



Tom Kisela
City Manager

Mike Vigliotta
City Attorney

Pamela Coleman
City Clerk

AGENDA

City Council April 16, 2024

Notice and Call of a Special Meeting

5:00 PM Budget Study Session

City Council Chamber
300 E. Chapman Avenue
Orange, CA 92866

DAN SLATER
Mayor

ARIANNA BARRIOS
Mayor pro tem, District 1

JON DUMITRU
Councilmember, District 2

KATHY TAVOULARIS
Councilmember, District 3

DENIS BILODEAU
Councilmember, District 4

ANA GUTIERREZ
Councilmember, District 5

JOHN GYLLENHAMMER
Councilmember, District 6

The City of Orange City Council welcomes you to this Special Meeting. Special Meetings are held for a specific purpose and when action is needed prior to the next Regular Meeting. The Mayor or a majority of the City Council may call a special meeting of the City Council with a minimum 24 hours notice.

Agenda Information

The agenda contains a brief general description of each item to be considered. The City Council may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda. The agenda and supporting documentation for a special meeting is available no later than 24 hours prior to the Council meeting on the City's website at www.cityoforange.org, at the City Clerk's Office located at 300 E. Chapman Avenue, and at the Main Public Library located at 407 E. Chapman Avenue.

Public Participation

Public Comment shall be limited to only those items described on this Special Meeting Notice/Agenda (Government Code Section 54954.3(a)).

Public Comments are limited to three (3) minutes per speaker unless a different time limit is announced. It is requested that you state your name for the record, then proceed to address the City Council. All speakers shall observe civility, decorum, and good behavior.

ADA Requirements: In compliance with the Americans with Disabilities Act, if you need accommodations to participate in this meeting, please contact the City Clerk's office at (714) 744-5500. When possible, notification at least 48 hours in advance of meeting will enable the City to make arrangements to assure accessibility to this meeting.

REMINDER: Please silence all electronic devices while City Council is in session.

NOTICE IS HEREBY GIVEN, pursuant to Section 54956 of the California Government Code, that a Special Meeting of the Orange City Council is hereby called for the following purpose:

5:00 PM BUDGET STUDY SESSION

1. OPENING/CALL TO ORDER

1.2 PLEDGE OF ALLEGIANCE

Councilmember John Gyllenhammer

1.3 ROLL CALL

2. ADMINISTRATIVE REPORTS

2.1. Second Budget Study Session for the Proposed Fiscal Year 2024-25 Budget.

Recommended Action:

Receive and file the report and provide direction to staff.

Attachments: [Staff Report](#)
 [FY 25 Draft Five-Year Improvement Plan](#)

3. ADJOURNMENT

The next Regular City Council meeting will be held on Tuesday, April 23, 2024, at 6:00 p.m., in the Council Chamber, with Closed Session beginning at 5:00 p.m., if necessary.

I, Pamela Coleman, CMC, City Clerk for the City of Orange, do hereby declare, under penalty of perjury, that a full and correct copy of this agenda was posted pursuant to Government Code Section 54950 et. seq., at the following locations: Orange Civic Center kiosk and Orange City Clerk's Office at 300 E. Chapman Avenue, Orange Main Public Library at 407 E. Chapman Avenue, Police facility at 1107 N. Batavia Street, and uploaded to the City's website www.cityoforange.org.

Date posted: April 11, 2024



Agenda Item

City Council

Item #: 2.1.

4/16/2024

File #: 24-0250

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Second Budget Study Session for the Proposed Fiscal Year 2024-25 Budget.

2. SUMMARY

This is the second budget study session in support of the preparation of the Fiscal Year 2024-25 Budget. This study session is intended to provide the draft of the Five-Year Capital Improvement Plan for the period of Fiscal Year 2024-25 through Fiscal Year 2028-29.

3. RECOMMENDED ACTION

Receive and file the report and provide direction to staff.

4. FISCAL IMPACT

Fiscal impact will be determined with final budget adoption.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- b: Analyze future fiscal needs and potential revenue opportunities.
- c: Provide appropriate reserves.

6. DISCUSSION AND BACKGROUND

This is the second budget study session in support of the preparation of the City's Fiscal Year 2024-25 (FY 25) Budget and is intended to focus on presenting the draft Five-Year Capital Improvement Plan for the period of FY 25 through FY 29.

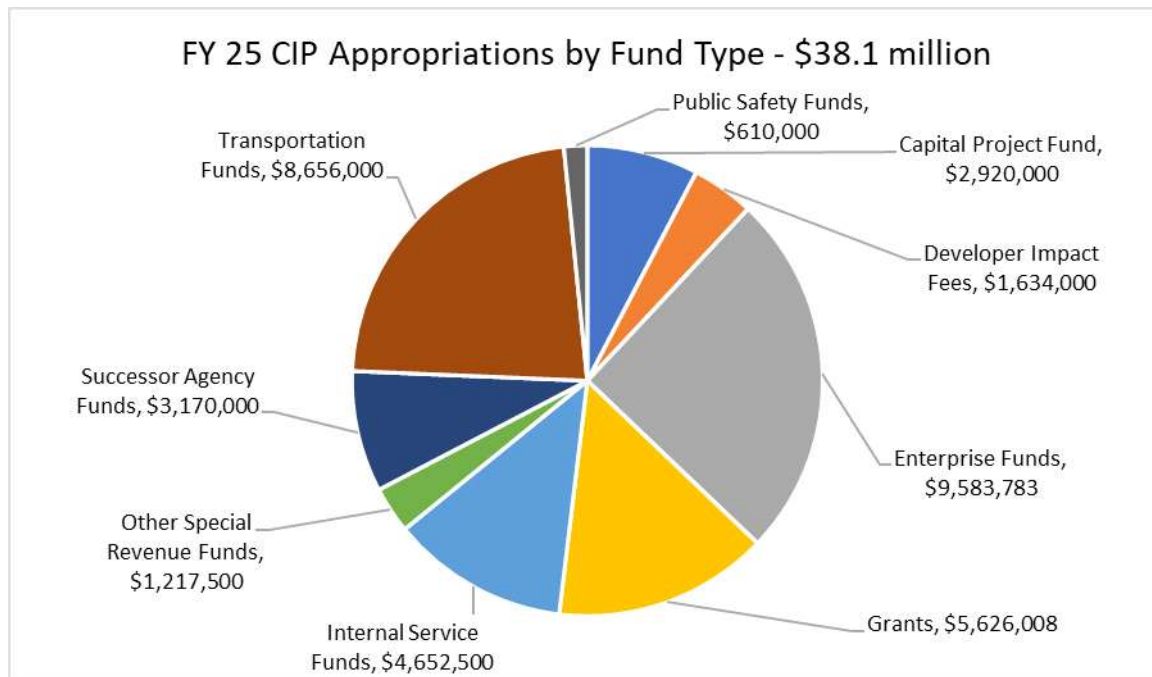
The Five-Year Capital Improvement Plan (CIP) serves as a comprehensive budget and strategic planning tool used to determine the extent of future needs and identify sources of funding. Funding is provided by a variety of sources including development impact fees, transportation funds, grants, reimbursement agreements, and long-term financing.

The City continues to provide its residents and businesses with much-needed capital improvements and infrastructure, despite budgetary challenges. While several projects have been deferred in recent years, the City strives to maintain a steady level of capital improvement activity in Orange.

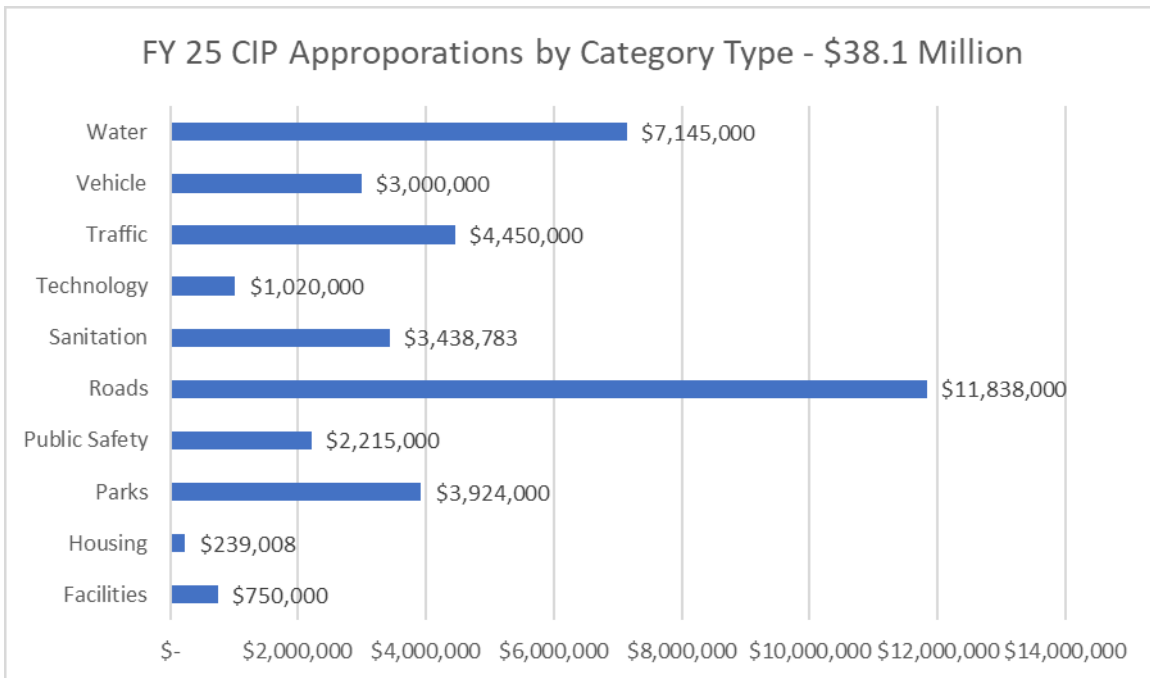
The FY 25 Five-Year CIP identifies 137 proposed projects. FY 25 itself, there are 66 budgeted projects while the remaining 71 projects are either a continuation of previously approved plans or

anticipated to start during the out-years. With these proposed projects, the City Council will be investing almost \$38.1 million in the upcoming fiscal year and almost \$144.8 million over the five-year planning horizon. This is in addition to project appropriations that will be carried over from the current fiscal year. To ease the challenges of the City's budgetary operating deficit, 14 projects were deferred or reduced for FY 25, totaling approximately \$10.4 million.

As in previous years, the CIP will be funded through several funds. This includes \$8.6 million from various transportation funds (Traffic Improvement, Gas Tax Maintenance, Road Maintenance Rehabilitation, and TSIP); \$9.6 million from the City's Enterprise Funds (Sanitation and Water); \$4.7 million from the City's Internal Service Funds (Equipment Replacement and Computer Replacement); \$2.9 million from the City's Capital Project Fund; and, \$12.3 million from various funds.



In FY 25, there are 11 identified project categories. The most funded include a \$8.8 million investment towards the improvement of road conditions around the City, \$1.4 million towards City facility improvements, \$3.9 million towards City park improvements, and a \$3 million investment in the City's vehicle replacements.



Five-Year Capital Improvement Plan

The following are highlights of the FY 25 Five-Year CIP projects:

New Park in West Orange

A 2.4 acre piece of property managed by Orange County Flood Control (OCFC) has been identified as a location for a new park on the west side of the City. Based on the conceptual plan and feedback from the County, the next steps include completion of environmental review, design, and construction. The environmental review and design process has already started in FY 24, and staff worked with OCFC to enter into a long-term 50-year lease agreement for the property. City funding leveraged from former Redevelopment Capital Fund has been identified in the amount of \$3 million for the project, with the potential for federal grant funding sponsored by Congressman Correa to partially fund the project.

Corporation Yard Renovations

Bids were received for the first phase of the Corporation Yard Renovation project which focuses on building a police storage facility along with other site improvements. Staff plans to move forward with construction in June 2024, if approved by the Council later this month. Multiple construction phases are expected to complete the more efficient layout at the consolidated site.

Pavement Management Program

This program coordinates the comprehensive maintenance needs of the City's road system. Maintenance strategies include asphalt resurfacing, slurry seal, and where needed reconstruction. Approximately \$7.6 million is requested in FY 25. Based on the City's Pavement Management Plan, the City should be spending approximately \$10 million annually on road maintenance to prevent long-term deterioration. This program is funded by Measure M2, Gas Tax, Community Development Block Grant, Capital Projects, and the Road Maintenance Rehabilitation Account funds.

Water Projects

A commitment of \$7.1 million in FY 25 towards ten water infrastructure projects intended to maintain or improve the City's water production and distribution. This includes \$1.8 million for pipeline replacement, which provides for the design and construction of water mainline replacements for the City's water system. Additionally, \$1.4 million is budgeted for the replacement of an aging hydropneumatic tank and \$2 million for the drilling of a new water production well. The new well is designed to provide approximately 3,000 gpm and significantly enhance the City's groundwater production.

Sewer Projects

Commitment of \$2.4 million to the Sewer Replacement Program to maintain or improve the City's sewer pipe network, which provides for the design and construction of sewer mainline replacements for the City's sewer system. Approximately one mile of pipeline is targeted to be replaced annually due to increasing age, substandard sizing, corrosion, or high maintenance. The program will focus on locations such as Grand Street, Glassell Street, Center Street, Culver Avenue, Olive Street, and Maple Avenue

Capital Projects Fund (500)

Prior to FY 20, the City aimed to set aside monies from the unreserved fund balance of the General Fund to support the Capital Projects Fund (500). This funding provided necessary reinvestment in the City's aging infrastructure. However, due to recent budgetary challenges, monies for these infrastructure needs have not been contributed towards for some time. Several projects have been in deferment despite evaluation of poor condition. As such, the City has continued to prioritize projects that can no longer be deferred due to safety concerns and projects that are partially grant funded. After careful consideration, there are \$2.9 in projects proposed for FY 25:

1. Pavement Management Program (\$1,250,000);
2. Minor Traffic Control Devices (\$200,000);
3. City Facilities Improvements (\$450,000);
4. Santiago Bike Trail Phase IV (\$500,000);
5. Streetlight Pole Replacement Program (\$470,000);
6. Rolling File Cabinet Replacement (\$50,000)

Deferred Projects

To address the City's budgetary constraints, several projects that had been recommended from City departments have been deferred and are not included in the FY 25 CIP. The projects and project amounts are listed below:

Project	Fund	Amount Deferred/Reduced	Notes
---------	------	----------------------------	-------

Tot Lot Shade Sails	Park Acquisition (510)	\$430,000	Deferred to FY 26
El Modena Basin Area Improvements	Park Acquisition (510)	30,000	Deferred to FY 26
Rubberized Tot Lot Installation at La Veta Park	Park Acquisition (510)	125,000	Deferred to FY 26
Facilities Condition Assessment	Capital Projects (500)	100,000	Deferred to FY 27
Fire Station Improvements	Capital Projects (500)	400,000	Deferred to FY 27
Community Services Building Restoration	Capital Projects (500)	200,000	Deferred to FY 27
El Modena Electric Vehicle Charging Station	Capital Projects (500)	50,000	Deferred
Roof Replacement at City Facilities (rated poor in condition)	Capital Projects (500)	500,000	Reduced to exclude locations
Depot Building Improvements	Capital Projects (500)	400,000	Deferred
Municipal Parking Lot Maintenance	Capital Projects (500)	20,000	Deferred to FY 26
Fire Station 5 Exercise Room Addition	Capital Projects (500)	600,000	Deferred to FY 27
Fire Station 2 Remodel	Capital Projects (500)	900,000	Deferred to FY 27
Citywide Bike Lane Enhancements	Capital Projects (500)	200,000	Deferred to FY 26
Vehicle Replacements	Equipment Replacement (720)	6,500,000	Reduced vehicles to replace
Total Deferred Projects	\$10,455,000		

Conclusion

The FY 25 proposed Capital Improvement Plan reflects the City's challenges with addressing the General Fund's operating deficit, while also maintaining a standard level of service and operations for the citizens and businesses of Orange.

In the next two months, staff will continue to refine the City's FY 25 operating and CIP budgets for

preliminary review in May 2024 and final adoption in June 2024.

7. ATTACHMENTS

- FY 25 Draft Five-Year Improvement Plan



Agenda Item

City Council

Item #: 2.1.

4/16/2024

File #: 24-0250

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Second Budget Study Session for the Proposed Fiscal Year 2024-25 Budget.

2. SUMMARY

This is the second budget study session in support of the preparation of the Fiscal Year 2024-25 Budget. This study session is intended to provide the draft of the Five-Year Capital Improvement Plan for the period of Fiscal Year 2024-25 through Fiscal Year 2028-29.

3. RECOMMENDED ACTION

Receive and file the report and provide direction to staff.

4. FISCAL IMPACT

Fiscal impact will be determined with final budget adoption.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- b: Analyze future fiscal needs and potential revenue opportunities.
- c: Provide appropriate reserves.

6. DISCUSSION AND BACKGROUND

This is the second budget study session in support of the preparation of the City's Fiscal Year 2024-25 (FY 25) Budget and is intended to focus on presenting the draft Five-Year Capital Improvement Plan for the period of FY 25 through FY 29.

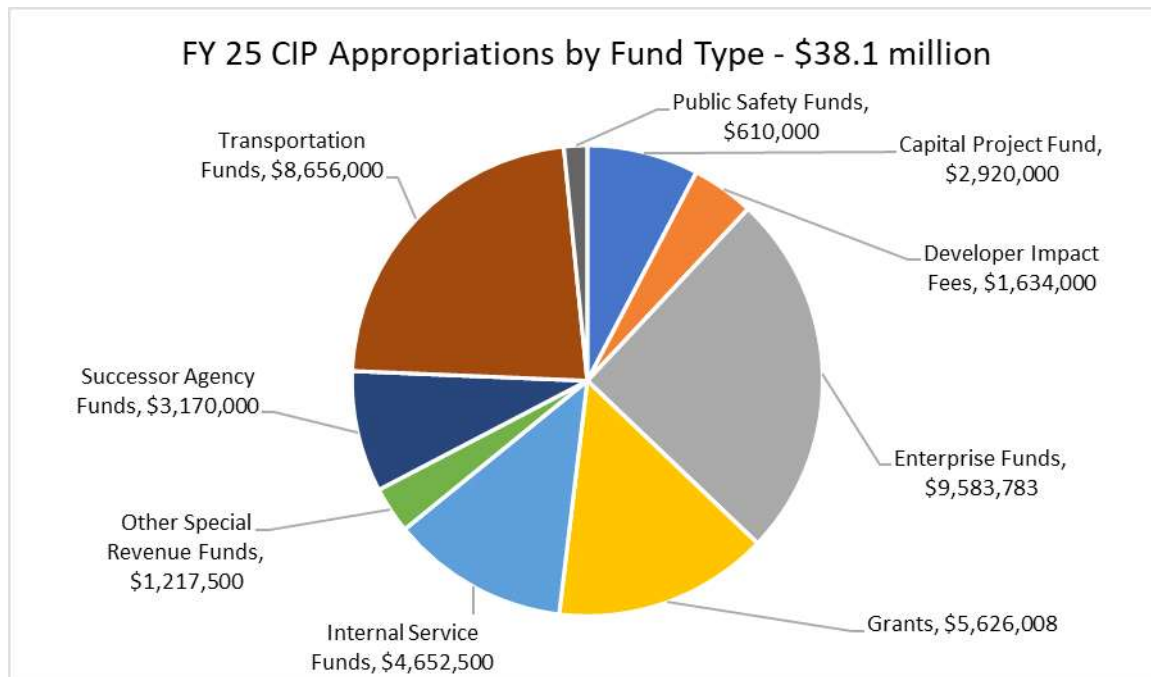
The Five-Year Capital Improvement Plan (CIP) serves as a comprehensive budget and strategic planning tool used to determine the extent of future needs and identify sources of funding. Funding is provided by a variety of sources including development impact fees, transportation funds, grants, reimbursement agreements, and long-term financing.

The City continues to provide its residents and businesses with much-needed capital improvements and infrastructure, despite budgetary challenges. While several projects have been deferred in recent years, the City strives to maintain a steady level of capital improvement activity in Orange.

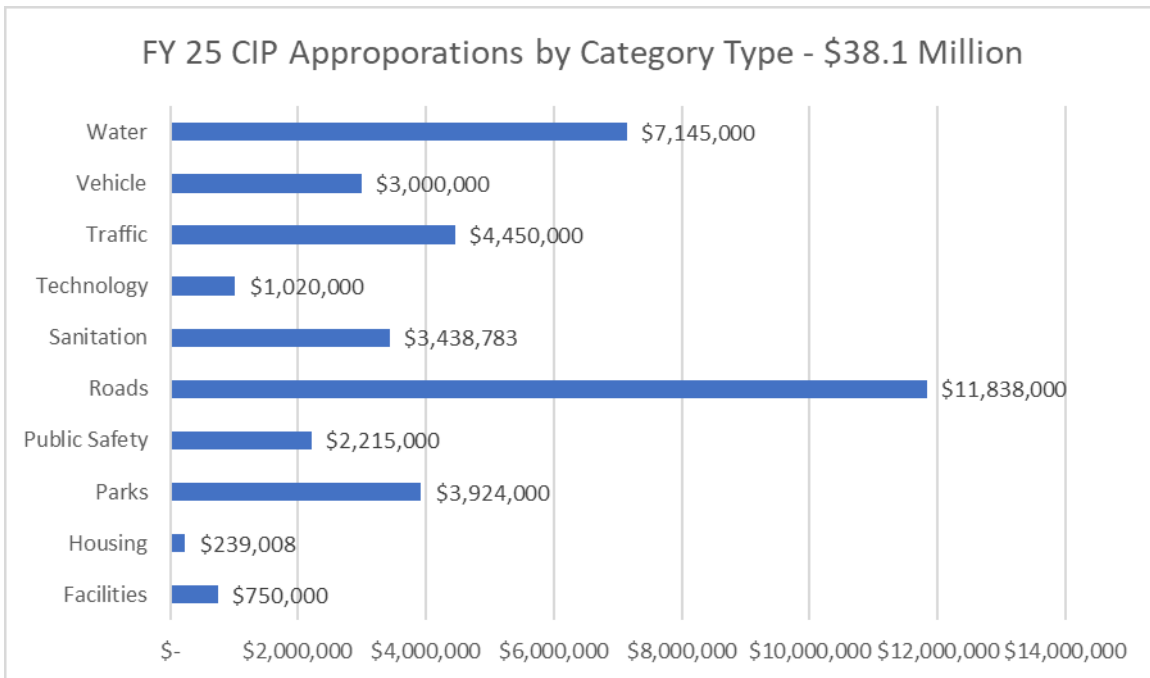
The FY 25 Five-Year CIP identifies 137 proposed projects. FY 25 itself, there are 66 budgeted projects while the remaining 71 projects are either a continuation of previously approved plans or

anticipated to start during the out-years. With these proposed projects, the City Council will be investing almost \$38.1 million in the upcoming fiscal year and almost \$144.8 million over the five-year planning horizon. This is in addition to project appropriations that will be carried over from the current fiscal year. To ease the challenges of the City's budgetary operating deficit, 14 projects were deferred or reduced for FY 25, totaling approximately \$10.4 million.

As in previous years, the CIP will be funded through several funds. This includes \$8.6 million from various transportation funds (Traffic Improvement, Gas Tax Maintenance, Road Maintenance Rehabilitation, and TSIP); \$9.6 million from the City's Enterprise Funds (Sanitation and Water); \$4.7 million from the City's Internal Service Funds (Equipment Replacement and Computer Replacement); \$2.9 million from the City's Capital Project Fund; and, \$12.3 million from various funds.



In FY 25, there are 11 identified project categories. The most funded include a \$8.8 million investment towards the improvement of road conditions around the City, \$1.4 million towards City facility improvements, \$3.9 million towards City park improvements, and a \$3 million investment in the City's vehicle replacements.



Five-Year Capital Improvement Plan

The following are highlights of the FY 25 Five-Year CIP projects:

New Park in West Orange

A 2.4 acre piece of property managed by Orange County Flood Control (OCFC) has been identified as a location for a new park on the west side of the City. Based on the conceptual plan and feedback from the County, the next steps include completion of environmental review, design, and construction. The environmental review and design process has already started in FY 24, and staff worked with OCFC to enter into a long-term 50-year lease agreement for the property. City funding leveraged from former Redevelopment Capital Fund has been identified in the amount of \$3 million for the project, with the potential for federal grant funding sponsored by Congressman Correa to partially fund the project.

Corporation Yard Renovations

Bids were received for the first phase of the Corporation Yard Renovation project which focuses on building a police storage facility along with other site improvements. Staff plans to move forward with construction in June 2024, if approved by the Council later this month. Multiple construction phases are expected to complete the more efficient layout at the consolidated site.

Pavement Management Program

This program coordinates the comprehensive maintenance needs of the City's road system. Maintenance strategies include asphalt resurfacing, slurry seal, and where needed reconstruction. Approximately \$7.6 million is requested in FY 25. Based on the City's Pavement Management Plan, the City should be spending approximately \$10 million annually on road maintenance to prevent long-term deterioration. This program is funded by Measure M2, Gas Tax, Community Development Block Grant, Capital Projects, and the Road Maintenance Rehabilitation Account funds.

Water Projects

A commitment of \$7.1 million in FY 25 towards ten water infrastructure projects intended to maintain or improve the City's water production and distribution. This includes \$1.8 million for pipeline replacement, which provides for the design and construction of water mainline replacements for the City's water system. Additionally, \$1.4 million is budgeted for the replacement of an aging hydropneumatic tank and \$2 million for the drilling of a new water production well. The new well is designed to provide approximately 3,000 gpm and significantly enhance the City's groundwater production.

Sewer Projects

Commitment of \$2.4 million to the Sewer Replacement Program to maintain or improve the City's sewer pipe network, which provides for the design and construction of sewer mainline replacements for the City's sewer system. Approximately one mile of pipeline is targeted to be replaced annually due to increasing age, substandard sizing, corrosion, or high maintenance. The program will focus on locations such as Grand Street, Glassell Street, Center Street, Culver Avenue, Olive Street, and Maple Avenue

Capital Projects Fund (500)

Prior to FY 20, the City aimed to set aside monies from the unreserved fund balance of the General Fund to support the Capital Projects Fund (500). This funding provided necessary reinvestment in the City's aging infrastructure. However, due to recent budgetary challenges, monies for these infrastructure needs have not been contributed towards for some time. Several projects have been in deferment despite evaluation of poor condition. As such, the City has continued to prioritize projects that can no longer be deferred due to safety concerns and projects that are partially grant funded. After careful consideration, there are \$2.9 in projects proposed for FY 25:

1. Pavement Management Program (\$1,250,000);
2. Minor Traffic Control Devices (\$200,000);
3. City Facilities Improvements (\$450,000);
4. Santiago Bike Trail Phase IV (\$500,000);
5. Streetlight Pole Replacement Program (\$470,000);
6. Rolling File Cabinet Replacement (\$50,000)

Deferred Projects

To address the City's budgetary constraints, several projects that had been recommended from City departments have been deferred and are not included in the FY 25 CIP. The projects and project amounts are listed below:

Project	Fund	Amount Deferred/Reduced	Notes
---------	------	----------------------------	-------

Tot Lot Shade Sails	Park Acquisition (510)	\$430,000	Deferred to FY 26
El Modena Basin Area Improvements	Park Acquisition (510)	30,000	Deferred to FY 26
Rubberized Tot Lot Installation at La Veta Park	Park Acquisition (510)	125,000	Deferred to FY 26
Facilities Condition Assessment	Capital Projects (500)	100,000	Deferred to FY 27
Fire Station Improvements	Capital Projects (500)	400,000	Deferred to FY 27
Community Services Building Restoration	Capital Projects (500)	200,000	Deferred to FY 27
El Modena Electric Vehicle Charging Station	Capital Projects (500)	50,000	Deferred
Roof Replacement at City Facilities (rated poor in condition)	Capital Projects (500)	500,000	Reduced to exclude locations
Depot Building Improvements	Capital Projects (500)	400,000	Deferred
Municipal Parking Lot Maintenance	Capital Projects (500)	20,000	Deferred to FY 26
Fire Station 5 Exercise Room Addition	Capital Projects (500)	600,000	Deferred to FY 27
Fire Station 2 Remodel	Capital Projects (500)	900,000	Deferred to FY 27
Citywide Bike Lane Enhancements	Capital Projects (500)	200,000	Deferred to FY 26
Vehicle Replacements	Equipment Replacement (720)	6,500,000	Reduced vehicles to replace
Total Deferred Projects	\$10,455,000		

Conclusion

The FY 25 proposed Capital Improvement Plan reflects the City's challenges with addressing the General Fund's operating deficit, while also maintaining a standard level of service and operations for the citizens and businesses of Orange.

In the next two months, staff will continue to refine the City's FY 25 operating and CIP budgets for

preliminary review in May 2024 and final adoption in June 2024.

7. ATTACHMENTS

- FY 25 Draft Five-Year Improvement Plan