City of Salinas

General Fund
Five Year Fiscal Forecast: 2011-16

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General Fund Five Year Fiscal Forecast: 2011-16

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City of Salinas

INTRODUCTION

OVERVIEW

Background

The preparation of this forecast has its roots in the organizational assessment prepared by Avery & Associates in November 2010. Along with other major recommendations, the "Avery Report" recommended that the City prepare a five-year General Fund fiscal forecast as a key part of the City's budget-balancing strategy:

"*In order to fully assess future budget impacts, it is recommended that a longer time frame for forecasting General Fund revenues and expenditures be undertaken … A longer time frame is needed to identify budget events that are likely to occur more than one year out and to fully recognize the future impact of revenue and expenditure decisions made in the current year.*"

Given the priority assigned to this budget strategy in the Avery Report and the pending retirement of the City's Finance Director, the City contracted with William C. Statler in February 2011 to prepare a five-year fiscal forecast for the General Fund. (An overview of consultant qualifications is provided in the Appendix.)

Forecast Approach

The purpose of the forecast is to identify the General Fund's ability over the next five years – on an "order of magnitude" basis – to do two things:

- Continue current services in light of the worst recession since the Great Depression.
- Retain the General Fund's long-term fiscal health.

The forecast does this by projecting ongoing revenues and subtracting from them likely operating costs for current service levels, debt service obligations and planned capital improvement (CIP) projects. If positive, the balance remaining is available to fund "new initiatives" or service restorations; if negative, it shows the likely "forecast gap" if all the City does is continue current service levels, which have already been significantly reduced over the past several years.

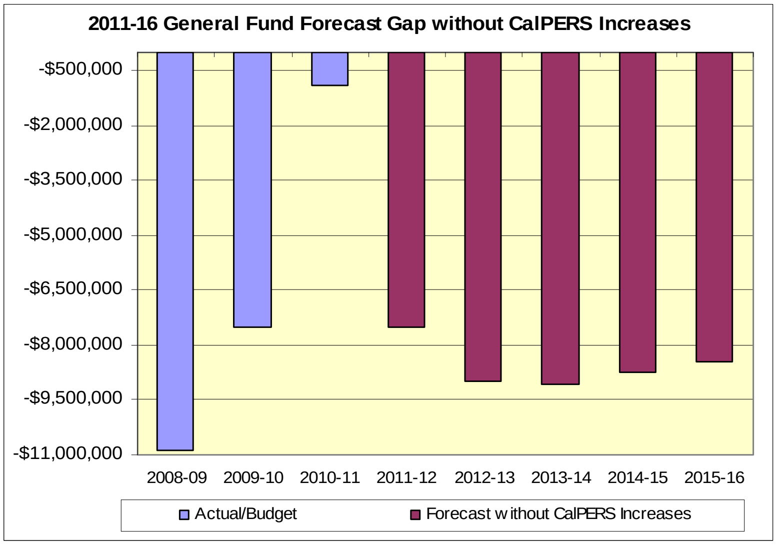
SUMMARY OF FORECAST FINDINGS

Challenging Fiscal Outlook

The City's General Fund is facing significant challenges over the next five years. The forecast results show three key findings:

INTRODUCTION

Table 1

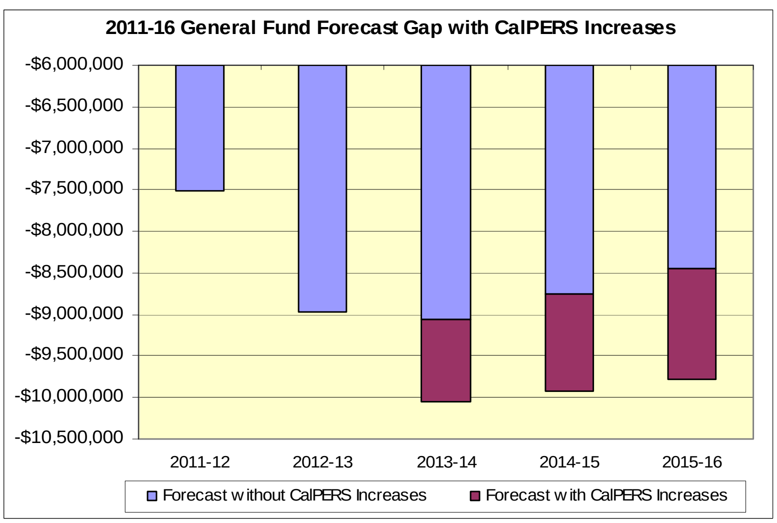


❶ ***Core (Structural) Gap: 2011-13.*** As reflected in Table 1, without corrective action, the City is facing an annual gap of $7.5 million in 2011-12 (about 10% of expenditures), which grows by $1.4 million to $8.9 million in 2012-13.

As discussed below, "but for" projected increases in employer contribution rates to the California Public Employees Retirement System (CalPERS) in 2013-14, the second year gap of $8.9 million remains relatively constant for the balance of the forecast period.

Table 1 also shows the City's significant use of reserves to balance the budget in past years: $10.9 million in 2008-09 and $7.5 million in 2009-10. This means that the City drew down over $18 million in General Fund reserves during this two year period. On the other hand, due to significant expenditure reductions along with other budget balancing actions, it is projected that revenues and expenditures will largely be in balance in 2010-11.

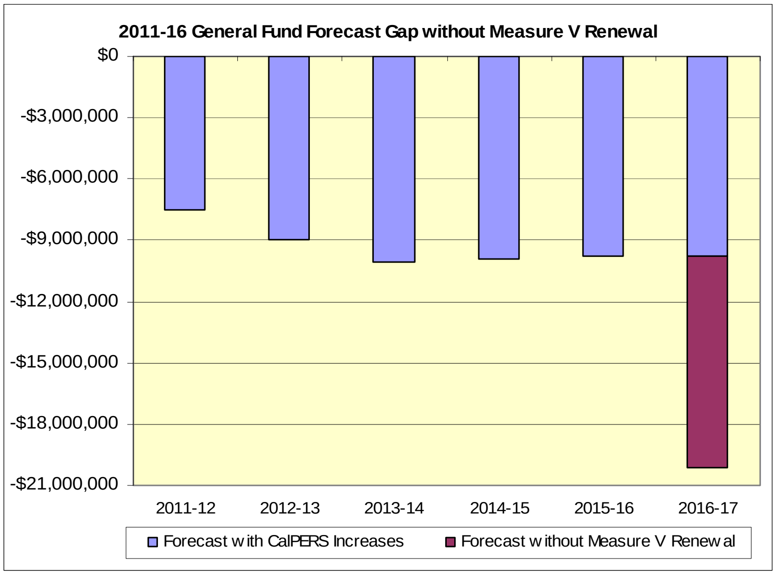
Table 2



❷ ***Core Gap plus CalPERS Retirement Cost Increases: 2013-16.*** Based on projected increases in CalPERS employer contribution rates, the core gap grows even larger beginning in 2013: to about $9.8 million by 2015-16. <u>This is the long-term structural gap facing the City</u>.

❸ ***Core Gap plus CalPERS Retirement Cost Increases Less Measure V Revenues: 2016-17***. The annual gap is much worse – growing to $20.1 million by 2016-17 – if the City's current ½-cent general purpose sales tax (Measure V) is not renewed by City voters. As reflected in Table 3, this loss of about $10 million annually would essentially double the gap facing the City.

Table 3



Tough Outlook, But Some Positives. While the forecast results present a very challenging fiscal outlook, there are some positives:

- Key revenues appear to have hit bottom and be on the road to recovery, albeit modestly.
- The City begins with stronger reserves than initially projected in the 2010-11 Budget, which is solely due to better ending results for 2009-10.
- Most importantly, while there is a "forecast gap," it is relatively constant in the out-years.

This means that there is a "structural solution:" if the City can close the long-term $9.8 million gap ahead of it, continuing reductions can end, and rebuilding can begin.

Key Forecast Drivers

Assumptions drive the forecast results, which are detailed on pages 13 to 15. Stated simply, if the assumptions change, the results will change. The key drivers underlying the forecast results include:

Revenues. The forecast generally assumes key revenues have hit bottom, with modest recovery projected over the next five years.

Reserves. The General Fund is projected to end 2010-11 with reserves at a very thin 0.7% of expenditures. No restoration of reserves to the 5% policy level is assumed in forecast, let alone restoration of reserves to the level of just three years ago, when they were about 21% of expenditures.

Expenditures. There are six key expenditure assumptions reflected in the forecast:

- Previously agreed-upon compensation increases that were deferred in 2010-11 will return in 2011-12, adding $2.9 million to costs in 2011-12 and $3.7 million in 2012-13.
- CalPERS contribution costs for sworn police and fire employees continue to rise, adding $3.1 million in costs from 2010-11 to 2015-16.
- The General Fund will continue to fund a minimal CIP (0.5% of revenues).

- By 2012-13, golf course support will increase by $450,000 annually. This is based on the likelihood that the current contract operator will not be able to meet its lease payment obligations, and the shortfall will need to be offset by the General Fund in paying the City's debt service obligation for the course.

- The City accounts for its insurance costs in a separate internal service fund. As shown in the insurance trends on page 26, the City has experienced relative stability in its general liability and workers' compensation insurance costs. However, as a short-term budget balancing measure, the General Fund has not made its normal contribution to the fund. Restoring contributions to an appropriate level will be cost $2.5 million by 2012-13.

- New debt service payments of $570,000 annually will begin in 2011-12 in order to fund the City's share of needed public safety radio system improvements.

State Takeaways. Proposition 22, adopted by California voters in November 2010, provides strong constitutional protections for key local revenues like sales and property tax. However, there are two discretionary State funding programs that are not covered by this protection: "COPS" grants for local law enforcement and booking fee reimbursements. Both of these programs are funded by the temporary taxes that will end on June 30, 2011. At this point, their extension is highly unlikely. The loss of these two funding sources will have an adverse impact on the General Fund of $450,000 annually: $150,000 from the loss of the COPS grant and $300,000 in booking fees.

Forecast Gap vs Budget Deficit

This forecast does not project a "budget deficit." The projected "forecast gap" is not the same as a "budget deficit." The City will have a budget deficit only if it does nothing to take corrective action. However, by looking ahead and making the tough choices necessary "*today*" to close projected *future* gaps, the City will avoid incurring real deficits.

As noted below, it is important to stress that forecast is not the budget: it sets forth the challenges ahead of the City in taking the corrective action needed to adopt a balanced budget.

FORECAST PURPOSE

***It is important to stress that this forecast is not the budget*.**

It doesn't make expenditure decisions; it doesn't make revenue decisions. As noted above, its sole purpose is to provide an "order of magnitude" feel for the General Fund's ability to continue current services and preserve its long-term financial health.

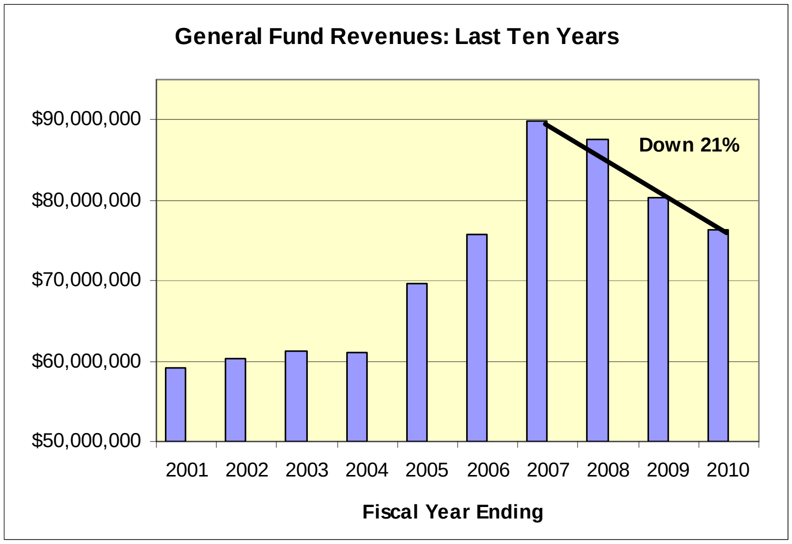
Ultimately, this forecast cannot answer the question: "Can Salinas afford new initiatives or restore service cuts?" This is a basic question of priorities, not of financial capacity per se. However, making trade-offs is what the budget process is all about: determining the highest priority uses of the City's limited resources. And by identifying and analyzing key factors affecting the City's long-term fiscal heath, the forecast can help assess how difficult making these priority decisions will be.

GENERAL FISCAL OUTLOOK

The Short Story

The nation and the State are recovering slowly from the worst recession since the Great Depression. Salinas is not immune to these economic forces. For example, as shown in Table 4, following seven years of either stability or growth in overall General Fund revenues, these dropped by 21% in the last three years.

Table 4



Economic Overview

Positives

- The economy is no longer in recession: Gross Domestic Product (GDP) has been growing since June 2009 (albeit tepidly).
- Productivity is up.
- Corporate earnings are up. In fact, they are at record highs nationally.
- Private sector lay-offs are ending: the public sector now leads in lay-offs.
- The banking system is healthier.
- Interest rates continue to be low by historic standards.
- Housing is more affordable (both purchase prices and interest rates).

Negatives

- Consumer spending is tepid at best.
- New construction is not rebounding.
- Access to credit is tougher.
- Housing prices continue to be depressed (which is why housing is more affordable).
- Job creation is weak – which is why it still feels like a recession.

These factors lead to projections for key revenues that reflect recovery, but at very slow rates compared with past recessions.

BASIC FORECAST FRAMEWORK

Background

There are two basic approaches that can be used in preparing and presenting forecasts: developing one forecast based on one set of assumptions about what is believed to be the most likely outcome; or preparing various "scenarios" based on a combination of possible assumptions for revenues, expenditures and State budget actions.

This forecast uses the "one set of assumptions" approach as being the most useful for policy-making purposes. However, as reflected in Tables 1, 2, 3, 8 and 9 below, the financial model used in preparing this forecast can easily accommodate a broad range of "what if" scenarios.

Demographic and Financial Trends

The past doesn't determine the future. However, if the future won't look like the past, we need to ask ourselves: why not? How will the future be different than the past, and how will that affect the City's fiscal outlook? Accordingly, one of the first steps in preparing the forecast was to take a detailed look at key demographic, economic and fiscal trends over the past ten years. A summary of key indicators is provided in the Trends section of this report beginning on page 18. Areas of particular focus included:

- ***Demographic and Economic Trends.*** Population, housing and inflation as measured by changes in the consumer price index (CPI).
- ***Revenues Trends.*** Focused on the City's top five General Fund revenues – sales tax, property tax/vehicle license fee (VLF) swap (both are driven by changes in assessed valuation), utility users tax, franchise fees and business license tax – which together account for about 90% of total General Fund revenues.
- **Expenditure Trends.** Overall trends in operating, debt service and CIP costs, with added focus on insurance, retirement and public safety costs.

Summary of Key Forecast Assumptions

As noted above, assumptions drive the forecast results. Sources used in developing forecast projections include:

- Long and short-term trends in key City revenues and expenditures.

- Economic trends as reported in the national media.
- Statewide and regional economic forecasts prepared by the University of California, Los Angeles, University of California, Santa Barbara, California Lutheran University, California Economic Forecast and Beacon Economics.
- Economic and fiscal information developed by the State Legislative Analyst, State Department of Finance and State Controller.
- Fiscal and legislative analysis by the League of California Cities.
- Outcome of Proposition 22.
- Analysis by the City's sales tax advisor (Hinderliter de Llamas).
- Five-year employer contribution rate projections prepared by CalPERS.

Ultimately, however, in close consultation with City Finance staff, the forecast projections reflect our best judgment about the State budget process and the performance of the local economy during the next five years, and how these will affect General Fund revenues and expenditures.

A detailed discussion of the assumptions used in the forecast begins on page 13. However, the following summarizes key forecast factors:

State Budget Actions. The forecast assumes no restoration of past cuts to cities. Moreover, as noted above, the forecast assumes that the State will take away $450,000 in General Fund resources: $100,000 from the COPS grant and $300,000 in booking fee reimbursements. And while it does not directly affect the General Fund, the Governor's budget proposal to phase-out redevelopment agencies beginning in 2011-12 would have significant adverse fiscal impacts on the City.

Internet and Catalog Sales. Unless there are significant changes in the current ground rules for the collection of sale taxes on retail sales over the Internet, the "e-economy" poses significant threats to the future of situs-based sales tax revenues. While Internet sales are still a relatively small component of total retail sales (estimated by Forester Research at 6% of retail sales nationally in 2009: $155 billion), virtually all projections indicate significant increases in the future. For example, Forester Research projects that Internet related retail sales will grow to $249 billion annually by 2014, an increase of 60% from 2009.

The forecast does not assume any major revenue losses resulting from this shift over the next five years for two reasons. First, it would be very difficult to meaningfully assess prospective revenue losses. But more importantly, the forecast assumes (perhaps based more on hope than experience) that there will be a rational resolution to collecting such an important revenue source.

For example, sales taxes are the State of California's second largest General Fund revenue (after personal income taxes), bringing in over $24 billion annually and funding about 30% of State General Fund operations. In other states, sales tax revenues play an even larger role. In Texas, for example, there is no income tax, and sales tax is the primary state revenue source. In short, because this is such a major issue in funding state and local governments throughout the nation, hopefully a reasonable resolution will ultimately emerge.

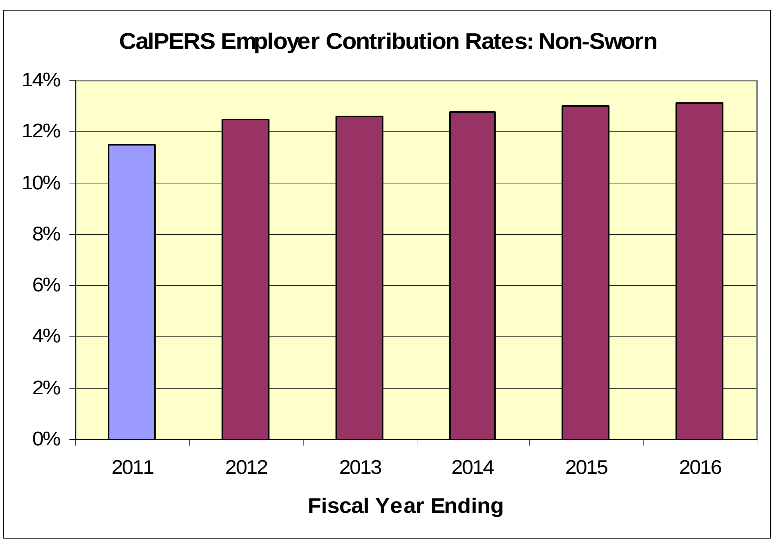
Economic Outlook: Recovery But at Very Modest Levels. The revenue forecast generally assumes modest growth in the General Fund's major revenue sources, which are directly tied to the performance of the local economy.

Operating Costs. As noted above, there are four key factors driving operating costs:

- The return of previously agreed-upon compensation increases that were deferred in 2010-11 will add $3.7 million to annual operating costs by 2012-13.

- CalPERS contribution costs for sworn police and fire employees continue to rise, adding $3.1 million costs from 2010-11 to 2015-16.

Table 5



As reflected in Table 5, CalPERS employer contribution rates for non-sworn ("Miscellaneous") employees are projected to be relatively stable for the next five years compared with 2010-11.

However, as shown in Tables 6 and 7, this is not the case for sworn police and fire employees: CalPERS has projected significant rate increases for these employees over the next five years.

In the case of sworn police employees (Table 6 below), employer contribution rates are projected to increase from 26.7% of applicable payroll costs in 2010-11 to 36.7% by 2015-16. This reflects a 37% increase in retirement costs for sworn police employees,

Table 6

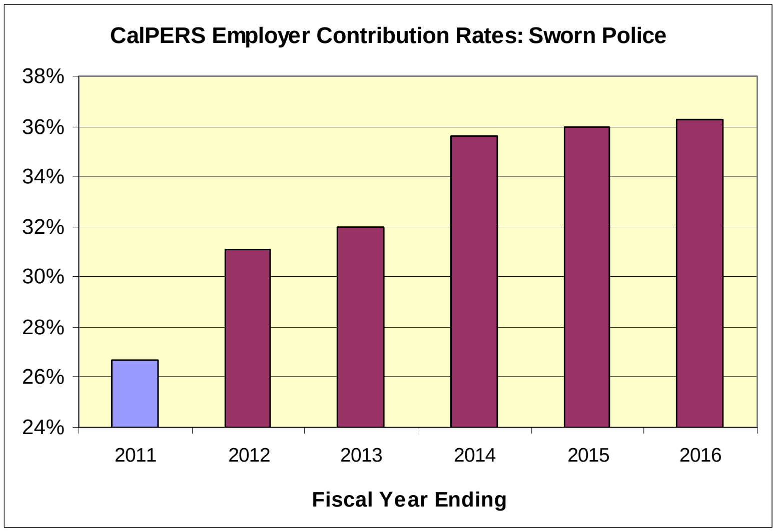
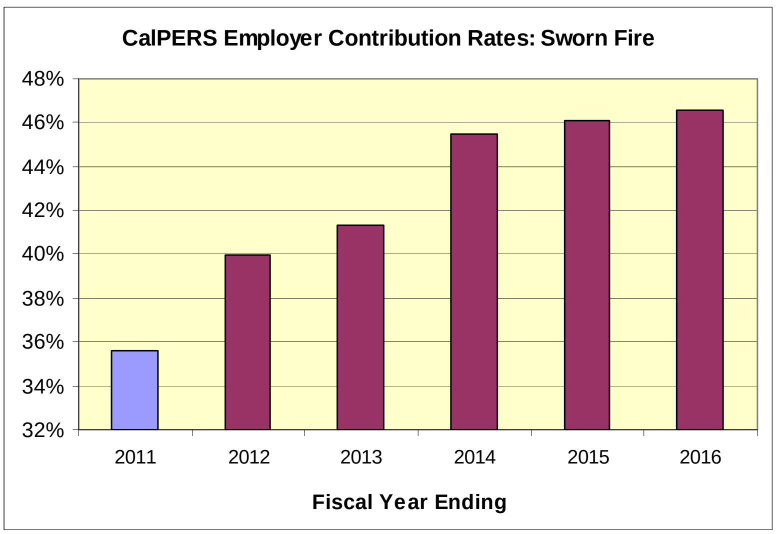


Table 7



As shown in Table 7, similar increases are projected for sworn fire employees. Employer contribution rates are projected to increase from 35.6% of applicable payroll costs in 2010-11 to 46.6% by 2015-16. This reflects a 31% increase in retirement costs for sworn fire employees.

- By 2012-13, golf course support will increase by $450,000 annually due to the need to offset likely shortfalls in contract operator lease payments.
- Lastly, restoring insurance fund contributions will cost $2.5 million by 2012-13.

Underlying these added costs, the forecast for the three out-years (2013 to 2016) assumes the underlying cost base will grow by inflation (2% annually).

Debt Service Costs. The forecast assumes the continuation of current annual debt service costs ($464,000) plus new annual debt service costs of $570,000 beginning in 2011-12 for the City's share of public safety radio system improvements. Even with this added cost, General Fund debt service obligations will still be a very low 1.3% of revenues.

CIP Costs. As noted above, the forecast assumes the continuation of a minimal General Fund support for CIP projects: 0.5% of revenues. Table 8 below shows the impact of increasing General Fund support for CIP projects to a still-modest level of 5% of General Fund revenues. As reflected in this chart, the out-year gap would increase by about $4.3 million – to $14.1 million.

Reserves. The forecast does not assume the restoration of reserves to minimum policy levels – let alone to the levels that were in place three years ago. Adequate reserves are important in responding to economic uncertainties such as local disasters, downturns in the economy and external revenue hits like State takeaways; contingencies for unforeseen operating or capital needs; and cash flow. The "right amount" of reserves depends on each city's unique fiscal circumstances and its capacity for risk. Ultimately, minimum reserve levels are a risk management tool:

Table 8

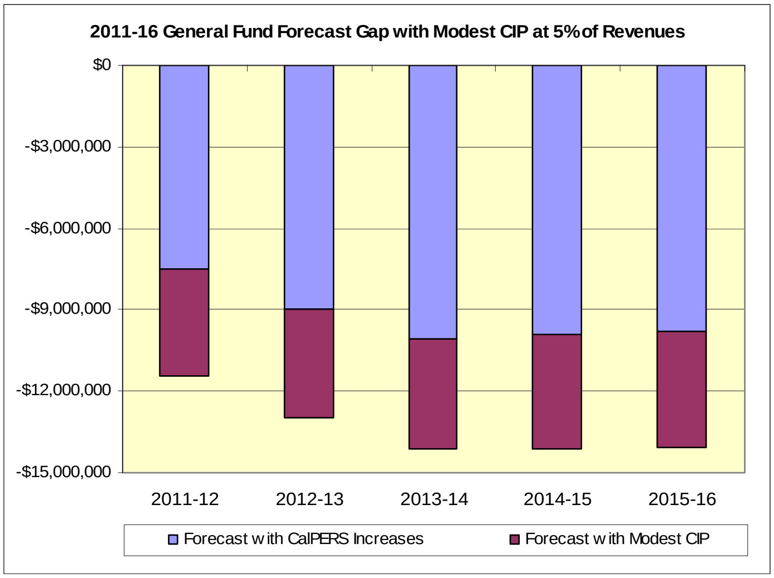
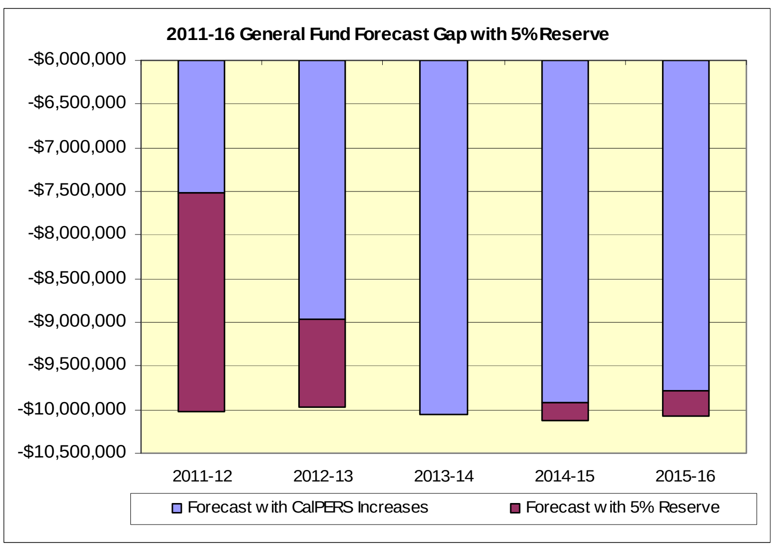


Table 9



- How much can things go differently than you thought they would before you have to take corrective action?
- And by providing time to develop and implement thoughtful solutions, they are a bridge to the future in tough fiscal times.

To place this in context:

- The statewide norm for reserves for California cities is 20% to 25% of operating expenditures.
- While Salinas was at this level three years ago, its policy is to maintain reserves at a minimum level of 5% of expenditures.
- Projected reserves at the end of 2010-11 are 0.7% of expenditures.

As noted above, the forecast does not assume the restoration of reserves to minimum policy levels. However, Table 9 shows the impact of doing so. In short, if the $9.8 million gap facing the City in the out-years was addressed fully in 2011-12, minimal further "gap reductions" would be required to restore reserves to the 5% level by 2015-16.

Other Interfund Transfers. For all other interfund transfers (besides those to the Capital Outlay and Debt Service Funds as discussed above), the forecast generally assumes the continuation of past trends.

Other Assumptions. The forecast assumes that there will be no repayment of the $1.3 million in advances made to other funds during the next five years. And lastly, it assumes that retiree health costs will continue to be funded on a cash, "pay-as-you-go" basis. While this helps with short-term budget balancing, it will result in higher costs in the future.

What's Most Likely to Change?

By necessity, this plan is based on a number of assumptions. The following summarizes key areas where changes from forecast assumptions are most likely over the next five years:

Sales Tax. This is City's most significant General Fund revenue source – and it is subject to large swings depending on the performance of the state and regional economy. Results for the last four quarters have been encouraging, and as such, there is the potential for results to be stronger than assumed in the forecast, especially if new retailers locate in Salinas in key areas where there is currently significant leakage. (However, if new retailers largely provide goods in retail categories where Salinas is already strong, the impact will not be as great.) On the other hand, these recent results follow ten consecutive quarterly declines. Accordingly, the forecast is "cautiously optimistic" in assuming that the retail sales have hit bottom and that modest recovery will follow.

Property Tax. This is the City's second largest General Fund revenue source. Following a projected decline of 10% in 2010, the forecast assumes modest recovery. However, two key questions remain: have property values in fact hit the bottom? And if so, how strong will the recovery be?

State Budget. The forecast assumes $450,000 in State takeaways. If the taxes that expire in June 2011 are subsequently extended (November 2011 is most likely the soonest that this could occur), then it is possible that these takeaways may be restored. However, these are discretionary funding programs, and even if temporary taxes are extended, there is no guarantee that the State will use added revenues for this purpose. Moreover, as the State struggles to close its $26 billion budget deficit, there is no guarantee that the $450,000 projected takeaway will be the most that will be cut by the State from the City of Salinas.

Results of Concession Negotiations. The City is currently negotiating compensation concessions with its represented employees. There is the potential for significant changes in the projected gap depending on the results of these negotiations.

Measure V Renewal. As noted above, with the loss of about $10 million in annual revenues, the forecast gap doubles to over $20 million by 2016-07 if voters do not renew Measure V.

CONCLUSION

The forecast shows that there are significant challenges ahead of the City in closing the projected General Fund gap, with very limited options for doing so:

- Continued use of reserves is no longer an option: these will be depleted to 0.7% of expenditures by the end of 2010-11. In recognizing legitimate community interests in restoring service cuts if the City's fiscal condition improves, the Avery Report recommends allocating 50% of any future surpluses to reserves. The forecast results, which assume no restoration of reserves, reinforce this recommendation as a prudent course of action.

- Capital reductions are not a solution, either: General Fund contributions for CIP projects are already assumed in the forecast to be just 0.5% of expenditures.

- This means that balancing the budget will require either deep expenditure reductions or significant new revenues. However, any significant new revenues will require voter approval. And meaningful expenditure reductions will require either lower employee costs or even further reductions in day-to-day services (or some combination of the two). It is important to stress that continued deferral of scheduled compensation increases moves the gap to future years but does not remove it.

In summary, unless the economy performs significantly better than projected, new revenues are implemented or compensation costs are lowered, the City will need to further reduce its day-to-day service levels by $9.8 million by 2016 – and this assumes that voters renew Measure V revenues. The gap will be much larger – about $20 million annually – if renewal does not happen. This in turn poses a key strategic issue: finding ways of closing the gap that will retain voter confidence and result in the renewal of Measure V.

KEY ASSUMPTIONS

DEMOGRAPHIC TRENDS

Population. Based on trends over the last ten years and a modest recovery from the downturn in new development, population is projected to grow by 0.5% in 2011-12 and 2012-13; 0.7% in 2013-14; and 1.0% in 2014-15 and 2015-16.

Inflation. Based on long-term trends and projections in recent statewide and regional forecasts, inflation grows by 2% annually throughout the forecast period.

EXPENDITURES

Operating Costs. For the first two years of the forecast (2011-13), the draft "baseline" budget prepared by the Finance Department is the underlying base. For the three out-years (2013-16), the underlying base grows by inflation (2% annually). Projected increases in CalPERS employer contribution rates are added to this base, resulting in $3.1 million in higher costs annually by 2015-16 from 2010-11 levels.

Debt Service Costs. The forecast assumes the continuation of current annual debt service costs ($464,000) plus new annual debt service costs of $570,000 beginning in 2011-12 for the City's share of public safety radio system improvements. Even with this added cost, General Fund debt service obligations will still be a very low 1.3% of revenues.

CIP Costs. The forecast assumes the continuation of a minimal General Fund contribution for CIP projects: 0.5% of revenues. As summarized below, the first two years (2011-13) are based on the draft "baseline" budget prepared by the Finance Department (the budget for 2010-11 is also shown for comparison purposes):

CIP Summary

	Budget	Draft Baseline Budget	
	2010-11	2011-12	2012-13
Personal Computer Replacement	25,000	25,000	25,000
Public Library Fund	54,000	54,000	54,000
Abbott Street Safety Building Lease	153,400	208,500	209,000
Fire Hose Replacement	5,000	5,000	5,000
Fire Hydrant Repairs	5,000	5,000	5,000
Fire Safety Turn-Outs	20,000	20,000	20,000
Fire Station Repairs	25,000	25,000	25,000
Copier Rental Program	85,000	95,000	100,000
Total	$372,400	$437,500	$443,000

For the three out-years after 2012-13, the forecast assumes that CIP costs increase by inflation (2% annually).

Retiree Health Care. The forecast assumes that retiree health costs will continue to be funded on a cash, "pay-as-you-go" basis. While this helps with short-term budget balancing, it will result in higher costs in the future.

INTERFUND TRANSFERS

For all other interfund transfers (besides those to the Capital Outlay and Debt Service Funds as discussed above), the forecast generally assumes the continuation of past trends. For the first two years of the forecast (2011-13), the draft "baseline" budget prepared by the Finance Department is the underlying base. For the three out-years (2013-16), the underlying base grows by inflation (2% annually).

KEY ASSUMPTIONS

STATE BUDGET ACTIONS

The forecast assumes no restoration of past cuts to cities. Moreover, the forecast assumes that the State will take away $450,000 in General Fund resources beginning in 2011-12: $100,000 from the COPS grant and $300,000 in booking fee reimbursements. Additionally, while it does not directly affect the General Fund, the Governor's budget proposal to phase-out redevelopment agencies beginning in 2011-12 would have significant adverse fiscal impacts on the City.

RESERVES

The forecast does not assume any restoration of reserves.

REVENUES

Sources used in developing revenue projections for the forecast include:

- Long and short-term trends in key City revenues.
- Economic trends as reported in the national media.
- State and regional economic forecasts prepared by the University of California, Los Angeles; University of California, Santa Barbara; California Lutheran University; California Economic Forecast; and Beacon Economics.
- Economic and fiscal information developed by the State Legislative Analyst, State Department of Finance and State Controller.
- Fiscal and legislative analysis by the League of California Cities.
- Outcome of Proposition 22.
- Analysis by the City's sales tax advisor (Hinderliter de Llamas).

Ultimately, however, in close consultation with City Finance staff, the forecast projections reflect our best judgment about the State budget process and the performance of the local economy during the next five years and how these will affect General Fund revenues.

Top Five Revenues

The following describes the assumptions for the "Top Five" revenues in the forecast, which account for about 90% of total projected General Fund revenues.

Sales Tax. Grows by population and inflation throughout the forecast period (2.7% to 3.0%). The forecast assumes that sales tax revenues have hit bottom and will modestly increase as follows:

2010-11:	3.3%
2011-12	3.0%
2012-13	2.8%
2013-16	Population plus inflation (2.7% to 3.0%)

Based on most recent trends, there is the potential for the sales tax base to perform better than this. On the other hand, recent results for the last four quarters follow ten consecutive quarterly declines. Accordingly, the forecast is "cautiously optimistic" in assuming that retail sales have hit bottom and that modest recovery will follow.

KEY ASSUMPTIONS

Property Tax/VLF Swap. Both of these revenue sources are driven by changes in assessed value. The forecast assumes that declines in assessed valuations have hit bottom by 2010-11 and will modestly increase thereafter as follows:

2010-11	-10.0%
2011-12	0.1%
2012-13	0.8%
2013-14	1.0%
2014-15	2.0%
2015-16	2.0%

Utility Users Tax. Assumes modest growth similar to increases in population and inflation:

2010-11	2.4%
2011-12	0.5%
2012-13	0.5%
2013-14	2.7%
2014-15	3.0%
2015-16	3.0%

Franchise Fees. Assumes modest growth similar to increases in population and inflation from 2010-11:

2010-11	Increase in trash franchise rate from 18% to 26%
2011-12	3.6%
2012-13	0.7%
2013-14	2.7%
2014-15	3.0%
2015-16	3.0%

Business License Tax. Assumes modest growth, similar to inflation starting in 2013-14:

2010-11:	Flat
2011-12:	1.2%
2012-13:	1.2%
2013-14:	2.0%
2014-15:	2.0%
2015-16:	2.0%

GENERAL FUND FIVE YEAR FISCAL FORECAST: 2011-16

	2008-09	2009-10	2010-11		FORECAST				
	Actual	Actual	Budget	Revised	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUES									
Taxes & Franchise Fees									
Sales Tax									
General	20,489,200	19,180,200	19,500,000	19,821,000	20,427,000	21,001,000	21,571,000	22,222,400	22,893,500
Measure V	8,894,300	8,819,600	8,600,000	8,900,000	9,250,000	9,500,000	9,757,800	10,052,500	10,356,100
Property Tax	25,539,700	23,090,200	20,225,000	20,750,000	20,775,000	20,940,000	21,149,400	21,572,400	22,003,800
Utility Users Tax	8,488,600	8,494,700	8,425,000	8,700,000	8,750,000	8,800,000	9,038,800	9,311,800	9,593,000
Franchise Fees	3,773,600	3,876,200	6,362,800	7,183,200	7,445,000	7,499,000	7,702,500	7,935,100	8,174,700
Business License Tax	4,148,500	4,047,800	4,150,000	4,050,000	4,100,000	4,150,000	4,233,000	4,317,700	4,404,100
Other Taxes	1,592,700	1,412,100	1,800,000	1,850,000	1,850,000	1,900,000	1,951,600	2,010,500	2,071,200
Total Taxes and Franchise Fees	72,926,600	68,920,800	69,062,800	71,254,200	72,597,000	73,790,000	75,404,100	77,422,400	79,496,400
Licenses, Permits & Service Charges	5,067,700	5,855,300	5,544,300	4,974,300	4,904,400	5,104,400	5,140,100	5,191,500	5,243,400
Subventions & Grants									
Vehicle License In-Lieu Fees (VLF)	449,800	462,300	500,000	500,000	500,000	525,000	539,200	555,500	572,300
Other Subventions & Grants	1,104,200	731,000	338,200	403,200	209,000	209,000	209,000	209,000	209,000
Interest Earnings	534,100	178,500	230,200	230,200	195,200	195,200	195,000	195,000	195,000
Other Sources	290,100	253,200	271,500	271,500	246,500	251,500	258,300	266,100	274,100
Total Revenues	80,372,500	76,401,100	75,947,000	77,633,400	78,652,100	80,075,100	81,745,700	83,839,500	85,990,200
EXPENDITURES & OTHER USES									
Expenditures	89,519,300	83,768,300	77,009,500	78,881,500	85,596,500	88,491,700	91,258,100	93,233,200	95,247,500
Interfund Transfers (In) Out									
Gas Tax Fund	(2,100,000)	(1,200,000)	(1,200,000)	(1,250,000)	(1,500,000)	(1,500,000)	(1,530,000)	(1,560,600)	(1,591,800)
Traffic Safety Fund	(900,000)	(950,000)	(750,000)	(650,000)	(650,000)	(700,000)	(714,000)	(728,300)	(742,900)
Fariways Golf Course	75,000	150,000					-	-	-
Street Sweeping Franchise				481,300	950,000	950,000	969,000	988,400	1,008,200
Paramedic Program	162,500						-	-	-
Downtown Parking District	285,000		175,000	175,000	250,000	250,000	255,000	260,100	265,300
Vehicle Abatement	85,000	50,000	50,000	50,000	50,000	50,000	51,000	52,000	53,000
Capital Projects Fund	3,659,400	1,613,400	372,400	372,400	437,500	443,000	451,900	460,900	470,100
Debt Service Funds	454,000	464,000	464,000	464,000	1,034,000	1,060,000	1,060,000	1,060,000	1,060,000
Net Transfers Out	***1,720,900***	***127,400***	***(888,600)***	***(357,300)***	***571,500***	***553,000***	***542,900***	***532,500***	***521,900***
Total Expenditures & Other Uses	91,240,200	83,895,700	76,120,900	78,524,200	86,168,000	89,044,700	91,801,000	93,765,700	95,769,400
Revenues Over (Under) Expenditures & Uses	**(10,867,700)**	**(7,494,600)**	**(173,900)**	**(890,800)**	**(7,515,900)**	**(8,969,600)**	**(10,055,300)**	**(9,926,200)**	**(9,779,200)**
AVAILABLE BALANCE, BEGINNING OF YEAR	19,835,600	8,967,900	261,600	1,473,300	582,500	(6,933,400)	(15,903,000)	(25,958,300)	(35,884,500)
AVAILABLE BALANCE, END OF YEAR	8,967,900	1,473,300	87,700	582,500	(6,933,400)	(15,903,000)	(25,958,300)	(35,884,500)	(45,663,700)

ASSUMPTIONS SUMMARY

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Population	0.5%	0.5%	0.5%	0.7%	1.0%	1.0%
Consumer Price Index (CPI)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Compound Population and CPI	2.5%	2.5%	2.5%	2.7%	3.0%	3.0%
REVENUES						
Sales Tax: Modest recovery in 2010-13; grows by population and CPI in 2013-16	3.0%	3.0%	2.8%	2.7%	3.0%	3.0%
Property Tax: Projected decline of 10% in 2010-11;	-10.0%	0.1%	0.8%	1.0%	2.0%	2.0%
gradual increases in 2012-14, returning to 2% Prop 13 growth in 2014-16						
Utility Users Tax: Modest recovery in 2010-13; grows by population and CPI in 2013-16	2.4%	0.5%	0.5%	2.7%	3.0%	3.0%
Franchise Fees	Budget	3.6%	0.7%	2.7%	3.0%	3.0%
Increases in 2010-11 due to incrrease in trash franchise rate from 18% to 26%;						
modest growth in 2011-13; grows by population and CPI in 2013-16						
Business License Tax: Budget for 2010-11; Draft Budget for 2011-13;	Flat	1.2%	1.2%	2.0%	2.0%	2.0%
grows by CPI in 2013-16						
Other Taxes: Budget for 2010-11; flat in 2011-12; grows by population and CPI in 2012-16	Budget	Flat	2.5%	2.7%	3.0%	3.0%
Licenses, Permits & Service Charges: Decrease by 15% in 2010-11 based on current trends;	-0.15	Flat	4.0%	0.7%	1.0%	1.0%
flat in 2011-12; begin to recover in 2012-13; grow by population in 2013-16						
Vehicle License In-Lieu Fees (VLF)	Budget	Flat	5.0%	2.7%	3.0%	3.0%
Budget in 2010-12; flat in 2012-13; modest recovery in 2013-14;						
grows by population and CPI in 2013-16						
Other Subventions & Grants: Budget for 2010-11; Draft Budget for 2011-13;	Budget	Draft Budget	Draft Budget	Flat	Flat	Flat
Remains flat in 2013-16						
Plus State Takeaway: COPS grant		150,000				
Interest Earnings: Projected yields on investments	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%
Other Sources: Budget for 2010-11; Draft Budget for 2011-13;	Budget	Draft Budget	Draft Budget	2.7%	3.0%	3.0%
Grows by population and CPI in 2013-16						
EXPENDITURES & OTHER USES						
Expenditures						
Budget for 2010-11; "Draft Baseline Budget" for 2011-13	Budget	Draft Budget	Draft Budget	2.0%	2.0%	2.0%
Underlying base from 2012-13 grows by CPI for 2013-16						
Plus Projected CalPERS Increases for 2013-14 from 2012-13 Base				996,600	149,900	149,600
Contribution Rates — Sworn: Fire	35.6%	39.9%	41.3%	45.5%	46.1%	46.6%
Sworn: Police	26.7%	31.1%	32.0%	35.6%	36.0%	36.7%
Non-Sworn ("Miscellaneous")	11.5%	12.5%	12.6%	12.8%	13.0%	13.1%
Plus State Takeaway: Booking Fees		300,000				
Interfund Transfers In (Out):						
For the following funds: Budget for 2010-11; "Draft Baseline Budget" for 2011-12						
grows by CPI for 2013-16						
Gas Tax Fund; Traffic Safety Fund						
Fariways Golf Course; Street Sweeping Franchise; Paramedic Program;						
Downtown Parking District; Vehicle Abatement; Capital Projects Fund						
Debt Service Fund						
Current Debt Service	464,000	464,000	490,000	490,000	490,000	490,000
New Debt Service: Five-Year Lease-Purchase for New Radio System		570,000	570,000	570,000	570,000	570,000

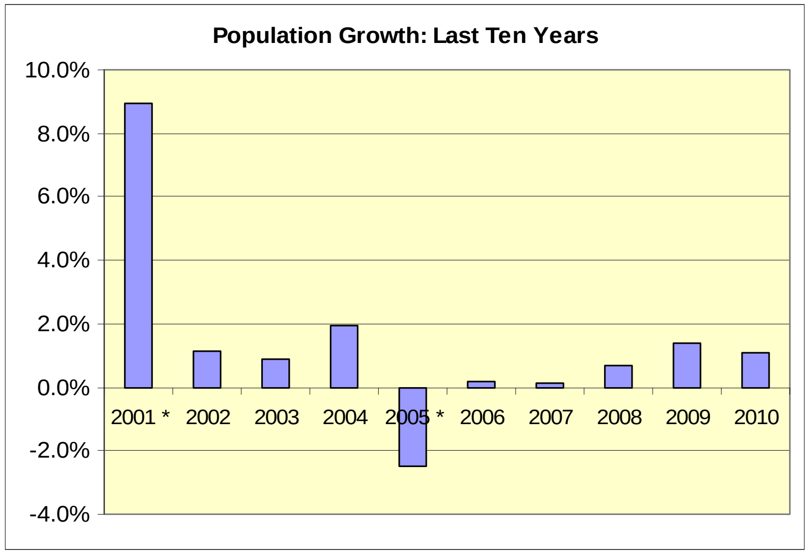
HISTORICAL TRENDS

DEMOGRAPHIC AND ECONOMIC TRENDS

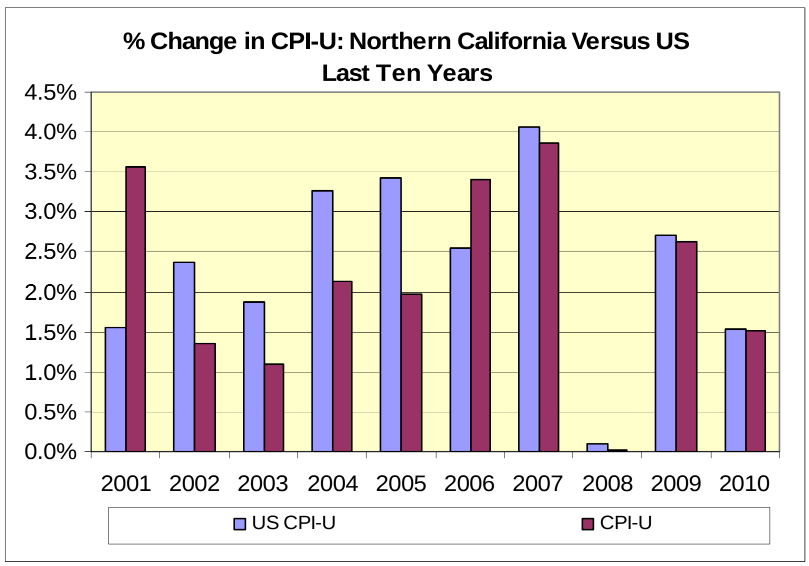
Population		
Fiscal Year Ending	Amount	% Change
2000	134,680	
2001 *	146,745	9.0%
2002	148,405	1.1%
2003	149,710	0.9%
2004	152,590	1.9%
2005 *	148,759	-2.5%
2006	149,021	0.2%
2007	149,208	0.1%
2008	150,215	0.7%
2009	152,285	1.4%
2010	153,948	1.1%
Average Annual % Change		
Last 2 Years		1.2%
Last 5 Years		0.7%
Last 10 Years		1.4%

State of California, January 1 of Each Year

* These two years are most likley reporting aberations.



Consumer Price Index: Northern California		
Year Ending	US CPI-U	No. Calif CPI-U
2001	1.6%	3.6%
2002	2.4%	1.3%
2003	1.9%	1.1%
2004	3.3%	2.1%
2005	3.4%	2.0%
2006	2.5%	3.4%
2007	4.1%	3.9%
2008	0.1%	0.0%
2009	2.7%	2.6%
2010	1.5%	1.5%
Average Annual % Change		
Last 2 Years	2.1%	2.1%
Last 5 Years	2.2%	2.3%
Last 10 Years	2.3%	2.2%

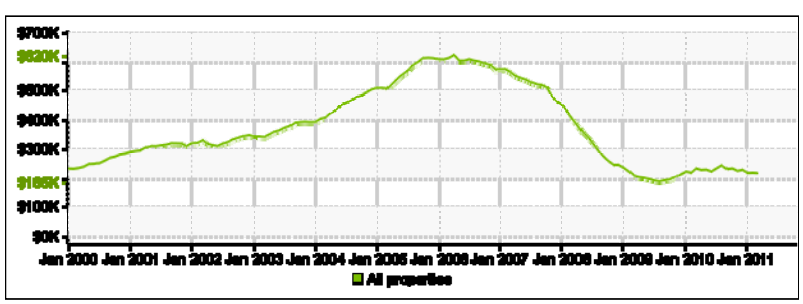


Since 2007, there has been virtually no difference in the percentage change between the United States and Northern California indexes. For both, CPI increases have averaged 2% annually for the last two, five and ten year intervals.

Housing sales prices in Salinas reflect steady growth from 2000 to their peak in 2006. Prices then dropped rapidly through 2009, but appear to have stabilized since then.

Source: www.Trulia.com

Salinas Median Housing Sales Price

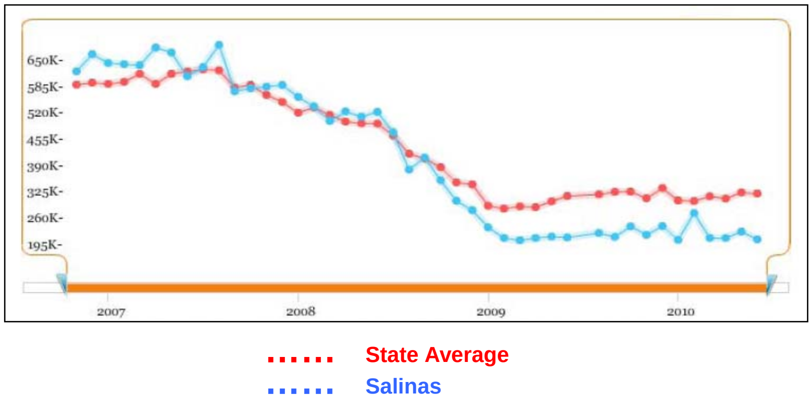


HISTORICAL TRENDS

Housing sales prices in Salinas have closely mirrored statewide trends.

Source: Aol Real Estate

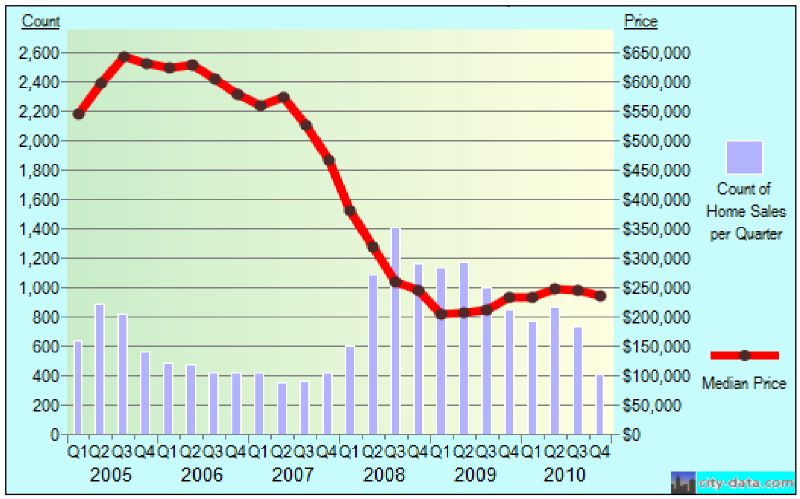
Median Housing Sales Prices: Salinas Vs Statewide Average



There has been a close correlation between the number of home sales in Salinas and sales prices.

Source: City-Data.Com

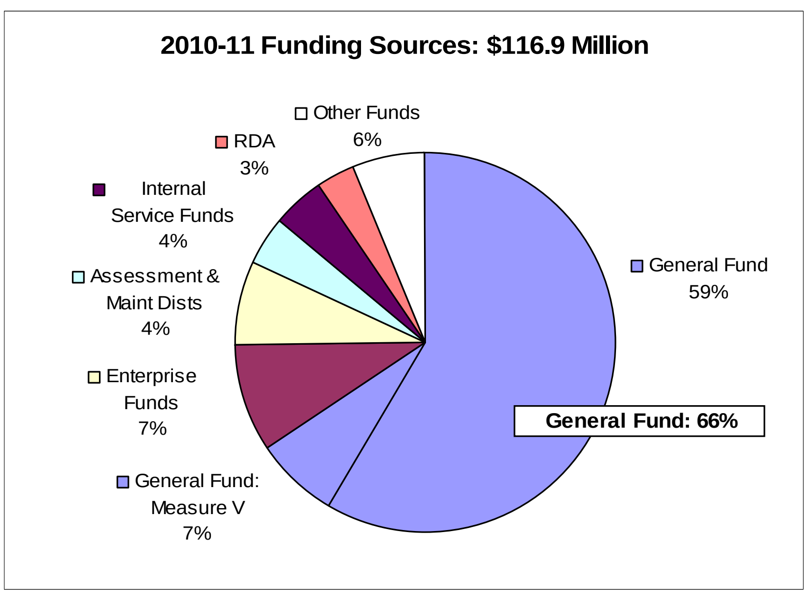
Salinas Home Sales



REVENUES AND EXPENDITURES SUMMARY: 2010-11 BUDGET

Funding Sources: 2010-11 Budget		
Source	Amount	% Total
General Fund	68,209	58%
General Fund: Measure V	8,278	7%
Capital Projects Fund	10,997	9%
Enterprise Funds	8,200	7%
Assessment & Maint Dists	4,871	4%
Internal Service Funds	5,183	4%
RDA	3,879	3%
Other Funds	7,297	6%
Total	**$116,914**	**100%**

In Thousands of Dollars

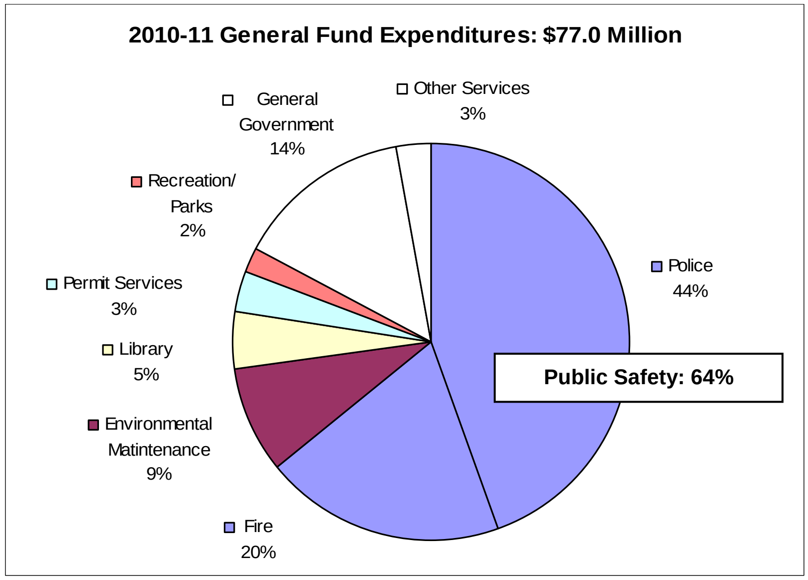


The General Fund – which is the focus of this forecast – accounts for about two-thirds of total City expenditures.

General Fund Expenditures: 2010-11 Budget		
Function	Amount	% Total
Police	34,258	44%
Fire	15,226	20%
Environmental Matintenance	6,565	9%
Library	3,729	5%
Permit Services	2,412	3%
Recreation/Parks	1,518	2%
General Government	11,117	14%
Other Services	2,185	3%
Total	**$77,010**	**100%**

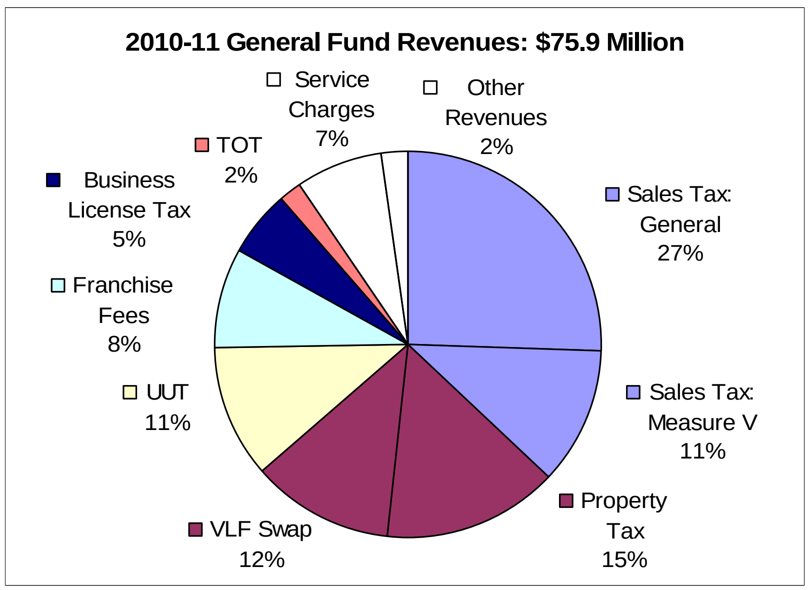
In Thousands of Dollars

Public safety – police and fire services – accounts for almost two-thirds of General Fund expenditures.



General Fund Revenues: 2010-11 Budget		
Source	Amount	% Total
Sales Tax: General	19,500,000	26%
Sales Tax: Measure V	8,600,000	11%
Property Tax	11,090,000	15%
Vehicle License Fee (VLF) Swap	9,135,000	12%
Utility Users Tax (UUT)	8,425,000	11%
Franchise Fees	6,362,800	8%
Business License Tax	4,150,000	5%
Transient Occupancy Tax (TOT)	1,450,000	2%
Service Charges	5,544,300	7%
Other Revenues	1,689,900	2%
Total	**75,947,000**	**100%**

Sales tax revenues are the General Fund's largest funding source, accounting for almost 40% of total revenues. Property taxes (including the "VLF Swap") are the second largest, accounting for over 25% of total revenues.



GENERAL FUND REVENUE TRENDS

The following tables and charts show long and short term trends in General Fund revenues, both in total as well as for the "Top Five" revenue sources, which account for about 90% of total General Fund revenues:

Top Five General Fund Revenue Sources

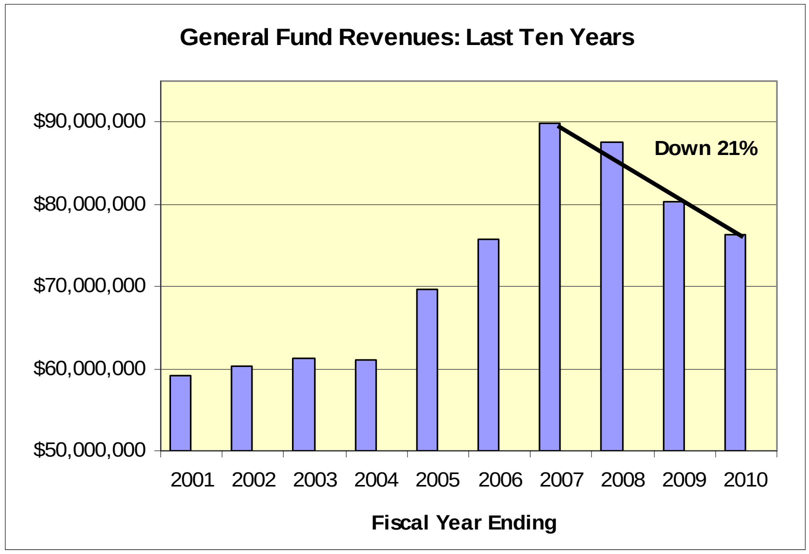
- Sales Tax (General and Measure V): 38%
- Property Tax and Vehicle License Fee (VLF) Swap: 27% *
- Utility User Tax: 11%
- Franchise Fees: 8%
- Business License Taxes: 5%

** In 2005, the State "swapped" the backfill of lost VLF revenues to cities with a comparable amount of revenue from a shift in property tax allocations. Both of these revenue sources are determined by the same tax base: assessed valuation.*

HISTORICAL TRENDS

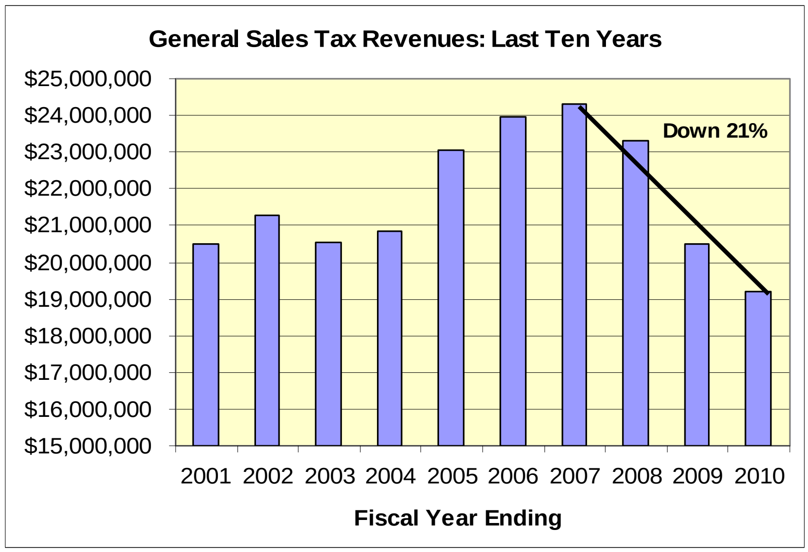
General Fund Revenues		
Fiscal Year Ending	Amount	% Change
2001	59,211,700	
2002	60,219,700	1.7%
2003	61,321,200	1.8%
2004	61,035,100	-0.5%
2005	69,637,500	14.1%
2006	75,670,800	8.7%
2007	89,840,900	18.7%
2008	87,583,900	-2.5%
2009	80,372,500	-8.2%
2010	76,401,200	-4.9%
Average Annual % Change		
Last 2 Years		-6.6%
Last 5 Years		2.3%
Last 10 Years		3.2%

Overall, General Fund revenues are down by 21% since their peak in 2007.

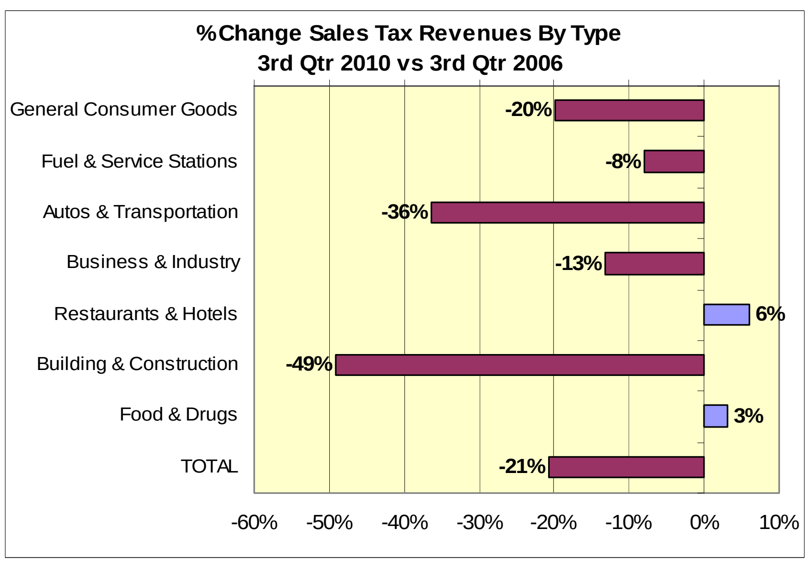


General Sales Tax Trends		
Fiscal Year Ending	Amount	% Change
2001	20,499,600	
2002	21,282,100	3.8%
2003	20,562,400	-3.4%
2004	20,857,800	1.4%
2005	23,052,200	10.5%
2006	23,948,500	3.9%
2007	24,297,200	1.5%
2008	23,291,700	-4.1%
2009	20,489,100	-12.0%
2010	19,180,200	-6.4%
Average Annual % Change		
Last 2 Years		-9.2%
Last 5 Years		-3.4%
Last 10 Years		-0.5%

Sales tax revenues – the top General Fund revenue source – are also down by 21% since their peak in 2007.

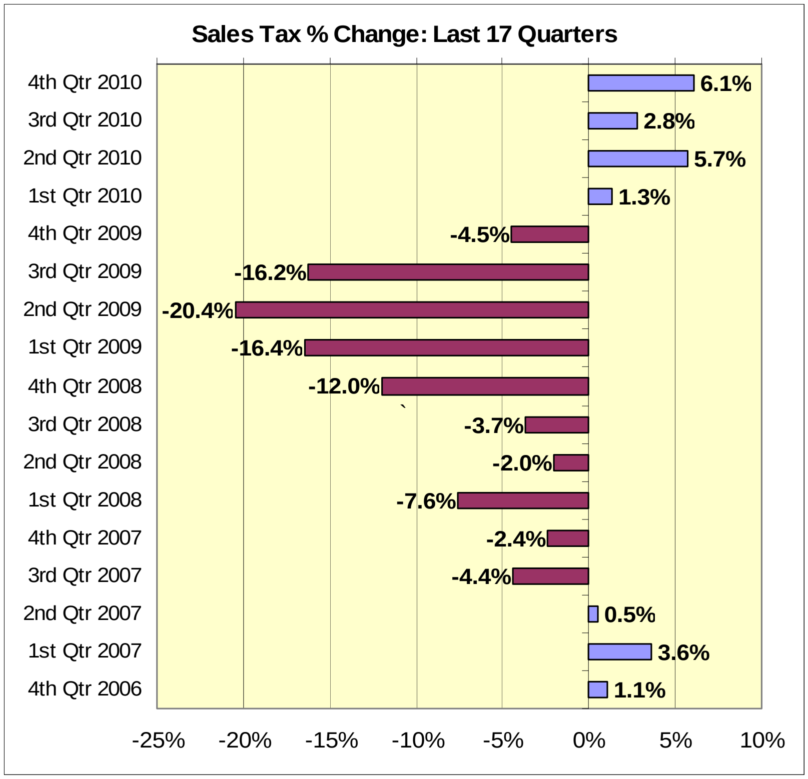


From the third quarter of 2006 through the third quarter of 2010, sales tax revenues were down in every category except for restaurants and food & drugs.



HISTORICAL TRENDS

While sales tax revenues appear to have strengthened in the last four quarters, this followed ten consecutive quarterly declines in the City's most important revenue source.

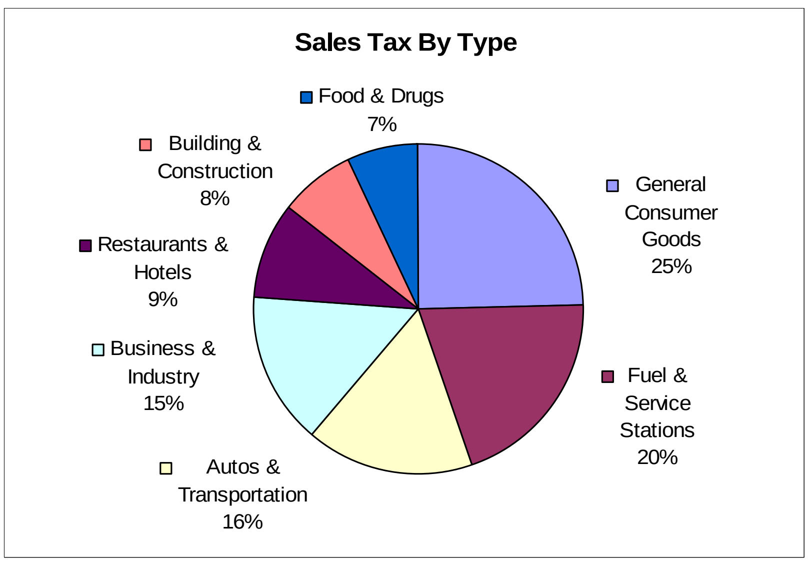


General consumer goods are the most important source of sales tax revenues, followed by fuel and service stations.

The "No. 2" ranking of service stations is unusual, and reflects two factors:

- The location of Salinas between the Bay Area and Southern California makes it a statewide and regional provider of vehicle fuel services.

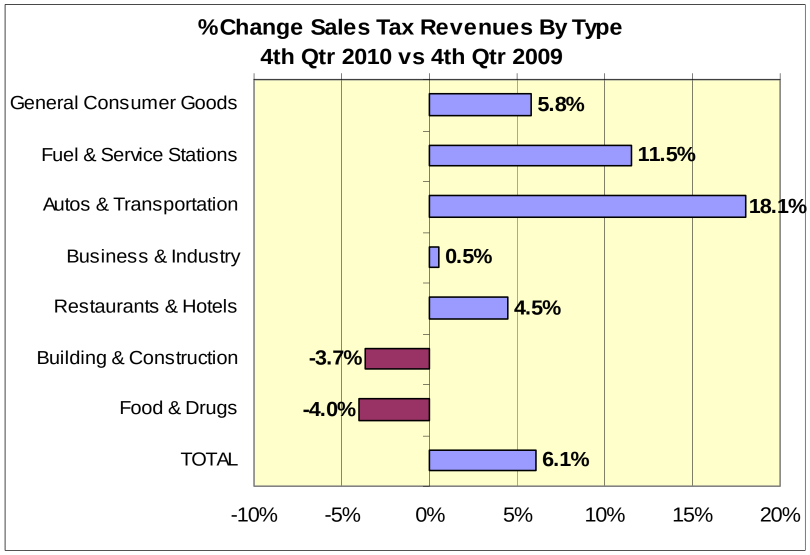
- Three years ago the relative positions of autos & transportation and service stations were directly switched, with auto sales the "No. 2" source at 20% of total sales tax revenues. This switch in relative positions is largely due to the significant decline in new car sales, not just in Salinas but statewide.



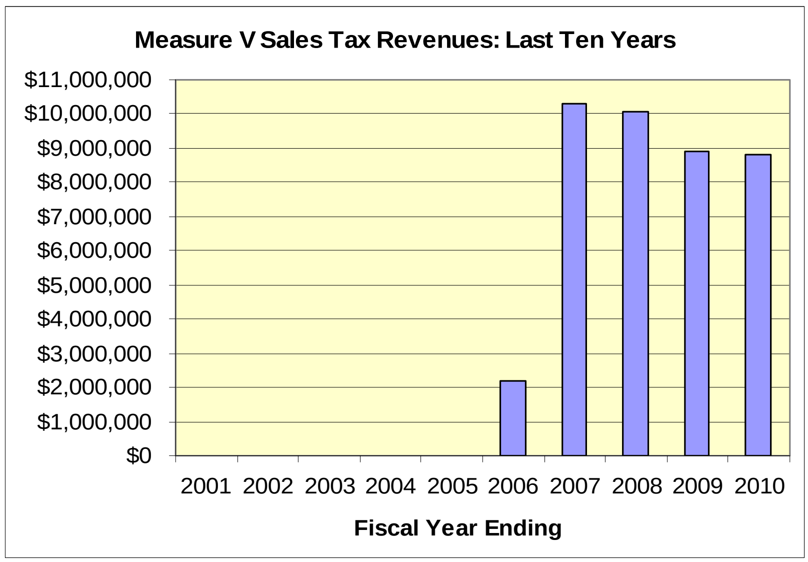
HISTORICAL TRENDS

Fourth quarter sales tax results for 2010 are encouraging, increasing by 6.1% from the same holiday quarter in 2009.

This recovery was led by increases in new car sales. On one hand, the percentage rebound largely reflects just how far new car sales have fallen since 2007. Nonetheless, the recovery is a positive sign, which is complemented by the 5.8% increase in general consumer goods.



Measure V Sales Tax Trends		
Fiscal Year Ending	Amount	% Change
2001		
2002		
2003		
2004		
2005		
2006	2,202,900	
2007	10,279,500	
2008	10,054,900	-2.2%
2009	8,894,200	-11.5%
2010	8,819,600	-0.8%
Average Annual % Change		
Last 2 Years		-6.2%
Last 5 Years		N/A
Last 10 Years		N/A

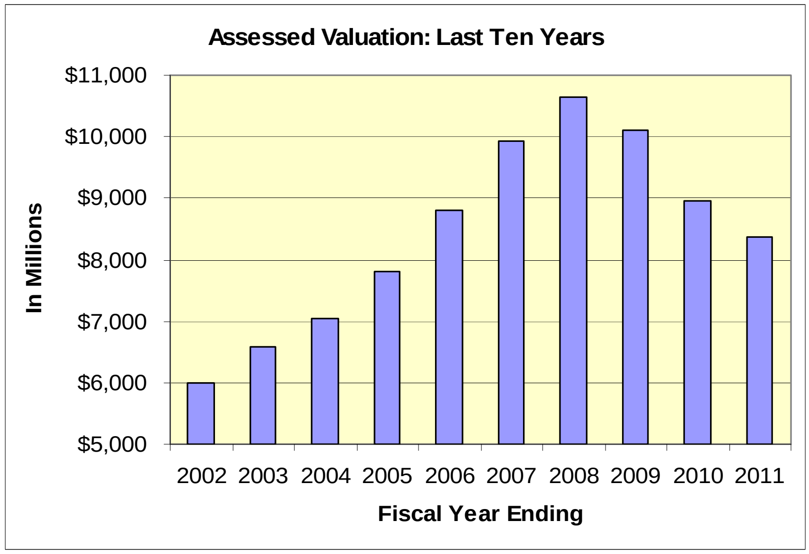


2006-07 was the first full year of Measure V sales taxes. While down from their peak in 2006-07, they did not fall as far as the "general" 1% sales tax. This is because of the slightly different tax base for the general sales tax, which is allocated based on "situs" (where the sale was made); versus Measure V revenues, which are allocated based on where the item will be used. For many purchases, there are no practical distinctions between the two bases. However, for "large ticket" items that have formal address-based registrations – like planes, boats and automobiles – there is a significant difference. Given Salinas' strong regional position for new car sales, the "base" for Measure V revenues is smaller than the general 1% sales tax. However, this also means that the drop was not as drastic.

HISTORICAL TRENDS

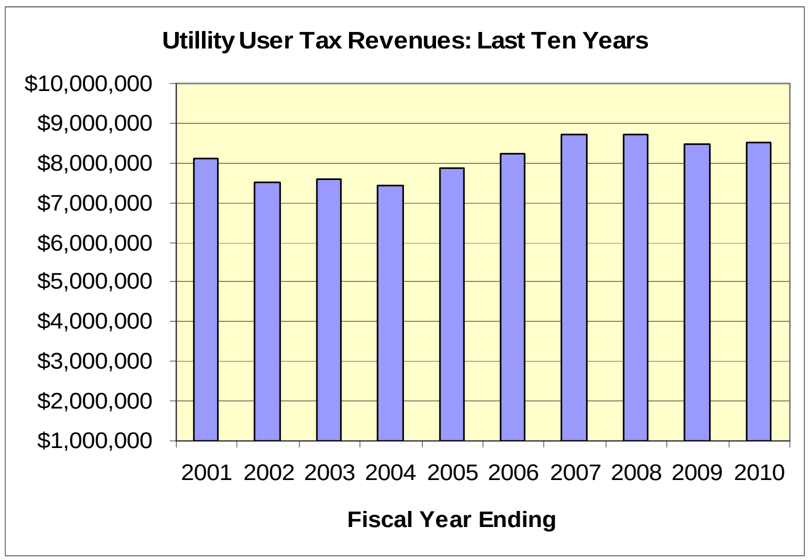
Assessed Valuation Trends		
Fiscal Year Ending	Amount	% Change
2002	$5,989	
2003	6,591	10.1%
2004	7,046	6.9%
2005	7,799	10.7%
2006	8,806	12.9%
2007	9,926	12.7%
2008	10,646	7.3%
2009	10,103	-5.1%
2010	8,967	-11.2%
2011	8,361	-6.8%
Average Annual % Change		
Last 2 Years		-9.0%
Last 5 Years		-0.6%
Last 10 Years		4.2%

Two of the General Fund's top three revenues – property tax and VLF swap – are determined by changes in assessed valuation.



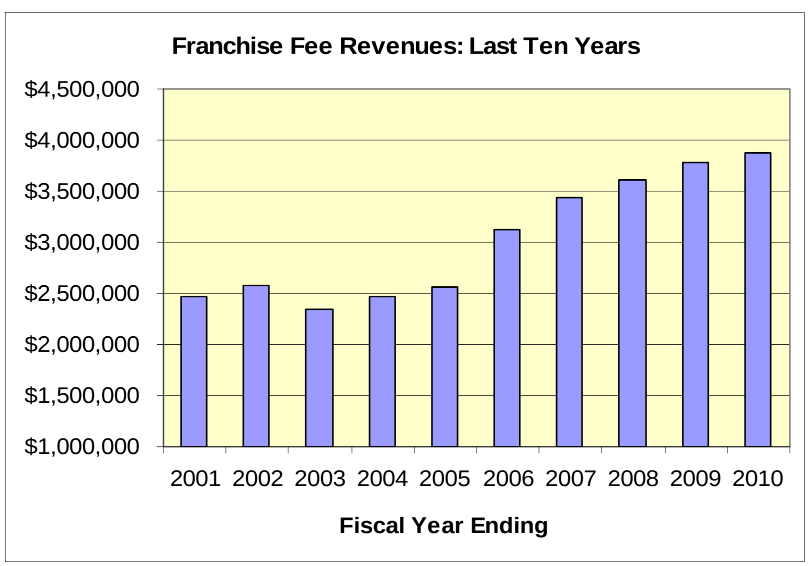
Utility Users Taxes		
Fiscal Year Ending	Amount	% Change
2001	$8,122,800	
2002	7,515,900	-7.5%
2003	7,577,700	0.8%
2004	7,427,200	-2.0%
2005	7,862,300	5.9%
2006	8,228,800	4.7%
2007	8,714,700	5.9%
2008	8,696,100	-0.2%
2009	8,488,600	-2.4%
2010	8,494,700	0.1%
Average Annual % Change		
Last 2 Years		-1.2%
Last 5 Years		1.6%
Last 10 Years		0.6%

Historically, utility user taxes are the General Fund's most stable revenue source.



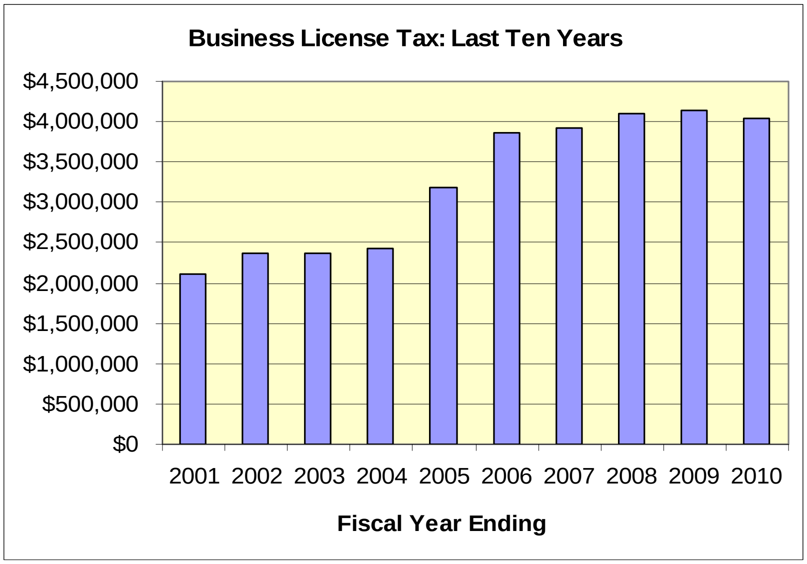
Franchise Fees		
Fiscal Year Ending	Amount	% Change
2001	$2,464,900	
2002	2,575,900	4.5%
2003	2,337,700	-9.2%
2004	2,472,600	5.8%
2005	2,559,200	3.5%
2006	3,120,900	21.9%
2007	3,430,800	9.9%
2008	3,616,500	5.4%
2009	3,773,600	4.3%
2010	3,876,200	2.7%
Average Annual % Change		
Last 2 Years		3.5%
Last 5 Years		8.9%
Last 10 Years		5.4%

Recent increases in franchise fees are largely due to increases in franchise rates for solid waste services.



HISTORICAL TRENDS

Business License Tax Revenues		
Fiscal Year Ending	Amount	% Change
2001	$2,104,500	
2002	2,373,700	12.8%
2003	2,363,100	-0.4%
2004	2,430,600	2.9%
2005	3,185,700	31.1%
2006	3,865,800	21.3%
2007	3,928,700	1.6%
2008	4,108,900	4.6%
2009	4,148,500	1.0%
2010	4,047,800	-2.4%
Average Annual % Change		
Last 2 Years		-0.7%
Last 5 Years		5.2%
Last 10 Years		8.0%



The increase in 2004-05 is largely due to a revision in the business tax ordinance that moved the tax base for most businesses to gross receipts. This was followed in 2005-06 with a pro-active audit program.

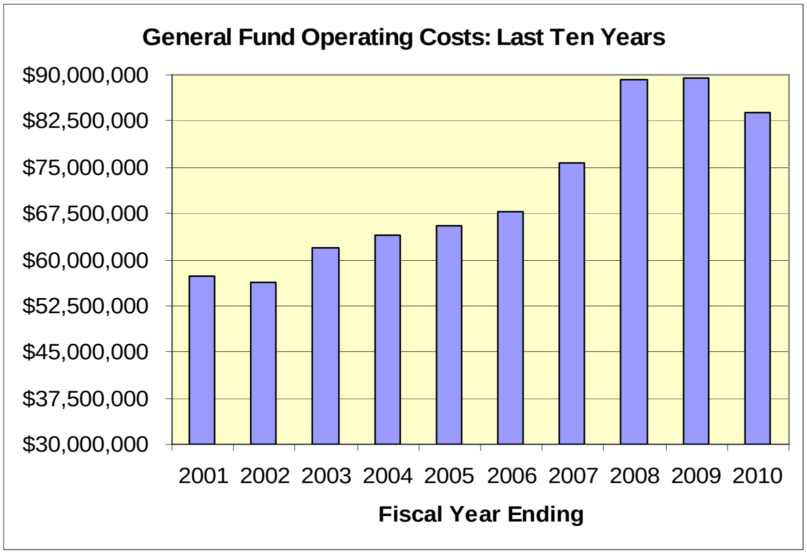
GENERAL FUND EXPENDITURE TRENDS

The following tables and charts show long term trends in the General Fund expenditures in total as well as for three key operating expenditure areas, which have been significant cost drivers in other California communities:

- Insurance (general liability, worker compensation and total)
- CalPERS employer retirement contribution rates
- Public safety (police and fire)

Long-term trends are also shown for General Fund debt service costs relative to revenues.

Operating Expenditures		
Fiscal Year Ending	Amount	% Change
2001	57,381,300	
2002	56,211,100	-2.0%
2003	61,854,200	10.0%
2004	63,847,900	3.2%
2005	65,593,600	2.7%
2006	67,808,400	3.4%
2007	75,588,300	11.5%
2008	89,154,100	17.9%
2009	89,519,300	0.4%
2010	83,768,300	-6.4%
Average Annual % Change		
Last 2 Years		-3.0%
Last 5 Years		5.4%
Last 10 Years		4.5%

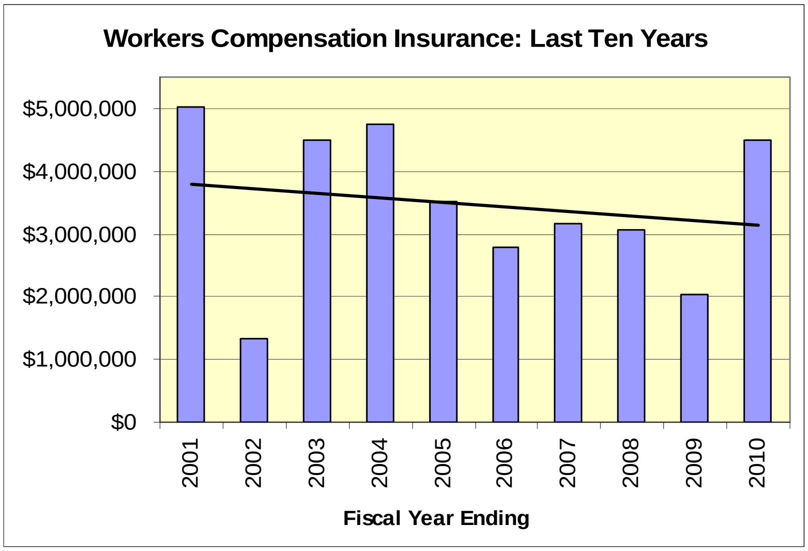


The increase in operating costs in 2006-07 and 2007-08 largely reflects “ramping-up” for Measure V priorities. The 6.4% decrease in 2009-10 reflects budget-balancing actions.

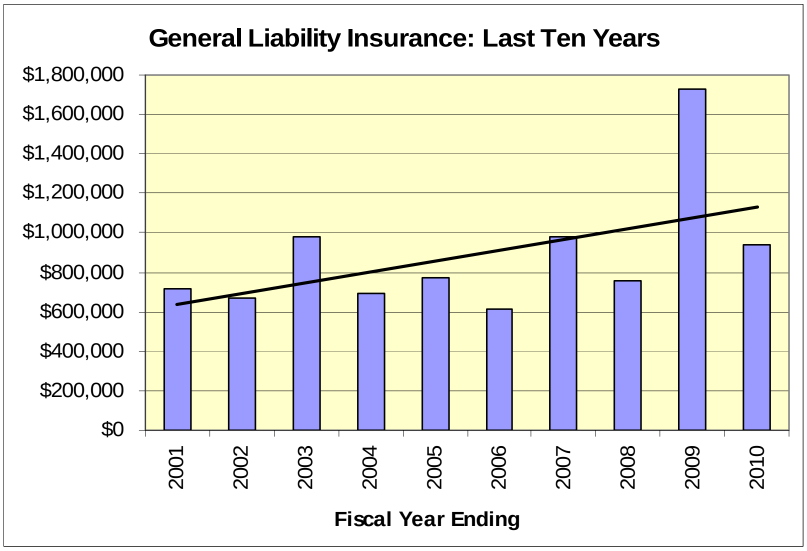
Insurance Costs. The City has established a separate internal service fund to account for insurance costs that are allocable to all funds. The following shows organization-wide insurance costs, which ultimately determine General Fund insurance costs.

HISTORICAL TRENDS

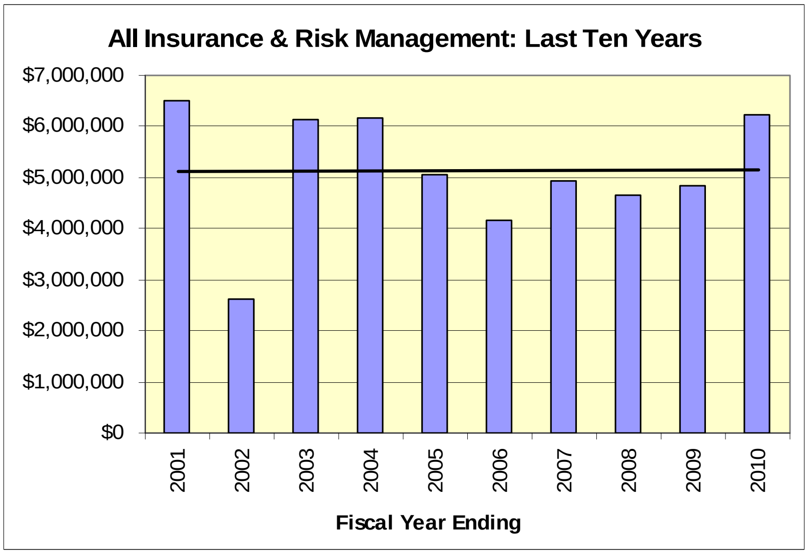
Worker compensation costs have experienced significant peaks and valleys over the past ten years, but the long-term trend has been towards slightly lower costs.



General liability insurance costs have also been volatile, but on an upward swing.



However, when workers compensation costs have been up, general liability costs have been down – and vise versa. This has led to relatively stable insurance costs overall for the past ten years.



HISTORICAL TRENDS

Retirement Costs. The City has three separate retirement plans with CalPERS:

- Non-Sworn ("Miscellaneous")
- Sworn: Police
- Sworn: Fire

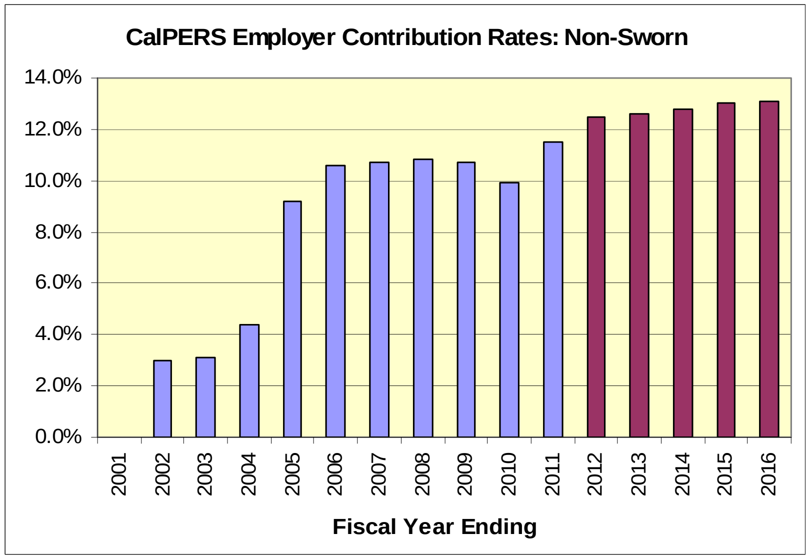
The following summarizes long-term trends in employer contribution rates and projections for the next five years for each of these groups.

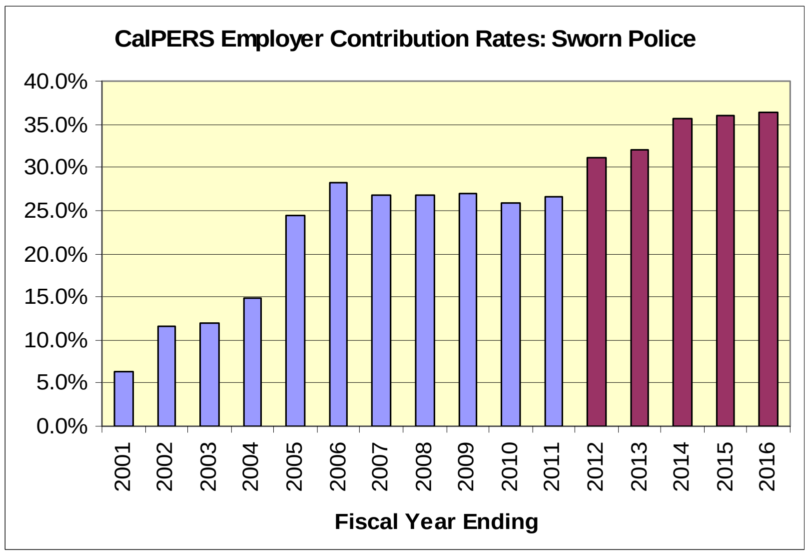
Non-Sworn. Based on significant excess assets at the time, the City had no employer contribution requirements for 2000-01, and modest ones in 2001-02 through 2003-04. However, this changed with CalPERS investment losses due to "9/11," the dot.com meltdown and corporate scandals, resulting in significant increases in 2004-05. However, non-sworn rates have stayed relatively stable since then.

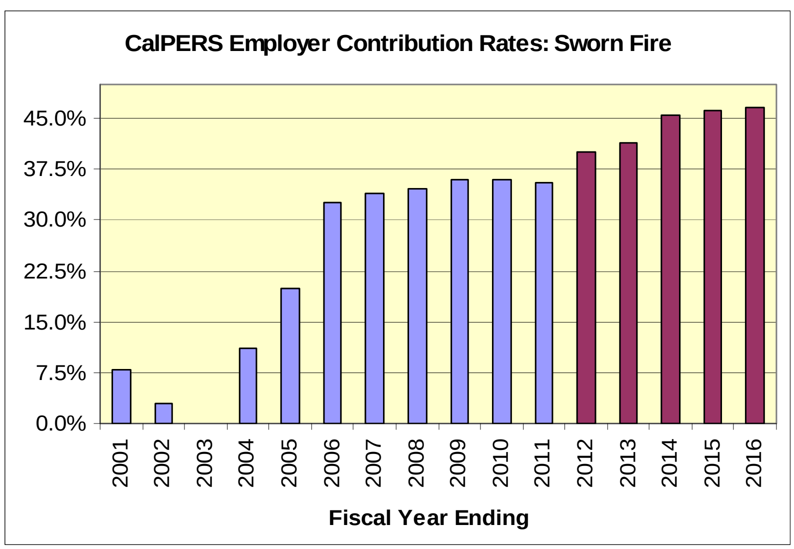
Sworn Employees. However, this is not the case for sworn employees. Like non-sworn employees, employer contributions in the early 2000's were zero or low due to excess assets. However, they increased significantly following the 9/11 and dot.com investment losses; and continue to rise sharply. Largely due to CalPERS investment losses in light of the worst recession since the Great Depression, rates are again projected to rise steeply in 2013-14.

- In the case of sworn police employees, employer contribution rates are projected to increase from 26.7% of applicable payroll costs in 2010-11 to 36.7% by 2015-16.

- Similar increases are projected for sworn fire employees. Employer contribution rates are projected to increase from 35.6% of applicable payroll costs in 2010-11 to 46.6% by 2015-16.

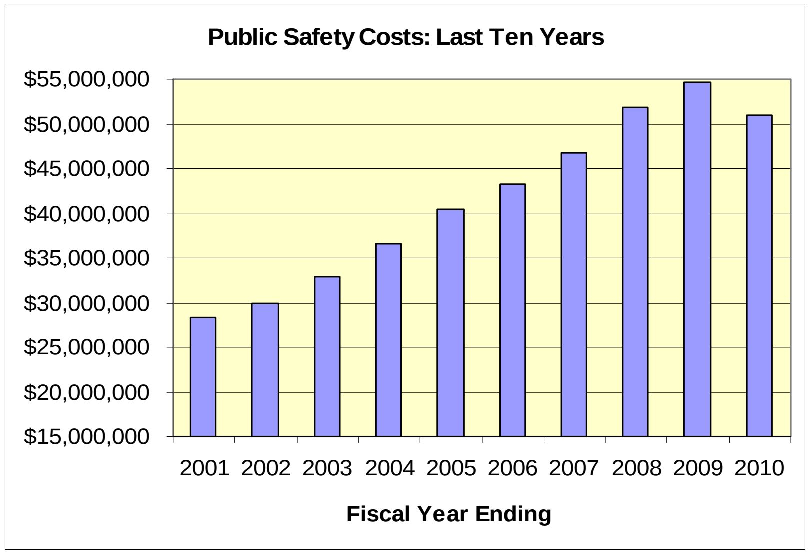






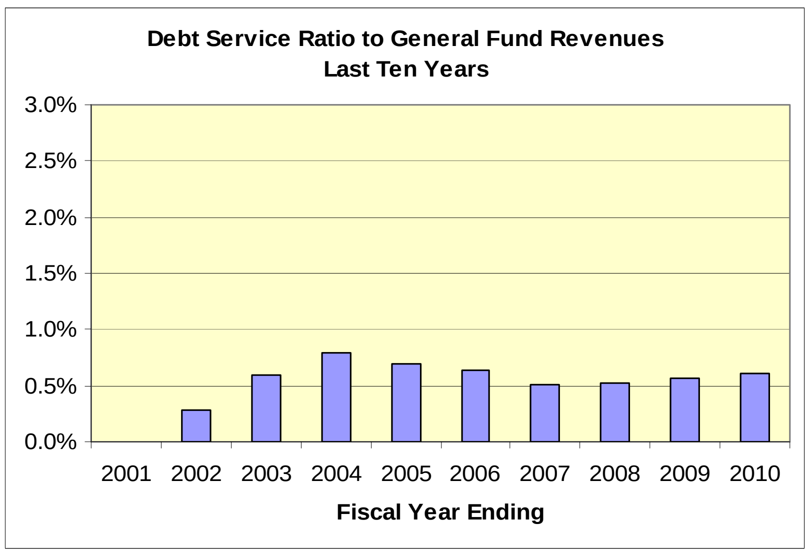
HISTORICAL TRENDS

Public Safety Costs		
Fiscal Year Ending	Amount	% Change
2001	28,316,400	
2002	29,883,800	5.5%
2003	32,924,100	10.2%
2004	36,564,900	11.1%
2005	40,387,100	10.5%
2006	43,270,700	7.1%
2007	46,838,600	8.2%
2008	51,822,900	10.6%
2009	54,694,700	5.5%
2010	50,922,900	-6.9%
Average Annual % Change		
Last 2 Years		-0.7%
Last 5 Years		4.9%
Last 10 Years		6.9%



Public safety costs account for about two-thirds of General Fund costs. They have consistently risen until the cutbacks of 2009-10.

Debt Service Ratio to General Fund Revenues		
Fiscal Year Ending	Amount	Gen Fund Rev Ratio
2001	$0	0.0%
2002	169,800	0.3%
2003	363,200	0.6%
2004	484,000	0.8%
2005	484,000	0.7%
2006	484,000	0.6%
2007	454,000	0.5%
2008	454,000	0.5%
2009	454,000	0.6%
2010	464,000	0.6%
Average Annual % Change		
Last 2 Years		0.6%
Last 5 Years		0.6%
Last 10 Years		0.6%



Debt service costs are very modest, averaging about 0.5% of General Fund revenues for the past ten years. Even with added debt service costs of $570,000 beginning in 2011-12 for the City's share of public safety radio system improvements, this will increase very modestly to 1.3% of revenues.
For context, the rating agencies do not typically become concerned about debt service ratios until they approach 10% of revenues.

CONSULTANT QUALIFICATIONS

SENIOR FINANCIAL MANAGEMENT EXPERIENCE

Bill Statler has over 30 years of senior municipal financial management experience, which included serving as the Director of Finance & Information Technology/City Treasurer for the City of San Luis Obispo for 22 years and as the Finance Officer for the City of Simi Valley for 10 years before that.

Under his leadership, the City of San Luis Obispo received national recognition for its financial planning and reporting systems, including:

- Award for Distinguished Budget Presentation from the Government Finance Officers Association of the United States and Canada (GFOA), with special recognition as an outstanding policy document, financial plan and communications device. ***San Luis Obispo is one of only a handful of cities in the nation to receive this special recognition.***
- Awards for excellence in budgeting from the California Society of Municipal Finance Officers (CSMFO) in all four of its award budget categories: innovation, public communications, operating budgeting and capital budgeting. Again, S***an Luis Obispo is among a handful of cities in the State to earn recognition in all four of these categories.***
- Awards for excellence in financial reporting from both the GFOA and CSMFO for the City's comprehensive annual financial reports.
- Recognition of the City's financial management policies as "best practices" by the National Advisory Council on State and Local Budgeting.

The financial strategies, policies and programs he developed and implemented resulted in strengthened community services and an aggressive program of infrastructure and facility improvements, while at the same time preserving the City's long-term fiscal health.

FINANCIAL MANAGEMENT SERVICES FOR OTHER AGENCIES

- Finance Division Organizational Review: Sacramento Metropolitan Fire District (In Progress)
- Five Year Fiscal Forecast: City of Camarillo
- Five Year Fiscal Forecast: City of Pismo Beach
- Revenue Options Study: City of Pismo Beach
- Water and Sewer Rate Reviews: City of Grover Beach
- Financial Condition Assessment: City of Grover Beach
- Cost Allocation Plan: City of Grover Beach
- Cost Allocation Plan: City of Port Hueneme
- Joint Solid Waste Rate Review of Proposed Rates from South County Sanitary Company: Cities of Arroyo Grande, Grover Beach, Pismo Beach and Oceano Community Services District

PROFESSIONAL LEADERSHIP

- Member, Board of Directors, League of California Cities (League): 2008 to 2010
- Member, California Committee on Municipal Accounting: 2007 to 2010
- Member, GFOA Budget and Fiscal Policy Committee: 2005 to 2009
- President, League Fiscal Officers Department: 2002 and 2003
- President, CSMFO: 2001
- Member, Board of Directors, CSMFO: 1997 to 2001
- Chair, CSMFO Task Force on "GASB 34" Implementation

- Fiscal Officers Representative on League Policy Committees: Community Services, Administrative Services and Environmental Quality: 1992 to 1998
- Chair, Vice-Chair and Senior Advisor for CSMFO Committees: Technology, Debt, Career Development, Professional and Technical Standards and Annual Seminar Committees: 1995 to 2010
- Member, League Proposition 218 Implementation Guide Task Force
- Chair, CSMFO Central Coast Chapter Chair: 1994 to 1996

TRAINER

Provided training for the following organizations:

- League of California Cities
- California Debt and Investment Advisory Commission
- Government Finance Officers Association of the United States and Canada
- California Society of Municipal Finance Officers
- Municipal Management Assistants of Southern California and Northern California
- California Association of Local Agency Formation Commissions

Topics included:

- Long-Term Financial Planning
- The Power of Fiscal Policies
- Fiscal Health Contingency Planning
- Financial Analysis and Reporting
- Effective Project Management
- Providing Great Customer Service in Internal Service Organizations: The Strategic Edge
- Strategies for Downsizing Finance Departments in Tough Fiscal Times
- Top-Ten Skills for Finance Officers
- Telling Your Fiscal Story: Tips on Making Effective Presentations
- Transparency in Financial Management: Meaningfully Community Involvement in the Budget Process
- Debt Management
- Preparing for Successful Revenue Ballot Measures
- Multi-Year Budgeting
- Integrating Goal-Setting and the Budget Process
- Financial Management for Elected Officials

PUBLICATIONS

- *Guide to Local Government Finance in California*, Solano Press, Fall 2011 (Co-Author)
- *Municipal Fiscal Health Contingency Planning,* Western City Magazine, November 2009
- *Understanding the Basics of County and City Revenue*, Institute for Local Government, 2008 (Contributor)
- *Financial Management for Elected Officials*, Institute for Local Government, 2007 (Contributor)
- *Getting the Most Out of Your City's Current Revenues: Sound Fiscal Policies Ensure Higher Cost Recovery for Citie*s, Western City Magazine, November 2003

CONSULTANT QUALIFICATIONS

- *Local Government Revenue Diversification, Fiscal Balance/Fiscal Share and Sustainability*, Institute for Local Government, November 2002 (Co-Author)
- *Why Is GASB 34 Such a Big Deal?*, Western City Magazine, November 2000
- *Understanding Sales Tax Issues*, Western Cities Magazine, June 1997
- *Proposition 218 Implementation Guide*, League of California Cities, 1997 (Contributor)

HONORS AND AWARDS

- CSMFO Distinguished Service Award for Dedicated Service and Outstanding Contribution to the Municipal Finance Profession
- National Advisory Council on State and Local Government Budgeting: Recommended Best Practice (Fiscal Polices: User Fee Cost Recovery)
- GFOA Award for Distinguished Budget Presentation: Special Recognition as an Outstanding Policy Document, Financial Plan and Communications Device
- CSMFO Awards for Excellence in Operating Budget, Capital Improvement Plan, Budget Communication and Innovation in Budgeting
- GFOA Award of Achievement for Excellence in Financial Reporting
- CSMFO Certificate of Award for Outstanding Financial Reporting
- National Management Association Silver Knight Award for Leadership and Management Excellence
- American Institute of Planners Award for Innovation in Planning