

OVERVIEW OF ESTIMATED REVENUES

Background: Staff members from all 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 2014-15 is estimated at \$66,898,126 representing an increase of \$2,114,778 from the FY 2013-14 midyear amount. Significant operating revenue sources include: taxes, projected to increase \$1,576,638, or 2.9%; licenses and permits anticipated to increase (\$35,508 or 2.5%) primarily due to an increase in construction /evacuation permits offset by a decrease in parking permits; fines and forfeitures projected to decrease 3.7% due to a decrease in restitution; use of money and property revenue expected to increase 7.6% due to increased rents and percentages offset by a loss of investment income; intergovernmental revenues from the State expected to remain relatively flat; charges for services estimated to increase \$458,077, or 8.4% mostly in parking meter and building and planning fees; other revenues anticipated to decrease only slightly (\$2,195 or 0.2%).

Revenue from overhead is derived from sources internal to the City. The FY 2014-15 amount of \$7,143,371 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 2014-15 General Fund operating revenues compared to FY 2013-14 midyear amounts, unless otherwise indicated.

Property Tax revenue for FY 2014-15 is projected to increase by \$742,278, or 3.7%, to \$21,038,000, including revenue related to the former Redevelopment Agency of \$480,000. Overall, the economy is slowly recovering, with some improvement in the housing market. Redondo Beach's housing market remained 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 \$326,000, to \$6,089,000 in FY 2014-15. Property tax in lieu of VLF is vehicle license fee revenue classified as property tax and this 5.7% increase parallels growth in base (excluding former Redevelopment Agency revenue) 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 \$52,590, or 0.5%, to \$10,618,000. Sales tax revenue is generally up with an increase in consumer spending. However, this projection takes into account Nordstrom's departure during the final quarter of the fiscal year.

Utility Users' Tax (UUT) revenue is projected to have a small increase of \$28,174, or 0.4%, to \$7,418,667. Even with prices going up, consumers' conservation efforts are holding UUT stable. 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 6.9%, or \$289,561, to \$4,500,000. This upswing is driven by more personal travel as the economy improves. Business travel is predicted to lag behind personal travel and 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 \$450,000 projected for FY 2014-15, is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to increase by \$21,367, or 1.2%, to \$1,875,000 for FY 2014-15. 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 small 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 2014-15, 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 grow to 1,200,000 or 9.1% prompted by growth in retail and dining establishment activities, but primarily in the construction industry.

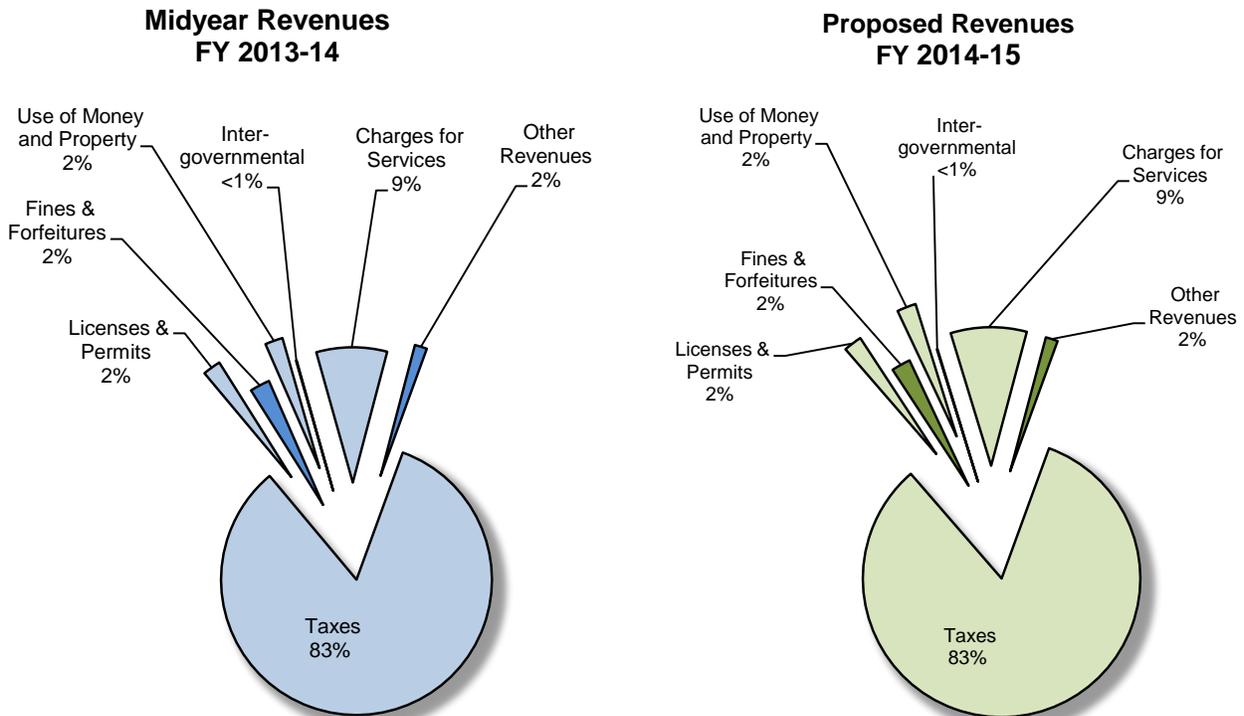
Property Transfer Tax revenue for FY 2014-15 is projected at \$2,150,000, \$2,426 more than midyear FY 2013-14. Generally, the real estate market has increased, with Redondo Beach's prime beach areas retaining their value to a great degree and still being purchased. Overall projected performance of property transfer tax revenue has been conservatively estimated for FY 2014-15. 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 2014-15 are projected to decrease by \$20,000, or 5.1%, to \$370,000. This decline is attributable to lower interest rates within the investment marketplace and a reduction in the overall size of the portfolio. The three major components of the portfolio are: liquid investments with the State Local Agency Investment Fund (LAIF), 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 2014-15 Adopted General Fund operating revenues compared with the FY 2013-14 midyear budget operating revenues:

<i>General Fund</i>	Midyear 2013-14	Adopted 2014-15	Increase/ (Decrease)	
Taxes	54,002,029	55,578,667	1,576,638	2.9%
Licenses & Permits	1,394,962	1,430,470	35,508	2.5%
Fines & Forfeitures	1,545,900	1,488,930	(56,970)	(3.7%)
Use of Money and Property	1,375,364	1,479,364	104,000	7.6%
Intergovernmental	50,280	50,000	(280)	(0.6%)
Charges for Services	5,466,313	5,924,390	458,077	8.4%
Other Revenues	948,500	946,305	(2,195)	(0.2%)
Revenue From Outside Sources	64,783,348	66,898,126	2,114,778	3.3%
Overhead	7,143,371	7,143,371	-	0.0%
Total General Fund	71,926,719	74,041,497	2,114,778	2.9%

**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 \$14,451,519, decreasing from the FY 2013-14 midyear budget by \$2,631,902 or 15.4%. 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 \$2,049,509, or 53.5%. 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 over the past few years 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 2014-15 revenues are compared to FY 2013-14 midyear amounts unless otherwise indicated.

Harbor Tidelands Fund: Based on projections provided by Waterfront staff, revenues for FY 2014-15 in the Harbor Tidelands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$5,807,965, up \$387,572, or 7.2% including the addition of parking citation revenue from violations in the Plaza parking structure.

Harbor Uplands Fund: Based on projections provided by Waterfront staff, revenues for FY 2014-15 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$4,395,780, down \$1,150, or less than 1%.

Solid Waste Fund: FY 2014-15 revenues for the Solid Waste Fund are expected to increase by \$179,488, or 5.0% to \$3,748,704 due to the City Council-approved refuse collection and recycling program rate adjustments.

Wastewater Fund: FY 2014-15 revenues are projected to increase by \$608,000 or 12.7% to \$5,393,827 with the final year of the previously City-Council approved rate increases.

Transit Fund: In FY 2014-15 revenues are expected to increase marginally by \$49,416 or 2.3% to \$2,188,271. This slight increase in revenue is mainly due to the City not receiving State transit capital funding reimbursements in FY 2014-15 for transit vehicle capital projects. Revenue for Beach City Transit reflects current information available from outside funding sources.

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 Vehicle Replacement 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

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 decreasing by \$61,000, or 2.1%, to \$2,888,022 when compared to the FY 2013-14 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. 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 only 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 2013-14	Midyear 2013-14	Adopted 2014-15	Increase/ (Decrease)	
General Fund:					
Taxes	53,410,000	54,002,029	55,578,667	1,576,638	2.9%
Licenses and Permits	1,196,082	1,394,962	1,430,470	35,508	2.5%
Fines and Forfeitures	1,545,900	1,545,900	1,488,930	(56,970)	(3.7%)
Use of Money and Property	1,375,364	1,375,364	1,479,364	104,000	7.6%
Intergovernmental	-	50,280	50,000	(280)	(0.6%)
Charges for Services	5,205,959	5,466,313	5,924,390	458,077	8.4%
Other Revenues	1,049,429	948,500	946,305	(2,195)	(0.2%)
Overhead	6,656,858	7,143,371	7,143,371	-	0.0%
Total General Fund	70,439,592	71,926,719	74,041,497	2,114,778	2.9%
State Gas Tax	1,990,606	1,990,606	1,719,683	(270,923)	(13.6%)
Storm Drain Improvement	35,000	35,000	36,000	1,000	2.9%
Street Landscaping and Lighting	1,576,500	1,576,500	1,576,500	-	0.0%
Local Transportation Tax	42,509	42,509	56,657	14,148	33.3%
Proposition A	1,148,517	1,148,517	1,188,147	39,630	3.5%
Proposition C	970,029	970,029	1,002,901	32,872	3.4%
Measure R	713,420	713,420	738,084	24,664	3.5%
Air Quality Improvement	79,100	79,100	81,100	2,000	2.5%
Intergovernmental Grants	2,999,504	3,828,034	1,778,525	(2,049,509)	(53.5%)
Comm Develop Block Grant	253,024	377,923	274,524	(103,399)	(27.4%)
Housing Authority	6,061,709	6,061,709	5,748,278	(313,431)	(5.2%)
Parks and Recreation Facilities	15,000	18,700	20,000	1,300	7.0%
Narcotic Forfeiture and Seizure	49,300	49,300	29,300	(20,000)	(40.6%)
Subdivision Park Trust	150,000	187,500	200,620	13,120	7.0%
Disaster Recovery	1,200	4,574	1,200	(3,374)	(73.8%)
Capital Projects	460,000	460,000	600,102	140,102	30.5%
Harbor Tidelands	5,469,565	5,420,393	5,807,965	387,572	7.2%
Harbor Uplands	4,397,430	4,396,930	4,395,780	(1,150)	(0.0%)
Solid Waste	3,568,467	3,569,216	3,748,704	179,488	5.0%
Wastewater	4,502,041	4,785,827	5,393,827	608,000	12.7%
Transit	2,138,855	2,138,855	2,188,271	49,416	2.3%
Self-Insurance Program	5,089,004	4,845,863	4,845,863	-	0.0%
Vehicle Replacement	3,181,629	2,949,022	2,888,022	(61,000)	(2.1%)
Building Occupancy	2,226,807	2,400,525	2,400,525	-	0.0%
Information Technology	2,315,849	2,308,941	2,308,941	-	0.0%
Emergency Communications	2,588,681	2,730,844	2,730,844	-	0.0%
Major Facilities Repair	113,987	129,023	129,023	-	0.0%
Total Before Adjustments	122,577,325	125,145,579	125,930,883	785,304	0.6%
Less: Internal Svc Funds/Overhead	21,934,634	22,085,994	22,085,683	(311)	(0.0%)
Total City	100,642,691	103,059,585	103,845,200	785,615	0.8%
Successor Agency	1,379,572	1,379,572	1,210,163	(169,409)	(12.3%)
Community Financing Authority	341,073	341,073	341,073	-	0.0%
Grand Total	102,363,336	104,780,230	105,396,436	616,206	0.6%

GENERAL FUND PROPERTY TAX

Description

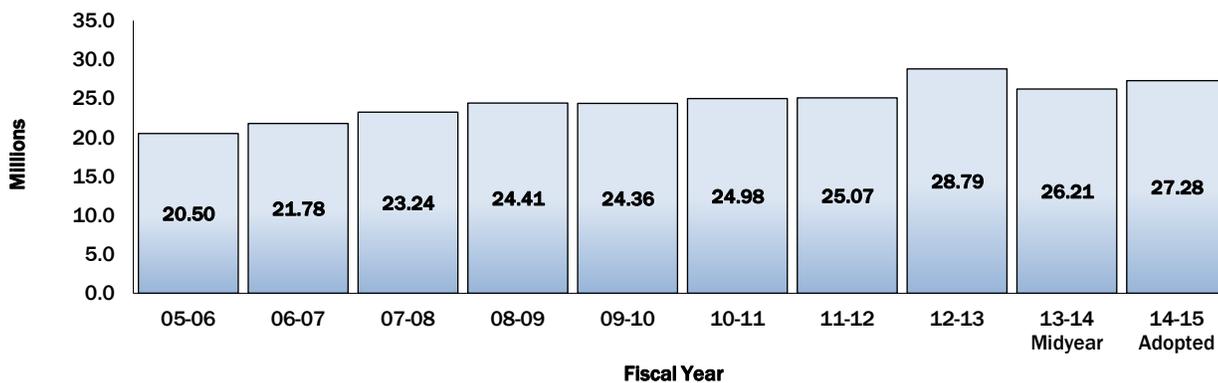
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State 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.

Outlook

Property tax revenue for FY 2014-15 is projected to increase by \$742,278, or 3.7%, to \$20,558,000, excluding revenue related to the former Redevelopment Agency and property tax in lieu of VLF (\$6,089,000), homeowners' exemption (\$150,000). The major contributors to this increase are an improving economy and stabilizing housing market. While homeowners' exemptions are predicted relatively flat, property tax in lieu of VLF will increase by \$326,000 (5.7%) to \$6,089,000 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

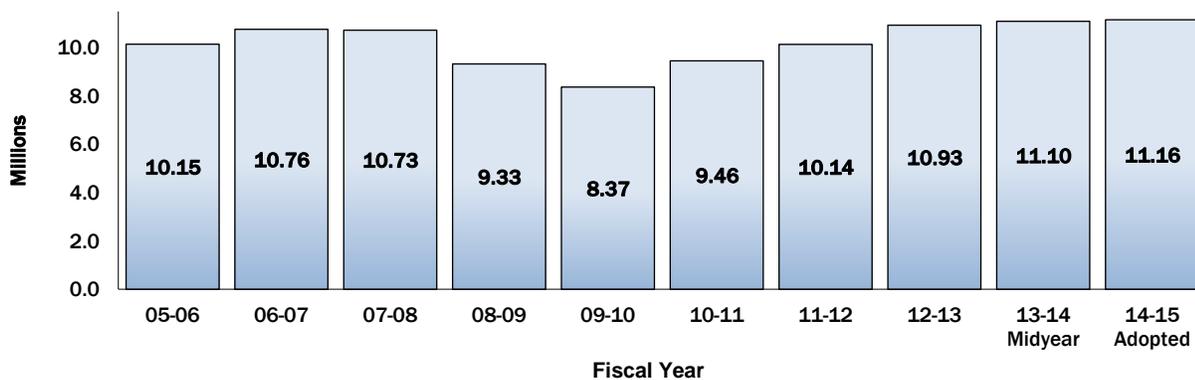
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various transit 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 2014-15. 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, 7% again in FY 2012-13, nearly 2% (projected) in FY 2013-14, and a projected 0.5% in FY 2014-15.

Outlook

Sales and use tax revenue exclusive of PSAF is projected to increase by \$52,590, or 0.5%, from midyear 2013-14 to \$10,618,000, while PSAF revenue is expected to rise slightly from \$529,839 to \$540,000 or 1.9%. The increase in sales and use tax is driven by slight improvements in the economy. This projection takes into account Nordstrom's departure during the final quarter of the fiscal year. FY 2015-16 will be the first full year without the major retailer.



GENERAL FUND UTILITY USERS' TAX

Description

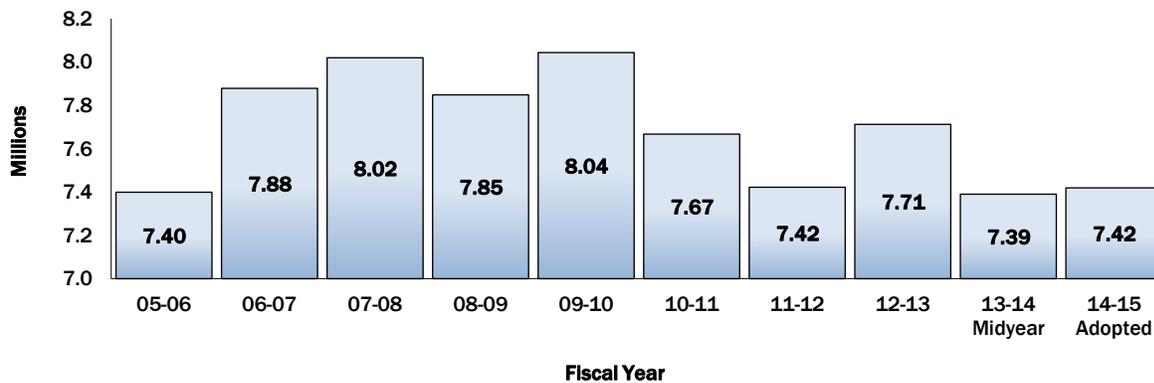
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT, which is imposed at 4.75%.

Background

Funds provided from this key tax-based operating resource have remained relatively stable over the past few years. FY 2012-13 revenue included a one-time lump-sum payment from Verizon for taxes previously protested. 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 2014-15 is projected to increase less than one percent from midyear to \$7,418,667. The relatively flat revenue projection is attributable to consumers' conservation efforts.



GENERAL FUND TRANSIENT OCCUPANCY TAX

Description

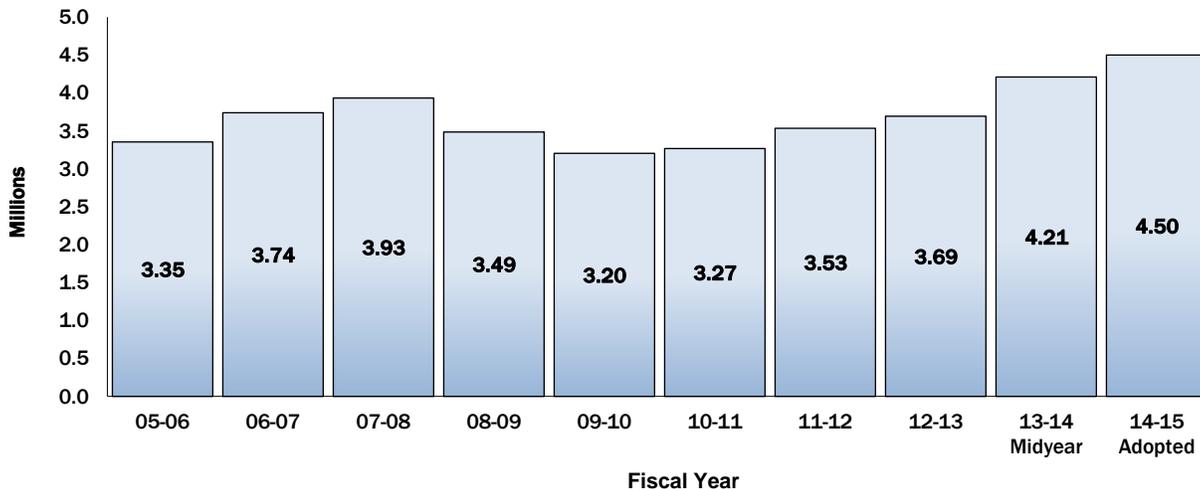
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

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 2014-15 TOT revenue is projected to increase by \$289,561 or 6.9% from midyear levels to \$4,500,000. This reflects a recovering economy, with personal travel increasing more than business travel. Hotel construction and renovation continues in Redondo Beach and should, when completed, significantly add to this revenue source.



GENERAL FUND FRANCHISE FEES

Description

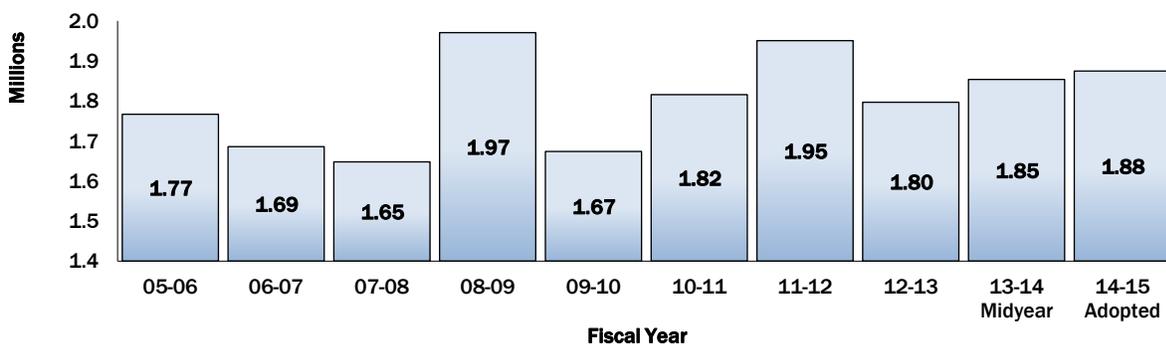
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

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 \$21,367, or 1.2%, to \$1,875,000 from midyear FY 2013-14 to FY 2014-15. 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

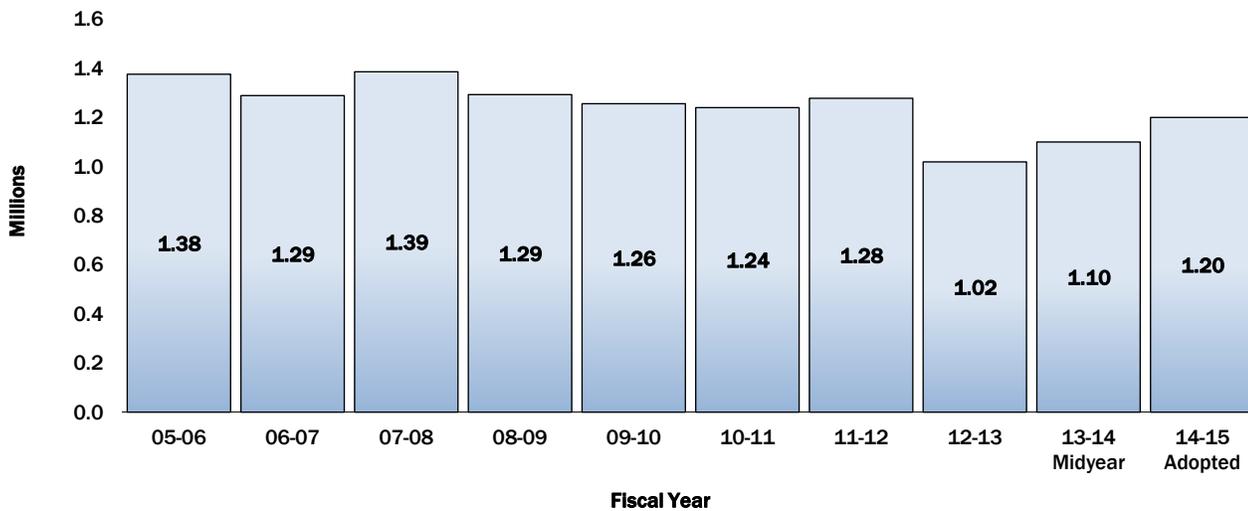
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The majority of the tax is levied using two factors - a flat rate system and a per employee charge.

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 and collection percentage. 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 2014-15 revenue estimate of \$1,200,000 shows a 9.1% increase prompted by retail and dining establishment activities, but primarily in the construction industry.



GENERAL FUND PROPERTY TRANSFER TAX

Description

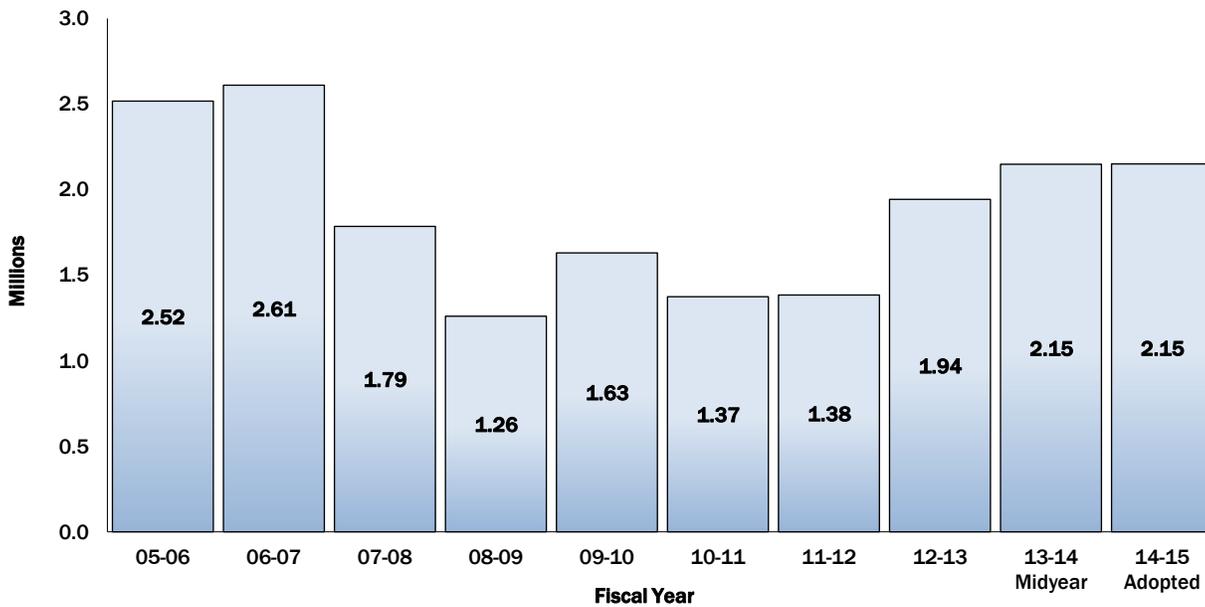
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

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

Property transfer tax revenue is expected to increase slightly \$2,426 or 0.1% from midyear to \$2,150,000. The beach area retains its desirability and value, and as long as mortgage rates continue to be low, it is projected that property in Redondo Beach will continue to be sold at a moderate pace.



GENERAL FUND LICENSES AND PERMITS

Description

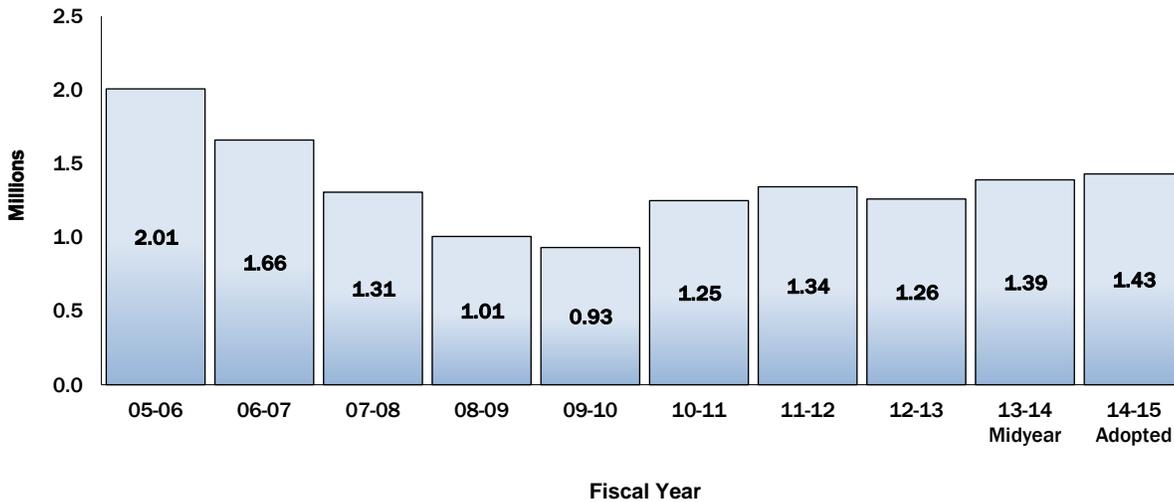
These fees are imposed for the processing of all construction permits, bicycle and canine licenses, and preferential parking permits.

Background

Approximately 83% 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 an increase of \$35,508 or 2.5% to \$1,430,470 in this revenue source in FY 2014-15. The majority of the increase will be in the largest of these fees, construction permits. Construction permits in FY 2014-15, as in FY 2013-14, include one-time permitting of several large projects.



GENERAL FUND FINES AND FORFEITURES

Description

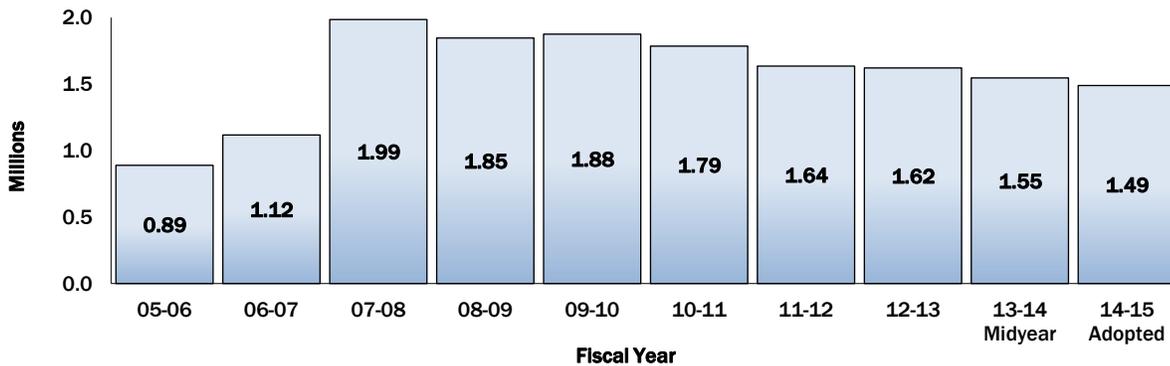
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are received through the courts for direct billing of police services associated with arresting offenders or criminals.

Background

In 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 2014-15 show fines and forfeitures revenue decreasing by \$56,970 to \$1,488,930. This downturn is due to a projected downturn in restitution.



GENERAL FUND USE OF MONEY AND PROPERTY

Description

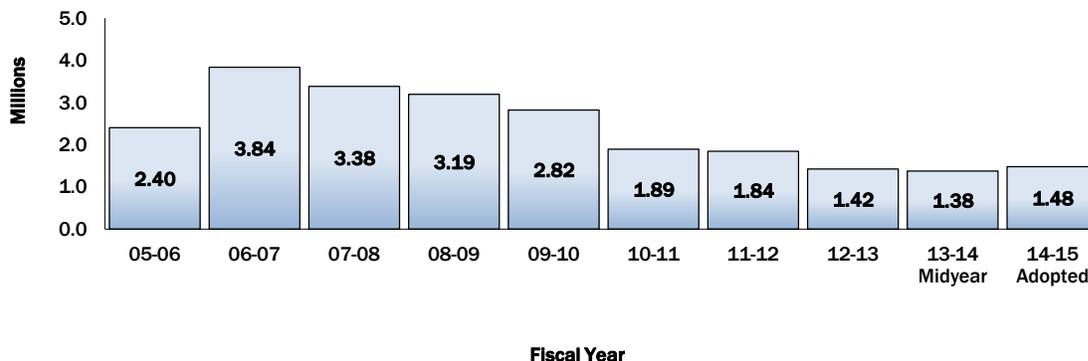
Use of money and property revenue is derived from two sources: (1) the investment and management of City surplus funds in accordance with State law, the City Charter, and the City's Statement of Investment Policy, and (2) the use of various City facilities, including Alta Vista recreational venues, Aviation,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

Revenue from the use of money and property for the General Fund for FY 2014-15 is projected to increase by \$104,000, or 7.6%, to \$1,479,364. This increase is attributable to an increase in rents and percentages of \$124,000, offset by a reduction in investment income of \$20,000. The estimate of investment income for FY 2014-15 is \$370,000, reflecting a reduction of 5.1% below mid-year 2013-14. 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 and the early call of numerous Federal Agency investment positions. The continued low interest rate environment projected for FY 2014-15 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

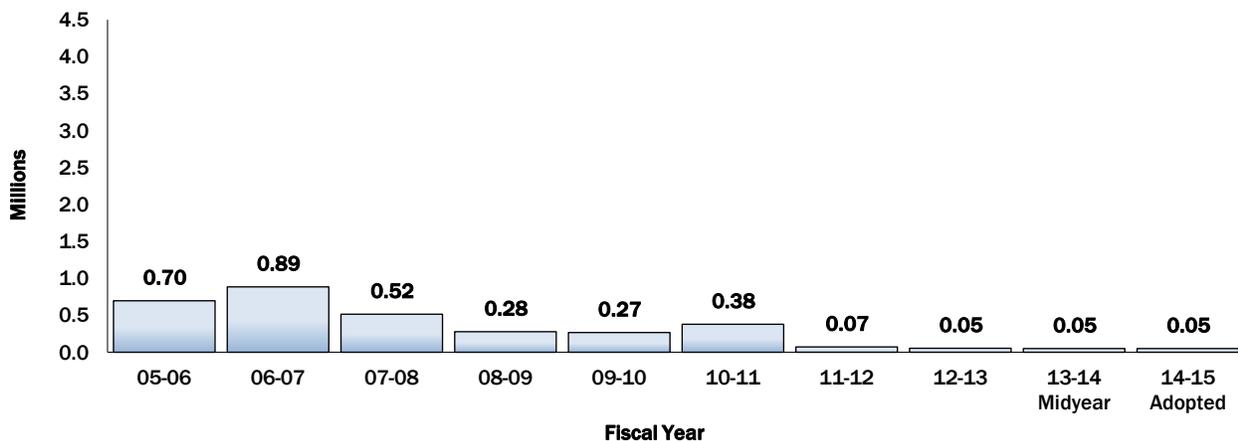
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Over the years, examples have included motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

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. There has been a steady decrease in the allocation of money to local governments from the State.

Outlook

Intergovernmental revenue for FY 2014-15 is estimated to be \$50,000 reflecting a decrease in revenue of only \$280 from midyear. For FY 2014-15, \$30,000 is predicted in motor vehicle/in lieu and \$20,000 in the SB90 State Mandated Cost Reimbursement.



GENERAL FUND CHARGES FOR SERVICES

Description

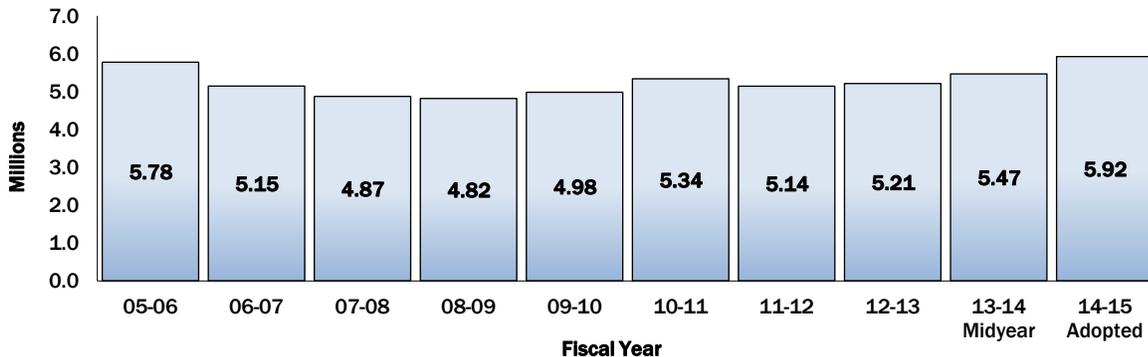
The City collects fees from users of, or participants, in City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

Background

The City establishes its user-fee structure to recover the full cost, or at least part of the cost, of providing services enjoyed by the users or participants. 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 process, however, changes to fees can be proposed at any time. Revenues from charges for services are impacted not only by rates, but also by usage.

Outlook

For FY 2014-15, forecasted revenue for charges for services will increase 8.4%, or \$458,077, from midyear to \$5,924,390. While administrative fees, parking meter fees, Fire service fees, Recreation users pay, and construction-related fees increased, Police service fees and Library fees and fines decreased. Parking meter fees contributed \$378,391 to the growth.



REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
GENERAL FUND:					
Taxes:					
Property Tax	19,416,007	19,432,117	23,000,296	20,295,722	21,038,000
Property Tax In Lieu Of VLF	5,403,259	5,477,841	5,628,138	5,763,000	6,089,000
Homeowners' Exemption	160,577	159,312	156,967	145,919	150,000
Sales and Use Tax	8,902,151	9,594,901	10,228,355	10,565,410	10,618,000
Public Safety Augmentation Fund	555,581	544,298	705,784	529,839	540,000
Utility Users' Tax	7,667,130	7,422,089	7,711,580	7,390,493	7,418,667
Transient Occupancy Tax	3,267,209	3,533,501	3,693,144	4,210,439	4,500,000
Franchise Fees	1,816,314	1,950,934	1,796,606	1,853,633	1,875,000
Business License Tax	1,240,024	1,278,279	1,018,677	1,100,000	1,200,000
Property Transfer Tax	1,373,600	1,383,847	1,943,297	2,147,574	2,150,000
Sub-total	49,801,852	50,777,119	55,882,844	54,002,029	55,578,667
Licenses and Permits:					
Construction/Excavation Permits	988,173	1,048,963	994,773	1,104,460	1,181,750
Street/Curb/Parking Permits	152,333	183,614	160,706	193,278	151,600
Miscellaneous Licenses/Permits	108,410	110,844	104,027	97,224	97,120
Sub-total	1,248,916	1,343,421	1,259,506	1,394,962	1,430,470
Fines and Forfeitures:					
Parking Citations	1,269,437	1,351,358	1,343,165	1,260,400	1,260,400
Vehicle Code Fines	360,483	197,499	222,501	200,000	200,000
Restitution	155,147	85,999	55,292	85,500	28,530
Sub-total	1,785,067	1,634,856	1,620,958	1,545,900	1,488,930
Use of Money and Property:					
Investment Earnings	654,177	772,412	294,361	390,000	370,000
Rents and Percentages	1,238,731	1,071,300	1,129,757	985,364	1,109,364
Sub-total	1,892,908	1,843,712	1,424,118	1,375,364	1,479,364
Intergovernmental:					
Motor Vehicle/In-Lieu	310,907	33,693	34,912	28,890	30,000
State Library Allocation	30,391	9,027	-	-	-
SB90 State Mandated Cost Reimb.	37,766	29,730	19,128	21,390	20,000
Sub-total	379,064	72,450	54,040	50,280	50,000

REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
Charges for Services:					
Administrative Fees	60,706	37,757	58,276	84,080	93,920
Parking Meter Fees	1,262,489	1,312,669	1,337,622	1,256,489	1,634,880
Police Service Fees	518,368	433,066	347,224	414,280	278,200
Fire Service Fees	262,223	324,035	350,602	269,240	305,450
Library Book Fines/Fees	116,242	106,321	99,751	113,350	108,900
Recreation Users Pay	1,730,208	1,547,872	1,618,345	1,674,200	1,692,710
Planning Fees	155,906	134,644	263,322	216,526	263,680
Building & Engineering Fees	1,018,507	1,027,282	967,995	1,203,465	1,292,310
State Energy Fees	107,642	130,695	115,305	119,011	127,340
Other Building Fees	99,933	83,760	52,840	78,672	90,000
Public Works Fees	4,345	3,445	884	37,000	37,000
Sub-total	5,336,569	5,141,546	5,212,166	5,466,313	5,924,390
Other Revenue:					
Miscellaneous Revenue	93,071	732,889	732,287	904,700	906,905
Program Donations	200,094	81,735	67,328	43,800	39,400
Claims Settlement	-	18,269	-	-	-
Sub-total	293,165	832,893	799,615	948,500	946,305
REVENUE FROM OUTSIDE SOURCES	60,737,541	61,645,997	66,253,247	64,783,348	66,898,126
Overhead					
Overhead Charges	6,383,731	6,249,628	6,656,858	7,143,371	7,143,371
Sub-total	6,383,731	6,249,628	6,656,858	7,143,371	7,143,371
TOTAL GENERAL FUND	67,121,272	67,895,625	72,910,105	71,926,719	74,041,497
TRAFFIC CONGESTION RELIEF FUND:					
Use of Money and Property	5,440	(2,515)	-	-	-
TOTAL TRAFFIC CONGESTION RELIEF FUND	5,440	(2,515)	-	-	-
STATE GAS TAX FUND:					
Taxes	1,677,750	1,883,447	1,396,982	1,979,006	1,708,083
Use of Money and Property	333	15,040	6,266	7,600	7,600
Other Revenue	3,154	4,717	548	4,000	4,000
TOTAL STATE GAS TAX FUND	1,681,237	1,903,204	1,403,796	1,990,606	1,719,683
STORM DRAIN IMPROVEMENT FUND:					
Charges For Services	41,458	31,974	60,961	35,000	36,000
TOTAL STORM DRAIN IMPROVEMENT FUND	41,458	31,974	60,961	35,000	36,000

REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
<i>STREET LANDSCAPING/LIGHTING FUND:</i>					
Use of Money and Property	-	(62)	(1,074)	-	-
Charges For Services	1,563,196	1,555,206	1,549,351	1,576,500	1,576,500
Other Revenue	-	35,030	-	-	-
TOTAL STREET LANDSCAPING AND LIGHTING FUND	1,563,196	1,590,174	1,548,277	1,576,500	1,576,500
<i>LOCAL TRANSPORTATION TAX FUND:</i>					
Intergovernmental	39,699	-	114,091	42,509	56,657
TOTAL LOCAL TRANSPORTATION TAX FUND	39,699	-	114,091	42,509	56,657
<i>PROPOSITION A FUND:</i>					
Use of Money and Property	30,759	19,309	3,736	8,000	8,000
Intergovernmental	914,895	995,216	1,052,390	1,140,517	1,180,147
TOTAL PROPOSITION A FUND	945,654	1,014,525	1,056,126	1,148,517	1,188,147
<i>PROPOSITION C FUND:</i>					
Use of Money and Property	61,390	52,058	17,351	24,000	24,000
Intergovernmental	760,171	826,788	874,446	946,029	978,901
TOTAL PROPOSITION C FUND	821,561	878,846	891,797	970,029	1,002,901
<i>MEASURE R FUND:</i>					
Taxes	564,866	615,551	653,912	709,520	734,184
Use of Money and Property	-	-	9,215	3,900	3,900
TOTAL MEASURE R FUND	564,866	615,551	663,127	713,420	738,084
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	2,735	2,255	1,457	1,100	1,100
Intergovernmental	74,816	84,000	80,832	78,000	80,000
TOTAL AIR QUALITY IMPROVEMENT FUND	77,551	86,255	82,289	79,100	81,100
<i>INTERGOVERNMENTAL GRANTS FUND:</i>					
Intergovernmental	3,554,377	5,211,458	3,149,451	3,828,034	1,778,525
Other Revenue	-	-	120,940	-	-
TOTAL INTERGOVERNMENTAL GRANTS FUND	3,554,377	5,211,458	3,270,391	3,828,034	1,778,525
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	346,782	365,527	150,467	377,923	274,524
Other Revenue	15,660	10,725	-	-	-
TOTAL COM DEV BLOCK GRANT FUND	362,442	376,252	150,467	377,923	274,524

REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
HOUSING AUTHORITY FUND:					
Use of Money and Property	954	812	539	-	-
Intergovernmental	6,215,361	6,041,631	5,934,309	6,061,709	5,748,278
TOTAL HOUSING AUTHORITY FUND	6,216,315	6,042,443	5,934,848	6,061,709	5,748,278
PARKS AND REC FACILITIES FUND:					
Taxes	12,800	20,000	16,000	18,700	20,000
TOTAL PARKS AND REC FACILITIES FUND	12,800	20,000	16,000	18,700	20,000
NARCOTIC FORF/SEIZURE FUND:					
Fines And Forfeitures	281,555	199,856	43,008	41,000	21,000
Use of Money and Property	21,192	20,776	5,430	8,300	8,300
TOTAL NARCOTIC FORF AND SEIZURE FUND:	302,747	220,632	48,438	49,300	29,300
SUBDIVISION PARK TRUST FUND:					
Use of Money and Property	-	37	(4,409)	-	-
Other Revenue	88,827	225,000	97,500	187,500	200,620
TOTAL SUBDIVISION PARK TRUST FUND	88,827	225,037	93,091	187,500	200,620
DISASTER RECOVERY FUND:					
Charges For Services	740	1,900	2,120	1,200	1,200
Other Revenue	61,152	-	(40,904)	3,374	-
TOTAL DISASTER RECOVERY FUND	61,892	1,900	(38,784)	4,574	1,200
TOTAL SPECIAL REVENUE FUNDS	16,340,062	18,215,736	15,294,915	17,083,421	14,451,519
PIER PARK ST REHAB FUND:					
Use of Money and Property	621	28	16	-	-
TOTAL PIER PARK ST REHAB FUND	621	28	16	-	-
CAPITAL PROJECTS FUND:					
Taxes	197,112	212,474	227,675	200,000	225,000
Intergovernmental	-	690,600	317,683	259,500	259,500
Other Revenue	819,041	1,818,604	9,476	500	115,602
TOTAL CAPITAL PROJECTS FUND	1,016,153	2,721,678	554,834	460,000	600,102
TOTAL GOVERNMENTAL FUNDS	84,478,108	88,833,067	88,759,870	89,470,140	89,093,118

REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
<i>HARBOR TIDELANDS FUND:</i>					
Use of Money and Property	4,846,865	4,615,427	4,573,275	4,364,500	4,663,000
Charges For Services	904,293	858,105	1,055,229	1,021,263	1,071,835
Fines And Forfeitures	-	-	20,918	-	35,000
Other Revenue	33,282	13,283	2,414,193	34,630	38,130
TOTAL HARBOR TIDELANDS FUND	5,784,440	5,486,815	8,063,615	5,420,393	5,807,965
<i>HARBOR UPLANDS FUND:</i>					
Use of Money and Property	2,089,392	2,268,153	2,189,401	2,458,350	2,335,000
Charges for Services	1,638,095	1,781,003	1,585,487	1,880,580	1,882,780
Fines And Forfeitures	-	-	17,967	-	120,000
Other Revenue	8,075	450	25,454	58,000	58,000
TOTAL HARBOR UPLANDS FUND	3,735,562	4,049,606	3,818,309	4,396,930	4,395,780
<i>SOLID WASTE FUND:</i>					
Licenses And Permits	10,060	12,020	8,047	10,000	10,000
Intergovernmental	1,742	53,407	19,055	38,116	37,367
Charges for Services	3,444,779	3,300,451	3,388,305	3,365,400	3,545,637
Other Revenue	251,736	152,978	194,286	155,700	155,700
TOTAL SOLID WASTE FUND	3,708,317	3,518,856	3,609,693	3,569,216	3,748,704
<i>WASTEWATER FUND:</i>					
Use of Money and Property	73,284	16,187	(11,405)	-	-
Charges For Services	2,444,086	2,575,279	3,776,116	4,753,000	5,361,000
Other Revenue	18,795	17,618	26,041	32,827	32,827
TOTAL WASTEWATER FUND	2,536,165	2,609,084	3,790,752	4,785,827	5,393,827
<i>TRANSIT FUND:</i>					
Intergovernmental	1,221,881	1,571,510	1,579,555	1,670,155	1,755,821
Charges For Services	519,082	426,562	408,158	467,200	431,200
Other Revenue	8,351	20,852	16,287	1,500	1,250
TOTAL TRANSIT FUND	1,749,314	2,018,924	2,004,000	2,138,855	2,188,271
TOTAL ENTERPRISE FUNDS	17,513,798	17,683,285	21,286,369	20,311,221	21,534,547
<i>SELF-INSURANCE PROGRAM FUND:</i>					
Charges For Services	3,579,197	4,051,206	5,094,020	4,840,863	4,840,863
Other Revenue	-	5,002	(660)	5,000	5,000
TOTAL SELF-INSURANCE PROGRAM FUND	3,579,197	4,056,208	5,093,360	4,845,863	4,845,863

REVENUE DETAIL
FISCAL YEARS 2011-2015

<i>Fund</i>	Actual 2010-11	Actual 2011-12	Actual 2012-13	Midyear 2013-14	Adopted 2014-15
<i>VEHICLE REPLACEMENT FUND:</i>					
Charges For Services	2,853,431	2,823,824	2,951,629	2,778,022	2,778,022
Other Revenue	203,946	213,140	114,730	171,000	110,000
TOTAL VEHICLE REPLACEMENT FUND	3,057,377	3,036,964	3,066,359	2,949,022	2,888,022
<i>BUILDING OCCUPANCY FUND:</i>					
Charges For Services	2,239,558	2,289,652	2,226,807	2,400,525	2,400,525
TOTAL BUILDING OCCUPANCY FUND	2,239,558	2,289,652	2,226,807	2,400,525	2,400,525
<i>INFORMATION TECHNOLOGY FUND:</i>					
Charges For Services	2,774,113	2,379,441	2,315,349	2,308,441	2,308,441
Other Revenue	3,695	30,257	3,081	500	500
TOTAL INFORMATION TECHNOLOGY FUND	2,777,808	2,409,698	2,318,430	2,308,941	2,308,941
<i>PRINTING & GRAPHICS FUND:</i>					
Charges For Services	242,111	242,004	-	-	-
TOTAL PRINTING & GRAPHICS FUND	242,111	242,004	-	-	-
<i>EMERGENCY COMMUNICATIONS FUND :</i>					
Charges For Services	2,687,303	2,600,465	2,588,681	2,730,844	2,730,844
TOTAL EMERGENCY COMMUNICATIONS FUND	2,687,303	2,600,465	2,588,681	2,730,844	2,730,844
<i>MAJOR FACILITIES REPAIR FUND:</i>					
Charges For Services	108,868	115,017	113,987	129,023	129,023
TOTAL MAJOR FACILITIES REPAIR FUND	108,868	115,017	113,987	129,023	129,023
TOTAL INTERNAL SERVICE FUNDS	14,692,222	14,750,008	15,407,624	15,364,218	15,303,218
LESS: INTERNAL CHARGES/OVERHEAD	20,514,894	20,551,428	21,925,017	22,085,994	22,085,683
TOTAL CITY	96,169,234	100,714,932	103,528,846	103,059,585	103,845,200
TOTAL REDEVELOPMENT AGENCY	1,451,377	930,508	-	-	-
TOTAL SUCCESSOR AGENCY	-	760,070	1,754,618	1,379,572	1,210,163
TOTAL COMMUNITY FINANCING AUTHORITY	301,507	336,927	344,560	341,073	341,073
GRAND TOTAL	97,922,118	102,742,437	105,628,024	104,780,230	105,396,436