

# Budget

*at a glance*



2007–2009

## **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.*

## Snapshot of Torrance

<b>Population:</b>	148,558 <sup>1</sup>
<b>Peak Daytime Population (2 p.m.):</b>	203,011
<b>Area:</b>	21 square miles
<b>Full Time Employees:</b>	1,453
<b>Fire Stations:</b>	6
<b>Police Station:</b>	1
<b>Police Substation:</b>	1
<b>Police Community Centers:</b>	3
<b>Sworn Police Employees:</b>	241
<b>Sworn Fire Employees:</b>	157
<b>Public Libraries:</b>	6
<b>Street Trees:</b>	90,000
<b>Miles of Sidewalks:</b>	550
<b>Parks &amp; Recreation Amenities:</b>	46

<sup>1</sup> California Department of Finance, California Demographic Research Unit Price and Population Data for Local Jurisdiction, dated May 2007.

## Key Highlights of the 2007-09 Budget

- ❖ The operating budget is balanced for Fiscal Years 2007-08 and 2008-09 and remains balanced throughout the City's five year projection.
- ❖ The City has an investment grade "A" bond rating due to the City Council's fiscally conservative approach.
- ❖ The City has increased the General Fund budget for revenues by 7.1% in 2007-08. This is more of a budget correction than real growth. Actual growth of revenues was 5%. Subsequent years are projected to grow between 3.2% to 4.0%. Expenses are projected to grow within revenue constraints.
- ❖ It is projected that the General Fund will generate a net available year-end carryover of approximately \$5 million for the fiscal year ending June 30, 2007.

## The Economy

- ❖ The economic forecast for California through mid-2007 is expected to continue to reflect sluggish growth. During the 2006 year, economic expansion slowed primarily from high fuel prices, declines in home construction and sales of light vehicles.
- ❖ Unemployment rates in the City (1.9%) continue to be well below both the State and national averages of 5.4% and 5.1% respectively.
- ❖ The Governor of California has submitted his 2007-08 proposed budget to the State legislature. The State's Legislative Analyst Office (LAO) believes the State budget "contains a significant number of downside risks and is based on a number of optimistic assumptions." The Governor will continue to negotiate with the Legislature until the budget is adopted.

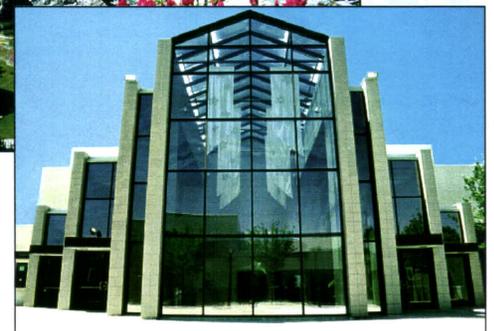
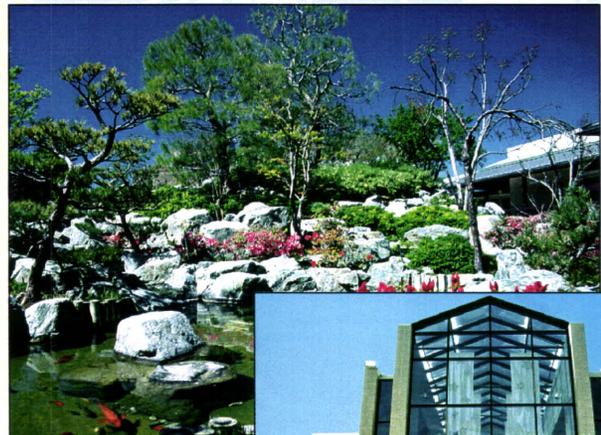
## Budgetary Concern

- ❖ **Utility Users' Tax (UUT)**
  - ♦ The Internal Revenue Service (IRS) implemented a policy which essentially eliminated the collection of Federal excise taxes on long distance telephone calls. As telephone companies move away from traditional pricing for long distance and local service to bundling service based on time, it is unclear how this will affect the collection of City UUT.
  - ♦ There have been discussions with cities in California, along with the League of California Cities, about the potential impact of this decision by the IRS. Even though no public lawsuit has been filed, the effect of this action by the IRS on California cities will most likely be determined by the courts.
  - ♦ Cities who have a Utility Users' Tax on telephones are collectively determining the best approach to maintain this vital source of revenue to maintain City services.
  - ♦ The impact to the City is estimated to be between \$6 to \$8 million annually. Staff is formulating contingency scenarios should the City suddenly lose the majority of its UUT on long distance telephone calls.

## Program Modifications

Program Modifications for the 2007-08 and 2008-09 Budget supplement the Armed Forces Day Parade and the 4th of July fireworks celebration at Wilson Park by replacing one-time sources of funds for these community events.

Ongoing funds have also been budgeted to maintain the City's contribution to both the Torrance



Symphony and Cultural Arts Foundation at fiscal year 2006-07 levels. Among the many benefits, these funds will help offset the foundation's fees for use of the Center's venues as well as increase labor and printing budgets to reflect higher costs and expanded program offerings.

Community Service budgets have been increased to further enrich the cultural and recreational opportunities for Torrance residents by providing a summer concert and movie series at city parks adjacent to branch libraries.

The library's book budget has been completely restored from prior year reductions. Additional library operating hours have been added on Sundays from September to June at the Katy Geissert Civic Center Library.

The budget also includes the addition of a 5th paramedic rescue unit at a cost of \$365,500 annually. Demand for paramedic service comprises approximately 72% of all requests for Fire Department assistance. The addition of a 5th paramedic unit will enable the Fire Department to achieve its primary goal of having paramedics on scene, anywhere in the city, within 5 minutes for 95% of all calls received.

In order to help Torrance Fire Department personnel maintain adherence to medical policies, procedures and protocols of the Los Angeles County EMS Agency, the budget also provides for the funding of a Continuous Quality Improvement (CQI) Nurse Coordinator, whose responsibilities include advising the Fire Department in planning and evaluating the delivery of pre-hospital medical care by EMT-1s and paramedics.

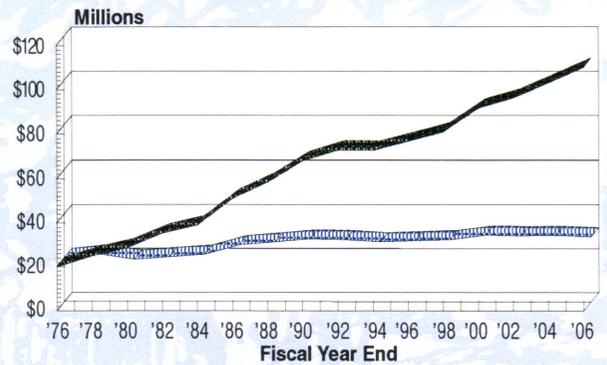
Additional on-going funds have been allocated to improve City streetscape (\$370,000), maintenance for roadways (\$600,000) and infrastructure (\$1,300,000).

The City Council has approved the use of \$20,000 of one-time Program Contingency reserve funding to digitize local historical newspapers and directories.

The City Council has also approved the allocation of projected "net available year-end carryover" to the following uses and reserves:

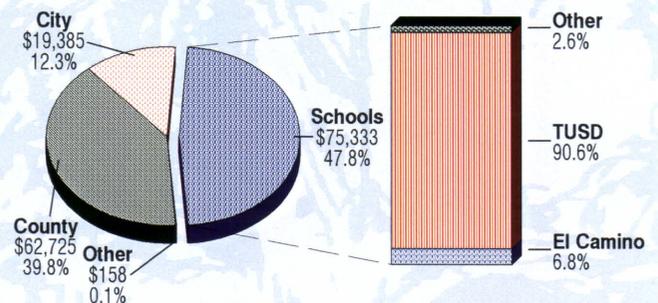
Use of net available year-end carry-over		
Capital Projects	\$1,300,000	Capital Projects include: \$750,000 for working capital for the acquisition of industrial property \$250,000 for providing open space at Lomita/Anza \$25,000 for developing criteria for City Historical Building Inventory \$120,000 for Housing Assistance
Economic Anomaly	\$3,000,000	
Litigation Reserve	\$250,000	
Program Contingency	\$50,000	
Proposition A Exchanges	\$400,000	

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



Actual average annual growth rate of 5.8%  
Constant dollars (real growth) average annual growth rate of 1.3%  
\* Constant dollar figure adjusts for inflation (base year=1976).

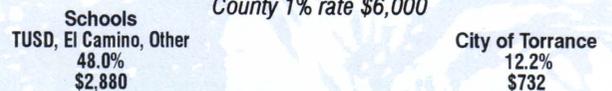
### Secured Property Tax\* Allocation of 1% County-wide Rate (in 000's)



\* Allocation based on 2005-06 actual secured property tax of \$19,384,801.  
Secured Property Tax - levied on real properties in the City which are secured by liens on the properties.

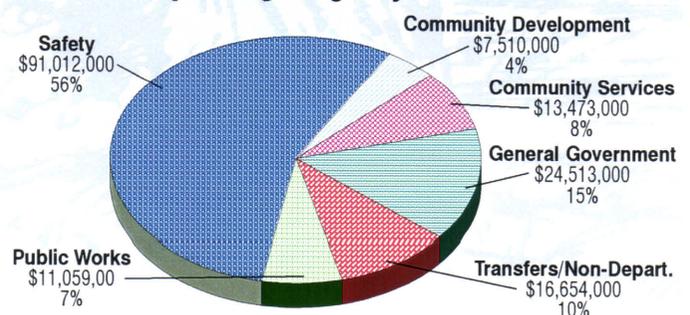
### Distribution of Property Tax

Assessed Value = \$600,000  
County 1% rate \$6,000



County  
39.8%  
\$2,388

### 2007-08 General Fund Operating Budget by Function



# 2007-08 OPERATING BUDGET SUMMARY

<b>General Fund Revenues:</b>	<b>2007-08</b>	<b>%</b>	<b>2008-09</b>	<b>%</b>
Sales Tax	45,125,000	27%	47,296,000	28%
Utility Users Tax	35,665,000	22%	36,735,000	22%
Property Taxes	35,862,000	22%	37,603,000	22%
Business License Tax	7,582,000	5%	7,582,000	4%
Occupancy Tax	7,446,000	4%	7,809,000	5%
Other Taxes	6,732,000	4%	6,877,000	4%
Grants and Subventions	1,850,000	1%	1,872,000	1%
Use of Money and Property	2,962,000	2%	2,990,000	2%
Charges for Services	4,199,000	3%	4,263,000	2%
Other Revenues*	16,802,000	10%	17,753,000	10%
<b>Total General Fund Revenues</b>	<b>\$164,225,000</b>	<b>100%</b>	<b>\$170,780,000</b>	<b>100%</b>

<b>General Fund Expenditures:</b>				
Public Safety	91,012,000	56%	91,087,000	53%
Public Works	11,059,000	7%	11,059,000	7%
Community Development	7,510,000	4%	7,510,000	4%
Community Services	13,473,000	8%	13,473,000	8%
General Government	24,513,000	15%	24,338,000	14%
Transfers/Non-Departmental	16,654,000	10%	23,308,000	14%
<b>Total General Fund Expenditures</b>	<b>\$164,221,000</b>	<b>100%</b>	<b>\$170,775,000</b>	<b>100%</b>

\*Includes liquidation of fund balance

<b>Internal Service Funds:</b>	<b>2007-08 Revenues</b>	<b>2007-08 Expenditures</b>	<b>2008-09 Revenues</b>	<b>2008-09 Expenditures</b>
Fleet Services	\$ 6,148,000	\$ 5,392,000	\$ 6,148,000	\$ 5,473,000
Self Insurance	3,816,000**	3,816,000	3,923,000	3,816,000
<b>Total Internal Service Fund</b>	<b>9,964,000</b>	<b>9,208,000</b>	<b>10,071,000</b>	<b>9,289,000</b>
<b>Enterprise Funds:</b>				
Airport	10,802,000	10,788,000	11,799,000**	11,799,000
Transit*	21,645,000**	21,645,000	22,049,000**	22,049,000
Water	23,485,000	23,435,000	23,528,000**	23,528,000
Emergency Medical Services Fund	8,512,000	8,512,000	8,591,000	8,591,000
Sanitation	10,525,000**	10,525,000	10,642,000**	10,642,000
Sewer	2,085,000	1,963,000	2,085,000	1,983,000
Animal Control	347,000**	347,000	353,000	353,000
Parks & Recreation (fee activities)	7,608,000	7,599,000	7,736,000**	7,736,000
Cultural Arts Center	1,924,000	1,922,000	1,959,000**	1,959,000
<b>Total Enterprise Funds</b>	<b>86,933,000</b>	<b>86,736,000</b>	<b>88,742,000</b>	<b>88,640,000</b>
<b>Other External Funds:</b>	28,613,000	27,143,000	29,986,000	28,563,000
Less Internal Services/Transfers***	(43,204,000)	(42,448,000)	(45,718,000)	(44,936,000)
<b>TOTAL CITY BUDGET</b>	<b>246,531,000</b>	<b>244,860,000</b>	<b>253,861,000</b>	<b>252,331,000</b>

\* Includes depreciation of \$2,148,000 in revenue estimate in 2007-08 and 2008-09

\*\* Includes liquidation/use of fund balance

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