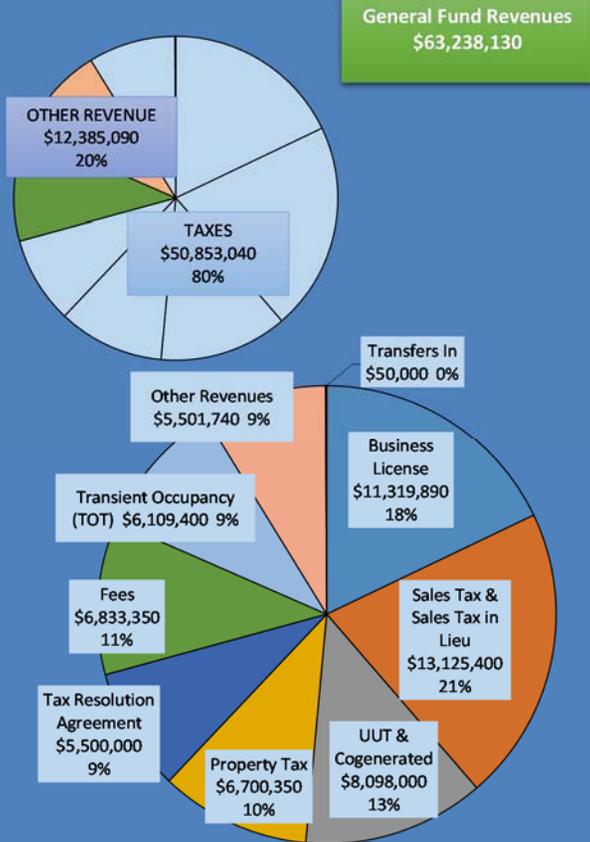


HOW WILL CITY SERVICES BE FUNDED IN 2016?



QUICK FACTS ON TAXES:

Tax Revenue is 80% of total General Fund Revenue

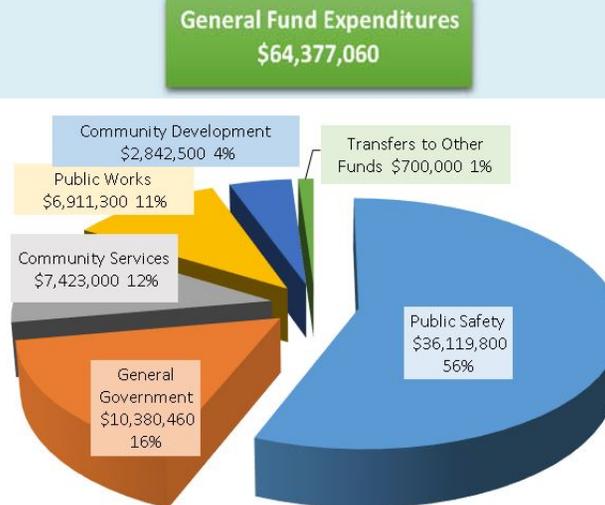
Property Tax – El Segundo receives an estimated 6 cents of every dollar of property tax paid to the County by property owners

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



Incorporated	January 18, 1917
Incorporated Area	5.465 sq. miles
Population	17,000
Dwelling Units	7,010
Number of Households	7,281
Full -Time Employees	273
City Parks	22
Recreational Facilities	13

CITY OF EL SEGUNDO BUDGET-AT-A-GLANCE

2015-2016 OPERATING AND CAPITAL IMPROVEMENT 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
Misty Cheng	Interim 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
Breck Slover	Interim 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) 2015-2016 budget was prepared with these guidelines.

Economic Outlook

Beacon Economics expects the economic growth to bounce back in 2015-16 after a slowdown in the first quarter of 2015, which only showed a growth of 0.7% from the previous quarter. The last three quarters in 2014 had been strong due to a strong surge in consumer spending, nonresidential construction and residential investment. The estimate for U. S. Real GDP growth is 3.7% for 2015-2016.

The City's business and industry sectors have shown improvement, but are still sensitive to the overall economy. These sectors are the major contributors to Sales & Use Tax revenues, which are estimated to increase by 17.4% mainly due to new shopping centers and overall increased consumer spending. The City is lagging behind statewide growth in building/construction and autos/transportation.

Overall, the economy is showing signs of recovery. While projections reflect moderate growth in City revenues, the concentration of revenues from the business and industry sector creates a higher level of volatility in the City's core tax revenues.

In summary, the Adopted Budget includes Revenues and Transfers In of \$123,126,930 and Expenditures and Transfers Out of \$133,442,660. In the General Fund, total Revenues are \$63,238,130 and total expenditures are \$64,377,060. The gap of \$1,138,930 was closed with excess General Fund Reserves.

General Fund Revenue Highlights

General Fund revenues for fiscal year 2014-2015 are very close to what was originally adopted, expected to be \$21,000 higher than originally projected.

Fiscal Year 2015-2016 General Fund revenues total \$63,238,130, projected to be \$2,574,166 or 4% higher than the year-end estimate for fiscal year 2014-2015.

- Business License Tax – Increase of \$465,790 due to the business license tax rates being adjusted by the annual CPI change.
- Property Tax – Expected to increase by \$343,000 due to an all-time high in property values, the City's total assessed value increased 6.1% from the prior year;
- Transient Occupancy Tax (TOT) – Expected to increase by \$650,000 due to four new/remodeled hotels coming into the City;
- Sales Tax/Sales Tax In Lieu – Increase of \$2.2 million due to increased consumer spending, the opening of the Point and Elevon shopping centers, and the cessation of the "triple-flip" process by the State;
- Charges for Services – Overall, an increase of \$157,350 due to an increase in plan check fees and annual fire inspections;
- Utility Users' Tax (UUT) – The most significant changes are due to a projected decrease of \$625,000 in franchise tax and \$400,000 in Gas Utility Users Tax revenue. These revenue categories are susceptible to dramatic increases or decreases due to the fluctuation of the price of natural gas. The price of natural gas was down 35% through July 2015 when compared to the same period in the prior year. This category also includes cogenerated electric, electric, telephone, and water utility users' tax.

General Fund Expenditure Highlights

Fiscal Year 2015-2016 General Fund expenditures, including transfers out, increased \$334,000 over last year's adopted budget to a total of \$64,377,060. Fiscal year 2014-2015 is forecast to end with a decrease of \$883,000 from the revised budget, inclusive of encumbrance carryovers, continuing appropriations and budget amendments.

The following are major expenditure fluctuations between the FY 2015-2016 Adopted General Fund Budget and the FY 2014-2015 General Fund Adopted Budget.

- Salary and Benefits – increase of \$497,000 due to new hires and salary increases
- Vacation/Sick Leave Pay – Increase of \$320,000 for upcoming retirements and resignations
- Health Benefits – Increase of \$150,000
- General Liability – Increase of \$195,000 due to higher premiums
- Non-Personnel Costs:
 - Increase contract services of \$250,000 for the NPDES regulation program

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

- Police- Added two new Police Officer positions - \$294,000 (of this amount \$76,500 will be offset by reimbursement revenues)

- Public Works- Added three new Street Maintenance Worker positions and related operating expenses due to the increased service level - \$237,400
- Recreation and Parks- Increased part-time personnel assisting in recreation activities and programs - \$78,000
- Recreation and Parks- Increased operating expenditures for park maintenance, repairs, and minor improvements - \$105,000

Policy Changes

The following policy changes were also implemented:

- Transfer to the Economic Uncertainty Fund reduced by \$250,000 – This reserve is for future funding of under-performing Sales Tax, Sales Tax In-Lieu and Utility User Tax Revenues. The amount designated in FY 2015-2016 is \$500,000, bringing the total reserve amount to \$1,250,000;
- Increase in the General Fund Reserve of \$1,620,215 – from 18% to 19% of General Fund Expenditures. Including the additional designation, total reserves at the end of FY 2015-2016 are projected to be \$12,098,641.

Other Funds

Internal Service Funds

All funds in this category are used to accumulate and allocate costs internally among the City's various functions. The budgets in Equipment Replacement and General Liability are in balance. The Workers Compensation Fund will be reviewed during the mid-year budget process, at which time inter-departmental charges may need to be revised in order to eliminate the projected deficit.

Enterprise Funds

The Water Fund is reporting a balanced budget, with a projected year-end fund balance of about \$10.4 million. Sewer Fund expenditures are projected to be \$1.1 million higher than the prior year due to an increase in infrastructure projects, however projected fund balance is still favorable at about \$3.1 million by the end of the year. Lastly, the Golf Course Fund is reporting an operating deficit of \$241,400 for the year. Collectively, these are all separate funds where the City charges a fee to customers to cover the costs of services it provides. Most significant projects to be funded in FY 2015-2016 are as follows:

- Water – Meter installation - \$500,000
- Water – Water Main replacement - \$2,700,000
- Sewer – Lifeguard Foremain and Pump Stations - \$450,000
- Sewer – Sewer Main repair - \$2,000,000
- Sewer – Sewer Pump Station #1 improvements – \$2,200,000