

City of Santa Monica

“CAN WE TALK?”

North of Montana Neighborhood

December 2, 2010



Economic Outlook

- Slow economic growth and continued high unemployment into 2014 and beyond
- Fragile commercial & residential real estate markets with uncertain trends
- Chronic State budget deficit - projected at \$25.4 billion by the end of FY2011/12
- State and local governments facing unprecedented budget challenges



Statewide Ballot Measures Passed

- Proposition 22
 - Imposes further restrictions on the State's ability to shift local funds
 - Prohibits State from taking, borrowing, or redirecting local taxpayer funds including Redevelopment funds
 - Protects funds dedicated to transportation, public transit, and local street maintenance and improvements
- Proposition 26
 - Reclassifies certain regulatory fees as "taxes". Two thirds vote of electorate required for new regulatory fees and increases to existing fees affected
 - Impact on Santa Monica will be analyzed over next few months

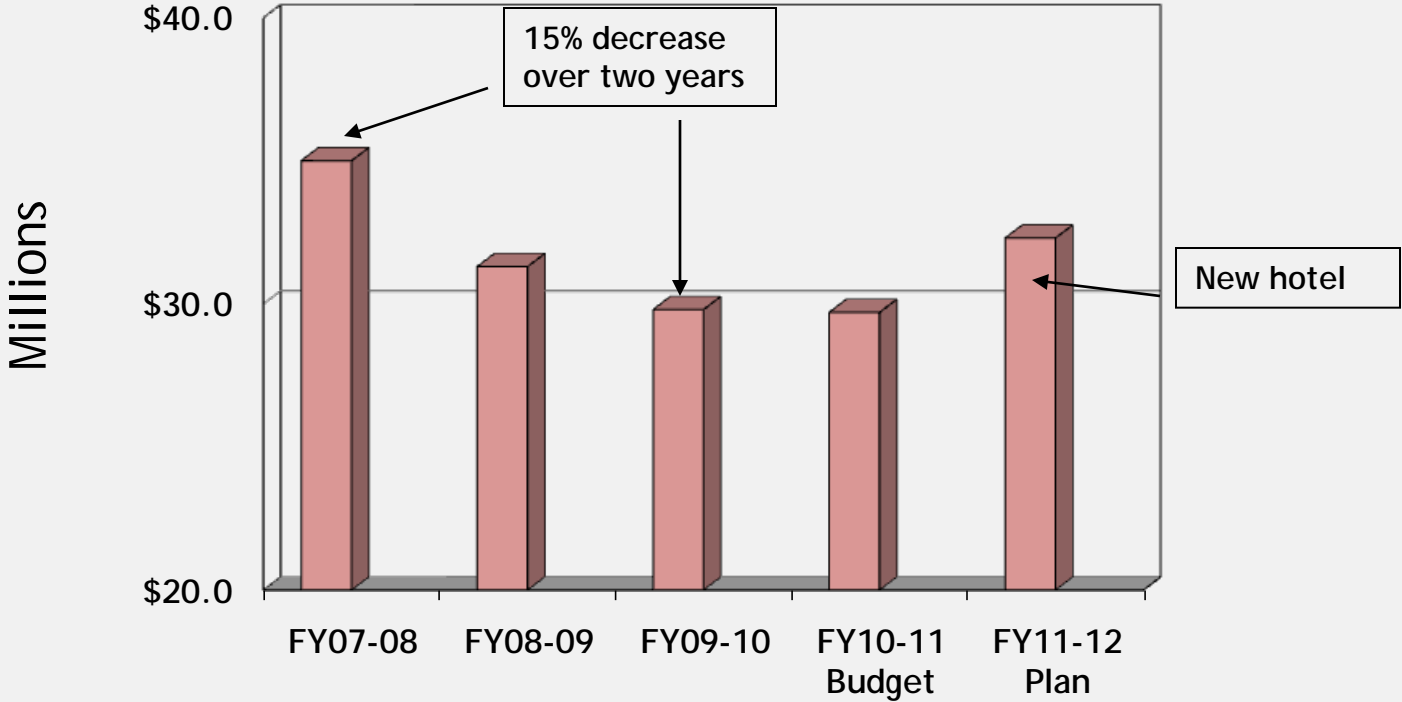


Santa Monica Revenue Outlook

- Local economy showing signs of improvement but still below peak activity levels
- Sales tax declines have bottomed out and revenues have begun slow increase; Santa Monica Place re-opened (revenue impact included in budget)
- New ½ cent transaction and use tax approved by voters
- Tourism related revenues have begun recovery after two years of decreases, but below peak year of FY2007/08



Transient Occupancy Taxes

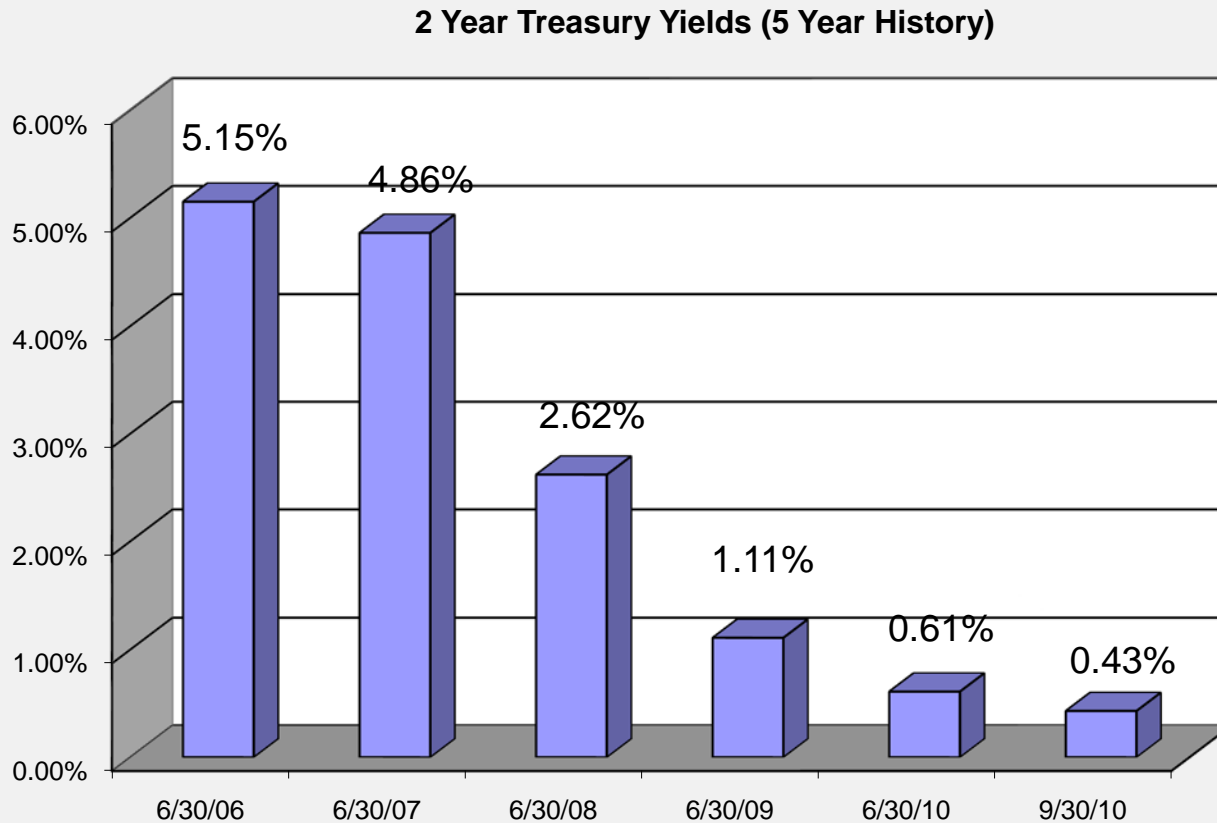


Santa Monica Revenue Outlook

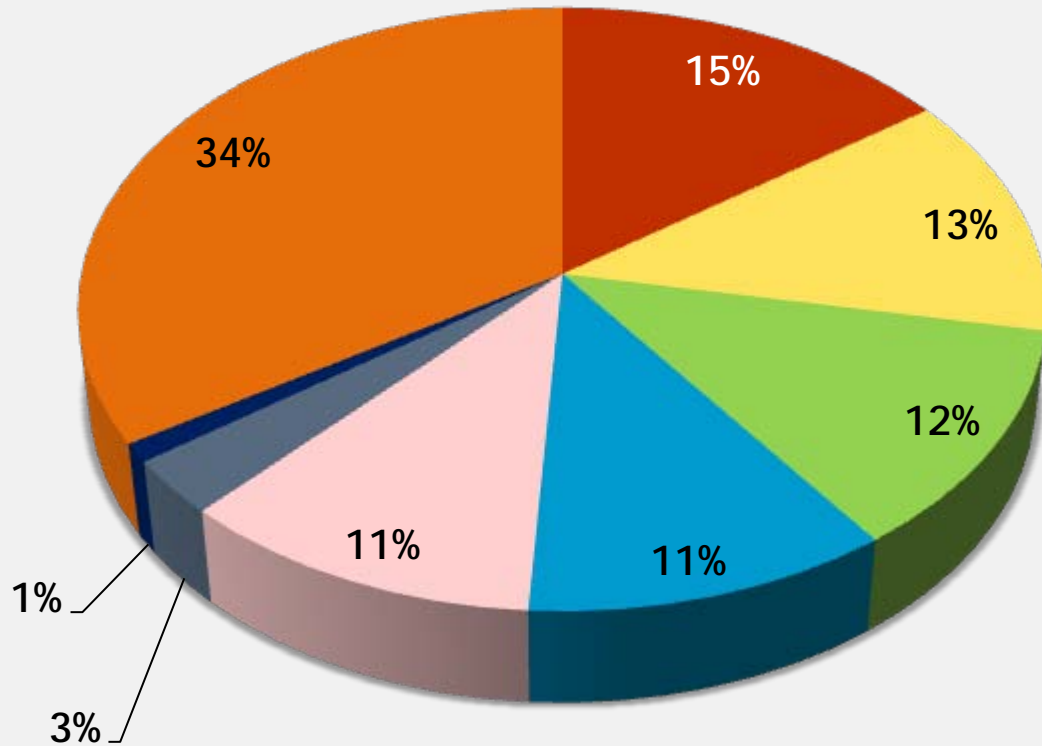
- Decline of 2.1% in FY2010/11 non- RDA area (general fund) assessed property values
 - Only second year of decrease since Prop 13
 - RDA areas showed slight increase overall
- Business license taxes in FY2010/11 and FY2011/12 projected to be 1.6% less than in FY2009/10 and nearly \$1 million less than peak year of FY2008/09
- Record low interest rates impacting investment income
 - Year-to-date revenue is down 50%
 - \$1 - 2 million decrease (General Fund)
- Local tax revenues not expected to recover to peak year levels until at least 2012



Declining Interest Rate



Diversified Tax Base

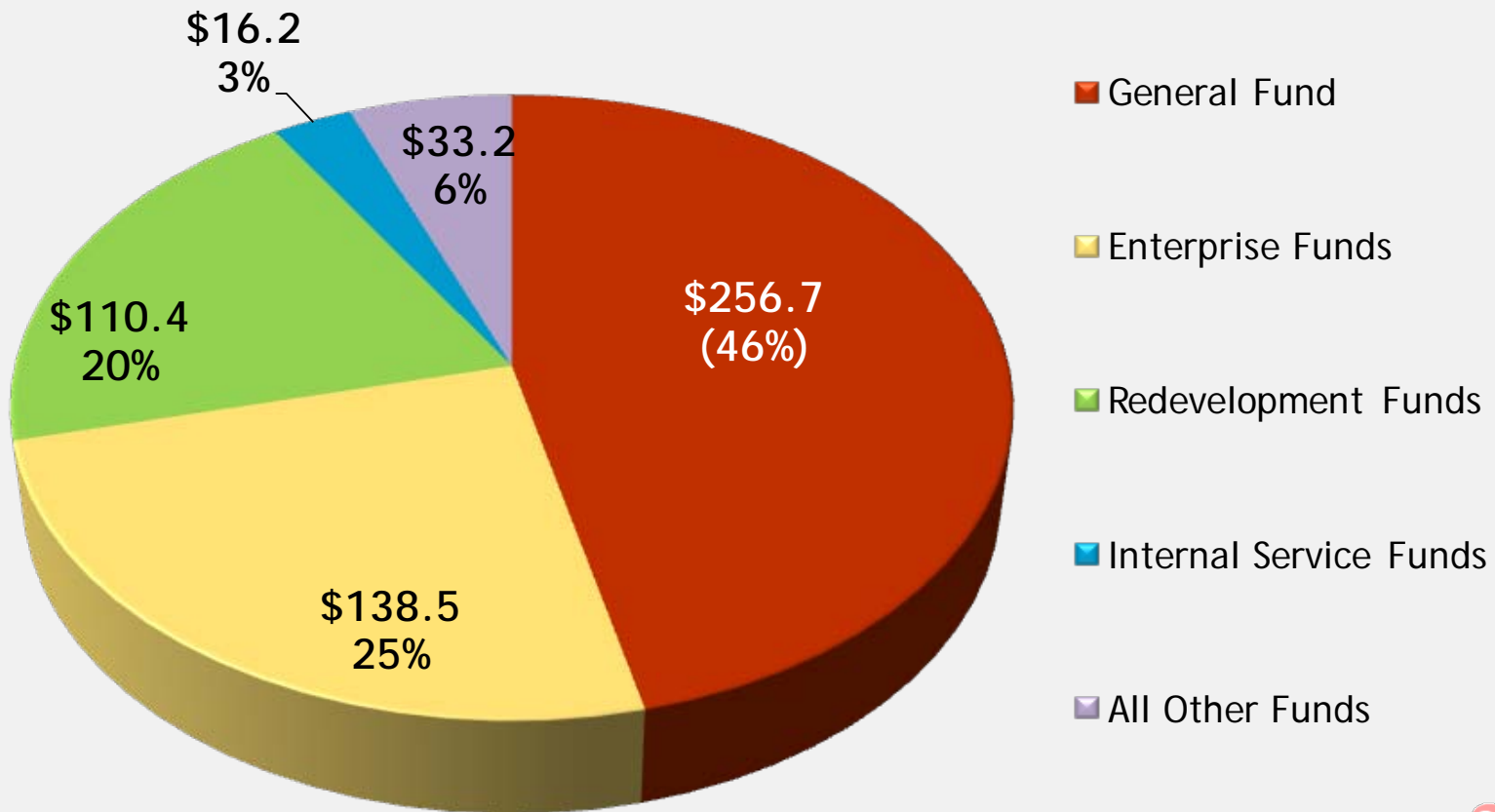


- Property Taxes
- Utility Users Taxes
- Transient Occupancy Taxes
- Sales Taxes
- Business License Taxes
- Parking Facility Taxes
- Real Property Transfer Taxes
- All Other Non-Tax Revenues



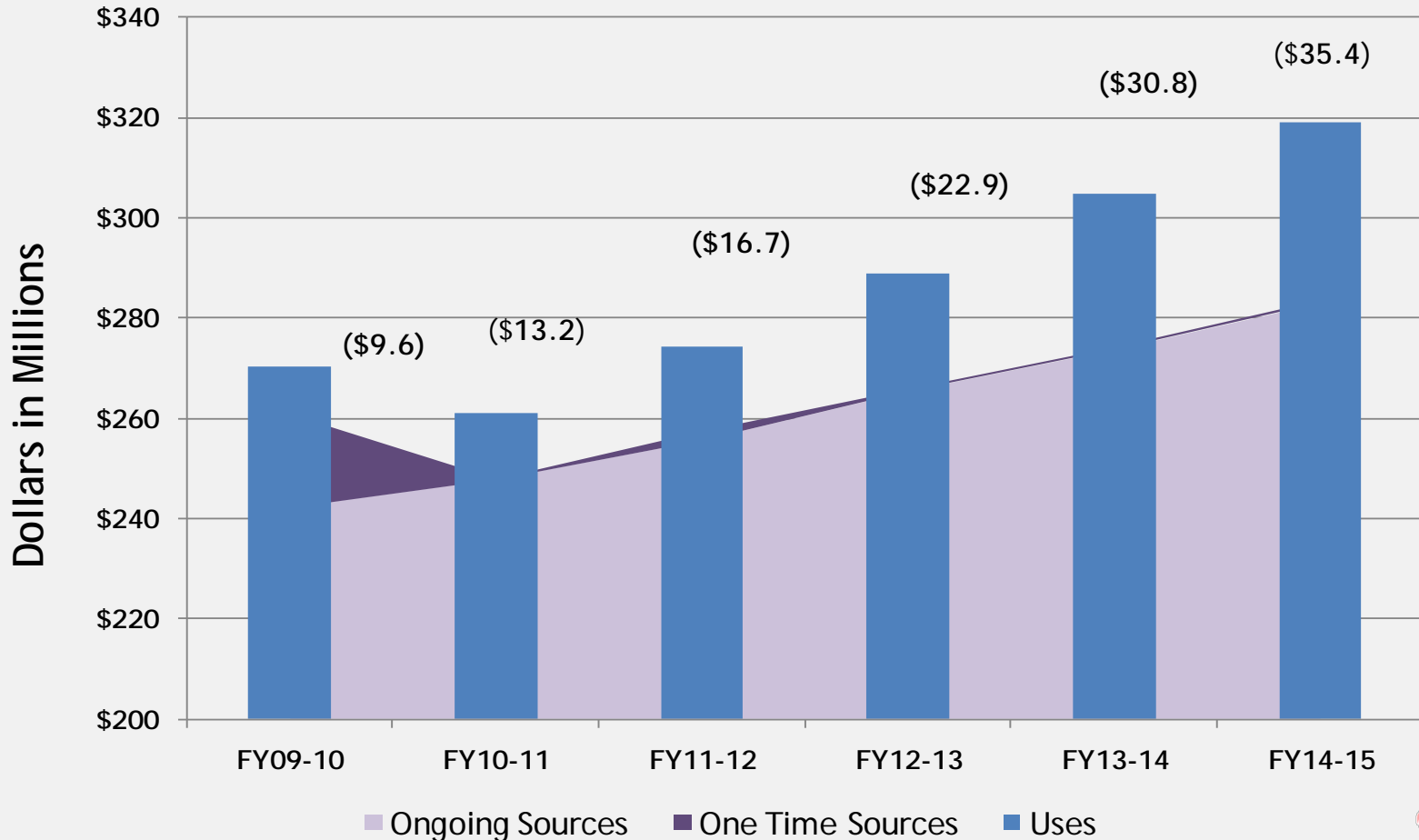
Citywide FY2010-11 Adopted Budget (Expenditures Net of Transfers)

\$555.8 Million Total



5-Year Forecast Probable Scenario

January 2010



FY2010-11 Budget Deficit Measures

- \$5.6 M reduction in department budgets while avoiding significant service reductions
- Continued selective hiring freeze - 10 positions unfunded; 13.5 positions eliminated since FY2008-09
- One-time reduction in Capital Improvement Program projects (\$2M)
- Fee Revisions/New Fees - \$1.4 million
- Selective use of Economic Uncertainty Designation and other one time funds
- Reduced health insurance costs through provider change and employee contributions - \$1.1 million (\$0.7M General Fund) through 12/31/11



Additional Challenges

- Expenditure growth rates 1.5 to 2 times greater than revenue growth
- New projects' ongoing operating & maintenance costs
- General Fund subsidies to certain funds that are not self-supporting
- Increasing salary & benefits costs
- Deferred maintenance on existing facilities, replacement of aging infrastructure, and unfunded capital projects

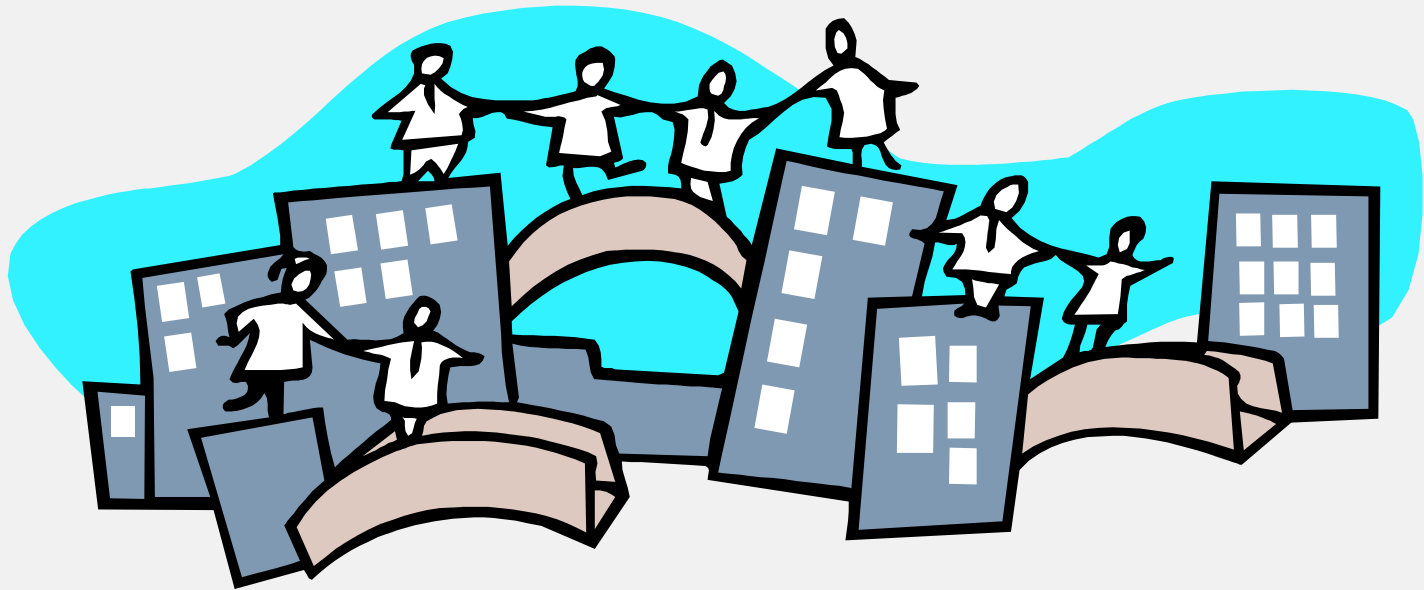


Long-Term Strategies

- Continued cost cutting focused on efficiencies with minimal impacts on customer service
- Employee negotiations to ensure that increases in compensation costs do not outpace revenue growth over the long term.
- Continued business process improvements
- No new programs; increase reserves
- Reduce General Fund subsidy to funds that should be self-supporting (Pier, Civic, Cemetery)



Community Services and Projects



Update



- Part 1 crime down 9%
- Fire Department will continue to train and foster response partnerships relating to event and emergency preparedness
- Beach and Pier score an “A” on Water Quality Report Card
- Library circulation at an all time high - 5 star rating
- Homeless count shows 25% reduction since 2007
- LA Marathon and Glow events draw large crowds
- 25 active Wi-Fi hot zones; iPhone app connects citizens to City government



LUCE Implementation

Neighborhood Conservation

- Creating new overlay districts
- Outreach to neighborhoods

Moving around the City

- Bicycle Action Plan
- Trip reduction requirements for new projects
- New projects – transportation improvements

Interim Zoning Ordinance

Area Plans underway

- Bergamot/Mixed-Use Creative
- Downtown/Civic Center



Charnock Well Field Restoration Project

- Water treatment system to remove groundwater contamination from Charnock groundwater & restore this resource as a water supply for the City
- Improvements at the Arcadia Water Treatment facility include water fluoridation, disinfection and softening



- Funded by proceeds from settlements with oil companies
- Construction scheduled to be completed by December 2010





Expo Light Rail Phase 2 Update

- Phase 2 between Culver City & Santa Monica will connect to regional rail system & provide new transit options for Santa Monica residents, employees, & visitors
- Three station locations: Bergamot Station (26th & Olympic); Memorial Park (17th & Colorado); & Downtown (4th & Colorado)



- Construction begins 2012; service begins 2015



Colorado Pedestrian Esplanade



Artist rendering of western end of re-imagined Colorado/Ocean Ave intersection



Freeway Capping

Underway: Evaluating Phase I-entrance to Palisades Garden Walk that allows for inclusion of phasing expansion for expanded cap pieces with additional funding later.



Concept for phased capping to 4th Street with private participation





Infrastructure Projects

- The California Incline Bridge Replacement project is in the design development phase; construction anticipated to begin early 2012
- Palisades Bluff Stabilization completed ahead of schedule and under budget
- Pier Bridge Rehabilitation will improve the structural sufficiency of the bridge; construction tentatively scheduled to begin spring 2014
- Traffic Signal Synchronization upgrades will improve the reliability of the traffic signals, improve traffic flows, and reduce maintenance costs



Infrastructure Projects

- Street resurfacing - 70 blocks
- Sidewalk repair / replacement -126,000 square feet
- Curbs, gutters, and alleys repaired at various locations
- Street lighting retrofit / modernization





Sustainability

- This winter Council will adopt an Ordinance prohibiting single-use plastic carryout bag at the point of sale
- Santa Monica stands with other leading cities in banning Styrofoam, plastics marked #6, and other non-recyclable to-go containers
- Modifications to the leaf blower ordinance increasing education and enforcement; leaf blower reporting telephone hotline is 310-458-4952



Sustainability Report Card

Notable successes include:

- Water demand dropped for past three years
- Solar capacity has more than tripled
- Sales are up 4% at 4 farmer's markets
- Average vehicle ridership exceeded target
- Bike lanes on City streets increased by 11%
- 290 affordable housing units were completed in 2009



Redevelopment Funded Projects



- Palisades Garden Park and City Hall Town Square - \$25 million (under design)
- Rehabilitation and renovation of Civic Auditorium - \$25 million
- Collaboration with Santa Monica College for new Laboratory Childcare Education Center in Civic Center - \$5.6 million
- Open space and cultural improvements adjacent to Civic Auditorium - \$21 million
- Civic Center Joint Use project - \$55.9 million



Santa Monica Airport

- City responding to concerns over the FAA proposed Instrument Flight Rules takeoff departure procedure for propeller aircraft
- A consultant is studying alternative courses of action that will be proposed to the FAA
- Different flight path scenarios will be analyzed with the goal of reducing the impact of noise on affected communities
- City has requested that the FAA conduct a full environmental review and comprehensive public process



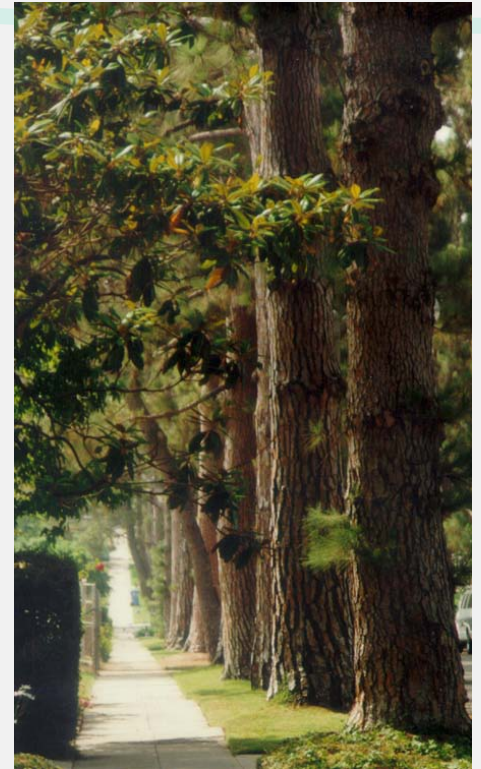
North of Montana Neighborhood Update



North of Montana Update

Urban Forest Master Plan Task Force

- City Council appointed seven member task force in September 2009
- Oversee development of 50 year Master Plan
- Residents will be able to identify their street tree, maintenance requirements of tree and access trim schedule
- Meets last Wednesday of each month
- www.SantaMonicaTrees.com



North of Montana Update

Transportation & Parking

- Strong Transportation Demand Management requirements are being incorporated into new Development Agreements in accordance with LUCE principles:
 - Promote commuting by transit, carpool, bicycling, and walking
 - Employee trip reductions
 - Shared parking
 - Bike linkages to light rail
- \$6.5 million in grant funding beginning in FY2012-13 earmarked for new mobility projects



North of Montana Update

Transportation & Parking - continued

- Recent measures to increase parking availability for residents:
 - Parking restrictions on Montana between 7th and 17th Streets modified to allow overnight resident parking
 - Continuing to work with Montana Merchants Association on approaches to employee trip reduction and shared parking
- Bicycle Improvements
 - “Sharrows” installed along 14th Street
 - Bicycle racks to be installed in Montana commercial area



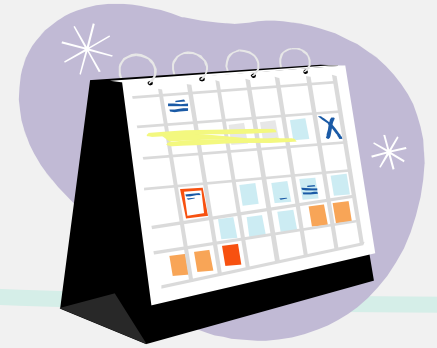
North of Montana Update

Transportation & Parking - continued

- New All-way STOP signs added at:
 - 11th Street and Idaho Avenue
 - 22nd, 23rd, and 24th Streets and California Avenue



Key Budget Dates



- Community Priorities Input
 - November/December Community Meetings
 - Boards & Commissions
 - February 8, 2011 Council Discussion on Five Year Forecast and Community Budget Priorities
- City Council Budget Workshops (tentatively set for May 24 - 26)
- Public Hearing on Proposed Budget and Adoption of Budget (tentatively set for June 21)



Provide Your Input

1. Fill out comment card tonight
2. Visit City's Website at: www.smgov.net/budget
3. Send an email to: budget@smgov.net
4. Attend City Council Meeting: February 8, 2011

