

City of Santa Monica
FY2008-09 Proposed Budget

'Creating and Sustaining
Our Future'



National Economic Outlook

- Economy at or near recession levels
- Housing market plagued by slowing sales, record foreclosures, falling prices, and financing issues
- Unemployment has increased
- Consumer spending decreasing
- Energy/food prices increasing sharply



State Economic Outlook

- Housing slump continuing
- Personal income/taxable sales growth could be lowest in 5 years
- Unemployment increasing
- State budget deficit estimated at \$15-20 billion



Local Economic Outlook

- Economy growing, but at slower rates than last few years
- Closure of Santa Monica Place
- Although diverse tax base softens economic fluctuations, revenues will be impacted:
 - Transient Occupancy Tax (TOT)
 - Sales Tax
 - Property Tax
 - Business License Tax
 - Utility User Tax (UUT)¹

¹ Revenues on telecommunications continue to be at risk due to legal challenges (potential loss of \$8 to \$12 million)



Enhancement Criteria

- Community Priorities
- Required Operating Costs
- Regulatory Requirements / Public Safety
- Revenue Neutral Activities

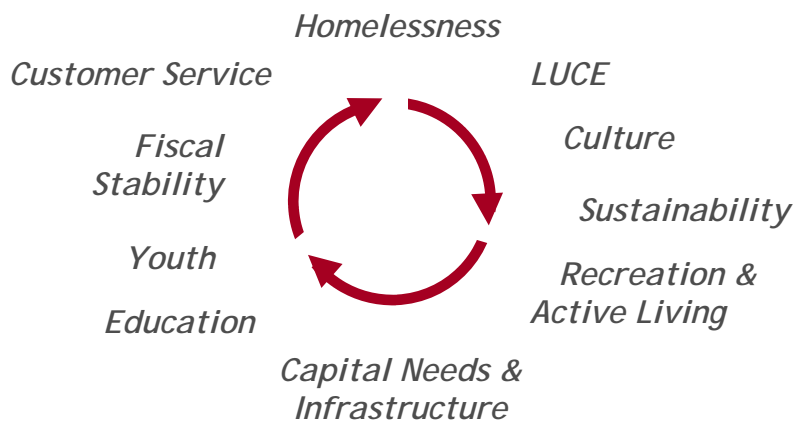


Issue In Action:
Homelessness



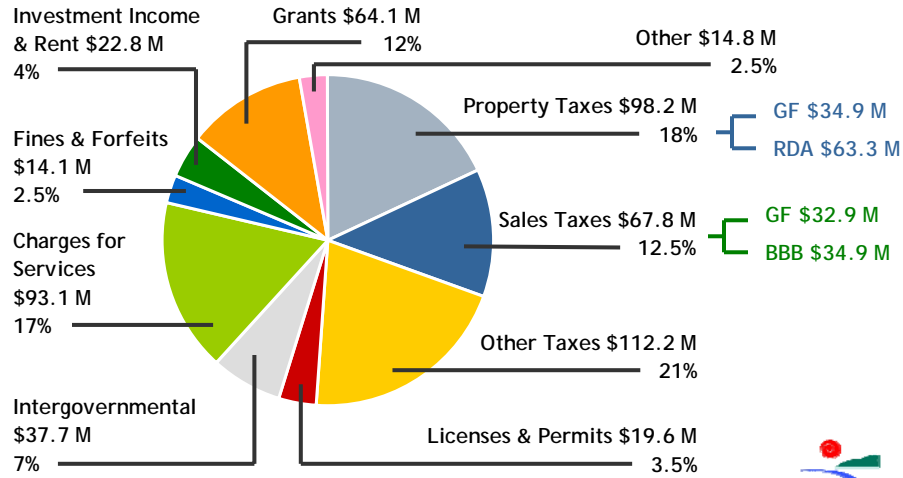
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Community Priorities



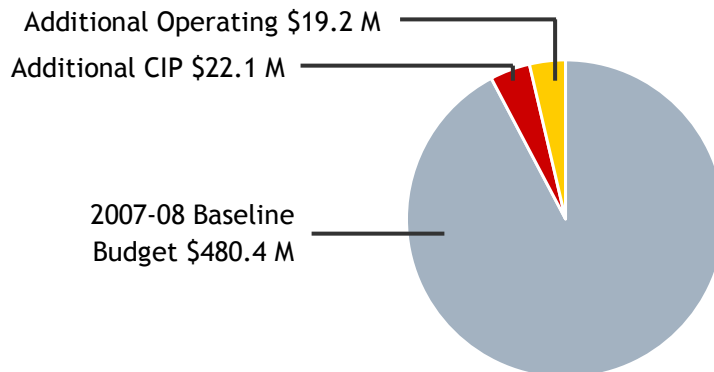
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Total City Revenues \$544.4 M



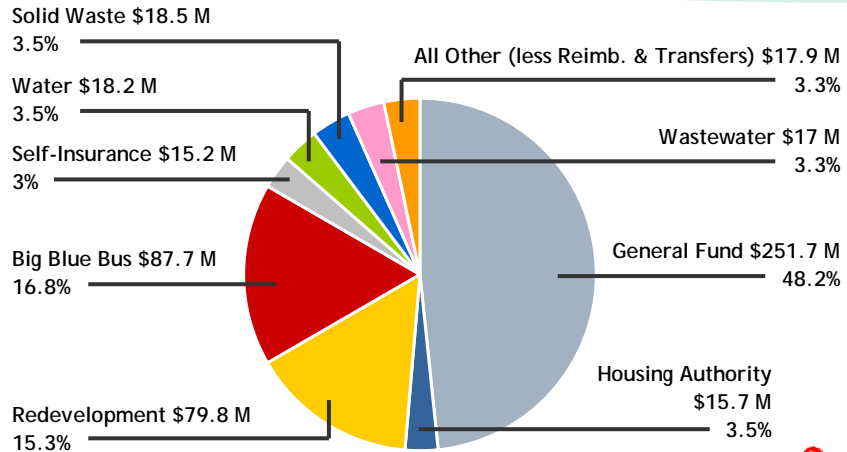
Citywide Budget

Overall, the proposed budget increases by 8.6% over FY2007-08 to **\$521.7 million**

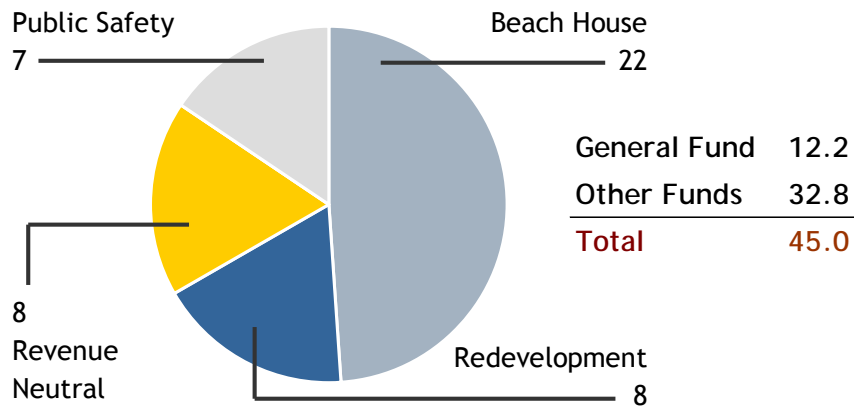


Total Expenditure Budget

\$521.7 Million

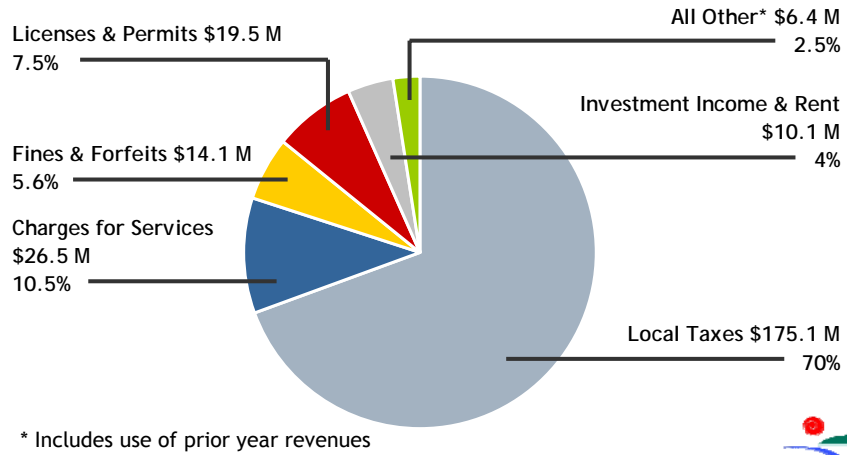


Citywide Staffing Additions



General Fund Revenue Sources

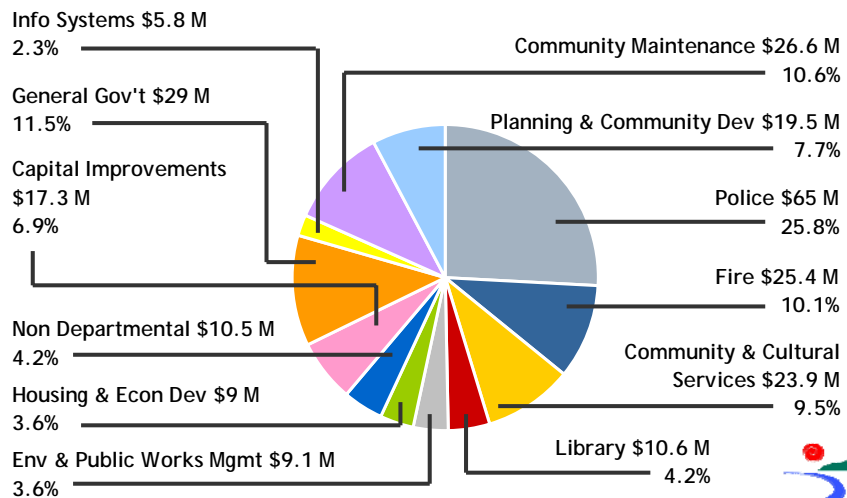
\$251.7 Million



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General Fund Expenditures

\$251.7 Million

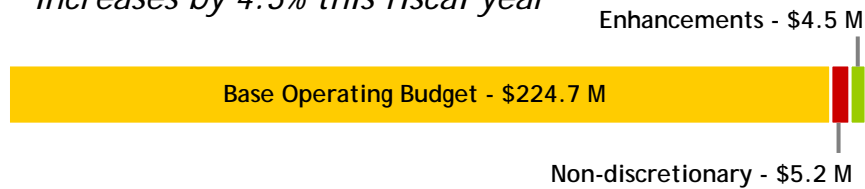


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General Fund Operating Budget

\$9.7 million Increase

The proposed operating budget increases by 4.3% this fiscal year



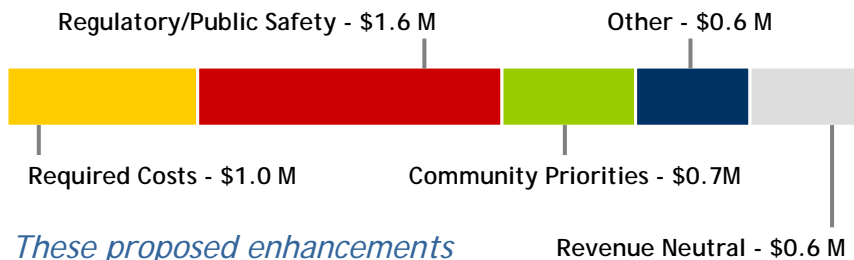
Over half of this increase is non-discretionary



General Fund Enhancements

\$4.5 Million

\$1.6 M of these enhancements represent increased public safety in the form of firefighters, jailers, and tree trimming and replacement



These proposed enhancements add over \$760,000 in revenues to the General Fund



General Fund - Enhancements

Community Priorities

- Homelessness
 - Intervention
 - \$250,000
 - Anti-Panhandling Campaign
 - \$237,000
 - Homeless Mgmt Information System
 - Grant Funded for \$67,000



General Fund - Enhancements

Operational Costs

- LAFD Regional Dispatch Contract
 - \$382,000
- Utility Costs for Community Maintenance Department
 - \$124,000
- Maintenance Costs for Public Facilities
 - \$108,000 for Public Landscape
 - \$50,000 for Access Center



General Fund - Enhancements

Regulatory / Public Safety

- Four Jailers
- Three Firefighters
- Tree trimming and replacement program
 - \$886,000



Utility Funds - Enhancements & Issues

- Environmental Programs
 - Solar Santa Monica Phase II
 - Office of Environmental Services
- Stormwater Management & Clean Beaches
 - Measure V



BBB - Enhancements

- Big Blue Bus
 - Pico to Rimpau
 - SMC



Pier Fund - Enhancements

- Infrastructure Improvements
- Gangway
- Carousel Building & Dome Repairs
- Organ Refurbishment
- Pier Necklace Lights



Beach Fund

- Opening of Annenberg Beach House
- Beach lot parking rate adjustments will help offset costs
- Renegotiated Lifeguard Contract



Budget Addresses Longstanding Commitments

- Borderline Neighborhood Street Improvements
- West end of Ocean Park Blvd
- LUCE



Financial Policies

Goal

- Ensure long-term fiscal stability
- To be discussed in more detail at future Council Work Shop



Challenges

- Utility Users Tax
 - Importance of Upcoming Proposed Ballot Measure
 - If successful, \$8.2 million recommended to be set aside as economic uncertainty reserve
- Long-term revenue vs. expenditure growth rates
- Increasing subsidies to enterprise funds



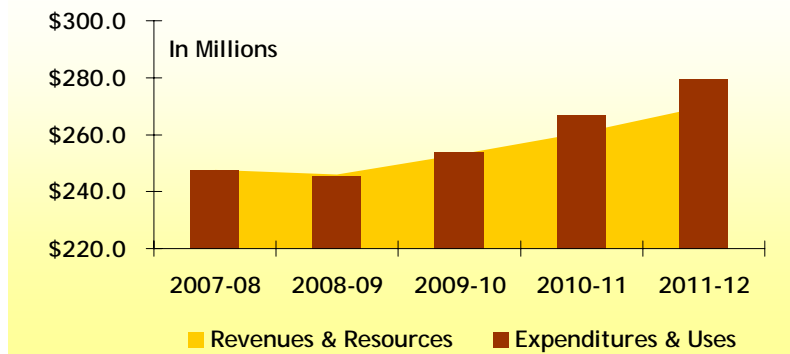
General Fund Subsidies

- Pier (\$2,200,000)
- Civic Auditorium (\$268,552)
- Cemetery (\$128,050)



Budget Gaps

Baseline Forecast



Conclusion

The Proposed Budget

- Responds to community needs
- Addresses capital expenditure priorities
- Provides funding for safety programs
- Maintains a balanced budget until FY 2010-11



Conclusion

The Proposed Budget

- Maintains Council reserve policy of 10% of ongoing expenditures: \$25.0 million
- Council Contingency of \$105,000 for FY 2008-09
- Includes One-Time Unallocated Funds of \$300,000 for FY 2008-09

