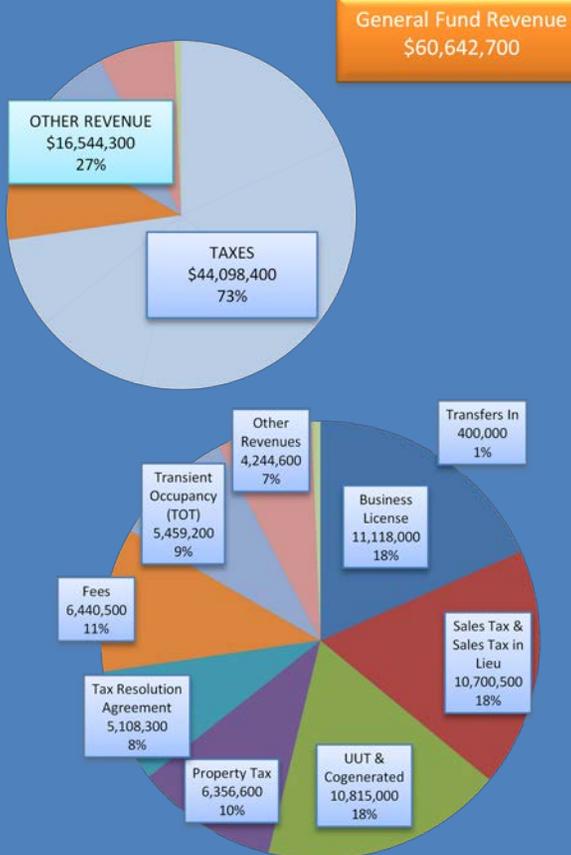


## HOW WILL CITY SERVICES BE FUNDED IN 2015?



### QUICK FACTS ON TAXES:

Tax Revenue is 73% of total General Fund Revenue

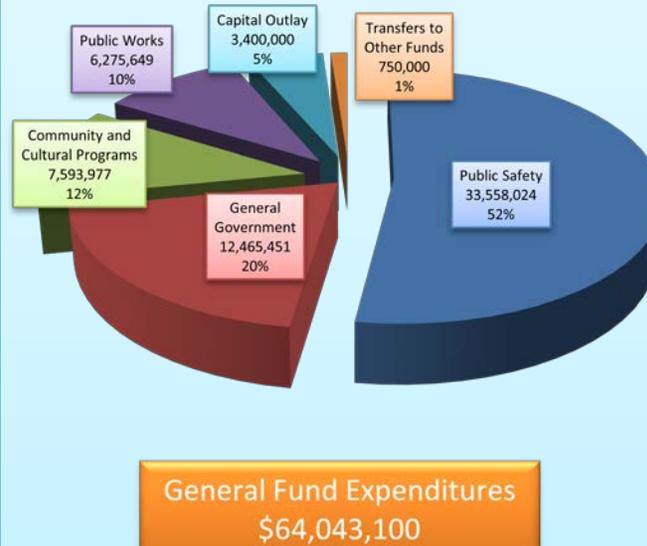
Property Tax – El Segundo receives an estimated 6 cents of every dollar of property tax paid to the County by property owners

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 2015?



### General Fund Expenditures Per Capita



<b>Incorporated</b>	<b>January 18, 1917</b>
<b>Incorporated Area</b>	<b>5.465 sq. miles</b>
<b>Population</b>	<b>16,720</b>
<b>Dwelling Units</b>	<b>7,010</b>
<b>Number of Households</b>	<b>7,281</b>
<b>Full -Time Employees</b>	<b>259</b>
<b>City Parks</b>	<b>22</b>
<b>Recreational Facilities</b>	<b>13</b>

# CITY OF EL SEGUNDO

## BUDGET-AT-A-GLANCE

### 2014-2015 OPERATING BUDGET



#### City Council

Suzanne Fuentes	Mayor
Carl Jacobson	Mayor Pro-Tem
Dave Atkinson	Councilmember
Marie Fellhauer	Councilmember
Mike Dugan	Councilmember

#### City Officials

Crista Binder	City Treasurer
Tracy Weaver	City Clerk
Mark Hensley	City Attorney
Greg Carpenter	City Manager

#### City Administration

Mitch Tavera	Chief of Police
Deborah Cullen	Director of Finance
Martha Dijkstra	Director of Human Resources
Debra Brighton	Director of Library Services
Sam Lee	Director of Planning & Building Safety/ Economic Development
Stephanie Katsouleas	Director of Public Works
Meredith Petit	Director of Recreation & Parks
Kevin Smith	Fire Chief

## 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) 2014-2015 budget was prepared with these guidelines.

## General Fund Revenue Highlights

General Fund revenues, as reported during the budget adoption, were expected to be \$2,964,775 or 4.52% higher at yearend than what was originally adopted.

The FY 2014-15 revenues are projected to be \$934,325 or 1.57% higher than the yearend estimate for FY 13-14. Listed below is a summary of the revenue assumptions as compared to yearend estimates:

- Business License Tax – \$218,000 net increase over yearend estimates. The business license tax rates will be adjusted by a 2.4% increase due to annual 10 year rolling average CPI;
- Property Tax – (\$298,400) or 4.5% decrease over yearend estimates primarily due to the power plant going online and the entity being collapsed into a multi-county entity and therefore it is state assessed instead of locally assessed;
- Transient Occupancy Tax (TOT) – Current projection is fairly flat based on uncertainty during a remodeling transition with one of the City's largest hotels and the impact of increased long term stay exemptions;
- Sales Tax – \$492,500 or 6.6% increase from 2014 estimated yearend. This increase is primarily due to improved economic conditions;
- Sales Tax in Lieu – \$751,200 or 37.4% increase is primarily due to the resolution of a large misallocation to the City along with recovering economic conditions;
- Charges for Services – \$679,655 or 16.85% increase from yearend estimates based on a forecasted increase of planning and building safety fees and paramedic transport fees; In addition, the following revenue enhancements totaling \$455,000 were incorporated in the adopted budget:
  - Recovery of Trash Fees – 3 & 4 Unit Properties - \$75,000
  - Recovery of Residential Permit Fees - \$200,000
  - Ambulance Recovery – Residential Fees - \$180,000
- Utility Users' Tax (UUT) – \$290,000 or 3.4% increase from yearend estimates; this category includes cogenerated electric, electric, gas, telephone, and water utility users' tax;
- All other revenues remain flat or have very little growth compared to yearend estimates.

## General Fund Expenditure Highlights

Fiscal Year 2014-2015 General Fund expenditures, net of transfers, show an increase of \$396,100 over last year, or about .6%. Despite expiring employee concessions of \$1.1 million and an increase in the pension rate of approximately \$822,000, the City also identified cost reductions that enabled staff to prepare an operating budget with minimal increases. In addition, the budget also includes \$3.2 million in capital infrastructure funding. The following are major expenditure fluctuations between the FY 2013-2014 Adopted General Fund Budget and the FY 2014-2015 General Fund Preliminary Budget.

- Salaries – increase of \$602,800 due to:
  - COLA Increase (per memorandum of understanding for one labor group)- \$146,000
  - Step increases and longevity/educational incentive premiums - \$150,000
  - Net decrease in funded positions – \$(139,900)
  - Increase to Overtime - \$615,600
    - Due to expired concessions - \$185,000
    - Due to backfilling vacant positions - \$430,600
  - Building Safety Manager Funding - \$169,000
- California Public Employees' Retirement System (CalPERS) Rate Increases – \$822,000 increase in the estimated discount rate, being reduced from 7.75% return to 7.5%. This impacts both rates, safety and nonsafety:
  - Safety Rate Increase: \$761,700
  - Misc Group Rate Increase: \$60,300
- Increases to CalPERS costs due to Expiring Concessions - \$729,900
- Other Post-Employment Benefits (OPEB)
  - \$400,000 decrease due to updated June 2014 valuation and:
    - Effects of Early Implementation
    - Reduction in the Workforce
    - Benefits are capped
    - Future increases shared with most employee groups
- Health Benefits – Increase of \$85,000
- Workers' Compensation – The latest actuarial valuation of the City's Workers' Compensation Program reported a decrease in the estimated liability for FY 2014-2015 of approximately \$1.2 million. An additional \$475,000 has also been reserved in the Workers' Compensation Fund to hedge for future losses based on the 70% confidence level.
- Non-Personnel Costs:
  - Equipment Replacement Charge – 1% increase for a total FY 2014-2015 charge of \$1,432,500 to the General Fund; an additional \$200,000 transfer to the Equipment Replacement Fund was also scheduled to help replenish the reserve
  - Increase in Utility Charges to the City (Electricity & Gas) –2% increase – \$21,100
  - Contractual Services & Professional/Technical increase - \$121,000
  - Increase for Credit Card Fees - \$95,000; this line item is new and was not included in the FY 2013/2014 Adopted Budget
- ESUSD Funding –
  - \$ 80,000 Crossing Guard Services;
  - \$764,600 in In-Kind Services;
  - In total, the City offers \$844,600 annually to support ESUSD.

During this budget cycle, the City also addressed critical needs. Below is a summary of the increased funding:

- Increase in transfer to the Facilities Maintenance Fund - \$80,000
- Transfer to Capital Improvements Fund - \$3,200,000 to fund for the following projects:

<i>Seismically Retrofit Fire Station 1 and Install New Apparatus Bay Doors</i>	\$420,000
<i>Richmond Street – reconstruction and parking improvements</i>	\$735,000
<i>Finance Software Upgrades</i>	\$350,000
<i>Sidewalk Construction/Replacement (Citywide)</i>	\$500,000
<i>Seismic Early Warning System</i>	\$ 40,000
<i>Fire Station Facility Upgrades</i>	\$465,000
<i>Police Department Upgrades</i>	\$300,000
<i>Library Exterior Painting</i>	\$ 40,000
<i>Library Technology Upgrade</i>	\$200,000
<i>New City Website</i>	\$150,000

The adopted budget also includes \$762,000 in savings for Service/Staffing Reductions. These reductions include:

- Finance Dept – Freeze Accounting Tech. position and backfill with part-time employee - \$57,000
- Human Resource – Reduce receptionist service hours - \$17,700
- Library – Reorganize staffing/freeze vacant position - \$92,000
- Police Department – Reduce staff by two sworn positions - \$500,000
- Recreation & Parks – Reduce staffing and operating hours - \$92,500
- City Treasurer – Reduce supplies and services - \$3,200

## Policy Changes

The following policy changes were also implemented:

- Establishment of Revenue Offset Designation within the Economic Uncertainty Fund – This establishes an additional reserve for future funding of under-performing Sales Tax, Sales Tax In Lieu and Utility User Tax Revenues; the amount designated in FY 2014-2015 is \$750,000;
- Increase in General Fund Reserve – from 17% to 18% of General Fund Revenues - \$606,400.

## Other Funds

### Internal Service Funds

The budgets in the Internal Service Funds, which include Equipment Replacement, General Liability, and Workers' Compensation, are all in balance. These funds are used to accumulate and allocate costs internally among the City's various functions.

### Enterprise Funds

The operating budgets in the Water, Sewer and Golf Course Funds are in balance. Collectively, these are all separate funds where the City charges a fee to customers to cover the costs of services it provides.

The complete FY 2014-2015 Adopted Operating Budget can be found at the City's website: [www.elsegundo.org](http://www.elsegundo.org).