



The City of Irvine I-Trac system monitors and regulates the flow of traffic throughout the City.



2007 CITY OF IRVINE STRATEGIC BUSINESS PLAN

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City Manager

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The City of Irvine is renowned as the nation's most successful master-planned community and is a popular place to call home, raise children, conduct business, relax, and enjoy an enviable quality of life. As most recently reported by the California Department of Finance the City is now home to 193,800 residents. The City is also home to 13,700 businesses, many of which are headquarters for well-known national corporations.

The Strategic Business Plan was created in 1994 to help the City Council assess the effect of today's policy decisions on the City's future quality of life. As a blueprint for the future, the Business Plan outlines the City's goals and evaluates the City's financial capability to achieve them. The strategic goals and funding plans set priorities for City operations and the annual budget and helps guide the City's capital improvement and rehabilitation programs.

The City Council's goals are based on the understanding that investments of financial, physical, and staffing resources made today ensure that the community's quality of life is preserved and enhanced in the future. The Council's priorities are to make sure that the City is clean, well maintained, and safe; that no visible disorder or deterioration ever takes hold; to promote a prosperous business climate; and to ensure cost-effective and responsive services to residents.

The City Council adopts the Business Plan annually and sets the funding priorities for the coming fiscal year using the

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financial projections within the Business Plan. When funds are not available to meet all needs, priority services identified in the Plan are funded first.

Business Plan Context: Managed Growth

With 97% of residents reporting in a recent survey that the “quality of life” in Irvine is excellent or good, Irvine has become a very popular place to live. As a result of its excellent quality of life and the recent extraordinary housing market, the City has grown quickly, growing at an average rate of 6% over the last five years. Irvine has been growing not only in population but also in geographic size. Land annexations will increase the size of the City from 66 square miles to over 74 square miles within the next several years. With the annexation of MCAS El Toro Marine Base in November 2003, Irvine became the largest city in geographic size in Orange County.

Ultimately, increases in land area and population generate increases in the City’s physical inventory, which must be maintained on an annual basis and rehabilitated according to life-cycle schedules. Over the past five years the City’s inventory of street lane miles has grown by 18% and park acreage has grown by 23%. The City also recently acquired 2,202 acres of open space and is expecting to acquire an additional 4,600 acres in the next five years.

With the unparalleled growth over the last five years the City must plan for the future rehabilitation needs of its large investment in infrastructure. Though Irvine was incorporated only 35 years ago, infrastructure such as street surfaces eventually wear out and need to be rehabilitated or reconstructed. Infrastructure life-cycle issues must now be considered along with the growing demand for new services.

As part of its rehabilitation efforts the City is currently making a significant investment to upgrade its traffic signal systems as the City understands that mobility is a top priority for Irvine residents and businesses. Currently about 20% of the City’s signal systems have been upgraded to new technology which allows for improved traffic flow and coordination with neighboring jurisdictions. These new systems also allow signal cycles to be adjusted in response to traffic accidents that affect traffic circulation. At the end of the year the project will be 40% complete and this effort will continue until all Irvine signals are upgraded with the new technology.

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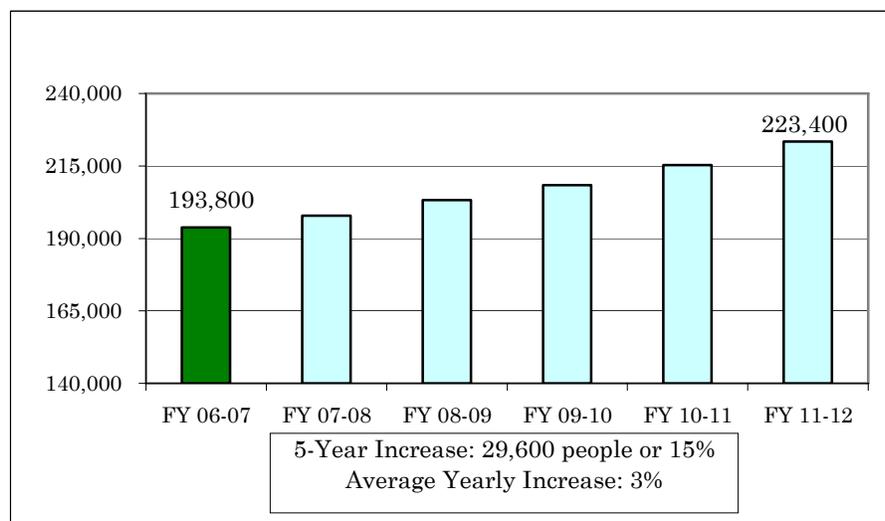
The City will invest the resources necessary to maintain its infrastructure and to ensure that traffic flows smoothly on City streets. Investing in rehabilitation efforts becomes more challenging, however, during periods in the economic cycle when revenues flatten. Looking forward, growth in Irvine will continue at a healthy rate but is expected to moderate as the housing market adjusts to more normal market conditions. Population, for example, is expected to increase by 29,600 residents in the next five years versus an increase of 45,200 residents in the past five years. This presents a challenge since moderating growth results in correspondingly lower revenues. Property Taxes and Documentary Transfer fees in particular are expected to increase at a much slower rate in the future resulting in less revenue to fund rehabilitation needs.

Clearly this presents significant challenges in terms of maintaining a healthy balance between preserving the high quality of life enjoyed by residents and businesses today and sustaining the City's financial ability to provide quality services in the future. These challenges and associated policy implications are addressed in the Strategic Business Plan.

Population and Development: The Five-Year Forecast

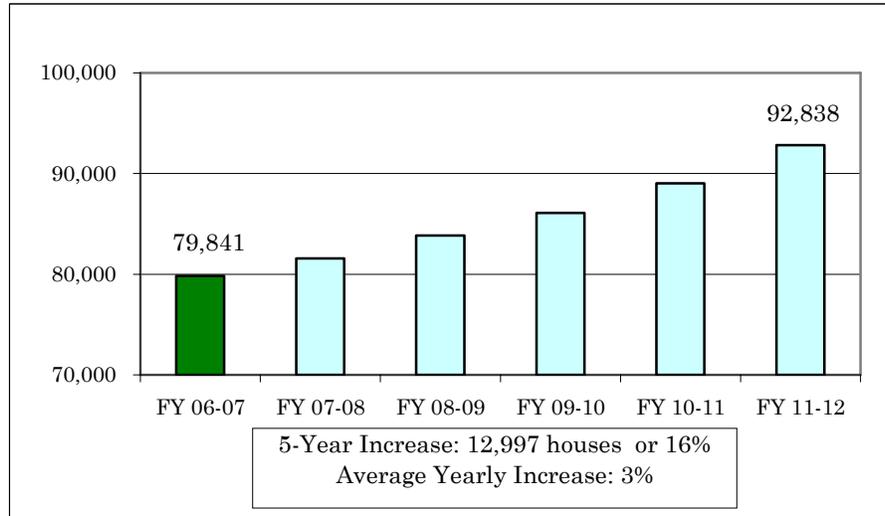
The charts that follow illustrate the anticipated increases in population, housing units, commercial development, and infrastructure inventory such as park acres, open space, civic facilities, street lane miles, and street landscaping acres.

5-Year Population Forecast

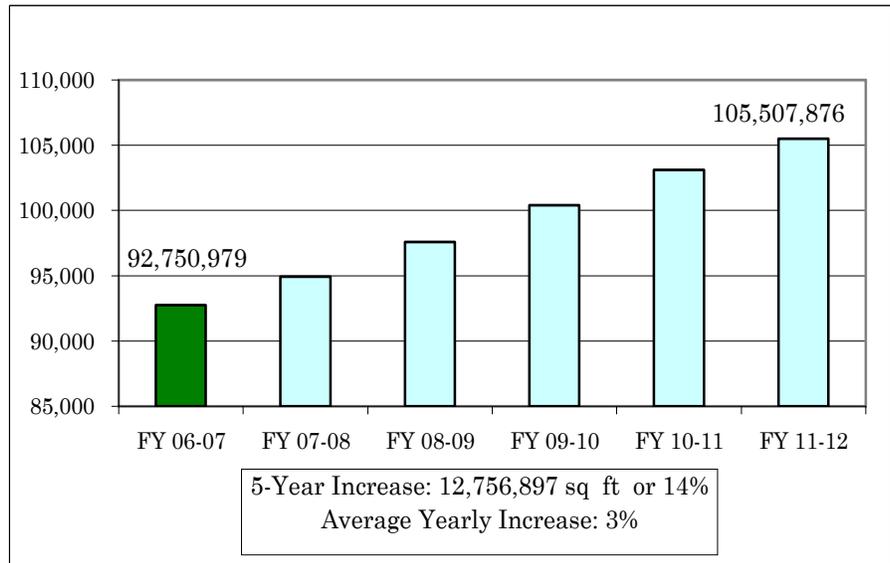


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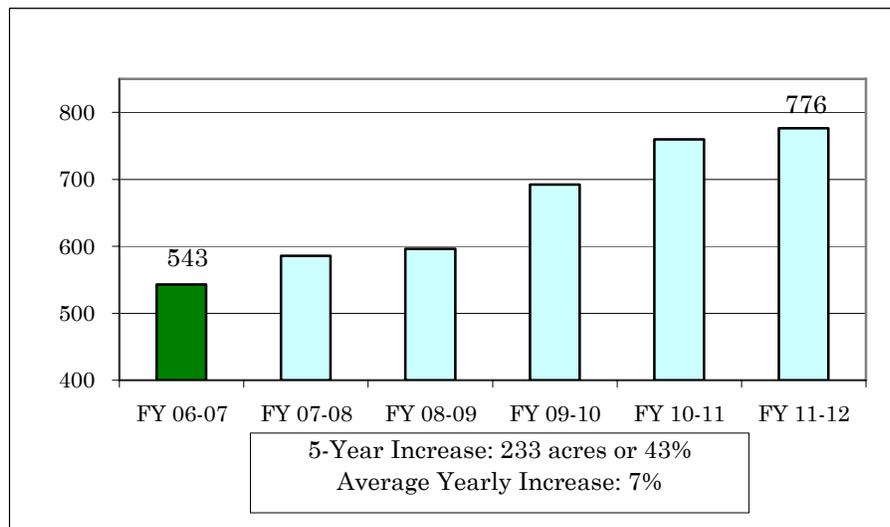
5-Year Housing Forecast



5-Year Commercial Development Forecast

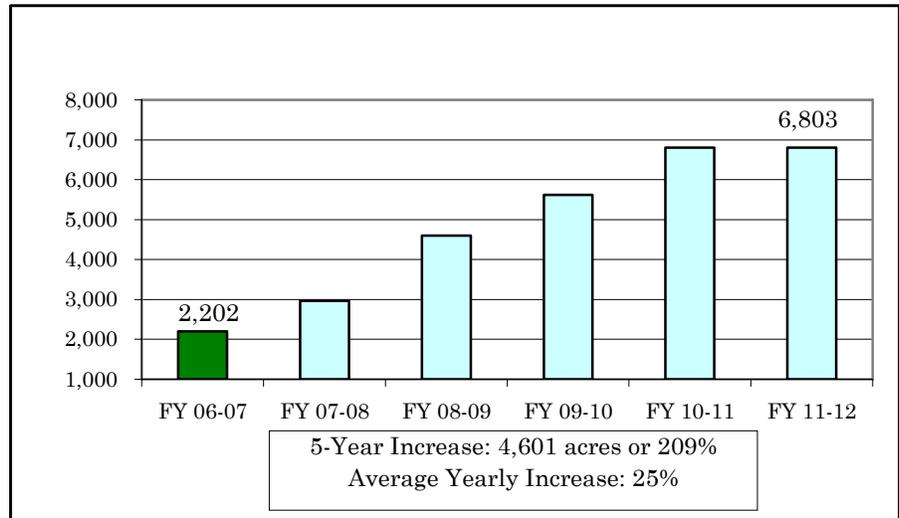


5-Year Park Acres & Special Facilities Forecast

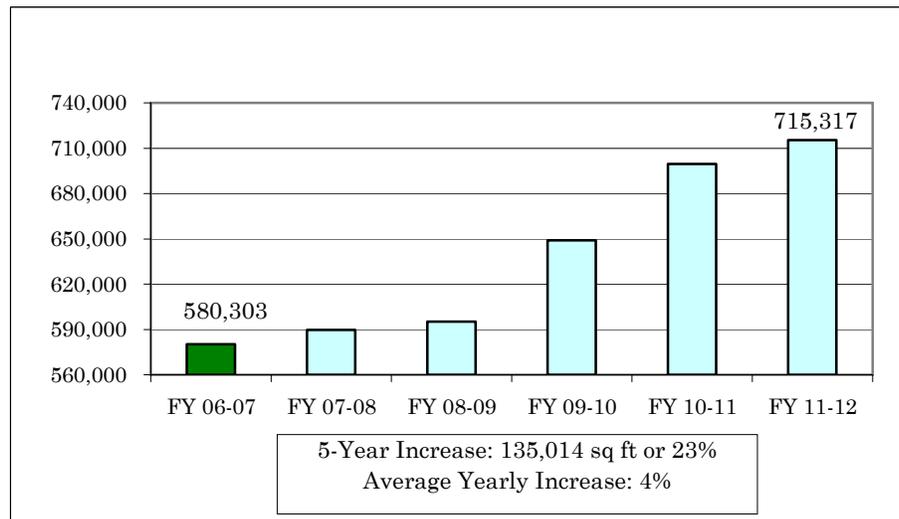


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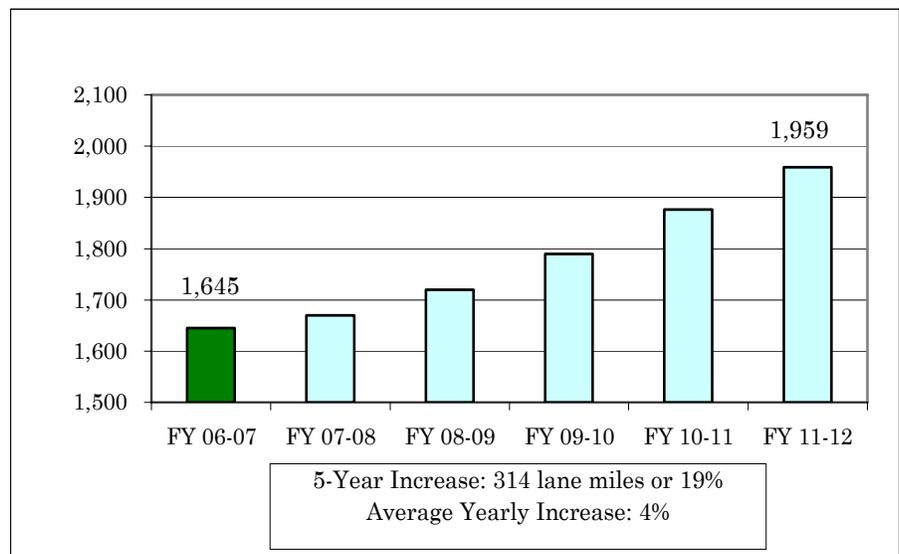
5-Year Open Space Acre Forecast



5-Year Civic Facilities Forecast

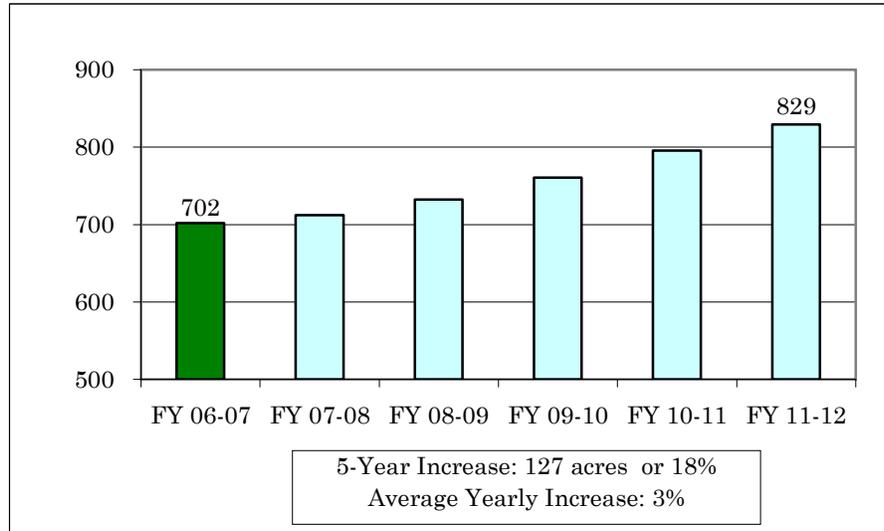


5-Year Street Lane Miles Forecast



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5-Year Street Landscape Acres Forecast

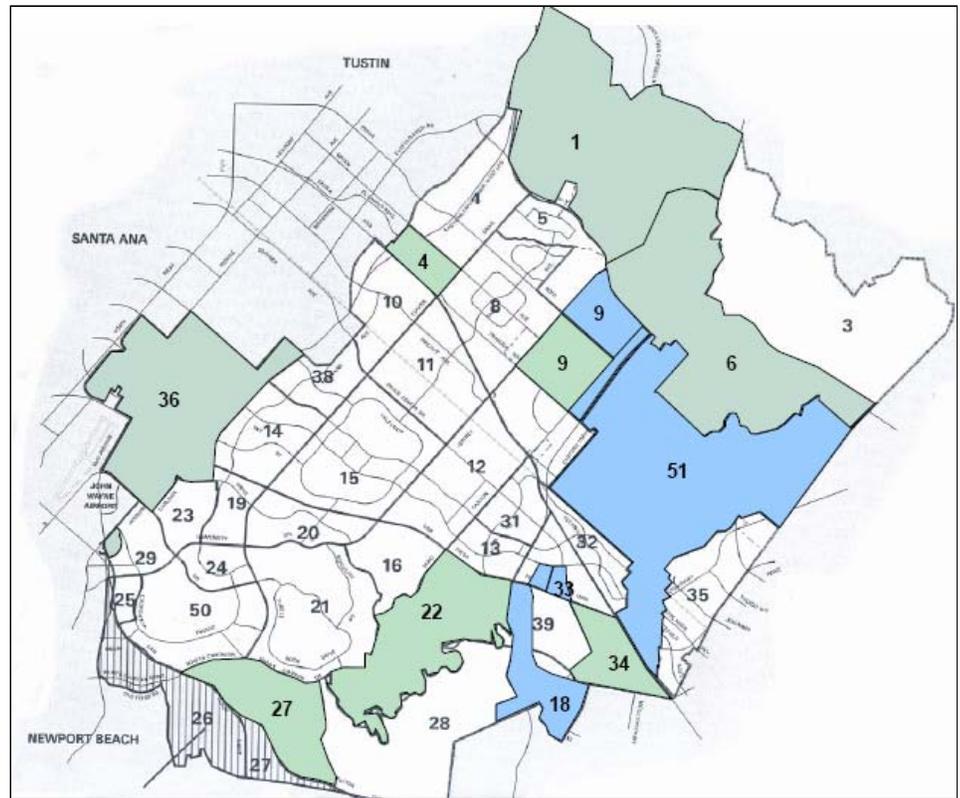


The shaded areas in the following map show where residential development will take place over the next five years. Development is currently taking place in Planning Areas 1, 4, 6, 9 (Woodbury), 22, 27, 34 and 36. These areas are shaded green. Development is also anticipated to occur over the next five years in Planning Areas 9 (Stonegate), 18, 33, and 51. These areas are shaded blue. Over the next five years, housing is expected to increase by nearly 13,000 units, or 16%, and non-residential development is expected to increase by 12.8 million square feet, or 14%.

The Irvine Business Complex (IBC), Planning Area 36, is a unique area in Irvine. It was primarily developed as a commercial/industrial center decades ago. Today, portions of the IBC are undergoing a renaissance as high-density residential towers and multi-unit housing are being constructed. An IBC Residential Mixed Use Vision Plan and Overlay Zoning Code is under consideration that would guide planning for residential development in the IBC. To date approximately 3,900 dwelling units have been built in Planning Area 36. There are approximately 4,100 more residential units approved and are either currently under construction or expected to be built within the next five years. An additional 6,300 units have been submitted to the City for review.

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Anticipated Development by Planning Area



Source: Community Development Department

Strategic Goals

City of Irvine Mission Statement

Our goal is to create and maintain a community where people can live, work, and play in an environment that is safe, vibrant, and aesthetically pleasing. This community promotes the well-being of all people.

For 35 years residents and businesses have chosen to locate in Irvine because of its reputation as one of the safest, most highly educated, and business-friendly master-planned communities in the country. The City takes pride in delivering high quality services to the community. Its focus is to uphold the values that make Irvine the strong community that it is today and to preserve this quality of life for generations to come.

The City Council, Commissions, and staff embrace four basic Strategic Goals: a Clean and Well Maintained Environment, Safe Community, Economic Prosperity and a Livable Community, and Effective Government. Many strategies are

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utilized to achieve these goals. Following is a summary of Irvine's Strategic Goals and a summary of the strategies used to fulfill the City's mission.

A Clean and Well Maintained Environment

One of the City's primary responsibilities is the maintenance of infrastructure. As new development occurs, the City's overall population and infrastructure increase. As population increases, wear and tear on the City's infrastructure occurs more rapidly. Aging, increased usage, and increased inventory escalate the costs for care of a growing infrastructure. The City's infrastructure has a finite life and must be maintained according to planned maintenance and rehabilitation schedules. Buildings must be painted, roofs repaired or replaced, and streets must be rehabilitated or reconstructed as they wear.

The City has developed detailed preventive maintenance and rehabilitation funding plans that systematically manage rehabilitation needs based on industry standards. Each rehabilitation plan concentrates resources on a village-by-village basis, which enables costs to be managed through economies of scale. These plans also enable the City to pay for current rehabilitation while anticipating future needs.

Strategies to meet this goal include:

- Rehabilitate Arterial Streets
- Rehabilitate Local Streets
- Reconstruct Arterial and Local Streets
- Maintain and Repair Bridges
- Rehabilitate Concrete Sidewalks, Curb, and Gutters
- Rehabilitate Parking Lots and Off-Street Bicycle Trails
- Rehabilitate Storm Water Drainage Systems
- Maintain, Rehabilitate, and Upgrade Traffic Control Systems
- Maintain Landscaping: City Parks, Greenbelts, Street Landscapes, and Public Rights-of-Way
- Provide for Facilities Maintenance and Rehabilitation that Meets Approved Service Levels, Americans with Disabilities Act, and Safety Standards
- Remove 100% of Graffiti
- Meet Standards for Code Enforcement and Water Quality Inspections

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Safe Community

A community's perception of safety and security is critical to a high quality of life. Signs of disorder such as graffiti, vandalism and abandoned vehicles can engender fear among residents, even when public infrastructure is adequately maintained and indicators such as crime rates are actually low.

Studies have shown that when people fear crime, they tend to change their behavior to avoid becoming victims by staying home at night, avoiding strangers, driving when they could walk, and limiting their use of public parks and other community amenities. In turn, these behavioral changes may lead to further deterioration of the social fabric as people feel less loyal to the community and withdraw from community life. High levels of fear in a community may also have negative economic consequences as businesses and residents move to areas perceived to be safer. Therefore, it is important to address and prevent, if possible, both the reality and the perception of disorder within the community. Fortunately Irvine has been successful in mitigating this threat. According to the 2006 resident satisfaction survey, 99% of Irvine residents feel safe shopping in Irvine, while 92% feel safe visiting a park or recreation facility.

Irvine continues to receive national recognition as a safe and secure community. Examples of this recognition include: the Safest City for Violent Crime in the Nation for Cities with a population of 100,000 or more, according to the FBI Uniform Crime Report; and the ranking of second safest city overall in the nation for those cities with a population over 100,000 and fewer than 500,000, in the 13th Annual Morgan Quitno Awards.

Irvine has also been recognized by America's Promise – The Alliance for Youth, as one of the "100 Best Communities for Young People" in 2007, for the second year in a row, in honor of our demonstrated commitment to the well-being of the community's youth.

The response to actual occurrences of disorder is usually a reactive police response. While emergency response is an integral component of any plan to address disorder, it is also the most costly and often the least effective in reaching long-term solutions. Preventing disorder from ever taking hold can be achieved through a number of complimentary activities such as: maintaining landscaping, streets, and

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public facilities; offering activities such as positive recreational experiences and services for youth and families; community oriented policing; and making a commitment to thoughtful City planning.

Irvine's strategic goals assume that crime prevention strategies are a more effective and, in the long term, a more cost-efficient means to achieve a safe and secure community.

Strategies to meet this goal include:

- Provide Timely and Effective Police Response to Emergency and Non-Emergency Calls for Service
- Geo-Policing Deployment
- Maintain Active Involvement as a Member of the Orange County Fire Authority
- Provide Effective Enforcement of City Building, Fire, and Grading Codes
- Implement the Five-Year Parks and Facilities Construction Program
- Provide Sound Stewardship of Open Spaces
- Support Our Children and Our Schools through the City of Irvine Educational Partnership Fund Program
- Provide Recreational Activities for Children and Youth that Promote Socially Productive Behavior
- Provide Facilities and Activities that Promote a Safe Environment for Irvine's Youth
- Implement the Strategic Plan for Children, Youth and Families and Work to Promote the Well-being of Local Families
- Engage a Culturally Diverse Community
- Engage Senior Citizens
- Engage Persons with Disabilities
- Engage the Community at the Irvine Civic Center

Economic Prosperity and a Livable Community

A strong economic base is vital to the City of Irvine and its future. Irvine continues to be an economically vibrant City, with the Orange County Business Journal's 2007 Book of Lists reporting that six of the ten fastest-growing Orange County based public companies are located in Irvine. The City's General Plan emphasizes a balance between commercial and industrial sectors and a variety of residential villages. The attraction and retention of a variety of businesses and markets is essential to maintaining a sound fiscal base, which supports the City's high quality of life.

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Strategies to meet this goal include:

- Promote a Safe and Economically Prosperous Community through the City's General Plan and Zoning Ordinance
- Develop the Great Park
- Implement the Redevelopment Agency, maximize the public benefit from the Redevelopment Plan for the Great Park Project Area
- Promote Economic Growth and Development that Attracts and Retains Business and Tourism
- Enhance Economic Development and Business Retention
- Strengthen the City's Revenue Base
- Increase the Number of Businesses Located in Irvine that Generate Sales Tax Revenue
- Support Legislation that Protects City Revenues, Long-Term Financial Stability, Infrastructure Rehabilitation, Maintains Funding Levels for Highway and Transit Programs, and Preserves Local Decision Making
- Fund the Circulation, Capital Improvement Program, and Bicycle Transportation Plan
- Fund the North Irvine Transportation Mitigation (NITM) Projects
- Encourage the use of a Balanced Multi-Modal Circulation System
- Promote the Development of Alternative Transportation Systems
- Provide a Timely and Efficient Development Review Process
- Maintain Development Fee Service Time Standards
- Provide Quality Housing for all Economic Segments of the Community
- Use and Protect Resources in a Manner that Enables People to Meet Their Current Needs and Provide for the Needs of Future Generations
- Enhance Irvine's Physical Environment by Promoting "Energy Efficient" High Performance Buildings
- Use and Protect Water Resources in a Manner that is Environmentally Conscious
- Improve Surface Water Quality to Maintain Beneficial Uses in Upper Newport Bay and the San Diego Creek
- Provide Solid Waste Collection Systems to Meet the Refuse Disposal Needs of the City and Comply with State Waste Diversion Mandates

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- Be Actively Involved with the AQMD to Promote Clean Air Programs
- Foster Public-Private Partnerships that Improve the Community's Quality of Life

Effective Government

The City of Irvine has a well-deserved reputation for providing exceptional customer service, with 93% of residents expressing satisfaction with overall City services in the 2006 resident survey. Providing quality services at a competitive cost is a central focus of this organization.

Over the last five years, the City has lowered per-capita costs for providing services while maintaining high standards of service delivery. As the City evolves and revenues become more constrained, City staff will need to remain vigilant to balance policies, the allocation of resources, service standards, and growing funding needs for infrastructure rehabilitation and new facility development.

Strategies to meet this goal include:

- Measure Citizen Satisfaction
- Provide Public Information in a Timely Fashion to Build Support, Partnerships, and Understanding between the City Government and its Residents, Businesses, and Visitors
- Connect the Community with the Past, Present, and Future
- Continuously Evaluate the Staffing Mix of Employees, Consultants, and Contractors
- Implement the Strategic Technology Plan
- Use Activity Based Cost Studies to Set Fees that Recover the Full Cost of Fee-Based Services
- Deliver Cost-Effective Services

Economic Conditions and Fiscal Threats

Over the past five years the U.S. economy has shown remarkable resiliency in recovering from the 2001 recession, the terrorist attacks of 9/11, oil price shocks and damage from hurricanes Rita and Katrina, as well as engagement in war efforts in both Afghanistan and Iraq. Despite these hurdles real Gross Domestic Product (GDP), a broad indicator of national economic health, has averaged nearly 3% for the last five years, close to the modern historical average and significantly higher than most other developed economies around the world during the same period. This is especially impressive as the calculated average growth rate includes the recessionary period of 2001, in which three quarters of negative growth were experienced, and also the slow-growth period of 2002. In addition, historically low interest rates have been a boon to consumer spending and the housing market nationwide.

With the national economy emerging from recession in 2001, Irvine has since experienced relatively strong revenue growth. Sales Tax, for example, is Irvine's main source of revenue and is directly linked to the health of the general economy. After initially dropping more than 11% during the recession, Sales Tax receipts have since rebounded to grow at an average annual rate of 7%. Irvine's Property Tax receipts and Documentary Transfer Fee revenue have also been strong, with Documentary Transfer Fee revenue more than doubling in recent years driven higher by a booming local housing market. Overall the City's increasing revenues, coupled with prudent fiscal management by City policy makers, has resulted in a series of annual budget surpluses.

Today's fiscal environment is far more uncertain, however, as the current economic expansion ages. The prevailing inverted bond market yield curve, for example, is a traditional, though not always perfect, harbinger of future economic slowing and possible recession. In addition, higher short-term interest rates have increased the cost of popular adjustable rate mortgages. This has raised concerns about housing market affordability, contributed to a change in buyer psychology and resulted in a slow-down in the housing market from its recent booming pace to more normal market conditions. As the housing market has slowed the City has received less real estate based tax revenues such as Documentary Transfer Fees and Property Taxes. While growth in other revenue sources has offset the weakness to

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this point, an unexpected shock to the economy could result in further revenue reductions at this critical time.

Fortunately City policy makers have had the foresight to use the surpluses of recent years to set money aside for leaner times. At the end of the most recent fiscal year the City had a budget surplus sufficient to add \$6 million to its Contingency Reserve Fund, increasing its reserve from 5.5% to 15% of operating budget expenditures in just two years. The Contingency Reserve Fund will provide a crucial buffer to the City should the economy suffer a downturn in the future.

Five-Year Fiscal Outlook

The five-year fiscal forecast projects General Fund revenues and expenditures based on anticipated commercial and industrial development, residential development and the expected acquisition of infrastructure. The forecast does not assume any structural change to the City's current recurring revenues or expenditures. The fiscal forecast helps the City evaluate its financial position as projected growth results in increased service demands. The fiscal forecast includes the following assumptions:

- Continue debt service payments of \$6.0 million per year after FY 10-11, serving as a placeholder for potential future debt obligations after the existing Irvine Public Facility Infrastructure bonds are repaid (see pp. 51-52) to fund needed improvements and additions to facilities such as the Civic Center and Operations Support Facilities, including parking structures
- An increase in public safety sworn officer staffing ratio per 1,000 population
- Acquisition of 233 acres of newly developed parks and special facilities, including the Jeffrey Open Space Trail, nine Community Parks, eight Neighborhood Parks, and 135,014 square feet of new civic facilities
- Acquisition and maintenance of an additional 4,600 acres of open space totaling over 6,800 acres
- Acquisition of 314 lane miles of street inventory and associated maintenance costs
- Acquisition and maintenance of 127 acres of street and right-of-way landscaping
- Funding for replacement of the traffic signal system
- Funding for storm water run-off mandates

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- Funding of the Strategic Technology Plan
- Funding for staff increases due to inventory increases
- Personnel merit increases averaging 3.5% per year
- MOU increases reflecting agreements for FY 07-08
- The utilization of \$1.5 million annually from the Asset Management Plan to help pay for infrastructure rehabilitation (see Appendix F)

A more detailed list of assumptions is included in Chapter 5 - Projected Financial Condition and in Appendix B - SBP Overview & Assumptions.

Assuming that current economic conditions prevail, the 2007 Business Plan forecast reveals a positive financial position for the next three budget years using moderately conservative revenue and expenditure assumptions. In any given fiscal year, however, the level of revenues, expenditures, and year-end surpluses (Carryover) is the result of numerous variables including the condition of the always changing national and state economies, legislative mandates, tax policies, changing, land use or building intensity patterns, and City Council priorities. To the extent that these factors vary from forecast assumptions, the outcomes will also vary.

In contrast to the surpluses projected in the first three years, the last two years of the forecast show a deficit. This deficit is caused by flattening City revenues, primarily due to the cyclical slow-down in the housing market, coupled with increasing operating costs. As the City has grown quickly during the last ten years, a large amount of infrastructure has been added and is now requiring preventive maintenance. In addition, the City's older infrastructure is now requiring more substantial rehabilitative investments. Operating costs are also increasing as new police officers must be hired to keep pace with recent population growth. Medical and insurance costs also continue to grow faster than inflation. The elevated cost of energy and natural resources is also taking a larger share of the operational budget for baseline services such as street lighting, park lighting, landscape watering, facility heating, air conditioning and also fueling for police and maintenance vehicles.

The deficit is largest in the fifth year, at approximately 2.7% percent of revenues, but is small enough that a fairly minor adjustment in either projected revenues or expenditures would be enough to bring the projections back into balance.

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In addition, with the assumptions used in the model being fairly conservative, it is possible that the expected deficits are partially the result of conservative assumptions being compounded several years into the future. It is also possible, however, that the macro-economic environment could deteriorate in an unexpected way resulting in even worse performance than projected. Therefore while the projected deficits should not be seen as alarming in the near term, they should be an important consideration in future expenditure decisions within the City's control.

Presented below is the General Fund Fiscal Summary Forecast for revenues and expenditures over the next five years. The forecast projects increasing revenues at a compound annual average rate of 4.3% and expenditures at a rate of 5.0%. A detailed breakdown of revenues and expenditures can be found in the Projected Financial Condition chapter.

5-Year General Fund Projected Financial Condition

Summary Forecast	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Total Revenues	\$141,671,000	\$148,562,000	\$154,827,000	\$161,778,000	\$167,419,000
Total Expenditures	\$141,437,000	\$147,144,000	\$154,822,000	\$164,132,000	\$172,010,000
Forecast Balance:	\$234,000	\$1,418,000	\$5,000	(\$2,354,000)	(\$4,591,000)

Capital Improvement Program

The 2007 five-year Capital Improvement Program (CIP) forecast projects expenditures based on anticipated residential, commercial and industrial development and the current condition of Irvine's infrastructure. CIP revenue projections are based on the same development forecast used throughout this plan and include available general funds, special revenues that can reasonably be expected to be received by the City over the five-year period, and grants that have been awarded to the City. Like the fiscal forecast for the General Fund, this forecast does not assume any structural change to the City's current recurring revenues or expenditures. This forecast evaluates the City's financial needs and resources as projected maintenance, rehabilitation, and new infrastructure development takes place over the next five years.

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The Summary Forecast includes all of the maintenance, rehabilitation, and new construction projects identified in the following chapters. The Forecast assumes annual contributions of \$1.5 million from the Asset Management Plan and increasing annual contributions from the General Fund as described in the Projected Financial Condition chapter.

Implementation of these proposed projects over the next five years will maintain current standards for maintenance and rehabilitation of the City’s infrastructure and facilities. The investment is also expected to improve the City’s traffic flow as the City has budgeted funding over the next five years to upgrade the City’s signal systems to newer and more effective technology.

Funding is fully in place for the first year of the forecast. The second year is nominally negative, but by the third year sizable arterial rehabilitation project needs are anticipated that result in a deficit of \$16.7 million in FY 09-10 and then continued deficits in FYs 10-11 and 11-12. In summary, funding has been identified for 100% of FY 07-08 needs, 99% of FY 08-09 needs, 84% of FY 09-10 needs, 89% of FY 10-11 needs, and 85% of the identified need in FY 11-12.

5-Year Rehabilitation and CIP Projected Financial Condition

Summary Forecast	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Total Revenues	\$48,817,835	\$40,822,073	\$87,616,818	\$98,629,078	\$53,124,323
Total Expenditures	\$48,817,835	\$41,143,932	\$104,345,427	\$110,521,214	\$62,636,402
Forecast Need:	\$0	(\$321,859)	(\$16,728,609)	(\$11,892,136)	(\$9,512,079)

It is important to note that the forecast of available revenues does not include potential grant funding that has not yet been secured. Historically, major arterial street rehabilitation projects have received 25% funding by grant sources. Other grant programs provide an even greater share of a project’s costs. Irvine continues to be well positioned to receive such awards from granting agencies, especially with the recent passage of State Proposition 1B and the thirty year renewal of Orange County’s Measure M transportation funding program. While details of the funding opportunities to be provided by these programs are not yet available, significant opportunities are anticipated over the next several years. The City is well situated to obtain grants from these and other programs that would

Executive Summary – 2007 Strategic Business Plan

significantly improve the City's five-year funding plans for arterial roadways and circulation projects.

FY 07-08 General Fund Budget

Based on the 2007 financial projection, the FY 07-08 General Fund Budget will be fully funded and all City services will continue based on the current FY 06-07 Adopted Budget. The FY 07-08 Operating Budget will include funding for the following, assuming there are no dramatic changes in the economy:

- Maintenance of 1,670 lane miles of streets
- Maintenance of 586 acres of parks and special facility inventory, including a new Neighborhood Park (8.8 acres) and a new landscaped section of the Jeffrey Open Space trail (34.2 acres)
- Maintenance of 712 street landscape acres
- Maintenance of 589,653 square feet of Civic facilities
- Maintenance of 2,970 acres of open space, assuming responsibility for 768 new acres
- Continuation of all City services as defined in the FY 06-07 Adopted Budget

In the past the City has been in far more fiscally precarious situations than today. Faced with economic threats in the form of a recessionary economy, state fiscal mismanagement, and legal challenges to property tax revenues that could have cost Irvine millions, Irvine took immediate and proactive steps to prepare for the worst. In addition to curtailing expenditures citywide, the City's Contingency Reserve Fund has been built up over the years to exceed 15% of the City's operating budget. These efforts have enabled Irvine to not only successfully weather difficult times, but also to prepare for new challenges in the future.

The challenge that now lies ahead is the projection of higher operating costs coupled with flattening revenues. While the 2007 Fiscal Forecast shows the General Fund budget in balance for the next three years, attention must shift to the outer years of the forecast. Prudent fiscal management and the utilization of new technology, practices and standards that further drive-down the City's cost of service per capita will help the City to meet the Community's needs in a period of constrained revenue growth.

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Long-term the City's financial future is bright. Our goals are clear: to ensure fiscal viability into the future while striving to maintain a clean and well cared for physical environment; a safe community; engender economic prosperity and a livable community; and advance effective and efficient government. Through the City Council's continued leadership, Irvine will continue to fulfill its strategic goals ensuring the community's quality of life.

A Clean and Well Maintained Environment

Chapter Introduction



One of the City's primary responsibilities is to maintain the physical infrastructure used by all who live, work, and play in Irvine. Infrastructure is the network that connects the City together and includes the City's physical environment such as:

- Streets
- Bridges
- Sidewalks
- Parking Lots
- Storm Drains
- Traffic Signals
- Street and Park Landscapes
- Trees
- City Buildings and Public Facilities

As new development occurs, the City's overall population and infrastructure will continue to increase. As population increases, wear and tear on infrastructure occurs more rapidly. Aging, increased usage, and a growing inventory all add to the cost of caring for the City's infrastructure. To ensure long-term viability, the infrastructure must be maintained according to prescribed schedules and best practices. Buildings must be painted, roofs repaired, streets rehabilitated or reconstructed, and parks must be maintained in a safe condition for all to enjoy.

Irvine spends millions of dollars every year for preventive maintenance of facilities, landscapes, and street infrastructure. Maintenance includes street sweeping, storm drain inspection and cleaning, graffiti and litter removal, mowing, tree trimming, painting, and regular upkeep of traffic signals. Proper attention to preventive maintenance extends the useful life of the City's assets. In many cases, failure to correct minor deterioration early will cause more costly structural problems in later years.

Irvine also spends millions of dollars each year on infrastructure rehabilitation. The City has developed detailed funding plans to manage rehabilitation on a systematic basis. Rehabilitation planning concentrates

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available resources on specific areas in the City each year, which enables costs to be managed through economies of scale.

Systematic planning for maintenance and rehabilitation enables the City to pay for current maintenance and rehabilitation while anticipating future needs. Without forward-looking plans for appropriate long-term care, the City risks significant deterioration of its infrastructure.

The Infrastructure and Rehabilitation Fund serves as the depository for resources accumulated from the General Fund and the Asset Management Fund over prolonged periods of time. This fund serves as a primary source, along with other resources, to address the needs identified in this chapter. For forecasting purposes, the 2007 SBP assumes that \$3 million will be added to the Infrastructure and Rehabilitation Fund from the General Fund in FYs 07-08, 08-09, and 09-10, and then \$4 million per year in FYs 10-11 and 11-12. In addition, it is also assumed that \$1.5 million will be added to the Infrastructure and Rehabilitation Fund every year from the Asset Management Plan (AMP) Fund until FY 11-12, when \$1.8 million will be transferred.

Rehabilitation and Maintenance

Maintain Irvine Streets

The City is responsible for maintaining and servicing approximately 1,645 lane miles of roadway, including both arterial and local streets. A lane mile is defined as a section of pavement one mile long by twelve feet wide. The FY 06-07 General Fund Budget provides \$5.7 million for annual street and right-of-way maintenance programs. The General Fund, through contributions to the Infrastructure and Rehabilitation Fund, is assumed to continue funding a significant part of the needs identified in this chapter. However, a large part of funding is derived from Gas Tax, Measure M Turnback revenue, and grants.

Strategy: *Rehabilitate Arterial Streets*

Standard: *Maintain the street maintenance standard at a median Pavement Condition Index of 65 with no more than 10% of streets below a Pavement Condition Index of 45*

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Arterial streets are the main boulevards, or “arteries,” connecting smaller streets in Irvine. The City’s arterial maintenance and rehabilitation needs are quantified through the Pavement Management Program (PMP) computer model. The PMP establishes rehabilitation priorities based on a weighted value known as Pavement Condition Index (PCI). Several factors such as roadway age, present surface condition, types of surface treatments used, and historical use data are analyzed to determine roadway reconstruction needs or to identify alternative treatments to extend the pavement’s life cycle. The City has selected a median PCI of 65 as its standard, with no more than 10% of its arterial streets below a PCI of 45. This standard allows the City to manage its circulation system over the long-term in a cost efficient manner.

Table I-1 identifies Arterial Streets Rehabilitation Programs and Projects over the next five years. Arterial Rehabilitation Programs are maintenance type activities such as roadway resurfacing. Arterial Rehabilitation Projects, on the other hand, involve more extensive street reconstruction efforts such as grinding and road bed reconstruction. Implementation of the projects identified in Table I-1 will allow the City to meet its standard for pavement conditions throughout the City. If the proposed projects are not funded, the City will not meet its standard and this will create a backlog of rehabilitation projects.

Table I-1
Arterial Streets Rehabilitation Programs and Projects

Arterial Rehab. Programs	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
PMP Program	\$135,000	\$140,000	\$140,000	\$140,000	\$140,000
Rehabilitation Program Dev.	\$135,000	\$140,000	\$140,000	\$140,000	\$140,000
Slurry Seal & Street Prep. & Maint.	\$1,360,000	\$2,260,000	\$2,410,000	\$2,760,000	\$3,870,000
Maintenance Supplies/Traffic Marking/Pot Hole Repair	\$530,000	\$530,000	\$530,000	\$530,000	\$530,000
Total	\$2,160,000	\$3,070,000	\$3,220,000	\$3,570,000	\$4,680,000

Table I-1 (continued)
Arterial Streets Rehabilitation Programs and Projects

Arterial Rehab. Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Irvine Center Dr: Culver Dr to Jeffrey Rd	\$3,620,000				
Redhill Ave: Main St to Barranca Pkwy	\$150,000	\$4,050,000			
Alton Pkwy: Jamboree Rd to Culver Dr		\$150,000	\$2,880,000		
Barranca Pkwy: Jamboree Rd to Culver Dr		\$150,000	\$3,010,000		
Barranca Pkwy: Irvine Center Dr to Alton Pkwy		\$150,000	\$3,770,000		
Ridgeline Ave: Turtle Rock Dr to University Dr			\$120,000	\$2,080,000	
Campus Dr: University Dr to Carlson				\$150,000	\$2,400,000
Alton Pkwy: Technology West to Barranca Pkwy			\$150,000	\$2,750,000	
Jamboree Rd: Main St to Barranca Pkwy			\$150,000	\$3,300,000	
Turtle Rock Dr: Campus to Southernwood (North Leg)			\$120,000	\$2,220,000	
Michelson Dr: Culver Dr to University Dr				\$140,000	\$2,440,000
Yale Ave: University Dr to north of Michelson				\$60,000	\$850,000
Yale Ave: Deerfield Ave to Trabuco Rd				\$140,000	\$2,270,000
Total	\$3,770,000	\$4,500,000	\$10,200,000	\$10,840,000	\$7,960,000

Strategy: *Rehabilitate Local Streets*

Standard: *Maintain the street maintenance standard at a median Pavement Condition Index of 65 with no more than 10% of streets below a Pavement Condition Index of 45*

In contrast to the major arterial roadways, local streets are the smaller roads, or “capillaries,” branching off arterial streets. Local streets are found in business districts and in residential neighborhoods.

Table I-2 identifies the five-year projection for Local Street Rehabilitation Projects. The timing and costs of projects presented below may accelerate or decelerate based on traffic flow volume, unanticipated maintenance delays, or excessively wet winters.

Table I-2
Local Streets Rehabilitation Projects by Village

Local Street Rehab Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Turtle Rock					
University Park					
Subtotal	\$2,140,000				
University Park					
Woodbridge					
Subtotal		\$1,940,000			
Northwood					
Subtotal			\$2,070,000		
Rancho San Joaquin					
Spectrum					
Subtotal				\$1,980,000	
Orange Tree					
IBC					
Turtle Ridge					
University Research Park					
University Town Center					
Subtotal					\$2,040,000
Total	\$2,140,000	\$1,940,000	\$2,070,000	\$1,980,000	\$2,040,000

Strategy: *Reconstruct Arterial and Local Streets*

Standard: *Reconstruct streets after the street maintenance standard falls below a Pavement Condition Index of 50 and the street exceeds 35 years of operation*

Streets are designed to have a useful life of 20 years. Fortunately, the City has been able to successfully extend the life of our roadways with good maintenance and rehabilitation practices. However, after a street has been in operation for about 35 years, the asphalt begins to break down. Even good maintenance and rehabilitation practices cannot extend its life. The Pavement Management Program (PMP) indicates that after 35 years, a street will need to be reconstructed. At this time, none of our roadways have dropped below current standards. However, it is expected that by the year 2010 many roadways will need reconstruction. A long range Pavement Management Plan (PMP) is being developed to identify the reconstruction needs of City roadways, post 2010, for both arterial and local streets.

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Strategy: *Maintain and Repair Bridges*

Standard: *Maintain the structural integrity of the bridges in the City and repair sections of bridges within a fiscal year of notification*

The City is partially or completely responsible for maintaining 130 bridges. The City is also responsible for all bridge street lighting. City staff, in conjunction with Caltrans engineers, inspect bridges every two years. Currently, bridges associated with arterial highways are inspected by Caltrans at no cost to the City. City crews also routinely inspect bridge approach slopes, adjacent roadways, and bridge lighting. Based on these inspections bridge maintenance and rehabilitation projects are identified.

Table I-3 identifies the five-year projection of projects necessary to properly maintain the City's bridge inventory.

Table I-3
Bridge Rehabilitation and Repair Funding Plan

Bridge Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Bridge Inspection Service		\$45,000		\$50,000	\$50,000
Bridge Maintenance & Repair	\$50,000	\$55,000	\$100,000	\$10,000	\$50,000
Total	\$50,000	\$100,000	\$100,000	\$60,000	\$100,000

Hardscape

Strategy: *Rehabilitate Concrete Sidewalks, Curbs, and Gutters*

Standard: *Annually inventory all City sidewalk access ramp, curb, gutter, and sidewalk deficiencies and establish a rehabilitation plan for each category*

The City is responsible for maintaining approximately 844 miles of sidewalks and 1,369 miles of curbs and gutters. The City is also responsible for installing and upgrading sidewalk access ramps to the specifications identified in the Americans with Disabilities Act. Table I-4 shows that 361 sidewalk access ramps have been upgraded during the last five years.

Table I-4
Number of Handicap Ramp Access Upgrades Per Year

FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	5 Year Total
150	150	25	20	16	361

Going forward there are approximately 20 access ramps per year that are expected to require upgrades to meet current Americans with Disabilities Act standards. The projected average cost for these upgrades is \$55,000 per year. (Table I-5) Additionally, approximately 250 sidewalk, curb, and gutter sites have been damaged due to tree root intrusion and must also be repaired at a projected cost of \$137,000 per year. (Table I-5)

Strategy: *Rehabilitate Parking Lots and Off-Street Bicycle Trails*

Standard: *Slurry seal parking lots and off-street bike trails on a five-year cycle and rehabilitate on a 12 to 20 year cycle*

The City is responsible for approximately two million square feet of parking lots. Approximately 60% of the inventory is 10 years old or older. The City also maintains approximately 44.5 miles of off-street bicycle trails. Over the next five years, the cost of maintaining City parking lots and bike trails will average \$154,000 per year. (Table I-5)

Table I-5
Hardscape Project Plan

Hardscape Rehab. Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ADA Handicap Ramps	\$50,000	\$52,500	\$55,000	\$57,750	\$60,500
Curbs/Gutters/Sidewalks	\$125,000	\$130,000	\$136,000	\$143,000	\$150,000
Off-street Bicycle Trails	\$70,000	\$73,000	\$77,000	\$80,500	\$84,000
Rehab Parking Lots	\$70,000	\$73,000	\$77,000	\$80,500	\$84,000
Total	\$315,000	\$328,500	\$345,000	\$361,750	\$378,500

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Strategy: *Rehabilitate Storm Water Drainage Systems*

Standard: *Annually inspect all storm water drainage systems and establish a rehabilitation plan for repairs and upgrades*

The City is responsible for approximately 529 miles of underground and above ground drainage systems and 3,745 storm water catchbasins. These systems are inspected annually. Some of the City systems constructed before City incorporation are approaching 40 years old and are now in need of rehabilitation. In addition, there are storm drain systems that need to be upgraded to meet existing drainage area conditions.

Over the next five years the average anticipated cost for the rehabilitation of the existing storm drainage system is \$220,000 per year. (Table I-6)

Table I-6
Storm Drain Plan

Storm Drain Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Storm Drain Rehabilitation & Upgrades	\$200,000	\$150,000	\$450,000	\$150,000	\$150,000
IBC Master Plan of Drainage	\$200,000				
University/Ridgeline Drainage	\$300,000				
Warner Channel Study			\$100,000		
Como Channel at Peters Canyon Water Quality	\$325,000				
Sand Canyon Drainage Improvements @ I-5	\$100,000				
Total	\$1,125,000	\$150,000	\$550,000	\$150,000	\$150,000

Maintain and Enhance Irvine's Traffic Signal System

Strategy: *Maintain, Rehabilitate, and Upgrade Traffic Control Systems*

Standard: *Keep traffic signals to current standards and ensure safety and traffic flow*

Maximizing traffic flow in Irvine is a top priority for the City. In 2001, the City adopted a comprehensive plan for reducing traffic delays and improving traffic flow through installation of an adaptive traffic control system. Known as the Traffic Management System and Operations Study (TMSOS), the plan recommended a ten-year investment program to replace

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the Central Traffic Control System, rehabilitate and upgrade the communications infrastructure, and upgrade traffic controllers and cabinets.

The City has implemented numerous traffic signal system improvements consistent with the TMSOS over the past three years. By the end of end of 2007 40% of the City's signalized intersections will be upgraded to new technology that allows the City to improve traffic flow, coordinate with neighboring jurisdictions, and to adjust signal cycles in response to incidents that impact traffic flow. The remaining improvements will be completed by the year 2011. Following is a summary of significant milestones reached to date and a brief overview of the work that will be accomplished during the next five years.

Replace the Central Traffic Control System: a new central traffic control system, ACTRA, was installed in 2004. Unlike the old VMS system, ACTRA allows multiple operators to control multiple intersections simultaneously. With ACTRA, the City can efficiently address traffic signal timing and incident management in real time.

Rehabilitate and Upgrade the Communications Infrastructure: The City is replacing the old copper wire based communications system with a more robust fiber optics communications system. The Woodbridge area has already been upgraded to the new system. The North Park/Northwood area will be implemented in FY 07-08, the University/Turtle Rock areas will be implemented in FY 08-09, the Irvine Business Complex will be converted in FY 09-10 and the Spectrum area will be converted in FY 10-11.

Upgrade Traffic Controllers and Cabinets: The City is replacing the old proprietary VMS controllers and cabinets with new controllers and cabinets that are compatible with Caltrans equipment. The Woodbridge area has been upgraded to the new system, the North Park/Northwood area will be upgraded in FY 07-08, the University/Turtle Rock areas will be upgraded in FY 08-09, the Irvine Business Complex will be converted in FY 09-10, and the Spectrum area will be converted in FY 10-11.

The cost of the conversion phases is included in the City's Capital Improvement Program. In future years, additional allocations in the operating budget will be required to support ongoing traffic system maintenance activities.

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At the same time that technological conversion of the City's traffic control system is accomplished over the next five years, routine maintenance on the current system will continue. Traffic signal rehabilitation projects are shown in Table I-7. The City will invest the resources necessary to ensure that traffic flows smoothly on City streets.

Table I-7
Traffic Signal Upgrades and Rehabilitation Project Plan

Traffic Signal Rehab. Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Citywide Efforts:					
Rehab./Upgrades	\$195,000	\$195,000	\$300,000	\$300,000	\$300,000
LED Indication Replacement	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
PV Head Conversion to LED	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
ITEMS Rehabilitation	\$1,085,200	\$1,085,200	\$1,085,200	\$1,085,200	\$1,085,200
ITEMS Replacement	\$144,500	\$141,500	\$141,500	\$141,500	\$141,500
Woodbridge:					
Replace Street Name Sign Panel	\$30,000				
Replace Safety Lights	\$15,000				
Replace Services	\$10,000				
North of I-5:					
Replace Street Name Sign Panel		\$45,000			
Replace Safety Lights		\$30,000			
Replace Services		\$30,000			
South of I-5:					
Replace Pedestrian Heads			\$40,000		
Replace Ped Push Buttons			\$30,000		
Replace Street Name Sign Panel			\$30,000		
Replace Safety Lights			\$35,000		
IBC:					
Replace Pedestrian Heads				\$30,000	
Replace Ped Push Buttons				\$20,000	
Replace Street Name Sign Panel				\$20,000	
Replace Safety Lights				\$22,000	
East of Sand Canyon:					
Replace Pedestrian Heads					\$40,000
Replace Ped Push Buttons					\$30,000
Replace Street Name Sign Panel					\$25,000
Replace Safety Lights					\$25,000
Changeable Message Board Rehabilitation	\$125,000				
Total	\$1,804,700	\$1,726,700	\$1,861,700	\$1,818,700	\$1,846,700

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Maintain Street and Park Landscapes

Strategy: *Maintain Landscaping: City Parks, Greenbelts, Street Landscapes, and Public Right-of-Ways*

Standard: *Maintain landscaping at "homeowner association" standard, which provides for consistent appearance, with no visible signs of deterioration*

The City is responsible for maintaining public landscaped areas owned by the City and even some additional areas owned by other agencies. The City's current landscape inventory includes:

<u>Description</u>	<u>Quantity</u>	<u>Acres</u>
Community Parks	18	325
Neighborhood Parks	35	152
Vista Points	2	
Trees	56,500	
Athletic In-Fields	41	
Sports Fields		125
Street Landscaping		702
Eucalyptus Windrow Trees	5,000	

Landscape rehabilitation requirements are organized into five categories:

- Street Landscaping (including street trees)
- Community Parks
- Neighborhood Parks
- Eucalyptus Windrows
- Turf Athletic Fields

In FY 06-07, the General Fund Budget for landscape maintenance was \$10.1 million. Additional funding for the operation and maintenance of the City's landscaping is provided by the Lighting and Landscape Park Maintenance (LLPM) District. In FY 06-07 the LLPM is expected to contribute approximately \$2.8 million for landscape maintenance.

Landscape rehabilitation costs are funded by the Infrastructure and Rehabilitation Fund, Gas Tax as well as other special funds. Landscape rehabilitation is based on the estimated "life cycle," or replacement cost of the various

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landscape components. The life cycle of landscape components ranges from 10 to 30 years. However, an athletic field only has a life cycle of seven years due to the need to maintain high-quality playing surfaces.

Tables I-8 shows the five-year rehabilitation plans for specific parks, street landscape projects, and athletic turf fields.

Table I-8
Landscape Project Plan

Neighborhood Parks	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
College Park	\$270,000				
Racquet Club Park	\$96,000				
Riparian Corridor Park		\$366,000			
Brywood Park			\$75,000		
Citrusglen Park			\$75,000		
Comstock Park			\$50,000		
Culverdale Park			\$75,000		
Orchard Park			\$75,000		
Valencia Park			\$75,000		
Animal Care Facility Park				\$60,000	
Operation Support Facility Park				\$50,000	
Central Bark Park				\$50,000	
Bluegum Park					\$75,000
Carrotwood Park					\$75,000
Coralwood Park					\$75,000
Dovecreek Park					\$75,000
Homestead Park					\$75,000
Silkwood Park					\$75,000
Subtotal	\$366,000	\$366,000	\$425,000	\$160,000	\$450,000

Community Parks	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Windrow Community Park	\$435,000				
Turtle Rock Park Community Park		\$435,000			
Alton Community Park			\$135,000		
Hicks Canyon Community Park			\$300,000		
Northwood Community Park				\$350,000	
Harvard Community Park				\$350,000	
Bill Barber Community Park					\$375,000
Irvine Station Community Park					\$100,000
Subtotal	\$435,000	\$435,000	\$435,000	\$700,000	\$475,000

Table I-8 (continued)
Landscape Project Plan

Street Landscapes	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Woodbridge	\$720,000				
Jeffrey Bike Bridge	\$51,271	\$427,255			
Westpark		\$720,000			
West Irvine			\$360,000		
Northpark			\$360,000		
El Camino				\$720,000	
University Town Center					\$220,000
Oakcreek					\$500,000
Subtotal	\$771,271	\$1,147,255	\$720,000	\$720,000	\$720,000

Turf Athletic Fields	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Rehabilitation	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Subtotal	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

Maintain Irvine's Civic Facilities and Parks

The Community Services Department is responsible for the maintenance and rehabilitation of approximately 580,300 square feet of civic facilities and an additional 126,000 square feet of other facilities. The extensive network of facilities, parks, and vista points encompasses:

<u>Description</u>	<u>Quantity</u>	<u>Acres</u>	<u>Facility Sq. Ft.</u>
Community Parks	18	325	241,400
Neighborhood Parks	35	152	11,000
Vista Points	2	2	750
Pool Complexes	2		
Building Centers	5		221,000

Examples of the various public facilities include:

- Irvine Civic Center
- Irvine Child Development Center
- Operations and Support Facility
- Irvine Transportation Center
- Animal Care Facility
- Boys and Girls Club
- Five Community Centers
- Dog Park and Skate Park
- Two Senior Centers
- Turtle Rock Nature Center
- Bommer Canyon Cattle Camp
- Thirteen Irvine Child Care Programs Sites

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A substantial portion of Irvine's existing parks and public facilities were built in the 1970s and 1980s. Due to aging, the City's basic maintenance and rehabilitation requirements for existing facilities is increasing. As an example, the City recently replaced its aquatics center (\$13.4 million), which was originally constructed in 1978. Sports fields and lighted courts are also aging and in FY 06-07 Harvard Community Athletic Park lighting was rehabilitated using a newer technology that consumes less energy. Presently, the City maintains 105 lighted sports venues such as baseball, tennis, and basketball courts. In future years, the City will implement the new, more cost effective, sports lighting system in its parks. The new system will reduce utility costs, provide centralized monitoring, and reduce travel time to turn on/off lights.

Strategy: *Provide for Facilities Maintenance and Rehabilitation that Meets Approved Service Levels, Americans with Disabilities Act, and Safety Standards*

Standard: *Maintain City Facilities at a "B" service level through systematic rehabilitation.*

Basic facility maintenance and rehabilitation service standards include completing 90% of all work orders by established deadlines and completing 95% of all rehabilitation projects by established deadlines and within budget.

Facility maintenance addresses the appearance, safety, and functionality of civic buildings such that:

- Appearance is clean and well-kept.
- Cleanliness, functionality and the general state of repair is maintained to high standards to promote positive user experiences.
- Replacement occurs when function is significantly impaired or when repair costs exceed replacement costs. Subsystems are maintained in an operational condition.

To understand and plan for the management of the City's aging parks and facilities system, the City has undertaken a comprehensive evaluation to determine present conditions and equipment life cycles, as well as noting repair history and rehabilitation frequency.

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During FY 05-06, the Community Services Department completed a condition analysis of civic facilities and assets. The survey involved 116 sites including community park facilities, neighborhood park facilities and specialty buildings such as the Civic Center and Irvine Transportation Center. The survey of assets at each of the sites has included a condition analysis of playground equipment, park equipment, and amenities such as park benches, picnic tables, and grills. Other physical assets have already been evaluated in previous studies including the Playground Safety Survey Report, Light Pole Analysis Report, Termite Inspection Report, and the Walkway Inspection Report.

A Facility Condition Needs Index (FCNI) was included as part of the facilities condition analysis. The index provides a relative measure for comparing one building to another. The index is a calculation, derived by dividing the total project costs (for a ten year timeframe) by the total facility replacement costs or current replacement value (the lower the number, the better the facility condition). Table I-9 describes the FCNI Index

Table I-9
FCNI Building Condition Index

<u>FCNI</u>	<u>Condition Description</u>
0.01 – 0.05	Excellent condition, typical of new construction
0.06 – 0.15	Good condition, renovation occurs on schedule
0.16 – 0.30	Fair condition, in need of normal renovation
0.31 – 0.40	Below average condition, major renovation required
0.41 – 0.59	Poor condition, complete renovation indicated
0.60 +	Complete facility replacement indicated

The Facilities Condition Needs Analysis process compiled a database of rehabilitation and maintenance needs identified for the next ten years. A brief summary by facility grouping is noted below. The overall Facility Conditions Needs Index for the three facility groups are as follows:

- Community Parks – 0.13
- Neighborhood Parks – 0.10
- Specialty Buildings – 0.18

A Clean and Well Maintained Environment

As a whole, the Facilities Conditions Needs Index indicates that approximately \$4.5 million will be needed on an annual basis to maintain and rehabilitate the City's facilities and playgrounds. The index indicates that the maintenance and rehabilitation funding of \$4.5 million be distributed in the following manner: Specialty Building approximately \$2.8 million; Community Parks approximately \$880,000; and Neighborhood Parks approximately \$830,000. This funding is included in the Strategic Business Plan forecast.

Table I-10 identifies the rehabilitation projects identified by the facility conditions analysis and other scheduled facility rehabilitation projects. The remainder of the funding is for maintenance related projects and is contained in the General Fund and also the Landscape, Lighting and Park Maintenance Fund.

Table I-10
Facility Rehabilitation Projects

Facility Rehabilitation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Exterior Structure Roofing	\$85,952	\$90,096	\$94,281	\$99,823	\$105,563
Exterior painting and resealing of facilities	\$176,036	\$184,523	\$193,096	\$204,445	\$216,201
Wood Treatment and Replacement	\$204,425	\$214,281	\$224,236	\$237,415	\$251,066
Interior painting and resealing of facilities	\$194,712	\$204,100	\$213,582	\$226,135	\$239,138
Flooring	\$388,005	\$406,713	\$425,608	\$450,623	\$476,532
Partition and counter top replacement	\$128,927	\$135,144	\$141,422	\$149,734	\$158,344
Public Facility Equipment Replacement	\$52,893	\$55,443	\$58,019	\$61,429	\$64,961
Tenant Improvement	\$66,117	\$69,305	\$72,524	\$76,787	\$81,202
Signage Replacement	\$6,243	\$6,544	\$6,848	\$7,250	\$7,667
Heating, Ventilation and Air Conditioning Equipment (HVAC)	\$151,506	\$158,811	\$166,189	\$175,957	\$186,075
Athletic Fields and Courts Relamping	\$392,426	\$411,346	\$430,456	\$455,756	\$481,962
Exterior/Interior Relamping	\$71,253	\$74,689	\$78,159	\$82,752	\$87,510
Plumbing	\$67,770	\$71,037	\$74,338	\$78,707	\$83,233
Security Systems	\$12,486	\$13,088	\$13,696	\$14,501	\$15,335
Interior Hardscape-Park Walkways	\$165,291	\$173,260	\$181,309	\$191,966	\$203,004

Table I-10 (continued)
Facility Rehabilitation Projects

Facility Rehabilitation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Fencing	\$24,971	\$26,175	\$27,392	\$29,001	\$30,669
Athletic Equipment and Court Resurfacing	\$249,091	\$261,101	\$273,231	\$289,290	\$305,924
Park Equipment Replacement	\$177,068	\$185,606	\$194,229	\$205,644	\$217,469
Playground Equipment Replacement	\$127,688	\$133,844	\$140,062	\$148,294	\$156,821
RIM Program Dev.	\$56,186	\$58,895	\$61,631	\$65,253	\$69,005
Water Quality	\$58,030	\$60,828	\$63,654	\$67,395	\$71,270
ADA Door and Threshold Compliance	\$19,977	\$20,940	\$21,913	\$23,201	\$24,535
ADA Building Signage Compliance	\$8,264	\$8,663	\$9,065	\$9,598	\$10,150
ADA Compliance Park Playground Replacement	\$29,279	\$30,691	\$32,116	\$34,004	\$35,959
State Safety Compliance Park Playground Replacement	\$29,279	\$30,691	\$32,116	\$34,004	\$35,959
Child Care Rehabilitation	\$103,929	\$104,968	\$106,018	\$107,078	\$113,235
Total	\$3,047,804	\$3,190,782	\$3,335,190	\$3,526,042	\$3,728,789

Playground Equipment Projects

Playground Equip. Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Community Parks:					
Deerfield Community Park	\$56,093				
Heritage Community Park	\$250,096	\$121,552	\$270,864		
University Community Park	\$85,676				
Neighborhood Parks:					
Meadowood				\$146,917	
Coralwood	\$175,000				
Pepperwood		\$155,000			
Willows			\$350,000		
San Carlo					\$347,000
Carrotwood Park	\$130,955				
Pinewood Park		\$142,784			
Hoepfner Park		\$200,654			
Plaza Park				\$194,274	
TOTAL	\$697,820	\$619,990	\$620,864	\$341,191	\$347,000

A Clean and Well Maintained Environment

Strategy: *Remove 100% of Graffiti*

Standard: *Eliminate all signs of graffiti in the City within 48 hours*

Graffiti removal, perhaps more than any single activity, is essential to the prevention of deterioration and disorder. It is the most recognizable sign of incivility. Graffiti's absence greatly contributes to the community's sense of order and security. Table I-11 illustrates the City's historic funding, staffing efforts, and contractor costs for removing graffiti. On average, each year the City responds to approximately 370 calls.

Table I-11
Graffiti Removal Summary

Fiscal Year	Number of Hotline Calls	Number of Locations	Total Costs	Cost per Location
FY 99-00	240	530	\$55,374	\$104
FY 00-01	349	479	\$44,115	\$92
FY 01-02	375	406	\$45,117	\$111
FY 02-03	363	611	\$57,517	\$94
FY 03-04	399	686	\$62,572	\$91
FY 04-05	505	693	\$66,411	\$96
FY 05-06	569	908	\$76,110	\$84

Code Enforcement

Maintain Standards

Strategy: *Meet Standards for Code Enforcement and Water Quality Inspections*

Standard: *Respond to referrals involving potential life-safety issues within 48 hours. Respond to referrals involving non-life safety issues within five days. Meet site inspection requirements for existing development as mandated by State water quality permits*

An important strategy to prevent deterioration is to identify and swiftly eradicate signs of neighborhood decay. Code enforcement and inspection activities are a "first-line" of defense in this effort.

A Clean and Well Maintained Environment

Code enforcement activities include:

- Responding to referrals regarding unsafe building construction;
- Ensuring that existing development adheres to minimum code requirements;
- Identifying and removing unpermitted signs and banners;
- Enforcing zoning ordinances and code requirements when unpermitted building uses or construction is identified;
- Conducting an annual weed abatement program;
- Preparing evidence and documentation to obtain compliance through legal action; and,
- Inspecting commercial and industry sites for water quality compliance.

Over the long-term, as the City transitions from growth to maturity, code enforcement activities will increase. Increasing the City's physical size through annexations, coupled with the aging of the City's physical infrastructure, will contribute to additional code enforcement costs without corresponding increases in revenues. Over the long-term, supplemental funding sources will need to be developed to help offset the cost of providing this service. Table 1-12 shows the five-year Code Enforcement history.

Table 1-12
Code Enforcement

Code Enforcement Services	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Number of Cases	870	874	1,147	1,157	1,320
Number of Unpermitted Signs Removed	5,000	5,493	5,115	6,533	9,504
Number of Water Quality Inspections and Cases				776	406

A Clean and Well Maintained Environment

Strategic Goal Success Indicators

Indicators of success toward meeting the strategic goal of achieving a clean and well-maintained physical environment are noted below:

Standards Met: The City measures success by evaluating if standards have been met for maintenance, plan review, inspections, and graffiti removal. This evaluation is completed in conjunction with the development of the annual budget.

No Observable Deterioration: This indicator is measured by observing if and where deterioration is occurring.

Community Satisfaction: An important aspect of meeting strategic goals is assessing whether the community is satisfied with the level of cleanliness and maintenance in Irvine. Recent resident satisfaction surveys have all rated neighborhood services, including maintenance of parks and facilities, at a very high level.

**A Clean
and Well
Maintained
Environment**

Chapter Funding Summary

General and Special Fund expenditures and resources identified in this Chapter that advance the City’s goals are indicated in the following tables. These tables list funding sources, the expenditures that use the funds as well as the net overall funding balance. The resource expenditures and resources identified are in addition to the funding assumptions included in the General Fund Fiscal Model.

Historically, major arterial street rehabilitation projects have received 25% funding by grant sources. Grants that are anticipated, but not yet awarded, have not been included as funding sources in the following tables. Irvine continues to be well positioned to receive future awards from granting agencies.

Revenue Funding Sources	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Arterial Street Rehabilitation:					
Infra & Rehab (Fund 010)	\$2,128,000	\$100,000	\$0	\$0	\$0
Gas Tax (Fund 111)	\$2,185,855	\$6,022,316	\$3,174,517	\$3,390,767	\$3,438,018
M Turnback (Fund 110)	\$1,016,145	\$772,240	\$944,755	\$805,891	\$2,267,906
Slurry Seal (Fund 132)	\$600,000	\$500,000	\$500,000	\$500,000	\$500,000
Local Street Rehabilitation:					
Gas Tax (Fund 111)	\$1,070,000	\$1,000,000	\$1,000,000	\$980,000	\$1,020,000
M Turnback (Fund 110)	\$1,070,000	\$940,000	\$1,070,000	\$1,000,000	\$1,020,000
Bridge Rehabilitation:					
Infra & Rehab (Fund 010)	\$0	\$45,000	\$0	\$50,000	\$50,000
Gas Tax (Fund 111)	\$50,000	\$55,000	\$100,000	\$10,000	\$50,000
Hardscape Rehabilitation:					
Infra & Rehab (Fund 010)	\$140,000	\$146,000	\$124,000	\$114,250	\$0
Gas Tax (Fund 111)	\$175,000	\$182,500	\$191,000	\$200,750	\$210,500
Strom Drain Rehabilitation:					
Infra & Rehab (Fund 010)	\$500,000	\$150,000	\$200,000	\$150,000	\$0
SDC Circ (Fund 118)	\$325,000	\$0	\$0	\$0	\$0
Gas Tax (Fund 111)	\$300,000	\$0	\$0	\$0	\$0
Traffic Signal Rehabilitation:					
Infra & Rehab (Fund 010)	\$125,000	\$0	\$659,868	\$1,018,700	\$1,422,449
M Turnback (Fund 110)	\$1,679,700	\$1,442,582	\$1,201,832	\$800,000	\$424,251
Gas Tax (Fund 111)	\$0	\$284,118	\$0	\$0	\$0
Landscape Rehabilitation:					
Infra & Rehab (Fund 010)	\$1,064,331	\$1,162,086	\$320,318	\$748,086	\$711,997
Gas Tax (Fund 111)	\$720,000	\$720,000	\$720,000	\$720,000	\$720,000
TEA Grant	\$37,940	\$316,169	\$0	\$0	\$0
Playground/Facilities Rehab.:					
Infra & Rehab (Fund 010)	\$2,943,875	\$3,085,814	\$3,229,172	\$3,418,964	\$3,615,554
SDC Non-Circ (Fund 118)	\$697,820	\$619,990	\$620,864	\$341,191	\$347,000
ICCP Reimbursement	\$103,929	\$104,968	\$106,018	\$107,078	\$113,235
Total	\$16,932,595	\$17,648,783	\$14,162,344	\$14,355,677	\$15,910,910

Expenditures	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Arterial Rehab Programs	\$2,160,000	\$3,070,000	\$3,220,000	\$3,570,000	\$4,680,000
Arterial Rehab Projects	\$3,770,000	\$4,500,000	\$10,200,000	\$10,840,000	\$7,960,000
Local Street Rehab Projects	\$2,140,000	\$1,940,000	\$2,070,000	\$1,980,000	\$2,040,000
Bridge Projects	\$50,000	\$100,000	\$100,000	\$60,000	\$100,000
Hardscape Rehab Projects	\$315,000	\$328,500	\$345,000	\$361,750	\$378,500
Storm Drain Projects	\$1,125,000	\$150,000	\$550,000	\$150,000	\$150,000
Traffic Signal Rehab Projects	\$1,804,700	\$1,726,700	\$1,861,700	\$1,818,700	\$1,846,700
Landscape Projects	\$1,822,271	\$2,198,255	\$1,830,000	\$1,830,000	\$1,895,000
Facility Rehabilitation Projects	\$3,047,804	\$3,190,782	\$3,335,190	\$3,526,042	\$3,728,789
Playground Equip. Projects	\$697,820	\$619,990	\$620,864	\$341,191	\$347,000
Total	\$16,932,595	\$17,824,227	\$24,132,754	\$24,477,683	\$23,125,989

Clean & Maintain Balance	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total Revenues	\$16,932,595	\$17,648,783	\$14,162,344	\$14,355,677	\$15,910,910
Total Expenditures	\$16,932,595	\$17,824,227	\$24,132,754	\$24,477,683	\$23,125,989
Net	\$0	(\$175,444)	(\$9,970,410)	(\$10,122,006)	(\$7,215,079)

Chapter Introduction



Sustaining a safe community is one of the City's most important goals. Irvine continues to receive national recognition as a safe and secure community. Examples

of this recognition include "safest city for violent crime in the nation for cities with a population of 100,000 or more" according to the FBI Uniform Crime Report.

A community's perception of safety and security is critical to a high quality of life. Visible signs of disorder such as graffiti, vagrancy, and groups of young people congregating in inappropriate places can engender fear among residents, even when public infrastructure is adequately maintained and indicators, such as crime rates, are actually low.

Studies have shown that when people fear crime, they tend to alter their behavior to avoid becoming victims. People stay home at night, avoid strangers, drive when they could walk, and limit their use of public parks and other community facilities.

In turn, these changes in behavior may lead to further deterioration of the social fabric as people begin to feel isolated, less loyal to the community, withdraw from community life, and contemplate moving elsewhere. High levels of fear in a community may also result in negative impacts on its economic base because businesses and residents will naturally move to areas where they feel safe. Therefore, it is important to address and prevent both the reality and the perception of disorder within the community.

The response to actual disorder is usually a reactive police presence. While emergency response is an integral component of any plan to address disorder, it is also the most costly and often is the least effective in reaching long-term solutions. Active preventive strategies such as graffiti removal and maintaining landscaping, streets, and public facilities can prevent disorder from ever taking hold. Other prevention strategies include community oriented policing and crime prevention through environmental design concepts. It may also include providing community programs that promote socially productive behaviors in our youth,

Safe Community

promote and assist families, and encourage events that draw our culturally diverse community together.

Through the City Council's leadership, Irvine will continue to focus resources on preventing disorder. The City's strategies to achieve a safe community are based on the assumption that prevention strategies are a more effective and, in the long-run, a more efficient means to sustaining a safe and secure community.

Public Safety

Emergency Response Services

Strategy: *Provide Timely and Effective Police Response to Emergency and Non-Emergency Calls for Service*

Standard: *Respond to Priority E events within six minutes, 85% of the time and Priority I events within ten minutes, 85% of the time*

Providing for the public's safety is a dynamic and complex effort. To ensure that response time standards to calls for service are met, appropriate and effective uses of resources are required by the Public Safety Department. Priority E calls are life-threatening events that require immediate response using red lights and sirens, and Priority I calls are in-progress crimes that have the potential of being life threatening.

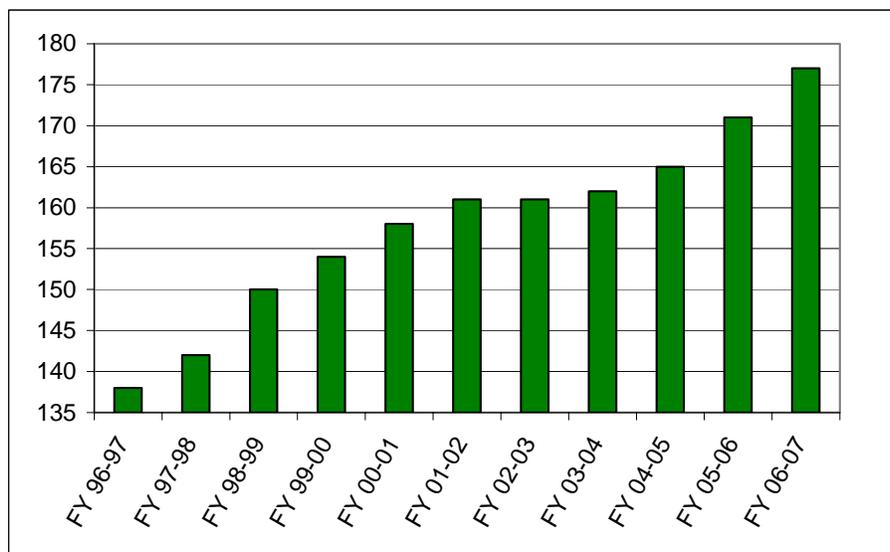
Objectives To Enhance Emergency Response Times Include:

- Provide specialized teams and tactics to respond effectively to emergency events.
- Utilize the geographic deployment of emergency field personnel.
- Explore strategies to reduce false alarms, allowing police officers to respond to real emergencies.
- Keep restricted parking areas free from obstructions, providing for the safe flow of traffic.
- Explore methods to more quickly move emergency vehicles throughout the City (traffic signal pre-emption, median cuts, click to enter technology).

Safe Community

The City remains committed to maintaining appropriate levels of Police Officers and resources necessary to provide effective response times to calls for service. Chart II-1 shows the increasing number of Police Officers added over the last nine years.

Chart II-1
Sworn Police Officer Staffing Level



Source: Public Safety Department

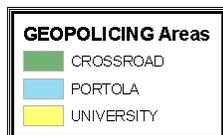
Strategy: *Geographic-Based Policing*

Already in use in a variety of cities in the United States, Irvine's Geo-Policing model is designed to bring citizens and government closer together to identify problems and find solutions to neighborhood and community-wide issues.

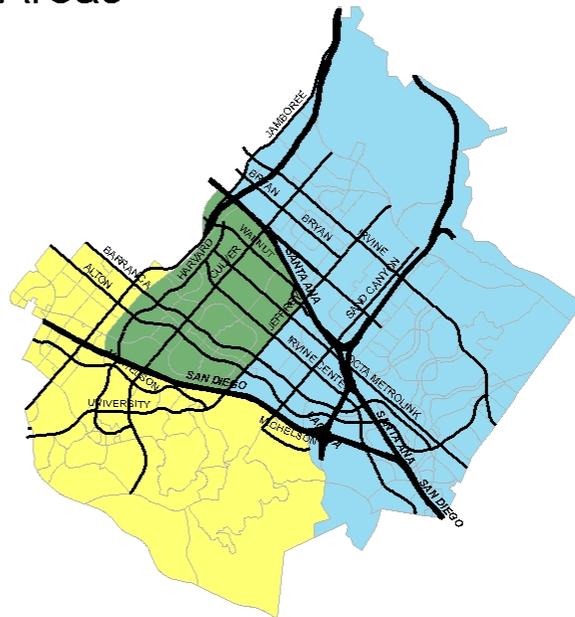
Irvine is already known as one of the safest communities in the nation. Irvine's Geo-Policing plan was implemented in 2003, after 14 months of careful research and planning. Rather than randomly patrolling the City, officers now are assigned to one of three geographic regions with a commander and support staff assigned to each area. These areas were determined through the use of a sophisticated software program that analyzed officer workloads, as well as the type and volume of calls responded to by officers. Other major considerations included the need to maintain natural borders, recognize pre-established villages, and to balance officer workloads.

Safe Community

Irvine Police Department Geo-Policing Areas



Created by the IPD-Crime Analysis Unit
11/14/2005
Data provided by City GIS - GeoDatabase



Police Officers are deployed into defined areas for extended periods of time. By focusing on specific geographic regions, Officers gain a better understanding of what is going on in and around that neighborhood. As a result, Irvine Police Officers are better poised to help address and solve problems.

Community Oriented Policing Strategies include:

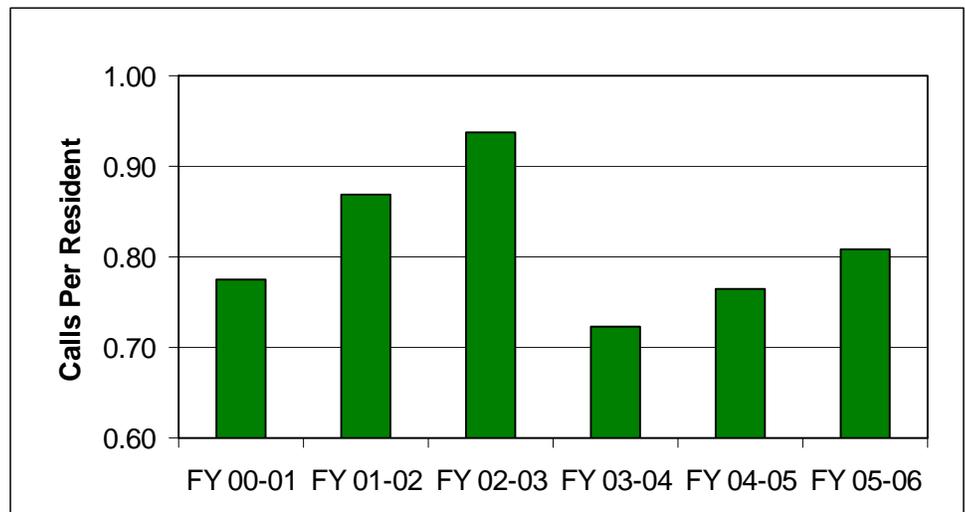
- Utilization of newer, more effective, technologies to track and manage crime data and to assist in the automated dispatching of calls for service;
- Identification and resolution of crime and disorder problems through the extensive use of crime analysis;
- Maintenance of a full-service police sub-station at the Irvine Spectrum Center to support the Irvine Spectrum Policing Team responsible for ensuring the safety of visitors to this venue;
- Continue of field officer deployment to better design “beats” and assign support personnel;
- Using a management strategy known as “Differential Police Response” to make the best use of available resources and to develop creative solutions to assist field officers by expanding the role of civilian employees in assisting Officers;

Safe Community

- Expansion of civilian volunteers and interns to assist department personnel in community policing activities; and,
- Deployment of field personnel into smaller geographic areas for longer periods of time to instill a sense of ownership for those geographic areas.

Policing efforts in Irvine continue to change. Examples include calls for service, percentage of officer initiated calls, and per capita crime rates. Chart II-2 illustrates how per capita calls for service have changed in the last five years.

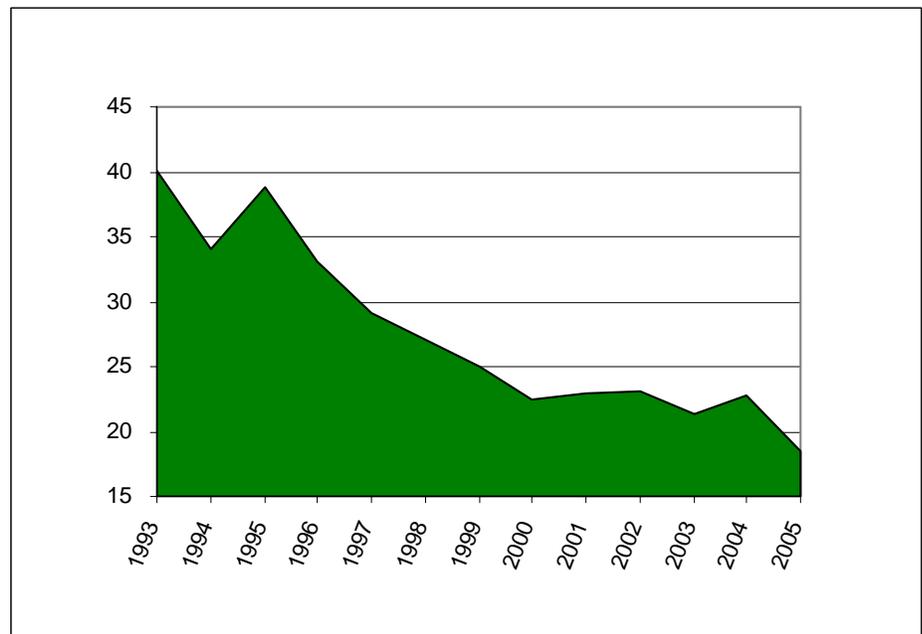
Chart II-2
Per Capita Calls for Service



Source: Public Safety Department

Chart II-3 illustrates that crime per 1,000 residents has dropped from 40 crimes per thousand population to 19 over the last twelve years.

Chart II-3
Crimes Per 1,000 Residents



Source: Public Safety Department

Strategy: *Maintain Active Involvement as a Member of the Orange County Fire Authority*

As the largest of the 22 contract member cities in the Orange County Fire Authority (OCFA), Irvine is a major contributor to Orange County fire protection and emergency medical services.

Irvine property owners pay for fire services through a portion of their property tax payments. The City also receives additional fire service enhancements funded through OCFA's budget surpluses. Approximately \$41.9 million of Irvine property tax dollars have been allocated to the OCFA in FY 05-06 (please refer to Appendix E, Figure E-6, for more information on property taxes). Staff continues to monitor the public safety partnership established with the OCFA to ensure that response standards are met and that the City receives appropriate fire service enhancements in the future.

Building and Safety

Building Safety

Ensuring that the homes and buildings are constructed to meet the health and safety standards, adopted in the City's Building, Fire, and Grading Code, is essential for the public welfare and a safe community. Building Code requirements include standards to promote structural and seismic safety, to promote safe water, sewer, gas, and building ventilation systems. Code requirements include standards to reduce the potential for electric shock, fire, flooding, and to ensure that geotechnical hazards due to landslides, excessive settlement, and seismic events are mitigated.

Strategy: *Provide Effective Enforcement of City Building, Fire, and Grading Codes*

Plan check and field inspection staff are responsible for enforcing City Building and Grading Codes. Orange County Fire Authority Staff provides plan check and field inspection services for the enforcement of City Fire Codes. Adequate staffing and contract resources are necessary to perform timely plan reviews and field inspections and are needed to ensure construction conforms to City codes. The City employs qualified engineers for performing technical plan reviews of structures, plumbing, mechanical systems, grading, and geotechnical reports and plans. The City employs certified Building Inspectors and provides an ongoing training program. Additionally, the City adopts the latest building codes based on State Code adoption. The City minimizes local code amendments in order to promote statewide uniformity but amends the code for significant local conditions. Working in cooperation with the Orange County Fire Authority, the City adopts and maintains codes for development in urban-wildland interface areas. Additionally, the City develops and maintains a Security Code to minimize crime through environmental design.

Development Services costs are paid for by applicants requesting building services through plan check and inspection fees. Full development costs are recovered for these development services (with the exception of services to homeowners where costs are partially recovered). Table II-1 shows the five year history for Plan Check and Inspection Services.

The City now provides online access to building permit information, parcel information, and inspection scheduling. The City will continue to expand online services.

Table II-1
Plan Check and Inspection

Plan Check-Inspection Services	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Number of Plan Checks	2,704	2,384	3,185	3,431
Number of Inspections	140,751	156,835	156,200	142,089
Valuation of New Construction*	\$771	\$757	\$867	\$1,091

* (\$ Millions)

Source: Community Development Department

Park, Facilities, and Open Space

Parks and Facilities

Strategy: *Implement the Five-Year Parks and Facilities Construction Program*

Standard: *Develop Facilities and Parks consistent with the City's adopted General Plan, Zoning Ordinance, Park Plans, and the Northern Sphere Community Park Agreement*

Since its incorporation Irvine has used many methods to develop its parks and open space facilities through the use of development requirements, such as the Quimby Act, as well as through funding mechanisms such as park bonds, grants, and also General and Special Fund resources.

Irvine's growing park acreage and facilities are anticipated and incorporated into the General Fund Fiscal Model consistent with the City's adopted General Plan, Zoning Ordinance, and Subdivision Ordinance requirements. Table II-2 is a five-year projection of City-initiated park and facility development. Table II-3 shows the parks and other facilities scheduled to be added over the next five years that are being constructed by developers and dedicated to the City as a condition of development.

In total, the Fiscal Model five-year projection includes 233 acres of new parkland, including acreage from special facilities such as the Jeffrey Open Space Spine, and also

Safe Community

135,014 square feet of new public facilities. The City's Fiscal Model anticipates the operation and maintenance funding necessary to open these parks as they are accepted by the City.

Table II-2
City Initiated Park and Facilities Projects
Community Services

Parks & Facilities Development	FY 2007-08	FY 2008-09*	FY 2009-10*	FY 2010-11*	FY 2011-12*
University Comm. Park - Community Center Design	\$400,000				
Construction	\$5,119,065				
Hicks Canyon Com. Park - Community Center Parking study	\$75,000				
Construction		\$3,000,000			
Bill Barber Com. Park Phase III Design & Constr. Drawings		\$300,000			
Construction		\$4,600,000	\$4,600,000		
Quail Hill Com. Park - Phase II Master Plan design	\$264,413				
Design & Constr. Drawings		\$800,000			
Construction				\$3,800,000	\$3,700,000
Oak Creek Com. Park - Phase II Master Plan Design	\$25,000				
Soccer Fields & Trail		\$1,800,000			
Community Center				\$5,000,000	
Jeffrey Open Space Trail Design & Constr. Drawings	\$20,000				
Construction					\$1,000,000
Total	\$5,903,478	\$10,500,000	\$4,600,000	\$8,800,000	\$4,700,000

*Actual funding plan subject to Council direction.

Table II-3
Five Year Community Service's Park and Facility
Inventory Projection

FY 2007/08		Acres	Facilities*
Sweetshade PA 38	Neighborhood Park	8.8	3,000
University Park Community Ctr.	Community Park		5,650
Jeffrey Open Space Trail (Segment 3)	Special Facility	34.2	700
Subtotal		43.0	9,350
FY 2008/09			
Trailhead PA 1	Special Facility	3.4	800
PA1-Settlers	Neighborhood Park	6.0	775
Hicks Canyon Community Ctr.	Community Park		4,000
Oak Creek Soccer Field	Community Park	1.0	
Subtotal		10.4	5,575

Table II-3 (continued)
Five Year Community Service's Park and Facility Inventory Projection

FY 2009/10			
Gateway Park Phase I & II PA 6	Community Park	44.0	1,812
Portola Springs PA 6	Community Park	25.0	24,200
Jeffrey Open Space Trail (Segment 4A & 4B)	Special Facility	18.4	982
Trabuco Community Ctr. PA 9A	Community Park	3.0	6,400
Col. Bill Barber Phase III	Community Park		18,500
Heritage Fields	Neighborhood Park	5.5	1,841
Subtotal		95.9	53,735
FY 2010/11			
Gateway Park Phase III PA 6	Community Park	27.0	38,500
PA 6	Neighborhood Park	5.0	1,206
Heritage Fields	Neighborhood Park	8.7	2,904
Jeffrey Open Space Trail (Segment 1 & 4C)	Special Facility	26.5	481
Oak Creek Community Ctr.	Community Park		7,500
Subtotal		67.2	50,591
FY 2011/12			
PA 5	Neighborhood Park	5.0	775
PA 9B	Neighborhood Park	5.0	775
Heritage Fields	Neighborhood Park	6.6	2,214
Quail Hill Wilderness Ctr.	Special Facility		12,000
Subtotal		16.6	15,764
Total		233.1	135,014

* measured in square feet

In addition, the City is evaluating potential future investments in new administrative and operational facilities as it plans for future growth. The new investment is required to maintain Irvine's high quality of life by scaling operations in-line with growing service demands. Ideas being studied include building an additional Senior Center, expanding local library services, building a new police station, expanding the City's Operations Support Facility, modifying the Civic Center, and also the possibility of building a parking structure in support of the Civic Center/Bill Barber Park complex.

City staff is currently evaluating the merits and possible funding mechanisms for each of these ideas. One possible funding source is a cooperative agreement recently signed between the City and the County of Orange regarding the Frank R. Bowerman landfill in Irvine. The Council approved agreement stipulates that the City of Irvine will be paid host-fee revenues for allowing the extended operation of the landfill through the year 2053. As a result, a lump sum

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payment of \$5.5 million will be paid to the City no later than October 2007 and then quarterly fees based on tonnage of waste accepted at the facility will be paid to the City beginning in 2014 when new areas of the landfill begin to receive waste for disposal.

The Bowerman landfill revenue will be deposited into a new Special Fund that will keep the money distinct from the City's every day operational funds. As a result this revenue source is not included in the Strategic Business Plan General Fund revenue projections, but a recent analysis of the expected revenue indicates that the City can expect to receive more than \$102 million from this agreement. When discounted at an assumed annual inflation rate of 3% this agreement has an expected present value to the City of approximately \$56 million. This is funding that can be used for various facility investments or might also be used to make debt service payments on bonds issued to finance the construction of new facilities.

Additionally the City is scheduled to repay its outstanding Irvine Public Facilities and Infrastructure Authority bonds on November 1, 2010. This will free approximately \$6 million per year in General Fund debt service payments beginning in fiscal year 2011-2012. Anticipating the need for funding for various special facilities, however, \$6 million has been included in the Strategic Business Plan forecast as a continuing expenditure past fiscal year 2010-2011. This serves as a placeholder allowing for the issuance of new bonds if necessary for the financing of special facilities. This funding, along with the Bowerman landfill revenue and other possible revenue sources including grant opportunities, are all being investigated as possible financing options.

City staff is currently evaluating the benefits of each investment option in providing services desired by the Council and citizens to the community through the City's build-out. It is anticipated that staff will come to the City Council this year for direction in the development of an investment plan and that the resulting long-term capital costs will be reflected in future updates to the Strategic Business Plan.

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Open Space

Strategy: *Provide Sound Stewardship of Open Spaces*

Standard: *Develop Open Space lands consistent with the City’s adopted General Plan, Open Space Ballot Measure, Natural Communities Conservation Program Agreement, and Open Space Master Park and Facilities Standards*

The City’s Open Space program is divided into the Southern and Northern Open Space Preserves. Within the Southern Open Space Preserve, the City has received 2,202 acres. As indicated in Table II-4, during the next five years, it is anticipated that the City’s Southern Open Space inventory will increase by 1,234 acres, such that by FY 11-12 the City will be responsible for 3,436 acres.

Table II-4
Southern Open Space Dedication

Southern Open Space Acres	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Current Total	2,202	2,970	3,436	3,436	3,436
Additional Acres	768	466	-	-	-
Total	2,970	3,436	3,436	3,436	3,436

The dedication and preservation of the Southern Open Space Preserve involves a two-stage process. During the first, or dedication stage, the City embarked on extensive planning and coordination efforts with the landowner, resource agencies, and adjacent jurisdictions. As part of that effort, the City developed the Open Space Preservation Master Plan and the Open Space Recreation and Resource Master Plan, and initiated limited public access to a portion of the Southern Open Space Preserve. These on-going planning and land management requirements now guide Irvine’s commitment to the Natural Communities Conservation Program and are being implemented in conjunction with the agreement the City entered into with the Irvine Ranch Land Reserve Trust Agreement (IRLRTA).

Approximately 2,577 acres have already been dedicated to the County of Orange as part of the County’s Limestone Canyon Regional Park. As development activity continues in the northern part of Irvine, dedication of the Northern Open Space Preserve will occur and will include approximately

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3,367 acres as indicated in Table II-5. Currently, dedication of 3,367 acres is anticipated through FY 11-12

Table II-5
Northern Open Space Dedication

Northern Open Space Acres	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Current Total	-	-	1,162	2,179	3,367
Additional Acres	-	1,162	1,017	1,188	-
Total	-	1,162	2,179	3,367	3,367

With the planned development of the Jeffrey Open Space Trail (JOST), the Northern and Southern Open Space Preserves will be linked. During the next five years it is anticipated that approximately 90 acres of the JOST will be developed concurrently with property development in Planning Areas 6, 9A, 9B, and 40.

By consolidating conservation and open space acres into large contiguous areas, and by establishing a network of open space spines linking those areas, the City will promote stewardship to protect, maintain, and enhance the integrity of the ecosystem. This stewardship will also provide for public use of the land for passive recreation, environmental education, scientific research and other uses compatible with the natural amenities. Funding for the maintenance and operation of the southern and northern open space preserves has been anticipated and included in the General Fund Fiscal Forecast.

Family Support Services

Educational Opportunities

Strategy: *Support Our Children and Our Schools through the City of Irvine Educational Partnership Fund Program*

Approximately 28,500 elementary, middle, and high school students live in Irvine. Of this, 2,800 students attend schools within the Tustin Unified School District (TUSD) and 25,700 students attend within the Irvine Unified School District (IUSD). At IUSD, there are 16,900 in elementary and middle schools, and 8,800 in the high schools. At TUSD, there are 2,100 in elementary and middle schools, and 600 in high schools located in the City of Irvine. Based on these

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enrollment numbers, 90.24% of the available Educational Partnership Funds will be earmarked for IUSD programs, and 9.76% of the available funds will be earmarked for TUSD programs. The City supports our school districts through a variety of programs including school resource officers at high schools and middle schools, aquatics center construction, maintenance and operations, School Crossing Guards, D.A.R.E education, and joint use facilities.

The mission of the City of Irvine Educational Partnership Fund Program is to further support both school districts and advance the goal of providing Irvine residents with the safest community, the highest quality of life, and the best public resources available. This program is intended to supplement, not supplant, existing City-funded programs.

The Irvine Educational Partnership Fund is now providing annual funding to add or appreciably enhance activities within our schools to help children excel and contribute to the community. By providing grants that enhance health services, guidance services, special education, and cultural and art programs, children will have opportunities to overcome circumstances that decrease their potential to be successful and productive members of society. The funding source for the program is \$500,000 contributed annually from the City's Carryover funds

Recreational Activities

Strategy: *Provide Recreational Activities for Children and Youth that Promote Socially Productive Behavior*

Our youth are disproportionately both the victims and the perpetrators of crime. Statistics indicate that children are being drawn into criminal behavior at increasingly younger ages partly because they are not developmentally prepared to make appropriate choices about how to use their unstructured time. While the direct costs of crime are enormous, investing in proactive, preventive programs such as after school activities is a bargain by comparison.

The most cost-effective long-term approach to securing a safe community is through promoting socially productive behaviors in childhood. Young people need positive recreational activities that provide the opportunity for them to form healthy adult relationships and develop a high

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degree of self-direction and personal responsibility. The City can play a logical role in this process and can provide such programs and activities, by offering a variety of age-appropriate recreational activities throughout the year. These programs ensure that children and youth have many opportunities to interact with and develop respect for other members of the community. Participation in community activities, where caring adults provide consistent and appropriate modeling, promotes positive social development in youth. In turn, these activities increase community safety by decreasing the likelihood that youth will become involved in criminal activity.

Recreational activities and programs offered through the Community Services and Public Safety Departments will continue to encompass a broad spectrum of issues and interests. The City's recreational programs are designed to be age-appropriate and are offered on days and times convenient for participants at reasonable fees. Programs listed in Table II-6 are examples of those funded in the FY 06-07 budget and continued funding for these programs are included in the General Fund Fiscal Forecast.

Table II-6
Children, Youth, and Families Programs
and Recreational Activities

<ul style="list-style-type: none"> • Middle School Programs • Vacation Camps • Youth Action Teams • Irvine Youth Employment • Fine Arts Programs and Camps • Adult and Youth Athletics • Aquatics Programs • Cross Cultural Programs and Support • Police Explorers • DARE (Drug Awareness Resistance & Education) 	<ul style="list-style-type: none"> • Mobile Recreation Program • Kids Klub Program • Leadership In Training Program • Adventure Playground • Nature Center Programs • Open Space Programs • Community Education Classes • Cultural Programs • Special Events • Community Parks Programs
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Strategy: *Provide Facilities and Activities that Promote a Safe Environment for Irvine's Youth*

Irvine has developed an extensive network of parks and facilities for recreational purposes to ensure that places exist for large groups of youth to safely interact. Currently, the City has developed 18 community parks (12 containing athletic facilities) and 34 neighborhood parks (22 containing athletic facilities), and 2 vista point parks, as well as a skate park facility located within Harvard Community Park.

Through diligent maintenance efforts, Community Services and Public Works department staff members ensure that Public buildings, parks, and athletic facilities are clean and safe for all to use. The Public Safety Department, through Geo-Policing; as well as Community Services Department site supervision, add a significant contribution to ensure the safety of large groups utilizing City facilities.

As new development occurs, the City will continue to evaluate opportunities to create places for youth to engage in appropriate group activities. Such opportunities could include commercial facilities and churches, or space for City or community programs. These places will be accessible, attractive, visible, and safe. Finally, the City will attempt to attract quality commercial recreation ventures through economic development efforts.

Strategy: *Implement the Strategic Plan for Children, Youth and Families and Work to Promote the Well-being of Local Families*

Irvine is committed to providing and promoting a safe, secure, protective, healthy, and stimulating environment for all children, youth, and families. In 2003 the City Council directed staff to prepare a report on the condition of children, youth and families in Irvine. The purpose of the report was to:

- Measure the well-being of children, youth and families residing in Irvine;
- Spotlight the positive results and identify areas of need;
- Compare similar indicators at City, County and State levels; and,
- Guide funding decisions about conditions documented in indicator reports.

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The report was presented to Council in 2005 and included 14 indicators measuring the well-being of children, youth and families. In response, the City Council committed resources for a biennial update of the report, with the next version due in 2007. The 2007 Indicators Report on the Conditions of Children, Youth and Families is scheduled to be presented to City Council in April, 2007. The updated report will include more than 40 indicators to provide a comprehensive perspective of the health and well-being of children, youth and families in Irvine.

The findings from the 2007 Indicators Report and also from a series of meetings with community members, children, youth and family experts and service providers will provide the foundation for the development of a strategic plan. The strategic plan will provide the information and data that the City Council needs to formulate policy and funding decisions from 2008 to 2013.

In FY 07-08 the Community Services Department will investigate implementation of a Financial Literacy effort as part of the overall program. The focus of this collaborative effort would be to provide education on financial topics to young community members while also supporting adults in the community who may need access to these resources.

In addition, the City currently offers multiple programs to promote the safety, health and well-being of families. Table II-7 describes some of these programs.

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Table II-7
Activities and Resources that Support and Assist Families

<ul style="list-style-type: none"> • Tailored Residential Paratransit Service • Irvine Adult Day Health Services Partnership • Congregate Nutrition Program • Senior Services Resource Center • Irvine Child Care Project (City/Irvine Unified School District – Joint Powers Authority) • Scholarship Programs • Child Care Partnerships (Irvine Child Development Center & Irvine Community Nursery School) 	<ul style="list-style-type: none"> • Child Resource Center • Crossing Guards • Parent Education Classes • Community Safety Classes • Enrichment and Self Improvement Classes • Parent Education Classes • Services for Persons with Disabilities • Irvine Adult Transition Program • Irvine Prevention Coalition • FOR Families Program • Juvenile Diversion Program • School Resource Officers
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Source: Community Services Department

Community Services and Public Safety will continue to offer a variety of activities and resources that support and assist families. This assistance takes the form of financial, social, emotional, nutritional, and educational support. Some activities assist parents in finding or maintaining employment. Others help families learn to live together peacefully.

Community Access

The City promotes activities that encourage social cohesion and community participation, which is an important element that helps our City maintain its reputation as one of the safest communities in the nation. Irvine continues to provide access to City services which promotes a healthy community where people can interact with their neighbors and gather as a community.

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Strategy: *Engage a Culturally Diverse Community*

One of Irvine's strengths, as a community, is its rich cultural diversity. As our multi-national community grows and flourishes, the benefits and challenges of our diversity increases. The City has long been committed to maximizing opportunities for people from diverse cultural backgrounds to engage their community. On-going efforts are noted below:

- Support for Irvine's Sister City Program, which is comprised of relationships with Hermosillo, Mexico; Tsukuba, Japan; and Taoyuan, Taiwan. Through this program, Irvine has a window to the world through which we can see opportunities for greater understanding, appreciation for different cultures, business development, and cooperation. In collaboration with the Irvine Sister Cities Foundation, the City coordinates a variety of programs each year such as student exchanges, professional exchanges, and arts programs.
- Support for the development of the Irvine Multicultural Association, which promotes harmony, greater understanding, and respect between cultures through educational and social programs for people of all ages in our community.
- Implementation of cultural celebrations including the annual Irvine Global Village event.
- Establishing and sustaining a variety of collaborations with community groups serving cross-cultural health, mental health, social service, religious, and cultural-sharing needs.

Acknowledgement of and appreciation for community diversity is not limited to these specialized programs. The City also offers a full spectrum of classes and events offered through the Community Services Department, including:

- Culture-specific cooking and dance classes;
- Fine Arts Center exhibitions;
- English-as-Second-Language classes;
- Kids Klub school age children's culture-specific activities (snacks, crafts, games, and music); and,
- Senior nutrition program which provide special meals.

As the world becomes more connected through technology and trade, it is imperative that Irvine maintain and enhance its connections to the world beyond our City limits. Therefore, the City will continue to dedicate resources and

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energy towards developing partnerships and collaborations worldwide.

Strategy: *Engage Senior Citizens*

The City promotes the safety, mental and physical health and well-being of its older residents through the provision of positive social, recreational, educational, nutritional, and transportation services. The City's two well-attended Senior Centers offer hundreds of activities that bring thousands of people together each year. Older residents continue to volunteer their time (over 58,000 hours last year) to help provide service at the Senior Centers and in the community.

The Irvine Adult Day Health Center is another service that Irvine supports. Operated by a non-profit organization, this facility (the only one of its kind in the City) brings seniors and people with disabilities into an environment where they receive social and medical support.

Both of the City's senior centers are operating at full capacity and are reaching the limits of their ability to meet service demands. As the City continues to develop its residential areas, Irvine's population will increase and, correspondingly, so will the number of older residents. Indeed, people age 45 and over represent the fastest growing demographic category in our community. The City will need to develop new strategies to service an aging population. One such strategy, in initial stages of exploration, is the inclusion of public spaces suitable to seniors in the Northern Sphere. Included in the FY 07-08 budget are funds to enable expanded senior transportation services.

Strategy: *Engage Persons with Disabilities*

For persons with disabilities, societal barriers impose many additional handicaps. Many of these barriers involve transportation, housing, and employment. In recognition of this reality, the City provides accessible activities and events to allow for full inclusion of people with disabilities. Some of these activities include: golf clinics, community excursions, bowling, dances, and dinner-and-movie events. The Tailored Residential Paratransit Service provides transportation for these events and day-to-day transportation for people with disabilities. The City also provides support for people with disabilities through referrals, access reports, and quarterly newsletters. Through these services, people with disabilities

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have opportunities to participate in community and public activities and may lead more fulfilling lives.

In the upcoming years the City efforts will focus on three major objectives: increasing access to affordable and accessible housing for persons with disabilities; increasing employment and volunteer opportunities for persons with disabilities; and increasing community awareness about disability-related issues.

Strategy: *Engage the Community at the Irvine Civic Center*

For the last four years, the Irvine Civic Center has served as a central locale for bringing the community together. Funding provided through the Irvine Hotel Improvement District has enabled the City to provide a series of affordable, diverse, and enriching cultural and educational programs designed to entice participants of all ages and interests. Examples of these programs include:

- Irvine Global Village
- Joyful Jingles
- Spring and Summer Concert Series
- Shakespeare in the Park

Civic Center cultural programs will continue in the years ahead funded by the Hotel Improvement District (Table II-8). Plans include September Sundays performances, lecture series, classical concerts, and a variety of other programs that will be structured to appeal to different multi-cultural audiences.

Table II-8
Hotel Improvement District Funding

Funding Sources	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Hotel Improvement District	\$587,000	\$614,000	\$642,000	\$686,000	\$720,000

Strategic Goal Success Indicators

Success indicators for this strategic goal to promote a safe and secure community are noted below:

Community perception of safety: An important indicator of success is the community's perception of safety. City departments cooperate to educate and work with residents, businesses, community groups, and neighborhood associations to enhance safety and livability. A key assumption underlying the selection of the City's strategic goals is that in areas where fear levels are high, the quality of life is diminished. Therefore, neighborhoods that are well defined with adequately maintained infrastructure and active neighborhood associations make the City an inviting place to work, live, and play, and where people feel safe and secure.

While no single strategy can guarantee community perceptions of safety, the Strategic Business Plan as a whole assumes that the combination of community characteristics and various approaches detailed in the Plan contribute to feelings of security.

No signs of disorder: No signs of disorder, including vandalism, loitering, graffiti, and criminal activity, are an important success indicator.

Crime rates per capita: Evaluation of changes in crime rates per capita is one important indicator in measuring and achieving a safe and secure community. As an example, Part I crime rates have dropped from 43 crimes per thousand population in 1990, to 19 crimes per thousand in 2005.

Change in the nature of events involving juveniles: Juveniles are disproportionately the perpetrators and the victims of crime. Juvenile crime rates are an important indicator of the level of criminal activity, particularly as they relate to gang activity. Tracking and evaluation of data on gang activities and juvenile crime is another indicator of the City's success in preventing disorder.

General public safety indicators: Many other indicators of levels of disorder in the community are tracked and evaluated. These include change in calls for services, change in available time for discretionary patrol activities, change in the number of juvenile probationers, case clearance rates,

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nature of police investigative case loads (e.g. domestic violence, child abuse, gang activity, and economic crime) and the traffic accident index.

Usage and participation rates: One assumption is that extensive use of parks and community facilities are an indicator of cohesive community life. Participation rates and evaluations of user profiles provide important information in assessing the City's degree of success in promoting a safe and secure community.

Standards met: Meeting the standards for provision of youth and children's services is essential to our success. In order to achieve our goals, it is necessary to continue to fund these services at appropriate levels. The City must also be sure that public safety standards are met, including patrol emergency response and response to non-emergency calls for services.

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Chapter Funding Summary

Presented below is a summary of General and Special Fund resources identified in this chapter that advance the City's goals. The resources identified below are in addition to the funding assumptions included in the General Fund Fiscal Model.

General Funds	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0

Funding From Other Sources:	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Parks & Facilities Development:					
Proposition 40 State Grant	\$1,100,000	\$0	\$0	\$0	\$0
Infra & Rehab (Fund 010)	\$0	\$1,000,000	\$0	\$0	\$0
Quimby Fees (Fund 112)	\$264,413	\$0	\$4,600,000	\$0	\$0
SDC Non-Circ (Fund 118)	\$4,539,065	\$9,500,000	\$0	\$8,797,170	\$3,153,000
Hotel Improvement District	\$587,000	\$614,000	\$642,000	\$686,000	\$720,000
Total	\$6,490,478	\$11,114,000	\$5,242,000	\$9,483,170	\$3,873,000

Expenditures	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Parks and Facilities	\$5,903,478	\$10,500,000	\$4,600,000	\$8,800,000	\$4,700,000
Civic Center Programs	\$587,000	\$614,000	\$642,000	\$686,000	\$720,000
Total	\$6,490,478	\$11,114,000	\$5,242,000	\$9,486,000	\$5,420,000

Balance	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total Revenues	\$6,490,478	\$11,114,000	\$5,242,000	\$9,483,170	\$3,873,000
Total Expenditures	\$6,490,478	\$11,114,000	\$5,242,000	\$9,486,000	\$5,420,000
Net	\$0	\$0	\$0	(\$2,830)	(\$1,547,000)

Economic Prosperity and a Livable Community

Chapter Introduction



Irvine's distinct identity and quality of life is attributable to its heritage as a skillfully crafted master planned community. Irvine remains attractive for business, private investment, and residential living. Irvine has been ranked by Money Magazine as one of "Hottest Towns" to live in on the West Coast for populations over 100,000. Additionally, US News & World Report named Irvine as "one of the 10 best places in the nation to live." The Orange County Business Journal's 2007 Book of Lists also reports that six of the ten fastest-growing Orange County based public companies are located in Irvine.

Irvine's future prosperity will be based on maintaining a sustainable quality of life through a mix of land uses, a safe community with no visible signs of deterioration, an efficient circulation system that promotes alternative modes of transportation, and abundant open space and recreational amenities. These attributes, along with a strong economic base, will preserve and build upon Irvine's sense of uniqueness, attractiveness, cultural and social diversity, and will continue to evoke a strong sense of community.

The City's General Plan emphasizes a balance between residential villages, commercial and industrial development, and parks and open space. The attraction and retention of a variety of businesses and markets is essential to maintaining a sound fiscal base that will support the City's high quality of life. This chapter illustrates some of the strategies that the City uses to promote economic prosperity and a livable community.

Buildout of the General Plan

Strategy: *Promote a Safe and Economically Prosperous Community through the City's General Plan and Zoning Ordinance*

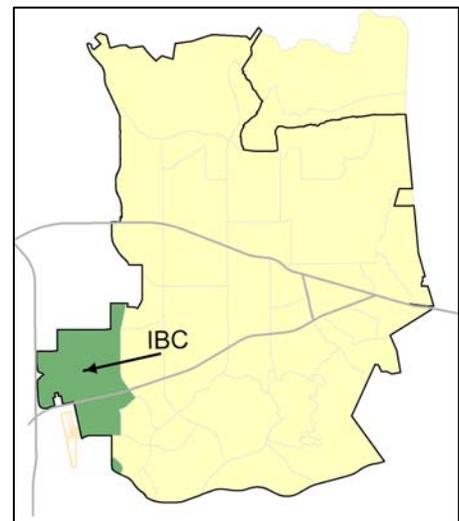
The City's General Plan provides the guiding, long-range vision for the development of our community. The General

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Plan promotes the creation and development of a livable and visually attractive city through thoughtful planning and sustainable development. The General Plan is updated periodically to keep current with issues, trends, and community goals. The General Plan comprehensively addresses all geographic areas of the City and it provides the connection between the social, financial, environmental, and physical characteristics of existing and future land-uses.

Irvine's Zoning Ordinance provides specific development requirements throughout the City to ensure consistency with the General Plan. It promotes the development of a livable, viable, and visually attractive community. The Zoning Ordinance also provides for consideration of urban design in the development review process so that new developments will enhance the City as it matures. It is also updated on a periodic basis to incorporate changes from the General Plan and to keep current with community needs.

Changing economic conditions in the Irvine Business Complex (IBC) are creating opportunities for expanding land uses that have traditionally not been found in this area. The IBC has traditionally been almost exclusively an office, light industrial, and warehousing district that accommodated residential development only on its fringes. The combination of a mature



office, research and development, and warehouse market, as well as a heightened interest in seeking improvement in the regional jobs-to-housing balance have dramatically increased the feasibility of residential development in the IBC. For these reasons, it is important to reflect on the comprehensive urban planning issues that such a transition in the IBC might generate and the work efforts that may be necessary to address them.

Some of the issues confronting the conversion of the IBC from a center of commerce to a mixed use area incorporating residential and other uses include:

- Urban Design
- Traffic and Transportation Impacts

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- Fiscal Impact
- Commercial Needs
- Affordable Housing
- Recreational Needs
- Regulatory Constraints

Facilitating the transition of the IBC to include more mixed land uses, including a residential urban environment, will require community participation, preparation of new mixed use residential development standards, and urban infrastructure analysis. The potential outcome of a holistic approach to new zoning regulations in the IBC will eliminate the need for developers to make individual zone change requests for each residential site and create a sense of place in the IBC.

Orange County Great Park

Strategy: *Develop the Orange County Great Park*

On May 27, 2003, the City approved the Orange County Great Park Plan. The Plan is consistent with the concept for reuse of the former Marine Corp Air Station at El Toro approved by the voters of Orange County in a March 2002 initiative (Measure W). The Great Park will provide thousands of acres of parks, open spaces, and publicly accessible spaces for all to use and enjoy.

Development of the Great Park is the responsibility of the Orange County Great Park Corporation and organization (OCGPC) established by the Irvine City Council in December 2003. Specifically the OCGPC is responsible for the development, operation, and maintenance of the Park and its infrastructure. OCGPC Board activity includes overseeing the design, construction, and development of the Great Park amenities. Fiscal Management of Orange County Great Park, including funds management, budget approval, investment and contract execution is the responsibility of the Irvine City Council.

Funding for design and construction the first phase of the Great Park will be accomplished through a combination of fees totaling \$200 million paid by Heritage Fields, LLC as a result of the Development Agreement, \$201 million generated from the creation of a Community Facilities District established to fund construction of the backbone infrastructure, and tax increment funds generated by the

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Irvine Redevelopment Agency from properties surrounding the Great Park. Interest income and revenue from existing property leases will also assist in funding the first phase.

The Orange County Great Park will also seek grants, donations, sponsorships and potentially cooperate in public private ventures for certain components of the park.

The City of Irvine continues to move forward rapidly with the successful development of the Orange County Great Park. Following are the Board's stated goals and progress during 2006.

1. The Great Park Preliminary Master Plan was approved by the Orange County Great Park Board.
 - The Great Park Design Studio submitted a Preliminary Master Plan which was approved by the Great Park Board and is currently under City regulatory review. The Master Plan promises a new kind of park for the 21st Century. It is a design which focuses on healthy living, lifelong education, and contemporary ideas of a sustainable development.
 - In October 2006, thousands of local residents, as part of the Great Park outreach efforts, took advantage of the opportunity to visit City Hall and walk through a large scale exhibit on the Great Park Master Plan. Adults and children were excited and fascinated by the many attractions that await them, beginning with the launch of the Great Park's orange balloon in mid 2007.
2. Public Interest and Public Information Continue to Drive the Development of the Great Park
 - Throughout the past year, members of the Great Park Design Studio, the Great Park staff, and City staff have held dozens of meetings with interested groups from throughout Orange County to both provide updated information on the progress of the Great Park and gather information from the public. Organizations representing veterans, multi-cultural groups, environmentalists, youth and amateur sports, arts and culture, and people with disabilities participated in these presentations and provided the Great Park Design Studio with information that

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significantly influenced the Great Park's Master Design.

- Two thousand veterans, their families, and supporters attended the "Final Salute to El Toro." This was an inspiring event which commemorated the rich history of the El Toro Marine Corps Air Station and honored those who served there.
- The Orange County Great Park has increased the publication of its informational magazine, the Benchmark Report, from twice yearly to quarterly. The Great Park website, www.ocgp.org, has been redesigned and offers up-to-date information about the Park's progress. All of this enables the City of Irvine to keep all Orange County residents engaged in the development of the Great Park.

3. The Great Park is Committed to Sustainable Development

- The Orange County Great Park is being designed a "Great Green" park. Principles of sustainable development and operations are included in the Park's preliminary master plan. Habitat restoration, renewable energy generation, water quality management, and transportation continue to be a focus of the Board.
- Materials on the existing base have been identified for recycling—concrete runways will be reused in the construction of the backbone infrastructure, wooden beams in existing aircraft hangars are being included in certain bridge designs and an existing hangar is proposed to be refurbished as a visitor's center.
- State of the art natural treatment systems have been proposed as part of the Preliminary Master Plan to capture and clean water both entering the Great Park property and generated from development on the property. The goal is to return all water possible to natural aquifers rather than create flow into storm drains.
- A variety of cutting-edge technologies will allow renewable energy generation throughout the park.

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- The Preliminary Master Plan for the Park encourages visitors to “park once and spend the day,” with non-polluting vehicles, orange bicycles, and walkable trails minimizing the need for automobiles within the park.
4. Public-Private Partnerships are Benefiting the Great Park.
- The Orange County Great Park is taking shape under a unique public-private partnership between the City of Irvine and the Heritage Fields, LLC. In return for specific development rights outside the Great Park, Lennar is providing land and funding for the initial development of the Great Park. Donations from individuals, non-profits, and corporations will also play an important role in creating and sustaining the Great Park.
 - Lennar Corporation and their commercial partner LNR Corporation have generously donated a hundred foot tall tethered helium balloon which will quickly become an icon for the Great Park and a popular attraction throughout Orange County. The five-story tall balloon will carry up to 25 people aloft in its gondola. Riders will be able to see the entire Great Park and surrounding communities. Lennar’s and LNR’s donation totals \$1.9 million for the purchase and installation of the balloon. In addition, Lennar has committed to \$300,000 per year for three years to assist in funding operations and maintenance.
 - The City of Irvine approved the expenditure of an additional \$2.6 million from the Development Fees to build a five acre park and visitor center surrounding the balloon attraction. This will provide the residents of Orange County an opportunity to enjoy the first element of the Great Park and observe the construction of the entire park from the balloon.
 - Southern California Edison (SCE) is another major corporation that is making a long-term commitment to the Great Park. They have committed to growing 50,000 trees for replanting throughout the Great Park’s 1,347-acre public area. SCE will also partner with the Orange County Great Park Corporation to develop state-of-the-art design standards for energy-efficient homes and public facilities that will be

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applied to the entire Great Park and Heritage Fields property.

- The Orange County Great Park Conservancy, a non-profit organization committed to supporting the Great Park, will soon hold its second annual fundraising event, “The Jewel of Orange County,” to raise funds for the creation of a magnificent botanical garden at the Great Park.

Redevelopment Agency

Strategy: *Implement the Redevelopment Agency, maximize the public benefit from the Redevelopment Plan for the Great Park Project Area*

The Irvine Redevelopment Agency (Agency) was created to facilitate the redevelopment of the former Marine Corps Air Station at El Toro to civilian uses. Redevelopment would benefit the local economy, alleviate existing blight, and improve infrastructure deficiencies. The Agency was established on March 9, 1999.

In March 2005, the City Council approved the Redevelopment Plan for the Great Park Project Area, as well as a Five-Year Implementation Plan. The primary goals of the Redevelopment Plan include converting El Toro to a Great Park with regional open space, educational and recreational facilities, as well as expanding the City’s supply of housing, including opportunities for lower and moderate income households. Additional objectives include, but are not limited to, the use of energy efficient sustainable design principles throughout the project area and to provide alternative transportation and access to the area. The Redevelopment Plan will be implemented in a manner that avoids or minimizes local taxpayer responsibility or financial exposure to significant redevelopment costs. The plan will be financed to allow recovery of development costs from users directly benefited by redevelopment activities.

The Agency’s primary source of revenue will come from property “tax increment revenue.” Tax increment revenue is generated when property values increase above a “base value.” The Agency’s base value was established before the base was sold to Lennar in 2005 by the Department of the Navy. Except for certain amounts provided by law, property

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taxes related to the incremental increase in assessed values will be allocated to the Agency.

The Agency received its first tax increment in 2006 which included tax increment from the previous fiscal year in the form of a supplemental payment. Receipts as of January 31, 2007 totaled \$7.8 million. Next fiscal year the Agency is expecting tax increment revenue of approximately \$6.6 million with \$1.3 million going to the Housing Fund, \$2 million being paid in pass through and facility payments and \$3.3 million remaining in the project fund. For the next 45 years revenues will be available to the Agency that is created through timely and successful private development in the redevelopment project area. These funds may only be accessed and expended through the issuance of debt in the first 20 years of the Agency's existence for the "non housing" funds and will only be spent within and to benefit the redevelopment project area. The Redevelopment Plan seeks to appropriately leverage these resources to maximize the public benefit from these funds as noted above. If the funds are not needed for the redevelopment of the area and no debt is incurred in a prior year then the tax increment revenue will be disbursed by the County to other taxing entities as required by law.

The Agency is required by law to set aside 20 percent of gross tax increment revenue received for the purpose of increasing, improving or preserving the community's supply of low and moderate income housing. This tax increment revenue allocation known as "housing set-aside" will be used to ensure that the Agency complies with the state requirements for the production of affordable housing.

During the coming year, the Agency will continue to perform a variety of basic administrative functions. The Agency will likely add staff, finalize environmental and design standards, and continue to implement the Affordable Housing Strategy and Implementation Plan in place. Large scale projects will begin when larger tax increment amounts are received. Agency specific goals include:

- Work with the Great Park Corporation and the City of Irvine to implement its five-year plan;
- Develop design standards that lead to high quality development in the redevelopment project area;
- Implement the Affordable Housing Strategy and Implementation Plan adopted by the Agency in March 2006. This includes marketing and outreach to the

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public; development of the business plan for the Irvine Community Land Trust, and development of affordable housing financing strategy for the expenditure of Agency housing funds. The Community Land Trust is a non-profit corporation created by the City of Irvine to provide for permanent stewardship of land for affordable housing in the City;

- Consult with bond counsel and financing team to prepare a preliminary debt allocation and financing plan;
- Prepare an Energy Plan by June 2007;
- Continue to facilitate the Green Team collaborative design process to foster sustainable community design throughout the redevelopment project area;
- Begin to develop energy efficiency and sustainable development guidelines for Agency sponsored projects in the project area, including affordable housing projects.

Economic and Business Development

Business Attraction

Strategy: *Promote Economic Growth and Development that Attracts and Retains Business and Tourism*

The City, the Irvine Chamber of Commerce, and 13 Irvine hotels have partnered to create the Irvine Hotel Improvement District (HID). The HID went into effect in January 2003. The creation of this district established a stable source of funding for the “Destination Irvine” program.

The HID is the mechanism by which funds are generated for the Irvine Chamber of Commerce, Destination Irvine program, and a variety of cultural events planned in the City to encourage cultural diversity, the exchange of ideas, and the building of relationships that have a positive effect on our local economy.

As partners in the HID, the 13 member hotels have elected to assess all room rentals at a 2% rate to generate the funding for Destination Irvine. 1.5% of this funding goes to Destination Irvine while the remaining 0.5% goes to the Irvine Cultural Affairs Committee. Because business

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travelers represent over 90% of Irvine hotel occupancy, Destination Irvine's national business attraction and marketing program is of great value to the hotels.

The organization and structure of the Destination Irvine program has undergone significant changes as a result of the creation of the District. The Destination Irvine Advisory Board has been replaced by the Hotel Improvement District Advisory Board. While hotel general managers occupy a majority of the seats on the Board, non-hotel partners continue to have strong representation.

Although the organization has changed, the focus of Destination Irvine remains the attraction of quality companies to Irvine from around the world. In addition to attracting businesses, the Board also launched a tourism marketing program. Weekends and holidays are slow for hotels that concentrate on business travelers. In order to strengthen weekend business, Destination Irvine has created a marketing program to tap into the large existing tourism traffic in Orange County.

Tactical marketing efforts include an exceptional web site at www.destinationirvine.com, an aggressive business retention program, advertising campaigns for tourists and businesses, targeted e-mails to selected industries, extensive public relations activities, and trade show missions.

Strategy: *Enhance Economic Development and Business Retention*

City staff is engaged in a variety of activities that directly support and enhance the business community. Examples include the administration of small business loans (Community Development Block Grants), and programs such as youth employment and community classes that are operated by Irvine small business owners. Other services include workshops on pollution prevention and waste management, as well as energy conservation measures. Additionally, the City provides various tax-exempt financing vehicles such as Industrial Development Bonds (IDBs), Assessments Districts, and Community Facilities District financing which adds value to the business community through the reduced costs of infrastructure and low interest financing opportunities.

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The City's Sister Cities program also contributes to the health of the local economy through its support and coordination of a variety of professional exchanges, trade missions, and other business development opportunities. Globalization is occurring at a rapid pace, and Irvine's proactive approach to promoting opportunities for mutual benefit with global partners is one of the program's main objectives.

As noted above, the majority of the City's economic development programs are coordinated through the Irvine Chamber of Commerce Destination Irvine program, through which information and assistance is available regarding business incentives, demographic data, services such as childcare coordination, affordable housing opportunities, schools, recreation programs, and other amenities.

Planning and Development

Strategy: *Strengthen the City's Revenue Base*

The City's General Plan is designed to ensure that adequate recurring revenues are generated to meet recurring expenditures without a burdensome level of taxation. A critical component of the City's fiscal goals include the premise that future development will balance the need for housing, jobs, parks, and open space and generate tax revenues that adequately support City services. The City's General Fund Fiscal Model is a useful tool that is used to identify the fiscal costs and benefits of proposed changes to the General Plan. While the fiscal ratio of revenues to expenses should not in itself determine land use, it is a component for consideration to ensure that the City has a sufficient level of resources to support a desired level of services to the community. Clearly, the City's future fiscal health is based on today's land use policy decisions.

For most local governments, the existing revenue structure forces cities to emphasize retail sales to the exclusion of other land uses. This phenomenon is called the "fiscalization" of land use. From the beginning, the City's General Plan has required a fiscal balance between commercial and residential development in order to develop a fiscally sustainable community. However, a substantial portion of the City's commercial development is now committed to office buildings, which generate jobs but little General Fund revenue (when compared to retail stores and businesses). Thus, even the mix of retail and office use found in the General Plan is critical for

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the amount of revenue generated by Irvine's commercial districts.

The City receives over 44% of its general-purpose revenues from sales tax. Sales tax revenues can be influenced by local land use decisions. The City's General Plan attempts to balance non-sales tax revenue generating uses, such as residential and parks, with land uses that generate sales tax. Fiscally beneficial land uses include auto malls, retail stores, and certain manufacturing classifications. Many other industrial and institutional land uses also generate sales tax revenue through business-to-business transactions.

Preserving an equitable balance of land use categories in order to maintain a balance of revenues to expenditures will be instrumental in maintaining a strong and resilient economic base for the City. Staff will continue to evaluate strategies to address these issues in the future.

Strategy: *Increase the Number of Businesses Located in Irvine that Generate Sales Tax Revenue*

Taxpayers have made it clear that new or increased taxes are seldom acceptable. From Proposition 13 to Proposition 218, the ability of local governments to levy or increase taxes has been greatly reduced. Thus, cities have fewer options for funding ongoing municipal services and maintaining fiscal self-reliance.

One option to solve this growing fiscal dilemma is to attract businesses to the community that generate revenues in direct or greater proportion to the services they use. In order to determine which businesses generate revenues, the City needs to understand the fiscal impact of business in Irvine. Fiscal impact is defined as the financial or economic consequences (in terms of revenues generated and the cost of providing services) that result from a business operating in Irvine. Clearly, certain businesses consume more services and generate greater wear and tear on infrastructure than they contribute through Sales Tax, Property Tax, Utility Users' Tax, or other revenue sources. Absent any specific goals or thresholds for increasing the City's retail business or business-to-business sales, the City may face long-term fiscal constraints due to a large business and employment base that produces little or no revenue to pay for civic services provided to employers and employees alike.

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Strategy: *Support Legislation that Protects City Revenues, Long-Term Financial Stability, Infrastructure Rehabilitation, Maintains Funding Levels for Highway and Transit Programs, and Preserves Local Decision Making*

The City Council recognizes the need to protect Irvine's interests and identify various avenues to implement its strategic goals. These goals have traditionally been based on the City Council's understanding that investments of financial, physical, and staffing resources made today ensure that the community's quality of life is preserved and enhanced in the future. These goals all address and protect existing core services such as public safety, recreation, and transportation and circulation services. The City Council supports reforms that will develop greater authority to generate local revenues to finance discretionary services and protect revenue streams against State Budgetary incursions.

Fiscal discipline is of key importance to the City of Irvine. Ensuring the ongoing fiscal sustainability of the City is critical to competitiveness, economic growth, and enhancing our quality of life. Further, the City supports efforts to strengthen the legal and fiscal capability of local agencies to help prepare, adopt and implement plans for orderly growth, development, beautification, and conservation of the local environment.

Circulation

Mobility

The ease with which people can move about our city is an important component of a prosperous and livable community. An effective circulation network, along with a variety of transportation choices, encourages the efficient movement of goods, services, and people.

Current forecasts indicate that there will be approximately 315 signalized intersections in Irvine at the end of FY 06-07. It is projected that an additional 60 traffic signals will be required over the next five years to maintain orderly traffic flow as the city grows. Additional investments in support technology such as closed circuit television cameras and fiber optic cabling will also be required.

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The Irvine Traffic Engineering Monitoring System (ITEMS) is a five-year, \$8.2 million capital investment program developed as part of the Strategic Business Plan to enable Irvine to provide orderly traffic flow, coordinate with adjoining jurisdictions, and respond to incidents on more than one corridor simultaneously. To date, ITEMS has been implemented in 20 percent of the city. Full implementation will be accomplished by FY 10-11. Irvine Business Complex Fees and the North Irvine Transportation Mitigation Fund provide major funding for ITEMS implementation. Tables III-1 and III-2 include ITEMS projects over the next five years. The Modifications/Upgrades line item in Table III-2 provides funding for unscheduled replacement of traffic signal components.

Strategy: *Fund the Circulation, Capital Improvement Program, and Bicycle Transportation Plan*

Funding the City's Capital Improvement Program (CIP) is a large commitment which utilizes many different funding sources. Typically, CIP projects range from rehabilitation requests (such as street overlay projects) to road widening projects.

Table III-1 (next page) shows the anticipated Irvine Business Complex (IBC) projects over the next five years. Projects within the IBC are typically funded by the IBC Development Fee Program. The fee program was developed in 1982 with the intent of ensuring the availability of funds to implement necessary area-wide transportation improvements commensurate with land development within the IBC. Table III-2 (next page), shows the proposed projects over the next five years in the rest of the city, exclusive of the IBC area.

Table III-1
IBC Circulation Projects

IBC Circulation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
IBC TMP Deployment	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
IBC Sliding Interim Yr Analysis	\$175,000		\$175,000		\$175,000
IBC Project Development	\$180,000	\$130,000	\$130,000	\$130,000	\$130,000
Jamboree/Barranca Inters. (at grade/PE)	\$400,000		\$750,000		
Alton @ SR-55 Overcrossing		\$200,000	\$125,000		
IBC TMA		\$140,000	\$115,000	\$120,750	\$126,788
IBC Way Finder Traveler Info			\$250,000	\$50,000	
IBC Residential Rideshare	\$253,500	\$50,000	\$50,000	\$52,500	\$55,125
IBC Sidewalk Enhancements	\$267,536	\$634,473			
Redhill/Main Intersection	\$10,000				
Barranca/Red Hill Intersection	\$7,023,000				
Jamboree/MacArthur				\$500,000	
Jamboree/Michelson Pedestrian Bridge	\$250,000		\$4,000,000		
Total	\$8,709,036	\$1,304,473	\$5,745,000	\$1,003,250	\$636,913

Table III-2
Citywide Circulation Projects
(Exclusive of IBC)

Circulation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Program/Project Development	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Circulation Phasing Report	\$175,000		\$175,000		\$175,000
Misc. Signal & ITRAC					
Modification/Upgrades	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
New Traffic Signal		\$400,000		\$400,000	
Safety Projects	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
GMA Administration	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
ITEMS	\$218,000	\$218,000	\$218,000	\$218,000	\$218,000
Jeffrey Road: Portola to ETC (Project Report)	\$50,000				
Jamboree/I-5 SB Ramps	\$1,811,200	\$2,037,600	\$11,395,312		
Barranca (Redhill to Culver)	\$301,396				
Signal Coordination					
Campus Drive Widening (Carlson to University)	\$854,796	\$500,000			
Sand Canyon (I-5 to Alton)	\$238,194				
Signal Coordination					
Jamboree/Portola Intersection	\$11,000		\$200,000		\$500,000
Culver/Alton Intersection	\$200,000			\$400,000	\$500,000

Table III-2 Continued
Citywide Circulation Projects
(Exclusive of IBC)
(continued)

Circulation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Laguna Canyon & I-405 Overcrossing		\$1,981,000	\$2,009,300	\$2,009,300	
Culver (Walnut to I-405) Signal Coordination		\$48,252	\$349,665		
Jamboree (Barranca to I-405) Signal Coordination		\$28,319	\$244,436		
Jamboree (MacArthur to I-405) Signal Coordination		\$27,768	\$239,679		
Culver (Scottsdale to Portola) Signal Coordination			\$292,261		
Jamboree Corridor (Main-Barranca)			\$200,000		\$500,000
Ridgeline/University Intersection		\$150,000		\$400,000	
Walnut Trail Extension		\$450,000			
Michelson Signal Coordination					\$300,000
Total	\$4,153,086	\$6,134,439	\$15,617,153	\$3,720,800	\$2,486,500

In June 2006, the City Council adopted an updated Bicycle Transportation Plan that outlines priority projects for on-street bike lanes, off-street bikeways, and grade separated crossings. Funding has been allocated in the Strategic Business Plan in order to implement projects from the priority list. The City hopes to secure outside grant funding for most projects and the funding that is currently reflected in the Strategic Business Plan would cover the City's local matching fund requirements. Table III-3 presents the next five years of estimated implementation expenditures.

Table III-3
Bicycle Transportation Plan

Circulation Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Bike Plan Implementation	\$200,000	\$200,000	\$400,000	\$750,000	\$750,000
Total	\$200,000	\$200,000	\$400,000	\$750,000	\$750,000

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Strategy: *Fund the North Irvine Transportation Mitigation (NITM) Projects*

The City developed the North Irvine Transportation Mitigation (NITM) Program to ensure that residential and commercial development in the northern portions of Irvine are accompanied by the timely construction of traffic and transportation improvements. The intent of the NITM Program is to expedite circulation development by providing a funding mechanism to coordinate and phase the completion of required traffic and transportation improvements connected to land use development in Planning Areas 1, 5, 6, 8, 9, 30, 40, and 51.

The NITM program identifies a number of improvements that are related to development and are to be funded through the program. The development community retains the option of constructing the improvements and receiving fee credit, or funding the identified improvements and letting the City build them.

Staff has reviewed the list of NITM improvements, as well as the anticipated funding of projects in the developing areas, and anticipates the project phasing schedule referenced in Table III-4.

Table III-4
NITM Projects

NITM Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
NITM Administration	\$200,000	\$200,000	\$100,000	\$100,000	\$100,000
In Irvine:					
Bake Pkwy & Jeronimo Rd.	\$3,277,000				
Bake Pkwy & Irvine Blvd	\$2,270,000				
Bake Pkwy & Irvine Blvd - ITEMS	\$2,103,000				
Culver Dr. & University Dr.	\$564,000	\$3,041,000			
Lake Forest Dr. & Ave de la Carlota/I-5 SB ramps	\$516,000				
Jeffrey/Walnut - Construction / ROW	\$288,000	\$400,000	\$515,520	\$500,000	
Trabuco Rd. & ETC Interchange		\$250,000	\$33,000,000		
In Irvine/CalTrans ROW:					
I-405 at Irvine Center Drive SB off-ramp*	\$119,102				
I-5 at Bake Pkwy SB off-ramp*	\$116,188				

Table III-4 (continued)
NITM Projects

NITM Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
I-5 at Sand Canyon NB on-ramp*	\$38,405				
I-405 at Sand Canyon Ave. to Jeffrey Rd. *		\$6,230			
Sand Canyon Ave. & I-5 NB & SB Ramps	\$2,814,760				
Outside Irvine:					
Alicia Pkwy & Muirlands Blvd. (Mission Viejo)*		\$72,907			
Muirlands Blvd & Los Alisos Blvd. (M.V./L.F.)*		\$96,154			
El Toro & Jeronimo (Lake Forest)*		\$139,596			
Los Alisos & Rockfield (Lake Forest)*		\$14,906			
Jamboree Rd. & Irvine Blvd. (Tustin)				\$934,000	
Jamboree Rd. & El Camino Real (Tustin)					\$602,000
Red Hill & Irvine (Tustin) Apply ATMS	\$178,185				
El Toro. & Ave de la Carlota (Laguna Hills)*				\$481	
Total	\$12,484,640	\$4,220,793	\$33,615,520	\$1,534,481	\$702,000

*fair share contribution

Transit

As the City matures, the pace of land development must be coordinated with the development of Irvine's circulation system. Existing and planned roadway capacities are rapidly being maximized as development continues both within the City and throughout the surrounding region. While automobile use clearly will continue to be the dominant choice for travel, the development of effective transportation management strategies (using alternative modes of transportation) are paramount. Without forethought, the City will not be able to maintain the current level of circulation and traffic congestion will escalate. The deterioration of traffic circulation standards will have a negative impact on the economic prosperity of the City.

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Strategy: *Encourage the Use of a Balanced Multi-Modal Circulation System*

In cooperation with neighboring cities, regional transportation agencies, the development community, and interested citizen groups, the City is committed to finding alternative solutions to improve existing public transportation. Due to recent cutbacks in state and local agency revenues, limited amounts of funding now exist to assist in the development or enhancement of alternative fuel vehicle programs, shuttle services, and park-and-ride lots. In accordance with adopted General Plan policies, City staff continues to work with the development community to ensure that alternative forms of transportation are considered and implemented, as appropriate and concurrent with development.

Future strategies may include:

- Advocating and promoting bus and rail service with transit providers such as OCTA, Metrolink, and the California High Speed Rail Authority (CHSRA);
- Sponsorship of promotional events for transit, bicycle, pedestrian, and other forms of transportation;
- Conducting transportation modeling so that the City can better gauge the local impact of transit on the City's circulation system; and,
- Supporting requirements to equip new buildings with Internet access, thereby enabling people to work at home.

Table III-5 (next page) shows the anticipated transit projects over the next five years. Projects without funding are included in Appendix D. Note that the Irvine Guideway Demonstration Project is funded by grant funding requiring 50% matching funds. The grant finds are identified in the table below, while the matching funds are listed in Appendix D as unfunded. A variety of options are being explored to satisfy the 50% matching funds requirement.

**Table III-5
Transit Projects**

Transit Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Spectrum (Jeffrey & I-5) Park & Ride		\$200,000			
Irvine Station Ped. Bridge Roof		\$250,000			
Irvine Guideway Demo Project			\$20,000,000	\$70,000,000	\$30,000,000
Irvine Station Parking Structure Signage		\$75,000			
Long Range Plan/Circulation Element Update	\$200,000				
Transit Project Development	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total	\$250,000	\$575,000	\$20,050,000	\$70,050,000	\$30,050,000

Strategy: *Promote the Development of Alternative Transportation Systems*

The Tailored Residential Irvine Paratransit Service (TRIPS) program provides reliable public transportation essential for dependent seniors and disabled adults to help maintain their independence. The TRIPS program provides over 28,000 rides annually, via shuttle services. TRIPS provides an additional 10,000 rides annually to support transportation for participants enrolled at the Irvine Adult Day Health Services Center.

In February 2005, the Orange County Transportation Authority (OCTA) Board of Directors voted to pause work on the CenterLine light rail project while directing staff to analyze options for rapid transit development. OCTA staff will report back to the Board with recommendations that have been developed with input from all cities, through the Technical Advisory Committee and focused workshops with the Board's Transit Planning & Operations Committee. The City will continue to work with OCTA options that meet the City's needs including expanding Metrolink service, rapid transit, and an Irvine Business Complex shuttle service.

Looking ahead as the Orange County Great Park develops, there may be a need for a system to transverse the boundaries of the Orange County Great Park, transporting visitors more efficiently and reducing vehicular traffic in the Park. Developing a conceptual feasibility and implementation plan, along with identifying potential funding sources, will be the next steps.

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Another possible alternative transportation system includes the establishment of an IBC Shuttle system. A study on the feasibility of such a system has already been completed. The next step is to identify potential funding sources for implementation. As a major stakeholder, the City is also encouraging the California High Speed Rail Authority to develop a statewide high speed rail line that would connect through the Irvine Transportation Center.

The City supports mobility options that save time, reduce reliance upon automobiles, and connect people to the City's major employment and retail centers. The City will continue to plan for transit opportunities for Irvine as the City grows. Continued development in Irvine will result in increased tourism, residential development and employment growth. The integration of transit, bikeways, and pedestrian enhancements remains a City priority.

Safe, Quality Housing

Processing Standards

Strategy: *Provide a Timely and Efficient Development Review Process*

Efficient and timely review of development projects is important to the economy of the community. Reducing the cost of regulatory review is necessary to ensure the health and safety of the community and to maintain compliance with City standards for a livable, viable, and visually attractive community. Unnecessary delays can contribute to escalating development costs. The City maintains processing timeframe standards for both discretionary review procedures and building and grading permit applications. Standards for next-day inspections of construction projects are also in place to avoid delaying construction activity. The City continues to expand the use of on-line information and services to promote efficiency.

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Competitive Fees

Strategy: *Maintain Development Fee Service Time Standards*

Another important component to the City’s effort to retain businesses is the measurement of overall development activities. Table III-6 illustrates the strength of overall current development activity in Irvine, as well as the required support staffing over the past four years. During this four year period, most indicators have increased. Through the use of consultants and contingency staffing, the City has maintained staffing to meet the continuing demand for services. Contract and consultant staffing has been heavily relied upon, however, to meet increased service demand.

Table III-6
Development Activity and Staffing Support

Building Activities	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	4 Year Average
Construction Valuation	\$770,881,091	\$756,900,000	\$867,000,000	\$1,091,312,500	\$871,523,398
Plan Check Applications	2,704	2,384	3,185	3,431	\$2,926
Inspections Conducted	140,751	156,835	156,200	142,089	\$148,969
Permits Issued	9,220	14,137	13,424	11,175	\$11,989
Contacts at Counter	10,128	17,421	19,509	20,482	\$16,885
Number of FTE Staff	95	96	99	102	\$98
Contract and Consultant Services	1,238,859	1,887,182	2,352,416	2,705,097	\$2,045,889

Source: Community Development Department

Housing

Strategy: *Provide Quality Housing for All Economic Segments of the Community*

In 2003, the City Council adopted an Inclusionary Ordinance requiring that 15 percent of all new residential units be affordable housing. In 2006, the City and Redevelopment Agency approved a Housing Strategy and Implementation Plan (“Plan”). In cases where the required affordable units cannot be built on site, developers may request the option of paying an in-lieu fee to the City. The in-lieu fee is adjusted annually to account for increased costs. The fees are then

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used to fund affordable housing projects developed throughout Irvine.

A Housing Strategy and Implementation Plan (Plan) was presented to the City Council on March 14, 2006. The Housing Division will implement the adopted Plan. The Plan may include programs for land acquisition and negotiations with developers, obtaining funding sources to leverage City and Agency funds, and a variety of programs to implement adopted goals and priorities.

The Redevelopment Department's Housing Division maintains a list of housing resources to assist Irvine residents. A Housing Division was included in the Redevelopment Department in FY 06-07 and was fully staffed as of July 1, 2006. Available information includes: contact information and eligibility requirements for Orange County Housing Authority rental assistance; a pamphlet and a website that contain information on affordable housing properties throughout the City; housing assistance available through non-profit organizations and local government agencies; funding resources for non-profits that provide rental assistance; and other services provided by non-profit housing groups to help Irvine residents remain in their homes.

The Plan adopted by the City of Irvine and Redevelopment Agency established a goal of increasing the total number of affordable housing units from 5 to 10 percent of the total housing stock by the year 2025. This goal identifies approximately 9,700 permanently affordable homes that would be distributed throughout the community. There are 3,977 affordable housing units as of January 2007 in the City leaving a balance of 5,723 units to be built during the Plan period. The Plan suggests that land at an average density of 25 units to the acre will create a need for 229 acres to achieve this goal. To date, a development agreement with The Irvine Company has secured 15 acres and negotiations are underway to obtain approximately 60 acres from the Lennar Corporation leaving a need for an additional 154 acres.

The Housing Division is responsible for reviewing affordable housing programs and ensuring compliance with project requirements. This effort is funded by the General Fund and Federal Government Program Funds in the following manner:

- The City receives approximately \$1.6 million annually in Federal Community Development Block Grant (CDBG) and Home Investment Partnership

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(HOME) funds, the majority of which are used to provide affordable housing services to those in need and rehabilitation of homes owned by low income families;

- The City received a one-time award of \$1.35 million in State HELP funds in 2007 to provide a bridge loan toward the construction 71 extremely low and very low income apartment units in the Irvine Business Complex; and,
- The City was awarded a \$290,524 State Workforce Housing grant in 2006. The funds will be used to assist in the development of 150 very low income apartment units in Northwood and to further assist in the development of 71 extremely low and very low income apartment units in the Irvine Business Complex.

As part of the City's receipt of Federal funds and in compliance with state regulations, the City is required to secure and/or initiate:

- Annual certification of tenants' income to ensure eligible tenants occupy affordable units and the required number of affordable units are maintained;
- Site visits to ensure properties are well maintained

Breakdown of the City's Affordable Units by Planning Area and Income Level

Income Level	Planning Areas														Total Units
	4	8	9	10	11	12	14	15	17	21	23	24	36	38	
Income Level I-II (up to 50% AMI)	162	290	150	94	77	60	267	426	120	22	40	191	396	49	2,344
Income Level III (51-80% AMI)	0	146	0	30	303	0	246	156	0	44	0	194	105	56	1,280
Income Level IV (81-120% AMI)	0	0	0	0	0	0	258	0	0	0	0	0	95	0	353
Total Units	162	436	150	124	380	60	771	582	120	66	40	385	596	105	3,977

Source: Redevelopment Department

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City of Irvine Income and Housing Costs

The table below shows the income breakdown by percentage of Average Median Income (AMI) for FY 06-07. The AMI breakdown is calculated by the Federal Government and State of California Department of Housing & Community Development and is determined by the median income of a family of four living in Orange County. In 2006, the most recently published information, the Average Median Income per family in Orange County was \$78,300.

Population by Income Level in Irvine (2000 Census)

Bracket Stats	Level I	Level II	Level III	Level IV	Level V
% of AMI	(0-30)%	(31-50)%	(51-80)%	(81-120)%	(121%+)
Bracket Limit	\$24,350	\$40,550	\$64,900	\$94,000	\$94,001
% of Irvine Population (family of 4)	15.40%	10.30%	16.90%	19.90%	37.50%

Source: Redevelopment Department

Typical Occupations by Income Levels

Level I	Level II	Level III	Level IV	Level V
Food Service	Hygienist	Police Officer	Inspector	Manager
Child Care	Retail Clerk	Teacher	Planner	Lawyer
Gardner	Postal Carrier	Secretary	Pharmacist	Physician
Hotel Maid	Receptionist	Paramedic	Therapist	Entrepreneur
Laborer	Bus Driver	Nurse (RN)	Engineer	Judge

Source: Redevelopment Department

Typical Market Rates in Irvine

Residential Type	Rental Amount
1 Bedroom & 1 Bath	\$1,747
2 Bedroom & 1 Bath	\$2,144
3 Bedroom & 2 Bath	\$2,507

Source: Redevelopment Department

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The U.S. Department of Housing and Urban Development defines “affordable housing cost” as not more than 30 percent of gross income may be used to fund housing costs. The chart below provides the “affordable” monthly rents for each income level by household size.

Affordable Rent Levels

Persons in Household	Level I (30% AMI)	Level II (50% AMI)	Level III (51% - 80% AMI)	Level IV (80% - 120% AMI)
1	\$470	\$783	\$939	\$1,721
2	\$529	\$881	\$1,058	\$1,939
3	\$587	\$979	\$1,175	\$2,153
4	\$635	\$1,058	\$1,269	\$2,327
5	\$681	\$1,135	\$1,362	\$2,497

Source: Redevelopment Department

The Housing Division will look at alternatives for land acquisition in order to create affordable housing units in perpetuity, rather than for defined periods of time as is the current practice. One such alternative that implements land acquisition is the creation of the Irvine Community Land Trust in 2006. The Housing Division will work to create affordable housing opportunities in the Great Park Redevelopment Project Area as well as throughout the City.

Sustainable Community

Promote Sustainable Practices as a Core Value

Strategy: *Use and Protect Resources in a Manner that Enables People to Meet their Current Needs and Provide for the Needs of Future Generations*

Irvine is a community that enhances the quality of life for current residents and ensures that the needs of future generations can be met by understanding and planning for the long-term viability of the community’s natural resources. This is accomplished through well planned land use, energy efficiency, green building practices, alternative transportation, water quality management, waste reduction and resource management.

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Strategy: *Enhance Irvine's Physical Environment by Promoting "Energy Efficient" High Performance Buildings*

High performance building, also known as "green" building, offers developers, owners, and users substantial energy, economic, and environmental benefits over standard buildings. High performance designs are energy efficient, which saves money and natural resources, and results in healthier places to live and work. Green Building is achieved through a process that considers the structure and systems as a whole and examines how these systems work best together.

In commercial high performance buildings, owners and operators not only benefit from reduced operating and maintenance costs, but also gain from improved worker productivity and enhanced community reputation. In residential units, homeowners and tenants benefit from energy efficient designs, reduced exposure to toxins, and lower water bills. Benefits also accrue to the larger statewide community through diminished demands on our energy and management systems, our water and wastewater systems, and diminished use of other natural resources. Building efficiency increases our ability to conserve these precious resources and to attract businesses, workers, and residents who value a high quality of life.

Given the City's history of leadership in other areas such as land use, open space, recycling, and water quality protection, taking a leadership role in green building is a natural progression. Irvine is the first city in Orange County to establish a comprehensive green building program. Based on direction from City Council, the green building program has been developed as a voluntary program. The overall goal of the green building effort is to develop a strategy for municipal, residential, and commercial projects that will improve the quality of life for current and future Irvine residents; reduce the impact of development on the environment and on municipal infrastructure; enhance property values, and reduce lifecycle costs for Irvine home owners. Through a six-month process that included research, analysis, and stakeholder involvement, a framework was developed for the municipal, commercial and residential components of the program.

The U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system is the most effective green building rating program available for City

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projects. This is based on the familiarity of the Southern California design and construction community with LEED, partly as a result of other local government initiatives by the City of Los Angeles, City of Santa Monica, and the Los Angeles Community College District. Since the launch of LEED five years ago, over 100 buildings have been certified, with over 2,000 registered for certification. LEED has four levels of certification: Certified, Silver, Gold, and Platinum.

The upcoming Tomato Springs Community Center has been identified as a possible candidate for green design. The Tomato Springs project will be designed to achieve the LEED Certified level, with the goal of attaining Silver Certification. The City will use the lessons learned regarding green building and LEED from Tomato Springs and apply this knowledge to future City new facilities and remodeling projects.

The additional cost of LEED certification for City projects is estimated to be 1% - 3% depending on specific characteristics of the project. These up front costs are estimated to be paid back in five to seven years. Given that the estimated useful life of the major building systems is 25 years, and that the buildings are expected to be in operation for much longer, the City will accrue significant financial benefits from an initial investment in LEED certification. In addition, there are benefits related to visionary leadership in the community, employee satisfaction, public health, and overall environmental quality that will be generated by these projects.

Water Quality

Strategy: *Use and Protect Water Resources in a Manner that is Environmentally Conscious*

The Irvine Ranch Water District's reclaimed water system is possibly the largest and most sophisticated in the nation. The City uses reclaimed water to irrigate 98% of all common landscape areas in Irvine. Irvine is the first city in California to have an approved regional program for treating storm water and urban runoff. This ecosystem-based network of water quality treatment wetlands is being constructed in developing areas throughout the City. The City also requires Water Quality Management Plans for all new development and significant redevelopment projects. Additionally, the City uses integrated pest management practices such as beneficial

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insect releases to limit pesticide use that can be harmful to our waterways.

Strategy: *Improve Surface Water Quality to Maintain Beneficial Uses in Upper Newport Bay and the San Diego Creek*

Standard: *Execute the City's Local Implementation Plan (LIP) and Participate in Regional, Countywide, and Watershed Programs Designed to Improve Surface Water Quality in the Newport Bay/San Diego Creek Watershed*

The City participates with other cities and the County of Orange in a regional program to protect and monitor surface water quality. As part of that program, participating jurisdictions are regulated under a National Pollutant Discharge Elimination System (NPDES) permit. Irvine actively protects the physical environment by complying with this permit and other federal and state regulations. During FY 05-06 the Building and Safety Division conducted 406 water quality inspections. Without proper monitoring and action, the pollutants that enter City storm drains would end up in the Newport Bay watershed.

The City of Irvine has entered into agreements with stakeholders in the Newport Bay/San Diego Creek watershed to improve the water quality in Newport Bay and the San Diego Creek. These agreements fund sediment, nutrient, fecal coliform, and toxic Total Maximum Daily Load (TMDL) programs in the Newport Bay/San Diego Creek watershed.

The Santa Ana Regional Water Quality Control Board has issued an order (Order No. R8-2005-0079) that requires the City to reduce the levels of selenium and nitrogen in groundwater discharges to the storm drain system. These discharges are necessary to prevent groundwater flooding of the City's roadway undercrossings. The Como Treatment Wetland project will serve as an offset to remove selenium and nitrogen discharges associated with the City's roadway undercrossings on Jamboree Road, Culver Drive and Jeffrey Road. The cost of project design is \$325,000 and is funded in the FY 07-08 Capital Improvement Program budget.

The remainder of NPDES funding is included in General Fund Fiscal Forecast projections. A percentage of costs related to the review and inspection of new development is recovered through development permit fees.

Solid Waste Management & Recycling

Strategy: *Provide Solid Waste Collection Systems to Meet the Refuse Disposal Needs of the City and Comply with State Waste Diversion Mandates*

The City's Waste Management and Recycling program ensures compliance with the California Integrated Waste Management Act of 1989 (AB 939). This state law made recycling a top priority in California and now requires every city and county to divert 50% of their waste from landfills on an ongoing basis. This is to be accomplished through various means including waste reduction, recycling collection, and composting programs. AB 939 requires all jurisdictions to develop and implement waste plans, called Source Reduction and Recycling Elements, which outline the specific programs that will be utilized to achieve diversion requirements and encourage waste reduction, recycling, and the creation of strong recycling markets through consumer purchase of recycled-content products.

Irvine complies with AB 939 through implementation of its effective public awareness programs and waste and recycling collection systems in the residential and commercial sectors. According to the California Integrated Waste Management Board, between 1995 and 2005, the Irvine community kept more than 2.5 million tons of solid waste material, or 56%, from entering local landfills.

The City's Waste Management & Recycling program works cooperatively with, and monitors the performance of the City's authorized waste haulers to ensure compliance with solid waste franchise agreements. The program also promotes enforcement of waste-related municipal and zoning codes and provides planning assistance for new development projects and facilities to facilitate effective solid waste and recycling collection during and after construction is completed. The program works with community representatives and public agencies to address local, state, and federal solid waste management and landfill issues. The program also seeks to prevent pollution by encouraging the proper handling, disposal, and recycling of hazardous wastes such as used oil, and by providing technical direction to businesses and developers regarding solid and hazardous waste issues.

Ongoing funding for solid waste and recycling programs is derived from quarterly franchise fees paid by the City's

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authorized waste haulers and state grants from the California Integrated Waste Management Board and the California Department of Conservation, Division of Recycling.

Clean Air

Strategy: *Be Actively Involved with the AQMD to Promote Clean Air Programs*

The Air Management District program implements the California Clean Air Quality Act of 1988 (AB 2766). This program allocates 40% of the fees imposed by the South Coast Air Quality Management District (AQMD) to local jurisdictions to fund the reduction of air pollution from motor vehicles. These fees have provided funding to encourage the use of public transportation systems at the Irvine Station, the purchase of an alternative fuel vehicle for part of the City's fleet, the communication system for on-line access to City services, and to acquire emission credits pursuant to South Coast Air Quality Management District (SCAQMD), SCAQMD Rule 2202. The purpose of this Rule is to provide employers with a menu of options to reduce mobile source emissions generated from employee commutes and to comply with federal and state Clean Air Act requirements.

The City proposes to use future AQMD revenues to fund the Irvine Station alternative transportation programs, facilitate the purchase of more alternative fuel vehicles, and to develop new bicycle trails and facilities. AQMD funding is anticipated to enable the following projects identified in Table III-7 over the next five years.

Table III-7
AQMD Projects

AQMD Projects	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ITC Operations	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
Bus Stop Improvements	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
CD Emission Credits	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Long Range Plan/Circulation Element		\$200,000			
Total	\$185,000	\$385,000	\$185,000	\$185,000	\$185,000

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Strategy: *Foster Public-Private Partnerships that Improve the Community's Quality of Life*

Known for being an innovative community, the City of Irvine continues to be a leader in helping advance clean air technologies through strategic partnerships with businesses and educational institutions. In June 2005, the City of Irvine,

Toyota Motor Sales Inc., and the National Fuel Cell Research Center (NFCRC) at the University of California, Irvine embarked on a historic partnership toward the next generation of clean air vehicles. The NFCRC in partnership with Toyota introduced the nation's first highway-ready vehicle powered by a hybrid electric fuel-cell engine. The NFCRC is subleasing a Fuel Cell Hybrid Vehicle (FCHV) to the City under a program that began in December 2002. Under its agreement with Toyota, the NFCRC will monitor and oversee the City's use of a FCHV vehicle and to the hydrogen-refueling infrastructure.

Irvine is one of three cities in the State to help implement this cutting-edge technology. Irvine is the only City with a vehicle that will be driven by elected officials. Irvine is the first city in the nation to partner with Toyota on a Hydrogen Fuel Cell Vehicles (HFCV). The vehicle can travel up to 180 miles on a full tank and has a maximum speed of 96 miles per hour. The HFCV is environmentally sound since it is a "Zero Emission Vehicle" and it qualifies for access to High Occupancy Vehicle lanes. The HFCV is an integral part of the overall air quality goals of the City in order to maintain the high quality of life that Irvine residents have come to expect.

California is at the forefront in promoting the adoption and research of alternative fuel cell vehicles. Irvine's partnership with Toyota reinforces the City's pledge to address environmental concerns as well as the community's future needs. This partnership will ensure invaluable "real-world" driving experience is relayed to Toyota in their quest to continually improve the HFCV. The partnership with Toyota and UCI is based on the goal of improving the environment through Zero Emission Vehicles. The City of Irvine is leading the way by utilizing the vehicles of tomorrow today. Irvine is again demonstrating how government can help the private-sector advance its technologies.

Another public-private partnership that Irvine supports is the Zero Emission Vehicle Network Enabled Transport program (ZEV.NET), an award-winning joint venture between Toyota,

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UCI, and the City. The program offers participating commuters zero and low emission vehicles to travel from the Irvine Station to their place of employment. Once there, fellow employees share the vehicles for short trips during business hours. At the end of the business day, the vehicles are driven back to the Irvine Station where they may be used by a returning Irvine resident for the commute home. ZEV.NET eliminates the pollution associated with a one-person-per-car freeway commute and encourages alternate forms of transportation for those who live or work in Irvine.

In addition to the ZEV.NET program, the City and UCI are implementing a hydrogen fueling station. Systems that use hydrogen as their fuel source produce water as their by-product.

Economic Prosperity and a Livable Community

Strategic Goal Success Indicators

Success indicators for the goal of promoting economic prosperity are noted below:

Plans implemented on time and within budget: An important indicator of success is the extent to which the City satisfactorily completes the five-year Capital Improvement Plan within estimated costs and on schedule.

Revenue increased: Increase in revenue is a key success indicator. The extent to which the City can evaluate the linkage between its strategies and revenue increases is important.

Business attraction revenue exceeds service costs: The City evaluates the relationship between revenues generated by new business attraction with the concurrent cost to deliver services.

Jobs created: The number of jobs created is one indicator of success in promoting economic prosperity. The City will annually track the number of jobs created in the City.

Circulation standards met: The City's ability to meet the Level of Service (LOS) circulation standards is one measure of the success of the City's circulation system.

Chapter Funding Summary

Presented below is a summary of General and Special Fund resources that will be used to fund the projects identified in this chapter. The resources identified below are in addition to the funding assumptions included in the General Fund Fiscal Forecast.

Revenue Funding Sources	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
IBC Circulation Projects:					
M Competitive (Grant)	\$2,625,000	\$525,000	\$125,000	\$0	\$0
Developer Fees	\$250,000	\$0	\$4,000,000	\$0	\$0
TEA Grant	\$0	\$634,473	\$0	\$0	\$0
IBC TMP (Fund 138)	\$62,500	\$0	\$0	\$0	\$0
IBC Fees (Fund 123)	\$5,771,536	\$145,000	\$1,620,000	\$1,003,250	\$636,913
Citywide Circ. Projects (Ex IBC):					
Infra & Rehab (Fund 010)	\$0	\$150,000	\$0	\$0	\$0
M Turnback (Fund 110)	\$200,000	\$0	\$100,000	\$0	\$0
M Competitive (Grant)	\$1,521,494	\$512,145	\$6,308,954	\$3,500	\$3,500
SDC Circ (Fund 118)	\$2,431,592	\$5,325,879	\$2,450,000	\$2,700,000	\$2,483,000
Bicycle Plan Implementation:					
SDC Non-Circ (Fund 118)	\$200,000	\$200,000	\$400,000	\$0	\$0
NITM:					
NITM Fees (Fund 122)	\$9,669,880	\$4,220,793	\$33,615,520	\$1,534,481	\$702,000
SDC Circ (Fund 118)	\$2,814,760	\$0	\$0	\$0	\$0
Transit:					
M Turnback (Fund 110)	\$250,000	\$50,000	\$50,000	\$50,000	\$50,000
M Competitive (Grant)	\$0	\$200,000	\$0	\$0	\$0
Parking Fees	\$0	\$325,000	\$0	\$0	\$0
Proposition 116	\$0	\$0	\$20,000,000	\$70,000,000	\$30,000,000
AQMD:					
AQMD (Fund 130)	\$185,000	\$385,000	\$185,000	\$185,000	\$185,000
Total	\$25,981,762	\$12,673,290	\$68,854,474	\$75,476,231	\$34,060,413

Expenditures	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
IBC Circulation Projects	\$8,709,036	\$1,304,473	\$5,745,000	\$1,003,250	\$636,913
Circulation Projects	\$4,153,086	\$6,134,439	\$15,617,153	\$3,720,800	\$2,486,500
Bicycle Plan Implementation	\$200,000	\$200,000	\$400,000	\$750,000	\$750,000
NITM Projects	\$12,484,640	\$4,220,793	\$33,615,520	\$1,534,481	\$702,000
Transit Projects	\$250,000	\$575,000	\$20,050,000	\$70,050,000	\$30,050,000
AQMD Projects	\$185,000	\$385,000	\$185,000	\$185,000	\$185,000
Total	\$25,981,762	\$12,819,705	\$75,612,673	\$77,243,531	\$34,810,413

Balance					
Total Revenue	\$25,981,762	\$12,673,290	\$68,854,474	\$75,476,231	\$34,060,413
Total Expenditures	\$25,981,762	\$12,819,705	\$75,612,673	\$77,243,531	\$34,810,413
Net	\$0	(\$146,415)	(\$6,758,199)	(\$1,767,300)	(\$750,000)

Effective Government

Chapter Introduction

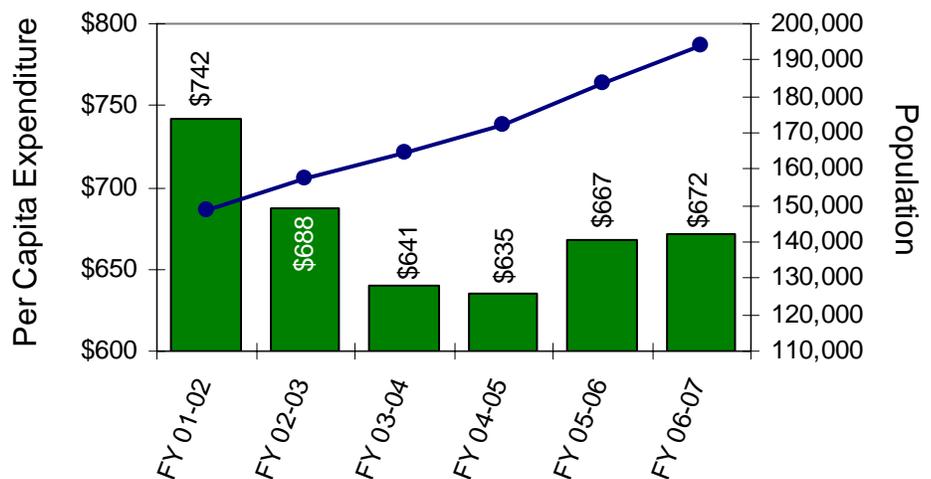


The City of Irvine has a well deserved reputation for providing exceptional customer service. Its commitment to quality service at a competitive price continues to be a central focus of the organization. This chapter reviews

current business strategies that the City is using to maintain and enhance an organization that is flexible, market-based, and customer focused in its service delivery.

Over the last five years the City has lowered the per-capita costs of providing services while at the same time maintaining high standards of service delivery. As the chart below shows, over the past five years, the City's resident population has increased 30%, while per capita expenditures (adjusted for inflation) have decreased 9% over the same period.

Reduced Per Capita Costs Population & Per Capita Expenditures

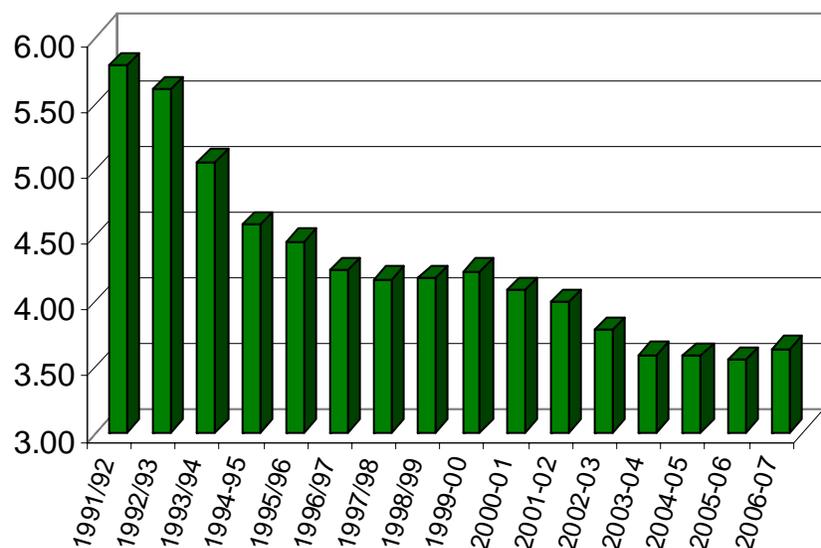


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The City of Irvine remains flexible in its ability to deliver high quality cost-effective services and is responsive to changing economic and market conditions. As the City has evolved over time and revenue has become more constrained, City staff has remained vigilant in the examination of policies, services standards, allocation of resources, and funding needs for ongoing issues such as communications technology, infrastructure development, and rehabilitation.

A variety of steps have been taken to define the City's goals, redirect resources, identify service standards, link standards to the budget, restructure systems to foster flexibility and responsiveness, and reflect market costs for fee-services. With the leadership of the Irvine City Council, City Staff have been able to balance quality service delivery with the needs of a growing city. Additionally, City service delivery has been enhanced over the years while the ratio of full-time staff to residential population has been reduced. As the chart below demonstrates, the full-time staff to resident ratio has declined significantly over the last 16 years. This chart demonstrates the successfully focused effort that City staff has made to provide quality services while simultaneously increasing the efficiency of service delivery.

**Full-Time Staffing Per
1,000 Resident Population**



Citizen Satisfaction

Strategy: *Measure Citizen Satisfaction*

Citizen satisfaction is the City's most important goal. One method of measuring community satisfaction is through resident surveys. The City conducts these surveys routinely, with its most recent survey completed in 2006. The City's satisfaction studies are designed to:

- Measure residents' perceptions and satisfaction with the municipal services received from the City;
- Identify policy priorities and key issues of concern for residents; and,
- Provide feedback on the City's progress in meeting its strategic goals.

In summary, the City's 2006 resident satisfaction survey placed the City of Irvine within the top 5% of municipalities for resident ratings of service performance. Listed below are a few highlights from the survey in terms of the City's progress in meeting its strategic goals:

- 97% of Irvine residents rated the quality of life in Irvine as excellent (61%) or good (36%), demonstrating the City's success in achieving its strategic goal of promoting economic prosperity and building a livable community;
- 99% of residents indicated feeling safe when shopping in the City of Irvine, while 92% felt safe visiting an Irvine Park or recreation facility., indicating success in accomplishing the City's strategic goal of providing a safe community;
- When asked to prioritize various projects for City spending, completing street construction at a faster pace was assigned the highest priority, followed by coordinating traffic signals; and,
- 93% of Irvine residents rated their level of satisfaction with the provision of City services as either very satisfied (59%) or somewhat satisfied (34%), a improvement over 2005 and an indication of success in accomplishing the City's strategic goal of effective governance.

In general, the results of the 2006 resident satisfaction survey exhibited incremental improvements over the results of the last survey conducted in 2005. Reported satisfaction with Irvine's quality of life, for example, improved by one

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percentage point. Satisfaction with the provision of City services improved by about five percentage points, primarily resulting from an 18% jump in satisfaction with the City's efforts to communicate with residents.

This improvement is explained by the fact that the Public Information Office (PIO) instituted a number of new programs and improved others in the past year. The City developed a new community newsletter, *Inside Irvine* which is delivered to all residents and businesses in Irvine. It created and delivered a 2005 Report to the Community and launched a bi-weekly news show on ICTV, the City's cable channel. The PIO also began a weekly advertising campaign in the *Irvine World News* which highlights events and activities happening around the City that week, and also recognizes a City employee who is giving back to the community through volunteer work.

The City also instituted a number of changes to its website, and implemented a new dynamic web survey, which will be changed three times per year. The PIO additionally improved marketing outreach to the community with regard to events.

The City's tremendous success and accomplishments to-date are impressive. Interestingly enough, 23% of survey respondents in the 2006 study could not identify a serious problem facing the City that needed to be addressed. Those that could identify a problem highlighted three topics that have been mentioned in previous reports: traffic management, managing growth and development, and providing affordable housing. These priorities are reflected throughout the Strategic Business Plan document and will guide the City's planning and resource allocation decisions for years to come, as the City seeks continued success in making Irvine the best possible place to live.

Community Engagement

Strategy: *Provide Public Information in a Timely Fashion to Build Support, Partnerships, and Understanding between the City Government and its Residents, Businesses, and Visitors*

Residents of Irvine are deeply committed to their community as is their government. Solid two-way communication plays an important role in this continued relationship.

When it comes to information dissemination and public information, Irvine is in a unique position for a city of its size. With no local daily paper, commercial radio station or television broadcast, the dissemination of timely information to the community is challenging. The lack of local commercial media adds significant importance to both the City's website and television station (ICTV Channel 30).

The Public Information Office (PIO) is comprised of seven full-time employees led by a Public Communications Manager who reports directly to the City Manager. This team coordinates all public relations activities for the City, including managing the City's television station, its website, advertising, newsletters (internal and external), public outreach, and media relations.

Communication goals and strategies have been created to support Irvine's Strategic Plan. The goal of the Public Information Office is to relay information in a timely fashion using appropriate and effective communication tools that build support, partnerships, and understanding between the City and its residents, businesses, and visitors.

The PIO's objectives are to:

- Build and maintain a positive public awareness of the City of Irvine, its many events, and programs;
- Uphold the confidence of taxpayers that the City is fiscally responsible and maintains sustainable, innovative, ethical, and visionary planning to preserve and improve the quality of life in the City of Irvine;
- Sustain a positive public perception of the City that encourages business support to maintain a robust and solid tax base; and,

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- Communicate that the City is a first-rate and enviable employer in order to enhance customer service and ensure the City consistently attracts talented employees.

The PIO has identified seven strategies to achieve these objectives:

- Create a policy framework to provide guidance and consistency for City communication efforts;
- Develop a strategic public outreach to solicit feedback and provide a strong foundation for multi-directional communication between residents, the business community, and the City;
- Provide effective and innovative communications support for events throughout the City using SMART objective plans (Specific, Measurable, Aggressive but achievable, Results-oriented, and Time-bound);
- Provide Irvine citizens and businesses with trustworthy, effective and timely sources of local information;
- Nurture relationships with other media;
- Maintain due diligence to protect the image of the City; and, in cooperation with the Emergency Management office, ensure effective communications plans are in place in the event of crisis or emergency; and,
- Create and carry out strategic internal communication initiatives to maintain a high level of employee satisfaction.

Highlights of the tactics which support these strategies include:

- The continued improvement of the City's internal and external newsletters to better serve staff and the public in a timely and engaging manner;
- Creating marketing plans that will allow departments to work more efficiently with the PIO to effectively promote events;
- The expansion of in-house produced programming for ICTV;
- Continued improvement of outreach and interactive capabilities of the City's website; and,
- The centralization of public information services to enhance efficiencies and create more continuity in the City's messaging strategies

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The Public Information Office will base its success on quantifiable results, including enhanced media coverage, improved ratings on surveys, and enhanced public outreach through ICTV and the City's website.

For 35 years, residents and businesses have been choosing Irvine because of its dedication to maintaining its reputation as one of the safest, best-educated, business-friendly communities in the country. This dedication makes Irvine the strong community it is today and what it will be for generations to come. Communicating this unique story throughout the City is the goal of the Public Information Office.

Strategy: *Connect the Community with the Past, Present, and Future of Irvine*

As part of the City's goal to provide access to public information, the City Clerk's Office is charged with the responsibility of maintaining all records City-wide. As of January 2002, the City Clerk's Office of Records and Information Division discontinued microfilming permanent records and implemented the Irvine Records and Information System (IRIS), an imaging system where documents are scanned and stored electronically. In 2003, a project was initiated to convert the City's 8,000,000 microfilm documents to the IRIS for electronic access. In the first phase of that project, 1,000,000 documents related to Development Case Files were converted from microfilm to image. The second phase is currently underway, with the conversion of an additional 1,000,000 microfilm images related to CIP Files, Street Improvement Plans, Personnel Files and Grading Files. Over the next five years, \$100,000 per year has been projected in the Strategic Business Plan to convert additional City records into electronic format.

To further the goal to provide prompt and easy access to public information, in 2004 the City Clerk's Office of Records and Information Division developed "Irvine Quick Records," an internet-based records search engine which provides online access to public records. This user-friendly system allows citizens and City staff to search for City documents by key words or by words or phrases within a document, greatly reducing the time it takes to retrieve vital information. In conjunction with the release of Irvine Quick Records, the City Clerk's Legislative Division implemented an electronic agenda management system, Agenda Plus, to manage City

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Council, Board, Commission and Committee meeting agendas. Agenda Plus enables accessibility of Agendas and supporting documentation which are published directly to the City web site and are available to the public before and after meetings have been conducted. In concurrence with the implementation of Agenda Plus, the City implemented streaming video with Granicus, enabling live-streaming of City Council meetings and dual access to agendas and supporting documentation.

Today, the City creates approximately 1,000,000 pages of information annually that are eligible for imaging, with over 4,000,000 images in the system. With the implementation of Irvine Quick Records, Agenda Plus and Granicus, City employees and the public at large can research public records from the convenience of their own desktops, furthering the City's goal of a creating a virtual City Hall.

The City Clerk's Office is also responsible for ensuring that meetings of the legislative body (City Council, Commission, and Committee meetings) are conducted in an open forum and complies with the Meyers-Milias-Brown Act as outlined in the California Government Code; the conduct of all City elections; and the maintenance of all Statements of Economic Interests and Campaign filings for elected officials and various committees.

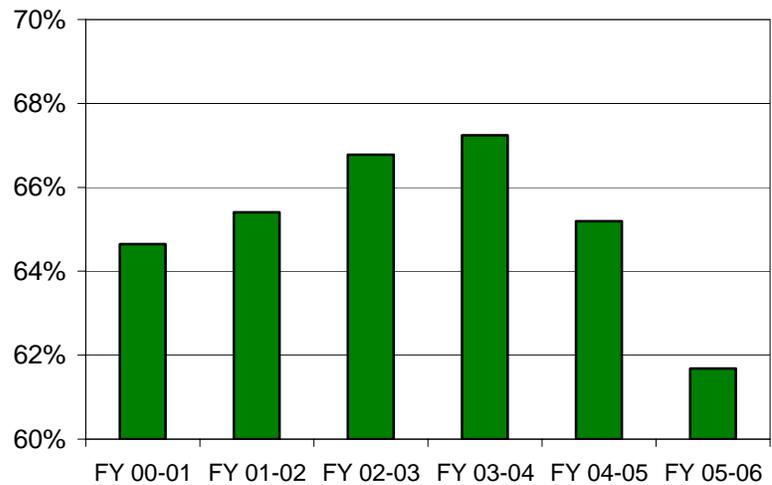
Organizational Capacity

Strategy: *Continuously Evaluate the Staffing Mix of Employees, Consultants, and Contractors*

While the City's population has grown 30% over the past five years, and per capita costs have decreased 9% during this same period, Irvine's tradition of providing quality service has remained steadfast. The delivery of quality service to our community has been accomplished through a mix of cost-containment programs, technological initiatives and by balancing our mix of full and part-time staff with an appropriate level of consultants and contract employees. Comparing the FY 04-05 and FY 05-06 Salaries & Benefits of City employees, excluding consultants and contract employees, percentage of the General Fund has decreased by 3.5%.

Effective Government

Salaries & Benefits as a Percentage of the Budget



Currently, the City uses a workforce comprised of full and part-time employees, contractors, and consultants to provide efficient City services. The increasing demand for City services has been met with an increased use of contractor and consultant services as well as with greater reliance on technology and other efficiency measures.

As the City grows and demand for services increases, however, it is imperative that staff regularly review and evaluate the mix to ensure that we realize the most efficient cost-effective ratio of employees, consultants, and contractors. Continuous evaluation of the City's organizational structure and the cost efficiency and effectiveness of using contract employees in lieu of full-time staff will become even more important as the City's population and physical size grows. While there is certainly an advantage to using contract employees for services that call for quick changes due to economic fluctuations, when the need for permanent services increases with the growth of the City, the addition of permanent staff becomes more cost effective.

In service areas related to development activity such as planning, permit processing, plan check and inspection, the use of contract and consultant services has allowed the City to adjust its workforce size according to the level of development activity. Demand for services related to development processing is expected to remain steady given increased commercial development and also the expected development of the Great Park.

Effective Government

The balance between the use of full and part-time City employees, contractors, and consultants will be evaluated and adjusted accordingly in the future in order for the City to maintain quality service delivery in an efficient cost-effective manner.

Strategy: *Implement the Strategic Technology Plan*

The City of Irvine envisions itself as a “Smart City” with a vibrant community where information is easily obtained by residents and businesses alike and where organizational efficiency is driven by technological innovation. A key to successful interaction between City services, businesses, and residents is to enable the community to receive and provide information through a variety of tools. The basic tenets of a “Smart City” are in direct line with the City Council’s strategic goals, and a growing Internet presence to meet constituents’ demands. “Smart City” goals include:

- Improving access to services
- Enhancing communications with the community
- Making the City “business e-friendly”
- Attracting high technology businesses
- Marketing the City and its benefits
- Creating a consistent community image

During the past several years, key components of the Strategic Technology Plan have been completed. The City’s technology foundation is now complete, secure, and robust, enabling the City to continue its efforts towards becoming a “Smart City” where our virtual City Hall is open 24/7. “Smart City” goals will continue to bring City services to the community and will improve the dissemination of information to City staff. Plans for FY 07-08 include implementing additional redundancy in major network components, a city-wide work order management system, on-line business license application and renewal, expanded on-line permit application and inquiry, expanded on-line Geographical Information System (GIS) applications, and a Citywide customer relationship management system which will provide consistent answers to constituents through phone, and web contact.

Effective Government

City staff increasingly identify technology as a method to solve pressing business needs; from streamlining the building permit processes, to providing better information, to allowing staff to make better-informed decisions. Electronic information is both an expanding resource to solve service delivery bottlenecks; however, it is expensive to develop and maintain. What is clear is that increasing demand will be placed on our existing technology as the city grows and additional technological capacity will be needed in the future.

One such expanding technology is the implementation of the Citywide Geographical Information System application which provides spatial data and the ability to statistically analyze data on the following topics:

- Geo-policing
- Code enforcement and site inspections
- Water quality ordinance
- Capital Improvement Projects
- North Irvine Transportation Mitigation (NITM)
- Street Right-of-Way
- Sidewalks/Curbs/Gutters/Parking Lots
- Traffic Signals
- Landscape
- Bridges
- City Facilities/Buildings
- Open Space
- Parks and Facilities
- Business Licenses
- Class/Recreation
- Integrated Financial and Accounting System (IFAS)

On-going Strategic Technology Plan Projects include software and hardware life-cycle replacements, maintenance, PC replacements, upgrades, PC operating system and Office Suite upgrades, and bi-yearly testing of the disaster recovery plan for the City's financial systems.

The Strategic Technology Plan is a five year assessment of City technology goals and needs as well as a funding plan and implementation schedule. The plan is updated annually and adopted by the City Council prior to the preparation of the annual budget.

Strategic Technology Plan Funding Assumed in the Fiscal Model

Strategic Technology Plan	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Departmental Contributed Capital	\$6,120,000	\$6,148,000	\$6,240,000	\$6,331,000	\$6,471,000
Total	\$6,120,000	\$6,148,000	\$6,240,000	\$6,331,000	\$6,471,000

Organizational Efficiency

Strategy: *Use Activity Based Cost Studies to Set Fees that Recover the Full Cost of Fee-Based Services*

One of the City's goals is to promote effective government by providing the highest quality of services to the community at the most cost-effective rate. By determining the full cost of services, the City's competitiveness can be measured regularly and can be considered as part of policy decisions when setting user fees and cost recovery levels.

To make certain that the City efficiently and effectively uses the limited fiscal resources that it has available, user fees are often charged in cases when an individual receives an exclusive or disproportionate benefit from a City service. The City Council determines the level of cost recovery desired and a fee is set and reviewed on a scheduled basis.

Fee studies are used to analyze and update service costs. To make sure that the fees charged for services are appropriate, Cost studies are based on cost accounting methods that use activity data to measure the cost of providing services to the community. The City contracts with cost accounting experts to conduct these studies.

By comparing the cost competitiveness of services to similar public and private sector-based organizations, the City can make appropriate changes to become a more efficient provider of services.

Strategy: *Deliver Cost-Effective Services*

According to the most recent 2006 resident satisfaction survey, the City of Irvine is once again in the top 5% of municipalities for resident ratings of service performance. Irvine municipal government is clearly effective given current revenues and resources. However, as the City ages,

Effective Government

rehabilitation needs will begin to take an increasing percentage of current resources to maintain Irvine as we know it today. In addition, important City cost inputs such as medical insurance and the cost of gasoline, asphalt, electricity and water have all been increasing significantly faster than overall inflation in recent years and this has put existing pressure on the City budget.

As resource priorities change in the coming years, staff must find ways to deliver effective services in a more efficient manner. Embracing technological initiatives and streamlining internal systems to become more efficient and productive while maintaining quality, effective, and responsive services. We must shift our focused efforts from effective service delivery to become cost-effective in our service delivery. Opportunities exist to pursue excellence and value at the same time. Our mission now is to seek out those opportunities by embracing the incremental changes that reduce the cost of service delivery without diminishing service effectiveness.

Strategic Goal Success Indicators

Accomplishments achieved by the City that highlight the organization's effectiveness include:

Award-Winning City: The City of Irvine is a progressive community that is nationally recognized for its many accomplishments. For example, assuring a safe and secure community is a priority for the City. The result, Irvine was noted as the safest city for violent crime in the nation with a population of 100,000 or more in the FBI's Uniformed Crime Report. Also, by promoting a solid economic base and attracting many new businesses, Irvine has become an economic powerhouse in the Southern California region. What makes Irvine an attractive location is its quality of life. The City takes pride in taking the initiative to protect the environment by promoting and preserving open space with the establishment of parks and protecting community heritage. Furthermore, Irvine is consistently improving the needs of its transportation system to eliminate the negative impacts of traffic congestion.

Increased Service Efficiency: Over the last five years, the City of Irvine has experienced tremendous growth. Population has increased 30%, park acres have increased 23%, street landscape acres increased 30%, facilities increased by 9%, and street lane miles have increased by 18% and over the last five years, per capita costs (adjusted for inflation) have declined 9%, and full time employees per thousand residents declined 10%, going from 4.0 to 3.6 employees per thousand residents - all while maintaining current service standards.

Chapter Funding Summary

Effective Government

Presented below is a summary of General and Special Fund resources identified in this chapter that advance the City's goals. The resources identified below are in addition to the funding assumptions included in the General Fund Fiscal Model.

Revenue Sources	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0

Expenditures	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total	\$0	\$0	\$0	\$0	\$0

Balance					
Total Revenues	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0
Net	\$0	\$0	\$0	\$0	\$0

Projected Financial Condition

Moderating Economy

The United States economy has been remarkably resilient over the past five years, recovering from the 2001 recession, the terrorist attacks of 9/11, oil price shocks, damage from hurricanes Rita and Katrina, as well as engagement in war efforts in both Afghanistan and Iraq. During this time Real Gross Domestic Product (GDP), a broad indicator of national economic health, was relatively strong especially considering the many hurdles that had to be overcome. In addition, historically low interest rates have been a boon to the housing market nationwide.



As a result of relatively strong GDP and the booming housing market, Irvine's revenues have also been strong over the past few years. Sales Tax, for example, has grown at an average annual compound rate of 7% since recovering from a dramatic 11% drop in 2001 due to the recession. Property Taxes grew more than 10% between FYs 04-05 and 05-06, while Documentary Transfer Taxes (also based on real estate activity and valuations) more than doubled to \$3.8 million from FY 02-03 to FY 05-06.

As the current economic expansion ages, however, today's fiscal environment is far more uncertain. The prevailing inverted yield curve in the bond market is a traditional, if not perfect, harbinger of future economic slowing and possible recession. In addition, higher short-term interest rates have increased the cost of adjustable rate mortgages, which had been a popular financing option in localities where housing is highly valued, such as Irvine. This has in turn raised new concerns about housing market affordability, contributed to a change in buyer psychology and resulted in a slow-down in the market from its recent booming pace to more normal market conditions.

Projected Financial Condition

The impact of the slowing residential real estate market on Irvine's fiscal condition is expected to be flattening revenues, primarily resulting from less real estate based tax revenues such as Documentary Transfer Fees and Property Taxes. Documentary Transfer Fees, for example, are expected to be nearly cut in half from \$3.8 million at their recent peak in FY 05-06 to the \$2.0 million now expected in FY 06-07. In addition, Property Taxes are expected to grow at a compound annual rate of only 3.6% for the next five years versus a recent rate of appreciation exceeding 10%.

Meanwhile as a result of the City's recent growth spurt a significant amount of new infrastructure has been added to the City's inventory over the past few years including new roads, parks, pools and traffic signals. The new infrastructure has to be maintained to standard and is starting to incur maintenance costs at the beginning of its life-cycle, even as the City's older infrastructure dating back to incorporation 35 years ago is requiring a more significant rehabilitation investment.

Other costs are also rising. New police officers have to be hired to keep pace with the recent growth in population, for example. Medical and insurance costs continue to grow faster than inflation. The elevated cost of energy and natural resources is additionally taking a larger share of the operational budget for baseline services such as street lighting, park lighting, landscape watering, facility heating, air conditioning and also fueling for police and maintenance vehicles.

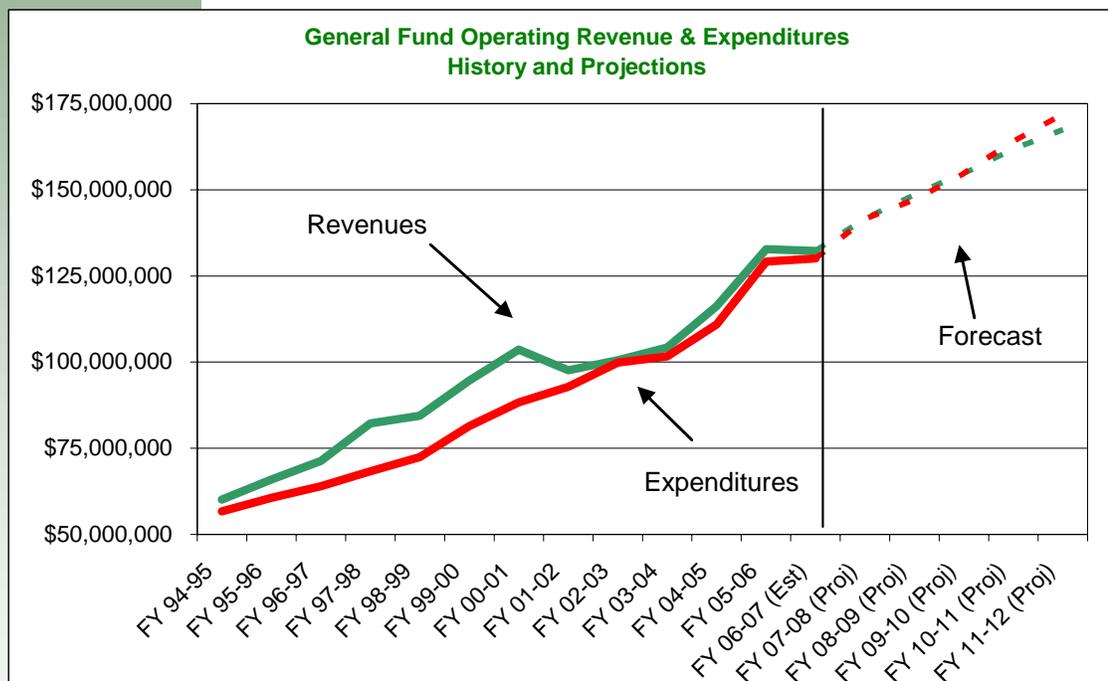
Fortunately growth in other revenue sources has helped to offset the increased costs and the weakness in real estate related revenues to-date. While the residential real estate market has slowed, for example, commercial activity has picked up appreciably resulting in more Sales Tax and other revenues for the City. While growth in these new revenues has helped Irvine's bottom line, an unexpected shock to the economy could result in further revenue reductions at a critical time.

Wisely, City policy makers have used the surpluses of recent years to set money aside for future rainy days. At the end of the most recent fiscal year the City had a budget surplus sufficient to add \$6 million to its Contingency Reserve Fund, increasing its reserve from 5.5% to 15% of operating budget expenditures in just two years. The Contingency Reserve Fund will provide a crucial buffer to the City in the event that the economy should suffer a downturn in the future.

Following is the General Fund Fiscal Summary Forecast for revenues and expenditures over the next five years. The forecast projects increasing revenues at a compound annual average rate of 4.3% and expenditures at a rate of 5.0%.

General Fund Forecast	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Total Revenues	\$141,671,000	\$148,562,000	\$154,827,000	\$161,778,000	\$167,419,000
Total Expenditures & Transfers	\$141,437,000	\$147,144,000	\$154,822,000	\$164,132,000	\$172,010,000
Forecast Balance	\$234,000	\$1,418,000	\$5,000	(\$2,354,000)	(\$4,591,000)

The chart below shows the history of Irvine's General Fund revenues and expenditures as well as the 2007 forecast of expected revenues and expenditures over the next five years.



Deficits are projected in both FYs 10-11 and 11-12. The deficit is largest in FY 11-12, at approximately 2.7% percent of revenues, but is small enough that a fairly minor adjustment in either projected revenues or expenditures would be enough to bring the projection back into balance. In addition, with the assumptions used in the model being fairly conservative, it is possible that the expected deficits are partially the result of conservative assumptions being compounded several years into the future. It is also possible,

Projected Financial Condition

however, that the macro-economic environment could deteriorate in an unexpected way resulting in even worse performance than projected. Therefore while the projected deficits should not be seen as alarming in the near term, they should be an important consideration in future expenditure decisions within the City's control.

Baseline General Fund Forecast

The General Fund Fiscal Model is a very useful tool for identifying how related demographic, land use, and infrastructure expenditures influence future General Fund budgets. It is also a useful tool for analyzing how different service and land use policy decisions affect the balance between General Fund revenues and expenditures. The purpose of this type of forecasting is to estimate the City's future fiscal condition based on various assumptions regarding land use, development trends, and municipal revenue and expenditure relationships. By providing a forecast of probable outcomes derived from policy implementation, one may evaluate both short-term and long-term strategic goals through the prioritization and allocation of resources.

The fiscal forecast assumes commercial and residential development will unfold according to the forecasts prepared by the Community Development Department in coordination with the Budget Office, and with help and review by major property developers in Irvine. The development forecasts are based on the current adopted General Plan as well as proposed annexations of the City's Sphere-of-Influence. The forecast utilizes the City's Adopted General Plan for all land use and building development forecasts through FY 27-28 and utilizes the FY 06-07 Adjusted General Fund Budget as the basis for revenue and expenditure projections.

In any given fiscal year, the level of revenues, expenditures, and year-end surpluses (Carryover) are the result of numerous variables including the national and state economies, legislative mandates, tax policies, changing land use or building intensity patterns, and City Council priorities. To the extent that these factors vary from forecast assumptions, the outcomes will also vary.

Projected Financial Condition

The General Fund Fiscal Model Assumptions include:

General:

- The current budget adequately funds current services and operations;
- No factor has been included in the model for inflation;
- Continuation of the Lighting, Landscape, and Park Maintenance District funding in the same ratio as in FY 06-07;
- A \$1.5 million annual transfer from the Asset Management Plan to the Infrastructure & Rehabilitation Fund as part of the five-year rehabilitation funding strategy (see Appendix F- Asset Management Plan for details); and,
- Continue debt service payments of \$6.0 million per year after FY 10-11. This serves as a placeholder for potential future infrastructure obligations after the existing Irvine Public Facility Infrastructure bonds are repaid.

Land Use:

- Uses the Citywide Land Use Forecast of development for the corporate boundary and the Sphere-of-Influence through 2030;
- The Fiscal Model now includes residential and commercial development in Planning Areas 30 and 51 (the Great Park Planning Areas). However, the Great Park development is not part of the Fiscal Model, as this development is occurring independently through the Orange County Great Park Corporation;
- Acquisition and timing of Irvine Open Space is based on the General Plan Open Space Element Implementation Action Program and is a function of development for the 18 Implementation Districts. Maintenance costs are assumed to track provisions in the Irvine Ranch Land Reserve Trust;

Projected Financial Condition

- National Pollutant Discharge Elimination System (NPDES) costs are included in the Fiscal Model as forecast by Public Works through FY 11-12, and then increase 3% per year thereafter;
- The Fiscal Model uses the adopted General Plan factors for population per dwelling unit and employees per 1,000 sq. ft. of commercial development to forecast residential population growth and employment growth (see Appendix B – SBP Overview & Assumptions for more detail);
- Developer park acres dedication factor: five acres for each projected 1,000 residents—developers of residential subdivisions are required to dedicate park land, or pay fees in lieu of dedication, at the rate of five acres per 1,000 population added to the City’s population by housing development; and,
- 1,000 sq. ft. of civic facilities will be developed or acquired for every park acre accepted by the City.

The Fiscal Model projects the following growth over the next five years.

	Current	5-Year Growth	Forecast FY 11-12	% Increase
Population	193,800	29,600	223,400	15%
Residential Housing	79,841	12,997	92,838	16%
Non-Residential (sq. ft.)	92,750,979	12,756,897	105,507,876	14%

Staffing:

- Maintain the current staffing cost ratio of 62%-65% of the projected General Fund Budget during the five year forecast;
- Merit increases of 3.5% for Sworn and 3.5% for Miscellaneous employees;
- Includes ratified MOU increases of 4% for Non-Sworn Associations in FY 07-08;
- CalPERS rate changes are included in the Fiscal Model;

Projected Financial Condition

- Other staffing increases are commensurate with infrastructure growth; and,
- Continuous evaluation of our organizational structure to ensure that we realize the most efficient core/contingent staffing mix possible.

Infrastructure:

- Public infrastructure and development related inventory increases will take place based on historic patterns; and
- The Fiscal Model does not anticipate or include additional facilities such as police substations or other operations support facilities that may be necessary to service Irvine's expanding geographical area, except as described on pp. 51-52 regarding future investment in special facilities.

The Fiscal Model projects the following infrastructure growth over the next five years:

	Current	5-Year Growth	Forecast FY 11-12	% Increase
Park Acres	543	233	776	43%
Street Landscape Acres	702	127	829	18%
Street Lane Miles	1,645	314	1,959	19%
Civic Facilities (Sq. Ft.)	580,303	135,014	715,317	23%
Open Space Acres	2,202	4,601	6,803	209%

A detailed breakdown of the projected parks and facilities assumptions is shown below.

5-Year Park & Facility Acquisition Assumptions

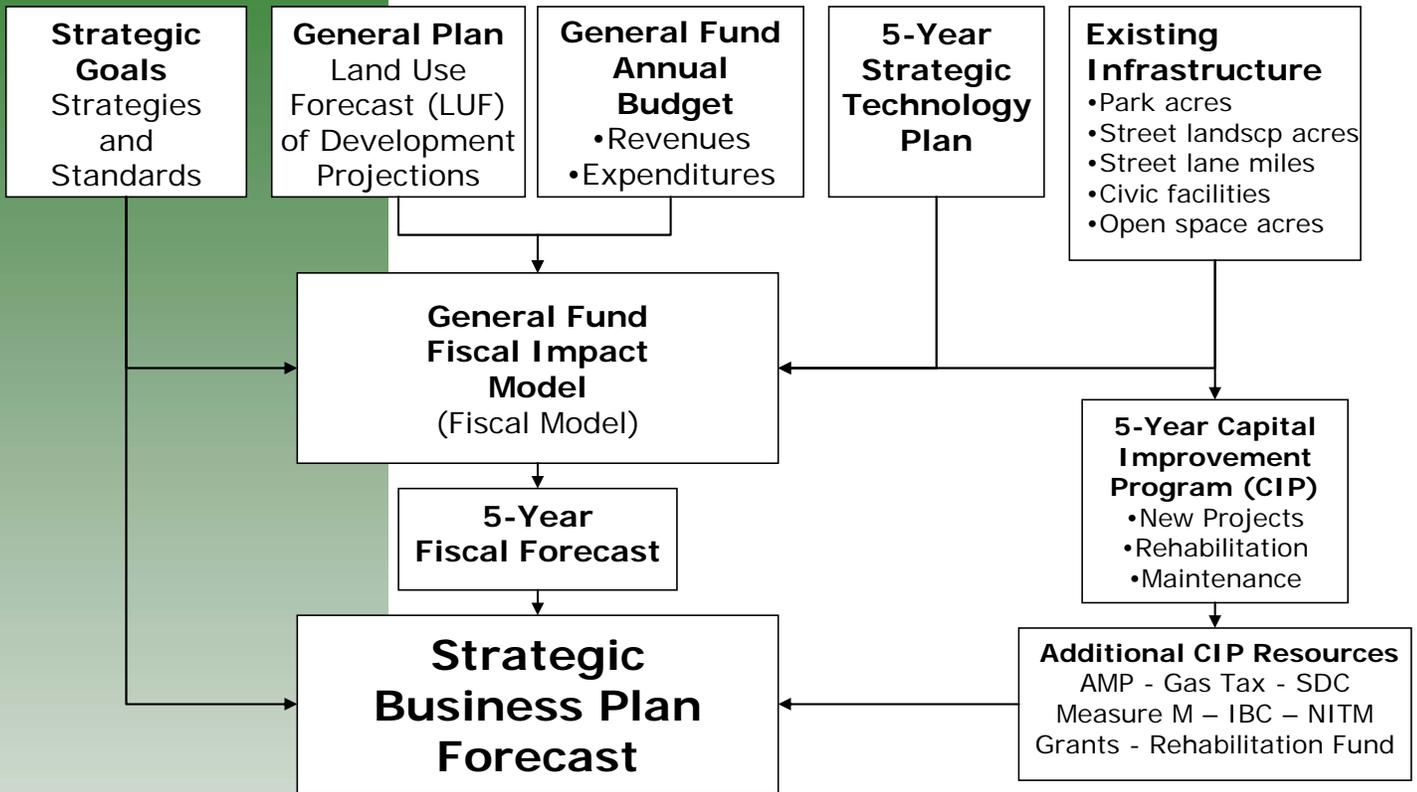
FY 2007/08			Acres	Facilities*
Sweetshade PA 38		Neighborhood Park	8.8	3,000
University Park Community Ctr.		Community Park		5,650
Jeffrey Open Space Trail	(Segment 3)	Special Facility	34.2	700
Subtotal			43.0	9,350
FY 2008/09				
Trailhead PA 1		Special Facility	3.4	800
PA1-Settlers		Neighborhood Park	6.0	775
Hicks Canyon Community Ctr.		Community Park		4,000
Oak Creek Soccer Field		Community Park	1.0	
Subtotal			10.4	5,575
FY 2009/10				
Gateway Park Phase I & II PA 6		Community Park	44.0	1,812
Portola Springs PA 6		Community Park	25.0	24,200
Jeffrey Open Space Trail	(Segment 4A & 4B)	Special Facility	18.4	982
Trabuco Community Ctr. PA 9A		Community Park	3.0	6,400
Col. Bill Barber Phase III		Community Park		18,500
Heritage Fields		Neighborhood Park	5.5	1,841
Subtotal			95.9	53,735
FY 2010/11				
Gateway Park Phase III PA 6		Community Park	27.0	38,500
PA 6		Neighborhood Park	5.0	1,206
Heritage Fields		Neighborhood Park	8.7	2,904
Jeffrey Open Space Trail	(Segment 1 & 4C)	Special Facility	26.5	481
Oak Creek Community Ctr.		Community Park		7,500
Subtotal			67.2	50,591
FY 2011/12				
PA 5		Neighborhood Park	5.0	775
PA 9B		Neighborhood Park	5.0	775
Heritage Fields		Neighborhood Park	6.6	2,214
Quail Hill Wilderness Ctr.		Special Facility		12,000
Subtotal			16.6	15,764
Total			233.1	135,014

* measured in square feet

Additional Fiscal Model assumptions can be found in Appendix B – SBP Overview & Assumptions.

SBP Development Process:

The illustration below depicts the inputs, drivers, and relationships between these components in developing the City's Strategic Business Plan.



The Fiscal Model summary forecast for population and infrastructure over the next five years is shown below:

5-Year Forecast – Annual Totals

Description	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	5 Year Increase	5 Year Increase
Population	193,800	197,900	203,200	208,400	215,300	223,400	29,600	15%
Residential Housing	79,841	81,582	83,840	86,098	89,015	92,838	12,997	16%
Non-Residential (sq.ft.)	92,750,979	94,927,238	97,604,245	100,398,794	103,113,526	105,507,876	12,756,897	14%
Park Acres & Sp. Fac.	543	586	596	692	760	776	233	43%
Street Lane Miles	1,645	1,670	1,720	1,790	1,876	1,959	314	19%
Street Landscape Acres	702	712	732	761	795	829	127	18%
Civic Facilities (sq. ft.)	580,303	589,653	595,228	648,963	699,554	715,317	135,014	23%
Open Space Acres	2,202	2,970	4,598	5,615	6,803	6,803	4,601	209%

5-Year Forecast – Annual Increases

Description	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	5 Year Increase	Annual Increase
Population	193,800	4,100	5,300	5,200	6,900	8,100	29,600	3%
Residential Housing	79,841	1,741	2,258	2,258	2,917	3,823	12,997	3%
Non-Residential (sq.ft.)	92,750,979	2,176,259	2,677,007	2,794,549	2,714,732	2,394,350	12,756,897	3%
Park Acres & Sp. Fac.	543	43	10	96	67	17	233	7%
Street Lane Miles	1,645	25	50	70	86	83	314	4%
Street Landscape Acres	702	10	20	28	35	34	127	3%
Civic Facilities (sq. ft.)	580,303	9,350	5,575	53,735	50,591	15,764	135,014	4%
Open Space Acres	2,202	768	1,628	1,017	1,188	0	4,601	25%

As illustrated in the following table, the 2007 Strategic Business Plan forecast shows that the General Fund Budget is expected to have a positive net balance in the first three years and then negative balances.

General Fund Budget 5-Year Forecast

General Fund Revenues	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Sales Tax	\$60,798,000	\$63,110,000	\$65,925,000	\$69,786,000	\$71,445,000
Property Tax	\$38,603,000	\$41,145,000	\$42,272,000	\$42,984,000	\$44,432,000
Vehicle License Fees	\$1,524,000	\$1,597,000	\$1,672,000	\$1,763,000	\$1,867,000
Hotel Tax	\$9,391,000	\$9,821,000	\$10,275,000	\$10,977,000	\$11,519,000
Franchise Tax	\$6,677,000	\$6,815,000	\$7,244,000	\$7,624,000	\$8,064,000
Community Services Fees	\$6,510,000	\$7,169,000	\$7,809,000	\$8,095,000	\$8,750,000
Utility User's Tax	\$4,671,000	\$4,778,000	\$4,816,000	\$4,849,000	\$4,980,000
Fines & Forfeitures	\$2,129,000	\$2,188,000	\$2,247,000	\$2,306,000	\$2,365,000
Development Fees	\$392,000	\$396,000	\$474,000	\$572,000	\$615,000
Doc. Transfer Tax	\$2,423,000	\$2,793,000	\$2,755,000	\$2,780,000	\$2,883,000
Licenses & Permits	\$1,536,000	\$1,580,000	\$1,622,000	\$1,671,000	\$1,721,000
Miscellaneous	\$3,007,000	\$3,088,000	\$3,167,000	\$3,272,000	\$3,395,000
Total Revenues:	\$137,661,000	\$144,480,000	\$150,278,000	\$156,679,000	\$162,036,000
Transfers-In (Dev. Services)	\$4,010,000	\$4,082,000	\$4,549,000	\$5,099,000	\$5,383,000
Total Revenue - All Sources	<u>\$141,671,000</u>	<u>\$148,562,000</u>	<u>\$154,827,000</u>	<u>\$161,778,000</u>	<u>\$167,419,000</u>
Department Expenditures	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
City Manager's Office	\$9,529,000	\$9,861,000	\$10,332,000	\$10,842,000	\$11,339,000
Administrative Services	\$6,325,000	\$6,548,000	\$6,892,000	\$7,257,000	\$7,613,000
Community Development	\$6,995,000	\$7,179,000	\$7,410,000	\$7,668,000	\$7,948,000
Community Services	\$28,689,000	\$29,992,000	\$31,917,000	\$33,935,000	\$35,567,000
Public Safety	\$50,723,000	\$53,161,000	\$55,883,000	\$59,016,000	\$62,519,000
Public Works	\$28,776,000	\$29,797,000	\$31,570,000	\$33,369,000	\$34,920,000
Redevelopment	\$745,000	\$775,000	\$806,000	\$844,000	\$888,000
Non-Departmental	\$6,655,000	\$6,831,000	\$7,012,000	\$7,201,000	\$7,216,000
Total Expenditures:	\$138,437,000	\$144,144,000	\$151,822,000	\$160,132,000	\$168,010,000
Transfers Out (Rehab & CIP)	\$3,000,000	\$3,000,000	\$3,000,000	\$4,000,000	\$4,000,000
Total Appropriations & Transfers	<u>\$141,437,000</u>	<u>\$147,144,000</u>	<u>\$154,822,000</u>	<u>\$164,132,000</u>	<u>\$172,010,000</u>

Summary Baseline Forecast

Summary Forecast	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Total Revenues	\$141,671,000	\$148,562,000	\$154,827,000	\$161,778,000	\$167,419,000
Total Expenses	\$141,437,000	\$147,144,000	\$154,822,000	\$164,132,000	\$172,010,000
Forecast Balance	\$234,000	\$1,418,000	\$5,000	(\$2,354,000)	(\$4,591,000)

Projected Financial Condition

Implications for Next Year's Budget

Based on the 2007 Fiscal Model Forecast, the FY 07-08 General Fund Budget will be fully funded and all City services will continue based on the current FY 06-07 Adjusted Budget, including:

- Maintenance of 1670 lane miles of streets
- Maintenance of 586 acres of parks inventory, including two new Community Parks and one new Neighborhood Park
- Maintenance of 712 street landscape acres
- Maintenance of 2,970 acres of open space
- Maintenance of 589,653 sq. ft. of Civic facilities

Capital Improvement Program Forecast

Presented in the following table is the Capital Improvement Program Summary Forecast. The Forecast includes all of the maintenance, rehabilitation, and new construction projects identified in the previous chapters. The Forecast also includes a summary of available resources for these projects. The Forecast assumes annual contributions of \$1.5 million from the Asset Management Plan (see Appendix F- Asset Management Plan for details) and increasing annual contributions from the General Fund shown in the previous table as "Transfers Out (Rehab & CIP)."

Implementation of the proposed projects, over the next five years, will maintain current standards for maintenance and rehabilitation of City infrastructure and facilities. If the proposed projects are not funded, the City will fall below current standards and a backlog will occur. All projects scheduled to begin construction in FY 07-08 have sufficient funding that has been identified and secured.

The next four years of the forecast, however, show an increasing need for funding with annual deficits ranging from \$0.3 million to approximately \$16.7 million required to maintain current standards. Even in these years, however, funding is available for the majority of projects. Funding has been identified for 99% of the need in FY 08-09, 84% of the need in FY 09-10, 89% of the need in FY 10-11 and 85% of the need in FY 11-12.

The primary cause of the large capital project funding deficits, particularly in FYs 09-10 and 10-11, are the need for large rehabilitation expenditures. Two Barranca

Projected Financial Condition

rehabilitation projects, for example, both exceeding \$3 million are scheduled for FY 09-10. In addition, the need for local street rehabilitation funding has increased recently by more than \$1 million for FYs 09-10 and 10-11 due to increased raw material costs and by the need for more extensive rehabilitation efforts beyond simple coating maintenance as a result of infrastructure aging and wear and tear. Finally, the construction phase of a large circulation project totaling \$11.4 million, Interstate 5 Southbound Ramps on Jamboree, is programmed for FY 09-10. While this project is currently funded with \$5 million in grant money, the project still has a significant impact on the FY 09-10 funding deficit.

It is important to note that the forecast of available revenues shown below does not include potential grant funding not yet secured. Historically, major arterial street rehabilitation projects have received 25% funding by grant sources. Additionally, there are other grant programs that pay even a greater share of a project's costs. Irvine continues to be well positioned to receive future awards from granting agencies and the Public Work's Department is preparing to once again aggressively pursue funding opportunities to meet the City's identified project needs. These opportunities should multiply in the coming months with the recent passage of State Proposition 1B and the thirty year renewal of Orange County's Measure M transportation funding program. Overall the City of Irvine is well positioned to obtain grants from these and other programs resulting in a significant improvement to the City's five-year funding plan for arterial roadways and circulation projects.

5-Year Construction Improvement Program Summary Forecast

Total Revenue Sources:	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
AQMD	\$185,000	\$385,000	\$185,000	\$185,000	\$185,000
Developer Contribution	\$250,000	\$0	\$4,000,000	\$0	\$0
Gas Tax (Fund 111)	\$4,500,855	\$8,263,934	\$5,185,517	\$5,301,517	\$5,438,518
GF/AMP/Rehab & Infrast. (Fund 010)	\$6,901,206	\$5,838,900	\$4,533,358	\$5,500,000	\$5,800,000
IBC Fees (Fund 123)	\$5,771,536	\$145,000	\$1,620,000	\$1,003,250	\$636,913
IBC TMP (Fund 138)	\$62,500	\$0	\$0	\$0	\$0
ICCP Reimbursement	\$103,929	\$104,968	\$106,018	\$107,078	\$113,235
M Competitive Grants	\$4,146,494	\$1,237,145	\$6,433,954	\$3,500	\$3,500
M Turnback (Fund 110)	\$4,215,845	\$3,204,822	\$3,366,587	\$2,655,891	\$3,762,157
NITM Fee Program (Fund 122)	\$9,669,880	\$4,220,793	\$33,615,520	\$1,534,481	\$702,000
Proposition 40	\$1,100,000	\$0	\$0	\$0	\$0
Proposition 116	\$0	\$0	\$20,000,000	\$70,000,000	\$30,000,000
Parking Fees	\$0	\$325,000	\$0	\$0	\$0
Quimby Fees (Fund 112)	\$264,413	\$0	\$4,600,000	\$0	\$0
SDC Circulation (Fund 118)	\$5,571,352	\$5,325,879	\$2,450,000	\$2,700,000	\$2,483,000
SDC Non-Circulation (Fund 118)	\$5,436,885	\$10,319,990	\$1,020,864	\$9,138,361	\$3,500,000
Slurry Seal (Fund 132)	\$600,000	\$500,000	\$500,000	\$500,000	\$500,000
TEA Grant	\$37,940	\$950,642	\$0	\$0	\$0
Total Rehabilitation/CIP Revenue:	\$48,817,835	\$40,822,073	\$87,616,818	\$98,629,078	\$53,124,323

5-Year Construction Improvement Program Summary Forecast (continued)

Total Expenditures:	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Rehabilitation:					
Arterial Street Rehabilitation	\$5,930,000	\$7,570,000	\$13,420,000	\$14,410,000	\$12,640,000
Local Street Rehabilitation	\$2,140,000	\$1,940,000	\$2,070,000	\$1,980,000	\$2,040,000
Bridge Projects	\$50,000	\$100,000	\$100,000	\$60,000	\$100,000
Hardscape Rehab Projects	\$315,000	\$328,500	\$345,000	\$361,750	\$378,500
Storm Drain Projects	\$1,125,000	\$150,000	\$550,000	\$150,000	\$150,000
Traffic Signal Rehabilitation/Upgrades	\$1,804,700	\$1,726,700	\$1,861,700	\$1,818,700	\$1,846,700
Community Parks	\$435,000	\$435,000	\$435,000	\$700,000	\$475,000
Neighborhood Parks	\$366,000	\$366,000	\$425,000	\$160,000	\$450,000
Street Landscapes	\$771,271	\$1,147,255	\$720,000	\$720,000	\$720,000
Turf Athletic Fields	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Facility Rehabilitation Projects	\$3,047,804	\$3,190,782	\$3,335,190	\$3,526,042	\$3,728,789
Playground Equip. Projects	\$697,820	\$619,990	\$620,864	\$341,191	\$347,000
Infrastructure Development:					
Off-Street Bike Trail Development	\$200,000	\$200,000	\$400,000	\$750,000	\$750,000
Parks & Facilities Development	\$5,903,478	\$10,500,000	\$4,600,000	\$8,800,000	\$4,700,000
IBC Circulation Projects	\$8,709,036	\$1,304,473	\$5,745,000	\$1,003,250	\$636,913
Circulation Projects	\$4,153,086	\$6,134,439	\$15,617,153	\$3,720,800	\$2,486,500
NITM Projects	\$12,484,640	\$4,220,793	\$33,615,520	\$1,534,481	\$702,000
Transit Projects	\$250,000	\$575,000	\$20,050,000	\$70,050,000	\$30,050,000
AQMD Projects	\$185,000	\$385,000	\$185,000	\$185,000	\$185,000
Total Rehabilitation/CIP Expenditures:	\$48,817,835	\$41,143,932	\$104,345,427	\$110,521,214	\$62,636,402

Summary Forecast	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Total Revenues	\$48,817,835	\$40,822,073	\$87,616,818	\$98,629,078	\$53,124,323
Total Expenditures	\$48,817,835	\$41,143,932	\$104,345,427	\$110,521,214	\$62,636,402
Forecast Need:	\$0	(\$321,859)	(\$16,728,609)	(\$11,892,136)	(\$9,512,079)

Note – Competitive grant awards will help reduce unfunded needs in later years

Projected Financial Condition

Conclusion

While the 2007 Fiscal Forecast shows that the General Fund budget is in balance for the next three years, attention must shift to the outer years of the General Fund forecast where increasing operational costs result in expected deficits. Prudent fiscal management and the utilization of new technology, practices and standards that further drive-down the City's cost of service per capita will help the City to meet the needs of the Community in a period of constrained revenue growth. At the same time, grant funding opportunities will be aggressively pursued to balance the City's Capital Improvement Program and to maintain the City's infrastructure. Through the City Council's continued leadership, Irvine will continue to fulfill its strategic goals ensuring the community's quality of life.

Appendix A

2008 Strategic Business Plan Development Timeline

June	City Council adopts the Annual Budget.
July	Integration of annexations and organizational changes reflected in the Annual Budget.
August	Incorporation of Annual Budget data into the Strategic Business Plan & Fiscal Model.
September/ October	Preliminary long-range forecast is developed. Evaluate output, identify issues, and clarify policy implications.
November	Strategic Business Plan draft is circulated for comments. Executive management team develops approach to policy issues.
January	Strategic Business Plan Presentation to the Finance Commission. Receive recommendations from the Finance Commission.
February	City Council receives the Strategic Business Plan.
March/ April	The Annual Budget is developed from Strategic Business Plan forecasts.

Appendix B: SBP Overview & Assumptions

Overview of the General Fund Fiscal Impact Model

The Fiscal Model combines forecasts of residential and nonresidential development, the current adopted General Fund Budget, and City maintained infrastructure into ratios and relationships in order to assess the impacts of projected development on the General Fund Budget. By forecasting the Operating Budget, an assessment may be made about the sustainability of current City services.

To produce a forecast, the Fiscal Model uses the following factors:

- Residential Development (dwelling units)
- Commercial Development (square feet)
- Residential Population
- Employment Population
- Daytime Population
- Sworn and Non-Sworn Merit Increases
- MOU Increases
- CalPERS Rate Changes
- National Pollutant Discharge Elimination System (NPDES)
- Inventory Increases Including:
 - Park Acres
 - Street Landscape Acres
 - Street Lane Miles
 - Civic Facilities (square feet)
 - Open Space Acres
 - Strategic Technology Plan

Appendix B: SBP Overview & Assumptions

Citywide Land Use Development Projections

Community Development produces a Citywide Land Use Projections Database, which forecasts increases in residential dwelling units and nonresidential development through the year 2030. The Development Forecast is produced in five-year increments including 2010, 2015, 2020, 2025 and 2030.

To make the Development Forecast useful for fiscal forecasting, the near-term forecast is annualized to reflect current development trends, while the longer-term forecast is annualized by averaging the growth in each five-year period.

The annualized Development Forecast is then combined with General Plan factors for residents per Dwelling Unit (DU) and Employment per Thousand Square Feet (SF) to produce:

- Residential Population Estimates
- Employment Population Estimates

Daytime Population is estimated by combining the residential population forecast with the employment population forecast (assuming that 50% of the population forecast remains in the City during the day).

The model uses the following detailed data sets defined by the City's General Plan:

Residential Categories (projected in dwelling units):

Development Reserve
Estate Density Residential
Low Density Residential
Medium Density Residential
Medium-High Density Residential
High Density Residential
Multi-Use
Transit Oriented Development
Irvine Center Urban Commercial
IBC Mixed-Use
IBC Multi-Use
IBC Residential
Medical and Science
Institutional

Appendix B: SBP Overview & Assumptions

Commercial Categories (projected in square feet):

- Exclusive Agriculture
- Development Reserve
- Preservation
- Recreation
- Estate Density Residential
- Low Density Residential
- Medium Density Residential
- Medium-High Density Residential
- Multi-Use
- Transit Oriented Development
- Neighborhood Commercial
- Community Commercial
- Vehicle-Related Commercial
- Commercial Recreation
- Irvine Center Regional Commercial
- Irvine Center Retail/Office Commercial
- Irvine Center Urban Commercial
- Irvine Center Garden Commercial
- Lower Peter's Canyon (LPC) Regional Commercial
- IBC Mixed-Use
- IBC Multi-Use
- IBC Industrial
- General Industrial
- Medical and Science
- Business Park
- Institutional

General Fund Budget

The model uses the following General Fund Budget categories to produce a forecast:

Revenues:

- Sales Tax
- Property Tax
- Vehicle License Fees (VLF)
- Hotel Tax
- Franchise Tax Revenue
- Community Service Fees
- Utility Users Tax
- Fines and Forfeitures
- Licenses and Permits
- Community Development Fees
- Public Works Development Fees
- Documentary Transfer Tax
- Miscellaneous

Appendix B: SBP Overview & Assumptions

Expenditures:

City Manager's Office
 Administrative Services Department
 Community Development Department
 Community Services Department
 Public Safety Department
 Public Works Department
 Redevelopment Department
 Non-Departmental

Detailed Model Assumptions

Population and Employment Factors

The following General Plan factors for population per dwelling unit and employment, derived from the 2000 census, are used in the model:

Population per dwelling unit:

<u>Zoning Category</u>	<u>Residents per Dwelling Unit</u>
Estate Density	3.25
Low Density	2.94
Medium Density	2.57
Medium-High Density	2.29
High Density	1.30
Multi-Use	1.30
Irvine Center Urban Commercial	2.57
Transit Oriented Development	1.30
IBC Mixed-Use	1.30
IBC Multi-Use	1.30
IBC Residential	1.30
Medical and Science	1.30
Institutional	1.00

Employees per 1,000 sq. ft. of commercial development:

<u>Zoning Category</u>	<u>Employees per 1,000 Sq Ft</u>
Development Reserve	2.0
Preservation	2.0
Recreation	2.0
Estate Density Residential	2.0
Low Density Residential	2.0
Medium Density Residential	2.0
Medium-High Density Residential	2.0
Multi-Use	2.0

Appendix B: SBP Overview & Assumptions

<u>Zoning Category</u>	<u>Employees per 1,000 Sq Ft</u>
Neighborhood Commercial	2.0
Community Commercial	2.0
Vehicle-Related Commercial	2.0
Commercial Recreation	2.0
Irvine Center Regional Commercial	2.0
Irvine Center Retail/Office Commercial	2.0
Irvine Center Urban Commercial	2.0
Irvine Center Garden Commercial	2.0
LPC Regional Commercial	2.0
IBC Mixed-Use	1.9
IBC Multi-Use	1.9
IBC Industrial	1.9
General Industrial	1.9
Medical and Science	1.9
Business Park	1.9
Institutional	2.0

Infrastructure and Service Factors

Strategic Technology 5-Year Base Plan increases are included in the model as forecast by Administrative Services for FY 07-08 through FY 11-12 and then are projected to increase at the rate of 3% per year thereafter.

50% of Irvine's population remains in the City during the day.

Police calls for service are divided:

- Residential 70%
- Commercial 30%

A portion of development services fee revenues are transferred into the General Fund to supplement the overhead portion of services provided. The revenues are transferred to the General Fund as accounts receivable revenues are billed, or as development fee revenues are received.

Right-of-Way Development:

- Lane mile pavement width: 12 feet
- Ratio of street landscape acres to street lane miles: 41% (four year average)
- Ratio of sidewalk miles to street lane miles: 52% (four year average)

Appendix B: SBP Overview & Assumptions

General Fund operating transfers to the Rehabilitation and Infrastructure Fund are shown on the General Fund Summary Forecast in Chapter 5 – Financial Condition.

Fiscal Model assumes that infrastructure, such as parks, street landscape acres, and right-of-ways, come online the first day of each fiscal year.

Special Funds

There are several Special Funds that partially support the cost of ongoing City operations. The costs borne by these funds are subtracted in projecting the City's future General Fund fiscal position in the Fiscal Model. The Special Funds that partially support ongoing services are:

- Landscape, Lighting and Park Maintenance Fund
- Building and Safety Fund (development services overhead revenue)
- Development Services Fund (development services overhead revenue)
- Development Engineering Fund (development services overhead revenue)

General Fund Revenues Assumptions

Model Regression Functions

The majority of General Fund Budget categories are now forecast using a statistical modeling technique called regression analysis. Regression analysis uses historical data to estimate trends and relationships between dependent and independent variables. For example, one can estimate the residential population in Irvine looking back historically at the number of dwelling units and comparing the housing count to the given population (using a regression equation). Regression equations are now used to statistically link historic relationships between service costs, residential and nonresidential development, infrastructure, and revenue patterns to estimate the future without the variability of using annual budget factors (that may change dramatically each year).

Appendix B: SBP Overview & Assumptions

Revenue Forecast Models Using Regression Analysis Include:

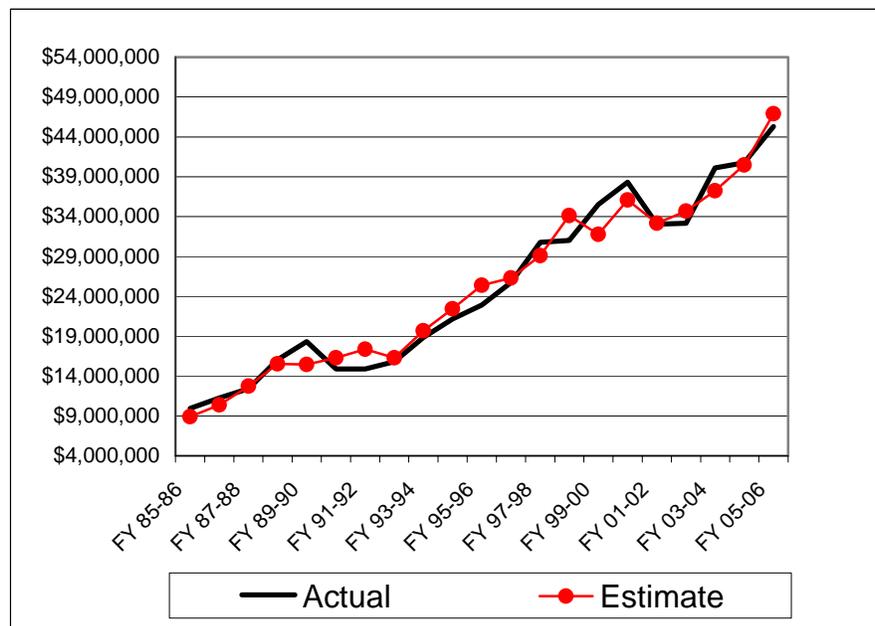
- Sales Tax
- Property Tax
- Hotel Tax
- Franchise Tax
- Utility Users Tax
- Cable Television Tax
- Vehicle License Fees
- Documentary Transfer Tax
- Community Service Fees

A detailed explanation of each regression equation is presented below.

Sales Tax Revenue Model

This linear regression model uses the variables below to forecast this tax revenue. The model has an Adjusted R-Square value of .959 which means that the explanatory variables used in this model explain 96% of the variation found in historical Sales Tax revenue with a minimum variance. The variables used in this model represent the categories of zoning code square footage which are defined in Irvine's General Plan and an economic variable.

Sales Tax



Appendix B: SBP Overview & Assumptions

The Model:

$$\text{Sales Tax} = f((R\text{-Pop}, SF4(1), SF5(1), SF6(1), T30-1Y(1)) + [SF3(1) + SF4.3(1) + SF4.9])$$

Explanatory Variables:

R-Pop(0) — Residential Population

This variable is the total annual forecast of residential population with no lag or lead in the model.

SF4(1) — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code with a one 1 period lead, excluding categories 4.3 Vehicle-Related Commercial and 4.9 LPC Regional Commercial. Zoning Categories 4.3 and 4.9 were not statistically related in this model factor – however they are reintroduced into the model totals after the regression forecast is estimated.

SF5(1) — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category with a one 1 period lead.

SF6(1) — Zoning Code Square Footage 6

This variable is the total annual square footage for the Institutional Zoning Code category with a one 1 period lead.

T30-1Y(1) — 30-Year less 1-Year

This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate with a 1 period lead.

The Following Zoning Categories were not statistically related in this model. These Zoning Codes, and the square footage they represent, are reintroduced into the model totals after the regression forecast is produced:

SF3(1) — Zoning Code Square Footage 3

This variable is the total annual square footage for the Multi-Use Zoning Code category with a one 1 period lead.

SF4.3(1) — Zoning Code Square Footage 4.3, Vehicle-Related Commercial. This variable is the total annual square footage for this Zoning Code category with a one 1 period lead.

Appendix B: SBP Overview & Assumptions

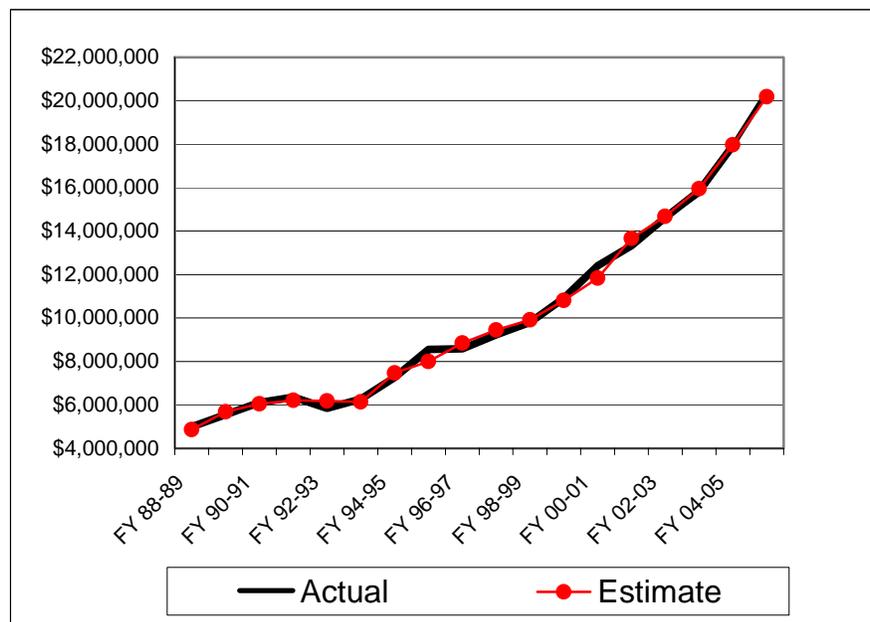
SF4.9(1)) — Zoning Code Square Footage 4.9 LPC, Regional Commercial. This variable is the total annual square footage for this Zoning Code category with a one 1 period lead.

In addition, the Sales Tax revenue forecast has been reduced modestly by a conservative factor to estimate the impact of the upcoming opening of the District, Tustin's new 1 million square foot commercial development, on Irvine's Sales Tax. This factor was calculated based on existing Sales Tax revenue generated near the location of the new shopping center.

Property Tax Revenue Model

This linear regression model uses the variables below to forecast this tax revenue. The model has an Adjusted R-Square value of .993 which means that the explanatory variables used in this model explain 99% of the variation found in historical Property Tax revenue with a minimum variance. The variables used in this model represent the categories of zoning code square footage which are defined in Irvine's General Plan and an economic variable.

Property Tax



Appendix B: SBP Overview & Assumptions

The Model:

$$\text{Property Tax} = f(\text{AGGDU}, \text{SF1}, \text{SF2}, \text{SF3}, \text{SF4}, \text{SF5}, \text{SF6}, \text{T30-1Y})$$

Explanatory Variables:

AGGDU — Aggregate Dwelling Units

This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year.

SF1 — Zoning Code Square Footage 1

This variable is the total annual square footage for the Open Space Zoning Code category.

SF2 — Zoning Code Square Footage 2

This variable is the total annual square footage for the Residential Zoning Code category.

SF3 — Zoning Code Square Footage 3

This variable is the total annual square footage for the Multi-Use Zoning Code category.

SF4 — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code category.

SF5 — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category.

SF6 — Zoning Code Square Footage 6

This variable is the total annual square footage for the Institutional Zoning Code category.

T30-1Y — 30-Year Rate less 1-Year Rate

This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate.

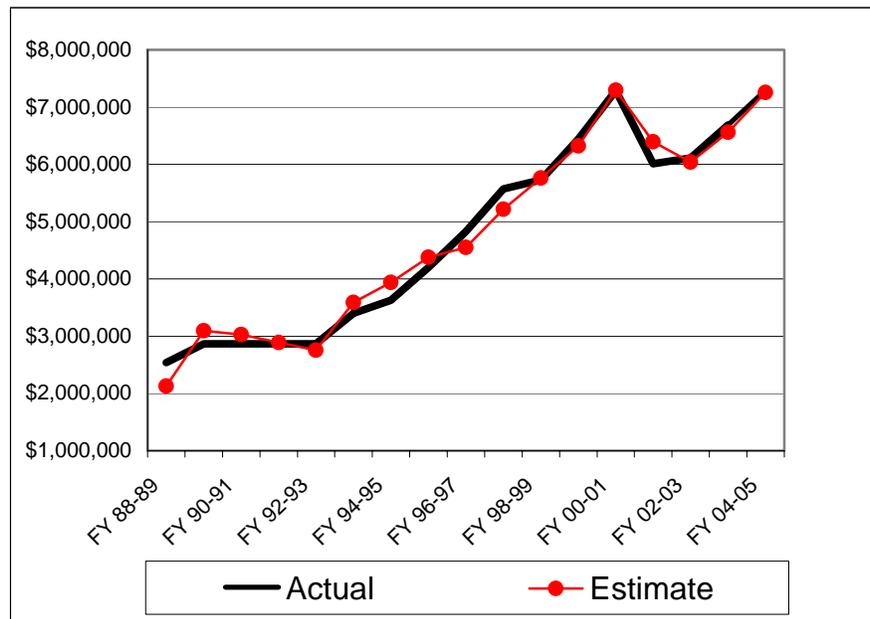
In addition, Property Tax revenue have been reduced by a factor to account for the anticipated reduction in the City's no-low, or Tax Equity Allocation (TEA), Property Tax revenues resulting from the City's new Redevelopment Agency and future development at Heritage Fields.

Appendix B: SBP Overview & Assumptions

Hotel Tax Revenue Model

This linear regression model uses the variables below to forecast this tax revenue. The model has an Adjusted R-Square value of .974 which means that the explanatory variables used in this model explains 97% of the variation found in historical Hotel Tax revenue with a minimum variance. This model is unique because it is determined with variables that have lead periods attached to them.

Hotel Tax



The Model:

$$\text{Hotel Tax} = f(\text{SF1-3}(2), \text{SF4}(2), \text{SF5}(2), \text{T30-1Y}(1), \text{AGGDU}(1))$$

Explanatory Variables:

SF1-3(2) — Square Footage 1 through 3

This variable combines the General Plan Zoning Code categories of 1) Open Space, 2) Residential, and 3) Multi-Use into one variable measured by total annual square footage with a 2 period lead.

SF4(2) — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code category with a 2 period lead.

Appendix B: SBP Overview & Assumptions

SF5(2) — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category with a 2 period lead.

T30-1Y(1) — 30-Year less 1-Year

This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate with a 1 period lead.

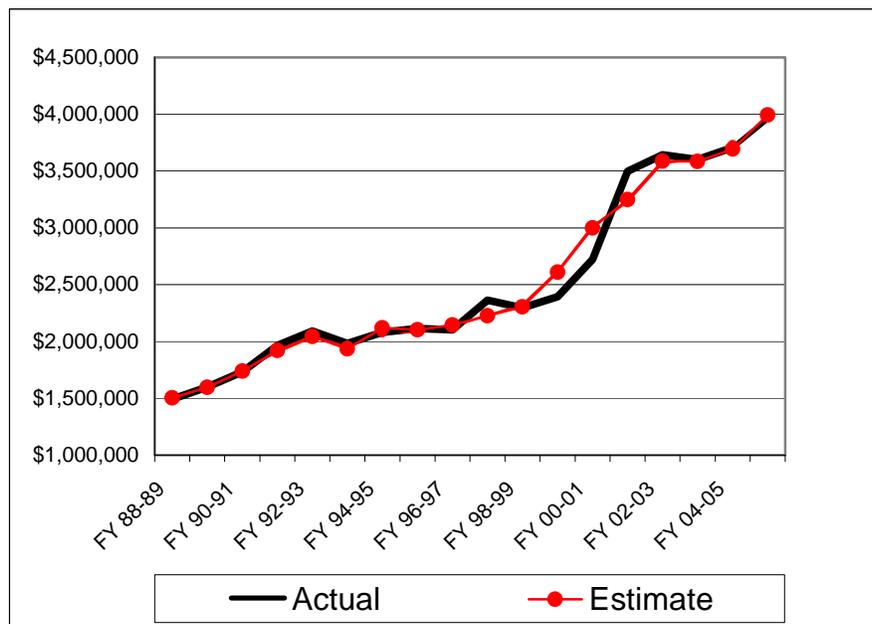
AGGDU(1) — Aggregate Dwelling Units

Annual Aggregate Dwelling Units forecast with a 1 period lead.

Franchise Tax Revenue Model

This linear regression model uses the variables below to forecast this tax revenue. The model has an Adjusted R-Square value of .973 which means that the explanatory variables used in this model explain 97% of the variation found in historical Franchise Tax revenue with a minimum variance. This model captures utility users, excluding businesses, within Irvine's City boundary and it is modeled using the total number of dwelling units and zoning code square footage categories.

Franchise Tax



Appendix B: SBP Overview & Assumptions

The Model:

Franchise Tax = $f(SF1-3, SF4, SF5, AGGDU)$

Explanatory Variables:

SF1-3 — Square Footage 1 through 3

This variable combines the General Plan Zoning Code categories of 1) Open Space, 2) Residential, and 3) Multi-Use into one variable measured by total annual square footage.

SF4 — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code category.

SF5 — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category.

AGGDU — Aggregate Dwelling Units

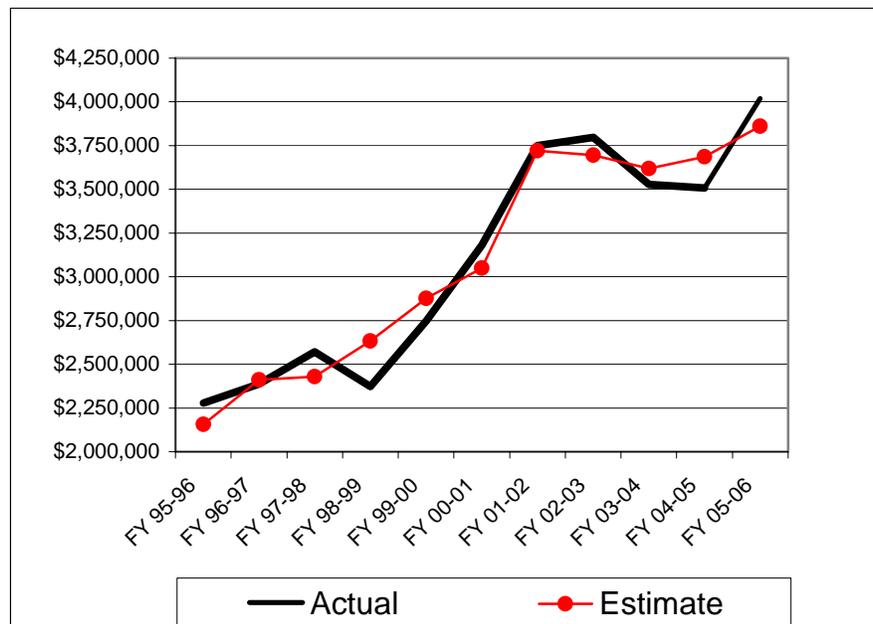
This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year.

Utility Users Tax Revenue Model:

This linear regression model uses the variables below to forecast this tax revenue. The model has an Adjusted R-Square value of .937 which means that the explanatory variables used in this model explains 94% of the variation found in historical Business Utility Users Tax revenue with a minimum variance. This tax is levied on businesses located within Irvine's City boundary. Variables used in this model are the zoning code square footage categories, excluding residential, and an economic variable.

Appendix B: SBP Overview & Assumptions

Utility Users Tax



The Model:

$$\text{Business Utility Users} = f(\text{SF1-6}, \text{T30-1Y})$$

Explanatory Variables:

SF1-6 — Square Footage 1 through 6

This variable combines the General Plan Zoning Code categories of 1) Open Space, 2) Residential, 3) Multi-Use, 4) Commercial, 5) Business/Industrial, and 6) Institutional into one variable measured by total annual square footage.

T30-1Y — 30-Year less 1-Year

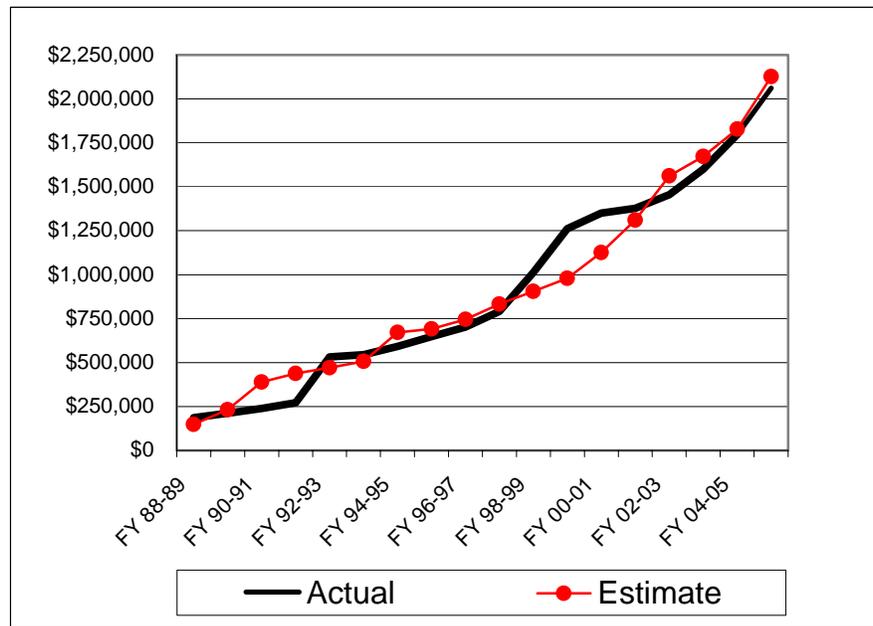
This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate.

Cable Television Franchise Tax Revenue Model:

This linear regression model uses the variables below to forecast this revenue. The model has an Adjusted R-Square value of .956 which means that the explanatory variables used in this model explains 96% of the variation found in historical Cable Television Franchise Tax revenue with a minimum variance. This tax revenue is best modeled using Irvine's residential dwelling units.

Appendix B: SBP Overview & Assumptions

Cable Television Tax



The Model:

$$\text{Cable Television} = f(\text{AGGDU})$$

Explanatory Variables:

AGGDU — Aggregate Dwelling Units

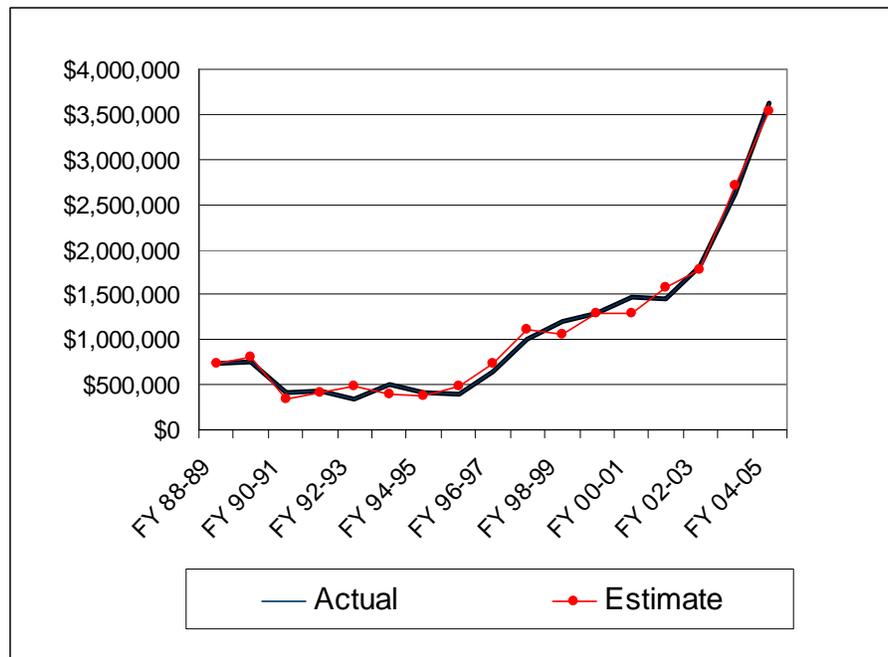
This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year.

Documentary Transfer Tax Revenue Model:

The linear regression model used to estimate this tax revenue has an Adjusted R-Square value of .985 which means that the explanatory variables used in this model explains 99% of the variation found in historical Documentary Transfer Tax revenue with a minimum variance. Variables used in this model are individual zoning code square footage categories and residential.

Appendix B: SBP Overview & Assumptions

Documentary Transfer Tax



The Model:

$$\text{Documentary Transfer Tax} = f(SF1, SF2, SF3, SF4, SF5, SF6, AGGDU, T30-1Y)$$

Explanatory Variables:

SF1 — Zoning Code Square Footage 1

This variable is the total annual square footage for the Open Space Zoning Code category.

SF2 — Zoning Code Square Footage 2

This variable is the total annual square footage for the Residential Zoning Code category.

SF3 — Zoning Code Square Footage 3

This variable is the total annual square footage for the Multi-Use Zoning Code category.

SF4 — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code category.

SF5 — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category.

SF6 — Zoning Code Square Footage 6

This variable is the total annual square footage for the Institutional Zoning Code category.

Appendix B: SBP Overview & Assumptions

AGGDU — Aggregate Dwelling Units

This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year.

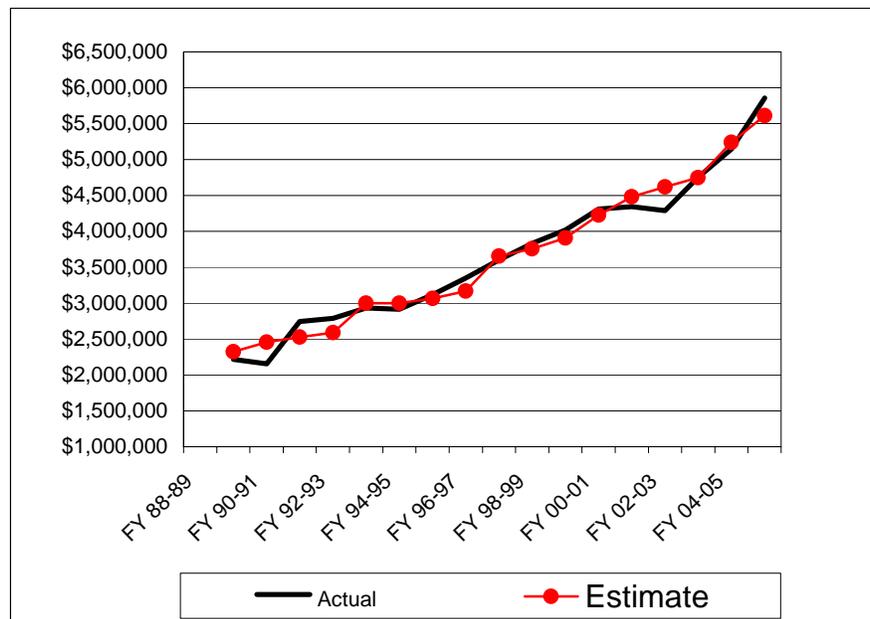
T30-1Y — 30-Year less 1-Year

This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate.

Community Service Fees Model:

The linear regression model used to estimate this fee revenue has an Adjusted R-Square value of .966 which means that the explanatory variables used in this model explains 97% of the variation found in historical Community Service Fees with a minimum variance. Variables used in this model are Community Services square footage, total number of dwelling units, and an economic variable.

Community Service Fees



Appendix B: SBP Overview & Assumptions

The Model:

Community Service Fees =
 $f(CS-FAC SQ. FT.(1), AGGDU(1), T30-1Y(-1))$

Explanatory Variables:

CS-FAC SQ FT(1) — Total of Community Services Facilities Sq Ft. This variable is the aggregate total of Community Services Facilities with a 1 period lead.

AGGDU(1) — Aggregate Dwelling Units
This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year with a 1 period lead.

T30-1Y(-1) — 30-Year less 1-Year
This variable is used as an economic variable and is defined as the spread (difference) between the 30-year rate Convertible Mortgage and the 1-year Treasury bond rate with a 1 period lag.

Other General Fund Revenues:

Vehicle License Fee:
Increases by the change in Residential Population

Business Permits Revenue:
Increases by the change in Daytime Population and the commercial development categories of Multi-Use, Commercial and Business/Industrial

Licenses and Permits:
Increases by the change in Residential Population

Fines and Forfeitures:
Increases by the change in Daytime Population

Miscellaneous:
Increases by the change in Residential Population

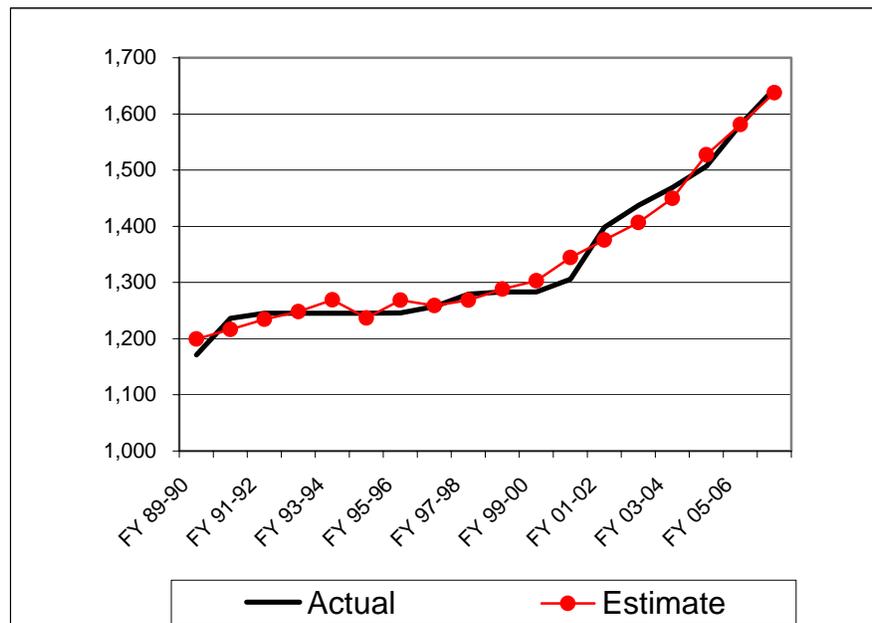
CD and PW Development Fees:
Increases, or decreases, by the year-to-year change in dwelling units and Nonresidential square feet of development

Appendix B: SBP Overview & Assumptions

Infrastructure Forecast Using Regression Equations

Street Lane Miles are forecasted using a regression equation. This regression equation statistically links historic relationships between street lane mile inventory and residential and nonresidential development to predict inventory increases related to street lane miles. The linear regression model used to estimate this forecast has an Adjusted R-Square value of .971 which means that the explanatory variables used in this model explains 97%.

Street Lane Miles



Note: Street Lane Miles for the next five periods are provided by the Public Works Department with future forecasts thereafter are estimated by the following model.

The Model:

Street Lanes Miles =
 $f(SF2(-1), SF4(-1), SF5(-1), SF6(-1), AGGDU(-1))$

Explanatory Variables:

SF2(-1) — Zoning Code Square Footage 2

This variable is the total annual square footage for the Residential Zoning Code category with a forecast of 1 period lag.

Appendix B: SBP Overview & Assumptions

SF4(-1) — Zoning Code Square Footage 4

This variable is the total annual square footage for the Commercial Zoning Code category with a forecast of 1 period lag.

SF5(-1) — Zoning Code Square Footage 5

This variable is the total annual square footage for the Business/Industrial Zoning Code category with a forecast of 1 period lag.

SF6(-1) — Zoning Code Square Footage 6

This variable is the total annual square footage for the Institutional Zoning Code category with a forecast of 1 period lag.

AGGDU(-1) — Aggregate Dwelling Units

This variable combines all residential dwelling unit categories (Estate, Low, Medium, Med-High, and High) into one total for each year with a forecast of 1 period lag.

General Fund Department Budget Assumptions

City Manager's Office

City Council:

- Salaries/Benefits increase by MOU only.
- Supplies and Services by residential population.

City Manager's Office:

- Salaries/Benefits increase by MOU, Merit, and change in Line Department operations.
- Supplies and Services increases by the change in Line Department operations.

City Clerk:

- Salaries/Benefits increase by MOU, Merit, and change in Line Department operations.
- Supplies and Services increases by the change in Line Department operations.

City Attorney:

- No Salaries/Benefits.
- Supplies and Services increases by the change in Line Department operations.

Appendix B: SBP Overview & Assumptions

Business Planning and Budget:

- Salaries/Benefits increase by MOU, Merit, and change in Line Department operations.
- Supplies and Services increases by the change in Line Department operations.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current allocations of contributed capital.

Administrative Services Department

Administration:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in Line Department operations.

Fiscal Services:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in Line Department operations.

Human Resources:

- Salaries/Benefits increase by MOU, Merit, and change in Line Department operations.
- Supplies and Services increases by the change in Line Department operations.

Information Technology:

- No General Fund budget. Services are budgeted in the Internal Service funds as specified by the 5-year Strategic Technology Plan. After five years the costs increase by 3% per year.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current percentage allocation for contributed capital.

Community Development Department

Administration:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the increase in the residential population.

Appendix B: SBP Overview & Assumptions

Development Services:

- Salaries/Benefits increase by MOU, Merit, and the difference between development activity (DU and SF) today and one year in the future (work goes up then the appropriation goes up).
- Supplies and Services increases by the same development ratio as above.

Building and Safety Administration:

- Salaries/Benefits increase by MOU, Merit, and the difference between development activity (DU and SF) today and one year in the future (work goes up then the appropriation goes up).
- Supplies and Services increases by the same development ratio as above.

Inspection, Plan Check, and Permit Services:

- Salaries/Benefits increase by MOU, Merit, and the difference between development activity (DU and SF) today and one year in the future (work goes up then the appropriation goes up).
- Supplies and Services increases by the same development ratio as above.

Code Enforcement and GIS Services:

- Salaries/Benefits increase by MOU, Merit, and the change in residential population.
- Supplies and Services increases by the change in residential population.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current percentage allocation for contributed capital.

Community Services Department

Administration:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Animal Care Center:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Appendix B: SBP Overview & Assumptions

Aquatic Services:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Athletic Services:

- Salaries/Benefits increase by MOU, Merit, and park acre increase.
- Supplies and Services increases by the percentage increase of park acres.

Business and Support Services:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Child, Youth, and Family Services:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Civic Center and Facility Services:

- Salaries/Benefits increase by MOU, Merit, and Square Feet of Facilities.
- Supplies and services increases by the increased square feet of facilities. Both Salaries/Benefits and Supplies and Services are adjusted by Fund 119 contributions to this Service Center's operation.

Irvine Fine Arts Center:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Open Space Administration:

- Salaries/Benefits increase by MOU and Merit.
Contractual Services is calculated by using the Factors in the land trust agreement, the anticipated costs for Northern Irvine Open Space acres, and by an increase of half of the residential population growth.

Public Facility Planning and Rehabilitation:

- Salaries/Benefits increase by MOU and Merit.
- Supplies and Services increases by the change in residential population.

Appendix B: SBP Overview & Assumptions

Recreation and Park Services:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Senior Services:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Transportation Services:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current allocations of contributed capital.

Public Safety Department

Administration:

- Salaries/Benefits increase by MOU and Merit only
- Supplies and Services increases by the change in residential population.

Police Operations:

- The first year of the forecast includes the cost of actual anticipated police new hires added to prior year expenditures, plus MOU, Merit and Medical Increases. Thereafter Salaries/Benefits increase by MOU, Merit, and by increases in residential population Xs Residential Call for Services and by increases in Day-Time Population Xs Commercial Calls for Service.
- Supplies and Services increases by the change in residential population.

Business Services and Professional Development:

- Salaries/Benefits increase by half the Sworn MOU and Merit rate and half by the Miscellaneous MOU and Merit rate and by increases in residential population Xs Residential Calls For Service and by increases in Day-Time Population Xs Nonresidential Calls for Service.

Appendix B: SBP Overview & Assumptions

- Supplies and Services increases by the change in residential population.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current allocations of contributed capital.

Public Works Department

Administration:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Development Engineering:

- Salaries/Benefits increase by MOU, Merit, and the difference between development activity (DU and SF) today and one year in the future (work goes up - appropriation goes up).
- Supplies and Services increase by the same development ratio as above.

Fiscal and Environmental Programs:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population, plus NPDES costs which increase at the rate forecast by the Department for five years and then 3% thereafter.

Fleet Services:

- No General Fund Budget forecast. Services are budgeted in the Internal Services funds. These services reflected in departmental budgets and expenditures.

Landscape Maintenance:

- Salaries/Benefits increase by MOU, Merit, and by the increases in Park acres and Street Landscape acres.
- Supplies and Services increases by the increase in Park acres and Street Landscape Acres. Supplies and services is adjusted by Fund 119 contributions to this Service Center's operations.

Transportation Development:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Appendix B: SBP Overview & Assumptions

Project Management:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population

Street and Right-of-Way Maintenance:

- Salaries/Benefits increase by MOU, Merit, and increases to both Street Lane Miles and Sidewalk Miles.
- Supplies and Services increases by Street Lane Miles and Sidewalk Miles.

Traffic Engineering and Circulation:

- Salaries/Benefits increase by MOU, Merit, and the increase in DU and SF Counts (equally weighted).
- Supplies and Services increases by the increase in dwelling units and by the nonresidential square feet of development. Supplies and services is adjusted by Fund 119 contributions to this Service Center's operations.

Transportation Analysis:

- Salaries/Benefits increase by MOU, Merit, and residential population.
- Supplies and Services increases by the change in residential population.

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current allocations of contributed capital.

Redevelopment Department

Housing:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Planning and Development:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Energy Programs:

- Salaries/Benefits increase by MOU and Merit only.
- Supplies and Services increases by the change in residential population.

Appendix B: SBP Overview & Assumptions

Departmental:

Includes funding for projected Strategic Technology Plan increases based on the current allocations of contributed capital.

Non-Departmental

Non-Departmental Operations:

- No Salaries/Benefits included.
- Supplies and Services increases by the Civic Center Facility Rent (through FY 10-11), contractual obligations and grants. After FY 10-11, debt service payments of \$6.0 million per year are forecast to continue as a placeholder for potential future infrastructure obligations. See pp. 51-52.

Appendix C

Long-Term Fiscal Forecast

The General Plan Fiscal Impact Model is a useful tool for identifying how related demographic, land use, and infrastructure expenditures influence future General Fund budgets. It is useful for analyzing how different service and land use policy decisions affect the balance between General Fund revenues and expenditures. The purpose of providing a long-term forecast is not so much to examine the dollars and cents 20 years into the future, as it is a tool to gauge the larger scale impacts of changes, or proposed changes, to the current General Plan.

The long-term fiscal forecast assumes development will unfold according to forecasts prepared by the Community Development Department in conjunction with the Budget Office and is based on the current adopted General Plan, as well as proposed annexations of the City's Sphere-of-Influence. The forecast utilizes the FY 06-07 Adjusted General Fund Budget as the basis for revenue and expenditure relationships and projections. The forecast now includes the Great Park Planning Areas (PA 51 and 30) as these areas have now been entitled and are beginning residential and nonresidential development.

Table C-1 provides a snapshot of the fiscal forecast for the General Fund Operating Budget at 10, 15, and 20 years into the future.

The model forecasts negative balances for each of Fiscal Years 17-18, 22-23, and 27-28. It is important to note, however, that this forecast includes \$6.0 million in continuing expenditures for debt service on new bonds, to be issued only if necessary, for the construction of special facilities as described on pages 51-52. Without this additional expense the forecast would be positive ten years out, and then in less of a deficit position fifteen and twenty years into the future.

Forecasting economic variables such as revenues and expenditures out 20 years is at best a vague attempt to see into a distant future. The forecast presented in this appendix is best used as a general gauge of whether or not General Plan policy decisions move the balance positively or negatively when reviewing zoning changes and other fiscal impact decisions. By itself, the long-range forecast should be viewed circumspectively given the extended forecast horizon.

Table C-1
Long-Term General Fund Operating Budget Forecast

General Fund Revenues	FY 17-18	FY 22-23	FY 27-28
Sales Tax	\$78,669,000	\$80,630,000	\$85,114,000
Property Tax	\$55,189,000	\$56,320,000	\$57,117,000
Vehicle License Fees	\$2,487,000	\$2,788,000	\$3,111,000
Hotel Tax	\$14,135,000	\$14,885,000	\$15,518,000
Franchise Tax	\$9,848,000	\$10,249,000	\$10,578,000
Community Services Fees	\$11,616,000	\$11,865,000	\$11,997,000
Utility User's Tax	\$5,707,000	\$6,222,000	\$6,673,000
Fines & Forfeitures	\$2,699,000	\$2,841,000	\$2,960,000
Development Fees	\$107,000	\$81,000	\$0
Doc. Transfer Tax	\$3,567,000	\$3,447,000	\$3,344,000
Licenses & Permits	\$1,978,000	\$2,071,000	\$2,148,000
Miscellaneous	\$4,000,000	\$4,050,000	\$4,080,000
Total Revenues:	\$190,002,000	\$195,449,000	\$202,640,000
Transfers-In (Dev. Services)	\$3,060,000	\$2,759,000	\$709,000
Total Revenue - All Sources	<u>\$193,062,000</u>	<u>\$198,208,000</u>	<u>\$203,349,000</u>
Department Expenditures	FY 17-18	FY 22-23	FY 27-28
City Manager's Office	\$13,281,000	\$13,836,000	\$14,350,000
Administrative Services	\$8,939,000	\$9,360,000	\$9,757,000
Community Development	\$8,764,000	\$9,052,000	\$9,328,000
Community Services	\$42,855,000	\$44,668,000	\$46,355,000
Public Safety	\$75,857,000	\$80,558,000	\$85,042,000
Public Works	\$39,906,000	\$41,393,000	\$42,757,000
Redevelopment	\$1,073,000	\$1,109,000	\$1,142,000
Non-Departmental	\$7,292,000	\$7,298,000	\$7,302,000
Total Expenditures:	\$197,967,000	\$207,274,000	\$216,033,000
Transfers Out	\$0	\$0	\$0
Total Appropriations & Transfers	<u>\$197,967,000</u>	<u>\$207,274,000</u>	<u>\$216,033,000</u>
Summary Forecast	FY 17-18	FY 22-23	FY 27-28
Total Revenues	\$193,062,000	\$198,208,000	\$203,349,000
Total Expenses	\$197,967,000	\$207,274,000	\$216,033,000
Forecast Balance	<u>(\$4,905,000)</u>	<u>(\$9,066,000)</u>	<u>(\$12,684,000)</u>

Appendix D

Capital Improvement Projects with Partial or No Funding

(Does Not Include Recreation Facilities, Parks, or Open Space Projects)

GENERAL CIRCULATION PROJECTS	Total
Campus: University - Jamboree	\$8,044,000
Harvard - At Grade Improvement	\$500,000
Harvard/ Michelson Intersection	\$2,000,000
Harvard/Barranca Intersection	\$5,000,000
ICD/Lake Forest Intersection	\$2,000,000
Ridgeline/University	\$700,000
Sand Canyon/ SCRRA	\$38,000,000
Yale/ I-405 Crossing	\$10,500,000
Total	\$66,744,000

IBC CIRCULATION PROJECTS*	Total
Alton: SR-55 HOV Ramps (50%)	\$18,250,000
Alton Widening (SD Creek to Red Hill)	\$9,458,000
Barranca: Red Hill - SR-55	\$18,000,000
Barranca: SD Creek - Red Hill (8 Lanes)	\$13,800,000
Jamboree/ Alton	\$500,000
Jamboree/Barranca Intersection	\$20,000,000
Jamboree/ Main	\$250,000
MacArthur: Main - SR 55	\$17,000,000
Main St. EB & WB Auxiliary Lanes (Red Hill to Harvard)	\$19,000,000
Red Hill/Barranca Intersection	\$1,463,000
Red Hill: Barranca - ICD	\$14,371,000
Red Hill: Main - Barranca	\$9,500,000
Von Karman: Barranca - Main	\$14,562,000
Total	\$156,154,000

*Project funding will be offset by IBC Mitigation Fees

TRANSIT PROJECTS	Total
Bus Layer Zone Turnouts	\$185,000
Concrete Rehab at Irvine Station	\$150,000
East Irvine Shuttle Analysis	\$125,000
Great Park Spectrum Guideway Project	\$200,000,000
IBC Shuttle Implementation	\$2,800,000
Total	\$203,260,000

Appendix D

Capital Improvement Projects with Partial or No Funding (continued)

(Does Not Include Recreation Facilities, Parks, or Open Space Projects)

UNDERGROUND UTILITY PROJECTS	Total
Barranca Parkway	\$100,000
Jamboree Road	\$3,600,000
Laguna Canyon Road	\$2,700,000
MacArthur Blvd.	\$300,000
Total	\$6,700,000

FLOOD CONTROL PROJECTS	Total
Peters Canyon Wash: Walnut to El Modena	\$2,400,000
Total	\$2,400,000

MISCELLANEOUS PROJECTS	Total
City Special Facilities-see pp. 51-52	TBD
Culver Widening at Scottsdale to I-5 SB	\$1,500,000
Gateway Monuments/Signage	\$1,000,000
Install sidewalk along Irvine Center Drive-Yale to Deerwood	TBD
I-405 Soundwall University to San Joaquin Middle School	\$2,000,000
Michelson Median Landscaping (Construction)	\$750,000
Sand Canyon Bike Bridge	\$1,000,000
Walnut Bike Trail Extension	\$4,000,000
2010-2040 Long Range Roadway Reconstruction Plan	\$23,600,000
Total	\$33,850,000

ALL UNFUNDED PROJECTS	Total
Total	<u>\$469,108,000</u>

Appendix E

Profiles and Trends

Introduction

This appendix profiles the City's demographic, economic, land use, and development attributes. Each of these attributes, which consist of several individual topics, is evaluated through a series of profiles and trends and is illustrated through a series of tables and charts which are summarized below.

Demographic Profiles and Trends

Demographic information deals with the distribution, density, and vital statistics of populations. The focus of the demographic profiles and trends is vital to Citywide statistics such as ethnicity, age, crime activity, and income. Population and Density distribution data are discussed in the Land Use and Development Profile.

Profile - Ethnic Makeup of Population: In the 1980s the ethnic makeup of Orange County's population was predominately Caucasian. Based on the 2005 American Community Survey (ACS), Figure E-1 illustrates the ethnic makeup of Orange County and illustrates how county is changing over time.

Figure E-1
County of Orange Ethnicity Profile

Year	White	Asian	Hispanic	Black	Other
Census 1980	82%	8%	6%	1%	3%
Census 1990	73%	18%	6%	2%	1%
Census 2000	57%	29.8%	7.4%	1.4%	4.4%
ACS	52%	36%	9%	1%	2%

Source: U.S. Census 1980, 1990, 2000, and ACS 2005

Profile - Age of Residents: As a state, California leads the nation in population of individuals 65 years of age and older. From 1990 Orange County's population, of people 60 years of age or older, increased by approximately 118,237, or 28%. Data further exemplifying the aging of the population is found when comparing the 1990 to the ACS of 2005 for the age group 19-59. During this time period, this age group increased by 634,059, or 31%. Based on Federal Census data and the ACS, Figure E-2 illustrates the age composition of the City's residents for the 1980, 1990, and 2000 Census and ACS of 2005.

Appendix E

Figure E-2
City of Irvine Age Profile

Age Group	1980	1990	2000	2005
<i>Under 15</i>	20.33%	20.33%	19.25%	18.28%
<i>15-24</i>	17.90%	17.90%	18.60%	14.56%
<i>25-44</i>	38.78%	38.78%	32.34%	31.96%
<i>45-64</i>	17.22%	17.22%	22.60%	27.22%
<i>Over 65</i>	5.76%	5.76%	7.20%	7.98%
Total	100.00%	100.00%	100.00%	100.00%

Source: U.S. Census 1980, 1990, 2000, and ACS 2005

Trend - Age of Residents: In 1980 approximately 23% of Irvine’s population was over the age of 45, in 2000, this age group has increased to approximately 35%. This trend mirrors the process that is occurring at the National, State and County levels. It is anticipated that this aging of the population will have an impact upon the services and programs expected by the community, as well as increase funding requests.

Profile - Crime Activity: Based on 2004 data from the Federal Bureau of Investigation (FBI), Irvine is currently the safest City in the nation in terms of violent crime among cities with more than 100,000 residents. Figure E-3 illustrates the number of Part I 1995 and through 2005. Part I crimes include murder, manslaughter, rape, robbery, aggravated assault, burglary, theft, and arson.

Figure E-3
Crime Rate Profile

Year	Population	Part I Crimes Per 1,000 Pop
1995	122,213	39
1996	124,396	33
1997	127,700	29
1998	133,000	26
1999	137,700	25
2000	143,072	23
2001	148,100	25
2002	157,499	22
2003	164,900	21
2004	171,800	23
2005	179,900	19

Source: Irvine Police Department

Appendix E

Trend - Crime Activity: The City's per capita crime rate has steadily improved from 1995 to 2005 as illustrated in Figure E-3 (previous page). In 1995 there were 39 Part I crimes per 1,000 residents, while in 2005 that number had dropped to 19 crimes per 1,000 residents, a reduction of 48% overall during 11 years. Due to the rapid and dynamic growth of the City, Public Safety is working proactively to ensure that our policing strategies keep pace with our evolving community. Figure E-4 shows a four-year comparison of the types of calls for service.

Figure E-4
Calls for Service

	FY 02-03		FY 03-04		FY 04-05		FY 05-06	
	Jul-Dec 02	Jan-Jun 03	Jul-Dec 03	Jan-Jun 04	Jul-Dec 04	Jan-Jun 05	Jul-Dec 05	Jan-Jun 05
Station	36,327	31,512	31,791	31,504	31,904	31,281	32,831	31,965
Officer Initiated	33,840	27,344	28,577	31,031	30,983	37,232	39,085	44,479
Bi-Annual Totals:	70,167	58,856	60,368	62,535	62,887	68,513	71,916	76,444
Annual Total:	129,023		122,903		131,400		148,360	

Source: Irvine Police Department

Profile - Income: Using Federal Census data, Figure E-5 illustrates the income of the City's residents and the respective percentage during census periods. In 1990, approximately 23.6% of Irvine's residents were within the top two income categories. In 2000, approximately 32.3% of Irvine's residents were within the top two income categories. By 2005 the top two income categories has increased 41%, with the median household income of \$104,707 (ACS 2005 2000).

Figure E-5
City of Irvine Household Profile

Year 1990		Year 2000		Year 2005	
Income	Household %	Income	Household %	Income	Household %
\$0 -	11.6%	\$0 -	12.3%	\$0 -	14.8%
\$20000-	14.1%	\$20000-	9.5%	\$25,000	5.4%
\$35000-	11.6%	\$35000-	11.5%	\$35000-	9.4%
\$50000-	24.0%	\$50000-	18.3%	\$50000-	15.9%
\$75000-	15.0%	\$75000-	16.0%	\$75000-	13.3%
\$100000-	12.4%	\$100000-	10.9%	\$100000-	20.1%
\$125000-	11.2%	\$125000-	21.4%	\$150,000	21.1%

Source: U.S. Census 1990, 2000 and the ACS 2005

Appendix E

Economic Profile and Trend

This section profiles Citywide statistics and trends regarding revenue sources, which are reflective of the City's development and growth patterns such as building permit activity, construction valuation, and property tax. In general, the City's revenues are derived from four different development/growth related sources: 1) City derived per capita revenues such as animal licenses; 2) State derived per capita revenues such as vehicle license fees; 3) revenues based on the value of new and/or existing structures or land such as property taxes; and 4) revenues derived from the operation of structures such as franchise fees. The City's economic and revenue sources have shifted over time as the City has grown from an agricultural area and bedroom suburb of Los Angeles to an urban setting with a centrally located residential pattern, with the City now serving as a regional employment center.

Each of the revenue sources noted above is subject to legislative changes and economic swings in the state and national economies. As an example, State legislation in the late 70s and early 80s, such as Propositions 13 and 4, affected local jurisdictions' property and sale tax revenue resources. Again in the early 90s, State legislation shifted property tax from local jurisdictions to school districts in order to comply with State legislative requirements.

There are four major employment centers within the City that contribute directly or indirectly to the City's revenues:

<u>Area</u>	<u>Planning Area</u>
Univesity (UCI)	50
Irvine Business Complex	36
Lower Peters Canyon	4
Irvine Spectrum	13, 30, 31, 32 33, 34, 35, 39

With the exclusion of the University Planning Area, each center is within the City's land use and planning authority. The Irvine Business Complex, Lower Peters Canyon, and Irvine Spectrum contribute directly to the City's revenue sources through property and sale taxes. Since the University of California at Irvine is a State entity, its land area is not subject to the City's land use and planning authority. Additionally, this employment center does not contribute directly to the City's revenue sources such as

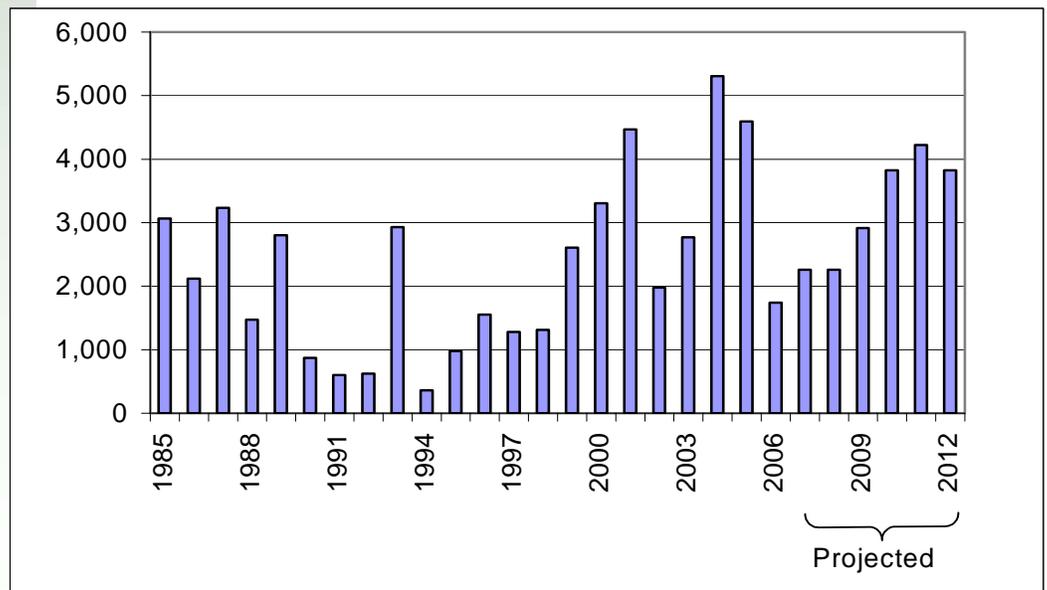
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property tax, but rather through secondary means such as taxable purchases (Sales Tax).

Profile - Building Permit Activity: Building permits for new construction activity are an indicator of growth the City's overall revenue base, as well as a component of its development fee revenue. For the period of 1984 to 2005 (not including UCI development), residential development in Irvine was 40,545 units, with an average annual increase of 1,931 units during the twenty-one year period. Also during the same time frame, approximately 87.1 million square feet of commercial development was constructed. This amounts to an average of 4.1 million square feet per year.

Chart E-1 depicts residential new construction permit activity of the last 22 years and also shows projected activity for the next 6 years. As indicated by the chart, residential activity decreased in the late 1980s and early 1990s due to a decline in the national and regional economies. However, starting in late 1990s residential and commercial activity increased as the national and regional economies improved. In 2006 residential activity decreased again as the boom in the housing market ended and the market began to return to more normal conditions. The future projection anticipates a rebounding market over time as the Great Park and other new residential projects are developed.

Chart E-1
Residential Development Pattern
(Yearly Total Dwelling Units Constructed)

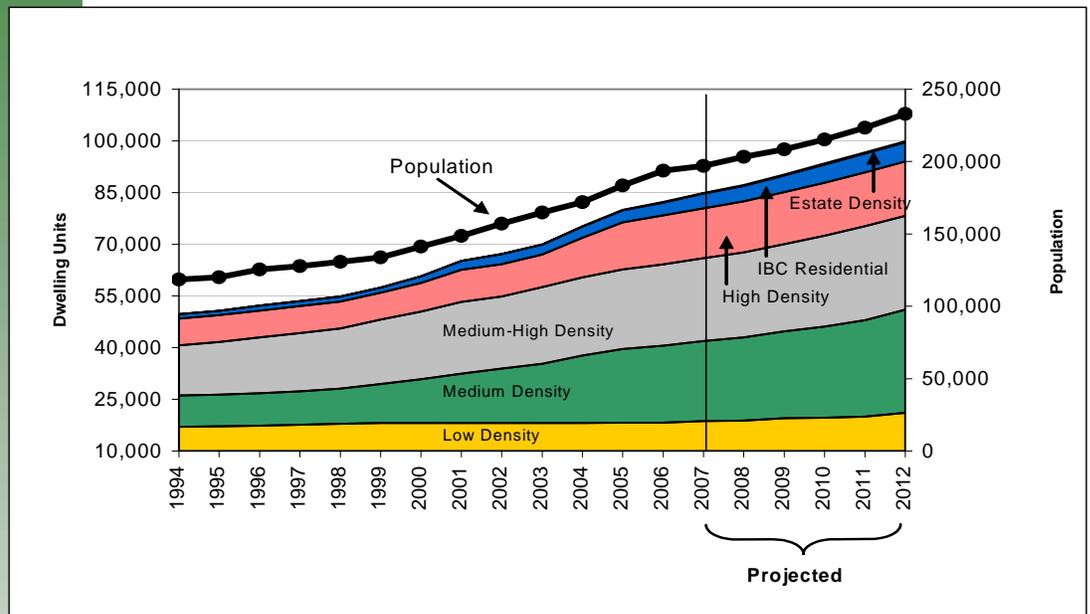


Source: Community Development Department's Landuse Database, including UCI development

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Chart E-2 illustrates the changing dynamics of Irvine’s residential housing market. Since the mid 1990s, Irvine’s residential development has changed from low-density to high-density.

Chart E-2
Historic and Projected Residential Dwelling Units with Population

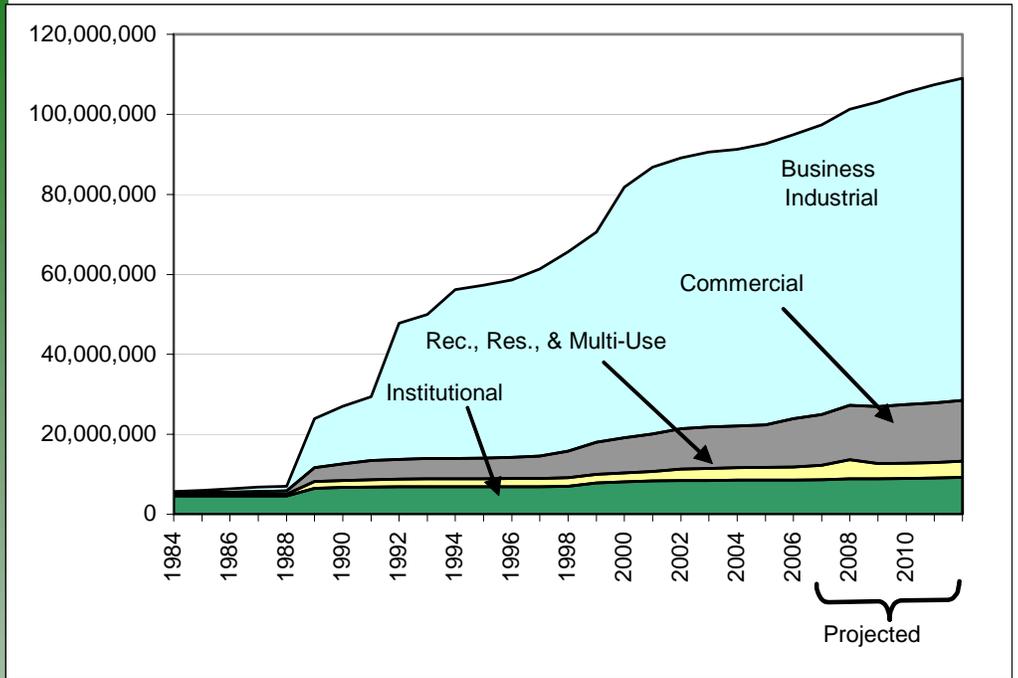


Source: Community Development Department’s Landuse Database

Chart E-3 illustrates past and future commercial development measured by square footage. The category of Business and Industrial development continues to be the dominate development type in Irvine and is followed by commercial development. Chart E-4 depicts the City’s commercial development history as well as the near-term development forecast.

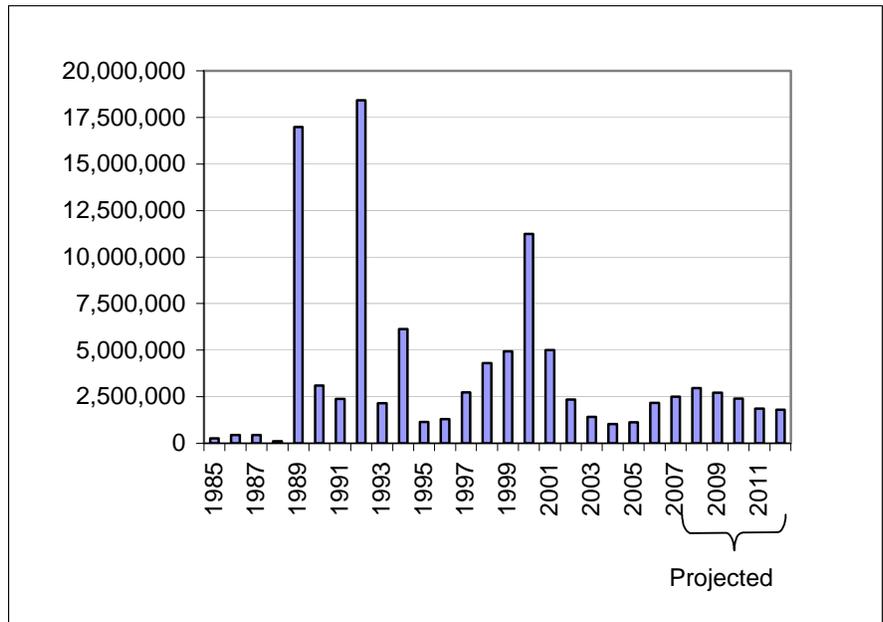
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Chart E-3
Commercial Development Pattern



Source: Community Development Department's Landuse Database

Chart E-4
Total Yearly Square Footage Constructed



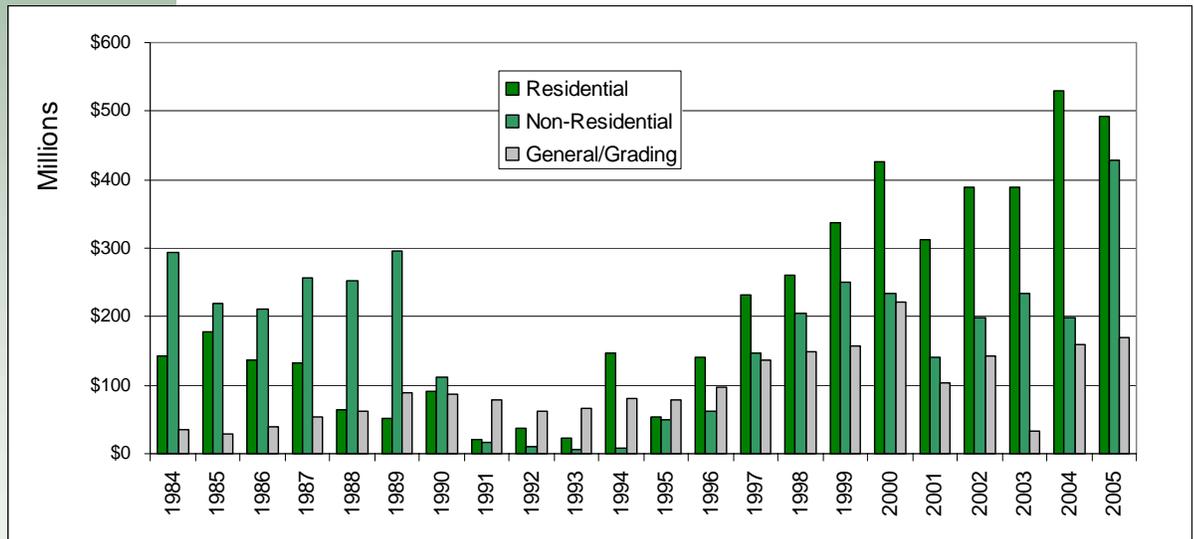
Source: Community Development Department's Landuse Database

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Trend - Building Permit: For the period from 2007 to 2012, building permit activity for residential development is anticipated to average approximately 3,200 dwelling units, picking up in the later years of the forecast. Commercial development is expected to average 2,400,000 square feet, increasing more rapidly in the first few years and then tapering off in the outer years of the forecast.

Chart E-5 depicts the last 22 years of new construction valuation activity. Corresponding to the building permit activity noted above, residential and non-residential construction valuation was healthy during the mid-to-late 1980s and during the mid-1990s through 2005. As seen in the chart below non-residential construction during the late 1980s out-paced residential construction. Between the late 1990s to 2005, however, residential construction has been dominant. This may change in the next few years as commercial activity has been increasing in strength as residential construction has ebbed.

Chart E-5
New Construction Valuation



Source: Community Development Department

Profile - Property Tax: Annual Property Tax is based on the assessed value of land and structures. The rate is one dollar (\$1) on each one hundred dollars (\$100) of assessed valuation, and the revenue may be used for general municipal and special district purposes. The Irvine Unified School District, Saddleback Community College General Fund, and the Orange County Fire Authority are allocated the majority of the revenue. The City of Irvine’s General Fund receives approximately 3% prior to the “No/Low” property tax adjustments paid to Irvine. Figure E-6

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illustrates the various jurisdictions and their percentage of property tax.

Figure E-6
Jurisdictions and Property Tax Receipts in %

Agencies	Percentage Distribution
<u>City of Irvine</u>	
City of Irvine	2.85%
City of Irvine - OCSLMD #10	<u>0.50%</u>
Sub Total	3.35%
Irvine RanchWater District - Total	1.29%
<u>Local School Districts</u>	
Irvine Unified	31.34%
Laguna Beach Unified	0.00%
Saddleback Valley Unified	1.20%
Santa Ana Unified	5.26%
Tustin Unified	4.72%
Orange Unified	0.00%
OC Department of Education	<u>1.85%</u>
Sub Total	44.37%
<u>Community College Districts</u>	
Rancho Santiago Community College	1.16%
South Orange County Community College	<u>8.45%</u>
Sub Total	9.60%
Educational Revenue Augmentation Fund	15.15%
OC Fire Authority	12.43%
OC General Fund	6.55%
OCTA	0.31%
<u>OC Miscellaneous Services</u>	
OC Flood Control District	2.19%
OC Public Library	1.84%
OC Harbors Beaches & Parks	1.69%
OC Water District	0.69%
OC Sanitation #7	0.35%
OC Vector Control Dist	0.12%
OC Cemetery Fund	0.05%
OC Water District-Water Reserve	0.01%
Silverado Modjeska Park & Recreation District	<u>0.00%</u>
Sub Total	6.95%
Grand Total	100.00%

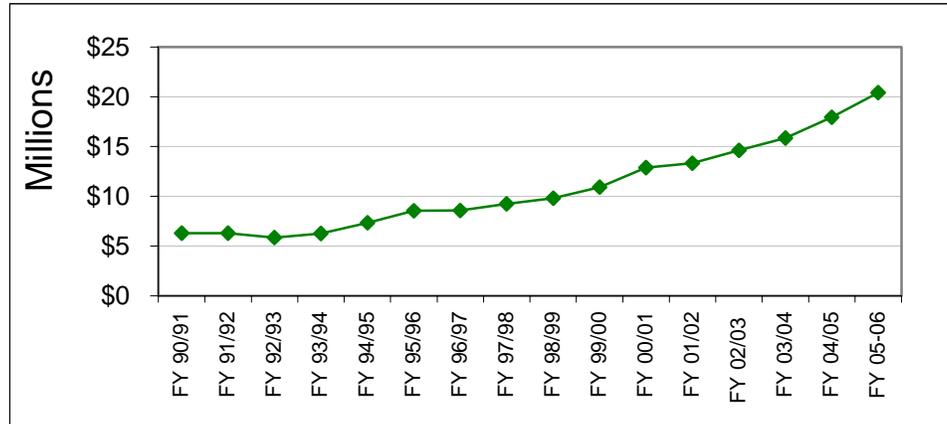
Source: Orange County Auditor/Controller and Administrative Services Department

Chart E-6 depicts the steady increase in annual property tax revenues that the City has received over the years. The annual increases have in large part been attributable to the development activity previously discussed. Slight decreases occurred in the early 1990s due to the decline in the national

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and State economies which impacted local development activities and real estate values. In the past State legislative changes have also shifted property tax from local jurisdictions to school districts which further contributed to the slight decreases.

Chart E-6
Property Tax Growth



Note: Property Tax Revenue does not include Triple Flip In-Lieu
Source: Budget Office

Trend - Property Tax: As noted previously, school districts receive the majority of property tax. The City of Irvine only receives a small percentage of this revenue source. Property tax is received from the County of Orange in varied increments throughout the year. Of the annual receipt, 38% is received in December, 33% in April and May, and the balance throughout the rest of the year. Generally, property tax calculations lag behind the actual construction and occupancy of new residential and commercial structures between six and twelve months. As such, projected increases in revenues will not show on the property tax rolls until the following year.

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Land Use and Development Profiles and Trends

This section profiles the Land Use and Development statistics regarding residential and commercial land uses, building intensities, residential and daytime population characteristics, and circulation networks.

Legislation at the State and Local levels require the correlation and coordination of land use, building intensity, population, and circulation data. State legislation requires a local jurisdiction to zone sufficient residential areas to accommodate its General Plan projected employment opportunities. Additionally, recent State and Orange County legislation (such as Proposition 111 Congestion Management Program and Measure M) require coordination between local jurisdictions and regional planning agencies regarding land uses, as well as population and development activities, in order to qualify for funds to improve circulation networks.

Irvine participates with the Southern California Association of Governments (SCAG) and the County of Orange's Demographic Projections Steering Committee (DPSC) to provide land use and building intensity data which is used to formulate SCAG's and Orange County's regional projections. Additionally, major developers participated in the process. The following land use/development, population, and circulation projections are consistent with these regional forecasts.

Profile - Land Uses and Intensities: Irvine's jurisdictional boundary is currently estimated at 64.8 square miles. The City's Sphere-of-Influence (SOI) encompasses approximately 74.1 square miles. The SOI lands are located in the coastal San Joaquin Hills and Lomas de Santiago Hills (see Exhibit E-1, next page). The City of Irvine does not have direct land use authority over its Sphere-of-Influence. As such, the City has an indirect role over land use decisions made by the County of Orange. However, regarding the land owned by The Irvine Company, the City and The Irvine Company have entered into an agreement (i.e., the Protocol Agreement) that facilitates the processing of development approvals through the City rather than the County.

Land Uses - The City of Irvine and its Sphere-of-Influence are divided into 37 geographic regions known as planning areas (see Exhibit E-1 next page). Thirty six planning areas are within the City's corporate boundary and one is within the City's Sphere-of-Influence. Planning Areas serve as the

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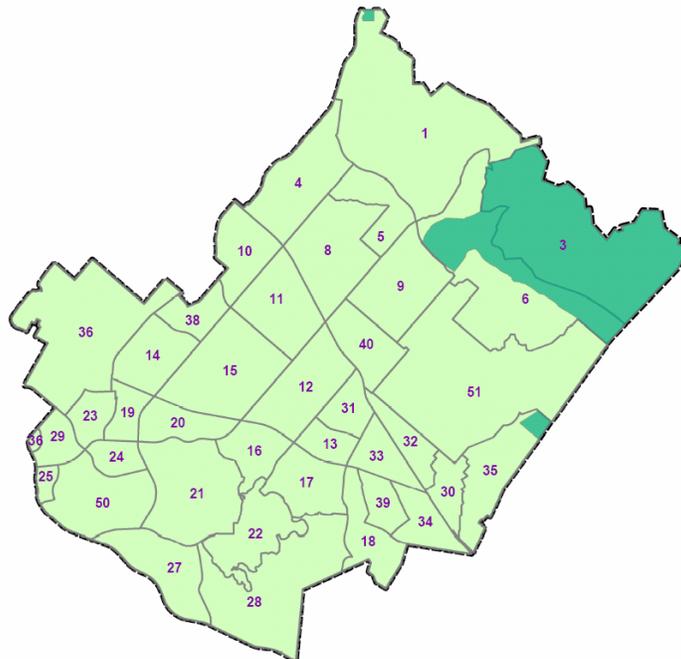
platform for allocating and monitoring land uses within the City's General Plan and Zoning Ordinance. The General Plan identifies 6 major land use categories. Figure E-7 illustrates the amount of land devoted to each of these categories.

Figure E-7
Land Uses by Category

Land Use Category	City Acres	Sphere Acres	City %	Sphere %
Residential	15,048	117	39%	2%
Multi-Use	237	0	1%	0%
Industrial	9,489	0	25%	0%
Commercial	1,619	0	4%	0%
Institutional	2,329	100	6%	2%
Open Space	9,666	4,812	25%	96%
Total	38,388	5,029	100%	100%

Source: Community Development Department
Note: Open Space includes recreation acres

Exhibit E-1



Building Intensities - Building intensities are also governed by the City's General Plan and Zoning Ordinance, as well as allocated and monitored by planning area. Building intensities are grouped into two categories: commercial and residential. Figure E-8 (next page) illustrates the General Plan building intensities for commercial and residential land uses. The residential land use category in the table excludes the zoning code

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classifications of multi-use, commercial, IBC related, medical and science, and institutional.

Figure E-8
General Plan Building Intensities

Non-Residential Land Use	Intensities Gross Square Feet	Residential Land Use	Intensities Dwelling Units
Military	0	Estate	400
Multi-Use	2,295,205	Low	15,841
Industrial	110,906,366	Medium	43,062
Commercial	21,796,669	Medium-High	34,877
Institutional	19,113,190	High	2,713

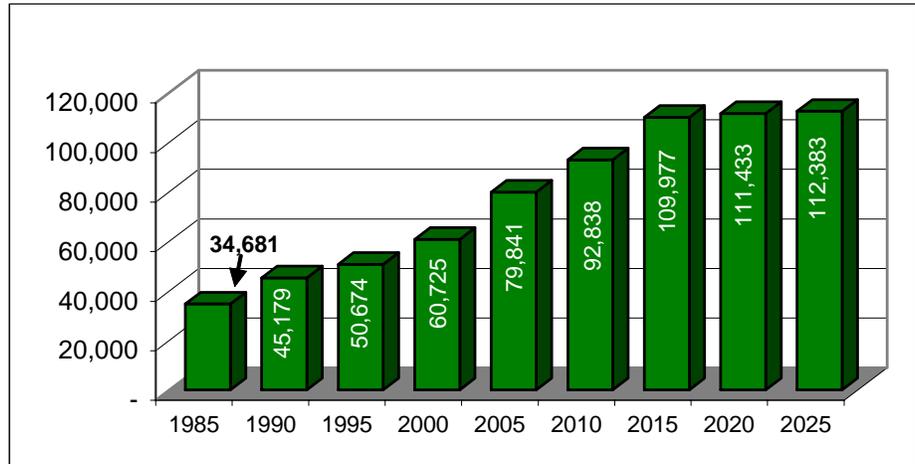
Source: Community Development Department and Business Planning

Residential Intensities - Residential intensities are defined as a maximum dwelling unit per residential category and further refined as dwelling units per acre. The Medium residential category is the most intense of the residential categories. Next is the Medium High residential category. The concentration of residential building intensities into these two residential density ranges is indicative of a suburban land use pattern. According to the ACS of 2005, approximately 57% of Irvine’s dwelling units are owner occupied and a median value of \$683,400.

Trends – Residential Building Intensities

Building Intensities - Over the next 5 years, much of the projected dwelling units will consist of dwelling units that are within the higher density ranges. The increased development activity within higher residential density categories is expected to lower the citywide average number of people per household since fewer people occupy smaller homes than those homes that are larger. Dwelling units are expected to increase at a rate of approximately 3.5% per year over the next five years. Chart E-9 depicts the past and projected incremental increase in dwelling units.

Chart E-9
Historic and Projected Dwelling Units



Source: Community Development Department's Landuse Database

Population

Profile - Population: The City of Irvine's first General Plan indicated that early development would favor commercial development over residential housing. Commercial growth would generate the tax base necessary to support subsequent residential development. As such, Irvine's population consists of residential, employment, and daytime components. Residential population is comprised of the total number of people living within Irvine's corporate boundary. Employment population consists of the total number of jobs in Irvine. Daytime population is a composite of the residential population that remains in Irvine during the day plus the estimated employment base and commuter students that enter Irvine to study at Irvine Valley College, Concordia University, and the University of California at Irvine.

Since the adoption of Irvine's first General Plan in 1973, residential and daytime population data has been an important tool for monitoring the City's economic and development progress. Appendix B: Strategic Business Plan Overview and Assumptions, lists the population and employment factors that are used to estimate the three types of populations found in the City of Irvine.

Residential Population - Projected residential population is derived from the General Plan residential density standards and population density standards. Each residential density category is assigned a household size

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(population density standard). These household sizes are used to calculate population by multiplying projected residential intensities (total number of units by residential density category) by household size. Figure E-9 illustrates the various General Plan factors used to project residential population.

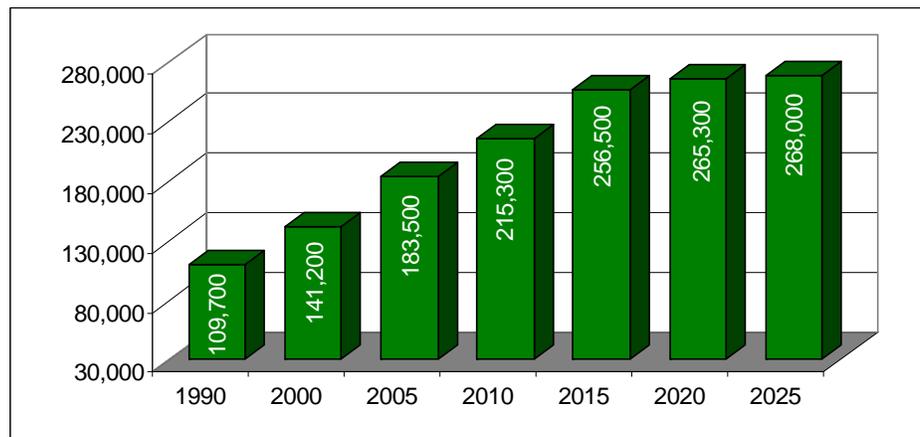
Figure E-9
General Plan Residential Population

<u>Zoning Category</u>	<u>Residents per Dwelling Unit</u>
Estate	3.25
Low Density	2.94
Medium Density	2.57
Medium-High Density	2.29
High Density	1.30
Military	2.57
Multi-Use	1.30
Private College	1.30

Source: Community Development Department General Plan Jan - 2004

Chart E-10 depicts past and projected residential population. Between 1990 and 2005 the residential population increase was 67% and between 2007 and 2012 the estimated residential population is projected to increase at an average rate of 3% per year during this time period.

Chart E-10
Historic and Projected Population



Source: Department of Finance and Community Development Department's Landuse Database

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Employment Population: The City’s current employment population is estimated at 186,000 and will continue to grow in the future. Projected employment population is derived from the General Plan’s commercial development density standard that is based on the number of employees per 1,000 square feet. Figure E-10 illustrates the various General Plan factors used to project employment population estimates.

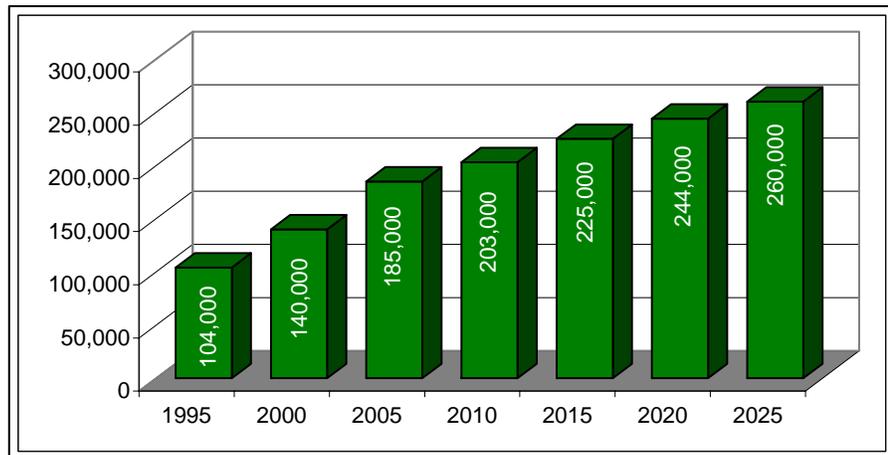
Figure E-10
General Plan Commercial Development

<u>Zoning Category</u>	<u>Employees per 1,000 Sq Ft</u>
Neighborhood Commercial	2.0
Community Commercial	2.0
Regional Commercial	2.0
Commercial Recreation	2.0
Education and Public Facilities	2.0
Multi-Use	2.0
Research Industrial	1.9
Urban/Industrial	1.9

Source: Community Development Department General Plan Jan - 2004

The General Plan zoning category intensities for commercial development are found in Figure E-7. These commercial development intensities are multiplied by the assigned employee per 1,000 sq. ft. for each category to estimate the employment population. The Chart E-11 shows the historical, current, and projected employment estimates.

Chart E-11
Historic and Projected Employment Population

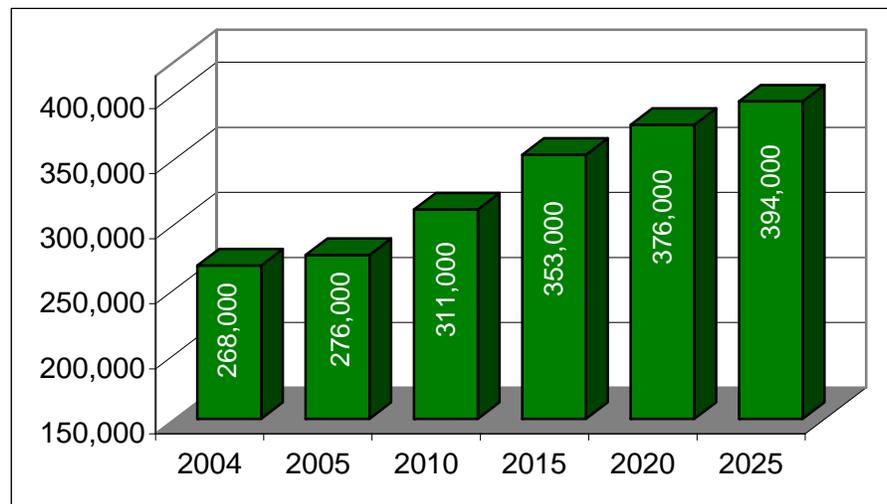


Source: Community Development Department’s Landuse Database & General Plan, Jan - 2004 Update

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Daytime Population: Daytime population is comprised of the employment forecast plus 50% of the residential population. Community Development produces a Citywide Land Use Projections Database, which forecasts residential dwelling units and commercial development throughout the year 2025. The Development Forecast is produced in five-year increments including 2010, 2015, 2020, 2025, and 2030. The annualized Development Forecast is then combined with General Plan factors for employment per 1,000 sq. ft. to produce the employment population estimate. Daytime Population is estimated by combining the residential population forecast with the employment population forecast. Chart E-12 depicts present and projected daytime population.

Chart E-12
Historic and Projected Daytime Population



Source: Community Development Department's Landuse Database & General Plan, Jan - 2004 Update

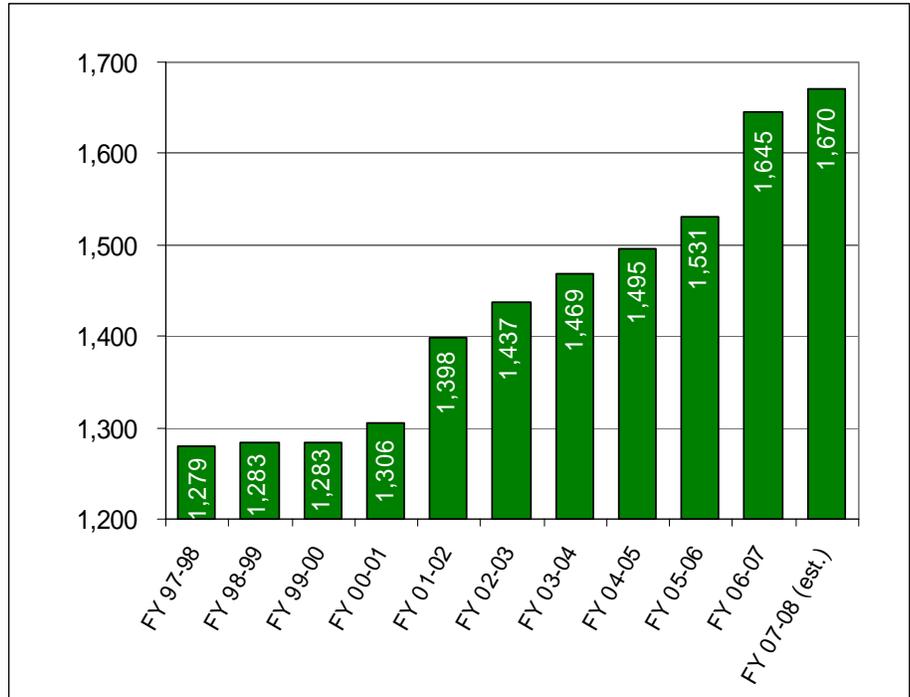
Circulation

Profile - Circulation: An adequate transportation network is important to the City's economic vitality by facilitating the efficient movement of individuals and commerce. Consistent with State planning requirements, the City's roadway network is consistent with to the General Plan's land uses and corresponding building intensities. This network consists of highways, arterials, local streets, rail, and various trails such as bikeways. Additionally, because of the City's geographic location, the roadway system is designed to accommodate: "commute-through," employment/commuter

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and residential traffic needs. Chart E-13 depicts the historic lane mile growth.

Chart E-13
Historic Total Lane Miles



Source: Public Works Department

Circulation Trend: As overall population growth continues, there will be increasing traffic demands placed on the City’s circulation network. The City must plan for a substantial increase in both residential population and daytime population needs. As such, the City must coordinate the pace of development with circulation improvements. Housing-to-Jobs relationships will play an important part in accommodating projected needs and maintaining adequate circulation capacity. Additionally, the City will need to focus on its ability to maintain the existing circulation network at the same time the City is increasing its roadway network. Moreover, budgetary constraints dictate that the network’s capacity cannot be solely met by new construction of facilities. Grant programs to secure available infrastructure funds will become an increasingly important source of funding in the future.

Appendix F

The Asset Management Plan

The City established the Asset Management Plan (AMP) in 1985 in conjunction with the formation of the Irvine Public Facilities Infrastructure Authority. The Authority issued \$96.8 million in bonds for the acquisition and construction of the Civic Center and other improvements. The AMP combines bond debt service payments, interest earnings on plan assets, the payment of rent for the Civic Center Facilities by the General Fund, and other contributions and acquisitions into a model forecasting the growth of assets through FY 10-11 (when all debt service is retired).

The goal of the AMP is to accumulate earnings to provide a long-term funding source for rehabilitation of the City's infrastructure. Since its inception, the AMP has also provided a source for internal loans and liquidity during the Orange County bankruptcy.

As originally forecast in 1994, the AMP was to "spin off" approximately \$2.5 million each year beginning in FY 97-98 for rehabilitation and still have a cash balance of approximately \$62 million after all debt is retired in FY 10-11. At that point, the 1994 AMP forecast a contribution from Plan assets of \$5 million per year of interest earnings for rehabilitation needs.

During the Orange County bankruptcy, the City relied on the AMP as a source of liquidity for funds frozen in the default. The AMP absorbed the majority of the accounts receivable portion of the bankruptcy proceedings allowing the City to continue current operations. As the bankruptcy unfolded, the City committed General Fund carryover contributions to the AMP of over \$2.8 million in 1996, increased rental payment by 3% and pledged annual \$780,000 General Fund Operating Budget transfers as restorative payments to provide additional amounts offsetting the bankruptcy impact on the AMP. The \$780,000 restorative payments, began in FY 96-97 and continued through FY 03-04 for a total of \$6.2 million.

Due to large General Fund surpluses generated by the robust economy in the late 1990's, the City did not use the AMP as a resource to help fund rehabilitation until FY 04-05. Throughout the last decade, infrastructure rehabilitation had been completely funded through combined General Fund Carryover contributions and by special revenue sources such as Gas Tax, Grants, and Measure M funds.

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Deferring the use of the AMP as a source of rehabilitation funds has allowed the Plan to grow continuously larger so that at the end of FY 05-06 the Plan had assets of approximately \$75.5 million to offset \$35.0 million of outstanding debt, for a net positive position of \$40.5 million.

During FY 05-06 the AMP made loans to the City's Redevelopment Agency, valued at \$6.9 at the end of the fiscal year, which are included in the Plan's reported assets of \$75.5 million. These loans are considered as AMP investments, accruing interest at the rate of the City's return on its operating portfolio plus an additional 3.0%. The interest compounds annually and the loans are scheduled to be repaid, along with all accrued interest, in ten annual installment payments beginning in FY 15-16.

In contrast to projections made in 1994, the current assets of the Plan now exceed original estimates by approximately \$4.2 million and now contribute \$1.5 million annually to assist with infrastructure rehabilitation funding. The timing of the Plan's renewed ability to provide rehabilitation is significant given that the past practice of fully funding rehabilitation with Carryover and special revenues has come to an end with the economy having slowed from the boom period of the late 1990's. As a result, the General Fund can no longer be relied upon to make up the total difference between the City's rehabilitation needs and the capacity of other special revenue sources to sustain the City's infrastructure rehabilitation needs.

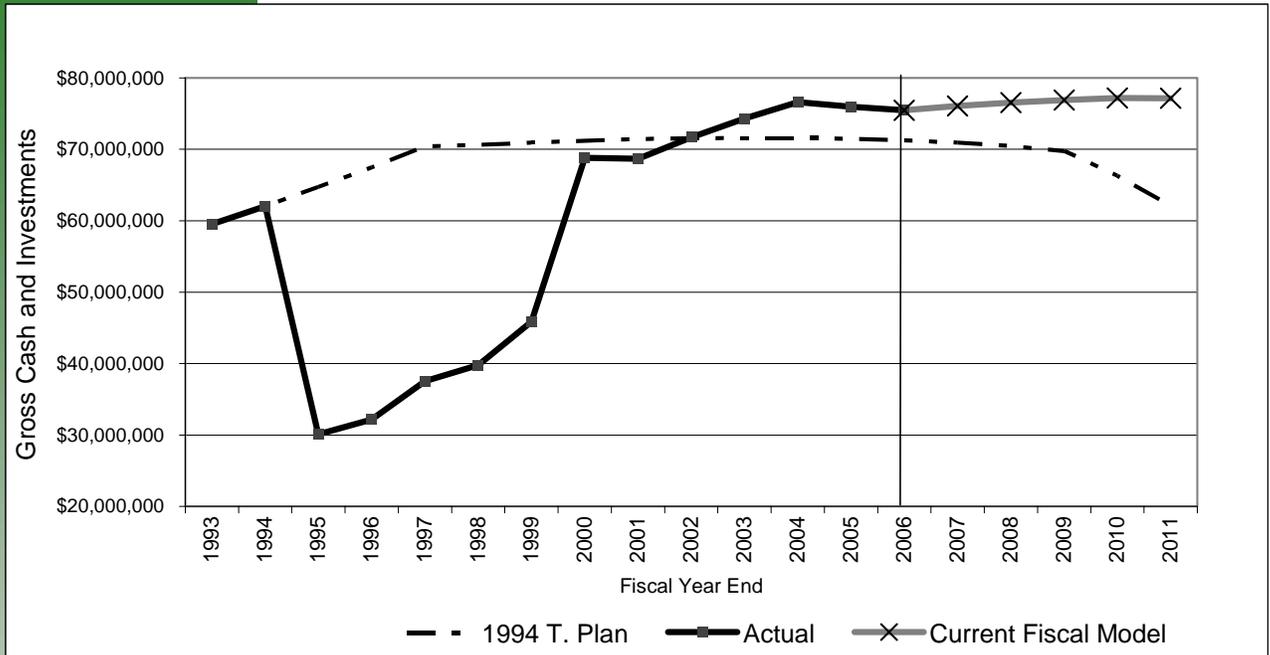
A current review of the AMP has revealed several significant variations from the 1994 projections. While Plan assets now exceed the amounts envisioned in 1994, the capability of the Plan to sustain annual withdrawals of \$2.5 million, in addition to sustaining its other continuing commitments, is no longer realistic due to current low investment interest rates. The base operating portfolio earnings rate assumed today is 4.5%, significantly less than the 8.2% interest rate assumed in 1994. This rate differential is important because the interest earnings rate determines the amount of cash that can be withdrawn from Plan assets without jeopardizing future contributions to rehabilitation. Clearly, the interest rate assumed by the AMP model impacts future funding opportunities provided by the Plan.

Presented below is a graph showing the original forecast of AMP assets (1994 T. Plan, the dashed line), actual gross cash and investments (the solid bold line) and the forecast of plan

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assets (solid grey line with cross marks) as \$1.5 million is withdrawn annually for rehabilitation.

AMP Rehabilitation Funding Options



In the table below, the 1994 T. Plan shows what would have “theoretically” happened to plan assets under the 1994 assumptions. Ending plan assets in FY 10-11 would have been \$62.1 million. The Plan would have provided \$17.5 million to rehabilitation over the next five years left in the plan and would (under today’s interest rate assumptions) produce \$2.8 million annually in future transfers to rehabilitation after FY 10-11.

AMP Contributions to General Fund Rehabilitation

Year-End	1994 T. Plan	Current Plan
June 30, 2007	\$2,500,000	\$1,500,000
June 30, 2008	\$2,500,000	\$1,500,000
June 30, 2009	\$2,500,000	\$1,500,000
June 30, 2010	\$5,000,000	\$1,500,000
June 30, 2011	\$5,000,000	\$1,500,000
Totals	\$17,500,000	\$7,500,000
Endowment	\$62,103,000	\$77,158,000
Yr Amt @ 4.5%	\$2,795,000	\$3,472,000

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In the previous table, the last column (the Current Plan) shows what will happen to Plan assets when withdrawals of \$1.5 million occur annually for rehabilitation. Using the base operating portfolio interest rate assumption of 4.5%, this option produces \$3.5 million in future annual transfers for rehabilitation after FY 10-11.