City of Bell

General Fund
Five Year Fiscal Forecast: 2012-17

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General Fund Five Year Fiscal Forecast: 2012-17

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City of Bell

INTRODUCTION

OVERVIEW

Background

The preparation of this forecast has its roots in the budget and goal-setting process for 2012-13 approved by the Council on November 9, 2011. As noted at that time, like virtually all other local governments in California, the City of Bell has been faced with major fiscal challenges over the past several years in the wake of the worst recession since the Great Depression. On top of this, the City has experienced other deep fiscal challenges due to its own unique circumstances.

Just as the City's current financial situation developed over several years, emerging from this condition is likely to take several years as well. For this reason, the Council approved taking a longer look at its fiscal outlook as part of the 2012-13 Budget process by preparing a five-year fiscal forecast for the General Fund.

The reasoning behind this is straightforward: making good resource decisions for 2012-13 requires taking into account their impact on the City's fiscal condition down the road. Developing good solutions requires knowing the size of the problem: in short, the City cannot fix a problem it hasn't defined. And in this economic and fiscal environment, looking only one year ahead is almost certain to misstate the size and nature of the fiscal challenges ahead of the City.

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

In December 2011, the City contracted with William C. Statler to prepare the five-year fiscal forecast for the General Fund as part of the 2012-13 Budget process. (An overview of consultant qualifications is provided in the Appendix.)

Forecast Purpose and Approach

The purpose of the forecast is to identify the General Fund's ability over the next five years – on an "order of magnitude" basis – to continue current services in light of the worst recession since the Great Depression and the reversal of inappropriate revenues and overly-aggressive enforcement policies.

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

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

It doesn't make expenditure decisions; it doesn't make revenue decisions. As noted above, its sole purpose is to provide an "order of magnitude" feel for the General Fund's ability to continue current service levels, which have already been significantly reduced over the past years.

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

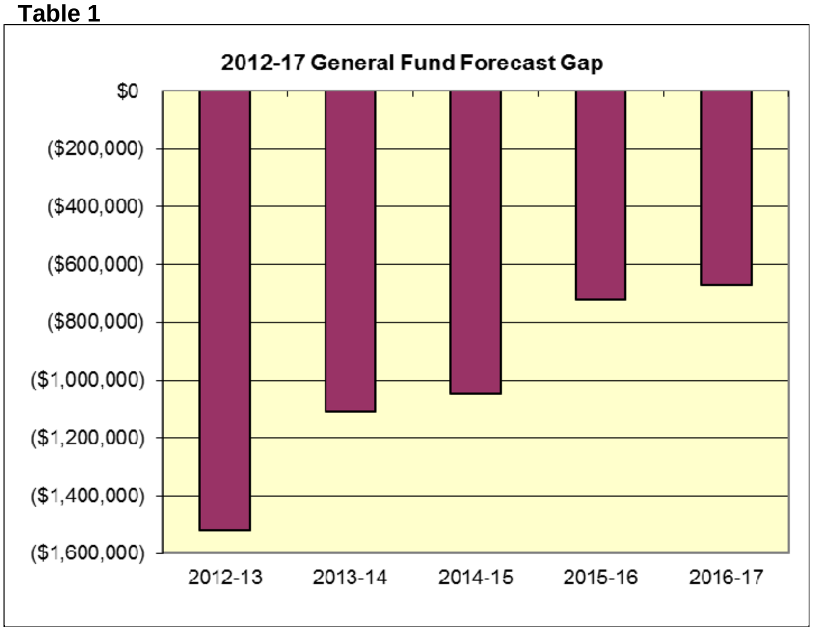
Stated simply, the forecast is not the budget. Rather, it sets forth the challenges ahead of the City in taking the corrective action needed to adopt a balanced budget.

SUMMARY OF FORECAST FINDINGS

Challenging Fiscal Outlook

The City's General Fund is facing significant challenges over the next five years – and especially next fiscal year. ***As shown in Table 1, without corrective action, the City is facing an annual gap of about $1.5 million in 2012-13.*** While the forecast shows the gap improving in the out-years, this is based on four key expenditure assumptions:

Table 1



- No increases in staffing costs, which account for about 60% of total General Fund expenditures.
- Reduced service levels continue. However, the forecast assumes funding for eight of the unfilled positions authorized in the 2011-12 Budget. (No funding is included for the General Services Director, as this position has been eliminated as part the recent reorganization.)
- A modest replacement reserve to maintain or replace existing facility components (such as roofs, heating and air conditioning systems), vehicles, technology systems and other equipment at 5% of General Fund revenues. As discussed previously with the Council, while eliminating funding for this can serve as a short-term budget-

balancing solution, as it has in the current fiscal year, in the long run it will compromise the City's ability to maintain current services.

- No General Fund contribution for major infrastructure maintenance such as streets or community improvement projects.

Key assumptions are discussed in greater detail below. Although the out-years show improvement, significant gaps remain throughout the forecast period; and this worsens by making only modest changes in these assumptions. And the fact is that while the City's fiscal situation may improve in the future, the City must close the $1.5 million gap facing it next fiscal year. Lastly, the projected $1.5 million gap in 2012-13 will only grow larger if new initiatives are added to it or the General Fund is asked to subsidize the general obligation bond, assessment district or pension obligation funds.

Key Forecast Drivers

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

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

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

1. As revised in the Mid-Year Budget Review, the 2011-12 Budget is the "baseline" for the forecast. From this, no increases in staffing costs are assumed resulting from across-the-board compensation increases or "step" salary increases. Non-staffing costs are assumed to increase by inflation (projected at 2% annually), with selected adjustments as discussed below.

2. Staffing costs are adjusted from the mid-year budget "baseline" as follows:

   - Eight of the nine vacant regular positions in 2012-13 Budget are assumed to be filled in meeting current service levels (and in the case of the senior management positions, providing essential leadership, management and oversight to the organization): City Manager, Police Chief, Community Development Director, Community Services Director, Community Services Senior Management Analyst, Community Services Technician, Maintenance Manager (formerly Deputy City Engineer) and Accounting Manager. The added annual cost for these positions, including salaries and benefits, is $1.2 million.

   - No funding is provided for the General Services Director: this position has been eliminated as part of the recent reorganization. Deleting this position saves an estimated $203,000 annually.

3. Non-staffing costs are adjusted from the baseline as follows:

   - Audit costs are reduced from $300,000 in 2011-12 (reflects two-years of fees) to $80,000 in 2012-13, based on the current multi-year audit agreement; and to $60,000 annually thereafter.

   - Projected legal costs are $1,000,000 in 2012-13. The forecast assumes that similar costs will be incurred next fiscal year. However, as the City's litigation issues are resolved, the forecast lowers these costs in the next two fiscal years (2013-15) by $200,000 (to $800,000 annually); and by another $200,000 (to $600,000 annually) in the last two years of the forecast (2015-17).

   - Transition support costs are reduced from $350,000 in 2011-12 to $200,000 in 2012-13 and thereafter (reflecting a modest 2% contingency).

   - Council member election costs are added in the amount of $40,000 in 2012-13 and every other year thereafter.

4. As noted above, funding is included for a modest replacement reserve to maintain or replace existing facility components, vehicles, technology systems and other equipment at 5% of General Fund revenues.

Forecast Gap vs Budget Deficit

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

GENERAL FISCAL OUTLOOK

The Short Story

The nation and the State are recovering slowly from the worst recession since the Great Depression. Bell is not immune to these economic forces. For example, as shown in Table 2 below, following two years of growth in overall General Fund revenues, these dropped have dropped by 25% since 2008.

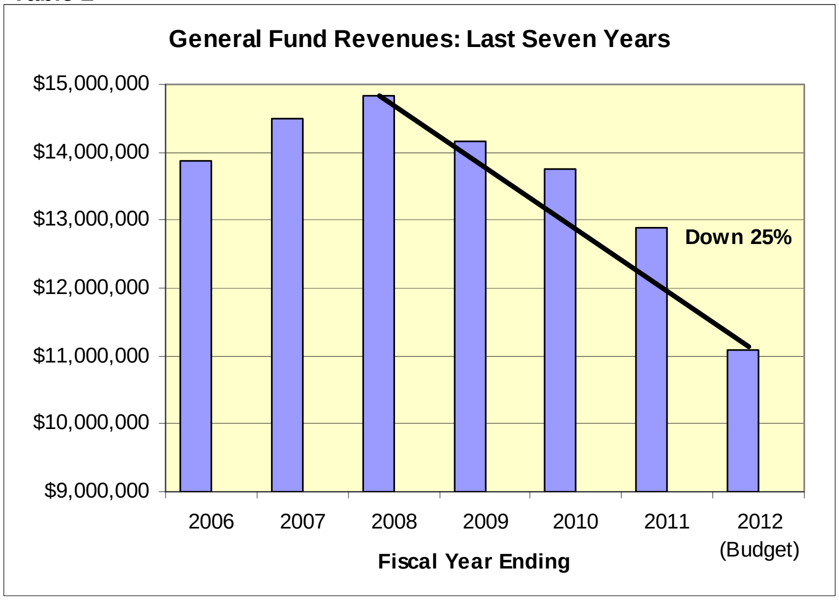
INTRODUCTION

Economic Overview

Positives

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

Table 2



Negatives

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

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

BASIC FORECAST FRAMEWORK

Background

There are two basic approaches that can be used in preparing and presenting forecasts: developing one forecast based on one set of assumptions about what is believed to be the most likely outcome; or preparing various "scenarios" based on a combination of possible assumptions for revenues, expenditures and State budget actions. This forecast uses the "one set of assumptions" approach as being the most useful for policy-making purposes. However, the financial model used in preparing this forecast can easily accommodate a broad range of "what if" scenarios.

Demographic and Financial Trends

The past doesn't determine the future. However, if the future won't look like the past, we need to ask ourselves: why not? How will the future be different than the past, and how will that affect the City's fiscal outlook? Accordingly, one of the first steps in preparing the forecast was to take a detailed look at key demographic, economic and fiscal trends over the past seven to ten years.

A summary of key indicators is provided in the Trends section of this report beginning on page 18. Areas of particular focus included:

- ***Demographic and Economic Trends.*** Population, housing and inflation as measured by changes in the consumer price index (CPI).

- ***Revenues Trends.*** Focused on the City's top five General Fund revenues – utility users tax, property tax/vehicle license fee (VLF) swap (both are driven by changes in assessed valuation), sales tax, fines/forfeitures and franchise fees – which together account for about 90% of total General Fund revenues.

- ***Expenditure Trends.*** Overall trends in expenditures and police protection costs (which account for about half of total General Fund expenditures).

Summary of Key Forecast Assumptions

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

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

- Economic trends as reported in the national media.

- Statewide and regional economic forecasts prepared by the University of California, Los Angeles, University of California, Santa Barbara, California Lutheran University, California Economic Forecast and Beacon Economics.

- Economic and fiscal information developed by the State Legislative Analyst, State Department of Finance and State Controller.

- Fiscal and legislative analysis by the League of California Cities.

- Outcome of Proposition 22.

- Analysis by the City's sales and property tax advisor (Hinderliter de Llamas).

- Five-year employer contribution rate projections prepared by CalPERS.

Ultimately, the forecast projections reflect our best judgment about the State budget process and the performance of the local economy during the next five years, and how these will affect General Fund revenues and expenditures. A detailed discussion of the assumptions used in the forecast begins on page 13. The following summarizes key forecast factors:

State Budget Actions

The forecast assumes no restoration of past cuts to cities (but based largely on Proposition 22 safeguards, no further cuts, either). And while the phase-out of redevelopment agencies effective February 1, 2012 does not directly affect the General Fund (for example, there are no support service transfers from the City's redevelopment agency in 2011-12), it is likely to have an indirect adverse fiscal impact on the City by eliminating a key source of funding for economic development efforts and related capital improvement projects.

Economic Outlook: Recovery But at Very Modest Levels.

The revenue forecast generally assumes very modest growth in the General Fund's revenue sources, which are directly tied to the performance of the local economy.

Operating Expenditures

As noted above, one of the key factors underlying the expenditure projections includes using the adopted 2011-12 Bridge Budget, as revised at the Mid-Year Budget Review, as the "baseline" for the forecast; and from this, assuming no increases in staffing costs due to across-the-board compensation increases or "step" salary increases. Since staffing costs account for about 60% of total expenditures, holding this cost constant for five years is a significant assumption. On the other hand, given the City's fiscal challenges, it is reasonable that the City would try to achieve this goal.

Service Maintenance Reserves

The forecast assumes modest funding of 5% of General Fund revenues to maintain or replace existing facility components, vehicles, technology systems and other equipment at 5% of General Fund revenues. As noted above, while eliminating funding for this can serve as a short-term budget-balancing solution, as it has in the current fiscal year, it is not sustainable in the long run: as they age, facilities and equipment will need major repair or replacement. There is no General Fund support assumed in the forecast for major infrastructure maintenance or community improvement projects.

CalPERS Retirement Costs

Significant increases in employer contributions to the California Public Employees Retirement System (CalPERS), has been a major cost factor in recent years for many local agencies in California, and the City has not been an exception to this. Fortunately, based on projections provided by CalPERS, no significant increases in employer contribution rates are projected for the next five years.

Table 3

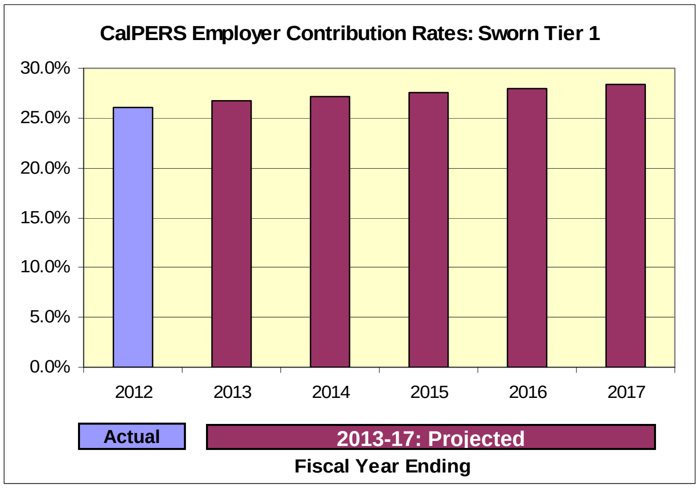


Table 4

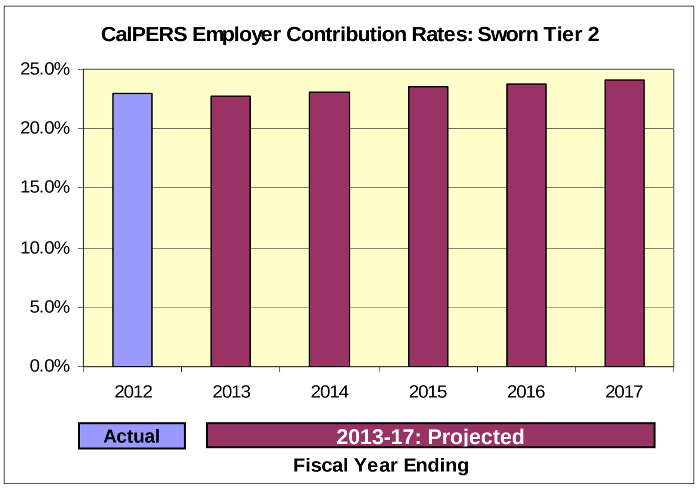
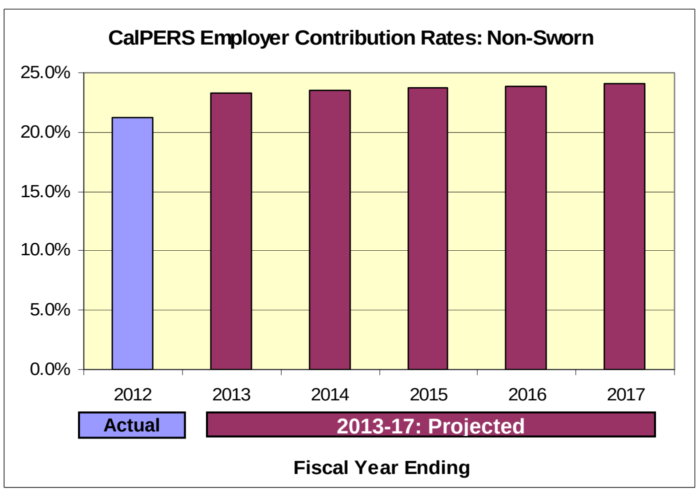


Table 5



Program Summary

The City has three separate programs with CalPERS: employees; two programs for sworn police employees and one for non-sworn ("miscellaneous") employees:

- *Sworn Tier 1*: In response to increasing rates, the City issued pension obligation bonds in 2006. While this significantly lowered rates, resulting annual debt service costs are about $900.000.

- *Sworn Tier 2:* The City adopted lower pension benefits for sworn police employees in 2007: rates are set separately for this sub-group.

- *Non-Sworn:* Classified as "miscellaneous" employees by CalPERS, this includes all non-sworn employees, including civilians in the Police Department.

As reflected in Tables 3, 4 and 5, employer contribution rates for all three of these programs are projected to be relatively stable for the next five years compared with rates currently in place..

Funding Source

Based on voter approval in 1944, the City has the authority to levy a special property tax rates to cover retirement costs. However, under Proposition 13, the amount that the city can levy is limited to the proportionate amount in place in 1978.

In 2011-12, this results in a maximum levy of $2.6 million. However, total retirement-related costs are about $3.3 million. The difference of about $700,000 is funded by the General Fund.

In summary, while there is an independent funding source for CalPERS and other related retirement costs, it is not large enough to fully cover all costs; and such, the General Fund is impacted by any annual increases that are more than increases in assessed valuation (which under Proposition 13 are limited to 2%, except when ownership changes or improvements are made). Given this, it is a positive finding that General Fund transfers to the retirement fund are projected to remain relatively constant in the five-year forecast.

Supplemental Retirement Contribution

In 2003, the City established a supplemental retirement plan for its non-sworn employees. This program was closed to new enrollees in 2010. Eliminating this plan or reducing its benefits is a current Council objective. However, as discussed with the Council at the January 28 goal-setting workshop, this is a complicated plan with many legal considerations, and is under review by the City Attorney. Accordingly, consistent with the expenditure assumption of using the adopted 2011-12 Budget as the "baseline" for the forecast, an annual contribution of $300,000 is assumed in the forecast.

Retiree Health Care Obligations

The City currently funds retiree health care on a "pay-as-you-go" basis, with costs budgeted at $483,000 in 2011-12. Fully funding this obligation on an actuarial basis would cost $2.5 million. While this is significantly greater than the current pay-as-you go cost, it will result in higher future costs in the future: in about 15 years, pay-as-you-go will become a more expensive approach. That said, consistent with the expenditure assumption of using the adopted 2011-12 Budget as the "baseline" for the forecast, continuing the "pay-as-you-go" approach is assumed in the forecast.

Other Interfund Transfers

For all other interfund transfers, the forecast uses the 2011-12 Budget as the baseline, generally growing by inflation (2% annually).

General Fund Reserves

The General Fund is projected to end 2011-12 with reserves at 12% of operating expenditures. Concurrently with this forecast, the Council will also consider proposed Budget Policies. These recommend setting the General Fund minimum reserve target at 25% of operating expenditures. Based on projected operating expenditures of $11.3 million in 2012-13, reserves (unassigned fund balance) should be about $2.8 million. Achieving this goal by next fiscal year would increase the gap for 2012-13 by $3.1 million to $4.6 million. No restoration of reserves to this level is assumed in forecast. Stated simply, this is an unrealistic short-term goal.

That said, adequate reserves are important in responding to economic uncertainties such as local disasters; downturns in the economy; external revenue hits like State takeaways; contingencies for unforeseen operating or capital needs; and cash flow.

The "right amount" of reserves depends on each city's unique fiscal circumstances and its capacity for risk. Ultimately, minimum reserve levels are a risk management tool: How much can things go differently than you thought they would before you have to take corrective action? And by providing time to develop and implement thoughtful solutions, they are a bridge to the future in tough fiscal times.

Accordingly, while restoration of reserves is not assumed in the forecast, it is should be a long-term goal for the City. For this reason, the proposed reserve policy recommends that whenever the City's General Fund reserves fall below the 25% reserve target, the City will strive to restore reserves to this level within five years. As revenues versus expenditures improve, the City should allocate about half to reserve restoration with the balance available to fund outstanding liabilities, asset replacements, service level restorations, new operating programs or CIP projects.

No General Fund Subsidies to Reduce Allowable Special Tax or Assessment Levies

It understandable that the Council is interested in reducing special tax and assessment levies. However, no subsidies from the General Fund are reflected in the forecast for the following reasons:

- This approach is consistent with the general assumption of using the adopted 2011-12 Budget as the "baseline" for the forecast.
- Any such action is a discretionary policy decision for the Council to make as part of the budget process.
- As a practical matter, it would make the "forecast gap" that much larger, depending on the size of the subsidy.

What's Not in the Forecast

Grant Revenues. The forecast does not reflect the receipt of any "competitive" grant revenues over the next five years. However, based on past experience, it is likely that the City will be successful in obtaining grants for either operating or capital purposes. However, these are for restricted purposes that meet the priorities of the granting agency, which are not necessarily the same as the City's. Other "formula grant" programs like the Community Development Block Grant (CDBG) help the City in achieving its goals. Again, however, their use is highly restricted by the granting agency; and in many cases, like CDBG and the gas tax funds, are already reflected in the City's "baseline" budget. Moreover, experience shows given federal and state budget challenges, the amount of grant funding is more likely to decline over the next five years than increase.

Grant Refunds. The forecast also does not reflect the potential need to make significant refunds back to grantor agencies.

Capital Improvements. The asset replacement assumptions in the forecast are based on a modest investment of 5% of General Fund revenues. It is important to stress that this amount is not based on an analysis of the City's facility, infrastructure and equipment replacement needs (doing so would be beyond the scope of this forecast). Preparing this type of analysis is planned for the coming fiscal year. There is the strong possibility that the results of this analysis will show a greater need than the forecast assumption, which is focused on taking care of the City's current assets rather than building or acquiring new ones that might also be needed; or major improvements to existing ones. In the past, the City has been able to respond to these types of needs (like building Little Bear Park) by using the proceeds from the 2004 and 2007 general obligation bonds. However, these were "one-time" funds; and the remaining balance from the bond proceeds will be used to reduce future special tax obligations.

In short, there is likely to be even greater pressure in meeting City expenditure needs for facilities, infrastructure or equipment than reflected in the forecast.

Responding to Council Goal-Setting. The forecast does not reflect any added resources in responding to the results of Council goal-setting. Staff is in the process of developing work programs for these, which will be presented to the Council as part of the "Strategic Budget Direction" workshop scheduled for March 31, 2012. Along with considering approaches in responding to the Major City Goals set by the Council, this workshop will present recommended strategies in closing the gap identified in this forecast.

What's Most Likely to Change?

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

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

Sales Tax. This is City's third most significant General Fund revenue source – and it is subject to large swings depending on the performance of the state and regional economy. The forecast is "cautiously optimistic" in assuming that the retail sales have hit bottom and that modest recovery will follow. Given the volatility of this revenue source and its significant downturn by 42% since its peak in 2007, this recovery is not a sure thing.

Insurance and Litigation Costs. Consistent with the general forecast assumption of using the 2011-12 Budget (as revised at mid-year) as the "baseline," the forecast assumes that general liability, workers compensation and property insurance costs will grow by inflation (2% annually). However, higher costs might be incurred given the litigation facing the City.

Results of Negotiations. The City is currently negotiating with the Bell Police Officers Association and conducting a classification and compensation study for other employees. There is the potential for significant changes in the projected gap – either upwards or downwards – depending on the results of these negotiations and the study.

Audit Results. The City has not completed independent audits for the past two years. Staff believes that the unaudited results reflected in the forecast are a reliable basis for making forecast projections. However, until the audits are complete, there is the potential for material misstatements that might affect forecast results.

CONCLUSION

The forecast shows that the City is facing a serious gap of about $1.5 million in 2012-13, based on already very lean service levels. Placed in perspective, this about 15% of projected operating expenditures next fiscal year. This gap will only grow larger if new initiatives are added to it or the General Fund is asked to subsidize the general obligation bond, assessment district or pension obligation funds.

On the other hand, the gap improves in the out-years. This means that by closing the gap in the coming year, the City is likely to achieve structural balance in future years.

The Challenge Ahead: Very few options are available to the City in closing this gap and adopting a balanced budget that responds to Council goal-setting. In retaining the City's ability to respond to further fiscal difficulties that may lie ahead, use of the City's limited reserves is not recommended. In fact, as shown in the forecast, without corrective action the City would use all of its reserves by the end of next year – plus an additional $265,000. And given the City's recent past experience, any significant new revenues are not a viable budget-balancing approach any time soon.

At this point, unless the Bell economy performs much better than projected, significantly reducing the City's expenditures is the only budget-balancing option available to the City. And there are only four ways of doing this:

- Further reducing service levels and related costs. Given that 60% of General Fund expenditures are for staffing, this means further staffing reductions.

- Not setting aside funds to maintain and replace the facilities, vehicles, technology systems and other equipment that are essential in providing services. As noted above, while possible in the short-term, it is not sustainable in the long-run.

- Finding alternative service delivery methods that will retain service levels but reduce costs.

- Reducing compensation levels. For example, with General Fund staffing costs of about $7.5 million, each 1% reduction in compensation generates $75,000 in savings.

In summary, balancing the City's budget for the long term requires meaningful expenditure reductions through either lower employee costs or even further reductions in day-to-day services (or some combination of the two).

KEY ASSUMPTIONS

DEMOGRAPHIC TRENDS

Population. Based on trends over the last ten years, no change in population (either up or down) is projected.

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

EXPENDITURES

The adopted 2011-12 Budget, including proposed Mid-Year Budget Review revisions, is the "baseline" for the forecast. From this, no increases in staffing are assumed resulting from across-the-board compensation increases or "step" salary increases. Non-staffing costs are assumed to increase by inflation (projected at 2% annually), with selected adjustments as discussed below.

Staffing costs are adjusted from the "baseline" as follows:

- Eight of the nine vacant regular positions in 2012-13 Budget are assumed to be filled in meeting current service levels (and in the case of the senior management positions, providing essential leadership, management and oversight to the organization): City Manager, Police Chief, Community Development Director, Community Services Director, Community Services Senior Management Analyst, Community Services Technician, Deputy City Engineer and Accounting Manager. The added annual cost for these positions, including salaries and benefits, is $1.2 million.

- No funding is provided for the General Services Director: this position has been eliminated as part of the recent reorganization. Deleting this position saves an estimated $203,000 annually.

Non-staffing costs are adjusted from the baseline as follows:

- Audit costs are reduced from $300,000 in 2011-12 (reflects two-years of fees) to $80,000 in 2012-13, based on the current multi-year audit agreement; and to $60,000 annually thereafter.
- Projected legal costs are $1,000,000 in 2012-13. The forecast assumes that similar costs will be incurred next fiscal year. However, as the City's litigation issues are resolved, the forecast lowers these costs in the next two fiscal years (2013-15) by $200,000 (to $800,000 annually); and by another $200,000 (to $600,000 annually) in the last two years of the forecast (2015-17).
- Transition support costs are reduced from $350,000 in 2011-12 to $200,000 in 2012-13 and thereafter (reflects a modest 2% contingency).

INTERFUND TRANSFERS

Transfers Out

Service Maintenance Fund. The forecast assumes a modest investment of 5% of General Fund revenues.

Retirement Fund. General Fund transfers to the Retirement Fund are projected to remain stable based on the following factors:

- Based on five-year projections for employer contribution rates from CalPERS, no significant increase in retirement costs are assumed in the forecast.

- The forecast assumes that retiree health care costs will continue to be funded on a pay-as-you-go basis.
- Supplemental retirement plan contributions are projected to remain at current levels ($300,000 annually).

Risk Management Fund. Similar to operating expenditures, the forecast assumes that transfers for general liability, workers compensation and property insurance costs will grow by inflation (2% annually).

Transfers In

Assessment District Administration. The forecast assumes that these will grow by inflation (2% annually).

Surplus Property Authority. The forecast assumes that lease revenues will remain flat and transferred in full to the General Fund.

No Subsidies to Reduce Allowable Special Tax or Assessment Levies

No reductions in allowable levies in the General Obligation Bond Fund, Retirement Fund or Assessment Districts are reflected in the forecast.

STATE BUDGET ACTIONS

The forecast assumes no added cuts nor restoration of past cuts to cities. It also assumes that there will no direct impacts to the General Fund resulting from the phase-out of redevelopment agencies.

RESERVES

The forecast does not assume any restoration of reserves.

REVENUES

Sources used in developing revenue projections for the forecast include:

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

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

KEY ASSUMPTIONS

Top Five Revenues

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

Utility Users Tax. Based on long-term trends, grows by inflation (2% annually).

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

2012-13	1.0%
2013-14	1.5%
2014-15	2.0%
2015-16	2.0%
2016-17	2.0%

Sales Tax. The forecast assumes that sales tax revenues have hit bottom and will modestly increase as follows:

2012-13:	6.7%*
2013-14:	3.9%
2014-15:	2.1%
2015-16:	2.1%
2016-17:	2.1%

* Reflects one-time adjustment for reporting errors

Fines & Forfeitures. Remains flat during the forecast period: any increase would require either an increase in rates or change in regulatory approach; and this would be a discretionary policy decision to be made by the Council.

Franchise Fees. Based on long-term trends, grows by inflation (2% annually).

Other Revenues

Except for business license taxes (which are projected to grow by inflation at 2% annually), other revenues in the forecast generally remain flat, since increases will generally require an increase in rates. This is a discretionary policy decision for the Council to make as part of the budget process.

GENERAL FUND FIVE YEAR FISCAL FORECAST: 2012-17

	2008-09 Actual	2009-10 Actual*	2010-11 Actual*	2011-12 Budget**	FORECAST 2012-13	2013-14	2014-15	2015-16	2016-17
REVENUES									
Taxes & Franchise Fees									
Utility Users Tax	3,301,600	3,123,400	3,244,000	3,341,500	3,408,300	3,476,500	3,546,000	3,616,900	3,689,200
Property Tax - VLF Swap	2,948,400	2,972,900	2,942,600	2,971,700	3,001,400	3,046,400	3,107,300	3,169,400	3,232,800
Property Tax	599,100	539,000	567,900	573,000	578,700	587,400	599,100	611,100	623,300
Sales Tax	2,571,200	1,922,400	1,986,000	1,689,000	1,801,300	1,871,600	1,910,900	1,951,000	1,992,000
Franchise Fees	551,900	490,000	461,600	471,800	481,200	490,800	500,600	510,600	520,800
Business License Tax	723,500	547,200	273,800	282,000	287,600	293,400	299,300	305,300	311,400
Other Taxes	362,200	347,900	216,000	132,000	134,600	137,300	140,000	142,800	145,700
Total Taxes and Franchise Fees	11,057,900	9,942,800	9,691,900	9,461,000	9,693,100	9,903,400	10,103,200	10,307,100	10,515,200
Fines & Forfeitures	1,251,700	992,000	710,800	732,100	732,100	732,100	732,100	732,100	732,100
Permits & Service Charges									
Permits	339,400	271,900	195,000	200,800	200,800	200,800	200,800	200,800	200,800
Park & Recreation Fees	488,200	262,800	241,600	248,800	248,800	248,800	248,800	248,800	248,800
Other Services Charges	1,223,900	960,700	392,600	270,900	270,900	270,900	270,900	270,900	270,900
Subventions & Grants									
Vehicle License In-Lieu Fees (VLF)	171,700	102,900	103,300	-	-	-	-	-	-
Other Subventions & Grants	11,400	115,300	55,100	39,500	39,500	39,500	39,500	39,500	39,500
Use of Money & Property	320,900	130,600	136,300	137,100	137,100	137,100	137,100	137,100	137,100
Other Revenues	9,100	132,000	573,500	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	14,874,200	12,911,000	12,100,100	11,094,200	11,326,300	11,536,600	11,736,400	11,940,300	12,148,400
EXPENDITURES & USES									
Expenditures	11,773,900	11,329,900	15,486,500	10,390,800	11,346,600	11,170,000	11,295,100	11,141,900	11,270,400
Interfund Transfers In (Out)									
Transfers In									
Assessment District Administration				304,600	310,700	316,900	323,200	329,700	336,300
Surplus Property Authority		500,000		869,300	739,400	739,400	739,400	739,400	739,400
Capital Projects Fund		307,100	349,700		-	-	-	-	-
Other Funds		413,100	273,200		39,500	39,500	39,500	39,500	39,500
Transfers Out									
Capital Project Fund	(949,400)								
Service Maintenance Reserve Fund					(566,300)	(576,800)	(586,800)	(597,000)	(607,400)
Solid Waste and Recycling Authority	(98,600)	(127,000)			-	-	-	-	-
Public Financing Authority	(249,400)	(438,800)	(438,800)	(8,700)	(8,700)	(8,700)	(8,700)	(8,700)	(8,700)
Risk Management Fund	(1,395,300)	(2,270,700)	(1,179,900)	(1,285,000)	(1,310,700)	(1,336,900)	(1,363,600)	(1,390,900)	(1,418,700)
Retirement Fund				(669,900)	(703,400)	(648,200)	(632,600)	(632,000)	(632,000)
Net Transfers In (Out)	(2,692,700)	(1,616,300)	(995,800)	(789,700)	(1,499,500)	(1,474,800)	(1,489,600)	(1,520,000)	(1,551,600)
Total Expenditures & Uses	14,466,600	12,946,200	16,482,300	11,180,500	12,846,100	12,644,800	12,784,700	12,661,900	12,822,000
Revenues Over (Under) Expenditures & Uses	**407,600**	**(35,200)**	**(4,382,200)**	**(86,300)**	**(1,519,800)**	**(1,108,200)**	**(1,048,300)**	**(721,600)**	**(673,600)**
AVAILABLE BALANCE, BEGINNING OF YEAR	5,351,000	5,758,600	5,723,400	1,341,200	1,254,900	(264,900)	(1,373,100)	(2,421,400)	(3,143,000)
AVAILABLE BALANCE, END OF YEAR	5,758,600	5,723,400	1,341,200	1,254,900	(264,900)	(1,373,100)	(2,421,400)	(3,143,000)	(3,816,600)

** Unaudited* *** As revised in the Mid-Year Budget Review*

ASSUMPTIONS SUMMARY

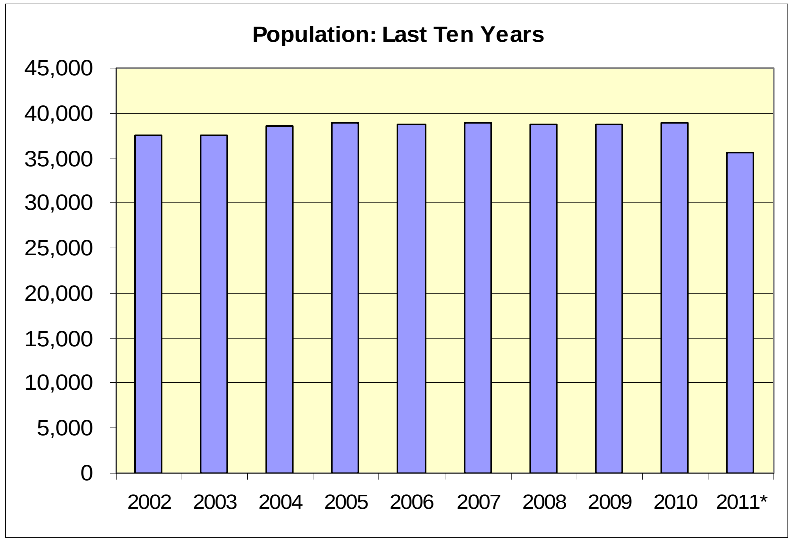
			2012-13	2013-14	2014-15	2015-16	2016-17
Population			0.0%	0.0%	0.0%	0.0%	0.0%
Consumer Price Index (CPI)			2.0%	2.0%	2.0%	2.0%	2.0%
REVENUES							
Utility Users Tax: Based on long-term trends, grows by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Property Tax: Modest recovery in 2013-17, increasing to Proposition 13 limits by 2014-15			1.0%	1.5%	2.0%	2.0%	2.0%
Sales Tax: Modest recovery after adjusitng for reporting errors and "Triple Flip True-Ups"			6.7%	3.9%	2.1%	2.1%	2.1%
Franchise Fees: Based on long-term trends, grows by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Business License Tax: Grows by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Other Taxes: Grow by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Fines & Forfeitures: Without policy action by Council to increase rates, remain flat for forecast period			-	-	-	-	-
Permits & Service Charges: Without policy action by Council to increase rates, remain flat for forecast period			-	-	-	-	-
Vehicle License In-Lieu Fees (VLF): Assumes no restoration of this funding source by the State			-	-	-	-	-
Other Subventions & Grants: Remain flat for forecast period			-	-	-	-	-
Use of Money & Property: Remain flat for forecast period			-	-	-	-	-
Other Revenues: Remain flat for forecast period			-	-	-	-	-
EXPENDITURES							
Expenditures							
Budget for 2011-12 as revised at Mid-Year: Baseline for 2012-13 to 2016-17, with following adjustments							
Staffing Costs		6,302,600					
Non-Staffing Costs		4,088,200					
Non-Staffing Costs grow by CPI for 2013-17 with following adjustments			4,170,000	4,253,400	4,338,500	4,425,300	4,513,800
Reduced audit costs			(220,000)	(240,000)	(240,000)	(240,000)	(240,000)
Reduced legal costs				(200,000)	(200,000)	(400,000)	(400,000)
Reduced transition support costs			(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Election costs (every other year, assuming no ballot measures (Council election only)			40,000		40,000		40,000
Staffing Costs							
No compensation changes			6,302,600	6,302,600	6,302,600	6,302,600	6,302,600
Plus filling of all vacant positions in 2011-12 Budget except deleted General Services Director			1,204,000	1,204,000	1,204,000	1,204,000	1,204,000
Total Expenditures			11,346,600	11,170,000	11,295,100	11,141,900	11,270,400
INTERFUND TRANSFERS IN (OUT)							
Transfers In							
Assessment District Administration: Grows by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Surplus Property Authority: Current lease revenues			739,400	739,400	739,400	739,400	739,400
Transfers Out							
Service Maintenance Reserve Fund: Modest contribution at 5% of revenues			(566,300)	(576,800)	(586,800)	(597,000)	(607,400)
Public Financing Authority: Remains flat			-	-	-	-	-
Risk Management Fund: Grows by CPI			2.0%	2.0%	2.0%	2.0%	2.0%
Retirement Fund: Increases by projected CalPERS employer contribution rates for 2013-17, less proejcted increases in assessed valuation and related tax levy							
Sworn: Police, Tier 1	Current	26.0%	26.7%	27.2%	27.6%	28.0%	28.4%
Sworn: Police. Tier 2	Current	23.0%	22.7%	23.1%	23.5%	23.8%	24.1%
Non-Sworn ("Miscellaneous")	Current	21.3%	23.3%	23.5%	23.7%	23.9%	24.1%

HISTORICAL TRENDS

DEMOGRAPHIC AND ECONOMIC TRENDS

Population		
Fiscal Year Ending	Amount	% Change
2001	36,664	
2002	37,581	2.5%
2003	37,549	-0.1%
2004	38,656	2.9%
2005	38,961	0.8%
2006	38,821	-0.4%
2007	38,982	0.4%
2008	38,762	-0.6%
2009	38,759	0.0%
2010	38,867	0.3%
2011*	35,577	-8.5%
Average Annual % Change		
Last 2 Years		-4.1%
Last 5 Years		-1.7%
Last 10 Years		-0.3%

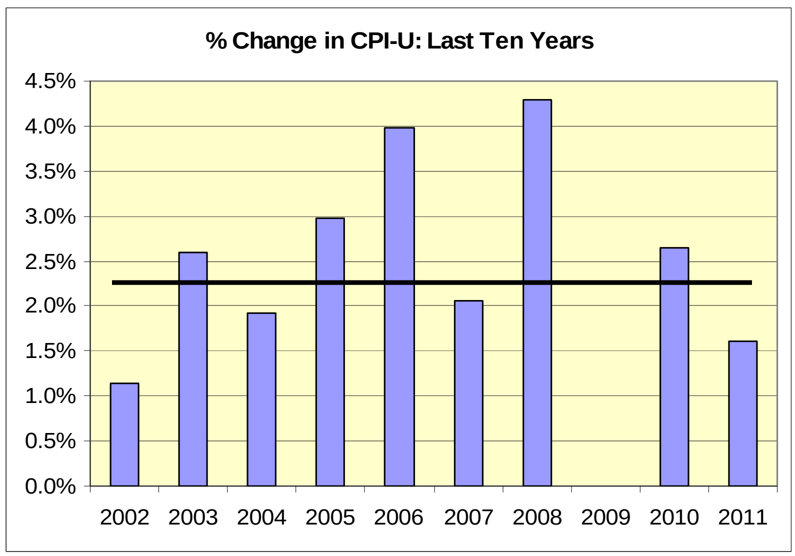
State of California, January 1 of Each Year



The City's population has remained virtually unchanged for the past ten years. The minor decline in 2011 most is likely an adjustment per the 2010 Census.

Consumer Price Index: All Urban Consumers (CPI-U)		
Fiscal Year Ending	Amount	% Change
2001	175.1	
2002	177.1	1.1%
2003	181.7	2.6%
2004	185.2	1.9%
2005	190.7	3.0%
2006	198.3	4.0%
2007	202.4	2.1%
2008	211.1	4.3%
2009	211.1	0.0%
2010	216.7	2.7%
2011	220.2	1.6%
Average Annual % Change		
Last 2 Years		2.1%
Last 5 Years		2.1%
Last 10 Years		2.3%

All Urban Consumers, January of Each Year

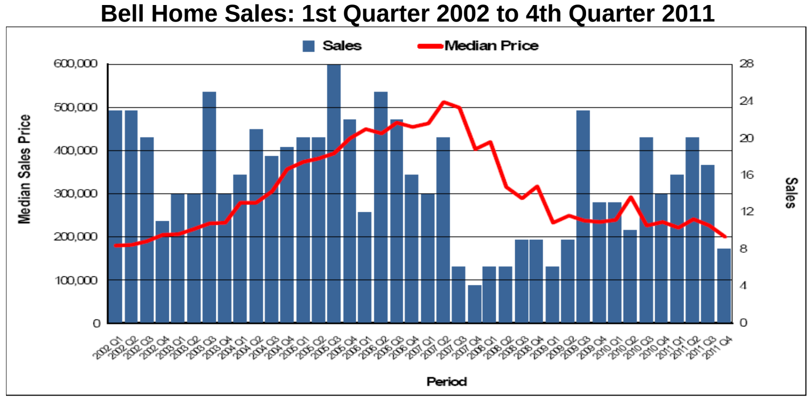


CPI increases have averaged about 2% annually for the last two, five and ten year intervals.

Housing Sales and Median Prices. These reflect Statewide trends, with steady growth until their peak in 2007, with rapid declines through 2009. Prices appear to have stabilized since then.

Source: HdL Companies

Bell Home Sales: 1st Quarter 2002 to 4th Quarter 2011

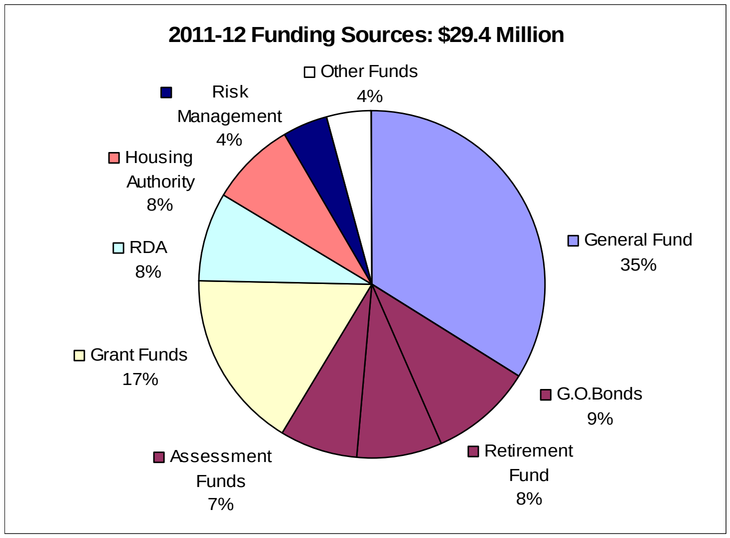


HISTORICAL TRENDS

REVENUES AND EXPENDITURES SUMMARY: 2011-12 BUDGET

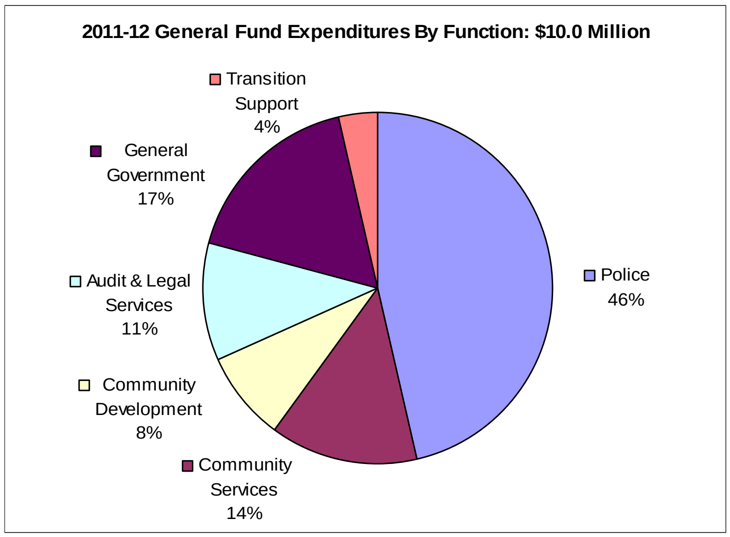
Funding Sources: 2011-12 Budget		
Source	Amount	% Total
General Fund	9,971,800	34%
Special Property Taxes		
G.O.Bonds	2,732,500	9%
Retirement Fund	2,371,100	8%
Assessment Funds	2,174,300	7%
Grant Funds	4,848,300	16%
RDA	2,486,400	8%
Housing Authority	2,340,900	8%
Risk Management	1,285,000	4%
Other Funds	1,185,700	4%
Total	**$29,396,000**	**100%**

The General Fund – which is the focus of this forecast – accounts for about 35% of total City expenditures, which is similar to statewide averages.



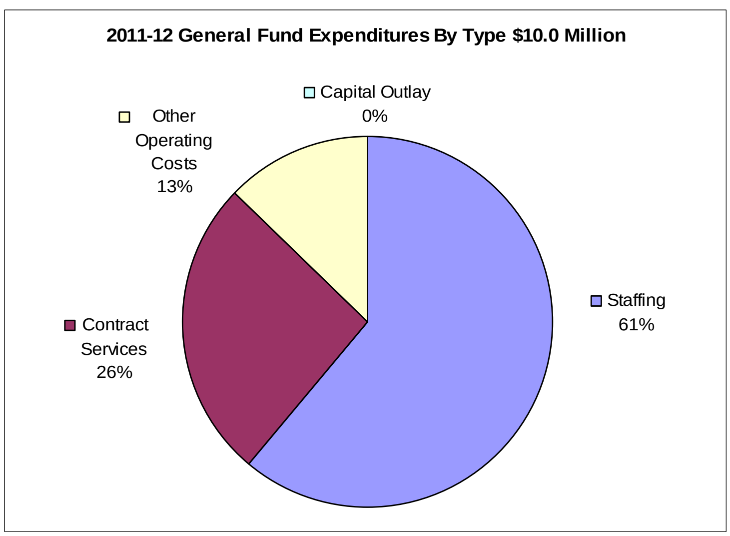
General Fund Expenditures: 2011-12 Budget		
By Function	Amount	% Total
Police	4,621,200	46%
Community Services	1,372,400	14%
Community Development	808,500	8%
Audit & Legal Services	1,100,000	11%
General Government	1,719,700	17%
Transition Support	350,000	4%
Total	**$9,971,800**	**100%**

Police services account for about half of all General Fund expenditures. This is also in line with statewide averages



General Fund Expenditures: 2011-12 Budget		
By Type	Amount	% Total
Staffing	6,083,700	61%
Contract Services	2,602,800	26%
Other Operating Costs	1,285,300	13%
Capital Outlay	0	0%
Total	**$9,971,800**	**100%**

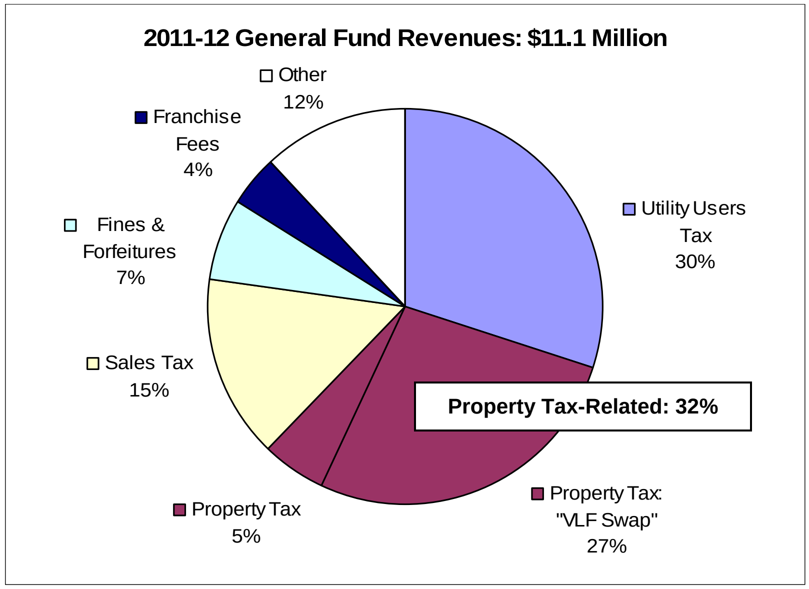
Staffing accounts for about 60% of total expenditures. This is lower than statewide averages due to two factors: the City makes extensive use of private sector contracts; and the funding of pension and retiree health care costs in the pension obligation fund.



HISTORICAL TRENDS

General Fund Revenues: 2011-12 Budget		
Source	Amount	% Total
Utility Users Tax	3,341,500	30%
Property Tax: "VLF Swap"	2,971,900	27%
Property Tax	573,000	5%
Sales Tax	1,689,000	15%
Fines & Forfeitures	732,100	7%
Franchise Fees	471,800	4%
Other	1,311,100	12%
Total	**11,090,400**	**100%**

Utility users tax revenues are the General Fund's largest funding source, accounting for 30% of total revenues. However, when property taxes and the "VLF Swap" (which is also property tax related) are combined, together they account for 32% of total revenues.



GENERAL FUND REVENUE TRENDS

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

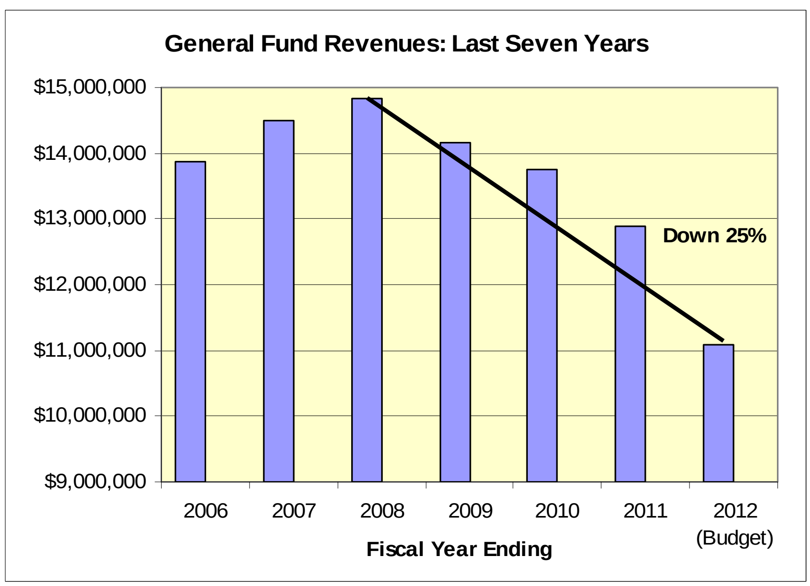
Top Five General Fund Revenue Sources

- Utility Users Tax: 30%
- Property Tax and Vehicle License Fee (VLF) Swap: 32% *
- Sales Tax: 15%
- Fines & Forfeitures: 7%
- Franchise Fees: 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: assessed valuation.*

General Fund Revenues		
Fiscal Year Ending	Amount	% Change
2006	13,864,100	
2007	14,500,000	4.6%
2008	14,837,600	2.3%
2009	14,151,100	-4.6%
2010	13,756,700	-2.8%
2011	12,895,900	-6.3%
2012 (Budget)	11,090,400	-14.0%
Average Annual % Change		
Last 2 Years		-10.1%
Last 5 Years		-5.1%

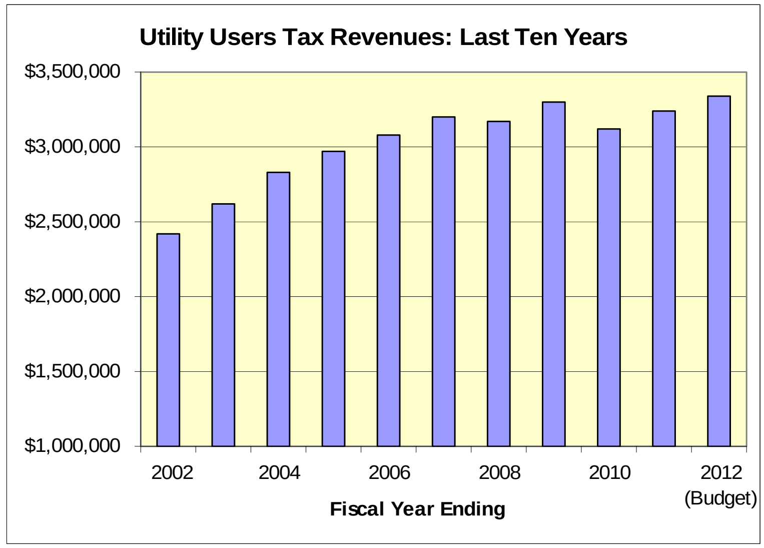
Overall, General Fund revenues are down by 25% since their peak in 2008.



HISTORICAL TRENDS

Utility User Taxes		
Fiscal Year Ending	Amount	% Change
2002	2,424,700	
2003	2,623,100	8.2%
2004	2,831,000	7.9%
2005	2,974,000	5.1%
2006	3,084,000	3.7%
2007	3,199,000	3.7%
2008	3,175,000	-0.8%
2009	3,302,000	4.0%
2010	3,123,400	-5.4%
2011	3,244,000	3.9%
2012 (Budget)	3,341,500	3.0%
Average Annual % Change		
Last 2 Years		3.4%
Last 5 Years		0.9%
Last 10 Years		3.3%

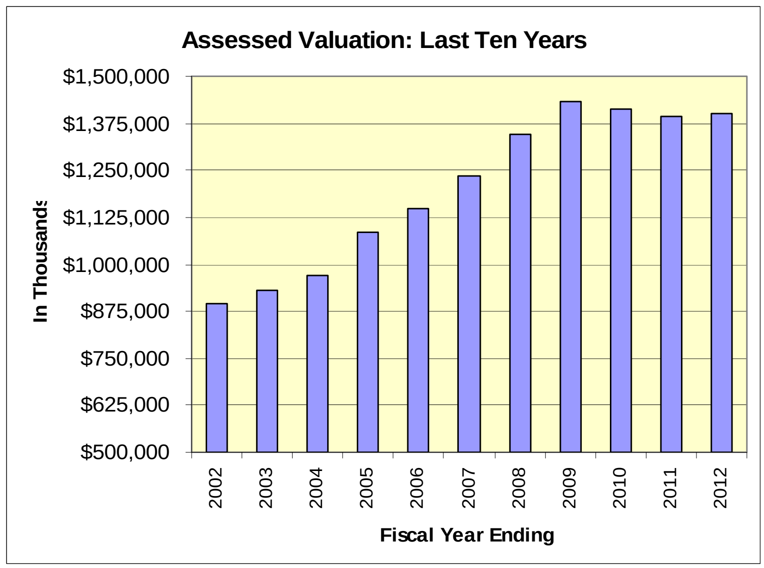
Utility users taxes have been relatively stable during the economic downturn.



Assessed Valuation		
Fiscal Year Ending	Amount	% Change
2002	$895,471	
2003	929,549	3.8%
2004	971,644	4.5%
2005	1,086,506	11.8%
2006	1,148,015	5.7%
2007	1,236,235	7.7%
2008	1,346,554	8.9%
2009	1,431,537	6.3%
2010	1,411,815	-1.4%
2011	1,391,927	-1.4%
2012	1,400,051	0.6%
Average Annual % Change		
Last 2 Years		-0.4%
Last 5 Years		2.6%
Last 10 Years		4.7%

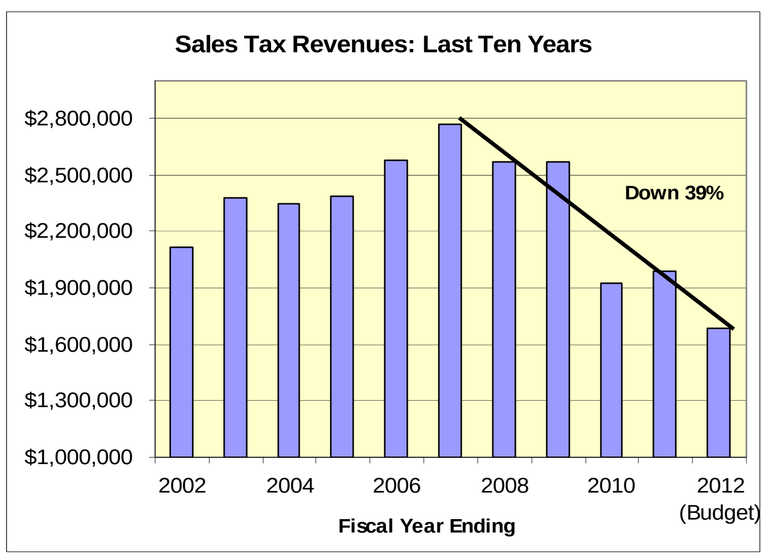
In thousands

Property tax and the VLF swap are determined by changes in assessed valuation, which have also been relatively stable during the economic downturn.



Sales Taxes		
Fiscal Year Ending	Amount	% Change
2002	2,111,800	
2003	2,382,400	12.8%
2004	2,346,000	-1.5%
2005	2,388,000	1.8%
2006	2,581,000	8.1%
2007	2,771,000	7.4%
2008	2,570,000	-7.3%
2009	2,571,200	0.0%
2010	1,922,400	-25.2%
2011	1,986,000	3.3%
2012 (Budget)	1,689,000	-15.0%
Average Annual % Change		
Last 2 Years		-5.8%
Last 5 Years		-8.8%
Last 10 Years		-1.6%

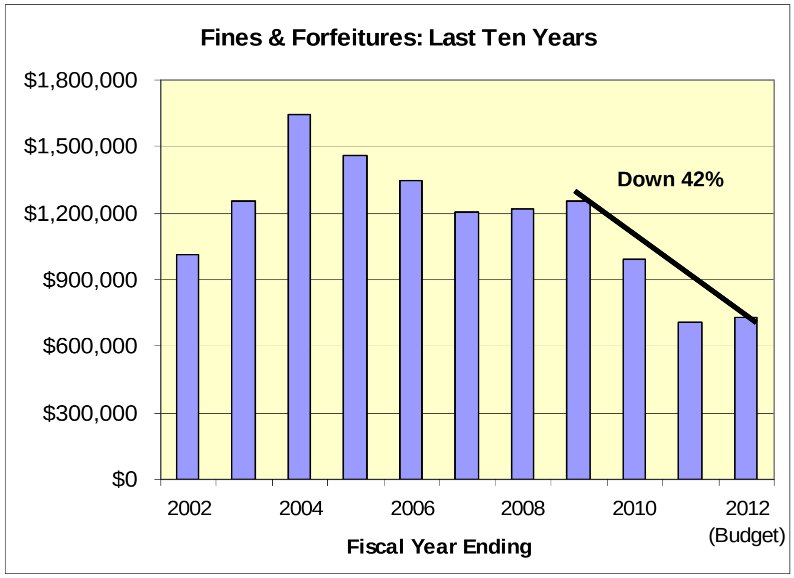
Sales tax revenues, on the other hand, are down by almost 40% since their peak in 2007.



HISTORICAL TRENDS

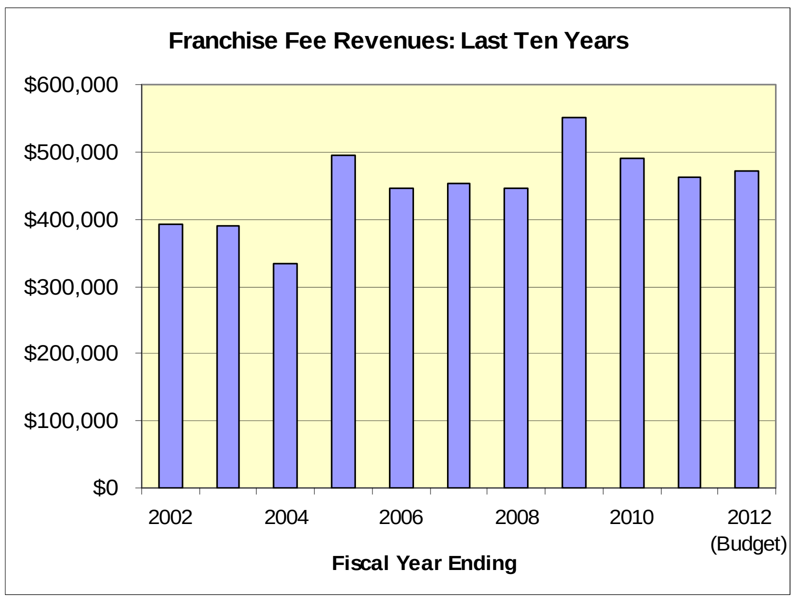
Fines & Forfeitures		
Fiscal Year Ending	Amount	% Change
2002	$1,010,000	
2003	1,253,300	24.1%
2004	1,644,000	31.2%
2005	1,457,000	-11.4%
2006	1,343,000	-7.8%
2007	1,207,000	-10.1%
2008	1,220,000	1.1%
2009	1,251,700	2.6%
2010	992,000	-20.7%
2011	710,800	-28.3%
2012 (Budget)	732,100	3.0%
Average Annual % Change		
Last 2 Years		-12.7%
Last 5 Years		-8.5%
Last 10 Years		-1.6%

Fines & forfeitures are down by 42% from their peak in 2009. This reflects discontinuing overly-aggressive enforcement policies and practices.



Franchise Fees		
Fiscal Year Ending	Amount	% Change
2002	$392,400	
2003	390,100	-0.6%
2004	333,000	-14.6%
2005	496,000	48.9%
2006	446,000	-10.1%
2007	453,000	1.6%
2008	446,000	-1.5%
2009	552,000	23.8%
2010	490,000	-11.2%
2011	461,600	-5.8%
2012 (Budget)	471,800	2.2%
Average Annual % Change		
Last 2 Years		-1.8%
Last 5 Years		1.5%
Last 10 Years		3.3%

While down from their peak in 2009, franchise fees have remained relatively stable during the economic downturn.



GENERAL FUND EXPENDITURE TRENDS

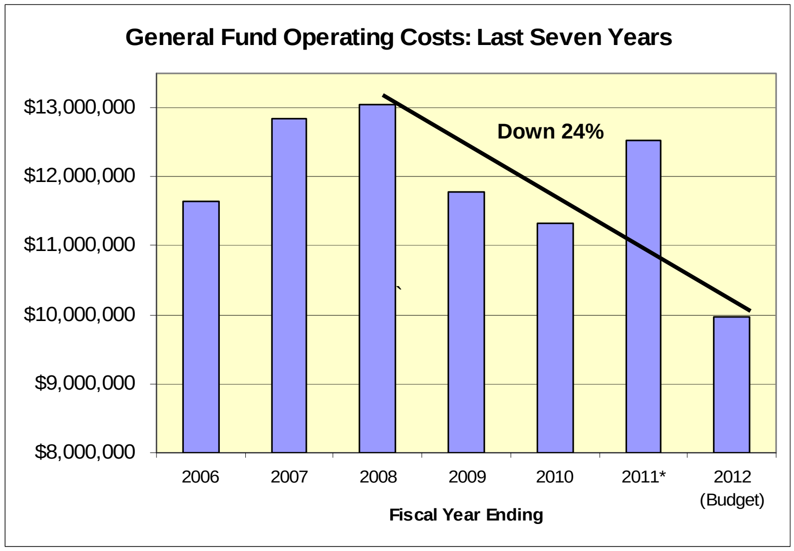
The following tables and charts show long term trends in the General Fund expenditures in total as well as for police services. Additionally, information is provided for CalPERS employer retirement contribution rates since 2001 as well as projected rates for the next five years.

HISTORICAL TRENDS

General Fund Operating Expenditures		
Fiscal Year Ending	Amount	% Change
2006	11,655,300	
2007	12,839,500	10.2%
2008	13,044,100	1.6%
2009	11,773,900	-9.7%
2010	11,329,900	-3.8%
2011*	12,527,500	10.6%
2012 (Budget)	9,971,900	-20.4%
Average Annual % Change		
Last 2 Years		-4.9%
Last 5 Years		-4.3%

** Excludes $2,959,000 in tax refunds*

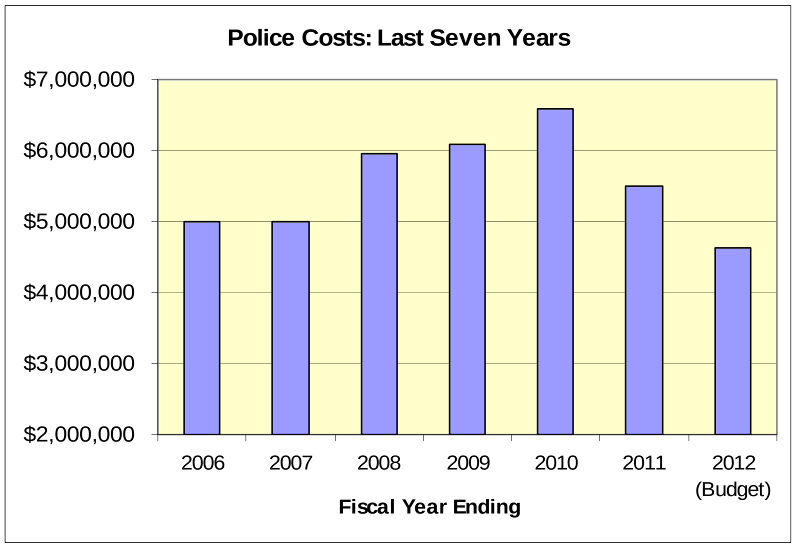
Overall, General Fund expenditures are down by 24% since peak in 2008.



General Fund Police Costs		
Fiscal Year Ending	Amount	% Change
2006	5,000,000	
2007	5,000,000	0.0%
2008	5,960,300	19.2%
2009	6,081,900	2.0%
2010	6,591,700	8.4%
2011	5,502,700	-16.5%
2012 (Budget)	4,621,200	-16.0%
Average Annual % Change		
Last 2 Years		-16.3%
Last 5 Years		-0.6%

Police costs are down by 30% since their peak in 2010.

Note: This only reflects General Fund costs; there are other significant Police costs accounted for in pension obligation, retirement and grant funds.



CALPERS EMPLOYER CONTRIBUTION RATES

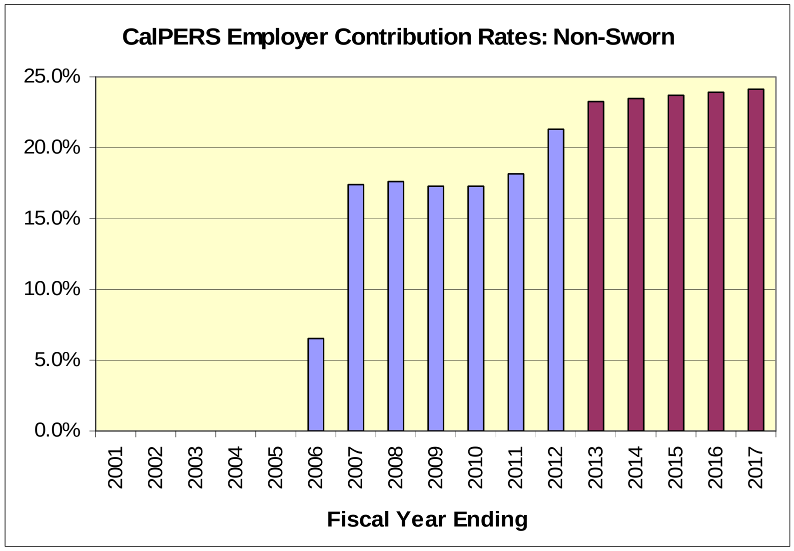
The City has three separate retirement plans with CalPERS:

- Non-Sworn (“Miscellaneous”)
- Sworn Police: Tier 1 (Covers sworn employees hired before 2007 when a lower level of pension benefits was adopted for new employees.)
- Sworn Police: Tier 2 (Covers employees hired after 2007 when a lower level of pension benefits was adopted for new employees.)

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

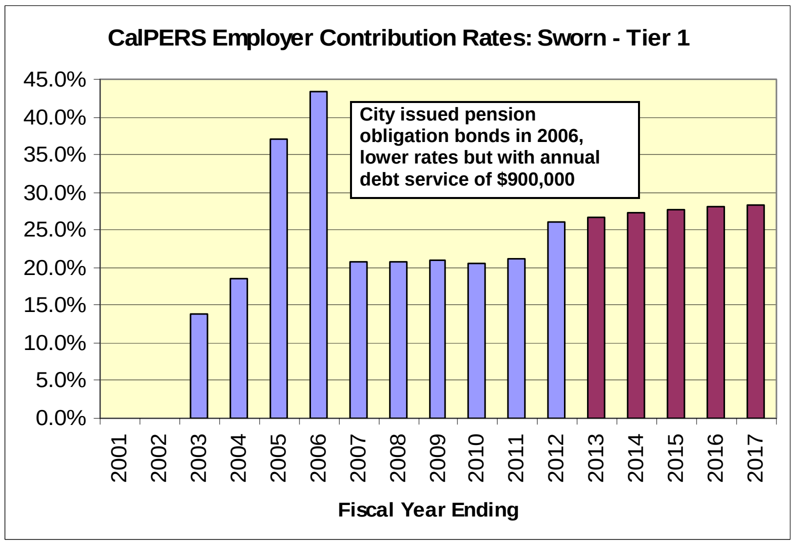
HISTORICAL TRENDS

Non-Sworn Employees. Based on significant excess assets at the time, the City had no employer contribution requirements for 2000-01 through 2004-05. However, this changed with CalPERS investment losses due to "9/11," the dot.com meltdown and corporate scandals, resulting in significant increases by 2006-07, followed by relatively stable rates for the next five years. Rates took another jump in 2011-12 due to investment losses resulting from the worst economic downturn since the Great Depression. CalPERS projects that rates will stay relatively stable for the next five years.

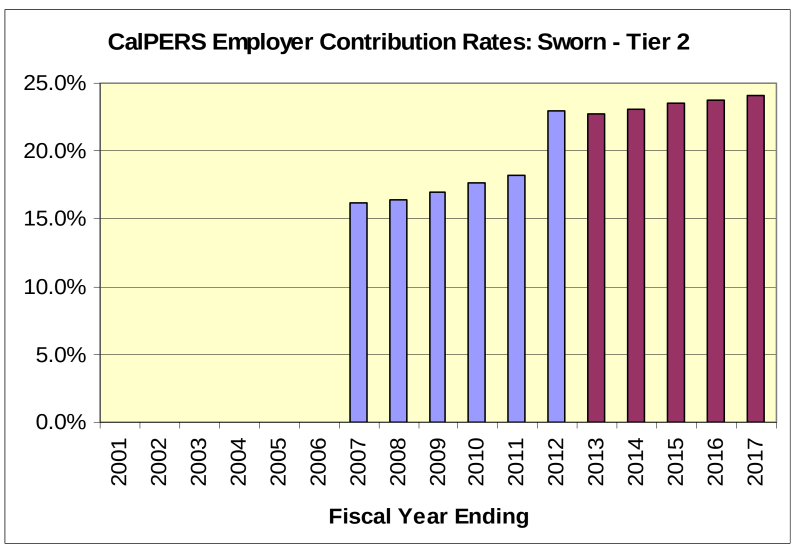


Sworn Employees: Tier 1. The impact on rates for non-sworn employees due to "9/11," the dot.com meltdown and corporate scandals was even more adverse, increasing to almost 45% of eligible compensation by 2005-06.

In response to increasing rates, the City issued pension obligation bonds in 2006. While this significantly lowered rates, which remained relatively for the next five years, related annual debt service costs are about $900.000. Like non-sworn employees, rates for this group also jumped in 2001-12 due to CalPERS investment losses. CalPERS also projects that rates will stay relatively stable for this group for the next five years.



Sworn Employees: Tier 2: The City adopted lower pension benefits for sworn police employees in 2007: rates are set separately by CalPERS for this sub-group. Like other employee groups, rates were relatively stable until 2011-12, when they increased in light of CalPERS investment losses. However, rates are projected to be relatively stable for the next five years.



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

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

PROFESSIONAL LEADERSHIP

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

CONSULTANT QUALIFICATIONS

- Chair, CSMFO Task Force on “GASB 34” Implementation
- Fiscal Officers Representative on League Policy Committees: Community Services, Administrative Services and Environmental Quality: 1992 to 1998
- Chair, Vice-Chair and Senior Advisor for CSMFO Committees: Technology, Debt, Career Development, Professional and Technical Standards and Annual Seminar Committees: 1995 to 2010
- Member, League Proposition 218 Implementation Guide Task Force
- Chair, CSMFO Central Coast Chapter Chair: 1994 to 1996

TRAINER

Provided training for the following organizations:

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

Topics included:

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

PUBLICATIONS

- *Guide to Local Government Finance in California*, Solano Press, Spring 2012 (Co-Author)
- *Managing Debt Capacity: Taking a Policy-Based Approach to Protecting Long-Term Fiscal Health*, Government Finance Review, August 2011
- *Municipal Fiscal Health Contingency Planning*, Western City Magazine, November 2009
- *Understanding the Basics of County and City Revenue*, Institute for Local Government, 2008 (Contributor)

- *Financial Management for Elected Officials*, Institute for Local Government, 2007 (Contributor)
- *Getting the Most Out of Your City's Current Revenues: Sound Fiscal Policies Ensure Higher Cost Recovery for Citie*s, Western City Magazine, November 2003
- *Local Government Revenue Diversification, Fiscal Balance/Fiscal Share and Sustainability*, Institute for Local Government, November 2002 (Co-Author)
- *Why Is GASB 34 Such a Big Deal?*, Western City Magazine, November 2000
- *Understanding Sales Tax Issues*, Western Cities Magazine, June 1997
- *Proposition 218 Implementation Guide*, League of California Cities, 1997 (Contributor)

HONORS AND AWARDS

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