

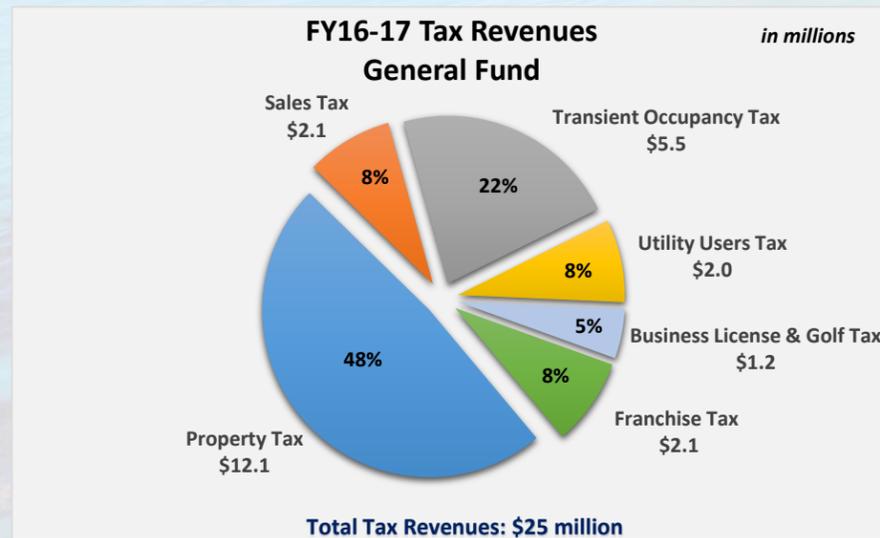
CITY MANAGER'S MESSAGE

It is with great pleasure that I present to the City Council and community the Fiscal Year 2016-17 Adopted Budget. With the Council' direction, staff was able to produce a balanced budget that prioritizes Fiscal Responsibility, Public Safety, Infrastructure Investment, Transparency, and Exceptional Customer Service.

Staff has prepared a balanced budget for FY 2016-17. The budget provides a funding plan that will allow the City to continue to provide enhanced level of services to the community. The FY 2016-17 Budget is available on the City's website. As always, the City Staff is happy to answer any questions about the City's budget and finances, and we welcome all comments on how we're doing and how we can better serve the public.

GENERAL FUND

General taxes make up 82% or \$25 million of the total General Fund revenue of \$28.6 million. Property Tax and Transient Occupancy Tax (TOT) lead the way, generating 61.5% of the total General Fund revenue. The General Fund continues to be the largest City fund, bolstered primarily by robust property values and steady increase growth in TOT. Property Tax growth within the City will remain strong and consistent for the next fiscal year. The estimated growth forecasted for FY 2016-17 is approximately 4.0%, a slightly higher growth than the normal 2.0% CPI growth estimated by the assessor.



Top 25 Sales Tax Producers (in Alphabetical Order)

7-Eleven Food Stores	Ihop Restaurants
Admiral Risty Restaurant	Jack In The Box Restaurants
America's Tire	Los Verdes Country Club
Asaka Japanese Cuisine	Marie Callender's Restaurant
Audio Visual Services Group	Marshall's Stores
Avenue Italy	Mobil Service Stations
Carl's Jr. Restaurants	O'Reilly Auto Parts
Centinela Feed & Pet Supplies	Ralph's Grocery Company
Chevron Service Stations	Smart & Final
Coco'S Restaurants	Terranea Resort
El Pollo Loco	Trader Joe's
Good Night Mattress	Trump National Golf Club
Green Hills Memorial Park	

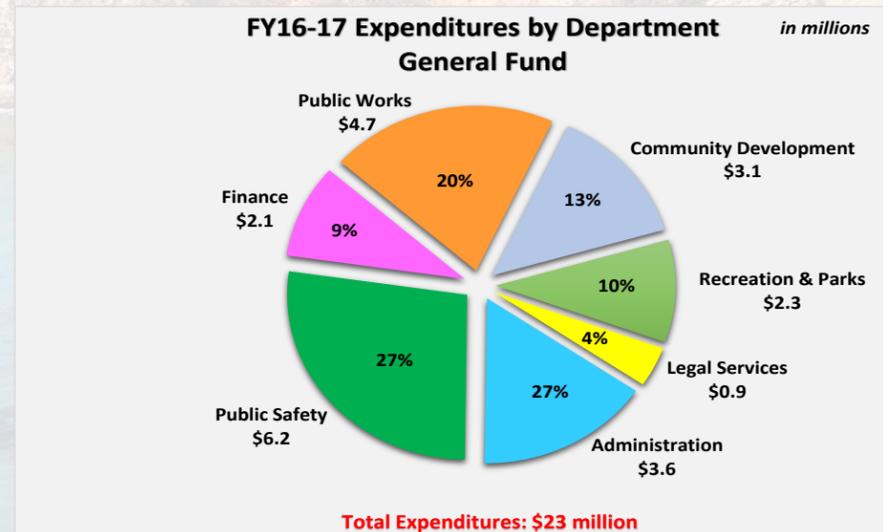
Source: MuniServices

GENERAL FUND CONTINUED...

Top 10 Property Tax Payers (based on Net Values)	
Long Point Dev LLC	Western Riviera Investors
GS Palos Verdes LLC	Golden Cove LLC
P V Victoria Apartments LLC	Episcopal Communities and Services
Terraces Subsidiary LLC	Belmont Village RPV LP
Vista Catalina Apartments	Ocean View Drive Inc

Source: HdL Companies

On the expenditure side, the City has set conservative fiscal policies including transferring TOT to capital projects to invest in the City's infrastructure. For FY 2016-17, this is equivalent to a transfer of \$5 million from the General Fund to the Capital Project Fund. The FY 2016-17 expenditure budget is increasing approximately 9%, with a majority of the increase in the Law Enforcement category. Additional personnel and patrols were added to the contract, heightening the Sheriff presence in the City.



More General Fund Information can be found on pg. 53 of the Budget Book.

FY 2016-17 BUDGET HIGHLIGHTS

- The City has a balanced operating budget, where ongoing expenditures do not exceed ongoing revenues.
- The Adopted Budget, excluding Improvement Authorities, of \$44,197,500 in Expenditures and \$39,853,000 in Revenues. The gap between expenditures and revenues are offset by fund balances.
- The City Council's reserve policy thresholds are expected to be maintained, with the General Fund Reserve (rainy day fund) estimated to be \$11.4 million.

FINANCIAL OVERVIEW

In addition to the General Fund, the City Council adopts budgets for 28 other funds (5 restricted by the City Council and 23 legally restricted). The Improvement Authority Board adopts budget for 2 legally restricted funds.

As of June 30, 2015, the City had total assets of \$223.6 million, including \$61.6 million of cash and \$150.6 million of capital assets. Total liabilities were \$12.6 million.

CAPITAL IMPROVEMENTS

Recognizing the need for preventative maintenance and repairs to preserve City facilities and infrastructure, the City Council conscientiously funded many capital projects. The FY 2016-17 budget contains \$11.2 million in new capital projects. Almost \$7 million of the funding for new projects is from Capital Reserve funds.

Projects	FY 16-17
Engineering Review/Labor Compliance	\$ 175,000
Grant Administration	70,000
Infrastructure Management Plan	25,000
Arterial Walls and Fences Replacement Program	500,000
Residential Street Rehabilitation Program - Cycle 1/Year 7 (Final Year)	4,017,500
Residential Street Rehabilitation Program - Cycle 2	400,000
Coastal Bluff Fence Replacement Program	200,000
Ladera Linda Community Center Parking Lot	25,000
Abalone Cove Landslide Abatement District (ACLAD) Sewer System Rehabilitation Program	200,000
Civic Center Master Plan	250,000
RPV TV Building Improvements	55,000
Torrance Airport Storm Water Quality Project	460,000
Portuguese Bend Landslide Area Strategic Plan	75,000
Landslide Area Dewatering Well Program	450,000
Subtotal Capital Projects Fund	\$ 6,902,500
Point Vicente Interpretive Center (PVIC) Exhibit Replacement/Renovation	455,000
Subtotal Restricted Donations Fund	\$ 455,000
ADA Improvements at City Hall Bus Stop	192,400
Subtotal Community Development Block Grant Fund (CDBG)	\$ 192,400
Portuguese Bend Landslide Area Resurfacing Program	538,000
Subtotal Proposition C Fund	\$ 538,000
Eastview Park Site and Recreation Improvements	250,000
Ladera Linda Community Center Parking Lot	25,000
Abalone Cove Beach Access Road and Parking Rehabilitation	50,000
Lower Hesse Park Improvements	200,000
Conestoga Trail Improvements	50,000
Subtotal Quimby Fund	\$ 575,000
Sidewalk Repair and Replacement Program	250,000
Gas Tax Fund	\$ 250,000
Residential Street Rehabilitation Program - Cycle 1/Year 7 (Final Year)	82,500
Bicycle & Pedestrian Access Fund	\$ 82,500
Storm Drain Lining Program	350,000
Storm Drain Deficiency Improvement Program	1,769,000
Altamira Canyon Culvert Modifications at Palos Verdes Drive South (PVDS)	75,000
Subtotal Water Quality Flood Protection Fund	\$ 2,194,000
Total Capital Expenditures	\$ 11,189,400

Summary of Resources Used for Funding Capital Spending	FY 16-17
Use of CIP & General Fund Resources	\$ 6,902,500
Use of Restricted Funds and Revenue	4,286,900
Total Resources Used to fund Capital Spending	\$ 11,189,400

The five-year CIP can be found on pg. 303 of the Budget Book.

CAPITAL IMPROVEMENT PLAN (CIP) CALENDAR

The CIP Calendar starts in the fall season and concludes usually by June. An outline of the CIP planning and adoption process is contained in the illustration below.



CITY PERSONNEL

For FY 2016-17, the City has authorized a total of 65 full-time employees and approximately 38 part-time employees who work an estimated 59,300 hours annually, primarily in Recreation & Parks.

BUDGET PROCESS

The City began the budget process by holding a Budget Workshop on April 11, 2016. During this session, staff presented assumptions and estimates that would be used to develop the FY 2016-17 Operating Budget, and identified additional items for funding consideration and projects to be included in the FY 2016-17 Preliminary Budget.

Based on Council decisions at this workshop, staff created the first draft of the Preliminary Budget. A second Budget Workshop was held on May 31, 2016. At this meeting, staff presented an updated FY 2016-17 Preliminary General Fund budget that included the changes Council identified in the April 11th workshop including the Preliminary Budget for all other funds and the Draft Five-Year Capital Improvement Program. The final Citywide Preliminary Budget was presented at the regular Council meeting on June 6, 2016. On June 21, 2016, the City Council held a public hearing and adopted the budget for FY 2016-17.



Please contact City Staff if you have any questions or would like additional information.

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GOVERNING BODY

To contact the City Council, please send your email to cc@rpvca.gov. You can find contact information on individual Councilmembers on the City's website at www.rpvca.gov

Ken Dyda, Mayor

Brian Campbell, Mayor Pro Tem

Susan Brooks, Councilwoman

Jerry Duhovic, Councilman

Anthony Misetich, Councilman

RANCHO PALOS VERDES QUICK FACTS

- The City has 7.5 miles of Pacific coastline, a 1,400-acre nature preserve, and hundreds more acres of open space.
- The Portuguese Bend is one of the most active landslides in the world.
- Point Vicente Lighthouse is on the National Register of Historic Places and is operated by the United States Coast Guard.
- This Point Vicente Interpretive Center is a premier whale watch site to view the annual migration of the Pacific gray whale, from December through April.

RANCHO PALOS VERDES DEMOGRAPHICS

Population	43,041
Median Age	49.6
Per Capita Personal Income	\$56,192
Number of Households	16,000
Unemployment Rate	3.2%
Public School Enrollment	11,632
Median Home Price	\$1,056,000

LARGEST EMPLOYERS

Palos Verdes Peninsula Unified School District
Terranea Resort
Marymount California University
Trump National Golf Club

Source: HdL Companies

BUDGET IN BRIEF

FISCAL YEAR 16-17

