

OVERVIEW OF ESTIMATED REVENUES

Background: Staff members from several departments worked in concert with Financial Services staff to develop revenue projections for the coming fiscal year. The projections reflect a somewhat conservative, yet consistent approach with both established budget practices and financial principles. Staff considered the qualitative and quantitative methods of forecasting and used techniques such as trend analysis, economic indicators, consultant advice, and professional judgment to arrive at a consensus as to forecasted operating revenue. Revenue forecasting is one of the most challenging aspects in the budget process, as many unknown variables, including economic changes over which the City has no control, affect the ultimate amount of monies going into the City's coffers. These variables also include the impact of fluctuations in the local, regional, statewide, and national economies; consumer habits and demands; and the fiscal impacts of legislative changes.

GENERAL FUND

General Fund revenue from outside sources for FY 2009-10 is estimated at \$60,497,416 which represents a decrease of \$433,261 or 0.7% below the FY 2008-09 midyear amount. Significant operating revenue sources include: taxes are projected to decrease slightly by \$602,000, or 1.2%, and are further detailed below; licenses and permits are projected to decrease by 1.9% primarily due to declining construction-related activities, but are slightly offset by selected fee increases adopted in FY 2008-09; fines and forfeitures revenue is projected to improve by 16.7% due to a State mandated parking citation increase; use of money and property revenue is projected to decrease 5.5 % due to lower interest rates and in a recessive economy; intergovernmental revenues are projected to decrease by 17.4% due to property tax in lieu of motor vehicle/in-lieu revenue decreasing with escalated DMV administrative charges; charges for services are projected to decrease by 1.5%, primarily in recreation, building and engineering fees, as the result of a weakening economy where citizens and businesses have less discretionary money to spend; and other revenues reflect an increase of \$236,162 or 27.2%, which includes increases in miscellaneous revenue and program donations.

Overhead, is derived from sources internal to the City. The FY 2009-10 amount of \$6,997,784 reflects the total overhead charges to departmental budgets (to best reflect each department's true operating costs). The corresponding revenue is included in the General Fund. Overhead will increase by 6.8% or \$448,155 from midyear.

Highlights of significant FY 2009-10 operating revenues compared to FY 2008-09 midyear amounts, unless otherwise indicated, follow:

Property Tax revenue for FY 2009-10 is projected to decrease by \$94,000, or 0.5%, to \$18,621,000, excluding property tax in lieu of VLF and homeowners' exemptions. This slight decrease in FY 2009-10 has its roots in a general devaluation of the housing market and a weakening economy. Redondo Beach revenue loss reflects only modest decreases in the value of coastal dwellings due to location advantages. Property tax should continue to decrease into 2011 as more properties are adjusted down in value. Property tax revenue is the City's number one source of operating revenue.

Property Tax in Lieu of VLF is vehicle license fee revenue and is classified as tax revenue. In FY 2004-05, cities and counties began receiving additional property tax to replace vehicle license fee (VLF) revenue that was cut when the State replaced its General Fund backfill for the reductions in VLF. Property tax in lieu is projected to increase very slightly by \$50,000 or 1.0 % to \$5,255,000 in FY 2009-10. VLF revenue closely parallels growth in City property tax revenue. However, the State's budgetary problems may affect this revenue source if a portion is appropriated to cover the State's fiscal shortfall.

Sales and Use Tax revenue is projected to decline \$599,000, or 6.6%, to \$8,508,000. Sales tax revenue is generally down due to reductions in consumer spending. Following the national trend, the South Bay Galleria has had declining sales and, as a result, closing of businesses. A major business loss was Mervyn's, which fortunately will be replaced by Kohl's, although not until October 2009. Redondo Beach also lost Home Depot Expo, another large sales tax generator. This projection is conservatively based on analysis of current trends, including annual adjustments to the State "triple flip" sales tax apportionment, receipts from our largest sales tax sources, levels of consumer disposable income, heightened regional sales tax competition and moderating consumer confidence.

Utility Users' Tax (UUT) revenue is projected to remain flat at \$8,000,000. This estimate is based upon analysis of the projected performance from each of the categorical components of the City's UUT tax base, including electricity, natural gas, telecommunications, water, and cable television. In FY 2008-09 the citizens of Redondo Beach overwhelmingly (75%) passed a measure to maintain the UUT at the current rate. Based on FY 2007-08 fees, UUT on electricity services represents about \$2.5 million, or 32% of this revenue source; while approximately \$3.4 million or 43% is provided from the UUT on telecommunications services, which includes both wired and wireless services. Competition among utility providers and growth in the overall demand for utilities services will continue to gradually increase the level of UUT revenue provided to support the provision of essential City operational services. The City continues its proactive efforts addressing the challenges impacting this key tax-based operating revenue source.

Transient Occupancy Tax (TOT) revenue is projected to decrease by 5.4% or \$200,000, to \$3,500,000. The benefit of enhanced marketing efforts, community desirability, room rental rates, and a weak dollar are anticipated to be offset by a weak economy, less business travel and high energy prices. Annually, ten percent of the City's TOT revenues, or \$350,000 projected for FY 2009-10, is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to increase by \$181,000, or 11.3%, to \$1,785,000 for FY 2009-10. Components of franchise fee revenue include Time Warner cable television operations, Southern California Edison electricity franchise, Southern California Gas operations, Verizon, and taxicab franchise operations. With the exception of revenues from Southern California Gas, revenues from franchise fees reflect moderate increases, which is in line with growth in local operations. Cable television franchise revenue represents 48% of the overall franchise fee revenue estimate for FY 2009-10, while projected revenue from the electricity franchise represents 22%. The franchise revenue generated from the sale and transport of natural gas utilized to power the local AES power plant represents 26% of the total franchise fee estimate. Cyclical uncertainties of the deregulated energy environment and their impact upon the productive utilization rate of the AES power plant require a conservative estimate from this revenue source.

Business License Tax revenue is expected to remain relatively flat for FY 2009-10, increasing only 44,000, or 3.4% to \$1,344,000 due to moderation in construction and construction-related activity.

Property Transfer Tax revenue for FY 2009-10 is projected at \$1,262,000, reflecting a slight increase of \$3,000, or 0.2%. The local real estate market over the past few years has continued to weaken, but Redondo Beach's prime beach areas have retained their value to a great degree and are still being purchased. Overall projected performance of property transfer tax revenue has been conservatively maintained for FY 2009-10. As with all key operating revenue sources, trends with respect to this revenue source will be closely monitored and revised, if necessary, at the midyear fiscal review.

Investment Earnings for the General Fund for FY 2009-10 are projected to decrease by \$246,500, or 15.6%, to \$1,322,000. This decline is attributable to lower interest rates within the investment marketplace. The three major components of the portfolio are: liquid investments with the State Local Agency Investment Fund, and both Federal Agency and high-grade corporate Medium-Term Note Investments structured with a 1 to 5 year investment maturity matrix. Enhanced cash management activities, coupled with the City's continued participation in the California Statewide Communities Tax and Revenue Anticipation Note (TRAN) program, serve as core elements of the City Treasurer's comprehensive cash management program. In addition, implementation of a strategically focused capital improvement program (CIP) cash management plan will serve to enhance investment returns from CIP funding sources, while ensuring CIP program liquidity.

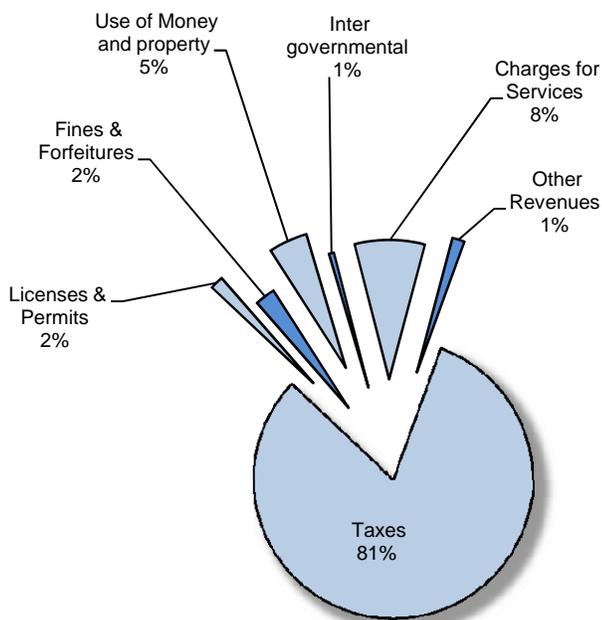
Motor Vehicle/In-Lieu Fees are included in intergovernmental revenues and are projected to decrease by \$62,500, or 20.7%, to \$239,500. Projected decline in the amount of motor vehicle license fee revenue is attributable to the apportionment of current revenue from the State net of withholding for various State administrative costs.

Below is a summary of the FY 2009-10 adopted General Fund operating revenues compared with the FY 2008-09 midyear budget operating revenues:

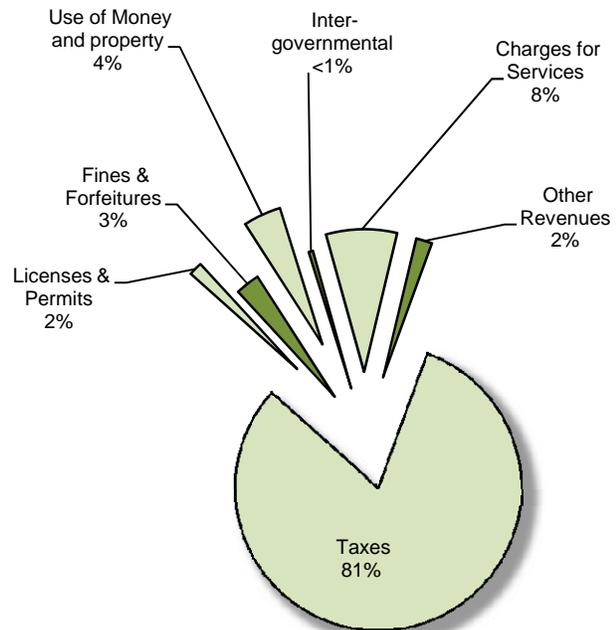
<i>General Fund</i>	Midyear 2008-09	Adopted 2009-10	Increase/ (Decrease)	
Taxes	49,646,000	49,044,000	(602,000)	(1.2%)
Licenses & Permits	944,970	927,084	(17,886)	(1.9%)
Fines & Forfeitures	1,429,000	1,668,000	239,000	16.7%
Use of Money and Property	2,736,200	2,586,660	(149,540)	(5.5%)
Intergovernmental	360,000	297,500	(62,500)	(17.4%)
Charges for Services	4,946,827	4,870,330	(76,497)	(1.5%)
Other Revenues	867,680	1,103,842	236,162	27.2%
Revenue From Outside Sources	60,930,677	60,497,416	(433,261)	(0.7%)
Overhead	6,549,629	6,997,784	448,155	6.8%
Total General Fund	67,480,306	67,495,200	14,894	0.0%

**GENERAL FUND REVENUES
FROM OUTSIDE SOURCES**

**Midyear Revenues
FY 2008-09**



**Adopted Revenues
FY 2009-10**



SPECIAL REVENUE FUNDS

All Special Revenue Funds are for a specific purpose and are not available for other programs. The combined projected revenue in the Special Revenue Funds is \$19,734,514, increasing from the FY 2008-09 midyear budget by \$1,686,507, or 9.3%. The Intergovernmental Grants Fund, where monies received from Federal, State and other governmental agencies are used for capital improvement projects, is projected to increase by \$3,345,092, or 91.8%, largely due to Federal Stimulus money. Revenue in this fund tends to fluctuate from year to year, depending on current capital projects. Also it is projected that the State will not be remitting Traffic Congestion revenue in FY 2009-10. A significant decrease of \$735,337 is also expected in the Transit Fund. With financial difficulties at the Federal and State levels, government sponsored programs have seen substantial funding cuts in recent years which impact the social service grant funds. However, the expected influx of Federal Stimulus money into the CIP programs could give the City some relief.

ENTERPRISE FUNDS

Enterprise Funds account for operations that are financed and operated in a manner similar to private business where the costs of providing goods or services to the general public are financed or recovered primarily through user charges.

Harbor Tidelands Fund: Based on projections provided by Harbor staff, revenues for FY 2009-10 in the Harbor Tidelands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$5,960,630, up \$139,200, or 2.4%, from the FY 2008-09 midyear budget.

Harbor Uplands Fund: Based on projections provided by Harbor staff, revenues for FY 2009-10 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$4,066,850, down \$95,555, or 2.3% from the FY 2008-09 midyear budget.

Solid Waste Fund: FY 2009-10 revenues are projected somewhat higher than the midyear FY 2008-09 budget. This increase is due to the City Council adoption on June 16, 2009, by separate action from the budget, of a refuse rate adjustment to increase revenue to cover the City's outside contractor's higher refuse and recycling costs. The revenue is projected up by \$157,676 or 4.9%.

Wastewater Fund: FY 2009-10 revenues are projected to increase by \$217,371 to \$2,546,261. This increase includes the first full year of a wastewater rate adjustment adopted on June 3, 2008. The rate adjustment increased revenue to cover higher costs related to providing a healthy and safe environment and to ensure we meet the legal covenants of our wastewater bond.

INTERNAL SERVICE FUNDS

In order to determine the true cost of each operating department, internal service fund charges are allocated to each user department. These charges, in turn, represent revenue to each Internal Service Fund. Each of the City's Internal Service Funds is highlighted below.

Self-Insurance Program Fund: The Self-Insurance Program Fund is the basis for allocating liability, workers' compensation and unemployment insurance to all departments. Revenue for FY 2009-10 is estimated to be \$5,573,081, up \$498,386, or 9.8% from FY 2008-09 midyear budget.

Vehicle Replacement Fund: This fund accounts for charges to departments that utilize the City's Fleet Services Division for maintenance, which includes the cost of fuel, of vehicles and equipment. In addition, rental charges are assessed based on the estimated future replacement cost of the vehicles. The increase in proposed revenue to \$3,026,144, an increase of \$122,677, or 4.2%, when compared to the FY 2008-09 midyear budget is mainly due to rising fuel costs.

Building Occupancy Fund: Building maintenance costs are allocated to all City departments through the Building Occupancy Fund. These costs are allocated to all funds including the Special Revenue Funds and Harbor Enterprise Funds. The estimated revenue is \$2,813,769, a \$130,376, or 4.9% increase over the prior year's midyear budget.

Information Technology Fund: The Information Technology Fund includes Information Technology's staff salaries and benefits, computer and telecommunications maintenance costs and charges for equipment replacement. All costs are charged back to users. Estimated revenue for FY 2009-10 is \$2,575,903, relatively level with the FY 2008-09 midyear budget.

Printing and Graphics Fund: This fund was established for the purpose of allocating printing and graphics charges to all departments using the services of the in-house print shop. The proposed revenue is estimated at \$317,235, or \$763 more than the FY 2008-09 midyear budget.

Emergency Communications Fund: The Emergency Communications Fund includes replacement of emergency communications equipment and emergency communications operating expenses. All costs are charged back to the users, which are primarily the Police, Fire and Public Works departments. The revenue is estimated at \$2,663,880, up \$149,577 from the FY 2008-09 midyear budget.

Major Facilities Repair Fund: The Major Facilities Repair Fund is a recently created (FY 2009-10) internal service fund set up for potential, but yet unknown, larger repair costs associated with the aging public facilities. The balance is initially set at \$101,748.

TWO-YEAR COMPARISON OF ESTIMATED REVENUES BY FUND

<i>Fund</i>	Adopted 2008-09	Mldyear 2008-09	Adopted 2009-10	Increase/ (Decrease)	
General Fund:					
Taxes	50,096,000	49,646,000	49,044,000	(602,000)	(1.2%)
Licenses & Permits	1,349,650	944,970	927,084	(17,886)	(1.9%)
Fines & Forfeitures	1,644,000	1,429,000	1,668,000	239,000	16.7%
Use of Money and Property	2,759,200	2,736,200	2,586,660	(149,540)	(5.5%)
Intergovernmental	515,800	360,000	297,500	(62,500)	(17.4%)
Charges for Services	5,412,292	4,946,827	4,870,330	(76,497)	(1.5%)
Other Revenues	831,730	867,680	1,103,842	236,162	27.2%
Overhead	5,850,432	6,549,629	6,997,784	448,155	6.8%
Total General Fund	68,459,104	67,480,306	67,495,200	14,894	0.0%
Traffic Congestion Relief	19,000	598,100	16,700	(581,400)	(97.2%)
State Gas Tax	1,223,300	1,256,591	1,256,291	(300)	(0.0%)
Storm Drain Improvement	42,000	6,500	5,000	(1,500)	(23.1%)
Street Landscaping and Lighting	1,571,000	1,645,000	1,600,530	(44,470)	(2.7%)
Local Transportation Tax	189,420	189,420	40,000	(149,420)	(78.9%)
Proposition A	1,131,000	1,127,900	1,127,200	(700)	(0.1%)
Proposition C	966,000	960,100	951,800	(8,300)	(0.9%)
Transit	1,727,712	1,851,837	1,116,500	(735,337)	(39.7%)
Air Quality Improvement	72,000	71,800	71,700	(100)	(0.1%)
Intergovernmental Grants	2,286,679	3,643,511	6,988,603	3,345,092	91.8%
Comm Develop Block Grant	439,725	439,725	649,805	210,080	47.8%
Housing Authority	5,564,683	5,564,683	5,560,685	(3,998)	(0.1%)
Parks and Recreation Facilities	30,000	10,800	7,500	(3,300)	(30.6%)
Narcotic Forfeiture and Seizure	65,000	307,500	222,200	(85,300)	(27.7%)
Subdivision Park Trust	150,000	90,000	45,000	(45,000)	(50.0%)
Disaster Recovery	50,000	284,540	75,000	(209,540)	(73.6%)
Capital Projects	908,000	908,000	64,000	(844,000)	(93.0%)
Harbor Tidelands	6,006,975	5,821,430	5,960,630	139,200	2.4%
Harbor Uplands	4,285,677	4,162,405	4,066,850	(95,555)	(2.3%)
Solid Waste	3,084,639	3,193,797	3,351,473	157,676	4.9%
Wastewater	2,385,991	2,328,890	2,546,261	217,371	9.3%
Self-Insurance Program	4,057,781	5,074,695	5,573,081	498,386	9.8%
Vehicle Replacement	3,321,911	2,903,767	3,026,444	122,677	4.2%
Building Occupancy	2,572,263	2,683,393	2,813,769	130,376	4.9%
Information Technology	2,538,663	2,564,268	2,575,903	11,635	0.5%
Printing and Graphics	314,694	316,472	317,235	763	0.2%
Emergency Communications	2,307,310	2,514,303	2,663,880	149,577	5.9%
Major Facilities Repair	-	-	101,748	101,748	n/a
Total Before Adjustments	115,770,527	117,999,733	120,290,988	2,291,255	1.9%
Less: Internal Svc Funds/Overhead	20,660,284	22,178,035	23,089,274	911,239	4.1%
Total City	95,110,243	95,821,698	97,201,714	1,380,016	1.4%
Redevelopment Agency	7,516,325	8,610,491	6,220,417	(2,390,074)	(27.8%)
Grand Total	102,626,568	104,432,189	103,422,131	(1,010,058)	(1.0%)

GENERAL FUND PROPERTY TAX

DESCRIPTION

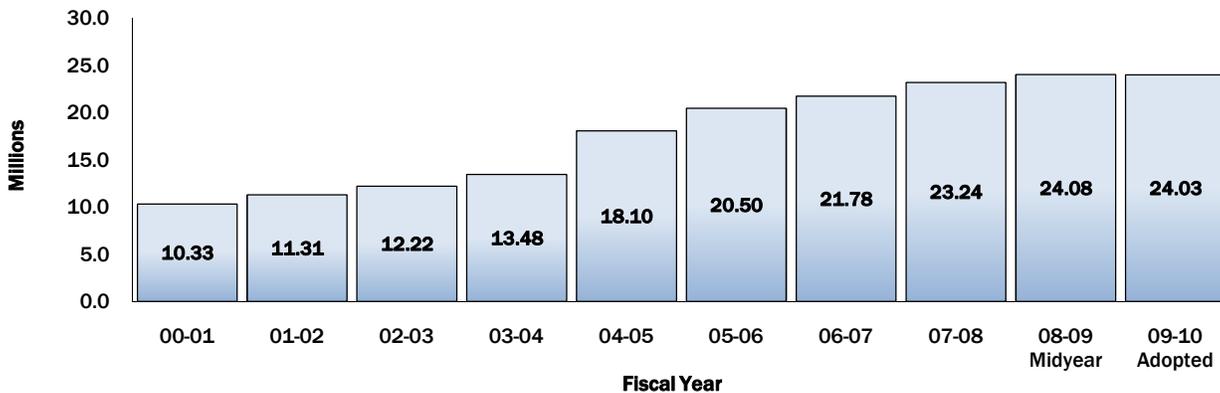
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State Board of Equalization. The property tax rate is based on 1.0% of the assessed value. For every \$1 of property tax collected, \$0.166 goes to the City. The property tax graph presented below includes the property tax in lieu of VLF and homeowner exemptions.

BACKGROUND

Growth in property tax is realized from the 2.0% annual increase allowed by Proposition 13, increased valuation occurring due to any new construction activity, and the reassessment of property due to resale. Since FY 1992-93, the State has permanently shifted \$2.3 million a year from the City for use by the schools.

OUTLOOK

Property tax revenue for FY 2009-10 is projected to decrease by \$94,000, or 0.5%, to \$18,621,000, excluding property tax in lieu of VLF and homeowners' exemptions. While homeowners exemptions remains relative flat, property tax in lieu of VLF will increase moderately by \$50,000 or 1.0% to \$5,255,000. Although property tax declined slightly, the downturn was moderated in relation to other cities by the combination of the community's location desirability keeping housing values high, and Proposition 13 valuation growth. Property tax revenue is the City's number one source of operating revenue.



GENERAL FUND SALES AND USE TAX

DESCRIPTION

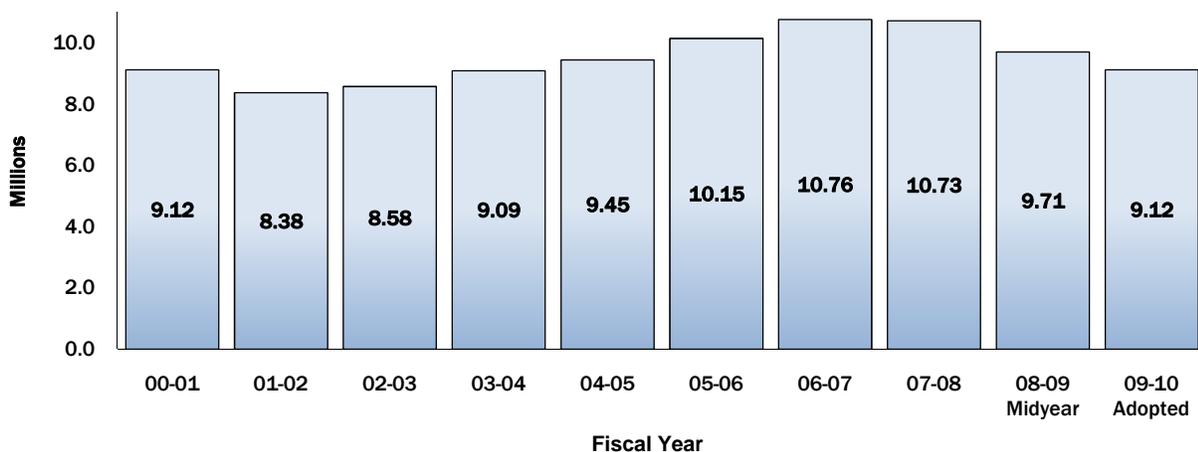
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9.75% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various transit authorities. The sales tax data presented below includes the Public Safety Augmentation Fund (PSAF) and the State "Triple Flip" Sales Tax.

BACKGROUND

In FY 1993-94, pursuant to voter approval, 1/2% of the State's portion of the sales tax levy was reallocated to local government to augment support for public safety services. The annual local value of this sales tax re-allocation to support police and fire services is projected to be \$612,000 for FY 2009-10. Sales and use tax revenue is somewhat cyclical in nature, responding to local and state economic trends. Although efforts to nurture local economic development have aided growth in this revenue source, local job losses and a depressed economy have eroded consumer confidence resulting in lower sales.

OUTLOOK

Sales and use tax revenue exclusive of PSAF is projected to decline by \$599,000, or 6.6%, from midyear 2008-09 to \$8,508,000, while Public Safety Augmentation Fund is expected to increase by a modest \$12,000. The decrease in sales and use tax is driven by sluggish consumer spending, a depressed economy and subsequent business losses. This projection is conservatively based on analysis of current revenue trends, including annual adjustments to the State "triple flip" sales tax apportionment; receipts from our largest sales tax sources; levels of consumer disposable income; heightened regional sales tax competition; moderating consumer confidence; and in-depth analysis of a variety of components within our local sales tax data base influencing the overall performance of our sales and use tax revenue stream.



GENERAL FUND UTILITY USERS' TAX

DESCRIPTION

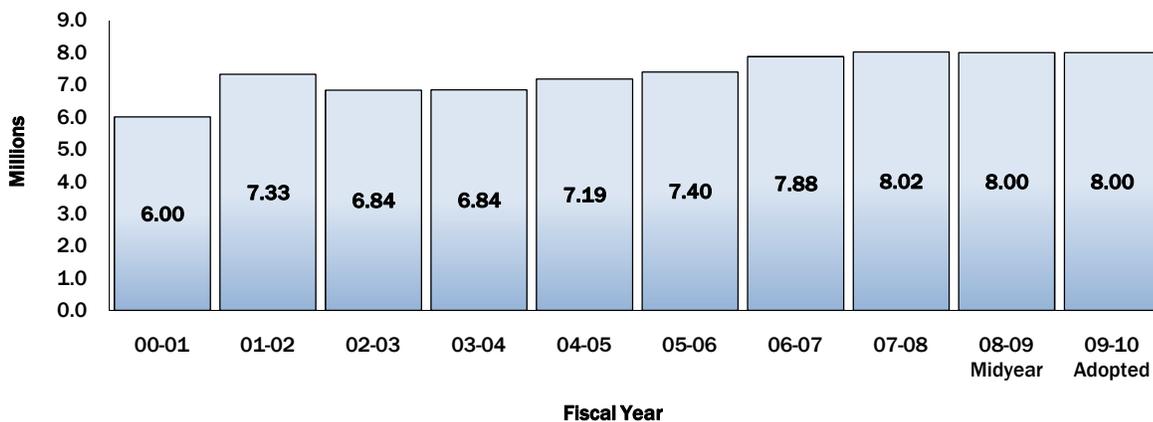
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT which is 4.75%

BACKGROUND

In FY 2001-02, UUT increased by \$1.33 million, or 22% due to increased energy prices, which were a result of the energy shortage. The decrease in FY 2002-03 was a result of the stabilization of the energy market following the shortage in the previous year. Funds provided from this key tax-based operating resource have remained relatively stable over the past few years. In FY 2008-09 the citizens of Redondo Beach passed a bill to keep the UUT at the same rate as prior years.

OUTLOOK

Utility users' tax (UUT) revenue for FY2009-10 is projected to remain flat. This is grounded in the vote by the citizens of Redondo Beach maintaining the tax rate on telecommunications and other UUT services at the current level and stability in the overall cost of energy. Changes in technology, litigation, and legislation relating to the evolving telecommunications industry challenge the future viability of UUT resources.



GENERAL FUND TRANSIENT OCCUPANCY TAX

DESCRIPTION

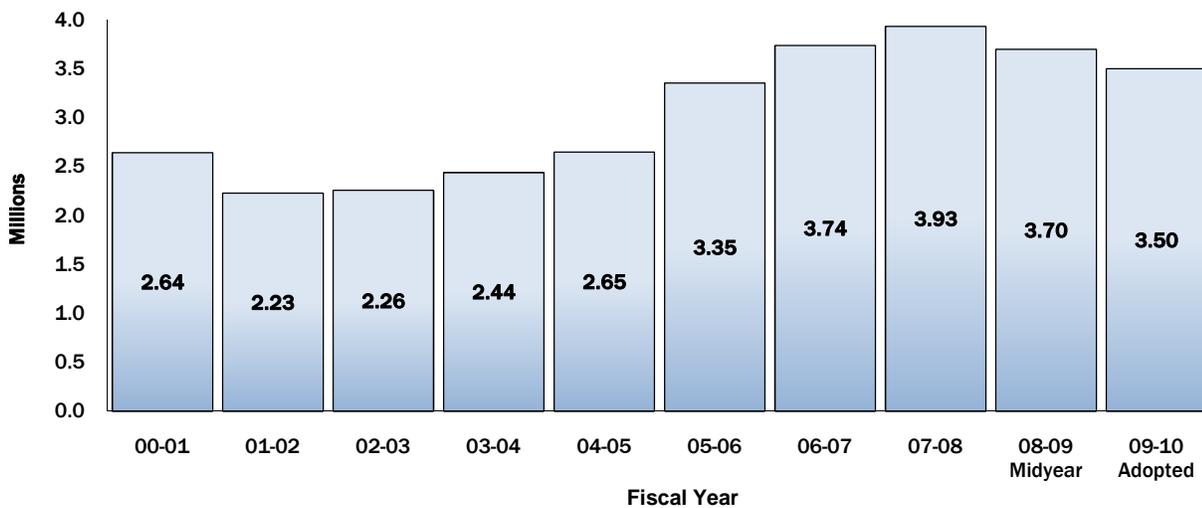
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

BACKGROUND

The current voter-approved TOT rate of 12% became effective July 2005, increasing from the prior 10% rate. Although the City collects the entire amount of the tax, 10% of total TOT revenue is contributed to the Redondo Beach Visitors' Bureau to support marketing and tourism in the City.

OUTLOOK

FY 2009-10 TOT revenue is projected to decrease \$200,000 or 5.4% from prior midyear levels to \$3,500,000. The travel and tourism industry is strengthened as the dollar weakens and more promotional money is spent by the State, but this gain will be offset by high gas prices, a weakening economy and fewer business travelers.



GENERAL FUND FRANCHISE FEES

DESCRIPTION

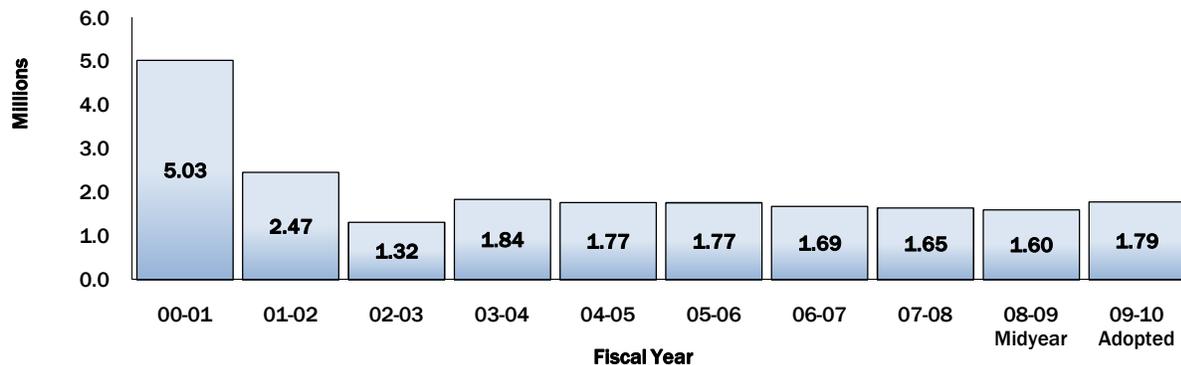
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

BACKGROUND

The City collects franchise fees from Time Warner Cable, Southern California Edison, Southern California Gas Company, Verizon, and local taxicab operators. The City does not collect a franchise fee from telephone companies, as the State collects this fee statewide. In December 1992, the City successfully negotiated with Southern California Gas Company a new franchise agreement on gas transported, but not sold by the gas company. An in-lieu fee was instituted, which effectively recovered all revenues lost through the deregulation of gas sales. The increase in FY 2000-01 is a result of the significant growth in transported gas due to the statewide energy emergency. However, over the most recent years, power levels at the AES power plant have been dramatically reduced. With this, revenue has been significantly lower than the levels experienced in FY 2000-01.

OUTLOOK

Franchise fees are projected to increase by \$181,000, or 11.3%, to \$1,785,000 for FY 2009-10. With the exception of revenues from Southern California Gas, which vary based upon power plant capacity utilization, revenues from franchise fee sources reflect small increases in line with growth in local utility service operations. Cable television franchise revenue sources represent 48% of the overall franchise fee revenue estimate for FY 2009-10, while projected revenue from the electricity franchise represents 22%. The gas franchise revenue generated from the sale and transport of natural gas utilized to power the local AES power plant represents 26% of the total franchise fee estimate, while taxicab franchise fee revenue comprises 4% of the overall franchise fee revenue. Cyclical uncertainties of the deregulated energy environment and their impact upon the productive utilization rate of the AES power plant require continued utilization of a conservative estimate from this revenue source.



GENERAL FUND BUSINESS LICENSE TAX

DESCRIPTION

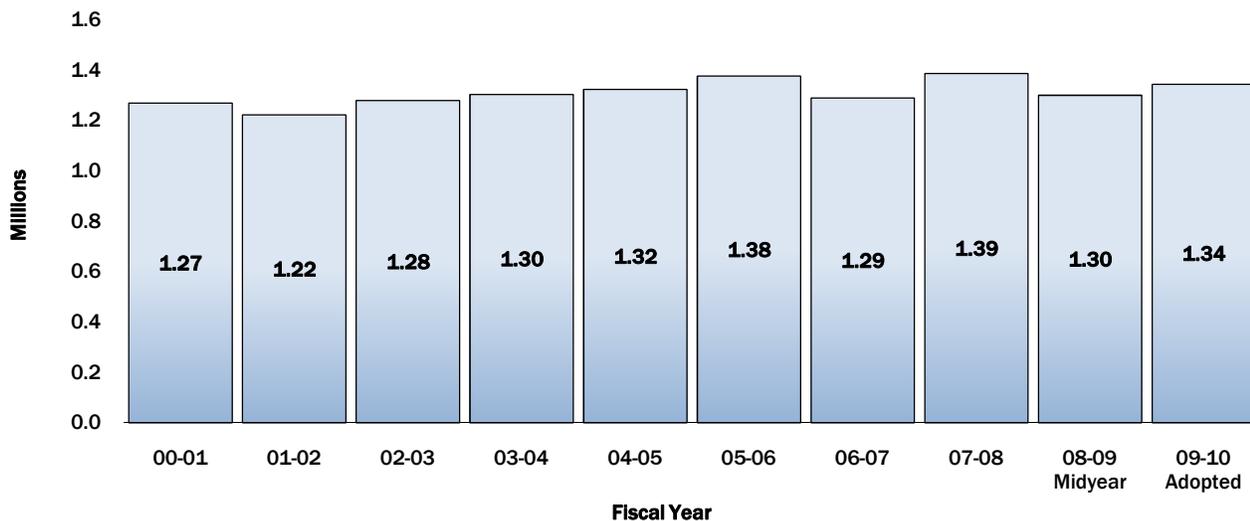
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The tax is levied using two factors - a flat rate system and a per employee charge.

BACKGROUND

The flat rate has remained unchanged since FY 1991-92. During FY 2003-04, the cap on the number of employees subject to the \$18 per capita tax was removed. Estimates are based upon a combination of inflation factors, business growth, business turnover, collection percentage, and number of field inspections. In March 2005, the City put forth a ballot measure to raise the business license tax each year in an amount equal to the CPI. The voters did not approve this measure.

OUTLOOK

The FY 2009-10 revenue estimate of \$ 1,344,000 remains fairly flat with only a \$44,000 or 3.4% increase due to the assumed leveling off of the decline in construction and construction-related activity.



GENERAL FUND PROPERTY TRANSFER TAX

DESCRIPTION

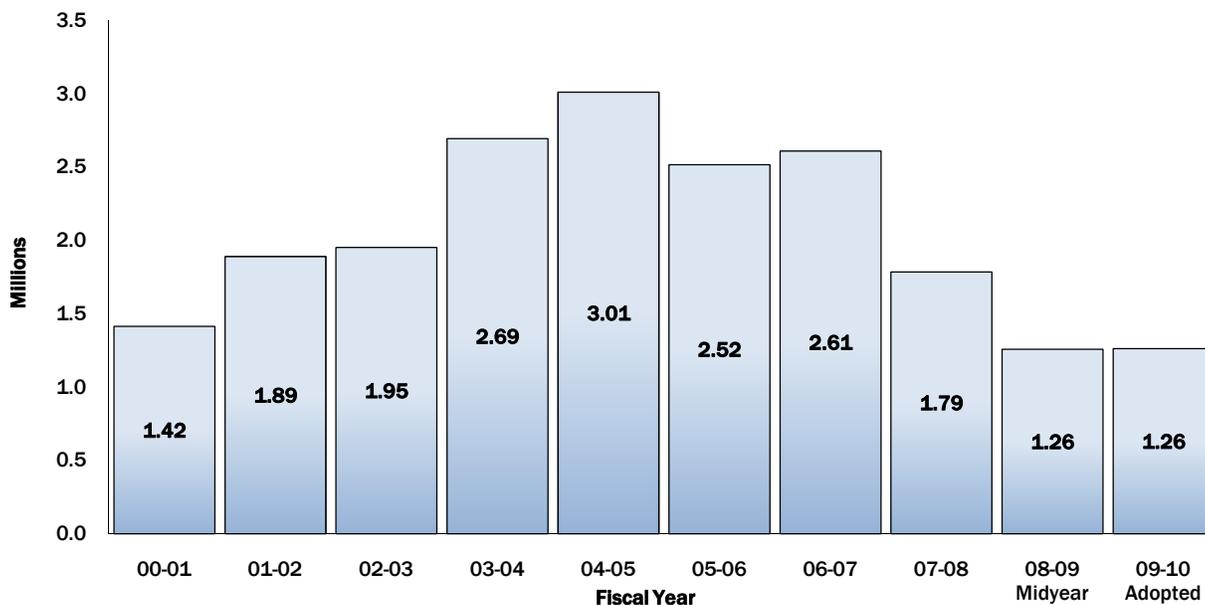
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

BACKGROUND

The City's tax rate is \$1.10 per \$500 in sale value. The performance of this cyclical revenue source has been complimented by continuing prior-year recoveries of City property transfer tax misallocated by the County.

OUTLOOK

The strength in the performance of this cyclical revenue source experienced over the past five years is projected to flatten for FY 2009-10. Local real estate exchanges have slowed in the weakening economy, but as the beach area retains its desirability and value, it is projected that property in Redondo Beach will continue to be sold at a moderate pace.



GENERAL FUND LICENSES AND PERMITS

DESCRIPTION

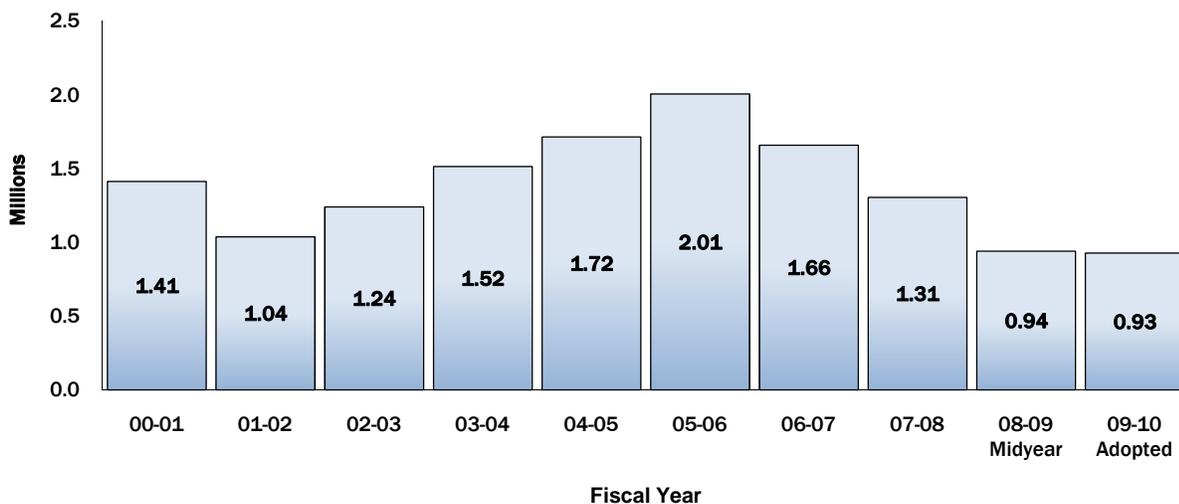
These fees are imposed for the processing of all construction activity permits, bicycle and canine permits, and preferential parking permits.

BACKGROUND

Approximately 80% of this revenue source is from permits issued for construction activity. The cyclical trends in recent years are wholly attributable to the economic cycles which affect the building and construction community.

BACKGROUND

The City expects to see a slight decrease of \$17,886 to \$927,084 in this revenue source in FY 2009-10. Although the largest percentage of these fees, construction permits, will be down due to a weakening housing market and declining economy, user fee increases adopted in FY 2008-09 should offset some of the lost revenue.



GENERAL FUND FINES AND FORFEITURES

DESCRIPTION

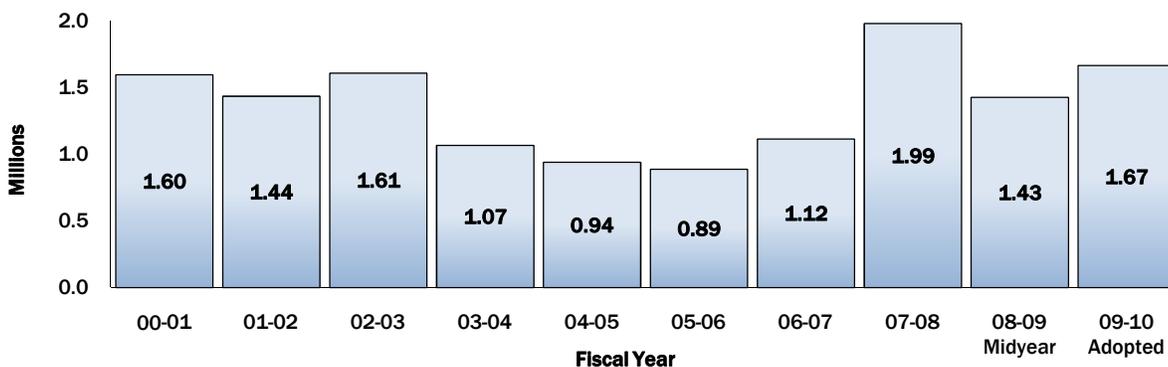
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are required through the courts or direct billing for police services associated with arresting offenders or criminals.

BACKGROUND

Beginning in FY 1998-99, legislation was enacted to return the vehicle code fine revenue to the cities. In addition, cities began to share in traffic school revenues. For FY 2003-04 through FY 2006-07, the allocation of parking citation revenue was split between the General Fund and the Solid Waste Fund. For those years, much of the revenue was shifted out of the General Fund. Beginning in FY 2007-08, the parking citation revenue was shifted back into the General fund.

OUTLOOK

Estimates for FY 2009-10 show fines and forfeitures revenue increasing by 16.7% to \$1,668,000. This increase is due to an increase in parking citation penalties adopted by the City Council in May 2009. The FY 2008-09 midyear revenue estimate reflects a potential revenue loss resulting from a \$4.50 increase to the State surcharge which was mitigated in FY 2009-10 by the penalty increase. The FY 2009-10 estimate also includes a \$0.50 increase to each citation as the parking penalty was required to be rounded to a whole dollar amount.



GENERAL FUND USE OF MONEY AND PROPERTY

DESCRIPTION

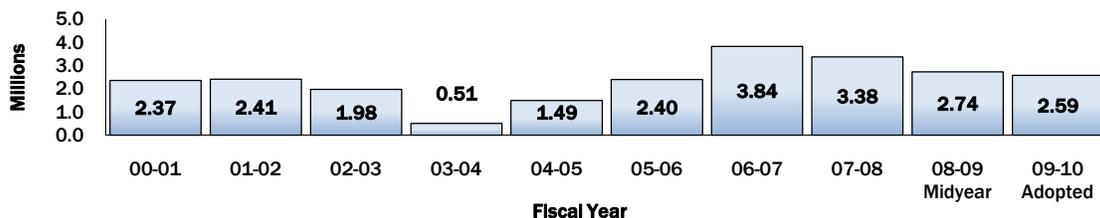
Use of money and property revenue is derived from the investment and management of the City's surplus funds in accordance with State law, the City Charter, and the City's investment policy. Revenue from the use of property is derived from use or rent of various City facilities, including Franklin and Patterson school sites, Alta Vista tennis and racquetball courts, Aviation, Veterans' and Alta Vista parks and camping fees at Wilderness Park.

BACKGROUND

The City invests all surplus funds based upon the requirements of the California Government Code and the City Charter, and in accordance with the City's Statement of Investment Policy. The investment policy is reviewed and approved by the Mayor and City Council on an annual basis. Investments are maintained in a prudent and professionally responsible manner ensuring sufficient investment portfolio liquidity, responding to both the City's operating and capital improvement cash flow requirements. Investment liquidity is maintained while honoring fiduciary responsibilities of investment safety, producing competitive investment returns measured against established investment portfolio performance benchmarks. The City maintains long established annual participation in the California Statewide Communities Development Authority Tax and Revenue Anticipation Note Program, a cost effective cash management tool producing additional investment income to the City's General Fund totaling \$783,000 cumulatively over the 14 years of program participation.

OUTLOOK

The use of money and property for the General Fund for FY 2009-10 is projected to decline by \$149,540, or 5.5%, to \$2,586,660. This decline is attributable to lower interest rates available within the investment marketplace resulting from the slowing economy and the Federal Reserve's efforts to stimulate economic growth through accommodative fiscal policy. The decline in investment income is partially offset by an increase of \$96,960 in rents and percentages. The initial estimate for FY 2009-10 is conservatively postured based upon maintaining a relatively stable amount of funds within the overall investment portfolio. Factored in are the impacts of declining market interest rates upon the three major components of the portfolio: liquid investments with the State Local Agency Investment Fund, and both Federal Agency and high grade Corporate Medium Term Note investments structured within a 1 to 5 year investment maturity matrix. As with all City operating revenue sources, initial estimates of FY 2009-10 investment earnings will be updated within a six-month period as part of the annual mid-year fiscal review. Implementation of a strategically focused Capital Improvement Program (CIP) cash management plan will serve to enhance investment returns from CIP funding sources, while ensuring sufficient capital improvement program liquidity.



GENERAL FUND INTERGOVERNMENTAL

DESCRIPTION

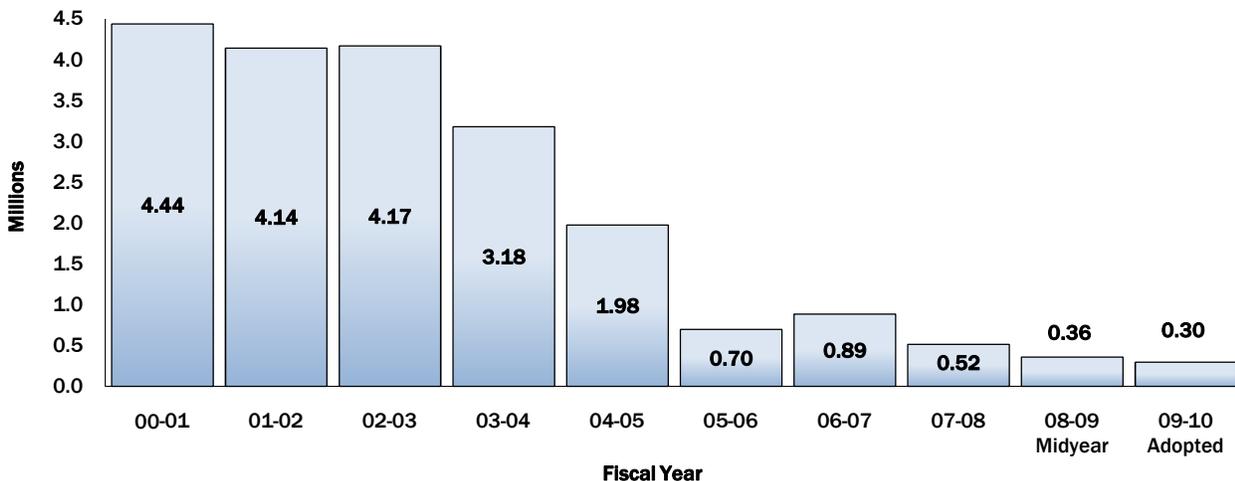
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Examples include motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

BACKGROUND

Revenue estimates are provided by the State Department of Finance, State Controller's Office and the State Board of Equalization utilizing trend and projection assumptions. Fluctuations in this revenue source are dependent on the grants and other state subventions received by the City. FY 1999-00 and 2000-01 revenues included a subvention for the past property tax loss based on a per capita basis. The steep decline in intergovernmental revenue from FY 2002-03 is primarily due to State officials' vehicle license fee (VLF) philosophies, reclassifications of VLF revenue and local assistance in balancing the State budget. In addition, during the same period of time, the State was withholding SB 90 State mandated cost reimbursements.

OUTLOOK

Estimates for FY 2009-10 intergovernmental revenue reflect a decrease in revenue of \$62,500 or 17.4% from midyear for a total of \$297,500. This is due to State budgetary problems leading to decreases in motor vehicle in lieu of property tax reimbursement.



GENERAL FUND CHARGES FOR SERVICES

DESCRIPTION

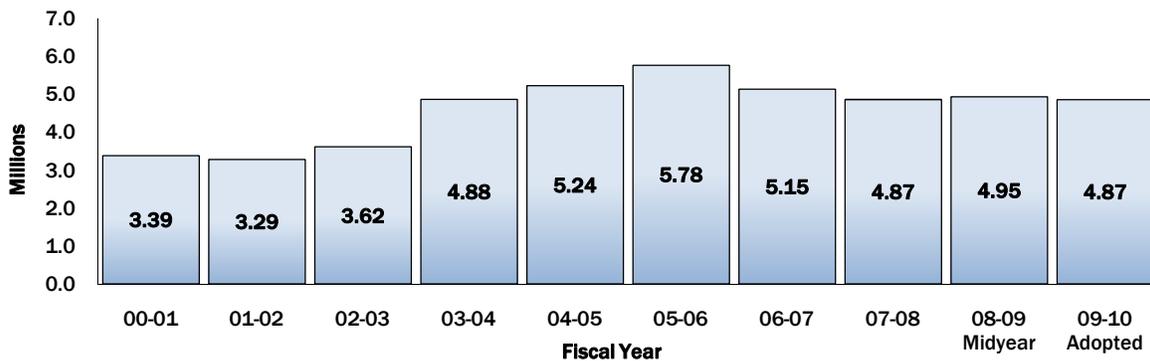
The City collects fees from users of, or participants in, City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

BACKGROUND

The City establishes its user-fee structure to recover the full cost, or at least part of the cost, of providing services enjoyed by the users or participants. The Master Fee Schedule, which includes the rate structure for these fees, was modified in FY 2007-08 and FY 2008-09 to raise a large percentage of these fees to full cost. However, this review only addressed the user rates; whereas revenue is also impacted by usage.

OUTLOOK

For FY 2009-10, forecasted revenue for charges for services will decrease slightly by \$72,497 or 1.5%. Many of the revenue sources will remain relatively flat. Although administrative and planning fees are scheduled to increase, they are more than offset by the forecasted declines in building and engineering and recreation fees.



REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
GENERAL FUND:					
Taxes:					
Property Tax	15,925,451	16,982,581	18,105,963	18,715,000	18,621,000
Property Tax In Lieu Of VLF	4,413,623	4,646,310	4,976,283	5,205,000	5,255,000
Homeowners' Exemption	155,558	154,393	155,278	156,000	157,000
Sales and Use Tax	9,578,526	10,127,274	10,098,778	9,107,000	8,508,000
Public Safety Aug. Fund	569,221	636,844	628,205	600,000	612,000
Utility Users' Tax	7,398,984	7,878,429	8,018,564	8,000,000	8,000,000
Transient Occupancy Tax	3,354,138	3,738,839	3,933,009	3,700,000	3,500,000
Franchise Fees	1,767,452	1,685,711	1,648,295	1,604,000	1,785,000
Business License Tax	1,376,009	1,289,223	1,385,760	1,300,000	1,344,000
Property Transfer Tax	2,516,607	2,609,868	1,784,872	1,259,000	1,262,000
State Take-Aways	(917,492)	-	-	-	-
Sub-total	46,138,077	49,749,472	50,735,007	49,646,000	49,044,000
Licenses and Permits:					
Construction/Excavation Permits	1,797,179	1,438,994	1,084,975	743,000	714,414
Street/Curb/Parking Permits	136,137	132,679	131,517	114,500	125,500
Misc. Licenses/Permits	73,478	88,708	89,535	87,470	87,170
Sub-total	2,006,794	1,660,381	1,306,027	944,970	927,084
Fines and Forfeitures:					
Parking Citations	412,769	544,271	1,374,760	909,000	1,148,000
Vehicle Code Fines	344,704	389,539	428,614	350,000	350,000
Restitution	131,964	183,387	181,309	170,000	170,000
Sub-total	889,437	1,117,197	1,984,683	1,429,000	1,668,000
Use of Money and Property:					
Investment Earnings	1,256,880	2,731,299	2,160,899	1,578,500	1,332,000
Rents and Percentages	1,146,233	1,103,940	1,221,043	1,157,700	1,254,660
Sub-total	2,403,113	3,835,239	3,381,942	2,736,200	2,586,660
Intergovernmental:					
Motor Vehicle/In-Lieu	453,646	429,612	293,685	302,000	239,500
State Library Allocation	106,403	184,868	107,382	58,000	58,000
SB90 State Mandated Cost Reimb.	97,598	250,667	57,380	-	-
Fire - Hermosa Support	-	-	35,474	-	-
Grants	39,596	19,798	21,265	-	-
Sub-total	697,243	884,945	515,186	360,000	297,500

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
Charges for Services:					
Administrative Fees	443,429	121,764	26,679	70,000	172,700
Parking Meter Fees	1,004,563	1,056,399	1,086,153	1,056,600	1,056,600
Police Service Fees	429,775	471,498	521,306	624,400	646,900
Fire Service Fees	201,813	143,852	188,442	194,647	161,900
Library Book Fines And Fees	174,497	162,148	154,743	143,700	154,500
Recreation Users Pay	1,305,637	1,296,921	1,334,734	1,590,596	1,422,980
Planning Fees	326,674	257,800	177,030	96,962	152,602
Building & Engineering Fees	1,436,805	1,190,866	906,520	689,100	607,198
State Energy Fees	191,203	150,223	110,347	54,000	50,000
Other Building Fees	250,123	279,979	360,618	398,822	434,950
Public Works Fees	11,454	13,206	5,709	28,000	10,000
Sub-total	5,775,973	5,144,656	4,872,281	4,946,827	4,870,330
Other Revenues:					
Miscellaneous Revenue	288,133	135,265	210,428	774,680	971,986
Program Donations	200,963	123,292	129,637	93,000	131,856
Claims Settlement	-	25,531	12,500	-	-
Adopt-A-Waterway	12,593	15,333	4,368	-	-
Sub-total	501,689	299,421	356,933	867,680	1,103,842
REVENUE FROM OUTSIDE SOURCES	58,412,326	62,691,311	63,152,059	60,930,677	60,497,416
Overhead					
Overhead Charges	4,298,260	6,314,753	6,314,750	6,549,629	6,997,784
Sub-total	4,298,260	6,314,753	6,314,750	6,549,629	6,997,784
TOTAL GENERAL FUND	62,710,586	69,006,064	69,466,809	67,480,306	67,495,200

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
TRAFFIC CONG RELIEF FUND:					
Use of Money and Property	2,229	32,750	38,802	17,100	16,700
Intergovernmental	300,159	494,067	-	581,000	-
TOTAL TRAFFIC CONG RELIEF FUND	302,388	526,817	38,802	598,100	16,700
STATE GAS TAX FUND:					
Taxes	1,209,437	1,205,597	1,174,814	1,243,091	1,243,091
Use of Money and Property	19,552	42,406	31,488	13,500	13,200
Other Revenues	222	-	19,855	-	-
TOTAL STATE GAS TAX FUND	1,229,211	1,248,003	1,226,157	1,256,591	1,256,291
STORM DRAIN IMPROV FUND:					
Charges For Services	146,210	68,600	33,568	6,500	5,000
TOTAL STORM DRAIN IMPROV FUND	146,210	68,600	33,568	6,500	5,000
ST. LANDSCAPING/LIGHTING FUND:					
Use of Money and Property	5,264	1,731	(3,351)	-	-
Charges For Services	1,520,550	1,562,136	1,514,371	1,584,000	1,549,530
Other Revenues	-	146	3,302	61,000	51,000
TOTAL ST. LANDSCAPING/LIGHTING FUND	1,525,814	1,564,013	1,514,322	1,645,000	1,600,530
LOCAL TRANSPORT TAX FUND:					
Intergovernmental	-	-	180,310	189,420	40,000
TOTAL LOCAL TRANSPORT TAX FUND	-	-	180,310	189,420	40,000
PROPOSITION A FUND:					
Use of Money and Property	7,819	40,492	70,694	27,900	27,200
Intergovernmental	1,078,853	1,077,680	1,146,994	1,100,000	1,100,000
TOTAL PROPOSITION A FUND	1,086,672	1,118,172	1,217,688	1,127,900	1,127,200
PROPOSITION C FUND:					
Use of Money and Property	71,882	143,554	120,697	53,100	51,800
Intergovernmental	928,377	896,906	955,452	907,000	900,000
TOTAL PROPOSITION C FUND	1,000,259	1,040,460	1,076,149	960,100	951,800
TRANSIT FUND:					
Intergovernmental	-	54,016	-	-	-
Charges For Services	708,226	1,672,956	1,892,825	1,851,462	1,116,500
Other Revenues	29,871	11,918	8,550	375	-
TOTAL TRANSIT FUND	738,097	1,738,890	1,901,375	1,851,837	1,116,500

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	5,170	6,709	4,678	1,800	1,700
Intergovernmental	59,030	101,853	59,548	70,000	70,000
TOTAL AIR QUALITY IMPROVE FUND	64,200	108,562	64,226	71,800	71,700
<i>INTERGOV'TL GRANTS FUND:</i>					
Intergovernmental	1,682,658	2,268,019	2,384,974	3,643,511	6,988,603
TOTAL INTERGOV'TL GRANTS FUND	1,682,658	2,268,019	2,384,974	3,643,511	6,988,603
<i>SO. BAY YOUTH PROJECT FUND:</i>					
Intergovernmental	707,515	723,294	718,090	-	-
TOTAL SO. BAY YOUTH PROJECT FUND	707,515	723,294	718,090	-	-
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	534,351	574,317	530,123	409,725	649,805
Other Revenues	76,293	78,827	27,000	30,000	-
TOTAL COM DEV BLOCK GRANT FUND	610,644	653,144	557,123	439,725	649,805
<i>WORKFORCE INVEST ACT FUND:</i>					
Intergovernmental	885,958	446,424	350,246	-	-
TOTAL WORKFORCE INVEST ACT FUND	885,958	446,424	350,246	-	-
<i>HOUSING AUTHORITY FUND:</i>					
Use of Money and Property	18,087	20,498	23,578	-	-
Other Revenue	53,685	66,509	-	-	-
Intergovernmental	4,877,440	4,941,770	5,735,355	5,564,683	5,560,685
TOTAL HOUSING AUTHORITY FUND	4,949,212	5,028,777	5,758,933	5,564,683	5,560,685
<i>PARKS AND REC FACILITIES FUND:</i>					
Taxes	147,145	76,750	28,800	10,800	7,500
TOTAL PARKS AND REC FACILITIES FUND	147,145	76,750	28,800	10,800	7,500
<i>NARCOTIC FORF/SEIZURE FUND:</i>					
Fines And Forfeitures	43,470	185,455	44,583	294,000	209,000
Use of Money and Property	12,210	31,541	27,416	13,500	13,200
TOTAL NARCOTIC FORF/SEIZURE FUND:	55,680	216,996	71,999	307,500	222,200

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
<i>SUBDIVISION PARK TRUST FUND:</i>					
Use of Money and Property	(6,759)	2,805	881	-	-
Other Revenues	615,000	472,901	232,500	90,000	45,000
TOTAL SUBDIVISION PARK TRUST FUND	608,241	475,706	233,381	90,000	45,000
<i>DISASTER RECOVERY FUND:</i>					
Other Revenues	119,620	108,330	254,700	284,540	75,000
TOTAL DISASTER RECOVERY FUND	119,620	108,330	254,700	284,540	75,000
TOTAL SPECIAL REVENUE FUNDS	15,859,524	17,410,957	17,610,843	18,048,007	19,734,514
<i>PIER PARK ST REHAB FUND:</i>					
Use of Money and Property	17	43	33	-	-
TOTAL PIER PARK ST REHAB FUND	17	43	33	-	-
<i>CAPITAL PROJECTS FUND:</i>					
Intergovernmental	-	-	1,085,611	-	-
Other Revenues	16,918	75,600	13,000	908,000	64,000
TOTAL CAPITAL PROJECTS FUND	16,918	75,600	1,098,611	908,000	64,000
TOTAL GOVERNMENTAL FUNDS	78,587,045	86,492,664	88,176,296	86,436,313	87,293,714
<i>HARBOR TIDELANDS FUND:</i>					
Use of Money and Property	4,471,596	4,916,419	5,876,893	4,570,800	4,635,000
Charges For Services	839,636	967,033	993,788	1,061,000	1,135,000
Other Revenues	9,086	8,796	10,550	189,630	190,630
TOTAL HARBOR TIDELANDS FUND	5,320,318	5,892,248	6,881,231	5,821,430	5,960,630
<i>HARBOR UPLANDS FUND:</i>					
Use of Money and Property	2,259,882	2,546,797	2,772,954	2,337,700	2,271,300
Charges For Services	1,743,410	1,859,353	1,903,571	1,821,405	1,794,550
Other Revenues	270	-	-	3,300	1,000
TOTAL HARBOR UPLANDS FUND	4,003,562	4,406,150	4,676,525	4,162,405	4,066,850

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
SOLID WASTE FUND:					
Licenses And Permits	17,241	15,541	10,332	7,000	5,000
Fines And Forfeitures	682,533	709,069	-	-	-
Intergovernmental	73,036	68,841	70,150	130,864	36,000
Charges For Services	2,484,707	2,756,524	2,835,407	2,975,933	3,286,473
Other Revenues	146,991	116,705	137,763	80,000	24,000
TOTAL SOLID WASTE FUND	3,404,508	3,666,680	3,053,652	3,193,797	3,351,473
WASTEWATER FUND:					
Use of Money and Property	228,131	334,154	261,684	900	190,750
Charges For Services	2,120,497	1,827,479	1,724,468	2,312,990	2,332,000
Other Revenues	12,514	4,057	(25,394)	15,000	23,511
TOTAL WASTEWATER FUND	2,361,142	2,165,690	1,960,758	2,328,890	2,546,261
TOTAL ENTERPRISE FUNDS	15,089,530	16,130,768	16,572,166	15,506,522	15,925,214
SELF-INSURANCE PROG FUND:					
Charges For Services	4,083,460	4,622,091	4,622,446	5,074,695	5,073,081
Other Revenues	638	117,765	971,000	-	500,000
TOTAL SELF-INSURANCE PROG FUND	4,084,098	4,739,856	5,593,446	5,074,695	5,573,081
VEHICLE REPLACEMENT FUND:					
Charges For Services	2,010,362	2,661,832	2,746,523	2,813,767	2,929,344
Other Revenues	48,638	77,571	59,631	90,000	97,100
TOTAL VEHICLE REPLACEMENT FUND	2,059,000	2,739,403	2,806,154	2,903,767	3,026,444
BUILDING OCCUPANCY FUND:					
Charges For Services	2,300,250	2,424,818	2,424,818	2,683,393	2,813,769
Other Revenues	171	-	-	-	-
TOTAL BUILDING OCCUPANCY FUND	2,300,421	2,424,818	2,424,818	2,683,393	2,813,769
INFO TECHNOLOGY FUND:					
Charges For Services	2,245,680	2,569,498	2,569,498	2,564,268	2,575,903
Other Revenues	2,908	1,531	1,424	-	-
TOTAL INFO TECHNOLOGY FUND	2,248,588	2,571,029	2,570,922	2,564,268	2,575,903
PRINTING & GRAPHICS FUND:					
Charges For Services	309,610	319,865	319,865	316,472	317,235
Other Revenues	(358)	-	-	-	-
TOTAL PRINTING & GRAPHICS FUND	309,252	319,865	319,865	316,472	317,235

REVENUE DETAIL
FISCAL YEARS 2005-2010

<i>Fund</i>	Actual 2005-06	Actual 2006-07	Actual 2007-08	Midyear 2008-09	Adopted 2009-10
<i>EMERGENCY COMMUNICATIONS FUND :</i>					
Charges For Services	353,780	2,330,965	2,330,998	2,514,303	2,663,880
Other Revenues	96,578	1,048	-	-	-
TOTAL EMERGENCY COMMUNICATIONS FUND	450,358	2,332,013	2,330,998	2,514,303	2,663,880
<i>MAJOR FACILITIES REPAIR FUND:</i>					
Charges For Services	-	-	-	-	101,748
TOTAL MAJOR FACILITIES REPAIR FUND	-	-	-	-	101,748
TOTAL INTERNAL SERVICE FUNDS	11,451,717	15,126,984	16,046,203	16,056,898	17,072,060
LESS: INTERNAL CHARGES/OVERHEAD	15,387,670	21,153,461	21,157,237	22,178,035	23,089,274
TOTAL CITY	89,740,622	96,596,955	99,637,428	95,821,698	97,201,714
TOTAL REDEVELOPMENT AGENCY	7,350,646	8,050,663	35,992,039	8,610,491	6,220,417
GRAND TOTAL	97,091,268	104,647,618	135,629,467	104,432,189	103,422,131