



# Bear Valley Community Services District

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## General Fund Five Year Fiscal Forecast: 2013-18

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# General Fund Five Year Fiscal Forecast: 2013-18

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## OVERVIEW

### Background

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The preparation of this forecast has its roots in the Strategic Plan approved by the Board in March 2012, which called for the development of a five-year financial plan. Like virtually all other local governments in California, the District has been faced with major fiscal challenges over the past several years in the wake of the worst recession since the Great Depression. As a result, key General Fund revenues have either stalled or declined, while costs have risen. Two key fiscal questions facing the District include:

- Have revenues plateaued, and if so, how will they recover in the future?
- What key expenditure drivers are ahead in maintaining current service levels?

Making good resource decisions in the short term as part of the budget process requires taking into account their impact on the District's fiscal condition down the road. Developing effective solutions requires knowing the size of the problem the District is trying to solve: in short, the District cannot fix a problem it hasn't defined. And in this economic and fiscal environment, looking only one year ahead is almost certain to misstate the size and nature of the fiscal challenges ahead of the District.

For those local agencies that have prepared longer-term forecasts and follow-on financial plans, this did not magically make their fiscal problems disappear: they still had tough decisions to make. However, it allowed them to better assess their longer term outlook, more closely define the size and duration of the fiscal challenges facing them, and then make better decisions accordingly for both the short and long run. This will be true for the District as well.

In August 2012, the District contracted with William C. Statler to prepare the five-year fiscal forecast for the General Fund. (An overview of consultant qualifications is provided in the Appendix.)

### Forecast Purpose and Approach

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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 continue current services in light of the worst recession since the Great Depression as well as fiscal circumstances unique to the District.

The forecast does this by projecting ongoing revenues and subtracting from them likely operating and capital costs in continuing current service levels. If positive, the balance remaining is available to fund “new initiatives” or service restorations; if negative, it shows the likely “forecast gap” if the District continues current service levels.

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*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 service levels.

Ultimately, this forecast cannot answer the question: "Can the District afford new initiatives?" 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 District's limited resources. And by identifying and analyzing key factors affecting the District's long-term fiscal health, the forecast can help assess how difficult making these priority decisions will be.

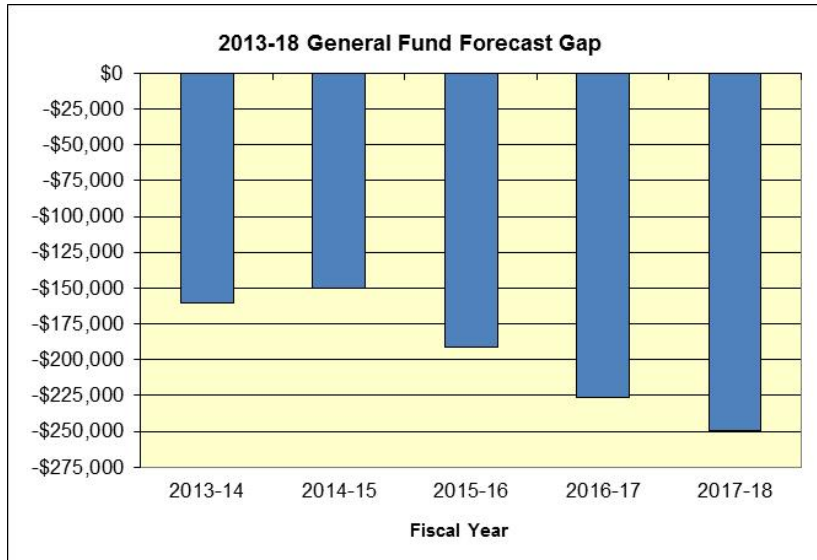
Stated simply, the forecast is not the budget. Rather, it sets forth the challenges ahead of the District in taking the corrective action needed to adopt a balanced budget – next year and beyond.

## SUMMARY OF FORECAST FINDINGS

### Challenging Fiscal Outlook

The District's General Fund is facing significant challenges over the next five years – and beyond. *As shown in Table 1, without corrective action, the District is facing an annual gap of about \$160,000 next fiscal year, which grows to about \$250,000 by 2017-18.*

Table 1



More problematically, beginning in 2014-15, the gap grows each year – and it is likely to continue doing so after 2017-18. Stated simply, this means that there is not a simple structural solution in ensuring the District's long-term fiscal stability.

#### What causes the gap to grow larger each year?

While the assumptions underlying the forecast are detailed below, the short answer is: although costs are projected to increase modestly over the five years – about 2% annually, revenues are likely to grow at a

slower pace. In fact, two of the District's top four revenue sources – police and gate special taxes – will be flat over the next five years.

And while declines in property taxes – the District's largest General Fund revenue source – have most likely hit bottom, future increases are likely to be very modest.

## INTRODUCTION

On one hand, the District is fortunate to have strong reserves that can mitigate immediate problems. On the other hand, using reserves to fund ongoing gaps that grow larger each year only delays the need to make tough decisions: it doesn't eliminate it.

Stated simply, the tough systemic problem facing the District is that key revenues are either fixed – like the special taxes – with no potential for growth; or struggling – like property taxes. This means that even with strong management to contain costs, annual gaps are “hardwired” for the foreseeable future.

### **Key Forecast Drivers**

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Assumptions drive the forecast results, which are detailed on pages 12 and 13. Stated simply, if the assumptions change, the results will change. The key drivers underlying the forecast results include:

**Revenues.** The forecast generally assumes that the District's key revenue source – property tax – is close to hitting bottom, with very modest recovery projected over the next five years. Special taxes for police and gate services are projected to remain flat over the next five years. Together, these three revenue sources account for almost 80% of General Fund revenues.

**Expenditures.** There are three key expenditure assumptions reflected in the forecast, which are described in greater detail on page 12:

- The 2012-13 Budget is the “baseline” for the forecast. From this, operating costs are projected to increase by inflation (projected at 2% annually). Factors that support this assumption, which is lower than past trends, are discussed on page 12.
- Additionally, modest increases in retirement cost are assumed based on projections provided by the California Public Employees Retirement System (CalPERS).
- Capital Improvement Plan (CIP) expenditures are based on the Police Department's assessment of the need for public safety vehicle replacements over the next five years. These are based on replacement targets at 100,000 miles in order to assure reliable emergency response. Consistent with past practice, these replacements are projected to be largely funded with COPS grants via transfers from the Supplemental Law Enforcement Fund.

### **Forecast Gap vs Budget Deficit**

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This forecast does not project a “budget deficit.” The projected “forecast gap” is not the same as a “budget deficit.” The District 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 District will avoid incurring real deficits.

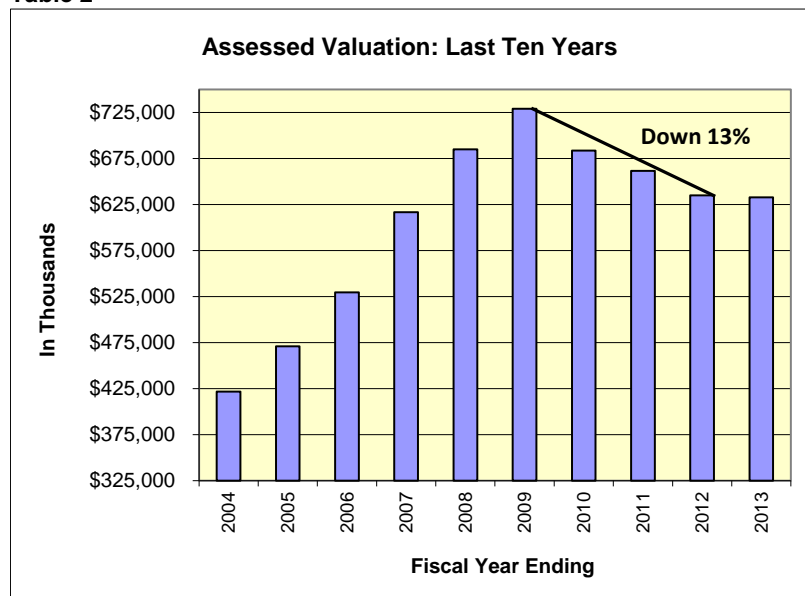
# INTRODUCTION

## GENERAL FISCAL OUTLOOK

### The Short Story

The nation and the State are recovering slowly from the worst recession since the Great Depression. The District is not immune to these economic forces. For example, as shown in Table 2 below, following six years of steady growth in assessed valuation (which determines property tax revenues) from 2003-04 to 2008-09, this dropped by 13% in the following three years.

Table 2



### 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 have ended and employment is growing. However, public sector lay-offs continue.
- 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 property tax revenues that reflect recovery, but at very slow rates compared with past recessions.

## BASIC FORECAST FRAMEWORK

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### Background

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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, the financial model used in preparing this forecast can easily accommodate a broad range of “what if” scenarios.

### Demographic and Financial Trends

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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 District’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 16. 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 District’s top four General Fund revenues –property taxes, police and gate special taxes, and service charges to the City of Tehachapi for dispatch service – which together account for about 90% of total General Fund revenues.
- ***Expenditure Trends.*** Overall trends in key expenditure areas.

### Forecast Assumptions

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

- Long and short-term trends in key District revenues and expenditures.
- Economic trends as reported in the national media.
- Statewide and regional economic forecasts prepared by the University of California, Los Angeles, California Lutheran University, California Economic Forecast and Beacon Economics.

# INTRODUCTION

- Economic and fiscal information developed by the State Legislative Analyst, State Department of Finance and State Controller.
- Five-year employer contribution rate projections prepared by CalPERS.

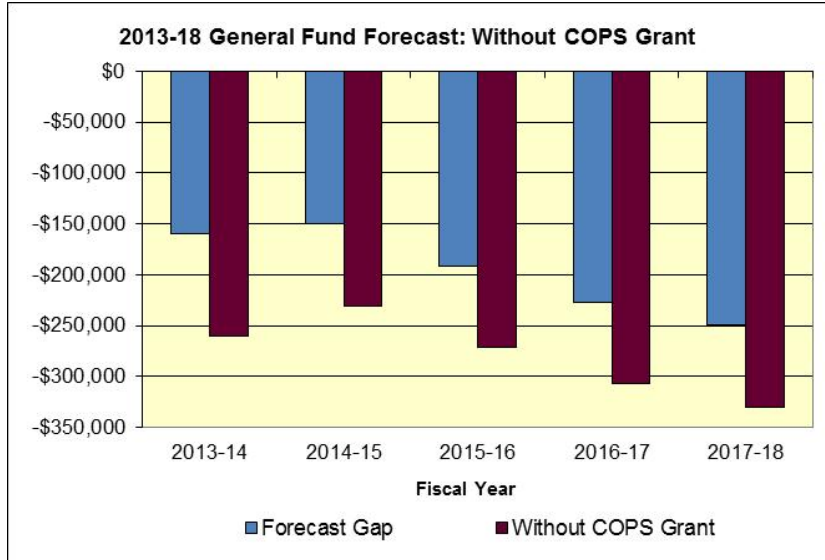
Ultimately, the forecast projections reflect our best judgment about the State budget process and the performance of the local economy during the next five years, and how these will affect General Fund revenues and expenditures. A detailed discussion of the assumptions used in the forecast begins on page 12.

## What’s Not in the Forecast

**Grant Revenues.** The forecast does not reflect the receipt of any “competitive” grant revenues over the next five years. However, based on past experience, it is likely that the District will be successful in obtaining grants for either operating or capital purposes. However, these are for restricted purposes that meet the priorities of the granting agency, which are not necessarily the same as the District’s. Moreover, experience shows given federal and state budget challenges, the amount of available grant funding is more likely to decline over the next five years than increase.

On the other hand, the forecast assumes continued receipt of COPS grant funding, given its success in avoiding reductions even during the toughest of State Budget circumstances.

Table 3



However, there may be higher-priority used for COPS funding. Moreover, a case could be made that ongoing replacements like police emergency response vehicles should be funded through the General Fund, not grant funds.

Table 3 shows the impact of funding police vehicle replacements solely with General Fund resources. This increases the General Fund gap by \$100,000 in 2013-14 (to about \$260,000); and by \$80,000 in 2017-18 (to about \$330,000).

**Capital Improvements.** The forecast CIP is based solely on public safety vehicle requests. However, there are two high-priority CIP projects that are not included in the forecast CIP assumptions: Entrance Gate and Board Room improvements.

- **Entrance Gate:** The existing gate is located in the middle of traffic lanes and is subject to impact by vehicles entering and leaving the District. It is slow and does not open to continuing traffic. Gate personnel must manually create gate passes for guests entering. Two personnel are required 24 hours a day for its operation. The need to address this



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situation was identified as a key initiative in the 2012 Strategic Plan. Reconstructing the entrance gate to fully automate one entrance lane and provide for a new gate house location that is safe from traffic lanes would allow remote attendance during night shifts; issue computer-generated passes to requestors; eliminate traffic conflicts at the entrance; improve gate house staff safety; reduce overall gate operation costs; and improve traffic capacity. This project is estimated to cost \$30,000 for study and environmental review in 2013-14 and \$350,000 for construction and equipment acquisition in 2014-15.

It should be noted that this project has the potential to result in ongoing operational savings. As such, it has the potential to result in a positive return on investment (ROI). At this point, no estimates have been made of likely savings. However, once estimates are available, the annual ROI can be easily calculated by dividing the project cost by the annual savings (or annual debt service if the project is debt-financed) to determine the “payback” period. (A more sophisticated analysis would also discount for present value.) The use of any annual savings is a discretionary policy decision for the Board to make that would be best framed after closely evaluating existing policies (such as minimum reserves).

- **Board Room:** The existing Board room is too small to handle the normal attendance at a Board Meeting. The only available restrooms for the public are located in the back of the office, which requires allowing the public to wander through the private office area. Neither of these restrooms meets current Americans with Disabilities Act (ADA) standards. The need to address long-term office space needs was identified as an important objective in the 2012 Strategic Plan. Building a new Board Room adjacent to the existing one and converting it into a new Lobby with two (2) public accessible restrooms will improve customer service by providing adequate meeting space and better access to public restrooms that are ADA compliant. It will also provide needed additional space in two offices. This project is estimated to cost \$30,000 for design in 2013-14 and \$240,000 in construction in 2014-15.

**Table 4**

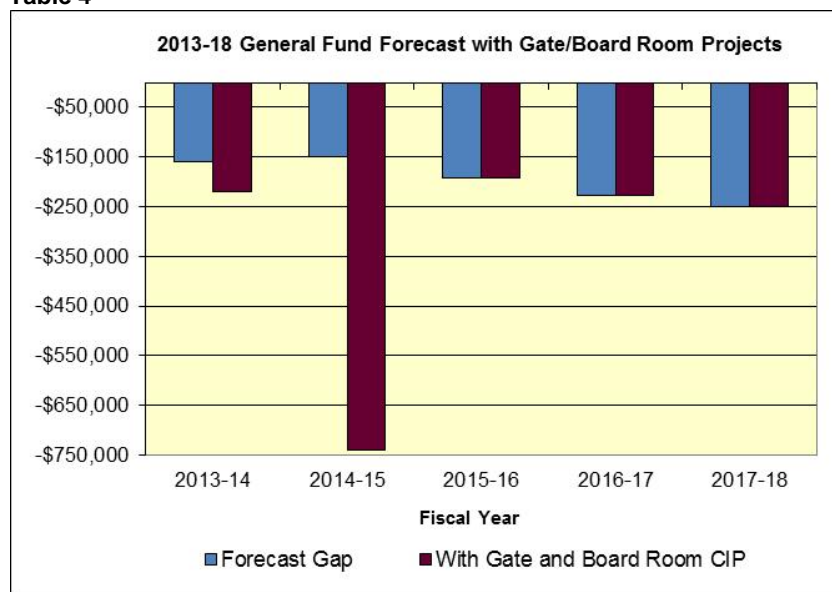


Table 4 shows the impact of adding these two projects to the forecast. The gap increases by \$60,000 in 2013-14 for study and design cost for the two projects; and by \$590,000 in 2014-15 for construction and equipment acquisition.

However, the addition of these two one-time projects has no effect on the remaining years of the forecast in 2015-16 through 2017-18. In short, the District’s long-term fiscal outlook is unaffected by these two projects.

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There are two options available to the District in funding these two projects:

- Because they are long-lived capital improvements, both are good candidates for debt financing. Depending on market conditions at the time and the term of the financing, debt service costs for both projects would be about \$48,000 annually: \$28,000 for the gate and \$20,000 for the Board room improvements.
- On the other hand, since they are both “one-time” costs, they are also good candidates for funding from the District’s reserves. As shown in the detailed forecast on page 14, the District is projected to end the current fiscal year with reserves of \$2.5 million. Under the District’s policy of maintaining minimum reserves of 50% of expenditures (which is needed to cover cash flow requirements for six months of operations until property tax roll collections are received in December) and 20% of public safety expenditures for “police contingencies,” about \$1.7 million should be maintained for this purpose. This means that about \$800,000 in reserves are available to fund one-time projects like these. If the District used \$650,000 in reserves for these projects, about \$150,000 would still remain in excess of the District’s policy minimum.

Lastly, as budgets develop in the future, it is likely that other capital improvement needs will surface. While the use of reserves above the policy minimum is appropriate for high-priority *one-time* uses, caution and prudence should be used doing so, especially in light of the uncertain nature of the current economic environment and the “forecast gap” in the out years.

**Road Maintenance.** For many agencies, road maintenance is a General Fund responsibility. However, in the District’s case, road maintenance is funded by a special assessment of \$340 per parcel, which was established over 15 years ago and has not changed since. The assessment raises about \$1.2 million per year. Of this, the 2012-13 Budget allocates \$220,000 for pavement resurfacing.

The most recent sealing or overlays were performed in 2006 and 2007, when 22 miles of roadway were resurfaced (no resurfacing occurred in the four prior years). With 110 miles of road, this indicates significant underfunding of the District’s street maintenance needs.

Along with the need to replace key equipment in 2013-14 (snowplow at \$60,000; street sweeper at \$65,000), the new Public Works Superintendent has identified the need to significantly increase the District’s resurfacing budget. With \$2.2 million in reserves, existing funding is available to address immediate needs in the coming year.

The need to address the District’s long-term pavement management needs was identified in the Strategic Plan adopted by the Board in March 2012, which called for preparation of a pavement management plan. This is an essential next step in developing funding plans that will meet the District’s paving needs in adequately protecting its investment in this key infrastructure resource.

**Transfers to Other Funds.** In the recent past, General Fund resources have been transferred to other funds. Other than the Post Office Fund, where there has been a longstanding subsidy, the forecast assumes no other transfers to other funds.

## INTRODUCTION

### What's Most Likely to Change?

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By necessity, the forecast 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:

**Property Tax.** This is the District's most important General Fund revenue source. While the forecast assumes modest recovery, two key questions remain: have property values in fact hit the bottom? And if so, how strong will the recovery be?

**City of Tehachapi Dispatch Service Charges.** This is one of the District's top four revenues: estimated at \$425,200 in 2012-13, it accounts for 17% of total General Fund revenues. The five-year agreement entered into in 2007 expired in June 30, 2012. Contract renewal negotiations are underway, and in the interim, the District continues to provide dispatch services to the City.

Under the prior agreement, contract costs increased by 5% annually. Based on the status of current contract negotiations, the forecast assumes current estimates for 2012-13 (\$425,200), increasing by 2.5% annually. However, this will ultimately be determined by the outcome of negotiations.

**Insurance Costs.** Consistent with the general forecast assumption of using the 2012-13 Budget as the "baseline," the forecast assumes that general liability, workers compensation and property insurance costs will grow by inflation (2% annually). However, higher costs might be incurred given the volatility of financial markets, which often have a far greater impact on insurance costs than actuarial loss experience.

**Retirement Costs.** The forecast uses CalPERS' rate projections for the next five years. While this is a reasonable assumption, past experience has shown the potential for deep swings – both up and down – in employer contribution rates.

### CONCLUSION

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The forecast shows that the District is facing a serious gap of about \$160,000 in 2013-14, which grows to about \$250,000 by 2017-18. Placed in perspective, this is about 7% of projected revenues in 2013-14, which grows to about 10% in 2017-18.

**The challenge facing the District is that key revenues are flat by design or have very modest growth potential over the next five years. This means an ever-widening gap even with strong cost containment.**

More problematically, beginning in 2014-15, the gap grows each year – and it is likely to continue doing so after 2017-18. Stated simply, this means that there is not a simple structural solution in ensuring the District's long-term fiscal stability. Unfortunately, closing the gap in 2013-14 will not result in a long-term budget solution.

Stated simply, the tough challenge facing the District is that key General Fund revenues are either fixed – like the special taxes – with no potential for growth; or struggling – like property taxes. This means that even with strong management to contain costs, annual gaps

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are “hardwired” for the foreseeable future. In short, key revenues are flat by design or have very modest growth potential over the next five years. This means an ever-widening gap, even with strong cost containment.

### **The Challenge Ahead**

Very few options are available to the District in closing this gap in a way that mitigates a continual cost-cutting and service-reducing spiral. In the short run, the District could use reserves to close the gap. But at the end the day, this does not address the underlying long-term problem of an ever-growing mismatch between revenues and expenditures.

The root of this mismatch lies in the fact that two key revenues – the police and gate special tax revenues – have no organic ability to grow over time, even modestly. The police special tax of \$80 per parcel has remained unchanged since it was adopted in 1997; and the gate special tax at \$75 parcel has also remained unchanged since it was adopted in 2006. (The road assessment of \$340 per parcel poses a similar challenge.)

To mitigate this, it is common for parcel tax measures to include a provision for modest ongoing increases tied to a commonly accepted benchmark like the Consumer Price Index. Given its limited revenue options, at some point the District may want to consider asking its voters for a special tax increase. As part of this – or perhaps as a separate measure based on the current rate – the District should strongly consider including a modest provision for annual increases. Strategically, in achieving fiscal sustainability, this is a more important feature than the underlying rate.

### ***Prospects for new revenues not encouraging at this time but could improve in the future***

Public opinion research conducted by Probolsky Research in July 2012 indicates limited support for increasing special taxes at this time. On one hand, the results reflect positively on the District’s performance (and this usually translates into voter support for new or added revenues):

- 71% approve of the job the Bear Valley Community Services District is doing.
- 89% are satisfied with the quality of service provided by the Bear Valley Police Department.
- 69% agree with the statement: “Ensuring that the Bear Valley Police Department has the necessary resources to keep our community safe should be the top priority of the Bear Valley Community Services District.”

On the other hand, the survey results show that slightly less than 50% of those surveyed would support a measure to increase the police parcel tax from \$80 to \$120 per year – when two-thirds voter approval is required.

While these results did not support placing a measure on the November 2012 ballot, there are several factors that might indicate a successful outcome in the future:

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**Better information about the fiscal challenges facing the District.** The results of this forecast help to better frame the need for added revenues.

**New revenues dedicated to police services and protected from State takeaways.** The survey results showed increased support for a tax increase if the proceeds were dedicated to police services and shielded from State budget takeaways. Since this would be the case for an increase in the police special tax, this shows the need for an effective public education and outreach program before consideration of a revenue ballot measure.

**Improving economy.** Voter receptivity to increased taxes is likely to improve as the economic outlook for the region improves.

Combined, these three factors offer the potential for stronger voter support for increased special taxes in the future. However, they also underscore the importance of effectively sharing the District's fiscal story with the community before considering the placement of a revenue measure on the ballot.

## KEY ASSUMPTIONS

### DEMOGRAPHIC TRENDS

**Population and Housing.** Based on recent trends, no change in population and housing (either up or down) is projected to materially affect revenues or expenditures over the next five years.

**Inflation.** Based on long-term trends and projections in recent statewide and regional forecasts, inflation – as measured by the consumer price index (CPI), this grows by 2% annually throughout the forecast period.

### EXPENDITURES

**Operating Costs.** The adopted 2012-13 Budget is the “baseline” for the forecast operating expenditures. From this, operating costs are projected to increase by inflation (projected at 2% annually). In addition to this, modest increases in retirement cost are assumed based on projections provided by the California Public Employees Retirement System (CalPERS).

The forecast assumption of 2% for operating cost increases (aside from retirement costs) based on CPI is lower than past trends. This is based on the following factors:

- In preparing and reviewing expenditure trends, special attention was focused on key “external” drivers like insurance and CalPERS retirement costs. Based on past trends for general liability, property and workers’ compensation insurance costs (page 23), these expenditures appeared to have stabilized and are not expected to exceed the CPI assumption.
- In the case retirement costs, as noted above, these were prepared separately based on rate projections prepared by CalPERS.
- After accounting for these two key external drivers, the remaining costs are largely within the control of the District. Staffing costs account for 84% of operating expenditures. Setting aside retirement and workers’ compensation costs, which are accounted for separately as discussed above, other staffing costs rise (or fall) based on one of two factors: authorized staffing levels and compensation. Both are within the control of the District.

Accordingly, given the underlying assumptions of current service levels (and thus staffing), the forecast projects that core operating costs will increase from the 2012-13 baseline by projected increases in the CPI.

**Capital Improvement Plan (CIP) Expenditures.** These are based on the Police Department’s assessment of the need for public safety vehicle replacements over the next five years. These are based on replacement targets at 100,000 miles in order to assure reliable emergency response. Of the fourteen vehicles in the public safety fleet, four are assumed for replacement in 2013-14 (\$160,000 at \$40,000 each); and two each annually thereafter (\$80,000 per year at \$40,000 each).

Consistent with past practice, these replacements are projected to be largely funded with COPS grants via transfers from the Supplemental Law Enforcement Fund.

**Debt Service.** There are currently no General Fund debt service obligations and no additions are projected in the forecast.

# KEY ASSUMPTIONS

## INTERFUND TRANSFERS

**Transfer In: Supplemental Law Enforcement Fund.** Given its success in avoiding cuts during the toughest of State budget circumstances, the forecast assumes continued receipt of \$100,000 annually in COPS funding. As noted above, the forecast assumes using these funds for the purchase of replacement public safety vehicles.

**Transfer Out: Post Office Fund.** This transfer grows from the 2012-13 Budget by inflation (2% annually).

## STATE BUDGET ACTIONS

The forecast assumes no added cuts nor restoration of past cuts to local governments.

## REVENUES

Sources used in developing revenue projections for the forecast include:

- Long and short-term trends in key District revenues.
- Economic trends as reported in the national media.
- State and regional economic forecasts prepared by the University of California, Los Angeles; 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.

Ultimately, however, 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 Four Revenues*

The following describes the assumptions for the “Top Four” revenues in the forecast, which account for 95% of total projected General Fund revenues.

**Property Tax.** This revenue source is driven by changes in assessed value. The forecast assumes that declines in assessed valuations will hit bottom in 2013-14 and modestly increase thereafter as follows:

2013-14	0.0%
2014-15	0.5%
2015-16	0.5%
2016-17	1.0%
2017-18	2.0%

**Special Taxes: Police and Gate.** These remain flat during the forecast period: any rate increase would require two-thirds voter approval.

**City of Tehachapi Dispatch Service Charges.** Considering past contract terms and the status of current negotiations, these grow by 2.5% annually from 2012-13.

### *Other Revenues*

Interest earnings are based on yields of 0.7% on projected ending fund balance. All other revenues remain flat throughout the forecast period.

## GENERAL FUND FIVE YEAR FISCAL FORECAST: 2013-18

	2010-11	2011-12	2012-13		FORECAST				
	Actual	Actual	Budget	Revised	2013-14	2014-15	2015-16	2016-17	2017-18
<b>REVENUES</b>									
Property Taxes	1,414,200	1,343,200	1,393,900	1,339,200	1,339,200	1,345,900	1,352,600	1,366,100	1,393,400
Special Taxes									
Police	283,100	283,900	284,200	284,200	284,200	284,200	284,200	284,200	284,200
Gate	275,300	265,100	266,400	266,400	266,400	266,400	266,400	266,400	266,400
Total Special Taxes	558,400	549,000	550,600	550,600	550,600	550,600	550,600	550,600	550,600
City of Tehachapi Dispatch Service Charges	385,800	404,400	425,200	425,200	435,800	446,700	457,900	469,300	481,000
Interest Earnings	22,600	20,500	16,100	19,400	17,600	16,500	15,500	14,100	12,500
Other Revenues	87,400	59,300	104,600	104,600	104,600	104,600	104,600	104,600	104,600
<b>Total Revenues</b>	<b>2,468,400</b>	<b>2,376,400</b>	<b>2,490,400</b>	<b>2,439,000</b>	<b>2,447,800</b>	<b>2,464,300</b>	<b>2,481,200</b>	<b>2,504,700</b>	<b>2,542,100</b>
<b>EXPENDITURES</b>									
Operating									
Public Safety	2,172,600	2,422,700	2,384,200	2,384,200	2,440,200	2,504,900	2,560,400	2,617,200	2,675,400
General Services	127,500	83,200	90,500	90,500	92,300	94,100	96,000	97,900	99,900
Capital Outlay	8,500	26,600	36,700	36,700	160,000	80,000	80,000	80,000	80,000
<b>Total Expenditures</b>	<b>2,308,600</b>	<b>2,532,500</b>	<b>2,511,400</b>	<b>2,511,400</b>	<b>2,692,500</b>	<b>2,679,000</b>	<b>2,736,400</b>	<b>2,795,100</b>	<b>2,855,300</b>
<b>OTHER SOURCES (USES)</b>									
Transfers In									
Debt Service Fund	6,200								
Supplemental Law Enforcement Fund	132,400	96,800			100,000	80,000	80,000	80,000	80,000
Transfers Out									
Post Office Fund	(28,000)	(15,800)	(15,100)	(15,100)	(15,400)	(15,700)	(16,000)	(16,300)	(16,600)
Roads Fund	(26,900)								
Wastewater Fund	(10,700)	(21,700)							
Pay-Off of CalPERS Side Fund		(229,000)							
Other Sources (Uses)	(109,700)								
<b>Total Other Sources (Uses)</b>	<b>(36,700)</b>	<b>(169,700)</b>	<b>(15,100)</b>	<b>(15,100)</b>	<b>84,600</b>	<b>64,300</b>	<b>64,000</b>	<b>63,700</b>	<b>63,400</b>
<b>SOURCES OVER (UNDER) USES</b>	<b>123,100</b>	<b>(325,800)</b>	<b>(36,100)</b>	<b>(87,500)</b>	<b>(160,100)</b>	<b>(150,400)</b>	<b>(191,200)</b>	<b>(226,700)</b>	<b>(249,800)</b>
<b>Fund Balance, Beginning of Year</b>	2,809,400	2,932,500	2,801,300	2,606,700	2,519,200	2,359,100	2,208,700	2,017,500	1,790,800
<b>FUND BALANCE, END OF YEAR</b>	<b>2,932,500</b>	<b>2,606,700</b>	<b>2,765,200</b>	<b>2,519,200</b>	<b>2,359,100</b>	<b>2,208,700</b>	<b>2,017,500</b>	<b>1,790,800</b>	<b>1,541,000</b>
Assigned									
General Reserve: 50% of Expenditures	1,154,300	1,266,300	1,255,700	1,255,700	1,346,300	1,339,500	1,368,200	1,397,600	1,427,700
Police Contingency: 20% of Public Safety Costs	434,500	484,500	476,800	476,800	488,000	501,000	512,100	523,400	535,100
Unassigned	1,343,700	855,900	1,032,700	786,700	524,800	368,200	137,200	(130,200)	(421,800)



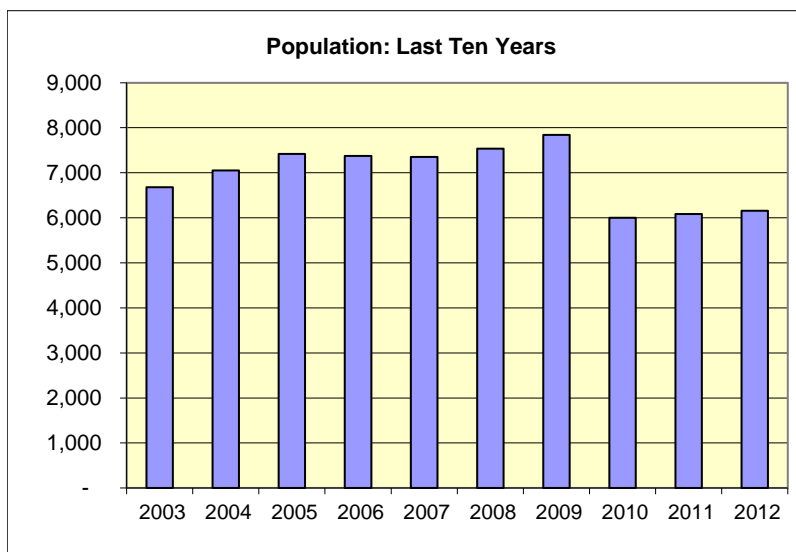
## ASSUMPTIONS SUMMARY

	Estimated 2012-13	FORECAST				
		2013-14	2014-15	2015-16	2016-17	2017-18
Cost of Living (Consumer Price Index: CPI)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>REVENUES</b>						
Property Tax	-0.3%	0.0%	0.5%	0.5%	1.0%	2.0%
Special Taxes: Flat throughout forecast period based on 2012-13 Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
City of Tehachapi Dispatch Service Charges grow by 2.5%	5.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Interest Earnings: Yield (%) on Ending Fund Balance	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Other Revenues: Flat from 2012-13 Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EXPENDITURES</b>						
<b>Operating Costs</b>						
Underlying base (2012-13 Budget) grows by cost of living (CPI)	Budget	2.0%	2.0%	2.0%	2.0%	2.0%
Plus Projected CalPERS Increases (\$41,100 by 2017-18 from 2012-13 Base)		8,300	15,900	5,400	5,600	5,900
<b>CIP</b>						
Public Safety Vehicle Replacements: Funded by COPS grant		160,000	80,000	80,000	80,000	80,000
<b>TRANSFERS IN (OUT)</b>						
Supplemental Law Enforcement Fund (COPS grant)		100,000	80,000	80,000	80,000	80,000
Post Office Fund: Underlying base (2012-13 Budget) grows by cost of living (CPI)		2.0%	2.0%	2.0%	2.0%	2.0%

# HISTORICAL TRENDS

## DEMOGRAPHIC AND ECONOMIC TRENDS

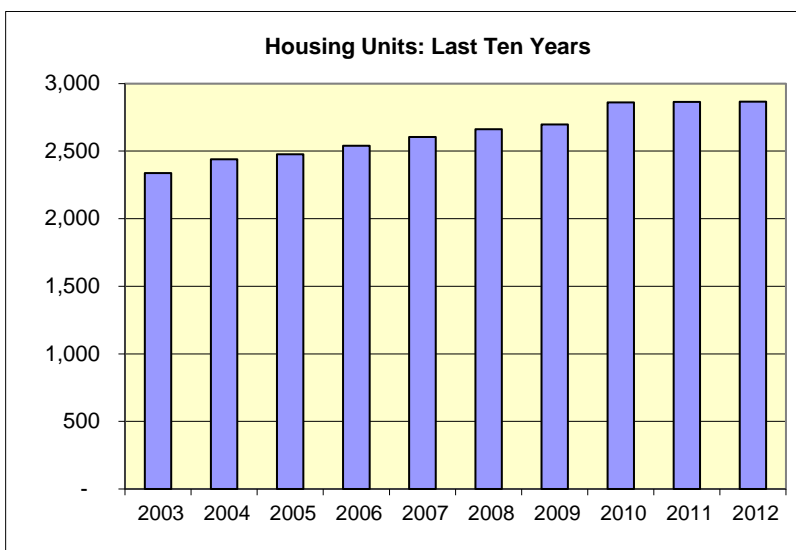
Population		
Calendar Year	Amount	% Change
2002	6,410	
2003	6,680	4.2%
2004	7,054	5.6%
2005	7,420	5.2%
2006	7,373	-0.6%
2007	7,349	-0.3%
2008	7,534	2.5%
2009	7,841	4.1%
2010	6,000	-23.5%
2011	6,086	1.4%
2012	6,158	1.2%
Average Annual % Change		
Last 2 Years		1.3%
Last 5 Years		-2.9%
Last 10 Years		0.0%



The District's population has remained virtually unchanged for the past three years. The decline in 2010 is most likely an adjustment per the 2010 Census.

Source: Bear Valley Community Services District (BVCS D) Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012

Housing Units		
Calendar Year	Amount	% Change
2002	2,269	
2003	2,337	3.0%
2004	2,439	4.4%
2005	2,476	1.5%
2006	2,539	2.5%
2007	2,605	2.6%
2008	2,661	2.1%
2009	2,697	1.4%
2010	2,860	6.0%
2011	2,863	0.1%
2012	2,866	0.1%
Average Annual % Change		
Last 2 Years		0.1%
Last 5 Years		2.0%
Last 10 Years		2.4%



Housing units, which may be a better indicator of General Fund service demand than population, have remained relatively constant over the past two years; and have averaged about 2% annual growth over the past five and ten years.

The 2010 Census identified that 21% of the housing units were vacant; and of the occupied units, 88% were occupied by owners.

Source: BVCS D Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012

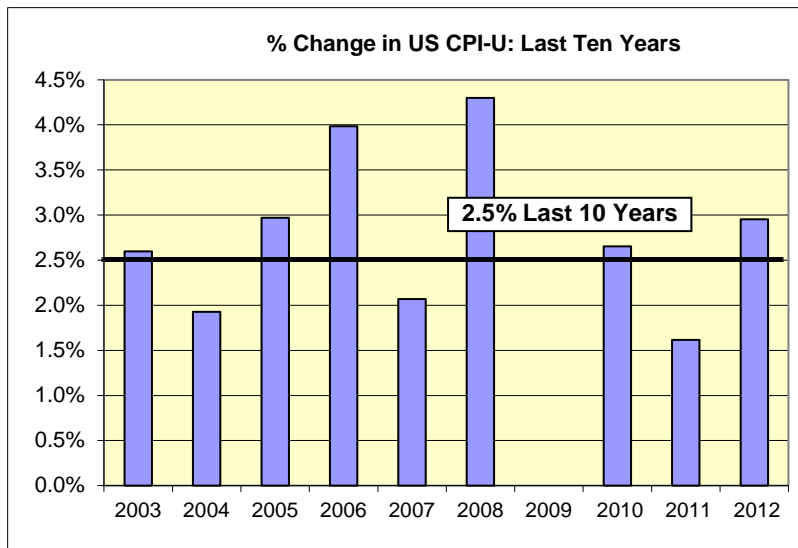
# HISTORICAL TRENDS

**Consumer Price Index.** As reflected in the next two schedules, changes in the Consumer Price Index for All Urban Consumers (CPI-U) for both the United States as a whole and the Southern California area have had similar increases over the past two, five and ten year periods (although there are differences from year-to-year).

U.S. Consumer Price Index: All Urban Consumers		
Fiscal Year Ending	Amount	% Change
2002	177.1	
2003	181.7	2.6%
2004	185.2	1.9%
2005	190.7	3.0%
2006	198.3	4.0%
2007	202.4	2.1%
2008	211.1	4.3%
2009	211.1	0.0%
2010	216.7	2.7%
2011	220.2	1.6%
2012	226.7	3.0%
Average Annual % Change		
Last 2 Years		2.3%
Last 5 Years		2.3%
Last 10 Years		2.5%

All Urban Consumers, January of Each Year

Source: U.S. Bureau of Labor Statistics

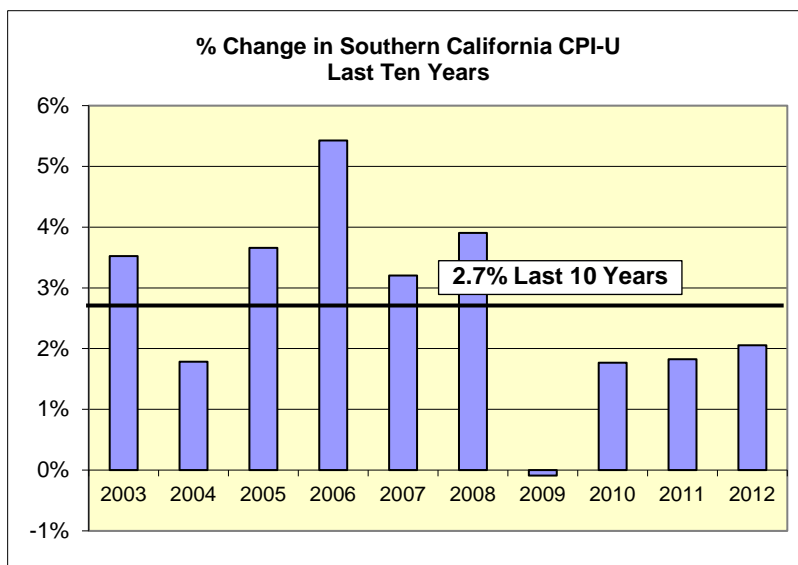


Consumer Price Index: Southern California		
Fiscal Year Ending	Amount	% Change
2002	178.9	
2003	185.2	3.5%
2004	188.5	1.8%
2005	195.4	3.7%
2006	206.0	5.4%
2007	212.6	3.2%
2008	220.9	3.9%
2009	220.7	-0.1%
2010	224.6	1.8%
2011	228.7	1.8%
2012	233.4	2.1%
Average Annual % Change		
Last 2 Years		1.9%
Last 5 Years		1.9%
Last 10 Years		2.7%

Los-Angeles-Anaheim-Long Beach

All Urban Consumers, January of Each Year

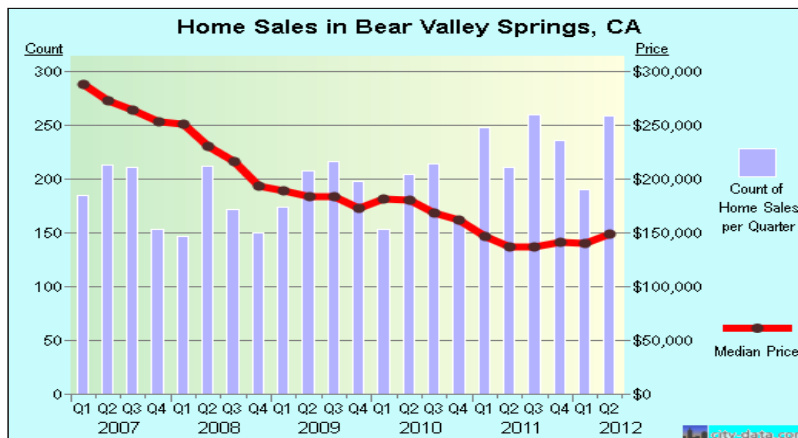
Source: U.S. Bureau of Labor Statistics



**Housing Median Prices and Sales.** Home prices reflect Statewide trends, with steep declines in median sales prices beginning in 2007. However, this begins to stabilize in the second quarter of 2011, with modest gains through the second quarter of 2012.

On the other hand, the number of home sales remained relatively constant during this very challenging period.

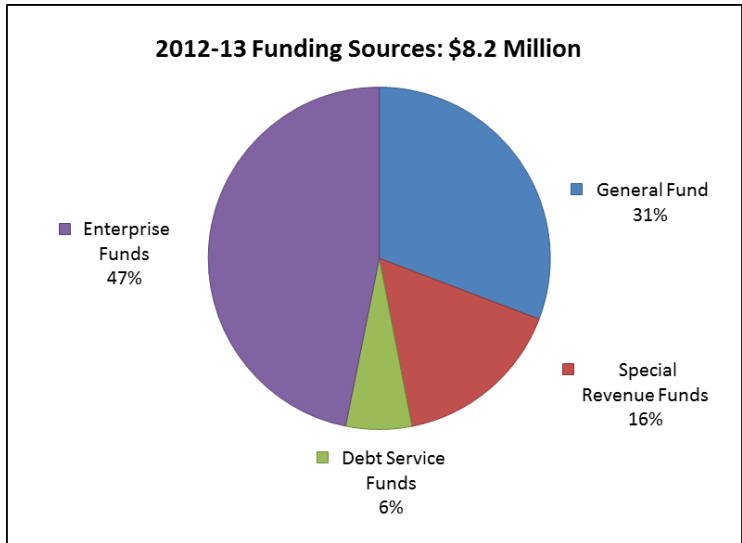
Source: CityData.Com



# HISTORICAL TRENDS

## EXPENDITURES AND REVENUES SUMMARY: 2012-13 BUDGET

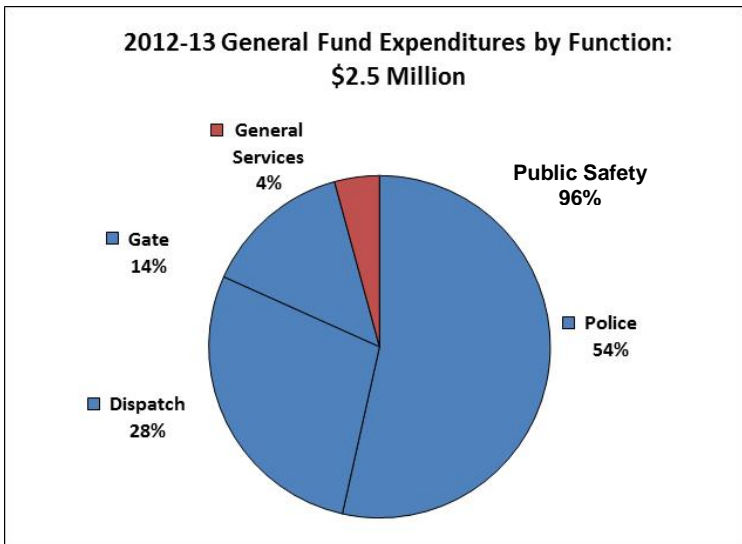
Funding Sources: 2012-13 Budget		
Source	Amount	% Total
General Fund	2,526,500	31%
Special Revenue Funds		
Road Fund	1,215,200	15%
Supplemental Law Enf	100,000	1%
SUI Reserve	10,000	0%
Debt Service Funds	511,400	6%
Enterprise Funds		
Post Office	54,600	1%
Water	2,714,800	33%
Wastewater	522,100	6%
Solid Waste	552,000	7%
<b>Total</b>	<b>8,206,600</b>	<b>100%</b>



The General Fund – which is the focus of this forecast – accounts for about 30% of total District expenditures.

Source: BVCS D 2012-13 Adopted Budget

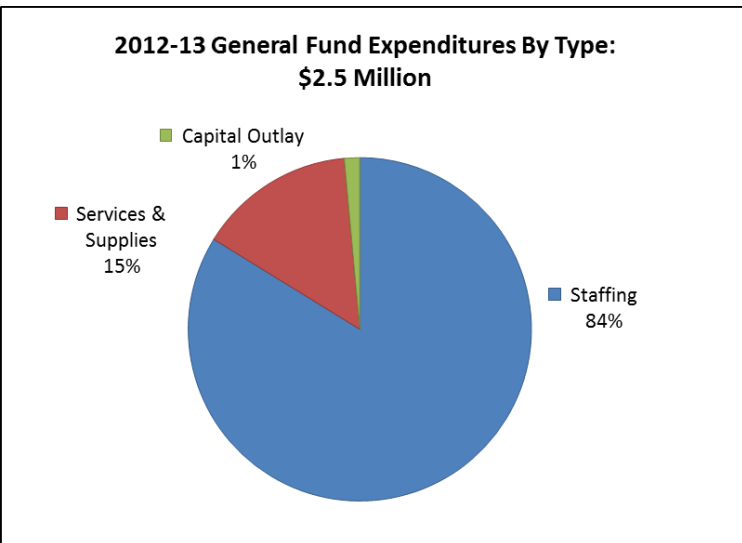
General Fund Expenditures: 2012-13 Budget		
By Function	Amount	% Total
Public Safety		
Police	1,351,600	54%
Dispatch	712,700	28%
Gate	354,800	14%
Total Public Safety	2,419,100	96%
General Services	107,400	4%
<b>Total</b>	<b>2,526,500</b>	<b>100%</b>



Public Safety accounts for slightly over 95% of all General Fund expenditures. Of this amount, 54% is for police services; 28% for dispatch services (which are partially recovered via service charges from the City of Tehachapi); and 14% for gate operations.

Source: BVCS D 2012-13 Adopted Budget

General Fund Expenditures: 2012-13 Budget		
By Type	Amount	% Total
Staffing	2,116,800	84%
Services & Supplies	373,000	15%
Capital Outlay	36,700	1%
<b>Total</b>	<b>2,526,500</b>	<b>100%</b>



Staffing accounts for about 85% of total expenditures, which is not surprising given the significance of public safety costs.

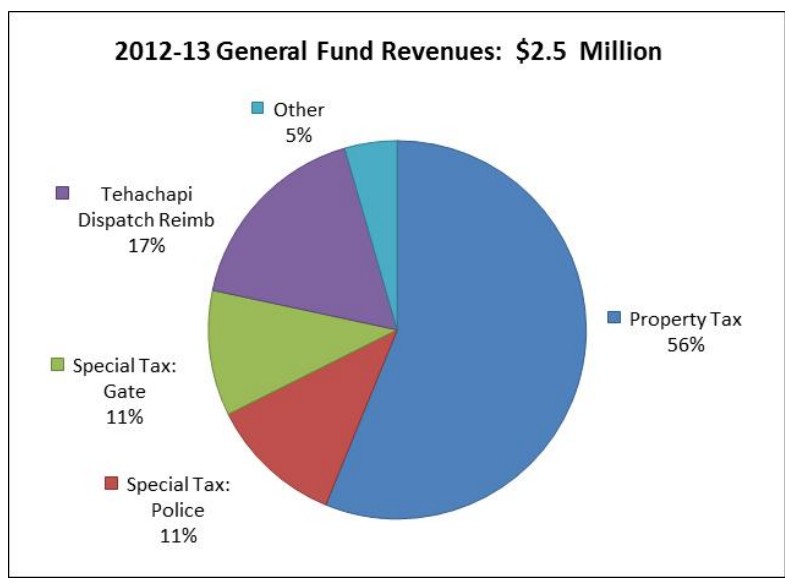
Source: BVCS D 2012-13 Adopted Budget

# HISTORICAL TRENDS

General Fund Revenues: 2012-13 Budget		
Source	Amount	% Total
Property Tax	1,393,900	56%
Special Taxes		
Police	284,200	11%
Gate	266,400	11%
Tehachapi Dispatch Reimb	425,200	17%
Interest Earnings	16,100	1%
Other	95,600	4%
<b>Total</b>	<b>2,481,400</b>	<b>100%</b>

Four revenue sources account for 95% of total General Fund revenue sources: Property taxes (56%); special voter-approved taxes for police and gate services (22%); and reimbursements from the City of Tehachapi for dispatch services. All other revenues account for only 5% of total General Fund revenues.

Source: BVCS D 2012-13 Adopted Budget



## 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 Four" revenue sources, which account for 95% of total General Fund revenues.

General Fund Revenues		
Fiscal Year Ending	Amount	% Change
2003	1,271,400	
2004	1,287,800	1.3%
2005	1,431,800	11.2%
2006	1,597,300	11.6%
2007	2,168,600	35.8%
2008	2,471,600	14.0%
2009	2,514,000	1.7%
2010	2,438,200	-3.0%
2011	2,468,400	1.2%
2012	2,376,400	-3.7%
Average Annual % Change		
Last 2 Years		-1.2%
Last 5 Years		2.0%
Last 10 Years		7.8%

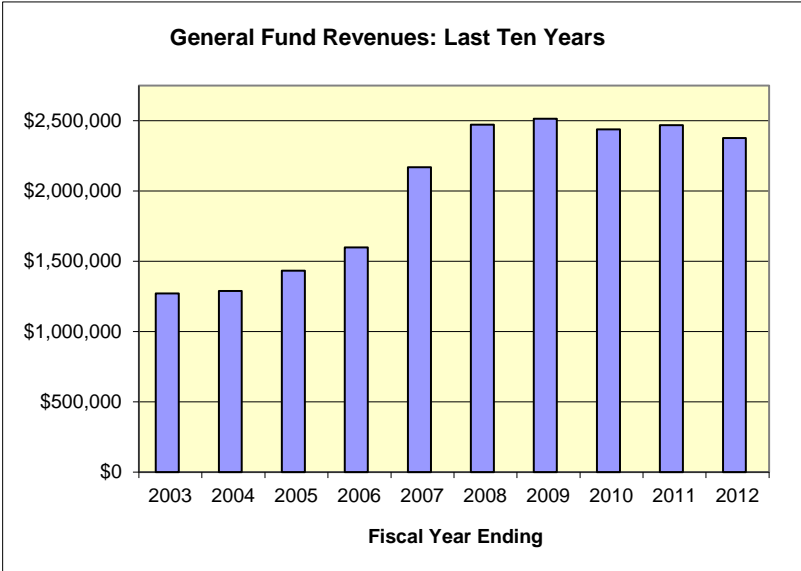
Excludes "one-time" proceeds from the sale of property

As discussed below, three factors account for the increase in total General Fund revenues in 2006-07 and 2007-08:

- Gate tax revenues are effective in 2006-07, along with strong growth in assessed value (and related property tax revenues),
- A full year of reimbursements for dispatch services begins in 2007-08.

However, beginning with the worst recession since the Great Depression, revenues are essentially flat for the last five years, dropping by 6% from their peak in 2008-09 to 2011-12.

Source: BVCS D Finance Department



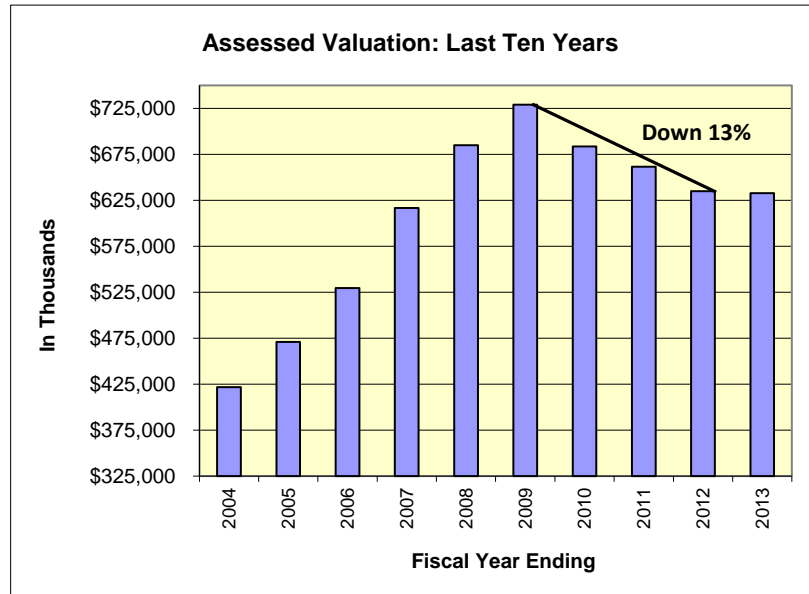
# HISTORICAL TRENDS

Assessed Valuation		
Fiscal Year Ending	Amount	% Change
2003	388,546	
2004	421,877	8.6%
2005	470,932	11.6%
2006	529,524	12.4%
2007	616,799	16.5%
2008	684,988	11.1%
2009	728,931	6.4%
2010	683,643	-6.2%
2011	661,621	-3.2%
2012	634,957	-4.0%
2013	632,860	-0.3%
Average Annual % Change		
Last 2 Years		-2.2%
Last 5 Years		-1.5%
Last 10 Years		5.3%

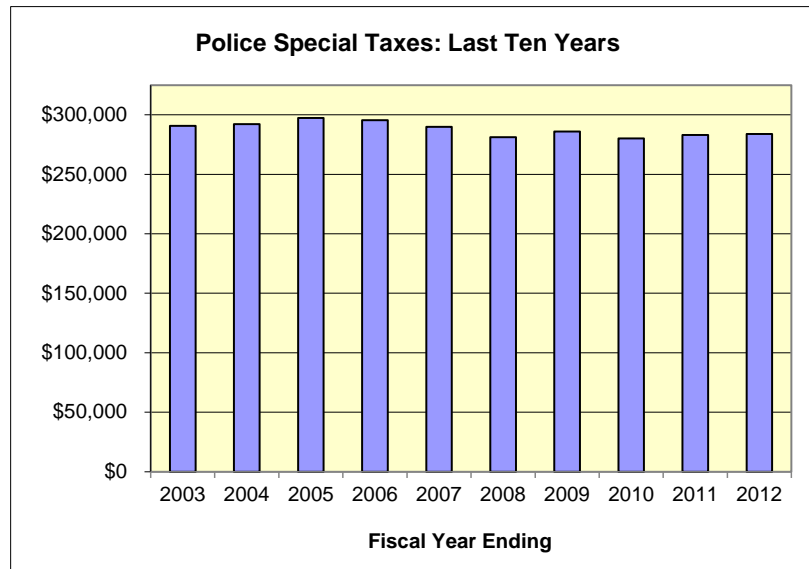
In thousands

Property tax revenues, which are the top General Fund revenue source (accounting for over 55% of total General Fund revenues), are driven by changes in assessed value as determined by the Kern County Assessor's office. These are down by 13% from their peak in 2008-09, leveling off in 2012-13.

Source: BVCS D Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012; Kern County Assessor's Office



Police Special Taxes		
Fiscal Year Ending	Amount	% Change
2003	290,700	
2004	292,300	0.6%
2005	297,400	1.7%
2006	295,500	-0.6%
2007	290,000	-1.9%
2008	281,300	-3.0%
2009	286,000	1.7%
2010	280,100	-2.1%
2011	283,100	1.1%
2012	283,900	0.3%
Average Annual % Change		
Last 2 Years		0.7%
Last 5 Years		-0.4%
Last 10 Years		-0.2%



Police special taxes were approved with over two-thirds voter approval in 1997. The rate was set at \$80 per parcel; and the amount has not changed since then. These are collected on the District's behalf by the County on the secured property roll. Since the number of parcels remains fairly constant over time (about 3,600), revenues from this source are flat over the last ten years. Minor changes occur from year to year due to variances in collection rates.

Source: BVCS D Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012; BVCS D Finance Department

# HISTORICAL TRENDS

Gate Special Taxes		
Fiscal Year Ending	Amount	% Change
2003	-	
2004	-	
2005	-	
2006	-	
2007	259,900	
2008	259,900	0.0%
2009	265,100	2.0%
2010	265,400	0.1%
2011	275,300	3.7%
2012	265,100	-3.7%
Average Annual % Change		
Last 2 Years		0.0%
Last 5 Years		0.4%

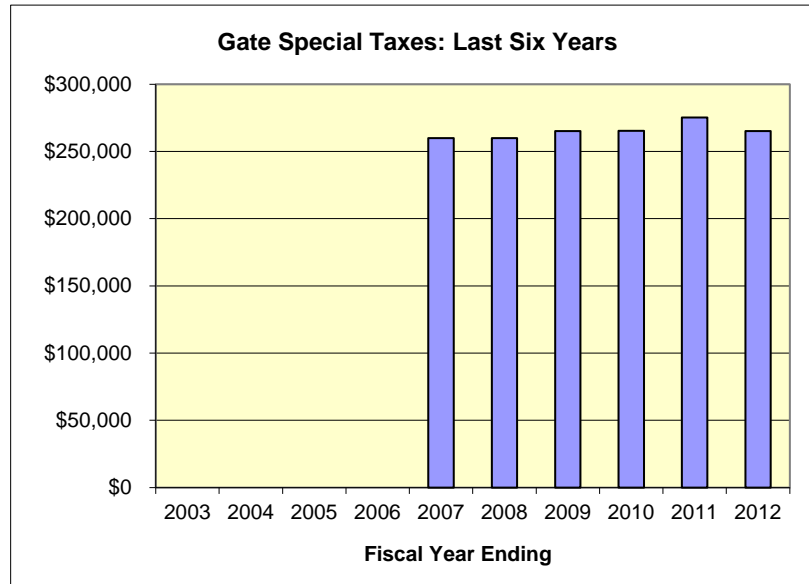
Gate special taxes were not implemented until 2006-07.

Special taxes for gate operations were approved with over two-thirds voter approval in 2006. The rate was set at \$75 per parcel; and the amount has not changed since then.

With this new revenue source, the cost of gate operations was transferred from Road Fund to the General Fund.

Like police special taxes, these are collected on the District's behalf by the County on the secured property roll. Since the number of parcels remains fairly constant over time (about 3,600), revenues from this source are flat over the last ten years. Minor changes occur from year to year due to variances in collection rates.

Source: BVCSD Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012; BVCSD Finance Department



City of Tehachapi Dispatch Service Charges		
Fiscal Year Ending	Amount	% Change
2002		
2003		
2004		
2005		
2006		
2007	32,000	
2008	279,400	
2009	349,700	25.2%
2010	366,800	4.9%
2011	385,800	5.2%
2012	404,400	4.8%
Average Annual % Change		
Last 2 Years		5.0%
Last 3 Years		5.0%

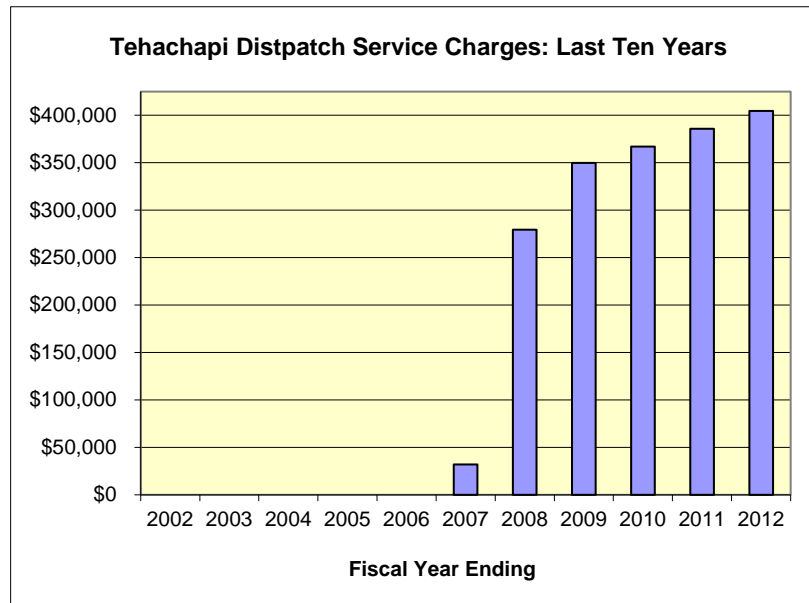
2007-08 was the first full year of service charges in providing dispatch services to the City of Tehachapi.

In 2007, the District entered into a five year agreement to provide dispatch services to the City of Tehachapi. The agreement defined base service levels and set fixed fees

accordingly, increasing by 5% annually after the first year. The agreement also provided for added charges for services above the base service level in the event that the City requested them. Since 2010, the City has consistently requested services that are about 20% more than the base level.

Although the agreement's formal ending date was June 30, 2012, the District has continued to provide dispatch services to the City while renewal negotiations are underway.

Source: BVCSD Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2012



# HISTORICAL TRENDS

## GENERAL FUND EXPENDITURE TRENDS

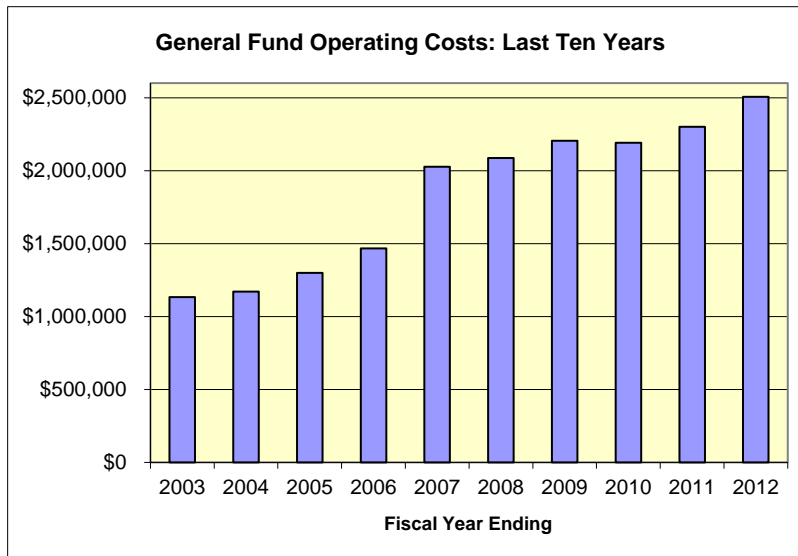
The following tables and charts show long term trends in the General Fund operating expenditures as well as for three key operating expenditure areas that have been significant cost drivers in other California communities:

- Public safety costs
- Insurance (general liability, worker compensation, property and total)
- Employer retirement contribution rates to the California Public Employees Retirement System (CalPERS) as well as projected rates for the next five years.

Long-term trends are also shown for capital improvement plan (CIP) expenditures.

General Fund Operating Expenditures		
Fiscal Year Ending	Amount	% Change
2003	1,133,900	
2004	1,170,400	3.2%
2005	1,300,000	11.1%
2006	1,467,100	12.9%
2007	2,027,400	38.2%
2008	2,087,500	3.0%
2009	2,204,200	5.6%
2010	2,191,400	-0.6%
2011	2,300,100	5.0%
2012	2,505,900	8.9%
Average Annual % Change		
Last 2 Years		7.0%
Last 5 Years		4.4%
Last 10 Years		9.7%

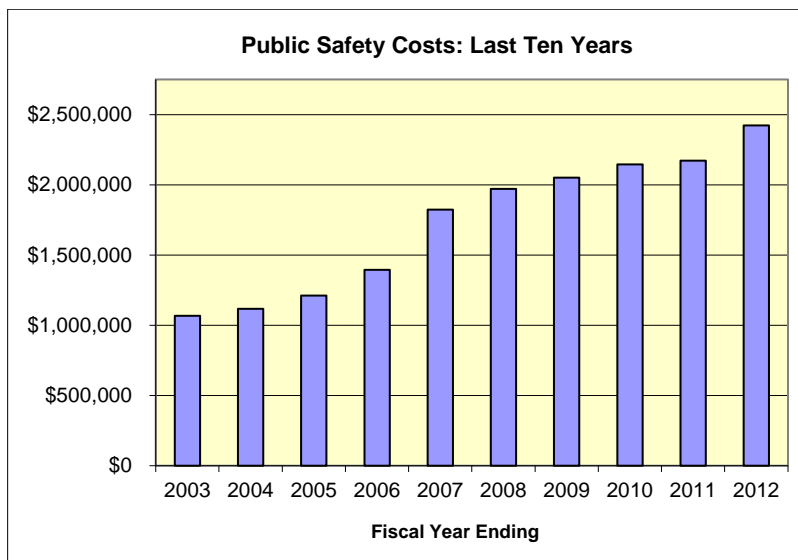
\* 2011-12 excludes CalPERS side fund pay-off of \$229,000



As noted in the revenue section, the significant increase in operating expenditures in 2006-07 is due to the transfer of gate operation costs to the General Fund from the Road Fund, in conjunction with the new gate special tax. For the last five years, operating cost increases have averaged about 4% annually.

Source: BVCSD Finance Department

General Fund Public Safety Costs		
Fiscal Year Ending	Amount	% Change
2003	1,067,300	
2004	1,117,100	4.7%
2005	1,212,300	8.5%
2006	1,394,200	15.0%
2007	1,823,300	30.8%
2008	1,971,800	8.1%
2009	2,051,700	4.1%
2010	2,145,500	4.6%
2011	2,172,600	1.3%
2012	2,422,700	11.5%
Average Annual % Change		
Last 2 Years		6.4%
Last 5 Years		5.9%
Last 10 Years		9.8%



Because they are such a large component of total General Fund operating costs, public safety cost trends closely mirror them. Over the past five years, public safety costs have increased by about 6% annually.

Source: BVCSD Finance Department



# HISTORICAL TRENDS

## Insurance Costs

As reflected in the following charts, while insurance cost increases have been a major concern for many agencies throughout the State, they have been relatively stable for the District over the past ten years. (Insurance costs are for the District as a whole.)

### Workers' Compensation

Peaking at \$203,000 in 2006-07, costs have stabilized at about \$90,000 annually since then.

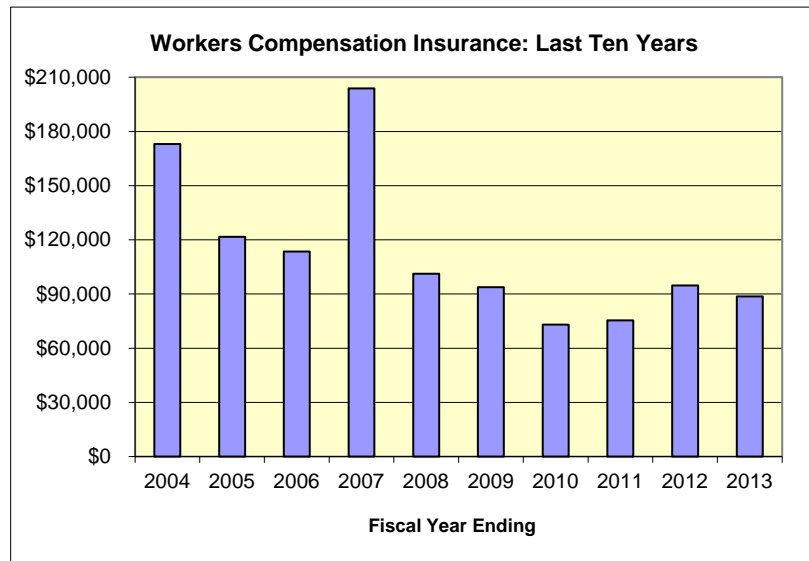
### General Liability

Steadily increasing from 2003-04 until peaking at \$55,000 in 2007-08, general liability costs have stabilized, averaging about \$45,000 annually since 2009-10.

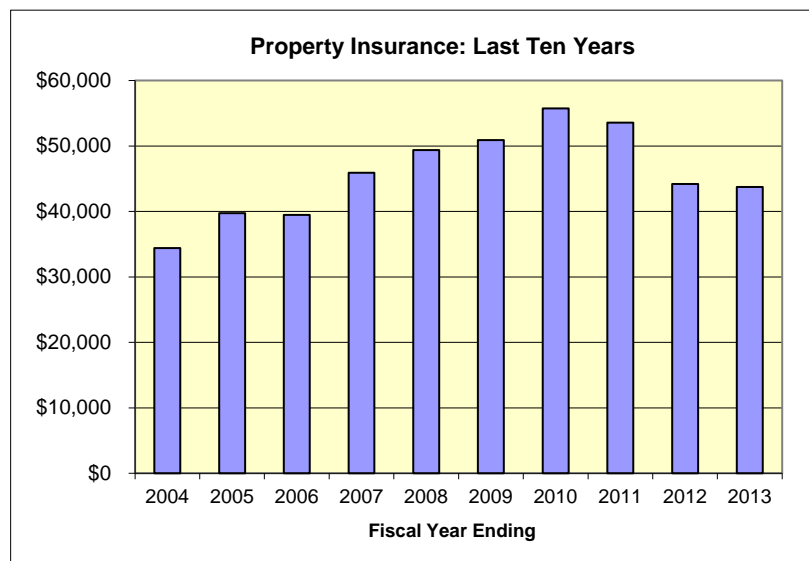
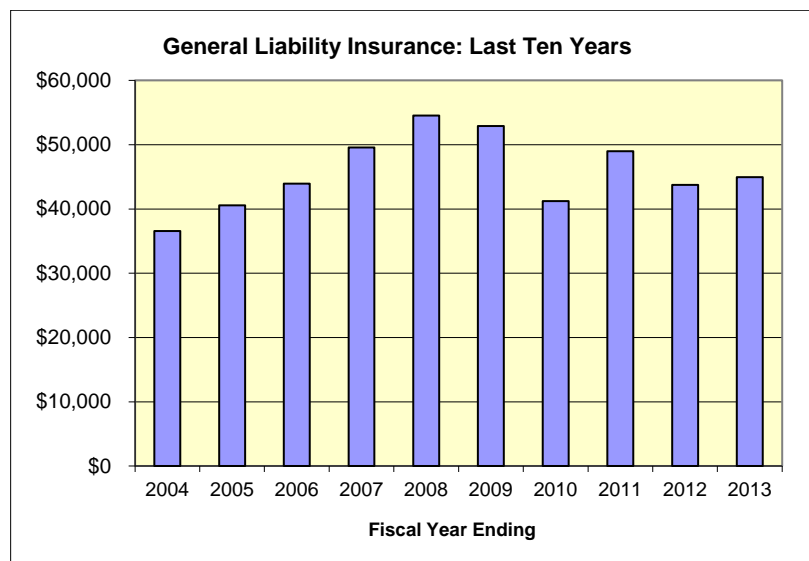
### Property

Property insurance is down and appears to be stabilized since its peak of \$56,000 at about \$44,000 annually.

Source: BVCS D Finance Department



Estimated for 2012-13

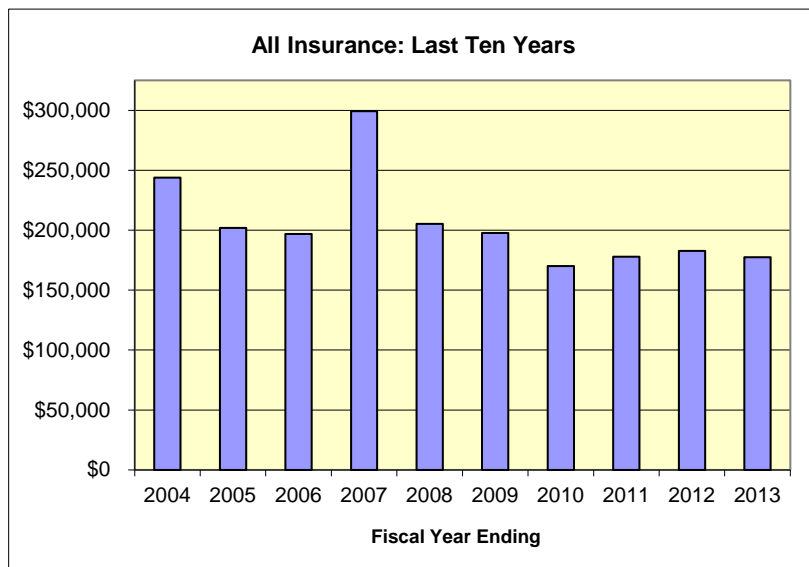


## HISTORICAL TRENDS

### All Insurance Costs Combined

After peaking at \$300,000 in 2006-07, while there have been variances from year-to-year by insurance type, in total insurance costs have been very stable for the past six years, averaging about \$185,000 annually.

Source: BVCSD Finance Department



### CalPERS Employer Contribution Rates

As of December 31, 2012, the District had two separate retirement plans with CalPERS:

- Sworn Public Safety.** The District has a “2% at 50” plan for its sworn employees: under this plan, sworn employees retiring at age 50 will receive 2% of the average of their three highest years of regular pay for each year of service. (“Regular” pay includes ongoing compensation as part of an employee’s normal duties; as such, it does not include earnings like overtime.) For example, a Police Officer with 25 years of service and “base” earnings of \$55,000 retiring at age 50 would receive a pension of \$27,500 annually.
- Non-Sworn (“Miscellaneous”).** The District has a “2% at 55” plan for its non-sworn employees: under this plan, non-sworn employees retiring at age 55 will receive 2% of the average of their three highest years of “regular” pay for each year of service. For example, a maintenance worker with 25 years of service and “base” earnings of \$45,000 retiring at age 55 would receive a pension of \$22,500 annually.

CalPERS retirement benefits are funded by employees and employers from two sources:

**Employee Share.** This is set statutorily and does not vary with actuarial valuation changes. The rates under the District’s plans are 7% of payroll for non-sworn employees and 9% for sworn employees.

**Employer Share.** This is determined actuarially and can vary significantly – both up and down – based on changes in actuarial assets and liabilities. The most significant factors driving employer contribution rates are changes in benefit levels and investment earnings. The employer share is based on two key components:

- Normal cost: The rate needed to meet current actuarial obligations.
- Unfunded liability: The rate needed to amortize any outstanding unfunded liabilities (typically over 30 years).

Because the employee share is fixed, it is the employer contribution rate that is subject to variation. Accordingly, it is the best indicator of retirement cost drivers. The following charts show employer contribution rates for the past ten years as well as projected rates for the next five years.

#### Recent Changes for All New Employees

In September 2012, the State enacted AB 340, which reduces retirement benefits for all new State and local agencies participating in CalPERS, beginning January 1, 2013. Under this “two-tier” approach, benefits for all new employees are lower than those in place for current employees.

For example, along with many other changes, the basic benefit formula for new non-sworn employees is “2% at 62” and “2% at 57” for sworn employees. Benefit levels for new employees will be the same for all agencies contracting with CalPERS.

Because the lower benefits and rates only apply to new employees, the projected rates below are not likely to be significantly affected over the next five years: the savings will occur in the future as current employees retire and new employees become most (and eventually all) of the District’s work force.

# HISTORICAL TRENDS

**Sworn Employees.** Based on significant excess assets at the time, the District had no employer contribution requirements for 2003-04 (or for several years prior to this), However, this changed with CalPERS investment losses due to “9/11,” the dot.com meltdown and corporate scandals, resulting in significant increases by 2005-06, followed by relatively stable rates for the next six years.

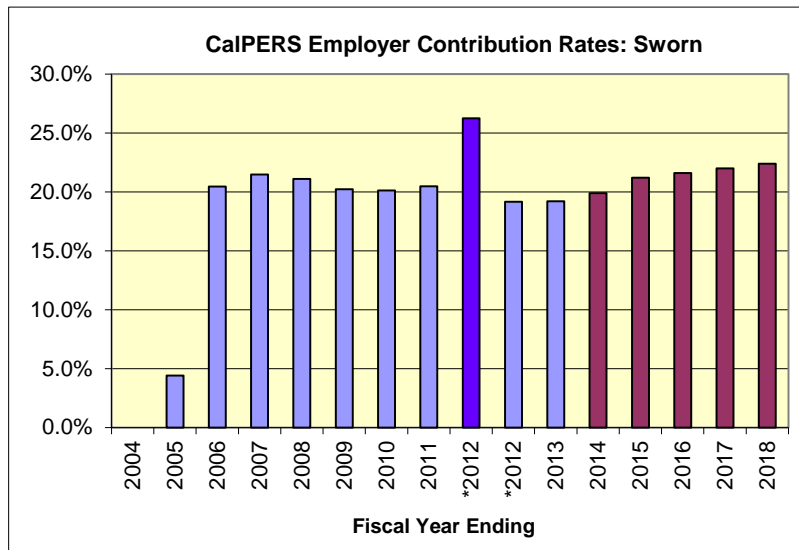
Rates took another jump in 2011-12 due to investment losses resulting from the worst economic downturn since the Great Depression. To mitigate this impact, the District paid-off the long-term liabilities of \$229,000 in its “side fund” (which resulted when the District became pooled with other agencies with fewer than 100 employees in each of its plans) in March 2012. This resulted in a significant reduction in the sworn employer contribution rate, from 26.2% of payroll to 19.2%.

CalPERS projects that rates for the District’s two plans will stay relatively stable for the next five years: beginning in 2014-15, employer contribution rates are projected to increase by about 0.4% of payroll each year.

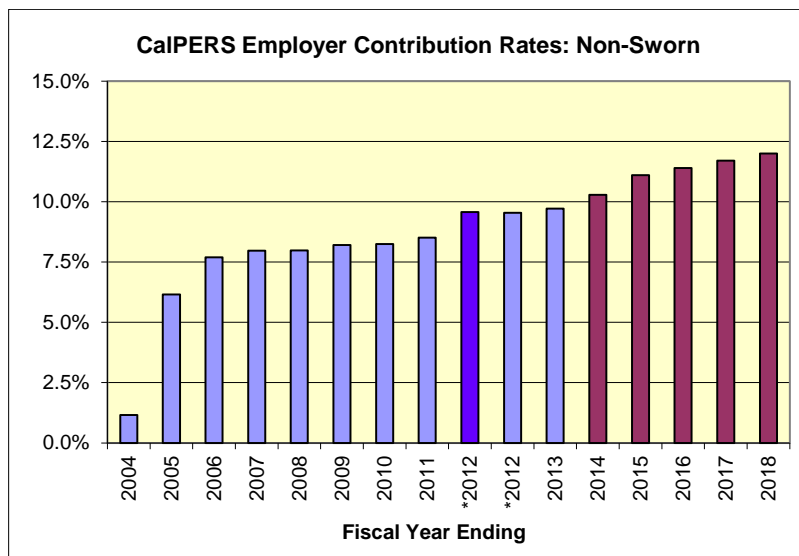
**Non-Sworn Employees.** Rates for non-sworn employees were also impacted by “9/11,” the dot.com meltdown and corporate scandals as well as the “Great Recession,” although to a lesser degree. Because non-sworn unfunded liabilities were much smaller, the impact of paying-off of the side fund was much more modest.

CalPERS also projects that rates will stay relatively stable for this group for the next five years: beginning in 2014-15, employer contribution rates are projected to increase by about 0.3% of payroll each year.

Source: BVCS D Finance Department; CalPERS



\* Rate change during the fiscal year due to pay-off of “side fund.”



\* Rate change during the fiscal year due to pay-off of “side fund.”

# HISTORICAL TRENDS

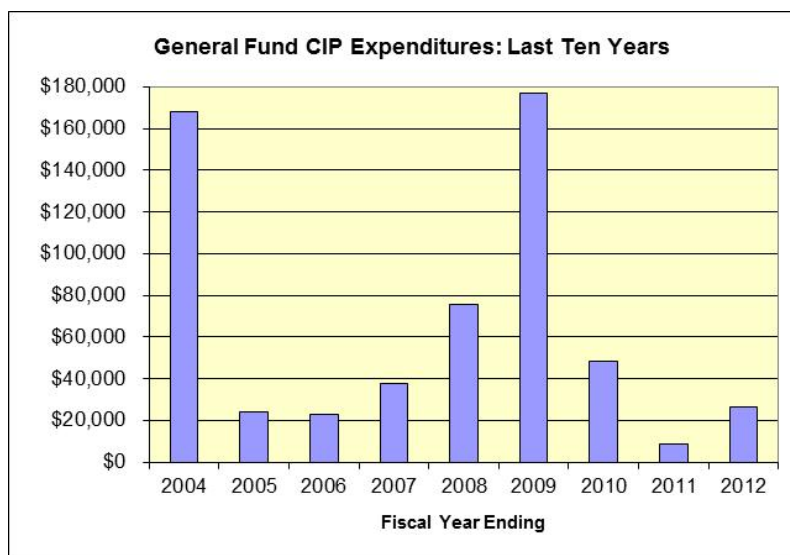
## General Fund CIP Expenditures

The following summarizes General Fund CIP expenditure for the past ten years.

General Fund CIP Expenditures		
Fiscal Year Ending	Amount	% of Rev
2004	167,900	13.0%
2005	24,200	1.7%
2006	23,000	1.4%
2007	37,400	1.7%
2008	75,800	3.1%
2009	176,900	7.0%
2010	48,200	2.0%
2011	8,500	0.3%
2012	26,600	1.1%
Average Annual Expenditures/Ratio to Revenues		
Last 2 Years	17,550	0.7%
Last 5 Years	67,200	2.6%
Last 10 Years	65,389	3.5%

As reflected above, CIP expenditures can vary significantly from year-to-year. While they averaged 3.5% of General Fund revenues over the past ten years, in the last two years they have averaged less than 1%.

Source: BVCS D Finance Department



## CONSULTANT QUALIFICATIONS

### SENIOR FINANCIAL MANAGEMENT

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, *San 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 District'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

#### *Fiscal Forecasts and Long-Term Financial Plans*

- City of Bell
- City of Salinas
- City of Camarillo
- City of Pismo Beach

#### *Organizational Analysis and Policy Advice*

- Strategic Plan Community Outreach and Facilitation: City of Monrovia (in collaboration with HSM Team)
- Pro Bono Financial Management Policy Advice and Transition Team: City of Bell
- Benchmark Analysis: City of Capitola
- Finance Division Organizational Review: Sacramento Metropolitan Fire District
- Finance Department Organizational Review: City of Ceres (in collaboration with national consulting firm)

#### *Other Financial Management Services*

- Interim Finance Director: San Diego County Water Authority
- Interim Finance Director: City of Capitola
- Revenue Options Study: City of Pismo Beach

## CONSULTANT QUALIFICATIONS

- 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

- Board of Directors, League of California Cities (League): 2008 to 2010
- Member, California Committee on Municipal Accounting: 2007 to 2010
- President, League Fiscal Officers Department: 2002 and 2003
- President, CSMFO: 2001
- Board of Directors, CSMFO: 1997 to 2001
- Member, GFOA Budget and Fiscal Policy Committee: 2004 to 2009
- 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
- Institute for Local Government
- 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
- Humboldt County

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: Meaningful Community Engagement in the Budget Process
- Debt Management
- Preparing for Successful Revenue Ballot Measures

## CONSULTANT QUALIFICATIONS

- 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, July 2012 (Co-Author)
- *Managing Debt Capacity: Taking a Policy-Based Approach to Protecting Long-Term Fiscal Health*, Government Finance Review, August 2011
- *Municipal Fiscal Health Contingency Planning*, Western District 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 Cities*, Western District Magazine, November 2003
- *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 District 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

- Cal-ICMA Ethical Hero Award (for service to the City of Bell)
- 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
- Graduated with Honors: University of California, Santa Barbara