

Revenue Analysis

SIGNIFICANT FEATURES OF PROJECTED 1999-00 REVENUES

GENERAL COMMENTS

The assumptions used in preparing the FY 1999-00 revenue budget are based on a review of information concerning the national, state, and local economies for the remainder of FY 1998-99 and for FY 1999-00 from several respected sources including the UCLA Graduate School of Management. This information is summarized below.

On the national level, the economy remains in a growth mode. If it continues through February 2000, this growth period will be the longest in U.S. history. Real Gross Domestic Product (GDP) has grown at a rate of over 3% for the last three years including 3.9% in both 1997 and 1998. This growth occurred despite economic problems in Asia and Latin America, and was stimulated by the significant growth in the U.S. stock market and continuing low national interest rates and unemployment. The most recent UCLA Forecast for the Nation and California predicts that real GDP will grow by 3.4% in 1999, but begin to slow in late 1999 and early 2000 as the Federal Reserve (Fed) is expected to begin to raise interest rates to engineer a "soft landing" for the economy by mid-2000. The intent is to cool off the economy and lead it towards a long term growth rate of real GDP in the 2-2.5% area while avoiding a recession. Inflation is expected to increase slowly in 1999 and 2000. However, the anticipated interest rate hike should keep inflation at a very low level (2-2.5%). Unemployment continues to fall as the economy creates new jobs. The April 1999 rate of 4.3% was only 0.1% greater than the March 1999's twenty-nine year low mark. The rate is expected to rise only slightly in 1999 and then reach 5% by late 2000 following the slowdown in GDP growth. This is still within the range that most economists consider "full employment".

The California economy is also expected to slow some next year from the recent fast pace, but still remain strong. The State continues to create new jobs. The 1998 increase in non-farm payroll was the largest since 1988. The State unemployment rate has declined to 5.6% and is expected to remain fairly stable at that level throughout 1999 and early 2000, before beginning to rise. Personal income grew by 6.6% in 1998, the best rate since the 1990 recession. However, the rate is expected to slow to 6.4% in 1999 and 5.2% in 2000. Taxable sales are expected to show the same pattern as personal income. The construction and real estate sectors are also expected to remain in a growth mode.

Within this economic context, the City's economy remains strong, but is not expected to increase at the same rate during FY 1999-00 as the last few years. In addition, the fiscal relationship between the City's economy and a portion of the flow of City revenues appears to have negatively shifted due to the recent deregulation of electricity providers and the burgeoning shift from "physical location commerce" to "electronic commerce". Nevertheless, new development, including the opening of two new first class hotels during FY 1999-00, is projected to generate increases in Sales Taxes, Transient Occupancy Tax, and Business License Taxes. In addition, Property taxes are also expected to increase moderately as the high level of property tax refunds paid the last few years continues to decrease. Utility User's Taxes are expected to grow moderately despite revenue loss resulting from deregulation in the electricity industry as increased growth is expected in the telecommunications industry. Real Property Transfer

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Taxes receipts for FY 1999-00 are expected to decline after several years of extraordinary growth as the number sales of large commercial properties is projected to decline.

OVERVIEW

Total City revised budgeted revenues for FY 1998-99, after adjustments for reimbursements and transfers and exclusive of Disaster Relief Fund revenues, are \$287.1 million. Estimated actual total City revenues for FY 1998-99 are \$266.2 million or 92.7% of the revised budget. The difference of \$20.9 million primarily reflects technical timing differences concerning the drawdown and use of various earthquake recovery Community Development Block Grant funds and various capital improvement grants, as well as the use of deferred housing and traffic mitigation deferred revenues for eligible capital projects. Total estimated City revenues for FY 1999-00 are \$304.1 million, a 14.2% increase from the FY 1998-99 estimated actual. These changes are detailed below.

GENERAL FUND

Recurring revenues for FY 1998-99 are estimated to be \$143.9 million or \$0.4 million (0.3%) less than the revised recurring revenue budget, and \$6.0 million or 4.4% more than actual FY 1997-98 recurring revenues. For FY 1999-00, recurring revenues are projected to increase by \$5.9 million (4.1%) to \$149.8 million from the FY 1998-99 estimated actual.

Adjusting recurring revenues for non-recurring and various restricted revenues such as the use of traffic and housing mitigation fees, the FY 1998-99 total estimated actual is \$146.5 million which is \$6.5 million (4.3%) less than the FY 1998-99 total revised revenue budget, but \$6.3 million or 4.5% more than actual FY 1997-98 total revenues. For FY 1999-00, the proposed total revenue budget projects an increase of \$18.1 million (12.3.%) to \$164.6 million.

General Fund revenues are grouped into major revenue categories. The following is a more in-depth review of each of these major revenue categories.

Property Taxes

a) 1998-99 Estimated Actual - down \$374,621 (2.4%)

The decrease is primarily due to less than anticipated delinquent taxes (\$280,000), unsecured property taxes (\$150,000), statutory pass-throughs from the Earthquake Recovery Redevelopment Project Area (ERRPA) (\$56,750), supplemental property taxes (\$50,000), and Local Public Safety Funds (\$45,871). Partially offsetting are greater than anticipated revenues from property taxes from aircraft (\$119,000) and secured property taxes (\$89,000).

b) 1999-00 Projection - up \$726,113 (4.9%)

The projected net increase of \$726,113 is due to greater secured property taxes (\$551,000) due to increases in Citywide assessed valuation reflecting the strong local real estate market, statutory

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pass-through payments from the ERRPA (\$140,135), and supplemental property taxes (\$50,000). Partially offsetting is lower revenue from Library Bond tax override reflecting the debt service schedule (\$15,022).

Sales Tax

a) 1998-99 Estimated Actual - down \$831,000 (3.7%)

The decrease reflects a significant decline in revenues from one of the City's top sales tax producers. Additionally, City-wide economic activity is slightly less than anticipated.

b) 1999-00 Projection - up \$854,000 (4.0%)

The projected increase is based on an analysis of local economic trends, information contained in the March 1999 UCLA Forecast for the Nation and California, and the Governor's Proposed FY 1999-00 State budget.

Other Taxes

There are two major revenue sources which comprise the majority of this category: 1) the Utility Users' Tax and 2) the Transient Occupancy Tax. These major components will be discussed individually; all other taxes will be discussed together.

Utility Users' Tax

a) 1998-99 Estimated Actual - down \$1,390,000 (5.6%)

The decrease is primarily due to less than anticipated revenues from electricity service reflecting the effects of industry deregulation.

b) 1999-00 Projection - up \$810,000 (3.5%)

FY 1999-00 Utility Users' Tax revenues are projected to increase by \$810,000 from the FY 1998-99 estimated actual primarily due to greater revenues from telephone service as well as the impact of new development.

Transient Occupancy Tax

a) 1998-99 Estimated Actual - down \$145,000 (0.9%)

The decrease from budget is primarily due to a delay in the opening of a new luxury hotel until early FY 1999-00.

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b) 1999-00 Projection - up \$2,160,000 (14.0%)

The FY 1999-00 projection reflects the anticipated opening of two new luxury hotels as well as an overall moderate (4%) increase in room rental rates, particularly at the first class hotels in the City. Overall occupancy rates within the City are anticipated to be consistent with FY 1998-99 levels.

3. Various Other Taxes (Franchise Taxes, Real Property Transfer Tax, Motor Vehicle In-Lieu Tax, Parking Facility Tax, and Condominium Tax).

a) 1998-99 Estimated Actual - up \$575,673 (4.7%)

The increase in various other local taxes is due primarily to greater than anticipated revenues from Parking Facilities Taxes (\$500,000) reflecting a higher than anticipated number of businesses collecting and paying the tax; Condominium Taxes reflecting one large project (\$43,000); and Real Property Transfer Taxes due to continuing activity in the real estate market (\$38,000). Partially offsetting is a decrease in franchise fee revenue (\$5,327) primarily due to decreased revenues from the electricity franchisee.

b) 1999-00 Projection - up \$245,138 (1.9%)

The projected FY 1999-00 increase is due to more Parking Facility Taxes (\$367,000) due to development activity in the City; increased Motor Vehicle In-Lieu fees based on estimates from the State Controllers' Office (\$271,513); and slightly higher franchise fees (\$4,625). Partially offsetting are decreased Real Property Transfer Tax revenues (\$360,000) as the volume of transfers of very large commercial properties is expected to decrease after peaking during the last three years, and lower Condominium Taxes (\$38,000).

License and Permits

a) 1998-99 Estimated Actual - up \$846,200 (3.2%)

The increase in the FY 1998-99 estimated actual from the FY 1998-99 revised budget is due to 1) development/construction related permit fee revenues (\$1,065,900) reflecting the unusually high number of large commercial developments and the overall increase in development activity in the City and 2) parking related fees (\$300,000) reflecting increased economic activity in the downtown areas as well as a greater than anticipated impact due to hours of operation for on-street parking meters and structure attendant parking. Partially offsetting are less than anticipated revenues from business licenses (\$444,000), filming permits reflecting an overall decrease in filming activity in the City (\$50,000), and a net decrease of \$25,700 in revenues from various other licenses and permits.

b) 1999-00 Projection - up \$451,596 (1.7%)

The anticipated increase reflects greater business license tax revenues (\$581,000), up 4.1%, primarily due to growth in the service and retail business categories; increased receipts from the Main Street Business Promotion District reflecting a reformulation of the assessment (\$86,500), and a net

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increase of \$21,296 in revenues from various other license and permit fees. Partially offsetting are less revenues from development/construction related fee permit revenues (\$237,200). Decreases in revenues resulting from a decline in the number of very large projects submitted for plan check and building permits will be partially offset by revisions to planning and other development related fees per recommendations of a comprehensive City-wide fee study.

Intergovernmental

a) 1998-99 Estimated Actual - down \$28,850 (6.4%)

This decrease reflects a timing change in receipt of grant funds for the photovoltaic array in the Civic Auditorium parking lot (\$28,650) and a slight decrease in State reimbursements to the Police department from the Standards and Training for Corrections (STC) program (\$200).

b) 1999-00 Projection - up \$92,650 (22.0%)

The increase reflects additional revenue resulting from the State budget (\$275,000) and grant funds for the photovoltaic array in the Civic Auditorium parking lot (\$28,650). Partially offsetting are the non-recurrence of one-time funding from the State for the installation of a traffic signal (\$192,500), lower reimbursements for State-mandated costs per SB 90 (\$14,000), and a decrease in funds from the Los Angeles County Sheriff's Department for City participation in the Taskforce for Regional Auto Theft Prevention (TRAP) program (\$4,500).

Charges for Services

a) 1998-99 Estimated Actual - down \$454,424 (5.4%)

This decrease is primarily due to less sidewalk repair and street resurfacing assessments (\$296,584) reflecting the timing of projects; less revenues from the Third Street Mall Assessment District reflecting the unanticipated availability of funds from prior year assessments due to receipt of delinquent payments resulting in a lower current year assessment (\$170,234), and less than anticipated revenues from the CREST program (\$72,114). Partially offsetting are greater plan check/demolition permit revenues reflecting the level of development activity in the City (\$81,179) and a net increase of \$3,329 in revenues from various other fees and charges for service.

b) 1999-00 Projection - up \$190,780 (2.4%)

Increase primarily due to higher revenues from street repair and sidewalk resurfacing assessments based on the anticipated schedule of assessments (\$170,219); an increase in Third Street Mall Assessment revenues (\$170,349) as all funds from prior year assessments are anticipated to be used in FY 1998-99, and thus the FY 1999-00 assessment will equal the bond debt service requirements; and increased revenue from fee revisions resulting from the comprehensive City-wide fee study (\$137,592). Partially offsetting are less indirect cost revenues based on the City's cost allocation model (\$127,421); less reimbursements from Los Angeles County, the Santa Monica Rent Control Board, and the Santa Monica/Malibu Unified School District for election costs as no elections

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are scheduled in FY 1999-00 (\$100,000); and a net decrease of \$59,959 in revenue from various other charges for service.

Fines and Forfeitures

a) 1998-99 Estimated Actual - up \$646,877 (8.1%)

The increase is due to greater than projected revenues from Municipal Ordinance Violations (including out-of-state collections) (\$440,000) reflecting greater than anticipated citation issuance, and from State Vehicle Code fines (\$206,877) reflecting increased traffic enforcement through the Pedestrian Safety Initiative and a joint program with the California Highway Patrol to increase enforcement on Pacific Coast Highway.

b) 1999-00 Projection - up \$187,991 (2.2%)

The anticipated increase reflects the full year impact of new traffic enforcement programs begun in FY 1998-99 on State Vehicle Code fines (\$117,991) and greater revenue from Municipal Ordinance Violations (\$70,000).

Use of Money and Property

a) 1998-99 Estimated Actual - up \$1,005,439 (10.3%)

This increase is due to greater lease rental revenues reflecting payment of past due percentage rent, as well as the resumption of monthly percentage rent payments from one tenant (\$589,820), greater interest earnings from the City's portfolio (\$383,504), and a net increase of \$32,115 in revenue from various other uses of money and property.

b) 1999-00 Projection - up \$647,721 (6.0%)

This increase is primarily due to an increase in rent paid to the General Fund by City-owned enterprises for space used at the City yards reflecting revised rental rates that correspond to current market (\$721,997), increased receipts from the Downtown/Mall Maintenance District (\$27,247), higher interest earnings (\$194,317), and a net increase of \$33,878 in lease revenue from various City properties reflecting anticipated occupancies and CPI rent increases. Partially offsetting are lower lease rental revenues reflecting the receipt in FY 1998-99 of one-time past due percentage rent (\$329,718).

Other Revenues

a) 1998-99 Estimated Actual - down \$6,354,696 (63.7%)

This decrease primarily reflects less than anticipated use of traffic mitigation deferred revenues for traffic related projects (\$3,960,000) reflecting changes in project schedules, a change in the timing of the sale of air rights at the 4th Street 202 project site to FY 1999-00 (\$2,250,000), and lower than

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anticipated inclusionary housing fee revenues (\$471,364). Partially offsetting are a one-time fee paid to the City in relation to reassignment of a lease on City-owned property (\$201,000), an unanticipated grant to the City from the Santa Monica Arts Foundation for the Solar Web project (\$90,000) and a net increase of \$35,668 in revenue from various other miscellaneous sources.

b) 1999-00 Projection - up \$11,685,183 (322.5%)

The projected increase in FY 1999-00 revenues primarily reflects an increase of funds transferred from deferred revenue accounts for housing mitigation (\$4,854,953) and inclusionary housing (\$3,042,008) for various low and moderate income housing projects; increased use of traffic mitigation deferred revenue (\$2,950,000); the sale of air rights at the 4th Street 202 project site that was anticipated for FY 1998-99 (\$2,250,000), increased revenues from the City's Farmers Market (\$57,975), and a net increase of \$17,652 in revenue from various other sources. Partially offsetting are a decrease in payments from the Santa Monica Police Officers Association to reimburse the City for benefits paid on behalf of association members as the payments are now recorded as an offset to City expenditures for these benefits (\$842,000), a decrease in grants from the Santa Monica Arts Foundation (\$90,000), a net decrease of \$555,405 in various one-time payments to the City.

ALL OTHER FUNDS

Recreation - Beach Fund

a) 1998-99 Estimated Actual - up \$178,952 (4.5%)

The estimated actual revenue increase reflects greater than projected interest earnings (\$153,000), receipts from beach parking (\$52,352), and miscellaneous revenues from special events (\$5,000). Partially offsetting are lower revenues from leased beach concessions (\$31,400) reflecting lower than anticipated concession sales and deferment of a new lease agreement pending completion of construction in the beach area.

b) 1999-00 Projection - up \$328,913 (7.8%)

The increase reflects greater than anticipated beach parking revenues (\$217,734), primarily due to the appearance of the Cirque du Soleil in Santa Monica for the first time since FY 1996-97, rental revenues from the Cirque itself (\$176,466), a one-time grant from the Southern California Air Quality Management District for the purchase of compressed natural gas vehicles (\$53,622), and a \$26,091 increase revenues from various other sources. Partially offsetting are lower interest earnings (\$145,000).

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Housing Authority Fund

- a) 1998-99 Estimated Actual - no change
- b) 1999-00 Projection - up \$884,484 (12.7%)

The increase reflects an anticipated rise in rental costs and in the number of housing units participating in the various programs being managed by the Housing Authority resulting in more Federal funds being received (\$935,684). Partially offsetting are lower interest earnings (\$51,200).

TORCA (Tenant Ownership Rights Charter Amendment)

- a) 1998-99 Estimated Actual - down \$3,787,000 (90.3%)

This decrease reflects less than anticipated use of TORCA Conversion Tax deferred revenues for one major project.

- b) 1999-00 Projection - up \$3,782,502 (924.9%)

The projected increase is due to the use of TORCA deferred revenues collected prior to the implementation of Proposition K for an eligible project (\$3,787,000) and greater use of TORCA Conversion Tax deferred revenues collected after the implementation of Proposition K (\$15,172). Partially offsetting are less TORCA filing fee revenue (\$19,670) as the number of new projects has declined.

Redevelopment Funds (Low/Moderate Income Housing, Downtown, Earthquake Recovery, and Ocean Park Projects)

- a) 1998-99 Estimated Actual - up \$1,433,783 (17.0%)

The increase in the Redevelopment Funds FY 1998-99 estimated actual is primarily due to greater than anticipated tax increment revenue from the Earthquake Recovery Redevelopment Project Area (\$1,217,480) including the 20% portion set aside for low and moderate income housing projects, greater interest earnings (\$158,000), more Santa Monica Place Attendant Parking Program revenues (\$36,813), and more revenue from various miscellaneous sources (\$21,490).

- b) 1999-00 Projection - up \$2,404,101 (24.3%)

The increase reflects greater projected tax increment revenue (\$2,350,040), primarily due to the greater receipt of funds from the Earthquake Recovery Redevelopment Project Area, and a net increase in interest earnings (\$83,600). Partially offsetting are less revenues from various miscellaneous sources (\$29,539).

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Community Development Block Grant Fund

a) 1998-99 Estimated Actual - down \$6,536,576 (42.6%)

While all remaining Multi-Family Earthquake Repair Loans (MERL) have been committed, this decrease reflects lower than anticipated actual drawdowns of earthquake recovery funding for loans to multifamily dwellings and associated administrative expenses (\$3,417,521) and for funding repairs to public facilities (\$5,538) due to the timing of projects. Additionally, the use of the current year CDBG regular allocation is being shifted to FY 1999-00 (\$820,081) and the drawdown of the prior years' CDBG allocations was lower than anticipated (\$718,591). However, FY 1998-99 drawdowns of CDBG allocations were approximately \$3.35 million higher than in FY 1997-98. Drawdowns of supplemental CDBG funding awarded to the City to address other earthquake damage was also lower than anticipated due to project timing changes (\$1,630,845). Partially offsetting is greater than anticipated revenue from various other sources (\$56,000).

b) 1999-00 Projection - down \$810,983 (9.2%)

The FY 1999-00 projected decrease of \$810,983 reflects lower drawdowns of prior years' CDBG allocations (\$3,233,773), of CDBG funds used for MERL loans and associated administrative expenses (\$851,392), and of CDBG funds for earthquake repairs to public facilities (\$173,315). Partially offsetting are the anticipated drawdown of a portion of the FY 1999-00 regular CDBG allocation and all remaining prior year regular allocations (\$1,618,000); of supplemental CDBG funding to be used to replace the earthquake damaged Municipal Pool (\$1,543,497); and a net increase in revenue from various other sources primarily due to debt payments from MERL loan recipients (\$286,000).

Miscellaneous Grants Fund

a) 1998-99 Estimated Actual - down \$4,769,409 (27.6%)

The decrease in FY 1998-99 estimated actual revenues primarily reflects a delay in the receipt until future fiscal years, due to schedule changes, of Los Angeles County Safe Parks Bond Act funds (1992 & 1996) to be used for the Beach Improvement Group (BIG), Beach Restroom Replacement, Youth Fitness Center, and Dry Weather Runoff Reclamation Facility (DWRRF) projects (\$3,202,659); federal Intermodal Surface Transportation Enhancement Act (ISTEA) funds to be used for the Low-Flow Treatment Facility, Gateway Coastal Corridor, and annual street resurfacing projects (\$1,238,000); grant funds related to the Federal HOME Presidential Contingency program for earthquake recovery (\$625,566); Proposition C Discretionary Funds to be used for the Santa Monica Smart Corridor Extension and Enhancement projects (\$500,000); Highway Bridge Repair and Replacement (HBRR) funds for the Pier Bridge Widening and California Incline Repair projects (\$300,000); EDA Implementation grant funds to be used for the Pico Streetscape project (\$300,000); the State Catch Basin Filtering grant (\$271,500); and Local Law Enforcement Block Grant funds (\$104,538). These decreases are partially offset by an increase in the Use of Federal HOME funds for housing projects (\$1,528,000), greater than anticipated interest earnings (\$150,000), and a net

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increase of \$94,854 in revenues from various other grants reflecting new grants and changes in the timing of the receipt of funds from other grants.

b) 1999-00 Projection - up \$838,648 (6.7%)

The increase reflects timing changes in the receipt of ISTEPA funds for the DWRRF project, the Gateway Coastal Corridor projects, and various street resurfacing projects (\$1,595,000); Los Angeles County Safe Bond Act funds (1992) for the DWRRF (\$1,000,000) and Beach Restroom Replacement projects (\$172,938); federal EDA Implementation Grant funds for the Pico Streetscape Project (\$718,000); Home Presidential Contingency funding for earthquake relief (\$420,718); the State Catch Basin Filtering grant (\$271,500); increased TDA Article III funding from the Los Angeles Metropolitan Transit Authority for crosswalk improvements (\$143,026); and HBRR funds for the Pier Bridge Widening and California Incline Repair projects (\$100,000). Partially offsetting are less Los Angeles County Safe Bond Act funds (1992 & 1996) reflecting completion of grant funding for the Beach Improvement Group (BIG), Beach Trails, Community Foresting, and Joslyn Park projects (\$3,051,034); a net revenue decrease of \$481,500 reflecting changes in the timing of the receipt of certain grants, and less revenue resulting from grants completed in FY 1998-99, that will not continue during FY 1999-00. Additionally, interest earnings are projected to be \$50,000 less than in FY 1998-99.

COPS Fund

a) 1998-99 Estimated Actual - down \$1,361 (0.6%)

FY 1998-99 Citizens Option for Public Safety funding from the State was slightly less than anticipated.

b) 1999-00 Projection - up \$3,400 (1.6%)

The increase from FY 1998-99 is due to increased interest earnings.

Water Fund

a) 1998-99 Estimated Actual - up \$435,569 (2.6%)

The increase is due to higher interest earnings (\$363,400), greater water demand mitigation fees (\$328,943), greater water meter service/installation revenues reflecting current development activity in the City (\$155,700), greater Water Capital Facilities fees (\$146,189) and greater baysaver fees (\$28,900). Partially offsetting are less water sales due to lower anticipated consumption (\$587,563).

b) 1999-00 Projection - up \$512,159 (3.0%)

This increase reflects the MTBE settlement payments from various oil companies (\$1,118,749), greater water sales revenues due to rate increase (\$193,720) and reimbursements from the Solid Waste, Wastewater and Stormwater funds (\$24,280). Partially offsetting are lower interest earnings

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(\$350,000), lower Water Capital Facilities fees (\$200,000), lower water demand mitigation fees (\$113,943), lower water meter installation/service fees (\$75,000), lower miscellaneous revenue (\$63,490) and lower baysaver fees (\$22,157).

Solid Waste Management Fund

a) 1998-99 Estimated Actual - up \$764,326 (6.7%)

This increase is primarily due to greater than anticipated use of the City's transfer station by both the public (\$425,000) and City departments (\$184,689), greater than anticipated revenues from the surcharge assessed private haulers operating in Santa Monica to offset the additional expense of waste diversion as mandated by AB 939 (\$100,000), and greater interest earnings (\$57,200). Partially offsetting are lower than anticipated revenues from the sale of recycled materials (\$2,563).

b) 1999-00 Projection - up \$1,970,873 (16.1%)

The increase reflects an overall 12.3% rate increase for garbage/refuse collection fees (\$1,210,181), dump use fees (\$12,650), and public use of the City transfer station (\$115,000); grant revenues from the Southern California Air Quality Management District to be used for the purchase of compressed natural gas (CNG) vehicles (\$642,472); increased revenues from the sale of recycled materials reflecting a new contract for mixed paper recycling (\$30,750); and a net increase in revenues from various other sources (\$820). Partially offsetting are lower interest earnings (\$41,000).

Pier Fund

a) 1998-99 Estimated Actual - down \$47,887 (2.0%)

The decrease reflects less revenues from Pier rentals (\$48,000), less Carousel fee revenues (\$40,000), and an indefinite delay in the implementation of a new trash collection service for Pier tenants (\$31,826). Partially offsetting are higher interest earnings (\$40,000) and common area maintenance (CAM) fees reflecting payments of prior year obligations (\$31,939).

b) 1999-00 Projection - up \$434,709 (18.1%)

The increase is primarily due to greater revenues from Pier rentals (\$439,755), from Carousel operations (\$41,428) reflecting greater use of the facility by private parties, and from parking lots (\$18,187). Partially offsetting are less CAM fee revenues as payments of prior year obligations will not reoccur (\$31,939), less interest earnings (\$20,000) and a net decrease of \$12,722 in revenue from various other sources.

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Wastewater Fund

a) 1998-99 Estimated Actual - down \$2,519,687 (13.2%)

The decrease reflects less than anticipated reimbursements from the City of Los Angeles for the Moss Avenue and other sewer-related projects reflecting changes in project timing (\$4,538,940) and slightly lower sewer service charge revenue (\$37,747). Partially offsetting are greater use of Wastewater Capital Facility fee deferred revenues for eligible capital project expenditures (\$1,173,600) and higher than anticipated interest earnings (\$883,400).

b) 1999-00 Projection - up \$6,879,273 (41.5%)

The revenue increase from FY 1998-99 is primarily due to greater anticipated reimbursements from the City of Los Angeles for its share of various sewer related projects reflecting project timing (\$7,450,030); increased use of Wastewater Capital Facility fee deferred revenues for eligible sewer project expenditures (\$597,400), more underground tank permit revenue reflecting revised fees (\$59,100), and a small increase in Industrial Waste fee revenue (\$4,143). Partially offsetting are less interest earnings on funds held in the City portfolio (\$800,000) and on wastewater bond proceeds (\$431,400).

Civic Auditorium Fund

a) 1998-99 Estimated Actual - up \$66,200 (3.2%)

This increase in estimated actual revenues is due to higher than anticipated interest earnings.

b) 1999-00 Projection - up \$177,810 (8.3%)

The increase from the FY 1998-99 estimated actual reflects the receipt of Civic Area Development Reserve Funds from the General Fund to be used for capital projects (\$180,000); greater revenues from auditorium rentals (\$43,000); and increased parking revenues reflecting rate increases for event and daily parking partially offset by the loss of fee paying spaces resulting from the use of the Civic lot for City employees during construction of the Public Safety Facility (\$33,760). Partially offsetting are lower anticipated interest earnings (\$78,000) and lower revenues from other sources (\$950).

Airport/Special Aviation Funds

a) 1998-99 Estimated Actual - up \$82,400 (3.2%)

The increase in estimated actual revenues reflects greater interest earnings (\$76,400) and higher than anticipated office/shop rentals (\$6,000).

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b) 1999-00 Projection - up \$428,586 (16.2%)

The increase is due to the anticipated receipt of FAA reimbursements (\$416,376) reflecting completion of the Airside Safety Improvement Project; greater land lease revenues (\$34,252); greater office/shop rentals (\$19,214); greater hangar rentals (\$12,923); higher fuel sales (\$11,547) and increased tie down revenues (\$1,516). Partially offsetting are lower interest earnings (\$54,394) and lower miscellaneous revenue (\$12,848).

Stormwater Management Fund

a) 1998-99 Estimated Actual - up \$115,000 (6.6%)

The increase reflects unanticipated storm drain payments from developers.

b) 1999-00 Projection - up \$264,327 (14.2%)

The increase reflects reimbursements from the City of Los Angeles for costs associated with construction and operation of the Dry Weather Runoff Reclamation Facility (\$333,627) and greater interest earnings (\$45,700). Partially offsetting are less storm drain payments from developers (\$115,000) as none are anticipated in FY 1999-00.

Cemetery Fund

a) 1998-99 Estimated Actual - down \$77,550 (16.0%)

The decrease reflects lower than anticipated revenues from lot sales (\$122,000), partially offset by greater mausoleum sales (\$17,450), and interest earnings on Cemetery Fund balances invested with the City-held portfolio (\$27,000).

b) 1999-00 Projection - down \$22,000 (5.4%)

This decrease reflects lower interest earnings on Cemetery Fund balances invested with the City-held portfolio (\$22,000).

Transportation Fund

a) 1998-99 Estimated Actual - up \$230,399 (1.0%)

The projected estimated actual revenues of \$23,946,031 represent a 1.0% increase from the FY 1998-99 revised budget. This increase reflects greater Proposition C discretionary funding (\$712,356) provided by the Los Angeles County Metropolitan Transportation Authority (LACMTA); increased Proposition A formula-distributed revenues (\$354,182); greater passenger revenues due to service enhancements (\$220,000); greater charter service revenue (\$82,000); greater advertising revenues (\$75,517); greater interest earning (\$40,000) and a net increase of \$10,220 from various

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other revenue sources. Partially offsetting are lower Transportation Development Act (TDA)-related revenues than anticipated (\$1,180,393) and lower Getty Center service revenues (\$83,483).

b) 1999-00 Projection - up \$3,012,058 (12.6%)

The increase from the FY 1998-99 estimated actual reflects TDA related revenues (\$3,191,975); greater advertising revenues due to a contract renewal and the increase in the fleet size (\$427,583); greater passenger revenues due to service enhancements (\$150,700) and an increase of \$22,423 from various other sources. Partially offsetting are decreases in Proposition C discretionary funding from the LACMTA (\$712,356) and Proposition A formula-driven revenues (\$68,267).

Gas Tax Fund

a) 1998-99 Estimated Actual - up \$150,525 (8.5%)

The increase reflects revenue from the sale of property originally purchased with Gas Tax funds.

b) 1999-00 Projection - down \$173,987 (9.1%)

The decrease reflects the non-recurrence of the sale of property (\$150,525) and lower Gasoline Tax revenues based on estimated provided by the State Controller (\$25,380). Partially offsetting is an increase of \$1,918 in revenues from interest earnings and property rentals.

Cable Communications Fund

a) 1998-99 Estimated Actual - up \$87,548 (23.4%)

The increase reflects greater cable franchise fee revenue due to the receipt of funds related to an audit of the City's cable provider (\$87,848) and interest earnings (\$1,700) partially offset by lower miscellaneous revenue (\$2,000).

b) 1999-00 Projection - down \$74,848 (16.2%)

The decrease reflects lower cable franchise fee revenue as the receipt of funds related to audits will not reoccur in FY 1999-00.

Parks and Recreation Facilities Fund

a) 1998-99 Estimated Actual - up \$157,900 (714.5%)

The increase is due to higher than anticipated unit dwelling tax receipts (\$140,000) and interest income (\$17,900).

Revenue Analysis

b) 1999-00 Projection - down \$130,000 (72.2%)

This projected decrease is due to lower unit dwelling tax receipts (\$130,000).

Vehicle Management Fund

a) 1998-99 Estimated Actual - up \$292,201 (4.2%)

This fund receives allocations from City departments to finance the City's annual scheduled costs for vehicle maintenance and replacement and for the operating costs and future replacement of the new compressed natural gas (CNG) facility. The increase reflects greater funding for the CNG facility (\$214,521) and higher interest earnings (\$95,500) partially offset by lower miscellaneous revenues such as rebates and incentives for alternative fuel vehicles (\$17,820).

b) 1999-00 Projection - up \$2,406,649 (33.0%)

The increase in FY 1999-00 reflects greater funding for vehicle replacement (\$1,936,771) reflecting the anticipated schedule of replacement and the accumulation of funds for future replacement, higher vehicle maintenance costs (\$64,013), higher anticipated fuel reimbursement, operating costs and future replacement of the CNG fueling facility (\$202,579), higher interest earnings (\$184,000) and a net increase of \$19,286 in revenue from various other sources.

Computer Replacement Fund

a) 1998-99 Estimated Actual - down \$13,670 (1.2%)

This fund receives allocations from City departments to finance the City's annual scheduled costs for replacement of computer hardware and software. Allocations are anticipated to be slightly lower than budget (\$13,670).

b) 1999-00 Projection - up \$319,178 (27.7%)

The increase is due to greater allocations from City departments (\$317,578) and higher interest income (\$1,600).

Self Insurance-Comprehensive Fund

a) 1998-99 Estimated Actual - no change

b) 1999-00 Projection - down \$99,834 (3.6%)

The decrease is due to lower projected contributions from other funds to maintain necessary cash reserves (\$71,834) and lower interest earnings (\$28,000).

Revenue Analysis

Self Insurance-Bus Fund

- a) 1998-99 Estimated Actual - no change
- b) 1999-00 Projection - up \$82,013 (7.2%)

The increase is due to a greater contribution from the Transportation Fund to meet anticipated operating needs and to maintain necessary cash reserves (\$87,013) partially offset by lower interest earnings (\$5,000).

Self Insurance-Auto Fund

- a) 1998-99 Estimated Actual - up \$5,000 (0.8%)

The increase is due to greater revenue from insurance recoveries (\$5,000).

- b) 1999-00 Projection - down \$50,157 (8.4%)

The decrease is due to lower projected contributions from other funds required for operating needs and to maintain necessary cash reserves (\$41,657) and lower interest earnings (\$8,500).

Self Insurance-Worker's Compensation Fund

- a) 1998-99 Estimated Actual - up \$80,000 (2.6%)

The increase is due to greater than anticipated insurance recoveries.

- b) 1999-00 Projection - up \$183,118 (5.7%)

The increase is due to greater contributions from other funds required for operating needs and to maintain necessary cash reserves (\$362,818) partially offset by lower interest earnings (\$99,700) and lower projected insurance recoveries (\$80,000).

Parking Authority Fund

- a) 1998-99 Estimated Actual - up \$24,300 (2.4%)

The increase is due to greater than anticipated interest earnings.

- b) 1999-00 Projection - down \$31,000 (3.0%)

The decrease is due to lower interest earnings (\$33,000). Partially offsetting is an increase in the rental payment from the General Fund for the 175 Ocean Ave. Property (\$2,000).

Revenue Analysis

Less Reimbursements and Transfers - Estimated actual down \$812,420 from the FY 1998-99 revised budget, and FY 1999-00 down \$3,648,463 from the FY 1998-99 estimated actual

These are technical changes to eliminate double-counting of certain revenues appearing in two funds due to accounting procedures.

Disaster Relief Fund

a) 1998-99 Estimated Actual - down \$19,289,483 (81.2%)

The decrease reflects anticipated Federal and State reimbursements of projected City spending on earthquake recovery projects.

b) 1999-00 Projection - up \$23,541,135 (526.2%)

The FY 1999-00 increase reflects anticipated Federal and State reimbursements of projected City spending on earthquake recovery projects.
