

CITY COUNCIL / COMMUNITY
REDEVELOPMENT AGENCY MEETING
FY 2011-2013 BUDGET PROPOSAL



May 4, 2011

6:30 pm

Sierra Madre City Council Chambers

232 W. Sierra Madre Blvd.

Sierra Madre, California 91024

Sierra Madre City Council / Board Members

Mayor John Buchanan, Mayor Pro Tempore Josh Moran,
Council Members MaryAnn MacGillivray, Joe Mosca, and Nancy E. Walsh

City of Sierra Madre, California

Village of the Foothills
2007 All-America City Recipient



City Revenues FY 2011-2013





Sierra Madre's Local Economy

Sierra Madre is small city, approximately 3.5 square miles, with approximately 11,000 residents. It is among the smallest cities in all of Los Angeles County. Sierra Madre has no direct freeway access and a limited retail and service area of approximately 6 blocks. Since its' incorporation 100 years ago, Sierra Madre has always been, and remains today, a full-service city with its own in-house Police Department, Recreation, Public Works, Water, Sewer, Public Library and Volunteer Fire Department.

The City of Sierra Madre is a primarily residential community with a small business district in the downtown area covering less than one-half mile. As a result, Property Tax makes up a little more than 50% of the General Fund revenues while the Utility User Tax brings in another 35% of the City's primary income resources. Sales Tax on the other hand makes up only 5% of the total General Fund resources.

Over the last decade, Los Angeles and California economy has grown and more recently collapsed due to the 2004 housing boom and 2008 housing market crash. During the housing boom the City's property tax collection grew from \$2.1 million to \$3.1 million between 2004 and 2008. However, these trends stopped in 2008 and now the City' property tax collection is \$3.4 million in Fiscal Year 2011-2012; a much flatter growth of only 0.5% to 1.0% year-over-year for three years. The County of Los Angeles overall tax collection for 2010-2011 will be negative for a third year in a row. The City of Sierra Madre property tax collection is projected hold steady in FY 2010-2011. For future years, staff has assumed a relatively flat growth if 1.0% for FY 2011-13 with a potential growth of 1.5% by FY 2013-15. These are year-over-year increases.

Sales Tax still remains a small portion of the City's revenues; however, it is closely monitored for its overall economic indicator. Sales trends usually pick up before the housing market and usually correlate to unemployment rates. While the State Legislative Analyst's Office and the State Tax Franchise Board are projecting increases in the sales tax, the unemployment rate has not improved in their assumption rates. In addition, the price of gasoline could further weaken the economy as households will be faced with fewer dollars for discretionary spending. Staff therefore has assumed that sales tax will not rebound into the foreseeable future. It may in fact see another decline.



**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

FORECASTING FUTURE REVENUES AND EXPENDITURES

The City's adopts a two year budget, however, staff forecasts five years into the future. Assumptions are based upon the economic trends reported by numerous factors, including Property sale reports for both residential and commercial, Sale Tax indicators such as reports from the State Franchise Tax Board and Federal Department of Commerce, as well as other national economists' estimates on the national and local recovery from the 2008 recession. Staff also looks at historical trends within our own sources. For example, Development Services revenues have shifted revenues from development permits to more general building permits. Paramedics program has had two years of lower recovery on medical claims due to the increased number of Medicare patients verses other health care claims. Proposition A and Proposition C Metro funding is tied to Sales Taxes and have shown an almost 9% reduction since FY 2009-2010.

The budget projections are staff's best estimates of future sources of revenues. These revenue assumptions show a slow growth of not more than 1% in any area year-over-year for any one area of revenue streams. The City recently just completed a four year fee increase in the Water fund of approximately 7.5% year-over-year. Special Revenues have a reduction of \$310,000 (or -33%) between FY 2010-2011, primarily due to State budget reductions, including but not limited to elimination of State Library funding and State COPs funding. Staff chose to eliminate these funds prior to adoption of the State Budget, which may mean these funds may still be available in the next fiscal year. Contrary, staff did not choose to eliminate the Redevelopment Agency at this time. The City is hopeful that State legislature selects alternatives to the proposal of the full elimination of Redevelopment Agency.

	UNAUDITED FY 2010-2011	PROPOSED FY 2011-2012	PROPOSED FY 2012-2013	ESTIMATED FY 2013-2014	ESTIMATED FY 2014-2015
GENERAL FUND	\$ 8,038,391	\$ 8,260,139	\$ 8,466,065	\$ 8,870,332	\$ 8,904,728
ASSESSMENTS	\$ 38,835	\$ 39,223	\$ 39,615	\$ 40,207	\$ 40,809
DEVELOPMENT SERVICES	\$ 488,893	\$ 490,782	\$ 495,691	\$ 503,127	\$ 510,675
GAS TAX/PROP42	\$ 294,173	\$ 294,173	\$ 297,116	\$ 301,572	\$ 306,095
PARAMEDIC/EMS	\$ 266,500	\$ 241,715	\$ 241,932	\$ 245,561	\$ 249,245
PROP A	\$ 173,165	\$ 156,767	\$ 158,295	\$ 160,609	\$ 162,958
PROP C	\$ 130,346	\$ 126,716	\$ 126,716	\$ 126,716	\$ 126,716
GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -
SPECIAL REVENUES	\$ 941,339	\$ 630,881	\$ 633,280	\$ 636,914	\$ 640,603
REDEVELOPMENT	\$ 1,573,924	\$ 1,589,663	\$ 1,605,560	\$ 1,629,643	\$ 1,654,089
INTERNAL SERVICES FUNDS	\$ 3,077,197	\$ 3,108,469	\$ 3,139,549	\$ 3,186,136	\$ 3,233,929
SEWER	\$ 686,000	\$ 731,500	\$ 731,500	\$ 731,500	\$ 731,508
WATER	\$ 3,179,638	\$ 3,439,090	\$ 3,687,108	\$ 3,935,305	\$ 4,222,421
BUSINESS TYPE	\$ 304,150	\$ 382,750	\$ 382,750	\$ 382,750	\$ 382,750
Grand Total	\$19,192,551	\$19,491,868	\$20,005,176	\$20,550,372	\$21,166,526



**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

Percentage Change Year-over-Year	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
GENERAL FUND	2.76%	2.49%	2.41%	2.70%
ASSESSMENTS	1.00%	1.00%	1.49%	1.50%
DEVELOPMENT SERVICES	0.39%	1.00%	1.50%	1.50%
GAS TAX/PROP42	0.00%	1.00%	1.50%	1.50%
PARAMEDIC/EMS	-9.30%	0.09%	1.50%	1.50%
PROP A	-9.47%	0.97%	1.46%	1.46%
PROP C	-2.78%	0.00%	0.00%	0.00%
GRANTS	0.00%	0.00%	0.00%	0.00%
SPECIAL REVENUES	-32.98%	0.38%	0.57%	0.58%
REDEVELOPMENT	1.00%	1.00%	1.50%	1.50%
INTERNAL SERVICES FUNDS	1.02%	1.00%	1.48%	1.50%
SEWER	6.63%	0.00%	0.00%	0.00%
WATER	8.16%	7.21%	6.73%	7.30%
BUSINESS TYPE	-16.90%	0.10%	0.15%	0.15%
Grand Total	0.88%	2.65%	2.74%	3.02%

ANALYSIS

A. General Fund

Sierra Madre's total General Fund revenues for FY 2011-2012 are projected to be \$8,260,139 and for FY 2012-2013 are projected to be \$8,466,065. These are from a combination of property-related taxes, utility users' tax, franchise fees, business license fees, sales taxes, and VLF (Vehicle License Fee) transfer, representing more than 91% of all General Fund revenues.

The General Fund has shown a consistent growth pattern over the last three years that is expected to continue into the biennial period of FY 2011-2013. The major sources of revenues for the City's General Fund are Property Taxes, estimated \$3,394,479 in FY 2011-2012 and \$3,428,424 in FY 2012-2013; Utility Users Taxes, estimated at \$2,625,000 in FY 2011-2012 and \$2,756,250 in FY 2012-2013; and VLF/Property Tax Back Fill, estimated \$893,440 in FY 2011-2012 and \$906,842 in FY 2011-2012. Combined, all other revenues (including Sales Taxes, Business License Fees, Franchise Fees and miscellaneous revenue sources) in the General Fund make up \$1,297,521 which makes up less than 20% of the General Fund total revenues.

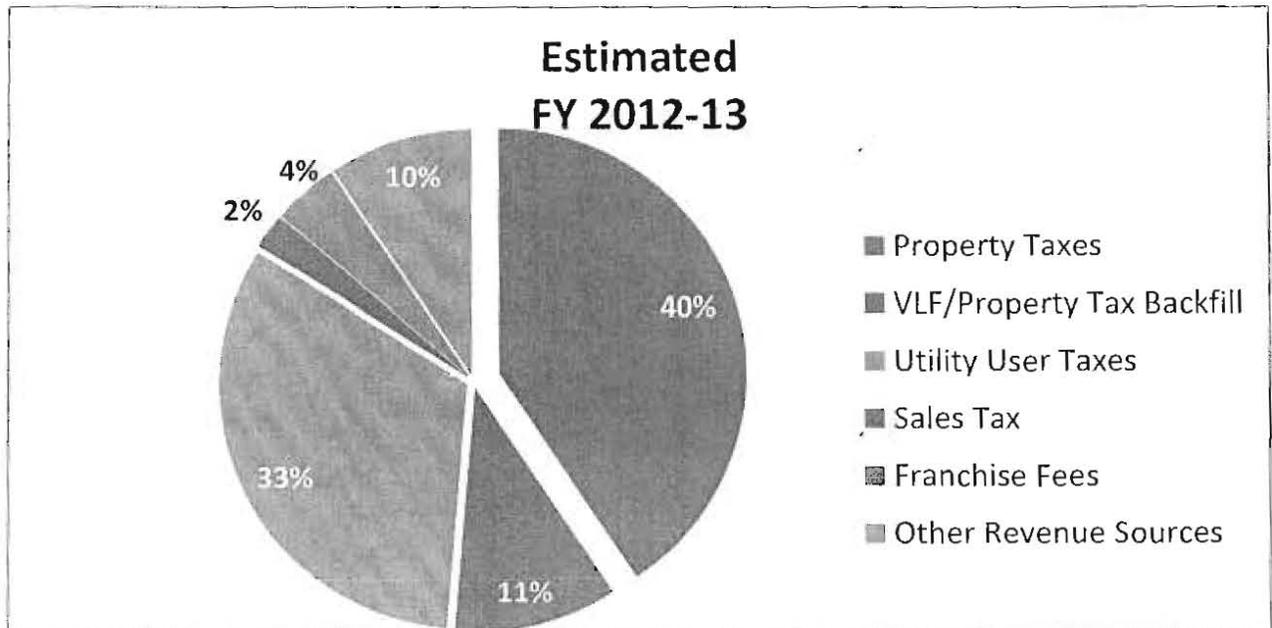


**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

	UNAUDITED FY 2010- 2011	PROPOSED FY 2011- 2012	PROPOSED FY 2012- 2013	ESTIMATED FY 2013- 2014	ESTIMATED FY 2014- 2015
REVENUES					
Property Taxes	\$ 3,360,870	\$ 3,394,479	\$ 3,428,424	\$ 3,479,851	\$ 3,532,049
VLF/Property Tax Backfill	880,000	893,200	906,598	920,197	934,000
Utility User Taxes	2,500,000	2,625,000	2,756,250	2,894,063	3,038,766
Sales Tax	186,000	191,580	197,327	203,247	209,344
Franchise Fees	355,000	358,550	362,136	367,568	373,082
Other Revenue Sources	756,521	797,330	815,330	805,406	817,487
Total Revenue	\$ 8,038,391	\$ 8,260,139	\$ 8,466,065	\$ 8,670,332	\$ 8,904,728

**Percentage Change
Year-over-Year**

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Property Taxes	1.00%	1.00%	1.50%	1.50%
VLF/Property Tax Backfill	1.50%	1.50%	1.50%	1.50%
Utility User Taxes	5.00%	5.00%	5.00%	5.00%
Sales Tax	3.00%	3.00%	3.00%	3.00%
Franchise Fees	1.00%	1.00%	1.50%	1.50%
Other Revenue Sources	5.39%	2.26%	1.22%	1.50%





Property Taxes and VLF/Property Tax Backfill

Property Tax remains the primary revenue component of the General Fund, making up 40% of the total estimated revenue year after year. For FY 2011-2013, staff proposed a moderate 1% growth year-over-year in City Property Taxes. The City housing values have not been eroded as a result of the recent housing market recession; it has however, been severely impacted by housing turnover. The few houses that have sold have been a mixture of short-sale or recently turned over properties, therefore, reducing the City's overall assessed value. However, small a 1% growth appears in relationship to the 10-12% of FY 2004-2007, it is still higher than many cities in the San Gabriel Valley.

<u>ASSESSED VALUE INCREASES/(DECLINES)*</u>	
Arcadia	4.395%
Azusa	-8.454%
Bradbury	0.964%
Duarte	-0.330%
Glendora	-0.789%
La Canada Flintridge	-0.257%
Los Angeles (City)	-2.296%
Monrovia	0.878%
Pasadena	1.137%
San Marino	2.418%
Sierra Madre	0.394%
South Pasadena	1.795%
Los Angeles County	-1.7%

*Source: HdL Los Angeles County City Growth Comparison; 2009/10 to 2010/11 Net Taxable Assessed Value Change.

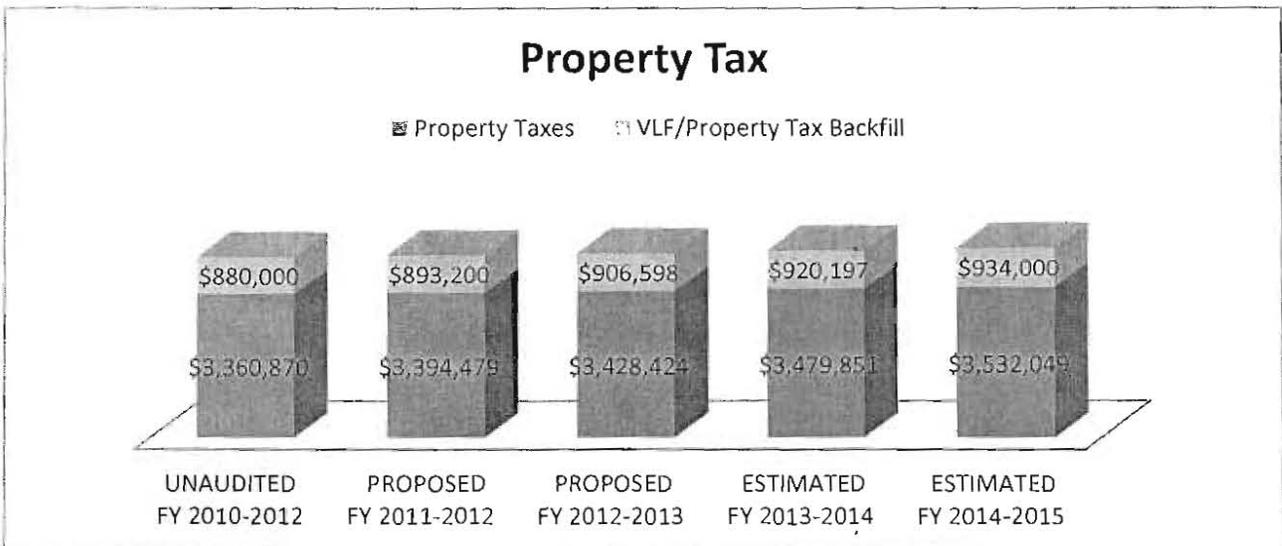


**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

Due to the fact that Sierra Madre did not see a significant turnover in real estate ownership during the boom period, the City has largely been spared the decrease in property tax revenue that has so significantly impacted other cities. The median sale price of a single family home in Sierra Madre from January through September 2010 was \$680,000. This represents a \$20,000 (-2.9%) decrease in median sale price from 2009. Los Angeles County (as a whole) has a median sale price of \$339,000. *HdL Coren and Cone*, Sierra Madre's property tax auditors, estimate that the FY 2011-12 Proposition 13 annual inflation adjustment of real property value will be approximately 0.50 percent for the State. This will be the seventh time that the inflation adjustment is less than the maximum 2 percent allowed by Proposition 13. The annual inflation adjustment is based on the California Consumer Price Index (CCPI) measured each October from the previous October.*

Since 2004, the City's portion of Vehicle License Fees (VLF) has been tied to the City's growth in property taxes. As previously noted, Sierra Madre is no longer experiencing the dramatic increase in property tax revenue during the real estate boom. Likewise, the City has not seen a significant spike in VLF.

	UNAUDITED FY 2010-2012	PROPOSED FY 2011-2012	PROPOSED FY 2012-2013	ESTIMATED FY 2013-2014	ESTIMATED FY 2014-2015
Property Taxes	\$ 3,360,870	\$ 3,394,479	\$ 3,428,424	\$ 3,479,851	\$ 3,532,049
VLF/Property Tax Backfill	\$ 880,000	\$ 893,200	\$ 906,598	\$ 920,197	\$ 934,000
	\$ 4,240,870	\$ 4,287,679	\$ 4,335,022	\$ 4,400,048	\$ 4,466,049



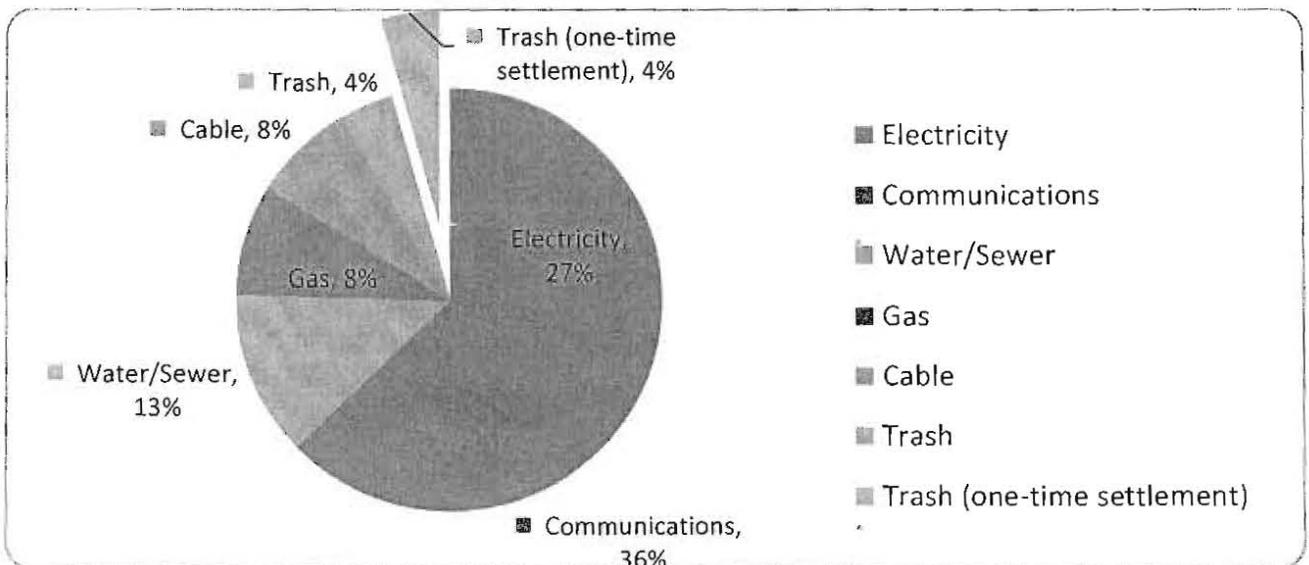


**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

Utility User Taxes (UUT)

Despite the recent years of flat growth in property and sales taxes, the General Fund financial health remains stable primarily due to the April 2008 voter approved increase in the Utility User Tax (UUT). In July 2008, the UUT increased from 6% to 8%, followed by another 2% increase (8% to 10%) effective July 1, 2009. The UUT has been predominantly strong in the area of Communication, assumed to be tied directly to the capturing of the wireless boom and consumer trend to purchase "Smart-phones". From 2008 to 2010 this revenue has increased from approximately \$350,000 to almost \$928,000. On the other hand, the revenue from Southern California Edison and the Gas Company has not produced the tax revenue expected from the voter approved increase. They have increased from \$451,000 to \$688,000 and from \$188,000 to only \$218,000 respectively. For the next four years, staff assumptions have left the UUT collection at 10% (9% for water/sewer). The revenue therefore may produce a moderate increase year-over-year from inflation.

Year	Electricity	Communi- cations	Water/ Sewer	Gas	Cable	Trash	Trash (one-time settlement)	Total
07-08	\$ 450,904	\$ 349,741	\$ 178,482	\$ 187,934	\$ -	\$ -	\$ -	\$1,167,061
08-09	\$ 615,830	\$ 574,575	\$ 255,913	\$ 207,217	\$ 166,887			\$1,820,422
09-10	\$ 687,725	\$ 927,726	\$ 326,261	\$ 217,882	\$ 198,792	\$ 104,886	\$ 112,536	\$2,575,807
<i>Increase from 07-08 to 09-10</i>	\$ 236,821	\$ 577,984	\$ 147,779	\$ 29,948	\$ 198,792	\$ 104,886	\$ 112,536	\$1,408,746

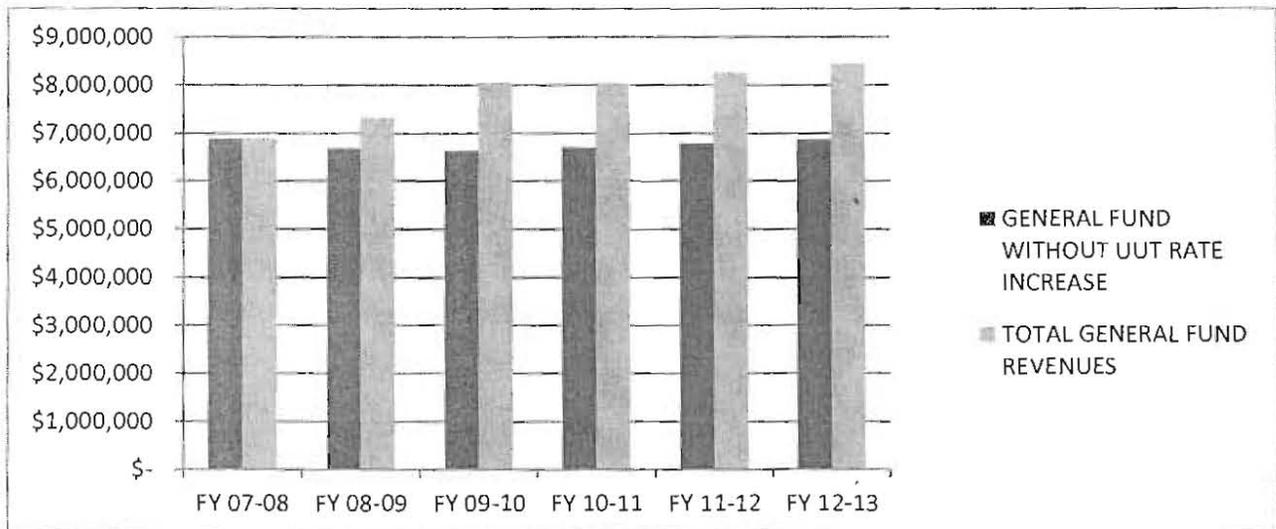




**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

It should be noted that the majority of the increase in the total General Fund revenues is from the increase in the UUT rate. If the financial effect of the UUT rate increase is subtracted, City revenues have experienced a decline in FY 2007-2008 through FY 2010-2011; and in FY 2011-2012 and FY 2012-2013 the proposed revenues without the UUT are growing by a modest 1.5%. However, it even at the close of FY 2012-2013, City revenues have not recovered to the FY 2007-2008 General Fund revenues.

(In Thousands)	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
GENERAL FUND WITHOUT UUT RATE INCREASE	\$ 6,881	\$ 6,675	\$ 6,632	\$ 6,705	\$ 6,790	\$ 6,865
GENERAL FUND REVENUES WITH UUT RATE INCREASE	\$ 6,881	\$ 7,238	\$ 8,041	\$ 8,038	\$ 8,248	\$ 8,454



The City Council has held the collection rate of the UUT at 10% although Measure U approved by the voters in April 2008 allows for a collection rate of 12%. This rate has a sunset that would begin in July 2012 that decreases the maximum collection by 2% each fiscal year down to a 6% maximum by July 2014, should the voters not extend the increased UUT. The increases in UUT have been tied to the City's increases in Public Safety over the last three years through an advisory measure, Measure UA. Without the extension of the 12% Utility User Tax rate, the City would be faced with serious reductions in services. (Note: Collection rates are assumed 10% for both FY 2011-2012 and FY 2012-2013.)

Sales Taxes, Franchise Fees, Business Licenses and Other Revenues

Less than 20% of General Fund revenues come from sources other than Property Tax or UUT: Sales Taxes (3%), Franchise Fees (6%), Business Licenses Fees (2%) and all other revenues (9%). As noted above, the General Fund has shown a decrease in revenues other than an

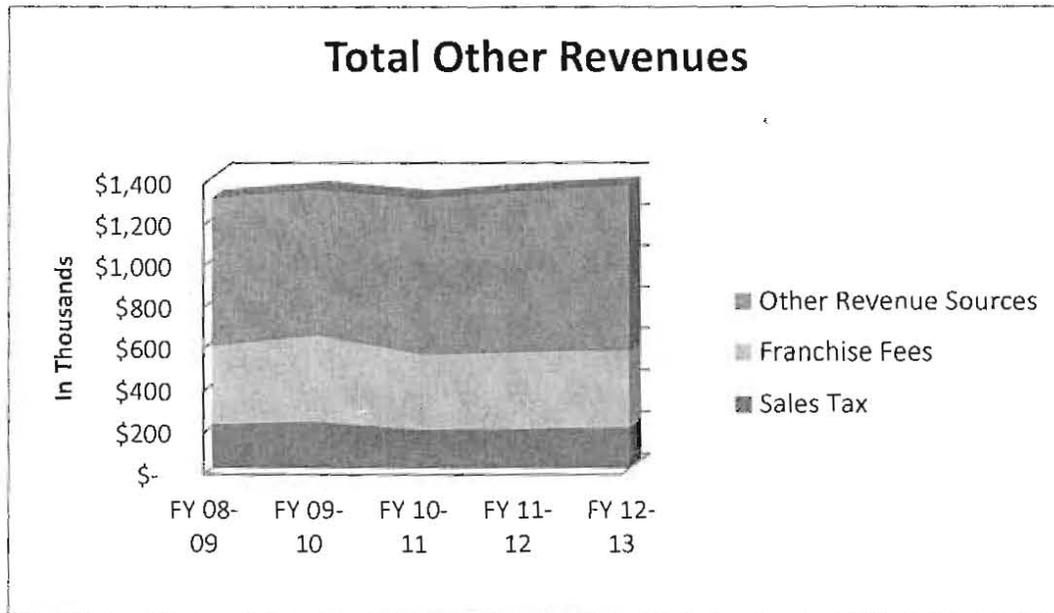


**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

almost flat growth in Property Taxes and an increase in Utility User Tax collection rates. In October 2010, the City Council was presented a new Comprehensive Citywide Fee study. The prior fee study was more than a decade old and more than 90% of the fees had a recommendation for an increase. The City Council's direction was to adopt the new fee study and not increase any fees, unless the fee structure needed to be updated, as was the case for changes in film permits, facility rentals and business licenses. All other fees are collected at a lower rate than cost to perform the City services. The gap is still seen in the General Fund subsidy to Development Services. Please see attached adopted fee schedule for related fees and permits.

For FY 2011-2012 revenue estimations, the City is estimating an increase over FY 2010-2011 of \$38,000 (or 3%); and for FY 2012-2013 revenues estimations, another \$27,000 increase (or 2%). At the close of FY 2012-2013, Sales Tax and Franchise Fees still fall short of FY 2008-2009.

(In Thousands)	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Sales Tax	\$ 211	\$ 224	\$ 186	\$ 192	\$ 197
Franchise Fees	\$ 371	\$ 410	\$ 355	\$ 359	\$ 362
Other Revenue Sources	\$ 719	\$ 710	\$ 757	\$ 785	\$ 804
TOTAL OTHER REVENUE	\$ 1,301	\$ 1,344	\$ 1,298	\$ 1,336	\$ 1,363

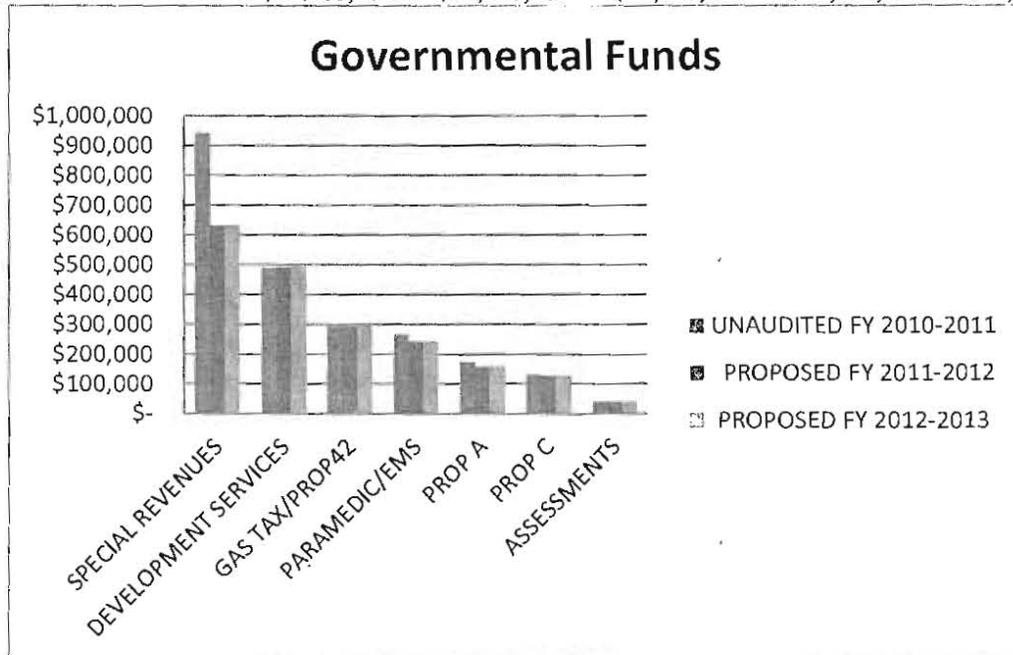




B. Other Governmental

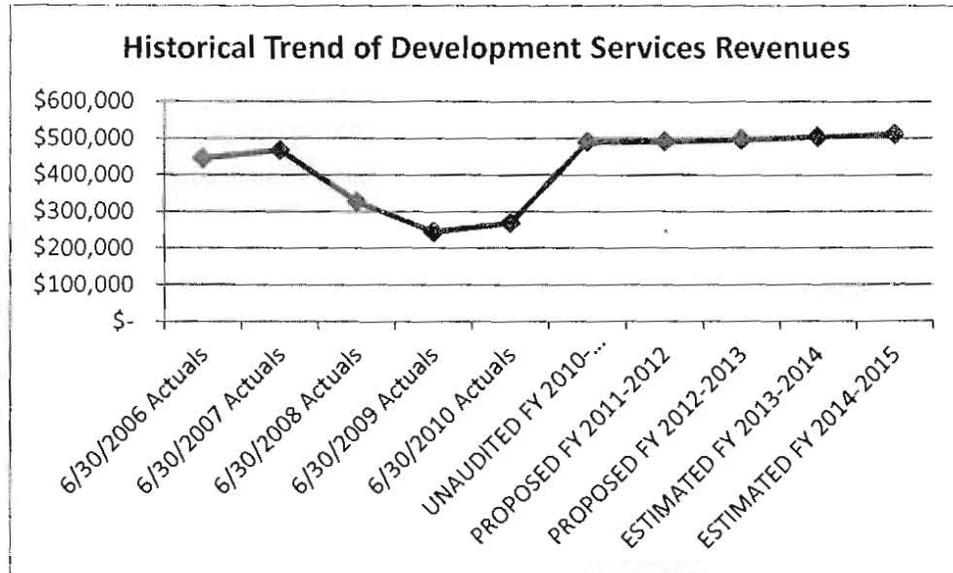
Special Revenues

	<u>UNAUDITED</u> FY 2010-2011	<u>PROPOSED</u> FY 2011-2012	<u>PROPOSED</u> FY 2012-2013	<u>ESTIMATED</u> FY 2013-2014	<u>ESTIMATED</u> FY 2014-2015
DEVELOPMENT SERVICES	\$ 488,893	\$ 490,782	\$ 495,691	\$ 503,127	\$ 510,675
GAS TAX/PROP42	\$ 294,173	\$ 294,173	\$ 297,116	\$ 301,572	\$ 306,095
PARAMEDIC/EMS	\$ 266,500	\$ 241,715	\$ 241,932	\$ 245,561	\$ 249,245
PROP A	\$ 173,165	\$ 156,767	\$ 158,295	\$ 160,609	\$ 162,958
PROP C	\$ 130,346	\$ 126,716	\$ 126,716	\$ 126,716	\$ 126,716
ASSESSMENTS	\$ 38,835	\$ 39,223	\$ 39,615	\$ 40,207	\$ 40,809
GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -
SPECIAL REVENUES	\$ 941,339	\$ 630,881	\$ 633,280	\$ 636,914	\$ 640,603
Grand Total	\$ 2,333,251	\$ 1,980,257	\$ 1,992,645	\$ 2,014,706	\$ 2,037,101



Development Services

The Development Services revenues are generated primarily through the collection of development fees and permits. There is a direct correlation between a strong economy and housing market and strong revenues in Development Services. The revenues in Development Services declined as much as \$200,000 in FY 2008-2009. Over the last two years, revenues have returned to the FY 2005-2006 levels with an over XX% increase in number of plan check, building permit, and development review fees and 35% increase in inspection requests and building permits. The General Fund subsidy is still expected to continue as permits and fees are not set at full recovery of costs. Please see attached adopted fee schedule for related fees and permits.



Paramedic/Emergency Medical Services

The Emergency and Paramedic Services fund's revenues are generated primarily through the collection of fees for the basic and advanced medical support services provided by the City's trained paramedic staff. Rates for the services are based upon Los Angeles County Department of Health Services and are subject to change upon the change of the County fee schedules. The City contracts with billing company, Whitman, for collection of the medical fees. Revenue from medical fees is estimated at \$220,000 in FY 2011-2012 and FY 2012-2013, which makes up 27.5% of the operating cost of providing paramedic services.

While service levels have actually increased to 670 medical calls annually, revenue collections have decreased, because of the larger percentage of patients with Medicare/Medical insurance; collection rates have decreased from 58% to 47%. This has negatively impacted revenues because Medicare/Medical typically has a lower cap on patient care costs, and overall, insurance providers continue to reset their reimbursement caps lower each year. The recent decline has been an almost 10% loss in operational revenues which is then made up by an increase in subsidy from the General Fund.

Additionally, the EMS/Paramedic program sells an annual subscription program to the residents of Sierra Madre. In FY 2010-2011, the program changed to a flat per person rate of \$30. The revenue is estimated at \$21,500 for each fiscal year, which is less than 3% of the annual cost of services.



**Proposition A, Proposition C, Gas Tax/Proposition 42,
and Other Special Revenues**

The revenue supporting Proposition A, Proposition C, and Gas Tax/Proposition 42 have declined slightly at less than 2%. This is not unexpected in that all three revenue sources are tied to sales tax which has declined State wide. New revenues starting in FY 2010-2011 funded streets from Measure R; however, these revenues will diminish in FY 2011-2013 due to a revenue swap of Federal Stimulus Street funds for County Measure R funds. The largest change in Special Revenues is the loss of Public Library funds of almost \$12,000 and State COPs funding of \$100,000. The California budget is still in a state of flux, but these changes do appear to be fixed into the budget discussions and are exclusive of the Proposition 1A and Proposition 24 local protections of funds. All total, the loss in Special Revenues is almost 33% from prior fiscal years. However, as these funds typically act in additional support to General Fund services, the impact to service levels is expected to be minimal.

C. Proprietary funds

Business Type Funds

The City has five business type funds: Strike Team, Filming, Special Events, Aquatics, and Recreation Classes.

	<u>UNAUDITED</u> FY 2010-2011	<u>PROPOSED</u> FY 2011-2012	<u>PROPOSED</u> FY 2012-2013	<u>ESTIMATED</u> FY 2013-2014	<u>ESTIMATED</u> FY 2014-2015
Strike Team	\$ -	\$ -	\$ -	\$ -	\$ -
Aquatics	\$ 188,600	\$ 214,800	\$ 214,800	\$ 214,800	\$ 214,800
Recreation Classes	\$ 63,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Special Events	\$ 32,050	\$ 59,450	\$ 59,450	\$ 59,450	\$ 59,450
Filming	\$ 20,500	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500
	\$ 304,150	\$ 382,750	\$ 382,750	\$ 382,750	\$ 382,750

Strike Team is monitored by the Fire Department and the other four are monitored by the Community and Personnel Services Department. Strike Team revenue is earned when City Fire Personnel respond to fire emergencies/disasters through the California Office of Emergency Services (OES). The hourly rate paid by the State includes a set overhead charge that is transferred to the General Fund to cover the cost to backfill the responding personnel on the fire disaster. Over the last 18 months, the City has responded to less than two weeks of response time severely diminishing the revenues expected to be received. This is one of the great difficulties with setting an expectation of General Fund transfers. It is far more prudent to make midyear adjustments in favor of unexpected revenues than to have to make mid-year reductions as a result of loss in Strike Team revenues for the General Fund. Therefore, the Strike Team revenues have been zeroed out for the budgeting process.



**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

The four Community Service programs offer a large array of services to the residents and a fee for services is collected. The fees however do not generate sufficient revenues to cover the cost of the programs and an annual General Fund subsidy of approximately \$200,000 is transferred to these programs. Please see attached adopted fee schedule for related fees and permits.

Water and Sewer Funds

The Water and Sewer Fund's primary revenues are generated by utility services provided to the 4,400 residential, multi-residential and commercial customers in Sierra Madre. The rates in water and sewer have a flat fee based upon these three categories. Additionally the water rates base fee takes into consideration the meter size of each customer. Water consumption is also charged at a current rate of \$1.79 per unit (748 gallons/100 cubic feet). Customers are billed bi-monthly.

Beginning July 1, 2011 and continuing for four fiscal years, the Water fees have been approved for a 7.5% annual increase. City Council elected to set the Utility User Tax on Water and Sewer at 9% for FY 2011-2013.

Water Rates, FY's 2011-2015

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Tier 1 (<36ccf) % increase*	\$1.92	\$2.06	\$2.21	\$2.37
Tier 2 (36 - 66 ccf) % increase*	\$1.97	\$2.12	\$2.27	\$2.43
= Tier 3 (>66 ccf) % increase*	\$2.00	\$2.15	\$2.30	\$2.45
5/8" & 3/4" meters	\$43.02	\$46.26	\$49.75	\$53.13
5/8" & 3/4" Low Income Rate**	\$27.96	\$30.07	\$32.34	\$34.52
1" meter	\$50.20	\$53.99	\$58.06	\$62.00
1" meter Low Income Rate**	\$35.14	\$37.79	\$40.64	\$43.40
1-1/2" meter	\$64.53	\$69.40	\$74.63	\$79.70
2" meter	\$93.22	\$100.25	\$107.81	\$115.13
3" meter	\$172.07	\$185.05	\$199.01	\$212.52
4" meter	\$250.94	\$269.87	\$290.22	\$309.94

* For multi-family residential water consumption, tiers will be determined based on the amount of consumption per dwelling unit.

** Low Income Discount rates apply to any customer who has established his or her qualification for the Low Income Utility Users' Tax Exemption created by City Council Resolution No. 08-35.



**CITY of SIERRA MADRE
CITY REVENUES
FY 2011-2013**

Below are the current rates that have been in place since FY 2005-2006. Staff is recommending that a comprehensive fee study and Proposition 218 process be considered for the Sewer fund.

Sewer Rates, FY 2005-2012

Sewer Maintenance Fee - Residential	\$22.20	Bi-monthly base rate - single residence
Sewer Maintenance Fee - Multi-residential	\$27.30	Bi-monthly base rate - each unit
Sewer Maintenance Fee - Business	\$105.00	Bi-Monthly base rate - Single Business
Sewer Maintenance Fee - Business	\$105.00	Bi-monthly base rate - each additional unit 2-5
Sewer Maintenance Fee - Business	\$75.00	Bi-monthly base rate - each additional unit 6+

D. Redevelopment Agency (CRA)

Revenues in the CRA funds: Non-housing Capital Project, Housing Capital Projects and Debt Service; are projected to remain flat with no significant increases. Average revenue growth in the Agency over the last three years has remained close to 1%. In FY 2009-2010, the State issued a SERAF (Supplemental Education Revenue Augmentation Fund) Shift, taking \$550,000 in FY 2009-2010 and \$242,000 in FY 2010-2011 and diverting it to the State budget shortfall in education funding.

In November 2010, voters approved the statewide Proposition 24 further limiting the State's ability to shift funds from local government to the State. In response, Governor Brown announced a State budget plan that included the total elimination of Redevelopment Agencies statewide. The exact nature of the final budget is uncertain. However, the funding provided by Property Taxes through the Community Redevelopment Agency is critical to maintain operations in both managing housing and blight control in the City's Project Area.

	<u>UNAUDITED</u> <u>FY 2010-2011</u>	<u>PROPOSED</u> <u>FY 2011-2012</u>	<u>PROPOSED</u> <u>FY 2012-2013</u>	<u>ESTIMATED</u> <u>FY 2013-2014</u>	<u>ESTIMATED</u> <u>FY 2014-2015</u>
REDEVELOPMENT	\$ 1,573,924	\$ 1,589,663	\$ 1,605,560	\$ 1,629,643	\$ 1,654,089



Where do cities get money from?

Here is a useful glossary of terms to help answer that very question....

PROPERTY TAXES

Property tax is an ad valorem tax that an owner is required to pay on the value of the property being taxed. Property tax may be generally defined as tax imposed by municipalities upon owners of property within their jurisdiction based on the value of such property. There are three species or types of property: Land, Improvements to Land (immovable manmade objects; i.e., buildings), and Personal (movable manmade objects). Real estate, real property or realty are all terms for the combination of land and improvements.

Proposition 13 passed in California limits the assessed value added each year to 1.5% of the prior year assessed value. During periods of real estate recessions, the County Assessor may choose to do a Proposition 8 reduction to the assessed value. During periods of economic recovery, a property with a Proposition 8 reduction may be reassessed at the current Proposition 13 assessed value.

For example a house purchased at \$400,000 would be assessed in each year at 1.5% or \$406,000 in year 2 and \$412,090 in year 3 and so on. With Proposition 8 reductions, the County may determine that in year 2 the recession has devalued the home value by \$50,000 and the property will be assessed a tax on \$356,000 not \$406,000. If in year 3 the County determines the market has recovered, the County may choose to return to the Proposition 13 value of \$412,090 and assess the tax at this value.

Los Angeles County Tax Assessor's office assesses the property values and assigns the taxes to be collected in December and April from property owners. The Los Angeles County's Department of Auditor-Controller, Tax Division, collects the taxes and distributes the taxes to the local jurisdictions. The City of Sierra Madre receives **\$0.2191** of every Property Tax Collected dollar collected.

Secured - Current Year Tax levied on secured property pursuant to the revenue and taxation code, typically reported as land and land improvements.

Unsecured - Current Year Tax levied on all personal property not secured by real property held in title by the same owner. Due to the transitory nature of unsecured property, a tax is levied immediately after assessed values are determined.



2007

PROPERTY TAXES (con't)

Prior Year Uncollected Taxes paid in the current year which were due in a prior year.

Interest and Penalties Interest and penalties charged for the late payment of property taxes.

OTHER TAXES

Sales and Use Tax Of the 7% sales tax levied by the State of California, the City receives 1% of the amount collected within the city limits.

Utility User Tax A tax imposed on users for various utilities in the City including Telecommunications, Digital Television, Trash Removal, Gas, Electric and Water/Sewer services. The City currently collects 8% in FY 2008-2009 and will collect 10% in FY 2009-2010 and assumed to collect 12% in FY 2010-2011 tax on utilities.

Franchise Fees Companies are granted special privileges for the continued use of public property, such as city streets. Such companies usually involve elements of monopoly and may require regulation. The Franchise Fees are the amounts required for the continued granting of these privileges. Franchises currently granted within the City are Electric, Gas, Cable TV, and Telephone.

FINES AND FORFEITURES

Vehicle Code Fines Amounts derived from traffic citations and fines for violations occurring within the city limits.

Court Fines and Forfeitures Fines collected by the county courts for city code violations other than traffic, which are shared with Los Angeles County.

MISCELLANEOUS REVENUES

Donations Sierra Madre has long been supported by generous donations from local community groups.

Miscellaneous City revenues can fluctuate year to year based on miscellaneous revenues that are often one-time inflows of cash.



LICENSES AND PERMITS

Business License Business license fees are collected annually from entrepreneurs conducting sales activities within Sierra Madre.

Building Permits Building permit fees are collected in accordance with the Uniform Building Code. The revenues from these permits are used to cover the cost of providing building inspections to insure compliance with building codes.

Dog License Dog license fees are collected annually from Sierra Madre residents for all dogs over three months. Discounts are provided to Sierra Madre Seniors and dog owners with a spayed and neutered dog.

CURRENT SERVICE CHARGES

Planning Fees These fees are levied to cover costs of special plan checks, inspections, etc. which may be necessary in conjunction with new construction or improvements being made by contractors.

Recreation Fees These fees are collected by the City's Community Services Department to cover the cost of providing recreation programs such as activity classes, aquatics programs, and youth and senior excursions.

Rental Fees Rental fees are collected from citizens or community organizations who request a use of City facilities.

Water Fees These fees are charged for services provided by the Water Department for water production and delivery, new meter installations, and other customer-requested services.

Sewer Fees These fees are charged for maintenance of the City's sanitary sewer and storm drain systems as well as customer-requested services provided by Sewer Department staff.

INTERGOVERNMENTAL REVENUE

Motor Vehicle In-Lieu Tax (VLF) The Motor Vehicle In-Lieu fee is equivalent to 2% of the market value of motor vehicle fees imposed annually by the state in lieu of local property tax.



INTERGOVERNMENTAL REVENUE (con't)

Gas Tax Section 2106 Section 2106(a) of the Streets and Highways Code provides that each city shall receive a fixed monthly apportionment of \$400; Section 2106(c) provides for distribution on a per capita basis.

Gas Tax Section 2107 A sum equal to .00725 cents per gallon is distributed monthly to the cities on a formula based per the Streets and Highways Code, Section 2107; with calculation predicated on a per capita apportionment - 8.98 x population.

Gas Tax Section 2107.5 This account represents a fixed amount of revenue received from the state based on population.

Gas Tax Section 2105 This newly enacted Section of the Streets and Highways Code provides for the collection and distribution of special gas tax to fund improvements for regional transportation needs.

Prop 1B - Transit Tax Local street maintenance funding as city's share of California voter-approved (11/7/06) \$19.9 billion bond issue; the City's entitlement was \$400,000

Prop A - Transit Tax The City receives twenty-five percent of the 1/2% Prop A Sales tax (approved by voters in 1980). These funds are distributed by the L.A. County Metropolitan Transportation Authority (MTA), and are distributed to Los Angeles County cities on a proportional population basis. The funds are to be used for the development of transit programs within the guidelines established by the MTA.

Prop C - Transit Tax The City receives twenty percent of the 1/2% Prop C sales tax (approved by voters in 1990). These funds are distributed by the L.A. County Metropolitan Transportation Authority (MTA), and are distributed to Los Angeles County cities on a proportional population basis. The funds are to be used the improving, expanding and maintaining public transit services. These expenditures must be consistent with the County's Congestion Management Program.

Prop A - Safe Parks Program Funds transferred to the City as a result of the 1992 L.A. County Safe Neighborhood Parks Act. These funds are to be used to improve, preserve and restore parks.



STATE GRANTS OR ENTITLEMENTS

California Library Foundation (CLSA) State funds allocated annually by formula to "encourage and enable sharing and coordination of library resources..."

Public Library Foundation (PLF) PLF, often referred to as the Public Library Fund, provides a per capita award to all public libraries that meet the maintenance-of-effort requirement.

State TDA The Transportation Development Act provides this source of funding. Derived from statewide sales tax, and allocated by formula to the County Transportation Commission, allocations are deposited in each regional entity's State Transit Assistance Fund.

SB821 - Bike and Pedestrian Paths SB821 allows the City to request specifically allocated monies for the purpose of constructing bike and pedestrian paths.

State Parks – Open Space The California State Legislature enacted the Roberti-Z'berg Urban Open Space and Recreation Program which provides funds to certain political subdivisions for acquiring land and developing facilities.

COUNTY GRANTS or REVENUES

County TDA The Transportation Development Act provides this source of funding. Derived from state sales tax and allocated by formula to the County Local Transportation Fund, allocations are available to operators for the support of public transportation systems.

Prop A - Transit Discretionary Funds- A 35% apportionment of the one-half cent sales tax distributed to Los Angeles County Transportation Commission and is set aside at their discretion; City's apportionment is based upon meeting performance criteria established by the Commission.

Measure R – Street Improvement Funds: The Los Angeles County Traffic Relief and Rail Expansion Ordinance 08-01 was approved by county voters in November 2008. This 0.5 cent sales tax will provide funding for a variety of transportation projects throughout the County, including local city street repairs.



FEDERAL GRANTS

Community Development Block Grant (CDBG) The funds are based upon a federal formula and are to be used only within low and moderate-income census tracts and/or to benefit low and moderate-income persons.

Federal Grants for Water Infrastructure Improvements Since 1996, the City has received federal funding for water system improvements from two sources, the Water Resources Development Act (WRDA), and the Environmental Protection Agency State and Tribal Assistance Grant (EPA/STAG) programs. WRDA funds were expended FY's 1996-1999. EPA/STAG funds have been utilized for water projects in Sierra Madre since 2001 for Grove Reservoir, East Raymond Basin Water Resources Plan, and Mira Monte Reservoir. The City recently capitalized \$20,000,000 in water infrastructure improvements that were partially funded by Federal Grants, along with a grant from San Gabriel Valley Municipal Water District and City funds. Additional STAG and WRDA funding is currently in the Congressional approval process.

Local Law Enforcement Block Grant (LLEBG) The purpose of the LLEBG Program (also commonly known as COPS) is to provide funds to local governments to underwrite projects to reducing crime and improving public safety. The LLEBG Program is a formula program based on a jurisdiction's number of Uniform Crime Reports (UCR) Part I violent crimes reported to the Federal Bureau of Investigation (FBI).

OTHER FINANCING SOURCES

Proceeds from Sale of General Fixed Assets Proceeds from the sale of fixed assets (used by governmental funds only).

OPERATING TRANSFERS IN

Operating Transfers In Includes monies transferred from one fund to another. Transfers In are income to recipient fund.

USE OF MONEY AND PROPERTY

Interest Earnings on Investments Inactive City funds are pooled and invested on a continuing basis within Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. Interest is allocated to funds based upon the City Council adopted Interest Allocation policy.