



MEMORANDUM

To: Honorable Mayor and Members of the City Council
From: Howard W. Brown, Jr., City Manager 
CC: City Department Heads
Date: January 26, 2016
Re: Bi-Monthly Report – Status and Update

Mayor and Council:

There are a number of opportunities that present a couple of challenges for the *New Bell*. I am totally confident that working together we will overcome some of these areas of concern. There are number of items that need to be addressed in order:

- Strategic Planning Retreat. I will have Angela look at your schedules to fit in a Saturday where we can participate in a strategic planning work retreat. This meeting will be mandatory for City Council members as this will chart the city's course for the next three years and build upon the "New Bell". The purpose of the meeting is to set goals, specific strategies, objectives, and performance measures. I plan to meet with Mayor about this upon his return.
- Staffing Stabilization: I am arduously recruiting for the following three key Department Director positions: Finance Director, Community Development Director, and Community Services Director. As soon as I get through this part, I will immediately place these on the City Council's Agenda for ratification.
- FY 15-16 Operating Budget – Mid-year Budget update. I am attaching for your review the budget calendar for the remainder of the fiscal year. **I also need the Council to approve a budget resolution that was missed in the last two budget cycles as a housekeeping item.** I plan to place this on the February 10th agenda. I will discuss this item in detail when I have my one-on-one meeting with each of you.
- As you know, the City authorized the negotiation and execution of an Exclusive Agreement between Seagrove LA, LLC and the City of Bell as the Successor Agency for the development of property owned by the Successor Agency. The agreement was not signed by the Developer. I met with the Developer on Thursday, January 28, 2016. There are a number of items the Developer would like for us to reconsider in order to move forward with signing and executing the agreement. I have directed staff to provide a written update to us in closed session regarding this matter with a recommendation. **[I don't want to alarm anyone. I think we still have a viable project. Lets continue to be optimistic].**

- I will be out of the office on February 4 and 5, 2016 attending the California City Manager's conference in Indian Wells, CA. During my absence, Chief Ed Dadisho will be Acting City Manager during my absence. However, please do not hesitate to contact me should you need to speak with me by cell phone at 323-202-3530.
- On Sunday, February 21, 2016, I will be in Pensacola, Florida; my first grandchild came early and as a result I will miss the City of Bell's 2nd Annual 5K Run hosted by the Community Services Department. I am sure the event will be filled with participation and excitement.
- I have also attached the City of Bell Sales Tax update. It appears sales tax is **21.9%** higher than the same quarter one year ago. This is from retail sales activity during July 2015 – September 2015. I hope this trend continues.

Please know I am available by cell phone should you need to speak with me directly, no appointment is necessary. I am also available via SMS. Do not hesitate to contact me directly should you have questions. Thank you.

**CITY OF BELL
FISCAL YEAR 2016-17**

BUDGET TEAM

Howard W. Brown, Jr., City Manager
Sergio Ibarra, Human Resources/Risk Management Manager
Edmond Dadisho, Chief of Police
Allan Perdomo, Acting Community Services Director
Greg Tsujiuchi, Acting Community Development Director
Hector Vazquez, Acting Finance Director

BUDGET CALENDAR

DATE	DESCRIPTION	LOCATION
February, __ 2016	Strategic Planning Retreat	TBA
Wednesday, February 24, 2016	FY 2015 – 2016 Mid-Year Budget Update	Bell Community Center
Tuesday, March 1, 2016	FY 16-17 Departmental budget Requests	Electronic Sub.
Monday - Friday, March 14 - 18, 2016	Executive Team Review	TBA
Monday - Friday, April 4 - 8, 2016	One-on-One City Council Meeting	TBA

TENTATIVE BUDGETARY ADOPTION PROCESS

DATE	DESCRIPTION	LOCATION
Tuesday–Wednesday, April 12 - 13, 2016	Budget Committee Meeting	TBA
Wednesday, April 27, 2016	Submission of Budget to Council	Council Chambers
Tuesday - Wednesday, May 17 - 18, 2016	Budget Committee Meeting	TBA
Wednesday, June 8, 2016	Public Hearing	Bell Community Center
Wednesday, June 22, 2016	Final Fiscal Year 2017 Budget Adoption	Bell Community Center

Q3 2015



City of Bell Sales Tax *Update*

Fourth Quarter Receipts for Third Quarter Sales (July - September 2015)

Bell In Brief

Receipts from Bell's July through September sales were 21.9% higher than the same quarter one year ago. Actual sales activity increased 15.0% after accounting aberrations were factored out.

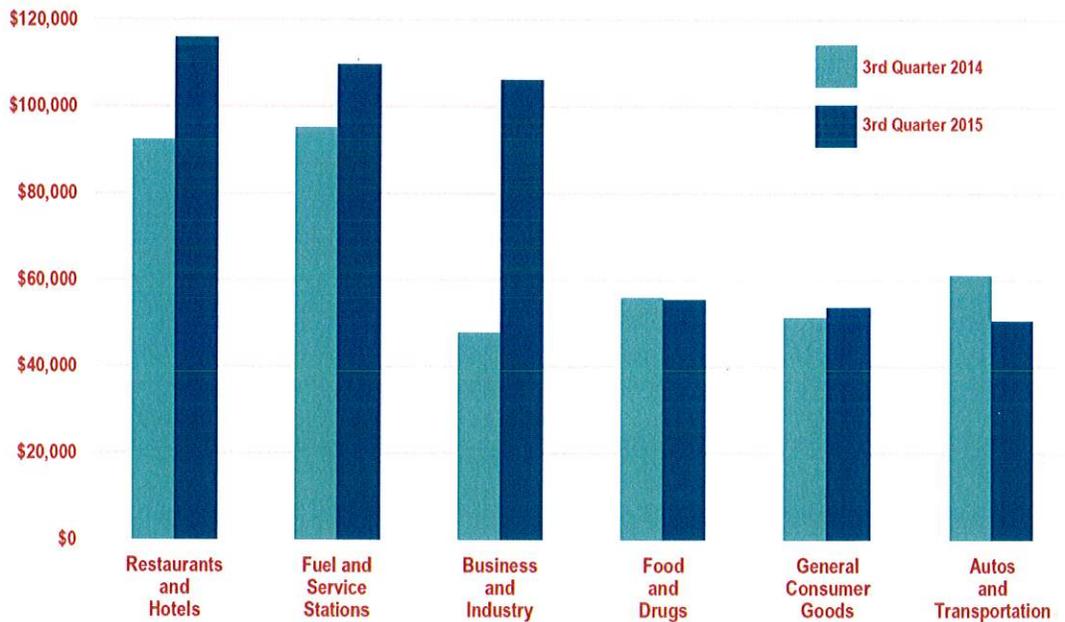
A strong sales quarter from several business to business sectors coupled with a positive payment adjustment buoyed business and industry returns. Accounting anomalies and net higher sales boosted restaurant results.

Despite continued lower fuel prices, higher sales bolstered service station revenues beating both county and statewide negative results. A 22.8% larger allocation from the countywide use tax pool further contributed to the increase.

The gains were partially offset by a payment adjustment which negatively impacted autos and transportation.

Net of aberrations, taxable sales for all of Los Angeles County grew 2.6% over the comparable time period, while the Southern California region was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

7 Eleven	La Barca Restaurant
Bellwood Auto Body	La Casita Mexicana
Carl's Jr	Las Playitas Auto Sales
Chevron	McDonalds
Culichi Town	Northgate Market
CVS	O'Reilly Auto Parts
George T Hall Co	Shell
GNLD International	Smart & Final
Golden State Enterprises	Tacos El Gavilan
Hometown Buffet	Tesoro Refining & Marketing
Individual Foodservice	Vernon Sanitation Supply
International Paper Company	WSS
Kaman Industrial Technology	

REVENUE COMPARISON

Two Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$880,277	\$965,090
County Pool	102,510	120,550
State Pool	637	489
Gross Receipts	\$983,424	\$1,086,129
Less Triple Flip*	\$(245,856)	\$(271,532)

*Reimbursed from county compensation fund

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Statewide Results

The local share of sales and use tax revenues from the summer sales quarter were up 2.4% over last year's comparable quarter after adjusting for payment aberrations.

New and used auto sales and leases continued to exhibit solid gains and were the primary contributor to the quarter's statewide growth. The countywide allocation pools were the second largest contributors to the overall gain, boosted by increased online sales activity. The state's travel and tourism industry contributed to a robust increase in receipts from restaurants and hotels. Recovering building and construction activity was also significant with an 8.6% increase over the comparison period.

Gains in most other segments were relatively modest while receipts from fuel and service stations declined for the fourth consecutive quarter.

Overall performance was similar throughout most regions of the state, however the effect of lower fuel prices significantly dampened results in portions of the San Joaquin Valley.

Online Retail Sales Continue to Outpace Brick & Mortar Stores

Fourth quarter tax results will not be available until March but preliminary reports indicate holiday purchases from some brick and mortar stores are flat or down from 2014, while the volume of online shopping has set new records.

Although stores are not in danger of disappearing, the trend has many retail chains considering long-term plans for smaller "showroom" units with less square footage, employees, and in-store inventory.

HdL's statewide sales tax database for the first three quarters of 2015 shows that online orders for general consumer goods rose 17.6% over the first three quarters of 2014, while the overall sales gains at brick and mortar stores grew a modest 2.2%.

New Restrictions on Tax Sharing Agreements

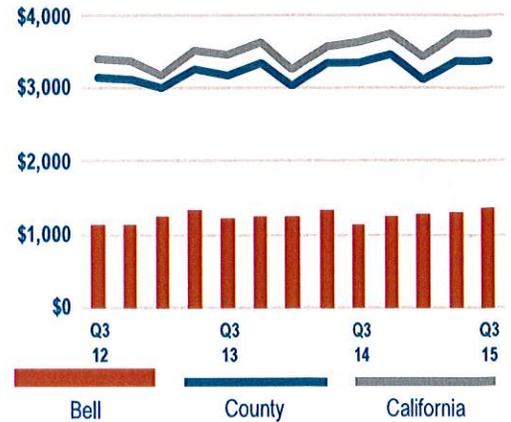
Tax rebates are subject to additional restrictions and reporting requirements in 2016.

Newly adopted Government Code Section 53084.5 prohibits tax sharing agreements that reduce another agency's sales tax if the business generating the tax continues to maintain a physical presence in the losing agency's jurisdiction.

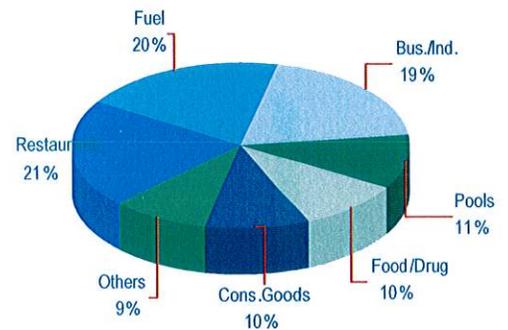
The Government Accounting Standards Board (GASB) has also adopted new requirements outlined in GASB Statement 77 for detailed disclosure of rebates in government financial reports.

The rule issued on August 14, 2015 by GASB will require state and local governments to disclose the amount of property, sales, and income taxes that have been waived or rebated under tax abatement agreements with companies or other taxpayers. The requirements of Statement 77 are effective for financial statements with periods beginning after December 15, 2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Bell This Quarter



BELL TOP 15 BUSINESS TYPES

Business Type	Bell		County	HdL State
	Q3 '15	Change	Change	Change
Auto Repair Shops	12,537	-0.2%	3.4%	6.3%
Automotive Supply Stores	9,783	-51.9%	7.9%	5.9%
Casual Dining	51,912	42.8%	7.5%	5.4%
Drug Stores	— CONFIDENTIAL —	—	-0.9%	-1.4%
Drugs/Chemicals	— CONFIDENTIAL —	—	-5.7%	0.5%
Food Service Equip./Supplies	— CONFIDENTIAL —	—	4.5%	8.0%
Grocery Stores Liquor	28,339	3.8%	6.5%	3.8%
Heavy Industrial	— CONFIDENTIAL —	—	6.3%	6.2%
Light Industrial/Printers	— CONFIDENTIAL —	—	-1.8%	1.3%
Quick-Service Restaurants	54,805	14.7%	4.9%	6.7%
Service Stations	109,737	15.4%	-9.2%	-11.8%
Shoe Stores	— CONFIDENTIAL —	—	4.9%	3.7%
Specialty Stores	11,738	-1.2%	9.7%	5.8%
Used Automotive Dealers	29,144	-1.0%	17.6%	13.8%
Variety Stores	10,244	34.3%	5.3%	4.9%
Total All Accounts	492,569	21.8%	2.3%	2.3%
County & State Pool Allocation	59,180	22.8%	3.2%	3.5%
Gross Receipts	551,750	21.9%	2.4%	2.4%