09 % Change from FY 2007-08</u>
General Gov't - Legislative	\$ +80,487	+6%
General Gov't - Mgmt & Support	-873,561	-8%
Public Safety	+700,830	+5%
Community Development	-2,843	-0%
Engineering & Transportation	-34,036	-1%
Infrastructure Maintenance	-156,747	-1%
Recreation/Community/Library Svcs	+398,142	+8%
Total	\$ +112,272	+0%

While the operating budget in total is declining in FY 2008-09 compared to FY 2007-08, for the General Fund alone, the operating budget is increasing, although very modestly. The main differences are in General Government – Management and Support and Infrastructure Maintenance, both of which are declining by much smaller amounts here than in the previous analysis for all funds combined. In the General Government – Management and Support area, declines in equipment replacement expenditures from the Computers/Equipment/Furnishings/Vehicles Replacement Fund in FY 2008-09 are excluded in the General Fund only analysis. In

the Infrastructure Maintenance program area, spending decreases in the Facility Rehabilitation/Replacement Fund and Library Fund in FY 2008-09 compared to FY 2007-08 are excluded here. Likewise, in the Public Safety program area, the increase is more here than in the all-funds analysis due to the lower Animal Services Fund spending in FY 2008-09, which is not included in the General Fund only analysis.

Capital Budget

The capital budget for FY 2007-08 is \$12 million less than the FY 2006-07 capital budget, excluding carryover projects from FY 2005-06. The FY 2008-09 capital budget will be \$1.2 million less than the FY 2007-08 capital budget.



	Expenditures FY 2004-05	Expenditures FY 2005-06	Budget* FY 2006-07	Proposed FY 2007-08	Proposed FY 2008-09
Capital Budget-All Funds	\$5,319,202	\$8,605,063	\$18,708,980	\$6,733,265	\$5,513,880
\$ Change fr Prior Yr	-	+ 3,285,861	+ 10,103,917	- 11,975,715	- 1,219,385
% Change fr Prior Yr	-	+ 62%	+ 117%	- 64%	- 18%

* Excludes carryover appropriations from 2005-06

A total of 12 capital projects are slated for funding in FY 2007-08, and eight projects are planned for FY 2008-09. Some of the FY 2007-08 and 2008-09 projects represent a continuation of prior projects, such as the different focus of the ongoing Residential Slurry Seal and Sidewalk Repair programs from year to year. (It should also be kept in mind that many other projects funded in prior years will also be in progress during this upcoming two-year period.)

Overall, there are 16 projects in the 2007-09 capital budget. The five most important projects in the view of staff, based on the ranking criteria established by the City Council, are transportation and street projects:

1. Oso Parkway Widening (I-5 to Country Club)
2. Traffic Safety/Signal Coordination
3. Sidewalk Repair Program
4. Arterial Highway Resurfacing Program
5. Marguerite Parkway Resurfacing/Median Rehabilitation

The relative ranking of all of the proposed capital projects, based on the Council's ranking criteria, is shown in the Capital Improvement Program section of this document. The two largest projects in the two-year budget are the Residential Slurry Seal Program (3.7 million) and the Marguerite Parkway Resurfacing/Median Rehabilitation project (\$2.03 million).

Six capital projects will be funded at least partially from the General Fund. Three of these six projects are rehabilitation/replacement projects that are also partially funded from the City's Facility Rehabilitation and Replacement Fund. The General Fund is providing the necessary "match" for these three projects, because the Facility Rehabilitation and Replacement Fund only provides partial funding for such projects.

Interfund Transfers

The 2007-09 budget includes a number of interfund transfers. These include both transfers between City funds and also transfers between the City and other related City agencies (the Community Development Agency and the Community Development Financing Authority, both of which have separate budgets from the City's). As in prior years, there is a net outflow of resources from the City to the other agencies in each of the two upcoming budget years, as a result of these transfers. The net outflow of City funds from these transfers for the 2007-09 two-year budget period is \$2.7 million, the outflow of debt service on the City Hall bonds (\$2.2 million total for the two years) and the net outflow of sales tax generated by the Shops at Mission Viejo for mall bond debt service (\$2.6 million), offset in part by the net inflow of loan payoffs from the Community Development Agency (\$2.1 million).

The other interfund transfers included in the budget are among City funds, including the transfers of resources from the General Fund to the City's two asset replacement funds (a total of \$5.3 million over the two years) and to the Animal Services Fund (\$1.2 million). The transfers to the asset replacement funds are based on City Council policy. The annual transfer to the Computers/Office Equipment/Furnishings/Vehicles (CEFV) Replacement Fund is set to 100% of the annual depreciation of the assets in the fund (approximately \$630,000), offset by either a credit for current over-funding or a surcharge for amortizing the amount of under-funding. At the present time, the fund is over-funded by about 42% due to assets lasting longer than anticipated, and the annual transfers in this two-year budget have been reduced by a total of \$1.4 million to re-capture for the General Fund all of the over-funding within the next two years. The annual transfer to the Facility Rehabilitation and Replacement Fund is set to 50% of the annual depreciation of the assets in the fund (currently about \$2.2 million per year), plus a surcharge for amortizing the amount of accumulated under-funding. At the present time, the fund is under-funded based on the Council policy target level of 50% of accumulated depreciation. At the time of the 2007 MFP, the level of funding was 27% of accumulated depreciation. The surcharge for the next two years will be about \$600,000 per year, which if continued through 2013-14, would bring the fund up to a level of 40% of accumulated depreciation of the assets in the fund. The General Fund makes up the funding difference each year for facility rehabilitation and replacement projects that are partially funded by the FR&R Fund.

The General Fund transfer to the Animal Services Fund represents the City's share of the annual net cost of the Animal Services operation that serves the two cities of Mission Viejo and Laguna Niguel. The amount of the transfer is increasing to \$559,944 in FY 2007-08 and to \$618,610 in FY 2008-09, from a level of about \$430,000 during the past three years. The increases in the amount of the General Fund transfer are similar to the reasons for overall Animal Services spending increases: increased personnel costs (including the conversion of a half-time seasonal/temporary position to a regular part-time Animal Services Officer position), higher veterinary service costs, increased spending for emergency food supplies, kennels and other

equipment for emergency preparedness at the shelter, and higher facility maintenance costs in both years, as well as replacement of two trucks and improvements to the truck wash-out area in FY 2007-08.

For further information, please refer to the two Interfund Transfers schedules in the Budget Summary section of this document.

Changes in Fund Balance/Reserve Levels

Total Discretionary Reserves

As indicated at the beginning of the budget message, the total discretionary reserve balance is expected to increase over the two-year period by \$3.7 million, to a level of \$36.7 million. During the first year of the two-year budget, FY 2007-08, the balance is expected to decrease slightly, by less than \$20,000, and in the second year, the increase will be \$3.7 million. Total discretionary reserves will increase from an expected level of 64% of total General Fund group revenues at July 1, 2007 to 66% of revenues by the end of the two-year budget period at June 30, 2009.

General Fund

For the General Fund alone, the fund balance is expected to decrease over the two-year period by \$729,715, to a level of \$18.6 million. In FY 2007-08, the balance is expected to decline by \$1.8 million followed by an increase of \$1.0 million in FY 2008-09. The decrease in fund balance in the first year can be attributed to three specific priority items: 1) the one-time transfer to a trustee of the existing General Fund reserve for retiree insurances of \$1.45 million; 2) the purchase of a new VoIP (voice over internet protocol) phone system for \$176,000 and 3) the acquisition of a generator for the Library for \$188,000. The latter item is especially important for emergency preparedness, in that while the City Hall and its Emergency Operations Center has its own generator, the City Hall's connection to the Internet runs through the Library building and requires that electricity be supplied to that building. The General Fund fund balance is expected to decline from its planned level of 38% of General Fund revenues as of July 1, 2007 to a level of 34% of revenues by June 30, 2009. In terms of a percentage of the General Fund operating budget, the expected decline is from 44% to 36%.

Asset Replacement Funds

The CEFV Replacement Fund balance is anticipated to decrease by nearly \$800,000 during the two-year budget period, from over \$4.6 million to \$3.8 million, primarily as a result of taking the \$1.4 million credit in the next two years for the amount of current over-funding in the fund, as discussed in the preceding section. The Facility Rehabilitation and Replacement Fund will see a growth in its fund balance over the two-year budget period of \$5.2 million, from \$9.1 million to \$14.3 million. As noted earlier, this fund is on a pace of reaching 40% of accumulated depreciation by the year 2013-14.

Other Funds

Other planned changes in fund balances that are subject to fund balance minimums or are of significance include:

- **Library Fund:** The fund balance in this fund is expected to decrease by \$245,000 to a level of \$555,073 in FY 2007-08, and then stay the same through the end of FY 2008-09. This will result in the fund balance being 18% of annual Library revenues in FY 2008-09. Council policy requires a Library Fund balance that is 10% of annual Library revenues. The draw down of fund balance is proposed for a number of one-time expenditure items, including building maintenance projects such as painting the building exterior and the re-staining of interior wood beams, additional book shelves, new copy machines, and a new software system to facilitate printing by patrons.
- **Gas Tax funds:** During the course of the two-year budget, the State Gas Tax fund balance will decrease by about \$737,000 to \$960,028 at the end of FY 2008-09. The forecasted ending balance will be at a level of 54% of annual Gas Tax revenues in FY 2006-07, well above the 30% level required by Council policy. The drawdown during the budget period can be attributed to a higher level of capital project spending.
- **Air Quality Improvement Trust Fund:** This budget includes the drawdown of the fund balance of this fund by just over \$160,000 each year of the two-year budget. Funds are being used to accelerate the replacement of traffic signal controller computer equipment which will enhance traffic signal synchronization and coordination.
- **Mission Viejo Television Fund:** The fund balance in this fund is slated to decline \$82,000 to \$85,000 per year, from its opening level of \$323,900 to \$156,626 by June 30, 2009. Half of the annual drawdowns can be attributed to capital equipment purchases. The ongoing costs of this fund will be monitored, since the ability to continue to draw down the fund balance in years beyond 2009 will be more limited.
- **Animal Services Fund:** There is a need during the next two years to replace two animal services vehicles, as well as to provide a cover for the vehicle wash-out area and acquire emergency preparedness trailers, new computer equipment and new flag poles. The fund balance draw of \$116,318 in FY 2007-08 and \$14,914 in FY 2008-09 in this fund will be used to fund Mission Viejo's portion (60%) of the cost of these replacements. The City of Laguna Niguel will pay their proportionate share (40%), which has been included in this fund's revenues.

The Budget by Fund and Fund Balance pages of this document indicate that nine funds have negative balances. These negative balances are in grant funds and are the result of expenditures having been incurred for which reimbursement has not yet been received. These situations are due in large part to the projects not yet having been completed. Staff will continue to work diligently to obtain the grant reimbursements on a timely basis.

Management and Budget Policies:

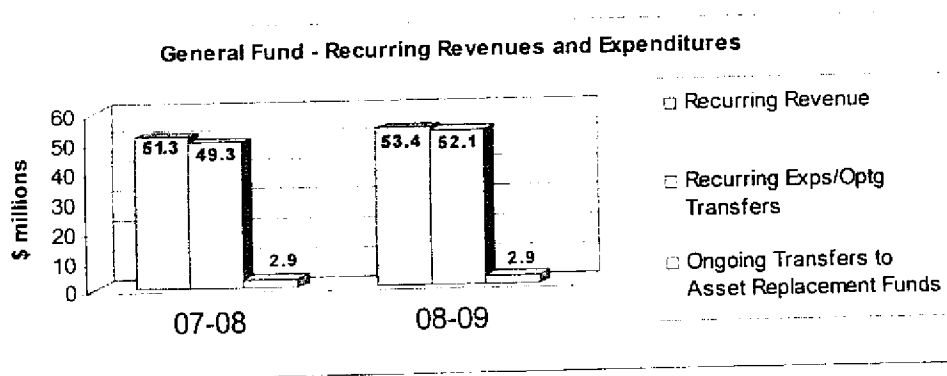
The City Council’s Management and Budget Policies cover nine areas of financial management. The policies are included as an appendix to this document. Staff’s recommendations for changes to certain policies are noted at the end of this section.

This Proposed Budget for 2007-09 complies with all of the budget policies, except for the funding target of the Facility Rehabilitation and Replacement Fund, as noted earlier (Policy 2.O.). Two particular policies, Policies 1.G. and 5.D., require that the budget be balanced in terms of recurring revenues and expenditures, and specifically that recurring expenditures only be funded with recurring revenues. Policy 1.G. calls for each two-year budget to be evaluated for compliance with that policy. In accordance with this requirement, a discussion of this topic follows.

Recurring Revenues vs. Expenditures

Council policy requires that for each year of a two-year budget, recurring General Fund revenues will be equal to or greater than recurring General Fund operating expenditures. Only interest generated from minimum General Fund balance amounts, as specified by Council policy, will be used for recurring expenditures. The policies specify that it shall be a goal to fund the required transfers to the City’s two asset replacement reserve funds from recurring revenues. The following graph illustrates the comparison of recurring General Fund revenues with recurring General Fund expenditures for both of the budget years.

As can be seen from the following graph, all recurring General Fund expenditures and recurring operating transfers are funded from recurring General Fund revenues in both budget years. This is a basic requirement of “structural” budget balance and is met by this budget. The graph also shows that the ongoing transfers to the asset replacement funds can be funded partially from recurring revenues. In FY 2007-08, there is \$2 million of recurring revenues left after funding the recurring expenditures and operating transfers compared to \$2.9 million of ongoing transfers to the asset replacement funds. In FY 2008-09, there is only \$1.3 million of recurring revenues left to fund the \$2.9 million of asset replacement fund transfers.



The Council policy only states that it is a goal, rather than a requirement, to have ongoing revenues fund the ongoing transfers to the asset replacement funds. Some previous budgets were able to meet this goal and some were not. During periods of somewhat slower economic growth, such as what we forecast for 2007-09, the challenge is greater, because the growth of recurring revenues is dampened and is outpaced by the growth in recurring expenditures.

Proposed Policy Changes

Staff recommends that the Council give consideration to amending the following Management and Budget Policies, at the time of budget adoption in July 2007.

Master Financial Plan Recommendations

As part of the MFP update in January 2007, staff recommended certain changes to the City's reserve policies be considered. The discussion and recommendations included in the Master Financial Plan are repeated below:

Current City Council policies in the Reserves area focus on the balances to be maintained in the General Fund, the Computers, Equipment, Furnishings and Vehicles Replacement (CEFV) Fund, the Facility Rehabilitation and Replacement (FRR) Fund, the Gas Tax Fund and the Library Fund. Staff recommends that a major focus of the City's reserve policy also be on total discretionary reserves, which include the General Fund as well as the CEFV and FRR funds. (This grouping of funds in the budget is referred to as the "General Fund Group.") One major reason is that our audited financial statements include the CEFV and FRR funds within the General Fund, which is the proper presentation in accordance with generally accepted accounting principles. This is because the balances in the CEFV and FRR funds, although they have been designated by the Council for asset replacement purposes, are nevertheless available in the case of financial emergency or other unanticipated need of the City. The CEFV and FRR fund balances are only internally designated, and are not restricted by any authority external to the City.

In addition, staff recommends a change in the method of gauging the adequacy of reserve levels. Currently, the adequacy of the minimum General Fund balance is determined by comparing it to the General Fund operating budget. The current policy requires that the Minimum Fund Balance Reserve in the General Fund be at least 15% of the amended General Fund operating budget. (Our Gas Tax and Library Fund reserve policies are based on revenues, however.) Bond analysts and others in the municipal finance industry indicate that it is better to gauge the adequacy of fund balances by comparing them to annual revenues rather than expenditures. This is because expenditure budgets tend to vary more from year to year, especially as a result of carryovers from year to year.

For these two reasons, staff recommends the following changes to our reserve policies:

- Add a new policy that indicates that total discretionary reserves will be maintained at a minimum level of 40% of general fund group revenues. As of the last fiscal year-end at June 30, 2006, the level was 65% and the current FY 2006-07 budget forecasts a 64% balance at June 30, 2007. As noted earlier, in this 2007-09 budget it is projected that the level of total discretionary reserves will rise to 66% of general fund group revenues by FY 2013-14. The lowest level of total discretionary reserves was 42% in FY 1996-97, and for only three other years since incorporation was the balance less than 50%.
- Change the existing Policy #2.A., regarding the Minimum General Fund Reserve, to be based on 15% of revenues rather than the 15% of the amended operating budget. Based on the

numbers as presented in this budget, the opening available fund balance of the General Fund in July 2007 of \$19.3 million is 44% of the General Fund operating budget expenditures, but as a percentage of General Fund revenues, it is 38% (because revenues is a larger number than operating budget expenditures). In this budget, we are projecting the available fund balance of the General Fund to be \$18.6 million at the end of FY 2008-09, which will equate to 36% of the General Fund operating budget, but 34% of General Fund revenues. Even though the percentages will generally be less when figured on revenues, they should also be less variable from year to year, because revenues vary less from year to year than do operating expenditures.

In addition, the MFP recommended the establishment of a new Software Replacement Reserve in the General Fund to set aside funds for the replacement of major software programs utilized by the City. It is therefore recommended that a new policy be added to authorize this new reserve account.

Recommendations from Review of Discretionary Reserves

In April, the City Manager asked for a review of the City's discretionary reserve balances and a recommendation from the Administrative Services Department as to what the appropriate level and structure of discretionary reserve accounts ought to be. That review was completed in May and the final report is included in its entirety as an appendix to this Proposed Budget.

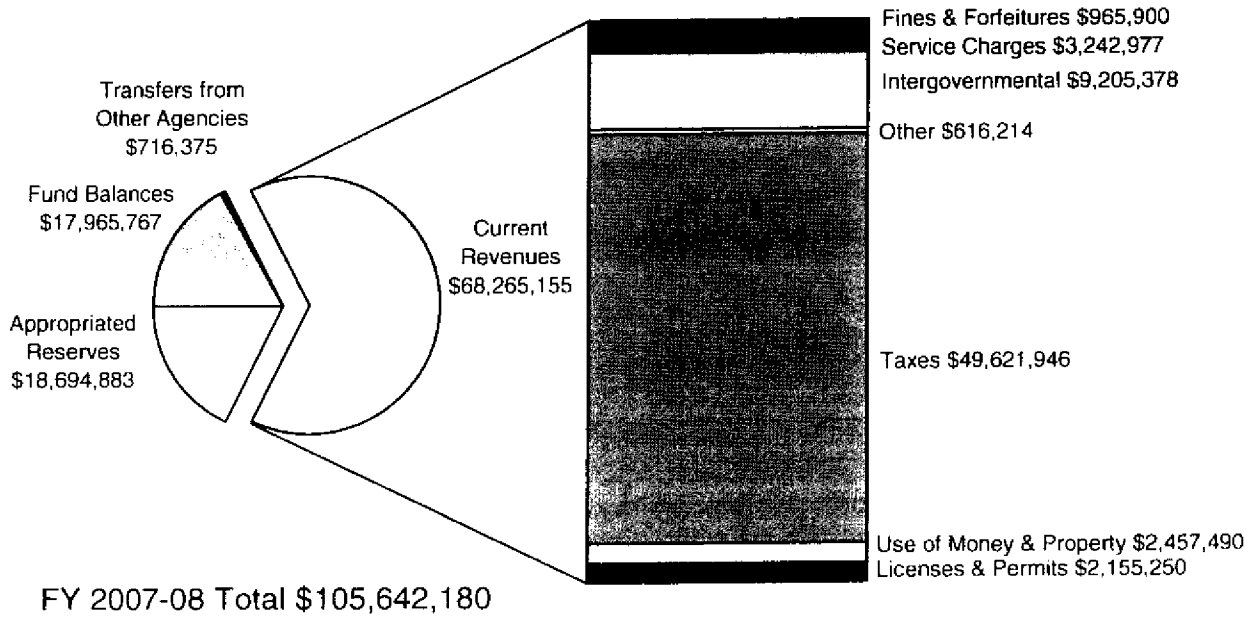
The review focused on the primary purposes of reserve accounts and examined in detail the various risk factors facing the City that cause uncertainties affecting the City's budget. In addition the review included an assessment of the adequacy of current funding levels of reserve accounts that have been established for particular purposes.

The final report recommends changes to the structure and funding levels of various reserve accounts. Staff recommends a reduction in the total amount of reserves set aside to address financial risks and contingencies from the April 2007 level of \$10.0 million to \$6.6 million; however, the report stresses that the Council must make its own assessment of its tolerance for risk to determine the level of contingency reserves with which it feels most comfortable. In addition, the report recommends a decrease in the level of funding in the Computers, Equipment, Furnishings, and Vehicles (CEFV) Replacement Fund of \$1.3 million consistent with the most recent Master Financial Plan update of January 2007 (this decrease has been incorporated into the 2007-09 Proposed Budget), and an increase in the amount of funding in the Facility Rehabilitation and Replacement Fund of \$3.1 million to achieve its funding target of 50% of accumulated depreciation. A reduction in the number of separate reserve accounts and funds from ten to seven is also recommended. Finally, staff recommends a review of the reserve levels and reserve account structure take place every two years as part of the Master Financial Plan and two-year budget development processes. In addition, the report emphasizes that financial reserves are a one-time funding source and can be appropriately used to fund capital projects and other one-time expenses, but not the cost of ongoing programs.

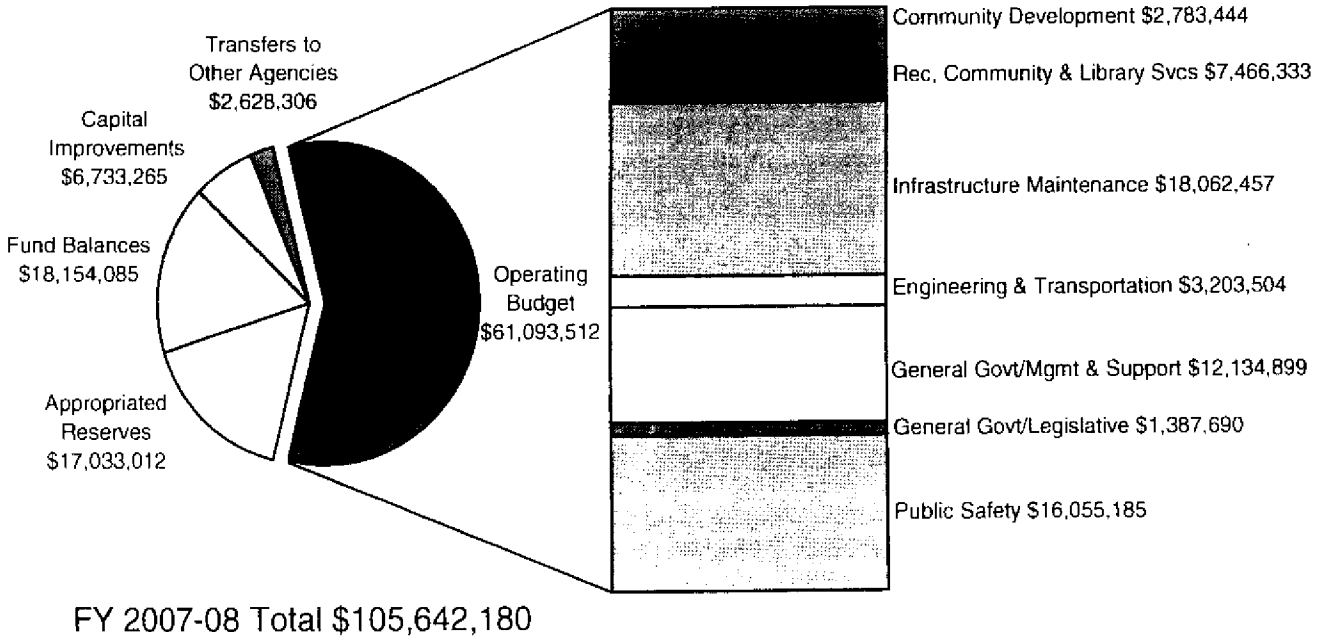
Proposed revisions to the Council policies have been developed to include both the recommendations included in the 2007 MFP as well those included in the review of the City's discretionary reserves. The proposed revised policies, showing the recommended changes to existing language, can be found in the Appendices section of this document.

CITY OF MISSION VIEJO
FY 2007-08 Funding Sources and Uses

Where the Money Comes From

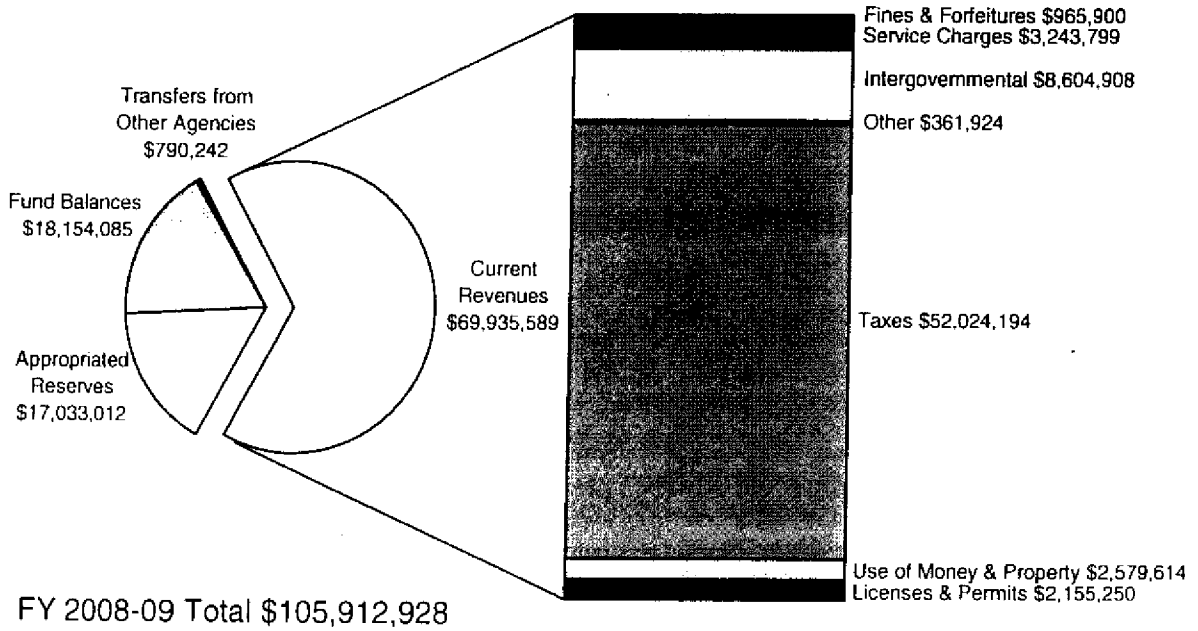


Where the Money Goes

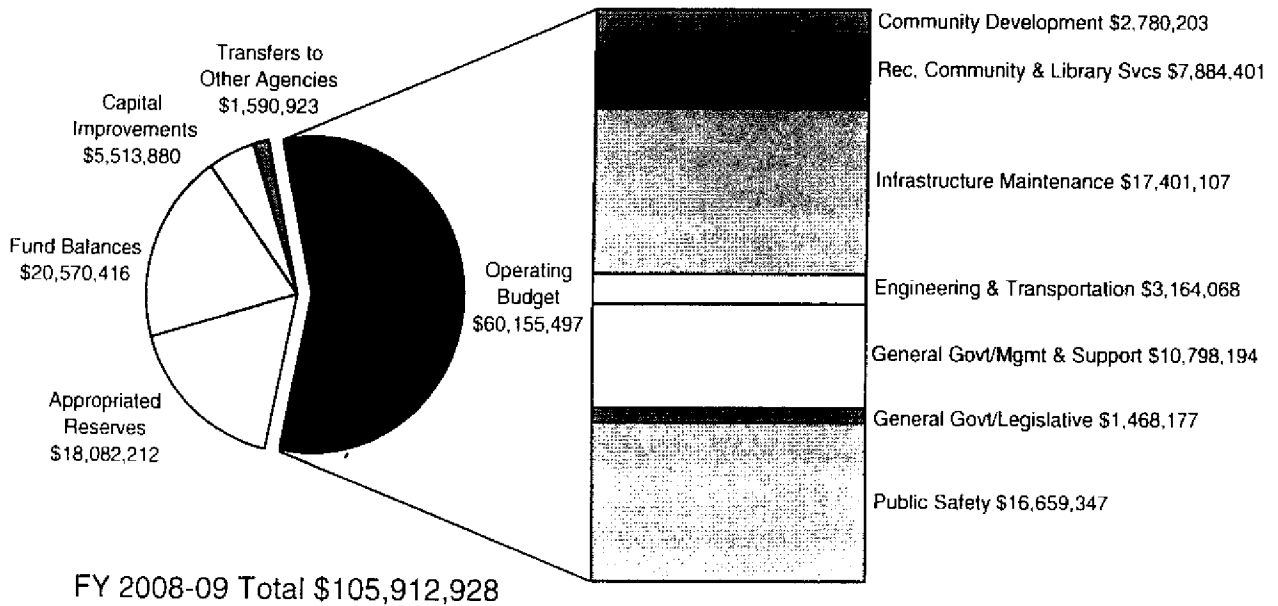


CITY OF MISSION VIEJO
FY 2008-09 Funding Sources and Uses

Where the Money Comes From



Where the Money Goes



CITY OF MISSION VIEJO
Budget by Fund and Fund Balance - FY 2007-08

Fund	Estimated Fund Balance 06/30/07	Estimated Revenues	Operating Budget	Capital Improvement Budget	Total Budget	Interfund Transfers	Contribution (from) / to Reserves	Estimated Fund Balance 06/30/08
General	19,311,927	53,275,898	51,323,340	857,385	52,180,725	(2,874,088)	(1,778,915)	17,533,012
Computer/Equip/Furn/Veh Repl	4,586,411	121,000	646,527	0	646,527	(306,861)	(832,388)	3,754,023
Facility Rehab/Replacement	9,079,052	360,000	398,353	50,000	448,353	2,685,896	2,597,543	11,676,595
Library	800,073	2,928,484	3,173,484	0	3,173,484	0	(245,000)	555,073
Suppl Law Enforcement Services	8,304	190,000	190,000	0	190,000	0	0	8,304
Calif Law Enforcem Equipm Prog	6,542	0	0	0	0	0	0	6,542
OCTA Fund Exchange	71,165	1,976,000	1,976,000	0	1,976,000	0	0	71,165
Gas Tax - Aegean Hills	35	0	0	0	0	0	0	35
State Gas Tax	1,696,810	1,835,000	837,391	1,732,000	2,569,391	0	(734,391)	962,419
Gas Tax - 2107.5	8,071	7,500	7,500	0	7,500	0	0	8,071
Foothill Circulatin Phasg Pgm	(10,349)	0	0	0	0	0	0	(10,349)
Crown Valley Corridor Fees	67,354	0	0	0	0	0	0	67,354
Air Quality Improvement Trust	330,221	124,000	46,624	238,880	285,504	0	(161,504)	168,717
Measure M Sales Tax-Apportnmt	96,571	1,406,451	0	1,375,000	1,375,000	0	31,451	128,022
Measure M-Mstr Pln Arterl Hwys	(43,327)	225,000	0	225,000	225,000	0	0	(43,327)
Measure M-Growth Mgmt Area 9	0	7,000	7,000	0	7,000	0	0	0
Sr Center Operations	171,906	66,348	91,163	0	91,163	0	(24,815)	147,091
Measure M - GrowthMgmt Area 10	2,528	0	0	0	0	0	0	2,528
Measure M-Intersection	(4,948)	0	0	0	0	0	0	(4,948)
Measure M-Tran Demand/Sys Mgmt	0	0	0	0	0	0	0	0
Fed Regnl Surface Transp Prog	(0)	0	0	0	0	0	0	(0)
Used Oil Recycling Block Grant	(2,659)	0	0	0	0	0	0	(2,659)
Park Development Fees	12,042	0	0	0	0	0	0	12,042
Trans Eqty Act-ISTEA	(2,627)	972,000	0	972,000	972,000	0	0	(2,627)
Ladera Funding	0	0	0	0	0	0	0	0
Regional Narcotics Suppression	2,888	0	0	0	0	0	0	2,888
Fed Transprt Appropriatns	(294,511)	0	0	0	0	0	0	(294,511)
State Trffc Congestn Relief Fd	149,162	0	0	124,000	124,000	0	(124,000)	25,162
Proposition 12-State Park Bnds	15,366	0	0	0	0	0	0	15,366
Federal Hwy Bridge Repl/Rehab	(33,420)	0	0	0	0	0	0	(33,420)
State Urban Parks Grant/NPM	(104,231)	0	0	0	0	0	0	(104,231)
Comm Development Block Grant	(90,384)	509,498	509,498	0	509,498	0	0	(90,384)
MV Foundation	2,500	0	0	0	0	0	0	2,500
SCRIP	0	225,000	0	225,000	225,000	0	0	0
Prop 1B/State InfrastructureBd	0	934,000	0	934,000	934,000	0	0	0
MV Mall Parking Lease	57,223	1,976,822	0	0	0	(1,976,822)	0	57,223
Library Construction	12,587	0	0	0	0	0	0	12,587
Mission Viejo Television	323,900	142,750	227,966	0	227,966	0	(85,216)	238,684
Animal Services	429,115	982,404	1,658,666	0	1,658,666	559,944	(116,318)	312,797
Fire Safe Council	631	0	0	0	0	0	0	631
MVPubImpvCorp-Chrisanta Acq	4,723	0	0	0	0	0	0	4,723
Total All Funds	36,660,650	68,265,155	61,093,512	6,733,265	67,826,777	(1,911,931)	(1,473,553)	35,187,097

CITY OF MISSION VIEJO
General Fund Group Fund Balances & Reserves
Interfund Transfers

PROPOSED FY 2007-08 GENERAL FUND GROUP BALANCES

FUND/Account	Projected Balance 6/30/2007	Net Current Revenues over Expenditures	Interfund Transfers	Other Adjustments	Projected Balance 6/30/2008
GENERAL FUND:					
UNAPPROPRIATED FUND BALANCE	617,044	1,095,173	(2,874,088)	1,661,871	500,000
APPROPRIATED RESERVES					
Minimum Fund Balance (15% of Gen Fund Op Budget)	6,896,000	-	-	802,501	7,698,501
Contingency	108,622	-	-	391,378	500,000
Economic Uncertainty	1,400,000	-	-	-	1,400,000
Exposures	1,100,000	-	-	-	1,100,000
Rehabilitation/Replacement Fund Match	4,838,590	-	-	(398,353)	4,440,237
Retiree Insurance Program	1,450,000	-	-	(1,450,000)	-
Capital Projects	2,901,671	-	-	(1,007,397)	1,894,274
Total, Fund Balance & Reserves	18,694,883	-	-	(1,661,871)	17,033,012
TOTAL, GENERAL FUND	19,311,927	1,095,173	(2,874,088)	-	17,533,012
TOTAL, CEFV* REPLACEMENT FUND	4,586,411	(525,527)	(306,861)	-	3,754,023
TOTAL, FACILITY REHAB/REPLACEMENT FUND	9,079,052	(88,353)	2,685,896	-	11,676,595
GRAND TOTAL, GENERAL FUND GROUP	32,977,390	481,293	(495,053)	-	32,963,630

* Computers, Office Equipment, Furnishings and Vehicles

PROPOSED FY 2007-08 INTERFUND TRANSFERS

IN/(OUT) FUND	(1) Funding of Asset Replacement Funds	(2) City Hall Bonds Debt Service	(3) Mall Bond Rolling Resrv Release	(4) Mall Sales Tax Pledged to Bonds	(5) Animal Services Subsidy	(6) Net Loan Payoffs By CDA	Total Interfund Transfers
GENERAL FUND	(2,379,035)	(1,121,285)	716,375	-	(559,944)	469,801	(2,874,088)
CEFV REPLACEMENT	(306,861)	-	-	-	-	-	(306,861)
FACILITY REHAB/REPLACMNT	2,685,896	-	-	-	-	-	2,685,896
MV MALL PARKING LEASE	-	-	-	(1,976,822)	-	-	(1,976,822)
ANIMAL SERVICES	-	-	-	-	559,944	-	559,944
TOTAL, ALL CITY FUNDS	-	(1,121,285)	716,375	(1,976,822)	-	469,801	(1,911,931)

- (1) Annual funding requirement and catch-up funding
- (2) Debt service on City Hall/Library Expansion bonds, paid to City's Community Development Financing Authority (CDFA)
- (3) Shops at Mission Viejo property and sales tax revenues in excess of mall bond debt service requirements, released after one year, received from CDFFA
- (4) 50% of estimated sales tax generated by the Shops at Mission Viejo, subject to minimum threshold amount retained by the City, paid to CDFFA. Assumes "triple flip" replacement revenue ("sales tax in lieu") is paid to CDFFA.
- (5) Mission Viejo's estimated share of the net costs of the animal services operation that also serves the City of Laguna Niguel.
- (6) Estimate of new loans to the City's Community Development Agency net of matured loans to be paid off by the Agency.

CITY OF MISSION VIEJO
Budget by Fund and Fund Balance - FY 2008-09

Fund	Estimated Fund Balance 06/30/08	Estimated Revenues	Operating Budget	Capital Improvement Budget	Total Budget	Interfund Transfers	Contribution (from) / to Reserves	Estimated Fund Balance 06/30/09
General	17,533,012	55,387,602	51,435,612	662,500	52,098,112	(2,240,290)	1,049,200	18,582,212
Computer/Equip/Furn/Veh Repl	3,754,023	121,000	205,300	0	205,300	127,749	43,449	3,797,472
Facility Rehab/Replacement	11,676,595	480,000	7,750	662,500	670,250	2,830,987	2,640,737	14,317,332
Library	555,073	3,024,414	3,024,414	0	3,024,414	0	0	555,073
Suppl Law Enforcement Service	8,304	190,000	190,000	0	190,000	0	0	8,304
Calif Law Enforcem Equipm Pro	6,542	0	0	0	0	0	0	6,542
OCTA Fund Exchange	71,165	1,976,000	1,976,000	0	1,976,000	0	0	71,165
Gas Tax - Aegean Hills	35	0	0	0	0	0	0	35
State Gas Tax	962,419	1,835,000	837,391	1,000,000	1,837,391	0	(2,391)	960,028
Gas Tax - 2107.5	8,071	7,500	2,050	0	2,050	0	5,450	13,521
Foothill Circulatn Phasg Pgm	(10,349)	0	0	0	0	0	0	(10,349)
Crown Valley Corridor Fees	67,354	0	0	0	0	0	0	67,354
Air Quality Improvement Trust	168,717	121,500	46,685	238,880	285,565	0	(164,065)	4,652
Measure M Sales Tax-Apportnm	128,022	1,458,626	0	1,442,000	1,442,000	0	16,626	144,648
Measure M-Mstr Pln Arterl Hwys	(43,327)	0	0	0	0	0	0	(43,327)
Measure M-Growth Mgmt Area S	0	7,000	7,000	0	7,000	0	0	0
Sr Center Operations	147,091	74,930	102,071	0	102,071	0	(27,141)	119,950
Measure M - GrowthMgmt Area	2,528	0	0	0	0	0	0	2,528
Measure M-Intersection	(4,948)	0	0	0	0	0	0	(4,948)
Measure M-Tran Demand/Sys M	0	0	0	0	0	0	0	0
Fed Regnl Surface Transp Prog	(0)	0	0	0	0	0	0	(0)
Used Oil Recycling Block Grant	(2,659)	0	0	0	0	0	0	(2,659)
Park Development Fees	12,042	0	0	0	0	0	0	12,042
Trans Eqty Act-ISTEA	(2,627)	0	0	0	0	0	0	(2,627)
Ladera Funding	0	0	0	0	0	0	0	0
Regional Narcotics Suppression	2,888	0	0	0	0	0	0	2,888
Fed Transprt Appropriatns	(294,511)	0	0	0	0	0	0	(294,511)
State Trffc Congestn Relief Fd	25,162	1,041,638	0	1,041,000	1,041,000	0	638	25,800
Proposition 12-State Park Bnds	15,366	0	0	0	0	0	0	15,366
Federal Hwy Bridge Repl/Rehab	(33,420)	0	0	0	0	0	0	(33,420)
State Urban Parks Grant/NPM	(104,231)	0	0	0	0	0	0	(104,231)
Comm Development Block Grant	(90,384)	509,498	509,498	0	509,498	0	0	(90,384)
MV Foundation	2,500	0	0	0	0	0	0	2,500
Prop 1B/State InfrastructureBd	0	467,000	0	467,000	467,000	0	0	0
MV Mall Parking Lease	57,223	2,137,737	0	0	0	(2,137,737)	0	57,223
Library Construction	12,587	0	0	0	0	0	0	12,587
Mission Viejo Television	238,684	142,750	224,808	0	224,808	0	(82,058)	156,626
Animal Services	312,797	953,394	1,586,918	0	1,586,918	618,610	(14,914)	297,883
Fire Safe Council	631	0	0	0	0	0	0	631
MVPubImpvCorp-Chrisanta Acq	4,723	0	0	0	0	0	0	4,723
Total All Funds	35,187,097	69,935,589	60,155,497	5,513,880	65,669,377	(800,681)	3,465,531	38,652,628

CITY OF MISSION VIEJO
General Fund Group Fund Balances & Reserves
Interfund Transfers

PROPOSED 2008-09 GENERAL FUND GROUP BALANCES

FUND/Account	Projected Balance 6/30/2008	Net Current Revenues over Expenditures	Interfund Transfers	Other Adjustments	Projected Balance 6/30/2009
GENERAL FUND:					
UNAPPROPRIATED FUND BALANCE	500,000	3,289,490	(2,240,290)	(1,049,200)	500,000
APPROPRIATED RESERVES					
Minimum Fund Balance (15% of Gen Fund Op Budget)	7,698,501	-	-	16,840	7,715,341
Contingency	500,000	-	-	-	500,000
Economic Uncertainty	1,400,000	-	-	-	1,400,000
Exposures	1,100,000	-	-	-	1,100,000
Rehabilitation/Replacement Fund Match	4,440,237	-	-	(7,750)	4,432,487
Retiree Insurance Program	-	-	-	-	-
Capital Projects	1,894,274	-	-	1,040,110	2,934,384
Total, Fund Balance & Reserves	17,033,012	-	-	1,049,200	18,082,212
TOTAL, GENERAL FUND	17,533,012	3,289,490	(2,240,290)	-	18,582,212
TOTAL, CEFV* REPLACEMENT FUND	3,754,023	(84,300)	127,749	-	3,797,472
TOTAL, FACILITY REHAB/REPLACEMENT FUND	11,676,595	(190,250)	2,830,987	-	14,317,332
GRAND TOTAL, GENERAL FUND GROUP	32,963,630	3,014,940	718,446	-	36,697,016

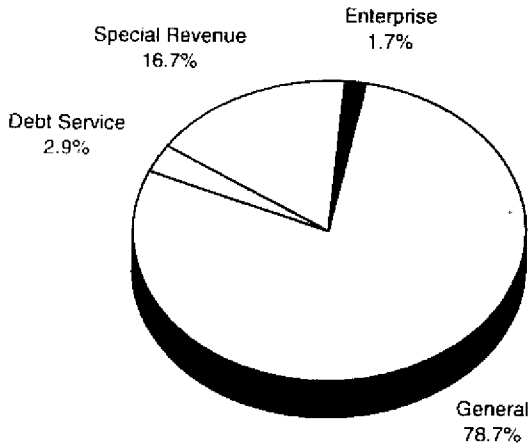
* Computers, Office Equipment, Furnishings and Vehicles

PROPOSED FY 2008-09 INTERFUND TRANSFERS

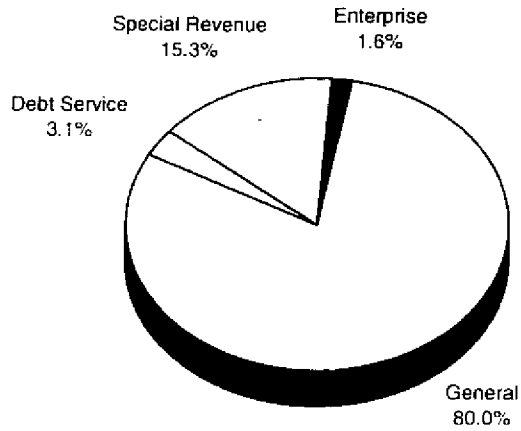
IN/(OUT) FUND	(1) Funding of Asset Replacement Funds	(2) City Hall Bonds Debt Service	(3) Mall Bond Rolling Resrv Release	(4) Mall Sales Tax Pledged to Bonds	(5) Animal Services Subsidy	(6) Net Loan Payoffs By CDA	Total Interfund Transfers
GENERAL FUND	(2,958,736)	(1,120,325)	790,242	-	(618,610)	1,667,139	(2,240,290)
CEV REPLACEMENT	127,749	-	-	-	-	-	127,749
FACILITY REHAB/REPLACMNT	2,830,987	-	-	-	-	-	2,830,987
MV MALL PARKING LEASE	-	-	-	(2,137,737)	-	-	(2,137,737)
ANIMAL SERVICES	-	-	-	-	618,610	-	618,610
TOTAL, ALL CITY FUNDS	-	(1,120,325)	790,242	(2,137,737)	-	1,667,139	(800,681)

- (1) Annual funding requirement and catch-up funding
(2) Debt service on City Hall/Library Expansion bonds, paid to City's Community Development Financing Authority (CDFA)
(3) Shops at Mission Viejo property and sales tax revenues in excess of mall bond debt service requirements, released after one year, received from CDFA
(4) 50% of estimated sales tax generated by the Shops at Mission Viejo, subject to minimum threshold amount retained by the City, paid to CDFA. Assumes "triple flip" replacement revenue ("sales tax in lieu") is paid to CDFA.
(5) Mission Viejo's estimated share of the net costs of the animal services operation that also serves the City of Laguna Niguel.
(6) Estimate of new loans to the City's Community Development Agency net of matured loans to be paid off by the Agency.

CITY OF MISSION VIEJO
Revenues by Fund Group



FY 2007-08 Total \$68,265,155

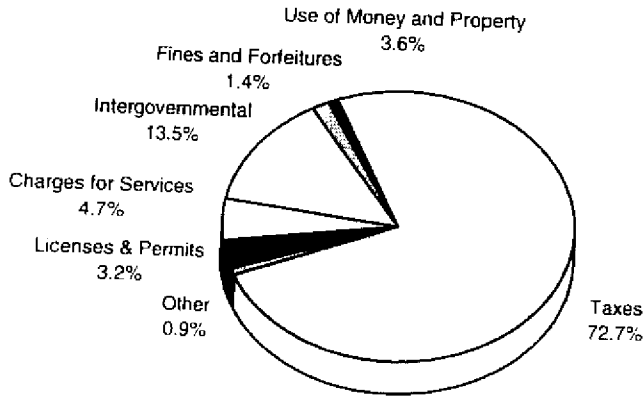


FY 2008-09 Total \$69,935,589

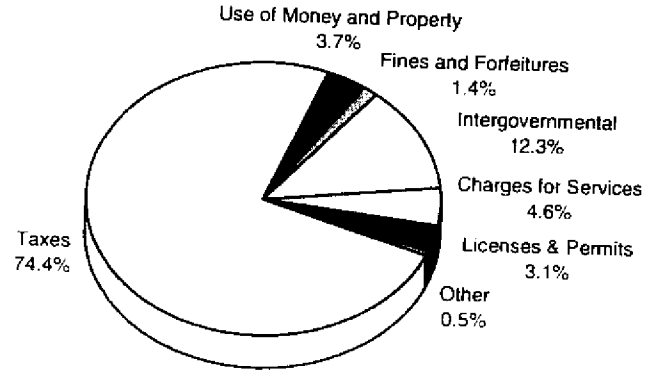
**2007-09 BUDGET
REVENUES BY FUND GROUP**

	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Chng fr 06-07 Budget	FY 08-09 Proposed	% Chng fr 07-08 Budget
General	\$45,630,817	\$50,220,677	\$51,429,999	\$53,756,898	4.5	\$55,988,602	4.1
Special Revenue	10,322,087	13,117,422	17,224,328	11,406,281	-33.7	10,713,106	-6.0
Debt Service	2,130,030	2,060,587	2,163,568	1,976,822	-8.6	2,137,737	8.1
Enterprise	761,473	902,899	905,526	1,125,154	24.2	1,096,144	-2.5
Trust	13	18	0	0	0.0	0	0.0
Total Revenues	\$58,844,420	\$66,301,603	\$71,723,421	\$68,265,155	-4.8	\$69,935,589	2.4

CITY OF MISSION VIEJO Revenues by Major Category



FY 2007-08 Total \$68,265,155



FY 2008-09 Total \$69,935,589

2007-09 BUDGET REVENUES BY MAJOR CATEGORY

	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Chng fr 06-07 Budget	FY 08-09 Proposed	% Chng fr 07-08 Budget
Taxes	\$37,033,607	\$44,641,094	\$47,227,059	\$49,621,946	5.0	\$52,024,194	4.8
Licenses & Permits	1,309,789	1,960,206	1,556,288	2,155,250	38.4	2,155,250	0.0
Intergovernmental	14,299,964	11,100,511	10,683,529	9,205,378	-13.8	8,604,908	-6.5
Charges for Services	2,399,571	2,576,444	2,928,185	3,242,977	10.7	3,243,799	0.0
Fines and Forfeitures	989,267	991,991	937,000	965,900	3.0	965,900	0.0
Use of Money & Property	1,498,549	1,902,233	2,396,700	2,457,490	2.5	2,579,614	4.9
Other	1,288,285	3,127,844	5,994,660	616,214	-89.7	361,924	-41.2
Capital Asset Disposal	25,388	1,280	0	0	0.0	0	0.0
Total Revenues	\$58,844,420	\$66,301,603	\$71,723,421	\$68,265,155	-4.8	\$69,935,589	2.4

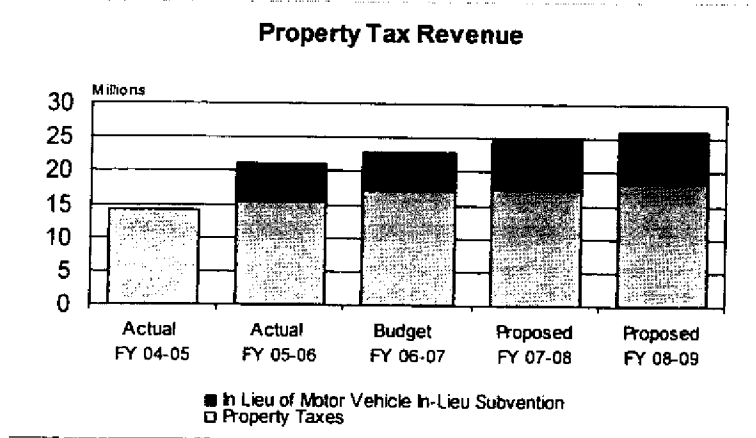
CITY OF MISSION VIEJO

Explanation of Revenue Sources

GENERAL FUND REVENUES

Property Taxes

In accordance with State law, property is assessed at actual full cash value and the maximum tax is 1% of the assessed valuation. Increases in assessed valuation are limited to 2% per year unless there is a change in property ownership or major improvements. Property tax revenue is collected by counties and allocated according to State law among cities, counties, school districts and special districts. In FY 1992-93 and 1993-



94, the State of California permanently shifted property tax revenues from local agencies to an Educational Revenue Augmentation Fund. The loss to the City of Mission Viejo in 1992-93 was approximately \$1 million, and we continue to lose that amount to the State, plus the growth on that amount, each year. In FY 2004-05, cities began receiving additional property tax revenue to replace the major portion of the Motor Vehicle In-Lieu subvention from the State. However, in FYs 2004-05 and 2005-06 cities contributed a share of this additional property tax to the State General Fund. For Mission Viejo the contributed amount was \$1.3 million per year. FY 2006-07 is the first year the City received its full share of the additional property tax revenue.

Orange County has enjoyed several years of rapid growth in property values. Now that growth rate is ebbing as the real estate market slows down. Staff bases its revenue estimates on information from County officials as well as a review of revenue trends. General Fund property tax revenue for 2007-08 is estimated at \$24,708,360 --- an 8% increase from the prior year budget. However that rate of growth is not expected to continue as assessed values are expected to grow at a slower rate. A growth rate of 5% is expected in the second year of this budget resulting in estimated property tax revenue of \$25,976,620 in fiscal year 2008-09. Property tax revenue represents 39% and 40% of total estimated City revenues in FY 2007-08 and FY 2008-09, respectively, and 46% and 47% of total estimated General Fund revenues.

Property Transfer Tax

The California Government Code authorizes the County of Orange to impose a transfer tax on real property sold at the rate of \$1.10 per \$1,000. These taxes are evenly allocated between the county and the city in which the sale occurs. This revenue source has seen tremendous growth in recent years due to the expanding real estate market. However, sales have slowed resulting in a decline. Revenue is expected to be \$600,000 in FY 2007-08, representing a decrease of 19% from fiscal year 2006-07 budget estimates, and a 22% decline from FY 2005-06 actual receipts. It is expected to remain at \$600,000 in FY 2008-09.

CITY OF MISSION VIEJO

Explanation of Revenue Sources

Sales and Use Taxes

The retail sales and use tax is collected by the State Board of Equalization. Up until FY 2004-05 the City received 1% of the total based on sales within its jurisdiction; .25% was allocated to the County of Orange, .50% was allocated to the Orange County Transportation Authority (OCTA) and the remainder was

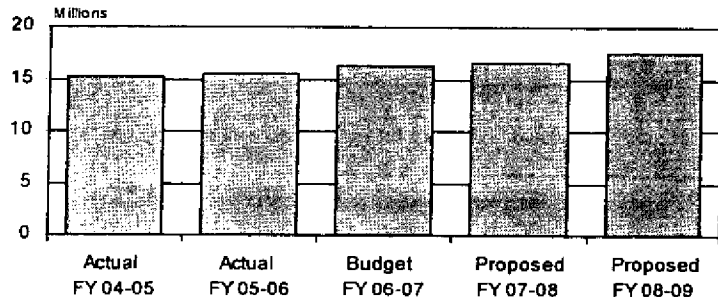
retained by the State. As a result of Proposition 57, beginning in FY 2004-05 the local sales tax rate was reduced by 0.25 percent and the State rate increased by 0.25 percent to repay State fiscal recovery bonds. Cities are reimbursed dollar for dollar with additional property tax. This arrangement, known as the "triple flip," will last about 10 years until the bonds are repaid.

Sales tax revenue estimates are based on input from the City's sales tax consultant, past revenue trends and expectations for new retailers. Retail activity has slowed down over the past year as the economy has tightened. Nevertheless, sales tax is expected to increase by 2% in FY 2007-08 over FY 2006-07 levels, to \$16,623,179. An approximately 100,000 square-foot expansion of the Shops at Mission Viejo anticipated by the fall of 2008 contributes to an expected 5% increase in sales tax revenue for fiscal year 2008-09. Sales tax revenue is projected to be \$17,462,263 in FY 2008-09.

Sales tax revenue is the second largest revenue source for the City, behind property tax revenue. For 2007-08 and 2008-09 respectively, sales tax revenue represents 27% and 28% of total estimated City revenues, and 31% and 32% of total estimated General Fund revenues.

In 1997 the City and the Community Development Agency of Mission Viejo formed the Mission Viejo Community Development Financing Authority, a joint exercise of powers authority, for the purpose of issuing bonds to fund certain public improvements at the Shops at Mission Viejo. Debt service on the bonds is partially paid from available mall sales tax revenue, which is defined as an amount limited to 50% of annual sales tax revenue generated by the renovated mall subject to the City receiving at least \$1.5 million plus inflationary growth on that amount. The City's share of mall sales tax is estimated to be \$1,997,661 in FY 2007-08 and will grow to \$2,047,407 by FY 2008-09. This amount is included in the above General Fund sales tax estimate. The portion of sales tax from the Shops to be devoted to debt service is not included in the above amounts, but rather in the separate Mission Viejo Mall Parking Lease Fund.

Sales and Use Tax Revenue

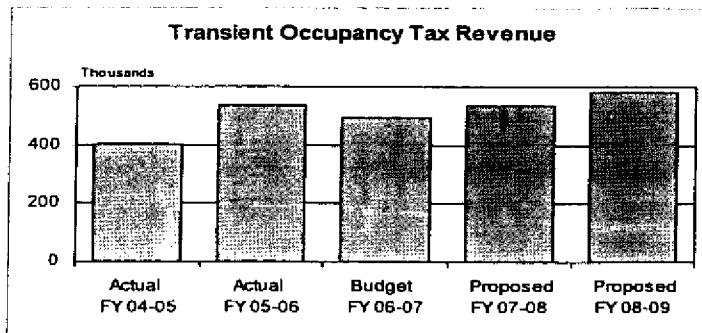


CITY OF MISSION VIEJO

Explanation of Revenue Sources

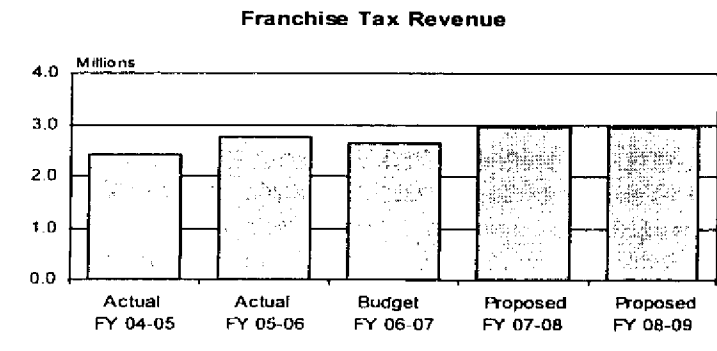
Transient Occupancy Tax

The City of Mission Viejo Municipal Code authorizes the City to levy a tax for the privilege of occupying hotel rooms and lodgings on a transient basis. This rate has been set at 8% since the City's incorporation. Estimated revenue from this source is \$538,000 during fiscal year 2007-08, an increase of 9% over the prior year budget, and roughly equal to FY 2005-06 actual receipts. An increase of 8% is expected in fiscal year 2008-09, to \$581,000. The increases anticipate a significant planned expansion of one of the two existing hotels in town.



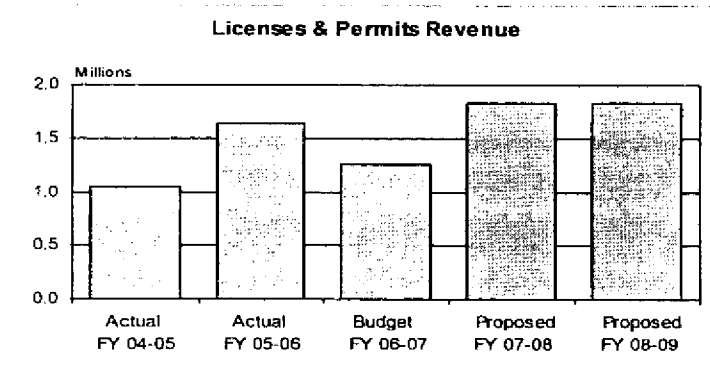
Franchise Taxes

Franchise Taxes are imposed by the City on gas, electric, cable television and garbage companies for the privilege of using City streets. Each company is assessed between 1 and 5 percent of gross receipts. This revenue source is estimated to generate a total of \$2,950,000 for the City during fiscal year 2007-08 --- an 11% increase from the prior fiscal year due to a combination of rising electric utility payments, and steady growth in franchise receipts in general. Growth is expected to be flat for fiscal year 2008-09.



Licenses and Permits

The California Government Code and the State Constitution give cities the authority to assess certain license and permit fees as a means of recovering the cost of regulating various activities. Examples of these activities include building permits, several kinds of construction permits, and engineering permits for grading and inspection services. The City does not levy a general business license fee. (Revenues noted for business licenses in this budget document relate to licenses for massage establishments.) Anticipated revenue for FY 2007-08 is \$1,827,650, a 45% increase from the prior year budget. Revenues generated from private property development during fiscal year FY



CITY OF MISSION VIEJO

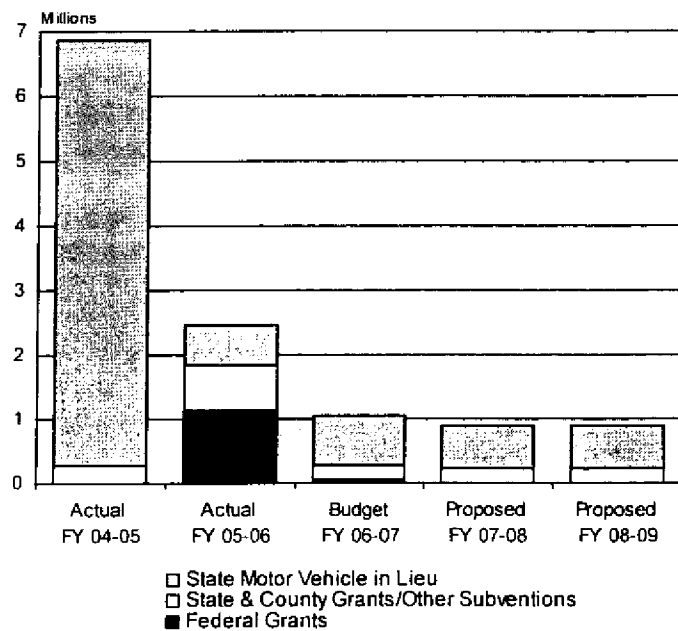
Explanation of Revenue Sources

2006-07 have been considerable and budget estimates will be surpassed. In particular, Mission Hospital has been expanding, two new pharmacies were built, and home improvements have been constant. No change is expected in fiscal year FY 2008-09.

Intergovernmental

Cities receive revenue from other government agencies, principally the State and Federal governments. These revenues include monies called subventions, as well as grants for specific projects and reimbursements. The major item in this category is the State motor vehicle in lieu (MVIL) subvention. The Vehicle License Fee (VLF) is a tax imposed by the State on the ownership of a registered vehicle in place of taxing vehicles as personal property. Of this assessment, 81.25% is divided equally between cities and counties and apportioned on the basis of population after certain State health and welfare obligations are met. Until 1998, the VLF tax rate was 2 percent. The State reduced the tax rate by 25% in FY 1998-99 and further reduced the rate an additional 42.5% in subsequent years. The revenue loss to local governments as a result of the tax rate reduction was replaced by additional MVIL subvention from the State, such that the effect of the car tax cut on the City was neutral. In FY 2004-05, the State made permanent the previous rate reductions and as noted in the Property Tax section, replaced the State General Fund backfill to cities with additional property tax revenue. The FYs 2007-08 and 2008-09 estimate for Intergovernmental revenue is \$879,030, a decrease of 17% from FY 2006-07, primarily attributable to a decline in MVIL revenue and a one-time federal grant in FY 2006-07.

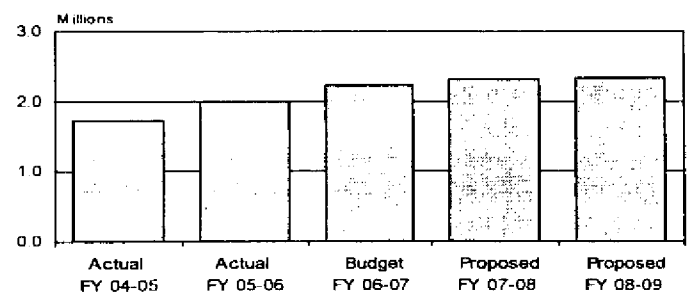
Intergovernmental Revenue



Charges For Services

Service charges or fees are imposed on the user of certain services provided by the City, under the rationale that benefiting parties should pay for all or part of the cost of that service rather than the general public. Examples include planning-related services such as design review, environmental impact review, plan check fees and variance applications; engineering services such as grading plan

Charges for Services Revenue



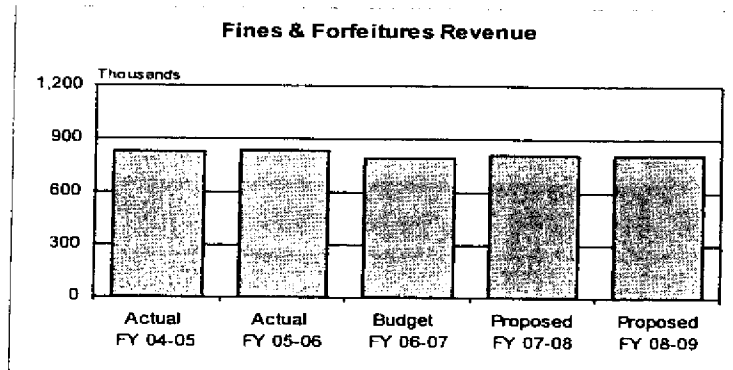
CITY OF MISSION VIEJO

Explanation of Revenue Sources

check, street plan check and soils reporting; building services related to construction plan check; park and recreation fees; tennis fees and recreation center revenues. Total revenue estimated for FY 2007-08 is \$2,311,775, a 4% increase from the FY 2006-2007. Certain development related revenue is expected to be flat or decline while recreation center fee revenue is expected to increase in anticipation of an increase to recreation center fees which have remain unchanged for many years. FY 2008-09 revenue is expected to be \$2,333,375, a 1% increase.

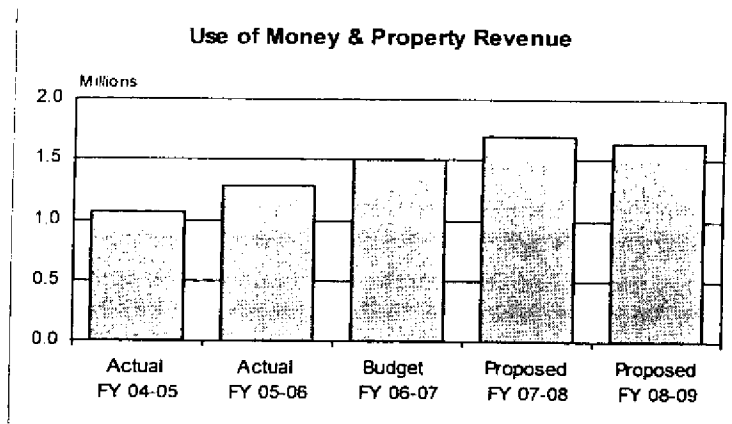
Fines & Forfeitures

Fines and penalties are imposed for vehicle and parking violations occurring within the City limits as well as infractions of local ordinances. FY 2007-08 revenues are expected to increase slightly from the prior year level to \$812,500, representing a 2% increase due to a slight increase in parking penalty revenue. No change is projected for FY 2008-09.



Use of Money & Property

Interest earnings and rents and concessions make up this category, with anticipated revenue budgeted at \$1,669,090 for FY 2007-08, an 11% increase from the current year budget. This increase reflects growing balances and slightly rising interest rates. The FY 2008-09 projection is \$1,638,490, a 2% decrease attributable primarily to the Saddleback Valley Unified School District paying off their share of the lighting improvements at Trabuco Hills High School.



Other Revenue

Projected revenue from other revenue sources is expected to decrease in each of the two upcoming fiscal years--in FY 2007-08 the estimate of \$356,314 is down 68% due to developer fees projected in fiscal year 2006-07 from the Ladera development, and in FY 2008-09 the estimate of \$326,674 is down 8% due to the completion in FY 2007-08 of the Shops at Mission Viejo owner's contractual obligation to contribute toward City community service programs. This revenue source routinely includes reimbursements for special events, damage to City property, Community Development Agency staffing costs, and the Nadadores Swim Team's share of Marguerite Aquatics Complex facility expenses.

CITY OF MISSION VIEJO
Explanation of Revenue Sources

OTHER FUNDS REVENUE SUMMARY

Computers/Equipment/Furnishings/Vehicles (CEFV) Replacement Fund

This fund is used to account for the accumulation of resources and expenditures for the replacement of computers, equipment, furnishings and vehicles. Contribution levels for the CEFV Replacement Fund are based on a target 100% rate of accumulated depreciation of the current inventory.

Interest earnings based on projected fund balances are estimated to be \$121,000 in FY 2007-08, a decline of 29% attributable to declining balances. The estimate for FY 2008-09 is the same \$121,000 as balances are expected to remain stable during the second year. The remainder of the necessary funding for this fund comes from operating transfers from the General Fund.

Facility Rehabilitation and Replacement Fund

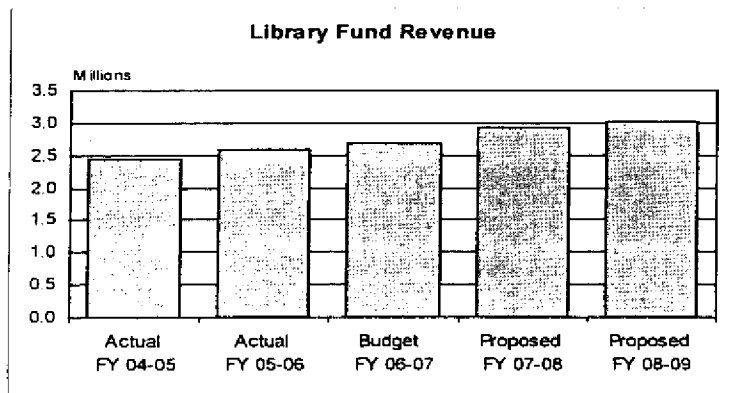
This fund is used to account for the accumulation of resources and expenditures for the rehabilitation and replacement of existing City facilities. The target funding level for this fund is 50% of accumulated depreciation of major City facilities.

Interest earnings based on projected fund balances are estimated to be \$360,000 in FY 2007-08, and \$480,000 in FY 2008-09, increases of 12% and 33% respectively, reflecting rising balances. The remainder of the necessary funding for this fund comes from operating transfers from the General Fund.

Library Fund

The Library Fund is used to account for the receipt and expenditure of funds restricted for library purposes. In FY 2007-08, \$2,928,484 in Library Fund revenue is expected, a 10% increase over FY 2006-2007. FY 2007-08 revenues include: \$2,090,585 in property tax revenue (up 7% over current year budget); \$196,574 in State funding (up 42% as it is anticipated that the State will increase its support for local libraries); \$321,500 in Library

fees—up 16% primarily due to projected increases in passport processing fees related to new immigration laws requiring passports for travel to neighboring countries; \$130,200 in Library fines (a 10% increase over current year budget); \$98,325 from the Mission Viejo Community Development Agency pursuant to a tax sharing agreement (up 5%); and \$91,300 from a variety of other revenue sources. Library Fund revenues are expected to grow by 3% in FY 2008-09 to \$3,024,414, due to an anticipated 4% growth in Library property tax revenues.



CITY OF MISSION VIEJO

Explanation of Revenue Sources

Supplemental Law Enforcement Services Fund (SLESF)

The Citizens' Option for Public Safety (COPS) program was established in FY 1996-97. This is a State program requiring annual appropriation by the State Legislature for continued funding. The COPS program provides supplemental funding to local jurisdictions for front-line municipal police services. The allocation for each of the next two fiscal years is expected to be \$190,000 annually, a 36% increase over the current year budget. The State has indicated they are planning to raise the funding level of this program.

OCTA Fund Exchange Fund

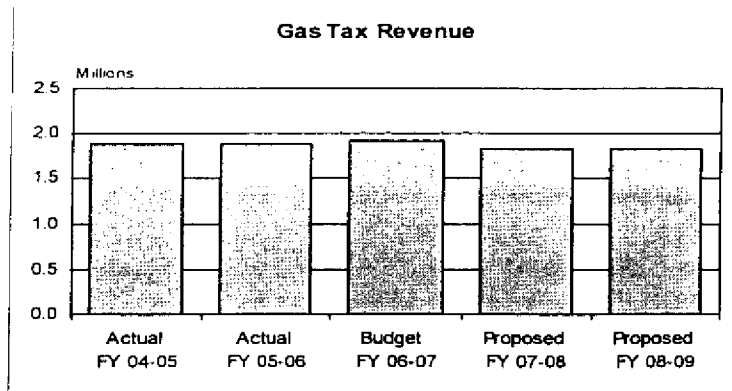
The City of Mission Viejo and other local jurisdictions, including the Orange County Transportation Authority (OCTA), entered into an agreement in 1995 supporting legislation to effect an acceptable plan of adjustment in the 1994 Orange County bankruptcy case. State legislation provided for a shift of OCTA sales tax revenue to the County of Orange and of fuel tax revenue to OCTA from the County of Orange. This agreement also asked cities to exchange General Fund revenue (earmarked for Measure M eligible transportation projects) for OCTA fuel tax revenues as part of the cooperative effort. The OCTA Fund Exchange Fund represents Mission Viejo's participation in this agreement. The City's exchange amount for both FY 2007-08 and FY 2008-09 is estimated at \$1,976,000, up 5% from the FY 2006-07 budget.

Gas Tax Funds

The State of California assesses a tax on gasoline purchases as authorized by Sections 2105, 2106, 2107 and 2107.5 of the California Streets and Highways Code. A portion of this tax is allocated to the City based on a formula established by law.

These funds are earmarked for maintenance, rehabilitation or improvement of public streets. The estimate for this revenue source is

\$1,770,000 for FY 2007-08 and FY 2008-09, anticipating a slight decrease from the current year budget based on actual receipts to date. Also, \$65,000 in related investment earnings is projected in FY 2007-08 and FY 2008-09. The City receives a flat amount of \$7,500 annually as Section 2107.5 Gas Tax revenue, based on population. The Section 2107.5 amount is restricted for engineering costs related to street improvements and is accounted for in a separate account.



Transportation Funds

The City relies significantly on outside funding to fund street-related capital projects. In addition to the State gas tax, Orange County Transportation Authority (OCTA), Federal, State and developer funding is available for the construction and improvement of major streets. For FY

CITY OF MISSION VIEJO

Explanation of Revenue Sources

2007-08, a total of \$3.7 million is expected, and for FY 2008-09 \$2.9 million, which will fund all or part of 10 different street projects over the two-year period.

The largest of these funding sources is Measure M. The City receives an annual apportionment from OCTA of Measure M money and also competes with other Orange County cities based on an application process for specific projects. We anticipate receiving \$1,346,451 and \$1,398,626 in Measure M local apportionment during FY 2007-08 and FY 2008-09, respectively, and another \$232,000 in other Measure M funding in FY 2007-08. Apportionment estimates are based on information received from OCTA. The South County Roadway Improvement Program (SCRIP) Fund represents expected payments from Rancho Mission Viejo, per our agreement with that developer, related to their Ranch Plan development project southeast of Mission Viejo. Other funding in FY 2007-08 includes \$972,000 in Federal TEA 21 (Transportation Equity Act) and ISTEA (Intermodal Surface Transportation Efficiency Act) funding, based on grant awards for the Cabot/Camino Capistrano bridge project, and \$934,000 in State Proposition 1B funding earmarked for residential slurry sealing. Proposition 1B funding is part of the voter approved \$19.925 billion Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. In FY 2008-09, \$1,006,414 in State Traffic Congestion Relief funding (derived from the Proposition 42 sales tax on gasoline) and \$467,000 in Proposition 1B funding is expected.

Air Quality Improvement Trust Fund

Assembly Bill 2766 from the 1990 State Legislative session authorized a fee on motor vehicle registrations to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses. The South Coast Air Quality Management District (SCAQMD) administers the program, which distributes money based on population as well as for specific requests. The FY 2007-08 budget of \$114,000 remains unchanged from the prior year and represents the estimate provided by SCAQMD of Mission Viejo's per capita share. The City's per capita share is expected to remain constant in FY 2008-09.

Community Development Block Grant (CDBG) Fund

The City is an entitlement city and applies directly to the U.S. Department of Housing and Urban Development (HUD) for its CDBG funding. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. The City's CDBG funding allocation is projected to be \$509,498 in each fiscal year of the budget, a decline of 36% from the prior year budget when CDBG funding was used to help construct the Norman P. Murray & Senior Center expansion. The City's allocation is based on a complex formula using ratios of population, poverty, age of housing stock, housing overcrowding and amount of growth.

Animal Services Fund

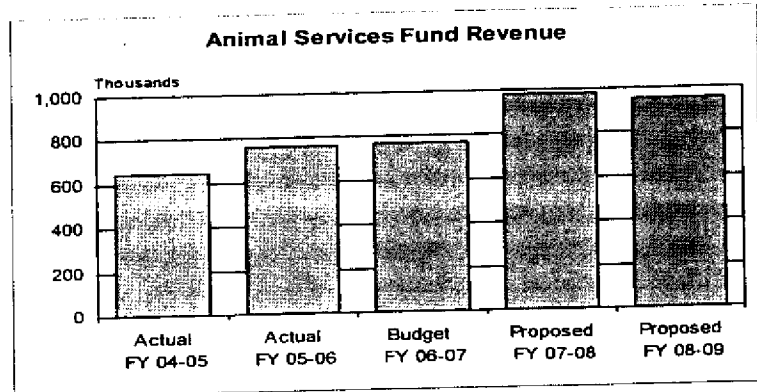
This fund is used to account for the City's animal services operations. The City provides animal licensing, field patrol and shelter services to the City of Laguna Niguel under contract to that City and shares the total costs of the program, net of total program revenues, with that city on

CITY OF MISSION VIEJO

Explanation of Revenue Sources

a basis proportionate to population. FY 2007-08 revenue is estimated to be \$982,404, a 28% increase over the FY 2006-07 budget due primarily to an increase in the charge to Laguna Niguel. Projected revenue includes:

\$326,400 in licensing revenue – a 9% increase; \$578,904 in charges for services (shelter fees and charges and Laguna Niguel's share of net operating costs and capital expenses) -- a 46% increase; \$23,200 in fines, \$30,000 in investment earnings, \$16,200 in lease revenue from the neighboring veterinary clinic previously recorded in the General Fund, and \$7,700 in donations and other



revenue. Total revenue in FY 2008-09 will decrease by 3% to \$953,394 due to a reduction in capital costs which results in a lower intergovernmental service charge to Laguna Niguel (\$428,544 compared to \$457,454 in FY 2007-08).

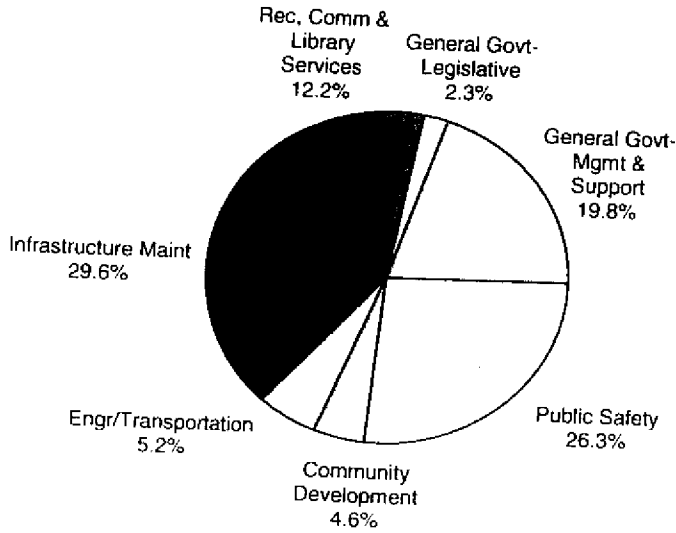
Other Funds

The Senior Center Operating Fund receives the revenue collected from the operation of the Senior Center. These funds are restricted, based on requirements in the funding for building the center, to be used only to fund Senior Center activities. Total revenues are expected to be \$66,348 in FY 2007-08 and \$74,930 in FY 2008-09. The increase in FY 2008-09 relates to the completion of the Center expansion project.

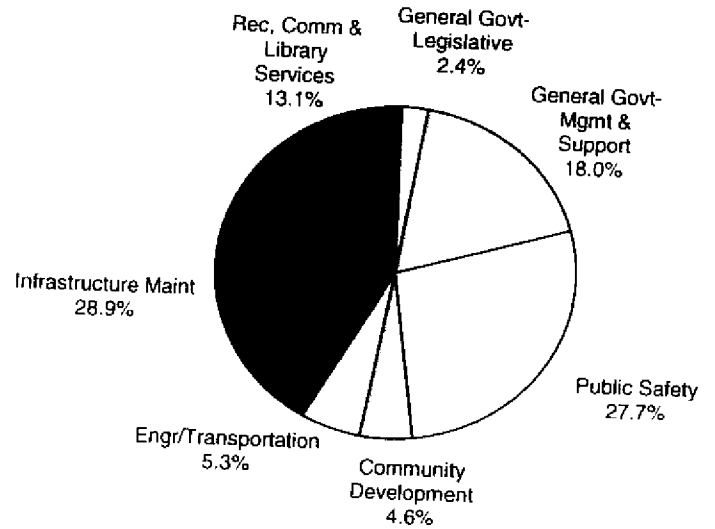
Mission Viejo Television (MVTV) Fund revenue estimates consist primarily of the one-half of one-percent (0.5%) portion of the Cable TV franchise fee that is used to provide governmental access to cable television programming. The franchise fees plus miscellaneous fees and interest fund the programming, operations, maintenance and equipment replacement for MVTV channel 30. For both fiscal years, MVTV projected revenue is \$142,750, a 3% increase over the current year budget.

Mission Viejo Mall Parking Lease Fund: As discussed earlier in the Sales Tax section, the City and the Agency formed in 1997 the Mission Viejo Community Development Financing Authority, a joint exercise of powers authority, for the purpose of issuing bonds to fund certain public improvements at the former Mission Viejo Mall. Debt service on the bonds is partially paid from available mall sales tax revenue which is defined as an amount limited to 50% of annual sales tax revenue generated by the renovated mall, subject to the City receiving a guaranteed amount that grows each year. This fund accounts for the receipt of the portion of the mall sales tax available to pay debt service on the mall bonds, and the disbursement thereof to the Authority's bond trustee. In FY 2007-08, \$1,976,822 is expected from this source, a decrease of 9% from the prior year budget but in line with actual receipts. For FY 2008-09 \$2,137,737 is expected, representing growth of 8%. The growth is attributable in large part to the anticipated completion of a 100,000 square-foot expansion of the mall in the fall of 2008.

CITY OF MISSION VIEJO Operating Budget by Program Area



FY 2007-08 Total \$61,093,512

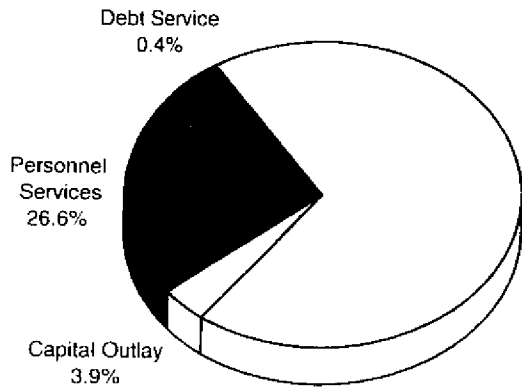


FY 2008-09 Total \$60,155,497

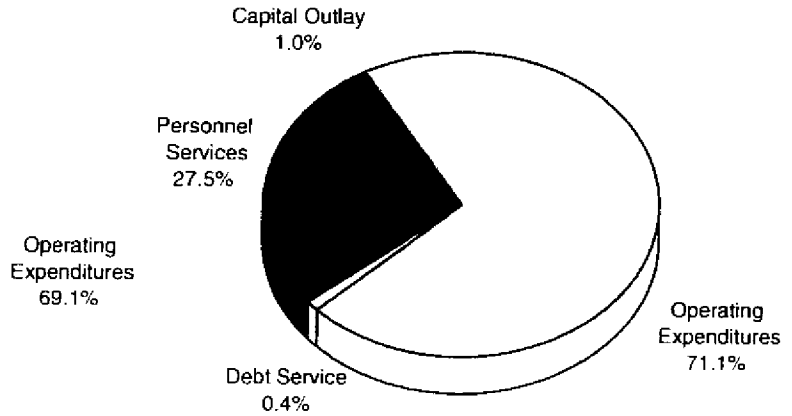
2007-09 BUDGET OPERATING BUDGET BY PROGRAM AREA

	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Chng fr 06-07 Budget	FY 08-09 Proposed	% Chng fr 07-08 Budget
General Govt-Legislative	\$1,640,832	\$1,272,853	\$1,515,086	\$1,387,690	-8.4	\$1,468,177	5.8
General Govt-Mgmt & Support	6,814,618	8,555,161	9,327,254	12,134,899	30.1	10,798,194	-11.0
Public Safety	13,193,052	14,113,423	15,026,866	16,055,185	6.8	16,659,347	3.7
Community Development	1,865,296	2,236,496	2,587,615	2,783,444	7.5	2,780,203	-0.1
Engineering & Transportation	3,641,728	3,799,121	3,252,960	3,203,504	-1.5	3,164,068	-1.2
Infrastructure Maintenance	11,143,572	13,564,595	13,833,856	18,062,457	30.5	17,401,107	-3.6
Recreation/Community/Library	5,624,492	5,935,528	6,723,200	7,466,333	11.0	7,884,401	5.5
Total Operating Budget	\$43,923,590	\$49,477,177	\$52,266,837	\$61,093,512	16.8	\$60,155,497	-1.5

CITY OF MISSION VIEJO
Operating Budget by Category



FY 2007-08 Total \$61,093,512



FY 2008-09 Total \$60,155,497

2007-09 BUDGET
OPERATING BUDGET BY BUDGET CATEGORY

	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Chng fr 06-07 Budget	FY 08-09 Proposed	% Chng fr 07-08 Budget
Personnel Services	\$10,665,963	\$12,229,488	\$13,460,059	\$16,279,176	20.9	\$16,543,601	1.6
Operating Expenditures	32,393,912	36,183,222	37,944,224	42,193,450	11.1	42,780,406	1.3
Capital Outlay	630,650	834,684	628,249	2,386,401	279.8	600,300	-74.8
Debt Service	233,065	229,783	234,305	234,485	0.0	231,190	-1.4
Total Operating Budget	\$43,923,590	\$49,477,177	\$52,266,837	\$61,093,512	16.8	\$60,155,497	-1.5

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

GENERAL GOVERNMENT - LEGISLATIVE

The General Government/Legislative Program Area provides overall policy and legal direction to the City of Mission Viejo. This program area is comprised of three departments --- City Council, City Clerk, and City Attorney --- which oversee a total of seven programs.

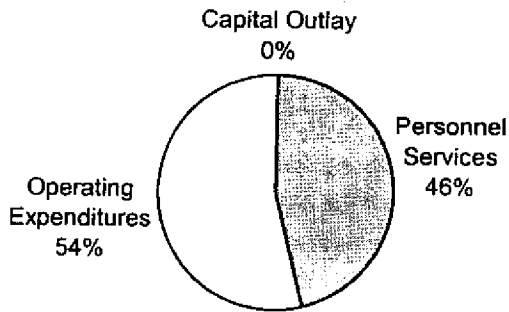
The City Council, as the legislative body, formulates policies in response to the needs, values and interests of the citizens. The City Clerk's office oversees the preparation of meeting agendas and minutes, the maintenance of official records, and the administration of municipal elections. The City Attorney provides general legal counsel and prepares ordinances, contracts, and other legal documents.

Staffing for City Council includes clerical support from various City departments to assist with meetings of commissions. Staff members from the City Manager's department provide support to the City Council's Administration program, representing a total of 1.20 full-time equivalents (FTE) of their time.

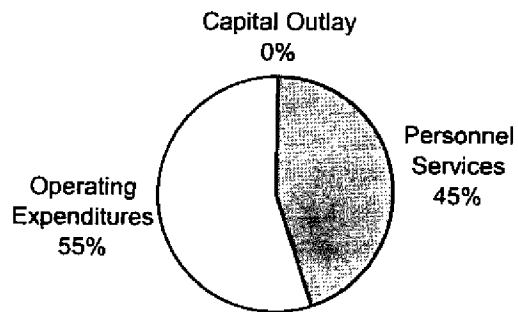
STAFFING FULL-TIME EQUIVALENTS (FTE)							
Department/ Program	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Amended	Change	FY 07-08 Proposed	Change	FY 08-09 Proposed
City Council							
Administration	6.350	6.250	6.200	0.000	6.200	0.000	6.200
Commissions	<u>0.680</u>	<u>0.680</u>	<u>0.680</u>	<u>0.000</u>	<u>0.680</u>	<u>0.000</u>	<u>0.680</u>
Subtotal	7.030	6.930	6.880	0.000	6.880	0.000	6.880
City Clerk							
Administration	0.850	0.850	0.850	0.000	0.850	0.000	0.850
Council Support	0.750	0.750	0.750	0.000	0.750	0.000	0.750
Records Mgmt	1.650	1.650	1.650	0.000	1.650	0.000	1.650
Elections	<u>0.750</u>	<u>0.750</u>	<u>0.750</u>	<u>0.000</u>	<u>0.750</u>	<u>0.000</u>	<u>0.750</u>
Subtotal	4.000	4.000	4.000	0.000	4.000	0.000	4.000
City Attorney							
Legal Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL FTE	<u>11.030</u>	<u>10.930</u>	<u>10.880</u>	<u>0.000</u>	<u>10.880</u>	<u>0.000</u>	<u>10.880</u>

CITY OF MISSION VIEJO
2007-09 Program Area Summary

General Government/Legislative



2007-08 Expenditures



2008-09 Expenditures

General Government - Legislative	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
City Council Department							
City Council Admin	\$242,761	\$226,613	\$314,467	\$272,351	-13	\$270,843	-1
Commissions	74,600	68,928	85,342	85,821	1	92,541	8
El Toro Air Sta Advocacy	44,910	0	0	0	0	0	0
Total City Council	362,271	295,541	399,809	358,172	-10	363,384	1
City Clerk Department							
City Clerk Admin	76,401	84,743	93,961	103,168	10	99,433	-4
Council Support	63,958	63,795	72,586	79,028	9	85,387	8
Records Management	151,443	133,880	152,594	162,424	6	159,106	-2
Elections	114,357	58,447	135,036	84,898	-37	160,867	89
Total City Council	406,159	340,865	454,177	429,518	-5	504,793	18
City Attorney Department							
Legal Services	872,402	636,447	661,100	600,000	-9	600,000	0
Total City Council	872,402	636,447	661,100	600,000	-9	600,000	0
Total Gen Govt - Legislative	\$1,640,832	\$1,272,853	\$1,515,086	\$1,387,690	-8	\$1,468,177	6

06-07 Budget omits carryovers

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

GENERAL GOVERNMENT – MANAGEMENT AND SUPPORT

The General Government/Management & Support Program Area includes the operations of sixteen different programs under the City Manager, Administrative Services, Information Technology and Public Works departments. The City Manager, the administrative head of the City, carries out Council policies via his operating departments. In FY 2005-06, the Economic Development program was transferred from the Community Development Department to the City Manager's Department, and in FY 2006-07, the Information Technology program was moved from the City Manager's Department to its own department. The *Administrative Services Department* manages all the financial affairs of the City, insurance policies, and certain centralized costs, such as copier maintenance and bulk paper orders. It also provides staff support to the City's Investment Advisory Commission. The *Information Technology Department* provides consistent, timely and reliable technology tools and services to support the City's staff, Council members and residents and manages the City's network infrastructure and telecommunication services, including voice, data and video communications. The *Public Works Department* oversees the waste management franchise, which is part of the Integrated Waste Management program.

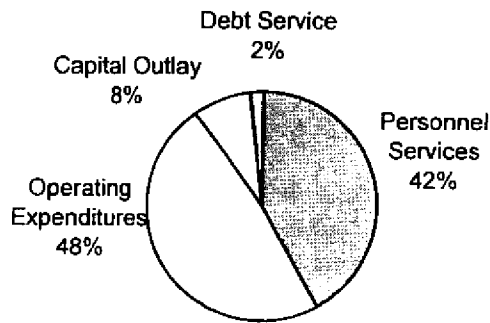
STAFFING
FULL-TIME EQUIVALENTS (FTE)

<u>Department/ Program</u>	<u>FY 04-05 Actual</u>	<u>FY 05-06 Actual</u>	<u>FY 06-07 Amended</u>	<u>Change</u>	<u>FY 07-08 Proposed</u>	<u>Change</u>	<u>FY 08-09 Proposed</u>
City Manager							
Administration	3.550	3.650	3.250	-0.050	3.200	0.000	3.200
Public Information	0.550	0.300	0.700	-0.500	0.200	0.000	0.200
Cable Television	0.050	0.050	0.050	0.000	0.050	0.000	0.050
Information Technology	5.000	6.000	0.000	0.000	0.000	0.000	0.000
Econ Develop	0.000	0.500	0.250	0.000	0.250	0.000	0.250
Special Projects	0.350	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal	9.500	10.500	4.250	-0.550	3.700	0.000	3.700
Public Works							
Integrated Waste Mgt	0.150	0.150	0.150	0.050	0.200	0.000	0.200
Administrative Services*							
Administration	2.670	2.820	3.020	0.150	3.170	0.000	3.170
Accounting	5.260	5.435	5.435	-0.110	5.325	0.250	5.575
Fin Mgt & Budget	1.200	0.750	1.350	-0.400	0.950	0.000	0.950
Purchasing	0.850	1.050	1.100	0.250	1.350	0.000	1.350
Treasury	2.915	2.865	2.915	0.060	2.975	0.000	2.975
Risk Mgmt	1.400	1.250	1.475	-0.325	1.150	0.000	1.150
Personnel	2.200	2.450	2.575	0.625	3.200	0.000	3.200
Interdepartmental	0.200	0.200	0.200	0.000	0.200	0.000	0.200
Subtotal	16.695	16.820	18.070	0.250	18.320	0.250	18.570
Information Technology							
Information Technology	0.000	0.000	6.250	0.250	6.500	1.000	7.500
TOTAL FTE	26.345	27.470	28.720	0.000	28.720	1.250	29.970

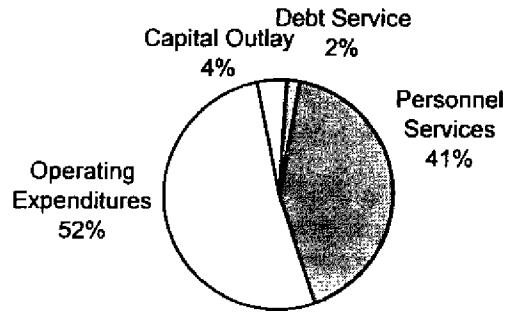
* Excludes Debt Service and OCTA Fund Exchange programs, which have no staff allocations.

CITY OF MISSION VIEJO
2007-09 Program Area Summary

General Government/Management & Support



2007-08 Expenditures



2008-09 Expenditures

General Government - Management & Support	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
City Manager Department							
City Manager Admin	\$457,856	\$475,580	\$478,444	\$591,243	24	\$534,433	-10
Public Information	141,471	136,358	276,759	220,716	-20	229,550	4
Special Projects	55,737	200,755	200,000	0	-100	0	0
Economic Development *	0	51,641	126,576	253,504	100	234,504	-7
Cable Television	154,604	159,903	201,628	220,117	9	233,747	6
Total City Manager	809,668	1,024,237	1,283,407	1,285,580	0	1,232,234	-4
Administrative Services Dept							
Admin Services Admin	312,067	351,447	361,875	424,872	17	433,785	2
Accounting & Payroll	478,911	538,923	577,337	596,575	3	652,744	9
Financial Plan & Budget	132,152	136,109	187,761	168,155	-10	186,824	11
Purchasing	88,896	111,225	112,704	167,928	49	176,817	5
Treasury	370,043	364,270	461,225	430,114	-7	445,299	4
Risk Management	142,371	122,659	167,386	157,585	-6	201,003	28
Human Resources	226,591	372,767	328,641	441,877	34	461,588	4
Interdepartmental	1,155,194	1,515,661	1,504,806	3,369,077	124	2,210,341	-34
Debt Service	249,143	237,473	247,380	247,285	0	243,990	-1
OCTA Fund Exchange	1,620,000	1,920,000	1,860,000	1,956,000	5	1,956,000	0
Total Admin Services	4,775,368	5,670,534	5,809,115	7,959,468	37	6,968,391	-12
Information Technology							
Information Technology	1,135,175	1,786,048	2,154,710	2,822,000	31	2,526,961	-10
Total Info Tech	1,135,175	1,786,048	2,154,710	2,822,000	31	2,526,961	-10
Public Works Department							
Integrated Waste Mgmt	94,407	74,342	80,022	67,851	-15	70,608	4
Total Public Works	94,407	74,342	80,022	67,851	-15	70,608	4
Total Gen Gov-Mgmt & Supt	\$6,814,618	\$8,555,161	\$9,327,254	\$12,134,899	30	\$10,798,194	-11

06-07 Budget omits carryovers

* Effective FY 05-06, Economic Development was transferred from the Community Development Department to the City Manager's Department

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

PUBLIC SAFETY

The Public Safety Program Area provides for the overall protection and preservation of the City and includes the Police Services Department. The Public Works Department manages the contract for crossing guard services at various school crossings citywide. The Public Services Department oversees the operations of the Animal Services, Emergency Preparedness, and Street Lighting programs. While the maintenance and operation of the City's streetlights is the responsibility of the utility companies, the City pays for the costs of electricity, conducts inspections, and serves as a liaison with the utility companies.

Police Services are provided through a contract with the Orange County Sheriff's Department. The Sheriff's staff provides patrol services, traffic law enforcement, including traffic accident investigation, emergency operations services, general investigative functions, and special event planning and operations. The City provides funding for Community Resources programming and the Senior Community Activity Team (SCAT).

The Animal Services program provides animal field services, humane shelter services and public education for Mission Viejo and the City of Laguna Niguel.

The Emergency Preparedness responsibilities include updating the City's Emergency Operation Plan, providing liaison with other public sector emergency agencies, training staff, and managing the supply inventory and system readiness of the City's Emergency Operation Center at City Hall.

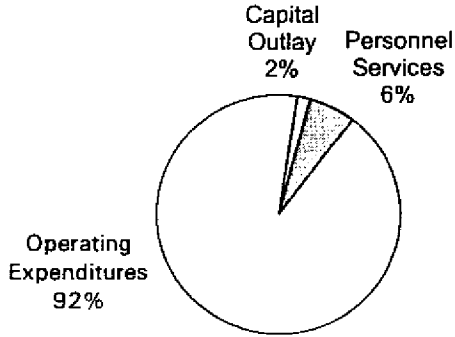
STAFFING
FULL-TIME EQUIVALENTS (FTE)

<u>Department/ Program</u>	<u>FY 04-05 Actual</u>	<u>FY 05-06 Actual</u>	<u>FY 06-07 Amended</u>	<u>Change</u>	<u>FY 07-08 Proposed</u>	<u>Change</u>	<u>FY 08-09 Proposed</u>
Police Services	0.100	0.100	0.100	0.000	0.100	0.000	0.100
Public Works							
Crossing Guards	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Public Services							
Animal Services	10.150	10.500	10.150	0.550	11.050	0.000	11.050
Emergency Prep	0.350	0.400	0.400	0.400	0.800	0.000	0.800
Street Lighting	0.050	0.000	0.000	-0.000	0.000	0.000	0.000
Subtotal	10.550	10.900	10.900	0.950	11.850	0.000	11.850
TOTAL FTE	10.650	11.000	11.000	0.950	11.950	0.000	11.950

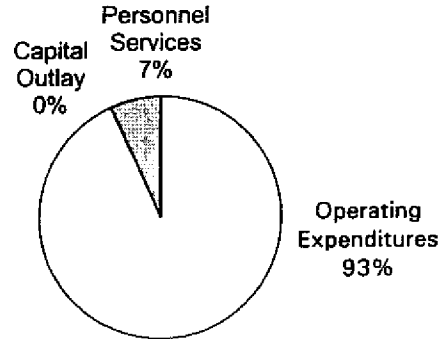
Note: Most of the police staff provided by the Orange County Sheriff's Department.

CITY OF MISSION VIEJO
2007-09 Program Area Summary

Public Safety



2007-08 Expenditures



2008-09 Expenditures

	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
Public Safety							
Police Services Department							
Police Administration	\$997,834	\$1,025,994	\$1,164,254	\$13,230,105	1,036	\$13,928,413	5
Patrol Services	5,508,623	5,785,187	6,144,765	0	-100	0	0
Traffic	1,902,967	1,963,029	2,048,419	50,000	-98	0	-100
Crime Prevention	350,070	555,740	571,169	65,480	-89	58,480	-11
Investigation	911,494	1,043,677	1,131,974	0	-100	0	0
Police Services	1,431,356	1,498,939	1,573,783	0	-100	0	0
Parking Enforcement	163,534	156,887	181,648	0	-100	0	0
Total Police Services	11,265,878	12,029,453	12,816,012	13,345,585	4	13,986,893	5
Public Works Department							
Crossing Guards	306,381	322,910	324,820	360,000	11	360,000	0
Total Public Works	306,381	322,910	324,820	360,000	11	360,000	0
Public Services Department							
Animal Services	850,868	910,781	945,406	1,346,336	42	1,276,035	-5
Emergency Preparedness	42,336	56,829	109,178	156,085	43	189,240	21
Street Lighting	727,589	793,450	831,450	847,179	2	847,179	0
Total Public Services	1,620,793	1,761,060	1,886,034	2,349,600	25	2,312,454	-2
Total Public Safety	\$13,193,052	\$14,113,423	\$15,026,866	\$16,055,185	7	\$16,659,347	4

06-07 Budget omits carryovers

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

COMMUNITY DEVELOPMENT

The Community Development Department is structured around four divisions, which include the seven programs shown below, excluding the Economic Development program, which was transferred to the City Manager's department at the start of FY 2005-06.

Community Development provides leadership in the administration of the City's land use policies, including zoning, building, subdivision and environmental regulations. It coordinates and administers activities and programs to provide orderly physical growth in the community. Program activities range from advance and current planning to permit inspection and code enforcement. Code Enforcement staff, in coordination with the Public Works Department, also carries out water quality compliance activities.

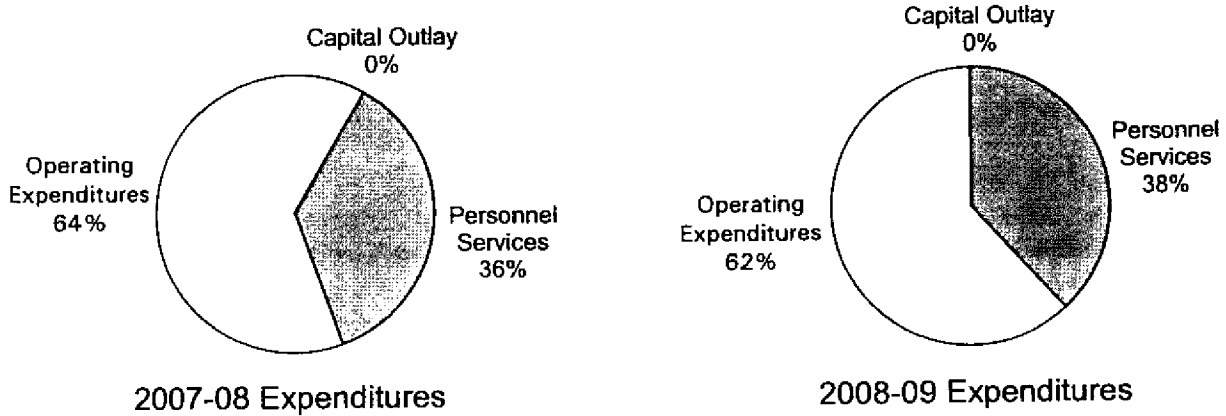
Community Development staff provides technical assistance and disseminates information to the Planning and Transportation Commission, developers, and to the public. Staff time to support the Planning and Transportation Commission is shown under the General Government/Legislative Program Area Summary.

STAFFING
FULL-TIME EQUIVALENTS (FTE)

Program	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Amended	Change	FY 07-08 Proposed	Change	FY 08-09 Proposed
Administration	2.800	2.800	2.800	0.000	2.800	0.000	2.800
Advance Planning	0.450	0.450	0.600	0.200	0.800	0.000	0.800
Current Planning	1.900	1.950	1.900	-0.200	1.700	0.000	1.700
Economic Developmt	0.150	0.000	0.000	0.000	0.000	0.000	0.000
Code Enforcement	3.150	3.150	3.150	0.000	3.150	0.000	3.150
Water Quality	1.100	1.100	1.100	0.000	1.100	0.000	1.100
Building	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Housing	<u>0.100</u>	<u>0.100</u>	<u>0.100</u>	<u>0.000</u>	<u>0.100</u>	<u>0.000</u>	<u>0.100</u>
TOTAL FTE	<u>9.650</u>	<u>9.500</u>	<u>9.650</u>	<u>0.000</u>	<u>9.650</u>	<u>0.000</u>	<u>9.650</u>

CITY OF MISSION VIEJO
2007-09 Program Area Summary

Community Development



Community Development	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
Community Development							
Community Dev/Admin	\$311,219	\$300,337	\$310,788	\$305,912	-2	\$316,828	4
Advanced Planning	124,023	102,942	142,422	262,352	84	205,558	-22
Current Planning	176,718	355,496	242,677	225,689	-7	241,347	7
Economic Development *	30,389	-1,181	0	0	0	0	0
Building	683,132	958,027	954,165	1,156,600	21	1,156,600	0
Code Enforcement	263,006	295,352	301,887	314,698	4	334,277	6
Water Quality	90,875	91,929	106,078	110,595	4	117,995	7
Housing	94,284	50,195	452,155	331,174	-27	331,174	0
Economic Opportunity	91,650	83,399	77,443	76,424	-1	76,424	0
Total Community Development	\$1,865,296	\$2,236,496	\$2,587,615	\$2,783,444	8	\$2,780,203	0

06-07 Budget omits carryovers

* Effective FY 05-06, the Economic Development program was transferred to the City Manager's Department.

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

ENGINEERING AND TRANSPORTATION

This Program Area is organized around the Administration, Engineering, and Transportation Divisions of the Public Works Department. These divisions oversee the programs listed below, as well as the Crossing Guards program housed in the Public Safety Program Area, and the waste management franchise, housed under the General Government/Management & Support Program Area. Engineering and Transportation is responsible for: reviewing development proposals and street improvement plans; managing the City's Capital Improvement Program (CIP); inspecting private development projects, City capital projects, and right-of-way encroachments; maintaining the City's Master Drainage program and flood control systems; overseeing water quality programs, in conjunction with the Community Development Department; and overseeing the design, construction, and operation of the City's entire transportation network.

In FY 2005-06, the CIP Project Management program was merged with the Administration program, and the functions of the Flood Control program were divided up and transferred to the Engineering program in Public Works and the Environmental Maintenance program in the Public Services Department.

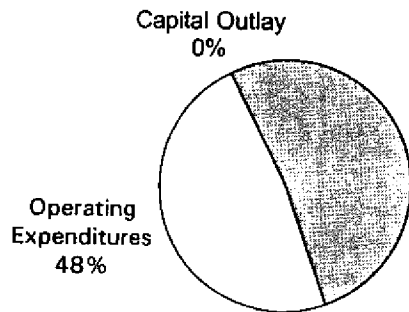
Engineering and Transportation staff also represents the City in various regional and intergovernmental agencies, such as the League of California Cities, the Orange County Transportation Authority, and the Transportation Corridor Agencies.

STAFFING
FULL-TIME EQUIVALENTS (FTE)

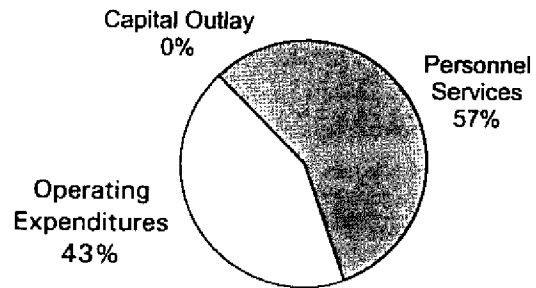
<u>Program</u>	<u>FY 04-05 Actual</u>	<u>FY 05-06 Actual</u>	<u>FY 06-07 Amended</u>	<u>Change</u>	<u>FY 07-08 Proposed</u>	<u>Change</u>	<u>FY 08-09 Proposed</u>
Administration	1.400	2.250	2.250	0.000	2.250	0.000	2.250
Engineering	2.275	2.325	2.325	0.100	2.425	0.000	2.425
CIP Project Mgt	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Inspection	3.300	3.150	3.150	0.000	3.150	0.000	3.150
Flood Control	0.250	0.000	0.000	0.000	0.000	0.000	0.000
Water Quality	1.550	2.000	2.000	-0.150	1.850	0.000	1.850
Transp Planning	0.550	0.550	0.550	1.000	1.550	0.000	1.550
Traffic Operations	0.800	0.850	0.850	1.000	1.850	0.000	1.850
Traffic Safety	0.650	0.650	0.650	0.000	0.650	0.000	0.650
Signal Maintenance	0.450	0.450	0.450	0.000	0.450	0.000	0.450
TOTAL FTE	12.225	12.225	12.225	1.950	14.175	0.000	14.175

CITY OF MISSION VIEJO
2007-09 Program Area Summary

Engineering & Transportation



2007-08 Expenditures



2008-09 Expenditures

Engineering & Transportation	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
Public Works Department							
Public Works Admin	\$152,876	\$292,561	\$340,658	\$378,967	11	\$356,738	-6
Engineering	397,563	1,731,597	478,098	608,394	27	532,487	-12
CIP Project Mgmt *	133,366	0	0	0	0	0	0
Inspection	442,125	336,839	359,002	373,438	4	389,396	4
Flood Control Mgmt *	921,933	0	0	0	0	0	0
Water Quality	641,051	507,635	794,253	603,286	-24	612,736	2
Transportation Planning	225,024	220,927	306,563	267,135	-13	213,500	-20
Traffic Operations	231,890	250,630	298,411	282,375	-5	355,779	26
Traffic Safety	101,069	92,340	131,308	146,373	11	155,341	6
Signal Maintenance	394,831	366,592	544,667	543,536	0	548,091	1
Total Engineering & Transportation	\$3,641,728	\$3,799,121	\$3,252,960	\$3,203,504	-2	\$3,164,068	-1

06-07 Budget omits carovers

* Effective FY 05-06, the CIP Project Management program was merged into the Public Works/Administration program; the Flood Control program was eliminated, with its road and storm drain maintenance contracts transferred to the Public Service Environmental Maintenance program and the balance of the program's operations, to the Engineering program.

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

INFRASTRUCTURE MAINTENANCE

Infrastructure Maintenance is responsible for the upkeep of public buildings, streets, lands, and trees. This program area is based largely on the Public Services Department, which includes the programs shown below. The Emergency Preparedness and Street Lighting programs are also organizationally under the Public Services Department; however, for the purposes of program budgeting, staffing and funding for those programs are shown under the Public Safety program area.

Street sweeping, sidewalk and street repair, pavement signage and street striping, weed abatement, emergency storm response, park and landscape maintenance, park facility upkeep, tree trimming and tree replacement are some of the major duties carried out under this area. This program area is also responsible for a centralized, comprehensive building maintenance program, which includes custodial and routine maintenance for all the City's buildings. As of FY 2005-06, the Facility Maintenance program, which consists of three separate accounts for City Hall, Recreation Centers, and all other City facilities, began managing the maintenance costs associated with the Norman P. Murray Community and Senior Center, the Potocki Center, and the Marguerite Recreation and Aquatics Centers.

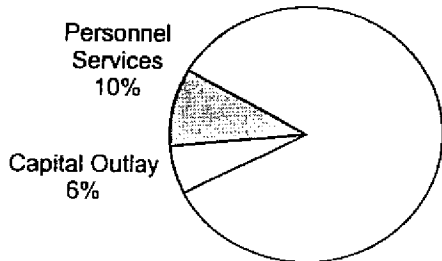
Infrastructure Maintenance also includes the Fleet Maintenance program, which is responsible for maintaining City's pool cars, trucks, police motorcycles, and the Emergency Response Mobile vehicle.

STAFFING
FULL-TIME EQUIVALENTS (FTE)

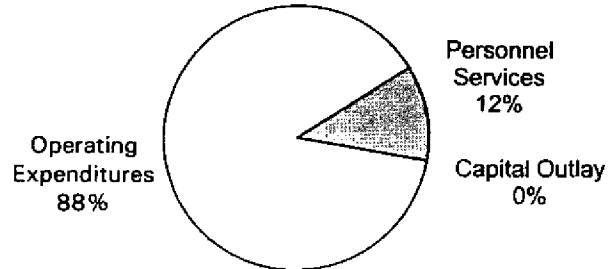
<u>Program</u>	<u>FY 04-05</u> <u>Actual</u>	<u>FY 05-06</u> <u>Actual</u>	<u>FY 06-07</u> <u>Amended</u>	<u>Change</u>	<u>FY 07-08</u> <u>Proposed</u>	<u>Change</u>	<u>FY 08-09</u> <u>Proposed</u>
Administration	1.800	1.700	1.350	-0.250	1.100	0.000	1.100
Facility Maintenance	4.800	4.700	5.200	1.250	6.450	0.000	6.450
Street Maintenance	3.850	3.650	4.650	-1.400	3.250	0.000	3.250
Fleet Maintenance	0.500	0.400	0.400	0.000	0.400	0.000	0.400
Environmental Maint	0.600	0.550	0.550	0.000	0.550	0.000	0.550
Parks Maintenance	2.800	2.700	1.700	1.500	3.200	0.000	3.200
Medians & Parkways	1.350	1.400	1.400	0.650	2.050	0.000	2.050
Urban Forestry	<u>0.900</u>	<u>0.900</u>	<u>0.900</u>	<u>0.350</u>	<u>1.250</u>	<u>0.000</u>	<u>1.250</u>
TOTAL FTE	<u>16.600</u>	<u>16.000</u>	<u>16.150</u>	<u>2.100</u>	<u>18.250</u>	<u>0.000</u>	<u>18.250</u>

CITY OF MISSION VIEJO
2007-09 Program Area Summary

Infrastructure Maintenance



2007-08 Expenditures



2008-09 Expenditures

Infrastructure Maintenance	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
Public Services Department							
Public Services Administrtrn	\$170,501	\$206,677	\$230,981	\$190,160	-18	\$202,379	6
Street Maintenance	1,814,183	2,202,335	2,284,028	2,407,618	5	2,457,910	2
Fleet Maintenance	155,904	173,178	184,280	222,331	21	226,428	2
Environmental Maint.	102,361	996,296	793,631	964,521	22	970,714	1
Parks Maintenance	4,611,094	4,885,915	4,890,210	6,788,797	39	6,334,625	-7
Medians and Parkways	1,956,312	2,254,258	2,467,375	3,476,862	41	3,530,452	2
Urban Forestry	753,041	772,032	779,418	842,615	8	875,465	4
Bldg Mnt-City Hall/Corp Yard	521,747	558,781	597,403	923,652	55	789,674	-15
Bldg Maint-Rec Centers*	442,937	518,642	560,432	763,103	36	639,052	-16
Bldg Mnt-Aqua/NPM/Ptcki*	547,621	624,668	654,388	929,698	42	928,608	0
Bldg Maint-Library	342,221	371,813	391,710	553,100	41	445,800	-19
Total Infrastructure Maintenance	\$11,417,922	\$13,564,595	\$13,833,856	\$18,062,457	31	\$17,401,107	-4

06-07 Budget omits carryovers

* Effective FY 05-06, all program costs related to the Marguerite Aquatics and Potocki Center, as well as the building maintenance and utility costs for the NPM Center and Heritage House were transferred to the Facilities Maintenance/Aquatics-NPM-Melinda-Potocki program; all program costs related to the Marguerite Recreation program were transferred to the Facilities Maintenance/Recreation Centers program.

CITY OF MISSION VIEJO 2007-09 BUDGET
Program Area Summary

RECREATION, COMMUNITY AND LIBRARY SERVICES

This program area includes all of the programs in the Recreation and Community Services and Library departments.

The Recreation and Community Services Department manages the City's contracts for recreation classes, community and senior programs, and special events; it also oversees activities at the Norman P. Murray Community & Senior (NPM) Center, two recreation centers, two tennis centers, the Heritage House, and the Thomas R. Potocki Center. The YMCA operates the Marguerite Recreation Center, and the Mission Viejo Nadadores organization uses the Marguerite Aquatics Center, through an agreement with the City. In FY 2005-06, the Community Centers and Senior programs were merged to form the new NPM Center program. Also in that fiscal year, the Public Services Department began managing the facility maintenance costs of the NPM Center, the Heritage House, and the Potocki Center, as well as the operating agreements for the Marguerite Recreation Center and Marguerite Aquatics Center.

Recreation and Community Services also provides liaison to the Community Services Commission, the staff time for which is listed under the General Government/Legislative Program Area Summary.

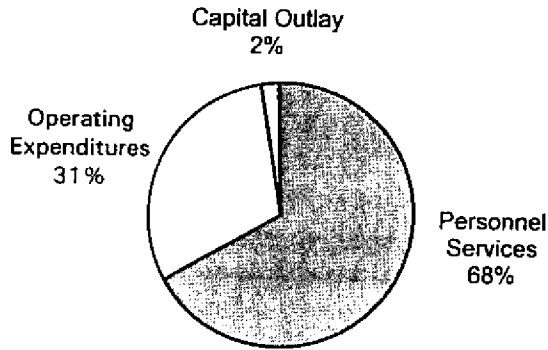
The Library Department is responsible for managing and operating the Mission Viejo Library as a full-service city program. In addition to overseeing daily library operations, staff also provides information programs and services for youths and adults, including an adult literacy program and a homebound delivery program.

STAFFING
FULL-TIME EQUIVALENTS (FTE)

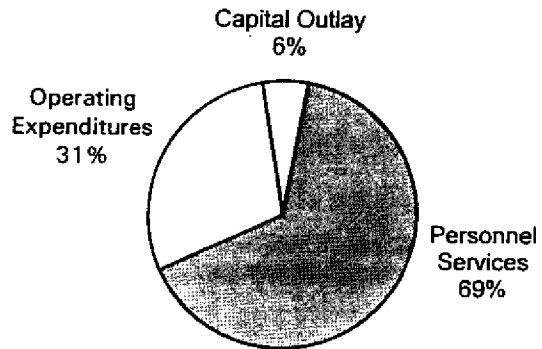
<u>Department/ Program</u>	<u>FY 04-05 Actual</u>	<u>FY 05-06 Actual</u>	<u>FY 06-07 Amended</u>	<u>Change</u>	<u>FY 07-08 Proposed</u>	<u>Change</u>	<u>FY 08-09 Proposed</u>
Library							
Library Services	20.150	20.150	20.375	1.250	21.625	0.000	21.625
Rec & Comm Services							
R&CS/Admin	2.925	2.925	2.925	0.000	2.925	0.000	2.925
Recreation	1.625	1.625	1.625	-0.100	1.525	0.000	1.525
NPM Center	0.000	8.625	8.875	1.725	10.600	0.000	10.600
Community Ctrs	2.212	0.000	0.000	0.000	0.000	0.000	0.000
Seniors	5.413	0.000	0.000	0.000	0.000	0.000	0.000
Community Services	2.550	2.550	2.550	0.000	2.550	0.000	2.550
Rec & Tennis Ctrs	12.850	15.850	15.600	0.350	15.950	0.000	15.950
Marguerite Aquatics	0.250	0.000	0.000	0.000	0.000	0.000	0.000
Total, R & CS	27.825	31.575	31.575	1.975	33.550	0.000	33.550
TOTAL FTE	47.975	51.725	51.950	3.225	55.175	0.000	55.175

CITY OF MISSION VIEJO
2007-09 Program Area Summary

Recreation, Community & Library Services



2007-08 Expenditures



2008-09 Expenditures

Recreation, Community & Library Services	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Budget	FY 07-08 Proposed	% Change fr 06-07 Budget	FY 08-09 Proposed	% Change fr 07-08 Budget
Rec & Community Svcs Dept							
Rec & Comm Svcs Admin	\$417,134	\$409,049	\$420,592	\$444,656	6	\$445,886	0
Recreation	536,388	449,650	594,158	737,794	24	835,114	13
NPM Community Center *	692,477	716,822	917,166	1,022,748	12	1,203,753	18
Community Services	370,969	397,601	530,038	594,485	12	542,704	-9
Montanoso Rec Ctr	719,320	708,040	791,777	880,432	11	913,428	4
Sierra Rec Center	135,197	404,280	501,488	492,734	-2	543,096	10
Marguerite Tennis	176,870	205,901	182,272	194,494	7	193,126	-1
Felipe Tennis	310,861	407,343	411,801	361,333	-12	363,800	1
Total Rec & Com Svcs	3,359,216	3,698,686	4,349,292	4,728,676	9	5,040,907	7
Library Department							
Library Services	1,999,596	2,236,842	2,373,908	2,737,657	15	2,843,494	4
Total Library Dept	1,999,596	2,236,842	2,373,908	2,737,657	15	2,843,494	4
Total Rec, Community & Library Services	\$5,358,812	\$5,935,528	\$6,723,200	\$7,466,333	11	\$7,884,401	6

06-07 Budget omits carryovers

* Effective FY 05-06, the Seniors and Community Centers programs were merged into the new NPM Community and Senior Center program.

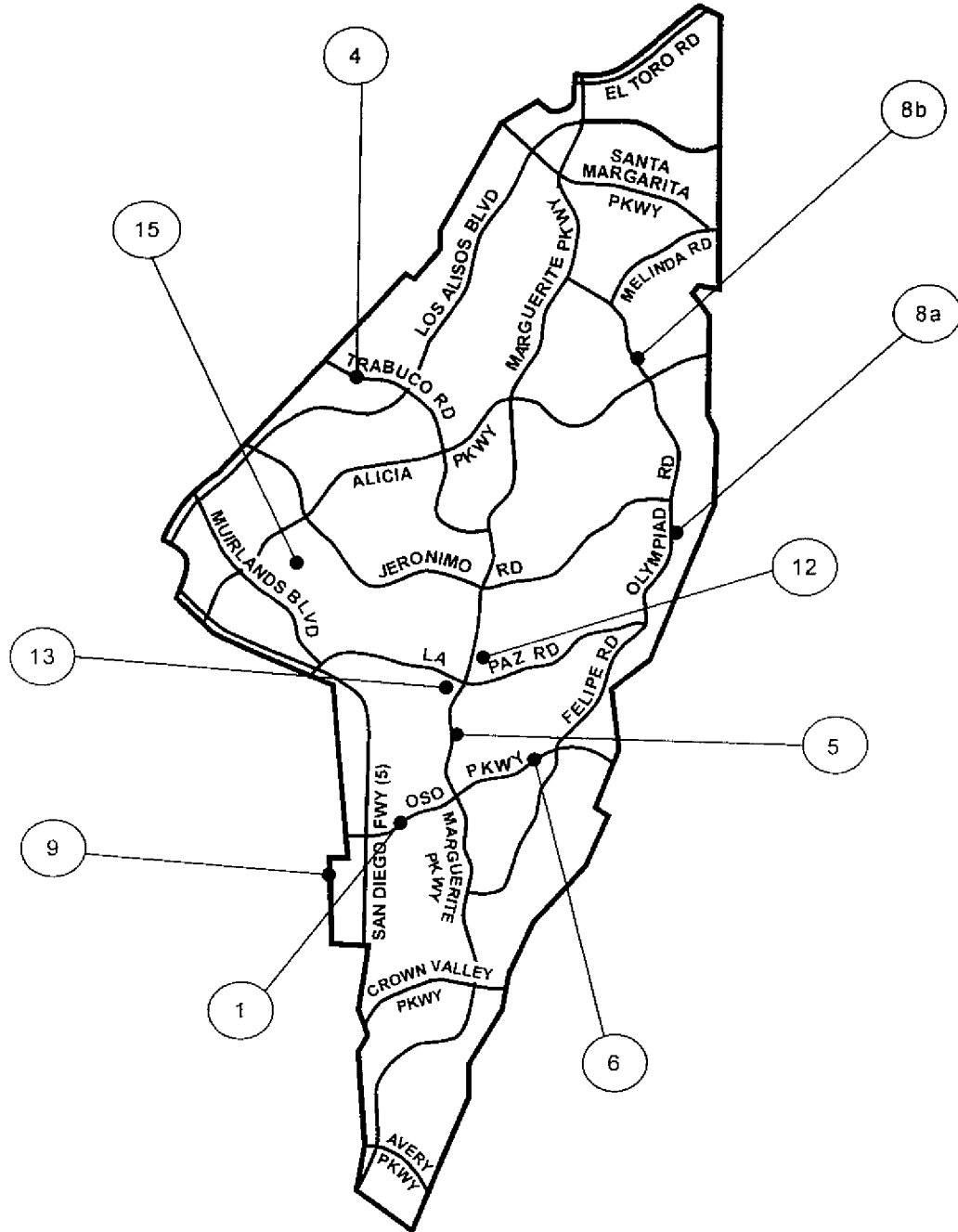
CITY OF MISSION VIEJO
2007-09 Capital Improvement Program

CAPITAL PROJECT RANKING
 (Two Years Combined)

RANK	CIP #	PROJECT	AMOUNT
1	791	Oso Parkway Widening/I-5 to Country Club Drive	\$ 450,000
2	797	Traffic Safety Program/Signal Coordination	577,760
3	836	Sidewalk Repair Program	300,000
4	837	Arterial Highway Resurfacing Program	450,000
5	799	Marguerite Parkway Resurfacing/Median Rehabilitation	2,030,000
6	205	Oso Parkway Resurfacing/Median Rehabilitation	735,000
7	838	Residential Slurry Seal	3,700,000
8a	201	Olympiad Road Resurfacing/La Paz-Jeronimo	550,000
8b	202	Olympiad Road Resurfacing/Jeronimo-Marguerite	250,000
9	782	Cabot-Camino Capistrano Bridge	972,000
10	303	Playground Renovations	1,100,000
11	300	Site Security Lighting	225,000
12	994	Norman P. Murray Center Expansion - Furnishings	319,385
13	311	Library Emergency Generator	188,000
14	304	Site Fencing Repairs & Replacement	100,000
15	204	Ferrocarril Assessment District	300,000
TOTAL			\$ 12,247,145

Numbers on the map correspond to the rank assigned by staff to the project, based on Council-approved criteria and relative weighting.

CITY OF MISSION VIEJO
 2007-09 Capital Improvement Program



2 3 7 10 11 14 Selected areas of the City

**CAPITAL IMPROVEMENT PROGRAM
FY 2007-08 PROPOSED BUDGET**

CIP #	RESPONSIBLE DEPARTMENT PROJECT TITLE/DESCRIPTION (RANK)	FY 2007-08 TOTAL REQUEST	GENERAL FUND 101	FACILITY REPLCMT FUND 190	GAS TAX FUND 211	AOMD FUND 219	MEASURE M			ISTEA FUND 248	TCR FUND 255	SCRIP FUND 262	PROP 1B FUND 265
							LOCAL FUND 220	MPAH FUND 223					
<i>PUBLIC WORKS:</i>													
201	OLYMPIAD ROAD RESURFACING/La Paz-Jeronimo	550,000					550,000						
204	FERROCARRIL ASSESSMENT DISTRICT SLOPE	300,000	300,000										
205	OSO PKWY RESURFACING/MEDIAN REHAB	735,000			120,000		615,000						
782	CABOT-CAMINO CAPISTRANO BRIDGE *	972,000							972,000				
791	OSO PARKWAY WIDENING/ I-5 to Country Club	450,000						225,000			225,000		
797	TRAFFIC SAFETY / SIGNAL COORDINATION	238,880				238,880							
799	MARGUERITE PKWY RESURFACING/MEDIAN REHAB	1,030,000			820,000		210,000						
836	SIDEWALK REPAIR PROGRAM	150,000			150,000								
838	RESIDENTIAL SLURRY SEAL PROGRAM	1,700,000			642,000					124,000		934,000	
<i>PUBLIC SERVICES:</i>													
304	SITE FENCING REPAIRS & REPLACEMENT	100,000	50,000	50,000									
311	CITY LIBRARY EMERGENCY GENERATOR	188,000	188,000										
<i>RECREATION & COMMUNITY SERVICES:</i>													
994	NORMAN P. MURRAY EXPANSION	319,385	319,385										
TOTAL - ALL CIP REQUESTS		6,733,265	857,385	50,000	1,732,000	238,880	1,375,000	225,000	972,000	124,000	225,000	934,000	

* City budget will be matched with \$243,000 from the CDA, for a total of \$1.215 M for this project

**CAPITAL IMPROVEMENT PROGRAM
FY 2008-09 PROPOSED BUDGET**

CIP #	RESPONSIBLE DEPARTMENT PROJECT TITLE/DESCRIPTION (RANK)	FY 2008-09 TOTAL REQUEST	GENERAL FUND 101	FACILITY REPLCMNT FUND 190	GAS TAX FUND 211	AOMD FUND 219	MEASURE M			ISTEA FUND 248	TCR FUND 255	SCRIP FUND 262	PROP 1B FUND 265
							LOCAL FUND 220	MPAH FUND 223					
	<i>PUBLIC WORKS:</i>												
202	OLYMPIAD ROAD RESURFACING/Jeranimo-Marguerite	250,000						250,000					
797	TRAFFIC SAFETY/SIGNAL COORDINATION	338,880				238,880		100,000					
799	MARGUERITE PARKWAY RESURFACING/Oso-La Paz	1,000,000			1,000,000								
836	SIDEWALK REPAIR PROGRAM	150,000						150,000					450,000
837	ARTERIAL HIGHWAY RESURFACING PROGRAM	450,000											17,000
838	RESIDENTIAL SLURRY SEAL PROGRAM	2,000,000						942,000		1,041,000			
	<i>PUBLIC SERVICES:</i>												
300	SITE SECURITY LIGHTING	225,000	112,500	112,500									
303	PLAYGROUND RENOVATIONS	1,100,000	550,000	550,000									
	TOTAL, ALL CIP REQUESTS	5,513,880	662,500	662,500	1,000,000	238,880	1,442,000	1,041,000	-	-	-	-	467,000

**CAPITAL IMPROVEMENT PROGRAM
2007-09 PROPOSED BUDGET (COMBINED)**

CIP #	RESPONSIBLE DEPARTMENT (PROJECT TITLE/DESCRIPTION (RANK))	2007-09 TOTAL REQUEST	GENERAL FUND 101	FACILITY REPLCMNT FUND 190	GAS TAX FUND 211	AOMD FUND 219	MEASURE M			ISTEA FUND 248	TCR FUND 255	SCRIP FUND 262	PROP 1B FUND 265
							LOCAL FUND 220	MPAH FUND 223					
<i>PUBLIC WORKS:</i>													
201	OLYMPIAD ROAD RESURFACING/La Paz-Jeronimo	550,000					550,000						
202	OLYMPIAD ROAD RESURFACING/Jeronimo-Marguerite	250,000					250,000						
204	FERROCARRIL ASSESSMENT DISTRICT SLOPE	300,000	300,000										
205	OSO PKWY RESURFACING/MEDIAN REHAB	735,000			120,000		615,000						
782	CABOT-CAMINO CAPISTRANO BRIDGE *	972,000							972,000				
791	OSO PARKWAY WIDENING/I-5 to Country Club	450,000						225,000			225,000		
797	TRAFFIC SAFETY/SIGNAL COORDINATION	577,760				477,760	100,000						
799	MARGUERITE PKWY RESURFACING/MEDIAN REHAB	2,030,000			1,820,000		210,000						450,000
836	SIDEWALK REPAIR PROGRAM	300,000			150,000		150,000						
837	ARTERIAL HIGHWAY RESURFACING PROGRAM	450,000											
838	RESIDENTIAL SLURRY SEAL PROGRAM	3,700,000			642,000		942,000			1,165,000			951,000
<i>PUBLIC SERVICES:</i>													
300	SITE SECURITY LIGHTING	225,000	112,500	112,500									
303	PLAYGROUND RENOVATIONS	1,100,000	550,000	550,000									
304	SITE FENCING REPAIRS & REPLACEMENT	100,000	50,000	50,000									
311	CITY LIBRARY EMERGENCY GENERATOR	188,000	188,000										
<i>RECREATION & COMMUNITY SERVICES:</i>													
994	NORMAN P. MURRAY EXPANSION	318,385	318,385										
TOTAL, ALL CIP REQUESTS		12,247,145	1,519,885	712,500	2,732,000	477,760	2,817,000	225,000	972,000	1,165,000	225,000	1,401,000	

* City budget will be matched with \$243,000 from the CDA, for a total of \$1.215 M for this project

2007 MASTER FINANCIAL PLAN

City of Mission Viejo, CA



Funded in this MFP Update

Projected Fiscal Yrs	Project	Cumulative Projected Cost
2008	Ferrocarril Geologic Hazard Abatement District/City Share	\$ 300,000
2008-09	English Creek Aquatic Restoration Project	200,000
2008-09	Marguerite Slopes	1,000,000
2008-09	Marguerite Tennis Center Rehabilitation and Addition of New Court	868,211 *
2009	Corporation Yard Master Plan	50,000
2009-11	Marguerite Aquatics Center Improvements	1,969,080 *
2008-14	Site Security Lighting/Various Parks/Facilities	1,050,000 *
2008-14	Site Fencing Repairs/Various Parks/Facilities	700,000 *
2008-14	Playground Renovations (Estimated 2/Year)	3,850,000 *
2008-14	Park Signage	280,000 *
2008-14	Asphalt Walk Trails	700,000 *
2008-14	City Hall Building Repairs/Maintenance (HVAC, Painting)	80,000
2010-14	Other City Slope Renovations (per Master Plan)	2,500,000
Total Funded		\$ 13,547,291

Not Funded in this MFP Update (listed alphabetically)

Project	Cumulative Projected Cost
Alicia Park - Final Phase	1,200,000
Dog Park	720,000
El Toro Park/Field	2,500,000
Felipe Tennis Court & Restroom	910,000
Joint-Use (School District) Fields	250,000
Lower Curtis Park Development	7,000,000
Lower Gilleran Park Development	7,000,000
Muirlands Blvd R-O-W Improvements (La Paz to Los Alisos)	2,000,000
NPM Center Expansion Bid Alt #1 (Reconstruct 2nd Soccer Field)	439,448
NPM Center Expansion Bid Alt #2 (Addtl Parking, Maint Yard, Hardscape)	983,123
Oso Creek Trail Bridge	800,000
Pavion Park Picnic Shelter	80,000
Youth Athletic Park Building w/ Restroom	650,000
Total Not Funded	\$ 24,532,571

2007-09 PROPOSED AUTHORIZED POSITIONS
Regular Positions/Full-time Equivalents (FTEs)

Department	Actual 2004-05	Actual 2005-06	Revised Adopted 2006-07	Change	Proposed 2007-08	Change	Proposed 2008-09
City Council							
Councilmembers	5.000	5.000	5.000	0.000	5.000	0.000	5.000
Total City Council	5.000	5.000	5.000	0.000	5.000	0.000	5.000
City Manager							
City Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Deputy City Manager	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Deputy City Manager/Community Relations & Communications Manager	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Department Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Assistant to the City Manager	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Senior Executive Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Executive Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Information Technology Manager	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Information Technology Specialist	3.000	4.000	0.000	0.000	0.000	0.000	0.000
Information Technology Technician	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Senior Management Analyst	0.000	0.500	0.500	(0.500)	0.000	0.000	0.000
Total City Manager	11.000	11.500	5.500	(0.500)	5.000	0.000	5.000
Information Technology (New in FY 06-07)							
Director of Information Technology	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Information Technology Manager	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Information Technology Specialist	0.000	0.000	3.000	0.000	3.000	1.000	4.000
Information Technology Technician	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant *	0.000	0.000	0.000	0.500	0.500	0.000	0.500
Total Information Technology	0.000	0.000	6.000	0.500	6.500	1.000	7.500
City Clerk							
City Clerk	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Assistant City Clerk	1.000	1.000	1.000	0.000	1.000	0.000	1.000
City Clerk Specialist	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Records Management Coordinator	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Total City Clerk	4.000	4.000	4.000	0.000	4.000	0.000	4.000
Administrative Services							
Assistant City Manager/Director of Admin Services	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Accountant	1.800	1.000	1.000	0.000	1.000	0.000	1.000
Accounting Information Specialist	0.000	0.800	0.800	0.000	0.800	0.000	0.800
Senior Accounting Clerk	0.750	0.750	1.375	0.000	1.375	0.250	1.625
Accounting Clerk	1.375	1.375	0.750	0.000	0.750	0.000	0.750
Accounting Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Budget & Research Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Senior Department Assistant *	1.500	1.500	2.000	0.000	2.000	0.000	2.000
Management Analyst	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Payroll Technician	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Purchasing Analyst	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Senior Accountant	0.500	0.625	0.625	0.000	0.625	0.000	0.625
Treasury Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Treasury Manager	0.900	0.900	0.900	0.000	0.900	0.000	0.900
Human Resources Analyst	1.000	1.000	2.000	0.000	2.000	0.000	2.000
Human Resources Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Human Resources Technician	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Total Administrative Services	16.825	16.950	18.450	0.000	18.450	0.250	18.700

2007-09 PROPOSED AUTHORIZED POSITIONS

Regular Positions/Full-time Equivalents (FTEs)

Department	Actual 2004-05	Actual 2005-06	Revised Adopted 2006-07	Change	Proposed 2007-08	Change	Proposed 2008-09
Library Services							
Director of Library Services	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Administrative Secretary	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Library Services Coordinator	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Librarian II	0.000	0.000	2.000	0.000	2.000	0.000	2.000
Librarian I	0.000	0.000	2.000	1.250	3.250	0.000	3.250
Librarian	7.000	7.000	0.000	0.000	0.000	0.000	0.000
Library Assistant	3.025	3.025	2.500	0.000	2.500	0.000	2.500
Graphic Information Specialist	0.000	0.000	0.750	0.000	0.750	0.000	0.750
Library Clerk	5.125	5.125	5.125	0.000	5.125	0.000	5.125
Senior Librarian	2.000	2.000	3.000	0.000	3.000	0.000	3.000
Library Manager	0.000	0.000	2.000	0.000	2.000	0.000	2.000
Circulation Supervisor	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Circulation Services Manager	0.000	1.000	1.000	0.000	1.000	0.000	1.000
Total Library Services	20.150	20.150	20.375	1.250	21.625	0.000	21.625
Community Development							
Director of Community Development	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Associate Planner	2.000	2.000	2.000	0.000	2.000	0.000	2.000
Assistant Planner	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Code Enforcement Officer	2.000	2.000	2.000	0.000	2.000	0.000	2.000
Senior Code Enforcement Officer	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Code Enforcement Supervisor	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Department Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Planning Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Total Community Development	10.000	10.000	10.000	0.000	10.000	0.000	10.000
Public Works							
Director of Public Works	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Assistant City Engineer	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Traffic Engineer	0.000	0.000	0.000	1.000	1.000	0.000	1.000
Transportation Operations Engineer	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Associate Transportation Analyst	0.000	0.000	0.000	1.000	1.000	0.000	1.000
City Engineer	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Engineering Technician	2.375	2.375	0.625	0.000	0.625	0.000	0.625
Program Engineer	0.000	0.000	0.750	0.000	0.750	0.000	0.750
Senior Engineering Technician	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Sr Public Works Inspector	2.000	2.000	2.000	0.000	2.000	0.000	2.000
Senior Management Analyst	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Public Works Inspection Supervisor	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Transportation Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Total Public Works	12.375	12.375	12.375	2.000	14.375	0.000	14.375
Public Services							
Director of Public Services	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Public Services Admin Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Public Services Operations Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Sr Public Svcs Contracts Administrator	3.000	3.000	3.000	2.000	5.000	0.000	5.000
Public Works Inspector II	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Public Services Supervisor	0.000	0.000	4.000	0.000	4.000	0.000	4.000
Public Svcs Contracts Administrator	2.000	2.000	2.000	0.000	2.000	0.000	2.000
Senior Parks & Landscape Inspector	3.000	3.000	0.000	0.000	0.000	0.000	0.000
Senior Public Works Inspector	1.000	1.000	0.000	0.000	0.000	0.000	0.000

2007-09 PROPOSED AUTHORIZED POSITIONS

Regular Positions/Full-time Equivalents (FTEs)

Department	Actual 2004-05	Actual 2005-06	Revised Adopted 2006-07	Change	Proposed 2007-08	Change	Proposed 2008-09
Facilities Maintenance Superintendent	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Custodian	1.500	1.500	1.500	0.500	2.000	0.000	2.000
Senior Department Assistant	2.500	2.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant	1.000	0.000	1.000	0.000	1.000	0.000	1.000
Animal Services Volunteer Coordinator	0.000	0.500	0.500	0.000	0.500	0.000	0.500
Animal Services Assistant	3.000	3.000	3.000	0.000	3.000	0.000	3.000
Animal Services Manager	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Senior Animal Services Officer	0.000	0.000	1.000	0.000	1.000	0.000	1.000
Animal Services Officer	3.000	3.000	2.000	0.500	2.500	0.000	2.500
Animal Services Licensing Representative	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Animal Services Supervisor	0.000	1.000	1.000	0.000	1.000	0.000	1.000
Department Assistant	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Total Public Services	27.000	27.000	27.000	3.000	30.000	0.000	30.000
Recreation & Community Services							
Director of Recreation & Community Services	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Administrative Assistant	2.750	2.000	1.000	0.000	1.000	0.000	1.000
Clerk	0.625	0.625	0.000	0.000	0.000	0.000	0.000
Community Services Coordinator	8.750	9.750	5.750	0.000	5.750	0.000	5.750
Community Services Manager	2.000	2.000	2.000	0.000	2.000	0.000	2.000
Community Services Specialist	8.625	10.125	9.375	1.600	10.975	0.000	10.975
Community Services Supervisor	0.000	0.000	5.750	0.000	5.750	0.000	5.750
Community Services Administrator	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Sr Department Assistant	0.750	1.750	1.750	0.000	1.750	0.000	1.750
Department Assistant	1.625	1.625	2.250	0.375	2.625	0.000	2.625
Management Analyst **	0.000	1.000	1.000	0.000	1.000	0.000	1.000
Senior Management Analyst	1.000	1.000	1.000	0.000	1.000	0.000	1.000
Total Recreation & Community Services	28.125	31.875	31.875	1.975	33.850	0.000	33.850
GRAND TOTAL	134.475	138.850	140.575	8.225	148.800	1.250	150.050

* Twenty-five percent of the Human Resources Senior Department Assistant's time was allocated to support the Information Technology Department. This 25% allocation is proposed to be combined with an increase of .25 FTE to create a new .5 Administrative Assistant position in the Information Technology Department.

** Temporary position addition pending the outcome of a pilot Senior Transportation program.

2007-09 City Budget Workshop * June 19, 2007
Detailed Agenda

A. Overview (Power Point Presentation)

- Budget Message Highlights
- Budget Overview (Revenues, Operating Budget, Staffing, CIP, Fund Balances, Recurring Revenues/Expenditures & Reserves)

Discussion Topics

B. Revenue & Reserves

- Update on revenue estimates (property tax, sales tax, park development fees)
- User Fee Study in progress; proposed increase in recreation/tennis center fees
- Add \$225,000/yr in projected donations from the Mission Viejo Foundation for the Murray Center expansion project
- Latest on State budgetary actions (in particular Prop 1B and Prop 42 revenues)
- Review of City's Discretionary Reserves - discussion and direction
(Power Point Presentation)

C. Operating Budget (Hand-out)

- Key Objectives & Issues By Program Area
 1. Public Safety
 2. Public Services
 3. Recreation, Community & Library Services
 4. Engineering & Transportation
 5. Community Development
 6. General Government (combined)

D. Capital Improvement Program (CIP) (Hand-out)

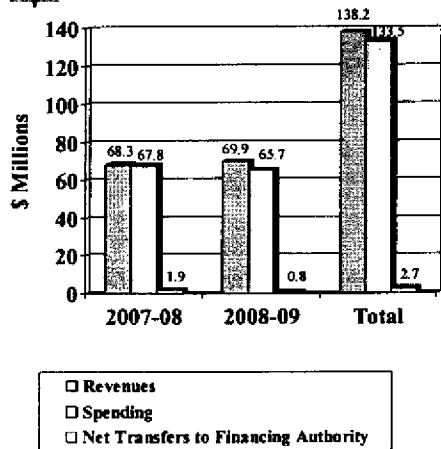
- Proposed 2007-09 capital projects in priority rank order
- Capital project changes/corrections recommended by staff
- Capital projects removed from the 2007-09 Budget pending FY 2006-07 budgetary savings
- Capital project requests from City Council

Proposed 2007-09 Budget for the City of Mission Viejo

City Council
Budget Workshop
June 19, 2007

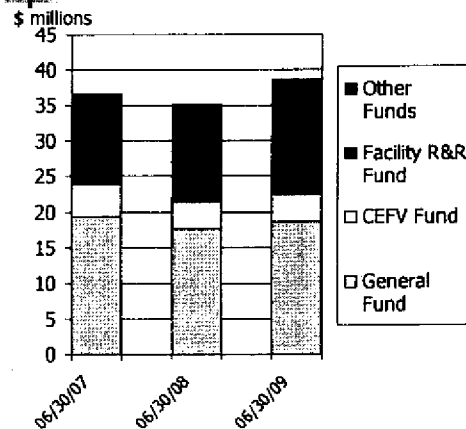
2007-2009 Budget Message

2007-09 Proposed Budget - Two-Year Summary



- Revenues- \$138.2 million
- Proposed spending - \$133.5 million
- Net transfers to Financing Authority - \$2.7 million
- Increase in total reserves of \$2 million

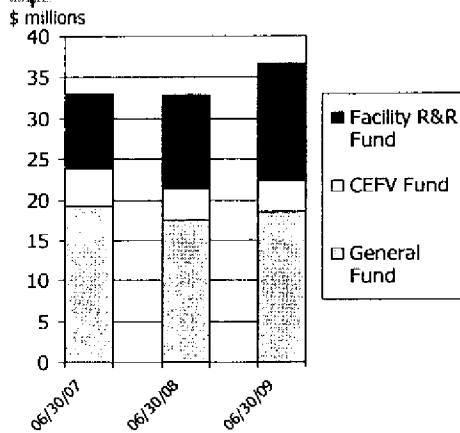
2007-09 Proposed Budget – Total Reserve Levels



- All City funds, including restricted funds, enterprise funds
- Overall increase of \$2 million over the 2-year budget period, to \$38.7 million

2007-09 Proposed Budget –

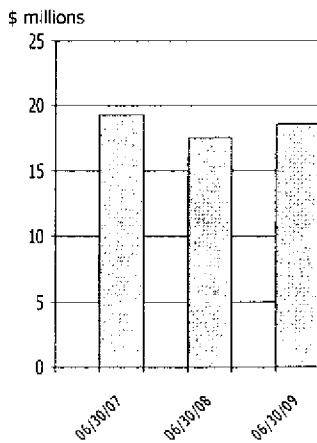
Total Discretionary Reserve Levels



- General Fund, two asset replacement funds combined ("General Fund Group")
- Overall increase of \$3.7 million over the 2-year budget period, to \$36.7 million
- Total discretionary reserve projected to be 66% of revenues in June 2009

2007-09 Proposed Budget –

General Fund Reserve Level



- 2007-08 reserve level drops \$1.8M from 2006-07 due to:
 - Transfer of insurance reserve to trustee
 - New phone system
 - Library generator
- 2008-09 reserve level increases \$1.1M from 2007-08
- Gen Fund Reserves will be 36% of operating budget in June '09
 - Current Council Policy requirement of 15%
- Forecast \$2M or more positive budget variance for 2006-07

2007-09 Proposed Budget - The Five Financial Trend Ratios

- Total General Fund Revenues per Capita
 - \$548 at 6/30/06 vs. \$589 in FY 2008-09
- Net Direct Debt per Capita
 - \$196.39 at 6/30/06 vs. \$181.57 at 6/30/09
- Percent Net Direct Debt to Assessed Valuation
 - 0.164% at 6/30/06 vs. 0.133% at 6/30/09
- Percent Debt Service on Gen Fund Obligations to Gen Fund Revenues
 - 2.57% at 6/30/06 vs. 2.39% at 6/30/09
- Percent Unreserved Fund Balance (Gen Fund Group) to General Fund Revenues
 - 65% at 6/30/06 vs. 66% at 6/30/09

2007-09 Proposed Budget – Key Assumptions

- Stable local economy
 - Conservative revenue estimates per Council Policy
- State Budget Outlook
 - No further take aways
 - Uncertainty over amount and timing of Prop 1B and Prop 42 allocations
- Consistent with the Master Financial Plan
 - Inflation rates, City's population & interest rates

Four Key Priorities In Developing the Budget

- Objectives that support 2011 Vision and Long-Range Goals
- Results of 2006 Community Opinion Survey
- Relation to the Master Financial Plan
- Adequacy of Reserve Levels

1. Budget Objectives, 2011 Vision, Long-Range Goals

- 2011 Vision has four elements
 - Be one of the safest communities
 - Vibrant, attractive, pleasant environment, with distinct community identity
 - Operate in fiscally sound, efficient manner
 - Encourage open government, participation
- 30 Long-Range Goals support the Vision
 - Seven functional areas
- Budget Objectives support the Long-Range Goals
 - Cross-referenced throughout budget document
- Performance measures help gauge the success of individual programs



2. Eight Most Important Services Per the 2006 Community Opinion Survey

- **Maintaining a Low Crime Rate**
 - Addition of two school resource officers
- **Maintaining Streets**
 - Increased funding for street repair program
 - Budgeted \$7.7M for six resurfacing or slurry seal projects
- **Providing Trash Collection and Recycling Services**
 - Several new or expanded recycling initiatives proposed for 2007-09
- **Preparing the City for Emergencies**
 - Implementation of a disaster recovery plan for Information Technology
 - Development of an emergency response plan for Animal Services



2. Eight Most Important Services Per the 2006 Community Opinion Survey

- **Reducing Traffic Congestion**
 - Addition of two staff positions
 - Capital project funding to widen Oso Pkwy and upgrade City's traffic signal coordination system
- **Maintaining Adequate Street Lighting**
 - Meet with utility companies to reduce outages & improve service
- **Maintaining City Parks and Landscape Areas**
 - Increased funding to continue current level of maintenance and make needed improvements to playgrounds, parkway slopes and sports field lighting
- **Providing Library Services**
 - Increased resources to boost materials collection

3. Relation to the Master Financial Plan

- 2007-09 General Fund revenues and operating expenditures are both higher than in the January 2007 MFP
 - Stronger tax revenue growth
 - Infrastructure maintenance costs greater than expected, economic development efforts added, and trust account for retiree insurance established
- General Fund capital budget is less than MFP
 - Some projects removed pending FY 2006-2007 budgetary savings

3. Relation to the Master Financial Plan (cont'd)

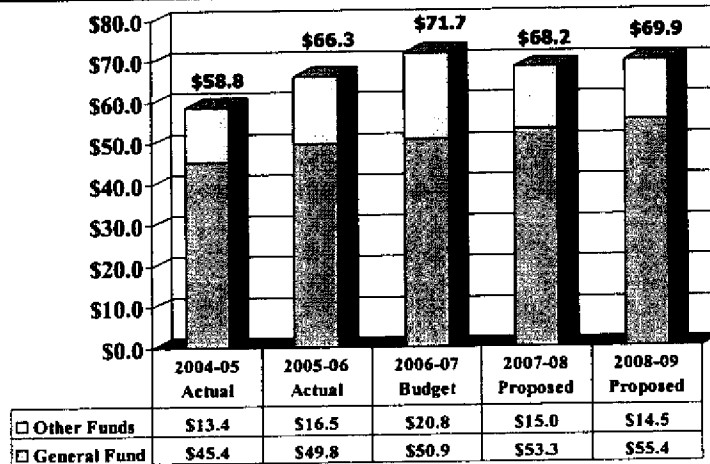
- Ending fund balances are lower at 6/30/09 than in the MFP
 - \$18.6 million vs. \$23.2 million, General Fund
 - However, \$3.1 million in General Fund reserves draw down in April 2007 for the Murray Community Center expansion project
 - \$36.7 million vs. \$39.5 million, General Fund group
- Proposed growth in General Fund regular staffing in FY 07-08 is lower than in the MFP
 - 7.725 FTE vs. 9.475 FTE in MFP

4. Adequacy of Reserve Levels

- Budget projects increases in total discretionary reserves and total reserves
 - Council to determine its own tolerance for risk
 - Details to follow
- Reserve study recommends changes to reserve levels and account structure

2007-2009 Budget Overview

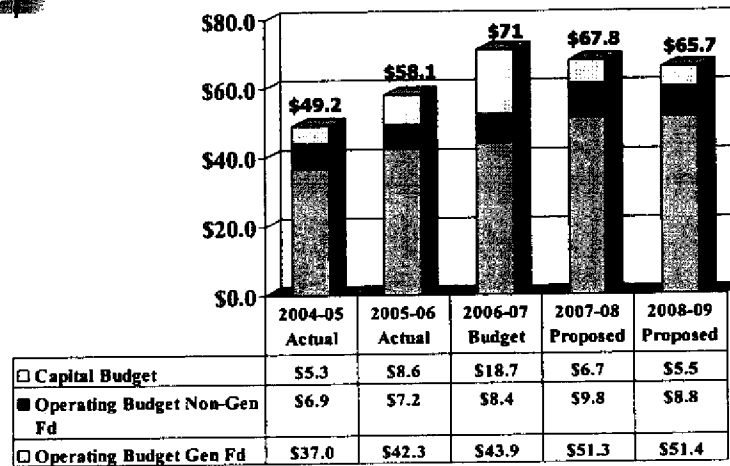
Revenues (\$ millions)



Revenues

- Total 2007-08 decreases \$3.5 M, 5%, from 2006-07
 - Decreases in Special Revenue Funds, Measure M Grant funds, one-time revenue
 - Mirrors decrease in City's capital budget expenditures
- Total 2008-09 increases \$1.7 M, 2%, from 2007-08
 - Stronger tax revenues
- Total Tax revenue growth in both years
 - Property tax grows +8%, +5%
 - Sales tax grows +1%, +5%
- General Fund revenues increase 5% from 2006-07 to 2007-08 and another 4% from 2007-08 to 2008-09
 - Property and Sales Tax together represent 78% of total General Fund revenues in FY 2007-08 and FY 2008-09

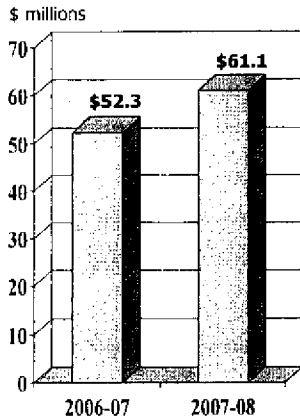
Proposed Spending (\$ millions)



Proposed Spending

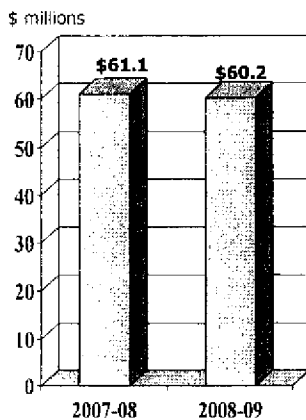
- Operating budget plus capital budget
- 2007-08 down \$3.1 million, 4%, from 2006-07
- 2008-09 down \$2.2 million, 3%, from 2007-08

2007-08 Operating Budget



- 2007-08 up \$8.8 million, 17%, from 2006-07
 - Infrastructure Maintenance, +4.2 million, +31%
 - Increased costs for labor, materials & utilities
 - General Govt - Mgmt & Support, +2.8 million, +30%
 - \$1.5M for one-time retiree insurance transfer
 - Public Safety, +\$1.0 million, +7%
 - Rec/Comm Svcs/Library, +\$743,133, +11%
 - Increase for Kids Factory and Murray Center expansion staffing
 - Community Development, +\$195,829, +8%
 - Engineering/Transportation, -\$49,456, -2%
 - General Govt - Legislative, -\$127,396, -8%

2008-09 Operating Budget



- 2008-09 down \$0.9 million, 2%, from 2007-08
 - Public Safety, +\$604,162, +4%
 - Addition of two School Resource Officers
 - Rec/Comm Svcs/Library, +418,068, +6%
 - Full year staffing at the expanded NPM Ctr
 - General Govt-Legislative, +\$80,487, +6%
 - Comm Dev, -\$3,241, 0%
 - Engineering/Transportation, -\$39,436, -1%
 - Infrastructure Maintenance, -\$661,350, -4%
 - Reduction of FY 2007-08 one-time costs
 - General Govt-Mgmt and Support, -\$1,336,705, -11%
 - Reduction of 2007-08 one-time costs (trustee transfer)

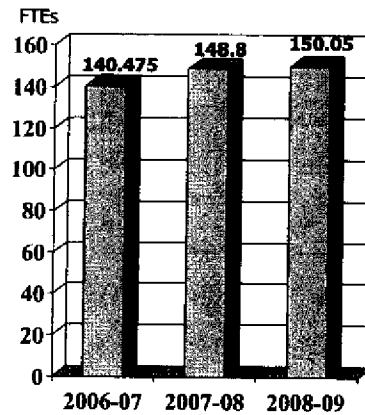
Changes in Staffing

- +8.225 full-time equivalent (FTE) positions for 2007-08, All Funds

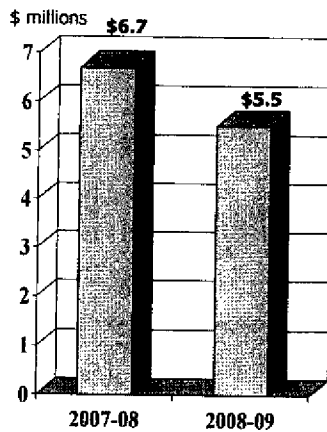
- +1.975 FTE in Rec/Comm Svcs
- +2 FTE in Public Works
- +2.5 FTE in Public Services
- +1.25 FTE in Library
- +.5 FTE in Animal Services

- Other FTE Changes

- Eliminate .5 Senior Mgmt Analyst in the City Manager's Office in exchange for .5 Admin Asst in I.T.
- Shift .25 Dept Asst in I.T. to Human Resources

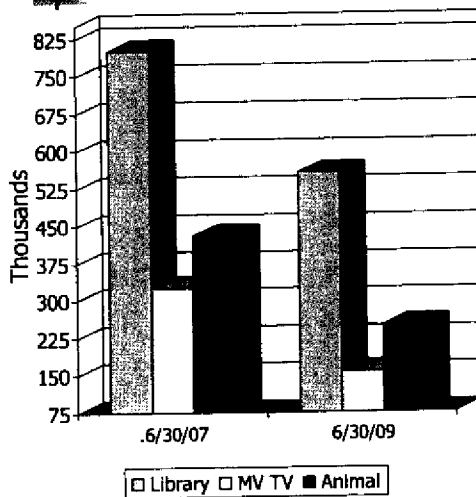


Capital Budget



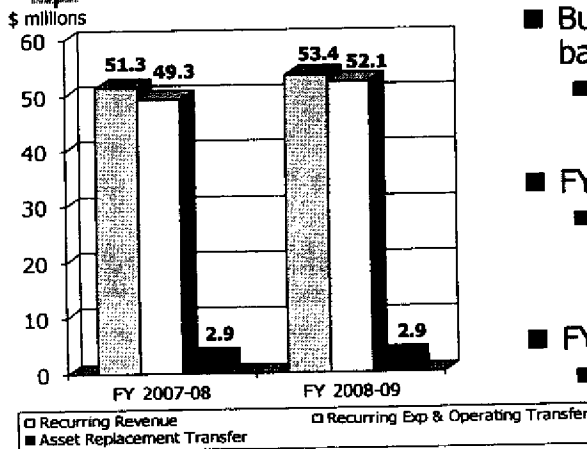
- 16 projects in 2007-2009
- Highest Ranked Capital Projects:
 - Oso Pkwy Widening/I-5 to Country Club Drive
 - Traffic Safety Program/Signal Coordination
 - Sidewalk Repair Program
 - Arterial Highway Resurfacing Program
 - Marguerite Parkway Resurfacing/Median Rehab
- Largest CIP
 - Residential Slurry Seal, \$3.7M

2007-09 Proposed Budget - Drawdowns of Other Fund Balances



- Library Fund
 - Building maintenance projects
 - New copiers
- Mission Viejo Television Fund
 - Capital equipment purchases
- Animal Services Fund
 - Replace 2 animal services vehicles
 - Acquire emergency preparedness trailers
 - Install cover for vehicle wash-out area

2007-09 Proposed Budget - Recurring Revenues vs. Expenditures



- Budget is "structurally balanced"
 - Recurring revenues \geq recurring expenditures and operating transfers
- FY 2007-2008
 - \$2M of net recurring revenues vs. \$2.9M of asset replacement transfers
- FY 2008-2009
 - \$1.3M of net recurring revenues vs. \$2.9M of asset replacement vs. transfers

Discretionary Reserves –

Proposed Policy Changes:

Master Financial Plan Recommendations

- **New Policy**
 - Total discretionary reserves maintained at a minimum level of 40% of General Fund Group Revenues
 - Software replacement reserve
- **Change Policy**
 - Minimum General Fund Reserve of 15%, to be based on revenues rather than amended operating budget

Discretionary Reserves –

Proposed Policy Changes:

Recommendations from Review of Discretionary Reserves

- **Reduction in:**
 - Total discretionary reserve levels, from \$10.1 million (updated thru June 19) to \$6.6 million
 - Funding for CEFV Replacement Fund, \$1.3 million
 - Number of reserve accounts & funds, from 10 to 7
- **Increase of:**
 - Facility Rehabilitation and Replacement Fund by \$3.3 million to achieve 50% accumulated depreciation target by 2013-14
- **Review of reserve levels & account structure every two years, as part of the Master Financial Plan**

Budget Discussion Topics For This Evening

- Revenues & Reserves
- Operating Budget
- Capital Budget

Proposed 2007-09 Budget for the City of Mission Viejo

- Complete document available at
http://cityofmissionviejo.org/depts/fin/2007-09_proposed_budget.pdf
- Budget adoption scheduled for July 2,
2007



Review of City's Discretionary Reserves

City Council
Budget Workshop
June 19, 2007



Overview

- Response to recent questions regarding size of City's reserves
 - Should they be reduced to increase services/capital projects for the community?
- Report analyzes reserves based on two main purposes of reserves
 - "Shock absorber"
 - To address unforeseen occurrences, emergencies
 - "Savings account"
 - To set aside funds for future spending on particular purposes

Current Reserve Accounts

- Asset Replacement Funds
 - Computers, Equipment, Furnishings, Vehicles
 - Facility Rehabilitation and Replacement
- General Fund
 - Appropriated Reserve accounts
 - Contingencies
 - Economic Uncertainty
 - Exposures
 - Facility Rehabilitation/Replacement Match

Current Reserve Accounts (continued)

- General Fund (continued)
 - Appropriated Reserve accounts (continued)
 - Retiree Insurances Program
 - Capital Projects
 - Minimum 15% Fund Balance
 - Unappropriated Fund Balance

City of Mission Viejo
Discretionary Reserves
as of June 19, 2007

Asset Replacement Funds:	
Computers, Equipment, Furnishings and Vehicles	\$ 4,586,411
Facility Rehabilitation and Replacement	9,079,052
Total Asset Replacement Funds	13,665,463
General Fund:	
Appropriated Reserve Accounts:	
Contingency Reserve	108,622
Economic Uncertainty Reserve	1,400,000
Exposure Reserve	1,100,000
Facility Rehabilitation/Replacement Fund Match Reserve	4,838,590
Retiree Insurance Program Reserve	1,450,000
Capital Projects Reserve	2,901,671
Minimum 15% Fund Balance Reserve	6,896,000
Unappropriated Fund Balance	617,044
Total General Fund	19,311,927
Total	\$32,977,390

"Shock Absorber" Reserves

General Fund:	
Appropriated Reserve Accounts:	
Contingency Reserve	108,622
Economic Uncertainty Reserve	1,400,000
Exposure Reserve	1,100,000
15% Minimum Fund Balance	6,896,000
Unappropriated Fund Balance	617,044
	\$10,121,666

"Savings Account" Reserves

Asset Replacement Funds	
Computer, Equipment,	
Furnishings and Vehicles	\$ 4,586,411
Facility Rehabilitation and Replacement	9,079,051
	13,665,462
General Fund	
Appropriated Reserve Accounts:	
Facility Rehabilitation/Replacement	
Fund Match Reserve	4,838,590
Retiree Insurance Program Reserve	1,450,000
Capital Projects Reserve	2,901,671
	9,190,261
	\$ 22,855,723

Nine Factors to Assess Financial Risk

- How stable is tax base?
- How diverse is revenue base?
- Revenue at risk of State/Federal action?
- What are cash flow needs?
- How accurate are our revenue estimates in the budget?
- Future contractual obligations or mandates?

Nine Factors to Assess Financial Risk (continued)

- Is City susceptible to natural disasters? Is our insurance adequate to cover expected losses?
- How accurate are our expenditure estimates in the budget?
- What are the unfunded actuarial accrued liabilities, and how accurate are the estimates?

Analysis of Risks

Measure	Amount	Redundancy	Total
Tax Stability	\$2.0	-	\$2.0
Revenue Diversification	-	-	-
Revenue at Political Risk	3.2	-	3.2
Cash Flow	6.1	\$6.1	-
Accuracy of Revenue Ests.	-	2.0	(2.0)

Analysis of Risks

Measure	Amount	Redundancy	Total
Contractual Obligations/ Mandates	\$1.0	-	\$1.0
Natural Disasters/Insur.	2.4	-	2.4
Accuracy of Expend. Ests.	-	1.0	(1.0)
Unfunded Actuarial Liabs.	1.0	-	1.0
Total	\$15.7	\$ 9.1	\$6.6

"Shock Absorber" Reserves

Current Balance	\$10.1 million
Recommended Balance	6.6
Amount Available for Other Purposes	\$ 3.5 million

"Savings Account" Reserves

Reserve Account	Status
CEFV	Overfunded by \$3.1 million *
FR&R	Underfunded by \$3.3 million
Facility Rehab Match	Ok
Retiree Insurance	Ok
Capital Projects	Ok

* \$3.1 million credit included in 2007-09 Proposed Budget

Recommendations

- \$3.5 million reduction in "shock absorber" reserve accounts
- Net increase of \$2.0 million in asset replacement reserves
 - \$1.3 million reduction in CEFV Fund
 - Already been built into 2007-09 Proposed Budget
 - \$3.3 million increase in Facility Rehab/Replacement Fund
- Reduce the number of reserve accounts from 10 to seven
 - Eliminate three "shock absorber" reserve accounts
- Conduct similar review of reserves every 2 years
- Amounts released from reserves should only be used for one-time expenditures, rather than ongoing services
- City Council needs to determine own tolerance level for risk, to determine whether \$6.6 million is adequate

Proposed 2007-09 City Budget

June 19, 2007 Workshop

Operating Budget Discussion * Key Objectives and Issues by Program Area

I. Public Safety [Pages 108-121 of the Proposed Budget document; pages 49-50 of tonight's handout package]

Key Objectives

1. Maintain the City's ranking as one of safest cities in the nation.
2. Increase the staffing level of Sheriff Deputies serving Mission Viejo High Schools and middle schools from 3 to 5.
3. Continue efforts to strengthen the City's emergency preparedness systems and procedures in all areas, with a special focus on police staff preparedness and animal control.

Key Issues

- Increasing cost of Sheriff Department contract, which does not yet include October 2006 pay/benefit adjustments still being negotiated:
 - \$ 13 M in FY 07-08 (+\$700,000 over FY 06-07 Budget)
 - \$ 13.7 M in FY 08-09 (+\$700,000 over FY 07-08 Proposed Budget)
- Continuing need to improve citywide emergency preparedness program, so that staff is trained, disaster recovery systems are in place, and the Emergency Operation Center (EOC) can be activated quickly.
- Increasing costs for Animal Services (up 42% in FY 2007-08, then down 5% in FY 2008-09, due primarily to the cost of emergency preparedness supplies, capital improvements and vehicle replacements in FY 2007-08. Also, staffing increases by .5 FTE for a new part-time Animal Services Officer (ASO) to replace temporary ASO staffing.

Key Performance Measures

Police:

Calls for service	51,000 - no change from FY 06-07, slight drop from FY 05-06
Part I crimes	1,400 - slight decrease from FY 06-07
Patrol time	47% - no change from FY 05-06, slight decrease from FY 06-07
Response time	5:00 minutes - slight decrease from FY 06-07
% of community satisfied w/ low crime rate	97.4% in FY 05-06, 98% in FY 07-08

Animal Services:

# impounds	1,800 – no change
% adopted and Returned to owner	56% and 30%, respectively – no change
Volunteer hours	20,280 hrs – 18% increase over FY 05-06

Emergency Preparedness

% of residents satisfied w/ Emergency prep efforts	89.3% in FY 05-06, 90% in FY 07-08
--	------------------------------------

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

Proposed 2007-09 City Budget

June 19, 2007 Workshop

Operating Budget Discussion * Key Objectives and Issues by Program Area

II. Infrastructure Maintenance [Pages 156-173 of the Proposed Budget document; pages 55-56 of tonight's handout package]

Key Objectives

1. Complete the renovation of three playground areas at El Dorado, Pavion and Cordova Parks.
2. Rehabilitate landscape slopes on Marguerite Parkway (Calixto to Puebloneuvo).
3. Complete a master plan of all Marguerite Parkway median islands and right-of-way improvements from Santa Margarita to Avery, and renovate median islands on Marguerite Parkway from Oso to La Paz.
4. Replace assets that are prioritized in the facility inventory and due to expire in 2007-09.
5. Develop a standardized list of landscape architectural conditions and maintenance agreements for new private developments by December 2007.
6. Develop a district banding and imaging theme for the Marguerite Parkway "Village" area and Alicia Parkway Commerce district by January 2008.

Key Issues

- Cost of this program area is up 31% in FY 07-08 due primarily to substantial increases in labor and supplies for landscape and slope maintenance and in the extent of facility maintenance and improvements needed; one full-time Custodian and two Senior Contract Administrator positions added to keep up with current service demands and expansion of the Murray Center.
- Staff/contractor constraints to complete increasingly greater number of facility/park infrastructure renovations on schedule.
- Continued funding for the full extent of slope rehabilitations City-wide.
- Full funding to keep up with ongoing maintenance needs (concrete grinding, asphalt street repairs, concrete curb and gutter work, and facility repairs/improvements).

Key Performance Measures

Street Maintenance:

# Street/Curb/Sidewalk Repairs	Declining, due to unit cost increase
# of Street Miles not Swept due to Parked Cars	Decreasing from 93 to 75 by FY 07-08

Parks and Medians:

% Parks Connected to Central Irrigation System	Increasing from 45% to 50%
% Parks Irrigated with Reclaimed Water	Increasing from 55% to 65%
% of Playgrounds Renovated to State standards	Increasing to 57% by FY 08-09

Building Maintenance:

# Building Service Requests	Increasing from 3,300 to 3,550
# Special Events Supported	Increasing from 25 to 30

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

Proposed 2007-09 City Budget

June 19, 2007 Workshop

Operating Budget Discussion * Key Objectives and Issues by Program Area

III. Recreation, Community and Library Services [Pages 174-187 of Proposed Budget document; pages 57-58 of tonight's handout package]

Key Objectives

1. Library: Replace 10% of print materials collection annually, and expand print materials collection by 4,000 items each year (target is 200,000 items, or 2 per capita, by 2017)
2. Library: Plan and sponsor Library's 10th Anniversary celebration.
3. Recreation and Community Services: Complete the Murray Center expansion project by March 2008.
4. Recreation and Community Services: Evaluate the effectiveness of the senior transportation 12-month pilot program by March 2008.
5. Recreation and Community Services: Expand the Kids Factory program to include all 15 MV elementary schools by June 2008.

Key Issues

- Recreation and Community Services staffing up 2.475 FTEs in 07-08 due to the Murray Center expansion; assessment of Murray Center usage and scheduling needs after expansion is open and operating, and impact on future staffing.
- Special events – long-range goal of consolidating events; increasing regional visibility of City events
- General Fund subsidy to Library is up from \$100,000 in FY 2006-07, to \$208,407 in FY 2007-08, and \$300,031 in FY 2008-09. (Due to Library materials, personnel, other ongoing costs)
- Library regular staffing up 1.25 FTEs to convert two on-call Librarian positions
- Library circulation software will need to be upgraded next budget cycle (FY 2009-11).

Key Performance Measures

<u>Library:</u> # Registered Patrons, Circulation, Annual Visits	All continue to increase
<u>Library:</u> Print materials budget/per capita	New measure
<u>Recreation:</u> % Fields Used by City Residents	Increasing to 97% from 95%
<u>Murray Center:</u> # Center Rentals/Attendees	Increasing from 55,000 to 85,000 by FY 2008-09
<u>Murray Center:</u> Center Rental Revenue	Increasing from \$60,000 to \$90,000 by FY 2008-09
<u>Community Services:</u> # Cultural Arts Event Attendees	Increasing from 5,000 (06-07 projection) to 6,000 by FY 2008-09
<u>Montanoso Rec Center:</u> Attendance	Increasing from 160,000 (2005-06) to 170,000 in FY 2008-09
<u>Sierra Rec Center:</u> Attendance	Increasing from 40,000 (06-07) to 55,000 (08-09)
<u>Tennis Center:</u> Attendance	Steady at 36,000 (06-07 through 08-09)



City of Mission Viejo

Memorandum

Date: June 16, 2007

To: Dennis Wilberg, City Manager

From: M. Kelly Doyle, Director of Recreation and Community Services

Subject: Special Events

The Recreation and Community Services Department along with Public Services Department hosted two Community Event Forums this past Fiscal Year. The purpose of the forums were to have open discussion about all the events that take place within the city and how we might be able to partner with one another to better serve the community and plan these events. We also used this forum as a means to discuss how we may be able to combine resources such as marketing/publicity, equipment and supplies, facilities, staffing, volunteers, etc. The event outcomes were as follows:

1. Maximize Resources- (financial and human resources).
2. Collaboration/partnership to avoid duplication of events and services and to increase event attendance.
3. Enhance community awareness thorough partnership and promotion of community events

The following agencies/organization participated: Lake Mission Viejo Association, Mission Viejo Activities Committee, YMCA, Mission Viejo Nadadores, American Cancer Society, D.A.W.G., Fun with Chalk, Sheriff's Department, Saddleback Valley Unified School District, SVUSD Recreation & Community Services Department, Capistrano Unified School District Saddleback College - Performing Art Operations, and Saddleback College- KSBR.

The city received positive feedback from each of the participating agencies and requested that the city host this type of forum on a quarterly basis.

Proposed 2007-09 City Budget
June 19, 2007 Workshop
Operating Budget Discussion * Key Objectives and Issues by Program Area

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

Proposed 2007-09 City Budget

June 19, 2007 Workshop

Operating Budget Discussion * Key Objectives and Issues by Program Area

IV. Engineering and Transportation [Pages 138-155 of the Proposed Budget document; pages 53-54 of tonight's handout package]

Key Objectives

1. Oversee construction of five major resurfacing projects and a \$3.7 M residential slurry seal program.
2. Work with CalTrans and adjacent cities to coordinate traffic flows between City arterials and freeway interchanges.
3. Assist in the development and review of regional transportation projects, such as the Avery/I-5, Oso/I-5, La Paz/I-5, and Crown Valley/I-5 widening projects.
4. Develop a master plan for the future maintenance and operation of the City's fiber optic traffic and data system.
5. Complete the first two phases of a traffic signal coordination system project to upgrade the traffic controllers at all 99 City intersections.
6. Implement the City's new five-year NPDES permit from the San Diego Regional Water Quality Control Board.

Key Issues

- Large cost increases in resurfacing/slurry seal materials; residential slurry seal project increased by \$2.2 M, based on a comparison of the two-year program in 2005-07 vs. that for 2007-09.
- Impact of further regional development on Mission Viejo arterials and freeway interchanges.
- Extent and cost of further water quality mandates.
- Staffing is increasing in the Transportation area by two FTE's (one Traffic Engineer and one Associate Transportation Analyst); however, the additional costs have been offset by reductions in consulting contracts and the elimination of contract staff.

Key Performance Measures

Administration:

#/% of projects funded by non-General Fund sources Increasing to 10/100% by FY 08-09

Water Quality:

Water Quality Outreach Events No change

Traffic Operations

% of residents satisfied with the City's efforts to reduce traffic congestion 75.9% in FY 05-06, 76% in FY 07-08

of traffic signal timing/coordination reviews or updates Increasing from 35 in FY 05-06 to 45 in FY 08-09

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

**Proposed 2007-09 City Budget
 June 19, 2007 Workshop
 Operating Budget Discussion * Key Objectives and Issues by Program Area**

V. Community Development [Pages 122-137 of Proposed Budget document; pages 51-52 of tonight's handout package]

Key Objectives

1. Prepare and adopt an update to the General Plan Housing Element for the next cycle.
2. Scanning of building plans and files and other department-related hard copy documents into electronic format.
3. Update the General Plan Noise Element.
4. Conduct plan review, planning oversight and building inspection for major local projects, including Mission Hospital Master Plan, new Target store, new Acura building, St. Killian Church expansion, Shops at Mission Viejo expansion, and former K-Mart site.

Key Issues

- Compliance with State-mandated housing requirements.
- Impact of regional development.

Key Performance Measures

<u>Comm Dev Admin:</u> % of community rating overall appearance of City as excellent or good	95% (05-06), 96% (07-08)
<u>Current Planning:</u> # of CUPs, PDPs, zoning plan checks	Decreasing
<u>Water Quality:</u> # New Cases, Violation letters	Increasing
<u>CDBG:</u> # Housing Rehab Loans/Grants	Drop in 06-07, but now increasing
# Social Service Organizations Funded	Drop in 06-07, but now increasing

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

**Proposed 2007-09 City Budget
 June 19, 2007 Workshop
 Operating Budget Discussion * Key Objectives and Issues by Program Area**

VI. General Government [Pages 54-107 of Proposed Budget document; pages 45-48 of tonight's handout package]

Key Objectives

1. Implement new document management system, including integration of Granicus webcasting system.
2. Renegotiate the City's lease agreement with the Saddleback YMCA.
3. Work with Simon Property Group to begin the expansion of the Shops at Mission Viejo and complete negotiations for the re-tenanting of the Macy's department store.
4. Implement new financial reporting requirements for retiree health benefit programs; manage the implementation of the new defined contribution program and the pre-funding of the existing defined benefit program.
5. Conduct a focused community opinion survey to gauge residents' opinions and/or obtain their feedback on specific issues of interest in fall 2007; conduct 2nd benchmark community opinion survey in spring 2008.
6. Conduct an audit of SCE franchise payments in FY 2007-08; audit one other franchise in FY 2008-09.
7. Promote proactive succession planning throughout the organization
8. Continue to implement recommendations from the Strategic Information Technology Plan.
9. Implement the IT disaster recovery plan recommendations.
10. Replace the city's telephone system.
11. Complete the redesign of the City's website.

Key Issues

- Keeping expenditure growth in line with revenue growth, in the face of increasing service demands, expansion of facilities/programming, and aging of existing infrastructure.
- Accurate forecasting of revenues, expenditures and budget savings.
- Maintaining strong property and sales tax revenue bases.
- Keeping pace with changes in information technology systems and equipment to keep staff productivity high.
- Freeway signage for auto dealers
- Rose Parade float
- General Government-Management and Support costs increasing 30% in FY 07-08 due mostly to the planned transfer of funds to establish an irrevocable trust for retiree health benefits, but also due to increased IT and economic development program spending.
- General Government-Management and Support staffing up 0.25 FTEs in FY 07-08 in Administrative Services due to the Murray Center expansion and 1.0 FTEs in FY 08-09 in IT to keep up with new systems implemented as part of IT Strategic Plan. Also, vacant .5 FTE position in City Manager's office being deleted in place of new .5 FTE clerical support position for IT.

Key Performance Measures

<u>City Council:</u> % of overall resident satisfaction with services	93% (05-06), 95% (07-08)
<u>City Manager:</u> % of residents satisfied with customer service by staff	97.7% (05.06), 97.7% (07-08)
<u>Public Information:</u> % of overall satisfaction with City communications	84% (05-06), 85% (07-08)
<u>Economic Development:</u> Sales Tax Leakage	Decreasing from 9% to 8%
<u>Administrative Services Admin:</u> Bond rating	Steady at Aa2/AA+
<u>Information Technology:</u> # of Network Nodes	Steady (460,456,457)

Proposed 2007-09 City Budget
June 19, 2007 Workshop
Operating Budget Discussion * Key Objectives and Issues by Program Area

Council Direction Requested

- Any questions or need for further information?
- Any suggested changes to proposed budget, staffing or objectives?

2007-09 City Budget Workshop
Capital Improvement Program

2007-09 PROPOSED CAPITAL PROJECTS IN PRIORITY RANK ORDER

Rank	Project	CIP #	2007-09 Combined Amount
1	Oso Parkway Widening/I-5 to Country Club Drive	791	\$ 450,000
2	Traffic Safety Program/Signal Coordination	797	577,760
3	Sidewalk Repair Program	836	300,000
4	Arterial Highway Resurfacing Program	837	450,000
5	Marguerite Parkway Resurfacing/Median Rehabilitation	799	2,030,000
6	Oso Parkway Resurfacing/Median Rehabilitation	205	735,000
7	Residential Slurry Seal	838	3,700,000
8a	Olympiad Road Resurfacing/La Paz-Jeronimo	201	550,000
8b	Olympiad Road Resurfacing/Jeronimo-Marguerite	202	250,000
9	Cabot-Camino Capistrano Bridge	782	972,000
10	Playground Renovations	303	1,100,000
11	Site Security Lighting	300	225,000
12	Norman P. Murray Center Expansion - Furnishings	994	319,385
13	Library Emergency Generator	311	188,000
14	Site Fencing Repairs & Replacement	304	100,000
15	Ferrocarril Assessment District	204	300,000
TOTAL			\$ 12,247,145

CAPITAL PROJECT CHANGES/CORRECTIONS > \$100,000 RECOMMENDED BY STAFF

Project Change Description	Fund	FY 2007-08 Amount	FY 2008-09 Amount
1. Rehabilitate Parking Lot, Lights, Landscaping - Marguerite Rec Center (YMCA)	General Fund	\$ 400,000	\$ -
2. Increase Murray Center Expansion for Audio/Visual System & Contingency Restoration	MV Foundation	350,442	-
3. Decrease General Funds allocated to the Murray Center Expansion	General Fund	(99,558)	-
4. Increase MV Foundation Funds allocated to the Murray Center Expansion	MV Foundation	99,558	-
TOTAL		\$ 750,442	\$ -

2007-09 City Budget Workshop
Capital Improvement Program

PROJECTS PROPOSED TO BE ADDED TO BUDGET IN SEPTEMBER/OCTOBER 2007 (PENDING FY 06-07 BUDGETARY SAVINGS)

(See Attached Worksheets)

Project Title	Fund	FY 2007-08 Amount	FY 2008-09 Amount *
1. Marguerite Tennis Center Renovation	Gen Fund/CDE	\$ 360,000	\$ 1,900,000
2. Marguerite Tennis Center Lighting Replacement	Gen Fund/FRR	80,000	320,000
3. Montanoso Locker Rooms	Gen Fund	110,000	675,000
TOTAL		\$ 550,000	\$ 2,895,000

* Potential add-backs for the Mid-Cycle Budget Review (July 2008)

**CITY OF MISSION VIEJO
2007-09 Capital Improvement Project**

PROJECT NUMBER/NAME: CIP #501 Marguerite Tennis Center Renovation
DEPARTMENT PRIORITY: 5
LONG-RANGE GOAL(S): 13

I. NEW PROJECT DESCRIPTION (Provide projected start date) or ONGOING PROJECT STATUS

This project will renovate and expand the Marguerite Tennis Center building and courts. This project consists of some demolition, a tennis court construction, new planting, parking lot construction and expansion, site lighting, trailer removal, & a 900 square foot expansion of the existing building plus repair & replacement work to the existing building. Construction is anticipated to begin July 2008.

II. PURPOSE (Include service area corrections or benefits; health and safety impacts)

This renovation and expansion will provide ADA handicapped accessible restroom and an increase in usage by an additional 32 league and 20 non-league passholders. The repair and replacement work to the existing building also includes maintenance upgrades, such as roof repair, new carpet and painting.

III. DETAILED BUDGET ESTIMATES BY FUND

FUND/ FISCAL YEAR	COST CATEGORY				
	Planning/Design	Land	Construction	Equipment	TOTAL
FUND 101	\$360,000				\$360,000
FUND					
TOTAL FY 2007-08	\$360,000				\$360,000
FUND 101			\$1,700,000		\$1,700,000
FUND 260			\$200,000		\$200,000
TOTAL FY 2008-09			\$1,900,000		\$1,900,000

IV. ESTIMATED OUTYEAR FINANCING BY FUND (Enter Total \$ for each Fiscal Year by Fund)

FUND	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	TOTAL
TOTAL						

V. ESTIMATED EFFECT OF PROJECT ON CITY OPERATING BUDGET (REVENUES OR EXPENDITURES)

Additional \$30,000 in revenue per year. (52 passes)

VI. COMPLIANCE WITH THE GENERAL PLAN

These improvements are consistent with the General Plan Conservation Element 4.1

**CITY OF MISSION VIEJO
2007-09 Capital Improvement Project**

PROJECT NUMBER/NAME: CIP # 310 Marguerite Tennis Center Court Lighting Replacement
DEPARTMENT PRIORITY: 2
LONG-RANGE GOAL(S): 1

I. NEW PROJECT DESCRIPTION (Provide projected start date) or ONGOING PROJECT STATUS

This project will replace existing underground conduit, concrete bases, light poles, light fixtures, electrical materials and includes related labor at the Marguerite Tennis Center Court. Preparations of specifications to be in conjunction with Marguerite Tennis Building CIP performed by Recreation and Community Services Department

II. PURPOSE (Include service area corrections or benefits; health and safety impacts)

This project will provide increased lighting using less electricity and replace the originally installed underground conduit approximately thirty (30) years ago. The current conduit is deteriorating.

III. DETAILED BUDGET ESTIMATES BY FUND

FUND/ FISCAL YEAR	COST CATEGORY				
	Planning/Design	Land	Construction	Equipment	TOTAL
FUND 101	\$40,000				\$40,000
FUND 190	\$40,000				\$40,000
TOTAL FY 2007-08	\$80,000				\$80,000
FUND 101			\$160,000		\$160,000
FUND 190			\$160,000		\$160,000
TOTAL FY 2008-09			\$320,000		\$320,000

IV. ESTIMATED OUTYEAR FINANCING BY FUND (Enter Total \$ for each Fiscal Year by Fund)

FUND	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	TOTAL
TOTAL						

V. ESTIMATED EFFECT OF PROJECT ON CITY OPERATING BUDGET (REVENUES OR EXPENDITURES)

No additional impact on operating budget is anticipated.

VI. COMPLIANCE WITH THE GENERAL PLAN

These improvements are in compliance with the General Plan Conservation Plan Open Space element 1.1

**CITY OF MISSION VIEJO
2007-09 Capital Improvement Project**

PROJECT NUMBER/NAME: CIP # 500 Montanoso Locker Rooms Renovation
DEPARTMENT PRIORITY: 5
LONG-RANGE GOAL(S): 13

I. NEW PROJECT DESCRIPTION (Provide projected start date) or ONGOING PROJECT STATUS

This project will renovate existing locker rooms at the Montanoso Recreation & Fitness Center, reconfigure existing men's, women's, and ADA accessible locker rooms by expanding 150 feet and add a children's changing area. Construction is anticipated to begin January 2009.

II. PURPOSE (Include service area corrections or benefits; health and safety impacts)

Due to increased facility participation (250 passholders representing 500 users), current locker room usage has exceeded existing space availability. This project will expand and renovate the locker room facility, accommodating the growing number of facility users, address privacy concerns, improve ventilation and provide a more open and roomy layout.

III. DETAILED BUDGET ESTIMATES BY FUND

FUND/ FISCAL YEAR	COST CATEGORY				
	Planning/Design	Land	Construction	Equipment	TOTAL
FUND 101	\$110,000				\$110,000
FUND					
TOTAL FY 2007-08	\$110,000				\$110,000
FUND 101			\$675,000		\$675,000
FUND					
TOTAL FY 2008-09			\$675,000		\$675,000

IV. ESTIMATED OUTYEAR FINANCING BY FUND (Enter Total \$ for each Fiscal Year by Fund)

FUND	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	TOTAL
TOTAL						

V. ESTIMATED EFFECT OF PROJECT ON CITY OPERATING BUDGET (REVENUES OR EXPENDITURES)

The estimated effect on the operating budget is an additional \$90,000 in revenue (250 passes) and an additional \$5,000 in gas and water utility costs.

VI. COMPLIANCE WITH THE GENERAL PLAN

These improvements are consistent with the General Plan Conservation Element 4.1

2007-09 City Budget Workshop
Capital Improvement Program

CAPITAL PROJECT REQUESTS FROM CITY COUNCIL

(See Attached Memos/Reports)

Project Title	Fund	Estimated FY 07-08 Amount	Total Estimated Project Cost
1. Marguerite Aquatics Center	Gen Fund/FRR	\$ 260,000	\$ 3,038,872
2. Dog Park	Gen Fund	40,000	963,000-1,150,000, given site



CITY OF MISSION VIEJO

Memorandum

DATE: June 14, 2007
TO: Dennis Wilberg, City Manager
FROM: W. Keith Rattay, Director of Public Services
SUBJECT: Marguerite Aquatics Complex

Pursuant to the City Council's request from the June 4, 2007, City Council meeting, Council requested information be brought back to the Council for consideration on the pool decking, plumbing, and lighting replacements. A summary of the information brought to the Council on March 6, 2007, is as follows.

Summary

The City of Mission Viejo and The Nadadores Swim Team are under an operating agreement that defines the various terms and conditions in which the long-term use of the pools can function. The agreement identifies operating procedures, as well as clearly outlines reimbursement arrangements to the City of Mission Viejo. The attached memorandum outlines the work to be completed and the estimated costs. These costs are one year old, and a revised estimate of costs has been included to reflect the time span since the original numbers were developed.

Demolition	\$ 213,950.00
Landscape and Irrigation Rehabilitation	\$ 208,175.00
Sports Lighting	\$ 236,500.00
Construction Elements	\$1,204,472.50
Pool Plumbing Replacement	<u>\$ 220,000.00</u>
Subtotal	\$2,083,097.50
Contingency – 25%	<u>\$ 520,774.00</u>
Subtotal	\$2,603,871.80
Professional Fees	\$ 260,000.00
Administration and Management	<u>\$ 175,000.00</u>
TOTAL	\$3,038,871.80

If the City Council should decide to move forward with the development of this project, the City Council should direct staff to do the following:

- Create a capital improvement project and put the \$260,000 dollars in the budget for professional fees to hire a landscape architect to develop plans and specifications for this effort. The City would not start construction on this project until after the summer Olympics are over, and the actual start date would be based on providing minimal disruption of the swimming programs and the ability of the City to adjust swimming schedules throughout our recreation centers to accommodate the downtime of the pools at the Aquatics Center.

Attachment: Memorandum of July 19, 2006 – Update on the Marguerite Aquatics Complex



CITY OF MISSION VIEJO

Memorandum

DATE: July 19, 2006
TO: Dennis Wilberg, City Manager
FROM: Keith Rattay, Director of Public Services
SUBJECT: Update on the Marguerite Aquatics Complex

Pursuant to your request, I have included the summary provided to the Council at its March 6, 2006, City Council meeting outlining what should be done at the Marguerite Aquatics Complex so that the full dollar amount of contract with the Mission Viejo Nadadores can be realized. The summary is as follows.

(Exhibit E.8) Marguerite Aquatics Complex

The City of Mission Viejo currently has an agreement with the Nadadores Swim Club to shift the responsibility for the ongoing operations at the complex from the City to the Club. There are key elements within the agreement that trigger a shift of additional expenses to the Nadadores, such as the replacement of the decking. Staff recommends that the decking replacement project also include replacing the sport event lights and re-plumbing the pools.

Staff has prepared cost estimates to remove and replace the decking around the three pools at the Marguerite Aquatics Complex and to replace the plumbing to each of the pools from the actual pool edge back to the equipment. Staff is recommending that once the decking is removed, the remaining repairs be done at the same time to follow a logical path of construction. A cost summary is provided below.

Demolition	\$ 194,500
Landscape and Irrigation repairs	189,250
Sports Lighting	215,000
Construction	1,094,975
Pool Plumbing Replacement	<u>200,000</u>
Subtotal	\$1,893,725
Contingency 25%	<u>473,431</u>
TOTAL	\$2,367,156

The above estimate does not reflect any corrective work to the walls and shell or the replacement of pool equipment. Professional design fees are estimated to cost \$200,000, which has been noted in the FY 2005-06 column on Exhibit E.

The percentage called out in the Nadadores agreement for FY 2002-03, 2003-04, 2004-05, and 2005-06 that they would be required to pay of utilities are as follows:

2002-03	45%, subject to maximum cap of \$76,000
2003-04	60%, subject to a maximum cap of \$102,000
2004-05	75%, subject to a maximum cap of \$127,500; and
2005-06	
2013-14	100%, with no maximum cap

Based on the actual utilities costs in FY 2004-05 of \$248,000 less \$3,500 for the share of the pool technician per Section 6C of the agreement, once this capital project is completed, the City would begin to receive approximately \$245,000 per year instead of the current \$76,000, representing an additional \$169,000 per year. Assuming annual utility costs increase at an assumed inflation rate of 4% per year, it would take between 10 and 11 years for the City to recoup the \$2.3 million capital costs by means of the increased payments from the Nadadores.

Dennis, the actual trigger point to the contract is the pool decking. However, based on what I experienced during the reconstruction of the aquatics center building and surrounding hardscape, that could be a significant mistake. The plumbing and electrical is in poor shape underground and should be replaced during the process. Obviously this drives up the cost of construction; however, this is the correct process that should be followed; otherwise, the City runs the risk of replacing the decking and then having to come back later to repair all of the items under the decking. Spot removal of decking is never a good idea and rarely works well long term. Currently, there is no money budgeted in the current cycle to do any of this work. Any significant work at this facility should be timed with the upcoming training of the 2008 Olympics. I would hate to see a city construction project hinder the potential Olympic competition of one of our city youth.



CITY OF MISSION VIEJO

Memorandum

DATE: June 14, 2007
TO: Dennis Wilberg, City Manager
FROM: W. Keith Rattay, Director of Public Services
SUBJECT: Dog Park – Next Step Planning

Pursuant to the City Council meeting on June 18, 2007, the City Council directed City staff to provide additional information pertaining to the next steps to be taken, as well as to address parking at Alicia Park. Below is a summary and response.

City staff presented a cost estimate and concept plan for each of the two sites identified by the Dog Park Committee as viable sites for a dog park in Mission Viejo. Based on the research and review that we provided, the Dog Park Committee narrowed the 12 sites they originally considered down to the two sites: the rear, undeveloped area of Alicia Park and the rear, undeveloped portion of the Norman P. Murray Community and Senior Center. City staff has indicated in the past that each site presents its challenges. At Alicia Park the negatives were lack of adjacent parking and adjacency to residential neighborhoods. You may be aware that parking in the surrounding neighborhoods for this site is an ongoing issue, and this should be considered when planning and talking about a dog park at this site. At the Community Center site, the negatives were its location to neighborhoods, lots of activity placing demands on the current and expanded parking lot, and noise from sports activities. Each of the issues identified at each location will need to be weighed against the proposed locations and the potential benefits that a dog park could provide to the community at large.

The next step in the process would be to seek a more thorough input and feedback from the community at large through the Recreation and Community Services Commission. Consistent with city planning used for other city-based projects, the process would involve noticing residents who live within a prescribed distance of the proposed sites to attend a meeting, as well as to seek input from the community at large. It will be important to hear the needs and concerns of the general public as well as the residents most impacted by the proposed development to weigh the community needs against the local neighboring concerns.

Staff would recommend the following if the City Council should decide to move forward with this public input process:

- Direct staff to set up a capital improvement project and designate \$40,000 for the staff to hire a consultant to assist in leading the process and prepare the necessary documents and graphics for this effort.

- Direct the Public Services and Community Services directors to lead the process of public input through the Community Services Commission.
- Request staff to report back to the City Council in four months with results of the public input process.
- Request staff to place ads in the local paper and MVTV to ensure that the public is made aware of the input process.

111



AGENDA REPORT

Meeting Date

June 4, 2007

Agenda Title

Update of Dog Park Review

Recommended Action

As necessary.

Executive Summary

On March 19, 2007, the City Council directed staff to hire a consultant to develop cost estimates for the two alternative dog park locations in Mission Viejo. A preliminary graphic for each location has been prepared along with an estimate of probable construction costs. Based on prior staff reports, the two sites selected by the Dog Park Committee are the rear area of Alicia Park and the rear area of the Norman P. Murray Community and Senior Center.

A brief description the proposed improvements for each area, a graphic, and estimate of probable costs has been attached for the Council's review and consideration while considering budget alternatives. In summary, the preliminary estimate of probable construction cost for the Alicia Park site is approximately \$1,000,000 for construction and \$150,000 for design and administration and for the Community Center \$883,000 for construction and \$80,000 for design and administration. The cost to develop the dog park at the Norman P. Murray Community and Senior Center is approximately \$100,000 - \$150,000 less than the Alicia Park location because a substantial amount of the grading and the surrounding sidewalk is being installed as part of the construction cost that is currently budgeted for the expansion improvements. If the dog park was installed as part of the current construction project, an additional \$100,000 could be saved because irrigation would be modified to accommodate the dog park design prior to any installation.

Previous Relevant Council Actions for This Item

n/a

Attachments

- Exhibit A - Description of Work for Each Site
- Exhibit B - Concept Plan of Alicia Park
- Exhibit C - Concept Plan of Norman P. Murray Community and Senior Center
- Exhibit D - Cost Estimate for Alicia Park
- Exhibit E - Cost Estimate for Norman P. Murray Community and Senior Center

Fiscal Impact:

Amount Requested N/A

Sufficient Budgeted Funds Available?: Yes ___ No ___ (If no, see attached fiscal analysis)

Prepared By

W. Keith Rattay
Director of Public Services

Reviewed By

Irwin Bornstem
Asst City Mgr/Dir of Admin Svc

Reviewed By

William P. Curley III
City Attorney

Submitted By

Dennis R. Wilberg
City Manager



CITY OF MISSION VIEJO

Memorandum

DATE: June 14, 2007

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FROM: W. Keith Rattay, Director of Public Services

SUBJECT: Marguerite Aquatics Complex

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Administration and Management	<u>\$ 175,000.00</u>
TOTAL	\$3,038,871.80

If the City Council should decide to move forward with the development of this project, the City Council should direct staff to do the following:

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CITY OF MISSION VIEJO

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SUBJECT: Dog Park – Next Step Planning

Pursuant to the City Council meeting on June 18, 2007, the City Council directed City staff to provide additional information pertaining to the next steps to be taken, as well as to address parking at Alicia Park. Below is a summary and response.

City staff presented a cost estimate and concept plan for each of the two sites identified by the Dog Park Committee as viable sites for a dog park in Mission Viejo. Based on the research and review that we provided, the Dog Park Committee narrowed the 12 sites they originally considered down to the two sites: the rear, undeveloped area of Alicia Park and the rear, undeveloped portion of the Norman P. Murray Community and Senior Center. City staff has indicated in the past that each site presents its challenges. At Alicia Park the negatives were lack of adjacent parking and adjacency to residential neighborhoods. You may be aware that parking in the surrounding neighborhoods for this site is an ongoing issue, and this should be considered when planning and talking about a dog park at this site. At the Community Center site, the negatives were its location to neighborhoods, lots of activity placing demands on the current and expanded parking lot, and noise from sports activities. Each of the issues identified at each location will need to be weighed against the proposed locations and the potential benefits that a dog park could provide to the community at large.

The next step in the process would be to seek a more thorough input and feedback from the community at large through the Recreation and Community Services Commission. Consistent with city planning used for other city-based projects, the process would involve noticing residents who live within a prescribed distance of the proposed sites to attend a meeting, as well as to seek input from the community at large. It will be important to hear the needs and concerns of the general public as well as the residents most impacted by the proposed development to weigh the community needs against the local neighboring concerns.

Staff would recommend the following if the City Council should decide to move forward with this public input process:

- Direct staff to set up a capital improvement project and designate \$40,000 for the staff to hire a consultant to assist in leading the process and prepare the necessary documents and graphics for this effort.

- Direct the Public Services and Community Services directors to lead the process of public input through the Community Services Commission.
- Request staff to report back to the City Council in four months with results of the public input process.
- Request staff to place ads in the local paper and MVTV to ensure that the public is made aware of the input process.

g:\wp\cm\memorandums\keith-dog park -- next step planning 061407



City of Mission Viejo

Memorandum

Date: June 15, 2007

To: Dennis Wilberg, City Manager

From: M. Kelly Doyle, Director of Recreation and Community Services

Subject: **Special Events**

The Recreation and Community Services Department along with Public Services Department hosted two Community Event Forums this past Fiscal Year. The purpose of the forums were to have open discussion about all the events that take place within the city and how we might be able to partner with one another to better serve the community and plan these events. We also used this forum as a means to discuss how we may be able to combine resources such as marketing/publicity, equipment and supplies, facilities, staffing, volunteers, etc. The event outcomes were as follows:

1. Maximize Resources- (financial and human resources).
2. Collaboration/partnership to avoid duplication of events and services and to increase event attendance.
3. Enhance community awareness thorough partnership and promotion of community events

The following agencies/organization participated: Lake Mission Viejo Association, Mission Viejo Activities Committee, YMCA, Mission Viejo Nadadores, American Cancer Society, D.A.W.G., Fun with Chalk, Sheriff's Department, Saddleback Valley Unified School District, SVUSD Recreation & Community Services Department, Capistrano Unified School District Saddleback College - Performing Art Operations, and Saddleback College- KSBR.

The city received positive feedback from each of the participating agencies and requested that the city host this type of forum on a quarterly basis.

RECEIVED AT COUNCIL MEETING

OF June 19, 2007

FROM Wil Garcia

AGENDA ITEM# 2

City of Mission Viejo Council
200 Civic Center
Mission Viejo, CA 92691

June 19, 2007

Dear Council Member,

The Mission Viejo Tennis Center passholders are excited about the proposed renovation and expansion of the Marguerite Tennis Center. Residents' tennis passholders are here tonight attending this meeting showing support for the project. There is also a petition for those who were unable to attend but are still supportive. The Recreation Centers and Norman P. Murray Center are taking a systematic rehabilitation approach starting with the Montanoso Recreation Center and then Sierra Recreation Center and now the Norman P. Murray Center. It's now time to tackle the Marguerite and Felipe Tennis. As you know time is money and if we wait another 2 years these projects may double in cost again.

Sincerely



Wil Garcia

See Attachments

pg. 1

Attendees for City Council Meeting- June 19, 2007

6:00 P.M

✓ = talked with person to finish
 VM = left voice message

I Support the Marguerite Expansion Project

	Attending	Phone	Signature/Petition
1.	Jan Borst	472-4877	
2.	Karl Reismuller	455-0522	
✓ 3.	Carol Kirk	951-5531	
VM 4.	Laura Pfisterer	837-2918	
VM 5.	Bill Pfisterer	837-2918	
✓ 6.	Fred Schmidt	830-1975	
✓ 7.	Sam Cho	581-0888	
✓ 8.	Nancy Cho	581-0888	
9.	James Boyd	358-6719	
10.	DANIEL D. HERR	690-8991	
11.	ROBERT BARNUM	461-3737	
12.	JOHN GRACE	830-7594	
13.	Mary Ellen Ryan		
14.	William Jason		
VM 15.	MIKE GASKA	589-3346	
VM 16.	ALFREDO PERAZA	498-5439	
17.	RAY MARRA	830-1741	
VM 18.	Edan Prabhu	510-6602	
VM 19.	JOSE ROJAS	855-4596	
✓ 20.	TOM WEBB	587-9736	
VM 21.	VLAD SAFAROV	770-1804	
VM 22.	LINDA BROWN	212-6176	
VM 23.	Quida Coy	450-9867	
		855-8972	

Attendees for City Council Meeting- June 19, 2007

6:00 P.M.

I Support the Marguerite Expansion Project

Name	Attending	Phone	Signature/Petition
24. Steve Hykin	NO	949-439-8751	<i>[Signature]</i>
25. Hilda Hayes	NO	949-830-5273	<i>[Signature]</i>
26. Norma Mosty		949 830 5879	<i>[Signature]</i>
27. PETR MIKUSA	NO	949.830.9716	<i>[Signature]</i>
28. Stephen Lorefo	NI	949-837-0824	<i>[Signature]</i>
29. Jeff Moody	NO	949-3804342	<i>[Signature]</i>
30. Page Bartlett	NO	949 583 7303	<i>[Signature]</i>
31. Chirsten Bartlett	NO	949 583 7363	<i>[Signature]</i>
32. Ron Zyds	NO	949.916.9120	<i>[Signature]</i>
33. Mike Monroney		" "	<i>[Signature]</i>
34. James Boulware	NO	949-855 9387	<i>[Signature]</i>
35. Susan Boulware	NO	" "	<i>[Signature]</i>
36. Breanna Bremer	NO	690- 2733	<i>[Signature]</i>
37. Steve Bert	YES		<i>[Signature]</i>
38. Roz Berk	YES		<i>[Signature]</i>
39. Fran BREMER	?	855-4057	<i>[Signature]</i>
40. Penny Burton	?	586-4586	<i>[Signature]</i>
41. Rachelle Lawrence	YES	949 951-3735	<i>[Signature]</i>
42. JUDY HIGASHI	YES	949 443 9250	<i>[Signature]</i>
43. Lisa Bates	NO	949 589-7646	<i>[Signature]</i>
44. Michelle Lund	NO	949 582-2117	<i>[Signature]</i>
45. DEE NOVAK	NO	949-305-2022	<i>[Signature]</i>
46. Randy Fish	YES	949-472-4717	<i>[Signature]</i>
47. KURT LEIGER	YES	949-830-3982	<i>[Signature]</i>
48. Jim Sahl	YES	949-581-7036	<i>[Signature]</i>

Attendees for City Council Meeting- June 19, 2007

6:00 P.M

I Support the Marguerite Expansion Project

Name	Attending Y/N/YES	Phone	Signature/Petition
1. Fresno News Journal	YES	830-1975	<i>[Signature]</i>
2. Reese Brinkley	?	837-2634	<i>[Signature]</i>
3. Jan Baps	?	472-1577	<i>[Signature]</i>
4. Jami Bond	YES	858-6719	<i>[Signature]</i>
5. Steve Stuckert	YES	586-2992	<i>[Signature]</i>
6. Pat Jensen	YES	582-9151	<i>[Signature]</i>
7. Kristi Beattvet	?	459-1511	<i>[Signature]</i>
8. Ouida Cox		855-8972	<i>[Signature]</i>
9. Paul Richards	YES	713-4448	<i>[Signature]</i>
10. Lisa DiMarzio	?	459-9191	<i>[Signature]</i>
11. Jo Ann Fratton	?	916-9660	<i>[Signature]</i>
12. CORNIE BABCOCK	NO	830-2416	<i>[Signature]</i>
13. Jackie Speman	YES	830-9993	<i>[Signature]</i>
14. Gloria Bynne	YES	837-0794	<i>[Signature]</i>
15. Carol Lambson	?	916-8007	<i>[Signature]</i>
16. Carol L. Kirk	YES	951-5531	<i>[Signature]</i>
17. Colina Sefton	?	589-9230	<i>[Signature]</i>
18. Julie Culp	NO	305-0364	<i>[Signature]</i>
19. Carol Dickert	?	855-8591	<i>[Signature]</i>
20. Debra Griffith	?	768-6773	<i>[Signature]</i>
21. Kristi Bailey	?	582-7555	<i>[Signature]</i>
22. JULA GEORGE	?	770-0789	<i>[Signature]</i>
23. DONNA RANK	?	305-4434	<i>[Signature]</i>

Attendees for City Council Meeting- June 19, 2007

6:00 P.M.

Name Attending Phone Signature/Petition
 Support the Marguerite Expansion Project

49.	Name	Attending	Phone	Signature/Petition
49.	Vivian Smith	NO	949-8547311	[Signature]
50.	Keryn Douglas	NO	949-837-2126	[Signature]
51.	LINDA POWELL	YES	949/305-9404	[Signature]
52.	JAMES HURRY	YES	949-837-2750	[Signature]
53.	Tom Webb	YES	632-7028	[Signature]
54.	Steve Stubbs	NO	586-2992	[Signature]
55.	Rosalind Charbit	NO	837-8861	[Signature]
56.	Susan deadi	MB	8376203	[Signature]
57.	Sally Waller	MB	348 8474	[Signature]
58.	Terry Ward	MB	949 582-0458	[Signature]
59.	Cynthia Dwyer	MB	41023133	[Signature]
60.	Susan Adams	NO	235-8839	[Signature]
61.	Norma Hosley	YES	830-5879	[Signature]
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Attendees for City Council Meeting- June 19, 2007

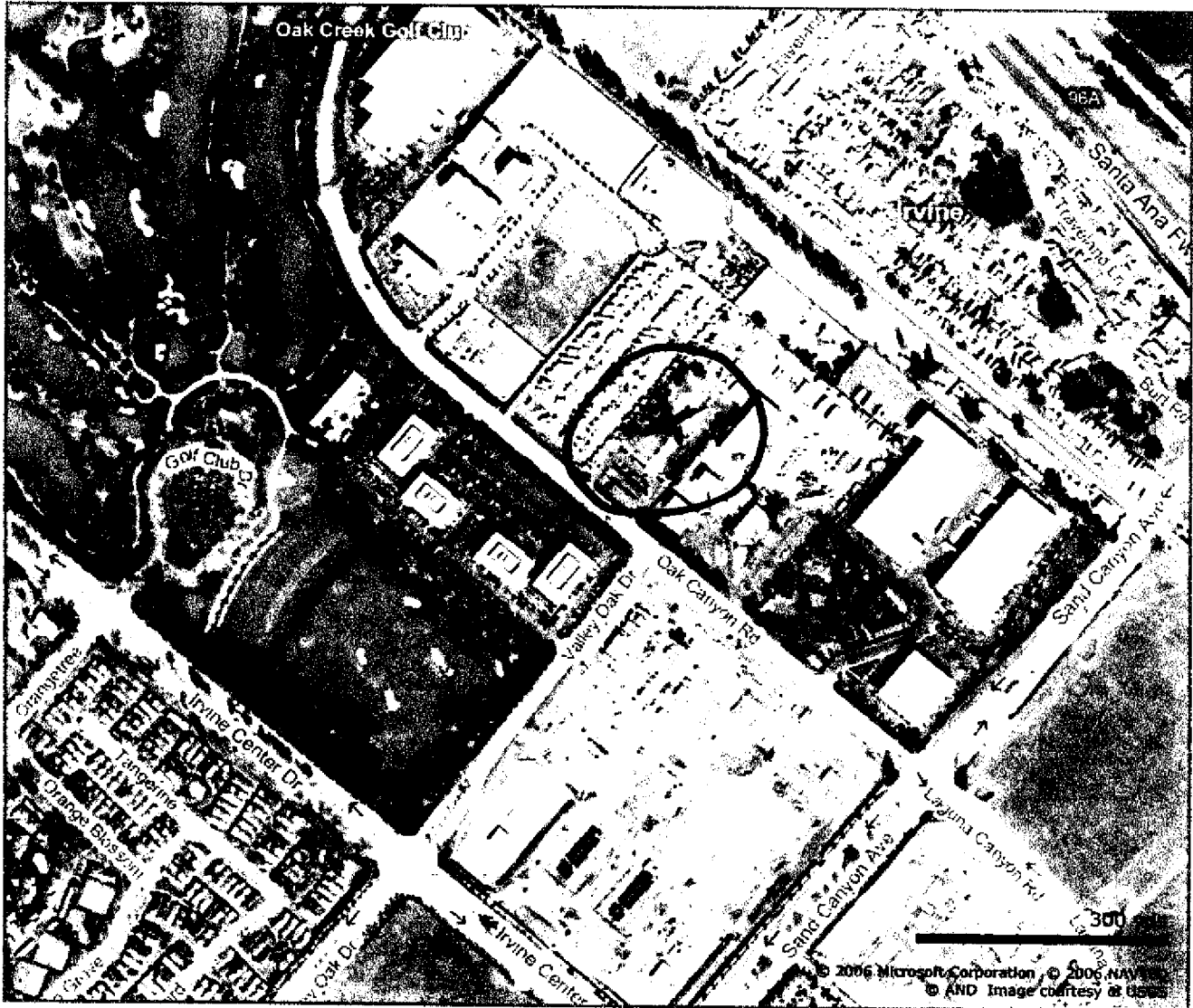
6:00 P.M.

I Support the Marguerite Expansion Project

Name Attending Phone Signature/Petition

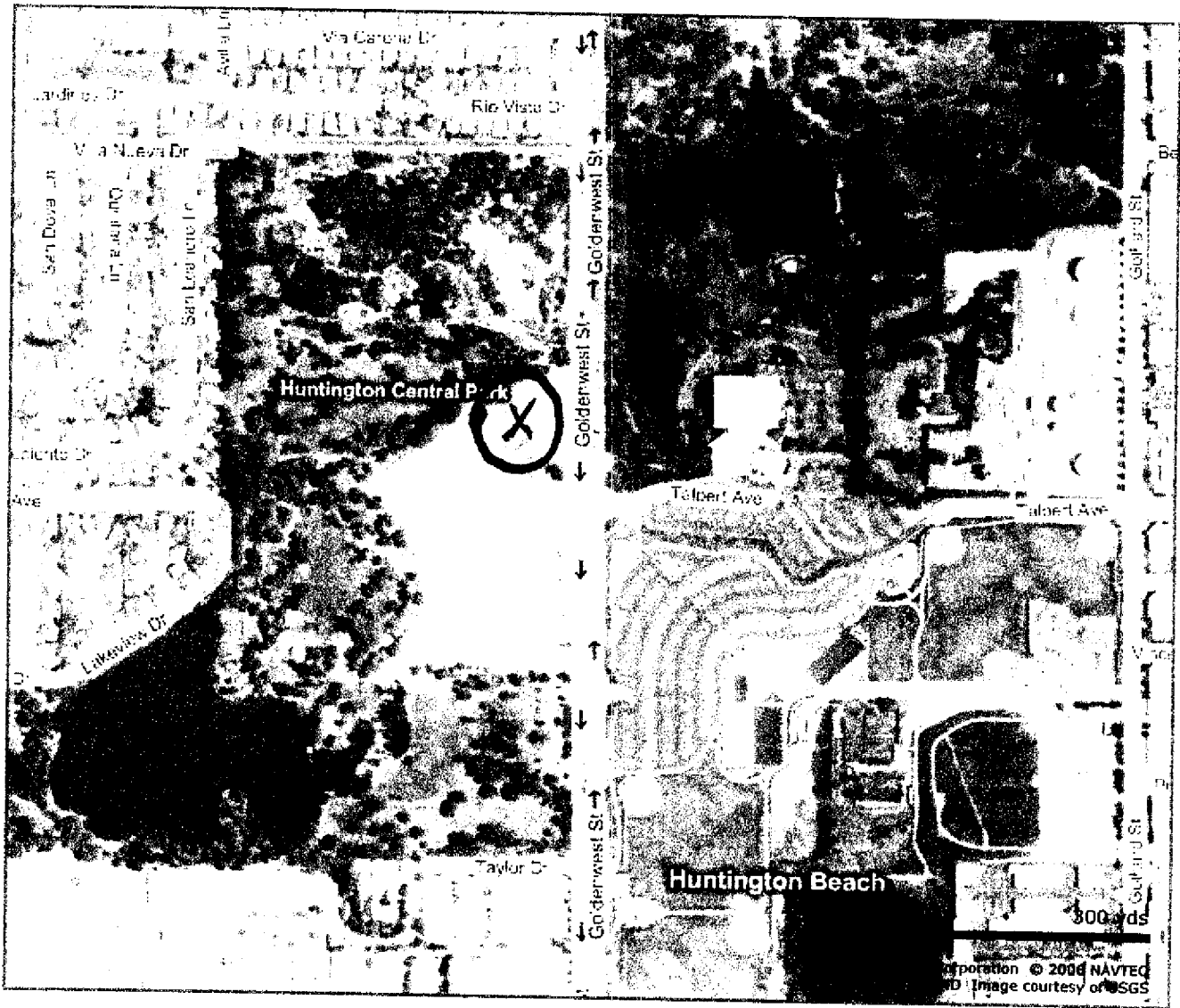
24.	GRACE LEUQU	?	949 466 1742	Ol
25.	Brenda Wilkins	1	949-582-0202	Brenda Wilkins
26.	Keely Sherwood	?	949-580-1556	Keely Sherwood
27.	Marlin Cummings	Y (cell)	949 206-1994	Marlin Cummings
28.	LAURA PFISTER		949 837-2918	Laura Pfister
29.	JAMES HRUBY	1	949-837-2750	J. Hruby
30.	JOSE AGUILAR	1	949-587 9730	Jose Aguilar
31.	Dennis Song	?	949-413-8263	Dennis Song
32.	Wendy Kelly		" 830 8508	Wendy Kelly
33.	Onofre Beltrame			Onofre Beltrame
34.	Murch Parsons	Yes	582-6771	Murch Parsons
35.	Jane Roberts		413-4454	Jane Roberts
36.	Bob Zech	No	(949) 733-0687	Bob Zech
37.	DIANE CROCKER	No	837-6763	Diane Crocker
38.	James Hunter	?	888-5770	James Hunter
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Irvine Dog Park

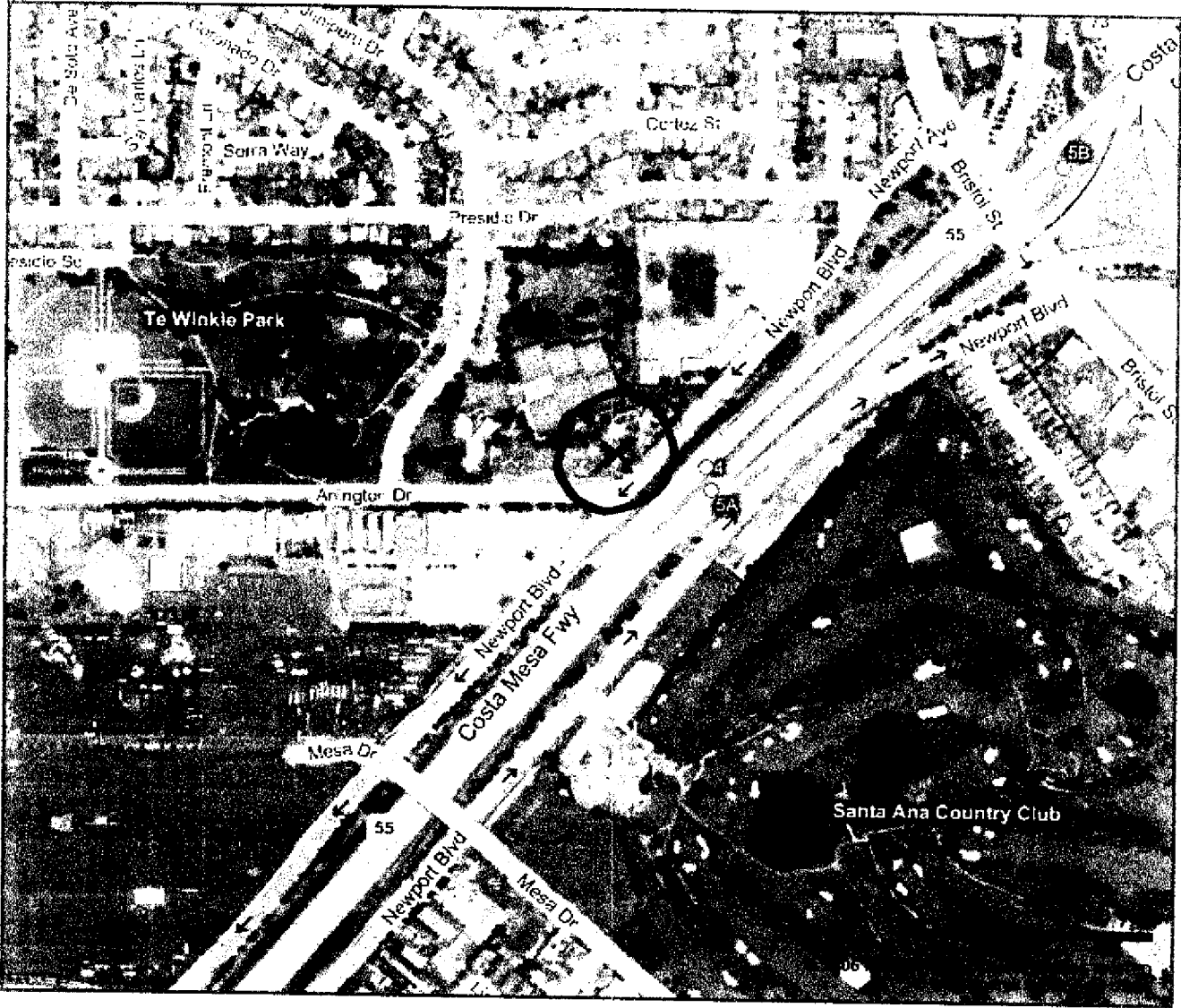


RECEIVED AT COUNCIL MEETING
OF June 19, 2007
FROM Dave Grove
AGENDA ITEM# 2

Huntington Beach Dog Park



Costa Mesa Dog Park



Laguna Beach Dog Park



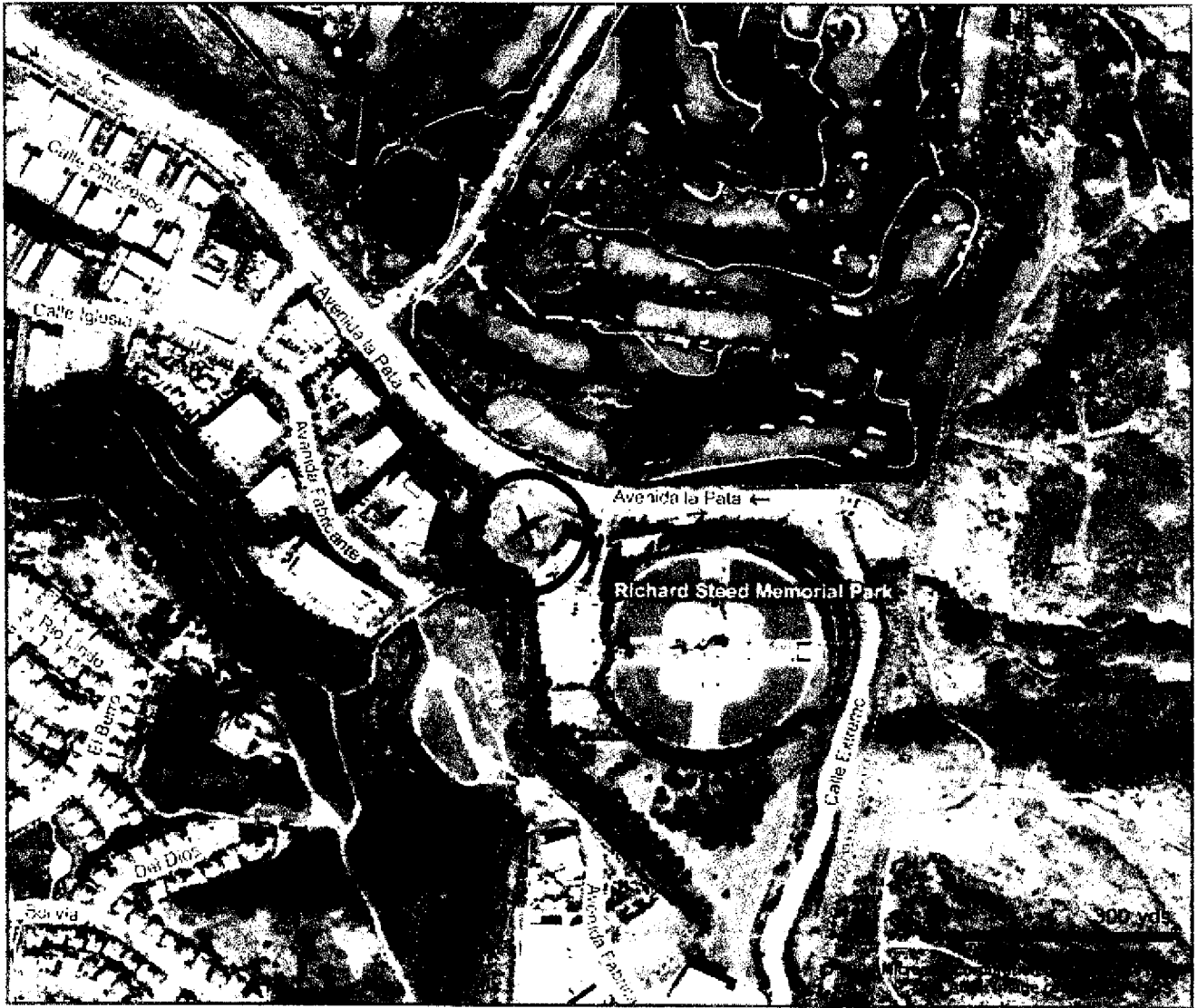
Laguna Niguel Dog Park



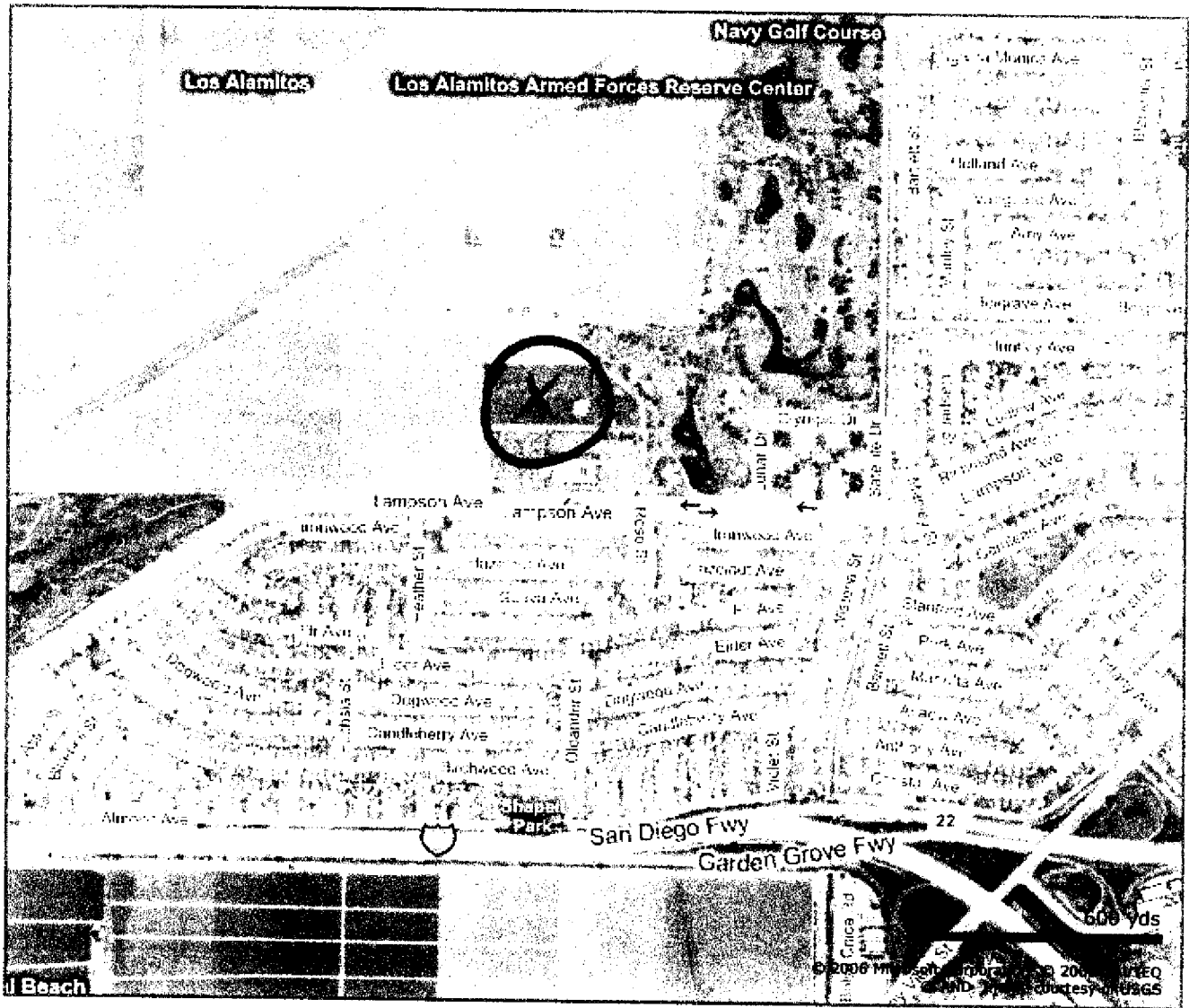
Orange Dog Park



San Clemente Dog Park



Seal Beach Dog Park



Alicia Park



Curtis Park

