

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 2016-17 is estimated at \$76,151,800, representing an increase of \$4,095,411 from the FY 2015-16 midyear amount. Significant operating revenue sources include: taxes, projected to increase \$3,609,000, or 6.1%; licenses and permits anticipated to increase \$5,740 or 0.4% due to an increase in construction/excavation permits offset by a \$30,000 decrease in street/curb/parking permits; fines and forfeitures projected to increase 5.5% primarily due to an increase in parking citations; use of money and property revenue expected to increase 10.8% due to increased investment earnings and rents and percentages; intergovernmental revenues from the State expected to decrease by \$41,500 or 45.4% due to a larger than expected distribution of SB90 revenue in FY 2015-16; charges for services estimated to increase \$229,171, or 3.5%, with increases in parking meter and construction-related fees; other revenues anticipated to increase by \$5,000 (0.3%) due to an increase in program donations.

Revenue from overhead is derived from sources internal to the City. The FY 2016-17 amount of \$8,176,790 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 2016-17 General Fund operating revenues compared to FY 2015-16 midyear amounts, unless otherwise indicated.

Property Tax revenue for FY 2016-17 is projected to increase by \$1,200,000, or 5.4%, to \$23,500,000. Overall, the economy is recovering, with 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 \$280,000, to \$6,700,000 in FY 2016-17. Property tax in lieu of VLF is vehicle license fee revenue classified as property tax, and the 4.4% increase in this revenue source 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 decrease \$873,000, or 7.4%, to \$10,955,000. The sales tax revenue estimate reflects the loss of Nordstrom to Torrance and the transition away from triple flip revenue which included a final FY 2015-16 true-up payment.

Utility Users' Tax (UUT) revenue is projected to be flat in FY 2016-17 at \$7,600,000. 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 54.8%, or \$2,630,000, to \$7,430,000. This upswing is driven by two new hotels expected to come on line in FY 2016-17 and a reduction from \$8,000,000 to \$3,000,000 in the Marine Avenue hotel reserve account requirement allowing the City to begin receiving the TOT revenue. Annually, one twelfth of the Marine Avenue hotel revenue and ten percent of all other TOT revenue is dedicated to funding tourism promotional and service activities of the Redondo Beach Visitors' Bureau.

Franchise Fees are projected to decrease by \$28,000, or 1.4%, to \$1,968,000 for FY 2016-17. 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 and taxicabs operating within the City, 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 2016-17, 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 at to \$1,150,000.

Property Transfer Tax revenue for FY 2016-17 is projected to grow by 400,000, or 20.0%, to \$2,400,000. 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.

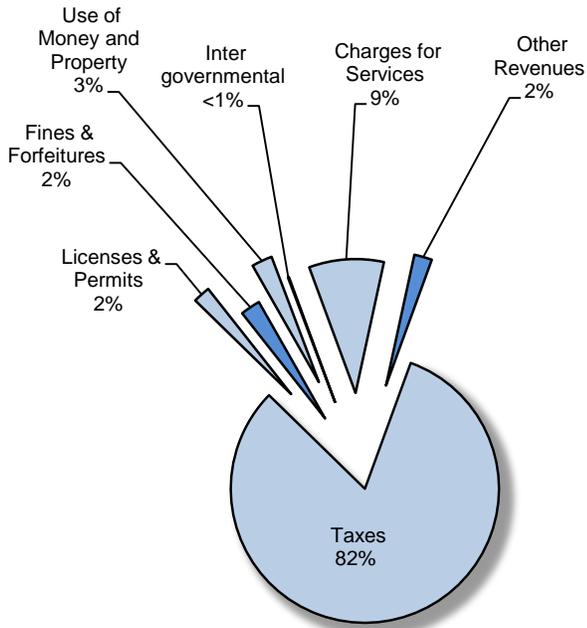
Investment Earnings for the General Fund for FY 2016-17 are projected to increase by \$40,000, or 8.9%, to \$490,000. This increase is attributable to stable interest rates within the investment marketplace together with a larger portfolio. The three major components of the portfolio are: liquid investments 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 2016-17 proposed General Fund operating revenues compared with the FY 2015-16 midyear budget operating revenues:

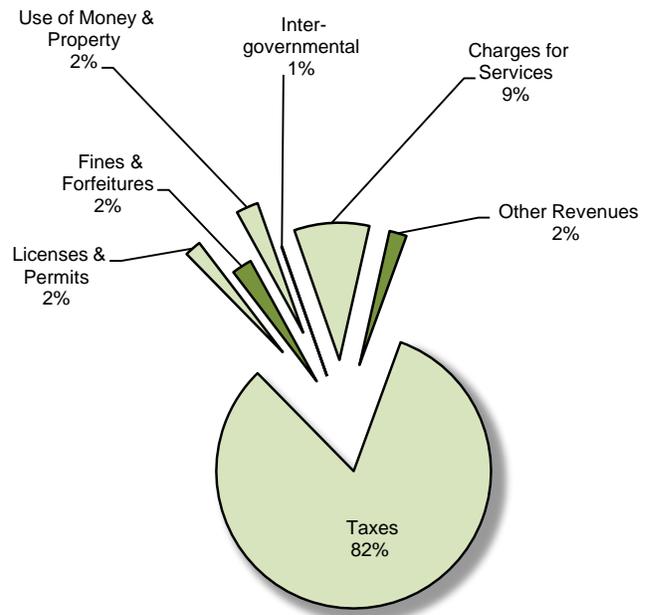
<i>General Fund</i>	Midyear 2015-16	Proposed 2016-17	Increase/ (Decrease)	
Taxes	58,914,000	62,523,000	3,609,000	6.1%
Licenses & Permits	1,487,383	1,493,123	5,740	0.4%
Fines & Forfeitures	1,723,530	1,818,530	95,000	5.5%
Use of Money and Property	1,790,874	1,983,874	193,000	10.8%
Intergovernmental	91,500	50,000	(41,500)	(45.4%)
Charges for Services	6,499,497	6,728,668	229,171	3.5%
Other Revenues	1,549,605	1,554,605	5,000	0.3%
Revenue From Outside Sources	72,056,389	76,151,800	4,095,411	5.7%
Overhead	8,176,790	8,176,790	-	0.0%
Total General Fund	80,233,179	84,328,590	4,095,411	5.1%

**GENERAL FUND REVENUES
FROM OUTSIDE SOURCES**

**Midyear Revenues
FY 2015-16**



**Proposed Revenues
FY 2016-17**



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 \$13,748,373, decreasing from the FY 2015-16 midyear budget by \$10,579,109 or 43.5%. 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 \$10,319,091, or 90.3%. Revenue in this fund tends to fluctuate from year to year, depending on resources received from other governmental agencies. Additionally, the FY 2015-16 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 2016-17 revenues are compared to FY 2015-16 midyear amounts unless otherwise indicated.

Harbor Tidelands Fund: Based on estimates provided by Waterfront staff, revenues for FY 2016-17 in the Harbor Tidelands Fund, including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected to remain relatively flat at \$6,102,379, up \$14,069.

Harbor Uplands Fund: Based on estimates provided by Waterfront staff, revenues for FY 2016-17 in the Harbor Uplands Fund including parking revenue, lease revenue, investment earnings and miscellaneous revenue, are projected at \$4,621,400, up \$1,000, or 0.2%.

Solid Waste Fund: FY 2016-17 revenues for the Solid Waste Fund are expected to increase by \$9,189, or 0.2%, to \$4,023,057.

Wastewater Fund: FY 2016-17 revenues are expected to decrease \$150,000 to \$5,412,284 or 2.7% with one-time capital facility fees for large construction projects received in FY 2015-16.

Transit Fund: The majority of the revenue in the Transit Fund is from other governmental agencies. The FY 2016-17 intergovernmental revenue is expected to increase by \$46,260, or 2.1%, to \$2,244,590. The charges for services and other revenue is projected to remain relatively 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 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 2016-17 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 remains flat at \$3,617,557 when compared to the FY 2015-16 midyear budget.

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. 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 2015-16	Midyear 2015-16	Proposed 2016-17	Increase/ (Decrease)	
General Fund:					
Taxes	58,376,000	58,914,000	62,523,000	3,609,000	6.1%
Licenses and Permits	1,492,383	1,487,383	1,493,123	5,740	0.4%
Fines and Forfeitures	1,723,530	1,723,530	1,818,530	95,000	5.5%
Use of Money and Property	1,663,574	1,790,874	1,983,874	193,000	10.8%
Intergovernmental	50,000	91,500	50,000	(41,500)	(45.4%)
Charges for Services	6,422,937	6,499,497	6,728,668	229,171	3.5%
Other Revenues	1,548,705	1,549,605	1,554,605	5,000	0.3%
Overhead	7,588,928	8,176,790	8,176,790	-	0.0%
Total General Fund	78,866,057	80,233,179	84,328,590	4,095,411	5.1%
State Gas Tax	1,459,462	1,459,462	1,414,396	(45,066)	(3.1%)
Storm Drain Improvement	36,000	65,000	42,000	(23,000)	(35.4%)
Street Landscaping and Lighting	1,576,500	1,576,500	1,576,500	-	0.0%
Local Transportation Tax Article 3	43,310	43,310	45,122	1,812	4.2%
Proposition A	1,234,785	1,234,785	1,277,514	42,729	3.5%
Proposition C	1,043,001	1,043,001	1,080,029	37,028	3.6%
Measure R	767,410	767,410	793,715	26,305	3.4%
Air Quality Improvement	80,500	80,500	80,500	-	0.0%
Intergovernmental Grants	612,369	11,425,976	1,106,885	(10,319,091)	(90.3%)
Comm Develop Block Grant	266,182	568,285	266,182	(302,103)	(53.2%)
Housing Authority	5,795,686	5,795,686	5,804,291	8,605	0.1%
Parks and Recreation Facilities	20,000	20,000	20,600	600	3.0%
Narcotic Forfeiture and Seizure	24,000	24,000	3,000	(21,000)	(87.5%)
Subdivision Park Trust	200,620	200,620	206,639	6,019	3.0%
Disaster Recovery	1,440	22,947	31,000	8,053	35.1%
Capital Projects	519,000	519,000	508,500	(10,500)	(2.0%)
Harbor Tidelands	6,128,430	6,088,310	6,102,379	14,069	0.2%
Harbor Uplands	4,625,400	4,620,400	4,621,400	1,000	0.0%
Solid Waste	3,969,757	4,013,868	4,023,057	9,189	0.2%
Wastewater	5,407,093	5,562,284	5,412,284	(150,000)	(2.7%)
Transit	2,198,330	2,198,330	2,244,590	46,260	2.1%
Self-Insurance Program	5,291,577	6,510,741	6,510,741	-	0.0%
Vehicle Replacement	3,278,757	3,617,557	3,617,557	-	0.0%
Building Occupancy	3,031,028	3,878,838	3,878,838	-	0.0%
Information Technology	3,093,702	3,223,503	3,218,503	(5,000)	(0.2%)
Emergency Communications	3,767,329	3,750,667	3,750,667	-	0.0%
Major Facilities Repair	123,628	128,404	128,404	-	0.0%
Total Before Adjustments	133,461,353	148,672,563	142,093,883	(6,578,680)	(4.4%)
Less: Internal Svc Funds/Overhead	26,109,034	29,208,105	29,208,729	624	0.0%
Total City	107,352,319	119,464,458	112,885,154	(6,579,304)	(5.5%)
Successor Agency	1,300,692	1,300,692	1,402,569	101,877	7.8%
Housing Successor Agency	100,703	100,703	210,991	110,288	109.5%
Community Financing Authority	343,971	343,971	365,923	21,952	6.4%
Public Financing Authority	840,100	840,100	840,900	800	0.1%
Grand Total	109,937,785	122,049,924	115,705,537	(6,344,387)	(5.2%)

GENERAL FUND PROPERTY TAX

Description

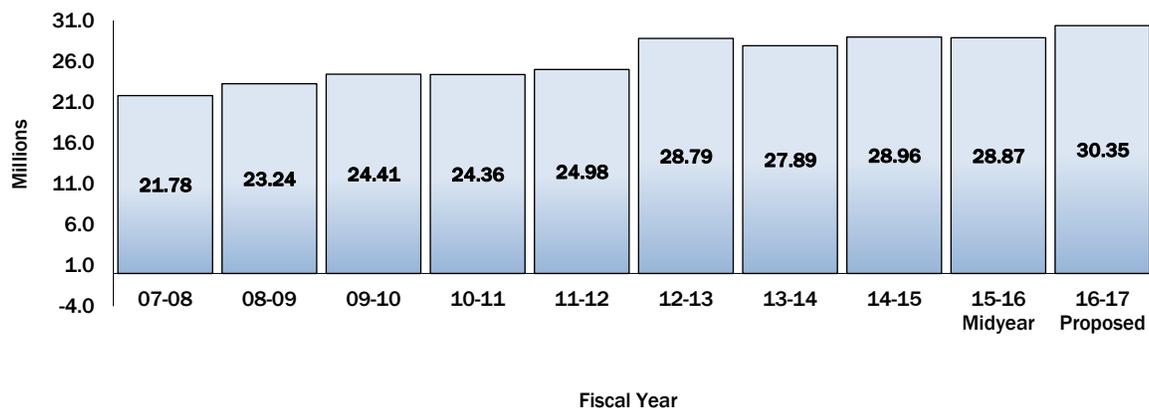
Property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (moveable property) located within the City. Property is assessed by the County Assessor except for certain public utility properties which are assessed by the State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

Outlook

Property tax revenue for FY 2016-17 is projected to increase by \$1,200,000, or 5.4%, to \$23,500,000, excluding property tax in lieu of VLF (\$6,700,000) and homeowners' exemption (\$150,000). The major contributors to this increase are an improving economy and improving housing market. While homeowners' exemptions are predicted flat, property tax in lieu of VLF will increase by \$280,000 (4.4%) to \$6,700,000 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

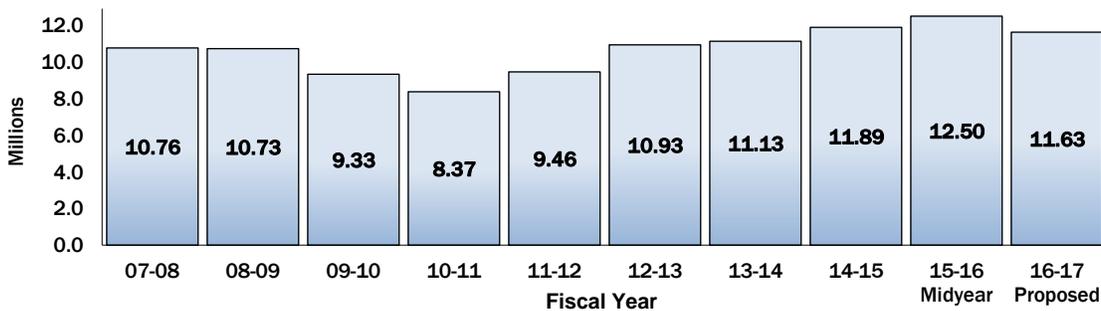
Sales and use tax is imposed upon most retail transactions. The Los Angeles County rate is currently 9% of the sale price of taxable goods and services sold at retail in Redondo Beach. The City receives 1.0% of the taxable sales while the remainder is allocated to the State, the County and various transit authorities. The sales tax data presented below includes the Public Safety Augmentation Fund (PSAF) and, for fiscal years prior to FY 2016-17, 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 2016-17. Sales and use tax revenue is somewhat cyclical in nature, responding to local and state economic trends. It has been growing steadily since 2010. The FY 2015-16 midyear projection includes the final true-up payment of “triple flip” revenue.

Outlook

Sales and use tax revenue exclusive of PSAF is projected to decrease by \$873,000, or 7.4%, from midyear 2015-16 to \$10,955,000, while PSAF revenue is expected to remain the same at \$670,000. The projected decrease in sales and use tax reflects the first full year without Nordstrom, a major revenue contributor.



GENERAL FUND UTILITY USERS' TAX

Description

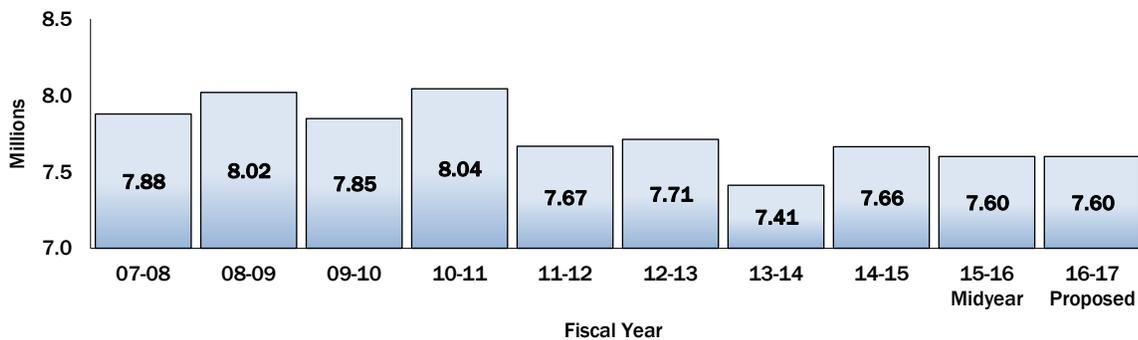
The utility users' tax (UUT) is imposed on consumers of electric, gas, cable television, water and telephone services. Since 1969, most residents and nearly all businesses in the City pay the UUT, which is imposed at 4.75%.

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

Outlook

UUT revenue for FY 2016-17 is projected remain flat from midyear at \$7,600,000. This is attributable to consumers' conservation efforts amidst increased rates.



GENERAL FUND TRANSIENT OCCUPANCY TAX

Description

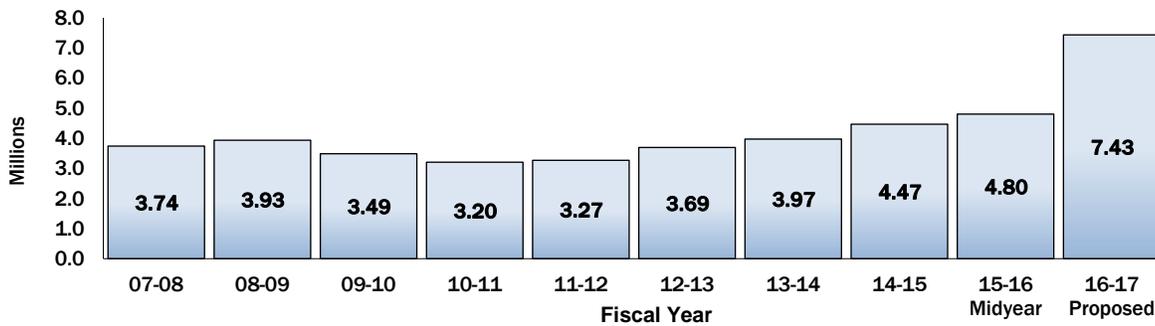
Transient occupancy tax (TOT) is imposed on occupants of hotel, motel, inn, tourist home or other lodging facilities unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill.

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, one-twelfth of the Marine Avenue hotel TOT and ten percent of the other hotels TOT is contributed to the Redondo Beach Visitors' Bureau to support marketing and tourism in the City.

Outlook

FY 2016-17 TOT revenue is projected to increase by \$2,630,000 or 54.8% from midyear levels to \$7,430,000. This reflects the completion and opening of two new hotels in the City and a reduction in the Marine Avenue hotel reserve account requirement allowing the City to begin receiving the TOT revenue.



GENERAL FUND FRANCHISE FEES

Description

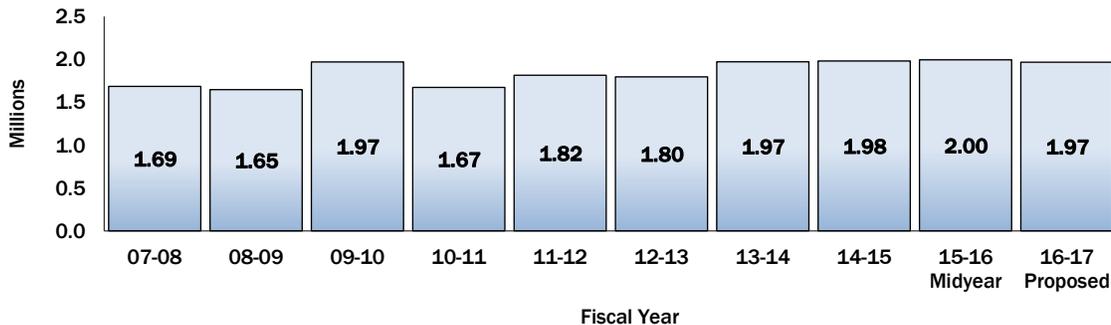
Franchise fees are imposed upon privately-owned utility companies for the privilege of using City streets or rights-of-way. The fees are based on a percentage of each utility company's gross receipts.

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 decrease by \$28,000, or 1.4%, to \$1,968,000 from midyear FY 2015-16 to FY 2016-17. With the exception of revenues from Southern California Gas, which vary based upon power plant capacity utilization and taxicab operators; 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

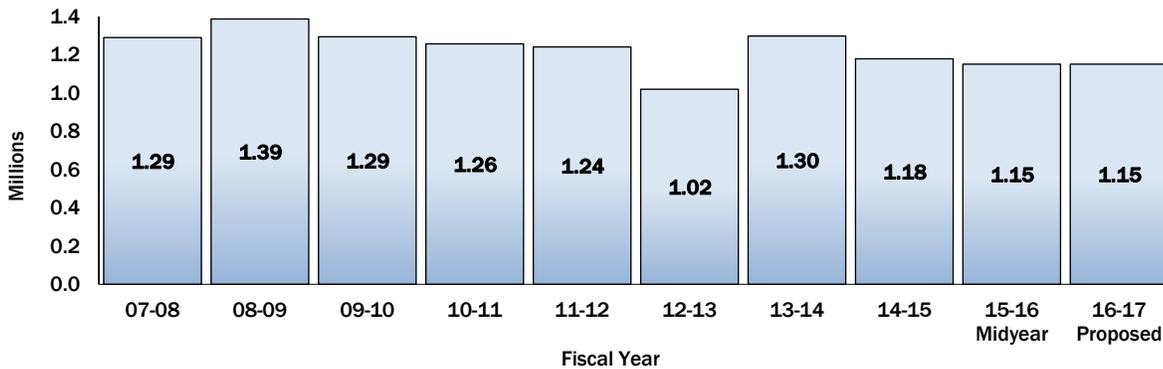
Business license tax is imposed on commercial establishments for the privilege of conducting business within the City. The majority of the tax is levied using two factors - a flat rate system and a per employee charge.

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 2016-17 revenue estimate of \$1,150,000 is projected flat from midyear.



GENERAL FUND PROPERTY TRANSFER TAX

Description

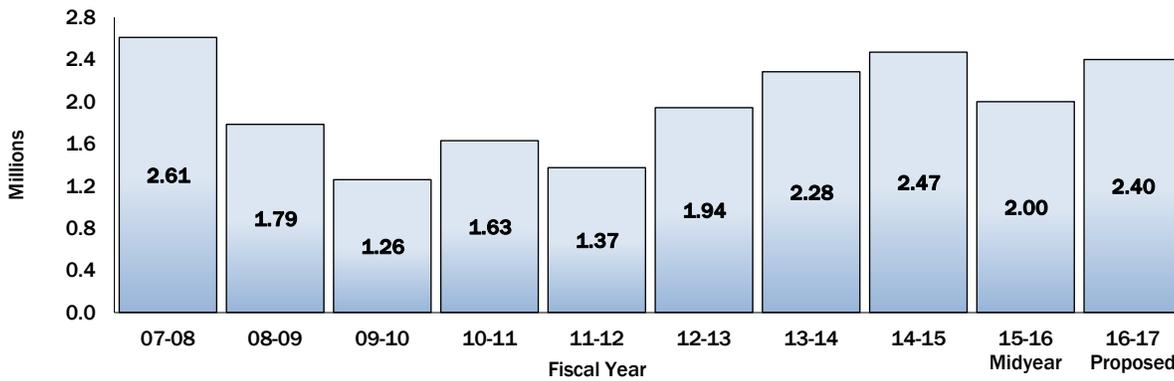
Property transfer tax is imposed on any conveyance of real property when a change in "deed" is filed with the County Registrar-Recorder.

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.

Outlook

Property Transfer Tax revenue is expected to increase by \$400,000 from midyear to \$2,400,000. 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 good pace.



GENERAL FUND LICENSES AND PERMITS

Description

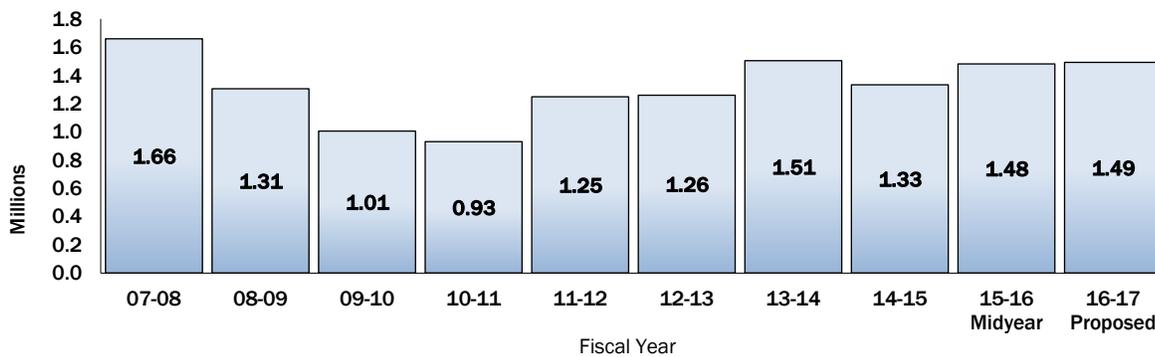
These fees are imposed for the processing of all construction permits, bicycle and canine licenses, and preferential parking permits.

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 a small increase of \$5,740 or 0.4% to \$1,493,123 in this revenue source in FY 2016-17. The increase is projected for construction/excavation permits nearly offset by decreases in street/curb/parking permits and miscellaneous licenses and permits.



GENERAL FUND FINES AND FORFEITURES

Description

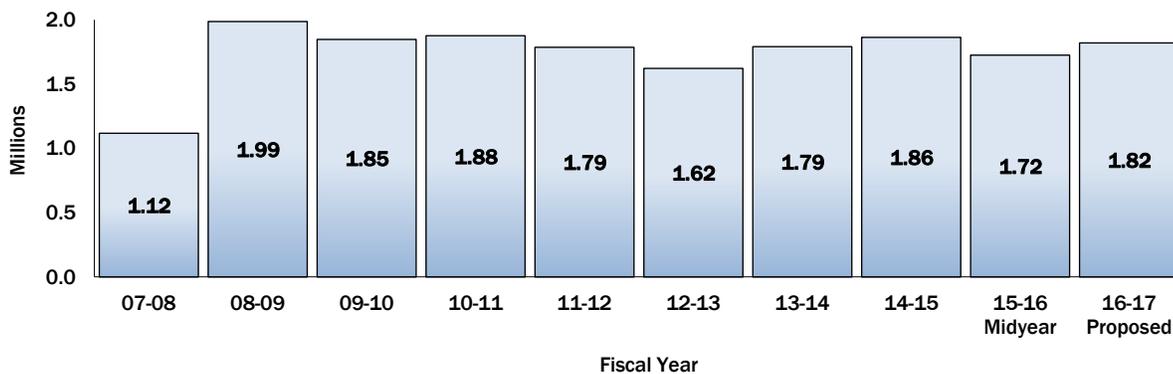
Fines are imposed on persons receiving tickets for vehicle code and/or parking violations in the City. In addition, reimbursements are required through the courts for direct billing of police services associated with arresting offenders or criminals.

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 2016-17 show fines and forfeitures revenue increasing by \$95,000 to \$1,818,530. This upturn is due to a projected improvement in parking citation revenue of \$100,000 partially offset by a decrease in restitution.



GENERAL FUND USE OF MONEY AND PROPERTY

Description

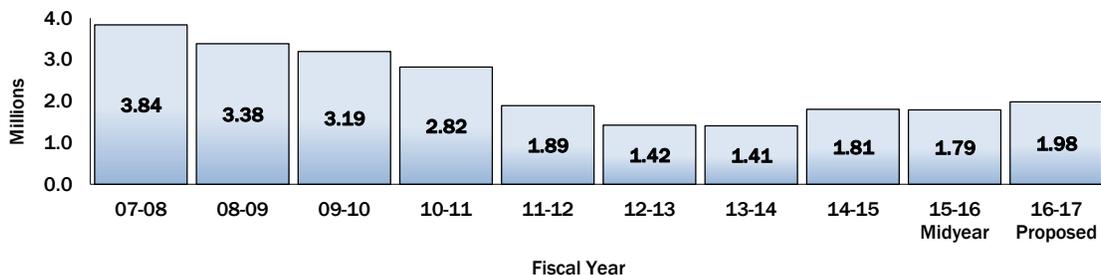
Use of money and property revenue is derived from two sources: (1) the investment and management of City surplus funds in accordance with State law, the City Charter, and the City's Statement of Investment Policy, and (2) the use of various City facilities and recreational venues, including Aviation, 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 2016-17 is projected to increase by \$193,000, or 10.8%, to \$1,983,874. This increase is attributable to an increase in investment income of \$40,000 and a increase in rents and percentages of \$153,000. The estimate of investment income for FY 2016-17 is \$490,000, reflecting an increase of 8.9% above mid-year 2015-16. The investment income estimate is conservatively based upon an increased level of funds within the investment portfolio and stable market interest rates. The continued low interest rate environment projected for FY 2016-17 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

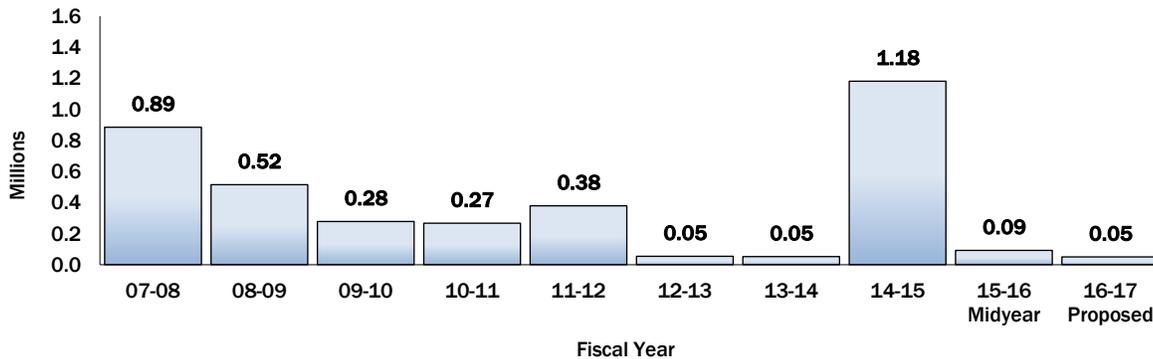
Intergovernmental revenue comes from other governmental agencies. The majority of this revenue is received from State subventions. Examples have historically included motor vehicle (registration) in-lieu tax (MVIL), SB90 reimbursements, and the California Library Services Act.

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. For the last several years, there has been a steady decrease in the allocation of money to local governments from the State. FY 2014-15 revenue included a one-time back payment of SB90 reimbursements.

Outlook

Intergovernmental revenue for FY 2016-17 is estimated to be \$50,000, reflecting a decrease in revenue of \$41,000 from midyear. This decrease is due to a slightly higher than estimated bump in SB90 revenue in FY 2015-16. For FY 2016-17, \$30,000 is projected for motor vehicle/in lieu and \$20,000 for SB90 State mandated cost reimbursement.



GENERAL FUND CHARGES FOR SERVICES

Description

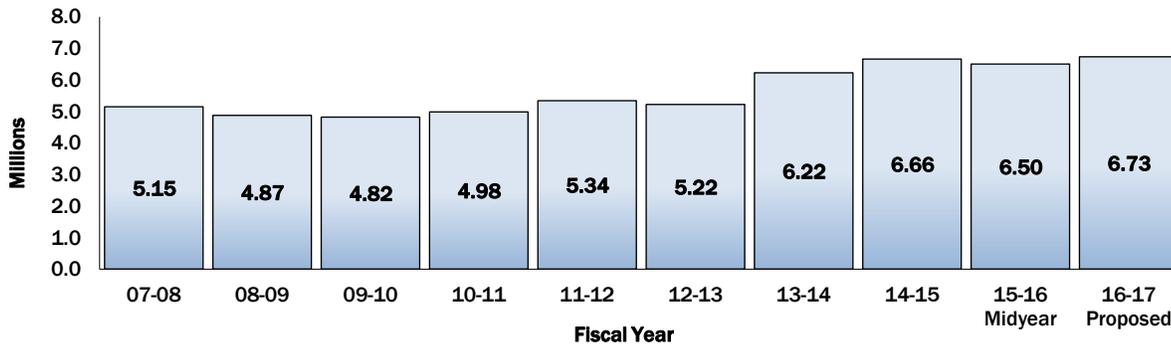
The City collects fees from users of, or participants in, City-provided services, such as plan checking, engineering services, parking meter fees, fire inspections, police booking fees, stand-by at special events, and recreational and cultural activities.

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 2016-17, forecasted revenue for charges for services will increase 3.5% or \$229,171 from midyear to \$6,728,668. While most of the fees are projected to show improvement or remain flat, only other building fees are projected to decrease.



REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
GENERAL FUND:					
Taxes:					
Property Tax	23,000,296	21,894,283	22,669,749	22,300,000	23,500,000
Property Tax in Lieu of VLF	5,628,138	5,851,003	6,136,071	6,420,000	6,700,000
Homeowners' Exemption	156,967	145,927	149,285	150,000	150,000
Sales and Use Tax	10,228,355	10,450,402	11,185,345	11,828,000	10,955,000
Public Safety Augmentation Fund	705,784	679,625	703,845	670,000	670,000
Utility Users' Tax	7,711,580	7,412,250	7,664,385	7,600,000	7,600,000
Transient Occupancy Tax	3,693,144	3,970,786	4,464,811	4,800,000	7,430,000
Franchise Fees	1,796,606	1,973,182	1,981,936	1,996,000	1,968,000
Business License Tax	1,018,677	1,296,532	1,178,016	1,150,000	1,150,000
Property Transfer Tax	1,943,297	2,284,449	2,469,684	2,000,000	2,400,000
Sub-total	55,882,844	55,958,439	58,603,127	58,914,000	62,523,000
Licenses and Permits:					
Construction/Excavation Permits	994,773	1,333,053	1,168,326	1,249,863	1,287,353
Street/Curb/Parking Permits	160,706	71,550	70,795	145,400	115,400
Miscellaneous Licenses/Permits	104,027	99,899	94,391	92,120	90,370
Sub-total	1,259,506	1,504,502	1,333,512	1,487,383	1,493,123
Fines and Forfeitures:					
Parking Citations	1,343,165	1,581,592	1,666,713	1,500,000	1,600,000
Vehicle Code Fines	222,501	185,949	177,195	200,000	200,000
Restitution	55,292	22,372	18,173	23,530	18,530
Sub-total	1,620,958	1,789,913	1,862,081	1,723,530	1,818,530
Use of Money and Property:					
Investment Earnings	294,361	489,487	430,415	450,000	490,000
Rents and Percentages	1,129,757	918,678	1,375,057	1,340,874	1,493,874
Sub-total	1,424,118	1,408,165	1,805,472	1,790,874	1,983,874
Intergovernmental:					
Motor Vehicle/In-Lieu	34,912	28,894	27,910	30,000	30,000
SB90 State Mandated Cost Reimb.	19,129	23,417	1,125,734	61,500	20,000
Grant Funding	-	-	27,089	-	-
Sub-total	54,041	52,311	1,180,733	91,500	50,000

REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
Charges for Services:					
Administrative Fees	63,868	152,508	162,492	129,820	139,350
Parking Meter Fees	1,337,622	1,603,999	1,819,685	1,685,000	1,850,000
Police Service Fees	347,224	343,642	344,514	303,200	317,800
Fire Service Fees	350,602	352,100	348,500	346,400	347,200
Library Book Fines/Fees	99,751	97,144	93,676	82,870	82,870
Recreation Users Pay	1,618,345	1,778,430	1,983,344	1,879,400	1,887,275
Planning Fees	263,322	214,447	276,021	282,505	290,980
Building & Engineering Fees	967,995	1,369,973	1,315,266	1,382,837	1,430,033
State Energy Fees	115,305	164,912	124,463	127,340	131,160
Other Building Fees	52,840	142,608	187,278	243,125	215,000
Public Works Fees	884	931	1,394	37,000	37,000
Sub-total	5,217,758	6,220,694	6,656,633	6,499,497	6,728,668
Other Revenue:					
Miscellaneous Revenue	726,694	569,782	819,112	1,511,605	1,511,205
Program Donations	67,328	34,101	56,405	37,000	42,400
Claims Settlement	-	8,972	62,829	1,000	1,000
Sub-total	794,022	612,855	938,346	1,549,605	1,554,605
REVENUE FROM OUTSIDE SOURCES	66,253,247	67,546,879	72,379,904	72,056,389	76,151,800
Overhead					
Overhead Charges	6,656,858	7,143,371	7,588,928	8,176,790	8,176,790
Sub-total	6,656,858	7,143,371	7,588,928	8,176,790	8,176,790
TOTAL GENERAL FUND	72,910,105	74,690,250	79,968,832	80,233,179	84,328,590
STATE GAS TAX FUND:					
Taxes	1,396,982	2,044,383	1,902,010	1,442,462	1,396,396
Use of Money and Property	6,266	24,331	18,642	13,000	14,000
Charges For Services	-	-	2,549	-	-
Other Revenue	548	3,375	30,126	4,000	4,000
TOTAL STATE GAS TAX FUND	1,403,796	2,072,089	1,953,327	1,459,462	1,414,396
STORM DRAIN IMPROVEMENT FUND:					
Charges For Services	60,961	47,974	37,390	65,000	42,000
TOTAL STORM DRAIN IMPROVEMENT FUND	60,961	47,974	37,390	65,000	42,000

REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
<i>STREET LANDSCAPING/LIGHTING FUND:</i>					
Use of Money and Property	(1,074)	787	-	-	-
Charges For Services	1,549,351	1,538,481	1,526,719	1,576,500	1,576,500
TOTAL STREET LANDSCAPING AND LIGHTING FUND	1,548,277	1,539,268	1,526,719	1,576,500	1,576,500
<i>LOCAL TRANSPORTATION ARTICLE 3 FUND:</i>					
Intergovernmental	114,091	34,000	19,000	43,310	45,122
TOTAL LOCAL TRANSPORTATION ARTICLE 3 FUND	114,091	34,000	19,000	43,310	45,122
<i>PROPOSITION A FUND:</i>					
Use of Money and Property	3,736	26,841	15,619	7,500	8,000
Intergovernmental	1,052,390	1,143,831	1,191,917	1,227,285	1,269,514
TOTAL PROPOSITION A FUND	1,056,126	1,170,672	1,207,536	1,234,785	1,277,514
<i>PROPOSITION C FUND:</i>					
Use of Money and Property	17,351	62,381	40,123	25,000	27,000
Intergovernmental	874,446	947,895	987,963	1,018,001	1,053,029
TOTAL PROPOSITION C FUND	891,797	1,010,276	1,028,086	1,043,001	1,080,029
<i>MEASURE R FUND:</i>					
Taxes	653,912	708,066	741,666	763,510	789,715
Use of Money and Property	9,215	1,032	3,957	3,900	4,000
TOTAL MEASURE R FUND	663,127	709,098	745,623	767,410	793,715
<i>AIR QUALITY IMPROVEMENT FUND:</i>					
Use of Money and Property	1,457	644	665	500	500
Intergovernmental	80,832	83,597	84,017	80,000	80,000
TOTAL AIR QUALITY IMPROVEMENT FUND	82,289	84,241	84,682	80,500	80,500
<i>INTERGOVERNMENTAL GRANTS FUND:</i>					
Intergovernmental	3,149,451	548,607	2,219,847	11,425,976	1,106,885
Other Revenue	120,940	-	-	-	-
TOTAL INTERGOVERNMENTAL GRANTS FUND	3,270,391	548,607	2,219,847	11,425,976	1,106,885
<i>COM DEV BLOCK GRANT FUND:</i>					
Intergovernmental	150,467	453,957	367,874	568,285	266,182
TOTAL COM DEV BLOCK GRANT FUND	150,467	453,957	367,874	568,285	266,182
<i>HOUSING AUTHORITY FUND:</i>					
Use of Money and Property	539	443	153	-	-
Intergovernmental	5,934,309	5,163,582	5,396,250	5,795,686	5,804,291
TOTAL HOUSING AUTHORITY FUND	5,934,848	5,164,025	5,396,403	5,795,686	5,804,291

REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
<i>PARKS AND REC FACILITIES FUND:</i>					
Taxes	16,000	29,200	28,400	20,000	20,600
TOTAL PARKS AND REC FACILITIES FUND	16,000	29,200	28,400	20,000	20,600
<i>NARCOTIC FORF/SEIZURE FUND:</i>					
Fines And Forfeitures	43,008	45,805	98,001	21,000	-
Use of Money and Property	5,430	22,799	7,312	3,000	3,000
TOTAL NARCOTIC FORF/ SEIZURE FUND:	48,438	68,604	105,313	24,000	3,000
<i>SUBDIVISION PARK TRUST FUND:</i>					
Use of Money and Property	(4,409)	2,343	351	-	-
Other Revenue	97,500	240,000	285,000	200,620	206,639
TOTAL SUBDIVISION PARK TRUST FUND	93,091	242,343	285,351	200,620	206,639
<i>DISASTER RECOVERY FUND:</i>					
Charges For Services	2,120	1,440	200	580	1,000
Other Revenue	(40,904)	3,375	40,186	22,367	30,000
TOTAL DISASTER RECOVERY FUND	(38,784)	4,815	40,386	22,947	31,000
TOTAL SPECIAL REVENUE FUNDS	15,294,915	13,179,169	15,045,937	24,327,482	13,748,373
<i>PARKING AUTHORITY FUND:</i>					
Use of Money and Property	16	(7)	14	-	-
TOTAL PARKING AUTHORITY FUND	16	(7)	14	-	-
TOTAL DEBT SERVICE FUND	16	(7)	14	-	-
<i>CAPITAL PROJECTS FUND:</i>					
Use of Money and Property	4	4	1	-	-
Taxes	227,675	231,077	236,203	250,000	235,000
Intergovernmental	317,683	261,993	265,239	268,500	273,000
Other Revenue	9,476	-	22,532	500	500
TOTAL CAPITAL PROJECTS FUND	554,838	493,074	523,975	519,000	508,500
TOTAL GOVERNMENTAL FUNDS	88,759,874	88,362,486	95,538,758	105,079,661	98,585,463
<i>HARBOR TIDELANDS FUND:</i>					
Fines And Forfeitures	20,918	36,957	47,890	35,000	35,000
Use of Money and Property	4,573,275	4,990,826	5,379,613	5,030,800	4,882,000
Charges For Services	1,055,229	1,082,202	1,273,515	991,500	1,154,869
Other Revenue	2,414,193	(45,140)	53,465	31,010	30,510
TOTAL HARBOR TIDELANDS FUND	8,063,615	6,064,845	6,754,483	6,088,310	6,102,379

REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
<i>HARBOR UPLANDS FUND:</i>					
Fines And Forfeitures	17,967	135,688	111,770	120,000	120,000
Use of Money and Property	2,189,401	2,400,785	2,317,527	2,456,000	2,457,000
Charges for Services	1,585,487	1,940,254	2,292,692	2,042,900	2,043,900
Other Revenue	25,675	49,286	979	1,500	500
TOTAL HARBOR UPLANDS FUND	3,818,530	4,526,013	4,722,968	4,620,400	4,621,400
<i>SOLID WASTE FUND:</i>					
Licenses And Permits	8,047	12,846	10,054	48,000	21,000
Intergovernmental	19,055	37,395	34,659	44,478	37,367
Charges for Services	3,388,305	3,356,372	3,559,444	3,760,190	3,800,690
Other Revenue	194,286	158,699	159,144	161,200	164,000
TOTAL SOLID WASTE FUND	3,609,693	3,565,312	3,763,301	4,013,868	4,023,057
<i>WASTEWATER FUND:</i>					
Use of Money and Property	(11,405)	101,856	87,408	-	-
Charges For Services	3,776,116	4,568,330	5,388,015	5,562,284	5,376,000
Other Revenue	26,041	37,646	46,096	-	36,284
TOTAL WASTEWATER FUND	3,790,752	4,707,832	5,521,519	5,562,284	5,412,284
<i>TRANSIT FUND:</i>					
Intergovernmental	1,579,555	1,672,094	1,754,725	1,765,880	1,841,140
Charges For Services	408,158	397,665	419,804	431,200	402,200
Other Revenue	16,287	821	749	1,250	1,250
TOTAL TRANSIT FUND	2,004,000	2,070,580	2,175,278	2,198,330	2,244,590
TOTAL ENTERPRISE FUNDS	21,286,590	20,934,582	22,937,549	22,483,192	22,403,710
<i>SELF-INSURANCE PROGRAM FUND:</i>					
Charges For Services	5,094,020	4,848,964	5,291,677	6,505,741	6,505,741
Other Revenue	(660)	-	-	5,000	5,000
TOTAL SELF-INSURANCE PROGRAM FUND	5,093,360	4,848,964	5,291,677	6,510,741	6,510,741
<i>VEHICLE REPLACEMENT FUND:</i>					
Charges For Services	2,951,629	2,778,022	3,168,757	3,570,057	3,520,057
Other Revenue	114,730	81,758	99,136	47,500	97,500
TOTAL VEHICLE REPLACEMENT FUND	3,066,359	2,859,780	3,267,893	3,617,557	3,617,557
<i>BUILDING OCCUPANCY FUND:</i>					
Charges For Services	2,226,807	2,400,525	3,031,028	3,878,838	3,878,838
Other Revenue	-	-	47,500	-	-
TOTAL BUILDING OCCUPANCY FUND	2,226,807	2,400,525	3,078,528	3,878,838	3,878,838

REVENUE DETAIL
FISCAL YEARS 2013-2017

<i>Fund</i>	Actual 2012-13	Actual 2013-14	Actual 2014-15	Midyear 2015-16	Proposed 2016-17
<i>INFORMATION TECHNOLOGY FUND:</i>					
Charges For Services	2,315,349	2,308,441	3,093,702	3,216,503	3,216,503
Other Revenue	3,081	843	5,501	7,000	2,000
TOTAL INFORMATION TECHNOLOGY FUND	2,318,430	2,309,284	3,099,203	3,223,503	3,218,503
<i>EMERGENCY COMMUNICATIONS FUND :</i>					
Charges For Services	2,238,483	2,381,932	3,405,204	3,388,542	3,388,542
Other Revenue	350,198	348,912	362,125	362,125	362,125
TOTAL EMERGENCY COMMUNICATIONS FUND	2,588,681	2,730,844	3,767,329	3,750,667	3,750,667
<i>MAJOR FACILITIES REPAIR FUND:</i>					
Charges For Services	113,987	129,023	123,628	128,404	128,404
TOTAL MAJOR FACILITIES REPAIR FUND	113,987	129,023	123,628	128,404	128,404
TOTAL INTERNAL SERVICE FUNDS	15,407,624	15,278,420	18,628,258	21,109,710	21,104,710
LESS: INTERNAL CHARGES/OVERHEAD	21,925,017	22,074,507	26,093,727	29,208,105	29,208,729
TOTAL CITY	103,529,071	102,500,981	111,010,838	119,464,458	112,885,154
SUCCESSOR AGENCY	1,754,618	1,041,743	1,324,668	1,300,692	1,402,569
HOUSING SUCCESSOR AGENCY	12,813	288,153	106,830	100,703	210,991
COMMUNITY FINANCING AUTHORITY	344,560	329,757	381,473	343,971	365,923
PUBLIC FINANCING AUTHORITY	881,365	576,033	552,715	840,100	840,900
GRAND TOTAL	106,522,427	104,736,667	113,376,524	122,049,924	115,705,537