

Next, staff took a look at the state and local economy as it impacts our City. Although the economic slowdown shows many signs of having turned a positive corner, economic recovery for the State of California and the City of Los Alamitos may take years. Although the City's sales tax is projected to show slight increases this fiscal year and in the coming year, it is still 24% below the high point during Fiscal Year 2007-08. And although the real estate market is on the mend with median prices increasing over the prior year, the City's property tax receipts reflect numerous "Prop 8 Reassessments," downward assessed value adjustments, for homes purchased at peak prices between 2006 and 2008.

Finally, staff compiled an in depth analysis of fiscal year 2010-11 revenues and expenditures. Based on this study, staff has estimated ending balances for the current fiscal year.

## Discussion

The originally adopted fiscal year 2010-11 budget was balanced, estimating general fund revenues/transfers in totaling \$10.4 million, and commensurate expenditures/transfers out. The amended budget includes \$250,000 in additional revenues resulting from the Council approved refuse franchise contract, and \$90,000 in additional appropriations for the Los Alamitos Boulevard revitalization project.

## Fiscal Year 2010-11 General Fund Revenues

### Estimated General Fund Revenues FY 2010-11

|                           | FY 2009-10<br>Actuals | Amended<br>Budget | Estimated<br>to Close | Variance + / (-) |             |
|---------------------------|-----------------------|-------------------|-----------------------|------------------|-------------|
|                           |                       |                   |                       | \$               | %           |
| <b>General Fund</b>       |                       |                   |                       |                  |             |
| Property Taxes            | 2,937,739             | 2,827,260         | 2,900,000             | 72,740           | 2.6%        |
| Sales and Use Taxes       | 2,111,880             | 2,245,150         | 2,285,000             | 39,850           | 1.8%        |
| Utility Users Taxes       | 2,178,051             | 2,155,530         | 2,174,458             | 18,928           | 0.9%        |
| Transient Occupancy Taxes | 69,553                | 76,500            | 80,000                | 3,500            | 4.6%        |
| Franchise Fees            | 584,529               | 623,500           | 594,700               | (28,800)         | -4.6%       |
| Business Licenses         | 385,070               | 470,000           | 470,000               | -                | 0.0%        |
| Licenses and Permits      | 189,030               | 208,295           | 162,295               | (46,000)         | -22.1%      |
| Fines and Forfeitures     | 594,066               | 493,000           | 493,000               | -                | 0.0%        |
| Intergovernmental         | 79,367                | 50,000            | 60,500                | 10,500           | 21.0%       |
| Charges for Services      | 97,134                | 74,280            | 74,280                | -                | 0.0%        |
| Recreation Services       | 837,498               | 750,430           | 800,000               | 49,570           | 6.6%        |
| Investment Earnings       | 28,216                | 40,000            | 26,000                | (14,000)         | -35.0%      |
| Miscellaneous Revenue     | 165,846               | 260,500           | 400,000               | 139,500          | 53.6%       |
| Transfers In              | 371,080               | 383,050           | 383,050               | -                | 0.0%        |
| <b>General Fund Total</b> | <b>10,629,058</b>     | <b>10,657,495</b> | <b>10,903,283</b>     | <b>245,788</b>   | <b>2.3%</b> |

**Property Tax** performance suggests a marginal decline under previous years due to County wide decreases in assessed values. In comparing this year's receipts as of January 31, to those of January last fiscal year we are estimating a 1.2% decline this

year. Thus, we are projecting receipts to exceed our conservative budget by \$72,740 this fiscal year.

**Sales Tax** receipts this fiscal year are projected to increase about 8.2% over last fiscal year. Only 2.9% of the increase is attributed to economic growth in the City, the remainder is due to the "triple flip" true-up projected this year. The "triple flip" was instituted in 2004. California voters approved Proposition 57, the California Economic Recovery Bond Act, which authorized \$15 billion in bonds to close out the State's budget deficit. To guarantee bond repayment, ¼ of the sales and use taxes levied for local governments under the Bradley-Burns Uniform Sales Tax law was shifted to the State. This ¼ of confiscated local sales tax is reimbursed through a backfill of property tax revenue from the County Educational Revenue Augmentation Fund (ERAF), and any additional shortfall is back filled from the State general fund. The County ERAF backfill payment is based upon estimated sales and use tax revenues allocated to the jurisdiction in the prior fiscal year, plus an adjustment for statewide growth/decline. Given that the backfill payments are based on estimates, there is a true-up adjustment each year. The backfill payment, including the true-up, received by the City in January was 68.7% higher than that of the prior year.

**Utility Tax** is estimated to remain level to last fiscal year. The City collects a 6% utility user tax on electricity, natural gas, telephone and water utilities. In comparison to the prior year in this category, we project increases in natural gas and water taxes, and decreases in electricity and telephone taxes. This revenue stream has remained level with the prior year, showing only a slight, less than 1%, overall decrease, thus projected ending figures for this category are \$18,928 higher than the budget.

**Transient Occupancy Taxes** collected in the first half of this fiscal year have shown improvement over the prior year's collections, thus we are projecting to end the year \$3,500 over budget.

**Franchise Fee** revenues are projected to increase 1.7% over the prior year. The City collects franchise fees on cable television, trash collection, electric, natural gas, water, and pipeline services. This revenue stream has remained fairly level with prior years, with only slight variations from year to year. However, our budget in this category may have been somewhat optimistic. A \$28,800 budget reduction is recommended in this category.

**Licenses and Permits** have experienced a 14% decline this fiscal year. This is one area that is clearly impacted by the recession. Based on receipts collected for the first half of the fiscal year, a \$10,000 budget reduction in building permits and a \$36,000 budget reduction in public works permits are recommended. These reductions are offset by corresponding savings projected in the Community Development Department budget.

**Intergovernmental** revenues consist of revenues from other agencies such as grants, motor vehicle in lieu revenues and other reimbursements. This year the city received a \$10,500 Homeland Security/UASI grant that was not budgeted. Other revenues in this category are projected to remain as budgeted.

**Recreation Service** revenues are projected to exceed the budget by \$49,570 due in large to the Race on the Base event. Historically, recreation services revenues are budgeted conservatively, and typically surpassed in actual performance. This year is no different, as actual receipts may even exceed the estimated surplus.

**Investment Earnings** continue to decline as LAIF interest rates are at an all time low 0.46% as of December 2010. A \$14,000 budget reduction is recommended. Staff is currently working on a revised investment policy, for Council's review and approval at a later date, in order to enhance future revenues in this category.

The **Miscellaneous Revenue** category accounts for one-time revenue items such as the sale of property, insurance reimbursements, funds collected for damages to city property and other miscellaneous receipts. This fiscal year the City received \$250,000 from the sale of the street sweeper, and \$128,400 in workers compensation insurance reimbursements. This category is estimated to end the fiscal year \$139,500 above budget.

No variances are estimated in **Business Licenses, Fines and Forfeitures, Charges for Services and Transfers In**, thus these categories are projected to end the year as budgeted.

Overall, the general fund is projected to end the fiscal year with \$10,903,283 in revenues, realizing a \$245,788 budgetary increase. However, it is important to note that an estimated \$400,000 of this is derived from one-time sources, and thus cannot be factored in to future growth.

### **Fiscal Year 2010-11 General Fund Expenditures**

Departmental expenditures are projected to end fiscal year 2010-11 on target with just a few variances, as illustrated below.

- ❖ Savings totaling \$156,408 are projected in the Administrative Services Department resulting from salary savings from the unfilled Administrative Services Director position.
- ❖ The Police Department will realize \$35,000 in savings in the traffic division from the re-negotiated red light camera contract.
- ❖ The Community Development Department will realize \$46,000 savings in contractual services expenditures in the buildings inspections division. These savings are commensurate to revenue losses in the Licenses and Permits category.
- ❖ Additional funding will be needed in the Public Works Department in the city engineer division, as the traffic engineer contract was omitted during the budget process.

Overall, the general fund is projected to end the fiscal year with expenditures totaling \$10,290,087, thus realizing \$207,408 in savings.

**Projected General Fund Expenditures  
FY 2010-11**

|   | FY 2009-10        | Amended           | Projected         | Variance + / (-) |            |
|---|-------------------|-------------------|-------------------|------------------|------------|
|   | Actuals           | Budget            | to Close          | \$               | %          |
| <b>General Fund</b>                           |                   |                   |                   |                  |            |
| City Council                                  | 64,787            | 62,250            | 62,250            | -                | 0%         |
| City Manager                                  | 513,757           | 558,230           | 558,230           | -                | 0%         |
| Administrative Services                       | 627,280           | 611,360           | 454,952           | (156,408)        | -26%       |
| City Attorney                                 | 152,257           | 155,000           | 155,000           | -                | 0%         |
| <b>Police Department</b>                      |                   |                   |                   |                  |            |
| Police Administration                         | 806,644           | 804,452           | 804,452           | -                | 0%         |
| Patrol  | 2,352,529         | 2,326,960         | 2,326,960         | -                | 0%         |
| Investigation                                 | 481,542           | 482,226           | 482,226           | -                | 0%         |
| Records                                       | 165,594           | 164,650           | 164,650           | -                | 0%         |
| Communications Technology                     | 611,893           | 643,848           | 643,848           | -                | 0%         |
| Community Outreach                            | 84                | 870               | 870               | -                | 0%         |
| Traffic                                       | 487,702           | 490,747           | 455,747           | (35,000)         | -7%        |
| Emergency Preparedness                        | 14,558            | 27,640            | 27,640            | -                | 0%         |
| Total Police Department                       | 4,920,545         | 4,941,393         | 4,906,393         | (35,000)         | -1%        |
| <b>Community Development Department</b>       |                   |                   |                   |                  |            |
| Community Development Admin.                  | 212,339           | 172,755           | 172,755           | -                | 0%         |
| Planning                                      | 79,110            | 91,070            | 91,070            | -                | 0%         |
| Neighborhood Preservation                     | 97,008            | 97,049            | 97,049            | -                | 0%         |
| Building Inspection                           | 109,958           | 139,490           | 93,490            | (46,000)         | -33%       |
| NPDES   | 63,607            | 60,894            | 60,894            | -                | 0%         |
| Total Community Development Dpt.              | 562,022           | 561,258           | 515,258           | (46,000)         | -8%        |
| <b>Public Works Department</b>                |                   |                   |                   |                  |            |
| Public Works Administration                   | 278,102           | 185,860           | 185,860           | -                | 0%         |
| Street Maintenance                            | 580,702           | 546,453           | 546,453           | -                | 0%         |
| Park Maintenance                              | 295,206           | 292,595           | 292,595           | -                | 0%         |
| Building Maintenance                          | 279,036           | 273,870           | 273,870           | -                | 0%         |
| Street Sweeping                               | 83,018            | 82,483            | 82,483            | -                | 0%         |
| City Engineer                                 | 45,490            | 140,000           | 170,000           | 30,000           | 21%        |
| Total Public Works Department                 | 1,561,555         | 1,521,261         | 1,551,261         | 30,000           | 2%         |
| <b>Recreation and Community Services Dpt.</b> |                   |                   |                   |                  |            |
| Recreation Administration                     | 506,272           | 536,218           | 536,218           | -                | 0%         |
| Community Services                            | 50,710            | 59,740            | 59,740            | -                | 0%         |
| Day Camp                                      | 38,313            | 43,980            | 43,980            | -                | 0%         |
| Playgrounds                                   | 9,161             | 10,360            | 10,360            | -                | 0%         |
| Sports  | 143,061           | 148,680           | 148,680           | -                | 0%         |
| Special Classes                               | 341,525           | 288,220           | 288,220           | -                | 0%         |
| Special Events                                | 67,848            | 42,370            | 42,370            | -                | 0%         |
| Total Recreation and Comm. Svcs.              | 1,156,890         | 1,129,568         | 1,129,568         | -                | 0%         |
| Insurance                                     | 579,346           | 593,150           | 593,150           | -                | 0%         |
| Benefits and Liability                        | 133,729           | 135,000           | 135,000           | -                | 0%         |
| Transfers Out                                 | 264,371           | 229,025           | 229,025           | -                | 0%         |
| <b>General Fund Total</b>                     | <b>10,536,538</b> | <b>10,497,495</b> | <b>10,290,087</b> | <b>(207,408)</b> | <b>-2%</b> |

## Estimated Fiscal Year 2010-11 General Fund Outcomes

| General Fund Estimated Outcome |            |            |
|--------------------------------|------------|------------|
| FY 2010-11                     |            |            |
|                                | Budget     | Projected  |
| Revenue                        | 10,657,495 | 10,903,283 |
| Expenditure                    | 10,497,495 | 10,290,087 |
| Excess/(Deficiency)            | \$ 160,000 | \$ 613,196 |

Staff estimates that the general fund will complete the current year with a \$613,196 surplus. Of this, \$400,000 is derived from one-time sources, that are not projected to recur in future years.

Fiscal year 2009-10 marked the inception of GASB 45 reporting requirements for the City of Los Alamitos. As the Council is aware, GASB 45 requires cities to report liabilities pertaining to Other Post Employment Benefits (OPEB) in the City's financial statement. How a government actually finances benefits is a policy decision to be made by government officials. The City has contracted to have an actuarial report prepared, the report is currently being finalized for the Council's review. The report calculates \$2,695,891 in OPEB liabilities, over a 30 year amortization period with a first year annual required contribution of \$216,797. For the fiscal year ended June 30, 2010, the city paid \$133,729 in health care costs for its retirees and covered dependents, and reported the remaining \$83,068 as net OPEB obligations/liabilities. Staff recommends setting aside \$250,000 of these one-time revenues to establish a reserve for GASB 45 requirements pertaining to OPEB. Staff will come back with recommendations regarding the most appropriate method of setting aside funds during the upcoming budget process for fiscal year 2011-12.

### General Fund Reserves

The City's financial position is arguably stronger than many other municipalities because of its reserve holdings. Moreover, Los Alamitos is fortunate to have been able to increase its reserves over the past couple of years, in spite of the difficult economy. At June 30, 2010 we possess \$6,222,459 representing 59.1% coverage of reserves to expenditures.

**City of Los Alamitos**  
**General Fund Unreserved Designations ("Reserves")**

|                       | Actual<br>at June 30,<br>2006 | Actual<br>at June 30,<br>2007 | Actual<br>at June 30,<br>2008 | Actual<br>at June 30,<br>2009 | Actual<br>at June 30,<br>2010 | Projected<br>at June 30,<br>2011 |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|
| Emergencies           | -                             | -                             | 2,300,000                     | 2,300,000                     | 2,300,000                     | 2,300,000                        |
| Work Comp & General   |                               |                               |                               |                               |                               |                                  |
| Liability Claims      | 889,208                       | -                             | 500,000                       | 500,000                       | 500,000                       | 500,000                          |
| Building Improvements | 249,064                       | 237,272                       | -                             | -                             | -                             | -                                |
| GASB 45 - OPEB        | -                             | -                             | -                             | -                             | -                             | 250,000                          |
| Undesignated          | 5,179,870                     | 6,544,877                     | 3,103,257                     | 3,329,940                     | 3,422,459                     | 3,785,654                        |
| <b>Total Reserves</b> | <b>6,318,142</b>              | <b>6,782,149</b>              | <b>5,903,257</b>              | <b>6,129,940</b>              | <b>6,222,459</b>              | <b>6,835,654</b>                 |
| Reserves as % of      |                               |                               |                               |                               |                               |                                  |
| Expenditures          | 49.5%                         | 63.4%                         | 48.3%                         | 55.4%                         | 59.1%                         | 66.3%                            |

With sound fiscal management and planning, the city is projecting to further increase reserves to \$6,835,654 in fiscal year 2010-11.

**Fiscal Year 2010-11 Estimated Revenues – Other Funds**

Attachment "A" outlines estimated revenues for all other funds. Notable variances are projected in the following areas:

- ❖ Interest Earnings are projected at \$8,200 below budget across all funds.
- ❖ In the Gas Tax fund we are anticipating the receipt of \$385,000 reimbursement from the American Recovery and Reinvestment Act (ARRA). ARRA funding was used for the Katella Avenue resurfacing project, which was completed in the fall of 2010.
- ❖ Measure M fund is projecting the receipt of a \$45,000 Growth Management Area 2 Grant which was not originally budgeted.

**Fiscal Year 2010-11 Projected Expenditures – Other Funds**

Attachment "B" illustrates projected expenditures in all other funds and Attachment "C" summarizes Capital Improvement Project projections for fiscal year 2010-11. The following budget amendments are requested:

- ❖ In the Gas Tax fund an additional \$50,000 is necessary for the completion of the Katella Avenue resurfacing project. This project was originally budgeted in fiscal year 2009-10 in the amount of \$550,000. To date only \$336,000 has been spent towards this project and no funds were carried

over into the fiscal year 2010-11 budget. Most expenditures occurred last fiscal year, however, an appropriation carryover of \$50,000 is necessary to complete the project this fiscal year.

- ❖ Also in the Gas Tax fund, \$10,000 in additional funding is requested for the Arterial and Residential Tree Program. Over the last several years, adequate tree trimming has been put off due to budget constraints. Due to unmanaged growth some trees have become overgrown and may become a potential liability to the City. Therefore, staff is recommending an additional \$10,000 appropriation in order to bring us closer to recommended safety standards.
- ❖ In the Traffic Improvement Fund, the Katella Avenue Medians at Chestnut project, was originally budgeted in fiscal year 2008-09. Federal Highway Safety Improvement Grant (HSIP) funding was secured in the amount of \$105,120, with an additional \$20,000 being provided by the City's Traffic Improvement fund. To date only \$6,700 has been spent towards this project. It is estimated that \$7,000 will be needed to complete the design for this project, and construction is estimated to cost \$105,120, for a total requested carryover of \$113,120 to complete the project. Project completion is projected in December 2011, at which time grant reimbursement will be sought.
- ❖ The Measure M fund, with the use of a Growth Management Area 2 (GMA2) Grant, funded the Cerritos Ave./605 Freeway study, in fiscal year 2008-09. The study will be completed this fiscal year. No funding has been spent to date on this project, therefore, staff is requesting a \$45,000 budget carryover for this purpose.

### Pool Fund Recommendation

During the fiscal year 2010-11 budget study sessions held last year in May and June, it was recommended that the Pool Fund be incorporated into the General fund. Staff indicated that this would be addressed at mid-year. The impact of the merger on the General fund and would result in the following outcome for this fiscal year:

|   |           |
|---|-----------|
| Revenue   | 301,300   |
| Elimination of General Fund Transfer to Pool Fund | 19,325    |
| Expenditures                                      | (407,030) |
| Net Operating Effect                              | (86,405)  |
| Transfer of Fund Balance                          | 171,645   |
| Net Effect  | 85,240    |

Additionally, it was noted that when the Pool fund was originally set up, due to grant funding for certain capital improvements, a Special Revenue fund was necessary to

account for these restricted grant funding sources. However, in accordance with GASB 54 definitions, the current operation of the pool no longer warrants a Special Revenue fund designation. Therefore, staff is recommending the incorporation of the Pool fund budgets into the general fund, the transfer of its fund balance to the general fund, and to close out the Pool fund this fiscal year. The Pool Fund currently has a \$44,000 reserve set aside for Pool Capital Improvements. Staff is recommending that this reserve be carried over and re-established in the general fund.

### **Fund Balance Projections**

Attachment "D" reflects audited fund balances at the beginning of the fiscal year and projected balances at June 30, 2011, factoring in the effects of the revenue and expenditure projections discussed herein.

### **Fiscal Impact**

The fiscal impacts of the recommended budget amendments are detailed in Attachments "E" to this report. Additionally, the reserve designations recommended at this time are outlined in Attachment "F".

Submitted By:



Anita Agramonte  
Finance Manager

Approved By:



Jeffrey L. Stewart  
City Manager

- Attachments:*
- A) *Estimated Revenues FY 2010-11*
  - B) *Estimated Expenditures FY 2010-11*
  - C) *Capital Improvement Projects FY 2010-11*
  - D) *Fund Balance Projections FY 2010-11*
  - E) *FY 2010-11 Recommended Mid-Year Budget Amendments*
  - F) *FY 2010-11 Recommended Reserve Designations*

**City of Los Alamitos**  
**Estimated Revenues**  
**FY 2010-11**

|   | Amended<br>Budget | Estimated<br>to Close | Variance + / (-) |            |
|---|-------------------|-----------------------|------------------|------------|
|   |                   |                       | \$               | %          |
| <b>Special Revenue Funds</b>            |                   |                       |                  |            |
| CDBG Fund 19                            | 200,000           | 200,000               | -                | 0%         |
| Gas Tax Fund 20                         | 200,000           | 584,250               | 384,250          | 192%       |
| Public Safety Augmentation Fund 21      | 69,000            | 69,000                | -                | 0%         |
| Supplemental Law Enforcement Fund 22    | 100,000           | 100,000               | -                | 0%         |
| Air Quality Fund 23                     | 14,500            | 14,100                | (400)            | -3%        |
| Residential Streets & Alleys Fund 24    | 1,700             | 300                   | (1,400)          | -82%       |
| Building Improvement Fund 25            | 1,800             | 400                   | (1,400)          | -78%       |
| Measure M Fund 26                       | 257,000           | 302,000               | 45,000           | 18%        |
| Asset Seizure Fund 27                   | -                 | 350                   | 350              | #DIV/0!    |
| Los Alamitos TV Fund 28                 | 67,940            | 67,940                | -                | 0%         |
| Office of Traffic Safety Fund 29        | 24,500            | 24,500                | -                | 0%         |
| EECBE Grant Fund 30                     | 63,000            | 63,000                | -                | 0%         |
| Joint Forces Training Base Pool Fund 77 | 320,625           | 320,625               | -                | 0%         |
| <b>Special Revenue Funds Total</b>      | <b>1,320,065</b>  | <b>1,746,465</b>      | <b>426,400</b>   | <b>32%</b> |
| <b>Debt Service Fund</b>                |                   |                       |                  |            |
| Laurel Park Debt Service Fund 31        | 209,700           | 209,700               | -                | 0%         |
| <b>Debt Service Fund Total</b>          | <b>209,700</b>    | <b>209,700</b>        |                  | <b>0%</b>  |
| <b>Capital Project Funds</b>            |                   |                       |                  |            |
| Park Development Fund 40                | 1,700             | 500                   | (1,200)          | -71%       |
| Rivers/Mountains Conservancy Fund 41    | 1,100,000         | 1,100,000             | -                | 0%         |
| Traffic Improvement Fund 44             | 15,000            | 12,400                | (2,600)          | -17%       |
| <b>Capital Project Funds Total</b>      | <b>1,116,700</b>  | <b>1,112,900</b>      | <b>(3,800)</b>   | <b>1%</b>  |
| <b>Internal Service Funds</b>           |                   |                       |                  |            |
| Garage Fund 50                          | 227,330           | 227,330               | -                | 0%         |
| Technology Replacement Fund 53          | 148,570           | 148,570               | -                | 0%         |
| <b>Internal Service Funds Total</b>     | <b>375,900</b>    | <b>375,900</b>        | <b>-</b>         | <b>0%</b>  |

**City of LosAlamitos**  
**Expenditure Projections**  
**FY 2010-11**

|   | Amended<br>Budget | Estimated<br>to Close | Variance + / (-) |           |
|---|-------------------|-----------------------|------------------|-----------|
|   |                   |                       | \$               | %         |
| <b>Special Revenue Funds</b>            |                   |                       |                  |           |
| CDBG Fund 19                            | 200,000           | 200,000               | -                | 0%        |
| Gas Tax Fund 20                         | 214,000           | 274,000               | 60,000           | 28%       |
| Public Safety Augmentation Fund 21      | 69,000            | 69,000                | -                | 0%        |
| Supplemental Law Enforcement Fund 22    | 100,000           | 100,000               | -                | 0%        |
| Air Quality Fund 23                     | -                 | -                     | -                | #DIV/0!   |
| Residential Streets & Alleys Fund 24    | 30,000            | 30,000                | -                | 0%        |
| Building Improvement Fund 25            | 79,000            | 79,000                | -                | 0%        |
| Measure M Fund 26                       | 550,000           | 595,000               | 45,000           | 8%        |
| Asset Seizure Fund 27                   | 32,670            | 32,670                | -                | 0%        |
| Los Alamitos TV Fund 28                 | 89,000            | 89,000                | -                | 0%        |
| Office of Traffic Safety Fund 29        | 25,125            | 25,125                | -                | 0%        |
| EECBE Grant Fund 30                     | 63,000            | 63,000                | -                | 0%        |
| Joint Forces Training Base Pool Fund 77 | 407,030           | 407,030               | -                | 0%        |
| <b>Special Revenue Funds Total</b>      | <b>1,858,825</b>  | <b>1,963,825</b>      | <b>105,000</b>   | <b>6%</b> |
| <b>Debt Service Fund</b>                |                   |                       |                  |           |
| Laurel Park Debt Service Fund 31        | 209,700           | 209,700               | -                | 0%        |
| <b>Debt Service Fund Total</b>          | <b>209,700</b>    | <b>209,700</b>        | <b>-</b>         | <b>0%</b> |
| <b>Capital Project Funds</b>            |                   |                       |                  |           |
| Park Development Fund 40                | 230,000           | 230,000               | -                | 0%        |
| Rivers/Mountains Conservancy Fund 41    | 1,100,000         | 1,100,000             | -                | 0%        |
| Traffic Improvement Fund 44             | 303,000           | 416,120               | 113,120          | 37%       |
| <b>Capital Project Funds Total</b>      | <b>1,633,000</b>  | <b>1,746,120</b>      | <b>113,120</b>   | <b>7%</b> |
| <b>Internal Service Funds</b>           |                   |                       |                  |           |
| Garage Fund 50                          | 316,380           | 316,380               | -                | 0%        |
| Technology Replacement Fund 53          | 190,370           | 190,370               | -                | 0%        |
| <b>Internal Service Funds Total</b>     | <b>506,750</b>    | <b>506,750</b>        | <b>-</b>         | <b>0%</b> |

**City of Los Alamitos**  
**Capital Improvement Projects**  
**Fiscal Year 2010 - 11**

| Description                                     | Funding Source               | 2010-11<br>Budget | Expenditures<br>as of 12/31/10 | Projected<br>Ending Balance |
|---|------------------------------|-------------------|--------------------------------|-----------------------------|
| Arterial and Residential Tree Program           | Gas Tax Fund                 | 10,000            | 10,437                         | 20,000                      |
|   | Traffic Improvement Fund     | 10,000            | 1,088                          | 10,000                      |
| Street Marking / Striping                       | Gas Tax Fund                 | 7,000             | 5,729                          | 7,000                       |
|   | Traffic Improvement Fund     | 3,000             | 2,220                          | 3,000                       |
| Concrete Repairs                                | Traffic Improvement Fund     | 30,000            | -                              | 30,000                      |
| Residential Street Improvements                 | Measure M                    | 275,000           | 2,850                          | 275,000                     |
|   | Traffic Improvement Fund     | 225,000           | 285                            | 225,000                     |
| Alley Improvements                              | CDBG Fund                    | 200,000           | -                              | 200,000                     |
|   | Gas Tax Fund                 | 20,000            | 1,820                          | 20,000                      |
|   | Res. Street & Alleys Fund    | 30,000            | 11,322                         | 30,000                      |
| Katella Ave. Resurfacing - Siboney to Walker    | Gas Tax Fund - ARRA Grant    | -                 | 9,464                          | 50,000                      |
| Katella Medians at Chestnut                     | Traffic Improvement Fund     | -                 | 570                            | 113,120                     |
| Corporate Center Dr. / Calle Lee Reconstruction | Measure M                    | 275,000           | 190                            | 275,000                     |
|   | Traffic Improvement Fund     | 25,000            | -                              | 25,000                      |
| Bennington Street Light                         | Traffic Improvement Fund     | 5,000             | -                              | 5,000                       |
| Katella at Lexington intersection Improvements  | Traffic Improvement Fund     | 5,000             | -                              | 5,000                       |
| Cerritos Ave./605 Freeway                       | Measure M Fund               | -                 | 3,265                          | 45,000                      |
| Coyote Creek Improvement Project                | Rivers/Mtns Conservancy Fund | 1,100,000         | 2,850                          | 1,100,000                   |
| Laurel Park Field Renovations                   | Park Development Fund        | 230,000           | 570                            | 230,000                     |
| Energy Efficiency Upgrades                      | EECB Grant Fund              | 63,000            | -                              | 63,000                      |
| Museum Roof Improvements                        | Building Improvement Fund    | 20,000            | 190                            | 20,000                      |
| Community Center & Youth Center Rehabilitation  | Building Improvement Fund    | 50,000            | 438                            | 50,000                      |
| Parking Lot Security                            | Building Improvement Fund    | 9,000             | 6,548                          | 9,000                       |
|   | Asset Seizure Fund           | 32,670            | 8,310                          | 32,670                      |
| <b>Total</b>                                    |                              | <b>2,624,670</b>  | <b>68,147</b>                  | <b>2,842,790</b>            |

**City of LosAlamitos**  
**Fund Balance Projections**  
**FY 2010-11**

| FUND TYPE/DESCRIPTION                    | Fund<br>Balance<br>July 1, 2010<br>Actual | FY 2010-11<br>Estimated<br>Revenues &<br>Transfers In | FY 2010-11<br>Estimated<br>Expenditures &<br>Transfers Out | FY 2010-11<br>Estimated<br>Contingency | Fund<br>Balance<br>June 30, 2010<br>Estimated |
|--|---|---|--|--|---|
| <b>General Fund:</b>                     |   |   |  |  |   |
| 10- General Fund                         | 6,222,458                                 | 10,903,283  | 10,290,087   | 613,196                                | 6,835,654                                     |
| <b>Special Revenue Funds:</b>            |   |   |  |  |   |
| 19- C.D.B.G. Fund                        | -   | 200,000   | 200,000  | -                                      | -   |
| 20- Gas Tax Fund                         | (206,527)                                 | 584,250   | 274,000  | 310,250                                | 103,723                                       |
| 21- Public Safety Augmentation Fund      | 13,031                                    | 69,000  | 69,000   | -                                      | 13,031  |
| 22- Supplemental Law Enforcement Fund    | 33,737                                    | 100,000   | 100,000  | -                                      | 33,737  |
| 23- Air Quality Fund                     | 53,391                                    | 14,100  | -  | 14,100                                 | 67,491  |
| 24- Residential Streets & Alleys Fund    | 137,871                                   | 300   | 30,000   | (29,700)                               | 108,171                                       |
| 25- Building Improvement Fund            | 187,741                                   | 400   | 79,000   | (78,600)                               | 109,141                                       |
| 26- Measure M Fund                       | 576,649                                   | 302,000   | 595,000  | (293,000)                              | 283,649                                       |
| 27- Asset Seizure                        | 158,613                                   | 350   | 32,670   | (32,320)                               | 126,293                                       |
| 28- Los Alamitos Television Fund         | 128,559                                   | 67,940  | 89,000   | (21,060)                               | 107,499                                       |
| 29- Office of Traffic Safety Fund        | 81,605                                    | 24,500  | 25,125   | (625)                                  | 80,980  |
| 30- EECBE Grant Fund                     | -   | 63,000  | 63,000   | -                                      | -   |
| 77- Joint Forces Training Base Pool Fund | 171,645                                   | 320,625   | 407,030  | (86,405)                               | 85,240  |
| <b>Special Revenue Funds Total:</b>      | 1,336,314                                 | 1,746,465   | 1,963,825  | (217,360)                              | 1,118,954                                     |
| <b>Debt Service Fund:</b>                |   |   |  |  |   |
| 31 - Laurel Park Debt Service Fund       | 260,919                                   | 209,700   | 209,700  | -                                      | 260,919                                       |
| <b>Debt Service Fund Total:</b>          | 260,919                                   | 209,700   | 209,700  | -                                      | 260,919                                       |
| <b>Capital Projects Funds:</b>           |   |   |  |  |   |
| 40- Park Development Fund                | 239,089                                   | 500   | 230,000  | (229,500)                              | 9,589   |
| 41- Rivers/Mountains Conservancy Fund    | 95,798                                    | 1,100,000   | 1,100,000  | -                                      | 95,798  |
| 44- Traffic Improvement Fund             | 673,710                                   | 12,400  | 416,120  | (403,720)                              | 269,990                                       |
| <b>Capital Projects Funds Total:</b>     | 1,008,597                                 | 1,112,900   | 1,746,120  | (633,220)                              | 375,377                                       |
| <b>Internal Service Funds:</b>           |   |   |  |  |   |
| 50- Garage Fund                          | 586,805                                   | 227,330   | 316,380  | (89,050)                               | 497,755                                       |
| 53- Technology Replacement Fund          | 218,204                                   | 148,570   | 190,370  | (41,800)                               | 176,404                                       |
| <b>Internal Service Funds Total:</b>     | 805,009                                   | 375,900   | 506,750  | (130,850)                              | 674,159                                       |
| <b>Grand Totals</b>                      | 9,633,298                                 | 14,348,248  | 14,716,482   | (368,234)                              | 9,265,064                                     |

**City of Los Alamitos**  
**Fiscal Year 2010-11**  
**Recommended Mid-Year Budget Amendments**

|   | Budget<br>Increase /<br>(Decrease) |
|---|------------------------------------|
| <b>Recommended General Fund Revenue Budget Amendments</b>                   |                                    |
| (for additional information please refer to Pages 2-4 of the staff report.) |                                    |
| Property Taxes  | 72,740                             |
| Sales and Use Taxes   | 39,850                             |
| Utility Users Taxes   |                                    |
| Electricity   | (7,530)                            |
| Natural Gas   | 37,000                             |
| Telephone   | (30,000)                           |
| Water   | 19,458                             |
| Transient Occupancy Taxes   | 3,500                              |
| Franchise Fees  |                                    |
| Cable Television  | 7,000                              |
| Refuse Collection   | (14,000)                           |
| Electricity   | (9,000)                            |
| Natural Gas   | (12,000)                           |
| Pipeline  | (800)                              |
| Licenses and Permits  |                                    |
| Building Permits  | (10,000)                           |
| Public Works Permits  | (36,000)                           |
| Intergovernmental   |                                    |
| Homeland Security/PSIC Grant  | 10,500                             |
| Recreation Services   |                                    |
| Race on the Base  | 49,570                             |
| Investment Earnings   | (14,000)                           |
| Miscellaneous Revenue   | 139,500                            |
| <b>Total General Fund Revenue Amendments</b>                                | <b>245,788</b>                     |
| <br><b>Recommended General Fund Expenditure Budget Amendment</b>            |                                    |
| (for additional information please refer to Pages 4-5 of the staff report.) |                                    |
| Public Works - City Engineer Div.   |                                    |
| Traffic Engineer Contract Services  | 30,000                             |
| <b>Total General Fund Expenditure Amendments</b>                            | <b>30,000</b>                      |
| <br><b>Recommended Interest Income Budget Amendment</b>                     |                                    |
| (for additional information please refer to Page 7 of the staff report.)    |                                    |
| Gas Tax Fund 20   |                                    |
| Air Quality Fund 23   | (750)                              |
| Residential Streets & Alleys Fund 24  | (400)                              |

|                              | Budget<br>Increase /<br>(Decrease) |
|------------------------------|------------------------------------|
| Building Improvement Fund 25 | (1,400)                            |
| Measure M Fund 26            | (1,400)                            |
| Asset Seizure Fund 27        | (800)                              |
| Park Development Fund 40     | 350                                |
| Traffic Improvement Fund 44  | (1,200)                            |
| <b>Total Interest Income</b> | <b>(2,600)</b>                     |
|                              | <b>(8,200)</b>                     |

**Recommended Gas Tax Fund Budget Amendments**

(for additional information please refer to Pages 7-8 of the staff report.)

|                                     |         |
|-------------------------------------|---------|
| Revenues                            |         |
| ARRA Grant                          |         |
| Expenditures                        | 385,000 |
| Katella Ave. Resurfacing Project    |         |
| Arterial & Residential Tree Program | 50,000  |
|                                     | 10,000  |

**Recommended Measure M Fund Budget Amendments**

(for additional information please refer to Pages 7-8 of the staff report.)

|                                |        |
|--------------------------------|--------|
| Revenues                       |        |
| Growth Management Area 2 Grant |        |
| Expenditures                   | 45,000 |
| Cerritos Ave./605 Freeway      |        |
|                                | 45,000 |

**Recommended Traffic Improvement Fund Budget Amendments**

(for additional information please refer to Page 8 of the staff report.)

|                             |         |
|-----------------------------|---------|
| Expenditures                |         |
| Katella Medians at Chestnut | 113,120 |

**Recommended Budget Transfers to Eliminate the Pool Fund**

(for additional information please refer to Pages 8-9 of the staff report.)

|                           |           |
|---------------------------|-----------|
| Transfer Revenues         |           |
| General Fund Revenues     | 301,300   |
| Pool Fund Revenues        | (301,300) |
| Pool Fund Transfer In     | (19,325)  |
| Transfer Expenditures     |           |
| General Fund Expenditures | 407,030   |
| Pool Fund Expenditures    | (407,030) |
| General Fund Transfer Out | (19,325)  |
| Transfer Fund Balances    |           |
| General Fund Transfer In  | 171,645   |
| Pool Fund Transfer Out    | 171,645   |

**City of Los Alamitos**  
**Fiscal Year 2010-11**  
**Recommended Mid Year Reserve Designations**

**Recommended General Fund Reserves Designations**

|   |         |
|---|---------|
| Establish Reserve for OPEB - GASB 45        | 250,000 |
| Establish Reserve for Pool Capital Projects | 44,000  |

**5. CLOSED SESSIONS**

**A. Conference with Labor Negotiator**

Agency Negotiators: Jeffrey L. Stewart, City Manager  
Employee Organization: Los Alamitos Police Officers Association  
Authority: Government Code Section 54957.6

**B. Conference with Legal Counsel – Existing Litigation**

The City Council finds, based on advice from legal counsel, that discussion in open session will prejudice the position of the local agency in the litigation.

Name of Case: City of Los Alamitos vs. Citizens for a Fair Trash Contract  
Case Number: Orange County Superior Court Case #00420414  
Authority: Government Code Section 54956.9(a)