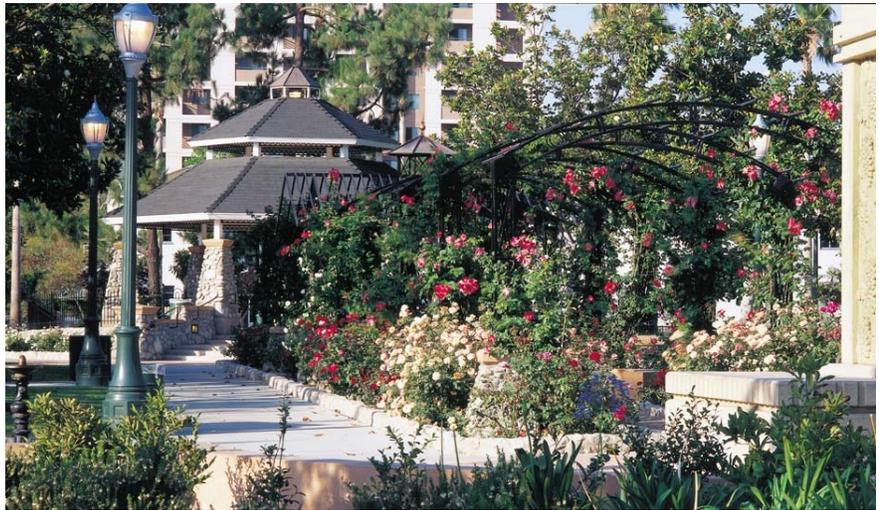


City of Anaheim



July 2013

Budgeted Costs for Core Services by Neighborhood



Prepared by City of Anaheim
Finance Department

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Summary

City of Anaheim (City) staff was asked to estimate the costs to provide core services for each of its neighborhoods. In response, the Finance Department has performed a high-level analysis to determine how much of the General Fund's FY 2013/14 budget is allocated to each neighborhood. It is important to note that the City does not track its budget by geographic area, rather City Departments regularly evaluate community needs and prioritize General Fund expenditures accordingly. As such, the analysis enclosed provides a snap shot of the FY 2013/14 General Fund budget and how it is distributed across the City by Neighborhood Council District (neighborhood) in the West, Central, South and East. The results indicate that the proportion of each neighborhood's costs closely follows the proportion of its population. For instance, even though the East neighborhood has the largest area of land, its cost is still in line with the per capita costs throughout the City.

In addition to the analysis of the General Fund expenditures by neighborhood, this report also outlines the strategic neighborhood investments that occur through the City's Capital Improvement Program. While the General Fund analysis includes the costs of ongoing programs and day to day operations, the Capital Improvement Program illustrates the City's strategic investment in community amenities and infrastructure such as parks, community centers, and libraries. When reviewing the amounts dedicated to the Capital Improvement Program for the period between 2005 and 2012, the analysis illustrates a fairly consistent per capita share of resources with the majority of funds dedicated to projects within the West and Central portions of the City. Further, when looking at the planned Capital Improvement Program allocations for the next five (5) years, there is a clear commitment to investing in new parks and community facilities, especially within the South neighborhood.

Overall, the results of the analysis show that the distribution of City General Fund resources closely tracks with the population of each of the four (4) neighborhoods within the City. Additionally, a review of the Capital Improvement Program also shows a distribution of resources that is consistent with the population of the neighborhoods as well as a commitment to meeting the needs of more distressed neighborhoods in the Western and Central portions of the City.

Overview

As mentioned above, since the City budget is not tracked by geographic area, measurable and relevant data was used to best estimate the proportional costs by neighborhood. The analysis looked at taxpayer supported costs, excluding the Anaheim Resort (Resort)¹. The Resort was excluded because it distorted service levels to the South neighborhood and previous analysis indicated that the Resort supported itself and then contributed to the rest of the City.

¹ Exclusion of Resort costs is further discussed on page 6 of this report.

Each of the neighborhoods has very different population and size characteristics; therefore, the analysis includes information about total dollars allocated, the amount per capita and amount per square mile. The following table illustrates the summary results of the analysis.

Base Data					
Description	West	Central	South	East	Citywide
Budgeted \$ (in Millions)	\$60.3	\$78.7	\$24.5	\$38.5	\$202.0
Population	99,671	126,627	36,979	68,795	332,072
Square Miles	8.9	11.5	4.6	24.1	49.1

Proportions					
Description	West	Central	South	East	Citywide
Budgeted \$	29.8%	39.0%	12.2%	19.0%	100.0%
Population	30.0%	38.1%	11.2%	20.7%	100.0%
Square Miles	18.1%	23.4%	9.4%	49.1%	100.0%

Average Costs					
Description	West	Central	South	East	Citywide
Per Capita	\$605	\$622	\$663	\$560	\$608
Per Square Mile	\$6,780,416	\$6,841,544	\$5,287,594	\$1,599,349	\$4,113,265

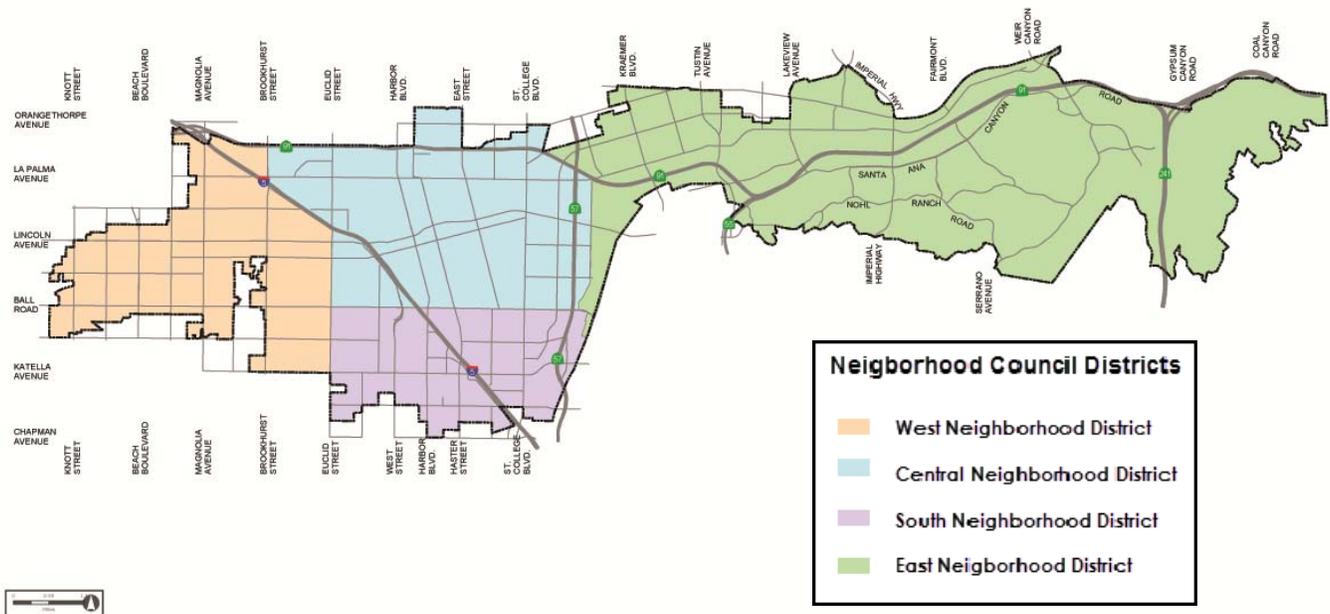
The following sections further define the analysis of the operating budget for the General Fund, which is primarily made up of personnel costs to support ongoing programs and day to day operations of the City. The final section of this report also includes information about the rehabilitation or construction of Community Amenities, otherwise known as the capital program, to better put into perspective all the resources invested in each neighborhood.

Basis for Analysis

In order to estimate the costs of providing core services for each of the neighborhoods for the City budget that is allocated among the fifteen (15) operating departments, a methodology for estimation was developed. The goal was to use measurable, relevant data to best estimate the apportionments by neighborhood. The results would allow staff to then determine the appropriate portions of the overall budget that can be attributed to each of the neighborhoods. Because the City has established Neighborhood Council Districts, sufficient data was available by this geographic division to reasonably estimate core costs for service by neighborhood. The following sections further describe the methodology and characteristics of the neighborhoods and core services provided to arrive at the estimated costs per neighborhood. Please note that for purposes of simplifying illustrations presented within the sections, some numbers have been rounded.

Neighborhood Council Districts (Neighborhoods)

The Anaheim Neighborhood Council Districts were formed to focus on the needs of the neighborhoods and are part of the Anaheim Neighborhood Improvement Program that uses an inter-departmental approach to improve the livability of Anaheim's neighborhoods. Anaheim has four (4) established neighborhoods – West, Central, South, and East. The boundaries for each of these neighborhoods can be referenced in the map below.

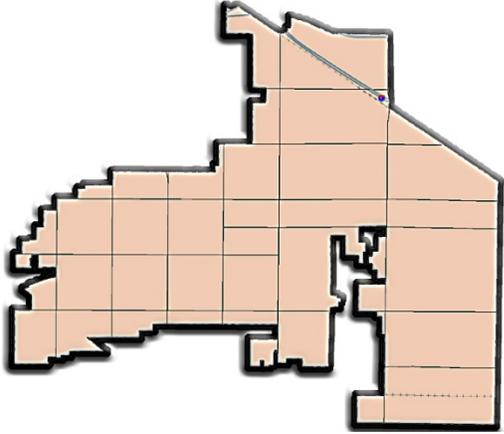
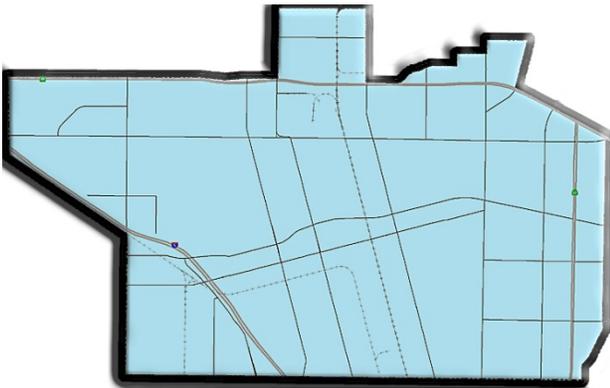


Neighborhood Boundaries

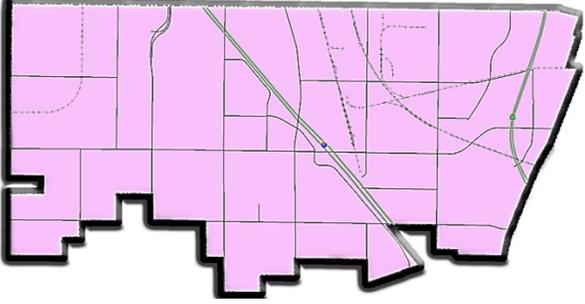
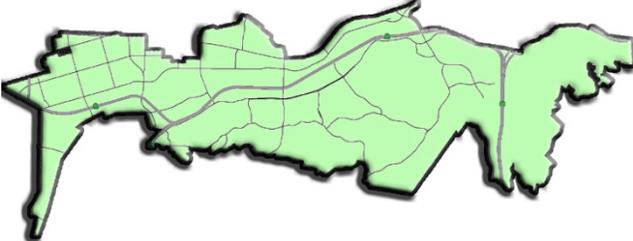
West	West of Euclid St., I-5 freeway, and Brookhurst St.
Central	West of Rio Vista St., north of Ball Rd. and east of Euclid St., the I-5 freeway and Brookhurst St.
South	South of Ball Rd. and east of Euclid St.
East	East of Rio Vista St.

Neighborhood Statistics

The City's Geographic Information System (GIS) houses key data that are mapped to specific areas of the City and provide statistics on the neighborhoods. The diagram below highlights some of these key statistics².

	<p>West</p> <p>Population: 99,671- 30.0% of Anaheim Area: 8.9 sq. miles – 18.1% of Anaheim 50,338 Police Service Calls 8,051 Fire Service Calls 135.0 Street Miles 4,180 Street Lights</p>
	<p>Central</p> <p>Population: 126,627 – 38.1% Area: 11.5 sq. miles – 23.4% 64,917 Police Service Calls 9,344 Fire Service Calls 188.2 Street Miles 6,810 Street Lights</p>

² Excludes Resort statistics. See page 6 of this report for further discussion.

	<p>South</p> <p>Population: 36,979 - 11.2% Area: 4.6 sq. miles – 9.4% 17,474 Police Service Calls 2,618 Fire Service Calls 54.42 Street Miles 2,005 Street Lights</p>
	<p>East</p> <p>Population: 68,795 – 20.7% Area: 24.1 sq. miles – 49.1% 25,998 Police Service Calls 4,858 Fire Service Calls 191.3 Street Miles 5,593 Street Lights</p>

Population based on U.S. Census 2010 data.

Total Cost vs. Net Cost

The General Fund is the primary source of funding for core services provided to the neighborhoods, such as police and fire protection, library programs, park maintenance, and street maintenance. Expenditures within the General Fund are primarily made up of personnel costs to support these ongoing programs and day to day operations of the City. For FY 2013/14, the total expenditure budget (Total Cost) for the General Fund is \$251.2 million. In order to evaluate the tax-funded costs for each service, the analysis did not consider the costs that are offset by user fees, and instead considered the remaining amount (Net Cost)³ of \$213.7 million. This amount was further reduced for the Resort's Net Cost as explained below.

Exclusion of the Resort

The preliminary analysis included all areas of the City. However, because of the 20 million annual visitors that the Resort supports, its inclusion distorted the level of service provided to the residents of the South neighborhood. As previous analysis had indicated that the Resort pays for its costs of services and then contributes to the remainder of the City, the Net Costs were reduced for the Resort's estimated portion of \$11.7 million for police, fire, and other operational costs.

Other Exclusions

With the focus on tax-funded costs, the analysis also excluded neighborhood expenditures from restricted funds. Restricted projects and programs are included in the other governmental funds of the City's FY 2013/14 budget and total \$403.5 million. Restricted funds, such as grant funds, typically fund projects that are one-time in nature or are for restricted purposes. Grant funded projects include items such as road improvements, sewer construction, housing and renovation and construction of community amenities. Grant funded programs include federally funded housing assistance and blight elimination. Since these types of neighborhood projects and activities are dependent on the availability of such funds, they were not considered as part of the tax-funded core services being evaluated.

Other significant exclusions from the analysis are special assessments, such as the Anaheim Resort Maintenance District (ARMD) and the Anaheim Tourism Improvement District (ATID), where the property and business owners have approved self-assessments to pay for the enhanced maintenance and features of the ARMD and the marketing, promotions and transportation needs of the ATID. Projects and programs from these special assessments may contribute to the improvement and development of specific neighborhoods, but are not funded by the General Fund.

³ Net Cost amounts are detailed in the FY 2013/14 Adopted Budget and Capital Improvement Program, in the General Fund Expenditures by Function and Category section.

Additionally, homeowner associations (HOA) exist in various areas within the City. The benefits of HOAs have not been evaluated since they are self-assessed and are not managed by the City. However, it is important to note that their existence may contribute to the perception of enhanced services and/or benefits to their respective neighborhoods.

Neighborhood Allocations

To define the allocations by neighborhood, staff determined that services provided by the departments are a reasonable basis of how resources are spent throughout the City. As a first step, departments were classified in one of two groups - Operating or Support. Operating departments are those which provide direct services to specific locations within the City and whose costs can generally be attributed to where services are provided, such as Police, Fire and Community Services. Support departments provide services that cannot be directly attributed to specific locations, and therefore cannot be directly allocated to a certain neighborhood, such as Finance and Human Resources. A reasonable allocation for these support departments will be to follow the overall allocations determined for all Operating departments.

The portion of services provided by each Operating department attributable to each neighborhood was compiled using service statistics as well as facilities and infrastructure data. For example, for Police and Fire, the calls for service within a neighborhood compared to all calls received determined the applicable percentage of costs for that neighborhood. This in turn was used to identify the portion of the Operating department's Net Cost allocated to each neighborhood.

The following table details the data used to define the neighborhood allocations for each department, and an explanation of why it was chosen as the basis.

Department	Allocation Basis	Explanation
Operating Departments		
Police	Calls for Service	Services provided are to specific addresses that can be located within a particular neighborhood.
Fire	Calls for Service	Services provided are to specific addresses that can be located within a particular neighborhood.
Planning	Proportion of Addresses	General services provided are to specific addresses that can be located within a particular neighborhood.

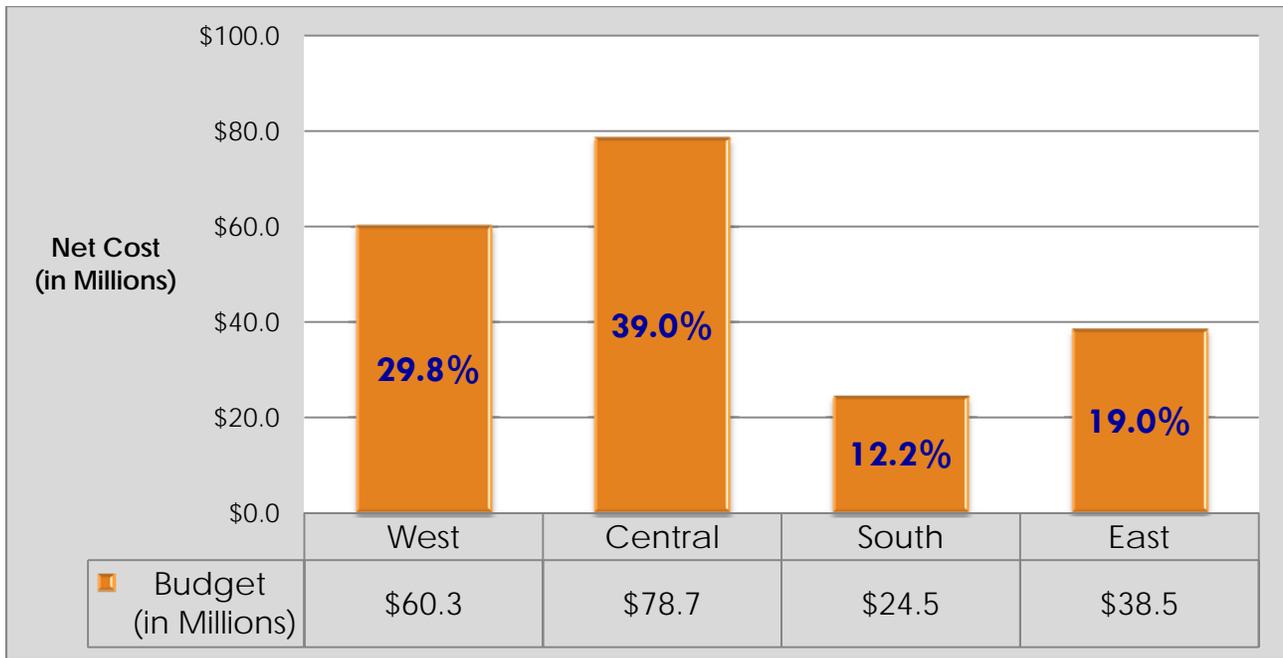
Department	Allocation Basis	Explanation
Public Utilities	Number of Street Lights	While most of Public Utilities services are fee-based and are not charged to the General Fund, the cost of maintenance and operation of street lights are covered by the General Fund. The locations of street lights can be linked to a particular neighborhood.
Public Works	Centerline Miles	General services provided are related to maintenance and repair of streets and pavement.
Community Services	Parks acreage ⁴ , Libraries, Community Centers, Recreational/Neighborhood Services	Maintenance and operation of parks, libraries, and community centers, and delivery of neighborhood services are the majority of the General Fund expenditures.
Community Development	No allocations to any neighborhood	No General Fund expenditures.
Convention, Sports & Entertainment	Assign all to the Resort	No costs included in final analysis.
Support Departments		
City Council City Administration City Attorney City Clerk City Treasurer Finance Human Resources	Follows the overall neighborhood allocation for operating departments	Since these departments work in conjunction with the Operating departments, it is reasonable to assume that costs can be allocated to follow the operating departments' allocations.

⁴ Nature Centers are very different from the rest of City parks in that they require only minimal maintenance. As such, they were excluded from the Community Services allocation in order to maintain the consistency of the comparisons being performed.

Costs by Neighborhood

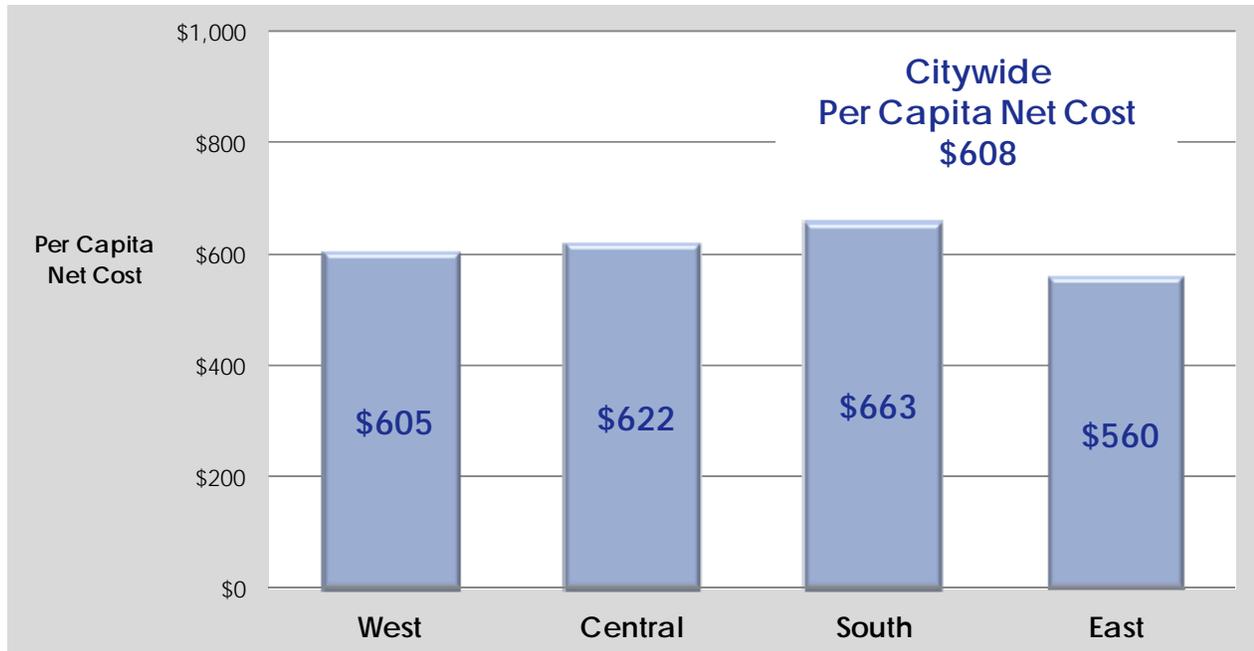
Each department's Net Cost total was allocated to the neighborhoods, resulting in the amounts displayed below. The analysis shows the highest Net Cost in the Central neighborhood at \$78.7M, or 39.0% of the overall Net Cost. The lowest is for the South at \$24.5M, or 12.2% of the overall Net Cost.

Total Net Cost by Neighborhood



Per Capita Net Cost by Neighborhood

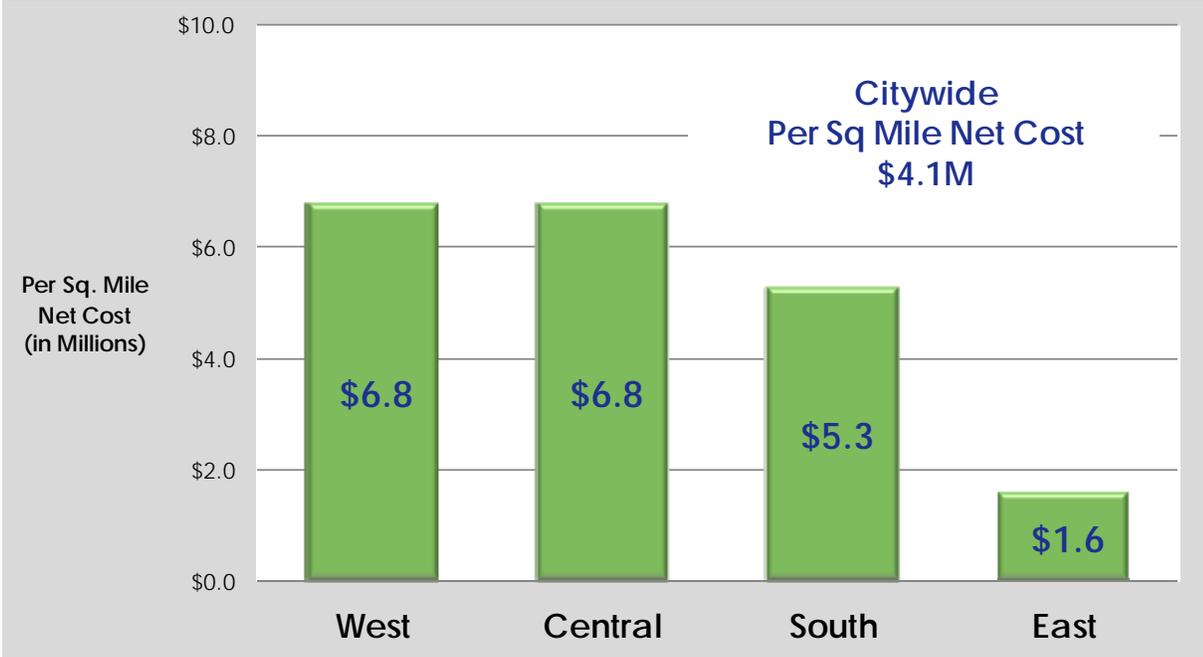
The Per Capita Net Costs represent the cost in relation to the population count for each neighborhood. The highest Per Capita Net Cost is found in the South neighborhood at \$663, the lowest in the East at \$560. Citywide across all neighborhoods, the Per Capita Net Cost is \$608.



Population	99,671	126,627	36,979	68,795
Budget (In Millions)	\$60.3	\$78.7	\$24.5	\$38.5

Per Square Mile Net Cost by Neighborhood

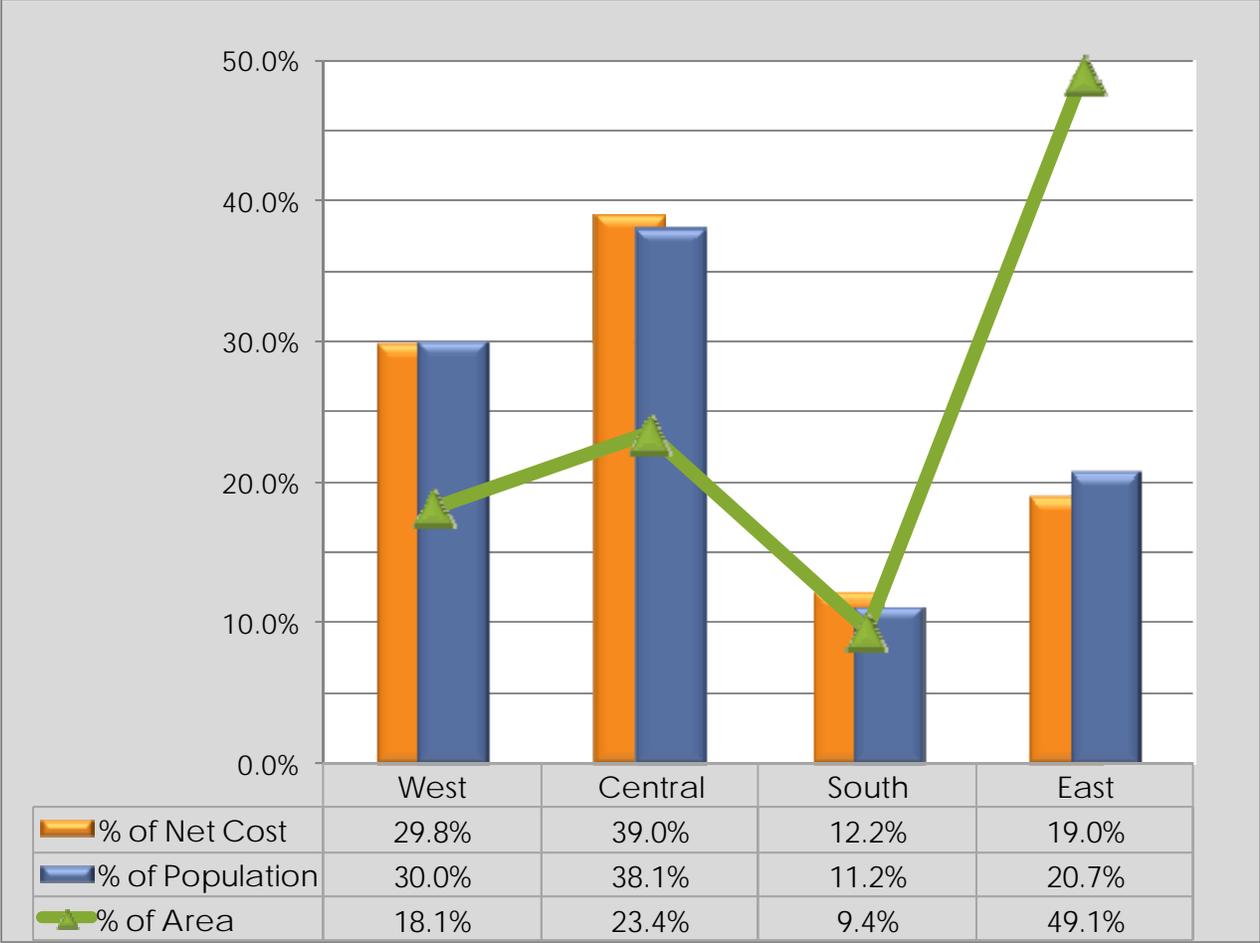
The Per Square Mile Net Costs represent the cost in relation to each square mile for each neighborhood. The West and Central neighborhoods show the highest Per Square Mile Net Cost at approximately \$6.8 million. The lowest is in the East at \$1.6 million. Citywide across all neighborhoods, the Per Square Mile Net Cost is \$4.1 million.



Sq. Miles	8.9	11.5	4.6	24.1
Budget (In Millions)	\$60.3	\$78.7	\$24.5	\$38.5

Comparison of Net Costs to Population and Area

The following diagram highlights the relationship between the proportion of Net Cost, and Population of the neighborhoods compared to the proportion of Area. As illustrated below, proportion of Net Cost for each neighborhood closely follows the proportion of Population. It should be noted that while the East neighborhood has the largest area, its cost is still in line with the per capita costs throughout the City.



Capital Improvement Projects by Neighborhood

The preceding analysis focused on operating costs of the General Fund which are primarily made up of personnel costs to support ongoing programs and day to day operations of the City. This section provides further information about the investment of resources in Community Amenities. These investments in capital improvements are typically one-time costs for construction or rehabilitation of amenities, and in general are funded by restricted grants and developer fees. Although these are not General Fund expenditures, the inclusion of this information is appropriate to better put into perspective all the resources invested in each neighborhood.

Previously, City Staff had been asked to prepare an estimate of the total investment in Community Amenities for the eight (8) year period from 2005 to 2012 (the most recent completed fiscal year). In an effort to align that information with this report, we have also updated those summary results to include amounts per capita and per square mile, as follows:

Description	West	Central	South	East	Citywide
Total \$ in Millions	\$15.2	\$25.8	\$4.8	\$10.0	\$55.8
Per Capita	\$152	\$204	\$117	\$145	\$165
Per Square Mile	\$1,705,057	\$2,224,811	\$766,144	\$414,921	\$1,098,753

The City's future plans for investments to Community Amenities are illustrated in the Capital Improvement Program of the City's FY 2013/14 Budget. The following is a summary of the investments anticipated over the next five (5) years in the City's Community Amenities by neighborhood:

Description	West	Central	South	East	Citywide
Total \$ in Millions	\$1.0	\$1.0	\$12.9	\$1.4	\$16.3
Per Capita	\$10	\$8	\$313	\$20	\$48
Per Square Mile	\$112,360	\$91,943	\$2,043,799	\$56,492	\$320,763

The table above shows a significantly higher amount in the South, which benefits substantially from Platinum Triangle Fees that generate funds restricted to the development and improvement of community amenities within that specific neighborhood. Planned construction in the south includes a new community center, gym, and pocket park. There is also over \$6 million of unallocated funds for development of new and existing parks in the Platinum Triangle.

Existing Community Amenities

The following tables display the community amenities throughout the City for each of the neighborhoods.

Libraries	West	Central	South	East	Citywide
Number	1	2	2	2	7
Operating Hours per Week	48	96	57	88	289

Community Facilities	West	Central	South	East	Citywide
Number	2	3	1	2	8

Parks	West	Central	South	East	Citywide
Number	9	23	5	12	49
Neighborhood	5	8	5	6	24
Community	4	5	0	2	11
Special Purpose	0	10	0	4	14
Acres	134.5	173.3	29.2	118.3	455.3
Nature Centers ⁵	0	0	0	3	3

Planned Community Amenities (New or Major Rehabilitation)

Amenity	West	Central	South	East	Citywide
Parks	1	0	3	1	5
Community Facilities	0	0	1	1	2

⁵ Nature Centers are very different from the rest of City parks in that they require only minimal maintenance. As such, they were excluded from the Community Services allocation in order to maintain the consistency of the comparisons being performed.