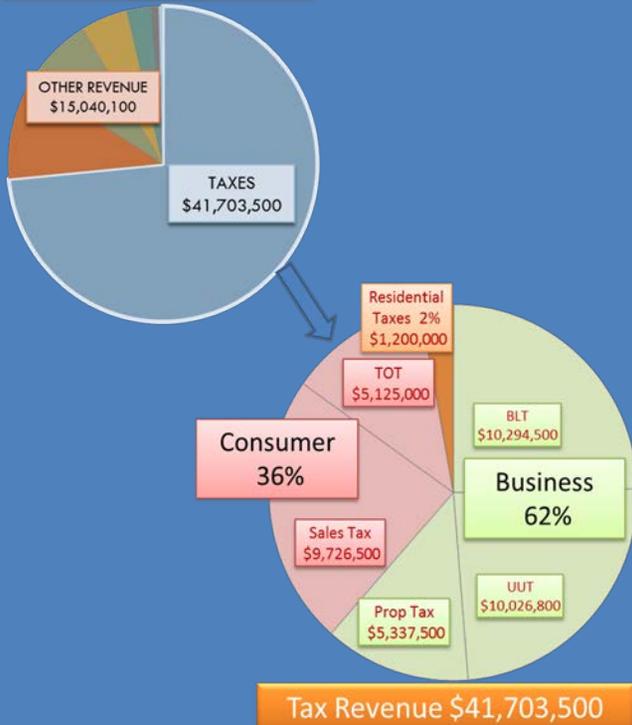


HOW WILL CITY SERVICES BE FUNDED IN 2014?

General Fund Revenue
\$56,743,600



QUICK FACTS ON TAXES:

Tax Revenue is 74% of total General Fund Revenue

Property Tax – El Segundo receives an estimated 6 cents of every dollar of property tax paid to the County by property owners

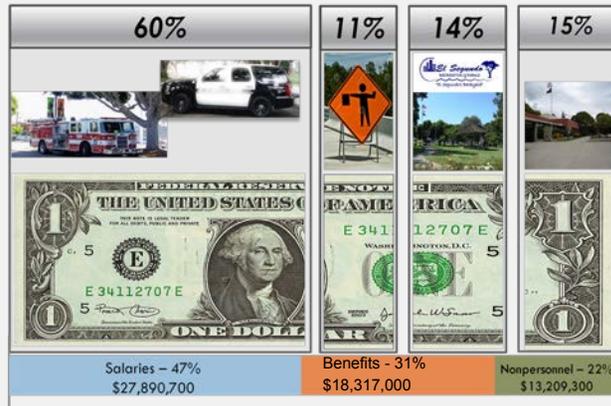
Sales Tax – El Segundo receives 1 cent of every taxable retail sale dollar spent in the City

Utility User Tax Rate (Commercial/Industrial Customers Only) – 3%, 2% for Telecommunication Utilities

TOT Rate – 8%

WHERE WILL THE MONEY GO IN 2014?

General Fund Expenditures
\$59,417,000



General Fund Expenditures Per Capita



Incorporated	January 18, 1917
Incorporated Area	5.465 sq miles
Population	16,720
Dwelling Units	7,010
Number of Households	7,281
Full-Time Employees	264
City Parks	22
Recreational Facilities	13

CITY OF EL SEGUNDO

BUDGET-AT-A-GLANCE

2013-2014 OPERATING BUDGET



City Council

Bill Fisher
Carl Jacobson
Suzanne Fuentes
Dave Atkinson
Marie Fellhauer

Mayor
Mayor Pro-Tem
Councilmember
Councilmember
Councilmember

City Officials

Crista Binder
Tracy Weaver
Mark Hensley
Greg Carpenter

City Treasurer
City Clerk
City Attorney
City Manager

City Administration

Deborah Cullen
Mitch Tavera
Kevin Smith
Debra Brighton
Bob Cummings
Stephanie Katsouleas
Martha Dijkstra
Sam Lee

Finance Director
Chief of Police
Fire Chief
Library Director
Rec/Parks Director
Public Works Director
Human Resources Director
Director of Planning & Building
Safety/ Economic Development

Budget Overview

The Mission of the City of El Segundo is to "Provide a great place to live, work and visit". This serves as the "destination" that our strategies should lead towards and provides the context for our decisions.

Using the mission statement as the foundation, the City Council developed the following guiding principles:

- Focus on Customer and Community Service
- Provide Quality Public Safety
- Maintain Quality Facilities, Infrastructure and Equipment
- Ensure Financial Stability
- Focus on Maintaining a Quality Workforce

The fiscal year (FY) 2013-2014 budget was prepared with these guidelines.

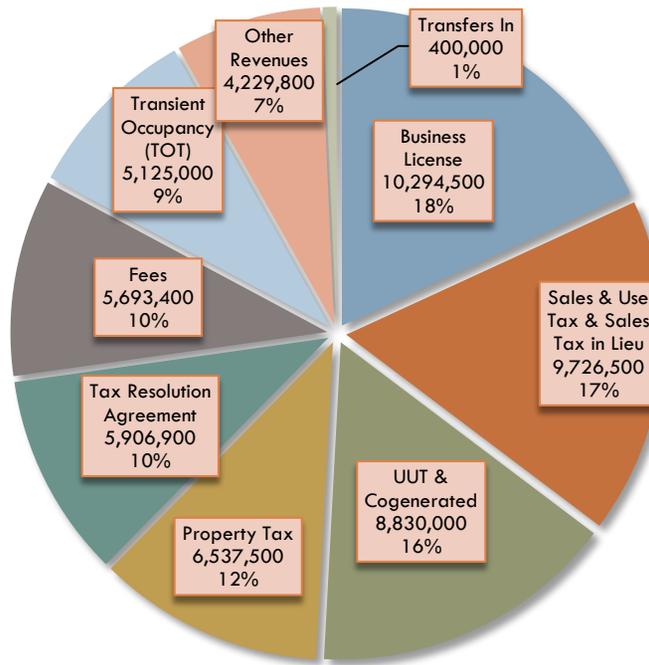
General Fund Revenue Highlights

General Fund revenues for FY 2013-2014 are projected at \$56.7 million, \$2.7 million or 4.6% lower than the FY 2012-2013 Yearend Estimate, primarily due to the one-time monies used to balance the FY 2012-2013 budget. Overall, the General Fund's core tax revenues are estimated to grow 2.58% or \$929,000 compared to FY 12-13 yearend estimates.

Below is a summary of the revenue assumptions as compared to yearend estimates:

- Business License Tax – \$352,000 net increase over yearend estimates; 3.5% Growth due to annual CPI change and anticipated reduction of sales and use tax credits which result in a higher Business License Tax
- Property Tax – Current projection is flat based on pending reassessment appeals
- Transient Occupancy Tax (TOT) – Current projection is flat based on uncertainty with one of the City's largest hotels and the impact of increased long term stay exemptions
- Sales Tax – \$700,000 or 10.3% increase from 2013 estimated yearend; this increase is primarily due to the resolution of a large misallocation to the City
- Charges for Services – (\$145,000) or 3.3% decrease from yearend estimates based on a forecasted reduction of planning and building safety fees
- Interest on Investments – (\$30,000) or 14.3% decrease from yearend estimates primarily due to low Federal Reserve Rate
- Utility Users' Tax – \$256,000 or 3.5% increase from yearend estimates. This revenue category is still being impacted from the fluctuation of the price of natural gas
- Tax Resolution Agreement – Based on an executed agreement with Chevron USA, the City is estimating a resolution payment of \$5,906,900 in FY 13-14
- All other revenues remain flat or have very little growth compared to yearend estimates

GENERAL FUND EXPENDITURES BY SERVICE – FY 2013-2014



General Fund Expenditure Highlights

General Fund expenditures are projected at \$59.4 million in FY 2013-2014, up \$5.5 million or 10.3% from the FY 2012-2013 yearend estimates. Labor-related expenditures are estimated to increase by \$2.8 million or 6% over yearend estimates, primarily due to the following:

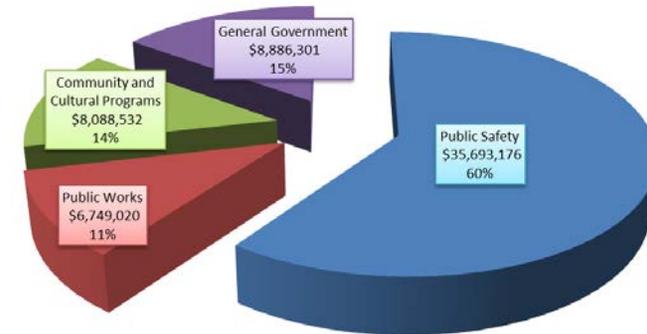
- Salaries – increase of \$324,200 due to:
 - COLA Increase - \$174,200
 - Step increases and longevity/educational incentive premiums - \$150,000
- California Public Employees' Retirement System (CalPERS) Rate Increases – \$840,000 increase in the discount rate, going from 7.75% return to 7.5%. This impacts both rates, safety and nonsafety:
 - Safety Rate Increase: \$427,300
 - Misc Group Rate Increase: \$412,700
- Other Post-Employment Benefits (OPEB)
 - Increase due to updated valuation - \$239,000
- Workers' Compensation – Increase in the insurance premium and a rising cost of currently open claims - \$546,000
- Reinstatement of 401(a) Match - \$214,500 required to be paid out in December of 2013. This is for one labor group and consistent with the terms of the MOU.
- Increase in Vacation/Sick Leave Payouts - \$375,000; it is anticipated that more employees will participate in the 3-year buy back option which reduces the City's leave liability.

During this budget cycle, the City also addressed critical needs, such as deferred funding for equipment replacement, supplies and other services. The total amount of funding added to the budget for these items was approximately \$2,933,300, which is a 29.5% over prior year. Below we have summarized the main items that make up this increase:

- Equipment Replacement Cost – Funded at 100% - \$1,420,400. This expenditure has been deferred or underfunded in the last three budget years.
- Restoration of previous expenditure reductions - \$284,100
- Storm Drain Mandates - \$250,000
- Emergency Preparedness - \$80,000
- General Liability – \$262,200 - Increase in estimated claims expense
- Contractual Services – Increase of \$150,000;
 - Resources needed for labor negotiations
 - Increase in tree maintenance contract

The City's contributions towards Community Development Block Grant Program also increased by \$32,600 due to changes in federal funding regulations.

In addition, various City facilities have gone without necessary repairs during these last few years. This budget includes additional expenditures of approximately \$175,000 to address the most critical repairs.



Salaries	\$	27,890,750	47%
Benefits	\$	18,317,000	31%
Nonpersonnel	\$	13,209,280	22%
	\$	59,417,030	100%

The complete FY 2013-2014 Adopted Operating Budget can be found at the City's website: www.elsegundo.org.