

ANNUAL BUDGET

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2012-2013 ADOPTED ANNUAL BUDGET

City Council

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Paul Canepa, Councilmember
Susan T. Eggman, Councilmember

Elbert H. Holman, Councilmember
Diana Lowery, Councilmember
Dale Fritchen, Councilmember

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Bob Deis, City Manager

Laurie K. Montes, Deputy City Manager
Mike Locke, Deputy City Manager
Eric Jones, Chief of Police
David L. Rudat, Interim Fire Chief
David Millican, Interim Chief Financial Officer
Robert K. Murdoch, Public Works Director
Vacant, Community Services Director

John Luebberke, City Attorney
F. Michael Taylor, City Auditor
Bonnie Paige, City Clerk
Teresa Haase, Human Resources Director
Mel Lytle, Municipal Utilities Director
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CITY OF STOCKTON CITY COUNCIL



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COUNCILMEMBER
District 5



DALE FRITCHEN
COUNCILMEMBER
District 6



Stockton



2004
1999

City of Stockton
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City of Stockton

2012-2013

Adopted Annual Budget

Introduction

The following are the documents that make up the 2012-2013 Adopted Annual Budget, while the City of Stockton is operating under protection of Chapter 9 of the federal bankruptcy code. This reflects the expenditure priorities pending a plan of adjustment to exit Chapter 9, thus sometimes this Adopted Budget is referred to as the Pendency Plan. The following includes:

- The Budget Message for the 2012-2013 proposed budget at May 15, 2012 that explains the baseline plan for City operations and related budget; however, since the City was in pre-bankruptcy mediation at the time, sometimes referred to as the AB506 process, the General Fund Budget was not balanced at that stage. The Message reflected a \$25.9 million gap to be filled by savings from: 1) a potential AB506 deal, 2) more staffing cuts, or 3) cuts imposed through a Chapter 9 filing.
- The staff report for the public hearing adopting the 2012-2013 Annual Budget approved by the City Council on June 26, 2012 that details the Pendency Plan and related financial budget implications. This report also includes attachments of:
 - the staff report for the AB 506 Option
 - the resolution authorizing filing of a petition under Chapter 9
- The resolution approving the 2012-13 Annual Budget

The compilations of these City Council directives are reflected in the 2012-2013 Annual Budget pages that follow beginning with Citywide Budget (page B-1).



BOB DEIS
CITY MANAGER





CITY OF STOCKTON

OFFICE OF THE CITY MANAGER

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May 15, 2012

City Council
City of Stockton, California

BUDGET MESSAGE

With this memorandum I am transmitting to the City Council the Fiscal Year 2012-13 Proposed Budget. For many reasons, I am not pleased to transmit this budget. The real options that you have to balance next year's budget are unpleasant. The fact that I cannot offer you a specific budget balancing recommendation at this time is equally unpleasant. Finally, given the myriad of processes that our modestly staffed Finance Department is engaged in concurrently i.e. the annual independent audit, the State Controller's audit and the extremely complex and time intensive AB 506 (financial restructuring) process, the level of detailed review of the departmental budgets was less than last year. Our rigorous review will continue and may produce budget adjustments later.

Our financial situation should not be a surprise to anyone that has been following the City. In order to balance the last two budgets, the Council had to adopt two fiscal emergencies that required imposition of compensation concessions. While 7 of the 9 labor groups agreed to many of these concessions, the two largest labor groups did not and are litigating these impositions. The current year exposure if we lost these lawsuits amounts to \$16.9 million of which \$12.5 million is General Fund.

In my budget transmittal memo for last year I mentioned:

“The City of Stockton is near insolvency. Reserves in the General Fund are exhausted, reserves in internal service funds are near depletion and the City has leveraged itself with inter-fund loans and debt that puts the General Fund at risk for backfilling deficits in other funds. Furthermore, the City is saddled with multi year labor contracts with escalating costs that simply cannot be paid within anticipated revenues in the foreseeable future.”



We face another deficit next year that ranges from \$26 million to \$43 million. The deficit range is due to the lawsuit exposure and slightly less optimistic revenue projections. After extensive review of our finances over this last year some of our warnings from the last budget year have come to pass. The General Fund has had to backfill for the bad financial management decisions in the excerpt described above. We have stripped away all discretionary funds, suspended three debt payments and leave payouts for employees on February 28, 2012, all with the goal of maintaining solvency until June 30, 2012. This provided the time for the AB 506 process to play out. However, since I am required to submit a Proposed Budget by May 15th, I do so while certain budget balancing options have yet to take their course.

Budget Options

As you know, there are three basic options for balancing our budget before July 1, 2012. First, we can cut more staffing. After suffering the massive cuts of the past three years, I think this option truly puts the Stockton citizenry at risk. See Attachment A for service level impacts of further cuts (originally published with the 02/28/2012 Fiscal Condition Update Council Report). Second, we can achieve a negotiated financial restructuring via the AB 506 process that is in progress. Third, we can declare bankruptcy via a Chapter 9 filing and adopt a "Pendency" Plan. Since the AB 506 process is confidential per state law, and due to the Council preference of avoiding a Chapter 9 filing, the details for two of the balancing options are not available at this time. Some might argue there is a fourth option i.e. more compensation reductions. Given the major compensation reductions either negotiated or imposed in the past, we feel any further material reductions would cause a major hit to the already fragile organizational capacity. As you may recall, we plugged a \$37 million dollar General Fund deficit for the current year with \$25 million in compensation reductions and \$12 million in staffing reductions. Materially more reductions in our compensation will bring us below the labor market average and increase employee turnover and harm our ability to recruit.

Budget Format

Due the reasons mentioned above, you will find that this document looks different than the Proposed Budget that would normally be issued at this time. As mentioned before, you will note that the document does not contain a recommended budget balancing recommendation for the General Fund, due to the fact that the City is still involved in the confidential AB 506 process that will hopefully shape the balancing strategy. Instead, for the General Fund, this document contains 1) our latest estimate for Baseline Budget revenues and expenditures, 2) a revised estimate for the gap or shortfall for the 2012-13 fiscal

year, 3) a discussion of the options the City has to close the gap, and 4) a description of the process and timing we expect to follow for the release of specific proposals recommended to be included in a balanced 2012-13 General Fund Adopted Budget.

The document contains proposed budgets in a Pro-Forma schedule format for all other City funds, with brief highlights of the history, current status and significant 2012-13 proposals and issues for each fund included. Included are the Capital Improvement funds that are described in much more detail in the Five Year Capital Improvement Program document (CIP) that will be released to the Planning Commission and City Council shortly. It does need to be noted that due to the time constraints we faced, the document does not contain all of the elements that a normal proposed budget should contain. For example, the departmental descriptions and performance plans are abbreviated, and a number of the financial schedules and appendices that would normally be included are not yet ready for publication. Note the demands of conflicting priorities has left very little time for staff to review the proposed budgets received from the departments compared to our normal process. You can expect that revisions to some budget detail may be forthcoming.

A summary of the Proposed Budget is provided in the table below:

<u>City-wide Budget, All Funds</u>	<u>2011-12 Adopted</u>	<u>2012-13 Proposed</u>	<u>Difference</u>
General Fund	\$ 161,761,313	\$ 154,915,405	\$ (6,845,908)
Utilities	112,060,802	109,129,043	(2,931,759)
Capital/Street Maintenance	68,173,480	34,559,841	(33,613,639)
Redevelopment Agency	21,258,486	-	(21,258,486)
HUD/Housing Programs	23,788,431	12,257,221	(11,531,210)
Other Community Programs	61,781,622	58,760,563	(3,021,059)
Debt Service	25,875,051	27,261,545	1,386,494
Internal Services	128,759,617	124,283,540	(4,476,077)
	<u>\$ 603,458,802</u>	<u>\$ 521,167,158</u>	<u>\$ (82,291,644)</u>

As can be seen, the proposed budget appropriations included in this document total \$521 million and include operating, capital, debt, transfers, and internal service operations for all programs of the City. Pending a balancing plan, the amount listed for the General Fund is the amount of revenue available, as balancing the budget will require reducing expenditures to that level. Total appropriations proposed (with the \$26 million budget gap omitted) represent a decrease of \$82 million from the 2011-12 Adopted Budget.

The largest contributions to this decrease include: 1) Capital/Street Maintenance, 2) Redevelopment Agency, 3) HUD/Housing Programs.

General Fund

As the table below illustrates, General Fund expenditures total \$180.8 million, which includes \$2.9 million for three additions to the budget (described below) that are intended to begin to build back the financial strength of the City. Total revenues now projected, however are only \$154.9 million. This results in a \$26 million gap or shortfall that will need to be resolved prior to adopting the budget. Expenditures increased by seven percent over the 2011-12 Current Budget. This increase is primarily in the Police Department due to the addition of 20 Police Officer positions previously funded by the COPS Hiring Recovery Program Grant, hiring and recruitment costs, increase Workers Compensation and PERS rates, increased pension obligation bond costs, and elimination of the 2011-12 vacancy savings factor.

General Fund Budget	2011-12 Current Budget	2012-13 Proposed	Difference
Beginning Available Balance	\$8,717,885	\$0	\$ (8,717,885)
Revenues	158,002,514	154,915,405	(3,087,109)
Expenditures			
Police	(83,306,025)	(93,023,477)	(9,717,452)
Fire	(40,447,868)	(40,529,586)	(81,718)
Other Programs	(42,966,506)	(44,341,615)	(1,375,109)
	<u>(166,720,399)</u>	<u>(177,894,678)</u>	<u>(11,174,279)</u>
Fiscal Stabilization Measures	-	(2,929,016)	(2,929,016)
	<u>(166,720,399)</u>	<u>(180,823,694)</u>	<u>(14,103,295)</u>
Ending Available Balance	<u>\$0</u>	<u>\$ (25,908,289)</u>	<u>\$ (25,908,289)</u>

On February 28, as part of a staff report entitled “Fiscal Condition Update for Fiscal Years 2010-11, 2011-12, and 2012-13”, staff provided a Four-Year General Fund Forecast. For the 2012-13 fiscal year a significant deficit was estimated. The shortfall estimate was provided in the form of a range for two cases, an “Optimistic” case and a “Pessimistic” case. The shortfall for the Optimistic case was projected to be \$20.2 million; the shortfall for the pessimistic case was projected to be \$38.2 million. Thus, for planning purposes, as staff refined projections for next year, we have referred to our shortfall estimates as a

range between \$20 and \$38 million. Staff has now, however, completed a thorough review of all of the revenue and expenditure line items in the Baseline Budget for the General Fund and have updated the General Fund forecast for next year.

The resulting updated 2012-13 General Fund Baseline Budget shortfall is \$26 million. This is a change of \$6 million from the Optimistic case estimate provided to Council in the February 28th comprehensive Fiscal Condition Update memorandum. As could be expected from a top down review of every revenue and expenditure line item there are changes from the February 28 forecast for Fiscal 2012-2013. The net of these revisions is justified because important budget elements put the City on a path to a healthy and sustainable future. The most significant changes, are detailed below:

1. Improvement in sales tax revenues of almost \$1 million is reflected in the new forecasts. The opening of the Walmart Supercenter will increase sales taxes. Some of this will be offset by a reduction in sales at competing businesses in the City. Reports that gasoline prices have peaked and will begin dropping were taken into account in estimating revenues for next year. Fuel sales are a major component of the City's sales tax revenue.
2. Franchise taxes show continuing weakness, reducing estimates by \$411,000 because of low rate increases by electric and gas suppliers and continued competition in telephony and telecommunication markets.
3. Code enforcement revenue was below estimates at midyear because of lack of staffing and conflicting priorities for the Police Department. Recent efforts have increased revenue which equates to a \$250,000 increase to the forecast in 12-13. The earlier forecast and this budget also account for the likely discontinuation of code enforcement liens paid through the Teeter Plan.
4. Revenue from indirect cost, or the overhead charged to other funds has been reduced by \$500,000. This is due to the loss of the Redevelopment Agency and revisions to cost plan methodology.
5. Temporary salary expenses are up by \$465,000 because departments are using temps to fill vacancies on an interim basis to handle workloads reflecting the lack of organizational capacity.

6. Worker's compensation costs will increase by \$743,000 as rates are adjusted to reflect the ongoing cost of this legal obligation.
7. Overtime use is expected to increase by \$485,000 from the earlier forecast next year due to low staffing and increased incidence of Police and Fire overtime.
8. General expenses have increased by \$1,016,000 to cover increased training, testing and recruiting costs for public safety positions and for professional services for system improvements, training programs and timely completion of projects like the annual audit.
9. Reductions and reorganizations savings have increased by \$400,000 and consist mainly of Police service reimbursement contracts that will result in the transfer of nearly \$800,000 of costs to the fund where those revenues are recorded.
10. Redevelopment debt has been reduced \$1.5 million as a result of a one time conversion of bond proceeds to working capital eliminating the need to transfer General Fund resources in Fiscal 2012-2013. In Fiscal 2013-2014 the General Fund obligation grows to \$1 million.
11. General Fund costs to cover a shortfall in Public Facilities Fee Fund debt service were reduced for one time only in the base budget to reflect the current practice of using fund balances to pay debt when fee revenues cannot cover the payments.
12. Increases in Other Program Support are primarily attributable to an increase of \$1,000,000 to be transferred to the General Capital Improvements Fund to address the deterioration of the City's capital assets and infrastructure. The recent shutdown of the skating rink is just one example where lack of maintenance and repair could cause unplanned ceasing of a city project. The total transfer now proposed is \$1,575,000. A transfer of \$1,000,000 to support the reorganization and restructuring of Community Development Department has been added. These efforts will ensure that fees charged to citizens and developers do not subsidize activities that should be supported by the General Fund. This will reduce the likelihood of litigation.
13. Debt Other/Admin increased primarily to reflect an existing obligation to pay \$500,000 on an unsecured promissory note for the purchase of the Main Hotel.

14. In addition to the changes in estimate and services described above the proposed budget also includes three recommended appropriations to begin to build back the financial strength of the City, putting it on the path to sustainability. These are:
- a. An additional \$1,000,000 for maintenance projects to preserve infrastructure roads and capital assets parks, buildings, etc. At historical values the City's non-utility assets are valued at \$800 million dollars and protecting the citizens' investment must be a top priority. The action taken on February 28, 2012 to balance the budget and avoid insolvency included canceling several capital projects and sweeping these unrestricted funds. These and other projects are necessary for maintaining the City's facilities.
 - b. A \$750,000 transfer to the City's Workers Compensation Fund to make a step toward funding an actuarial unfunded liability in excess of \$40 million.
 - c. Reduction of half of the current 96 furlough hours to efficiently increase hours available to get work done and to move toward a sustainable and competitive compensation level at a cost of \$1.13 million. This would add as many productive hours for the General Fund as 40 trained employees at a total equivalent cost of less than \$30,000 per employee. Furloughs were intended to be a temporary cost saving measure, not a permanent one.

To close this gap we have three options, none of which are desirable. The first option is what I would call an "all cuts" budget, where the shortfall would be closed through massive reductions to departmental budgets. The City Council has seen what these reductions would look like in the form of the 5%, 10%, and 15% reduction proposals submitted by departments earlier this year that were included as an attachment to the February 28 Fiscal Condition Update memorandum, and that are included again as an Attachment A to this Message.

The total amount of savings that were estimated in February to be achieved if all of these reductions were approved was \$22.8 million at the 15% cut level. These proposals were calculated assuming a July 1 implementation of all reductions. These reductions would likely take place later in the fiscal year, due to lay off noticing and other transition requirements. As a result the savings that would be achieved with these reductions will fall short of \$22.8 million.

Closing the revised shortfall of \$26 million would require implementing all of these reductions and more. Since the Council has expressed no interest in going

here, I am not going to put the organization through the process of cutting an extra \$3.2 million. A review of the reduction proposals indicates just how devastating they would be to the City. Already severely reduced public safety services, for example, would be hard hit, and other City services reduced to unacceptable levels. The “all cuts” budget balancing strategy would cripple and endanger the City and its citizens.

The second budget balancing strategy option is a set of negotiated proposals that could, and hopefully will, emerge from the in-progress AB 506 mediation process. The elements of such a strategy and cannot, due to the confidential nature of the process, be discussed at this time. The desired outcome of the mediation process, however, is an agreed upon restructuring of City expenditures that would allow for balancing the General Fund budget to minimize service impacts and to protect the community.

The third budget balancing strategy option, undesirable as it may be, is the implementation of a budget that would serve as the Pendency Plan to define spending during a Chapter 9 bankruptcy filing. This option would be a last resort, but should be used if the AB506 process fails to produce an agreement, and the Council decides that the “all cuts” reductions would threaten the health, safety and welfare of the Citizens.

Additional information regarding the General Fund balancing strategy will be provided to the Council sometime in June as the AB506 process plays out, and we determine what strategy should be used to balance the General Fund. The impacts of a budget built using either the outcome of the AB506 mediation process, or a bankruptcy filing would directly affect our costs owed to employees, creditors and our retirees and would impact budgets throughout the organization, affecting many if not most of the City’s operations in this Proposed Budget. The issues subject to mediation, especially compensation and benefits, affect all departments. Revisions to those budgets where required would be brought forward to Council as amendments to the Proposed Budget and included in your final budget adoption before July 1st.

Other City Funds

As described above, included in the Proposed Budget are balanced pro forma schedules for all funds except the General Fund. In the body of the document, grouped by the departments that retain responsibilities for each fund, you will find a pro forma schedule for each fund that includes actual expenditures and revenues for the two prior fiscal years, a year-end estimate for the current fiscal year, and a proposed 2012-13 budget. Included also is a brief bulleted summary

of the history, current year issues and significant developments, and comments about significant elements of the 2012-13 budget being proposed. Highlights for each department fund group are described below:

Police

The Police Department is responsible for six funds: Asset Seizure, COPS State Block Grant, Special Revenue Grant, Police State COPS, Police Measure W and Police Special Revenue. Notable elements of the 2012-13 proposed budgets for these funds include the following:

- In the Asset Seizure Fund revenues continue to decline and the available funds will be used to fund safety equipment and supplies.
- The COPS fund will continue to pay salaries and benefits for six Community Service Officers.
- In the Special Revenue Grant Fund the Federal COPS Hiring Grant for 17 new entry-level Police Officers is budgeted to begin in 2012-13 when the Department has 344 filled sworn positions. This will bring the total authorized Police Officer count to 361. The 2011-12 year was the last year that the 20 officers hired under the Federal ARRA COPS Hiring Program were funded by the federal grant. The costs for these 20 officers must be picked up by the General Fund in 2012-13, and have been included in our Baseline Budget.
- The Police Measure W fund continues to pay the salaries, benefits, equipment and supplies for 21 Police Officer positions. Measure W sales tax proceeds are projected to grow by approximately 3.5% from the current year Adopted Budget level.
- In the Police Special Revenue Fund the Geraldine Schmidt Trust funds will continue to be held in reserve until a long-term plan is developed for the Animal Shelter Replacement project.

Fire

The Fire Department is responsible for two funds: Fire Measure W, and Fire Special Revenue. Notable elements of the 2012-13 proposed budgets for these funds include the following:

- The Fire Measure W fund continues to pay the salaries, benefits, equipment and supplies for 22 firefighter positions. Measure W sales tax proceeds are projected to grow by approximately 3.5% from the current year Adopted Budget level.
- There are no issues or major changes in the Fire Special Revenue fund.

Community Services

The Community Services Department is responsible for three fund groups: Library, Recreation, and Golf. Notable elements of the 2012-13 proposed budgets for these funds include the following:

- The proposed 2012-13 budget for the Library Fund requires a General Fund subsidy of \$4.1 million. This is consistent with the prior General Fund forecast. The proposed budget does not reflect any service reductions or enhancements.
- The proposed 2012-13 budget for the Recreation Fund requires a subsidy of \$2.8 million. This is also consistent with the prior General Fund forecast. The Civic Center utility costs have decreased due to the more efficient HVAC system installed in 2010. Civic Center Rentals have steadily increased since the 2011 re-opening. After School programs will increase by 18% and 300 new middle school youth will participate.
- The proposed 2012-13 budget for the Golf Fund requires a General Fund subsidy of \$322,000, down from the \$500,000 included in the current year budget. Revenues are projected to be up at the Swenson Course, which closes the gap between operating expenses and revenues to less than \$100,000. The loss for the Van Buskirk Course however continues to be significant (\$247,000). Kemper Sports Inc., the new Golf operator, has also submitted a zero subsidy budget. In order to operate with a zero subsidy the Van Buskirk course would need to be closed.

Community Development

The Community Development Department is responsible for one fund: the Development Services fund. Notable elements of the 2012-13 proposed budget for this fund include the following:

- In the Community Development section of this fund a General Fund subsidy of \$1.0 million is being proposed to be placed in the budget. We believe this is critical to avoid future litigation. There are many services and initiatives in this department that are more appropriately charged to the General Fund rather than recovered through development fees. The exact disposition of these funds will be determined following the Council review and direction for implementation of recommendations contained in a recent Management Partners review of development fees and program activities. Increases to restore a portion of the training funding cut in recent years, and to upgrade ten-year old Microsoft Office software for all staff is proposed.

- In the Fire Prevention section of the fund revenue projections for 2012-13 are based on the current fee structure. That fee structure is currently undergoing evaluation to determine whether they correctly align with program costs. Revenues fall short of fully covering costs by approximately \$88,000. The difference will be covered by fund balance.

Public Works

The Public Works Department is responsible for seven funds: Street Maintenance Gas Tax, Boat Launching Facilities, Solid Waste and Recycling, Lighting Maintenance District, Assessment District Maintenance, and Measure K Maintenance. Notable elements of the 2012-13 proposed budgets for these funds include the following:

- In the Gas Tax fund funding is proposed to start a crack filling and street surface repair program starting in South Stockton. Funding is also included to start re-striping arterial and collector streets, to address deteriorated pavement markings that have not been maintained for several years, as well as to start replacing large overhead street name signs on arterials. Proposed expenditures will exceed revenue by almost \$700,000. This will reduce the projected fund balance to \$822,000.
- In the Solid Waste and Recycling Fund projected revenues reflect a 1% annual CPI adjustment for residential and commercial service. An increase in program expenses is proposed in order to provide funds for tree trimming related to street sweeping, consulting services to rework a data base and franchise agreement analysis, and translation services for printed outreach material.
- In the Street Lighting Assessment District Fund no reduction in services will occur next year in the four zones that did not adopt a new assessment as sufficient funds is available in the Gas Tax Fund to cover these costs in the short term. A longer term strategy for the four zones will be brought forward for Council consideration.
- In the Assessment District Maintenance Fund assessments for the 2012-13 fiscal year will not be increased. Existing assessments will be sufficient to provide a maintenance budget of \$3.25 million.
- In the Measure K Maintenance Fund revenues are projected to increase by approximately 5%. Approximately \$1.2 million is proposed to be transferred to the Measure K Capital Improvement Fund. The proposed transfer to the Gas Tax Fund is up by \$1.9 million to fund additional electrical costs for street lighting and traffic signals and for maintenance costs for the Traffic Control System.

Economic Development

The Economic Development Department is responsible for 10 Housing funds, as well as the City Administration Building, Central Parking District, and Downtown Marina Complex funds. The department formerly oversaw the Redevelopment Agency funds prior to the dissolution of the Agency. The General Fund will be required to fund administrative and overhead costs for the Successor Agency, due to the fall-off in tax increment proceeds. Those costs, estimated at \$1.6 million, are included in the General Fund revised Baseline Budget. The Successor Agency budget is not included in this document. Notable elements of the 2012-13 proposed budget for this department's funds include the following:

- Included in the Housing funds is the impact of an 18% decrease in the CDBG entitlement on top of last year's 17% decrease, and a 42% reduction in the HOME entitlement grant. This will result in reductions to the CDBG Housing Loan Pool, Sub-Recipient Assistance and the budget for CDBG and HOME Administration and Program Delivery. Homeless Prevention and Rapid Re-Housing (HPRP) grant funds run out by September 2012, and there is no renewal. CalHOME grant funding also expires in September 2012.
- The 2012-13 proposed budget reflects a reduction in revenue and expenses for 400 E. Main based on occupancy and reduced rental income. The anticipated revenue for next year is only slightly greater than the projected operational costs. Up to last year rents paid by city operations, including the General Fund, deferred debt payments and low variable interest rates let building revenues support capital costs, but the City's inability to move in and the departure of some large tenants would cause \$2.6 million of the debt service payment to fall on the General Fund.
- The Central Parking District Fund proposed budget reflects the changes necessitated by the possession of the Market Street, Coy and Arena garages by Wells Fargo. No increases to monthly or hourly fees are planned for next fiscal year. Monthly rates will, however, be established for surface lots that presently do not offer monthly parking.
- The proposed 2012-13 budget for the Downtown Marina Complex will again require a subsidy from the General Fund in the amount of \$732,000. The subsidy amount is unchanged from the current year level, and is included in the General Fund Baseline Budget estimate. Marina staff will increase marketing efforts to attempt to increase berthing and boat launching revenue.

Municipal Utilities Department

The Municipal Utilities Department is responsible for three fund groups: Water Enterprise, Wastewater Enterprise, and Stormwater Enterprise. Notable elements of the 2012-13 proposed budgets for these funds include the following:

- In the Water Enterprise Fund the final increase (10%) of a 4-year rate increase plan approved by Council in 2009 is reflected. The new Delta Water Supply Project treatment plant will begin its first full year of full operation. Reliance on water purchases and groundwater extraction is expected to be reduced. Water conservation efforts will continue to meet the State's mandate to reduce water use by 20% by the year 2020.
- In the Wastewater Fund a third year rate increase of 9%, part of an approved 5 year increase plan, is reflected. Construction of the Phase I projects identified in the Capital Improvement and Energy Management Plan will begin and be cash funded. Application for a new Wastewater NPDES permit will be necessary this year.
- As rates are capped in the Stormwater Fund, some required NPDES program elements have been reduced to stay within projected revenue levels. No funding is available for needed infrastructure repairs. The 2012-13 proposed budget for this fund is balanced, but without a rate increase, there is General Fund exposure for this fund in future years if NPDES requirements are to be met.

City Manager/Administrative Services

The City Manager's Office, in addition to be responsible for the entire City budget, monitors and manages one fund, the Entertainment Venues Fund: The Administrative Services Department oversees the San Joaquin Area Flood Control Agency (SJAFCA) fund. Notable elements of the 2012-13 proposed budget for these funds include the following:

- The 2012-13 General Fund subsidy requirement for the Entertainment Venues Fund is estimated at \$2,152,000. This is down about \$289,000 from the current year level. This reflects the improved performance under the SMG management structure. There is however, no funding allocated for the approximately \$800,000 in outstanding and urgent repairs and maintenance needs of the four venues.

Internal Service Funds

There are 13 Internal Service Funds: Five of the funds are overseen by the Administrative Services Department (Information Technology, Radio, Telecommunications, Equipment and Document Services) Seven Internal Services Funds are overseen by the Human Resources Department (General Liability Insurance Claims, Workers Compensation and Benefits, Employee/Retiree Health Benefits, Unemployment, Long-Term Disability, Pension Benefits and Compensated Absences). One (Fleet) is managed by the Public Works Department. Notable elements of the 2012-13 proposed budget for this fund include the following:

- For Fleet the 2012-13 proposed budget includes a replacement schedule which over a four-year period, would reduce the current estimated replacement backlog of \$8.5 million (172 vehicles past their useful life) to \$5.5 million. The budget also reflects approximately \$1.0 million in savings that are being achieved by leasing rather purchasing fire apparatus. Proposed O&M expenditures are increased by approximately \$540,000 over current levels, reflecting primarily a \$400,000 increase in fuel purchases. The budget also proposes setting aside \$500,000 for the replacement of the Computerized Maintenance Management System Fleet Module and the Fuel Management System.
- The Information Technology proposed budget includes approximately \$2.9 million to be set aside for implementing a number of new technology projects included in a recently developed IT Strategic Plan. This Plan will come before the City Council very soon.
- In the Risk Services and Workers Compensation Funds proposed budget, insurance rates charged to the departments have been raised to reflect the higher cost of insurance coverage. I should mention, we still are carrying huge fund balance deficits in the Liability and Workers Compensation Funds because past administrations did not budget adequate contributions of the General Fund and other Funds to finance accrued liabilities.
- In the Health Benefits Fund a new Pharmacy Benefit Manager (CVS/Caremark) will be providing management services for the City's self-funded medical plan. This is estimated to result in overall savings of at least \$300,000. During the next fiscal year, the City will be implementing a change in the contract with its Preferred Provider Organization (PPO), Anthem, for larger discounts on medical services. The City expects to achieve net savings of at least \$2.0 million from this change.

Upcoming Schedule

The current schedule, which is still being formulated, calls for the City Council to conduct two budget study sessions during the month of June and the adoption of the final budget document on June 26, 2012.

Finally, I wish to thank the department heads and their staffs, and the staff of the Administrative Services Department and the Budget Office for the extraordinary effort that it took to pull together this document in a highly condensed time line. This is a budget process being conducted under unprecedented conditions which puts intense pressure on everyone involved. The work that went into this brief but informative document is much appreciated.

Stockton City Council Workplan

While we are clearly in a rough patch in Stockton's history, it is important for the reader of this document to recognize that this City Council did not create this financial crisis, it inherited it. Moreover, the Council "has their eye on the ball" and unlike the state and federal government, you have a comprehensive plan for moving Stockton forward. The City Council adopted four goals to focus the organization: 1) getting our fiscal house in order, 2) increasing public safety, 3) increasing economic development and 4) increasing organizational capacity. As presented most recently at the Council Study Session held on May 1, 2012, the Council continues to pursue these aggressive goals with 38 Strategic Initiatives, that includes not only getting our fiscal house in order, but concurrently we are working towards improving the climate for economic investment along with an omnibus plan to turn the tide on an unacceptable crime rate that has plagued Stockton for multiple generations.

The future will be bright, but the transition will be difficult. When given accurate information you have made the difficult decisions that other governmental agencies refuse to make. Unlike others, you have not "buried your head in the sand" hoping things would go away. I am proud to work for this City Council.

Respectfully submitted,


for BOB DEIS
CITY MANAGER

General Fund
Department Reduction Summary
2012-2013

Service Reductions	Service Level Impacts	Savings @5%	Savings @10%	Savings @15%	FTE's Eliminate @5%	Part-time Eliminate @5%	FTE's Eliminate @10%	Part-time Eliminate @10%	FTE's Eliminate @15%	Part-time Eliminate @15%
Programs										
Police										
Eliminate all Community Service Officer positions. Reduce revenue from \$1.2 mil to \$600,000. Net reduction is \$2,012,133	All current CSO and Sr. CSO activities would be reassigned to Police Officers. VIPS being considered for parking tickets.	2,012,133	2,012,133	2,012,133	30		30		30	
Reduce the number of Police Records staffing for filled and vacant civilian positions	This overall reduction in the Records Division would increase the amount of time related to all functions of the Records Division. This would include access to documented reports and provision of reports to the public and government agencies, including the Court system.	220,573	220,573	220,573	3		3		3	
Reduced staffing in the Telecommunications Division. 3 Telecommunications Specialist	Decrease level of Telecommunications support for Police Dispatch. Longer wait for 911 calls.	296,402	296,402	296,402	3		3		3	
Reduced civilian support staffing in the Traffic Division	Clerical duties would be assigned to Police Officers as time permits. This would greatly reduce the level of customer service related to towed vehicles and citation disputes.	167,483	167,483	167,483	2		2		2	
Eliminate Investigations Division Police Records Assistant	Case work for CSO's & PRA would be absorbed by Police Officers.	75,216	75,216	75,216	1		1		1	
Eliminate Special Investigations Records Assistant vacancy	Nominal effect on current Special Investigations operations	74,544	74,544	74,544	1		1		1	
Reduce staffing in Animal Services & Animal Control	Reduced hours at Shelter and reduced coverage for animal control	371,077	371,077	371,077	5		5		5	
Eliminate Graffiti Abatement Program salary and costs	Dramatic increase in graffiti throughout Stockton	577,190	577,190	577,190	5		5		5	
Sworn salary savings		448,484	448,484	448,484						

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Police (Continued)										
Eliminate 9 Police Officers, 2 Sergeant's and 1 Lieutenant from the Traffic Division	No separate Traffic Section. Only 8 Police Motor Officers assigned to regular Patrol shifts to handle essential traffic support and manage fatal traffic accidents		1,519,573	1,519,573			12		12	
Eliminate 18 Special Investigation Section (SIS) Police Officer Positions, 2 SIS Sergeant's & 1 SIS Lieutenant. Transfer remaining 2 Sergeant's and 6 Police Officer Investigators into the Investigations Section. Restructure Investigations Section.	Remaining 2 GSET Sgts reassigned; only 6 Police Officers remain in Special Investigations. Either GSET or Task Force operations eliminated		2,825,022	2,825,022			21		21	
Decline the 17 positions funded by the 2011 COPS CHP Grant	Few Police Officers to handle calls for service.		100,000	100,000						
Eliminate 26 Police Officer Positions, 4 Sergeants & 1 Lieutenants from Patrol duties. Restructure entire Patrol and Investigative Operations	Reduction in staff available to respond to 911 calls.		4,141,608						31	
	Sub Total	4,243,102	8,687,697	12,829,305	50		83		114	
Fire										
Close Engine No. 11	Increased response time	1,500,697	1,500,697	1,500,697	9		9		9	
Reduce Truck No. 3 by 1 Fire Fighter (1 for each shift = 3)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality	450,445	450,445	450,445	3		3		3	
Fire District Contracts - Revenue reduction estimate		(397,873)	(586,984)	(776,095)						
Reduce Truck No. 2 by 1 Fire Fighter (1 for each shift = 3)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality	450,445	450,445	450,445	3		3		3	
Close Engine No. 6	Increased response time		1,500,697	1,500,697			9		9	
Reduce Truck No. 7 by 1 Fire Fighter (1 for each shift = 3)	Reduced staff safety		450,445	450,445			3		3	

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Fire (Continued)										
Reduce Truck No. 7 by 1 Fire Fighter (1 for each shift = 1)	Increased fire loss, reduced staff safety, increased incident loss, morbidity and mortality		150,148	150,148			1		1	
Savings from other expenditures			65,390	65,390						
Close Engine No. 14	Increased response time			1,500,697					9	
Close Truck No. 3	Increased fire loss and reduce staff safety			1,500,697					9	
Keep 1 Fire Fighter in Truck No. 2 (Reduce by 1 shift)	Increased incident loss and increased morbidity and mortality			(150,148)					-1	
Keep 4 Fire Fighters in Truck No. 7				(665,983)					-4	
	Sub Total	2,003,714	3,981,284	5,977,435	15		28		41	
Public Works										
Reduce contract budget for Trees	Reduced ability to respond to emergencies	100,000	100,000	100,000						
Reduce contract budget for Parks	Delayed repairs to playgrounds and irrigation systems	135,000	135,000	135,000						
Reduce contract budget for HVAC	Probable service delays as more work shifted to staff	60,000	60,000	60,000						
Shift portion of Street Trees non-payroll costs to Gas Tax	Less Gas Tax for Street maintenance	60,000	60,000	60,000						
Shift portion of Pixie Woods maintenance to Pixie Woods Board	Depends on ability of Board to make alternative arrangements		110,000	110,000			1		1	
Eliminate vacant but funded Parks Inspector	Maintains reduced Parks oversight		100,000	100,000			1		1	
Shift additional Street Trees non-payroll costs to Gas Tax for total shift equaling 50%	Less Gas Tax for Street maintenance		65,000	65,000						
Shift Facilities Electrician to Streets and Gas Tax	Probable delays for Facilities electrical issues; improved Traffic electrical		85,000	85,000						
Reduce Parks maintenance to minimum levels	Higher grass and more trash			185,000						
Reduce Parks water usage by 50%	Brown grass and stressed landscaping			165,000						
	Sub Total	355,000	715,000	1,065,000			2		2	

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Economic Development										
Elimination of Deputy Economic Development Director position and redistribution of staff allocations.	Reduced resources for business outreach, attraction, and retention	24,260	48,520	72,780	1		1		1	
	Sub Total	24,260	48,520	72,780	1		1		1	
Peacekeeper										
Eliminate Phones budget	Staff will not have City Hall numbers; will use cell phones	8,596	8,596	8,596						
Reduce Consultant budget	Reduce services for clients: tattoo removal, conflict management, counseling classes	622								
Eliminate Printing budget	No outreach materials for community fairs, etc.	2,000	2,000	1,657						
Eliminate Travel budget	No training and travel for award programs or training staff	1,200	2,000							
Eliminate Training budget	No training and travel for award programs or training staff	2,000	1,200							
Eliminate Equipment budget	No purchase of radios, scanners, etc	1,000	1,000							
Eliminate Supplies budget	No purchases for the fiscal year	1,000	1,000							
Reduce Full Time Position to Part Time	Reduce current caseload by 200; turn away additional 200 referrals		14,000				1		1	
Reduce Pooled Vehicle budget	Reduce car rental for field trips- fewer field trips		1,000							
Reduce Fuel budget	Reduce fuel budget to match reduction of YOW hours in car (from full time to part time)		2,039							
Eliminate one Youth Outreach Worker Position	Reduce the current caseload by 400, turn away an additional 400 referrals			39,000					1	
	Sub Total	16,418	32,835	49,253			1		2	
Arts Commission										
Supplies reduced		1,837	3,674	5,511						
	Sub Total	1,837	3,674	5,511						

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Programs Support for Other Funds										
Community Services - Library Hold Librarian II Vacant	Delays completion of project to transition to 100% "shelf-ready" new materials, No donations/local history added to catalog and eliminates 5 hours per week of public service desk support lost	53,934	53,934	53,934	1		1		1	
Eliminate Library Asst II (PPJ)	20% of Chavez Library Reference Desk staffing lost (Chavez averages 48,000 reference interactions per year), Longer customer wait times for reference service, Collection maintenance work delayed – customers may not find desired materials on the shelves	85,228	85,228	85,228	1		1		1	
Parity of all late fees		47,000	47,000	47,000						
Reduce PT staff funding by 21%	Less PT and FT staff leads to longer lines at customer service desks, reduced capacity to fill leave time/vacancies, and less skilled tasks performed by higher-paid employees	11,000	11,000	11,000		1		1		1
Reduce Tech Services Supplies by 30%	Reduced capacity to recover books with damaged covers and to replace damaged media cases (audiobooks/music, DVDs) so that serviceable materials can still circulate and virtually eliminates capacity to accept not-shelf-ready donations from customers	4,000	4,000	4,000						

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Community Services - Library (Continued)										
Eliminate Librarian I (PS)	25% of Chavez Library Reference Desk staffing lost beyond that lost at 5% reduction target (total 45% lost), Troke Library Reference Desk staffing reduced by 25% and significantly increased customer wait times at both Chavez and Troke libraries		93,736	93,736			1		1	
Eliminate Librarian I (AC)			98,054	98,054			1		1	
Reduce City branch landscaping by 50%			10,000	10,000						
Eliminate Circulation Asst (L-T)	Eliminate Library Assistant from Chavez Library and necessitates operating hours reduction of 31% (from 36 to 25 hours weekly maintains 5-day/week service)			62,812					1	
Eliminate Library Aide (SN)	Eliminate Circulation Assistant and Library Aide from Troke Library. Necessitates operating hours reduction of 31% (from 36 to 25 hours weekly maintains 5-day/week service)			61,771					1	
Eliminate Library Asst II (KBT)	Less skilled tasks performed by higher-paid employees			76,934					1	
	Sub Total	201,162	402,952	604,469	2	1	4	1	7	1

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Community Services - Recreation										
Fewer Civic supplies/repairs & maintenance after remodel	No impacts	20,000	20,000	20,000						
Reduce utilities in Civic Auditorium	No impacts	10,000	10,000	10,000						
Reduce gas utility	Efficiency from upgrade and no impact	80,000	80,000	80,000						
Reduce PT Comm Ctrs & Sports	Contracted field maintenance and no decrease in service	20,000	20,000	20,000		3		3		
Sr AA to PM savings	No impacts	11,500	11,500	11,500						
Rec Asst II separation not filled	Transactions performed by higher paid staff, less time for contract monitoring, program mgmt/development, slightly slower customer service at centers		79,005	79,005			1		1	
Rec Asst II remains vacant			79,146	79,146			1		1	
Layoff Office Asst II	Admin transactions, scheduling performed by higher paid staff, less time for committees, commission participation and support. Full time staff will assist in after school program, no impacts to after school, but other community center customers may incur slower service			61,708						
Recreation staff pick up Public Art duties of lay off OA funded by Public Art Fund				11,287						
After school program reduction				48,443						5
	Sub Total	141,500	299,651	421,089		3	2	3	3	5

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Entertainment Venues										
Reduction of maintenance, repairs, and supplies	Barebones maintenance, repair, contracted services budget. Deferred maintenance issues may create risks to facilities	122,065								
Reduction of maintenance, repairs, and supplies; and reduction of any further line items	Barebones maintenance, repair, contracted services budget. Deferred maintenance issues may create risks to facilities. Deferral of critical maintenance items may create risks. Staff will need to meet and confer with SMG to determine if facilities can safely operate with lower budget.		244,130							
Closure of Baseball Stadium	Further reduction will create risk. Staff will need to meet and confer with SMG. It is estimated that this level or above in service reductions will require the Baseball Stadium closure. Stadium generate lowest level of revenue of all four facilities.			366,195						
	Sub Total	122,065	244,130	366,195						

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Administration										
Non-Departmental, City Manager and City Council	Inability to launch Social Media efforts. Significant impacts to Website, Ask Stockton, and media relations support. Severe impacts to the ability to be responsive to Public Disclosure Requests. Impacts the already strained ability to support City Executives.	131,045	131,045	131,045	2		2		2	
	Inability to broadcast Council Meetings on Channel 97. Severe impacts to Channel 97 programming and maintenance. Severe impacts to media relations and community access to City business.		131,045	131,045			2			2
	Reduce citizen support, public outreach, and strategic planning.			131,045					1	
	Sub Total	131,045	262,090	393,135	2		4	-	5	-
Administrative Services										
Reduce 3 Administrative Services Positions	Reduce administrative support to the City wide programs and increase risks to the accounting and financial activities	160,081	160,081	160,081	3		3		3	
Reduce 3 Administrative Support Positions	Reduce administrative support to the City wide programs. Increase risks to the accounting and financial activities, delay in accounting transactions' reconciliation, and delay in payroll and disbursement processing		160,081	160,081			3		3	

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Administration (Continued) Reduce 3 Administrative Support Positions	Reduce administrative support to the City wide programs. Increase risks to the accounting and financial activities, delay in accounting transactions' reconciliation, and delay in payroll and disbursement processing			160,081					3	
	Sub Total	160,081	320,162	480,243	3		6	-	9	-
Human Resources Reduction in Training Budget	Eliminate a portion of City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. Contrary to Council strategic initiative on increasing organizational capacity.	63,617								
Reduction in Training Budget	Eliminate an additional amount of funding for City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. Contrary to Council strategic initiative on increasing organizational capacity.		38,452							

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Administration (Continued) Eliminate HR Specialist	Eliminate last remaining support personnel to Civil Service Commission and the City's Air Quality liaison. The majority of CSC agenda preparation and other support activities would fall to analyst staff, significantly reducing their capacity to perform analytical level work.		88,781				1		1	
Reduction in Training Budget	Eliminate the remaining funding for City-Wide training program which provides the courses for the various certificate programs. The City has class specs requiring these various certifications, there would be meet and confer obligations over elimination/suspension of the programs and corresponding job requirements. This would also eliminate all training for HR staff, significantly impairing ability to develop employee/labor relations expertise in house. Contrary to multiple City Council strategic initiatives.			80,000						
Eliminate HR Specialist	Eliminate last remaining support personnel to Civil Service Commission and the City's Air Quality liaison. The majority of CSC agenda preparation and other support activities would fall to analyst staff, significantly reducing their capacity to perform analytical level work.			88,781			1		1	

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Administration (Continued)										
Eliminate HR Assistant II	Eliminate all reception and mail services. Potential reduction in hours lobby would be open to public. Reduces customer service, incoming calls would potentially receive voicemail. Mail services and other low level clerical tasks would be reassigned to remaining higher level employees, thereby reducing efficiency.			22,679					1	
	Sub Total	63,617	127,233	191,460			2		3	
City Clerk										
Eliminate Office Specialist Position	Statement of Economic Interest tracking; Tracking of Ethics Training; Document Research; Customer Service; meeting support; bid openings; Agenda prep & distribution; staff training & development; filing; records mgmt.	88,281	85,633	85,633	1		1		1	
Reclass Supervising Deputy City Clerk to Senior Deputy City Clerk		7,000								
	High possibility of non-compliance with State mandates re: Legal Noticing, Public Hearings, Boards & Commissions recruitment and roster maintenance eliminated/meeting support, i.e. preparation of meeting record, filing of documents, meeting action followup decreased by 45%/processing of official documents (mandated), i.e. recordation of documents will be missed									
Reduce Senior Deputy City Clerk to 3/4 hrs.				23,593						
	Sub Total	95,281	85,633	109,226	1		1		1	

<u>Service Reductions</u>	<u>Service Level Impacts</u>	<u>Savings @5%</u>	<u>Savings @10%</u>	<u>Savings @15%</u>	<u>FTE's Eliminate @5%</u>	<u>Part-time Eliminate @5%</u>	<u>FTE's Eliminate @10%</u>	<u>Part-time Eliminate @10%</u>	<u>FTE's Eliminate @15%</u>	<u>Part-time Eliminate @15%</u>
Administration (Continued)										
City Attorney										
Loss of one advisory attorney	Serious delay in delivery of advisory advice/projects due to lack of staff and increased cost for consultation with outside counsel.	45,656	91,312	136,967	1		1		1	
	Sub Total	45,656	91,312	136,967	1		1		1	
City Auditor										
Vacancy Savings (3/4 position - 1 FTE)		20,290	20,290	20,290						
Reduce staff by 1 full time position			64,800	64,800	1		1		1	
Increase Contractual Services			(24,220)	(24,220)						
Vacancy savings reversed			(20,290)	(20,290)						
Reduce Contractual Services				20,290						
	Sub Total	20,290	40,580	60,870	1		1		1	
	Grand Total	7,625,028	15,342,753	22,762,938	76	4	136	4	190	6

June 26, 2012

TO: Mayor and City Council

FROM: Bob Deis, City Manager

SUBJECT: PUBLIC HEARING ADOPTING THE PROPOSED FISCAL YEAR 2012-2013 ANNUAL BUDGET; APPROVING THE 2012-2017 CAPITAL IMPROVEMENT PROGRAM; APPROVING THE 2012-2013 FEE SCHEDULE; APPROVING MODIFICATIONS IN TERMS AND CONDITIONS TO CERTAIN BARGAINING GROUPS; AUTHORIZING VARIOUS FUND TRANSFERS AND ADMINISTRATIVE ACTIONS INCLUDING APPROVAL OF MODIFICATIONS TO THE UNREPRESENTED EMPLOYEES COMPENSATION PLAN AND CONTINUANCE OF THE STATE OF EMERGENCY BASED ON FISCAL CIRCUMSTANCES THROUGH JUNE 30, 2012; AND DECLARATION OF EMERGENCY PURSUANT TO GOVERNMENT CODE SECTION 3504.5

RECOMMENDATION

It is recommended that the City Council adopt three resolutions that:

Resolution 1 –

- Adopt the Fiscal 2012-2013 Annual Budget as revised by the changes described in this report as part of the City's Pendency Plan, also including the Proposed 2012/2013 Capital Improvement Program, the Proposed 2012/2013 Fee Schedule and the Constitutional Appropriations Limit in addition to other administrative details.
- Authorize continuation of the Fiscal Emergency through June 30, 2012 as adopted by Council Resolution #11-0114 on May 17, 2011.

Resolution 2 –

- Adopting modifications in terms and conditions of employment for Stockton City Employees Association (SCEA), Stockton Police Officers Association (POA), Operating Engineers Local 3, (Water Supervisors unit, Operations and Maintenance unit, Trades unit), Stockton Mid Level Managers and Supervisors Association (B and C), Stockton Police Managers Association (SPMA) and Stockton Fire and Fire Managers units, as attached and that are incorporated into the Pendency Plan and declare under government code section 3504.5 emergency due to bankruptcy with respect to the need to immediately implement changes in terms and conditions while continuing to meet and confer with City employee organizations.
- Adopting modifications to City Retiree Medical Benefit by reducing City contribution as attached, effective July 1, 2012, and eliminating City contributions on June 30, 2013.

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Resolution 3 –

- Approve Modifications to the Unrepresented Management/Confidential and Law Employees' Compensation Plan.

Summary

This report proposes to take a number of actions related to the City's budget that combined represent the City's financial plan for Fiscal Year 2012-13. The City's proposed budget submitted to Council by the City Manager on May 15, 2012 included a plan for all of the City's funds for Fiscal 2012-13. It was noted that the General Fund remained out of balance by \$26 million while the City worked through the confidential AB 506 mediation process in an attempt to avoid bankruptcy and restructure financial obligations that would balance the fund. While that mediated process continues, the City must present a balanced financial plan for the General Fund that allows the City to continue to provide services beginning July 1, 2012. This Pendency Plan is the City's budget while it is under chapter 9 protection and is presented for Council consideration as part of this staff report.

The Pendency Plan provides a balanced General Fund through cost reductions to labor, retirees, debt and other obligations, the details of which are provided below and in the Exhibits to Resolutions 1 and 2. In addition to the Pendency Plan, several other actions are proposed as part of the 2012-13 budget. One such action includes adopting the proposed budget for the solvent funds (those not affected by insolvency). It should be noted that solvent funds may experience some beneficial impact of the Pendency Plan changes due to organization wide changes to labor agreements. Other actions proposed also include approval of the Capital Improvement Program and the City Fee Schedule.

The Unrepresented Employees compensation plan is also proposed as part of this item as it relates to balancing the City's budget. Changes proposed as part of this plan are consistent with other changes proposed for labor costs in the Pendency Plan. The budget revisions described later in this document contain reductions imposed through the Pendency Plan and through adoption of the Unrepresented Employees Compensation Plan.

Finally, this report will serve as the quarterly update regarding the status of the City's 2011-12 General Fund as required by the declaration of the state of fiscal emergency declared by the City Council on May 17, 2011 date by Resolution #11-0114.

**HEARING TO CONSIDER PUBLIC COMMENTS REGARDING THE
PROPOSED 2012-2013 ANNUAL BUDGET AND OTHER RELATED ACTIONS**

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DISCUSSION

Background

The City of Stockton has reached a turning point in its history. Years of confidence in Stockton's potential grew into "irrational exuberance" during the housing boom. That phrase was coined by Federal Reserve Bank Chairman Alan Greenspan in 1996 to describe periods of excessive growth in asset values. Subsequently, the technology stock bubble and crash and the housing price bubble and crash proved that Chairman Greenspan's belief that asset bubbles were not dangerous to the general economy was mistaken. City decisions based on that exuberance have now exhausted the City's general financial reserves and burdened it with obligations it cannot pay, obligations that exceed its General Fund resources by \$26 million in Fiscal 2012-2013 and that, unless addressed, will continue to grow in future years.

The City enjoyed a home building boom early in the past decade that prompted leaders to undertake long delayed plans to renew and revitalize its downtown and neighborhoods with amenities and to build infrastructure that would serve the growing population that reflected its important position in the Central Valley. Unfortunately, when the boom ended, Stockton (along with many other cities in the South and West) found itself terribly exposed to the combined impacts of the Great Recession, the collapse of the housing market and the banking crisis of 2008-2009. Revenues plummeted, borrowings came due and staff additions, combined with generous pay and benefit packages, became unworkable. As noted in the report considered by the City Council at its June 5, 2012 meeting (included as Attachment A) Stockton has the highest foreclosure rate, one of the highest ratios of "underwater" mortgages and one of the highest unemployment rates in the country.

This Council has had to deal with plummeting revenues and a highly leveraged financial structure designed to backload repayment that increased the City's vulnerability to the economic storm. Despite aggressive efforts to reduce expenditures and put the City's financial house in order, the City is insolvent. During the last two years it became clear that past weak financial management practices concealed problems with inaccurate asset values and understated liabilities in the City's balance sheets and that its contracts for post-employment benefits and debt entered over the last 20 years cannot be supported if the City is to continue delivering services crucial to protecting the health, safety and welfare of the community. Poverty surged and the City has few resources to support its most vulnerable citizens. At the same time, drug and gang activity have left the City with the second highest murder rate in California and a ranking as the tenth most dangerous city in the country in terms of violent crime.

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As described in extensive reports to the City Council on February 28, 2012 (including an independent analysis by expert consultants), May 15 and June 5, 2012, the City is insolvent. Now, only the difficult process of restructuring its long-term financial obligations and personnel costs will enable the City Council to protect the community and make sure that the City emerges from this financial crisis as a viable, sustainable institution. The City Council began that work over three months ago when it authorized the City Manager to convene the mediation process required by Assembly Bill 506 (AB 506) a law intended to avoid bankruptcy or lessen its impact and duration. The law went into effect on January 1st of this year. The City's AB 506 process will end on June 25, 2012, using the full 90-day mediation period provided for by the law.

The City, its employee unions, and its creditors, working with the mediator, Ralph Mabey, a distinguished attorney and former U.S. Bankruptcy Judge, have worked hard to use the AB 506 mediation process to avoid bankruptcy. Many hours have been spent providing information and analysis to the over 100 people involved in the process. Even more time has been spent, often late into the night, in mediation trying to reach agreements that would restructure the City's unsustainable financial obligations. Negotiations continue as this report is being drafted. By the time the City Council hears this item, we are hopeful that we will have reached tentative agreements with some creditors. On June 26th, the City's restructuring counsel, Orrick, Herrington and Sutcliffe will report on the status of those negotiations and any tentative agreements that have resulted from the process.

At this time, however, the City cannot assume that agreements reached will enable the City Council to completely close the budget gap. The City must be prepared to balance its budget through a Pendency Plan implemented as it seeks protection under chapter 9. The alternative to a Pendency Plan that imposes selective reductions in the City's financial obligations are deep service reductions that are simply unacceptable because they are dangerous to our citizens or they threaten the future economic viability of the City. Should any tentative agreements reached in the AB 506 process be approved by the parties, they will be honored and will contribute to the City's ability to use bankruptcy as efficiently and expeditiously as possible. If agreements are reached and ratified with some or all of creditors after adoption of this agenda item and its contents, those new Memoranda of Understanding or agreements would modify the actions in the Pendency Plan and would go into effect after July 1, 2012.

Without the changes incorporated into the budget as part of its Pendency Plan, the City cannot adopt the balanced budget required by its Charter and the State Constitution. This would affect its ability to pay its employees and suppliers and

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would interrupt critical service delivery on the first day of the fiscal year, July 1. **In fact, by approving this Pendency Plan, your Council will be protecting critical services and the Stockton citizenry will see no measurable change in services on July 1st.**

2012-13 Budget, Capital Improvement Program, Fee Schedule and Appropriation Limit

The proposed budget was delivered to Council on May 15, 2012. On June 11 and on June 18, Council Study Sessions were held to review the proposed budget in detail.

The City's annual operating budget presents proposed appropriations for all funds of the City. The citywide budget totals \$548 million before balancing measures implemented in the Pendency Plan and excluding appropriations for the separate Redevelopment Successor Agency. Of that total, Internal Service Funds that pay many of the support costs for City operations represent \$124 million of charges to other funds within the City. Another \$29 million shown in the citywide total appropriations represent interfund transfers that are offset by estimated revenues and other sources of funding. This means the net unduplicated expenditure appropriations after applying all balancing measures in the Pendency Plan described below total \$368 million of which \$155 million are in the General Fund. This is a \$7 million reduction from the Fiscal 2011-2012 Adopted Budget total.

Some of the remaining funds for libraries, recreation, golf and entertainment venues depend on the General Fund for support, but most are solvent and not negatively affected by insolvency or restructuring. With few exceptions Pendency Plan adjustments benefit these solvent funds because of reductions in personnel costs. The baseline budgets of solvent funds were discussed in detail in City Council Budget Study Sessions on June 11 and June 18.

The City's Capital Improvement Program (CIP) is a five year plan that addresses facility and infrastructure needs for the City. Total project costs for the five years are \$697 million of which \$209 million have identified funding sources. The first year of the CIP is appropriated as part of the approval of the 2012-13 Budget. The bulk of the funding for Capital Improvements come from restricted sources such as Measure K, a half-cent voter approved sales tax for street improvements or from the City's utility funds restricted for improvements to the utility systems.

Although the CIP included \$1,575,000 from the General Fund in Fiscal 2012-13, the Pendency Plan reduces this amount by \$1 million to only \$575,000. This level and the higher level are far below the amount needed to address existing

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deficiencies or ongoing needs for maintenance of capital assets essential to functions funded through the General Fund. Highlights of the Capital Improvement Program are discussed in the transmittal letter and on pages 3-7 of the 2012-2013 Capital Improvement Program.

The 2012-2013 Proposed City Fee Schedule is largely unchanged with the exception of ten adjustments to fees, seven of which are set by other agencies or by contract terms. New City initiated fee increases equalize library late fees for children and adult materials and implement fees relating to the new program of checking out e-readers. Municipal Utilities Department fee increases already approved by the City Council in previous years will take affect this year. Refer to page 3 of the 2012-2013 Proposed Fee Schedule for more details.

An amendment to the California Constitution intended to limit the growth in local government spending requires establishment of a maximum limit for expenditures from general taxes. The limit is indexed to specified growth factors approved by the Legislature. The City's annual appropriation limit has been calculated in the amount of \$256,480,000 for 2012-13 pursuant to the requirements of the California Government Code. This limit pertains to appropriations from general taxes and is far above the general taxes the City has available to appropriate. The City of Stockton uses the "change in California per capita personal income" for the "change in cost of living" component of the calculation of the appropriation limit. The growth of the index and recent declines in tax revenues leave the appropriation limit much higher than the general taxes available for expenditure.

The Pendency Plan

The Proposed Budget included a General Fund deficit of \$26 million and indicated that the balancing plan would be forthcoming either through successful renegotiation of financial obligations as part of AB 506, or through a contingency plan to close the gap through filing for bankruptcy protection should that become necessary. That contingency plan is known as the Pendency Plan.

The Proposed Budget presented on May 15, 2012, and the amendments to the Proposed Budget contained in this document, together, represent the City's Fiscal 2012-13 Budget and will serve as its Pendency Plan during bankruptcy in Fiscal 2012-13 should the AB 506 process not produce savings that will allow the City to balance its budget. The Pendency Plan represents the spending levels the City needs to implement to become and remain solvent. Those spending levels are lower than the levels that would be required to deliver adequate services and meet all the requirements of the City's contractual obligations. Spending levels adequate to pay contractual obligations would exceed revenues

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and there are no reserves to make up the difference. The California State Constitution and the City Charter prohibit the City from adopting a budget that is out of balance, preventing the City from making expenditures on the first day of the fiscal year unless the budget is balanced. Without restructuring its finances in the AB 506 process or seeking the protection of chapter 9, the City could not pay its employees, retirees, bondholders or vendors. This would result in uncontrolled default and, potentially, a collapse of public services.

Bankruptcy protection assures that this will not happen in Stockton, though it is clear that creditors will not recover 100 cents on the dollar for their claims. The term "Pendency Plan" was developed in the City of Vallejo chapter 9 case to describe the plan the City would operate under pending the completion of the bankruptcy process. Amendments to the plan or extension of the plan into future fiscal years could occur. Because the Great Recession struck Vallejo after it filed for bankruptcy protection it had to make many changes in its plan to adjust to worsening economic conditions.

During the period the City operates under the Pendency Plan in bankruptcy, the differences between payments required by contracts and the amount actually paid become claims in bankruptcy and are resolved through negotiations and, ultimately, the Plan of Adjustment submitted to the creditors for approval and to the bankruptcy court for confirmation. In Vallejo, after three years, all classes of creditors voted to accept the Plan of Adjustment; however, under the Bankruptcy Code, the court can confirm a Plan of Adjustment even if some classes of creditors disapprove (a process known as "cram down").

The Vallejo chapter 9 case took many months because suits determining General Fund access to restricted fund resources and issues regarding bankruptcy court jurisdiction and California labor laws had to be decided. We hope decisions in this case will provide the appropriate guidance in our case and reduce the litigations costs while in bankruptcy.

Amendments to the Proposed Budget

This report describes changes to the proposed budget required for solvency in the next fiscal year under the protection of chapter 9. The changes are based on adjustments intended to implement important principles that have guided the preparation of the Proposed Budget, especially in the General Fund, and the City's proposals in the AB 506 process. In addition minor technical corrections in estimates and calculations have been included. The changes described below will be familiar to the participants in the AB 506 process. A description is included below of these principles and how they play out in the budget balancing plan.

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Health, Safety and Welfare – Protecting the health, safety and welfare of the community continues to be the top priority for the financial restructuring process. Service levels are inadequate throughout the City, though public safety has received special attention as the City balances competing demands for resources. Given the extremely high crime rates and very low police staffing levels, the foundation of the City's future must be safety, and the City's actions to assure that grant funded public safety positions continue to receive funding as grant funds expire reflect the commitment to that. Due to extreme turnover associated with past pay concessions, the base budget also includes funding to assure that the Police Department has resources to recruit and train new officers to fill vacancies, to take advantage of new staffing grants and to assure that services are available for the community. This principle shaped the decision to make no significant service reductions in the Pendency Plan.

Minimize Impact on Future Services - The future also depends on stewardship of public assets in the form of maintenance, repair and replacement. Unfortunately, funding limits do not allow even the modest expansion of these investments in the Pendency Plan despite ongoing deterioration of assets. In fact, some minor reductions in Public Works contract work and transfer of right of way median maintenance to Gas Tax funding is included. Other services that will assure the City can rebuild its reputation as a great place to live and invest continue with only very minor cost reductions planned for libraries, recreation and parks and entertainment venues. The City's water and wastewater utilities and other solvent funds continue to operate normally with only indirect impacts from the insolvency of the General Fund and the Pendency Plan. Solvent funds, like utility enterprises will actually benefit from some of the organization wide reductions made as part of the Pendency Plan. Given the huge staffing reductions in the past (25% fewer Police Officers, 30% Fire staff reductions and a 43% reduction in non-safety staff) we can say the average Stocktonian will not see measurable service reductions on July 1st.

Maintain Competitive Compensation Packages – It is essential that the City maintain competitive pay and benefit programs to attract qualified, motivated employees. In the past, the City's pay and benefit packages were among the most generous in its market area, sometimes significantly above market. The City has, through negotiation or through imposition of reductions covered by its fiscal emergency powers, reduced compensation and benefit packages for its employees. These include reduction of over-market premium pay amounts, employee payment of their PERS contributions, capping contributions to employee health plans and reducing costs by redesigning plans, limiting sick leave pay outs, seeking new, lower pension benefit levels for new hires and eliminating retiree health insurance for new hires. The additional, but selective,

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changes here continue to address situations where compensation is above market and has created excessive liabilities that cannot be paid without unacceptable reductions in service. The primary reductions here relate to retiree medical program costs and longevity pay.

Balance Costs and Service Impacts of Reductions – Cost reductions in the Pendency Plan have been designed to minimize service impacts. As noted above, reductions in post-employment benefits like retiree medical costs that far exceed the benefits provided by other agencies will not affect service levels. In comparison, reducing payments to CalPERS could have immediate direct impacts on current and former employees and would make recruiting and retaining qualified staff nearly impossible. Some market-based pay reductions have a large impact on long-time employees in the Police department who are essential to training and managing new officers. The full impact of the reductions would otherwise exceed 23% of total pay, but have been offset during the City's transition to market-based pay packages.

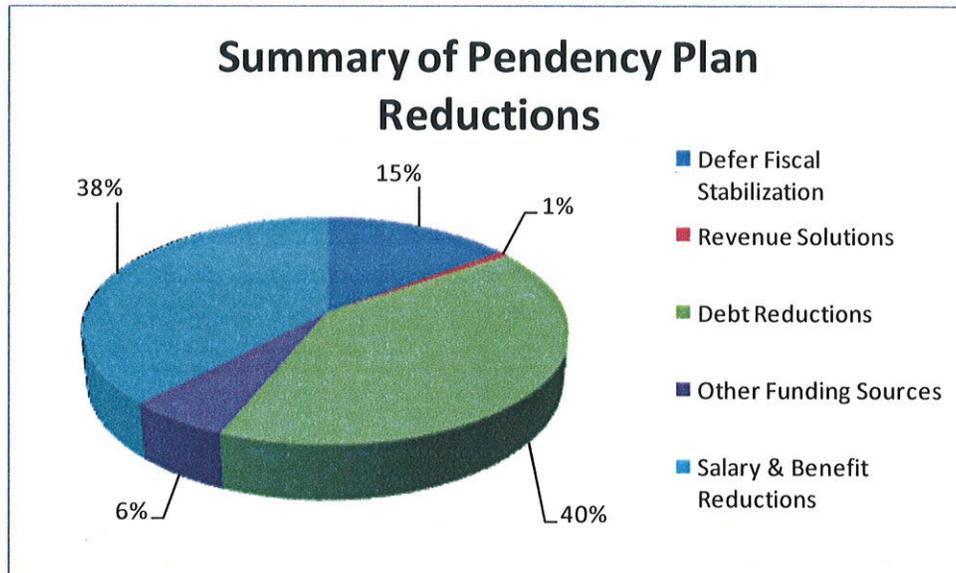
Build Toward Fiscal Sustainability – The Council's often-stated goal for the restructuring process has focused on sustainability. This means building adequate reserves, covering the full cost of operations, proper stewardship of public assets and competitive compensation and affordability over the long run. Inadequate financial resources result in compromises in the Pendency Plan. Elements of the Proposed Budget aimed at stabilization and sustainability like maintenance investments and reduction of temporary furlough hours are deferred in the Pendency Plan. Other sustainability measures like restoration of adequate, pay-as-you-go funding of internal service costs and the basic commitment to competitive compensation remain. The Pendency Plan must appropriate funding for restructuring expenses because sustainability is central to the City's effort to return to fiscal health.

General Fund Spending Changes Implemented in this Pendency Plan

The principles built into the Pendency Plan come in different forms. They include suspension of debt payments and payments for legal claims, reductions in payments for retiree medical benefits, continued reductions on pay and benefits imposed under emergency powers, reductions to over market compensation components, transfers of eligible costs to other funds, necessary legal and financial consulting services to pursue the City's interests via bankruptcy and, possibly, via labor negotiations and limited revenue increases. These changes eliminate the \$25.9 million General Fund gap identified in the baseline proposed budget leaving a fund balance of \$39,000. The only buffer against risk beyond the fund balance is the modest \$2,000,000 budgeted contingency representing 1.3% of expenditures and transfers in the General Fund

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Descriptions of the changes to the May 15 proposed budget follow. Impacts are ongoing in nature unless otherwise noted. Exhibit 1 to Resolution 1 shows the impact of these changes on the General Fund appropriations in the Proposed Budget.



Defer Fiscal Stabilization and Service (\$4,834,000)

1. Reduce \$295,000 in appropriations for contracted maintenance of trees, parks and HVAC in Public Works consistent with 5% reduction level identified in prior reports.
2. Reduce \$110,000 in service and supplies appropriations in Recreation consistent with 5% reduction level identified in prior reports.
3. Suspend planned \$1,000,000 increase in critical preventive maintenance for one year (one-time savings).
4. Delay implementing phase-out of furloughs over two-year period (\$1,129,000 annual savings in each of next two fiscal years).
5. Delay remaining financial stabilization measures that further increase preventive maintenance and provide minimal funding for actuarial liability in the Worker's Compensation Fund thus reducing planned expenditures by (\$1,800,000 one-time savings).

Revenue Solutions (\$239,000)

1. Increase estimate for Police Code Enforcement revenue by \$150,000. Initial budget estimates included overly conservative estimate of the impact of removing property liens from Teeter plan funding by San Joaquin County.

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2. Increase in Police parking citation fine that will result in an additional \$25,000 in revenue to reflect a State surcharge on parking citations.
3. Increase transfer in from Central Parking District Fund by \$64,308 to reflect budgeted debt service expense for the Stuart-Eberhardt Building (SEB).

Debt Expenditure Reductions (\$11,990,000)

Debt Service (\$10,180,000)

1. Eliminate appropriation for General Fund share of debt service on 2009 Lease Revenue Bonds - \$632,000.
2. Eliminate appropriation for payment of debt service on the State Department of Boating and Waterways Marina loan - \$685,000.
3. Eliminate appropriation for repayment of unsecured note for purchase of the Main Hotel - \$500,000.
4. Eliminate appropriation for payment of debt service on 2007 Variable Rate Debt Lease Revenue Bonds relating to 400 E. Main building - \$2,588,000. Continue appropriation of approximately \$21,000 per month for the City IT Division's occupancy of space in the building at market rental rates pending discussions with Wells Fargo.
5. Eliminate appropriations for payment of debt service on 2007 Pension Obligation Bonds - \$5,775,000.
6. Make no change in the Proposed Budget's elimination of appropriations for debt service payments on the 2004 Lease Revenue Bonds secured by downtown parking structures.

Other Contracts and Claims (\$1,810,000)

1. Eliminate \$1,127,000 in General Fund and General Capital Improvement Fund payments to MUD funds pursuant to the Jarvis Taxpayers Association judgment.
2. Eliminate \$313,000 in payments relating to the Marina Towers settlement.
3. Reduce subsidy of Entertainment Venues by \$370,000.

Other Funding Sources (\$1,743,000)

1. Increase transfers from Stormwater Enterprise Fund by \$300,000 (one-time) to continue loan repayment for an additional year.
2. Shift \$300,000 in eligible Police and Fire staffing costs to Measure W funding due to availability of additional sales tax funding.
3. Shift \$125,000 in eligible right-of-way tree maintenance costs from the General Fund to gas tax funding.
4. Decrease program support to Library by \$23,000 to reflect fine fee increases proposed this year.

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5. Reduce subsidy to the Entertainment Venues fund by \$44,650 to reflect the correction of an internal service fund charge which has been moved to the appropriate fund.
6. Reduce subsidy to Successor Agency by \$250,000 to reflect increased estimate of available tax increment.
7. Reduce the total allocation for grant matching by \$50,000.
8. Reduced the Human Resources budget by \$150,000 to correct for an expense that was budgeted in two different General Fund departments.
9. Re-appropriate the \$500,000 estimated unspent balance of funds set aside for AB 506 costs.

Salary and Benefit Reductions (\$11,213,000) in addition to existing labor impositions)

1. Eliminate \$569,000 budgeted for the vacation sell-back program by the Police Department.
2. Eliminate eligibility for 12-month industrial disability payments for non-safety employees - \$150,000.
3. Reduce Other Pay and Benefits by \$1,208,000 consistent with Attachment B.
4. Reduce overtime, standby and call back pay by \$595,000 consistent with Attachment B.
5. Reduce payment for compensated absences by \$1,593,000 consistent with Attachment B.
6. Reduce the operating transfer to the Library Fund by \$45,000 to adjust for the salary and benefit savings in that fund.
7. Reduce appropriations for retiree medical benefits by \$7,053,000 for one year before phasing the benefit out entirely in Fiscal 2013-2014. See Exhibit 10 to Resolution 2.
8. Reduce pay and benefits consistent with the reductions made during the fiscal emergency for SPOA and SCEA. Savings are estimated at \$15.3 million in fiscal 2012-13. No funding for payment of any claims, estimated at \$12.5 million (General Fund only), relating to lost wages and benefits has been included. These provisions were included in assumptions used to develop the baseline budget and will continue in the Pendency Plan.
9. Note that detailed changes in pay and benefit plan provisions for all units are detailed in Exhibits 1-10 to Resolution 2 and Exhibit 1 to Resolution 3.

Added Expenditures (\$3,570,000)

1. Add \$70,000 in appropriations for miscellaneous technical corrections in the Proposed Budget.
2. Appropriate \$3,500,000 for chapter 9 restructuring costs. Total cost estimates for chapter 9 work are being assembled as are analyses evaluating appropriate chapter 9 cost shares from non-General Fund

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sources. Because of the uncertainty inherent in the chapter 9 process, staff expects that this number will be revised as legal issues develop.

Indirect Impacts on Other Funds

The Pendency Plan focuses on the insolvent General Fund but has implications for other funds. All reductions apply to employees equally regardless of their fund assignment or allocation, and all funds will have cost reductions associated with personnel cost changes. Potential changes in required subsidy levels from the General Fund resulting from those savings have not been programmed at this time.

In addition, some restricted funds like parking revenues and public facilities fees have provided funding to pay eligible debt service obligations of the General Fund. With the exception of the Arena project, none of these funds are pledged for the repayment of debt. The City will appropriate, but will not make, partial payments of debt service with the proceeds of these unpledged restricted revenues until agreements have been reached with capital markets creditors. Release of those funds may be authorized by the City Council in the future based on agreements with creditors.

The primary impact of these Pendency Plan changes on other funds is a reduction in costs related to labor changes and retiree changes. A small part of these significant changes will be offset by allocations of costs relating to the chapter 9 process and relating to continuing efforts to work with investors, rating agencies and insurers of Municipal Utilities Department bonds to emphasize and clearly disclose the strength of the revenue and cash balances that support repayment of these bonds.

Highlights of Pendency Plan impacts on other funds are described below and outlined in Exhibit 2 of Resolution 1:

1. Reductions in labor costs resulting from reductions in compensation and retiree medical benefit costs in funds with labor costs.
2. General Fund subsidy reductions will reduce revenue in the receiving funds and General Fund debt reductions will reduce expenses or transfers in other funds.
3. Transfer of cost of eligible services from Public Works and Public Safety to Gas Tax and Measure W Funds.
4. Minor interfund loans to other special funds to provide funding in the event agreements are reached with capital markets creditors.

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State of Emergency

The City Council, by Resolution 11-0114, declared a state of emergency based on fiscal circumstances on May 17, 2011. This resolution requires a quarterly review of the circumstances that lead to the emergency. The financial information in this report and the June 5, 2012 report, coupled with the information showing that despite significant personnel cost reductions imposed during the State of Emergency there will be no expected unrestricted available fund balance at the end of Fiscal 2011-12. The Proposed Budget estimates show no General Fund balance for Fiscal 2011-2012, and that the City faces a \$25.9 million deficit projected for Fiscal 2012-13 that must be offset, supports continuance of the state of emergency adopted by City Council Resolution #11-0114 on May 17, 2011 through June 30, 2012.

On July 1, the Pendency Plan and chapter 9 protection will replace the State of Emergency based cost reductions. The measures implemented under the May 17, 2011 emergency in combination with the actions approved by the City Council at its meeting of February 28, 2012 are necessary to generate the cost savings needed to maintain a balanced budget and General Fund solvency through the end of Fiscal 2011-12.

In addition, with respect to MOUs that have expired, to the extent that the meet and confer process under the Meyers Milius Brown Act is not yet complete, the Council hereby finds that the need to immediately implement the pendency plans constitutes an emergency within the meaning of Government Codes section 3504.5, authorizing the immediate implementation of such plans while the City completes any remaining aspects of the meet and confer process. This emergency is based upon the findings in this report, and in the staff report and accompanying resolution adopted by the Council on June 5, 2012.

Modifications to the Unrepresented Management/Confidential and Law Employees' Compensation Plan

The Pendency Plan includes the reductions for the Management/Confidential and Law Employees approved by the City Council on August 9, 2011 and adds reductions that are consistent with the reductions imposed on represented units. These changes are detailed in the Comprehensive Summary of the Unrepresented Employees' Compensation Plan included as Exhibit 1 to Resolution 3 and include:

1. Reduction in city paid life insurance coverage.
2. Limits on medical plan coverage and reductions in retiree medical benefits.

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3. Elimination of sick leave buy-out and one floating holiday and change in leave accrual calculation.
4. Reduction and then elimination of longevity pay.
5. Addition of benefits received by similarly situated represented employees including jury duty leave, bereavement leave, uniform allowance, POST certificate pay, and compensatory time off.

It is the City's intent to provide compensation and benefits for its unrepresented employees that are equivalent to the programs for represented employees. This approach is consistent with the sustainable commitment of offering competitive compensation to attract and retain qualified employees.

Conclusion

It is with grave concern for the health, safety and welfare of the residents of Stockton that I submit this report for your consideration. We have tried everything, including negotiating or imposing massive compensation reductions, the likes of which you cannot find in the State. We have made massive service and staffing cuts to a City that was already receiving extremely modest service levels before these cuts. Further reductions to service levels would not only jeopardize the safety of residents, they also would severely limit this City's chances for economic improvements.

We must provide the services our citizens deserve and require. Your Council is not responsible for the financial situation that we face today, but you have been left with the responsibility for dealing with it. It is with hope for a financially stable and fiscally responsible future, that I submit this plan. This City can no longer put off making the necessary changes to long term obligations that prevent us from having a sustainable financial plan. We will continue to work with all of our creditors, as we have for the past 90 days through AB 506, to negotiate agreements that restructure our unsustainable obligations.

Respectfully submitted,


BOB DEIS
CITY MANAGER

Attachments:

Attachment A -June 5, 2012 Staff Report on Contingency Option

Attachment B - Summary of Pendency Plan Changes for Employees



June 5, 2012

TO: Mayor and City Council

FROM: Bob Deis, City Manager

SUBJECT: **AB 506 CONTINGENCY OPTION: AUTHORIZE FILING A PETITION SEEKING PROTECTION UNDER CHAPTER 9 OF THE U.S. BANKRUPTCY CODE, ONLY IF THE AB 506 MEDIATION PROCESS DOES NOT RESOLVE THE CITY'S FINANCIAL CHALLENGES BEFORE JULY 1, 2012**

RECOMMENDATION

Approve a resolution authorizing the City Manager to file a petition seeking protection under chapter 9 of the United States Bankruptcy Code only if the AB 506 mediation process currently underway does not result in agreements that both prevent insolvency for FY 2012-13 and meet the City Council's objective of fiscal sustainability.

SUMMARY

The City of Stockton has had massive budget deficits for the past several years. It has depleted reserves, negotiated and imposed compensation and staffing reductions while in a state of fiscal emergency and used every tool at its disposal to avoid insolvency. The FY12-13 General Fund Proposed Budget has an operating shortfall of \$25.9 million and provides only a very small reserve. The deficit is projected to grow to \$40 million per year within three years in the absence of reducing the City's obligations through restructuring. The financial situation is dire, with no revenue or other funding sources available to balance the City's budget.

The City is insolvent from a service and budget basis today and faces cash insolvency in its General Fund by July 1, 2012 unless the State-mandated AB 506 process initiated by the City on February 28, 2012 results in a significant restructuring of its obligations and cost reductions. This staff report provides an overview of the City's financial condition and describes the need for the City to be prepared to file for bankruptcy protection under chapter 9 as a contingency option, should the AB 506 process not be successful in reducing costs to the level that the City can adopt a balanced budget, as required by the State Constitution and the City Charter, on or before July 1, 2012.

Over the past two years, the City has negotiated major reductions in compensation in its open contracts, reduced staffing and has exercised its fiscal emergency powers to suspend certain obligations under its labor contracts. The City has also missed bond payments and suspended leave payouts for employees leaving the City due to a lack of funds. Employees have been laid off, services cut, and wages and benefits reduced through heart-wrenching negotiations and impositions. The City Council made these reductions and defaulted on its obligations to

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prevent essential service reductions to a level that would endanger the health, safety and welfare of the community. Services to the community have fallen to unacceptably low levels despite the City Council's best efforts. The budget gaps have simply been too large to address through workforce and compensation reductions alone if essential services are to continue.

Proceeding with a chapter 9 filing is a last resort for the City. Considerable effort has gone into the AB 506 process, both by the City and by participating creditors, and we remain hopeful that it will result in sufficient restructuring of our obligations so that chapter 9 is avoided. The initial 60 day period required under AB 506 ended on May 27, 2012. A majority of the creditors invoked their power under the statute to extend by another 30 days, concluding the entire 90 day process on June 25, 2012.

We are making the recommendation now for City Council authorization of a contingency option to file for chapter 9 bankruptcy protection in the event the AB 506 mediation fails for several reasons: (1) *It takes time to prepare the documents and (2) the City will be cash insolvent in a month, and 3) a balanced budget is not possible by July 1st, given current obligations, unless the City Council makes further service level reductions that will severely impair the health and safety of the community.*

We are seeking this authorization now, given other steps underway, such as the AB 506 mediation, the State Controller's audit, and the FY 10/11 audit for three primary reasons:

1. **Filing preparation time:** *It takes time to prepare the required documents for a chapter 9 filing and it would not be possible to do so at the last minute and be able to file prior to the start of the new fiscal year which begins on July 1, 2012.* The ending date of the AB 506 process is June 25, and we need to be ready to file later that week if the AB 506 does not result in the City being able to balance its budget without making debilitating service reductions. The bankruptcy court's protection from creditors and legal liability and the adjustment of expenditures available to the City in bankruptcy will be essential to continue operations in FY 2012-13 if the AB 506 mediation does not cure the City's insolvency.
2. **Additional unrestricted funds will not emerge:** *Neither the State Controller's audit nor the City's independent audit currently underway will result in new financial resources that will improve the City's financial position.* Five teams of auditors from the State Controller's Office have projects underway examining Gas Tax reporting, Redevelopment Agency issues, Federal funds passed through the State and State grants and revenues, mandated state program costs for domestic violence reporting and internal and administrative controls. Periods under examination range from FY 2000/01 through FY 2009/10. We also have a team of ten independent CPA's auditing the City's records for Fiscal 2011. We welcome these reviews and, consistent with the Council's strategic objectives, look forward to these auditors' findings to help us put the City's financial house in order. Due to our own investigations, we have been aware since the summer of 2011 that there were serious issues with financial

reporting and management in prior periods. The City has committed countless hours to identifying and remedying problems, and we remain committed to solving problems identified by any source in a timely manner.

Some individuals appear to believe that the results of the State Controller's audit or our independent audit will produce reports that indicate that additional resources will be found to address the resource constraints that have made the City insolvent. However, the preliminary results of the independent CPA's examination have not resulted in findings that would increase available unrestricted fund balances and the State Controller's audit focuses on conditions and reporting that range from two to eleven years old. Insolvency is a problem now and depends on our forecasts of future results. *The grave situation facing the City now and next year leave no doubt about the City's solvency and the hard work and analysis of our staff indicate that there are no undiscovered or undisclosed pools of resources that could address the City's ongoing structural deficit.*

3. **The City cannot adopt a balanced budget on July 1, 2012:** The City cannot adopt a balanced budget on July 1, 2012, as required by the State's Constitution and the City Charter, absent reduction of costs through restructuring of obligations or severe service level reductions, or both. If the AB 506 mediation process is unsuccessful, chapter 9 will be required because the City will not be able to meet its obligations.

The General Fund is expected to deplete its available unrestricted fund balances by June 30, 2012. The State Constitution prohibits making expenditures and transfers out that will exceed a combination of available revenues, transfers in and beginning fund balances during any fiscal year. Spending more than the City has in available resources creates debt payable from future years' revenue. Any debt subject to this Constitutional limitation must first be approved by voters and is limited to capital expenditures. The City Council and City staff cannot authorize expenditures that would create impermissible debt knowing that planned expenditures will exceed available resources. This requires the City to adopt a balanced budget.

The estimated \$26 million gap for FY 2012/13 cannot be closed with one-time sources of funding or other marginal approaches to budget balancing. The City has no resources – one-time or otherwise – to close this gap. Since the gap will widen significantly, as described later in this report, it is essential that the ongoing structural problem be solved. The City must create a plan to emerge from this fiscal crisis that makes it truly sustainable, with reliable ongoing revenues covering full ongoing costs (both direct and indirect), and sufficient reserves to weather economic uncertainty, revenue fluctuations and emergency spending requirements.

Services are already at or below minimum for residents and businesses. The level of service delivery cuts made in the past two years has had a serious, negative impact on the Stockton community. Public safety is at a crisis level in the community, in part due to staffing reductions. In 2011, there were 58 homicides in Stockton, an all time record. At this time last year there had been seven homicides, but as of May 4, 2012 we were already up to 23 for the

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year. We are also experiencing a 30% increase in gun violence from last year. The community justifiably feels vulnerable. Since public safety (police and fire) expenditures comprise the majority of General Fund expenditures, eliminating the budget gap through expenditure reductions would hit those services hard. We believe further reductions would threaten the health, safety and welfare of our residents.

The City is clearly insolvent from both a service delivery and budget perspective. We are rapidly approaching a cash insolvency threshold which, short of AB 506 restructuring, will leave no option other than seeking bankruptcy protection. This is despite vigorous efforts over the last two years to cut expenditures. These expenditure reductions have resulted in drastic cuts in the number of City employees, difficult service reductions to City residents and painful compensation adjustments for the remaining employees. We believe that the City must concentrate its limited resources on sustaining basic services to its residents and businesses. Our highest priority is to provide for public health and safety. Significant further erosion in staffing and service levels is inconsistent with this priority.

There are many reasons for the City's financial situation. Some of those reasons are related to decisions made over the last 20 years which, in hindsight, surely can be questioned. Many relate to exogenous factors – such as foreclosures, loss of jobs, and decline in property values and State raids on revenues and elimination of redevelopment – that have impacted the City's overall fiscal situation, perhaps more severely than most communities in the United States. Current City management has, over the past two years, identified the underlying problems giving rise to the financial crisis the City finds itself in, and has made significant strides in correcting the problems that are within management's control. The City has made a strong start in redesigning City operations to create an efficient and effective organization and new procedures have been put into place. Unfortunately, no amount of process reengineering or reorganization can achieve the objective of financial sustainability without the concomitant realignment and restructuring of some of the City's obligations. The size of the deficit is such that small changes will not correct insolvency or put the City on a path to a sustainable financial future.

Stockton must emerge from either the AB 506 process or chapter 9 with a financially sustainable future. Therefore, the course of action being recommended to the Council is critical – that of authorizing the filing bankruptcy under chapter 9 if the AB 506 process is unsuccessful in restructuring the City's obligations. It is important to emphasize that: 1) we are still aggressively pursuing financial restructuring via the AB 506 process; 2) we are not asking you to file bankruptcy today; and 3) it is only upon failing to resolve our financial structural issues on or before the June 25 expiration of the AB 506 process do we plan to utilize chapter 9.

The balance of this report is organized into the following major sections:

- **Tentative Schedule**
- **General Fund Forecast**
- **Restricted Funds and Cash Balances**

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- **How Did We Get Here**
- **Actions to Balance the Budget and Reduce Costs**
- **Service Reductions**
- **AB 506 Mediation Process**
- **Revenue Options**
- **Authorization for a Contingency Option to Seek Chapter 9 Bankruptcy if the AB 506 Mediation Process Does Not Resolve the City's Financial Challenges**
- **Conclusions**

TENTATIVE SCHEDULE

The following provides a tentative schedule for each of the major processes currently underway to meet the City's obligations under state and federal law to provide a balanced budget and prepare a long term fiscal stability plan.

Table 1. Tentative Schedule for AB 506 Mediation, Chapter 9 Bankruptcy Contingency Plan and City Budget Adoption

Date	Description
AB 506 Mediation Process and Contingency Plan	
February 28	AB 506 Mediation Process authorized by City Council
March 27	60 Day Mediation period commenced upon selection of the mediator
May 26	Initial deadline for AB 506 completion. Majority of the interested parties extended the mediation by another 30 days until June 25, 2012
June 5	City Council Meeting on Authorization to File Petition Seeking Protection Under Chapter 9 of the U.S. Bankruptcy Code, if the AB 506 Mediation Process Fails
June 25	Last day of the 30 day AB 506 extension
June 26	First day on which the City may file a chapter 9 case if 506 unsuccessful
June 29	Last regular business day of FY 2011-12
Early September	Hearing on City's eligibility petition for chapter 9 relief, if filed (estimated timeframe)
FY12-13 Budget Adoption	
May 15	Publish Proposed FY12-13 Budget
June 11 and 18	Budget Workshops
June 26	Adoption of FY 2012-13 Budget and potential Pendency Plan

GENERAL FUND FORECAST

The City released its FY12-13 Budget on May 15, 2012, and based on updated personnel costs and other information, the long-term General Fund forecast has been revised accordingly.

Baseline Budget: The forecast starts with a baseline budget which is a continuation of the status quo, but reflects cost increases in pensions, retiree medical and other services and supplies that must be purchased by the City to continue the current minimal level of service it is providing. The estimates in the model do not include salary COLAs or benefit increased scheduled under the current contracts, or restoring pay and benefit reductions imposed in connection with fiscal emergency resolutions during the last two years. The annual General Fund savings generated by these assumptions through the end of current contracts is approximately \$18 million. The Baseline Budget also does not include certain fiscal stabilization measures that are included in the Proposed FY 12-13 Budget and discussed further below.

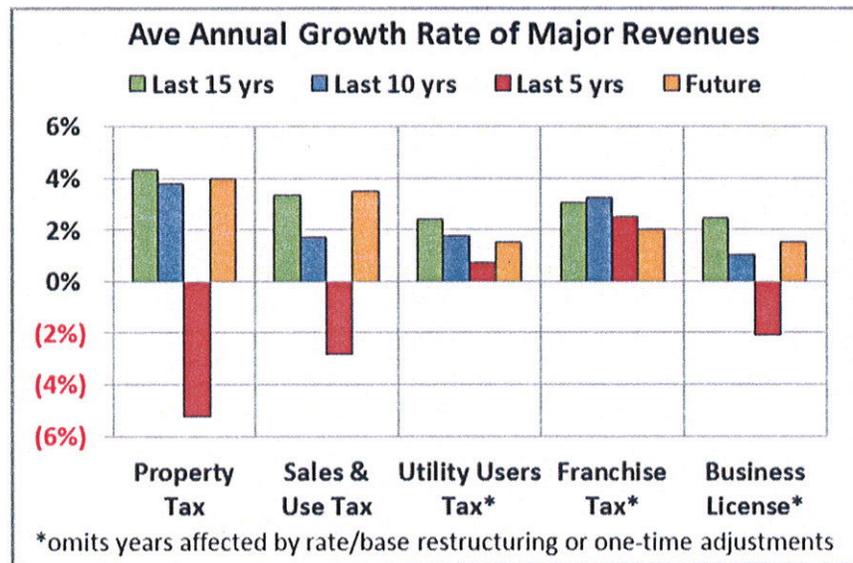
Revenue Assumptions - Key baseline revenue assumptions include:

1. Property tax assumes slow recovery with additional declines in FY12-13 and FY13-14 before increasing to 4% long-term growth by FY18-19. The FY12-13 estimate is from HdL, the City's property tax auditor; future estimates are based on discussions with the County Assessor and local business interests, e.g. banks and developers. Proposition 13 will hold down property tax growth as the annual assessed value adjustments of properties (which are already selling at deflated levels) are limited to the lesser of the change in the California consumer price index or two percent, unless sold. Sale prices will depend on the rate of market recovery, and whether trends shift to renting closer to work, rather than owning farther away. The long-term trend is straight-line, and although there will be years where revenue growth is higher and others where it is lower, the forecast does not attempt to predict which years the ups and downs (or negative growth) will occur.
2. Sales tax is based on HdL estimates through FY15-16, and assumes 3.5% long-term growth thereafter (which exceeds long-term CPI growth of 2.5%). The shift toward non-taxable services and non-taxed internet sales will hold down growth over time. Again, the long-term trend is straight-line and does not attempt to predict specific years that will be higher or lower than this estimate.
3. Utility Users Tax (UUT) and Business License Tax (BLT) are projected to grow at 1.5% over the long-term, and the Franchise Tax at 2.0%. The UUT and Franchise Tax are subject to impact of user conservation, and technology trends (wireless vs. cable). The BLT is expected to grow slowly given local economic conditions.

The following graph compares the historical annual average growth rate over the long-term (15 years), medium-term (10 years) and short-term (5 years) for the five largest General Fund revenues, in comparison to the ongoing future growth rate for these revenues contained in the ten-year General Fund budget forecast.

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Figure 1. General Fund Revenue Average Growth Rate**Expenditure Assumptions** - Key baseline expenditure assumptions include:

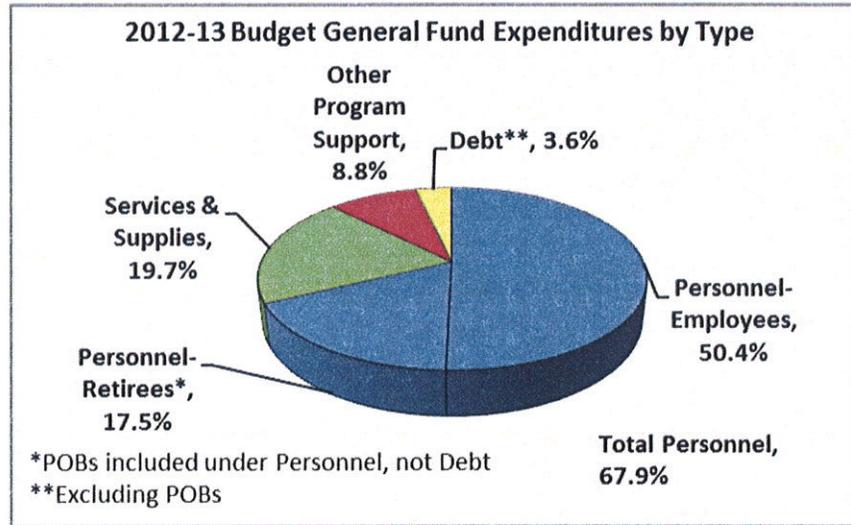
1. CalPERS costs are driven by the state's actuarial report, a 0.5% lower CalPERS discount rate for investment earnings (1/4% approved by the CalPERS Board starting in FY13-14 and 1/4% expected to start in FY15-16), and lower City payroll which will drive up part of the CalPERS liability rate that pays off the unfunded liability. The major risk is additional reductions in the discount rate and/or CalPERS investment losses, which would drive employer rates up further. There is the risk that future labor negotiations (or court rulings) will result in lower employee contributions, which will drive up City costs.
2. Increase in salaries in FY12-13 is primarily due to absorbing Police personnel that were previously paid by grants; future year growth reflects merit pay increases. There is the risk that future labor negotiations (or court rulings) will result in higher employee pay levels. In the baseline analysis no salary increases are projected for the ten year period.
3. Employee health costs are flat, as it is assumed the City contribution level does not change. There is the risk that future labor negotiations (or court rulings) will result in higher City health contributions, which would be compounded by the growth rate in medical costs reflected in the City's self insurance plan.
4. Retiree health costs are driven by the forecast in Segal actuarial report with annual growth averaging 9% growth over the next four years and 6.9% through FY20-21. The major risks are higher growth in medical premiums or higher numbers of retirees sooner than projected.
5. Net debt costs are higher in the near-term due to lower rents and cost of tenant improvements at 400 E. Main, but decrease as the lease-up rate improves. The major risk is a higher vacancy rate.

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The projected major General Fund expenses of \$180.8 million for FY12-13 are shown by type in Figure 2.

Figure 2. FY12-13 Budget General Fund Expenditures



Ten-Year Baseline General Fund Budget: The following table shows a net shortfall of \$8.7 million in FY11-12, before the City Council actions of February 28, 2012.¹ Without the fiscal stabilization expenses included in the FY12-13 proposed budget, the projected shortfall from the baseline expenditures alone increases to \$23.0 million in FY12-13, and rises to an annual average shortfall of \$37.2 million from FY15-16 through FY20-21. The baseline budget forecast contains no reserves, and actual General Fund deficits start in FY12-13 and would continually grow in future years. However, the City cannot adopt deficit budgets, so sufficient corrective actions must be adopted for FY12-13 that both eliminate the shortfalls *and* leave an adequate unrestricted fund balance.²

¹ With a re-stated negative balance for June 30, 2011 of \$6,553,156 and a FY11-12 operating shortfall of \$8,652,768, the February 28, 2012 City Council actions totaling \$15,205,924 are expected to leave the General Fund with zero available unrestricted fund balance as of June 30, 2012.

² The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures, which is equivalent to 16.67% of those amounts. Cities with formal reserve policies generally specify between 10-20% reserve levels.

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Table 2. General Fund Baseline Budget Forecast

General Fund Baseline Expense Forecast by Major Categories										
(\$ in Millions)	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Salary	\$52.0	\$56.4	\$56.5	\$56.9	\$59.9	\$60.1	\$60.4	\$60.6	\$61.0	\$61.7
Pension-PERS	16.1	16.6	22.1	22.9	25.4	26.2	27.1	28.0	28.9	29.9
Pension-POBs	5.6	5.8	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9
Health-Employees	9.5	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Health-Retirees	8.0	9.2	9.6	10.4	11.2	11.5	12.2	12.9	13.7	14.5
Overtime/Standby/Callback	6.8	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1
Workers Comp	5.7	6.4	6.5	6.6	6.8	6.9	7.0	7.2	7.3	7.5
Other Pay/Benefits	7.1	6.6	6.7	6.8	6.8	6.9	7.0	7.1	7.1	7.2
Compensated Absences	4.3	4.5	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Subtotal Personnel	115.1	121.6	128.6	130.9	137.6	139.3	141.6	143.8	146.4	149.3
Services & Supplies	33.1	33.6	34.9	35.2	36.1	36.3	37.3	37.5	38.5	38.8
Other Program Support	13.2	14.1	15.4	15.6	15.9	16.1	15.4	15.3	15.6	15.8
Debt (excluding POBs)	4.4	6.6	7.4	6.0	6.1	5.6	5.5	5.4	5.3	5.3
Contingency	1.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Expense	167.4	177.9	188.3	189.7	197.6	199.3	201.7	204.0	207.8	211.2
Total Revenue*	158.7	154.9	154.3	155.4	157.7	160.7	164.3	168.0	171.8	175.7
Net Annual Shortfall	(8.7)	(23.0)	(34.1)	(34.3)	(39.8)	(38.6)	(37.4)	(36.1)	(36.0)	(35.5)

*Total revenue affected by negative interest resulting from negative balances.

FY12-13 Budget: Baseline plus Fiscal Stabilization and Sustainability

While the immediate focus by the City is to maintain *cash solvency*, in the long term the City must remain a competitive employer, rebuild reserves and make additional investments in technology and deferred maintenance if it is to achieve long-term *budget solvency*, i.e., the ability to pay for all the fiscal year's expenses related to a given service level (even if that service level is well below what is warranted for the health, safety and welfare of the community). Even though the expenditure levels in the baseline budget exceed available resources, the FY12-13 proposed budget includes the following minimal additional measures because they are required if the City is to become a sustainable organization over the long-term:

- Furloughs phased out over two years to support staff capacity and workload management.
- Salary and health cost of living adjustments of 2% annually assumed to start in FY15-16, which would be required for employee recruitment and retention to remain competitive in the labor marketplace.
- Increased investment in deferred maintenance of at least \$1 million annually to avoid much more costly and unavoidable expenditures in the future.

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- Increased investment of \$250,000 annually in added technology to increase productivity and enable staff to provide cost effective service to the public.
- Increased contribution of \$750,000 annually to replace equipment effectively.

Table 3 shows that the baseline budget with fiscal stabilization measures results in even greater ongoing deficits, and no reserves, absent corrective actions. The net shortfall remains at \$8.7 million in FY11-12 (before the City Council February 28, 2012 actions), rising to \$25.9 million in FY12-13 under the proposed budget, and increasing to \$56.4 million by FY20-21. This is a more accurate representation of the actual shortfall facing the City because it reflects the type of expenditures, albeit at a low level, the City would be required to make to sustain this level of service over the long term.

Table 3. General Fund Baseline Forecast + Fiscal Stabilization (FY12-13 Proposed Budget)

General Fund Baseline Expense Forecast Plus Fiscal Stabilization Expenses										
(\$ in Millions)	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Baseline Expense	\$167.4	\$177.9	\$188.3	\$189.7	\$197.6	\$199.3	\$201.7	\$204.0	\$207.8	\$211.2
Deferred Maintenance	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technology/Workers Comp	-	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Phase-out Furloughs/Other	-	1.2	1.3	2.5	2.7	2.8	2.9	3.0	3.1	3.2
2% Salary/Health COLAs	-	-	-	-	2.4	4.9	7.4	10.1	12.8	15.7
Total Expense	167.4	180.8	191.6	194.2	204.6	209.0	214.0	219.1	225.7	232.1
Total Revenue*	158.7	154.9	154.3	155.4	157.7	160.7	164.3	168.0	171.8	175.7
Net Annual Shortfall	(8.7)	(25.9)	(37.3)	(38.9)	(46.9)	(48.2)	(49.7)	(51.1)	(53.9)	(56.4)

*Total revenue affected by negative interest resulting from lower balances than baseline budget.

Impact of Restoring Imposed Labor Cost Reductions

The impact of restoring any or all of the pay and benefit reductions imposed by the City as a result of court actions would be significant. Depending on court determinations, it is possible that pay reductions would be restored retroactively; such costs would then have to be added to the annual baseline budget going forward. How much this would ultimately cost depends on whether the City would be required to restore all pay and benefits for SPOA and SCEA. Additional potential cost increases not assumed in this projection are City contributions for employee health plans, currently capped, if the cap was to be removed. City contributions would then increase, and resume growing at the level of growth in medical premiums.

Table 4 assumes an annual increase of approximately \$15.3 million in pay and benefit reductions either previously imposed or excluded from the baseline budget during FY12-13, and \$1.2 million in each of the next two fiscal years, for a compounded total of \$18.3 million by FY14-15.

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These costs are not included in the baseline budget. Adding these payroll costs to the baseline budget with fiscal stabilization expenditures causes the net shortfall (before February’s corrective actions) to jump to \$21.2 million in FY11-12. This assumes \$12.5 million in back pay and benefits would have to be paid by the end of the current fiscal year, although actual resolution of the cases may take longer. This annual shortfall rises to \$41.2 million in FY12-13, and increases rapidly to \$88.5 million by FY20-21.

Table 4. General Fund Baseline + Fiscal Stabilization + Salary and Benefit Pay Restoration

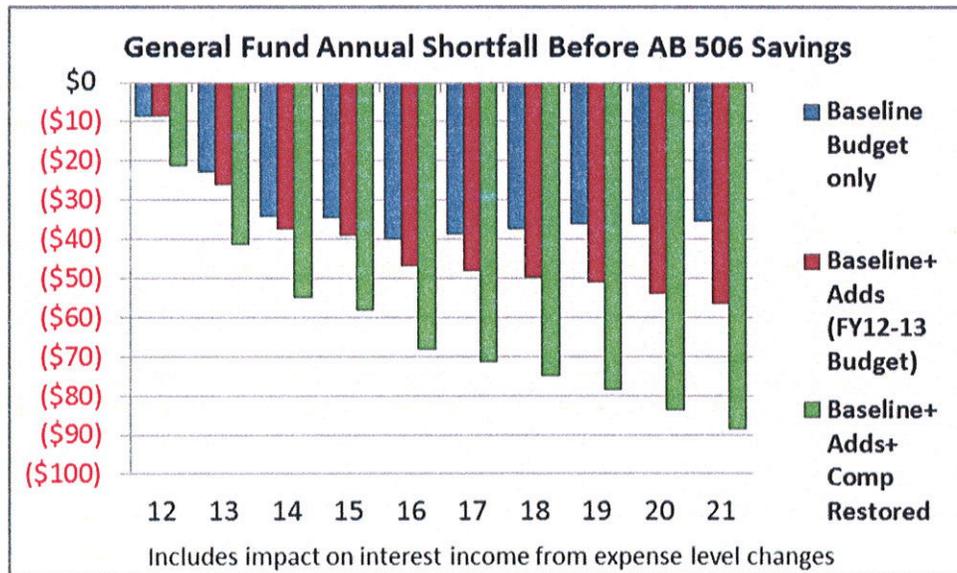
General Fund Baseline Expense With Restoration of Pay & Benefit Cuts Plus Fiscal Stabilization

(\$ in Millions)	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>
Baseline Expense	\$167.4	\$177.9	\$188.3	\$189.7	\$197.6	\$199.3	\$201.7	\$204.0	\$207.8	\$211.2
Pay/Benefits Restored	12.5	15.3	17.0	18.3	19.8	21.1	22.5	23.9	25.4	27.0
Fiscal Stabilization Expense	-	2.9	3.3	4.5	7.4	10.3	13.3	16.4	19.7	23.1
Total Expense	179.9	196.1	208.6	212.6	224.8	230.7	237.5	244.3	252.8	261.3
Total Revenue*	158.7	154.9	153.7	154.6	156.6	159.4	162.6	165.9	169.3	172.8
Net Annual Shortfall	(21.2)	(41.2)	(54.9)	(58.0)	(68.1)	(71.3)	(74.9)	(78.4)	(83.5)	(88.5)

*Total revenue affected by negative interest resulting from lower balances than baseline plus fiscal stabilization.

The following chart summarizes the three alternative levels of net annual shortfall facing the City in the AB 506 process.

Figure 3. Alternative General Fund Shortfall Levels



RESTRICTED FUNDS AND CASH BALANCES

The General Fund's resources are unrestricted with only some exceptions. It is the fund that pays for everything that is not required to be reported in other funds, including core services like Police, Fire, Public Works, Libraries and Recreation. Though other funds are solvent and can function normally, the General Fund is insolvent because we have not been able to meet our contractual obligations. Other funds that are restricted by law, grant or contract cannot provide resources to close a funding gap in the General Fund. Doing so and not repaying the funds with current year resources creates impermissible debt prohibited by the state constitution and violates the laws that limit use of restricted funds to specified purposes.

The City has over 200 individual accounting funds established to segregate revenues that are restricted by Federal, State or other sources for specific purposes. Restricted revenue sources include, as examples, water fees, gas tax, development impact fees, safety and transportation taxes, grants and special districts. Staff, in consultation with counsel and consultants, has prepared a detailed analysis explaining which City funds are unrestricted and available for operational use, and which are restricted. The analysis also identifies the source of restriction, whether statute, grant, or contract, each restricted fund.

The Governmental Accounting Standards Board (GASB) has recently updated the definitions of different types of funds:

- *General Fund* – To account for all financial resources not accounted for and reported in another fund.
- *Special Revenue Funds* – To account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.
- *Capital Projects Fund* - To account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
- *Debt Service Funds* - To account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- *Permanent Funds* - To account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizens.

Fund balances within each fund are classified as follows, depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Non-spendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)

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- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

A committed or an assigned fund balance in an unrestricted fund is a type of restriction which can be changed by the City Council. Those fund balances can be reassigned if they do not affect services critical to the health, safety and welfare of the community. In the actions approved on February 28, 2012, the City Council reassigned all unrestricted funds that it could consistent with its intent to maintain sustainable critical services.

The funds follow the previous GASB requirements and the revised definitions will be used for future reports. However, the revised definitions are helpful in understanding how funds are restricted and whether the City Council has the authority to change any restrictions.

Cash balances: Overall, the composite balance of the City's total cash and investment portfolio, as reported in the most recent financial statements for the year ended June 30, 2011, (currently being audited) was \$360 million. Of this balance, \$354 million was held in restricted funds (assessment districts, bonds, trust funds, special revenues, and tax measures), \$6 million was held in partially restricted funds and the General Fund had a negative balance of \$9,253. As of February 29, 2012, the General Fund cash balance grew to a negative \$2,078,545. While the City continues to hold significant cash and investment balances, the overwhelming majority are from restricted sources not available for general operations.

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Table 5 shows the City's cash balance progression as it continues to resolve revenue and expenditure issues.

Table 5. Restricted, Partially Restricted, and Unrestricted Cash Balances for June 2010, June 2011, and February 2012

Fund Type	Cash Balance		
	Jun 30, 2010	Jun 30, 2011	Feb 29, 2012
Restricted Funds	\$472,789,991	\$353,512,228	\$297,411,869
Partially Restricted	\$6,417,336	\$6,222,020	\$4,907,720
Unrestricted	\$2,263,158	(\$9,253)	(\$2,078,545)
Total	\$481,470,485	\$359,724,995	\$300,241,044

While unrestricted cash was a negative \$2.1 million at the end of February, the April property tax receipts, together with net operations over the ensuing four months and anticipated net short-term receivables, are projected to leave the General Fund with a zero available unrestricted fund balance as of June 30, 2012. This was the forecast provided to the City Council at its February 28, 2012 meeting, and that estimate has not changed.

LEGAL AND ACCOUNTING CONSIDERATIONS IN DETERMINING INSOLVENCY

The City is approaching the point where it could overspend its resources, creating impermissible debt. Unlike a private business, the diversity of restricted funding sources and resources affect the determination of what constitutes insolvency. Throughout the year, the General Fund of the City operates in some months with a deficit balance in the pooled cash and investments of the City. That deficit is alleviated twice a year when property tax installments are received in December and April. As long as the City has a positive available unrestricted fund balance equal to or greater than zero by the end of the fiscal year, those deficit pooled cash balances do not mean the City is cash insolvent. Generally speaking available unrestricted fund balances represent net current assets (essentially cash and current receivables minus current payables).

However, whenever a fiscal year end forecast results in a deficit available fund balance expenditure plans must be adjusted to prevent the City from ending the year in a deficit. If the negative amount can be managed with administrative actions, the Council does not need to act. However, several times this year, the Council was informed of potential available unrestricted fund balance deficits and took immediate action to make necessary adjustments. However, the actions approved on February 28, 2012 used up the last unrestricted reserves from various funds available to the City, resulting in a projected June 30, 2012 available unrestricted fund balance barely above zero. When no resources or acceptable service reductions can close a deficit gap the City would be cash insolvent.

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At that point the City could not approve spending under a budget plan that would create a deficit and would have to implement priority systems for limiting its obligations for services, supplies and personnel costs to make sure it did not violate the law.

Our projection of unrestricted available fund balance has not changed significantly from the February 28, 2012 report and we expect the City will have a zero available unrestricted fund balance at the end of the current fiscal year. The only reason the City will end the year with zero, rather than in a negative position, is that the City did not pay on some of its legal obligations. Such nonpayment resulted in legal action by an indenture trustee and the City's loss of possession of three parking garages, among other things. These breaches of legal obligations defer technical insolvency to allow the AB 506 process to continue because future revenues are not committed to cure the breaches. However, inability to meet its legal financial obligations is evidence the City is insolvent in FY 2011-2012 and FY 2012-2013.

Legal and accounting requirements limit the City's ability to raise or borrow money to close revenue shortfalls. Both the State constitution and the City Charter require the City to have a balanced budget at the beginning of each fiscal year. Proposition 13 limits property tax rates to 1% of fair market value, exclusive of voter-approved bonded indebtedness. Proposition 218, passed by the voters in 1996, requires that a majority of voters approve any new or increased general tax and that a two-thirds majority approve any new or increased special tax.

Further, the City cannot borrow the funds to make up a cash flow or revenue shortfall. Article XVI, Section 18 of the California Constitution prohibits California cities from incurring in any year a debt which they cannot pay from revenues attributable to the same year, absent two-thirds voter approval for borrowing beyond the fiscal year. In other words, each year's revenue must pay each year's expenditures. Given its current finances, the City cannot pay back a loan with unrestricted revenues attributable to FY12-13. Obtaining voter approval for new taxes or borrowing would be highly speculative under normal circumstances; it is even more uncertain given the City's historically high rates of foreclosures and unemployment, and the fact that we administer a uniquely generous retiree health program and are financially exposed to various litigation matters. Furthermore, it is simply too late to benefit FY 12-13.

Moreover, there are serious consequences for City officials who knowingly allow expenditure of restricted funds for unrestricted purposes, or allow expenditure of funds where there is insufficient money available to pay for such expenditures. The following excerpt from Municipal Bankruptcy: Avoiding and Using Chapter 9 in Times of Fiscal Stress clarifies and emphasizes this point:

In such a case, use of restricted funds in pooled cash could be a violation of the restrictions imposed on the special funds and therefore illegal. It is important to note that while municipal financial officers generally have immunity from personal liability for official acts that immunity does not necessarily extend to knowing violations of the law. Thus, a municipal finance officer should be very careful not to permit advances from restricted funds intra-year if he or she knows that the amounts cannot be restored from

budgeted revenues or reserves by the end of the fiscal year. It is very important for a municipality that appears to be headed for insolvency to monitor its cash position, particularly in the funds that are projected to go negative by the end of the fiscal year, so that it can determine when it will run out of funds to keep operations going.

A municipal official who requires or even permits employees to come to work if the official knows that the municipality will not be able to pay them may be violating state labor laws or committing common law fraud... For example, if an employee is paid from a municipality's general fund (and cannot be allocated to some other special restricted fund because the employee's duties do not support the special fund's activities), and the general fund budget position is such that, taking into account any available reserves, it will be unable to achieve at least a zero year-end balance without using legally restricted funds in pooled cash, the municipality could be faced with the choice of either breaking the law by using restricted funds for an impermissible purpose or by failing to pay contracted for wages after work has been performed. If either of these occurs with foreknowledge by the municipality's managers or governing body, normal governmental immunity for official acts may not protect such officials from personal liability.³

HOW DID WE GET HERE

The City of Stockton has suffered to a greater extent than most areas in the country from the effects of the "Great Recession," which has been compounded by the cumulative effects of poor decisions, management and accounting practices. The following is a brief recap of internal and external precipitating events which have led to the City's current financial crisis.

1) Unsustainable Retiree Health Benefits

In the 1990's, the City greatly expanded its retiree health insurance commitments to levels well beyond what other cities offered, but did not fund it in an actuarially sound basis. Annual pay-as-you-go costs for all funds total \$13.8 million (\$9.2 million for the General Fund) currently, and will double in ten years to \$27.4 million. In the past two years, annual costs have increased by \$1.5 million despite benefit restructuring that reduced the unfunded liability by \$100 million. Even with these steps, the unfunded liability for retiree health benefits remains at \$417 million, and there is no money set aside to pre-fund these obligations. If we were to properly fund these obligations, we would need to set aside 30 percent of payroll. This is roughly twice what we are budgeting for now. While \$417 million is the present day value of the City retiree medical benefits, in fact the actual projected expenditures over the next 60 years for claims alone is in excess of \$1.6 billion on a pay-as-you-go basis.

Of the approximately 2,400 City retirees, slightly fewer than 1,100 receive medical benefits. These 1,100 are the more recent retirees, the vast majority of whom retired with enhanced

³ Municipal Bankruptcy: Avoiding and Using Chapter 9 in Times of Fiscal Stress, by John Knox and Marc Levinson, 2009 by Orrick, Herrington & Sutcliffe LLP

pension benefits and whose pensions are on average twice as high as City retirees without retiree medical benefits. For these retirees, the City pays for the full premium for the retiree and one dependent. There is no cap on City costs for the retiree/dependent premium, and no minimum years of service are required to receive the benefit except for the SCEA and OE3 groups who have a requirement of 15 years of Stockton service. This benefit level is extremely rare in the state. We know it does not exist in the 16 cities that we surveyed. Starting in FY2013-14, the City will be spending more on health benefits for retirees than for current employees. Costs are predicted by the City's outside consultants to increase at an average of 9% annually over the next four years, and 6.9% over the next 10 years, including health premium increases and new retirees who remain eligible for the benefits.

2) Labor Contract Restructuring

In previous years, the City approved labor contracts that were neither transparent nor sustainable. Automatic salary increases were tied to other cities that were not reasonable comparisons to Stockton's labor market. The base salary used for comparison excluded many "additional pays" for longevity, education and specialty assignments, so that while base pay might not have appeared unreasonable, total compensation grew higher than the labor market. Premium pay, management of overtime and sick leave payouts at separation are very expensive and hinder the City's ability to meet its other obligations. Contracts restricted management's ability to reduce staffing levels or restructure service delivery.

As the financial picture worsened, most labor groups were willing to renegotiate closed contracts to reduce compensation and benefits over the labor market. However, the Stockton Police Officers Association (SPOA) and the Stockton City Employees Association (SCEA) were not willing to make these same changes, and the City Council had to declare two fiscal emergencies and impose concessions on these two groups that represent the majority of the City's employees. The emergency impositions are being challenged in court and at the Public Employment Relations Board (PERB) by SPOA and SCEA. The ultimate outcome in these matters has yet to be determined, but if labor groups succeed, an additional \$16 million will be added to the City's ongoing deficit, as well as another \$12.5 million in back pay, which has not been budgeted. Any back pay award would be added to the City's deficit projections.

3) Excessive Debt Burden (A Six-Fold Increase in General Fund and Related Debt Over Six Years)

The City incurred very large amounts of debt in the last decade to finance an ambitious plan for new public facilities and downtown improvement, including:

- \$13 million for housing projects at Hotel Stockton, Mercy Housing, Fremont Park (2003 Certificates of Participation)
- \$46 million for the events center/arena (2004 RDA Revenue Bonds)
- \$32 million for three parking garages and other capital projects (2004 Lease Revenue Bonds)

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- \$13.5 million for the Essential Services Building (completed in 2001 and refinanced by the 2006 Lease Revenue Bonds)
- \$11 million for marina improvements (2006 Dept of Boating & Waterways loan)
- \$40 million for a new City Hall (2007 Lease Revenue Bonds)
- \$35 million for a fire station, police communications center, parks and street improvements (2009 Lease Revenue Bonds)

The City assumed the hyper growth that was occurring in the housing sector would continue indefinitely, and that developer fees and property tax growth would provide sufficient revenue to meet these new obligations. As a result, the City “back loaded” some debt payment schedules that increased annual debt payments over time. In order to finance its new facilities, the City agreed to use the General Fund as backup security for bond repayment, even where other payments streams were available. In 2007, the City also took on \$125 million of pension obligation bonds in an effort to pay off an unfunded liability at a lower cost than PERS actuarial rates just before CalPERS sustained huge portfolio losses. It also lost a judgment to the Jarvis organization which requires the General Fund to make \$34 million in repayments to the Water and Wastewater funds over 30 years.

Before the economic downturn, the City took on additional risk by issuing variable rate bonds, and counting on significant rental income from the 400 E. Main building. Even as revenues began to decline significantly, the City issued its 2009 lease revenue bonds to provide funding for development related projects, counting on development impact fees from new development to cover the General Fund’s obligation to make debt service payments. With the collapse of the housing market, new construction stalled and assessed values plunged. The General Fund is consequently backfilling various bond obligations at a time when debt service increased nearly six-fold, from \$3 million in FY 2006-07 to \$17.2 million in FY 2012-13.

4) The Impact of National and State Economy Hit Hard Locally

The decline in the national and state economy or the Great Recession, beginning in 2007 and 2008, impacted the Central Valley particularly hard. Recovery has been and will continue to be slow. Stockton’s housing market has been among the hardest hit in the country, and increased activity or growth in this sector is not projected until 2017. The following are general indications of Stockton’s current economic environment:

- Stockton has the worst foreclosure rate in the U.S. with one out of every 60 homes at some stage of foreclosure.
- A nationwide study in 2011 of home loans ranked Stockton 2nd highest in loans “underwater” at 56% (second only to Las Vegas at 66%).
- The City currently ranks 3rd out of 306 metropolitan areas nationwide in magnitude of home value reduction over the past five years at 57.2%.

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- The median home price in February 2012 was \$118,500 (down from \$407,000 in December 2005).
- Total single-family housing starts in the Stockton metropolitan area averaged 150 new units per year over the three calendar years of 2009, 2010 and 2011, which is only 5% of the average 3,000 housing starts per year over the three pre-recession years of 2003, 2004 and 2005.
- Stockton's unemployment rate remains at 19.9%, almost two and one-half times the national rate of 8.2%, and almost double California's rate of 10.9%, and this does not consider the Stockton's percentage of "underemployed" workers which approaches 40%.

A major consequence of this economic decline is the impact on property tax revenues. The California property tax system is unusual in that annual assessed value adjustments are limited to the lesser of the change in the California consumer price index or two percent. An increase in the fair market value does occur upon a change in property ownership and new construction is assessed at a value established by the market sale. However, where changes in ownership result in a lower assessed value (which is typically the case in foreclosures and short sales) the new base is locked in at the lower value. Thus, the high rate of foreclosures in Stockton will penalize the City for years to come with lower property tax revenues and growth rates compared to cities with lower foreclosure levels.

5) Elimination of Redevelopment

In addition to suffering the adverse financial impacts of the housing crash, high unemployment and business losses, the City was required to eliminate its redevelopment agency last February. All cities in California were required to do so as a result of state legislation. Stockton's Redevelopment Agency (RDA) played a key role in downtown and urban renewal and constructing the infrastructure necessary to attract business and development.

As allowed under the redevelopment dissolution bill (AB 26), the City elected to become the successor agency to the RDA. The City made this decision in order to protect its interests in terms of debt management and disposition of real property. The City's General Fund backs the 2003 Housing COPs and the 2004 Arena bonds (it does not back the 2006 Strong Neighborhood Initiative bonds). An over-arching City debt management strategy requires consideration of these obligations, and the City elected to become the RDA successor agency in order to protect its interests in this regard. Additionally, the City owns many key pieces of property in downtown Stockton subject to liquidation under the dissolution bill.

As the RDA successor agency, the City plays a leadership role in managing property liquidation. While successor agency actions are subject to approval by a third-party oversight board, as successor agency, the City is in the position to analyze impacts and forward and forward recommendations to the oversight board. Due to the "waterfall" distribution of tax increment

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funds under the dissolution bill, there are no property tax increment revenues to cover staff costs associated with successor agency responsibilities.

While limited cost recovery is allowed under the dissolution bill (a minimum of \$250,000 per year for four years), there is simply not sufficient tax increment revenue to cover obligations with higher priority, including debt service and pass through payments, and successor agency costs. Therefore, these costs must be borne by the City's General Fund.

Tax increment revenue has plunged from \$25.6 million in FY 2008-09 to about \$9.3 million in FY 2012-13, a decline of 64% since the real estate markets collapsed. As of June 30, 2011 the RDA had a net pooled cash and investments deficit of \$3.9 million for all project areas. It is worth noting that the Agency's financial distress was exacerbated by the State's continued raid on tax increment. Over the last two years (FY 09-10 and FY 10-11), in addition to the regular payments the Redevelopment Agency was required to make to the State (totaling \$6.2 million), the State took a supplemental amount of \$11 million from the Redevelopment Agency.

The RDA overspent projects over the past four years and the resulting cash overdrafts were addressed through unauthorized working capital loans with the City that were not transparent. The North Stockton and Waterfront redevelopment produced a combined overdraft of over \$9 million, while other areas, including Midtown, South Stockton and Affordable Housing programs have surplus cash balances of almost \$6 million. The RDA's net cash position at June 30, 2011 is an overdraft of \$3.9 million. The February 28, 2012 City Council meeting authorized the adjustments necessary to eliminate the deficit. Despite this, the low tax increment will create ongoing burdens for the General Fund, given its (backup security) obligation to backfill the 2003 Housing Certificates of Participation (COPS) and 2004 Arena bonds.

6) Financial Adjustments

When new financial staff came to the City in 2010, a number of accounting errors were discovered that had accumulated from prior years. These were discussed at the February 28, 2012 City Council meeting and appropriate prior period adjustments were approved. These errors included double-counting parking citation cash, failure to write down as uncollectible accounts receivable dating back as long as ten years or more, and adjustments to wages payable and expenditures, which had the net effect of overstating General Fund available fund balance by \$3.8 million.

At the February 28th meeting, staff also provided updates regarding the FY10-11 and FY11-12 General Fund Available Balance. Table 6 summarizes the information provided at that time. The adjusted fund balances resulted in a projected net shortfall of \$15.2 million by June 30, 2012. The City took action to close the gap by making multiple transfers from available funds for the balance of this fiscal year, leaving the General Fund with a projected zero available fund balance at June 30, 2012. These actions included reallocating funds designated to move staff into the new city hall, reducing replacement funds for fleet and technology, and eliminating a popular arts endowment.

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Table 6. Projected General Fund Available Balance based on February 28, 2012 Actions
(\$ in 000)

6/30/10 balance previously reported in FY09-10 CAFR	\$1,101
Prior period adjustments (2/28/12 report)	<u>(3,795)</u>
6/30/10 balance restated	(2,694)
Net annual activity for FY10-11 previously reported	(379)
Net change in FY10-11 activity (2/28/12 report)	<u>(3,480)</u>
6/30/11 balance restated	(6,553)
Net annual activity for FY11-12 previously reported	-
Net change in FY11-12 activity (2/28/12 report)	<u>(8,653)</u>
6/30/12 balance before solutions	(15,206)
Council-adopted solutions (2/28/12)	<u>15,206</u>
6/30/12 balance after solutions	<u><u>-</u></u>

Structural Imbalance Continues and May Worsen

No one of these factors is the sole cause of the City's current financial crisis. Rather, the cumulative effect of all these factors created a financial environment which the City will be unable to address over time through growth. Past commitments have driven expenditures rapidly higher at the same time as the revenue gap has widened significantly. If ongoing revenues from 2009 grew at only 3% annually, the City would have \$208.5 million in General Fund revenue in FY 2012-13, instead of the \$154.9 million we expect, a gap of \$53.5 million. Meanwhile, retiree health costs are projected to increase by 115% over the next 10 years, and pension costs by 94%. Public safety grants are ending, forcing the General Fund to absorb \$6 million of costs by FY 2014-15. The City is being challenged through lawsuits that could force up to \$12.5 million in back pay and add back over \$18 million annually in personnel expense.

The City is ending the upcoming fiscal year with no reserves and faces a continuing structural imbalance between revenues and expenses of major proportions.

ACTIONS TO BALANCE BUDGET AND REDUCE COSTS

The City has already undertaken significant actions to balance the budget over the last two fiscal years, primarily through two strategies:

- The first included negotiating or imposing reductions in employee costs, which was intended to maintain as much staff as possible employed to provide critical, albeit reduced, services to the public.

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- The second has been to eliminate many City positions which did result in significant reductions to service levels provided to the community. Both FY10-11 and FY11-12 City budgets contained a Plan A (more staffing/service cuts than labor cost cuts) versus a Plan B (more labor cost cuts than staffing/service cuts). Both budgets were ultimately balanced by a combination of the two. The FY 11-12 budget was balanced with \$25 million in compensation reductions and \$12 million in staffing reductions, mainly in the Fire Department.

1) Labor Cost Reductions

The City's first steps to reduce pay and benefit costs started in 2008 with the imposition of furloughs. In the following years the City offered early retirement incentives, and as the fiscal situation grew more desperate, furlough hours grew, and planned salary increases were eliminated. In 2011 a large number of compensation reductions occurred which included cost-saving modifications to the medical plans and the City capped its contributions to employee medical premiums. Also the "Add Pays" such as longevity, educational incentive, and master office pay were eliminated or reduced, and employees paid higher contributions (7-9%) to CalPERS.

These cuts are governed by a 10-point "Action Plan for Fiscal Sustainability" adopted by the City Council on June 22, 2010. This policy guided subsequent labor negotiations, and consists of the following elements:

1. Reduce or eliminate "additional pay" categories; authorize only when absolutely essential to performing special job tasks; ensure all compensation packages are fully, accurately and simply costed.
2. No side letters or past practices will be binding unless approved in public by the City Council.
3. No wage adjustments will be based on automatic inflators or formulae.
4. Strive to have all labor agreements expire at same time, particularly with public safety unions.
5. Employees to make reasonable contributions to health coverage.
6. Health contributions to be based on lowest cost plan made available by the City.
7. Employees to pay the entire employee CalPERS contribution and cost-sharing agreements shall be negotiated to share the burden of City pension costs; a "second tier" pension benefit shall be negotiated for new hires.
8. Vacation use work rules to minimize overtime, limit accumulation of hours, and restrict cash-outs.

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9. Labor contacts to avoid inflexible staffing minimums and restrictions on management rights.
10. Bring overtime practice back in line with FLSA, minimize unneeded overtime.

The following highlights some of the changes either negotiated or imposed over the past four fiscal years for three of the largest employee groups:

Stockton City Employees Association: 2011 changes imposed via temporary imposed actions and subject to litigation challenges

- Furlough starting at 80 hours in FY08-09, increased to 96 hours in FY09-10, FY10-11 and FY11-12
- Forfeited COLAs of 2.5% at 7/1/10 and 2.5% at 7/1/11
- Employees pay Employee Share of CalPERS contribution, or 7% starting 8/1/11
- Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount in 2011.
- Temporary elimination of longevity 2.5% Add pay and 3% education incentive pay (2011)

Firefighters Union and Fire Management

- Elimination of COLAs: 3.68% for 7/1/08, 8.5% for 7/1/09, no COLAs through 6/30/12 (4.5-8.5%)
- Creation of second PERS tier for new hires (3%@55 in 2011)
- Employees pay PERS share of 9% starting 8/1/11
- Limits on numbers of staff qualifying for paramedic pay if not operationally required to act in that capacity (FY09-10)
- Eliminated minimum staffing requirements (FY11-12)
- Uniform allowance suspended in 2009, 50% reduction for 2010
- Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount
- Reduction of sick days from 15 to 12, reduction in vacation leave accruals, change in sick leave cash out at retirement, change in leave practice to reduce overtime in 2011
- Eliminate longevity vacation benefits 2011
- Eliminate tiller pay and unassigned paramedic pay for future employees 2011
- Eliminated longevity pay and grandfathered in current incumbents with a 2.5% reduction in longevity pay in 2011

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- Eliminated educational incentive benefit of 3% effective August 2011
- Agreed to waive all back pay damages from 2010 emergency actions

Stockton Police Officers Association: 2010 and 2011 changes imposed via Emergency temporary imposed actions and subject to litigation challenge

- 6.5% total furlough deduction for FY09-10, reduced to 3% starting FY10-11, FY11-12
- Waive 2.5% COLA for 7/1/09
- Reduce uniform allowance by 50% (FY09-10); COLA's in 2010 and 2011 temporarily suspended
- Suspension of 2% City deferred comp contribution and 2% City retiree medical savings plan contribution (FY10-11 and FY11-12)
- Temporary suspension of master officer 5% pay and 3% education incentive pay 2011
- Temporary suspension of longevity pay for new hires, temporary 5% reduction in Longevity Pay for incumbent employees 2011
- Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount
- Employees pay PERS share of 9% starting 8/1/11

2) Staffing Reductions

In addition to significant reductions in labor costs, the City has been forced to make severe reductions in staffing and services.

Table 7 below shows the major declines in City staffing levels since FY08-09, which include these overall staffing reductions:

- General Fund sworn police officers: 25% *(Note: Another 20 officers are paid by grants that expire at the end of FY11-12. The City must retain these positions for three years and the resulting funding gap is part of the General Fund shortfall.)*
- General Fund fire staff: 30%
- General Fund Non-Safety staff: 43%
- Total City staff 25%

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Table 7. City of Stockton Personnel Changes by Fund

City of Stockton Personnel by Fund					Chng frm	Percent
General Fund	<u>08-09</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>08-09</u>	<u>Change</u>
Police-sworn	398	312	292	300	(98)	-25%
Police-non sworn	232	207	199	185	(47)	-20%
Fire	253	265	226	177	(76)	-30%
Subtotal Safety	883	784	717	662	(221)	-25%
Public Works	163	78	59	62	(101)	-62%
Library	105	69	57	57	(48)	-46%
Recreation	46	32	27	26	(20)	-43%
Administration	157	123	125	123	(34)	-22%
Subtotal Non-Safety	471	302	268	268	(203)	-43%
Total General Fund	1,354	1,086	985	930	(424)	-31%
Other Funds						
Police-Grants	6	17	31	25	19	317%
Police-Measure W	28	23	20	20	(8)	-29%
Fire-Measure W	40	22	21	21	(19)	-48%
Fire-Emergency Communica	17	-	-	-	(17)	-100%
Development Services	98	53	50	42	(56)	-57%
Street Maint/Gas Tax*	24	65	66	64	40	167%
Other Special Rev/Districts	48	46	37	28	(20)	-42%
Enterprises	171	189	199	208	37	22%
Internal Service	100	83	84	82	(18)	-18%
Total Other Funds	532	498	508	490	(42)	-8%
Total All Funds	1,886	1,584	1,493	1,420	(466)	-25%

*Gas Tax absorbed employees shifted from General Fund

SERVICE REDUCTIONS

About 68% of General Fund expenditures are allocated to labor and most are for public safety (75.7% in FY 2011-12). As a result, Stockton has had to make reductions in police and fire services despite the fact that the City ranks low in median income and high in total crime rate.

The following factors highlight why the impact of these public safety reductions are more critical in Stockton than most other California cities:

- The City of Stockton has the highest total crime rate per capita for any city with a population of 100,000 or greater in California.
- While violent crime rates dropped 5.5% nationwide in 2010, they were up in Stockton, which ranked 10th in the U.S. with 13.81 violent crimes per 1,000 residents.

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- Despite this high service demand, budget cuts have reduced sworn police staffing from 1.52 per 1,000 residents in 2005 to 1.16 currently, the lowest ratio for cities over 250,000 population.
- The City has a lower level of sworn police staffing than has been recommended by industry standards or which is observed in other similar service settings. The 2006 Braga study recommended sworn officer staffing levels at 2.0 per 1,000 residents, which would require the addition of 248 police officers. At \$140,000 per position and assuming a minimal 30% overhead in support staff, equipment and supplies, this would cost \$48 million annually.
- The Fire Department responded to more than twice the number of fire calls of Fresno, Sacramento, or Oakland, each of which have a population of 50,000 -150,000 more in total population served and have more than twice the on-duty staffing.
- The Fire Department responded to 483 working structure fires last year, compared to 599 in the City of Fresno, 273 in the City of Oakland and 444 in the City of Sacramento. The City of Stockton has fewer than half the fire sworn staffing of the Cities of Fresno, Oakland, and Sacramento.
- AMR (the paramedic service provider in Stockton) exceeded its maximum emergency response time every 4 hours in the City of Stockton, compared to exceeding that response time criteria only every 70 plus hours in the cities of Lodi and Tracy.

Functional Service Reductions to Date

The following describes the service reductions and their impacts on the community that the City has been required to impose over the last two to three years.

Police Service Impacts: Low staffing levels have had the following significant impacts on safety for the community:

- Activation of a “condition blue” during times of peak activity where residents must use on-line or telephone reporting and depending on the type of report, the department may only respond to crimes-in-progress.
- Elimination of the School Resource Officer Program which puts the burden on school districts to provide funding for a law enforcement presence on campus. This has contributed to a rise in juvenile crime and gang membership.
- Reduction in gang and drug focused missions to only those funded with grants or outside agencies. Gang-related homicides have increased 525% in three years since the Gang Street Enforcement Team (GSET) was eliminated.
- Elimination of the Narcotics Enforcement Team resulted in an increase of drug trafficking within the City and also reduces the funds received through disposition of asset forfeiture proceeds. These proceeds are used to fund capital equipment and

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other one-time needs such as tactical gear, weapons and protective equipment critical to equipping sworn staff.

- Significant cutbacks to Proactive Policing Strategy has erased all progress made in the mid-2000s, returning the city to the high crime rates and overwhelming perception that the city is no longer a safe place to live, work or raise a family. A limited Proactive Policing Strategy is employed only on a case-by-case basis.
- Elimination of Police equestrian program and Downtown Bike Patrol, except by contract, has reduced the visible presence of law enforcement in the downtown core and at events. As a result, vagrants are returning to the downtown and several purse and jewelry snatchings have occurred. When the patrols were in effect, virtually no crimes of this nature were committed downtown, especially in broad daylight.
- Reduction of Community Service Officers has severely limited the ability of the Police Department to attend community meetings and respond to non-emergency accidents and calls for service including traffic control and parking enforcement (which has also reduced traffic violation revenue).
- Elimination of security camera monitoring has negatively impacted investigations as valuable “eyes in the sky” are no longer able to spot crimes in progress or follow pursuits in downtown and 66 other target areas in Stockton. There are also no assigned camera room personnel to download recorded camera footage. Note: As this goes to print, the Council just approved two retired officers to operate a fraction of the cameras starting in June. However, this is not specifically budgeted.

Fire Service Impacts: Sworn staffing has been reduced from 225 total sworn positions at the beginning of FY10-11 to the current level of 181 for a total reduction of 54 positions, a reduction of nearly 32% in the past 24 months. Staffing on each piece of equipment has been reduced by one person per company, with truck companies currently staffed at four persons, and engine companies staffed with three personnel. In addition, one fire station and one engine company have closed due to the reduced staffing plan.

These reductions have had the following major service impacts on the community:

- Reduction in the number of trucks assigned in the northern half of the City, which increases the response time for a second truck company, when required, on all structure fires. This results in delays in the fundamental execution of certain truck assignments on working structure fires, such as ventilation and the establishment of a Rapid Intervention Crew (RIC). The RIC is a required element of a safe interior fire attack, as required by OSHA, when an immediate rescue is not present. Often referred to as the ‘two-in, two-out’ rule, a firefighting crew should not enter an environment that is hazardous to life and health, without a two person crew in a position to rescue the interior crew. A fourth engine company has been assigned to first alarm assignments for structure fires for the initial manpower to more effectively initiate essential tasks before the fires get too large.

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- Increase in response times for engines located outside of the Fire Station One area by 1-3 minutes on average and an average increase in 5 to 7 minutes to residents and businesses within in the Fire Station One area. Even longer response times may be incurred as available engine or truck companies may be coming from a further distance due to the significant and ongoing emergency response load in the Fire Department's response area generally.

Planning and Development Services Impacts: The steep decline in building activity forced the City's Development Services Fund to eliminate 57% of its staff, with 45 of the 56 positions cut in FY09-10. The reduction in development activity and the inability of the General Fund to provide financial support for modern permit issuance (the current system is 20 years old) and property record systems results in significant customer service impacts, critical to the City's economic development objectives. These include:

- Increased Permit Center wait times
- Lack of online land use and building permit research
- Inability to submit applications or plans electronically

Public Infrastructure and City Facility Impacts: The City has been unable to dedicate sufficient dollars of regular and periodic maintenance of the city's public infrastructure or facilities for many years. The General Fund proposes to contribute just \$1,575,000 in FY12-13 to capital improvements, with no funding programmed in the succeeding four years of the proposed 5-year Capital Improvement Program.

While not a complete list, the following illustrates the magnitude of the deferred maintenance and capital investment:

- *Vehicles:* The replacement backlog is \$8.5 million, with 172 units past their useful life.
- *Trees:* About \$3.1 million is needed to bring the urban forest up to an acceptable standard, with an additional \$3.5 million is needed annually to provide proper maintenance.
- *Roadways:* Approximately \$10 million per year is needed to maintain the City's roadways in their current condition; the City's current street maintenance program allocates only \$2 million per year. The current condition can be quantified using a Pavement Condition Index (PCI) which provides an overall rating between 0 and 100 of the entire pavement in a community. The current PCI for Stockton is 66, which while in the middle of the fair range, will degrade 2 to 3 points per year. If the network is allowed to deteriorate, repairs become more expensive as cost effective maintenance strategies are no longer feasible.
- *Parks:* About \$12 million would be required to bring play areas, park furnishings, irrigation systems, buildings, courts, ball fields, and flatwork up to a standard level, able to be maintained in the future.

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- **City Facilities:** The proposed program to provide critically needed improvements to City Hall includes \$7 million to replace the roof, replace the HVAC system, and update interior finishes. For a complete renovation, the cost is likely double that amount (\$14 million). Other City facilities would require \$6+ million to catch up on maintenance, not including about \$7 million for roof repair alone.

Library Service Impacts: A significant reduction in operating resources has led to diminished customer services and literacy programs in City of Stockton libraries. Broad outcomes of such reductions include fewer public programs, fewer books and library materials available to the public and long wait times for materials that are available. Specific reductions in library services include:

- Reduction of open hours by 48% in City of Stockton libraries.
- Closure of the Fair Oaks library.
- Reduction of Mobile Library hours by 50%.
- Reduction in books and materials by 50% over the last six years, which severely impacts the ability to acquire new format materials, e.g., digital books.
- Suspension of Homework Center Grants offered to elementary and middle school students with low grade point averages and limited opportunities which put them at educational risk.

Community Program Service Impacts: As a result of the elimination of 15 full-time positions and an 80% reduction in part-time hours, Recreation programs have experienced significant service reductions including:

- Partial Closure of the McKinley Community Center in 2009. Most of the recreation programs were moved to other community centers, so residents have to travel further to participate in these recreation opportunities.
- Reduction in operating hours at all other community centers of 20%.
- Fewer recreational classes.
- Decrease in operational hours at the Pixie Woods amusement park and Oak Park Senior Center.
- Consolidation of After School Program (ASP) sites resulting in reduced programs for at-risk youth.

These service impacts have been required just to get the City to the point of a zero available fund balance at the end of the current fiscal year. Because of these actions, the City entered the AB 506 Mediation process with service levels that were already decidedly *below industry standards*, provided by a depleted work force which has incurred significant compensation reductions.

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Possible Future Reductions

As part of the analysis leading up to the February 28, 2012 City Council action authorizing the commencement of the AB 506 Mediation process, City departments were asked to submit reduction plans to demonstrate the reductions that would have been necessary in order to balance the budget absent such an action. The scope and depth of the service impacts were severe and would have resulted in the elimination of essential community services, posing a safety risk to the community.

An average of 15% in department service reductions across the organization would be required to achieve \$20 million in expenditure savings. While detailed in an attachment to the February 28 staff report, the following summarizes the scope of what would have been required and the impact of a 15% reduction in the areas of public safety and the city's infrastructure as these represent almost 80% of City expenditures.

Service Impacts If Further Police and Fire Future Reductions: A 15% reduction in public safety services (Police and Fire) would result in:

- Elimination of all 30 Community Services Officers, 64 sworn officers and a range of support staff in the Police Department. Police Officers would only be able to respond to the most serious violent crimes in progress. The number of cases investigated would be reduced to only those mandated and significantly lengthen the time to solve crimes. It would require near outright elimination of all special teams including Mobile Field Force. The department would be unable to provide basic traffic control for events or attend any neighborhood meetings. Animal Services and Graffiti Abatement would be eliminated. Significant reductions to records and telecommunications staff would result in dispatching delays and a reduction of public hours for customer service.
- Elimination of three fire engines and one fire truck, and the elimination of 41 sworn firefighter positions. The immediate impact would be extensive delays in response times that would, in most cases, exceed 10 minutes at a minimum due to simultaneous call volume and extensive response times. Call loads at periodic times during the day could make over half the City exceed the 4-minute response time, the current goal of department. Serious reduction in mandatory training required to maintain skill levels and excessive amounts of overtime to train on off-duty days due to emergency call workloads. Discontinuation of fire inspections currently conducted by suppression personnel putting the community and businesses at higher risk. Mandatory fire inspections would likely have to be conducted through additional staff or through overtime. An increase in an already high level of worker injuries due to increased call volumes.
- Increase in the contract and cost of AMR (paramedic services), if even possible, due to the need to augment emergency medical responses. The levels of emergency medical response in Stockton impacts local hospitals who occasionally have to close their emergency rooms due to an overload, which then results in tying up AMR resources who must augment hospital emergency room staff.

Impacts If Further Maintenance, Infrastructure and City Facilities Reductions: The FY 2011-12 General Fund allocation to Public Works was approximately \$7.1 million. This funding is used for routine and reactive maintenance of parks, trees, and facilities. In the absence of a substantive capital maintenance program, the demand for routine maintenance will grow as infrastructure becomes older and prone to breakdown. Any further reductions will only hasten the deterioration resulting from deferred maintenance and require much larger investments in the future.

February 28, 2012 Actions Approved by the City Council

Notwithstanding all of the service and compensation reductions, and as a result of new staff thoroughly reviewing our accounting practices, the City was faced with a restated FY 2010-11 deficit of \$6.5 million and a projected FY 2011-12 deficit of \$8.7 million, which created a projected shortfall of \$15.2 million in the General Fund as of June 30, 2012.

To address that shortfall, the City Council on February 28, 2012 approved multiple transfers of available funds from unrestricted sources and suspended debt payments from unrestricted funds for the balance of the current fiscal year. Almost all of these transfers were reserves accumulated by the affected programs for strategic reasons, such as equipment replacement. Despite having four months left in the fiscal year with no reserves, these actions were taken to avoid an uncontrolled insolvency or default.

The transfers made were as follows:

- Reallocate Library fund balance and cancel selected capital projects (\$721,000)
- Draw Measure W reserves through additional staff allocations (\$1.2 million)
- Reallocate the 400 E. Main operating reserves and amount appropriated for moving City Hall to that building (total \$2.5 million)
- Reallocate Entertainment Venues fund balance (\$570,000)
- Reallocate unencumbered General Capital Projects fund balance and cancel most if not all projects not yet in progress (\$798,000)
- Reallocate \$6.0 million in Internal Services Fund balances for Vehicles, Pension, Unemployment and LTD/Life Insurance
- Cancel and take back \$1.3 million endowment from the Arts Commission
- Cancel debt service payments totaling \$2.0 million due to be paid before 6/30/12, which constituted Events of Default on the part of the City.

In addition, the Council ratified actions taken by the City Manager under the fiscal emergency resolution to temporarily suspend annual vacation sellback, cash payoffs of vacation leave, and vacation leave, sick leave and holiday leave hours paid at separation to City employees.

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Organization and Community at Risk

As discussed at the February 28, 2012 City Council meeting, our employees and the Stockton business and residential community who rely on City services have borne the entire brunt of budget restructuring efforts to date. As an organization, we are critically concerned about our ability to recruit and retain employees, who are relied upon to deliver even a basic level of service to a community that needs more than that to position itself for a sustainable future.

The City must now turn to other paths, entities and strategies to pursue relief and develop a sustainable course. The only alternative is more radical service reductions in public safety, which we believe would pose significant risk to the community. We believe material reductions in active employee compensation will harm the capacity of the City to provide services. Another option would be to ask for tax increases. Even if voters would approve such a proposal, it is too late to benefit FY 12-13 and we don't believe they should be asked to fix the entire problem. The City must first explore other alternatives, and get our fiscal house in order.

More importantly, as shown in the long-term budget forecast, the problems the City face are so severe that neither increasing taxes or cutting services, even if implemented aggressively, are enough to mitigate the situation and make Stockton a viable city. Focusing only on current revenues and expenditures avoids a large source of the problem – debt and other contractual liabilities – that can only be addressed through the AB 506 mediation process and/or chapter 9 bankruptcy proceedings.

AB 506 MEDIATION PROCESS

The AB 506 process (Government Code Sections 53760-53760.7), which became effective January 9, 2012, provides for a confidential neutral mediation process as a precondition to or in lieu of (if successful) filing a chapter 9 petition. The goal of AB 506 is to avoid bankruptcy court by achieving a negotiated solution to a city's financial challenges with the same parties that would otherwise be involved in a chapter 9 case. On February 28, 2012 the City Council approved entering into an AB 506 process. Ralph Mabey, a former bankruptcy judge, law professor and widely respected bankruptcy lawyer, was jointly selected by the City and the participants. The mediation process is underway.

The AB 506 process is an intense and complex one that is being used only by the Cities of Stockton and Mammoth Lakes. It includes a long list of interested parties with whom the City attempts to forge a successful restructuring process in a very compressed period of time that will need to generate a significant amount of savings. The AB 506 process requires a significant amount of coordination of staff, attorneys, consultants and outside parties, and generation of financial information and analysis.

The AB 506 mediation process is confidential pursuant to State law. Therefore the proposals to the interested parties for savings to the City's General Fund cannot be disclosed. The proposals

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made are based on the City's critical need to make significant changes in the City's cost structure to move the City toward health and sustainability. To the extent the savings realized through AB 506 are less than the projected shortfall from the baseline budget with fiscal stabilization expenses, closing the remaining shortfall and re-establishing a reserve will require additional budget cuts or new revenues. However, further expense reductions will exacerbate the current level of service delivery insolvency.

REVENUE OPTIONS

Revenue increases, except in limited instances involving fees, require voter approval. A general tax requires a simple majority of the voters and a specific tax would require two-thirds of the voter's approval. Depending on the level and/or type of tax increase, deficits could be erased while maintaining current service levels, which are considered unacceptable by most of Stockton. A case could be made for higher tax increases to improve service levels, which will ultimately be needed to move Stockton forward. Our budget modeling indicates that an increase in the sales tax of .5% to the authorized local maximum of 1%, plus an increase in the Utility Users Tax by approximately 2% would be necessary for the City to approach minimum service level solvency.

However, obtaining approval for tax increases in the current environment may not be feasible due to the uncertain economy and until the community has confidence that the City has developed budget discipline with a sound fiscal sustainability plan in place. We believe the electorate would not support new taxes given our litigation risks and the costs of our current retiree health program. At a minimum, this will require restructuring of obligations pertaining to labor, retirees, debt and other contracts and claimants. Once the City of Vallejo got their fiscal house in order, their citizens just barely approved a general tax increase.

CONTINGENCY OPTION: AUTHORIZATION TO SEEK CHAPTER 9 BANKRUPTCY, IF THE AB 506 MEDIATION PROCESS DOES NOT RESOLVE THE CITY'S FINANCIAL CHALLENGES

Because the City will be cash insolvent on the first day of the next fiscal year (July 1, 2012) absent severe cuts risking the health, safety and welfare of residents or a successful AB 506 mediation, staff recommends that the City Council approve a resolution now authorizing the City Manager to file a petition seeking protection under chapter 9 of the United States Bankruptcy Code if the mediation process does not cure the City's insolvency on or before June 25, 2012. This delegated authority is similar to an advanced health care directive or what you might do when we are in the midst of labor negotiations. You might authorize the imposition of our last best offer into the future, but you also direct staff to continue negotiations. It's only when negotiations fail, do I have the authority to implement the bankruptcy step. This authority will not be exercised unless certain things take place. We will continue to negotiate with our creditors with the goal of avoiding a chapter 9 filing.

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The General Fund is expected to deplete its available reserves as of June 30, 2012. No viable General Fund budget has been identified for the fiscal year beginning July 1, 2012, within the bounds of the City's existing contractual commitments. Absent appropriations from a State constitutional and City charter requirement for a balanced budget, the General Fund will not have the legal authority to continue services after July 1.

Purpose of Chapter 9 Bankruptcy

Chapter 9 is a remedy of last resort for cities that, after attempting to do so in good faith, cannot pay or renegotiate their debts as they come due. Just as with an individual (chapter 7 bankruptcy) or a corporation (chapter 11) which owes more than it can pay, chapter 9 provides a city with breathing room by giving it relief from its creditors until it can adjust its debts through a comprehensive plan that must be approved by the federal bankruptcy court. Bankruptcy will not create new revenue. However, it will allow the City to take actions contrary to existing contractual obligations for the purpose of allowing continued General Fund operations.

A chapter 9 filing, if approved, would allow the City to do the following:

- Enable the City to continue to operate and provide services to its residents by freezing certain pre-filing debts until a plan of adjustment can be negotiated and approved.
- Enjoin enforcement actions against the City by its creditors, whose current obligations cannot be paid due to the City's inadequate resources.
- Provide the City and its creditor constituencies time to negotiate settlements which will provide long-term stability.

Background regarding chapter 9 bankruptcy is provided in Attachment A, which is reprinted from a publication entitled "Bankruptcy Basics" on the website maintained by the Administrative Office of the United States Courts, and may be found at www.uscourts.gov. The mechanics of a bankruptcy filing are fairly straightforward. The City will file a petition requesting an order from the bankruptcy court affirming that it is eligible for chapter 9 relief, i.e., that it is truly bankrupt and should be allowed to take advantage of the protections of the Bankruptcy Code. This petition will be supported by sworn declarations by City personnel, which will serve as evidence of the City's eligibility.

Stockton would not be the first California city to seek chapter 9 protection. Approximately four years ago, the City of Vallejo filed a chapter 9 petition before the start of FY08-09, when it otherwise would have been insolvent. Before Vallejo, the need for chapter 9 relief usually arose from a one-time financial catastrophe—a large legal judgment against a small city, for example. Vallejo was the first major California city to file a bankruptcy case because it was become *structurally* insolvent, squeezed by unsustainable expenses and stalled revenues to the point that it burned through all its reserves and its budget could not be balanced without chapter 9 relief.

Vallejo's experience starkly highlights both the positive and negative aspects of a bankruptcy filing, and offers lessons for Stockton. On the positive side, its chapter 9 case enabled Vallejo to significantly restructure labor and debt contracts that were otherwise unsustainable. It reduced long term obligations by over one hundred million dollars. Several key legal issues of first impression were decided in Vallejo's favor, decisions which will provide helpful guidance to Stockton. On the other hand, Vallejo's bankruptcy case was long and very expensive, in large part because litigation of the many new issues involved consumed millions of dollars. Additionally, Vallejo's bankruptcy was only one case; it did not conclusively determine every aspect of chapter 9 law. A different bankruptcy judge might either decide some issues raised in Vallejo differently or decide novel legal issues against the City. Further, a chapter 9 filing likely will be expensive. However, Stockton's debilitating long term obligations approach \$1 billion. Relief from such obligations can greatly improve the City's viability. Furthermore, even if the AB 506 fails to produce a global settlement, the amount of time and data shared with our creditors will hopefully put us ahead of Vallejo (time in bankruptcy) if we were to make a chapter 9 filing. Despite these risks, absent some alternative resolution to its fiscal crisis, the City's current financial condition may, if AB 506 is not successful in sufficiently restructuring the City's obligations, require the filing of a bankruptcy petition because the City will have no other alternative.

State Auditor's Report

As noted above, five teams of auditors from the State Controller's Office have projects underway examining Gas Tax reporting, Redevelopment Agency issues, Federal funds passed through the State and State grants and revenues, mandated state program costs for domestic violence reporting and internal and administrative controls. Periods under examination range from Fiscal 2001 through Fiscal 2010. We have been aware that there have been serious issues with financial reporting and management since the summer of 2011 and have committed countless hours to identifying and remedying problems. We are committed to addressing problems identified by any source as soon as possible.

Some observers appear to believe that the results of the State Controller's audit (or our independent audit) will produce reports that indicate that additional resources will be found to address the resource constraints that have made the City insolvent. However, the State Controller's audit focuses on conditions and reporting that ranges from two to eleven years old. Their audit will not result in new resources being available to solve the City's General Fund problem going forward.

The preliminary results of our own independent CPA's audit examination have not resulted in findings that would increase available unrestricted fund balances. Insolvency is a problem now and depends on our forecasts of future results. The grave situation facing the City now and next year leave no doubt about the City's solvency. The hard work and analysis of our staff indicate that there are no undiscovered or undisclosed pools of resources that could address the City's ongoing structural deficit. We expect improved revenues this year to offset unexpected costs through the end of this year but those resources are far short of the

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accumulated obligation resulting from imposed compensation concessions and bond defaults. We can project a small positive unrestricted available fund balance only if the liabilities associated with existing defaults and impositions are ignored.

City Operations during a Chapter 9 Bankruptcy Case (Pendency Plan)

Even though filing a chapter 9 petition would place the City within the jurisdiction of a federal court, the bankruptcy court lacks the authority to interfere with “the political or governmental powers” of the City of “any of the property or revenues” of the City. This limitation on the court’s power is unique to chapter 9 cases. It means that the City retains autonomy over its finances and operations throughout the bankruptcy case.

The bankruptcy court may decide issues such as whether the City is eligible for bankruptcy and whether its plan of adjustment (exit plan) satisfies the requirements of the Bankruptcy Code, but it cannot interfere with the City’s day-to-day operations. Instead, the City will continue to operate and will deliver what services it can to its residents within available resources. Since it is by definition insolvent, it must adopt a budget (referred to as a Pendency Plan in chapter 9) that will serve as its day-to-day roadmap until the bankruptcy court approves the long-term plan of adjustment which will comprehensively restructure the City’s debts and set the City on the path to solvency. Staff is preparing a proposed Pendency Plan, and anticipates that it will be brought before the City Council later this month before a potential chapter 9 filing, if AB 506 is unsuccessful.

CONCLUSION

The City’s financial situation is serious and all of the steps being taken now – including the AB 506 process – are essential. However, the City must plan for a contingency in the event that AB 506 is unsuccessful. That contingency is filing chapter 9. We respectfully recommend that the City authorize the contingency option of filing a chapter 9 case in light of the unacceptability of further, significant service reductions if the AB 506 process fails to result in sufficient restructuring of obligations to render the City solvent.

Respectfully Submitted,

BOB DEIS
CITY MANAGER

Attachment A - Bankruptcy Basics

ATTACHMENT A: Bankruptcy Basics: United States Courts

<http://www.uscourts.gov/FederalCourts/Bankruptcy/BankruptcyBasics/Chapter9.aspx>

Municipality Bankruptcy

The chapter of the Bankruptcy Code providing for reorganization of municipalities (which includes cities and towns, as well as villages, counties, taxing districts, municipal utilities, and school districts).

The first municipal bankruptcy legislation was enacted in 1934 during the Great Depression. Pub. L. No. 251, 48 Stat. 798 (1934). Although Congress took care to draft the legislation so as not to interfere with the sovereign powers of the states guaranteed by the Tenth Amendment to the Constitution, the Supreme Court held the 1934 Act unconstitutional as an improper interference with the sovereignty of the states. *Ashton v. Cameron County Water Improvement Dist. No. 1*, 298 U.S. 513, 532 (1936). Congress enacted a revised Municipal Bankruptcy Act in 1937, Pub. L. No. 302, 50 Stat. 653 (1937), which was upheld by the Supreme Court. *United States v. Bekins*, 304 U.S. 27, 54 (1938). The law has been amended several times since 1937. In the more than 60 years since Congress established a federal mechanism for the resolution of municipal debts, there have been fewer than 500 municipal bankruptcy petitions filed. Although chapter 9 cases are rare, a filing by a large municipality can— like the 1994 filing by Orange County, California—involve many millions of dollars in municipal debt.

Purpose of Municipal Bankruptcy

The purpose of chapter 9 is to provide a financially-distressed municipality protection from its creditors while it develops and negotiates a plan for adjusting its debts. Reorganization of the debts of a municipality is typically accomplished either by extending debt maturities, reducing the amount of principal or interest, or refinancing the debt by obtaining a new loan.

Although similar to other chapters in some respects, chapter 9 is significantly different in that there is no provision in the law for liquidation of the assets of the municipality and distribution of the proceeds to creditors. Such a liquidation or dissolution would undoubtedly violate the Tenth Amendment to the Constitution and the reservation to the states of sovereignty over their internal affairs. Indeed, due to the severe limitations placed upon the power of the bankruptcy court in chapter 9 cases (required by the Tenth Amendment and the Supreme Court's decisions in cases upholding municipal bankruptcy legislation), the bankruptcy court generally is not as active in managing a municipal bankruptcy case as it is in corporate reorganizations under chapter 11. The functions of the bankruptcy court in chapter 9 cases are generally limited to approving the petition (if the debtor is eligible), confirming a plan of debt adjustment, and ensuring implementation of the plan. As a practical matter, however, the municipality may consent to have the court exercise jurisdiction in many of the traditional areas of court oversight in bankruptcy, in order to obtain the protection of court orders and eliminate the need for multiple forums to decide issues.

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Eligibility

Only a "municipality" may file for relief under chapter 9. 11 U.S.C. § 109(c). The term "municipality" is defined in the Bankruptcy Code as a "political subdivision or public agency or instrumentality of a State." 11 U.S.C. § 101(40). The definition is broad enough to include cities, counties, townships, school districts, and public improvement districts. It also includes revenue-producing bodies that provide services which are paid for by users rather than by general taxes, such as bridge authorities, highway authorities, and gas authorities.

Section 109(c) of the Bankruptcy Codes sets forth four additional eligibility requirements for chapter 9:

1. the municipality must be specifically authorized to be a debtor by state law or by a governmental officer or organization empowered by State law to authorize the municipality to be a debtor;
2. the municipality must be insolvent, as defined in 11 U.S.C. § 101(32)(C);
3. the municipality must desire to effect a plan to adjust its debts; and
4. the municipality must either:
 - obtain the agreement of creditors holding at least a majority in amount of the claims of each class that the debtor intends to impair under a plan in a case under chapter 9;
 - negotiate in good faith with creditors and fail to obtain the agreement of creditors holding at least a majority in amount of the claims of each class that the debtor intends to impair under a plan;
 - be unable to negotiate with creditors because such negotiation is impracticable; or
 - reasonably believe that a creditor may attempt to obtain a preference.

Commencement of the Case

Municipalities must voluntarily seek protection under the Bankruptcy Code. 11 U.S.C. §§ 303, 901(a). They may file a petition only under chapter 9. A case under chapter 9 concerning an unincorporated tax or special assessment district that does not have its own officials is commenced by the filing of a voluntary "petition under this chapter by such district's governing authority or the board or body having authority to levy taxes or assessments to meet the obligations of such district." 11 U.S.C. § 921(a).

A municipal debtor must file a list of creditors. 11 U.S.C. § 924. Normally, the debtor files the list of creditors with the petition. However, the bankruptcy court has discretion to fix a different time if the debtor is unable to prepare the list of creditors in the form and with the detail required by the Bankruptcy Rules at the time of filing. Fed. R. Bankr. P. 1007.

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Assignment of Case to a Bankruptcy Judge

One significant difference between chapter 9 cases and cases filed under other chapters is that the clerk of court does not automatically assign the case to a particular judge. "The chief judge of the court of appeals for the circuit embracing the district in which the case is commenced [designates] the bankruptcy judge to conduct the case." 11 U.S.C. § 921(b). This provision was designed to remove politics from the issue of which judge will preside over the chapter 9 case of a major municipality and to ensure that a municipal case will be handled by a judge who has the time and capability of doing so.

Notice of Case/ Objections/ Order for Relief

The Bankruptcy Code requires that notice be given of the commencement of the case and the order for relief. 11 U.S.C. § 923. The Bankruptcy Rules provide that the clerk, or such other person as the court may direct, is to give notice. Fed. R. Bankr. P. 2002(f). The notice must also be published "at least once a week for three successive weeks in at least one newspaper of general circulation published within the district in which the case is commenced, and in such other newspaper having a general circulation among bond dealers and bondholders as the court designates." 11 U.S.C. § 923. The court typically enters an order designating who is to give and receive notice by mail and identifying the newspapers in which the additional notice is to be published. Fed. R. Bankr. P. 9007, 9008.

The Bankruptcy Code permits objections to the petition. 11 U.S.C. § 921(c). Typically, objections concern issues like whether negotiations have been conducted in good faith, whether the state has authorized the municipality to file, and whether the petition was filed in good faith. If an objection to the petition is filed, the court must hold a hearing on the objection. *Id.* The court may dismiss a petition if it determines that the debtor did not file the petition in good faith or that the petition does not meet the requirements of title 11. *Id.*

If the petition is not dismissed upon an objection, the Bankruptcy Code requires the court to order relief, allowing the case to proceed under chapter 9. 11 U.S.C. § 921(d).

Automatic Stay

The automatic stay of section 362 of the Bankruptcy Code is applicable in chapter 9 cases. 11 U.S.C. §§ 362(a), 901(a). The stay operates to stop all collection actions against the debtor and its property upon the filing of the petition. Additional automatic stay provisions are applicable in chapter 9 that prohibit actions against officers and inhabitants of the debtor if the action seeks to enforce a claim against the debtor. 11 U.S.C. § 922(a). Thus, the stay prohibits a creditor from bringing a mandamus action against an officer of a municipality on account of a prepetition debt. It also prohibits a creditor from bringing an action against an inhabitant of the debtor to enforce a lien on or arising out of taxes or assessments owed to the debtor.

Section 922(d) of title 11 limits the applicability of the stay. Under that section, a chapter 9 petition does not operate to stay application of pledged special revenues to payment of indebtedness secured by such revenues. Thus, an indenture trustee or other paying agent may apply pledged funds to payments coming due or distribute the pledged funds to bondholders without violating the automatic stay.

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Proofs of Claim

In a chapter 9 case, the court fixes the time within which proofs of claim or interest may be filed. Fed. R. Bankr. P. 3003(c)(3). Many creditors may not be required to file a proof of claim in a chapter 9 case. For example, a proof of claim is deemed filed if it appears on the list of creditors filed by the debtor, unless the debt is listed as disputed, contingent, or unliquidated. 11 U.S.C. § 925. Thus, a creditor must file a proof of claim if the creditor's claim appears on the list of creditors as disputed, contingent, or unliquidated.

Court's Limited Power

Sections 903 and 904 of the Bankruptcy Code are designed to recognize the court's limited power over operations of the debtor.

Section 904 limits the power of the bankruptcy court to "interfere with – (1) any of the political or governmental powers of the debtor; (2) any of the property or revenues of the debtor; or (3) the debtor's use or enjoyment of any income-producing property" unless the debtor consents or the plan so provides. The provision makes it clear that the debtor's day-to-day activities are not subject to court approval and that the debtor may borrow money without court authority. In addition, the court cannot appoint a trustee (except for limited purposes specified in 11 U.S.C. § 926(a)) and cannot convert the case to a liquidation proceeding.

The court also cannot interfere with the operations of the debtor or with the debtor's use of its property and revenues. This is due, at least in part, to the fact that in a chapter 9 case, there is no property of the estate and thus no estate to administer. 11 U.S.C. § 902(1). Moreover, a chapter 9 debtor may employ professionals without court approval, and the only court review of fees is in the context of plan confirmation, when the court determines the reasonableness of the fees.

The restrictions imposed by 11 U.S.C. § 904 are necessary to ensure the constitutionality of chapter 9 and to avoid the possibility that the court might substitute its control over the political or governmental affairs or property of the debtor for that of the state and the elected officials of the municipality.

Similarly, 11 U.S.C. § 903 states that "chapter [9] does not limit or impair the power of a State to control, by legislation or otherwise, a municipality of or in such State in the exercise of the political or governmental powers of the municipality, including expenditures for such exercise," with two exceptions – a state law prescribing a method of composition of municipal debt does not bind any non-consenting creditor, nor does any judgment entered under such state law bind a nonconsenting creditor.

Role of the U.S. trustee/bankruptcy administrator

In a chapter 9 case, the role of the U.S. trustee (or the bankruptcy administrator in North Carolina or Alabama) (1) is typically more limited than in chapter 11 cases. Although the U.S. trustee appoints a creditors' committee, the U.S. trustee does not examine the debtor at a meeting of creditors (there is no meeting of creditors), does not have the authority to move for appointment of a trustee or examiner or for conversion of the case, and does not supervise the

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administration of the case. Further, the U.S. trustee does not monitor the financial operations of the debtor or review the fees of professionals retained in the case.

Role of Creditors

The role of creditors is more limited in chapter 9 than in other cases. There is no first meeting of creditors, and creditors may not propose competing plans. If certain requirements are met, the debtor's plan is binding on dissenting creditors. The chapter 9 debtor has more freedom to operate without court-imposed restrictions.

In each chapter 9 case, however, there is a creditors' committee that has powers and duties that are very similar to those of a committee in a chapter 11 case. These powers and duties include selecting and authorizing the employment of one or more attorneys, accountants, or other agents to represent the committee; consulting with the debtor concerning administration of the case; investigating the acts, conduct, assets, liabilities, and financial condition of the debtor; participating in the formulation of a plan; and performing such other services as are in the interest of those represented. 11 U.S.C. §§ 901(a), 1103.

Intervention/Right of Others to be Heard

When cities or counties file for relief under chapter 9, there may be a great deal of interest in the case from entities wanting to appear and be heard. The Bankruptcy Rules provide that "[t]he Secretary of the Treasury of the United States may, or if requested by the court shall, intervene in a chapter 9 case." Fed. R. Bankr. P. 2018(c). Further, "[r]epresentatives of the state in which the debtor is located may intervene in a chapter 9 case." Id. In addition, the Bankruptcy Code permits the Securities and Exchange Commission to appear and be heard on any issue and gives parties in interest the right to appear and be heard on any issue in a case. 11 U.S.C. §§ 901(a), 1109. Parties in interest include municipal employees, local residents, non-resident owners of real property, special tax payers, securities firms, and local banks.

Powers of the Debtor

Due to statutory limitations placed upon the power of the court in a municipal debt adjustment proceeding, the court is far less involved in the conduct of a municipal bankruptcy case (and in the operation of the municipal entity) while the debtor's financial affairs are undergoing reorganization. The municipal debtor has broad powers to use its property, raise taxes, and make expenditures as it sees fit. It is also permitted to adjust burdensome non-debt contractual relationships under the power to reject executory contracts and unexpired leases, subject to court approval, and it has the same avoiding powers as other debtors. Municipalities may also reject collective bargaining agreements and retiree benefit plans without going through the usual procedures required in chapter 11 cases.

A municipality has authority to borrow money during a chapter 9 case as an administrative expense. 11 U.S.C. §§ 364, 901(a). This ability is important to the survival of a municipality that has exhausted all other resources. A chapter 9 municipality has the same power to obtain credit as it does outside of bankruptcy. The court does not have supervisory authority over the amount of debt the municipality incurs in its operation. The municipality may employ

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professionals without court approval, and the professional fees incurred are reviewed only within the context of plan confirmation.

Dismissal

As previously noted, the court may dismiss a chapter 9 petition, after notice and a hearing, if it concludes the debtor did not file the petition in good faith or if the petition does not meet the requirements of chapter 9. 11 U.S.C. § 921(c). The court may also dismiss the petition for cause, such as for lack of prosecution, unreasonable delay by the debtor that is prejudicial to creditors, failure to propose or confirm a plan within the time fixed by the court, material default by the debtor under a confirmed plan, or termination of a confirmed plan by reason of the occurrence of a condition specified in the plan. 11 U.S.C. § 930.

Treatment of Bondholders and Other Lenders

Different types of bonds receive different treatment in municipal bankruptcy cases. General obligation bonds are treated as general debt in the chapter 9 case. The municipality is not required to make payments of either principal or interest on account of such bonds during the case. The obligations created by general obligation bonds are subject to negotiation and possible restructuring under the plan of adjustment.

Special revenue bonds, by contrast, will continue to be secured and serviced during the pendency of the chapter 9 case through continuing application and payment of ongoing special revenues. 11 U.S.C. § 928. Holders of special revenue bonds can expect to receive payment on such bonds during the chapter 9 case if special revenues are available. The application of pledged special revenues to indebtedness secured by such revenues is not stayed as long as the pledge is consistent with 11 U.S.C. § 928 [§ 922(d) erroneously refers to § 927 rather than § 928], which ensures that a lien of special revenues is subordinate to the operating expenses of the project or system from which the revenues are derived. 11 U.S.C. § 922(d).

Bondholders generally do not have to worry about the threat of preference liability with respect to any prepetition payments on account of bonds or notes, whether special revenue or general obligations. Any transfer of the municipal debtor's property to a noteholder or bondholder on account of a note or bond cannot be avoided as a preference, i.e., as an unauthorized payment to a creditor made while the debtor was insolvent. 11 U.S.C. § 926(b).

Plan for Adjustment of Debts

The Bankruptcy Code provides that the debtor must file a plan. 11 U.S.C. § 941. The plan must be filed with the petition or at such later time as the court fixes. There is no provision in chapter 9 allowing creditors or other parties in interest to file a plan. This limitation is required by the Supreme Court's pronouncements in *Ashton*, 298 U.S. at 528, and *Bekins*, 304 U.S. at 51, which interpreted the Tenth Amendment as requiring that a municipality be left in control of its governmental affairs during a chapter 9 case. Neither creditors nor the court may control the affairs of a municipality indirectly through the mechanism of proposing a plan of adjustment of the municipality's debts that would in effect determine the municipality's future tax and spending decisions.

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Confirmation Standards

The standards for plan confirmation in chapter 9 cases are a combination of the statutory requirements of 11 U.S.C. § 943(b) and those portions of 11 U.S.C. § 1129 (the chapter 11 confirmation standards) made applicable by 11 U.S.C. § 901(a). Section 943(b) lists seven general conditions required for confirmation of a plan. The court must confirm a plan if the following conditions are met:

1. the plan complies with the provisions of title 11 made applicable by sections 103(e) and 901;
2. the plan complies with the provisions of chapter 9;
3. all amounts to be paid by the debtor or by any person for services or expenses in the case or incident to the plan have been fully disclosed and are reasonable;
4. the debtor is not prohibited by law from taking any action necessary to carry out the plan;
5. except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan, each holder of a claim of a kind specified in section 507(a)(1) will receive on account of such claim cash equal to the allowed amount of such claim;
6. any regulatory or electoral approval necessary under applicable nonbankruptcy law in order to carry out any provision of the plan has been obtained, or such provision is expressly conditioned on such approval; and
7. the plan is in the best interests of creditors and is feasible.

11 U.S.C. § 943(b).

Section 943(b)(1) requires as a condition for confirmation that the plan comply with the provisions of the Bankruptcy Code made applicable by sections 103(e) and 901(a) of the Bankruptcy Code. The most important of these for purposes of confirming a plan are those provisions of 11 U.S.C. § 1129 (i.e., § 1129(a)(2), (a)(3), (a)(6), (a)(8), (a)(10)) that are made applicable by 11 U.S.C. § 901(a). Section 1129(a)(8) requires, as a condition to confirmation, that the plan has been accepted by each class of claims or interests impaired under the plan. Therefore, if the plan proposes treatment for a class of creditors such that the class is impaired (i.e., the creditor's legal, equitable, or contractual rights are altered), then that class's acceptance is required. If the class is not impaired, then acceptance by that class is not required as a condition to confirmation. Under 11 U.S.C. § 1129(a)(10), the court may confirm the plan only if, should any class of claims be impaired under the plan, at least one impaired class has accepted the plan. If only one impaired class of creditors consents to the plan, plan confirmation is still possible under the "cram down" provisions of 11 U.S.C. § 1129(b). Under "cram down," if all other requirements are met except the § 1129(a)(8) requirement that all classes either be unimpaired or have accepted the plan, then the plan is confirmable if it does not discriminate unfairly and is fair and equitable.

The requirement that the plan be in the "best interests of creditors" means something different under chapter 9 than under chapter 11. Under chapter 11, a plan is said to be in the "best

interest of creditors" if creditors would receive as much under the plan as they would if the debtor were liquidated. 11 U.S.C. § 1129(a)(7)(A)(ii). Obviously, a different interpretation is needed in chapter 9 cases because a municipality's assets cannot be liquidated to pay creditors. In the chapter 9 context, the "best interests of creditors" test has generally been interpreted to mean that the plan must be better than other alternatives available to the creditors. See 6 COLLIER ON BANKRUPTCY § 943.03[7] (15th ed. rev. 2005). Generally speaking, the alternative to chapter 9 is dismissal of the case, permitting every creditor to fend for itself. An interpretation of the "best interests of creditors" test to require that the municipality devote all resources available to the repayment of creditors would appear to exceed the standard. The courts generally apply the test to require a reasonable effort by the municipal debtor that is a better alternative for its creditors than dismissal of the case. *Id.*

Parties in interest may object to confirmation, including creditors whose claims are affected by the plan, an organization of employees of the debtor, and other tax payers, as well as the Securities and Exchange Commission. 11 U.S.C. §§ 901(a), 943, 1109, 1128(b).

Discharge

A municipal debtor receives a discharge in a chapter 9 case after: (1) confirmation of the plan; (2) deposit by the debtor of any consideration to be distributed under the plan with the disbursing agent appointed by the court; and (3) a determination by the court that securities deposited with the disbursing agent will constitute valid legal obligations of the debtor and that any provision made to pay or secure payment of such obligations is valid. 11 U.S.C. § 944(b). Thus, the discharge is conditioned not only upon confirmation, but also upon deposit of the consideration to be distributed under the plan and a court determination of the validity of securities to be issued.

There are two exceptions to the discharge in chapter 9 cases. The first is for any debt excepted from discharge by the plan or order confirming the plan. The second is for a debt owed to an entity that, before confirmation of the plan, had neither notice nor actual knowledge of the case. 11 U.S.C. § 944(c).

At any time within 180 days after entry of the confirmation order, the court may, after notice and a hearing, revoke the order of confirmation if the order was procured by fraud. 11 U.S.C. §§ 901(a), 1144.

RESOLUTION NO. 2012-06-05-1501

STOCKTON CITY COUNCIL

RESOLUTION CONTINGENTLY AUTHORIZING THE FILING OF A PETITION UNDER CHAPTER 9 OF THE UNITED STATES BANKRUPTCY CODE

The City Council (the "Council") of the City of Stockton (the "City") has determined that the City faces an immediate and severe fiscal crisis and that it is or likely will become unable to meet its financial obligations as and when those obligations are due or become due and owing; and

Government Code sections 53760 through 53760.7 (collectively, the "Act") establish a confidential neutral evaluation process that the City and certain interested parties (as defined in the Act) (the "Interested Parties") are using to attempt to reach a mediated and negotiated resolution of their disputes in order to avoid the need for the City to seek relief pursuant to Chapter 9 of the United States Bankruptcy Code; and

By Resolution No. 2012-1502-03 adopted on February 28, 2012, the Council determined that it was in the best interests of the City, its citizens, employees, creditors, and Interested Parties to promptly commence a confidential neutral evaluation process pursuant to the Act, and delegated to the City Manager and his delegees the power to negotiate on the City's behalf with those Interested Parties who elected to participate in the Act's neutral evaluation process, with any agreements reached in the mediation subject to final approval by this Council; and

The City Manager initiated the neutral evaluation process on February 29, 2012, which process initially was scheduled to expire on May 26, 2012, pursuant to Government Code section 53760.3(r); and

On March 27, 2012, the City and the Interested Parties selected former United States Bankruptcy Judge Ralph Mabey to serve as the neutral evaluator, and have been negotiating actively and in good faith; and

On or around May 21, 2012, a majority of the Interested Parties elected to extend the neutral evaluation process by an additional 30 days until June 25, 2012, pursuant to Government Code section 53760.3(r); and

City Atty
Review 
Date May 20, 2012

Despite the pending neutral evaluation process, given the City's dire financial condition and taking into consideration the advice of City staff and counsel, the Council has determined that it is in the best interests of the City to delegate to the City Manager and his delegees the power to file a petition for protection under Chapter 9 of the United States Bankruptcy Code, should he determine that the neutral evaluation process has not resolved the City's financial and solvency issues prior to the end of the current fiscal year; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

Section 1. Findings. The foregoing recitals are true and correct and this Council hereby so finds and determines. The Council hereby makes the following additional findings:

(a) On February 28, 2012, the Council adopted Resolution Nos. 12-1502-01, 12-1502-02, and 12-1502-03, in which the Council found that the City's financial condition was continuing to deteriorate and adopted certain actions. The Council reiterates and reaffirms its findings and actions contained in Resolution Nos. 12-1502-01, 12-1502-02, and 12-1502-03.

(b) Based on the analysis provided by City staff and counsel, the Council determines that without restructuring of the City's financial obligations through either the neutral evaluation process or through a Chapter 9 bankruptcy case, the City will be insolvent on June 30, 2012, the end of the current fiscal year, and in the fiscal year that begins on July 1, 2012.

(c) The Council determines that services provided to the community have fallen to unacceptably low levels due to prior budget reductions, and that further cuts would reduce services to levels that would endanger the health, safety, and welfare of the community.

Section 2. Authorization To File Chapter 9 Petition.

(a) As a contingency option should the City Manager determine that the neutral evaluation process has not resolved the City's pending disputes with creditors and its solvency issues, the Council hereby resolves that a petition for protection under Chapter 9 of the United States Bankruptcy Code shall be filed.

(b) The City Manager, or his delegee, is hereby authorized and directed, on behalf of and in the name of the City, to execute and verify such petition and cause the same to be filed with the United States Bankruptcy Court, Eastern District of California, Sacramento Division.

(c) The City Manager and all other appropriate officials and employees of the City are hereby authorized to execute and file all petitions, schedules, lists, and other papers, and to take any and all actions which they shall deem necessary and

proper in connection with said Chapter 9 case, and with a view to the successful completion of such case.

Section 3. Other Actions. The City Manager, City Attorney, Chief Financial Officer, City Clerk, and other appropriate officers of the City, each acting alone, are authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

Section 4. Effectiveness. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED June 5, 2012


ANN JOHNSTON
Mayor of the City of Stockton

ATTEST:


BONNIE PAIGE
City Clerk of the City of Stockton





Summary of Pendency Plan Changes for Employees

Date: June 16, 2012

1. Furloughs.

All Units but Fire/Fire Mgt. Propose for FY 12/13 and FY 13/14, a 96 hour furlough (62 hours for POA) in both years be implemented. The City has had a 96-hour (62 hr. for POA) for a number of years. This furlough would be implemented in same manner as FY11/12 furlough. For non 24-hour operations closure would be in December each year.

Savings in FY 12/13 and 13/14	\$4,737,086, \$ 2,676,319 GF
Savings in FY 14/15	none

2. POA. Making permanent all the 2011 and 2010 compensation and benefit changes temporarily imposed in emergency actions. Effective July 1, 2012

- Elimination of 2010 and 2011 raises
- Elimination of 3% Education Incentive Pay
- Elimination of 5% of POA Longevity pay
- Elimination of 5% Master Officer Pay
- Employees pay own PERS payment of 9%
- Cap on City contribution to medical plan
- Change in medical benefit design in Modified Plan.
- Elimination of City payment for Retiree Medical Trust 2%
- Change in uniform allowance to \$950
- POA def. comp payment (2010 and 2011) 2%

Savings \$10,418,752 All, \$8,843,326 GF

Not included in baseline so not additional savings for deficit reduction

3. SCEA. Making permanent all the 2011 compensation and benefit changes temporarily imposed in emergency actions. Effective July 1, 2012

- Elimination of 2.5% 2011 Cola raise
- Elimination of 3% Ed. Incentive Pay
- Elimination of 2.5% Longevity Pay
- Employees Pay own PERS payment of 7%
- Cap in city's contribution for medical plan
- Change in medical benefits design in Modified Plan

Savings FY11/12	\$ 5,315,538 All, \$3,015,581 GF
FY 12/13	\$7,917,427 All, \$3,524,119 GF
FY 13/14	\$7,917,427 All, \$3,524,119 GF

Not included in baseline so not additional savings for deficit reduction

4. B and C and SCEA only. Eliminate all new cost of living salary increases and deferred compensation increases provided for in current MOU in FY 2012/13, FY 13/14

Savings	FY 12/13	\$1,128,000, \$518,000 GF
	FY13/14	\$533,000, \$238,000 GF

5. POA, SPMA, OE3 Trades. B and C and SCEA. Propose structural changes to reduce future costs that were previous made in 2011 for Fire, Fire Mgmt., Operations, and Water Sup. And Unrepresented groups.)

- Change/reduce vacation accruals, establish maximum caps and annual cash outs to same as other units
- Reduce number of sick leave days from 15 to 12,
- POA, SPMA and SCEA only .New Retirement Tier for new hires. The new tiers are 3@55 for safety and 2@62 for miscellaneous with no additional benefits added (B and C and Trades already agreed in 2011)
- POA and SCEA only. Eliminate all forms of retiree medical for all employees hired 7/1/11 same as other units. (SPMA, B and C and Trades has already agreed in 2011)
- Trades, B and C and SCEA only. Eliminate City paid salary supplement for employees on workers compensation. (OE3 Operations and Water Sup. already agreed).

Most of savings from these changes are long term or is limiting growth of current liabilities. There is 2-3% cost savings from retirement change as new hires are made. There is an immediate savings of approximately \$300,000, \$150,000 GF from eliminating salary supplement to workers compensation.

Savings There is not an identified dollar savings to these changes in FY 12/13 except for Workers Compensation salary supplement, which is
Savings \$ 300,000 All, \$150,000 GF

6. Eliminate Longevity Pay grandfathered over 2 years. Propose in FY 12/13 that 50% of pay is eliminated July 1, 2012 and the balance is eliminated on July 1, 2013.

These unions agreed to eliminate Longevity Pay going forward but the parties agreed that incumbents currently receiving it would keep it. Fire, Fire Mgt. and Unrep. Police and Fire longevity was reduced by 2.5% as well for incumbents.

<u>Units</u>	<u>Current Costs</u>
Unrep.	\$80,016 \$37,927 GF
Unrep Police 7.5%	\$20,202 \$20,202 GF

- | | | | | | | | | | | | |
|--|-----------------------------|---------|-----------------------|---------|-----------------------|---------|--|-----------|-----------------------|------|----------------------|
| Savings | \$146,543 All, \$131,112 GF | | | | | | | | | | |
| <ul style="list-style-type: none"> • Eliminate Paramedic Pay for Fire Mgt. 3%. <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td style="text-align: right;">\$37,484, \$37,484 GF</td> </tr> </table> • Reduce Paramedic Pay. Reduce 11% Add Pay to 9%. <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td style="text-align: right;">\$59,086, \$52,941 GF</td> </tr> </table> • Paramedic Pay for unassigned captains. Change to unassigned rate. <p style="margin-left: 40px;">Savings. No savings, dept. head indicates will make all of them assigned.</p> • Adm. Assignment Pay. Reduce current pay to 10%. <p style="margin-left: 40px;">City pays 19.67% (6.3% from 2011 to fix 40-hour workweek, 10% in MOU and 3.33 not in MOU).</p> <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td></td> </tr> <tr> <td style="text-align: center;">Fire Mgt.</td> <td style="text-align: right;">\$24,255, \$12,474 GF</td> </tr> <tr> <td style="text-align: center;">Fire</td> <td style="text-align: right;">\$68,968, \$54,474GF</td> </tr> </table> • Continuing Ed. Pay as overtime. <p style="margin-left: 40px;">Add language to control cost by requiring approval of Chief before costs incurred.</p> <p style="margin-left: 80px;">Savings may already have been achieved</p> | | Savings | \$37,484, \$37,484 GF | Savings | \$59,086, \$52,941 GF | Savings | | Fire Mgt. | \$24,255, \$12,474 GF | Fire | \$68,968, \$54,474GF |
| Savings | \$37,484, \$37,484 GF | | | | | | | | | | |
| Savings | \$59,086, \$52,941 GF | | | | | | | | | | |
| Savings | | | | | | | | | | | |
| Fire Mgt. | \$24,255, \$12,474 GF | | | | | | | | | | |
| Fire | \$68,968, \$54,474GF | | | | | | | | | | |

10. POA. Reduce Add Pays over labor market

- | | | | | | | | |
|---|----------------------|---------|----------------------|---------|----------------------|---------|--------------------|
| Savings | none | | | | | | |
| <ul style="list-style-type: none"> • Eliminate PERS credit for Prof. Growth • Motorcycle Add pay 6.9%. (Paid as OT) Reduce by 3.9% <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td style="text-align: right;">\$49,708 \$43,246 GF</td> </tr> </table> • SWAT Add pay 4.3% (paid as OT). Reduce by 1.3% <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td style="text-align: right;">\$34,758 \$30,240 GF</td> </tr> </table> • Eliminate \$2 a month City payment for legal defense fund for all employees. <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;">Savings</td> <td style="text-align: right;">\$7,608 \$7,056 GF</td> </tr> </table> | | Savings | \$49,708 \$43,246 GF | Savings | \$34,758 \$30,240 GF | Savings | \$7,608 \$7,056 GF |
| Savings | \$49,708 \$43,246 GF | | | | | | |
| Savings | \$34,758 \$30,240 GF | | | | | | |
| Savings | \$7,608 \$7,056 GF | | | | | | |

11. All units. City Paid Life Insurance. Reduce face value amount of life insurance for all groups to \$50,000 only (\$50k is federal limit for not taxed Life insurance benefit)

Savings. \$190,546 All, \$158,788 GF

12. All units City Paid LTD.

- All Units on City Plan. Change 30 day waiting period to 90 days. Current cost rate (does not include fire, fire mgt. and POA) is 1.35% of payroll.

Savings. \$388,752 All , \$194,376 GF

- POA, Fire and Fire Mgmt. not on City LTD Plan. Change how LTD is paid for Fire, Fire Mgmt. and POA by making payment not be part of salary. Instead of these groups being on City Plan, City pays \$17 a month for Fire/ Fire Mgmt. and \$20 a month for POA as salary. Employees then pay for own LTD plan. Because City pays this as salary it must also pay full roll up on these amounts. City cost for benefit is \$113,352 but additional roll up costs adds \$68,000 to City’s costs. Change back to previous practice of making separate non-salary payments for LTD.

Savings \$52,709All, \$48,554 GF

- SPMA . Cap City contribution for LTD at rate in effect 7/1/12

Savings None, avoids increases in future

12. Unrep. Mgmt. and B and C. Eliminate lifetime medical insurance benefit for family of deceased employees.

The City has been providing a full lifetime paid medical to the family of management employees who die while employed. There is no minimum years of service the employee has to have worked for Stockton to qualify for this benefit, the death does not have to be job related and there are no rules about how the benefit is administered (spouse still gets it if remarried). No agencies provide this. This elimination does not apply to safety employees who die in the line of duty. That benefit is a state requirement and is regulated by state law. The City is reimbursed by the State of California for those costs for safety employees. Current cost for non-safety \$45,000 a year.

Savings Costs included in retiree medical plus future avoidance of new costs

13. All units. Holidays

- **Reduce number of holidays by 1 to survey average.**

POA based on paid holidays	\$119,562	\$104,019 GF
SPMA based on holidays paid	\$ 16,480	\$16,480 GF
Fire/Fire Mgt. reduction in salary for holiday	\$ 197,884	\$178,095 GF
POA standby on holidays reduced.		Not able to calculate
POA overtime on extra holiday worked?		Not able to calculate
All other units.	No dollar savings but 8 hours increased productivity.	
Total savings	\$333,926	\$298,594 GF

- **Eliminate language in MOUs that automatically make as City holidays any days declared by governor or president as holidays.** Most agencies either do not have this language or they require City Council ratification. (Already removed by Fire and Fire Mgt.)

Savings

Future cost avoidance

- **Clarify that the hour value of 1 holiday is 8 hours of paid time off. Change all language that is in conflict with this. Eliminate language that grants higher number of hours for holidays such as for 9 hour, 10 hour and 24 hour work days**

Savings Not able to calculate, but increased productivity by reduction of excess holiday hours being granted. Will also reduce overtime costs when employees work holidays

15. All units except for OE3 Trades. Payment of Unused Sick Leave at separation. Eliminate Cash Out of unused sick leave hours at separation. City has app. \$20 million liability of hours on books as of 6/2011. Employees retiring retain ability to get PERS service credit for unused sick leave hours.

Savings

\$1,638,883 \$1,294,717 GF

16 All units. Family sick leave use.

- **Reduce available sick leave hours for family illness from current of all hours available to state required amount of 50% of annual accrual of sick leave.** City allows most units to use all or majority sick leave hours for family use. State law and vast majority of survey agencies limit it to 50% of annual earned sick leave of 12 days a year. Cost of family sick leave is \$935,449 in 2010/11 not including OT to cover for absences.

**Savings not known since we don't know individual usage
Likely reduce abuse in individual situations.**

- **Change Definitions of family in sick leaves to be consistent in all units.** Inconsistent definitions in MOUs make administration difficult.

Savings.

None but adds consistency of application

17. All units. Control sick leave abuse.

Make changes to MOU language to give departments tools to control abuse. Eliminate requirement that departments can only ask for doctors note after 3 consecutive days off.

Sick leave use average in 2010/11 was 101 hours or 12.6 days per employee of the 15 days they were earning each year. Highest use is Fire at 250 hrs. (Up from 142 in previous year). Abuse reported in newspaper. Departments cannot ask for proof of sick unless employee has been off 3 consecutive days.

Savings not known. Depends on how depts. Better manage time off.

18. All units. Vacation Pay at separation. Propose that for a period ending July 1, 2014, employees who leave before that date will receive a payout of leave balances as follows: 1/3rd or \$10,000 whichever is greater at separation, 1/3rd or \$10,000 whichever is greater at 1 year from their separation date and the balance at 2 years from their separation date.

Savings None, cash flow

19. All units. Workers compensation.

Propose change in past practice/MOUs to allow for City designated doctors for workers compensation illness or injury unless the employee has pre designated before illness or injury.

Savings. Not able to calculate. Any savings would be in WC fund.

20. Overtime.

Implement changes to compensation or practices that impact amount of OT paid or are over market. Current city overtime costs app. \$10 million in 2011

- **All units. Change time off hours paid for jury duty to actual hours from part/full day minimum**

Savings. Not able to estimate/ increased productivity.

- **All units. Change to calculation of how overtime is paid to federal statutory required hours worked (excluding furloughs) rather than City MOU agreement of all hours paid.**

Change will reduce costs of overtime and will also make it more difficult to abuse overtime. Savings estimated from payroll at at \$250,000 POA, Fire at least \$150,000, others not sure. Difficult to calculate actual savings with current payroll system.

Savings \$400,000, \$380,000 GF

- **Fire and Fire Mgt. Units. Change FLSA Fire 7 K exemption from 28 day work week period schedule to 24 day work week period.**

Fire works a 56-hour workweek and under FLSA can use a longer workweek period than 7 days to calculate when Overtime is owed to an employee. Some times with Fire schedules part of their normal work hours ends up having to be counted as overtime hours under FLSA even with the longer FLSA allowed period. Several years ago the Fire dept. changed the fire work schedules but did not change the language in the MOU regarding the FLSA work period. Cost savings is an estimate.

Savings \$30,000, \$27,000 GF

Note, This was the Fire Chiefs proposal and estimate of savings , He is now asked that it be removed and he will take cut in his budget to cover.

- **POA /SPMA. Change Call Back minimums to 2.45 hours.**

Call back is the minimum number of hours the employee will get paid when they are required to return to work for overtime. Currently 2.45 hours is minimum for SCEA, O and M and other groups except for SPMA and POA, which is 3 hours.

Savings cannot be calculated at this time. Due to City’s record keeping not sure how much of time listed is just the Call Back minimum versus actual hours worked, so not sure how to estimate actual savings from POA and SPMA. Costs in 2010/11 were \$1,750,000 for Call Back for these two groups.

Savings. Not able to calculate with available records

- **POA. Change Call Back minimum number of hours paid for Court appearances to 3 hours.**

POA’s MOU also provides a separate Call Back minimum for court appearances on days off. Current minimums are between 3 hours to 7 hours. This is over the survey average of 2.25 hours and most other agencies do not have a different call back for court. With current record keeping not able to calculate actual savings of change. Current POA costs for court related Call Back is \$350,000 a year.

Savings Estimate \$35,416, \$33,114 GF.

- **All units. Eliminate double payment of Call Back Paid Time, Regular Over Time and Standby Pay. Discontinues practice of paying Standby Pay for hours that are being paid as overtime or Call Back.**

Currently City employees on “Standby” continue to get “Standby Pay” when they are actually called back to work and are being paid overtime pay for the same hours. Current city wide Standby Pay is \$520,000 a year (\$240,000 in POA). Cannot tell from city records how much Standby is being paid on current hours where Overtime is also being paid. Assuming 10% reduction in Standby Pay.

Savings \$52,837, \$24,481GF

- **All units. Standby Pay. Change Standby Pay rate to fixed hourly rate rather than number of hours at individual employee hourly rate plus Add Pays per standby shift. Change rate to \$3 an hour for all units.**

Cost City wide \$520,000. POA gets 1 hour of pay for the 14 hours off duty during workday and 3.3 hrs. (Or 5 on holidays) for 24 shifts. SCEA gets 4 hours for 24 hrs. Prorated .OE3 units get 2 hrs. for every 8 hours and 6 hours for a 24 hour shift

Stockton rate for Police Officer is on average \$3 an hour for the standby during the workweek and \$5.82 hr. for days off, \$8.75 for holidays. O and M Hourly rate for standby is around \$6.57 an hour and Water Sup is \$8.61 an hour.

POA regular standby.	No savings anticipated, cost avoidance in the future	
POA day off/weekend standby 51% reduction	\$85,000	\$72,250 GF
OE3 55% reduction in rate savings	\$ 130,000	0 GF
Total Savings	\$215,000	\$72,250 GF

- **POA. Eliminate compensation for hire backs and special assignments at OT rate.** Regular rules on overtime would apply.

Savings. Nothing seems to be charged to this but this may be due to record keeping.

- **All units. Eliminate all payment of overtime that exceeds time and a half.** Currently some MOU's provide for double time and a half for work on weekends and holidays.

Savings. Not able to estimate due to payroll reporting records

21. POA and Fire. City Paid Union release time over labor market

- **Eliminate City paid union leave time of 400 hours POA, 500 hours Fire per year.**

Savings Not able to determine. This time is not tracked now.

22. Non-economic changes

- **POA. Remove section 15.10 survey agencies.**
- **POA. Change rule of 1 on promotional exams to rule of 10**
- **POA. Clarify seniority when tied.**
- **POA. Clarify workweek language due to alternative schedules**
- **Fire Change rule on promotional probationary period. Current no probation when promoted in dept. Change to add 1 year probation to all promotional classes.**
- **Fire. Clarify status of people on reemployment list who waive reemployment.**
- **O and M clarify jury duty practices**

- **All units. Revise grievance procedure to remove step 4 Board of Adjustment hearing,**
- **All units. In all sections of MOU review and change to hours instead of days where appropriate (to avoid confusion with alternate schedules).**
- **All units. Add previously agreed to side letters not included in last MOU.**

Savings. None known but better management of operations.

23. All units. Medical Plan changes

- **Eliminate dual coverage for actives and retirees in all city-sponsored plans.** Currently the City allows employees and retirees married/domestic partners with each other to double cover themselves under the City's medical Plans. Most plans prohibit dual coverage and limit benefits to what the person would have otherwise get without the double coverage.

Savings. Not able to calculate at this time. City savings would be from retiree only since it has capped its contributions for employees. Any savings to employee rates would lower employee cost.

- **Add Kaiser language allowing for retirees to keep Kaiser or OE3 plans if they had them at end of employment but with language clarify city commitment for payment.**

Savings none, but, may save in future plus will avoid any expansion of liability for retirees using these other plans.

- **All units and retirees. Make Plan design changes allowed under Health Care Reform for retirees only. Remove health care reform and mental health parity act changes and return to benefit in effect before City made changes in last two years** Federal law allows agencies to roll back Health Care Reform required changes for retiree only plans. Includes
 - Limits on numbers of Acupuncture visits Unlimited vs. 12 a year
 - Payment of Acupuncture at 80% vs. 60%
 - Limits on numbers of Alcohol and Drug Treatment admission limitations. Unlimited vs. 30 days and 3 lifetime admissions
 - Limitations on Outpatient mental health or Nervous Disorder. Unlimited vs. 15-visit max.
 - Preventative care/wellness. 100% vs. 80% paid
 - Lifetime maximum. Unlimited vs. \$2.5 million.
 - Return dependent children coverage from age 26 back to previous limit.

Savings Estimate that this may save 10% of retiree costs for City Health ISF. Would be reflected in lower future cost increases.

- **All units and Retirees only. Add Kaiser Sr. Advantage to choices for retirees. Benefits equal or exceed city plan.**

Savings 10% for each retiree who changes to plan.

24. SCEA, B and C, OE3. Retiree Medical Trust Payments.

Eliminate current payments (2%) for employee hired after 2009 but before retiree medical eliminated.

B and C	\$52,870	\$ 27,492 GF
SCEA	\$61,018	\$42,102 GF
Trades	\$30,041	0
Total savings	\$144, 144	\$69,594 GF

25. Retiree Medical Benefits for current employees.

See Retiree ASK for proposal for current employees.



STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON APPROVING THE PROPOSED 2012-2013 ANNUAL BUDGET; APPROVING THE 2012-2017 CAPITAL IMPROVEMENT PROGRAM; APPROVING THE 2012-2013 FEE SCHEDULE; AUTHORIZING VARIOUS FUND TRANSFERS AND ADMINISTRATIVE ACTIONS; AND DECLARING AN EMERGENCY PURSUANT TO GOVERNMENT CODE SECTION 3504.5

On May 15, 2012, the City Manager presented the City Council with a Proposed 2012-2013 Annual Budget and 2012-2017 Capital Improvement Program; and

The City Council scheduled and conducted Budget Workshops on June 11 and June 18, 2012, to review projections and alternative plans, to allow for public discussion, and to provide direction in the preparation of the annual budget. These workshops included the Proposed 2012-2013 Annual Budget, 2012-2017 Capital Improvement Program, and proposed 2012-2013 Fee Schedule; and

On June 26, 2012, the City Council conducted a duly noticed public hearing on the Proposed 2012-2013 Annual Budget, the 2012-2017 Capital Improvement Program, and 2012-2013 Proposed Fee Schedule; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The Proposed 2012-2013 Annual Budget, as submitted by the City Manager and revised in the June 26, 2012, Budget Public Hearing staff report, is adopted. Exhibits 1 and 2 describe the Pendency Plan Adjustments in the General Fund and Other Funds.

2. The City Manager is authorized to implement the salary and benefit adjustments as described in the June 26, 2012, Budget Public Hearing staff report to ensure a balanced budget. The amounts in Exhibits 1 and 2 are estimates by program and subject to further refinement. Actual amounts will be based on detailed allocations from the City's payroll projection system, and the City Manager is authorized to make those allocations.

3. The number of full-time positions authorized under the Proposed 2012-2013 Annual Budget is 1,435 as detailed in Exhibit 3.

City Atty
Review 
Date June 20, 2012

4. The 2012-2017 Capital Improvement Program is approved and the specific projects listed for 2012-2013 are appropriated.

5. The Proposed Fee Schedule is approved, effective July 1, 2012, and any fee changes that are not effective July 1, 2012, are noted in the 2012-2013 Fee Schedule.

6. An appropriation limit be established in the amount of \$256,480,000 for 2012-2013 pursuant to the requirements of the California Government Code. The City of Stockton selected the "change in California per capita personal income" for the "change in cost of living" component of the calculation of the appropriation limit.

7. The threshold for which contracts must be approved by the City Council is hereby increased by \$639 to \$31,376 effective July 1, 2012, for Fiscal Year 2012-2013, in accordance with the annual inflation adjustment authorized by Ordinance No. 007-94 C.S., which amended Section 3.68.040 of the Stockton Municipal Code.

8. The unencumbered balance as of June 30, 2012, for the AB506 process in account number 010-0139 shall be reappropriated effective July 1, 2012, and may be used to fund expenses of the AB 506 process and any expenses pertaining to a Chapter 9 filing.

9. The unencumbered balance as of June 30, 2012, in the 501 Fleet ISF Fund originally appropriated for the purchase of Fire equipment shall be reappropriated effective July 1, 2012.

10. The 2011-2012 Annual Budget is amended to allocate indirect costs to the Fire Department General Fund budget of approximately \$1,470,000, as computed through the city-wide cost plan. This budget transfer is proposed to load the City's overhead cost onto the Fire Department budget in the same fashion in which overhead is allocated to other non-General Fund programs and fully recover the cost of contracted fire services. This action will not increase the total General Fund appropriation. The following is the proposed budget action:

General Fund #010 - Fire Department	
Increase expenditure budget	\$1,470,000
General Fund #010 - Non-Department	
Decrease expenditure budget for allocated overhead	\$1,470,000

11. The 2011-2012 Annual Budget is amended to add appropriation for the San Joaquin Area Flood Control Agency (SJAFCFA) in the amount of \$934,921. These expenses have been approved by the SJAFCFA Board and will be reimbursed to the City by the Agency.

12. In Resolution Nos. 11-0113 and 11-0114, the Council declared a state of emergency based on fiscal circumstances and directed the City Manager to take appropriate and lawful measures to achieve a balanced budget including any change to existing labor agreements determined necessary by the City Manager, limited to the

duration of the fiscal emergency. Based upon the information present in the record of this action, the Council finds that the City's financial condition has further deteriorated and the City therefore remains in a state of fiscal emergency. Further the Council reiterates and reaffirms its findings and actions contained in Resolution Nos. 11-0113 and 11-0114.

13. In addition, with respect to Memoranda of Understanding that have expired, to the extent that the meet and confer process under the Meyers-Milias-Brown Act is not yet complete, the Council hereby finds that the need to immediately implement the Pendency Plan constitutes an emergency within the meaning of Government Codes section 3504.5, authorizing the immediate implementation of such Plan while the City completes any remaining aspects of the meet and confer process. This emergency is based upon the findings in this report, and in the staff report and accompanying Resolution No. 2012-06-05-1501 adopted by the Council on June 5, 2012.

14. The following administrative actions required to implement the 2012-2013 Annual Budget are authorized:

- a) The City Manager is authorized to abolish positions and/or reduce and reorganize personnel, programs, services, departments, offices, or agencies and take such other action as is necessary to maintain a balanced budget.
- b) For the purpose of implementing department restructuring, the City Manager is authorized to make adjustments in classifications, including salary adjustments, to ensure comparability with similar classifications to maintain equity in the City's salary schedules as recommended by the Human Resources Department classification studies and reviews, and to incorporate changes into the Salary Schedule, as appropriate.
- c) The City Manager is authorized to make technical corrections to the 2012-2013 Adopted Budget not to exceed \$31,376 per correction.
- d) The City Manager is authorized to establish appropriations for and expend grant funding received during the year where the grant funds and any matching City funds are under the Council threshold of \$31,376 as established above.
- e) The City Manager is authorized to establish revenue estimates and corresponding budget appropriations in Trust Special Revenue funds as donations are received during Fiscal Year 2012-2013.
- f) The City Manager is authorized to establish revenue estimates and corresponding budget appropriations in General Fund Fire Department as needed during Fiscal Year 2012-2013 to recognize the costs, and the subsequent reimbursement of those costs, for

providing wild-land firefighting and other disaster response services requested by state or federal governments.

- g) The City Manager is authorized to fill additional Special Revenue Fund positions, such as grant funded and contract reimbursement positions, if additional funding becomes available.
- h) The indirect cost rate, as detailed in the City of Stockton Full Cost Allocation Plan and OMB-87 Plan, shall be charged to all applicable capital project funds, as project funding and regulations permit.
- i) The City Manager is authorized to transfer funds from eligible capital project funds to the Public Art Fund (306) to implement the Fiscal Year 2012-2013 Public Art Plan, as approved by Council, including transfers relating to mid-year appropriations to capital projects eligible for public art contributions.
- j) The City Manager is authorized to engage services as necessary for the Chapter 9 process that are within the budget appropriation for this purpose without pre-approval by the City Council but subject to quarterly reporting in open or closed sessions, as appropriate and necessary to protect attorney client privilege regarding the City's Chapter 9 strategy and investment level.
- k) The City Manager is authorized to approve temporary inter-fund borrowing within the fiscal year, and at the June 30 fiscal year end, to finance the collection period for tax, grant, and other accounts receivable. Any new inter-fund loans extending beyond these terms must be approved by the City Council. The City Manager is authorized to repay inter-fund loans when funding becomes available.
- l) The City Manager is authorized to move appropriations and transfer between funds within a single budget unit, such as the Central Parking District and the Federal grant funds, where multiple funds have been established for operating/tracking purposes and the fund relationship has been identified in the Fiscal Year 2012-2013 Annual Budget, or established by subsequent City Council action.
- m) Payment in the amount of \$46,000 is authorized to the League of California Cities for the City's 2012-2013 membership fee. This funding is included in the proposed General Fund Non-department appropriation.
- n) Payment of up to \$135,000 is authorized to the Community Partnership for Families for administrative and program costs that support community outreach efforts at City of Stockton community

centers. This funding is included in the proposed General Fund Non-department appropriation.

15. The City Manager is authorized and directed to take such actions as are appropriate to carry out the intent of this resolution.

PASSED, APPROVED, and ADOPTED June 26, 2012.

Ann Johnston
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

Bonnie Paige
BONNIE PAIGE
City Clerk of the City of Stockton
::ODMA\GRPWISE\COS.CA.CA_Library:62308.1



EXHIBIT 1 TO RESOLUTION 1

Exhibit 1

2012-13 Proposed Budget with Pendency Plan and Other Adjustments General Fund - 010 by Program

	FY 2012-2013	FY 2012-2013 Pendency Plan Adjustments					FY 2012-2013
	Baseline	Service Reductions	Revenue Solutions	Debt Reductions	Other Funding Sources	Salary & Benefit Reductions	Proposed Budget
Revenues							
General Tax Revenues	\$ 135,279,867				\$ 300,000		\$135,579,867
Program Revenues	11,331,189		175,000				11,506,189
Interfund Reimbursements	7,532,129						7,532,129
Transfers In	772,220		64,308				836,528
	<u>154,915,405</u>	<u>-</u>	<u>239,308</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>155,454,713</u>
Expenditures							
<u>Programs</u>							
Police	93,023,477	70,445		(3,734,413)	(165,000)	(7,316,005)	81,878,504
Fire	40,529,586			(1,789,268)	(135,000)	(2,593,145)	36,012,173
Public Works	7,369,140	(295,000)		(61,860)	(125,000)	(414,330)	6,472,950
Economic Development	725,760			(8,191)		(39,564)	678,005
Peacekeeper Program	249,615			(11,535)		(67,831)	170,249
Arts Commission	37,687			(825)		(4,035)	32,827
	<u>141,935,265</u>	<u>(224,555)</u>	<u>-</u>	<u>(5,606,092)</u>	<u>(425,000)</u>	<u>(10,434,910)</u>	<u>125,244,708</u>
<u>Program Support for Other Funds</u>							
Library	4,125,000				(23,000)	(45,000)	4,057,000
Recreation	2,800,000	(110,000)					2,690,000
Entertainment Venues	2,152,000			(370,000)	(44,650)		1,737,350
RDA Successor Agency	1,319,248				(250,000)		1,069,248
Downtown Marina	732,000			(684,701)			47,299
Capital Improvement	1,575,000	(1,000,000)					575,000
Administration Building	2,588,442			(2,588,442)			-
Golf Courses	322,000						322,000
Grant Match	500,000				(50,000)		450,000
Development Services	1,000,000						1,000,000
	<u>17,113,690</u>	<u>(1,110,000)</u>	<u>-</u>	<u>(3,643,143)</u>	<u>(367,650)</u>	<u>(45,000)</u>	<u>11,947,897</u>
<u>Administration</u>							
City Council	495,641			(7,818)		(28,711)	459,112
City Manager	1,087,031			(17,625)		(74,265)	995,141
City Attorney	1,004,351			(19,945)		(63,967)	920,439
City Clerk	789,120			(14,832)		(69,224)	705,064
City Auditor	508,827			(7,826)		(29,268)	471,733
Administrative Services	3,822,076			(61,250)		(297,940)	3,462,886
Human Resources	2,185,971			(28,906)	(150,000)	(122,250)	1,884,815
Tax Collection & Election	2,745,250						2,745,250
Other Administration	(842,177)			(510,785)		(47,172)	(1,400,134)
Labor Litigation	2,312,500	3,500,000		(312,500)			5,500,000
AB506 Funds	-				(500,000)		(500,000)
	<u>14,108,590</u>	<u>3,500,000</u>	<u>-</u>	<u>(981,487)</u>	<u>(650,000)</u>	<u>(732,797)</u>	<u>15,244,306</u>
Debt Service	2,737,133			(1,758,573)			978,560
Contingency	2,000,000						2,000,000
Baseline Subtotal	<u>177,894,678</u>	<u>2,165,445</u>	<u>-</u>	<u>(11,989,295)</u>	<u>(1,442,650)</u>	<u>(11,212,707)</u>	<u>155,415,471</u>
Fiscal Stabilization Measures	2,929,016	(2,929,016)					-
Subtotal	<u>180,823,694</u>	<u>(763,571)</u>	<u>-</u>	<u>(11,989,295)</u>	<u>(1,442,650)</u>	<u>(11,212,707)</u>	<u>155,415,471</u>
Total	<u>\$ (25,908,289)</u>	<u>\$ 763,571</u>	<u>\$ 239,308</u>	<u>\$ 11,989,295</u>	<u>\$ 1,742,650</u>	<u>\$ 11,212,707</u>	<u>\$ 39,242</u>

EXHIBIT 2 TO RESOLUTION 1

Exhibit 2

2012-13 Proposed Budget with Pendency Plan and Other Adjustments Other Funds

	FY 2012-2013 Baseline 5/15/2012	FY 2012-2013 Pendency Plan Adjustments					FY 2012-2013 Proposed Budget
		Service Reductions	Revenue Solutions	Debt Reductions	Other Funding Sources	Salary & Benefit Reductions	
Other Funds							
Measure W (page E - 10)							
Revenues	\$ 8,310,000		\$ 40,000				\$ 8,350,000
Police Expenses	(3,989,511)				(165,000)		(4,154,511)
Fire Expenses	(4,017,497)				(135,000)		(4,152,497)
	<u>302,992</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>42,992</u>
Library Fund (page H - 11)							
Revenues	5,470,819		23,000				5,493,819
Expenses	(9,825,716)					45,000	(9,780,716)
Transfer	4,132,750		(23,000)			(45,000)	4,064,750
	<u>(222,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,147)</u>
Recreation Fund (page H - 21)							
Revenues	1,940,450						1,940,450
Expenses	(4,780,958)	110,000					(4,670,958)
Transfer	3,213,721	(110,000)					3,103,721
	<u>373,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,213</u>
City Administration Building (page J - 27)							
Revenues	1,628,254						1,628,254
Expenses	(1,528,600)						(1,528,600)
Debt Service	(2,672,344)			2,672,344			-
Transfer	2,588,442			(2,588,442)			-
	<u>15,752</u>	<u>-</u>	<u>-</u>	<u>83,902</u>	<u>-</u>	<u>-</u>	<u>99,654</u>
Central Parking (page J - 29)							
Revenues	3,903,310						3,903,310
Expenses	(1,963,298)						(1,963,298)
Debt Service	(1,122,220)			(64,308)			(1,186,528)
	<u>817,792</u>	<u>-</u>	<u>-</u>	<u>(64,308)</u>	<u>-</u>	<u>-</u>	<u>753,484</u>
Downtown Marina (page J - 31)							
Revenues	243,960						243,960
Expenses	(389,680)						(389,680)
Debt Service	(684,701)			684,701			-
Transfer	732,000			(684,701)			47,299
	<u>(98,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,421)</u>
Entertainment Venues (page L - 28)							
Revenues	4,770,399						4,770,399
Expenses	(6,921,753)	44,650		(13,962)			(6,891,065)
Transfer	2,165,962	(44,650)					2,121,312
	<u>14,608</u>	<u>-</u>	<u>-</u>	<u>(13,962)</u>	<u>-</u>	<u>-</u>	<u>646</u>
General Capital Fund (page N - 16)							
Revenues	27,400						27,400
Expenses	(1,575,000)	1,000,000					(575,000)
Debt Service	(248,781)						(248,781)
Transfer	1,575,000	(1,000,000)					575,000
	<u>(221,381)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,381)</u>
Fire Station PFF (page N - 19)							
Revenues	88,260						88,260
Expenses	-						-
Debt Service	(419,646)			332,045			(87,601)
Transfer	332,045			(332,045)			-
	<u>659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659</u>
Police Station PFF (page N - 20)							
Revenues	73,585						73,585
Expenses	-						-
Debt Service	(436,800)			363,215			(73,585)
Transfer	363,804			(363,804)			-
	<u>589</u>	<u>-</u>	<u>-</u>	<u>(589)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Exhibit 2

2012-13 Proposed Budget with Pendency Plan and Other Adjustments
Other Funds

	FY 2012-2013 Baseline 5/15/2012	FY 2012-2013 Pendency Plan Adjustments					FY 2012-2013 Proposed Budget
		Service Reductions	Revenue Solutions	Debt Reductions	Other Funding Sources	Salary & Benefit Reductions	
Workers Comp ISF (page O - 19)							
Revenues	9,297,797					(150,000)	9,147,797
Expenses	(9,273,918)					150,000	(9,123,918)
	<u>23,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,879</u>
Health Insurance ISF (page O - 23)							
Revenues	40,803,233					(7,053,107)	33,750,126
Expenses	(37,939,843)					7,053,107	(30,886,736)
	<u>2,863,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,863,390</u>
LTD and Life Ins ISF (page O - 27)							
Revenues	1,295,435					(402,000)	893,435
Expenses	(1,295,435)					402,000	(893,435)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Compensated Absence ISF (page O - 30)							
Revenues	4,500,000					(1,295,000)	3,205,000
Expenses	(4,500,000)					1,295,000	(3,205,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 3,870,925	\$ -	\$ 40,000	\$ 5,043	\$ (300,000)	\$ -	\$ 3,615,968

**EXHIBIT 3
TO RESOLUTION 1**

**PERSONNEL BY FUND
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12 Adopted</u>	<u>Staffing Modifications</u>	<u>FY 2012-13 Proposed</u>
General Fund and Tax-Supported Programs						
Programs						
Police-Sworn	401	322	320	322	18	340
Police-Non Sworn	235	214	202	188	1	189
Fire	253	265	226	177	(1)	176
Public Works	163	78	59	62	(6)	56
Library	105	69	57	57	1	58
Recreation	46	32	27	26	(1)	25
Economic Development	5	1	2	2	4	6
	1,208	981	893	834	16	850
Administration						
City Council	9	8	8	8	0	8
City Manager	18	13	11	10	0	10
City Attorney	17	14	13	11	0	11
City Clerk	8	6	5	6	0	6
City Auditor	7	4	4	4	0	4
Admin Services	63	49	57	59	0	59
Human Resources	20	18	15	14	1	15
Non Departmental	10	10	10	10	0	10
	152	122	123	122	1	123
Total General Fund	1,360	1,103	1,016	956	17	973
			% Change vs. 2008-09			
				-25%		-30%
						-28%
Enterprise Funds						
Golf Course	3	2	2	2	(2)	0
Municipal Utilities	168	187	197	198	11	209
	171	189	199	200	9	209
Special Revenue/District Funds						
Central Parking District	3	3	3	3	0	3
Community Development Block Grant	13	12	11	9	(2)	7
Development Services	98	53	50	42	(6)	36
Emergency Communications	17	0	0	0	0	0
Maintenance District	1	2	4	2	0	2
Redevelopment	24	20	10	6	(4)	2
Safe Neighborhood Measure W	68	45	41	41	2	43
Solid Waste & Recycling	6	9	9	9	0	9
Street Maintenance/ Gas Tax Fund	24	65	66	64	7	71
	254	209	194	176	(3)	173
Internal Service Funds						
Fleet	31	26	27	27	0	27
General Liability Insurance	3	3	4	6	(1)	5
Workers' Compensation	4	4	4	3	(2)	1
Health Benefits	3	4	4	5	1	6
Information Technology	52	40	39	36	0	36
Radio	2	2	2	2	0	2
Telecommunications	1	1	1	1	0	1
Document Services	4	3	3	2	0	2
	100	83	84	82	(2)	80
Capital Improvement Funds						
Public Art	1	0	0	0		0
	1	0	0	0	0	0
Total All Funds	1,886	1,584	1,493	1,414	21	1,435
			% Change vs. 2008-09			
				-21%		-25%
						-24%

PERSONNEL BY FUND - POLICE DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
<u>GENERAL FUND</u>						
010-2410 Police Administration						
Accounting Office Assistant I/II	2	0	0	0	0	0
Admin Analyst I/II/Sr/Prog Mgr I/II	2	2	3	2	(1)	1
Audio Visual Specialist	1	0	0	0	0	0
Code Enforcement Officer	2	2	2	0	0	0
Executive Assistant	1	1	1	1	0	1
Finance Assistant I/II	0	2	2	2	0	2
Mail Courier	0	1	0	0	0	0
Office Asst I/II/ Office Specialist/ Secretary	4	4	4	4	0	4
Program Manager III	2	2	1	1	1	2
Sr Accounting Office Assistant	1	0	0	0	0	0
Sr Finance Assistant	0	1	1	1	0	1
Sworn: Chief of Police	1	1	1	1	0	1
Sworn: Deputy Chief of Police I	0	0	1	1	1	2
Sworn: Deputy Chief of Police II	1	0	0	0	0	0
Sworn: Police Captain	0	0	0	0	1	1
Sworn: Police Lieutenant	2	2	2	2	0	2
Sworn: Police Officer/Trainee	5	5	4	6	(1)	5
Sworn: Police Sergeant	4	4	4	4	0	4
	28	27	26	25	1	26
010-2466-67 Animal Control						
Animal Services Assistant I/II	8	8	8	8	0	8
Animal Services Officer	7	6	6	4	0	4
Animal Services Supervisor	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	1	1	1	1	0	1
Sr Animal Services Officer	1	1	1	1	0	1
	18	17	17	15	0	15
010-2420 Police Field Services						
Administrative Analyst I/II/Sr/Principal	2	2	2	3	0	3
Code Enforcement Field Manager	2	1	1	1	0	1
Code Enforcement Officer I/II	14	12	11	13	0	13
Code Enforcement Supervisor	1	0	0	0	0	0
Community Service Officer I/II	33	25	29	23	(3)	20
Graffiti Abatement Technician	0	4	4	4	0	4
Maintenance Worker III	6	0	0	0	0	0
Office Asst I/II/ Office Specialist/ Secretary	12	10	9	6	1	7
Police Court Coordinator	1	1	1	1	0	1
Police Records Assistant I/II	1	1	1	1	(1)	0
Program Manager III	1	1	1	1	0	1
Sr Code Enforcement Officer	3	2	2	2	0	2
Sr Community Service Officer	6	4	2	2	0	2
Supervising Office Assistant	2	1	0	0	0	0
Sworn: Deputy Chief of Police I	2	2	0	0	0	0
Sworn: Police Captain	2	2	3	2	(1)	1
Sworn: Police Lieutenant	12	13	9	11	0	11
Sworn: Police Officer/Trainee	250	166	168	170	32	202
Sworn: Police Sergeant	36	40	30	28	0	28
	386	287	273	268	28	296

PERSONNEL BY FUND - POLICE DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
010-2430 Investigations						
Crime Analyst	5	5	4	0	0	0
Community Service Officer I/II	0	0	0	2	0	2
Evidence Technician	14	14	14	14	0	14
Office Asst I/II/ Office Specialist/ Secretary	3	2	0	1	0	1
Police Records Assistant I/II	5	5	5	3	0	3
Sr Evidence Technician	5	5	4	4	0	4
Supervising Evidence Technician	1	1	1	1	0	1
Sworn: Deputy Chief of Police I	1	1	0	0	0	0
Sworn: Police Captain	1	1	1	1	0	1
Sworn: Police Lieutenant	2	2	2	2	0	2
Sworn: Police Officer/Trainee	65	61	56	61	(11)	50
Sworn: Police Sergeant	13	11	10	9	0	9
	115	108	97	98	(11)	87
010-2460 Support Services						
Office Asst I/II/ Office Specialist/ Secretary	1	1	1	1	0	1
Police Records Assistant I/II/III/Sr	29	27	25	25	0	25
Property Clerk	3	2	2	2	0	2
Property Room Supervisor	1	1	1	1	0	1
Supervising Police Records Assistant	2	2	2	2	0	2
Sworn: Police Captain	1	1	1	1	0	1
	37	34	32	32	0	32
010-2470 Telecommunications						
Crime Analyst	0	0	0	1	0	1
Police Records Asst I/II/III	0	0	0	1	0	1
Program Manager II	0	0	0	0	1	1
Sworn: Police Sergeant	0	0	0	1	0	1
Police Telecommunicator I/II	39	39	39	37	(1)	36
Police Telecommunications Supervisor	6	6	6	6	0	6
Sr Telecommunications Supervisor	1	1	1	1	0	1
	46	46	46	47	0	47
Police Grant-Funded						
020-6078 Crac-net: Police Sergeant	1	1	1	1	(1)	0
020-6173 Transit District: Police Officer	2	2	2	1	(1)	0
020-6278 Special Grant Police Officer	0	0	0	0	1	1
024-6426 Ca COPS Grant: CSO	3	7	3	3	3	6
025-6429 Ca JAG: Police Officer	0	6	0	0	0	0
025-6429 Ca JAG: Police Sergeant	0	1	0	0	0	0
025-6430 CHRP: Police Officer	0	0	20	20	(20)	0
025-6434 JAG 2010-11: Police Officer	0	0	5	0	0	0
025-6456 VAWA Grant: Police Officer	0	0	0	0	1	1
025-6465 CHP 2012-13: Police Officer	0	0	0	0	17	17
025-6468 Firearms Examiner	0	0	0	0	1	1
	6	17	31	25	1	26
Total General Fund	636	536	522	510	19	529
			% Change vs. 2008-09			
			-18%	-20%		-17%
SPECIAL REVENUE FUNDS						
081-2436 Police Safe Neighborhood Measure W						
Sworn: Police Lieutenant	2	0	0	0	0	0
Sworn: Police Officer/Trainee	36	22	21	21	0	21
Sworn: Police Sergeant	2	0	0	0	0	0
Total	40	22	21	21	0	21
Total Special Revenue Funds	40	22	21	21	0	21
Total Police	676	558	543	531	19	550
			% Change vs. 2008-09			
			-20%	-21%		-19%

PERSONNEL BY FUND - FIRE DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
GENERAL FUND						
010-2610 Fire-Administration						
Administrative Assistant/Sr	1	1	0	0	0	0
Deputy Fire Chief I/II	2	3	2	2	0	2
Quality Improvement Coordinator	1	1	0	0	0	0
Executive Assistant	1	1	1	1	0	1
Fire Battalion Chief	3	0	0	0	0	0
Fire Captain	3	3	2	3	-1	2
Fire Chief	1	1	1	1	0	1
Office Asst. I/II/ Office Specialist/ Secretary	2	1	1	1	1	2
Program Manager I/II	0	0	0	0	2	2
Program Manager III	1	1	1	1	-1	0
Supervising Office Assistant	1	0	1	1	0	1
	16	12	9	10	1	11
010-2620 Fire-Fire Suppression/Rescue						
Fire Battalion Chief	6	6	6	6	0	6
Fire Captain	55	57	54	46	0	46
Fire Fighter	113	114	92	51	-3	48
Fire Fighter Engineer	60	60	49	48	1	49
	234	237	201	151	-2	149
010-2650 Fire-Training						
Deputy Fire Chief	1	0	0	0	0	0
Fire Battalion Chief	0	1	1	1	0	1
Fire Captain	1	1	1	1	0	1
Supervising Office Assistant	1	1	0	0	0	0
	3	3	2	2	0	2
010-2660 Fire-Dispatch						
Fire Captain	0	1	0	0		0
Fire Telecommunicator I/II	0	9	10	10	0	10
Fire Telecommunications Supervisor	0	3	3	3	0	3
Sr Telecommunications Supervisor	0	0	1	1	0	1
	0	13	14	14	0	14
Total General Fund	253	265	226	177	-1	176
			% Change vs. 2008-09			
				-11%	-30%	-30%

**PERSONNEL BY FUND - FIRE DEPARTMENT
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
SPECIAL REVENUE FUNDS						
048-2631/2633 DEVELOPMENT SERVICES-FIRE PREVENTION						
Code Enforcement Officer I/II	1	0	0	0	0	0
Deputy Fire Chief	1	0	0	0	0	0
Fire Battalion Chief	0	1	1	1	0	1
Fire Captain	3	1	1	1	0	1
Fire Fighter	1	0	0	0	0	0
Fire Prevention Inspector I/II	0	1	1	1	0	1
Fire Protection Specialist	0	1	1	1	0	1
Office Asst. I/II/ Office Specialist/ Secretary	3	3	2	2	0	2
Office Technician	0	0	1	1	-1	0
Plan Checker I/II	0	1	1	1	0	1
Project Manager I/II/III	1	0	0	0	0	0
	10	8	8	8	-1	7
042-2660 EMERGENCY COMMUNICATIONS						
Fire Captain	1	0	0	0	0	0
Fire Telecommunicator I/II	12	0	0	0	0	0
Fire Telecommunications Specialist	1	0	0	0	0	0
Fire Telecommunications Supervisor	3	0	0	0	0	0
	17	0	0	0	0	0
081-2636 FIRE SAFE NEIGHBORHOOD MEASURE W						
Fire Captain	7	5	5	5	1	6
Fire Fighter	16	13	10	10	1	11
Fire Fighter Engineer	5	5	5	5	0	5
	28	23	20	20	2	22
Total Special Revenue Funds	55	31	28	28	1	29
Total Fire Department	308	296	254	205	0	205
% Change vs. 2008-09			-18%	-33%		-33%

**PERSONNEL BY FUND - PUBLIC WORKS DEPARTMENT
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12 Adopted</u>	<u>Staffing Modifications</u>	<u>FY 2012-13 Proposed</u>
GENERAL FUND						
010-3010 Public Works-Administration						
Administrative Analyst I/II/Sr/Principal	1	1	1	1	1	2
Executive Assistant	1	1	1	1	0	1
Office Assist I/II/ Office Spec/ Secretary	3	3	1	1	0	1
Program Manager III	1	1	1	1	0	1
Project Manager I/II	0	1	1	1	(1)	0
Public Works Director	1	1	1	1	0	1
Records Specialist	1	1	1	1	0	1
Supervising Office Assistant	3	1	1	1	0	1
	11	10	8	8	0	8
010-3060 Public Works-Operations & Maintenance						
Administrative Aide I/II	1	1	1	1	0	1
Civil Engineer Assoc./Sr.	0	1	1	2	(1)	1
Deputy Public Works Dir/Ops & Maint	1	1	1	1	0	1
Eng Aide/Traffic Eng Aide/ Eng Tech I/II/Sr	4	3	3	3	(2)	1
Maintenance Repair Technician I/II	29	0	0	0	0	0
Office Assist I/II/ Office Spec/ Secretary	3	2	2	2	0	2
Program Manager III	1	1	0	0	0	0
Project Manager I/II/III	3	3	0	1	0	1
Public Works Equipment Training Officer	1	1	0	0	0	0
Public Works Heavy Equipment Operator	3	0	0	0	0	0
Public Works Supervisor	4	0	0	1	(1)	0
Sr Civil Engineer	1	0	0	0	1	1
Sr Facilities Maintenance Supervisor	0	0	1	0	0	0
Sr Maintenance Repair Technician	6	0	0	0	0	0
Sr Public Works Supervisor	1	0	0	0	1	1
Sr Public Works Supv Electrical-Traffic	1	1	1	1	(1)	0
Sr Traffic Signal Electrician	1	0	0	0	0	0
Traffic Signal Electrician/Trainee	7	0	0	0	0	0
	67	14	10	12	(3)	9
010-3070 Public Works-Parks & Street Trees						
Arborist	1	1	1	0	0	0
Office Assist I/II/ Office Spec/ Secretary	1	1	1	1	0	1
Park Equipment Operator	4	0	0	0	0	0
Parks Superintendent	1	1	1	1	0	1
Parks Supervisor	2	2	0	1	(1)	0
Parks Worker I/II/Aide	28	14	3	4	(4)	0
Project Manager I/II/III	0	0	0	1	0	1
Public Works Maintenance Worker I/II/Sr	0	0	0	0	4	4
Public Works Supervisor	0	0	0	1	(1)	0
Sr Facilitied Maintenance Supervisor	0	0	0	0	1	1
Sr Parks Supervisor	2	1	1	0	1	1
Sr Parks Worker I/II	4	3	2	2	0	2
Sr Tree Surgeon	5	1	0	1	0	1
Tree Surgeon	3	4	2	4	(2)	2
Tree Worker	6	0	2	0	2	2
	57	28	13	16	0	16

PERSONNEL BY FUND - PUBLIC WORKS DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
010-3090 Public Works-Facilities Maintenance						
Craft Maintenance Worker I/II	7	7	7	6	0	6
Electrician I/II	2	2	2	2	0	2
Facilities Maint Worker I/II/ Facility Aide	7	5	5	5	(2)	3
Fleet & Facilities Manager	1	1	0	0	0	0
Heating, Ventilation and Air Mechanic	3	2	2	2	0	2
Office Assist I/II/ Office Spec/ Secretary	1	1	0	0	0	0
Program Manager III	0	0	1	1	0	1
Project Manager I/II/III	0	0	3	2	(1)	1
Public Works Safety Training Officer	0	0	1	1	0	1
Sr Electrician	1	1	1	1		1
Public Works/Sr Facilities Maint Supervisor	2	2	1	1		1
	24	21	23	21	(3)	18
020-0137 San Joaquin Area Flood Control Agency						
Administrative Analyst I/II/Sr/Principal	1	1	0	0	0	0
Deputy Public Works Director/City Engineer	0	0	0	0	1	1
Engineering Services Manager	1	1	1	1	(1)	0
Jr/Asst/Assoc Engineer/Traffic Engineer	2	2	1	1	0	1
Office Assist I/II/ Office Spec/ Secretary	0	1	1	1	0	1
Project Manager I/II/III	0	0	1	1	0	1
Sr Civil Engineer	0	0	1	1	0	1
	4	5	5	5	0	5
Total General Fund	163	78	59	62	(6)	56
		% Change vs. 2008-09	-64%	-62%		-66%
SPECIAL REVENUE FUNDS						
030-3020 STREET MAINTENANCE - Engineering						
Assistant City Traffic Engineer	1	1	1	1	0	1
City Traffic Engineer	1	1	1	1	0	1
Deputy Public Works Director/Engineering	1	0	1	1	0	1
Engineering Aide/Eng Technician I/II/Sr	2	1	1	1	1	2
Engineering Services Manager	2	2	2	2	0	2
Jr/Asst/Assoc Engineer/Traffic Engineer	12	11	12	11	0	11
Office Assist. I/II/ Office Spec/Secretary	2	0	0	0	0	0
Parks Facility Planner					1	1
Project Manager I/II/III (CIP-funded)	1	2	2	2	1	3
Public Works Inspector					2	2
Supv Public Works Inspector					1	1
Sr Civil Engineer	2	2	1	1	0	1
	24	20	21	20	6	26
030-3060 STREET MAINTENANCE - Operations and Maintenance						
Engineering Aide/Technician I/II/Sr	0	0	0	0	2	2
Maintenance Repair Technician I/II	0	27	25	24	(3)	21
Public Works Heavy Equipment Operator	0	3	3	3	0	3
Public Works Maint Worker	0	0	0	0	1	1
Parks Supervisor	0	0	0	0	1	1
Public Works Supervisor	0	3	3	3	0	3
Sr Maintenance Repair Technician	0	4	6	6	0	6
Sr Traffic Signal Electrician	0	1	1	1	0	1
Traffic Signal Electrician/Trainee	0	7	7	7	0	7
	0	45	45	44	1	45
Total Gas Tax Fund	24	65	66	64	7	71

PERSONNEL BY FUND - PUBLIC WORKS DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
072-6900 MAINTENANCE ASSESSMENT DISTRICT						
Assessment District Maint Coordinator	0	1	1	1	0	1
Parks Supervisor	0	0	2	0	0	0
Parks Worker I/II/Aide	0	0	0	0	0	0
Project Manager I/II/III	1	1	1	1	0	1
	<u>1</u>	<u>2</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>2</u>
047-3080 SOLID WASTE & RECYCLING						
Office Assist I/II/ Office Spec/ Secretary	1	1	1	1	0	1
Program Manager I/II	1	1	1	1	(1)	0
Project Manager I/II/III	2	3	3	3	1	4
Solid Waste and Recycling Field Specialist	0	1	1	1	0	1
Solid Waste Manager	1	1	1	1	0	1
Sr Maintenance Repair Technician	1	2	2	2	0	2
	<u>6</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>	<u>9</u>
Total Special Revenue Funds	<u>31</u>	<u>76</u>	<u>79</u>	<u>75</u>	<u>7</u>	<u>82</u>
<u>INTERNAL SERVICE FUNDS</u>						
FLEET						
501-5021 Fleet-Administration						
Fleet Manager	1	1	1	1	0	1
Fleet Operations Coordinator	1	0	0	0	0	0
Office Assist I/II/ Office Spec/ Secretary	2	1	2	2	0	2
Project Manager I/II	0	1	1	1	0	1
Supervising Mechanic	0	0	0	0	1	1
	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>1</u>	<u>5</u>
501-5023 Fleet-Equipment Maintenance						
Auto Painter/Repair Worker	1	1	1	1	0	1
Facilities Maint Worker I/II/ Facility Aide	2	2	2	2	0	2
Facilities Maint Worker III	1	1	1	1	0	1
Mechanic I/II/III	20	17	17	17	0	17
Supervising Mechanic	2	1	1	1	(1)	0
Welder/Fabricator Specialist	1	1	1	1	0	1
	<u>27</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>(1)</u>	<u>22</u>
Total Internal Service Funds	<u>31</u>	<u>26</u>	<u>27</u>	<u>27</u>	<u>0</u>	<u>27</u>
Total Public Works	<u>225</u>	<u>180</u>	<u>165</u>	<u>164</u>	<u>1</u>	<u>165</u>
			% Change vs. 2008-09			
				-27%		-27%

PERSONNEL BY FUND - COMMUNITY SERVICES DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
GENERAL FUND						
010-3610/3643 Arts Commission						
Arts Commission Director	1	1	0	0	0	0
Total General Fund	1	1	0	0		0
SPECIAL REVENUE FUNDS						
Library						
041-3510 Administration						
Administrative Analyst I/II/Sr/Principal	1	1	1	1	0	1
Deputy Dir. of Comm. Svcs/City Librarian	1	1	1	1	0	1
Director of Library Services	1	0	0	0	0	0
Executive Assistant	1	1	0	0	0	0
Library Aide I/II	3	0	0	0	0	0
Library Driver/Clerk	2	1	1	1	0	1
Office Asst I/II/ Office Spec./ Secretary	7	4	2	2	1	3
Program Manager III	2	0	0	0	0	0
Sr Accounting Office Assistant	2	0	0	0	0	0
Sr Library Aide	1	0	0	0	0	0
	21	8	5	5	1	6
041-3530 Technical/Reader Services						
Librarian Trainee/I/II	3	1	2	2	1	3
Library Aide I/II	1	0	0	0	0	0
Library Assistant I/II	2	1	1	1	1	2
Library Division Manager	1	1	0	0	0	0
Office Asst I/II/ Office Spec./ Secretary	2	1	1	1	0	1
Sr Library Assistant	1	0	0	0	0	0
Supervising Librarian	1	1	1	1	0	1
	11	5	5	5	2	7
041-3550 City Branches						
Bookmobile Driver/Circulation Assistant	1	1	1	1	0	1
Circulation Assistant I/II	18	15	6	6	0	6
Librarian Trainee /I/II	20	16	7	7	0	7
Library Aide I/II	8	6	3	3	-1	2
Library Assistant I/II	16	13	7	7	-1	6
Library Division Manager	3	1	0	0	0	0
Office Asst I/II/ Office Spec./ Secretary	1	0	0	0	0	0
Supervising Librarian	6	4	1	1	0	1
	73	56	25	25	(2)	23
041-3540 County Branches						
Circulation Assistant I/II	0	0	6	6	0	6
Librarian Trainee/I/II	0	0	8	8	0	8
Library Aide I/II	0	0	1	1	0	1
Library Assistant I/II	0	0	6	6	0	6
Supervising Librarian	0	0	1	1	0	1
	0	0	22	22	0	22
Total Library Fund	105	69	57	57	1	58
% Change vs. 2008-09			-46%	-46%		-45%

PERSONNEL BY FUND - COMMUNITY SERVICES DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
Recreation						
044-3610 Recreation-Administration						
Administrative Aide I/II	1	1	0	0	0	0
Administrative Analyst I/II/Sr/Principal	1	0	0	0	0	0
Administrative Assistant/Sr	1	1	0	0	0	0
Community-Cultural Svcs Superintendent	1	1	0	0	0	0
Deputy Director of Community Services	1	0	1	1	0	1
Director of Community Services	0	1	1	1	0	1
Executive Assistant	1	0	1	1	0	1
Office Assistant I/II/ Office Specialist	3	2	3	5	-1	4
Parks and Recreation Director	1	0	0	0	0	0
Program Manager I/II	0	1	1	1	0	1
Recreation Program Coordinator	1	0	0	0	0	0
Recreation Superintendent	1	1	0	0	0	0
Supervising Office Assistant	1	1	0	0	0	0
	13	9	7	9	(1)	8
044-3623-46 Recreation Services						
Administrative Aide I/II	1	0	0	0	0	0
Administrative Analyst I/II/Sr/Principal	1	0	0	0	0	0
Craft Maintenance Worker I/II	1	0	0	0	0	0
Office Assistant I/II/ Office Specialist	2	2	2	0	0	0
Recreation Assistant I/II/Sr	14	12	12	12	-1	11
Recreation Program Coordinator	7	4	2	2	0	2
Recreation Supervisor	5	3	3	3	1	4
Sports Commission Director	1	1	1	0	0	0
	32	22	20	17	0	17
Total Recreation Fund	45	31	27	26	(1)	25
			% Change vs. 2008-09			
			-40%	-42%		-44%
<u>PUBLIC ART FUND</u>						
Public Art Manager	1	0	0	0	0	0
	1	0	0	0	0	0
Total Special Revenue Funds	151	100	84	83	0	83
<u>ENTERPRISE FUNDS</u>						
481-3650 GOLF COURSES						
Golf Manager	1	1	1	1	-1	0
Golf Professional	2	1	1	1	-1	0
	3	2	2	2	(2)	0
Total Community Services	155	103	86	85	(2)	83
			% Change vs. 2008-09			
			-45%	-45%		-46%

PERSONNEL BY FUND - COMMUNITY DEVELOPMENT DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
DEVELOPMENT SERVICES FUND						
048-1810 Development Services-Administration						
Administrative Analyst I/II/Sr/Principal	1	1	1	1	(1)	0
Community Development Director	1	1	1	1	0	1
Executive Assistant	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	2	6	5	1	0	1
Planning Technician I/II	0	1	1	1	0	1
Program Manager II					1	1
Program Manager III	1	1	1	1	0	1
Revenue Assistant I/II	0	1	1	1	0	1
Sr Plan Technician	0	1	1	0	0	0
	6	13	12	7	0	7
048-1820 Development Services-Planning/ETP						
Assistant/Associate Planner	6	3	3	0	0	0
Assistant Landscape Architect (CIP funded)	1	0	0	0	0	0
Deputy Dir - Engineering & Transportation	0	1	1	1	0	1
Deputy Director - Planning	1	0	0	0	0	0
Eng Aide/Engineering Technician I/II/Sr	3	2	2	2	(1)	1
Engineering Services Manager	1	0	0	0	0	0
GIS Analyst I/II	1	0	0	0	0	0
Junior/Assistant/Associate Civil Engineer	10	1	2	2	0	2
Office Asst I/II/ Office Specialist/ Secretary	4	0	0	0	0	0
Park Facility Planner	1	1	1	1	(1)	0
Planning Manager	4	3	3	3	0	3
Planning Technician I/II	1	0	0	0	0	0
Program Manager I/II	1	0	0	0	0	0
Project Manager I/II/III	1	0	0	0	0	0
Public Works Inspector	5	2	2	2	(2)	0
Public Works Inspector	1	0	0	0	0	0
Sr Civil Engineer	1	1	0	0	0	0
Sr Plan Technician	1	0	0	0	0	0
Sr Planner	3	2	2	2	0	2
Supervising Office Assistant	1	0	0	0	0	0
Supervising Public Works Inspector	1	1	1	1	(1)	0
	48	17	17	14	(5)	9
048-1830 Development Services-Building						
Building Permit Technician	3	2	2	2	0	2
Combination Inspector I/II	11	5	5	5	1	6
Deputy Building Official	1	0	0	0	0	0
Deputy Director - Building	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	3	0	0	0	0	0
Plan Check Engineer	3	1	1	1	0	1
Plan Checker I/II/Sr	6	3	2	2	0	2
Revenue Assistant I/II	1	0	0	0	0	0
Supervising Combination Inspector	3	3	2	2	(1)	1
Supervising Office Assistant	1	0	0	0	0	0
Supervising Plan Checker/Structural Engineer	1	0	0	0	0	0
	34	15	13	13	0	13
Total Community Development	88	45	42	34	(5)	29
% Change vs. 2008-09			-52%	-61%		-67%

**PERSONNEL BY FUND - ECONOMIC DEVELOPMENT DEPARTMENT
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12 Adopted</u>	<u>Staffing Modifications</u>	<u>FY 2012-13 Proposed</u>
GENERAL FUND						
010-1700 Economic Development						
Administrative Analyst I/II/Sr/Principal	1	0	0	0	0	0
Deputy Economic Development Director	1	1	1	1	(1)	0
Director of Economic Development	1	0	0	0	1	1
Economic Development Analyst I/II/Sr/Princ	1	0	0	0	2	2
Executive Assistant	1	0	0	0	0	0
Office Asst I/II/ Office Specialist/ Secretary	0	0	0	0	1	1
Program Manager I/II	0	0	1	1	0	1
Supervising Real Property Agent	0	0	0	0	1	1
Total General Fund	5	1	2	2	4	6
	% Change vs. 2008-09		-60%	-60%		20%
SPECIAL REVENUE FUND						
052-8120 Housing - Community Development Block Grant						
Administrative Analyst I/II/Sr	2	2	2	1	0	1
Assistant/Associate Planner	0	0	1	0	0	0
Deputy Housing Director	1	1	1	1	(1)	0
Executive Assistant	1	1	1	1	0	1
Housing Director	1	0	0	0	0	0
Housing Financial Advisor I/II/Sr	2	2	2	2	0	2
Housing Rehabilitation Counselor I/II/Sr	1	1	1	2	(2)	0
Office Asst I/II/ Office Specialist/ Secretary	2	2	2	0	1	1
Program Manager I/II	1	1	0	1	(1)	0
Program Manager III	2	2	1	1	0	1
Project Manager I/II/III	0	0	0	0	1	1
	13	12	11	9	(2)	7
	% Change vs. 2008-09		-15%	-31%		-46%
CAPITAL PROJECTS FUND						
330-7310 Redevelopment Agency (RDA)						
Administrative Analyst I/II/Sr/Principal	3	2	2	1	(1)	0
Assistant/Associate Planner	2	2	0	0	0	0
Deputy Redevelopment Director	1	1	0	0	0	0
Director of Economic Development	0	1	1	1	(1)	0
Office Asst I/II/ Office Specialist/ Secretary	3	2	2	1	(1)	0
Program Manager I/II	1	1	1	0	1	1
Program Manager III	6	5	1	1	(1)	0
Project Manager I/II/III	1	1	1	0	0	0
Public Works Inspector	1	1	0	0	0	0
Real Property Agent I/II/Sr	3	3	1	1	0	1
Redevelopment Director	1	0	0	0	0	0
Sr GIS Specialist	1	0	0	0	0	0
Supervising Real Property Agent	1	1	1	1	(1)	0
	24	20	10	6	(4)	2
	% Change vs. 2008-09		-58%	-75%		-92%
ENTERPRISE FUND						
416-4020 Central Parking District						
Office Asst I/II/ Office Specialist/ Secretary	1	1	1	1	0	1
Parking District Supervisor	1	1	1	1	0	1
Supervising Parking Attendant	1	1	1	1	0	1
	3	3	3	3	0	3
Total Special Revenue Funds	40	35	24	18	(6)	12
Total Economic Development Department	45	36	26	20	(2)	18
	% Change vs. 2008-09		-42%	-56%		-60%

PERSONNEL BY FUND - MUNICIPAL UTILITIES DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
<u>WATER FUND</u>						
421-4210 Water Administration						
Deputy Director Water & Collection Systems	1	0	0	0	0	0
Civil Engineer Jr./Asst./Assoc.	1	1	1	1	0	1
Deputy Director Water Resource Planning	1	1	0	1	0	1
Sr. Civil Engineer	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	2	2	2	2	(1)	1
Program Manager I/II	1	2	1	0	0	0
Program Manager III	1	0	1	1	0	1
Project Manager I/II	0	0	0	0	1	1
Public Works Inspector	1	1	1	1	(1)	0
	9	8	7	7	(1)	6
421-4223 Hydrant Maintenance						
Hydrant Worker/Sr	2	2	2	2	0	2
	2	2	2	2	0	2
421-4231 Water Distribution						
Electrical Technician I/II	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	1	1	1	1	1	2
Sr Plant Maintenance Supervisor	0	0	1	1	(1)	0
Water Field Technician	5	5	5	5	0	5
Water Operations Supervisor	1	1	1	1	0	1
Water Systems Operator I/II/Sr	22	22	22	22	0	22
Water/Sewer Equipment Operator	0	0	1	1	0	1
	30	30	32	32	0	32
421-4234 Water Operations & Maintenance (DWSP)						
Chief Plant Operator	0	0	0	0	1	1
Electrical Technician I/II	0	0	0	0	1	1
Sr Plant Maintenance Mechanic	0	0	0	0	1	1
Plant Operator I/II/Sr	0	0	0	0	7	7
	0	0	0	0	10	10
Total Water	41	40	41	41	9	50
		% Change vs. 2008-09				22%
			0%	0%		
<u>WASTEWATER FUND</u>						
431-4311 Wastewater Policy, Planning, Management						
Administrative Analyst I/II/Sr/Principal	1	0	0	0	0	0
Assistant MUD Director	0	0	1	1	0	1
Buyer I/II/Sr	1	1	1	1	0	1
Deputy Director Maintenance & Collections	0	1	1	1	0	1
Deputy Director Wastewater	1	1	1	1	0	1
Deputy Director Water Resource Planning	0	0	1	1	(1)	0
Director of Municipal Utilities	1	1	1	1	0	1
Executive Assistant	1	1	1	1	0	1
Finance Officer	0	0	0	0	1	1
Materials Specialist	1	2	2	2	0	2
Occup Health & Safety Compliance Officer	1	1	1	1	0	1
Office Asst I/II/Sr. Office Specialist/ Secretary	3	4	3	3	1	4
Program Manager I/II/III	0	2	2	2	0	2
Program Manager III	1	0	0	0	1	1
Regulatory Compliance Officer	1	1	1	1	0	1
SCADA/CMMS Manager	0	0	1	1	0	1
Supervising Office Assistant	1	0	0	0	0	0
Technology Support Specialist I/II	1	1	1	1	0	1
	14	16	18	18	2	20

PERSONNEL BY FUND - MUNICIPAL UTILITIES DEPARTMENT
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
431-4312 Engineering CIP						
SCADA/CMMS Manager	0	1	0	0	0	0
Engineering Aide/ Tech I/II/Sr	1	0	0	0	0	0
Engineering Manager	1	1	0	0	1	1
GIS Specialist I/II	1	1	1	1	0	1
Junior/Assistant/Associate Civil Engineer	5	6	6	6	0	6
Office Asst I/II/ Office Specialist/ Secretary	2	1	1	1	1	2
Public Works Inspector	1	2	2	2	0	2
Sr Civil Engineer	2	3	3	3	(2)	1
Principal Civil Engineer	0	0	0	0	1	1
Sr Office Assistant	0	1	1	1	(1)	0
Sr Plant Maintenance Supervisor	0	1	0	0	0	0
	13	17	14	14	0	14
431-4331 Operations						
Chief Plant Operator	0	0	0	0	1	1
Office Asst I/II/ Office Specialist/ Secretary	0	0	1	1	0	1
Plant Operator I/II/Sr	26	26	26	26	0	26
Plant Operations Supervisor	0	2	2	2	0	2
Sr Plant Operations Supervisor	1	1	1	1	(1)	0
	27	29	30	30	0	30
431-4331 Maintenance						
Electrical Technician I/II	4	4	4	4	(1)	3
Office Asst I/II/ Office Specialist/ Secretary	1	1	1	1	(1)	0
Plant Maintenance Machinist	1	1	1	1	0	1
Plant Maintenance Mechanic	13	15	16	16	(8)	8
Plant Maintenance Worker I/II	4	8	8	8	(3)	5
Plant Maintenance Supervisor	0	2	2	2	(1)	1
Sr Plant Maintenance Mechanic	4	5	4	4	(1)	3
Sr Plant Maintenance Supervisor	1	1	1	1	(1)	0
	28	37	37	37	(16)	21
431-4332 Sanitary Sewers/Collections						
Collection Systems Operator I/II/Sr	23	23	32	32	0	32
Collection Systems Supervisor	1	1	2	2	0	2
Office Asst I/II/ Office Specialist/ Secretary	1	0	1	1	0	1
Water/Sewer Equipment Operator	2	2	2	2	0	2
	27	26	37	37	0	37
431-4333 Sanitary Pump Stations						
Electrical Technician I/II					1	1
Office Asst I/II/ Office Specialist/ Secretary					1	1
Plant Maintenance Mechanic					9	9
Plant Maintenance Worker I/II					2	2
Plant Maintenance Supervisor					1	1
Sr Plant Maintenance Mechanic					1	1
Sr Plant Maintenance Supervisor					1	1
	0	0	0	0	16	16
431-4341 Environmental Control						
Environmental Control Officer	2	4	4	4	0	4
Office Asst I/II/ Office Specialist/ Secretary	0	0	1	1	0	1
Sr Environmental Control Officer	1	1	1	1	0	1
Technical Services Supervisor	1	1	1	1	0	1
	4	6	7	7	0	7
Total Wastewater	113	131	143	143	2	145
% Change vs. 2008-09	10		27%	27%		28%

**PERSONNEL BY FUND - MUNICIPAL UTILITIES DEPARTMENT
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12 Adopted</u>	<u>Staffing Modifications</u>	<u>FY 2012-13 Proposed</u>
<u>STORMWATER FUND</u>						
441-4410 Stormwater-Policy, Planning, Management						
Office Asst I/II/ Office Specialist/ Secretary	0	1	1	1	0	1
Program Manager I/II	1	1	1	1	0	1
Program Manager III	1	1	1	1	0	1
Public Works Inspector	1	1	1	1	0	1
Stormwater Outreach Coordinator	1	1	0	0	0	0
	4	5	4	4	0	4
441-4431 Stormwater Collections						
Collections Systems Operator I/II/Sr	3	4	2	3	0	3
	3	4	2	3	0	3
Total Stormwater	7	9	6	7	0	7
% Change vs. 2008-09			-14%	0%		0%
<u>LABORATORY</u>						
Chemist	2	2	2	2	0	2
Laboratory Technician	3	3	3	3	0	3
Laboratory Supervisor	1	1	1	1	0	1
Microbiologist	1	1	1	1	0	1
	7	7	7	7	0	7
Total Municipal Utilities	168	187	197	198	11	209
% Change vs. 2008-09			17%	18%		24%

**PERSONNEL BY FUND - ADMINISTRATIVE AND SUPPORT DEPARTMENTS
2012-13 Proposed Budget**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12 Adopted</u>	<u>Staffing Modifications</u>	<u>FY 2012-13 Proposed</u>
CITY COUNCIL						
Admin Aide I/II	1	0	0	0	0	0
Councilmember	6	6	6	6	0	6
Executive Assistant to the Mayor	1	1	1	1	0	1
Mayor	1	1	1	1	0	1
	9	8	8	8	0	8
CITY MANAGER						
Administrative Aide I/II	3	3	3	3	0	3
Assistant to the City Manager	1	1	1	1	0	1
City Manager	1	1	1	1	0	1
Community Relations Officer	0	1	0	0	0	0
Deputy City Manager I/II	3	2	2	2	0	2
Executive Assistant to City Manager	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	2	1	1	0	0	0
Program Manager III	6	3	2	2	0	2
Supervising Office Assistant	1	0	0	0	0	0
	18	13	11	10	0	10
CITY ATTORNEY						
Assistant City Attorney	2	1	1	1	0	1
City Attorney	1	1	1	1	0	1
Deputy City Attorney	6	6	6	6	0	6
Executive Assistant (Legal)	1	0	0	0	0	0
Executive Assistant to City Attorney	1	1	1	1	0	1
Legal Secretary I/II	3	2	1	2	0	2
Liability Claims Investigator I/II	1	1	1	0	0	0
Office Asst I/II/ Office Specialist/ Secretary	2	2	2	0	0	0
	17	14	13	11	0	11
CITY AUDITOR						
Admin Analyst I/II/Sr	0	0	0	1	0	1
Assistant City Auditor	1	1	1	1	0	1
Audit Assistant I/II	1	0	0	0	0	0
City Auditor	1	1	1	1	0	1
Deputy City Auditor I/II/Sr	4	2	2	1	0	1
	7	4	4	4	0	4
CITY CLERK						
Assistant City Clerk I/II	1	1	1	1	0	1
City Clerk	1	1	1	1	0	1
Office Specialist	2	0	0	1	0	1
Records Research Specialist	2	2	1	1	0	1
Sr Deputy City Clerk	1	1	1	1	0	1
Supervising Deputy City Clerk	1	1	1	1	0	1
	8	6	5	6	0	6
NON-DEPARTMENTAL						
Administrative Aide I/II	2	2	2	2	0	2
Program Manager III	1	1	1	1	0	1
Public Information Officer I/II	1	1	1	1	0	1
	4	4	4	4	0	4
OPERATION PEACEKEEPER PROGRAM						
010-0138 Youth Outreach Coordinator	1	1	1	1	0	1
010-0138 Youth Outreach Worker	5	5	5	5	0	5
	6	6	6	6	0	6
Total Non-Departmental	10	10	10	10	0	10

PERSONNEL BY FUND - ADMINISTRATIVE AND SUPPORT DEPARTMENTS
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
HUMAN RESOURCES						
<u>GENERAL FUND</u>						
010-1610 Human Resources-Recruitment & Workforce Planning						
Deputy Director of Human Resources	1	1	0	0	0	0
Human Resources Analyst I/II/Sr	5	4	3	3	(1)	2
Human Resources Asst I/II /Specialist	4	4	3	3	(2)	1
Human Resources Technician	1	1	1	1	(1)	0
Supervising Human Resource Analyst	1	1	1	1	0	1
	12	11	8	8	(4)	4
010-1620, 1621 Human Resources - Administration & Employee Relations						
Administrative Aide I/II	1	1	1	1	0	1
Assistant Director of Human Resources	1	1	1	1	0	1
Deputy Director of Human Resources	0	0	1	0	0	0
Director of Human Resources	1	1	1	1	0	1
Executive Assistant (Confidential)	1	1	1	1	0	1
Human Resources Analyst I/II/Sr	1	1	1	1	1	2
Human Resources Asst I/II /Specialist	1	1	1	1	1	2
Human Resources Program Assistant	0	0	0	0	1	1
Human Resources Technician	0	0	0	0	1	1
Human Resources Manager	1	1	0	0	0	0
Supervising Human Resource Analyst	1	0	0	0	1	1
	8	7	7	6	5	11
Total General Fund-Human Resources	20	18	15	14	1	15
			% Change vs. 2008-09 (0)	(0)		(0)
<u>INTERNAL SERVICE FUNDS</u>						
551-5600 WORKERS' COMPENSATION						
Human Resources Asst I/II /Specialist	1	1	2	1	(1)	0
Human Resources Program Assistant	0	1	1	1	0	1
Human Resources Technician	2	2	1	1	(1)	0
Workers' Comp/Safety Coordinator	1	0	0	0	0	0
	4	4	4	3	(2)	1
552-5510 HEALTH BENEFITS						
Benefits Analyst	1	1	1	1	0	1
Deputy Director of Human Resources	0	0	0	0	1	1
Human Resources Asst I/II /Specialist	1	1	0	1	0	1
Human Resources Program Manager	1	1	1	1	(1)	0
Human Resources Technician	0	1	2	2	0	2
Supervising Human Resources Analyst	0	0	0	0	1	1
	3	4	4	5	1	6
541-5700 GENERAL LIABILITY INSURANCE						
Human Resources Program Assistant	0	0	0	0	1	1
Human Resources Manager	0	0	0	0	1	1
Liability Claims Investigator I/II	1	1	0	1	0	1
Claims Analyst I	0	0	1	1	0	1
Risk/Loss Control Specialist	0	0	2	2	(1)	1
Risk/Loss Control Analyst	1	1	0	1	(1)	0
Risk Manager	1	1	1	1	(1)	0
	3	3	4	6	(1)	5
Total Internal Service Funds	10	11	12	14	(2)	12
Total Human Resources	30	29	27	28	(1)	27
			% Change vs. 2008-09 (0)	(0)		(0)

PERSONNEL BY FUND - ADMINISTRATIVE AND SUPPORT DEPARTMENTS
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
ADMINISTRATIVE SERVICES DEPARTMENT						
<u>GENERAL FUND</u>						
010-1310 Administration						
Accountant I/II/Sr	0	0	1	1	(1)	0
Administrative Analyst I/II/Sr/Principal	2	1	0	0	0	0
Assistant Director of Financial Mgmt	1	1	0	0	1	1
Auditor/Internal Auditor I/II/Sr	2	0	0	0	0	0
Chief Financial Officer	1	1	1	1	0	1
Executive Assistant	1	1	0	0	1	1
Finance Officer	1	1	1	1	(1)	0
Office Asst I/II/ Office Specialist/ Secretary	0	0	3	3	(2)	1
Program Manager I/II	0	1	0	1	(1)	0
Program Manager III	0	0	1	1		1
	8	6	7	8	(3)	5
010-1320 Financial Services						
Accounting Office Assistant I/II/Sr	6	0	0	0	0	0
Accountant I/II/Sr	6	5	6	6	1	7
Accounting Manager	1	1	0	1	0	1
Audit Assistant I/II	1	0	0	0	0	0
Deferred Compensation Specialist	1	0	0	0	0	0
Finance Assistant I/II/Sr	0	5	6	6	1	7
Financial Services Supervisor	0	1	1	1	0	1
Program Manager I/II	0	0	1	1	0	1
Program Manager III	0	0	1	0	0	0
Supervising Accountant	1	1	0	0	0	0
Supervising Accounting Office Assistant	1	0	0	0	0	0
	17	13	15	15	2	17
010-1322 Budget						
Budget Officer	1	1	1	1	0	1
Program Manager I/II	0	1	2	2	1	3
Administrative Analyst I/II/Sr/Principal	2	1	1	1	(1)	0
	3	3	4	4	0	4
010-1331 Treasury						
Office Asst I/II/ Office Specialist/ Secretary	0	1	1	1	0	1
Revenue Assistant I/II/Sr	8	5	9	9	0	9
Revenue Collector	3	1	2	2	0	2
Revenue Officer	1	1	0	0	1	1
Supervising Revenue Assistant	1	1	1	1	0	1
	13	9	13	13	1	14
010-1340 Purchasing						
Buyer I/II/Sr	3	2	2	2	0	2
Materials Specialist	3	1	0	1	0	1
Materials Supervisor	1	0	0	0	0	0
Office Asst I/II/ Office Specialist/ Secretary	1	0	0	0	0	0
Purchasing Agent	1	1	1	1	0	1
	9	4	3	4	0	4
010-1350 Utility Billing/Customer Service						
Customer Service Assistant	2	2	2	2	0	2
Revenue Assistant I/II/Sr	7	8	9	9	0	9
Revenue Collector	3	3	3	3	0	3
Supervising Revenue Assistant	1	1	1	1	0	1
	13	14	15	15	0	15
Total General Fund	63	49	57	59	0	59
			(0)	(0)		(0)

% Change vs. 2008-09

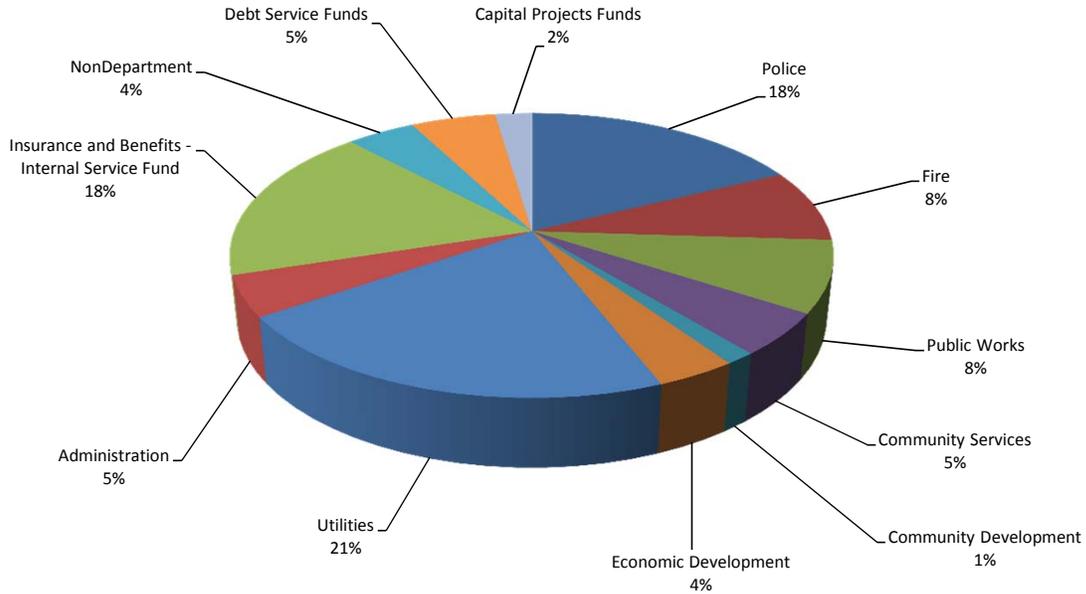
PERSONNEL BY FUND - ADMINISTRATIVE AND SUPPORT DEPARTMENTS
2012-13 Proposed Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Proposed</u>
INTERNAL SERVICE FUNDS						
502-5100 Information Technology						
Assistant/Deputy IT Director	1	1	1	1	(1)	0
Director of IT	1	0	0	0	0	0
Executive Assistant	1	0	0	0	0	0
GIS Analyst I/II/Sr	3	3	3	2	1	3
GIS Specialist I/II/Sr	1	3	3	1	(1)	0
GIS Supervisor	1	1	1	1	0	1
Network Support Analyst I/II/Sr	6	4	4	4	0	4
Network Support Services Supervisor	1	1	1	1	0	1
Office Asst I/II/ Office Specialist/ Secretary	3	2	2	2	0	2
Program Manager I/II	1	1	1	1	0	1
Sr GIS Specialist	2	0	0	0	0	0
Systems Analyst I/II/Sr	10	9	10	10	(1)	9
Technology Officer	0	0	0	0	1	1
Technology Project Coordinator	2	1	1	1	0	1
Technology Support Specialist I/II	15	11	9	9	1	10
Technology Systems Supervisor	4	3	3	3	0	3
	52	40	39	36	0	36
502-5400 Document Services						
Reprographics/Mailroom Supervisor	1	1	1	1	0	1
Reprographics/Mailroom Technician I/II	3	2	2	1	0	1
	4	3	3	2	0	2
503-5200 Radio						
Technology Project Coordinator	0	0	1	1	(1)	0
Technology Support Specialist I/II	1	1	1	1	0	1
Project Manager I/II	1	1	0	0	1	1
	2	2	2	2	0	2
504-5300 Telecommunications						
Technology Support Specialist I/II	0	1	1	1	0	1
Telecommunications Coordinator	1	0	0	0	0	0
	1	1	1	1	0	1
Total Internal Service Funds	59	46	45	41	0	41
Total Administrative Services	122	95	102	100	0	100
% Change vs. 2008-09			-16%	-18%		-18%
Total Administration and Support	221	179	180	177	(1)	176
% Change vs. 2008-09			-19%	-20%		-20%
City-wide Total	1,886	1,584	1,493	1,414	21	1,435



**City of Stockton
Citywide Budget
2012-13 Adopted Budget**

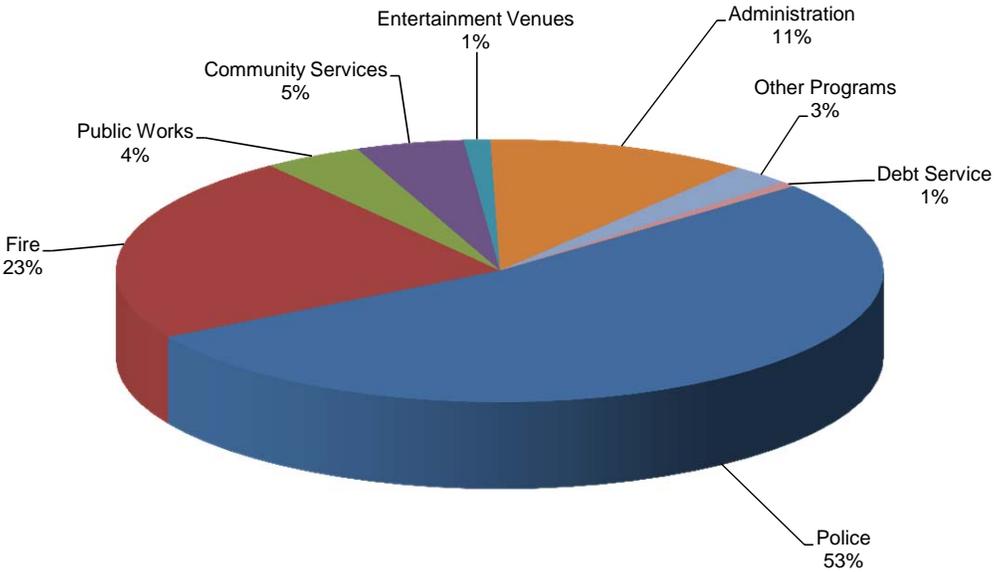
\$509,122,416



	Operating Budget	Debt Service Budget	Capital Budget	Total	
Program Appropriations					
Police	\$ 90,340,310			\$ 90,340,310	18%
Fire	41,950,708			41,950,708	8%
Public Works	36,626,187	\$ 1,365,771	\$ 3,404,760	41,396,718	8%
Community Services	24,659,898		-	24,659,898	5%
Community Development	6,947,489			6,947,489	1%
Economic Development	16,699,623	2,207,670		18,907,293	4%
Utilities	70,914,582	27,473,909	10,740,552	109,129,043	21%
Administration	19,255,311	325,000	4,083,672	23,663,983	5%
Insurance and Benefits - Internal	83,122,437	7,712,550		90,834,987	18%
NonDepartmental Funds					
NonDepartment	22,184,931			22,184,931	4%
Debt Service Funds		27,261,545		27,261,545	5%
Capital Projects Funds	117,257	248,781	11,479,473	11,845,511	2%
	<u>\$ 412,818,733</u>	<u>\$ 66,595,226</u>	<u>\$ 29,708,457</u>	<u>\$ 509,122,416</u>	<u>100%</u>
Net Budget					
Internal Service Charges				\$ (115,383,433)	
Interfund Transfers				(18,367,094)	
				<u>\$ 375,371,889</u>	



General Fund Budget 2012-13 Adopted Budget

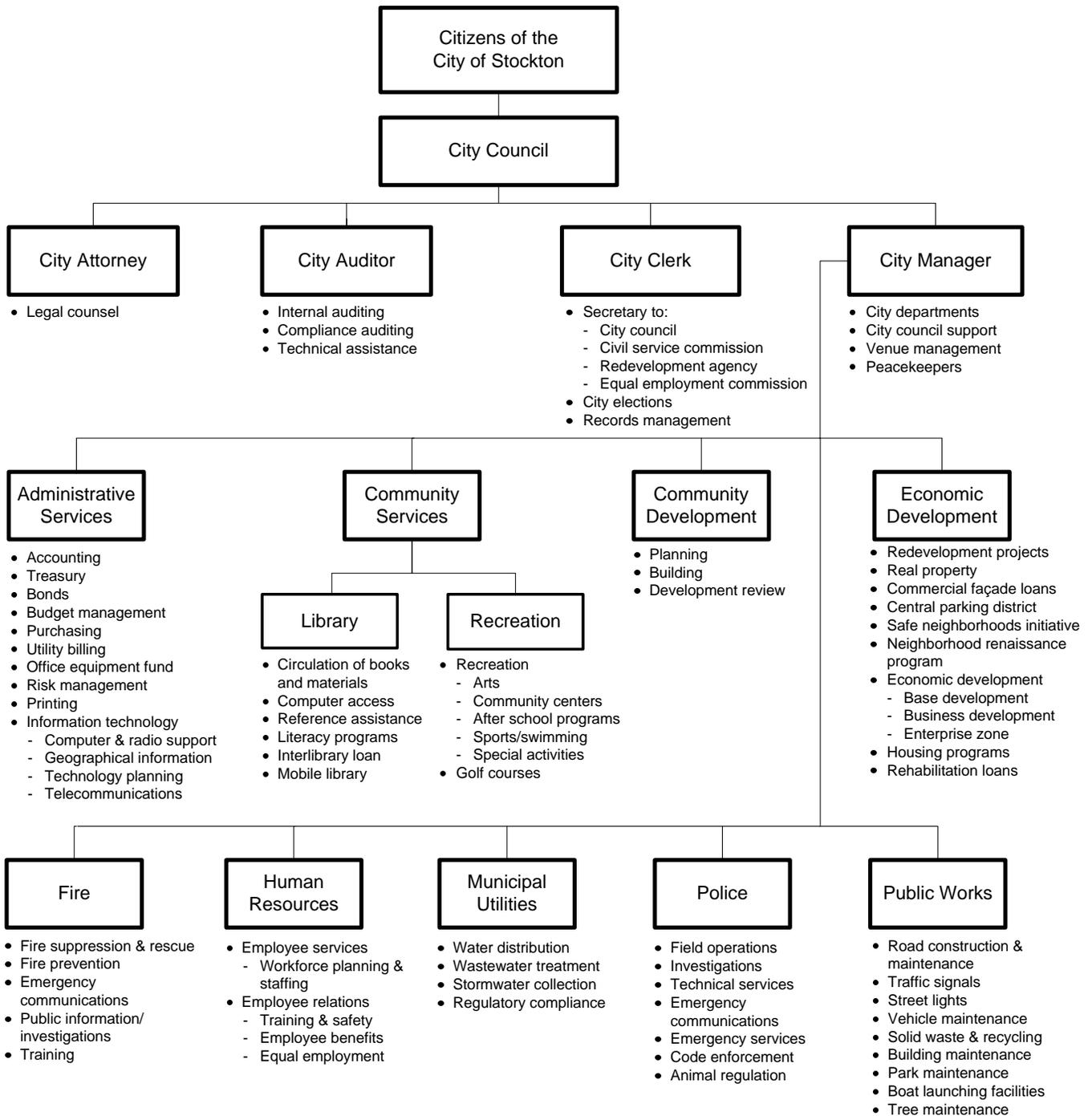


Program Appropriations

Police	\$ 81,878,504	53%
Fire	36,012,173	23%
Public Works	6,472,950	4%
Community Services	7,101,827	5%
Entertainment Venues	1,737,350	1%
Administration	17,244,306	11%
Other Programs	3,989,801	3%
Debt Service	978,560	1%
	\$ 155,415,471	



ORGANIZATION
CHART



City of Stockton

PERSONNEL BY FUND
2012-13 Adopted Budget

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>FY 2011-12</u> <u>Adopted</u>	<u>Staffing</u> <u>Modifications</u>	<u>FY 2012-13</u> <u>Adopted</u>
General Fund and Tax-Supported Programs						
Programs						
Police-Sworn	401	322	320	322	18	340
Police-Non Sworn	235	214	202	188	1	189
Fire	253	265	226	177	(1)	176
Public Works	163	78	59	62	(6)	56
Library	105	69	57	57	1	58
Recreation	46	32	27	26	(1)	25
Economic Development	5	1	2	2	4	6
	1,208	981	893	834	16	850
Administration						
City Council	9	8	8	8	0	8
City Manager	18	13	11	10	0	10
City Attorney	17	14	13	11	0	11
City Clerk	8	6	5	6	0	6
City Auditor	7	4	4	4	0	4
Admin Services	63	49	57	59	0	59
Human Resources	20	18	15	14	1	15
Non Departmental	10	10	10	10	0	10
	152	122	123	122	1	123
Total General Fund	1,360	1,103	1,016	956	17	973
			% Change vs. 2008-09			
			-25%	-30%		-28%
Enterprise Funds						
Golf Course	3	2	2	2	(2)	0
Municipal Utilities	168	187	197	198	11	209
	171	189	199	200	9	209
Special Revenue/District Funds						
Central Parking District	3	3	3	3	0	3
Community Development Block Grant	13	12	11	9	(2)	7
Development Services	98	53	50	42	(6)	36
Emergency Communications	17	0	0	0	0	0
Maintenance District	1	2	4	2	0	2
Redevelopment	24	20	10	6	(4)	2
Safe Neighborhood Measure W	68	45	41	41	2	43
Solid Waste & Recycling	6	9	9	9	0	9
Street Maintenance/ Gas Tax Fund	24	65	66	64	7	71
	254	209	194	176	(3)	173
Internal Service Funds						
Fleet	31	26	27	27	0	27
General Liability Insurance	3	3	4	6	(1)	5
Workers' Compensation	4	4	4	3	(2)	1
Health Benefits	3	4	4	5	1	6
Information Technology	52	40	39	36	0	36
Radio	2	2	2	2	0	2
Telecommunications	1	1	1	1	0	1
Document Services	4	3	3	2	0	2
	100	83	84	82	(2)	80
Capital Improvement Funds						
Public Art	1	0	0	0		0
	1	0	0	0	0	0
Total All Funds	1,886	1,584	1,493	1,414	21	1,435
			% Change vs. 2008-09			
			-21%	-25%		-24%

GENERAL FUND
SUMMARY

General Fund - 010
2012-13 Adopted Budget Summary

	FY 2009-2010 Actual	FY 2010-2011 Unaudited Actual	FY 2011-2012 Current Budget	FY 2012-2013 Proposed Budget	FY 2012-2013 Adopted Pendency
Beginning Balance	\$ 8,607,000	\$ 1,101,000 (a)	\$ 7,913,885	\$ -	\$ -
Revenues	166,907,289	184,965,383	158,806,514	155,454,713	155,454,713
	<u>166,907,289</u>	<u>184,965,383</u>	<u>158,806,514</u>	<u>155,454,713</u>	<u>155,454,713</u>
	-	-	-	-	-
Expenditures					
Employee Services	126,662,253	125,427,170	113,305,518	121,519,717	104,365,547
Other Services	23,453,256	25,159,702	32,453,162	29,892,900	31,993,923
Materials & Supplies	2,410,045	2,575,751	2,504,519	2,744,485	2,744,291
Other Expenses	5,913,318	1,193,236	1,226,433	3,857,753	3,356,253
Capital Outlay	3,800	21,698	-	4,000	4,000
Loan Repayment	777,164	2,152,648	3,013,468	3,549,633	978,560
Transfer Out	14,419,033	19,630,538	14,217,299	16,326,190	11,972,897
Pending Balancing Plan					
	<u>173,638,869</u>	<u>176,160,743</u>	<u>166,720,399</u>	<u>177,894,678</u>	<u>155,415,471</u>
	-	-	-	-	-
Reserves					
Change in Fund					
Balance restrictions	(774,420)	(1,991,755)	-	-	-
	<u>(774,420)</u>	<u>(1,991,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	(7,506,000)	6,812,885	(7,913,885)	(22,439,965)	39,242
Ending Balance	\$ 1,101,000	\$ 7,913,885	\$ 0	\$ (22,439,965)	\$ 39,242
Fiscal Stabilization Measures				<u>2,929,016</u>	
Ending Deficit Balance				<u>\$ (25,368,981)</u>	

(a) FY 2010-11 is presented with the Unaudited Actual. Current revenue Projecteds indicate that the General Fund is at risk. The City Council authorized interfund transfers on 2/28/12 to establish a positive ending balance at June 30, 2011 and balance the FY 2011-12 Budget. The General Fund continues to be at risk in FY 2011-12. Accordingly, no beginning balance has been projected for FY 2012-13.

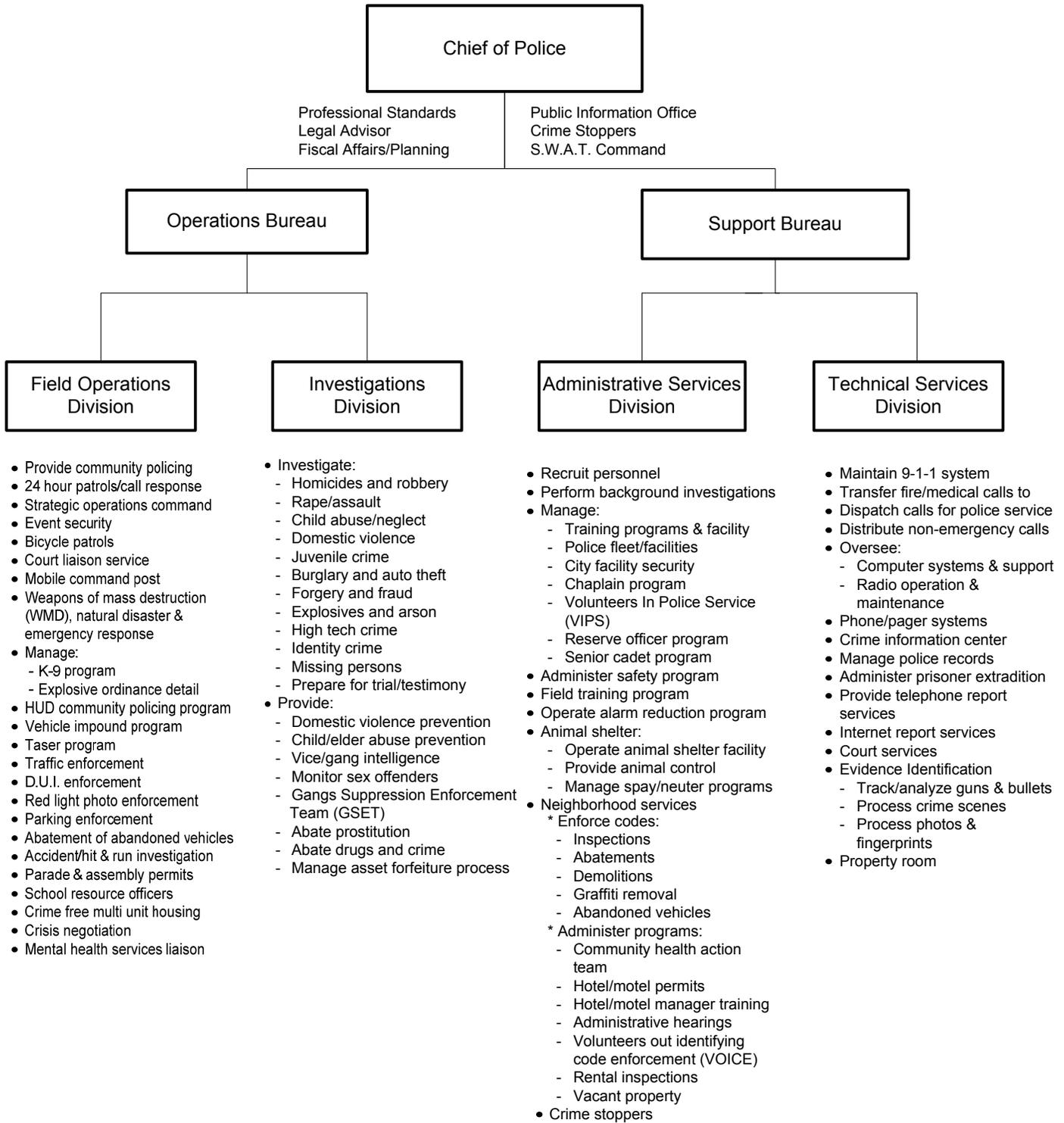
General Fund - 010
2012-13 Adopted Revenues

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Current Budget	Adopted Pendency
General Tax Revenues				
Property Taxes				
Property Taxes	\$ 29,169,700	\$ 28,318,428	\$ 26,848,000	\$ 25,386,000
In-Lieu of Motor Vehicle Fees	19,612,336	18,534,224	17,664,970	16,967,100
	<u>48,782,036</u>	<u>46,852,652</u>	<u>44,512,970</u>	<u>42,353,100</u>
Sales Tax				
75% Point of Sale	24,558,180	25,463,533	26,628,762	27,896,856
25% County ERAF Backfill	7,086,587	8,118,132	8,392,001	9,799,434
Proposition 172	1,065,346	1,087,330	1,159,238	1,217,200
	<u>32,710,113</u>	<u>34,668,995</u>	<u>36,180,001</u>	<u>38,913,490</u>
Utility Users Tax				
Water	2,541,674	2,699,052	2,952,000	3,121,400
Electric & Gas	16,068,172	16,517,005	16,850,000	17,296,500
Cable	1,995,069	1,985,307	1,943,326	1,887,000
Telecommunications	10,111,984	9,784,959	9,491,410	9,182,100
	<u>30,716,899</u>	<u>30,986,323</u>	<u>31,236,736</u>	<u>31,487,000</u>
Franchise Tax				
PG&E	1,745,610	1,799,027	1,835,000	1,871,700
Cable/Video	2,094,157	2,204,115	2,940,000	2,144,000
Waste Haulers	7,514,550	7,499,593	7,432,238	7,245,000
	<u>11,354,317</u>	<u>11,502,735</u>	<u>12,207,238</u>	<u>11,260,700</u>
Business License Tax	9,288,875	9,249,774	9,145,000	9,235,000
Hotel/Motel Tax	1,750,153	1,798,740	1,800,000	1,811,000
Document Transfer Tax	558,611	583,418	604,000	530,000
Motor Vehicle License	855,878	1,479,303	-	-
Interest	1,014,602	881,221	140,250	(10,423)
	<u>13,468,119</u>	<u>13,992,456</u>	<u>11,689,250</u>	<u>11,565,577</u>
Program Revenues				
Fire Contracts	4,688,889	3,885,672	4,915,879	3,923,678
Code Enforcement	5,504,189	3,670,739	3,266,084	3,176,300
Charges for Services	2,549,574	2,128,003	1,971,385	1,963,786
Fines & Forfeitures	3,461,164	2,486,772	1,393,500	1,480,600
Revenues from Other Agencies	1,052,767	832,931	742,400	758,000
Licenses & Permits	391,661	143,191	458,226	371,825
Misc Other Revenues	165,933	254,512	(54,658)	(168,000)
	<u>17,814,177</u>	<u>13,401,820</u>	<u>12,692,816</u>	<u>11,506,189</u>
Interfund Reimbursements				
Indirect Cost Allocation	6,243,088	6,005,969	5,300,000	4,850,000
Workers Comp Reimbursement	1,503,684	1,492,517	-	-
Refunds & Reimbursements	430,981	1,195,388	820,431	173,383
Rents/Leases/Concessions	2,655,215	2,544,647	2,588,557	2,508,746
	<u>10,832,968</u>	<u>11,238,521</u>	<u>8,708,988</u>	<u>7,532,129</u>
Transfers In				
Transfers In	451,496	20,512,570	-	-
From Technology Fund - 502		1,200,000	-	-
From Parking for Debt Service - 417	777,164	609,311	1,578,515	836,528
	<u>1,228,660</u>	<u>22,321,881</u>	<u>1,578,515</u>	<u>836,528</u>
Total Revenues	<u>\$ 166,907,289</u>	<u>\$ 184,965,383</u>	<u>\$ 158,806,514</u>	<u>\$ 155,454,713</u>

General Fund - 010
2012-13 Adopted Budget by Program

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2012-2013
	Actual	Unaudited Actual	Current Budget	Proposed Budget	Adopted Pendency
Expenditures					
<u>Programs</u>					
Police	\$ 86,308,498	\$ 86,855,958	\$ 83,306,025	\$ 93,023,477	\$ 81,878,504
Fire	47,500,662	47,618,852	40,447,868	40,529,586	36,012,173
Public Works	7,748,101	7,135,215	7,438,423	7,369,140	6,472,950
Economic Development	359,011	318,981	487,199	725,760	678,005
Peacekeeper Program	91,538	61,760	132,055	249,615	170,249
Arts Commission	30,976	40,025	36,737	37,687	32,827
	<u>142,038,786</u>	<u>142,030,791</u>	<u>131,848,307</u>	<u>141,935,265</u>	<u>125,244,708</u>
<u>Program Support for Other Funds</u>					
Library	4,227,451	4,111,205	3,977,759	4,125,000	4,057,000
Recreation	3,023,774	2,941,711	2,757,263	2,800,000	2,690,000
Entertainment Venues	3,187,473	2,191,299	2,441,299	2,152,000	1,737,350
RDA Successor Agency		3,875,976	3,100,000	1,319,248	1,069,248
Compensated Absences		3,697,917			-
Downtown Marina		966,000	732,000	732,000	47,299
Capital Improvement		480,000	500,000	1,575,000	575,000
Administration Building			235,000	2,588,442	-
Golf Courses				322,000	322,000
Grant Match	257,947	854,112	303,100	500,000	450,000
Development Services		512,318	150,000	1,000,000	1,000,000
	<u>10,696,645</u>	<u>19,630,538</u>	<u>14,196,421</u>	<u>17,113,690</u>	<u>11,947,897</u>
<u>Administration</u>					
City Council	485,649	506,449	501,797	495,641	459,112
City Manager	824,582	894,304	748,054	1,087,031	995,141
City Attorney	1,131,916	886,204	838,894	1,004,351	920,439
City Clerk	651,082	760,661	766,597	789,120	705,064
City Auditor	433,347	441,772	535,545	508,827	471,733
Administrative Services	2,492,087	2,894,593	3,303,066	3,822,076	3,462,886
Human Resources	1,427,295	1,468,742	1,358,532	2,185,971	1,884,815
Tax Collection & Election	2,474,301	3,247,483	2,620,000	2,745,250	2,745,250
Other Administration	9,941,013	(589,387)	1,139,718	(842,177)	(1,400,134)
Labor Litigation	265,002	1,835,945	5,000,000	2,312,500	5,000,000
	<u>20,126,274</u>	<u>12,346,766</u>	<u>16,812,203</u>	<u>14,108,590</u>	<u>15,244,306</u>
Debt Service	<u>777,164</u>	<u>2,152,648</u>	<u>3,013,468</u>	<u>2,737,133</u>	<u>978,560</u>
Contingency			<u>850,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Baseline Subtotal				<u>177,894,678</u>	<u>155,415,471</u>
Fiscal Stabilization Measures				<u>2,929,016</u>	<u>-</u>
Subtotal with Fiscal Stabilization				<u>180,823,694</u>	<u>155,415,471</u>
Total	<u>\$ 173,638,869</u>	<u>\$ 176,160,743</u>	<u>\$ 166,720,399</u>	<u>\$ 180,823,694</u>	<u>\$ 155,415,471</u>





POLICE DEPARTMENT



MISSION STATEMENT

To work in partnership with the people of Stockton to build a safe and secure community.

Budget at a Glance:

Total Expenditures	\$90,340,310
Total Revenues	\$20,187,130
Total Net Cost	\$70,153,180
Total Staff	550

DEPARTMENTAL DESCRIPTION

The Chief of Police is appointed by the City Manager and under state law, is responsible for the delivery of law enforcement and related emergency services within the City of Stockton. The Chief of Police provides direction over all Police operations including:

- Field Services Division;
- Patrol, including the Traffic Section;
- Investigations Division;
- Technical Services Division, including Telecommunications, the Records Section, the Evidence/Identification Section and Property Room;
- Crime Information Center, and Information Technology;
- Administrative Services Division, including the Personnel and Training;
- Neighborhood Services/Code Enforcement;
- Animal Services Sections;
- Professional Standards Section;
- Public Information Office; and
- Fiscal Affairs and Planning Section.

Other special services include those performed by the Special Weapons and Tactics (SWAT) Team, Crisis Negotiations Team, Explosive Ordnance Disposal Team, Canine Unit, and Narcotics Hazardous Materials Team.

KEY ISSUES

Retention of currently trained staff will be a key issue in fiscal year 2012-13. As the changes in workload and job requirements increase, the Police Department will become more heavily dependent on the current workforce for their commitment and knowledge.

- **Recruitment of Police Officers** to replace those who plan to retire near the end of fiscal year 2011-12 and those who leave Stockton for other employment, will offer a new challenge to the Police Department. The hiring of a new Police Officer can take up to six months from the time of the employment announcement to the end of field training when a new officer can take on a regular assignment. Because sworn officer staffing levels are at the lowest in more than 20 years, it will be critical to the mission of the Department to maximize the recruitment effort. The new federal hiring grant will allow the City to hire 17 new police officers at the point when 344 current positions have been filled.

POLICE DEPARTMENT

KEY ISSUES, CONTINUED

- **As public safety needs change, the demands for innovative strategies** such as evidence-based and community policing are critical to meeting the challenges facing the Stockton Police Department. We will leverage the latest information available from local and national resources to develop plans and partnerships necessary to keep the public safe.
- **New funding sources**, such as grants and new federal or state programs, have become increasingly important to the Police Department staffing levels. At the federal level, we are actively seeking funds from the Office of Community Oriented Policing (COPS), Department of Homeland Security, National Institute of Justice, and Department of Justice. At the state level, we continue to rely on funds from Vehicle License Fees (VLF), fines, fees, forfeitures, and other fluctuating revenues. In addition, the Police Department will work with all public safety partners to optimize our funding and reimbursement opportunities through statewide associations like the California Police Chiefs Association and California Emergency Management Agency.
- **Relationships with community partners**, such as other local law enforcement agencies, have become more critical over the past five years of economic downturn. As fewer public safety dollars are available, consolidation of resources is often the key element when applying for new dollars from federal and state programs. Our partnerships include local agencies such as the Women's Center of San Joaquin County; the San Joaquin County District Attorney's Office, including the Victim-Witness Program; and the San Joaquin County Probation Department. The Police Department is also partnered with all other local, state, and federal law enforcement agencies in the county to address crime concerns related to drugs, gangs, domestic violence, elder abuse, and other issues as they arise.
- **The Police Department General Fund** baseline was increased to remove 2011-12 vacancy savings, absorb Police Officer positions from other funding sources, fund existing part-time positions and cover the cost of recruiting and training new hires. With the implementation of the Pendency Plan reductions, the Adopted Budget is slightly lower than the 2011-12 Budget.
 - Funding for 20 Police Officers positions has been added to the General Fund due the expiration of the Federal ARRA COPS Hiring Program Grant which previously funded these positions.
 - The 2011-12 Police Department budget had been balanced with vacancy savings. These savings were removed and full cost of all Police positions has been included in the budget so the Police Department can fill the positions throughout FY 2012-13.
 - Part time costs added mid-year in 2011-12 have been retained to enhance Police Services, improve revenue collections, and increase hiring capacity.
 - Overtime costs have been included to offset vacant positions and newly hired officers in the training program.
 - Other Services have been increased to fund costs related to hiring and training new Police Officers.



**Police Department
2012-13 Adopted Budget**

	General Fund Adopted Pendency 010	Measure W 081	Asset Forfeiture 023	COPS 024
	<i>See Page E-8</i>	<i>See Page E-10</i>	<i>See Page E-12</i>	<i>See Page E-14</i>
Beginning Available Balance			\$ 191,421	\$ 263,614
Revenues				
Grants				400,000
Program Revenue	6,284,349	4,175,000	66,500	
Other Revenue			-	
	6,284,349	4,175,000	66,500	400,000
Expenditures				
Salary & Benefits	65,698,531	3,335,351		547,914
Services & Supplies	16,179,973	658,041	167,670	
Administration Overhead		161,119		
	81,878,504	4,154,511	167,670	547,914
Transfers				
Transfer In - General Fund				
CHP and Other Grant Match				
Transfer Out				
	-	-	-	-
Net Annual Activity	\$ (75,594,155)	\$ 20,489	(101,170)	(147,914)
Ending Available Balance			\$ 90,251	\$ 115,700

Police Department, Continued
2012-13 Adopted Budget

	Law Enforcement Block Grants 025	Trusts 645	Police Total
	<i>See Page E-17</i>	<i>See Page E-19</i>	
Beginning Available Balance	\$ 51,452	\$ 638,213	
Revenues			
Grants	7,967,161		\$ 8,367,161
Program Revenue		218,120	10,743,969
Other Revenue	984,000	12,000	996,000
	8,951,161	230,120	20,107,130
Expenditures			
Salary & Benefits	3,404,461		72,986,257
Services & Supplies		187,250	17,192,934
Administration Overhead			161,119
	3,404,461	187,250	90,340,310
Transfers			
Transfer In - General Fund			-
CHP and Other Grant Match	100,000		100,000
Transfer Out			-
	100,000	-	100,000
Net Annual Activity	5,646,700	42,870	\$ (70,133,180)
Ending Available Balance	\$ 5,698,152	\$ 681,083	
	-	-	-
		Revenues	\$ 20,107,130
		Transfers	100,000
		Total Sources	<u>\$ 20,207,130</u>
		Expenditures	\$ 90,340,310
		Transfers	
		Total Appropriations	<u>\$ 90,340,310</u>
			-

**Police Department
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Police Department					
Employee Services	\$ 74,435,209	\$ 73,922,472	\$ 68,581,532	\$ 76,829,332	\$ 65,698,531
Other Services	10,406,873	11,475,152	13,266,024	14,202,914	14,188,742
Materials and Supplies	1,265,120	1,251,457	1,208,719	1,437,542	1,437,542
Other Expenses	197,496	202,179	249,750	549,689	549,689
Capital Outlay	3,800	4,698	-	4,000	4,000
Total	<u>\$ 86,308,498</u>	<u>\$ 86,855,958</u>	<u>\$ 83,306,025</u>	<u>\$ 93,023,477</u>	<u>\$ 81,878,504</u>
Administration					
Employee Services	4,138,470	4,307,595	4,772,765	5,097,265	4,392,765
Other Services	1,337,596	1,484,862	1,629,405	2,069,679	2,068,444
Materials and Supplies	183,368	171,664	157,956	246,200	246,200
Other Expenses	83,258	71,411	110,850	412,989	412,989
Total	<u>5,742,692</u>	<u>6,035,532</u>	<u>6,670,976</u>	<u>7,826,133</u>	<u>7,120,398</u>
Field Services					
Employee Services	44,157,409	43,297,158	38,360,785	46,184,829	39,292,326
Other Services	4,159,409	4,597,692	5,017,534	5,024,751	5,015,513
Materials and Supplies	802,847	760,348	778,468	880,356	880,356
Other Expenses	134,043	131,235	131,520	126,320	126,320
Capital Outlay	3,800	4,698	-	4,000	4,000
Total	<u>49,257,508</u>	<u>48,791,131</u>	<u>44,288,307</u>	<u>52,220,256</u>	<u>45,318,515</u>
Investigations					
Employee Services	16,347,429	16,704,859	15,959,075	14,859,371	12,705,708
Other Services	590,562	643,766	947,200	891,637	887,690
Materials and Supplies	135,379	155,372	120,407	132,810	132,810
Other Expenses	2,946	2,389	3,500	6,500	6,500
Total	<u>17,076,316</u>	<u>17,506,386</u>	<u>17,030,182</u>	<u>15,890,318</u>	<u>13,732,708</u>
Support Services					
Employee Services	4,547,214	4,224,979	3,887,277	4,400,372	3,683,346
Other Services	323,385	345,898	381,733	407,807	405,095
Materials and Supplies	130,754	145,387	123,887	128,926	128,926
Other Expenses	(22,751)	(3,516)	300	300	300
Total	<u>4,978,602</u>	<u>4,712,748</u>	<u>4,393,197</u>	<u>4,937,405</u>	<u>4,217,667</u>
Telecommunications					
Employee Services	5,244,687	5,387,881	5,601,630	6,287,495	5,624,386
Other Services	3,995,921	4,402,934	5,290,152	5,809,040	5,812,000
Materials and Supplies	12,772	18,686	28,001	49,250	49,250
Other Expenses	-	660	3,580	3,580	3,580
Total	<u>9,253,380</u>	<u>9,810,161</u>	<u>10,923,363</u>	<u>12,149,365</u>	<u>11,489,216</u>

POLICE DEPARTMENT

POLICE MEASURE W FUND (081)

History

- The people of the City approved Measure W on November 2, 2004, which authorized Ordinance No. 038-04 CS that added a new Part to Chapter 8 of the Stockton Municipal Code.
- This Ordinance provided authorization for an additional one-quarter of one percent transaction and use tax, the proceeds of which shall be used for police and fire protection services and to contract with the State Board of Equalization to perform all functions incident to the administration and operation thereof.

2011-12 Events

- The adopted budget of \$3,964,777 funded 21 Police Officers. Mid-year budget actions projected sufficient savings to temporarily fund three additional Officers.
- Revenues continue to be monitored closely to ensure they are sufficient to cover expenditures and maintain an adequate fund balance.

2012-13 Budget Issues and Changes

- A slight increase in revenue has been budgeted based on improved sales tax receipts primarily due to higher gasoline prices.
- The Fund will pay salaries, benefits, equipment and supplies for 21 Police Officer positions.

**Police and Fire Departments
Measure W - 081(a)
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 225,428	\$ 814,768	\$ 268,499	\$ 565,704
Revenues				
Police				
Measure W Sales Tax	3,825,731	3,937,717	4,078,550	4,175,000
Reimbursements - Workers Comp	69,049	127,155		
Interest	(11,759)	(1,063)		
	<u>3,883,021</u>	<u>4,063,809</u>	<u>4,078,550</u>	<u>4,175,000</u>
Fire				
Measure W Sales Tax	3,825,731	3,937,714	4,078,550	4,175,000
Reimbursements - Workers Comp	69,049	54,420		
Interest	(11,759)	(1,709)		
	<u>3,883,021</u>	<u>3,990,425</u>	<u>4,078,550</u>	<u>4,175,000</u>
	<u>7,766,041</u>	<u>8,054,234</u>	<u>8,157,100</u>	<u>8,350,000</u>
Expenditures				
Police				
Salary & Benefits	2,841,853	3,684,294	3,420,756	3,335,351
Services & Supplies	480,614	575,936	592,410	658,041
Administration Overhead	127,357	134,582	150,381	161,119
	<u>3,449,824</u>	<u>4,394,812</u>	<u>4,163,547</u>	<u>4,154,511</u>
Fire				
Salary & Benefits	3,541,657	3,993,639	3,480,576	3,899,404
Services & Supplies	51,008	67,324	68,441	76,646
Administration Overhead	134,212	144,722	147,331	176,447
	<u>3,726,877</u>	<u>4,205,685</u>	<u>3,696,348</u>	<u>4,152,497</u>
	<u>7,176,701</u>	<u>8,600,497</u>	<u>7,859,895</u>	<u>8,307,008</u>
Transfers				
Transfer In				
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity				
Police	433,197	(331,003)	(84,997)	20,489
Fire	156,144	(215,260)	382,202	22,503
	<u>589,340</u>	<u>(546,263)</u>	<u>297,205</u>	<u>42,992</u>
Ending Available Balance	<u>\$ 814,768</u>	<u>\$ 268,505</u>	<u>\$ 565,704</u>	<u>\$ 608,696</u>
Available Balance Calculation				
Current assets		\$ 275,365		
Current liabilities		<u>(6,866)</u>		
Ending Available Balance		<u><u>268,499</u></u>		

(a) The portion of Measure W Fund - 081 relating to Fire is also presented in Fire on page F-11.

POLICE DEPARTMENT

POLICE ASSET SEIZURE FUND (023)

History

Asset seizure accounts were established to allow the Police Department to properly manage the proceeds of the sale of seized property under State and Federal forfeiture laws.

- There are three sources of asset seizure funding. One source are properties from cases adjudicated by the San Joaquin County District Attorney's Office. The other two sources are from cases adjudicated by the Federal government. Each agency allocates a share of the proceeds from their case to the City. This money is restricted by State and Federal law for expenditures that enhance law enforcement and drug/crime prevention. It cannot be used to supplant existing General Fund programs or operations.
- To comply with state and federal asset seizure laws, the Police Department established the following priority and program expenditures for asset forfeiture proceeds.
 - Purchase of Vice/Narco Unit and SWAT Team special surveillance and safety equipment, and their related services and supplies.
 - Purchase of Explosive Ordnance Detail specialized equipment unique to this unit that does not depend on internal service fund support for replacement.
 - Purchase of Firearms Training System equipment for computer training program scenarios, equipment, and accessories used to train sworn staff in use-of-force decision making to improve officer and citizen safety and reduce liability to the City.

2011-12 Events

- The adopted budget of \$361,500 was increased to \$427,304 in order to allocate fund balance to the purchase of a new armored vehicle for Police SWAT Operations.
- Revenues dropped due to a decrease in seized property.
- Funds matched a Cal Emergency Management Agency Violence Against Women Act (Cal EMA VAWA) grant.

2012-13 Budget Issues and Changes

- Revenue estimates continue to drop.
- Normal levels of safety equipment and supply purchases are planned.

**Police Department
Asset Forfeiture - 023
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ 569,358	\$ 592,181	\$ 628,385	\$ 191,421
Revenues				
Interest	22,823	12,227	10,000	
State/local seizures	85,426	54,440	40,000	34,000
Federal DOJ seizures	39,500	66,824		27,000
Federal Treasury seizures	1,140	18,219		5,500
	148,889	151,710	50,000	66,500
Expenditures				
State/local seizures	85,426	77,317	195,000	122,500
Federal DOJ seizures	39,500	31,714	188,533	40,170
Federal Treasury seizures	1,140	6,475	43,771	5,000
	126,066	115,506	427,304	167,670
Transfers				
Transfer In				
Transfer Out - 025	-	-	(59,660)	-
	-	-	(59,660)	-
Net Annual Activity	22,823	36,204	(436,964)	(101,170)
Ending Available Balance	\$ 592,181	\$ 628,385	\$ 191,421	\$ 90,251
Available Balance Calculation				
Cash and interest receivable		\$ 634,924		
Vouchers payable		(6,539)		
Ending Available Balance		\$ 628,385		

POLICE DEPARTMENT

POLICE STATE COPS FUND (024)

History

- The Citizens Options for Public Safety (COPS) fund was established by the State of California to assist in funding front line law enforcement activities.
- State funding mechanisms have changed over the past few fiscal years from annual general budget appropriations, to Vehicle License Fee (VLF) funding of COPS Grant funding. For cities the statewide impact eliminated general VLF funding and supplemented state funded COPS grant funding with VLF revenues previously received by cities' general funds. Money lost to Cities went to Counties as part of the service realignment. For FY 2012/13 State COPS funds continue to be included in the Governor's Realignment proposal.
- Most past expenditures were for equipment and programs not funded by the General Fund.
- Beginning in FY 2009/10 the Police Department began funding Community Service Officers with State COPS funds to avoid Police Officer layoffs.

2011-12 Events

- The adopted budget of \$240,000 increased to \$474,172 upon approval of the State Budget as a result of an overall shift in VLF funding from cities with an offsetting increase to direct Police funding described above.
- Shifted 2 additional Community Service Officers to this account as a result of the increased funding.
- Management of the State COPS fund shifted to California Department of Corrections and Rehabilitation, Local Law Enforcement Services Account (CDCR - LLESA).

2012-13 Budget Issues and Changes

- Decrease in revenue of \$74,000 anticipated from State due to decrease in VLF funds available.
- Fund will continue pay salaries and benefits for six Community Service Officers.

**Police Department
COPS - 024
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 63,930	\$ 64,195	\$ 15,540	\$ 263,614
Revenues				
State COPS Grant	427,906	207,000	698,237	400,000
Interest	(3,171)	6,234		
Reimbursements	3,436			
	<u>428,171</u>	<u>213,234</u>	<u>698,237</u>	<u>400,000</u>
Expenditures				
State COPS Grant	427,906	261,889	450,163	547,914
	<u>427,906</u>	<u>261,889</u>	<u>450,163</u>	<u>547,914</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>265</u>	<u>(48,655)</u>	<u>248,074</u>	<u>(147,914)</u>
Ending Available Balance	\$ 64,195	\$ 15,540	\$ 263,614	\$ 115,700
Available Balance Calculation				
Cash and interest receivable		\$ 125,741		
Due from Other Governments		113,864		
Due to Other Governments		(224,065)		
Ending Available Balance		<u>\$ 15,540</u>		

POLICE DEPARTMENT

SPECIAL REVENUE GRANT FUND (025)

History

- This fund maintains and finances Police Department special revenues including Federal and State Grants and Supplemental Police Services activities.
- Recently created, this fund is intended to provide accountability for additional sources of revenue to fund Police Department operations.

2011-12 Events

- New State grants awarded include:
 - California Emergency Management Agency's (CalEMA) Violence Against Women Act (VAWA)– funding for one Domestic Violence Investigator, 53% of a Community Service Officer and a contract with Women's Center of San Joaquin for Victim Witness services.
 - CalEMA Project Safe Neighborhood (PSN) – gang and gun violence suppression funding for one Police Officer.
 - Byrne Memorial Justice Assistance – joint funding with San Joaquin County for creation of a Firearms Reduction Consortium, including upgrades for the Integrated Ballistics Identification System (IBIS), a new Firearms Examiner position, training, and overtime for Police, Sheriff, and Probation to conduct firearms missions.
 - Alcohol Beverage Control (ABC) – overtime funding to educate ABC licensees on how to reduce alcohol related crimes, enforcement missions, and media outreach.
 - Department of Boating and Waterways Abandoned Watercraft – funded removal and disposal of sunken boats and vehicles from Stockton waterways.
 - Office of Traffic Safety's AVOID, DUI Enforcement, and Click It or Ticket – funded various overtime missions to improve traffic safety.
- Federal COPS Office Methamphetamine and Technology grants completed during the year funding overtime for drug enforcement missions and the completion of the new Telecommunications Center on the fourth floor of the Stewart Eberhardt Building, respectively.
- Federal ARRA COPS Hiring Program – third and final year funding 20 Police Officers. Due to compensation reductions, a small portion of the grant will carry over into 2012-13 and a grant extension has been granted to complete final bookkeeping. The 20 officers funded with this grant have been retained for 2012-13 through an increase in the Police Department's General Fund Budget.
- Police Supplemental Services Contracts provide businesses and organizations with the opportunity to pay for enhanced Police Services. During 2011-12 an estimated \$100,000 and seven organizations participated in this program.

2012-13 Budget Issues and Changes

- Two grants previously held in the 020 Fund – CRACNET and Housing Authority – are included in this fund beginning in Fiscal Year 2012-13, completing the transition process for this fund to house all grants and contracts for the Police Department.

POLICE DEPARTMENT

- The Federal COPS Hiring Grant for 17 entry-level Police Officers is budgeted to begin this year. Once the Police Department reaches 344 filled positions, it will begin filling the additional 17 to bring the total authorized and filled strength to 361.
- Police Service Contracts for full-time officers budgeted for 2012-13 include:
 - Lodi Unified School District
 - Lincoln Unified School District
 - Housing Authority of San Joaquin County
 - San Joaquin Regional Transit District
- Police Supplemental Service Contracts for part time assistance include:
 - Stockton Ports – Thursday, Friday, and Saturday home baseball games
 - Downtown Alliance – Bike Patrol
 - High School Football – Bear Creek, Lincoln, and McNair

**Police Department
Special Revenue Grant Funds - 025
2012-13 Adopted Budget**

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 Unaudited <u>Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 Adopted Pendency
Beginning Available Balance	\$ 3,440	\$ 31,508	\$ 57,036	\$ 51,452
Revenues				
Federal and State Grants	4,789,269	3,738,697	5,168,521	7,967,161
Contract Reimbursements	672,141	6,357	309,814	984,000
Reimbursements	28,070	25,515		
	<u>5,489,480</u>	<u>3,770,569</u>	<u>5,478,335</u>	<u>8,951,161</u>
Expenditures				
Fed ARRA COPS CHRP/CHP Grant	2,449,134	2,422,592	3,227,727	2,270,461
Fed JAG 2007-08 - <i>Peacekeeper</i>	148,885			
Fed JAG 2008-09	34,118			
Fed ARRA JAG (1-time) Grant	1,112,347	28,580		
Fed ARRA JAG 2009 - <i>Peacekeeper</i>	140,012	104,485		
Fed JAG 2009 Grant (<i>PD & PK</i>)	400,639	23,571	253,249	
Fed JAG 2010 Grant		210,000	142,760	
Fed JAG 2011 & 2012			467,765	
Fed COPS METH Grant	85,859	33,279	130,863	
Fed OES Cat Preparedness Grant		12,605	32,202	
Fed Cracnet Anti-Drug				150,000
State Cal EMA Sexual Assault Grant	183,176	148,848	238,637	
State OTS DUI Grant	231,507	101,980		
State OTS Sobriety Check Point Grant	40,712	17,568		
State Cal EMA Cal GRIP (<i>PD & PK</i>)	188,012	199,582		
State Cal GRIP - <i>Peacekeeper</i>	25,917	27,078		
State Cal EMA Safe Neighborhood			132,550	
State OTS AVOID the 10 Grant		140,608	250,456	
State OTS DUI EAP Grant		193,214	206,546	
State OTS Click It of Ticket Grant		10,165	6,576	
State VAWA Grant		111,886	184,754	
Pet Smart Grant	6,900	19,915		
Contract Reimbursements	672,141	6,357	309,814	984,000
ABC Grant			70,000	
DBAW Abandoned Watercraft			26,350	
	<u>5,719,359</u>	<u>3,812,313</u>	<u>5,680,249</u>	<u>3,404,461</u>
Transfers				
Transfer In - General Fund Match			104,000	100,000
JAG Match	148,885			
CHRP Match	63,293			
Cal EMA SAG Match	45,769	37,237		
DBAW Abandoned Watercraft			2,635	
VAWA Match		30,035	89,695	
	<u>257,947</u>	<u>67,272</u>	<u>196,330</u>	<u>100,000</u>
Net Annual Activity	<u>28,068</u>	<u>25,528</u>	<u>(5,584)</u>	<u>5,646,700</u>
Ending Available Balance	<u>\$ 31,508</u>	<u>\$ 57,036</u>	<u>\$ 51,452</u>	<u>\$ 5,698,152</u>
Available Balance Calculation				
Cash and interest receivable		\$ (434,551)		
Due from Other Governments		580,159		
Accounts Payable		(15,387)		
Deferred Revenue		(73,185)		
Ending Available Balance		<u>\$ 57,036</u>		

POLICE DEPARTMENT

POLICE SPECIAL REVENUE FUND (645)

History

- The Police Department maintains a variety of special revenue programs in this fund. These programs have historically provided accounting and management support for programs which are specific to the funding sources but do not require the same level of oversight as a grant or contract.
- Funds for these accounts are provided as donations or special purpose money from programs.
- The Geraldine Schmidt Trust was established to provide a direct benefit to the Stockton Animal Shelter and has an estimated balance of \$434,000.

2011-12 Events

- Donations to the Cadet program, miscellaneous equipment and Community Events were down from previous years.
- As the Pet Overpopulation Program entered the fourth year of operations it appears to maintain a steady amount of income for managing the overpopulation programs.
- There were no additional donations into the Schmidt Shelter Trust, which was established to benefit the Animal Shelter. The program continues to accrue interest.

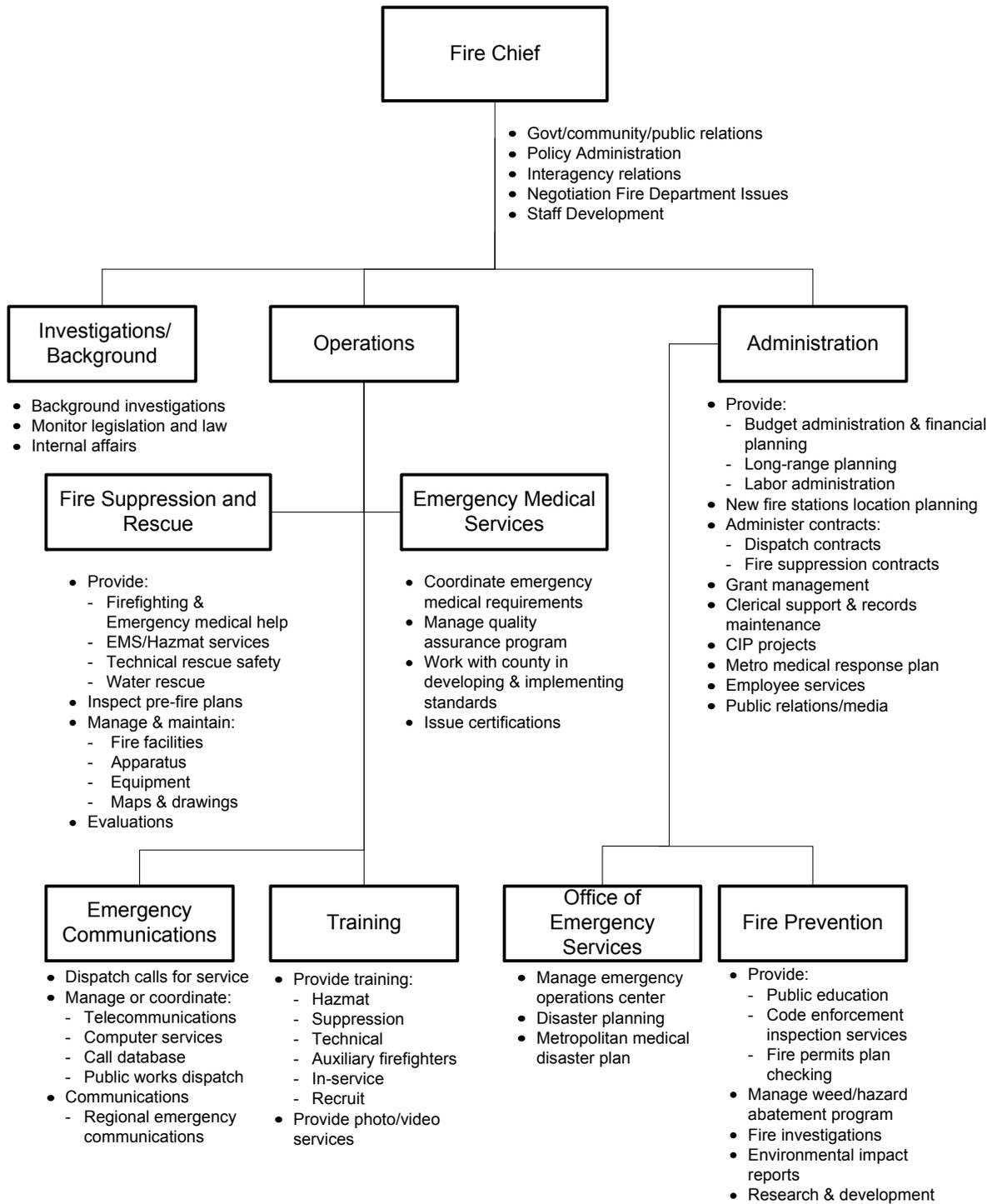
2012-13 Budget Issues and Changes

- There were no changes made to the accounts in this fund.
- The Geraldine Schmidt Trust will continue to be held in reserve while a long-term plan is developed for the overall Animal Shelter Replacement.

**Police Department
Police Trusts - 645
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 330,824	\$ 544,630	\$ 557,773	\$ 638,213
Revenues				
Interest	6,484	(14,165)		1,000
Animal Pound Trust	187,647	26,316	9,000	6,000
Pet Overpopulation Program	248,986	196,536	203,940	212,120
Other Revenue	1,000		4,000	11,000
	<u>444,117</u>	<u>208,687</u>	<u>216,940</u>	<u>230,120</u>
Expenditures				
Pet Overpopulation Program	230,073	195,544	135,000	175,250
Miscellaneous Expense	238		1,500	12,000
	<u>230,311</u>	<u>195,544</u>	<u>136,500</u>	<u>187,250</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>213,806</u>	<u>13,143</u>	<u>80,440</u>	<u>42,870</u>
Ending Available Balance	<u>\$ 544,630</u>	<u>\$ 557,773</u>	<u>\$ 638,213</u>	<u>\$ 681,083</u>
Available Balance Calculation				
Cash		\$ 558,643		
Interest Receivable				
Accounts Receivable		3,267		
Vouchers Payable		(4,137)		
Ending Available Balance		<u>\$ 557,773</u>		





FIRE DEPARTMENT



MISSION STATEMENT

The Stockton Fire Department is committed to providing excellent emergency and non-emergency customer service. Our dedicated members ensure a safe community through public education, prevention, and aggressive suppression and rescue activities.

Budget at a Glance:

Total Expenditures	\$41,950,708
Total Revenues	\$10,089,034
Total Net Cost	\$31,861,674
Total Staff	205

DEPARTMENTAL DESCRIPTION

The Fire Department is responsible for fire protection and related services including emergency medical services in the city of Stockton as well as four bordering county fire districts that contract for our services: Boggs Tract, Eastside, Lincoln and Tuxedo-Country Club.

The department is organized in five divisions: Administration, Suppression, Fire Prevention, Training, and Emergency Communications.

The Administrative Division provides overall policy direction and management support for the department.

The Suppression Division is responsible for emergency and non-emergency services to the community that, in addition to fire suppression and EMS responses include: mitigation of hazardous materials incidents, technical rescue/ Urban Search and Rescue (USAR), water/ dive rescue, routine fire prevention inspections, and arson investigations.

The Fire Prevention Division provides code enforcement, fire safety education, fire prevention inspections, and technical services such as plan checking and managing fire code operational permits to safe guard the lives, welfare, and economy of the community.

The Training Division maintains technical and operational proficiency in the suppression division through ongoing prescriptive training that ensures compliance with all statutory mandates and adjusts its programs to assure the department adapts to a constantly changing work environment.

The Emergency Communications Division processes fire and emergency medical calls to dispatch Fire Department resources for the Stockton area and the City of Manteca.

The Stockton Fire Department responded to more than 39,000 incidents in 2011 including 414 structure fires, 211 vehicle fires, 2,030 fire alarms, 2,027 vehicle accidents, and 30,506 medical emergencies. The Fire Prevention Division handles more than 3,000 annual operational permits. The Emergency Communications Division processes more than 165 calls for service each day and also provides after hours dispatch coverage for the Public Works Department.

KEY ISSUES

The Fire Department has been greatly impacted in past years by the reduction in discretionary City General Fund revenues. General Fund support for fire protection services decreased by 28% or \$14 million from the adopted budget in FY 2008-09. Staff decreased by 33% from 308 total positions. Truck Company No. 4 and Engine Company No. 1 were closed. Daily staffing for truck companies have been reduced from 5 per truck to 4 and engine companies from 4 per engine to 3. These budget reductions decreased fire protection and emergency services available to the community by increasing response times and limiting resources at major

FIRE DEPARTMENT

incidents. However, thus far, these reductions have produced substantial savings without significantly reducing service effectiveness.

The department continues to experience turnover in key positions. Skills, expertise, and institutional knowledge were lost due to turnover in the department's management and leadership. The hiring process, staff training and development, require at least a year to complete. Loss of qualified, experienced personnel increases costs as new recruits come up to speed and reduce efficiency in operations.

Deferred maintenance requirements increase each year as fire houses and equipment become older or obsolete. The department fully expends its limited budgeted allocation for facility and equipment minor repairs, but the lack of adequate funding for maintenance will have an increasing impact on operations.

The Fire Department urgently needs to replace eight of its sixteen fire pumpers as they are beyond the twenty year useful life of these vehicles. Necessary replacement of four of these fire vehicles has been delayed due to the City's current financial situation. A planned lease financing arrangement for the acquisition of four units over the FY 2011-13 two-year period, approved by City Council last January, has been suspended by the lessor, due to concerns over its financial risks while the City was in the AB 506 mediation process. Until funding issues are resolved, and new apparatus can be acquired, the old pumpers will stay in service. This will result in increasing repair costs, will limit the Stockton Fire Department's participation in State-Wide mutual aid programs and will influence tactical decisions relating to daily fire and rescue operations.

Fire Prevention Division's systems are being streamlined and recent changes have reduced underlying costs. This will lead to a review of the Department's fee related revenues. A comprehensive review of the Fire Prevention Division and its inspection program has been started.

Operational levels remain unchanged in FY 2012-13. Twelve engine companies and three truck companies will remain open and will continue to provide fire and emergency services to the community. Funding for the Fire Department will maintain staffing levels at 3 personnel for engines and 4 personnel on truck companies. The decline in the economy that has resulted in major losses in General Fund revenues has, however significantly reduced the level of fire protection and emergency services it can afford to provide to the Stockton community.

**Fire Department
2012-13 Adopted Budget**

	<u>General Fund Adopted Pendency 010</u> <i>See Page F-6</i>	<u>Development Services 048</u> <i>See Page F-9</i>	<u>Measure W 081</u> <i>See Page F-11</i>	<u>Special Revenue 646</u> <i>See Page F-13</i>	<u>Fire Total</u>
Beginning Available Balance				\$ 131,792	
Revenues					
Program Revenue	\$ 4,255,239	\$ 1,623,295	4,175,000	14,000	\$ 10,067,534
Donations				1,500	1,500
Other Revenue				20,000	20,000
	<u>4,255,239</u>	<u>1,623,295</u>	<u>4,175,000</u>	<u>35,500</u>	<u>10,089,034</u>
Expenditures					
Salary & Benefits	29,710,155	1,696,136	\$ 3,899,404		35,305,695
Services & Supplies	6,302,018	15,471	76,646	74,431	6,468,566
Administration Overhead			176,447		176,447
	<u>36,012,173</u>	<u>1,711,607</u>	<u>4,152,497</u>	<u>74,431</u>	<u>41,950,708</u>
Transfers					
Transfer In					-
Transfer Out					-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>\$ (31,756,934)</u>	<u>\$ (88,312)</u>	<u>\$ 22,503</u>	<u>(38,931)</u>	<u>\$ (31,861,674)</u>
Ending Available Balance				<u>\$ 92,861</u>	
	-	-	-	-	-
				Revenues	\$ 10,089,034
				Transfers	
				Total Sources	<u>\$ 10,089,034</u>
				Expenditures	\$ 41,950,708
				Transfers	
				Total Appropriations	<u>\$ 41,950,708</u>
					-

**Fire Department
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010 Actual</u>	<u>FY 2010-2011 Unaudited Actual</u>	<u>FY 2011-2012 Current Budget</u>	<u>FY 2012-2013 Proposed Budget</u>	<u>FY 2012-2013 Adopted Pendency</u>
Total Fire Department					
Employee Services	\$ 42,325,548	\$ 41,615,013	\$ 35,228,975	\$ 34,217,683	\$ 29,710,155
Other Services	4,547,168	3,729,062	4,376,659	4,145,757	4,135,872
Materials and Supplies	605,964	641,104	771,134	764,562	764,562
Other Expenses	21,982	1,633,673	53,100	1,401,584	1,401,584
Capital Outlay			18,000		
Total	<u>\$ 47,500,662</u>	<u>\$ 47,618,852</u>	<u>\$ 40,447,868</u>	<u>\$ 40,529,586</u>	<u>\$ 36,012,173</u>

Administration

Employee Services	1,886,417	1,932,867	2,208,634	1,876,695	1,614,784
Other Services	386,855	438,230	643,994	453,576	452,359
Materials and Supplies	16,798	18,757	18,922	18,717	18,717
Other Expenses	2,405	1,611,276	9,810	1,359,769	1,359,769
Total	<u>2,292,475</u>	<u>4,001,130</u>	<u>2,881,360</u>	<u>3,708,757</u>	<u>3,445,629</u>

Fire Suppression

Employee Services	37,794,519	37,224,980	30,511,991	29,974,162	25,993,091
Other Services	2,385,812	2,382,281	2,993,250	3,073,417	3,061,140
Materials and Supplies	568,661	606,412	701,021	701,020	701,020
Other Expenses	(1,098)	(200)			
Capital Outlay			18,000		
Total	<u>40,747,894</u>	<u>40,213,473</u>	<u>34,224,262</u>	<u>33,748,599</u>	<u>29,755,251</u>

Training/Emergency Services

Employee Services	663,621	449,769	655,032	441,520	360,896
Other Services	77,191	82,076	104,089	122,273	121,751
Materials and Supplies	7,506	12,646	21,396	22,625	22,625
Other Expenses	20,595	21,868	41,465	40,365	40,365
Total	<u>768,913</u>	<u>566,359</u>	<u>821,982</u>	<u>626,783</u>	<u>545,637</u>

Dispatch

Employee Services	1,980,991	2,007,397	1,853,318	1,925,306	1,741,384
Other Services	1,697,310	826,475	635,326	496,491	500,622
Materials and Supplies	12,999	3,289	29,795	22,200	22,200
Other Expenses	80	729	1,825	1,450	1,450
Total	<u>3,691,380</u>	<u>2,837,890</u>	<u>2,520,264</u>	<u>2,445,447</u>	<u>2,265,656</u>

FIRE DEPARTMENT

DEVELOPMENT SERVICES FUND

FIRE PREVENTION (048)

History

- Fire Prevention Division inspects various operations, industrial and commercial buildings, and multi-family dwellings for California Fire Code compliance and life safety. The Division Funding is presented here, but is only a portion of the larger Development Services Fund (048)
- Customers are charged various fees for fire prevention inspections and technical services such as plan checking and managing fire code operational permits.
- Fees collected from services finance the operations of the Division.
- Actual revenues went have been declining since FY 2008-09, as a result of the housing market crash and historically low construction activity created by the economic crisis.

2011-12 Events

- Completed the study and evaluation of the division's operations by an outside consultant. The information gathered by the consultant will be used as a tool to evaluate the current organizational structure and fee structure.
- Revised the Fireworks Ordinance to better define which organizations qualify to participate in the Safe and Sane Fireworks Program and to administer the program more smoothly. This revision increased the program's administrative and enforcement fees to serve as a deterrent to violating the ordinance and to keep the program financially neutral.
- Outstanding receivables over 90 days amounted to approximately \$450,000 as of May 7, 2012. Fire Prevention is working closely with Administrative Services to improve their collection efforts to reduce the current level of outstanding receivables. Fire Prevention staff are assisting with the collection of the more current receivables (less than 90 days) and are making phone calls to businesses. Outstanding receivables that are less than 90 days amount to approximately \$182,000.
- The overall budget projection reflects a shortfall of approximately (\$57,000) at the end of the current fiscal year.

2012-13 Budget Issues and Changes

- The division's fee structure is currently undergoing evaluation to determine if appropriate fees are charged for services. The department is also looking at the possibility of restructuring the division to reduce operating costs.
- Revenue projections for FY 2012-13 are based on the current fee structure. Staff anticipates slightly improved collection efforts on outstanding receivables for the upcoming fiscal year. Revenues are therefore projected to slightly increase by 4% or approximately \$65,000 next fiscal year from FY 2011-12.
 - Both FY 2011-12 and FY 2012-13 revenue projections reflect a drop in revenues from FY 2010-11 actual revenues.
- Full-time Employee Costs
 - Employee separation pay increased by 122% or \$14,298.

FIRE DEPARTMENT

- The labor allocation of one (1) Office Assistant II in Fire Prevention account was corrected and transferred to Fire Administration.
 - Overall payroll costs went down by approximately 20% or \$309,000 mainly due to the reduction in employee medical and retirement benefit costs.
- ISF Rental Rates and Fuel
 - Combined rental rates and fuel increased by 29% or approximately \$37,000.
- Costs for Other Services
 - The proposed budget provides additional funding of \$22,620 for contractual clerical support staff.
 - These contractual staff costs are offset by the savings generated from the reduction of one full-time clerical support staff in the division.
- Annual Activity and Ending Balance
 - The projected revenues cannot provide funding for the operating expenses. The result is a revenue shortfall in the division in the amount of (\$88,000) in FY 2012-13. This shortfall will be absorbed by available fund balance funds in the full Development Services Fund (048).

**Fire Department
Development Services - 048 (a)
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Revenues				
Fire Prevention				
User Fees	\$ 1,799,178	\$ 1,565,099	\$ 1,479,725	\$ 1,535,712
Safe & Sane Fireworks Program	23,540	29,282	26,750	27,583
Fines & Penalties	40,226	82,784	51,206	60,000
	1,862,944	1,677,165	1,557,681	1,623,295
Expenditures				
Fire Prevention				
Fire Prevention	1,586,937	1,634,020	1,570,232	1,696,136
Fire Public Education	16,997	18,814	21,649	-
Safe & Sane Fireworks Program	6,524	26,113	22,562	15,471
	1,610,458	1,678,947	1,614,443	1,711,607
Transfers				
Transfer In				
Transfer Out	-	-	-	-
Net Annual Activity	\$ 252,486	\$ (1,782)	\$ (56,762)	\$ (88,312)

(a) The total Development Services Fund - 048 is presented with the Community Development Department budget on page I-7.

FIRE DEPARTMENT

MEASURE W FUND (081)

History

- Measure W funds provide increased fire protection and emergency medical services in the City of Stockton.
- Funds are collected from proceeds of the one-quarter percent sales tax approved by the voters of Stockton in November 2004.
- The Fire Department receives 50% of the Measure W tax proceeds. Funds are used mainly to provide staffing at Fire Station No. 13 (Northeast Stockton), Truck Company 3 (Southeast Stockton) and Truck Company 7 (Hammer Lane).
- The average annual revenue for fire protection services amounted to \$3.97 million for the past three years. This revenue provided funding for an average of 20 to 23 firefighter positions for the past three-year period.

2011-12 Events

- Employee costs decreased in FY2011-12 as a result of labor concessions. Savings generated from these concessions allowed funding for two additional firefighter positions in the Measure W Fund thereby increasing the total number of positions from 20 to 22.
- The State Board of Equalization (BOE) notified the City of Stockton of a revision of the FY2011-12 Administrative Cost Assessment for the Public Safety Transactions and Use Tax. The assessment went down by approximately 11% or \$20,300 from the original adopted budget. Net budget savings on administrative costs for Fire Department amounts to \$10,150.
- The overall budget projection reflects a surplus of approximately \$382,000 at the end of the current fiscal year for the Fire Department.

2012-13 Budget Issues and Changes

- FY2012-13 Measure W sales tax revenues are projected to be approximately 4% higher than the past three year's annual average.
- Full-time Employee Costs
 - Measure W Fund will continue to provide funding for 22 firefighter positions.
- ISF Rental Rates and Fuel
 - Funding is also provided for automotive equipment and fuel used by the firefighters to provide fire protection services. Internal Service Fund (ISF) rental on automotive equipment increased by approximately 15% or \$10,189.
- Costs for Other Services
 - The State BOE charges a quarterly administration fee for services associated with the Measure W Public Safety Sales Tax.
 - A sales tax audit contract provides auditing/compliance services to ensure sales tax is properly collected and distributed by the BOE.
 - Costs for the above mentioned services are projected to go down by 10.5% or (\$10,200).

**Fire Department
Measure W - 081 (a)
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Revenues				
Measure W Sales Tax	3,825,731	3,937,714	4,078,550	4,175,000
Reimbursements - Workers Comp	85,026	54,420		
Interest	(15,468)	(1,709)		
	3,895,289	3,990,425	4,078,550	4,175,000
Expenditures				
Salary & Benefits	\$ 3,541,657	\$ 3,993,639	\$ 3,480,576	\$ 3,899,404
Services & Supplies	51,008	67,327	68,441	76,646
Administration Overhead	134,212	144,722	147,331	176,447
	3,726,877	4,205,688	3,696,348	4,152,497
Transfers				
Transfer In				
Transfer Out				
	-	-	-	-
Net Annual Activity	\$ 168,412	\$ (215,263)	\$ 382,202	\$ 22,503

(a) The total Measure W Fund - 081 is presented with the Police Department budget on page E-10.

FIRE DEPARTMENT

SPECIAL REVENUE FUND (646)

History

- Fire Department receives donations and conducts special programs and activities to provide funding for materials, supplies, equipment and training expenses that are not funded in its General Fund operating budget.
 - Paramedic (646-0222) – Provides funds through field training fees to buy paramedic related materials and to provide paramedic training for staff.
 - Hazardous Materials (646-0223) – Provides funds through class fees to buy unbudgeted materials and training for response to hazardous materials incidents.
 - Water Rescue (646-0224) – Provides funds through fees and donations to buy unbudgeted water rescue equipment, supplies and to provide training for staff.
 - Fire Clothing (646-0227) – Provides funds through proceeds from clothing sales to buy clothing items with Stockton Fire Department emblem.
 - Fire Heavy Rescue (646-0228) – Provides funds through fees from Technical Rescue Training classes to buy unbudgeted rescue equipment, supplies and to provide training for staff.
 - Fire Training (646-0229) – Provides funds through donations and academy fees to support the Stockton Fire Department’s training program.
 - Public Education (646-0230) - Provides funds through donations to promote fire safety awareness throughout the community.
 - Arson Investigation (646-0291) - Provides funds through donations to improve arson investigation capabilities.
 - Fire Prevention (646-0294) - Provides funds through donations to support hazardous materials safety awareness in the community.
 - Emergency Preparedness (646-0297) - Provides funds through donations to support the City’s Emergency Preparedness programs and public awareness.
- Fire Department’s Special Revenue funds maintained an average overall annual balance of \$120,000 over the past three years.

2011-12 Events

- Only three special fund programs, Heavy Rescue, Fire Training, and Fire Prevention, had activities during the current fiscal year.
- The overall budget projection reflects a surplus of \$8,315 at the end of the fiscal year with an ending balance of \$131,800.

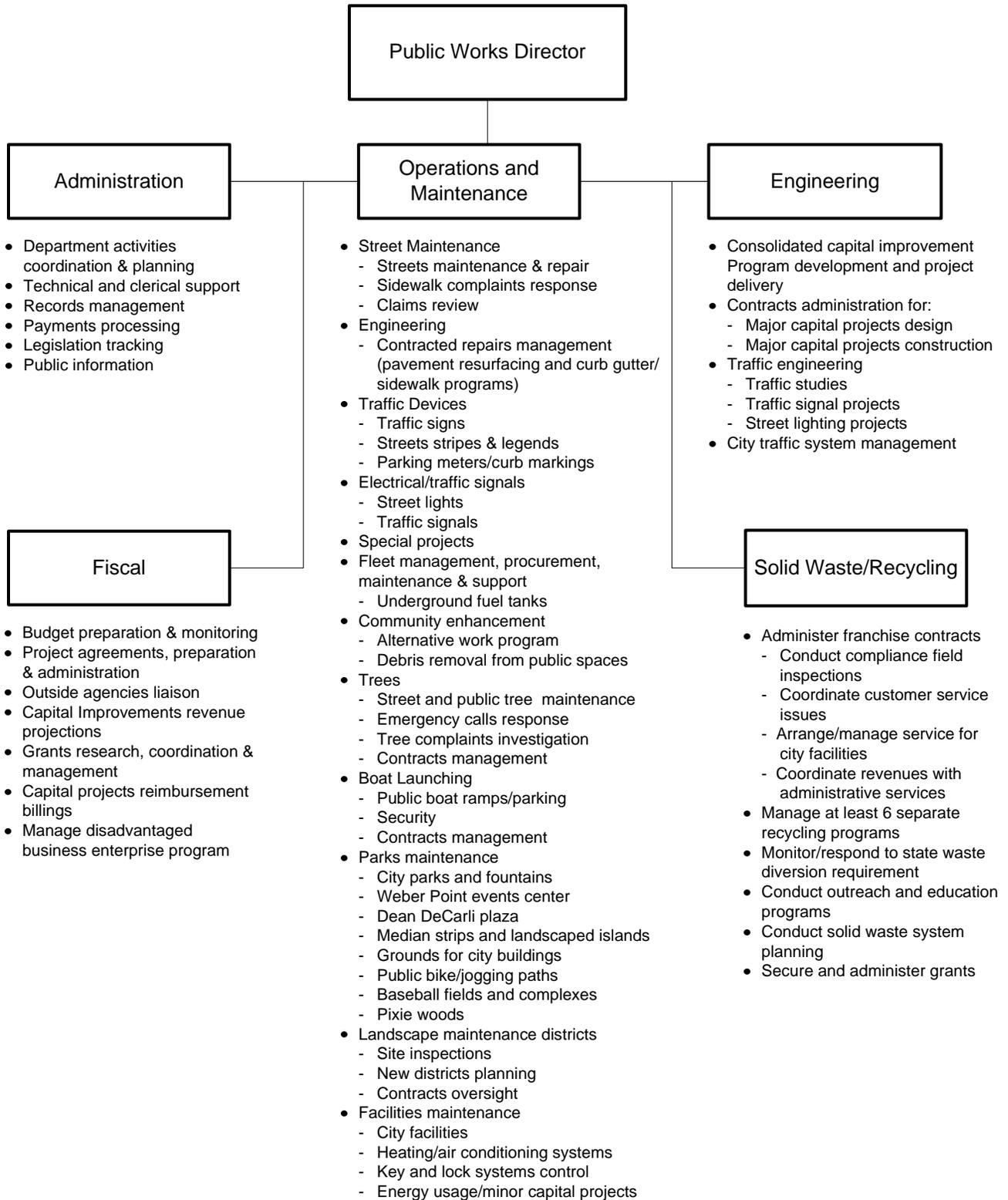
2012-13 Budget Issues and Changes

- There are no issues or major changes in the proposed budget.
- As a result of the department’s staff re-assignments, the proposed budget anticipates increased program activities in the three special fund programs: Heavy Rescue, Fire Training, and Fire Prevention.
- The sum of the total revenue and approximately one-third of the estimated beginning balance is being requested for appropriation to ensure a gradual drawdown of funds available in Fire’s Special Revenue Fund.
- Funds are mostly appropriated for materials and supplies and training expenditures.

**Fire Department
Special Revenue - 646
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 118,187	\$ 122,312	\$ 123,477	\$ 131,792
Revenues				
Program Revenue	63,696	2,805	7,037	14,000
Donations	104,571	101,500	1,001	1,500
Other Revenue	14,770	24,467	27,145	20,000
	<u>183,037</u>	<u>128,772</u>	<u>35,183</u>	<u>35,500</u>
Expenditures				
Program Expenses	78,912	27,607	26,868	74,431
	<u>78,912</u>	<u>27,607</u>	<u>26,868</u>	<u>74,431</u>
Transfers				
Transfer In				
Transfer Out - Grant Fund - 020	(100,000)	(100,000)	-	-
	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>4,125</u>	<u>1,165</u>	<u>8,315</u>	<u>(38,931)</u>
Ending Available Balance	<u>\$ 122,312</u>	<u>\$ 123,477</u>	<u>\$ 131,792</u>	<u>\$ 92,861</u>
Available Balance Calculation				
Current assets		\$ 130,726		
Current liabilities		(7,249)		
Ending Available Balance		<u>\$ 123,477</u>		





PUBLIC WORKS DEPARTMENT



PUBLIC WORKS DEPARTMENT

MISSION STATEMENT

Plan, design, build, and maintain public works for residents, businesses, and departments of the City of Stockton to meet their needs and expectations with pride and professionalism in a cost-effective manner.

Budget at a Glance:

Total Expenditures	\$41,396,718
Total Revenues	\$33,613,444
Total Net Cost	\$7,783,274
Total Staff	165

DEPARTMENTAL DESCRIPTION

Public Works is located in two different facilities. Operations and Maintenance, located at the Municipal Service Center, is responsible for maintaining the transportation system, Parks (including Landscape Maintenance Districts), Trees, Facilities, City Fleet, and Boat Launching Facilities. Remaining functions consisting of Engineering, Capital Program Management, Solid Waste and Recycling, and Administration are housed in the Stewart-Eberhardt Building.

The Budget at a Glance consists mainly of restricted funding sources augmented by General Fund monies. The General Fund is now used exclusively for Parks, Trees, and Facilities. This pays for 1) maintenance, minor repairs, and capital replacements for 800,000 square feet of City buildings at 60 sites, including janitorial, roof maintenance, HVAC, plumbing, carpentry, and key/alarm control services, 2) contracted maintenance services at 50 parks, including janitorial, landscape and irrigation work, median maintenance and weed control, 3) responsibility for over 125,000 trees along streets and in parks, with services limited to safety trimming and emergency response using a combination of City and contracted personnel, and 4) management, fiscal, and administrative support.

Transportation operations are funded by State Gas Tax and Measure K Maintenance. Responsibilities include maintaining and replacing 763 miles of pavement, over 1,200 miles of sidewalk, pavement striping and markings such as crosswalks, and more than 16,000 traffic control signs. Public Works also maintains and pays the electrical power costs for over 20,000 street lights and 300 traffic signals. The Community Enhancement Section removes weeds, debris, and graffiti from public spaces.

Gas Tax and Measure K Maintenance also help fund our Engineering Section. Work consists of traffic engineering, traffic system management, and Capital Improvement Program (CIP) design, delivery, and contract administration. The budget for the Public Works capital function is separate from, and in addition to, the operating budget noted above. The FY 2012-13 transportation and facility capital budget is \$9.6 million. Of this amount, only \$575,000 comes from the General Fund. This means there is constant pressure to seek out, apply for, and secure various capital grants, without which needed capital improvements could not be completed. Measure K Maintenance and developer fee revenues provide important matching funds for capital projects grants.

The Solid Waste and Recycling Division manages the solid waste franchise agreements and participates in, oversees, or directly provides 48 waste reduction and recycling programs. These include programs for 1) recycling education and outreach, 2) 3-cart residential trash, recycling, and green/food waste composting, 3) neighborhood "Clean Sweep", 4) construction and demolition recycling, 5) multi-family housing recycling, 6) business recycling, and 7) food waste composting. The Division also oversees contracted street sweeping services and funds the Community Enhancement Program. The Division is funded by fees based on 3.5% of franchised hauler gross rate revenues.

PUBLIC WORKS DEPARTMENT

The Fleet Section is responsible for maintaining and replacing the City's mixed fleet of approximately 1,000 vehicles and equipment. Fleet operates as an Internal Service Fund that receives revenue from rental rates charged to user departments. Maintenance activities range from preventive maintenance inspections to full engine rebuilds to specialized auto body repairs and vehicle setups, and are performed either by an in-house team of mechanics and specialists or by outside vendors.

The Boat Launching function is responsible for facilities at Louis Park, and Buckley Cove. Parking fees are collected from vehicles that launch boats at the Buckley Cove facility, and revenue is used to fund boat launch infrastructure maintenance and to provide security services.

The Landscape Maintenance Assessment District function provides maintenance services to 27 separate zones where fees are collected from benefiting properties. Services include landscaping and irrigation work to streetscapes and medians, painting and repair of walls, landscape/janitorial services at 12 parks, and street lighting repair and electricity costs.

KEY ISSUES

We cannot maintain the City's infrastructure at acceptable levels. The cost of completing deferred maintenance increases yearly across all infrastructure categories including transportation, buildings, parks, and the urban forest, while budgeted funding hasn't kept pace. In particular, the loss of General Fund dollars for transportation maintenance has reduced standards and forced diversion of Measure K Maintenance funds from capital projects to day to day maintenance activities.

The City has benefited from one time funding sources (Federal Stimulus, SNI, and State Proposition 1B) to fund maintenance, masking the the loss of sustainable funding. But these one time funding sources were exhausted in FY 2011-12 and deterioration of the transportation system will accelerate. As a result the Department will define service standards by what the City can afford given the funds available.

To blunt the impact of reduced funding, Public Works must operate efficiently. To accomplish this, an upgrade in technology is needed that provides a comprehensive maintenance management system. Public Works and the Municipal Utilities have begun a cooperative process to identify the best system for each department's needs. It is anticipated that a system will be purchased, installed, and staff trained over the next 18 to 24 months. This system will improve cost effectiveness and accountability; and help to balance available funding between operations and capital needs.

Finally, this Department has lost and will continue to lose key staff because of budget reductions and retirements. Staff development will be essential to compensate for the skills and institutional knowledge that will be lost.



**Public Works Department
2012-13 Adopted Budget**

	General Fund Adopted Pendency 010	Street Maintenance Gas Tax 030	Measure K Street Maintenance 082	Boat Launching 045	Solid Waste Recycling 047
	<i>See Page G-8</i>	<i>See Page G-11</i>	<i>See Page G-13</i>	<i>See Page G-15</i>	<i>See Page G-17</i>
Beginning Available Balance		\$ 1,522,142	\$ 3,010,592	\$ 306,776	\$ 2,097,586
Revenues					
State Gas Tax		7,568,662			
Measure K Sales Tax			\$ 3,915,000		
User Fees				160,000	1,411,971
Interfund Project Charges					
Other Revenue	\$ 125,800	25,000	-	2,500	80,000
	125,800	7,593,662	3,915,000	162,500	1,491,971
Expenditures					
Salary and benefits	2,672,100	4,959,176		10,152	1,145,115
Operating expenses	3,800,850	5,238,673		164,698	426,262
Debt service			1,277,247		
Capital projects			1,171,487		
	6,472,950	10,197,849	2,448,734	174,850	1,571,377
Transfers					
Transfer In - Measure K		1,905,060			
Transfer Out - Gas Tax - 030			(1,905,060)		
	-	1,905,060	(1,905,060)	-	-
Net Annual Activity	\$ (6,347,150)	(699,127)	(438,794)	(12,350)	(79,406)
Ending Available Balance		\$ 823,015	\$ 2,571,798	\$ 294,426	\$ 2,018,180

**Public Works Department, Continued
2012-13 Adopted Budget**

	<u>Lighting Maintenance 071</u>	<u>Assessment District Maintenance 072</u>	<u>Capital Project Administration 399/999</u>	<u>Fleet Services 501</u>	<u>Public Works Total</u>
	<i>See Page G-19</i>	<i>See Page G-21</i>		<i>See Page O-8</i>	
	\$ 202,898	\$ 12,560,749	\$ -	\$ 2,053,950	
Revenues					
State Gas Tax					7,568,662
Measure K Sales Tax					3,915,000
User Fees	23,823	3,428,448		9,751,051	14,775,293
Interfund Project Charges			5,019,129		5,019,129
Other Revenue	2,000	150,000		45,000	430,300
	<u>25,823</u>	<u>3,578,448</u>	<u>5,019,129</u>	<u>9,796,051</u>	<u>31,708,384</u>
					-
Expenditures					
Salary and benefits	22,000		5,019,129		13,827,672
Operating expenses		3,801,116		7,461,856	20,893,455
Debt service				88,524	1,365,771
Capital projects		-		2,233,273	3,404,760
	<u>22,000</u>	<u>3,801,116</u>	<u>5,019,129</u>	<u>9,783,653</u>	<u>39,491,658</u>
					-
Transfers					
Transfer In - Measure K					1,905,060
Transfer Out - Gas Tax - 030					(1,905,060)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>3,823</u>	<u>(222,668)</u>	<u>-</u>	<u>12,398</u>	<u>\$ (7,783,274)</u>
	<u>\$ 206,721</u>	<u>\$ 12,338,081</u>	<u>\$ -</u>	<u>\$ 2,066,348</u>	
	-	-	-	-	

Revenues	\$ 31,708,384
Transfers	1,905,060
Total Sources	<u>\$ 33,613,444</u>
Expenditures	\$ 39,491,658
Transfers	1,905,060
Total Appropriations	<u>\$ 41,396,718</u>

**Public Works Department
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Public Works Department					
Employee Services	\$ 3,948,285	\$ 3,430,377	\$ 2,922,738	\$ 3,147,938	\$ 2,672,100
Other Services	3,380,032	3,409,660	3,866,991	3,804,179	3,383,827
Materials and Supplies	438,709	529,414	380,646	394,023	394,023
Other Expenses	(18,925)	(251,236)	268,048	23,000	23,000
Capital Outlay	-	17,000	-	-	-
Total	<u>\$ 7,748,101</u>	<u>\$ 7,135,215</u>	<u>\$ 7,438,423</u>	<u>\$ 7,369,140</u>	<u>\$ 6,472,950</u>
Administration					
Employee Services	197,438	197,301	120,229	204,323	138,124
Other Services	68,665	66,138	54,288	91,883	91,871
Materials and Supplies	442	812	2,000	2,000	2,000
Other Expenses	86				
Total	<u>266,631</u>	<u>264,251</u>	<u>176,517</u>	<u>298,206</u>	<u>231,995</u>
Operations & Maintenance					
Employee Services	567,187	405,485	221,458	287,388	220,856
Other Services	381,085	329,183	224,768	222,147	222,135
Materials and Supplies	23,983	11,921	9,976	10,425	10,425
Other Expenses	5,171	5,214	5,000	5,000	5,000
Total	<u>977,426</u>	<u>751,803</u>	<u>461,202</u>	<u>524,960</u>	<u>458,416</u>
Parks & Street Trees					
Employee Services	1,768,971	1,211,067	875,322	1,000,591	863,852
Other Services	2,300,800	2,501,811	2,907,687	2,802,396	2,442,292
Materials and Supplies	155,657	148,684	142,953	148,041	148,041
Other Expenses	(19,125)	(259,352)	260,148	15,100	15,100
Capital Outlay		17,000			
Total	<u>4,206,303</u>	<u>3,619,210</u>	<u>4,186,110</u>	<u>3,966,128</u>	<u>3,469,285</u>
Facilities Maintenance					
Employee Services	1,414,689	1,616,524	1,705,729	1,655,636	1,449,268
Other Services	629,482	512,528	680,248	687,753	627,529
Materials and Supplies	258,627	367,997	225,717	233,557	233,557
Other Expenses	(5,057)	2,902	2,900	2,900	2,900
Total	<u>2,297,741</u>	<u>2,499,951</u>	<u>2,614,594</u>	<u>2,579,846</u>	<u>2,313,254</u>

PUBLIC WORKS DEPARTMENT

Gas Tax Fund (030)

History

- Revenue for the Gas Tax Fund is from the State based on an allocation formula to distribute taxes collected on fuel sales, and from a transfer from Measure K Maintenance (082).
- The City maintains a transportation asset inventory that includes approximately 760 centerline miles of roads, 303 traffic signals, 20,000 street lights, 16,000 regulatory signs, and 70,000 street trees.
- Expenditures from the Fund are used to fund maintenance on signals, street lights, traffic devices, streets and sidewalks, bridges, ditches, graffiti abatement, and street trees throughout the City of Stockton.

2011-12 Events

- Completed preparatory crack filling and patching for the 10-15 Proposition 1B funded Overlay Project, and for the 10-18 Proposition 1B funded Cape Seal Project.
- Replaced 170 street light lamps with LEDs as a pilot project using a combination of American Recovery & Reinvestment Act (ARRA) and Gas Tax funds.
- Completed annual preventative maintenance inspections on 303 Traffic signal controllers
- Continued ongoing effort to upgrade 138 Traffic signal controllers. Completed 15 upgrades this year.
- Started a multi-year project to convert pedestrian crossing modules to the countdown style heads. Completed 17 intersections this year.
- Continued retro reflectivity upgrades on all regulatory and warning signs as required by Federal mandate. Completed all signs between 8 Mile Road and Hammer Lane this year.
- Revenues are projected to slightly exceed expenditures, with a projected end of year surplus of \$140,309.

2012-13 Adopted Budget

- Start a crack filling and street surface repair program starting in South Stockton as part of a new cyclical Street Maintenance program. Intent of this program is to undertake repairs in one area of the city per year, with a projected six year cycle. This work is in addition to city wide responsive maintenance to address potholes, major pavement failures, and sidewalk issues.
- Start re-striping of arterial and collector streets, to address deteriorated pavement markings that have not been maintained for several years (102 miles).
- Start replacing large overhead street name signs on arterials. Will begin on El Dorado and Center Streets.
- Continue retro reflectivity upgrades as required by Federal mandate on all regulatory and warning signs between Hammer Lane and March Lane. Following completion of this area, only the area between March Lane and Harding Way, and a portion of the area between Harding Way and Martin Luther King, Jr. west of El Dorado, will remain to be completed prior to the 2017 compliance deadline.
- Complete annual traffic signal controller preventative maintenance inspections for 303 controllers.
- Continue ongoing effort to upgrade 138 traffic signal controllers.

PUBLIC WORKS DEPARTMENT

- Continue ongoing effort to convert pedestrian crossing modules to the countdown style heads.
- Utilize seasonal staff during the construction season to assist with striping, sign replacement, and crack filling, and street repairs.
- Work with MUD to implement new Comprehensive Maintenance Management System (CMMS) in accordance with recommendation of the Strategic Technology Plan. Intent is for new system to be selected and implemented within 18 to 24 months.
- Projected expenditures will exceed revenue by almost \$700,000 which will reduce the projected fund balance to approximately \$822,000. However, the true reserve for the transportation system includes the fund balance from the Measure K Maintenance Fund which will be \$2.5 million.
- In addition, it is anticipated that a similar amount of the Gas Tax fund balance will be used in FY 2013/14 to continue to address deferred maintenance. This multi-year plan is sustainable because the \$1.2 million annual loan payment to SJCOG that is described in the Measure K Maintenance narrative will end in FY 2013/14 and will free up funding equivalent to this loan payment (\$1.2 million) starting in FY 2014/15.

**Public Works Department
Street Maintenance/Gas Tax - 030
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Budget
Beginning Available Balance	\$ 241,397	\$ 786,410	\$ 1,381,833	\$ 1,522,142
Prior Period Adjustments	417,767	(417,767)		
Adjusted Available Balance	659,164	319,519	1,381,833	1,522,142
Revenues				
State Gas Tax	4,628,398	4,842,991	4,421,731	4,397,663
Prop 42 Replacement Gas Tax		2,767,906	3,080,609	3,170,999
Refunds and reimbursements	95,902	69,340	43,811	-
Interest	26,435	1,142	11,662	25,000
	4,750,735	7,681,379	7,557,813	7,593,662
Expenditures				
Salary and benefits	3,620,129	4,004,054	4,391,061	4,959,176
Electricity	1,725,623	1,751,783	1,758,826	1,800,000
Maintenance and repair services	52,985	165,698	234,130	285,643
Insurance premiums	54,056	65,876	86,451	123,585
Auto equipment rental	588,826	653,599	672,105	976,508
Computer/Tech/Operating support	130,711	219,194	279,442	210,127
Engineering services	6,410	20,285	74	51,000
Construction services	83,601	50,242	72,482	77,300
Materials and supplies	591,787	777,851	1,204,427	1,195,000
Fuels - gas/oil/propane	113,836	126,056	128,868	141,263
All other expenses	(39,854)	(15,883)	174,390	378,247
	6,928,110	7,818,755	9,002,256	10,197,849
Transfers				
Transfer In - General Fund - 010	2,722,388			
Transfer in - Measure K - 082		1,740,000	1,584,752	1,905,060
Transfer Out - Grants - 020		(60,000)		
Transfer Out - SAFETEA - 038		(919,920)		
	2,722,388	760,080	1,584,752	1,905,060
Net Annual Activity	545,013	622,704	140,309	(699,127)
Ending Available Balance	\$ 786,410	\$ 1,409,114	\$ 1,522,142	\$ 823,015
Available Balance Calculation				
Cash and Interest Receivable		\$ 766,167		
Accounts Receivable		847,774		
Vouchers Payable		(204,827)		
Capital Appropriations		(27,281)		
Ending Available Balance		<u>\$ 1,381,833</u>		

PUBLIC WORKS DEPARTMENT

Measure K Maintenance Fund (082)

History

- In 1990, voters in San Joaquin County passed a ½ cent sales tax increase dedicated to transportation projects. This sales tax increase was to last for 20 years. In 2006, voters passed a 30 year extension of the sales tax increase.
- Of the funds collected, 35% are dedicated to maintenance activities and are divided among the jurisdictions in the County. The program is administered by the San Joaquin Council of Governments and they distribute Measure K maintenance funds on a quarterly basis to each jurisdiction.
- The City of Stockton has used this funding for both maintenance activities and to provide matching funds to leverage state and federal grant programs.
- In 2002, the City borrowed \$6.5 million from future Measure K maintenance revenues for street resurfacing. To pay back the loan, \$1,247,247 from the City's annual allocation is retained by SJCOG. This loan will be paid off in FY 2013-14.

2011-12 Events

- After several years of declining revenues, the budgeted revenue projections were increased based on improving sales tax receipts.
- Of the funding received,\$774,000 was transferred to the Capital Improvement fund for several capital projects including the Traffic Calming Program, modification of Traffic Signals, and to provide the required local match for federal RSTP funds used in the Street Resurfacing Program.
- In addition, \$1,584,752 was transferred to the Gas Tax fund to provide maintenance resources for pavement, street lighting, traffic signals, pavement markings, and signs.

2012-13 Budget Issues and Changes

- Based upon information provided by the San Joaquin Council of Governments (SJCOG), projected revenues are budgeted to increase by 5%.
- Of the funding received,\$1,171,487 was transferred to the Capital Improvement fund for several capital projects including the Traffic Calming Program, to provide the required matching funds for the Wilson Way Corridor Adaptive Traffic Control System, and to provide the required local match for federal RSTP funds used in the Street Resurfacing Program. The amount transferred increased from last year in large part because the grant used to fund a portion of the Traffic Calming Program has been exhausted.
- The transfer to Gas Tax has been budgeted to increase to \$1,905,060 to account for additional electrical costs for street lighting and traffic signals and for maintenance costs for the Traffic Control System. In addition, this will be the first year that Indirect Costs will be charged to the Gas Tax Fund so \$118,000 will be needed to cover this cost.
- The transfers to the Capital Improvement Fund and the Gas Tax Fund will require the use of \$438,794 from Fund Balance. This amount is needed to provide enough funding for both maintenance and capital needs. Since the starting fund balance is in excess of \$3 million and because Measure K Maintenance loan will be paid off in FY2013-14 and free up over \$1.2 million in additional funds per year, this transfer is sustainable.

**Public Works Department
Measure K - Maintenance - 082
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Budget</u>
Beginning Available Balance	\$ -	\$ 1,065,812	\$ 2,933,939	\$ 3,010,592
Revenues				
Sales Tax	3,232,693	3,509,936	3,728,600	3,915,000
Interest	25,508	29,054	(15,948)	
Other Revenues	112,181			
	<u>3,370,382</u>	<u>3,538,990</u>	<u>3,712,652</u>	<u>3,915,000</u>
Expenditures				
Capital projects	2,295,076	(1,482,706)	774,000	1,171,487
Debt service	1,090,540	1,137,216	1,277,247	1,277,247
	<u>3,385,616</u>	<u>(345,490)</u>	<u>2,051,247</u>	<u>2,448,734</u>
Transfers				
Transfer In - Capital - 080	1,081,046	8,484,769		
Transfer Out - Capital - 039		(147,084)		
Transfer Out - Capital - 080		(4,279,385)		
Transfer Out - Gas Tax - 030		(1,740,000)	(1,584,752)	(1,905,060)
	<u>1,081,046</u>	<u>2,318,300</u>	<u>(1,584,752)</u>	<u>(1,905,060)</u>
Net Annual Activity	<u>1,065,812</u>	<u>6,202,780</u>	<u>76,653</u>	<u>(438,794)</u>
Ending Available Balance	<u>\$ 1,065,812</u>	<u>\$ 7,268,592</u>	<u>\$ 3,010,592</u>	<u>\$ 2,571,798</u>
Available Balance Calculation				
Cash & interest receivable		\$ 7,034,828		
Accrued Revenue		865,696		
Current liabilities		(631,932)		
Capital Appropriations		(2,444,114)		
Encumbrances		(1,890,539)		
Ending Available Balance		<u>\$ 2,933,939</u>		

PUBLIC WORKS DEPARTMENT

Boat Launching Facilities Fund (045)

History

- The City maintains boat launching facilities at Louis Park, and Buckley Cove. The Marina operator is responsible for operation of the Morelli Park facility. Public Works is responsible for the Louis Park and Buckley Cove facilities.
- The Boat Launching Facilities Fund is funded from parking fees collected from vehicles that launch boats at Buckley Cove.
- Expenditures from the Fund are used to fund dock and landscape maintenance at the Louis Park and Buckley Cove facilities, and to fund security services at Buckley Cove.
- The Fund has historically run a small surplus, with an available balance of approximately \$300,000.

2011-12 Events

- The guard shack at Buckley Cove was replaced.
- Landscape and janitorial maintenance costs for the boat launch and parking areas were charged to the Fund. In prior years these costs had been charged to the General Fund account for park maintenance.
- Because of these additional expenses, expenditures are expected to exceed revenues by about \$25,000. However, this will still leave a fund balance in excess of \$300,000 at the end of the fiscal year.

2012-13 Budget Issues and Changes

- There are no changes in security service or maintenance levels at either the Louis Park or Buckley Cove facilities included in this budget.
- Landscape and janitorial maintenance costs will continue to be charged to the Fund.
- Fees for parking at Buckley Cove will not be changed from the current rates.
- With the above assumptions, the expenditures are projected to exceed revenues by \$12,350, which will slightly decrease the fund balance. This operating loss can be addressed in future years by an increase in facility use to pre-recession levels, and/or an increase in parking fees.

**Public Works Department
Boat Launching Facilities - 045
2012-13 Adopted Budget**

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 <u>Unaudited Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 <u>Adopted Pendency</u>
Beginning Available Balance	\$ 281,786	\$ 299,875	\$ 332,156	\$ 306,776
Revenues				
Boat Launching Fees	155,459	174,976	162,900	160,000
Other Reimbursements	3,351	2,555	6,236	2,500
	<u>158,810</u>	<u>177,531</u>	<u>169,136</u>	<u>162,500</u>
Expenditures				
Salaries & Benefits	1,398	10,523	10,958	10,152
Electricity	1,094	1,240	1,800	1,800
Stormwater	5,106	10,212	12,500	12,500
Maintenance & Repair		2,204	32,201	15,000
Security Contractor	115,668	111,903	121,550	121,550
Materials & Supplies	5,456	228	4,081	1,000
Indirect Costs	9,714	6,403	9,000	9,000
Other Expenses	2,285	2,537	2,426	3,848
	<u>140,721</u>	<u>145,250</u>	<u>194,516</u>	<u>174,850</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	18,089	32,281	(25,380)	(12,350)
Ending Available Balance	\$ 299,875	\$ 332,156	\$ 306,776	\$ 294,426
Available Balance Calculation				
Cash		\$ 331,709		
Accounts Receivable		5,854		
Vouchers Payable		(5,407)		
Ending Available Balance		<u>\$ 332,156</u>		

PUBLIC WORKS DEPARTMENT

Solid Waste Fund (047)

History

- This fund was established to finance the management of solid waste services for the City residents, businesses, industries, and institutions.
- Revenues for this fund come from the 3.5% surcharge on gross revenues paid by the franchise haulers – Waste Management and Allied Waste. This results in approximately \$1,500,000 per year for the operating budget.
- The franchise fees are the primary revenue source for the Division with the exception of a small grant to promote beverage container recycling.

2011-12 Events

- Salary costs are in transition with the retirement of two senior staff members and the resignation of a project manager.
- Salary savings have resulted from position vacancies as well as the reduction in salary and benefits.
- An annual work plan is being developed for FY 2012/13 that maintains compliance with state requirements and outlines steps to ensure the financial health of the collection franchises.
- Revenue has been budgeted the same as the previous year for the last several years and has generally remained flat.

2012-13 Budget Issues and Changes

- Projected revenues include a 1% increase due to an annual CPI rate adjustment for residential and commercial service - \$1,491,970
- Two vacant positions will be retained in the budget and filled when feasible.
- A fund balance policy will be developed and it is anticipated that the needed fund balance will be less than the current fund balance which will provide funding for one time needs.
- An increase in program expenses is included which will provide funds for:
 - Tree trimming related to street sweeping
 - Consultant to rework database for Construction & Demolition Recycling
 - Financial consultant for franchise agreement analysis
 - Translation services for printed outreach material

**Public Works Department
Solid Waste & Recycling - 047
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ 2,083,745	\$ 2,138,166	\$ 1,848,578	\$ 2,097,586
Revenues				
Franchise Fees				
Allied Waste/Residential	336,184	337,982	342,181	342,099
Waste Management/Residential	385,011	384,997	395,536	395,230
Waste Management/Commercial	323,823	307,760	287,559	332,640
Allied Waste/Commercial	268,354	251,785	236,251	271,675
California Waste Recovery	6,932	5,186	6,546	6,802
Waste Management/Industrial		15,868	20,868	24,013
Allied Waste/Industrial		15,015	34,446	39,512
	<u>1,320,304</u>	<u>1,318,593</u>	<u>1,323,387</u>	<u>1,411,971</u>
Interest	79,284	51,927	70,000	80,000
Refunds and reimbursements		9,404		
Other Revenues	16,021			
	<u>1,415,609</u>	<u>1,379,924</u>	<u>1,393,387</u>	<u>1,491,971</u>
Expenditures				
Salaries and Benefits	1,176,552	1,363,458	928,056	1,145,115
Maintenance & Repair Services	3,005	5,715	3,858	4,320
Duplication/Copy Costs	7,635	4,441	7,276	7,500
Insurance Premiums	16,415	6,757	18,985	33,227
Automotive Equipment Rental	25,406	31,600	31,285	37,973
Computer/Tech/Oper Support	10,437	14,267	16,460	19,997
Professional & Special Services	29,580	5,352	33,296	106,500
Materials and Supplies	10,278	5,563	20,211	22,150
Fuels-Gas/Oil/Propane	4,896	6,358	6,062	7,152
Indirect Costs	54,209	47,174	55,079	143,243
All Other Expenses	22,775	25,168	23,811	44,200
	<u>1,361,188</u>	<u>1,515,853</u>	<u>1,144,379</u>	<u>1,571,377</u>
Transfers				
Transfer In				
Transfer Out - Fund 455		(147,251)		
	<u>-</u>	<u>(147,251)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	54,421	(283,180)	249,008	(79,406)
Ending Available Balance	\$ 2,138,166	\$ 1,854,986	\$ 2,097,586	\$ 2,018,180
Available Balance Calculation				
Cash/Interest Rec		\$ 1,808,288		
Accounts Receivable		48,743		
Vouchers Payable		(2,046)		
Encumbrances		(6,407)		
Ending Available Balance		<u>\$ 1,848,578</u>		

PUBLIC WORKS DEPARTMENT

Street Lighting Assessment District Fund (071)

History

- The fund finances the Central Stockton Lighting Maintenance Assessment District (CSLMD) formed under the Landscape and Lighting Act of 1972 and collects assessments for the “Special Lighting Benefit” received.
- The CSLMD is a reformation of the original Lighting & Maintenance Districts 74 & 75 formed under the Street Light Acts of 1927 and 1931.
- The following five specific zones of the CSLMD were the subject of a Proposition 218 vote in FY 2011/12: Zone 1- Caldwell Village; Zone 2- Miner Avenue; Zone 3-Pacific Avenue; Zone 4-Oxford Manor; and Zone 5- Downtown Business District

2011-12 Events

- The CSLMD Proposition 218 ballot process concluded with only Zone 4-Oxford Manor (729 total parcels) being passed by a majority of the voters.
- The CSLMD Engineer’s Report for 2011/12 sets the total annual estimated budget for energy and maintenance of lighting in the district.
- FY 2011/12 was the first year of approved assessments for CSLMD.

2012-13 Budget Issues and Changes

- No reduction in service will occur in the four zones that did not adopt a new assessment. Sufficient funding is available from the Gas Tax Fund to cover these operating costs in the short term.
- Staff has been reviewing alternatives for the four zones that did not approve a new assessment. These alternatives will be finalized and brought forward for consideration.

**Public Works Department
Lighting Maintenance - 071
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 165,137	\$ 154,411	\$ 208,302	\$ 202,898
Revenues				
Charges for services	53,800	54,632	38,500	23,823
Investment earnings	5,514	3,129	2,096	2,000
	<u>59,314</u>	<u>57,761</u>	<u>40,596</u>	<u>25,823</u>
Expenditures				
Operations	70,040	3,870	46,000	22,000
	<u>70,040</u>	<u>3,870</u>	<u>46,000</u>	<u>22,000</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	(10,726)	53,891	(5,404)	3,823
Ending Available Balance	\$ 154,411	\$ 208,302	\$ 202,898	\$ 206,721
Available Balance Calculation				
Cash & interest receivable		\$ 211,349		
Accounts receivable		3,029		
Accounts payable		(6,076)		
Ending Available Balance		<u>\$ 208,302</u>		

PUBLIC WORKS DEPARTMENT

Stockton Consolidated Landscape Maintenance Assessment District 96-2 Fund (072)

History

- Most accounts in this fund are managed by Public Works. Some of the 072 accounts are for storm drain maintenance assessment districts which are under Municipal Utilities Department purview (072-6901 to -6905 and -6950 and up.)
- On February 26, 1996, Council adopted Resolution No. 96-0084 that consolidated the eight Landscape Maintenance Districts that existed at that time into the new Consolidated Landscape District 96-2.
- Total of 34 zones in the Consolidated Landscape District. Assessments are levied in 27 zones. Assessments are not levied in seven zones since maintenance is not required, as no improvements have been constructed.
- Improvements maintained include, but are not limited to, street and median landscaping, fountains, ornamental structures, public lighting (such as street lights and traffic signals), walls, irrigation, parks, and park equipment. Maintenance typically includes mowing, edging, trash collection, irrigation system operation and repairs, replantings.
- All maintenance services are provided by contract with the exception that lighting work is typically performed by City staff with time charged to the District.

2011-12 Events

- A new maintenance contractor, Odyssey Landscape Companies, started providing service on January 1, 2012. One (1) year initial term plus option to extend up to 2 additional years.
- New maintenance specifications consolidated all District work into one contract. Regular service work now includes tree trimming for trees up to 20 feet in height, booster pump service, and installing City provided tennis and basketball nets when needed.
- Entered into long term contract with Siegfried Engineering to provide annual engineer services for the district. Three year initial term plus option to extend up to two additional years.
- Retained Siegfried Engineering to prepare long term capital replacement plan.
- Wood chip fall attenuation surfacing was replenished at 11 play areas.
- Fall attenuation surfacing was changed from sand to wood chips at 2 play areas.

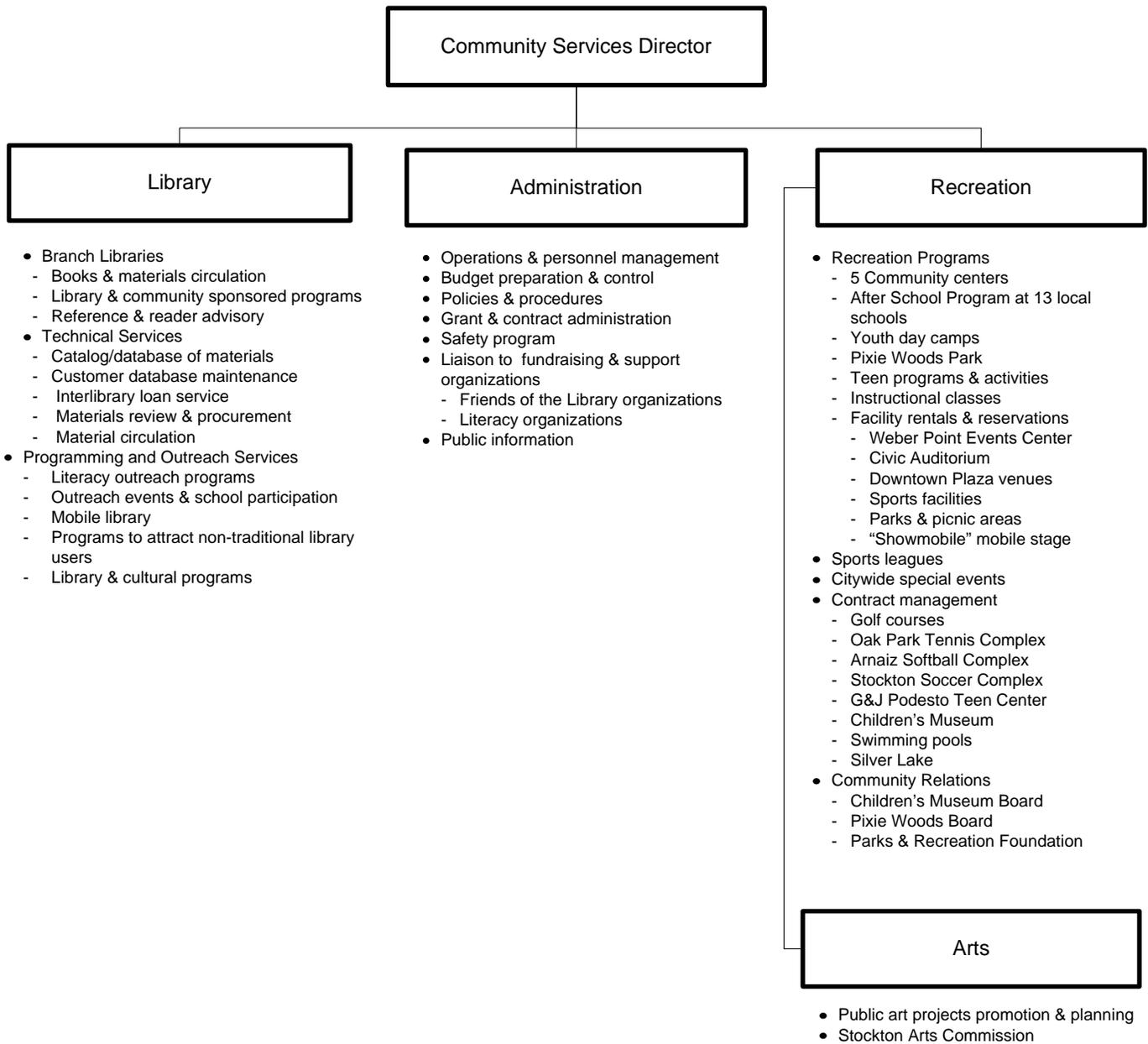
2012-13 Budget Issues and Changes

- The assessments for FY 2012/13 will not be increased from FY 2011/12. Existing assessments will be sufficient to provide a maintenance budget of \$3.25 million and provide a surplus of almost \$150,000 at the end of the fiscal year.
- Maintenance activities will be consistent with the previous fiscal year.

**Public Works Department
Assessment District Maintenance - 072
2012-13 Adopted Budget**

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 <u>Unaudited Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 <u>Adopted Pendency</u>
Beginning Available Balance	\$ 8,547,826	\$ 10,179,477	\$ 11,415,025	\$ 12,560,749
Revenues				
Charges for services	3,483,036	3,317,013	3,121,551	3,428,448
Investment earnings	376,622	274,165	124,173	150,000
	<u>3,859,658</u>	<u>3,591,178</u>	<u>3,245,724</u>	<u>3,578,448</u>
Expenditures				
Miscellaneous expenditures	2,228,007	2,355,630	2,100,000	3,801,116
Capital projects	<u>2,228,007</u>	<u>2,355,630</u>	<u>2,100,000</u>	<u>3,801,116</u>
Transfers				
Transfer In	-	-	-	-
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>1,631,651</u>	<u>1,235,548</u>	<u>1,145,724</u>	<u>(222,668)</u>
Ending Available Balance	\$ 10,179,477	\$ 11,415,025	\$ 12,560,749	\$ 12,338,081
Available Balance Calculation				
Cash & interest receivable		\$ 11,674,773		
Accounts payable		(259,748)		
Ending Available Balance		<u>\$ 11,415,025</u>		





Community Services Department



COMMUNITY SERVICES DEPARTMENT

MISSION STATEMENT

To enhance the quality of life, economic vitality, health and well-being of the community by creating and providing the resources and program opportunities to its residents of all ages to pursue their educational, civic, business, and personal interests and to meet their recreational and leisure needs.

Budget at a Glance:

Total Expenditures	\$24,659,898
Total Revenues	\$17,210,067
Total Net Cost	\$7,449,831
Total Staff	83

DEPARTMENTAL DESCRIPTION

The Community Services Department has four divisions: Administration, Library Services (Special Revenue Fund 041-3500), Recreation Services (Special Revenue Fund 044-3600) and Golf (Enterprise Fund 481-3650). The department also oversees the City's arts programs (General Fund 010-3643 and CIP Fund 306-7000).

The Administration Division provides leadership and support required to plan, direct, and coordinate operations of the department. The division is responsible for business operations including budget preparation, financial monitoring, policy and process development, contract management, purchasing, payroll, accounts payable, personnel, publicity, and delivery.

The Library Services Division, the Stockton-San Joaquin County Public Library (SSJCPL), creates an environment for connecting people and ideas by providing various library resources to pursue their educational, civic, business and personal interests. Through an agreement with the County of San Joaquin, the Library provides services throughout the county with the only exception being the City of Lodi. SSJCPL serves the residents of San Joaquin County at twelve library facilities and a Mobile Library in Stockton, Escalon, Lathrop, Linden, Manteca, Mountain House, Ripon, Thornton, and Tracy. The division is divided into two major functional areas: Public Services and Technical Services. Public Services is responsible for direct service delivery to library customers in branch libraries, the development and implementation of outreach events and program offerings at branch libraries, Mobile Library operations and the management of the Library's Adult and Family Literacy programs. Technical Services is responsible for all aspects of collection development and management including the selection, acquisition, cataloging, and processing of new books and other materials. Technical Services also manages customer accounts to include customer notifications and the Library's interaction with our collection agency organization.

The Recreation Services Division provides a system of recreational facilities and programs benefiting City of Stockton residents and visitors. The division provides the leadership for healthier communities, environmental stewardship, community connections, partnerships, professionalism, and integrity in its abilities to promote social, recreational and cultural opportunities for residents and visitors through quality programming, services and customer satisfaction. The division seeks recreation opportunities with local non-profit organizations and community groups. Its expectations include being a partner to reduce juvenile crime, establishing healthy community centers and facilities, enhancing the social well being of children and their families and influencing economic well-being. The division is responsible for the operations of more than 24 facilities including 5 community centers, 4 joint use facilities, 4 swimming pools, 3 softball complexes, Gary Podesto Teen Center, Silver Lake Family Camp, Billy Hebert Baseball Stadium, Stockton Soccer Complex (6 fields), Oak Park Tennis Center,

COMMUNITY SERVICES DEPARTMENT

Pixie Woods Children's Theme Park, Weber Point Events Center and the Stockton Memorial Civic Auditorium.

The Golf Division, in July of 2011, the City Council adopted a resolution which allowed the City Manager to contract the operations and maintenance of its two municipal golf courses to Kemper Sports Inc. The City Council approved user fees fund the operations of the two courses: the Swenson Park Golf Course, a champion 18-hole course and a 9-hole executive par 3 course on approximately 240 acres, and the Van Buskirk Golf Course, an 18-hole championship course on approximately 214 acres.

The department also provides oversight to the Stockton Arts Commission and the Public Art Program. The Arts Commission was established by ordinance to promote and encourage programs to further the development and public awareness of an interest in the fine and performing arts and to act in advisory capacity to the Stockton City Council in connection with the artistic and cultural development of the City. The Public Art Program was established by ordinance to foster creative expression of the arts in public places by funding public art projects and requiring a public art component on capital improvement projects.

KEY ISSUES

Operations of both Library Services and Recreation Services have been greatly impacted in past years by the reduction in discretionary City General Fund contributions. Funding for Library Services from the General Fund has decreased by almost 40% or \$2.6 million from its budget in FY 2008-09. As a consequence of severe reductions to the Library's operating budget, library open hours have been reduced by 48% in City of Stockton branches over the same period of time. Recreation Services Division has received a total reduction in subsidy of 32% or \$1.3 million since FY 2008-09. These reductions in contributions from the General Fund for the past three years have significantly decreased the volume and quality of recreational opportunities available to the Stockton community.

The Library Services Division will be impacted for the second straight year by the Governor's proposed cuts to State-funded public library services. Three revenue sources are targeted for elimination: (1) The State Public Library Fund (PLF) program provides funding to local public library jurisdictions based on a service area population formula. SSJCPL receives approximately \$200,000 annually to provide funding for purchases of library books and materials; (2) The California Library Literacy Services (CLLS) program provides funding of approximately \$50,000 for the Library's Adult and Family Literacy programming. Funds for the CLLS program are used primarily for teaching materials and to pay for the Training Wheels bookmobile that travels around the County providing literacy-based programming outside of the Chavez Library; and (3) The California Library Services Act (CLSA) program which provides annual funding for the 49-99 consortium. Funds are primarily used to contract with SSJCPL to provide daily pick-up and delivery services among member libraries of the 49-99 Cooperative Library system.

Due to the economic recession, Northern California golf facilities have almost uniformly reported a decline in the number of golf rounds at private, resort and municipal sites, with many areas experiencing declines ranging from single digit up to 15%. Competition, increasing operating costs, and the deteriorating condition of the golf courses will also continue to impact the performance of the City's golf courses. Last year, a Request for Proposal (RFP) was distributed to explore the interests from the private golf industry to operate one or both Stockton's golf courses under a long term lease agreement, or to purchase and operate one or both golf courses and to consider other options for the City's golf operations. A five-year management agreement with a golf management company was selected and a contract was awarded to operate and maintain both courses beginning in FY 2011-12.

**Community Services Department
2012-13 Adopted Budget**

	<u>General Fund</u> <u>Adopted Pendency</u> <i>See Page H-6</i>	<u>Library</u> <i>See Page H-8</i>	<u>Recreation</u> <i>See Page H-18</i>	<u>Total</u>
Beginning Available Balance		\$ 873,645	\$ 781,965	
Revenues				
San Joaquin County Contract		4,957,323		4,957,323
Additional Hours Contracts		148,700		148,700
Fines		153,000		153,000
Other Revenues		358,681	8,727	367,408
Recreation Programs			3,215,972	3,215,972
Facility Admission and Rentals			447,050	447,050
Community Centers			290,000	290,000
	<u>-</u>	<u>5,617,704</u>	<u>3,961,749</u>	<u>9,579,453</u>
Expenditures				
Salary and benefits	31,864			31,864
Services & Supplies	963			963
Library Operations		8,625,232		8,625,232
Administration		1,389,494	828,736	2,218,230
Children's Museum			5,000	5,000
Civic Auditorium			305,971	305,971
Community Centers			1,805,924	1,805,924
Program Expenses			4,132,138	4,132,138
	<u>32,827</u>	<u>10,014,726</u>	<u>7,077,769</u>	<u>17,125,322</u>
Transfers				
Transfer In - General Fund		4,057,000	3,012,000	7,069,000
Transfer In - Other Funds		7,750	443,864	451,614
Transfer Out - Other Funds	(7,069,000)	(6,250)	(459,326)	(7,534,576)
	<u>(7,069,000)</u>	<u>4,058,500</u>	<u>2,996,538</u>	<u>(13,962)</u>
Net Annual Activity	<u>(7,101,827)</u>	<u>(338,522)</u>	<u>(119,482)</u>	<u>(7,559,831)</u>
Ending Available Balance		\$ 535,123	\$ 662,483	
	-	-	-	
			Revenues	\$ 9,579,453
			Transfers	7,520,614
			Total Sources	<u>\$ 17,100,067</u>
			Expenditures	\$ 17,125,322
			Transfers	7,534,576
			Total Appropriations	<u>\$ 24,659,898</u>

**Community Services Department
General Fund - 010
2012-13 Adopted Budget**

	FY 2009-2010 Actual	FY 2010-2011 Unaudited Actual	FY 2011-2012 Current Budget	FY 2012-2013 Proposed Budget	FY 2012-2013 Adopted Pendency
Total Community Services Department					
Employee Services	\$ 30,534	\$ 37,193	\$ 35,978	\$ 36,720	\$ 31,864
Other Services	442	2,832	759	967	963
Materials and Supplies	-	-	-	-	-
Other Expenses	-	-	-	-	-
Transfers	7,251,225	7,052,916	6,735,022	7,247,000	7,069,000
Total	<u>\$ 7,282,201</u>	<u>\$ 7,092,941</u>	<u>\$ 6,771,759</u>	<u>\$ 7,284,687</u>	<u>\$ 7,101,827</u>

Arts Commission

Employee Services	30,534	37,193	35,978	36,720	31,864
Other Services	442	2,832	759	967	963
Materials and Supplies					
Other Expenses					
Total	<u>30,976</u>	<u>40,025</u>	<u>36,737</u>	<u>37,687</u>	<u>32,827</u>

Library

Employee Services					
Other Services					
Materials and Supplies					
Other Expenses					
Transfer - Library	4,227,451	4,111,205	3,977,759	4,125,000	4,057,000
Total	<u>4,227,451</u>	<u>4,111,205</u>	<u>3,977,759</u>	<u>4,125,000</u>	<u>4,057,000</u>

Recreation

Employee Services					
Other Services					
Materials and Supplies					
Other Expenses					
Transfer - Recreation	3,023,774	2,941,711	2,757,263	2,800,000	2,690,000
Total	<u>3,023,774</u>	<u>2,941,711</u>	<u>2,757,263</u>	<u>2,800,000</u>	<u>2,690,000</u>

Golf

Employee Services					
Other Services					
Materials and Supplies					
Other Expenses					
Transfer - Golf Fund				322,000	322,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,000</u>	<u>322,000</u>



**Community Services Department
Library Programs
2012-13 Adopted Budget**

	Library 041	Special Revenue 644	Kolak Trust 614	Bess Larsen Trust 621
	<i>See Page H-11</i>	<i>See Page H-12</i>	<i>See Page H-13</i>	<i>See Page H-14</i>
Beginning Available Balance	\$ 422,190	\$ 258,350	\$ 187,230	\$ 100
Revenues				
San Joaquin County	4,957,323			
Additional Hours Contracts	148,700			
Fines	153,000			
Other Revenues	234,796	119,500	4,000	35
	5,493,819	119,500	4,000	35
Expenditures				
Branch operations	6,990,350	219,000	8,750	135
Technical services	1,074,526			
Programming and outreach	326,346			
Administration and delivery	1,389,494			
Capital projects	-			
	9,780,716	219,000	8,750	135
Transfers				
Transfer In - General Fund	4,057,000			
Transfer In - Other	7,750			
Transfer Out			(6,250)	
	4,064,750	-	(6,250)	-
Net Annual Activity	(222,147)	(99,500)	(11,000)	(100)
Ending Available Balance	\$ 200,043	\$ 158,850	\$ 176,230	\$ -

**Community Services Department
Library Programs, Continued
2012-13 Adopted Budget**

	G. Cady Trust 622	Kiersch Memorial 628	Library Programs Total
	<i>See Page H-15</i>	<i>See Page H-16</i>	
Beginning Available Balance	\$ 5,234	\$ 541	\$ 873,645
Revenues			
San Joaquin County			4,957,323
Additional Hours Contract			148,700
Fines			153,000
Other Revenues	250	100	358,681
	250	100	5,617,704
Expenditures			
Branch operations	5,484	641	7,224,360
Technical services			1,074,526
Programming and outreach			326,346
Administration and delivery			1,389,494
Capital projects			-
	5,484	641	10,014,726
Transfers			
Transfer In - General Fund - 010			4,057,000
Transfer In - Fund - 614			7,750
Transfer Out			(6,250)
	-	-	4,058,500
Net Annual Activity	(5,234)	(541)	(338,522)
Ending Available Balance	\$ -	\$ -	\$ 535,123

COMMUNITY SERVICES DEPARTMENT

LIBRARY SERVICES FUND (041)

History

- This fund allows for the provision of Library services at four City of Stockton libraries, eight County branches, and the Mobile Library.
- The City of Stockton has funded public library services since 1880 and, in partnership with San Joaquin County since 1910, has provided library services across the county.
- Due to budget reductions starting in FY 2008/09, the Stockton-San Joaquin County Public Library has reduced operating hours System-wide by 28% and reduced staffing levels by 50%.

2011-12 Events

- The City of Stockton and the County of San Joaquin jointly signed a new Agreement for Library Services in February, 2011.
- The Library made available for the first time to its customers downloadable e-books and audiobooks.
- The Library joined a two-state consortium of more than 50 public and academic libraries making more than 9 million unique titles available to customers.
- 28 state-of-the-art customer self-service stations were deployed in both City and County libraries providing greater customer flexibility and staff efficiency.
- System-wide, the Library is projected to lend more than 1.7 million items.

2012-13 Budget Issues and Changes

- The proposed baseline budget for FY 2012/13 neither allows for service enhancements nor requires any service reductions. Operating schedules will remain status quo with the exception that branches may undertake a modest shift in operating hours so that each branch could be open during one evening each week.

**Community Services Department
Library - 041
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 4,285,681	\$ 3,747,079	\$ 847,686	\$ 422,190
Revenues				
San Joaquin County	5,323,298	5,202,986	5,086,478	4,835,323
San Joaquin Material Match Program	100,000	76,100	62,699	122,000
Additional Hours Contracts	113,125	142,107	142,565	148,700
State of California Grant	104,241	103,896		
Fines & Fees	223,965	206,106	130,000	153,000
Other Revenues	126,129	343,020	202,766	234,796
	<u>5,990,758</u>	<u>6,074,215</u>	<u>5,624,508</u>	<u>5,493,819</u>
Expenditures				
Administration	1,281,988	1,071,178	1,456,079	1,222,323
Programming and Outreach	424,844	441,051	311,125	326,346
Technical Services	2,596,172	1,505,010	1,057,320	1,074,526
Branch Operations	6,325,199			
Branch Operations - County		3,436,887	3,276,919	3,465,549
Branch Operations - City		3,417,930	3,246,325	3,524,801
Delivery Services	66,561	72,382	146,995	167,171
Capital projects	60,047	44,942	533,000	-
	<u>10,754,811</u>	<u>9,989,380</u>	<u>10,027,763</u>	<u>9,780,716</u>
Transfers				
Transfer In - General Fund	4,227,451	4,111,205	3,977,759	4,057,000
Transfer In - Other				7,750
Transfer Out	(2,000)	(736,760)		
	<u>4,225,451</u>	<u>3,374,445</u>	<u>3,977,759</u>	<u>4,064,750</u>
Net Annual Activity	<u>(538,602)</u>	<u>(540,720)</u>	<u>(425,496)</u>	<u>(222,147)</u>
Ending Available Balance	<u>\$ 3,747,079</u>	<u>\$ 3,206,359</u>	<u>\$ 422,190</u>	<u>\$ 200,043</u>
Available Balance Calculation				
Cash		\$ 3,162,931		
Accounts Receivable		163,867		
Accounts Payable		(120,436)		
Encumbrances		(70,492)		
Capital Projects		(2,288,184)		
Ending Available Balance		<u>\$ 847,686</u>		

**Community Services Department
Library Special Revenue Fund - 644
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 467,618	\$ 473,914	\$ 471,350	\$ 258,350
Revenues				
Program Revenue	97,706	125,977	95,000	115,000
Other Revenue	125,469	105,545	6,000	4,500
	<u>223,175</u>	<u>231,522</u>	<u>101,000</u>	<u>119,500</u>
Expenditures				
Program Expenditures	216,879	234,086	314,000	219,000
	<u>216,879</u>	<u>234,086</u>	<u>314,000</u>	<u>219,000</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>6,296</u>	<u>(2,564)</u>	<u>(213,000)</u>	<u>(99,500)</u>
Ending Available Balance	<u>\$ 473,914</u>	<u>\$ 471,350</u>	<u>\$ 258,350</u>	<u>\$ 158,850</u>
Available Balance Calculation				
Cash		\$ 526,033		
Accounts Receivable		5,761		
Accounts Payable		(60,444)		
Ending Available Balance		<u>\$ 471,350</u>		

**Community Services Department
Kolak Trust - 614
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	<u>\$ 207,155</u>	<u>\$ 207,038</u>	<u>\$ 191,740</u>	<u>\$ 187,230</u>
Revenues				
Interest	<u>7,857</u>	<u>4,725</u>	<u>3,990</u>	<u>4,000</u>
	<u>7,857</u>	<u>4,725</u>	<u>3,990</u>	<u>4,000</u>
Expenditures				
Operating Expenditures	<u>7,974</u>	<u>20,023</u>	<u>8,500</u>	<u>8,750</u>
	<u>7,974</u>	<u>20,023</u>	<u>8,500</u>	<u>8,750</u>
Transfers				
Transfer In				
Transfer Out				(6,250)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,250)</u>
Net Annual Activity	<u>(117)</u>	<u>(15,298)</u>	<u>(4,510)</u>	<u>(11,000)</u>
Ending Available Balance	<u>\$ 207,038</u>	<u>\$ 191,740</u>	<u>\$ 187,230</u>	<u>\$ 176,230</u>
Available Balance Calculation				
Cash		\$ 193,379		
Accounts Payable		<u>(1,638)</u>		
Ending Available Balance		<u>\$ 191,741</u>		

**Community Services Department
Bess Larson Trust - 621
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 1,687	\$ 1,753	\$ 315	\$ 100
Revenues				
Interest	66	46	35	35
	<u>66</u>	<u>46</u>	<u>35</u>	<u>35</u>
Expenditures				
Operating Expenditures		236	250	135
	<u>-</u>	<u>236</u>	<u>250</u>	<u>135</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	66	(190)	(215)	(100)
Ending Available Balance	\$ 1,753	\$ 1,563	\$ 100	\$ -
Available Balance Calculation				
Cash		\$ 1,777		
Accounts Payable		\$ (216)		
Principal endowment		<u>(1,246)</u>		
Ending Available Balance		<u>\$ 315</u>		

**Community Services Department
Cady Endowment - 622
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 10,332	\$ 10,731	\$ 6,014	\$ 5,234
Revenues				
Interest	399	281	220	250
	<u>399</u>	<u>281</u>	<u>220</u>	<u>250</u>
Expenditures				
Books & media			1,000	5,484
	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>5,484</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>399</u>	<u>281</u>	<u>(780)</u>	<u>(5,234)</u>
Ending Available Balance	<u>\$ 10,731</u>	<u>\$ 11,012</u>	<u>\$ 5,234</u>	<u>\$ -</u>
Available Balance Calculation				
Cash		\$ 11,014		
Principal endowment		(5,000)		
Ending Available Balance		<u>\$ 6,014</u>		

**Community Services Department
Kiersch Memorial Trust - 628
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 4,401	\$ 4,571	\$ 741	\$ 541
Revenues				
Interest	170	120	100	100
	<u>170</u>	<u>120</u>	<u>100</u>	<u>100</u>
Expenditures				
Books & media	-	-	300	641
	<u>-</u>	<u>-</u>	<u>300</u>	<u>641</u>
Transfers				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	170	120	(200)	(541)
Ending Available Balance	\$ 4,571	\$ 4,691	\$ 541	\$ -
Available Balance Calculation				
Cash		\$ 4,691		
Principal endowment		(3,950)		
Ending Available Balance		<u>\$ 741</u>		



**Community Services Department
Recreation Division
2012-13 Adopted Budget**

	Recreation 044	Golf 481	Arts Endowment 613	E. Blum Recreation Trust 623	Blum Trust Pixie Woods 624
	<i>See Page H-21</i>	<i>See Page H-23</i>	<i>See Page H-24</i>	<i>See Page H-25</i>	<i>See Page H-26</i>
Beginning Available Balance	\$ 123,439	\$ (12)	\$ 78,659	\$ 2,000	\$ 9,846
Revenues					
Recreation Programs	1,203,400	1,992,572			
Facility Admission and Rentals	447,050				
Community Centers	290,000				
Other Revenue			3,000		306
Donations					
	1,940,450	1,992,572	3,000	-	306
Expenditures					
Administration	828,736				
Children's Museum	5,000				
Civic Auditorium	305,971				
Community Centers	1,805,924				
Pixie Woods	111,605				
Programs - After School	959,602				
Programs - Instructional	41,901				
Programs - Sports	418,326				
Silver Lake Camp	7,901				
Special Events	131,324				
Sports Commission	-				
Swimming Facilities	36,225		60,000		
Tennis Facilities	18,443		2,300		
Program Costs		2,314,511			
	4,670,958	2,314,511	62,300	-	-
Transfers					
Transfer In - General Fund	2,690,000	322,000			
Transfer In - Other	413,721		30,143		
Transfer Out				(2,000)	(10,152)
	3,103,721	322,000	30,143	(2,000)	(10,152)
Net Annual Activity	373,213	61	(29,157)	(2,000)	(9,846)
Ending Available Balance	\$ 496,652	\$ 49	\$ 49,502	\$ -	\$ -

**Community Services Department
Recreation Division, Continued
2012-13 Adopted Budget**

<u>Blum Trust Red Feather 625</u> <i>See Page H-27</i>	<u>A Cross 626</u> <i>See Page H-28</i>	<u>Arts Commission Special 641</u> <i>See Page H-29</i>	<u>Parks & Recreation Trust 643</u> <i>See Page H-30</i>	<u>Special Revenue 683</u> <i>See Page H-31</i>	<u>Recreation Total</u>
\$ 13,541	\$ 57,260	\$ 30,143	\$ 173,829	\$ 293,260	\$ 781,965
			20,000		3,215,972
					447,050
					290,000
421			4,000	1,000	8,727
<u>421</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>1,000</u>	<u>3,961,749</u>
					828,736
					5,000
					305,971
					1,805,924
					111,605
					959,602
					41,901
					418,326
					7,901
					131,324
					-
					96,225
					20,743
			30,000	-	2,344,511
<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>7,077,769</u>
					3,012,000
					443,864
(13,962)	(57,260)	(30,143)	(145,809)	(200,000)	(459,326)
<u>(13,962)</u>	<u>(57,260)</u>	<u>(30,143)</u>	<u>(145,809)</u>	<u>(200,000)</u>	<u>2,996,538</u>
<u>(13,541)</u>	<u>(57,260)</u>	<u>(30,143)</u>	<u>(151,809)</u>	<u>(199,000)</u>	<u>(119,482)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 94,260</u>	<u>\$ 662,483</u>

COMMUNITY SERVICES DEPARTMENT

RECREATION SERVICES FUND (044)

History

- This fund provides finances to operate the City's Recreation Services Division.
- The division provides a system of recreational facilities and programs benefiting City of Stockton residents.
- This Special Revenue Fund is maintained through program revenues and a General Fund subsidy.

2011-12 Events

- The adopted budget of \$5.4 million included a transfer in of \$500,000 from the Recreation Fund Balance to offset a shortfall in the Golf Fund.
- The budget projection for year-end assumes that all recreation programs and rentals approximate previous years actuals.

2012-13 Budget Issues and Changes

- Program and operating expenditures
 - Civic Auditorium: the new more efficient HVAC system installed in 2010 has resulted in a decrease of utility costs.
 - Civic Auditorium rentals have steadily increased since re-opening in 2011. Previous customers have returned and new customers have been drawn due to the additional marketing strategies, such as print ads and upcoming bridal shows.
 - Recreation staff reassignments have been implemented in an effort to focus on increasing quality services and revenue generating programs such as, Youth Sports, Community Center rentals, Seasonal Day Camps and contract management.
 - Pixie Woods marketing strategies will refocus on communication with school districts and community groups in an effort to increase attendance and revenue.
 - After School Programs will increase by 18%, 300 new middle school youth will attend positive after school programs.
 - The City will be selecting a long term operator to manage City owned swimming pools. The result will be an overall reduction of expenses to the City.
 - New marketing strategies such as an on-line magazine and use of social media outlets will increase community awareness of recreational opportunities.
- Annual Activity and ending balance
 - With the above assumptions, the fund will not require an increase in General Fund subsidy. The division will operate a balanced budget for the year.

**Community Services Department
Recreation Services - 044
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Current Budget</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 854,977	\$ 950,267	\$ 554,572	\$ 123,439
Revenues				
Entertainment Venues (a)	2,007			
Recreation Programs	1,316,900	1,250,052	998,663	1,203,400
Facility Admission and Rentals	500,549	256,853	228,763	447,050
Community Centers	346,970	302,588	236,272	290,000
Other Revenue	45,352	(26,454)	16,309	
	<u>2,211,778</u>	<u>1,783,039</u>	<u>1,480,007</u>	<u>1,940,450</u>
Expenditures				
Administration	756,829	837,184	759,620	828,736
Children's Museum	311,851	94,120	4,978	5,000
Civic Auditorium	50,129	199,800	255,683	305,971
Community Centers	1,955,606	1,782,619	1,663,108	1,805,924
Pixie Woods	176,917	124,788	92,585	111,605
Programs - After School	807,332	684,584	820,561	959,602
Programs - Instructional	126,017	52,674	40,244	41,901
Programs - Sports	387,980	346,798	334,819	418,326
Silver Lake Camp	1,454	4,151	6,163	7,901
Special Events	110,302	97,078	112,172	131,324
Sports Commission	96,678	55,363	5,144	
Swimming Facilities	179,029	80,161	54,400	36,225
Tennis Facilities	19,947	18,589	18,926	18,443
	<u>4,980,071</u>	<u>4,377,909</u>	<u>4,168,403</u>	<u>4,670,958</u>
Transfers				
Transfer In - General Fund	3,023,774	2,941,711	2,757,263	2,690,000
Transfer In - Other				413,721
Transfer Out - Golf Course	(160,191)	(677,622)	(500,000)	
	<u>2,863,583</u>	<u>2,264,089</u>	<u>2,257,263</u>	<u>3,103,721</u>
Net Annual Activity	<u>95,290</u>	<u>(330,781)</u>	<u>(431,133)</u>	<u>373,213</u>
Ending Available Balance	\$ 950,267	\$ 619,486	\$ 123,439	\$ 496,652
Available Balance Calculation				
Cash		\$ 707,090		
Accounts Receivable		308,927		
Current Liabilities		(396,536)		
Encumbrances		(64,908)		
Ending Available Balance		<u>\$ 554,573</u>		

(a) Entertainment Venues activity has been moved to a separate fund (086).

COMMUNITY SERVICES DEPARTMENT

GOLF SERVICES FUND (481)

History

- This fund provides finances to operate the City's Golf Division.
- The division provides recreational golf opportunities benefiting City of Stockton residents through the operation of two municipal golf courses. The Swenson Golf Course is a twenty seven holes golf course and Van Buskirk is an eighteen hole golf course.
- This Enterprise Fund is intended to be funded through program revenues.

2011-12 Events

- The adopted budget of \$2.1 million included a transfer in of \$500,000 from the Recreation Fund Balance to offset a projected imbalance between Golf Fund revenues and expenditures.
- Operations of the Golf courses was contracted to Kemper Sports Inc. by the City Council in July of 2011.
- Transition expenditures such as maintenance and food and beverages contracts caused an increase in costs for the first year.
- New operational procedures have provided for a more efficient operation.
- New marketing strategies that tie into Kempers' existing national marketing strategies are proving to increase revenues. Kempers' web page and its user friendly design are positive improvements.
- Kempers' use of social media outlets has increased community awareness of golfing opportunities.

2012-13 Budget Issues and Changes

- The Adopted Budget includes a General Fund subsidy in FY 2012-13 of \$322,000.
- Kemper has also submitted a zero subsidy budget. In order to operate with a zero subsidy, the Van Buskirk golf course would need to be closed. This option, with one golf course, is projected to produce a profit to the City in future years.

**Community Services Department
Golf - 481
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance		\$ (347,466)	\$ (9,063)	\$ (12)
Revenues				
Swenson Golf Course	\$ 1,127,824	1,126,374	1,280,000	1,354,343
Van Buskirk Golf Course	571,476	532,091	606,051	638,229
	<u>1,699,300</u>	<u>1,658,465</u>	<u>1,886,051</u>	<u>1,992,572</u>
Expenditures				
Swenson Golf Course	1,236,506	1,195,093	1,495,000	1,429,291
Van Buskirk Golf Course	836,808	802,591	882,000	885,220
	<u>2,073,314</u>	<u>1,997,684</u>	<u>2,377,000</u>	<u>2,314,511</u>
Transfers				
Transfer In - General Fund	160,191	677,622	500,000	322,000
	<u>160,191</u>	<u>677,622</u>	<u>500,000</u>	<u>322,000</u>
Net Annual Activity	<u>\$ (213,823)</u>	<u>338,403</u>	<u>- 9,051</u>	<u>61</u>
Ending Available Balance		<u>\$ (9,063)</u>	<u>\$ (12)</u>	<u>\$ 49</u>
Available Balance Calculation				
Current assets		\$ 119,933		
Current liabilities		(128,996)		
Ending Available Balance		<u>\$ (9,063)</u>		

**Community Services Department
Arts Endowment - 613
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 1,483,826	\$ 1,501,362	\$ 136,959	\$ 78,659
Revenues				
Interest	54,686	36,818	4,000	3,000
Grant	2,000	2,000		
	<u>56,686</u>	<u>38,818</u>	<u>4,000</u>	<u>3,000</u>
Expenditures				
Grants Awarded	39,150	103,221	60,000	60,000
Materials & Supplies			2,300	2,300
	<u>39,150</u>	<u>103,221</u>	<u>62,300</u>	<u>62,300</u>
Transfers				
Transfer In - 641 Fund				30,143
Transfer Out		(1,300,000)		
	<u>-</u>	<u>(1,300,000)</u>	<u>-</u>	<u>30,143</u>
Net Annual Activity	<u>17,536</u>	<u>(1,364,403)</u>	<u>(58,300)</u>	<u>(29,157)</u>
Ending Available Balance	\$ 1,501,362	\$ 136,959	\$ 78,659	\$ 49,502
Available Balance Calculation				
Cash		\$ 186,960		
Accounts Receivable				
Accounts Payable		(50,000)		
Principal endowment				
Ending Available Balance		<u>\$ 136,960</u>		

**Community Services Department
Blum - General Recreation - 623
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Revenues				
Interest	-	-	-	-
Expenditures				
Library materials	-	-	-	-
Transfers				
Transfer In				
Transfer Out - Recreation Fund	-	-	-	(2,000)
	-	-	-	(2,000)
Net Annual Activity	-	-	-	(2,000)
Ending Available Balance	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Available Balance Calculation				
Cash		\$ 2,000		
Ending Available Balance		\$ 2,000		

**Community Services Department
Blum - Pixie Woods - 624
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 8,950	\$ 9,296	\$ 9,540	\$ 9,846
Revenues				
Interest	346	244	306	306
	<u>346</u>	<u>244</u>	<u>306</u>	<u>306</u>
Expenditures				
Materials & Supplies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - Recreation Fund	-	-	-	(10,152)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,152)</u>
Net Annual Activity	346	244	306	(9,846)
Ending Available Balance	\$ 9,296	\$ 9,540	\$ 9,846	\$ -
Available Balance Calculation				
Cash		\$ 9,540		
Ending Available Balance		<u>\$ 9,540</u>		

**Community Services Department
Blum Red Feather - 625
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 12,310	\$ 12,786	\$ 13,121	\$ 13,541
Revenues				
Interest	476	335	420	421
	<u>476</u>	<u>335</u>	<u>420</u>	<u>421</u>
Expenditures				
Materials & Supplies	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - Ent. Venues Fund	-	-	-	(13,962)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,962)</u>
Net Annual Activity	476	335	420	(13,541)
Ending Available Balance	\$ 12,786	\$ 13,121	\$ 13,541	\$ -
Available Balance Calculation				
Cash		\$ 13,122		
Ending Available Balance		<u>\$ 13,122</u>		

**Community Services Department
Arlo Cross - 626
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 37,925	\$ 46,910	\$ 56,130	\$ 57,260
Revenues				
Interest	9,180	9,416	1,130	-
	<u>9,180</u>	<u>9,416</u>	<u>1,130</u>	<u>-</u>
Expenditures				
Operating Expenditures	195	196	-	-
	<u>195</u>	<u>196</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - Library Fund				(1,500)
Transfer Out - Recreation Fund				(55,760)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,260)</u>
Net Annual Activity	<u>8,985</u>	<u>9,220</u>	<u>1,130</u>	<u>(57,260)</u>
Ending Available Balance	<u>\$ 46,910</u>	<u>\$ 56,130</u>	<u>\$ 57,260</u>	<u>\$ -</u>
Available Balance Calculation				
Cash		\$ 56,131		
Ending Available Balance		<u>\$ 56,131</u>		

Community Services Department
Stockton Arts Commission Special Revenue - 641
2012-13 Adopted Budget

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 58,523	\$ 37,612	\$ 29,553	\$ 30,143
Revenues				
Program Revenues	16,361	780		
Donations	2,722			
Interest	1,098		590	
	<u>20,181</u>	<u>780</u>	<u>590</u>	<u>-</u>
Expenditures				
Program costs	16,397	8,839		
Art awards	21,493			
Publicity & marketing	3,202			
	<u>41,092</u>	<u>8,839</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - 613 Fund	-	-	-	(30,143)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,143)</u>
Net Annual Activity	<u>(20,911)</u>	<u>(8,059)</u>	<u>590</u>	<u>(30,143)</u>
Ending Available Balance	\$ 37,612	\$ 29,553	\$ 30,143	\$ -
Available Balance Calculation				
Cash		\$ 29,554		
Accounts Receivable				
Ending Available Balance		<u>\$ 29,554</u>		

**Community Services Department
Parks & Recreation Trust - 643
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 302,332	\$ 270,429	\$ 278,429	\$ 173,829
Revenues				
Donations	9,241	10,789		
Program revenue	13,456	16,467		20,000
Interest income	8,563	5,591	5,400	4,000
Fundraisers	450			-
	<u>31,710</u>	<u>32,847</u>	<u>5,400</u>	<u>24,000</u>
Expenditures				
Program costs	63,613	24,847	110,000	30,000
	<u>63,613</u>	<u>24,847</u>	<u>110,000</u>	<u>30,000</u>
Transfers				
Transfer In - General Fund				
Transfer Out - Recreation Fund				(145,809)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,809)</u>
Net Annual Activity	<u>(31,903)</u>	<u>8,000</u>	<u>(104,600)</u>	<u>(151,809)</u>
Ending Available Balance	\$ 270,429	\$ 278,429	\$ 173,829	\$ 22,020
Available Balance Calculation				
Cash		\$ 278,960		
Accounts Receivable		2,250		
Accounts Payable		(2,781)		
Ending Available Balance		<u>\$ 278,429</u>		

**Community Services Department
Recreation Special Revenue - 683
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 279,431	\$ 307,140	\$ 281,627	\$ 293,260
Revenues				
Donations	-			
Interest income	27,709		11,633	1,000
	<u>27,709</u>	<u>-</u>	<u>11,633</u>	<u>1,000</u>
Expenditures				
Program costs		25,513		
	<u>-</u>	<u>25,513</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - Recreation Fund				(200,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net Annual Activity	<u>27,709</u>	<u>(25,513)</u>	<u>11,633</u>	<u>(199,000)</u>
Ending Available Balance	<u>\$ 307,140</u>	<u>\$ 281,627</u>	<u>\$ 293,260</u>	<u>\$ 94,260</u>
Available Balance Calculation				
Cash		\$ 281,631		
Accounts Payable		(4)		
Ending Available Balance		<u>\$ 281,627</u>		





COMMUNITY DEVELOPMENT DEPARTMENT



COMMUNITY DEVELOPMENT DEPARTMENT

MISSION STATEMENT

To serve the public by providing courteous, effective, efficient and accurate planning and development services to ensure a safe community that enhances the quality of life for all residents of the City of Stockton.

Budget at a Glance:

Total Expenditures	\$6,947,489
Total Revenues	\$6,912,962
Total Net Cost	\$34,527
Total Staff	29

DEPARTMENTAL DESCRIPTION

The Community Development Department is composed of the Building & Life Safety and Planning & Engineering Services divisions with departmental and Permit Center support provided by Administration/Business Operations. The purpose of the Department is to assure applicable codes and laws are implemented to meet basic health and safety standards consistent with Federal, State and City policy direction. The Department implements these policies under the goal of encouraging the City's long term economic sustainability. Community Development supports the Planning Commission, Development Oversight Commission, Climate Action Plan Advisory Committee, Cultural Heritage Board, Building and Housing Board of Appeals, and Handicap Access Board of Appeals. All divisions are located at the Permit Center. Funding is derived primarily from user fees with a small portion from federal grants and the General Fund.

- Projected statistics through the end of FY2011-12:
- Building Permits 3,776 (-6%)
- Building Inspections 26,812 (-8%)
- Planning Applications 109 (-13%)
- Home Occupation Permits 111 (.57%)
- Encroachment Permits 1,049 (-9%)

The percentages reflect current fiscal year-end projections to last fiscal year actuals.

KEY ISSUES

Construction Industry Weakness Continues: As we conclude FY 2011-12, the City expects to match or slightly exceed FY 2010-11's historically low new single family unit count - the lowest rates of new single family home growth in over fifty years. The 2011-12 projection of 88 units is expected to be exceeded, with the revised end of year estimate approximating last year's total of 97 single family permits. For perspective, in FY 1991-92, a year where California's economy began early recovery from the last severe recession, Stockton issued 1,299 new single family construction permits. At the high of the recent construction boom, FY 2002-03 through FY 2004-05, nearly 3,000 annual new units were produced. Even the deep recession of the early 1980s saw production of over 500 single family units each year. Staff expects only a very slight increase in construction in FY 2012-13 as we migrate off the lows of the past two years.

Process Improvements and Review Fees: During FY 2011-12, a major assessment of Community Development Department and Permit Center processes was accomplished. From that assessment recommendations were made for more efficient processes, potentially reducing the staff time and thus fees to process applications. Once new processes are defined and in-

COMMUNITY DEVELOPMENT DEPARTMENT

place, staff needs to revisit processing fees through a fee study to adjust them match revised levels of staff effort.

Transition to New Leadership: At the end of June 2011, the Department lost its Director and Deputy Directors to retirement. The successful recruitment of a new Community Development Director was accomplished near the end of FY 2011-12, with a start date expected at the beginning of FY 2012-13. The Deputy Director positions, overseeing Building and Planning & Engineering are expected to be filled by the first half of FY 2012-13.

Reduced Staff and Resources: The Department operated in FY 2011-12 under a significantly reduced staffing level. Such reductions have made more critical the implementation of a new permit management system to streamline the permitting process. Due to the prior-year staff reductions, service gaps continue to be expected up to the full implementation and operability of the new software system. Funding for procurement and implementation of a new system is included in the FY 2012-13 Adopted Budget.

COMMUNITY DEVELOPMENT DEPARTMENT

DEVELOPMENT SERVICES FUND (048)

History

- This fund includes both the Community Development Department and Fire Prevention.
- The Development Services fund is a special revenue fund.
- Operating costs borne primarily by permit revenues.

2011-12 Events

- Salary savings were attained from the delayed hiring of the Department Director, Deputy Director, and other staff positions.
- General Fund contributed \$150,000 to fund external study of development services.

2012-13 Budget Issues and Changes

- Management Partners Development Services Review
 - Expect subsequent budget amendment(s) related to a potential increase in staffing and resources as an outcome of the review recommending implementation of specific action items.
 - Fee study to review Permit Center fees based on Management Partners recommendation may impact overall revenue balances.
 - Implement recommended efficiencies and reorganization of the department.
 - The contribution from the General Fund has increased to implement service improvements and to reflect support for those department costs appropriately funded by the community that have previously been supported by development related revenues.
- Technology Projects
 - Expect to release a Request for Proposal (RFP) for electronic permit management system funded through Information Technology Fund.
- Operating expenditures
 - Training budgets significantly pared down in prior years have been increased to more realistic levels.
 - Upgrading ten-year old Microsoft Office software for all staff.
- Annual Activity and ending balance
 - Department is tracking close to last year's projection for building permit activity and will slightly exceed that projection by year-end.

**Community Development Department
2012-13 Adopted Budget**

	Development Services 048	Public Facilities Fee Administration 999	Total
	<i>See Page I-7 (excludes Fire portion of fund)</i>	<i>See Page I-8</i>	
Beginning Available Balance	\$ 1,109,243	\$ 35,543	
Revenues			
Fees	\$ 5,670,850	113,931	\$ 5,784,781
Grants	102,308	873	103,181
	5,773,158	114,804	5,887,962
Expenditures			
Operating Expense	6,773,158	174,331	6,947,489
	6,773,158	174,331	6,947,489
Transfers			
Transfer In - General Fund	1,000,000	25,000	1,025,000
Transfer Out	-	-	-
	1,000,000	25,000	1,025,000
Net Annual Activity	\$ -	(34,527)	\$ (34,527)
Ending Available Balance	\$ 1,109,243	\$ 1,016	
		-	
		Revenues	\$ 5,887,962
		Transfers	1,025,000
		Total Sources	\$ 6,912,962
		Expenditures	\$ 6,947,489
		Transfers	-
		Total Appropriations	\$ 6,947,489

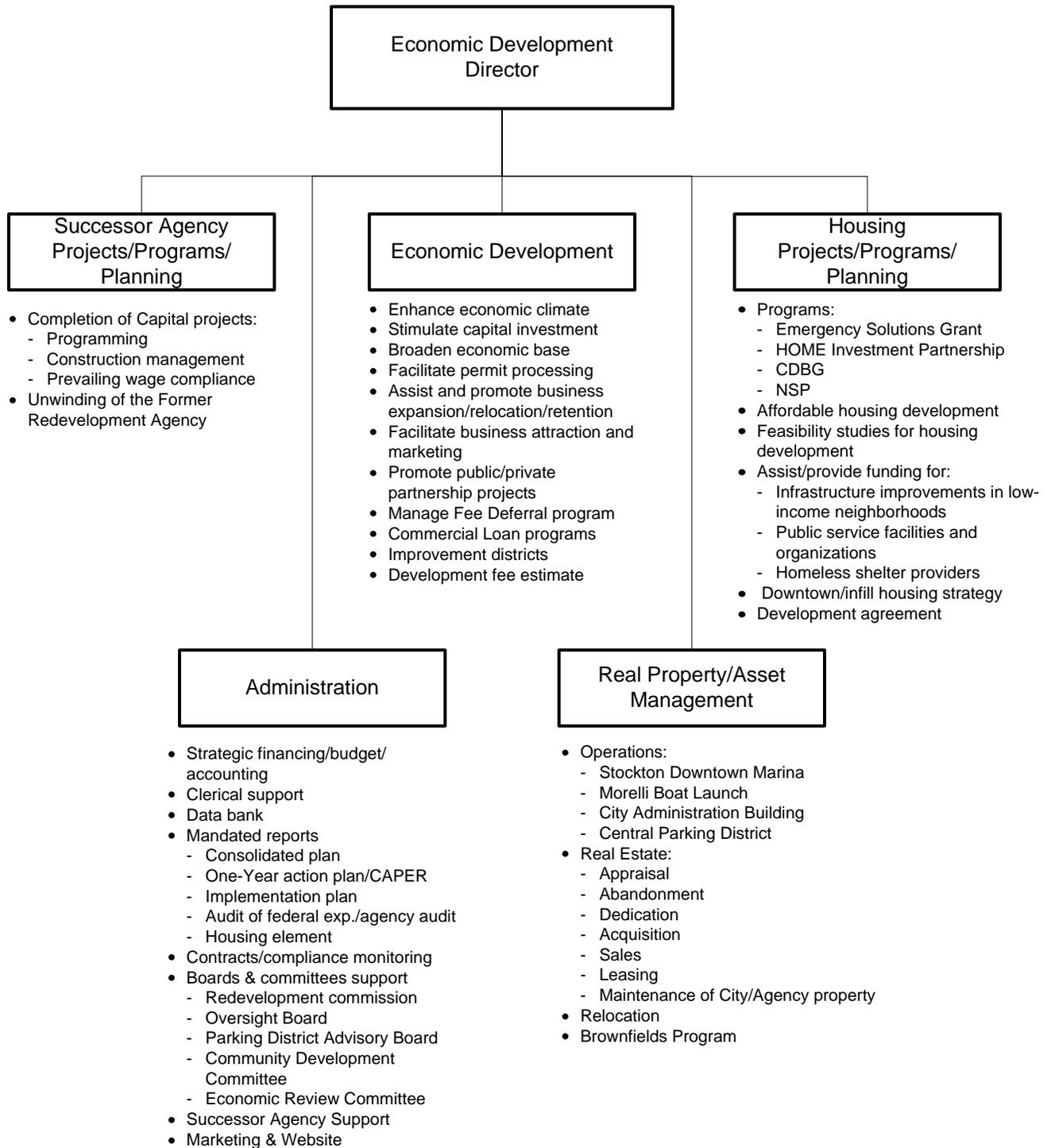
**Community Development and Fire Departments
Development Services - 048
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ (3,349,676)	\$ 1,116,789	\$ -	\$ 1,109,243
Prior Period Adjustment		\$(633,638)		
Adjusted Beginning Fund Balance		\$ 483,151		
Revenues				
Community Development				
User Fees	6,031,430	5,465,997	4,346,980	4,339,350
Development Oversight	140,915	112,154	157,856	130,000
Technology Fee	338,504	276,974	284,477	350,000
CRS Administrative Fee			63,220	56,000
General Plan Maint & Impl			474,445	350,000
Development Code Maintenance			157,892	120,000
Climate Action Plan			157,892	120,000
Housing Element Prep/Impl/Main			78,954	55,000
Capital Preservation			157,686	150,000
Grants			40,000	102,308
Fines & Penalties	(34)		1,853	500
Refunds & Reimbursements	104,204	(25,874)		
	<u>6,615,019</u>	<u>5,829,251</u>	<u>5,921,255</u>	<u>5,773,158</u>
Fire Prevention				
User Fees	1,799,178	1,565,099	1,479,725	1,535,712
Safe & Sane Fireworks Program	23,540	29,282	26,750	27,583
Fines & Penalties	40,226	82,784	51,206	60,000
	<u>1,862,944</u>	<u>1,677,165</u>	<u>1,557,681</u>	<u>1,623,295</u>
Other Revenue	<u>4,849,672</u>	<u>77,453</u>	<u>7,478,936</u>	<u>7,396,453</u>
	<u>13,327,635</u>	<u>7,583,869</u>	<u>7,478,936</u>	<u>7,396,453</u>
Expenditures				
Community Development				
Business Ops and Customer Svc	2,253,382	2,320,233	1,607,816	2,003,990
Planning & Engineering Services	2,736,239	2,376,754	1,835,507	1,781,849
Building and Life Safety	2,261,091	2,118,243	1,461,927	1,987,319
Dept. restructuring				1,000,000
	<u>7,250,712</u>	<u>6,815,230</u>	<u>4,905,250</u>	<u>6,773,158</u>
Fire Prevention				
Fire Prevention	1,586,937	1,634,020	1,570,232	1,696,136
Fire Public Education	16,997	18,814	21,649	
Safe & Sane Fireworks Program	6,524	26,113	22,562	15,471
	<u>1,610,458</u>	<u>1,678,947</u>	<u>1,614,443</u>	<u>1,711,607</u>
	<u>8,861,170</u>	<u>8,494,177</u>	<u>6,519,693</u>	<u>8,484,765</u>
Transfers				
Transfer In - General Fund				
Business Plans		512,318	150,000	1,000,000
Transfer Out	<u>-</u>	<u>512,318</u>	<u>150,000</u>	<u>1,000,000</u>
Net Annual Activity				
Community Development	(635,693)	(473,661)	1,166,005	-
Fire	356,656	(1,782)	(56,762)	(88,312)
Other	4,849,672	77,453	-	-
	<u>4,466,465</u>	<u>(397,990)</u>	<u>1,109,243</u>	<u>(88,312)</u>
	104,170	-	-	-
Ending Available Balance	\$ 1,116,789	\$ 85,161	\$ 1,109,243	\$ 1,020,931
Available Balance Calculation				
Current Assets		\$ 770,583		
Current Liabilities		(685,422)		
Encumbrances		(85,161)		
Ending Available Balance		<u>\$ -</u>		

(a) The total Development Services Fund - 048 is presented with the Community Development Department budget. The portion relating to Fire has also been included on page F-9.

**Community Development
Public Facilities Fee Administration - 999
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 104,136	\$ (87,899)	\$ 90,739	\$ 35,543
Revenues				
Public Facilities Fee	196,949	135,520	113,931	113,931
Interest	-	(12,931)	873	873
	<u>196,949</u>	<u>122,589</u>	<u>114,804</u>	<u>114,804</u>
Expenditures				
Operating Expenses	388,984	404,484	170,000	174,331
	<u>388,984</u>	<u>404,484</u>	<u>170,000</u>	<u>174,331</u>
Transfers				
Transfer In - General Fund		480,000		25,000
Transfer Out				
	<u>-</u>	<u>480,000</u>	<u>-</u>	<u>25,000</u>
Net Annual Activity	<u>(192,035)</u>	<u>198,105</u>	<u>(55,196)</u>	<u>(34,527)</u>
Ending Available Balance	\$ (87,899)	\$ 110,206	\$ 35,543	\$ 1,016
Available Balance Calculation				
Cash		\$ 110,206		
Encumbrances		(19,467)		
Ending Available Balance		<u>\$ 90,739</u>		



ECONOMIC DEVELOPMENT DEPARTMENT



ECONOMIC DEVELOPMENT DEPARTMENT

MISSION STATEMENT

To expand and diversify the City of Stockton's economic base; to aid in the elimination of slums and blight; to provide real property services to City and Agency staff; to provide adequate parking facilities downtown; and to facilitate the preservation and production of affordable housing.

Budget at a Glance:

Total Expenditures	\$18,907,293
Total Revenues	\$12,453,370
Total Net Cost	\$6,453,923
Total Staff	18

DEPARTMENTAL DESCRIPTION

The Economic Development Department is comprised of four divisions: Economic Development, Successor Agency, Housing, and Property Management.

The Economic Development Division engages in activities that expand and diversify the City of Stockton's economic base to attract, retain, and assist with the creation of quality jobs in an effort to establish an economically sustainable community. The division works directly with businesses to facilitate start-up or expansion within Stockton and interacts with resource providers, such as the San Joaquin Partnership, San Joaquin County WorkNet, and San Joaquin Delta College Small Business Development Center to connect those resources to business. The division also supports the Miracle Mile and Downtown Stockton improvement districts. The division manages a micro loan program, commercial facade improvement forgivable loan program, commercial emergency grant program, and non-residential fee deferral program.

The Successor Agency Division is responsible for winding down the activities of the former Stockton Redevelopment Agency (SRDA). The Redevelopment Agency financed development activities in four targeted geographic "project areas," adopted between 1961 and 2009. Activities were financed through incremental property taxes earned on property value appreciation over and above the baseline valuations at the time of project area formation. Through the passage of Assembly Bill x1 26, redevelopment agencies were dissolved and replaced with successor agencies effective February 1, 2012. An Oversight Board directs and/or approves actions of the Successor Agency.

The Housing Division is responsible for administering a number of Federal Grant Programs. The division uses these funds to preserve and produce affordable and workforce housing, fund non-profit organizations that provide public services for low-income residents of the community, to rehabilitate or construct public facilities, and to assist the homeless.

The Property Management Division manages City facilities, for example 400 E. Main and the Marina, and provides real estate related services to City and Agency departments. The division assumed management responsibilities of the Central Parking District (CPD) in February, 2010, reducing budgeted operating expenses and installed new meter equipment to update the system in fiscal year 2011-12.

KEY ISSUES

For the Economic Development Division, the state and national economy continue to be the key issues restraining overall economic development activities throughout the nation. The division continues to meet with retail, logistics, and manufacturing companies, however, only one announced a Stockton location this year. The ongoing state budget crisis threatens to eliminate or drastically reduce the benefits of the Enterprise Zone program upon which Stockton and San Joaquin County rely to attract new companies.

Successor Agency Division annual tax increment revenues have declined from \$25 million to \$9 million, over a four year period. A working capital conversion of available bond proceeds was completed to provide coverage for Arena Revenue Bond and the 2003 COPs debt service payments. However, it will be necessary for the City's General Fund to support the administrative and overhead costs of the Successor Agency and debt costs associated with City issuance of debt on behalf of the SRDA.

Housing Division annual Federal entitlement funds have been reduced by an additional 18% in the Community Development Block Grant Program and by 42% in the HOME Investment Partnerships Program from the FY 2011-12 level. Reductions in allocations resulted in the elimination of two staff positions during FY 2011-12. With debt repayments from prior HUD Section 108 loans obligated through 2024, these entitlement reductions directly affect the of housing programs and services provided to the community. One-time Federal Stimulus funds through the Community Development Block Grant – Recovery (CDBG-R), and Homeless Prevention and Rapid Rehousing Programs (HPRP) will be fully expended by September 2012.

The Emergency Solutions Grant Program received an additional \$103,247 for FY 2011-12, and an increased allotment for FY 2012-13 to \$327,098, which replaces only about 20% of the HPRP grant. The Neighborhood Stabilization Program grant (NSP), awarded in 2009, continues to fund acquisition and rehabilitation of foreclosed homes through the use of program income received from the sale of those homes to low and moderate income buyers. An additional \$4.2 million was awarded in 2011 under the NSP3 grant and will continue to fund this program.

Real Property Division shared support staffing will complicate facilitation and oversight of projects planned for this fiscal year, including: continued property management of City and Successor Agency assets, developing programs to redefine the CPD following transfer of three garages to our bond trustee's receiver and CPD major maintenance projects to replace and upgrade aging equipment, sale of City and Successor Agency assets, oversight of 400 East Main property management contract with CBRE, demolition of the Land Hotel, and monitoring of the Downtown Stockton Marina income and expenses to minimize the City subsidy.

**Economic Development Department
2012-13 Adopted Budget**

	<u>General Fund Adopted Pendency 010</u> <i>See Page J-6</i>	<u>HUD/ Housing</u> <i>See Page J-8</i>	<u>Property Management</u> <i>See Page J-25</i>	<u>Economic Development Total</u>
Beginning Available Balance		\$ 9,798,346	\$ 722,313	
Revenues				
Tax Increment				-
Grants & Entitlements		5,793,547		5,793,547
Assessment & Use Fees			6,612,524	6,612,524
Interest				-
Other Revenue	10,575			-
	<u>10,575</u>	<u>5,793,547</u>	<u>6,612,524</u>	<u>12,406,071</u>
Expenditures				
Employee Services	311,190			311,190
Other Services	329,531			329,531
Materials and Supplies	13,104			13,104
Other Expenses	24,180			24,180
Loan Programs		5,833,111		5,833,111
Program Expense		2,351,074	4,785,539	7,136,613
Operating Expense		1,043,628		1,043,628
Economic Development		650,000		650,000
Debt Service		2,207,670	-	2,207,670
Capital Projects			-	-
Other Expenses		171,738		171,738
	<u>678,005</u>	<u>12,257,221</u>	<u>4,785,539</u>	<u>17,720,765</u>
Transfers				
Transfer In - General Fund			47,299	47,299
Transfer Out			(1,186,528)	(1,186,528)
	<u>-</u>	<u>-</u>	<u>(1,139,229)</u>	<u>(1,139,229)</u>
Net Annual Activity	\$ (667,430)	\$ (6,463,674)	\$ 687,756	\$ (6,453,923)
Ending Available Balance		\$ 3,334,672	\$ 1,410,069	
		-	-	
			Revenues	\$ 12,406,071
			Transfers	<u>47,299</u>
			Total Sources	<u>\$ 12,453,370</u>
			Expenditures	\$ 17,720,765
			Transfers	<u>1,186,528</u>
			Total Appropriations	<u>\$ 18,907,293</u>
				-

**Economic Development Department
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Economic Development Department					
Employee Services	111,126	150,852	213,017	358,900	311,190
Other Services	244,003	166,582	244,398	329,576	329,531
Materials and Supplies	2,289	662	14,289	13,104	13,104
Other Expenses	1,593	885	15,495	24,180	24,180
Total	<u>359,011</u>	<u>318,981</u>	<u>487,199</u>	<u>725,760</u>	<u>678,005</u>
Economic Development					
Employee Services	104,528	130,010	184,848	286,191	252,550
Other Services	241,589	163,358	234,743	319,999	319,960
Materials and Supplies	50	334	11,984	11,984	11,984
Other Expenses	1,183	137	14,000	23,000	23,000
Total	<u>347,350</u>	<u>293,839</u>	<u>445,575</u>	<u>641,174</u>	<u>607,494</u>
Real Property					
Employee Services	6,598	20,842	28,169	72,709	58,640
Other Services	2,414	3,224	9,655	9,577	9,571
Materials and Supplies	2,239	328	2,305	1,120	1,120
Other Expenses	410	748	1,495	1,180	1,180
Total	<u>11,661</u>	<u>25,142</u>	<u>41,624</u>	<u>84,586</u>	<u>70,511</u>



**Economic Development Department
Housing Division
2012-13 Adopted Budget**

	Community Development Block Grants 052/054/062 <i>See Page J-11</i>	Emergency Shelter Grant 057 <i>See Page J-13</i>	058/059 <i>See Page J-15</i>	Special Grant and Loans 053 <i>See Page J-17</i>
Beginning Available Balance	\$ 4,202,326	\$ -	\$ 4,703,350	\$ 124,634
Revenues				
Entitlements	3,103,142	327,098	1,144,923	-
Loan Repayments				
Other Revenue	150,000		60,000	
	3,253,142	327,098	1,204,923	-
Expenditures				
Program Expenses	939,954	327,098	234,984	
Operating Expenses	1,043,628			
Debt Service - Section 108	2,207,670			
CHDO Set-aside loan pool			171,738	
Economic Development Loan programs	650,000			
	2,190,285		3,122,254	
	7,031,537	327,098	3,528,976	-
Transfers				
Transfer In - Other Funds				-
Transfer Out - Waterfront 343				-
	-	-	-	-
Net Annual Activity	(3,778,395)	-	(2,324,053)	-
Ending Available Balance	\$ 423,931	\$ -	\$ 2,379,297	\$ 124,634

**Economic Development Department
Housing Division, Continued
2012-13 Adopted Budget**

	FAÇADE Rehab Loan 056	CALHOME Loan 060	State Housing Loan 061	Neighborhood Stabilization Program 063	Housing Total
	<i>See Page J-18</i>	<i>See Page J-20</i>	<i>See Page J-21</i>	<i>See Page J-23</i>	
Beginning Available Balance	\$ -	\$ -	\$ 406,130	\$ 361,906	\$ 9,798,346
Revenues					
Entitlements				-	4,575,163
Loan Repayments		680	1,094	1,000,000	1,001,774
Other Revenue			6,610		216,610
	<u>-</u>	<u>680</u>	<u>7,704</u>	<u>1,000,000</u>	<u>5,793,547</u>
Expenditures					
Program Expenses			7,704	841,334	2,351,074
Operating Expenses					1,043,628
Debt Service - Section 108					2,207,670
CHDO Set-aside loan pool					171,738
Economic Development Loan programs		-		520,572	650,000
	<u>-</u>	<u>-</u>	<u>7,704</u>	<u>1,361,906</u>	<u>12,257,221</u>
Transfers					
Transfer In - Other Funds					-
Transfer Out - Waterfront 343					-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>-</u>	<u>680</u>	<u>-</u>	<u>(361,906)</u>	<u>(6,463,674)</u>
Ending Available Balance	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 406,130</u>	<u>\$ -</u>	<u>\$ 3,334,672</u>

ECONOMIC DEVELOPMENT DEPARTMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) (052)

History

- The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974, as amended.
- The program must primarily benefit low and moderate income persons.
- The primary objective of the Act is the development of viable communities by providing:
 - Decent Housing
 - Suitable living environment
 - Expanded economic opportunities
- These funds manage the annual federal entitlement funding for CDBG activities.
- Entitlement, program income, and revolving loan funds are separated for ease of federal financial reporting.
- 20% of entitlement plus program income received during the current fiscal year can be used for administrative costs.
- The CDBG budget includes the following components:
 - Program Delivery costs
 - Housing Loan Pool
 - Sub-Recipient Assistance
 - Economic Development Program
 - Debt Service (Section 108)

2011-12 Events

- The original adopted budget of \$8.5 million was amended on 10/18/2011 to \$7.8 million due to a 17% decrease in our annual federal entitlement grant.
- Elimination of the Redevelopment Agency has resulted in moving eligible staffing costs to CDBG Administration and Program Delivery where appropriate.
- Short term funding from CalHome relieved the CDBG fund to allow additional funding for the Housing Loan Pool.

2012-13 Budget Issues and Changes

- HUD has reduced the CDBG annual entitlement grant by an additional 18% resulting in reductions to the Housing Loan Pool, Sub-Recipient Assistance, and available budget for Administration and Program Delivery.
- CalHome funding terminates in September 2012.
- Unused funds in the loan pool roll over to the next fiscal year, but administrative and program delivery budgets expire at the end of the fiscal year.

Housing Division
Community Development Block Grants - 052 - 054 - 062
2012-13 Adopted Budget

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ 28,405,922	\$ 27,666,916	\$ 4,686,242	\$ 4,202,326
Prior Period Adjustment to Fund Balance	-	(9,178,067)	-	-
Adjusted Fund Balance	28,405,922	18,488,849	4,686,242	4,202,326
Revenues				
CDBG Entitlement	3,548,697	3,835,222	3,777,223	3,103,142
Loan Repayments	60,642	302,919	123,983	150,000
Other Revenue	1,090	1,453,437	3,253	-
Interest	(21,394)	(137,473)	(29,253)	-
	3,589,035	5,454,105	3,875,206	3,253,142
Expenditures				
Administration	591,969	467,577	505,694	633,628
Program Delivery	348,923	513,189	370,137	410,000
Debt Service - Section 108	2,090,228	2,272,543	2,237,493	2,207,670
Subrecipient Assistance	255,988	257,245	710,930	281,152
Housing Loan Pool	-	-	-	2,190,285
Economic Dev Program	-	-	110,640	650,000
Code Enforcement	684,505	579,196	424,228	458,802
Emergency Repair	-	-	-	200,000
Infrastructure	2,255	184	-	-
Other expenditures	330,528	1,038,661	-	-
Interest Paid to HUD	23,645	-	-	-
	4,328,041	5,128,595	4,359,122	7,031,537
Transfers				
Transfer In - FAÇADE - 056	-	185,725	-	-
Transfer In	-	407,846	-	-
Transfer Out	-	-	-	-
	-	593,571	-	-
Net Annual Activity	(739,006)	919,081	(483,916)	(3,778,395)
Ending Available Balance	\$ 27,666,916	\$ 19,407,930	\$ 4,202,326	\$ 423,931
GAAP				
Available Balance Calculation				
Current assets		\$ 991,787		
Current liabilities		(152,635)		
Encumbrances		(210,474)		
Loan commitments		(1,492,524)		
Due from HUD		5,550,088		
Ending Available Balance		\$ 4,686,242		

ECONOMIC DEVELOPMENT DEPARTMENT

EMERGENCY SOLUTIONS GRANT (ESG) HOMELESS PREVENTION & RAPID RE-HOUSING (HPRP) (057)

History

- This fund was established primarily to manage the annual federal entitlement for the Emergency Shelter Grant (ESG).
- In 2009, we received an additional one-time grant of \$1.7 million for Homeless Prevention & Rapid Re-Housing (HPRP) through the American Recovery and Reinvestment Act of 2009.
- In 2011, the Emergency Shelter Grant became the Emergency Solutions Grant, and the parameters were expanded.
- Use of ESG funds has a requirement that they be matched 100% with other funding.
- ESG funds are used to assist homeless shelters and service providers with maintenance and operation expenses, to provide homeless prevention, and to re-house those who have become homeless.
- HPRP funds are used to assist individuals and families who are homeless or at risk of becoming homeless.

2011-12 Events

- ESG annual entitlement was decreased only 1%, and a second allocation of \$103,237 was later awarded.

2012-13 Budget Issues and Changes

- HPRP funding will run out by September 2012, and there is no renewal.
- Requirements for administration of the revised ESG fund are significantly increased, so for the first time ESG funds are being allocated for Administration costs.
- ESG funding is fully committed each year.

**Housing Division
Emergency Shelter Grant - 057
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ (2,081)	\$ (5,914)	\$ -	\$ -
Revenues				
ESG Entitlement	167,159	185,475	286,770	327,098
HPRP Grant	425,644	617,873		
Interest Earned	(3,833)	(1,979)		
	588,970	801,369	286,770	327,098
Expenditures				
ESG Community Program Services	167,159	198,805	286,770	315,098
HPRP Employee Services	8,451	11,383		
HPRP Community Program Services	417,193	670,378		
Administration				12,000
	592,803	880,566	286,770	327,098
Transfers				
Transfer In - FAÇADE - 056		6,603		
Transfer Out	-	6,603	-	-
	(3,833)	(72,594)	-	-
Net Annual Activity	(3,833)	(72,594)	-	-
Ending Available Balance	(5,914)	(78,508)	-	-
Available Balance Calculation				
Cash		\$ (32,735)		
Accounts payable		(45,773)		
Encumbrances		(551,722)		
HPRP commitments		(66,445)		
ESG commitments		(54,405)		
Due from HUD - HPRP		682,055		
Due from HUD - ESG		69,025		
Ending Available Balance		\$ -		

ECONOMIC DEVELOPMENT DEPARTMENT

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) (058)

History

- The HOME program was created by the National Housing Act of 1990, as amended. The objectives of the HOME Program is to:
 - Provide decent affordable housing to lower-income households;
 - Strengthen the ability of state and local governments to provide housing;
 - Leverage private-sector participation.
- These funds manage the annual federal entitlement funding for HOME activities.
- Entitlement and program income are separated for ease of federal financial reporting.
- 10% of entitlement plus program income received during the current fiscal year can be used toward administrative costs.
- The HOME budget includes the following components:
 - HOME Administration
 - Program Delivery
 - Loan Fund
 - CHDO Set-Aside

2011-12 Events

- The original adopted budget of \$6.2 million was amended on 10/18/2011 to \$2.8 due to a 12% decrease in our federal entitlement grant, and a commitment of \$3.1 million to the Casa de Esperanza multi-family project.
- Elimination of the Redevelopment Agency has resulted in moving eligible staffing costs to HOME Administration and Program Delivery where appropriate.

2012-13 Budget Issues and Changes

- HUD has reduced the annual 2012-13 HOME entitlement grant by an additional 42%, impacting the budget for administration and program delivery.
- An excess of unused funds in the loan pool has resulted in a need to commit at least \$900,000 to an eligible project by 7/31/2012.
- Unused funds in the loan pool roll over to the next fiscal year, but administrative and program delivery budgets expire at the end of the fiscal year.

**Housing Division
HOME - 058/059
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 24,474,119	\$ 24,578,792	\$ 3,689,515	\$ 4,703,350
Revenues				
HOME Program Income	255,592	2,172,152	1,984,970	1,144,923
HOME Recaptured Funds	51,424	370,380	73,032	60,000
Interest	9,654	8,853	2,100	
Other Revenue		1,189		
	<u>316,670</u>	<u>2,552,574</u>	<u>2,060,102</u>	<u>1,204,923</u>
Expenditures				
Administration	168,951	163,055	147,453	120,492
CHDO Set-aside loan pool			128,447	171,738
Loan programs			705,243	3,122,254
Program Delivery	42,046	80,296	65,124	114,492
Loan Forgiveness	1,000	(147,369)		
Prior Period Correction		2,273,453		
	<u>211,997</u>	<u>2,369,435</u>	<u>1,046,267</u>	<u>3,528,976</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>104,673</u>	<u>183,139</u>	<u>1,013,835</u>	<u>(2,324,053)</u>
Ending Available Balance	\$ 24,578,792	\$ 24,761,931	\$ 4,703,350	\$ 2,379,297
Available Balance Calculation				
Current assets		\$ (149,704)		
Current liabilities		(2,935)		
Loan commitments		(3,452,598)		
Due from HUD		7,294,752		
Ending Available Balance		<u>\$ 3,689,515</u>		

ECONOMIC DEVELOPMENT DEPARTMENT

SPECIAL PURPOSE CDBG FUND (053)

History

- This fund was established to manage one-time Community Development Block Grant (CDBG) special purpose grants.
- Entitlements such as EDI and BEDI have moved through this fund.
- This fund is currently being used for the CDBG-R disaster recovery grant awarded in 2009 in the amount of \$1,128,456, authorized under the American Recovery and Reinvestment Act of 2009.
- 10% of total grant funds can be used for administration costs.
- The purpose of the CDBG-R grant is for communities to carry out, on an expedited basis, activities eligible under the CDBG Program, in particular:
 - Economic Development
 - Housing
 - Infrastructure
 - Other public facility activities that will further economic development

2011-12 Events

- Rehabilitation of Diamond Cove Townhomes was completed with CDBG-R funding for \$350,000.
- Four commercial façade loans and one micro-business loan have been funded, totaling \$150,000.
- Demolition of the Land Hotel for \$380,000 is pending.
- Recent amendment set aside funding for two public facility projects totaling \$97,980.

2012-13 Budget Issues and Changes

- Funds must be fully expended by September 30, 2012.
- Administration costs may need to be adjusted to actuals, not exceeding the cap.

**Housing Division
Special Grant & Loan Programs - 053
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 1,519,907	\$ 1,490,763	\$ 124,634	\$ 124,634
Revenues				
EDI Grant Funds (8601)				
BEDI Grant Funds (8602)	(108,866)	1,212,806		
CDBG-R Grant 2009-10 (8229)		247,674		
Interest Earnings	79,722	2,140		
	<u>(29,144)</u>	<u>1,462,620</u>	<u>-</u>	<u>-</u>
Expenditures				
CDBG-R Expenditures		9,818		
CIP399 for Morelli				
	<u>-</u>	<u>9,818</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In - FAÇADE - 056		16,659		
Transfer Out - CDBG - 054		(319,846)		
	<u>-</u>	<u>(303,187)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(29,144)</u>	<u>1,149,615</u>	<u>-</u>	<u>-</u>
Ending Available Balance	\$ 1,490,763	\$ 2,640,378	\$ 124,634	\$ 124,634
Available Balance Calculation				
Cash		\$ 1,389,842		
Accounts Receivable		\$ 1,212,937		
Loan Commitments		(880,782)		
BEDI		(1,212,806)		
Section 108		(1,513,013)		
Due from HUD		1,128,456		
Ending Available Balance		<u>\$ 124,634</u>		

**Housing Division
FACE Rehab Loan - 056
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 229,575	\$ 238,457	\$ -	\$ -
Revenues				
Revenue Source				
Interest Earned	8,882	5,240		
	<u>8,882</u>	<u>5,240</u>	<u>-</u>	<u>-</u>
Expenditures				
Administration				
Loan Expenditures				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In				
Transfer Out - CDBG - 052		(189,528)		
Transfer Out - Special Grant & Loan - 053		(17,000)		
Transfer Out - Emergency Shelter - 057		(6,738)		
Transfer Out - CALHOME - 060		(30,431)		
	<u>-</u>	<u>(243,697)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>8,882</u>	<u>(238,457)</u>	<u>-</u>	<u>-</u>
Ending Available Balance	\$ 238,457	\$ -	\$ -	\$ -
Available Balance Calculation				
Cash		\$ 238,457		
Ending Available Balance		<u>\$ 238,457</u>		

ECONOMIC DEVELOPMENT DEPARTMENT

STATE OF CALIFORNIA FUNDING CAL HOME (060) / HELP (061)

History

- HELP funding was received in prior fiscal years in amounts totaling \$1,050,000.
- HELP fund has been fully expended and the debt to the State of California was paid in full in FY 2010-11.
- CalHOME funding was received in prior fiscal years in amounts totaling \$1,500,000.
- CalHOME fourth round funding was awarded in 2009 for \$900,000.
- HELP and CalHOME funding is used for single-family and multi-family rehabilitation and down payment assistance to benefit low and moderate income persons and families.
- Program income under both HELP and CalHOME has been recycled back into loans.

2011-12 Events

- Through May 2012, 9 rehabilitation loans and 9 down payment assistance loans had been granted in FY 2011-12 totaling \$267,123.

2012-13 Budget Issues and Changes

- CalHOME funding expires in September 2012.
- Due to the difficulty of meeting income and loan to value requirements, the entire amount of this grant might not be fully expended before the grant expires.

**Housing Division
CALHOME Loan - 060
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 1,757,574	\$ 2,073,803	\$ 892,408	\$ -
Revenues				
CalHome Loan Program 2005	110,100			
CalHome Loan Program 2007	210,857			
CalHome Loan Program 2009				
Loan Repayments			7,524	680
Interest Earnings	(4,728)	(1,507)	(144)	
	<u>316,229</u>	<u>(1,507)</u>	<u>7,380</u>	<u>680</u>
Expenditures				
Prior Period Adjustment		3,850		
Loans to Property Owners			899,788	
	<u>-</u>	<u>3,850</u>	<u>899,788</u>	<u>-</u>
Transfers				
Transfer In - FAÇADE - 056		29,820		
Transfer Out				
	<u>-</u>	<u>29,820</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>316,229</u>	<u>24,463</u>	<u>(892,408)</u>	<u>680</u>
Ending Available Balance	\$ 2,073,803	\$ 2,098,266	\$ -	\$ 680
Available Balance Calculation				
Cash		\$ (4,313)		
Due from State		\$ 896,721		
Ending Available Balance		<u>\$ 892,408</u>		

**Housing Division
State Housing Loan (HELP) - 061
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ 1,132,866	\$ 1,182,352	\$ 395,574	\$ 406,130
Revenues				
Loan Repayments	35,243	4,419	2,188	1,094
Interest	14,243	10,580	8,368	6,610
	<u>49,486</u>	<u>14,999</u>	<u>10,556</u>	<u>7,704</u>
Expenditures				
Prior Yr Expenditure Correction		42,369		
Loans to Property Owners				7,704
	<u>-</u>	<u>42,369</u>	<u>-</u>	<u>7,704</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>49,486</u>	<u>(27,370)</u>	<u>10,556</u>	<u>-</u>
Ending Available Balance	\$ 1,182,352	\$ 1,154,982	\$ 406,130	\$ 406,130
Available Balance Calculation				
Cash		\$ 394,519		
Receivable		1,055		
Ending Available Balance		<u>\$ 395,574</u>		

ECONOMIC DEVELOPMENT DEPARTMENT

NEIGHBORHOOD STABILIZATION GRANT (NSP) (063)

History

- NSP Grant funding was awarded in 2009 in the amount of \$12.1 million.
- NSP third round funding was awarded in 2012 in the amount of \$4.2 million.
- NSP funds are used to acquire foreclosed homes and rehabilitate them, then sell them to qualified low and moderate income buyers.
- A portion of the funding is also used to acquire foreclosed apartments, rehabilitate them, and rent them to households with incomes below 50% of AMI.
- Program income received from the sale of those homes is recycled back into additional loans.
- 10% of the grant award plus program income is allowed for administrative costs.

2011-12 Events

- Through May 2012, over 50 homes had been salvaged through this program.
- A full time Housing Finance Advisor has been assigned to handle NSP.
- Marketing continues to be done to promote the program.

2012-13 Budget Issues and Changes

- NSP 3rd round funding will begin marketing and be used to acquire, rehabilitate, and fund low to moderate income buyers.

**Housing Division
Neighborhood Stabilization Program - 063
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 1,097,294	\$ 7,842,832	\$ 361,906	\$ 361,906
Revenues				
NSP Entitlement	7,663,008		4,280,994	
Interest Earned	109,024	47,765	52,580	
Other		105		
Loan Repayments	618,955		2,109,399	1,000,000
Fannie Mae Grant	24	75,000		
	<u>8,391,011</u>	<u>122,870</u>	<u>6,442,973</u>	<u>1,000,000</u>
Expenditures				
Administration	234,243	381,531	170,265	791,334
Program Delivery	112,835	129,190	50,285	50,000
Loan Forgiveness	1,293,395			
Program Loans	5,000	3,385	6,222,423	520,572
	<u>1,645,473</u>	<u>514,106</u>	<u>6,442,973</u>	<u>1,361,906</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>6,745,538</u>	<u>(391,236)</u>	<u>-</u>	<u>(361,906)</u>
Ending Available Balance	<u>\$ 7,842,832</u>	<u>\$ 7,451,596</u>	<u>\$ 361,906</u>	<u>\$ -</u>
Available Balance Calculation				
Cash		\$ 2,101,999		
Accounts Payable		(6,754)		
Encumbrances		(16,177)		
Loan commitments		(6,367,499)		
Due from HUD		4,650,337		
Ending Available Balance		<u>\$ 361,906</u>		



**Economic Development Department
Property Management
2012-13 Adopted Budget**

	Parking & Business Improvement Districts 073	City Administration Building 085	Central Pkng 416/417	Marina 460	Property Management Total
	<i>See Page J-26</i>	<i>See Page J-28</i>	<i>See Page J-30</i>	<i>See Page J-32</i>	
Beginning Available Balance	\$ 76,639	\$ (15,751)	\$ 518,572	\$ 142,853	\$ 722,313
Revenues					
Taxes	835,000				835,000
Fees			3,903,310	223,360	4,126,670
Rent		1,628,254			1,628,254
Other Revenue	2,000			20,600	22,600
	837,000	1,628,254	3,903,310	243,960	6,612,524
Expenditures					
Operating Expenses	903,961	1,528,600	1,963,298	389,680	4,785,539
Debt Service			-		-
Capital Improvement		-			-
	903,961	1,528,600	1,963,298	389,680	4,785,539
Transfers					
Transfer In - General Fund		-		47,299	47,299
Transfer Out		-	(1,186,528)		(1,186,528)
	-	-	(1,186,528)	47,299	(1,139,229)
Net Annual Activity	(66,961)	99,654	753,484	(98,421)	687,756
Ending Available Balance	\$ 9,678	\$ 83,903	\$ 1,272,056	\$ 44,432	\$ 1,410,069

**Property Management
Parking & Business Improvement Districts - 073
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ 215,005	\$ 100,869	\$ 118,463	\$ 76,639
Revenues				
Taxes				
Improvement	427,535	605,257	837,900	835,000
Downtown Hospitality District	17,000			
Interest	4,018	3,277	2,000	2,000
	<u>448,553</u>	<u>608,534</u>	<u>839,900</u>	<u>837,000</u>
Expenditures				
Pass-Thru				
TBID - Chamber of Commerce	201,700	163,290		
TBID - Sports Commission	303,082	208,704	62	
TBID - Convention & Visitors Downtown Hospitality District	36,000	193,425	841,860	809,950
Administration	21,907	25,521	25,140	68,961
	<u>562,689</u>	<u>590,940</u>	<u>867,062</u>	<u>903,961</u>
Transfers				
Transfer In				
Transfer Out			(14,662)	
	<u>-</u>	<u>-</u>	<u>(14,662)</u>	<u>-</u>
Net Annual Activity	<u>(114,136)</u>	<u>17,594</u>	<u>(41,824)</u>	<u>(66,961)</u>
Ending Available Balance	<u>\$ 100,869</u>	<u>\$ 118,463</u>	<u>\$ 76,639</u>	<u>\$ 9,678</u>
Available Balance Calculation				
Cash		\$ 118,463		
Accounts Payable				
Ending Available Balance		<u>\$ 118,463</u>		

ECONOMIC DEVELOPMENT DEPARTMENT

CITY ADMINISTRATION BUILDING (085)

History

- The fund was established to operate and maintain the City office building located at 400 East Main Street.
- Approximately 40% of the building is occupied.
- Major tenants are JP Morgan Chase, State of California, and Corval.
- The City's IT Department is also located in the building on the 4th floor.

2011-12 Events

- On April 26, 2012, the City failed to make a lease payment and the Trustee immediately commenced actions to gain possession of the building.
- On June 1, 2012, the Trustee assumed building control on behalf of Assured Guaranty Trust.
- At that point all building revenues and expenses became the property and responsibility of Assured Guaranty.

2012-13 Budget Issues and Changes

- The Adopted Budget did not reflect the changes resulting from the loss of the building.
- The Budget as adopted still assumes revenues and expenditures that were projected to occur if the building remained in the City's hands.
- Changes to the budget will be brought forward at subsequent time to reflect the current situation.

**Property Management
City Administration Building - 085
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance	\$ 939,951	\$ 1,815,060	\$ 1,253,931	\$ (15,751)
Revenues				
Outside Agency Rent	3,190,105	1,801,848	1,856,480	1,358,014
City Rent	668,980	617,520	322,558	270,240
Interest	(121,351)	2,523		
	3,737,734	2,421,891	2,179,038	1,628,254
Expenditures				
Administration & Overhead	2,020,505	1,878,959	1,986,499	1,528,600
Capital Improvements		15,019	122,060	-
	2,020,505	1,893,978	2,108,559	1,528,600
Transfers				
Transfer In - General Fund			235,000	
Transfer Out - General Fund		(590,000)		
Transfer Out - Debt Service	(842,120)	(499,042)	(1,575,161)	
	(842,120)	(1,089,042)	(1,340,161)	-
Net Annual Activity	875,109	(561,129)	(1,269,682)	99,654
Ending Available Balance	\$ 1,815,060	\$ 1,253,931	\$ (15,751)	\$ 83,903
Available Balance Calculation				
Cash		\$ 1,411,345		
Accounts Payable		(157,414)		
Ending Available Balance		\$ 1,253,931		

ECONOMIC DEVELOPMENT DEPARTMENT

CENTRAL PARKING DISTRICT (416/417)

History

- This fund maintains and operates the downtown parking garages, parking lots, and parking meters.
- All downtown event parking is provided through this fund.

2011-12 Events

- Possession by Wells Fargo, Indenture Trustee, of the Market Street, Coy garage, and the Arena garage affected total revenue for Fiscal year 2011-12. The garages continue to provide parking services to the public.
- Parking Meter mechanisms were replaced and hourly rate change went into effect in January 2012. The original budget for 2011-12 anticipated that this action would have started in August 2011.
- Arena and Bob Hope sites have increased the number of events, thus increasing the revenue with some increase to the operating expenses.

2012-13 Budget Issues and Changes

- Parking Rates
 - No increases to monthly or hourly fees are planned for this fiscal year.
 - Monthly parking rates will be established for surface lots that presently do not have the ability to offer monthly parking.
 - Modifications to the fee schedule are planned to give more flexibility to support the downtown area economy.
- Automation
 - During the 2012-13 fiscal year staff will review and prepare a RFP for the automation of the surface lots as well as the SEB and Channel Street garages.
 - The replacement equipment will be phased over a 2 year period. The 2012-13 projected amount has been included in the Adopted maintenance budget.

**Property Management
Central Parking - 416/417
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ 871,810	\$ 913,116	\$ 518,572
Revenues				
Assessments	\$ 1,093,572	1,152,042	1,356,366	1,395,701
Monthly Parking	1,955,854	1,801,396	1,518,845	1,003,800
Hourly Parking	589,078	671,598	532,074	485,000
Parking Meters	539,054	498,156	495,019	650,000
Events	435,983	476,439	481,268	230,000
Other agencies	133,989	99,421	84,270	88,809
Validations / Lot Envelopes	14,421	38,162	54,756	50,000
Other	108,768	87,180	(48,761)	
Uncollectible A/R	(70,789)	71,053		
	4,799,930	4,895,447	4,473,837	3,903,310
Expenditures				
Administration & Overhead	1,339,376	951,003	948,533	1,013,588
Utilities	209,173	217,830	206,253	111,659
Rentals	253,067	266,170	280,843	175,000
Maintenance	152,948	131,172	394,533	216,473
Materials & Supplies	42,643	66,908	49,236	59,212
Taxes/Indirect costs	109,891	239,756	326,032	326,032
Other services	11,562	41,638	1,425	61,334
Compensated Absences	3,355	(46,096)		
Debt Service - Arena & Coy	1,683,701	2,376,449	1,085,600	
	3,805,716	4,244,830	3,292,455	1,963,298
Transfers				
Transfer In				
Transfer Out - General Fund	(777,164)	(609,311)	(1,575,926)	(836,528)
Transfer Out - Air Quality PFF 990				(175,000)
Transfer Out - Insurance - 541				(175,000)
	(777,164)	(609,311)	(1,575,926)	(1,186,528)
Net Annual Activity	\$ 217,050	41,306	(394,544)	753,484
Ending Available Balance		\$ 913,116	\$ 518,572	\$ 1,272,056
Available Balance Calculation				
Cash		\$ 863,979		
Accounts receivable		304,548		
Accounts Payable		(241,905)		
Capital Projects		(100,000)		
Encumbrances		(11,047)		
Ending Available Balance		\$ 815,575		

ECONOMIC DEVELOPMENT DEPARTMENT

DOWNTOWN MARINA COMPLEX (460)

History

- This fund operates, maintains, and services the debt for the Downtown Marina
- The Marina has been in operation for 2 1/2 years providing both permanent slips and short term berthing as well as management of the Morelli boat ramp.
- Occupancy at the permanent slips has grown over time to a present level of approximately 55%.

2011-12 Events

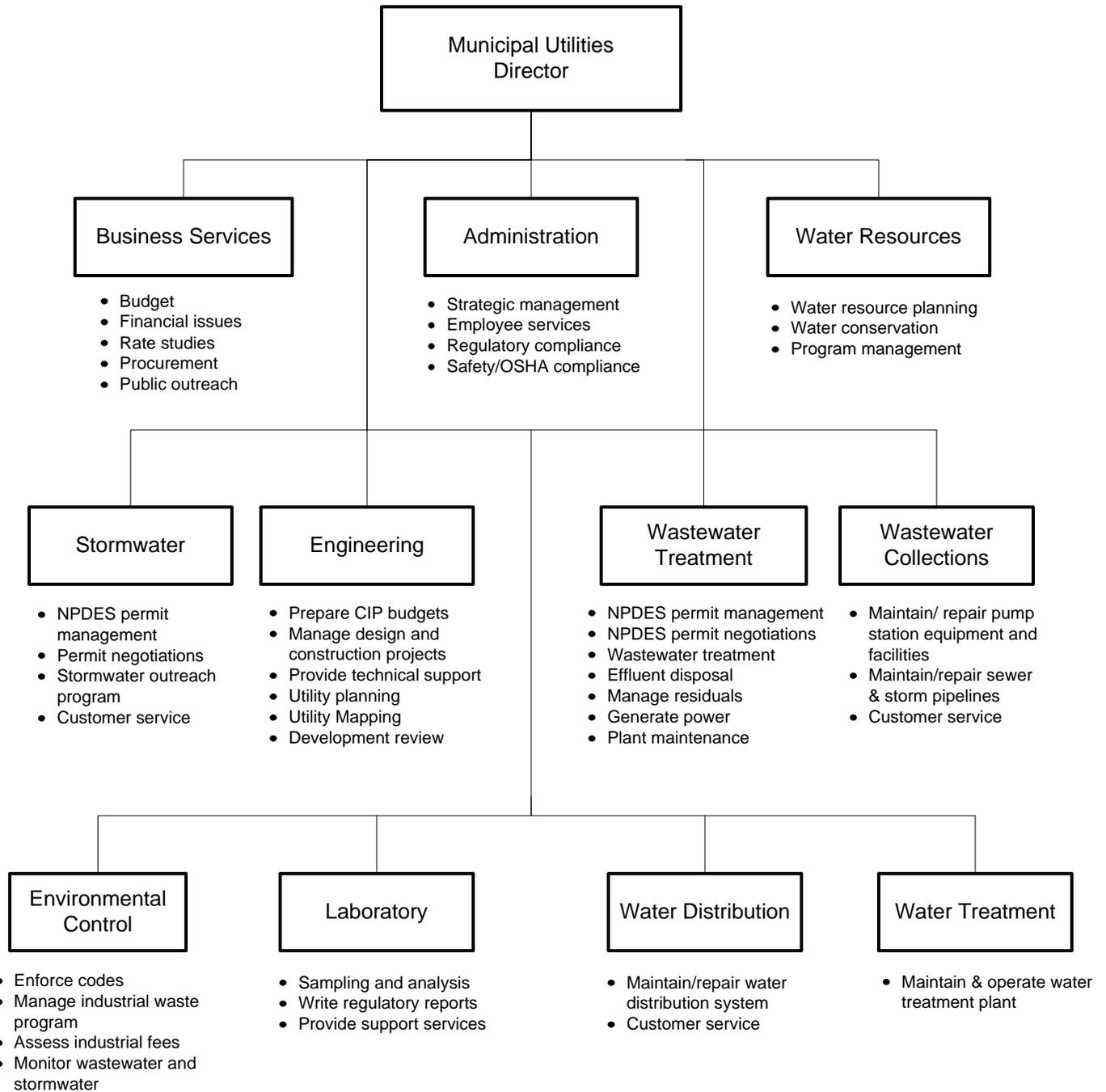
- Revenue increased at all sources, but will still be below estimates
- Marina changed staff and increased marketing efforts in order to increase both events and slip rental.
- Mega yacht, The Casino Royale, is presently berthing at the Marina, which has both increased the revenue as well as attracted other yachts which have now located to the Marina.
- Presently 8 new boats are scheduled to move into permanent slips by the end of June.

2012-13 Budget Issues and Changes

- Revenue from all sources does not cover operational expenses and will need additional funding to maintain the Marina Complex for the fiscal year. The required subsidy amount has been included in the Adopted General Fund budget.
- Marina Staff will increase marketing for new events in an attempt to increase the short term berthing and boat launching revenue.

**Property Management
Downtown Marina Complex - 460
2012-13 Adopted Budget**

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 <u>Unaudited Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 <u>Adopted Pendency</u>
Beginning Available Balance	\$ 500,360	\$ 196,989	\$ 428,336	\$ 142,853
Revenues				
Slip Rental	655	193,195	162,186	223,360
Morelli Boat Launch	500			
Interest Earned	7,385	(18,834)	15,662	20,600
	<u>8,540</u>	<u>174,361</u>	<u>177,848</u>	<u>243,960</u>
Expenditures				
Administration and Overhead	10,713	32,245	9,942	16,868
Utilities	13,564	46,036	49,874	45,600
Lease Expense	11,430	25,575	28,791	24,240
Publicity & Advertising	7,778			
Repairs and Maintenance	2,781	51,735	51,321	52,262
Management Contract	156,719	318,276	230,768	250,710
Water Quality Monitoring	36,656		104,956	
Debt Service				
Dept of Boating & Waterways		435,147	719,679	
	<u>239,641</u>	<u>909,014</u>	<u>1,195,331</u>	<u>389,680</u>
Transfers				
Transfer In - General Fund		966,000	732,000	47,299
Transfer Out				
	<u>-</u>	<u>966,000</u>	<u>732,000</u>	<u>47,299</u>
Net Annual Activity	<u>(231,101)</u>	<u>231,347</u>	<u>(285,483)</u>	<u>(98,421)</u>
Ending Available Balance	\$ 269,259	\$ 428,336	\$ 142,853	\$ 44,432
Available Balance Calculation				
Cash		\$ 545,676		
Accounts Payable		(117,340)		
Ending Available Balance		<u>\$ 428,336</u>		



MUNICIPAL UTILITIES



MISSION STATEMENT

The Municipal Utilities Department mission is to provide high quality potable water on demand; collect, treat, and dispose of wastewater; and collect and dispose of stormwater, all in accordance with applicable regulations and responsible business practices.

Budget at a Glance:

Total Expenditures	\$109,129,043
Total Revenues	\$105,309,057
Total Net Cost	\$ 3,819,986
Total Staff	208

DEPARTMENTAL DESCRIPTION

The Municipal Utilities Department (MUD) is comprised of Water, Wastewater and Stormwater Enterprises regulated and supported by user fees restricted to the specific utility. For purposes of operational efficiency, the organization is comprised of eleven divisions to operate, maintain and support the Enterprises. The Enterprises are managed to recognize the independent financial structure and regulatory requirements unique to each.

The Water Utility provides water service to approximately 42% of the residents within Stockton. California Water Service Company and San Joaquin County serve the remaining 58%. Stockton water is received from three sources; groundwater wells, treated surface water purchased from Stockton East Water District, and the Delta. In addition to providing water that meets drinking water standards, the Water Utility also maintains the water transmission system which includes reservoir tanks, pipelines and fire hydrants; promotes water conservation; and provides long-term water supply planning. Beginning this year, the water treatment plant, formerly known as the Delta Water Supply Project, will be fully operational and will provide up to 33 million gallons per day (MGD) of treated, potable water.

The Wastewater Utility is comprised of an intricate network of nearly 1000 miles of pipeline and 23 pump stations that route wastewater (sewage) to the Regional Wastewater Control Facility, also known as the wastewater treatment plant. The system collects from over 73,000 connections within the City, special districts outside the City, and certain areas within San Joaquin County. The treatment plant is a 55 million gallon per day (MGD) tertiary treatment facility on approximately 690-acres in the southwestern portion of the City adjacent to the San Joaquin River. On average, 33 million gallons of wastewater is treated daily and clean water is discharged into the San Joaquin River daily.

The Stormwater Utility consists of 77 pump stations, over 620 miles of pipeline, and 22,500 drain inlets which route stormwater from City streets and areas to either various lakes and holding basins for discharge, or directly into the waterways. Continual maintenance of the system is necessary to prevent surface flooding from runoff. The Stormwater Utility is also responsible for oversight and compliance with the City’s National Pollutant Discharge Elimination System (NPDES) permit. The work includes waterway sampling and reporting, system inspections and enforcement, industrial monitoring and enforcement, and public outreach.

KEY ISSUES

Construction of the Delta Water Supply Project (DWSP) is substantially complete and the treatment facility is operating. The Water Treatment Facility can supply up to 33 million gallons per day of treated, potable water for the City of Stockton, which will reduce the amount of water drawn from groundwater wells and purchased from Stockton East Water District.

MUNICIPAL UTILITIES DEPARTMENT

KEY ISSUES – CONTINUED

A 4-year water rate increase was approved by the City Council in 2009. The fourth, and final, tiered increase of 10% will be implemented in FY 2012-13, after which only a Consumer Price Index (CPI) increase will be used. The financial plan identified deficit operating years resulting from payments for construction and start-up of the DWSP over the anticipated revenue. The financial plan identifies declining deficit operations in the next two years. The approved rate structure was designed for the long-term health of the enterprise with the understanding that reserves will cover short-term deficits.

In August, 2010, the Wastewater customers, and Council, approved a 5-year tiered rate increase that would ensure compliance with bond covenants and provide financing for scheduled capital improvement projects, including a Capital Improvement and Energy Management Plan (CIEMP) for the wastewater treatment facility. Many of the treatment systems at the facility are old, outdated, and not functioning to capacity. A phased upgrade plan has been prepared to rehabilitate and/or replace the current systems to improve output and to better meet anticipated new permit requirements. The first rate increase of 16% went into effect October 1, 2010 and was necessary to meet bond coverage requirements. The second increase, also 16%, went into effect in FY 2011-12 and was to continue meeting bond coverage requirements and for cash funding Phase I of the CIEMP. As part of this budget, the Council approved the third phase increase of 9% for FY 2012-13. The increase provides for continued bond coverage and future funding of the CIEMP as shown in the financing plan. Future rate increases will be annually evaluated based on operational needs, bond requirements, and the financing plan for the Capital Improvement and Energy Management Plan. The settlement agreement with the State Water Resources Control Board and compliance with the California Sportsfishing Protection Alliance (CSPA) Consent Decree has resulted in increased staffing and equipment costs in the FY 2012-13 budget.

The Fats, Oils, and Grease (FOG) program has been developed to monitor, check, and reduce deposits into the sewer system. FOG accumulating in the sewer system causes clogs that lead to sanitary sewer overflows. In addition to the FOG program, the Wastewater Utility has also implemented a pipeline televising and maintenance program.

The Stormwater Utility has been operating with a fee that was implemented in 1992 and has never changed. As a result, the Stormwater Enterprise Fund has been under-funded for many years. In 2010, the Stormwater Utility initiated a Proposition 218 ballot measure to approve a new Clean Water fee that would supplement the current fee. The new fee included a future cost of living escalator, but not to exceed 4%. The ballot measure failed and the new fee was not imposed. The rate study prepared for the Proposition 218 ballot determined the utility was under-funded by approximately \$9 million a year.

The City is searching for options to provide adequate funding for the utility. The current fee is insufficient to properly fund the operations and maintenance needs of an aging system along with the extensive National Pollutant Discharge Elimination System (NPDES) permit requirements. Severe cuts in operation and maintenance activities have been implemented to stay within the available budget. Failing to adequately maintain the aged infrastructure will result in increased system failures, pipeline collapse, and possible flooding. Failing to meet mandated permit requirements increases the City's risk of permit non-compliance. Infrastructure improvement projects continue to be on hold pending additional funding. Emergency infrastructure repairs will further reduce funding for operations and maintenance activities. A new permit, to be issued in 2012-13, may impose additional conditions that would further strain the budget.

**Utilities
2012-13 Adopted Budget**

	<u>Water Fund</u> <i>See Page K-8</i>	<u>Wastewater</u> <i>See Page K-9</i>	<u>Storm Water 441</u> <i>See Page K-10</i>	<u>Utilities Total</u>
Beginning Available Balance	\$ 29,244,482	\$ 2,162,525	\$ 1,157,684	\$ 32,564,691
Revenues				
User Services	36,061,156	52,922,338	5,142,913	94,126,407
Connection Fees	1,175,123	751,500		1,926,623
Storm Drain Districts			82,500	82,500
Fines and Penalties	615,120	633,036		1,248,156
General Fund Jarvis Settlement	436,270	685,260		1,121,530
Interest	1,415,709	949,257	31,257	2,396,223
Build America Bond Interest Rebate	4,175,006			4,175,006
Other Revenue	10,100	95,891	126,621	232,612
	<u>43,888,484</u>	<u>56,037,282</u>	<u>5,383,291</u>	<u>105,309,057</u>
Expenditures				
Administration	2,441,639	5,425,909	3,090,191	10,957,739
Customer Service	971,550	2,010,102	368,519	3,350,171
Operations and Maintenance	9,176,437	32,353,601	1,704,616	43,234,654
Water Treatment	4,524,941			4,524,941
Water Conservation	747,077			747,077
Purchased Water	8,100,000			8,100,000
Debt Service	19,784,321	7,389,588	300,000	27,473,909
Capital Projects	2,901,000	7,839,552		10,740,552
	<u>48,646,965</u>	<u>55,018,752</u>	<u>5,463,326</u>	<u>109,129,043</u>
Transfers				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(4,758,481)</u>	<u>1,018,530</u>	<u>(80,035)</u>	<u>(3,819,986)</u>
Ending Available Balance	<u>\$ 24,486,001</u>	<u>\$ 3,181,055</u>	<u>\$ 1,077,649</u>	<u>\$ 28,744,705</u>
	-	-	-	-
			Revenues	\$ 105,309,057
			Transfers	-
			Total Sources	<u>\$ 105,309,057</u>
			Expenditures	\$ 109,129,043
			Transfers	-
			Total Appropriations	<u>\$ 109,129,043</u>

MUNICIPAL UTILITIES DEPARTMENT

MUNICIPAL UTILITIES ENTERPRISE FUNDS WATER (421, 423-427) WASTE WATER (431, 433, 434, 437) STORMWATER (441)

History

- The City's Municipal Utilities Enterprise Funds provide funding for the operation and maintenance of the City's Water, Wastewater and Stormwater utilities.
- The three utilities are supported by user fees which are restricted to each utility.
- Operating budgets are approximately \$56M for Wastewater, \$44M for Water, and \$5.4M for Stormwater.

2011-12 Events

- Construction of the Delta Water Supply Project (DWSP) continued and is on schedule to begin operation. Operations are staffing up and preparing for State approval for start-up.
- The Stormwater Report of Waste Discharge is being prepared for submittal to the State Water Resources Control Board. This is the preliminary step in obtaining a new National Pollutant Discharge Elimination System (NPDES) permit.
- A financing plan has been prepared that demonstrates the current wastewater rate structure is sufficient to fund the projects proposed in the Capital Improvement and Energy Management Plan (CIEMP).
- Design of the CIEMP Phase I projects has begun. The Phase I projects address plant security, upgrades to the Nitrifying Biotowers, and disinfection.
- Two Stormwater pump stations required emergency repairs to stabilize the structures and continue operations.

2012-13 Budget Issues and Changes

- Water Enterprise
 - The final 10% increase of the 4-year tiered water rate increases, approved by Council in 2009, will be implemented in 2012-13.
 - Operations of the new Water Treatment Plant (Delta Water Supply Project) will begin its first year of full operation.
 - The approved rate structure for the DWSP project was designed for the long-term health of the enterprise with the understanding that reserves would cover short-term deficits.
 - Reliance on water purchases and groundwater extraction is expected to be reduced, with no noticeable impact by the water customers.
 - Water conservation efforts will continue to meet the State's mandate to reduce water use by 20% by the year 2020.

MUNICIPAL UTILITIES DEPARTMENT

- Wastewater Enterprise
 - The third year increase, 9%, of the approved 5-year tiered rate increase, will go into effect this year.
 - The tiered rate structure was designed to ensure adequate coverage required by the bond covenants and to fund the Capital Improvement and Energy Management Plan.
 - Construction of the Phase I projects identified in the Capital Improvement and Energy Management Plan will begin and will be cash funded.
 - Application for a new Wastewater NPDES permit will be necessary this year.
- Stormwater Enterprise
 - The Stormwater utility has had to reduce some required NPDES program elements in order to keep spending within the operating revenues of \$5.4 million.
 - Plans to attempt another Proposition 218 ballot to increase revenue have been put on hold.
 - The Report of Waste Discharge was submitted to the State in 2011-12 and is the preliminary step in obtaining a new NPDES permit.
 - The new permit may include additional requirements that will further strain the Stormwater budget and operations.
 - Continued unplanned infrastructure repairs would further strain the limited operating budget.

Utilities
Water - 421/423/424/425/426/427
2012-13 Adopted Budget

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance			\$ 36,284,752	\$ 29,244,482
Revenues				
User Services	\$ 25,240,591	29,336,427	32,782,869	36,061,156
<i>% increase</i>	6%	16%	12%	10%
Connection Fees	839,505	837,063	1,000,932	1,175,123
Fines and Penalties	527,697	603,473	728,101	615,120
General Fund Jarvis Settlement	249,904	436,270	436,270	436,270
Interest	2,970,566	2,314,629	3,250,656	1,415,709
Bond Proceeds	174,297,295	55,000,000		
Federal Build America Bond Grant	2,481,809	4,175,006	4,175,006	4,175,006
Prop 84 Grant				
Other Revenue	601,659	10,000	3,746	10,100
	207,209,026	92,712,868	42,377,580	43,888,484
Expenditures				
Administration	1,226,168	1,659,587	2,034,044	2,441,639
Customer Service	831,002	793,472	928,938	971,550
Operations and Maintenance	6,889,440	6,645,704	6,983,169	9,176,437
Water Treatment			481,906	4,524,941
Water Conservation	359,041	298,933	227,308	747,077
Purchased Water	8,531,784	9,863,289	9,776,103	8,100,000
Debt Service	27,568,403	23,621,026	20,864,382	19,784,321
Capital Projects	135,544,091	107,562,636	8,122,000	2,901,000
	180,949,929	150,444,647	49,417,850	48,646,965
Transfers				
Transfer In				
Transfer Out	-	-	-	-
Net Annual Activity	\$ 26,259,097	(57,731,779)	(7,040,270)	(4,758,481)
Ending Available Balance		\$ (57,731,779)	\$ 29,244,482	\$ 24,486,001
Available Balance Calculation				
Cash		\$ 52,279,475		
Cash with Fiscal Agent- Construction		46,143,535		
Cash with Fiscal Agent- Capitalized Interest		2,556,332		
Accounts Receivable		4,335,060		
Current Liabilities		(12,100,922)		
Encumbrances		(1,736,101)		
Capital Appropriations		(55,192,627)		
Ending Available Balance		\$ 36,284,752		

Utilities
Wastewater - 431/433/434/435/437
2012-13 Adopted Budget

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 <u>Unaudited Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 <u>Adopted Pendency</u>
Beginning Available Balance		\$ (396,749)	\$ (396,749)	\$ 2,162,525
Revenues				
User Services	36,365,167	41,203,232	46,455,559	52,922,338
<i>% increase</i>	<i>4%</i>	<i>13%</i>	<i>13%</i>	<i>14%</i>
Connection Fees	1,373,334	990,749	891,858	751,500
Fines and Penalties	658,549	715,161	444,586	633,036
General Fund Jarvis Settlement		685,260		685,260
Interest	1,072,455	765,792	365,293	949,257
Other Revenue	236,614	2,600,426	29,339	95,891
	<u>39,706,119</u>	<u>46,960,620</u>	<u>48,186,635</u>	<u>56,037,282</u>
Expenditures				
Administration	5,976,390	5,102,509	4,470,833	5,425,909
Customer Service	1,410,186	1,641,667	1,921,941	2,010,102
Operations and Maintenance	22,680,780	26,697,874	31,986,039	32,353,601
Debt Service	4,880,247	4,768,448	2,310,898	7,389,588
Capital Projects	6,633,490	7,253,522	4,937,650	7,839,552
	<u>41,581,093</u>	<u>45,464,020</u>	<u>45,627,361</u>	<u>55,018,752</u>
Transfers				
Transfer In				
Transfer Out	-	-	-	-
Net Annual Activity	<u>\$ (1,874,974)</u>	<u>1,496,600</u>	<u>2,559,274</u>	<u>1,018,530</u>
Ending Available Balance			<u>\$ 2,162,525</u>	<u>\$ 3,181,055</u>
Available Balance Calculation				
Cash and Interest receivable		\$ 33,530,477		
Current Liabilities		(6,879,561)		
Encumbrances		(5,720,849)		
Capital Appropriations		(21,326,816)		
Ending Available Balance		<u>\$ (396,749)</u>		

Utilities
Stormwater - 441
2012-13 Adopted Budget

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Pendency
Beginning Available Balance			\$ 507,148	\$ 1,157,684
Revenues				
User Services	\$ 5,380,960	5,244,987	5,232,596	5,142,913
<i>% increase</i>	2%	-3%	0%	-2%
Admin Fee Storm Drains	82,500	82,500	82,500	82,500
Agency Reimbursements	191,523	100,007	117,441	126,621
Interest	54,961	50,414	33,213	31,257
	5,709,944	5,477,908	5,465,750	5,383,291
Expenditures				
Administration	3,505,020	3,149,885	2,623,061	3,090,191
Customer Service	277,001	300,972	308,311	368,519
Operations and Maintenance	2,477,899	1,872,389	1,583,842	1,704,616
Water Treatment				
Capital Projects	15,519	24,243		
Debt Service		406,000	300,000	300,000
	6,275,439	5,753,489	4,815,214	5,463,326
Transfers				
Transfer In				
Transfer Out				
	-	-	-	-
Net Annual Activity	\$ (565,495)	(275,581)	650,536	(80,035)
Ending Available Balance		\$ (275,581)	\$ 1,157,684	\$ 1,077,649
		\$ -		
Available Balance Calculation				
Current Assets		\$ 2,224,478		
Accounts Payable		(157,344)		
Capital Projects		(983,789)		
Encumbrances		(576,197)		
Ending Available Balance		\$ 507,148		



**Administration and Support
2012-13 Adopted Budget**

	<u>Charter Offices</u>	<u>Administrative Services</u>	<u>Human Resources</u>	
	<u>City Council, Manager, Clerk, Attorney, Auditor 010</u>	<u>General Fund Adopted/Pendency 010</u>	<u>Technology Internal Service 502-508</u>	<u>General Fund Adopted/Pendency 010</u>
	<u>Insurance and Benefits Internal Service 541-562</u>			
	<i>See Page L-17</i>	<i>See Page L-22</i>	<i>See Page O-11</i>	<i>See Page L-26</i>
				<i>See Page O-18</i>
Beginning Available Balance			\$ 3,222,129	\$ (45,329,841)
Revenues				
Operating Revenues			12,077,953	76,990,955
Other Revenue	\$ 24,828	\$ 40,200		16,775,299
	<u>24,828</u>	<u>40,200</u>	<u>12,077,953</u>	<u>-</u>
				<u>93,766,254</u>
Expenditures				
Employee Services	2,758,694	2,589,548		\$ 1,074,739
Other Services	691,323	798,291		619,746
Materials and Supplies	51,482	48,947		19,700
Capital Projects			4,083,672	
Debt Service			325,000	7,712,550
Other Expenses	49,990	26,100	10,356,121	170,630
	<u>3,551,489</u>	<u>3,462,886</u>	<u>14,764,793</u>	<u>1,884,815</u>
	-	-		-
Transfers				
Transfer In - General Fund				
Transfer In - Other Funds				175,000
Transfer Out - Other Funds				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<u>175,000</u>
Net Annual Activity	\$ (3,526,661)	\$ (3,422,686)	(2,686,840)	\$ (1,884,815)
				-
Ending Available Balance			\$ 535,289	\$ (42,223,574)
			-	-

Administration and Support, Continued
2012-13 Adopted Budget

	Non-Department					
	General Fund	Entertainment	Other	Debt	Capital	Administration & Support
	Adopted/Pendency	Venues	Special			Total
	010	086	Programs			
	020/642/627					
	<i>See Page L-28</i>	<i>See Page L-31</i>	<i>See Page L-32-34</i>	<i>See Page M-6</i>	<i>See Page N-15</i>	
Beginning Available Balance		\$ 359,799	\$ 91,596			
Revenues						
Operating Revenues		4,770,399	820,765			\$ 94,660,072
Other Revenue			95,647	\$ 19,000,265	\$ 10,783,312	46,719,551
	-	4,770,399	916,412	19,000,265	10,783,312	141,379,623
Expenditures						
Employee Services	(481,274)		740,969			6,682,676
Other Services	7,845,628	180,330	79,796			10,215,114
Materials and Supplies	14,931					135,060
Capital Projects					9,621,000	13,704,672
Debt Service				25,912,291	248,781	34,198,622
Other Expenses	1,111,080	6,710,735	100,279	1,349,254	117,257	103,113,883
	8,490,365	6,891,065	921,044	27,261,545	9,987,038	168,050,027
Transfers						
Transfer In - General Fund		2,107,350		1,269,065	907,045	4,283,460
Transfer In - Other Funds		13,962		6,992,215		7,181,177
Transfer Out - Other Funds	(5,882,457)				(1,858,473)	(7,740,930)
	(5,882,457)	2,121,312	-	8,261,280	(951,428)	3,723,707
Net Annual Activity	\$(14,372,822)	646	(4,632)	\$ -	\$ (155,154)	\$ (22,946,697)
Ending Available Balance		\$ 360,445	\$ 86,964			
					Expenditures	\$ 168,050,027
					Transfers	7,740,930
					Total Sources	\$ 175,790,957
					Administration	\$ 23,663,983
					Insurance and Benefits	90,834,987
					Non-Departmental	22,184,931
					Debt Service	27,261,545
					Capital	11,845,511
						\$ 175,790,957



MISSION STATEMENT

The mission of the City Council is to serve the community by providing innovative, courteous and responsive service; promoting economic opportunity; enhancing the quality of life for its citizens; and building a better Stockton for future generations.

Budget at a Glance:

Total Expenditures	\$459,112
Total Revenues	\$0
Total Net Cost	\$459,112
Total Staff	8

DEPARTMENTAL DESCRIPTION

The City Council is the policy-setting body that initiates, studies, discusses, holds public hearings on, and decides various civic issues affecting the citizens of Stockton, based on facts gathered, represented, and citizen input. The Council hires and supervises four officers: City Attorney, City Auditor, City Clerk and City Manager.

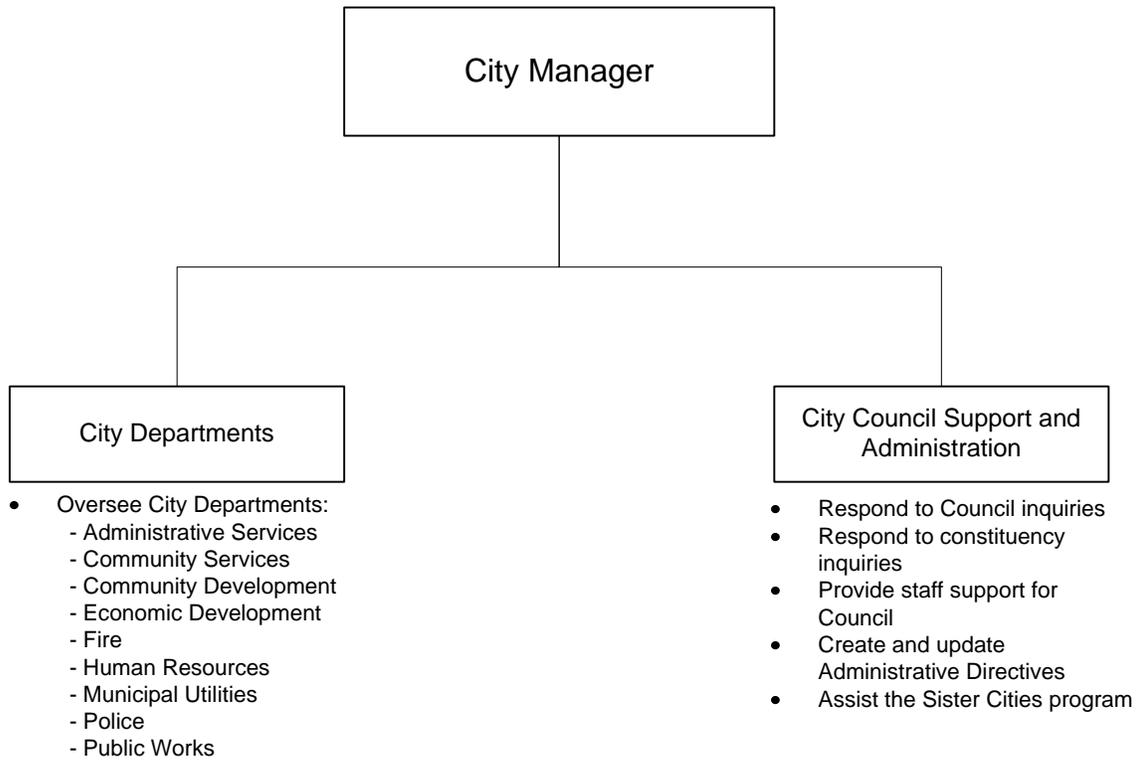
KEY ISSUES

Immediate and long-term challenges face the City of Stockton. Stockton’s revenues have been impacted by the housing crisis and lower property taxes, reduced development and associated fees, significantly reduced sales tax and other taxes and fees in recent years, and an economy that continues to struggle with unemployment hovering near 20%. Numerous factors have accumulated from 20 years of past decisions that have contributed to an imbalance between the City’s revenue base and its cost structure. We have an unsustainable retiree health insurance program, unsustainable large debt obligations and unsustainable labor contracts. Other causes for our financial crisis include State raids on City finances, and poor fiscal management practices. Significant progress was made in the past year in aligning the City’s labor costs with the market and addressing poor City fiscal management, but the imbalance remains to the degree that the City can no longer address it through program and service reductions and eliminations. The fiscal crisis of the City requires permanent and structural change. As a result, the City Council authorized the initiation of a mediation process governed by California State law that outlines a process for financially troubled municipalities to restructure their finances through mediation with major creditors and interested parties. This process was initiated in the spring of 2012 and it was scheduled to be completed before the end of the fiscal year. If this process is not successful, the City will have the option of restructuring its finances through Chapter 9 bankruptcy. If the City does not restructure its finances, the imbalance between revenues and expenditures will remain, requiring further service cuts each year that the City and the community cannot afford.

The safety and well-being of our citizens is paramount. A reduced City workforce and antiquated technology has restricted and limited effective service delivery. Reductions in the Police and Fire Departments have resulted in both real and perceived public safety issues. The level of crime in Stockton is unacceptable. Reducing crime is essential to a quality of life that will encourage economic development and result in job growth and a revitalized Stockton.

The Council has stayed focused through these inherited challenges, adopted a work plan in May 2011 that pursues the four Council goals through Strategic Initiatives and has followed through with that plan and achieved significant progress. The Council will continue to pursue these goals and initiatives through completion in order to address current challenges and be poised for future growth and development.





CITY MANAGER

MISSION STATEMENT

To provide direction and oversight of all phases of City operations, including City departments and programs, and to ensure Council goals, policy and established administrative practices are effectively carried out within the fiscal and physical abilities of the various City departments during normal operations, as well as emergency situations.

Budget at a Glance:

Total Expenditures	\$995,141
Total Revenues	\$0
Total Net Cost	\$995,141
Total Staff	10

DEPARTMENTAL DESCRIPTION

The Office of the City Manager provides direction and administration of City departments under the policy direction of the City Council. Other functions within the City Manager's Office include: Operation Peacekeeper, Grants, Public Information Office and Channel 97 Government Access Cable Channel. In addition, the Office of the City Manager provides oversight of the operation and maintenance of the four City-owned entertainment venues: Stockton Arena, Stockton Ballpark, Bob Hope Theatre and Oak Park Ice Arena.

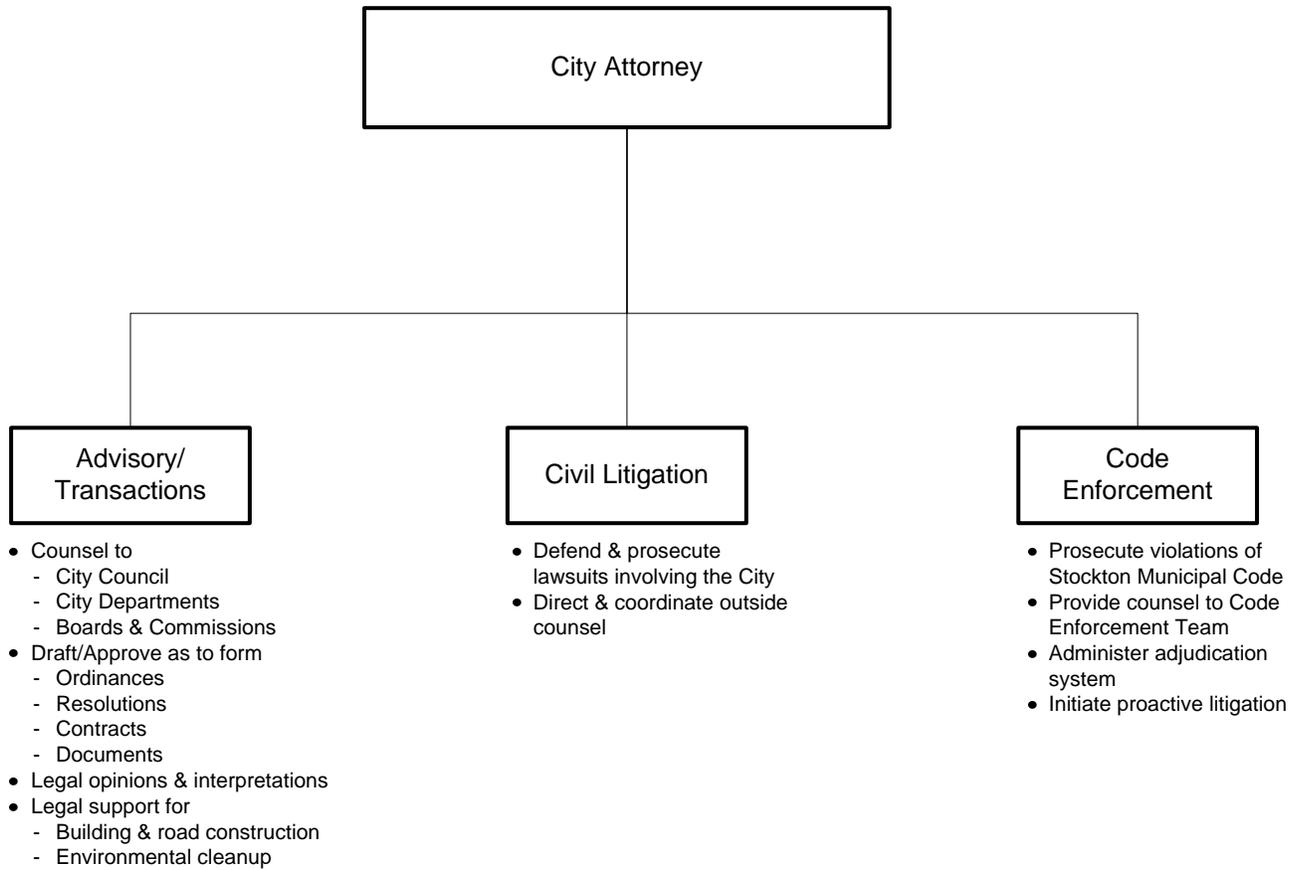
KEY ISSUES

Stockton's revenues have significantly declined due to the housing crisis and economic recession. In addition, numerous factors that have accumulated from past decisions have also contributed to an imbalance between the City's revenue base and its cost structure including unsustainable retiree health insurance, large debt obligations, unsustainable labor contracts, state raids on City finances, and poor fiscal management practices.

The City Manager's Office has provided the direction and oversight to City departments in addressing these factors and preparing to restructure the City's finances. Significant progress was made in the past year in aligning the City's labor costs with the market and addressing a history of poor fiscal management. The City Manager's Office has also provided oversight in managing the mediation process engaged this spring with major creditors and interested parties. These critical and labor intensive efforts are necessary for restructuring the City's finances to avoid an on-going imbalance between revenues and expenditures that will require further service cuts each year that the City and the community cannot afford.

These efforts have taken place at the same time that the City Manager's Office has been engaged in directing the efforts of employees in pursuing the City Council goals through the Strategic Initiative work plans. Over the past year significant progress has been accomplished for priority initiatives, additional progress has been made for the majority of the remaining initiatives as well as the development of organizational capacity to continue this progress and prepare the City for growth as the economy recovers.

The City Manager's Office will continue to pursue the accomplishment of the strategic initiatives as well as address the numerous challenges that the City is facing in establishing a path to fiscal sustainability, addressing crime, and creating the capacity to support economic development and deliver services to the community.



CITY ATTORNEY

MISSION STATEMENT

The mission of the Office of the City Attorney is to provide professional, quality legal advice and services that ultimately protect the interests of the City of Stockton, its departments, the City Council, and the citizens of the community.

Budget at a Glance:

Total Expenditures	\$920,439
Total Revenues	\$0
Total Net Cost	\$920,439
Total Staff	11

DEPARTMENTAL DESCRIPTION

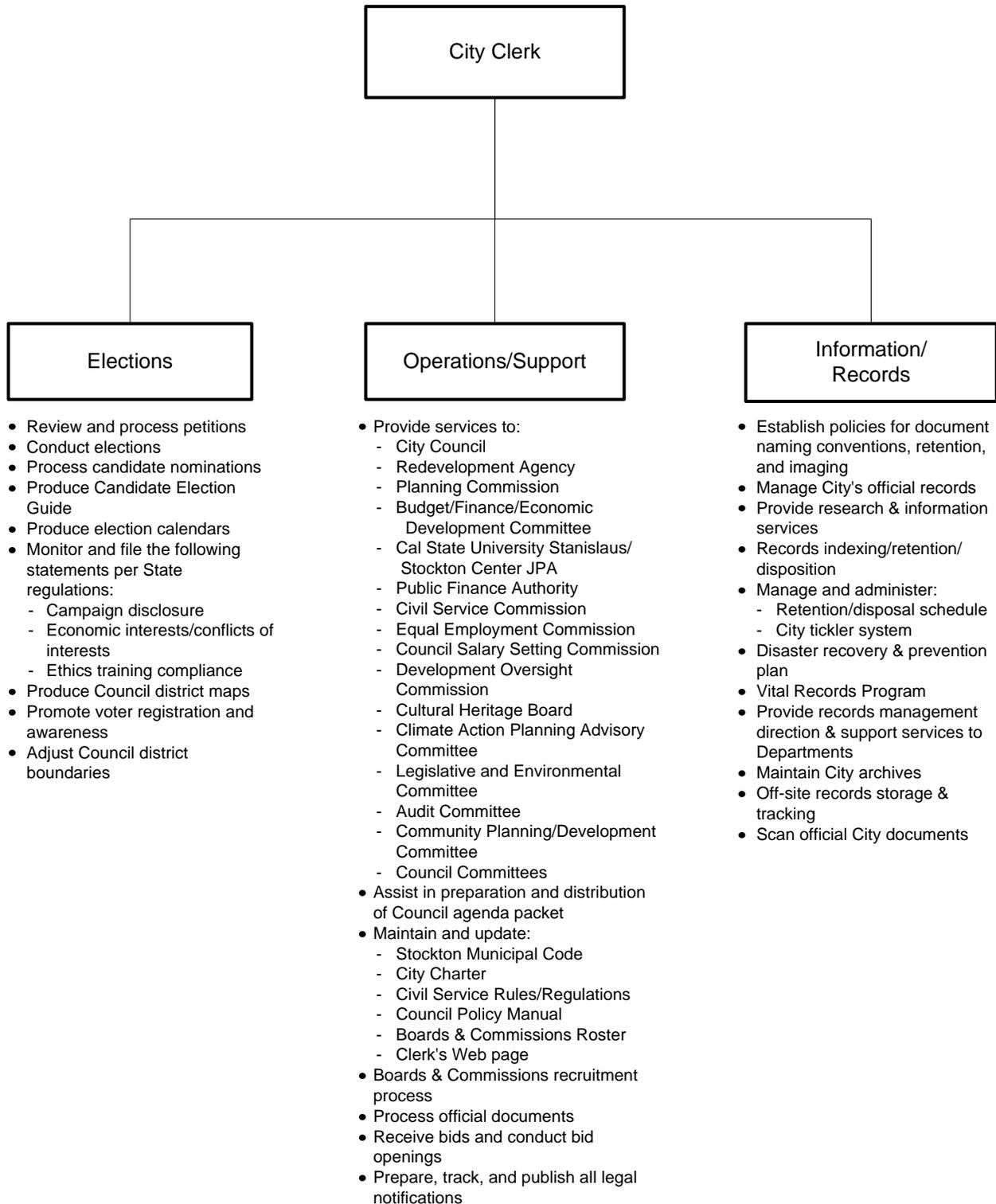
The Office of the City Attorney consists of one city attorney, one assistant city attorney, six deputy city attorneys (with one position vacant), one executive assistant, and two legal secretaries. This department is comprised of two divisions. One division, comprised of three deputy city attorneys and one legal secretary, is focused on litigation and labor matters. The second division, consisting of three deputy city attorneys (with one position vacant) and one legal secretary, is focused on advisory matters and code enforcement.

The Office of the City Attorney provides legal services and advice to City Councilmembers, officials, boards, commissions, and City departments regarding legal and regulatory matters of concern to the City and its operations, including: matters relating to their official duties; defending lawsuits and preparing legal opinions and documents, ordinances, and resolutions; reviewing and approving contracts, bonds, deeds, and other legal documents; and prosecuting violations of the Stockton Municipal Code.

KEY ISSUES

The City, due to its size and complexity, suffers a significant amount of litigation filed against it annually, both by members of the public and the City's employees. Managing this litigation in a cost-effective manner, without sacrificing the quality of representation, is a constant challenge that is best met through an emphasis on handling matters with in-house resources to the extent practicable. While resorting to outside litigation resources is necessary at times, the maximization of the City's in-house litigation capabilities is reflected in the choices presented. Reductions made due to funding constraints have been confined to the advisory functions of the department. While this has and will continue to cause narrowing of the range of services provided and some delays in the delivery of services to the City's departments, the delays have proven to be manageable given present circumstances and are preferable to reductions in the City's in-house litigation capacity, which would cause more matters to be assigned to outside firms at a greater overall cost.

The department is less able to deliver advisory projects on a timely basis than it would be if fully staffed and faces a myriad of liability challenges and exposures. These exposures are a result of the temporary reduction of staff dedicated to that function. However, the litigation capacity of the department has been and will be maintained.



CITY CLERK

MISSION STATEMENT

The mission of the Office of the City Clerk is to act as a partner in the democratic process by effectively managing the City’s official records, providing open access to this information, and serving as the community’s public information resource to the Council.

Budget at a Glance:

Total Expenditures	\$705,064
Total Revenues	\$24,828
Total Net Cost	\$680,236
Total Staff	6

DEPARTMENTAL DESCRIPTION

Administers municipal elections; ensures compliance of open meeting, public record, campaign and conflict of interest filing requirements; adjusts Council District boundaries; administers the City Records Management System content; attends all Council meetings and assigned City meetings, preserves associated records and meeting recordings.

The Office of the City Clerk is responsible for the following functions:

Elections: manages the nominations for Council office and performs prima facie review of any petitions that are filed with the City and serves as the Elections Official for the City. Additional duties related to elections include: adjusting Council District boundaries; preparation of the Council Candidate Guide; receiving and processing Campaign Statements; receiving and processing Statements of Economic Interest filed by Councilmembers, Boards & Commissions, and designated employees; monitoring the filings and initiates amendments or updates to the City's Conflict of Interest Code; and promoting voter registration and participation.

Operations: provides support services, ensuring agenda posting and public hearing notification requirements are met. Support services include meeting attendance and minute preparation for various City meeting bodies including, but not limited to: City Council/Successor Agency to the Redevelopment Agency, Planning Commission, Civil Service and Equal Employment Commissions, Salary Setting Commission, Mayor’s Climate Action Task Force, Development Oversight Commission, Cultural Heritage Board and various committees of the City Council.

Records: receives, indexes, classifies and files records applicable to the actions of the City Council, Successor Agency to the Redevelopment Agency, Public Financing Authority, Civil Service Commission and the Equal Employment Commission. In addition, the Clerk researches and retrieves records for the public and other City Departments, as requested, and maintains contract and deed inventories, providing assistance to other City departments in setting up records systems. The Clerk develops and implements records retention policy in accordance with State of California statutes and good records management principles, preserving the hard copies and/or microfilm of designated permanent records and preservation of records electronically and identifying and destroying designated records which have fulfilled their administrative, fiscal, and/or legal value.

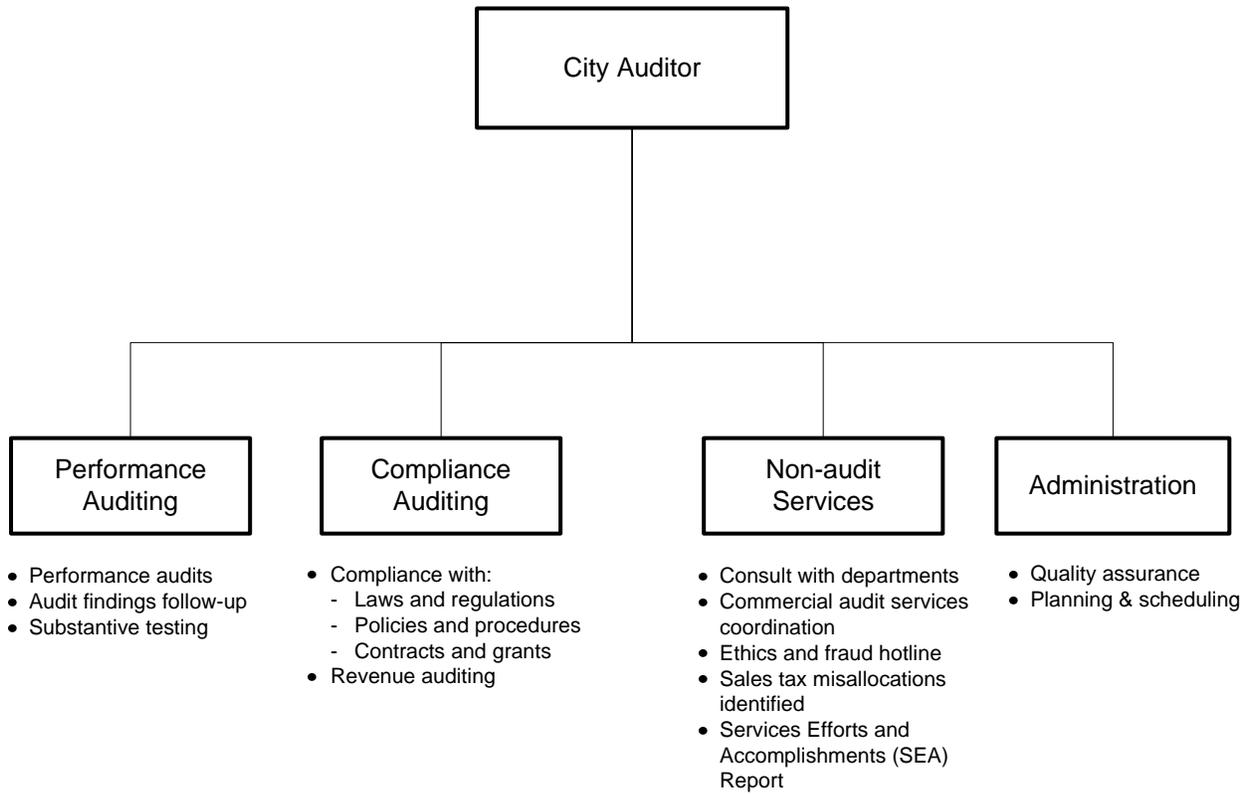
KEY ISSUES

The City has not invested resources in records management technology, systems or training. As a result, fragmented record keeping systems make timely retrieval of documents for reference and research or to respond to public information requests is difficult and can result in delays or even in the inability to find records.

OFFICE OF THE CITY CLERK

This has a big impact on efficiency in this office and throughout the City. The City Clerk's Office will focus on working with departments and the Information Technology steering group and other departments to develop a plan to make improvements in this area. This effort has to be a collaborative effort because the resources devoted to the City Clerk function are not adequate to address the change that is needed.





CITY AUDITOR

MISSION STATEMENT

The Office of the City Auditor independently promotes ethical, efficient, and effective governance for the citizens of Stockton.

Budget at a Glance:

Total Expenditures	\$471,733
Total Revenues	\$0
Total Net Cost	\$471,733
Total Staff	4

DEPARTMENTAL DESCRIPTION

The Office of the City Auditor provides the City Council, management, and employees with objective analyses, appraisals, and recommendations for improvements to City systems and activities. The department maintains independence and objectivity by reporting directly to the City Council and by not exercising control over any activity subject to audit.

The primary activity of the department is performance audits. These audits may focus on internal controls, compliance with laws and policies, accomplishment of goals and objectives, or a combination of these areas. Additional services include administration of the City’s contract for financial auditing services, operation of an employee ethics/fraud hotline, technical assistance, and sales tax analysis to identify misallocated sales tax revenue.

Department funding is through the General Fund and nearly half the personnel costs are allocated to other funds, based on planned audits. Workload measures include: ratio of audit staff to total City staff: 1 to 376; number of items on audit plan is currently 18; and number of completed audits is 6. Since 2007, the ratio of Audit to City staff has decreased by 64%, the number of items on the Audit Plan has decreased by 5%, and the number of completed audits has decreased by 33%.

KEY ISSUES

Staffing reductions throughout the organization are impacting internal control processes. This increases the need for audits of internal controls, but audit staffing has been reduced in recent years from 7.0 FTE to 3.75 FTE.

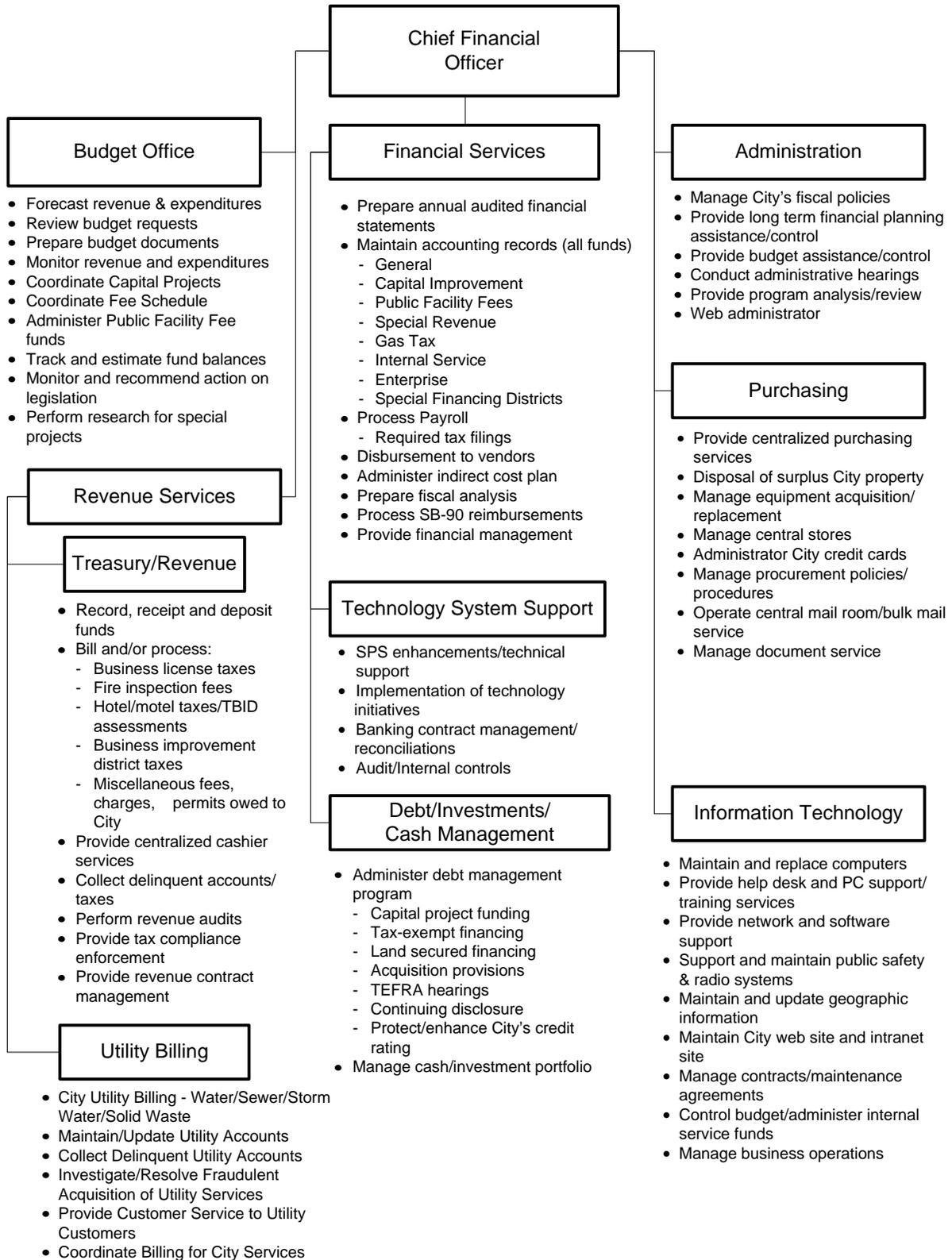
The time between the end of audit field work and issuing final audit reports has been adversely impacted by the work load increase that management has experienced. While the work load has impacted the final report, it has not slowed the communication of audit findings and recommendations to those responsible for initiating corrective action.

Critical projects for the City have impacted the audit plan. At the request of management, staff of the Office of the City Auditor is assisting with the budget, the AB 506 process, and the State Controller’s audit. Until these projects are complete, it is unlikely that any new audits will be initiated.

**Charter Officers
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010 Actual</u>	<u>FY 2010-2011 Unaudited Actual</u>	<u>FY 2011-2012 Current Budget</u>	<u>FY 2012-2013 Proposed Budget</u>	<u>FY 2012-2013 Adopted Pendency</u>
Total Charter Officers					
Employee Services	\$ 2,655,966	\$ 2,659,027	\$ 2,593,539	\$ 3,087,261	\$ 2,758,694
Other Services	788,009	735,716	698,364	696,237	691,323
Materials and Supplies	33,644	55,062	56,694	52,806	51,482
Other Expenses	48,957	39,585	42,290	43,486	49,990
Total	<u>\$ 3,526,576</u>	<u>\$ 3,489,390</u>	<u>\$ 3,390,887</u>	<u>\$ 3,879,790</u>	<u>\$ 3,551,489</u>
City Council					
Employee Services	419,661	460,502	451,829	422,477	385,987
Other Services	45,291	31,147	44,468	61,664	61,625
Materials and Supplies	1,652	5,324	4,000	5,324	4,000
Other Expenses	19,045	9,476	1,500	7,500	7,500
Total	<u>485,649</u>	<u>506,449</u>	<u>501,797</u>	<u>496,965</u>	<u>459,112</u>
City Manager					
Employee Services	584,725	699,505	596,889	910,101	822,853
Other Services	211,915	170,659	121,050	145,548	140,906
Materials and Supplies	8,609	9,417	11,215	10,782	10,782
Other Expenses	19,333	14,723	18,900	20,600	20,600
Total	<u>824,582</u>	<u>894,304</u>	<u>748,054</u>	<u>1,087,031</u>	<u>995,141</u>
City Attorney					
Employee Services	829,287	600,328	650,784	803,005	719,125
Other Services	277,422	256,344	152,831	169,346	169,314
Materials and Supplies	20,503	21,489	25,279	22,000	22,000
Other Expenses	4,704	8,043	10,000	8,043	10,000
Total	<u>1,131,916</u>	<u>886,204</u>	<u>838,894</u>	<u>1,002,394</u>	<u>920,439</u>
City Clerk					
Employee Services	532,391	640,738	626,197	635,537	551,613
Other Services	114,831	110,186	125,200	138,383	138,251
Materials and Supplies	1,410	7,609	11,500	11,500	11,500
Other Expenses	2,450	2,128	3,700	2,128	3,700
Total	<u>651,082</u>	<u>760,661</u>	<u>766,597</u>	<u>787,548</u>	<u>705,064</u>
City Auditor					
Employee Services	289,902	257,954	267,840	316,141	279,116
Other Services	138,550	167,380	254,815	181,296	181,227
Materials and Supplies	1,470	11,223	4,700	3,200	3,200
Other Expenses	3,425	5,215	8,190	5,215	8,190
Total	<u>433,347</u>	<u>441,772</u>	<u>535,545</u>	<u>505,852</u>	<u>471,733</u>





ADMINISTRATIVE SERVICES

ADMINISTRATIVE SERVICES DEPARTMENT

MISSION STATEMENT

To provide financial, administrative and technical support to residents, business partners, decision makers and other City departments; and to safeguard and facilitate the optimal use of City resources for strategic financial planning.

Budget at a Glance:

Total Expenditures	
General Fund	\$3,462,886
Internal Service Fund	\$14,764,793
Revenue	\$12,118,153
Total Net Cost	\$6,109,526
Total Staff	100

DEPARTMENTAL DESCRIPTION

The Administrative Services Department is responsible for providing quantitative financial information that allows the City Council and all City departments to make informed decisions as to allocation of available resources. Through careful analysis of revenues and expenditures, Department staff analyzes the fiscal condition of all funds in order to develop a balanced budget. Administrative Services also discloses the City's financial condition and the results of its operations in the year-end Comprehensive Annual Financial Report. The Department provides a wide range of other fiscal services, such as investment management, revenue collection, utility billing, fixed asset management, payroll and accounts payable processing, accounting, and debt management.

The Administrative Services Department is also responsible for providing the following support services for City departments: information technology, radios, telecommunications, equipment, mailroom and document services. These services are provided on a cost-reimbursement basis to the other departments and funds.

The Administrative Services Department is administered through seven divisions: Administration, Budget, Financial Services, Revenue Services, Utility Billing, Purchasing and Information Technology.

The Administration Division directs the activities of the Administrative Services Department, including monitoring revenue, billing, collection, investments, audits, disbursement of funds; reporting on accounting and financial activities; processing City payroll; coordinating purchasing activities; and managing long-term debt.

The Budget Division is responsible for the compilation, presentation, and monitoring of the City's annual budget. Throughout the fiscal year, the Division provides assistance to City departments by analyzing and evaluating financial performance and budget projections. The Division also coordinates financial planning and management.

The Financial Services Division is responsible for recording and reporting financial transactions; reporting financial position in accordance with generally accepted accounting principles, accurate payments of employee salaries and benefits; and payments to vendors for materials and services. The Division also manages bonded indebtedness, which includes debt service payments, bondholder relations, arbitrage coordination and continuing disclosure requirements.

The Revenue Services Division is responsible for collection, enforcement and audit of Business Tax, Hotel/Motel Tax, Utility Users Tax, Improvement District assessments, and other fees and charges owed to the City. The Division is responsible for the accurate recording, receipting, control, and deposit of all monies received by City departments.

ADMINISTRATIVE SERVICES DEPARTMENT

The Utility Billing Division is responsible for providing customer service and performing billing for water, sewer, storm water, and solid waste charges for the City's 55,000 utility customers. The Division also administers the billing of City services and solid waste services for the 39,000 customers of California Water Service. The Utility Billing Division is funded by the Utilities Funds.

The Purchasing Division is responsible for the procurement of all supplies and services necessary for the operation of City departments. The Division assists with methods of procurement for projects, from evaluation to final negotiation, and purchase and manages systems for the identification and disposal of surplus property. The Division also manages the procurement and maintenance of office equipment including copiers, scanners and fax machines, manages a program to scan and store documents for all City departments, provides centralized printing and high volume reprographic service to departments, and maintains a centralized mail room where City mail is sorted and metered.

The Information Technology Division is responsible for three funds and managed by three sections: Computer, Radio, and Telecommunications. The Computer Section directs the delivery of computer purchases, repairs, replacements and services to departments and provides support for all City computer hardware, software and other technological solutions. This section also staffs a Help Desk, provides training services and network and software support, maintains internet access and the City's web page, and manages geographic information. Key business systems utilized by the City are also managed and administered here. The Radio Section manages the radio system for all departments. This section maintains, repairs, and replaces radio systems and equipment, coordinates major and minor radio system changes, and identifies future equipment and standardization requirements. The Telecommunications Section manages work office tools, such as the Voice over Internet Protocol system and cellular phones. This section issues and maintains cellular phones, negotiates contracts with vendors, and monitors usage.

KEY ISSUES

During this period of economic hardship and uncertainty, the Department will focus and support the City financial restructuring processes; review and improve organization systems; provide timely submissions of the required financial and compliance reports; plan and implement a City wide financial system; and facilitate organizational development initiatives within the department to better serve all City departments.

**Administrative Services
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Administrative Services Department					
Employee Services	\$ 1,639,886	\$ 2,103,361	\$ 2,328,541	\$ 2,957,059	\$ 2,589,548
Other Services	785,196	739,799	911,192	789,970	798,291
Materials and Supplies	50,444	42,001	50,083	48,947	48,947
Other Expenses	16,561	9,432	13,250	26,100	26,100
Total	<u>\$ 2,492,087</u>	<u>\$ 2,894,593</u>	<u>\$ 3,303,066</u>	<u>\$ 3,822,076</u>	<u>\$ 3,462,886</u>

Administration

Employee Services	172,128	160,040	174,860	560,415	511,477
Other Services	250,018	236,912	248,860	209,088	209,088
Materials and Supplies	8,235	5,556	11,500	9,500	9,500
Other Expenses	3,933	1,182	3,700	4,800	4,800
Total	<u>434,314</u>	<u>403,690</u>	<u>438,920</u>	<u>783,803</u>	<u>734,865</u>

Budget

Employee Services	200,120	153,870	209,483	349,454	301,307
Other Services	18,778	30,782	42,966	41,192	49,541
Materials and Supplies	2,711	315	3,750	4,000	4,000
Other Expenses			-	1,000	1,000
Total	<u>221,609</u>	<u>184,967</u>	<u>256,199</u>	<u>395,646</u>	<u>355,848</u>

Financial Services

Employee Services	548,574	572,562	653,398	781,046	683,075
Other Services	183,750	178,714	258,753	246,920	246,892
Materials and Supplies	14,339	17,510	8,950	13,700	13,700
Other Expenses	8,909	5,435	5,250	4,200	4,200
Total	<u>755,572</u>	<u>774,221</u>	<u>926,351</u>	<u>1,045,866</u>	<u>947,867</u>

Treasury

Employee Services	558,404	1,005,822	1,055,336	1,057,404	910,278
Other Services	249,835	212,236	264,582	213,804	213,804
Materials and Supplies	19,826	14,354	21,725	16,725	16,725
Other Expenses	1,337	1,264	2,800	12,700	12,700
Total	<u>829,402</u>	<u>1,233,676</u>	<u>1,344,443</u>	<u>1,300,633</u>	<u>1,153,507</u>

Purchasing

Employee Services	160,660	211,067	235,464	208,740	183,411
Other Services	82,815	81,155	96,031	78,966	78,966
Materials and Supplies	5,333	4,266	4,158	5,022	5,022
Other Expenses	2,382	1,551	1,500	3,400	3,400
Total	<u>251,190</u>	<u>298,039</u>	<u>337,153</u>	<u>296,128</u>	<u>270,799</u>

Human Resources
Director

- Labor negotiations
- Organizational development
- Citywide policy development

Benefits

- Benefits Administration
 - Health benefits
 - Retirement
 - Long-term disability
 - Employee leave entitlements
 - Unemployment
 - COBRA administration
 - Section 125 administration
 - Deferred compensation
 - Medicare coordination

Risk Services

- Administer City property valuation program
- Administer City workers' compensation program
- Administer self-insurance tort liability program
- Administer third party recovery program
- Administer safety/OSHA program
- Manage insurance certificates
- ADA coordinator
- City driving program/DOT
- Conduct City property inspections
- Record and analyze risk data statistics
- Manage City insurance policies
- Manage Risk policies and procedures
- Special events advisory
- OES program advisory

Workforce Planning

- Civil Service Commission
 - Agenda preparation
 - Rules formulation
- Training & organizational development
 - Staff development
 - Needs assessment
- Workforce planning
 - Recruitment/promotions
 - Classification of eligible employees
 - Pre-employment processing
 - New employee orientation
 - Student employment/ internship program
 - Job Fairs
- Employee Services
 - Maintenance of classification plan
 - Classification and equity studies
 - Employee performance evaluations
 - Employee file maintenance
 - Establish and maintain seniority lists
 - Maintenance of layoff/ reemployment lists
 - Placement assistance
- Position control
- Equal Employment Commission
 - Equal employment plan

Employee/Labor
Relations

- Employee Relations
 - Negotiations support
 - MOU administration
 - Grievance resolution
 - Disciplinary action
 - EEO/ DFEH complaints
 - Employee investigations
- Civil Service Commission
 - Agenda preparation
 - Rules formulation
 - Policy advice
 - Disciplinary appeals
- Employee transportation
 - Ride-Share program
 - Spare-the-Air program
- Temporary Agency contracts

HUMAN RESOURCES DEPARTMENT

HUMAN RESOURCES DEPARTMENT

MISSION STATEMENT

Human Resources is a cohesive, collaborative team of professionals dedicated to attracting, recruiting, hiring and developing a qualified diverse workforce. We take pride in providing quality and innovative customer driven services and programs to support organizational goals, and to create a healthy and positive work environment for City employees to deliver high quality service to the citizens of Stockton.

Budget at a Glance:

Total Expenditures	
General Fund	\$1,884,815
Benefit Programs	\$90,834,987
Total Revenues	\$93,766,254
Total Net Revenue	\$1,221,452
Total Staff	27

DEPARTMENTAL DESCRIPTION

The Human Resources Department consists of four divisions: Workforce Planning and Training, Employee/Labor Relations, Risk Management Services, and Benefits Administration.

The Workforce Planning and Training Division assists City departments with refining their organizational structures to maximize efficiency and provide equal employment opportunities, by hiring, retaining and developing a skilled, diverse and efficient workforce for the City. The City retains employees by providing training tools, and skills needed to be successful in their current jobs and for growth and development for upward mobility within the City.

The Employee/Labor Relations Division develops, negotiates, implements, and administers policies, procedures and labor agreements that support and promote workplace diversity, fairness and equality for City employees. We counsel and advise on labor relations and human resources issues, provide assistance in the timely resolution of grievances, complaints and other personnel related matters.

The Risk Management Services Division protects the City's resources by limiting liability exposure and providing cost effective risk management programs, such as safety and workers' compensation, and by recovering general fund monies from third party damages to City property.

The Benefits Administration Division assists in providing and coordinating all aspects of our employees' generous benefit compensation package. This includes, but is not limited to, health insurance, retirement services, leave entitlements, employee assistance program, section 125 flexible spending account, life insurance, and long term disability. In addition to assisting employees, staff also provides services to retirees and dependents.

KEY ISSUES

Health plans must be redesigned to provide benefit levels that attract and retain a quality workforce, protect and promote healthy living, and fall within fiscally sustainable parameters. The continuing fiscal emergency requires ongoing labor negotiations for concessions to reduce labor costs. In addition, City departments require assistance in organizational restructuring due to reduced staffing levels.

Workers' Compensation costs are above industry average, Human Resources will be conducting an audit of policies and procedures to identify ways to more effectively manage costs.

HUMAN RESOURCES DEPARTMENT

Proper funding and reserve levels need to be established for the General Liability and Workers' Compensation funds. The Department will be researching and implementing best practices for allocating premium rates to achieve appropriate funding levels.

**Human Resources
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Human Resources Department					
Employee Services	\$ 1,096,946	\$ 1,066,548	\$ 881,082	\$ 1,225,807	\$ 1,074,739
Other Services	242,455	338,610	371,850	769,834	619,746
Materials and Supplies	10,594	11,291	17,600	19,700	19,700
Other Expenses	77,300	52,293	88,000	170,630	170,630
Total	<u>\$ 1,427,295</u>	<u>\$ 1,468,742</u>	<u>\$ 1,358,532</u>	<u>\$ 2,185,971</u>	<u>\$ 1,884,815</u>
Workforce Planning					
Employee Services	543,888	479,006	415,025	597,925	523,841
Other Services	160,750	193,200	160,091	412,485	412,445
Materials and Supplies	6,855	6,877	11,100	11,700	11,700
Other Expenses	4,227	2,796	4,500	6,630	6,630
Total	<u>715,720</u>	<u>681,879</u>	<u>590,716</u>	<u>1,028,740</u>	<u>954,616</u>
Employee Relations					
Employee Services	553,058	587,542	466,057	627,882	550,898
Other Services	81,705	145,410	211,759	357,349	207,301
Materials and Supplies	3,739	4,414	6,500	8,000	8,000
Other Expenses	73,073	49,497	83,500	164,000	164,000
Total	<u>711,575</u>	<u>786,863</u>	<u>767,816</u>	<u>1,157,231</u>	<u>930,199</u>

MISSION STATEMENT

To provide for city-wide General Fund expenses not solely related to one department. Functions include: reporting, securing and providing technical assistance for grant funding from state, local and federal agencies; gang prevention and intervention; providing timely, accurate, and complete information that is readily accessible to the public, via print, web-based and broadcast mediums, about City services, events, issues and actions; responding to public inquiries and requests for public information; and reaching out to the community to encourage public participation in local government.

Budget at a Glance:

Total Expenditures	\$22,184,
Total Revenues	\$7,808,
Total Net Cost	\$14,376,
Total Staff	

DEPARTMENTAL DESCRIPTION

Non-Departmental is a funding source for functions within the City Manager's Office that have city-wide impact and are not directly attributable to any single department. Positions funded, in whole or part, through Non-Departmental, include: Channel 97, Grants Manager, Peacekeepers, and Public Information Officer. Non-Departmental funds are also used to pay for expenses and costs related to receipt of tax revenues from other agencies, general elections costs, advertising and outreach for the City of Stockton, Channel 97, coordination and oversight of Operation Peacekeeper youth outreach and gang prevention programs, contracts for legislative advocacy, and dues to the California League of Cities. Oversight of the Entertainment Venues Fund is also provided as part of the function of positions funded in this category.

Non-Departmental results are measured by grants obtained, Peacekeeper gang prevention measures implemented, successful legislative advocacy efforts, and public outreach and implementation of outreach mediums and tools.

KEY ISSUES

The economic recession, which has resulted in high foreclosure rates, high-unemployment, increased crime, reduced community resources, fewer grant and funding opportunities, reduced revenues and increased costs and the City's Fiscal Emergency Declaration, have significantly increased the need for all of the functions provided by Non-Departmental funding. Grant funding opportunities are scarce and available grants have more stringent requirements and qualifications, requiring additional time and resources for research and the application process. The need for Operation Peacekeeper gang prevention and intervention services and measures are at an all-time high, as gang violence has increased and unemployment has created stressors in the community. Community and employee engagement has increased significantly due to the City's Fiscal Emergency Declaration and reduction of City services and employees, resulting in a considerable increase in the number of requests for public records, public information and media inquiries, and the need to maximize the use of all outreach mediums to improve and expand channels of communication.

**Non-Departmental
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Total Non-Departmental					
Employee Services	\$ 418,753	\$ 442,327	\$ 520,116	\$ (340,983)	\$ (481,274)
Other Services	3,059,078	4,562,289	7,866,925	4,840,966	7,845,628
Materials and Supplies	3,281	44,760	5,354	15,125	14,931
Other Expenses	5,568,354	(493,575)	1,349,378	1,112,580	1,111,080
Capital Outlay					
Transfers	7,944,972	14,730,270	10,474,867	13,441,323	5,882,457
Total	<u>\$ 16,994,438</u>	<u>\$ 19,286,071</u>	<u>\$ 20,216,640</u>	<u>\$ 19,069,011</u>	<u>\$ 14,372,822</u>
Peacekeeper Program					
Employee Services	26,763	34,642	105,104	176,860	94,475
Other Services	64,380	21,101	21,344	55,555	60,268
Materials and Supplies	395	6,017	2,729	14,000	13,806
Other Expenses			2,878	3,200	1,700
Total	<u>91,538</u>	<u>61,760</u>	<u>132,055</u>	<u>249,615</u>	<u>170,249</u>
Tax Collection & Election					
Employee Services					
Other Services	2,029,769	2,179,810	2,170,000	2,333,250	2,333,250
Materials and Supplies					
Other Expenses	444,532	1,067,673	450,000	412,000	412,000
Total	<u>2,474,301</u>	<u>3,247,483</u>	<u>2,620,000</u>	<u>2,745,250</u>	<u>2,745,250</u>
Labor Litigation/AB506/Chapter 9 Legal					
Employee Services					
Other Services	265,002	1,835,945	5,000,000	2,000,000	5,500,000
Materials and Supplies					
Other Expenses					
AB506 Fund Carryover					(500,000)
Total	<u>265,002</u>	<u>1,835,945</u>	<u>5,000,000</u>	<u>2,000,000</u>	<u>5,000,000</u>
Other Administration					
Employee Services	391,990	407,685	415,012	(517,843)	(575,749)
Other Services	699,927	525,433	675,581	452,161	452,110
Materials and Supplies	2,886	38,743	2,625	1,125	1,125
Other Expenses	5,123,822	(1,561,248)	46,500	(1,302,620)	(1,302,620)
Capital Outlay					
Transfer	3,722,388				
Total	<u>9,941,013</u>	<u>(589,387)</u>	<u>1,139,718</u>	<u>(1,367,177)</u>	<u>(1,425,134)</u>

**Non-Departmental
General Fund - 010
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Debt Service					
Transfer Out - Debt Service - 201					
MUD Jarvis Settlement					
General Fund		1,117,337	1,112,998	1,127,032	-
Parking Bond (SEB)	777,164	785,311	774,470	836,527	836,527
Pension Obligation Bond			876,000		
PFF 2009 Bond				631,541	-
Marina Towers Settlement				312,500	-
Main Hotel Loan Payment				500,000	-
Debt Administration		250,000	250,000	142,033	142,033
Total	<u>777,164</u>	<u>2,152,648</u>	<u>3,013,468</u>	<u>3,549,633</u>	<u>978,560</u>
Program Support for Other Funds					
Transfers					
Entertainment Venues	3,187,473	2,191,299	2,441,299	2,152,000	1,737,350
Redevelopment - 330		3,875,976	3,100,000	1,319,248	1,069,248
Compensated Absences ISF		3,697,917			
Downtown Marina - 460		966,000	732,000	732,000	47,299
Administration Building - 085			235,000	2,588,442	-
Capital Improvement - 301			500,000	1,575,000	575,000
Grant Match - 025	257,947	854,112	303,100	500,000	450,000
PFF Administration - 999		480,000		25,000	25,000
Development Services - 048		512,318	150,000	1,000,000	1,000,000
Total	<u>3,445,420</u>	<u>12,577,622</u>	<u>7,461,399</u>	<u>9,891,690</u>	<u>4,903,897</u>
Contingency					
Employee Services					
Other Services					
Materials and Supplies					
Other Expenses			850,000	2,000,000	2,000,000
Transfer					
Total	<u>-</u>	<u>-</u>	<u>850,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

ENTERTAINMENT VENUES

ENTERTAINMENT VENUES FUND (086)

History

- This fund maintains and finances the four facilities managed by SMG: Arena, Ballpark, Oak Park Ice Arena, and Bob Hope Theatre.
- This fund also includes Administrative overhead for Budget support and payment of Possessory Interest Tax for 7th Inning Stretch according to Contract.
- SMG provides both an annual operating budget and Capital Improvement Budget in the Annual Business Plan.
- The City funds activities in the venues (net of revenue from events) by a quarterly cash flow wire based on a combination of actual YTD performance in the PL statement and projected revenue calculation looking forward.
- Entertainment Venues have historically required a high level of subsidy (IFG-Stockton required more than \$5 million one year). SMG business practices are reducing annual subsidy requirements. The FY 2012-2013 subsidy is budgeted at \$2.3 million, excluding City overhead expenditures of about \$100,000.

2011-12 Events

- The City transferred Suite Deposits to SMG to manage directly.
- The City took over a large Bad Debt allowance from IFG at termination.
- Through March 2012, there were more than 300 events with direct impacts to hotel occupancy rates, local tax revenue, and downtown restaurants and bars.
- SMG provides 22 full time jobs, 300 part time jobs, and 400 jobs through contractors and teams who directly support the venues.
- The Bob Hope Theatre may break even for the first time in many years of operation.
- SMG was appropriated \$350,000 for emergency repairs in a Capital Improvement fund. That fund was swept in the February 28, 2012 fiscal emergency action, and only \$113,000 in emergency expenditures were completed. The lack of funding for deferred maintenance and repairs will put the venues at risk for emergency repairs which could impact event days.

2012-13 Budget Issues and Changes

- SMG Venues will require \$400,000 less subsidy in FY 2012-2013. The ability to control subsidy is impacted by “better than industry standard” team leases that allocate more revenue and less expenditures to Teams operating at the Arena and Ballpark. This subsidy level could be substantially reduced if the teams would agree to work on lease terms that would sustain both City and team interests
- SMG projects there is more than \$800,000 in outstanding and urgent repairs and maintenance needs in the venues in the coming fiscal year.

**Administration and Support
Entertainment Venues - 086
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ 2,451,751	\$ 359,913	\$ 359,799
Revenues				
Operations:				
Stockton Arena	\$ 3,093,107	2,990,093	3,174,874	3,689,820
Bob Hope Theatre	413,875	493,108	444,829	450,579
Oak Park Ice Arena	375,558	363,599	401,050	435,000
Ballpark	181,083	193,212	195,000	195,000
Other Revenue				
	<u>4,063,623</u>	<u>4,040,012</u>	<u>4,215,753</u>	<u>4,770,399</u>
Expenditures				
Operations:				
Stockton Arena	4,548,125	4,824,339	4,376,671	4,717,048
Bob Hope Theatre	844,998	765,967	877,753	847,320
Oak Park Ice Arena	400,985	422,547	606,841	551,345
Ballpark	563,834	653,483	664,787	595,022
Administration	97,834	41,796	131,114	180,330
Buy-out of operator/transition costs		2,449,728		
	<u>6,455,776</u>	<u>9,157,860</u>	<u>6,657,166</u>	<u>6,891,065</u>
Transfers				
Transfer In - General Fund	3,187,473	2,191,299	2,441,299	2,107,350
Transfer In - Other	1,300,000	1,000,000		13,962
Transfer Out		(570,000)		
	<u>4,487,473</u>	<u>2,621,299</u>	<u>2,441,299</u>	<u>2,121,312</u>
Net Annual Activity	<u>2,095,320</u>	<u>(2,496,549)</u>	<u>(114)</u>	<u>646</u>
Ending Available Balance		\$ <u>(44,798)</u>	\$ <u>359,799</u>	\$ <u>360,445</u>
Available Balance Calculation				
Current Assets		\$ 950,262		
Current Liabilities		<u>(590,349)</u>		
Ending Available Balance		<u>\$ 359,913</u>		

Administration and Support
San Joaquin Area Flood Control Agency - 020
2012-13 Adopted Budget

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 Unaudited <u>Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 Adopted <u>Pendency</u>
Beginning Available Balance	\$ -	\$ -	\$ -	\$ -
Revenues				
Flood Agency Reimbursement	\$ 847,440	865,702	883,666	820,765
	<u>847,440</u>	<u>865,702</u>	<u>883,666</u>	<u>820,765</u>
Expenditures				
Employee Services	717,563	762,741	797,714	740,969
Insurance premiums	10,344	12,741	16,638	21,141
Internal Service Fund Charges	33,059	46,635	30,858	18,265
Maintenance and Repair	104	4,315	3,100	4,500
Materials and supplies	2,767	4,094	2,500	4,000
Indirect Cost Allocation	81,300	32,009	27,291	27,291
All other expenses	2,303	3,167	5,565	4,599
	<u>847,440</u>	<u>865,702</u>	<u>883,666</u>	<u>820,765</u>
Net Annual Activity	-	-	-	-
Ending Available Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available Balance Calculation				
Current Assets				
Current Liabilities				
Ending Available Balance		<u>\$ -</u>		

**Other Special Programs
Wagner - General Special Revenue - 627
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 68,561	\$ 69,631	\$ 54,719	\$ 52,769
Revenues				
Program Revenue				
Donations				
Other Revenue	2,570	1,763	1,050	1,500
	<u>2,570</u>	<u>1,763</u>	<u>1,050</u>	<u>1,500</u>
Expenditures				
Program Expenses	1,500	1,500	3,000	3,000
	<u>1,500</u>	<u>1,500</u>	<u>3,000</u>	<u>3,000</u>
Transfers				
Transfer In				
Transfer Out - Grant Fund - 020				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>1,070</u>	<u>263</u>	<u>(1,950)</u>	<u>(1,500)</u>
Ending Available Balance	<u>\$ 69,631</u>	<u>\$ 69,894</u>	<u>\$ 52,769</u>	<u>\$ 51,269</u>
Available Balance Calculation				
Current assets		\$ 69,894		
Principal endowment		(15,175)		
Ending Available Balance		<u>\$ 54,719</u>		

**Other Special Programs
General Special Revenue - 642
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance	\$ 20,743	\$ 27,610	\$ 38,648	\$ 38,827
Revenues				
Program Revenue				
Donations	11,005	10,003	131,400	1,868
Other Revenue	91,493	92,279	292,779	92,279
	<u>102,498</u>	<u>102,282</u>	<u>424,179</u>	<u>94,147</u>
Expenditures				
Program Expenses	95,631	91,244	424,000	97,279
	<u>95,631</u>	<u>91,244</u>	<u>424,000</u>	<u>97,279</u>
Transfers				
Transfer In				
Transfer Out - Grant Fund - 020	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>6,867</u>	<u>11,038</u>	<u>179</u>	<u>(3,132)</u>
Ending Available Balance	<u>\$ 27,610</u>	<u>\$ 38,648</u>	<u>\$ 38,827</u>	<u>\$ 35,695</u>
Available Balance Calculation				
Current assets		\$ 38,897		
Current liabilities		(250)		
Ending Available Balance		<u>\$ 38,647</u>		

CITY DEBT SERVICE FUNDS

Debt Service Funds are used to administer the City's General Government and Assessment District debt obligations.

Budget at a Glance:

City Debt Service Fund	\$ 8,119,247
CFD & Assessment Districts	\$ 18,399,839
Administration	<u>\$ 742,459</u>
Total Expenditures	\$27,261,545
Total Revenues	\$27,261,545
Total Net Cost	\$0

GENERAL FUND OBLIGATIONS

The City's General Fund secures the following series of bonds and other debt obligations that are administered in the City's Debt Service Fund:

Certificates of Participation 2003 A & B – Redevelopment Housing Program

Certificates of Participation (COP) Series 2003 A & B were issued in the amount of \$13,300,000 in June, 2003. The COPs were issued to finance redevelopment housing projects. Repayment of the COPs is financed by a transfer from the Redevelopment Agency housing set-aside funds. Additional funding is available in fiscal year 2012-13 from a working capital conversion completed in fiscal year 2011-2012. The annual budget for the COPs is \$992,670.

Lease Revenue Bonds 2006 Series A – Stewart/Eberhardt Building

The 2006 Lease Revenue Refunding Bonds Series A were issued in the amount of \$13,965,000 in March, 2006. The Bonds were issued to finance the acquisition and construction of the Essential Services Building (the Stewart/Eberhardt Building) and an adjacent parking facility. The sources for repayment are the Central Parking District Fund and the Public Facilities Fee Fund (Police Stations). The annual budget for the bonds is \$910,113.

Lease Revenue Bonds 2007 Series A & B – City Administration Building

The 2007 Variable Rate Demand Lease Revenue Bonds, Series A & B were issued in the amount of \$40,770,000 in November, 2007. The bonds were issued to provide funds to finance the acquisition of an office building and parking garage located at 400 E. Main in downtown Stockton, which is planned to be converted into the City Administration Building. The annual debt service for the bonds is projected to be \$2,672,344. The General Fund appropriation for this debt service payment was eliminated in the Pendency Plan.

2009 Lease Revenue Bonds Series A – (Public Facilities Fees)

The 2009 Lease Revenue Bonds Series A were issued in the amount of \$35,080,000 in September, 2009. The Bonds were issued to finance various capital improvements located throughout the City. The sources for repayment are development impact fees collected to finance the construction of Fire Stations, Police Stations, Parklands and Street Improvements. The annual debt service for the bonds is \$2,417,088. The General Fund appropriation for this debt service payment was eliminated in the Pendency Plan.

Howard-Jarvis Settlement

In October, 2006 a lawsuit (*Howard Jarvis Taxpayers Assoc., et al. v. City of Stockton*) was filed contending that transfers of fees levied on water, wastewater and stormwater utilities violated Proposition 218 on the grounds that the transfers caused utility fees to be used for purposes

DEBT

other than providing the utility services for which the fees were charged. A settlement agreement reached in March, 2009 required the City's General Fund and Capital Improvement Fund to repay over a thirty year period \$15,798,000 in principal plus \$3,580,000 in accrued interest, for a total estimate of \$19,378,000. Annual payments are \$1,127,032 based on the settlement documents. The General Fund appropriation for this payment was eliminated in the Pendency Plan.

COMMUNITY FACILITIES DISTRICTS AND ASSESSMENT DISTRICTS

Approximately 24 Special Districts have been formed to facilitate the issuance of bonds to finance improvements throughout the City. The types of improvements that have been financed include subdivision improvements, street lights, and parks. Assessments are levied and added to the tax rolls on properties within the Districts. These assessments provide the source of payment on the bonds. The annual budget for the bonds is \$18,399,839.

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OTHER FUNDS (*NOT INCLUDED IN THE GENERAL FUND BUDGET AT A GLANCE)

The following obligations are reported as "Memorandum Only" in this Debt Service section of the Budget and are presented for informational purposes. Debt Service related to these obligations is reported within the appropriate programs.

Water Debt Service (see page K-8)

Federal Drought Relief Act Loan

In August 1977, the City accepted a Federal Drought Relief Act Loan in the amount of \$1,834,000 to finance drought relief projects for the Water Utility Enterprise Fund. Repayment of the loan is financed from net revenues pledged by the Water Utility Fund. The annual budget for the loan is \$95,342.

Revenue Bonds, Series 2002A

The 2002 Series A Bonds were issued in the amount of \$14,280,000 in April, 2002, as part of the City's participation in the California Statewide Community Development Authority (CSCDA) Water and Wastewater Revenue Bond (Pooled Financing Program). The bonds were issued to refinance prior water system expansion bonds. Repayment of the bonds is financed from net revenues pledged by the Water Utility Fund. The annual budget for the bonds is \$1,111,588.

Revenue Bonds, Series 2005 A

The 2005 Water Revenue Bonds were issued in the amount of \$24,230,000 in November, 2005. The bonds were issued to finance various water system capital improvement projects. Repayment of the bonds is financed from net revenues pledged by the Water Utility Fund. The annual budget for the bonds is \$1,150,313.

Revenue Bonds, 2009 Series A & B

The 2009 Water Revenue Bonds Series A & B were issued in the amount of \$173,125,000 in August, 2009. The bonds were issued for the design and construction of the first phase of the Delta Water Supply Project. Repayment of the bonds is financed from net revenues pledged by the Water Utility Fund. The annual budget for the bonds is \$15,736,838.

Revenue Bonds, 2010 Variable Rate

The 2010 Revenue Bonds were issued in the amount of \$55,000,000 in October, 2010. The bonds were issued to provide financing to complete the Delta water Supply Project. . Repayment of the bonds is financed from net revenues pledged by the Water Utility Fund. The annual budget for the bonds is \$1,690,240.

Wastewater Debt Service (see page K-9)

Certificates of Participation, Series 1998 Series A

The 1998 Certificates of Participation (COPs) were issued in the amount of \$101,650,000 in February 1998. They COPs were issued to finance the design and construction of a sewer interceptor, to make improvements and modifications to the southern industrial sewer trunk line, and to refund the 1995 COP issue that financed the design, improvements and modifications to the regional wastewater control facilities. Repayment of the COPs is financed from net

DEBT

revenues pledged by the Wastewater Utility Fund. The annual budget for the COPs is \$6,371,968.

Certificates of Participation, Refunding 2003 Series A

The 2003 Certificates of Participation (COPs) were issued in the amount of \$14,135,000 in May, 2003. The COPs were issued to advance refund the 1993 COPs which had financed various Wastewater System Improvements. Repayment of the COPs is financed from net revenues pledged by the Wastewater Utility Fund. The annual budget for the COPs is \$1,005,120.

Internal Service Debt Service

Pension Obligation Bonds 2007 Series A & B (see page O-29)

The 2007 Taxable Pension Obligation Bonds (POB), Series A & B were issued in the amount of \$125,310,000 in March, 2007. The POBs were issued to refinance a portion of the City's unfunded actuarial liability with respect to retirement benefits accruing to its members of the California Public Employees' Retirement System. The annual budget for the bonds is \$7,712,550.

Capital Lease - Fire Vehicles (see page O-8)

On April 17, 2007 The City Council approved the execution of a Master Equipment/Lease Agreement with Banc of America Leasing and Capital, LLC to provide a tax-exempt financing mechanism and established the underlying financing tool for designated capital projects. The City authorized the purchase of an aerial fire truck and water rescue vehicle for the Fire Department amounting to \$1,000,000. The annual budget for the lease is \$88,524.

Capital Lease – Information Technology Equipment (see page O-13)

On June 24, 2008 The City Council approved the execution of a tax exempt lease through Key Government Finance in the amount of \$2,430,632 to implement a Citywide Unified Communication Environment. The sources for repayment are Internal Service fund charges made on departments using the phone system. The annual budget for the lease is \$325,000.

Other Debt Service (see page N-15)

Capital Lease - Civic Auditorium HVAC (see N-15)

On December 15, 2009 the City Council approved the execution of a Lease Purchase Agreement with Wells Fargo Securities, LLC to provide financing for the replacement of the Heating, Ventilation and Air Conditioning (HVAC) system for the Stockton Memorial Civic Auditorium. The lease is in the amount of \$1,930,000 and the sources for repayment are savings from reductions in utility costs to operate the HVAC system and from the Capital Improvement Project fund of the City. The annual budget for the lease is \$248,781.

Department of Boating and Waterways Loan – Marina Planning and Construction (see page J-32)

On March 17, 1997, the Redevelopment Agency entered into an agreement with the California Department of Boating and Waterways (DBAW) for financing related to the planning of a small craft harbor facility. Once planning was complete, in May of 2000, an application was made for a construction loan to develop the facility. Overall indebtedness for both loans is \$11,056,641 and the sources for repayment are the Merged Waterfront Redevelopment Area (Planning Loan) and transfers from the General Fund to support the Harbor Facility operations fund during the ramp up phase to full operations. The annual debt service for the construction loan is \$684,701.

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The General Fund appropriation for this debt service payment was eliminated in the Pendency Plan.

Loan Payable San Joaquin Council Governments Loan #1 and 2 (see page G-13)

In 2009 the City entered into a loan agreement with the San Joaquin Council of Governments (SJCOG) for an advance of future Measure K maintenance funds in the amount of \$6,543,238 to expand the City's street maintenance program and to complete preliminary design work on a freeway interchange at I-5 and Otto Drive. The sources for repayments are the Measure K Revenues. The annual budget for the loans is \$1,277,247.

Section 108 Loans (see page J-11)

The City has entered into four Section 108 loan guarantee agreements with the U.S. Department of Housing and Urban Development (HUD) to complete redevelopment projects. Repayment of the loans will be financed from Community Development Block Grant entitlement funds. The annual budget for the loans is \$2,207,670.

**City Debt Service Funds
2012-13 Adopted Budget**

	<u>Debt and Cash Administration 201</u>	<u>Certificates of Participation Series 2003 A & B 201</u>	<u>Lease Revenue 2006 Series A 201</u>	<u>Lease Revenue 2007 Series A & B 201</u>
Date Issued		6/27/2003	4/6/2006	3/26/2007
Purpose		<u>Affordable Housing Program</u>	<u>Parking and Stewart/Eberhardt Building</u>	<u>City Administration Building 400 Main*</u>
Revenues				
Charges for Services				
Sales Tax				
Build America Bonds				
Tax Increment				
Interfund Charges	600,426			
Interest				
Other Revenue				
Assessments				
	<u>600,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Principal		\$ 345,000	\$ 400,000	\$ 155,000
Interest		645,170	507,494	2,517,344
Operating Expenses	160,800	2,500	2,619	-
Capital Projects				
Administrative Costs	581,659			
	<u>742,459</u>	<u>992,670</u>	<u>910,113</u>	<u>2,672,344</u>
Transfers				
Transfer In				
General Fund	142,033			
Other Funds		992,670	910,113	2,672,344 *
Transfer Out				
General Fund				
Other Funds				
	<u>142,033</u>	<u>992,670</u>	<u>910,113</u>	<u>2,672,344</u>
Net Annual Activity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* The 2012-13 Pendency Plan adopted by Council on June 26, 2012 eliminated the appropriation for the General Fund share of debt service on the 2007 Variable Rate Debt Lease Revenue Bonds relating to 400 E. Main building, the 2009 Lease Revenue Bond relating to Public Facility Fee Program and repayment to Municipal Utility funds pursuant to the Jarvis Taxpayers Association judgment. Changes to the Debt Service Fund budget will be brought forward at subsequent time to reflect the current situation.

**City Debt Service Funds, Continued
2012-13 Adopted Budget**

	<u>Lease Revenue SPFA A 2009 Series A 201 8/20/2009</u>	<u>Howard-Jarvis Settlement Water/ Wastewater 201</u>	<u>City Debt Service Fund 201 Subtotal</u>	<u>CFD and 1915 Act Debt Service 250/701 Subtotal Various</u>	<u>Total</u>
Date Issued					
Purpose	<u>Public Facilities Fee Program *</u>	<u>General Fund Obligation to Utility Funds *</u>		<u>Assessment Districts</u>	
Revenues					
Charges for Services					
Sales Tax					
Build America Bonds					
Tax Increment					
Interfund Charges			\$ 600,426		\$ 600,426
Interest					
Other Revenue					
Assessments				18,399,839	18,399,839
	<u>-</u>	<u>-</u>	<u>600,426</u>	<u>18,399,839</u>	<u>19,000,265</u>
			-		-
Expenditures					
Principal		375,840	1,275,840	11,520,000	12,795,840
Interest	2,415,838	751,192	6,837,038	6,279,413	13,116,451
Operating Expenses	1,250		167,169	160,800	327,969
Capital Projects					
Administrative Costs			581,659	439,626	1,021,285
	<u>2,417,088</u>	<u>1,127,032</u>	<u>8,861,706</u>	<u>18,399,839</u>	<u>27,261,545</u>
Transfers					
Transfer In					-
General Fund		1,127,032 *	1,269,065		1,269,065
Other Funds	2,417,088 *		6,992,215		6,992,215
Transfer Out					-
General Fund					-
Other Funds					-
	<u>2,417,088</u>	<u>1,127,032</u>	<u>8,261,280</u>	<u>-</u>	<u>8,261,280</u>
			-		-
Net Annual Activity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			-		-
				Revenues	\$ 19,000,265
				Transfers	8,261,280
				Total Sources	<u>\$ 27,261,545</u>
				Expenditures	\$ 27,261,545
				Transfers	
				Total Appropriations	<u>\$ 27,261,545</u>

CAPITAL IMPROVEMENT PROGRAM

MISSION STATEMENT

The Capital Improvement Program (CIP) is a five-year plan of the public projects necessary to maintain and improve the public works of the City and the orderly implementation of the Stockton General Plan. The public works include buildings, parks, golf courses, utilities, and transportation system.

Budget at a Glance:

Total Expenditures	\$11,845,511
Total Revenues	\$11,865,357
Total Net	\$19,846

PROGRAM DESCRIPTION

The projects listed in the accompanying five-year CIP project list have an estimated individual cost of over \$50,000 and provide long-term assets to the community. Budgeted costs include design, construction, equipment and land purchases, and project administration of new, improved or replacement infrastructure. The costs identified in the first year of the program are appropriated as a part of the operating and capital budget process. Each year, the five-year plan is reviewed in view of the City's needs, priorities, and available funds, and revised as necessary.

KEY ISSUES

Capital Improvement Highlights

The Capital Improvement Program (CIP) is a five-year plan of the public projects necessary to maintain and improve the public works of the City and the orderly implementation of the Stockton General Plan. The public works include buildings, parks, golf courses, utilities, and transportation system. The projects listed in the CIP have an estimated cost over \$50,000 and provide long-term assets to the community. Budgeted costs include design, construction, equipment and land purchases, and project administration of new, improved or replacement infrastructure. The costs identified in the first year of the program are appropriated as a part of the operating and capital budget process. The projects and costs identified in years 2 through 5 of the program are intended to illustrate priorities and the magnitude of funding needed. For these outer year projects to be constructed, funding sources will have to be identified.

Each year, the five-year program is reviewed in view of the City's needs, priorities, and available funds, and revised as necessary. A long-term Capital Improvement Program provides a number of benefits:

- It focuses attention on community goals, needs and capabilities for the best use of public expenditures, and establishes a long-term plan for future needs.
- It prioritizes needs and establishes an orderly basis for sound budget decisions.
- It improves the City's chances of obtaining State and Federal financing assistance.
- It encourages coordination of projects among city staff and other public agencies and reduces scheduling problems. In addition, it permits private enterprise to relate their projects to the City program.

CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program Process

To identify capital program needs, Public Works staff worked with city departments, other agencies (such as the Council of Governments and the Regional Transit District) and members of the community to identify potential projects. Based on this input, Public Works staff developed a list of proposed projects, along with cost estimates and priorities. In addition, Public Works staff worked with Administrative Services staff to identify revenue projections for funding capital projects. These funding sources include the General Fund, Public Facilities Fees, Measure K, Enterprise Funds, etc.

The City Manager's Office reviews the projects in terms of Council and City priorities, and available funding. The recommended Capital Improvement Program is submitted to the City Planning Commission to review for conformance with the General Plan, and to the City Council for review and possible adoption. The City Council reviews the capital projects, makes revisions if applicable, and adopts a resolution appropriating the first year funding of the approved five-year plan.

FY2012/13 through FY 2016/17 Capital Improvement Program Highlights

The FY2012/13 through FY2016/17 CIP proposes a list of projects with a total value of \$695,770,000. However, of this amount only \$575,000 or 0.08% is funding from the General Fund and \$490,690,000 is for projects with no funding source. In other words, improvements that is needed but cannot be funded at this time.

Of the five years in the CIP, the only financially constrained year is the first year, FY 2012/13, which means that there is funding available for the \$20,361,552 in proposed improvements. However, \$19,786,000 of the funding available is from restricted sources dedicated to transportation, utilities, and library.

The proposed projects are grouped into three categories: General Government, Transportation, and Utilities. The following provides highlights of the proposed projects in each of these categories. In addition, this program includes a listing of unfunded projects. This information is being provided to more fully detail the improvements that are needed but cannot be built because of ongoing financial constraints. This list of unfunded projects is not comprehensive and does not capture the extent of all the deferred maintenance for city facilities and infrastructure. While not a complete list of deferred maintenance, the following is being provided to put this significant issue into context and illustrate the magnitude of the cost.

- Urban Forest: \$3.1M is needed to bring the forest up to an acceptable standard. While an additional \$3.5M is needed annually to provide proper maintenance.
- Roadway pavement: \$10M per year is needed to maintain pavement in its current condition. The proposed program allocates only \$2M per year.
- Park: \$12M is needed for play areas, park furnishings, irrigation systems, buildings, courts, ball fields, and flatwork. However, no funding is available to address these issues in the proposed program.
- City Hall: The proposed program includes a \$7M project to repair the roof, replace the HVAC system, and update interior finishes. For a complete renovation, the cost is likely double that amount (\$14M). However, no funding is available in the proposed program for any of this work.

CAPITAL IMPROVEMENT PROGRAM

- Other Facilities: \$6M+ is needed to catch up on maintenance of other City Facilities, however, no funding is available in the proposed program.
- Roofs: \$7M is needed to catch up, but no funding is available.

General Government

This category includes improvements associated with Police, Fire, Parks, Golf Courses, Libraries, and buildings. Improvements are funded through the General Fund as well as other dedicated funding sources such as Public Facility Fees.

The General Fund allocation for capital projects has been greatly reduced in the proposed program. In fact, only \$575,000 is available in FY12/13 and there's no projects identified in any of the successive years of the five year program. Therefore, minimal maintenance projects are included in the CIP budget. These projects include miscellaneous emergency maintenance, roof repairs, HVAC upgrades/replacements, hazardous material abatement, and improvements to comply with Americans with Disability Act requirements.

Transportation

Improvements to the transportation system are funded from non-General Fund sources that are dedicated to transportation projects. These sources include State and Federal grants, Public Facilities Fees, and Measure K.

The transportation projects included in the CIP represent a continuing effort to improve traffic flow, safety, and personal mobility, reduce air pollution, promote and facilitate economic development and promote use of alternate transportation modes, and preserve the transportation infrastructure. Projects are drawn from many sources, including the Stockton Street Improvement Plan, the Circulation Element of the General Plan, and various planning documents of the San Joaquin Council of Governments.

This portion of the program has been able to consistently generate significant amounts of grant funds. In fact, Public Works currently has over 70 active capital projects with a total value of over \$900M of which \$290M is from competitive grant sources. Based on this success, the proposed program includes an aggressive list of transportation projects the either have grant funding or will be seeking grant funding to facilitate design and construction of the needed improvements.

In general, the transportation projects in the CIP include improvements to traffic signals, expansion of Bus Rapid Transit, safety upgrades at existing at-grade railroad crossings, maintenance of bridges and pavement throughout the city, the construction of Phase 4 of the Airport Way Beautification Project, pedestrian improvements adjacent to Harrison Elementary School to protect children, the construction of the French Camp/I-5 interchange modifications, continuation of the Traffic Calming Program, and installation of an adaptive traffic control system on Wilson Way that will monitor traffic volumes and automatically adjust signal timing.

CAPITAL IMPROVEMENT PROGRAM

Utilities

Improvements to the City's water, wastewater, and stormwater systems are funded from non-General Fund sources that are dedicated to utility maintenance and improvements. These sources include utility user fees and Public Facilities Fees.

Associated with the Delta Water Supply Project, the Department of Municipal Utilities is budgeting most new project funds from the Water Enterprise for conversions of the disinfection systems at the water wells and Stockton East Water District's water supplies in the north system. For the Wastewater Enterprise, funds are budgeted for pump station and pipeline rehabilitation and replacements, as well as, design and environmental clearances for wastewater treatment plant rehabilitation and upgrades.

No projects have been budgeted in the Stormwater Enterprise because of a lack of funding.

Basis of Capital Revenue Projections

To determine the funds available for Capital Projects, the City considers the following:

- Analysis of all funds and adjustment for historical and year-to-date trends.
- Calculation of the interest on project and account balances where appropriate.
- Projection of user fee revenues in the Wastewater, Water, and Storm funds based on current rates.
- Projection of Public Facilities Fees revenues based on current fees and development projections.

Capital Improvement Program Funding Sources

City Funds

Capital Improvement Fund: The Capital Improvement Fund is unrestricted and can be used for any project designated by the City Council. The resources in this fund come from transfers from the City's General Fund, reimbursements for specific projects, and interest earnings.

Library Fund: This fund receives a transfer from the City's General Fund for the City's portion of Library costs and a portion of County property tax revenues are received from the County to support the remaining portion of Library costs.

Federal/State Funds

Community Development Block Grants: These are funds made available through the appropriation bill at the Federal level, which provide the states and cities with monies for community development.

Federal/State Grants: These funds are made available through an extensive application process that is usually initiated by City staff. Most grants require some kind of fund match from the city. Grant funds are appropriated when grant agreements are executed.

Transportation Development Act (TDA): These funds are derived from the statewide sales tax and are returned to each County for public transit and bicycle/pedestrian purposes. TDA funds may also be used for roads and streets. However, Stockton's allocation is currently limited to transit operations and pedestrian/bike path projects included in the Sidewalk and Wheelchair Ramp Repair project.

CAPITAL IMPROVEMENT PROGRAM

Sales Tax Measure K

Measure K: In 2006, voters approved a 30 year extension. These funds are earmarked for; Local Street Repairs and Roadway Safety (35%), Congestion Relief projects (32.5%), Railroad Crossing Safety projects (2.5%), and Passenger Rail, Bus and Bicycles (30%) which includes dedicated funding for bus rapid transit and safe routes to schools.

City Enterprise Funds

Wastewater Revenue: These funds are from user fees (rates) established by City Council.

Water Revenue: These funds are from user fees (rates) established by City Council.

Storm Water Revenue: These funds are from user fees (rates) established by City Council.

Golf Fund: These funds are from user fees for the Swenson Park Golf Course and the Van Buskirk Golf Course.

Public Facility Fees

Public Facilities Fees: These fees are collected through the building permit process from new development projects. This provides funds for new or expanded facilities necessary as a result of growth and development. Public Facility Fees include street improvements, community recreation centers, city office space, fire stations, libraries, police stations, traffic signals, park site, street tree, air quality, water connection, and wastewater connection.

Other Revenue

Landscape Maintenance District: These funds come from the Stockton Consolidated Landscape Maintenance Assessment District No. 96-2.



Summary by Program
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)

	Carryover Balance June 2011	2011-12 Adopted	Canceled/ Adjusted Projects	2012-13 Proposed Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected
Summary by Program								
General Government and Grants								
Buildings	3,906	150	(714)	575	1,692	1,842	2,270	7,681
Police	97	66	(52)	-	877	325	2,731	-
Fire	-	-	-	-	452	232	-	500
Parks	3,406	32	-	-	1,300	-	-	55
Public Works - Parks & Trees	-	-	-	-	3,533	427	2,152	17,543
Golf	322	100	(32)	-	324	3,439	-	2,408
Library	7,510	783	-	250	50	50	50	50
Redevelopment	-	-	-	-	65	727	-	-
	<u>15,241</u>	<u>1,131</u>	<u>(798)</u>	<u>825</u>	<u>8,293</u>	<u>7,042</u>	<u>7,203</u>	<u>28,237</u>
Transportation	154,097	43,451	-	8,796	35,680	71,026	94,445	250,507
Utilities	88,231	16,866	-	10,740	31,313	122,443	7,813	11,407
Total CIP Program	<u>257,569</u>	<u>61,448</u>	<u>(798)</u>	<u>20,361</u>	<u>75,286</u>	<u>200,511</u>	<u>109,461</u>	<u>290,151</u>
Funded	257,569	61,448	(798)	20,361	37,775	127,105	10,086	9,753
Unfunded	-	-	-	-	37,511	73,406	99,375	280,398
Total	<u>257,569</u>	<u>61,448</u>	<u>(798)</u>	<u>20,361</u>	<u>75,286</u>	<u>200,511</u>	<u>109,461</u>	<u>290,151</u>

Project Totals by Fund
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)

		Carryover		Canceled/	2012-13				
	Fund	Balance	2011-12	Adjusted	Proposed	2013-14	2014-15	2015-16	2016-17
		June 2011	Adopted	Projects	Budget	Projected	Projected	Projected	Projected
Summary by Fund									
General Government and Grants									
Capital Fund	301	2,684	316	(798)	575	-	-	-	-
Public Art Fund	306	396	-	-	-	-	-	-	-
Grant Funding/Other Reimbursements	304	70,695	3,888	-	3,227	4,979	-	-	-
Landscape Maintenance District	72	-	32	-	-	-	-	-	-
Library	41	2,344	533	-	-	-	-	-	-
Measure K Renewal	80	45,222	36,501	-	143	-	1,900	-	-
Measure K Maintenance	82	-	774	-	1,028	1,135	1,594	844	844
SAFETEA-LU	38	10,414	1,580	-	3,987	1,880	1,880	1,880	1,880
Transportation Development Act	34	-	160	-	184	184	184	184	184
		<u>131,755</u>	<u>43,784</u>	<u>(798)</u>	<u>9,144</u>	<u>8,178</u>	<u>5,558</u>	<u>2,908</u>	<u>2,908</u>
Public Facilities Fees									
Air Quality	990	1,097	311	-	-	-	-	-	-
Fire	940	-	-	-	-	-	-	-	-
Library	950	5,166	250	-	250	-	-	-	-
Parkland	970	2,991	-	-	-	-	-	-	-
Office Space	930	223	-	-	-	-	-	-	-
Police	960	424	-	-	-	-	-	-	-
Regional Streets	917	1,687	-	-	-	-	-	-	-
Street Fees	910-915	25,172	-	-	-	-	-	-	-
Street Trees	978	295	-	-	-	-	-	-	-
Street Signs	979	59	-	-	-	-	-	-	-
Street Lights	980-985	404	-	-	-	-	-	-	-
Traffic Signals	900-904	65	237	-	227	-	-	-	-
		<u>37,583</u>	<u>798</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Utilities									
Water	423-427	63,664	8,051	-	2,901	1,454	1,127	663	2,831
Wastewater	434-437	23,995	8,815	-	7,840	26,667	118,301	6,049	3,903
Stromwater	441	572	-	-	-	1,476	2,119	466	111
		<u>88,231</u>	<u>16,866</u>	<u>-</u>	<u>10,740</u>	<u>29,597</u>	<u>121,547</u>	<u>7,178</u>	<u>6,845</u>
Unfunded									
Buildings / City Property / Others	Unfunded	-	-	-	-	1,692	1,842	2,270	7,681
Fire	Unfunded	-	-	-	-	452	232	-	500
Parks	Unfunded	-	-	-	-	1,300	-	-	55
Police	Unfunded	-	-	-	-	877	325	2,731	-
Public Works - Parks & Trees	Unfunded	-	-	-	-	3,533	427	2,152	17,543
Golf	Unfunded	-	-	-	-	324	3,439	-	2,408
Library	Unfunded	-	-	-	-	50	50	50	50
Redevelopment	Unfunded	-	-	-	-	65	727	-	-
Transportation	Unfunded	-	-	-	-	27,502	65,468	91,537	247,599
Utilities	Unfunded	-	-	-	-	1,716	896	635	4,562
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,511</u>	<u>73,406</u>	<u>99,375</u>	<u>280,398</u>
Total CIP Program		<u>257,569</u>	<u>61,448</u>	<u>(798)</u>	<u>20,361</u>	<u>75,286</u>	<u>200,511</u>	<u>109,461</u>	<u>290,151</u>
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Total		<u>257,569</u>	<u>61,448</u>	<u>(798)</u>	<u>20,361</u>	<u>75,286</u>	<u>200,511</u>	<u>109,461</u>	<u>290,151</u>

**Project Listing
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)**

Project Page Number	Project Number	Fund	Carryover Balance June 2011	2011-12 Adopted	Canceled/ Adjusted Projects	2012-13 Adopted Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected
General Government Program										
Buildings /City Property / Others										
<u>Capital Fund</u>										
	Asbestos Removal-City Buildings	P-7 7002	301	131	(109)	50				
	General Emergency Maintenance Citywide	P-6 7011	301	146	50	(77)	50			
	ADA Compliance Program	P-1 7022	301	142	(73)	50				
	Fox Theater Renovation	7027	301	5						
	Electrical Power Upgrade	7035	301	69	(69)					
	HVAC Upgrades and Replacements	P-8 7036	301	63	(36)	75				
	O&M Electrical Shop	7052	301	64	(64)					
	Green Lease Main PD Equip.	7057	301	383						
	MLK Blvd. Underpass Chair Ramp	7060	301	96	(91)					
	Roof Management Program	P-9 7087	301	543	(19)	82				
	Downtown Acquisitions/Demo	7102	301	(66)	66					
	Fire Station Repairs	7103	301	84						
	Philomathean Club Renovation	7517	301	34						
	Riverfront Park Improvements	7807	301	12	100					
	Miracle Mile Parking Lots	7909	301	193						
	Event Center	9811	301	366	(242)					
	Wilson Way Underpass ADA Ramp Installation	P-105 0000	301			268				
				2,265	150	(714)	575	-	-	-
<u>Federal American Recovery and Reinvestment Act (ARRA)</u>										
	EECBG-Energy Efficient Buildings	8608	304	829						
	EECBG-Recycle Multi-Family	8609	304	64						
	EECBG-Recycle Multi-Family	8610	304	92						
	EECBG-Fin Internal Control	8612	304	9						
				994	-	-	-	-	-	-
<u>Public Facilities Fees - City Office Space</u>										
	SEB 4th Floor Police Expansion	9832	930	223						
				223	-	-	-	-	-	-
<u>Public Facilities Fees - Police Stations</u>										
	SEB 4th Floor Police Expansion	9832	960	424						
				424	-	-	-	-	-	-
<u>Unidentified Funding</u>										
	Bob Hope Theater Electrical Service Separation	P-2 0000	Unfunded					132		
	City Hall Renovations	P-3 0000	Unfunded						714	6,197
	City Offices Minor Safety Renovations	P-4 0000	Unfunded				110	226	72	
	Civic Auditorium Stage Controls/Rigging	P-5 0000	Unfunded				98			
	Hazardous Materials Abatement and Monitoring	P-7 7002	Unfunded				75	75	75	75
	General Emergency Maintenance Citywide	P-6 7011	Unfunded				75	75	75	75
	ADA Compliance Program	P-1 7022	Unfunded				250	250	250	250
	HVAC Upgrades and Replacements	P-8 7036	Unfunded				75	75	75	75
	Roof Maintenance and Leak Management Program	P-9 7087	Unfunded				249	249	249	249
	Roof Replacement and Construction Program	P-10 0000	Unfunded				760	760	760	760
				-	-	-	1,692	1,842	2,270	7,681
	Subtotal, Buildings / City Property / Other			3,906	150	(714)	575	1,692	1,842	2,270
Police										
<u>Capital Fund</u>										
	PD Animal Shelter HVAC System Upgrade	7199	301	97	(52)					
	Police Gun Range Improvements	0000	301		66					
				97	66	(52)	-	-	-	-
<u>Unidentified Funding</u>										
	Animal Shelter Renovation	P-31 0000	Unfunded				305			
	Field Operations Expansion	P-32 0000	Unfunded				265			
	PD Gun Range Shade Structure Replacement	P-33 0000	Unfunded				307			
	PD Main Basement Remodel	P-34 0000	Unfunded					138		
	SEB 4th Floor Build-out	P-35 0000	Unfunded					187	2,731	
				-	-	-	877	325	2,731	-
	Subtotal, Police			97	66	(52)	-	877	325	2,731
Fire										
<u>Public Facilities Fees - Fire Stations</u>										
	Fire Station # 13 NE (Perm)	9251	940							
	Fire Relocation/Construction	9255	940							
				-	-	-	-	-	-	-
<u>Unidentified Funding</u>										
	Fire Station 12 Apparatus Bay Clearance	P-28 0000	Unfunded				285			
	Fire Station Garage Roll-up Replacements	P-29 0000	Unfunded				61			
	Fire Station Repairs and Improvements	P-30 0000	Unfunded				106	232		500
				-	-	-	452	232	-	500
	Subtotal, Fire			-	-	-	452	232	-	500
Parks										
<u>Capital Fund</u>										
	Public Art Administration	7031	306	30						
	Public Art Program	7032	306	362						
	Public Art Maintenance	7046	306	4						
				396	-	-	-	-	-	-
<u>Grant Fund</u>										
	Laughlin Park Playground	7890	304	19						
				19	-	-	-	-	-	-
<u>Landscape Maintenance District</u>										
	Game Court Rehabilitation	0000	072	32						
				-	32	-	-	-	-	-

**Project Listing
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)**

	Project Page Number	Project Number	Fund	Carryover Balance June 2011	2011-12 Adopted	Canceled/ Adjusted Projects	2012-13 Adopted Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected
Transportation Program											
Federal Grants											
<u>Congestion Mitigation Air Quality (CMAQ)</u>											
		9741	038	390							
		Fiber Optic Network Expansion									
	P-60	9743	304		52		357				
	P-61	9744	304		53		360				
	P-67	9746	304		57		296				
	P-104	9747	304		155		1,064				
	P-62	0000	304		2,075						
				390	2,392	-	2,077	-	-	-	-
<u>Safe Accountable Flexible Efficient Equality Act: A Legacy for Users (SAFETEA-LU)</u>											
		6715	038	6							
		Lincoln St/BNSF RR Improvement									
		6718	038	36							
		Montezuma Elementary Sidewalk									
		6719	038	321							
		Safe Routes to School									
		6721	038	593							
	P-82	6722	038	69			552				
	P-57	6724	038				1,100				
		Airport Way Beautification PH 4									
		7054	038	600							
		Green Lease Civic Aud.									
		7235	038	300							
		Aurora Street/BNSF									
		9702	038	6							
		March Ln/Pershing Interchange									
		9715	038	61							
		Bridge Maintenance Program									
		9728	038	132							
		Airport Way Beautification PH-II ARRA									
		9729	038	904							
		Bus Rapid Transit PH-II Airport Way									
		9730	038	36							
		2007-08 Street Overlay									
		9732	038	149							
		RSTP 2008-09 Street Overlay									
		9733	038	55							
		2009 St. Overlay-ARRA									
		9734	038	3,308							
		Rubberized Cape Seal									
		9736	038	10							
		Airport @ Park/Oak & Fremont									
		9738	038	20							
		El Dorado/MLK Blvd Signal									
		9739	038	483							
		Tamoshntr/Hometown Traffic Signal									
		9742	038	15							
		Glacier Point Ansel Adams									
	P-96	9828	038				215				
	P-94	9928	038	1,785	1,580		1,880	1,880	1,880	1,880	1,880
	P-74	9995	080	935			240				
		Hammer Lane Widening Phase 3B		10,024	1,580	-	3,987	1,880	1,880	1,880	1,880
<u>Federal Highway Administration (FHWA)</u>											
	P-77	0000	304		54			403			
		Hazelton and UPRR Railroad Crossing Improvement									
	P-78	0000	304		312			2,383			
		Industrial/McKinley and UPRR Crossing Improvements									
					-	366	-	2,786	-	-	-
<u>Federal American Recovery and Reinvestment Act (ARRA)</u>											
		8606	304	503							
		EECBG-Climate Action Plan									
		8611	304	100							
		Street Light Retrofit									
				603	-	-	-	-	-	-	-
<u>Highway Bridge Program</u>											
	P-64	9748	304		63			2,193			
		Center St. and El Dorado St. Overpass Rehabilitation									
		0000	304		139						
		McKinley Avenue/French Camp Slough Bridge									
					-	202	-	2,193	-	-	-
<u>Highway Safety Improvement Program</u>											
		0000	304								
		Radar Speed Feedback Signs (HSIP)									
					-	360	-	-	-	-	-
		Subtotal, Federal Grants		11,017	4,900	-	6,064	6,859	1,880	1,880	1,880
State Grants											
<u>California Highway Railroad Crossing Safety</u>											
		9716	304	6,591							
		Eight Mile Rd/UPRR West Sep.									
		9718	304	15,363							
		Lower Sacramento Rd. widening/UPRR									
		9829	304	6,998							
		Eight Mile Rd/UPPR (East) Grade									
		9928	304	98							
		Street Resurfacing									
				29,050	-	-	-	-	-	-	-
<u>Safe Route to School Grant</u>											
		7232	304	51							
		SR2S									
		9725	304	165							
		Fillmore SR2S									
	P-76	0000	304				687				
		Harrison Elementary Safety Improvements									
	P-92	0000	304				463				
		Safe Routes to School Pilot Program Expansion									
				216	-	-	1,150	-	-	-	-
<u>Transportation Development Act (TDA)</u>											
		0000	034		160						
		Wheelchair Ramp Repair Program									
	P-66	0000	034				184	184	184	184	184
		Curb Ramp Repair Program									
					-	160	-	184	184	184	184
<u>Urban Greening Grant</u>											
		0000	304								
		EBMUD - March Lane Bicycle and									
					-	568	-	-	-	-	-
<u>Prop 1B</u>											
		7234	304	4,308							
		Street Resurfacing Phase 2									
				4,308	-	-	-	-	-	-	-
		Subtotal, State Grants		33,574	728	-	1,334	184	184	184	184

**Project Listing
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)**

	Project Page Number	Project Number	Fund	Carryover Balance June 2011	2011-12 Adopted	Canceled/ Adjusted Projects	2012-13 Adopted Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected
Traffic Signals											
		9736	903	1							
		9743	900				46				
		9744	900/901				47				
		9746	901				134				
		9934	900	59							
		9934	904	5							
		9937	901		237						
				65	237	-	227	-	-	-	-
				28,779	548	-	227	-	-	-	-
Subtotal, Public Facilities Fees											
Other Reimbursements											
		7233	304	5							
		9837	304	35,500							
				35,505	-	-	-	-	-	-	-
Unidentified Funding											
		9828	Unfunded				14,828				
		0000	Unfunded				3,000	269	1,000	26,000	
		0000	Unfunded					6,226		39,897	
		0000	Unfunded					279	1,696		
		0000	Unfunded				159				
		0000	Unfunded								3,726
		0000	Unfunded						1,402	701	
		9972	Unfunded					7,180	1,738		
		9719	Unfunded					7,057	17,520		
		0000	Unfunded								3,000
		0000	Unfunded					158	530		
		0000	Unfunded					565	9,174		
		0000	Unfunded					1,800	6,965		
		0000	Unfunded					150	1,174		
		0000	Unfunded				1,564			9,436	
		0000	Unfunded				132	538			
		9720	Unfunded					9,232		38,295	
		9723	Unfunded						1,380		92,280
		9726	Unfunded							5,061	11,097
		0000	Unfunded					58	327		
		0000	Unfunded					143	1,119		
		0000	Unfunded						197	197	197
		0000	Unfunded				1,258				
		6717	Unfunded						856		
		9933	Unfunded				628	524	524	524	524
		9934	Unfunded				478	770	770	770	770
		9727	Unfunded							3,209	
		0000	Unfunded					59	449		
		0000	Unfunded						4,980	2,866	36,867
		0000	Unfunded							1,938	13,123
		9995	Unfunded							8,563	
		0000	Unfunded					2,243	1,487		20,118
				-	-	-	-	27,502	65,468	91,537	247,599
Total, Transportation Program				154,097	43,451	-	8,796	35,680	71,026	94,445	250,507

**Project Listing
Five Year Capital Improvement Program
2012-13 to 2016-17
(Dollars in thousands)**

	Project Page Number	Project Number	Fund	Carryover Balance June 2011	2011-12 Adopted	Canceled/ Adjusted Projects	2012-13 Adopted Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected
Municipal Utilities											
Water											
	P-108	7601	421 / 423	2,367							2,168
	P-109	7602	421 / 424	760				343	485	451	451
		7615	421	631							
	P-107	7617	421	190			482	455	455	25	25
		7618	423	93							
		7619	421	1,391	5,101		1,995				
	P-114	7620	421	104			415		76	76	76
	P-112	7623	421 / 423 / 424	1,775	2,950			469			
		7632	421	12							
		7637	424	100							
		7641	421	516							
	P-111	7796	421	101			10	111	111	111	111
		9830	421	64							
		9922	423 / 424	55,560							
				63,664	8,051	-	2,901	1,454	1,127	663	2,831
Wastewater											
	P-49	7702	437	1,096	921		1,549	954	902		
		7703	434	12,337							
	P-46	7709	437	2,414	2,784		5,521	13,795	112,915	939	928
	P-45	7713	434	5,611				184			
	P-44	7714	437		325		31				
		7756	437	116							
		7757	437	90							
		7780	437	87							
		7783	437	294							
		7784	437	283	253						
	P-47	7785	437	218	337			8,977	118	744	114
	P-48	7787	437	850	175		639	848	1,505	1,505	
		7788	437	395							
		7789	437								
	P-50	7790	437	90	20		100	111	111	111	111
	P-43	7792	437		4,000			1,797	2,750	2,750	2,750
		9830	437	114							
				23,995	8,815	-	7,840	26,667	118,301	6,049	3,903
Stormwater											
		7776	441	550							
		9830	441	22							
	P-51	7788	441					1,365	2,008	355	
	P-55	7789	441					111	111	111	111
				572	-	-	-	1,476	2,119	466	111
Unidentified Funding											
	P-52	7780	Unfunded								4,372
	P-53	7783	Unfunded					1,214	509	363	
	P-54	7794	Unfunded					161	115		
	P-56	7776	Unfunded					272	272	272	190
	P-106	7625	Unfunded					69			
				-	-	-	-	1,716	896	635	4,562
Total, Municipal Utilities				88,231	16,866	-	10,740	31,313	122,443	7,813	11,407
Total, CIP Program				\$257,569	\$61,448	(\$798)	\$20,361	\$75,286	\$200,511	\$109,461	\$290,151

**Capital Project Funds
2012-13 Adopted Budget**

	<u>General Government</u>	<u>Transportation Programs</u>	<u>Public Facilities Fees</u>	<u>Capital Improvement Total</u>
	<i>See Page N-16</i>	<i>See Page N-17</i>	<i>See Page N-18</i>	
Beginning Available Balance	\$ 458,381	\$ 7,726	\$ 3,575,693	\$ 4,041,800
Revenues				
Grants	3,227,000	5,342,000		8,569,000
Fees	25,400		1,918,442	1,943,842
Interest Earned	4,000	-	266,470	270,470
Other Revenue			-	-
	<u>3,256,400</u>	<u>5,342,000</u>	<u>2,184,912</u>	<u>10,783,312</u>
Expenditures				
Capital Projects	3,802,000	5,342,000	477,000	9,621,000
Debt Service	248,781			248,781
Other		-	117,257	117,257
	<u>4,050,781</u>	<u>5,342,000</u>	<u>594,257</u>	<u>9,987,038</u>
Transfers				
Transfer In - General Fund	575,000		332,045	907,045
Transfer In - Parking Fund			175,000	175,000
Transfer Out - Debt 201	-	-	(1,858,473)	(1,858,473)
	<u>575,000</u>	<u>-</u>	<u>(1,351,428)</u>	<u>(776,428)</u>
Net Annual Activity	<u>(219,381)</u>	<u>-</u>	<u>239,227</u>	<u>19,846</u>
Ending Available Balance	\$ 239,000	\$ 7,726	\$ 3,814,920	\$ 4,061,646
			Revenues	\$ 10,783,312
			Transfers	1,082,045
			Total Sources	<u>\$ 11,865,357</u>
Reconciliation of Capital Funds			Expenditures	\$ 9,987,038
Capital Projects	9,621,000		Transfers	1,858,473
Utilities (pg . K - 5)	10,740,552		Total Capital Projects Funds	\$ 11,845,511
Total Appropriations	<u>\$ 20,361,552</u>			
Project Total by Category (pg N - 7)	<u>\$ 20,361,552</u>		Utilities Projects	<u>\$ 10,740,552</u>

**Capital Project Funds
General Government
2012-13 Adopted Budget**

	<u>General Capital 301</u>	<u>Capital Grants 304</u>	<u>Public Art 306</u>	<u>General Government Total</u>
Beginning Available Balance	\$ 234,022	\$ -	\$ 224,359	\$ 458,381
Revenues				
Grants		3,227,000		3,227,000
Fees	25,400			25,400
Interest	2,000		2,000	4,000
	<u>27,400</u>	<u>3,227,000</u>	<u>2,000</u>	<u>3,256,400</u>
Expenditures				
Capital Projects	575,000	3,227,000		3,802,000
Debt Service	248,781			248,781
	<u>823,781</u>	<u>3,227,000</u>	<u>-</u>	<u>4,050,781</u>
Transfers				
Transfer In - General Fund	575,000			575,000
Transfer Out				-
	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>575,000</u>
Net Annual Activity	<u>(221,381)</u>	<u>-</u>	<u>2,000</u>	<u>(219,381)</u>
Ending Available Balance	<u>\$ 12,641</u>	<u>\$ -</u>	<u>\$ 226,359</u>	<u>\$ 239,000</u>

**Capital Project Funds
Transportation Programs
2012-13 Adopted Budget**

	TDA 034	SAFETEA 038	Traffic Congestion Relief 039	Measure K Capital 080	Transportation Total
			<i>State Program Discontinued</i>		
Beginning Available Balance	\$ 7,726	\$ -	\$ -	\$ -	\$ 7,726
Revenues					
Grants	184,000	3,747,000		1,411,000	5,342,000
Interest					-
	184,000	3,747,000	-	1,411,000	5,342,000
Expenditures					
Capital Projects	184,000	3,747,000		1,411,000	5,342,000
Other					-
	184,000	3,747,000	-	1,411,000	5,342,000
Transfers					
Transfer In					-
Transfer Out					-
	-	-	-	-	-
Net Annual Activity	-	-	-	-	-
Ending Available Balance	\$ 7,726	\$ -	\$ -	\$ -	\$ 7,726

**Capital Project Funds
Public Facilities Fee
2012-13 Adopted Budget**

	<u>Traffic Signals City Wide 900</u>	<u>Traffic Signals Zone 1 901</u>	<u>Traffic Signals Zone 2 902</u>	<u>Traffic Signals Zone 3 903</u>	<u>Traffic Signals Zone 4 904</u>
Beginning Available Balance	\$ 27,547	\$ 169,491	\$ 102,891	\$ 90,506	\$ 4,951
Revenues					
Fees	23,638	22,858	22,858	4,720	4,720
Interest	280	1,690	1,030	910	50
Other Revenue					
	<u>23,918</u>	<u>24,548</u>	<u>23,888</u>	<u>5,630</u>	<u>4,770</u>
Expenditures					
Capital Projects	51465	175,535			
Other					
	<u>51,465</u>	<u>175,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers					
Transfer In					
Transfer Out - Debt 201					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(27,547)</u>	<u>(150,987)</u>	<u>23,888</u>	<u>5,630</u>	<u>4,770</u>
Ending Available Balance	<u>\$ -</u>	<u>\$ 18,504</u>	<u>\$ 126,779</u>	<u>\$ 96,136</u>	<u>\$ 9,721</u>

**Capital Project Funds
Public Facilities Fee, Continued
2012-13 Adopted Budget**

	<u>Street Improvements City Wide 910 - 915</u>	<u>Street Improvements Reg Traffic 917</u>	<u>Community Recreation Centers -City Wide 920</u>	<u>City Office Space 930</u>	<u>Fire Station City Wide 940</u>
Beginning Available Balance	\$ 3,397,663	\$ 465,576	\$ (3,700,397)	\$ 734,708	\$ (2,648,077)
Revenues					
Fees	757,789	438,411	29,293	29,477	88,260
Interest	184,330	4,660		7,350	
Other Revenue					
	<u>942,119</u>	<u>443,071</u>	<u>29,293</u>	<u>36,827</u>	<u>88,260</u>
Expenditures					
Capital Projects					
Other					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers					
Transfer In					332,045
Transfer Out - Debt 201	(822,589)				(87,601)
	<u>(822,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,444</u>
Net Annual Activity	<u>119,530</u>	<u>443,071</u>	<u>29,293</u>	<u>36,827</u>	<u>332,704</u>
Ending Available Balance	<u>\$ 3,517,193</u>	<u>\$ 908,647</u>	<u>\$ (3,671,104)</u>	<u>\$ 771,535</u>	<u>\$ (2,315,373)</u>
			(a)		(a)

(a) These fee programs have been over leveraged with spending outpacing available revenues. Plans are under development to reduce these deficits.

**Capital Project Funds
Public Facilities Fee, Continued
2012-13 Adopted Budget**

	<u>Library City Wide 950</u>	<u>Police Station Expansion 960</u>	<u>Parkland City Wide 970</u>	<u>Street Trees 978</u>	<u>Street Signs 979</u>
Beginning Available Balance	\$ 4,080,645	\$ (1,549,774)	\$ 2,371,866	\$ 49,548	\$ 78,097
Revenues					
Fees		73,585	246,224		
Interest	40,810		23,720	500	780
Other Revenue					
	<u>40,810</u>	<u>73,585</u>	<u>269,944</u>	<u>500</u>	<u>780</u>
Expenditures					
Capital Projects	250,000				
Other					
	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers					
Transfer In					
Transfer Out - Debt 201		(73,585)	(874,698)		
	<u>-</u>	<u>(73,585)</u>	<u>(874,698)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(209,190)</u>	<u>-</u>	<u>(604,754)</u>	<u>500</u>	<u>780</u>
Ending Available Balance	<u>\$ 3,871,455</u>	<u>\$ (1,549,774)</u>	<u>\$ 1,767,112</u>	<u>\$ 50,048</u>	<u>\$ 78,877</u>

(a)

(a) These fee programs have been over leveraged with spending outpacing available revenues. Plans are under development to reduce these deficits.

**Capital Project Funds
Public Facilities Fee, Continued
2012-13 Adopted Budget**

	<u>Street Lights City Wide 980</u>	<u>Street Lights Zone 1 981</u>	<u>Street Lights Zone 3 & 4 983</u>	<u>Street Signs Zone 5 985</u>	<u>Air Quality 990</u>	<u>Public Facilities Total</u>
Beginning Available Balance	\$ -	\$ 33,000	\$ 1,985	\$ 881	\$ (135,414)	\$ 3,575,693
Revenues						
Fees			1,985	881	173,743	1,918,442
Interest		330	20	10		266,470
Other Revenue						-
	<u>-</u>	<u>330</u>	<u>2,005</u>	<u>891</u>	<u>173,743</u>	<u>2,184,912</u>
Expenditures						
Capital Projects						477,000
Other					117,257	117,257
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,257</u>	<u>594,257</u>
Transfers						
Transfer In - Parking Fund					175,000	507,045
Transfer Out - Debt 201						(1,858,473)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>(1,351,428)</u>
Net Annual Activity	<u>-</u>	<u>330</u>	<u>2,005</u>	<u>891</u>	<u>231,486</u>	<u>239,227</u>
Ending Available Balance	<u>\$ -</u>	<u>\$ 33,330</u>	<u>\$ 3,990</u>	<u>\$ 1,772</u>	<u>\$ 96,072</u>	<u>\$ 3,814,920</u>



INTERNAL SERVICE FUNDS

MISSION STATEMENT

Internal Service Funds are used to report the centralized financing of goods and services provided by one department on a cost reimbursement basis. The City of Stockton uses internal service funds for the central administration of insurance, equipment replacement, and computer services.

Budget at a Glance:

Total Expenditures	\$115,383,433
Total Revenues	\$115,815,258
Total Net Revenue	\$431,825
Total Staff	80

DEPARTMENTAL DESCRIPTION

The City has internal service funds for equipment, risk management, and employee benefits funding. City departments pay into these funds as part of their annual budgets and receive services from the funds. Equipment services account for \$24.5 million or 21% of the total internal service fund expenditures. The remaining \$90.8 million, or 79% funds the City's insurance and other benefits costs. The City's internal service funds are as follows:

Equipment: Fleet Services, Computer Equipment, Radio Equipment, Telephone Equipment, Office Equipment, Printing and Mailing

Insurance Benefits: General Insurance, Workers Compensation, Health Insurance, Unemployment, LTD and Life Insurance, Retirement, Compensated Absence

KEY ISSUES

The internal service funds do not have sufficient reserves to fund all costs incurred and have been drained over the last few years to mitigate the City's financial downturn. At the same time, labor, retirement and healthcare costs have been escalating. The City has also delayed equipment purchases to reduce costs and as a result City vehicles are aging and technology is out of date.

A technology strategic plan is underway to address Computer Equipment. Available balances in the various equipment internal service funds will be used to fund the implementation of the technology recommendations.

The City's General Liability and Workers Compensation funds have been underfunded for years and collectively have accumulated \$45 million in unfunded liabilities. Workers Compensation costs are above industry average and will be the subject of a management review during the coming fiscal year.

INTERNAL SERVICE FUNDS

Healthcare insurance costs are estimated to increase in Fiscal Year 2012-13 but will be offset by savings from the plan design changes implemented in Fiscal Year 2011-12. Health plans must continue to be redesigned to provide benefit levels that attract and retain a quality workforce, protect and promote healthy living, and fall within fiscally sustainable parameters.

No funding has been allocated to address the City's \$417 million unfunded retiree health obligation.

Unemployment costs have spiked in recent years due to layoffs. These higher costs are budgeted to continue in the FY 2012-13 Adopted Budget.

The Compensated Absence fund pays for employee cash outs of sick and annual leave at separation. The fund began Fiscal Year 2010-11 with a negative fund balance due to retirement incentives offered over the prior two years and required additional funding from the General Fund. The fund was, however, projected to end 2011-12 year with a zero fund balance, primarily due to the City Council decision in February, 2012, limiting separation payouts for the remainder of the fiscal year. The 2012-13 Adopted Budget/Pendency Plan eliminates all sick leave payouts. Only the impact on this fund from the General Fund portion of the Pendency Plan is reflected in the Adopted Budget for the Compensated Absence Fund found in this document. Subsequent amendments to the fund budget will be required to reflect the impact of the elimination of sick leave payouts from the other funds in the City. It is expected, however, that expenditures in this fund will continue to run at a higher than normal level as City employee separations are continuing to occur at unprecedented rates.

**Internal Service Funds
2012-13 Adopted Budget**

	Fleet Services 501	Computer Equipment 502	Radio Equipment 503	Telephone Equipment 504	Office Equipment Printing/Mailing 505/508
	<i>See Page O-8</i>	<i>See Page O-11</i>	<i>See Page O-12</i>	<i>See Page O-13</i>	<i>See Page O-15</i>
Beginning Available Balance	\$ 2,053,950	\$ 2,747,647	\$ 225,630	\$ 115,127	\$ 133,725
Revenues					
Charge for Services					
Police	3,979,010	5,035,168	750,968	421,638	93,523
Fire	1,902,758	462,855	294,677	45,583	52,236
Other General Fund	369,732	789,614	166	279,216	125,555
Other Funds	3,499,551	2,763,427	22,635	511,854	380,613
Contingency for staff reductions		48,225			
	9,751,051	9,099,289	1,068,446	1,258,291	651,927
Refunds & Reimbursements	45,000				
Interest					
	9,796,051	9,099,289	1,068,446	1,258,291	651,927
Expenditures					
General & Administrative	901,873	1,465,798			
Operations & Maintenance	6,559,983	6,392,897	949,650	937,345	610,431
Equipment Replacements	2,233,273	3,762,057	291,615		30,000
Debt Service	88,524			325,000	
Claims					
Excess Insurance Premium					
Third Party Administrator					
Pension contributions to CalPERS					
Employee leave balance payoffs					
	9,783,653	11,620,752	1,241,265	1,262,345	640,431
Transfers					
Transfer In	-	-	-	-	-
Transfer Out	-	-	-	-	-
	-	-	-	-	-
Net Annual Activity	12,398	(2,521,463)	(172,819)	(4,054)	11,496
Ending Available Balance	\$ 2,066,348	\$ 226,184	\$ 52,811	\$ 111,073	\$ 145,221

**Internal Service Funds, Continued
2012-13 Adopted Budget**

	General Insurance 541	Workers Compensation 551	Health Insurance 552	Unemployment 556
	<i>See Page O-18</i>	<i>See Page O-19</i>	<i>See Page O-23</i>	<i>See Page O-25</i>
Beginning Available Balance	\$ (5,188,734)	\$ (40,363,978)	\$ (2,860,301)	\$ 159,425
Revenues				
Charge for Services				
Police	1,761,878	3,505,970	7,237,229	192,143
Fire	811,860	2,271,773	2,530,712	87,829
Other General Fund	322,584	145,920	1,422,579	31,382
Other Funds	1,983,355	2,064,134	15,424,179	222,681
Contingency for staff reductions				
	<u>4,879,677</u>	<u>7,987,797</u>	<u>26,614,699</u>	<u>534,035</u>
Refunds & Reimbursements		1,000,000	7,135,427	
Interest	65,000	160,000	-	
	<u>4,944,677</u>	<u>9,147,797</u>	<u>33,750,126</u>	<u>534,035</u>
Expenditures				
General & Administrative	1,325,499	766,663	1,189,343	
Operations & Maintenance	531,143	69,535		
Equipment Replacements				
Debt Service				
Claims	2,277,000	6,972,000	26,978,863	501,072
Excess Insurance Premium	800,000	545,000		
Third Party Administrator		770,720	2,718,530	
Pension contributions to CalPERS:				
Employee leave balance payoffs				
	<u>4,933,642</u>	<u>9,123,918</u>	<u>30,886,736</u>	<u>501,072</u>
Transfers				
Transfer In	175,000	-	-	-
Transfer Out	-	-	-	-
	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	186,035	23,879	2,863,390	32,963
Ending Available Balance	\$ (5,002,699)	\$ (40,340,099)	\$ 3,089	\$ 192,388

**Internal Service Funds, Continued
2012-13 Adopted Budget**

	Long Term Disability & Life 557	Retirement 561	Compensated Absences 562	Internal Service Total	
	<i>See Page O-27</i>	<i>See Page O-29</i>	<i>See Page O-30</i>		
Beginning Available Balance	\$ 145,199	\$ 2,778,548	\$ -	\$ (40,053,762)	
Revenues					
Charge for Services					
Police	186,500	14,191,274	806,436	38,161,737	39%
Fire	34,520	6,814,645	330,876	15,640,324	16%
Other General Fund	104,660	1,381,583	168,838	5,141,829	5%
Other Funds	567,755	10,488,810	1,898,850	39,827,844	40%
Contingency for staff reductions		-		48,225	0%
	<u>893,435</u>	<u>32,876,312</u>	<u>3,205,000</u>	<u>98,819,959</u>	100%
Refunds & Reimbursements		8,382,960		16,563,387	
Investment Interest		31,912		256,912	
	<u>893,435</u>	<u>41,291,184</u>	<u>3,205,000</u>	<u>115,640,258</u>	
Expenditures					
General & Administrative		31,912		5,681,088	
Operations & Maintenance				16,050,984	
Equipment Replacements				6,316,945	
Debt Service		7,712,550		8,126,074	
Claims				36,728,935	
Excess Insurance Premium	893,435			2,238,435	
Third Party Administrator				3,489,250	
CalPERS pension contributions		33,546,722		33,546,722	
Employee leave balance payoffs			3,205,000	3,205,000	
	<u>893,435</u>	<u>41,291,184</u>	<u>3,205,000</u>	<u>115,383,433</u>	
Transfers					
Transfer In	-	-	-	175,000	
Transfer Out	-	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	
Net Annual Activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,825</u>	
Ending Available Balance	<u>\$ 145,199</u>	<u>\$ 2,778,548</u>	<u>\$ -</u>	<u>\$ (39,621,937)</u>	

Revenues	\$ 115,640,258
Transfers	175,000
Total Sources	<u>\$ 115,815,258</u>
Expenditures	\$ 115,383,433
Transfers	-
Total Appropriations	<u>\$ 115,383,433</u>

INTERNAL SERVICE FUNDS

FLEET SERVICES FUND (501)

History

- The Fleet Internal Service Fund is managed by Public Works and is responsible for maintaining and replacing the City's fleet of vehicles and major equipment.
- Program departments are charged monthly rental rates to finance operations and replacements.
- Maintenance activities range from preventive maintenance inspections to full engine rebuilds to specialized auto body repairs and vehicle setups, performed either by staff technicians or by outside vendors.
- Cash replacement reserves have ranged from \$1 to \$5 million over the past ten years, and were \$3.9 million as of July 2011.

2011-12 Events

- The adopted budget of \$9.23 million had anticipated a draw of \$845,456 on the beginning fund balance to cover \$1 million in fire apparatus replacements.
- A subsequent decision to lease finance four fire pumper apparatus (currently on hold) relieved \$1 million from both the FY 2011-12 and FY 2012-13 replacement requirements in exchange for a \$213,000 ten year annual lease payment plan.
- The budget reflects actions taken by the City Council on February 28, 2012 to balance the FY 2010-11 and FY 2011-12 budgets. Available cash balance funds in the amount of \$2.3 million were transferred from the Fleet Services Fund to the General fund as part of that action to help resolve the General Fund deficit.

2012-13 Budget Issues and Changes

- Replacement Schedule
 - Public Works has prepared a recommended replacement budget scenario, and an alternative minimum replacement scenario and provided a four year fleet condition assessment under each scenario.
 - This analysis shows that the fleet currently has a replacement backlog of \$8.5 million, with 172 units past their useful life. After four years with recommended funding, the backlog would be reduced to \$5.5 million, with 126 units past their useful life. With an alternative minimum replacement schedule, the backlog would increase to \$11.2 million, with 225 units past their useful life.
 - The Adopted Budget provides for equipment replacement at the funding level recommended by the Public Works Department, less \$1 million for the fire apparatus lease recently approved by City Council. Lease payments for this apparatus will be made out of the Fleet fund.

INTERNAL SERVICE FUNDS

- Once the currently budgeted lease purchase is completed, there are four remaining heavy fire apparatus that are beyond their useful life, and will need to be replaced as soon as available funding allows.
- Technology Projects
 - The Citywide Technology Strategic Plan identified the replacement of the Computerized Maintenance Management System Fleet Module and the Fuel Management System as priorities. The Adopted Budget provides \$500,000 in one-time funding for these projects.
 - Fuel costs have been estimated at three levels, with gas prices estimated from \$3.40 per gallon to \$3.80 gallon. The sensitivity for this range, from high to low, is approximately \$200,000. A midpoint price of \$3.60 has been assumed in the Adopted Budget.
 - Operating expenditures were approved as submitted by the department to maintain current maintenance service levels.
- Program contribution rates
 - Department contribution rates were also approved as submitted by the department, less a \$200,000 credit for the net lease and technology impacts. General Fund contributions for the combined fuel and rental rate charges increased by approximately \$500,000 from the FY 2011-12 budget.
- Annual Activity and ending balance
 - Adopted Operating and Maintenance expenditures were increased approximately \$540,000 over the FY 2011-12 level, primarily due to a \$400,000 increase in expected fuel purchases, and other minor anticipated cost increases.
 - Revenue from users has increased to offset these increased costs, and to allow for full cost recovery instead of budgeting to draw on fund balance as was done in FY 2011/12 budget.
 - With the above assumptions, the fund is budgeted to match revenues and expenditures, and break even for the year.

**Internal Service Funds
Fleet Services - 501
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance		\$ 3,624,274	\$ 1,820,957	\$ 2,053,950
Revenues				
Charge for Services				
Police	\$ 2,962,767	3,524,855	3,714,194	3,979,010
Fire	1,521,674	1,411,179	1,579,419	1,902,758
Other General Fund	431,528	456,088	355,479	369,732
Other Funds	2,544,842	2,763,395	2,694,303	3,499,551
	<u>7,460,811</u>	<u>8,155,517</u>	<u>8,343,395</u>	<u>9,751,051</u>
Refunds & Reimbursements	15,233	33,437	20,000	20,000
Sale of Assets	7,620	32,651	114,572	25,000
Interest		535	100,000	
	<u>7,483,664</u>	<u>8,222,140</u>	<u>8,577,967</u>	<u>9,796,051</u>
Expenditures				
Operations & Maintenance	5,521,744	5,716,335	6,155,845	6,559,983
Replacements (a)	301,894	701,126	1,225,000	2,233,273
General & Administrative	759,914	971,724	875,605	901,873
Principal	53,287	55,365	57,524	57,524
Interest Expense	34,796	32,703	31,000	31,000
	<u>6,671,635</u>	<u>7,477,253</u>	<u>8,344,974</u>	<u>9,783,653</u>
Transfers				
Transfer In	719,710			
Transfer Out	(22,220)	(2,286,000)		
	<u>697,490</u>	<u>(2,286,000)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	\$ 1,509,519	(1,541,113)	232,993	12,398
Ending Available Balance		\$ 2,083,161	\$ 2,053,950	\$ 2,066,348
Available Balance Calculation				
Cash & Accounts Receivable		\$ 2,440,251		
Accounts Payable		(359,003)		
Encumbrances		(260,291)		
Ending Available Balance		<u>\$ 1,820,957</u>		
Replacement Value of Fleet				
General Fund	\$ 17,514,706	78%	78%	
Other Funds	5,045,888	22%	22%	
	<u>\$ 22,560,594</u>	<u>100%</u>	<u>100%</u>	

(a) A five year replacement schedule will identify funding requirements and prioritize equipment replacements. Actual purchase contracts are approved by City Council, along with financing options.

INTERNAL SERVICE FUNDS

INFORMATION TECHNOLOGY (502 - 504)

History

- Responsible for maintaining City computers, application systems, and infrastructure connectivity.
- Supports telephones, telecommunication systems and radios City-wide.
- Provides information technology consulting services to City departments.
- Manages the implementation of the Citywide Technology Strategic Plan.

2011-12 Events

- Completed a Citywide Technology Strategic Plan.
- Completed an operational assessment of technology service delivery.
- Implemented a new payroll reporting system for CalPERS which allows members to view data on the CalPERS website.
- Coordinated the installation of computers, telephones, television monitors, and projectors for the relocation of the dispatch center from the main Police Station to the Stewart-Eberhardt Building. Assisted with the upgrade of the dispatch system software and provided technical support for the addition of two radio communication microwaves.
- Installed and configured computers, telephones, and copiers for the Delta Water Supply Project.
- Coordinated the installation of the Northeast radio tower project on Morada Lane.
- Completed the conversion from analog to digital radio communications in the Police and Fire Departments.
- Resumed the formal classroom training program for Office Suite applications.
- Implemented a robust email security appliance.
- Installed 28 Mobile Data Terminals and radios in 28 new patrol vehicles for the Police Department.
- Participated with the Community Development Department in the creation of a Request for Proposal for an enterprise permit system.
- Coordinated the implementation of the OnBase document management application for the City Manager, Clerk and City Attorney.

2012-13 Budget Issues and Changes

Convert the Library Web Site to a content management-based system for improved organization and content.

- Convert local government radio channels to meet the FCC P25 compliant mandate.

INTERNAL SERVICE FUNDS

- Recruit Technology Officer to fill vacant senior management position for the IT Division.
- Implement the selected enterprise building permit system.
- Implement the selected maintenance management system for MUD and Public Works.
- Implement an enterprise email retention and retrieval system.
- Upgrade Microsoft Office to current version city-wide.
- Implement a fuel management application for Public Works.
- Initiate activities for the replacement of finance and payroll system.

**Internal Service Funds
Computer Equipment Internal Service - 502
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance		\$ 4,163,009	\$ 3,077,802	\$ 2,747,647
Revenues				
Charges for services				
Police	\$ 3,405,013	3,763,947	4,348,621	5,035,168
Fire	711,877	807,491	620,110	462,855
Other General Fund	851,873	862,348	834,589	789,614
Other Funds	2,876,160	2,555,024	3,055,930	2,763,427
Refunds & Reimbursements	1,551	2,956	48,225	48,225
	<u>7,846,474</u>	<u>7,991,766</u>	<u>8,907,475</u>	<u>9,099,289</u>
Expenditures				
Computer Maintenance (5101)	3,904,992	3,616,073	4,420,371	4,563,374
IT Administration (5111)	1,424,736	1,505,616	1,532,162	1,465,798
GIS Administration (5112)	432,481	665,608	585,345	471,165
Public Safety (5113)	619,371	975,707	1,066,128	980,302
Web Development (5114)	49,706	57,459	88,915	63,517
Techn Development (5115)	344,593	7,004	88,793	75,539
EDMS (7450)	184,224	235,249	239,916	239,000
Replacements	442,778	250,537	596,000	119,000
New equipment		487,036	118,750	180,200
Capital Projects			501,250	3,462,857
	<u>7,402,881</u>	<u>7,800,289</u>	<u>9,237,630</u>	<u>11,620,752</u>
Transfers				
Transfer In				
Transfer In - Telephone 504		330,000		
Transfer Out - Entertainment Venues - 086	(1,300,000)			
Transfer Out - General Fund (Adopted 2010-11 budget)		(1,200,000)		
	<u>(1,300,000)</u>	<u>(870,000)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	\$ (856,407)	\$ (678,523)	\$ (330,155)	\$ (2,521,463)
Ending Available Balance		\$ 3,484,486	\$ 2,747,647	\$ 226,184
Available Balance Calculation				
Cash and Current Assets		\$ 3,755,507		
Accounts Payable		(271,068)		
Encumbrances		(406,637)		
Capital Projects		-		
Ending Available Balance		<u>\$ 3,077,802</u>		

Internal Service Funds
Radio Equipment Internal Service - 503
2012-13 Adopted Budget

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ 1,329,862	\$ 295,701	\$ 225,630
Revenues				
Charges for services				
Police	\$ 378,860	225,480	518,226	750,968
Fire	212,599	237,380	255,486	294,677
Other General Fund	577	120	7,976	166
Other Funds	57,964	72,797	61,613	22,635
	<u>650,000</u>	<u>535,777</u>	<u>843,301</u>	<u>1,068,446</u>
Expenditures				
Operations & Maintenance	1,182,768	866,580	789,372	949,650
Replacements	104,110	384,861	124,000	291,615
	<u>1,286,878</u>	<u>1,251,441</u>	<u>913,372</u>	<u>1,241,265</u>
Transfers				
Transfer In				
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>\$ (636,878)</u>	<u>(715,664)</u>	<u>(70,071)</u>	<u>(172,819)</u>
Ending Available Balance		\$ 614,198	\$ 225,630	\$ 52,811
Available Balance Calculation				
Cash and Investments		\$ 819,273		
Accounts Payable		(205,075)		
Encumbrances		(318,497)		
Ending Available Balance		<u>\$ 295,701</u>		

Internal Service Funds
Telephone Equipment Internal Service - 504
2012-13 Adopted Budget

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ 343,150	\$ 110,339	\$ 115,127
Revenues				
Charge for Services				
Police	\$ 355,573	465,720	503,945	421,638
Fire	41,879	55,305	46,847	45,583
Other General Fund	177,814	217,968	195,645	279,216
Other Funds	451,701	650,226	629,603	511,854
Interest	30		3,178	
	<u>1,026,997</u>	<u>1,389,219</u>	<u>1,379,218</u>	<u>1,258,291</u>
Expenditures				
Operations & Maintenance	1,075,153	870,843	1,049,430	937,345
Replacements	236,163	-		
Principal	200,753	259,368	271,338	283,860
Interest Expense	66,419	65,632	53,662	41,140
	<u>1,578,488</u>	<u>1,195,843</u>	<u>1,374,430</u>	<u>1,262,345</u>
Transfers				
Transfer In				
Transfer Out - Technology 502	-	(330,000)	-	-
	<u>-</u>	<u>(330,000)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>\$ (551,491)</u>	<u>(136,624)</u>	<u>4,788</u>	<u>(4,054)</u>
Ending Available Balance		\$ 206,526	\$ 115,127	\$ 111,073
Available Balance Calculation				
Cash and Current Assets		\$ 522,414		
Accounts Payable		(315,888)		
Encumbrances		(96,187)		
Ending Available Balance		<u>\$ 110,339</u>		

INTERNAL SERVICE FUNDS

OFFICE EQUIPMENT/DUPLICATING/PRINTING& MAILING (505)

History

- Responsible for maintaining and financing the City's office equipment, duplicating/printing, and mailroom functions.
- Program departments are charged monthly rental rates to finance operations and replacements.

2011-12 Events

- The Duplicating/Printing & Mailing Fund (508) was merged with the Office Equipment Fund (505) in FY 2011/12.
- Printing technology has been improved with a new high speed print on demand technology for black and white and color printing using digital technology.
- Installed a new CD burner.
- Purchased an envelope feeder for the digital envelope press.
- Procured a new mail inserting system that produces jobs 34% faster than the old system, and will eliminate outsourcing mail room projects at a 20% savings to the City.

2012-13 Budget Issues and Changes

- Install a new mail inserting system which will increase productivity as well as lower costs for all City Departments.
- Start replacing the old analog copy system with a new multi-functional device that contains new print technology.

Internal Service Funds
Office Equipment Internal Service - 505
2012-13 Adopted Budget

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ 634,232	\$ 410,112	\$ 133,725
			<i>Merged with 508</i>	<i>Merged with 508</i>
Revenues				
Charges for Services				
Police	\$ 55,299	55,003	56,621	93,523
Fire	17,351	12,098	33,364	52,236
Other General Fund	99,778	67,563	76,545	125,555
Other Funds	229,353	134,079	272,725	380,613
	<u>401,781</u>	<u>268,743</u>	<u>439,255</u>	<u>651,927</u>
Expenditures				
Operations & Maintenance	291,444	262,607	685,642	610,431
Replacements	41,938	38,675	30,000	30,000
	<u>333,382</u>	<u>301,282</u>	<u>715,642</u>	<u>640,431</u>
Transfers				
Transfer In				
Transfer Out - Printing Fund	(200,000)	(184,164)		
	<u>(200,000)</u>	<u>(184,164)</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>\$ (131,601)</u>	<u>(216,703)</u>	<u>(276,387)</u>	<u>11,496</u>
Ending Available Balance		<u>\$ 417,529</u>	<u>\$ 133,725</u>	<u>\$ 145,221</u>
Available Balance Calculation				
Cash and Current Assets		\$ 434,791		
Accounts Payable		(17,262)		
Encumbrances		(7,417)		
Ending Available Balance		<u>\$ 410,112</u>		

**Internal Service Funds
Printing & Mailing - 508
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
			<i>Merged into 505</i>	<i>Merged into 505</i>
Beginning Available Balance		\$ -	\$ -	\$ -
Revenues				
Charge for services				
Police	\$ 26,609	21,253		
Fire	4,751	2,854		
Other General Fund	47,906	47,588		
Other Funds	305,045	267,036		
	<u>384,311</u>	<u>338,731</u>	<u>-</u>	<u>-</u>
Expenditures				
Operations & Maintenance	510,248	446,594		
	<u>510,248</u>	<u>446,594</u>	<u>-</u>	<u>-</u>
Transfers				
Transfer In - Equipment 505	200,000	182,959		
Transfer Out				
	<u>200,000</u>	<u>182,959</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>\$ 74,063</u>	<u>75,096</u>	<u>-</u>	<u>-</u>
Ending Available Balance		<u>\$ 75,096</u>	<u>\$ -</u>	<u>\$ -</u>
Available Balance Calculation				
Cash and Current Assets		\$ 12,207		
Current Liabilities		(12,207)		
Ending Available Balance		<u>\$ -</u>		

INTERNAL SERVICE FUNDS

RISK SERVICES AND WORKER'S COMPENSATION (541 & 551)

History

- The Risk Services Division is responsible for protecting the City's resources and limiting its liability exposures by providing stable, cost-effective, and quality customer service to our employees and the citizens. Contract monitoring and review is also a vital part of ensuring that exposure is limited and the risk is transferred in an appropriate manner.
- Risk Services also includes the Worker's Compensation and Safety Program components of the ISFs and works to reduce the costs associated with illness and injury sustained by City employees.

2011-12 Events

- Complete audit of Worker's Compensation claims was begun and is ongoing in an effort to recover any and all monies due to the City that may have been overlooked over the years.
- Resignation of the City's Risk Manager and the subsequent recruitment based upon the approved reorganization plan.
- Significant measures were taken to educate all City personnel on MRSA in an effort to reduce the number of Worker's Compensation claims, which included assistance with the Center for Disease Control and the San Joaquin County Health Department. A variety of products were purchased to assist in the prevention of and spread of MRSA.

2012-13 Budget Issues and Changes

- The insurance rates charged to the departments for both general liability and worker's compensation will need to be increased in order to maintain the service levels required by Risk Services in providing liability, worker's compensation, auto liability, and other insurance coverage so that the City will continue to be adequately protected against significant exposure to financial losses.
- The City's ongoing fiscal crisis and pending financial restructuring have had a negative impact on the insurance rates that are reviewed by underwriters for the various insurance companies.

**Internal Service Funds
General Insurance - 541
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Adopted Pendency</u>
Beginning Available Balance	\$ (2,615,804)	\$ (3,525,553)	\$ (4,217,763)	\$ (5,188,734)
Prior Period Adjustment to Fund Balance		979,065		
Adjusted Fund Balance	(2,615,804)	(2,546,488)	(4,217,763)	(5,188,734)
Revenues				
Charge for Services				
Police	1,062,693	1,272,946	1,383,851	1,761,878
Fire	597,121	788,716	692,439	811,860
Other General Fund	142,894	170,481	200,784	322,584
Other Funds	1,587,487	1,239,317	1,449,066	1,983,355
Investment Interest	31,979	915,412	78,033	65,000
	<u>3,422,174</u>	<u>4,386,872</u>	<u>3,804,173</u>	<u>4,944,677</u>
Expenditures				
Claims				
Paid	1,182,174	1,223,276	2,124,000	2,277,000
Actuarial Adjustment	101,813	811,689		
	<u>1,283,987</u>	<u>2,034,965</u>	<u>2,124,000</u>	<u>2,277,000</u>
Excess Insurance Premium	899,660	917,651	788,490	800,000
City staff costs	1,044,124	1,212,710	1,478,576	1,325,499
Operating expenditures	1,104,152	1,372,349	384,078	531,143
	<u>4,331,923</u>	<u>5,537,675</u>	<u>4,775,144</u>	<u>4,933,642</u>
Transfers				
Transfer In - Central Parking				175,000
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>
Net Annual Activity	<u>(909,749)</u>	<u>(1,150,803)</u>	<u>(970,971)</u>	<u>186,035</u>
Ending Available Balance	<u>\$ (3,525,553)</u>	<u>\$ (3,697,291)</u>	<u>\$ (5,188,734)</u>	<u>\$ (5,002,699)</u>
Available Balance Calculation				
Cash and Current Assets		\$ 2,328,757		
Current Liabilities		(31,262)		
Claims Payable		(6,487,563)		
Net Assets		(4,190,068)		
Encumbrances		(27,695)		
Ending Available Balance		<u><u>\$ (4,217,763)</u></u>		

Rates (percentage of payroll)

All employees	2.05%	2.75%	3.36%	4.50%
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Note

Program revenues are estimated based upon percentage of baseline payroll.
Actual revenues and the cash flow to settle claims will fluctuate based on Pendency Plan payroll reductions.

**Internal Service Funds
Workers Compensation - 551
2012-13 Adopted Budget**

	FY 2009-2010 <u>Actual</u>	FY 2010-2011 Unaudited <u>Actual</u>	FY 2011-2012 <u>Projected</u>	FY 2012-2013 Proposed <u>Budget</u>	FY 2012-2013 Adopted <u>Pendency</u>
Beginning Available Balance	\$ (19,843,730)	\$ (32,510,103)	\$ (40,308,305)	\$ (40,363,978)	\$ (40,363,978)
Revenues					
Charge for Services					
Police	\$ 939,205	2,322,568	2,909,423	3,418,121	3,505,970
Fire	925,236	2,088,559	2,359,086	2,255,104	2,271,773
Other General Fund	78,788	115,042	130,458	155,921	145,920
Other Funds	1,722,741	2,499,215	1,945,983	2,308,651	2,064,134
	<u>3,665,970</u>	<u>7,025,384</u>	<u>7,344,950</u>	<u>8,137,797</u>	<u>7,987,797</u>
Refunds & Reimbursements	139	622	1,396,036	1,000,000	1,000,000
Interest	446,181	346,558	260,000	160,000	160,000
	<u>4,112,290</u>	<u>7,372,564</u>	<u>9,000,986</u>	<u>9,297,797</u>	<u>9,147,797</u>
Expenditures					
Claims Expense - Cash	7,564,988	7,421,233	6,800,000	7,122,000	6,972,000
Reimbursement to Other Funds	1,892,753		(a)	(a)	(a)
Fire Hireback OT- (5650)	651,353	815,712	(a)	(a)	(a)
Actuarial accrued claims liability	4,647,374	3,604,253			
Insurance Administration	1,041,299	1,563,131	897,110	766,663	766,663
TPA Administration	615,566	678,063	783,996	770,720	770,720
Excess Insurance Premium	365,330	504,263	517,489	545,000	545,000
Safety Program		84,110	58,064	69,535	69,535
	<u>16,778,663</u>	<u>14,670,765</u>	<u>9,056,659</u>	<u>9,273,918</u>	<u>9,123,918</u>
			(a) Discontinued to stabilize fund	(a) Discontinued to stabilize fund	(a) Discontinued to stabilize fund
Transfers					
Transfer In					
Transfer Out		(500,000)			
	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	(12,666,373)	(7,298,201)	(55,673)	23,879	23,879
Ending Available Balance	\$ (32,510,103)	\$ (40,308,304)	\$ (40,363,978)	\$ (40,340,099)	\$ (40,340,099)
Available Balance Calculation					
Cash and Current Assets		\$ 13,576,749			
Accounts Payable		(64,622)			
Due to Other Funds		(500,000)			
Claims Payable		(53,308,908)			
Compensated Absences		(11,554)			
PY Adjustment		30			
Ending Available Balance		<u>\$ (40,308,305)</u>			
Rates (percent of payroll)					
Police	2.32%	6.41%	8.18%	10.41%	10.41%
Fire	3.72%	9.37%	13.02%	13.32%	13.32%
Manual	1.95%	4.45%	5.90%	7.68%	7.68%
Non-Manual	0.55%	2.58%	5.66%	5.62%	5.62%
Office/Clerical	0.34%	0.88%	0.82%	1.00%	1.00%
Library	0.38%	0.38%	1.69%	2.12%	2.12%

Note

Program revenues are estimated based upon percentage of baseline payroll.
Actual revenues will fluctuate based on Pendency Plan payroll reductions.

INTERNAL SERVICE FUNDS

HEALTH BENEFITS FUND (552)

History

- The Health Benefits Fund is responsible for the management of the health benefit plans offered to eligible employees and retirees, and their eligible dependents.
- Revenue is collected from departments and employees, for purposes of funding health benefits.
- City-sponsored health benefit plans currently offered include self-funded medical, dental and vision plan options, a fully-insured high-deductible plan through a Health Maintenance Organization (HMO), and a fully insured dental Maintenance Organization (DMO).
- This fund has had a negative cash balance for the last three fiscal years.

2011-12 Events

- Stockton City Council adopted an Action Plan for Fiscal Sustainability in June 2010, which provided the framework for labor negotiations and concession bargaining during 2011. Labor costs represent 80 percent of the City's general fund budget. A critical component to meet Stockton City Council's goal for Fiscal Sustainability is addressing City expenditures for employee benefits.
- Part of the Council's Action Plan for Fiscal Sustainability, included working with an outside benefits consultant, to conduct an independent review of the City's employee benefits and insurance programs and make recommendations for changes.
- During FY 2011-12, as outlined in the June 2010 Action Plan, several changes affecting employee health benefits were implemented:
 - A maximum City contribution toward the monthly cost of employee benefits was established.
 - Employees now contribute towards the cost of their health benefits, for themselves and their eligible dependents. Up until this fiscal year, most employees did not contribute toward the monthly premium cost of health benefits.
 - A second medical plan, a Kaiser High-Deductible Health Plan option, is now available to most employees. Offering employees a less expensive alternative to the City's self-funded medical plan was also part of the City Council's Action Plan of Fiscal Sustainability.
 - Retiree medical benefits, an expensive and unsustainable benefit, has been eliminated for all new hires.

INTERNAL SERVICE FUNDS

- In order to reduce current plan expenses, and mitigate future increases in the health care expenses, City staff worked with an independent consultant to develop and implement plan design changes for the City's self-funded medical plan.

2012-13 Budget Issues and Changes

- Effective July 1, 2012, a new Pharmacy Benefit Manager (PBM), CVS/Caremark, and nationwide PBM, will be providing pharmacy benefit management services for the City's self-funded medical plan. By contracting with the CVS/Caremark, the City estimates savings on prescription drug claims to be at least \$300,000, as well as customer service to plan participants, and improved management of pharmacy benefits.
- During FY 2012-13, the City will be implementing a change to the contract with its Preferred Provider Organization (PPO), Anthem, for larger discounts on medical services from participating doctors, hospitals and other health care providers. Although the fees paid to Anthem for their PPO network will increase, the City expects to realize a net savings on the cost of medical claims of at least \$2.0 million.
- Due to significant premium increases proposed by the current medical Stop Loss Insurance carrier, the City of Stockton will be seeking bids to secure insurance through another carrier.
- The City continues to participate in the federal Retiree Drug Subsidy program, which provides reimbursement for a portion of the prescription drug benefits provided to Medicare eligible retirees covered under the City's medical plan.
- Working with the City's benefits consultant, staff will be reviewing the contracts for claims and administrative services, including requesting bids and/or proposals to achieve plan savings and improve customer service for health plan participants. Staff will be reviewing and considering changes in the vendors that provide administrative services for the following:
 - Third party administrator for its self-funded dental plan. This program has been administered by Delta Dental Plan for many years.
 - The City's self-funded vision plan. The City currently contracts with Vision Service Plan for claims administrative services for this benefit plan
 - The City's self-funded medical plan which is currently provided by Delta Health Systems. They have served as the third party administrator for the medical plan since July 2010. Staff will review/consider other vendors to provide these services.

INTERNAL SERVICE FUNDS

- Training will be provided to City staff in connection with the privacy and security rules mandated by the Health Insurance Portability and Accountability Act (HIPAA). Staff will also work with an outside consultant to update its HIPAA policies/procedures and ensure compliance with this federal mandate.
- City staff will work with its third party administrators to conduct a dependent eligibility audit of dependents currently enrolled in the health benefit plans, to ensure coverage is extended only to dependents who meet the plans' eligibility requirements.

**Internal Service Funds
Health Insurance - 552
2012-13 Adopted Budget**

	<u>FY 2009-2010</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>	<u>FY 2012-2013</u>
	<u>Actual</u>	<u>Unaudited Actual</u>	<u>Projected</u>	<u>Proposed Budget</u>	<u>Adopted Pendency</u>
Beginning Available Balance		\$ (5,980,933)	\$ (3,502,602)	\$ (2,860,301)	\$ (2,860,301)
<i>Excludes Unfunded Retiree Health Obligation</i>				<i>Assume baseline staffing of 1,433 employees</i>	<i>Assume baseline staffing of 1,435 employees</i>
Revenues					
Charge for Services					
Police	\$ 11,405,004	12,334,199	10,059,940	11,755,039	7,237,229
Fire	5,080,090	5,810,371	4,159,682	4,110,439	2,530,712
Other General Fund	1,884,870	1,977,449	1,858,581	2,378,149	1,422,579
Other Funds	14,627,291	15,704,609	13,423,087	15,424,179	15,424,179
	<u>32,997,255</u>	<u>35,826,628</u>	<u>29,501,290</u>	<u>33,667,806</u>	<u>26,614,699</u>
Participant Contributions					
Employees (current MOUs)	572,737	846,338	2,065,316	4,844,616	4,844,616
Retirees	237,627	331,046	189,235	81,819	81,819
Continuation	170,701	142,933	101,999	108,992	108,992
Reimbursements					
Stop loss coverage	844,165	2,175,773	3,366,785	1,800,000	1,800,000
Medicare	172,141	260,130	318,145	300,000	300,000
Federal Grant		870,693			
Interest	69,862	(40,569)	(1,889)		
	<u>35,064,488</u>	<u>40,412,972</u>	<u>35,540,881</u>	<u>40,803,233</u>	<u>33,750,126</u>
			-	-	-
Expenditures					
Medical Plans	33,938,065	32,429,002	28,110,114	28,865,083	21,811,976
Kaiser			942,204	1,923,306	1,923,306
Operating Engineers	661,108	516,312	682,940	909,404	909,404
Vision (5540)	212,112	192,679	197,027	226,037	226,037
Dental (5550/5560)	1,675,412	1,485,922	1,846,701	2,108,140	2,108,140
Health & Wellness Program		895			
General & Administrative	802,617	945,066	996,969	1,189,343	1,189,343
Vendor Administration Fee	2,373,545	2,356,143	2,122,625	2,718,530	2,718,530
	<u>\$ 39,662,859</u>	<u>\$ 37,926,019</u>	<u>\$ 34,898,580</u>	<u>\$ 37,939,843</u>	<u>\$ 30,886,736</u>
Net Annual Activity	<u>(4,598,371)</u>	<u>2,486,953</u>	<u>642,301</u>	<u>2,863,390</u>	<u>2,863,390</u>
Ending Available Balance		\$ (3,493,980)	\$ (2,860,301)	\$ 3,089	\$ 3,089
<i>Excludes Unfunded Retiree Health Obligation</i>					
Available Balance Calculation					
Cash and Interest Receivable		\$ 381,992			
Accounts Receivable and deposits		196,873			
Accounts Payable		(2,067)			
Claims Payable - IBNR		(4,079,400)			
Ending Available Balance		<u>\$ (3,502,602)</u>			

Note

Program revenues are estimated based upon percentage of baseline payroll.
Actual revenues will fluctuate based on Pendency Plan payroll reductions.

INTERNAL SERVICE FUNDS

UNEMPLOYMENT FUND (556)

History

- This fund maintains the City's unemployment benefit to former City of Stockton employees.
- Benefits are paid by the State of California and the State is then reimbursed by the City. The funding is in compliance with State law.
- Unemployment benefits are funded by charging each City department. The funding is based on a percentage of payroll.
- Benefit staff closely and aggressively monitor all unemployment claims received to ensure timely and accurate claim payments.
- Benefits staff also challenges any potential non-eligible claim. Staff works directly with each City Department to investigate any such claims and attends Unemployment hearings when necessary.

2011-12 Events

- Adopted budget projects ending the FY 2011-12 fiscal year under budget.

2012-13 Budget Issues and Changes

- No anticipated issues. Budgeting for fiscal year 2012-2013 was based on historical claims costs.

**Internal Service Funds
Unemployment - 556
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Budget</u>
Beginning Available Balance		\$ 364,344	\$ 490,758	\$ 159,425
Revenues				
Charge for Services				
Police	\$ 254,453	254,686	64,537	192,143
Fire	155,208	157,524	42,169	87,829
Other General Fund	38,738	8,849	9,888	31,382
Other Funds	335,153	276,693	72,073	222,681
	<u>783,552</u>	<u>697,752</u>	<u>188,667</u>	<u>534,035</u>
Expenditures				
Operations & Maintenance	559,665	571,339	520,000	501,072
	<u>559,665</u>	<u>571,339</u>	<u>520,000</u>	<u>501,072</u>
Transfers				
Transfer In				
Transfer Out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>223,887</u>	<u>126,413</u>	<u>(331,333)</u>	<u>32,963</u>
Ending Available Balance		<u>\$ 490,757</u>	<u>\$ 159,425</u>	<u>\$ 192,388</u>
Available Balance Calculation				
Cash and Interest Receivable		\$ 558,157		
Current Liabilities		(67,399)		
Cash and Interest Receivable		<u>\$ 490,758</u>		
Rates (percentage of payroll)	0.75%	0.55%	0.17%	0.45%

Note

Program revenues are estimated based upon percentage of baseline payroll.
Actual revenues will fluctuate based on Pendency Plan payroll reductions.

INTERNAL SERVICE FUNDS

LONG TERM DISABILITY, LIFE INSURANCE & ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) FUND (557)

History

- This fund provides long-term disability, life insurance, and accidental death and dismemberment benefits, as part of the total compensation package provided to eligible City of Stockton employees.
- Revenue to fund these programs is collected from each department.
- The Long Term Disability benefit provides eligible employees with:
 - 66 2/3% of their salary while disabled.
- The Life Insurance benefit provides eligible employees with:
 - Life insurance coverage while a full-time City employee.
 - A portability option to continue the life insurance coverage when leaving city employment (at the member's expense) is available.

2011-12 Events

- Stockton City Council adopted an Action Plan for Increasing Organizational Capacity. Part of this plan was to review current contracts and start the Request for Proposal (or Bid) process for long-standing contracts, ensuring the most appropriate vendor and services are being provided to the City in the most cost effective manner. In May 2012, the bid process commenced for a new LTD, Life, and AD&D contract. City staff is working with its health consultant, Segal, in this process.
- The budget projection for FY 2011-12 assumes that all current bargaining groups will continue to have the same level of benefits as currently in place through the end of the year.

2012-13 Budget Issues and Changes

- Bid Process Complete
 - A new contract will be in place during the FY 2012-2013 fiscal year.
- Contract Negotiations
 - As part of the continuing effort to decrease benefit costs, all benefit levels are under review.

**Internal Service Funds
LTD and Life Insurance - 557
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Proposed</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance		\$ 116,433	\$ 145,199	\$ 145,199	\$ 145,199
Revenues					
Charge for Services					
Police	\$ 251,308	241,334	279,838	279,838	186,500
Fire	114,597	116,014	103,185	103,185	34,520
Other General Fund	99,042	88,948	125,575	125,575	104,660
Other Funds	661,141	626,720	786,837	786,837	567,755
	<u>1,126,088</u>	<u>1,073,016</u>	<u>1,295,435</u>	<u>1,295,435</u>	<u>893,435</u>
Expenditures					
Operations & Maintenance	1,284,598	1,044,249	1,295,435	1,295,435	893,435
	<u>1,284,598</u>	<u>1,044,249</u>	<u>1,295,435</u>	<u>1,295,435</u>	<u>893,435</u>
Transfers					
Transfer In					
Transfer Out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(158,510)</u>	<u>28,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Available Balance		\$ 145,200	\$ 145,199	\$ 145,199	\$ 145,199
Available Balance Calculation					
Cash and Interest Receivable		\$ 145,199			
Ending Available Balance		<u>\$ 145,199</u>			
Rates (percentage of payroll)					
Long Term Disability					
Non-safety	1.05%	1.05%	1.35%	1.35%	1.35%
Police	NA	NA	NA	NA	NA
Fire	NA	NA	NA	NA	NA
Police Mgmt	\$234/yr	\$234/yr	\$234/yr	\$234/yr	\$234/yr
Life Insurance (per \$1,000 of annual pay x benefit)					
with Accidental Death & Disability	0.32%	0.32%	0.25%	0.25%	0.25%
without Accidental Death & Disability	0.28%	0.28%	0.22%	0.22%	0.22%

Note

Program revenues are estimated based upon percentage of baseline payroll.
Actual revenues will fluctuate based on Pendency Plan payroll reductions.

INTERNAL SERVICE FUNDS

RETIREMENT (561)

History

- This fund is utilized to collect revenue and make contributions to CalPERS for the defined benefit retirement program.
- The City of Stockton contracts with the California Public Employees' Retirement System (CalPERS) for defined retirement benefits:
 - Current Miscellaneous employees (all non-public safety) are eligible for a 2% @ 55 benefit formula.
 - Current Safety employees (Police and Fire) are eligible for the 3% @ 50 benefit formula.
- Employer contributions for CalPERS retirement benefits are collected from departments and are a percentage of pay and other compensation considered reportable for retirement purposes.
- The City offers a deferred compensation (Section 457) plan for supplemental retirement benefits. Employees may participate in this program on a voluntary basis.
- A 401(a) plan is provided to Fire Unit employees and the City Manager.

2011-12 Events

- In keeping with the City Council's Action Plan for Fiscal Sustainability, City employees are now required to pay a share of their pension costs.
 - Miscellaneous employees contribute 7% of their reportable compensation.
 - Safety employees contribute 9% of their reportable compensation.
- The City has successfully negotiated, with most bargaining units, for a second tier retirement benefit formula for new hires. The City's contract with CalPERS will be amended when agreements with all bargaining units have been reached for a second tier retirement.

2012-13 Budget Issues and Changes

- Continue the contract amendment process with CalPERS to establish a second tier retirement plan for new hires under both the Miscellaneous and Safety retirement plans.

**Internal Service Funds
Retirement - 561
2012-13 Adopted Budget**

	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013
	Actual	Unaudited Actual	Projected	Adopted Budget
Beginning Available Balance		\$ 1,599,240	\$ 1,076,632	\$ 2,778,548
Revenues				
Charge for Services				
Police	\$ 14,511,205	14,316,181	17,496,709	14,191,274
Fire	8,080,599	8,310,244	10,971,344	6,814,645
Other General Fund	1,279,719	1,310,040	1,733,993	1,381,583
Other Funds	12,824,756	11,996,899	13,852,466	10,488,810
Contingency/staff reductions			(4,900,000)	
Employee Paid				8,382,960
Investment Interest	70,557	25,000	62,628	31,912
Refunds & Reimbursements	139	100		
	36,766,975	35,958,464	39,217,140	41,291,184
Expenditures				
CalPERS payments	27,925,399	29,037,821	36,780,631	33,546,722
Contingency/staff reductions			(4,900,000)	
Debt Service on Pension Bonds	6,969,946	7,332,408	7,196,217	7,712,550 *
Other Operating Costs	100,543	110,843	140,292	31,912
	34,995,888	36,481,072	39,217,140	41,291,184
Transfers				
Transfer In				
Transfer Out	-	-	-	-
Net Annual Activity	1,771,087	(522,608)	-	-
Ending Available Balance		\$ 1,076,632	\$ 1,076,632	\$ 2,778,548

Available Balance Calculation

Cash and Interest Receivable	\$ 1,599,240
Ending Available Balance	\$ 1,599,240

PERs Employer Retirement Rates excluding Pension Obligation Bond (percentages of payroll)

Safety	21.360%	23.270%	29.100%	31.790%
Miscellaneous	13.080%	14.090%	16.940%	16.880%

Pension Obligation Bond - Estimated Retirement Rates PERS plus POB (percentages of payroll)

Safety	31.632%	32.321%	38.845%	43.110%
Miscellaneous	17.069%	18.076%	20.226%	20.660%

Note

Program revenues are estimated based upon percentage of baseline payroll.

Actual revenues will fluctuate based on Pendency Plan payroll reductions.

Payments to CalPERS will also fluctuate with staffing levels. However, the pension obligation bond payment is fixed.

* The 2012-13 Pendency Plan adopted by Council on June 26, 2012 eliminated the appropriation for the General Fund share of

**Internal Service Funds
Compensated Absence - 562
2012-13 Adopted Budget**

	<u>FY 2009-2010</u> <u>Actual</u>	<u>FY 2010-2011</u> <u>Unaudited</u> <u>Actual</u>	<u>FY 2011-2012</u> <u>Current</u> <u>Budget</u>	<u>FY 2012-2013</u> <u>Projected</u>	<u>FY 2012-2013</u> <u>Adopted</u> <u>Pendency</u>
Beginning Available Balance		\$ -	\$ -	\$ -	\$ -
Revenues					
Charge for Services					
Police	432,935	437,795	782,888	1,594,291	806,436
Fire	441,922	462,409	806,881	660,964	330,876
Other General Fund	121,466	119,285	138,890	337,272	168,838
Other Funds	988,804	2,607,474	1,451,308	1,907,473	1,898,850
Interest	(44,195)				
	<u>1,940,932</u>	<u>3,626,963</u>	<u>3,179,967</u>	<u>4,500,000</u>	<u>3,205,000</u>
Expenditures					
Employee Separation Pay	3,914,898	5,176,720	3,179,967	4,500,000	3,205,000
Administration	117				
	<u>3,915,015</u>	<u>5,176,720</u>	<u>3,179,967</u>	<u>4,500,000</u>	<u>3,205,000</u>
Transfers					
Transfer In - General Fund	1,000,000	3,000,000			
Transfer Out					
	<u>1,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Annual Activity	<u>(974,083)</u>	<u>1,450,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Available Balance	<u>\$ (974,083)</u>	<u>\$ 1,450,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available Balance Calculation					
Cash and Interest Receivable		\$ -			
Due to Worker's Comp Fund					
Ending Available Balance		<u>\$ -</u>			
Program Contribution Rate	1.85%	3.57%	3.10%	4.80%	4.80%

Local Government Glossary and Acronyms

ACCRUAL BASIS OF ACCOUNTING: A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent.

ACTUAL: Actual level of revenues or expenditures in the fiscal year noted.

APPROPRIATION: An authorization by the City Council to make expenditures and to incur obligations for a specific purpose.

APPROVED BUDGET: The approved budget is the annual City budget approved by the City Council on or before June 30 for expenditures.

ARRA: American Recovery and Reinvestment Act

ASSESSED VALUATION (AV): The dollar value of real or other property set as a basis for levying property taxes by the County assessor.

ASSESSMENT: Revenue collected for City services which benefit properties in specific areas or districts.

ASSETS: Property owned by the City for which a monetary value has been established.

AVAILABLE BALANCE: The unreserved, undesignated portion of fund balance available for future operations. For Enterprise funds, fund balance represents the current working capital portion of the fund's equity, which excludes capital assets, long-term debt, and other non-current items.

AUTHORIZED POSITIONS: Positions approved by the City Council which may or may not have funding (see Budgeted Positions).

BALANCED BUDGET: The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unallocated fund balance from previous years meet or exceed total budgeted uses of resources, including expenditures and transfer out to other funds.

BASELINE: An estimate of spending, revenue, the deficit or surplus, and the debt expected during a fiscal year under current laws, current labor agreements and current policy. The baseline is a benchmark for measuring the budgetary effects of proposed changes in revenues and spending.

BASIS OF ACCOUNTING: Refers to when revenues, expenses, expenditures and transfers are recognized and reported. The budgetary basis of accounting for all the funds is modified accrual, with a focus on current financial resources.

BEGINNING/ENDING FUND BALANCE: Resources available in a fund after payment of prior/current year expenses.

BOND: A certificate of debt issued by an entity, guaranteeing payment of the original investment plus interest, by a specified future date. Bonds are typically used for long-term debt to pay for specific capital expenditures.

BROWN ACT: This Act governs the conduct of public meetings (California Government Code 54953).

Local Government Glossary and Acronyms

BUDGET: An annual plan of financial operation embodying an estimate of proposed expenditures and the estimated means of financing them. The approved budget is authorized by City Council action and thus specifies the legal spending limits for the fiscal year.

BUDGET HEARING: A public meeting to allow citizens to comment on a proposed budget.

BUDGETED POSITIONS: The number of full-time equivalent positions to be funded in the budget.

CALTRANS: California Department of Transportation

CAPITAL BUDGET: A budget that appropriates the first year of the Capital Improvement Program.

CAPITAL IMPROVEMENT PROGRAM (CIP): An on-going five year plan of single and multiple year capital expenditures which is updated annually.

CAPITAL OUTLAY: Expenditures for tangible property of relatively permanent nature

CC: City Council

CDBG: Community Development Block Grant Department of Housing and Urban Development (HUD) provides programs for general community development to eliminate blight and to provide housing for low and moderate income persons.

CEQA: California Environmental Quality Act

COPs: Certificates of Participation – This financing technique provides long-term financing through a lease installment sale agreement or loan agreement. Certificates of Participation (COPs) allow the public to purchase participation relating to the acquisition or construction of specific equipment, land, or facilities.

COPS: Citizen's Option for Public Safety – AB 3229 funds allocated to California counties for public safety.

CONTINGENCY: A budgetary reserve set aside for emergencies or unforeseen expenditures.

CPI: Consumer Price Index, measure of inflation in area of consumer products.

CRWQCB: California Regional Water Quality Control Board

CUPA: Certified Unified Permit Agency (Haz-Mat).

CWEA: California Water Environment Association

DBW or DBAW: State of California Department of Boating and Waterways

DEBT SERVICE: Payment of interest and principal on an obligation resulting from the issuance of bonds and notes.

DOJ: Department of Justice

Local Government Glossary and Acronyms

DEIR: Draft Environmental Impact Report

DEPARTMENT: A major organizational unity of the City that has management responsibility for related operations.

DISTRICT FUND: A fund used to account for the resources, revenues and expenditures of separate special districts formed to provide certain public services.

DIVISION: A sub-unit of a department which encompasses more specific functions of that department and may consist of several activities.

EEOC: Equal Employment Opportunity Commission

EIR: Environmental Impact Report. A detailed document describing and analyzing the significant environmental effects of a project and ways to mitigate or avoid the effects.

ENCUMBRANCE: Financial commitments related to unperformed contracts for goods or services for which part of an appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

ENTERPRISE FUND: A governmental facility or service which operates like a private business and is intended to be self supporting, i.e. revenues will cover all expenses of the operations including capital costs. These funds operate on a full accrual basis recognizing revenues or expenses when the event occurs.

EPA: Environmental Protection Agency

ERAF: Educational Revenue Augmentation Fund. ERAF is a mechanism; enacted in July of 1992 by the State Legislature to shift local tax revenues from cities, counties, and special districts to a State controlled Education Revenue Augmentation Fund. The state uses this fund to reduce its obligation to the schools. ERAF funds have been used by the State to help school and community college districts meet minimum funding requirements.

EXPENDITURE: The actual spending of funds authorized by an appropriation.

FEIR: Final Environmental Impact Report

FEMA: Federal Emergency Management Agency

FESG: Federal Emergency Shelter Grant

FHA: Federal Housing Authority

FINAL BUDGET: The approved revenue and expenditure budget as appropriated.

FISCAL YEAR: The 12-month period designated as the budget year from July 1 through June 30.

FLSA: Fair Labor Standards Act

FPPC: Fair Political Practices Commission

Local Government Glossary and Acronyms

FULL TIME EQUIVALENT: The decimal equivalent of a part-time position converted to a full time basis, i.e. one person working half-time would count as 0.5 FTE.

FUND: A set of inter-related accounts to record revenues and expenditures associated with a specific purpose.

FUND BALANCE: In the governmental fund types, the unreserved fund balance is the excess of current sources of funds over current uses of funds. This amount does not include amount designated for future uses as specified by management.

GAAP: Generally Accepted Accounting Principles. The guidelines established for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time.

GASB: Governmental Accounting Standards Board

GENERAL FUND: The primary operating fund of the City. It is used to account for all revenues and expenditures of the City not legally restricted in use.

GENERAL OBLIGATION BOND: A bond backed by the full faith and credit of the issuing government. In California, local governments can only issue such bonds with voter approval subject to a legal debt limit.

GOVERNMENTAL FUNDS: Funds, such as the General Fund, which recognizes events when they affect current financial resources. Reductions are called expenditures. These funds operate on a modified accrual basis.

GRANTS: Contributions from another governmental agency to be used for a specified purpose.

HCD: Housing and Community Development

HELP: Housing Enabled by Local Partnership

HOME: Home Investment Partnership Program

HUD: Housing and Urban Development. The Federal department which provides various housing and community direct loans, guarantees, and grants.

INDIRECT COSTS: Elements of cost necessary in the production of a good or service that are not directly traceable to the product or service. These are sometimes referred to as overhead costs.

INTEREST: Income earned on the investment of available cash balances.

INTERNAL SERVICE FUNDS (ISF): Internal service funds are used to account for the centralized financing of goods or services provided by one department, on a cost-reimbursement basis.

LOCC: League of California Cities

LIEN: A document recorded with the County Recorder placing a debt against a parcel of land.

LONG-TERM DEBT: Debt with a maturity of more than one year after the date of issuance.

Local Government Glossary and Acronyms

MBE: Minority Business Enterprise

MOE: Maintenance of Effort

MUNICIPAL CODE: Codification of ordinances (laws) of a municipality.

NON-DEPARTMENTAL: Program costs that do not relate to any one department, but represent costs of a general city-wide nature.

NPDES: National Pollutant Discharge Elimination System

OPERATING BUDGET: Annual appropriation of funds for on-going program costs, including personnel, operations, capital outlay and debt service.

OPERATING TRANSFERS: Transfers from a fund receiving revenue to a fund which will expend the resources.

ORDINANCE: A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries unless it is in conflict with any higher form of law such as a State statute or constitutional provision. An ordinance has higher legal standing than a resolution.

PERMANENT FUND: A fund in which the principal remains permanently restricted, while the interest earnings may be spent for the specific purpose for which the money was given.

PERS: Public Employees Retirement System

PERSONNEL COSTS: The cost of a City department, including wage/salary, direct and indirect benefits such as health insurance, retirement contribution, workers' compensation, unemployment insurance, etc.

POST: Police Officers Standards and Training

PROCLAMATION: An official announcement or public declaration.

PSAF: Public Safety Augmentation Fund

RESERVE: Amount of fund balance designated for a specific purpose.

RDA: Redevelopment Agency. An entity created by a legislative body in accordance with state statutes which has elected to exercise the powers granted to it for planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation of an area.

RFP: Request for Proposal

RWQCB: Regional Water Quality Control Board. Issues the wastewater treatment plant discharge permit and regulates its programs.

RESOLUTION: A document confirming City Council administrative action.

RESOURCES: Total amounts available for appropriation during the fiscal year, including revenues, fund transfers and beginning fund balances.

Local Government Glossary and Acronyms

REVENUE: Money received from taxes, fees, permits, licenses, interest, inter-governmental sources, and other sources.

SPFA: Stockton Public Financing Authority

SRF: State Revolving Fund

SWRCB: State Water Regional Control Board

SECTION 8: Federal subsidized low income housing.

SECTION 108: Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects

SPECIAL ASSESSMENTS: Compulsory charges levied by a government to finance current or permanent public services or facilities to a particular group or persons or property.

SPECIAL REVENUE FUND: A fund which collects revenues that are restricted by the City, State or Federal Government as to the purpose of spending.

TFCA: Transportation Fund for Clean Air

UAAL: Unfunded Actuarial Accrued Liability. The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

UBC: Uniform Building Code

UEC: Uniform Electrical Code

UFC: Uniform Fire Code

USGS: United States Geological Survey

VLF: Vehicle License Fee

TAXES: Compulsory charges levied by a government to finance services performed.

USER FEE: Charges for services provided only to those benefiting from the service.