



FINANCIAL MONITORING REPORT

1st Qtr 2009-10

PERFORMANCE AT A GLANCE

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**BELOW BUDGET
OR POSITIVE**

= > 4% compared with prior year for revenues, or below expenditure target

NORMAL

= Positive variance or negative variance < 2% compared prior year

WARNING

= Negative variance of 2— 4% compared with prior year.

NEGATIVE

= Negative variance of > 4% compared with prior year.

ECONOMIC INDICATORS

ECONOMY

Nat'l Consumer Price Index: *Up*

The CPI increased 0.2% in September. CPI has increased or remained even since the last decline in March 2009.

Interest Rates: *Even*

On November 4th, the Federal Open Market Committee voted to keep the Federal Funds rate at a target range of 0 to 0.25%. Rates are expected to remain low for an "extended period."

National GDP: *Up!*

Advanced estimates show that the GDP increased by an annualized rate of 3.5% in the third quarter of 2009. This follows an annualized decline of 0.7% in the previous quarter.

Ocean Container Traffic: *Down*

In September ocean container traffic into the ports of Los Angeles and Long Beach was down 17.4% from the same month last year.

UNEMPLOYMENT RATES

National: August 2008 - 6.2%
August 2009 - 9.7%
September 2008 - 6.2%
September 2009 - 9.8%

State: August 2008 - 7.6%
August 2009 - 12.3%
September 2008 - 7.8%
September 2009 - 12.2%

LA County: August 2008 - 8.5%
August 2009 - 12.5%
September 2008 - 8.3%
September 2009 - 12.7%

LOCAL NOTEWORTHY DEVELOPMENT

The *Westfield Culver City Mall* has completed its \$180 million remodel. Target and Best Buy, and the new Dining Terrace, are all open. Culver City will begin to see sales tax revenue from the new stores by Spring 2010.

ECONOMIC & FISCAL UPDATE

The economy is showing signs of improvement, but there are still many unresolved issues. The national unemployment rate continues to march higher, most recently topping 10%. What's even more frightening is that a broader measure of the national unemployment rate, which accounts for those who have stopped looking for work or are employed part-time for economic reasons, is now over 17%. Fortunately, payroll losses are slowing, with 190,000 American's losing their jobs in October 2009, which is much lower than the high of 741,000 jobs lost in January 2009. Due to the high levels of unemployment, but positive indications from GDP and the stock market, some economists are starting to label this a "jobless recovery."

For the first quarter of fiscal year 2009-10, General Fund revenues were only 0.35% lower than the first quarter revenues of fiscal year 2008-09. However, substantial revenue has not been received from many of the major revenues sources, such as sales tax and business tax. These revenues will be received later in the year and are expected to drop dramatically from the prior year. The City has managed to keep General Fund expenditures on par with last fiscal year despite increases in personnel related costs. Reductions to operating and maintenance line items has also played a part in keeping expenditures flat.

The City Manager has proposed to address these challenges during the current and future fiscal years with the following action steps which were presented to City Council on November 9, 2009:

- Reducing the overall size of our City operations. With 81% of our General Fund expenditures being personnel-related, we have to look at the costs of staffing. We recommend that we focus first, but not exclusively, on overhead functions, rather than point-of-service activity.
- Reducing future personnel costs by using a combination of position reductions (first by attrition and affordable retirement incentives), tiering of compensation programs for future employees; and reducing cost exposure for active employees.
- Reallocating ("reorganizing") remaining staff resources to adjust to lower staffing levels.
- Aggressively seeking operating efficiencies and perhaps new service delivery models.
- Considering new revenue opportunities, recognizing that residents and businesses already share the challenges of the economic downturn.
- Adopting a more aggressive grants and fundraising effort.
- Conducting more explicit strategic financial planning with the City Council, so that long-term needs and priorities are fully recognized in our year-to-year spending decisions.

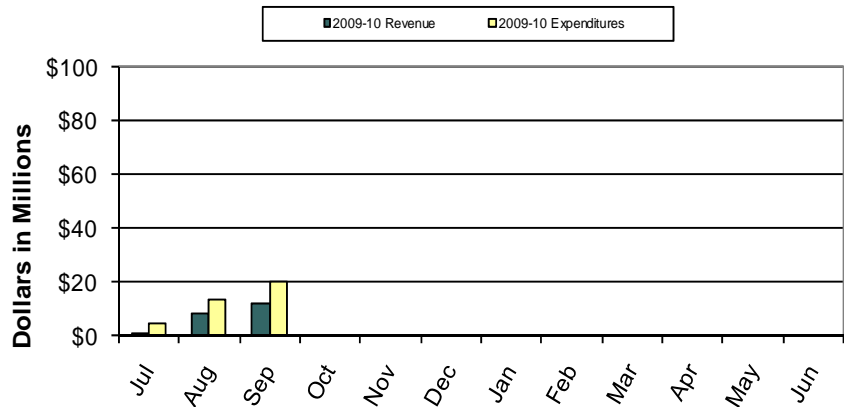
"The country faces a fundamental disconnect between the services the people expect the government to provide, particularly in the form of benefits for older Americans, and the tax revenues that people are willing to send to the government to finance those services."

Douglas Elmendorf, Director of the Congressional Budget Office

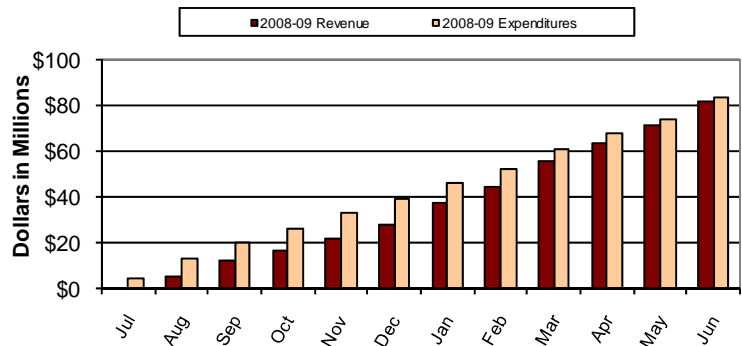
GENERAL FUND ANALYSIS:

REVENUES & EXPENDITURES THROUGH SEPTEMBER 2009 [Cumulative]:

	2009-10 Revenue	2009-10 Expenditures
July	\$ 1,352,319	\$ 4,406,707
August	6,854,020	8,907,561
September	3,634,005	6,705,460
October	-	-
November	-	-
December	-	-
January	-	-
February	-	-
March	-	-
April	-	-
May	-	-
June	-	-
TOTAL	\$ 11,840,344	\$ 20,019,727

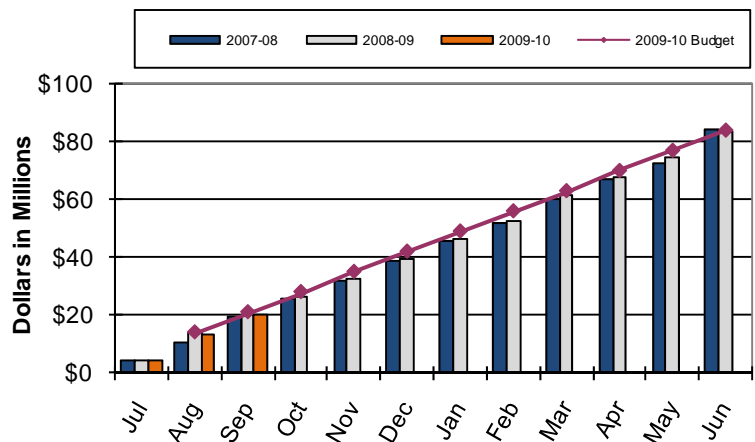


General Fund revenues are accrued back to a prior fiscal year for several of the larger categories such as Sales Tax, TOT, and UUT. This causes the monthly amount shown for July, and sometimes August, to look “low” when compared to future months. When comparing revenues and expenditures in a fiscal year it is important to remember this accrual of revenues to the prior year causes the large gap. In-lieu payments for Sales Tax and Motor Vehicle License Fees are received in January and May of each year. Property Tax and Business License Tax are also seasonal and are recognized most significantly in December/April and February/March respectively.



GENERAL FUND EXPENDITURES THRU SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08 Expenditures	2008-09 Expenditures	2009-10 Expenditures
July	\$ 4,177,856	\$ 4,354,540	\$ 4,406,707
August	6,110,635	9,117,410	8,907,561
September	8,739,298	6,660,426	6,705,460
October	6,614,130	6,282,672	
November	5,739,487	6,246,091	
December	7,463,020	6,321,259	
January	6,833,180	7,045,018	
February	6,081,761	6,520,875	
March	8,423,258	8,711,068	
April	6,605,769	6,500,745	
May	5,836,127	6,449,893	
June	11,334,820	9,316,306	
TOTAL	\$ 83,959,341	\$ 83,526,303	\$ 20,019,727
Adj Budget	\$ 86,018,123	\$ 87,743,489	\$ 83,700,500



BELOW BUDGET

GENERAL FUND EXPENDITURES

— Through September 2009, General Fund expenditures are at 23.9% of the adjusted budget. Last year at this point, expenditures were at 23.2% of the adjusted budget. The 2009-10 budget was reduced in several O & M categories from the prior fiscal year. The slightly increased percentage expenditure over the prior year results from the 2009-10 reduced budget amount. Expenditures are still under the appropriation limit for the 1st quarter, though, and are expected to stay within the limit for this fiscal year.

GENERAL FUND DEPARTMENT ANALYSIS:

Comparison of Adjusted Budget to Actual: Target = 24.00% through SEPTEMBER 2009:

GENERAL FUND DEPARTMENTS	ADOPTED BUDGET 2009-10	ADJUSTED BUDGET 2009-10	ACTUAL EXPENDED AS OF 9/30/09	PERCENT EXPENDED 2009-10	TARGET AMOUNT
GENERAL GOVERNMENT					
CITY COUNCIL	\$ 265,823	\$ 281,082	\$ 42,240	15.0%	\$ 67,460
CITY MANAGER	1,290,869	1,292,869	328,503	25.4%	310,289
CITY CLERK	562,079	564,207	89,593	15.9%	135,410
FINANCE DEPT	4,653,955	4,727,311	1,036,920	21.9%	1,134,555
CITY ATTORNEY	1,912,650	1,984,937	505,104	25.4%	476,385
HUMAN RESOURCES	1,167,961	1,174,291	271,642	23.1%	281,830
INFORMATION TECH	3,364,099	3,561,578	759,512	21.3%	854,779
TOTAL GENERAL GOVERNMENT	\$ 13,217,436	\$ 13,586,274	\$ 3,033,513	22.3%	\$ 3,260,706
PARKS, REC. & COMMUNITY SVCS	7,239,432	7,330,508	1,699,209	23.2%	1,759,322
POLICE DEPARTMENT	29,632,782	29,774,632	6,790,640	22.8%	7,145,912
FIRE DEPARTMENT	15,471,159	15,502,720	3,873,373	25.0%	3,720,653
COMMUNITY DEVELOPMENT	7,551,441	7,715,985	1,616,310	20.9%	1,851,836
PUBLIC WORKS	10,293,015	10,331,002	2,453,194	23.7%	2,479,440
NON-DEPARTMENTAL	3,667,710	3,734,379	457,456	12.2%	896,251
Transfers	354,000	354,000	96,033	27.1%	84,960
Excess appropriation (4.0%) & Other	(4,629,000)	(4,629,000)	0	0.0%	-
TOTAL GENERAL FUND	\$ 82,797,975	\$ 83,700,500	\$ 20,019,727	23.9%	-

NOTABLE EXPENDITURE VARIANCES THROUGH SEPTEMBER 2009:

EXPENDITURES: Over 80% of the General Fund adopted budget is personnel related expenditures. The adjusted budget amount includes operating encumbrance carryover amounts from the prior fiscal year. Most Departments are in-line or below the target budget through September 2009. Below are notable variances for Departments over or below the target.

Departments significantly under Target (more than 6%):

City Council — Primary operating expenses, which include the contract for video and broadcasting services for Council meetings and audit services for items such as the City's annual Comprehensive Annual Financial Report (CAFR), have not yet been expended.

City Clerk — A vacancy has helped keep personnel expenditures below budget, even with a temporary employee filling in to fulfill the necessary duties of this position. Also, funding for the April 2010 election is included in this Department, which inflates the budget number as no major amount of funds for the election have been expended yet.

Non-Departmental — Through September, two months of utility bills have been recorded in fiscal 2009-10. The bills paid in July 2009 are "posted" to the prior year (2008-09), and bills paid in July 2010 will be "posted" in fiscal 2009-10 making the year "whole." Another factor is the "contingency" amount budgeted in this Division that includes retirement payoffs that is not transferred to departments until the end of the year. This will keep the expended percentage on the low side until the final year-end report.

Departments over Target:

City Manager's Office — The City Manager's Office is slightly over the target due to payouts of leave accruals during the current fiscal year. Also, there were three pay periods ended in August, which inflates the personnel costs for the first quarter.

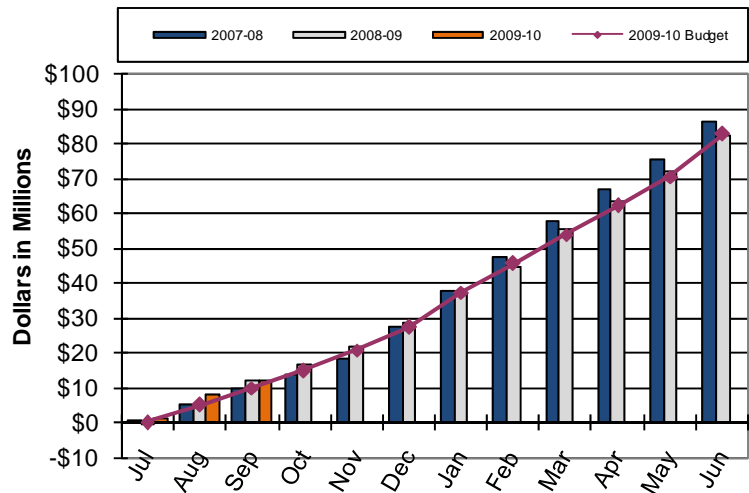
City Attorney's Office — The City Attorney's Office is over the target because three pay periods ended in August, which inflates the personnel costs for the first quarter.

Fire Department — The Fire Department is over target due to constant staffing costs associated with sending Strike Teams to assist with wild fires earlier in the fiscal year. Also, three pay periods ended in August, which inflates the personnel costs for the first quarter.

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUES THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08 Revenue	2008-09 Revenue	2009-10 Revenue
July	\$ 341,121	\$ 124,986	\$ 1,352,319
August	5,062,285	4,966,099	6,854,020
September	4,334,446	6,791,085	3,634,005
October	4,165,591	4,644,193	
November	4,559,561	5,309,425	
December	9,017,272	6,472,039	
January	10,436,417	8,816,481	
February	9,466,608	7,185,772	
March	10,417,263	11,287,172	
April	8,838,122	7,625,884	
May	8,946,942	8,444,387	
June	10,713,892	10,411,710	
TOTAL	\$ 86,299,520	\$ 82,079,234	\$ 11,840,344
Adj Budget	\$ 82,774,909	\$ 85,345,425	\$ 82,736,353



TOTAL GENERAL FUND REVENUES — Total General Fund revenues through September 2009 are \$11,840,344, or 14.3% of adjusted budget projections. This low percentage is normal at this point in the year and is attributable to many of the major revenue categories such as sales tax, utility taxes, property tax, transient occupancy tax, and business tax being accrued back to the prior fiscal year. (“Accrual” is when revenues are recognized in the fiscal year they are earned.) Revenue receipts through September 2009 are *slightly* lower (by approximately \$42,000) than the same point last fiscal year, though. This can be partly attributed to the economic crisis which has affected many revenues sources, especially Sales Tax.

Commercial Industrial Development Tax — Receipts through September 2009 for commercial/industrial development tax are 10.7% of budgeted projections. Due to the continued slow development activity, this category is earmarked to be adjusted during the mid-year budget update and will be recommended to be reduced. If the adjustment is approved, the change will be reflected in this report accordingly.

Fines & Forfeitures — Through September, fines and forfeiture’s receipts were \$886,361, or 21.8% of budgeted projections. This category is expected to remain relatively steady throughout the year. LA County, though, has increased the amount of “administrative” fees they keep, which may have a slight effect on overall revenues.

Real Property Transfer Tax — Through the month of September, receipts were at 12.7% of budgeted projections. In past years this category has been very volatile and is highly dependent on commercial real estate transactions. Due to the continued slow real estate activity, this category is earmarked to be adjusted during the mid-year budget update and will be recommended to be reduced. If the adjustment is approved, the change will be reflected in this report accordingly.

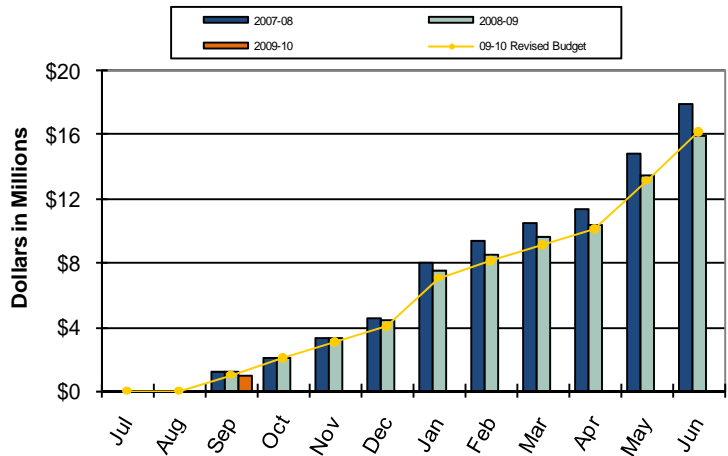
Intergovernmental — The primary revenue in this category is the State Motor Vehicle License Fee (VLF) *In-Lieu* and the budgeted amount for 2009-10 is \$3,211,860. In January of each year, the City receives the first half of the expected VLF *In-Lieu* payments. The second payment is received in May. The administrative portion of the VLF received to date is \$23,170, which is 11.8% of the budgeted projections. With continued rising DMV and other administrative costs taking a larger portion of the revenue stream, the administrative portion may get smaller as time goes by.

OVERALL GENERAL FUND REVENUES — It is important to note that given the unprecedented circumstances occurring within the national, state and local economies, it is difficult to forecast with certainty if a revenue category will meet its projections or not — especially this early in the fiscal year. Information being presented in this report is based on Culver City’s actual receipts through September 2009, and from information received from various sources—including governmental, financial and multiple news sites. Staff monitors this information on a daily basis. It is expected, though, that mid-year adjustments for revenues will occur, and if approved by City Council, the adjustments will be reflected accordingly in this report at the appropriate time.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08	2008-09	2009-10
July	\$ 912,800	\$ 883,000	\$ 731,900
August	1,217,000	1,177,300	975,800
September	1,169,765	1,153,656	991,747
October	938,300	903,900	
November	1,251,100	1,205,200	
December	1,156,535	1,101,267	
January	3,471,855	3,119,307	
February	1,444,200	1,090,000	
March	1,021,326	1,066,905	
April	876,200	751,800	
May	3,557,052	3,127,807	
June	975,468	776,770	
Prior Yr Acc	(2,129,800)	(2,060,300)	(1,707,700)
Current Yr Acc	2,060,300	1,707,700	
TOTAL	17,922,101	16,004,311	991,747
Adj Budget	18,300,000	16,718,000	16,165,140

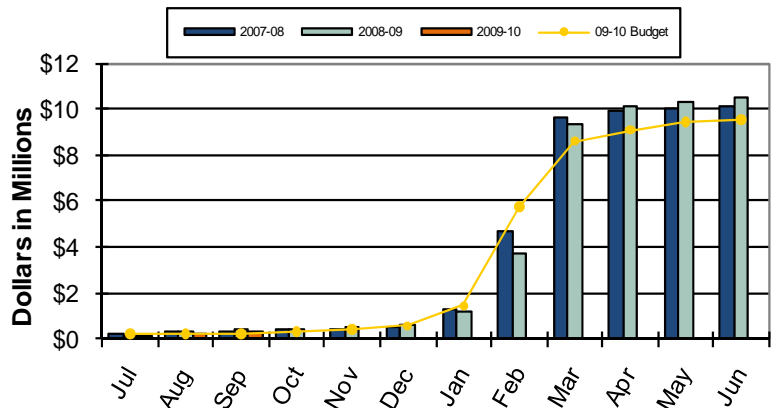


NEGATIVE

SALES TAX— Through September, Sales Tax receipts are 8.3% of budget. Since only one month of receipts are actually reflected in this percentage due to accrual rules, this percentage is in line with projections. There is a lag of at least a quarter between the time a customer pays sales tax on a purchase and the tax is remitted to the City. To make up for this delay, the Board of Equalization makes monthly advances based on the tax receipts in the previous year. In September, December, March, and June actual receipts are reconciled and a “true-up” adjustment is made. Also, because of the lag in payment time, the sales tax advances received in July and August are accrued back to the previous fiscal year. Due to the poor retail activity over the last couple of years, this revenue source has continued to decline. Current budget projections for fiscal 2009-10 are \$16,125,000. Staff will be recommending a reduction adjustment to this amount at mid-year that will reduce projections to approximately fiscal 2000-01 levels. The renovation of Westfield, though, is hoped to make up for some of the poor activity.

BUSINESS TAX THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08	2008-09	2009-10
July	\$ 166,407	\$ 145,420	\$ 144,821
August	90,161	127,706	91,285
September	40,187	102,857	33,837
October	48,583	56,862	
November	44,065	29,579	
December	132,250	143,597	
January	753,918	545,761	
February	3,428,559	2,529,652	
March	4,953,144	5,693,894	
April	298,323	790,587	
May	73,308	218,997	
June	142,573	149,774	
TOTAL	\$ 10,171,478	\$ 10,534,685	\$ 269,943
Adj Budget	\$ 9,144,000	\$ 10,150,000	\$ 9,541,000



POSITIVE

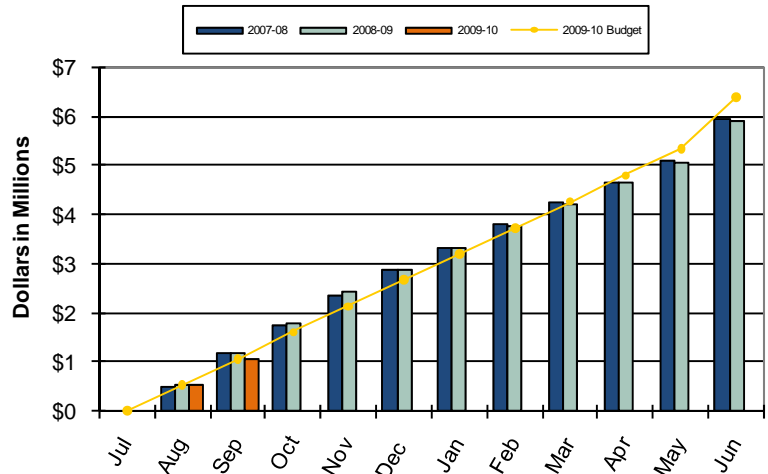
BUSINESS TAX — Through September, revenues are approximately 1.5% of the budgeted projections. The majority of receipts for this category do not start being received until February—April of each year. During the prior fiscal year the Treasury Division was able to exceed the budgeted projections by diligently pursuing collection on non-compliant businesses. During the current fiscal year, businesses are paying taxes based on their gross receipts during the 2009 calendar year. Although tax receipts for last fiscal year were strong, this fiscal year could see a drop due to the continued decline in the economy.

GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY USER'S TAX THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

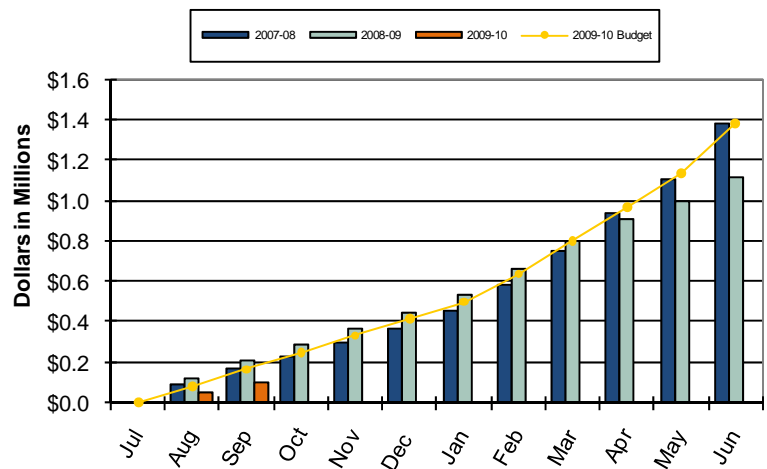
Electricity UUT

	2007-08	2008-09	2009-10
July	\$ 417,420	\$ 433,414	\$ 467,916
August	500,334	524,237	530,976
September	669,748	636,710	540,491
October	556,764	611,030	
November	621,597	637,669	
December	513,303	464,135	
January	454,472	456,181	
February	485,773	435,445	
March	426,921	437,940	
April	441,445	440,247	
May	425,935	394,215	
June	432,822	406,363	
Prior Yr Acc	(417,420)	(433,414)	(467,916)
Current Yr Acc	433,414	467,916	
TOTAL	\$ 5,962,528	\$ 5,912,087	\$ 1,071,467
Adj Budget	\$ 5,800,000	\$ 6,303,600	\$ 6,407,000



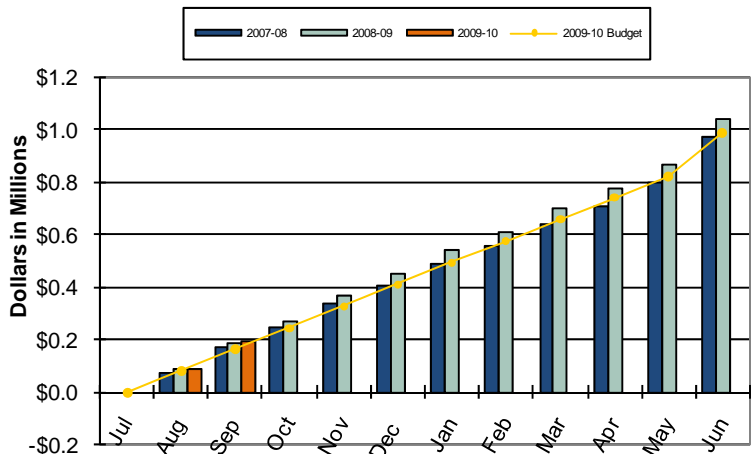
Natural Gas UUT

	2007-08	2008-09	2009-10
July	\$ 98,599	\$ 121,396	\$ 57,815
August	88,810	114,570	51,456
September	76,452	90,419	49,460
October	66,079	79,765	
November	62,463	86,173	
December	68,182	72,379	
January	88,358	90,211	
February	132,893	126,404	
March	171,072	142,148	
April	180,198	110,984	
May	168,955	81,106	
June	155,111	65,010	
Prior Yr Acc	(98,599)	(121,983)	(56,849)
Current Yr Acc	121,983	56,849	
TOTAL	\$ 1,380,558	\$ 1,115,432	\$ 101,881
Adj Budget	\$ 1,346,000	\$ 1,390,000	\$ 1,390,000



Water UUT

	2007-08	2008-09	2009-10
July	\$ 89,981	\$ 100,185	\$ 99,617
August	74,166	84,040	89,416
September	95,276	102,020	107,735
October	75,300	85,397	
November	90,181	99,505	
December	70,436	79,947	
January	86,457	91,171	
February	66,376	71,015	
March	82,704	89,995	
April	69,891	70,276	
May	87,329	90,956	
June	77,785	80,049	
Prior Yr Acc	(89,981)	(100,185)	(99,617)
Current Yr Acc	100,185	99,617	
TOTAL	\$ 976,088	\$ 1,043,989	\$ 197,151
Adj Budget	\$ 902,000	\$ 960,000	\$ 990,000

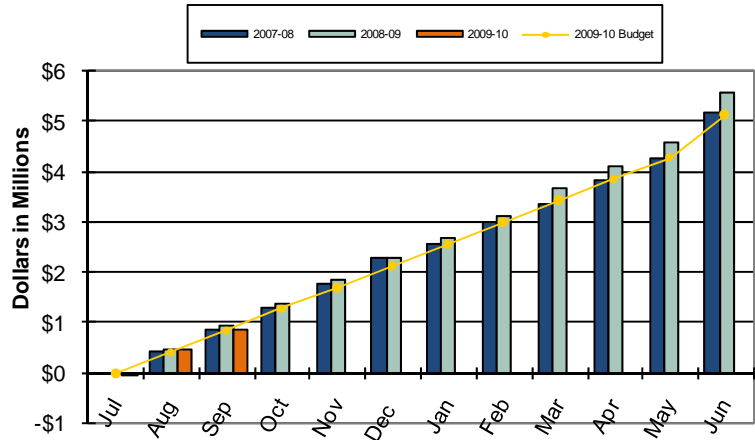


GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY USER'S TAX THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

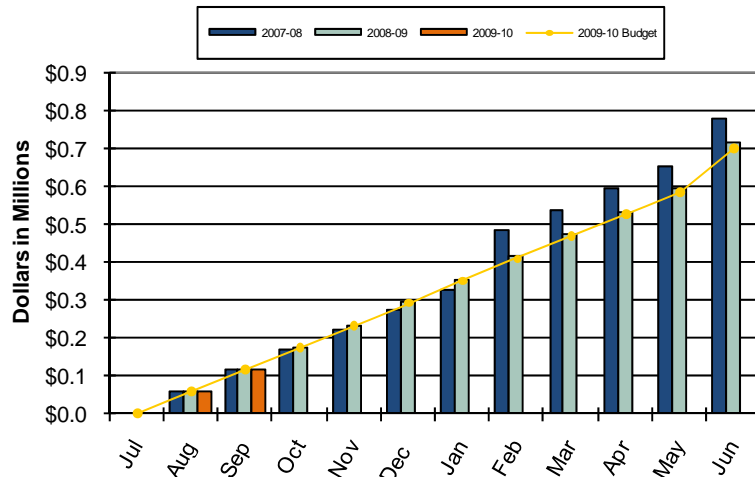
Telephone UUT

	2007-08	2008-09	2009-10
July	\$ 372,380	\$ 452,733	\$ 459,736
August	416,124	459,313	463,425
September	442,406	464,139	401,781
October	380,131	451,736	
November	430,844	475,264	
December	453,656	442,409	
January	443,788	398,430	
February	416,961	415,252	
March	375,482	542,671	
April	456,352	462,296	
May	440,672	448,159	
June	440,576	532,444	
Prior Yr Acc	(372,380)	(452,908)	(460,248)
Current Yr Acc	452,908	460,248	
TOTAL	\$ 5,149,900	\$ 5,552,186	\$ 864,695
Adj Budget	\$ 5,000,000	\$ 5,150,000	\$ 5,150,000



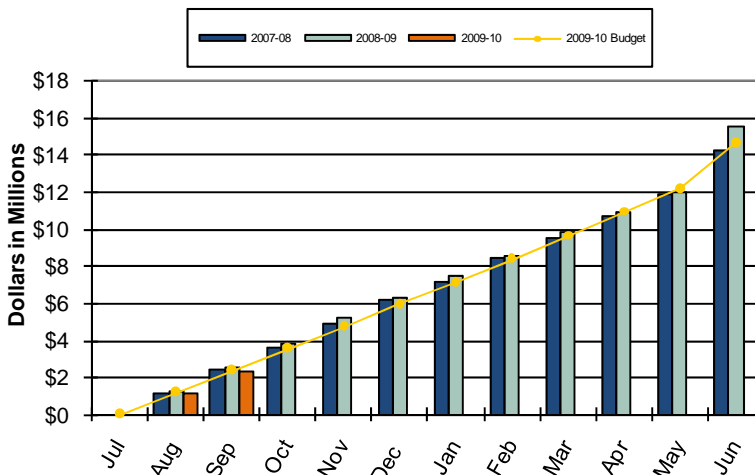
Cable UUT

	2007-08	2008-09	2009-10
July	\$ 54,986	\$ 56,845	\$ 62,640
August	55,554	57,528	57,215
September	58,837	58,157	56,653
October	55,463	58,536	
November	52,377	59,464	
December	52,320	59,680	
January	52,274	59,421	
February	173,354	60,536	
March	52,976	59,941	
April	55,901	59,878	
May	55,521	59,312	
June	55,343	58,446	
Prior Yr Acc	(54,986)	(56,845)	(62,640)
Current Yr Acc	56,845	62,640	
TOTAL	\$ 776,765	\$ 713,539	\$ 113,868
Adj Budget	\$ 608,000	\$ 675,000	\$ 700,000



Total All UUT

	2007-08	2008-09	2009-10
July	\$ 1,033,366	\$ 1,164,573	\$ 1,147,724
August	1,134,988	1,239,687	1,192,488
September	1,342,719	1,351,446	1,156,120
October	1,133,737	1,286,463	-
November	1,257,463	1,358,075	-
December	1,157,898	1,118,550	-
January	1,125,350	1,095,414	-
February	1,275,358	1,108,652	-
March	1,109,156	1,272,695	-
April	1,203,787	1,143,681	-
May	1,178,412	1,073,749	-
June	1,161,637	1,142,313	-
Prior Yr Acc	(1,033,366)	(1,165,335)	(1,147,270)
Current Yr Acc	1,165,335	1,147,270	-
TOTAL	\$ 14,245,839	\$ 14,337,233	\$ 2,349,062
Adj Budget	\$ 13,656,000	\$ 14,478,600	\$ 14,637,000



GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY USER'S TAX THROUGH SEPTEMBER 2009

The City usually receives UUT revenue the month after it is collected by the utility companies. Because of this delay, all July receipts and some August receipts are accrued back to the previous fiscal year. The budget projections are adjusting accordingly. UUT revenue is relatively stable and should not be drastically affected by the current recession. Although, through September, total UUT receipts are over 10% less than at this point last year.

NORMAL ELECTRICITY UUT — Revenues are slightly behind receipts at this time last year, and thus, are also behind budgeted projections. Through September, revenue is at 16.7% of the budget. Staff will be recommending a slight reduction in the budgeted amount at mid-year, part of which is based on 2008-09 final receipts.

NEGATIVE NATURAL GAS UUT — Natural gas revenues are over 50% lower than receipts at this point last year. Lower natural gas prices and moderate temperatures have contributed to this reduction.

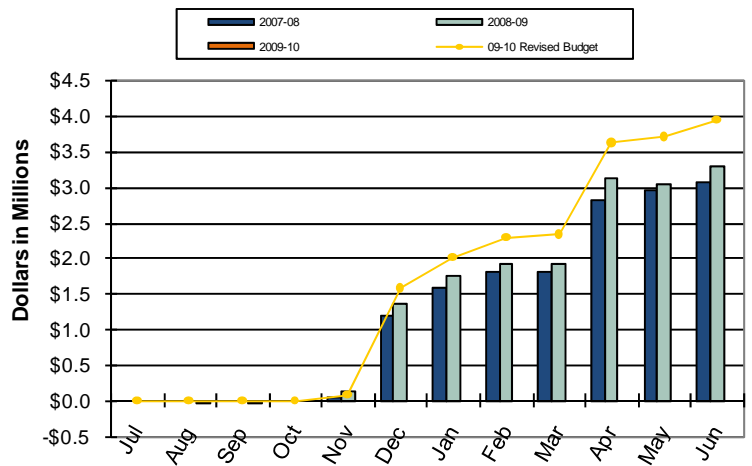
NORMAL WATER UUT — The percentage of receipts is almost equal to receipts through September of last year. In November 2008, Golden State Water altered their rate structure to encourage conservation. Also, the Governor declared a state of emergency on February 27, 2009, which is expected to reduce water usage, and thus, reduce UUT receipts. The City Council also recently adopted a new water conservation ordinance, which will be monitored to see if it affects water usage, and subsequently UUT receipts.

NEGATIVE TELECOMMUNICATIONS UUT — Through September, telecommunications revenue are a little over 6% less than revenues at this point last year due to the timing of recorded monthly receipts. This should smooth out as we get further into the fiscal year.

NORMAL CABLE TELEVISION UUT — Cable TV UUT receipts are behind budget projections. Revenues have been very stable, though, and are expected to remain this way through the year.

PROPERTY TAX THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08	2008-09	2009-10
July	\$ 105,671	\$ 65,250	\$ 149,207
August	-	17,642	107,307
September	-	-	-
October	-	-	-
November	33,620	132,865	
December	1,153,913	1,234,198	
January	393,974	369,590	
February	222,451	175,604	
March	15,527	3,368	
April	981,287	1,197,760	
May	145,646	(74,574)	
June	23,924	0	
Prior Yr Acc	(105,671)	(82,892)	(256,514)
Current Yr Acc	82,892	256,514	
TOTAL	\$ 3,053,233	\$ 3,295,325	\$ -
Adj Budget	\$ 3,147,000	\$ 3,340,000	\$ 3,940,000



WARNING PROPERTY TAX — The City receives the vast majority of the property tax revenues in the months of December and April. Receipts through September are basically zero, as the receipts for July and August are accrued back to the prior fiscal year. Home prices in Culver City have remained relatively steady compared to other areas of Southern California, but the number of homes sold has dropped dramatically.

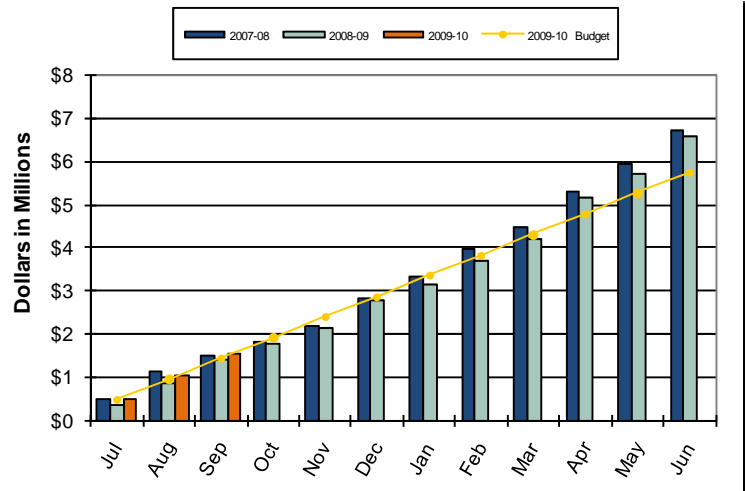
Property Tax is expected to remain flat for the most part, over the next couple of years. There may be slight growth due to the 2% assessed value growth allowed per Prop 13.

GENERAL FUND REVENUE ANALYSIS (continued):

CHARGES FOR SERVICES THROUGH SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

Charges for Services*			
	2007-08	2008-09	2009-10
July	\$ 492,823	\$ 383,633	\$ 497,226
August	650,999	477,632	548,303
September	362,493	548,892	528,828
October	325,319	391,456	-
November	363,370	340,259	-
December	620,668	651,720	-
January	542,276	348,826	-
February	637,743	550,733	-
March	481,697	514,353	-
April	808,509	973,322	-
May	659,808	537,721	-
June	764,395	853,688	-
TOTAL	\$ 6,710,100	\$ 6,572,235	\$ 1,574,357
Adj Budget	\$ 5,813,450	\$ 6,108,698	\$ 5,860,750

*Does not include Billings to RDA



NORMAL

CHARGES FOR SERVICES — Excluding Billings to RDA, Charges for Services are at 27.3% of the adjusted budget through September. A leading source of this higher than average percentage is Plan Check Fees. While Plan Check Fees were conservatively budgeted for the year due to anticipated decreased development activity, the early receipts are mainly from the Westfield renovation and the push to get the majority of work done prior to the October re-opening. Receipts are expected to taper off from this project in the next couple of months. Receipts from Parks and Recreation activities are also higher due to seasonal activities occurring during the summer.

The City has been very fortunate over the past few years to have a significant amount of development activity. As mentioned in other parts of this report, development activity has declined. Westfield and Sony projects have driven this category for the last year, but once these are finished there may not be anything of significant size to take their place for a time.

Charges for Services — Individual Category Notables through SEPTEMBER 2009

Veterans Memorial Auditorium Fees ↑ — Through the month of September, fee receipts for the Veterans Auditorium Complex, which includes the Senior Center and Teen Center rentals, were at 26.9% of budgeted projections for the fiscal year. Budget projections for this category were reduced from prior year based on decreased rental activity due to the declining economy.

Public Safety Related Fees ↑ — Through September, Police Department charges for services are above budgeted projections. These revenues are made up of records requests, live scan fingerprints, vehicle impounds, and other miscellaneous fees.

Plan Check Fees ↑ — Year to date, plan check fees are at 38.8% of the projected budget. This is due in part to receipts for the Westfield Mall renovations and continued Sony improvements. As mentioned previously in this report, activity from other major developments has slowed down this year, so monthly revenue in this fee category may slow down for the remainder of the year.

Various Recreation Fees ↔ — Recreation fees in the amount of \$439,639 were collected through the month of September. Revenue is at 28.1% of budgeted projections.

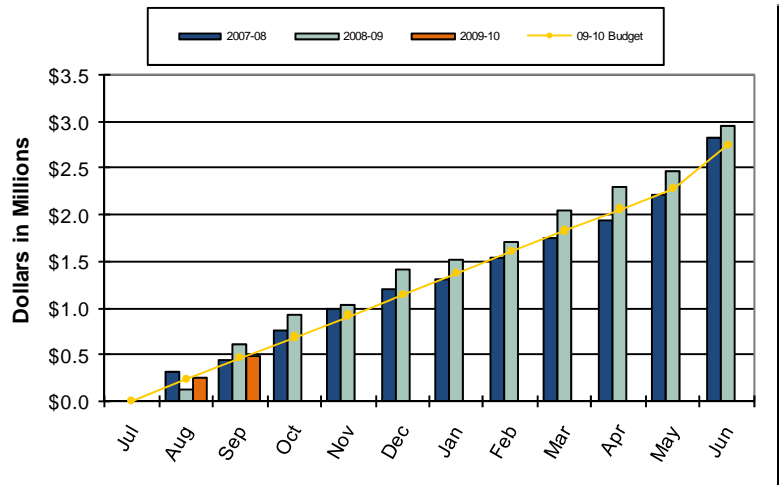
Ambulance Billings ↑ — Ambulance billings are at 18.9% of the adjusted budget. They are also higher than the receipts at this point last year. Fees are set by LA County and were increased 6% on July 1, 2008. Additionally, some fees increased again on January 1, 2009, so this category is expected to continue to remain steady.

Strike Team ↔ — Strike team revenue is received from the Federal and State governments to reimburse the City for costs the Fire Department incurs when assisting with fires outside of Culver City. Through September the City has received \$50,437 in reimbursements and further receipts are expected.

GENERAL FUND REVENUE ANALYSIS (continued):

TRANSIENT OCCUPANCY TAX THRU SEPTEMBER 2009 (Comparison of Fiscal Years 2007-08, 2008-09, and 2009-10) [Cumulative]

	2007-08	2008-09	2009-10
July	\$ 264,908	\$ 301,739	\$ 247,355
August	317,587	187,196	276,575
September	119,733	482,684	234,294
October	322,622	314,886	
November	231,849	100,824	
December	219,428	381,912	
January	98,739	118,788	
February	227,660	190,176	
March	216,039	337,622	
April	183,689	248,716	
May	272,733	175,561	
June	242,762	201,647	
Prior Yr Acc	(267,833)	(364,537)	(266,969)
Current Yr Acc	364,537	266,969	
TOTAL	\$ 2,814,453	\$ 2,944,182	\$ 491,256
Adj Budget	\$ 2,500,000	\$ 2,850,000	\$ 2,850,000

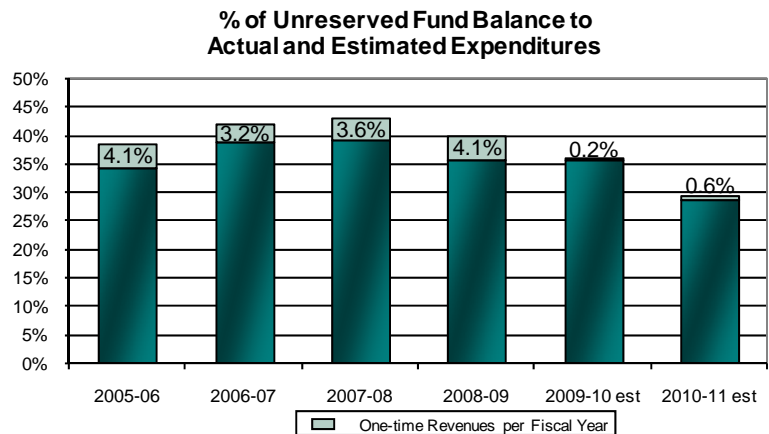


NEGATIVE **TRANSIENT OCCUPANCY TAX** — Receipts through September are 17.9% of budgeted projections, and 19% behind prior year receipts through the same period of time. Even though the prior year ended strong and above adjusted projections, current receipts show this category being affected drastically with low occupancy rates and reduced room rates. During the month of September, passenger traffic at LAX was down 16.7% from August, and an 8% decline from the same period last year. This is actually an encouraging sign because traffic in recent months was down as much as 15% from the previous year. Recent reports show a slight increase in passenger traffic, which is encouraging, but we still need to remain conservative in our projections.

ONE-TIME REVENUE AND GENERAL FUND RESERVE PERCENTAGE:

The City recorded a significant amount of one-time revenue in the General Fund during fiscal 2007-08 and 2008-09, both from audit activity on various revenues and from significant development activities occurring within the City. Below is a list of one-time revenue receipts previously received and recorded, fiscal 2007-08 and 2008-09 receipts, and anticipated one-time receipts for fiscal 2009-10 and 2010-11. The chart shows the percentage of the General Fund Reserve comprised of these one-time revenues. The high number of vacancies during fiscal 2007-08 and 2008-09 also contributed to the increase of the General Fund reserve due to the non-expending of funds for salary and benefit related costs.

Major One-time Revenue Receipts and Estimated One-Time Revenues	
1st payment to Warner Lot (05-06)	\$ 2,620,000
Documentary Tax Audit Receipts (05-06)	\$ 313,086
Receipts from TOT audit/other (06/07)	\$ 650,000
Loan Receivable from RDA (06-07)	\$ 505,818
Int. income from refunding Bonds (06-07)	\$ 500,000
Documentary Tax Audit Receipts (06-07)	\$ 762,400
Receipts from Cable UUT Audit (07-08)	\$ 106,788
Receipts in Com/Ind Dev Tax from significant development activity (07-08)	\$ 1,757,275
Payment of Interest for Warner Parking Lot Sale (07-08)	\$ 436,608
Building Permit Fee from significant development activity (07-08)	\$ 533,000
One-time (08-09) [includes final payment from Warner Parking Lot of \$2,947,104.]	\$ 3,447,000
Estimated One-time (09-10)	\$ 200,000
Total from Fiscal 2005-06	\$11,831,975

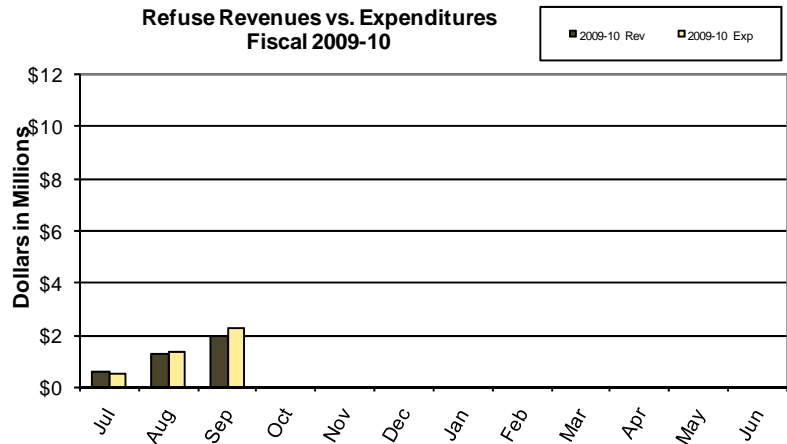


It is the policy of the City not to use revenues identified as one-time funds to pay for recurring expenditures.

REFUSE FUND ANALYSIS:

REFUSE FUND THROUGH SEPTEMBER 2009 [Revenues vs. Expenditures — Cumulative]

	Refuse Expenditures		
	2007-08	2008-09	2009-10
July	\$ 556,391	\$ 611,087	\$ 515,695
August	634,977	755,594	848,162
September	797,010	733,821	898,687
October	1,023,511	939,413	
November	902,352	814,124	
December	753,808	843,596	
January	907,299	838,182	
February	741,930	860,615	
March	1,126,061	1,037,758	
April	983,184	801,923	
May	602,328	624,545	
June	1,219,347	1,265,602	
TOTAL EXP	\$ 10,248,197	\$ 10,126,260	\$ 2,262,544
Adj Budget	\$11,524,493	\$11,908,814	\$13,135,449



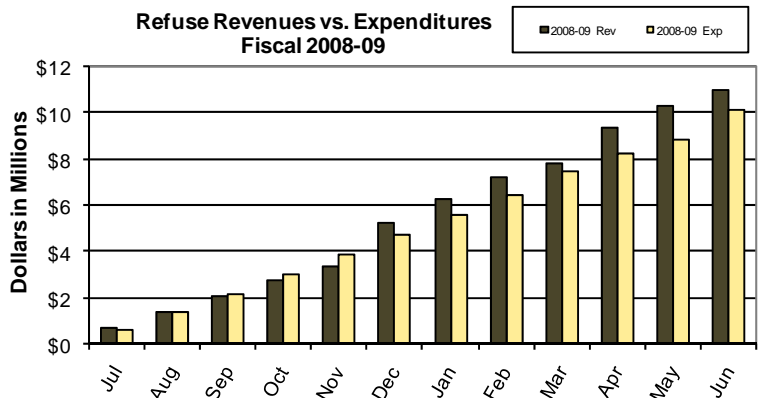
Note: Depreciation amounts not included.

BELOW BUDGET **REFUSE FUND EXPENDITURES** — Refuse expenditures through September 2009 are \$2,262,544, or 17.2% of the adjusted budget.

The low percentage is attributable to a few factors, which include very low refuse disposal charges to LA County Sanitation District being reflected in the first quarter of the fiscal year; no expending of capital outlay funding for capital projects, which includes patching the Transfer Station tipping floor and Transfer Station stairwell and locker room rehab; and no expending of funds to date for new scales in the Transfer Station. Also, there have been vacancies within the Transfer Station Division, which has also contributed to the lower expended percentage.

Expenditures through September 2009 are higher than the expenditures at this time last year, in part due to higher annual amortization charges for the replacement of six refuse trucks. The outstanding loan amount for the Refuse Fund at the end of fiscal 2009-10 will be \$977,079. Loan payments to the General Fund, Innovation Fund, and Equipment Replacement Fund continue to be made on schedule.

	Refuse Revenues		
	2007-08	2008-09	2009-10
July	\$ 696,899	\$ 688,909	\$ 613,093
August	725,514	688,138	656,562
September	640,217	690,235	679,447
October	662,709	645,709	
November	644,041	649,899	
December	1,864,241	1,893,806	
January	944,572	988,385	
February	953,969	952,691	
March	650,377	631,770	
April	1,382,243	1,539,481	
May	947,732	943,220	
June	701,157	647,231	
TOTAL REV	\$ 10,813,671	\$ 10,959,474	\$ 1,949,102
Adj Budget	\$ 11,483,841	\$ 11,541,718	\$ 11,629,577



NEGATIVE **REFUSE FUND REVENUES** — Refuse Fund revenue through September is 6% lower than at this point in the prior year.

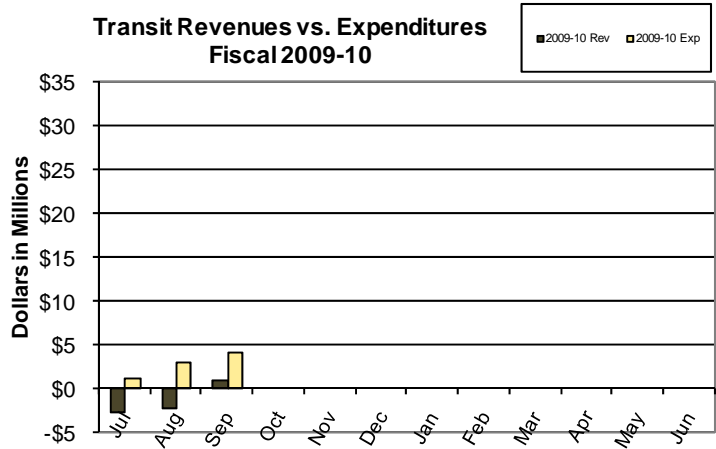
Over 26% of the Refuse Fund's revenue is comprised of residential refuse disposal fees, which are billed with property taxes. The City receives the majority of these funds in December and April. Commercial and multi-family dwelling bin service is billed monthly, and through the first quarter, revenues are at 24.5% of the budgeted projections. Bin service comprises approximately 46.5% of the 2009-10 Refuse Fund's budgeted annual revenues amount. Sale of recycle items is at 20.3% of the budgeted projections. Due to the current economic conditions, the demand for recycled material has declined, so recycled material is selling at a much lower price compared to previous years.

Refuse disposal rates were increased by 5% for fiscal 2009-10 to help offset increased operating and maintenance costs, which include fuels costs and repair and maintenance of equipment.

TRANSIT FUND ANALYSIS:

TRANSIT FUND THROUGH SEPTEMBER 2009 [Revenues vs. Expenditures — Cumulative]

	Transit Expenditures		
	2007-08	2008-09	2009-10
July	\$ 1,091,374	\$ 838,311	\$ 1,178,787
August	1,317,488	1,696,863	1,721,272
September	2,080,034	1,198,154	1,192,193
October	2,363,603	1,097,475	
November	1,357,701	1,177,406	
December	2,070,860	1,210,119	
January	1,499,769	1,242,695	
February	1,092,555	1,294,149	
March	1,849,352	1,684,075	
April	1,391,409	3,849,603	
May	1,728,972	1,470,648	
June	4,514,773	2,313,229	
TOTAL EXP	\$ 22,357,892	\$ 19,072,729	\$ 4,092,252
Adj Budget	\$22,892,622	\$23,681,510	\$35,231,578



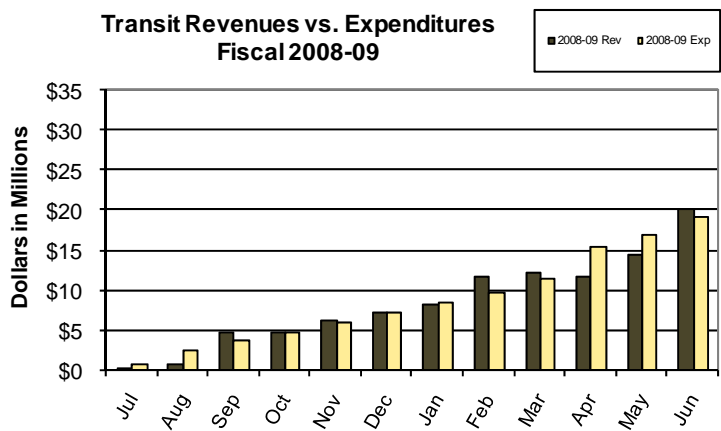
Note: Depreciation amounts not included.

BELOW BUDGET

TRANSPORTATION FUND EXPENDITURES – Transportation Fund adjusted expenditures through the first quarter of 2009 are \$4,092,252, or 11.6% of the adjusted budget. The primary reason for the low expenditure rate, is the fact that 45% of the budget is allocated toward the purchase of new buses and these capital expenditures have not yet been finalized. Future monitoring reports will continue to address the progress of these capital acquisition projects as they occur.

Through the first quarter, personnel expenses are approximately 21.1% of adjusted budget, and O & M expenditures are approximately 24.5% of adjusted budgeted. All other expenditure categories are within normal target percentages and are being closely monitored by Transportation and Budget staff.

	Transit Revenues		
	2007-08	2008-09	2009-10
July	\$ (2,648,573)	\$ 192,803	\$ (2,837,763)
August	2,791,003	438,785	483,439
September	684,306	4,021,856	3,166,171
October	2,541,066	23,882	
November	224,560	1,407,257	
December	2,209,509	1,029,098	
January	583,705	1,160,277	
February	791,200	3,445,572	
March	3,965,543	494,236	
April	1,336,502	(591,373)	
May	1,186,439	2,696,572	
June	2,430,000	5,880,639	
TOTAL REV	\$ 16,095,260	\$ 20,199,604	\$ 811,847
Adj Budget	\$ 17,279,756	\$ 20,591,546	\$ 29,183,264



NEGATIVE

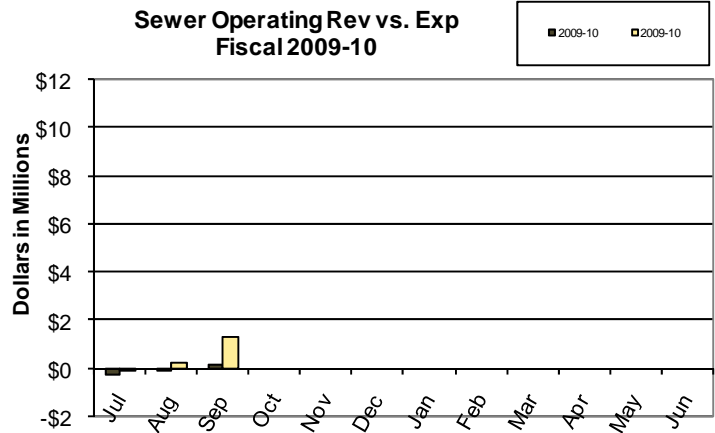
TRANSPORTATION FUND REVENUES – Transportation Fund revenues are comprised of many sources, including funding from the State and Federal government. Also, this fiscal year the fund will begin receiving voter approved Measure R funds. Through September 2009, Transportation receipts were 2.8% of budgeted projections. This low percentage early in the quarter can be attributed to funding being accrued back to the previous fiscal year.

Through September, farebox revenue totaled \$638,502, while at this point last fiscal year farebox revenue was at \$691,654. An increase in fares was recently approved by the City Council, so farebox revenues should begin increasing and will be noted in future reports.

SEWER FUND ANALYSIS:

SEWER OPERATING FUND THRU SEPTEMBER 2009 [Revenues vs. Expenditures — Cumulative]

	Sewer Op Expenditures		
	2007-08	2008-09	2009-10
July	\$ 62,020	\$ (248,863)	\$ (50,071)
August	135,999	1,355,165	290,031
September	1,667,451	249,451	1,051,491
October	196,867	324,357	
November	505,602	209,264	
December	217,876	246,201	
January	575,351	213,056	
February	259,361	282,394	
March	1,293,387	883,641	
April	206,841	208,212	
May	579,381	222,710	
June	384,863	735,119	
TOTAL EXP	\$ 6,084,996	\$ 4,680,705	\$ 1,291,451
Adj Budget	\$7,534,793	\$8,438,444	\$10,278,494



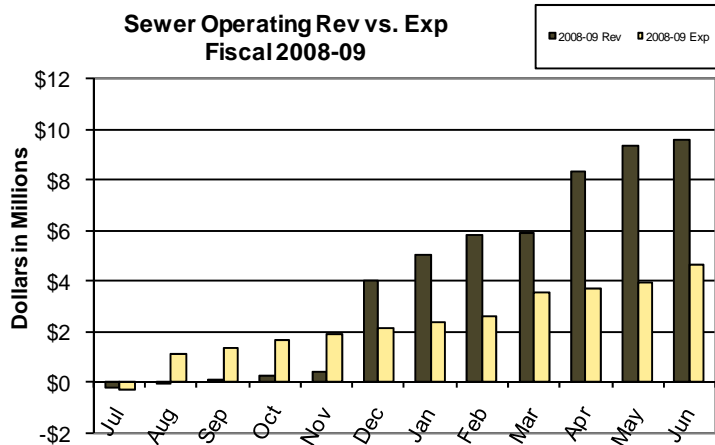
Note: Depreciation amounts not included.

BELOW BUDGET

SEWER OPERATING EXPENDITURES – Sewer Operating expenditures through September 2009 are approximately 12.6% of adjusted budget. This does not include capital improvement expenditures for sewer projects. (Further information on sewer CIP projects can be found on page 17.) Personnel expenditures through the first quarter are approximately 20.3% of the budgeted projections. Operating and Maintenance expenditures are approximately 12.9% of adjusted budget. The low O&M expenditure rate is primarily due to lower than expected billings from the City of Los Angeles. The City of Los Angeles bills Culver City for use of the Hy-perion wastewater treatment plant.

All other sewer operating expenditures are within normal target percentages for this time period.

	Sewer Op Revenues		
	2007-08	2008-09	2009-10
July	\$ (143,668)	\$ (176,400)	\$ (207,414)
August	191,068	225,683	128,406
September	194,194	80,197	263,100
October	125,966	115,369	
November	163,135	157,384	
December	3,478,540	3,626,697	
January	1,075,632	975,864	
February	1,248,540	846,395	
March	270,581	74,241	
April	2,191,521	2,386,108	
May	1,027,938	1,028,117	
June	590,758	223,162	
TOTAL REV	\$ 10,414,205	\$ 9,562,817	\$ 184,092
Adj Budget	\$ 9,121,750	\$ 9,897,337	\$ 8,970,000



NORMAL

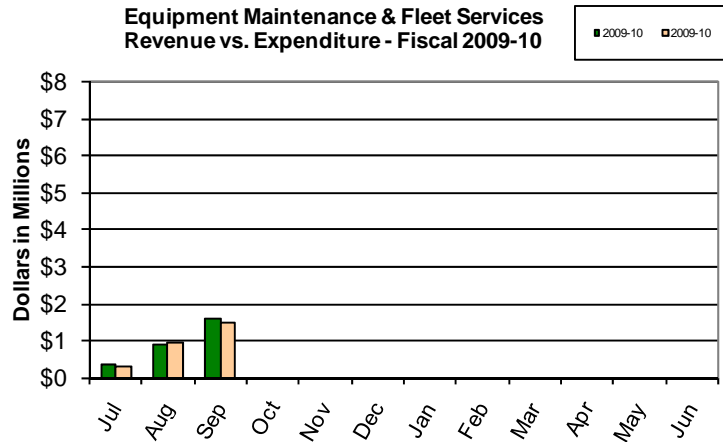
SEWER OPERATING REVENUES – Sewer operating revenues through September 2009 are \$184,092 or 2.1% of budgeted projections. This is normal for this time of year because of the majority of sewer operating charges are received in December and April. Sewer Operating Charges comprise approximately 89% of the adjusted budgeted sewer operating revenue projections.

The Sewer Fund has increased Sewer Operating Charges annually for the last several fiscal years. There was no increase in rates recommended or adopted for fiscal 2009-10.

INTERNAL SERVICE FUND ANALYSIS:

EQUIPMENT MAINTENANCE & FLEET SERVICES FUND THROUGH SEPTEMBER 2009 [Revenues vs. Expenditures — Cumulative]

	EM&FS EXPENDITURES		
	2007-08	2008-09	2009-10
July	\$ 291,739	\$ 426,475	\$ 320,479
August	491,369	819,663	609,971
September	729,168	572,292	558,293
October	578,562	580,038	
November	484,018	505,847	
December	516,927	519,560	
January	537,330	498,798	
February	599,590	567,648	
March	688,197	651,833	
April	594,281	518,712	
May	541,520	476,180	
June	844,455	860,955	
TOTAL EXP	\$ 6,897,156	\$ 6,998,001	\$ 1,488,743
Adj Budget	\$ 6,870,800	\$ 7,206,621	\$ 7,466,942



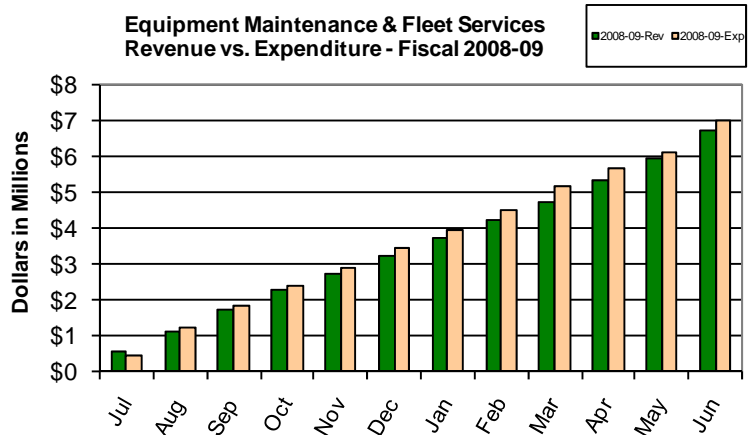
NORMAL

EQUIPMENT MAINTENANCE FUND EXPENDITURES

— Overall Equipment Maintenance & Fleet Services (EM&FS) expenditures through September 2009 are \$1,488,743, or 19.9% of the adjusted budget. Personnel related expenditures are approximately 24.4%, and operating and maintenance is approximately 15.2% of the adjusted budget amount. Petroleum Products (fuel), which makes up approximately 50% of the operating and maintenance budget, is 10% expended through September 2009.

EM&FS continues to maintain the City's entire fleet of vehicles and equipment, which includes public safety (police cars and fire trucks), buses, sanitation vehicles, regular passenger vehicles and many other miscellaneous types of equipment. Almost all expenses (labor, equipment, fuel, etc.) are charged back to the user departments. Staff has been monitoring the charge-backs closely, and will continue to do so throughout the fiscal year to ensure all expenses are recognized.

	EM&FS REVENUES		
	2007-08	2008-09	2009-10
July	\$ 509,682	\$ 577,353	\$ 371,724
August	681,772	555,946	518,275
September	515,434	565,109	705,573
October	613,361	564,228	
November	500,468	454,692	
December	708,215	517,271	
January	601,120	480,335	
February	415,889	482,969	
March	673,935	527,149	
April	551,152	627,057	
May	419,811	607,321	
June	697,581	774,337	
TOTAL REV	\$ 6,888,420	\$ 6,733,767	\$ 1,595,572
Adj Budget	\$ 6,966,954	\$ 7,585,747	\$ 7,434,982



NORMAL

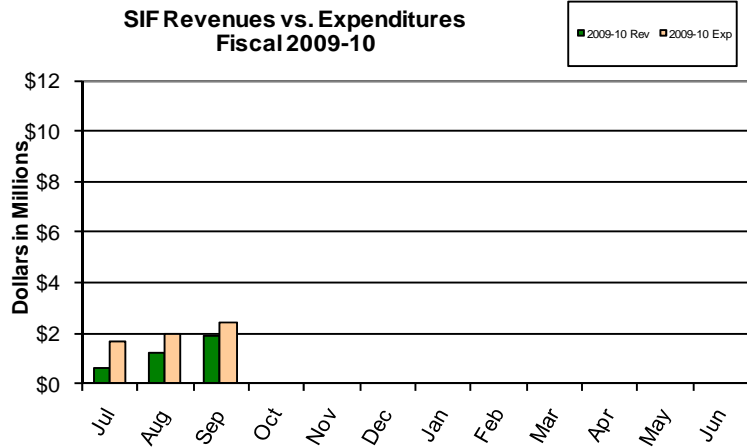
EQUIPMENT MAINTENANCE FUND REVENUES

— Equipment Maintenance & Fleet Services revenues through September 2009 are \$1,595,572, or 21.5% of adjusted budget projections. Billings and collections between funds during the year often do not match exactly between months, and through September the difference is approximately \$106,000. Future monitoring reports should show the gap between expenditures and revenues much closer, though, since the goal of an Internal Service Fund is to break even at the end of a fiscal year. As mentioned above, charge-outs for this fund will be closely monitored to ensure entries between expenditures and revenues are closely matched on an on-going basis through the fiscal year so that the fund recognizes all receipts due it.

INTERNAL SERVICE FUND ANALYSIS:

SELF-INSURANCE FUND THROUGH SEPTEMBER 2009 [Revenues vs. Expenditures — Cumulative]

	SIF Expenditures		
	2007-08	2008-09	2009-10
July	\$ 58,341	\$ 1,405,609	\$ 1,657,688
August	1,916,546	557,547	345,110
September	470,758	294,637	459,724
October	366,042	469,756	
November	559,913	436,980	
December	199,417	357,415	
January	977,875	198,315	
February	127,968	337,424	
March	686,842	237,636	
April	457,858	250,746	
May	581,710	461,235	
June	4,338,515	532,676	
TOTAL EXP	\$ 10,741,785	\$ 5,539,976	\$ 2,462,522
Adj Budget	\$ 11,072,650	\$ 7,449,167	\$ 7,442,963

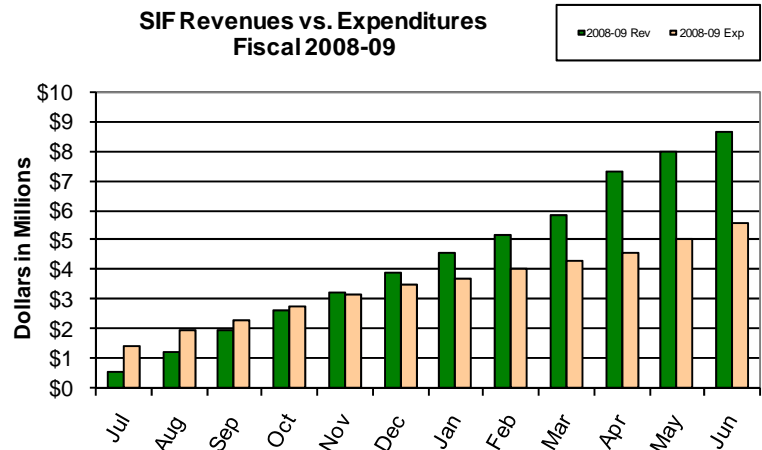


ABOVE BUDGET

SELF-INSURANCE FUND EXPENDITURES

The primary function of the Self Insurance Fund is to pay insurance and claims costs for the City's General Liability, Workers' Compensation, and Property programs. In any given year, there are often spikes in expenditures that result from a judgment or settlement of a particular claim. In fiscal year 2007-08 the Self-Insurance Fund paid \$3.6 million for the Cranks hillside repair. This left the fund with a low balance, but since then the fund balance has steadily increased. Through September, Self Insurance Fund total expenditures are 44.5% of adjusted budget. Expenditures through September for the Premiums/Claims Division of the Self Insurance Fund are 38.9% as many of the City's premiums are paid in the early part of the fiscal year. Expenditures due to claims against the City are higher than last year at this point. This fund continues to be monitored closely to ensure it is still able to appropriately cover the City.

	SIF Revenues		
	2007-08	2008-09	2009-10
July	\$ 582,737	\$ 547,878	\$ 608,909
August	623,861	687,329	644,262
September	622,582	720,886	649,700
October	626,233	642,585	
November	624,557	643,281	
December	648,313	663,575	
January	630,713	644,827	
February	616,418	641,495	
March	655,223	638,457	
April	589,086	1,518,184	
May	613,407	648,673	
June	840,446	684,320	
TOTAL REV	\$ 7,673,576	\$ 8,681,490	\$ 1,902,871
Adj Budget	\$ 7,274,613	\$ 7,530,015	\$ 7,728,178



NORMAL

SELF-INSURANCE FUND REVENUES

Internal service charges for the Self Insurance Fund are developed annually based on the projected expenses for the fiscal year and are allocated to each operating division based on a five-year experience rating. The amount is charged monthly at relatively equal increments throughout the fiscal year. Receipts for fiscal 2009-10 through September are 24.6% of adjusted budget projections. Revenue in fiscal year 2008-09 was \$3.1 million higher than expenditures, which helped the fund balance recover to a more appropriate level.

Further analysis continues to be done on this fund, and any significant changes will be reported immediately.

CAPITAL PROJECTS:

TOP 5 CAPITAL PROJECTS (by total budget)

	Total Budget	Funding Source	Expended to Date	Expected Completion
1. Fire Station #3	\$6,527,000	54% - Gen Fund Capital 46% - RDA Bond	\$5,068,803	Near Completion
2. Sewer Projects (Bradock and Fox Hills Pump Stations and Sewer Rehab)	\$4,100,000	100% Sewer Fund	\$0	On-going projects
3. Stormwater Discharge Program/NPDES	\$2,747,881	59% - Grants Capital 41% - Gen Fund Capital	\$237,966	On-going project to establish funds for state mandate
4. Fox Hills Area Traffic Signal Synch Project	\$2,033,500	73% - Grants Capital 11% - Special Gas Tax 9% - Developer Mitigation 7% - Gen Fund Capital	\$1,372,680	Near Completion
5. Telephone and Network Replacement	\$1,607,291	100% - Gen Fund Capital	\$10,668	Spring 2010

CAPITAL IMPROVEMENT EXPENDITURES BY CATEGORY

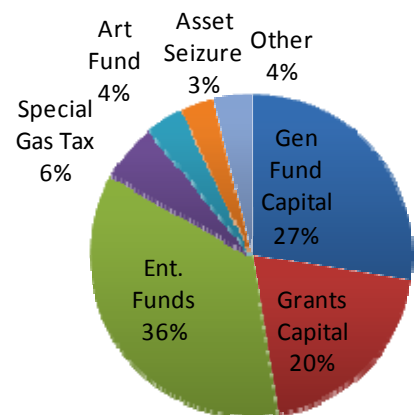
	Adjusted Budget	Expended to Date	Major Projects:
Street & Alley Improvements	\$3,268,170	\$179,624	Residential Paving, Carson St, Sepulveda Blvd
Traffic Signal & Lighting Improvements	\$2,282,504	\$15,120	Fox Hills ATSS
Bridge Improvements	\$0	\$0	No projects at this time
Parking Improvements	\$49,800	\$319	Parking Meter Repair/Replacement
Community Improvements	\$1,559,409	\$5,678	Art Fund Projects, Ballona Creek
Parks & Park Facility Improvements	\$1,521,508	\$26,520	Parks Assessment, Park Equip Repair, Culver West Park Rehab
Police & Fire Improvements	\$2,533,274	\$1,060,667	Fire Station #3, CAD/RMS/MDT, Firing Range
Sewer & Storm Drain Improvements	\$10,911,616	\$176,498	Sewer Line Replacement, Pump Station Improve
Other Facility & Equipment Improvements	\$3,014,278	\$144,983	Cranks Slope Repair, Other City Bldg Repairs

NOTABLE ACTIVITY:

Many significant capital projects have been completed or are nearing completion. These include Fire Station #3, the Public Safety CAD/RMS/MDT project, and the Fox Hills Area Traffic Signal Synchronization Project, and Phase I of the Residential Overlay Program.

Due to the state's budget problems, some Public Works projects, such as Phase II of the Residential Overlay Program may be delayed due to the state withholding funding. The Governor previously indicated he will fast track additional Prop 1B funds in an attempt to stimulate some economic growth. However, due to the state's inability to sell bonds to fund these projects, it is doubtful that the City will get another allocation in the near future. In fact, the state has delayed work on thousands of current state run public works projects, including the **Ballona Creek Trail and Bike Path Enhancement** and some work on **Washington Boulevard**, due to lack of funds. Gas Tax funds, which are normally received monthly, will be delayed until October. Staff will continue to track the budget situation and adjust CIP project schedules accordingly.

MAJOR CIP FUNDING SOURCES



Total \$25,140,559

OTHER FUND ANALYSIS:

FUND ANALYSIS FOR OTHER FUNDS THROUGH SEPTEMBER 2009:

NEGATIVE

PARKING MAINTENANCE FUND — Receipts through September 2009 are 9.7% of budgeted projections. The primary reason the fund is behind projections is because the budget was increased this year to account for potentially higher parking meter rates. A rate increase from 50 cents to 1 dollar per hour was approved by City Council and the increase was fully implemented in October 2009. With the increased parking meter rates, the revenues should start catching up to the budgeted projections. A portion of Parking Maintenance revenues are transferred to the General Fund each year to pay for street related maintenance work. Expenditures (other than transfers) can be found in the CIP section on Page 17.

NORMAL

OPERATING GRANTS FUND — Through September 2009, Operating Grants revenues are slightly above expenditures. It is normal for reimbursements not to line up on a month-to-month basis during the fiscal year due to timing issues of reimbursements. Each grant is analyzed separately and final match-ups between revenues and expenditures will be reported at the end of the fiscal year. This fund is made up of operating grants that include Senior Nutrition, RSVP, and DUI Enforcement grants, among others.

NEGATIVE

CAPITAL GRANTS FUND — Through the first quarter, Capital Grants fund revenue is at 9.4% of the annual budget projection. The City is expected to receive \$1,485,513 in revenue during fiscal year 2009-10 and through September has received \$139,580. This is primarily Prop A Excess funding which is allocated to dog park maintenance. The City does not appropriate any Capital Grant funds unless a signed letter authorizing the receipt of the grant funds from the authorizing agency has been received. This has helped keep this fund in good shape, and ensures the City is reimbursed in a timely manner.

NORMAL

EQUIPMENT REPLACEMENT FUND (ERF) — The ERF continues to maintain a healthy balance and is able to fund emergency replacements when needed. During fiscal year 2009-10, three Paratransit buses, five Police vehicles, three Parks vehicles, one Fire vehicle, one Community Development vehicle, and two Public Works vehicles will be replaced. Funding is reimbursed to the fund monthly by Departments through an amortization schedule that ensures adequate replacement funding is available for vehicles at the end of their useful lives.

NEGATIVE

SPECIAL GAS TAX (HIGHWAY USERS TAX) — Through the first quarter, no revenue has been received. This is due to the State budget problems. Revenue for the first three months of the fiscal year will be received at the end of October, as the State has held this funding for its own cash-flow purposes for the past few months. The Gas Tax Fund is comprised of revenue from taxes on every gallon of gas sold in the City. When the price of gasoline goes up, this amount stays constant and can only be changed per legislative action. The tax has remained unchanged since 1994. Page 17 identifies some CIP projects funded with Gas Tax funds.

POSITIVE

ARTS IN PUBLIC PLACES — Through the first quarter, Art Fund receipts are at 32.7% of the budgeted projections. The budgeted revenue for fiscal year 2009-10 is \$70,000. The Art Fund is funded when developers elect not to fulfill the City's public art requirement and instead pays a fee of 1% of the total building cost. This funding is a special revenue source and can only be used for Public Art purposes and no funding is ever appropriated above the amount available.

NEGATIVE

PARKS FACILITY FUND (QUIMBY FEES) — Through September, no revenue was collected. This is a special revenue that can only be used for parks related projects. The revenue in this fund is erratic because it is dependent on new residential development of four or more units and each year only a handful of developments fall into this category. Previously, this fund's annual revenue has ranged from \$4,200 to \$225,000. For fiscal year 2009-10 the budgeted revenue is \$35,000.