

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 changes over which the City has no control, affect the ultimate amount of monies going into the City's coffers. These variables 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 2013-14 is estimated at \$63,724,480 representing a decrease of \$1,345,780 from the FY 2012-13 midyear amount. Significant operating revenue sources include: taxes, projected to decrease \$284,607, or 0.5%; licenses and permits anticipated to decrease 13.2% primarily due to the FY 2012-13 one-time permitting of several large projects; fines and forfeitures projected to decrease 8.4% due to fewer vehicle code fines; use of money and property revenue expected to decrease 18.0% due to lower interest rates and a recessive economy; intergovernmental revenues from the State are expected to be zero, reflecting actions of the State to balance its budget on the backs of local government; charges for services estimated to decrease \$326,617, or 5.9% mostly in building and planning fees for which the midyear amount included one-time fees for several large construction projects; and other revenues should decrease \$56,080, or 5.4%, due to decreases in program donations.

Revenue from overhead is derived from sources internal to the City. The FY 2013-14 amount of \$6,656,858 reflects overhead charged to departmental budgets (to best reflect each department's true operating costs), with the corresponding revenue included in the General Fund.

Below are highlights of significant FY 2013-14 General Fund operating revenues compared to FY 2012-13 midyear amounts, unless otherwise indicated.

Property Tax revenue for FY 2013-14 is projected to decrease by \$739,607, or 3.5%, to \$20,500,000, excluding property tax in lieu of VLF and homeowners' exemptions. This decrease is primarily due to the FY 2012-13 one-time receipt (\$1.6 million) of property tax representing the City's portion of the State's/County's distribution of the former Redevelopment Agency's housing funds. Overall, the economy is slowly recovering, with some improvement in the housing market. Redondo Beach's housing market has been fairly stable through the housing downturn due to its coastal location. Property tax revenue is the City's number one source of operating revenue.

Property Tax in Lieu of VLF revenue is projected to increase by \$206,000, to \$5,763,000 in FY 2013-14. Property tax in lieu of VLF is vehicle license fee revenue classified as property tax and this modest 3.7% increase closely parallels growth in base City property tax revenue. In FY 2004-05, cities and counties began receiving additional property tax to replace vehicle license fee (VLF) revenue that the State did not allocate due to budget concerns.

Sales and Use Tax revenue is projected to increase \$324,000, or 3.2%, to \$10,498,000. Sales tax revenue is generally up due to new businesses replacing closures and an increase in consumer spending. 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 decline by \$200,000, or 2.5%, to \$7,800,000 with consumers' conservation efforts and business closures due to the depressed economy. 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. UUT revenue provides support for essential City operational services.

Transient Occupancy Tax (TOT) revenue is projected to increase by 1.5%, or \$50,000, to \$3,500,000. This modest upswing is driven by more personal travel as the economy improves. Rising energy costs and continuing high (though decreasing) unemployment will continue to depress the travel industry. Business travel is predicted to lag behind personal travel. International travel is expected to decrease as the Euro drops in value against the dollar and many countries face financial crisis. Annually, ten percent of the City's TOT revenue, or \$350,000 projected for FY 2013-14, is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to increase by \$75,000, or 4.0%, to \$1,950,000 for FY 2013-14. 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 fees represent about 50% of the overall franchise fee revenue estimate for FY 2013-14, while projected revenue from the electricity franchise represents about 20%. The franchise revenue generated from the sale and transport of natural gas utilized to power the local AES power plant represents approximately 20% of the total franchise fee estimate. Cyclical uncertainties of the 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 2013-14 at \$1,250,000. Construction, retail and dining establishment activities appear to have stabilized.

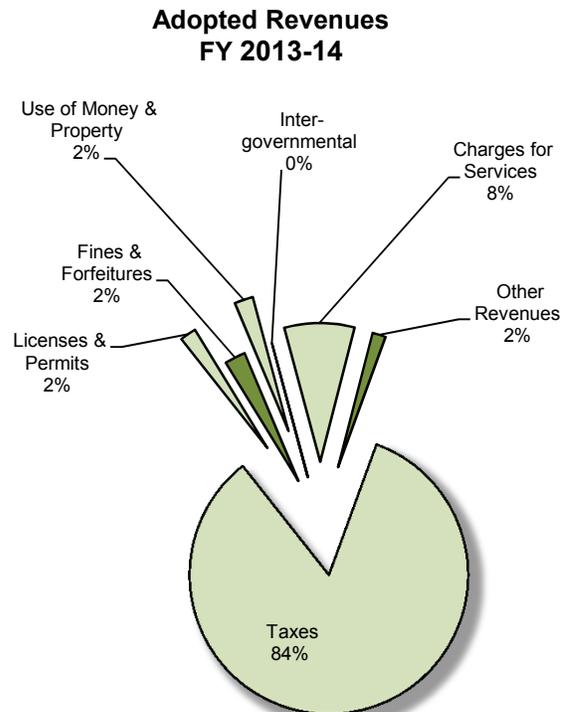
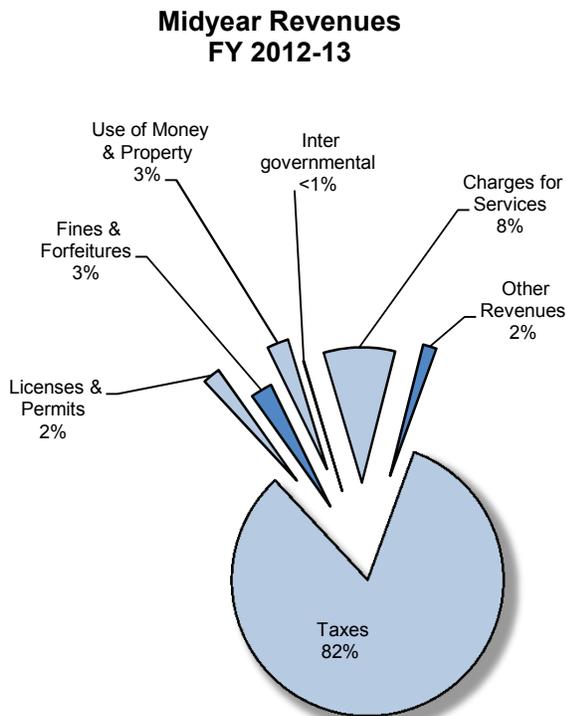
Property Transfer Tax revenue for FY 2013-14 is projected at \$1,450,000, the same as midyear FY 2012-13. Generally, the real estate market has increased slightly, with Redondo Beach's prime beach areas retaining their value to a great degree and still being purchased. Overall projected performance of property transfer tax revenue has been conservatively estimated for FY 2013-14. 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 2013-14 are projected to decrease by \$210,000, or 35.0%, to \$390,000. 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.

Below is a summary of the FY 2013-14 Adopted General Fund operating revenues compared with the FY 2012-13 midyear budget operating revenues:

<i>General Fund</i>	Midyear 2012-13	Adopted 2013-14	Increase/ (Decrease)	
Taxes	53,694,607	53,410,000	(284,607)	(0.5%)
Licenses & Permits	1,378,620	1,196,082	(182,538)	(13.2%)
Fines & Forfeitures	1,686,759	1,545,900	(140,859)	(8.4%)
Use of Money and Property	1,676,563	1,375,364	(301,199)	(18.0%)
Intergovernmental	53,880	-	(53,880)	(100.0%)
Charges for Services	5,532,576	5,205,959	(326,617)	(5.9%)
Other Revenues	1,047,255	991,175	(56,080)	(5.4%)
Revenue From Outside Sources	65,070,260	63,724,480	(1,345,780)	(2.1%)
Overhead	6,656,858	6,656,858	-	0.0%
Total General Fund	71,727,118	70,381,338	(1,345,780)	(1.9%)

GENERAL FUND REVENUES FROM OUTSIDE SOURCES



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 \$16,085,418, decreasing from the FY 2012-13 midyear budget by \$244,507 or 1.5%. The Intergovernmental Grants Fund, where monies received from Federal, State and other governmental agencies are used primarily for capital improvement projects, is projected to decrease by \$529,210, or 15.0%. Revenue in this fund tends to fluctuate from year to year, depending on resources received from other governmental agencies. With financial difficulties at the Federal and State levels, government sponsored programs have seen substantial funding cuts that directly impact grant programs.

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. Please note that FY 2013-14 revenues are compared to FY 2012-13 midyear amounts unless otherwise indicated.

Harbor Tidelands Fund: Based on projections provided by Waterfront staff, revenues for FY 2013-14 in the Harbor Tidelands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$5,469,565, down \$2,253,372, or 29.2%. The decrease reflects a FY 2012-13 one-time payment of \$2.4 million from Chevron for the design and construction of Moonstone Park. Excluding the FY 2012-13 one-time payment, revenues are increasing \$146,628, or 2.7%.

Harbor Uplands Fund: Based on projections provided by Waterfront staff, revenues for FY 2013-14 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$4,397,430, up \$596,392, or 15.7%. The increase is due primarily to the purchase of waterfront leaseholds – International Boardwalk and Pier Plaza.

Solid Waste Fund: FY 2013-14 revenues for the Solid Waste Fund are expected to increase slightly, by \$4,700, or 0.13% to \$3,568,467.

Wastewater Fund: FY 2013-14 revenues are projected to increase by \$1,077,600 or 31.5% to \$4,502,041 primarily due to a second rate increase, approved by Council in March 2012.

Transit Fund: In FY 2013-14 revenues are expected to decrease by \$157,398 or 6.9% to \$2,138,855. This decrease in revenue is mainly due to the City not receiving State transit capital funding reimbursements in FY 2013-14 for transit vehicle capital projects. Revenue for Beach City Transit reflects current information available from outside funding sources. The City will receive additional monies for transit operations from Metro. Therefore, staff has estimated a lower amount for the transit revenue from other governments which reflects the funding the City will receive from El Segundo, Hermosa Beach, and Manhattan Beach for Line 109. Additionally, in FY 2013-14, the Fixed Route Fare Revenues are conservatively projected based on actuals in FY 2012-13.

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 the Self-Insurance Program, Vehicle Replacement Fund, and Information Technology Fund, revenue in the internal service funds is the same as midyear. Descriptions of all internal service funds together with any changes in their revenue estimates 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 2013-14 is estimated to be \$5,089,004, down \$45,000 or 0.9% from FY 2012-13 midyear budget with a decreased estimate of claims settlement revenue.

Vehicle Replacement Fund: This fund accounts for charges to departments that utilize the City's Fleet Services Division for maintenance and repairs, 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. This fund is increasing by \$10,000, or 0.3%, to \$3,181,629 when compared to the FY 2012-13 midyear budget with an adjustment to the estimated revenue for the sale of fuel to the City of Hermosa Beach and the Redondo Beach Unified School District.

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 personnel expenses, computer and telecommunications maintenance costs and charges for equipment replacement. In 2012, Printing and Graphics was merged with Information Technology and is now part of the Information Technology allocation for use of the in-house copy center. Revenue in this fund is decreasing very slightly by .08% or \$1,884. All costs are charged back to end users.

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 was 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 2012-13	Midyear 2012-13	Adopted 2013-14	Increase/ (Decrease)	
General Fund:					
Taxes	51,601,000	53,694,607	53,410,000	(284,607)	(0.5%)
Licenses and Permits	1,116,620	1,378,620	1,196,082	(182,538)	(13.2%)
Fines and Forfeitures	1,685,900	1,686,759	1,545,900	(140,859)	(8.4%)
Use of Money and Property	1,688,563	1,676,563	1,375,364	(301,199)	(18.0%)
Intergovernmental	-	53,880	-	(53,880)	(100.0%)
Charges for Services	5,123,319	5,532,576	5,205,959	(326,617)	(5.9%)
Other Revenues	1,065,825	1,047,255	991,175	(56,080)	(5.4%)
Overhead	6,249,628	6,656,858	6,656,858	-	0.0%
Total General Fund	68,530,855	71,727,118	70,381,338	(1,345,780)	(1.9%)
State Gas Tax	1,764,371	1,764,371	1,990,606	226,235	12.8%
Storm Drain Improvement	35,000	35,000	35,000	-	0.0%
Street Landscaping and Lighting	1,600,500	1,674,500	1,576,500	(98,000)	(5.9%)
Local Transportation Tax	90,859	90,859	42,509	(48,350)	(53.2%)
Proposition A	985,995	985,995	1,148,517	162,522	16.5%
Proposition C	825,749	825,749	970,029	144,280	17.5%
Measure R	606,502	606,502	713,420	106,918	17.6%
Air Quality Improvement	78,800	78,800	79,100	300	0.4%
Intergovernmental Grants	2,004,799	3,528,714	2,999,504	(529,210)	(15.0%)
Comm Develop Block Grant	266,341	439,606	253,024	(186,582)	(42.4%)
Housing Authority	6,088,509	6,088,509	6,061,709	(26,800)	(0.4%)
Parks and Recreation Facilities	15,000	15,000	15,000	-	0.0%
Narcotic Forfeiture and Seizure	106,400	44,400	49,300	4,900	11.0%
Subdivision Park Trust	150,000	150,000	150,000	-	0.0%
Disaster Recovery	21,200	1,920	1,200	(720)	(37.5%)
Capital Projects	428,150	428,150	460,000	31,850	7.4%
Harbor Tidelands	5,293,187	7,722,937	5,469,565	(2,253,372)	(29.2%)
Harbor Uplands	3,767,288	3,801,038	4,397,430	596,392	15.7%
Solid Waste	3,568,382	3,563,767	3,568,467	4,700	0.1%
Wastewater	3,416,018	3,424,441	4,502,041	1,077,600	31.5%
Transit	2,296,253	2,296,253	2,138,855	(157,398)	(6.9%)
Self-Insurance Program	4,086,515	5,134,004	5,089,004	(45,000)	(0.9%)
Vehicle Replacement	3,011,124	3,171,629	3,181,629	10,000	0.3%
Building Occupancy	2,289,652	2,226,807	2,226,807	-	0.0%
Information Technology	2,379,441	2,317,733	2,315,849	(1,884)	(0.1%)
Emergency Communications	2,600,465	2,588,681	2,588,681	-	0.0%
Major Facilities Repair	115,017	113,987	113,987	-	0.0%
Total Before Adjustments	116,422,372	124,846,470	122,519,071	(2,327,399)	(1.9%)
Less: Internal Svc Funds/Overhead	20,536,409	21,934,634	21,934,634	-	0.0%
Total City	95,885,963	102,911,836	100,584,437	(2,327,399)	(2.3%)
Successor Agency	1,366,600	1,366,600	1,379,572	12,972	0.9%
Community Financing Authority	329,337	329,337	341,073	11,736	3.6%
Grand Total	97,581,900	104,607,773	102,305,082	(2,302,691)	(2.2%)

GENERAL FUND PROPERTY TAX

Description

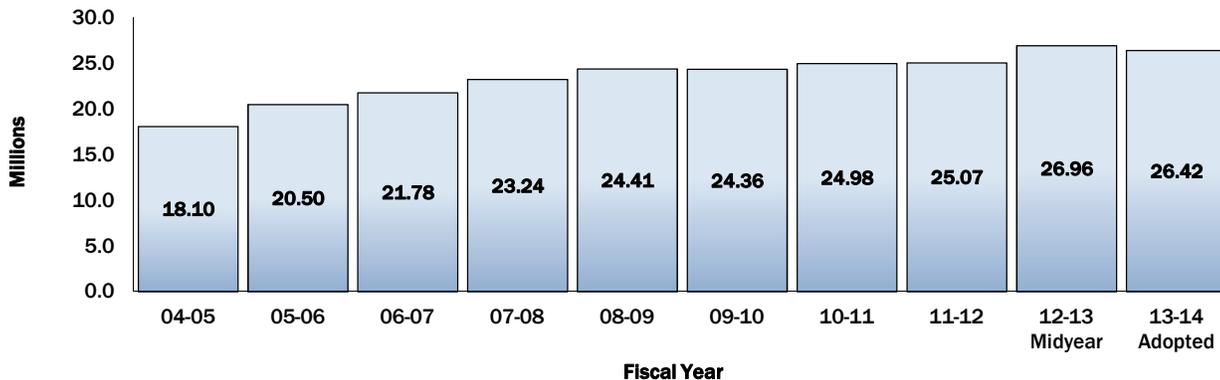
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State 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. In FY 2012-13, housing funds of the former Redevelopment Agency were returned to the State and redistributed to local jurisdictions. The City received \$1.6 million from the one-time distribution and is projecting \$600,000 in ongoing annual receipts from former Redevelopment Agency tax increment.

Outlook

Property tax revenue for FY 2013-14 is projected to increase by \$300,000, or 1.5%, to \$19,900,000, excluding property tax in lieu of VLF (\$5,763,000), homeowners' exemption (\$159,000), and revenue related to the former Redevelopment Agency (\$600,000). The major contributors to this increase are an improving economy and stabilizing housing market. Revenue related to the former Redevelopment Agency will decrease \$1,039,607 due to a one-time distribution (\$1,639,607) in the midyear amount. While homeowners' exemptions are predicted flat, property tax in lieu of VLF will increase by \$206,000 (3.7%) to \$5,763,000 similar to the increase in real estate values. Property tax revenue is the City's number one source of operating revenue.



GENERAL FUND SALES AND USE TAX

Description

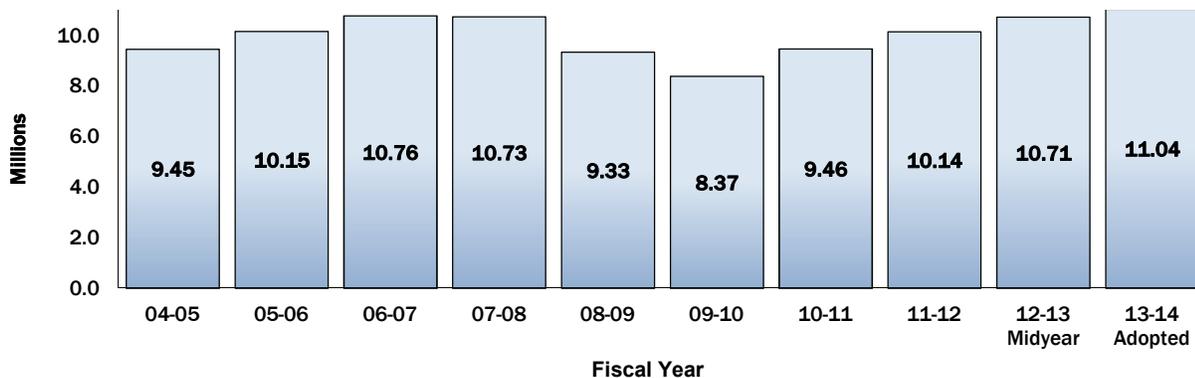
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various transit 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 \$540,000 for FY 2013-14. Sales and use tax revenue is somewhat cyclical in nature, responding to local and state economic trends. Since 2010 we have seen a steady uptick in sales tax revenue, growing approximately 13% in FY 2010-11, approximately 7% in FY 2011-12, nearly 6% (projected) in FY 2012-13, and a projected 3% in FY 2013-14.

Outlook

Sales and use tax revenue exclusive of PSAF is projected to increase by \$324,000, or 3.2%, from midyear 2012-13 to \$10,498,000, while PSAF revenue of \$540,000 is expected to remain flat. The increase in sales and use tax is driven by slight improvements in the economy. 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; improving 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

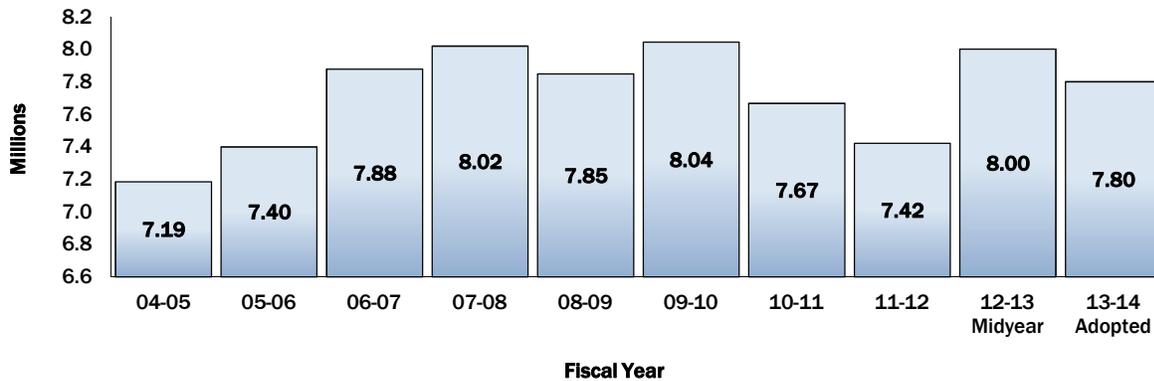
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT, which is imposed at 4.75%.

Background

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 in response 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

UUT revenue for FY 2013-14 is projected to decrease 2.5% to \$7,800,000. This is attributable to conservation and business closures due to a depressed economy.



GENERAL FUND TRANSIENT OCCUPANCY TAX

Description

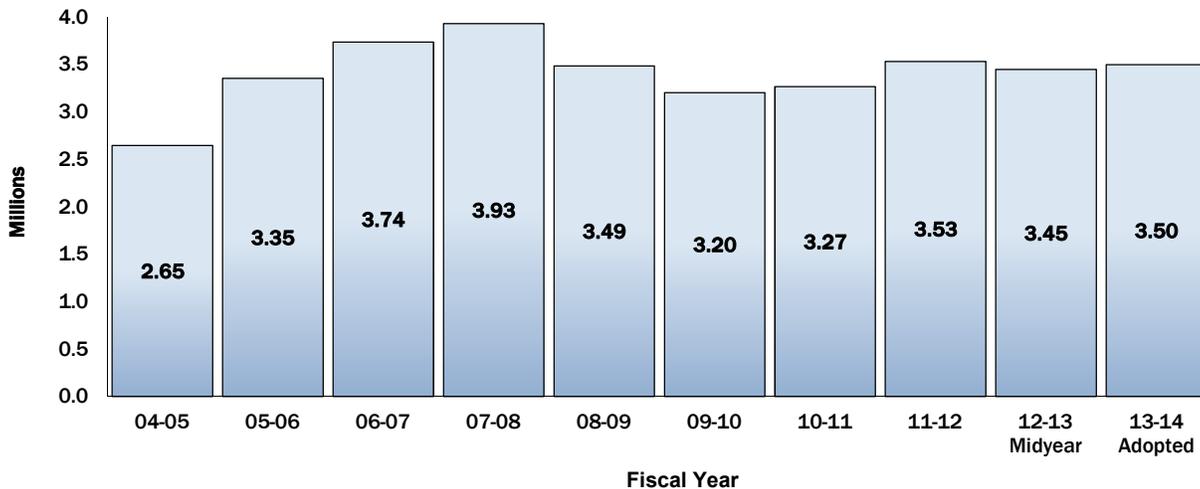
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

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 2013-14 TOT revenue is projected to increase by \$50,000 or 1.5% from midyear levels to \$3,500,000. This reflects a recovering economy, but with the travel industry still suffering from rising energy costs, continuing high (though decreasing) unemployment and, the Euro's drop in value against the dollar. Hotel construction and renovation continues in Redondo Beach and should, when completed, significantly add to this revenue source in the future.



GENERAL FUND FRANCHISE FEES

Description

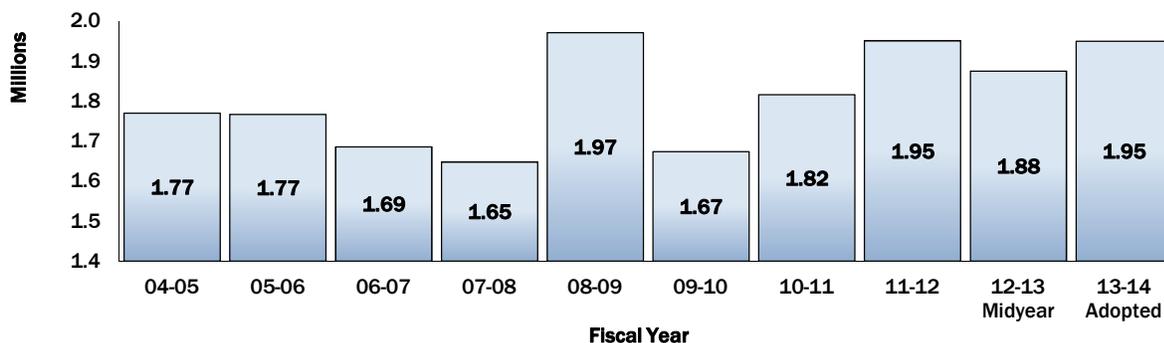
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

Background

The City collects franchise fees from Time Warner Cable, Southern California Edison, Southern California Gas Company, Verizon, and local taxicab operators. In December 1992, the City successfully negotiated with Southern California Gas Company a 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. Power levels at the AES power plant vary dramatically, significantly impacting franchise fee revenues attributable to power plant operations.

Outlook

Franchise fees are projected to increase by \$75,000, or 4.0%, to \$1,950,000 for FY 2013-14 from midyear FY 2012-13. 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 historically about 50% of the overall franchise fee revenue, while projected revenue from the electricity franchise represents 20%. The gas franchise revenue generated from the sale and transport of natural gas utilized to power the local AES power plant represents 20% of the total franchise fee estimate, while taxicab franchise fee revenue comprises 4% of the overall franchise fee revenue. Miscellaneous franchises, including water utilities, make up the rest. Cyclical uncertainties of the deregulated energy environment and the impact on productive utilization rate of the AES power plant, require continued utilization of a conservative estimate for this revenue source.



GENERAL FUND BUSINESS LICENSE TAX

Description

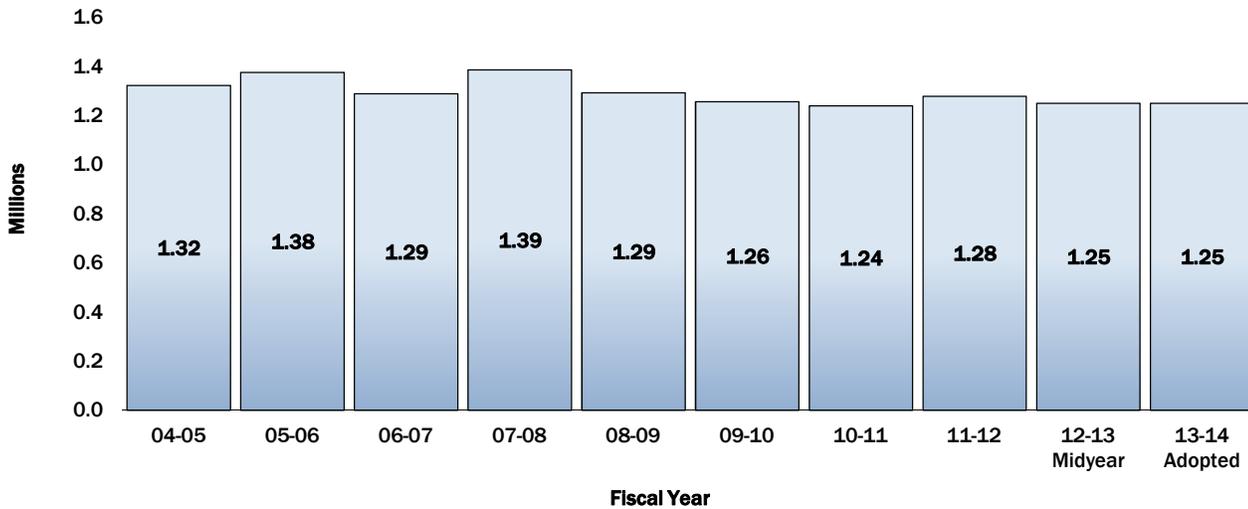
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The majority of the tax is levied using two factors - a flat rate system and a per employee charge.

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 2013-14 revenue estimate of \$1,250,000 remains flat. Although we are starting to see some stabilization in the business climate when looking back over the long term, indicators still reflect volatility in the short term.



GENERAL FUND PROPERTY TRANSFER TAX

Description

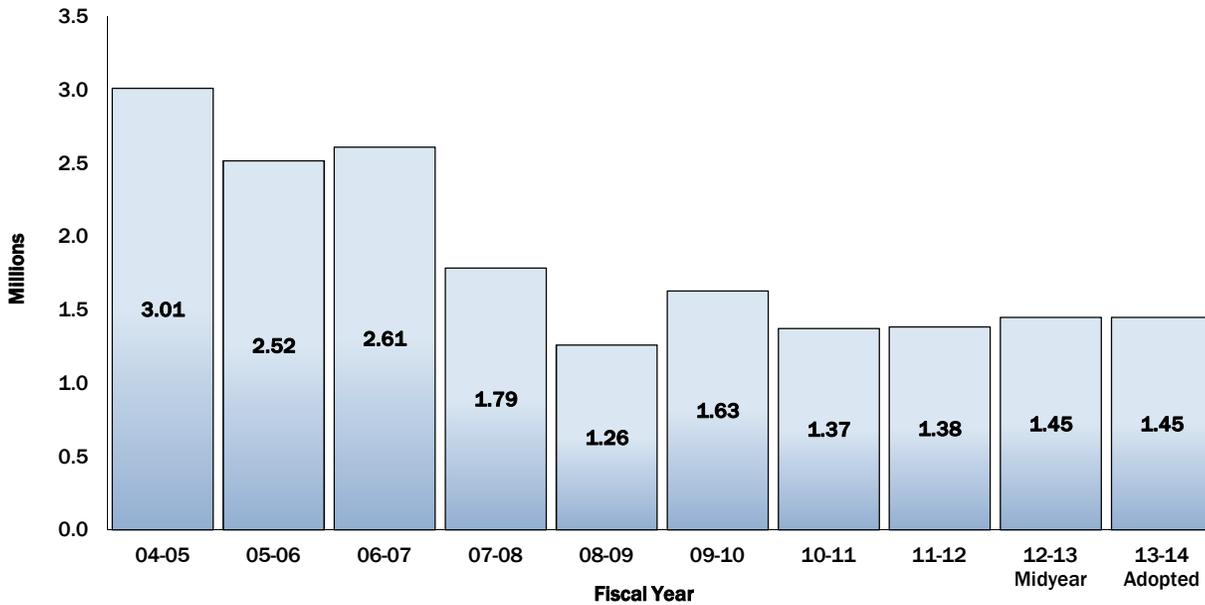
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

Background

The City's tax rate is \$1.10 per \$500 in sale value and revenue fluctuates with the sale of property in Redondo Beach. FY 2009-10 revenues were complimented by continuing prior-year recoveries of City property transfer tax misallocated by the County.

Outlook

This revenue is expected to remain flat at \$1,450,000. As the chart below reflects, turnover in the housing inventory of Redondo Beach has remained fairly stable since FY 2008-09. The beach area retains its desirability and value, and as long as mortgage rates continue to be at an all-time low, it is projected that property in Redondo Beach will continue to be sold at a moderate pace.



GENERAL FUND LICENSES AND PERMITS

Description

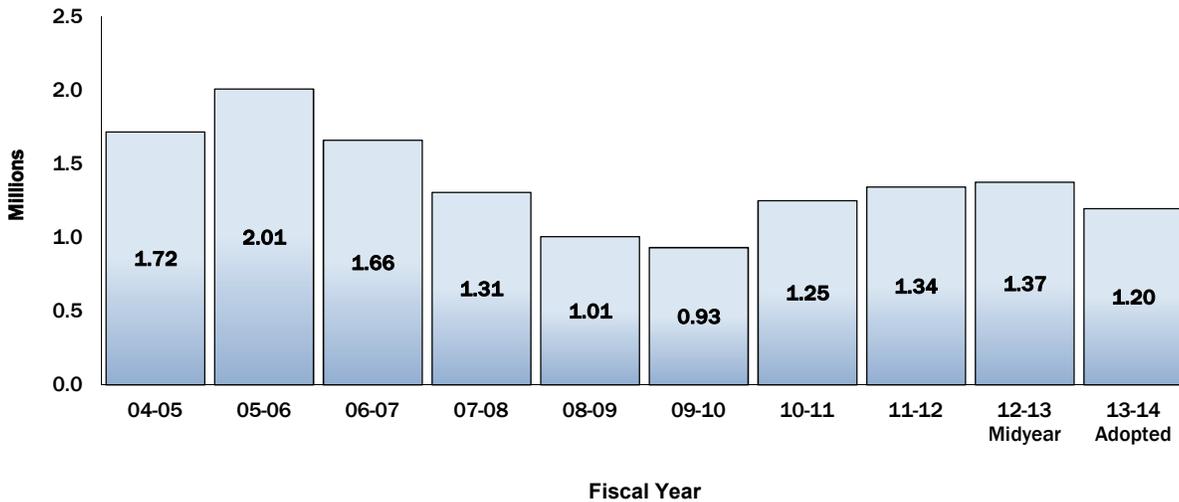
These fees are imposed for the processing of all construction permits, bicycle and canine licenses, and preferential parking permits.

Background

Approximately 75% of this revenue is from permits issued for construction activity. The cyclical trends in recent years are wholly attributable to economic cycles which impact the building and construction industry.

Outlook

The City expects to see a decrease of \$182,538 or 13.2% to \$1,196,082 in this revenue source in FY 2013-14. The majority of the decrease will be in the largest of these fees, construction permits. Construction permits in FY 2012-13 include one-time permitting of several large projects, and, therefore, somewhat distort a comparison to FY 2013-14.



GENERAL FUND FINES AND FORFEITURES

Description

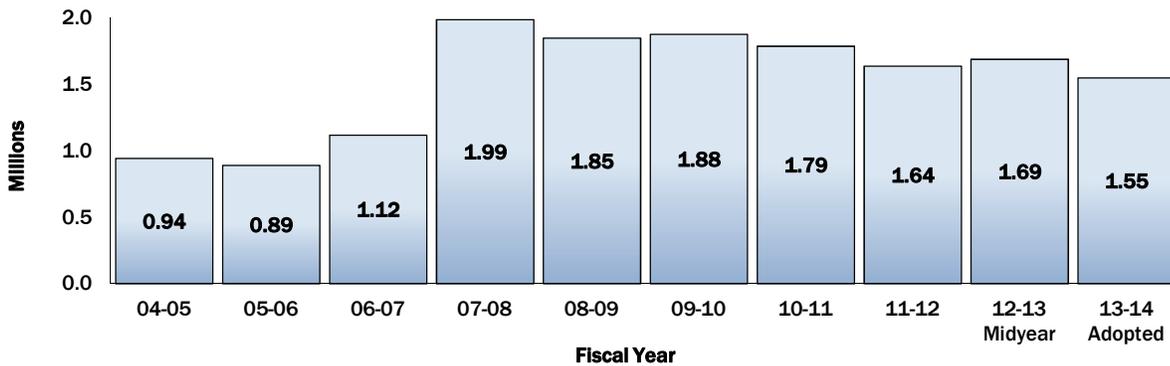
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are required through the courts for direct billing of police services associated with arresting offenders or criminals.

Background

Beginning in FY 1998-99, legislation was enacted to return 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. Beginning in FY 2007-08, the parking citation revenue was shifted back into the General Fund.

Outlook

Estimates for FY 2013-14 show fines and forfeitures revenue decreasing by \$140,859 to \$1,545,900. Fewer vehicle code fines and restitution payments account for the decrease.



GENERAL FUND USE OF MONEY AND PROPERTY

Description

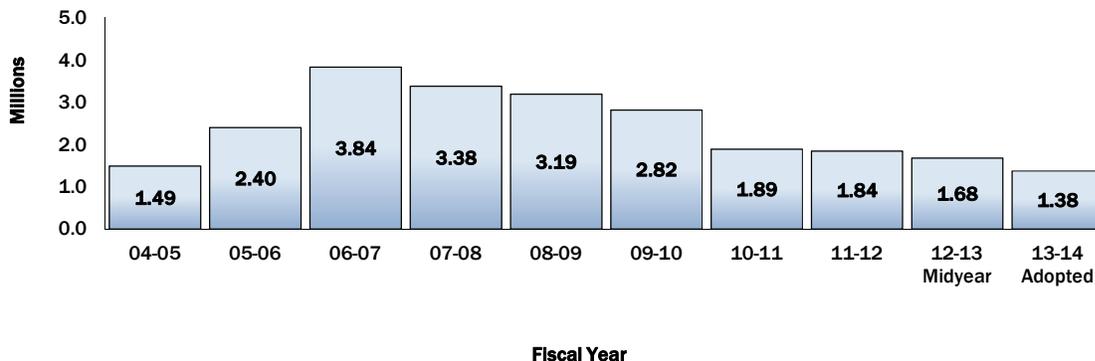
Use of money and property revenue is derived from two sources: (1) the investment and management of City surplus funds in accordance with State law, the City Charter, and the City's Statement of Investment Policy, and (2) the use of various City facilities, including Alta Vista recreational venues, Aviation, Veterans' and Alta Vista parks and camping fees at Wilderness Park.

Background

The City invests surplus funds based upon requirements of the California Government Code, City Charter, and the City's Statement of Investment Policy. The investment policy is reviewed and approved by the Mayor and City Council and the Budget and Finance Commission on an annual basis. Investments are maintained in a prudent and professionally responsible manner ensuring sufficient liquidity, responding to both the City's operating and capital improvement cash flow requirements. Investment liquidity is maintained while honoring the primary fiduciary responsibility of ensuring the safety of all investments. Proactive investment management produces competitive investment returns measured against established investment portfolio performance benchmarks.

Outlook

The use of money and property for the General Fund for FY 2013-14 is projected to decline by \$301,199, or 18.0%, to \$1,375,364. This decline is attributable to a continuing reduction in investment income of \$210,000 and a reduction in rents and percentages of \$91,199. The estimate of investment income for FY 2013-14 is \$390,000, reflecting a reduction of 35.0% below mid-year 2012-13. The investment income estimate is conservatively based upon a reduced level of funds within the investment portfolio, continued low market interest rates, maturity of a significant portion of the City's investments in high yielding Corporate Medium Term Notes, the early call of numerous Federal Agency investment positions, and the financial unfeasibility of participation in the annual Statewide TRANS financing program. The continued low interest rate environment projected for FY 2013-14 impacts investment income generated from three major components of the investment portfolio: liquid investments with the State Local Agency Investment Fund, investments in Federal Agency Securities, and investments in high grade Corporate Medium Term Notes, structured within a 1- to 5-year maturity range.



GENERAL FUND INTERGOVERNMENTAL

Description

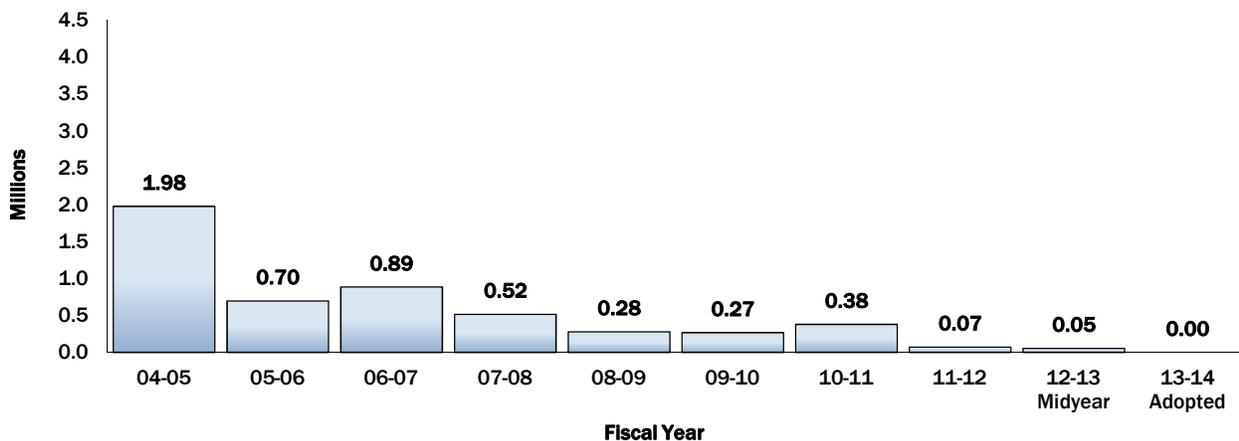
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Examples include motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

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. 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. In the following years there has been a steady decrease in the allocation of money to local governments from the State.

Outlook

Intergovernmental revenue for FY 2013-14 is estimated to be zero reflecting a decrease in revenue of \$53,880 from midyear, \$34,910 from motor vehicle/in lieu and \$18,970 from the SB90 State Mandated Cost Reimbursement. This reflects financial difficulty at the State and Federal levels restricting funding.



GENERAL FUND CHARGES FOR SERVICES

Description

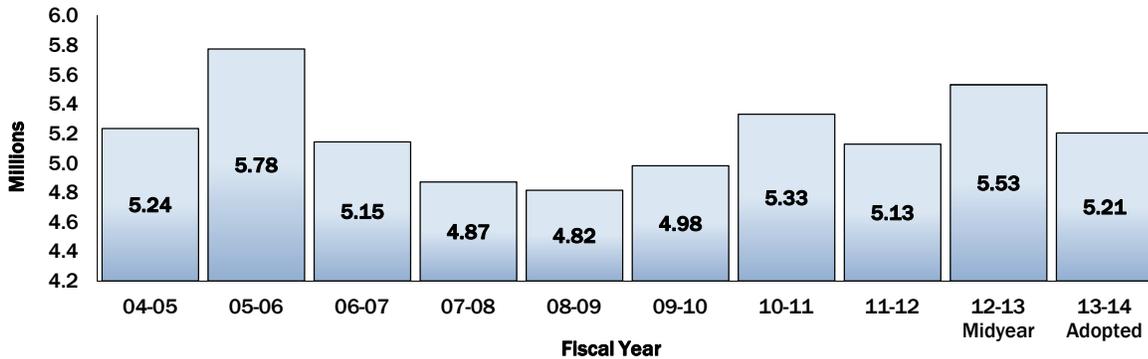
The City collects fees from users of, or participants in City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

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. A comprehensive update to City fees was done in FY 2007-08 and FY 2008-09, raising a large percentage of the fees to full cost. Individual fees are usually updated during the annual budget, however, changes to fees can be proposed at any time. All fees can be found in the City's Master Fee Schedule. Revenues from charges for services are impacted not only by rates, but also by usage.

Outlook

For FY 2013-14, forecasted revenue for charges for services will decline 5.9% or \$326,617 from midyear to \$5,205,959. Most of the decrease is in the construction-related revenue sources (planning, building and engineering, State energy and other building fees). The FY 2012-13 construction-related revenues included one-time fees for several large construction projects and somewhat distort comparison to FY 2013-14.



REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
GENERAL FUND:					
Taxes:					
Property Tax	18,899,214	19,416,007	19,432,117	21,239,607	20,500,000
Property Tax In Lieu Of VLF	5,306,121	5,403,259	5,477,841	5,557,000	5,763,000
Homeowners' Exemption	156,595	160,577	159,312	159,000	159,000
Sales and Use Tax	7,839,179	8,902,151	9,594,901	10,174,000	10,498,000
Public Safety Augumentation Fund	533,696	555,581	544,298	540,000	540,000
Utility Users' Tax	8,043,207	7,667,130	7,422,089	8,000,000	7,800,000
Transient Occupancy Tax	3,204,044	3,267,209	3,533,501	3,450,000	3,500,000
Franchise Fees	1,673,632	1,816,314	1,950,934	1,875,000	1,950,000
Business License Tax	1,256,462	1,240,024	1,278,279	1,250,000	1,250,000
Property Transfer Tax	1,630,015	1,373,600	1,383,847	1,450,000	1,450,000
Sub-total	48,542,165	49,801,852	50,777,119	53,694,607	53,410,000
Licenses and Permits:					
Construction/Excavation Permits	699,090	988,173	1,048,963	1,112,000	909,500
Street/Curb/Parking Permits	131,308	152,333	183,614	174,500	194,500
Miscellaneous Licenses/Permits	100,125	108,410	110,844	92,120	92,082
Sub-total	930,523	1,248,916	1,343,421	1,378,620	1,196,082
Fines and Forfeitures:					
Parking Citations	1,221,829	1,269,437	1,351,358	1,260,400	1,260,400
Vehicle Code Fines	338,883	360,483	197,499	300,000	200,000
Restitution	314,575	155,147	85,999	126,359	85,500
Sub-total	1,875,287	1,785,067	1,634,856	1,686,759	1,545,900
Use of Money and Property:					
Investment Earnings	1,542,262	654,177	772,412	600,000	390,000
Rents and Percentages	1,279,020	1,238,731	1,071,300	1,076,563	985,364
Sub-total	2,821,282	1,892,908	1,843,712	1,676,563	1,375,364
Intergovernmental:					
Motor Vehicle/In-Lieu	198,745	310,907	33,693	34,910	-
State Library Allocation	48,753	30,391	9,027	-	-
SB90 State Mandated Cost Reimb.	19,805	37,766	29,730	18,970	-
Sub-total	267,303	379,064	72,450	53,880	-

REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
Charges for Services:					
Administrative Fees	25,099	57,470	25,886	39,180	44,080
Parking Meter Fees	1,218,095	1,262,489	1,312,669	1,230,989	1,256,489
Police Service Fees	513,961	518,368	433,066	417,400	414,280
Fire Service Fees	251,464	262,223	324,035	267,500	268,000
Library Book Fines/Fees	119,274	131,419	127,150	113,350	113,350
Recreation Users Pay	1,441,942	1,455,244	1,257,506	1,306,500	1,329,425
Planning Fees	185,360	155,906	134,644	293,657	168,525
Building & Engineering Fees	801,897	1,018,507	1,027,282	1,238,000	1,036,635
State Energy Fees	85,143	107,642	130,695	118,000	96,300
Other Building Fees	325,391	359,721	353,298	471,000	441,875
Public Works Fees	14,394	4,345	3,445	37,000	37,000
Sub-total	4,982,020	5,333,334	5,129,676	5,532,576	5,205,959
Other Revenue:					
Miscellaneous Revenue	285,568	96,307	744,760	950,955	947,375
Program Donations	170,251	200,094	81,735	96,300	43,800
Claims Settlement	-	-	18,269	-	-
Sub-total	455,819	296,401	844,764	1,047,255	991,175
REVENUE FROM OUTSIDE SOURCES	59,874,399	60,737,542	61,645,998	65,070,260	63,724,480
Overhead					
Overhead Charges	6,681,277	6,383,731	6,249,628	6,656,858	6,656,858
Sub-total	6,681,277	6,383,731	6,249,628	6,656,858	6,656,858
TOTAL GENERAL FUND	66,555,676	67,121,273	67,895,626	71,727,118	70,381,338
TRAFFIC CONGESTION RELIEF FUND:					
Use of Money and Property	32,098	5,440	(2,515)	-	-
Intergovernmental	612,879	-	-	-	-
TOTAL TRAFFIC CONGESTION RELIEF FUND	644,977	5,440	(2,515)	-	-
STATE GAS TAX FUND:					
Taxes	1,088,913	1,677,750	1,883,447	1,757,871	1,979,006
Use of Money and Property	16,993	333	15,040	2,500	7,600
Other Revenue	11,808	3,154	4,717	4,000	4,000
TOTAL STATE GAS TAX FUND	1,117,714	1,681,237	1,903,204	1,764,371	1,990,606
STORM DRAIN IMPROVEMENT FUND:					
Charges For Services	14,960	41,458	31,974	35,000	35,000
TOTAL STORM DRAIN IMPROVEMENT FUND	14,960	41,458	31,974	35,000	35,000

REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
<i>STREET LANDSCAPING/LIGHTING FUND:</i>					
Use of Money and Property	1,761	-	(62)	-	-
Charges For Services	1,585,960	1,563,196	1,555,206	1,674,500	1,576,500
Other Revenue	11,000	-	35,030	-	-
TOTAL STREET LANDSCAPING AND LIGHTING FUND	1,598,721	1,563,196	1,590,174	1,674,500	1,576,500
<i>LOCAL TRANSPORTATION TAX FUND:</i>					
Intergovernmental	6,663	39,699	-	90,859	42,509
TOTAL LOCAL TRANSPORTATION TAX FUND	6,663	39,699	-	90,859	42,509
<i>PROPOSITION A FUND:</i>					
Use of Money and Property	47,993	30,759	19,309	11,100	8,000
Intergovernmental	858,629	914,895	995,216	974,895	1,140,517
TOTAL PROPOSITION A FUND	906,622	945,654	1,014,525	985,995	1,148,517
<i>PROPOSITION C FUND:</i>					
Use of Money and Property	102,849	61,390	52,058	17,100	24,000
Intergovernmental	712,270	760,171	826,788	808,649	946,029
TOTAL PROPOSITION C FUND	815,119	821,561	878,846	825,749	970,029
<i>MEASURE R FUND:</i>					
Taxes	428,556	564,866	615,551	606,502	709,520
Use of Money and Property	-	-	-	-	3,900
Intergovernmental	3,891	-	-	-	-
TOTAL MEASURE R FUND	432,447	564,866	615,551	606,502	713,420
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	5,675	2,735	2,255	800	1,100
Intergovernmental	97,692	74,816	84,000	78,000	78,000
TOTAL AIR QUALITY IMPROVEMENT FUND	103,367	77,551	86,255	78,800	79,100
<i>INTERGOVERNMENTAL GRANTS FUND:</i>					
Intergovernmental	2,805,804	3,554,377	5,211,458	3,528,714	2,999,504
TOTAL INTERGOVERNMENTAL GRANTS FUND	2,805,804	3,554,377	5,211,458	3,528,714	2,999,504
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	406,879	346,782	365,527	439,606	253,024
Other Revenue	10,640	15,660	10,725	-	-
TOTAL COM DEV BLOCK GRANT FUND	417,519	362,442	376,252	439,606	253,024

REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
HOUSING AUTHORITY FUND:					
Use of Money and Property	1,018	954	812	-	-
Other Revenue	96,940	-	-	-	-
Intergovernmental	6,192,724	6,215,361	6,041,631	6,088,509	6,061,709
TOTAL HOUSING AUTHORITY FUND	6,290,682	6,216,315	6,042,443	6,088,509	6,061,709
PARKS AND REC FACILITIES FUND:					
Taxes	11,200	12,800	20,000	15,000	15,000
TOTAL PARKS AND REC FACILITIES FUND	11,200	12,800	20,000	15,000	15,000
NARCOTIC FORF/ SEIZURE FUND:					
Fines And Forfeitures	3,902	281,555	199,856	41,000	41,000
Use of Money and Property	39,489	21,192	20,776	3,400	8,300
TOTAL NARCOTIC FORF AND SEIZURE FUND:	43,391	302,747	220,632	44,400	49,300
SUBDIVISION PARK TRUST FUND:					
Use of Money and Property	5,423	-	37	-	-
Other Revenue	105,000	88,827	225,000	150,000	150,000
TOTAL SUBDIVISION PARK TRUST FUND	110,423	88,827	225,037	150,000	150,000
DISASTER RECOVERY FUND:					
Charges For Services	2,430	740	1,900	1,920	1,200
Other Revenue	146,712	61,152	-	-	-
TOTAL DISASTER RECOVERY FUND	149,142	61,892	1,900	1,920	1,200
TOTAL SPECIAL REVENUE FUNDS	15,468,751	16,340,062	18,215,736	16,329,925	16,085,418
PIER PARK ST REHAB FUND:					
Use of Money and Property	33	621	28	-	-
TOTAL PIER PARK ST REHAB FUND	33	621	28	-	-
CAPITAL PROJECTS FUND:					
Taxes	173,887	197,112	212,474	140,000	200,000
Intergovernmental	283,400	-	690,600	254,150	259,500
Other Revenue	1,000	819,041	1,818,604	34,000	500
TOTAL CAPITAL PROJECTS FUND	458,287	1,016,153	2,721,678	428,150	460,000
TOTAL GOVERNMENTAL FUNDS	82,482,747	84,478,109	88,833,068	88,485,193	86,926,756

REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
HARBOR TIDELANDS FUND:					
Use of Money and Property	4,955,128	4,846,865	4,615,427	4,263,000	4,364,500
Charges For Services	1,072,884	904,293	858,105	988,057	1,020,935
Other Revenue	2,579	33,282	13,283	2,471,880	84,130
TOTAL HARBOR TIDELANDS FUND	6,030,591	5,784,440	5,486,815	7,722,937	5,469,565
HARBOR UPLANDS FUND:					
Use of Money and Property	2,298,261	2,089,392	2,268,153	2,009,000	2,458,350
Charges for Services	1,777,382	1,638,095	1,781,003	1,757,288	1,881,080
Other Revenue	1,342	8,075	450	34,750	58,000
TOTAL HARBOR UPLANDS FUND	4,076,985	3,735,562	4,049,606	3,801,038	4,397,430
SOLID WASTE FUND:					
Licenses And Permits	8,569	10,060	12,020	10,000	10,000
Intergovernmental	17,769	1,742	53,407	37,367	37,367
Charges for Services	3,356,843	3,444,779	3,300,451	3,364,000	3,365,400
Other Revenue	85,066	251,736	152,978	152,400	155,700
TOTAL SOLID WASTE FUND	3,468,247	3,708,317	3,518,856	3,563,767	3,568,467
WASTEWATER FUND:					
Use of Money and Property	97,669	73,284	(9,491)	21,400	-
Charges For Services	2,437,816	2,444,086	2,575,279	3,377,000	4,476,000
Other Revenue	5,356	18,795	17,618	26,041	26,041
TOTAL WASTEWATER FUND	2,540,841	2,536,165	2,583,406	3,424,441	4,502,041
TRANSIT FUND:					
Intergovernmental	1,850,970	1,221,881	1,571,510	1,771,164	1,670,155
Charges For Services	503,317	519,082	426,562	496,200	467,200
Other Revenue	1,595	8,351	20,852	28,889	1,500
TOTAL TRANSIT FUND	2,355,882	1,749,314	2,018,924	2,296,253	2,138,855
TOTAL ENTERPRISE FUNDS	18,472,546	17,513,798	17,657,607	20,808,436	20,076,358
SELF-INSURANCE PROGRAM FUND:					
Charges For Services	4,472,025	3,579,197	4,051,206	5,084,004	5,084,004
Other Revenue	204	-	5,002	50,000	5,000
TOTAL SELF-INSURANCE PROGRAM FUND	4,472,229	3,579,197	4,056,208	5,134,004	5,089,004
VEHICLE REPLACEMENT FUND:					
Charges For Services	2,879,548	2,853,431	2,823,824	2,951,629	2,951,629
Other Revenue	59,847	203,946	213,140	220,000	230,000
TOTAL VEHICLE REPLACEMENT FUND	2,939,395	3,057,377	3,036,964	3,171,629	3,181,629

REVENUE DETAIL
FISCAL YEARS 2010-2014

<i>Fund</i>	Actual 2009-10	Actual 2010-11	Actual 2011-12	Midyear 2012-13	Adopted 2013-14
<i>BUILDING OCCUPANCY FUND:</i>					
Charges For Services	3,121,591	2,239,558	2,289,652	2,226,807	2,226,807
TOTAL BUILDING OCCUPANCY FUND	3,121,591	2,239,558	2,289,652	2,226,807	2,226,807
<i>INFORMATION TECHNOLOGY FUND:</i>					
Charges For Services	2,778,082	2,774,113	2,379,441	2,315,349	2,315,349
Other Revenue	3,152	3,695	30,257	2,384	500
TOTAL INFORMATION TECHNOLOGY FUND	2,781,234	2,777,808	2,409,698	2,317,733	2,315,849
<i>PRINTING & GRAPHICS FUND:</i>					
Charges For Services	386,522	242,111	242,004	-	-
TOTAL PRINTING & GRAPHICS FUND	386,522	242,111	242,004	-	-
<i>EMERGENCY COMMUNICATIONS FUND :</i>					
Charges For Services	2,213,811	2,235,104	2,148,266	2,238,483	2,238,483
Other Revenue	468,090	452,199	452,199	350,198	350,198
TOTAL EMERGENCY COMMUNICATIONS FUND	2,681,901	2,687,303	2,600,465	2,588,681	2,588,681
<i>MAJOR FACILITIES REPAIR FUND:</i>					
Charges For Services	101,748	108,868	115,017	113,987	113,987
TOTAL MAJOR FACILITIES REPAIR FUND	101,748	108,868	115,017	113,987	113,987
TOTAL INTERNAL SERVICE FUNDS	16,484,620	14,692,222	14,750,008	15,552,841	15,515,957
LESS: INTERNAL CHARGES/OVERHEAD	22,669,103	20,514,894	20,551,428	21,934,634	21,934,634
TOTAL CITY	94,770,810	96,169,235	100,689,255	102,911,836	100,584,437
TOTAL REDEVELOPMENT AGENCY	6,955,390	6,376,398	14,589,006	-	-
TOTAL SUCCESSOR AGENCY	-	-	-	1,366,600	1,379,572
TOTAL COMMUNITY FINANCING AUTHORITY	-	-	-	329,337	341,073
GRAND TOTAL	101,726,200	102,545,633	115,278,261	104,607,773	102,305,082