



Community Services & Budget Presentation



Presentation Overview

What are our City's services?

What is our City's infrastructure

What is our City's budget?

How is the City funded?

What are your priorities



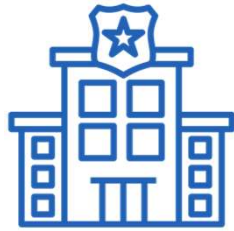


What Are Our City's services?

City Services



Fire Department



Police Department



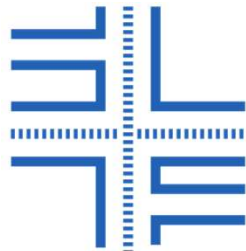
Marine Safety



**Community
Development**



Cultural Arts



Streets & Roads



Parks & Recreation



**Water &
Wastewater**

Public Safety Demands

Laguna Beach: A Full-Service City

- Own police, fire, and marine safety departments
- Total annual calls for service: **over 56,000**

Police Department (PD)

- Responded to **over 45,000** calls last year

Fire and Marine Safety

- Responded to **over 11,000** calls last year
- **Nearly 7,000** ocean rescues by Marine Safety
- **Two-thirds** of calls to Laguna Fire are for medical emergencies



Public Safety Demands

Laguna Beach PD Staffing

- **Total Full-Time Positions:** 104
- **Sworn Positions:** 58

Operational Highlights

- **Total Calls Responded To:** Over 45,000

Crime Statistics - Decreased Crime Rates:

- Violent and property crimes have decreased for the third consecutive year in 2023.
- **2023 vs 2022:** 7% overall decrease in Part 1 violent and property crimes.
- **2023 vs 2021:** 9% overall decrease



Public Safety Demands

Laguna Beach Fire Staffing

- **Total Full-Time Positions:** 60
- **Sworn Positions:** 42

Operational Highlights

- **Calls for Service:** Up 10% from 2019
- **Standards of Cover Report Recommendations:**
 - City should add up to 17 new firefighters
 - Current resources likely allow for only 3

Marine Safety Highlights

- **Beach Visitors Protected:** Over six million
- **Coastline Covered:** Seven-and-a-half miles
- **Calls for Service:** July 4 weekend saw 41,000 contacts for rescues, medical aid, ordinance enforcements and others.



Preparing for Natural Disasters

Storms and flooding pose a potential impact on the budget every year.

- **Storms and Flooding:**
 - Annual potential budget impact
 - 2010 Storms: \$8 million in repair costs (partially reimbursed by FEMA)
- **Bluebird Landslide (2006):** \$36 million total cost (partially covered by FEMA grant)

Powerlines and Public Safety

The City's Efforts in Undergrounding Utility Lines

- Over the past decade, the City, in collaboration with residents, Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E), has working to move utility wires underground.
- The City remains committed to identifying and promoting projects for undergrounding utility lines.
 - Mitigate wildfire risks
 - Improve evacuation routes
 - Improve service reliability
 - Improve neighborhood aesthetics



What is Our City's Infrastructure?



Fire Stations
4 Stations



City Buildings
3 Community Centers



Parks
17 Parks/47 Acres



Police Station



Trolleys



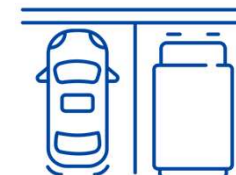
Beaches



Streets & Roads
93 Miles
1,261 Streetlights



Sewer & Wastewater
95 Miles of Sewer
78 Miles of Storm Drain



**Public Works
Yard**

Local Initiatives

Laguna Beach Local Housing Trust Fund (LBLHTF).

- **Established:** April 2024 by the City Council
- **Purpose:** A new financial resource to tackle housing challenges
- **Funding:** City can now apply for matching grant funds from State Dept. of Housing and Community Development (HCD)
- **Priority Populations:**
 - Artists and their households
 - Seniors
 - Laguna Beach workers

Climate Action and Adaptation Plan (CAAP)

- Builds on previous plans, including 2009 Climate Protection plan –95% of which has been achieved.
 - **Mitigation:** actions to reduce greenhouse gas emissions and transition towards a low-carbon economy.
 - **Adaptation:** enhancing infrastructure resilience, maintaining natural resources, and improving emergency preparedness and response.
 - **Community Engagement:** Promoting equity, social justice, active participation in climate initiatives, and more.



Climate Action

Climate Action and Adaptation Plan (CAAP)

- **Builds on Success:** The CAAP builds on previous plans, including 2009 Climate Protection plan –95% of which has been achieved.
- **Focused Areas:**
 - **Mitigation:** actions to reduce greenhouse gas emissions and transition towards a low-carbon economy.
 - **Adaptation:** measures such as enhancing infrastructure resilience, maintaining natural resources, and improving emergency preparedness and response.
 - **Community Engagement:** Promoting equity, social justice, and active participation in climate initiatives, and more.

What is Our City's Budget?

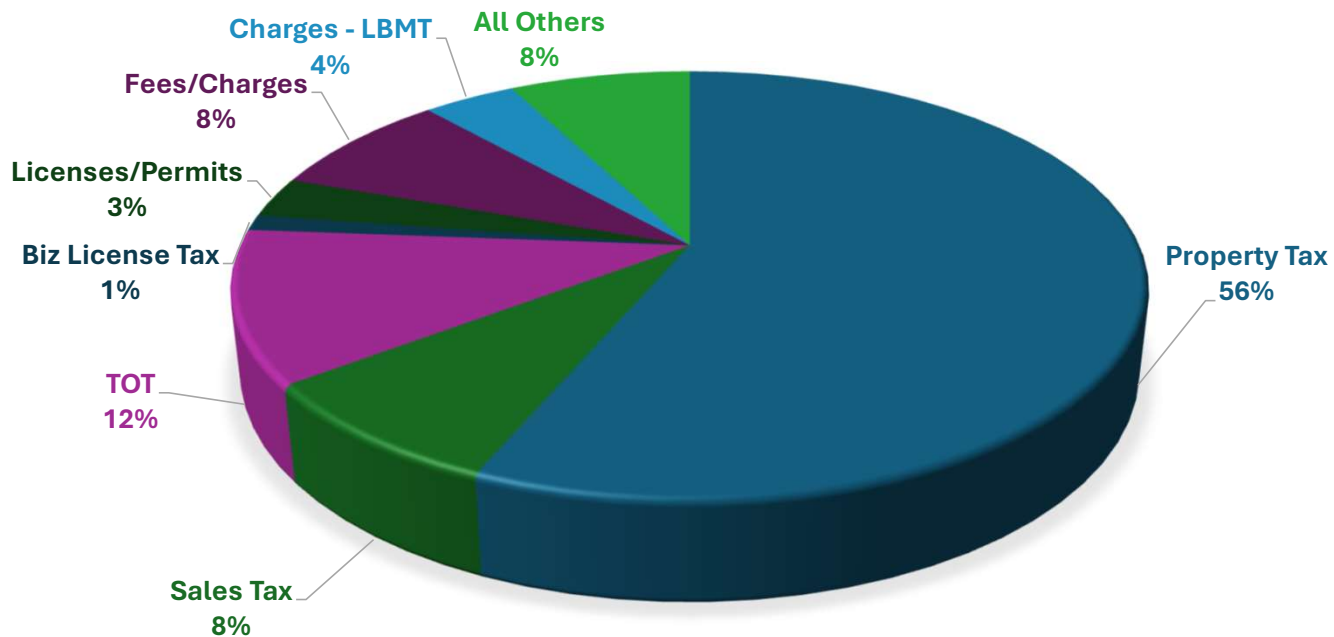
General Fund Overview

- **Budget for 2024-25:** \$94.6 million
- **Operating Revenues and Transfers:** \$93.6 million
- Expenditures exceed appropriations by approximately \$1 million



How is our City Funded?

General Fund Revenues: Proposed 24-25



The City's Key Funding Source is Property Tax.

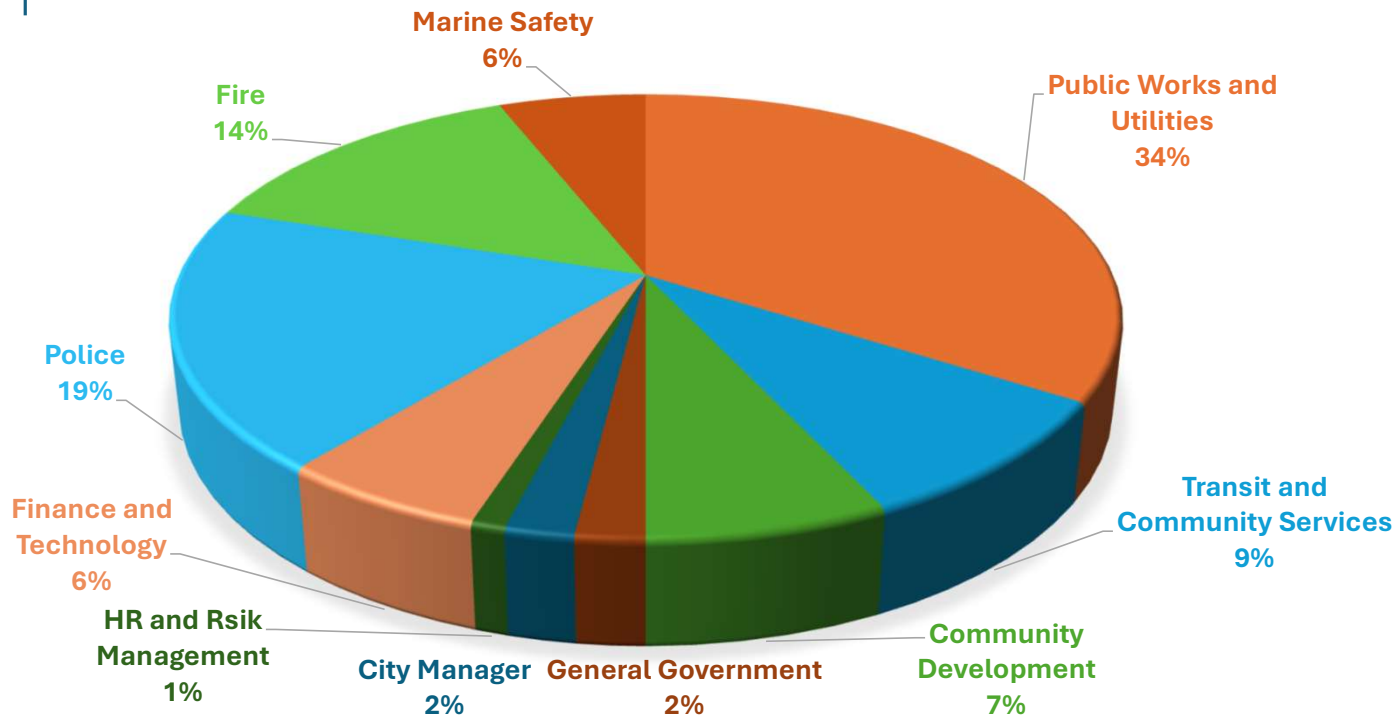
Note: The City receives a fraction of the sales and property taxes collected in Laguna Beach

City has no UUT or add-on Sales Tax.

How Revenues are Utilized

All Funds Expenditures by Department

FY 2024-2025



Approximately 39% of the City's Spending is for Public Safety.

Approximately 34% is for Public Works, including streets, roads, water and other infrastructure.

What Has the City Done to Manage Its Budget?

Cost Control and Reduction Initiatives

- **Pension Costs:** Implemented numerous efforts over the past decade to control pension costs.
- **Grant Opportunities:** Actively seeking State and Federal grants for capital replacement and projects.
- **Contract Renegotiation:** Renegotiating contracts wherever possible to reduce costs.



Fiscal Challenges

Economic Outlook

- **Stability and Growth:** The City's economic outlook is stable, with modest growth.
- **Tax Revenues:** Sales tax and transient occupancy tax showed a correction from the economic rebound post-pandemic, coming in lower than budget projections.

Revenue Projections and Rising Costs

- **Revenue Projections:** Anticipate modest increases in major revenue sources, ranging from 2% to 5%.
- **Cost Increases:** The City is experiencing significant cost increases due to inflation in:
 - Labor
 - Maintenance
 - Contract services
 - Construction projects
- **Impact:** Rising costs affect residents, businesses, tourists, and the City itself.

Unfunded Projects

The current budget does not include funding for:

- Significant improvements to older city buildings
- New City facilities (e.g. replacing fire station 2)
- Laguna Canyon Road
- Affordable Housing Assistance
- Climate Action Plan
- Changes to be identified during the Facilities Master Plan study

Unfunded Projects

Public Safety Services

- **Fire Department Standards of Cover:** Recent Standards of Cover report recommends the City add up to 17 new firefighters. Current resources likely allow for only three.
- **BeWell OC:** The Be Well OC Mobile Crisis Response Team requires a \$1 million investment in mental health and wellness services to support public safety and community health.
- **Traffic Enforcement:** Enhanced traffic enforcement measures to improve road safety and reduce traffic violations.



Unfunded Projects

Public Safety Infrastructure

- **Fire Stations:** All four fire stations in the city are over 40 years old, including Fire Station 1, and requires significant upgrades or replacements to meet current safety standards.
- **Laguna Canyon Road Undergrounding - City Match:** The City has an up to \$20 million commitment to support the undergrounding of utility lines along Laguna Canyon Road for safety improvements.
- **Seismic Improvement to City Buildings:** To meet current safety standards, structural enhancements are required to city hall, police stations, fire stations, and other facilities.
- **Traffic/Bicycle/Pedestrian Safety:** City is seeking to implement measures to enhance the safety of pedestrians, bicyclists, and drivers, including improved crosswalks, traffic signals, and road improvements, such as signage.
- **Parking Improvements:** City is seeking to implement strategies and projects to improve parking availability and management, addressing both residential and commercial properties.



Unfunded Projects

Affordable Housing

Through the newly established Laguna Beach Local Housing Trust Fund (LBLHTF) and other initiatives, the City is seeking to develop more housing for key populations in the City.

- **Affordable Housing for Seniors:** the development of affordable housing options specifically for senior citizens
- **Affordable Housing for Artists:** Provision of affordable housing for artists to support the cultural and artistic community within the city.
- **Local Laguna Beach Workers:** Supplying housing for the people who work in Laguna Beach supporting our local businesses and economy.



Unfunded Projects

Wildfire Mitigation

- **Expanded Fuel Modification Zones:** City has enlarged areas where vegetation is managed to reduce wildfire risk.
- **Increased Cost for Fuel Modification Due to Banning of Glyphosate:** City has incurred an estimated \$1.2 million in expenses associated with finding alternative methods to using the herbicide glyphosate for fuel modification efforts.

Key Revenue Sources

Property Tax: The property tax is an annual levy and is based on the value of land and structures. Property taxes constitute 56% percent of all City own-source revenue.

Sales Tax: Laguna Beach has no add-on sales tax. The City's 7.750% rate is equal to that in Newport Beach, Costa Mesa, Huntington Beach and others.

Business License Tax (BLT): Businesses in Laguna Beach pay either a flat fee or variable rate based on their business category/type.

TOT (hotel/lodging tax): Paid by tourists who stay in hotels and other lodging establishments for a period of thirty (30) days or less. The current hotel tax rate is 12%, based on voter approval of Measure LL in 2016.



Possible Increase to TOT

City is considering raising its Business License and/or Transient Occupancy Tax.

Any funds from revised levies would be locally controlled revenues sources to continue to support City Services, including:

- 911 emergency response, police, fire, marine safety services and facilities
- Keeping public areas safe and clean,
- Maintenance of streets and roads, sidewalks, crosswalks
- Undergrounding powerlines on Laguna Canyon Road

And any services and infrastructure maintained by the General Fund.



Transient Occupancy Tax



Transient Occupancy Tax

The Transient Occupancy Tax (TOT) is applied only to individuals, normally visitors and tourists to our City, staying in Laguna Beach hotels. It is used to help fund local services that visitors use when staying in the City.

The TOT is not paid by any local hotel operator, but solely by guests staying at hotels located within Laguna Beach, who are normally visitors and not residents.

Short Term Rentals (e.g. AirBnb/VRBO/etc) are required to also collect TOT.



How Does Laguna Beach Compare to Other Orange County Cities?

Tax Rate	Cities
0%	La Habra, Rancho Santa Margarita, Villa Park
8%	Costa Mesa, Irvine, La Palma, Laguna Hills, Los Alamitos, Mission Viejo, Westminster
9%	Fountain Valley
10%	Aliso Viejo, Brea, Cypress, Dana Point, Fullerton, Huntington Beach, Laguna Niguel, Laguna Woods, Lake Forest, Newport Beach, Orange, Placentia, San Clemente, San Juan Capistrano, Yorba Linda
11%	Santa Ana
12%	Buena Park, Seal Beach, Stanton, Laguna Beach
13%	Tustin
15%	Anaheim, Garden Grove



Transient Occupancy Tax

The City Council is considering a measure that would increase the TOT rate by 1-2%.

This would be a locally-controlled general tax, with all funds deposited into the City's General Fund for unrestricted general revenue purposes.

- All revenue would be kept local.
- TOT revenues would be paid by hotel, short-term rental and other lodging facility guests, not by Laguna Beach residents who are not typically staying in such lodging facilities.
- City voters would have to approve the proposal via a November Ballot Measure.



Business License Tax



Business License Tax

Doing Business in Laguna Beach Requires a City Business License.

The City's current Business License Tax charges either a flat fee or on the basis of gross receipts, depending on the type/category of business -- capped at \$1,650 per year.

City's Business License Tax has not been updated since 1996.



Potential Modernization

Under a potential modernization, voters could

- Increase the minimum business license tax from \$60 to \$130
- Increase the maximum paid from \$1,650 to \$3,900
- Indexing these minimum and maximum figures to CPI
- Leaving Gross Receipts rates paid by local business otherwise unchanged.

Impacts

If Approved by Voters:

- The City's minimum Business License Tax for Gross Receipts categories would be revised to \$130/yr.
- Approximately 70 local business would pay the adjusted maximum rate, revised to \$3,900/yr.
 - A business would have to report \$1.5 - \$3.7 million in annual Gross Receipts to reach this maximum.
- The City would receive approximately \$190,000 - \$330,000 in new General Fund revenue.

What's Next?

Community Feedback Process: Summer 2024

No Measure Can Be Implemented Without:

- 1) Super Majority Vote of the City Council (4 of 5) to Place Measure on Ballot
 - City to consider issue on July 23
- 2) Majority (50+1) Approval of Laguna Beach Voters