



# **Strategic Plan Goal #1**

## **Achieve Financial Stability**

### **Strategic Plan Objective:**

Provide information to the City Council on the impacts to the city if the sales tax measure is not renewed.



# Strategic Plan

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- City Council held a strategic planning workshop on January 17, 2022
- Developed the city's first strategic plan
- Identified priorities for the city
- Result: Three-year strategic plan comprised of three goals
- Strategic Plan Goal #1: "Achieve Financial Stability"
- First objective: "Provide information to the City Council on the impacts to the city if the sales tax measure is not renewed."



# History

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## **Westminster's finances rely heavily on property taxes**

- Westminster receives only 9% of each property tax payment
- 7% allocated to the General Fund and 2% allocated to Municipal Lighting
- 7% accounts for \$7 million which is the city's third largest source of revenue in the General Fund

## **When state voters enacted Prop 13 in 1978, Westminster was permanently locked into a very low rate**

- Prior to Prop 13, Westminster City Council set a very low property tax rate
- Once Prop 13 passed, the annual property tax on a parcel was limited to 1% of its assessed value
- The average tax allocation for cities in Orange County is close to 12%
- At 7%, Westminster is the lowest among all cities in the county that pays for fire services from General Fund



# History

## **Westminster's finances relied heavily on State of California redevelopment funds to:**

- Maintain basic services and staffing levels;
- Provide assistance toward business development;
- Low- and moderate-income housing; and
- Community-based programs

## **When the state eliminated redevelopment, Westminster was left with a budget shortage that resulted in:**

- Massive layoffs across the entire organization
- Reduction and elimination of services throughout the city
- Depletion of the city's reserve funds





## Measure SS - 2016

- Through the will of the voters and the community, the city was saved from inevitable bankruptcy
- Significant cuts to services and staff were made prior to the measure
- Staffing levels have remained at minimum levels and many programs that were eliminated have not been reinstated
- Currently set to expire December 31, 2022
- City will lose approximately 24% of its operating budget
- To address the loss of revenue, the city must prioritize the mandatory services needed to operate, and eliminate all other functions and staff



# Accomplishments Through Locally Generated Funds

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- Addressed homelessness through the hiring of two Homeless Liaison Officers
- Maintained fire protection and prevented cuts to the number of firefighters
- Prevented cuts to 9-1-1 emergency response
- Supported residents and local businesses through matching grants and programs
- Invested \$7.5 million in street improvement projects



# Accomplishments Through Locally Generated Funds

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- Protected drinking water supplies
- Maintained local jobs
- Prevented elimination of Police Narcotics, Domestic Violence, Sex Crimes, Gang, and Human Trafficking units
- Recruited and retained Spanish/Vietnamese-speaking police officers
- Prevented the loss of trained officers to other cities and recruited lateral police officers



# Impacts to City Staffing Levels

**As the locally generated revenue source nears expiration, it has been harder to attract and retain employees**

- Currently 24 vacant positions, including 10 police officers
- Uncertainty of local sales tax measure and low pay are the two major factors in 100% of resignations
- Harder to recruit qualified employees to fill vacant positions
- Percentage of applicants interested in job opportunities
  - For recent recruitments of part-time positions, only 1% of those interested applicants applied
  - For recent recruitments of full-time positions, only 4% of those interested applicants applied





# 5-Year Budget Projection

General Fund	2021-22 Estimate	2022-23 Adopted	2023-24 Projected	2024-25 Projected	2025-26 Projected
<b>Revenue</b>	70,655,125	61,084,233	56,097,957	57,104,892	57,914,378
<b>Expenditures</b>	66,282,221	71,631,997	73,559,740	75,564,032	77,450,228
<b>Contribution/ (Use) of Reserves</b>	4,372,904	(10,547,764)	(17,461,783)	(18,459,140)	(19,535,850)
<b>Reserve Balance</b>	39,212,216	28,664,452	11,202,669	(7,256,471)	(26,792,320)



# Impacts to City Staff and Services:

## Major Reductions

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# Administration

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## City Council

- Eliminate all technology equipment and supplies
- Eliminate funding for conferences, training, and memberships
- Eliminate stipend for paid commissioners, and disband all commissions not required by law

## City Manager

- Maintain only City Manager position and eliminate all other positions: Assistant City Manager, Economic Development Manager, Executive Assistant, Administrative Analyst (Communications), and Administrative Assistant II



# Administration

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## City Clerk

- Maintain only City Clerk position as required by state law and eliminate all other positions: Assistant City Clerk, Administrative Assistant II
- Unable to meet agenda preparation deadlines, response times for requests for public records, election filings, and state-imposed deadlines will be delayed

## Human Resources/Risk Management

- Maintain only Human Resources/Risk Management Director position and eliminate all other positions: two human resources analysts, one human resources specialist
- Delayed response and review times of claims will result in increased liability to the city for payment of unresponsive claims
- Decrease in oversight will lead to overall increase in liability to the city



# Administration

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## Finance

- Maintain Finance Director/Treasurer position as required by law and eliminate four out of six employees who cover accounting, payroll, accounts payable, purchasing, and cash receipts
- Lack of staff will create inability to segregate duties and eliminate checks and balances in finance processes
- Delay in payment of refunds or services to outside vendors, consultants, residents, and businesses
- Reduced counter coverage and ability to respond to the public, including processing counter payments



# Community Development

## Eliminate Community Preservation Unit (CPU) and support for the following services:

- HLOs for homeless services
- Shopping cart retrieval
- Trash and debris removal and overgrown weed and vegetation abatement
- Graffiti abatement
- Public right-of-way issues such as unpermitted work on the parkway and sign removal
- Parking or storing vehicles on unpaved surface and inoperable vehicle enforcement
- Unpermitted signage and banners





# Community Development

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## **Eliminate Management Analyst position**

- No support for real estate, business license, outdoor dining program, and other operations
- No new grant applications or special projects could be initiated or administered

## **Maintain Planning Manager or Senior Planner position and eliminate all associate and assistant planners**

- Significant reduction in available counter hours, phone, and email services
- Delays in processing development applications
- Inability to maintain state-mandated application processing times
- Significant extended wait times for scheduling of inspections
- Delays in Building Plan Check turn-around times
- No special projects or programs could be undertaken
- Necessary actions such as the state-mandated zoning code update would be delayed



# Community Services

## Eliminate Community Services Director, Senior Center Supervisor, and two Community Services Coordinators

- Senior Center becomes a part-time facility
  - No activities, classes, events, transportation, outreach, or support services
  - Basic nutrition/meal program to remain
  - Eliminate Project SHUE program
- Youth-centered programs and services are eliminated
  - No youth sports, summer or afterschool programs
  - Reduced access to Splash Pad due to lack of staff for supervision
- Eliminate community promotions and programs
  - Eliminate printed brochure and other marketing materials
  - No city special events will be held
  - No oversight over private special events taking place on public or private property requiring permits
  - No management or oversight over crossing guards and reduction of city-funded crossing guards



# Public Works

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## Eliminate 16 full-time positions and 14 part-time employees

- Impacts to parks
  - Close all parks from public access and use
  - No graffiti clean-up or median maintenance
- Impacts to streets and street maintenance
  - Reduce or eliminate pothole filling, concrete repairs, drainage devices, and sidewalk cleaning
- Impacts to building and facilities maintenance
  - No staff or budget for plumbing, electrical, HVAC repairs, and painting
  - No cleaning of buildings or set-ups for facility rentals or events



# Public Works

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- Impacts to fleet and vehicle maintenance
  - No staff for repairs and maintenance of city vehicles, including police/public safety vehicles
- Impacts to engineering
  - No staff for engineering design, construction management, and inspections
  - No longer able to pursue and obtain grant funds for new projects
- Reductions in existing maintenance contracts
  - Reduce park mowing from weekly to once a month and eliminate weed abatement in public right-of-way
  - Cut park watering in half
  - Reduce a quarter of tree trimming budget, impacting claims for fallen trees





# Police

## Reduce the police force by 33%, equivalent to 24 sworn, 17 non-sworn positions, 25 part time

### ■ Addressing homelessness

- Eliminate both Homeless Liaison Officer positions
- No specialized units to complete homeless encampment clean-ups or address other homelessness issues
- No HLOs to provide direct impacts and services to homeless residents
- Homelessness-related issues will increase

### ■ Emergency response

- Increase to emergency response times
- Victims would wait longer for police to arrive, even for emergency calls such as in-progress domestic violence, robbery, and assault
- No resources to respond to most non-emergency crimes, such as thefts and non-violent disputes





# Police

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## ■ Traffic Enforcement

- Increase in traffic collisions, including fatalities
- Parking violations will go unaddressed and associated revenue will be lost

## ■ Crimes, reports, and investigations

- Elimination of jail services and staffing contract
- Patrol staff will spend less time patrolling and responding to calls for service when tasked with booking and housing arrestees
- Most crimes would not be investigated
- No crime prevention efforts or investigation of cold cases
- Delayed turnaround time for police reports, information, or other paperwork



# Police

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- All community outreach programs would be eliminated
  - Eliminate detective from Drug Enforcement Administration Task Force
  - Revenues received from seizures would be eliminated
  - Resources associated with this task force will be eliminated
- No public safety presence for special events and assignments
  - Council meetings
  - Tet parade
  - School events
  - National Night Out
  - Public Safety Day
  - Public memorial services



## Summary of Impacts

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- No more locally generated revenues after December 31, 2022
- \$16 million deficit spending annually until depletion of reserve funds
- Bankruptcy by 2024-25
- Drastic loss of services and staff affecting service levels, public safety, and quality of life to the Westminster Community