

Council Meeting of
March 25, 2008

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

**Subject: Finance & Governmental Operations Committee - 2nd Quarter 2007-08
Budget Review**

RECOMMENDATION

Recommendation of the Finance and Governmental Operations Committee that Your Honorable Body concur with the following recommendations:

- Accept and file the Second Quarter 2007-08 Budget Review Report and the City Treasurer's Investment Report
- Approve the program modifications for the following departments: Community Development, Police and Public Works

BACKGROUND/ANALYSIS

On Tuesday, March 4, the Finance and Governmental Operations Committee heard a presentation from staff on the Second Quarter 2007-08 Budget Review. Overall, the City's budget for fiscal year 2007-08 continues to be balanced.

The presentation did note some areas of concern, in particular the slowing of the housing market, economy, and the ability to continue collecting Utility Users' Tax on long distance telephone calls. The rapid increase in median home values in the City has been replaced by slow or no growth in most areas and in some areas a decline in market value since the height of the market in mid 2005.

Given the decline in market value in the County, the Los Angeles County Assessor's Office will review the assessed valuation of single-family homes and condominiums that were purchased between July 1, 2005 and June 30, 2007 and will look at sales of comparable properties that sold around January 1, 2008 and if the value is less, then the assessed value will be reduced accordingly.

The slowing of the economy has also reduced consumer spending which is affecting sales tax revenues. Staff, at this time, is projecting sales tax to fall below budget by approximately \$3 - \$4 million this fiscal year, but other General Fund revenue sources are projected to exceed budget and offset the decline in sales tax for the current fiscal year. As stated in the report: "Overall, the City is experiencing challenging times; however, should the economy remain constant both general fund revenues and expenditures are expected to

be within budget. Some adjustments will have to be made to the 5 year estimates due to the economy but City staff is closely monitoring any adverse fluctuations.”

The Committee voted and accepted unanimously the Second Quarter 2007-08 Budget Review Report, the City Treasurer’s Investment Report and the program modifications.

At the Committee meeting the following program modifications were discussed (please see attachment C).

Program Modifications:

- Community Development – Appropriate funds for housing assistance payments
- Police – Reallocate one Identification Analyst to one Forensic Identification Specialist II
- Police – Enhance the Commercial Enforcement Program to include two commercial enforcement vehicles
- Public Works – Authorize appropriation in water revenues and appropriation in water costs

Respectfully submitted,

Finance and Governmental Operations Committee



Councilman Bill Sutherland, Chair



Councilwoman Hope Witkowsky, Member



Councilman Gene Barnett, Member

Attachments:

- A. Executive Summary
- B. City Treasurer’s Investment Report
- C. Program Modifications

Committee Meeting of
March 4, 2008

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Members of the Committee:

Subject: Mid Year 2007- 08 Budget Review

RECOMMENDATION

The City Manager and the Finance Director recommend that the following items be approved by the Finance and Governmental Operations Committee and recommended to City Council for action:

- Accept the Mid Year 2007-08 Budget Review Report
- Accept the City Treasurer's Investment Report
- Approve the program modifications for the following departments: Community Development, Police and Public Works

EXECUTIVE SUMMARY

Revenues for mid year are projected to meet budget estimates and expenditures for all City departments are within budget guidelines. There has been a change in reporting for general fund revenues. To provide a more accurate picture of revenues, the major revenues are being budgeted monthly to reflect seasonal activity. By displaying seasonal activity, the budget reflects how much revenue is planned to be received instead of a straight percentage of the expired fiscal year. The City has received approximately 40.6% of fiscal year 2007-08 revenues compared to 41.4% for the 2006-07 year. The seasonal budget is projected to be \$64,296,169 at December 31, 2007 and actual revenues received were slightly higher at \$66,455,242.

The downturn in the housing market, credit crunch, and high fuel costs are having an adverse effect on the economy; however, Torrance's economy is reflecting the impact at a lesser rate. For home sales in the five zip codes in Torrance only one area is reflecting a decline, over the 2006 calendar year, of 3.0% in median home value. However, the factors related to the sluggish housing market and high fuel prices are slowing the economy which we are resulting in a decline in retail sales. Taxable sales for both the State of California and the City of Torrance declined by approximately 3.8% at the end of the calendar year in 2007. The City's tax and economic base include a mix of high-end residential properties and a

A Snapshot of Torrance

Population: 147,405
Peak Daytime Population (2 p.m.): 203,011
Area: 21 Square Miles
1453 Full-time Employees
6 Fire Stations
1 Police Station, 1 Police Substation &
3 Police Community Centers
241 Sworn Police Employees
157 Sworn Fire Employees
6 Public Libraries
90,000 Street Trees
550 Miles of Sidewalks
46 Parks & Recreation Amenities

sizable commercial and retail component. The City had a large property tax base of \$22.2 billion in fiscal year 2007, which reflects a 7.1% increase over last year.

The unemployment rate in the City is 2.5% as of 12/31/07. The City's unemployment rate has historically fallen under both State and National averages, which are currently 5.3% and 4.6% respectively. Taxable sales for both the State of California and the City of Torrance have declined as a result of a soft retail sales economy at the end of the calendar year 2007.

Budget Outlook/Budgetary concerns

The economic forecast for the nation, as well as the State of California, is still projecting moderate growth of as little as 0.5% to 2.5%. The forecast for Los Angeles County also calls for moderate growth and projects an overall growth in non-farm employment of 0.7%. The 0.7%

| LAO Forecast | California | | |
|-----------------|------------|--------|--------|
| | 2007 | 2008 | 2009 |
| Personal Income | 5.9 | 4.7 | 5.1 |
| Wage Growth | 0.7 | 0.6 | 0.9 |
| Taxable Sales | 0.8 | 3.6 | 3.8 |
| Permits | 110,000 | 90,000 | 95,000 |
| CPI | 3.2 | 1.7 | 1.8 |

growth is down from last quarter (September 1.2%) but a growth pattern still continues. The slowing of the economy is being caused by the downturn of the housing market, lack of liquidity in the markets as a whole, and higher fuel costs. The demand for housing is down in Los Angeles County by 20%. In addition, as reported in the Mercury News, more than 57,000 homes in California faced foreclosure in January 2008. The 57,000 foreclosure in

January represents a 120% increase over last year and 8% increase over December 2007. Both of these factors will continue to push home values down further. The Federal Reserve continues to set policy to stimulate the economy by reducing the Federal Funds rate and discount rate as witnessed by its latest action on January 30 by cutting the federal funds rate by an additional 0.5% to 3.5%. This is the 3rd rate reduction that the Federal Reserve has done since December 2007. During fiscal year 2007-08, the Federal Reserve has lowered the federal funds rate five times, reducing the rate by 2.25% in their attempt to boost the staggering US economy.

On February 15, 2008 former Federal Reserve Chairman Alan Greenspan said the "US economy is on the verge of its first recession in six years as falling home values has hurt consumer spending".

At the Semi-Annual Monetary Policy Report, on February 28, before the Senate Banking Committee, the Federal Reserve Chairman Ben Bernanke estimates the country's gross domestic produce will expand "sluggishly" over the next two years. In 2007, consumer prices rose by 4.1 percent, the biggest spike in 17 years. The increase would drop to 2.1% and 2.4% respectively if food and gas prices were excluded. The Chairman does not anticipate "stagflation", where growth slows, inflation and unemployment rises and the number one battle for the Federal Reserve is to shore up the economy. The Federal Reserve is expected to lower the federal rate when it convenes in March in an attempt to further induce consumer spending

Over the past couple of years, property taxes in the City of Torrance budget have been conservative anticipating a slow down in the housing market. The City maintained a constant growth pattern of approximately 4% where actual revenues received were higher. This approach help reduce risk uncertainty in the housing market. Property tax is the City's third largest revenue source for the General Fund and will be monitored closely in case actual receipts begin to fall below current year projections. Another area of budget concern is retail sales. As the economy softens and consumer confidence erodes the large ticket items and discretionary spending are adversely affected. As of December 31, 2007 actual sales tax

revenue received was approximately 10% below budget estimates. Should this trend continue sales tax received for fiscal year 2007-08 is projected to be approximately \$3.5million below budget estimates.

The following is a table listing two of the general fund's top revenue sources whose receipt pattern are sensitive to change in the local economy and is being closely monitored by staff:

| | 2007-08 Budget | Actual 12/31/2007 | % of Budget | 2006-07 Budget | Actual 2006-07 | 2006-07 % of Budget |
|--------------------|-------------------|----------------------|----------------|-------------------|----------------|---------------------------|
| Sales Tax | \$35,621,516 | \$16,492,445 | 46.3% | \$33,064,000 | \$17,372,789 | 52.5% |
| Property Taxes: | | | | | | |
| Secured | \$24,031,950 | \$10,991,803 | 45.7% | \$ 23,156,373 | \$9,645,083 | 41.7% |
| Unsecured | 1,111,000 | 953,016 | 85.8% | 1,100,000 | 913,677 | 83.1% |
| Other | 370,000 | 706,798 | 191.0% | 370,000 | 555,123 | 150.0% |
| Total | \$25,512,950 | \$12,651,617 | 49.6% | \$ 24,626,373 | \$11,113,883 | 45.1% |

As reported at the mid-year 2006-07 Finance and Governmental Operations Committee meeting, concerns exist in the collection of Utility Users' Tax (UUT) on long distance telephone calls. The Federal Government implemented a policy which eliminated the Federal Excise Tax. Some telephone utility users' tax suppliers have made inquiries with regards of continuing to apply the City's UUT on long distance service. The City believes that the City's UUT ordinance still applies to long distance service. Staff has been in discussions with the League of California Cities, as well as legal counsel, on the potential impact of the Federal Government's change in policy. Recently, some cities have elected to change their existing UUT ordinance (by city council action) enhancing and redefining the intent of the telephone UUT with respect to long distant phone calls. Other cities (Hermosa Beach, Los Angeles and Pasadena) have gained voter's approval of the telephone UUT tax.

On January 15, 2008, staff presented to the City Council an agenda informing the Council of the potential concerns relating to the existing UUT ordinance. At that meeting, staff received direction to bring back the appropriate documents to be placed on the June 3, 2008 ballot. Through discussions with the City's legal experts in this matter, staff will be recommending the City Council to approve an ordinance to amend the City's existing UUT bringing it in compliance with all existing laws and also placing a separate ordinance on the June 3, 2008 ballot seeking voters approval. As a reminder, the loss of revenue to the City's General Fund for the long distance component of the telephone UUT is projected to be approximately \$6-8 million annually.

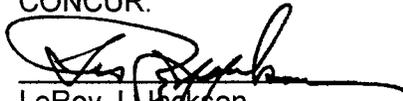
Overall, the City is experiencing challenging times; however, should the economy remain constant both the general fund revenues and expenditures are expected to be within budget. Some adjustments will have to be made to the 5 year estimates due to the economy but City staff is closely monitoring any adverse fluctuations.

Respectfully submitted,



Eric E. Tsao
Finance Director

CONCUR:


LeRoy J. Jackson
City Manager

February 22, 2008

COMMITTEE MEETING
March 4, 2008

Honorable Chair and
 Members of the Committee
 City Hall
 Torrance, California

VIA: Council Finance and Governmental Operations Committee

The Treasurer's Office and the Investment Advisory Committee have set out to develop and implement investment procedures that insure the City's investment objectives of a high degree of asset safety, an adequate liquidity to meet operating and capital expenditure needs, and a reasonable return of the City's investment assets given the City's foremost goals of safety and liquidity.

Investment Summary

As of December 31, 2007 total investments of \$302.7 million consisted of the following categories:

| | |
|--|------------------|
| 1) Pooled Funds (Investment Portfolio) | \$ 169.0 million |
| 2) Restricted Funds: | |
| a. Debt issue proceeds | \$ 10.1 million |
| b. Deferred Compensation | |
| 1) 457 | \$ 115.0 million |
| 2) 401(a) | \$ 4.6 million |
| c. Retirement Health Savings Plan | \$ 4.0 million |

The pooled Funds consist of surplus funds invested and managed directly by the City Treasurer. To date the fund has generated year-to-date interest earnings of \$3.9 million and the effective rate of return equaled 4.69%.

The restricted funds, made up of the Debt issue proceeds, Deferred Compensation funds and the Retirement Health Savings Plan are invested accordingly:

- 1) Debt issue proceeds are invested through a trustee appointed under the Debt Trust Indenture. The funds are invested at the direction of the City Treasurer.
- 2) Deferred Compensation fund is managed by a third party administrator - Great West Life. Investment options made available to the participants are selected and approved by the Deferred Compensation Committee. The fund is a self-

directed program. Participants have the ability to direct their contributions among several different investment options.

- 3) The Retirement Health Savings Plan is managed by a third party administrator – ICMA Retirement. Investment Options are made available to the participants and are selected by ICMA Retirement. Participants can direct their contributions among several different investment options. This tax-deferred program has been offered to employees for the purpose of saving dollars to supplement the cost of health expenses upon retirement.

NOTE: The Deferred Compensation Plans and the Retirement Health Savings Plan are held in a custodial account for the benefit of the Participant or their Beneficiaries and is not an asset of the City of Torrance.

Investment Forecast

The Federal Open Market Committee has taken a proactive approach to the current federal funds rate by lowering its target rate 175 basis points to 3 percent over the last four meetings. Financial markets remain under considerable stress, and credit has tightened further for some businesses and households.

What does this mean to rates across the short and intermediate curve? Rates on a whole have declined due to the decision of the FOMC to lower the federal funds rate. The portfolio will experience a decline in the average rate of return due to lower interest rates and will probably continue over the next year.

GASB 31 Impacts on Investments

GASB 31 took effect June 1997. The intent of GASB 31 is to bring to light potential liquidity problems by requiring municipalities to mark to market their securities with a maturity greater than one year. This paper gain or loss must be booked against investment earnings at year-end.

One way to avoid the gain/loss issue is to limit all purchases to maturities of less than one year. This condition would then preclude a market valuation and allow investments to be carried on a book value basis. This situation could reduce earnings potential in the loss of yield that a security with a longer term would usually offer.

Within our investment policy we adhere to a buy and hold philosophy. Therefore, our current strategy will not change in light of GASB 31. We will continue to place a percentage of the portfolio out longer on the yield curve to take advantage of higher earnings. At the same time we keep in excess of 35% of the portfolio liquid in order to meet current and future obligations.

At the present time the monthly investment report tracks all securities by listing the face value, book value and market value. The portfolio paper gain or loss is the difference between book and market value. The unrealized gain/loss is noted monthly even though it is not physically applied to earnings until year-end.

Investment Strategy

For the past three months, the activity has been positive. All securities that have matured or been sold have been re-invested at a higher rate of return. The average yield to maturity as of December 31, 2007 was 4.718%. By re-investing the same dollars the portfolio was able to invest in today's market and pick up an additional .42% for an average yield of 5.14%. The Portfolio increased over last quarter by \$3.8 million.

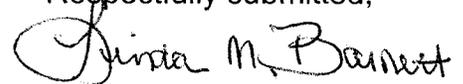
Beginning in January, the portfolio will begin to increase. Additional funds will be available to invest. Our goal is to match purchases with cash flow needs, and place investments out on the yield curve to take advantage of a higher rate of return with funds that are not needed on the short term. Therefore, we will continue to place investments out along the yield curve.

To be consistent with the City's objectives of high degree of Asset safety, all investments will be invested in high quality rated instruments or those guaranteed by the "full faith and credit" of the government.

Recommendation

Accept and file the 2nd Quarter Report.

Respectfully submitted,



Linda M. Barnett
City Treasurer

CONCUR:



LeRoy J. Jackson
Investment Committee Member

Committee Meeting of
March 4, 2008

Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

Subject: Community Development Department – Appropriate funds for housing assistance payments.

Expenditure: \$295,000

RECOMMENDATION

The Community Development Director recommends that the Finance and Governmental Operations Committee appropriate \$295,000 from the Housing Authority's fund balance to cover the costs of the Section 8 Rental Assistance program for the remainder of the fiscal year.

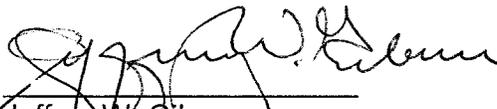
Funding

Funding is available in the Housing Authority fund balance. The funding is used to subsidize rents for low income elderly, disabled and other families on the Section 8 Rental Assistance program.

BACKGROUND/ANALYSIS

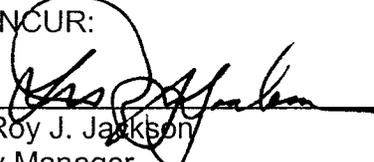
U.S. Department of Housing and Urban Development (HUD) funding for housing assistance payments is on a calendar year basis. At the time of the City's budget adoption on May 22, 2007 the final funding letter from HUD had not been received. The 2007/08 adopted budget for Section 8 rental assistance was based on prior year expenditures. Due to increased lease up and higher rents, the amount of money spent for housing assistance payments is higher than was anticipated at the beginning of the fiscal year. Therefore, an additional appropriation of \$295,000 is being requested to cover housing expenditures through the end of the fiscal year.

Respectfully submitted,



Jeffery W. Gibson
Community Development Director

CONCUR:



LeRoy J. Jackson
City Manager

**CITY OF TORRANCE
PROPOSED PROGRAM REVISION**

Department: POLICE

Fiscal Year 2007-08

| Program Name/Number | Proposed Change | Amount |
|--|---|--|
| Services Division, Identification Section | Reallocate one Identification Analyst To one Forensic Identification Specialist II | <\$94,000> <u>94,000</u> |
| | Net Cost | \$0 |
| Has this program change been submitted before? | | |
| | No <input checked="" type="checkbox"/> | Yes <input type="checkbox"/> Year(s) _____ |
| Degree of impact in meeting City and Department Goals, Objectives and priorities: | | |
| | High <input checked="" type="checkbox"/> | Medium <input type="checkbox"/> Low <input type="checkbox"/> |

Impact Statement

The Police Department will have a vacant Identification Analyst position due to a retirement. This position's primary duties are to compare fingerprints in the automated CAL-ID system, prepare reports, and testify in court. Identification Analysts do not collect evidence; they examine fingerprints that are gathered by others. Currently, fingerprints and other evidence are collected by Police Officers assigned to the Crime Scene Investigation (CSI) Detail.

By reallocating an Identification Analyst to a Forensic Identification Specialist II, the position that can now only examine fingerprints will also be able to process crime scenes for evidence. A Forensic Identification Specialist II is capable of completing the examination and comparison of latent fingerprint evidence and entering that information into the Automated Fingerprint Identification System (AFIS). A Forensic Identification Specialist II is also a skilled professional in collecting and preserving physical, biological, and trace evidence at a crime scene.

The Police Department and the field of crime scene investigation have moved a long way from their humble beginnings when investigating officers' primary tools were fingerprint powder and a camera. Today's crime scene investigator must learn to use complex scientific equipment, be familiar with current collection methods, and learn to evaluate crime scenes to best preserve trace, physical, and biological evidence. CSI Officers are skilled at basic evidence collection within six months; however, it takes years to develop competence in the more complex methods. Most officers spend two or three years in the detail and are just gaining the required expertise before moving to another assignment. Adding a Forensic Identification Specialist II would enhance the Department's investigative capability, and provide greater professional expertise and continuity in the CSI Detail.

This position will require the same classification standards required by the Los Angeles Sheriff's Department Crime Lab. Los Angeles County's minimum training and experience requirements for a Forensic Identification Specialist II position are: a college degree in criminalistics, police science, or a related field, and three years experience as a Forensic Identification Specialist I.

The current CSI program has served this city well for over 30 years; however, as crime scene investigations become more complex and require a higher degree of technical skills, it is time to transition to a career criminalist. With this current opening, the Department has an opportunity to create a position of a Forensic Identification Specialist II. This offers the Department several opportunities:

- Highly trained Forensic Specialist capable of processing the most complex crime scenes;
- Stable and increasing level of expertise in the CSI Detail;
- Continuity and consistency in the methods used to collect, preserve, and examine evidence;
- Resources to train less experienced members of the detail.

This proposal has several long term benefits:

- Brings the department up to the current industry standards;
- Performs all of the current crime scene investigation duties performed by our sworn CSI Officers at less cost;
- Performs the duties of the Identification Analyst Section;
- Expertise allows future transition to a civilianized CSI Unit.

Funding

None required.

Other Alternatives Considered

None.

Impact of Non-approval

- Loss of specialized knowledge for evidence collection in criminal cases.
- Two positions required to perform CSI and Identification Analyst duties.
- Additional outside training funding to maintain minimum expertise level.

Cost \$0 Priority No. 2

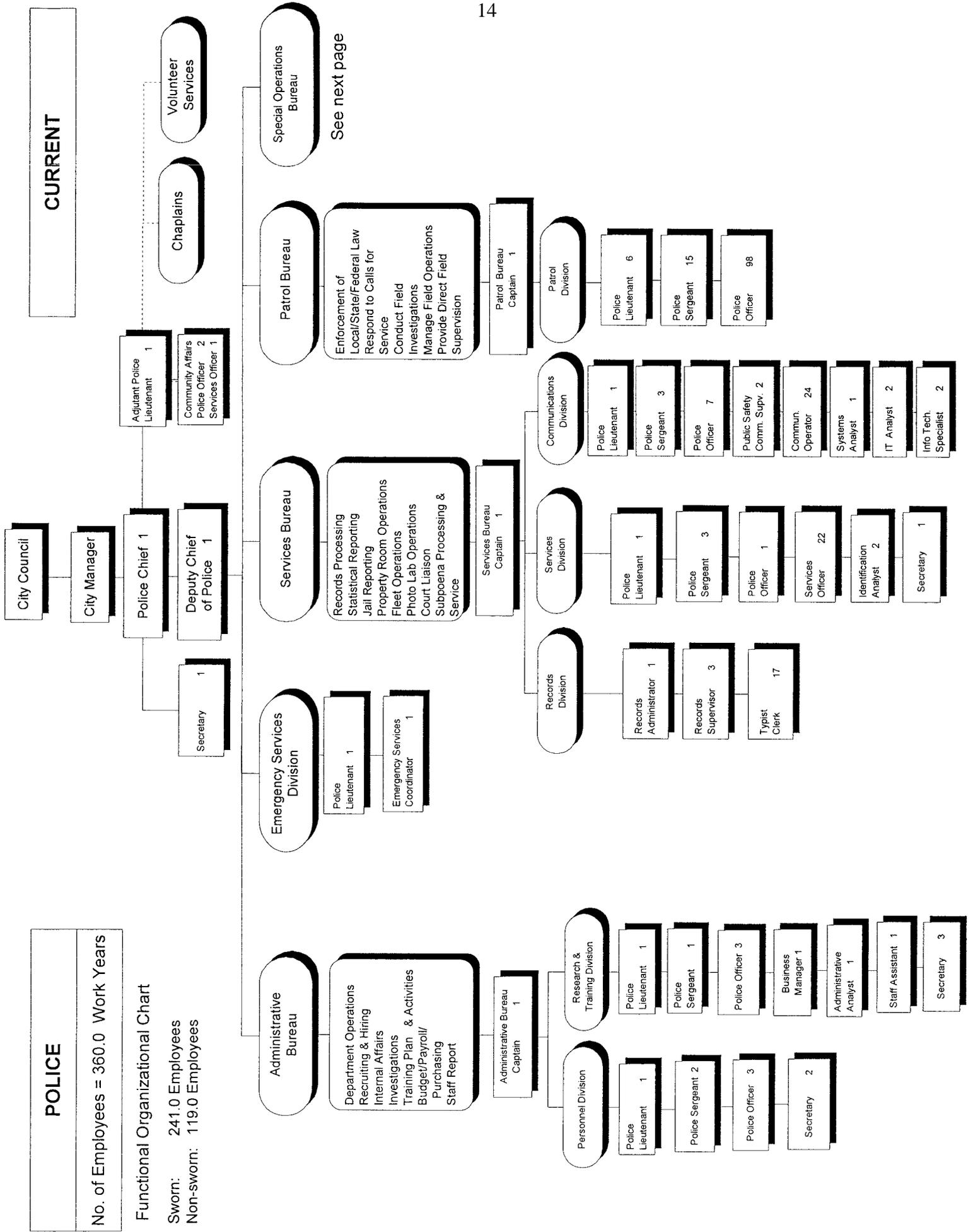
POLICE

No. of Employees = 360.0 Work Years

Functional Organizational Chart

Sworn: 241.0 Employees

Non-sworn: 119.0 Employees



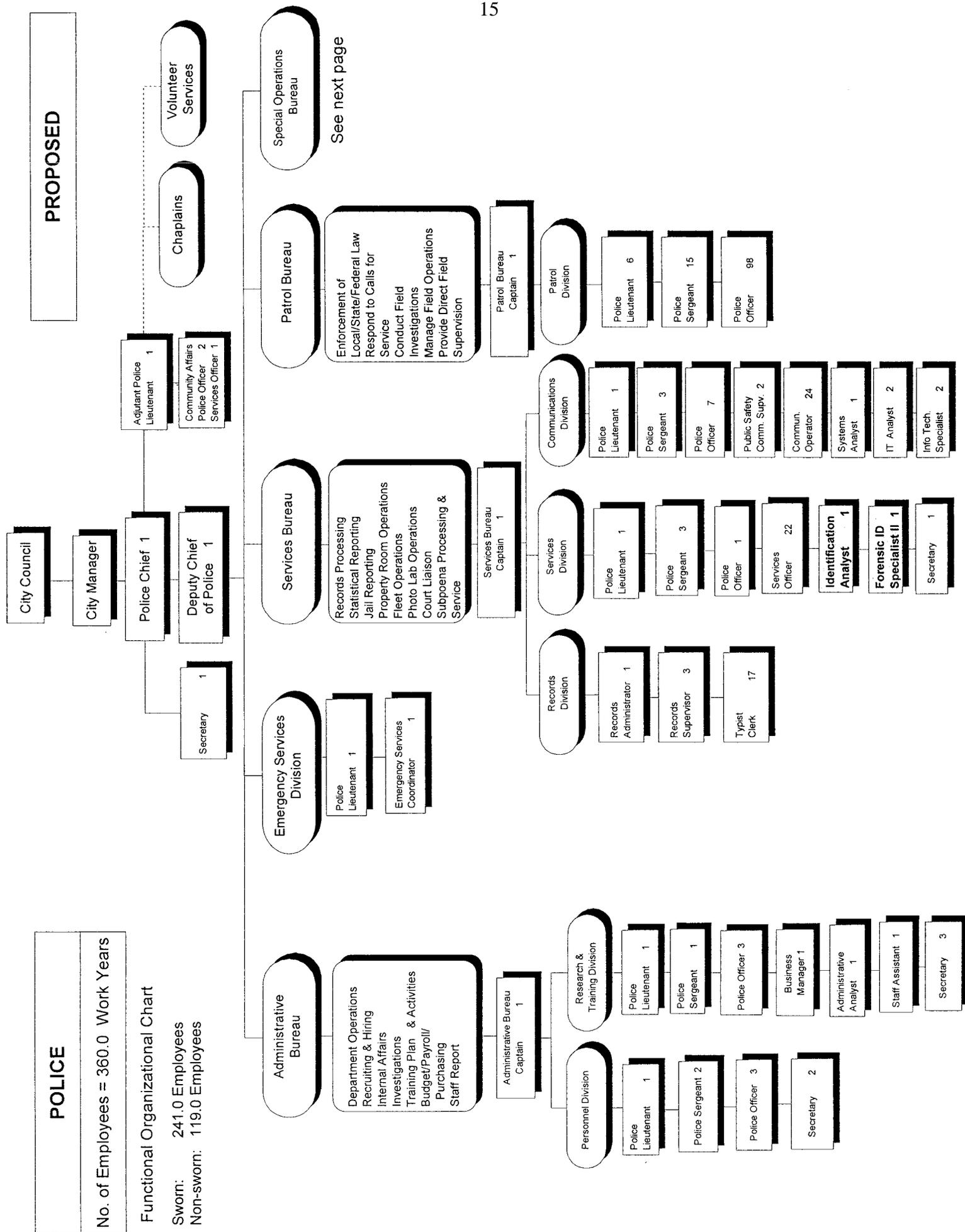
POLICE

No. of Employees = 360.0 Work Years

Functional Organizational Chart

Sworn: 241.0 Employees

Non-sworn: 119.0 Employees



Honorable Chair and Members
of the Finance and Governmental Operations Committee
City Hall
Torrance, California

SUBJECT: Police – Enhance Commercial Enforcement Program to include two Commercial Enforcement Vehicles. Expenditure: \$137,726.

RECOMMENDATION

Recommendation of the Police Chief that City Council:

- 1) Appropriate \$120,000 to the Fleet Services Capital Project Fund for the purchase costs of the vehicles.
- 2) Appropriate \$17,726 from the General Fund Innovation Reserve Fund to the Fleet Services operating fund for the first year annual operating costs.

FUNDING

Funding of \$120,000 for the costs of the vehicles is available from the General Fund previously reserved for this purchase. This amount will be appropriated to the Fleet Services Capital Project Fund. The ongoing costs will be funded this year from the General Fund Innovation Reserve and future ongoing costs will be funded from increased revenues from traffic fines.

BACKGROUND

The Traffic and Special Events Division deploys two sworn officers to enforce traffic laws pertaining to commercial vehicles. To be part of this detail requires specialized training and equipment for commercial truck inspections that include the areas of weight limits and the maintenance of required equipment. With the volume of commercial truck traffic that travels to and through the City, this detail is essential to ensure not only the safety of our residents while driving on City streets, but also to ensure that roadways are not in need of repairs prematurely due to trucks exceeding their weight limits.

ANALYSIS

Currently, the Commercial Enforcement Detail averages approximately five commercial stops per shift per officer. The number of stops is limited due to the time it takes to escort the violator to scales that are outside the City. Escorting to these scales also limits the area of the City where enforcement can be done due to legislative restrictions on how far a violator can be taken to be weighed. For example, the Detail currently is not able to conduct enforcement west of Hawthorne Blvd. due to the fact that escorting a violator from that area would exceed the distance allowed by the law. Also, conducting enforcement on cement trucks is limited to the time it takes for the escort and the time-sensitive nature of the load. The new commercial trucks will cut down on the time the officers spend with each violator since they will be able to weigh the vehicle at the location of the stop. This will allow time for more enforcement stops per shift per officer. The trucks will also allow the Detail to conduct enforcement in the entire City as well as on cement trucks. With the volume of commercial truck traffic that travels to and through the City, this detail is essential to ensure not only the safety of our residents while driving on City streets, but also to ensure that roadways are not in need of repairs prematurely due to trucks exceeding their weight limits. It is the Department's belief that the increased revenues will cover the future maintenance and/or replacement costs.

Respectfully submitted,

JOHN J. NEU
Chief of Police



By Lieutenant Thomas C. Stark
Traffic & Special Events Division Commander

CONCUR:



John J. Neu
Chief of Police



LeRoy J. Jackson
City Manager

City of Torrance

FEAP Project Request Form

| |
|---|
| Type of Project: <input checked="" type="checkbox"/> Equipment <input type="checkbox"/> Automation <input type="checkbox"/> Infrastructure <input type="checkbox"/> Facilities <input type="checkbox"/> Other |
|---|

| | |
|--|--|
| Requesting Department: Police Department | Managing Department: Traffic & Special Events Division Project Leader: Lt. Thomas C. Stark |
|--|--|

| | |
|---|--|
| Project Location: Police Department | Project Title: Commercial Enforcement Trucks |
|---|--|

| | |
|---|--|
| Project Start Date: April 1, 2008 | Estimated Completion Date: December 31, 2008 |
|---|--|

| |
|--|
| Description: Acquisition of two ¾ ton pickups for the Police Commercial Enforcement Detail |
|--|

| |
|--|
| Justification: <p>The Police Department's Commercial Enforcement Detail is responsible for inspecting commercial trucks and trailers that travel in or through the City. Commercial trucks that are in violation of the law contribute to the early erosion of the City's streets and infrastructure, as well as posing a traffic safety threat to the community.</p> <p>The Commercial Enforcement Detail currently drives Crown Victoria sedans, which cannot be equipped as needed to conduct complete inspections of commercial vehicles. Trucks and trailers that may be overweight must be escorted to a scale facility outside the City. The Department seeks to acquire two Commercial Enforcement trucks that would carry all the necessary equipment, including portable scales, so that a complete truck inspection can be done at any location where a commercial vehicle stop is made. This will enable officers to complete traffic stops more quickly and improve commercial enforcement efforts.</p> |
|--|

| |
|--|
| Impact of Non-Approval: The Commercial Enforcement Detail would continue to escort trucks out of the City. This would continue to limit the Detail's effectiveness in enforcing violations involving commercial trucks. |
|--|

| |
|--|
| Other Alternatives Considered: None Available |
|--|

Project Costs**Estimated Project Implementation Cost (ONE TIME COSTS)**

| | Within Dept | Support Dept. | Comments: |
|--|------------------------|--------------------------|-----------|
| Personnel Requirements # of Positions | | | |
| Labor Costs: | \$ | \$ | |
| Per Comp Detail Report-Total | | | |
| Date of Comp Detail Report <u>MM/DD/YY</u> | | | |
| Equipment | \$ 120,000 | \$ | |
| Materials | \$ | \$ | |
| Professional and contract services | \$ | \$ | |
| Other: | \$ | \$ | |
| Other: | \$ | \$ | |
| TOTAL | \$ 120,000 | \$ | |

**Estimated Annual Ongoing Operating and Maintenance Costs
(UPON PROJECT COMPLETION/IMPLEMENTATION)**
 Not Applicable

| | Within Dept | Support Dept. | Comments: |
|--|------------------------|--------------------------|-----------|
| Personnel Requirements # of positions | | | |
| Annual Labor Costs: | \$ | \$ | |
| Per Comp Detail Report-Total | | | |
| Date of Comp Detail Report <u>MM/DD/YY</u> | | | |
| Materials | \$ | \$ | |
| Equipment | \$ | \$ | |
| Professional and contract services | \$ | \$ | |
| Other: Vehicle Replacement | \$ 9,377 | \$ | |
| Other: Outfitting | \$ 2,798 | \$ | |
| Other Maintenance & Fuel | \$ 5,551 | \$ | |
| TOTAL | \$ 17,726 | \$ | |

Project Time Line

Fiscal Year Ending June 30

| <u>Description</u> | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---------|---------|---------|---------|---------|
| Survey/Design | | | | | |
| Plans/Specifications | | | | | |
| Purchase/Construction | X | | | | |
| Other: Replacement, Maintenance & Fuel | | X | X | X | X |

Project Financing

Fiscal Year Ending June 30

| <i>Financing Source</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | <i>TOTAL</i> |
|--------------------------|------------------|---------|---------|---------|---------|------------------|
| General Fund | \$120,000 | | | | | \$120,000 |
| to be appropriated to | | | | | | |
| Fleet Services Capital | | | | | | |
| <i>TOTAL COST</i> | \$120,000 | | | | | \$120,000 |

| | |
|-----------------|------|
| Requested by: | |
| Department Head | Date |

| Department Priority # : | High | Medium | Low |
|-------------------------|------|--------|-----|
| | X | | |

Type an X in the box if project is:
High, Medium or Low

Committee Meeting
March 4, 2008

Honorable Chair and Members
Of the Finance and Government Operations Committee
City Hall
Torrance, California

Members of the Council:

SUBJECT: Public Works – Authorize \$800,000 appropriation in water revenues and \$800,000 appropriation in water costs

RECOMMENDATION

The Public Works Director recommends that the City Council:

1. Authorize appropriation of \$800,000 in water revenues and \$800,000 appropriation in water costs in the Water Operations Budget for fiscal year 2007-2008, which will have a net zero impact on the Water Operations Budget.

Funding

The increase in the revenue budget will be more in line with actual receipts

BACKGROUND/ANALYSIS

On November 14, 2006, Council approved a \$966,000 increase to the original adopted 2006-2007 fiscal-year budget to meet increasing water costs. Subsequently, effective January 1, 2008, Metropolitan Water District (MWD) increased its wholesale water rates for treated water by \$30 per acre foot (AF = 326,000 gallons) to \$508 per AF. Earlier this year, the Water Replenishment District of Southern California (WRD) increased its groundwater pumping assessment by \$11 per AF to \$149.00 per AF. Effective with the March 2008 billing, there will be a rate adjustment to cover higher water costs (water supplies purchased from MWD and for higher groundwater fees assessed by WRD) to customers served by the Torrance Municipal Water.

The overall budget for water revenues will be adjusted as follows:

1. Current 2007-2008 budget is \$23,485,300
2. Proposed 2007-2008 budget is \$24,285,300.

The overall budget for water costs will be adjusted as follows:

1. Current 2007-2008 budget for water costs is \$13,961,363
2. Proposed 2007-2008 budget for water costs is \$14,761,363.

In order to meet the current changes in water sales and water costs, the Public Works Director, with the concurrence of the Finance Director, is recommending an \$800,000 in appropriation of water revenues and an \$800,000 appropriation in water costs which will have a net zero impact on the Water Operating Budget.

Respectfully submitted,

Robert J. Beste
Public Works Director

By Pamela A. Lewis
Pamela A. Lewis
Administrative Analyst

CONCUR:



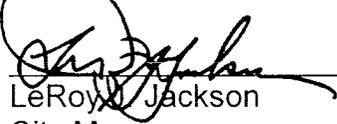
Robert J. Beste
Public Works Director

CONCUR:



Eric Tsao
Finance Director

CONCUR:



LeRoy Jackson
City Manager