

2007-08
Long-Term Financial Plan

City of Huntington Beach

April 28, 2008

**Prepared for the
City of Huntington Beach**

Public Financial Management

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I. Executive Summary

The Long-Term Financial Plan (the “LTFP”) is a 10-year plan for the City of Huntington Beach (the “City”) that identifies a strategy to fund a maximum level of capital projects, create a prudent level of reserves, and maintain an acceptable level of municipal services.

The 2008 LTFP is the City’s first formal long-term financial plan. The preparation of the LTFP is a goal identified in the City’s 2006 Strategic Plan. The LTFP includes the City’s General Fund and Special Revenue funds, but does not include the City’s enterprise funds. The City intends to utilize the information in the LTFP as part of its annual budget development and update the LTFP each year.

Summary of 2008 Financial Plan

2006-07 End-of-Year Financial Results

The City ended its fiscal year 2006-07 with continued growth in its largest revenues. General Fund revenues were \$9.1 million higher than the prior year (a 5.5% increase), while General Fund expenditures were \$8.9 million above the prior year (a 5.4% increase). General Fund revenues exceeded expenditures by \$3.2 million for the fiscal year, increasing the end-of-year General Fund balance to \$43.8 million.

The City’s Special Revenue Fund revenues included in the LTFP are comprised of state subventions, local transportation sales tax, and developer fees. Those funds that support ongoing programs – the Gas Tax, Measure M, and RDA Debt Service – experienced modest to strong annual revenue growth in FY 2006-07 of 0.3%, 4.0%, 10.1% respectively.

**FY 2006-07 LTFP SPECIAL REVENUE FUNDS
MAJOR REVENUES**

<u>Fund</u>	<u>Major Revenue</u>	<u>FY 2006-07 Total Revenue</u>	<u>% Change From Prior Year</u>
Air Quality Fund	State subvention	\$242,615	1.6%
Traffic Impact	Traffic impact fees	317,299	-25.7%
Gas Tax Fund	State gas tax	3,612,854	0.3%
Park Acquisition and Development	Developer fees	1,383,208	130.0%
Drainage	Developer fees	80,258	-36.1%
Measure M Fund	County sales tax	2,543,911	4.0%
Library Development	Developer fees	254,844	-13.9%
RDA	Lease income	549,166	16.1%
Debt Service HBPFPA	Transfer in	6,429,105	-2.1%
RDA Debt Service	Property tax increment	15,018,990	10.1%

Projected Revenue and Expenditures

The LTFP includes a baseline 10-year projection of revenues and expenditures used to evaluate the City's future financial condition and capacity to fund infrastructure needs. The growth assumptions in the baseline projection are based primarily on historical growth, a 3% general inflation rate, and existing City contractual obligations (e.g. labor agreements and debt service).

For the City's General Fund, total revenues are projected to increase at a moderate rate of 2.7% to 5.2% over the next ten years, down from the 7.8% rate experienced over the last three years. Revenue projections for the first five years are tempered due to an expected slowing of property value appreciation and conservative assumptions regarding growth in the local economy. Projected General Fund expenditures (excluding capital and non-operating expenses) increase, on average, at a 3.5% annual rate, which is slightly less than the growth rate of revenues. Expenditures are driven primarily by salary and benefit costs. The City has entered into labor agreements with each of its bargaining units that results in approximately 2% to 5% annual increases in salary cost. The LTFP assumes that salary and benefit costs will grow at a comparable rate at the end of the existing agreements.

Although there is expected slower growth in General Fund revenues over the next five years, projected General Fund revenues are greater than recurring expenditures (excluding capital and non-operating expenses). Projected General Fund revenues exceed recurring expenditures by \$6.0 million in FY 2008-09, steadily increasing to \$41.4 million in FY 2016-17. The excess of recurring revenues over recurring expenditures can serve as a funding source for City infrastructure in addition to the infrastructure included

in the City's five-year CIP. The LTFP includes \$127.4 million of City infrastructure expenditures funded from the General Fund (including \$102.9 million of IIMP projects starting in FY 2011-12).

The following table identifies the City's baseline projection of operating revenue and expenditures (i.e. recurring revenues and expenditures), equipment and vehicle and infrastructure expenditures, and fund balance for the General Fund.

**CITY OF HUNTINGTON BEACH
PROJECTED GENERAL FUND REVENUES, EXPENDITURES, AND FUND BALANCE
(Dollars in Millions)**

	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Revenue	\$185.0	\$190.1	\$197.8	\$206.8	\$216.1	\$227.0	\$238.2	\$250.3	\$263.2	\$276.8
Expenditures	178.5	184.1	189.3	194.6	200.1	206.7	213.6	220.7	227.9	235.4
Revenues Over Expenditures	\$6.5	\$6.0	\$8.5	\$12.2	\$16.1	\$20.3	\$24.6	\$29.7	\$35.3	\$41.4
Equipment and Vehicles	9.1	7.3	7.0	7.2	7.4	7.6	7.9	8.1	8.4	8.6
Infrastructure	0.6	2.4	2.4	2.5	7.1	13.1	14.7	27.4	28.2	29.1
Fund Balance	\$40.6	\$37.0	\$36.1	\$38.5	\$40.1	\$39.6	\$41.6	\$35.8	\$34.4	\$38.2

For the City's Special Revenue Funds, a larger proportion of the revenues are available to fund capital expenditures, in contrast to the General Fund which must support much of the City's operating expenditures. The LTFP includes funding from Special Revenue Funds for \$70.9 million of capital expenditures, including \$36.1 million currently included in the City's five-year CIP.

Infrastructure Needs

The amount of public infrastructure (defined as long-lived capital assets) that is funded in the LTFP includes only a portion of the "needs" identified by the City. As is the case for many governmental agencies, infrastructure needs must consider the limited availability of public resources. The LTFP attempts to fund the most critical needs in the City, including those that impact public safety or help avoid more costly future reconstruction projects. For those needs that cannot be met, the City must prioritize its unfunded projects and identify new revenue sources or other strategy to address the most pressing needs.

City Strategic Plan

The City Council adopted the *City of Huntington Beach Strategic Plan* in August 2006. The Strategic Plan identified the City's priorities for goals and projects for the next five years, including the following financial goals.

- Create a long term financial strategy for funding the City's backlog of capital projects and ensure the City has sufficient reserves to withstand major revenue fluctuations.

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- Understand the financial implications of decisions before they are made and disclose the fiscal impacts of the “pension crisis.”

The LTFP addresses the financial goals of the Strategic Plan through the development of 10-year revenue and expenditure projections. The projected expenditures include a maximum amount of capital projects that can be funded with a prudent level of debt, while maintaining recommended reserve balances, as well as conservative estimates of the City’s liability for employee pension and other benefit costs. The LTFP also includes several revenue projection scenarios in order that the City can evaluate the financial risks of revenue fluctuations and the adequacy of its reserves.

City Infrastructure Needs

The City identified \$70.1 million of infrastructure expenditures, excluding water and sewer funds, in its most recent CIP. However, this amount is based on funding availability and does not encompass all of the City’s infrastructure needs. As part of the LTFP, the City has identified an additional \$304.3 million (in year-of-expenditure dollars) of infrastructure needs that are currently unfunded. The baseline LTFP identifies funding for \$137.7 million of these additional infrastructure needs, leaving the balance unfunded. In the event the City wishes to fund the unfunded balance, a portion could be paid from debt financing, which would leverage future City revenues, or attempt to implement new funding sources, such as assessment districts or a possible stormwater user charge.

Integration with Annual Budget

The LTFP is linked to the City’s Annual Budget as it uses the budget as a source of data and, in turn, helps craft budget decisions. The revenues, expenditures, and fund balances in the City Budget are used as a starting point for the projections in the LTFP. The LTFP projections help the City better evaluate the long-term financial impact of current budget decisions, as the LTFP identifies future expenditure requirements given current budget spending and the impact of policy decisions that affect future expenditure growth.

Risk Factors

The projected revenues, expenditures, and fund balances in the LTFP are a “baseline” scenario, given the City’s current set of assumptions. Inevitably, actual revenues and expenditures will differ from the LTFP projections, as there are inherent risks in local government financial projections. Indeed, there are several risk factors that could significantly reduce growth in City revenues or increase certain recurring expenditures. The State and the rest of the nation are currently experiencing a major retraction in housing values that has the potential to reduce future growth in property tax revenue (the City’s largest revenue source). Declining housing prices also have the potential to negatively impact the broader regional economy, which could reduce City sales tax growth. Although, historically, the region’s housing and economic slowdowns have been relatively short-term, the potential result of these risk factors (and others) could

substantially restrict the City's ability to fund its infrastructure needs and ongoing City services.

II. Projected Revenues and Expenditures

In the baseline projection, City General Fund revenues exceed recurring expenditures over the ten-year period of the LTFP, providing a moderate amount of “net income” for capital expenditures. The baseline projection of the City’s Special Revenue Fund revenues assumes steady growth over the term of the LTFP that will generate a sufficient amount of funding for recurring expenditures, the current five-year CIP, and an additional \$34.8 million for City infrastructure needs.

General Fund Projections

Revenues

Projected General Fund revenues increase at a 4.6% average annual rate over the ten-year LTFP horizon. The projected growth rate for the City’s primary General Fund revenue, property tax, is less than the 5-year historical growth rate, reflecting an expectation of slower real property appreciation. Sales tax growth is expected to be in-line with the 5-year historical rate, as the potential for slowing sales with existing retailers may be offset with sales from new retail outlets. The following table shows the historical and projected growth rates for the City’s primary General Fund revenues.

PRIMARY GENERAL FUND REVENUES HISTORICAL AND PROJECTED GROWTH RATES

<u>Revenue</u>	<u>5-Year Historical Average Growth Rate</u>	<u>10-Year Projected Average Growth Rate</u>	<u>Notes</u>
Property tax[1]	8.1%	5.7%	Slower projected growth during next three years
Sales tax[2]	4.4%	4.3%	A 5% growth rate starting in FY 2009-10; several new retail developments may have positive impact
Utility users taxes	4.1%	4.5%	City expects steady future utility user charge growth
Other revenues		3.5%	Most other City revenues grow at general inflation rate

Notes:

[1] – Historical average reflects property tax net of the “triple-flip,” which since FY 2003-04 replaces sales tax with property tax, and “in-lieu VLF,” which since FY 2003-04 replaces vehicle license fee revenue with property tax.

[2] – Historical average reflects 1% and local safety sales tax revenue plus the triple flip replacement of sales tax with property tax.

Expenditures

Projected General Fund expenditures are assumed to grow at various rates, including historical averages and those rates set in contractual obligations, such as labor agreements. In total, the City's projected operating expenditures, excluding capital and non-operating expenditures, are assumed to grow at an annual rate of 3.5% over the next ten years. The primary component of the City's General Fund expenditures, salary and benefits (which represent 70% of General Fund expenditures in FY 2007-08), grow at an average 3.4% rate based on existing labor agreements. The General Fund expenditures do not reflect any changes in City staffing needed for any additional City programs or level of service, or from attrition. The following table shows the historical and projected General Fund growth rates for major expenditure categories.

PRIMARY GENERAL FUND EXPENDITURES HISTORICAL AND PROJECTED GROWTH RATES

<u>Expenditures</u>	<u>5-Year Historical Average Growth Rate</u>	<u>10-Year Projected Average Growth Rate</u>	<u>Notes</u>
Salaries	4.7%	3.4%	Agreements for most employees through FY 2009-10; all future increase at comparable rate after end of existing agreement
Benefits	16.6%	3.4%	Large historical increases due to growth in CALPERS employer cost
Operating Expenses	10.5%	3.5%	Large growth in repair and maintenance; City assumes future growth at slightly above inflation
Capital Equipment and Vehicles	4.1%	3.0%	Expenditures will be highly variable due to nature of vehicle and equipment purchases

Special Revenue Fund Projections

The LTFP is limited to the following Special Revenue Funds:

- Air Quality Fund
- Traffic Impact
- Gas Tax Fund
- Park Acquisition and Development
- Drainage

-
- Measure M Fund
 - Library Development
 - RDA
 - Debt Service HBPFA
 - RDA Debt Service

A detailed discussion of each major General Fund and Special Revenue Fund Revenue and Expenditure is included in Appendix I.

III. Infrastructure Needs

The City determines its immediate infrastructure needs as part of the five-year Capital Improvement Program (“CIP”) that is updated each year. The improvements in the CIP are based on needs identified in system master planning documents, or that help achieve other Strategic Plan or policy objectives. The CIP also considers funding availability. The LTFP includes the FY 2007-08 through FY 2011-12 CIP expenditures and funding sources, for those expenditures funded from the General Fund and LTFP Special Revenue Funds.

In addition to the CIP, the City undertook an extensive review of its long-term infrastructure needs in 2000 as part of the Integrated Infrastructure Management Program (“IIMP”). The IIMP estimated the total cost of the City’s infrastructure needs at \$1.384 billion. The City has updated the IIMP infrastructure needs as part of the LTFP and has identified capital expenditures that could be completed over the next ten years.

The LTFP attempts to fund a maximum amount of the IIMP infrastructure from available resources identified in the baseline revenue and expenditure projections and within prudent financial constraints, in the event the City chooses to use debt financing. The LTFP also evaluates the potential to use new funding sources for specific infrastructure categories.

Five-Year Capital Improvement Program

The City annually prepares a five-year CIP that identifies costs and funding sources for capital projects in excess of \$50,000. The City’s current five-year CIP (FY 2007-08 through FY 2011-2012) identifies \$70.1 million of new General Fund and LTFP special revenue fund capital appropriations. Current year appropriations are funded primarily from grants, and the Measure M, Gas Tax, and Traffic Impact Fee funds. The General Fund Capital Improvement Reserve, which is a portion of the General Fund balance and not a budget item, is expected to fund just 3%, or \$822,000, of FY 2007-08 new capital appropriations. The following table shows the General Fund and LTFP Special Revenue Fund CIP that is included in the LTFP.

**CITY OF HUNTINGTON BEACH
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
INCLUDED IN LONG-TERM FINANCIAL PLAN
(Dollars in Millions)**

	07-08	08-09	09-10	10-11	11-12	Total
Category:						
Drainage & Storm Quality	\$2.0	\$1.2	\$0.9	\$0.7	\$0.0	\$4.8
Facilities	2.1	0.1	0.1	0.2	0.2	2.6
Neighborhoods	2.8	1.0	1.0	1.0	1.0	6.8
Parks & Beaches	10.7	15.5	0.0	0.0	0.0	26.2
Street & Transportation	11.9	7.3	3.5	3.5	3.5	29.7
Total	\$29.5	\$25.0	\$5.5	\$5.4	\$4.7	\$70.1
Funding Source:						
General Fund[1]	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0	\$1.6
Air Quality	0.3	0.2	0.0	0.0	0.0	0.4
Traffic Impact	2.9	0.7	0.0	0.0	0.0	3.6
Gas Tax	2.8	2.5	2.5	2.5	2.5	12.8
Park Acquisition	0.2	0.9	0.0	0.0	0.0	1.1
Measure M	4.1	2.3	2.0	2.0	2.0	12.4
Library Development	0.0	0.0	0.0	0.0	0.0	0.0
Redevelopment Fund	0.2	2.6	0.0	0.0	0.0	2.8
CUPA	0.0	0.0	0.0	0.0	0.0	0.0
FireMed	0.6	0.0	0.0	0.0	0.0	0.6
Library Equipment	0.2	0.0	0.0	0.0	0.0	0.2
Grants/Other	16.7	15.9	1.0	0.9	0.2	34.6
Total	\$29.5	\$25.0	\$5.5	\$5.4	\$4.7	\$70.1

Notes:

[1] – Includes “Infrastructure Fund and Capital Reserve Fund”

The largest expenditure in the CIP is for the construction of the 45,000 square foot Senior Center planned in the Huntington Central Park area. The project will be built by the Pacific City developer, in-lieu of developer fees, and there is no direct funding requirement by the City. Other large expenditures include \$18.5 million for the City’s Arterial Highway Rehabilitation program, which will improve sections of McFadden, Graham, Garfield and Yorktown. Costs associated with these improvements are funded from Gas Tax and Measure M revenues, and are included in the City’s Pavement Management Plan.

IIMP

In 2000, the City prepared the Integrated Infrastructure Management Program report, which identified infrastructure needs in the City over the next 20-years for roads, traffic improvements, stormwater, and parks. The report identified two separate areas of City infrastructure needs: construction of new capital plant and structures, and the replacement and rehabilitation of existing infrastructure. In total, the City projected that the cost of new capital construction projects was \$331 million and rehabilitation and replacement projects was \$626 million. Additionally, the City estimated that maintenance

of existing capital would require \$427 million in funding, with the majority of funds (\$301.2 million) coming from the General Fund.

Of the total \$1.384 billion of infrastructure funding needs in the IIMP (including new capital, replacement and rehabilitation capital, and capital maintenance), the City identified a total of \$525 million of potential funding sources (including the General Fund, Gas Tax Fund, and Measure M Fund), resulting in a shortfall of \$859 million. The following table shows the estimated 20-year infrastructure cost (in 2000 dollars) and shortfall identified in the IIMP.

IIMP
20-YEAR INFRASTRUCTURE COSTS AND SHORTFALL
(Year 2000 Dollars, in Millions)

<u>Component</u>	<u>Amount</u>
Arterial Highways	\$172
Traffic Signals	39
Bridges	8
Storm Drains	128
Parks	112
Buildings	174
Landscape Medians	20
Local Streets	99
Alleys	35
Parking Lots	15
Sidewalk/Curb/Gutters	82
Wastewater	128
Drainage Pump Stations	142
Highway Block Walls	46
Playgrounds	2
Beach Facilities	27
Fleet/Equipment	63
Traffic Signs & Striping	13
Trees/Landscape	57
Street Sweeping	22
Total	\$1,384
Available Funds	(525)
Shortfall	\$859

IIMP Update

The City has identified an updated list of unfunded infrastructure needs for the purposes of the LTFP. The following table shows the estimated cost and schedule for the City's unfunded infrastructure needs over the next nine years.¹ The City estimates that infrastructure investments totaling \$304.3 million (including 3% inflation) are needed over the term of the LTFP. The City's unfunded infrastructure needs include replacement of

¹The 10th year of the IIMP update extends past the final year of the LTFP.

stormwater pump stations, residential concrete replacement, street pavement and rehabilitation, bridge improvements, alleyway improvements, replacement of block walls, and improvements to City buildings. The following table shows the annual cost of the City's unfunded infrastructure needs through FY 2016-17.

**CITY OF HUNTINGTON BEACH
UNFUNDED INFRASTRUCTURE NEEDS
FY 2008-09 THROUGH FY 2016-17
(Dollars in Millions)**

	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	Total
Drainage	\$4.1	\$9.5	\$10.9	\$11.3	\$11.6	\$11.9	\$12.3	\$12.7	\$13.0	\$97.4
Residential Concrete	6.4	7.7	7.9	8.2	5.5	5.7	5.8	6.0	6.2	59.4
Residential Pavement	0.9	1.1	1.0	0.9	0.6	0.6	0.6	0.6	0.7	6.9
Arterial Highways	7.2	11.0	12.5	13.5	6.4	6.6	6.8	7.1	7.3	78.3
Alleys, Lots, Block Walls	3.9	2.8	2.9	3.0	3.1	3.2	3.4	3.2	3.3	28.6
Buildings/Facilities	2.8	3.4	3.6	3.1	2.9	2.4	2.5	2.5	2.6	25.8
Parks/Playgrounds	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	7.8
Total	\$26.1	\$36.3	\$39.5	\$40.7	\$30.9	\$31.2	\$32.3	\$33.1	\$34.1	\$304.3

The City has identified a priority ranking of the unfunded infrastructure projects included in the IIMP update. The LTFP allocates available funding to the projects with the highest priority. The following table shows the unfunded infrastructure projects, estimated cost in 2008 dollars, and the priority ranking.

**CITY OF HUNTINGTON BEACH
PRIORITY OF UNFUNDED INFRASTRUCTURE PROJECTS
(Dollars in Millions)**

Category	Project	Amount	Priority
Drainage	Heil Pump Station Construction	\$8.0	1
Drainage	Replace Existing Pump Stations	\$85.0	2
Residential Concrete	Petition Streets as of December 2007	\$20.0	3
Arterial Highways Including Bridges	Arterial Rehabilitation	\$47.0	4
Buildings/Facilities	Buildings and Structures	\$21.9	5
Arterial Highways Including Bridges	City Owned Bridges	\$21.3	6
Residential Concrete	Downtown Street Light Replacement	\$9.0	7
Residential Concrete	Non-tree related concrete requests	\$7.5	8
Alleys/Parking Lots/Block Walls	Block walls	\$18.0	9
Arterial Highways Including Bridges	Arterial Slurry	\$5.8	10
Residential Pavement	Overlay/Reconstruction Backlog 2005-2007	\$3.6	11
Buildings/Facilities	ADA Transition Plan	\$2.5	12
Alleys/Parking Lots/Block Walls	Alleys	\$5.0	13
Parks/Playgrounds	Park lighting	\$1.5	14
Residential Pavement	Overlay/Reconstruction Ongoing	\$3.0	15
Residential Concrete	Non-petition streets 30% of city	\$20.0	16
Alleys/Parking Lots/Block Walls	Parking lots (9 lots)	\$2.2	17
Parks/Playgrounds	Play equipment replacement	\$1.0	18
Parks/Playgrounds	Turf and landscape replacement	\$5.0	19

Infrastructure Funding Capacity

The LTFP allocates special purpose revenues to the unfunded infrastructure needs to the extent the funds are available. The General Fund is used to fund any remaining infrastructure needs.

The LTFP estimates that there is capacity in the major special purpose funds – Gas Tax and Measure M – for approximately \$34.8 million of the unfunded infrastructure needs. The LTFP uses Measure M revenue to fund \$17.4 million of an estimated \$25.4 million need for the Petition Streets (priority #3) and Gas Tax revenue to fund \$17.4 million of an estimated \$55.9 million need for the Arterial Rehabilitation (priority #4). The expenditures are made starting in FY 2013-14, which is just after the term of the current five-year CIP.

The General Fund has capacity to support \$102.9 million of infrastructure projects and funds the Heil Pump Station Construction (priority #1) and most of the Existing Pump Station replacements (priority #2). Expenditures are made for these projects starting in FY 2011-12.

The following table shows the assumed funding sources for the IIMP infrastructure needs and the cost of those projects that remain unfunded.

**CITY OF HUNTINGTON BEACH
IIMP INFRASTRUCTURE NEEDS
FY 2008-09 THROUGH FY 2016-17
(Dollars in Millions)**

	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	Total
Drainage										
General Fund	-	-	-	\$4.5	\$10.4	\$11.9	\$24.6	\$25.3	\$26.1	\$102.9
Unfunded	-	-	-	-	-	-	-	-	-	-
Residential Concrete										
Gas Tax	-	-	-	-	-	4.8	4.9	5.1	2.6	\$17.4
Measure M	-	-	-	-	-	-	-	-	-	-
Unfunded	-	-	-	-	-	-	-	-	-	-
Residential Pavement										
Gas Tax	-	-	-	-	-	-	-	-	-	-
Measure M	-	-	-	-	-	-	-	-	-	-
Unfunded	0.9	1.1	1.0	0.9	0.6	0.6	0.6	0.6	0.7	\$6.9
Arterial Highways										
Traffic Impact	-	-	-	-	-	-	-	-	-	-
Gas Tax	-	-	-	-	-	-	-	-	-	-
Measure M	-	-	-	-	-	4.2	5.5	4.4	3.3	\$17.4
General Fund	-	-	-	-	-	-	-	-	-	-
Unfunded	7.2	11.0	12.5	13.5	6.4	2.4	1.2	2.7	4.0	\$60.9
Alleys, Lots, Block Walls										
Gas Tax	-	-	-	-	-	-	-	-	-	-
Measure M	-	-	-	-	-	-	-	-	-	-
General Fund	-	-	-	-	-	-	-	-	-	-
Unfunded	3.9	2.8	2.9	3.0	3.1	3.2	3.4	3.2	3.3	\$28.6
Buildings/Facilities										
General Fund	-	-	-	-	-	-	-	-	-	-
Unfunded	2.8	3.4	3.6	3.1	2.9	2.4	2.5	2.5	2.6	\$25.8
Parks/Playgrounds										
General Fund	-	-	-	-	-	-	-	-	-	-
Unfunded	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	\$7.8
Total	\$17.9	\$22.6	\$24.2	\$29.5	\$25.1	\$36.0	\$49.5	\$50.8	\$49.7	\$305.3

Notes:

[1] – The total exceeds the initial \$304.3 million estimate for IIMP projects due to the delay of certain projects and resulting additional inflation.

Potential new revenues that can fund the unfunded balance of infrastructure needs are discussed in section “IV. New Funding Sources.”

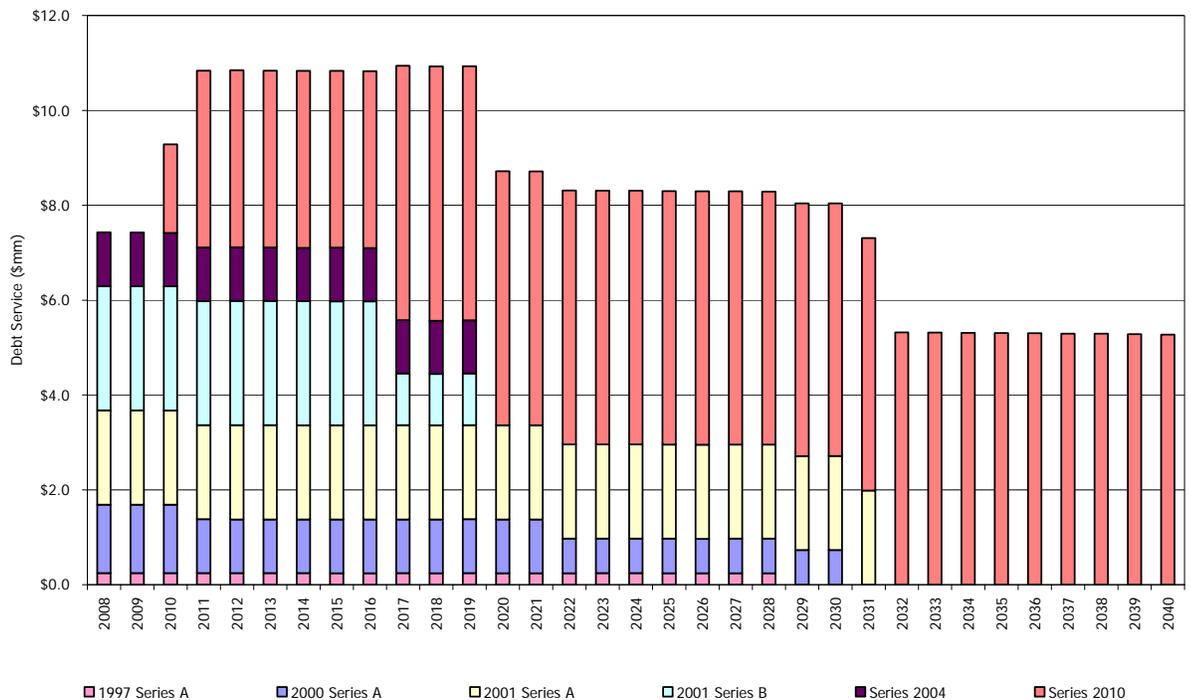
Debt Capacity Analysis

The City can accelerate the completion of a portion of its unfunded infrastructure needs through debt financing. The City has two primary repayment sources for bond financing – the General Fund and Gas Tax revenues. The City’s other special purpose funds (included in the LTFP) do not likely have the size or reliability to support publicly issued debt. The unfunded infrastructure could also be financed with bonds secured by a new revenue source, such as a property assessment or new utility charge.

General Fund Capacity

There are several financial indicators that can measure the City's General Fund debt capacity, or ability to issue additional debt. The most direct indication, which is used in the LTFP, is to demonstrate that projected revenues, after payment of other costs, are sufficient to pay debt service. The LTFP demonstrates that, upon the issuance in FY 2009-10 of \$75 million in General Fund-supported bonds (i.e. lease revenue bonds or certificates of participation), the General Fund could support \$3.7 million of additional interest-only payments through FY 2016-17 and would maintain an ending fund balance of at least \$33.5 million in each year. The use of interest-only payments is shown in the LTFP as the City's existing debt service decreases over time, and the amortization of principal for any new bonds in later years results in more level aggregate debt service. The delay in principal amortization results in more total interest on the new bonds, but helps maintain the current level of General Fund reserves, including the reserve for economic uncertainties (7% reserve) and the second tier reserve. The following chart

City of Huntington Beach
General Fund Supported Annual Debt Service



shows annual debt service on existing General Fund-supported debt and an additional \$75 million of new debt.

The use of General-Fund supported debt increases the amount of City infrastructure that can be funded in the LTFP by \$44.4 million. The bonds would finance \$52.9 million of unfunded IIMP infrastructure needs and would allow for pay-as-you-go funding of an additional \$84.8 million.

Gas Tax Fund Debt Capacity

The City can accelerate the funding of various street improvement projects through the issuance of debt secured by the Gas Tax. The use of Gas Tax debt would allow the City to fund a portion of the unfunded infrastructure needs that would not otherwise be possible during the term of the 2008 LTFP. The Gas Tax has a sufficient size and history of stable payment from the State that allows the revenue to be used as security for debt. Based on the City's historical receipt of Gas Tax, the LTFP estimates that 25-year Gas Tax bonds could fund approximately \$30 million of street improvement projects, including those identified in the five-year CIP, such as the Safe Routes to Schools, and currently unfunded IIMP projects, such as additional Arterial Rehabilitation.

IV. New Funding Sources

This section identifies new funding sources that have the potential to fund a portion of the infrastructure needs (the unfunded balance) that is not funded in the LTFP. The new funding sources are based on strategies that have been effectively used by other local government for the specific types of unfunded projects.

In addition, this section estimates the revenue potential from two existing funding sources that the City could attempt to increase – the voter-approved property tax for safety benefits (which is not currently imposed at the maximum rate) and the accelerated repayment of an \$85.1 million loan to the City redevelopment agency.

New Funding Strategies

As the City has limited ability to increase its General Fund and special purpose fund revenues, there is a limited amount of infrastructure that can be funded from existing revenues. There is, however, a potential to fund certain categories of infrastructure from new funding sources. Potential new funding sources for the City's infrastructure include: assessment districts, a stormwater assessment, and a stormwater user charge.

Assessment districts are particularly well-suited for infrastructure that benefits specific residents. City infrastructure of this type includes the sidewalk replacement, alley improvements, and reconstruction of block walls. The stormwater assessment is a type of assessment that is levied citywide and has been used with limited success in California. There are unique constraints that affect stormwater funding, which has necessitated the use of a stormwater assessment. The stormwater user charge, although not currently available to the City (given restrictions enacted as part of Proposition 218), may be a future possibility in the event the State amends the constitution to allow such a user charge.

Assessment Districts

An assessment district is a bounded area where benefit assessments are levied on the property owners within the district for the funding of public purposes, including infrastructure. The City has used an assessment district in the past to help fund wastewater infrastructure in the Reservoir Hill area.

A unique feature of assessment districts is that the assessment is proportional to the benefit provided from the use of funds. A common use of assessment districts is the funding of public infrastructure, such as streets, water and sewer laterals, and street lighting within the entire district. Potential projects on the unfunded infrastructure needs list that are well-suited for assessment district funding are local street improvements, sidewalks, alleys, and block walls.

The process to implement an assessment district involves the identification of the project cost, method for allocating the assessment, and approval of the majority of property owners.

The use of an assessment district may be a realistic alternative in the event that affected residents support the proposed infrastructure and the City determines that available General Fund and Special Revenue Fund revenues should be spent on other priorities.

Stormwater Assessments

The cities of San Clemente and Rancho Palos Verdes have, subsequent to the passage of Proposition 218, obtained approval to levy user fees for stormwater management costs. The user fees are “property-related fees” as defined by Proposition 218 and required majority approval of the property owners subject to the fee. A summary of the user fee and the funded stormwater costs for the cities of San Clemente and Rancho Palos Verde are provided in the following table.

City	User Fee
City of San Clemente Urban Runoff Management Fee	\$2.96 per “drainage residential unit” (per month)
Undeveloped, graded parcel = .5 DRU plus additional .1 DRU per acre in excess of 2 acres Single-family residential parcel = 1 DRU Multifamily residential parcel = .8 DRU per residential unit Nonresidential developed property = 10 DRU per acre or fraction thereof <u>Implementation Date:</u> January 2003 <u>Stormwater Projects:</u> Clean, inspect storm drains and catch basins	
City of Rancho Palos Verde Storm Drain User Fee	\$86.00 per ERU (per year)
1. (Parcel Area) x (Impervious Percentage) = Drainage units 2. (Drainage Units) ÷ (0.118) = Equivalent residential units (ERUs) 3. (ERUs) x (the annual rate per ERU) = the annual storm drain user fee. <u>Implementation Date:</u> Fiscal year 2006-07; protest in process <u>Stormwater Projects:</u> Replace storm drains; storm drain re-lining	

A significant benefit of the stormwater assessment is the lower voter threshold in comparison to general obligation bonds or special taxes. The stormwater assessment is subject to majority approval (and protest) as opposed to the 2/3rds voter approval for general obligation bonds and special taxes.

In the event the City pursues and is successful in obtaining voter approval for a stormwater assessment, the Drainage projects that are funded in the LTFP could be accelerated or General Fund revenues would be freed for other purposes including the funding of other infrastructure needs.

Stormwater User Charge

A financing alternative that would have a significant impact on the amount of funds available for stormwater and urban runoff management infrastructure is a user fee or charge that is exempt from the Proposition 218 voter approval requirement. User charges for water, sewer, power, gas, and solid waste are exempt from the Proposition 218 voter requirement, even if the fees are “property-related,” and have historically proven to be a highly reliable funding source for California utilities.

Conceptually, a stormwater user fee would be levied on property owners within a city, and would be sufficient to fund the capital and operating costs of stormwater and urban runoff management. Such a user charge would be similar to utility charges. The main impediment to the implementation of a stormwater user fee is the State constitution requirement that any “property-related fee” is approved by a majority of property owners subject to the tax or 2/3rds of all voters.

Legislators have attempted to change state law in order to eliminate the prohibition against a stormwater user charge. The most recent attempt is State Constitutional Amendment (“SCA”) 12 (Torlakson and Yee), which is a proposed constitutional amendment that is currently being considered at the capitol. SCA 12 would allow cities and counties to implement fees and charges for stormwater and urban runoff management programs without having to meet the voter approval requirement for property-related fees.

Although the City cannot currently impose a stormwater user charge, such a charge may become possible, and should be considered when developing a strategy for the City’s Drainage infrastructure needs.

Property Tax Override

In accordance with the Revenue and Taxation Code, the City can collect a property tax in excess of the 1% general property tax (a property tax “override”) of no greater than \$.0493 per \$100 of assessed value or the amount needed to pay for City retirement benefits available prior to the passage of Proposition 13. The City currently levies a property tax override of \$.008 per \$100, which generates about \$2.0 million per year.

The City estimated in August 2007 that the cost of providing pre-Proposition 13 benefits is \$7.3 million, or \$.02958 per \$100. The City could levy an amount up to the maximum property tax override, which would generate an additional \$5.3 million per year for the General Fund that could be used for remaining unfunded infrastructure needs.

Repayment of Redevelopment Agency Loan

The City has advanced funds to its Redevelopment Agency that accrues interest at 5.6%. The outstanding loan balance is \$85.1 million as of October 1, 2007. There is no fixed repayment schedule for the loan. The Redevelopment Agency has budgeted a loan payment amount of \$4 million for FY 2007-08, which is sufficient to pay interest only. In the event that the Redevelopment Agency has available tax increment funding during the

term of the LTFP, the City could seek an accelerated repayment of the loan and use such funds for remaining unfunded infrastructure needs.

V. Risk Analysis

The City's major revenues can exhibit significant variability, and there is a high likelihood that future values will differ from those projected in the LTFP. This section evaluates the impact on the LTFP of the following 2 scenarios of projected revenues in order to assess the City's financial risks and adequacy of reserves:

1. Property tax growth of 0% for 3 years, increasing to 3.7% thereafter.
2. Same as scenario 1, with sales tax growth of -5% for 1 year, increasing to 2.5% thereafter.

The scenarios have been identified based on recently reported governmental economic statistics that show declining housing values and sales, regional economic forecasts that predict a cooling economy and reduced taxable sales, and a review of historical assessed value and taxable sales within the City.

Pension Crisis

The risk analysis does not evaluate the fiscal impacts of the "pension crisis." This is because the City's pension does not have the same characteristics as those pensions currently in crisis. The City of San Diego pension exemplifies those local government pensions in crisis. In the late 1990s, the City of San Diego, which has its own pension system (managed by an elected and appointed board of trustees), knowingly under-funded its pension, incurred a significant pension liability, and failed to adequately disclose the magnitude of the funding shortfall. The City of San Diego continues to have a large pension liability that will require substantial ongoing annual contributions.

Conversely, the City of Huntington Beach pension is administered by the California Public Employees' Retirement System ("CalPERS"), which sets the actuarially determined City contribution and manages the pension investments. Because the City's pension is administered by an independent plan that sets the City's contribution amount, there is much less risk the City will take actions that would substantially under-fund its pension obligation.

The City also provides additional pension coverage to all employees hired prior to December 1997 and post-employment medical insurance to all retirees who have a minimum of 10 years of service or are granted a disability retirement. The City currently contributes 100% of the required contribution for supplement pension coverage and 125% of the required contribution for post-employment medical insurance.

Scenario 1: Zero Property Tax Growth

Property tax is the City's largest revenue source and is based on residential and commercial property values in the City. Home sales in the City declined precipitously over the last half of 2007, and several academic institutions now project declining property values within Orange County. The following table shows recent forecasts of Orange County home values from local academic institutions. Each of the institutions forecast decreases in countywide property values of at least 4% during 2008.

**COUNTY OF ORANGE
2008 HOME VALUE FORECASTS**

<u>Institution</u>	<u>2008 Change in Home Values</u>	<u>Date of Forecast</u>
University of California, Los Angeles	-4.0% to -7.0%	October 2007
California State University, Fullerton	-5.0%	October 2007
Chapman University	-4.8%	December 2007

Source:

The City previously experienced a decline in assessed value in FY 1999-00. Prior to that, property tax values fell in FY 1996-97 and FY 1993-94. The following table shows historical City assessed value from FY 1991-92 to FY 2006-07.

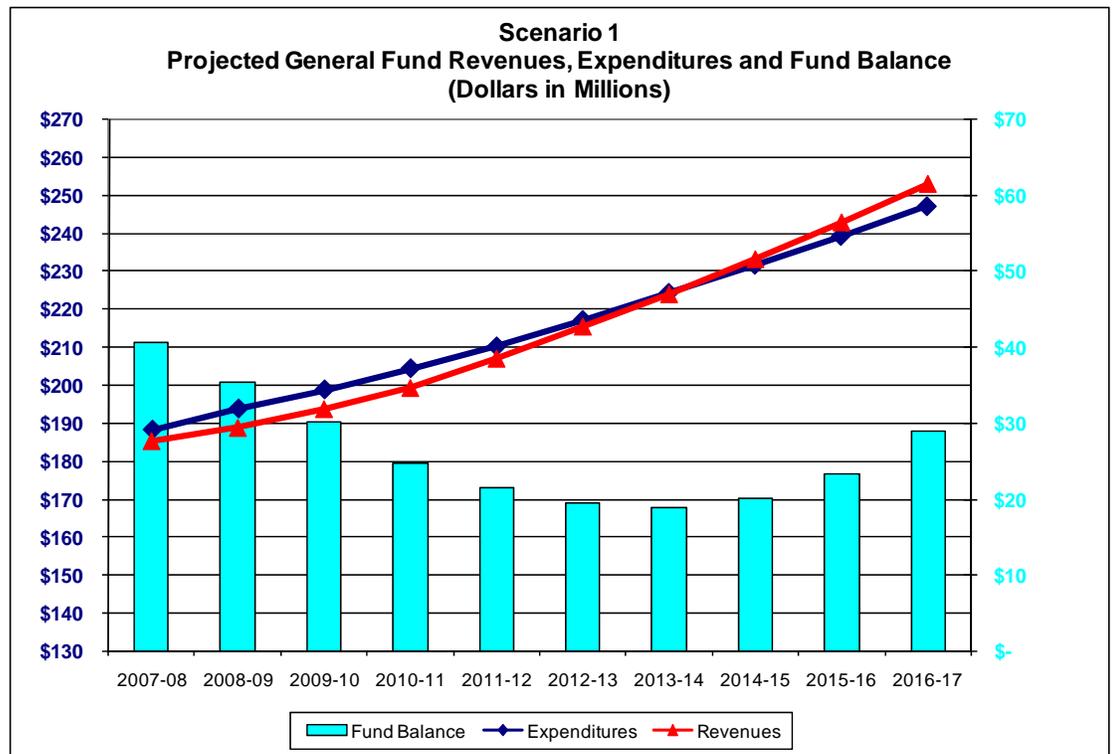
**CITY OF HUNTINGTON BEACH
HISTORICAL ASSESSED VALUE
FY 1991-92 THROUGH FY 2006-07
(Dollars in Billions)**

<u>Year</u>	<u>Assessed Value</u>	<u>Annual % Change</u>
1991-92	\$11.3	
1992-93	\$11.9	4.9%
1993-94	\$11.9	-0.1%
1994-95	\$12.3	3.7%
1995-96	\$12.4	0.4%
1996-97	\$12.3	-0.4%
1997-98	\$12.9	4.5%
1998-99	\$14.0	8.7%
1999-00	\$14.0	-0.1%
2000-01	\$16.5	17.9%
2001-02	\$16.8	1.9%
2002-03	\$18.8	11.8%
2003-04	\$18.9	0.7%
2004-05	\$20.4	8.0%
2005-06	\$21.7	6.4%
2006-07	\$23.8	9.5%

Over the last 25 years, the ten year period that exhibited the lowest assessed value growth rate was 1990 to 2000, where values grew an average of 3.7% per year. Scenario 1 represents an outcome somewhat similar to this period of stagnating property

values. Under Scenario 1, property tax revenue would have zero growth over the three year period FY 2008-09 through FY 2011-12 and recover to 3.7% annual growth thereafter.²

The following chart shows the General Fund revenues, expenditures, and fund balance under Scenario 1. Expenditures would exceed revenues for the next 7 years and the General Fund balance would gradually decline over the term of the LTFP to \$18.9 million by FY 2013-14. The scenario does not include funding for any IIMP infrastructure needs or additional debt financing. Given the relatively small projected fund balance, which would not maintain minimum reserves, the City would likely need to reduce future General Fund expenditures under this scenario.



Scenario 2: Decrease in Sales Tax

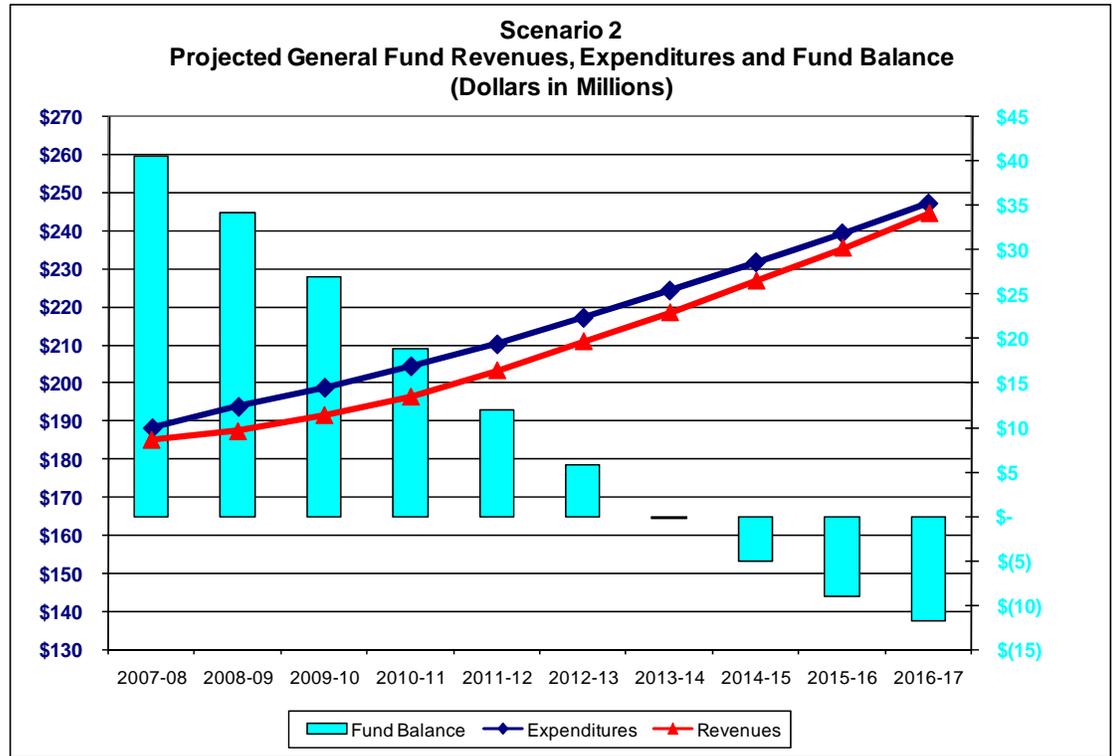
Under Scenario 2, property tax growth is the same as Scenario 1, but also sales tax revenue decreases by 5% in FY 2008-09, recovering to 2.5% thereafter.³ Since 1989, the ten year period that had the slowest rate of growth in taxable sales was 1989 to 1999, which averaged 2.5% growth per year.

The impact of the reduced sales tax in combination with a slowdown in property tax growth would, without offsetting expenditure reductions, cause the General Fund balance

² Property tax revenues for the purposes of Scenario 1 include secured, unsecured, and supplemental components, as well as the property tax for VLF-reimbursement, but exclude the "triple flip" property tax for sales tax reimbursement.

³ Sales tax revenues for the purposes of Scenario 2 include the 1% local allocation and "triple flip" reimbursement, but exclude the Proposition 172 public safety tax.

to decline in each year, resulting in a negative balance in FY 2014-15. Under this scenario, the City would need to significantly reduce its General Fund expenditures by FY 2014-15, including ongoing or recurring operating expenditures.



Contingency Planning

Both Scenario 1 and 2 show reduced or negative projected fund balances for the City's General Fund and, under these conditions, the City would likely need to reduce its expenditures in order to offset the projected decline in revenues. The LTFP does not identify a contingency financial plan that would help address the projected budget deficits under either scenario. In the event that revenues are significantly less than those assumed in the baseline LTFP, the City should attempt to develop a contingency plan that identifies specific revenue enhancement or cost reduction initiatives that would close the budgetary gap.

Appendix I: Revenue and Expenditure Assumptions

Appendix I: Revenue and Expenditure Assumptions

General Fund Revenues

The City collects a broad set of revenues that provide a diverse funding source for City services. The City's largest revenues have exhibited strong growth over the last 5 years, as the City has benefited from a healthy regional economy, rising property values, and several new successful commercial developments. Future City revenues are expected to continue to grow, albeit at a more moderate rate. The region has experienced slowing revenue growth in recent months and several governmental agencies, including the State and County of Orange, have tempered prior long-range revenue forecasts.

The table below summarizes the ten-year forecast of the City's largest General Fund and Special Revenue Fund revenues that is used in the Long Range Financial Plan. On average, City General Fund revenues are projected to grow at an annual rate of 4.6% over the next ten years.

<u>Category</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Property Tax	\$65,001,000	\$66,670,920	\$69,842,647	\$73,725,064	\$77,874,783	\$82,912,178	\$88,291,145	\$94,035,288	\$100,169,857	\$106,721,858
Sales Tax	26,060,000	25,727,500	27,013,875	28,364,569	29,782,797	31,278,167	32,848,631	34,497,964	36,230,125	38,049,275
Utility Users' Tax	23,125,000	23,678,750	24,786,613	25,951,561	27,176,739	28,465,470	29,821,268	31,247,851	32,749,148	34,329,315
Franchises	8,080,000	8,094,700	8,354,215	8,622,812	8,600,810	8,888,539	9,186,338	9,494,559	9,813,569	10,143,744
Transient Occupancy Tax	6,500,000	7,455,000	7,939,575	8,455,647	9,047,543	9,726,108	10,455,567	11,239,734	12,082,714	12,988,918
Licenses and Permits	9,051,200	8,234,288	8,042,631	8,302,306	8,571,667	8,851,083	9,140,938	9,441,630	9,753,573	10,077,197
Fines and Forfeitures	4,968,800	4,833,683	4,974,543	5,120,333	5,271,225	5,427,398	5,589,037	5,756,333	5,929,483	6,108,694
Use of Property and Money	14,126,000	15,579,680	16,273,201	16,999,144	17,851,867	18,750,538	19,361,112	20,349,550	21,391,921	22,491,309
Revenue from Other Agencies	5,564,500	5,106,100	5,173,576	5,243,065	5,314,632	5,388,348	5,464,283	5,542,512	5,623,111	5,706,160
Charges for Current Services	15,721,876	17,515,458	18,106,593	18,718,418	19,351,657	20,007,060	20,685,401	21,387,484	22,114,141	22,866,230
Other Revenues	1,212,000	1,781,500	1,840,600	1,850,019	1,859,767	1,869,856	1,880,298	1,891,106	1,902,293	1,913,870
Non-Operating Revenue	5,636,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428
Total Revenues	\$185,046,804	\$190,114,007	\$197,784,497	\$206,789,365	\$216,139,915	\$227,001,172	\$238,160,446	\$250,320,440	\$263,196,362	\$276,832,999
Annual Percent Change	-	2.7%	4.0%	4.6%	4.5%	5.0%	4.9%	5.1%	5.1%	5.2%

Property Tax Revenues (FY 2007-08: \$65,001,000 – 35.1% of total General Fund revenues)

Property tax revenues constitute the largest single component of the City’s revenues. As shown in the following table, City property tax revenues have been highly variable over the last five years. In FY 2004-05, property tax revenues increased by over 42%, while the revenue increase was 4% in 2006-07. The large variability is due to the State’s “triple flip,” which replaced a portion of the City’s share of sales tax revenue with property tax revenue. Moreover, beginning in FY 2003-04, the City began receiving replacement revenues from the State for the Vehicle License Fee in the form of property tax revenues. Without triple flip and VLF replacement funds, the City’s property tax revenue increased from 7% to 14% annually, including a 9% increase between FY 2003-04 and 2004-05. Excluding triple flip and VLF replacement funds, the average annual increase between FY 2002-03 and 2007-08 was 8.1%.

	<u>2002-03</u> <u>Actual</u>	<u>2003-04</u> <u>Actual</u>	<u>2004-05</u> <u>Actual</u>	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Actual</u>	<u>2007-08</u> <u>Budget</u>
Property Tax Revenue	\$29,688,213	\$33,798,795	\$48,118,935	\$55,167,632	\$57,385,511	\$65,001,000
Percent Increase Over Prior Year	-	13.85%	42.37%	14.65%	4.02%	13.27%

The City anticipates annual growth in property tax revenues of 2.8% for FY 2008-09 and from 5.0% to 7.0% for FY 2009-10 through FY 2016-17. The City’s tempered forecast reflects a weakening housing market, but also considers existing assessed valuation within the City relative to market prices. A large portion of the City’s housing stock is currently assessed at below market values and a general decrease in home prices may not result in a proportional decrease on assessed value and property tax revenue. The City’s projected increases are, on average, larger than the statewide property tax forecast by the California State Legislative Analyst’s Office (“LAO”). The LAO projects statewide property tax revenue increases of 6% in FY 2007-08, 3% in FY 2009-10, and approximately 6% in both FY 2010-11 and 2011-12.⁴

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Property Tax Revenue	\$65,001,000	\$66,670,920	\$69,842,647	\$73,725,064	\$77,874,783	\$82,912,178	\$88,291,145	\$94,035,288	\$100,169,857	\$106,721,858
Annual Percentage Change	-	2.6%	4.8%	5.6%	5.6%	6.5%	6.5%	6.5%	6.5%	6.5%

⁴ *Ibid*

Sales Tax (FY 2007-08: \$26,060,000 – 14.1% of total General Fund revenues)

The City’s sales tax revenues have fluctuated significantly between FY 2002-03 and FY 2006-07, ranging from \$26.1 million in FY 2003-04 to \$22.1 million in FY 2004-05. The volatility in the City’s sales tax revenue is largely due to the State’s “triple flip,” which requires that 25% of the City’s sales tax revenues are replaced with property tax revenues. If “triple flip” sales tax revenues are included, annual City sales tax increases ranged from 2.1% to 9.3%, and average 4.4% for the period.

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Sales Tax Revenue	\$25,881,662	\$26,101,472	\$22,121,793	\$24,002,662	\$23,724,067	\$26,060,000
Percent Increase Over Prior Year	-	0.85%	-15.25%	8.50%	-1.16%	9.85%
Triple-Flip Reimbursement		758,713	5,305,884	5,977,287	6,160,000	7,300,000

The City anticipates that growth in the sales tax base will be driven by new commercial developments, including The Strand, Pacific City, Toyota of Huntington Beach, and Bella Terra II. The City projects that the 1% local sales tax revenue will grow at 5% starting in FY 2009-10. The California State Legislative Analyst’s Office has projected that, statewide, sales tax revenues will increase approximately 5% per year through FY 2012-13.⁵ The Chapman University Economic Forecast Update projects taxable sales growth in California to be 2.8% in 2008.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Sales Tax Revenue	\$26,060,000	\$25,727,500	\$27,013,875	\$28,364,569	\$29,782,797	\$31,278,167	\$32,848,631	\$34,497,964	\$36,230,125	\$38,049,275
Annual Percentage Change	-	-1.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

⁵ “California’s Fiscal Outlook.” California State Legislative Analyst’s Office. November 2007.

Utilities Users' Tax (FY 2007-08: \$23,125,000 – 12.5% of total General Fund revenues)

The City of Huntington Beach imposes a utilities tax on the users of telephone services, electricity, gas, water, and video within City boundaries. In FY 2007-08, Utility Users' Tax revenue is anticipated to total \$23.1 million. Utility Users' Tax revenue grew moderately between FY 2002-03 and FY 2006-07 at an average annual rate of 4.1%.

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Utility Users' Tax Revenue	\$18,309,686	\$19,424,209	\$20,004,400	\$21,169,513	\$21,478,698	\$23,125,000
Percent Increase Over Prior Year	-	6.09%	2.99%	5.82%	1.46%	7.66%

Utility Users' Tax revenue is expected to increase proportionately to increases in utility rates. Historically, Utility Users' Tax revenues have increased by approximately 4% statewide and in the City of Huntington Beach.⁶ The City projects Utility Users' Tax revenue increases of 3.0% per year for gas and telephone service and 6.0% per year for water, electricity, and cable service.

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Utility Users' Tax Revenue	\$23,125,000	\$23,678,750	\$24,786,613	\$25,951,561	\$27,176,739	\$28,465,470	\$29,821,268	\$31,247,851	\$32,749,148	\$34,329,315
Annual Percentage Change	-	2.4%	4.7%	4.7%	4.7%	4.7%	4.8%	4.8%	4.8%	4.8%

⁶ California State Controller's Office Website. <http://www.sco.ca.gov>. Accessed 11/24/07. Historical trend data include FY 1991-92 through FY 2004-05.

Transient Occupancy Tax (FY 2007-08: \$6,500,000 – 3.5% of total General Fund revenues)

The City of Huntington Beach imposes a Transient Occupancy Tax upon all hotel stays within City boundaries. Transient Occupancy Tax revenues account for approximately 3.5% of the City’s revenues. Transient Occupancy Tax revenues grew dramatically between FY 2002-03 and 2004-05, including an increase of 72.3% in FY 2004-05. The revenue growth is primarily attributable to the allocation of RDA revenue to the City.

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Transient Occupancy Tax Revenue	\$1,972,786	\$3,171,090	\$5,464,077	\$5,948,888	\$6,573,507	\$6,500,000
Percent Increase Over Prior Year	-	60.74%	72.31%	8.87%	10.50%	-1.12%

The City anticipates that transient occupancy tax revenue will increase by 6.5% to 7.5% per year going forward, which is forecasted using historical trend data and projected increases in the number of available hotel rooms in the City.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Transient Occupancy Tax Revenue	\$6,500,000	\$7,455,000	\$7,939,575	\$8,455,647	\$9,047,543	\$9,726,108	\$10,455,567	\$11,239,734	\$12,082,714	\$12,988,918
Annual Percentage Change	-	14.7%	6.5%	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%

License and Permit Revenue (FY 2007-08: \$9,051,200 – 4.9% of total GF revenues)

License and permit revenue include licenses for businesses or other services. Licenses provided by the City include Business Licenses, Oil Wells Tax Licenses, and Bicycle Licenses. Between FY 2002-03 and FY 2006-07, license and permit revenues increased an average of 12.6% per year.

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
License and Permit Revenue	\$6,531,965	\$7,732,499	\$7,432,476	\$7,208,576	\$10,026,027	\$9,051,200
Percent Increase Over Prior Year	-	18.38%	-3.88%	-3.01%	39.08%	-9.72%

Going forward, the City anticipates license and permit revenues will grow approximately 3.2% to 3.3% per year.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
License and Permit Revenue	\$9,051,200	\$8,234,288	\$8,042,631	\$8,302,306	\$8,571,667	\$8,851,083	\$9,140,938	\$9,441,630	\$9,753,573	\$10,077,197
Annual Percentage Change	-	-9.0%	-2.3%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%

Fines and Forfeitures (FY 2007-08: \$4,968,800 – 2.7% of total GF revenues)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Fines and Forfeitures Revenue	\$3,814,676	\$4,341,584	\$4,364,523	\$4,287,723	\$4,165,046	\$4,968,800
Percent Increase Over Prior Year	-	13.81%	0.53%	-1.76%	-2.86%	19.30%

The City receives revenue from fines relating to parking and traffic infractions, library fines, and compensation for the trigger of false alarms. The amount of fines and forfeitures revenues has increased substantially over the last 5 years. The City of Huntington Beach projects increases in revenue from parking fines of 3% per year going forward. The City has tasked additional personnel to this area, which has been a driver in revenue increases. All other fines and forfeitures are anticipated to increase at about 3.0% per year.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Revenue from Fines and Forfeitures	\$4,968,800	\$4,833,683	\$4,974,543	\$5,120,333	\$5,271,225	\$5,427,398	\$5,589,037	\$5,756,333	\$5,929,483	\$6,108,694
Annual Percentage Change	-	-2.7%	2.9%	2.9%	2.9%	3.0%	3.0%	3.0%	3.0%	3.0%

Use of Property and Money (FY 2007-08: \$14,126,000 – 7.6% of total GF revenues)

	<u>2002-03</u> <u>Actual</u>	<u>2003-04</u> <u>Actual</u>	<u>2004-05</u> <u>Actual</u>	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Actual</u>	<u>2007-08</u> <u>Budget</u>
Revenue from the Use of Property and Money	\$10,825,516	\$8,923,749	\$9,891,264	\$12,084,259	\$14,059,563	\$14,126,000
Percent Increase Over Prior Year	-	-17.57%	10.84%	22.17%	16.35%	0.47%

The City receives revenue from interest on funds in the general and special revenue funds. Revenue from the use of property and money constitutes almost 8% of General Fund revenues, and is projected to total \$14.1 million in FY 2007-08. Revenues from this source have been forecasted to grow between 3% to 5%.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Use of Property & Money Revenue	\$14,126,000	\$15,579,680	\$16,273,201	\$16,999,144	\$17,851,867	\$18,750,538	\$19,361,112	\$20,349,550	\$21,391,921	\$22,491,309
Annual Percentage Change	-	10.3%	4.5%	4.5%	5.0%	5.0%	3.3%	5.1%	5.1%	5.1%

Revenue from Other Agencies (FY 2007-08: \$5,564,500 – 3.0% of total GF revenues)

	<u>2002-03</u> <u>Actual</u>	<u>2003-04</u> <u>Actual</u>	<u>2004-05</u> <u>Actual</u>	<u>2005-06</u> <u>Actual</u>	<u>2006-07</u> <u>Actual</u>	<u>2007-08</u> <u>Budget</u>
Revenue from Other Agencies	\$10,885,557	\$10,146,274	\$6,807,830	\$5,318,012	\$5,300,366	\$5,564,500
Percent Increase Over Prior Year	-	-6.79%	-32.90%	-21.88%	-0.33%	4.98%

Revenue from other agencies primarily constitutes grants and subventions from state and federal sources, and is budgeted at \$5.6 million in FY 2007-08. Specific revenues include revenue from State agencies, revenue from federal agencies, revenue from county agencies, West Orange County Water Board revenue, and revenue from unspecified agencies. Forecasted revenues are assumed to grow at 1.3% to 1.5%.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Revenue from Other Agencies	\$5,564,500	\$5,106,100	\$5,173,576	\$5,243,065	\$5,314,632	\$5,388,348	\$5,464,283	\$5,542,512	\$5,623,111	\$5,706,160
Annual Percentage Change	-	-8.2%	1.3%	1.3%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%

Charges for Current Services (FY 2007-08: \$15,721,876 – 8.5% of total GF revenues)

The City charges for a range of services, including residential water, sanitation, and landscaping services. As shown in the following table, the amount of revenue from Charges for Current Services has generally increased from FY 2002-03 to 2006-07, but decreased in FY 2004-05.

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
Charges for Current Services Revenue	\$9,184,034	\$11,164,651	\$10,755,829	\$13,875,795	\$15,695,293	\$15,721,876
Percent Increase Over Prior Year	-	21.57%	-3.66%	29.01%	13.11%	0.17%

The City conducted a comprehensive review of fees during calendar year 2005, which resulted in a large number of the City’s fees being changed to adequately reflect services provided. The City’s fees are not indexed for inflation and are not automatically increased. The City expects to conduct a cost allocation study at the end of FY 2007-08 that will, among other things, determine the amount of overhead that can be allocated to the cost of various City services. The City does not expect that it will recover a greater proportion of costs from fees in the future, or that a greater proportion of overhead will be allocated to its fees for service. Consequently, all fees are projected to rise at 2.9% to 3.4% per year.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Charges for Current Services Rev.	\$15,721,876	\$17,515,458	\$18,106,593	\$18,718,418	\$19,351,657	\$20,007,060	\$20,685,401	\$21,387,484	\$22,114,141	\$22,866,230
Annual Percentage Change	-	11.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%

Other Revenue (FY 2007-08: \$1,212,000 – 0.65% of total GF revenues)

Due to the size, scope, and indeterminate nature of these revenues, inflation has been used to forecast increases in the “Other Revenue” category.

General Fund Expenditures

The City budgeted \$188.1 million in spending for FY 2007-08, with a largest proportion of spending in the Personal Services category. Personal Services expenditures are anticipated to total \$132.4 million, or over 70% of all General Fund expenditures in the FY 2007-08 budget. Personal services expenditures are, to a large extent, a function of labor bargaining agreements (i.e. memorandum of understanding) that determine annual salary increases. Other major expenditures include operating expenses, comprised of utility costs, equipment, and supplies, and “capital expenditures.” The General Fund capital expenditures are generally equipment and vehicles expenditures and not “infrastructure,” as defined in the LTFP.

Personal Services Expenditures

Personal Services expenditures, which are comprised of salaries and benefits for employees, are anticipated to increase from \$132.4 million in FY 2007-08 to \$179.5 million in FY 2016-17, an average annual increase of 3.4% per year. Personal Service expenditures were forecast using the growth rates in the City’s existing Memoranda of Understanding and current and forecasted employee totals.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Salaries	\$88,507,461	\$89,967,983	\$92,617,478	\$95,318,736	\$98,106,205	\$102,030,454	\$106,111,673	\$110,356,140	\$114,770,386	\$119,361,202
Termination Payments	2,100,000	2,623,500	2,728,440	2,837,578	2,951,081	3,069,123	3,191,888	3,319,563	3,452,345	3,590,438
Benefits	41,818,249	42,665,384	44,191,918	45,774,111	47,414,027	49,112,695	50,872,220	52,694,783	54,582,641	56,538,134
Total Personal Services	\$132,425,710	\$135,256,867	\$139,537,836	\$143,930,425	\$148,471,313	\$154,212,272	\$160,175,781	\$166,370,486	\$172,805,372	\$179,489,774
Annual Percent Change	-	2.1%	3.2%	3.1%	3.2%	3.9%	3.9%	3.9%	3.9%	3.9%

Salaries

Salary expenditure forecasts are based upon formula contained in existing labor agreements with the City’s employee unions. The City has negotiated annual salary increases through Memoranda of Understanding (“MOUs”) with each of its bargaining units. The agreements provide guaranteed increases through, in some cases, the 2011-12 fiscal year. These MOUs are discussed in detail below.

At the end of the term of the MOUs, projected salaries increase at 4% per year.

<u>Memoranda of Understanding</u>			
<u>Bargaining Unit</u>	<u>Period Covered</u>	<u>Positions Covered</u>	<u>Salary Increases</u>
Huntington Beach Police Officer's Association	April 1, 2006 and March 31, 2010	Communications Operators and Supervisors, Detention Officers and Nurses, Detention Shift Supervisors, and Police Recruits, Officers and Sergeants	2% increase in salary effective October 1 2007, followed by increases of 2.5% biannually, effective April 1 and October 1 of each year
Huntington Beach Municipal Employees' Association	July 1, 2007 through June 30, 2012		3% on September 1, 2007; 2% on July 1, 2008 through July 1, 2010; 2.5% on July 1, 2011
Huntington Beach Management Employees' Organization	December 20, 2006 through December 19, 2011		4.5% in 2006, 4.5% in 2007, 2% in 2008 through 2010; effective December 20 each year
Huntington Beach Firefighters Association	October 1, 2007 through September 30, 2010	Firefighter, Fire Engineer, Firefighter Paramedic, Fire Protection Specialist, Fire Captain, Deputy Fire Marshall	2.5% on September 25, 2007; 2.5% on March 24, 2008; 3% on September 23, 2008; 2.5% on March 23, 2009; 3% on September 22, 2009; 2% on March 22, 2010; 2% on September 21, 2010; 2.5% on March 22, 2011
Huntington Beach Police Management Association	July 1, 2006 through June 30, 2010	Police Lieutenant, Police Captain	4% in 2007, 5% in 2008, 3.25% for Lieutenants and 2.5% for Captains in 2009, 3.75% for Lieutenants and 3.0% for Captains in 2010; effective July 1 each year
Marine Safety Officers' Association	October 1, 2006 through September 30, 2009	Marine Safety Officer I, Marine Safety Officer II, Marine Safety Lieutenant	5% in 2007, 4.5% in 2008, and 5% in 2009, effective each October 1
Huntington Beach Fire Management Association	July 1, 2006 through June 30, 2008	Fire Battalion Chief, Fire Division Chief	7% on October 1, 2006; 7.25% on July 1, 2007

Benefits

Benefit expenditures to City employees are projected to increase 15.3% in FY 2007-08, and increase 3.58% after FY 2008-09. Benefits includes retirement supplements, workers’ compensation outlays, deferred compensation, FICA payments, and other miscellaneous benefits.

The City contributes to the California Public Employees’ Retirement System (CalPERS), a defined benefit pension plan, on behalf of its employees. CalPERS provides retirement, disability, death, and cost-of-living adjustment benefits to covered employees. The City provides both employee and employer contributions; employee contributions are made by the employee, but effectively reimbursed by the City. The employer rate is actuarially defined and set by CalPERS.

The City provides additional pension coverage to all employees hired prior to 1997. As of September 30, 2007, this defined benefit plan covered 546 of the City’s 1,134 active employees. The City funds a pension trust fund for this program, and contributes 3.68% of total payroll.

The City has agreed to pay post-employment medical insurance to all retirees who have a minimum of 10 years of service or are granted a disability retirement. As of September 30, 2007, 1,044 employees were covered by this program, which required an annual contribution from the City of approximately \$1.7 million. The City’s actual contribution was \$2.6 million.

Operating Expenditures

Operating expenditures for the City of Huntington Beach comprise approximately 23% of the City’s annual General Fund budget. Large areas of expenditure include equipment and supplies, repair and maintenance of existing assets, professional services, and insurance. In FY 2007-08, operating expenditures are budgeted at \$43.8 million, and are projected to grow to \$59.8 million in FY 2016-17. Operating expenditures are largely projected to increase at an assumed inflation rate of 3.0%, with the exception of Utility Expenses, which are projected to increase by 3.5% per annum (consistent with the projection of City utility revenues).

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Operating Expenditures	\$43,763,853	\$46,956,501	\$48,396,388	\$49,880,563	\$51,410,394	\$52,987,289	\$54,612,701	\$56,288,128	\$58,015,114	\$59,795,252
Annual Percent Change	-	7.3%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%

Capital Expenditures

Capital expenditures account for approximately 5% of General Fund expenditures, and are budgeted at \$9.6 million in FY 2007-08. This category includes those expenditures that the City has earmarked as having any capital use.

The City of Huntington Beach has two distinct capital programs. The first is supported by the City's General Fund and budgeted annually, while the second is funded by a capital reserve account, and is a product of the City's Five-Year Capital Improvement Program ("CIP"). For this reason, capital expenditures budgeted from the General Fund may not be congruent with the City's CIP.

The General Fund capital expenditures, excluding IIMP infrastructure, are projected to grow at an assumed 3% annual growth rate. It should be noted the City has an Equipment Replacement Program, which attempts to ensure that all City equipment is up-to-date and in proper states of repair. Purchases through this program consider the age and wear of all City equipment. Capital Expenditures also include "unfunded," or IIMP infrastructure beginning in FY 2008-09, which total \$102.9 million.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Capital Expenditures	\$9,625,831	\$9,638,829	\$9,427,994	\$9,710,834	\$14,504,194	\$20,735,690	\$22,551,813	\$35,527,106	\$36,592,920	\$37,690,707
Annual Percent Change	-	0.1%	-2.2%	3.0%	49.4%	43.0%	8.8%	57.5%	3.0%	3.0%

Special Revenue Fund Revenues and Expenditures

The City of Huntington Beach maintains a number of special purpose funds that account for the expenditure of restricted revenues. In total, revenues received through these funds are anticipated to total \$53.9 million in FY 2007-08. Of the City's special purpose funds, the LTFP includes the Air Quality, Traffic Impact, Gas Tax, Park Acquisition and Development, Drainage, Measure M, Library Development, RDA, Debt Service HBPFA, and RDA Debt Service.

Gas Tax Fund

The City's Gas Tax Fund accounts for gas tax revenues from the State of California as its primary source of revenue. In accordance with the provisions of the Streets and Highways Code, the City receives earmarked gas tax revenues on the sale of fuel, which are distributed on a per capita basis to all cities in the State. Gas Tax Fund revenues totaled \$7.2 million in FY 2007-08, including several one-time receipts. The City expects that its population will grow at a proportionally lower rate than the rest of the State. The City's population is projected to increase by approximately 7.5% over the 15-year period 2005 and 2020, which is an average annual growth rate of 0.48%.⁷ Projected gas tax revenue is generally expected to grow at 3% per year.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Gas Tax Fund	\$7,238,000	\$4,571,130	\$4,708,254	\$4,849,491	\$4,994,965	\$5,144,803	\$5,299,135	\$5,458,098	\$5,621,829	\$5,790,472
Annual Percent Change	-	-36.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Expenditures are primarily for transportation projects in the City. In FY 2007-08, expenditures are budgeted at \$5.0 million, and are comprised of \$940,000 in salaries and benefits, \$215,000 for equipment, supplies, repairs and maintenance, \$2.7 million for improvements to existing capital facilities, and \$1.1 million for non-operating expenditures. Future Gas Tax Fund expenditures are comprised primarily of projects identified in the 5-year CIP or the IIMP list of infrastructure needs.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Gas Tax Fund Expenditures	\$5,011,532	\$4,837,472	\$4,872,716	\$4,908,773	\$4,945,969	\$2,493,906	\$7,319,852	\$7,514,744	\$7,715,874	\$5,313,897

⁷ SCAG 2004, Growth Forecast.

Debt Service HBPFA Fund

Revenue received into the HBPFA Fund is used to fund the costs of debt service on outstanding HBPFA bonds. Debt Service HBPFA Fund revenues are approximately \$6.3 million in FY 2007-08. The Huntington Beach Public Financing Authority (“HBPFA”) is a corporation created in March 1988 as a conduit issuer of debt that has financed improvements and capital spending for the City and Redevelopment Agency. Revenue in this fund is largely transfers from other funds and business units for the repayment of debt for various projects.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Debt Service HBPFA Fund	\$6,340,000	\$6,354,835	\$6,352,029	\$6,045,652	\$6,050,902	\$6,052,695	\$6,048,873	\$6,049,379	\$6,048,331	\$4,532,089
Annual Percent Change	-	-	-	-	-	-	-	-	-	-

The City’s Public Finance Authority Debt Service Fund is tasked with paying debt service on outstanding debt for the City’s Public Finance Authority. Future expenditures are equal to outstanding debt service on HBPFA bonds.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Debt Service HBPFA Fund Expenditures	\$6,340,000	\$6,354,835	\$6,352,029	\$6,045,652	\$6,050,902	\$6,052,695	\$6,048,873	\$6,049,379	\$6,048,331	\$4,532,089

Traffic Impact Fund

The Traffic Impact Fund was created to ensure that City streets and highways are provided with the funds necessary to meet required levels of service and to mitigate congestion. The primary source of revenue is developer fees and the use of property and money. Future revenues are projected to increase at approximately the rate of inflation. Revenue in FY 2007-08 is comprised of a large amount of one-time receipts that are not expected to reoccur.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Traffic Impact Fund	\$6,103,000	\$772,165	\$791,819	\$811,976	\$832,646	\$853,845	\$875,586	\$897,881	\$920,746	\$944,196
Annual Percent Change	-	-87.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

The City receives revenues from developer fees and the use of money and property, which is used for traffic mitigation projects in the City. The City has budgeted expenditures of \$5.7 million in FY 2007-08 from the Traffic Impact Fund. Of this amount, approximately \$347,000 will be spent on salaries and benefits, \$400,000 on professional services, \$4.6 million on the purchase and improvements of land, and \$425,000 on non-operating expenses. Projected expenditures include projects in the current five-year CIP.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Traffic Impact Fund Expenditures	\$5,773,128	\$1,568,737	\$912,817	\$927,224	\$942,083	\$961,032	\$980,685	\$1,001,067	\$1,022,207	\$1,044,133

Measure M Fund

Measure M is a half-cent, voter-approved sales tax levied within Orange County. Revenue is used for street improvements and various transportation improvements. Measure M revenue is projected to increase at the rate of inflation, or 3.0% annually. The Orange County Transportation Authority long term financial plan expects that Measure M sales tax will increase at an average annual rate of 2.1%.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Measure M Fund Revenues	\$2,524,000	\$2,599,710	\$2,677,691	\$2,758,011	\$2,840,741	\$2,925,952	\$3,013,719	\$3,104,119	\$3,197,231	\$3,293,136
Annual Percent Change	-	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Expenditures in this fund are budgeted at \$4.2 million in FY 2007-08 and generally include projects identified in the five-year CIP and a portion of the IIMP infrastructure needs. FY 2007-08 expenses are comprised of personal services costs (\$132,235), repairs and maintenance costs (\$25,000), and improvements to capital facilities (\$4,050,000).

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Measure M Fund Expenditures	\$4,207,235	\$2,460,546	\$2,165,354	\$2,170,274	\$2,175,351	\$3,078,766	\$3,171,100	\$4,188,610	\$4,314,242	\$1,181,712

Air Quality Fund

The City of Huntington Beach receives revenue from the California State Air Resources Board, which is based primarily upon the State's registration fee receipts, and is distributed on a per capita basis. Revenues from this fund are used primarily on public works projects throughout the City. In FY 2007-08, the City anticipates that the Air Quality Fund will expend \$50,000 in personal services expenditures, \$41,500 in operating expenses, and \$350,000 in capital expenditures. No additional capital expenditures are included beyond FY 2007-08.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Air Quality Fund Expenditures	\$441,500	\$347,798	\$168,119	\$173,616	\$179,297	\$185,167	\$191,233	\$197,502	\$203,979	\$210,673

Park Acquisitions and Development Fund

The City has budgeted \$2.6 million for acquisition of new and the development of existing parks and beaches within the City in FY 2007-08. Of this amount, approximately \$174,000 will be spent on salaries and benefits, \$964,000 on operating expenditures, \$1.1 million on the purchase of land, and \$375,000 on non-operating expenditures. Revenues for this fund are primarily derived from fees, grants and donations. Costs related to the acquisition and development of parks is expected to grow at an average annual rate of approximately 4.5%.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Park Acquisitions and Development Fund Expenditures	\$2,667,254	\$1,455,053	\$562,848	\$570,832	\$579,066	\$589,332	\$599,973	\$611,002	\$622,436	\$634,288

Library Development Fund

The City of Huntington Beach projects \$457,720 in expenditures from the City's Library Development Fund in FY 2007-08. Of this amount, approximately \$315,000 will be spent on equipment and supplies, and \$142,000 on repairs and maintenance of existing assets. Expenditures are anticipated to grow to \$615,353 by FY 2016-17, based on an average annual growth rate of 3.0%.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Library Development Fund Expenditures	\$457,720	\$485,765	\$500,338	\$515,348	\$530,809	\$546,733	\$563,135	\$580,029	\$597,430	\$615,353

RDA Fund

The City of Huntington Beach anticipates outlays related to several redevelopment activities in the City. In FY 2007-08, expenditures related to this fund totaled \$1.7 million, and are projected to grow at an average rate of 3.0% per year, to \$2.7 million in FY 2016-17. FY 2007-08

expenditures include \$804,314 in personal services costs, and \$977,000 in operating expenses. Of this latter amount, a large proportion (\$865,000, or 88.5%) will be spent on professional services costs.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
RDA Fund Expenditures	\$1,781,314	\$4,678,298	\$2,191,868	\$2,257,128	\$2,324,392	\$2,402,101	\$2,482,455	\$2,565,545	\$2,651,467	\$2,740,319

RDA Debt Service Fund

The RDA Debt Service Fund is the largest of the City's special revenue funds and accounts for the receipt and expenditure of incremental property tax revenue within the city's redevelopment agency project area. FY 2007-08 revenues are anticipated to be \$15.9 million. Future incremental property tax revenues are projected to grow at the same rate as the City's General Fund property taxes.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
RDA Debt Service Fund	\$15,915,000	\$16,360,408	\$17,176,059	\$18,202,963	\$19,291,371	\$20,636,589	\$22,075,818	\$23,615,633	\$25,263,069	\$27,025,657
Annual Percent Change	-	2.8%	5.0%	6.0%	6.0%	7.0%	7.0%	7.0%	7.0%	7.0%

The City's RDA Debt Service Fund was created to pay debt service on outstanding debt for the City's Redevelopment Agency. In FY 2007-08, expenditures related to this category totaled \$23.8 million. The RDA has also identified other redevelopment needs that are included in projected expenditures.

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
RDA Debt Service Fund Expenditures	\$23,828,756	\$13,715,695	\$14,085,961	\$14,536,147	\$15,023,754	\$15,606,248	\$16,229,729	\$16,886,604	\$17,616,329	\$18,371,931

Ten-Year Summary Schedules

City of Huntington Beach, CA Budget Projections Model Summary for the General Fund

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Budget	Projection	Projection							
REVENUES										
PROPERTY TAXES										
BASIC LEVY	37,300,000	38,331,000	40,200,120	42,547,622	45,034,685	48,103,224	51,384,884	54,894,548	58,648,143	62,662,710
PRIOR YEAR PROP. TAXES	511,000	535,920	562,073	594,924	629,728	672,672	718,600	767,720	820,254	876,441
DEBT SVC PROP. TAXES	-	-	-	-	-	-	-	-	-	-
SUPP ROLL PROP. TAXES	2,125,000	1,924,000	2,000,960	2,080,998	2,205,858	2,360,268	2,525,487	2,702,271	2,891,430	3,093,830
OTHER PROP. TAXES	25,065,000	25,880,000	27,079,494	28,501,519	30,004,512	31,776,013	33,662,174	35,670,749	37,810,029	40,088,877
ASSESSMENTS	-	-	-	-	-	-	-	-	-	-
TAX INCREMENT	-	-	-	-	-	-	-	-	-	-
TOTAL PROPERTY TAXES	\$ 65,001,000	\$ 66,670,920	\$ 69,842,647	\$ 73,725,064	\$ 77,874,783	\$ 82,912,178	\$ 88,291,145	\$ 94,035,288	\$ 100,169,857	\$ 106,721,858
OTHER LOCAL TAXES										
SALES TAX	26,060,000	25,727,500	27,013,875	28,364,569	29,782,797	31,278,167	32,848,631	34,497,964	36,230,125	38,049,275
FRANCHISES	8,080,000	8,094,700	8,354,215	8,622,812	8,600,810	8,888,539	9,186,338	9,494,559	9,813,569	10,143,744
IN-LIEU TAX	-	-	-	-	-	-	-	-	-	-
TRANSIENT OCCUPANCY TAX	6,500,000	7,455,000	7,939,575	8,455,647	9,047,543	9,726,108	10,455,567	11,239,734	12,082,714	12,988,918
UTILITY USERS TAX	23,125,000	23,678,750	24,786,613	25,951,561	27,176,739	28,465,470	29,821,268	31,247,851	32,749,148	34,329,315
TOTAL OTHER LOCAL TAXES	\$ 63,765,000	\$ 64,955,950	\$ 68,094,277	\$ 71,394,589	\$ 74,607,889	\$ 78,358,283	\$ 82,311,804	\$ 86,480,108	\$ 90,875,556	\$ 95,511,252
LICENSE AND PERMITS										
LIC GENERAL	3,190,000	3,337,600	3,435,516	3,536,859	3,641,749	3,750,310	3,862,671	3,978,965	4,099,328	4,223,905
LIC AND PERMITS PUBLIC WORKS	675,000	759,200	797,160	837,018	878,869	922,812	968,953	1,017,401	1,068,271	1,121,684
LIC AND PERMITS BLDGS	2,865,000	2,574,000	2,664,090	2,757,333	2,853,840	2,953,724	3,057,105	3,164,103	3,274,847	3,389,466
LIC AND PERMITS PLANNING	2,321,200	1,563,488	1,145,865	1,171,095	1,197,209	1,224,236	1,252,209	1,281,162	1,311,127	1,342,142
TOTAL LICENSE AND PERMITS	\$ 9,051,200	\$ 8,234,288	\$ 8,042,631	\$ 8,302,306	\$ 8,571,667	\$ 8,851,083	\$ 9,140,938	\$ 9,441,630	\$ 9,753,573	\$ 10,077,197
FINES AND FORFEITURES										
COURT / TRAFFIC FINES	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
LIBRARY FINES	128,800	133,683	138,043	142,555	147,225	152,058	157,060	162,237	167,594	173,139
PARKING FINES	3,800,000	3,640,000	3,767,400	3,899,259	4,035,733	4,176,984	4,323,178	4,474,489	4,631,097	4,793,185
PARKING FINES DELINQUENT	-	-	-	-	-	-	-	-	-	-
ALARM FINES	240,000	260,000	269,100	278,519	288,267	298,356	308,798	319,606	330,793	342,370
TOTAL FINES AND FORFEITURES	\$ 4,968,800	\$ 4,833,683	\$ 4,974,543	\$ 5,120,333	\$ 5,271,225	\$ 5,427,398	\$ 5,589,037	\$ 5,756,333	\$ 5,929,483	\$ 6,108,694
USE OF MONEY AND PROP.										
INTEREST INCOME	2,356,000	2,610,000	2,698,515	2,790,128	2,884,948	2,983,086	3,084,659	3,189,787	3,298,594	3,411,210
LOAN PAYMENTS	-	-	-	-	-	-	-	-	-	-
DEFERRED COMP	-	-	-	-	-	-	-	-	-	-
LEASE AND CONCESSION INCOME	2,999,000	3,540,080	3,663,983	3,792,222	3,924,950	4,062,323	4,204,505	4,351,662	4,503,970	4,661,609
ROYALTIES	435,000	577,500	620,813	667,373	717,426	771,233	829,076	891,257	958,101	1,029,958
PARKING REVENUE	8,136,000	8,554,500	8,982,225	9,431,336	9,997,216	10,597,049	11,232,872	11,906,845	12,621,255	13,378,531
CONTRACT JAIL BOOKINGS	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
PCS WIRELESS	190,000	287,600	297,666	308,084	317,327	326,847	-	-	-	-
TOTAL USE OF MONEY AND PROP.	\$ 14,126,000	\$ 15,579,680	\$ 16,273,201	\$ 16,999,144	\$ 17,851,867	\$ 18,750,538	\$ 19,361,112	\$ 20,349,550	\$ 21,391,921	\$ 22,491,309
REVENUE FROM OTHER AGENCIES										
STATE OF CALIFORNIA AGENCIES	3,434,500	2,765,500	2,832,430	2,901,354	2,972,336	3,045,447	3,120,765	3,198,336	3,278,263	3,360,618
FEDERAL AGENCIES	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
COUNTY AGENCIES	2,000,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000	2,210,000
GAS TAX REVENUES	30,000	30,600	31,146	31,711	32,296	32,901	33,528	34,176	34,848	35,542
WOCWB REVENUE	-	-	-	-	-	-	-	-	-	-
OTHER AGENCIES	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE FROM OTHER AGENCIES	\$ 5,564,500	\$ 5,106,100	\$ 5,173,576	\$ 5,243,065	\$ 5,314,632	\$ 5,388,348	\$ 5,464,283	\$ 5,542,512	\$ 5,623,111	\$ 5,706,160

REVENUES	Budget	Projection	Projection								
CHARGES FOR CURRENT SVC											
PUBLIC WORKS	1,519,000	1,556,880	1,611,371	1,667,769	1,726,141	1,786,556	1,849,085	1,913,803	1,980,786	2,050,114	
BUILDING	2,503,000	2,633,280	2,725,445	2,820,835	2,919,565	3,021,749	3,127,511	3,236,973	3,350,268	3,467,527	
LIBRARY	42,700	467,700	482,575	497,971	513,905	530,397	547,467	565,134	583,419	602,344	
SPECIAL CITY SVCS	533,500	828,675	843,235	858,304	873,901	890,044	906,752	924,045	941,943	960,467	
RECREATIONAL CLASSES	3,508,000	3,852,320	3,987,151	4,126,701	4,271,136	4,420,626	4,575,348	4,735,485	4,901,227	5,072,770	
SPECIAL EVENTS	75,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	
UTILITY CHARGES	83,000	86,320	89,341	92,468	95,705	99,054	102,521	106,109	109,823	113,667	
AMBULANCE CHARGES											
EMERGENCY RESPONSE	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	
HAZMAT FEES	23,000	23,920	24,757	25,624	26,521	27,449	28,409	29,404	30,433	31,498	
FIRE	510,000	746,720	772,855	799,905	827,902	856,878	886,869	917,910	950,036	983,288	
MISCELLANEOUS	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	
PROP FUND CHARGE	378,176	393,303	407,069	421,316	436,062	451,324	467,121	483,470	500,391	517,905	
PROP FUND CHARGE - FIREMED	576,064	599,107	620,075	641,778	664,240	687,489	711,551	736,455	762,231	788,909	
PROP FUND CHARGE - EMERALD COVE	12,650	13,156	13,616	14,093	14,586	15,097	15,625	16,172	16,738	17,324	
PROP FUND CHARGE - WATER	4,224,069	4,393,032	4,546,788	4,705,925	4,870,633	5,041,105	5,217,544	5,400,158	5,589,163	5,784,784	
PROP FUND CHARGE - WMP	257,440	267,738	277,108	286,807	296,845	307,235	317,988	329,118	340,637	352,559	
PROP FUND CHARGE - REFUSE	519,795	540,587	559,507	579,090	599,358	620,336	642,048	664,519	687,777	711,850	
PROP FUND CHARGE - OVE	12,768	13,279	13,743	14,224	14,722	15,238	15,771	16,323	16,894	17,486	
PROP FUND CHARGE - SEWER	893,214	928,943	961,456	995,106	1,029,935	1,065,983	1,103,292	1,141,908	1,181,874	1,223,240	
TOTAL CHARGES FOR CURRENT SVC	\$ 15,721,876	\$ 17,515,458	\$ 18,106,593	\$ 18,718,418	\$ 19,351,657	\$ 20,007,060	\$ 20,685,401	\$ 21,387,484	\$ 22,114,141	\$ 22,866,230	
OTHER REVENUE											
SALES	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
GENERAL SALES	72,000	71,500	71,500	71,500	71,500	71,500	71,500	71,500	71,500	71,500	
DONATIONS	-	-	-	-	-	-	-	-	-	-	
SPONSORSHIPS	60,000	-	-	-	-	-	-	-	-	-	
REIMBURSABLES	285,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	665,000	
SETTLEMENTS	15,000	-	-	-	-	-	-	-	-	-	
OTHER	580,000	845,000	904,100	913,519	923,267	933,356	943,798	954,606	965,793	977,370	
TOTAL OTHER REVENUE	\$ 1,212,000	\$ 1,781,500	\$ 1,840,600	\$ 1,850,019	\$ 1,859,767	\$ 1,869,856	\$ 1,880,298	\$ 1,891,106	\$ 1,902,293	\$ 1,913,870	
NON-OPERATING REVENUE											
OPERATING TRANSFERS IN	5,636,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	5,436,428	
PROCEEDS OF LONG TERM DEBT	-	-	-	-	-	-	-	-	-	-	
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	
JOINT VENTURE INCOME	-	-	-	-	-	-	-	-	-	-	
CONTRIBUTIONS RECEIVED	-	-	-	-	-	-	-	-	-	-	
TOTAL NON-OPERATING REVENUE	\$ 5,636,428	\$ 5,436,428									
TOTAL REVENUES	\$ 185,046,804	\$ 190,114,007	\$ 197,784,497	\$ 206,789,365	\$ 216,139,915	\$ 227,001,172	\$ 238,160,446	\$ 250,320,440	\$ 263,196,362	\$ 276,832,999	

EXPENDITURES	Budget	Projection	Projection								
PERSONAL SERVICES											
SALARIES, PERMANENT	75,156,251	76,180,233	78,278,217	80,405,906	82,596,861	85,900,736	89,336,765	92,910,236	96,626,645	100,491,711	
SALARIES, TEMPORARY	4,815,326	4,206,103	4,374,347	4,549,321	4,731,294	4,920,546	5,117,368	5,322,062	5,534,945	5,756,343	
SALARIES, OVERTIME	8,535,884	9,581,647	9,964,913	10,363,509	10,778,050	11,209,172	11,657,540	12,123,842	12,608,796	13,113,149	
TERMINATION PAYOUTS	2,100,000	2,623,500	2,728,440	2,837,578	2,951,081	3,069,123	3,191,888	3,319,563	3,452,345	3,590,438	
BENEFITS	41,818,249	42,665,384	44,191,918	45,774,111	47,414,027	49,112,695	50,872,220	52,694,783	54,582,641	56,538,134	
TOTAL PERSONAL SERVICES	\$ 132,425,710	\$ 135,256,867	\$ 139,537,836	\$ 143,930,425	\$ 148,471,313	\$ 154,212,272	\$ 160,175,781	\$ 166,370,486	\$ 172,805,372	\$ 179,489,774	
OPERATING EXPENSES											
UTILITIES	6,176,840	6,238,367	6,456,710	6,682,695	6,916,589	7,158,670	7,409,223	7,668,546	7,936,945	8,214,738	
EQUIPMENT & SUPPLIES	6,857,791	7,312,233	7,531,600	7,757,548	7,990,275	8,229,983	8,476,883	8,731,189	8,993,125	9,262,918	
REPAIRS & MAINTENANCE	8,526,314	8,954,236	9,222,863	9,499,549	9,784,535	10,078,071	10,380,414	10,691,826	11,012,581	11,342,958	
CONFERENCES & TRAINING	1,138,444	1,099,363	1,132,344	1,166,314	1,201,303	1,237,342	1,274,463	1,312,697	1,352,078	1,392,640	
PROFESSIONAL SERVICES	5,173,145	7,153,477	7,368,081	7,589,124	7,816,797	8,051,301	8,292,840	8,541,625	8,797,874	9,061,810	
OTHER CONTRACT SERVICES	4,454,956	4,784,334	4,927,864	5,075,700	5,227,971	5,384,810	5,546,354	5,712,745	5,884,127	6,060,651	
RENTAL EXPENSE	1,373,245	1,393,119	1,434,912	1,477,959	1,522,298	1,567,967	1,615,006	1,663,456	1,713,360	1,764,761	
CLAIMS EXPENSE	2,125,000	2,190,928	2,256,656	2,324,355	2,394,086	2,465,909	2,539,886	2,616,083	2,694,565	2,775,402	
INSURANCE	3,220,000	3,025,574	3,116,341	3,209,831	3,306,126	3,405,310	3,507,469	3,612,693	3,721,074	3,832,706	
CONTRIBUTION TO PRIVATE AGENCY	650,000	693,704	714,515	735,951	758,029	780,770	804,193	828,319	853,169	878,764	
PAYMENTS TO OTHER GOVERNMENTS	2,881,062	2,967,494	3,056,519	3,148,214	3,242,661	3,339,940	3,440,139	3,543,343	3,649,643	3,759,132	
INTERDEPARTMENTAL CHARGES	-	-	-	-	-	-	-	-	-	-	
EXPENSE ALLOWANCES	353,631	357,142	367,856	378,892	390,258	401,966	414,025	426,446	439,239	452,417	
OTHER EXPENSES	833,425	786,532	810,128	834,432	859,465	885,248	911,806	939,160	967,335	996,355	
TOTAL OPERATING EXPENSES	\$ 43,763,853	\$ 46,956,501	\$ 48,396,388	\$ 49,880,563	\$ 51,410,394	\$ 52,987,289	\$ 54,612,701	\$ 56,288,128	\$ 58,015,114	\$ 59,795,252	
CAPITAL EXPENDITURES											
LAND PURCHASE	-	-	-	-	-	-	-	-	-	-	
IMPROVEMENTS	565,620	2,359,218	2,429,995	2,502,895	2,580,017	2,662,888	2,751,504	2,846,007	2,946,342	3,052,581	
EQUIPMENT	6,158,970	4,133,956	4,257,975	4,385,714	4,517,285	4,652,804	4,792,388	4,936,160	5,084,244	5,236,772	
VEHICLES	2,459,200	2,661,675	2,241,525	2,308,771	2,378,034	2,449,375	2,522,856	2,598,542	2,676,498	2,756,793	
SOFTWARE - CAPITAL	442,041	483,980	498,500	513,455	528,858	544,724	561,066	577,898	595,235	613,092	
CAPITALIZED PP&E OFFSET	-	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURES	\$ 9,625,831	\$ 9,638,829	\$ 9,427,994	\$ 9,710,834	\$ 10,006,194	\$ 10,298,865	\$ 10,601,708	\$ 10,916,505	\$ 11,240,029	\$ 11,574,142	
NON-OPERATING EXPENSES											
DEBT SERVICE EXPENSES	-	-	-	-	-	-	-	-	-	-	
PASS THROUGH PAYMENTS	-	-	-	-	-	-	-	-	-	-	
TRANSFERS TO OTHER FUNDS	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	6,865,500	
PAYROLL CHARGES	(4,550,406)	(5,005,447)	(5,505,991)	(6,056,590)	(6,662,249)	(7,328,474)	(8,061,322)	(8,867,454)	(9,754,199)	(10,729,619)	
DEPRECIATION	-	-	-	-	-	-	-	-	-	-	
LOANS MADE	-	-	-	-	-	-	-	-	-	-	
TOTAL NON-OPERATING EXPENSES	\$ 2,315,094	\$ 1,860,053	\$ 1,359,509	\$ 808,910	\$ 203,251	\$ (462,974)	\$ (1,195,822)	\$ (2,001,954)	\$ (2,888,699)	\$ (3,864,119)	
TOTAL EXPENDITURES	\$ 188,130,488	\$ 193,712,251	\$ 198,721,726	\$ 204,330,732	\$ 214,589,151	\$ 227,472,277	\$ 236,144,473	\$ 256,183,766	\$ 264,524,706	\$ 273,111,614	
NET OPERATING EXPENDITURES	\$ (3,083,684)	\$ (3,598,244)	\$ (937,230)	\$ 2,458,633	\$ 1,550,764	\$ (471,105)	\$ 2,015,973	\$ (5,863,325)	\$ (1,328,344)	\$ 3,721,385	
FUND BALANCE	\$ 40,612,316	\$ 37,014,072	\$ 36,076,842	\$ 38,535,475	\$ 40,086,239	\$ 39,615,134	\$ 41,631,107	\$ 35,767,782	\$ 34,439,439	\$ 38,160,824	

City of Huntington Beach, CA Budget Projections Model

Summary for All Funds

Fund	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	final_08	proj_09	proj_10	proj_11	proj_12	proj_13	proj_14	proj_15	proj_16	proj_17
	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
General Fund										
Total Revenues	185,046,804	190,114,007	197,784,497	206,789,365	216,139,915	227,001,172	238,160,446	250,320,440	263,196,362	276,832,999
Total Expenditure	188,130,488	193,712,251	200,586,101	208,059,482	218,317,901	231,201,027	239,873,223	259,912,516	268,253,456	278,473,489
Fund Balance	\$ 40,612,316	\$ 37,014,072	\$ 34,212,467	\$ 32,942,350	\$ 30,764,364	\$ 26,564,509	\$ 24,851,732	\$ 15,259,657	\$ 10,202,564	\$ 8,562,074
Air Quality Fund										
Total Revenues	273,000	281,190	289,626	298,314	307,264	316,482	325,976	335,756	345,828	356,203
Total Expenditure	441,500	347,798	168,119	173,616	179,297	185,167	191,233	197,502	203,979	210,673
Fund Balance	\$ 638,500	\$ 571,892	\$ 693,399	\$ 818,097	\$ 946,064	\$ 1,077,378	\$ 1,212,121	\$ 1,350,375	\$ 1,492,224	\$ 1,637,754
Traffic Impact										
Total Revenues	6,103,000	772,165	791,819	811,976	832,646	853,845	875,586	897,881	920,746	944,196
Total Expenditure	5,773,128	1,568,737	912,817	927,224	942,083	961,032	980,685	1,001,067	1,022,207	1,044,133
Fund Balance	\$ 6,021,872	\$ 5,225,299	\$ 5,104,302	\$ 4,989,053	\$ 4,879,617	\$ 4,772,430	\$ 4,667,331	\$ 4,564,144	\$ 4,462,684	\$ 4,362,746
Gas Tax Fund										
Total Revenues	7,238,000	4,571,130	4,708,254	4,849,491	4,994,965	5,144,803	5,299,135	5,458,098	5,621,829	5,790,472
Total Expenditure	5,011,532	4,837,472	4,872,716	4,908,773	4,945,969	2,493,906	7,319,852	7,514,744	7,715,874	5,313,897
Fund Balance	\$ 4,059,468	\$ 3,793,126	\$ 3,628,663	\$ 3,569,381	\$ 3,618,377	\$ 6,269,273	\$ 4,248,556	\$ 2,191,910	\$ 97,866	\$ 574,440
Park Acquisition and Development										
Total Revenues	753,000	772,305	792,107	812,419	833,254	854,626	876,548	899,034	922,101	945,761
Total Expenditure	2,667,254	1,455,053	562,848	570,832	579,066	589,332	599,973	611,002	622,436	634,288
Fund Balance	\$ 486,746	\$ (196,003)	\$ 33,256	\$ 274,843	\$ 529,030	\$ 794,324	\$ 1,070,899	\$ 1,358,931	\$ 1,658,596	\$ 1,970,069
Drainage										
Total Revenues	77,000	79,060	81,176	83,348	85,579	87,871	90,224	92,641	95,123	97,672
Total Expenditure	-	-	-	-	-	-	-	-	-	-
Fund Balance	\$ (600,000)	\$ (520,940)	\$ (439,764)	\$ (356,416)	\$ (270,837)	\$ (182,966)	\$ (92,742)	\$ (101)	\$ 95,022	\$ 192,694
Measure M Fund										
Total Revenues	2,524,000	2,599,710	2,677,691	2,758,011	2,840,741	2,925,952	3,013,719	3,104,119	3,197,231	3,293,136
Total Expenditure	4,207,235	2,460,546	2,165,354	2,170,274	2,175,351	181,896	4,367,872	5,730,170	4,636,747	3,472,575
Fund Balance	\$ 1,258,765	\$ 1,397,929	\$ 1,910,266	\$ 2,498,003	\$ 3,163,393	\$ 5,907,449	\$ 4,553,297	\$ 1,927,246	\$ 487,731	\$ 308,292
Library Development										
Total Revenues	457,000	468,485	480,259	492,329	504,703	517,388	530,392	543,724	557,391	571,401
Total Expenditure	457,720	485,765	500,338	515,348	530,809	546,733	563,135	580,029	597,430	615,353
Fund Balance	\$ 356,280	\$ 339,000	\$ 318,921	\$ 295,902	\$ 269,796	\$ 240,451	\$ 207,708	\$ 171,403	\$ 131,364	\$ 87,413
RDA										
Total Revenues	1,721,000	1,772,580	1,825,706	1,880,425	1,936,784	1,994,832	2,054,620	2,116,201	2,179,628	2,244,956
Total Expenditure	1,781,314	4,678,298	2,191,868	2,257,128	2,324,392	2,402,101	2,482,455	2,565,545	2,651,467	2,740,319
Fund Balance	\$ 24,139,686	\$ 21,233,968	\$ 20,867,807	\$ 20,491,104	\$ 20,103,495	\$ 19,696,226	\$ 19,268,392	\$ 18,819,048	\$ 18,347,209	\$ 17,851,845
Debt Svc Hbpfa										
Total Revenues	6,320,000	6,354,835	6,352,029	6,045,652	6,050,902	6,052,695	6,048,873	6,049,379	6,048,331	4,532,089
Total Expenditure	6,340,000	6,354,835	6,352,029	6,045,652	6,050,902	6,052,695	6,048,873	6,049,379	6,048,331	4,532,089
Fund Balance	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000	\$ 7,180,000
Rda Hb Debt Svc Project Area										
Total Revenues	15,915,000	16,360,408	17,176,059	18,202,963	19,291,371	20,636,589	22,075,818	23,615,633	25,263,069	27,025,657
Total Expenditure	23,828,756	13,715,695	14,085,961	14,536,147	15,023,754	15,606,248	16,229,729	16,886,604	17,616,329	18,371,931
Fund Balance	\$ (7,913,756)	\$ (5,269,043)	\$ (2,178,944)	\$ 1,487,872	\$ 5,755,489	\$ 10,785,830	\$ 16,631,919	\$ 23,360,947	\$ 31,007,688	\$ 39,661,414