

Fiscal Year 2004/2005 All Funds Overview

City Budget (all funds) Revenue

City Budget revenue for all funds in fiscal year 2004/2005 is \$264,420,213. An expected use of fund balance and reserve funds of \$33,504,964 is added to the revenue amount to balance funds available with appropriations at \$297,925,177. The chart below identifies a historical breakdown of the major revenue categories in all funds within the City Budget.

All Funds Revenue Actual and Proposed

Revenue Source	FY 00/01 Actual	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Budget	FY 03/04 Revised	FY 04/05 Proposed
Property Tax	39,273,890	33,805,884	39,864,224	39,764,325	40,314,325	57,590,661
Other Local Taxes	60,243,880	55,083,939	60,226,625	61,706,456	61,706,456	59,091,456
Licenses and Permits	6,861,731	6,414,932	6,963,909	6,499,834	6,506,456	6,723,377
Fines and Forfeitures	4,091,517	3,797,411	3,815,301	5,722,853	5,722,853	4,810,419
Use of Money and Property	16,965,215	33,870,838	18,224,903	12,878,785	12,976,285	13,201,620
Revenue from Other Agencies	31,356,294	29,272,699	24,907,775	23,829,456	32,599,551	18,614,647
Charges for Current Services	68,493,962	73,240,698	78,403,285	84,253,130	71,400,130	80,039,143
Other Revenue	2,385,729	3,778,366	3,679,784	1,912,250	2,312,532	2,152,200
Non-Operating Revenue	57,427,802	121,664,412	74,315,540	17,460,515	25,263,721	22,196,690
Grand Totals	287,100,020	360,929,179	310,401,345	254,027,604	258,802,309	264,420,213

REDEVELOPMENT AGENCY

Redevelopment Agency revenue continues to increase as new projects are completed. Completion of the Hyatt Regency Huntington Beach Resort & Spa, and the on-going construction of the Waterfront residential and Bella Terra project, will increase tax increment revenue to \$10.7 million, less the required 20% Housing Set Aside (\$2.1 million), for a net amount of \$8.5 million. Other Redevelopment Agency revenue will see a net decrease with the Transient Occupancy Tax (TOT) from the Hilton Waterfront Beach Resort having been fully returned to the General Fund in fiscal year 2003/2004.

Other Redevelopment Agency revenue, including TOT from the Hyatt Regency Huntington Beach Resort & Spa and the Hyatt Regency Huntington Beach Resort & Spa ground lease payments, will increase. This does not fully offset the release of the Hilton Waterfront Beach Resort TOT to the General Fund. In addition, the fiscal year 2004/2005 proposed budget has less one-time revenue, such as the net proceeds from the sale of 214 Fifth Street and the Ocean View Estates Coach Sales Reimbursement. Interest earnings are also anticipated to be less since the Redevelopment Agency's Fund Balance has been reduced.

The 20% Housing Set-Aside Revenue will also increase given the increases in Property Tax Increment.

ENTERPRISE FUNDS

Enterprise Funds are maintained to control Water, Sewer, and Refuse services financed through user charges. The purpose of these business-like organizations is to provide services to consumers (residential and business) at a price (rate charge) that will cover both the current cost of operations (expenses) and the maintenance and financing of necessary capital assets.

In fiscal year 2004/2005 the following adjustments to Water, Sewer, and Refuse charges are:

Water Rate:

The annual water rate adjustment will become effective October 1, 2004. Per city ordinance, the consumption water rate is adjusted annually based on the cost of both purchased water from the Metropolitan Water District (MWD) and any increase in the ground water basin replenishment assessment of the Orange County Water District (OCWD). The fiscal year 2004/2005 consumption rate will be \$1.36 per 750 gallons, an increase of 2%. The basic meter charge reflects the CPI increase of 3.7%. A comprehensive review of the water rate structure and revenues is underway and anticipated to be complete in late 2004.

Sewer Service Charge:

On August 2, 2004, the City Council will be discussing a proposed 3.7% increase in the sewer rate. The proposed rate increase has been built into the proposed budget. In accordance with the Municipal Code, the Sewer Service User Charge is adjusted to reflect the annual percentage adjustment in Consumer Price Index each year. The purpose for annual adjustment of the rates is to ensure that the revenues continue to fully fund the needs of the program. The rate adjustment will be effective on October 1, 2004 (if approved).

Refuse Rate:

Effective July 1, 2004, the City Council increased the residential refuse rate by 1.6%. Adjustments to the residential curbside refuse rates are made in accordance with an annual review and established formula that includes the Consumer Price Index, the County of Orange landfill tipping fee, and the local average price of diesel fuel in April. This rate increase is included in the proposed budget.

INFRASTRUCTURE

The city currently has no plans to issue debt to fund any major infrastructure projects. The majority of revenue used for funding infrastructure projects will be from the following funds: Air Quality, Gas Tax, Measure M, Park Acquisition & Development, Sewer Service Charge, Traffic Impact, Water Capital Projects, Water Master Plan, and Grant Funds.

City Budget (all funds) Expenditures

City Budget expenditures for all funds in fiscal year 2004/2005 total \$297,925,177. This includes the planned expenditure of reserve funds and fund balance of \$33,504,964 that provide for a balance between expenditures and budgeted funds available. The chart below identifies a historical breakdown of expenditures in all funds within the City Budget by department.

All Funds Expenditures Actual and Proposed

Department	FY 00/01 Actual	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Budget	FY 03/04 Revised	FY 04/05 Proposed
Administration	1,962,381	2,242,472	23,871,656	1,586,822	2,101,048	1,307,815
Administrative Services	17,905,417	38,191,397	28,781,647	26,535,025	12,706,518	14,756,473
City Attorney	3,178,846	3,936,809	3,290,358	3,573,171	4,047,072	3,564,166
Building	2,594,293	3,010,360	3,044,356	3,232,573	3,354,894	3,409,678
City Council	259,615	237,377	268,924	276,486	276,486	279,960
City Clerk	601,502	675,896	555,269	841,823	841,823	769,985
Community Services	15,579,236	26,072,833	19,698,752	14,355,772	23,697,589	14,366,330
Economic Development	13,018,212	12,099,271	4,863,874	12,292,599	34,903,012	14,588,767
Fire	22,430,882	22,655,701	23,433,278	26,964,905	27,753,772	29,040,435
Library	5,408,226	5,094,247	5,007,896	4,716,769	4,930,899	4,738,384
Info Systems	5,863,586	4,931,853	3,635,268	11,051,753	11,251,774	6,120,964
Non Departmental	60,873,119	154,663,617	52,472,526	51,340,721	55,551,025	47,805,936
Planning	2,417,529	2,442,380	2,386,350	2,498,921	2,882,716	2,546,976
Police	40,618,162	42,998,616	42,520,326	42,789,908	43,705,198	47,167,986
Public Works	84,932,213	101,261,901	91,060,028	112,710,972	134,349,479	105,839,911
City Treasurer	915,890	1,183,938	1,713,065	1,622,373	1,643,687	1,621,411
Grand Totals	278,559,109	421,698,667	306,603,574	316,390,593	363,996,993	297,925,177

REDEVELOPMENT AGENCY

Expenses have decreased to reflect the elimination of the one-time \$474,000 loan to the Auto Dealers made last year. Redevelopment Agency debt service payments, overhead charges, and other expenditures reflect a status quo with three exceptions. The Redevelopment Agency will be paying the city's \$2.5 million ERAF payment for fiscal year 2004/2005 as authorized under state law. This is in addition to the \$3,986,000 in debt repayment to the General Fund plus

the \$295,942 debt credit for the Business Development expense in the same amount.

Second, the Redevelopment Agency's state-mandated ERAF payment will increase from \$348,157 in fiscal year 2003/2004 to \$612,802 in fiscal year 2004/2005. Pass-thru payments to other taxing agencies also increase to reflect additional obligations from \$210,000 to \$373,736. The 20% Housing Set Aside operating expenses increase to \$177,593 to reflect increased monitoring and implementation costs for the affordable housing programs. Redevelopment staff will be focused on the implementation of a number of important projects including Bella Terra, the Strand, and the Waterfront residential. The 20% Housing Set-Aside capital expenditures are budgeted at \$1,161,679 with \$750,000 for Rental Housing Acquisition and Rehabilitation, and \$411,679 for the acquisition of property at Ellis and Patterson for a future housing project. It is anticipated that a number of the Housing capital expenditures totaling \$1,050,000 in fiscal year 2003/2004 will be carried over.

ENTERPRISE FUNDS

The proposed expenditures within the three enterprise funds (Water, Sewer, and Refuse) are designed to provide customers (residential and commercial) with reasonable and equitable rate structures. The expenditures allow for the efficient operation of these essential services and maintain the city's commitment to protecting public health and safety. As explained in the Enterprise Fund revenue section above, the rates charged to consumers covers both the current cost of operations (expenses) and the maintenance and financing of necessary capital assets.

Enterprise Fund Expenditures Actual and Proposed

	FY 00/01 Actual	FY 01/02 Actual	FY 02/03 Actual	FY 03/04 Budgeted	FY 03/04 Revised	FY 04/05 Proposed
Water	24,504,762	24,095,618	24,415,100	35,835,659	38,513,420	36,582,269
Water Master Plan	1,266,786	2,908,774	691,773	11,015,000	15,925,614	4,225,000
Sewer Service		2,422,055	3,654,302	16,959,361	17,685,052	18,289,337
Refuse Collection Service	9,848,496	9,074,747	9,537,775	9,839,859	9,839,859	9,878,733
TOTALS	35,620,044	38,501,194	38,298,950	73,649,879	81,963,945	68,975,339

INFRASTRUCTURE

The Capital Improvement Program (CIP) identifies the major public improvements that are planned for the budget year. Projects are categorized by type and funding source. In fiscal year 2004/2005, approximately \$29.2 million in improvements are proposed.

Projects are developed by evaluating both need and funding availability. The primary funding sources for capital projects are restricted funds and enterprise funds. Restricted funds, such as Gas Tax and Measure M, may be used only for street-related improvements. Other restricted funds are collected as developer fees for enhancements to the sewer, drainage, and park & transportation systems.

Projects for the enterprise funds, Water and Sewer Service, correspond with the adopted master plans. Planned sewer improvements include two lift station rehabilitations and the annual sewer-lining program. Approximately \$6.5 million in water line enlargements and replacements are proposed in the water capital improvement program.

The Public Works Department has been successful in applying for competitive grants for street and transportation needs. Over the past five years, approximately \$15.0 million in state, local, and federal street improvement grants have been awarded to Huntington Beach. Capital projects for fiscal year 2004/2005 include \$3.8 million in neighborhood street and sidewalk improvements, \$8.1 million for arterial streets and \$5.0 million for traffic flow enhancements. Over \$5.7 million in grant funds will be directed toward these projects.

The fiscal year 2004/2005 CIP includes Park Acquisition and Development projects, as well as three grant-funded improvements to recreational facilities. State grants of approximately \$1.2 million will be used to renovate Blufftop Park and to redesign Edison Park for lighted youth sports fields.

Capital Improvement Program Project Category (in thousands)	FY 03/04 Budgeted	FY 04/05 Budgeted
Neighborhoods	1,000	3,845
Arterials	7,201	8,081
Traffic	1,707	4,954
Sewer	13,450	2,550
Drainage	480	367
Water	12,625	8,190
Parks	150	1,244
Facilities	80	0
Total Infrastructure Expenditure	36,693	29,232