



# City of Camarillo

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## General Fund Five Year Fiscal Forecast: 2011-2016

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Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

# General Fund Five Year Fiscal Forecast: 2011-2016

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# INTRODUCTION

## OVERVIEW

### Background

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The preparation of this forecast has its roots in the Council's Fiscal Year (FY) 2010-12 Budget Study Session, where City staff surfaced the need to better assess the longer-term fiscal challenges facing the City's General Fund due to:

- Continuing increases in support to other funds.
- Current and future economic environment.

On September 8, 2011, the Council contracted with William C. Statler to prepare a five-year fiscal forecast for the General Fund. (An overview of consultant qualifications is provided in the Appendix.)

### Forecast 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 do three things:

- Continue current services
- Achieve FY 2010-2015 capital improvement plan (CIP) goals
- 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, existing debt service obligations and planned CIP projects. If positive, the balance remaining is available to fund “new initiatives;” if negative, it shows the likely “forecast gap” if all the City does is continue current service levels and work towards achieving adopted CIP goals.

## SUMMARY OF FORECAST FINDINGS

### Challenging Fiscal Outlook

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As summarized on the following page in Table 1, the forecast shows that beginning in FY 2012-13, the City will face a “forecast gap” of about \$5.3 million annually. Placed in context, budgeted General Fund outlays (including expenditures and transfers to other funds) are \$29.6 million in FY 2010-11. This means that corrective action of about 20% of the current General Fund budget will be needed to avoid dipping into reserves.

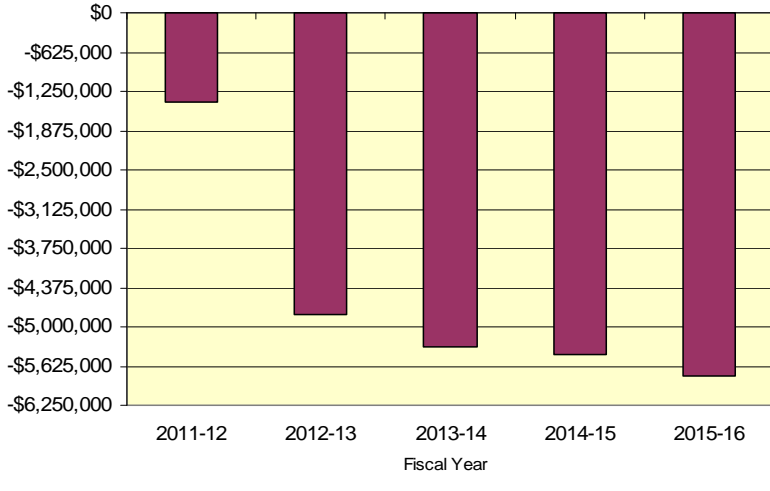
**General Fund revenues and expenditures are generally in alignment in the forecast. The main driver behind the “forecast gap” is continuing increases in support to other funds.**

The key drivers behind the forecast results include:

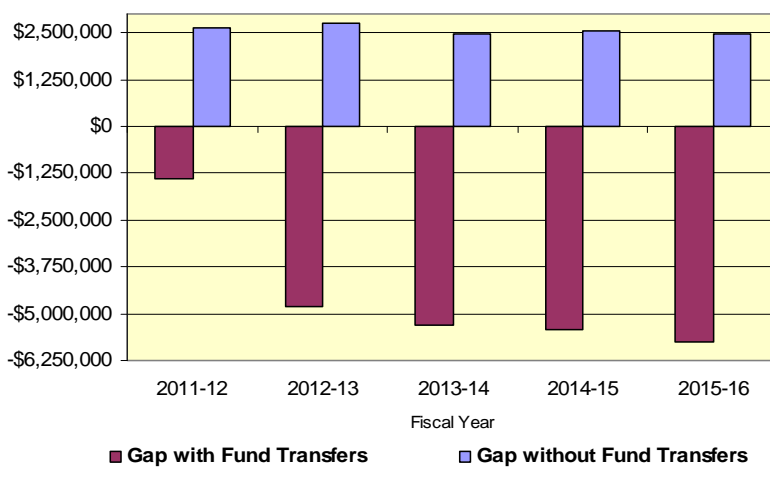
**Revenues.** The forecast generally assumes key revenues have hit bottom. However, slow recovery is projected over the next five years. As discussed below, there is one bright

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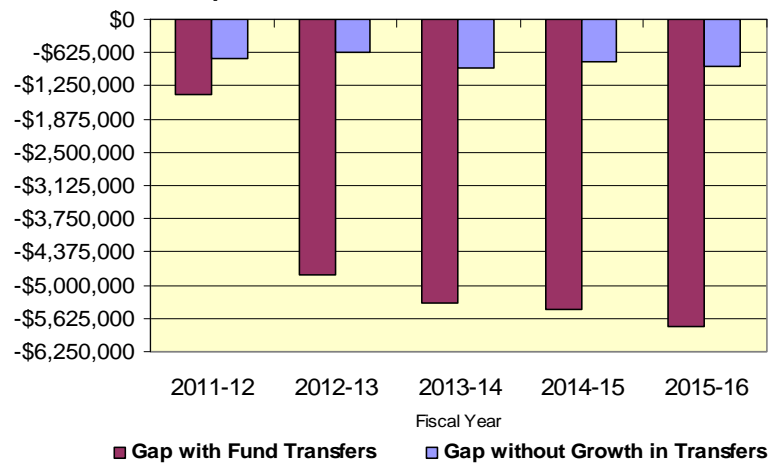
**Table 1** 2011-2016 General Fund Forecast Gap  
*With Fund Transfers*



**Table 2** 2011-2016 General Fund Forecast Gap  
*Comparison Without Fund Transfers*



**Table 3** 2011-2016 General Fund Forecast Gap  
*Comparison Without Growth in Transfers*



spot in the City’s top five General Fund revenues: a strong recovery in transient occupancy tax (TOT) revenues appears to be underway. This is not the case for the other key General Fund revenues, such as sales and property taxes, where recovery is expected to be modest at best.

**Expenditures.** Direct expenditure increases in the General Fund are projected to be modest and generally in alignment with projected revenues.

However, transfers to other funds – most notably, gas tax, lighting & landscape maintenance, storm water management and transit – are projected to continue to increase. As shown in Tables 2 and 3, this is the main reason for the projected “forecast gap.”

Table 2 shows forecast results based solely on direct General Fund expenditures, excluding transfers to other funds. As reflected in this chart, instead of an annual “forecast gap” of \$5.3 million beginning in FY 2012-13, projected General Fund revenues would exceed expenditures by about \$2.5 million annually.

However, the City has supported these other funds with transfers from the General Fund for many years. As such, a better picture of the impact of transfers is reflected in Table 3, which shows how the forecast results would be different if transfers were held at budgeted FY 2011-12 levels.

In this case, while there is still a forecast gap, it is much smaller: about \$750,000 annually rather than \$5.3 million based on the projected growth in transfers to other funds.

## INTRODUCTION

Stated simply, transfers to other funds are projected to grow faster than revenues and direct expenditures; and this is the key driver behind the forecast results.

**The Good News.** While the City is facing tough policy choices, it does so from a position of fiscal strength:

- The City begins with very strong reserves. This allows time for thoughtful solutions.
- While there is a “forecast gap,” it is relatively constant in the out-years: this means that there is a “structural solution.”
- The City has a longstanding tradition of fiscal responsibility, strong financial management and balanced budgets. This will hold the City in good stead in addressing the fiscal challenges ahead.

### 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 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.

Unlike our State and Federal governments, the City has a longstanding tradition of balanced budgets and strong reserves – and this will continue into the future. As noted below, it is important to stress that this 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 a 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, achieve CIP goals and preserve its long-term financial health.

**Can the City afford new initiatives? This is a basic question of priorities, not of financial capacity. But the forecast will help assess how difficult answering this question will be.**

Ultimately, this forecast cannot answer the question: “Can Camarillo afford new initiatives?” This is a basic question of priorities, not of financial capacity.

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 health, the forecast can help assess how difficult making these priority decisions will be.

# INTRODUCTION

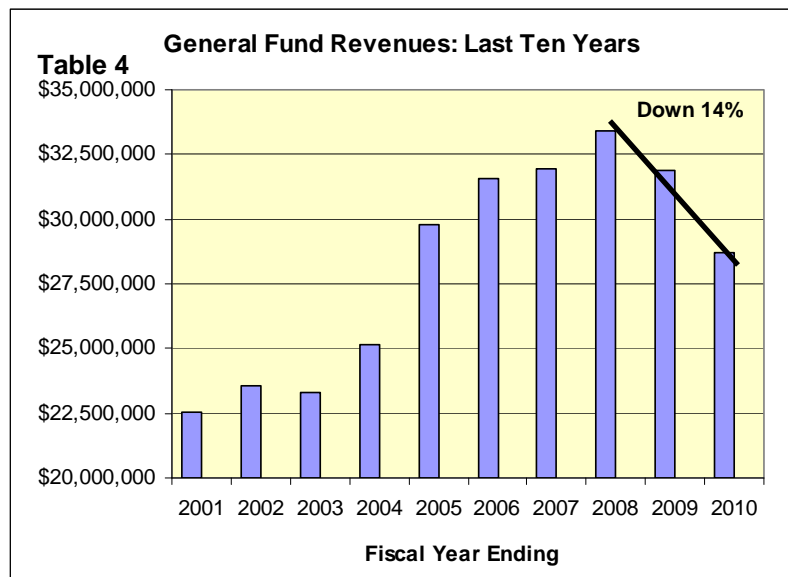
## GENERAL FISCAL OUTLOOK

### The Short Story

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The nation and the State are recovering slowly from the worst recession since the Great Depression. While the City is better positioned to respond

to these adverse economic forces than most communities in California, it is not immune to them. For example, as shown in Table 4, following eight years of general growth in overall General Fund revenues, these dropped by 14% in the last two years (FY 2008-09 and FY 2009-10).



### Economic Overview

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#### *Positives*

- The economy is no longer in recession: Gross Domestic Product (GDP) has been growing since June 2009 (albeit moderately).
- 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 moderate 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 trends.

## BASIC FORECAST FRAMEWORK

### 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, as reflected in Tables 2 and 3, 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 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 20. Areas of particular focus included:

- ***Demographic and Economic Trends.*** Population, housing, building permits 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 driven by changes in assessed valuation), transient occupancy tax, franchise fees and business license tax – which account for about 90% of total General Fund revenues.
- ***Expenditure Trends.*** Overall trends in operating, debt service and CIP costs as well as transfers to other funds, with added focus on insurance, retirement and contract police costs.

### **Summary of Key Forecast Assumptions**

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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.
- Regional economic forecasts prepared by the 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 and property tax advisor (Hinderliter de Llamas).
- Five-year employer contribution rate projections prepared by the California Public Employees Retirement System (CalPERS).

Ultimately, however, in close consultation with City staff from Finance, Community Development and Public Works, 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. However, the following summarizes key forecast factors:

***State Budget Actions.*** The forecast assumes no restoration of past cuts to cities. On the other hand, as set forth in Proposition 22 approved by the voters in November 2010, the forecast also assumes no further *General Fund* takeaways. This is a significant assumption, given the \$26 billion budget gap facing the State as of March 2011. Even with Proposition 22 protections, the City's VLF subventions (\$205,000) and "COPS" grant (\$100,000) are at risk. And while it does not directly affect the General Fund, the Governor's budget proposal to phase-out redevelopment agencies beginning in FY 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 – but still significant at \$155 billion), 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



## INTRODUCTION

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. The only exception is TOT, which is projected to experience a more robust recovery based on recent trends.

***Grants.*** The forecast does not assume the receipt of any "competitive" grant revenues over the next five years. However, experience shows that the City will undoubtedly be successful in obtaining grants, especially for capital improvements. Other "formula grant" programs are also likely and will help the City in achieving its CIP goals. However, their use is highly restricted by the granting agencies; and the City cannot rely upon their continuation. Accordingly, the General Fund forecast does not include any funding from these sources.

***Development Impact Fees.*** Development impact fees will be collected during the forecast period; and like grant revenues, they will certainly help the City in funding infrastructure improvements. However, these revenues are restricted solely to funding improvements related to new development. As such, they are not included in this forecast.

***Operating Costs.*** Based on recent trends over the past three years for operating costs overall, as well as deeper looks at insurance and Sheriff contract costs, the operating cost base from the adopted FY 2011-12 Budget is projected to grow modestly by increases in population and inflation during the forecast period (between 2.8% and 3.0% annually). Based on projected CalPERS employer contribution rates, the forecast shows retirement costs adding a modest \$124,900 annually by FY 2015-16.

***Interfund Transfers.*** As noted above, increases in General Fund support to other funds is a major driver in the projected "Forecast Gap." Detailed projections for transfers to the major funds were developed as follow:

- Supplemental forecast schedules were prepared for the Gas Tax, Storm Water Management and Lighting & Landscape Maintenance Funds. These are provided on pages 17 to 19.
- Debt Service Fund transfers are based on current General Fund debt service obligations. These represent a very modest level of annual debt service requirements of about 2.6% of annual revenues. No increases in General Fund debt service costs are projected in the forecast.

**At 2.6% of General Fund revenues, debt service costs are very modest.**

## INTRODUCTION

- Transit Fund transfers can vary significantly from year to year based on capital outlay requirements. Accordingly, these are based on the mid-point of five and ten-year averages of General Fund transfers, adjusted for inflation.
- Capital Improvement Projects Fund transfers are based on the adopted Five Year CIP Budget for FY 2010-15; and the ten-year average (adjusted for inflation) for FY 2015-16.

**No Fee Increases.** No fee increases are assumed in the forecast. This is especially notable in the case of the Storm Water Management Fund, as the forecast assumes that revenues will stay flat while expenditures will increase modestly by increases in population and inflation (between 2.8% and 3.0%).

### **What's Not Here**

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It is important to note the factors that are not reflected in the forecast, although they are likely to affect the City's fiscal future. In most cases, this is due to too much uncertainty about whether they will occur during the forecast period; and if they do, when they will occur and their fiscal impact.

**Likely to Be Better.** The following summarizes the factors that are likely to be better than the forecast:

- Potential library cost savings.
- Added sales tax revenues from new generators, like Paseo Camino Real (499,000 square feet of retail and restaurant).
- Retiree health care costs: the recent actuarial study received in March 2011 shows the potential for modest cost reductions beginning in FY 2011-12 of about \$29,000 annually.
- Expenditure savings based on past experience. For example, General Fund expenditures were 5.6% under budget in FY 2009-10; and 8.0% under budget in FY 2008-09. This reflects favorably on the organization's stewardship: there is clearly not a "use or lose it" mentality in the City. On the other hand, budgetary savings cannot be relied upon every year, especially given the significant belt-tightening measures that have been put in place over the past three years.

**Likely to Be Worse.** The following summarizes the factors that are likely to be worse than the forecast:

- Potential General Fund support for area landscape maintenance districts. To date, there have been adequate reserves in each area to

## INTRODUCTION

cover annual shortfalls as revenues stay flat but costs increase. In the very near future, the City will be faced with one of three options:

1. Ballot measure for those in the maintenance district areas to increase assessments to cover current costs.
2. Reduce landscape maintenance service levels to meet current assessment revenues.
3. Provide General Fund support for the difference between annual maintenance costs and assessment revenues.

Each of these is a major policy decision yet to be made by the Council, and accordingly no assumptions are reflected in the forecast for this, other than the status quo of no General Fund subsidies.

- Landscape areas coming-off warrantee.
- Upcoming constraints on Transportation Development Act (TDA) revenues that are likely to decrease funds available for street capital improvements and increase Transit subsidies.

### What's Most Likely to Change?

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

**Sales Tax.** For this significant revenue source, results for the Fourth Quarter 2010 – typically the largest quarter due to Holiday sales – will be telling about the strength of the retail recovery in Camarillo

**Property Tax.** Have they hit the bottom? How strong with the recovery be?

**Budget Changes for FY 2011-12.** As noted above, the operating base in the forecast for FY 2011-12 is the budget that the Council approved as part of the City's two-year budget. However, this is subject to revision during mid-cycle review in June 2011.

## CONCLUSION

The forecast shows that the City's General Fund revenues and expenditures are generally in alignment for the next five years. However, the forecast shows that projected continuing increases in General Fund support to the other funds will result in a "Forecast Gap" of about \$4.8 million annually in FY 2012-13, increasing to about \$5.3 million in FY 2013-14, with modest increases annually thereafter.

The forecast also shows that the City's General Fund goes into 2011-2016 in strong fiscal shape, with a projected fund balance of \$43.3 million at the

beginning of FY 2011-12. However, without corrective action, the City will use \$22.8 million of these reserves by the end of FY 2015-16. Stated simply, the City's strong reserves can be used as a strategic bridge to the future by providing time to develop thoughtful solutions. But reserves can only be used once while the forecast shows a systemic gap that does not improve over time.

This means that unless the economy performs significantly better than projected or new revenues are implemented, the City will not be able to maintain current service levels and meet its CIP needs in the long-term.

### NEXT STEPS

In response to the "forecast gap," City staff has analyzed several options on both the revenue and expenditure side of the budget as outlined below:

#### **Proposed Revenue Options**

- ***Change to City's Street Sweeping Operations.*** Due to a new Total Maximum Daily Load (TMDL) requirement imposed by the Regional Water Quality Control Board, street sweeping is required to reduce the potential for trash in storm drains. As a result, the City is pursuing an option to have street sweeping operations become incorporated with its weekly trash service. The contract scope with the current trash contractor would be expanded to include the street sweeping services. This is anticipated to provide an estimated revenue stream to the City's General Fund of \$250,000 annually beginning in FY 2011-12.
- ***Citywide Lighting/Landscape Maintenance Assessment.*** The City made a shift from the Storm Water Fund to include eligible costs in the Citywide Lighting and Landscape Maintenance Zones to recover the full cost of on-going operations. This began in FY 2010-11 and generates \$50,000 annually in assessment revenue that offsets General Fund revenue. The City is considering a new Citywide lighting and landscape assessment that will replace General Fund transfers to the Lighting and Landscape Fund. The fund will also be increased by \$300,000 annually to cover new storm water quality requirements that increase landscape maintenance costs. This is anticipated to provide an estimated revenue stream to the City's General Fund of \$2.3 million annually beginning in FY 2012-13 going forward.
- ***Assessment for Pavement Management System.*** Staff is pursuing an option to include a mitigation fee on the trash bill for covering the cost of pavement restoration necessitated by pavement damage resulting from heavy trash trucks. This is anticipated to provide an estimated revenue stream to the City's General Fund of \$400,000 annually beginning in FY 2011-12 going forward.

- ***Traffic Mitigation Fee for Pavement Management.*** The traffic mitigation fee program will be updated during the next few months. The program will include a fee for new development to pay for future road maintenance. This is anticipated to provide an estimated revenue stream of \$300,000 annually that will offset an equal amount of General Fund revenue that would otherwise be used. The mitigation fees are anticipated to be available in FY 2011-12.

### **Proposed Expenditure Options**

- ***Revision to the City's Transit Operations.*** Beginning in 2013 or 2014, Transportation Development Act (TDA) funds can no longer be used in Camarillo for road maintenance: they will be restricted solely for transit services. Therefore, the City is pursuing a variety of options up to and including a regional approach to transit that would reduce City operating expenditures and replace the current use of General Funds with TDA funds for transit operations. This would reduce annual General Fund transfer for transit operations by \$500,000 beginning in FY 2013-14.
- ***Revision to the City's approach to Storm Water Management.*** Until a revenue source is identified for storm water protection, related capital projects have been deferred in the Capital Improvement Program. This will reduce General Fund expenditures by an average of \$1.0 million annually beginning in FY 2011-12.
- ***Revision in Library Management.*** Library operations were shifted from the County to the City. As a result, the operations have improved, budgetary control has expanded and future operating costs are expected to be reduced.



# KEY ASSUMPTIONS

## DEMOGRAPHIC TRENDS

**Population.** Based on trends over the last ten years, discussions with Community Development staff and data from a recent Camarillo forecast prepared by California Lutheran University, grows by 0.5% in FY 2011-12; 0.8% in FY 2012-14; and 1.0% annually in FY 2014-16.

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

## EXPENDITURES

**Operating Costs.** Based on recent trends over the past three years for operating costs overall, as well as deeper looks at insurance and Sheriff contract costs, the operating cost base from the adopted 2011-12 Budget is projected to grow modestly by increases in population and inflation during the forecast period (between 2.8% and 3.0% annually).

## INTERFUND TRANSFERS

Detailed projections for transfers to the major funds were developed as follows:

- **Gas Tax, Storm Water Management and Lighting & Landscape Maintenance Funds.** Supplemental forecast schedules were prepared for the each of these funds, which are provided on pages 17 to 19.
- **Debt Service Fund.** Projected transfers are based on current General Fund debt service obligations. These represent a very modest level of annual debt service requirements of about 2.6% of annual revenues. No increases in General Fund debt service costs are projected in the forecast due to new financings
- **Transit Fund.** Transfers from the General Fund can vary significantly from year to year based on capital outlay requirements. Accordingly, these are based on the mid-point of the five and ten-year averages of General Fund transfers, adjusted for inflation.
- **Capital Improvement Projects Fund.** Projected transfers are based on the adopted Five Year CIP Budget for FY 2010-15; and the ten year average (adjusted for inflation) for FY 2015-16.

Interfund transfer history for the past twelve years and adopted budgets for FY 2010-12 are provided on page 30.

## STATE BUDGET ACTIONS

The forecast assumes no restoration of past cuts to cities. On the other hand, as set forth in Proposition 22 approved by the voters in November 2010, the forecast also assumes no further *General Fund* takeaways. This is a significant assumption, given the \$26 billion budget gap facing the State. Even with Proposition 22 protections, the City's VLF subventions (\$205,000) and "COPS" grant (\$100,000) are at risk. And while it does not directly affect the General Fund, the Governor's budget proposal to phase-out redevelopment agencies beginning in FY 2011-12 would have significant adverse fiscal impacts on the City.

## KEY ASSUMPTIONS

### REVENUES

Sources used in developing revenue projections for the forecast include:

- Long and short-term trends in key City revenues and expenditures.
- Economic trends as reported in the national media.
- Regional economic forecasts prepared by the 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 and property tax advisor (Hinderliter de Llamas).

Ultimately, however, in close consultation with City staff from Finance, Community Development and Public Works, 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 Ten Revenues*

The following describes the assumptions for the "Top Ten" revenues in the forecast, which account for 98% of total projected General Fund revenues.

**Sales Tax.** Grows by population and inflation throughout the forecast period (2.5% to 3.0%). This assumes sales tax revenues have hit bottom and will modestly increase. This is consistent with the Cal Lutheran forecast for 2010 and 2011. Based on most recent trends, there is the potential for the sales tax base to perform better than this. However, results for the important Fourth Quarter 2010, which includes Holiday sales, will not be known until late April 2011.

**Property Tax/VLF Swap.** Both of these revenue sources are driven by changes in assessed value, which is projected to decrease by 1% in FY 2010-11, remain flat in FY 2011-12, grow by 1% for two years in FY 2012-14 and then by 2% the following two years in FY 2014-16.

**Franchise Fees.** Decrease by 1.5% in FY 2010-11 as projected in the budget; remain flat in FY 2011-12; and then grow by population and inflation in FY 2012-16 (between 2.8% and 3.0%).

**Transient Occupancy Tax.** Recovers to FY 2008-09 levels in FY 2010-11, plus added revenues from the Residence Inn. This reflects a strong recovery of 20% from FY 2009-10. For the remainder of the forecast period (2011-2016), grows by inflation (2.0%).

**Business License Tax.** Decreases by 2.5% in FY 2010-11; remains flat in FY 2011-12; grows by 1% for two years in FY 2012-14; and then by 2% for the next two years in FY 2014-16.

## KEY ASSUMPTIONS

**Vehicle License In-Lieu Subventions.** Based on the Budget for FY 2010-12 and grow by population and inflation for the remainder of the forecast period (2.8% to 3.0%).

**Development Review Fees.** Remain at FY 2009-10 levels (which were down by \$697,000 from FY 2008-09) for FY 2010-11 and FY 2011-12. Gradually increases to 2008-09 levels by FY 2015-06. The following shows added detail for development review fees in FY 2008-09 and FY 2009-10:

| Development Review Fees |                    |                  |                  |                 |
|-------------------------|--------------------|------------------|------------------|-----------------|
|                         | 2008-09            | 2009-10          |                  |                 |
|                         | Actual             | Actual           | Budget           | Variance        |
| Building Permits        | 751,900            | 471,800          | 500,000          | (28,200)        |
| Engineering/Inspection  | 266,200            | 26,200           | 50,000           | (23,800)        |
| Subdivision             | 63,600             | 133,400          | 75,000           | 58,400          |
| Geotechnical            | 48,600             | 47,200           | 20,000           | 27,200          |
| Seismic                 | 400                | 100              |                  | 100             |
| Green Building          | 100                | 100              |                  | 100             |
| Zoning & Planning       | 172,100            | 149,500          | 200,000          | (50,500)        |
| <b>Total</b>            | <b>\$1,302,900</b> | <b>\$828,300</b> | <b>\$845,000</b> | <b>(16,700)</b> |

**Other Fees.** Based on the Budget for FY 2010-12 and grow by population and inflation (2.5% to 3.0%) for the remainder of the forecast period. The following shows added detail for other fees in FY 2008-09 and FY 2009-10:

| Other Fees              |                    |                  |                  |                |
|-------------------------|--------------------|------------------|------------------|----------------|
|                         | 2008-09            | 2009-10          |                  |                |
|                         | Actual             | Actual           | Budget           | Variance       |
| Police Services         | 57,700             | 79,200           | 40,000           | 39,200         |
| DUI Cost Recovery       | 14,100             | 22,800           | 15,000           | 7,800          |
| SRO Services            | 226,400            | 214,200          | 226,400          | (12,200)       |
| Special Project Charges | 928,500            | 87,600           | 85,000           | 2,600          |
| Other Fees              | 92,200             | 57,600           | 85,300           | (27,700)       |
| <b>Total</b>            | <b>\$1,318,900</b> | <b>\$461,400</b> | <b>\$451,700</b> | <b>\$9,700</b> |

**Fines and Forfeitures.** Remain flat from FY 2009-10 actual levels throughout the forecast period.

**Interest Earnings.** Based on the projected ending fund balance and annual yields on investments as follows: 1.0% in FY 2010-11 plus \$883,700 in one-time interest earnings due to the repayment of the \$10.96 million loan to the Community Development Commission; 1.0% in FY 2011-12; 1.5% in FY 2012-13 and FY 2013-14; and 2.0% for the remaining two years of the forecast period (FY 2014-15 and FY 2015-16).





## GENERAL FUND FIVE YEAR FISCAL FORECAST: 2011-2016

|   | 2008-09            | 2009-10            | 2010-11            |                    | FORECAST           |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Actual             | Actual             | Budget             | Revised            | 2011-12            | 2012-13            | 2013-14            | 2014-15            | 2015-16            |
| <b>REVENUES</b>                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Taxes                                     |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Sales Tax                                 | 11,650,300         | 11,428,600         | 11,273,400         | 11,715,500         | 12,009,600         | 12,347,800         | 12,695,500         | 13,078,900         | 13,473,900         |
| Property Tax                              | 9,564,800          | 9,429,200          | 8,837,900          | 9,334,900          | 9,334,900          | 9,428,200          | 9,522,500          | 9,713,000          | 9,907,300          |
| Transient Occupancy Tax                   | 1,530,100          | 1,432,200          | 1,300,000          | 1,730,100          | 1,764,700          | 1,800,000          | 1,836,000          | 1,872,700          | 1,910,200          |
| Business License Tax                      | 1,364,600          | 1,225,900          | 1,232,000          | 1,195,300          | 1,195,300          | 1,219,200          | 1,243,600          | 1,268,500          | 1,293,900          |
| Real Property Transfer Tax                | 277,300            | 277,400            | 200,000            | 200,000            | 200,000            | 225,000            | 225,000            | 250,000            | 275,000            |
| Franchise Fees                            | 2,409,900          | 2,292,800          | 2,254,000          | 2,258,400          | 2,269,700          | 2,333,600          | 2,399,300          | 2,471,800          | 2,546,400          |
| Subventions & Grants                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Vehicle License In-Lieu Fees (VLF)        | 229,000            | 200,300            | 205,000            | 205,000            | 205,000            | 210,800            | 216,700            | 223,200            | 229,900            |
| Other Subventions & Grants                | 126,800            | 213,500            | 107,500            | 107,500            | 100,400            | 100,400            | 100,400            | 100,400            | 100,400            |
| Service Charges                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Development Review Fees                   | 1,302,900          | 828,300            | 930,000            | 850,000            | 850,000            | 950,000            | 1,000,000          | 1,150,000          | 1,300,000          |
| Other Service Charges                     | 1,318,900          | 461,400            | 587,800            | 587,800            | 599,700            | 616,600            | 634,000            | 653,100            | 672,800            |
| Other Revenues                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Fines & Forfeitures                       | 580,500            | 493,900            | 521,000            | 495,000            | 495,000            | 495,000            | 495,000            | 495,000            | 495,000            |
| Interest Earnings and Rents               | 1,364,700          | 279,300            | 417,100            | 1,203,500          | 433,500            | 629,100            | 557,100            | 636,400            | 527,500            |
| Other Sources                             | 167,800            | 154,400            | 156,200            | 156,200            | 156,400            | 156,400            | 156,400            | 156,400            | 156,400            |
| <b>Total Revenues</b>                     | <b>31,887,600</b>  | <b>28,717,200</b>  | <b>28,021,900</b>  | <b>30,039,200</b>  | <b>29,614,200</b>  | <b>30,512,100</b>  | <b>31,081,500</b>  | <b>32,069,400</b>  | <b>32,888,700</b>  |
| <b>EXPENDITURES</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Expenditures                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Government                        | 5,838,900          | 5,129,100          | 5,785,100          | 5,785,100          | 5,383,500          | 5,544,600          | 5,741,800          | 5,921,600          | 6,107,000          |
| Public Safety                             | 14,648,200         | 14,751,800         | 15,896,800         | 15,896,800         | 16,452,000         | 16,915,300         | 17,391,600         | 17,916,800         | 18,457,900         |
| Highways & Streets                        | 2,003,900          | 1,854,700          | 1,942,300          | 1,942,300          | 1,788,100          | 1,841,700          | 1,907,200          | 1,967,000          | 2,028,600          |
| Culture, Recreation & Community Services  | 2,568,400          | 2,613,400          | 2,649,400          | 2,649,400          | 3,364,000          | 3,464,700          | 3,588,000          | 3,700,500          | 3,816,400          |
| <b>Total Expenditures</b>                 | <b>25,059,400</b>  | <b>24,349,000</b>  | <b>26,273,600</b>  | <b>26,273,600</b>  | <b>26,987,600</b>  | <b>27,766,300</b>  | <b>28,628,600</b>  | <b>29,505,900</b>  | <b>30,409,900</b>  |
| <b>OTHER SOURCES (USES)</b>               |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Comm Dev Commission Loan Repayment        |                    |                    |                    | 10,960,000         |                    |                    |                    |                    |                    |
| Fund Transfers In (Out)                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Community Services Grant Fund             | (50,000)           | (10,000)           | (47,800)           | (47,800)           | (45,000)           | (45,000)           | (45,000)           | (45,000)           | (45,000)           |
| Gas Tax Fund                              | (1,705,000)        | (1,493,600)        | (1,800,000)        | (1,800,000)        | (1,700,000)        | (2,399,400)        | (2,502,400)        | (2,608,600)        | (2,723,500)        |
| Lighting & Landscape Maintenance District | (995,000)          | (1,125,300)        | (1,500,000)        | (1,500,000)        | (1,950,000)        | (1,845,900)        | (1,931,200)        | (2,007,800)        | (2,089,900)        |
| Storm Water Management Fund               | (615,000)          | (774,700)          | (900,000)          | (900,000)          | (900,000)          | (1,030,900)        | (1,064,800)        | (1,099,700)        | (1,138,100)        |
| Debt Service Funds                        | (1,200,000)        | (760,000)          | (760,000)          | (760,000)          | (765,000)          | (765,000)          | (765,000)          | (765,000)          | (765,000)          |
| Vehicle & Equipment Fund                  | (30,300)           | (24,000)           |                    | -                  | (51,500)           |                    |                    |                    |                    |
| Transit Fund                              |                    | (250,000)          | (650,000)          | (650,000)          | (325,000)          | (400,000)          | (411,300)          | (423,700)          | (436,500)          |
| Capital Improvement Projects Fund         |                    | 3,000,000          | 2,300,000          | 2,300,000          | 1,700,000          | (1,058,000)        | (1,058,000)        | (1,058,000)        | (1,058,000)        |
| <b>Total Fund Transfers Out (In)</b>      | <b>(4,595,300)</b> | <b>(1,437,600)</b> | <b>(3,357,800)</b> | <b>(3,357,800)</b> | <b>(4,036,500)</b> | <b>(7,544,200)</b> | <b>(7,777,700)</b> | <b>(8,007,800)</b> | <b>(8,256,000)</b> |
| <b>Total Other Sources (Uses)</b>         | <b>(4,595,300)</b> | <b>(1,437,600)</b> | <b>(3,357,800)</b> | <b>7,602,200</b>   | <b>(4,036,500)</b> | <b>(7,544,200)</b> | <b>(7,777,700)</b> | <b>(8,007,800)</b> | <b>(8,256,000)</b> |
| <b>Sources Over (Under) Uses</b>          | <b>2,232,900</b>   | <b>2,930,600</b>   | <b>(1,609,500)</b> | <b>11,367,800</b>  | <b>(1,409,900)</b> | <b>(4,798,400)</b> | <b>(5,324,800)</b> | <b>(5,444,300)</b> | <b>(5,777,200)</b> |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>    | <b>26,819,600</b>  | <b>29,052,500</b>  | <b>29,421,500</b>  | <b>31,983,100</b>  | <b>43,350,900</b>  | <b>41,941,000</b>  | <b>37,142,600</b>  | <b>31,817,800</b>  | <b>26,373,500</b>  |
| <b>FUND BALANCE, END OF YEAR</b>          | <b>29,052,500</b>  | <b>31,983,100</b>  | <b>27,812,000</b>  | <b>43,350,900</b>  | <b>41,941,000</b>  | <b>37,142,600</b>  | <b>31,817,800</b>  | <b>26,373,500</b>  | <b>20,596,300</b>  |

## ASSUMPTIONS SUMMARY

|   | 2010-11   | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|-----------|---------|---------|---------|---------|---------|
| Population  | 0.5%      | 0.5%    | 0.8%    | 0.8%    | 1.0%    | 1.0%    |
| Inflation   | 2.0%      | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    |
| Compound Population and CPI   | 2.5%      | 2.5%    | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| <b>REVENUES</b>   |           |         |         |         |         |         |
| Sales Tax: Grows by Population and Inflation  | 2.5%      | 2.5%    | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| Property Tax  | -1.0%     | 0.0%    | 1.0%    | 1.0%    | 2.0%    | 2.0%    |
| Transient Occupancy Tax: Base Year Plus CPI   |           |         |         |         |         |         |
| 2010-11: Base flat from 2008-09 Plus New Generator  | 1,730,100 | 2.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    |
| 2011-16: Grows by CPI   |           |         |         |         |         |         |
| Business License Tax  | -2.5%     | 0.0%    | 2.0%    | 2.0%    | 2.0%    | 2.0%    |
| Real Property Transfer Tax  |           |         |         |         |         |         |
| Franchise Fees: Grow by Population and Inflation After 2010-12  | -1.5%     | 0.5%    | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| Vehicle License In-Lieu Fees (VLF): Grow by Population and Inflation After 2010-12                        | Budget    | Budget  | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| Other Subventions & Grants  | Budget    | Budget  | Flat    | Flat    | Flat    | Flat    |
| Development Review Fees   |           |         |         |         |         |         |
| Flat in 2010-12; Incrementally Grow to 2008-09 Levels by 2015-16  |           |         |         |         |         |         |
| Other Service Charges: Grow by Population and Inflation After 2010-12                                     | Budget    | Budget  | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| Fines & Forfeitures: Flat from 2009-10 Actual   |           |         |         |         |         |         |
| Interest Earnings: Yield (%) on Ending Fund Balance   | 1.0%      | 1.0%    | 1.5%    | 1.5%    | 2.0%    | 2.0%    |
| Plus \$883,700 in interest earnings from CDC repayment of \$10.96 million loan                            | 883,700   |         |         |         |         |         |
| Other Sources: Flat from 2010-12 Budget   |           |         |         |         |         |         |
| <b>EXPENDITURES &amp; OTHER USES</b>  |           |         |         |         |         |         |
| Expenditures  |           |         |         |         |         |         |
| Underlying Base Grows by Population and Inflation   | Budget    | Budget  | 2.8%    | 2.8%    | 3.0%    | 3.0%    |
| Plus Projected CalPERS Increases (\$124,700 by 2015-16 from 2011-12 Base)                                 |           |         | 18,700  | 80,400  | 12,700  | 12,900  |
| Transfers In (Out):   |           |         |         |         |         |         |
| Estimated at \$45,000 annually for Community Services Grant Fund  |           |         |         |         |         |         |
| Per Supplemental Schedules for Gas Tax, Storm Water Management and Lighting & Landscape Maintenance Funds |           |         |         |         |         |         |
| Debt Service Fund: No New Debt Issuances;   |           |         |         |         |         |         |
| Transfers Remain the Same for Forecast Period Based on 2011-12 Budget                                     |           |         |         |         |         |         |
| Transit: Mid-Point of Five and Ten Year Average Adjusted for Inflation                                    |           |         |         |         |         |         |
| Capital Improvement Projects Fund: Adopted Five Year CIP Budget for 2010-15;                              |           |         |         |         |         |         |
| Ten Year Average Adjusted for Inflation for 2015-16   |           |         |         |         |         |         |

## Gas Tax Fund: Revenues, Expenditures and Changes in Fund Balance

|   | Fiscal Year Ending |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Actual             |                    |                    |                    | Budget<br>2011     | Forecast           |                    |                    |                    |                    |
|   | 2007               | 2008               | 2009               | 2010               |                    | 2012               | 2013               | 2014               | 2015               | 2016               |
| <b>Revenues</b>                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Gas Tax Subventions                       | 1,181,600          | 1,173,500          | 979,200            | 1,131,200          | 1,056,700          | 1,056,700          | 1,062,000          | 1,070,500          | 1,079,100          | 1,089,900          |
| Excise Tax Swap                           |                    |                    |                    |                    | 653,200            | 653,200            | 656,500            | 661,800            | 667,100            | 673,800            |
| Other Revenues                            | 17,800             | 24,400             | 49,900             | 45,000             | 29,400             | 29,400             | 29,400             | 29,400             | 29,400             | 29,400             |
| <b>Total Revenues</b>                     | <b>1,199,400</b>   | <b>1,197,900</b>   | <b>1,029,100</b>   | <b>1,176,200</b>   | <b>1,739,300</b>   | <b>1,739,300</b>   | <b>1,747,900</b>   | <b>1,761,700</b>   | <b>1,775,600</b>   | <b>1,793,100</b>   |
| <b>Expenditures</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Salaries and Benefits                     | 1,563,900          | 1,697,100          | 1,747,900          | 1,886,900          | 1,979,700          | 2,093,500          |                    |                    |                    |                    |
| Other Expenditures                        | 1,613,500          | 1,252,700          | 1,210,900          | 1,133,700          | 1,395,900          | 1,352,200          |                    |                    |                    |                    |
| <b>Total Expenditures</b>                 | <b>3,177,400</b>   | <b>2,949,800</b>   | <b>2,958,800</b>   | <b>3,020,600</b>   | <b>3,375,600</b>   | <b>3,445,700</b>   | 3,532,200          | 3,631,700          | 3,734,000          | 3,846,800          |
| <b>Revenues Over (Under) Expenditures</b> | <b>(1,978,000)</b> | <b>(1,751,900)</b> | <b>(1,929,700)</b> | <b>(1,844,400)</b> | <b>(1,636,300)</b> | <b>(1,706,400)</b> | <b>(1,784,300)</b> | <b>(1,870,000)</b> | <b>(1,958,400)</b> | <b>(2,053,700)</b> |
| <b>Transfers In (Out)</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <i>General Fund</i>                       | 2,500,000          | 2,200,000          | 1,705,000          | 1,493,000          | 1,800,000          | 1,700,000          | 2,399,400          | 2,502,400          | 2,608,600          | 2,723,500          |
| Vehicles & Equipment<br>CIP Fund          |                    |                    | (8,800)            |                    |                    | (600,000)          | (615,100)          | (632,400)          | (650,200)          | (669,800)          |
| <b>Total Other Sources (Uses)</b>         | <b>2,500,000</b>   | <b>2,200,000</b>   | <b>1,696,200</b>   | <b>1,493,000</b>   | <b>1,800,000</b>   | <b>1,100,000</b>   | <b>1,784,300</b>   | <b>1,870,000</b>   | <b>1,958,400</b>   | <b>2,053,700</b>   |
| <b>Sources Over (Under) Uses</b>          | <b>522,000</b>     | <b>448,100</b>     | <b>(233,500)</b>   | <b>(351,400)</b>   | <b>163,700</b>     | <b>(606,400)</b>   | -                  | -                  | -                  | -                  |
| Fund Balance, Beginning of Year           | 226,000            | 748,000            | 1,196,100          | 962,600            | 578,500            | 742,200            | 135,800            | 135,800            | 135,800            | 135,800            |
| <b>Fund Balance, Beginning of Year</b>    | <b>748,000</b>     | <b>1,196,100</b>   | <b>962,600</b>     | <b>611,200</b>     | <b>742,200</b>     | <b>135,800</b>     | <b>135,800</b>     | <b>135,800</b>     | <b>135,800</b>     | <b>135,800</b>     |

### Assumptions

#### Demographics

|                             |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|
| Population Growth           | 0.5% | 0.8% | 0.8% | 1.0% | 1.0% |
| CPI                         | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Compound Population and CPI | 2.5% | 2.8% | 2.8% | 3.0% | 3.0% |

#### Revenues

Gas Tax Revenues: Grow by Population

Other Revenues: Remain Flat

#### Expenditures: Grow by Population and Inflation

## Storm Water Management Fund: Revenues, Expenditures and Changes in Fund Balance

|   | Fiscal Year Ending |                  |                  |                  |                  |                    |                    |                    |                    |                    |
|---|--------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Actual             |                  |                  |                  | Budget<br>2011   | Forecast           |                    |                    |                    |                    |
|   | 2007               | 2008             | 2009             | 2010             |                  | 2012               | 2013               | 2014               | 2015               | 2016               |
| <b>Revenues</b>                           |                    |                  |                  |                  |                  |                    |                    |                    |                    |                    |
| Charges for Services                      | 143,100            | 215,500          | 171,600          | 170,600          | 154,100          | 154,100            | 154,100            | 154,100            | 154,100            | 154,100            |
| Investment Earnings                       | 7,000              | 5,900            | 10,400           | 3,800            | 3,900            | 3,900              | 3,900              | 3,900              | 3,900              | 3,900              |
| Other Revenues                            | 1,300              | 900              | 1,500            | 1,800            | 14,900           | 14,900             | 14,900             | 14,900             | 14,900             | 14,900             |
| <b>Total Revenues</b>                     | <b>151,400</b>     | <b>222,300</b>   | <b>183,500</b>   | <b>176,200</b>   | <b>172,900</b>   | <b>172,900</b>     | <b>172,900</b>     | <b>172,900</b>     | <b>172,900</b>     | <b>172,900</b>     |
| <b>Expenditures</b>                       |                    |                  |                  |                  |                  |                    |                    |                    |                    |                    |
| Salaries and Benefits                     | 341,100            | 317,900          | 360,400          | 393,300          | 434,600          | 458,900            |                    |                    |                    |                    |
| Other Expenditures                        | 234,200            | 372,100          | 497,400          | 540,500          | 723,700          | 715,400            |                    |                    |                    |                    |
| <b>Total Expenditures</b>                 | <b>575,300</b>     | <b>690,000</b>   | <b>857,800</b>   | <b>933,800</b>   | <b>1,158,300</b> | <b>1,174,300</b>   | 1,203,800          | 1,237,700          | 1,272,600          | 1,311,000          |
| <b>Revenues Over (Under) Expenditures</b> | <b>(423,900)</b>   | <b>(467,700)</b> | <b>(674,300)</b> | <b>(757,600)</b> | <b>(985,400)</b> | <b>(1,001,400)</b> | <b>(1,030,900)</b> | <b>(1,064,800)</b> | <b>(1,099,700)</b> | <b>(1,138,100)</b> |
| <b>Transfers In (Out)</b>                 |                    |                  |                  |                  |                  |                    |                    |                    |                    |                    |
| <i>General Fund</i>                       | 500,000            | 900,000          | 615,000          | 774,700          | 900,000          | 900,000            | 1,030,900          | 1,064,800          | 1,099,700          | 1,138,100          |
| Transfers Out                             |                    |                  |                  |                  |                  |                    |                    |                    |                    |                    |
| <b>Total Other Sources (Uses)</b>         | <b>500,000</b>     | <b>900,000</b>   | <b>615,000</b>   | <b>774,700</b>   | <b>900,000</b>   | <b>900,000</b>     | <b>1,030,900</b>   | <b>1,064,800</b>   | <b>1,099,700</b>   | <b>1,138,100</b>   |
| <b>Sources Over (Under) Uses</b>          | <b>76,100</b>      | <b>432,300</b>   | <b>(59,300)</b>  | <b>17,100</b>    | <b>(85,400)</b>  | <b>(101,400)</b>   | -                  | -                  | -                  | -                  |
| Fund Balance, Beginning of Year           | 208,600            | 284,700          | 717,000          | 657,700          | 526,900          | 441,500            | 340,100            | 340,100            | 340,100            | 340,100            |
| <b>Fund Balance, Beginning of Year</b>    | <b>284,700</b>     | <b>717,000</b>   | <b>657,700</b>   | <b>674,800</b>   | <b>441,500</b>   | <b>340,100</b>     | <b>340,100</b>     | <b>340,100</b>     | <b>340,100</b>     | <b>340,100</b>     |

**Assumptions**

Demographics

|                             |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|
| Population Growth           | 0.5% | 0.8% | 0.8% | 1.0% | 1.0% |
| CPI                         | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Compound Population and CPI | 2.5% | 2.8% | 2.8% | 3.0% | 3.0% |

Revenues: Remain Flat

Expenditures: Grow by Population and Inflation

## Lighting & Landscape Maintenance Fund: Revenues, Expenditures and Changes in Fund Balance

|   | Fiscal Year Ending |                    |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | Actual             |                    | Budget<br>2011     | Revised<br>2011    | Forecast           |                    |                    |                    |                    |
|   | 2009               | 2010               |                    |                    | 2012               | 2013               | 2014               | 2015               | 2016               |
| <b>Revenues</b>                           |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Property Taxes                            | 1,627,800          | 1,594,500          | 1,404,900          | 1,578,600          | 1,578,600          | 1,594,400          | 1,610,300          | 1,642,500          | 1,675,400          |
| Charges for Services                      | 144,700            | 147,800            | 139,100            | 139,100            | 139,100            | 139,100            | 139,100            | 139,100            | 139,100            |
| Investment Earnings                       | 5,300              | 8,900              | 1,500              | 1,500              | 1,500              | 1,500              | 1,500              | 1,500              | 1,500              |
| Other Revenues                            | 14,100             | 14,200             | 10,000             | 10,000             | 10,000             | 10,000             | 10,000             | 10,000             | 10,000             |
| <b>Total Revenues</b>                     | <b>1,791,900</b>   | <b>1,765,400</b>   | <b>1,555,500</b>   | <b>1,729,200</b>   | <b>1,729,200</b>   | <b>1,745,000</b>   | <b>1,760,900</b>   | <b>1,793,100</b>   | <b>1,826,000</b>   |
| <b>Expenditures</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Lighting                                  | 865,900            | 934,900            | 945,700            | 945,700            | 969,500            | 996,800            | 1,024,900          | 1,055,900          | 1,087,800          |
| Landscape                                 | 2,042,200          | 2,145,000          | 2,437,800          | 2,437,800          | 2,525,800          | 2,596,900          | 2,670,000          | 2,750,600          | 2,833,700          |
| <b>Total Expenditures</b>                 | <b>2,908,100</b>   | <b>3,079,900</b>   | <b>3,383,500</b>   | <b>3,383,500</b>   | <b>3,495,300</b>   | <b>3,593,700</b>   | <b>3,694,900</b>   | <b>3,806,500</b>   | <b>3,921,500</b>   |
| <b>Revenues Over (Under) Expenditures</b> | <b>(1,116,200)</b> | <b>(1,314,500)</b> | <b>(1,828,000)</b> | <b>(1,654,300)</b> | <b>(1,766,100)</b> | <b>(1,848,700)</b> | <b>(1,934,000)</b> | <b>(2,013,400)</b> | <b>(2,095,500)</b> |
| <b>Transfers In (Out)</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <i>General Fund</i>                       | <i>995,000</i>     | <i>1,125,000</i>   | <i>1,500,000</i>   | <i>1,500,000</i>   | <i>1,950,000</i>   | <i>1,845,900</i>   | <i>1,931,200</i>   | <i>2,007,800</i>   | <i>2,089,900</i>   |
| <b>Total Other Sources (Uses)</b>         | <b>995,000</b>     | <b>1,125,000</b>   | <b>1,500,000</b>   | <b>1,500,000</b>   | <b>1,950,000</b>   | <b>1,845,900</b>   | <b>1,931,200</b>   | <b>2,007,800</b>   | <b>2,089,900</b>   |
| <b>Sources Over (Under) Uses</b>          | <b>(121,200)</b>   | <b>(189,500)</b>   | <b>(328,000)</b>   | <b>(154,300)</b>   | <b>183,900</b>     | <b>(2,800)</b>     | <b>(2,800)</b>     | <b>(5,600)</b>     | <b>(5,600)</b>     |
| Fund Balance, Beginning of Year           | 592,100            | 470,900            | 226,400            | 281,400            | 127,100            | 311,000            | 308,200            | 305,400            | 299,800            |
| <b>Fund Balance, Beginning of Year</b>    | <b>470,900</b>     | <b>281,400</b>     | <b>(101,600)</b>   | <b>127,100</b>     | <b>311,000</b>     | <b>308,200</b>     | <b>305,400</b>     | <b>299,800</b>     | <b>294,200</b>     |

### Assumptions

#### Demographics

|                             |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|
| Population Growth           | 0.5% | 0.8% | 0.8% | 1.0% | 1.0% |
| CPI                         | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Compound Population and CPI | 2.5% | 2.8% | 2.8% | 3.0% | 3.0% |

#### Revenues

|                             |       |      |      |      |      |      |
|-----------------------------|-------|------|------|------|------|------|
| Property Tax Growth         | -1.0% | 0.0% | 1.0% | 1.0% | 2.0% | 2.0% |
| Other Revenues: Remain Flat |       |      |      |      |      |      |

Expenditures: Grow by Population and Inflation

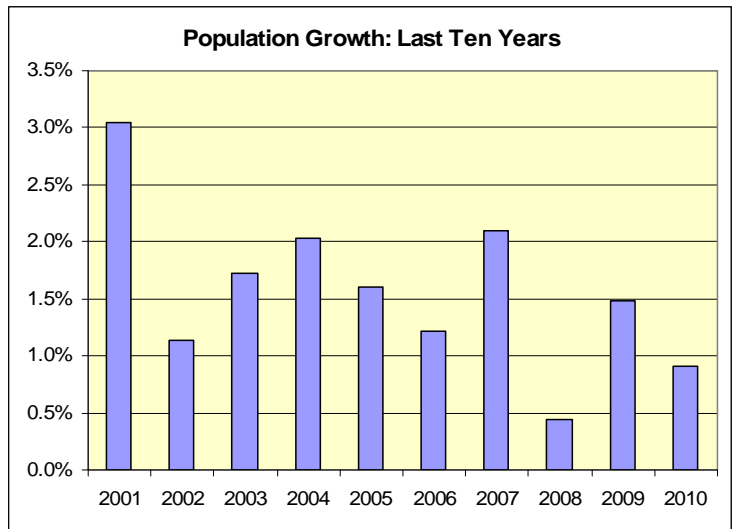
# HISTORICAL TRENDS

## DEMOGRAPHIC AND ECONOMIC TRENDS

| Population         |        |          |
|--------------------|--------|----------|
| Fiscal Year Ending | Amount | % Change |
| 2000               | 57,077 |          |
| 2001               | 58,817 | 3.0%     |
| 2002               | 59,487 | 1.1%     |
| 2003               | 60,515 | 1.7%     |
| 2004               | 61,746 | 2.0%     |
| 2005               | 62,739 | 1.6%     |
| 2006               | 63,500 | 1.2%     |
| 2007               | 64,834 | 2.1%     |
| 2008               | 65,120 | 0.4%     |
| 2009               | 66,087 | 1.5%     |
| 2010               | 66,690 | 0.9%     |

January 1 of Each Year

| Average Annual % Change |      |
|-------------------------|------|
| Last 2 Years            | 1.2% |
| Last 5 Years            | 1.2% |
| Last 10 Years           | 1.6% |



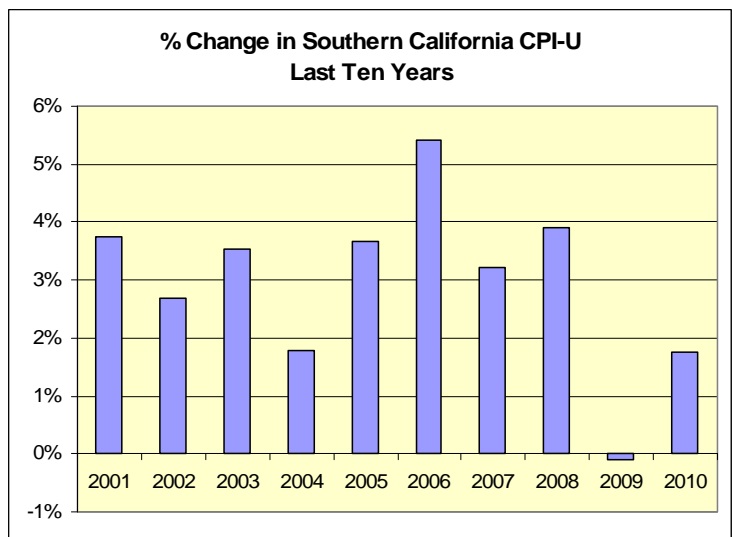
Source: State of California, Department of Finance

| Consumer Price Index: Southern California |        |          |
|---|--------|----------|
| Fiscal Year Ending                        | Amount | % Change |
| 2000                                      | 167.9  |          |
| 2001                                      | 174.2  | 3.8%     |
| 2002                                      | 178.9  | 2.7%     |
| 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%     |

Los Angeles-Riverside-Orange

All Urban Consumers, January of Each Year

| Average Annual % Change |      |
|-------------------------|------|
| Last 2 Years            | 0.8% |
| Last 5 Years            | 2.8% |
| Last 10 Years           | 3.0% |

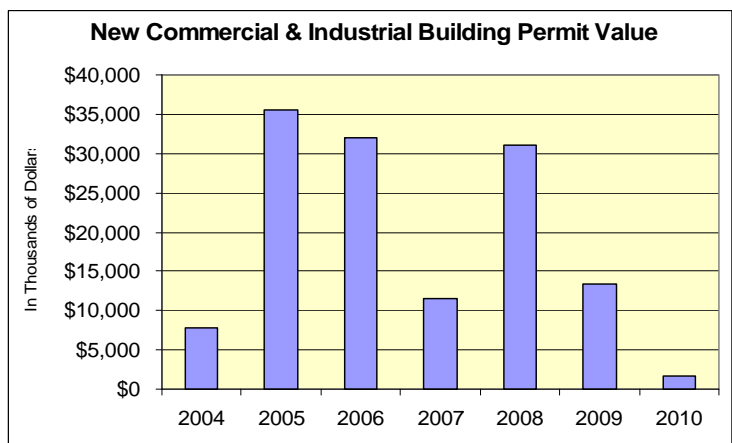


Source: U.S. Bureau of Labor Statistics

| New Commercial and Industrial Permit Value |         |          |
|--|---------|----------|
| Calendar Year                              | Value   | % Change |
| 2004                                       | \$7,894 |          |
| 2005                                       | 35,565  | 350.5%   |
| 2006                                       | 32,061  | -9.9%    |
| 2007                                       | 11,534  | -64.0%   |
| 2008                                       | 31,106  | 169.7%   |
| 2009                                       | 13,373  | -57.0%   |
| 2010                                       | 1,724   | -87.1%   |

In Thousands of Dollars

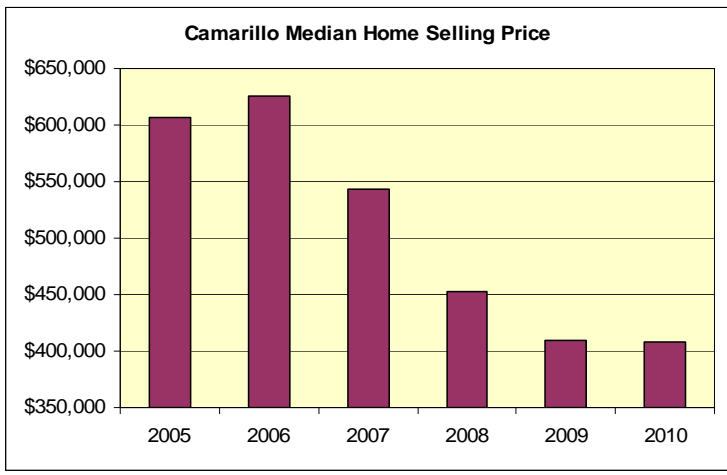
Source: California Economic Forecast



# HISTORICAL TRENDS

| Median Home Selling Price    |              |             |
|------------------------------|--------------|-------------|
| Year                         | Median Price | % Change    |
| 2005                         | 607,417      |             |
| 2006                         | 625,667      | 3.0%        |
| 2007                         | 543,083      | -13.2%      |
| 2008                         | 453,114      | -16.6%      |
| 2009                         | 409,396      | -9.6%       |
| 2010                         | 407,500      | -0.5%       |
| <b>% Decrease: 2006-2010</b> |              | <b>-35%</b> |

Source: California Economic Forecast

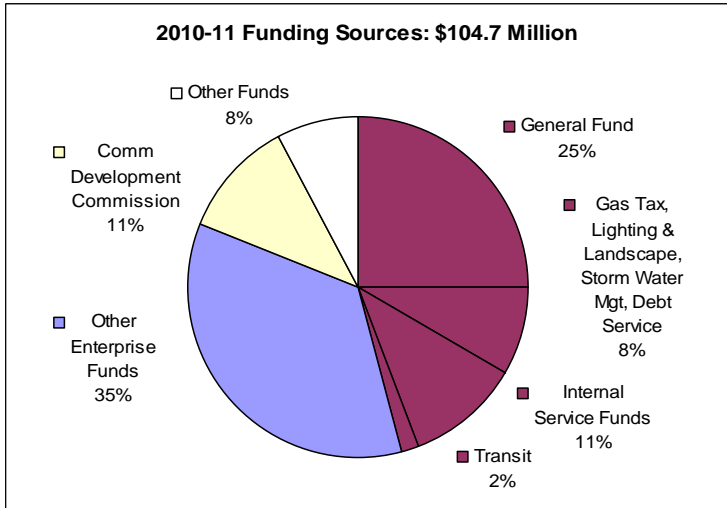


## REVENUES AND EXPENDITURES SUMMARY: FY 2010-11 BUDGET

| Funding Sources: 2010-11 Budget                              |                  |             |
|--|------------------|-------------|
| Source   | Amount           | % Total     |
| General Fund   | 26,273           | 25%         |
| Gas Tax, Lighting & Landscape, Storm Water Mgt, Debt Service | 8,690            | 8%          |
| Internal Service Funds                                       | 11,305           | 11%         |
| Transit  | 1,725            | 2%          |
| Other Enterprise Funds                                       | 36,797           | 35%         |
| Comm Development Commission                                  | 11,880           | 11%         |
| Other Funds  | 7,999            | 8%          |
| <b>Total</b>   | <b>\$104,669</b> | <b>100%</b> |

In Thousands of Dollars

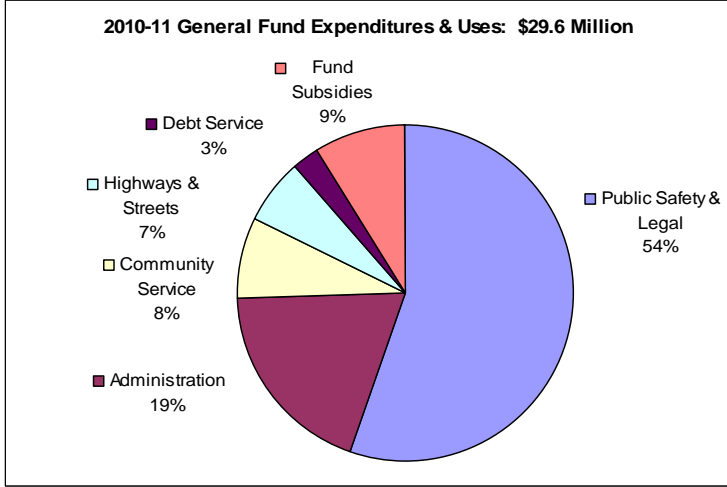
Source: City of Camarillo, Adopted 2010-12 Budget



| General Fund Expenditures & Uses: 2010-11 Budget |                 |             |
|--|-----------------|-------------|
| Function   | Amount          | % Total     |
| Public Safety & Legal                            | 16,349          | 55%         |
| Administration                                   | 5,672           | 19%         |
| Community Service                                | 2,309           | 8%          |
| Highways & Streets                               | 1,942           | 7%          |
| Debt Service                                     | 760             | 3%          |
| Fund Subsidies                                   | 2,598           | 9%          |
| <b>Total</b>                                     | <b>\$29,630</b> | <b>100%</b> |

In Thousands of Dollars

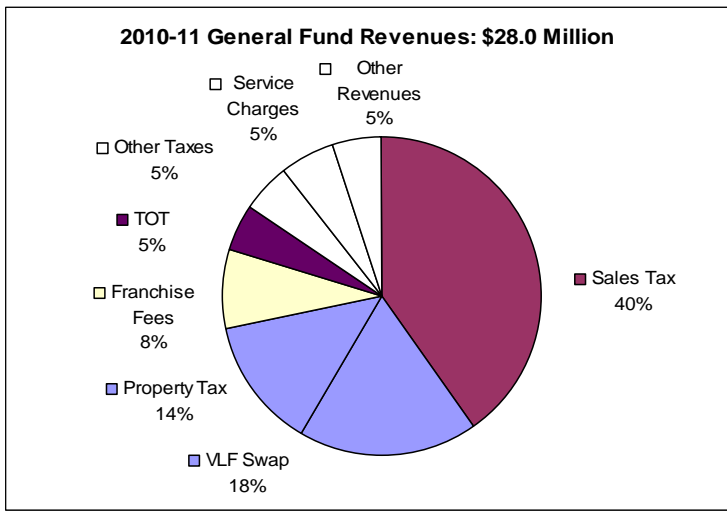
Source: City of Camarillo, Adopted 2010-12 Budget



# HISTORICAL TRENDS

| General Fund Revenues: 2010-11 Budget |                   |             |
|---------------------------------------|-------------------|-------------|
| Source                                | Amount            | % Total     |
| Sales Tax                             | 11,273,400        | 40%         |
| Vehicle License Fee (VLF) Swap        | 5,040,900         | 18%         |
| Property Tax                          | 3,797,000         | 14%         |
| Franchise Fees                        | 2,254,000         | 8%          |
| Transient Occupancy Tax (TOT)         | 1,300,000         | 5%          |
| Other Taxes                           | 1,432,000         | 5%          |
| Service Charges                       | 1,517,800         | 5%          |
| Other Revenues                        | 1,406,800         | 5%          |
| <b>Total</b>                          | <b>28,021,900</b> | <b>100%</b> |

Source: City of Camarillo, Adopted 2010-12 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 Five” revenue sources, which account for about 90% of total General Fund revenues:

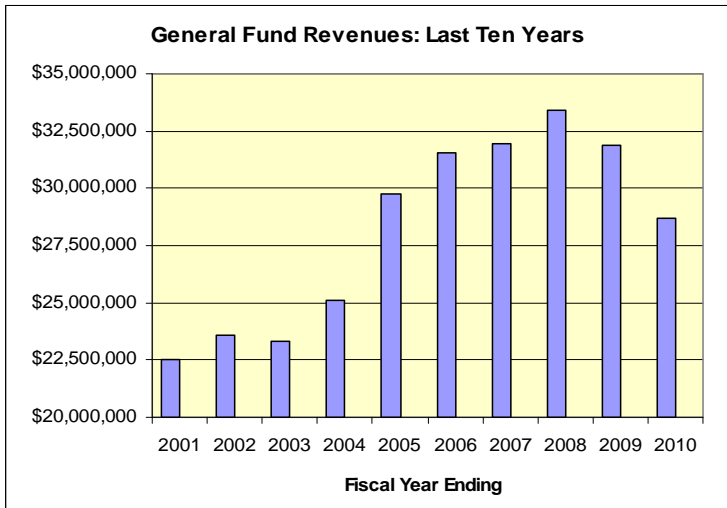
### Top Five General Fund Revenue Sources

- Sales Tax: 40%
- Property Tax and Vehicle License Fee (VLF) Swap: 32% \*
- Franchise Fees: 8%
- Transient Occupancy Taxes (TOT): 5%
- Business License Taxes: 4%

*\* 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: changes in assessed valuation.*

| General Fund Revenues          |            |          |
|--------------------------------|------------|----------|
| Fiscal Year Ending             | Amount     | % Change |
| 2001                           | 22,542,300 |          |
| 2002                           | 23,580,900 | 4.6%     |
| 2003                           | 23,305,700 | -1.2%    |
| 2004                           | 25,126,800 | 7.8%     |
| 2005                           | 29,771,300 | 18.5%    |
| 2006                           | 31,543,200 | 6.0%     |
| 2007                           | 31,938,200 | 1.3%     |
| 2008                           | 33,421,200 | 4.6%     |
| 2009                           | 31,887,600 | -4.6%    |
| 2010                           | 28,717,200 | -9.9%    |
| <b>Average Annual % Change</b> |            |          |
| Last 2 Years                   |            | -7.3%    |
| Last 5 Years                   |            | -0.5%    |
| Last 10 Years                  |            | 3.0%     |

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10

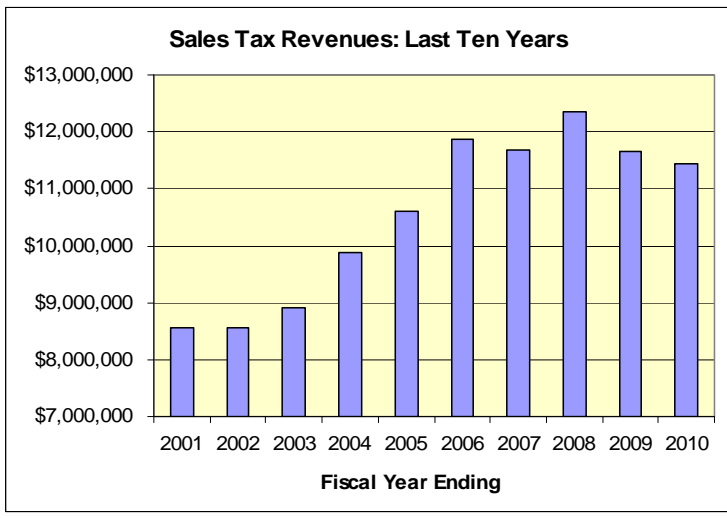




# HISTORICAL TRENDS

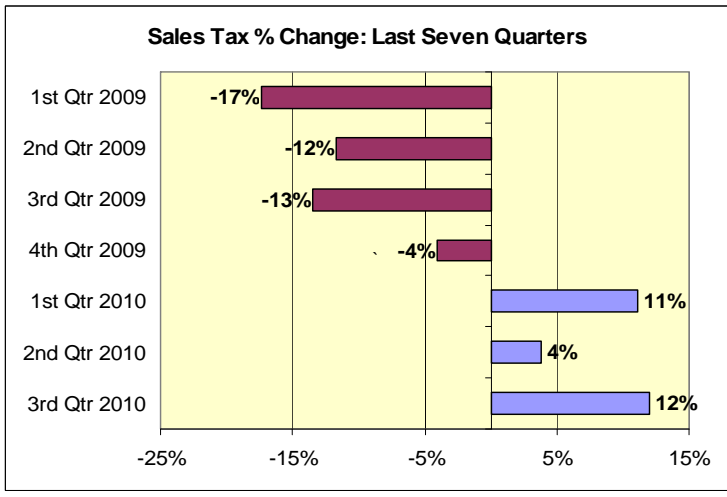
| Sales Tax Trends        |             |          |
|-------------------------|-------------|----------|
| Fiscal Year Ending      | Amount      | % Change |
| 2001                    | \$8,559,600 |          |
| 2002                    | 8,554,000   | -0.1%    |
| 2003                    | 8,916,700   | 4.2%     |
| 2004                    | 9,866,700   | 10.7%    |
| 2005                    | 10,607,700  | 7.5%     |
| 2006                    | 11,861,500  | 11.8%    |
| 2007                    | 11,690,400  | -1.4%    |
| 2008                    | 12,358,400  | 5.7%     |
| 2009                    | 11,650,300  | -5.7%    |
| 2010                    | 11,428,600  | -1.9%    |
| Average Annual % Change |             |          |
| Last 2 Years            |             | -3.8%    |
| Last 5 Years            |             | 1.7%     |
| Last 10 Years           |             | 3.4%     |

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10



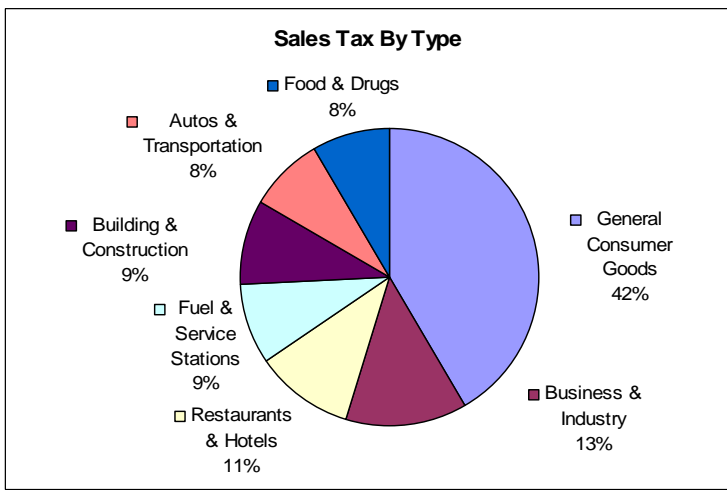
While sales tax revenues appear to have strengthened in the last three quarters, this followed four consecutive quarterly declines in the City's most important revenue source.

Source: Hinderliter de Llamas



General Consumer Goods are the most important source of sales tax revenues.

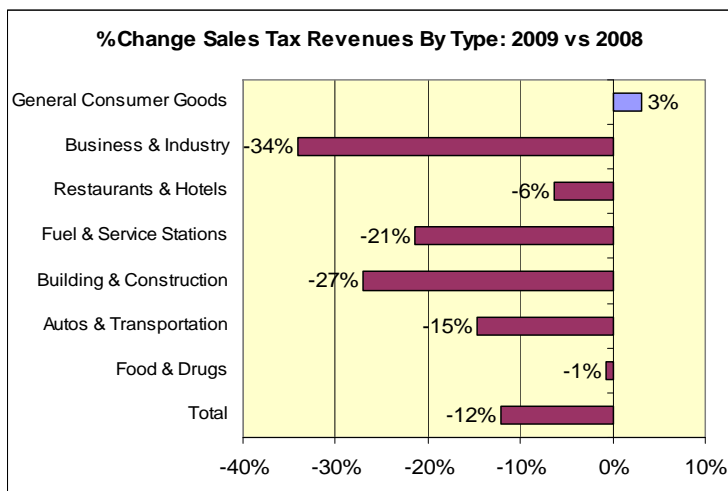
Source: Hinderliter de Llamas



# HISTORICAL TRENDS

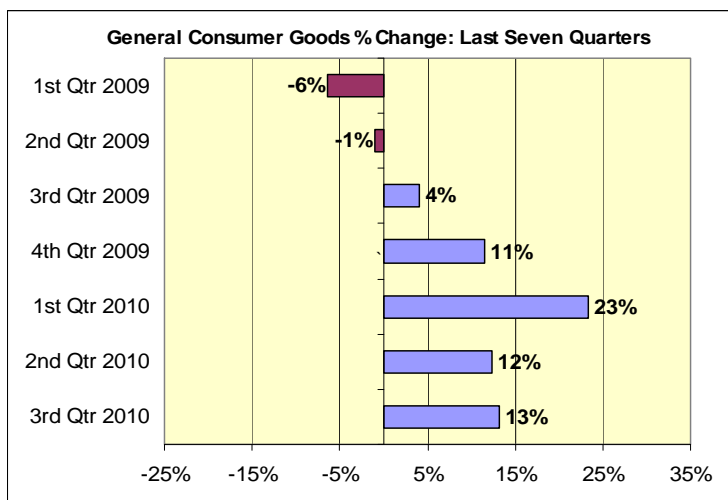
Fortunately, General Consumer Goods have grown, albeit modestly, helping to offset significant declines in all other categories.

Source: Hinderliter de Llamas

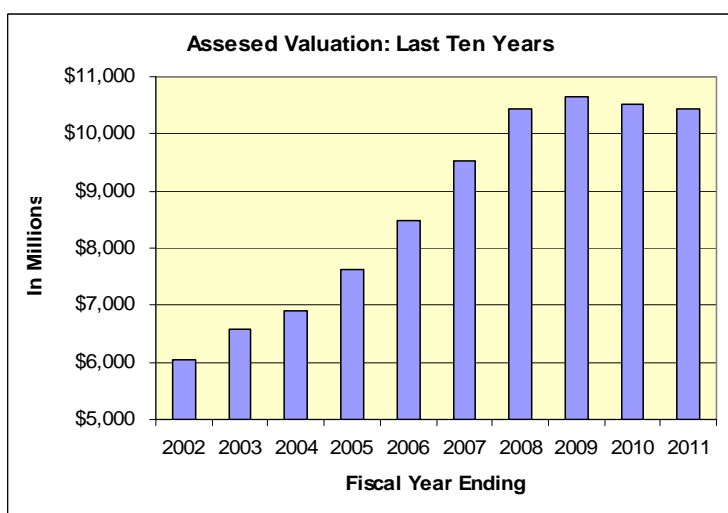


In fact, following downturns in the first and second quarters of 2009, there appears to be a strong recovery in General Consumer Goods over the last five quarters.

Source: Hinderliter deLlamas



| Assesd Valuation Trends |         |          |
|-------------------------|---------|----------|
| Fiscal Year Ending      | Amount  | % Change |
| 2002                    | \$6,042 |          |
| 2003                    | 6,583   | 9.0%     |
| 2004                    | 6,904   | 4.9%     |
| 2005                    | 7,627   | 10.5%    |
| 2006                    | 8,469   | 11.0%    |
| 2007                    | 9,519   | 12.4%    |
| 2008                    | 10,430  | 9.6%     |
| 2009                    | 10,664  | 2.2%     |
| 2010                    | 10,512  | -1.4%    |
| 2011                    | 10,430  | -0.8%    |
| Average Annual % Change |         |          |
| Last 2 Years            |         | -1.1%    |
| Last 5 Years            |         | 4.4%     |
| Last 10 Years           |         | 6.4%     |



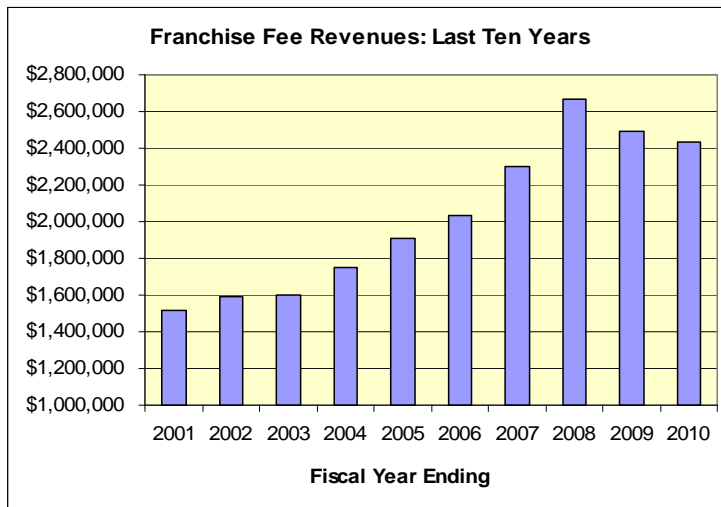
Two of the General Fund's top three revenues – property tax and VLF swap – are determined by changes in assessed valuation.

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10

# HISTORICAL TRENDS

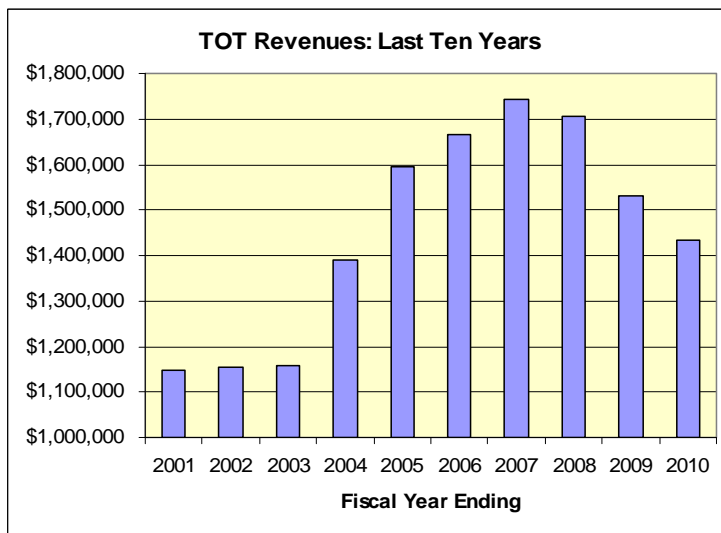
| Franchise Fees          |             |          |
|-------------------------|-------------|----------|
| Fiscal Year Ending      | Amount      | % Change |
| 2001                    | \$1,513,900 |          |
| 2002                    | 1,590,800   | 5.1%     |
| 2003                    | 1,600,000   | 0.6%     |
| 2004                    | 1,751,700   | 9.5%     |
| 2005                    | 1,907,600   | 8.9%     |
| 2006                    | 2,033,800   | 6.6%     |
| 2007                    | 2,302,600   | 13.2%    |
| 2008                    | 2,665,400   | 15.8%    |
| 2009                    | 2,493,600   | -6.4%    |
| 2010                    | 2,436,800   | -2.3%    |
| Average Annual % Change |             |          |
| Last 2 Years            |             | -4.4%    |
| Last 5 Years            |             | 5.4%     |
| Last 10 Years           |             | 5.7%     |

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10



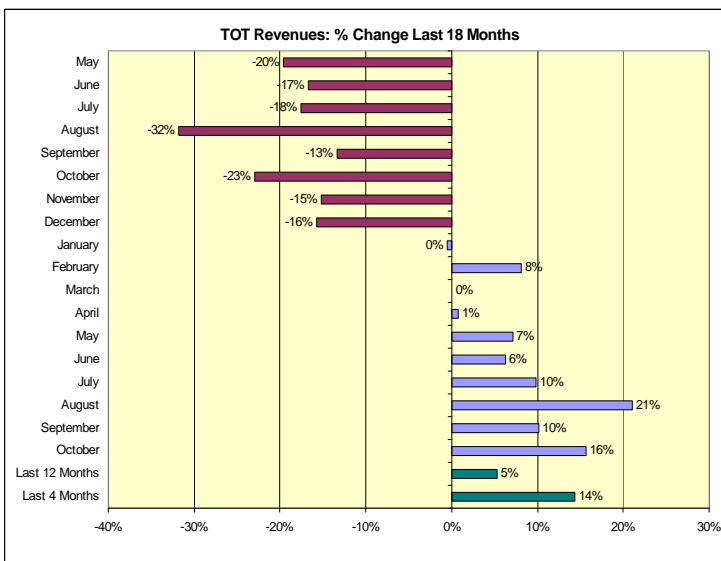
| Transient Occupancy Tax (TOT) Revenues |             |          |
|--|-------------|----------|
| Fiscal Year Ending                     | Amount      | % Change |
| 2001                                   | \$1,148,700 |          |
| 2002                                   | 1,154,900   | 0.5%     |
| 2003                                   | 1,159,100   | 0.4%     |
| 2004                                   | 1,390,900   | 20.0%    |
| 2005                                   | 1,595,100   | 14.7%    |
| 2006                                   | 1,666,900   | 4.5%     |
| 2007                                   | 1,743,400   | 4.6%     |
| 2008                                   | 1,707,400   | -2.1%    |
| 2009                                   | 1,530,000   | -10.4%   |
| 2010                                   | 1,432,200   | -6.4%    |
| Average Annual % Change                |             |          |
| Last 2 Years                           |             | -8.4%    |
| Last 5 Years                           |             | -2.0%    |
| Last 10 Years                          |             | 2.9%     |

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10



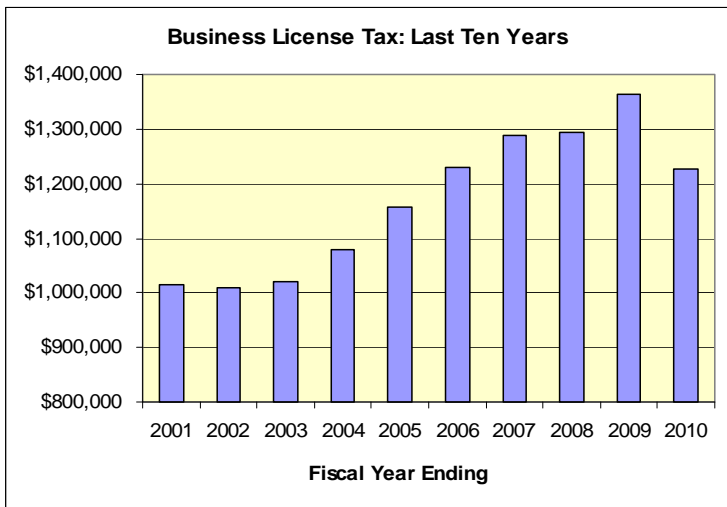
While TOT revenues were down in by 6% in 2009-10, revenues towards the end of that fiscal year show significant recovery; and this trend has continued into 2010-11. For the past 12 months, TOT revenues have increased by 6%; and by 14% for the last four months compared with the same month in the prior year.

Source: City of Camarillo Department of Finance



# HISTORICAL TRENDS

| Business License Tax Revenues |             |          |
|-------------------------------|-------------|----------|
| Fiscal Year Ending            | Amount      | % Change |
| 2001                          | \$1,015,800 |          |
| 2002                          | 1,008,700   | -0.7%    |
| 2003                          | 1,019,600   | 1.1%     |
| 2004                          | 1,079,300   | 5.9%     |
| 2005                          | 1,157,200   | 7.2%     |
| 2006                          | 1,230,100   | 6.3%     |
| 2007                          | 1,287,900   | 4.7%     |
| 2008                          | 1,292,900   | 0.4%     |
| 2009                          | 1,364,600   | 5.5%     |
| 2010                          | 1,225,900   | -10.2%   |
| Average Annual % Change       |             |          |
| Last 2 Years                  |             | -2.3%    |
| Last 5 Years                  |             | 1.4%     |
| Last 10 Years                 |             | 2.2%     |



Source: City of Camarillo, Comprehensive Annual Financial Reports :FY 2000-01 to FY 2009-10

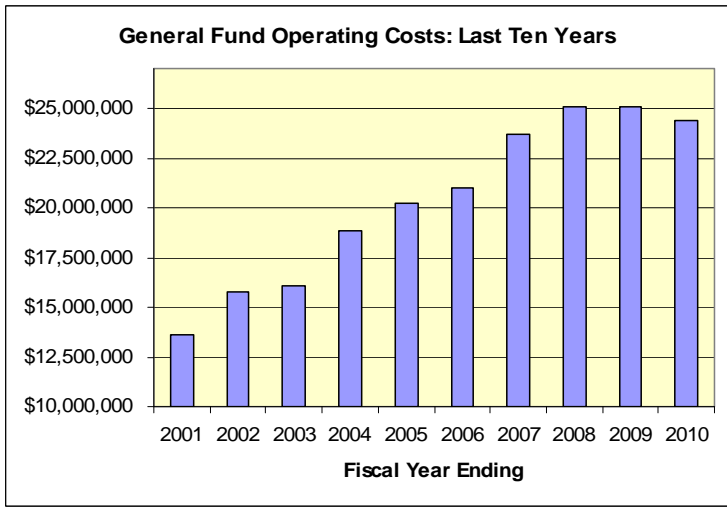
## GENERAL FUND EXPENDITURE TRENDS

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, property and total)
- CalPERS employer retirement contribution rates
- Sheriff contract costs for police protection

Long-term trends are also shown for capital improvement plan (CIP) expenditures, debt service costs and transfers to other funds.

| Operating Expenditures  |            |          |
|-------------------------|------------|----------|
| Fiscal Year Ending      | Amount     | % Change |
| 2001                    | 13,647,200 |          |
| 2002                    | 15,759,600 | 15.5%    |
| 2003                    | 16,066,200 | 1.9%     |
| 2004                    | 18,825,500 | 17.2%    |
| 2005                    | 20,234,800 | 7.5%     |
| 2006                    | 21,031,800 | 3.9%     |
| 2007                    | 23,712,300 | 12.7%    |
| 2008                    | 25,043,400 | 5.6%     |
| 2009                    | 25,059,600 | 0.1%     |
| 2010                    | 24,349,000 | -2.8%    |
| Average Annual % Change |            |          |
| Last 2 Years            |            | -1.4%    |
| Last 5 Years            |            | 3.9%     |
| Last 10 Years           |            | 6.8%     |



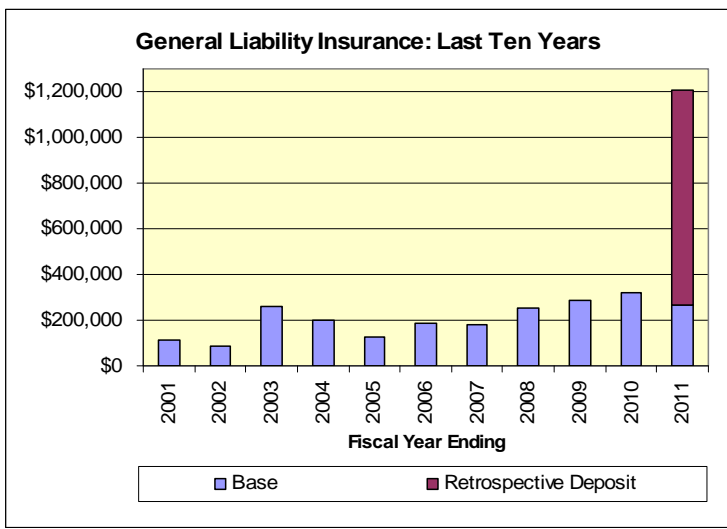
Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10

# HISTORICAL TRENDS

**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.

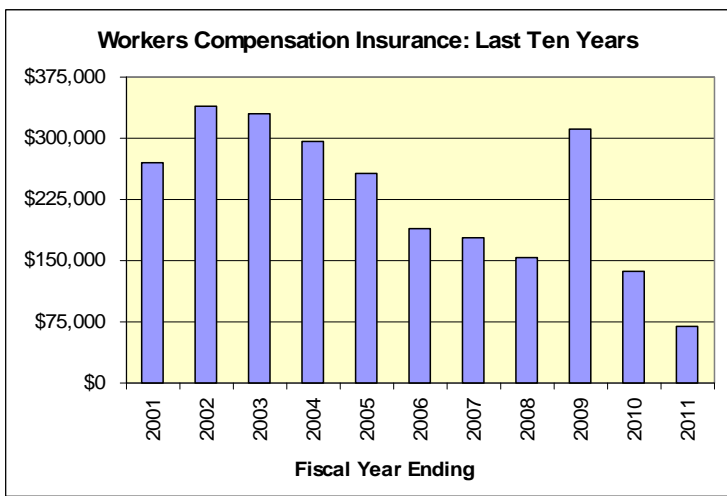
**General liability insurance** costs have been relatively stable over the past ten years, with the notable exception of the budget for FY 2010-11, where a one-time deposit of \$940,400 for general liability and auto insurance is required by the City’s insurance provider, the California Cities Joint Powers Authority (CJPIA), in order to adjust to a new prospective funding model. The City had the options of spreading this cost over several years. However, adequate working capital was available to cover this one-time cost. This will hold the City in good stead in the years ahead in helping stabilize insurance costs.

Source: City of Camarillo Department of Finance



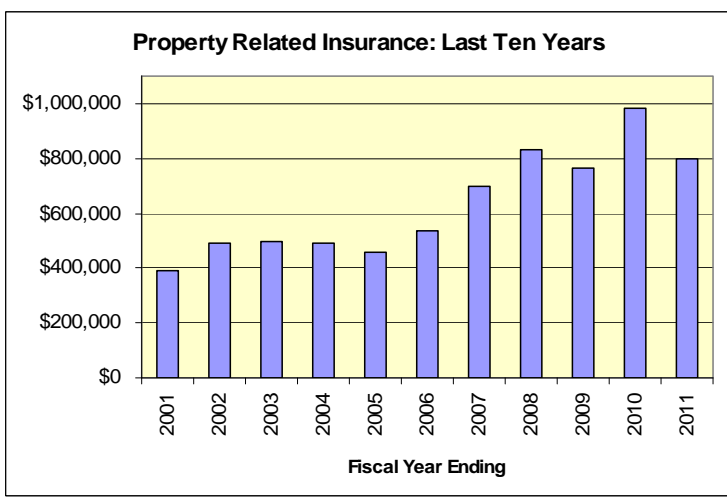
**Worker compensation** costs have also been relatively stable, with reductions last year and projected for FY 2010-11. (The spike in FY 2008-09 was due to a change in the CJPIA’s methodology of setting member premiums.)

Source: City of Camarillo Department of Finance



Following increases in 2008, **property insurance** costs have also been relatively stable. (The spike in FY 2009-10 was due to a conversion from a calendar year premium to a fiscal year one. The subsequent decrease in FY 2010-11 reflects a revision to the property schedule.)

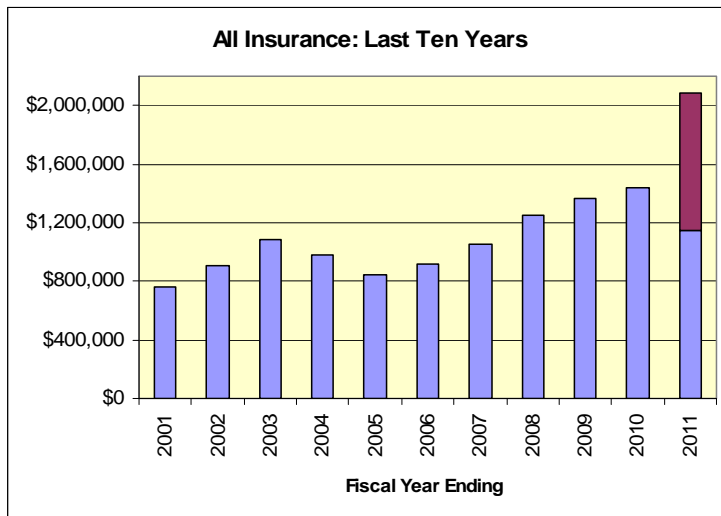
Source: City of Camarillo Department of Finance



# HISTORICAL TRENDS

With the exception of the prospective deposit discussed above, *insurance costs overall* (including general liability, workers compensation, property, auto, environmental protection, computers, earthquake, flood, boiler and machinery and employee bonds) have been relatively stable over the last ten years.

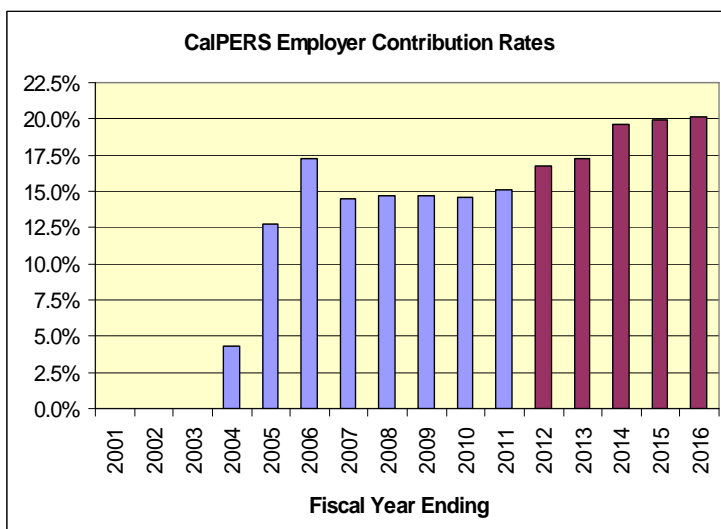
Source: City of Camarillo Department of Finance



**Retirement Costs.** Based on significant excess assets at the time, the City had no employer contribution requirements for three years, from FY 2000-01 to FY 2002-03. This changed with CalPERS investment losses due to “9/11,” the dot.com meltdown and corporate scandals, and the City was required to begin making employer contributions in FY 2003-04.

Following steep increases in FY 2005-06 and FY 2006-07, the City’s CalPERS contribution rates have stabilized. However, due to investment losses in light of the worst recession since the Great Depression, rates are again projected to rise in FY 2011-12, and stabilize by FY 2013-14. Compared with the rate increases projected for other CalPERS agencies, these are modest rate increases, and are estimated to only add about \$124,900 by FY 2005-16.

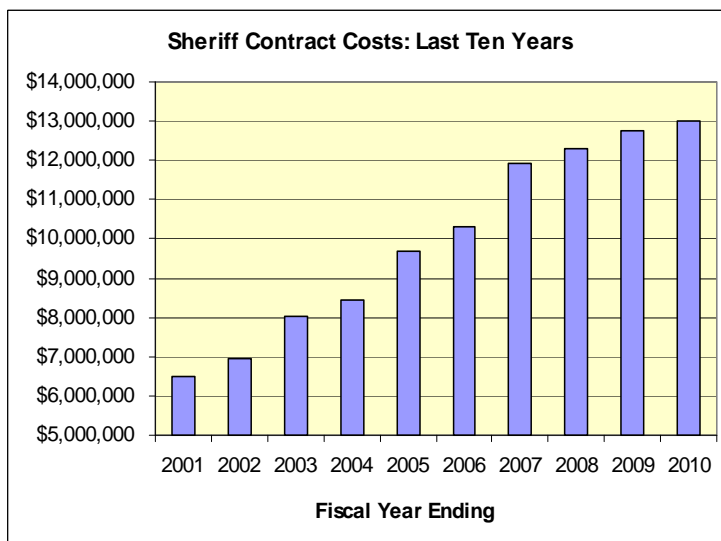
Source: CalPERS



| Sheriff Contract Costs  |             |          |
|-------------------------|-------------|----------|
| Fiscal Year Ending      | Amount      | % Change |
| 2001                    | \$6,491,500 |          |
| 2002                    | 6,959,200   | 7.2%     |
| 2003                    | 8,020,500   | 15.3%    |
| 2004                    | 8,451,000   | 5.4%     |
| 2005                    | 9,669,200   | 14.4%    |
| 2006                    | 10,293,100  | 6.5%     |
| 2007                    | 11,944,100  | 16.0%    |
| 2008                    | 12,315,300  | 3.1%     |
| 2009                    | 12,763,200  | 3.6%     |
| 2010                    | 12,987,800  | 1.8%     |
| Average Annual % Change |             |          |
| Last 2 Years            |             | 2.7%     |
| Last 5 Years            |             | 6.2%     |
| Last 10 Years           |             | 8.1%     |

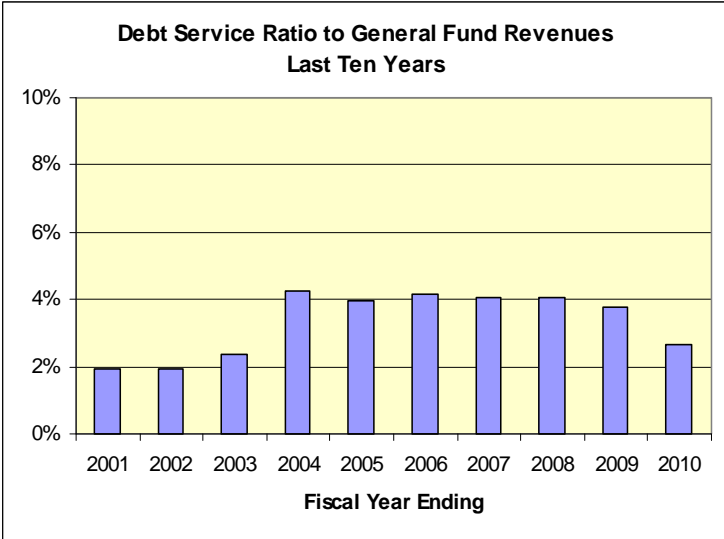
Public safety costs account for 55% of General Fund costs. In the past three years, sheriff contract costs have risen at modest levels.

Source: City of Camarillo Department of Finance



# HISTORICAL TRENDS

| Debt Service Ratio to General Fund Revenues |           |                    |
|---|-----------|--------------------|
| Fiscal Year Ending                          | Amount    | Gen Fund Rev Ratio |
| 2001  | \$440,000 | 2.0%               |
| 2002  | 450,000   | 1.9%               |
| 2003  | 550,000   | 2.4%               |
| 2004  | 1,070,000 | 4.3%               |
| 2005  | 1,180,000 | 4.0%               |
| 2006  | 1,316,400 | 4.2%               |
| 2007  | 1,300,000 | 4.1%               |
| 2008  | 1,350,000 | 4.0%               |
| 2009  | 1,200,000 | 3.8%               |
| 2010  | 760,000   | 2.6%               |
| Average Annual % Change                     |           |                    |
| Last 2 Years                                |           | 3.2%               |
| Last 5 Years                                |           | 3.7%               |
| Last 10 Years                               |           | 3.5%               |



Debt service costs are a very modest 2.6% of General Fund revenues.

Source: City of Camarillo, Comprehensive Annual Financial Reports: FY 2000-01 to FY 2009-10

**General Fund Transfers to Other Funds.** The table on the following page shows General Fund transfers to other funds for the last ten years as well as budgeted amounts for FY 2010-11 and FY 2011-12:

- Community Services Grant Fund
- Gas Tax Fund
- Lighting and Landscape Maintenance Fund
- Storm Water Management Fund
- Library Operations Fund
- Debt Service Funds (Las Posas, Police Facility and Library)
- Vehicle and Equipment Replacement Fund
- Risk Management Fund
- Corporation Yard Fund
- Transit Fund
- Capital Improvement Plan (CIP) Projects Fund (including transfers in)

As reflected in this table, the General Fund commitment to CIP projects fluctuates significantly from year-to-year. This is not surprising, since CIP costs are inherently “lumpy.” Adjusted for 2010 dollars, the General Fund commitment to CIP projects has averaged \$1.2 million annually over this twelve year period.

# HISTORICAL TRENDS

## General Fund Transfers: 2001-2012

| Fund                 | Fiscal Year Ending |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|----------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                      | Actual             |                  |                  |                  |                  |                  |                  |                  |                  |                  | Budget           |                  |
|                      | 2001               | 2002             | 2003             | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             |
| <b>Transfers Out</b> |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Comm Serv Grant      |                    |                  |                  |                  |                  | 30,800           | 40,000           | 37,100           | 50,000           | 10,000           | 47,800           |                  |
| Gas Tax              |                    | 300,000          | 340,000          | 562,500          | 1,080,000        | 1,100,000        | 2,400,000        | 2,200,000        | 1,705,000        | 1,493,600        | 1,800,000        | 1,700,000        |
| Lighting & Landscape | 600,000            | 1,150,000        | 750,000          | 1,110,000        | 1,195,000        | 1,390,000        | 1,200,000        | 1,200,000        | 995,000          | 1,125,300        | 1,500,000        | 1,950,000        |
| Storm Water Mgt      |                    | 100,000          | 160,000          | 270,000          | 460,000          | 350,000          | 500,000          | 900,000          | 615,000          | 774,700          | 900,000          | 900,000          |
| Library Operations   |                    |                  |                  |                  |                  | 35,000           |                  |                  |                  |                  |                  |                  |
| Debt Service Funds   |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Las Posas            | 440,000            | 450,000          | 450,000          | 450,000          | 400,000          | 616,400          | 550,000          | 550,000          | 450,000          |                  |                  |                  |
| Police Facility      |                    |                  | 100,000          | 170,000          | 250,000          | 150,000          | 200,000          | 250,000          | 200,000          | 210,000          | 210,000          | 215,000          |
| Library              |                    |                  |                  | 450,000          | 530,000          | 550,000          | 550,000          | 550,000          | 550,000          | 550,000          | 550,000          | 550,000          |
| Vehicle & Equip      |                    |                  | 8,200            | 13,400           | 70,000           | 77,800           |                  |                  | 30,300           | 24,000           |                  | 51,500           |
| Risk Mgt             |                    |                  |                  |                  |                  |                  | 100,000          |                  |                  |                  |                  |                  |
| Corp Yard            |                    |                  | 100,000          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Transit              |                    |                  | 15,000           | 250,000          | 280,000          | 350,000          | 520,000          | 800,000          |                  | 250,000          | 650,000          | 325,000          |
| CIP                  | 7,500,000          | 5,863,100        | 4,541,100        |                  | 1,330,800        |                  |                  |                  |                  |                  |                  |                  |
| <b>Total</b>         | <b>8,540,000</b>   | <b>7,863,100</b> | <b>6,464,300</b> | <b>3,275,900</b> | <b>5,595,800</b> | <b>4,650,000</b> | <b>6,060,000</b> | <b>6,487,100</b> | <b>4,595,300</b> | <b>4,437,600</b> | <b>5,657,800</b> | <b>5,691,500</b> |
| <b>Transfers In</b>  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| CIP                  |                    |                  |                  |                  |                  | 2,430,000        |                  |                  |                  | 3,000,000        | 2,300,000        | 1,700,000        |

|                        |           |           |           |   |           |             |   |   |   |             |             |             |
|------------------------|-----------|-----------|-----------|---|-----------|-------------|---|---|---|-------------|-------------|-------------|
| CIP "Net"              | 7,500,000 | 5,863,100 | 4,541,100 | - | 1,330,800 | (2,430,000) | - | - | - | (3,000,000) | (2,300,000) | (1,700,000) |
| Adjusted for Inflation | 9,669,900 | 7,360,800 | 5,507,200 | - | 1,529,700 | (2,649,400) | - | - | - | (3,000,000) | (2,300,000) | (1,700,000) |

Source: Source: City of Camarillo Department of Finance



## 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, *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 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 Salinas
- Finance Department Organizational Review (in collaboration with national consulting firm): City of Ceres
- 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

## CONSULTANT QUALIFICATIONS

- 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
- 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

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
- Local Government Finance
- 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)

## CONSULTANT QUALIFICATIONS

- *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 City 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 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 Policies: 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