



Study Session Agenda

- Status of Utility Funds
- Business License Tax Ordinance
- Regional Fire Dispatch Concept
- Follow-up to Mid-Year Financial Report

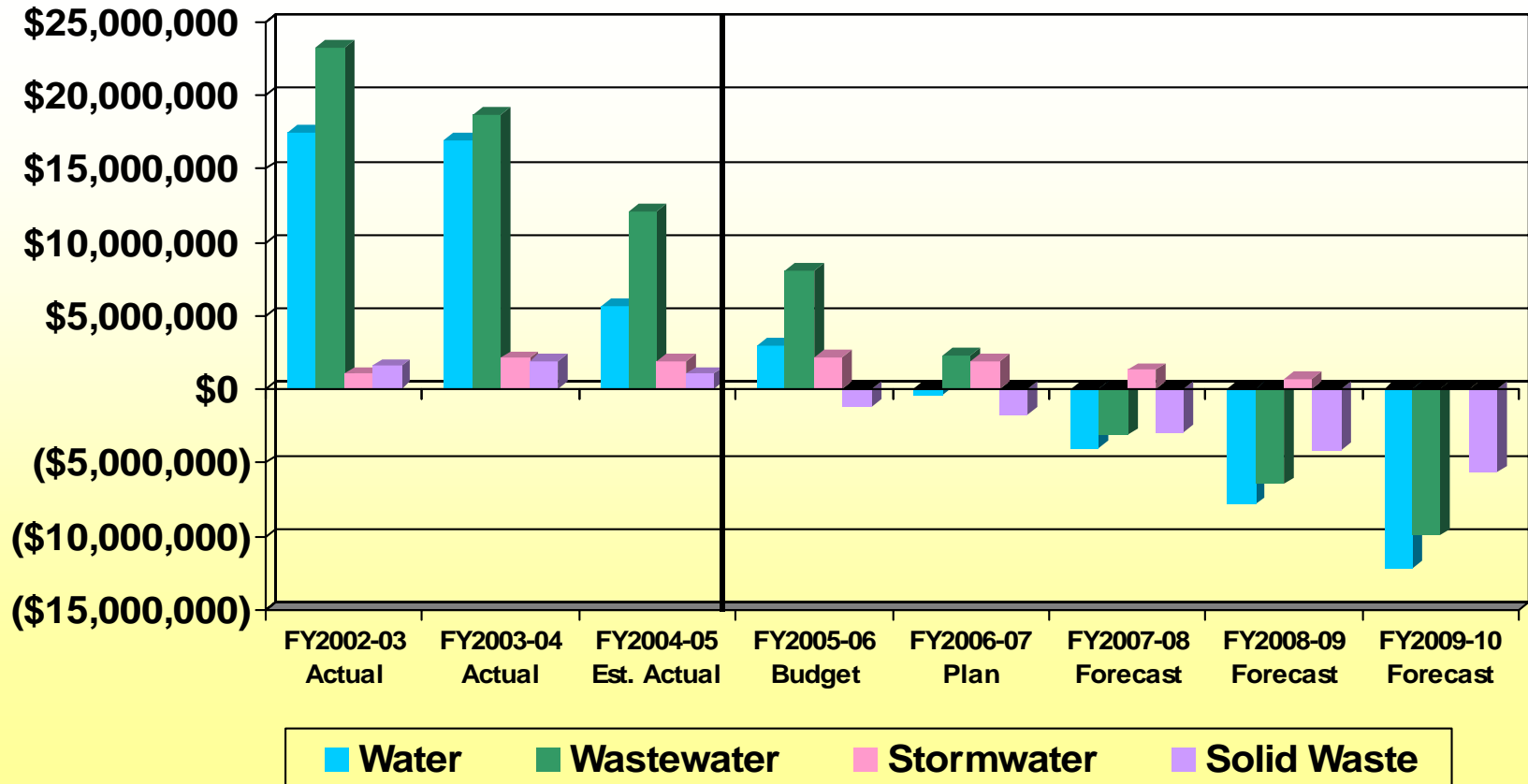
May 17, 2005



Utilities

- Water
- Solid Waste
- Wastewater
- Stormwater

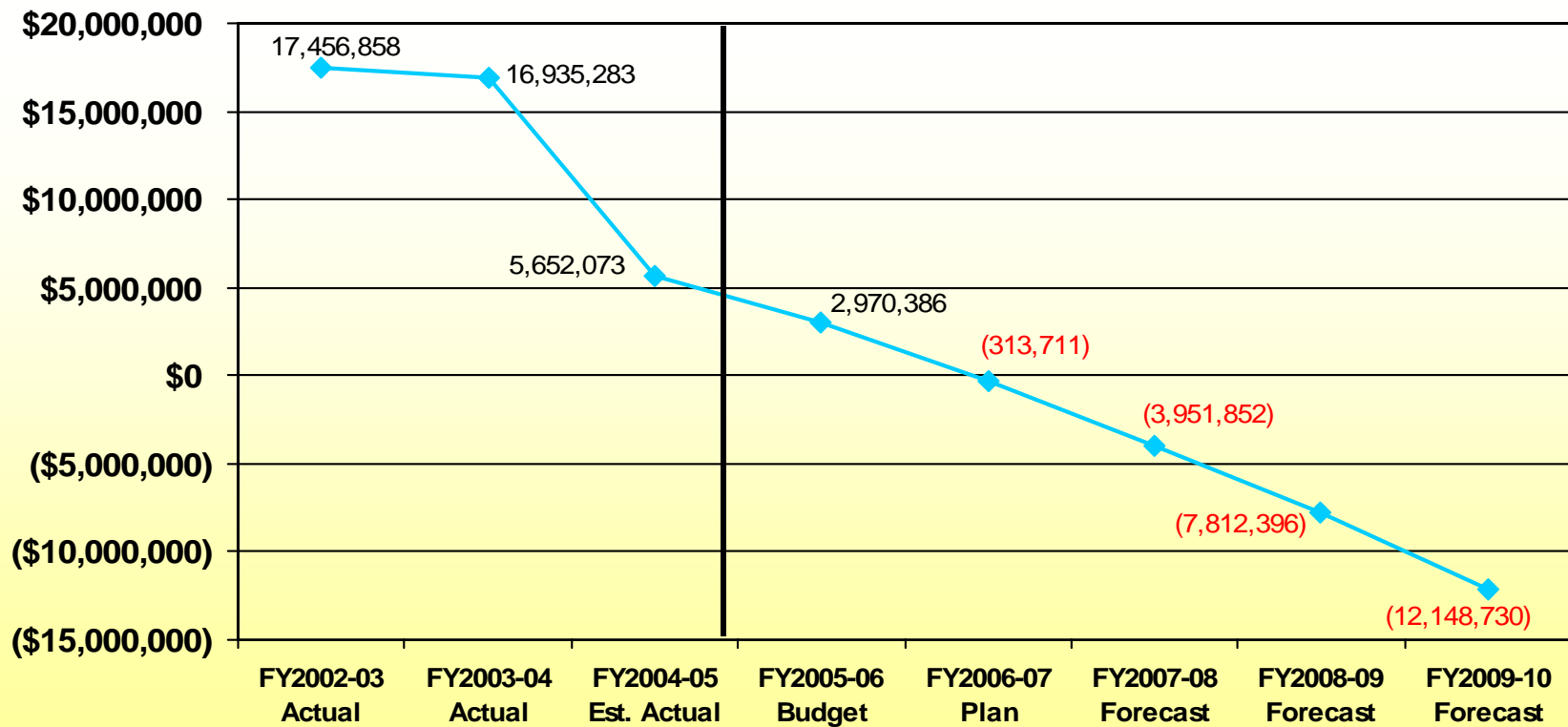
Fund Balances



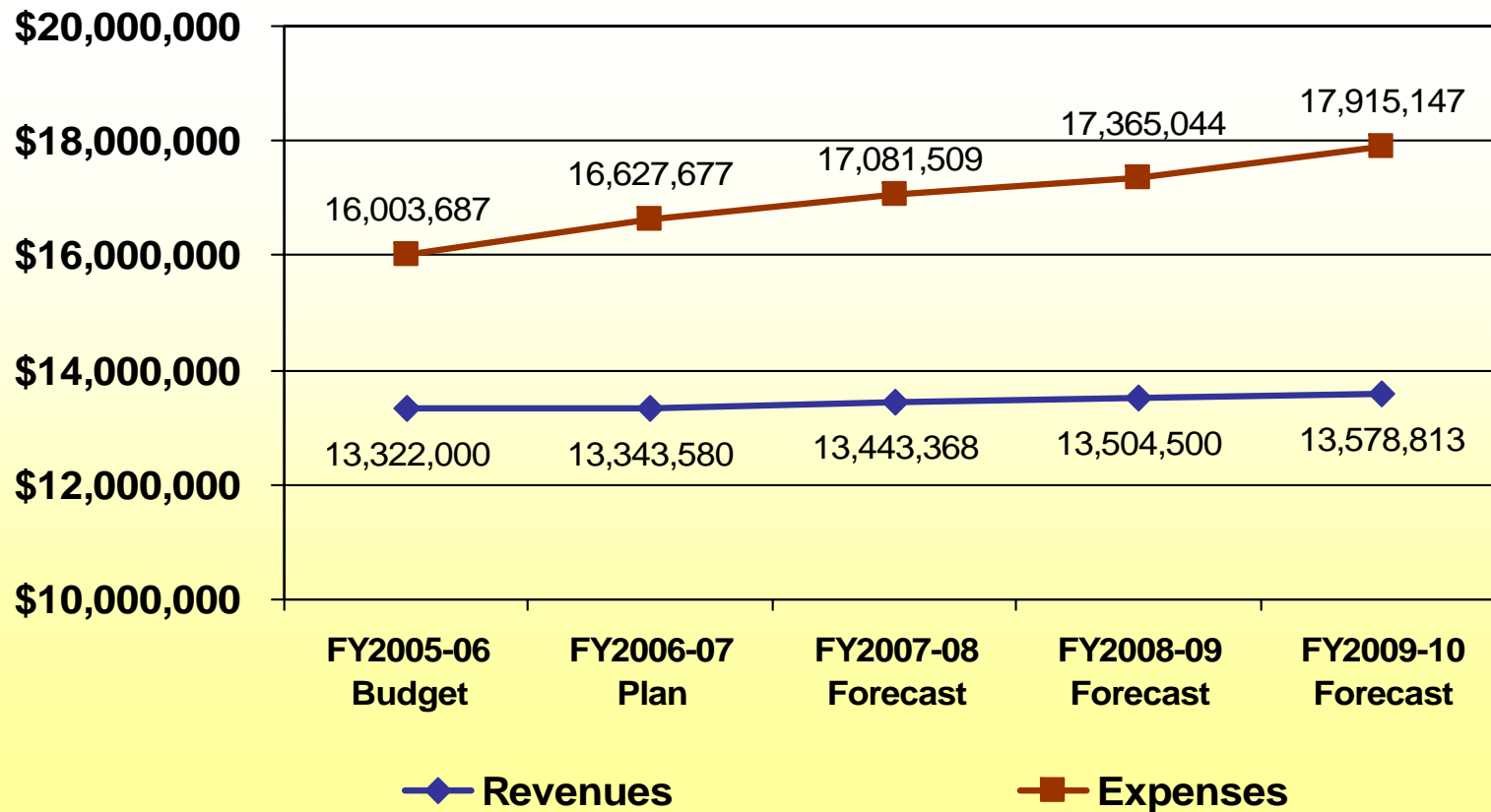
Water Fund

- Treat, store and distribute water to residences and businesses
- Provide fire protection through hydrants and fire sprinkler connections
- Operate and maintain three booster stations, four reservoirs, and a water treatment plant
- Support City's Environmental Programs

Water Fund Balance



Water Revenues/ Expenditure Imbalance



Water Rate History

- Current rate structure adopted 1996
- Periodic CPI increases started in 1999
- Rate study prepared in 2003; not implemented
- Rate study updated April 2005

2005 Water Rate Options

Addresses declining fund balances:

	January 2006	January 2007	January 2008	January 2009	January 2010
Timely Recovery	31%	CPI	CPI	CPI	CPI
Intermediate Recovery	15%	14%	11%	CPI	CPI
Extended Recovery	12%	12%	11%	11%	11%

Water Rate Comparisons

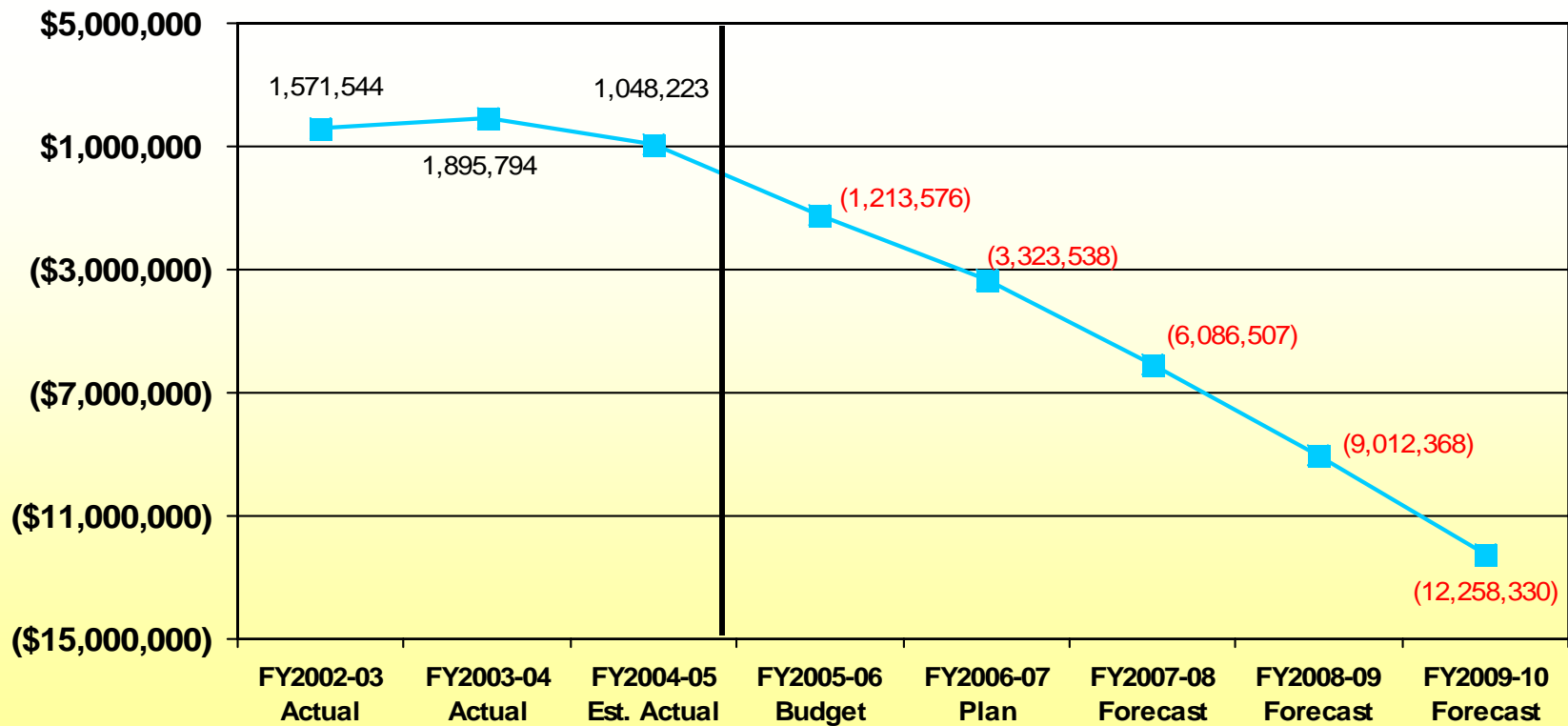
	Beverly Hills*	Culver City	Santa Monica	Timely Recovery +31%	Intermediate Recovery +15%	Extended Recovery +12%
Single Family Residential	\$66.54	\$84.97	\$52.09	\$68.24	\$59.90	\$58.34
10-Unit Apartment Building	\$202.96	\$246.67	\$153.67	\$201.31	\$176.72	\$172.11
Medium-Size Restaurant	\$1,584.96	\$1,457.87	\$1,235.66	\$1,618.71	\$1,421.01	\$1,383.94

* Considering rate increase in May

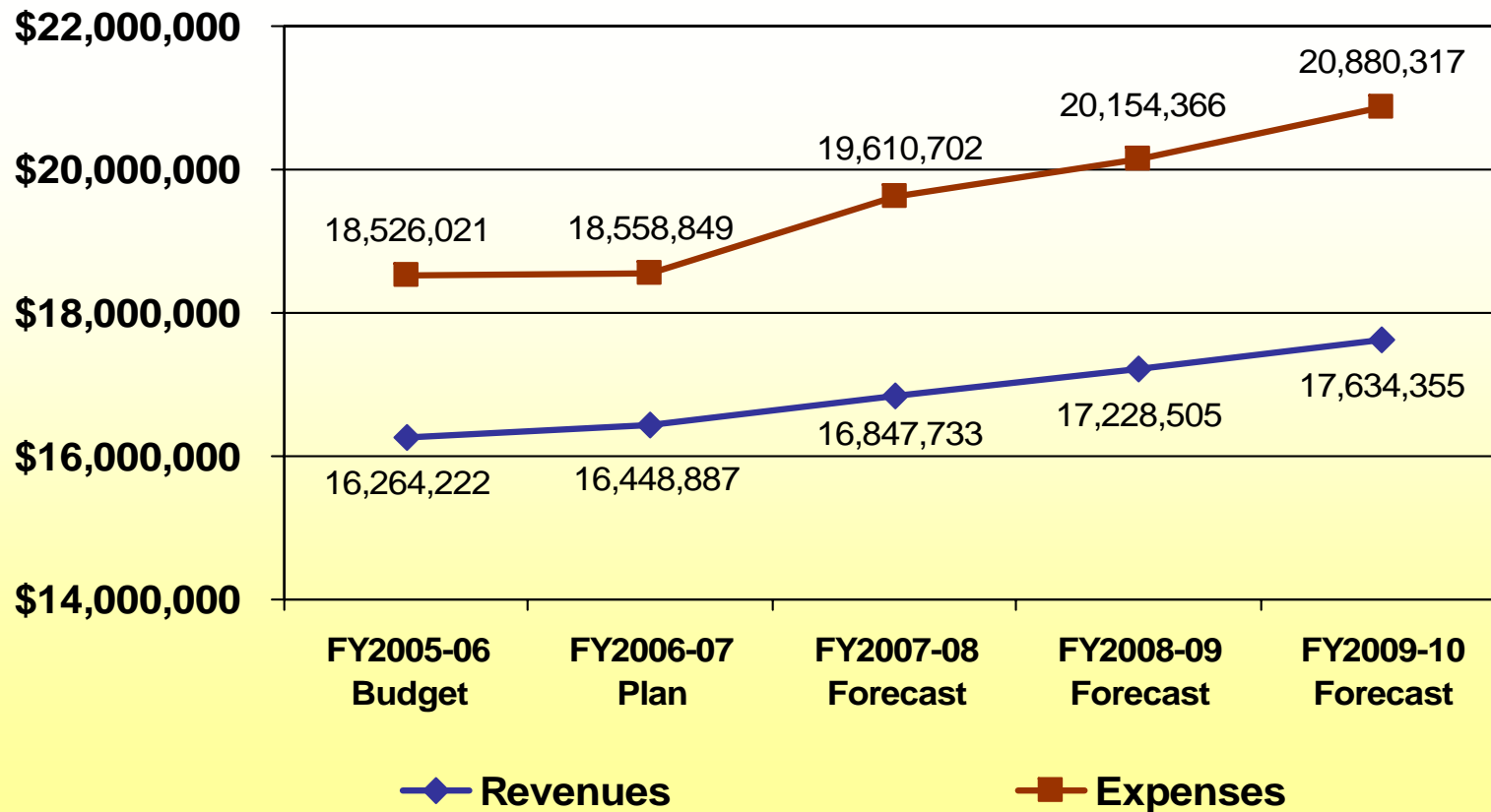
Solid Waste Fund

- Refuse & recycling collection
- Street sweeping Citywide
- Beach & Promenade maintenance
- Recycling/recovery transfer services
- Recycling programs to meet AB939 State mandates
- Support Environmental Programs

Solid Waste Fund Balance



Solid Waste Revenues/ Expenditure Imbalance



Significant Budget Impacts

Solid Waste

- Landfill disposal fees/recycling costs
 - 18.4% of operating costs
 - 40% increase from FY2001-02 to FY2003-04
 - Anticipated future increases: 18% per year

- Salaries and fringe benefits
 - 47% of operating costs
 - 10.4% increase over past 3 years (CPI: 6.6%)

- Vehicle maintenance and fuel costs
 - 17% of operating costs
 - 10.1% increase over past 3 years (CPI: 6.6%)

2005 Solid Waste Rate Options

Addresses declining fund balances:

	July 2005	July 2006	July 2007	July 2008	July 2009
Timely Recovery	20%	CPI	CPI	4.5%	CPI
Intermediate Recovery	15%	10%	CPI	CPI	CPI
Extended Recovery	12%	10%	8%	CPI	CPI

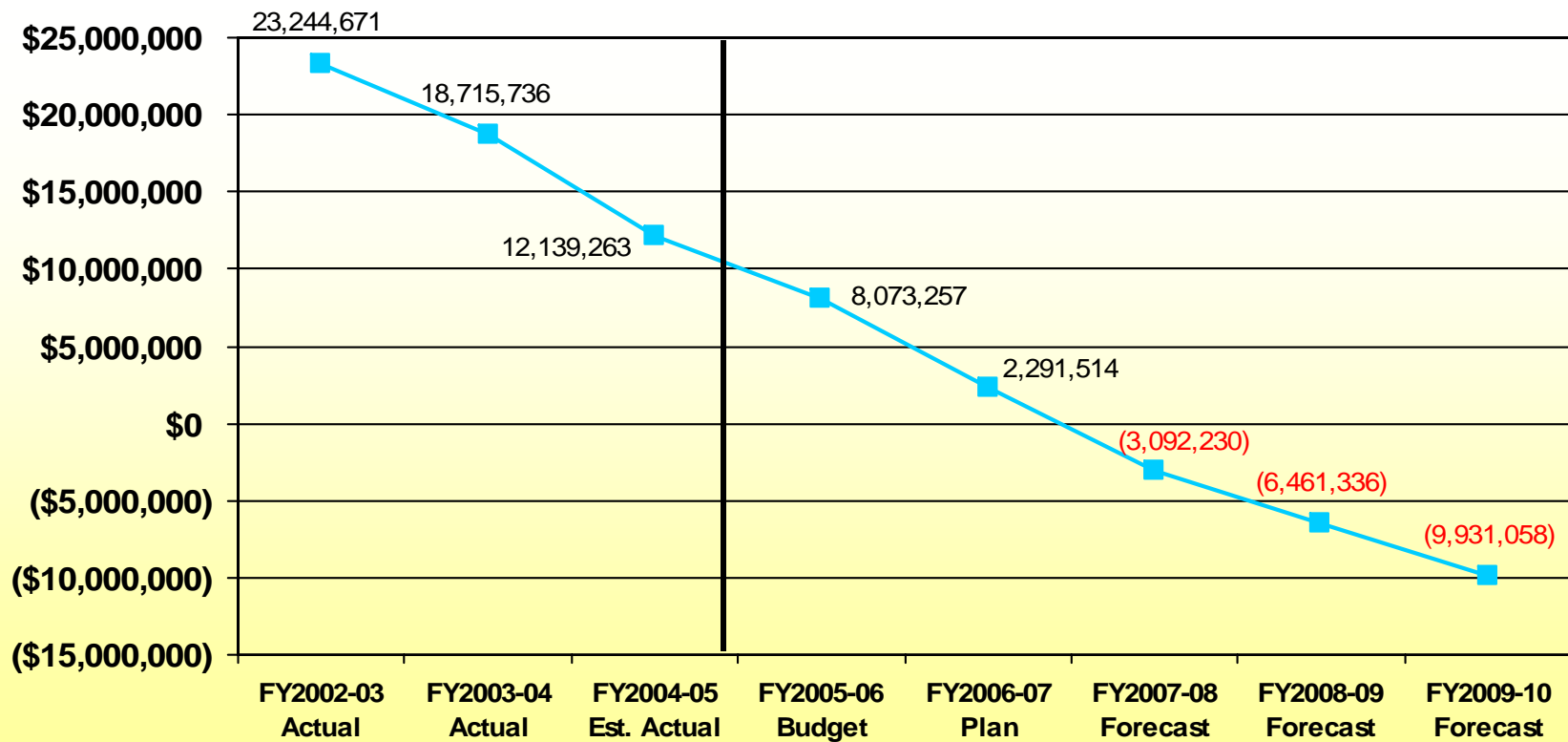
Solid Waste Rate Comparisons

	Beverly Hills	Culver City	Santa Monica	Timely Recovery	Intermediate Recovery	Extended Recovery
Single Family Residential	76 (85)	41 (44)	62	74	71	69
Multi-Family Complex	169 (173)	164 (178)	120	144	138	134
Commercial	384 (405)	164 (178)	157	188	181	176
	(Proposed Rate)					

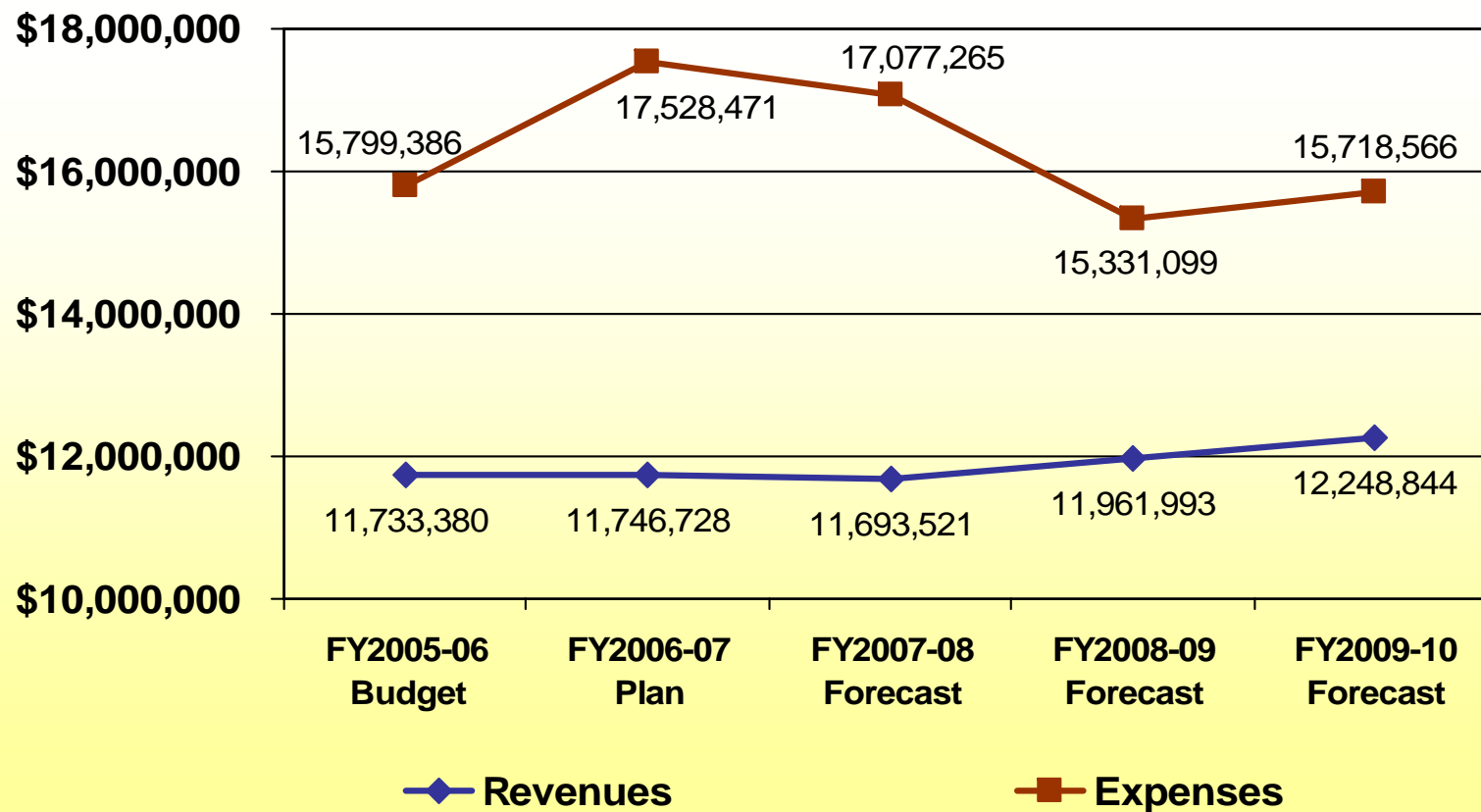
Wastewater Fund

- Operate and maintain the sanitary sewer collection system
- Operate and maintain storm drain system
- Operate and maintain the recycled water production and distribution system
- Support Environmental Programs

Wastewater Fund Balance



Wastewater Revenues/ Expenditure Imbalance



Significant Budget Impacts

Wastewater

- Hyperion capital payments represents 22.5% of the total budget (operating and capital) increasing at over 30% each year in FY2005-06 and FY2006-07
- Overall fund expenditures exceed revenues by \$4.1 million in FY2005-06 and \$5.8 million in FY2006-07
- Bond requires a 1.2 debt-ratio
 - FY2007-08 debt ratio drops to 1.07 – Non Compliant

Wastewater Rate History

- Current rate structure adopted in 1996
- Rate study conducted in 2003 to update existing rates
- Recommended rate increases slightly higher than CPI; not implemented

2005 Wastewater Rate Options

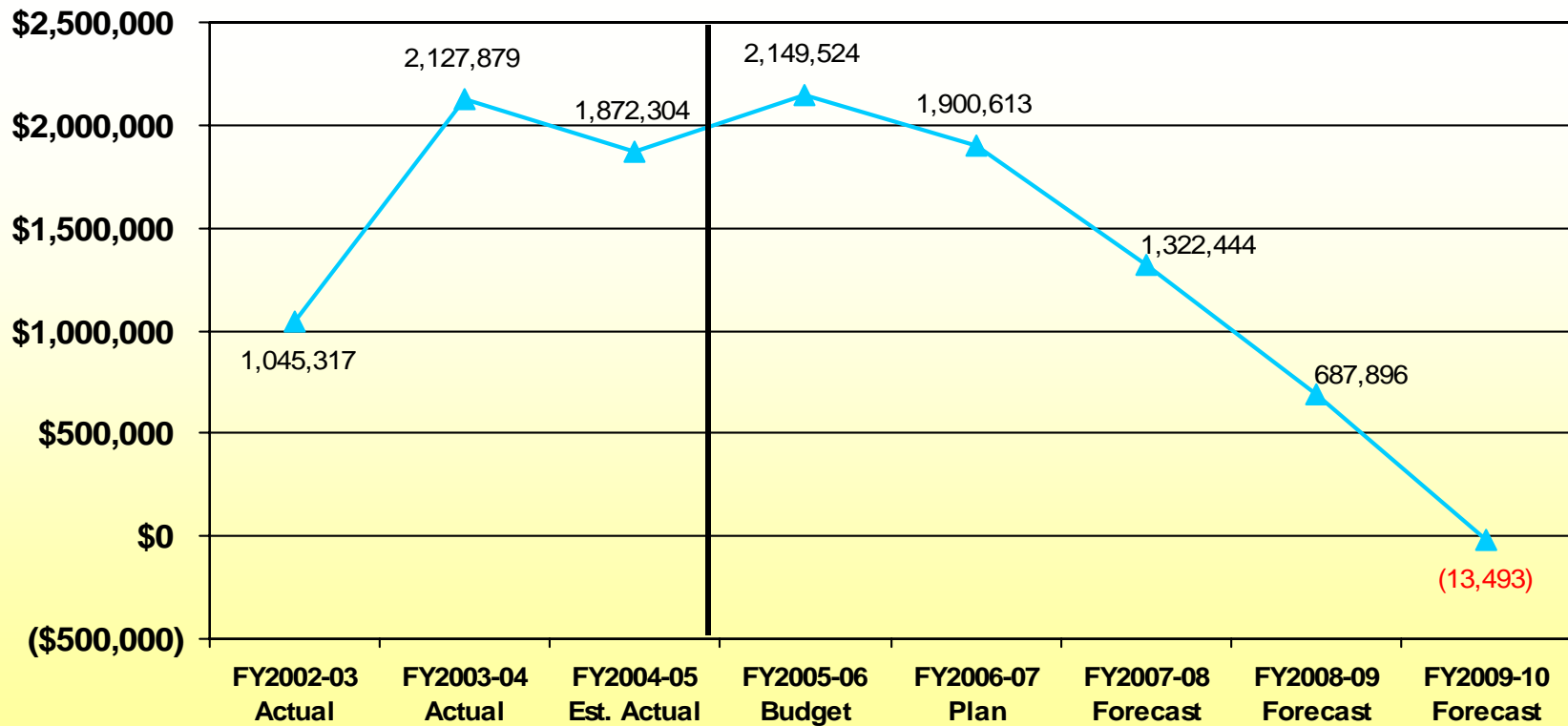
Addresses declining fund balances:

	July 2005	July 2006	July 2007	July 2008	July 2009
Timely Recovery	CPI	25%	CPI	CPI	CPI
Intermediate Recovery	CPI	15%	15%	CPI	CPI
Extended Recovery	CPI	10%	10%	10%	CPI

Wastewater Rate Comparisons

	Santa Monica	Timely Recovery +25%	Intermediate Recovery +15%	Extended Recovery +10%
Single Family Residential	\$37.33	\$46.66	\$42.93	\$41.06
10-Unit Apartment Building	\$165.05	\$206.31	\$189.81	\$181.56
Medium-Size Restaurant	\$1,895.69	\$2,369.61	\$2,180.04	\$2,085.26

Stormwater Fund Balance



Significant Budget Impacts

Stormwater

- Future costs of compliance with Regional Water Quality Management Board
- Mandate challenge by local government
- Santa Monica Watershed Management Plan review and discussion during FY2005-06 — significant costs anticipated
- Summer study session

Summary

- June 14th Council Action

Water Fund	Timely Recovery	Intermediate Recovery	Extended Recovery
Solid Waste Fund	Timely Recovery	Intermediate Recovery	Extended Recovery
Wastewater Fund	Timely Recovery	Intermediate Recovery	Extended Recovery



Questions?





Business License

- Small Business License Tax Exemption
- Home Business Planning Fee Reduction

Small Business License

Tax Exemption

Gross Receipts	# of Licenses	% of Licenses	Revenue
New Applications	1,802	13.65%	\$299,000
Under \$5,000	2,448	18.55%	\$371,300
\$0 - \$10,000	2,838	21.50%	\$415,500
\$0 - \$20,000	3,428	25.97%	\$480,800
\$0 - \$50,000	5,234	39.66%	\$673,600
\$0 - \$60,000	5,932	44.95%	\$747,100
\$0 - \$100,000	7,543	57.15%	\$984,100
All Businesses	13,198	100%	\$18,255,900

Home Business

Planning Fee Reduction

One-time charge for each business address:

- Current fee: \$95.59
- Proposed fee: \$30.00 – \$50.00



Budget Study Sessions

- May 24, 2005
- May 25, 2005
- May 26, 2005



Questions?

