

# CITY OF BEVERLY HILLS, CA



**BUDGET IN BRIEF**

**FY 2013/14 ADOPTED  
OPERATING BUDGET**

## PROFILE OF BEVERLY HILLS, CA

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**John A. Mirisch**

Mayor

**Lili Bosse**

Vice Mayor

**Julian A. Gold, M.D.**

Councilmember

**William W. Brien, M.D.**

Councilmember

**Nancy Krasne**

Councilmember

**Eliot Finkel**

City Treasurer

**Jeffrey Kolin**

City Manager

**Mahdi M. Aluzri**

Assistant City Manager

**Don Rhoads**

Director of Administrative  
Services/ CFO

The City of Beverly Hills, a long-established residential city and commercial center is located within Los Angeles County in Southern California. The City, incorporated in 1914, has an estimated 2013 population of 34,494. From the beginning, when it was planned as a subdivision in 1906, Beverly Hills was designed as a special place. In subsequent years, much has changed, but not the desire to keep it special. As a result, the City of Beverly Hills has established a tradition of providing residents, businesses, and visitors with a superior level of public safety services, premium life enrichment opportunities, and a renowned physical environment. From rolling hillside estate homes, to charming family bungalows and apartments, to a world renowned business community, Beverly Hills provides its residents, visitors, and business partners a community often sought but rarely found in modern urban centers.

Beverly Hills is blessed by a healthy business community. Revenues generated from the business sector represent about 65-80% of total General Fund revenues. This allows the City to provide residents with the finest of residential living environments: clearly the City Council's first objective. Over the last few years, Beverly Hills has become the home of many entertainment industry headquarters, especially in the music recording field. The City has also attracted the most prestigious art galleries in the country, and some of the major talent agencies. In the retail field, Beverly Hills has enjoyed remarkable reinvestment in all geographical and market areas.

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# City of Beverly Hills

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## **Fiscal Year 2013/14 Budget Adopted, June 2013**

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Noel Marquis, Assistant Director  
Don Harrison, Budget and Revenue Officer  
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City of Beverly Hills  
455 North Rexford Drive  
Beverly Hills, California 90210



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Jeffrey Kolin, City Manager

**Honorable Mayor, City Council Members, and Citizens of Beverly Hills:**

It is a pleasure to present the fiscal year 2013/14 budget adopted by the City Council on June 18, 2013. This year's budget comes with a great deal of good news, forecasting continued growth in the City's micro-economy but also some significant challenges that the City must address. The budget contrasts considerably with budgets of recent years. Despite transfers from the General Fund to the Parking Authority, Clean Water Fund, and the Capital Improvement Program the budget has no cuts or one-time measures to achieve balance. In contrast with recent years, one-time cost-cutting measures were not necessary to allow these transfers without utilizing General Fund reserves.

**Economic Context**

Nearly five years ago the housing bubble burst and vast numbers of subprime mortgage-holders defaulted, which resulted in a fiscal crisis and severe recession. In Beverly Hills this was manifest by a 28% decline in sales tax revenue and a 19% decline in transient occupancy tax revenue between FY 2007/08 and FY 2009/10. Property tax revenue showed the first decline since 1996. Over the next four years, the City eliminated 84 full-time equivalent positions. The General Fund expenditures were reduced by \$4.8 million in FY 2008/09, \$18.4 million in FY 2009/10 and \$9.3 million in FY 2010/11. In addition, various one-time measures to reduce the budget were utilized in FY 2011/12 and FY 2012/13 to achieve balance after transfers to other funds. These measures were utilized because they had the least impact on service levels to the community.

In the FY 2012/13 budget, one time reduction measures provided about \$5.7 million in savings, much of which would need to be restored to the operating budget in FY 2013/14. As the City's year-end actual fiscal performances for FY 2010/11 and FY 2011/12 were better than budgeted, the City Council was able to restore many of the one-time cuts, which included funds for the future purchase of vehicles, computers and other equipment. At no time were General Fund reserves used to close the gap and balance the budget. In some instances, when the General Fund ended a fiscal year with a significant surplus, those surplus funds were used to reduce unfunded liabilities.

The City Council directed staff to work towards a pattern of budgets which require no one-time measures to balance after General Fund transfers. The City Council acknowledged that achieving this would likely

require a few years, but that staff should work toward reducing ongoing costs and maximize revenues within the existing revenue structure for future budgets.

City staff approaches budgeting conservatively: Revenues are projected at the low end of expectations and expenditures are projected at potential full cost. This approach to budgeting frequently results in a year-end surplus and has yet to result in a deficit.

The FY 2013/14 adopted budget includes no one-time reductions or ongoing cuts and thus no reduction in service levels. Rather this budget restored staffing in areas with inadequate resources. For example, the growing economy has increased the demand for development services and increases in occupation of City-owned building space have increased maintenance requirements. The City Council also increased spending in areas where it would result in future cost savings, such as the repair of uneven sidewalks, and removal and replacement of street trees causing damage to sidewalks.

The following table shows the balance between General Fund budget revenues and expenditures over the past four years, the balance after net transfers and, finally, actual year-end balances before transfers.

	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>
<b>Budgeted Revenues</b>	154,967,400	154,701,500	161,719,000	171,036,800	185,000,295
<b>Budgeted Expenditures</b>	<u>151,037,200</u>	<u>149,697,100</u>	<u>157,111,400</u>	<u>162,550,000</u>	<u>169,367,826</u>
<b>Budgeted Surplus (deficit)</b>	3,930,200	5,004,400	4,607,600	8,486,800	15,162,469
<b>Budgeted Net Transfers</b>	<u>3,862,300</u>	<u>4,861,300</u>	<u>3,972,400</u>	<u>7,584,100</u>	<u>13,903,070</u>
<b>Projected Balance After Transfers as Budgeted</b>	67,900	143,100	635,200	902,700	1,380,155
<b>Actual Year End Balance of Revenues Over Expenditures</b>	13,066,500	19,084,428	18,720,400	N/A	N/A

The relatively high year-end balances before transfers demonstrate the efficacy of the City’s cost-cutting, the departments’ focus on cost control, the incremental growth of the economy and the City’s approach to budgeting.

### **Economic Outlook**

The economy continues to move in the right direction, albeit slowly. One economist has referred to the current economy as the “plow horse” economy, one which moves slowly but moves nonetheless and creates opportunity. This steady growth has given the economy momentum and the City has benefitted.

GDP, personal income, consumer spending, home values and construction have all improved since 2009. From the end of 2009 to the end of 2012, GDP increased by 5.4%, consumer spending increased by 6.2%, the annual valuation of building permits in Los Angeles County increased by 9.9%, the median home price in Los Angeles County increased by 10.6% and personal income increased by 15.2%.

Over the past year, California economists have pointed to low vacancy rates, low inventories of homes for sale, and relatively high affordability of homes. Economists report that construction activity has increased to meet the demand. In support of this, at the national level, the Commerce Department reported in mid-April that seasonally adjusted housing starts came to 1,036,000 in March, the first time this measure has topped 1 million since June 2008. This construction momentum has been positively influenced by continued low interest rates and a low inflation rate, though there have been slight increases in each. It is anticipated that the Federal Reserve will maintain low interest rates at least until 2015.

An improving economy results in greater hotel revenues, retail sales, auto sales and property valuations. These drive the General Fund revenues and suggest continued growth for the City's economic base.

### **Budget Summary**

The City Council adopted the budget with General Fund revenues of \$184.7 million, General Fund expenditures of \$169.5 million, and net transfers of \$13.9 million. This is an increase in revenue of 8.1% and of expenditures of 4.2% compared to the FY 2012/13 budget. The combined operating budget for all funds provides for revenues of \$389.5 million, expenditures of \$362.2 million and total transfers out of \$14.5 million. This represents an increase of 4.6% in revenue and an increase of 0.7% in expenditures when compared to last year's budget.

### **Cost Containment Efforts**

Continuing cost containment efforts include memoranda of understanding (MOU) between the City and public safety bargaining groups (police and fire), which take significant steps toward reducing future growth by implementing a lower tier of pension for newly hired employees with current membership in PERS and a phase-in of employees sharing pension costs. Similar terms are expected when new agreements are reached with the City's non-safety employee bargaining groups over the next year. In recent years, the City has contained the growth of health benefit costs through the implementation of defined contributions for retiree health benefits for newly hired employees, cafeteria plans in which employees share the cost of rising health insurance costs and lower cafeteria benefit levels for newly hired employees.

Other efforts to reduce City expenses include the refunding of City issued bonds when lower rates and better terms would provide savings to the City and when bond covenants allow for early retirement. When the City refinances its debt, it does not increase the term nor the underlying obligations, so that the City enjoys savings in current debt service cost without increasing long-term obligations.

At the end of FY 2012/13, the inter-fund loan from the Capital Assets Fund to the Information Technology Fund for radio replacement was fully paid off. Retirement of this internal loan will save the General Fund about \$1.2 million in radio charges annually. The City has also made regular contributions to convert previously unfunded liabilities for other post-employment benefits (OPEB) into funded liabilities. In addition, as directed by the City Council, our Finance and Budget staff continues to work with the City Treasurer's Citizen's Budget Review Committee to explore cost cutting and revenue opportunities for the Parking Authority, Parking Fund and the Clean Water Fund. These areas have required General Fund subsidies of \$18.3 million in the past two years.

By taking the above actions, the City is better able to serve the community and provide for continued investment in infrastructure and facilities using the revenue sources available to the City.

### **City Council Priorities**

In December 2012, the City Council met to establish its priorities for FY 2013/14. Typically, a substantial portion of the budget enhancement requests are designed to address City Council priorities: either new priorities or full implementation of programs established in prior years. A complete list of the City Council priorities for FY 2013/14 is included in the Supplemental Information Section of this budget. Below are City Council "A" priorities for FY 2013/14:

- Fiscal Sustainability
- R-1 Development Standards
- Complete Zoning Code Update
- Support for Beverly Gardens Park Restoration Project
- Technology
- Public Safety
- Beverly Hills Brand and Centennial Celebration Programs
- Economic Sustainability
- Open Space
- Small Business Task Force
- Southeast Task Force Implementation
- Government Efficiency 2.0
- Advance Capital Investment in the Community
- Disabled Placards
- Emergency Medical Response
- Expansion of In-Lieu Parking Program
- Sidewalk Maintenance
- City facilities maintenance
- Subway Monitoring

### **Revenues**

Fiscal Year 2012/13 General Fund revenues performed well. This is largely the result of increases over budget of 8.9% in property tax, 13.2% in sales tax, 5.5% in transient occupancy tax and 4.5% in business tax. It is projected that total FY 2013/14 General Fund revenue will increase by about 4% as detailed below

#### Property Tax

For secured and unsecured property tax, the 2012 County Assessor's roll provided the City with a 6.5% increase in valuation. Beverly Hills was the top city in the County in terms of percentage growth of assessed valuation. Given uncertainty and the revenue projections for year-end FY 2012/13 at the time the budget was under consideration, our projection provided for growth of 2.7% for FY 2013/14. However, after further improvement in property tax revenue, our projection of \$43.7 million in property tax revenue is only 1.3% higher than FY 2012/13 projected revenue. This projection will likely be exceeded.

### Sales Tax

Based on year-end projections for FY 2012/13, sales tax revenue will have risen by over 36% in the three-year period since FY 2009/10. The FY 2012/13 sales tax revenue continued to improve after the proposed budget was delivered to the City Council and deliberated upon. As a result, the adopted sales tax revenue projection for FY 2013/14 is less than the projected FY 2012/13 year-end sales tax revenue of \$26.8 million. FY 2013/14 sales tax revenue should easily exceed the adopted projection of \$26.1 million.

### Transient Occupancy Tax

Two close watchers and knowledgeable followers of the hospitality industry are Smith Travel Research (STR) and PricewaterhouseCoopers (PwC). STR forecasts that average daily rates of U.S. hotels will grow 4.9% in 2013 and by 4.6% in 2014. In addition, they project that hotel occupancy will increase by 0.8% in 2013 and by 1.3% in 2014. STR forecasts that luxury hotels in 2013 will increase occupancy by 2.3%, increase rates by 6.6% and that revenue per available room will increase by 9%. PwC's January 2013 forecast provides a more conservative look at 2013 hospitality industry growth. PwC forecasts 5.9% increase in revenue per available room and a 4.8% increase in average daily rates. Looking at chain scale PwC forecasts luxury hotels to increase occupancy by 1%, average daily rates by 6% and revenue per available room by 7% during 2013. Based on this information, we forecast an increase of 5% in transient occupancy revenue for FY 2013/14 over FY 2012/13, with projected year-end revenue of about \$32 million.

### Business Tax

Business tax revenue reached a new high in FY 2012/13 of \$37.8 million. For commercial leasing, retail and certain other categories of businesses, the business tax is computed on gross receipts. As a result, rising occupancy, lease rates and growth in retail sales all contributed to the growth of this revenue. Commercial lease rates, which are typically the strongest driver of business tax revenue, are reported to have increased by 10% for office space and 17% for retail space over the past year. As the economy continues to improve and retail sales increase, this revenue will continue to grow. PwC reports that overall consumer spending growth is expected to improve from a pace of 1.9% in 2012 to 2.2% in 2013 and 2.7% in 2014. Beacon Economics forecasts GDP growth for 2013 at 2-3%. Macroeconomic Advisers forecasted that with sequestration in effect, the GDP would increase by 2% in 2013 and by 3.4% in 2014. Given all these inputs, it would be reasonable to expect business tax revenue to increase by 2-3% for FY 2013/14. However, the business tax revenue also continued to improve after publication of the proposed budget. As a result, the adopted revenue projection for business tax in FY 2013/14 is only 0.3% higher than the projected year-end actual revenue for FY 2012/13. It is highly likely that FY 2013/14 business tax revenue will exceed the budgeted amount.

The table below shows the growth that is projected for each General Fund revenue source in FY 2013/14.

<b>Major General Fund Revenues</b>		
<b>Source</b>	<b>Projected Revenue for FY 2013/14</b>	<b>% Change from FY 2012/13 Adopted budget</b>
Property Tax	43,675,000	10.38%
Sales and Use Tax	26,080,000	10.09%
Transient Occupancy Tax	32,063,000	10.78%
Business Tax	37,900,000	4.84%
Other Revenue *	44,976,295	5.37%
<b>Total Operating Revenue</b>	<b>184,694,295</b>	<b>7.99%</b>
Transfers In **	306,000	-39.53%
<b>Total New Resources</b>	<b>185,000,295</b>	<b>6.60%</b>

\* Other Revenue includes all other General Fund revenue such as grants, subventions, licenses, permits, fines and forfeitures, fees for services, and miscellaneous revenue.

\*\* Transfers into the General Fund include \$300,000 from Fund 16 (Parks and Recreation Fund) for tree maintenance and \$6,000 from Fund 12 (Gas Tax) for City administrative expenses.

### **Expenditures**

Year-end General Fund expenditures for FY 2012/13 are projected to be \$158.6 million. This is approximately \$3.9 million or 2.4% below the funds appropriated by the City Council for that fiscal year. The FY 2012/13 operations expenditures for all funds are projected to be \$344.6 million, which represents a savings of \$12 million or 3.4% when compared to appropriations. Much of the expenditure savings is the result of job vacancies, which result in salary and benefits savings. In addition, the City finalized salary surveys, which resolves uncertainty about personnel costs.

The General Fund budget for FY 2013/14 provides for expenditures of \$169.5 million, which amounts to an increase of \$7 million or 4.3% over the FY 2012/13 budget. As previously stated, the budget for FY 2013/14 has no one-time reduction measures. Fully funding all police positions, including vacancies, restoring General Fund capital improvement transfers from \$3.5 to \$5 million, fully funding all General Fund internal service charges, and eliminating both the transfer from Fund 48 and the use of carryover funds from the previous year adds approximately \$5.6 million or 3.4% to the General Fund budget. This includes an increase of about \$860,000 for internal service charges of the PAL Fund (Fund 48) to offset the reductions in FY 2012/13.

The operations budget for all funds includes expenditures of \$362.2 million, which represents an increase of \$2.5 million or 0.7% over the FY 2012/13 budget. Capital improvement expenditures for all funds total \$40 million and transfers out for all funds total \$14.5 million.

	Adopted Budget		Adopted Budget		Change from FY 2012/13 General Fund	Change from FY 2012/13 All Funds
	General Fund FY 2012/13	All Funds FY 2012/13	General Fund FY 2013/14	All Funds FY 2013/14		
<b>Operating Expenditures</b>	162,550,000	359,619,700	169,532,826	362,159,069	4.30%	0.71%
<b>Capital Improvements</b>	-	41,216,600	-	39,968,199	n/a	-3.03%
<b>Interfund Transfers</b>	10,090,100	14,156,100	13,153,070	14,469,070	30.36%	2.21%
<b>Total Outlays</b>	172,640,100	414,992,400	182,685,896	416,596,338	5.82%	0.39%

### Budget Enhancements

Budget enhancements are increases above the prior year's base budget and are requested early in the budget process. The budget team and I gave these requests particular scrutiny and established priorities within the available funding for the year. This year departments submitted 99 budget enhancement requests. After consideration of these requests, I recommended approval of 81 at a total net cost, after offsets, of about \$4.49 million, \$2.35 million of which would come from the General Fund. During its budget deliberations, the City Council considered these requests. After review the City Council determined that it wished to reduce funding from the General Fund for these enhancements by \$553,000. The Council directed my office to prioritize the enhancements, scale them back and implement those that could be funded at this reduced net cost. A complete list of the approved and funded budget enhancements is included in the Budget Modification section of this document.

In addition, the City Council identified some priority items that required additional funding. The City Council appropriated \$1,837,500 in additional funds from FY 2013/14 proposed revenues to fund:

1. A study of the revenue impacts of 2-hour free parking in City facilities \$50,000;
2. A study of public sector versus private sector total compensation for comparable positions \$50,000;
3. Acquisition of property in southeast Beverly Hills \$1,250,000;
4. Extend Library hours for holidays, weekends and Sundays \$230,000; and,
5. Fund personnel costs formerly charged to the Tourism & Marketing program with General Funds \$257,500.

In addition, the City Council directed that about \$1.6 million be placed into General Fund reserves. The City Council also identified uses for estimated FY 2012/13 surplus funds in the amount of \$7.5 million as follows:

1. Sidewalk and street tree maintenance acceleration \$1 million;
2. Increased parking structure maintenance and repair \$1 million;
3. Reduce unfunded liability for retiree medical or Other Post-Employment Benefits (OPEB) \$1 million;
4. Reduce the City's Public Employee Retirement System (PERS) unfunded liability \$1 million;
5. Property acquisition in Southeast Beverly Hills \$2.25 million; and,
6. Additional funding for the Clean Water Fund \$1.3 million.

## **Reorganization of Public Works Functions**

Following the retirement of the City's Director of Public Works and Transportation, we conducted a standard review of departmental function, organization and leadership. As a result of this review, we created a new department structure that we believe will improve staff effectiveness. As of September 2013, the Transportation Planning function of Public Works is part of the Community Development Department. A new Capital Assets Department was created and assumed the functions of Project Administration, CIP Management, Civil Engineering, previously under Public Works, and Real Estate Management, previously under Administrative Services. The Deputy City Manager–Capital Assets and Housing, who has provided leadership over the years in capital improvements and economic development, was named the Director of the Capital Assets Department.

The remaining programs previously under Public Works and Transportation are now grouped under the Public Works Services Department. This reorganization does not result in any net increases in positions or costs but merely changes groupings of functions and leadership of those functions in a way that I believe will provide lasting benefits to the City. Additional shifting of positions between departments to complete this reorganization will occur during the fiscal year or within next year's budget.

## **Enterprise Funds with Structural Imbalance**

In FY 2011/12 and FY 2012/13, the Parking Authority and Parking Operations Fund (Fund 81) received \$17 million in General Fund or Capital Asset Fund subsidies. At the end of the FY 2012/13, the combined parking operations of the City and the Parking Authority will have run approximately a \$13 million deficit after capital improvements, debt service, transfers in and capital contributions from depreciation. For FY 2013/14, the combined operations of the Parking Authority and the Parking Operations Fund will result in a net gain of about \$84,000 after the \$5 million General Fund transfer and a payment of \$2.6 million by the Wallis Annenberg PAC for the parking spaces at the Crescent Parking Facility.

The Clean Water Fund (Fund 85) is organized as a self-supporting enterprise fund. As such the fund's operating revenues are expected to support its operations. Unfortunately, the revenue stream for this fund is fixed and does not grow from year to year. While these revenues remain constant the costs of managing and treating storm water are increasing, as well as the cost of operations and capital improvements. The primary driver of these increases is the increased level of treatment and management of storm water mandated by state and federal Agencies.

During FY 2012/13, the General Fund transferred \$1.3 million into the Clean Water Fund to keep the fund solvent. Due to budget savings during the year, it is likely that once the books are closed for FY 2012/13, the Clean Water Fund will likely have a small positive fund balance. For FY 2013/14, the Clean Water Fund is projected to run a deficit of about \$2.3 million. The adopted budget includes a transfer of \$1.3 million from the General Fund to the Clean Water Fund; FY 2012/13 General Fund year-end surplus funds will be used to provide the additional funds necessary to keep this fund solvent.

These are not good models for enterprise (self-supporting) operations. Use of General Fund revenues to subsidize enterprise funds is generally regarded as a warning sign of fiscal distress that, if unresolved, can

cause severe future fiscal problems for a city. The imbalance of these funds' expenditure, obligations and revenue must be resolved in order to ensure the continued sound fiscal condition of the City. It should be noted that user fees for the Clean Water Fund cannot be raised without voter approval.

### **Public Employees Retirement System (PERS) Costs**

The City is a member of the Public Employee Retirement System (PERS). The current retirement formulas for Beverly Hills fall into two general categories: Public Safety and Miscellaneous Members. In the last year's agreements with public safety bargaining groups, a new pension tier was created. In addition, after the City concluded its negotiations with the public safety bargaining units, the California Legislature passed the Public Employee Pension Reform Act (PEPRA). As a result the City now has three tiers of pensions for Public Safety employees: 3% @ 50, 3% @ 55, and 2.7% @57.

For Miscellaneous employees (non-safety) the City currently provides a pension plan with a formula of 2.5% @ 55. Under PEPRA, newly hired employees who have not worked in a PERS participating or reciprocal agency within the past six months before hire will be placed in the new tier of 2% @ 62. These new tiers will provide long-term cost savings to the City. But since they only apply to newly hired employees, these savings will be realized over a long period of time. Employer contributions for FY 2013/14 increased by 1.532% for safety employees to 33.161%, and by 2.002% for miscellaneous employees to 16.676%. The rates are stated as the percent of applicable salary.

The PERS Board recently adopted new policies to provide for better management of the system and to prevent the deferral and possible compounding of obligations through smoothing plans which stretch out payments on liability. The changes are quite likely to further increase the rates.

### **Capital Improvement Plan (CIP)**

The Capital Improvement Plan is designated as Volume 2 of the budget. FY 2013/14 funding includes \$10 million of general capital funding, which includes \$5 million transfer to the Infrastructure Fund (Fund 06) from the General Fund and \$5 million in Capital Assets (Fund 08) replacement internal service charges. Capital improvement investments from all funds this year total about \$40 million. Initiatives for the coming year include street resurfacing, sidewalk improvements, southeast area enhancements such as acquisition of land and development of parking, the reconstruction of North Santa Monica Boulevard, water main and hydrant replacements, and improvements to the water treatment plant.

### **Conclusion**

I would like to thank all departments for their efforts in developing this budget. We look forward to working with the City Council to resolve the structural imbalances with the two enterprise funds, and ensure that

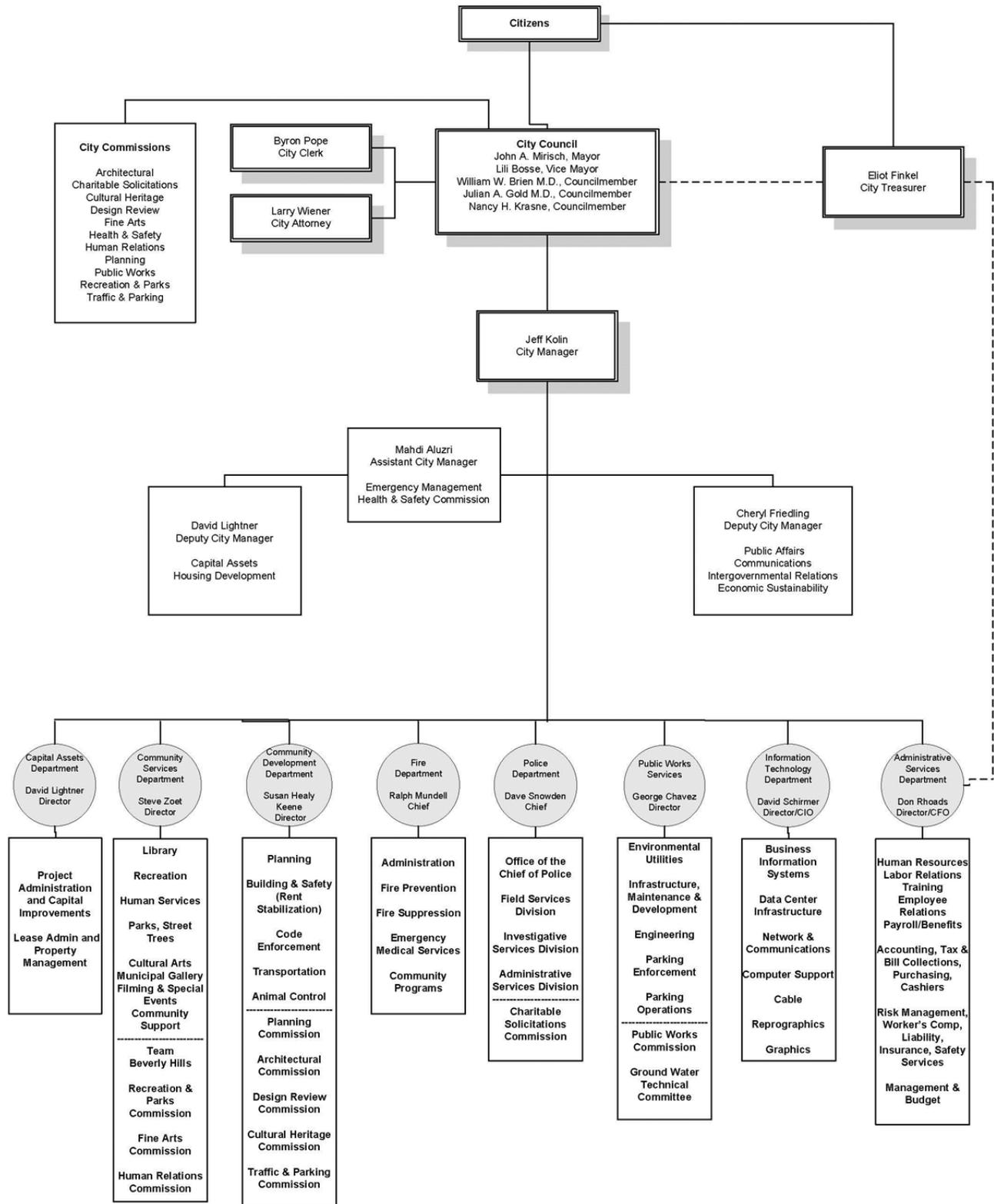
Beverly Hills residents and businesses continue to enjoy the same excellent service level and quality of life that the City is known for.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'JK', written in a cursive style.

Jeff Kolin  
City Manager

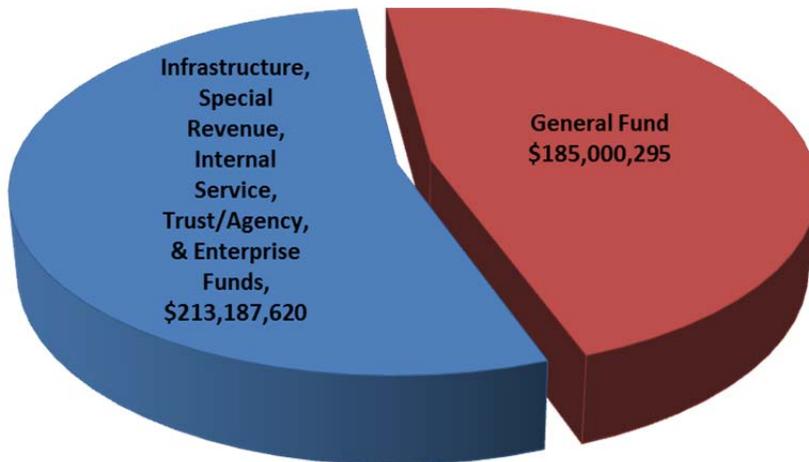
City of Beverly Hills Citywide Organization Chart



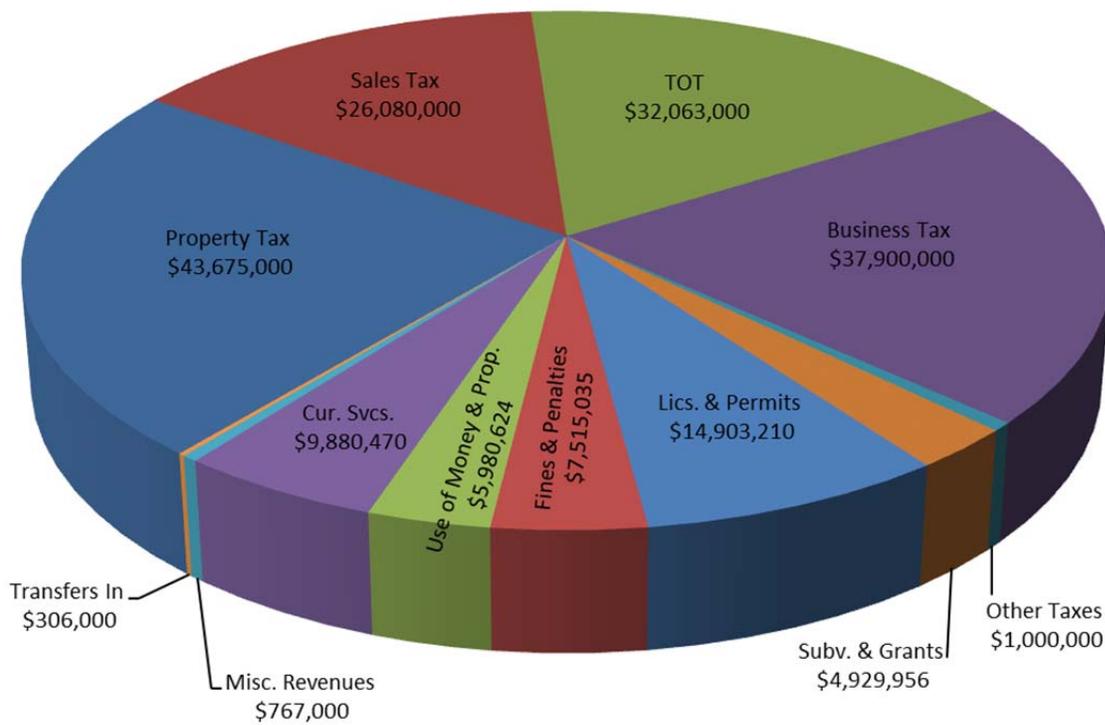
Source and Use of Funds

Source of Funds – FY 2013/14

Total City Resources \$398,187,915



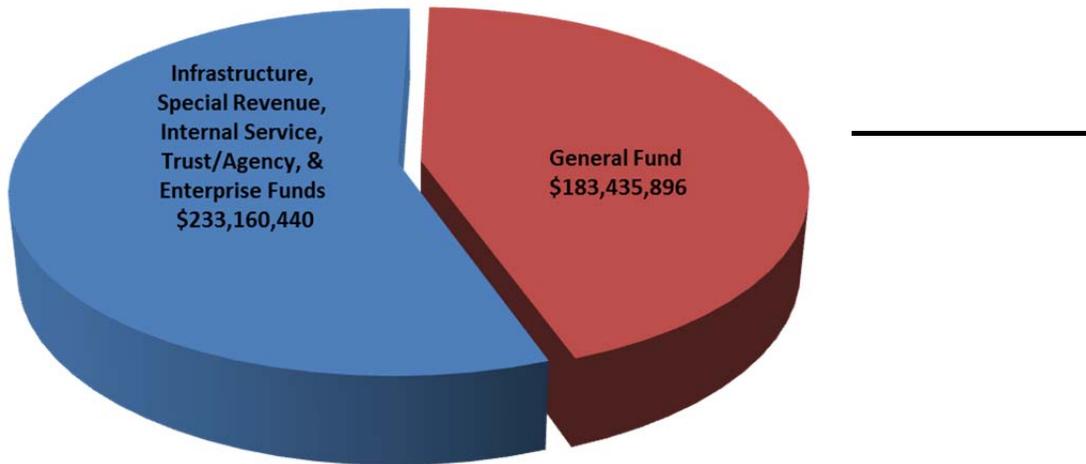
General Fund Resources \$185,000,295



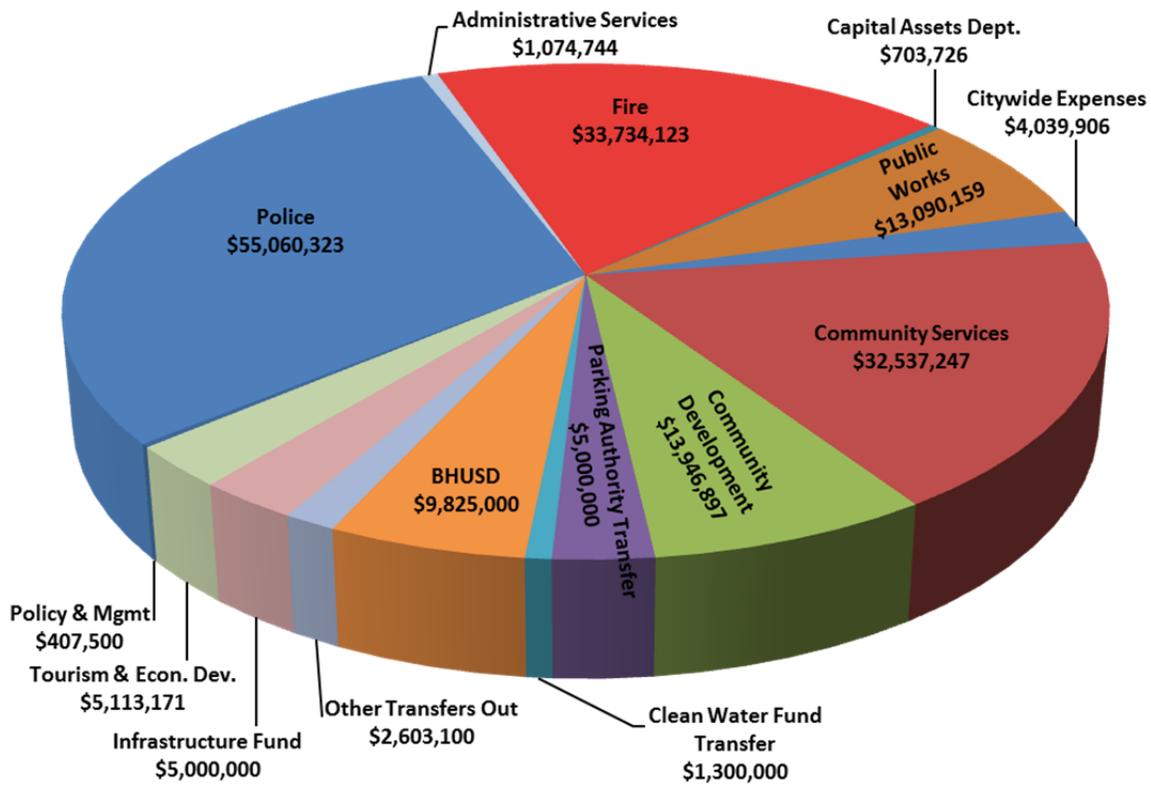
**Source and Use of Funds**

**Use of Funds – FY 2012/13**

Total City Appropriations \$ 416,596,336



General Fund Appropriations \$ 183,435,896

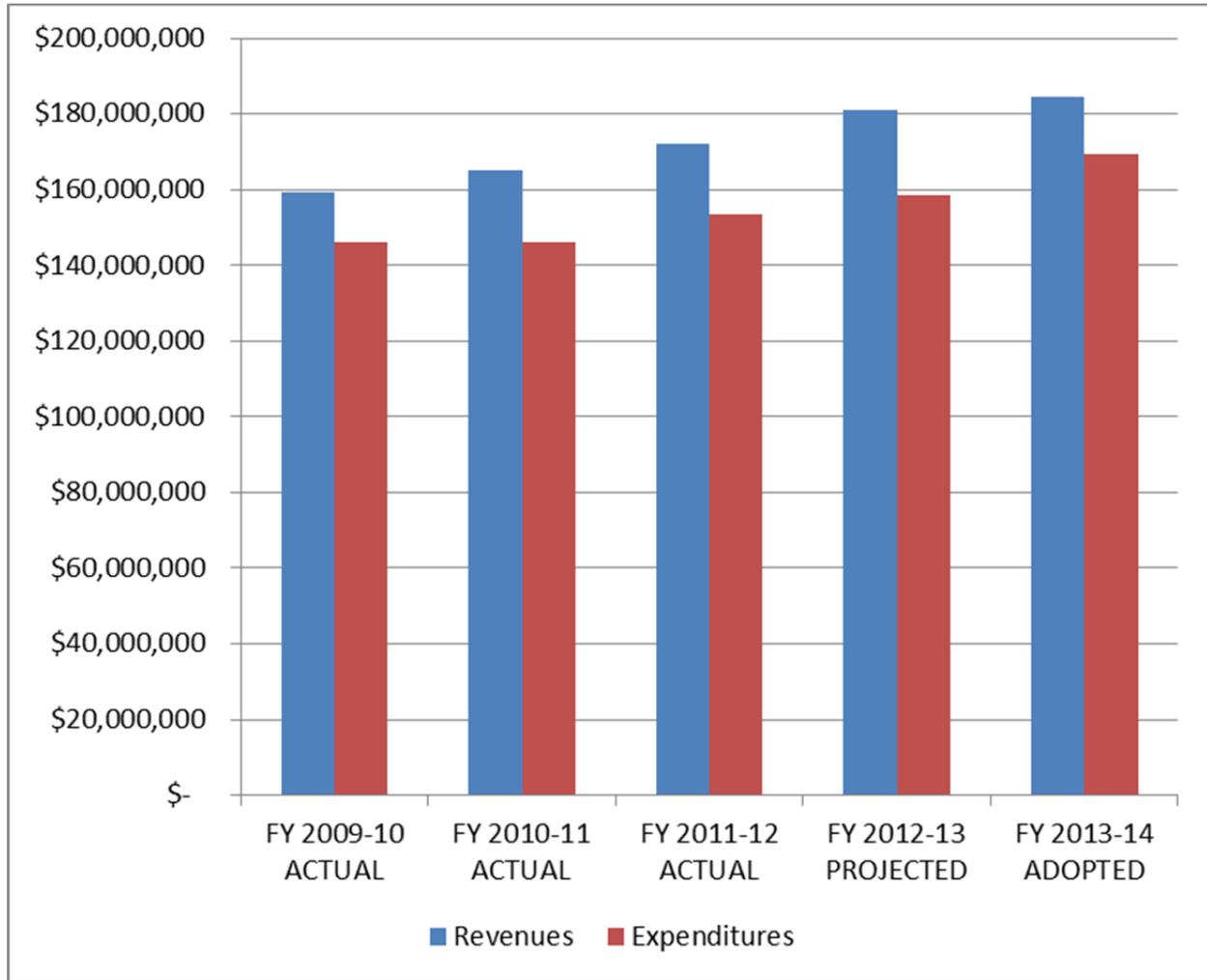


**FY 2013/14 Revenue and Expenditure Summary by Category – All Funds**

<b>Category</b>	<b>2010/11 Year-End Actual</b>	<b>2011/12 Year-End Actual</b>	<b>2012/13 Adopted Budget</b>	<b>2012/13 Year-End Projection</b>	<b>2013/14 Adopted Budget</b>
<b>Revenues</b>					
Business Tax	33,993,715	37,011,600	36,150,000	37,770,000	37,900,000
Current Services	80,466,539	89,746,000	69,556,700	74,217,549	96,942,737
Fines and Penalties	9,567,339	7,367,600	8,544,800	7,503,848	7,518,035
Internal Service Charges	90,057,943	96,177,000	101,052,200	100,649,079	104,298,537
Licenses and Permits	12,161,846	13,220,600	13,221,500	15,153,285	14,950,650
Miscellaneous Revenues	5,691,031	6,079,200	23,150,100	1,352,253	1,138,772
Other Taxes	3,706,048	3,406,100	3,088,800	4,735,376	3,466,823
Property Tax	39,018,803	39,842,400	39,569,000	43,100,000	43,675,000
Sales Tax	22,052,861	23,093,800	23,690,000	26,820,000	26,080,000
Subventions and Grants	10,236,410	12,449,400	9,305,300	9,331,069	7,826,110
Transient Occupancy Tax (TOT)	26,594,808	29,789,200	28,943,000	30,540,000	32,063,000
Carryovers	-	-	2,000,000	-	-
Transfers In	23,333,922	66,594,800	13,033,000	18,635,533	8,733,000
Use of Budget Stabilization Funds	-	-	-	-	-
Use of Money and Property	24,124,895	16,283,100	14,115,300	7,812,405	13,595,251
<b>ALL FUNDS</b>	<b>381,006,160</b>	<b>441,060,800</b>	<b>385,419,700</b>	<b>377,620,397</b>	<b>398,187,915</b>

<b>Expenditures</b>					
Salaries and Benefits	113,533,900	113,747,900	119,411,800	112,061,617	123,763,041
Supplies	13,043,100	13,639,800	15,824,100	14,919,130	17,385,605
Services	47,188,500	42,310,800	55,867,200	50,708,600	56,892,885
Capital Outlay	706,900	2,462,400	1,887,000	1,553,100	2,332,029
Internal Service Charges	87,170,400	93,214,000	93,733,300	94,126,150	101,204,363
Other Expenses	74,030,300	107,583,000	69,895,100	71,272,413	64,571,118
Capital Projects	55,710,400	38,957,200	41,216,600	28,185,300	35,978,225
Transfers Out	23,288,500	101,866,500	17,156,100	22,583,644	14,469,070
Expense Savings/ Furloughs	-	-	-	-	-
To OPEB Unfunded Liability	-	-	-	-	-
<b>ALL FUNDS</b>	<b>414,672,000</b>	<b>513,781,600</b>	<b>414,991,200</b>	<b>395,409,954</b>	<b>416,596,336</b>

**General Fund Five Year Historical Trends**



**Five Year General Fund Forecast**

	<b>2012/13 Year End Projection</b>	<b>2013/14 Adopted Budget</b>	<b>2014 / 2015 Forecast</b>	<b>2015 / 2016 Forecast</b>	<b>2016 / 2017 Forecast</b>	<b>2017 / 2018 Forecast</b>
<b>Revenues</b>						
Property Tax	43,100,000	43,675,000	46,382,900	47,774,400	49,207,600	50,683,800
Sales Tax	26,820,000	26,080,000	27,618,700	28,944,400	30,623,200	32,246,200
Transient Occupancy Tax (TOT)	30,540,000	32,063,000	33,345,500	34,679,300	36,066,500	37,509,200
Business Tax	37,770,000	37,900,000	39,795,000	41,187,800	42,629,400	44,121,400
Other Taxes	1,290,000	1,000,000	1,040,000	1,081,600	1,114,000	1,147,400
Subventions and Grants	3,818,000	4,929,956	5,028,600	5,139,200	5,252,300	5,357,300
Licenses and Permits	15,100,000	14,903,210	15,499,300	16,119,300	16,602,900	17,018,000
Fines and Penalties	7,500,000	7,515,035	7,552,600	7,590,400	7,628,400	7,666,500
Use of Money and Property	3,800,000	5,980,624	6,160,000	6,375,600	6,630,600	6,929,000
Charges for Current Services	10,100,000	9,880,470	10,078,100	10,380,400	10,691,800	11,012,600
Internal Service Fund Receipts	421,000	-	-	-	-	-
Miscellaneous Revenues	676,000	767,000	812,300	851,300	900,700	948,400
	<u>180,935,000</u>	<u>184,694,295</u>	<u>193,313,000</u>	<u>200,123,700</u>	<u>207,347,400</u>	<u>214,639,800</u>
<b>Expenditures</b>						
Salaries and Benefits	79,200,000	87,081,882	88,823,500	93,708,800	97,457,200	100,380,900
Materials and Supplies	1,894,000	1,945,672	1,995,800	2,110,900	2,163,300	2,203,500
Services (less Tourism)	20,035,300	19,097,176	20,091,300	21,212,400	22,041,800	22,692,000
Capital Outlay	570,000	676,030	1,032,300	1,090,300	1,133,000	1,166,400
Internal Services	50,206,300	52,332,326	53,466,000	56,508,800	58,704,700	60,416,500
Other Expenses	3,030,000	3,288,740	3,547,300	3,739,500	3,884,400	4,001,900
Tourism & Economic Development	3,664,700	5,111,000	4,763,643	4,954,186	5,152,357	5,358,457
<b>Total</b>	<u>158,600,300</u>	<u>169,532,826</u>	<u>173,719,843</u>	<u>183,324,886</u>	<u>190,536,757</u>	<u>196,219,657</u>
<b>Budget Surplus/(Deficit)</b>	<b>22,334,700</b>	<b>15,161,469</b>	<b>19,593,157</b>	<b>16,798,814</b>	<b>16,810,643</b>	<b>18,420,143</b>
Transfer In	406,000	306,000	206,000	106,000	6,000	6,000
Transfers Out	15,164,344	13,903,070	14,601,000	15,289,100	15,887,400	16,413,700
<b>Change in Fund Balance</b>	<u><u>7,576,356</u></u>	<u><u>1,564,399</u></u>	<u><u>5,198,157</u></u>	<u><u>1,615,714</u></u>	<u><u>929,243</u></u>	<u><u>2,012,443</u></u>

**Position Summary by Department**

	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>
	<b>Full-Time</b>	<b>Full-Time</b>	<b>Full-Time</b>
<b>DEPARTMENT</b>	<b>Equivalents</b>	<b>Equivalents</b>	<b>Equivalents</b>
	<b>(FTE)</b>	<b>(FTE)</b>	<b>(FTE)</b>
Policy & Management	19	19	18.70
City Clerk	5	5	5.00
Administrative Services	48.73	48.67	49.15
Police Department			
Sworn	128	128	128.00
Non-Sworn	64	78	69.96
	<u>192</u>	<u>206</u>	<u>197.96</u>
Fire Department			
Sworn	79	79	79.00
Non-Sworn	13	13	10.81
	<u>92</u>	<u>92</u>	<u>89.81</u>
Community Development	42	45	53.00
Information Technology	31.44	31.38	31.26
Public Works	261.10	261.60	247.60
Capital Assets	-	-	14.80
Community Services	167.72	168	171.37
Non-Departmental	-	-	-
<b>TOTAL FTE</b>	<u>858.99</u>	<u>876.65</u>	<u>878.65</u>

# Policy and Management

## Department Mission

Policy and Management provides overall direction and support to eight City departments for the implementation of City Council policy. Through strong leadership, strategic vision, and professional management, the Department ensures that City initiatives and operations are cost efficient and effective. The Department sets the highest standard for the development, coordination, and implementation of municipal programs to meet the short and long-term needs of the community.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	20.00	19.00	<sup>1</sup> 18.70

<sup>1</sup> The 18.70 full time equivalents include the City Council Members and City Treasurer. However, only 12 department staff positions are allocated to the work programs. Eighty-percent (80%) work allocation of the position of Deputy City Manager - Capital Assets has been moved to the newly created Capital Assets Department.

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	6,616,463	6,516,700	7,026,358	7.82%
<b>Total Expenses</b>	6,180,148	6,921,700	7,082,048	2.32%

## Policy and Management Programs

City Council and Administrative Support

Economic Sustainability

Emergency Management

Communications and Marketing

Capital Assets and Housing (Program moved to Capital Assets Department due to reorganization)

Equipment Replacement

# City Attorney

## Department Mission

The mission of the City Attorney's Office is to provide high quality legal services for the City Council, City officials, departments, boards, and commissions in the conduct of City business; to represent the City before judicial and administrative proceedings; and to prosecute Municipal Code violations occurring in the City.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	0.00*	0.00*	0.00*

\*Employees of contracted legal firms staff the City Attorney's Office.

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	2,834,300	2,884,700	2,653,433	-08.02%
<b>Total Expenses</b>	2,348,300	3,011,900	2,646,827	-12.12%

## City Attorney Programs

Legal Services

Equipment Replacement

# City Clerk

## Department Mission

The mission of the City Clerk's office is to administer the democratic processes of the City of Beverly Hills such as the municipal elections, City Council meetings, City records and all legislative actions ensuring transparency to the public in an ethical, professional and impartial manner.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	5.00	5.00	5.00

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	1,547,725	1,555,500	1,844,453	17.46%
<b>Total Expenses</b>	1,426,539	1,652,400	1,813,700	9.76%

## City Clerk Programs

Administration

Records Management

Municipal Elections

Public Records Requests

Public Meetings and Hearings

Equipment Replacement

# Administrative Services

## Department Mission

The Administrative Services Department consists of Human Resources, Risk Management, Budget, and Finance. The mission of Administrative Services is to provide efficient and professional services of the highest quality to all City departments, employees, and members of the general public.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	48.73	48.67	49.15

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Requested	Percent Change
<b>Total Revenues</b>	21,820,400	20,914,300	21,261,162	1.65%
<b>Total Expenses</b>	16,045,300	22,053,800	21,937,312	-0.53%

## Administrative Services Programs

ASD Administration  
 Human Resources  
 Risk Management  
 Office of Management, Budget, and Revenue

General Accounting  
 Purchasing  
 Equipment Replacement

# Police Department

## Department Mission

It is the mission of the Beverly Hills Police Department to provide superior law enforcement service, while making our community the safest place for all people to live, work and visit.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalent</b>	192.00	206.00	196.96

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	7,048,536	3,394,500	3,336,125	-1.72%
<b>Total Expenses</b>	54,325,297	53,037,000	56,259,054	6.08%

## Police Programs

Police Administration

Traffic Bureau

Police Community Relations

Emergency Services Bureau

Patrol Bureau

Police Personnel and Training

Police Support Services

Law Enforcement Grants and Special Revenues

Investigations

Equipment Replacement

# Fire Department

## Department Mission

The Beverly Hills Fire Department is dedicated to providing service with excellence for the preservation of life, property and environment."

The Fire Department strives to provide the highest quality all-risk emergency response to the Beverly Hills Community and its visitors at all times. From state-of-the-art Pre-hospital Emergency Medical Services, to Fire Suppression and Prevention, to disaster response, whether man-made or environmental, the Beverly Hills Fire Department is staffed, trained, and equipped to mitigate all emergencies. Through proactive inspections and safety education services, we work to make the community safe and avoid preventable loss.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	89.81	89.81	89.81

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	3,718,781	3,720,500	4,613,442	24.00%
<b>Total Expenses</b>	31,673,954	32,720,500	33,998,102	3.90%

## Fire Department Programs

Fire Administration

Emergency Medical Services - EMS

Fire Administration

Fire Community Programs

Fire Prevention

Equipment Replacement

Emergency Response Services

# Community Development

## Department Mission

We guide development of the built environment to enhance and maintain quality of life.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	42.00	45.00	53.00

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	11,240,717	12,242,900	15,933,030	30.14%
<b>Total Expenses</b>	8,632,966	11,827,000	15,371,497	29.97%

## Community Development Programs

CD Administration

Planning

e-Gov-CD

Development Services

Transportation Planning and Traffic Engineering

Community Preservation Services

Equipment Replacement

# Information Technology

## Department Mission

The Information Technology Department will be recognized among municipalities as a premier provider of technology infrastructure and services. Our mission is to make information available anytime and anywhere.

The Department will be a leader among municipal information technology service providers. In partnership with City departments, the Information Technology Department will provide strategic vision for effective information systems. Accomplishment of this mission will facilitate knowledge sharing and will result in satisfied customers.

The Information Technology Department consists of three divisions: Information Technology, Cable Television, and Reprographics / Graphic Services.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	31.44	31.38	31.26

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	15,291,400	16,905,500	15,921,207	-5.82%
<b>Total Expenses</b>	13,849,200	15,933,500	15,571,236	-2.27%

## Information Technology Programs

Cable Television  
Information Technology

Reprographics / Graphics  
Equipment Replacement

# Public Works Services

## Department Mission

The department's mission is to serve the City's residential and commercial communities by providing quality public works services and infrastructure with environmental and fiscal responsibility.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	261.10	261.60	247.6

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	102,405,605	97,384,400	118,869,611	22.06%
<b>Total Expenses</b>	106,659,602	116,430,600	119,634,391	2.75%

## Public Works Programs

PW Administration

Parking Enforcement

Solid Waste

Parking Meters

Wastewater Disposal Services

Street Maintenance

Clean Water Utility

Fleet Services

Facilities Services

Customer Service

Water Supply & Distribution

Central Stores

Off-Street Parking Operations

Equipment Replacement

# Capital Assets Department

## Department Mission

The department’s mission is to serve the City’s residential and commercial communities by providing quality management of the City’s Capital Assets with fiscal and environmental responsibility.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	0.00	0.00	14.80

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Adopted	Percent Change
<b>Total Revenues</b>	0	0	6,126,034	-- <sup>1</sup>
<b>Total Expenses</b>	0	0	5,360,669	-- <sup>1</sup>

<sup>1</sup> Capital Assets Department is a new department created in FY 2013/14 as a result of an inter-department reorganization and has no previous year budget or actual history.

## Capital Assets Department Programs

Capital Assets Administration

Civil Engineering

Real Estate and Property Management

Equipment Replacement

Project Administration

# Community Services

## Department Mission

The Community Services Department provides exceptional cultural, educational, recreational, and social services to enhance and maintain a high quality of life and attractive physical environment in the Beverly Hills community.

Department Personnel	FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget
<b>Total Full Time Equivalents</b>	167.72	168	171.37

Department Budget	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2013/14 Requested	Percent Change
<b>Total Revenues</b>	8,584,400	8,815,900	9,090,744	3.12%
<b>Total Expenses</b>	39,237,800	44,101,300	42,780,643	-2.99%

## Community Services Programs

Community Filming & Event Permits

Urban Forest - Tree Maintenance

Recreation

Park Rangers

Park Operations

Library

Community Services Administrative Support

Human Services

Equipment Replacement

## **Non-Departmental**

The Non-Departmental budget unit exists to capture budgeted expenditures and revenues which do not belong to any one department. This area is used to provide for such expenditures as interns, bad debt, debt service, subway monitoring, City cost of City provided utilities, and depreciation expense. Salary provision is used in this area to provide funding for expected expense under the City’s various labor agreements but for which the specific department is unknown at the time of budget adoption, such as retroactive pay and pay for performance.

<b>Non-Departmental Budget</b>	<b>FY 2011/12 Actual</b>	<b>FY 2012/13 Adopted</b>	<b>FY 2013/14 Requested</b>	<b>Percent Change</b>
<b>Total Revenues</b>	170,976,400	173,320,800	182,759,900	5.45%
<b>Total Expenses</b>	41,129,749	43,225,900	33,016,560	-23.62%