**MEETING DATE:** November 8, 2010

**AGENDA ITEM :** Preliminary Year End Financial Reports

## ATTACHMENTS

# City of Culver City

# PRELIMINARY YEAR-END REPORT

**FOR**

# FISCAL YEAR 2009-10

# CITY OF CULVER CITY
# PRELIMINARY 2009-10 YEAR-END REPORT
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## INTRODUCTION

Preliminary year-end results for the City are slightly better than expected, but still not as encouraging as hoped. For the second consecutive year the City's General Fund will end the year with an operating deficit. Further adjustments will be made in preparation of the closing of the books, but these adjustments will not close the current gap between revenues and expenditures.

**General Fund** preliminary year-end revenues are $**81.011 million**, or **99.75%** of adjusted budgeted projections. General Fund preliminary year-end expenditures are **$82.639 million**. The current gap between revenues and expenditures is approximately $1.628 million (deficit). However, this amount takes into account the transfer of one-time funding from the Equipment Replacement fund ($1.25 million), the Innovation Fund ($550,000) and the sale of the Metro Spur ($395,000). If these amounts were not received, the deficit would have totaled approximately $3.82 million. General Fund preliminary expenditures came in slightly above the 96.0% target, at 97.1%.

The **Refuse Fund** ended the year with an operating surplus for the second consecutive year. Preliminary year-end Refuse Fund revenues are $11.18 million, and preliminary year-end expenditures are $10.5 million (not including depreciation expense).

Other Funds performed close to expectations, and will be discussed further in the report.

Fiscal 2009-10 saw a continuation of some of the worst economic crises in decades, and as mentioned in several other reports, it is not expected to get better during fiscal 2010-11. It will most likely be many years before the economy performs at the levels seen over the last couple of years.

## REVENUES SUMMARY

*General Fund Revenue Overview*

- Preliminary year-end General Fund revenues are $81,011,900, or 99.75% of adjusted budget projections. Sales Tax came in below the third-quarter adjusted projection, and other categories also missed the mark. A few of the categories that did hit or exceed their projections, such as Transient Occupancy Tax and Real Property Tax, were not enough to make up for the losses of other revenue categories. This amount also includes one-time payments from the Equipment Replacement Fund ($1.25 million), and the Innovation Fund ($550,000).

- In April, the City Council approved adjustments to the budget which adjusted revenue estimates down by approximately $1.8 million. Without these adjustments, receipts would have been 98.0% of original projections.

- Sales Tax receipts came in approximately $250,000 or 1.7% less than the third-quarter adjusted figures. We received approximately eight months of increased receipts from the renovation of Westfield, which brought in several new stores. The economy also leveled slightly during the spring of 2010, which was a welcome relief from the steep dive it was in the prior couple of years. It has certainly not recovered, but the economy does seem to be stabilizing.

## *Revenue Detail*

- **Property Tax -** The adjusted budget for Property Tax for fiscal 2009-10 was $3.4 million. Preliminary year-end results show this revenue coming in at $3.53 million. It is anticipated that this revenue category will stay relatively flat for the next couple of years. The pass-through payments totaled approximately $470,000 for the year.

  The fiscal 2010-11 projection for Property Tax is $3.47 million, and is approximately 1.7% higher than the fiscal 2009-10 adjusted budget. After reviewing current trends and economic activity, it was determined that this projection should stand, even with the slightly higher than anticipated preliminary 2009-10 receipts.

- **Sales Tax -** The fiscal 2009-10 adjusted budget projection for Sales Tax was $14.563 million. The preliminary year-end receipts are $14.314 million. This is a drop of $3.6 million from fiscal 2007-08 ($17.92 million) and a drop of $1.7 million from fiscal 2008-09 ($16.004 million). The low receipts are a direct result of the economy, loss of businesses, and changes in consumer spending. The renovations to Westfield Shopping Mall, which officially re-opened in October 2009, assisted in keeping receipts from falling even lower. A new Target and Best Buy helped supplement the receipts, and also helped make-up for the losses of Circuit City, Hooman Automotive, Karl Storz Endoscopy, and other businesses. The first three quarters of the year saw extremely poor auto sales, but the last quarter saw some encouraging increases in this category, most notably from individuals taking advantage of the generous financing deals. Holiday sales were relatively steady.

  Sales Tax projections for fiscal 2010-11 show a slight increase and are attributable to anticipation of a full year of receipts from Westfield Shopping Mall. Retail sales are expected to continue to stay low through the first portion of the year, with a leveling out and slight recovery during early 2011 and into 2011-12.

- **Public Safety Augmentation Fund (PSAF) -** This funding source was implemented by Prop 172 in 1993, and is to be used to fund public safety services. It is an allocation of 0.5% of the sales tax rate, and is allocated by the State – same as sales tax – to counties and cities. Since it is based on taxable sales, it mimics sales tax receipts. Fiscal 2009-10 adjusted budget projections for PSAF are $298,000. Preliminary Year-end receipts are $309,396, which is the lowest this category has seen since fiscal 2003-04.

  Fiscal 2010-11 interim projections for this category were kept relatively similar at $310,000.

- **Utility Users Tax -** Utility Users Tax (UUT) is a tax placed on electricity, natural gas, water, telecommunications (land-line and wireless), and cable television. Culver City's current rate is 11%. Total fiscal 2009-10 adjusted budget projections for UUT were $14.39 million. Preliminary year-end receipts are $14.143 million, or approximately 98.3% of projections. Discussion of the fiscal 2009-10 performance of each UUT category is provided below.

    - Electricity – The adjusted fiscal 2009-10 budget projection for Electricity UUT is $6.2 million. This amount was reduced from the original adopted budget of $6.407 million. Ending preliminary receipts for this category are $5.775 million, which is approximately 93% of budgeted projections. This is the lowest reported Electricity UUT amount since fiscal 2005-06. Although mild weather has contributed to the low amount, further analysis will be performed to find any other causes.

      The fiscal 2010-11 projection for Electricity UUT is $6.25 million. Staff will be monitoring this category closely and may recommend an adjustment at mid-year.

    - Natural Gas – The fiscal 2009-10 adjusted projection for Natural Gas UUT is $1.14 million. The milder weather kept receipts relatively lower than anticipated along with reduced natural gas prices. Preliminary year-end receipts for the natural gas UUT category are $1.023 million, or approximately 89.7% of projections.

      Fiscal 2010-11 projections for this category are $1.2 million.

    - Water – The fiscal 2009-10 adjusted budget projection for water UUT is $1.068 million. Although reports continue to show a water shortage, usage remains rather steady, and preliminary year-end receipts show water UUT ending the year at roughly $1.061 million or approximately 99.3% of adjusted projections.

      Fiscal 2010-11 interim projections for water UUT are $1.105 million, and take into account a conservative increase.

    - Telecommunications – The adjusted fiscal 2009-10 budget projection for telecommunications UUT is $5.301 million. This projection was clearly a bit pessimistic, and preliminary year-end results show this category at approximately $5.61 million. It is thought, though, that this amount may not be sustainable at this level as calling plans become more inexpensive and more users start migrating to VOIP and bundled services. Staff will be keeping a close eye on this moving forward.

      Projections for fiscal 2010-11 for Telecommunications UUT are $5.5 million.

    - Cable Television – The budget projection for fiscal 2009-10 is $681,000 for Cable TV UUT. This category has remained relatively steady, and preliminary year-end receipts are $673,100.

      Fiscal 2010-11 projections are $720,000 for Cable UUT.

- **Business License -** Business License is a tax placed on “for profit” businesses conducting business within Culver City. Most services are taxed at $1 per $1,000 of gross receipts. Consulting and most professional services are taxed at a rate of $3 per $1,000 of gross receipts. The fiscal 2009-10 budget projection for Business License is $9.541 million. This amount also includes the Business License Certificate fee revenue. Preliminary year-end receipts indicate this category will slightly surpass budget projections, and are currently shown at $9.653 million. A second year of high penalty receipts has assisted in this category surpassing its goal. Staff believes this is attributable to cash-flow issues created by the economic conditions businesses are facing.

  Funding was approved in fiscal 2008-09 for a Business License Tax audit. Work was initiated on this project and it is expected to be finalized during fiscal 2010-11. Fiscal 2010-11 interim projections are $9.827 million.

- **Franchise Tax -** Franchise Tax receipts have remained relatively steady with slight growth over the years. The fiscal 2009-10 budget projection for this category is $1.33 million. Preliminary year-end receipts show the category at $1.278 million.

  Fiscal 2010-11 projections for Franchise Tax are $1.4 million.

- **Transient Occupancy Tax -** Transient Occupancy Tax (TOT) receipts have remained steady even with the slow economy. The fiscal 2009-10 budget projections are $2.837 million. Even with high vacancy rates and low room rates, preliminary year end receipts for TOT are $2.963 million. This is also due to all of the larger hotels in the City being open with no construction, as had been the case in the prior fiscal year.

  Fiscal 2010-11 interim projections are $2.85 million.

- **Real Property Transfer Tax -** This category is dependent on property sales – both residential and commercial. Commercial property sales brings in the higher receipts, but the number of property sales in fiscal 2008-09 and 2009-10 were lower than in the prior few years. Adopted projections for this category were $1.5 million. It was clear at mid-year that this projection was too high and was adjusted to $750,000. At the third-quarter review it was anticipated that this category would still fall short, but during April through June there were some larger than expected real estate sales which boosted this category to end the year at $1.002 million.

  Fiscal 2010-11 projections for this revenue are $750,000. This category is starting off strong and should hit projections.

- **Commercial Industrial Development Tax -** This is a revenue category that fluctuates greatly from year to year. The last few fiscal years have seen high receipts, mostly due to major development occurring in the city. With the collapse of the financial markets, development activity basically came to a halt in fiscal 2008-09 and 2009-10. The adopted budget projection for fiscal 2008-09 was $1.18 million, and was based on anticipated new development that was expected to begin in that fiscal year. It was clear at the mid-year review that most of the developments were not going to occur and would be pushed out a year or two. Fiscal 2008-09 mid-year adjustments to this category brought the budget projection to $880,000. This was clearly still too optimistic, and year-end results were $591,000, approximately 67% of adjusted budget projections.

Fiscal 2009-10 saw even worse results. It was originally thought that one new development would be moving forward, but it quickly became apparent after the budget was adopted that this would not be the case. Adopted budget projections were $985,000 and were adjusted to $300,000 at the third-quarter review. Preliminary year-end receipts show this category still missing the mark and end at $191,695 for fiscal 2009-10.

The budget projection for fiscal 2010-11 is being slightly optimistic and shows it at $400,000. Staff is monitoring this category closely and could recommend an adjustment at mid-year.

- **Intergovernmental Revenue -** State Motor Vehicle License Fee (VLF) In-Lieu is the primary revenue in this category. VLF In-Lieu is paid to municipalities to make up for lost local revenue when the VLF rates were reduced from 2% to 0.65% in 2004. The budgeted amount for 2009-10 was $3,211,860 and was adjusted to $3,326,976 at the third-quarter review. This revenue is received twice a year, in January and May. Since the January amount had been received it was simple to calculate what the year-end balance would be.

  A smaller portion of the Intergovernmental revenue is the VLF administrative revenue. Unfortunately, rising DMV administrative costs have eaten into this revenue source. Due to these rising administrative costs, the budget projection was reduced from $197,000 to $65,000 during the third-quarter budget review. However, larger than expected payments in the last months of the fiscal year enabled this revenue to end the year at approximately $119,871.

- **Charges for Services -** Charges for Services preliminary year-end revenue is 100.9% of the budgeted projections. Charges for Services is comprised of many revenue categories that range from building related permits and plan checks to recreation fees and ambulance fees. The largest revenue sources are ambulance fees, and plans check fees for Engineering, Building Safety, and Fire Prevention. (RDA Billing, which is also a component of this category, is not included in this calculation.)

  - <u>Ambulance Fees</u> - Revenue was higher than anticipated primarily due to increases to the billing rates and increased collection activity. Rates, which are set by Los Angeles County, were recently increased 6%. Fiscal year 2009-10 preliminary year-end revenue totaled $1.312 million, which is approximately 25.9% higher than budget projections. Compared to the previous fiscal year, preliminary revenues are 27.2% higher.

    Fiscal 2010-11 interim projections for this category are $950,000.

  - <u>Auditorium & Room Rentals</u> – The four areas of the Parks, Recreation, & Community Services complex that are rented out are the Veteran's Memorial Auditorium, Veteran's Memorial meeting rooms, the Teen Center, and the Senior Center. For fiscal year 2009-10, the total adjusted budgeted revenue was $665,000 and the preliminary revenue received was $635,000. Receipts are 15.6% higher than fiscal 2008-09, but were 14% lower than fiscal 2007-08.

The lower receipts are directly attributable to the economy, which lead to a dramatic decline in the demand for rentals. The fee structure for rentals is currently being revised in an effort to simplify the fee structure and make it more equitable.

The 2010-11 projection for the Veterans Complex is $715,000.

- Plan Check Fees - The fiscal 2009-10 adjusted budget totaled $1,073,000, and preliminary revenue is $964,362. Plan Check Fees were affected by the economic downturn, but the revenue was bolstered by the Westfield Mall remodel and the construction at Sony.

  Fiscal 2010-11 projections are $1,094,000. Some fees from new development activity are expected in fiscal 2010-11, which has initiated the increased projection from fiscal 2009-10.

- Public Safety Related Fees - These revenues are made up of records requests, live scan fingerprints, vehicle impounds, and other miscellaneous fees. These revenues ended the fiscal year at 118% of the budget. These fees are expected to remain relatively steady in fiscal year 2010-11.

- Recreation Fees – Recreation fees are charged for various services which range from adult sports leagues to day camps for children. The total revenue budget for recreation fees was $1,769,891 and the total preliminary revenue receipts for fiscal year 2009-10 were $1,613,089. Increases in Enrichment Classes receipts were lower than anticipated.

- **Fines & Forfeitures -** Fines & Forfeitures is made up of moving violations, which includes red-light camera violations and parking violations. The preliminary year-end revenues look to end the year at just slightly over budgeted projections. The adjusted budget projections were $4.306 million, and receipts were $4.331 million

  Budget projections for fiscal 2010-11 are forecast at $4.034 million. This amount is will be reviewed at mid-year to see if any adjustments are recommended to be made.

- **Use of Money & Property -** The primary revenue in Use of Money & Property is the interest earned on investments. Preliminary receipts show this category at $1.4 million. Included in this amount is the interest payment from the RDA for the remainder of the $9 million loan.

- **Licenses & Permits -** The majority of the revenue in Licenses & Permits category is derived from construction activity. Budgeted projections for this category for fiscal 2009-10 are $2.22 million. Preliminary year-end revenues for Licenses & Permits are at 96.9% of the adjusted budget, or $2.152 million. Building Permits, Electric Permits, Plumbing & Heating Permits, and Residential Building Records all held relatively steady with projections. Filming permits also came in significantly ahead of projections, which helped fill in for some of the other underperforming categories. Outdoor Dining Permits fell short due to the timing of billing, but receipts will be received in fiscal 2010-11.

Expectations continue to be that construction activity will remain anemic for this next year, so most of these revenues will remain depressed until an economic recovery begins. For fiscal year 2010-11, the total Licenses & Permits budget is projected to be $2,223,066, which is less than half a percent increase from fiscal 2009-10.

- **Interfund/Departmental -** Interfund/Departmental revenues, also known as Administrative Cost Allocation, are reimbursed costs which are incurred by the General Fund for other funds. The Refuse Fund, Sewer Fund, Transportation Fund, and Redevelopment Agency are among the funds that are charged administrative costs. The preliminary year-end total for 2009-10 Interfund/Departmental was $5,288,611 and this revenue was fully collected.

  For fiscal year 2010-11 the budget is $4,803,290. The drop from fiscal 2009-10 is due to reduced services for Transportation.

- **Other Revenues -** The adjusted budget for Other Revenues was $797,918 and the preliminary year-end revenue for this category is $572,207. A good portion of this revenue was received from Land Sale Proceeds ($395,000) from the Redevelopment Agency to purchase the Metro Spur (Wesley property) from the City.

- **Other (Interfund Transfers) -** Revenue for Other (Interfund Transfers) is expected to end the fiscal year at 99.8% of the adjusted budget. The preliminary year-end revenue is $4,131,458. The largest transfer is in the amount of $1,380,000 from the Parking Improvement Fund. The other large one-time transfers include $1.25 million from the Equipment Replacement Fund and $550,000 from the Innovation Fund. Other transfers are from funds including the Refuse Fund, Sewer Fund, Transportation Fund, and Gas Tax Fund.

  The interim budget projection for fiscal year 2010-11 is $3,026,290. This projection includes one-time transfers from the Innovation Fund ($68,000) and the Equipment Replacement Fund ($750,000).

  The table below shows the adopted budget, mid-year adjusted budget, preliminary year-end receipts and percentage of receipts for General Fund revenues for fiscal 2008-09.

| FISCAL YEAR 2009-10<br>PRELIMINARY YEAR-END GENERAL FUND REVENUES | | | | |
|---|---|---|---|---|
| | ADOPTED BUDGET 2009-10 | ADJUSTED BUDGET 2009-10 | PRELIMINARY RECEIPTS AS OF 6/30/10 | % RECEIVED AS OF 6/30/10 |
| Property Tax | $3,685,000 | $3,900,000 | $3,994,987 | 102.4% |
| Sales Tax | $16,165,140 | $14,563,110 | $14,314,156 | 98.3% |
| Public Safety Sales Tax | $360,000 | $298,000 | $309,396 | 103.8% |
| Business Tax | $9,541,000 | $9,541,000 | $9,653,598 | 101.2% |
| Franchise Tax | $1,330,000 | $1,330,000 | $1,278,427 | 96.1% |
| Real Property Trans Tax | $1,500,000 | $750,000 | $1,001,943 | 133.6% |
| Utility Taxes | $14,637,000 | $14,390,000 | $14,142,798 | 98.3% |
| Transient Occupancy Tax (TOT) | $2,746,450 | $2,837,000 | $2,967,131 | 104.6% |
| Commercial/Industrial Development Tax | $985,000 | $300,000 | $191,695 | 63.9% |
| Licenses And Permits | $1,816,790 | $2,220,930 | $2,176,610 | 98.0% |
| Intergovernmental | $3,453,380 | $3,542,421 | $3,587,844 | 101.3% |
| Charges For Services (Includes RDA Billing) | $10,212,115 | $13,528,580 | $11,669,335 | 86.3% |
| Fines and Forfeits | $4,057,000 | $4,306,010 | $4,330,870 | 100.6% |
| Use of Money & Property | $1,039,000 | $984,000 | $1,400,835 | 142.4% |
| Interfund/Departmental (Admin Allocation) | $6,689,009 | $3,785,319 | $5,288,611 | 139.7% |
| Other Revenues | $474,169 | $797,918 | $572,207 | 71.7% |
| Other (Interfund Transfers) | $3,995,300 | $4,138,044 | $4,131,458 | 99.8% |
| **TOTAL GENERAL FUND** | **$82,686,353** | **$81,212,332** | **$81,011,901** | **99.8%** |

## ENTERPRISE REVENUES

### Refuse Fund

- Preliminary year-end revenue for the Refuse Fund is $11,176,527 or 96.1% of the Adjusted Budget. Total revenue is 2.0 % higher than fiscal year 2008-09. Residential Refuse Disposal slightly surpassed projections by 4%. Results also show that Sales of Recycle Items were above projections at $267,706 or 112.2% of the budget. Revenue categories which didn't meet the budget projection were Trash Tonnage Charges, which was over 25% lower than projections and 10% lower than fiscal 2008-09, and Bin Service, Drop Box Service, and Bin Rental Charges.

### Transit Fund

- The Transportation Fund revenues continued to experience many different levels of change during fiscal 2009-10. Preliminary year-end 2009-10 revenues for the Transportation Fund were $15.272 million. Budget projections for fiscal 2009-10 were $29.183 million. FTA capital related revenues came in much lower than expected. A large portion of these funds are for the purchase of new buses, which will occur in fiscal 2010-11, and the revenues will also be received in this fiscal year.

  Preliminary farebox receipts came in under the budget target of $3.52 million, and are showing as $2.62 million, or 74.5% of projections. A rate increase was implemented during fiscal 2009-10, which brought receipts down at the beginning of the fiscal year. Preliminary results for Prop A Discretionary funding surpassed the target by over 7%. Preliminary Prop C year-end receipts met budget projections.

**Sewer Fund**

- Preliminary results show sewer operating revenues at $9,903,908 or 110.0% of budgeted projections. Sewer Operating Fees, which are billed on property taxes, comprise 88% of the fund's operating revenues. Compared to fiscal 2008-09, revenues were 3.6% higher. This can be primarily attributed to Sewer Facility Charges from the Westfield Shopping Mall renovation.

## EXPENDITURES SUMMARY

*General Fund Expenditure Overview*

- Overall, preliminary General Fund expenditures are $82,639,000, or **97.1%** of appropriations, which is over the 96.0% spending target. Salary savings assisted in keeping the percentage low, but reductions in budget amounts in various O & M categories pushed up the percentage. Several individuals also took the retirement incentive in fiscal 2009-10, and accrual payoffs were slightly higher than what was budgeted.

- For the most part, departments successfully adhered to the 96.0% spending assumption. Only the **Fire Department** (97.1%) exceeded 96.0% assumption. This was primarily due to increases in Constant Staffing.

- The **City Council** (78.1%), **City Clerk** (79.1%), **Information Technology** (87.8%), **Parks, Recreation & Community Services** (84.1%), **Human Resources** (86.3%) and **Community Development** (87.2%) were all *below the 96.5% spending assumption* (i.e. more than 8% below the target). All of these Departments, except for City Council, had vacancies that resulted in the significant savings.

- *All other General Fund Departments were within a normal expenditure range, i.e. less than 96.0% but more than 88.0% of its adjusted budget expended.*

### *Expenditure Detail*

Departments/Divisions Exceeding the Spending Assumption:

- The **Fire Department** (97.8%) *exceeded the 96.0% spending assumption.*
  - The overage in the **Fire Department** is due primarily to personnel costs (constant staffing) that were expended during the year, especially at the beginning of the fiscal year.

- Additionally, **nine (9)** General Fund divisions exceeded the 96.0% target (excluding recreation programs that primarily consist of part-time salaries for seasonal programs). Although these divisions exceed their expenditure targets, **each respective department,** except for the department described above, is **below the 96.0% budget target**.
  - **Office of the Police Chief** expended 100.1% of its adjusted budget. This is due primarily to full staffing (i.e. there were no vacancies throughout the year) higher than budgeted bi-weekly payoffs for accrued vacation and sick leave, and overtime expenses which had no matching budget amount. Since the Office of

the Police Chief budgets only for personnel costs in the Chief's Office, there is no O&M budget to offset the lack of vacancies and bi-weekly payoffs.

- **Police Communications** expended 104.0% of its adjusted budget. The major factor is expending of overtime in excess of vacancy savings ($106,000 over budget.

*NOTE: Overall, the Police Department expended 93.5%, or 2.5% below the 96.0% spending assumption. There were several vacancies that attributed to this savings.*

- **Fire Suppression** expended 108.0% of its adjusted budget. The major factor was the expenditure in constant staffing during the fall of 2009. There is also some crossover in personnel expenses between the Fire Suppression division and the EMS division. The EMS division is well under the target (83.2%), which offsets some of the increased costs in Fire Suppression.
- **Fire Prevention** expended 101% of their adjusted budget. The majority of the overage was due to accrual payoffs for a retiree.

*NOTE: Overall, the Fire Department expended 97.8%, or 1.8% above the 96.0% spending assumption.*

- **Community Development Administration** expended 96.6% of its adjusted budget. This is due primarily to full staffing (i.e. there were no vacancies throughout the year) and virtually no O&M budget in the Division to offset the lack of vacancies.

*NOTE: Overall, the Community Development Department expended 87.2% of the adjusted 2009-10 budget.*

- **Public Works Administration** expended 102.4% of its adjusted budget. This is attributable to overtime not budgeted for, higher than budgeted bi-weekly payoffs, and full staffing (i.e. there were no vacancies throughout the year).
- **Maintenance Operations** expended 96.6% of its adjusted budget. This is due primarily to full staffing (i.e. there were no vacancies throughout the year).
- **Building Maintenance** expended 98.5% of its adjusted budget. This is due primarily to use of overtime, which exceeded the budget by about $33,800.
- **Parking Meter Maintenance** expended 101.6% of its adjusted budget. This is due primarily to full staffing (i.e. there were no vacancies throughout the year), and full use of O & M appropriations.

*NOTE: Overall, the Public Works Department expended 94.0%, or 2.0% below the 96.0% spending assumption.*

<u>Departments Significantly Below the Spending Assumption:</u>

- The **City Council** (78.1%), **City Clerk** (79.1%), **Information Technology** (87.8%), **Parks, Recreation and Community Services** (84.1%), **Human Resources** (86.3%), and **Community Development** (87.2%) were all significantly *below the 96.0% spending assumption* (i.e. more than 8% below the target).

- o **City Council** savings are due to lower than anticipated expenditures in Audit Services and Other Contractual Services. Some of these funds have been encumbered and carried-over to fiscal 2010-11.
- o **City Clerk** savings were due primarily to a vacancy and lower than anticipated election costs.
- o **Information Technology** savings were due primarily to vacancies and lower than anticipated repair and maintenance costs.
- o **Parks, Recreation, and Community Services** savings were due primarily to vacancies.
- o **Human Resources** savings was primarily due to a vacancy.
- o **Community Development** savings were due in part to vacancies in several Divisions, and the non-expenditure and subsequent encumbrance carryover of Other Contractual Services funds for expenses related to PXP in the Planning Division. These expenditures will occur in fiscal 2010-11.

*All other General Fund Departments were within a normal expenditure range, i.e. less than 96.0% but more than 88.0% of its adjusted budget.*

**FISCAL YEAR 2009-10**
**PRELIMINARY YEAR-END GENERAL FUND EXPENDITURES**

| | ADOPTED BUDGET 2009-10 | ADJUSTED BUDGET 2009-10 | PRELIMINARY EXPENSES AS OF 6/30/10 | % EXPENDED AS OF 6/30/10 |
|---|---|---|---|---|
| **GENERAL GOVERNMENT** | | | | |
| CITY COUNCIL/CITY MANAGER | $1,556,692 | $1,616,135 | $1,495,887 | 92.6% |
| CITY CLERK | $562,079 | $564,207 | $446,151 | 79.1% |
| CITY ATTORNEY | $1,912,650 | $2,893,653 | $2,641,932 | 91.3% |
| FINANCE | $4,653,955 | $4,891,767 | $4,403,199 | 90.0% |
| Finance Admin & Budget | $1,256,055 | $1,322,173 | $1,186,353 | 89.7% |
| General Accounting | $621,704 | $621,704 | $542,639 | 87.3% |
| Accounting Operations | $979,853 | $1,057,982 | $950,505 | 89.8% |
| Treasury | $1,183,341 | $1,248,771 | $1,114,860 | 89.3% |
| Purchasing | $613,002 | $641,137 | $608,842 | 95.0% |
| HUMAN RESOURCES | $1,167,961 | $1,214,414 | $1,047,757 | 86.3% |
| INFORMATION TECH. | $3,364,099 | $3,580,086 | $3,142,597 | 87.8% |
| **Total General Government** | **$13,217,436** | **$14,760,262** | **$13,177,523** | **89.3%** |
| **PARKS, REC. & COMMUNITY SVCS** | | | | |
| PRCS Admin | $835,656 | $850,590 | $644,518 | 75.8% |
| Cultural Affairs | $475,451 | $481,103 | $416,910 | 86.7% |
| Recreation | $963,266 | $963,266 | $854,189 | 88.7% |
| Parks and Playgrounds | $232,377 | $232,377 | $231,555 | 99.6% |
| Camp Programs | $203,353 | $205,191 | $184,602 | 90.0% |
| Pool and Aquatics | $374,428 | $382,363 | $387,084 | 101.2% |
| Culver City Afterschool Programs | $191,420 | $193,312 | $176,882 | 91.5% |
| Sports Programs | $193,334 | $201,684 | $183,411 | 90.9% |
| Rec and Enrichment Programs | $395,564 | $531,072 | $477,725 | 90.0% |
| Youth Center | $87,427 | $87,427 | $87,569 | 100.2% |
| Youth Mentoring | $11,682 | $11,682 | $12,916 | 110.6% |
| Community Events & Excursions | $25,949 | $26,949 | $25,641 | 95.1% |
| Fiesta La Ballona | $152,000 | $155,789 | $47,920 | 30.8% |
| Parks Division | $2,481,947 | $2,519,167 | $2,217,134 | 88.0% |
| Senior and Social Svcs | $615,578 | $806,369 | $484,268 | 60.1% |
| **Total PR&CS** | **$7,239,432** | **$7,648,341** | **$6,432,324** | **84.1%** |

| FISCAL YEAR 2009-10 PRELIMINARY YEAR-END GENERAL FUND EXPENDITURES (cont'd) | | | | |
|---|---|---|---|---|
| | ADOPTED BUDGET 2009-10 | ADJUSTED BUDGET 2009-10 | PRELIMINARY EXPENSES AS OF 6/30/10 | % EXPENDED AS OF 6/30/10 |
| **POLICE DEPARTMENT** | | | | |
| Office of the Chief | $707,824 | $707,824 | $708,348 | 100.1% |
| Operating Bureaus | $27,268,921 | $27,705,949 | $25,772,311 | 93.0% |
| Communications | $1,450,036 | $1,469,470 | $1,528,471 | 104.0% |
| Animal Control | $206,001 | $214,858 | $143,701 | 66.9% |
| **Total Police Department** | **$29,632,782.0** | **$30,098,101.0** | **$28,152,831.0** | **93.5%** |
| **FIRE DEPARTMENT** | | | | |
| Office of the Chief | $887,684 | $1,026,840 | $906,344 | 88.3% |
| Fire Suppression | $7,874,472 | $8,002,118 | $8,645,866 | 108.0% |
| Emergency Medical Svcs | $4,680,209 | $4,692,902 | $3,902,621 | 83.2% |
| Emergency Preparedness | $197,355 | $199,955 | $184,495 | 92.3% |
| Fire Prevention | $1,148,733 | $1,223,540 | $1,235,863 | 101.0% |
| Communications | $682,751 | $710,847 | $626,859 | 88.2% |
| **Total Fire Department** | **$15,471,204** | **$15,856,202** | **$15,502,048** | **97.8%** |
| **COMMUNITY DEVELOPMENT** | | | | |
| Comm Dev Admin | $695,348 | $704,098 | $680,123 | 96.6% |
| Building Safety | $1,345,565 | $1,403,718 | $1,344,100 | 95.8% |
| Planning | $1,331,220 | $1,551,712 | $1,207,609 | 77.8% |
| Enforcement Services | $712,579 | $726,821 | $598,327 | 82.3% |
| Redevelopment | $1,987,888 | $1,987,888 | $1,807,079 | 90.9% |
| Neighborhood Preservation | $1,478,841 | $1,524,051 | $1,251,380 | 82.1% |
| **Total Community Development** | **$7,551,441** | **$7,898,288** | **$6,888,618** | **87.2%** |
| **PUBLIC WORKS** | | | | |
| Public Works Admin | $614,223 | $614,223 | $629,124 | 102.4% |
| Engineering | $1,744,868 | $1,804,953 | $1,653,433 | 91.6% |
| Maintenance Ops | $348,456 | $415,210 | $401,144 | 96.6% |
| Streets | $2,457,016 | $2,462,157 | $2,288,695 | 93.0% |
| Tree Maintenance | $1,106,959 | $1,145,922 | $1,088,112 | 95.0% |
| Building Maintenance | $2,086,747 | $2,111,995 | $2,080,500 | 98.5% |
| Electrical Maintenance | $1,267,222 | $1,268,060 | $1,132,270 | 89.3% |
| Graffiti Abatement | $388,141 | $418,147 | $388,348 | 92.9% |
| Parking Meters | $106,614 | $106,849 | $108,539 | 101.6% |
| Environmental Programs/Ops | $172,769 | $172,769 | $105,329 | 61.0% |
| **Total Public Works** | **$10,293,015** | **$10,520,285** | **$9,875,494** | **93.9%** |
| **NON-DEPARTMENTAL** | $3,667,710 | $2,525,937 | $2,168,634 | 85.9% |
| Transfers | $354,000 | $460,055 | $441,087 | 95.9% |
| TBD Personnel Reductions | (1,000,000) | (1,000,000) | 0 | 0.0% |
| Projected excess appropriations | ($3,629,000) | ($3,629,000) | $0 | 0.0% |
| **TOTAL GENERAL FUND** | **$82,798,020** | **$85,138,471** | **$82,638,559** | **97.1%** |

*** Percent expended represents the percent of the adjusted budget expended as of the end of the period covered in this report.**

## Internal Service Funds Summary

- **Equipment Maintenance & Fleet Services**, **Equipment Replacement Fund**, and **Central Stores** all ended the year within a **normal expenditure range**. Unexpended funds in the **Equipment Replacement Fund** were carried over within encumbrances and have been expended in fiscal 2010-11.

- The **Self Insurance Fund** has taken a number of hits over the past few years, including more than $4 million in legal, settlement and repair costs related to the Culver Crest hillside litigation. Over the last couple of years, though, focus has been on increasing the fund balance to a comfortable level. The Self Insurance Fund had a beginning cash balance for 2009-10 of **$5.13 million**. During fiscal 2009-10, the SIF's financial stability continued to increase and ended the year with a fund balance of approximate $5.9 million. Although this is a much healthier balance than prior years, it only takes one claim to eradicate that entire balance, as the City experienced with the Culver Crest hillside litigation. Additionally, insurance costs are expected to increase over the next few years as insurers attempt to recover some of their financial losses from the last few years through increased premiums. It is fiscally prudent to have a cash balance on hand to reduce the negative impact of increased insurance premiums and volatile swings in claims costs from year to year.

**Enterprise Funds Summary**

- **Transportation** and **Refuse Enterprise Funds** finished the fiscal year expending 53.1% and 85.0% of their adjusted budgets, respectively. The Transportation Department's budget included appropriations totaling over $10 million for new buses. This expenditure did not occur in 2009-10, and funding has been carried to fiscal 2010-11 to complete the purchase once the buses are delivered. For Refuse, these are normal expenditure levels as they typically expend between 80-90% of their adjusted budget due to a variety of reasons, including vacancies from staff turnover, capital purchases that were not completed during the year, or changes in operations that were planned but not entirely implemented.

  *NOTE: The outstanding Refuse Fund Loan amount will be approximately $977,079 million at the end of fiscal 2009-10. Of this amount, $635,830 is owed the General Fund, and $341,349 to the Equipment Replacement Fund. With the close-out of the Innovation Fund, the remaining amount was added to the General Fund outstanding balance.*

- The **Sewer Fund** expended only 79.6% of its operating budget in fiscal 2009-10. This is due primarily to the significant difference between what was budgeted for payments to the Hyperion Treatment plant and what was actually billed. For fiscal 2009-10, $3.7 million was budgeted, per estimates given to staff by Hyperion, and only $2.16 million was billed. These payments fluctuate greatly from year-to-year, and differences between budget and payments are often significant.

  *NOTE: In July 2009, the Sewer Fund re-financed their existing bond debt, which resulted in approximately $100,000 a year in savings on debt service payments. That savings has been reflected in fiscal 2009-10.*

## FY 2009-10 AND 2010-11 GENERAL FUND SUMMARY

| GENERAL FUND ANALYSIS | | |
|---|---|---|
| | FY 2009-10 | FY 2010-11 |
| | Preliminary Unaudited | Interim Budget |
| **Beg. Fund Balance** | **33,742,100** | **32,115,442** |
| Taxes | 47,854,131 | 49,803,340 |
| Licenses and Permits | 2,176,610 | 2,223,066 |
| Fines and Forfeits | 4,330,870 | 4,034,000 |
| Intergovernmental | 3,587,844 | 3,789,171 |
| Charges for Services | 11,669,335 | 11,704,344 |
| Charges to Departments | 5,288,611 | 4,803,290 |
| Use of Money & Property | 1,400,835 | 999,000 |
| Other Revenue | 177,207 | 240,660 |
| Interfund Transfers | 2,331,458 | 2,208,290 |
| **Normal Revenues** | **78,816,901** | **79,805,161** |
| Available Resources | 112,559,001 | 111,920,603 |
| City Manager/Council | 1,495,887 | 1,366,525 |
| City Clerk | 446,151 | 357,361 |
| City Attorney | 2,641,932 | 1,672,059 |
| Finance | 4,403,199 | 4,151,511 |
| HR | 1,047,757 | 988,812 |
| IT | 3,142,597 | 3,072,224 |
| PRCS | 6,432,324 | 6,303,818 |
| Police | 28,152,831 | 28,335,736 |
| Fire | 15,502,048 | 15,298,847 |
| Comm Dev | 6,888,618 | 7,088,985 |
| Public Works | 9,875,494 | 9,432,354 |
| Non-Departmental | 2,609,721 | 4,873,243 |
| **Total Exp. Budget** | **82,638,559** | **82,941,475** |
| **Surplus/(Deficit)** | **(3,821,658)** | **(3,136,314)** |
| Excess Approp. Budgeted | - | (325,000) |
| **Net Exp. Budget** | **83,537,036** | **82,616,475** |
| **Net Surplus/(Deficit)** | **(3,821,658)** | **(2,811,314)** |
| Metro Spur Sale | 395,000 | - |
| Transfer From ERF | 1,250,000 | 750,000 |
| Transfer From Innovation | 550,000 | 68,000 |
| **Total One-Time** | **2,195,000** | **818,000** |
| **Total Surplus/(Deficit)** | **(1,626,658)** | **(1,993,314)** |
| **Ending Fund Balance** | **32,115,442** | **30,122,128** |

The table above summarizes the detailed results discussed in this report. The first column contains the preliminary unaudited results for FY 2009-10. As indicated, there was an operating deficit of over $3.8 million between revenues and expenditures when not considering the one-time revenue associated with transfers from the Equipment Replacement Fund and Innovation Fund, and the sale of the Metro Spur. It is only with this $2.195 million in one-time revenue that the total deficit for 2009-10 is approximately $1.6 million.

For fiscal 2010-11, the Adopted Budget includes a gap of $3.14 million between normal revenues (revenue sources expected on an annual basis) and total departmental expenditures. This means that if all positions were filled and all departments spent their total budget allocation, $3.14 million of reserves would be required in addition to normal revenues. However, due to normal employee turnover there is some level of position vacancies in any given year, and because of procurement cycles and other timing related matters there is normally some level of savings in Operations and Maintenance accounts. The City has a practice of ‘assuming’ this savings in an Excess Appropriations account. This account is reflected as a negative expenditure line item in a non-departmental account. For fiscal 2010-11, this assumption was decreased significantly from prior years mainly because of the number of positions that were reduced from the budget. The initial excess appropriation amount is only $325,000, although with additional vacancies so far into 2010-11, this amount may be low. When factoring in this amount and the one-time transfers from the Equipment Replacement fund ($750,000) and the Innovation Fund ($68,000), the deficit for the 2010-11 Adopted Budget was $1.993 million. Council approved the potential use of up to $2 million to cover this shortfall.

The reduction of positions in fiscal 2010-11 was part of the Phase I of two phases the City is taking to address the on-going structural deficit. During fiscal 2010-11, management and staff will be working towards other gap closing measures.

## ADDITIONAL COST PRESSURE FOR THE CITY

<u>CalPERS</u>

Along with poor performing revenues, the City will be facing another economic challenge with the significant increase in CalPERS rates anticipated to begin in fiscal 2011-12. The decline in the financial markets took a heavy toll on investors during fiscal 2008-09 and continuing into 2009-10. CalPERS, even with its size, was not immune to the decline and experienced an almost 25% loss of its assets during the 2008-09 year. Unfortunately, the large loss could not be entirely attributed to poor market conditions. A few very poor and risky financial decisions made by the board also contributed to the losses.

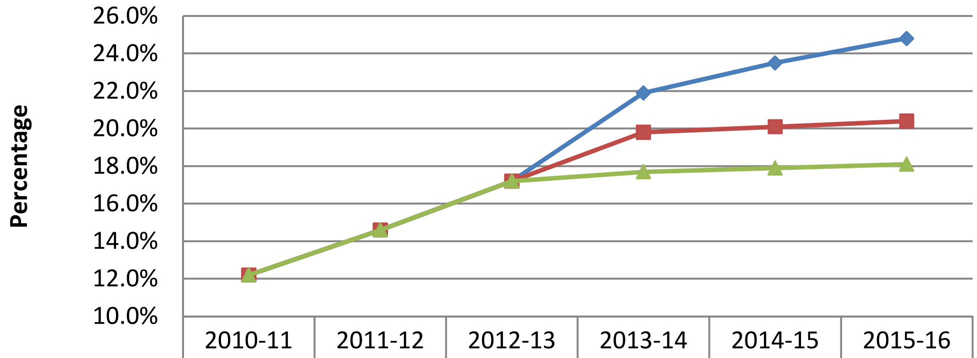
As a direct result of the substantial losses experienced during the dot.com financial crisis, which shot PERS rates up tremendously for many agencies (Culver City saw a $4 - $5 million jump in just one year), CalPERS implemented a “smoothing” approach to guard against such large annual increases (or decreases). The smoothing went into effect a few years ago and since then rates have been hovering around 11% – 12% of salary for miscellaneous employees and 24% - 26% of salary for public safety employees.

Beginning in fiscal 2011-12 rates will once again start climbing and, per reports from CalPERS and our actuarial Bartel & Associates, Culver City’s rates are estimated to be in the neighborhood of

17% of salary for miscellaneous employees and 43% of salary for public safety employees by fiscal 2015-16.

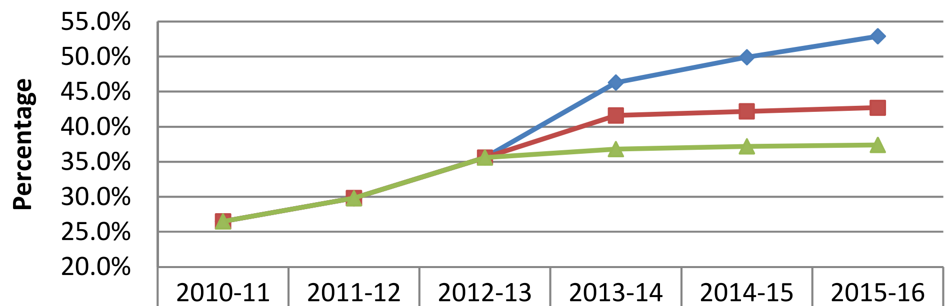
Below are the estimated percentages by fiscal year beginning with actual rates for fiscal 2010-11. They are broken into three categories based on potential CalPERS returns from 2011 to 2014. The "75th" confidence limit is based on the rate of return being between 0.4% and 3.6%. The "50th" confidence limit is based on the rate being 7.75% (which is CalPERS expected annual rate of return). The "25th" confidence limit anticipates an 11.8% to 15.3% return. The 50th confidence limit figures are those that the actuary deems 'most likely'.

**CONTRIBUTION PROJECTIONS - MISCELLANEOUS**




| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|
| 75th | 12.2% | 14.6% | 17.2% | 21.9% | 23.5% | 24.8% |
| 50th | 12.2% | 14.6% | 17.2% | 19.8% | 20.1% | 20.4% |
| 25th | 12.2% | 14.6% | 17.2% | 17.7% | 17.9% | 18.1% |

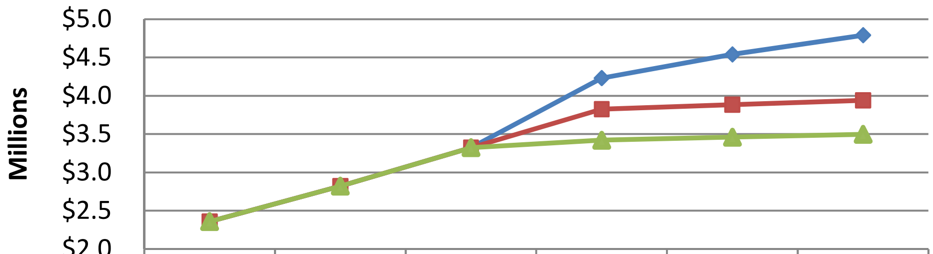
**CONTRIBUTION PROJECTIONS - SAFETY**




| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|
| 75th | 26.5% | 29.8% | 35.6% | 46.3% | 49.9% | 52.9% |
| 50th | 26.5% | 29.8% | 35.6% | 41.6% | 42.2% | 42.7% |
| 25th | 26.5% | 29.8% | 35.6% | 36.8% | 37.2% | 37.4% |

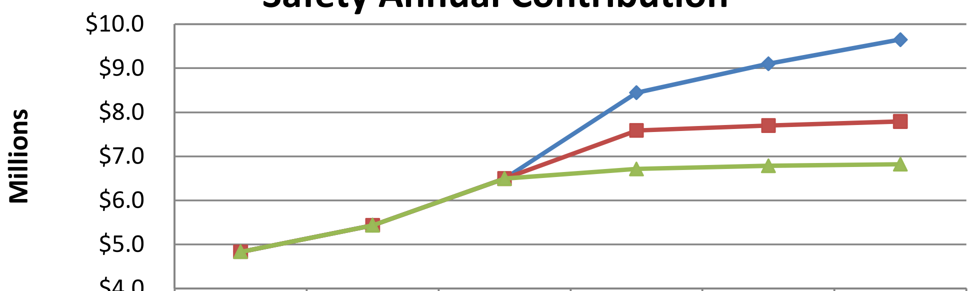
Thus, using the most likely scenario, the expectation is that the amount we pay for retirement on behalf of Miscellaneous employees will increase by 64% over the next four years and the amount for Safety will increase by 60%. The increase in the General Fund contribution dollar amounts for both miscellaneous and safety employees are shown in the charts below. The third chart shows the aggregate amount of both groups.

## Miscellaneous Annual Contribution




| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|
| 75th | $2.4 | $2.8 | $3.3 | $4.2 | $4.5 | $4.8 |
| 50th | $2.4 | $2.8 | $3.3 | $3.8 | $3.9 | $3.9 |
| 25th | $2.4 | $2.8 | $3.3 | $3.4 | $3.5 | $3.5 |

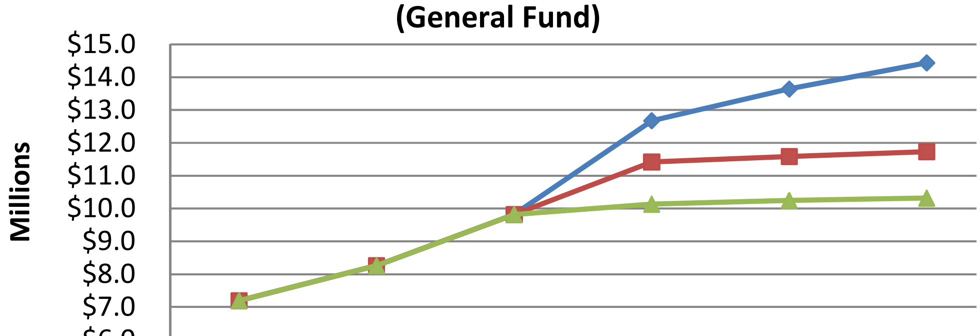
## Safety Annual Contribution




| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|
| 75th | $4.8 | $5.4 | $6.5 | $8.4 | $9.1 | $9.7 |
| 50th | $4.8 | $5.4 | $6.5 | $7.6 | $7.7 | $7.8 |
| 25th | $4.8 | $5.4 | $6.5 | $6.7 | $6.8 | $6.8 |

## Miscellaneous & Safety Combined

**(General Fund)**




| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|---|
| 75th | $7.2 | $8.3 | $9.8 | $12.7 | $13.6 | $14.4 |
| 50th | $7.2 | $8.3 | $9.8 | $11.4 | $11.6 | $11.7 |
| 25th | $7.2 | $8.3 | $9.8 | $10.1 | $10.2 | $10.3 |

The increases are from \$3.1 million to \$7.2 million, with the "50th" confidence limit being most likely at a \$4.5 million increase. With the current remaining structural deficit already facing the City, this increase puts the City in a much more difficult position. This is an increase the City must cover given the current level of staffing. Even with further reductions in personnel, this category will still see significant increases.

Other Post-Employment Benefits (OPEB)

Perhaps the most significant issue facing the City is the ability to fully fund other postemployment benefits. As the name suggests, *other postemployment benefits* (OPEB) are postemployment benefits *other than pensions.* OPEB generally takes the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. It may also include some types of life insurance, legal services, and other benefits. Culver City provides healthcare benefits to retirees.

The GASB established standards in 1994 for how public employee pension plans and governmental employers participating in pension plans should account for and report on pension benefits, but similar provisions did not exist for OPEB. Although the OPEB may not have the same legal standing as pensions in some jurisdictions, the GASB believed that pension benefits (as a legal obligation) and OPEB (as a constructive obligation in some cases) are a part of the compensation that employees earn each year, even though these benefits are not received until after employment has ended. Therefore, the cost of these future benefits is a part of the cost of providing public services today. However, most governments reported their cash outlays for OPEB in a given year, rather than the cost to the employer of OPEB earned by employees in that year; these two amounts may be vastly different. In the absence of standards similar to those the GASB enacted for pensions, most governments did not report the full cost of the OPEB earned by their employees each year.

Furthermore, most governments did not report information about the nature and size of their long-term financial obligations and commitments related to OPEB. Consequently, the readers of financial statements, including the public, have incomplete information with which to assess the cost of public services and to analyze the financial position and long-run financial health of a government. The purpose of the new standards—GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*—was to address these shortcomings.

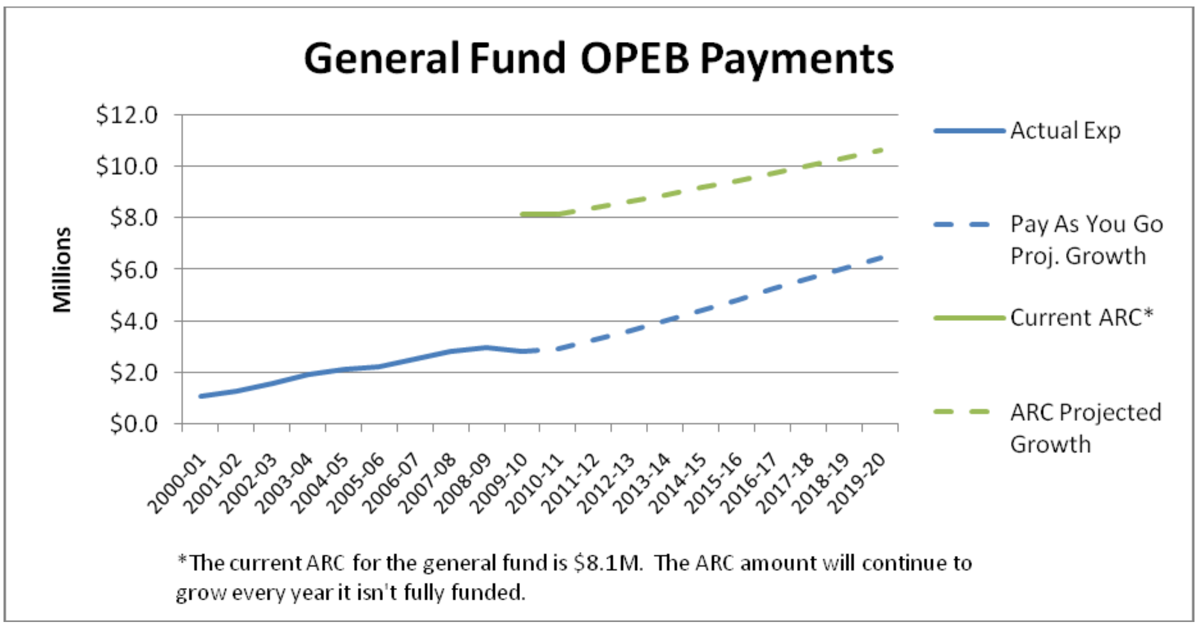
In general, governments should account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. These amounts should be produced by actuarial valuations performed in accordance with parameters established by the GASB. The valuations should be conducted at least every two years for plans that administer OPEB for 200 or more plan members (both active and retiree).

Pursuant to the GASB 45 requirements, Culver City just had its second actuarial analysis completed. As was previously established, the City of Culver City provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon termination of employment with the City. This means the requirement to receive this benefit is at least five years of service in PERS (at any agency), and being at least 50 years of age. Currently, someone meeting these criteria and coming from another PERS agency, could retire immediately after starting in Culver City and the City is required to provide the benefit to them for life.

It is also critical to understand that the actuarial report only values current active and retired participants. It does not include any data for new replacement employees or an expansion of the work force. This means if the City completely eliminated the retiree medical benefit for any new hires beginning tomorrow, it would not change the City's liability. This represents the value of the promised benefits today. The only way to meaningfully lower the liability would be to make some reduction in the promise to current employees.

The Annual Required Contribution (ARC) for the fiscal year ending June 30, 2010 is $11.754 million. The amount the City actually paid out in fiscal 2009-10 in retiree medical insurance premiums for all funds was $3.537 million. To equate this to a similar item, this is like CalPERS telling the City to provide them $11.754 million this year to fund current and future benefits, and the City provides them only the $3.5 million for existing retirees. This $8 million the City did not pay gets recorded on the City-wide financial statements as a liability. Because this is the second year the City has not pre-funded, the liability is now over $15 million.

The chart below illustrates the current pay-as-you-go status for the General Fund, and current calculated ARC amount.




There are a few terms to understand related to the Plan's liabilities. The Present Value of Benefits (PVB) represents the actuarial present value of all future benefits expected to be paid to current employees and retirees (NOT future hires). If the liability was turned into a 'pie chart', the PVB represents the whole pie.

The Actuarial Accrued Liability (AAL) is the portion of the PVB attributable to past service. All of the liability for current retirees is contained in the AAL, because they are done providing service. For active employees, the portion of their expected service that has already been completed is also included in the AAL.

The Normal Cost is the portion of the PVB that is attributed to the current plan year for active employees.

Each of the liabilities are a present value calculated by using a selected present value rate. Cities that do not prefund are required to use a discount rate basically equivalent to the historical return on investment they have received with their funds, or 4%. In order to understand how sensitive the results are to a discount rate, our actuarial also provided the liability results based on a 7.75% rate in the table below (valuation date of 7/1/2009):

| | **4.00%** | **7.75%** |
|---|---|---|
| Present Value of Benefits (PVB) | $213,205,000 | $106,896,000 |
| Actuarial Accrued Liability (AAL) | $148,528,000 | $86,766,000 |
| Normal Cost | $6,124,000 | $2,529,000 |

As an explanation of the meaning of the discount rate, the PVB using a 4% discount rate means that if the City invested $213,205,000 today in an interest bearing account that earns 4%, the liabilities would be fully funded. By comparison, if the interest bearing account was to earn 7.75%, only $106,896,000 would be required to fund the liability. The reality is that if the City were to implement pre-funding to an irrevocable trust, the discount rate (or expected earnings) would probably be between 6.0% and 6.5%.

The report states that for each payroll dollar towards a Police employee, the City needs to fund an additional 28.1 cents per dollar towards retiree medical. For each Fire employee, it is 23.8 cents per dollar, and for each Miscellaneous it is 22.1 cents per dollar. Adding this to existing benefits and retirement amounts, the City's benefit structure will begin to approach $1.00 in benefits for each $1.00 in payroll.

**Conclusion**

The value of the retiree medical benefit Culver City provides is daunting. The City of Culver City has one of the richest benefits in the State. The City allows up to family coverage, where many jurisdictions that do offer the benefit will limit it to the employee cost, or some portion of that cost. The City also continues coverage after age 65, where many agencies do not. The City clearly needs to consider whether this benefit is offered to new hires, and also discuss whether to modify it for current employees. Regardless, the City cannot continue to ignore this liability. In fact, funding could become a requirement in the next few years. Unless and until there is a major change in the benefit level, staff's financial projections will include the City moving towards full pre-funding within the next five years.

<u>Additional Cost Pressure Items</u>

Another factor for consideration is the likelihood that both Social Security and Medicare will need to increase employee and employer contributions in the future. As more and more 'baby boomers' enter retirement, the pressure on these systems will require either increased contributions or lower benefits. The ultimate effect of the national healthcare effort and how it will affect these systems, or our own retiree medical system, is completely unknown at this time.

## FIVE YEAR PROJECTION

Fiscal 2010-11 projections for both revenues and expenditures will be closely watched as we move through the first half of the fiscal year. The table below summarizes the current 'baseline' five year projection for the General Fund. The percentage growth rate assumptions are also included in separate tables to clearly show the assumptions made.

**Current Year and Five-Year Forecast (Projected for 10-11)**

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---|---|---|---|---|---|
| Beginning **Appropriable** Fund Balance | **33,742,100** | **32,115,085** | **26,121,216** | **21,842,316** | **16,231,416** | **8,520,516** |
| Total GF Revenues | 78,816,735 | 79,805,131 | 82,243,000 | 84,923,000 | 87,943,000 | 91,181,000 |
| Total GF Expenditures Before Adjustments | 82,638,750 | 82,942,000 | 85,271,900 | 88,033,900 | 91,903,900 | 94,465,900 |
| Implement OPEB Pre-Funding | - | - | 1,250,000 | 2,500,000 | 3,750,000 | 5,000,000 |
| Net GF Expenditures | 82,638,750 | 82,942,000 | 86,521,900 | 90,533,900 | 95,653,900 | 99,465,900 |
| **Operating Surplus/Deficit** | (3,822,015) | (3,136,869) | (4,278,900) | (5,610,900) | (7,710,900) | (8,284,900) |
| One-time - ERF | 1,250,000 | 750,000 | - | - | - | - |
| One-time - Innovation Fund | 550,000 | 68,000 | - | - | - | - |
| One-time - Metro Spur Sale | 395,000 | - | - | - | - | - |
| Estimated Excess Appropriation Savings Assumption in 2010-11 | | 325,000 | | | | |
| *Total One-time* | *2,195,000* | *1,143,000* | - | - | - | - |
| Gross Surplus/Deficit | **(1,627,015)** | **(1,993,869)** | **(4,278,900)** | **(5,610,900)** | **(7,710,900)** | **(8,284,900)** |
| Transfer from Reserve for one-time Capital expenses | **-** | **4,000,000** | **-** | **-** | **-** | **-** |
| Ending **Appropriable** Fund Balance | 32,115,085 | 26,121,216 | 21,842,316 | 16,231,416 | 8,520,516 | 235,616 |
| | 38.86% | 31.84% | 25.51% | 18.11% | 8.99% | 0.24% |
| | | *24,882,600* | *25,956,570* | *27,160,170* | *28,696,170* | *29,839,770* |

As discussed in detail above, the City has been discussing the urgent issue of funding the future cost of retiree medical for current employees and retirees. Included about a third of the way down in the chart above is a "stepping stone" approach to reaching this goal of the Annual Required Contribution the City should be making on an annual basis to fund the cost of retiree medical for current employees and retirees. Legally, the City can continue on a 'pay-as-you-go' funding basis for this benefit and record the difference as a liability on its financial statements. However, the pay-as-you-go costs will increase dramatically and become a larger and larger percentage of the annual operating budget. The Finance Department cannot recommend continuing the pay-as-you-go approach to funding this benefit. Currently the General Fund pay-as-you-go amount is approximately $3.0 million. The General Fund Annual Required Contribution is over $8.0 million, which leaves a current unfunded amount of over $5.0 million.

The following tables illustrate the current growth assumptions made for future year projections. These rates are reviewed on an annual basis and take into account criteria such as average historical revenue trends, current economic trends, and known revenue or expenditure increases that will occur given a corresponding event or action.

| GROWTH RATE ASSUMPTIONS | | | | |
|---|---|---|---|---|
| REVENUES | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Property Tax [1] | 2.0% | 2.0% | 3.0% | 3.0% |
| Sales Tax | 4.0% | 4.5% | 4.7% | 5.0% |
| PSAF TAX | 4.0% | 4.5% | 4.7% | 5.0% |
| Business License Tax [2] | 3.5% | 4.0% | 4.5% | 5.0% |
| Franchise Tax | 2.5% | 2.5% | 2.5% | 2.5% |
| Real Property Tansfer Tax [3] | 0.0% | 0.0% | 0.0% | 0.0% |
| Utility Users Tax - Electricity | 2.5% | 2.5% | 2.5% | 2.5% |
| Utility Users Tax - Gas | 3.5% | 3.5% | 3.5% | 3.5% |
| Utility Users Tax - Water | 3.0% | 4.0% | 4.0% | 4.0% |
| Utility Users Tax - Telecomm | 2.5% | 2.0% | 1.5% | 1.5% |
| Utility Users Tax - Cable TV | 3.5% | 3.5% | 4.0% | 4.0% |
| Transient Occupancy Tax | 5.0% | 4.5% | 4.5% | 4.0% |
| Commercial/Industrial Dev Tax [3] | 0.0% | 0.0% | 0.0% | 0.0% |
| Licenses and Permits | 5.0% | 5.0% | 6.0% | 6.0% |
| Intergovernmental | 3.5% | 3.5% | 3.5% | 3.5% |
| Charges for Services | 3.5% | 3.5% | 4.0% | 4.0% |
| Fines and Forfeitures | 3.5% | 3.5% | 3.5% | 3.5% |
| Use of Money and Property | 0.0% | 2.0% | 2.0% | 2.0% |
| Interfund Revenues | 1.0% | 1.0% | 2.0% | 2.0% |
| Other Revenues | 0.0% | 0.0% | 0.0% | 0.0% |
| Transfers-In [4] | 0.0% | 0.0% | 0.0% | 0.0% |

(1) Includes Pass-through Payments.  Base property Tax growth only 2%

(2) Includes Business Tax Certificate

(3) These revenues sources can fluctuate greatly year-to-year.  Projection estimated year-to-year.

(4) Fiscal 2010-11 includes transfer from the Innovation Fund ($68,000) and ERF ($750,000).

| GROWTH RATE ASSUMPTIONS (cont'd) | | | | |
|---|---|---|---|---|
| EXPENDITURES | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Salary (5) | 0.0% | 0.0% | 2.0% | 2.0% |
| Part-time salary | 0.0% | 0.0% | 0.0% | 0.0% |
| Overtime | 0.0% | 0.0% | 2.0% | 2.0% |
| Fire (Constant Staffing) | 0.0% | 0.0% | 0.0% | 0.0% |
| Contract Labor (6) | 0.0% | 0.0% | 0.0% | 0.0% |
| Deferred Compensation | 0.0% | 0.0% | 0.0% | 0.0% |
| Social Security | 0.0% | 0.0% | 2.0% | 2.0% |
| Retirement (Employer portion) | 16.0% | 19.0% | 18.0% | 4.0% |
| Deferred Retirement | 0.0% | 0.0% | 2.0% | 2.0% |
| Workers Compensation | 2.0% | 2.0% | 2.0% | 2.0% |
| Group Insurance (7) | 8.0% | 7.5% | 7.0% | 6.5% |
| Retiree Medical | 11.0% | 11.0% | 10.0% | 9.0% |
| State Disability Insurance (SDI) (8) | 2.0% | 2.0% | 2.0% | 2.0% |
| Health Benefits | 0.0% | 0.0% | 0.0% | 0.0% |
| Auto Allowance | 0.0% | 0.0% | 0.0% | 0.0% |
| Education Reimbursemnt | 0.0% | 0.0% | 0.0% | 0.0% |
| Uniform Allowance | 0.0% | 0.0% | 0.0% | 0.0% |
| Amortization of Equipment | 0.0% | 0.0% | 0.0% | 0.0% |
| O & M | 2.0% | 2.0% | 2.0% | 2.0% |
| Liability Reserve Charge | 0.0% | 0.0% | 0.0% | 0.0% |
| Garage Charges | 5.0% | 5.0% | 5.0% | 5.0% |
| Other/Transfers (9) | 0.0% | 0.0% | 0.0% | 0.0% |
| | | | | |
| (5) Fiscal 2010-11 includes full year of Miscellaneous employees COLA. Subsequent fiscal years use conservative increases. Includes reduction of 60 positions from 09-10. | | | | |
| (6) Contract Labor in Building Safety approved on an annual basis due to development activity. | | | | |
| (7) Group Insurance includes: Medical, Dental, Vision, and Life Insurance. | | | | |
| (8) Annual increases not based on personnel costs. State controlled. | | | | |
| (9) Includes reserve funds transferred to capital projects. | | | | |

Staff reviews and adjusts these percentages on an annual basis as needed. Some items of note: Sales Tax will most likely take until fiscal 2013-14 or 2014-15 to recover to the level of receipts experienced in fiscal 2007-08; Retiree medical premiums are expected to increase slightly faster than active employees due to an increasing number of retirees relative to active employees (actuarial estimates show that by approximately fiscal 2014-15, the number of retirees will reach or surpass the number of active employees); Lastly, the projections above include an assumption of no additional salary increases until 2013-14, and even then only a 2% increase for 2013-14 and 2014-15. Salary increases prior to this, or greater than this, will result in a corresponding increase to the expenditure numbers.

## CONCLUSION

Culver City, like virtually all California cities, has been hard-hit by the recession. Comparatively, our region fared better than others, but even with the beginning of a modest recovery we face significant challenges to fund increasing retirement costs, retiree medical costs and beginning to address deferred maintenance or replacement of infrastructure. While the City significantly reduced the General Fund budget for Fiscal Year 2010-11, this report summarizes the fact that we still face a significant gap. Lowering existing personnel costs is certainly part of the solution the City must consider, but that will not realistically solve the deficit. Major cuts to City services and personnel will dramatically change this community and what it represents and provides to its residents. To avoid this, the reality is that this city will likely need to consider an increase in some form of tax revenue to secure its financial future. The balance of further cost-cutting, service reduction or revenue increases is where we must focus our attention.

Culver CITY

# FINANCIAL MONITORING REPORT

## Fiscal 2009-10 Preliminary Year End

## PERFORMANCE AT A GLANCE

| | CURRENT MONTH | YEAR TO DATE | PAGE |
|---|---|---|---|
| **GENERAL FUND** | | | |
| General Fund Combined Revenues & Expenditures | | | Page 3 |
| General Fund Expenditures | NORMAL | NORMAL | Page 3 |
| General Fund Department Analysis | BELOW/ABOVE/NORMAL | BELOW/ABOVE/NORMAL | Page 4 |
| General Fund Revenues | NEGATIVE | NORMAL | Page 5 |
| Other Revenues | NEGATIVE | NEGATIVE | Page 5 |
| Sales Tax | NEGATIVE | NEGATIVE | Page 6 |
| Business License Tax | NEGATIVE | NEGATIVE | Page 6 |
| Utility Users Tax | NEGATIVE | NEGATIVE | Pages 7- 9 |
| Property Tax Revenue | POSITIVE | POSITIVE | Page 9 |
| Charges for Services | POSITIVE | NEGATIVE | Page 10 |
| Transient Occupancy Tax | NEGATIVE | NEGATIVE | Page 11 |
| One-time Revenue Receipts and GF Reserve % | | | Page 11 |
| **MAIN ENTERPRISE FUNDS** | *EXPENDITURE / REVENUE* | *EXPENDITURE / REVENUE* | |
| Refuse Fund | BELOW/NORMAL | BELOW/NORMAL | Page 12 |
| Transit Operations Fund | BELOW/NEGATIVE | BELOW/NEGATIVE | Page 13 |
| Sewer Operating Fund | BELOW/NORMAL | BELOW/NORMAL | Page 14 |
| **MAIN INTERNAL SERVICE FUNDS** | *EXPENDITURE / REVENUE* | *EXPENDITURE / REVENUE* | |
| Equipment Maint. & Fleet Svcs. | NORMAL/NORMAL | NORMAL/NORMAL | Page 15 |
| Self-Insurance Fund | ABOVE/NORMAL | ABOVE/NORMAL | Page 16 |
| **CAPITAL IMPROVEMENT FUNDS** | | | Page 17 |
| **OTHER FUNDS** | | | Page 18 |

| | |
|---|---|
| BELOW BUDGET OR POSITIVE | = > 4% compared with prior year for revenues, or below expenditure target |
| NORMAL | = Positive variance or negative variance < 2% compared prior year |
| WARNING | = Negative variance of 2— 4% compared with prior year. |
| NEGATIVE | = Negative variance of > 4% compared with prior year. |

# ECONOMIC INDICATORS

## ECONOMY

**Nat'l Consumer Price Index**: ***Down***

The CPI decreased 0.1% in May. Over the last 12 months, CPI has increased 1.1%. The increase was driven largely by energy costs.

**Interest Rates**: ***Even***

On June 23rd, the Federal Open Market Committee voted to keep the Federal Funds rate at a target range of 0 to 0.25%. The Fed expects inflation to remain subdued, so rates are expected to remain low for the near future.

**National GDP**: ***Up***

Revised estimates show that the GDP increased by an annualized rate of 1.6% in the second quarter of 2010.

**Ocean Container Traffic:** ***Up***

In June, ocean container traffic into the ports of Los Angeles and Long Beach was up 29.6% from the same month last year. This is the seventh consecutive month of year over year increases.

**Airport Passenger Traffic:** ***Up***

Passenger traffic to local airports increased 4.0% from June 2009 to June 2010. International traffic increased 11.6%, while national traffic increased 1.4% over the last year.

## UNEMPLOYMENT RATES

| | | |
|---|---|---|
| **National** | | |
| | May 2009 | 9.4% |
| | May 2010 | 9.7% |
| | June 2009 | 9.5% |
| | June 2010 | 9.5% |
| **State** | | |
| | May 2009 | 11.3% |
| | May 2010 | 12.4% |
| | June 2009 | 11.6% |
| | June 2010 | 12.3% |
| **LA County** | | |
| | May 2009 | 11.2% |
| | May 2010 | 12.1% |
| | June 2009 | 11.3% |
| | June 2010 | 12.2% |

# ECONOMIC & FISCAL UPDATE

### Economy

According to the National Bureau of Economic Research, the recession is officially over. They dated the beginning and end of the recession as December 2007 to June 2009. Even though the economy has shown some signs of growth, areas such as housing, retail sales, and employment remain depressed, so by no means is the economy back to normal. In fact, many pundits and economists still believe a double dip recession is a real possibility. Even if the economy does not dip into another "technical" recession, unemployment is expected to remain high and growth (particularly in California) will likely remain tepid for the foreseeable future.

### Fiscal Update

All of the numbers contained in this report are the unaudited, preliminary year-end totals for fiscal year 2009-10. The revenue and expenditure totals will not be finalized until the City's auditors complete their review of the financial statements.

The General Fund ended the fiscal year with revenue totaling $81,011,903 and expenditures of $82,638,557, a budget deficit exceeding $1.6M. However, the fiscal year 2009-10 revenues include one-time funding from the Equipment Replacement and Innovation funds totaling $1,8M, as well as $395k from the sale of property, so the actual operating budget deficit was over $3.8M.

The General Fund's largest source of revenue is sales tax, which has declined dramatically over the last two years. For fiscal year 2009-10, sales tax receipts totaled $14,314,155, which is over 20% lower than the receipts in fiscal year 2007-08. Even the addition of new stores to the remodeled Westfield Culver City Mall has not generated enough sales to fully offset lower consumer spending and the loss of major sale tax generators. Another area that has declined dramatically is building and development related fees and taxes. For example, in fiscal year 2007-08 Commercial Industrial Development tax revenue reached a high of $2.1M, but in fiscal year 2009-10 revenue dropped to $191k. On a brighter note, property tax receipts increased 7% from fiscal year 2008-09 and transient occupancy taxes remained steady, showing just a slight increase.

General Fund expenditures ended the year lower than each of the last two fiscal years. This is a result of the hiring freeze (non-public safety) and a reduction of nonessential operations and maintenance expenditures. Compared to fiscal year 2008-09, personnel expenditures increased 0.5%, operations and maintenance expenses decreased 1.2%, and transfers to other funds declined 68%. The decline in transfers to other funds is wholly attributed to the low level of funding for capital projects. Historically, the General Fund transfers over $1M to fund capital projects, but in an effort to reduce the budget deficit, the General Fund only transferred $205k during fiscal year 2009-10.

Culver City's enterprise funds; Refuse, Sewer, and Transportation are relatively healthy, although there are concerns about the future of Transportation's various revenue streams. The status of the remaining funds will be addressed later in the report.

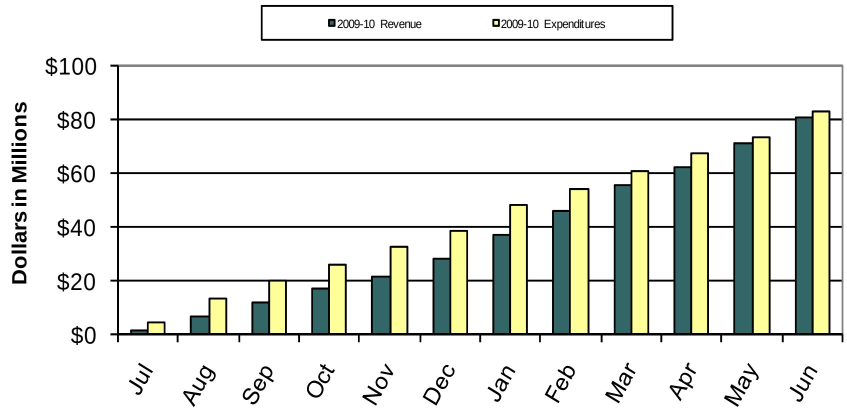
*"Throw money at a problem and it will remain."*

**Toni Kakko**

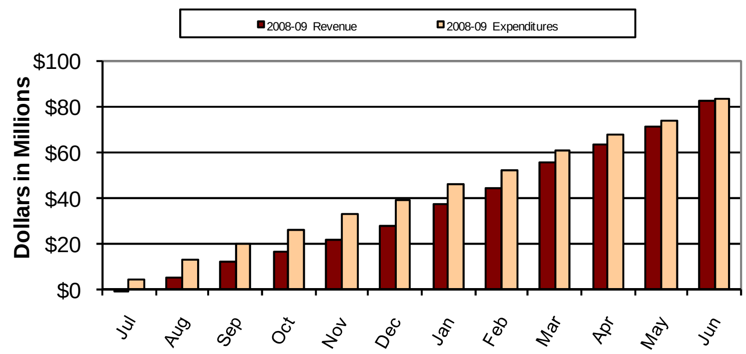
# GENERAL FUND ANALYSIS:

## REVENUES & EXPENDITURES THROUGH JUNE 2010 [Cumulative]:

| | 2009-10 Revenue | 2009-10 Expenditures |
|---|---|---|
| July | $ 1,352,319 | $ 4,406,707 |
| August | 5,501,702 | 8,905,669 |
| September | 4,986,324 | 6,707,352 |
| October | 4,833,294 | 6,093,888 |
| November | 5,137,094 | 6,251,153 |
| December | 6,260,180 | 6,401,137 |
| January | 8,980,097 | 9,300,747 |
| February | 8,758,990 | 6,289,551 |
| March | 10,014,960 | 6,598,270 |
| April | 6,273,622 | 6,096,716 |
| May | 9,105,601 | 6,221,157 |
| June | 9,801,720 | 9,366,210 |
| TOTAL | $ 81,005,904 | $ 82,638,557 |

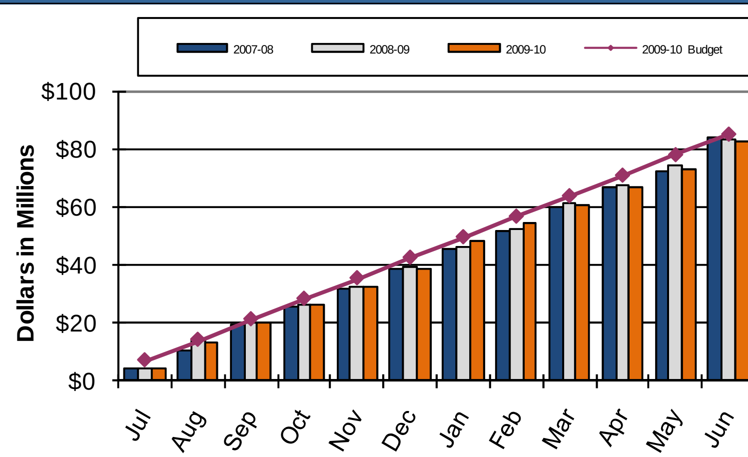



General Fund revenues are accrued back to a prior fiscal year for several of the larger categories such as Sales Tax, TOT, and UUT. This causes the monthly amount shown for July, and in some cases August, to look "low" when compared to future months. When comparing revenues and expenditures in a fiscal year it is important to remember this accrual of revenues to the prior year causes the large gap. In-lieu payments for Sales Tax and Motor Vehicle License Fees are received in January and May of each year. Property Tax and Business License Tax are also seasonal and are recognized most significantly in December/April and February/March respectively.




## GENERAL FUND EXPENDITURES THRU JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 Expenditures | 2008-09 Expenditures | 2009-10 Expenditures |
|---|---|---|---|
| July | $ 4,177,856 | $ 4,354,540 | $ 4,406,707 |
| August | 6,110,635 | 9,117,410 | 8,905,669 |
| September | 8,739,298 | 6,660,426 | 6,707,352 |
| October | 6,614,130 | 6,282,672 | 6,093,888 |
| November | 5,739,487 | 6,246,091 | 6,251,153 |
| December | 7,463,020 | 6,322,259 | 6,401,137 |
| January | 6,833,180 | 7,044,018 | 9,300,747 |
| February | 6,081,761 | 6,520,875 | 6,289,551 |
| March | 8,423,258 | 8,674,051 | 6,598,270 |
| April | 6,605,769 | 6,536,762 | 6,096,716 |
| May | 5,836,127 | 6,450,987 | 6,221,157 |
| June | 11,334,820 | 9,226,738 | 9,366,210 |
| TOTAL | $ 83,959,341 | $ 83,436,829 | $ 82,638,557 |
| Adj Budget | $ 86,018,123 | $ 87,743,489 | $ 85,138,468 |




**BELOW BUDGET**

**GENERAL FUND EXPENDITURES** — At the end of fiscal year 2009-10, expenditures totaled $82,638,557 or 97.1% of the adjusted budget. Expenditures were 1.0% lower than the previous fiscal year and 1.6% lower than the expenditures in fiscal year 2007-08. Compared to fiscal year 2008-09, personnel costs increased 0.5%, operations and maintenance expenses decreased 1.2%, and transfers to other funds declined 68%. The months of August and January have higher expenditures because they contain three pay periods, while the other months only have two pay periods.

# GENERAL FUND DEPARTMENT ANALYSIS:

## Comparison of Adjusted Budget to Actual: Target = 96.00% through June 2010:

| GENERAL FUND DEPARTMENTS | ADOPTED BUDGET 2009-10 | ADJUSTED BUDGET 2009-10 | ACTUAL EXPENDED AS OF 6/30/10 | PERCENT EXPENDED 2009-10 | TARGET AMOUNT |
|---|---|---|---|---|---|
| GENERAL GOVERNMENT | | | | | |
| CITY COUNCIL | $ 265,823 | $ 265,823 | $ 207,578 | 78.1% | $ 255,190 |
| CITY MANAGER | 1,290,869 | 1,350,312 | 1,288,309 | 95.4% | 1,296,300 |
| CITY CLERK | 562,079 | 564,207 | 446,151 | 79.1% | 541,638 |
| FINANCE DEPT | 4,653,955 | 4,891,767 | 4,403,198 | 90.0% | 4,696,096 |
| CITY ATTORNEY | 1,912,650 | 2,893,653 | 2,641,932 | 91.3% | 2,777,907 |
| HUMAN RESOURCES | 1,167,961 | 1,214,414 | 1,047,757 | 86.3% | 1,165,837 |
| INFORMATION TECH | 3,364,099 | 3,580,086 | 3,142,596 | 87.8% | 3,436,882 |
| **TOTAL GENERAL GOVERNMENT** | **$ 13,217,436** | **$ 14,760,262** | **$ 13,177,521** | **89.3%** | **$ 14,169,851** |
| **PARKS, REC. & COMMUNITY SVCS** | 7,239,432 | 7,648,339 | 6,432,323 | 84.1% | 7,342,406 |
| **POLICE DEPARTMENT** | 29,632,782 | 30,098,101 | 28,152,831 | 93.5% | 28,894,177 |
| **FIRE DEPARTMENT** | 15,471,159 | 15,856,201 | 15,502,049 | 97.8% | 15,221,953 |
| **COMMUNITY DEVELOPMENT** | 7,551,441 | 7,898,287 | 6,888,619 | 87.2% | 7,582,356 |
| **PUBLIC WORKS** | 10,293,015 | 10,520,286 | 9,875,494 | 93.9% | 10,099,474 |
| **NON-DEPARTMENTAL** | 3,667,710 | 2,526,332 | 2,168,634 | 85.8% | 2,425,279 |
| Transfers | 354,000 | 459,660 | 441,087 | 96.0% | 441,274 |
| Excess appropriation (4.0%) & Other | (4,629,000) | (4,629,000) | 0 | - | - |
| **TOTAL GENERAL FUND** | **$ 82,797,975** | **$ 85,138,468** | **$ 82,638,557** | **97.1%** | **-** |

## NOTABLE EXPENDITURE VARIANCES THROUGH JUNE 2010:

**EXPENDITURES:** Over 80% of the General Fund adopted budget is personnel related expenditures. The adjusted budget amount includes operating encumbrance carryover amounts from the prior fiscal year. Through June, most Departments are in-line or below the target budget. Below are notable variances for Departments over or below the target.

**Departments significantly under Target (more than 10%):**

**City Council** — Expenditures are below target primarily due to lower than expected retiree medical insurance, contractual services, and audit services costs.

**City Clerk** — The City Clerk's office had one vacancy which kept personnel expenditures below budget.

**PR&CS** — Three vacancies in the Parks division and one vacancy in the PR&CS Administrative division were the primary reason that the PR&CS department's expenditures ended the year below the target.

**Non-Departmental** — Through June, Non-Departmental is only 85.8% expended due to a few factors. For one, utility costs were $165,000 lower than anticipated. Also, actual expenses for membership and dues and contractual services were well under budget.

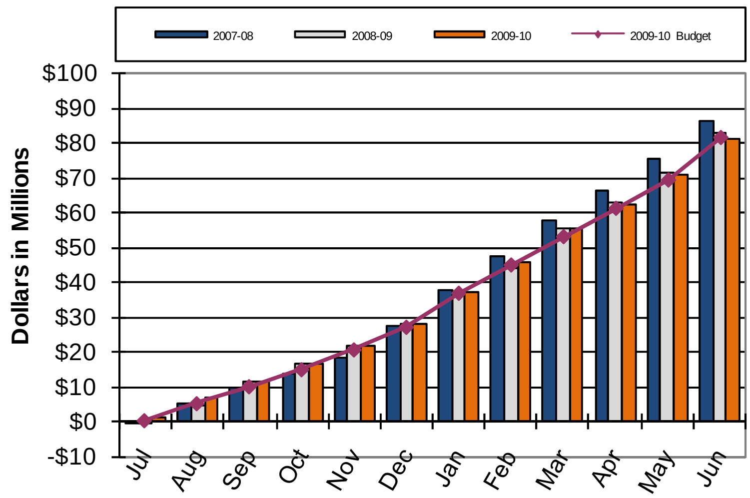
**Departments over Target:**

**Fire Department** — The Fire Department is over target due to higher than anticipated constant staffing costs. These are due in part to Strike Team deployments to assist with wild fires. The direct costs of Strike Teams are reimbursed, but the City is responsible for the indirect costs, which are primarily the constant staffing expenditures necessary to maintain fully staffed fire stations.

# GENERAL FUND REVENUE ANALYSIS:

## TOTAL GENERAL FUND REVENUES THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 Revenue | 2008-09 Revenue | 2009-10 Revenue |
|---|---|---|---|
| July | $ 341,121 | $ 124,986 | $ 1,352,319 |
| August | 5,062,285 | 4,966,099 | 5,501,702 |
| September | 4,334,446 | 6,791,085 | 4,986,324 |
| October | 4,165,591 | 4,644,193 | 4,833,294 |
| November | 4,559,561 | 5,309,425 | 5,137,094 |
| December | 9,017,272 | 6,470,501 | 6,260,180 |
| January | 10,436,417 | 8,816,481 | 8,980,097 |
| February | 9,466,608 | 7,185,772 | 8,758,990 |
| March | 10,417,263 | 11,287,839 | 10,014,960 |
| April | 8,838,122 | 7,623,944 | 6,273,622 |
| May | 8,946,942 | 8,443,987 | 9,105,601 |
| June | 10,713,892 | 11,081,440 | 9,801,720 |
| TOTAL | $ 86,299,520 | $ 82,745,752 | $ 81,011,903 |
| Adj Budget | $ 82,774,909 | $ 85,345,425 | $ 81,212,332 |




**TOTAL GENERAL FUND REVENUES** — Total General Fund revenues for fiscal year 2009-10 were $81,011,903, which is 99.7% of the adjusted budget projections. Total revenue was $1.7M lower than the revenue received in fiscal year 2008-09 and $5.3M lower than fiscal year 2007-08.

**Commercial Industrial Development Tax** — Receipts for commercial/industrial development tax totaled $191,695. This is the lowest level of revenue since 2003-04. Slow development activity has continued to plague this category.
NOTE: During the year the budget projection for this category was decreased to $300,000 from $985,000.

**Fines & Forfeitures** — Through the end of the fiscal year, fines and forfeiture's receipts totaled $4,330,870, or 100.6% of budgeted projections. Fines & Forfeitures is made up of moving violations, which includes red-light camera violations and parking violations.
NOTE: During the year the budget projection for this category was increased to $4,306,000 from $4,057,000.

**Real Property Transfer Tax** — Real Property Transfer Tax ended the year with $1,001,943 in receipts, which is 133.6% of the budgeted projection. Due to the continued slow real estate activity receipts remain low, however the receipts in the last couple months of the fiscal year exceeded expectations. In past years this category has been very volatile and is highly dependent on commercial real estate transactions.
NOTE: During the year the budget projection for this category was decreased to $750,000 from $1,500,000.

**Intergovernmental** — State Motor Vehicle License Fee (VLF) In-Lieu is the primary revenue in this category. VLF In-Lieu is paid to municipalities to make up for lost local revenue when the VLF rates were reduced from 2% to 0.65% in 2004. These payments are received in equal installs in January and May of each fiscal year. Receipts through the end of the year were $3,326,976. A smaller portion of the Intergovernmental revenue is the VLF administrative revenue, which exceeded expectations and ended the year with total revenue of $119,871 or 184% of the adjusted budget.
NOTE: During the year the budget projection for this category was increased to $3.3 million from $3.2 million.
NOTE: During the year the budget projection for this category was decreased to $65,000 from $197,000.

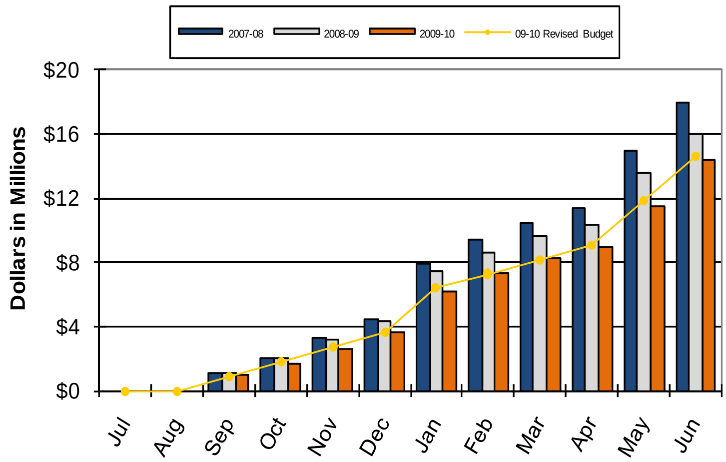
**Westfield Sign Revenue** — This year the city received new revenue as part of an agreement with Westfield. For fiscal year 2009-10, sign revenue totaling $55,645 was received.

**Franchise Tax** — Revenue totaled $1,278,427 or 96.1% of the budgeted projections. Franchise tax is relatively stable, with the majority of the revenue paid by cable and gas companies for use of underground pipelines within city limits.

# GENERAL FUND REVENUE ANALYSIS (continued):

## SALES TAX THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 912,800 | $ 883,000 | $ 731,900 |
| August | 1,217,000 | 1,177,300 | 975,800 |
| September | 1,169,765 | 1,153,656 | 991,762 |
| October | 938,300 | 903,900 | 767,400 |
| November | 1,251,100 | 1,205,200 | 869,800 |
| December | 1,156,535 | 1,101,267 | 1,101,406 |
| January | 3,471,855 | 3,119,307 | 2,512,754 |
| February | 1,444,200 | 1,090,000 | 1,170,000 |
| March | 1,021,326 | 1,066,905 | 871,196 |
| April | 876,200 | 751,800 | 658,700 |
| May | 3,557,052 | 3,127,807 | 2,580,655 |
| June | 975,468 | 776,770 | 1,122,381 |
| Prior Yr Acc | (2,129,800) | (2,060,300) | (1,707,700) |
| Current Yr Acc | 2,060,300 | 1,707,700 | 1,668,100 |
| **TOTAL** | **17,922,101** | **16,004,311** | **14,314,155** |
| Adj Budget | 18,300,000 | 16,718,000 | 14,563,110 |



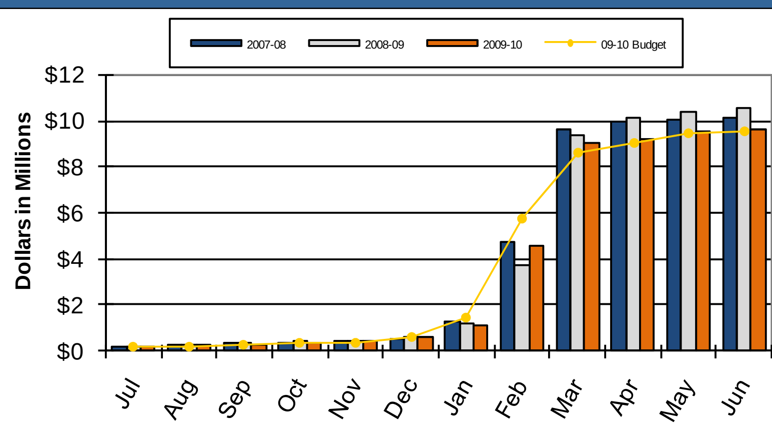

**NEGATIVE**

**SALES TAX**— Total Sales Tax revenue for fiscal year 2009-10 was down $1.7M from the fiscal year 2008-09 totals. Compared to fiscal year 2007-08, receipts were down $3.6M or approximately 20%. This puts sales tax receipts at levels not seen since fiscal 2001-02. The renovation and addition of new stores at the Westfield shopping mall has helped sales tax receipts, but it is not enough to offset the new consumer mindset and the loss of major sales tax generators of the last couple years. Bargain shopping is more popular than ever and experts are calling this the new normal. In the first and second quarters of 2010, sales tax receipts began to stabilize, but any substantial growth is not projected in the near future.

NOTE: The fiscal 2009-10 sales tax revenue budget was reduced from $16,165,145 to $14,563,110. The original budget projections were based on estimates by the City's sales tax consultant. These projections proved to be overly optimistic.

## BUSINESS TAX THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 166,407 | $ 145,420 | $ 144,821 |
| August | 90,161 | 127,706 | 91,285 |
| September | 40,187 | 102,857 | 33,837 |
| October | 48,583 | 56,862 | 68,109 |
| November | 44,065 | 29,579 | 67,728 |
| December | 132,250 | 143,597 | 166,390 |
| January | 753,918 | 545,761 | 536,077 |
| February | 3,428,559 | 2,529,652 | 3,441,251 |
| March | 4,953,144 | 5,693,894 | 4,477,464 |
| April | 298,323 | 790,587 | 201,327 |
| May | 73,308 | 218,997 | 298,196 |
| June | 142,573 | 149,774 | 127,114 |
| **TOTAL** | **$ 10,171,478** | **$ 10,534,685** | **$ 9,653,598** |
| Adj Budget | $ 9,144,000 | $ 10,150,000 | $ 9,541,000 |




**POSITIVE**

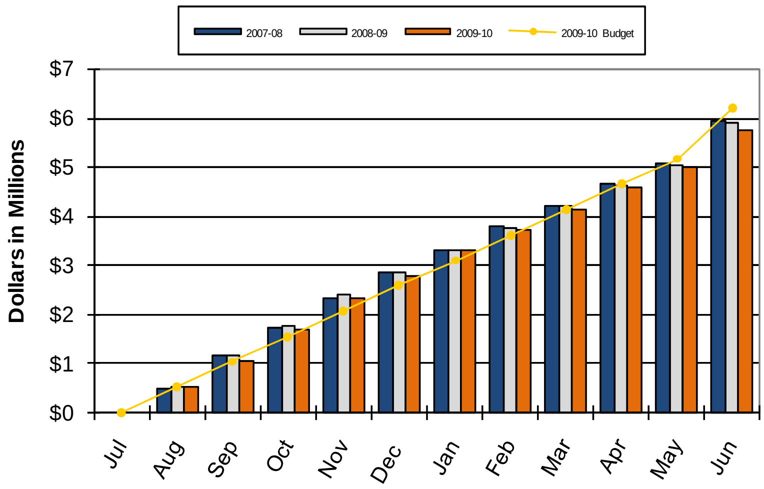
**BUSINESS TAX** — For fiscal year 2009-10, business tax license revenue exceeded the budget projections by over $100k. However, revenue lagged fiscal 2008-09 totals by over $880k and fiscal 2007-08 receipts by over $500k. During the fiscal year 2009-10, businesses were paying taxes based on their gross receipts for the 2009 calendar year. Business taxes were due by March 1st this year, so the majority of the tax receipts were received in February and March.

# GENERAL FUND REVENUE ANALYSIS (continued):

## UTILITY USER'S TAX THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

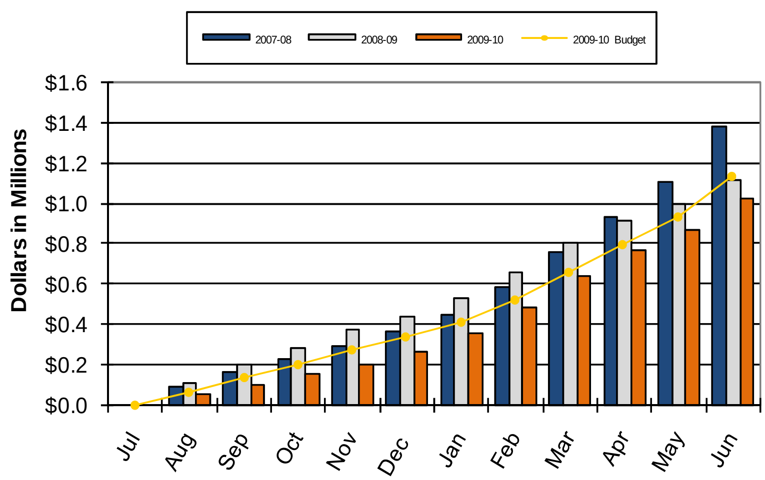
**Electricity UUT**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 417,420 | $ 433,414 | $ 467,916 |
| August | 500,334 | 524,237 | 530,976 |
| September | 669,748 | 636,710 | 540,491 |
| October | 556,764 | 611,030 | 622,753 |
| November | 621,597 | 637,669 | 624,382 |
| December | 513,303 | 464,135 | 456,489 |
| January | 454,472 | 456,181 | 537,513 |
| February | 485,773 | 435,445 | 429,754 |
| March | 426,921 | 437,940 | 387,256 |
| April | 441,445 | 440,247 | 459,497 |
| May | 425,935 | 394,215 | 422,544 |
| June | 432,822 | 406,363 | 380,795 |
| Prior Yr Acc | (417,420) | (433,414) | (467,916) |
| Current Yr Acc | 433,414 | 467,916 | 382,629 |
| **TOTAL** | **$ 5,962,528** | **$ 5,912,087** | **$ 5,775,079** |
| Adj Budget | $ 5,800,000 | $ 6,303,600 | $ 6,200,000 |



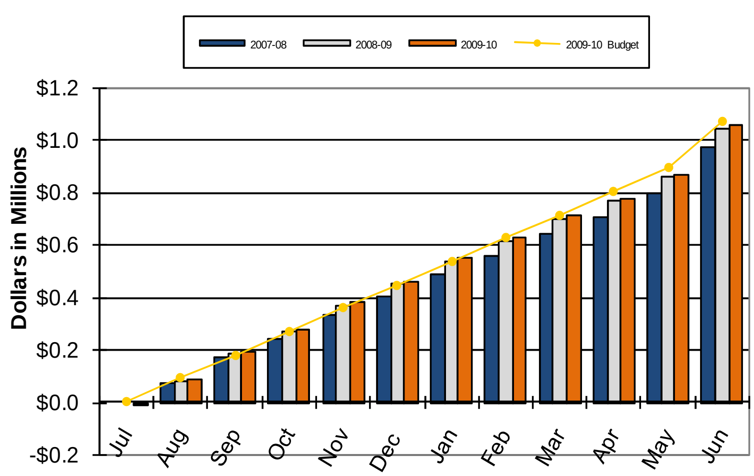

**Natural Gas UUT**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 98,599 | $ 121,396 | $ 56,849 |
| August | 88,810 | 114,570 | 51,456 |
| September | 76,452 | 90,419 | 49,460 |
| October | 66,079 | 79,765 | 50,140 |
| November | 62,463 | 86,173 | 50,175 |
| December | 68,182 | 72,379 | 65,229 |
| January | 88,358 | 90,211 | 88,581 |
| February | 132,893 | 126,404 | 132,739 |
| March | 171,072 | 142,148 | 152,337 |
| April | 180,198 | 110,984 | 129,384 |
| May | 168,955 | 81,106 | 97,577 |
| June | 155,111 | 65,010 | 81,719 |
| Prior Yr Acc | (98,599) | (121,983) | (56,849) |
| Current Yr Acc | 121,983 | 56,849 | 74,612 |
| **TOTAL** | **$ 1,380,558** | **$ 1,115,432** | **$ 1,023,409** |
| Adj Budget | $ 1,346,000 | $ 1,140,000 | $ 1,140,000 |




**Water UUT**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 89,981 | $ 100,185 | $ 99,617 |
| August | 74,166 | 84,040 | 89,416 |
| September | 95,276 | 102,020 | 107,735 |
| October | 75,300 | 85,397 | 84,147 |
| November | 90,181 | 99,505 | 100,612 |
| December | 70,436 | 79,947 | 79,195 |
| January | 86,457 | 91,171 | 94,110 |
| February | 66,376 | 71,015 | 72,473 |
| March | 82,704 | 89,995 | 84,095 |
| April | 69,891 | 70,276 | 67,566 |
| May | 87,329 | 90,956 | 87,956 |
| June | 77,785 | 80,049 | 82,365 |
| Prior Yr Acc | (89,981) | (100,185) | (99,617) |
| Current Yr Acc | 100,185 | 99,617 | 110,905 |
| **TOTAL** | **$ 976,088** | **$ 1,043,989** | **$ 1,060,575** |
| Adj Budget | $ 902,000 | $ 960,000 | $ 1,068,000 |

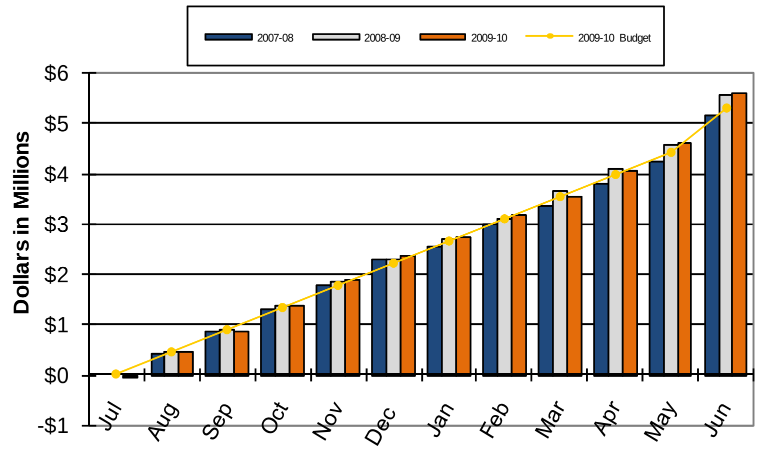


# GENERAL FUND REVENUE ANALYSIS (continued):

## UTILITY USER'S TAX THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

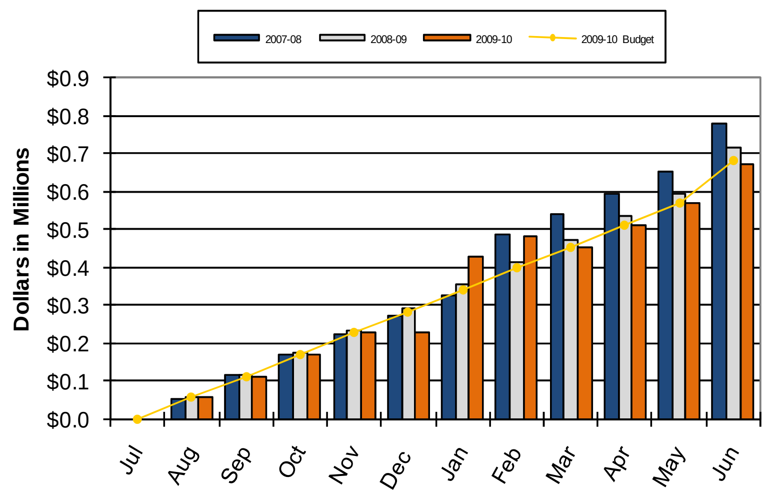
### Telephone UUT

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 372,380 | $ 452,733 | $ 459,736 |
| **August** | 416,124 | 459,313 | 463,425 |
| **September** | 442,406 | 464,139 | 401,781 |
| **October** | 380,131 | 451,736 | 501,048 |
| **November** | 430,844 | 475,264 | 532,236 |
| **December** | 453,656 | 442,409 | 460,922 |
| **January** | 443,788 | 398,430 | 378,850 |
| **February** | 416,961 | 415,252 | 451,143 |
| **March** | 375,482 | 542,671 | 345,667 |
| **April** | 456,352 | 462,296 | 531,685 |
| **May** | 440,672 | 448,159 | 524,905 |
| **June** | 440,576 | 532,444 | 543,417 |
| **Prior Yr Acc** | (372,380) | (452,908) | (460,248) |
| **Current Yr Acc** | 452,908 | 460,248 | 476,069 |
| **TOTAL** | **$ 5,149,900** | **$ 5,552,186** | **$ 5,610,637** |
| **Adj Budget** | $ 5,000,000 | $ 5,301,000 | $ 5,301,000 |



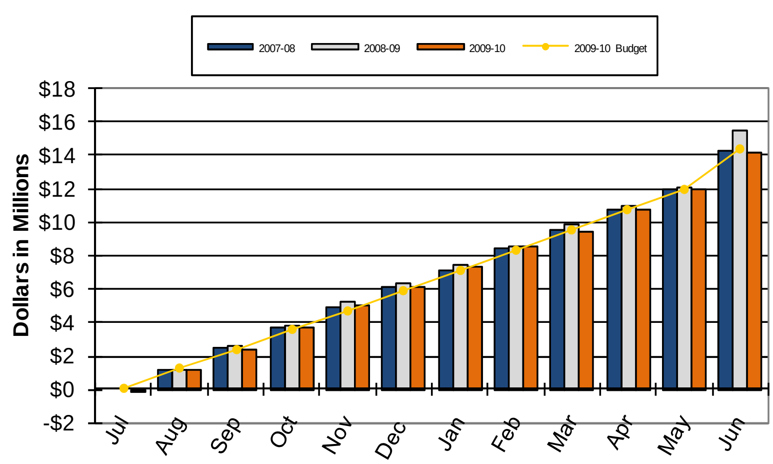

### Cable UUT

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 54,986 | $ 56,845 | $ 62,640 |
| **August** | 55,554 | 57,528 | 57,215 |
| **September** | 58,837 | 58,157 | 56,653 |
| **October** | 55,463 | 58,536 | 56,283 |
| **November** | 52,377 | 59,464 | 57,185 |
| **December** | 52,320 | 59,680 | - |
| **January** | 52,274 | 59,421 | 199,788 |
| **February** | 173,354 | 60,536 | 56,884 |
| **March** | 52,976 | 59,941 | (29,983) |
| **April** | 55,901 | 59,878 | 56,894 |
| **May** | 55,521 | 59,312 | 57,116 |
| **June** | 55,343 | 58,446 | 58,979 |
| **Prior Yr Acc** | (54,986) | (56,845) | (62,640) |
| **Current Yr Acc** | 56,845 | 62,640 | 46,084 |
| **TOTAL** | **$ 776,765** | **$ 713,539** | **$ 673,098** |
| **Adj Budget** | $ 608,000 | $ 675,000 | $ 681,000 |




### Total All UUT

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 1,033,366 | $ 1,164,573 | $ 1,146,758 |
| **August** | 1,134,988 | 1,239,687 | 1,192,488 |
| **September** | 1,342,719 | 1,351,446 | 1,156,120 |
| **October** | 1,133,737 | 1,286,463 | 1,314,371 |
| **November** | 1,257,463 | 1,358,075 | 1,364,590 |
| **December** | 1,157,898 | 1,118,550 | 1,061,835 |
| **January** | 1,125,350 | 1,095,414 | 1,298,842 |
| **February** | 1,275,358 | 1,108,652 | 1,142,994 |
| **March** | 1,109,156 | 1,272,695 | 939,371 |
| **April** | 1,203,787 | 1,143,681 | 1,245,027 |
| **May** | 1,178,412 | 1,073,749 | 1,190,099 |
| **June** | 1,161,637 | 1,142,313 | 1,147,275 |
| **Prior Yr Acc** | (1,033,366) | (1,165,335) | (1,147,270) |
| **Current Yr Acc** | 1,165,335 | 1,147,270 | 1,090,298 |
| **TOTAL** | **$ 14,245,839** | **$ 14,337,233** | **$ 14,142,798** |
| **Adj Budget** | $ 13,656,000 | $ 14,379,600 | $ 14,390,000 |



# GENERAL FUND REVENUE ANALYSIS (continued):

## UTILITY USER'S TAX THROUGH JUNE 2010

**The City usually receives UUT revenue the month after it is collected by the utility companies. Because of this delay, all July receipts and some August receipts are accrued back to the previous fiscal year. The budget projections are adjusting accordingly. Overall, UUT receipts totaled $14,142,798 and were 1.4% lower that fiscal year 2008-09.**

**NEGATIVE** **ELECTRICITY UUT** — Total revenue was $5.78M, which is 2.3% lower than last year. During the year, the budget for this revenue category was reduced from $6,407,000 to $6,200,000. The decline can be partially attributed to the mild weather in the early spring and summer.

**NEGATIVE** **NATURAL GAS UUT** — Natural gas revenues ended the year totaling $1.11M, which is 8.2% lower than receipts at this point last year. The low revenue is primarily due to low natural gas prices, which is caused by an oversupply of natural gas in the U.S.

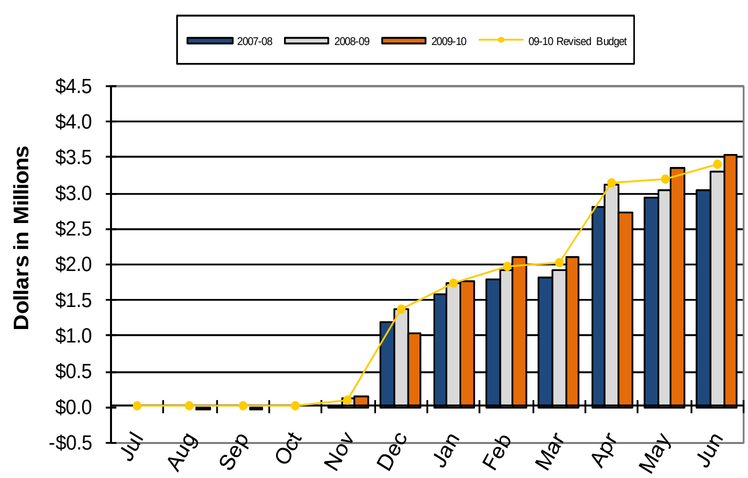
**NORMAL** **WATER UUT** — Through the end of fiscal 2009-10, Water UUT receipts are 1.6% higher than the total receipts last year. City Council adopted a water conservation ordinance, which went into affect in December 2009. So far the changes have not had much of an affect on Water UUT receipts, but staff will continue to monitor receipts.

**NORMAL** **TELECOMMUNICATIONS UUT** — For fiscal year 2009-10, telecommunications revenue totaled $5,610.637, or 105.8% of the adjusted budget. Revenue was 1.6% higher than last fiscal year's totals.

**NEGATIVE** **CABLE TELEVISION UUT** — Cable TV UUT receipts totaled $673,098 which is 5.7% lower than last year. The lower receipts can be partially attributed to consumers cutting back on their cable packages and reducing their premium channels.

## PROPERTY TAX THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 105,671 | $ 65,250 | $ 135,260 |
| **August** | - | 17,642 | 107,307 |
| **September** | - | - | - |
| **October** | - | - | - |
| **November** | 33,620 | 132,865 | 146,159 |
| **December** | 1,153,913 | 1,234,198 | 879,421 |
| **January** | 393,974 | 369,590 | 739,890 |
| **February** | 222,451 | 175,604 | 338,335 |
| **March** | 15,527 | 3,368 | 4,437 |
| **April** | 981,287 | 1,197,760 | 608,816 |
| **May** | 145,646 | (74,574) | 630,042 |
| **June** | 23,924 | 0 | 5,239 |
| **Prior Yr Acc** | (105,671) | (82,892) | (247,009) |
| **Current Yr Acc** | 82,892 | 256,514 | 177,194 |
| **TOTAL** | **$ 3,053,233** | **$ 3,295,325** | **$ 3,525,093** |
| **Adj Budget** | $ 3,147,000 | $ 3,340,000 | $ 3,400,000 |




**POSITIVE** **PROPERTY TAX** — At the end of the fiscal year, property taxes totaled $3,525,093, which was $125,093 higher than the budgeted projections. Even though the Culver City real estate market has softened, the downturn has not had a significant visible affect on property tax receipts. Culver City has many long-time homeowners, which due to Prop 13, keeps their property taxes low and the City's receipts relatively stable. To balance the fiscal 2009-10 budget the State of California borrowed $858,929 of the City's property taxes. Culver City joined other cities to securitize the debt and thus received 100% of City's fiscal year 2009-10 property tax. The securitized property tax payments were received in January and May.

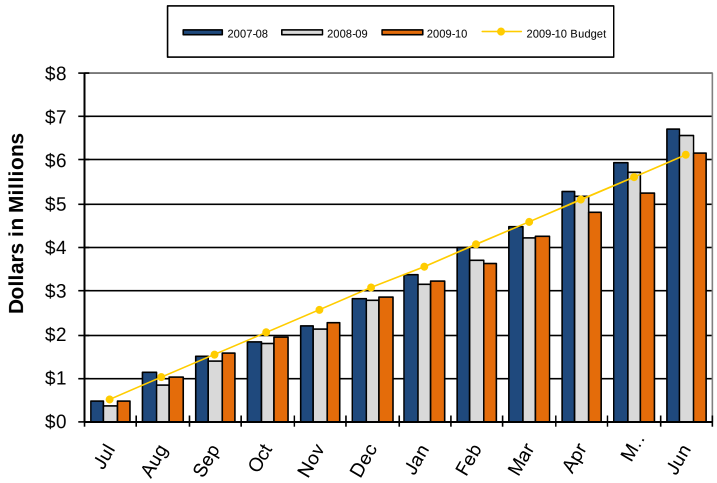
# GENERAL FUND REVENUE ANALYSIS (continued):

## CHARGES FOR SERVICES THROUGH JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

**Charges for Services***

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 492,823 | $ 383,633 | $ 491,159 |
| **August** | 650,999 | 477,632 | 544,206 |
| **September** | 362,493 | 548,892 | 529,489 |
| **October** | 325,319 | 391,456 | 389,864 |
| **November** | 363,370 | 340,259 | 319,181 |
| **December** | 620,668 | 651,720 | 583,895 |
| **January** | 542,276 | 348,826 | 364,357 |
| **February** | 637,743 | 550,733 | 401,591 |
| **March** | 481,697 | 514,353 | 641,187 |
| **April** | 808,509 | 973,322 | 541,072 |
| **May** | 659,808 | 537,721 | 443,240 |
| **June** | 764,395 | 853,688 | 914,880 |
| **TOTAL** | **$ 6,710,100** | **$ 6,572,235** | **$ 6,164,121** |
| **Adj Budget** | $ 5,813,450 | $ 6,108,698 | $ 6,109,785 |

*Does not include Billings to RDA




NORMAL

**CHARGES FOR SERVICES** — The Charges for Services category is comprised of various revenues that the City receives for providing services. Many of the services are recreation related, but revenue is also received for fire inspections, fire strike teams, plan checks, planning services, passport processing, building rentals, and live scan fingerprinting, among other services. Excluding Billings to RDA, which is the monthly payment to reimburse the City for RDA funded positions, the Charges for Services category is at 100.9% of the adjusted budget. Some revenues within Charges for Services have declined due to the economic conditions, especially the planning and building related services, but others like Ambulance Billings, have increased. However, most of the fees have increased in recent years to meet cost recovery goals, so the annual increases have enabled the growth of many of the revenues.

## Charges for Services — Individual Category Notables through JUNE 2010

**Veterans Memorial Rental Fees** — Through the end of the fiscal year, fee receipts for the Veteran's Memorial Rental Fees, which includes the Senior Center and Teen Center rentals, were at 96.7% of the adjusted budget projections for the fiscal year. Auditorium rental revenue exceeded forecasts, but Meeting Room, Teen Center, and Senior Center rentals all lagged.

**Public Safety Related Fees** — For fiscal year 2009-10 Police Department charges for services were 118% of the adjusted budget. These revenues are made up of records requests, live scan fingerprints, vehicle impounds, and other miscellaneous fees. Live scan revenue is about 30% lower than last year, but the other revenues are higher than previous years.

**Plan Check Fees** — At the end of the fiscal year, plan check fees were at 89.1% of the adjusted budget. Early in the fiscal year, these receipts were well above the projections, so the adjusted budget was increased. The strong receipts early in the year were due to the Westfield Mall renovations and finalization of the Sony construction projects, and by the end of the year there was very little major construction.

**Various Recreation Fees** — Recreation fees in the amount of $1,008,118 were collected during fiscal year 2009-10. These revenues ended the year at 91.2% of the adjusted budget.

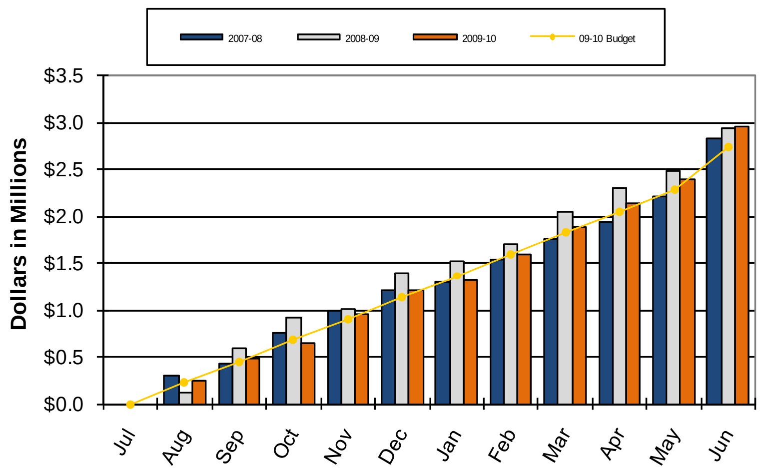
**Ambulance Billings** — This category ended the fiscal year with $1,312,875 in revenue, or 126% of the adjusted budget. Compared to last fiscal year, revenues are up 27.3%. The increases can be partially attributed to more aggressive collection of delinquent accounts and increased rates per LA County.

**Strike Team** — Strike team revenue is received from the Federal and State governments to reimburse the City for costs the Fire Department incurs when assisting with fires outside of Culver City. Over the course of fiscal year 2009-10, the City received $173,184 in reimbursements.

# GENERAL FUND REVENUE ANALYSIS (continued):

## TRANSIENT OCCUPANCY TAX THRU JUNE 2010 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 264,908 | $ 301,739 | $ 247,355 |
| **August** | 317,587 | 187,196 | 276,575 |
| **September** | 119,733 | 482,684 | 234,294 |
| **October** | 322,622 | 314,886 | 156,369 |
| **November** | 231,849 | 100,824 | 315,772 |
| **December** | 219,428 | 381,912 | 245,182 |
| **January** | 98,739 | 118,788 | 109,029 |
| **February** | 227,660 | 190,176 | 284,414 |
| **March** | 216,039 | 337,622 | 289,779 |
| **April** | 183,689 | 248,716 | 251,431 |
| **May** | 272,733 | 175,561 | 249,723 |
| **June** | 242,762 | 201,647 | 279,009 |
| **Prior Yr Acc** | (267,833) | (364,537) | (266,969) |
| **Current Yr Acc** | 364,537 | 266,969 | 291,305 |
| **TOTAL** | **$ 2,814,453** | **$ 2,944,182** | **$ 2,963,269** |
| **Adj Budget** | $ 2,500,000 | $ 2,850,000 | $ 2,837,000 |

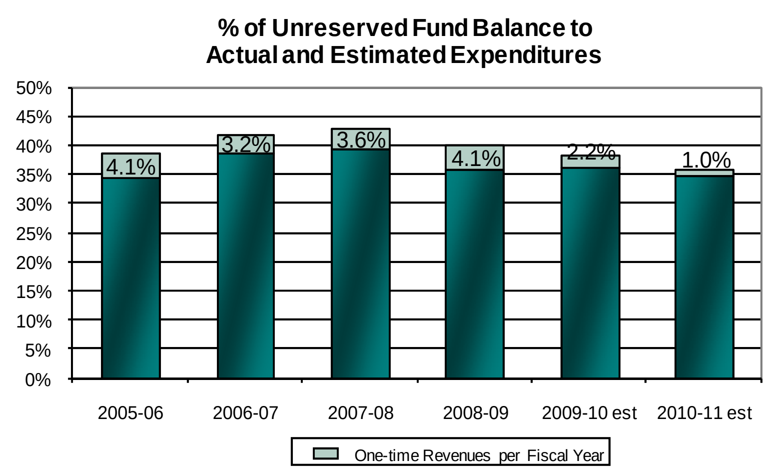



**POSITIVE** <u>**TRANSIENT OCCUPANCY TAX**</u> — Revenue totaled $2,963,269 for fiscal year 2009-10 or 104.5% of the adjusted budget. Revenue was $19,087 higher than the total receipts last year. After a dismal start to the fiscal year, receipts began improving by the end of the year. Receipts in May 2010 were 42.2% higher than May 2009 and the June 2010 receipts were 38.4% higher than receipts in June 2009. The stabilization of the economy is certainly encouraging more leisure and business travel, which is evident in the increases in passenger traffic at LAX. Hotels in other areas of California have closed due to the recession, but fortunately the major Culver City hotels have managed to weather the storm.

## ONE-TIME REVENUE AND GENERAL FUND RESERVE PERCENTAGE:

The City recorded a significant amount of one-time revenue in the General Fund during fiscal 2007-08 and 2008-09, both from audit activity on various revenues and from significant development activities occurring within the City. Below is a list of one-time revenue receipts previously received and recorded, fiscal 2007-08 and 2008-09 receipts, and anticipated one-time receipts from transfers for fiscal 2009-10 and 2010-11. The chart shows the percentage of the General Fund Reserve comprised of these one-time revenues. The high number of vacancies during fiscal 2007-08, 2008-09 and 2009-10 also contributed to the increase of the General Fund reserve due to the non-expending of funds for salary and benefit related costs.

| **Major One-time Revenue Receipts and Estimated One-Time Revenues** | |
|---|---|
| 1st payment to Warner Lot (05-06) | $ 2,620,000 |
| Documentary Tax Audit Receipts (05-06) | $ 313,086 |
| Receipts from TOT audit/other (06/07) | $ 650,000 |
| Loan Receivable from RDA (06-07) | $ 505,818 |
| Int. income from refunding Bonds (06-07) | $ 500,000 |
| Documentary Tax Audit Receipts (06-07) | $ 762,400 |
| Receipts from Cable UUT Audit (07-08) | $ 106,788 |
| Receipts in Com/Ind Dev Tax from significant development activity (07-08) | $ 1,757,275 |
| Payment of Interest for Warner Parking Lot Sale (07-08) | $ 436,608 |
| Building Permit Fee from significant development activity (07-08) | $ 533,000 |
| One-time (08-09) [includes final payment from Warner Parking Lot of $2,947,104.] | $ 3,447,000 |
| Estimated One-time Transfers (09-10) | $ 1,800,000 |
| Estimated One-time Transfers (10-11) | $ 810,000 |
| **Total from Fiscal 2005-06** | **$14,241,975** |




***It is the policy of the City not to use revenues identified as one-time funds to pay for recurring expenditures.***

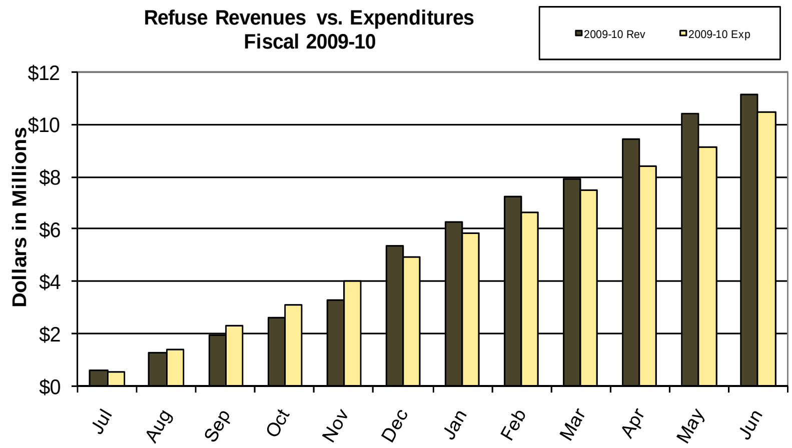
# REFUSE FUND ANALYSIS:

## REFUSE FUND THROUGH JUNE 2010 [Revenues vs. Expenditures — Cumulative]

Refuse Expenditures

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 556,391 | $ 611,087 | $ 545,695 |
| August | 634,977 | 755,594 | 848,162 |
| September | 797,010 | 733,821 | 898,687 |
| October | 1,023,511 | 939,413 | 809,490 |
| November | 902,352 | 814,124 | 945,572 |
| December | 753,808 | 843,596 | 863,805 |
| January | 907,299 | 838,182 | 927,631 |
| February | 741,930 | 860,615 | 817,110 |
| March | 1,126,061 | 1,037,758 | 852,192 |
| April | 983,184 | 801,923 | 918,295 |
| May | 602,328 | 624,545 | 726,546 |
| June | 1,219,347 | 1,265,602 | 1,350,332 |
| **TOTAL EXP** | **$ 10,248,197** | **$ 10,126,260** | **$ 10,503,516** |
| Adj Budget | $11,524,493 | $11,908,814 | $12,206,717 |

***Note: Depreciation amounts not included.***




**BELOW BUDGET**

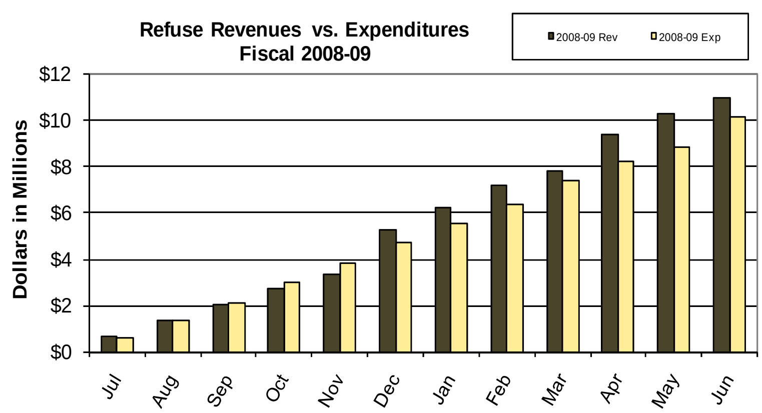
**REFUSE FUND EXPENDITURES** — Refuse expenditures for fiscal year 2009-10 were $10,503,516, or 86.0% of the adjusted budget. The relatively low percentage is attributable to a few factors, which include lower than expected refuse disposal charges and no expenses for capital projects. Also, there have been vacancies within the Transfer Station Division, which has contributed to the lower expended percentage.

Expenditures are 3.7% higher than the expenditures at this time last year, in part due to higher annual amortization charges for the replacement of six refuse trucks and also due to increases in personnel related expenses.

The outstanding loan amount for the Refuse Fund at the end of fiscal 2009-10 is $977,079. Loan payments to the General Fund and Equipment Replacement Fund continue to be made on schedule.

Refuse Revenues

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 696,899 | $ 688,909 | $ 613,093 |
| August | 725,514 | 688,138 | 656,562 |
| September | 640,217 | 690,235 | 679,447 |
| October | 662,709 | 645,709 | 670,945 |
| November | 644,041 | 649,899 | 694,072 |
| December | 1,864,241 | 1,893,806 | 2,023,083 |
| January | 944,572 | 988,385 | 920,584 |
| February | 953,969 | 952,691 | 970,973 |
| March | 650,377 | 631,770 | 669,691 |
| April | 1,382,243 | 1,539,481 | 1,522,905 |
| May | 947,732 | 943,220 | 979,544 |
| June | 701,157 | 647,231 | 775,627 |
| **TOTAL REV** | **$ 10,813,671** | **$ 10,959,474** | **$ 11,176,526** |
| Adj Budget | $ 11,483,841 | $ 11,541,718 | $ 11,629,577 |




**NORMAL**

**REFUSE FUND REVENUES** — Refuse Fund revenue for fiscal year 2009-10 is 2.0% higher than last year's totals. Over 25% of the Refuse Fund's revenue is comprised of residential refuse disposal fees, which are billed with property taxes. The City receives the majority of these funds in December and April. Commercial and multi-family dwelling bin service is billed monthly, and through the end of the fiscal year, revenues totaled 97.6% of the budgeted projections. Bin service comprises approximately 45% of the 2009-10 Refuse Fund's budgeted annual revenue amount. Sale of recyclable items is at 112.2% of the budgeted projections and 22.8% higher than last fiscal year.

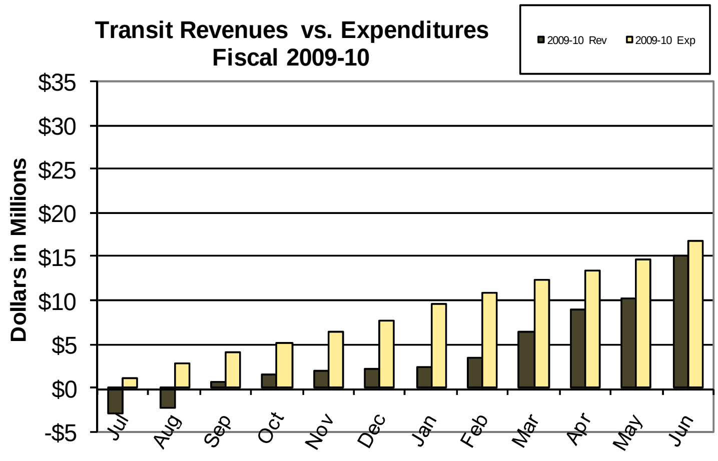
Refuse disposal rates were increased by 5% for fiscal 2009-10 to help offset increased personnel costs, as well as operating and maintenance costs, which include fuels costs and repair and maintenance of equipment.

# TRANSIT FUND ANALYSIS:

## TRANSIT FUND THROUGH JUNE 2010 [Revenues vs. Expenditures — Cumulative]

**Transit Expenditures**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 1,091,374 | $ 838,311 | $ 1,178,787 |
| **August** | 1,317,488 | 1,696,863 | 1,721,272 |
| **September** | 2,080,034 | 1,198,154 | 1,192,193 |
| **October** | 2,363,603 | 1,097,475 | 1,157,761 |
| **November** | 1,357,701 | 1,177,406 | 1,252,734 |
| **December** | 2,070,860 | 1,210,119 | 1,143,157 |
| **January** | 1,499,769 | 1,242,695 | 2,011,183 |
| **February** | 1,092,555 | 1,294,149 | 1,268,483 |
| **March** | 1,849,352 | 1,684,075 | 1,362,348 |
| **April** | 1,391,409 | 3,849,603 | 1,152,493 |
| **May** | 1,728,972 | 1,470,648 | 1,205,167 |
| **June** | 4,514,773 | 2,313,229 | 2,051,617 |
| **TOTAL EXP** | **$ 22,357,892** | **$ 19,072,729** | **$ 16,697,194** |
| **Adj Budget** | $22,892,622 | $23,681,510 | $33,053,578 |




***Note: Depreciation amounts not included.***

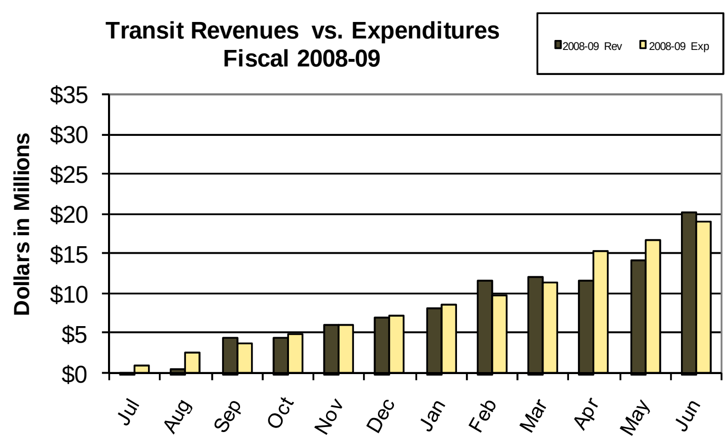
**BELOW BUDGET**

**TRANSPORTATION FUND EXPENDITURES** – Transportation Fund expenditures totaled $16,697,194 for fiscal year 2009-10. The primary reason for the low expenditure rate, is the fact that 45% of the budget is allocated toward the purchase of new buses and these capital expenditures will be expended in fiscal year 2010-11 once the buses have been delivered.

At the end of the fiscal year personnel expenses are at approximately 88.5% of adjusted budget, and O & M expenditures are approximately 88.5% expended.

**Transit Revenues**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ (2,648,573) | $ 192,803 | $ (2,837,763) |
| **August** | 2,791,003 | 438,785 | 483,439 |
| **September** | 684,306 | 4,021,856 | 3,166,171 |
| **October** | 2,541,066 | 23,882 | 754,493 |
| **November** | 224,560 | 1,407,257 | 348,660 |
| **December** | 2,209,509 | 1,029,098 | 248,342 |
| **January** | 583,705 | 1,160,277 | 249,339 |
| **February** | 791,200 | 3,445,572 | 1,041,637 |
| **March** | 3,965,543 | 494,236 | 3,066,689 |
| **April** | 1,336,502 | (591,373) | 2,452,438 |
| **May** | 1,186,439 | 2,696,572 | 1,323,135 |
| **June** | 2,430,000 | 5,880,639 | 4,838,094 |
| **TOTAL REV** | **$ 16,095,260** | **$ 20,199,604** | **$ 15,134,673** |
| **Adj Budget** | $ 17,279,756 | $ 20,591,546 | $ 29,183,264 |




**NEGATIVE**

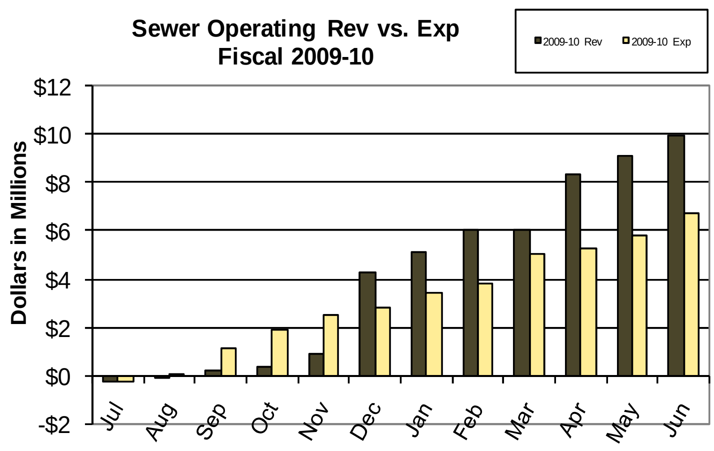
**TRANSPORTATION FUND REVENUES** – Transportation Fund revenues are comprised of many sources, including funding from the County (Metro), State, and Federal government. Also, this fiscal year the fund began receiving voter approved Measure R funds which is derived from sales taxes. In the first year, Measure R revenue totaled $1,161,115. For fiscal year 2009-10 Transportation receipts were 51.9% of the budgeted projections. The revenue percentage is low because the planned purchase of new buses did not take place in fiscal year 2009-10. Farebox revenue totaled $2,623,403, which is 4.7% higher than the total last year. EZ Pass revenue exceeded budget projections, totaling $394,220. Additionally, BruinGo program revenue totaled $194,604, which exceeded budget projections by $76,154.

# SEWER FUND ANALYSIS:

## SEWER OPERATING FUND THRU JUNE 2010 [Revenues vs. Expenditures — Cumulative]

**Sewer Op Expenditures**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 62,020 | $ (248,863) | $ (220,526) |
| **August** | 135,999 | 1,355,165 | 290,032 |
| **September** | 1,667,451 | 249,451 | 1,051,492 |
| **October** | 196,867 | 324,357 | 788,879 |
| **November** | 505,602 | 209,264 | 567,522 |
| **December** | 217,876 | 246,201 | 359,752 |
| **January** | 575,351 | 213,056 | 568,886 |
| **February** | 259,361 | 282,394 | 440,116 |
| **March** | 1,293,387 | 883,641 | 1,211,373 |
| **April** | 206,841 | 208,212 | 207,532 |
| **May** | 579,381 | 222,710 | 511,658 |
| **June** | 384,863 | 735,119 | 931,403 |
| **TOTAL EXP** | **$ 6,084,996** | **$ 4,680,705** | **$ 6,708,119** |
| **Adj Budget** | $7,534,793 | $8,438,444 | $9,255,764 |



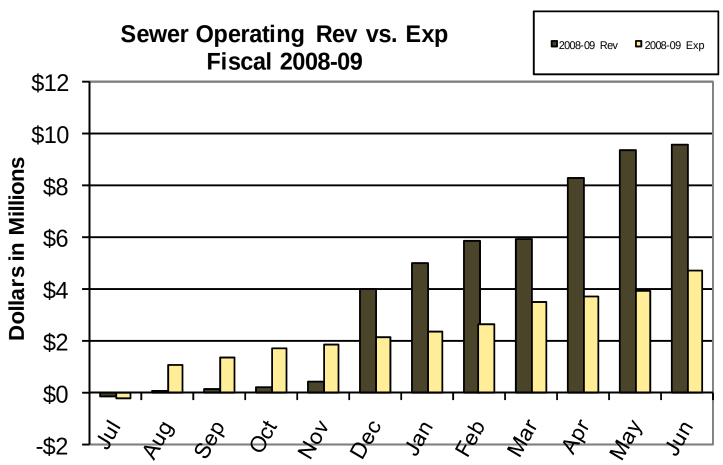

*Note: Depreciation amounts not included.*

**BELOW BUDGET**

**SEWER OPERATING EXPENDITURES** – Sewer Operating expenditures for fiscal year 2009-10 totaled $6,708,119 which is 72.5% of the adjusted budget. This does not include capital improvement expenditures for sewer projects. (Further information on sewer CIP projects can be found on page 17.) Personnel expenditures for the year are approximately 88.6% of the budgeted projections. Operating and Maintenance expenditures are approximately 82.6% of adjusted budget. The low O&M expenditure rate is primarily due to lower than expected billings from the City of Los Angeles. The City of Los Angeles bills Culver City for use of the Hyperion wastewater treatment plant. All other sewer operating expenditures are within normal target percentages for this time period.

**Sewer Op Revenues**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ (143,668) | $ (176,400) | $ (207,414) |
| **August** | 191,068 | 225,683 | 128,406 |
| **September** | 194,194 | 80,197 | 263,100 |
| **October** | 125,966 | 115,369 | 158,867 |
| **November** | 163,135 | 157,384 | 581,529 |
| **December** | 3,478,540 | 3,626,697 | 3,321,109 |
| **January** | 1,075,632 | 975,864 | 888,944 |
| **February** | 1,248,540 | 846,395 | 888,745 |
| **March** | 270,581 | 74,241 | 42,011 |
| **April** | 2,191,521 | 2,386,108 | 2,240,612 |
| **May** | 1,027,938 | 1,028,117 | 771,895 |
| **June** | 590,758 | 223,162 | 826,105 |
| **TOTAL REV** | **$ 10,414,205** | **$ 9,562,817** | **$ 9,903,908** |
| **Adj Budget** | $ 9,121,750 | $ 9,897,337 | $ 8,970,000 |




**NORMAL**

**SEWER OPERATING REVENUES** – Sewer operating revenues through the end of the fiscal year are $9,903,908 or 110% of budgeted projections. Revenues exceeded fiscal 2008-09 totals by 3.6%. Sewer Operating Charges comprise approximately 89% of the sewer operating revenue projections.

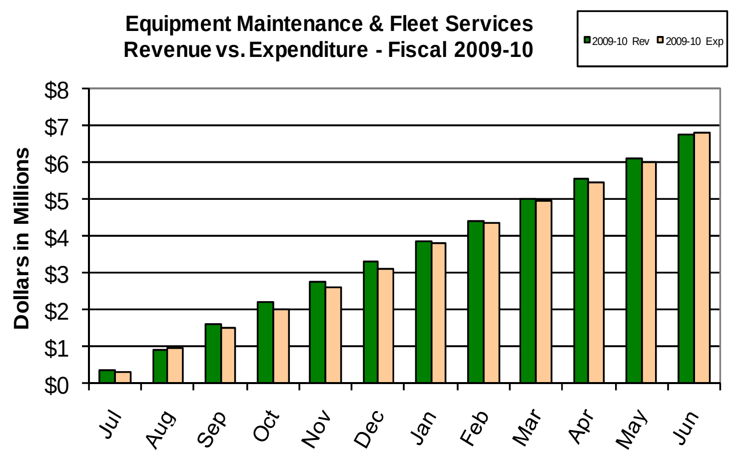
The Sewer Fund has increased Sewer Operating Charges annually for the last several fiscal years, but the rates did not increase in fiscal 2009-10.

# INTERNAL SERVICE FUND ANALYSIS:

## EQUIPMENT MAINTENANCE & FLEET SERVICES FUND THROUGH JUNE 2010 [Revenues vs. Expenditures — Cumulative]

EM&FS EXPENDITURES

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 291,739 | $ 426,475 | $ 320,479 |
| August | 491,369 | 819,663 | 609,971 |
| September | 729,168 | 572,292 | 558,293 |
| October | 578,562 | 580,038 | 525,566 |
| November | 484,018 | 505,847 | 564,757 |
| December | 516,927 | 519,560 | 513,863 |
| January | 537,330 | 498,798 | 701,327 |
| February | 599,590 | 567,648 | 564,397 |
| March | 688,197 | 651,833 | 577,678 |
| April | 594,281 | 518,712 | 517,784 |
| May | 541,520 | 476,180 | 538,244 |
| June | 844,455 | 860,955 | 830,209 |
| **TOTAL EXP** | **$ 6,897,156** | **$ 6,998,001** | **$ 6,822,568** |
| Adj Budget | $ 6,870,800 | $ 7,206,621 | $ 7,466,942 |



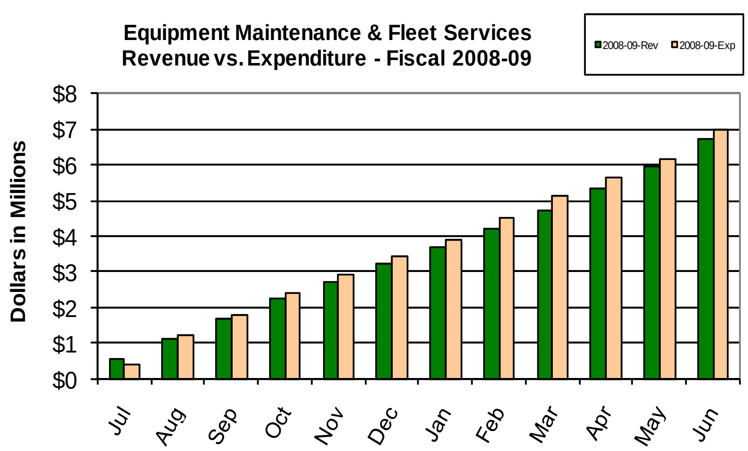

NORMAL

**EQUIPMENT MAINTENANCE FUND EXPENDITURES** — Overall Equipment Maintenance & Fleet Services (EM&FS) expenditures through the end of the fiscal year are $6,822,568 or 91.4% of the adjusted budget. Personnel related expenditures are approximately 101.6% expended, and operating and maintenance is approximately 80.7% expended. Lower than expected fuel costs attributed to the low O&M expenditure rate. Petroleum Products (fuel), makes up approximately 50% of the operating and maintenance budget, was 71% expended

EM&FS continues to maintain the City's entire fleet of vehicles and equipment, which includes public safety (police cars and fire trucks), buses, sanitation vehicles, regular passenger vehicles and many other miscellaneous types of equipment. Almost all expenses (labor, equipment, fuel, etc.) are charged back to the user departments. Staff monitors the charge-backs closely to ensure all expenses are recognized.

EM&FS REVENUES

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| July | $ 509,682 | $ 577,353 | $ 371,724 |
| August | 681,772 | 555,946 | 518,275 |
| September | 515,434 | 565,109 | 705,573 |
| October | 613,361 | 564,228 | 628,134 |
| November | 500,468 | 454,692 | 520,489 |
| December | 708,215 | 517,271 | 553,943 |
| January | 601,120 | 480,335 | 535,738 |
| February | 415,889 | 482,969 | 566,133 |
| March | 673,935 | 527,149 | 605,660 |
| April | 551,152 | 627,057 | 568,635 |
| May | 419,811 | 607,321 | 510,272 |
| June | 697,581 | 774,337 | 645,087 |
| **TOTAL REV** | **$ 6,888,420** | **$ 6,733,767** | **$ 6,729,663** |
| Adj Budget | $ 6,966,954 | $ 7,585,747 | $ 7,434,982 |




NORMAL

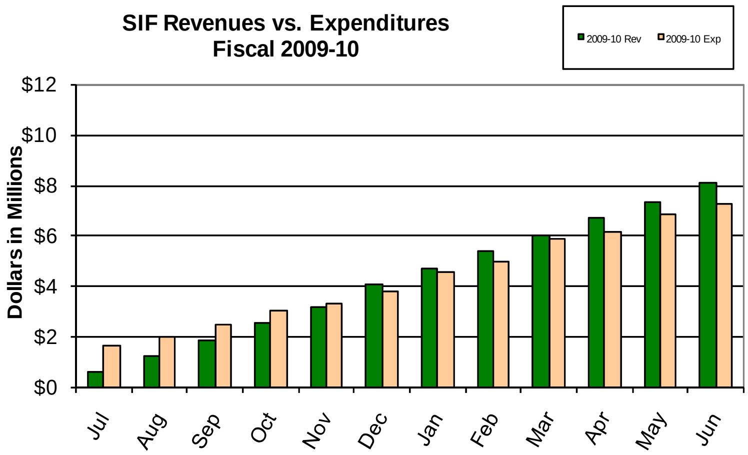
**EQUIPMENT MAINTENANCE FUND REVENUES** — Equipment Maintenance & Fleet Services revenues for fiscal year 2009-10 are $6,729,663, or 90.5% of adjusted budget projections. The goal of an Internal Service Fund is for revenues to match the actual expenditures at the end of a fiscal year and in this case, the expenditures exceeded the revenues by 1.4%. As mentioned above, charge-outs for this fund are monitored to ensure entries between expenditures and revenues are closely matched so that the fund recognizes all receipts due to it.

# INTERNAL SERVICE FUND ANALYSIS:

## SELF-INSURANCE FUND THROUGH JUNE 2010 [Revenues vs. Expenditures — Cumulative]

**SIF Expenditures**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 58,341 | $ 1,405,609 | $ 1,657,688 |
| **August** | 1,916,546 | 557,547 | 345,110 |
| **September** | 470,758 | 294,637 | 463,282 |
| **October** | 366,042 | 469,756 | 596,356 |
| **November** | 559,913 | 436,980 | 300,869 |
| **December** | 199,417 | 357,415 | 472,112 |
| **January** | 977,875 | 198,315 | 732,797 |
| **February** | 127,968 | 337,424 | 392,382 |
| **March** | 686,842 | 237,636 | 923,429 |
| **April** | 457,858 | 250,746 | 309,547 |
| **May** | 581,710 | 461,235 | 650,590 |
| **June** | 4,338,515 | 532,676 | 415,906 |
| **TOTAL EXP** | **$ 10,741,785** | **$ 5,539,976** | **$ 7,260,066** |
| **Adj Budget** | $ 11,072,650 | $ 7,449,167 | $ 7,463,283 |



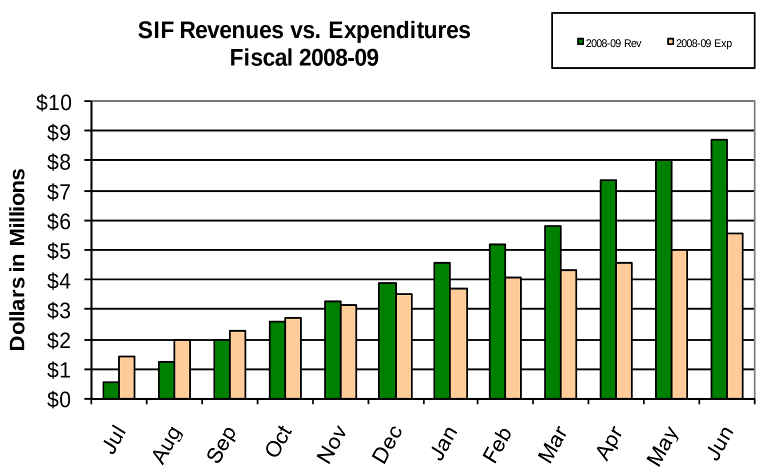

NORMAL

**SELF-INSURANCE FUND EXPENDITURES** — For fiscal year 2009-10 Self Insurance Fund total expenditures were at 97.3% of adjusted budget. For the Premiums/Claims Division of the Self Insurance Fund expenditure were at 98.6% of the budget.

The primary function of the Self Insurance Fund is to pay insurance and claims costs for the City's General Liability, Workers' Compensation, and Property programs. In any given year, there are often spikes in expenditures that result from a judgment or settlement of a particular claim. In fiscal year 2007-08 the Self-Insurance Fund paid $3.6 million for the Cranks hillside repair. This left the fund with a low balance, but since then the fund balance has steadily increased.

**SIF Revenues**

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| **July** | $ 582,737 | $ 547,878 | $ 608,579 |
| **August** | 623,861 | 687,329 | 644,262 |
| **September** | 622,582 | 720,886 | 649,700 |
| **October** | 626,233 | 642,585 | 649,288 |
| **November** | 624,557 | 643,281 | 658,954 |
| **December** | 648,313 | 663,575 | 872,660 |
| **January** | 630,713 | 644,827 | 651,112 |
| **February** | 616,418 | 641,495 | 660,976 |
| **March** | 655,223 | 638,457 | 646,469 |
| **April** | 589,086 | 1,518,184 | 657,218 |
| **May** | 613,407 | 648,673 | 649,273 |
| **June** | 840,446 | 684,320 | 740,966 |
| **TOTAL REV** | **$ 7,673,576** | **$ 8,681,490** | **$ 8,089,456** |
| **Adj Budget** | $ 7,274,613 | $ 7,530,015 | $ 7,728,178 |




NORMAL

**SELF-INSURANCE FUND REVENUES** — Internal service charges for the Self Insurance Fund are developed annually based on the projected expenses for the fiscal year and are allocated to each operating division based on a five-year experience rating. The amount is charged monthly at relatively equal increments throughout the fiscal year. Receipts for fiscal 2009-10 are 104.7% of adjusted budget projections.

Revenue in fiscal year 2009-10 exceeded expenditures by approximately $829,390, which helped the fund balance recover to a more appropriate level. The Self-Insurance Fund ended the fiscal year with a fund balance of approximately $5.8M.

# CAPITAL PROJECTS:

## TOP 5 CAPITAL PROJECTS (by total budget)

| | Total Budget | Funding Source | Expended to Date | Expected Completion |
|---|---|---|---|---|
| 1. Fire Station #3 | $6,527,000 | 54% - Gen Fund Capital<br>46% - RDA Bond | $5,068,803 | Near Completion |
| 2. Sewer Projects (Bradock and Fox Hills Pump Stations and Sewer Rehab P873/P906) | $7,279,622 | 100% Sewer Fund | $0 | On-going projects |
| 3. Stormwater Discharge Program/NPDES (P497) | $2,747,881 | 59% - Grants Capital<br>41% - Gen Fund Capital | $237,966 | On-going project to establish funds for state mandate |
| 4. Fox Hills Area Traffic Signal Synch Project (P852) | $2,033,500 | 73% - Grants Capital<br>11% - Special Gas Tax<br>9% - Developer Mitigation<br>7% - Gen Fund Capital | $1,457,189 | Near Completion |
| 5. Telephone and Network Replacement (P906) | $1,239,332 | 100% - Gen Fund Capital | $1,058,423 | Near Completion |

## CAPITAL IMPROVEMENT EXPENDITURES BY CATEGORY

| | Adjusted Budget | Expended to Date | Major Projects: |
|---|---|---|---|
| Street & Alley Improvements | $2,527,675 | $1,290,381 | Residential Paving, Carson St, Sepulveda Blvd |
| Traffic Signal & Lighting Improvements | $2,933,444 | $998,545 | Fox Hills ATSS |
| Bridge Improvements | $0 | $0 | No projects at this time |
| Parking Improvements | $34,639 | $33,823 | Parking Meter Repair/Replacement |
| Community Improvements | $1,803,156 | $717,225 | Art Fund Projects, Ballona Creek |
| Parks & Park Facility Improvements | $1,327,705 | $356,357 | Parks Assessment, Park Equip Repair, Culver West Park Rehab |
| Police & Fire Improvements | $5,779,286 | $3,114,010 | Fire Station #3, CAD/RMS/MDT, Firing Range |
| Sewer & Storm Drain Improvements | $5,150,000 | $1,917,728 | Sewer Line Replacement, Pump Station Improve |
| Other Facility & Equipment Improvements | $3,979,254 | $1,461,005 | Cranks Slope Repair, Other City Bldg Repairs |

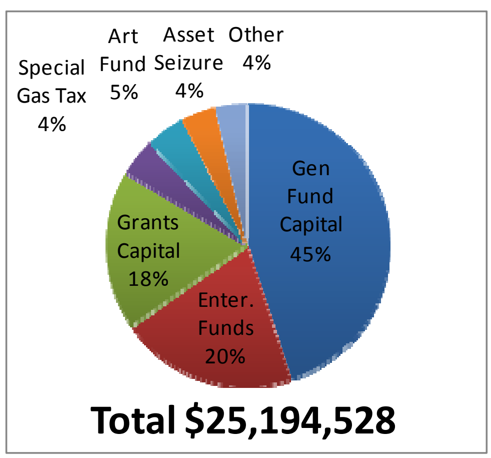
**NOTABLE ACTIVITY**:

During fiscal year 2009-10, many significant capital projects were completed or are nearing completion. These include Fire Station #3, the Firing Range, the Public Safety CAD/RMS/MDT project, and the Fox Hills Area Traffic Signal Synchronization Project, and Phase I of the Residential Overlay Program.

Also during fiscal 2009-10, the City went live on the new telephone and network system. During the fiscal year, a pilot program for a new parking payment system was initiated on Main St. The pilot program will be completed during fiscal yea r 2010-11 and based on the results it could be expanded to other parking meter areas.

Due to the state's budget problems, some Public Works projects, such as Phase II of the Residential Overlay Program were delayed due to the state withholding funding. Also, Gas Tax funds, which are normally received monthly, were delayed until April due to the State's cash flow issues and budget problems.

**MAJOR CIP FUNDING SOURCES**



# OTHER FUND ANALYSIS:

## FUND ANALYSIS FOR OTHER FUNDS THROUGH JUNE 2010:

**NEGATIVE**

**PARKING MAINTENANCE FUND** — Receipts for fiscal year 2009-10 are only at 68.6% of the adjusted budget. The primary reason the fund is behind projections is because the budget was increased this year to account for potentially higher parking meter rates. A rate increase from 50 cents to 1 dollar per hour was approved by City Council and the increase was fully implemented in October 2009. Unfortunately, the parking meter rate increases have not led to the revenue increases that were projected. Further analysis will need to be done to identify the exact issue. A portion of Parking Maintenance revenues are transferred to the General Fund each year to pay for street related maintenance work. Expenditures (other than transfers) can be found in the CIP section on Page 17.

**NEGATIVE**

**OPERATING GRANTS FUND** — Through the end of the fiscal year, Operating Grants revenues are $573,209 below expenditures. It is normal for reimbursements not to line up on a month-to-month basis during the fiscal year due to timing issues of reimbursements. Each grant is analyzed separately and final match-ups between revenues and expenditures will be reported at the end of the fiscal year. This fund is made up of operating grants that include Senior Nutrition, RSVP, and DUI Enforcement grants, among others.

**NEGATIVE**

**CAPITAL GRANTS FUND** — During fiscal year 2009-10, the City received $2,587,957 of Capital Grant funds and $2,421,565 in funds were expended. Capital grant funded projects include: residential overlay, Culver Boulevard repaving, Fox Hills traffic signal synchronization, and Veteran's Park playground. The City does not appropriate any Capital Grant funds unless a signed letter authorizing the receipt of the grant funds from the authorizing agency has been received.

**NORMAL**

**EQUIPMENT REPLACEMENT FUND (ERF)** — The ERF continues to maintain a healthy balance and is able to fund emergency replacements when needed. During fiscal year 2009-10, three Paratransit buses, five Police vehicles, three Parks vehicles, one Fire vehicle, one Community Development vehicle, and two Public Works vehicles will be replaced. Funding is reimbursed to the fund monthly by Departments through an amortization schedule that ensures adequate replacement funding is available for vehicles at the end of their useful lives. (Note: Prop A Grant Funds were also used to pay for a portion of the Paratransit buses.)

**NORMAL**

**SPECIAL GAS TAX (HIGHWAY USERS TAX)** — Gas tax revenue ended the fiscal year at 95.2% of the budgeted projections. Due to cash flow issues, during the year the State delayed the November thru March payments until April. The Gas Tax Fund is comprised of revenue from taxes on every gallon of gas sold in the City. When the price of gasoline goes up, this amount stays constant and can only be changed per legislative action. The tax has remained unchanged since 1994. Page 17 identifies some CIP projects funded with Gas Tax funds.

**POSITIVE**

**ARTS IN PUBLIC PLACES** — At the end of the fiscal year, Art Fund receipts totaled $107,252. Of that amount, $83,148 was from Art in Public Places development fees and the remainder was interest, which is allocated internally based on fund balances. The Art Fund is funded when developers elect not to fulfill the City's public art requirement and instead pays a fee of 1% of the total building cost. This funding is a special revenue source and can only be used for Public Art purposes and no funding is ever appropriated above the amount available.

**POSITIVE**

**PARKS FACILITY FUND (QUIMBY FEES)** — Through the end of the fiscal year, $189,692, in payments have been received. This is a special revenue that can only be used for parks related projects. The revenue in this fund is erratic because it is dependent on new residential development of four or more units and each year only a handful of developments fall into this category. Previously, this fund's annual revenue has ranged from $4,200 to $225,000.

Culver CITY

# REDEVELOPMENT AGENCY

# FINANCIAL MONITORING REPORT

Prelim Year End | FY 2009-10

## PERFORMANCE AT A GLANCE

| | CURRENT MONTH | YEAR TO DATE | PAGE |
|---|---|---|---|
| **Notable News and Activity** | | | **Page 2** |
| **Fund Balances Available for Projects and Programs** | | | **Page 3** |
| **Unrestricted Funds** | | | |
| Revenues and Expenditures Summary | **NORMAL** | **NORMAL** | Page 3 |
| Expenditure Overview | **BELOW BUDGET** | **BELOW BUDGET** | Page 4 |
| Expenditures by Category | **NORMAL**<br>**BELOW BUDGET** | **NORMAL**<br>**BELOW BUDGET** | Page 4-6 |
| Revenue Overview | **NORMAL** | **NORMAL** | Page 7 |
| Assessed Valuations | **NEGATIVE** | **NEGATIVE** | Page 8 |
| Tax Increment Revenue Overview | **POSITIVE** | **POSITIVE** | Page 8 |
| Tax Increment by Project Area | **POSITIVE** | **POSITIVE** | Pages 8-9 |
| Other Revenues | **POSITIVE**<br>**NEGATIVE** | **POSITIVE**<br>**NEGATIVE** | Page 10-11 |
| **Housing Funds** | | | |
| Housing Fund (Expenditures/Revenues) | **NORMAL** | **NORMAL** | Page 12 |
| **Tax Exempt Bond Fund** | | | |
| Tax Exempt Bond Fund (Expenditures/Revenues) | **NORMAL** | **NORMAL** | Page 13 |

| | |
|---|---|
| POSITIVE or BELOW BUDGET | = Revenues greater than 5% ABOVE Adjusted Budget; or Expenditures greater than 5% BELOW Adjusted Budget |
| NORMAL | = Actual within 5% of Adjusted Budget |
| NEGATIVE or EXCEED BUDGET | = Revenues greater than 5% BELOW Adjusted Budget; or Expenditures greater than 5% ABOVE Adjusted Budget |
| MIXED or WARNING | = Category contains both positive and negative financial results; or Financial activity currently normal; however, there are potential factor(s) that may impact future financial activity |

# Fiscal Year 2009-10 AT-A-GLANCE

## Economic Overview

The National Bureau of Economic Research, which is the non profit agency responsible for defining economic cycles, declared June 2010 to be the official end of the recession. Statistically, the recession that plagued the U.S. economy for the last two years is over (i.e. the economy has stopped contracting and has sustained a few consecutive quarters of growth); However, as a practical matter, the U.S. economy is still very much in a recession as foreclosures remain near record highs, credit continues to be very tight, the stock market has been extremely volatile, and unemployment remains uncomfortably high.

Locally, the Culver City Redevelopment Agency received the FY 2010-11 assessed value report from the Los Angeles County Assessor's Office in August. That report shows a 3% decline in assessed values in the Redevelopment Project Areas, which represents the first DECLINE in values in recent memory. Consequently, tax increment revenues in the upcoming fiscal year are not expected to experience any growth.

As the economic conditions play out, staff is remaining conservative and holding the line on expenditures in as many areas as possible in anticipation of slower tax increment growth in the near future.

## Revenue & Expenditure Summary

The RDA finished FY 2009-10 with a surplus as revenues exceeded expenditures by approximately $2.6 million. Although tax increment revenues decreased slightly (about 2% lower in FY 2009-10 than in FY 2008-09), strong revenues from Pacific Theaters and RDA controlled parking offset that decrease. Overall, revenues increased by approx. 2% from FY 2008-09.

Expenditures increased by approximately 7% in FY 2009-10. Although expenditures increased, they were still less than revenues due primarily to the impact the economy is having on development in the City. There are a number of projects that have been on hold for the last few years, keeping RDA expenditures relatively low. It is also important to note that the required $11 million SERAF payment was from the Low/Moderate Income Housing Fund. RDA expenditures are expected to increase over the next few years as development picks up and the ERAF/SERAF loans are repaid to the Low/Moderate Income Housing Fund.

## Notable News

### Supplemental Education Revenue Augmentation Fund & CRA Lawsuit

The adopted 2009-10 State budget included another attempt to take redevelopment funds. Previously, the State tried to take redevelopment funds in FY 2008-09 through an ERAF shift. The California Redevelopment Association (CRA) subsequently filed a lawsuit on the basis that redevelopment funds were protected by Prop 1A. The CRA lawsuit was successful and County Auditors were blocked from collecting that ERAF payment from redevelopment agencies. The State initially filed an appeal, but has since dropped the suit, making the ruling final. Culver City Redevelopment Agency's FY 2008-09 ERAF obligation would have been $2.25 million.

The FY 2009-10 take was written slightly different from the FY 2008-09 version; however, CRA still believed that the take was unjustified under the State Constitution and filed another lawsuit. On May 4, the Sacramento Superior Court issued an adverse ruling and determined that the shifting of redevelopment funds does not violate the State Constitution. The CRA has since filed an appeal of this decision, however, the **RDA was still obligated to pay $11 million** into the Supplemental Education Revenue Augmentation Fund (SERAF) by May 10, 2010, which it did. Due to financial necessity, the RDA was able to borrow this payment from the available balance in the Low/Moderate Income Housing Fund. These funds must be repaid in full within 5 years.

Another SERAF payment of $2.2 million is due in May 2011. CRA is still hopeful that their appeal of the Sacramento Superior court decision will be successful. Unfortunately, until the matter is resolved, the Agency will be obligated to make that SERAF payment.

Staff will keep the Agency Board updated on the status of the CRA's lawsuit.

## Notable Development News

- The credit crunch continues to impact financing as many of Culver City's development projects continue to have difficulty securing project financing.
- The Sepulveda Streetscape and Washington Blvd Area Improvement Plans are moving forward in an effort to spur redevelopment in the western portion of the City.

# CASH AVAILABLE for CAPITAL INVESTMENT

## FUND BALANCE AVAILABLE FOR PROJECTS/PROGRAMS:

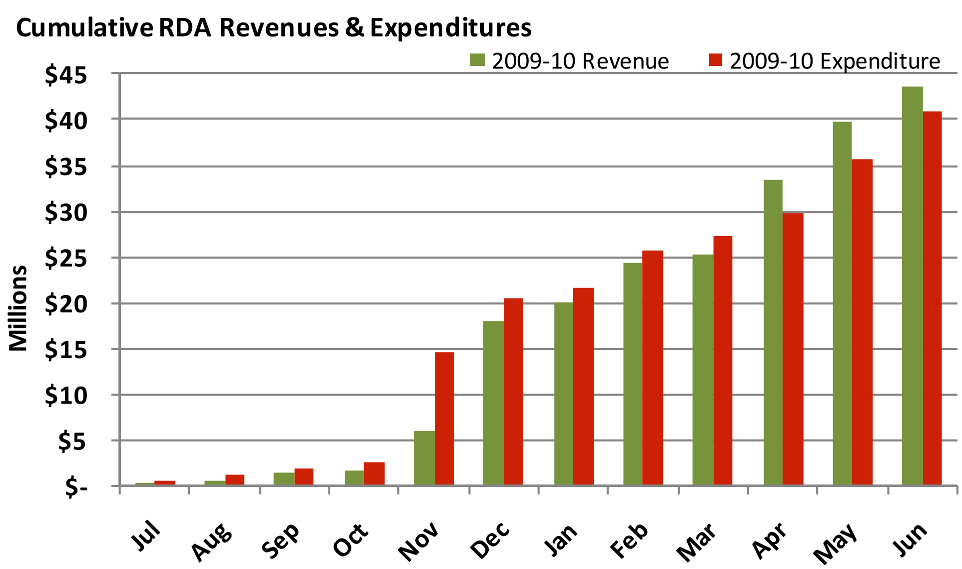
| | Actual Ending 2008-09 | Estimated Ending 2009-10 | Estimated Ending 2010-11 | Projected Ending 2011-12 |
|---|---|---|---|---|
| **Unrestricted Funds** | **16,440,000** | **19,000,000** | **11,000,000** | **24,000,000** |
| Housing Set Aside | 24,875,000 | 17,835,000 | 21,075,000 | 14,300,000 |
| Tax Exempt Bonds - 1999 | 4,902,000 | 0 | 0 | 0 |
| Tax Exempt Bonds - 2002 | 15,852,000 | 2,094,000 | 940,000 | 0 |
| TOTAL RESOURCES | $62,069,000 | $38,929,000 | $33,015,000 | $38,300,000 |

The estimated ending balance for each fund represents the approximate amount of cash capital available for investment in new projects or programs.

**Assumptions: The estimated ending balances above assume that the remaining $3.5 million loan from the City will be repaid in FY 2010-11, $2.5 million per year will be repaid to the Housing Fund through FY 2015-16 to repay the outstanding ERAF/SERAF loans, and the FY 2010-11 SERAF payment ($2.252M) will be made from Unrestricted Funds. Fund Balance assumes 100% of the adjusted FY 2010-11 and FY 2011-12 budgets are expended, and $9.8 million in land sale proceeds in FY 2011-12.**

## UNRESTRICTED REVENUE and EXPENDITURE SUMMARY: ( graphs are cumulative)

| | 2009-10 Revenue | 2009-10 Expenditure |
|---|---|---|
| Jul | $ 137,186 | $ 577,267 |
| Aug | 392,499 | 543,844 |
| Sep | 847,690 | 752,634 |
| Oct | 253,374 | 672,468 |
| Nov | 4,321,193 | 11,973,102 |
| Dec | 12,006,835 | 5,877,824 |
| Jan | 2,065,235 | 1,162,533 |
| Feb | 4,289,209 | 4,241,462 |
| Mar | 1,042,747 | 1,442,955 |
| Apr | 7,989,494 | 2,569,489 |
| May | 6,450,276 | 5,846,939 |
| Jun | 3,830,627 | 5,304,504 |
| TOT Y-T-D | 43,626,365 | 40,965,021 |
| Adj Budget | 40,951,280 | 44,841,279 |




NORMAL

For FY 2010-11, revenues outpaced expenditures by approximately 6.5%, resulting in a surplus of approximately $2.6 million.

**REVENUES:** Tax Increment revenues were down about 2%, but strong revenue from Pacific Theater and RDA controlled parking helped offset the drop off in tax increment receipts. Revenues are discussed in more detail on pages 7—11.

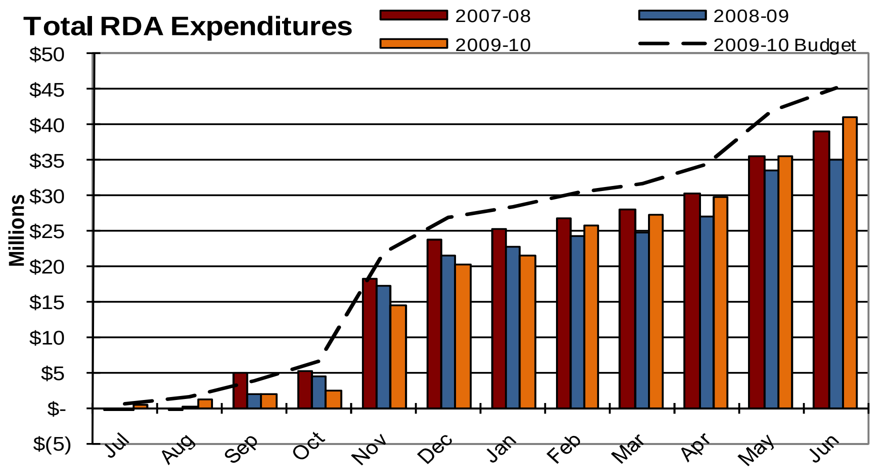
**EXPENDITURE:** The Agency's largest single annual expenditure is Debt Service, i.e. principal and interest payments made on all outstanding bond debts. This payment is made annually in November. Other expenditures are primarily related to administrative expenditures (including salary and benefits reimbursement to the City) and RDA programs/projects. With many RDA projects stalled due to economic conditions, expenditures in FY 2010-11 were relatively low.

More detail on revenues and expenditures can be found in the following sections of this report.

# UNRESTRICTED FUND EXPENDITURES:

## TOTAL UNRESTRICTED FUNDS EXPENDITURES: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ (49,291) | $ (61,504) | $ 577,267 |
| Aug | (22,671) | 229,232 | 543,844 |
| Sep | 4,950,808 | 1,799,685 | 752,634 |
| Oct | 282,921 | 2,559,746 | 672,468 |
| Nov | 13,049,104 | 12,656,746 | 11,973,103 |
| Dec | 5,526,036 | 4,245,202 | 5,877,824 |
| Jan | 1,602,987 | 1,250,661 | 1,162,533 |
| Feb | 1,441,268 | 1,627,557 | 4,241,463 |
| Mar | 1,279,876 | 366,879 | 1,442,955 |
| Apr | 2,277,211 | 2,397,095 | 2,569,489 |
| May | 5,313,400 | 6,472,168 | 5,846,940 |
| Jun | 3,545,668 | 1,459,314 | 5,304,499 |
| TOT Y-T-D | 39,197,317 | 35,002,781 | 40,965,019 |
| Adj Budget | $ 42,726,758 | $ 40,131,060 | $ 45,141,279 |



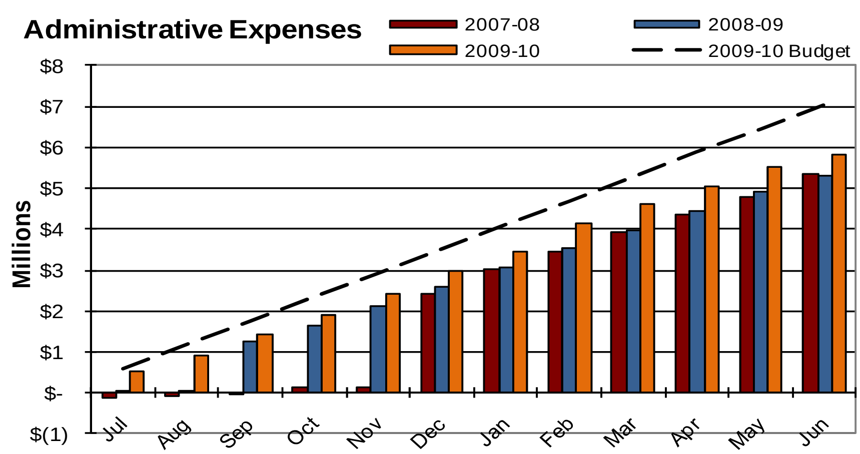

**BELOW BUDGET** **In FY 2009-10, the RDA expended approximately 91% of the adjusted budget compared to 87% in 2008-09 and 92% in 2007-08.** Total Agency expenditures were approximately $4.2 million under budget. The following sections will provide more detailed discussion on RDA expenditures by category.

NOTE: RDA expenditures are relatively sporadic on a monthly basis as there are often spikes in expenditures due to land acquisition costs or other one-time development/project related costs. Generally, the month of November has the most cash going out the door to pay annual debt service payments for RDA bonds.

# EXPENDITURE ANALYSIS BY CATEGORY:

## ADMINISTRATIVE EXPENSES: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ (118,918) | $ 100 | $ 521,492 |
| Aug | 23,471 | 54,109 | 397,464 |
| Sep | 87,185 | 1,187,627 | 500,189 |
| Oct | 153,831 | 410,334 | 497,832 |
| Nov | 14,318 | 451,089 | 516,974 |
| Dec | 2,248,339 | 485,523 | 534,360 |
| Jan | 596,748 | 499,294 | 482,801 |
| Feb | 461,430 | 446,170 | 688,525 |
| Mar | 456,443 | 451,826 | 486,622 |
| Apr | 438,066 | 464,350 | 428,713 |
| May | 439,925 | 464,337 | 449,572 |
| Jun | 553,815 | 375,878 | 320,004 |
| TOT Y-T-D | 5,354,653 | 5,290,637 | 5,824,548 |
| Adj Budget | 6,126,231 | 6,738,765 | 7,049,836 |



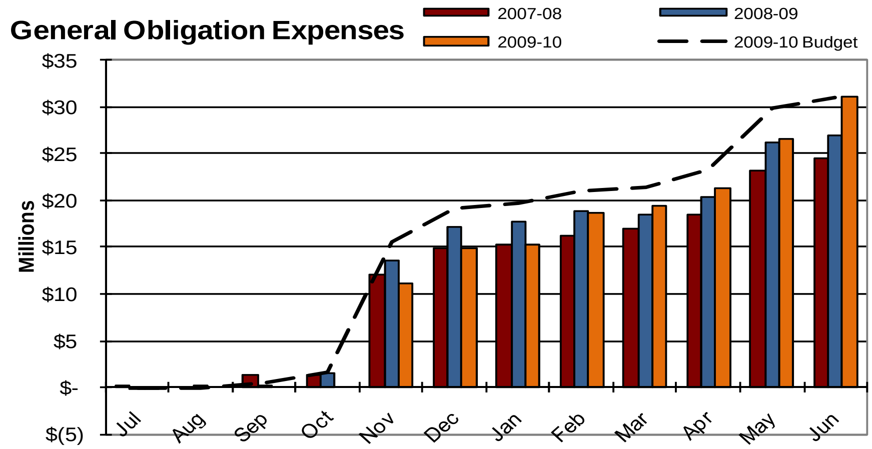

**BELOW BUDGET** **In FY 2009-10, approximately 83% of the total Admin budget has been expended, compared to 79% last fiscal year.** As expected, the Agency finished the year below budget in admin expenses due to vacant positions that were frozen and some contract services coming in under budget.

**NOTE:** The RDA reimburses the City for staff positions that are impacted by RDA activities (i.e. positions in Planning, Building Safety, Code Enforcement, City Attorney, Police, Fire, PRCS, Public Works, etc.). Admin expenditures also include operating expenses and contract costs for RDA activities. Reimbursement expenses for staff positions are prorated and transferred from the Agency to the City on a monthly basis with a "true up" adjustment at the end of the fiscal year to reflect actual costs.

# UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

## GENERAL OBLIGATION EXPENSES: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ 81,994 | $ (65,252) | $ (36,538) |
| Aug | (81,994) | 76,724 | 36,538 |
| Sep | 1,334,270 | - | - |
| Oct | - | 1,449,487 | - |
| Nov | 10,648,686 | 12,093,795 | 11,213,330 |
| Dec | 2,937,420 | 3,560,587 | 3,664,287 |
| Jan | 393,052 | 593,235 | 450,550 |
| Feb | 873,941 | 1,056,892 | 3,361,386 |
| Mar | 738,546 | (193,495) | 704,580 |
| Apr | 1,611,638 | 1,794,007 | 1,922,397 |
| May | 4,712,379 | 5,887,151 | 5,198,995 |
| Jun | 1,280,618 | 733,207 | 4,593,126 |
| TOT Y-T-D | 24,530,550 | 26,986,338 | 31,108,651 |
| Adj Budget | 25,131,668 | 26,606,359 | 31,053,227 |



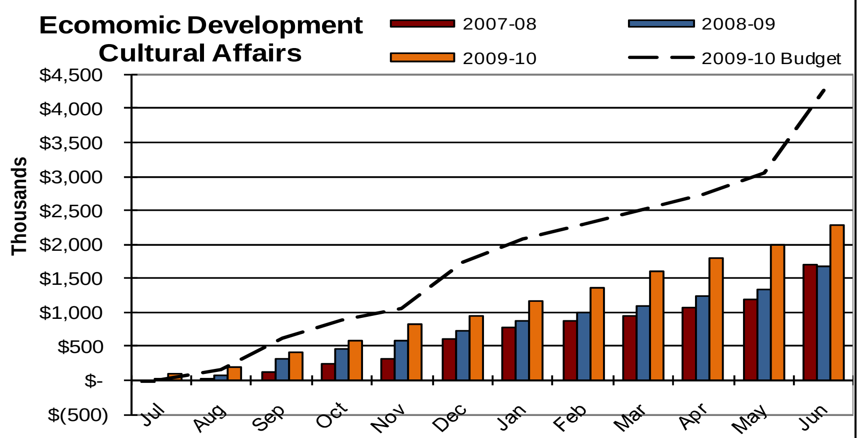

**NORMAL**

**In FY 2009-10, the RDA expended 100% of the adjusted General Obligations budget, compared to 101% in 2008-09 and 98% in 2007-08.** General Obligation expenses include bond debt service, principle and interest payments on loans, and statutory pass through payments. These payments follow a schedule and are known at the beginning of the year.

General Obligation expenses are payments that the Agency is legally required to make, such as debt service on RDA bond issues (paid each year in November), statutory pass through payments, transfers to the Housing fund for the 20% statutory housing set aside, and ERAF payments (when applicable).

## ECON DEV/PROPERTY MANAGEMENT/CULTURAL AFFAIRS PROGRAMS: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ (12,367) | $ 1,959 | $ 89,884 |
| Aug | 30,581 | 69,921 | 108,825 |
| Sep | 107,866 | 252,049 | 220,134 |
| Oct | 111,624 | 143,262 | 167,156 |
| Nov | 74,236 | 104,898 | 233,447 |
| Dec | 296,671 | 151,627 | 121,204 |
| Jan | 171,609 | 150,078 | 225,898 |
| Feb | 82,655 | 120,612 | 191,531 |
| Mar | 78,485 | 109,562 | 251,392 |
| Apr | 120,448 | 128,617 | 183,498 |
| May | 134,492 | 115,826 | 196,163 |
| Jun | 496,806 | 327,029 | 293,204 |
| TOT Y-T-D | 1,693,106 | 1,675,440 | 2,282,336 |
| Adj Budget | 3,118,088 | 3,863,106 | 4,273,768 |




**BELOW BUDGET**

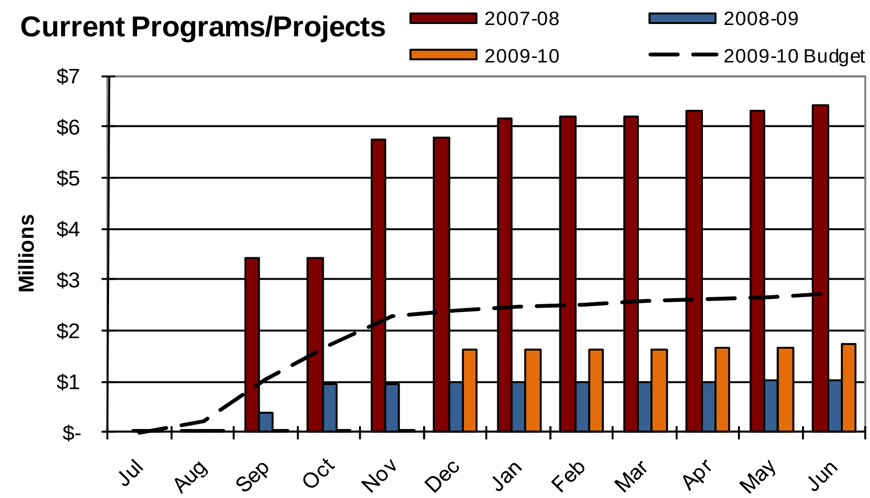
**In FY 2009-10, Economic Development, Property Management, and Cultural Affairs programs expended 53% of the adjusted budget compared to 43% in 2008-09 and 54% in 2007-08.** The primary expenditures are related to costs to manage the downtown parking structures and Cultural Affairs programs. Also, despite uncertainty in the economy, there has been an increase in local business taking advantage of rehabilitation and fee incentive programs and increased interest in business assistance loans offered by the Economic Development Division. This may signify a return in confidence by local entrepreneurs.

NOTE: Economic Development/Cultural Affairs programs include expenses for economic development projects, real property management, and Cultural Affairs programs such as the Culver City Music Festival, Farmers' Market, Music in the Chambers, and the Art of... Speaker Series.

# UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

## CURRENT PROJECTS: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ - | $ 1,689 | $ 2,429 |
| Aug | 4,846 | 27,400 | 1,017 |
| Sep | 3,421,487 | 352,673 | 32,311 |
| Oct | 16,296 | 554,328 | 7,480 |
| Nov | 2,311,864 | 6,376 | 9,352 |
| Dec | 37,880 | 47,428 | 1,557,973 |
| Jan | 376,231 | 4,023 | 3,284 |
| Feb | 23,242 | 2,320 | 21 |
| Mar | 6,402 | (1,341) | 361 |
| Apr | 107,059 | 8,830 | 34,881 |
| May | 26,604 | 4,833 | 2,210 |
| Jun | 83,325 | 23,144 | 98,165 |
| TOT Y-T-D | 6,415,236 | 1,031,703 | 1,749,484 |
| Adj Budget | 7,086,497 | 2,408,056 | 2,728,481 |



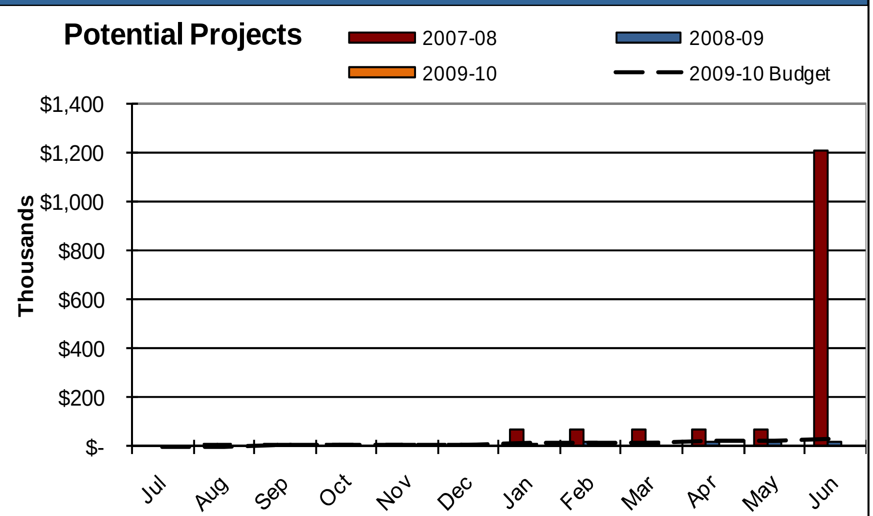

**BELOW BUDGET**

In FY 2009-10, expenditures in this category were primarily related to the Pleasantview project. When the Agency purchased the Pleasantview site in 2006, they negotiated payment terms in which the Agency paid a little more than half of the total purchase price upon close of escrow with the balance due in 2009. The $1.6 million payment made in December represents the Agency's fulfillment of that note.

NOTE: "Current Projects" are projects that are currently underway, such as Washington/Centinela, Washington/National, Pleasantview, and the Baldwin Site. Property acquisition and site preparation costs are included in the Current Projects category and typically make up the primary expenditure. Current Project expenditures are not typically consistent throughout the year.

## POTENTIAL PROJECTS: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ - | $ - | $ - |
| Aug | 425 | 1,078 | - |
| Sep | - | 7,336 | - |
| Oct | 1,170 | 2,335 | - |
| Nov | - | 588 | - |
| Dec | 5,726 | 37 | - |
| Jan | 65,347 | 4,031 | - |
| Feb | - | 1,563 | - |
| Mar | - | 327 | - |
| Apr | - | 1,291 | - |
| May | - | 21 | - |
| Jun | 1,131,104 | 56 | - |
| TOT Y-T-D | 1,203,772 | 18,663 | - |
| Adj Budget | 1,264,274 | 514,774 | 35,967 |




**BELOW BUDGET**

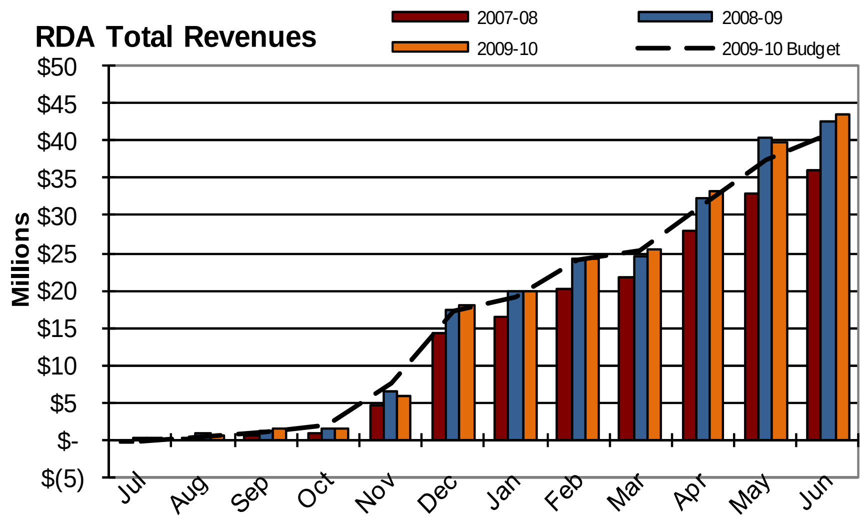
Due primarily to economic conditions, **there was no activity in this category in FY 2009-10.** Potential Projects include expenses for opportunity sites as they arise in various parts of the City, such as potential sites on **Selmaraine Ave, Jefferson Blvd and the Hayden Tract**. Typical expenses in this category are on appraisals, exploratory studies, and other expenses related to evaluating a potential redevelopment site.

NOTE: The spike in expenditures in June 2008 is related to the Tapp option exercised by the Agency to purchase land related to the Pleasantview project. Pleasantview is now considered a Current Project.

# UNRESTRICTED FUNDS REVENUE ANALYSIS

## TOTAL UNRESTRICTED FUNDS REVENUE:

| | *2007-08* | *2008-09* | *2009-10* |
|---|---|---|---|
| **Jul** | $ (395,530) | $ 29,131 | $ 137,186 |
| **Aug** | 656,599 | 782,065 | 392,499 |
| **Sep** | 368,304 | 399,899 | 847,690 |
| **Oct** | 415,202 | 356,216 | 253,374 |
| **Nov** | 3,676,946 | 4,841,495 | 4,321,193 |
| **Dec** | 9,651,356 | 11,134,413 | 12,006,835 |
| **Jan** | 1,965,506 | 2,200,152 | 2,065,235 |
| **Feb** | 3,912,079 | 4,585,415 | 4,289,209 |
| **Mar** | 1,378,423 | 240,077 | 1,042,747 |
| **Apr** | 6,434,458 | 7,646,268 | 7,989,494 |
| **May** | 4,831,876 | 8,312,240 | 6,450,276 |
| **Jun** | 3,042,264 | 2,182,718 | 3,830,627 |
| **TOT Y-T-D** | **35,937,483** | **42,710,089** | **43,626,365** |
| **Adj Budget** | *33,006,077* | *42,950,775* | *40,951,280* |




**SUMMARY** — Overall, revenues were relatively strong in FY 2009-10. Tax Increment revenues exceeded budget projections, but were slightly less than in FY 2008-09. Revenues from Pacific Theaters significantly exceeded budget projections and the Farmer's Market and parking revenues met budget projections.

**TAX INCREMENT REVENUES** — As previously noted, although tax increment revenues slightly exceeded budget projections, receipts were down approximately 2% from last fiscal year. Additionally, the Redevelopment Agency received an updated Assessed Valuation Report from the County Assessor in August 2010 for FY 2010-11. The updated report indicates a 3% decrease in assessed values. Based on this updated AV report, estimated tax increment revenues for FY 2010-11 may be less than originally projected. More information will be provided during the FY 2010-11 mid-year budget review.

**LAND SALE PROCEEDS** — Due to the continuing credit crunch and significant slowdown in commercial and residential development, no land sale proceeds were received in FY 2009-10. The Agency continues to hold a number of parcels that are subject to DDAs. When the economy recovers and development activity resumes, the Agency may realize some land sale proceeds.

**City Loan to the Agency** — The $9 million loan was originally meant to be repaid using land sale proceeds from a number of parcels owned by the RDA and subject to a DDA with a developer to dispose of the land. Due to the recession, receipt of those proceeds have been delayed. Therefore, the City has extended the terms of the loan through June 2011. The Agency made a $4 million payment in June 2010, leaving an outstanding loan balance of $3.5 million at FYE 2009-10. The final principal payment will be made in June 2011.

# UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

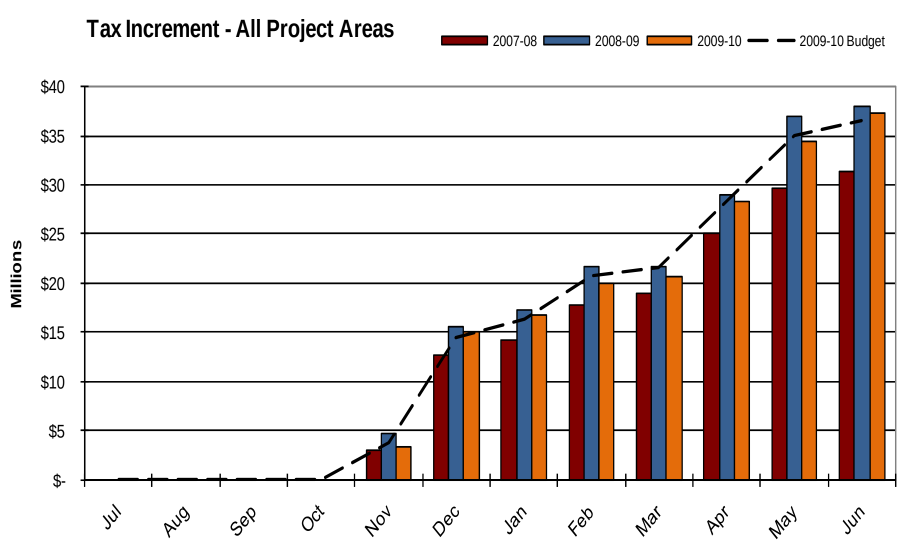
## ASSESSED VALUATIONS: Fiscal 2008-09, 2009-10, and 2010-11

Per Proposition 13 passed by California voters in 1978, a property's value is assessed when it is purchased or significantly remodeled. Once the assessed value is established, it cannot increase by more than 2% per year until the property is sold or remodeled, at which time it is re-assessed. The property owners' annual property tax is calculated as 1% of the assessed value. The Redevelopment Agency receives tax increment based on the increase in assessed value over a base year (base year = the year that a particular project area was established). The table below shows the total assessed values and % change from the prior year for each project area for the four most recent years.

| | 2008-09 | % change prior year | 2009-10 | % change prior year | 2010-11 | % change prior year |
|---|---|---|---|---|---|---|
| Project Area 1 | $991,903,331 | 10.24% | $1,165,270,620 | 17.48% | $1,083,606,896 | -7.01% |
| Project Area 2 | $696,384,724 | 9.36% | $707,151,361 | 1.55% | $696,549,788 | -1.50% |
| Project Area 3 | $1,516,215,389 | 10.19% | $1,656,159,352 | 9.23% | $1,633,601,927 | -1.36% |
| Project Area 4 | $635,175,732 | 7.60% | $632,727,379 | -0.39% | $630,839,859 | -0.30% |
| | $3,839,679,176 | 9.62% | $4,161,308,712 | 8.38% | $4,044,598,470 | -2.80% |

## TAX INCREMENT: Fiscal 2007-08, 2008-09 and 2009-10 (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ - | $ - | $ - |
| Aug | - | - | - |
| Sep | - | - | - |
| Oct | - | - | - |
| Nov | 3,084,339 | 4,709,440 | 3,395,854 |
| Dec | 9,581,018 | 10,805,551 | 11,675,222 |
| Jan | 1,550,249 | 1,773,752 | 1,767,214 |
| Feb | 3,637,607 | 4,381,723 | 3,129,281 |
| Mar | 1,122,735 | 88,111 | 685,271 |
| Apr | 6,046,931 | 7,240,053 | 7,610,459 |
| May | 4,684,483 | 7,974,511 | 6,149,519 |
| Jun | 1,680,351 | 1,041,482 | 2,836,851 |
| TOTAL | $31,387,713 | $38,014,623 | $37,249,671 |
| Adj Budget | 29,593,000 | 32,961,000 | 36,575,000 |



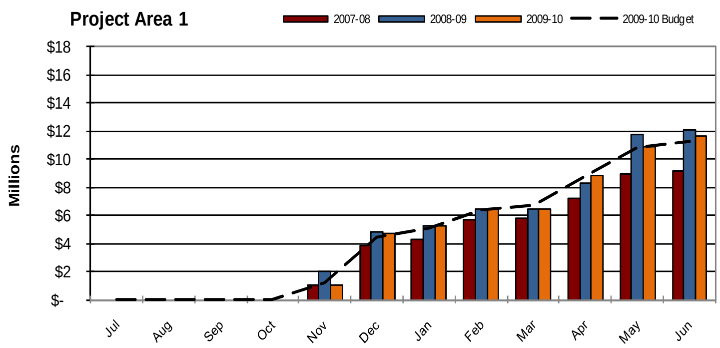

**POSITIVE**

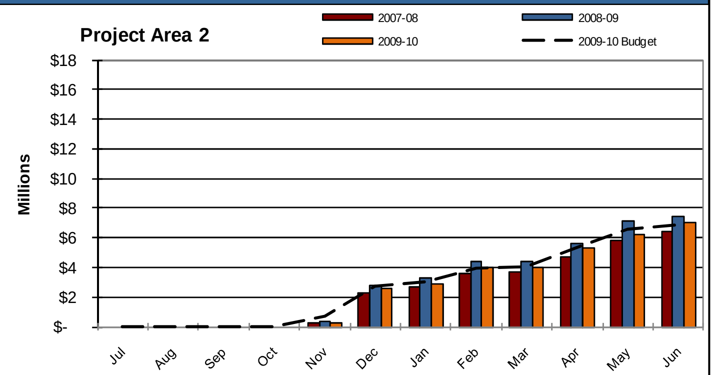
In FY 2009-10, tax increment revenues slightly exceeded budget projections. However, revenues decreased by approximately 2% from FY 2008-09. **Additionally, based on a recent Assessed Valuation Report from the LA County Assessor, tax increment receipts are expected to slightly decrease again this fiscal year.** As noted in prior reports, there is a significant lag in property tax increment receipts (approximately 12—18 months), so the poor economic conditions of the last two years are now beginning to negatively impact the Agency's tax increment revenues. Overall, property values in West Los Angeles have not been as negatively impacted as values in other areas of Southern California. Consequently, staff does not expect a significant drop off in tax increment revenues, rather, TI revenues are expected to be relatively flat for the next few fiscal years until credit becomes more readily available and development picks up again.

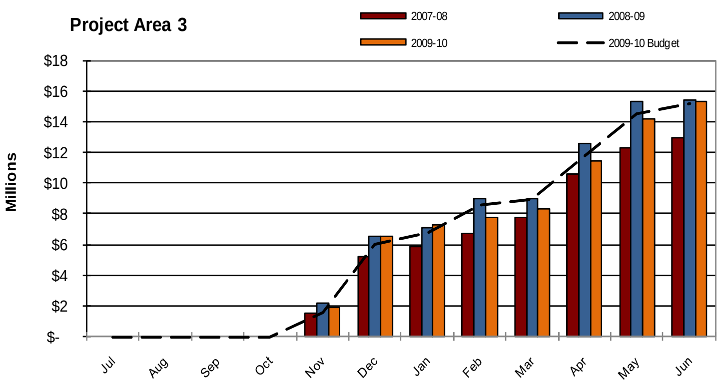
The following page provides TI revenue detail broken down by Redevelopment Project Area.

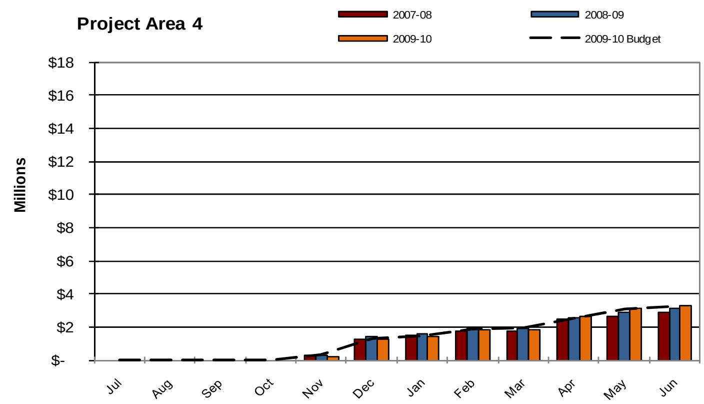
# UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

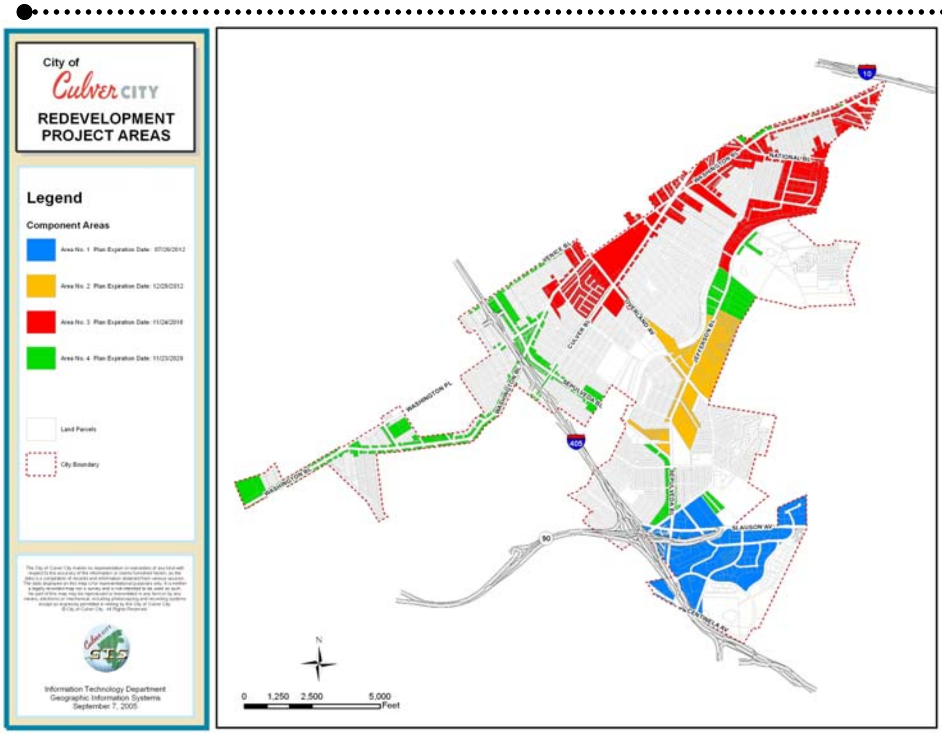
## TAX INCREMENT by COMPONENT AREA:
## Fiscal Years 2007-08, 2008-09 and 2009-10 (graphs are cumulative)




The above graphs illustrate the magnitude of tax increment generated from each of the four project areas. Project Areas 1 and 3 generate the most tax increment, accounting for approximately 70% of the total TI revenues (30% and 40% respectively). **Project Area 1** is comprised primarily of the **Fox Hills area** (seen here in blue). **Project Area 3** is comprised primarily of the **Hayden Tract and Downtown areas** (seen in red). **Project Area 2** is comprised primarily of the **Jefferson/Overland intersection** (seen in yellow) and **Project Area 4** is comprised primarily of **West Washington Blvd** and **Sepulveda Blvd**.

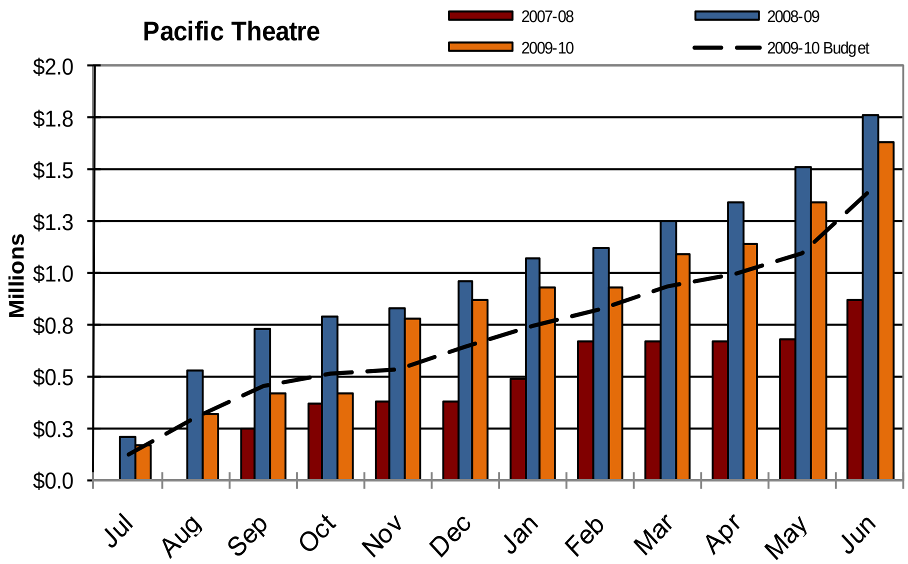
Project Area Expiration Dates:
Project Area 1: 07/26/2014
Project Area 2: 12/28/2014
Project Area 3: 11/25/2018
Project Area 4: 11/23/2029

# UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

## REVENUE SOURCES:
## Fiscal Years 2007-08, 2008-09 and 2009-10 (graphs are cumulative)

### Pacific Theater Revenues

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | - | 209,487 | 165,461 |
| Aug | - | 323,733 | 154,012 |
| Sep | 248,471 | 201,622 | 102,713 |
| Oct | 125,539 | 57,298 | - |
| Nov | 1,786 | 35,174 | 356,859 |
| Dec | 1,786 | 138,366 | 88,709 |
| Jan | 112,184 | 110,804 | 66,587 |
| Feb | 182,126 | 49,796 | - |
| Mar | 1,786 | 121,930 | 162,109 |
| Apr | - | 90,995 | 42,000 |
| May | 3,572 | 176,889 | 200,503 |
| Jun | 196,961 | 243,767 | 293,878 |
| TOTAL | 874,211 | 1,759,861 | 1,632,831 |
| Adj. Budget | 1,200,000 | 1,300,000 | 1,400,000 |

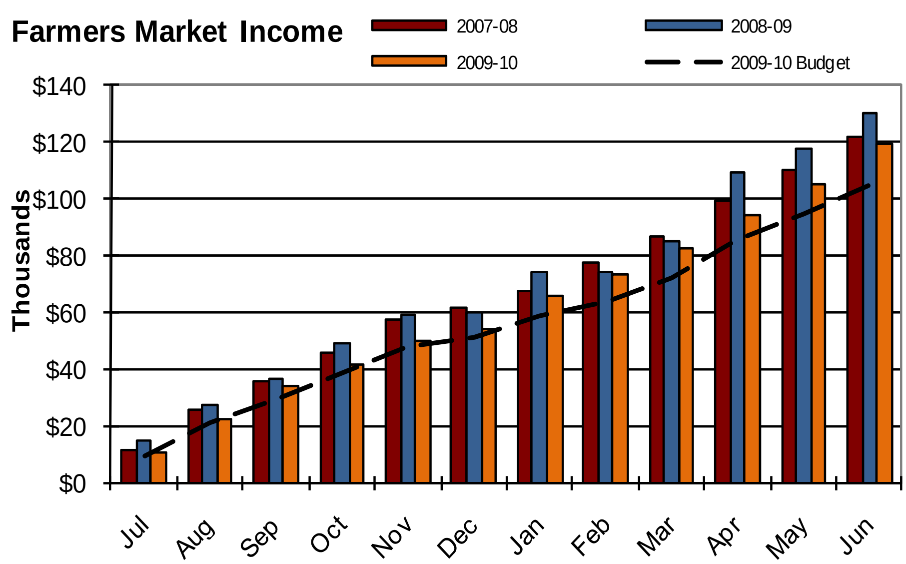



**POSITIVE**

In FY 2009-10, Pacific Theaters exceeded the budget projection by 17%. Although the Theater did not perform as well as it did in FY 2008-09, Pacific Theaters significantly exceeded budget projections in FY 2009-10 by approx. $230,000.

### Farmers' Market Revenues

| | | | |
|---|---|---|---|
| Jul | $ 11,234 | $ 15,220 | $ 11,023 |
| Aug | 14,155 | 12,581 | 11,557 |
| Sep | 10,426 | 8,843 | 11,498 |
| Oct | 10,461 | 12,817 | 7,898 |
| Nov | 11,378 | 9,787 | 8,229 |
| Dec | 4,522 | 466 | 3,650 |
| Jan | 5,118 | 14,223 | 12,367 |
| Feb | 10,472 | - | 7,308 |
| Mar | 9,330 | 11,219 | 9,277 |
| Apr | 12,579 | 24,034 | 11,802 |
| May | 10,919 | 8,396 | 10,997 |
| Jun | 11,100 | 12,682 | 13,892 |
| TOTAL | $ 121,694 | $ 130,268 | $ 119,498 |
| Adj Budget | 105,000 | 115,000 | 105,000 |




**POSITIVE**

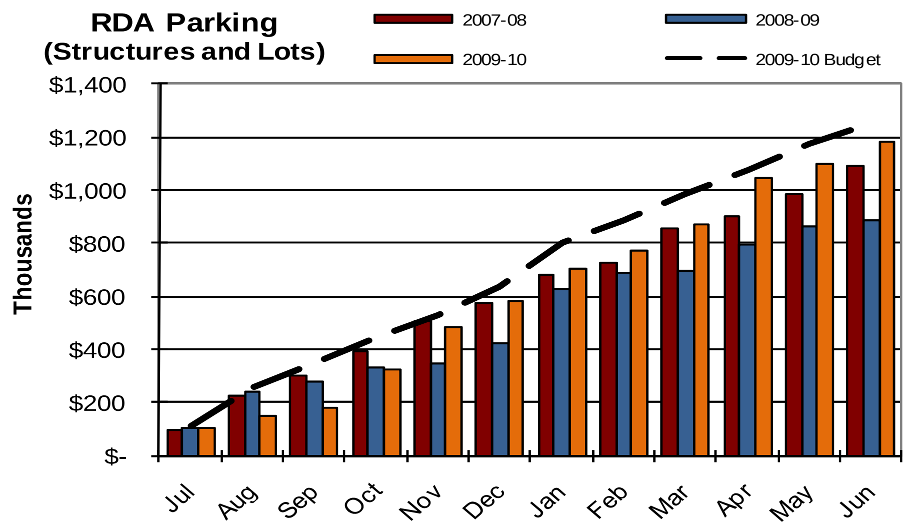
In FY 2009-10, Farmers' Market receipts exceeded budget projections by 14%. Although the Farmers' Market did not perform as well as it did in FY 2008-09, it exceeded budget projections in FY 2009-10 by almost $15,000.

# Unrestricted Funds Revenue Analysis (continued):

## OTHER REVENUE SOURCES (cont.):
## Fiscal 2007-08, 2008-09 and 2009-10 (graph is cumulative)

### Parking Revenues

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ 101,177 | $ 105,496 | $ 108,721 |
| Aug | 121,649 | 139,479 | 45,016 |
| Sep | 76,377 | 32,109 | 24,963 |
| Oct | 92,723 | 58,150 | 144,419 |
| Nov | 116,765 | 15,649 | 164,104 |
| Dec | 67,513 | 71,641 | 98,978 |
| Jan | 108,650 | 206,433 | 122,484 |
| Feb | 46,103 | 61,195 | 63,198 |
| Mar | 129,622 | 6,549 | 100,829 |
| Apr | 43,353 | 100,265 | 171,695 |
| May | 80,256 | 66,201 | 56,660 |
| Jun | 106,047 | 22,402 | 80,969 |
| TOTAL | $1,090,235 | $ 885,569 | $1,182,036 |
| | | | |
| Adj Budget | 943,120 | 977,620 | 1,254,620 |




**NEGATIVE**

**In FY 2009-10, parking revenues were approximately 6% below budget projections.** This is due primarily to weakening monthly parking revenues resulting from a decrease in business activity at the Ince parking structure. Although parking revenues increased from last year, that is somewhat misleading as the Agency implemented new accounting procedures related to the Modern Parking management contract. Adjusting for that new procedure, revenues would have been $787,162, which is approximately 11% less than FY 2008-09.

Film Parking receipts were $74,900, which exceeded the $50,000 budget, but was 40% less than last year's Film Parking Revenue.

## OTHER NOTES:

**Adopted Budgets**

The Redevelopment Agency's Adopted budgets are available on the City's website at www.culvercity.org/redev/redev_workprogram.asp?sec=gov

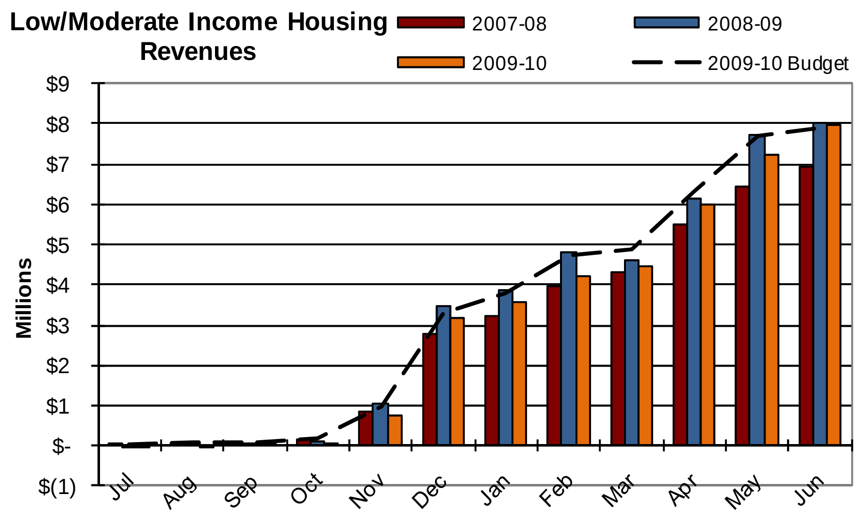
**Glossary**

**CRA**— Community Redevelopment Association. Statewide Agency that advocates on behalf of member agencies.
**DDA** — Development and Disposition Agreement. A development agreement between the Agency and a Developer.
**ERAF** — Education Revenue Augmentation Fund. State fund from which some education expenses are paid.
**LMIF** — Low Moderate Income Housing Fund. Funds restricted by state law to the provision of affordable housing. Per state law, 20% of annual tax increment receipts must be set aside in a Low Moderate Income Housing Fund for this purpose.
**OPA** — Owner Participation Agreement. Agreement between the Agency and a Property Owner to make property improvements.
**SERAF** — Supplemental Education Revenue Augmentation Fund. State fund from which some education expenses are paid.
**TI** — Tax Increment. Increment increase in property tax revenues above a base year.

# LOW/MODERATE INCOME HOUSING FUND ANALYSIS:

## HOUSING FUND:
## Revenues and Expenditures (graphs are cumulative)

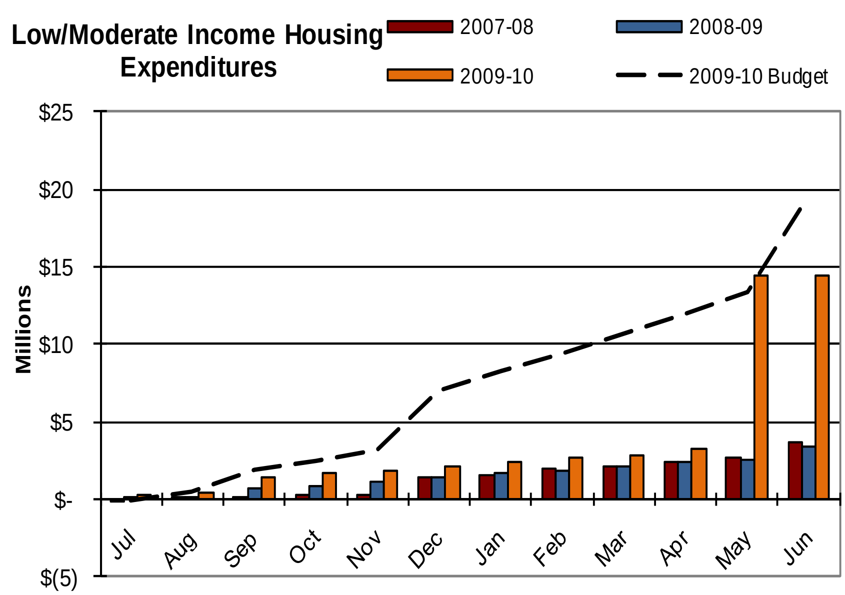
| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ 6,332 | $ (6,882) | $ (36,640) |
| Aug | 33,466 | 19,162 | 16,398 |
| Sep | 21,952 | 41,097 | 52,451 |
| Oct | 87,573 | 38,840 | 16,474 |
| Nov | 705,449 | 969,393 | 711,533 |
| Dec | 1,939,384 | 2,408,680 | 2,391,821 |
| Jan | 422,836 | 410,277 | 398,617 |
| Feb | 747,414 | 921,693 | 659,494 |
| Mar | 338,554 | (208,432) | 244,303 |
| Apr | 1,194,032 | 1,530,579 | 1,539,488 |
| May | 960,582 | 1,607,753 | 1,245,848 |
| Jun | 478,963 | 307,508 | 736,622 |
| **TOT Y-T-D** | **6,936,537** | **8,039,668** | **7,976,409** |
| **Adj Budget** | *$ 6,865,000* | *$ 7,467,000* | *$ 7,914,000* |




**REVENUES** — The Low/Moderate Income Housing fund's primary revenue source is tax increment housing set aside funds, which is calculated as 20% of the gross tax increment received. As such, Housing fund revenues tend to mirror TI revenues on page 8 of this report. As previously mentioned, TI revenues slightly exceeded budget projections, consequently, Housing Fund revenues also slightly exceeded budget projections.

**EXPENDITURES** — The primary Low/Moderate Income Housing expenditures in FY 2009-10 were on Rental Assistance Program Grants (about $36,000 per month), Rehab Grant Incentives ($94,000), and administrative charges. Approximately $2.5 million was budgeted in FY 2009-10 for implementation/construction of the low/moderate income housing project at the Globe properties and demolition of those properties has been completed. The Housing Division is working toward implementing the Comprehensive Housing Strategy and identifying additional development opportunities for low/moderate income housing projects.

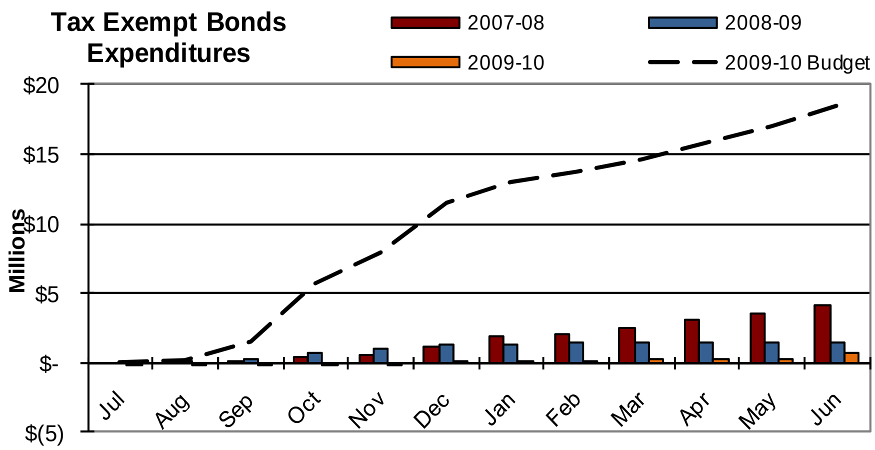
| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ (52,060) | $ 31,277 | $ 232,826 |
| Aug | 114,800 | 37,276 | 242,292 |
| Sep | 87,763 | 609,316 | 900,725 |
| Oct | 82,561 | 239,685 | 278,028 |
| Nov | 52,196 | 236,242 | 266,465 |
| Dec | 1,114,943 | 268,073 | 257,209 |
| Jan | 234,455 | 237,563 | 249,491 |
| Feb | 290,272 | 231,223 | 245,555 |
| Mar | 238,400 | 222,249 | 219,099 |
| Apr | 284,597 | 241,090 | 306,230 |
| May | 280,090 | 229,912 | 11,196,817 |
| Jun | 915,689 | 807,349 | 52,507 |
| **TOT Y-T-D** | **3,643,706** | **3,391,255** | **14,447,244** |
| **Adj Budget** | *$ 12,330,046* | *$ 12,607,422* | *$ 19,586,121* |



# TAX EXEMPT BOND FUNDS

## FISCAL YEAR TO DATE: (graph is cumulative)

| | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|
| Jul | $ - | $ - | $ (137,037) |
| Aug | - | 37,323 | (2,790) |
| Sep | 40,031 | 182,198 | 13,517 |
| Oct | 397,032 | 518,843 | 75,521 |
| Nov | 161,740 | 294,138 | 28,170 |
| Dec | 642,128 | 322,106 | 25,992 |
| Jan | 639,181 | 16,970 | 27,529 |
| Feb | 237,320 | 35,873 | 170,809 |
| Mar | 356,464 | 2,830 | 15,298 |
| Apr | 574,914 | 203 | 12,095 |
| May | 462,252 | 12,516 | 8,994 |
| Jun | 600,315 | 18,314 | 434,024 |
| **TOT Y-T-D** | **4,111,377** | **1,441,314** | **672,122** |
| **Adj Budget** | *$ 8,019,086* | *$ 13,302,061* | *$ 18,482,011* |




**REVENUES** — Tax exempt bond fund revenue is primarily interest income earned on the fund balance. Approximately $315,000 in interest income was earned in FY 2009-10.

**EXPENDITURES** — Tax Exempt Bond expenditures in FY 2009-10 were primarily related to the Downtown Parking Study, Washington/National Engineering studies (per executed MOU with Metro), Washington Blvd AIP, Phase 1 and acquisition of the 3433 Wesley property from the City.

**NOTE**: Tax exempt bond funds are restricted and can only be used for public improvements and public infrastructure. Bond funded projects are often similar to Capital Improvement Projects as they are typically larger projects that may take more than one fiscal year to complete. Typically, the entire project budget is allocated in the first year and any unspent bond funds are typically carried over to the following year.

## CURRENT BOND FUNDED PROJECTS of INTEREST

| | Total Budget | Total Bond Funding | Bond Funds Expended to Date | Estimated Completion |
|---|---|---|---|---|
| 1. Washington/National (92620) | $3,300,000 | $3,300,000 | $247,000 | FY 2010-11 |
| 2. Town Plaza (93400) | $3,100,000 | $3,100,000 | $300,000 | FY 2010-11 |
| 3. Washington AIP: Phase 1 (92670) | $880,750 | $880,750 | $83,500 | FY 2010-11 |
| 4. Downtown Parking Study (91050) | $167,000 | $167,000 | $156,600 | FY 2009-10 |

The projects identified above are major projects funded by tax exempt bonds. The **Washington/National project** is to fund column enhancements and a shoring wall at the Culver City terminus of the EXPO light rail project to support future development at the Washington/National TOD site. The **Town Plaza project** will fund improvements to the Town Plaza area in front of the Pacific Theaters in conjunction with the development of the Parcel B site. **Washington Blvd AIP: Phase I** is the first of three phases to beautify the West side of Culver City along the Washington Blvd corridor. Ongoing maintenance for these projects will be funded by benefitting property owners via a benefit assessment district. The **Downtown Parking Study** is a study of the parking supply and demand in downtown Culver City. This project is nearing completion as the Agency is now considering recommendations.