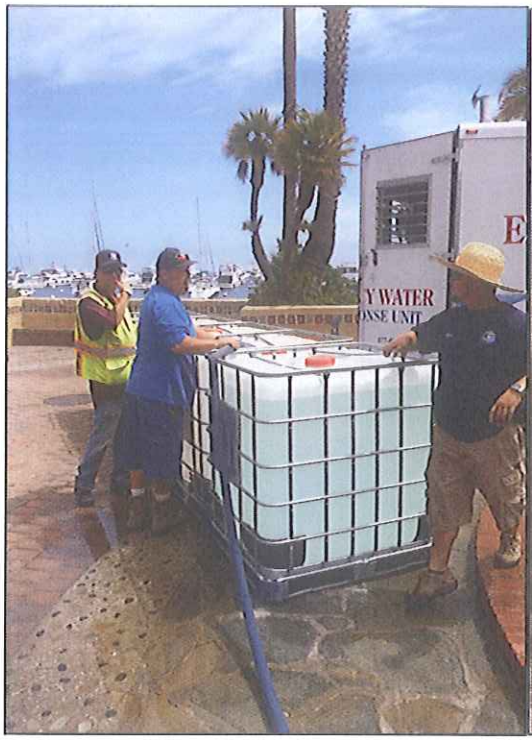
Avalon City Council Weekly Update 7-25-14

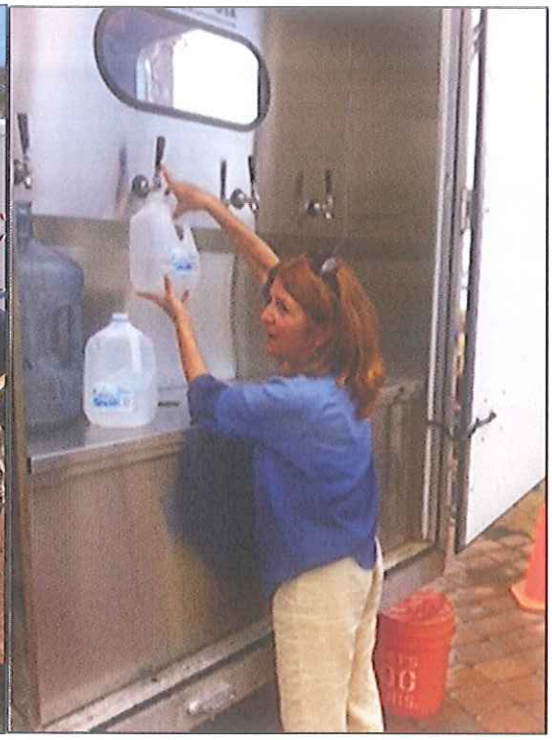
PureSafe Desalination Demonstration Unit – On the Island and Producing Water:

Administration, Planning, Public Work, Fire, Environ Strategies and the City Attorney's Office all pulled together to make the PureSafe Desalination Demonstration Unit happen today on Crescent Avenue. We owe thanks to several different State agencies and offices: the State Department of Water Resources (who provided the unit to the City at no cost), the State Department of General Services (who moved their schedule around to allow us to have the unit for an extra day), and Assembly Member Lowenthal's Office for intervening to ensure that the City's needs were being properly addressed in a timely fashion. Of course, additional thanks are due to Rich Coffey at Catalina Freight (who shipped the unit over to the island free of charge), and Kevin Stregge and Denny Honsey of Catalina Island Vacation Rentals (who put the representatives from the State and PureSafe up for a couple of nights for free). We are hopeful to get lab results back tomorrow that will indicate that the water is (non-certified) potable. Essentially this will mean that in times of emergency and/or dire need it is fit for drinking. Today, the City filled up water totes for transport to the cemetery, machine gun park, and other areas for irrigation needs. We also filled up some to be stored at the Public Works Warehouse for our needs, including cleaning, mixing cement, filling radiators, rinsing of internal machinery/cleaning of valves, etc. We also filled our pressure washer for brick/sidewalk cleaning purposes. We also filled our "water buffalo", which is a transfer tank with a pump, which holds around 600 gallons and can be mobilized wherever needed in a pinch. Finally, the Fire Department AFD should be coming in tomorrow for any filling of their tanks that may be needed.

For tomorrow (Saturday, 7/26), the proposed hours of operation for the unit are from 9:00 AM until 3:00 PM. The unit will not be in operation on Sunday. We are trying to work with those complaints that were received regarding traffic, noise and congestion (trucks waiting to fill up, primarily). Most people (residents and visitors) have been sympathetic and interested in the demonstration unit.

One the next page you'll find a couple pictures from today:

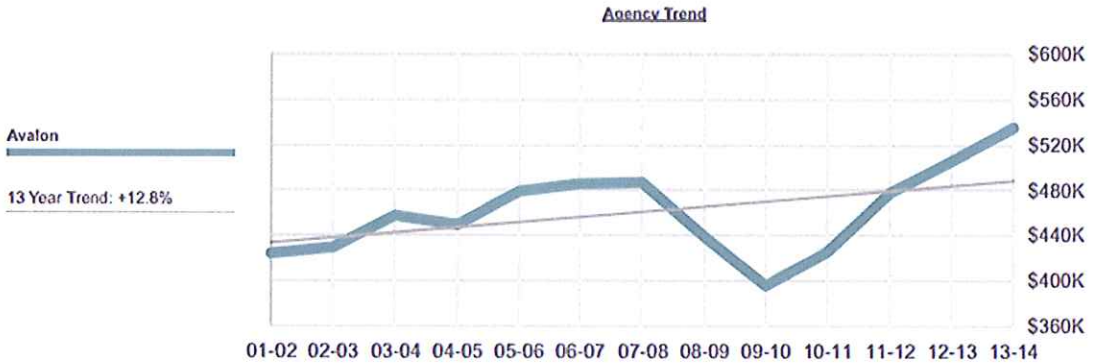




Hinderliter, de Llamas & Associates (HdL) City Sales Tax Update:

City staff received information from HdL, our sales tax consultant, regarding the results from the 1st Quarter of 2014 (January thru March). Hdl indicated that the City of Avalon has recovered from the recession at an increasingly faster pace than other cities in Los Angeles County. On average, cities in Los Angeles County experienced a percent change increase in sales tax receipts from 2007/8 to 2013/14 of 1.8%, whereas the City of Avalon experienced an increase of 11.2%.

The Agency Trend chart (below) indicates that the City has surpassed historical sales tax values since FY01-02.



Attached to the week's Council Update you'll find the City of Avalon *Sales Tax Update*. Going forward, this document will be distributed to you quarterly. The information provides insight into the local trends on a non-confidential basis. The update provides the Top 25 Sales Tax Producers in Avalon by alphabetical order to protect proprietary information. Per the Update,

the receipts for the City of Avalon have increased by 18.9% compared to the 1st Quarter last year.

City Attorney's Office – Pebbly Beach Road:

The City Attorney's Office has been working with the Coastal Commission in processing a permit for the placement of fencing along Pebbly Beach Road. The staff from the Coastal Commission informed the City Attorney's office that the Coastal Commission was in favor of the proposed project and would be placing the item on the consent calendar for approval at their August meeting.

City Attorney's Office – Funding Opportunities for Infrastructure:

The City Attorney's Office has arranged a meeting with Senator Boxer's and Congressman Lowthenthal's offices next Thursday to discuss funding opportunities for the City's infrastructure needs.

Planning Department/Grants Administration - National Transit Database (NTD) Audit:

The annual National Transit Database (NTD) audit was held today. The NTD is managed by the Federal Transportation Administration. The purpose of the NTD is to collect data on public transportation systems. The City's Dial-a-Ride, Avalon Community Transit (Trolleys) and Avalon Rapid Transit (taxis) are audited through Los Angeles County Metro on an annual basis and is a grant requirement for the Prop A Incentive Funding the City receives.

City Manager's Office – Verizon July 4th Weekend Outage Update:

Yesterday, I participated in a conference call with Verizon representatives for a "post-mortem" regarding the July 4th weekend outage. Here's a statement released by Verizon:

"On July 4, 2014, two unrelated factors impacted the Verizon Wireless network on Catalina Island. First, Verizon Wireless believes an illegal wireless repeating device interfered with a Verizon Wireless cell tower providing service to Two Harbors and the northern portion of the island. The FCC bans certain types of repeaters because they can block calls from being made on wireless networks. Service returned to normal on this cell tower when the interference stopped on July 6, 2014. Second, a piece of equipment stopped working on the Verizon Wireless cell tower that serves the City of Avalon and the main harbor area. The company restored data service on this cell tower on July 6th and voice service on July 7th. Verizon Wireless has taken key operational steps to ensure service is restored quickly in the future should a similar issue arise again."

Earlier this month, Verizon received approval from the Planning Commission for a temporary facility upgrade for their facilities on Mt. Ada. Verizon is also working to submit an application for a permanent facility upgrade with a corresponding conditional use permit on City property up at Buena Vista.

City Manager's Office – Catalina Broadband 7/22 Outage Update:

On Tuesday afternoon between 1:30 and 6:45 PM, Catalina Broadband (CBB) had a service outage that impacted internet service to the entire island. The City uses several internet based mainland systems for work processes such as email and calendar functionality. As a result, the City was unable to send or receive emails during the outage.

CBB indicated that the outage was a result of a connection failure between One Wilshire in Los Angeles, CBB's internet service provider, and CBB's Newport Beach/ Corona Del Mar point-of presence connection to the island. CBB has indicated they will be working with their service provider to establish contingency plans so this type of disruption can be avoided in the future. CBB emphasized to the internet service provider that the outage impacted an entire city for an extended period of time.

Recreation and Harbor Departments – Water Polo in the Harbor:

Thanks to the hard work from Avalon Harbor Department, the anchors are in place to set the new ocean water polo goals and the perimeter buoys have been completed. The Goals are scheduled to be installed on Monday morning for community use.

Recreation Department – Falconry/Nuisance Bird Abatement:

On The Wing Falconry resumed service on Tuesday through Thursday of this week. Mr. Post reported that, as suspected, both the seagull and pigeon populations have exploded in the absence of bird abatement services. Falconry service will remain at 3 days per week until funding has been secured to add additional days. One falcon was killed when it struck monofilament line while patrolling above a business, but Mr. Post is confident he can work with the business community to remove this danger to his program.

Public Works Department – Vactor Truck Training:

The two-day vactor truck training session was conducted this week. All required operating personnel; both from Environ Strategies and the Public Works Department were in attendance. The vehicle is now active and can be operated responsibly. Our specific activities of cleaning and maintaining our underground facilities can be performed with reliability. Our efforts to comply with the CDO are now further enhanced.

Respectfully submitted,

Ben Harvey
City Manager
City of Avalon

Attachment
1. City of Avalon Q1 Quarterly Sales Tax Update

Internal Distribution:

Chief Administrative Officer/City Clerk
City Attorney
Department Heads
Mr. Jaich
Ms. Schuchard
Ms. Byerrum
Mr. Grady

External Distribution:
Los Angeles County Sheriff's Department
Los Angeles County Fire Department
Santa Catalina Island Company
Catalina Island Conservancy
Catalina Island Chamber of Commerce
Southern California Edison
Catalina Island Medical Center
Catalina Express
Catalina Freight
Los Angeles County Supervisor Don Knabe's Office
Assembly Member Bonnie Lowenthal's Office
Congressman Alan Lowenthal's Office
Verizon

Q1 2014

City of Avalon Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Avalon In Brief

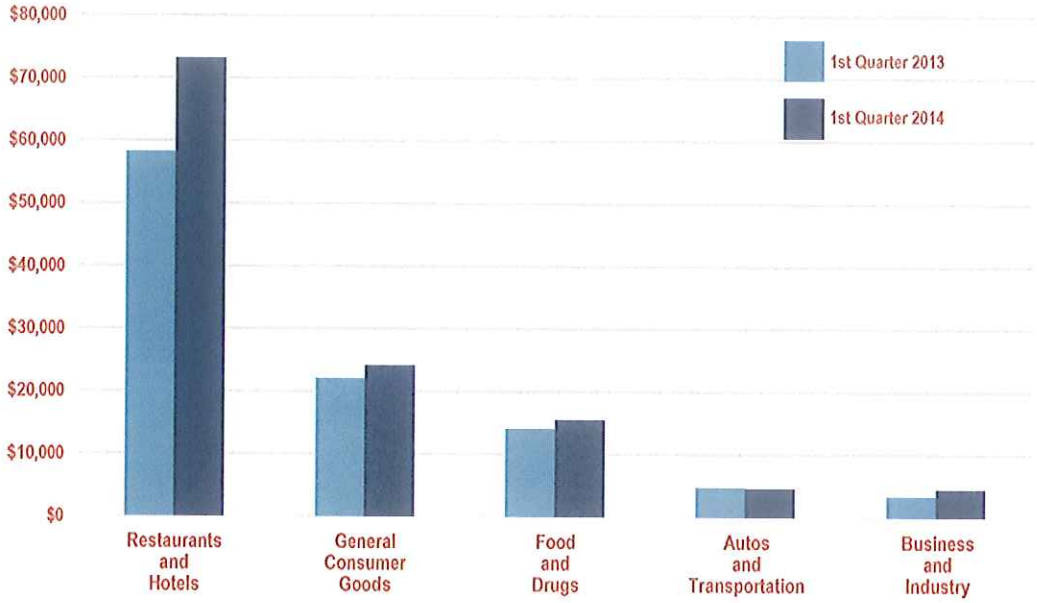
Receipts for Avalon's January through March sales were 18.9% higher than the same quarter one year ago. Actual sales activity was up 17.7% when reporting aberrations were factored out.

A recent addition helped boost an already strong sales quarter for restaurants and hotels. Higher receipts from general consumer goods and food/drugs contributed to the gain.

The city's allocation from the countywide use tax pool increased overall results.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 3.5% over the comparable time period, while the Southern California region as a whole was up 3.6%.

Sales Tax by Major Business Group



Top 25 Producers
In Alphabetical Order

- Abes Liquor Store
- Antonios Deli
- Antonios Pizzeria & Cabaret
- Avalon Fuel Dock
- Avalon Mooring & Diving Service
- Bluewater Grill
- Buoys & Gulls
- Carnival Cruise Lines
- Casino Ballroom
- Catalina by the Sea
- Catalina Cantina
- Catalina Canyon Resort & Spa
- Catalina Yamaha Golf Cars
- CC Gallagher
- El Galleon
- Leos Catalina Drugstore
- Lobster Trap
- Luau Larrys
- Mi Casita
- Original Jacks
- Pancake Cottage
- Pebbly Beach Building Supply
- Pic Nic Fry
- Steves Steakhouse
- Vons

Revenue Comparison
Three Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	$538,633	$538,866
County Pool	62,842	66,338
State Pool	72	321
Gross Receipts	**$601,547**	**$605,524**
Less Triple Flip*	$(150,387)	$(151,381)
Measure C	$385,131	$375,489

**Reimbursed from county compensation fund*

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HdL COMPANIES

NOTES

Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

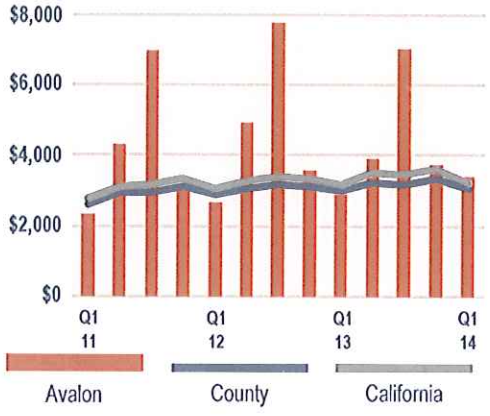
A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

Sales Per Capita



Avalon Top 15 Business Types

Business Type	Avalon Q1 '14	Avalon Change	County Change	HdL State Change
Art/Gift/Novelty Stores	8,713	41.1%	0.6%	2.2%
Boats/Motorcycles	— CONFIDENTIAL —		16.0%	9.1%
Casual Dining	58,678	27.8%	6.6%	6.9%
Family Apparel	6,532	-6.4%	-3.7%	-3.3%
Fine Dining	7,631	-4.6%	13.0%	13.0%
Fuel/Ice Dealers	— CONFIDENTIAL —		51.9%	27.4%
Grocery Stores Liquor	— CONFIDENTIAL —		-35.1%	-14.7%
Hotels-Liquor	— CONFIDENTIAL —		10.9%	8.3%
Lumber/Building Materials	— CONFIDENTIAL —		12.0%	16.8%
Package Liquor Stores	— CONFIDENTIAL —		7.5%	6.2%
Quick-Service Restaurants	2,578	2.1%	4.5%	4.7%
Repair Shop/Equip. Rentals	1,833	39.3%	-15.0%	-12.1%
Specialty Stores	3,238	94.1%	2.6%	2.7%
Trailers/RVs	— CONFIDENTIAL —		-8.9%	13.6%
Transportation-Non-Auto	— CONFIDENTIAL —		17.0%	21.1%
Total All Accounts	**$129,205**	**17.9%**	**1.8%**	**3.2%**
County & State Pool Allocation	**$16,285**	**26.6%**	**9.2%**	**7.7%**
Gross Receipts	**$145,490**	**18.9%**	**2.5%**	**3.7%**