

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 2010-11 is estimated at \$59,164,935 which represents a decrease of \$14,287 from the FY 2009-10 midyear amount. Significant operating revenue sources include: taxes, which are projected to increase by \$162,300, or .3%, and are further detailed below; licenses and permits, which are projected to decrease by 5.6% primarily due to continuing depressed construction-related activities; fines and forfeitures revenue, which are projected to worsen by 5.6% due to an adjustment in predicted restitution payments; use of money and property revenue, which is projected to decrease 7.8% due to lower interest rates and a recessive economy; intergovernmental revenues, which are projected to decrease by 15.1% due to escalating DMV administrative charges for motor vehicle/in-lieu revenue; charges for services, which are projected to increase by 4.6%, primarily in parking meter fees and building and engineering fees; and other revenues, which reflect a decrease of \$12,009, or 1.1%, caused by increases in miscellaneous revenue offset by decreases in program donations.

Overhead is derived from sources internal to the City. The FY 2010-11 amount of \$6,673,267 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.

Highlights of significant FY 2010-11 operating revenues are compared to FY 2009-10 midyear amounts, unless otherwise indicated, follow:

Property Tax revenue for FY 2010-11 is projected to decrease by \$375,000, or 2.0%, to \$18,340,000, excluding property tax in lieu of VLF and homeowners' exemptions. This slight decrease in FY 2010-11 has its roots in a general devaluation of the housing market and a weakening economy. As well, a negative CPI has been used in the Proposition 13 calculation. 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 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 with reductions in VLF. Property tax in lieu is projected to increase by \$5,000, to \$5,260,000 in FY 2010-11. VLF revenue closely parallels growth in City property tax revenue (excluding the effect of the negative CPI). 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 increase \$350,000, or 4.5%, to \$8,162,000. Sales tax revenue is generally up due to an increase in consumer spending and new businesses replacing closures. This projection is conservatively based on analysis of current trends, including annual adjustments to the State "triple flip" sales tax apportionment, receipts from the City's 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 increase by \$100,000 to \$8,300,000, mainly attributable to an increase in energy costs. 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. Competition among utility providers and growth in the overall demand for services will gradually increase UUT revenue provided to support the provision of essential City operational services.

Transient Occupancy Tax (TOT) revenue is projected to increase by 3.3%, or \$100,000, to \$3,100,000. This modest upswing is driven by many factors including a recovering economy, enhanced marketing efforts, community desirability, room rental rates, and a weak dollar. Business travel is predicted to lag behind personal travel and high energy prices may have a negative effect. Annually, ten percent of the City's TOT revenues, or \$310,000 projected for FY 2010-11, is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to increase by \$70,000, or 3.8%, to \$1,925,000 for FY 2010-11. 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 2010-11, 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 impacts 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 flat for FY 2010-11 at \$1,250,000. Although we see an increase in private construction activity involving contractors, this is offset by the drop off of home occupation businesses and the delayed effect of business closures in Redondo Beach.

Property Transfer Tax revenue for FY 2010-11 is projected at \$1,245,000, reflecting a slight decrease of \$17,000, or 1.3%. The local real estate market 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 estimated for FY 2010-11. 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 2010-11 are projected to decrease by \$188,000, or 17.8%, to \$866,000. This decline is attributable to lower interest rates within the investment marketplace, a reduction in the overall size of the portfolio and the financial unfeasibility of the annual TRAns program. 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 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.

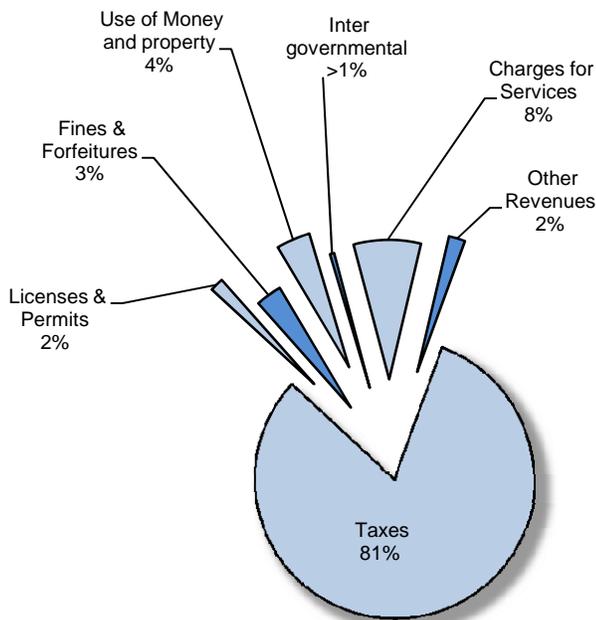
Motor Vehicle/In-Lieu Fees are included in intergovernmental revenues and are projected to decrease by \$28,500, or 11.9%, to \$211,000. The projected decline in the amount of motor vehicle license fee revenue is attributable to the apportionment of current revenue from the State net of withholding for various State administrative costs.

Below is a summary of the FY 2010-11 proposed General Fund operating revenues compared with the FY 2009-10 midyear budget operating revenues:

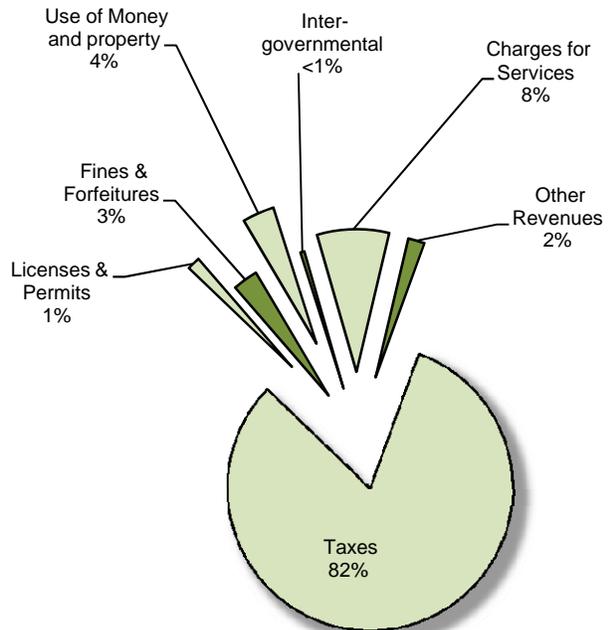
<i>General Fund</i>	Midyear 2009-10	Adopted 2010-11	Increase/ (Decrease)	
Taxes	48,118,000	48,280,300	162,300	0.3%
Licenses & Permits	930,084	878,370	(51,714)	(5.6%)
Fines & Forfeitures	1,788,886	1,688,500	(100,386)	(5.6%)
Use of Money and Property	2,324,495	2,143,660	(180,835)	(7.8%)
Intergovernmental	299,135	253,960	(45,175)	(15.1%)
Charges for Services	4,605,362	4,818,894	213,532	4.6%
Other Revenues	1,113,260	1,101,251	(12,009)	(1.1%)
Revenue From Outside Sources	59,179,222	59,164,935	(14,287)	(0.0%)
Overhead	6,673,267	6,673,267	-	0.0%
Total General Fund	65,852,489	65,838,202	(14,287)	(0.0%)

**GENERAL FUND REVENUES
FROM OUTSIDE SOURCES**

**Midyear Revenues
FY 2009-10**



**Adopted Revenues
FY 2010-11**



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 \$17,647,010, decreasing from the FY 2009-10 midyear budget by \$4,550,099, or 20.5%. The Intergovernmental Grants Fund, where monies received from Federal, State and other governmental agencies are used for capital improvement projects, is projected to decrease by \$6,201,504, or 75.5%, largely due to less Federal stimulus money. Revenue in this fund tends to fluctuate from year to year, depending on resources received from other agencies. With financial difficulties at the Federal and State levels, government sponsored programs have seen substantial funding cuts in recent years which impacts social service grant funds.

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 2010-11 in the Harbor Tidelands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$5,508,730, down \$299,879, or 5.2%, from the FY 2009-10 midyear budget.

Harbor Uplands Fund: Based on projections provided by Harbor staff, revenues for FY 2010-11 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$3,862,550, down \$182,140, or 4.5% from the FY 2009-10 midyear budget.

Solid Waste Fund: FY 2010-11 revenues are almost flat when compared to the midyear FY 2009-10 budget, increasing \$53,089, or 1.5%, to \$3,502,233.

Wastewater Fund: FY 2009-10 revenues are projected to remain flat at \$2,514,376.

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. With the exception of Self-Insurance Program and Vehicle Replacement funds, the internal service funds are the same as midyear. Due to the changes made to the Self-Insurance and Vehicle Replacement funds, they are described in more detail 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 2010-11 is estimated to be \$4,615,800, down \$358,825, or 7.2% from FY 2009-10 midyear budget. This adjustment is due to fewer predicted claim settlements, offset by increased unemployment costs.

Vehicle Replacement Fund: This fund accounts for charges to departments that utilize the City's Fleet Services Division for maintenance, which includes the costs of fuel, vehicles and equipment. In addition, rental charges are assessed based on the estimated future replacement cost of the vehicles. The decrease in proposed revenue to \$2,913,794, a decrease of \$39,113, or 1.3%, when compared to the FY 2009-10 midyear budget is mainly due to a decrease in estimated reimbursements from damaged vehicles.

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.

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.

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.

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.

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.

TWO-YEAR COMPARISON OF ESTIMATED REVENUES BY FUND

<i>Fund</i>	Adopted 2009-10	Midyear 2009-10	Adopted 2010-11	Increase/ (Decrease)	
General Fund:					
Taxes	49,044,000	48,118,000	48,280,300	162,300	0.3%
Licenses and Permits	927,084	930,084	878,370	(51,714)	(5.6%)
Fines and Forfeitures	1,668,000	1,788,886	1,688,500	(100,386)	(5.6%)
Use of Money and Property	2,586,660	2,324,495	2,143,660	(180,835)	(7.8%)
Intergovernmental	297,500	299,135	253,960	(45,175)	(15.1%)
Charges for Services	4,870,330	4,605,362	4,818,894	213,532	4.6%
Other Revenues	1,103,842	1,113,260	1,101,251	(12,009)	(1.1%)
Overhead	6,997,784	6,673,267	6,673,267	-	0.0%
Total General Fund	67,495,200	65,852,489	65,838,202	(14,287)	(0.0%)
Traffic Congestion Relief	16,700	621,666	8,000	(613,666)	(98.7%)
State Gas Tax	1,256,291	1,083,638	1,734,400	650,762	60.1%
Storm Drain Improvement	5,000	5,000	10,000	5,000	100.0%
Street Landscaping and Lighting	1,600,530	1,617,530	1,567,017	(50,513)	(3.1%)
Local Transportation Tax	40,000	40,000	27,200	(12,800)	(32.0%)
Proposition A	1,127,200	1,122,710	929,700	(193,010)	(17.2%)
Proposition C	951,800	943,250	781,250	(162,000)	(17.2%)
Measure R	-	125,000	567,100	442,100	353.7%
Transit	1,116,500	1,581,933	1,630,029	48,096	3.0%
Air Quality Improvement	71,700	71,420	71,800	380	0.5%
Intergovernmental Grants	6,988,603	8,217,947	2,016,443	(6,201,504)	(75.5%)
Comm Develop Block Grant	649,805	699,596	444,286	(255,310)	(36.5%)
Housing Authority	5,560,685	5,560,685	6,112,685	552,000	9.9%
Parks and Recreation Facilities	7,500	7,500	10,000	2,500	33.3%
Narcotic Forfeiture and Seizure	222,200	111,020	106,000	(5,020)	(4.5%)
Subdivision Park Trust	45,000	45,000	60,000	15,000	33.3%
Disaster Recovery	75,000	124,214	77,100	(47,114)	(37.9%)
Capital Projects	64,000	219,000	1,494,000	1,275,000	582.2%
Harbor Tidelands	5,960,630	5,808,609	5,508,730	(299,879)	(5.2%)
Harbor Uplands	4,066,850	4,044,690	3,862,550	(182,140)	(4.5%)
Solid Waste	3,351,473	3,449,144	3,502,233	53,089	1.5%
Wastewater	2,546,261	2,513,777	2,514,376	599	0.0%
Self-Insurance Program	5,573,081	4,974,625	4,615,800	(358,825)	(7.2%)
Vehicle Replacement	3,026,444	2,952,907	2,913,794	(39,113)	(1.3%)
Building Occupancy	2,813,769	3,121,591	3,121,591	-	0.0%
Information Technology	2,575,903	2,778,082	2,778,082	-	0.0%
Printing and Graphics	317,235	386,067	386,067	-	0.0%
Emergency Communications	2,663,880	2,681,901	2,681,901	-	0.0%
Major Facilities Repair	101,748	101,748	101,748	-	0.0%
Total Before Adjustments	120,290,988	120,862,739	115,572,084	(5,290,655)	(4.4%)
Less: Internal Svc Funds/Overhead	23,089,274	22,662,221	22,749,208	86,987	0.4%
Total City	97,201,714	98,200,518	92,822,876	(5,377,642)	(5.5%)
Redevelopment Agency	6,220,417	6,220,417	7,424,435	1,204,018	19.4%
Grand Total	103,422,131	104,420,935	100,247,311	(4,173,624)	(4.0%)

GENERAL FUND PROPERTY TAX

Description

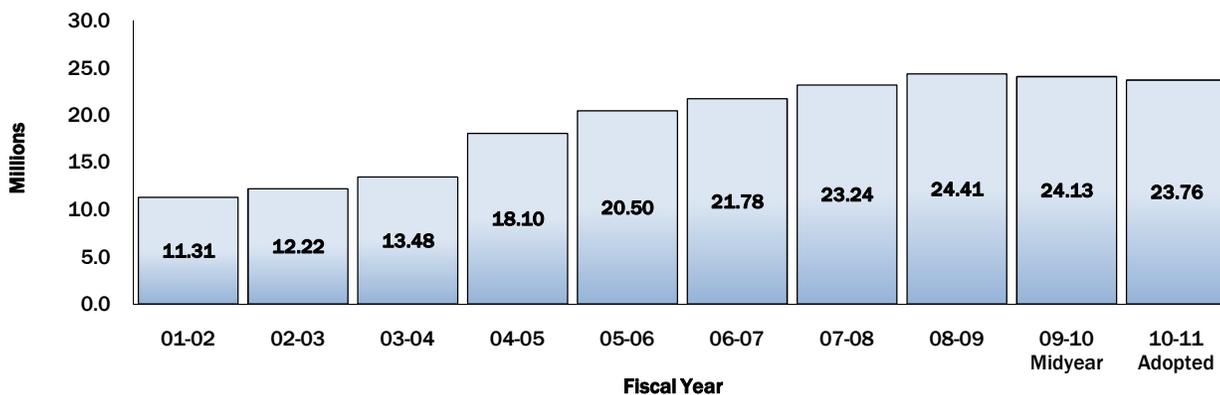
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State 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. However in FY 2010-11, with the CPI used in Proposition 13 property value calculation negative, property revenue will decrease.

Outlook

Property tax revenue for FY 2010-11 is projected to decrease by \$375,000, or 2%, to \$18,340,000, excluding property tax in lieu of VLF and homeowners' exemption. The major contributor to this drop was a negative CPI used in the Proposition 13 property value calculation. While homeowners' exemption remains relatively flat, property tax in lieu of VLF will increase slightly by \$5,000 to \$5,260,000. Although property tax declined slightly, the downturn was moderated in relation to other cities by the community's location desirability which keeps housing values relatively high. Property tax revenue is the City's number one source of operating revenue.



GENERAL FUND SALES AND USE TAX

Description

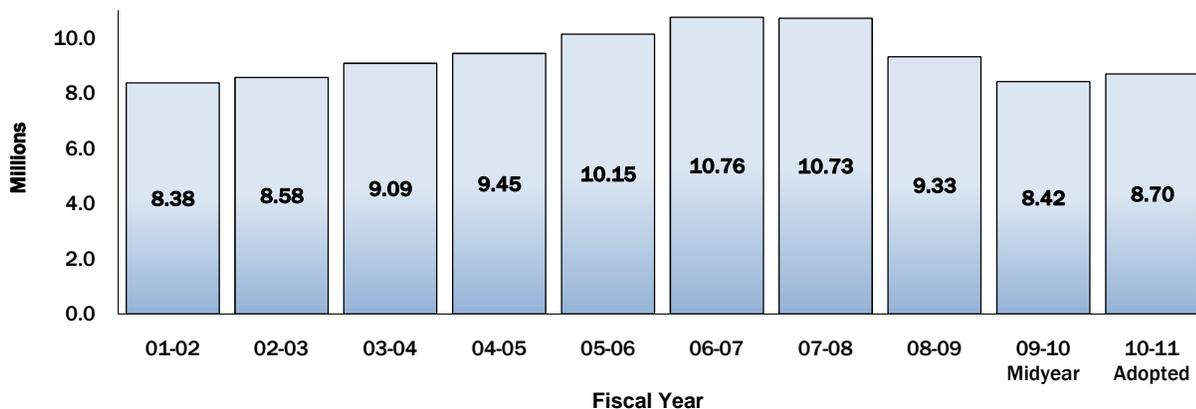
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9.75% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various 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 \$542,000 for FY 2010-11. 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 increase by \$350,000, or 4.5%, from midyear 2009-10 to \$8,162,000, while Public Safety Augmentation Fund is expected to decrease by \$70,000. The increase in sales and use tax is driven by a slight increase in consumer spending in most areas. 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

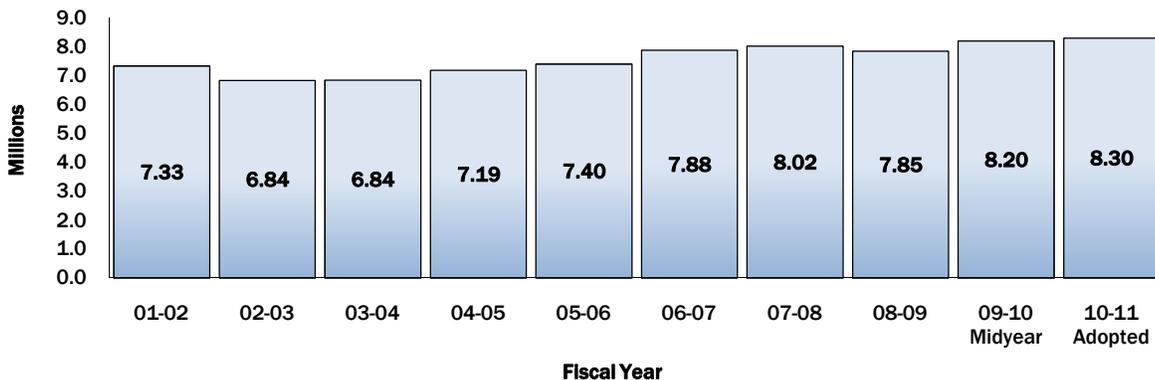
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT, which is 4.75%

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. In March 2009, local voters approved Measure A, the Utility Users' Tax Telecommunications Modernization Ordinance, updating the City's UUT Ordinance responding to changes in both telecommunications services and technology. Approval of this measure served to protect the telecommunications portion of this critical operation revenue source from a variety of legislative and legal challenges impairing the future viability of UUT resources.

Outlook

Utility users' tax (UUT) revenue for FY 2010-11 is projected to increase by \$100,000 or 1.2%. This is attributed to a rise in energy costs.



GENERAL FUND TRANSIENT OCCUPANCY TAX

Description

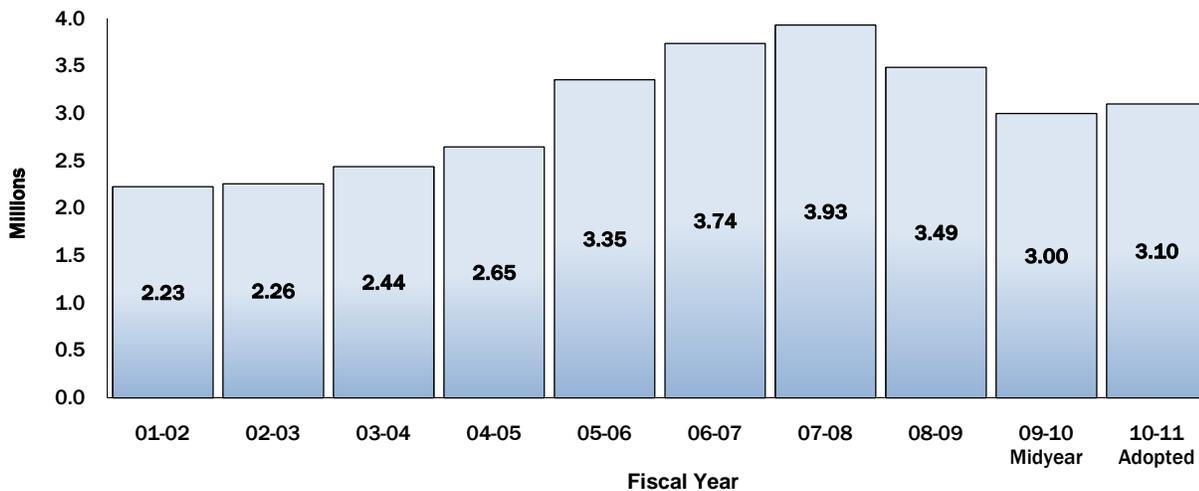
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

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 2010-11 TOT revenue is projected to increase slightly by \$100,000 or 3.3% from prior midyear levels to \$3,100,000. While the improving economy will inspire more business travel, leisure travel will suffer as unemployment remains high. 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 weak economy and fewer vacation travelers.



GENERAL FUND FRANCHISE FEES

Description

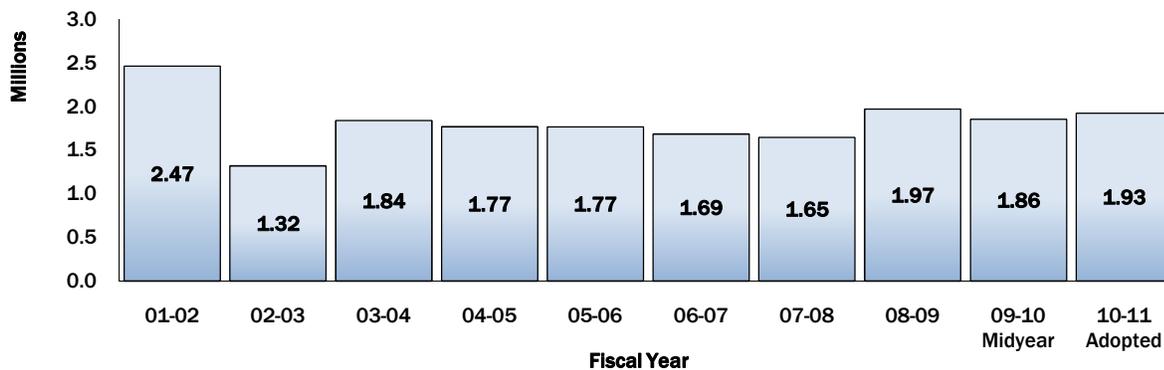
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

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. An increase in FY 2000-01 was 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 \$70,000, or 3.8%, to \$1,925,000 for FY 2010-11. 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 2010-11, 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

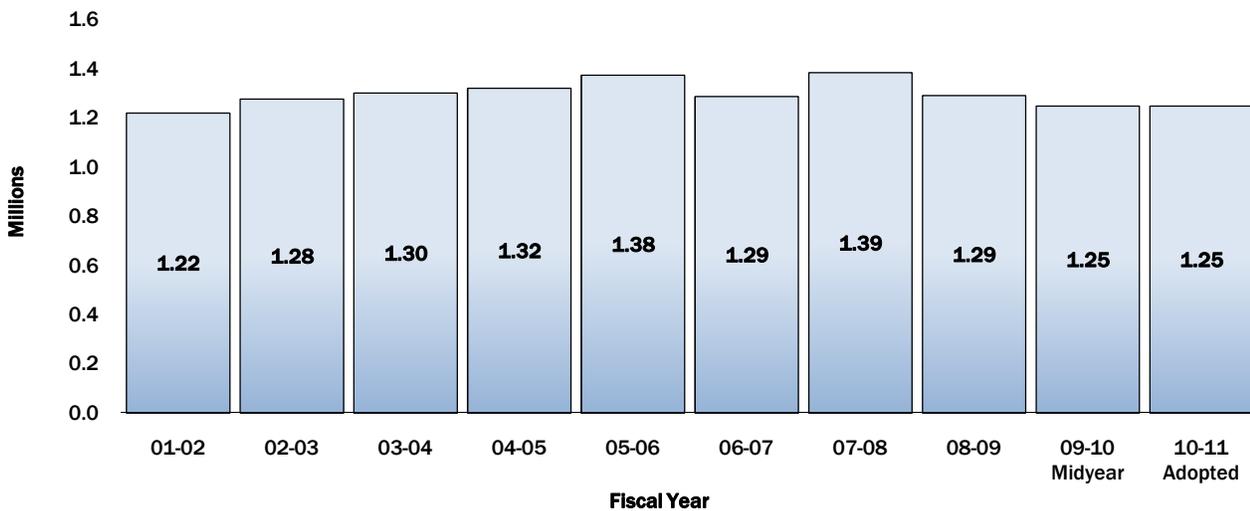
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The majority of the tax is levied using two factors - a flat rate system and a per employee charge.

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 2010-11 revenue estimate of \$1,250,000 remains flat. Although we see an increase in private construction activity involving contractors, this is offset by the drop in home occupation businesses and the delayed effect of business closures in Redondo Beach.



GENERAL FUND PROPERTY TRANSFER TAX

Description

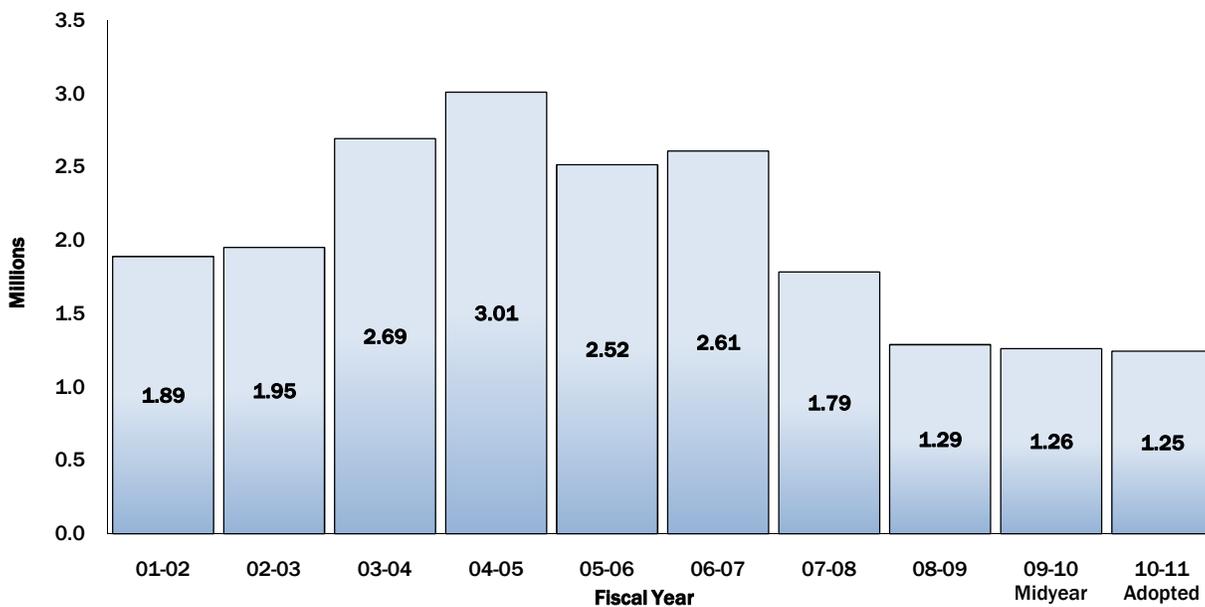
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

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 2010-11. Local real estate exchanges have slowed in the weak 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

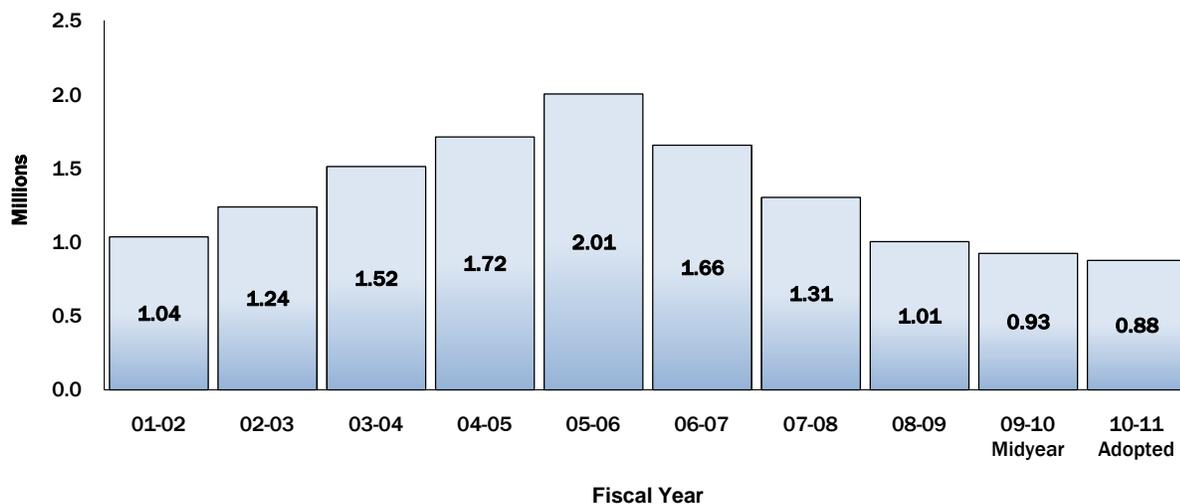
These fees are imposed for the processing of all construction activity permits, bicycle and canine permits, and preferential parking permits.

Background

Approximately 75% 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 impact the building and construction community.

Outlook

The City expects to see a slight decrease of \$51,714 or 5.6% to \$878,370 in this revenue source in FY 2010-11. The majority of the decrease will be in the largest of these fees, construction permits, which will be down due to a weak housing market and struggling economy.



GENERAL FUND FINES AND FORFEITURES

Description

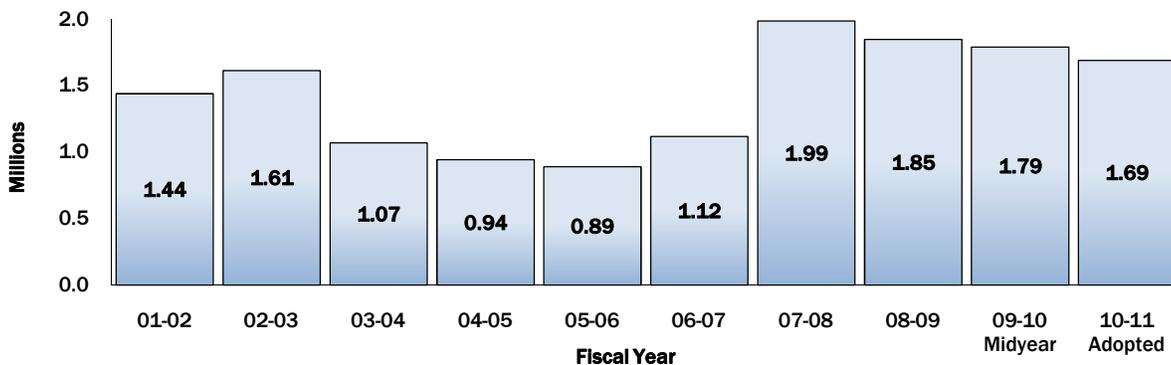
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are required through the courts or direct billing for police services associated with arresting offenders or criminals.

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 2010-11 show fines and forfeitures revenue decreasing slightly by \$100,386 to \$1,688,500. Restitution, a category difficult to predict, is responsible for the entire decrease.



GENERAL FUND USE OF MONEY AND PROPERTY

Description

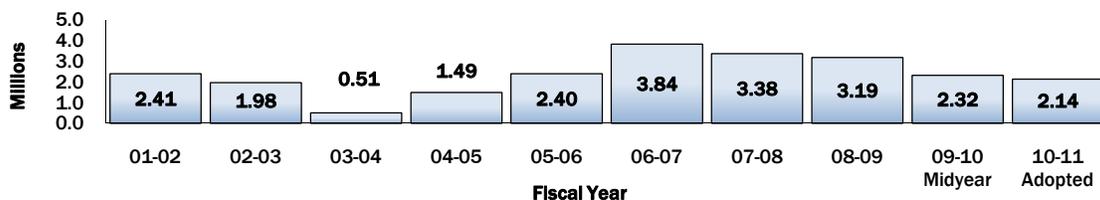
Use of money and property revenue is derived from two sources: the investment and management of the City’s surplus funds in accordance with State law, the City Charter, and the City’s investment policy and the use of various City facilities, including Franklin and Patterson school sites, Alta Vista tennis 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 participation in the California Statewide Communities Development Authority Tax and Revenue Anticipation Note Program, a 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 2010-11 is projected to decline by \$180,835, or 7.8%, to \$2,143,660. This decline is attributable to a number of factors including a reduction in the overall size of the investment portfolio; continuation of a low interest rate environment; and financial unfeasibility of the annual TRANS program. The decline in investment income is partially offset by an increase of \$7,165 in rents and percentages. The estimate of investment income for FY 2010-11 is \$866,000, reflecting a reduction of 17.8%, or \$188,000, below mid-year 2009-10. This estimate is conservatively postured based upon a reduced level of funds within the overall investment portfolio. Factored in are the impacts of lower interest rates received from the three major components of the investment 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 range. As with all City operating revenue sources, initial estimates of FY 2010-11 investment earnings will be updated within a six-month period as part of the 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

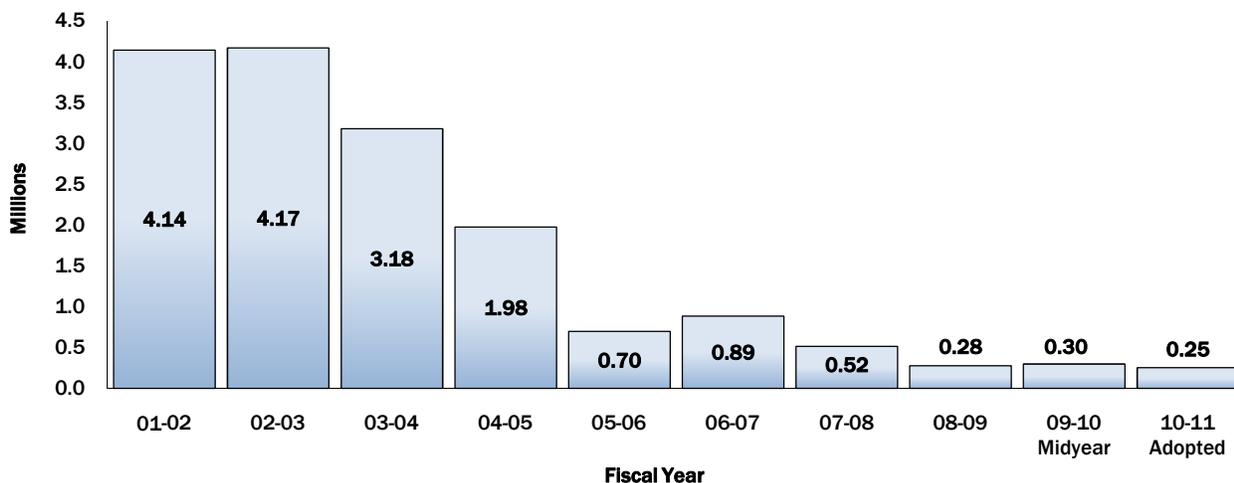
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Examples include motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

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 2010-11 intergovernmental revenue reflect a decrease in revenue of \$45,175 or 15.1% from midyear for a total of \$253,960. This is due to State budgetary problems leading to decreases in motor vehicle in lieu of property tax reimbursement and a decrease in State funding for the library.



GENERAL FUND CHARGES FOR SERVICES

Description

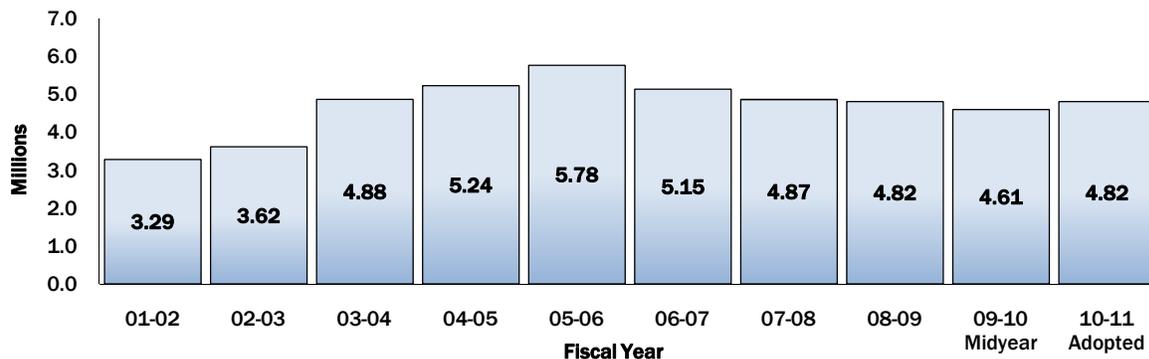
The City collects fees from users of, or participants in, City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

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 raising 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 2010-11, forecasted revenue for charges for services increases \$213,532, or 4.6%. Many of the revenue sources will remain relatively flat. Although Parking Meter fees, Fire Service fees, Library Book fines and fees and Building and Engineering fees are expected to increase, they will be partially offset by the forecasted declines in Police Service fees, Public Works fees and Other Building fees.



REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
GENERAL FUND:					
Taxes:					
Property Tax	16,982,581	18,105,963	19,002,928	18,715,000	18,340,000
Property Tax In Lieu Of VLF	4,646,310	4,976,283	5,246,175	5,255,000	5,260,000
Homeowners' Exemption	154,393	155,278	155,736	157,000	156,300
Sales and Use Tax	10,127,274	10,098,778	8,768,252	7,812,000	8,162,000
Public Safety Augmentation Fund	636,844	628,205	561,620	612,000	542,000
Utility Users' Tax	7,878,429	8,018,564	7,848,157	8,200,000	8,300,000
Transient Occupancy Tax	3,738,839	3,933,009	3,485,290	3,000,000	3,100,000
Franchise Fees	1,685,711	1,648,295	1,970,548	1,855,000	1,925,000
Business License Tax	1,289,223	1,385,760	1,293,056	1,250,000	1,250,000
Property Transfer Tax	2,609,868	1,784,872	1,289,860	1,262,000	1,245,000
Sub-total	49,749,472	50,735,007	49,621,621	48,118,000	48,280,300
Licenses and Permits:					
Construction/Excavation Permits	1,438,994	1,084,975	785,247	714,414	660,000
Street/Curb/Parking Permits	132,679	131,517	129,683	125,500	127,500
Miscellaneous Licenses/Permits	88,708	89,535	91,145	90,170	90,870
Sub-total	1,660,381	1,306,027	1,006,075	930,084	878,370
Fines and Forfeitures:					
Parking Citations	544,271	1,374,760	1,260,752	1,148,000	1,168,000
Vehicle Code Fines	389,539	428,614	437,768	300,000	300,000
Restitution	183,387	181,309	147,317	340,886	220,500
Sub-total	1,117,197	1,984,683	1,845,838	1,788,886	1,688,500
Use of Money and Property:					
Investment Earnings	2,731,299	2,160,899	1,781,175	1,054,000	866,000
Rents and Percentages	1,103,940	1,221,043	1,412,958	1,270,495	1,277,660
Sub-total	3,835,239	3,381,942	3,194,133	2,324,495	2,143,660
Intergovernmental:					
Motor Vehicle/In-Lieu	429,612	293,685	205,403	239,500	211,000
State Library Allocation	184,868	107,382	72,821	39,830	42,960
SB90 State Mandated Cost Reimb.	250,667	57,380	-	19,805	-
Fire - Hermosa Support	-	35,474	-	-	-
Grants	19,798	21,265	-	-	-
Sub-total	884,945	515,186	278,225	299,135	253,960

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
Charges for Services:					
Administrative Fees	121,764	26,679	49,654	23,580	24,440
Parking Meter Fees	1,056,399	1,086,153	1,049,565	1,056,600	1,214,700
Police Service Fees	471,498	521,306	609,179	590,687	563,400
Fire Service Fees	143,852	188,442	220,030	162,900	178,000
Library Book Fines And Fees	162,148	154,743	158,239	137,950	161,950
Recreation Users Pay	1,296,921	1,334,734	1,438,423	1,342,995	1,357,654
Planning Fees	257,800	177,030	131,236	152,602	150,000
Building & Engineering Fees	1,190,866	906,520	682,268	607,198	659,000
State Energy Fees	150,223	110,347	63,200	50,000	60,000
Other Building Fees	279,979	360,618	409,979	436,850	428,750
Public Works Fees	13,206	5,709	5,462	44,000	21,000
Sub-total	5,144,656	4,872,281	4,817,235	4,605,362	4,818,894
Other Revenue:					
Miscellaneous Revenue	135,265	210,428	171,558	991,404	1,029,175
Program Donations	123,292	129,637	121,044	121,856	72,076
Claims Settlement	25,531	12,500	-	-	-
Adopt-A-Waterway	15,333	4,368	-	-	-
Sub-total	299,421	356,933	292,602	1,113,260	1,101,251
REVENUE FROM OUTSIDE SOURCES	62,691,311	63,152,059	61,055,729	59,179,222	59,164,935
Overhead					
Overhead Charges	6,314,753	6,314,750	6,549,629	6,673,267	6,673,267
Sub-total	6,314,753	6,314,750	6,549,629	6,673,267	6,673,267
TOTAL GENERAL FUND	69,006,064	69,466,809	67,605,358	65,852,489	65,838,202

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
TRAFFIC CONGESTION RELIEF FUND:					
Use of Money and Property	32,750	38,802	18,742	13,940	8,000
Intergovernmental	494,067	-	512,768	607,726	-
TOTAL TRAFFIC CONGESTION RELIEF FUND	526,817	38,802	531,510	621,666	8,000
STATE GAS TAX FUND:					
Taxes	1,205,597	1,174,814	1,066,706	1,061,118	1,728,400
Use of Money and Property	42,406	31,488	18,997	11,020	6,000
Other Revenue	-	19,855	-	11,500	-
TOTAL STATE GAS TAX FUND	1,248,003	1,226,157	1,085,703	1,083,638	1,734,400
STORM DRAIN IMPROVEMENT FUND:					
Charges For Services	68,600	33,568	4,520	5,000	10,000
TOTAL STORM DRAIN IMPROVEMENT FUND	68,600	33,568	4,520	5,000	10,000
STREET LANDSCAPING/LIGHTING FUND:					
Use of Money and Property	1,731	(3,351)	108	-	-
Charges For Services	1,562,136	1,514,371	1,552,734	1,596,530	1,567,017
Other Revenue	146	3,302	-	21,000	-
TOTAL STREET LANDSCAPING/LIGHTING FUND	1,564,013	1,514,322	1,552,841	1,617,530	1,567,017
LOCAL TRANSPORTATION TAX FUND:					
Intergovernmental	-	180,310	-	40,000	27,200
TOTAL LOCAL TRANSPORTATION TAX FUND	-	180,310	-	40,000	27,200
PROPOSITION A FUND:					
Use of Money and Property	40,492	70,694	56,951	22,710	18,000
Intergovernmental	1,077,680	1,146,994	898,553	1,100,000	911,700
TOTAL PROPOSITION A FUND	1,118,172	1,217,688	955,504	1,122,710	929,700
PROPOSITION C FUND:					
Use of Money and Property	143,554	120,697	83,940	43,250	25,000
Intergovernmental	896,906	955,452	749,854	900,000	756,250
TOTAL PROPOSITION C FUND	1,040,460	1,076,149	833,795	943,250	781,250
MEASURE R FUND:					
Intergovernmental	-	-	-	125,000	567,100
TOTAL MEASURE R FUND	-	-	-	125,000	567,100
TRANSIT FUND:					
Intergovernmental	1,419,655	720,863	755,236	616,500	1,062,529
Charges For Services	307,298	1,171,962	569,339	963,933	566,000
Other Revenue	11,927	8,550	17,089	1,500	1,500
TOTAL TRANSIT FUND	1,738,880	1,901,375	1,341,664	1,581,933	1,630,029

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	6,709	4,678	4,703	1,420	1,800
Intergovernmental	101,853	59,548	78,771	70,000	70,000
TOTAL AIR QUALITY IMPROVEMENT FUND	108,562	64,226	83,475	71,420	71,800
<i>INTERGOVERNMENTAL GRANTS FUND:</i>					
Intergovernmental	2,268,019	2,384,974	2,598,584	8,217,947	2,016,443
TOTAL INTERGOVERNMENTAL GRANTS FUND	2,268,019	2,384,974	2,598,584	8,217,947	2,016,443
<i>SOUTH BAY YOUTH PROJECT FUND:</i>					
Intergovernmental	723,294	718,090	137,096	-	-
TOTAL SOUTH BAY YOUTH PROJECT FUND	723,294	718,090	137,096	-	-
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	574,317	530,123	442,886	699,596	444,286
Other Revenue	78,827	27,000	22,800	-	-
TOTAL COM DEV BLOCK GRANT FUND	653,144	557,123	465,686	699,596	444,286
<i>WORKFORCE INVESTMENT ACT FUND:</i>					
Intergovernmental	446,424	350,246	89,935	-	-
TOTAL WORKFORCE INVESTMENT ACT FUND	446,424	350,246	89,935	-	-
<i>HOUSING AUTHORITY FUND:</i>					
Use of Money and Property	20,498	23,578	4,135	-	-
Other Revenue	66,509	-	86,509	-	-
Intergovernmental	4,941,770	5,735,355	5,892,230	5,560,685	6,112,685
TOTAL HOUSING AUTHORITY FUND	5,028,777	5,758,933	5,982,874	5,560,685	6,112,685
<i>PARKS AND REC FACILITIES FUND:</i>					
Charges For Services	76,750	28,800	11,200	7,500	10,000
TOTAL PARKS AND REC FACILITIES FUND	76,750	28,800	11,200	7,500	10,000
<i>NARCOTIC FORF/SEIZURE FUND:</i>					
Fines And Forfeitures	185,455	44,583	415,115	100,000	100,000
Use of Money and Property	31,541	27,416	32,081	11,020	6,000
TOTAL NARCOTIC FORF/SEIZURE FUND:	216,996	71,999	447,196	111,020	106,000

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
<i>SUBDIVISION PARK TRUST FUND:</i>					
Use of Money and Property	2,805	881	1,051	-	-
Other Revenue	472,901	232,500	75,000	45,000	60,000
TOTAL SUBDIVISION PARK TRUST FUND	475,706	233,381	76,051	45,000	60,000
<i>DISASTER RECOVERY FUND:</i>					
Charges For Services	-	-	-	-	2,100
Other Revenue	108,330	254,700	261,415	124,214	75,000
TOTAL DISASTER RECOVERY FUND	108,330	254,700	261,415	124,214	77,100
TOTAL SPECIAL REVENUE FUNDS	17,410,947	17,610,843	16,459,049	21,978,109	16,153,010
<i>PIER PARK ST REHAB FUND:</i>					
Use of Money and Property	43	33	49	-	-
TOTAL PIER PARK ST REHAB FUND	43	33	49	-	-
<i>CAPITAL PROJECTS FUND:</i>					
Taxes	-	-	103,527	155,000	155,000
Intergovernmental	-	1,085,611	-	-	-
Other Revenue	75,600	13,000	61,500	64,000	1,339,000
TOTAL CAPITAL PROJECTS FUND	75,600	1,098,611	165,027	219,000	1,494,000
TOTAL GOVERNMENTAL FUNDS	86,492,654	88,176,296	84,229,483	88,049,598	83,485,212
<i>HARBOR TIDELANDS FUND:</i>					
Use of Money and Property	4,916,419	5,876,893	5,032,302	4,575,270	4,291,000
Intergovernmental	-	-	99,181	-	-
Charges For Services	967,033	993,788	829,740	1,042,524	1,027,100
Other Revenue	8,796	10,550	16,278	190,815	190,630
TOTAL HARBOR TIDELANDS FUND	5,892,248	6,881,231	5,977,501	5,808,609	5,508,730
<i>HARBOR UPLANDS FUND:</i>					
Use of Money and Property	2,546,797	2,772,954	2,275,520	2,249,140	2,023,000
Charges For Services	1,859,353	1,903,571	1,956,525	1,794,550	1,838,550
Other Revenue	-	-	7,714	1,000	1,000
TOTAL HARBOR UPLANDS FUND	4,406,150	4,676,525	4,239,760	4,044,690	3,862,550

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
SOLID WASTE FUND:					
Licenses And Permits	15,541	10,332	9,339	7,500	13,000
Fines And Forfeitures	709,069	-	-	-	-
Intergovernmental	68,841	70,150	63,331	82,504	19,677
Charges for Services	2,756,524	2,835,407	2,992,476	3,329,140	3,404,556
Other Revenue	116,705	137,763	97,536	30,000	65,000
TOTAL SOLID WASTE FUND	3,666,680	3,053,652	3,162,681	3,449,144	3,502,233
WASTEWATER FUND:					
Use of Money and Property	334,154	261,684	207,922	159,280	76,000
Charges For Services	1,827,479	1,724,468	2,293,089	2,332,743	2,416,622
Other Revenue	4,057	(25,394)	15,000	21,754	21,754
TOTAL WASTEWATER FUND	2,165,690	1,960,758	2,516,012	2,513,777	2,514,376
TOTAL ENTERPRISE FUNDS	16,130,768	16,572,166	15,895,953	15,816,220	15,387,889
SELF-INSURANCE PROGRAM FUND:					
Charges For Services	4,622,091	4,622,446	5,072,527	4,474,625	4,565,800
Other Revenue	117,765	971,000	5,625	500,000	50,000
TOTAL SELF-INSURANCE PROGRAM FUND	4,739,856	5,593,446	5,078,152	4,974,625	4,615,800
VEHICLE REPLACEMENT FUND:					
Charges For Services	2,661,832	2,746,523	2,812,055	2,835,907	2,828,794
Other Revenue	77,571	59,631	84,766	117,000	85,000
TOTAL VEHICLE REPLACEMENT FUND	2,739,403	2,806,154	2,896,821	2,952,907	2,913,794
BUILDING OCCUPANCY FUND:					
Charges For Services	2,424,818	2,424,818	2,683,393	3,121,591	3,121,591
TOTAL BUILDING OCCUPANCY FUND	2,424,818	2,424,818	2,683,393	3,121,591	3,121,591
INFORMATION TECHNOLOGY FUND:					
Charges For Services	2,569,498	2,569,498	2,564,268	2,778,082	2,778,082
Other Revenue	1,531	1,424	2,910	-	-
TOTAL INFORMATION TECHNOLOGY FUND	2,571,029	2,570,922	2,567,178	2,778,082	2,778,082
PRINTING & GRAPHICS FUND:					
Charges For Services	319,865	319,865	316,472	386,067	386,067
TOTAL PRINTING & GRAPHICS FUND	319,865	319,865	316,472	386,067	386,067

REVENUE DETAIL
FISCAL YEARS 2006-2011

<i>Fund</i>	Actual 2006-07	Actual 2007-08	Actual 2008-09	Midyear 2009-10	Adopted 2010-11
<i>EMERGENCY COMMUNICATIONS FUND :</i>					
Charges For Services	2,330,965	2,330,998	2,046,212	2,213,811	2,681,901
Other Revenue	1,048	-	468,091	468,090	-
TOTAL EMERGENCY COMMUNICATIONS FUND	2,332,013	2,330,998	2,514,303	2,681,901	2,681,901
<i>MAJOR FACILITIES REPAIR FUND:</i>					
Charges For Services	-	-	-	101,748	101,748
TOTAL MAJOR FACILITIES REPAIR FUND	-	-	-	101,748	101,748
TOTAL INTERNAL SERVICE FUNDS	15,126,984	16,046,203	16,056,320	16,996,921	16,598,983
LESS: INTERNAL CHARGES/OVERHEAD	21,153,461	21,157,237	22,176,672	22,662,221	22,749,208
TOTAL CITY	96,596,945	99,637,428	94,005,085	98,200,518	92,722,876
TOTAL REDEVELOPMENT AGENCY	8,050,663	35,992,039	10,038,848	6,220,417	7,424,435
GRAND TOTAL	104,647,608	135,629,467	104,043,933	104,420,935	100,147,311