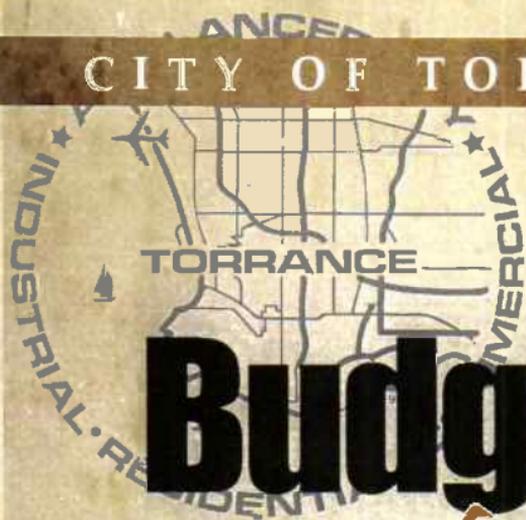


CITY OF TORRANCE



# Budget

*at a glance*

## 2009–2011

### Mission Statement

*The Mission of the City of Torrance is to encourage and respond to community participation as we provide for an attractive, clean, safe, secure and enriching environment that assures a high quality of life.*

*We evaluate and act on the needs of the community within a complex, changing environment.*

*We provide quality service with integrity, professionalism and accountability in an efficient and cost-effective manner.*

*City of Torrance*

**Finance Department**  
3031 Torrance Boulevard  
Torrance, California 90503  
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Finance@TorranceCA.Gov

[www.TorranceCA.Gov](http://www.TorranceCA.Gov)

# Snapshot of Torrance

<b>Population:</b>	149,111 <sup>1</sup>
<b>Peak Daytime Population (2 p.m.):</b>	203,011
<b>Area:</b>	21 square miles
<b>Full Time Employees:</b>	1,343
<b>Fire Stations:</b>	6
<b>Police Station:</b>	1
<b>Police Community Centers:</b>	2
<b>Sworn Police Employees:</b>	235
<b>Sworn Fire Employees:</b>	156
<b>Public Libraries:</b>	6
<b>Street Trees:</b>	40,000
<b>Miles of Sidewalks:</b>	550
<b>Parks &amp; Recreation Amenities:</b>	53

<sup>1</sup> California Department of Finance, California Demographic Research Unit Price and Population Data for Local Jurisdiction, dated May 2009.

## Key Highlights of the 2009-11 Budget

- ❖ The operating budget is balanced for the 2009-10 and 2010-11 fiscal years, as well as the out years through the 2013-14 fiscal year.
- ❖ The two-year budget eliminates a \$5.7 million General Fund projected structural deficit in the 2009-10 fiscal year.
- ❖ The General Fund budget has been re-balanced through:
  - ♦ Reductions in operating expenses of \$4.2 million, inclusive of \$1.0 million in internal adjustments, \$1.5 million from safety departments, and \$1.7 million from other General Fund departments.
  - ♦ An increase in the cost recovery of user fees by \$868,000;
  - ♦ Maintaining General Fund support of the Parks and Recreation Enterprise Fund at \$3.75 million and the City's Cultural Arts Center subsidy at \$1.15 million.
- ❖ Wage adjustment reserves have been reduced starting in the 2009-10 fiscal year and provides very limited reserves in the out years of the five year plan beginning 2011-12.
- ❖ Historically, the operating budget has relied on \$600,000 from prior year carryover. The 2009-10 budget relies on an additional \$622,000 of one-time monies for the 2009-10 fiscal year.
- ❖ The City has an investment grade "A" bond rating due to the City Council's fiscally conservative approach.



## The Economy

- ❖ The worldwide economic downturn is challenging all cities, as well as many if not all States' budgets. The California state budget crisis has exceeded \$26 billion and is likely to climb over the next several years if no action is taken by the State legislators.
- ❖ The worldwide recession directly impacts the City budget shortfall in terms of lower tax revenues and large investment losses of pension assets.

## Budgetary Concerns

- ❖ **State budget's impact on Torrance**
  - ♦ The State has a budget shortfall of \$26 billion. The state made budget cuts of \$24 billion leaving \$2 billion to be resolved.
  - ♦ Included in the borrowing portion of the Governor's proposal is the suspension of Proposition 1A (measure approved in 2004) and the borrowing of almost \$2 billion of property taxes received by cities, counties, and special districts.
  - ♦ The City's share based on 8% of the 2008-09 property tax revenues would be approximately \$4 million. The monies are required to be paid back by the State within three years.
  - ♦ The State is attempting to take \$2.05 billion of local redevelopment funds to help balance their budget. The constitutionality of taking redevelopment funds is currently under litigation. The City of Torrance could potentially lose \$1.7 million.
  - ♦ The State budget process is far from over and staff will closely monitor the process for potential impact to the City.
- ❖ **State Retirement (PERS) Rate Hike**
  - ♦ The California Public Retirement System (PERS) has sustained losses of 5.1% for the fiscal year ending 2008 and is projected to have losses in the range of 26% for the fiscal year ending 2009 (based on the latest published rate of return dated 3/09).
  - ♦ PERS policies allow for losses to be spread over a number of years; however, the impact to the City at this range may increase the cost by up to \$3.4 million.

## Department Revisions

- ❖ Departments were asked to submit 2% and 4% reduction scenarios for consideration. Most departmental submissions were accepted within the 2% reduction range.
- ❖ **General Fund:** The City's General Fund expenditures were reduced by \$4.2 million, which consisted of 20.5 position reductions (\$1.9 million) and reductions in non-wage areas (\$2.3 million).

- ❖ **Enterprise Funds:** The City's Enterprise Fund expenditures were reduced by \$142,500, which consisted of \$89,900 in labor cost reductions and \$52,500 in non-wage area reductions.
- ❖ The following revisions will be made in the 2009-10 fiscal year which assists in the balancing of the 2010-11 fiscal year, the 2nd year of the two-year budget:



### Department Reductions

	<u>General Fund</u>	<u>All Other Funds</u>
City Attorney	\$ 47,400	\$
City Clerk	200	
City Council	24,500	
City Manager	42,600	
City Treasurer	77,400	
CIT	206,300	
Comm Development	290,900	
Comm Services	198,000	5,100
Finance	123,900	105,100
Fire	685,500	
General Services	334,000	
Human Resources	32,300	14,500
Non-departmental	973,600	17,700
Police	931,200	
Public Works	276,000	
<b>TOTAL</b>	<b>\$ 4,243,800</b>	<b>\$ 142,500</b>

### Adopted 2009-10 Position Changes

City Treasurer	Deletion	(1.0)	Account Clerk
CDD	Deletion	(1.0)	Engineering Tech II
	Deletion	(1.0)	Revenue Inspector
	Deletion	(1.0)	Typist Clerk
		<b>(3.0)</b>	
Community Services	Deletion	(1.2)	Senior Recreation Leader
	Deletion	(0.2)	Recreation Specialist
	Deletion	(0.3)	Instructor II
	Deletion	(0.7)	Recreation Leader
		<b>(2.4)</b>	
Finance	Deletion	(1.0)	Buyer
	Deletion	(0.3)	Account Clerk
		<b>(1.3)</b>	
Fire	Deletion	(0.5)	Intern
	Deletion	(1.0)	Fire Fighter
	Addition	1.0	Community Services Officer
	Transfer	1.0	Admin. Analyst (from General Services)
		<b>0.5</b>	
General Services	Deletion	(1.0)	Building Maintainer
	Deletion	(1.0)	Custodian
	Deletion	(1.0)	Mechanic
	Transfer	(1.0)	Admin. Analyst (to Fire Department)
	Transfer	(1.0)	Electrician (to Public Works)
	Transfer	4.0	Airport Workers (from Public Works)
		<b>(1.0)</b>	
Human Resources	Deletion	(1.0)	Typist Clerk
	Addition	1.0	Customer Service Representative
		<b>0</b>	
Police	Deletion	(1.0)	Police Sergeant (Traffic)
	Addition	1.0	Police Supervisor
	Deletion	(1.0)	Services Officer
	Deletion	(1.0)	Police Lieutenant
	Deletion	(1.0)	Records Supervisor
	Deletion	(1.0)	Police Officer
	Deletion	(1.0)	Secretary
			<b>(5.0)</b>
Public Works	Deletion	(2.0)	Maintenance Workers
	Transfer	(2.0)	Airport Workers (from Airport)
	Transfer	2.0	Airport Workers (to Streetscape)
	Transfer	(4.0)	Airport Workers (to General Services)
	Deletion	(1.0)	Airport Operations Supv. (to General Services)
	Transfer	(1.0)	Electrician (from General Services)
	Addition	0.5	Typist Clerk
Deletion	(1.0)	Survey Party Chief	
		<b>(6.5)</b>	
<b>Total Position Changes (19.7)</b>			

### Fee Adjustments - Cost Recovery

- ❖ Many City departments provide user fee services to the community. User fees are charged to recover costs for specific services for a specific benefit such as building permits, dog licenses, and recreational program fees.
- ❖ City-wide user fee studies are conducted to update the City's fee schedule to prevailing market rates. The 2003 user fee study had a cost recovery rate of 61%. The current 2009 user fee study resulted in a cost recovery of 81%, reducing the cost to the General Fund.
- ❖ As adopted, fee revenues have been increased by \$868,000 annually.

### Adopted Fee Adjustments

	<u>Current Recovery</u>	<u>Proposed Recovery</u>	<u>Remaining Subsidy</u>	<u>Increased Revenue</u>
Animal Control	34%	39%	\$ 87,000	\$ 7,000
Engineering	41%	58%	77,000	30,000
Fire Prevention	60%	86%	209,000	370,000
Hazardous Materials	70%	92%	65,000	177,000
Planning	36%	61%	446,000	275,000
Police	77%	78%	194,000	9,000
<b>Total</b>	<b>66%</b>	<b>81%</b>	<b>\$1,078,000</b>	<b>\$868,000</b>

# 2009-11 OPERATING BUDGET SUMMARY

<b>General Fund Revenues:</b>	<b>2009-10</b>	<b>%</b>	<b>2010-11</b>	<b>%</b>
Sales Tax	38,732,000	22%	40,606,000	23%
Utility Users Tax	36,542,000	21%	37,638,000	21%
Property Taxes	40,932,000	24%	42,579,000	24%
Business License Tax	8,242,000	5%	8,489,000	5%
Occupancy Tax	8,329,000	5%	8,979,000	5%
Franchise Payments	6,403,000	4%	6,531,000	4%
Other Taxes	2,200,000	1%	2,255,000	1%
Grants and Subventions	1,457,000	1%	1,461,000	1%
Use of Money and Property	5,299,000	3%	5,401,000	3%
Charges for Services	4,268,000	2%	4,337,000	2%
Other Revenues	8,217,000	5%	8,254,000	5%
Transfers*	11,713,000	7%	10,932,000	6%
<b>Total General Fund Revenues</b>	<b><u>\$172,334,000</u></b>	<b>100%</b>	<b><u>\$177,462,000</u></b>	<b>100%</b>

<b>General Fund Expenditures:</b>				
Public Safety	99,015,000	58%	102,022,000	58%
Public Works	12,356,000	7%	12,694,000	7%
Community Development	8,437,000	5%	8,668,000	5%
Community Services	14,637,000	8%	15,036,000	8%
General Government	24,305,000	14%	24,794,000	14%
Transfers/Non-Departmental**	13,584,000	8%	14,248,000	8%
<b>Total General Fund Expenditures</b>	<b><u>\$172,334,000</u></b>	<b>100%</b>	<b><u>\$177,462,000</u></b>	<b>100%</b>

\* Includes transfers primarily from Airport Fund, Gas Tax Fund, and Redevelopment Fund.

\*\* Includes operational support funding for the Emergency Medical Services (EMS) Fund, Parks and Recreation Fund, and the Cultural Arts Center Fund.

<b>Internal Service Funds:</b>	<b>2009-10 Revenues</b>	<b>2009-10 Expenditures</b>	<b>2010-11 Revenues</b>	<b>2010-11 Expenditures</b>
Fleet Services	\$ 6,316,000	\$ 6,070,000	\$ 6,397,000	\$ 6,104,000
Self Insurance	4,031,000**	4,031,000	4,232,000	4,037,000
<b>Total Internal Service Fund</b>	<b><u>10,347,000</u></b>	<b><u>10,101,000</u></b>	<b><u>10,629,000</u></b>	<b><u>10,141,000</u></b>
<b>Enterprise Funds:</b>				
Airport	11,680,000**	11,681,000	12,069,000	11,765,000
Transit*	23,807,000**	23,807,000	24,800,000	24,256,000
Water	28,879,000	28,314,000	30,138,000	29,411,000
Emergency Medical Services Fund	10,245,000	10,245,000	10,567,000	10,567,000
Sanitation	11,591,000**	11,591,000	11,891,000**	11,891,000
Sewer	2,330,000**	2,330,000	2,388,000**	2,388,000
Animal Control	454,000**	454,000	466,000**	466,000
Parks & Recreation (fee activities)	8,178,000**	8,177,000	8,497,000**	8,392,000
Cultural Arts Center	2,181,000**	2,181,000	2,240,000**	2,240,000
<b>Total Enterprise Funds</b>	<b>99,345,000</b>	<b>98,780,000</b>	<b>103,056,000</b>	<b>101,376,000</b>
<b>Other External Funds:</b>				
Less Internal Services/Transfers***	(48,445,000)	(48,310,000)	(48,960,000)	(48,582,000)
<b>TOTAL CITY BUDGET</b>	<b><u>267,006,000</u></b>	<b><u>264,348,000</u></b>	<b><u>276,156,000</u></b>	<b><u>272,370,000</u></b>

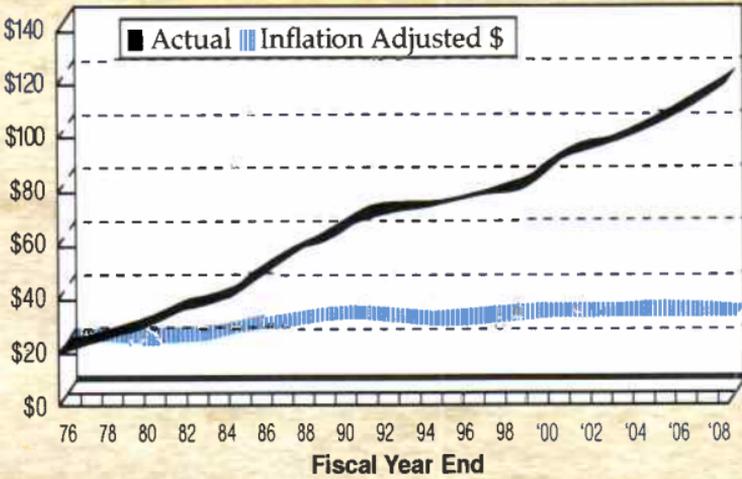
\* Includes depreciation of \$2,148,000 in revenue estimate in 2009-10 and 2010-11

\*\* Includes liquidation/use of fund balance

\*\*\* To offset transfers between funds such as the General fund subsidy to Parks and Recreation Fund

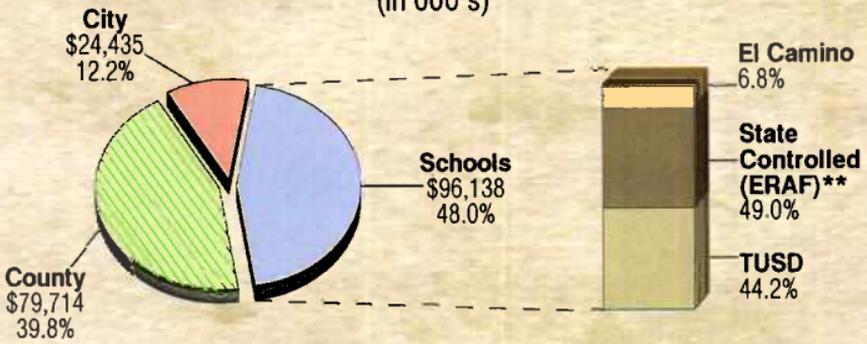
## Sales, Utility Users', Secured Property Business License, Motor Vehicle & Occupancy Taxes

Millions



Actual average annual growth rate is 5.8%  
 Inflation adjusted average annual growth rate is 1.2%

## Secured Property Tax\* Allocation of 1% County-wide Rate (in 000's)



\* Secured Property Tax - levied on real properties in the City which are secured by liens on the properties.

\*\* The State transfers 49% of property tax collected for schools to a general account for all schools. This is referred to as the Education Revenue Augmentation Fund (ERAF).

Allocation based on 2007-2008 actual secured property tax of \$24,435,088.

## Distribution of Property Tax

Assessed Value = \$341,000  
 County 1% rate \$3,410

Schools: TUSD, El Camino, Other 48.0% (\$1,637)  
 City of Torrance 12.2% (\$416)



County 39.8% (\$1,357)

## 2009-10 General Fund Operating Budget by Function

