

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 2015-16 is estimated at \$71,277,129 representing an increase of \$3,489,900 from the FY 2014-15 midyear amount. Significant operating revenue sources include: taxes, projected to increase \$2,667,000, or 4.8%; licenses and permits anticipated to increase \$61,913 or 4.3% due to an increase in construction/excavation permits offset by a \$6,200 decrease in street/curb/parking permits; fines and forfeitures projected to increase 15.8% due to an increase in parking citations counterbalanced by a slight decrease in restitution; use of money and property revenue expected to increase 6.0% due to increased investment earnings and rents and percentages; intergovernmental revenues from the State expected to decrease by \$138,000 or 73.4% mostly due to a one-time increase in SB90 revenue at midyear; charges for services estimated to increase \$335,687, or 5.5%, with decreases in only Library book fines/ fees, other Building fees and Public Works fees; other revenues anticipated to increase by \$234,490 (17.8%) primarily from the new Hermosa Beach prosecution revenue in the miscellaneous category.

Revenue from overhead is derived from sources internal to the City. The FY 2015-16 amount of \$7,588,928 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 2015-16 General Fund operating revenues compared to FY 2014-15 midyear amounts, unless otherwise indicated.

Property Tax revenue for FY 2015-16 is projected to increase by \$775,000, or 3.6%, to \$22,200,000. 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 \$249,000, to \$6,385,000 in FY 2015-16. Property tax in lieu of VLF is vehicle license fee revenue classified as property tax and this 4.1% increase 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 \$1,058,000, or 9.7%, to \$11,950,000. The sales tax revenue estimate reflects an increase in consumer spending. However, this projection takes into account Nordstrom's departure during the fiscal year.

Utility Users' Tax (UUT) revenue is projected to be flat in FY 2015-16 at \$7,225,000. Even with rates increasing, 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 9.3%, or \$400,000, to \$4,700,000. 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 \$470,000 projected for FY 2015-16, is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to increase by \$150,000, or 8.4%, to \$1,946,000 for FY 2015-16. 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 2015-16, 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 \$1,150,000 or 4.6% prompted by growth in retail and dining establishment activities, but primarily in the construction industry.

Property Transfer Tax revenue for FY 2015-16 is projected to remain flat at \$2,000,000. 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 2015-16. 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.

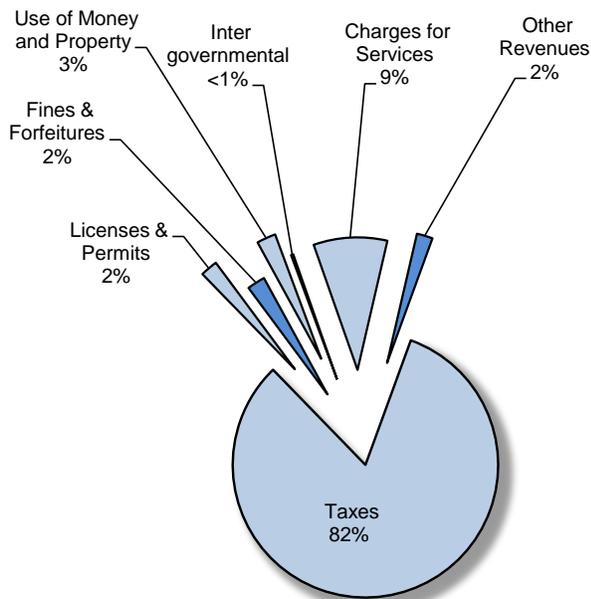
Investment Earnings for the General Fund for FY 2015-16 are projected to increase by \$80,000, or 21.6%, to \$450,000. This increase is attributable to higher interest rates within the investment marketplace. The three major components of the portfolio are: liquid investments with the State Local Agency Investment Fund, and both Federal Agency and high-grade corporate Medium-Term Note Investments structured with a 1 to 5 year investment maturity matrix. Enhanced cash management activities 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 2015-16 adopted General Fund operating revenues compared with the FY 2014-15 midyear budget operating revenues:

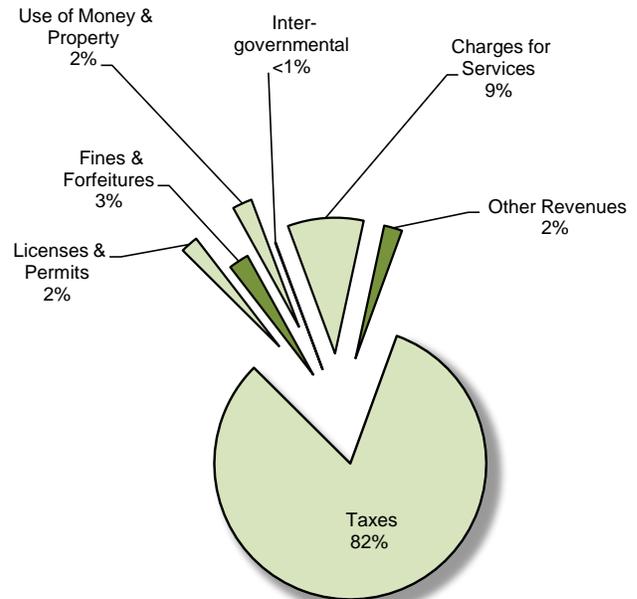
<i>General Fund</i>	Midyear 2014-15	Proposed 2015-16	Increase/ (Decrease)	
Taxes	55,709,000	58,376,000	2,667,000	4.8%
Licenses & Permits	1,430,470	1,492,383	61,913	4.3%
Fines & Forfeitures	1,488,930	1,723,530	234,600	15.8%
Use of Money and Property	1,569,364	1,663,574	94,210	6.0%
Intergovernmental	188,000	50,000	(138,000)	(73.4%)
Charges for Services	6,087,250	6,422,937	335,687	5.5%
Other Revenues	1,314,215	1,548,705	234,490	17.8%
Revenue From Outside Sources	67,787,229	71,277,129	3,489,900	5.1%
Overhead	7,588,928	7,588,928	-	0.0%
Total General Fund	75,376,157	78,866,057	3,489,900	4.6%

**GENERAL FUND REVENUES
FROM OUTSIDE SOURCES**

**Midyear Revenues
FY 2014-15**



**Adopted Revenues
FY 2015-16**



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 \$13,161,265, decreasing from the FY 2014-15 midyear budget by \$11,435,111 or 46.5%. 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 \$11,262,394, or 94.8%. Revenue in this fund tends to fluctuate from year to year, depending on resources received from other governmental agencies. Additionally, the FY 2014-15 budget includes grant funding for capital improvement projects carried over from the prior year.

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 2015-16 revenues are compared to FY 2014-15 midyear amounts unless otherwise indicated.

Harbor Tidelands Fund: Based on estimates provided by Waterfront staff, revenues for FY 2015-16 in the Harbor Tidelands Fund, including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$6,128,430, up \$244,920, or 4.2%.

Harbor Uplands Fund: Based on estimates provided by Waterfront staff, revenues for FY 2015-16 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$4,625,400, up \$218,500, or 5.0%.

Solid Waste Fund: FY 2015-16 revenues for the Solid Waste Fund are expected to increase by \$204,716, or 5.4%, to \$3,969,757.

Wastewater Fund: FY 2015-16 revenues are projected to remain flat at \$5,407,093.

Transit Fund: The majority of the revenue in the transit fund is from other governmental agencies. The FY 2015-16 intergovernmental revenue is expected to increase marginally by \$10,059, or 0.5%, to \$2,198,330. The charges for services and other revenue is projected to remain flat.

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. Charges to the operating departments are updated with each year's midyear budget review. Therefore FY 2015-16 revenue estimates in only those internal service funds with revenue from other sources vary from the midyear amounts.

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. Revenue in this fund is decreasing by \$21,000, or 0.6%, to \$3,278,757 when compared to the FY 2014-15 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 2014-15	Midyear 2014-15	Adopted 2015-16	Increase/ (Decrease)	
General Fund:					
Taxes	55,578,667	55,709,000	58,376,000	2,667,000	4.8%
Licenses and Permits	1,430,470	1,430,470	1,492,383	61,913	4.3%
Fines and Forfeitures	1,488,930	1,488,930	1,723,530	234,600	15.8%
Use of Money and Property	1,479,364	1,569,364	1,663,574	94,210	6.0%
Intergovernmental	50,000	188,000	50,000	(138,000)	(73.4%)
Charges for Services	5,906,390	6,087,250	6,422,937	335,687	5.5%
Other Revenues	1,211,740	1,314,215	1,548,705	234,490	17.8%
Overhead	6,895,936	7,588,928	7,588,928	-	0.0%
Total General Fund	74,041,497	75,376,157	78,866,057	3,489,900	4.6%
State Gas Tax	1,719,683	1,454,062	1,459,462	5,400	0.4%
Storm Drain Improvement	36,000	36,000	36,000	-	0.0%
Street Landscaping and Lighting	1,576,500	1,576,500	1,576,500	-	0.0%
Local Transportation Tax Article 3	56,657	56,657	43,310	(13,347)	(23.6%)
Proposition A	1,188,147	1,188,147	1,234,785	46,638	3.9%
Proposition C	1,002,901	1,002,901	1,043,001	40,100	4.0%
Measure R	738,084	738,084	767,410	29,326	4.0%
Air Quality Improvement	81,100	81,100	80,500	(600)	(0.7%)
Intergovernmental Grants	1,778,525	11,874,763	612,369	(11,262,394)	(94.8%)
Comm Develop Block Grant	274,524	589,724	266,182	(323,542)	(54.9%)
Housing Authority	5,748,278	5,748,278	5,795,686	47,408	0.8%
Parks and Recreation Facilities	20,000	20,000	20,000	-	0.0%
Narcotic Forfeiture and Seizure	29,300	29,300	24,000	(5,300)	(18.1%)
Subdivision Park Trust	200,620	200,620	200,620	-	0.0%
Disaster Recovery	1,200	240	1,440	1,200	500.0%
Capital Projects	600,102	604,602	519,000	(85,602)	(14.2%)
Harbor Tidelands	5,807,965	5,883,510	6,128,430	244,920	4.2%
Harbor Uplands	4,395,780	4,406,900	4,625,400	218,500	5.0%
Solid Waste	3,748,704	3,765,041	3,969,757	204,716	5.4%
Wastewater	5,393,827	5,407,093	5,407,093	-	0.0%
Transit	2,188,271	2,188,271	2,198,330	10,059	0.5%
Self-Insurance Program	4,845,863	5,291,577	5,291,577	-	0.0%
Vehicle Replacement	2,888,022	3,299,757	3,278,757	(21,000)	(0.6%)
Building Occupancy	2,400,525	3,031,028	3,031,028	-	0.0%
Information Technology	2,308,941	3,095,923	3,093,702	(2,221)	(0.1%)
Emergency Communications	2,730,844	3,767,329	3,767,329	-	0.0%
Major Facilities Repair	129,023	123,628	123,628	-	0.0%
Total Before Adjustments	125,930,883	140,837,192	133,461,353	(7,375,839)	(5.2%)
Less: Internal Svc Funds/Overhead	21,934,634	22,085,994	26,109,034	4,023,040	18.2%
Total City	103,996,249	118,751,198	107,352,319	(11,398,879)	(9.6%)
Successor Agency	1,210,163	1,210,163	1,300,692	90,529	7.5%
Housing Successor Agency	-	-	100,703	100,703	n/a
Community Financing Authority	341,073	341,073	343,971	2,898	0.8%
Public Financing Authority	-	-	840,100	840,100	n/a
Grand Total	105,547,485	120,302,434	109,937,785	(10,364,649)	(8.6%)

GENERAL FUND PROPERTY TAX

Description

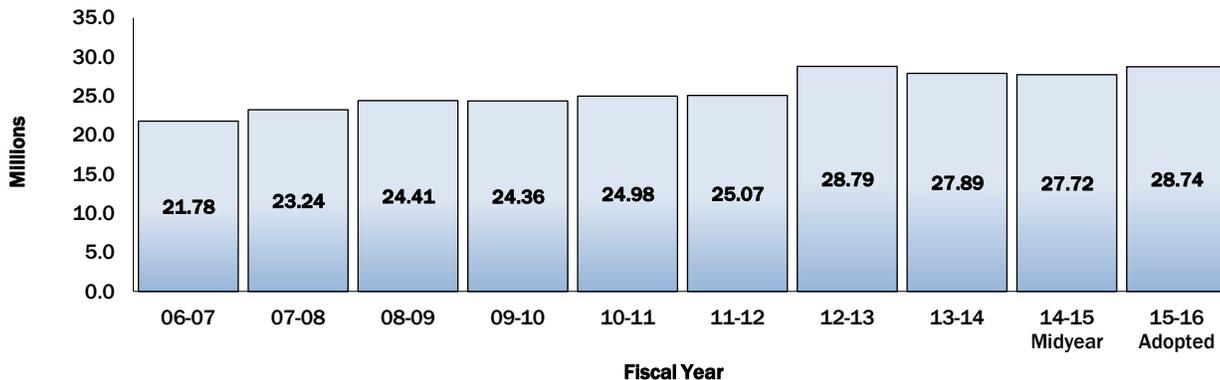
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State 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 2015-16 is projected to increase by \$775,000, or 3.6%, to \$22,200,000, excluding property tax in lieu of VLF (\$6,385,000) and homeowners' exemption (\$150,000). The major contributors to this increase are an improving economy and improving housing market. While homeowners' exemptions are predicted relatively flat, property tax in lieu of VLF will increase by \$249,000 (4.1%) to \$6,385,000 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

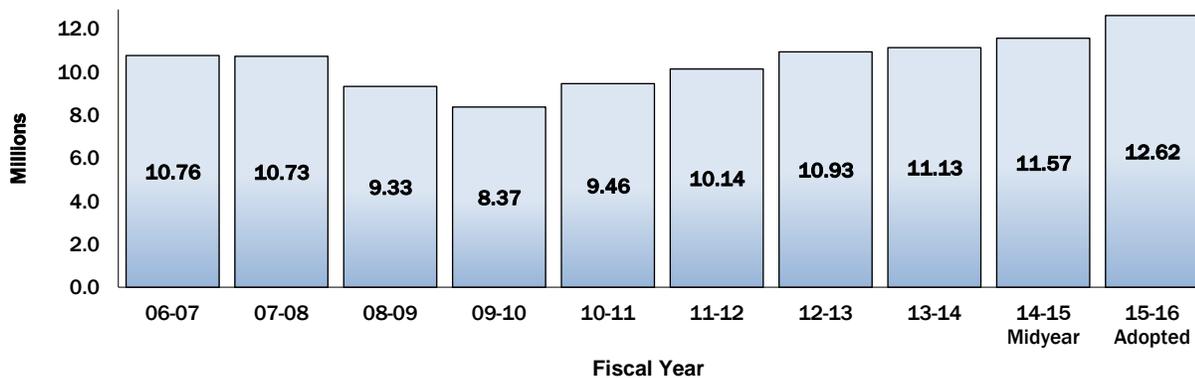
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various transit 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 with PSAF revenue. The annual local value of this sales tax re-allocation to support police and fire services is projected to be \$670,000 for FY 2015-16. 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, 7% in FY 2011-12, 7% again in FY 2012-13, approximately 2% in FY 2013-14, approximately 4% (projected) in FY 2014-15 and a projected 10% in FY 2015-16.

Outlook

Sales and use tax revenue exclusive of PSAF is projected to increase by \$1,058,000, or 9.7%, from midyear 2014-15 to \$11,950,000, while PSAF revenue is expected to decrease slightly from \$675,000 to \$670,000 or 0.7%. The increase in sales and use tax is driven by improvements in the economy. FY 2015-16 estimates include a loss of revenue from Nordstrom's departure.



GENERAL FUND UTILITY USERS' TAX

Description

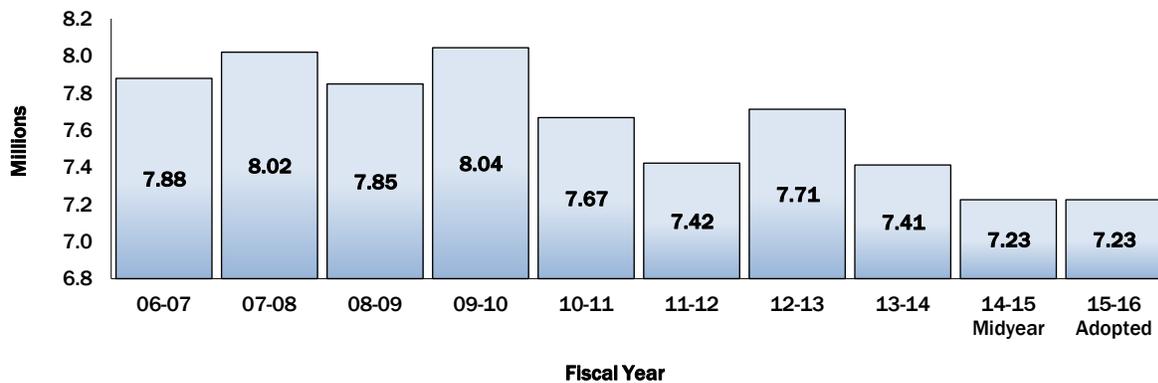
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT, which is imposed at 4.75%.

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. For FY 2012-13 revenue included a one-time lump-sum payment from Verizon for taxes previously protested.

Outlook

UUT revenue for FY 2015-16 is projected remain flat from midyear at \$7,225,000. This is attributable to consumers' conservation efforts.



GENERAL FUND TRANSIENT OCCUPANCY TAX

Description

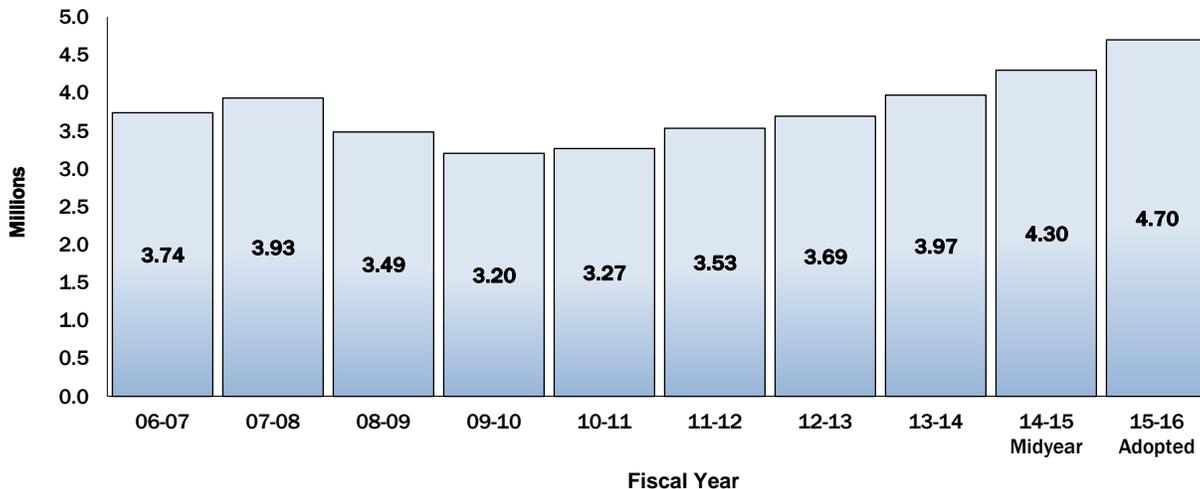
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

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 2016-16 TOT revenue is projected to increase by \$400,000 or 9.3% from midyear levels to \$4,700,000. 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 in the future.



GENERAL FUND FRANCHISE FEES

Description

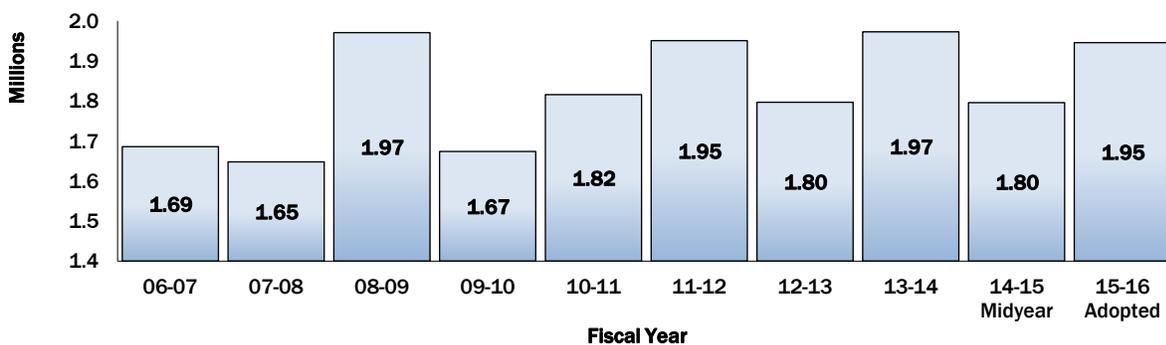
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

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 \$150,000, or 8.4%, to \$1,946,000 from midyear FY 2014-15 to FY 2015-16. With the exception of revenues from Southern California Gas, which vary based upon power plant capacity utilization; revenues from franchise fee sources reflect moderate 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

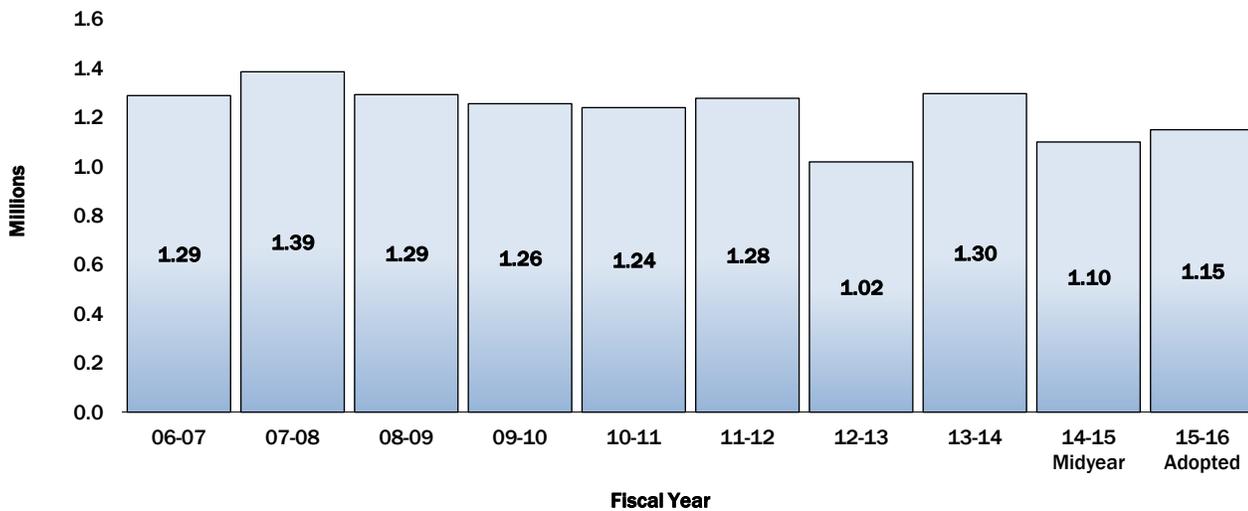
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The majority of the tax is levied using two factors - a flat rate system and a per employee charge.

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 2015-16 revenue estimate of \$1,150,000 shows a 4.6% increase prompted by retail and dining establishment activities, but primarily by the construction industry.



GENERAL FUND PROPERTY TRANSFER TAX

Description

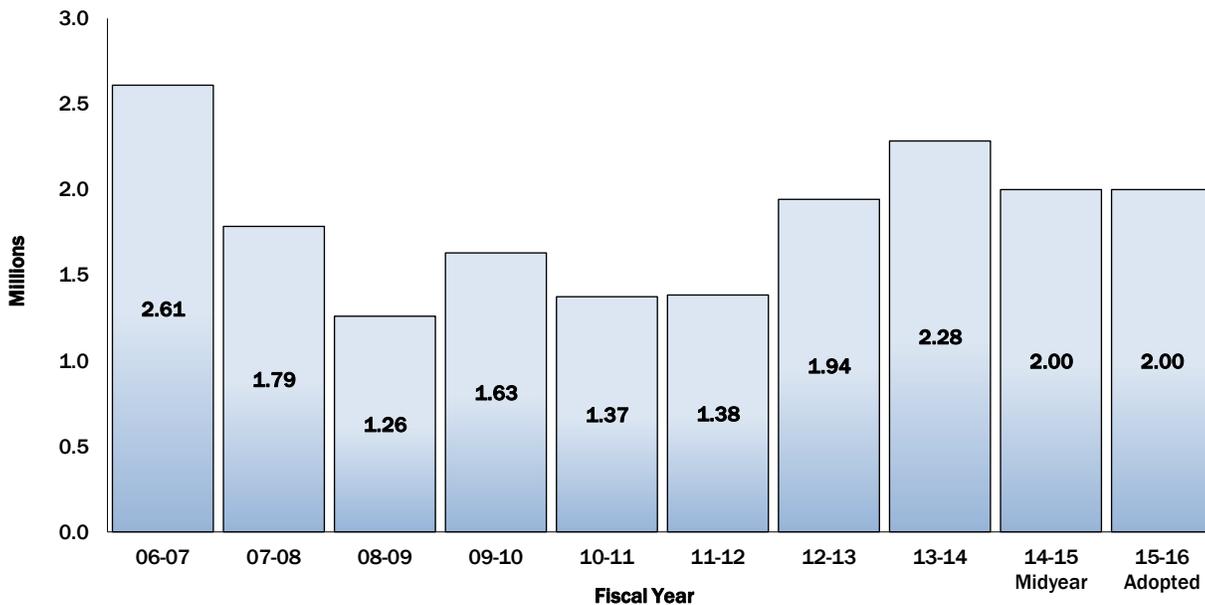
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

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 remain flat from midyear at \$2,000,000. 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

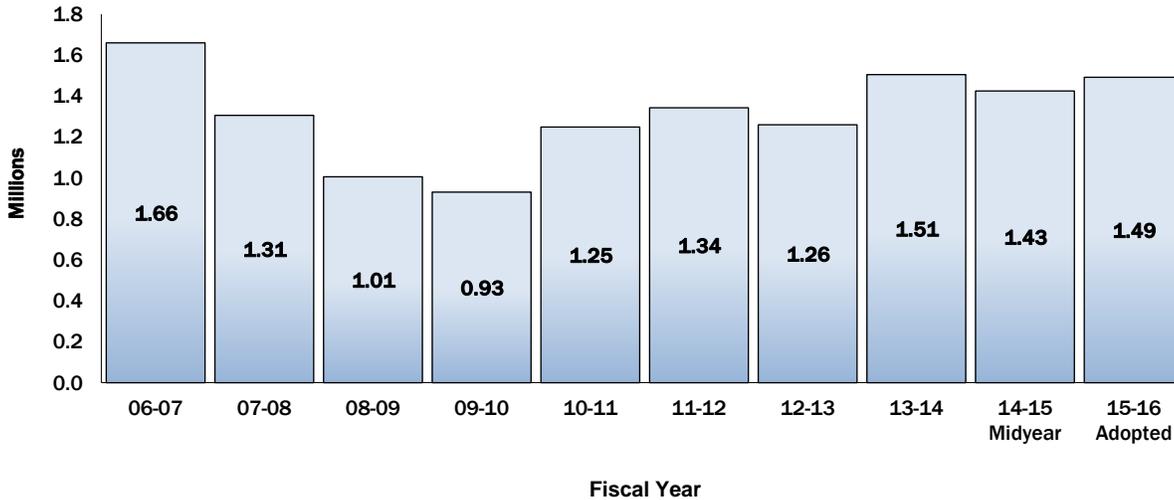
These fees are imposed for the processing of all construction permits, bicycle and canine licenses, and preferential parking permits.

Background

Approximately 84% 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 \$61,913 or 4.3% to \$1,492,383 in this revenue source in FY 2015-16. This increase will be in construction/evacuation permits with street/curb/parking permits decreasing slightly by \$6,200 and miscellaneous licenses/permits staying flat. Construction permits in FY 2015-16, as in FY 2014-15, include one-time permitting of several large projects.



GENERAL FUND FINES AND FORFEITURES

Description

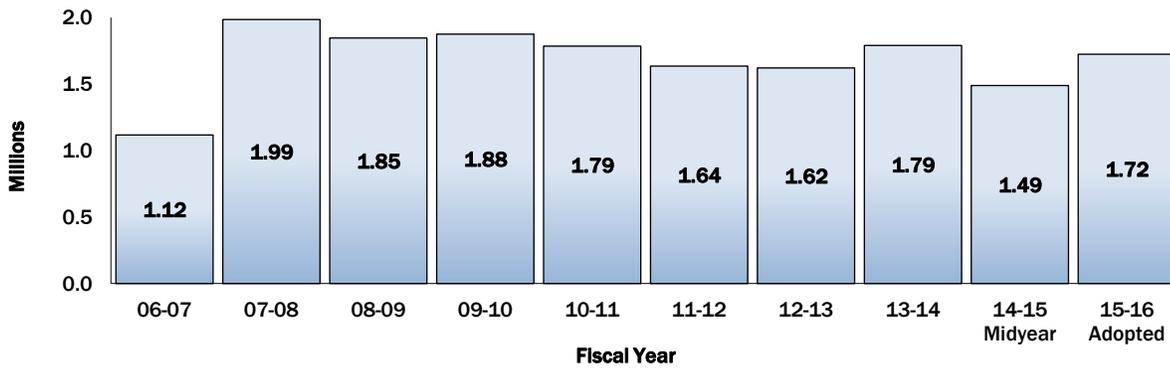
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are required through the courts for direct billing of police services associated with arresting offenders or criminals.

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 2015-16 show fines and forfeitures revenue increasing by \$234,600 to \$1,723,530. This upturn is due to a projected improvement in parking citations of \$239,600 offset by a \$5,000 decrease in restitution.



GENERAL FUND USE OF MONEY AND PROPERTY

Description

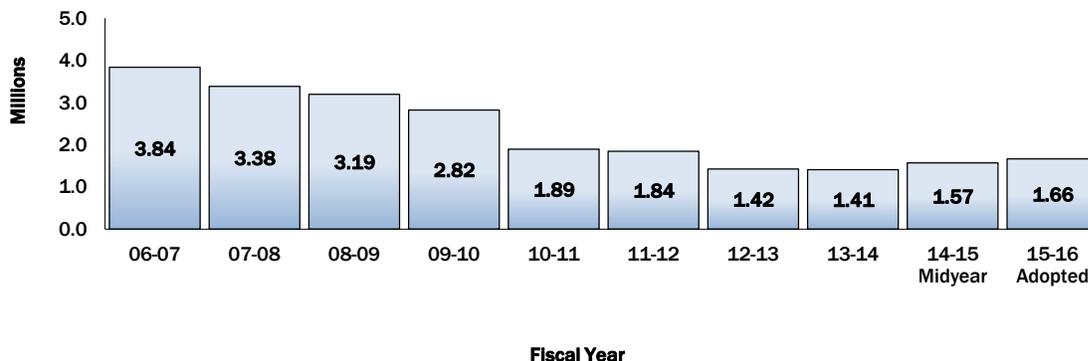
Use of money and property revenue is derived from two sources: (1) the investment and management of City surplus funds in accordance with State law, the City Charter, and the City's Statement of Investment Policy, and (2) the use of various City facilities, including Alta Vista recreational venues, Aviation,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

The use of money and property for the General Fund for FY 2015-16 is projected to increase by \$94,210, or 6.0%, to \$1,663,574. This increase is attributable to an increase in investment income of \$80,000 and a small increase in rents and percentages of \$14,210. The estimate of investment income for FY 2015-16 is \$450,000, reflecting an increase of 21.6% above mid-year 2014-15. The investment income estimate is conservatively based upon a consistent level of funds within the investment portfolio, higher 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 2015-16 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

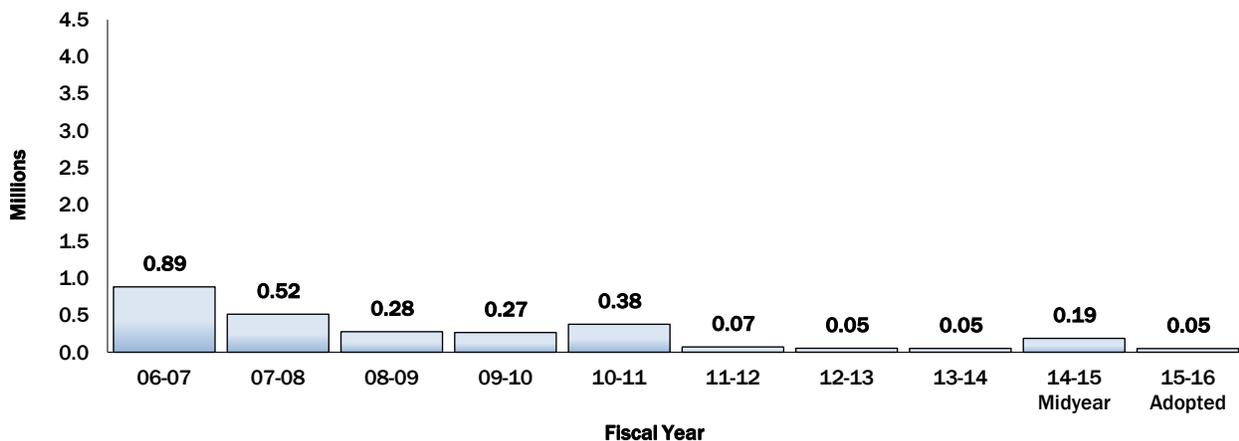
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Examples include motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

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. For the last several years, there has been a steady decrease in the allocation of money to local governments from the State.

Outlook

Intergovernmental revenue for FY 2015-16 is estimated to be \$50,000, reflecting a decrease in revenue of \$138,000 from midyear. This decrease is due to a one time bump in SB90 revenue in FY 2014-15. For FY 2015-16, \$30,000 is projected for motor vehicle/in lieu and \$20,000 for SB90 State mandated cost reimbursement.



GENERAL FUND CHARGES FOR SERVICES

Description

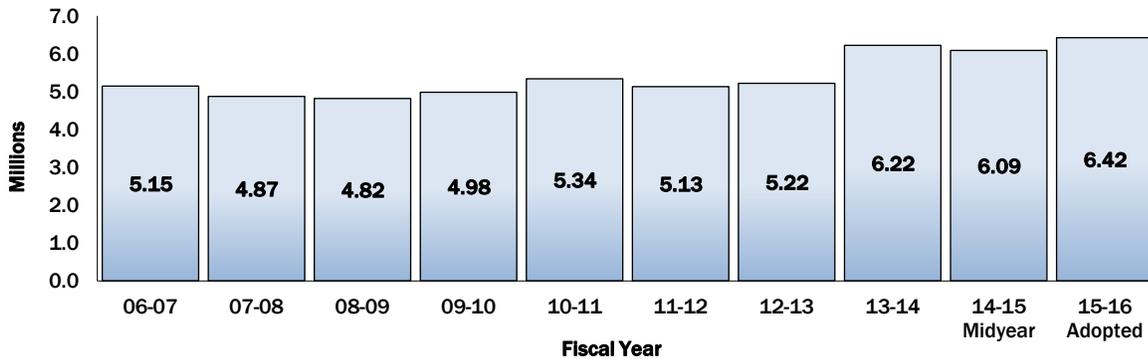
The City collects fees from users of, or participants in, City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

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 2015-16, forecasted revenue for charges for services will increase 5.5% or \$336,687 from midyear to \$6,422,937. While most of the fees showed improvement, Library book fines/fees, other Building fees, and Public Works fees decreased.



REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Midyear 2014-15	Adopted 2015-16
GENERAL FUND:					
Taxes:					
Property Tax	19,432,117	23,000,296	21,894,283	21,425,000	22,200,000
Property Tax in Lieu of VLF	5,477,841	5,628,138	5,851,003	6,136,000	6,385,000
Homeowners' Exemption	159,312	156,967	145,927	160,000	150,000
Sales and Use Tax	9,594,901	10,228,355	10,450,402	10,892,000	11,950,000
Public Safety Augmentation Fund	544,298	705,784	679,625	675,000	670,000
Utility Users' Tax	7,422,089	7,711,580	7,412,250	7,225,000	7,225,000
Transient Occupancy Tax	3,533,501	3,693,144	3,970,786	4,300,000	4,700,000
Franchise Fees	1,950,934	1,796,606	1,973,182	1,796,000	1,946,000
Business License Tax	1,278,279	1,018,677	1,296,532	1,100,000	1,150,000
Property Transfer Tax	1,383,847	1,943,297	2,284,449	2,000,000	2,000,000
Sub-total	50,777,119	55,882,844	55,958,439	55,709,000	58,376,000
Licenses and Permits:					
Construction/Excavation Permits	1,048,963	994,773	1,333,053	1,181,750	1,249,863
Street/Curb/Parking Permits	183,614	160,706	71,550	151,600	145,400
Miscellaneous Licenses/Permits	110,844	104,027	99,899	97,120	97,120
Sub-total	1,343,421	1,259,506	1,504,502	1,430,470	1,492,383
Fines and Forfeitures:					
Parking Citations	1,351,358	1,343,165	1,581,592	1,260,400	1,500,000
Vehicle Code Fines	197,499	222,501	185,949	200,000	200,000
Restitution	85,999	55,292	22,372	28,530	23,530
Sub-total	1,634,856	1,620,958	1,789,913	1,488,930	1,723,530
Use of Money and Property:					
Investment Earnings	772,412	294,361	489,487	370,000	450,000
Rents and Percentages	1,071,300	1,129,757	918,678	1,199,364	1,213,574
Sub-total	1,843,712	1,424,118	1,408,165	1,569,364	1,663,574
Intergovernmental:					
Motor Vehicle/In-Lieu	33,693	34,912	28,894	28,000	30,000
State Library Allocation	9,027	-	-	-	-
SB90 State Mandated Cost Reimb.	29,729	19,129	23,417	160,000	20,000
Sub-total	72,449	54,041	52,311	188,000	50,000

REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Midyear 2014-15	Adopted 2015-16
Charges for Services:					
Administrative Fees	25,886	63,868	152,508	114,920	130,120
Parking Meter Fees	1,312,669	1,337,622	1,603,999	1,634,880	1,685,000
Police Service Fees	433,066	347,224	343,642	278,200	303,200
Fire Service Fees	324,035	350,602	352,100	307,370	346,100
Library Book Fines/Fees	106,321	99,751	97,144	110,900	103,900
Recreation Users Pay	1,547,872	1,618,345	1,778,430	1,691,250	1,879,400
Planning Fees	134,644	263,322	214,447	263,680	282,505
Building & Engineering Fees	1,027,282	967,995	1,369,973	1,292,310	1,335,247
State Energy Fees	130,695	115,305	164,912	127,340	127,340
Other Building Fees	83,760	52,840	142,608	217,400	193,125
Public Works Fees	3,445	884	931	49,000	37,000
Sub-total	5,129,675	5,217,758	6,220,694	6,087,250	6,422,937
Other Revenue:					
Miscellaneous Revenue	744,760	726,694	569,782	1,269,815	1,510,705
Program Donations	81,735	67,328	34,101	39,400	37,000
Claims Settlement	18,269	-	8,972	5,000	1,000
Sub-total	844,764	794,022	612,855	1,314,215	1,548,705
REVENUE FROM OUTSIDE SOURCES	61,645,996	66,253,247	67,546,879	67,787,229	71,277,129
Overhead					
Overhead Charges	6,249,628	6,656,858	7,143,371	7,588,928	7,588,928
Sub-total	6,249,628	6,656,858	7,143,371	7,588,928	7,588,928
TOTAL GENERAL FUND	67,895,624	72,910,105	74,690,250	75,376,157	78,866,057
TRAFFIC CONGESTION RELIEF FUND:					
Use of Money and Property	(2,515)	-	-	-	-
TOTAL TRAFFIC CONGESTION RELIEF FUND	(2,515)	-	-	-	-
STATE GAS TAX FUND:					
Taxes	1,883,447	1,396,982	2,044,383	1,442,462	1,442,462
Use of Money and Property	15,040	6,266	24,331	7,600	13,000
Other Revenue	4,717	548	3,375	4,000	4,000
TOTAL STATE GAS TAX FUND	1,903,204	1,403,796	2,072,089	1,454,062	1,459,462
STORM DRAIN IMPROVEMENT FUND:					
Charges For Services	31,974	60,961	47,974	36,000	36,000
TOTAL STORM DRAIN IMPROVEMENT FUND	31,974	60,961	47,974	36,000	36,000

REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Midyear 2014-15	Adopted 2015-16
<i>STREET LANDSCAPING/LIGHTING FUND:</i>					
Use of Money and Property	(62)	(1,074)	787	-	-
Charges For Services	1,555,205	1,549,351	1,538,481	1,541,500	1,541,500
Other Revenue	35,030	-	-	35,000	35,000
TOTAL STREET LANDSCAPING AND LIGHTING FUND	1,590,173	1,548,277	1,539,268	1,576,500	1,576,500
<i>LOCAL TRANSPORTATION ARTICLE 3 FUND:</i>					
Intergovernmental	-	114,091	34,000	56,657	43,310
TOTAL LOCAL TRANSPORTATION ARTICLE 3 FUND	-	114,091	34,000	56,657	43,310
<i>PROPOSITION A FUND:</i>					
Use of Money and Property	19,309	3,736	26,841	8,000	7,500
Intergovernmental	995,216	1,052,390	1,143,831	1,180,147	1,227,285
TOTAL PROPOSITION A FUND	1,014,525	1,056,126	1,170,672	1,188,147	1,234,785
<i>PROPOSITION C FUND:</i>					
Use of Money and Property	52,058	17,351	62,381	24,000	25,000
Intergovernmental	826,788	874,446	947,895	978,901	1,018,001
TOTAL PROPOSITION C FUND	878,846	891,797	1,010,276	1,002,901	1,043,001
<i>MEASURE R FUND:</i>					
Taxes	615,124	653,912	708,066	734,184	763,510
Use of Money and Property	427	9,215	1,032	3,900	3,900
TOTAL MEASURE R FUND	615,551	663,127	709,098	738,084	767,410
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	2,255	1,457	644	1,100	500
Intergovernmental	84,000	80,832	83,597	80,000	80,000
TOTAL AIR QUALITY IMPROVEMENT FUND	86,255	82,289	84,241	81,100	80,500
<i>INTERGOVERNMENTAL GRANTS FUND:</i>					
Intergovernmental	5,211,459	3,149,451	548,607	11,874,763	612,369
Other Revenue	-	120,940	-	-	-
TOTAL INTERGOVERNMENTAL GRANTS FUND	5,211,459	3,270,391	548,607	11,874,763	612,369
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	365,527	150,467	453,957	589,724	266,182
Other Revenue	10,725	-	-	-	-
TOTAL COM DEV BLOCK GRANT FUND	376,252	150,467	453,957	589,724	266,182
<i>HOUSING AUTHORITY FUND:</i>					
Use of Money and Property	812	539	443	-	-
Intergovernmental	6,041,631	5,934,309	5,163,582	5,748,278	5,795,686
TOTAL HOUSING AUTHORITY FUND	6,042,443	5,934,848	5,164,025	5,748,278	5,795,686

REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Midyear 2014-15	Adopted 2015-16
<i>PARKS AND REC FACILITIES FUND:</i>					
Taxes	20,000	16,000	29,200	20,000	20,000
TOTAL PARKS AND REC FACILITIES FUND	20,000	16,000	29,200	20,000	20,000
<i>NARCOTIC FORF/ SEIZURE FUND:</i>					
Fines And Forfeitures	199,856	43,008	45,805	21,000	21,000
Use of Money and Property	20,776	5,430	22,799	8,300	3,000
TOTAL NARCOTIC FORF AND SEIZURE FUND:	220,632	48,438	68,604	29,300	24,000
<i>SUBDIVISION PARK TRUST FUND:</i>					
Use of Money and Property	37	(4,409)	2,343	-	-
Other Revenue	225,000	97,500	240,000	200,620	200,620
TOTAL SUBDIVISION PARK TRUST FUND	225,037	93,091	242,343	200,620	200,620
<i>DISASTER RECOVERY FUND:</i>					
Charges For Services	1,900	2,120	1,440	-	1,440
Other Revenue	-	(40,904)	3,375	240	-
TOTAL DISASTER RECOVERY FUND	1,900	(38,784)	4,815	240	1,440
TOTAL SPECIAL REVENUE FUNDS	18,215,736	15,294,915	13,179,169	24,596,376	13,161,265
<i>PARKING AUTHORITY FUND:</i>					
Use of Money and Property	18	16	(7)	-	-
TOTAL PARKING AUTHORITY FUND	18	16	(7)	-	-
TOTAL DEBT SERVICE FUND	18	16	(7)	-	-
<i>CAPITAL PROJECTS FUND:</i>					
Taxes	212,474	227,675	231,077	225,000	250,000
Intergovernmental	690,600	317,683	261,993	264,000	268,500
Other Revenue	1,818,607	9,476	-	115,602	500
TOTAL CAPITAL PROJECTS FUND	2,721,681	554,834	493,070	604,602	519,000
<i>PIER PARK STRUCTURE REHAB FUND:</i>					
Use of Money and Property	11	4	4	-	-
TOTAL PIER PARK STRUCTURE REHAB FUND	11	4	4	-	-
TOTAL CAPITAL PROJECTS FUNDS	2,721,692	554,838	493,074	604,602	519,000
TOTAL GOVERNMENTAL FUNDS	88,833,070	88,759,874	88,362,486	100,577,135	92,546,322
<i>HARBOR TIDELANDS FUND:</i>					
Use of Money and Property	4,615,426	4,573,275	4,990,826	4,691,130	5,030,800
Charges For Services	858,105	1,055,229	1,082,202	1,147,380	1,024,500
Fines And Forfeitures	-	20,918	36,957	35,000	35,000
Other Revenue	13,283	2,414,193	(45,140)	10,000	38,130
TOTAL HARBOR TIDELANDS FUND	5,486,814	8,063,615	6,064,845	5,883,510	6,128,430

REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Mldyear 2014-15	Adopted 2015-16
HARBOR UPLANDS FUND:					
Use of Money and Property	2,268,154	2,189,401	2,400,785	2,335,000	2,456,000
Charges for Services	1,781,002	1,585,487	1,940,254	1,949,400	2,046,900
Fines And Forfeitures	-	17,967	135,688	120,000	120,000
Other Revenue	450	25,675	49,286	2,500	2,500
TOTAL HARBOR UPLANDS FUND	4,049,606	3,818,530	4,526,013	4,406,900	4,625,400
SOLID WASTE FUND:					
Licenses And Permits	12,020	8,047	12,846	10,000	13,000
Intergovernmental	53,407	19,055	37,395	41,304	37,367
Charges for Services	3,300,452	3,388,305	3,356,372	3,558,037	3,758,190
Other Revenue	152,978	194,286	158,699	155,700	161,200
TOTAL SOLID WASTE FUND	3,518,857	3,609,693	3,565,312	3,765,041	3,969,757
WASTEWATER FUND:					
Use of Money and Property	16,187	(11,405)	101,856	-	-
Charges For Services	2,575,279	3,776,116	4,568,330	5,407,093	5,361,000
Other Revenue	17,618	26,041	37,646	-	46,093
TOTAL WASTEWATER FUND	2,609,084	3,790,752	4,707,832	5,407,093	5,407,093
TRANSIT FUND:					
Intergovernmental	1,571,510	1,579,555	1,672,094	1,755,821	1,765,880
Charges For Services	426,562	408,158	397,665	431,200	431,200
Other Revenue	20,852	16,287	821	1,250	1,250
TOTAL TRANSIT FUND	2,018,924	2,004,000	2,070,580	2,188,271	2,198,330
TOTAL ENTERPRISE FUNDS	17,683,285	21,286,590	20,934,582	21,650,815	22,329,010
SELF-INSURANCE PROGRAM FUND:					
Charges For Services	4,051,206	5,094,020	4,848,964	5,286,577	5,286,577
Other Revenue	5,002	(660)	-	5,000	5,000
TOTAL SELF-INSURANCE PROGRAM FUND	4,056,208	5,093,360	4,848,964	5,291,577	5,291,577
VEHICLE REPLACEMENT FUND:					
Charges For Services	2,823,824	2,951,629	2,778,022	3,168,757	3,168,757
Other Revenue	213,140	114,730	81,758	131,000	110,000
TOTAL VEHICLE REPLACEMENT FUND	3,036,964	3,066,359	2,859,780	3,299,757	3,278,757
BUILDING OCCUPANCY FUND:					
Charges For Services	2,289,652	2,226,807	2,400,525	3,031,028	3,031,028
TOTAL BUILDING OCCUPANCY FUND	2,289,652	2,226,807	2,400,525	3,031,028	3,031,028
INFORMATION TECHNOLOGY FUND:					
Charges For Services	2,379,441	2,315,349	2,308,441	3,093,702	3,093,702
Other Revenue	30,257	3,081	843	2,221	-
TOTAL INFORMATION TECHNOLOGY FUND	2,409,698	2,318,430	2,309,284	3,095,923	3,093,702

REVENUE DETAIL
FISCAL YEARS 2012-2016

<i>Fund</i>	Actual 2011-12	Actual 2012-13	Actual 2013-14	Mldyear 2014-15	Adopted 2015-16
PRINTING & GRAPHICS FUND:					
Charges For Services	242,004	-	-	-	-
TOTAL PRINTING & GRAPHICS FUND	242,004	-	-	-	-
EMERGENCY COMMUNICATIONS FUND :					
Charges For Services	2,148,266	2,238,483	2,381,932	3,405,204	3,405,204
Other Revenue	452,199	350,198	348,912	362,125	362,125
TOTAL EMERGENCY COMMUNICATIONS FUND	2,600,465	2,588,681	2,730,844	3,767,329	3,767,329
MAJOR FACILITIES REPAIR FUND:					
Charges For Services	115,017	113,987	129,023	123,628	123,628
TOTAL MAJOR FACILITIES REPAIR FUND	115,017	113,987	129,023	123,628	123,628
TOTAL INTERNAL SERVICE FUNDS	14,750,008	15,407,624	15,278,420	18,609,242	18,586,021
LESS: INTERNAL CHARGES/OVERHEAD	20,551,428	21,925,017	22,074,507	22,085,994	26,109,034
TOTAL CITY	100,714,935	103,529,071	102,500,981	118,751,198	107,352,319
TOTAL REDEVELOPMENT AGENCY	930,508	-	-	-	-
SUCCESSOR AGENCY	760,070	1,754,618	1,041,743	1,210,163	1,300,692
HOUSING SUCCESSOR AGENCY	160,184	12,813	288,153	-	100,703
COMMUNITY FINANCING AUTHORITY	336,927	344,560	329,757	341,073	343,971
PUBLIC FINANCING AUTHORITY	1,226,473	881,365	576,033	-	840,100
GRAND TOTAL	104,129,097	106,522,427	104,736,667	120,302,434	109,937,785