REQUEST FOR COUNCIL ACTION

CITY COUNCIL MEETING DATE: DECEMBER 20, 2016

TITLE:
ADOPT THE FISCAL YEAR 2015-16
SURPLUS ALLOCATION PLAN AND
APPROVE APPROPRIATION ADJUSTMENT
{STRATEGIC PLAN NOS. 1, 1; 2, 1, 2}

BACKGROUND
It is important to provide background prior to staff recommendations, given the significance of the Triple Flip Sales Tax revenue in the amount of $5,600,000. During the June 21, 2016 City Council Meeting, staff provided a projected fiscal year 2015-16 General Fund Surplus range of $1,500,000 to $3,500,000. This projected range has remained unchanged and was on target with a final balance of $3,500,000. However, the City later received communication from the State of California that they were issuing the final true-up payment from the Triple Flip Sales Tax program, totaling $5,600,000. Although payment was received in July 2016, the timing of the receipt of the revenue was required to be accrued back to fiscal year 2015-16. As a result, the combination of the initial projected Surplus and receipt of the true-up from the Sales Tax Triple Flip increased the final surplus amount to $9,100,000.

The completion of the City’s financial audit during December 2016, certified the General Fund’s Surplus for fiscal year 2015-16 in the amount of $9,100,000. Below is a summary of the recommended actions proposed for the FY 2015-16 Surplus Allocation Plan.

RECOMMENDED ACTION
1. Review and select an option for the Surplus Allocation Funds for Fiscal Year 2015-16 in the amount of $2,620,000:

   Option A: Public Safety and Neighborhood Improvement Committee recommended the following initiatives, total of $2,620,000:
   - Skate Park - $1,120,000
   - Park Development / Joint Use - $1,500,000

   Option B: Enforcement and Neighborhood Public Safety Initiatives to be utilized for various Police Department purchases total of $2,620,000 (Exhibit 1):
   - Enforcement (reduction in crime, auto theft, domestic violence)
   - Prevention
   - Intervention
2. Approve $880,000 from the Fiscal Year 2015-16 Surplus Allocation Funds for the following items:
   - Public Safety initiative of the shared cost of construction for the County Animal Shelter - $750,000
   - Public Safety Communication – 800 MHz Partnership Costs, to fully fund obligation - $130,000

3. Approve formal implementation of items previously approved by Council of the unanticipated Triple Flip of $5,600,000 (Exhibit 2)
   - Enterprise Fund Assessment reduction to the General Fund – $2,388,082
   - Transfer of Graffiti Abatement Services from the Sanitation Fund to the General Fund – $1,200,000
   - Civic Center Safety and Security Enhancement Initiatives – $731,836
   - Public Safety Communication – 800 MHz Partnership Costs – $1,280,082

The above-referenced items require Appropriation Adjustments and are recommended to be funded from the Fiscal Year 2015-16 General Fund Balance and appropriating the amount to the Council Special Projects Fund expenditure and reserve accounts as outlined in the Surplus Allocation Plan noted above.

DISCUSSION

During the most recently completed two fiscal years, 2014-15 and 2015-16, Finance and Management Services Agency (Finance Staff) upon conclusion of the City’s annual audit have prepared a plan allocating General Fund Surplus Funding for Council Consideration. During the June 21, 2016 City Council Meeting, Finance Staff identified a potential General Fund surplus range for Fiscal Year (FY) 2015-16 between $1,500,000 to $3,500,000. However, the City’s General Fund Surplus increased to $9,100,000, largely as a result of increased revenue derived from repayment from the State of California Board of Equalization for Sales Tax-Triple Flip totaling approximately $5,600,000.

Public Safety Initiatives $2,620,000:
As noted above direction was provided to Finance Staff to evaluate the Public Safety initiatives. The options were compiled (see below) from recommendations made by the Public Safety and Neighborhood Improvement Committee (Committee) on November 22, 2016 that may be funded from the remaining General fund Surplus projection of $1,500,000 to $3,500,000.

Option A - ($2,620,000)
The Committee recommended evaluation of the appropriateness in developing a Skate Park and entering into a Joint-Use agreement for the development of Parks project as a means of fulfilling the Public Safety initiative of a Preventive program. The Parks, Recreation and Community Services Agency (PRCSA) has proposed to construct a Skate Park; similar to the Centennial Facility at Memorial Park or at Angels Community Park. The cost estimate provided by PRCSA with developing a Skate Park is approximately $1,120,000.
Additionally, PRCSA also evaluated the feasibility of establishing a Joint-Use agreement for the purpose of developing a Park Capital Improvement Project. The proposal by PRCSA is to develop a Park for the Lacey neighborhood with the acquired half acre site. Development of this park will allow for Community Garden and enhancement of joint-use programs at adjacent Garfield Elementary School. The estimate provided by PRCSA in entering into this agreement is approximately $1,500,000.

Option B - ($2,620,000)
The Committee also recommended Staff to evaluate additional Public Safety initiatives that deal with Prevention, Intervention and Enforcement. The Police Department provided a list of the initiatives that meet the spirit for these goals. The Police Department is requesting funding for Front Line Law Enforcement Services ($1,480,000), including funding for traffic safety education and enforcement, prostitution mitigation, foot/bike patrols, and other community based programs that are both proven to be effective, and are highly popular with residents. In addition, the Police Department proposes adding $580,000 to support the Department’s hiring efforts. Police Officer hiring is one of the biggest challenges facing law enforcement throughout the nation. These additional monies will fund a recruitment video, a lateral incentive program, additional marketing and advertising expenses, and overtime to attend recruitment events.

The Police Department also proposes adding $504,376 to fund Crime Prevention/Intervention Programs that will provide detectives with additional resources needed to help solve domestic violence cases, sexual assault cases, cold case rape cases, and other violent crimes. Lastly, the Police Department is requesting $55,624 for various Community Engagement activities that will build trust between law enforcement and the community. The Police Department will use these monies to fund activities at the Police Athletic Activity League (SAPAAL) Center, the Gang Reduction and Intervention Partnership (GRIP) program, and for officers to attend Neighborhood Association meetings to collaborate with residents.

Previous Council Approved Recommendations for Public Safety Initiatives ($880,000):
The construction agreement with the County of Orange for Animal Care Services and New Shelter was approved by the City Council on April 19, 2016. The City’s annual estimated costs, as provided by the County, totaled approximately $714,138. However, only 14 of the originally estimated 18 partner cities have agreed to participate. In anticipation of a revised estimate, staff recommends to fund the FY 2017-18 costs in the amount of $750,000 from available FY 2015-16 surplus funding.

On May 19, 2015, the City Council approved a resolution financing the equipment, installation and partnership costs for the 800 MHz Communications System project. The third and final year of the one-time partnership costs were not financed at the time in order to reduce the City’s interest cost related to the financing agreement. Staff recommends to fund the final portion of the payment due for FY 2017-18 by assigning available fund balance in the amount of $130,000. Council has previously considered financing the main component of the costs.
Formal Implementation of items previously approved by Council of the unanticipated Triple Flip ($5,600,000):

On September 20, 2016, the City Council unanimously approved the reduction of the assessment from the Water Enterprise Fund to the General Fund by $2,388,082 in fiscal year 2015-2016. Therefore, staff recommends a one-time augmentation of $2,388,082 to continue to provide general fund support of community services and programs related to the reduction in the General Fund assessment which is assessed to the General Fund in the amount of $2,388,082.

Also on September 20, 2016, the City Council unanimously approved the establishment of general fund support for Graffiti Abatement Services in the amount of $1,200,000 utilizing projected surplus monies. Additionally, Staff also recommends to utilize FY 2015-16 Surplus Funding to continue the Graffiti Abatement program and appropriate $1,200,000 within the General Fund.

On September 6, 2016, the Mayor and City Council approved resolution Declaring a Public Health and Safety Crisis Related to the Homeless and Urging the County of Orange to take Immediate Action to Provide Services to the Homeless at the Santa Ana Bus Terminal which the County of Orange both owns and operates. In response to this resolution, on September 20, 2016, the City Council approved an appropriation adjustment to implement the Civic Center Safety and Security Program in the amount of $731,836 from available FY 2015-16 surplus funding.

As noted above, on May 19, 2015, the City Council approved a resolution financing the equipment, installation and partnership costs for the 800 MHz Communications System project. The third and final year of the one-time partnership costs were not financed at the time in order to reduce the City’s interest cost related to the financing agreement. Staff recommends to fund the final portion of the payment due for FY 2017-18 by assigning available fund balance in the amount of $1,280,082.

**STRATEGIC PLAN ALIGNMENT**

Approval of this item allows the City to meet Goal #1 - Community Safety, Objective 1 (modernize the Community Policing Philosophy to improve customer service, crime prevention and traffic/pedestrian/bicycle safety), Goal #2 – Youth, Education, Recreation, Objective #1 (ensure coordination among organizations serving Santa Ana’s youth to optimize programs) and Objective #2 (expand youth programming).

**FISCAL IMPACT**

The appropriation adjustment will recognize and carry forward from Fiscal Year 2015-16 an available General Fund balance (account no. 01102002-50001) of $9,100,000 and appropriate to the Council Special Projects Fund (account no. 05005018-69011) and assigned general fund balances. Any amounts not assigned will remain in the unassigned account.
APPROVED AS TO FUNDS AND ACCOUNTS:

Francisco Gutierrez
Executive Director
Finance and Management Services Agency

EXHIBITS: 1. Public Safety Initiatives
           2. Surplus Allocation Plan Items
### FY 2015-16 Surplus - Public Safety Use of Funds

#### A. Front Line Police Services
1. Traffic Safety Education and Enforcement Plan  
   190,000  
2. Prostitution Mitigation Programs - Overtime  
   135,200  
3. Project Oriented Foot/Bike Neighborhood Program -  
   Overtime for four officers per week  
   43,200  
4. Mounted Enforcement - Overtime funding for additional deployments  
   21,600  
5. Bike Trail / Creek Safety Enhancement Efforts - Overtime for monthly patrols  
   90,000  
6. Overtime for Front Line Patrol Services  
   1,000,000  
   **Subtotal**  
   **1,480,000**  

#### B. Recruitment and Hiring
1. Agreement with Backgrounds Contractor  
   60,000  
2. Additional Marketing/Advertising - Funding for second year of Sensis program  
   250,000  
3. Recruitment Website Enhancement - Funding for landing page and professional optimization services  
   25,000  
4. Recruitment Video - Funding to develop video  
   75,000  
5. Lateral Recruitment Incentive  
   100,000  
6. Overtime for Backgrounds - Investigations/Recruitment  
   70,000  
   **Subtotal**  
   **580,000**  

#### C. Crime Prevention/Intervention
1. Violent Crime Reduction Plan (VCRP) - Overtime to successfully investigate serious crimes more expeditiously  
   120,000  
2. Sexual Assault Rapid Response Program – Overtime for sexual assault investigations  
   58,398  
3. Cold Case Rape Project – Overtime for investigations of rape cases  
   37,617  
4. Domestic Violence Immediate Impact Project – Overtime for rapid investigation  
   42,627  
5. Sex Registrant Verification Checks – Overtime to monitor registered sex offenders  
   13,773  
6. Auto Theft Assessment & Reduction Program – Overtime to reduce auto thefts  
   184,945  
7. Digital Crime Scene Replacement Program – Replacing aging digital camera equipment  
   47,016  
   **Subtotal**  
   **504,376**  

#### D. Community Engagement
1. Neighborhood Association Meetings - Overtime to collaborate with neighborhood associations  
   14,760  
2. Photograpy Instructor - PAAL Center  
   10,000  
3. Anaheim Angels RBI Baseball Program - PAAL Center  
   24,000  
4. Guitar Replacements - PAAL Center  
   5,000  
5. Gang Reduction Intervention Partnership (GRIP) - Overtime to expand program training and school activities  
   1,884  
   **Subtotal**  
   **55,624**  

**Total**  
**2,620,000**
**PROJECTED SURPLUS FOR FY 2015-16: $9,100,000**

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<th>PROGRAM</th>
<th>COUNCIL APPROVED</th>
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<tbody>
<tr>
<td>Construction Costs of County Animal Shelter</td>
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<tr>
<td>800 MHz Partnership Costs (fully funded)</td>
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<td><strong>RECOMMENDED SUBTOTAL:</strong></td>
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<td>$880,000</td>
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**OPTION A**

<table>
<thead>
<tr>
<th>Program</th>
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<tr>
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<tr>
<td>Park Development/Joint Use Agreement</td>
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<td><strong>For Consideration - Option A:</strong></td>
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**OPTION B**

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<tr>
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<tbody>
<tr>
<td>Public Safety Initiatives: Prevention, Intervention, &amp; Enforcement</td>
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<tr>
<td><strong>OPTION TOTAL:</strong></td>
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<tr>
<td><strong>SUBTOTAL + OPTION TOTAL:</strong></td>
<td>$3,500,000</td>
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<tr>
<th>Program</th>
<th>Date</th>
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<tr>
<td>General Fund Support of Programs &amp; Services (due to Water master reduction)</td>
<td>9/20/2016</td>
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<td>Graffiti Abatement (General Fund)</td>
<td>9/20/2016</td>
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<td>Civic Center Homeless / Public &amp; Employee Safety</td>
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<td>800 MHz Partnership Costs (FY 17-18)</td>
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<td>$1,290,082</td>
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<td><strong>RECOMMENDED SUBTOTAL:</strong></td>
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<td>$5,600,000</td>
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**GRAND TOTAL:** $9,100,000