

# Budget

*at a glance*



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**2007–2009**  
*Second Year*

## **Mission Statement**

*The Mission of the City of Torrance is to encourage and respond to community participation as we provide for an attractive, clean, safe secure and enriching environment that assures a high quality of life.*

*We evaluate and act on the needs of the community within a complex, changing environment. We provide quality service with integrity, professionalism and accountability in an efficient, cost-effective manner.*

*For more information*  
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# Snapshot of Torrance

Population:	148,965 <sup>1</sup>
Peak Daytime Population (2 p.m.):	203,011
Area:	21 square miles
Full Time Employees:	1,453
Fire Stations:	6
Police Station:	1
Police Substation:	1
Police Community Centers:	3
Sworn Police Employees:	241
Sworn Fire Employees:	157
Public Libraries:	6
Street Trees:	90,000
Miles of Sidewalks:	550
Parks & Recreation Amenities:	46

<sup>1</sup> California Department of Finance, California Demographic Research Unit Price and Population Data for Local Jurisdiction, dated May 2008.

## Key Highlights of the 2007-09 Budget

- ❖ The operating budget remains balanced for the 2008-09 fiscal year, the 2<sup>nd</sup> year of the 2007-2009 two-year budget.
- ❖ The General Fund for the upcoming fiscal year reflects a decline of \$1.1 million dollars in revenue from what was projected a year ago.
- ❖ General Fund revenues are projected to grow at a rate of 3% to 3.5% over the next five years. Expenditures are expected to grow about 2.5% for the 2008-09 fiscal year, 3.7% in 2009-10, and declining to about 3.1% in 2012-2013.
- ❖ To balance the budget, expenditures have been held constant for all non-wage areas for the current fiscal year as well as the proposed 2008-09 fiscal year, creating some projected savings in labor and benefits costs.
- ❖ The City has an investment grade "A" bond rating due to the City Council's fiscally conservative approach.

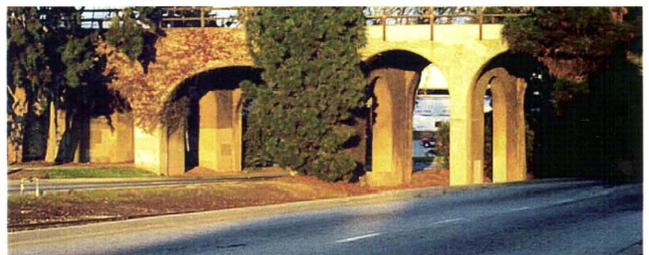
## The Economy

- ❖ The economic forecast for California through 2010 is expected to grow between 2% to 3% annually.
- ❖ Unemployment rates in the City (2.8%) continue to be well below both the State and national averages of 6.2% and 5.8% respectively.
- ❖ The lack of available credit in the financial markets is adversely affecting consumer spending which is, in turn, is affecting taxable sales for both the State of California and the City of Torrance. The City of Torrance is projecting a 3.8% decline in actual sales tax revenues received over the 2007 fiscal year.

- ❖ The condition of the State's budget and the downturn in the economy will have adverse effects on both the City's Operating and Capital Budget.

## Budgetary Concerns

- ❖ State budget's impact on Torrance
  - It is expected that the City's operating budget will also be affected but to what extent we do not know. It is likely that the State will shift costs wherever possible to the counties and local city levels.
  - The projected \$12 to \$20 billion dollar budget shortfall the State is reporting will most likely reduce and/or delay State monies the City receives to fund capital projects.
  - The State has already notified cities that they will delay distribution of \$1.1 million (Torrance's share) in Highway Users' tax from April through August with the promise to distribute in September.
  - Under certain circumstances, such as in a declared emergency by the Governor and 2/3 vote of each house, the State can borrow up to 8% of property tax revenues (approximately \$2.3 million). Even though the option of borrowing local funds would not solve the state's budget issues, it would buy the State some additional time to balance their budget.
- ❖ Rising fuel costs
  - The City's cost for diesel fuel for the first time has reached \$4.00 per gallon compared to \$3.00 a year ago.
  - Transit fuel costs have increased dramatically over the last three years and the fund is not able to continue to absorb these costs so a rate increase will be explored in the upcoming fiscal year.
- ❖ City-wide fee study
  - General Fund operating resources have been transferred to offset projected increases in labor, materials and supplies in order to balance resources with ongoing expenditures for the Emergency Medical Services, Parks and Recreation Enterprise Fund, Animal Control Services, and the Cultural Arts Enterprise Fund.



- Revenues for General Fund-subsidized funds have remained constant while program costs continue to rise. During the next fiscal year, staff will conduct a City-wide fee study and explore increasing some fees to minimize additional subsidies from the General Fund. Some areas that will be reviewed include:

- ◆ Refuse - The Refuse Fund has been able to absorb the additional costs for the pilot Green Waste Program, which diverts 280 tons per week of green waste from landfills. This contributes significantly to the City's waste reduction goal. Offsetting fees for full implementation of the Green Waste Program are necessary.
- ◆ Transit - Transit's current fare of \$0.50 has been in place since 2003, when the fare was decreased from \$0.75.
- ◆ Water - The Water Fund has not increased rates for City costs since the mid 1990's, while operating and capital replacement costs have increased. As the water lines in the City have aged, investment of capital dollars to replace lines continues to grow exponentially.
- ◆ Other City Funds - Cable and Housing, where revenues are fixed or funding has been reduced, will also need to be addressed as program costs continue to rise.

## Measure T

The Torrance City Council unanimously placed Measure T on the June 2008 ballot to modernize and update the City's utility user's tax (UUT).

Since 1972, Torrance has used its UUT to fund essential City services such as police, fire, street repair, parks, libraries, recreation programs and other services that are vital to our quality of life.

Due to changing technology, recent court rulings and new Federal regulations, the City is updating its existing but outdated UUT ordinance language.

Measure T is not a new tax or rate increase. Measure T simply replaces outdated language, in order to protect \$6 - \$8 million in general fund revenues generated by the UUT.

Measure T gives our community local control over funding and a solution to protect and maintain our vital city services. Every penny is legally required to stay in Torrance - and can't be taken by Sacramento.

All revenue is subject to annual independent financial audits available for public review.

Low-income seniors and disabled residents will remain exempt from paying the UUT.

On June 3, 2008, Torrance citizens passed Measure T, removing risk of loss of revenues to the city.



## Program Modifications

The 2007-08 and 2008-09 Budget includes program modifications to the following Departments:

### City Manager

- Add 0.8 FTE Staff Assistant for training and volunteer program

Funding for a Staff Assistant has been provided in order to assist with clerical and administrative duties for the Training and Development Program and the Volunteer Program.

### Community Services

- Increase budget for contract classes, offset by revenues

Contract classes have been increasing in both size and scope over the last few years. Therefore, the Community Services Department expenditure budget will increase by \$65,000, with a corresponding increase of \$65,000 to its revenue budget.

### Public Works

- Add 2.0 FTE Sewer Maintenance Workers

The two new employees will assist the Public Works Department with sewer maintenance programs and compliance with Statewide General Waste Discharge Requirements (WDR).



# 2007-09 OPERATING BUDGET SUMMARY

<b>General Fund Revenues:</b>	<b>2007-08</b>	<b>%</b>	<b>2008-09</b>	<b>%</b>
Sales Tax	45,125,000	27%	43,482,000	26%
Utility Users Tax	35,665,000	22%	37,173,000	22%
Property Taxes	35,862,000	22%	39,504,000	23%
Business License Tax	7,582,000	4%	7,832,000	5%
Occupancy Tax	7,446,000	4%	7,893,000	5%
Other Taxes	6,732,000	4%	6,929,000	4%
Grants and Subventions	1,850,000	1%	1,850,000	1%
Use of Money and Property	2,962,000	2%	3,552,000	2%
Charges for Services	4,199,000	3%	4,197,000	2%
Other Revenues**	18,102,000	11%	17,247,000	10%
<b>Total General Fund Revenues</b>	<b>\$165,525,000</b>	<b>100%</b>	<b>\$169,629,000</b>	<b>100%</b>

<b>General Fund Expenditures:</b>				
Public Safety	92,404,000	56%	93,917,000	56%
Public Works	11,393,000	7%	12,046,000	7%
Community Development	7,811,000	5%	8,479,000	5%
Community Services	13,863,000	8%	14,315,000	8%
General Government	25,258,000	15%	25,581,000	15%
Transfers/Non-Departmental	14,796,000	9%	15,291,000	9%
<b>Total General Fund Expenditures</b>	<b>\$165,525,000</b>	<b>100%</b>	<b>\$169,629,000</b>	<b>100%</b>

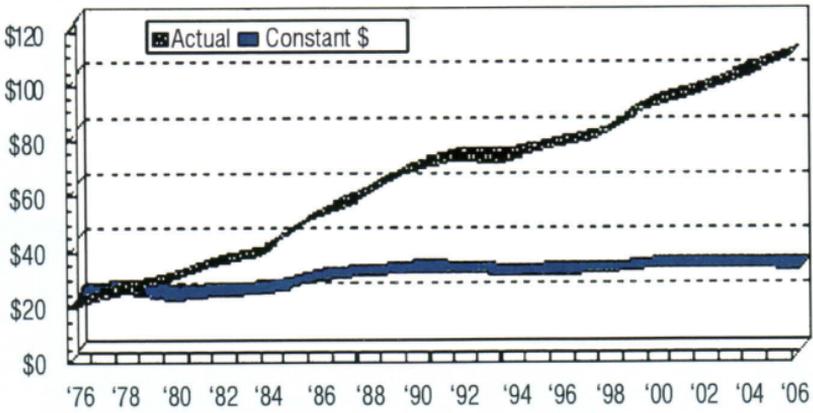
<b>Internal Service Funds:</b>	<b>2007-08 Revenues</b>	<b>2007-08 Expenditures</b>	<b>2008-09 Revenues</b>	<b>2008-09 Expenditures</b>
Fleet Services	\$ 6,148,000	\$ 5,465,000	\$ 6,316,000	\$ 5,996,000
Self Insurance	3,884,000**	3,884,000	3,933,000	3,930,000
<b>Total Internal Service Fund</b>	<b>10,032,000</b>	<b>9,349,000</b>	<b>10,249,000</b>	<b>9,926,000</b>
<b>Enterprise Funds:</b>				
Airport	10,813,000	10,813,000	11,375,000	11,369,000
Transit*	21,774,000**	21,774,000	23,694,000**	23,694,000
Water	23,505,000**	23,505,000	26,060,000	24,758,000
Emergency Medical Services Fund	8,669,000	8,669,000	9,589,000	9,589,000
Sanitation	10,602,000**	10,602,000	11,042,000**	11,042,000
Sewer	2,085,000	2,006,000	2,735,000	2,231,000
Animal Control	350,000**	350,000	454,000	454,000
Parks & Recreation (fee activities)	7,691,000**	7,691,000	8,214,000**	8,214,000
Cultural Arts Center	1,964,000**	1,964,000	2,061,000	2,061,000
<b>Total Enterprise Funds</b>	<b>87,453,000</b>	<b>87,374,000</b>	<b>95,224,000</b>	<b>93,412,000</b>
<b>Other External Funds:</b>	<b>28,652,000</b>	<b>27,231,000</b>	<b>31,951,000</b>	<b>30,342,000</b>
Less Internal Services/Transfers***	(44,766,000)	(44,083,000)	(47,045,000)	(46,723,000)
<b>TOTAL CITY BUDGET</b>	<b>246,896,000</b>	<b>245,396,000</b>	<b>260,008,000</b>	<b>256,586,000</b>

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

\*\* Includes liquidation/use of fund balance

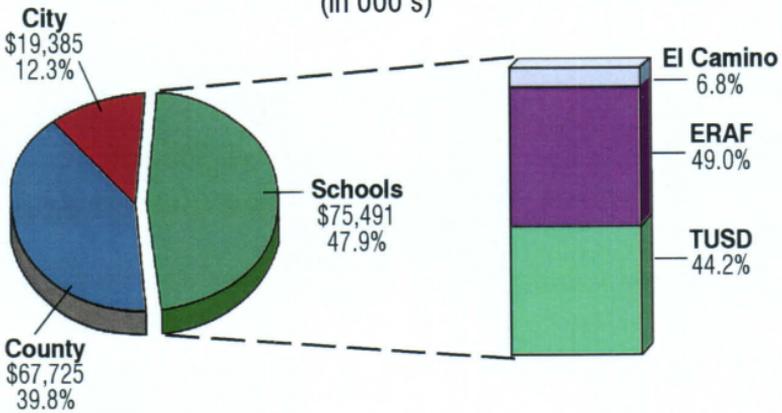
\*\*\* To offset transfers between funds such as the General fund subsidy to Parks and Recreation Fund

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



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

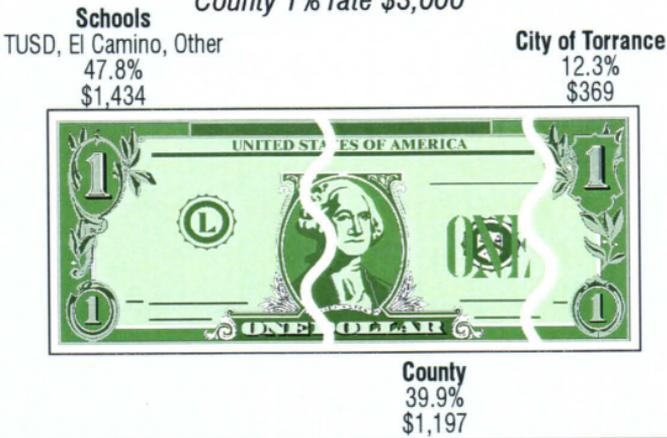
### Secured Property Tax\* Allocation of 1% County-wide Rate (in 000's)



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

### Distribution of Property Tax

Assessed Value = \$300,000  
 County 1% rate \$3,000



### 2008-09 General Fund Operating Budget by Function

