



**BENICIA CITY COUNCIL
REGULAR MEETING AGENDA**

**City Council Chambers
February 07, 2012
7:00 PM**

*Times set forth for the agenda items are estimates.
Items may be heard before or after the times designated.*

I. CALL TO ORDER (7:00 PM):

II. CLOSED SESSION:

III. CONVENE OPEN SESSION:

A. ROLL CALL.

B. PLEDGE OF ALLEGIANCE.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC.

A plaque stating the fundamental rights of each member of the public is posted at the entrance to this meeting room per section 4.04.030 of the City of Benicia's Open Government Ordinance.

IV. ANNOUNCEMENTS/APPOINTMENTS/PRESENTATIONS/PROCLAMATIONS:

A. ANNOUNCEMENTS.

1. Announcement of action taken at Closed Session, if any.

2. Openings on Boards and Commissions:

Building Board of Appeals
3 full terms
Open Until Filled

Solano Transportation Authority Pedestrian Advisory Committee
1 full term
Open Until Filled

3. Mayor's Office Hours:

Mayor Patterson will maintain an open office every Monday (except holidays) in the Mayor's Office of City Hall from 6:00 p.m. to 7:00 p.m. No appointment is necessary. Other meeting times may be scheduled through the City Hall office at 746-4200.

4. Benicia Arsenal Update:

B. APPOINTMENTS.

- 1. Reappointment of Atiba Murphy to the Benicia Housing Authority for a full term to January 31, 2014.**
- 2. Reappointment of Richard Sprankle to the Benicia Housing Authority for a full term to January 31, 2014.**

C. PRESENTATIONS.

D. PROCLAMATIONS.

V. ADOPTION OF AGENDA:

VI. OPPORTUNITY FOR PUBLIC COMMENT:

This portion of the meeting is reserved for persons wishing to address the Council on any matter not on the agenda that is within the subject matter jurisdiction of the City Council. State law prohibits the City Council from responding to or acting upon matters not listed on the agenda. Each speaker has a maximum of five minutes for public comment. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Speakers may not make personal attacks on council members, staff or members of the public, or make comments which are slanderous or which may invade an individual's personal privacy.

A. WRITTEN COMMENT.

B. PUBLIC COMMENT.

VII. CONSENT CALENDAR (7:20 PM):

Items listed on the Consent Calendar are considered routine and will be enacted, approved or adopted by one motion unless a request for removal or explanation is received from a Council Member, staff or member of the public. Items removed from the Consent Calendar shall be considered immediately following the adoption of the Consent Calendar.

A. Approval of Minutes of December 20, 2011 and January 17, 2012. (City Clerk).

B. INTRODUCTION OF AN ORDINANCE AMENDING THE MEETING TIME AND PLACE FOR THE CITY COUNCIL. (City Attorney)

The Municipal Code currently provides for the regular meetings of the City Council to begin at 7 p.m. It is suggested that a regular closed session time be established at 6 p.m. and that a third regular meeting be established. These meetings would be canceled if not needed.

Recommendation: Introduce the ordinance amending Benicia Municipal Code Section 2.04.010 regarding meetings of the City Council.

C. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) OF EMPLOYEES' COMPENSATION EARNABLE TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) FOR BENICIA PUBLIC SERVICE EMPLOYEES ASSOCIATION (BPSEA) EMPLOYEES PART TIME UNIT

With the City Council approval of the 2011-12 Memorandum of Understanding (MOU) with BPSEA part-time employees, the 8% employee rate of PERS will be paid by those part-time employees eligible for PERS, pursuant to Government Code 20691, on a pre-tax basis as offered by section 414(h)(2) of the Internal Revenue Code (IRC).

Recommendation: Adopt the resolution eliminating the Employer Paid Member Contributions (EPMC) compensation earnable to the Public Employees' Retirement System (PERS) for eligible BPSEA employees in the part-time unit and for other eligible PERS members not covered by any other agreement.

D. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. BUSINESS ITEMS (7:30 PM):

A. MINUTE ACTION APPROVING RESPONSE TO 2011-2012 GRAND JURY REPORT "CITY TREASURER FUNCTIONAL REVIEW". (City Attorney)

The 2011-2012 Solano County Grand Jury issued a report on "City Treasurer Function Review". In the report, there is one finding that Benicia needs to respond to in writing. Under State law, the City Council must approve the response.

Recommendation: Approve, by minute action, the response to 2011-2012 Grand Jury Report entitled "City Treasurer Functional Review."

B. SUPPORT FOR COUNTYWIDE CLIMATE ACTION PLAN STRATEGIC GROWTH COUNCIL GRANT PROPOSAL. (Public Works and Community Development Director)

The Solano Transportation Authority (STA) will be submitting a grant application to the State of California Strategic Growth Council on behalf of the cities of Benicia, Fairfield, Suisun City, Dixon, Rio Vista, Vacaville, and Vallejo, and Solano County, for Sustainable Communities Planning Grant. The application builds on efforts by the cities, the County and STA to develop and implement Climate Action Plans. STA will manage the program to ensure it meets the objectives of the grant program to reduce greenhouse gas emissions. The City was asked to participate in the grant proposal on January 10, 2012 and the application is due February 15, so the February 7 Council meeting is the only available date for consideration of this item.

Recommendation: Adopt a resolution of support and approval of a joint application for the Countywide Climate Action Plan Strategic Growth Council grant proposal and authorize the Mayor to sign a letter of support on behalf of the City of Benicia.

C. ENERGY EFFICIENCY CONSERVATION BLOCK GRANT APPLICATION. (Public Works and Community Development Director)

As part of the Renewable Energy Project underway for City facilities, streetlights citywide (except for on First Street) are being changed out to improve energy efficiency and achieve cost savings. The California Energy Commission has reinstated the grant program from which the City previously was granted \$146,340 for streetlight retrofits. Under its existing contract with the City and at no cost to the City, Chevron Energy Solutions has offered to administer a second grant to reduce the amount the City has to spend from the financing for the project on the streetlight work.

Recommendation: Adopt a resolution approving a grant application under the State of California Energy Efficiency Conservation Block Grant Program for \$371,000 for the purpose of funding streetlight retrofits already funded in the City's Renewable Energy Project, thereby freeing up funds for other related purposes consistent with the "use of proceeds" requirements of the Certificates of Participation.

D. TRANSFER OF TRANSIT ROLLING STOCK TO SOLANO COUNTY TRANSIT (SOLTRANS). (Finance Director)

On November 16, 2010 the City Council adopted Resolution No.10-154 authorizing the City Manager to execute the Solano County Transit (SolTrans) Joint Powers Agreement with the City of Vallejo and the Solano Transportation Authority. SolTrans began providing transit services in Benicia and Vallejo pursuant to an interim Transfer of Transit Operations Agreement on July 1, 2011. In accordance with the provisions of the Joint Powers Agreement, the City is to transfer transit related assets (rolling stock) to SolTrans. The resolution presented for consideration transfers the ownership of transit vehicles from the City of Benicia in accordance with the provisions of the Joint Powers Agreement.

Recommendation: Adopt a resolution authorizing the transfer of rolling stock to Solano County Transit (SolTrans).

E. COMPREHENSIVE ANNUAL FINANCIAL REPORT AND MEMORANDUM ON INTERNAL CONTROL FOR THE FISCAL YEAR ENDED JUNE 30, 2011. (Finance Director)

The City's auditor, Maze & Associates, has completed review of the annual financial statements for the fiscal year ended June 30, 2011 and has issued an unqualified audit opinion. The audited financial statements are incorporated into a Comprehensive Annual Financial Report (CAFR). In addition to review of the financial statements, the auditors are required to report matters that could adversely affect the City's ability to record, process, summarize and report financial data. The auditors identified no deficiencies in internal control which they considered to be material weaknesses which could result in a material misstatement of the City's financial statements. The auditors did include in their Memorandum of Internal Control several recommendations related to debt coverage requirements and operating procedures which they wish to bring to the City Council's attention. Staff responses to each of the items noted are included in the Memorandum of Internal Control.

Recommendation: Accept the Comprehensive Annual Financial Report and Memorandum on Internal Control for the fiscal year ended June 30, 2011.

F. FISCAL YEAR 2011-12 MID YEAR BUDGET REVIEW AND RESOLUTION AMENDING FY 2011-12 BUDGET. (Finance Director)

Staff has completed a review of revenues and expenditures budgeted for the 2011-12 fiscal year. The City's General Fund revenue projections which were included in the adopted budget are accurate and require only minor modifications based upon updated information. As of December 31st, all departments were operating within their approved budget allocations. Given the volatility of the current economic situation, the City's fiscal condition will continue to be closely monitored. General Fund revenues are projected to

remain fairly flat for the foreseeable future with no areas of significant improvement anticipated. As noted in the recently completed Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011 there are three funds with on-going structural deficits which will be addressed in order to avoid further impact to the General Fund. This is a priority which will be resolved prior to the end of the current fiscal year.

Recommendation: Review the information presented on revenues and expenditures as of December 31, 2011 and adopt the resolution amending the fiscal year 2011-12 Budget.

G. Council Member Request to Agendize. (Council Member Campbell)

This is a request to discuss Revisiting the Design Review Duties and Powers of the Historic Preservation Review Commission.

Recommendation: Consider Council Member Campbell's request to agendize this topic for a future City Council meeting.

IX. ADJOURNMENT (9:30 PM):

Public Participation

The Benicia City Council welcomes public participation.

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter jurisdiction of the agency and which is not on the agency's agenda for that meeting. The City Council allows speakers to speak on non-agendized matters under public comment, and on agendized items at the time the agenda item is addressed at the meeting. Comments are limited to no more than five minutes per speaker. By law, no action may be taken on any item raised during the public comment period although informational answers to questions may be given and matters may be referred to staff for placement on a future agenda of the City Council.

Should you have material you wish to enter into the record, please submit it to the City Manager.

Disabled Access or Special Needs

In compliance with the Americans with Disabilities Act (ADA) and to accommodate any special needs, if you need special assistance to participate in this meeting, please contact Anne Cardwell, the ADA Coordinator, at (707) 746-4211. Notification 48 hours

prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

Meeting Procedures

All items listed on this agenda are for Council discussion and/or action. In accordance with the Brown Act, each item is listed and includes, where appropriate, further description of the item and/or a recommended action. The posting of a recommended action does not limit, or necessarily indicate, what action may be taken by the City Council.

Pursuant to Government Code Section 65009, if you challenge a decision of the City Council in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing. You may also be limited by the ninety (90) day statute of limitations in which to challenge in court certain administrative decisions and orders (Code of Civil Procedure 1094.6) to file and serve a petition for administrative writ of mandate challenging any final City decisions regarding planning or zoning.

The decision of the City Council is final as of the date of its decision unless judicial review is initiated pursuant to California Code of Civil Procedures Section 1094.5. Any such petition for judicial review is subject to the provisions of California Code of Civil Procedure Section 1094.6.

Public Records

The agenda packet for this meeting is available at the City Manager's Office and the Benicia Public Library during regular working hours. To the extent feasible, the packet is also available on the City's web page at www.ci.benicia.ca.us under the heading "Agendas and Minutes." Public records related to an open session agenda item that are distributed after the agenda packet is prepared are available before the meeting at the City Manager's Office located at 250 East L Street, Benicia, or at the meeting held in the Council Chambers. If you wish to submit written information on an agenda item, please submit to the City Clerk as soon as possible so that it may be distributed to the City Council. A complete proceeding of each meeting is also recorded and available through the City Clerk's Office.

RESOLUTION NO. 12-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA CONFIRMING THE MAYOR'S REAPPOINTMENT OF ATIBA MURPHY TO THE BENICIA HOUSING AUTHORITY FOR A FULL TERM ENDING JANUARY 31, 2014

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benicia that the reappointment of Atiba Murphy to the Benicia Housing Authority by Mayor Patterson is hereby confirmed.

The above Resolution was approved by roll call by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of February 2012 and adopted by the following vote:

Ayes:

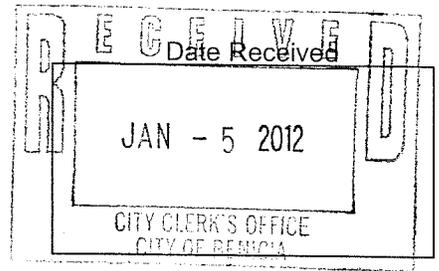
Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk



City of Benicia Board/Commission/Committee Application

It is the intent of the City Council to have Boards, Commissions or Committees composed of people from all geographical, social, environmental and economic sectors of the community and to avoid potential conflicts of interest.

Please check the board, commission, or committee you wish to apply for:

- Arts and Culture Commission
- Benicia Housing Authority Board of Commissioners
- Board of Library Trustees
- Civil Service Commission
- Economic Development Board
- Finance Committee
- Historic Preservation Review Commission
- Human Services Board
- Open Government Commission
- Parks, Recreation & Cemetery Commission
- Planning Commission
- Sustainability Commission
- Sky Valley Open Space Committee
- Uniform Code Board of Appeals

Name: Atiba Murphy (Atiba Murphy)

Address: _____

Phone: (Work) (707) 745-2857 (Home) (707) 297-6226

(Cell) (707) 712-5116 Fax: _____

Email: n/a Years as Benicia resident: 12

Occupation/Employer: PARISIAN

Please note your most recent community or civic volunteer experience: _____

Please describe any applicable experience/training: n/a

All applications are considered public records and will be retained in an active file for at least one year from date of receipt.

Signature: Atiba Murphy Date: 12/31/11



Housing Authority Board of Commissioners Application

In addition to completing the City of Benicia Board/Commission/Committee Application form, please respond to the following questions:

1. What interests you about the Housing Authority Board?

I like to know what is going on in my community and whats being done about it to make it better.

2. What are your expectations for this Board and how do you see your role on the Board?

I see this board as a group of people that care about the things going on in their community and I feel the same way.

3. This Board meets on the 4th Wednesday of the month. Currently the meetings begin at 6:00 pm. In addition, there may be several meetings of smaller Board committees during the year. Does this present a problem for you? If so, please explain.

no

4. What has your experience been with the Housing Authority, if any?

It has been a valuable learning experience and I enjoy being a member of the board.

RESOLUTION NO. 12-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA CONFIRMING THE MAYOR'S REAPPOINTMENT OF RICHARD SPRANKLE TO THE BENICIA HOUSING AUTHORITY FOR A FULL TERM ENDING JANUARY 31, 2014

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benicia that the reappointment of Richard Sprankle to the Benicia Housing Authority by Mayor Patterson is hereby confirmed.

The above Resolution was approved by roll call by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of February 2012 and adopted by the following vote:

Ayes:

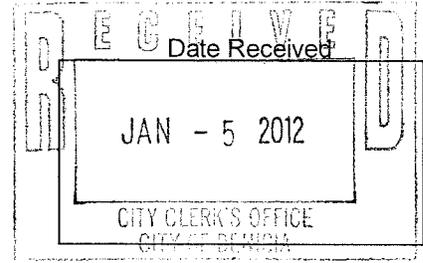
Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk



City of Benicia Board/Commission/Committee Application

It is the intent of the City Council to have Boards, Commissions or Committees composed of people from all geographical, social, environmental and economic sectors of the community and to avoid potential conflicts of interest.

Please check the board, commission, or committee you wish to apply for:

- Arts and Culture Commission
Benicia Housing Authority Board of Commissioners (checked)
Board of Library Trustees
Civil Service Commission
Economic Development Board
Finance, Audit & Budget Committee
Historic Preservation Review Commission
Human Services & Arts Board
Open Government Commission
Parks, Recreation & Cemetery Commission
Planning Commission
Sustainability Commission
Sky Valley Open Space Committee
Uniform Code Board of Appeals

Name: Richard Sprankle

Address:

Phone: (Work) (Home) 745-9142

(Cell) Fax:

Email: Years as Benicia resident: Since 1947

Occupation/Employer: Retired

Please note your most recent community or civic volunteer experience:

I am currently a tenant commissioner for the Benicia Housing Authority. I am also a member of the volunteer fire dept.

Please describe any applicable experience/training:

I have served as a tenant commissioner for the Benicia Housing Authority.

All applications are considered public records and will be retained in an active file for at least one year from date of receipt.

Signature: Richard Sprankle Date: 12/29/2011



Housing Authority Board of Commissioners Application

In addition to completing the City of Benicia Board/Commission/Committee Application form, please respond to the following questions:

1. What interests you about the Housing Authority Board?

I am a current resident of the public housing development Capitol Heights and I am interested in meeting the goals of affordable housing in our community.

2. What are your expectations for this Board and how do you see your role on the Board?

I see my role as a tenant commissioner, to provide a tenants point of view on setting goals and policy.

3. This Board meets on the 4th Wednesday of the month. Currently the meetings begin at 6:00 pm. In addition, there may be several meetings of smaller Board committees during the year. Does this present a problem for you? If so, please explain.

None.

4. What has your experience been with the Housing Authority, if any?

I am a current tenant of the public housing development and I have served as a tenant commissioner.

MINUTES OF THE
REGULAR MEETING – CITY COUNCIL
December 20, 2011

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

Mayor Patterson called the meeting to order at 7:06 p.m.

II. CLOSED SESSION:

III. CONVENE OPEN SESSION:

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

Diane Smikahl led the Pledge of Allegiance.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

IV. ANNOUNCEMENTS/APPOINTMENTS/PRESENTATIONS/PROCLAMATIONS:

A. ANNOUNCEMENTS

1. Announcement of action taken at Closed Session, if any.

Ms. McLaughlin reported that Council met in Closed Session on 12/13/11 and 12/20/11, and did not take any action at either meeting.

2. Openings on Boards and Commissions:

Library Board of Trustees, 2 full terms
Application Due Date: January 13, 2012

Planning Commission, 3 full terms
Application Due Date: January 13, 2012

Arts and Culture Commission, 3 full terms
Application Due Date: January 13, 2012

Community Sustainability Commission, 1 full term
Application Due Date: January 13, 2012

Benicia Housing Authority Board of Commissioners, 2 full term
Application Due Date: January 13, 2012

Economic Development Board, 1 unexpired term
Application Due Date: January 13, 2012

SolTrans Public Advisory Committee, 3 full terms
Open Until Filled

Sky Valley Open Space Committee, 1 full term
Open Until Filled

Building Board of Appeals, 3 full terms
Open Until Filled

Solano Transportation Authority Pedestrian Advisory Committee,
1 full term, Open Until Filled

3. Mayor's Office Hours:

4. Benicia Arsenal Update:

Mayor Patterson reviewed the update report.

B. APPOINTMENTS

1. Resolution Approving Mayor's Appointments to Council Committees

RESOLUTION 11-145 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA CONFIRMING MAYOR'S APPOINTMENTS OF MEMBERS OF THE CITY COUNCIL TO STANDING, AD HOC AND OUTSIDE AGENCY COMMITTEES

Council Member Hughes requested the distribution of appointments be balanced out. He requested his appointments to the Sky Valley Open Space Committee and the STA alternate be given to another Council Member.

After a discussion, Mayor Patterson made the following changes: Council Member Schwartzman would be the alternate on the STA, Vice Mayor Campbell would be the alternate to the SWA/SCWA, and Council Member Schwartzman would be on the Sky Valley Open Space Committee.

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council adopted the Resolution, as amended, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

C. PRESENTATIONS

1. Report on the progress of the renovations of the Benicia Veterans Memorial Building - Ernie Gutierrez and Rose Lane

D. PROCLAMATIONS

1. IN RECOGNITION OF THE DEPLOYMENT AND RETURN OF THE 749th COMBAT SUSTAINMENT SUPPORT BATTALION

V. ADOPTION OF AGENDA:

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council adopted the Agenda, as presented, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

VI. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

None

B. PUBLIC COMMENT

1. Mary Frances Kelly Poh - Ms. Kelly Poh discussed the City Bus Tour that the City used to do during the holidays. She would like the City to consider doing it next year.

VII. CONSENT CALENDAR:

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council adopted the Consent Calendar, as amended, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

Council pulled item VII.B for discussion.

A. APPROVAL OF MINUTES OF THE FIRST AND SECOND MEETINGS OF DECEMBER 6, 2011

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council approved the special and regular meeting minutes of December 6, 2011, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

B. ADOPT RESOLUTION IN SUPPORT OF MEASURE L, AN EXTENSION OF 1/8 CENT SALES TAX TO SUPPORT LIBRARY OPERATIONS IN SOLANO COUNTY.

RESOLUTION 11-146 - RESOLUTION SUPPORTING AN ORDINANCE EXTENDING ARTICLE XIV TO CHAPTER 11 OF THE SOLANO COUNTY CODE THAT IMPOSES A TRANSACTIONS AND USE TAX FOR COUNTYWIDE LIBRARY PROGRAMS TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION ON THE JUNE 5, 2012 BALLOT

Diane Smikahl, Library Director, reviewed the staff report.

Public Comment:

1. Bob Langston - Mr. Langston inquired about the amount realized in most recent closed fiscal year from the tax (approximately \$610,000).
2. Dana Dean - Ms. Dean discussed BUSD's 20% budget cuts. The City's Library is very important. She supported the proposed tax extension.
3. Kimble Goodman - Mr. Goodman spoke in support of the proposed tax extension.

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council adopted the Resolution, on roll call by the following vote:
Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

C. REVIEW AND ACCEPTANCE OF THE INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 2011

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council reviewed and approved the Investment Report for the quarter ended June 2011, on roll call by the following vote:
Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

D. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. BUSINESS ITEMS:

A. APPROVE THE 2011-12 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF BENICIA AND THE BENICIA PUBLIC SERVICE EMPLOYEES ASSOCIATION (BPSEA) PART-TIME UNIT

RESOLUTION 11-147 - A RESOLUTION APPROVING THE NOVEMBER 1, 2011 TO OCTOBER 31, 2012 AMENDMENTS TO THE LABOR AGREEMENT WITH BENICIA PUBLIC SERVICE EMPLOYEES ASSOCIATION (BPSEA) PART-TIME UNIT

Anne Cardwell, Administrative Services Director, reviewed the staff report.

Public Comment:

None

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council adopted the Resolution, on roll call by the following vote:
Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

B. VACATION OF A PORTION OF CITY PROPERTY ADJACENT TO 532 CAMBRIDGE DRIVE

RESOLUTION 11-148 - A RESOLUTION VACATING A PORTION OF THE PROPERTY ALONG THE EASTERN PROPERTY LINE OF 532 CAMBRIDGE DRIVE AND AUTHORIZING THE SALE TO THE ADJACENT PROPERTY OWNER

Charlie Knox, Public Works & Community Development Director, reviewed the staff report. He suggested Council add a statement recognizing that the additional piece of land could not be counted towards any future subdivision of the property.

Council Member Hughes thanked Staff and the applicant for being patient during this two-year long process.

Council Member Schwartzman spoke in support of Staff's recommendation.

Public Comment:

1. Jim Stevenson - Mr. Stevenson inquired about the location of the property in question.
2. Rhonda Stewart - Ms. Stewart spoke in support of the proposed action. They had been working on the issue for three years.

Mayor Patterson and Staff discussed the issue of deed restrictions for the property. Staff suggested the 2,509 sq. ft. not be allowed to be counted in any future subdivision on the property.

Council Member Schwartzman and Staff discussed Staff's suggestion regarding the square footage.

On motion of Council Member Hughes, seconded by Council Member Schwartzman, Council adopted the Resolution, as amended, on roll call by the

following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

- C. PUBLIC HEARING TO CONSIDER ADOPTING A RESOLUTION APPROVING AND ADOPTING A NEGATIVE DECLARATION FOR THE FIRST AMENDMENT TO THE 1995 COUNTYWIDE SITING ELEMENT OF THE COUNTYWIDE INTEGRATED WASTE MANAGEMENT PLAN; AND A RESOLUTION APPROVING AND ADOPTING THE FIRST AMENDMENT TO THE 1995 COUNTYWIDE SITING ELEMENT OF THE COUNTYWIDE INTEGRATED WASTE MANAGEMENT PLAN, DIRECTING STAFF TO IMPLEMENT AN ANNUAL DISPOSAL CAPACITY REPORTING REQUIREMENT, AND DIRECTING STAFF TO SEEK APPROVAL OF THE AMENDMENT BY THE CITIES WITHIN THE COUNTY AND BY THE CALIFORNIA DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)**

RESOLUTION 11-149 - A RESOLUTION STATING THAT THE NEGATIVE DECLARATION PREPARED BY THE COUNTY OF SOLANO IN CONNECTION WITH THE FIRST AMENDMENT TO THE COUNTYWIDE SITING ELEMENT OF THE COUNTYWIDE INTEGRATED WASTE MANAGEMENT PLAN HAS BEEN REVIEWED AND CONSIDERED

RESOLUTION 11-150 - A RESOLUTION APPROVING AND ADOPTING THE FINAL DRAFT FIRST AMENDMENT TO THE COUNTYWIDE SITING ELEMENT OF THE COUNTYWIDE INTEGRATED WASTE MANAGEMENT PLAN, DIRECTING STAFF TO ESTABLISH AN ADDITIONAL REPORTING REQUIREMENT REGARDING LANDFILL CAPACITY, AND AUTHORIZING SUBMITTAL OF THE AMENDMENT TO THE CALIFORNIA DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

Mayor Patterson asked Council to disclose any ex parte communications regarding this item, which there were none.

Narcisa Untal, Solano County Department of Resource Management, and Harry Englebright, Englebright & Associates, reviewed the report.

Council Member Hughes and Staff discussed the impact this would have on Staff time (minimal), and the impact on service providers (none).

Public Comment:

None

Mayor Patterson and Staff discussed the effect this would have on Measure E (there would be no change, regardless of the outcome of Measure E in the courts). They discussed to what extent on the estimates that are generated on the disposal capacity, does it represents the Climate Action Plan strategies for

reducing solid waste (The current diversion rates were used. They did not make estimates. It was not part of their calculations. To the extent that occurs, it extends the life of the landfill.)

On motion of Council Member Strawbridge, seconded by Council Member Schwartzman, Council adopted Resolution 11-149, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council adopted Resolution 11-150, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

D. COASTAL CONSERVANCY GRANT AWARD TO CITY OF BENICIA FOR BENICIA URBAN WATERFRONT RESTORATION PLAN

RESOLUTION 11-151 - A RESOLUTION APPROVING THE GRANT AGREEMENT BETWEEN THE CITY AND THE COASTAL CONSERVANCY FOR THE DEVELOPMENT OF THE BENICIA URBAN WATERFRONT RESTORATION PLAN, APPROPRIATING \$20,000 FROM THE PARK DEDICATION ACCOUNT TO SERVE AS THE GRANT MATCH AND AUTHORIZING THE CITY MANAGER TO SIGN THE AGREEMENT ON BEHALF OF THE CITY

Council Member Strawbridge recused herself due to a conflict of interest.

Mario Giuliani, Acting Economic Development Manager, reviewed the staff report.

Mayor Patterson disclosed exparte communications. She also noted that she works with the Coastal Conservancy in her day job.

Vice Mayor Campbell and Staff discussed the schedule for construction phases, approximate cost (rough estimate \$1.4 - 1.6 million), Measure C Initiative, concerns regarding the high cost for design, limitations on what can be done in the area (Measure C Initiative), whether or not to address the storm drain issues, and whether or not some costs could be covered by the VIP Funds (most likely not).

Council Member Hughes and Staff discussed concerns regarding the financing of the project, previous waterfront restoration plan (it was addressed in a past Parks Master Plan), concerns regarding spending the \$20,000 on the design/plan and then not receiving the other funding, and the need for some assurance that the events that are currently being held on the First Street Green would still be able to be held (car show, events sponsored by Benicia Main Street, etc.).

Vice Mayor Campbell discussed concern regarding coming up with the

design/plan, and not being able to use it.

Council Member Schwartzman and Staff discussed why the current plan had not been updated or used, and the issue of sea level rise.

Mayor Patterson and Staff discussed the former plan, and whether it ever had CEQA on it (no), and whether the current grant would cover CEQA costs (yes).

Public Comment:

1. Mike Smith, President, Portside Village Homeowners Association - Mr. Smith discussed concerns regarding ensuring any action the City takes not add to their obligations or liabilities.
2. Susan Street - Ms. Street spoke in support of the proposed grant award.
3. Mary Frances Kelly Poh - Ms. Kelly Poh read a letter written by Sarah Johnson, expressing support for the proposed grant award.
4. Constance Beutel - Dr. Beutel spoke in support of the proposed grant award.
5. Mary Frances Kelly Poh - Ms. Kelly Poh spoke in support of the proposed grant award.
6. Steve Goetz - Mr. Goetz spoke in support of the proposed grant award.
7. Greg Davis - Mr. Davis read a letter written by Judy Donaldson, expressing support for the proposed grant award.
8. Sue Wickham - Ms. Wickham spoke in support of the proposed grant award.
9. Jim Stevenson - Mr. Stevenson spoke in support of the proposed grant award.
10. Citizen - The Citizen read a letter written by Lee Wilder Snyder and Craig Snyder, expressing support for the proposed grant award.
11. Bonnie Silveria - Ms. Silveria spoke in support of the proposed grant award. She and Staff discussed the issue of CEQA and the prior Parks Master Plan. If adopted, she hoped the Urban Waterfront Restoration would come to fruition. She hoped the public would be included in the process.
12. Sue Johnson - Ms. Johnson spoke in support of the proposed grant award.
13. Tony Shannon - Mr. Shannon spoke in support of the proposed grant award.
14. Jon Van Landschoot - Mr. Van Landschoot spoke in support of the proposed grant award.

Council Member Schwartzman discussed concerns regarding the claim that this would increase tourism, concern regarding timing (needs vs. wants), and concerns regarding the cost and the current budget constraints.

Mayor Patterson responded to Council Member Schwartzman's comments. She discussed Council Member Schwartzman's previous vote regarding the Community Center. He was opposed to, and voted against the very steps necessary to get the Community Center, with much the same language. The City couldn't afford it, and there wasn't any money out there, and ultimately, we now have the Community Center. That lack of vision is something we really want to avoid. The vision that Mr. Stevenson spoke to was very eloquent and inspiring. She discussed the various plans that were drawn for the Community Center, and

how the Community Center was finally finished. She discussed the Delta Recreation Plan's inclusion of Benicia. She discussed the importance of investing in Benicia.

Council Member Schwartzman clarified his previous vote for the Community Center. He voted against the lease with BUSD, because he didn't believe the terms were beneficial. He believed it would cost hundreds of thousands of dollars for the City to get the building to a point where they could do tenant improvements. The City ended up having to come up with over \$700,000 for the project. He was not against the Community Center, only the lease.

Vice Mayor Campbell and Staff discussed the cost of the Marina Green. They discussed the possibility of using some of the grant money to do something out there. Staff expressed concerns regarding changing the current scope of work with the current grant.

Mayor Patterson, Vice Mayor Campbell, and Staff discussed including having 'including construction drawings' included in the RFP.

Council Member Hughes expressed concern regarding Mayor Patterson's possible violation of Council's Code of Conduct. He felt her comments regarding Council Member Schwartzman were unnecessary. He felt she was borderline in violating the Council Code of Conduct. If she had made those comments about him, he would have considered it a personal attack. If she doesn't like someone's recommendation, she should talk about the recommendation, not the individual. What he heard was that she thought Council Member Schwartzman had a lack of vision. He was disappointed and felt it was a violation of Council's Code of Conduct. He and Staff discussed the time sensitivity for acceptance of the grant, and where the money for Phase II of the program would come from.

Vice Mayor Campbell, Mayor Patterson, and Staff discussed the possibility of making modifications to some of the conditions within the agreement after acceptance. Staff expressed concern regarding not complying with the terms of the agreement. Mayor Patterson clarified that they intended to meet the terms of the agreement, but if there were funds left over, they wanted the option to redirect those dollars for construction costs.

Mayor Patterson was looking for a motion to adopt the resolution accepting the grant, with the understanding of the discussion Council had, that if in the process of the RFP, specifying construction drawings as a component to that, and if there is money left over, Council could direct Staff to see if the money could be redirected for construction.

Mayor Patterson and Staff discussed the nature of the restrictions for the Park Dedication funds. Staff confirmed the money was currently allocated to the Jack London Park playground. The money could not be spent on anything that was not park related. The depot was considered park-related. There is currently a

fund for improvements at the depot.

Council Member Schwartzman clarified that his issue with this was spending money on this in the current economic times. He inquired if the grant could be obtained without the City matching the funds. Staff confirmed the City's match was currently \$20,000.

Vice Mayor Campbell stated he would make the motion to adopt the resolution, as written. Council could take a shot at modifying it at a later date. Mayor Patterson seconded the vote.

Council Member Hughes discussed his concerns regarding funding for Phase II.

Staff discussed the timeline: if Council were to accept the grant this evening, that would begin the process for Staff to develop the RFP (released Jan/Feb), it would be brought back in March/April, then Council would make a commitment to spend the money. It is at that time Council could accept or reject the bids. They would not have accepted any money from the Conservancy yet, so if rejected, there would be no money to repay.

Mr. Kilger stated Staff could research what types of funds this project could qualify for.

Ms. McLaughlin clarified the scope of agreement. It does not specify construction.

Council Member Schwartzman suggested waiting to vote on this item until Council's questions were answered.

Vice Mayor Campbell did not want to risk losing \$140,000.

Council Member Hughes stated he would support it, however, he was prepared to vote against it in the future if his level of confidence regarding Phase II was not increased.

After the vote was taken, Mayor Patterson discussed the prior comments regarding violation of Council's Code of Conduct. She wished Council Member Hughes had made those comments to her when Council Member Ioakimedes made remarks about her during a meeting on the Arsenal last year. Her comments were simply pointing out an action of displaying a consistency in an approach to things. She did not take the admonishment lightly. She looked forward to the next time someone was improper in addressing her that Council Member Hughes be the first to comment.

Council Member Hughes did not feel she needed to criticize him. He was simply bringing up a point where he believed there was a violation of the code of conduct. They could consult with the City Attorney or review the tapes if necessary. He did not feel it was necessary to attack him and put him on the

spot. He was simply bringing up a point. He was just saying that if he were Council Member Schwartzman, he would have been very offended by her comments.

Mayor Patterson brought it up because she thought it was a double standard. On motion of Vice Mayor Campbell, seconded by Mayor Patterson, Council adopted the Resolution, as presented, on roll call by the following vote:
Ayes: Patterson, Campbell, Hughes
Noes: Schwartzman

E. AWARD CONTRACT TO CENTER FOR SUSTAINABLE COMMUNITIES, SONOMA STATE UNIVERSITY, TO PROVIDE CLIMATE ACTION PLAN COORDINATOR SERVICES

RESOLUTION 11-152 - A RESOLUTION ACCEPTING THE PROPOSALS FOR THE CLIMATE ACTION PLAN COORDINATOR, AWARDING THE CONSULTANT CONTRACT TO CENTER FOR SUSTAINABLE COMMUNITIES, SONOMA STATE UNIVERSITY, IN THE AMOUNT NOT- TO- EXCEED \$150,000 AND AUTHORIZING THE CITY MANAGER TO SIGN THE CONTRACT ON BEHALF OF THE CITY

Charlie Knox, Public Works & Community Services Director, reviewed the staff report.

Council Member Schwartzman and Staff discussed the need for grant writing ability.

Mr. Hinds, The Center for Sustainable Communities, Sonoma State University, discussed the proposal they submitted. He had assumed that grant writing was part of the proposal. They would be submitting grant-writing applications.

Vice Mayor Campbell and Mr. Hinds discussed their success rate with grant applications.

Public Comment:

1. Constance Beutel - Dr. Beutel spoke in support of the proposed resolution.

Council Member Schwartzman discussed how much staff time was involved in supporting the CSC. He stated he would make a motion to approve, with the amendment of adding a one-year review of the contract. He would like to see two reports to Council (one in three months, and a second one in twelve months) regarding how much staff time this freed up.

Council Member Hughes suggested the first report be presented to Council in six months, rather than three months. Council Member Schwartzman agreed with the six and twelve-month reviews.

On motion of Council Member Schwartzman, seconded by Council Member

Hughes, Council adopted the Resolution, as amended, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

F. Council Member Committee Reports:

1. **Mayor's Committee Meeting. (Mayor Patterson) Next Meeting Date: TBD**
2. **Association of Bay Area Governments (ABAG). (Mayor Patterson and Council Member loakimedes) Next Meeting Date: Spring General Assembly - April 19, 2012**
3. **Finance, Audit and Budget Committee. (Council Member Schwartzman and Vice Mayor Campbell) Next Meeting Date: December 16, 2011**
4. **League of California Cities. (Mayor Patterson and Council Member Schwartzman) Next Meeting Date: TBD**
5. **School Liaison Committee. (Council Members loakimedes and Hughes) next Meeting Date: January 12, 2012**
6. **Sky Valley Open Space Committee. (Council Members Campbell and Hughes) Next Meeting Date: February 1, 2012**
7. **Solano EDC Board of Directors. (Mayor Patterson and Vice Mayor Campbell) Next Meeting Date: January 18, 2012**
8. **Solano Transportation Authority (STA). (Mayor Patterson and Council Member loakimedes) Next Meeting Date: December 14, 2011**
9. **Solano Water Authority-Solano County Water Agency and Delta Committee. (Mayor Patterson and Council Member Schwartzman) Next Meeting Date: TBD**
10. **Traffic, Pedestrian and Bicycle Safety Committee. (Council Members Hughes and loakimedes) Next Meeting Date: January 19, 2012**
11. **Tri-City and County Regional Parks and Open Space. (Council Members Campbell and Hughes) Next Meeting Date: TBD**
12. **Valero Community Advisory Panel (CAP). (Council Member Hughes) Next Meeting Date: TBD**

13. Youth Action Coalition. (Council Member Schwartzman and Vice Mayor Campbell) Next Meeting Date: TBD
14. ABAG-CAL FED Task Force-Bay Area Water Forum. (Mayor Patterson) Next Meeting Date: January 26, 2012
15. SOLTRANS Joint Powers Authority (Mayor Patterson and Council Member Ioakimedes) Next Meeting Date: TBD

IX. ADJOURNMENT:

Mayor Patterson adjourned the meeting at 10:38 p.m.

MINUTES OF THE
REGULAR MEETING – CITY COUNCIL
January 17, 2012

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

Mayor Patterson called the meeting to order at 7:12 p.m.

II. CLOSED SESSION:

III. CONVENE OPEN SESSION:

A. ROLL CALL

Vice Mayor Campbell arrived at 7:53 p.m.

B. PLEDGE OF ALLEGIANCE

Bonnie Silveria led the Pledge of Allegiance.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

IV. ANNOUNCEMENTS/APPOINTMENTS/PRESENTATIONS/PROCLAMATIONS:

A. ANNOUNCEMENTS

1. Announcement of action taken at Closed Session, if any.

Ms. McLaughlin reported the following actions:

Item IV.A - Council gave direction to Staff.

Items IV.B and IV.C - No reportable action taken.

Item IV.D - Council gave direction on negotiating price terms of payment.

2. Openings on Boards and Commissions:

Building Board of Appeals 3 full terms Open Until Filled

Solano Transportation Authority Pedestrian Advisory Committee 1 full term Open Until Filled

3. Mayor's Office Hours:

4. Benicia Arsenal Update:

Mayor Patterson reviewed the report.

B. APPOINTMENTS

1. Appointment of Council Member Christina Strawbridge to the City Council Appointment Sub Committee for a one-year term ending January 31, 2013.

RESOLUTION 12-1 - A RESOLUTION CONFIRMING THE MAYOR'S APPOINTMENT OF COUNCIL MEMBER CHRISTINA STRAWBRIDGE TO A CITY COUNCIL APPOINTMENT SUBCOMMITTEE FOR A ONE-YEAR TERM ENDING FEBRUARY 15, 2013

Council Member Hughes discussed the timing of the appointment. He would like Vice Mayor Campbell to remain on the subcommittee until the current round of interviews are finished.

Council confirmed the appointment would begin on 2/15/12.

On motion of Mayor Patterson Council adopted the Resolution, as amended, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Hughes, Strawbridge

Noes: (None)

C. PRESENTATIONS

D. PROCLAMATIONS

V. ADOPTION OF AGENDA:

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council adopted the Agenda, as presented, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Hughes, Strawbridge

Noes: (None)

VI. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

Two items submitted (copies on file).

B. PUBLIC COMMENT

1. Constance Buetel - Dr. Buetel invited Council and citizens to attend a series of for symposiums on energy in February, March, April, and May 2012.

VII. CONSENT CALENDAR:

A. Approval of Minutes of the Regular meeting of December 20, 2011 and the Special and Regular meetings of January 3, 2012. (City Clerk)

Council Member Schwartzman requested the exchange between Council Member Hughes and Mayor Patterson regarding item VII.D (possible violation of Council's Code of Conduct), be inserted into the 12/20/11 regular meeting minutes. The minutes will be continued to the next Council meeting.

The special and regular minutes of 1/3/12 were approved.

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council approved the special and regular minutes of January 3, 2012, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Hughes, Strawbridge

Noes: (None)

B. SUPPORT FOR ABAG FOCUS PROGRAM PRIORITY DEVELOPMENT AREA APPLICATION

RESOLUTION 12-2 - A RESOLUTION AUTHORIZING THE DESIGNATION OF THE NORTHERN GATEWAY PRIORITY DEVELOPMENT AREA UNDER THE FOCUS PROGRAM

Council Member Hughes and Staff discussed additional possible limitations this could place on the use of the land.

Council Member Schwartzman discussed the issue of the train station.

Public Comment:

1. Dennis Lowry - Mr. Lowry discussed concern regarding the placement of the high dollar grant on the consent calendar. He discussed the need for a discussion with the citizens on the issue prior to proceeding.
2. Peter Baker - Mr. Baker discussed concern regarding what money the City would have to put forward in order to apply for the proposed grant. He requested Council delay the vote on this item until the public could be involved in the discussion.

Staff discussed issues raised by the previous two speakers.

Council Member Hughes and Staff discussed timing of this item, and concern regarding unintended consequences that might arise.

Council Member Schwartzman discussed a meeting he went to at the County that dealt with this issue. He discussed the issue of jobs/housing. He and Staff discussed who maintained land use control (City Council), the fact that there was no guarantee the City would receive money to implement anything in this PDA, and that there were no down sides to simply submitting the application.

3. Cheri Moore - Ms. Moore inquired about the areas of coverage for the development area.
4. Julian Fraser - Mr. Fraser concurred with Mr. Lowry's comments. He discussed concern regarding the City giving away property rights.

Mr. Kilger explained that this was an opportunity that the City did not have before to bring more money into the Industrial Park to improve their ability to create jobs.

Council Member Hughes clarified that he was trying to gather the information to make an informed decision.

Council Member Strawbridge discussed the importance of finding grants for the City to develop. The City is at the point where the Industrial Park is at a make-or-break point right now. The City needs to pay attention to the Industrial Park. This is a potential way of funding some of the things we need to do in the City.

On motion of Council Member Schwartzman, seconded by Council Member Strawbridge, Council adopted the Resolution, on roll call by the following vote:
Ayes: Patterson, Schwartzman, Campbell, Strawbridge
Noes: Hughes

- C. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.**

VIII. BUSINESS ITEMS:

- A. CITY OF BENICIA HUMAN SERVICES FUND POLICY ON DISTRIBUTION OF FUNDS - OPERATING AND ENDOWMENT FUNDS**

Anne Cardwell, Administrative Services Director, reviewed the staff report.

Public Comment:

None

On motion of Council Member Hughes, seconded by Council Member

Schwartzman, Council approved the City of Benicia Human Services Fund Policy on Distribution of Funds - Operating and Endowment, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

B. SOLANO COUNTY MOBILE FIELD FORCE

Andrew Bidou, Police Chief, reviewed the staff report.

Mayor Patterson and Staff discussed the difference between mutual aid and the Solano County Mobile Field Force. They discussed various mutual aid scenarios, and the issue of the City's liability and exposure.

Council Member Schwartzman and Staff discussed the issue of the City's liability. They discussed how Staff would prioritize and approve requests that come in.

Public Comment:

None

C. Council Member Request to Agendize. (Council Member Schwartzman)

This is a request to discuss amending Chapter 1.40 of the Benicia Municipal Code to prohibit contacting a contributor by someone other than the candidate or campaign treasurer.

Recommendation: Consider Council Member Schwartzman's request to agendize this topic for a future City Council meeting.

Council Member Schwartzman reviewed his request.

Vice Mayor Campbell discussed concern regarding harassment of contributors, and whether or not the proposed change would violate free speech.

Staff confirmed that since this was only step one of a two-step process, they hadn't done much research yet.

Public Comment:

1. Roger Straw - Mr. Straw read the letter he submitted (copy on file) to Council, opposing placing this item on a future agenda.
2. Kathy Kerridge - Ms. Kerridge spoke in opposition to placing this item on a future agenda.

3. Julian Frazer - Mr. Frazer asked for clarification on the specific issue of harassment that took place.
4. Bonnie Silveria - Ms. Silveria discussed whether or not Mr. Gregory should be considered a reporter. She spoke in support of placing this item on a future agenda.
5. Brian Harkins - Mr. Harkins discussed the need to have a discussion in the community regarding what is and is not acceptable behavior in campaigns. He spoke in support of placing this item on a future agenda.
6. Steven David - Mr. David stated he was one of the individual's contacted by Mr. Gregory. He clarified that the contact with both him and later his fiancé was inappropriate and of a harassing manner. He contacted his fiancé's employer and asked inappropriate questions.
7. Susan Street - Ms. Street suggested this be discussed under the fair political practice issue, not the City's fair campaign ordinance, as it deals with an individual's behavior, not a candidate's behavior.

Council Member Hughes expressed support for hearing this item on a future agenda.

Vice Mayor Campbell expressed support for hearing this item on a future agenda.

On motion of Council Member Hughes, seconded by Council Member Schwartzman, Council approved placing this item on a future agenda, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

D. Council Member Request to Agendize

This is a request to consider an amendment that would add a provision to the voluntary Code of Fair Campaign Practices allowing soliciting at the Farmer's Market no closer than 50 feet from any of the entrances to the market.

Council Member Schwartzman reviewed the request.

Vice Mayor Campbell asked Staff if candidates could campaign inside the Farmer's Market. If directed, Staff would look into it.

Public Comment:

1. Kathy Kerridge - Ms. Kerridge discussed the need for the City to encourage voters to participate in elections. She spoke in opposition to limiting campaigning at the Farmer's Market.
2. Susan Street - Ms. Street spoke in support of placing this item on a future agenda.

3. Bonnie Silveria - Ms. Silveria clarified that the current regulations regarding campaigning inside the Farmer's Market are imposed by Benicia Main Street. She spoke in support of placing the item on a future agenda.
4. Brian Harkins - Mr. Harkins spoke in support of placing the item on a future agenda. The community needs to be able to be involved in the discussion.
5. Constance Buetel - Dr. Buetel suggested including limiting the size of campaign signs on the agenda as well.

Council Member Strawbridge expressed support for placing this item on a future agenda. She discussed why the Farmer's Market's current rules were put into place. She suggested limiting the political booths be placed outside the market.

Council Member Hughes clarified that since Staff had a lot on their plates at this time, and since there was not an election coming up, it should be prioritized appropriately.

On motion of Council Member Strawbridge, seconded by Council Member Hughes, Council approved placing this item on a future agenda, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge

Noes: (None)

E. Council Member Request to Agendize

This request is for the review and discussion of each body's mission, compliance with their respective mission, make up, possible changes, potential consolidations, adherence to codes, policies and Council expectations to include consideration of the current budget constraints and staff resources.

Council Member Schwartzman reviewed his request.

Public Comment:

1. Claudia Frazer - Ms. Frazer read an anonymous letter she and her husband received regarding concerns with the HPRC.
2. Brian Harkins - Mr. Harkins discussed past interactions with the Design Review/HPRC regarding his property, where he did not agree with decisions they made. He discussed the need to have a dialogue about the commissions.
3. Constance Buetel - Dr. Buetel suggested asking the Board, Commissions, and Committees to review their charge and report to Council prior to Council discussing it.
4. Julian Frazer - Mr. Frazer discussed letters he had received regarding citizen's concerns regarding the HPRC, pulling permits, etc. He discussed concern regarding Brown Act violations with respect to receiving anonymous

letters.

Council Member Hughes stated it was good practice for City's to periodically review its boards, commissions, and committees. He would defer to Staff regarding what model to use to review them.

Staff suggested finding the time to discuss this as part of Council's Policy Calendar. It was important to know what Council wants from it's boards, commissions, and committees.

Council Member Hughes offered a motion to place this item on a future agenda. He wanted the City Manager to make the recommendation as to when it should be placed on the calendar. Council Member Strawbridge seconded the motion.

Mayor Patterson clarified that the City Manager stated a report would be brought back to Council regarding Staff's recommendation on how it would be approached. She asked that the motion reflect that the report from the City Manager and Staff will be on the approach of reviewing the boards, commissions, and committees.

Council Member Hughes clarified that the motion was to place this on a future agenda. He would like the City Manager to come back to Council to discuss format, etc.

Vice Mayor Campbell would like to combine all discussion on this issue into one meeting, rather than add an extra step and extra work for Staff.

Mr. Kilger discussed the need to get back to a study session approach. He would prefer to do both steps with this item.

Mayor Patterson suggested Staff identify potential eliminations, come up with a tiered approach, and recommendations for an approach. Council could then have a study session on those items.

Mr. Kilger attempted to clarify what the motion was.

Council Member Schwartzman suggested Staff come back with recommendations of 'low hanging fruit' and other adjustments that might make the organization more efficient.

Vice Mayor Campbell clarified that he wanted to review a few boards and commissions, and a few hot spots that need to be looked at.

Mr. Kilger clarified that the initial direction was that Council wanted to maximize community input through defined processes in the most efficient manner.

Council Member Hughes simplified his motion to read that the City Manager would schedule a study session in the future for Council to discuss the roles and responsibilities, policies, procedures, necessity of boards and commissions, including the current state (what the City has today), options or recommendations for Council to consider, that would then engage Council and the public in a discussion about the boards and commissions, which could be one meeting. If another meeting is needed, it could be added.

Council Member Strawbridge stated she thought this paralleled Council's strategic planning.

Council Member Hughes repeated his motion to read: direct the City Manager to schedule a study session some time in the future, for Council to discuss boards and commissions, including roles, responsibilities, policies, procedures, necessities, etc. At that meeting, the City Manager would share with Council what the current state is, and also to share with Council any options or recommendations Staff would feel would be appropriate for Council to consider, and to engage Council and the community in a discussion about the issue.

F. Council Member Committee Reports:

- 1. Mayor's Committee Meeting. (Mayor Patterson) Next Meeting Date: February 15, 2012**
- 2. Association of Bay Area Governments (ABAG). (Mayor Patterson and Council Member Strawbridge) Next Meeting Date: April 16, 2012**
- 3. Finance Committee. (Vice Mayor Campbell and Council Member Strawbridge) Next Meeting Date: January 27, 2012**
- 4. League of California Cities. (Mayor Patterson and Vice Mayor Campbell) Next Meeting Date: January 31, 2012**
- 5. School Liaison Committee. (Council Member Hughes and Council Member Strawbridge) Next Meeting Date: TBD**
- 6. Sky Valley Open Space Committee. (Vice Mayor Campbell and Council Member Schwartzman) Next Meeting Date: February 1, 2012**
- 7. Solano EDC Board of Directors. (Mayor Patterson and Council Member Strawbridge) Next Meeting Date: January 18, 2012**
- 8. Solano Transportation Authority (STA). (Mayor Patterson and Council Member Schwartzman) Next Meeting Date: March 14,**

2012

- 9. Solano Water Authority-Solano County Water Agency and Delta Committee. (Mayor Patterson and Vice Mayor Campbell) Next Meeting Date: February 9, 2012**
- 10. Traffic, Pedestrian and Bicycle Safety Committee. (Vice Mayor Campbell and Council Member Schwartzman) Next Meeting Date: TBD**
- 11. Tri-City and County Regional Parks and Open Space. (Vice Mayor Campbell and Council Member Schwartzman) Next Meeting Date: March 12, 2012**
- 12. Valero Community Advisory Panel (CAP). (Mayor Patterson and Council Member Hughes) Next Meeting Date: TBD**
- 13. Youth Action Coalition. (Council Member Strawbridge and Council Member Hughes) Next Meeting Date: January 25, 2012**
- 14. ABAG-CAL FED Task Force-Bay Area Water Forum. (Mayor Patterson) Next Meeting Date: March 2012**
- 15. SOLTRANS Joint Powers Authority (Mayor Patterson, Council Member Hughes and Council Member Schwartzman) Next Meeting Date: January 19, 2012**

IX. ADJOURNMENT:

Mayor Patterson adjourned the meeting at 9:34 p.m. in memory of Patricia Joyce Payne.

MINUTES OF THE
SPECIAL MEETING – CITY COUNCIL
January 17, 2012

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

Mayor Patterson called the meeting to order at 6:05 p.m.

II. CONVENE OPEN SESSION:

A. ROLL CALL

Council Member Campbell was absent.

B. PLEDGE OF ALLEGIANCE

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC

III. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

B. PUBLIC COMMENT

None

IV. CLOSED SESSION:

A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9

Number of potential cases: 1

**B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Subdivision (b) of Government Code Section 54957)**

Title: City Attorney

**C. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code Section 54957)**

Titles: City Manager

D. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: 3501 East 2nd Street
(Pump Station #3)

Negotiating Parties: City Manager, Public Works and Community Development Director.

Under Negotiation: Instruction to negotiators on price and terms of payment.

V. ADJOURNMENT:

Mayor Patterson adjourned the Closed Session meeting at 7:07 p.m.

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
CONSENT CALENDAR

DATE : January 30, 2012

TO : City Council

FROM : City Attorney

SUBJECT : **INTRODUCTION OF AN ORDINANCE AMENDING THE MEETING TIME AND PLACE FOR THE CITY COUNCIL**

RECOMMENDATION:

Introduce the ordinance amending Benicia Municipal Code Section 2.04.010 regarding meetings of the City Council.

EXECUTIVE SUMMARY:

The Municipal Code currently provides for the regular meetings of the City Council to begin at 7 p.m. It is suggested that a regular closed session time be established at 6 p.m. and that a third regular meeting be established. These meetings would be canceled if not needed.

BUDGET INFORMATION:

N/A

GENERAL PLAN:

N/A

STRATEGIC PLAN:

N/A

BACKGROUND:

California Government Code § 54957.6 allows for the City Council to meet in closed session regarding salaries and benefits of its represented and unrepresented employees. It has been the City's practice to hold special meetings for closed sessions instead of having the closed session as part of the regular meeting agenda. Typically, the closed sessions are held at 6 p.m. before the regular City Council meeting. On occasion, special meetings are held on a Saturday or other day.

A recent change to the Brown Act requires that any closed sessions held to discuss executive compensation (City Manager, City Attorney and Department Heads) be held at a regular meeting of the City Council. Assembly Bill 1344 was

one of the bills passed in light of the city of Bell scandal. The idea behind this particular change was to prevent slipping in changes to compensation on a special meeting. Under the Brown Act, a special meeting only requires 24 hours notice as opposed to the 72 hours notice for a regular meeting. The Open Government Ordinance provides for increased notice beyond the Brown Act. Special meetings of the City of Benicia require 72 hours not including weekends and holidays. So, while a special meeting in Benicia to discuss compensation would exceed the notice requirement of the Brown Act, it does not meet the technical requirement of having the discussion at a regular meeting. Thus, it is proposed to have the regular meetings start at 6 p.m.

Having the regular meeting start at 6 p.m. would allow for a standing closed session time. If the time were not needed for a closed session, the 6 p.m. portion of the meeting would be cancelled. The ordinary business would commence at 7 p.m.

The Council has discussed having the fourth Tuesday as a time for workshops and study sessions. Having the fourth Tuesday designated as a regular meeting will give the Council flexibility to use the time for closed sessions on executive compensation.

With both the fourth Tuesday and the 6 p.m. start established as regular times for the Council to meet, it will be easier for the public, Council and staff to plan for meetings and to minimize having to poll the Council for extra meeting dates.

Attachment:

- Draft Ordinance

CITY OF BENICIA

ORDINANCE NO. 12-___

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BENICIA AMENDING SECTION 2.04.010 (MEETING TIME AND PLACE) OF CHAPTER 2.04 (CITY COUNCIL) OF TITLE 2 (ADMINISTRATION AND PERSONNEL) OF THE BENICIA MUNICIPAL CODE

NOW , THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES ORDAIN as follows:

Section 1.

Section 2.04.010 (Meeting Time and Place) of Chapter 2 (City Council) of Title 2 (Administration and Personnel) of the Benicia Municipal Code is amended to read as follows:

2.04.010 Meeting time and place.

A. The regular meeting of the city council shall be held the first, third and fourth Tuesdays of each month at the hour of 6:00 p.m. The hour from 6 p.m. to 7 p.m. shall be reserved for closed sessions on the first and third Tuesdays. If a closed session is not required, the regular meeting shall start at 7 p.m. The fourth Tuesday will be devoted to workshops, study sessions, or closed sessions to the extent possible and will be canceled if not required.

B. The place of the regular meeting is the Council Chambers, City Hall, 250 East L Street, Benicia, California. The location of the meeting may be changed by the City Manager if it appears:

1. The Council Chamber is not large enough to accommodate the number of persons likely to attend any meeting; or
2. Special facilities in accordance with Title 4 of the Benicia Municipal Code are required for a particular meeting.

C. Special meetings shall be held in accordance with Title 4 of the Benicia Municipal Code.

* * * * *

On motion of Council Member _____, seconded
by Council Member _____, the foregoing ordinance
was introduced at a regular meeting of the City Council on the ____TH day of
February, 2012, and adopted at a regular meeting of the Council held on the
day of _____, 2012, by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
CONSENT CALENDAR

DATE : January 31, 2012

TO : City Manager

FROM : Administrative Services Director

SUBJECT : **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AMENDING THE EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) OF EMPLOYEES' COMPENSATION EARNABLE TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) FOR BENICIA PUBLIC SERVICE EMPLOYEES ASSOCIATION (BPSEA) EMPLOYEES PART TIME UNIT**

RECOMMENDATION:

Adopt the resolution eliminating the Employer Paid Member Contributions (EPMC) compensation earnable to the Public Employees' Retirement System (PERS) for eligible BPSEA employees in the part-time unit and for other eligible PERS members not covered by any other agreement.

EXECUTIVE SUMMARY:

With the City Council approval of the 2011-12 Memorandum of Understanding (MOU) with BPSEA part-time employees, the 8% employee rate of PERS will be paid by those part-time employees eligible for PERS, pursuant to Government Code 20691, on a pre-tax basis as offered by section 414(h)(2) of the Internal Revenue Code (IRC).

STRATEGIC PLAN:

Relevant Strategic Plan Issues and Strategies:
Strategic Issue #3: Strengthening Economic and Fiscal Conditions

BUDGET INFORMATION:

There is no additional budget impact. The fiscal savings was reported in the resolution approving the 2011-12 MOU with the BPSEA part-time unit.

BACKGROUND:

Effective December 1, 2011, the employee rate of PERS of 8% will be paid by eligible employees in the BPSEA part-time unit, per adoption of Resolution 11-147. This will also apply to others enrolled in PERS who are not covered by other agreements. The City previously received approval from PERS to implement IRC, 414 (h)(2) postponing State and Federal taxes on the amount of the contribution until distribution either through retirement allowance or a lump sum payment (refund) of the miscellaneous member's contribution.

Attachment:

- Resolution

RESOLUTION 12-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AMENDING THE PAYING OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) OF EMPLOYEES' COMPENSABLE EARNINGS TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) FOR BENICIA PUBLIC SERVICES EMPLOYEE ASSOCIATION (BPSEA) PART TIME UNIT EMPLOYEES

WHEREAS, the governing body of the City of Benicia has the authority to implement Government Code Section 20691; and

WHEREAS, the governing body of the City of Benicia had a written labor policy or agreement which specifically provided for the normal member contributions to be paid by the employer (EPMC) pursuant to Section 20691; and

WHEREAS, the governing body of the City of Benicia approved discontinuing the employer paid member contributions (EPMC) has identified the following conditions for the purpose of its election to pay EPMC:

- This change shall apply to all employees of BPSEA covered by the Memorandum of Understanding (MOU) for the part-time unit, and other PERS eligible members not covered by any other agreement.
- This benefit shall consist of members eligible for PERS paying their full 8% of the normal member contributions and the City of Benicia paying 0% of the normal member contributions effective with December 2011 payroll.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the City of Benicia elects to amend the EPMC, as set forth above.

On motion of Council Member _____, and seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of February, 2012, and adopted by the following vote.

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
BUSINESS ITEMS

DATE : January 20, 2012

TO : City Council

FROM : City Treasurer
City Manager

SUBJECT : **MINUTE ACTION APPROVING RESPONSE TO 2011-2012 GRAND JURY REPORT "CITY TREASURER FUNCTIONAL REVIEW"**

RECOMMENDATION:

Approve, by minute action, the response to 2011-2012 Grand Jury Report entitled "City Treasurer Functional Review."

EXECUTIVE SUMMARY:

The 2011-2012 Solano County Grand Jury issued a report on "City Treasurer Function Review". In the report, there is one finding that Benicia needs to respond to in writing. Under State law, the City Council must approve the response.

BUDGET INFORMATION:

N/A

GENERAL PLAN:

N/A

STRATEGIC PLAN:

N/A

BACKGROUND:

The 2010 – 2011 Solano County Grand Jury performed a review of Solano County city treasurers. The Grand Jury reviewed the duties and responsibilities of the treasurer and considered applicable state and local laws regarding treasurers. It is the conclusion of the Grand Jury that the duties of city treasurers have been assumed by city staff for the most part.

The Grand Jury report made a number of Findings and Recommendations in its report. However, only one finding and recommendation relates to the City of Benicia:

“Finding 1 – The City of Benicia Treasurer did not issue accounting reports required by California Government Code §41004 which states, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

On September 20, 2011, the City of Benicia passed Ordinance 11-09. In part, the ordinance transferred all statutory requirements from the City Treasurer to other City officers and staff. Although the reporting requirement associated with California Government Code §41004 is no longer the responsibility of the Benicia City Treasurer, it is still a treasurer function that was not being performed.

Recommendation 1 – City of Benicia ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.”

Interestingly enough, this finding about compliance with Government Code Section 41004 was made for all of the general law cities in the County.

Penal Code Section 933 (c) requires the City Council to comment to the Presiding Judge of the Superior Court on the findings and recommendations of the Grand Jury. Penal Code Section 933.05 requires a formal response to the Grand Jury’s report. This response requires the City to state whether it agrees, disagrees wholly or disagrees partially with the findings. The Grand Jury requests a response from both the City Council and the City Treasurer. The City Treasurer has reviewed the response below and concurs. The attached letter will be sent on behalf of the City Council and the City Treasurer.

Although the City prepares monthly accounting reports that are reviewed by the Finance Committee on a monthly basis, they are not filed with the City Clerk or the City Council. Thus, the City Treasurer and staff recommend that the City of Benicia agree with Finding 1. The Finance Department and the Finance Committee, along with the City’s financial software provider, are working to develop monthly accounting reports that are more consistent with the provisions of Government Code Section 41004.

Attachments:

- ❑ Report on the City Treasurer Functional Review by the 2011-2012 Solano County Grand Jury
- ❑ Proposed Response Letter from the City



SOLANO COUNTY GRAND JURY
2011-12

CITY TREASURER FUNCTIONAL REVIEW

CITY TREASURER FUNCTIONAL REVIEW

2011-12 Solano County Grand Jury

I. SUMMARY

The Grand Jury investigated Solano County city treasurers to determine and review treasurer duties, functions, and responsibilities and to ensure that treasurers complied with applicable state and local requirements. The Grand Jury concluded that, over time, most city treasurer tasks had migrated to other city staff, primarily finance directors. As a result, city treasurers in Solano County generally did not perform the tasks identified by state code. For example, California Government Code §41001 states, “The city treasurer shall receive and safely keep all money coming into his hands as treasurer.” The Grand Jury found no city treasurer in Solano County who had “money coming into his hands” (receipt of funds was generally accomplished by the finance department); therefore, the requirement to “receive and safely keep all money” was not applicable to city treasurers.

The following table summarizes the city treasurer duties, functions, and responsibilities found in the California Government Code, and indicates whether those tasks were performed or were not applicable to a particular city:

Accomplishment of California Government Code: Results Summary

	§41001 Receive & Keep \$ Properly	§41002 Deposit & Secure \$ Properly	§41003 Properly Pay out \$ on Auth. Signature	§41004 Properly Submit Written Rpt.	§41005 Collect Taxes & Fees Properly	§41006 Appoint Deputies	§41007 Deputies Serve Treasurer
Benicia	NA	NA	Electronic Signature. No Review	No	NA	NA	NA
Dixon	NA	NA	NA	No	NA	NA	NA
Fairfield	NA	NA	Electronic Signature. No Review	No	NA	Yes	NA
Rio Vista	NA	NA	Hand Signature. W Review	No	NA	NA	NA
Suisun City	NA	NA	Electronic Signature. No Review	No	NA	NA	NA
Vacaville	NA	NA	NA	No	NA	NA	NA
Vallejo	❖	❖	❖	❖	❖	❖	❖

NA= Not Applicable. ❖= Not Relevant (as a charter city, Vallejo is not bound by these sections of State Code).

As reflected by the table, although most provisions were not applicable, the section of code related to submitting a monthly written report was not accomplished by any city treasurer in Solano County. In addition, the Grand Jury noted several issues and concerns, including the following:

- The duties, functions, responsibilities, and organizational reporting structure for city treasurers were not accurately, clearly, and/or succinctly reflected in city documents. Weaknesses were identified in all seven cities. However, the City of Benicia passed an ordinance (see attachment) during the course of the review that could serve as a model for formalizing city treasurer duties, functions, and responsibilities.
- Documentation supporting public notice of committee meetings attended by city treasurers did not exist or were not accurate in four cities, indicating possible non-compliance with the Ralph M. Brown Act. As a best practice, City of Rio Vista meeting agendas contained a certified statement that attested to the date, time, and location of public notice.

II. INTRODUCTION

City treasurer is an officer within city government. A city treasurer may be elected or appointed depending on the prevailing laws of the city. Although a public treasurer is generally responsible for “managing the revenue and cash flow of the agency, banking, collection, receipt, reporting, custody, investment or disbursement of ... funds,”¹ over the years, many of the duties and responsibilities originally performed by city treasurers have been transferred to other officers and staff of the city. As a result, in many cases the city treasurer has little or no responsibility or authority.

California cities are generally classified as either charter or general law.² Charter cities have flexibility in the way they are governed. General law cities (i.e., cities that do not establish a charter) are bound by California Government Code. According to the League of California Cities, as of July 1, 2011, there were 482 cities in California, of which 120 (25 percent) were charter cities. In Solano County, Vallejo is the only charter city.

Among other things, charter cities can determine if a city treasurer is required, if the position is elected or appointed, minimum requirements/qualifications for the post, and the duties associated with the job. As a city’s needs change, the charter can be revised (by voter approval), to update (or in fact delete) the City Treasurer position.

¹ www.en.wikipedia.org

² The lone exception to the general law or charter designation is the consolidated City and County of San Francisco

By default, city treasurers in general law cities are elected. Voter approval is needed to make the position appointive.³ As of April 29, 2010, the League of California Cities reported that 173 (36 percent) of California cities had elected city treasurers, leaving 309 (64 percent) with either an appointed treasurer or no treasurer at all.

By ordinance, a general law city may opt to delete the position of city treasurer by transferring the functions of the position to the County Treasurer;⁴ however, the fees associated with such a transfer (1/4 of one percent of money collected by the County Tax Collector⁵) make this option less than desirable.

No specialized training, background, or professional certification is required to be a city treasurer in a general law city. The only requirement is that the treasurer be a registered voter residing within the city limits.⁶

Compensation for the city treasurer is determined by the city council.⁷

Duties, functions, and responsibilities of city treasurers in general law cities are identified in California Government Code §§41001-41007. General law cities may add functions to those required by state code. For example, some cities in Solano County require their city treasurer to sit on the City's Investment or Finance Committee. Some cities utilize the treasurer's electronic signature on their checks, while other cities require city treasurer approval/authorization to open bank accounts.

Meetings of a city's investment, finance, or other like organizations /committees are generally considered public meetings and must adhere to the Ralph M. Brown Act (Brown Act). The Brown Act is California's open meeting law. In part, the law requires published agendas for public meetings. An agenda must list all items that will be discussed or acted upon, and must be written in such a way as to allow the general public to understand the nature of the meeting and to make an informed decision to attend the meeting or not. The Brown Act further requires that agendas for regular meetings be posted in an area accessible to the public at least 72-continuous hours prior to the meeting. Meetings designated as "special" require a minimum 24-hour public notice.⁸

³ The process for making the City Treasurer an appointed position is identified in California Government Code §§36508-36509

⁴ California Government Code §51501

⁵ California Government Code §51515

⁶ California Government Code §36502

⁷ California Government Code §36517

⁸ California Government Code §§54950-54962

The Grand Jury conducted this investigation to identify and review the functions, duties, and responsibilities of city treasurers within Solano County, and to determine if city treasurers complied with prevailing state and local requirements.

III. METHODOLOGY

The scope of the review focused on the functions, duties, and responsibilities performed by city treasurers in Solano County. The scope did not extend to treasurer activities that had migrated to other city officers or staff. For example, where cities utilized automated bill-paying processes to issue warrants/checks, the Grand Jury simply noted if the treasurer's signature was administratively used (embedded in the check-writing software, for example) and if the treasurer reviewed support documents to ensure that checks were appropriate and authorized. The Grand Jury did not review the compensating checks and balances that may have occurred in other city offices and departments, such as the Finance Department. The methodology used by the Grand Jury included:

- Interviews and discussions with the City Treasurers of
 - Benicia
 - Dixon
 - Fairfield
 - Rio Vista
 - Suisun City
 - Vacaville
 - Vallejo
- Interviews and discussions with various city officials, including, but not limited to, city managers, city attorneys, and finance directors for some or all of cities listed above.
- Review of California Government Code
- Examination and analysis of local codes, ordinances, policies, and memorandums
- Review and analysis of agendas and minutes of local committees attended by city treasurers
- Review of city websites
- Analysis of records maintained by the Solano County
 - Registrar of Voters
 - Assessor
 - Tax Collector
- Research of Internet articles and reports
- Inspection of various city documents including, but not limited to:
 - Investment records
 - Bank statements
 - Revenue and expenditure reports
 - Organization charts
 - Financial Reports

IV. STATEMENT OF FACTS

California Government Code §§41001-41007 identifies the functions, duties, and responsibilities of city treasurers in general law cities. The specific code, and what the Grand Jury discovered regarding compliance with that code by Solano County city treasurers, is as follows:

- §41001: “The city treasurer shall receive and safely keep all money coming into his hands as treasurer.”

The Grand Jury found no city treasurer who received money.

- §41002: “He shall comply with all laws governing the deposit and securing of public funds and the handling of trust funds in his possession.”

The Grand Jury found no city treasurer who made deposits or handled trust funds.

- §41003: “He shall pay out money only on warrants signed by legally designated persons.”

The Grand Jury found three cities (Benicia, Fairfield, and Suisun City) that administratively utilized their treasurer’s electronic signature on all city warrants/checks. None of the three treasurers reviewed support documents to ensure that warrants/checks bearing their signature were appropriate and approved by legally designated persons.

The Grand Jury identified one treasurer (Rio Vista) who physically signed checks as an alternate signatory. The treasurer stated that checks were not signed unless they were properly approved and adequately supported.

- §41004: “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

The Grand Jury found no city treasurer who provided a written accounting as required by the provision.⁹

- §41005: “The city treasurer shall perform such duties relative to the collection of city taxes and license fees as are prescribed by ordinance.”

The Grand Jury found no city treasurer who collected city taxes and license fees, nor did the Grand Jury identify any local ordinance that required said collection.

⁹ The Grand Jury requested the accounting reports for May, June, and July 2011. No city was able to provide a report that satisfied the criteria of “accounting of all receipts, disbursements, and fund balances.”

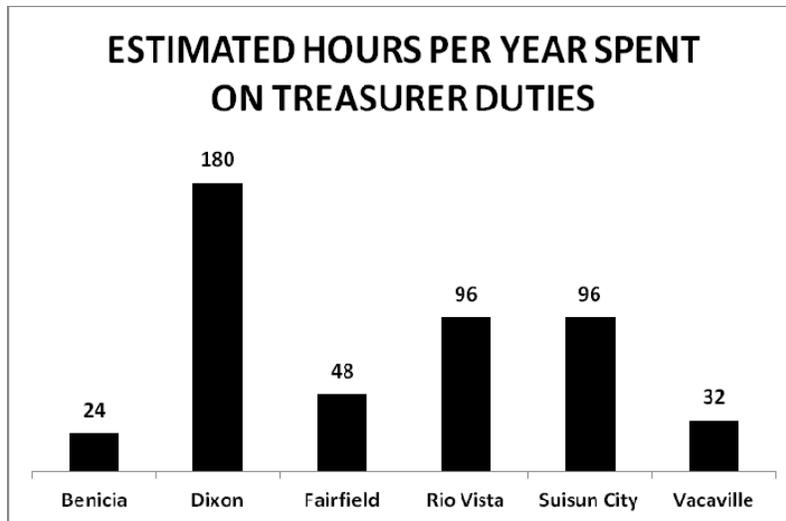
- §41006: “The city treasurer may appoint deputies for whose acts he and his bondsmen are responsible.”

The Grand Jury found one city treasurer (Fairfield) who appointed deputies. However, the appointing document was nearly eight-years old, and, two of the three appointed deputies were no longer associated with the city, including one who was deceased.

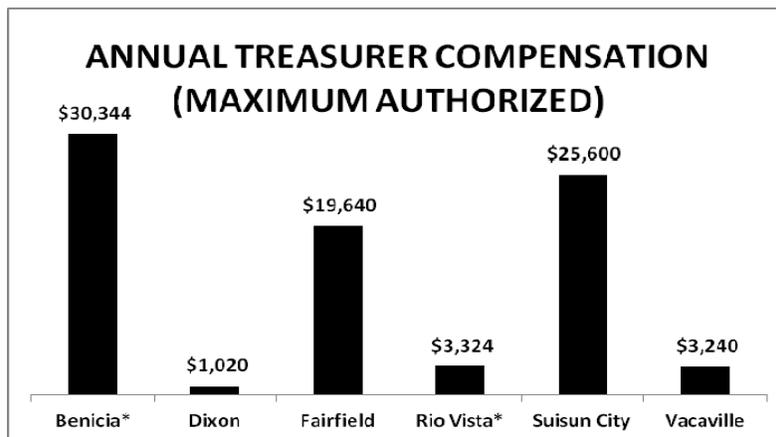
- §41007: “The deputies shall hold office at the pleasure of the city treasurer and receive such compensation as is provided by the legislative body.”

The Grand Jury found no deputy city treasurer who received compensation.

As part of the investigation, the Grand Jury obtained compensation information for each of the six elected treasurers in Solano County. In addition, estimates of time spent performing treasurer duties was gathered. Comparison of time spent performing duties and authorized compensation found no correlation between effort and pay.¹⁰



Source: Interview



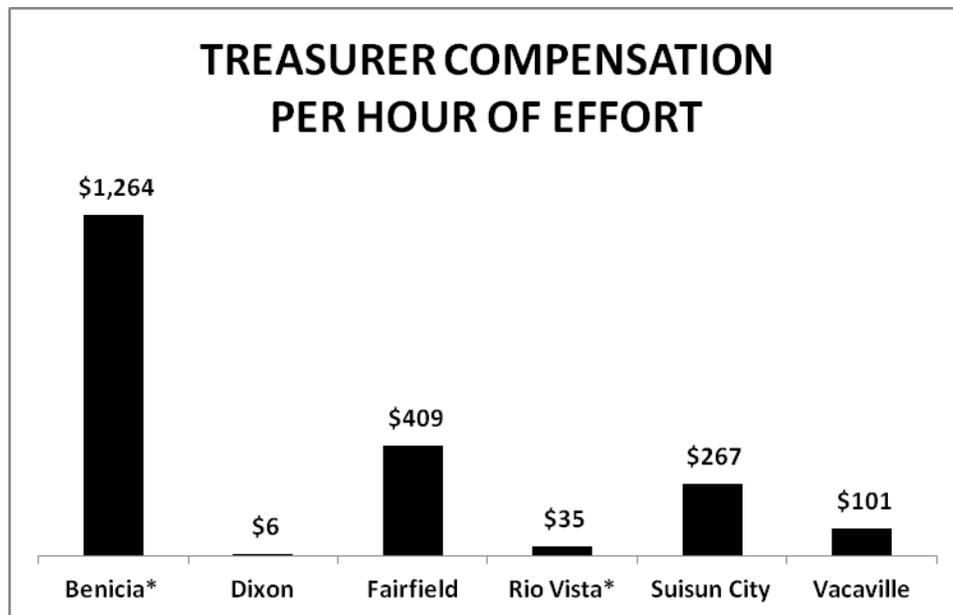
Source: Written submission

*Footnote 10 applies

¹⁰ Compensation information reflects what was in effect at the time each city treasurer was interviewed. The Benicia City Treasurer was interviewed on September 15, 2011. At the time of interview, the Benicia City Council was considering an ordinance to reduce the treasurer’s compensation. The ordinance was passed on September 20, 2011, and established a maximum annual entitlement of \$2,400 plus a related retirement benefit. In addition, no compensation information was available for the City of Rio Vista because City staff was unable to locate an ordinance or other document that detailed the City Treasurer’s compensation package. As a result, the Grand Jury used actual compensation information obtained from the City of Rio Vista’s 2011-12 budget for a period (2007-08) wherein the City Treasurer did not appear to waive compensation.

Using the compensation data and the estimated hours of effort, the Grand Jury calculated the hourly rate for each treasurer. Although the results provide an interesting comparison, the following cautions and or notes apply:

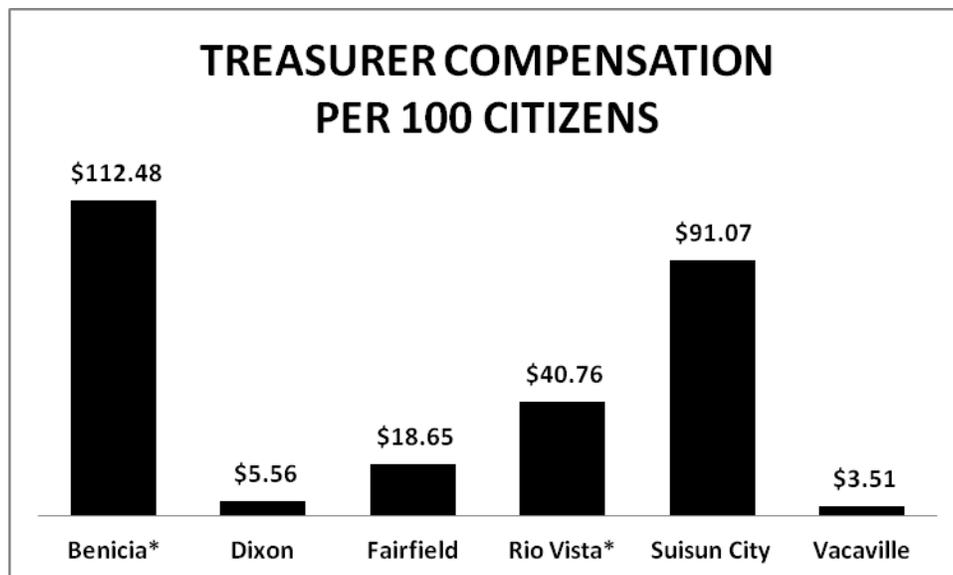
- Compensation reflects the maximum a city treasurer was authorized, and may not reflect what an incumbent actually received (e.g., two incumbents waived all compensation).
- Compensation data represents what was in place at the time each city treasurer was interviewed.
- The City Council of Benicia reduced the City Treasurer’s maximum compensation package to \$229 per month effective October 20, 2011. Based on the estimate of two hours of effort per month, the revised package reflects a rate of \$115 per hour, not \$1,264 per hour as indicated by the following graph.
- Hours of work are an unsubstantiated estimate.
- Rio Vista officials were unable to determine the authorized compensation package for the City Treasurer. Therefore, the Grand Jury used actual compensation information obtained from the City of Rio Vista’s 2011-12 budget for a period (2007-08) wherein the City Treasurer did not appear to waive compensation.



* Footnote 10 applies

Utilizing 2010 census information, the Grand Jury calculated each city treasurer's maximum authorized compensation package per 100 citizens. Readers are reminded that:

- The City Council of Benicia reduced the City Treasurer's maximum compensation package to \$229 per month (\$2,748 per year) effective October 20, 2011. Using the new compensation figure, the cost per 100 citizens for the City Treasurer of Benicia is \$10.19, not \$112.48 as shown on the following graph.
- Rio Vista officials were unable to determine the authorized compensation package for the City Treasurer. Therefore, the Grand Jury used actual compensation information obtained from the City of Rio Vista's 2011-12 budget for a period (2007-08) wherein the City Treasurer did not appear to waive compensation.



*Footnote 10 applies

Benicia

The elected Treasurer died in office. As a result, a treasurer was appointed by the City Council to complete the term. The Grand Jury confirmed that the City Treasurer was a registered voter and resided within the City. At the time of inquiry (September 15, 2011), the incumbent had served approximately one year.

The Treasurer's functions and duties were not formalized. The Grand Jury ascertained that the following functions were performed:

- Attend monthly meetings of the City's Finance Committee
- Countersign warrants

The provisions of California Government Code §§41001-41007 were not applicable except as follows:

- §41003: The City utilized the Treasurer's electronic signature on all City warrants. However, the Grand Jury determined that the incumbent did not review support documents to ensure that warrants bearing the Treasurer's signature were appropriate and approved by legally designated persons.
- §41004: During the review period, monthly accounting reports were neither prepared nor submitted as required.

Accomplishment of Treasurer duties required approximately two hours per month (i.e., attending the Finance Committee meeting). At the time of the Grand Jury's inquiry, the City Treasurer was authorized an annual compensation package up to \$30,344;¹¹ however, the Treasurer had waived all compensation.

Review of Finance Committee agendas found that they appeared to be properly posted as required by the Brown Act.

Of note is that on September 20, 2011, the Benicia City Council passed Ordinance 11-09 (see attachment), which did four things that impacted the City Treasurer position:

- Transferred all statutory duties to other city officers and staff.
- Formalized the duties; i.e., countersign warrants and serve on the Finance Committee.
- Reduced annual compensation beginning in October 2011 to \$2,400 (\$200 per month) with related retirement benefits.

¹¹ The rounded compensation package totals included monthly benefits for salary (\$583), retirement (\$108), health/dental/vision insurance (up to \$1,836), and life insurance (\$2).

- Identified a list of desirable qualifications (e.g., knowledge of municipal revenue sources and ability to invest idle funds in a wise and prudent manner).

City of Benicia Summary (Data Date September 15, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41003	Pay approved warrants	*
CGC §41004	Submit monthly accounting report	NO ¹²

* The Grand Jury did not review processes and controls that were not directly managed by the Treasurer.

ESTIMATED HOURS WORKED PER MONTH	2
ANNUAL PAY AND BENEFITS (AUTHORIZED)	\$ 30,344 ¹³
ANNUAL PAY AND BENEFITS (ACTUAL)	\$ 0

¹² City of Benicia Ordinance 11-09 (approved on September 20, 2011) transferred all “statutory duties and responsibilities” from the City Treasurer to the City Manager, the Finance Director, or the City Clerk. Per discussion with city officials, the monthly reporting requirement was not being accomplished.

¹³ City of Benicia Ordinance 11-09 (approved on September 20, 2011) revised the authorized pay and benefits beginning in October 2011 to \$2,400 per year plus related retirement benefits.

Dixon

The elected Treasurer resigned and a replacement was appointed by City Council. The Grand Jury confirmed that the appointed City Treasurer was a registered voter and resided within the City. At the time of inquiry (September 22, 2011), the incumbent had served approximately eighteen months.

The City of Dixon did not have a single document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. Instead, City Treasurer functions, duties, and responsibilities were found in portions of at least two City documents:

- Ordinance 99-003: Various duties and functions of the City Treasurer were found throughout the ordinance. Specifically:
 - “The Treasurer’s Funds and Unrestricted Funds shall be delivered to the City Treasurer for deposit.”
 - “The City Treasurer has the statutory authority to select the depository or depositories for the Treasurer’s Funds and the Unrestricted Funds.”
 - Submit quarterly investment reports to the City Manager and City Council as required by California Government Code §53646(b)(1).¹⁴
 - Submit monthly reports to the City Manager and City Council as required by California Government Code §41004.
 - Serve on the Investment Oversight Committee.
- City of Dixon Statement of Investment Policy for FY 2011-12:
 - “The City Treasurer will be an active member of the Investment Committee as well as performing for the City those depository and investment functions as to the funds of the City which come into his or her hands as said depository and investment duties are provided for by statute, regulation, ordinance or resolution.”
 - “Reports on the status and performance of the City’s investment program will be provided by the Treasurer to the City Manager and the City Council within four weeks after the end of each quarter.”

The Grand Jury ascertained that the following functions were performed:

- Oversee City banking

¹⁴ California Government Code §53646(b)(1) states that “The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. ”

- Serve on Dixon’s Investment Committee (the committee meets at least quarterly)
- Review the City’s investment policy

The provisions of California Government Code §§41001-41007 were not applicable except as follows:

- §41004: During the review period, monthly accounting reports were neither prepared nor submitted as required.

Accomplishment of Treasurer duties required approximately fifteen hours per month. The Dixon Treasurer received annual compensation totaling \$1,020 (\$85 per month) with no other benefits.

The Grand Jury was advised that Investment Committee agendas were posted in compliance with the Brown Act.

At least one investment report was not submitted to the City Manager and City Council within four weeks following the end of the quarter as required by City of Dixon Statement of Investment Policy for FY 2011-12 and within 30 days of quarter’s end as required by California Government Code §53646(b)(1). Specifically, at the time of the Grand Jury’s request for information (August 18, 2011), the investment report for the quarter ended June 30, 2011 was scheduled to be submitted at the September 2011 City Council meeting.

The Grand Jury ascertained that no monthly reports were prepared or submitted during the period of review as required by both California Government Code §41004 and City of Dixon Ordinance 99-003.

The City of Dixon Statement of Investment Policy for FY 2011-12 states that the Investment Committee “will meet at least quarterly.” In part, the Grand Jury’s request for information dated August 18, 2011 asked for agendas and minutes of the last two meetings of Dixon’s Investment Committee. In response, the Grand Jury received agendas and minutes for a meeting held on June 24, 2010 and an agenda for a meeting scheduled for November 10, 2010.

The City of Dixon organization chart¹⁵ indicated that the City Treasurer reported to the City Council. As an elected official, the City Treasurer answers to the voters. In addition, the organization chart reflected that the City Treasurer was responsible for finance, information technology, and administrative services. With the exception of the organization chart, the Grand Jury reviewed no document and heard no testimony to support that the City Treasurer was responsible for the day-to-day operation of any City department.

¹⁵ The organization chart was obtained from the City of Dixon’s website on October 16, 2011.

City of Dixon Summary (Data Date September 22, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41004	Submit monthly accounting report	NO
Ordinance 99-03	Establish bank accounts	YES
Ordinance 99-03	Deposit Treasurer and Unrestricted funds	NO
Ordinance 99-03	Submit quarterly investment reports within 30 days	NO
Ordinance 99-03	Submit monthly accounting report	NO
Ordinance 99-03	Serve on Investment Committee	YES
Invest. Policy 2011-12	Perform depository and investment duties	YES
Invest. Policy 2011-12	Submit quarterly investment reports within 4 weeks	NO

ESTIMATED HOURS WORKED PER MONTH	15
ANNUAL PAY AND BENEFITS (AUTHORIZED)	\$ 1,020
ANNUAL PAY AND BENEFITS (ACTUAL)	\$1,020

Fairfield

The City Treasurer for Fairfield has held the position continuously since 1995. The Grand Jury confirmed that the City Treasurer was a registered voter and resided within the City.

The City of Fairfield did not have a single document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. Review of City documents found one reference to a function of the City Treasurer: City of Fairfield Internal Investment Instructions dated July 9, 1998 stated, “No bank accounts shall be opened without written authorization from the City Treasurer.” However, this requirement was contradicted by City of Fairfield Investment Instructions to Investment Manager dated January 10, 1989 and revised on February 29, 2003, which stated, “No bank accounts shall be opened without written authorization from the Director of Finance.” Upon inquiry by the Grand Jury, an official for the City of Fairfield stated that, in fact, the City Treasurer (or an assigned deputy) was the only person authorized to open bank accounts for the City.

The Grand Jury ascertained that the following functions were performed:

- Open and close all city bank, investment, and trust accounts
- Sign checks (Note: The treasurer’s signature was embedded in the check-writing software)
- Monitor investment portfolio and meet quarterly with investment managers

Subsequent review of city documents found no requirement for City Treasurer involvement in the investment process. To the contrary, City of Fairfield Internal Investment Instructions dated July 9, 1998 stated, “Investment Committee – A committed [sic] comprised of the Director of Finance, Assistant Finance Director, Revenue Officer, and Principal Accountant shall meet no less than quarterly to review investment markets, strategies and performance.” However, the Grand Jury was advised that, in fact, the City Treasurer was a member of the Investment Committee.

The provisions of California Government Code §§41001-41007 were not applicable except as follows:

- §41003: The City utilized the Treasurer’s electronic signature on all City checks. However, the Grand Jury determined that the incumbent did not review support documents to ensure that checks bearing the Treasurer’s signature were appropriate and approved by legally designated persons.
- §41004: During the review period, monthly accounting reports were neither prepared nor submitted as required.

- §41006: A Finance Department memorandum dated December 5, 2003 appointed three city employees as City Treasurer deputies. Grand Jury inquiries revealed that:
 - Deputies were required to perform treasurer functions if the incumbent was to become incapacitated.
 - Two of the three deputies were no longer associated with the city.
- §41007: The Grand Jury was advised that deputies received no compensation or other benefit for their assignment.

Accomplishment of Treasurer duties required approximately two hours per month. However, the estimate was increased to eight hours on months when the Investment Committee met. The City Treasurer received an annual salary of \$2,280 (\$190 per month), and approximately \$1,000 in various benefits such as payment of professional dues and training. Although the Treasurer was entitled to City paid health/dental/vision insurance up to \$16,377 per year, that entitlement was waived by the incumbent.

The Grand Jury was advised that the Investment Committee prepared neither agendas nor minutes of meetings. As a result, the Grand Jury was unable to validate the attendance at, or the frequency of, committee meetings. In addition, the absence of publically posted agendas may be a violation of the Brown Act.

City of Fairfield Summary (Data Date September 30, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41003	Pay approved warrants	*
CGC §41004	Submit monthly accounting report	NO
CGC §41006	Assign deputies	YES
CGC §41007	Pay deputies	NA
Investment Instr.	Open bank accounts	YES

* The Grand Jury did not review processes and controls that were not directly managed by the Treasurer.

ESTIMATED HOURS WORKED PER MONTH	2-8
ANNUAL PAY AND BENEFITS (AUTHORIZED)	\$19,640
ANNUAL PAY AND BENEFITS (ACTUAL)	\$3,263

Rio Vista

The City Treasurer of Rio Vista was elected in 2008. The Grand Jury confirmed that the incumbent was a registered voter and resided within the City.

The City of Rio Vista did not have a single document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. Review of City documents found the functions and duties of the City Treasurer scattered throughout a single document. Specifically, City of Rio Vista, California, Statement of Investment Policy 2010-11 stated that the Treasurer will manage the City's investment program. The investment policy reflected that the City Treasurer will:

- Establish written procedures for the operation of the investment program
- Be responsible for all investment transactions
- Establish a system of controls for the investment program
- Designate a third-party custodian for investments
- Provide quarterly investment reports to the City Council
- Chair the Investment Planning and Review Committee

The Grand Jury ascertained that the following functions were performed:

- Convene and oversee the semi-annual Investment Committee meetings
- Provide quarterly summaries of the City's investments to the City Council
- Submit monthly Funds Balance Reports to the City Council
- Provide monthly Revenue and Expenditures Reports to the City Council

The Grand Jury determined that in lieu of the quarterly investment report, the Treasurer provided monthly bank balance reports to the City Council. In addition, the Treasurer provided neither monthly Funds Balance Reports nor monthly Revenue and Expenditures Reports required by California Government Code §41004 because the Treasurer was not authorized access to the City's automated financial information system.

Except as discussed in the preceding paragraph, the provisions of California Government Code §§41001-41007 were not applicable.

Accomplishment of Treasurer duties required approximately eight hours per month. The Grand Jury was advised the position paid \$225 per month (\$2,700 per year) with no benefits. Grand Jury review of the State Controller's website found that for calendar year 2009, maximum salary

for the City of Rio Vista City Treasurer was reported as \$1,049 (approximately \$87 per month). Review of Rio Vista's approved 2011-2012 budget found that during 2007-2008, the City Treasurer received a compensation package that totaled \$3,324, which included \$2,859 for salary (\$238.25 per month) and \$456 for benefits. City of Rio Vista staff could not determine the source of the salary information reported by the State Controller and was unable to locate an ordinance or other City document that defined the City Treasurer's compensation package. As a result, the Grand Jury was unable to verify the compensation authorized for the City Treasurer of Rio Vista. Whatever the package, all compensation was waived by the incumbent.

The Grand Jury's request for information dated August 18, 2011 asked for agendas and minutes of the last two meetings of Rio Vista's Investment Committee. In response, the Grand Jury received minutes for meetings held on September 2, 2010 and February 16, 2011; however, the only agenda provided was for the September 2010 meeting. Although the agenda indicated it was for a "special" meeting, review of the minutes revealed that the meeting was nothing more than the committee's regular semi-annual meeting. The agenda for the September 2, 10 a.m. meeting, was certified by the City Clerk as being posted on the City Hall bulletin board on 30 August at 5:00 p.m., 65 hours prior to the meeting, a possible violation of the Brown Act.

City of Rio Vista Summary (Data Date September 27, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41004	Submit monthly accounting report	NO
Investment Policy	Establish written procedures for investments	NO
Investment Policy	Responsible for investments	YES
Investment Policy	Establish of controls for investments	NO
Investment Policy	Designate third-party custodian for investments	NO
Investment Policy	Provide quarterly investment reports	YES
Investment Policy	Chair Investment Committee	YES

ESTIMATED HOURS WORKED PER MONTH	8
ANNUAL PAY AND BENEFITS (AUTHORIZED)	Unknown*
ANNUAL PAY AND BENEFITS (ACTUAL)	\$ 0

* City staff was unable to determine the pay and benefits authorized for the City Treasurer.

Suisun City

The Suisun City Treasurer has served continuously for 27 years, having first been elected in 1984. The Grand Jury confirmed that the incumbent was a registered voter and resided within the City.

The City of Suisun City did not have a single document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. A single duty was found in the City of Suisun City Investment Policy dated April 20, 2010: “The Treasurer shall submit a quarterly investment report to the City Council.”

The Grand Jury ascertained that the following functions were performed:

- Sign the quarterly investment report
- Attend two City Council meetings per month

The provisions of California Government Code §§41001-41007 were not applicable except as follows:

- §41003: The City utilized the Treasurer’s electronic signature on all City checks. However, the Grand Jury determined that the incumbent did not review support documents to ensure that checks bearing the Treasurer’s signature were appropriate and approved by legally designated persons.
- §41004: During the review period, monthly accounting reports were neither prepared nor submitted as required.

Accomplishment of Treasurer duties required approximately eight hours per month. The City Treasurer received an annual compensation package of \$25,600.¹⁶

Review of the City’s quarterly investment reports found them titled, “Financial Officer’s Investment Report.” At the bottom of the report was a City Treasurer Statement that read, “I hereby certify that I have examined the records and find this report to be correct, that all investments are made in accordance with the investment policy, and the City will be able to meet its obligations for the next six months.” The Grand Jury determined that the process used to ensure the correctness of the investment report was to compare the current report to the previous report to identify abnormalities.

¹⁶ The compensation package included monthly benefits for salary (\$200), retirement (\$41), health/dental/vision insurance (up to \$1,547), life insurance (\$42), and deferred compensation matching (up to \$303).

City of Suisun City Summary (Data Date September 12, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41003	Pay approved warrants	*
CGC §41004	Submit monthly accounting report	NO
Investment Policy	Submit quarterly investment report	NO

* The Grand Jury did not review processes and controls that were not directly managed by the Treasurer.

ESTIMATED HOURS WORKED PER MONTH	8
ANNUAL PAY AND BENEFITS (AUTHORIZED)	\$25,600
ANNUAL PAY AND BENEFITS (ACTUAL)	\$25,600

Vacaville

The City Treasurer resigned, and a replacement was appointed by City Council. At the time of inquiry (September 23, 2011), the Treasurer had served approximately one year. The Grand Jury confirmed that the incumbent was a registered voter and resided within the City.

The City of Vacaville did not have a single document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. When asked for a position description or like document, City of Vacaville staff provided an unreferenced document (i.e., no title and no date) that stated in part, “The responsibility of the City Treasurer is to assure the proper handling and recording of all municipal funds and overseeing the investment of these funds in accordance with the California Government Code.” The document further stated, “Other responsibilities of the City Treasurer include review of the City’s investment activity to ensure that the Investment Policy of the City of Vacaville remains consistent with the City’s Investment Policy objectives, current law and economic trends. The Investment Policy is reviewed annually by the City Treasurer and the Finance Director.” The Grand Jury later determined that the document quoted above was used to advertise and recruit candidates for the vacant City Treasurer position. According to City officials, the document was only used to recruit candidates and was not a true reflection of the functions, duties, and responsibilities of the Vacaville City Treasurer position.

The Grand Jury found one document that identified a duty of the Treasurer. City of Vacaville Investment Policy of June 2011 stated, “The City Treasurer will submit an annual Investment Policy to the City Council.” The June 2011 policy was, in fact, submitted by the City Treasurer to the City Council.

The Grand Jury ascertained that the following functions were performed:

- Receive and review monthly cash-flow projections
- Receive monthly investment reports
- Attend budget workshops
- Review and propose the City’s annual investment policy

The provisions of California Government Code §§41001-41007 were not applicable except as follows:

- §41004: During the review period, monthly accounting reports were neither prepared nor submitted as required.

Accomplishment of Treasurer duties required approximately four hours per month. The Treasurer received entitlements totaling \$3,240 per year: \$70 per month in salary, and \$200 per month as a vehicle allowance.

The City's organization chart¹⁷ indicated the City Treasurer reports to the City Council. As an elected official, the City Treasurer answers to the voters.

City of Vacaville Summary (Data Date September 23, 2011)

REQUIREMENT	DESCRIPTION	REQUIREMENT MET
CGC §41004	Submit monthly accounting report	NO
Investment Policy	Submit annual investment policy	YES

ESTIMATED HOURS WORKED PER MONTH	4
ANNUAL PAY AND BENEFITS (AUTHORIZED)	\$3,240
ANNUAL PAY AND BENEFITS (ACTUAL)	\$3,240

¹⁷ The organization chart was included in the City of Vacaville's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

Vallejo

Vallejo is the only charter city in Solano County. The Grand Jury was told that the Finance Director served as the City Treasurer. This was supported by the Finance Director's classification specification, which included, "serve as the City Treasurer" in the position definition.

At the time of inquiry (September 14, 2011), the Finance Director/City Treasurer had been on the job approximately four months. The Grand Jury was unable to identify which, if any, functions accomplished by the Finance Director/City Treasurer were exclusive to City Treasurer. As a result, the hours spent performing City Treasurer duties could not be estimated. The Finance Director/City Treasurer received no additional pay for serving as the Treasurer.

The Vallejo Finance Director/City Treasurer did not vote or live in Vallejo. When the Grand Jury asked if the Vallejo City Charter included residency requirements for the City Treasurer, the Grand Jury was advised, "The City of Vallejo charter does not provide for a City Treasurer and, consequently, there is no specific residency requirement. The Vallejo Municipal Code provides for a Finance Department and a Finance Director. It does not contain a residency requirement for the Finance Director."

V. FINDINGS AND RECOMMENDATIONS

Benicia

Finding 1 – The City of Benicia Treasurer did not issue accounting reports required by California Government Code §41004 which states, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

On September 20, 2011, the City of Benicia passed Ordinance 11-09. In part, the ordinance transferred all statutory requirements from the City Treasurer to other City officers and staff. Although the reporting requirement associated with California Government Code §41004 is no longer the responsibility of the Benicia City Treasurer, it is still a treasurer function that was not being performed.

Recommendation 1 – City of Benicia ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.

Dixon

Finding 2 – The City of Dixon did not have a single formal document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. Specifically, Treasurer duties and responsibilities were found in various portions of at least two city documents. In addition, the documented duties and responsibilities were not consistent with those accomplished by the City Treasurer.

Recommendation 2 – City of Dixon identify and formalize in a single document the functions, duties, and responsibilities required of the City Treasurer.

Finding 3 – The City of Dixon Treasurer did not issue accounting reports required by both California Government Code §41004 and City of Dixon Ordinance 99-003. The specific requirement states, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

Recommendation 3 – City of Dixon Treasurer ensure that the monthly reporting requirements identified by California Government Code §41004 and City of Dixon Ordinance 99-003 are performed.

Finding 4 – The City of Dixon Treasurer did not submit quarterly investment reports to the City Council within the timeframes established by California Government Code §53646 (30 days following the end of the quarter) and City of Dixon Statement of Investment Policy for FY 2011-12 (four weeks following the end of the quarter). Specifically, the investment report for the quarter ended June 30, 2011 was scheduled to be submitted to the City Council in September 2011.

Recommendation 4 – City of Dixon Treasurer submit quarterly investment reports to the City Council within the timeframes established by City of Dixon Statement of Investment Policy for FY 2011-12.

Finding 5 – The City of Dixon Investment Committee did not meet quarterly as required by the City of Dixon Statement of Investment Policy for FY 2011-12. Specifically, documentation submitted to the Grand Jury in September 2011 indicated that the last two committee meetings were held in June and November 2010.

Recommendation 5 – City of Dixon ensure that the Investment Committee meets quarterly as required by City of Dixon Statement of Investment Policy for FY 2011-12.

Finding 6 – The City of Dixon’s organization chart incorrectly reflected the City Treasurer’s position and role in City government. Specifically, the organization chart obtained from the City of Dixon’s website on October 16, 2011, indicated that the City Treasurer reported to the City Council, not the electorate. In addition, the organization chart showed the City Treasurer with a direct line of authority to the organization responsible for finance, information technology, and administrative services.

Recommendation 6 – City of Dixon review, and revise as needed, the City’s organization chart to accurately reflect the City Treasurer’s position and role in City government.

Fairfield

Finding 7 – The City of Fairfield did not have a single formal document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer.

Recommendations 7 – City of Fairfield identify and formalize in a single document the functions, duties, and responsibilities required of the City Treasurer.

Finding 8 – City of Fairfield documents were contradictory and erroneous. Specifically:

- City of Fairfield Internal Investment Instructions dated July 9, 1998 stated, “No bank accounts shall be opened without written authorization from the City Treasurer.” However, this requirement was contradicted by City of Fairfield Investment Instructions to Investment Manager dated January 10, 1989 and revised on February 29, 2003, which stated, “No bank accounts shall be opened without written authorization from the Director of Finance.”
- City of Fairfield Internal Investment Instructions dated July 9, 1998 did not include the City Treasurer as a member of the City’s Investment Committee. According to a City of Fairfield official, the instruction was in error.

Recommendation 8 – City of Fairfield correct the contradiction regarding authority to open bank accounts found in City of Fairfield Internal Investment Instructions and City of Fairfield Investment Instructions to Investment Manager. In addition, revise the Internal Investment Instructions to include the City Treasurer as a member of the Investment Committee.

Finding 9 – The Fairfield City Treasurer did not issue accounting reports required by California Government Code §41004, which states, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

Recommendation 9 – City of Fairfield Treasurer ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.

Finding 10 – The Fairfield City Treasurer appointed three deputies to serve in his absence. However, the duties and responsibilities of the deputies were undefined, and two of the three individuals were no longer associated with the City.

Recommendation 10 – City of Fairfield Treasurer determine if City Treasurer deputies are required. If required, define the duties and responsibilities of the deputies and issue a current appointment letter. If deputies are not required, cancel Finance Department memorandum dated December 5, 2003.

Finding 11 – The City of Fairfield Investment Committee may not have complied with the Ralph M. Brown Act by not providing public notice of scheduled meetings. Specifically, the City Treasurer stated that agendas were not prepared for quarterly meetings of the City’s Investment Committee.

Recommendation 11 – City of Fairfield ensure compliance with all requirements of the Ralph M. Brown Act.

Rio Vista

Finding 12 – The City of Rio Vista did not have a single formal document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer. In addition, the documented duties and responsibilities were not consistent with those accomplished by the City Treasurer.

Recommendation 12 – City of Rio Vista identify and formalize in a single document the functions, duties, and responsibilities required of the City Treasurer.

Finding 13 – The City of Rio Vista Treasurer did not issue accounting reports required by California Government Code §41004, which stated, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of

all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

Recommendation 13 – City of Rio Vista Treasurer ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.

Finding 14 – The Rio Vista Treasurer did not comply with City of Rio Vista, California, Statement of Investment Policy 2010-11. For example, the Treasurer neither established written procedures nor implemented a system of controls for the City’s investment program.

Recommendation 14 – City of Rio Vista Treasurer comply with City of Rio Vista, California, Statement of Investment Policy 2010-11.

Finding 15 – The City of Rio Vista Investment Committee may not have complied with the public notice requirements of the Ralph M. Brown Act. Specifically, the Investment Committee meeting of September 2, 2010, may have been improperly categorized as “special” to avoid the 72-hour notice requirement for regular meetings. In addition, no agenda was available for the meeting held on February 16, 2010.

Recommendation 15 – City of Rio Vista ensure compliance with all requirements of the Ralph M. Brown Act.

Suisun City

Finding 16 –The City of Suisun City did not have a single formal document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer.

Recommendation 16 – City of Suisun City identify and formalize in a single document the functions, duties, and responsibilities required of the City Treasurer.

Finding 17 – The City of Suisun City Treasurer did not issue accounting reports required by California Government Code §41004, which states, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

Recommendation 17 – City of Suisun City Treasurer ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.

Finding 18 – City of Suisun City Investment Policy dated April 20, 2010 required the City Treasurer to submit quarterly investment reports to the City Council. Inspection found the report was actually compiled by the Senior Accountant and reviewed by the Financial Services Manager. The City Treasurer merely compared the current report with the previous report to identify obvious abnormalities.

Recommendation 18 – City of Suisun City review, and revise as needed, the City Treasurer’s reporting requirements identified in City of Suisun City Investment Policy dated April 20, 2010.

Finding 19 – The City of Suisun City Treasurer's quarterly audit of investment reports was not completed in sufficient detail to fulfill the review responsibilities identified in the certification statement (“I hereby certify that I have examined the records and find this report to be correct, that all investments are made in accordance with the investment policy, and the City will be able to meet its obligations for the next six months.”). Specifically, the comparative analysis performed by the City Treasurer was insufficient to ensure accuracy and compliance with the investment policy as attested to.

Recommendation 19 – City of Suisun City Treasurer either revise the certification statement on the quarterly investment reports to reflect work actually accomplished or refrain from signing the investment reports.

Vacaville

Finding 20 – The City of Vacaville does not have a single formal document that clearly and succinctly identified the functions, duties, and responsibilities of the City Treasurer.

Recommendation 20 – City of Vacaville identify and formalize in a single document the functions, duties, and responsibilities required of the City Treasurer.

Finding 21 – The City of Vacaville Treasurer did not issue accounting reports required by California Government Code §41004, which stated, “Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body.”

Recommendation 21 – City of Vacaville Treasurer ensure that the monthly reporting requirements identified by California Government Code §41004 are performed.

Finding 22 – The City of Vacaville’s organization chart incorrectly showed the City Treasurer reporting to the City Council. As an elected official, the City Treasurer answers directly to the electorate.

Recommendation 22 – City of Vacaville review and revise, as needed, the City’s organization chart to accurately reflect the City Treasurer’s position and role in city government.

Vallejo

Finding 23 – The classification specification for the City of Vallejo Finance Director stated that the incumbent was to serve as the City Treasurer; however, the City of Vallejo charter does not provide for a City Treasurer.

Recommendation 23 – City of Vallejo remove reference to the City Treasurer from any and all City documents, including the Finance Director’s classification specification.

COMMENTS

By default, general law cities must have an elected treasurer; however, the legislature has provided a methodology for cities to make the position appointive, or to eliminate the position altogether. An elected treasurer offers independence; however, since California Government Code requires no specialized training, background, or professional certification to hold the office, some elected treasurers do not have the training, experience, and skills needed to accomplish financial and investment oversight. An appointed treasurer can have the skills, training, and experience needed to perform the tasks; however, an appointed treasurer may lack the independence that many citizens demand of the city treasurer. A strong argument can also be made that sophisticated accounting and auditing tools have made the treasurer position obsolete. The Grand Jury encourages each city council to identify what it expects from its city treasurer, and to set a course of action to bring that expectation to reality.

REQUIRED RESPONSES

City Treasurers for the Cities of:

- Benicia (Finding 1)
- Dixon (Findings 3 and 4)
- Fairfield (Findings 9 and 10)
- Rio Vista (Findings 13 and 14)
- Suisun City (Findings 17 and 19)
- Vacaville (Finding 21)

City Councils for the Cities of

- Benicia (Finding 1)
- Dixon (Findings 2, 5, and 6)
- Fairfield (Findings 7, 8, and 11)
- Rio Vista (Findings 12 and 15)
- Suisun City (Findings 16 and 18)
- Vacaville (Findings 20 and 22)
- Vallejo (Finding 23)

COURTESY COPIES

City Managers for the Cities of

- Benicia
- Dixon
- Fairfield
- Rio Vista
- Suisun City
- Vacaville
- Vallejo

Solano County Treasurer/Tax Collector

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BENICIA ADDING A NEW CHAPTER 2.48 (CITY TREASURER) TO DIVISION 1 (ORGANIZATION) OF TITLE 2 (ADMINISTRATION AND PERSONNEL) OF THE BENICIA MUNICIPAL CODE

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES ORDAIN as follows:

Section 1.

Division 1 (Organization) of Title 2 (Administration and Personnel) of the Benicia Municipal Code is amended by adding a new Chapter 2.48 (City Treasurer) to read as follows:

Chapter 2.48

CITY TREASURER

Sections:

- | | |
|----------|----------------------------|
| 2.48.010 | Powers and duties. |
| 2.48.020 | Compensation and benefits. |
| 2.48.030 | Qualifications. |

2.48.010 Powers and duties. All statutory duties and responsibilities not heretofore transferred to the county, the city manager or the finance director which are now performed by the city treasurer are transferred to the city clerk, who is ordered to perform all such duties, including but not limited to, those duties required by law.

The city treasurer shall countersign warrants and serve on the Finance Committee.

2.48.020 Compensation and benefits. The city treasurer shall receive a two hundred dollar per month stipend and related retirement benefit but no other benefits.

2.48.030 Qualifications. The city treasurer is an elected position so the only qualifications are that the individual be a registered voter of the city. Therefore, following qualifications are desirable, but not required.

1. Knowledge of:
 - A. Municipal revenue sources;
 - B. Methods, practices and principles related to the investment of City idle funds;

- C. Basic assessment district and bond financing techniques; and
 - D. Methods, practices and principles related to evaluating municipal cash flow needs.
2. Ability to:
- A. Invest City idle funds in a wise and prudent manner;
 - B. Meet the public and provide required information pleasantly and efficiently;
 - C. Communicate effectively and tactfully in both oral and written forms;
 - D. Establish and maintain complex and extensive financial record keeping systems and files;
 - E. Operate and use a variety of office equipment;
 - F. Establish and maintain effective work relationships with those contacted in the performance of required duties;

Section 2.

Conflicting provisions. All ordinances or resolutions inconsistent or conflicting with any part of this ordinance are hereby repealed to the extent of such inconsistency or conflict.

Section 3.

Severability. If any section, subsection, phrase or clause of this ordinance is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrase or clauses be declared unconstitutional on their face or as applied.

February 8, 2012

Paul Beeman
Presiding Judge
Superior Court of California
Hall of Justice
600 Union Avenue
Fairfield, CA 94533

Re: City of Benicia Response to Finding 1 and Recommendation 1 of the 2011-2012 Grand Jury Report Titled "City Treasurer Functional Review"

Dear Judge Beeman:

Pursuant to the provisions of Section 933 (b) of the California Penal Code, the governing body of any public agency subject to the Grand Jury's review authority must respond to recommendations and findings pertaining to matters under their control within sixty (60) days of receipt of such report. Therefore, the purpose of this letter is to comply with the aforementioned law and to advise you that after review of the 2010-2011 Solano County Grand Jury Report, the City Council and City Treasurer of the City of Benicia accept the Report.

The Grand Jury made the following finding and recommendation related to the City of Benicia:

"Finding 1 – The City of Benicia Treasurer did not issue accounting reports required by California Government Code §41004 which states, "Regularly, at least once each month, the city treasurer shall submit to the city clerk a written report and accounting of all receipts, disbursements, and fund balances. He shall file a copy with the legislative body."

On September 20, 2011, the City of Benicia passed Ordinance 11-09. In part, the ordinance transferred all statutory requirements from the City Treasurer to other City officers and staff. Although the reporting requirement associated with California Government Code §41004 is no longer the responsibility of the Benicia City Treasurer, it is still a treasurer function that was not being performed.

Recommendation 1 – City of Benicia ensure that the monthly reporting requirements identified by California Government Code §41004 are performed."

City's Response: The City agrees. Although the Finance Director prepares accounting reports which are reviewed with the Finance Committee (which includes the City Treasurer) on a monthly basis, the monthly accounting reports should be more consistent with the provisions of

Judge Beeman
February 8, 2012
Page 2

Government Code Section 41004. The Finance Department staff is currently working with the City's financial software provider and the Finance Committee to develop monthly accounting reports that are consistent with the provisions of Section 41004 of the California Government Code. This should be completed by June 30, 2012.

This response, which was drafted by the City Treasurer and staff, was approved by the City Council at their meeting of February 7, 2012.

Please let me know if you have any further questions.

Sincerely,

Brad Kilger
City Manager

cc: City Treasurer
Finance Committee
City Attorney
Finance Director
Wayne Goodman, Foreperson 2011-2012 Solano County Grand Jury

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
CONSENT CALENDAR

DATE : January 25, 2012

TO : City Manager

FROM : Public Works and Community Development Director

SUBJECT : **SUPPORT FOR COUNTYWIDE CLIMATE ACTION PLAN STRATEGIC GROWTH COUNCIL GRANT PROPOSAL**

RECOMMENDATION:

Adopt a resolution of support and approval of a joint application for the Countywide Climate Action Plan Strategic Growth Council grant proposal and authorize the Mayor to sign a letter of support on behalf of the City of Benicia.

EXECUTIVE SUMMARY:

The Solano Transportation Authority (STA) will be submitting a grant application to the State of California Strategic Growth Council on behalf of the cities of Benicia, Fairfield, Suisun City, Dixon, Rio Vista, Vacaville, and Vallejo, and Solano County, for Sustainable Communities Planning Grant. The application builds on efforts by the cities, the County and STA to develop and implement Climate Action Plans. STA will manage the program to ensure it meets the objectives of the grant program to reduce greenhouse gas emissions. The City was asked to participate in the grant proposal on January 10, 2012 and the application is due February 15, so the February 7 Council meeting is the only available date for consideration of this item.

BUDGET INFORMATION:

There is no cost to the City associated with support of this proposal. The City would receive \$14,500 to augment already approved non-General Fund funding for the Climate Action Plan Coordinator to spend additional time implementing Climate Action Plan strategies as directed and prioritized by the City Council.

GENERAL PLAN:

This grant proposal and program supports the overarching goal of the General Plan, which is Sustainability.

STRATEGIC PLAN:

Strategic Issue 2: Protecting and Enhancing the Environment

- Strategy 1: Reduce greenhouse gas emissions and energy consumption
- Strategy 2: Implement new water conservation projects/programs
- Strategy 3: Pursue and adopt sustainable practices
- Strategy 4: Protect air quality

BACKGROUND:

Over the past year, Solano County and the cities in the county have made substantial progress to develop and/or implement climate action plans and greenhouse gas reduction strategies.

Solano Transportation Authority (STA) is requesting \$451,525 from the State of California Strategic Growth Council to create a Regional Climate Action Planning Program in partnership with the County and the cities in Solano County.

The effort consists of two major tasks: 1) completing Climate Action Plans for Fairfield, Suisun City, Dixon, Rio Vista and Vacaville; and 2) implementing greenhouse gas-reduction programs identified in Climate Actions Plans for Benicia, Vacaville, Vallejo and Solano County.

STA will manage the work to ensure it meets the objectives of the Sustainable Communities Planning Grants, which are:

- a. Promoting infill development and investing in existing communities;
- b. Protecting preserve and enhance agricultural land and natural resources;
- c. Encouraging location and resource efficient new development; and
- d. Planning for potential sea level rise.

In Benicia's case, meeting these objectives simply means supporting the City's ongoing efforts to implement the Climate Action Plan approved by the City Council in 2009. The \$14,500 included in the grant for the City of Benicia would be used solely to pay the contract Climate Action Plan Coordinator to implement Benicia Climate Action Plan strategies prioritized by the City Council. Participation in this grant program and accepting the \$14,500 does not place any new regulatory requirements on the City.

Attachments:

- ❑ Proposed Resolution
- ❑ Solano Regional Climate Action Planning Program
- ❑ Grant Program Budget Summary
- ❑ Letter of Participation

RESOLUTION NO. 12-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA JOINING IN THE COUNTYWIDE CLIMATE ACTION PLAN STRATEGIC GROWTH COUNCIL GRANT PROPOSAL AND AUTHORIZING THE MAYOR TO SIGN A LETTER OF PARTICIPATION ON BEHALF OF THE CITY COUNCIL

WHEREAS, the Legislature and Governor of the State of California have provided funds for the Sustainable Communities Planning Grant and Incentives Program under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84); and

WHEREAS, the Strategic Growth Council has been delegated the responsibility for the administration of this grant program, establishing necessary procedures; and

WHEREAS, Solano Transportation Authority is submitting a grant application to the State of California Strategic Growth Council on behalf of the cities of Benicia, Fairfield, Suisun City, Dixon, Rio Vista, Vallejo, Vacaville and Solano County, a for Sustainable Communities Planning Grant; and

WHEREAS, that application if approved would provide \$14,500 for the City of Benicia contract Climate Action Plan Coordinator to implement already adopted Benicia Climate Action Plan strategies as prioritized by the City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Benicia approves participation in the submittal of the application to the Strategic Growth Council and authorizes the Mayor to sign a letter of participation on behalf of the City Council.

BE IT FURTHER RESOLVED that it is the City Council's understanding that by helping to implement the Benicia Climate Action Plan, the proposed effort will comply with the State's Planning Priorities identified in Government Code Section 65041.1 to:

- a. Promote infill development and invest in existing communities;
- b. Protect, preserve and enhance agricultural land and natural resources; and
- c. Encourage location and resource efficient new development.

BE IT FURTHER RESOLVED that it is the City Council's understanding that by helping to implement the Benicia Climate Action Plan, the proposed effort will include consideration of Ocean Protection Council Sea Level Rise Guidance and help reduce on as permanent a basis as feasible greenhouse gas emissions consistent with California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 3850) of the Health and Safety Code).

BE IT FURTHER RESOLVED that it the City Council appoints the Director of Public Works & Community Development or designee to administer all activities related to participation in the proposed project.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council on the 7th day of February, 2012.

Ayes:

Noes:

Absent:

Abstain:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

TASK 1: PREPARE CLIMATE ACTION PLANS FOR FAIRFIELD, SUISUN CITY, DIXON, AND RIO VISTA

In May 2011, the cities of Fairfield, Suisun City, Dixon, Rio Vista and Vacaville completed GHG baseline inventories, funded by STA. The City of Vacaville is in the process of completing a Climate Action Plan as a part of the General Plan Update. The other cities, Fairfield, Suisun City, Dixon, and Rio Vista, would develop Climate Action Plans as a part of this Task 1 scope of work. Similar to the development of the baseline inventories, each City will assign a representative to work with STA and the consultants to prepare emission projections, conduct a policy gap analysis, develop reduction strategies and measures, and publish Climate Action Plans. Task 1 will be concurrent with Task 2; which means the cities involved in developing Climate Action Plans will benefit from the policy analysis of strategies and measures that have already been adopted by the cities of Benicia, Vallejo, Vacaville, and Solano County (See Task 2 for additional information).

1.1 Prepare Emissions Projections for 2020 and 2035.

Estimate projected municipal and communitywide GHG emissions for Fairfield, Suisun City, Dixon, and Rio Vista in 2020 and 2035. Forecast each jurisdiction's projected emissions using historical trends to establish a basis for measuring the effectiveness of proposed reduction measures. Describe the assumptions used to create the projections, such as assumed population growth, efficiency factors, and increased consumption. Consider foreseeable changes to the regulatory and technological environments affecting GHG emissions (e.g., Renewable energy portfolio standards, California Green Building Code standards, vehicle emissions controls, and fuel efficiency standards).

DELIVERABLES: Technical memorandum and supporting data summarizing 2020 and 2035 projections

1.2 Conduct Policy Gap Analysis

Review existing data sources and perform a sustainable policy gap analysis. Consult with City and County staff in various departments, Solano Transportation Authority (STA), and energy providers. Review existing plans and policies across transportation, building energy (new and existing), municipal operations, renewable energy, water conservation and waste reduction. Develop criteria to prioritize measures including GHG reduction potential, cost/savings to government, cost/savings to the public, staffing levels required, ease of implementation, secondary benefits (such as local air quality improvements), visibility, and educational impact.

DELIVERABLES: Summary of gap analysis and framework of criteria for prioritizing reduction measures

1.3 Develop Preliminary Reduction Strategies and Measures

Compile a matrix of countywide GHG reduction strategies and measures focused on agriculture, transportation, energy, water/wastewater, waste/recycling, carbon sequestration, and municipal operations. Address new development (discretionary actions), existing uses (community actions), and City (municipal) facilities and operations. Evaluate land use tools available to reduce VMT and GHG

emissions from the transportation sector. Prioritize and describe the feasibility to implement proposed measures by jurisdiction.

DELIVERABLES: Preliminary matrix of CAP strategies and measures

1.4 Evaluate Cost-Effectiveness of Preliminary Reduction Strategies and Measures

Assess the defensible effectiveness of each proposed GHG reduction measure. Develop order-of-magnitude estimates of mitigation program cost. Develop reasonable assumptions for participation rates. Convert the effectiveness of a GHG emission reduction strategy into MT CO₂e reduced. Identify GHG reduction potential of proposed measures as %-reductions relative to the reduction target. Identify potential costs of measures using a low-medium-high cost approach. Criteria for prioritizing measures will result from public consultation.

DELIVERABLES: Revised matrix showing cost-effectiveness of proposed strategies and measures

1.5 Recommend GHG Reduction Targets

Recommend GHG reduction targets for each jurisdiction that collectively further the goals identified by the State in AB 32 and EO S-3-05. Prepare policy white papers summarizing the recommended reduction targets for consideration by City and County staff, Planning Commissions and City Councils/Board of Supervisors.

DELIVERABLES: Policy white papers summarizing recommended GHG reduction targets

1.6 Conduct Community Workshop #1

Prepare an agenda and presentation and facilitate the first of three community workshops. Educate community members on importance of GHG reduction for long term climate change adaptability. Identify current community and individual actions that reduce GHG emissions. Develop community-specific definitions of sustainability as it relates to long term climate change adaptation and GHG reductions. Provide information on costs and benefits of existing and proposed GHG reduction programs. [Note: Community workshop #1 will be facilitated as a single countywide workshop]

DELIVERABLES: Workshop agenda, presentation materials, facilitation, and summary.

1.7 Prepare Administrative Draft Climate Action Plans

Complete an Administrative Draft CAP for each jurisdiction. Convey reduction measures along with associated costs, benefits, implementation strategies, and forecasted reductions. The CAP can be organized as follows:

Chapter 1. Planning for Climate Change: Outlines the jurisdiction's rationale and motivation for reducing GHGs. Provides a brief overview of climate science, describes the potential effects increased GHG emissions may have in the city, describes sustainability benefits of addressing emissions in a comprehensive manner, and outlines applicable state guidelines and legislation.

Chapter 2. Baseline Emissions Inventory and Forecast: Presents a summary of the emissions inventory and projections and describes emission reductions necessary to achieve the recommended target.

Chapter 3. Emissions Reduction Measures: Describes implementation measures necessary to reduce emissions and achieve the target. Recommends measures for each of the following sectors (as applicable): agriculture, energy conservation, transportation, land use, water conservation, waste reduction and municipal operations. Within each sector, measures will address new development, existing development, and municipal operations. Measures will be enforceable, include a timeline, describe costs and financing mechanisms, document progress toward GHG reduction goals and assign responsibility to agencies and departments.

Chapter 4. Benchmarks and Implementation: Identifies benchmarks, monitoring procedures, plan update processes and other steps needed to ensure the jurisdiction achieves its GHG reduction goals.

DELIVERABLES: Administrative Draft CAPs (4)

1.8 Prepare Initial Study/Mitigated Negative Declaration

The *Sustainable Communities Planning Grants* program specifically prohibits use of grant resources for preparation of CEQA documentation. Thus, the project partners will offer in-kind staff services and/or seek alternative funding for this portion of the work program.

Each city will be responsible for preparing an Initial Study/Mitigated Negative Declaration (IS/MND) according to CEQA and the CEQA Guidelines. It is anticipated that the cities will largely be able to build from a Master IS to avoid duplication of effort since much information will apply across jurisdictions. Where applicable, the CEQA documentation will tier from recently completed and certified General Plan EIRs. Complete mailings, notices, and other tasks necessary to support 30-day public distribution and review of the IS/MND in tandem with the Draft CAP. A formal response to comments document is not mandatory with preparation of an IS/MND. Prepare a final IS/MND for Board/Council consideration in tandem with the CAP.

1.9 Prepare Public Review Draft Climate Action Plans

Prepare a Public Review Draft CAP incorporating City and County staff comments on the Administrative Draft. Develop an appropriate distribution list and circulate electronic versions of the Draft CAP to the public and applicable agencies, stakeholders and interest groups for a 30-day public review period.

DELIVERABLES: Public Review Draft CAPs (4)

1.10 Conduct Community Workshop #2

Prepare an agenda and presentation and facilitate the second of two workshops. Conduct this workshop during the public review period for the Draft CAPs. Provide educational overview of each jurisdictions' GHG emission sources, GHG reduction targets, strategies and measures.

[Note: Community Workshop #2 will be conducted in each jurisdiction, for a total of four sessions.]

DELIVERABLES: Workshop agenda, presentation materials, facilitation, and summaries.

1.11 Prepare Final Climate Action Plans

Following the public review period, provide a summary characterization of public comments for use in public hearings. Following public hearings, prepare a Final CAP that incorporates appropriate revisions to the text of the Draft CAP considering public comments.

DELIVERABLES: Final CAPs (4)

1.12 Conduct Regional Climate Action Planning Committee Meetings

Appoint a countywide Regional Climate Action Planning Committee, including representatives from each city, Solano County, YSAQMD, BAAQMD, STA, and other agencies to provide guidance for the project. Schedule up to five meetings throughout the course of the project to review deliverables and provide recommendations to respective Planning Commissions and City Councils (Board of Supervisors). Identify and prioritize short- and long-term implementation measures based on effectiveness, applicability to existing development, costs, funding sources, and feasibility for implementation at a regional scale. Invite stakeholders, industry groups, and community organizations to attend meetings, as needed, to gain additional input from the public.

DELIVERABLES: Meeting agendas, presentation materials, facilitation, and summaries.

1.13 Present at Solano City-County Coordination Council (4Cs) Meetings

Schedule up to 2 meetings with the 4Cs to discuss progress and gain input on development of GHG emission forecasts and reduction targets, draft and final CAPs. Provide support for staff reports and presentations.

DELIVERABLES: Support for staff reports, presentation materials, and meeting attendance.

1.14 Present at Planning Commission/City Council (Board of Supervisors) Public Hearings

Provide City and County staff support for presentations to Planning Commissions and City Councils (Board of Supervisors). Schedule meetings and public hearings prior to and during the release of the public review draft CAPs, and prior to and following the release of the short- and long-term priorities report.

DELIVERABLES: Support for staff reports, presentation materials, and meeting attendance.

1.15 Project Management and Grant Administration

Provide the necessary project management and administrative activities in order to track project progress, maintain schedule and budget, respond to requests for information, and administer the grant consistent with State requirements. Provide monthly status updates accompanying invoices and be available as needed to discuss and resolve project management issues.

DELIVERABLES: Prepare status reports, invoices and complete other administrative duties needed to administer the grant consistent with State requirements.

TASK 2: IMPLEMENT GHG REDUCTION PROGRAMS IN BENICIA, VALLEJO, VACAVILLE, AND SOLANO COUNTY

The cities of Benicia, Vallejo, and Vacaville and Solano County have made substantial progress towards reducing GHG emissions through developing Climate Action Plans. In December 2011, Benicia hired a Sonoma State to act as the Climate Action Plan Coordinator responsible for monitoring the City's adopted 2009 Climate Action Plan and implementing GHG-reduction programs. Vallejo's Climate Action Plan, released May 2011, is currently under public review and nearing adoption. In June 2011, Solano County adopted a Climate Action Plan and Sea Level Rise Strategic Program. Vacaville is currently developing a Climate Action Plan as a part of the General Plan Update, scheduled for adoption in 2012. Task 2 will leverage these efforts by creating a regional program that prioritizes implementation of short-and long-term GHG reduction programs. Each city will assign a representative to work with STA and qualified consultants to evaluate regional program opportunities, develop criteria for program selection, and report on short- and long-term implementation priorities.

2.1. Evaluate Regional Program Opportunities

Work with STA, Benicia, Vacaville, Vallejo, and Solano County to gather information on GHG reduction programs identified in Climate Action Plans, Sea Level Rise Strategic Program, and other related documents. Develop matrix of existing program information (e.g., budgets, funding sources, timelines, resources) available to support GHG reduction programs. Develop criteria to evaluate and prioritize program implementation. Using these criteria, select short- and long-term priorities for implementation based on ability to fund, regional effectiveness, and feasibility of implementation. Likely candidates for short-term implementation will include:

- Rideshare/commuter information programs,
- Vehicle replacement programs,
- Regional bicycle system improvements,
- Model subdivision ordinances for complete streets, and
- Safe routes to school/transit.

DELIVERABLES: Report on short- and long-term implementation programs (matrix of programs, criteria, implementation timeline).

2.2. Develop Online Community Support

Develop and maintain a website for the project to provide a platform for education and information. Add links to each jurisdiction's website along with links to other regional organizations involved in sustainability programs. Provide regular news updates, blog posts, e-blasts, and other online tools (surveys, document library) to facilitate development of an online sustainability community.

DELIVERABLES: Solano Regional Climate Action Planning Program website.

2.3. Conduct Community Workshop #3

Prepare an agenda and presentation and facilitate the third of two workshops. Invite community stakeholder groups that are interested in or involved in GHG reduction programs (e.g., bike advocates), Provide overview of regional programs that are available to reduce GHG emissions. Solicit feedback on implementation priorities for regional projects. .

[Note: Community workshop #1 will be facilitated as a single countywide workshop.]

DELIVERABLES: Workshop agenda, presentation materials, facilitation, and summary.

2.4. Conduct Regional Climate Action Planning Committee Meetings

Appoint a countywide Regional Climate Action Planning Committee, including representatives from each city, Solano County, YSAQMD, BAAQMD, STA, and other agencies to provide guidance for the project. Schedule up to five meetings throughout the course of the project to review deliverables and provide recommendations to respective Planning Commissions and City Councils (Board of Supervisors). Identify and prioritize short- and long-term implementation measures based on effectiveness, applicability to existing development, costs, funding sources, and feasibility for implementation at a regional scale. Invite stakeholders, industry groups, and community organizations to attend meetings, as needed, to gain additional input from the public.

DELIVERABLES: Meeting agendas, presentation materials, facilitation, and summaries.

2.5. Present at Solano City-County Coordination Council (4Cs) Meetings

Schedule up to 2 meetings with the 4Cs to discuss progress and gain input on development of short- and long-term implementation priorities. Provide support for staff reports and presentations.

DELIVERABLES: Support for staff reports, presentation materials, and meeting attendance.

2.6. Present at Planning Commission/City Council (Board of Supervisors) Public Hearings

Provide City and County staff support for presentations to Planning Commissions and City Councils (Board of Supervisors). Schedule meetings and public hearings prior to and following the release of the short- and long-term priorities report.

DELIVERABLES: Support for staff reports, presentation materials, and meeting attendance.

2.7. Implement Regional Program Opportunities

Identify an STA staff member familiar with local programs to manage implementation of short- and long-term programs. Work with the cities (including the Benicia Climate Action Plan Coordinator) and Solano County to develop a self-sustaining program. Work with community members, neighborhood organizations, non-profit organizations, and business partners to gain support for implementation. Report on a quarterly basis on progress to the Solano City-County Coordination Council (4Cs).

DELIVERABLES: Quarterly progress reports on implementation of short-term priority programs, funding opportunities, meetings/outreach, and other accomplishments.

2.8. Project Management and Grant Administration

Provide the necessary project management and administrative activities in order to track project progress, maintain schedule and budget, respond to requests for information, and administer the grant consistent with State requirements. Provide monthly status updates accompanying invoices and be available as needed to discuss and resolve project management issues.

DELIVERABLES: Prepare status reports, invoices and complete other administrative duties needed to administer the grant consistent with State requirements.

Solano Regional Climate Action Planning Program Budget

High Level Activities/Milestones	STA Costs	Program Development				Program Implementation				TOTAL STAFF COSTS	Consultant Costs	Total Costs	(Less Leverage)	Total Grant Funds Request
		City of Fairfield	City of Suisun City	City of Dixon	City of Rio Vista	Solano County	City of Benicia	City of Vallejo	City of Vacaville					
TASK 1: PREPARE CLIMATE ACTION PLANS (Fairfield, Suisun City, Dixon, Rio Vista, and Vacaville)														
1.1 Prepare Emissions Projections for 2020 and 2035	\$ 1,300	\$ 600	\$ 600	\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 3,700	\$ 16,000	\$ 19,700	\$ -	\$ 19,700
1.2 Conduct Policy Gap Analysis	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 18,000	\$ 24,000	\$ -	\$ 24,000
1.3 Develop Preliminary Reduction Strategies and Measures	\$ 1,400	\$ 600	\$ 600	\$ 600	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 3,800	\$ 24,000	\$ 27,800	\$ -	\$ 27,800
1.4 Evaluate Cost-Effectiveness of Strategies and Measures	\$ 2,000	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ 6,800	\$ 46,000	\$ 52,800	\$ -	\$ 52,800
1.5 Recommend GHG Reduction Targets	\$ 2,000	\$ 800	\$ 800	\$ 800	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ 5,200	\$ 8,000	\$ 13,200	\$ -	\$ 13,200
1.6 Conduct Public Workshop #1	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 5,000	\$ 8,000	\$ -	\$ 8,000
1.7 Prepare Administrative Draft Climate Action Plans	\$ 4,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ 44,000	\$ 56,000	\$ -	\$ 56,000
1.8 Prepare Initial Study/Mitigated Negative Declaration	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 48,000	\$ -	\$ 48,000	\$ (48,000)	\$ -
1.9 Prepare Public Review Draft Climate Action Plans	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 7,000	\$ 14,000	\$ 21,000	\$ -	\$ 21,000
1.10 Conduct Public Workshop #2	\$ 4,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ 6,500	\$ 5,000	\$ 11,500	\$ -	\$ 11,500
1.11 Prepare Final Climate Action Plans	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ 3,500	\$ 10,000	\$ 13,500	\$ -	\$ 13,500
1.12 Conduct Regional Climate Action Planning Committee Meetings (5 total)	\$ 5,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500	\$ 17,500	\$ 5,000	\$ 22,500	\$ -	\$ 22,500
1.13 Present at Solano City-County Coordinating Council Meetings (2 total)	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 7,000	\$ 3,000	\$ 10,000	\$ -	\$ 10,000
1.14 Present at Planning Commission, City Council (Board of Supervisors) Public Hearings	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 7,000	\$ -	\$ 7,000	\$ -	\$ 7,000
1.15 Project Management and Grant Administration	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 2,000	\$ 7,000	\$ -	\$ 7,000
1.16 Direct Costs (Supplies, Meetings, Workshops, Other, Travel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ -	\$ 2,500
SUBTOTAL TASK 1	\$ 34,700	\$ 25,200	\$ 25,200	\$ 25,200	\$ 25,200	\$ -	\$ -	\$ -	\$ 6,500	\$ 142,000	\$ 202,500	\$ 344,500	\$ (48,000)	\$ 296,500
TASK 2: IMPLEMENT REGIONAL GHG REDUCTION PROGRAMS (Benicia, Vallejo, Vacaville, and Solano County)														
2.1 Evaluate Regional Program Opportunities	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 10,500	\$ 18,000	\$ 28,500	\$ -	\$ 28,500
2.2 Develop Online Community Support	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ 7,500	\$ (7,500)	\$ -
2.3 Conduct Public Workshop #3	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500	\$ 500	\$ 3,000	\$ 5,000	\$ 8,000	\$ -	\$ 8,000
2.4 Conduct Regional Climate Action Planning Committee Meetings (5 total)	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000	\$ 5,000	\$ 30,000	\$ -	\$ 30,000
2.5 Present at Solano City-County Coordinating Council Meetings (2 total)	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 6,000	\$ 3,000	\$ 9,000	\$ -	\$ 9,000
2.6 Present at Planning Commission, City Council (Board of Supervisors) Public Hearings	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 6,000	\$ -	\$ 6,000	\$ -	\$ 6,000
2.7 Implement Regional Program Opportunities	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ 65,000
2.8 Project Management and Grant Administration	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 2,000	\$ 7,000	\$ -	\$ 7,000
2.9 Direct Costs (Supplies, Meetings, Workshops, Other, Travel)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,525	\$ 1,525	\$ -	\$ 1,525
SUBTOTAL TASK 2	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 128,000	\$ 34,525	\$ 162,525	\$ (7,500)	\$ 155,025
TOTAL PROJECT	\$ 104,700	\$ 25,200	\$ 25,200	\$ 25,200	\$ 25,200	\$ 14,500	\$ 14,500	\$ 14,500	\$ 21,000	\$ 270,000	\$ 237,025	\$ 507,025	\$ (55,500)	\$ 451,525

Tasks using leverage described in the grant application are identified in gray

February 8, 2012

Strategic Growth Council
Sustainable Communities Planning Grants Program
c/o California Department of Conservation
Division of Land Resource Protection
801 K Street, MS Floor 18-01
Sacramento, CA 95814

Re: Participation in The Solano Regional Climate Action Planning Program

The City of Benicia is pleased to participate with the Solano Transportation Authority (STA) as lead agency and the cities of Dixon, Fairfield, Rio Vista, Suisun City, Vacaville Vallejo, and Solano County in our collaborative effort to secure funding from the Strategic Growth Council to develop the Solano Regional Climate Action Planning Program. The Program will capitalize on substantial efforts to date by STA, the cities and the County to create a comprehensive climate action program. The Program consists of two high-level tasks: 1) completing Climate Action Plans for Fairfield, Suisun City, Dixon, Rio Vista and Vacaville; and 2) implementing GHG-reduction programs identified in Climate Action Plans for Benicia, Vallejo, Vacaville, and Solano County.

The City of Benicia has been a leader among California communities in developing plans to address climate change at the local level. A common approach in Solano County to addressing long-term impacts of climate change at the local level will further benefit the City of Benicia with cost savings on streamlined programs and regional greenhouse gas reduction strategies. STA is a valuable partner in many regional projects and will help to ensure consistent implementation and measurable outcomes for the Program. Benicia looks forward to assisting STA, the cities and Solano County in implementing the Program.

Sincerely,

Elizabeth Patterson
Mayor

cc: City Council
City Manager

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
BUSINESS ITEMS

DATE : January 27, 2012

TO : City Manager

FROM : Public Works and Community Development Director

SUBJECT : **ENERGY EFFICIENCY CONSERVATION BLOCK GRANT APPLICATION**

RECOMMENDATION:

Adopt a resolution approving a grant application under the State of California Energy Efficiency Conservation Block Grant Program for \$371,000 for the purpose of funding streetlight retrofits already funded in the City's Renewable Energy Project, thereby freeing up funds for other related purposes consistent with the "use of proceeds" requirements of the Certificates of Participation.

EXECUTIVE SUMMARY:

As part of the Renewable Energy Project underway for City facilities, streetlights citywide (except for on First Street) are being changed out to improve energy efficiency and achieve cost savings. The California Energy Commission has reinstated the grant program from which the City previously was granted \$146,340 for streetlight retrofits. Under its existing contract with the City and at no cost to the City, Chevron Energy Solutions has offered to administer a second grant to reduce the amount the City has to spend from the financing for the project on the streetlight work.

BUDGET INFORMATION:

There is no cost to the City associated with this proposal. If the \$371,000 grant is approved, the money freed up from the Certificates of Participation could be designated by the City Council for a use consistent with the Certificates of Participation. Allowable uses include financing the energy conservation projects.

GENERAL PLAN:

This grant proposal supports the overarching goal of the General Plan, which is Sustainability.

STRATEGIC PLAN:

Strategic Issue 2: Protecting and Enhancing the Environment

- Strategy 1: Reduce greenhouse gas emissions and energy

- consumption
- Strategy 3: Pursue and adopt sustainable practices

BACKGROUND:

The Energy Efficiency Conservation Block Grant Program was originally established in 2009 to fund energy efficiency projects pursued by California municipalities. The current, second funding cycle is on a very rapid schedule: the ability to apply was announced January 12; applications are due February 14; and awards will be announced March 14.

During the first grant cycle, in May 2010 the City was granted \$146,430 for streetlight retrofits, which is being used in conjunction with an additional \$742,000 in bond funds under the Chevron Energy Solutions contract for installation of new streetlight bulbs and ballast as part of the ongoing Renewable Energy Project.

The \$371,000 grant amount purposely represents half of the \$742,000 contracted amount for the streetlight work so that an equivalent City match can come from the existing Certificates of Participation without any need for the City to add additional matching funds. A match is not required to receive the grant, but a match is encouraged to be as large as possible and expected to be major factor in this very competitive process.

Attachments:

- ❑ Proposed Resolution
- ❑ Grant application

RESOLUTION NO. 12-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING AN ENERGY EFFICIENCY CONSERVATION BLOCK GRANT APPLICATION TO FUND STREETLIGHT RETROFITS AND FREE UP EXISTING CERTIFICATE OF PARTICIPATION FUNDING FOR ANOTHER ENERGY CONSERVATION RELATED PURPOSE

WHEREAS, as part of the Renewable Energy Project underway for City facilities, streetlights citywide (except for on First Street) are being changed out to improve energy efficiency and energy cost savings; and

WHEREAS, the California Energy Commission has reinstated the grant program from which the City previously was granted \$146,340 for streetlight retrofits; and

WHEREAS, under its existing contract with the City and at no cost to the City, Chevron Energy Solutions has offered to administer a second grant to reduce the amount the City has to spend from the Certificates of Participation financing for the Renewable Energy Project on the streetlight work; and

WHEREAS, there is no cost to the City associated with this proposal; and

WHEREAS, if the \$371,000 grant is approved, the money freed up from the bond issue could be designated by the City Council for a related energy efficiency purpose consistent with the Certificates of Participation.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Benicia approves a grant application under the State of California Energy Efficiency Conservation Block Grant Program for \$371,000 for the purpose of funding streetlight retrofits in the City's Renewable Energy Project.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council on the 7th day of February, 2012.

Ayes:

Noes:

Absent:

Abstain:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

ATTACHMENT A

APPLICATION COVER PAGE

1. **Application Name:** City of Benicia
2. **Total Grant Funds Requested:** \$ 371,000.00
3. **Proposed Start Date:** *(no earlier than March 14, 2012)* March / 19 / 2012
4. **Proposed End Date:** *(no later than September 13, 2012)* June / 30 / 2012
5. **Principal Contact/Project Manager:** *(serves as single point of contact for all communication)*

Name: David Hernandez
 Phone: (415) 733-4816 Fax (415) 733-4639
 Email: david.hernandez@chevron.com
 Organization: Chevron Energy Solutions
 Position/Title: Project Manager

Address:
 345 California Street, 18th floor
 San Francisco, CA 94104

6. **Authorized Representative Certification:** *To the best of my knowledge, I certify that:*

- *The information contained in this grant application package is true and provides all information requested in the solicitation document.*
- *The proposed projects are cost-effective energy efficiency opportunities available to the eligible city/county.*
- *Proposed project(s) are not for prohibited activities as specified within solicitation document.*
- *Grant funds will be used to supplement (rather than supplant) funds already committed or expected to be received in support of the funded project.*
- *Proposed project can be completed and all grant funds expended on or before September 13, 2012.*

 Authorized Representative Signature

 Date

Charlie Knox

Director of Public Works & Community Development

Printed or Typed Name

Title

Reserved for California Energy Commission Use		
Solicitation	Date Received	Proposal Number Assigned
PON-11-608		

ATTACHMENT A**INSTRUCTIONS****1. Applicant Name**

Provide the legal name of the Applicant submitting the application for funding.

2. Total Grant Funds Requested

Specify the amount of grant funds being requested.

3. Proposed Start Date

Indicate the proposed start date of the project. Successful projects will be authorized to begin only after full execution of funding agreements. The earliest anticipated timeframe for executed agreements is March 14, 2012.

4. Proposed End Date

Indicate the proposed end date of the project. Projects must be completed on or before September 13, 2012.

5. Principal Contact/Project Manager

Indicate the name and information for the person serving as the single point of contact for this project.

6. Authorized Representative Certification

Proposals must be signed and dated by the Authorized Representative of the Applicant organization.

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
BUSINESS ITEMS

DATE : January 31, 2012

TO : City Manager

FROM : Finance Director

SUBJECT : **TRANSFER OF TRANSIT ROLLING STOCK TO SOLANO COUNTY TRANSIT (SOLTRANS)**

RECOMMENDATION:

Adopt a resolution authorizing the transfer of rolling stock to Solano County Transit (SolTrans).

EXECUTIVE SUMMARY:

On November 16, 2010 the City Council adopted Resolution No.10-154 authorizing the City Manager to execute the Solano County Transit (SolTrans) Joint Powers Agreement with the City of Vallejo and the Solano Transportation Authority. SolTrans began providing transit services in Benicia and Vallejo pursuant to an interim Transfer of Transit Operations Agreement on July 1, 2011. In accordance with the provisions of the Joint Powers Agreement, the City is to transfer transit related assets (rolling stock) to SolTrans. The resolution presented for consideration transfers the ownership of transit vehicles from the City of Benicia in accordance with the provisions of the Joint Powers Agreement.

BUDGET INFORMATION:

On June 22,2011 the Metropolitan transportation Commission (MTC) approved the appropriation of \$6.6 million in Transportation Development Act (TDA), State Transit Assistance (STA) and Regional Measure 2 funds to SolTrans for operating the Benicia and Vallejo bus and para-transit services. Since the cities of Benicia and Vallejo will no longer receive these transit funds directly, it is in the best interest of the cities to transfer all bus-related property to SolTrans to provide these transit services.

STRATEGIC PLAN:

Relevant Strategic Plan Issues and Strategies:

- Strategic Issue #4: Preserving and Enhancing Infrastructure
 - Strategy #2: Increase use of mass transit

Action 2(d): Evaluate feasibility of merging transit services with Vallejo and STA

BACKGROUND:

The City Council, on November 16, 2010 adopted Resolution No. 10-154 authorizing the City Manager to execute the Solano County Transit (SolTrans) Joint Powers Agreement with the City of Vallejo and the Solano Transportation Authority. Resolution No. 10-154 also authorized the City Manager to execute such further documents and take such further actions as may be necessary in order to accomplish the goals contemplated by the SolTrans Joint Powers Agreement, including the transfer of grant funds and transit assets to SolTrans at such time as SolTrans had acquired grantee status from the Federal transit Administration (FTA) and the Metropolitan Transportation Commission (MTC). This condition was met when MTC approved SolTrans as an authorized recipient of federal transit funds on June 22, 2011 and FTA granted SolTrans "grantee" eligibility on September 14, 2011.

SolTrans began providing transit services in Benicia and Vallejo on July 1, 2011 pursuant to an Interim Transfer of Transit Operations Agreement, which allowed SolTrans to use transit assets owned by the cities of Benicia and Vallejo on a temporary basis with the understanding that a separate Transfer of Assets Agreement would be negotiated. SolTrans and legal staff from the cities of Benicia and Vallejo have developed a draft Transfer of Assets Agreement which will document the transfer of title of the transit rolling stock and personal property from the cities to SolTrans, assigns those contracts applicable to the bus transit services to SolTrans and established the appropriate legal mechanism for the long-term use of the transit facilities. The draft agreement is currently being finalized and is provided as an attachment to this report. This agreement must be finalized as part of the FTA's approval of grants to SolTrans.

As a Federal Transit Administration grantee, the City must meet FTA requirements for the transfer of assets, including the adoption of a resolution with specific language agreeing to the transfer. The resolution must state that the vehicles are no longer required by the City of Benicia and are needed by SolTrans for the continued operation of transit service. The City Council of the City of Vallejo adopted a resolution authorizing the transfer of rolling stock to SolTrans on December 13, 2011. The SolTrans Board adopted its resolution authorizing the receipt of transit rolling stock from the cities of Benicia and Vallejo on December 15, 2011.

Upon approval of the resolution authorizing the transfer of transit rolling stock to SolTrans, the City will issue a letter to FTA requesting that agency's approval of the transfer of assets from the City of Benicia to SolTrans. Upon notification that FTA has approved the asset transfer, the cities of Benicia and Vallejo will execute the Transfer of Assets Agreement with SolTrans.

Attachments:

- Proposed Resolution Authorizing Transfer of Transit Rolling Stock to Solano County Transit
- Resolution No. 10-154 Authorizing the City Manager to Execute Joint Powers Agreement with the City of Vallejo and the Solano Transportation Authority
- Draft Transfer of Assets Agreement

RESOLUTION NO. 12-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE TRANSFER OF TRANSIT ROLLING STOCK TO SOLANO COUNTY TRANSIT (SOLTRANS)

WHEREAS, SolTrans was established under the Joint Powers Authority Law of the State of California pursuant to a Joint Powers Agreement dated November 30, 2010 (the "JPA Agreement") by and among the Cities of Benicia and Vallejo and the Solano Transportation Authority, the congestion management agency for Solano County ("STA"), for the purpose of creating a unified and efficient transit system in Solano County; and

WHEREAS, SolTrans began providing transit services in Benicia and Vallejo pursuant to an Interim Transfer of Transit Operations Agreement on July 1, 2011; and

WHEREAS, the Interim Transfer of Transit Operations Agreement allows SolTrans to use transit assets owned by the Cities of Benicia and Vallejo for the operation of transit service and contemplated a separate Transfer of Assets Agreement to be negotiated within 90 days of the effective date or as soon thereafter as is reasonable; and

WHEREAS, the City of Benicia, a Federal Transit Administration (FTA) grantee, agrees that the vehicles listed on the attached Rolling Stock Status Report are no longer required by the City; and

WHEREAS, on September 14, 2011 FTA agreed that SolTrans had demonstrated the financial, legal, and technical capacity to become an FTA grantee; and

WHEREAS, the transit vehicles listed on the attached Rolling Stock Status Report are needed by SolTrans for the continued operation of transit revenue service, and

WHEREAS, FTA Circular 5010.1D identifies the requirements for transferring rolling stock from grantee to grantee.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benicia that the transit vehicles listed on the Rolling Stock Status Report shall be transferred to SolTrans for the continued operation of transit revenue services in Benicia and Vallejo.

* * * * *

On motion of Council Member _____, seconded by Council Member _____, the above resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council on the 7th day of February, 2012 and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

**ROLLING STOCK STATUS REPORT
CITY OF BENICIA TRANSIT VEHICLES**

<u>Asset Description</u>	<u>Vehicle ID No.</u>	<u>Serial Number/VIN</u>	<u>Mileage on 10/31/11</u>	<u>Condition</u>
2001 Chevrolet Venture	116-3	1GNDX03E71D157787	167,774	Fair
2000 Gillig Phantom	2000-33	15GCB2011Y1110159	218,921	Fair
2000 Gillig Phantom	2001-33	15GCB2018Y1110160	144,431	Fair
2000 Gillig Phantom	2002-33	15GCB2019Y1110846	227,921	Fair
2000 Ford E-450	2004-33	1FDWE45F2YHB55206	284,189	Fair
2006 Ford E-450	2005-33	1FDXE15P56HA29139	115,818	Fair
2006 Ford E-450	2006-33	1FDXE45PX6HA32618	113,311	Fair
2006 Ford E-450	2007-33	1FDXE45P16HA32619	119,603	Fair
2006 Ford E-450	2008-33	1FDXE45S26DB18808	174,392	Fair
2008 Ford E-450	2013-33	1FD4E45S68DA18541	96,091	Fair
2001 Ford E450	2201-33	1FDWE45F61HA31543	39,825	Fair
2003 Toyota Prius	2021-33	JT2BK12U130084044	54,316	Fair

RESOLUTION NO. 10-154

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE CITY MANAGER TO EXECUTE A JOINT POWERS AGREEMENT WITH THE CITY OF VALLEJO AND THE SOLANO TRANSPORTATION AUTHORITY FOR THE CONSOLIDATION OF VALLEJO TRANSIT AND BENICIA BREEZE FIXED ROUTE BUS AND PARATRANSIT SERVICES AND TO TAKE FURTHER IMPLEMENTING ACTIONS

WHEREAS, the City Council approved the Strategic Plan on June 30, 2009 and identified a strategy for preserving and enhancing infrastructure through the increased use of mass transit, including the feasibility of merging transit services with Vallejo Transit; and

WHEREAS, the City Council has determined that substantial cost-savings and service enhancements can be realized from the merger of the two transit services; and

WHEREAS, Government Code Sections 6500-6515 permit two or more local public agencies, by agreement, to jointly exercise any power common to them and, thereby, authorizes the Members to enter into this Agreement; and

WHEREAS, in the performance of their essential governmental functions, Benicia and Vallejo each provide transit services within their respective municipal boundaries and to areas outside of said boundaries in order to perform or participate in intercity, regional transit services; and

WHEREAS, both the Metropolitan Transportation Commission on a regional basis and the Solano Transportation Authority on a countywide basis, who provide funding for the planning and operation of Vallejo and Benicia's bus and paratransit services, have made consolidation of transit services a priority for future sustainability of transit systems; and

WHEREAS, the Solano Transportation Authority will make a good faith effort to work in partnership with the Metropolitan Transportation Commission and the City to identify a potential funding source to repay the General Funds of both cities for their past contribution to Transportation Programs; and

WHEREAS, Vallejo and Benicia have the opportunity to provide transit and related services in a cooperative and coordinated manner, in order to best manage the public resources committed and necessary for delivery of such transit services; and

WHEREAS, the formation of SolTrans enables the Members to take advantage of the opportunities for more economical provision of transit services through economies of scale and to improve and expand the provision of a variety of transit services including, but not limited to, normal and customary intra-city bus transit, intercity transit, paratransit services, dial-a-ride, commuter and passenger ferries, and

connecting transit to other transportation providers such as BART and/or the Capitol Corridor commuter train in such manner and at such time as the Members may decide necessary and appropriate for public benefit; and

WHEREAS, the governing board of each Member has determined that it is in the Member's best interest, and in the public interest, that this Agreement be executed and they become Participating Members of SolTrans.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby approves the following:

Section 1. The City Manager is authorized to execute the Solano County Transit ("SolTrans") Joint Powers Agreement with the City of Benicia and the Solano Transportation Authority substantially in the form on file with the City Clerk's office and incorporated herein, subject to such clarifying changes and additions approved by the City Attorney.

Section 2. Further authorizes the City Manager to execute such further documents and take such further actions as may be necessary in order to accomplish the goals contemplated by the SolTrans Joint Powers Agreement, including, but not limited to, transferring the grant funds and designated personal and real property assets as listed in Appendix (B) and (C) of the SolTrans Transition Plan dated October 15, 2010 Attachment (C) to the staff report, subject to two conditions:

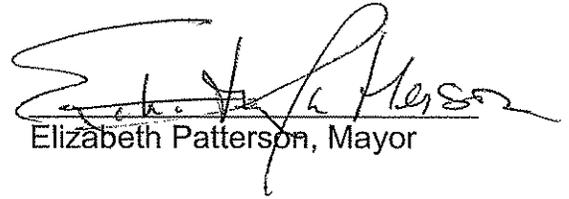
- 1) Submission to the City Councils of Benicia and Vallejo by SolTrans of satisfactory proof that it has acquired 'grantee' status from FTA and from MTC; and
- 2) The City Manager determination that such transfer is appropriate, considering that no asset which is subject to a lien or leasehold securing certificates of participation or other evidence of indebtedness issued by or on behalf of the City of Benicia or Vallejo may be transferred unless such lien or leasehold is duly released by the holders of such certificates of participation or other evidence of indebtedness.

On motion of Council Member **Hughes**, seconded by Council Member **Ioakimedes**, the above resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 16th day of November, 2010 and adopted by the following vote:

Ayes: **Council Members Campbell, Hughes, Ioakimedes, Schwartzman and Mayor Patterson**

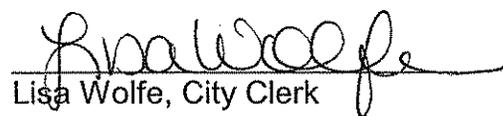
Noes: **None**

Absent: **None**



Elizabeth Patterson, Mayor

Attest:



Lisa Wolfe, City Clerk

TRANSFER OF ASSETS AGREEMENT

by and among

SOLANO COUNTY TRANSIT

CITY OF VALLEJO

and

CITY OF BENICIA

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Exhibits

- 1 Form of Assignment and Assumption Agreement
- 2 Contracts
- 3 Equipment
- 4 Grants
- 5 Facilities
- 6 Insurance Standards

TRANSFER OF ASSETS AGREEMENT

THIS TRANSFER OF ASSETS AGREEMENT (“Agreement”) is made and effective as of the _____ day of _____, 2011 (“Effective Date”) by and among SOLANO COUNTY TRANSIT, a California joint powers authority existing pursuant to Government Code section 6500, et seq. (“SolTrans”); the CITY OF VALLEJO, a municipal corporation (“Vallejo”); and the CITY OF BENICIA, a municipal corporation (“Benicia”) (together, Vallejo and Benicia shall be referred to as the “Cities”).

RECITALS

A. SolTrans was established under the Joint Powers Authority Law of the State of California pursuant to a Joint Powers Agreement dated November 30, 2010 (the “JPA Agreement”) by and among the Cities and the Solano Transportation Authority, the congestion management agency for Solano County (“STA”), for the purpose of creating a unified and efficient transit system in Solano County.

B. The Parties entered into that certain Interim Transfer of Transit Operations Agreement dated as of July 1, 2011 (the “Interim Agreement”) for the purpose of beginning the transfer of the existing transit services in Benicia and Vallejo to SolTrans.

C. Under the Interim Agreement, all Vallejo Transit and Benicia Breeze operations were transferred from the Cities to SolTrans, with SolTrans acting as the Cities’ agent for managing funds and fare revenue, taking over procurement functions, overseeing the performance of, and payment of obligations under, existing third party contracts, and reimbursing the Cities for services that will continue to be provided under other contracts with the Cities. The Cities also granted SolTrans a right of use for certain equipment and real property owned by the Cities.

D. The Interim Agreement also contemplated that the Parties would enter into this Agreement for the purpose of transferring all transit assets of the Cities, including buses and other equipment, interests in real property, receivables and rights under grant agreements (as defined more particularly below, the “Transit Assets”), to SolTrans.

E. The Parties have agreed to the transfer the Transit Assets in accordance with certain conditions and requirements (collectively, the “Transition”), all as provided more particularly below. The parties contemplate that the Transition will occur through a series of closings for portions of the Transit Assets, and in addition, the parties expect to execute one or more amendments to this Agreement to provide for the conveyance of certain additional assets of the Cities that are used in providing Transit Services.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, SolTrans and the Cities hereby agree as follows:

DEFINITIONS

“Assignment and Assumption Agreement” means an agreement between the Cities (or Vallejo or Benicia) and SolTrans substantially in the form of the Assignment and Assumption Agreement attached as Exhibit 1.

“Assumed Liabilities” means all liabilities and obligations of Cities with respect to the Transit Assets, whether accruing before, on, or after the Closing Date (other than the Excluded Liabilities) including:

- (a) all liabilities for Taxes levied on the Transit Assets, including any Taxes levied on the Transit Assets arising in connection with the consummation of the transactions contemplated hereby;
 - (b) all liabilities of Cities under any Laws with respect to the Transit Assets;
 - (c) all liabilities of Cities under any Laws with respect to the Transit Services;
- and
- (d) all liabilities and obligations of Cities under the Contracts and Grant Agreements.

“Authorizations” means any permit, license, authorization, order, decree, ruling, certificate, registration, filing, legislation, ordinance, resolution or other consent or approval (including Environmental Permits) granted by any Governmental Authority to Cities or SolTrans for the Transit Services, which is a condition to their lawful operation, to the extent transferable.

“Bankruptcy Code” means United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., as amended from time to time.

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of California.

“Board” means the governing body of a Party, as applicable.

“Books and Records” means all public books, records, files and papers of Cities relating to Transit Services, including all contracts and agreements to which Cities are, or either one is, a party or by which they are bound, their general and other ledgers, records of administrative proceedings, financial statements, documents of title, salary and wage records, inventory records, sales documentation, “as built” drawings, and specifications for the Facilities, as applicable, all to the extent in Cities’ possession and/or control, regardless of the medium in which the same are fixed, but excluding any records which are privileged or confidential such as confidential employee records, attorney-client privileged documents or communications, and other privileged materials; provided, however that Cities shall cooperate with and assist SolTrans in making such documents, records and materials available to SolTrans upon receipt of a signed consent form waiving any applicable privilege, in a form acceptable to the attorneys of the Cities, or to the extent Cities may be compelled in connection with any Legal Proceedings to which SolTrans

may become a party as a result of the Transition but which pertain to facts or events concerning Cities prior to the Closing Date.

“CEQA” means the California Environmental Quality Act.

“Claim” or **“Claims”** means any and all present and future liabilities, claims, demands, obligations, assessments, losses, costs, damages, fines, expenses, suits or actions of every name, kind, description, and nature (including attorneys’ fees and costs), whether brought forth on account of damages, injuries to or death of any person or damage to property, and whether known or unknown, and whether now existing or hereafter arising.

“Closing” means the consummation of transfer of the Transit Assets, or portions thereof, from Cities to SolTrans as set forth more particularly in Section 6 below.

“Closing Date” means the date or dates on which Closing occurs.

“Contracts” means the Contracts listed on Exhibit 2.

“Debts and Receivables” means cash on hand, including depositions in banks, mortgages, receivables, shares of stock, bonds, notes, credits, evidence of an interest in property, evidence of debt and choses in action generally.

“Default” means (a) a material breach of any Contract or Authorization, (b) the occurrence of an event that with the passage of time or the giving of notice or both would constitute a material breach of any Contract, or (c) the occurrence of an event that with or without the passage of time or the giving of notice or both would give rise to a right of termination, renegotiation or acceleration under any Contract or result in a material modification of the terms thereof.

“Encumbrance” means any claim, lien, pledge, option, charge, security interest, Grant Requirement, deed of trust, mortgage, building or contractual use restriction, conditional sales agreement, right of termination, forfeiture or cancellation, encumbrance or other similar right, whether voluntarily incurred or arising by operation of Law, and includes any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

“Environmental Condition” means (a) any Release or threatened Release into, at, on, under or in the Facilities (including the surface water, groundwater, surface soil, subsurface soil air, land or soil vapor thereof), or (b) any environmental contamination or pollution in violation of Environmental Laws existing at, on, under, or in the Facilities.

“Environmental Laws” means those Laws which regulate (a) the protection or clean-up of the environment, (b) the use, treatment, storage, transportation, generation, manufacture, processing, distribution, handling or disposal of, or emission, discharge or other Release or threatened Release, and (c) the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources, or the health and safety of persons or property, including protection of the health and safety of employees. Environmental Laws include the Federal Water Pollution Control Act, Resource Conservation & Recovery Act, Clean

Water Act, Safe Drinking Water Act, Atomic Energy Act, Occupational Safety and Health Act, Toxic Substances Control Act, Clean Air Act, Comprehensive Environmental Response, Compensation and Liability Act, Hazardous Materials Transportation Act and all analogous or related Laws, whether federal, state, regional, county, or local.

“Environmental Permits” means all permits, authorizations, registrations, certificates, licenses, approvals or consents required under or issued by any Governmental Authority pursuant to Environmental Laws and related to or required for operation of the Service or maintenance of the Facilities.

“Equipment” means all vehicles, tools, equipment, machinery, spare parts, and other tangible personalty owned by Cities wherever located (including in the possession of any of Cities’ contractors, suppliers or other vendors) held for use in connection with the Transit Services and operation, maintenance and repair of Vehicles or the Facilities, including but not necessarily limited to those items listed in Exhibit 3.

“Escrow” means the escrow of documents and funds to be administered by Escrow Holder in accordance with the terms of this Agreement.

“Escrow Holder” means a title company mutually appointed by the Parties.

“Excluded Assets” means:

- (a) privileged records, personnel records and other original Books and Records that Cities are required to retain in their possession, if any; and
- (b) assets whose transfer is prohibited by Law.

“Excluded Liabilities” means and includes only the following: _____

Excluded Liabilities does not include any matters for which any party owes another party indemnification under this Agreement or the Interim Agreement.

“Facilities” means all of Cities’ right, title and interest in the real property listed in Exhibit 5.

“Force Majeure” means a material delay beyond the reasonable control of the delayed Party caused by labor strikes, lock-outs, industry wide inability to procure materials, extraordinary restrictive governmental laws or regulations (such as gas rationing), mass riots, war, military power, sabotage, fire or other casualty, an act of God or other event of a similar nature or magnitude.

“Force Majeure Event” means any event caused by Force Majeure and any other event specifically identified herein as a Force Majeure Event.

“FTA” means the U.S. Department of Transportation, Federal Transit Administration.

“Governmental Authority” means any federal, state, regional, county, local or other governmental agency, legislative body, court, authority, administrative agency, regulatory body, commission, joint powers agency or instrumentality, including any multinational authority having governmental or quasi-governmental powers, but unless the context otherwise requires, excluding Cities and SolTrans.

“Grant Agreements” means all grant funding agreements, requirements, obligations, and conditions with respect to the Transit Services, including applicable Master Agreements, FTA Circular 5010.1D Grant Management Requirements, CalTrans grants, MTC grants, and other applicable federal, state, or local regulations and requirements including those set forth in Exhibit 4.

“Hazardous Materials” means any substance, material, or waste which is or becomes regulated by any federal, state, regional, county, and/or local governmental authority, including the State of California or the United States Government, including any material or substance which is: (a) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under sections 25117, 25115 or 25122.7 of the California Health and Safety Code, or listed pursuant to California Health and Safety Code Section 25140; (b) defined as a “hazardous substance” under California Health and Safety Code Section 25316 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (c) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under California Health and Safety Code Section 25501 (Hazardous Materials Release Response Plans and Inventory); (d) defined as a “hazardous substance” under California Health and Safety Code Section 25281 (Underground Storage of Hazardous Substances); (e) petroleum; (f) friable asbestos; (g) polychlorinated biphenyls; (h) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20; (i) designated as “toxic pollutants” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317); (j) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6903; or (k) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, et seq., as the foregoing statutes and regulations now exist or may hereafter be amended, regardless of whether such materials in the preceding subsections (a) to (k) are solid, liquid or gas.

“Inspection Period” is defined in Section 2.3.

“Knowledge” or **“Known”** means the current, actual knowledge of the designated representative of the Party making the representation or warranty.

“Law” means any decision, statute, ordinance, resolution, decree, order, writ, rule, or regulation of a Governmental Authority, including Cities.

“Legal Proceeding” or **“Legal Proceedings”** means any claim, action, suit, labor dispute or complaint, proceeding or investigation before any Governmental Authority, whether brought, initiated, asserted or maintained by a Governmental Authority or any other Person, or arbitral action.

“Material Adverse Change” or **“Material Adverse Effect”** means (a) with respect to any Party pre-Closing, any adverse change, circumstance, or effect that, individually or in the aggregate, is likely to be materially adverse to the affected Party’s position, the Transit Assets, or the Transit Services, and would impair or limit a Party’s ability to perform its obligations under this Agreement; and (b) with respect to SolTrans or the Transit Services post-Closing, any change, circumstance or effect, including increase in insurance, maintenance or repair costs, that, individually or in the aggregate, has a significant negative economic impact on the Transit Services, assets, liabilities, financial condition, or service levels.

“MTC” means the Metropolitan Transportation Commission created by the California Legislature in 1970 (California Government Code §66500 et seq.), responsible for the transportation planning, coordinating and financing for the nine-county San Francisco Bay Area.

“Party” or **“Parties”** shall respectively mean and refer to each of SolTrans, Vallejo and Benicia, individually and collectively.

“Permitted Encumbrances” means, with respect to a Transit Asset, all of the following:

- (a) Any Encumbrance for Taxes, assessments and other governmental charges not yet due, payable and delinquent or which is currently being contested in good faith by appropriate Legal Proceedings.
- (b) Leases, reservations or other rights of others in, or minor defects and irregularities in title to, Transit Assets, provided that such leases, reservations or other rights, defects or irregularities do not materially impair the use of such Transit Assets for the purpose for which they are to be held by SolTrans.
- (c) Any Encumbrance arising by, through or under SolTrans.
- (d) Any Encumbrance which Cities have elected not to remove, to the extent SolTrans has not terminated this Agreement pursuant to Section 3.8.
- (e) Any Grant Agreements.
- (f) The federal interest in a property which was either purchased or improved by use of federal funds.

“Person” means an individual, a partnership (whether general or limited), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Authority (or any department, agency, or political subdivision thereof).

“Proprietary Rights” means, to the extent transferable: (a) all copyrights, copyright registrations, proprietary processes, trade secrets, license rights, specifications, technical manuals and data, drawings, inventions, designs, patents, patent applications, trade names, trademarks, service marks, product information and data, know-how and development work-in-progress, customer lists, software, business and marketing plans and other intellectual or intangible property embodied in or pertaining to a Service operation in which Cities hold a right or interest,

whether pending, applied for or issued, whether filed in the United States or in other countries, together with all associated goodwill; (b) all things in which Cities hold a right or interest authored, discovered, developed, made, perfected, improved, designed, engineered, acquired, produced, conceived or first reduced to practice by Cities or any of their employees or agents that are embodied in, derived from or related to a Transit Services, in any stage of development, including modifications, enhancements, designs, concepts, techniques, methods, ideas, flow charts, coding sheets, notes and all other information in which Cities hold a right or interest relating to the Transit Services; and (c) any and all design and code documentation, methodologies, processes, trade secrets, copyrights, design information, product information, technology, formulae, routines, engineering specifications, technical manuals and data, feasibility studies, market studies, traffic studies or projections, drawings, inventions, know-how, techniques, engineering work papers, and notes, development work-in-process, and other proprietary information and materials of any kind relating to the Transit Services, in which Cities hold a right or interest; all to the extent dedicated to, operated or maintained in connection with provision of Transit Services.

“Release” means any intentional or unintentional release, discharge, spill, leaking, pumping, pouring, emitting, emptying, injection, disposal or dumping of Hazardous Materials in violation of the Environmental Laws.

“Service Level” means the established service level for Transit Services, as may be adjusted or any portion thereof, pursuant to the Solano County Transit (SolTrans) Transition Plan 2010, as it may be subsequently amended by SolTrans.

“SolTrans” means Solano County Transit, a California joint powers agency, formed by joint powers agreement among the City of Benicia, the City of Vallejo, and STA to merge the bus transit services in Benicia and Vallejo.

“STA” means Solano Transportation Authority, a California joint powers agency responsible for, among other things, countywide transportation planning and programming transportation funds.

“Tax” or “Taxes” means any federal, state, regional, county, local and/or foreign license, payroll, employment, excise, severance, stamp, occupation, premium, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, possessory interest, documentary, personalty, special assessment, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Transaction” means implementation of the Transition pursuant to the terms and conditions contained in this Agreement.

“Transaction Cash” means all receivables, operating, and reserve account balances of funds in Cities’ possession specifically designated for operation, maintenance, repair or rehabilitation of the Equipment or the Facilities.

“**Transit Assets**” means the Cities’ right, title and interest in and to the following listed items, together with entitlements of every kind and nature, absolute or contingent, associated with Transit Services (other than the Excluded Assets):

- (a) the Contracts (Exhibit 2);
- (b) the Debts and Receivables;
- (c) the Equipment (Exhibit 3);
- (d) Facilities (Exhibit 4); and
- (e) Grants (Exhibit 5).

“**Transit Services**” means all operations of Cities in providing bus services in the Cities, including, but not limited to, those currently being provided by SolTrans under the Interim Agreement.

“**Transition**” is defined in RECITAL E.

“**Warranties**” means any service, repair, replacement, construction and other obligation, warranty, representation or guaranty based upon or arising out of any express or implied warranty, made or deemed to be made in connection with the acquisition, sale or lease, or to the extent applicable, construction or repair of any Equipment or the performance of service by any seller, distributor, or manufacturer thereof or any other Person providing services to Cities in respect of the Equipment.

ARTICLE 1

AGREEMENT TO TRANSFER ACQUIRED ASSETS

Section 1.1 Transfer of Transit Assets. Subject to the terms and conditions of this Agreement, and subject to Section 2.5 below, Cities shall assign, convey, and transfer to SolTrans, and SolTrans shall accept from Cities as of the Closing Date (as defined below in Section 6), free and clear of all Encumbrances except for Permitted Encumbrances, all of the Transit Assets. SolTrans shall be the successor agency with regard to every Transit Asset conveyed or transferred from Cities. The conveyance of each and every Transit Asset shall be subject to a right of reverter if SolTrans shall cease to exist or cease to operate the Transit Services in the Cities.

Section 1.2 Acceptance by SolTrans.

(a) **Acquisition of Assets.** SolTrans agrees to assume ownership of and become responsible for, on and subject to the terms and conditions of this Agreement, all of the Transit Assets at Closing.

(i) **Assumption of Liabilities.** SolTrans agrees to assume and become responsible for, on and subject to the terms and conditions of this Agreement, all of the liabilities arising out of ownership of the Transit Assets (the “Assumed Liabilities”) at Closing; provided,

however, that SolTrans shall have no liability for, or with respect to, any of the Excluded Liabilities.

(ii) **Retained Authorizations.** SolTrans agrees to assume responsibility for complying with the provisions of and performing Cities' obligations under the Retained Authorizations to the extent that they pertain to Transit Services at Closing. SolTrans will not assume or have any responsibility, however, with respect to any Excluded Liabilities.

(iii) **Right of Reverter.** SolTrans accepts the Transit Assets subject to a right of reverter if SolTrans shall cease to exist or cease to operate the Transit Services in the Cities, and hereby agrees to return the Transit Assets and cooperate in restoring title to the name of the Cities (or Vallejo or Benicia, as the case may be) should that occur in accordance with FTA rules and regulations.

(b) **Consideration.** In consideration of the conveyance of the Transit Assets, SolTrans agrees that the Transit Assets shall be used only for public transit uses and operations and service.

Section 1.3 "AS IS" Transfer; UCC Disclaimer.

(a) Except as specifically stated in this Agreement or in any document of conveyance of the Transit Assets, Cities are not making nor have made, nor shall Cities be deemed to make or have made, any express or implied representation or warranty of any kind or nature as to the Transit Assets, including the physical condition or safety of thereof, or the accuracy or completeness of the title information provided hereunder or any inspection documents or consultant reports. Without limiting the foregoing, SolTrans hereby acknowledges that the Equipment and Facilities shall be transferred to SolTrans, and SolTrans shall acquire the same, "AS IS," "WHERE IS" and "WITH ALL FAULTS" and, except for the express representations and warranties of Cities contained in Section 4.1 hereof or any document of conveyance of such property to SolTrans from Cities, there are no representations or warranties, express or implied, made by Cities in connection with the Transaction.

(b) **SOLTRANS SPECIFICALLY ACKNOWLEDGES AND AGREES THAT EXCEPT TO THE EXTENT SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS AGREEMENT, CITIES HAVE NOT MADE AND/OR DO NOT MAKE (AND CITIES SPECIFICALLY NEGATE AND DISCLAIM) ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE ACQUIRED TRANSIT ASSETS, INCLUDING ANY WARRANTIES OR REPRESENTATIONS AS TO MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.**

Section 1.4 Transfer of Facilities and Equipment. At Closing, Cities shall transfer to SolTrans all of Cities' right, title and interest in and to the Facilities and the Equipment.

Section 1.5 Other Transit Assets. At Closing, Cities shall take all other actions and execute all documents reasonably necessary to transfer all of Cities' right, title and interest in the

Contracts, Grant Agreements and Debts/Receivables to SolTrans, including execution and delivery of any bills of sale, transfers of registrations and accounts, and assignments of contracts, permits and licenses or other documents needed to effect the transfers.

ARTICLE 2
ESCROW; DUE DILIGENCE REVIEW OF ASSETS

Section 2.1 Escrow.

(a) **Opening of Escrow.** Not later than ten (10) days prior to the Closing Date, the Parties shall open an Escrow for the transfer of the Transit Assets with Escrow Holder and deposit a fully executed copy of this Agreement with Escrow Holder. Escrow Holder shall hold this Agreement and all deposits in the Escrow until Closing or earlier termination of this Agreement in accordance with the provisions hereof.

(b) **Closing Costs.** SolTrans shall be solely responsible for managing Escrow and all Closings and accordingly shall bear all costs and charges of Escrow, Closing, and consummation of the Transaction and Transition including any Taxes, escrow costs, fees, or charges, and recording and filing fees (“Costs and Charges”). SolTrans shall deposit such Costs and Charges into Escrow.

(c) **Assumed Liabilities.** SolTrans agrees to compensate Cities for costs incurred in connection with Transit Services that remain due and payable as of Closing so long as SolTrans has approved the incurrence of such costs in advance. The Parties agree that such costs will be capped at a maximum of \$_____ and no costs will be incurred beyond February 29, 2012. Cities shall submit invoices for such costs to SolTrans and SolTrans shall promptly remit full payment either (i) directly to the creditor prior to the payment due date and shall provide Cities with proof of timely payment, or (ii) to the Cities, as mutually determined by the Parties.

Section 2.2 Title Information.

(a) **Facilities.** Within ninety (90) days after the Effective Date, Cities shall provide SolTrans with all information in Cities’ possession regarding the physical and title status of the Facilities, including copies of all reports concerning physical conditions or environmental matters, a current title report, and surveys. If either party discovers any new information regarding the environmental condition of the Facilities before the date of the Closing which information was not previously or otherwise known or disclosed, then the party discovering such information shall promptly provide the non-discovering party with such information at no cost or expense to the non-discovering party. SolTrans shall have five (5) business days from its discovery/receipt of disclosure, as applicable, but in any event before the date of the Closing, to approve the condition of the Facilities with respect to such discovery/disclosure. SolTrans’ failure to disapprove the condition of the Facilities within such time period shall conclusively be deemed to be such party’s approval thereof.

(b) **Equipment.** Within ninety (90) days after the Effective Date, Cities shall provide SolTrans with all information in Cities’ possession regarding the Equipment, including vehicle registration, warranties where applicable and maintenance records where available.

Cities shall cooperate with SolTrans' efforts to perform and obtain a current and comprehensive UCC lien and judgment search with respect to the Equipment. No more than ten (10) business days after expiration of the Inspection Period, and in no event fewer than thirty (30) calendar days before the Closing Date, SolTrans shall notify Cities in writing of any Encumbrances identified in the UCC lien and judgment search that are disapproved by SolTrans. Such notice shall be sent by certified mail, facsimile, or email to _____ with a copy to Cities' public works departments, addressed as provided in Section 11.1. Within ten (10) business days after Cities' receipt of SolTrans' notice, Cities shall advise SolTrans in writing whether or not Cities will clear the disapproved Encumbrances. Cities' failure to respond to SolTrans within such time period shall be deemed to be Cities' election not to remove the Encumbrances.

(c) SolTrans, as its sole remedy for Cities' election or deemed election not to remove the disapproved Encumbrances, shall have the right to terminate this Agreement upon written notice to Cities within ten (10) business days after Cities' election (or deemed election) not to clear an Encumbrance that was disapproved by SolTrans in its written notice. SolTrans' failure to terminate this Agreement shall operate as SolTrans' acceptance of such Encumbrances.

(d) Permitted Encumbrances. Any Encumbrance that is approved by SolTrans, or that Cities do not remove (to the extent SolTrans does not resort to remedies to require it to be removed) shall be a "Permitted Encumbrance." To the extent SolTrans has not terminated this Agreement, or timely notified Cities of any disapproved Encumbrance, as provided herein, SolTrans shall either unconditionally accept such Permitted Encumbrance or bear all costs associated with removal thereof.

(e) Other Transit Assets. Within ninety (90) days after the Effective Date, Cities shall provide SolTrans copies of all Contracts and Grants Agreements, as well as all information in Cities' possession regarding the Debts and Receivables. Cities shall cooperate with SolTrans' to provide additional information on the Contracts, Grant Agreements and Debts and Receivables.

Section 2.3 Due Diligence. SolTrans shall have the right directly inspect, or to cause a third party to inspect, the Transit Assets, for one hundred eighty (180) days after the Effective Date ("Inspection Period"). SolTrans shall provide an initial proposed inspection Schedule to Cities, and an outline of steps to be implemented by SolTrans to ensure that inspections not reduce or delay any scheduled service, departures or required carrying capacity. Cities, at no expense to Cities, shall reasonably cooperate and assist SolTrans in such inspections. If during its inspection SolTrans in any way damages any of the Transit Assets, SolTrans shall promptly repair or cause such damage to be repaired at no expense to Cities. In addition, SolTrans shall indemnify, defend and hold harmless Cities from and against any liability, including for any bodily injury, death, or property damage, resulting from or arising out of any such inspection; provided, however, SolTrans shall have no obligation to so indemnify Cities to the extent such liability results from Cities' gross negligence or willful misconduct or any pre-existing Hazardous Materials.

SolTrans may, at its sole cost and expense, commence an environmental investigation of the Facilities, including: (i) a Phase I environmental assessment for the Facilities prepared by an environmental/soils engineer reasonably acceptable to SolTrans (the "Phase I Report") (if not

already provided by Cities), and (ii) if the Phase I Report recommends that invasive testing be performed on the Facilities, a Phase II environmental assessment for the Facilities prepared by an environmental/soils engineer reasonably acceptable to SolTrans (the “Phase II Report”).

If SolTrans is not satisfied with its due diligence investigation of the Facilities, SolTrans may terminate the Agreement by notice to Cities given no later than five (5) business days after the expiration of the Inspection Period.

Section 2.4 Access to Cities Books and Records. During the Inspection Period, Cities shall give SolTrans and its accountants and consultants, upon reasonable notice, full access during normal business hours to all Books and Records, documents, properties, files, contracts, and other instruments pertaining to Transit Services (except confidential employee records, attorney client privileged documents or communications, or other privileged materials), relating to the Transit Assets and Assumed Liabilities to be transferred to or assumed by SolTrans or Cities’ conduct of Transit Services, and shall allow SolTrans to make copies of the same, all at SolTrans’ expense.

Section 2.5 Condition of Transit Assets. SolTrans acknowledges and agrees that, except as expressly set forth in Section 3.1 below, Cities make no, and shall not be deemed to have made any, representations or warranties, express or implied, as to the Transit Assets or the Transaction. Subject to Cities’ covenants in Section 4.3 below, the Transit Assets are being transferred hereunder, and SolTrans agrees to accept the Transit Assets, “AS IS,” “WHERE IS” and “WITH ALL FAULTS” and subject to any condition that may exist, without representation or warranty or covenant by Cities express or implied, of any kind or nature. SolTrans shall be responsible for making any required arrangements for transferring the titles or licenses of the vehicles that are required by California law to be registered with the Department of Motor Vehicles.

ARTICLE 3
GOOD FAITH EFFORTS TO CONSENTS REQUIRED FOR ASSIGNMENTS OR TRANSFERS

Section 3.1 Consents. Cities shall undertake good faith efforts to secure necessary approvals for Cities’ transfer of their interests in the Transit Assets to SolTrans consistent with existing regulations or agreements, including but not limited to: (a) requesting consents to Assignment and Assumption Agreements or other approvals from third parties for the transfer of the Contracts; (b) submitting written requests for the approval of transfers of Grants from third parties, including FTA and CalTrans), for Transit Assets and Grant Agreements; and (c) obtaining consent or making other arrangements with lenders or other third parties who have encumbrances on the Facilities for their transfer to SolTrans.

Section 3.2 Bankruptcy. Vallejo and SolTrans acknowledge that Vallejo is the debtor in a chapter 9 case pending in Bankruptcy Court as Case No. 2008-26813. Vallejo represents that because chapter 9 does not incorporate Bankruptcy Code Section 363, no order of the Bankruptcy Court is necessary in order for Vallejo to enter into the Agreement or to make the transfers contemplated therein. The Parties agree and acknowledge that Vallejo shall be solely and exclusively responsible for the payment of any amounts required to be made in order to

effectuate pursuant to the Bankruptcy Code, the assumption by Vallejo and the assignment to SolTrans of the Contracts, including payments for the cure of any defaults or to compensate for any pecuniary loss and all liabilities and obligations thereunder arising from events before the Effective Date, and SolTrans shall be responsible for liabilities and obligations thereunder arising from events on and after the Effective Date.

Section 3.3 Cooperation. Cities and SolTrans shall cooperate with each other in the renewals and renegotiations referenced herein, including giving of any other required third party notices, and use diligent good faith efforts to obtain required Authorizations, third party consents, estoppel certificates, make any filings, and take other steps reasonably necessary to consummate the Transaction.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 Representations and Warranties of Cities. As of the Effective Date, Cities represent and warrant the following, each of which shall be ratified as of Closing:

- (a) Cities have the legal power and full authority to enter into, be bound by, and comply with the terms of this Agreement to which they are parties, and have obtained all necessary authorizations, consents and approvals required to be obtained by Cities for the execution, delivery and performance of this Agreement and the consummation of the Transaction.
- (b) To their Knowledge, the execution and delivery of this Agreement, the consummation of the Transaction, and the performance of or compliance with the terms, conditions and covenants of this Agreement will not violate or conflict with or result in the breach of any of the terms, conditions or provisions of any agreement, judicial order or instrument to which Cities are a party or by which Cities or any of Cities' assets are bound.
- (c) To their Knowledge, the Facilities and Equipment to be transferred to SolTrans are free and clear of Encumbrances other than the Permitted Encumbrances.
- (d) To their Knowledge, there are no pending or anticipated condemnation proceedings with respect to the Facilities.
- (e) To their Knowledge, the Transaction will not result in the material breach of any of the Contracts by Cities.
- (f) Cities have not sold or placed or suffered to be placed any lien or claim on or against the Transit Assets, except as previously disclosed in writing.
- (g) To their Knowledge, all Books and Records delivered by Cities to SolTrans are true and accurate copies of such Books and Records.
- (h) To their Knowledge, all exhibits to this Agreement that pertain to Cities are true, accurate and complete.

(i) To their Knowledge, except as previously disclosed in writing to SolTrans, there are no Defaults existing under the Contracts to which Cities are a party.

(j) To their Knowledge, the Contracts represent all material agreements that Cities have relied on in operating the Transit Services in substantially the same manner as they were being operated by Cities as of the effective date of the Interim Agreement.

(k) To their Knowledge, there are no pending or threatened claims of any third party against Cities with respect to Cities' ownership, operation or lease of the Facilities, nor are there in existence any facts or circumstances with respect to Cities' ownership, operation or lease of the Facilities that may give rise to a third party claim against Cities with respect thereto.

The representations and warranties set forth in this Section 4.1 shall survive for a period of three (3) years following the Closing Date. As referenced above, "Knowledge" of Cities means the Knowledge of the staff members of Cities as of the Effective Date who are most knowledgeable about the matters specified in this Section 4.1 and who are Cities' designated representatives for purposes of these representations and warranties.

Section 4.2 Representations and Warranties of SolTrans. As of the Effective Date, SolTrans hereby represents and warrants the following, each of which shall be ratified as of Closing:

(a) SolTrans has legal power and full authority to enter into, be bound by, and comply with the terms of this Agreement to which it is a Party, and has obtained all necessary Authorizations required to be obtained by it for the execution, delivery and performance of this Agreement and the consummation of the Transaction.

(b) SolTrans has obtained qualified grantee status from the FTA.

(c) To its Knowledge, the execution and delivery of this Agreement, the consummation of the Transaction, and the performance of or compliance with the terms, conditions and covenants of this Agreement will not violate or conflict with or result in the breach of any of the terms, conditions or provisions of any agreement, judicial order or instrument to which SolTrans is a party or by which SolTrans or any of SolTrans' assets are bound.

(d) All consents of any entity related to or affiliated with SolTrans that are necessary to consummate the Transition and the Transaction have been obtained.

(e) To its Knowledge, there are no pending or threatened Legal Proceedings that would affect SolTrans' ability to validly close the Transaction or consummate the Transition.

(f) To its Knowledge, all required Authorizations for operation of the Transit Services have been obtained and are effective and in good standing, except for any matters previously identified in writing to Cities.

(g) To its Knowledge, all schedules and exhibits to this Agreement are true, accurate and complete.

(h) To its Knowledge, except as previously disclosed in writing by SolTrans, there are no pending or threatened Legal Proceedings against SolTrans which would affect SolTrans' ability to validly close the Transaction, or SolTrans' ability to operate the Transit Services as contemplated by this Agreement.

The representations and warranties set forth in this Section 4.2 shall survive for three (3) years following the Closing Date. As referenced above, "Knowledge" of SolTrans means the knowledge of staff members of SolTrans as of the Effective Date who are most knowledgeable about the matters specified in this Section 4.2 and SolTrans' designated representative for purposes of the above representations and warranties.

Section 4.3 Changes in Representations and Warranties. The Parties shall give each other prompt notice of any occurrence making a representation or warranty untrue, inaccurate or incomplete. If the Party receiving notice determines in its reasonable discretion that the untruthfulness, inaccuracy or incompleteness of such representation or warranty will have a Material Adverse Effect on the Transit Services or the Transaction, then the Parties shall meet and confer to determine any steps to be taken to address such Material Adverse Effect, which may include termination of this Agreement by the Party for whose benefit such representation or warranty has been made.

Section 4.4 Covenants of Cities. Cities covenant that it shall take each of the following actions:

(a) From the Effective Date to the Closing Date, Cities agree that they shall not sell or encumber or authorize any liens being filed against the Transit Assets in which they have an interest.

(b) From the Effective Date and continuing to and after Closing, Cities shall provide SolTrans with reasonable access to the Books and Records, at SolTrans' expense.

Section 4.5 Covenants of SolTrans. SolTrans covenants that it shall take each of the following actions:

(a) From the Effective Date to the Closing Date, SolTrans shall not take or omit to take any action which will adversely affect its funding commitments pursuant to this Agreement or its ability to operate the Transit Services as provided in this Agreement.

(b) From the Effective Date to the Closing Date, SolTrans use best efforts to obtain all required Authorizations and other consents as and to extent determined by SolTrans and Cities to be reasonably necessary or desirable in connection with the Transaction and SolTrans' subsequent operation of Transit Services.

ARTICLE 5
CONDITIONS PRECEDENT TO CLOSING

Section 5.1 Conditions Precedent. The following are Conditions Precedent to Closing and consummation of the Transaction, each or any one or more of which may be waived in writing by the Party for whose benefit such Condition Precedent exists.

- (a) Within the Inspection Period, SolTrans shall have inspected and reasonably approved of the condition of the Transit Assets to be transferred to SolTrans, and all such assets are in their condition as when inspected and approved by SolTrans and in compliance with all Authorizations and Laws.
- (b) All Authorizations necessary to SolTrans' legal operation of the Transit Services are validly issued and effective as of the Closing Date.
- (c) All required insurance is issued and effective.
- (d) The governing bodies of SolTrans and Cities have all taken the necessary actions to approve the Transaction.
- (e) There are no known Encumbrances against the Equipment or the Facilities other than the Permitted Encumbrances, existing as of the Closing Date.
- (f) For the benefit of SolTrans, there are no Defaults by Cities.
- (g) For the benefit of Cities, there are no Defaults by SolTrans.
- (h) There are no Legal Proceedings challenging the Agreement, the Transition, or the Transaction.
- (i) There are no known material inaccuracies in the representations or warranties of the Parties hereunder.
- (j) All documents required for consummation of Closing shall have been delivered to Escrow Holder.
- (k) The Parties shall have performed all obligations necessary for consummation of Closing.
- (l) Any funds required shall have been deposited into Escrow by SolTrans.
- (m) SolTrans shall have received FTA qualified grantee status, and FTA shall have consented to the transfer of the Transit Assets where required.
- (n) All required consents to assignment of the Contracts shall have been obtained from all necessary third-parties, and Cities shall have validly assigned all Contracts to SolTrans as of the Closing Date, and such Contracts, as assigned to SolTrans, shall be in full force and effect.

(o) SolTrans and Cities shall have deposited the duly executed Assignment and Assumption Agreements into Escrow.

(p) Cities shall have deposited duly executed Bill(s) of Sale into Escrow.

(q) Assignment and Assumption Agreements for the Contracts and Grant Agreements shall have been executed by the parties and deposited into Escrow.

(r) SolTrans, as lead agency, shall have made necessary CEQA findings in connection with the Transition and this Agreement, and filed notices with Solano County, the State Clearinghouse, and as otherwise required under CEQA.

ARTICLE 6 CLOSING

The exchange of instruments and documents described in this ARTICLE 6 shall be deemed to have occurred when each of the concurrent conditions set forth in Section 6.1 and Section 6.2 have been either satisfied or waived. For the purposes of this Agreement, “Closing” shall mean one or more closings conducted through Escrow for the purpose of transfer title to portions of the Transit Assets. Prior to the end of the Inspection Period, the parties shall designate in writing a schedule for the Closing that identifies the number of closings, the expected dates on which they will occur, and the Transit Assets that will be transferred at each one. To the extent more than one closing occurs, the procedures and timelines of this Agreement shall be applied sequentially and the term “Closing” shall refer to each closing as it pertains to the Transit Assets that will be transferred. The Closing shall be conducted on such date(s) as Cities and SolTrans mutually agree, but not later than two hundred ten (210) days after the Effective Date, unless the Parties agree in writing to extend such deadline. The parties may agree in writing to a Closing prior to the expiration of the Inspection Period, provided, however that the parties’ unexercised rights to inspections, receipt of information, etc. shall be waived as of the date of the applicable Closing as to the Transit Assets transferred through such Closing. In addition, notwithstanding any other provision of this Agreement, the parties may conduct a Closing for any of the Transit Assets outside of Escrow by mutual written agreement. If the Parties, acting in good faith, do not agree to an extension as provided above, the Agreement may be terminated at the option of either Party hereto and all documents and monies placed in escrow shall be returned to the Party that deposited them.

Section 6.1 SolTrans’ Obligations at Closing. At Closing, SolTrans shall deliver or cause to be delivered to Cities through the Escrow the following:

(a) Evidence of Authority. Such organizational and authorizing documents of SolTrans as shall be reasonably required by the Escrow Company and/or Cities to evidence SolTrans’ authority to execute this Agreement and any documents to be executed by SolTrans at Closing, and to consummate the Transaction.

(b) Estimated Settlement Statement. Three (3) original, duly executed counterparts of an estimated settlement statement in form and content reasonably satisfactory to Cities and SolTrans.

(c) Evidence of Insurance. Evidence acceptable to Cities that upon Closing, all insurance that SolTrans and/or its operator is required to maintain pursuant to this Agreement shall be in place and effective as required herein.

(d) Costs and Charges. SolTrans shall deposit all costs and charges into Escrow.

(e) Other Documents. Such additional documents, resolutions, consents and affidavits reasonably necessary or advisable to effect Closing; provided, however, that such other documents shall not be inconsistent with the terms and provisions of this Agreement.

Section 6.2 Cities' Obligations at Closing. At Closing, Cities shall deliver or cause to be delivered the following to SolTrans through Escrow:

(a) Evidence of Authority. The Council resolution authorizing documents of Cities as shall be reasonably required by the Escrow Company and/or SolTrans evidencing Cities' authority to execute this Agreement and any documents to be executed by Cities at Closing, and to consummate the Transaction.

(b) Bill of Sale. Duly executed original Bill(s) of Sale or other transfer of title documents evidencing the transfer of Cities' interest in the Equipment and any other Transit Assets for which a Bill of Sale is appropriate to evidence transfer of Cities' interest to SolTrans.

(c) Escrow Company Documents. Any and all affidavits, undertakings, certificates or other documents required to be delivered by Cities or, subject to the reasonable approval of Cities and their counsel, otherwise customarily required by the Escrow Company in order to close Escrow.

(d) Other Documents. Such additional documents, resolutions, consents and affidavits reasonably necessary or advisable to effect the valid consummation of Closing; provided, however, that such other documents shall not be inconsistent with the terms and provisions of this Agreement.

Section 6.3 Obligations of Escrow Holder. Prior to Closing, the parties shall enter into an agreement with Escrow Holder which shall include, at a minimum, the following requirements:

(a) Deliver Funds to SolTrans. Deliver the Transaction Cash to a bank account designated by SolTrans in writing to Escrow Holder prior to Closing.

(b) Deliver Documents to Cities and SolTrans. Deliver to Cities and SolTrans two (2) fully executed counterparts of each Assignment and Assumption Agreement and any other documents consistent with the respective escrow instructions delivered by Cities or SolTrans.

Section 6.4 Possession and Deliveries.

(a) Cities shall deliver exclusive possession of the Transit Assets to SolTrans at Closing, subject only to the Permitted Encumbrances together with all necessary keys and passcards for the Equipment or other Transit Assets in the possession of Cities.

(b) Cities shall deliver the following items to SolTrans outside Escrow within ten (10) business days after the Closing Date: (i) originals of the Contracts to the extent in Cities' possession, or copies of any Contracts not in Cities' possession together with an affidavit from Cities as to such copies being true and complete copies of the Contract(s), (ii) copies of the Books and Records pertaining to the Contracts, (iii) originals of any other items which Cities were required to furnish SolTrans copies of or make available pursuant to this Agreement, including the Books and Records, and (iv) notices to the counter-parties under the Contracts, advising them of the Transition and directing them to direct future correspondence to SolTrans at the place designated by SolTrans.

ARTICLE 7
DEFAULT AND REMEDIES

Section 7.1 Breach by Cities.

(a) Pre-Closing. Cities shall be deemed to be in default under this Agreement if they fail to perform under this Agreement, to meet, comply with, or perform any covenant, agreement, or obligation required on their part in the manner required in this Agreement prior to Closing and/or fail to consummate the Transaction; provided, however, that Cities shall not be in default under this Agreement to the extent the applicable failure was caused by the failure of a condition precedent to Cities' obligation, caused by SolTrans, or caused by a Force Majeure Event. In the event of such a default, SolTrans shall notify Cities in writing. If Cities fail to cure their default within ten (10) business days after notice from SolTrans of the nature of such default, or to commence to cure any noticed default that is incapable of being cured within such ten (10) business day period and thereafter diligently prosecute the cure to completion, then as SolTrans' sole and exclusive remedy, SolTrans may either: (i) terminate this Agreement; or (ii) seek specific performance of Cities' obligations hereunder.

(b) Post-Closing. After Closing, in the event of any breach of Cities' covenants, representations or warranties hereunder or under any other agreement, document, certificate or instrument delivered by Cities to SolTrans and which survives Closing or, if Cities fail to perform under this Agreement, SolTrans shall notify Cities in writing. Except to the extent the defaulting party's breach was caused by SolTrans, or caused by a Force Majeure Event, if the defaulting Party fails to cure such a default within ten (10) business days after notice from SolTrans of the nature of such default, or to commence to cure any noticed default that is incapable of being cured within such ten (10) business day period and thereafter diligently prosecute the cure to completion, then as SolTrans' sole and exclusive remedy, SolTrans may seek specific performance and/or the recovery of direct actual damages incurred by SolTrans to the extent caused by such default; provided, however, that to the extent that the default is curable, prior to SolTrans' exercise of any right or remedy as a result of such default, SolTrans shall first deliver written notice to Cities and give Cities ten (10) additional business days thereafter in which to cure or commence to cure (as applicable) said default.

(c) Limit on Damages. Notwithstanding anything to the contrary contained in this Agreement, Cities shall have no liability under this Agreement to SolTrans for business interruption, punitive, speculative, or consequential damages.

Section 7.2 Breach by SolTrans.

(a) Pre-Closing. SolTrans shall be deemed to be in default under this Agreement if SolTrans fails to meet, comply with, or perform any covenant, agreement, or obligation required on its part in the manner required in this Agreement prior to Closing and/or fails to consummate the Transaction; provided, however, that SolTrans shall not be in default under this Agreement to the extent the applicable failure was caused by the failure of a condition precedent to SolTrans' obligation, caused by Cities, or caused by a Force Majeure Event. In the event of such a default, Cities shall notify SolTrans in writing. If SolTrans fails to cure such default within ten (10) business days after such notice of the nature of the default, or to commence to cure any noticed default incapable of cure within such ten (10) business day period and thereafter diligently prosecute such cure to completion, as Cities' sole and exclusive remedy, Cities may either (i) terminate this Agreement or (ii) seek specific performance of SolTrans' obligations hereunder.

(b) Post-Closing. After Closing, in the event of any breach of SolTrans' covenants, representations or warranties hereunder which survive Closing, or under any of the Contracts or Assumed Liabilities, or if SolTrans fails to perform under this Agreement, Cities shall notify SolTrans in writing. Except to the extent SolTrans' breach was caused by Cities, or caused by a Force Majeure Event, if SolTrans fails to cure such default within ten (10) business days after notice, or to commence to cure any default incapable of cure within such ten (10) business day period and thereafter diligently prosecute such cure to completion, as Cities' sole and exclusive remedies, Cities may seek specific performance and/or the recovery of direct actual damages incurred by Cities to the extent caused by SolTrans' post-closing default.

(c) Limit on Damages. Notwithstanding anything to the contrary contained in this Agreement, SolTrans shall have no liability to Cities for business interruption, punitive, speculative, or consequential damages.

**ARTICLE 8
INSURANCE**

Section 8.1 Insurance. SolTrans shall diligently pursue membership in a joint powers insurance authority that provides coverage in the County or obtain equivalent coverage for its operations commercially. The parties contemplate that SolTrans shall obtain such insurance prior to Closing, and that therefore, after Closing, SolTrans shall be responsible for insuring the Transit Assets and Transit Services.

**ARTICLE 9
ESCROW HOLDER PROVISIONS**

Section 9.1 Escrow Holder Obligations.

(a) Escrow Holder is not bound by, or charged with notice of any agreement out of which the Escrow may arise, other than as specified in Agreement, including this ARTICLE 9. Escrow Holder shall hold all deposits in accordance with the terms and provisions of this Agreement. Escrow Holder shall comply with all reporting requirements of Section 6045 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder. Escrow Holder undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against Escrow Holder.

(b) This Agreement constitutes joint escrow instructions of the Parties and Escrow Holder is hereby empowered to act thereunder. The Parties hereto agree to do all acts reasonably necessary to close Escrow in the shortest possible time. All funds received in Escrow shall be deposited with other escrow funds in an interest-bearing account with a state or national bank doing business in the State of California. All disbursements shall be made by check or wire transfer from such account. All interest on the escrow funds shall belong, and be disbursed to, SolTrans.

(c) Any Party may execute supplemental escrow instructions and/or require that the parties sign supplemental joint escrow instructions if, in the opinion of such Party, it is necessary or convenient in order to accomplish Closing of the Transaction, provided that if there is any inconsistency between this Agreement and any supplemental escrow instructions, then the provisions of the Agreement shall control. The Parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. Escrow Holder is instructed to release settlement statements to each Party.

Section 9.2 Authority of Escrow Holder. Escrow Holder is authorized to, and shall:

(a) Promptly execute the acknowledgment of this Agreement as provided following the Parties' signature page, and return the acknowledgment to each Party by email or facsimile and regular mail.

(b) Pay and charge SolTrans for all costs of escrow.

(c) Subject to satisfaction of the Conditions Precedent in Article 5, implement the Transaction as provided in this Agreement.

(d) Do such other actions as necessary to fulfill Escrow Holder's obligations under the Agreement.

(e) For each of the Facilities, prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099 S form, and be responsible for withholding taxes, if any such forms are provided for or required by Law.

(f) Verify that all documents were properly dated and executed personally, not under power of attorney, by the Party named as the signatory as set forth therein, initialed, and where applicable, witnessed and acknowledged, and that all exhibits were appended.

(g) Do such other actions as necessary to fulfill Escrow Holder's obligations under the Agreement.

Section 9.3 Reliance. Escrow Holder may act in reliance upon any writing or instrument or signature which it, in good faith, believes, and any statement or assertion contained in such writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instrument in connection with the provisions of this Agreement has been duly authorized to do so. Escrow Holder shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited in escrow, nor as to the identity, authority, or right of any person executing the same, and Escrow Holder's duties under this Agreement shall be limited to those provided in this Agreement.

Section 9.4 Liability of Escrow Holder. The Parties acknowledge that Escrow Holder is acting solely as a stakeholder at their request and for their convenience, that Escrow Holder shall not be deemed to be the agent of any of the Parties, and that Escrow Holder shall not be liable to any of the Parties for any action or omission, mistakes of fact or errors of judgment on its part taken or made in good faith, and not in disregard of this Agreement; provided, however, that Escrow Holder shall be liable for its negligent acts, willful misconduct, and for any loss, cost or expense incurred by Cities or SolTrans resulting from Escrow Holder's mistake of Law respecting the scope or nature of its duties.

Section 9.5 Compliance. If Escrow Holder cannot comply with all of the foregoing terms and conditions or receives inconsistent instructions from any Party, Escrow Holder is not authorized to close Escrow and in such event should contact each Party's designated representative identified in Section 11.1, without delay for further instruction. Each Party reserves the right to withdraw any and all documents and funds submitted herewith or under separate cover at any time prior to the close of Escrow. The delivery of documents and funds into Escrow in no way binds any Party.

ARTICLE 10 POST-CLOSING OBLIGATIONS OF THE PARTIES

Section 10.1 SolTrans assumes full responsibility for the use of the Transit Assets in accordance with the FTA requirements.

Section 10.2 Cities shall employ continuing good faith efforts to obtain transferable title to, or necessary consents for the transfer of, any Transit Assets that are encumbered or otherwise restricted from transfer to SolTrans as of the first Closing Date.

Section 10.3 Cities shall issue encroachment permits to SolTrans for use of bus shelters within ninety (90) days of the first Closing Date.

Section 10.4 SolTrans may serve as sponsor for applications of the Cities for capital grants that will benefit transit operations in the Cities.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Notices. All notices, demands and requests which may be given or which are required to be given by either Party to the other, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective either: (a) on the date personally delivered to the applicable address below, as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (b) on the third (3rd) business day after being sent, by certified or registered mail, postage prepaid, return receipt requested, addressed to the intended recipient at the applicable address specified below; or (c) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service such as Federal Express or United Parcel Service, addressed to such Party at the applicable address specified below. For purposes of this Section 11.1, the addresses of the Parties for all notices are as follows (unless changed by similar notice in writing given by the particular person whose address is to be changed):

If to Vallejo:

City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590
Attn: City Manager
Telephone: (707) 648-4575

and:

City of Vallejo
555 Santa Clara Street, 3rd Floor
Vallejo, CA 94590
Attn: City Attorney
Telephone: (707) 648-4545

If to Benicia:

Transit Services Manager
City of Benicia
Finance Department, Transit Services Division
250 East L Street
Benicia, CA 94510
Telephone: (707) _____

If to SolTrans:

Executive Director
SolTrans
311 Sacramento Street
Vallejo, CA 94590

Telephone: (707) 648-4047

with a courtesy copy to STA:

Executive Director
Solano Transportation Authority
One Harbor Center, Suite 130
Suisun City, CA 94585

Section 11.2 Entire Agreement. This Agreement (including the schedules and exhibits attached hereto, all of which are hereby incorporated by reference, and stand-alone versions thereof) and the Interim Agreement embody the entire agreement between the Parties concerning the subject matter hereof, and there are no oral or written agreements between the Parties, nor any representations made by either Party relative to the subject matter hereof, which are not expressly set forth or incorporated herein.

Section 11.3 Amendment. This Agreement may be amended only by a written instrument executed by each of the Parties hereto.

Section 11.4 Headings. The captions and headings used in this Agreement are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Agreement.

Section 11.5 Time of Essence. Time is of the essence of this Agreement; however, if the final date of any period which is set out in any provision of this Agreement falls on a Saturday, Sunday or legal holiday under the laws of the United States or the State in which the Property is located, then, in such event, the time of such period shall be extended to the next business day which is not a Saturday, Sunday or legal holiday.

Section 11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of California and the Laws of the United States pertaining to transactions in such State, without reference to choice of law principles.

Section 11.7 Successors and Assigns; Assignment. This Agreement shall bind and inure to the benefit of Cities and SolTrans and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

Section 11.8 Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement.

Section 11.9 Enforcement. In the event a dispute arises concerning the performance, meaning or interpretation of any provision of this Agreement or any document executed in connection with this Agreement, the prevailing party in such dispute shall be awarded any and all costs and expenses incurred by such Party in enforcing, defending or establishing its rights

hereunder or thereunder, including court costs and reasonable attorneys' fees. In addition to the foregoing, the prevailing party shall also be entitled to recover its reasonable attorneys' fees incurred in any appeals or any post judgment proceedings to collect or enforce any such judgment.

Section 11.10 Multiple Counterparts. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one agreement.

Section 11.11 Construction. Cities and SolTrans acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits hereto. The words "include" and "including" shall be construed as if followed by the words "without limitation."

Section 11.12 No Recordation. Cities and SolTrans hereby acknowledge that neither this Agreement nor any memorandum or affidavit thereof shall be recorded of public record in any county.

Section 11.13 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed or delivered by Cities and SolTrans, each Party hereby agrees to perform, execute and deliver, or cause to be performed, executed and delivered, as of Closing or thereafter any and all such further acts, deeds and assurances as Cities or SolTrans, as the case may be, may reasonably require in order to consummate fully the transactions contemplated hereunder. SolTrans shall promptly reimburse Cities for any actual costs incurred by Cities in connection therewith to the extent not specifically addressed in this Agreement or the Interim Agreement.

Section 11.14 No Waiver. No consent or waiver by either Party to or of any breach or nonperformance of any representation, condition, covenant or warranty shall be enforceable unless in writing signed by the Party entitled to enforce performance, and such signed consent or waiver shall not be construed as a consent to or waiver of any other breach or non-performance of the same or any other representation, condition, covenant, or warranty.

Section 11.15 Survival. All of the provisions of this ARTICLE 11 shall survive Closing or any earlier termination of the Term.

Section 11.16 Third Party Beneficiaries. There are no third party beneficiaries of this Agreement.

Section 11.17 Cities' Police Powers. Cities shall retain full rights to exercise their police powers. Any uses or activities requiring a conditional use permit, variance, or other discretionary permit or approval shall require a permit or approval pursuant to relevant codes, policies, and applicable Law. Notwithstanding any other provision set forth herein, this Agreement is not intended to vest in SolTrans any right to the issuance of any permit or approval nor to restrict Cities' good faith exercise of their discretion with respect thereto.

Section 11.18 Delegation of Authority.

(a) For the purposes of this Agreement, where performance by the Cities of an obligation hereunder concerns Contracts entered into, or Equipment or Facilities owned, solely by Vallejo or Benicia, the City Manager of Vallejo or Benicia, respectively, or his or her designee, shall be entitled to act for the Cities. Otherwise the City Managers or their designees shall jointly act for the Cities, unless they enter into a writing further delegating authority to one or the other City Manager.

(b) (i) Cities hereby delegate the power to negotiate, enter into, and execute any non-substantive changes to this Agreement, completion of the schedules and exhibits hereto, and such other ancillary agreement necessary to effect the terms hereof, to the respective City Managers of Vallejo and Benicia, subject to the respective City Attorney approval thereof; (ii) SolTrans hereby delegates the power to negotiate, enter into, and execute any non-substantive changes to this Agreement, completion of the schedules and exhibits hereto, and such other ancillary agreement necessary to effect the terms hereof, to its Executive Director, subject to SolTrans General Counsel approval thereof.

**ARTICLE 12
EXTENSION OF INTERIM AGREEMENT**

In order to accommodate the staged Closings contemplated hereunder, the parties agree that the Term of the Interim Agreement, as established by Section 2.7 thereof, is hereby extended until the date of the last Closing hereunder, unless terminated earlier in accordance with Article 7 of the Interim Agreement.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

SOLTRANS:

SOLANO COUNTY TRANSIT, a joint powers authority

By: _____
Name: Osby Davis
Title: Chair, SolTrans Board of Directors

APPROVED AS TO FORM:

Legal Counsel to Authority

VALLEJO:

CITY OF VALLEJO, a municipal corporation

By: _____
Name: Phil Batchelor
Title: Vallejo City Manager

RECOMMENDED FOR APPROVAL:

Name: David Kleinschmidt
Title: Vallejo Public Works Director

APPROVED AS TO FORM:

Name: Fred Soley
Title: Vallejo City Attorney

ATTEST:

Name: Sherry M. Kelly
Title: Interim City Clerk

[Signatures continue on next page.]

BENICIA:

CITY OF BENICIA, a municipal corporation

RECOMMENDED FOR APPROVAL:

By: _____

Name: Brad Kilger

Title: Benicia City Manager

Name: Rob Sousa

Title: Benicia Finance Director

APPROVED AS TO FORM:

Name: Heather McLaughlin

Title: Benicia City Attorney

DRAFT

Escrow Holder Acknowledgement

The undersigned acknowledges receipt of this Agreement and agrees to act as escrow holder escrow agent in this transaction strictly in accordance with this Agreement.

ESCROW HOLDER

By: _____

Company: _____

Name: _____

Title: _____

Dated: _____, 2011

DRAFT

EXHIBIT 1

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (“Assignment”) is made and entered into as of _____, 201__, by and between the City of _____ (“Assignor”), and Solano County Transit (“SolTrans”), pursuant to the terms of that certain Transfer of Assets Agreement dated as of _____, 201__ (“Agreement”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

1. Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has granted, sold, assigned, transferred, conveyed, and delivered and does hereby grant, sell, assign, transfer, convey and deliver unto SolTrans, all of Assignor’s right, title, and interest in and to the following described items arising or used in connection with the Service.

(a) All of Assignor’s right, title and interest in and to the Contracts, all as set forth on Schedule 1 attached hereto;

(b) All of Assignor’s rights, title and interest in and to the Assumed Liabilities;

(c) All of Assignor’s rights, title and interest in and to the warranties specified in Schedule 2 attached hereto;

(d) To the extent assignable, Proprietary Rights, if any, owned by Assignor as of the date hereof and pertaining to or used in connection with the operation, maintenance or management of Transit Services or the Contracts including all additional unexpired warranties upon the Equipment owned by Assignor and used in connection with Transit Services (other than those specified in Schedule 2), all copyrights, logos, designs, trademarks, trade names (other than the trade names of Assignor or its affiliates), service marks and goodwill associated with Transit Services, and all licenses, permits, entitlements, government approvals and certificates which benefit Transit Services (provided, however, that certain of the foregoing are only partially assigned, as further set forth on Schedule 1 attached hereto).

2. Assignor and SolTrans hereby covenant and agree as follows:

(a) SolTrans accepts the aforesaid assignment and SolTrans assumes and agrees to be bound by and timely perform, observe, discharge, and otherwise comply with each and every one of the agreements, duties, obligations, covenants and undertakings of Assignor under the Contracts arising from and after the Closing Date.

(b) SolTrans hereby defends, indemnifies and agrees to hold harmless Assignor from and against Claims which Assignor may incur, sustain, or suffer, or which may be asserted or assessed against Assignor on or after the date hereof, arising out of, pertaining to or in any way connected with the obligations, duties, and liabilities under the Contracts, or any of

them, to be kept and performed by Assignor or SolTrans whether accruing prior to or from and after the date hereof; provided, however, that SolTrans shall have no obligation to so indemnify, hold harmless and defend Assignor against any such Claims if and to the extent that such Claims arise out of Assignor's gross negligence or willful misconduct prior to Closing.

(c) The burden of the indemnity made in paragraph 2(b) hereof shall not be assigned. Except as aforesaid, this Agreement shall bind and inure to the benefit of the Parties and their respective successors, legal representatives and assigns.

3. No Implied Warranties.

SOLTRANS SPECIFICALLY ACKNOWLEDGES AND AGREES THAT EXCEPT TO THE EXTENT SPECIFICALLY AND EXPRESSLY SET FORTH IN THIS AGREEMENT, CITIES HAVE NOT MADE AND/OR DO NOT MAKE (AND CITIES SPECIFICALLY NEGATE AND DISCLAIM) ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO ANY OF THE ACQUIRED ASSETS, INCLUDING ANY WARRANTIES OR REPRESENTATIONS AS TO MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. THE PROVISIONS OF ARTICLE 2 AND ARTICLE 5 OF THE AGREEMENT ARE HEREBY INCORPORATED BY THIS REFERENCE AS IF FULLY SET FORTH IN THIS ASSIGNMENT.

[Signatures follow on next page.]

IN WITNESS WHEREOF, Assignor and SolTrans have executed this Assignment effective as of the ___ day of _____, 201__.

Assignor:

CITY OF _____

By: _____
Name: _____
Title: _____

RECOMMENDED FOR APPROVAL:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

By: _____
Name: _____
Title: City Attorney

[Signatures continue on next page.]

SolTrans:

SOLANO COUNTY TRANSIT

By: _____

Name: _____

Title: Executive Director

APPROVED AS TO FORM:

By: _____

Name: _____

Title: Legal Counsel to Authority

DRAFT

ASSIGNED CONTRACTS

[Above Schedule 1 to be inserted upon finalization]

WARRANTIES

[Above Schedule 2 to be inserted upon finalization]

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
BUSINESS ITEMS

DATE : January 25, 2012

TO : City Manager

FROM : Finance Director

SUBJECT : **COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
MEMORANDUM ON INTERNAL CONTROL FOR THE FISCAL YEAR
ENDED JUNE 30, 2011**

RECOMMENDATION:

Accept the Comprehensive Annual Financial Report and Memorandum on Internal Control for the fiscal year ended June 30, 2011.

EXECUTIVE SUMMARY:

The City's auditor, Maze & Associates, has completed review of the annual financial statements for the fiscal year ended June 30, 2011 and has issued an unqualified audit opinion. The audited financial statements are incorporated into a Comprehensive Annual Financial Report (CAFR). In addition to review of the financial statements, the auditors are required to report matters that could adversely affect the City's ability to record, process, summarize and report financial data. The auditors identified no deficiencies in internal control which they considered to be material weaknesses which could result in a material misstatement of the City's financial statements. The auditors did include in their Memorandum of Internal Control several recommendations related to debt coverage requirements and operating procedures which they wish to bring to the City Council's attention. Staff responses to each of the items noted are included in the Memorandum of Internal Control.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Goal 8.00: Build Organizational Quality and Capacity
 - Strategy 8.20: Measure and track service (i.e. financial) performance

BUDGET INFORMATION:

There is no fiscal impact associated with this action.

BACKGROUND:

The City Council, on July 5, 2011, authorized the appointment of Maze & Associates as the City's Auditor for fiscal years 2010-11 through 2014-15. The City is required to have an independent audit of its financial records conducted on an annual basis. The auditors have completed their review of the June 30, 2011 financial statements and have issued an unqualified audit opinion stating that "the basic financial statements... present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia...."

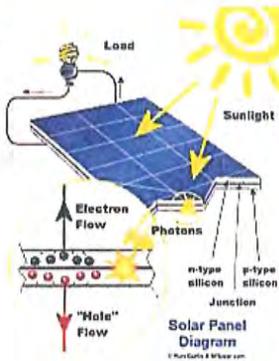
The audited financial statements are incorporated into a Comprehensive Annual Financial Report (CAFR), which provides additional analytical and statistical information to more fully describe the City's financial condition. The CAFR is submitted to the Government Finance Officers Association for consideration of Award of the Certificate of Achievement for Excellence in Financial Reporting. The City has received this award each year since 1991.

The Comprehensive Annual Financial Report was reviewed with the Finance Committee on January 27, 2012. Katherine Yuen of Maze & Associates presented the results of the audit to the Finance Committee and responded to questions. The Finance Committee accepted the report and made a recommendation that staff develop a policy for the establishment and write-off of inter-fund transfers and loans and loans to outside parties. A representative of Maze & Associates will be present at the February 7, 2012 City Council meeting.

Attachments:

- ❑ Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011
- ❑ Memorandum on Internal Control

THE CITY OF
BENICIA
CALIFORNIA

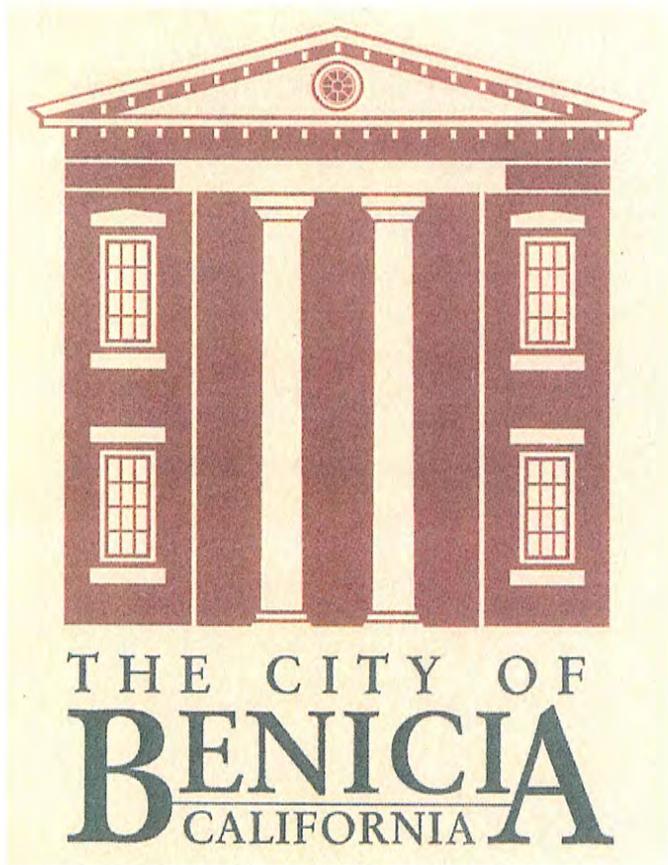


COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

Prepared by
FINANCE DEPARTMENT



CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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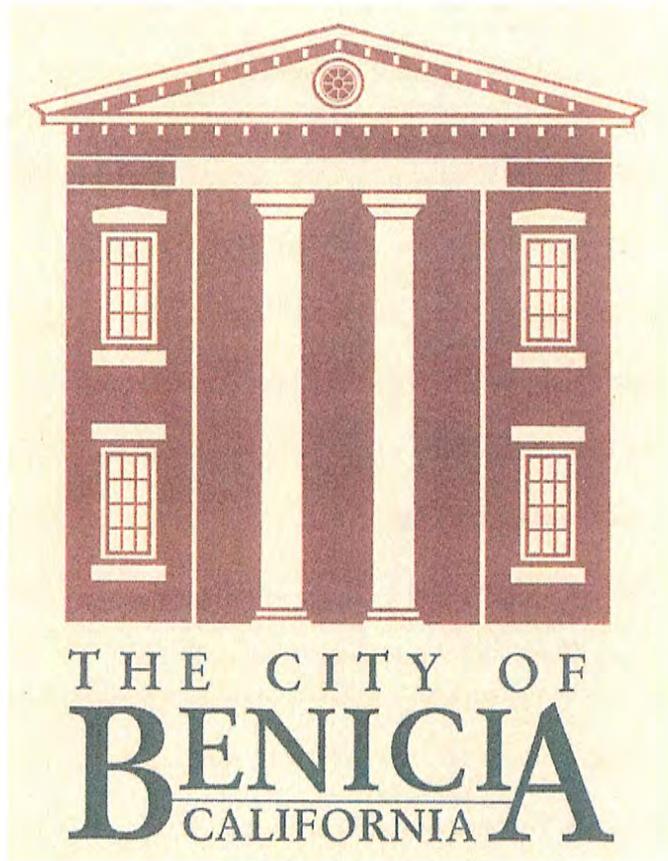
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December 2, 2011

**To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Benicia, California:**

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Benicia (the City) for the fiscal year ended June 30, 2011. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the City, as measured by the financial activity of its governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's basic financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent auditor's report is presented at the front of the financial section of this report.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Benicia, California is located in southern Solano County adjacent to the Carquinez Strait, which is part of the San Francisco Bay. It is a waterfront city, known for its small town charm, history and high quality of life. Benicia has moderate Mediterranean weather with dry warm summers and moderate winters. It currently occupies 14 square miles and serves a population of 27,118.

The City was incorporated in April 24, 1851, under the laws of the State of California. The City is a general law city administered by a council-manager form of government. It is classified as a general law city because of its reliance upon California state law to define procedural regulations utilized by

the City Council. The mayor and four council members are elected to staggered four year terms through a general election process. The City Council, serving as the primary governing body, is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing directors of the various City departments.

The City provides a wide range of municipal services to its citizens including public safety (fire and police), library, parks and recreation, public works, planning and zoning, water and wastewater utilities, economic development, and general administrative services.

The financial reporting entity includes all funds and activities of the City of Benicia. Other governmental agencies that provide services within the City include Solano County, the Benicia Unified School District, the Benicia Housing Authority and the Solano County Transit (SolTrans). Financial information for these agencies is not included in the accompanying financial statements because each is a legally separate entity with operations separate from the City, and the City has no financial interest in their activities.

Management Summary

Benicia benefits from the stability of its leadership and experience. Elizabeth Patterson was elected Mayor in November 2007 and was re-elected on the recent November 2011 election. She has been a Council Member since 2003. Brad Kilger, hired as the City Manager since December 2010, has over 31 years of municipal experience and brings a wealth of skills and knowledge to the City. Before coming to the City, Mr. Kilger served as the City Manager of the City of Ceres from 2006 through 2010. Mr. Kilger leads the Executive Management Team, which includes seven Directors that bring substantial technical expertise and managerial experience to the City of Benicia. With this level of expertise, the City continues its reputation of progressive and business-like management. The City Council and the Executive Management Team stress long-term planning and the ability to turn fiscal challenges into opportunities.

The City has a ten-year financial forecasting model, which has become a guide and educational tool for the City's management staff, Council Members and citizens. The financial model is updated annually to reflect the ever-changing economic environment we live in.

In addition to the financial forecasting model, the City has also developed a strategic plan that directs the City's vision for success, and is updated every budget cycle. The strategic plan identifies strategies and priorities that will best address issues raised by the City's stakeholders, and serves as a framework for the City to provide the community with integrity, excellence, service and inclusiveness of all.

ECONOMIC OUTLOOK AND CONDITION

Benicia's strategic setting on the Carquinez Strait has made it an attractive location as both a place to live and a place for industrial growth. While largely built out, families continue to be attracted to the City of Benicia's quiet tree-lined neighborhoods, good schools, low crime rate and small-town, historic charm.

The table below illustrates the City’s General Fund property, sales and utility tax collections for fiscal years 2006 through 2011:

General Fund Tax Collections
2005-06 Through 2010-11

Year	Property	Sales	Utility
2005-06	11,919,854	5,373,118	3,001,316
2006-07	12,881,657	6,285,439	5,056,904
2007-08	13,534,307	6,794,114	4,190,517
2008-09	13,053,648	6,958,722	4,413,428
2009-10	12,468,070	6,490,069	4,938,585
2010-2011	12,162,807	6,150,614	5,027,163

As the table indicates, property taxes decreased \$305,263 (2.45%) in fiscal year 2010-11. The decrease is a result of the continued decline in assessed valuation of real estate properties throughout the country. The City is fortunate enough that the decrease is the lowest within the county. Sales tax decreased \$339,455 (5.23%) in fiscal year 2010-11. This decrease reflects the effect of the national recession to the City. After years of strong performance by the many businesses in town, the slow economy is finally catching up with us. Utility user tax collections increased \$88,578 (1.79%) due to higher revenues generated from Valero and the revamping of the utility users tax for communications.

The City’s Industrial Park was a model for other California cities on how to transform an abandoned military base into a viable industrial park and local economic catalyst. The Benicia Industrial Park provides a strong sales tax base for the City, generating over 60% of the City’s sales tax revenue. Valero’s Northern California Petroleum Refinery is a major activity in the Park. Amports owns the deep-water Port of Benicia and maintains a large distribution center in Benicia, which processes over 150,000 passenger cars and light trucks annually. Other industrial sectors represented in the park include steel and metal fabrication, construction, wine warehousing and distribution and nutritional product research, general manufacturing and petro-chemical industry supplies and service.

The Benicia Industrial Park is the largest industrial park within Solano County and is home to over 600 businesses employing more than 7,000 workers. The types of companies locating in the Industrial Park continue to diversify Benicia’s economic base and reflect Benicia’s prominence as an industrial center located midway between the Bay Area and Sacramento markets. Access to major Northern California freeways and railways contribute to the success and viability of the Benicia Industrial Park.

Discovery Builders, a major Northern California developer, owns approximately 500 acres adjacent to the Benicia Industrial Park. When approved and developed, the new Benicia Business Park will significantly increase property, sales and utility tax revenue for the City. Consistent with the City’s General Plan, the new business park will contain over 2 million square feet of light industrial uses and over 800,000 square feet of commercial space. The planning process has been stalled temporarily due to the regional economic slowdown but is expected to begin again as soon as the regional economy improves.

The following is a list of the top 15 employers in the Industrial Park:

Employer	Employees	Type of Business
Valero Refining Co	516	Petroleum Refining
Dunlop Manufacturing Inc.	248	Manufacture/Distribute Musical Accessories
Cytosport	221	Nutritional Beverage Company
Bio-Rad Laboratories, Inc.	209	Manufacture Hematology Products
Coca-Cola Bottling Co.	162	Soft Drink Delivery
Valley Fine Foods Co., Inc	133	Manufacture frozen foods
The Pepsi Bottling Group	119	Soft Drink Manufacturing
Radiator Express Warehouse, Inc.	106	Distribute Radiators
Benicia Fabrication & Machine	104	Metal Products Manufacturing
Cycle Gear Inc.	103	Warehouse With Some Mail Order Sales
Mistras Group Inc (formerly Conam Inspection)	102	Non-destructive testing service
APS West Coast, Inc.	98	Operate Port of Benicia
PSC Industrial Outsourcing LP	91	Industrial Waste Cleaning/Disposal
Veolia ES Industrial Outsourcing Inc.	82	Industrial Services
Unico Mechanical Corp	77	Repair/Maintenance of Industrial Machinery

FINANCIAL GOALS AND STRATEGIES

The City's financial goals and strategies center on development of stable revenue sources to provide high level services to a growing community in an efficient cost-effective manner. These goals and strategies are:

1. Maintain balanced budgets that incorporate basic services and infrastructure expansion to meet community growth envisioned by the City Council, the City's General Plan and the City's Strategic Plan.
2. Promote development of job and sales tax creating businesses to reduce the standing of the City as a bedroom community by balancing housing with jobs.
3. Promote a balance of affordable housing opportunities.
4. Promote the preservation of open space, the development of cultural amenities, the encouragement of Historical Preservation and Historical Tourism, and adequate transportation.
5. Ensure growth pays its fair share.
6. Promote intergovernmental cooperation to reduce costs and better serve City residents.
7. Increase citizen involvement and City service responsiveness to residents.

There is also a strong focus on sound management of the City's financial resources to allow for the stable delivery of public services and to preserve the City's reputation in financial markets.

Benicia Market Analysis

The Benicia industrial market is diverse, strong and reflects the petro-chemical, steel fabrication and machining, construction, environmental engineering and warehouse/distribution sectors. For the last decade, the Benicia Industrial Park has been an attractive alternative to the Contra Costa market due to more affordable rents, access to affordable housing and a skilled and semi-skilled labor pool. The Benicia Industrial Park remains a stable economic engine for the City. On the eastern part of town, a 50-bedroom hotel was completed in FY 2009-10 and has become an added source of the revenue from the City's transient occupancy tax.

Long-term Financial Planning

The City updates a Capital Improvement Program (CIP) on a biennial basis based upon the "Council Priority List" of future capital and infrastructure needs. The CIP projects for fiscal year 2010-11 totaled \$6.2 million. Funding comes from multiple sources, including existing funds, development taxes, and regional, state and federal funds over the next five-year period.

A citywide Strategic Plan has been developed through a series of public meetings, retreats and workshops with the City Council and City Management. The budget serves as the implementation measure for this plan and sets forth five major Strategic Issues as follows:

- Protecting Community Health and Safety
- Protecting and Enhancing the Environment
- Strengthening Economic and Fiscal Conditions
- Preserving and Enhancing Infrastructure
- Maintain and Enhance a High Quality of Life

As the City looks ahead, it is not anticipated that economic conditions will improve significantly during the next several years. Organizational restructuring of programs and services has been implemented. The City will continue to explore ways to reduce costs and improve operational efficiencies while continuing to provide a high level of key public services.

Housing Opportunities

According to the results of the 2010 US Census, Benicia has 11,306 housing units within its jurisdiction. With an updated population of 26,997 persons, Benicia is the fifth largest of the seven cities in Solano County. As it has always done in the past, Benicia is in the process of updating its Housing Element to cover the period between 2007-2014. Housing Element updates are required by the State Department of Housing and Community Development, which sets forth a process by which every region plans for future population growth to ensure that enough housing is available within each city. For Benicia, this means planning for an additional 532 new units through the year 2014. Units that have been built since January 1, 2007 count toward meeting the need. From January 1, 2007 through November 30, 2011, a total of 143 new homes were built within the city. Accordingly, the city needs to show that there is enough residentially zoned land that could accommodate 389 units. Currently, the City's Draft Housing Element shows all vacant and under-utilized land, and is under review by the State. The city expects to adopt the new Housing Element by Spring 2012.

Parks, Open Space, Library, Historical Preservation and Tourism, and Transportation

The City is extremely proud of its award winning, 50-acre community park and 570-acre open space area in the northern part of the City. The City recently completed improvements to the Benicia Community Center. The new Community Center consists of approximately 33,000 square feet and will accommodate after school programs, pre-school programs, teen activities, art programs, senior programs, community meeting space, girl and boy scouts, and much more.

The City's \$6 million public library facility, opened in 1993, houses 107,822 items, including DVDs, videos, music CDs, books on CD, newspapers, magazines, novels and nonfiction books, plus an additional 10,705 electronic books and 2,827 downloadable-audio books. The Benicia Public Library provides residents with modern technology, including computers and databases, wireless access, and electronic connections to other public and community college libraries. Over 75 users per hour come to the library for help finding answers to questions, identifying and checking out materials, and attending programs for children, teens, adults, and seniors.

The City of Benicia has a rich historical background as one of the nation's foremost military compounds, multi-faceted seaports and site of the California State Capital in 1854. There are many wonderful buildings from these bygone eras that are full of cherished artifacts and architectural splendor. The City of Benicia has recognized the importance of maintaining these significant historical assets and has empowered both citizen committees and staff to protect these valuable treasures for residents, visitors and future generations.

The City's transit system "Benicia Breeze" was restructured on October 6, 2008, when Route 75 was taken over by the City of Vallejo Transit (Vallejo Transit) as the new Route 78. Benicia Breeze restructured routes, serviced by Vallejo Transit, to accommodate Route 78 that serves Vallejo, Benicia and the Pleasant Hill and Walnut Creek BART Stations. The new service in Benicia entails two flex-routes that operate in the morning and evening peak commute hours; dial-a-ride service open to all riders during non-peak commute hours; supplemental service to Benicia schools on two routes; various shuttle services to Kaiser/Sutter Hospitals; the Sun Valley Mall; Diablo Valley College in Contra Costa County; as well as ADA Para-transit Plus service. Benicia Breeze continues to maintain a taxi scrip program as well as looking to expand its services to qualified passengers. Benicia Breeze uses a fleet of two transit buses and six cutaway buses, all of which are accessible to bicycles and mobility devices. Benicia Breeze averages about 314 passengers per weekday and carries approximately 6,742 passengers per month. The City Councils for both Vallejo and Benicia have agreed upon a Joint Powers Authority agreement that has consolidated the two transit agencies. This consolidation occurred on July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by the Solano County Transit (SolTrans) joint powers authority.

Growth Pays Its Own Way

Benicia's fees and taxes on new development are designed to ensure that growth pays its own way, while simultaneously ensuring that the City is not priced out of the development market. The total amount of fees paid for a "typical" new 2,758 square-foot single-family residence is approximately \$35,000. The fees vary based on square footage and pay for needed public facilities, such as streets, water and wastewater facilities, parks, library books and public safety needs.

Intergovernmental Cooperation

The City of Benicia works closely with the Benicia Unified School District (BUSD) in numerous ways, including:

- Providing two school resource officers at no cost to the school district
- Funding the school district's crossing guard program
- Funding for various counseling services for at-risk students and student reading programs
- High school baseball use of Fitzgerald Field
- Library assistance to schools ordinarily provided by credentialed school librarians
- Safety improvements, including the installation of a flashing crosswalk for Benicia High School and planning for a future traffic signal
- Maintenance of playing fields and turf areas at three school sites

Benicia and its neighboring city, Vallejo, continue to work together to protect open space adjacent to the Benicia Community Park, which borders both cities. Benicia and Vallejo also cooperate in other matters of mutual interest. For example, the two cities, along with Fairfield, cooperated in the acquisition and maintenance in perpetuity of large tracts of open space located between each of the cities. The cities also cooperate in the management, storage and purchase of water.

Citizen Involvement

Periodically, the City engages the public in key discussions on various citywide projects. Over the past five years, the City has solicited public input on a wide range of projects. In August of 2006, the City held a two-day workshop for gathering public input on a new Downtown Mixed Use Master Plan and the Lower Arsenal Mixed Use Specific Plan. This public outreach program brought out many folks in the community that normally would not participate in such events, thus making the end product all the more successful.

In October 2008, city staff conducted a two-day Housing Expo that was designed to solicit public participation regarding an update of the City's Housing Element. This successful event serves as a basis for a draft Housing Element that will provide a blueprint for where future housing will be built in Benicia during the next 5 to 7 year period. Later that year, the City directly solicited input from citizens to prepare a Historic Context Statement that will help provide a comprehensive background on Benicia's important historic resources.

Since 2009, the City has been organizing successful, well attended Earth Day festivals where community members come together and learn about City programs and participate in educational activities that help foster increased awareness about environmental stewardship.

In June 2010, the City conducted a Prioritization Process via an online survey and a community workshop entitled "Build Your Own City". The process was designed to be strategic in nature and one that would focus on achieving long-term cost savings as opposed to "quick-fix" or one-time cost savings. Both the survey and workshops asked participants to prioritize City programs and services, with the premise that in these challenging fiscal times, public agencies are needing to "reset" and ensure that program and service offerings are sustainable relative to revenues and focused on the priorities of the community. A second workshop followed in July 2010 to solicit feedback from the

community regarding how to balance the City's budget. "Brown bag" meetings with City employees also occurred in August 2010 to solicit suggestions on balancing the budget.

In the Fall of 2011, the City held an economic conference at the new Community Center to review the City's Business Development Action Plan. This plan outlines the City's approach for economic development over the next thirty-six months. Members of the City's various business communities were invited to attend, participate and offer feedback on the proposed plan. Following this conference, the City, for only the second time in its history, held a joint Economic Development Board and City Council meeting, illustrating the importance of this plan and the priority of moving forward with economic development.

In summary, the City manages its ongoing operations and capital improvement programs in an efficient, business-like manner, with a focus on an entrepreneurial approach to problem solving and citizen involvement. Involving our citizens in shaping Benicia's future, preserving Benicia's charm and planning for its orderly progress into the twenty-first century, is of paramount importance.

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing and maintaining an internal control structure designed to ensure government assets are protected from loss, theft or misuse and ensure adequate accounting data are compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City maintains budgetary controls. The objective of these budget controls is to ensure compliance with the City Council approved, annual appropriated budget. Activities of the General Fund and Special Revenue Funds, if required, are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Improvement Projects Funds. Budgetary control is maintained at the fund level for administrative and operating expenditures, while capital improvements are maintained at the project budget total. Department directors have control of their own department budgets and if transfers between departments are needed, the City Manager has the authority to approve them. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Governmental and Business-Type Activities and Net Assets

For detailed information and analysis of the governmental and business-type activities and net assets, please see Management's Discussion and Analysis.

General Fund Reserves

The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating revenue budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves include the following: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters, and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. The General Fund Reserve balance as of June 30, 2011 was 9.8% of the operating revenue budget. The reserves at year-end were under the target amount due mainly to an outstanding receivable which is due in December 2012. It is anticipated that the General Fund reserves will return to the 20% target level by the end of FY12-13.

Gann Limit vs. Appropriations Subject to Limit

Proposition 4, the "Gann Initiative," was passed by California voters in 1978 and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which are modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the fiscal year 2010-11 amounted to \$69,533,066 and \$29,034,470 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

Cash Management

The City's cash and investments are managed on a pooled basis. The average investment portfolio was \$43,025,414. The average yield on investment in 2010-11 was 2.25%, average maturity at year-end was approximately a year and three quarters, and total interest earned was \$477,424. Investments consisted primarily of money market funds, U.S. government securities and Local Agency Investment Fund (LAIF) deposits managed by the Treasurer of the State of California. These investments are allowed under an investment policy adopted by the City Council that defines eligible investments and maturities of the City's investment portfolio and requires securities be held by the City or by a qualified safekeeping institution and be registered in the City's name.

Debt Administration

The City has utilized bond financing for many public improvement projects in the past. The City's reputation and creditworthiness has been enhanced by its reliance on the same bond counsel and underwriter for nearly all bond issues brought to market over the past twenty years. These consultants are intimately familiar with City activities and policies and are an invaluable asset in marketing the City to investors.

Additional information on the City's long-term debt can be found in Note 7 to the Basic Financial Statements.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Finance Department Staff believes this report conforms to the Certificate of Achievement Program requirements and will submit the report to the GFOA to determine its eligibility. The City of Benicia has received this award for the past 19 years and it is our goal to be awarded this Certificate once again. The award demonstrates the City's conformance to the highest level of financial reporting standards, which will likely have a positive influence on the City's financial rating. This will ensure cost savings in the future when the City of Benicia seeks financing for public improvements.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my special appreciation to Assistant Finance Director Abigail M. Urrutia and Accounting Systems Supervisor Alyson Kauzer. I would also like to thank the Mayor, City Council Members and the City Manager for their support in planning and conducting City financial affairs in a responsible and efficient manner.

Respectfully submitted,



William Zenoni
Interim Finance Director

MUNICIPAL OFFICERS

As of June 30, 2011

CITY COUNCIL (Elected)

Elizabeth Patterson, Mayor	November 2011
Tom Campbell, Councilmember	November 2011
Mark Hughes, Councilmember	November 2013
Mike Ioakimedes, Councilmember	November 2011
Alan Schwartzman, Vice Mayor	November 2013

OTHER (Elected)

Lisa Wolfe, City Clerk	November 2011
Teri Davena, City Treasurer	November 2011

PLANNING COMMISSION (Appointed)

Rick Ernst	September 2011
Brad Thomas	September 2011
Rod Sherry	September 2011
Belinda Smith	January 2015
George Oakes, Sr.	January 2015
Donald Dean	January 2013
Lee Syracuse	January 2013

PARKS, RECREATION AND CEMETARY COMMISSION (Appointed)

Sandy Moriaty	July 2013
John McGuire	July 2014
Rufus Bunch	January 2015
Kim Funk	January 2014
Nancy Cockerham	January 2015
Ken Paulk	July 2013
Ernie Gutierrez	January 2015
Sanil Budhdev	September 2015

APPOINTED OFFICIALS

Brad Kilger	City Manager
Heather McLaughlin	City Attorney

DEPARTMENT HEADS

Robert Sousa	Finance
Andrew Bidou	Police
Steve Vucurevich	Fire
Michael Dotson	Parks and Community Services
Anne Cardwell	Administrative Services
Diane Smikahl	Library
Charles Knox	Public Works & Community Development

CITY OF BENICIA
MISSION STATEMENT

To serve and enhance our community with care, commitment and pride.

VISION STATEMENT

Building a great community together by preserving and strengthening:

- Our small town character
- A vibrant economy
- Our history
- A safe and healthy environment

CITY OF BENICIA
ORGANIZATIONAL CHART

JUNE 30, 2011

CITIZENS OF BENICIA

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK

Lisa Wolfe

Alan Schwartzman, Vice Mayor

Tom Campbell

Mark Hughes

Mike Ioakimedes

CITY TREASURER

Teri Davena

CITY MANAGER

Brad Kilger

CITY ATTORNEY

Heather McLaughlin

POLICE
CHIEF

Andrew
Bidou

FIRE
CHIEF

Steve
Vucurevich

FINANCE
DIRECTOR

Robert
Sousa

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Dotson

ADMIN
SERVICES
DIRECTOR

Anne
Cardwell

LIBRARY
DIRECTOR

Diane
Smikahl

PUBLIC WORKS
& COMMUNITY
DEVELOPMENT
DIRECTOR

Charles
Knox

Location Map

City of Benicia



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Benicia
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

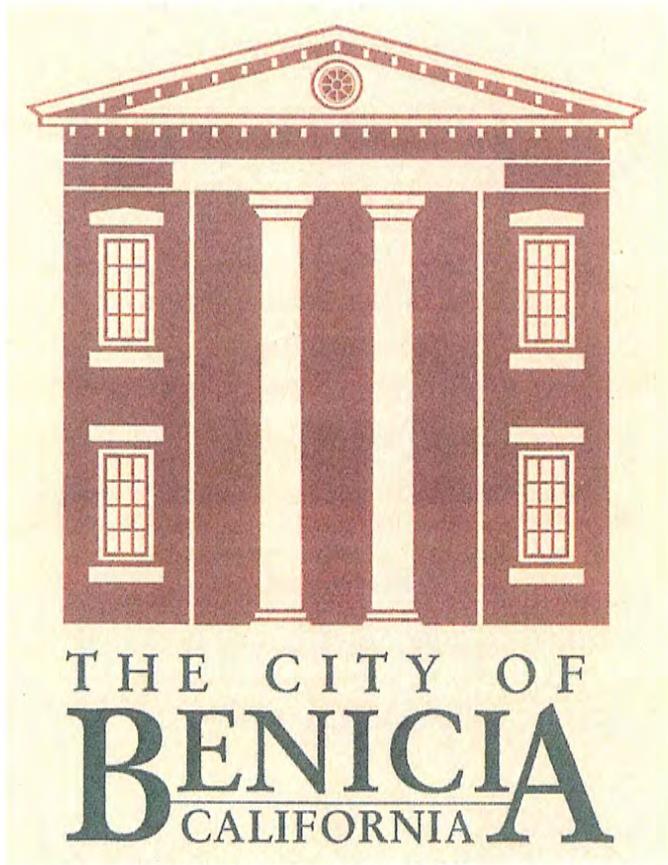


Linda C. Davison

President

Jeffrey R. Emer

Executive Director



To the City Council of
the City of Benicia
Benicia, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Benicia, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and generally accepted government audit standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benicia, California, as of June 30, 2011 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 8 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011, on our consideration of the City of Benicia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required as part of the basic financial statements of the City of Benicia, California. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we express no opinion on them.

Maze & Associates

December 2, 2011

CITY OF BENICIA
Management's Discussion and Analysis

This management's discussion and analysis provides readers an overview and analysis of financial activities of the City of Benicia (City) for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$221.6 million. Of this amount, \$9.8 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$1.2 million due to increase in expenses recognized by the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22.4 million, an increase of \$9.6 million in comparison with the prior year. Unexpended proceeds from the issuance of the 2011 Certificates of Participation made up this increase.
- At the end of the current fiscal year, the General Fund fund balance totaled \$5.4 million, a decrease of 9.18%, due to a combination of lower revenues recognized and an increase in advances to other funds for completion of the Benicia Community Center.
- The City's total debt increased by \$7.0 million as a net result of debt issuance during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consists of three parts: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide readers with a broad view of the City's finances, in a manner similar to a private-sector business, using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred.

The Statement of Net Assets reports information about the City as a whole. This statement includes all assets (including infrastructure) as well as all liabilities (including long-term debt) of the City. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

CITY OF BENICIA
Management's Discussion and Analysis

In these statements City activities are reported into two categories:

- **Governmental Activities** - Most of the City's basic services are reported in this category, including administration, community development, police, fire, parks and community services, public works, library services, and economic development. Property, sales and utility taxes, user fees, interest income, franchise fees, and state and federal grants are among the revenues that finance these activities.
- **Business-Type Activities** - The City charges a fee to customers to pay for the cost of certain services provided. The City's wastewater, water, marina, and transit operations are reported in this category.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. However, the City establishes many other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, or other funds restricted in its use. Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole.

All of the funds of the City can be divided into three categories:

- **Governmental Funds** - Most of the City's basic services are reported in governmental funds, using the current financial resources measurement focus and modified accrual accounting method, where revenues are recognized when measurable and available. Governmental funds are used to account for essentially the same functions reported as "governmental activities" in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining the City's ability to finance its programs in the near future.

To better understand the City's long-term and short-term requirements, it is useful to compare the City's Governmental Fund Statements with the governmental activities in the Government-wide Financial Statements. A reconciliation is provided for both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances to facilitate this comparison.

CITY OF BENICIA
Management's Discussion and Analysis

- **Proprietary Funds** - When the City charges customers for services, either to outside customers or to other City departments, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in which all activities are reported in the Government-wide Financial Statements, using the accrual basis of accounting. The City's enterprise funds are the same as the "business-type activities" reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City uses internal service funds to report activities that provide supplies and services to the City's other programs and activities, such as insurance, general services, building and equipment management and the retirement stability funds. Internal service funds are reported with "governmental activities" in the Government-wide Financial Statements since services provided predominantly benefit governmental rather than business-type functions.

- **Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of third parties. The City's fiduciary activities are reported in a separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that assets reported in these funds are used for their specified purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the Government-wide Financial Statements and Fund Financial Statements. The notes to the financial statements can be found on pages 33-69 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

CITY OF BENICIA Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Assets for the year ended June 30, 2011 are summarized below.

Summary of Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 44.8	\$ 36.2	\$ 27.9	\$ 29.8	\$ 72.7	\$ 66.0
Capital assets	127.4	123.9	104.0	107.3	231.4	231.2
Total Assets	172.2	160.1	131.9	137.1	304.1	297.2
Long-term liabilities outstanding	33.7	23.3	41.4	44.8	75.1	68.1
Other liabilities	6.0	4.7	1.4	1.6	7.4	6.3
Total Liabilities	39.7	28.0	42.8	46.4	82.5	74.4
Net Assets:						
Invested in capital assets, net of related debt	130.0	115.4	63.1	62.8	193.1	178.2
Restricted	18.7	2.5	-	-	18.7	2.5
Unrestricted	(16.2)	14.2	26.0	27.9	9.8	42.1
Total Net Assets	\$ 132.5	\$ 132.1	\$ 89.1	\$ 90.7	\$ 221.6	\$ 222.8

The largest portion of the City's net assets (87.1%) reflects its investments in capital assets, less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 8.5% of the total net assets and are subject to external restrictions. The increase of \$16.2 million in restricted net assets was mainly due to the issuance of the 2011 Certificates of Participation for energy conservation projects. These monies will be available for future spending but only for specific projects within the City and for debt payments. The balance of unrestricted net assets, which represents 4.4% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BENICIA
Management's Discussion and Analysis

A Statement of Activities and Changes in Net Assets, as of June 30, 2011, is presented below.

Statement of Activities and Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 2.8	\$ 3.8	\$ 13.4	\$ 13.5	\$ 16.2	\$ 17.3
Operating grants and contributions	2.3	2.7	0.8	0.8	3.1	3.5
Capital grants and contributions	4.4	0.9	-	-	4.4	0.9
General Revenues:						
Property taxes	13.0	13.3	-	-	13.0	13.3
Sales taxes	6.9	7.2	-	-	6.9	7.2
Utility users' tax	5.0	4.9	-	-	5.0	4.9
Franchise	1.6	1.3	-	-	1.6	1.3
Other taxes	1.3	1.2	-	-	1.3	1.2
Motor vehicle license fees	1.9	1.9	-	-	1.9	1.9
Investment earnings	0.3	0.4	0.3	0.4	0.6	0.8
Total Revenues	39.5	37.6	14.5	14.7	54.0	52.3
Expenses:						
Administration	3.2	3.4	-	-	3.2	3.4
Public Safety - Police	8.9	8.9	-	-	8.9	8.9
Public Safety - Fire	6.9	6.7	-	-	6.9	6.7
Parks and Community Services	5.7	5.9	-	-	5.7	5.9
Public Works & Comm Dev	6.1	6.0	-	-	6.1	6.0
Library	2.6	2.1	-	-	2.6	2.1
Economic Development	0.6	0.5	-	-	0.6	0.5
General Government	3.4	2.3	-	-	3.4	2.3
Interest on long-term debt	1.3	1.7	-	-	1.3	1.7
Wastewater	-	-	7.1	7.4	7.1	7.4
Water	-	-	7.8	7.8	7.8	7.8
Benicia Marina	-	-	0.6	0.5	0.6	0.5
Transit	-	-	1.0	1.1	1.0	1.1
Total Expenses	38.7	37.5	16.5	16.8	55.2	54.3
Increase in net assets before transfers	0.8	0.1	(2.0)	(2.1)	(1.2)	(2.0)
Transfers	(0.3)	-	0.3	-	-	-
Increase in net assets	0.5	0.1	(1.7)	(2.1)	(1.2)	(2.0)
Net assets - 7/1/10	132.0	131.9	90.8	92.9	222.8	224.8
Net assets - 6/30/11	\$ 132.5	\$ 132.0	\$ 89.1	\$ 90.8	\$ 221.6	\$ 222.8

CITY OF BENICIA Management's Discussion and Analysis

Governmental Activities

Total resources available during the year to finance governmental operations were \$171.2 million consisting of Net Assets at July 1, 2010, of \$132.0 million, program revenues of \$9.5 million and general revenues of \$29.7 million.

The cost of all governmental activities this year was \$38.7 million. The largest governmental programs include Public Safety - both Police and Fire, and Public Works and Community Development. The amount that was paid by those who directly benefited from governmental programs was \$2.8 million, while operating and capital grants and contributions paid for \$6.7 million of total costs. The City paid for the remaining "public benefit" portion of governmental activities with taxes and investment earnings.

The following table shows the Net Cost of Governmental Activities, which totaled \$29.2 million.

Net Cost of Governmental Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Administration	\$ 3,202,068	\$ 100,305	\$ (3,101,763)
Public Safety - Police	8,896,808	620,404	(8,276,404)
Public Safety - Fire	6,925,232	262,917	(6,662,315)
Parks and Community Services	5,714,379	3,663,541	(2,050,838)
Public Works and Comm Dev	6,113,748	3,025,810	(3,087,938)
Library	2,600,356	270,517	(2,329,839)
Economic Development	609,814	320	(609,494)
General Government	3,386,270	1,527,548	(1,858,722)
Interest expense	1,265,618	-	(1,265,618)
	\$ 38,714,293	\$ 9,471,362	\$ (29,242,931)

CITY OF BENICIA
Management's Discussion and Analysis

Business-type Activities

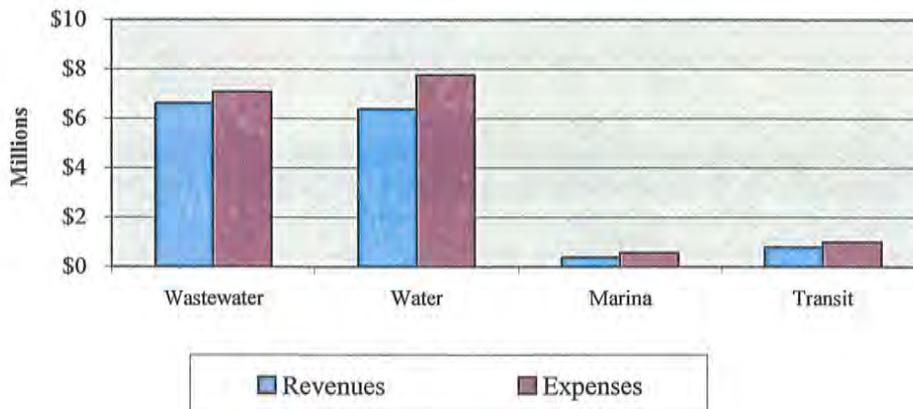
Total resources available during the year to finance Business-Type Activities were \$105.0 million consisting of Net Assets at July 1, 2010, of \$90.8 million, program revenues of \$13.4 million and general revenues of \$.8 million.

The cost of all Business-Type activities this year was \$16.4 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$13.4 million, while operating and capital grants and contributions were \$.8 million.

Net Cost of Business-Type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Wastewater	\$ 7,082,311	\$ 6,620,605	\$ (461,706)
Water	7,753,095	6,379,255	(1,373,840)
Benicia Marina	564,182	382,702	(181,480)
Transit	1,005,375	796,579	(208,796)
Total	\$ 16,404,963	\$ 14,179,141	\$ (2,225,822)

The following chart illustrates the comparison of operating revenues and expenses by business-type activity:



CITY OF BENICIA
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City maintains financial records at the fund level for compliance with finance-related legal requirements and for budgetary control. The Fund Financial Statements focus on individual funds of the City, reporting operations in more detail than the Government-wide Financial Statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2011, of \$22.4 million, an increase of \$9.6 million in comparison with the prior year, due to an issuance of the 2011 Certificates of Participation for Energy Conservation Projects within the City.

As a result of the Fiscal Year 2010-2011 implementation of the Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the focus and terminology used for reporting fund balance has substantially been altered. The following are the components of fund balance:

- (1) Nonspendable Fund Balance – portion of net resources that can not be spent because of their form (will never convert to cash) or must be maintained intact pursuant to legal or contractual requirements.
- (2) Restricted Fund Balance – portion of fund balance that are subject to externally enforceable legal restrictions such as creditors, grantors, contributors or other governments.
- (3) Committed Fund Balance – portion of fund balance whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (City Council) and remains binding unless removed in the same manner.
- (4) Assigned Fund Balance – portion of fund balance that reflects a government's intended use of resources.
- (5) Unassigned Fund Balance – net resources in excess of what can properly be classified in one of the four categories described above.

General Fund - The General Fund is the chief operating fund of the City. As a measure of the General Fund's ability to deliver City services during periods of operational budget deficits, the City has adopted a fund balance reserve policy that establishes a minimum fund balance equal to 20% of the fund's annual operating revenue budget or actual amounts for the fiscal year. At a minimum, the reserves include: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures; and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve.

At the end of the fiscal year, total fund balance of the General Fund was \$5.4 million. \$3 million of this fund balance is Committed for Emergency Reserve, which was 9.8% of the actual operating revenue. There are no Unassigned Fund Balance left over at the end of the year for the Contingency Reserve. The reserves were under the target amount at year-end due mainly to an outstanding receivable due in December 2012. At that time, the General Fund reserves will return to the 20% target level.

The General Fund realized general tax and other revenues of \$30.7 million during the year to pay for \$29.8 million operating expenditures, realizing an excess of revenues over expenditures of \$.9 million. Cost cutting measures, such as freezing open positions, delaying major expenditures, and renegotiating employee contracts for concessions were implemented to lessen avoid having a deficiency for the year.

CITY OF BENICIA
Management's Discussion and Analysis

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Wastewater Fund – The City's wastewater utility fund collected \$6.6 million in user fees to maintain the system. The fund has \$62.0 million in capital assets, net of accumulated depreciation, financed with \$20.6 million of long-term debt. The fund made debt service payments of \$2.3 million during the year. Net assets decreased by \$.3 million due to lower connection fees and interest income earned for the year.

Water Fund – The City's water utility fund collected \$6.4 million in user fees to sustain the system. The system has \$38.6 million in capital assets, net of accumulated depreciation, financed with \$14.2 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. Net assets decreased by \$1.3 million due to lower user fees and interest income earned for the year.

Benicia Marina – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$3.1 million in capital assets, net of accumulated depreciation, financed with \$3.4 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to have deficit net assets. The City continues to evaluate options for a long-term operating solution.

Transit – The City's Transit system operates bus, para-transit, taxi service for the citizens of Benicia. The City collected user fees of \$.09 million, which was supplemented by an additional \$.7 million in federal, state and local grants to support operations. The fund has \$0.3 million in capital assets, net of accumulated depreciation, financed by intergovernmental revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council may revise the City budget on more than one occasion. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year ("Original Budget"). The City Council may add appropriations or change revenue estimates during the course of the fiscal year, primarily at midyear budget review. Finally, the revenue and expenditure estimates for the current fiscal year are revised as part of the Approved Budget ("Final Budget").

Fiscal year 2009-10 was the first year of a two-year budget. The original budget for 2009-10 was developed in early 2009. The original budget for the General Fund revenues was \$32.9 million, while expenditures were at \$31.6 million. The final budget estimates for revenues was \$31.0 million, a decrease of \$1.9 million, and \$30.8 million for expenditures, a decrease of \$.8 million. The main components of the decreases are as follows:

- \$1.2 million reduction in property taxes due to lower assessed valuation for secured and unsecured properties
- \$.6 million decrease in sales and use tax as a result of a slow economic turnaround
- \$.3 million reduction in other taxes due to a slow economic recovery
- \$1.2 million in salary and benefit reductions for all departments as a result of freezing open positions, and concessions from employee bargaining groups
- \$.2 million decrease in contract services and utility costs
- \$.6 million increase in transfers out for projects

CITY OF BENICIA Management's Discussion and Analysis

During the year, revenues fell short of the anticipated budget by \$.3 million. The largest revenue variance was the investment earnings. Due to market conditions, with the economy recovering very slowly, interest rates were at an all time low generating lower than expected earnings. Actual expenditures were \$1.1 million less than the final budget due to cutbacks on operating expenditures, the hiring freeze and concessions from employee bargaining groups.

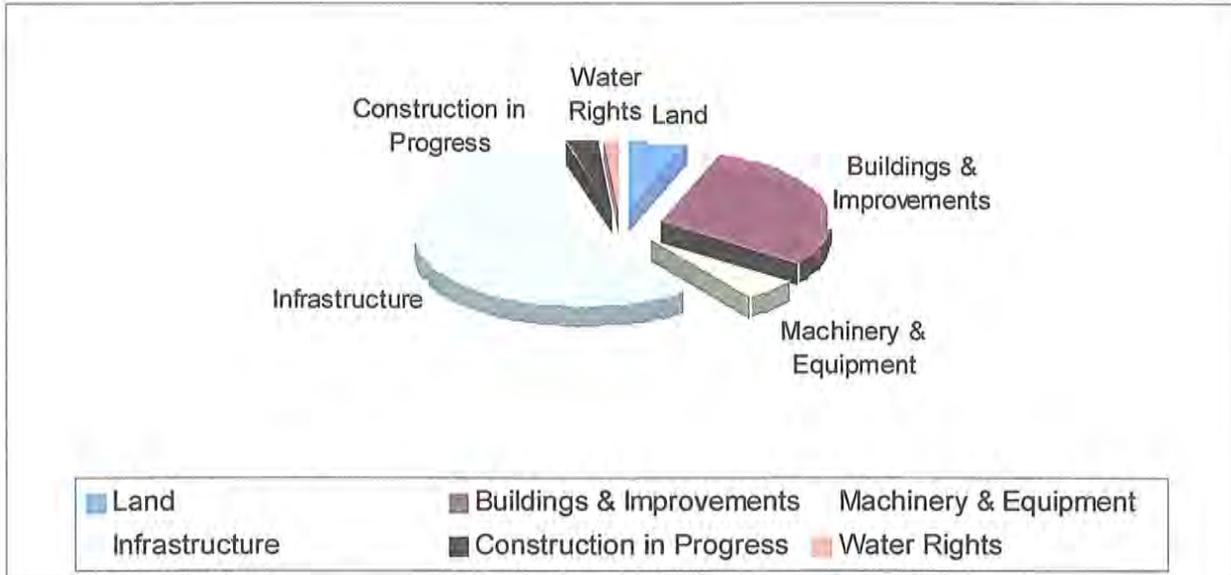
CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. At June 30, 2011, net capital assets of the governmental activities totaled \$127.4 million and the net capital assets of the business-type activities totaled \$104.0 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

The following table provides a breakdown of the City's capital assets at June 30, 2011:

	Capital Assets					
	(in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 18.0	\$ 18.0	\$ 2.6	\$ 2.6	\$ 20.6	\$ 20.6
Buildings & Improvements	22.1	21.9	90.6	90.6	112.7	112.5
Machinery & Equipment	8.4	8.4	10.0	9.8	18.4	18.2
Infrastructure	137.8	133.3	72.7	72.7	210.5	206.0
Construction in Progress	9.1	7.4	3.1	2.3	12.2	9.7
Water Rights		-	5.0	5.0	5.0	5.0
Total Capital Assets	195.4	189.0	184.0	183.0	379.4	372.0
Accumulated Depreciation	(68.0)	(65.1)	(80.0)	(75.7)	(148.0)	(140.8)
Net Assets	\$ 127.4	\$ 123.9	\$ 104.0	\$ 107.3	\$ 231.4	\$ 231.2

CITY OF BENICIA
Management's Discussion and Analysis



This year's major capital asset additions were construction in progress (energy conservation projects, community center); buildings (fire station renovation); machinery and equipment (vehicles); and infrastructure (overcrossing and traffic signals).

Additional information on the City's capital assets can be found in Note 6 on pages 48-50 of this report.

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2011, the City's long-term debt outstanding was \$75.1 million. Of this total, \$33.7 million was in governmental activities and \$41.4 was in business-type activities. The City's governmental activities increased by \$10.4 million, and business-type activities decreased by \$3.4 million as a result of debt maturities during the year.

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position. Per capita debt outstanding increased by \$406 per capita from \$2,365 to \$2,771 from the previous fiscal year.

CITY OF BENICIA Management's Discussion and Analysis

The following is a summary of the City's long-term debt obligations at June 30, 2011:

Long-term Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 5.0	\$ 5.6		\$ -	\$ 5.0	\$ 5.6
Pension Obligation Bonds	12.8	13.3		-	12.8	13.3
Certificates of Participation	13.2	-	-	-	13.2	-
Capital Lease	2.7	2.9		-	2.7	2.9
Utility Revenue Bonds		-	8.6	9.5	8.6	9.5
Loans Payable		-	32.8	35.0	32.8	35.0
Total Indebtedness	\$ 33.7	\$ 21.8	\$ 41.4	\$ 44.5	\$ 75.1	\$ 66.3

Additional information on the City's long-term debt can be found in Note 7 on pages 51-58 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

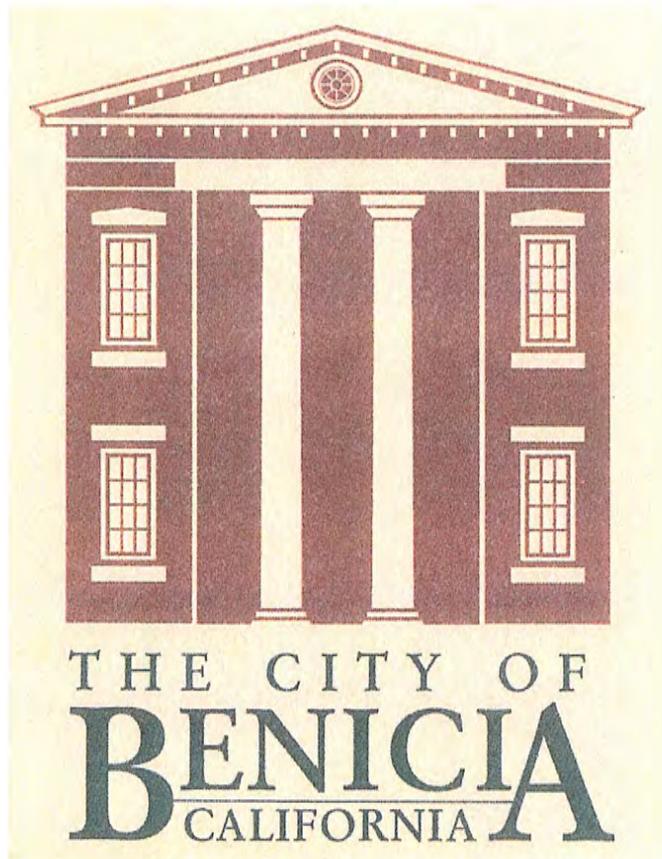
The City prepares biennial budget, which focuses on long-term financial viability and allows decision-makers to better understand the on-going impact of current policy decisions. Through the budget, the Council sets the direction of the City, allocates its resources and establishes its priorities. Due to current economic climate, maintenance of the hiring freeze throughout the budget period, concessions with employee bargaining groups and further cutbacks on operating expenditures have been implemented in developing the budget for fiscal year 2011-12. Furthermore, careful execution of capital spending will be necessary to assure that we do not spend money that may not materialize.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Finance Department at 250 East "L" Street, Benicia, CA 94510, phone (707) 746-4225.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**



CITY OF BENICIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	\$15,586,785	\$23,020,862	\$38,607,647
Accounts receivable	3,978,024	2,448,173	6,426,197
Interest receivable	4,512	5,112	9,624
Materials, parts and supplies (Note 1H)	14,441	361,585	376,026
Prepaid items (Note 1H)	67,342	81,524	148,866
Internal balances	(298,735)	298,735	
Restricted cash and investments held by fiscal agents (Note 3)	10,687,074		10,687,074
Deferred charges		326,177	326,177
Lease receivable		428,420	428,420
Loans receivable (Note 5)	2,829,990	937,823	3,767,813
Prepaid PERS contribution (Note 10)	11,893,814		11,893,814
Capital assets (Note 6):			
Non-depreciable	27,128,088	5,742,593	32,870,681
Depreciable, net of accumulated depreciation	100,278,301	98,279,755	198,558,056
Total Assets	172,169,636	131,930,759	304,100,395
LIABILITIES			
Accounts payable	1,826,520	429,804	2,256,324
Accrued payroll	104,368		104,368
Customer and performance deposits	706,034	101,355	807,389
Interest payable	265,220	366,079	631,299
Unearned revenue		285,402	285,402
General liability claims (Note 12):			
Due within one year	108,359		108,359
Workers compensation claims (Note 12):			
Due within one year	351,914		351,914
Due in more than one year	398,799		398,799
Accrued compensated absences (Note 1G):			
Due within one year	1,012,466	248,207	1,260,673
Due in more than one year	291,047		291,047
Net OPEB Liability, due in more than one year (Note 11)	915,566		915,566
Long-term debt (Note 7):			
Due within one year	1,988,386	3,210,825	5,199,211
Due in more than one year	31,687,444	38,202,033	69,889,477
Total Liabilities	39,656,123	42,843,705	82,499,828
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	129,965,244	63,064,298	193,029,542
Restricted for:			
Capital projects	13,444,709		13,444,709
Debt service	1,146,283		1,146,283
Special revenue projects	1,778,153		1,778,153
Landscaping and Lighting	462,700		462,700
Library	666,520		666,520
Open Space	509,421		509,421
Community Services	722,737		722,737
Total Restricted Net Assets	18,730,523		18,730,523
Unrestricted	(16,182,254)	26,022,756	9,840,502
Total Net Assets	\$132,513,513	\$89,087,054	\$221,600,567

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Administration	\$3,202,068	\$50,305	\$50,000		(\$3,101,763)		(\$3,101,763)
Public safety - police	8,896,808	155,331	465,073		(8,276,404)		(8,276,404)
Public safety - fire	6,925,232	44,626	218,291		(6,662,315)		(6,662,315)
Parks and community services	5,714,379	1,181,041	282,500	\$2,200,000	(2,050,838)		(2,050,838)
Public works and community development	6,113,748	577,489	1,148,064	1,300,257	(3,087,938)		(3,087,938)
Library	2,600,356	144,819	125,698		(2,329,839)		(2,329,839)
Economic development	609,814	320			(609,494)		(609,494)
General government	3,386,270	667,848	9,700	850,000	(1,858,722)		(1,858,722)
Interest on long-term debt	1,265,618				(1,265,618)		(1,265,618)
Total Governmental Activities	38,714,293	2,821,779	2,299,326	4,350,257	(29,242,931)		(29,242,931)
Business-type Activities:							
Wastewater	7,082,311	6,620,605			(\$461,706)		(461,706)
Water	7,753,095	6,379,255			(1,373,840)		(1,373,840)
Benicia Marina	564,182	307,916	74,786		(181,480)		(181,480)
Transit	1,005,375	88,486	708,093		(208,796)		(208,796)
Total Business-type Activities	16,404,963	13,396,262	782,879		(2,225,822)		(2,225,822)
Total	\$55,119,256	\$16,218,041	\$3,082,205	\$4,350,257	(29,242,931)	(2,225,822)	(31,468,753)
General revenues:							
Taxes:							
Property taxes					12,974,217		12,974,217
Sales taxes					6,854,911		6,854,911
Utility users' tax					5,027,163		5,027,163
Franchise tax					1,570,184		1,570,184
Other taxes					1,362,982		1,362,982
Motor vehicle in-lieu, unrestricted					1,942,991		1,942,991
Investment earnings					269,344	273,576	542,920
Gain from disposal of capital assets					156	2,558	2,714
Transfers, net					(284,486)	284,486	
Total general revenues and transfers					29,717,462	560,620	30,278,082
Change in Net Assets					474,531	(1,665,202)	(1,190,671)
Net Assets-Beginning					132,038,982	90,752,256	222,791,238
Net Assets-Ending					\$132,513,513	\$89,087,054	\$221,600,567

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2011. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

ENERGY CONSERVATION CAPITAL PROJECT FUND

The Energy Conservation Capital Project Fund accounts for the construction of energy conservation projects throughout the City, which includes installation of solar panels at different locations and the retrofit of various lighting systems. Proceeds from issuance of the Certificates of Participation are the source of revenue.

CITY OF BENICIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General	Energy Conservation Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments available for City operations (Note 3)	\$2,858,356		\$9,669,097	\$12,527,453
Accounts receivable	1,302,969		2,675,055	3,978,024
Interest receivable	1,921		1,949	3,870
Due from other funds (Note 4B)	878,346			878,346
Prepaid items (Note 1H)	37,123		1,475	38,598
Restricted cash and investments (Note 3)		\$10,687,074		10,687,074
Loans receivable (Note 5)	769,733		2,060,257	2,829,990
Advance to other funds (Note 4C)	2,105,917			2,105,917
Total Assets	\$7,954,365	\$10,687,074	\$14,407,833	\$33,049,272
LIABILITIES				
Accounts payable	\$466,268		\$935,825	\$1,402,093
Accrued payroll	104,368			104,368
Customer deposits	1,755		704,279	706,034
Due to other funds (Note 4B)		1,555		1,555
Deferred revenue	769,733		4,437,826	5,207,559
Advances from other funds (Note 4C)	1,212,698		2,000,000	3,212,698
Total Liabilities	2,554,822	1,555	8,077,930	10,634,307
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	2,143,040		1,475	2,144,515
Restricted	128,430	10,685,519	5,429,411	16,243,360
Committed	2,999,973		2,612,563	5,612,536
Assigned	200,471			200,471
Unassigned	(72,371)		(1,713,546)	(1,785,917)
Total Fund Balances	5,399,543	10,685,519	6,329,903	22,414,965
Total Liabilities and Fund Balances	\$7,954,365	\$10,687,074	\$14,407,833	\$33,049,272

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances reported on the Governmental Funds Balance Sheet \$22,414,965

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 119,080,053

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal Service Funds are not Governmental Funds. However, they are used by management to charge the costs of certain activities, such as insurance, central services and maintenance to individual Governmental Funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line item in the Statement of Net Assets.

Cash and investments, available for City Operations	3,059,332
Interest receivable	642
Prepaid items	28,744
Materials, parts and supplies	14,441
Prepaid PERS contributions	11,893,814
Capital assets, net of accumulated depreciation	8,326,336
Accounts payable	(424,427)
Internal balances	(68,745)
Workers' compensation claims	(750,713)
Interest payable	(30,578)
Long-term debt	(13,023,983)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities. 5,207,559

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(20,651,847)
Interest payable	(234,642)
Non-current portion of compensated absences	(1,303,513)
OPEB	(915,566)
Claims payable	(108,359)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$132,513,513

See accompanying notes to financial statements

CITY OF BENICIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General	Energy Conservation Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$12,162,807		\$811,410	\$12,974,217
Sales taxes	6,150,614		704,297	6,854,911
Utility users' taxes	5,027,163			5,027,163
Other taxes	2,414,518			2,414,518
Assessments			427,664	427,664
Licenses and permits	315,208			315,208
Fines and forfeitures	99,898			99,898
Use of money and property	570,763		130,501	701,264
Revenue from other agencies	2,240,416		2,960,175	5,200,591
Current service charges	1,222,815		263,176	1,485,991
Community donations			285,900	285,900
Other	471,900		1,175,529	1,647,429
Total Revenues	30,676,102		6,758,652	37,434,754
EXPENDITURES				
Current:				
Administration	3,101,146			3,101,146
Public safety - police	8,252,596		316,403	8,568,999
Public safety - fire	6,555,355			6,555,355
Parks and community services	4,807,911		563,260	5,371,171
Public works and community development	2,469,041		356,557	2,825,598
Library	1,211,576		947,274	2,158,850
Economic development	458,470			458,470
General	2,606,994		34,211	2,641,205
Capital outlay	198,058	\$1,818,303	5,064,127	7,080,488
Debt service:				
Principal			807,565	807,565
Interest and fiscal charges	91,960		379,251	471,211
Total Expenditures	29,753,107	1,818,303	8,468,648	40,040,058
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	922,995	(1,818,303)	(1,709,996)	(2,605,304)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	156			156
Proceeds from bonds issuance		13,195,000		13,195,000
Bond issuance cost		(433,765)		(433,765)
Discount on bond		(257,413)		(257,413)
Transfers in (Note 4A)	80,842		2,440,275	2,521,117
Transfers (out) (Note 4A)	(1,549,766)		(1,255,837)	(2,805,603)
Total Other Financing Sources (Uses)	(1,468,768)	12,503,822	1,184,438	12,219,492
NET CHANGE IN FUND BALANCES	(545,773)	10,685,519	(525,558)	9,614,188
BEGINNING FUND BALANCES	5,945,316		6,855,461	12,800,777
ENDING FUND BALANCES	\$5,399,543	\$10,685,519	\$6,329,903	\$22,414,965

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$9,614,188

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	7,080,488
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(999,795)
Depreciation expense is deducted from the fund balance	(2,436,704)
(Depreciation expense is net of internal service fund depreciation of \$531,578 which has already been allocated to serviced funds)	

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	807,565
Bond issuance is deducted from the fund balance	(13,195,000)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred revenue	659,584
Interest payable	(103,229)
Compensated absences	121,957
Net OPEB liability	(314,084)
Claims payable	(78,146)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities because they service those activities.

Change in Net Assets - Internal Service Fund	<u>(682,293)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$474,531</u></u>
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See accompanying notes to financial statements

CITY OF BENICIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$13,484,515	\$12,254,840	\$12,162,807	(\$92,033)
Sales	6,779,430	6,178,310	6,150,614	(27,696)
Utility users'	4,973,940	5,040,445	5,027,163	(13,282)
Other	2,668,150	2,370,230	2,414,518	44,288
Licenses and permits	295,000	302,500	315,208	12,708
Fines and forfeitures	117,000	117,000	99,898	(17,102)
Use of money and property	648,975	796,625	570,763	(225,862)
Revenue from other agencies	2,209,195	2,230,855	2,240,416	9,561
Current service charges	1,422,680	1,355,790	1,222,815	(132,975)
Other	301,155	337,680	471,900	134,220
Total Revenues	32,900,040	30,984,275	30,676,102	(308,173)
EXPENDITURES:				
Current:				
Administration	3,287,915	3,256,300	3,101,146	155,154
Public safety - police	8,609,760	8,366,110	8,252,596	113,514
Public safety - fire	7,200,280	6,713,925	6,555,355	158,570
Parks and community services	5,287,455	4,981,650	4,807,911	173,739
Public works and community development	3,120,425	2,490,770	2,469,041	21,729
Library	1,230,160	1,237,660	1,211,576	26,084
Economic development	614,585	513,265	458,470	54,795
General	1,816,290	2,674,865	2,606,994	67,871
Capital outlay	219,330	312,340	198,058	114,282
Debt service:				
Interest and fiscal charges	260,000	260,000	91,960	168,040
Total Expenditures	31,646,200	30,806,885	29,753,107	1,053,778
EXCESS OF REVENUES OVER EXPENDITURES	1,253,840	177,390	922,995	745,605
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,000		156	156
Transfers in (Note 4A)	325,095	311,495	80,842	(230,653)
Transfers (out) (Note 4A)	(1,100,915)	(1,689,050)	(1,549,766)	139,284
Total other financing sources (uses)	(765,820)	(1,377,555)	(1,468,768)	(91,213)
NET CHANGE IN FUND BALANCE	\$488,020	(\$1,200,165)	(545,773)	\$654,392
Beginning fund balance			5,945,316	
Ending fund balance			<u>\$5,399,543</u>	

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal 2011.

WASTEWATER

Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

WATER

Accounts for the purchase, treatment and distribution of water to residents and businesses located within the City.

BENICIA MARINA

Accounts for the operation and management of the City Marina.

TRANSIT

Accounts for the operation and management of the City transit operations.

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	Wastewater	Water	Benicia Marina	Transit		Totals
ASSETS						
Current Assets:						
Cash and investments (Note 3):						
Available for City operations	\$11,135,888	\$11,884,974			\$23,020,862	\$3,059,332
Accounts receivable	1,116,212	1,074,801	\$206,143	\$51,017	2,448,173	
Interest receivable	2,460	2,652			5,112	642
Materials, parts and supplies (Note 1H)	31,193	330,392			361,585	14,441
Prepaid items (Note 1H)		6,524	\$75,000		81,524	28,744
Total Current Assets	12,285,753	13,299,343	281,143	51,017	25,917,256	3,103,159
Non-Current Assets:						
Long-Term Assets:						
Prepaid PERS contribution (Note 10)						11,893,814
Deferred charges	157,304	168,873			326,177	
Loans receivable (Note 5)	514,011	423,812			937,823	
Lease receivable			428,420		428,420	
Advances to other funds (Note 4C)	1,212,698				1,212,698	254,160
Total Long-Term Assets	1,884,013	592,685	428,420		2,905,118	12,147,974
Property, Plant and Equipment (Note 6):						
Land	669,710	1,850,388	63,983		2,584,081	
Buildings and improvements	51,036,559	31,597,566	7,933,206	62,105	90,629,436	12,285,790
Machinery and equipment	5,907,420	2,494,431		1,581,601	9,983,452	4,171,367
Infrastructure and water rights	41,342,270	36,371,759			77,714,029	
Construction in progress	1,746,140	1,412,372			3,158,512	80,000
Less: accumulated depreciation	(38,656,943)	(35,152,970)	(4,906,366)	(1,330,883)	(80,047,162)	(8,210,821)
Net Property, Plant and Equipment	62,045,156	38,573,546	3,090,823	312,823	104,022,348	8,326,336
Total Non-Current Assets	63,929,169	39,166,231	3,519,243	312,823	106,927,466	20,474,310
Total Assets	76,214,922	52,465,574	3,800,386	363,840	132,844,722	23,577,469
LIABILITIES						
Current Liabilities:						
Accounts payable	194,514	171,255	8,290	55,745	429,804	424,427
Customer and performance deposits		26,355	75,000		101,355	
Interest payable	181,897	37,848	146,334		366,079	30,578
Due to other funds (Note 4B)			198,986	609,060	808,046	68,745
Unearned revenue	281,590	3,812			285,402	
Workers' compensation claims (Note 12)						351,914
Compensated absences (Note 1G)	118,762	129,445			248,207	
Current portion long-term liabilities (Note 7)	1,807,232	1,239,284	164,309		3,210,825	1,043,243
Total Current Liabilities	2,583,995	1,607,999	592,919	664,805	5,449,718	1,918,907
Long-Term Liabilities						
Workers' compensation claims (Note 12)						398,799
Utility revenue bonds (Note 7)	2,646,129	4,931,630			7,577,759	
Loans payable (Note 7)	17,955,826	9,287,126	3,381,322		30,624,274	
Lease obligation (Note 7)						232,370
Pension obligation bonds (Note 7)						11,748,370
Advances from other funds (Note 4C)				105,917	105,917	254,160
Total Long-Term Liabilities	20,601,955	14,218,756	3,381,322	105,917	38,307,950	12,633,699
Total Liabilities	23,185,950	15,826,755	3,974,241	770,722	43,757,668	14,552,606
NET ASSETS (Note 8)						
Invested in capital assets, net of related debt	39,635,969	23,115,506		312,823	63,064,298	8,326,336
Unrestricted	13,393,003	13,523,313	(173,855)	(719,705)	26,022,756	698,527
Total Net Assets	\$53,028,972	\$36,638,819	(\$173,855)	(\$406,882)	\$89,087,054	\$9,024,863

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
OPERATING REVENUES						
Charges for services	\$6,493,557	\$6,258,147		\$86,124	\$12,837,828	\$3,952,400
Connection fees	124,888	112,312			237,200	
Rentals			\$307,916		307,916	
Refunds and rebates	2,160	8,796		2,362	13,318	3,666
Total Operating Revenues	6,620,605	6,379,255	307,916	88,486	13,396,262	3,956,066
OPERATING EXPENSES						
Wages and benefits	2,107,271	2,359,766		94,273	4,561,310	820,875
Materials and supplies	467,314	637,494			1,104,808	175,504
Operations and maintenance	1,730,769	1,932,420	216,195	761,774	4,641,158	293,513
Purchased water		501,462			501,462	
Depreciation	2,196,450	1,791,131	189,612	143,094	4,320,287	531,578
Claims and Insurance						1,700,612
Total Cost of Sales and Operating Expenses	6,501,804	7,222,273	405,807	999,141	15,129,025	3,522,082
Operating Income (Loss)	118,801	(843,018)	(97,891)	(910,655)	(1,732,763)	433,984
NONOPERATING REVENUES (EXPENSES)						
Interest income	169,132	83,770	20,674		273,576	37,546
Interest (expense)	(556,966)	(484,628)	(158,375)	(6,234)	(1,206,203)	(808,830)
Amortization of issuance cost of debt	(23,541)	(46,194)			(69,735)	
Intergovernmental revenue			74,786	708,093	782,879	
Pension obligation amortization						(355,222)
Other						100
Gain from sale of capital assets		2,558			2,558	10,129
Total Nonoperating Revenues (Expenses)	(411,375)	(444,494)	(62,915)	701,859	(216,925)	(1,116,277)
Income (Loss) Before Transfers	(292,574)	(1,287,512)	(160,806)	(208,796)	(1,949,688)	(682,293)
Transfers in (Note 4A)			314,901	50,000	364,901	
Transfers (out) (Note 4A)	(32,165)	(48,250)			(80,415)	
Net Transfers	(32,165)	(48,250)	314,901	50,000	284,486	
Change in Net Assets	(324,739)	(1,335,762)	154,095	(158,796)	(1,665,202)	(682,293)
BEGINNING NET ASSETS (DEFICIT)	53,353,711	37,974,581	(327,950)	(248,086)	90,752,256	9,707,156
ENDING NET ASSETS (DEFICIT)	\$53,028,972	\$36,638,819	(\$173,855)	(\$406,882)	\$89,087,054	\$9,024,863

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Wastewater	Water	Benicia Marina	Transit	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$6,551,538	\$6,274,725	\$382,128	\$88,486	\$13,296,877	\$3,956,066
Payments to suppliers	(2,215,634)	(3,267,064)	(207,955)	(851,291)	(6,541,944)	(231,658)
Payments to employees	(2,113,362)	(2,368,187)		(94,273)	(4,575,822)	(1,420,525)
Claims paid						(797,976)
Cash Flows from (used for) Operating Activities	<u>2,222,542</u>	<u>639,474</u>	<u>174,173</u>	<u>(857,078)</u>	<u>2,179,111</u>	<u>1,505,907</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts			(95,763)	158,215	62,452	(13,537)
Operating grant and contributions			74,786	709,445	784,231	
Transfers in			314,901	50,000	364,901	
Transfers (out)	(32,165)	(48,250)			(80,415)	
Advance from other funds			(164,826)	(49,923)	(214,749)	(30,942)
Advance to other funds	168,040				168,040	30,942
Due to other funds						68,745
Cash Flows from (used for) Noncapital Financing Activities	<u>135,875</u>	<u>(48,250)</u>	<u>129,098</u>	<u>867,737</u>	<u>1,084,460</u>	<u>55,208</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(672,490)	(317,954)		(4,758)	(995,202)	(372,606)
Proceeds from sale of capital assets		2,558			2,558	10,129
Principal payments on long-term debt	(1,785,243)	(1,240,528)	(159,085)		(3,184,856)	(31,848)
Interest paid	(570,958)	(488,594)	(164,860)	(6,234)	(1,230,646)	(23,262)
Cash Flows (used for) Capital and Related Financing Activities	<u>(3,028,691)</u>	<u>(2,044,518)</u>	<u>(323,945)</u>	<u>(10,992)</u>	<u>(5,408,146)</u>	<u>(417,587)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Principal paid on non-capital debt						(515,123)
Interest paid on non-capital debt						(788,708)
Interest received	170,324	85,371	20,674		276,369	37,857
Cash Flows from Investing Activities	<u>170,324</u>	<u>85,371</u>	<u>20,674</u>		<u>276,369</u>	<u>(1,265,974)</u>
Net Cash Flows	<u>(499,950)</u>	<u>(1,367,923)</u>		<u>(333)</u>	<u>(1,868,206)</u>	<u>(122,446)</u>
Cash and investments at beginning of period	<u>11,635,838</u>	<u>13,252,897</u>		<u>333</u>	<u>24,889,068</u>	<u>3,181,778</u>
Cash and investments at end of period	<u>\$11,135,888</u>	<u>\$11,884,974</u>			<u>\$23,020,862</u>	<u>\$3,059,332</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	\$118,801	(\$843,018)	(\$97,891)	(\$910,655)	(\$1,732,763)	\$433,984
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,196,450	1,791,131	189,612	143,094	4,320,287	531,578
Change in assets and liabilities:						
Receivables, net	(50,544)	(73,508)	74,212		(49,840)	
Materials, parts and supplies	(300)	(29,495)			(29,795)	(579)
Other assets	18,877	36,678			55,555	(9,434)
Accounts payable and other accrued expenses	(36,128)	(202,871)	8,240	(88,591)	(319,350)	247,372
Accrued compensated absences	(6,091)	(8,421)			(14,512)	
Refundable deposits		840		(926)	(86)	
Unearned revenue	(18,523)	(31,862)			(50,385)	
Workers' compensation claims						302,986
Cash Flows from (used for) Operating Activities	<u>\$2,222,542</u>	<u>\$639,474</u>	<u>\$174,173</u>	<u>(\$857,078)</u>	<u>\$2,179,111</u>	<u>\$1,505,907</u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements. The City maintains a Trust Fund for the Affordable Housing Private Purpose Trust.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements. The City maintains its Agency Funds for its assessment districts.

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

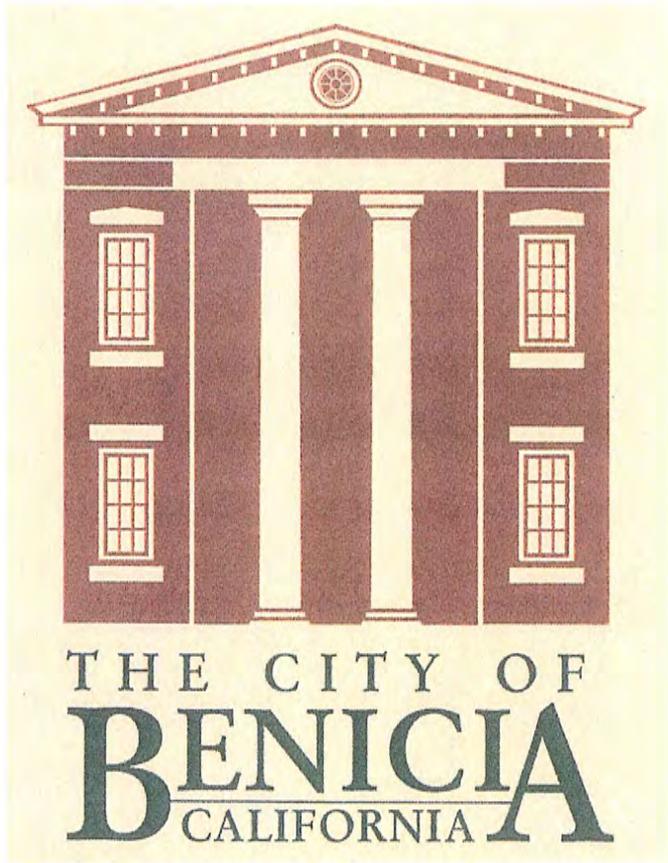
	Affordable Housing Private Purpose Trust Fund	Agency Funds
ASSETS		
Restricted cash and investments (Note 3)	\$19,869	\$3,292,901
Interest receivable	4	707
Total Assets	19,873	\$3,293,608
LIABILITIES		
Due to bondholders		\$3,293,608
Total Liabilities		\$3,293,608
NET ASSETS		
Held in trust for:		
Other governments	19,873	
Total Net Assets	\$19,873	

See accompanying notes to financial statements

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Affordable Housing Private Purpose Trust Fund
ADDITIONS	
Use of money and property	\$321
Total Additions	321
CHANGE IN NET ASSETS	321
NET ASSETS, BEGINNING OF YEAR	19,552
NET ASSETS, END OF YEAR	\$19,873

See accompanying notes to financial statements



CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Benicia was incorporated as a general law city on April 24, 1851. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, water, wastewater, culture-recreation, public improvements, planning and zoning, transit and general administration.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The financial statements of the City of Benicia include the financial activities of the City.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

Energy Conservation Capital Project Fund – The Energy Conservation Capital Project Fund accounts for the construction of energy conservation projects throughout the City, which includes installation of solar panels at different locations and the retrofit of various lighting systems. Proceeds from issuance of the Certificates of Participation are the source of revenue.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Wastewater Fund – Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

Water Fund – Accounts for the distribution of water to residents and businesses located within the City.

Benicia Marina Fund – Accounts for activities of the City’s Marina.

Transit Fund – Accounts for the operation and management of the City transit operations.

The City also reports the following fund types:

Fiduciary Funds – The City maintains two types of Fiduciary Funds - Trust Funds and Agency Funds. The Trust Fund accounts for activities of an individual private trust fund for the benefit of the Affordable Housing. Agency Funds are used to account for assets held by the City as an agent for the Fleetside Industrial Assessment District, East 2nd Street Assessment District, Combined Drake/Gateway Assessment District and McAllister Assessment District. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual at both the City-wide and Fund level are property, sales and franchise taxes, current service charges, and interest revenue. Fines and licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. *Property Tax Revenues*

Solano County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

F. *Revenue Recognition For Water and Sewer*

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are accrued at the end of the fiscal year.

G. *Compensated Absences*

Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City's liability for compensated absences is recorded in the Water and Wastewater funds as appropriate. The liability for compensated absences is determined annually. However, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. Amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences activities were as follows for the year ended June 30, 2011:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$1,425,470	\$262,719	\$1,688,189
Additions	890,509	197,987	1,088,496
Payments	(1,012,466)	(212,499)	(1,224,965)
Ending Balance	<u>\$1,303,513</u>	<u>\$248,207</u>	<u>\$1,551,720</u>
Current Portion	<u>\$1,012,466</u>	<u>\$248,207</u>	<u>\$1,260,673</u>

H. Materials, parts and Supplies and Prepaid Items

Materials, parts and Supplies and Prepaid Items are held for consumption and are valued at cost using the first-in-first-out (FIFO) basis. The cost is recorded as an expenditure at the time individual items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. New Fund

The City created the Energy Conservation Capital Project Fund in fiscal year 2011.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The bi-annual budget is adopted by City Council resolution prior to July 1.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

4. Expenditures may not legally exceed budgeted appropriations at the fund level.
5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer unencumbered appropriations within a department and between departments.
6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.
7. Remaining appropriations lapse at year-end and must be reappropriated in the following year.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Developer Deposits Special Revenue fund, which is not budgeted. The City adopts project budgets for the Capital Project funds except for the Casa de Vilarrasa Fund.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budget and actual comparison for the General Fund are presented at the department level except for Administration which is composed of City Council, City Manager, Treasurer, Finance, City Attorney, Human Resources and City Clerk.

NOTE 3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash and investments held by trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *security instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for City operations	\$38,607,647
Restricted cash and investments held by fiscal agents	10,687,074
Total City cash and investments	49,294,721
Cash and investments	
in Fiduciary Funds (separate statement)	
Trust Fund	19,869
Agency Fund	3,292,901
Total cash and investments	\$52,607,491

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	\$4,792
Deposits with financial institutions	2,812,252
Investments	49,790,447
Total cash and investments	\$52,607,491

Cash and Investments Available for City Operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Non-Negotiable Certificates of Deposit	5 years	N/A	25%	No Limit
Bankers' Acceptances	180 days	A-1	20%	Lesser of 5% or \$3 Million
U.S. Treasury Bills and Notes	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities	5 years	N/A	No Limit	No Limit
U.S. Government Sponsored Securities	5 years	AAA	No Limit	No Limit
Repurchase Agreements	30 days	A-1	N/A	\$1 Million
Commercial Paper	270 days	A-1	25%	Lesser of 10% or \$1 Million
State Local Agency Investment Fund	N/A	N/A	N/A	\$50 Million per account
Money Market Funds	N/A	AAA	20%	Lesser of 10% or \$5 Million

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Bankers' Acceptances	360 days	A-1
U.S. Treasury Bills and Notes	None	N/A
State General Obligations	None	A
Municipal Obligations	None	Aaa/AAA
U.S. Government Agency Securities	None to 3 years	AAA
U.S. Government Sponsored Securities	None to 3 years	AAA
Federal Housing Administration Debentures	None	N/A
Repurchase Agreements	None to 1 year	A
Commercial Paper	270 days	A-1+
State Local Agency Investment Fund	N/A	N/A
Money Market Fund	N/A	AAm
Defeasance Securities	N/A	N/A
Pre-refunded Municipal Obligations	None	AAA
Investment Agreements	N/A	AA
Unsecured Certificates of Deposit	30 days	A-1
CalTrust	None	N/A

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	Total
U.S. Treasury Notes	\$2,438,633	\$762,308	\$1,171,308		\$4,372,249
California Local Agency Investment Fund	10,133,195				10,133,195
Money Market Mutual Funds (U.S. Securities)	677,765				677,765
U.S. Government Agencies	15,819,659	5,010,280	2,028,595	\$1,061,630	23,920,164
Held by Trustees:					
Money Market Mutual Funds (U.S. Securities)	10,687,074				10,687,074
Total Investments	\$39,756,326	\$5,772,588	\$3,199,903	\$1,061,630	\$49,790,447

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2011, these investments matured in an average of 237 days.

Money market funds are available for withdrawal on demand and at June 30, 2011, matured in an average of 1 day.

The City's investments include Government Mortgage – Backed Securities in the amount of \$21,628,251 that are highly sensitive to interest rate fluctuations to a greater degree than already indicated above.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2011, for all U.S. Treasury Notes, U.S. Government Agencies Securities and Money Market Mutual Funds are as provided by Standard and Poor's investment rating system except as noted. The Local Agency Investment Fund was not rated as of June 30, 2011.

Investment Type	Total
<i>Rated AAA:</i>	
U.S. Government-Sponsored Enterprise Agencies	
Non-callable	\$17,060,680
Callable	6,859,484
<i>Rated AAAM:</i>	
Money Market Mutual Funds (U.S. Securities)	10,687,074
<i>Not rated:</i>	
California Local Agency Investment Fund	10,133,195
Money Market Mutual Funds (U.S. Securities)	677,765
<i>Exempt from credit rating disclosure:</i>	
U.S. Treasury Notes	4,372,249
Total Investments	<u>\$49,790,447</u>

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed it's A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB \$3,537,394, FFCB \$2,292,283, FNMA \$8,387,134 and FHLMC \$9,703,723.

G. Concentration of Credit Risk

Included in the table at Note E above are the following significant investments in any one issuer other than U.S. Treasury securities, mutual funds, and external investment pools.

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide			
	Federal Home Loan Bank	US Government agency securities	\$3,537,394
	Federal Home Loan Mortgage Corporation	US Government agency securities	9,703,723
	Federal National Mortgage Association	US Government agency securities	8,387,134

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$1,184,865	(A)(C)(D)
	Marina Fund	314,901	(A)(B)
	Transit Fund	50,000	(A)
Special Revenue Funds:			
Non-Major Governmental Funds	Non-Major Governmental Funds	1,164,050	(A)(C)
Capital Projects Funds:			
Non-Major Governmental Funds	General Fund	427	(F)
	Non-Major Governmental Funds	91,360	(C)
Enterprise Funds:			
Wastewater	General Fund	32,165	(E)
Water	General Fund	48,250	(E)
		<u>\$2,886,018</u>	

- (A) Transfer to fund City operations.
- (B) To fund negative cash deficit.
- (C) Transfer to fund capital improvements.
- (D) Transfer to fund debt service payments.
- (E) Transfer to fund administrative expenses.
- (F) Transfer to close fund.

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2011, the following funds have balances due to the General Fund:

Capital Projects Fund:	
Energy Conservation	\$1,555
Enterprise Funds:	
Transit	609,060
Benicia Marina	198,986
Internal Service Fund:	
Insurance	<u>68,745</u>
Total	<u><u>\$878,346</u></u>

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. *Advances Between Funds*

During fiscal year 2009, an advance in the amount of \$160,321 was made from the General Fund to the Benicia Marina Enterprise Fund to finance expenses related to modifications to the City's storm water system that impacted the Benicia Marina Basin. The advance will accrue interest at the current portfolio earnings rate and is expected to be fully repaid by 2028. The Benicia Marina Enterprise Fund is expected to repay the loan to the General Fund when the outstanding loans due to the Department of Boating and Waterways are paid off. As of June 30, 2011, due to the Benicia Marina Fund's inability to repay the advance, the balance of \$164,826 was written off.

During fiscal year 2009, an advance in the amount of \$1,627,009 was made from the Wastewater Enterprise Fund to the General Fund to finance property tax settlement payments to Valero Energy Corporation. The advance is being repaid with interest of 4% over seven years starting June 30, 2009. The outstanding balance at June 30, 2011 was \$1,212,698.

During fiscal year 2008, an advance in the amount of \$250,000 was made from the General Fund to the Transit Enterprise Fund to finance the purchase of emissions devices for Benicia Breeze buses. The advance is being repaid with interest of 4% over five years. The outstanding balance was \$105,917 as of June 30, 2011.

During fiscal year 2008, an advance in the amount of \$343,460 was made from the Insurance Internal Service Fund to the Building and Equipment Management Internal Service Fund to finance the purchase of a fire engine. The advance is being repaid with interest of 4% over ten years. The outstanding balance at June 30, 2011 was \$254,160.

During fiscal year 2011, an advance in the amount of \$2,000,000 was made from the General Fund to the Community Center Capital Projects Fund to finance the construction of the Community Center Project. The advance is to be repaid equally during fiscal years 2011-12 and 2012-13 and the repayment is made from the Valero Settlement. The outstanding balance as of June 30, 2011 was \$2,000,000.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE

At June 30, 2011, the City had the following housing related loans receivable:

	Governmental Activities	Business-Type Activities	Total
Housing Rehabilitation Loan Program	\$334,034		\$334,034
Burgess Point, Benicia Housing Partners	550,000		550,000
Benicia Housing Authority	340,000	\$845,000	1,185,000
Hearthstone Village, Affordable Housing Affiliation	192,514	191,572	384,086
Bay Ridge Affordable Housing		756,750	756,750
Casa De Vilarrasa, Benicia Housing Authority	1,400,000		1,400,000
Fee Deferrals			
Suraj Investments, LLC	56,078	92,823	148,901
Bruce Blankenhorn	149,878		149,878
Total Loans Receivable	<u>3,022,504</u>	<u>1,886,145</u>	<u>4,908,649</u>
Less: Forgivable Amounts	<u>(192,514)</u>	<u>(948,322)</u>	<u>(1,140,836)</u>
Total	<u>\$2,829,990</u>	<u>\$937,823</u>	<u>\$3,767,813</u>

A. Housing Rehabilitation Loan Program

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2011, residents owed the City \$334,034 in loans offered by this Program.

B. Burgess Point, Benicia Housing Partners

On July 1, 2003, the City authorized a loan to Benicia Housing Partners for an amount of \$550,000. The loan bears simple interest at eight percent annually and is secured by a deed of trust. The purpose of the loan was to provide funding for the construction of 56 units of tax credit rental housing. Annual payments are made from residual receipts collected by the developer to the extent such funds are available. Such payments continue until the loan and interest are paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE (Continued)

C. *Burgess Point, Benicia Housing Authority*

On July 23, 2003, the City authorized a loan to Benicia Housing Authority for an amount of \$1,185,000. The loan bears simple interest at six percent annually and is unsecured. The loan was to provide funding for the purchase of building permits by Benicia Housing Partners. Benicia Housing Authority makes annual payments from funds received from Benicia Housing Partners based upon a loan agreement. Such payments continue until the loan and interest is paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

D. *Hearthstone Village, Affordable Housing Affiliation*

On May 21, 2003, the City authorized loans to the Affordable Housing Affiliation in the amount of \$96,000 and \$288,086 in deferred fees, totaling \$384,086. The purpose of the loan was to assist with the construction of a twelve unit project, Hearthstone Village, which consists of seven single-family houses, one duplex, one triplex and three parking structures. All twelve of these units are to be occupied by low- and very low-income persons or families. The loan payments are deferred and the loan receivable will not be recognized unless, within ten years from date of occupancy, the property ceases to be used in accordance with the terms and conditions set forth in the regulatory agreement. However, the loan is secured by a deed of trust creating a valid lien, not lower than third priority, upon the property.

E. *Bay Ridge Affordable Housing*

On November 12, 2002, developer fees were deferred in the form of a loan receivable for fifty affordable low-income household units in the Bay Ridge Affordable Housing Project. The Water and Wastewater Connection fees were deferred by a promissory note for \$381,750 and \$375,000, respectively, for a total deferred amount of \$756,750. The note bears simple interest at 5.5% annually. The loans will not be recognized unless there is a failure to comply with the eligibility terms in the loan agreement. The City waived other fees in the amount of \$253,250 to assist the low-income housing project. This waiver was a one-time waiver of fees that occurred in 2003.

F. *Casa de Vilarrasa, Benicia Housing Authority*

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in an amount up to \$1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The loan will be paid in full on or before April 1, 2016. The City loaned the Authority an additional \$119,309 in fiscal 2009-10. In fiscal 2010-11, the City wrote off \$344,641 of the loan balance. As of June 30, 2011, the outstanding amount of this loan was \$1,400,000.

G. *Fee Deferrals*

On September 19, 2006, the City authorized a fee deferral payment agreement, secured by a deed of trust, with Suraj Investment Group, LLC to defer developer fees in the amount of \$213,328. The fees are deferred in the form of a loan receivable for water, sewer, capital license, and traffic impact fees associated with the commercial project located at 1375 East 5th Street. As of June 30, 2011, the developer had incurred deferred permit fees of \$148,901. Repayment of the loan is due in eight annual installments of \$26,666 plus interest of 5.125% beginning at the issuance of the building permit.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 5 – LOANS RECEIVABLE (Continued)

On September 5, 2006, the City authorized a special fee deferral payment agreement, secured by a deed of trust, with Bruce Blankenhorn, to defer developer fees in the amount of \$149,878. The fees are deferred in the form of a loan receivable for development impact fees and pro-rata improvement costs of the East N Street residential project located at 660/670 East N Street. Repayment of the loan is due in five equal annual installments of \$23,980 subsequent to the issuance of the building permit. Additionally, a down payment of \$29,975 is due to the City as a condition preceding the issuance of a certificate of occupancy on the first unit of the East N Street project. The City has billed Blankenhorn \$23,980 on January 10, 2008, which remained unpaid as of June 30, 2011. In accordance to the loan agreement, the loan is considered to be in material default. The City expects to collect the payment from the resale of the residential project.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of three years with the exception of federally funded acquisitions, which are \$5,000 or more. Land and infrastructure are capitalized at an initial individual cost of more than \$150,000.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Computer Software	5 years
Buildings & Improvements	15-50 years
Machinery & Equipment	5-30 years
Treatment Plant, Water & Sewer Pipes	40-60 years
Other Infrastructures	10-85 years
Water Rights	25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset activity during the fiscal year were as follows:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$17,989,044				\$17,989,044
Construction in Progress	7,409,461	\$6,110,652		(\$4,381,069)	9,139,044
Total capital assets, not depreciated	<u>25,398,505</u>	<u>6,110,652</u>		<u>(4,381,069)</u>	<u>27,128,088</u>
Capital assets, being depreciated:					
Buildings and Improvements	21,901,486	230,083			22,131,569
Machinery and Equipment	8,337,479	112,564	(\$29,753)		8,420,290
Computer Software	51,426				51,426
Infrastructure	133,308,083			4,381,069	137,689,152
Total cost of depreciable assets	<u>163,598,474</u>	<u>342,647</u>	<u>(29,753)</u>	<u>4,381,069</u>	<u>168,292,437</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(7,079,834)	(651,103)			(7,730,937)
Machinery and Equipment	(5,873,175)	(349,494)	29,753		(6,192,916)
Computer Software		(10,285)			(10,285)
Infrastructure	(52,122,598)	(1,957,400)			(54,079,998)
Total Accumulated Depreciation	<u>(65,075,607)</u>	<u>(2,968,282)</u>	<u>29,753</u>		<u>(68,014,136)</u>
Net Depreciable Assets	<u>98,522,867</u>	<u>(2,625,635)</u>		<u>4,381,069</u>	<u>100,278,301</u>
Governmental Activity Capital Assets, Net	<u>\$123,921,372</u>	<u>\$3,485,017</u>			<u>\$127,406,389</u>
Business-Type Activities:					
Capital assets, not depreciated:					
Land and Improvements	\$2,584,081				\$2,584,081
Construction in Progress	2,359,512	\$799,000			3,158,512
Total capital assets, not depreciated:	<u>4,943,593</u>	<u>799,000</u>			<u>5,742,593</u>
Capital assets, being depreciated:					
Buildings and Improvements	90,624,678	4,758			90,629,436
Machinery and Equipment	9,799,987	191,444	(\$7,979)		9,983,452
Infrastructure	72,714,029				72,714,029
Water Rights	5,000,000				5,000,000
Total cost of depreciable assets	<u>178,138,694</u>	<u>196,202</u>	<u>(7,979)</u>		<u>178,326,917</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(34,633,925)	(2,257,562)			(36,891,487)
Machinery and Equipment	(4,457,413)	(506,124)	7,979		(4,955,558)
Infrastructure	(36,443,516)	(1,356,601)			(37,800,117)
Water Rights	(200,000)	(200,000)			(400,000)
Total Accumulated Depreciation	<u>(75,734,854)</u>	<u>(4,320,287)</u>	<u>7,979</u>		<u>(80,047,162)</u>
Net Depreciable Assets	<u>102,403,840</u>	<u>(4,124,085)</u>			<u>98,279,755</u>
Business-type Activity Capital Assets, Net	<u>\$107,347,433</u>	<u>(\$3,325,085)</u>			<u>\$104,022,348</u>

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 6 – CAPITAL ASSETS (Continued)

B. Project Commitments

At June 30, 2011, the City had outstanding commitments with contractors for the following projects:

Project	Commitment
Energy Projects (Solar Panels)	\$9,300,500
Community Center	309,569
Benicia High School Traffic Signal	36,010
Regional Bus Stop	320,987
Fire Station Improvement	8,227
Wastewater Effluent Project	57,268
	\$10,032,561

C. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

D. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

Governmental Activities:	
Administration	\$157
Public safety - police	53,601
Public safety - fire	12,476
Parks and community services	389,238
Public works	1,918,690
Library	7,555
General government	54,987
Internal service funds	531,578
Total Governmental Activities	\$2,968,282
Business-type Activities:	
Wastewater	\$2,196,450
Water	1,791,131
Benicia Marina	189,612
Transit	143,094
Total Business-Type Activities	\$4,320,287

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

A. Current Year Transactions and Balances

	Balance at July 1, 2010	Additions/ Accretion	Deletions	Balance at June 30, 2011	Due Within One Year
GOVERNMENTAL ACTIVITY DEBT					
1997 General Obligation Wastewater Bonds, Series A	\$2,665,000		\$275,000	\$2,390,000	\$290,000
1997 General Obligation Wastewater Bonds, Series B	2,925,000		260,000	2,665,000	275,000
2006 Pension Obligation Bonds Series A-1 (Current Interest Bonds)	6,360,000		735,000	5,625,000	
Series A-2 (Capital Appreciation Bonds)	6,913,493	\$409,877	190,000	7,133,370	1,010,000
2011 Certificates of Participation Energy Conservation Projects		13,195,000		13,195,000	95,000
Casa de Vilarrasa- Capital Lease	1,237,145		59,299	1,177,846	61,997
Fire Engine Capital Lease	297,461		31,848	265,613	33,243
Police and Marina Area Storm Drain Improvements Capital Lease	1,437,267		213,266	1,224,001	223,146
Total Governmental Activity Debt	\$21,835,366	\$13,604,877	\$1,764,413	\$33,675,830	\$1,988,386

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued)

	Balance July 1, 2010	Deletions	Balance June 30, 2011	Due Within One Year
BUSINESS-TYPE ACTIVITY DEBT				
2002 Water Revenue Refunding Bonds	\$6,370,000	\$700,000	\$5,670,000	\$730,000
2005 Wastewater Refunding Revenue Bonds	3,245,000	275,000	2,970,000	285,000
Less unamortized original issue discount	(54,897)	7,656	(47,241)	
Total utility bonds payable net of discount	<u>9,560,103</u>	<u>982,656</u>	<u>8,592,759</u>	<u>1,015,000</u>
State of California Marina Loans	3,704,715	159,084	3,545,631	164,309
State Revolving Loan Fund- WWTP	11,953,911	992,250	10,961,661	1,010,141
State Revolving Loan Fund- I & I	9,015,513	499,116	8,516,397	512,092
State Revolving Loan Fund- Water Treatment Plant	<u>10,293,736</u>	<u>497,326</u>	<u>9,796,410</u>	<u>509,283</u>
Total Business-type Activity Debt	<u>\$44,527,978</u>	<u>\$3,130,432</u>	<u>\$41,412,858</u>	<u>\$3,210,825</u>

B. 1997 General Obligation Wastewater Bonds, Series A and B

In 1997, the City's voters approved issuance of up to \$30 million in general obligation debt to improve the City's wastewater treatment plant. The 1997 General Obligation Sewer Wastewater Bonds totaling \$10 million were issued in August 1997 (Series A) and May 1998 (Series B). Principal payments are payable annually on August 1 and interest payments are paid semi-annually on February 1 and August 1.

C. 2006 Pension Obligation Bonds

On June 15, 2006, the California Statewide Communities Development Authority issued the 2006 Series A-1 Current Interest Bonds and Series A-2 Capital Appreciation Bonds in the amounts of \$27,985,000 and \$34,828,647, of which \$7,430,000 and \$6,542,596 were the City's portion. The bond proceeds were used to prepay the unfunded liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. As of June 30, 2011, the City's prepaid pension obligation amounted to \$11,893,814.

The Series A-1 Current Interest Bonds bear interest rates of 5.69%-5.93%. Principal payments are due annually through 2036. Interest payments are payable semi-annually on June 1 and December 1.

The Series A-2 Capital Appreciation Bonds unaccreted discount totaled \$4,196,632 at June 30, 2011. The Bonds do not pay periodic interest. Interest on the Bonds will accrete in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

D. 2011 Certificates of Participation Energy Conservation Projects

On April 7, 2011, the City issued Certificates of Participation – 2011 Energy Conservation Projects in the amount of \$13,195,000. The proceeds of the Certificates will be used to finance various energy conservation projects throughout the City, purchase a reserve fund surety bond in lieu of cash funding a reserve fund for the Certificates, fund capitalized interest with respect to the Certificates through October 15, 2011 and pay delivery costs incurred in conjunction with the execution, delivery and sale of the Certificates.

Pursuant to a lease agreement, dated as of April 1, 2011, the City leased its City Hall building and a community facility known as the Clocktower Fortress to the Corporation. The Corporation then leased the properties back to the City. The Certificates are payable solely from and secured by certain lease agreements to be made by the City to the Corporation pursuant to this lease agreement.

The Certificates bear interest at 1.6% - 6.0% and are due semi-annually on April 15 and October 15. Principal payments are due annually on April 15 through 2036.

E. Casa de Vilarrasa - Capital Lease

In March 2005, the City entered into a Capital Lease for \$1.4 million, at 4.5% interest, to finance the purchase and rehabilitation of the Casa de Vilarrasa forty-unit senior housing complex. Semi-annual payments are due on September 1 and March 1 each year. The first four payments are interest only and are financed from the lease proceeds. The loan principal is to be amortized over 20 years. However, it is anticipated the loan will be repaid in 2014. Ownership of the housing complex will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the above project and the amount of the lease have been included in the City's financial statements.

F. Fire Engine – Capital Lease

In April 2008, the City entered into a Capital Lease for \$365,000, at 3.92% interest, to finance the purchase of a fire engine. Semi-annual payments are due on September 30 and March 31 each year. Ownership of the vehicle will be reverted to the City at the end of the lease.

G. Police Building and Marina Area Storm Drain Improvements - Capital Lease

In May 2006, the City entered into a Capital Lease for \$2.2 million, at 4.58% interest, to finance the improvements to the Police Building and the portion of the storm drain system located in the Marina Area. Semi-annual payments are due on December 22 and June 22 each year. Ownership of the improvements will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the improvements and the amount of the lease have been included in the City's financial statements.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

H. 2002 Water Revenue Refunding Bonds

In September 2002, the City issued Water Revenue Refunding Bonds in the amount of \$10,805,000. The proceeds were used to defease the 1991 Water System Refunding Project Certificates of Participation, prepay the City's 1997 Community Drought Relief Promissory Note, purchase a reserve fund surety bond and pay the costs of issuing the bonds. The Water Revenue Refunding Bonds are secured by a pledge of the available net revenues of the City's Water System and are subject to the prior lien of the 1967 Bonds. Interest rates range from 1.25% to 4.40%. Principal payments are payable annually on November 1 and interest payments semi-annually on May 1 and November 1.

The pledge of future available net revenues of the Water Fund ends upon repayment of the \$6,527,595 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2018. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2011, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$6,463,025 and operating costs, not including depreciation or amortization, totaled \$5,431,140. Net Revenues available for debt service totaled \$1,031,885 which represented coverage of 1.10% of debt service payment of \$938,986. As a result, Standard and Poor's downgraded the City's rating on the 2002 Water Refunding Bonds from AA to A+. The City is currently conducting a rate study to increase water rates to provide coverage over debt service payments.

I. 2005 Wastewater Refunding Revenue Bonds

In September 2005, the City issued the 2005 Wastewater Refunding Revenue Bonds in the amount of \$4,260,000. The proceeds were used to partially finance the refunding of the 1993 Refunding Wastewater Revenue Bonds in the outstanding principal amount of \$4,435,000. The 2005 Revenue Bonds are payable solely from and secured by a pledge of the net revenues derived from the sewer operation. Principal payments are payable annually on December 1 and interest payments semi-annually on May 1 and November 1.

The pledge of future net revenues of the Wastewater Fund ends upon repayment of the \$3,521,498 in remaining debt service on the bonds which is scheduled to occur in fiscal year 2020. As disclosed in the official statement, available net revenues are expected to provide coverage over debt service of 1.20 over the life of the bonds. For fiscal year 2011, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$6,789,737 and operating costs, not including depreciation or amortization totaled \$4,305,355. Net Revenues available for debt service totaled \$2,484,382 which represented coverage of 6.36% of debt service payment of \$390,564.

J. State of California Marina Loans

From 1976 through 1984, the State of California loaned the City a total of \$6,046,730 for various construction projects for the City's marina. Interest and principal are payable annually on August 1 through 2027. Debt service is payable from marina revenues.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

K. State Revolving Loan Fund - Wastewater Treatment Plant (WWTP)

In 1998, the City negotiated a State Revolving Fund Loan with the State Water Resources Control Board to finance the remainder of the wastewater treatment plant improvements. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of \$20,129,576. While the loan bears no stated interest, the City is required to pay an amount termed Local/State Match in addition to the principal amount of the loan. The City has imputed an interest rate of 1.8% to provide for the payment of this match. Payments are due annually in December through 2020.

L. State Revolving Loan Fund - Inflow & Infiltration (I & I)

In 2003, the City entered into a State Revolving Loan Fund loan agreement with the State Water Resources Control Board to finance the \$12 million inflow and infiltration project at a rate of 2.6%. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of \$11,296,658. Payments are due annually on April 10 through 2025.

M. State Revolving Loan Fund - Water Treatment Plant

In 2004, the City entered into a State Revolving Fund loan agreement with the State Department of Water Resources to assist financing the Water Treatment Plant Improvement Project, which will enable the City to meet safe drinking water standards set by the State. The loan is a long-term liability of the Water Enterprise Fund, bearing interest of 2.39%. Principal and interest are payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2008. The maximum amount the City can borrow is \$13,600,000; however, the City only borrowed \$11,716,747. As of June 30, 2011, the outstanding principal amount was \$9,796,410.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

N. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

Governmental Activities: General Obligation Bonds

Year ending June 30	Principal	Interest
2012	\$565,000	\$232,243
2013	595,000	204,511
2014	630,000	175,076
2015	665,000	143,798
2016	700,000	110,585
2017-2021	1,900,000	123,591
Total	<u>\$5,055,000</u>	<u>\$989,804</u>

Governmental Activities: Certificates of Participation

Year ending June 30	Principal	Interest
2012	\$95,000	\$695,458
2013	400,000	701,753
2014	425,000	692,753
2015	465,000	681,065
2016	535,000	666,418
2017-2021	995,000	3,171,505
2022-2226	1,950,000	2,838,642
2027-2031	2,360,000	2,252,513
2032-2036	5,970,000	1,149,000
Total	<u>\$13,195,000</u>	<u>\$12,849,107</u>

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

Governmental Activities: Pension Obligation Bonds

Year ending June 30	Principal (A)	Interest
2012	\$1,010,000	\$332,415
2013	1,060,000	332,415
2014	1,105,000	332,415
2015	1,155,001	332,415
2016	1,210,000	332,415
2017-2021	2,650,000	1,148,335
2022-2026	2,155,001	1,088,155
2027-2031	2,760,000	1,088,155
2032-2036	3,850,000	716,938
Total	<u>\$16,955,002</u>	<u>\$5,703,658</u>

(A) Includes unaccreted discount totaling \$4,196,632

Governmental Activities: Capital Leases

Year ending June 30	Principal	Interest
2012	\$318,386	\$117,001
2013	333,002	102,387
2014	348,286	87,099
2015	364,273	71,111
2016	380,994	54,390
2017-2021	508,303	152,043
2022-2026	414,216	43,029
Total	<u>\$2,667,460</u>	<u>\$627,060</u>

Enterprise Activities: Revenue Bonds

Year ending June 30	Principal	Interest
2012	\$1,015,000	\$320,729
2013	1,040,000	284,335
2014	1,080,000	245,265
2015	1,125,000	203,130
2016	1,170,000	157,551
2017-2021	3,210,000	198,083
Total	<u>\$8,640,000</u>	<u>\$1,409,093</u>

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 7 - LONG TERM DEBT (Continued)

Enterprise Activities: Revolving Loans

Year ending June 30	Principal	Interest
2012	\$2,195,825	\$815,825
2013	2,246,990	764,804
2014	2,286,814	712,486
2015	2,340,048	659,400
2016	2,394,638	604,965
2017-2021	12,842,047	2,158,438
2022-2026	7,438,762	755,241
2027-2031	1,074,975	19,641
Total	<u>\$32,820,099</u>	<u>\$6,490,800</u>

O. Special Assessment Debt Without City Commitment

At June 30, 2011, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

McAllister	\$10,025,000
East Second Street	2,070,000
Combined Drake/Gateway	249,000
Fleetside Industrial Refunding	1,525,000

The City has no legal or moral responsibility with respect to the payment of this debt and has therefore not recorded it as a liability. However, the City is responsible for the construction of the improvements financed by the Districts; therefore, the related Capital Projects Funds are reflected in the City's financial statements. The City is also responsible, as the Districts' agent, for recording the Districts' cash receipts, disbursements and balances, which are reported as Agency fund transactions in the financial statements.

NOTE 8 - NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only for proprietary funds and at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Assets which is not restricted to use.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendable, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2011, are stated below:

Fund Balance Classifications	General Fund	Energy Conservation Capital Projects Fund	Other Governmental Funds	Total
Nonspendables:				
Items not in spendable form:				
Prepaid expenses	\$37,123		\$1,475	\$38,598
Long-term interfund receivables	2,105,917			2,105,917
Total Nonspendable Fund Balances	2,143,040		1,475	2,144,515
Restricted for:				
Debt Service			1,146,283	1,146,283
St. Catherine's Wood	114,251			114,251
Cable	14,179			14,179
Special Revenue			4,138,056	4,138,056
Capital Projects		\$10,685,519	145,072	10,830,591
Total Restricted Fund Balances	128,430	10,685,519	5,429,411	16,243,360
Committed to:				
Capital Projects			2,612,563	2,612,563
Emergency Reserves	2,999,973			2,999,973
Total Committed Fund Balances	2,999,973		2,612,563	5,612,536
Assigned to:				
Human Services	16,309			16,309
Arts and Cultural Comm	3,809			3,809
City Operations	180,353			180,353
Total Assigned Fund Balances	200,471			200,471
Unassigned:				
General Fund	(72,371)			(72,371)
Capital Projects			(1,713,546)	(1,713,546)
Total Unassigned Fund Balances	(72,371)		(1,713,546)	(1,785,917)
Total Fund Balances	\$5,399,543	\$10,685,519	\$6,329,903	\$22,414,965

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City's Budget and Fiscal Policy requires the City to strive to maintain a goal of 20% of annual adopted operating budget revenues in the General Fund's and Enterprise Fund's cash reserves. If the City falls below 20% thresholds in the General Fund and Enterprise Funds, the City is required to present a plan for replenishing reserves in a reasonable time to Council. The ability of the City to maintain 20% cash reserves in the General Fund and Enterprise funds depends upon the timing of infrastructure projects.

D. *Fund Equity Deficits*

The Community Center Capital Projects Fund had a deficit fund balance of \$1,373,546 at June 30, 2011. Community donations are expected to offset the deficit in fiscal year 2012.

The Benicia Marina Enterprise Fund had a deficit fund balance of \$173,855 at June 30, 2011. Future rental revenues and sales of properties are expected to offset this deficit in fiscal year 2012.

The Transit Enterprise Fund had a deficit fund balance of \$406,882 at June 30, 2011. As discussed in Note 18, the transit operation was transferred to Solano County Transit (SolTrans) in fiscal 2011-12.

The Insurance Internal Service Fund had deficit net assets of \$897,741 at June 30, 2011. Service rate increases are expected to offset this deficit in fiscal year 2012.

NOTE 9 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 10 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. The Plans' provisions and benefits in effect at June 30, 2011, are summarized as follows:

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 10 - PENSION PLAN (Continued)

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3%	1.426%-2.418%
Required employee contribution rates	9%	8%
Required employer contribution rates	20.880%	11.132%

The City's labor contracts require the City to pay employee contributions in excess of 1%.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<i>Safety Plan</i>			
June 30, 2009	\$1,483,256	100%	\$0
June 30, 2010	1,499,580	100%	0
June 30, 2011	1,478,387	100%	0
<i>Miscellaneous Plan</i>			
June 30, 2009	\$1,482,387	100%	\$0
June 30, 2010	1,261,011	100%	0
June 30, 2011	1,248,955	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2011 was 22 years for the miscellaneous plan and 16 years for the safety plan.

The City prepaid its pension contributions with proceeds from the 2006 Pension Obligation Bonds (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$11,893,814 at June 30, 2011. During fiscal 2010-11, the amortization of the prepayment decreased the actuarially required contributions by \$30,879 to arrive at the Annual Pension Costs of \$3,082,565.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 10 - PENSION PLAN (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	\$52,482,247	\$51,555,288	\$926,959	98.2%	\$10,965,084	8.5%
2008	58,162,825	56,260,430	1,902,395	96.7%	11,597,948	16.4%
2009	67,420,920	60,224,044	7,196,876	89.3%	12,413,592	58.0%

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry was for the City to adjust and true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The Safety Plan was under-funded at June 30, 2004. The amount of this under-funding is accounted for separately and is to be used by CALPERS to reduce future City contributions to the Plan over the next 7 years.

The latest available actuarial values of the above State-wide pools (which differs from market value) and funding progress were set forth as follow. The information presented below relates to the State-wide pools as a whole, of which the City is one of the participating employers.

The City's actuarially required contributions for the past three years were as follows:

Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	\$7,986,055,176	\$6,826,599,459	\$1,159,455,717	85.5%	\$831,607,658	139.4%
2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%
2009	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%

The actuarial value and funding progress of the State-wide pool, and the information regarding audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City of Benicia contracts with Kaiser, Health Net, Ameritas Dental & Vision and United Healthcare to provide medical, dental, and vision benefits to both active and retired employees. The City pays no direct financial contribution towards retiree health benefits; however, due to the fact that retirees and active employees are insured in the same pool it indirectly subsidizes their premiums through payments for current employees.

B. Eligibility

Employees (and their spouses) are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a PERS pension. Retirees younger than age 65 are required to contribute the full amount of the monthly medical insurance premiums that are in effect for active employees. Retirees who are age 65 or older are required to contribute the full amount of the monthly premium rates in effect for Medicare Supplement insurance.

C. City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

D. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$513,426
Interest on net OPEB obligation	27,067
Adjustment to annual required contribution	<u>(26,284)</u>
Annual OPEB cost (expense)	514,209
Contributions made (including premiums paid)	<u>(200,125)</u>
Increase in net OPEB obligation	314,084
Net OPEB obligation - beginning of year	<u>601,482</u>
Net OPEB obligation - end of year	<u><u>\$915,566</u></u>

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$448,137	34%	\$297,978
6/30/2010	480,642	37%	303,504
6/30/2011	514,209	39%	915,566

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.5 percent after the year 2019. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. The valuation is based on a closed 30 year amortization period. It is assumed the City’s payroll will increase 3.25% per year.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2008, actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
6/30/09	\$ -	\$4,401,160	\$4,401,160	0.00%	\$19,529,818	23%

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE

A. Coverages

City employees are covered under a medical and prescriptions policy with Kaiser and Healthnet. The City provides group dental and vision coverage to employees through programs that are administered by a service agent. The City pays all dental and vision claims.

The City is a member of the Association of Bay Area Governments (ABAG), which provides general liability coverage of \$5,000,000 above the City's deductible of \$25,000 per occurrence, and property damage insurance up to \$1,000,000,000. ABAG is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2011, the City contributed \$714,056 for current year coverage.

Audited financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94604-2050.

The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation up to statutory limits. The City has a deductible or uninsured liability of up to \$350,000 per claim. During the fiscal year ended June 30, 2011, the City contributed \$121,589 for current year coverage.

LAWCX's financial statements may be obtained from Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE
(Continued)

B. *Liability for Uninsured Claims*

The City's liability for uninsured claims, including estimated claims incurred but not reported, was estimated by management based on prior years claims experience and was computed as follows as of June 30:

	2011			2010
	Workers' Compensation	General Liability	Total	
Beginning balance	\$447,727	\$30,212	\$477,939	\$651,912
Liability for current year claims and change in prior year claims estimate	1,006,440	609,092	1,615,532	529,001
Claims paid in fiscal year	(703,454)	(530,946)	(1,234,400)	(702,974)
Ending balance	<u>\$750,713</u>	<u>\$108,358</u>	<u>\$859,071</u>	<u>\$477,939</u>
Claim liabilities due within a year	<u>\$351,914</u>	<u>\$108,358</u>	<u>\$460,272</u>	<u>\$229,183</u>

For the years ended June 30, 2011, 2010, and 2009, the amount of settlements did not exceed insurance coverage.

NOTE 13 – JOINT POWERS AUTHORITIES

The City participates in joint ventures discussed below through separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. *Solano Water Authority*

Solano Water Authority was established to coordinate water procurement and use among the Cities and County of Solano.

Members share the Water Authority's expenses equally and each member has one representative on the commission that governs the Water Authority.

Audited financial statements may be obtained from the Solano Water Authority at 508 Elmira Road, Vacaville, California, 95687.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 13 – JOINT POWERS AUTHORITIES (Continued)

B. *Solano Transportation Authority*

Solano Transportation Authority (STA) was established to develop regional strategies and meet regional transit and paratransit needs and to cooperatively address Solano County transportation issues.

The City's payments to STA are in accordance with a formula under which each member entity pays a proportionate share of expenditures based on the entity's population.

Audited financial statements may be obtained from STA at One Harbor Center, Suite 130, Suisun City, California, 94585.

NOTE 14 – OPERATING LEASE

The City has signed a lease agreement with the Benicia Unified School District (BUSD), commencing April 1, 2007 and ending on March 31, 2047, to lease the Mills School building and grounds located at 380 L Street, Benicia, for City use as a Community Center. This agreement can be renewed for two (2) additional ten (10) year term.

The annual rent for said property shall be One Hundred Twenty Thousand Dollars (\$120,000), payable in equal monthly payments of Ten Thousand Dollars (\$10,000). Beginning in 2011, the monthly rent is adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U) San Francisco – Oakland – San Jose Metropolitan Area as published for June 2011 (or the nearest preceding month if not published for that month).

Under the agreement, the City will pay for all water, gas, light, heat, power, telephone, security service, garbage pick-up, sewage fees and all other services supplied on the premises. The City may, at its sole cost and expense, construct any improvements including buildings, roadways, sidewalks, fences, playgrounds, parking areas, utilities, signs, monuments and landscaping which City deems necessary to the operations of its business. In addition, the City will maintain the existing premises and BUSD, shall have no maintenance or repair obligations with respect to the premises being leased.

NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 as amended in 1996, and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business, the outcome of which cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

CITY OF BENICIA
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2011

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

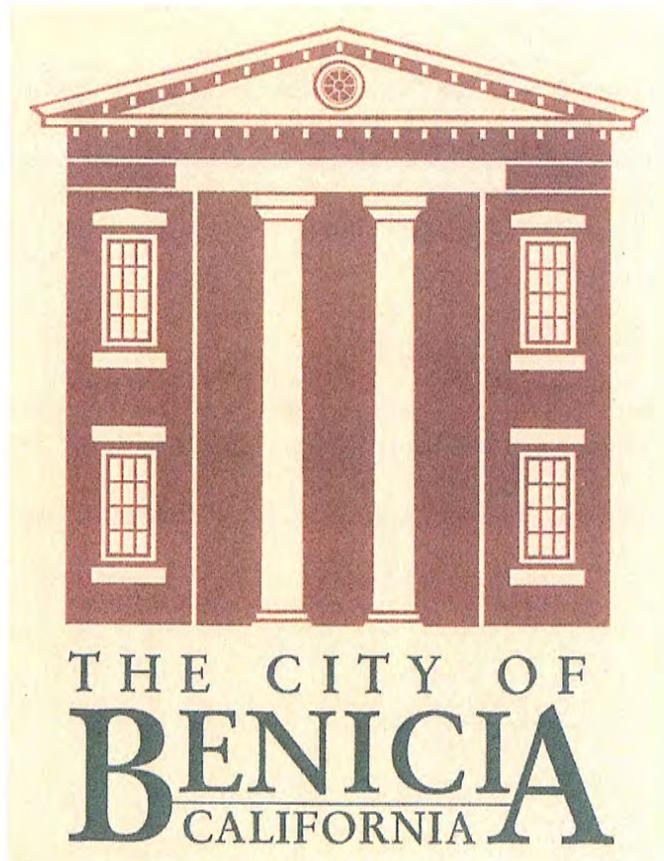
In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated the terms of the agreement into the conditions of approval for the Amended Valero Improvement Projects Agreement. Valero has committed \$14 million to fund various City-wide projects. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2011, Valero has paid the City \$2,172,000 of this commitment.

NOTE 17 - MARINA

The City of Benicia contracts with the Benicia Harbor Corporation to conduct annual dredging in the Benicia Marina common areas. In fiscal 2009-10, they failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. At June 30, 2011, the amount under review was \$189,519. City staff has met with Benicia Harbor Corporation owners and anticipate a favorable outcome by March 2012.

NOTE 18 – TRANSFER OF TRANSIT SERVICES

The City Councils of both Vallejo and Benicia entered into a Joint Powers Authority Agreement that has consolidated the City's transit system "Benicia Breeze" and the City of Vallejo Transit (Vallejo Transit). This consolidation occurred in July 1, 2011. All Benicia Breeze assets, contracts and routes are now being managed by the Solano County Transit (Sol Trans). Actual transfer of capital assets will occur during FY 2011-12.



SUPPLEMENTARY INFORMATION

CITY OF BENICIA
ENERGY CONSERVATION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Capital outlay		\$12,160,000	\$1,818,303	\$10,341,697
Total Expenditures		<u>12,160,000</u>	<u>1,818,303</u>	<u>10,341,697</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>(12,160,000)</u>	<u>(1,818,303)</u>	<u>(10,341,697)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance		13,195,000	13,195,000	
Bond issuance cost		(433,770)	(433,765)	5
Discount on Bond		<u>(601,230)</u>	<u>(257,413)</u>	<u>343,817</u>
Total other financing sources (uses)		<u>12,160,000</u>	<u>12,503,822</u>	<u>343,822</u>
NET CHANGE IN FUND BALANCE			<u>10,685,519</u>	<u>\$10,685,519</u>
Beginning fund balance				
Ending fund balance			<u>\$10,685,519</u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS**GAS TAX**

Accounts for monies received and expended from state gas tax allocation to cities.

LANDSCAPING AND LIGHTING DISTRICTS: RESIDENTIAL, FLEETSIDE, COLUMBUS PARKWAY, EAST 2ND STREET, AND GOODYEAR ROAD

Accounts for monies received from property owners and allocated for the maintenance of landscaping of paths in walkways and lighting of streetlights within the bounds of the specified districts.

COMMUNITY DEVELOPMENT BLOCK GRANT

Accounts for moneys received and expended by the City as a participant in the Federal Community Development Block Grant program.

COMMUNITY SERVICES PROGRAM

Accounts for moneys received from developers, grants, and cemetery fees for expenditures to maintain childcare facilities in the City and the City Cemetery.

LIBRARY BOOK

Accounts for fees collected from developers for the purchase of books for the main library.

LIBRARY PROGRAMS

Accounts for donations and grant funds intended to promote literacy in the City.

LIBRARY MEASURE B

Accounts for funds from Solano County Measure B sales tax to be used for enhancement of library services.

SOUTHERN PACIFIC DEPOT

Accounts for community donations and rent receipts expended for the Southern Pacific Depot.

POLICE AND FIRE SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

Accounts for citizen donations to assist residents within the City.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

DEVELOPER DEPOSITS

Accounts for developer deposits, fees and related expenditures incurred for specific projects.

TOURTELOT MITIGATION

Accounts for the cost of maintaining open space in the project area. Sources of revenue include fees paid by the developer and investment earnings.

MISCELLANEOUS GRANTS

Accounts for the BCDC grant used for the removal of four derelict barges from the Bay, and the BAAQMD grant used for a climate action plan to reduce greenhouse gas emissions within the City.

VALERO GNSC

Accounts for the Valero settlement monies required for environmental impact to be used for water conservation.

DEBT SERVICE FUNDS**1997 WASTEWATER GENERAL OBLIGATION BOND**

Accounts for property tax levies for the payment of voter-approved debt principal and interest of the 1997 Wastewater General Obligation Bonds.

CASA DE VILARRASA

Accounts for the payment of debt principal and interest of the Casa De Vilarrasa Capital Lease. Sources of revenue include debt proceeds, investments earnings, and residual receipts from the project and General Fund advances.

CAPITAL PROJECTS FUNDS**TRAFFIC MITIGATION**

Accounts for installation of new traffic signals and modification of streets for standardization of intersections. Sources of revenue include investment earnings, State grants, development fees and interfund transfers.

STREET PROJECTS

Accounts for the construction of public improvements. Sources of revenue include local, state and federal funds.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL LICENSE

Accounts for the construction of various capital projects throughout the City. Sources of revenue include investment earnings and capital license fees.

PARK DEDICATION

Accounts for construction and capital improvements of the City's parks, trails and open space lands. Sources of revenue include investment earnings, Parkland dedication fees, local and state grants.

LIBRARY BASEMENT PROJECT

Accounts for costs of remodeling the basement of the Library and to provide expanded services for customers and staff.

STORM DRAIN IMPROVEMENTS

Accounts for costs of replacing storm drains throughout the City.

COMMUNITY CENTER

Accounts for expenditures for the construction of the Benicia Community Center. Sources of funding include proceeds from the sale of City owned land, donations, and Valero settlement monies.

COMMUNITY DONATIONS

Accounts for community donations for specific capital projects and the use of these revenues.

POLICE PUBLIC SAFETY BUILDING

Accounts for funding and renovation of the Police Department Building. Primary sources of revenue are fund transfers provided by the General Fund, debt proceeds and investment earnings.

McALLISTER ASSESSMENT DISTRICT

The McAllister Assessment District Capital Projects Fund accounts for the construction of public improvements benefiting the property within the bounds of the Assessment District, which is located north of Rose Drive and to the west of East Second Street. Source revenues include investment earnings and proceeds from bonds.

INTERMODAL TRANSPORTATION CENTER

Accounts for funding and construction of a proposed intermodal transportation center. Sources of revenue will come from transfers provided by the General Fund debt proceeds, investment earnings and grant funding.

CASA DE VILARRASA

Accounts for the capital improvements and rehabilitation of the project. Sources of revenue include investment earnings and proceeds from bonds.

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
ASSETS				
Cash and investments available for City operations	\$636,003	\$114,361	\$170,281	\$103,856
Accounts receivable				
Interest receivable	115	29	38	23
Loans receivable				
Prepaid items				
Total Assets	<u>\$636,118</u>	<u>\$114,390</u>	<u>\$170,319</u>	<u>\$103,879</u>
LIABILITIES				
Accounts payable	\$42,098	\$3,183	\$587	\$226
Customer deposits				
Deferred revenue				
Advance from other funds				
Total Liabilities	<u>42,098</u>	<u>3,183</u>	<u>587</u>	<u>226</u>
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted	594,020	111,207	169,732	103,653
Committed				
Unassigned				
Total Fund Balances	<u>594,020</u>	<u>111,207</u>	<u>169,732</u>	<u>103,653</u>
Total Liabilities and Fund Balances	<u>\$636,118</u>	<u>\$114,390</u>	<u>\$170,319</u>	<u>\$103,879</u>

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
\$36,939	\$43,032	\$425,090	\$297,526	\$2,257	\$203,578	\$356,844	\$138,810
8	9	57 334,033	64	11,365	54	108,679 82	30
					1,475		
<u>\$36,947</u>	<u>\$43,041</u>	<u>\$759,180</u>	<u>\$297,590</u>	<u>\$13,622</u>	<u>\$205,107</u>	<u>\$465,605</u>	<u>\$138,840</u>
\$1,730	\$150				\$6,164	\$285	
		\$334,033		\$11,365			
<u>1,730</u>	<u>150</u>	<u>334,033</u>		<u>11,365</u>	<u>6,164</u>	<u>285</u>	
					1,475		
35,217	42,891	425,147	\$297,590	2,257	197,468	465,320	\$138,840
<u>35,217</u>	<u>42,891</u>	<u>425,147</u>	<u>297,590</u>	<u>2,257</u>	<u>198,943</u>	<u>465,320</u>	<u>138,840</u>
<u>\$36,947</u>	<u>\$43,041</u>	<u>\$759,180</u>	<u>\$297,590</u>	<u>\$13,622</u>	<u>\$205,107</u>	<u>\$465,605</u>	<u>\$138,840</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
ASSETS				
Cash and investments available for City operations	\$270,227	\$151,455	\$675,334	\$509,265
Accounts receivable	91,807			
Interest receivable	68	34	55	156
Loans receivable				
Prepaid items				
Total Assets	\$362,102	\$151,489	\$675,389	\$509,421
LIABILITIES				
Accounts payable	\$44,766		\$14,774	
Customer deposits	43,664		660,615	
Deferred revenue				
Advance from other funds				
Total Liabilities	88,430		675,389	
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted	273,672	\$151,489		\$509,421
Committed				
Unassigned				
Total Fund Balances (Deficit)	273,672	151,489		509,421
Total Liabilities and Fund Balances	\$362,102	\$151,489	\$675,389	\$509,421

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
Miscellaneous Grants	Valero GNSC	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
	\$620,088	\$1,146,039		\$1,247,337	\$49,996	\$149,101	\$77,573
	2,002,000				472,569		
	314	244		207	76	35	106
				60,915		56,994	196,950
	<u>\$2,622,402</u>	<u>\$1,146,283</u>		<u>\$1,308,459</u>	<u>\$522,641</u>	<u>\$206,130</u>	<u>\$274,629</u>
	\$2,270			\$4,688		\$12,218	
	2,000,000			60,915	\$377,569	56,994	\$196,950
	<u>2,002,270</u>			<u>65,603</u>	<u>377,569</u>	<u>69,212</u>	<u>196,950</u>
	620,132	\$1,146,283			145,072		
				1,242,856		136,918	77,679
	<u>620,132</u>	<u>1,146,283</u>		<u>1,242,856</u>	<u>145,072</u>	<u>136,918</u>	<u>77,679</u>
	<u>\$2,622,402</u>	<u>\$1,146,283</u>		<u>\$1,308,459</u>	<u>\$522,641</u>	<u>\$206,130</u>	<u>\$274,629</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	CAPITAL PROJECTS FUNDS			
	Library Basement Project	Storm Drain Improvements	Community Center	Community Donations
ASSETS				
Cash and investments available for City operations	\$315,319	\$51,859	\$680,269	\$5,563
Accounts receivable				
Interest receivable	69			1
Loans receivable				
Prepaid items				
Total Assets	\$315,388	\$51,859	\$680,269	\$5,564
LIABILITIES				
Accounts payable		\$51,859	\$393,815	
Customer deposits				
Deferred revenue				
Advance from other funds			2,000,000	
Total Liabilities		51,859	2,393,815	
FUND EQUITY				
Fund balances				
Nonspendable				
Restricted				
Committed	\$315,388			\$5,564
Unassigned			(1,713,546)	
Total Fund Balances	315,388		(1,713,546)	5,564
Total Liabilities and Fund Balances	\$315,388	\$51,859	\$680,269	\$5,564

CAPITAL PROJECTS FUNDS

<u>Police Public Safety Building</u>	<u>McAllister Assessment District</u>	<u>Intermodal Transportation Center</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
	\$346,295	\$844,800		\$9,669,097
	75			2,675,055
			\$1,400,000	1,949
				2,060,257
				1,475
	<u>\$346,370</u>	<u>\$844,800</u>	<u>\$1,400,000</u>	<u>\$14,407,833</u>
	\$310,494	\$46,518		\$935,825
			\$1,400,000	704,279
				4,437,826
				2,000,000
	<u>310,494</u>	<u>46,518</u>	<u>1,400,000</u>	<u>8,077,930</u>
				1,475
	35,876	798,282		5,429,411
				2,612,563
				(1,713,546)
	<u>35,876</u>	<u>798,282</u>		<u>6,329,903</u>
	<u>\$346,370</u>	<u>\$844,800</u>	<u>\$1,400,000</u>	<u>\$14,407,833</u>

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Gas Tax	Residential Landscaping and Lighting	Fleetside Landscaping and Lighting	Columbus Parkway Landscaping and Lighting
REVENUES				
Property taxes				
Sales tax				
Assessments		\$299,886	\$79,977	\$15,800
Use of money and property	\$5,401	958	2,620	1,635
Revenue from other agencies	667,216			
Current service charges				
Community donations				
Other	4,488			
Total Revenues	677,105	300,844	82,597	17,435
EXPENDITURES				
Current:				
Administration				
Public safety				
Parks and community services		322,846	84,424	14,225
Public works and community development	297,518			
Library				
General government				
Capital outlay	84,693			
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	382,211	322,846	84,424	14,225
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	294,894	(22,002)	(1,827)	3,210
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	294,894	(22,002)	(1,827)	3,210
BEGINNING FUND BALANCES (DEFICITS)	299,126	133,209	171,559	100,443
ENDING FUND BALANCES (DEFICITS)	\$594,020	\$111,207	\$169,732	\$103,653

SPECIAL REVENUE FUNDS

East 2nd Street Landscaping and Lighting	Goodyear Road Landscaping and Lighting	Community Development Block Grant	Community Services Program	Library Book	Library Programs	Library Measure B	Southern Pacific Depot
						\$704,297	
\$28,001 487	\$4,000 697	\$19,161	\$4,173	\$21	\$4,809 55,315 70,605 79,626	5,925	\$4,791
			63,924	2,585			
			600				
<u>28,488</u>	<u>4,697</u>	<u>19,161</u>	<u>68,697</u>	<u>2,606</u>	<u>210,355</u>	<u>710,222</u>	<u>4,791</u>
27,639	4,407		2,112				
					216,709	730,565	
			279		4,725	1,943	
<u>27,639</u>	<u>4,407</u>		<u>2,391</u>		<u>221,434</u>	<u>732,508</u>	
849	290	19,161	66,306	2,606	(11,079)	(22,286)	4,791
					52,905 (100,000)	100,000	
					(47,095)	100,000	
849	290	19,161	66,306	2,606	(58,174)	77,714	4,791
34,368	42,601	405,986	231,284	(349)	257,117	387,606	134,049
<u>\$35,217</u>	<u>\$42,891</u>	<u>\$425,147</u>	<u>\$297,590</u>	<u>\$2,257</u>	<u>\$198,943</u>	<u>\$465,320</u>	<u>\$138,840</u>

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Police and Fire Safety Grants	Human Services	Developer Deposits	Tourtelot Mitigation
REVENUES				
Property taxes				
Sales tax				
Assessments				
Use of money and property	\$4,753	\$2,559		\$11,781
Revenue from other agencies	474,386			
Current service charges				
Community donations	473	1,801		
Other				
Total Revenues	479,612	4,360		11,781
EXPENDITURES				
Current:				
Administration				
Public safety	316,403			
Parks and community services				
Public works and community development				5,863
Library				
General government				
Capital outlay	91,058			
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	407,461			5,863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	72,151	4,360		5,918
OTHER FINANCING SOURCES (USES)				
Transfers in		7,286		
Transfers (out)				(214,050)
Total Other Financing Sources (Uses)		7,286		(214,050)
NET CHANGE IN FUND BALANCES	72,151	11,646		(208,132)
BEGINNING FUND BALANCES (DEFICITS)	201,521	139,843		717,553
ENDING FUND BALANCES (DEFICITS)	\$273,672	\$151,489		\$509,421

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			
Miscellaneous Grants	Valero GNSC	1997 Wastewater General Obligation Bond	Casa De Vilarrasa	Traffic Mitigation	Street Projects	Capital License	Park Dedication
		\$811,410					
\$64 34,419	\$11,762	(2,461)		\$21,824	\$7,897 1,728,839	\$2,729	\$8,003
				20,602		14,367	65,353
	1,133,500						
34,483	1,145,262	808,949		42,426	1,736,736	17,096	73,356
29,382	107,607 23,794						
	34,211 64,502			203,037	1,123,385	37,632	
		535,000 260,826	272,565 118,425				
29,382	230,114	795,826	390,990	203,037	1,123,385	37,632	
5,101	915,148	13,123	(390,990)	(160,611)	613,351	(20,536)	73,356
			390,990	305,410			
	(850,000)				(91,360)		
	(850,000)		390,990	305,410	(91,360)		
5,101	65,148	13,123		144,799	521,991	(20,536)	73,356
(5,101)	554,984	1,133,160		1,098,057	(376,919)	157,454	4,323
	\$620,132	\$1,146,283		\$1,242,856	\$145,072	\$136,918	\$77,679

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL PROJECTS FUNDS

	<u>Library Basement Project</u>	<u>Storm Drain Improvements</u>	<u>Community Center</u>	<u>Community Donations</u>
REVENUES				
Property taxes				
Sales tax				
Assessments				
Use of money and property	\$5,053			\$254
Revenue from other agencies				
Current service charges		\$25,740		
Community donations	4,000		\$200,000	
Other		190	36,751	
Total Revenues	<u>9,053</u>	<u>25,930</u>	<u>236,751</u>	<u>254</u>
EXPENDITURES				
Current:				
Administration				
Public safety				
Parks and community services				
Public works and community development				
Library				
General government				
Capital outlay		149,614	3,142,245	14,543
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures		<u>149,614</u>	<u>3,142,245</u>	<u>14,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,053</u>	<u>(123,684)</u>	<u>(2,905,494)</u>	<u>(14,289)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		123,684	1,460,000	
Transfers (out)				
Total Other Financing Sources (Uses)		<u>123,684</u>	<u>1,460,000</u>	
NET CHANGE IN FUND BALANCES	9,053		(1,445,494)	(14,289)
BEGINNING FUND BALANCES (DEFICITS)	<u>306,335</u>		<u>(268,052)</u>	<u>19,853</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$315,388</u>		<u>(\$1,713,546)</u>	<u>\$5,564</u>

CAPITAL PROJECT FUNDS

<u>Police Public Safety Building</u>	<u>McAllister Assessment District</u>	<u>Intermodal Transportation Center</u>	<u>Casa De Vilarrasa</u>	<u>Total Non-major Governmental Funds</u>
				\$811,410
				704,297
\$7	\$5,598			427,664
				130,501
				2,960,175
				263,176
				285,900
				<u>1,175,529</u>
<u>7</u>	<u>5,598</u>			<u>6,758,652</u>
				316,403
				563,260
				356,557
				947,274
				34,211
		\$146,471		5,064,127
				807,565
				<u>379,251</u>
		146,471		<u>8,468,648</u>
<u>7</u>	<u>5,598</u>	<u>(146,471)</u>		<u>(1,709,996)</u>
(427)				2,440,275
				<u>(1,255,837)</u>
(427)				1,184,438
(420)	5,598	(146,471)		(525,558)
420	30,278	944,753		<u>6,855,461</u>
	<u>\$35,876</u>	<u>\$798,282</u>		<u>\$6,329,903</u>

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	GAS TAX			RESIDENTIAL LANDSCAPING AND LIGHTING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments				\$299,885	\$299,886	\$1
Use of money and property	\$5,000	\$5,401	\$401	1,500	958	(542)
Revenue from other agencies	748,980	667,216	(81,764)			
Current service charges						
Community donations						
Other		4,488	4,488			
Total Revenues	<u>753,980</u>	<u>677,105</u>	<u>(76,875)</u>	<u>301,385</u>	<u>300,844</u>	<u>(541)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				357,925	322,846	35,079
Public works and community development	448,350	297,518	150,832			
Library						
Economic development						
General government						
Capital outlay	617,630	84,693	532,937			
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>1,065,980</u>	<u>382,211</u>	<u>683,769</u>	<u>357,925</u>	<u>322,846</u>	<u>35,079</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(312,000)</u>	<u>294,894</u>	<u>606,894</u>	<u>(56,540)</u>	<u>(22,002)</u>	<u>34,538</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$312,000)</u>	<u>294,894</u>	<u>\$606,894</u>	<u>(\$56,540)</u>	<u>(22,002)</u>	<u>\$34,538</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>299,126</u>			<u>133,209</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$594,020</u>			<u>\$111,207</u>	

FLEETSIDE LANDSCAPING AND LIGHTING			COLUMBUS PARKWAY LANDSCAPING AND LIGHTING			EAST 2ND STREET LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$79,975	\$79,977	\$2	\$15,800	\$15,800		\$28,000	\$28,001	\$1
2,000	2,620	620	1,000	1,635	\$635	350	487	137
<u>81,975</u>	<u>82,597</u>	<u>622</u>	<u>16,800</u>	<u>17,435</u>	<u>635</u>	<u>28,350</u>	<u>28,488</u>	<u>138</u>
142,335	84,424	57,911	26,735	14,225	12,510	38,545	27,639	10,906
<u>142,335</u>	<u>84,424</u>	<u>57,911</u>	<u>26,735</u>	<u>14,225</u>	<u>12,510</u>	<u>38,545</u>	<u>27,639</u>	<u>10,906</u>
<u>(60,360)</u>	<u>(1,827)</u>	<u>58,533</u>	<u>(9,935)</u>	<u>3,210</u>	<u>13,145</u>	<u>(10,195)</u>	<u>849</u>	<u>11,044</u>
<u>(\$60,360)</u>	<u>(1,827)</u>	<u>\$58,533</u>	<u>(\$9,935)</u>	<u>3,210</u>	<u>\$13,145</u>	<u>(\$10,195)</u>	<u>849</u>	<u>\$11,044</u>
	<u>171,559</u>			<u>100,443</u>			<u>34,368</u>	
	<u>\$169,732</u>			<u>\$103,653</u>			<u>\$35,217</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	GOODYEAR ROAD LANDSCAPING AND LIGHTING			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments	\$4,000	\$4,000				
Use of money and property	450	697	\$247	\$18,900	\$19,161	\$261
Revenue from other agencies				400,000		(400,000)
Current service charges						
Community donations						
Other						
Total Revenues	<u>4,450</u>	<u>4,697</u>	<u>247</u>	<u>418,900</u>	<u>19,161</u>	<u>(399,739)</u>
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services	23,560	4,407	19,153			
Public works and community development				476,875		476,875
Library						
Economic development						
General government						
Capital outlay						
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>23,560</u>	<u>4,407</u>	<u>19,153</u>	<u>476,875</u>		<u>476,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(19,110)</u>	<u>290</u>	<u>19,400</u>	<u>(57,975)</u>	<u>19,161</u>	<u>77,136</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$19,110)</u></u>	<u>290</u>	<u><u>\$19,400</u></u>	<u><u>(\$57,975)</u></u>	<u>19,161</u>	<u><u>\$77,136</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>42,601</u>			<u>405,986</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$42,891</u></u>			<u><u>\$425,147</u></u>	

COMMUNITY SERVICES PROGRAM			LIBRARY BOOK			LIBRARY PROGRAMS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$4,750	\$4,173	(\$577)		\$21	\$21	\$1,320	\$4,809	\$3,489
24,815	63,924	39,109	\$2,000	2,585	585	54,490	55,315	825
5,610	600	(5,010)				90,000	70,605	(19,395)
35,175	68,697	33,522	2,000	2,606	606	75,065	79,626	4,561
						220,875	210,355	(10,520)
10,425	2,112	8,313						
						243,890	216,709	27,181
143,120	279	142,841				130,230	4,725	125,505
153,545	2,391	151,154				374,120	221,434	152,686
(118,370)	66,306	184,676	2,000	2,606	606	(153,245)	(11,079)	142,166
						52,905	52,905	
						(100,000)	(100,000)	
						(47,095)	(47,095)	
(\$118,370)	66,306	\$184,676	\$2,000	2,606	\$606	(\$200,340)	(58,174)	\$142,166
	231,284			(349)			257,117	
	\$297,590			\$2,257			\$198,943	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	LIBRARY MEASURE B			SOUTHERN PACIFIC DEPOT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax	\$637,000	\$704,297	\$67,297			
Assessments						
Use of money and property	4,000	5,925	1,925	\$13,100	\$4,791	(\$8,309)
Revenue from other agencies						
Current service charges						
Community donations						
Other						
Total Revenues	641,000	710,222	69,222	13,100	4,791	(8,309)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services				7,500		7,500
Public works and community development						
Library	776,400	730,565	45,835			
Economic development						
General government						
Capital outlay	51,320	1,943	49,377	2,050		2,050
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	827,720	732,508	95,212	9,550		9,550
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(186,720)</u>	<u>(22,286)</u>	<u>164,434</u>	<u>3,550</u>	<u>4,791</u>	<u>1,241</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	100,000				
Transfers (out)						
Total Other Financing Sources (Uses)	100,000	100,000				
NET CHANGE IN FUND BALANCES	<u>(\$86,720)</u>	77,714	<u>\$164,434</u>	<u>\$3,550</u>	4,791	<u>\$1,241</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>387,606</u>			<u>134,049</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$465,320</u>			<u>\$138,840</u>	

POLICE AND FIRE SAFETY GRANTS			HUMAN SERVICES			TOURTELOT MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,460	\$4,753	\$2,293	\$4,275	\$2,559	(\$1,716)	\$5,000	\$11,781	\$6,781
525,795	474,386	(51,409)						
200	473	273	4,750	1,801	(2,949)			
<u>528,455</u>	<u>479,612</u>	<u>(48,843)</u>	<u>9,025</u>	<u>4,360</u>	<u>(4,665)</u>	<u>5,000</u>	<u>11,781</u>	<u>6,781</u>
559,375	316,403	242,972						
						43,000	5,863	37,137
141,520	91,058	50,462				69,975		69,975
<u>700,895</u>	<u>407,461</u>	<u>293,434</u>				<u>112,975</u>	<u>5,863</u>	<u>107,112</u>
<u>(172,440)</u>	<u>72,151</u>	<u>244,591</u>	<u>9,025</u>	<u>4,360</u>	<u>(4,665)</u>	<u>(107,975)</u>	<u>5,918</u>	<u>113,893</u>
				7,286	7,286	(214,050)	(214,050)	
				7,286	7,286	(214,050)	(214,050)	
<u>(\$172,440)</u>	<u>72,151</u>	<u>\$244,591</u>	<u>\$9,025</u>	<u>11,646</u>	<u>\$2,621</u>	<u>(\$322,025)</u>	<u>(208,132)</u>	<u>\$113,893</u>
	201,521			139,843			717,553	
	<u>\$273,672</u>			<u>\$151,489</u>			<u>\$509,421</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	MISCELLANEOUS GRANTS			VALERO GNSC		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property		\$64	\$64		\$11,762	\$11,762
Revenue from other agencies		34,419	34,419			
Current service charges						
Community donations						
Other				\$1,132,500	1,133,500	1,000
Total Revenues		34,483	34,483	1,132,500	1,145,262	12,762
EXPENDITURES						
Current:						
Administration				261,005		261,005
Public safety - police						
Parks and community services				227,255	107,607	119,648
Public works and community development		29,382	(29,382)	76,000	23,794	
Library						
Economic development						
General government					34,211	(34,211)
Capital outlay				364,000	64,502	299,498
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures		29,382	(29,382)	928,260	230,114	645,940
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		5,101	5,101	204,240	915,148	710,908
OTHER FINANCING SOURCES (USES)						
Transfers in				60,000		(60,000)
Transfers (out)				(850,000)	(850,000)	
Total Other Financing Sources (Uses)				(790,000)	(850,000)	(60,000)
NET CHANGE IN FUND BALANCES		5,101	\$5,101	(\$585,760)	65,148	\$650,908
BEGINNING FUND BALANCES (DEFICITS)		(5,101)			554,984	
ENDING FUND BALANCES (DEFICITS)					\$620,132	

1997 WASTEWATER GENERAL OBLIGATION BOND			CASA DE VILARRASA			TRAFFIC MITIGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$752,800	\$811,410	\$58,610						
18,000	(2,461)	(20,461)				\$25,000	\$21,824	(\$3,176)
						50,000	20,602	(29,398)
<u>770,800</u>	<u>808,949</u>	<u>38,149</u>				<u>75,000</u>	<u>42,426</u>	<u>(32,574)</u>
						1,052,380	203,037	849,343
535,000	535,000		\$272,570	\$272,565	\$5			
260,655	260,826	(171)	118,420	118,425	(5)			
<u>795,655</u>	<u>795,826</u>	<u>(171)</u>	<u>390,990</u>	<u>390,990</u>		<u>1,052,380</u>	<u>203,037</u>	<u>849,343</u>
<u>(24,855)</u>	<u>13,123</u>	<u>37,978</u>	<u>(390,990)</u>	<u>(390,990)</u>		<u>(977,380)</u>	<u>(160,611)</u>	<u>816,769</u>
			390,990	390,990		214,050	305,410	91,360
			390,990	390,990		214,050	305,410	91,360
<u>(\$24,855)</u>	<u>13,123</u>	<u>\$37,978</u>				<u>(\$763,330)</u>	<u>144,799</u>	<u>\$908,129</u>
	<u>1,133,160</u>						<u>1,098,057</u>	
	<u>\$1,146,283</u>						<u>\$1,242,856</u>	

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	STREET PROJECTS			CAPITAL LICENSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property		\$7,897	\$7,897	\$6,000	\$2,729	(\$3,271)
Revenue from other agencies		1,728,839	1,728,839			
Current service charges				33,590	14,367	(19,223)
Community donations						
Other						
Total Revenues		1,736,736	1,736,736	39,590	17,096	(22,494)
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay	\$2,073,650	1,123,385	950,265	60,720	37,632	23,088
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	2,073,650	1,123,385	950,265	60,720	37,632	23,088
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,073,650)	613,351	2,687,001	(21,130)	(20,536)	594
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)		(91,360)	(91,360)			
Total Other Financing Sources (Uses)		(91,360)	(91,360)			
NET CHANGE IN FUND BALANCES	(\$2,073,650)	521,991	\$2,595,641	(\$21,130)	(20,536)	\$594
BEGINNING FUND BALANCES (DEFICITS)		(376,919)			157,454	
ENDING FUND BALANCES (DEFICITS)		\$145,072			\$136,918	

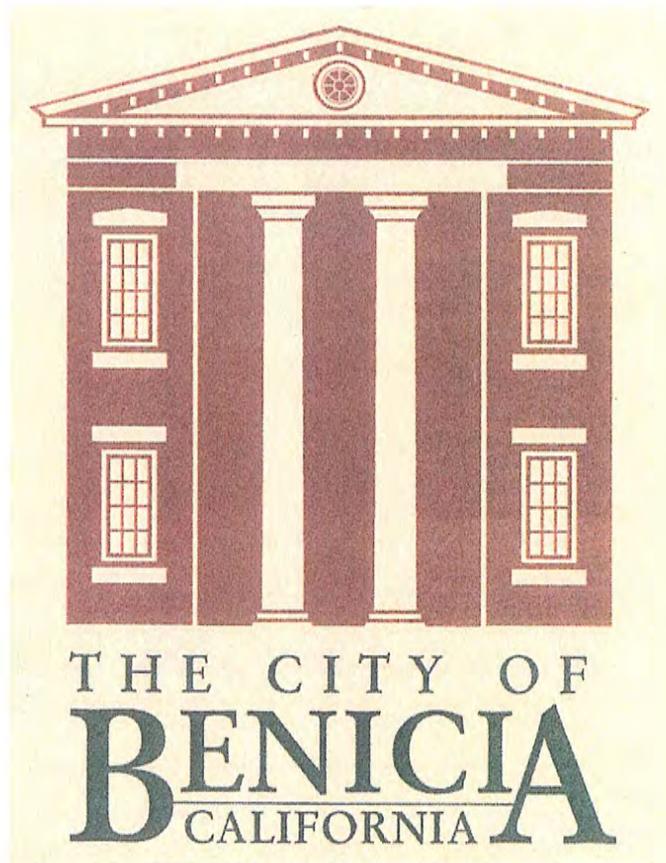
PARK DEDICATION			LIBRARY BASEMENT PROJECT			STORM DRAIN IMPROVEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,000	\$8,003	\$6,003	\$8,000	\$5,053	(\$2,947)			
133,230	65,353	(67,877)	4,000	4,000		\$1,000	\$25,740	24,740
							190	190
<u>135,230</u>	<u>73,356</u>	<u>(61,874)</u>	<u>12,000</u>	<u>9,053</u>	<u>(2,947)</u>	<u>1,000</u>	<u>25,930</u>	<u>24,930</u>
			352,040		352,040	208,380	149,614	58,766
			<u>352,040</u>		<u>352,040</u>	<u>208,380</u>	<u>149,614</u>	<u>58,766</u>
135,230	73,356	(61,874)	(340,040)	9,053	349,093	(207,380)	(123,684)	83,696
						204,000	123,684	(80,316)
						<u>204,000</u>	<u>123,684</u>	<u>(80,316)</u>
<u>\$135,230</u>	<u>73,356</u>	<u>(\$61,874)</u>	<u>(\$340,040)</u>	<u>9,053</u>	<u>\$349,093</u>	<u>(\$3,380)</u>		<u>\$3,380</u>
	<u>4,323</u>			<u>306,335</u>				
	<u>\$77,679</u>			<u>\$315,388</u>				

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	COMMUNITY CENTER			COMMUNITY DONATIONS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Sales tax						
Assessments						
Use of money and property					\$254	\$254
Revenue from other agencies						
Current service charges						
Community donations	\$200,000	\$200,000				
Other		36,751	\$36,751			
Total Revenues	200,000	236,751	36,751		254	254
EXPENDITURES						
Current:						
Administration						
Public safety - police						
Parks and community services						
Public works and community development						
Library						
Economic development						
General government						
Capital outlay	3,460,000	3,142,245	317,755	\$18,815	14,543	(4,272)
Debt service:						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	3,460,000	3,142,245	317,755	18,815	14,543	(4,272)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,260,000)</u>	<u>(2,905,494)</u>	<u>354,506</u>	<u>(18,815)</u>	<u>(14,289)</u>	<u>4,526</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,460,000	1,460,000				
Transfers (out)	2,000,000		(2,000,000)			
Total Other Financing Sources (Uses)	3,460,000	1,460,000	(2,000,000)			
NET CHANGE IN FUND BALANCES	<u>\$200,000</u>	<u>(1,445,494)</u>	<u>(\$1,645,494)</u>	<u>(\$18,815)</u>	<u>(14,289)</u>	<u>\$4,526</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(268,052)</u>			<u>19,853</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$1,713,546)</u></u>			<u><u>\$5,564</u></u>	

POLICE PUBLIC SAFETY BUILDING			MCALLISTER ASSESSMENT DISTRICT			INTERMODAL TRANSPORTATION CENTER		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$7	\$7	\$1,100	\$5,598	\$4,498	\$500,000		(\$500,000)
	<u>7</u>	<u>7</u>	<u>1,100</u>	<u>5,598</u>	<u>4,498</u>	<u>500,000</u>		<u>(500,000)</u>
						583,660	\$146,471	(437,189)
						<u>583,660</u>	<u>146,471</u>	<u>(437,189)</u>
	<u>7</u>	<u>7</u>	<u>1,100</u>	<u>5,598</u>	<u>4,498</u>	<u>(83,660)</u>	<u>(146,471)</u>	<u>(62,811)</u>
	<u>(427)</u>	<u>(427)</u>						
	<u>(427)</u>	<u>(427)</u>						
	<u>(420)</u>		<u>\$1,100</u>	<u>5,598</u>		<u>(\$83,660)</u>	<u>(146,471)</u>	
	<u>420</u>			<u>30,278</u>			<u>944,753</u>	
				<u>\$35,876</u>			<u>\$798,282</u>	



INTERNAL SERVICE FUND

INSURANCE FUND

Accounts for the accumulation and allocation of costs associated with the administration of medical coverage, temporary disability payments, safety training to all employees and maintaining excess insurance coverage for Workers' Compensation.

GENERAL SERVICES

Accounts for the accumulation and allocation of costs pertaining to utility billing, liability insurance and property insurance of the Water and Wastewater Funds. The Fund also accounts for the preparation, maintenance and repair of mechanical equipment and vehicles for other departments.

BUILDING AND EQUIPMENT MANAGEMENT

Accounts for the maintenance and remodeling of City owned buildings and facilities and acquisition of replacement vehicles and equipment.

RETIREMENT STABILITY FUND

Provides for equalization of retirement costs. Sources of revenue include investment earnings, and service charges to departments.

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
ASSETS					
Current Assets:					
Cash and investments					
Available for City operations		\$36,805	\$1,594,931	\$1,427,596	\$3,059,332
Restricted cash and investments held by fiscal agents					
Interest receivable			358	284	642
Materials, parts and supplies		14,441			14,441
Prepaid items		28,744			28,744
Total Current Assets		79,990	1,595,289	1,427,880	3,103,159
Non-Current Assets:					
Prepaid PERS contribution				11,893,814	11,893,814
Advances to other funds	\$254,160				254,160
Property, plant and equipment:					
Buildings and improvements			12,285,790		12,285,790
Machinery and equipment			4,171,367		4,171,367
Construction in progress			80,000		80,000
Less: accumulated depreciation			(8,210,821)		(8,210,821)
Net Property, Plant and Equipment	254,160		8,326,336	11,893,814	20,474,310
Total Assets	254,160	79,990	9,921,625	13,321,694	23,577,469
LIABILITIES					
Current Liabilities:					
Accounts payable	332,443	79,990	11,994		424,427
Interest payable			2,877	27,701	30,578
Workers' compensation claims	351,914				351,914
Current portion long-term liabilities			33,243	1,010,000	1,043,243
Due to other funds	68,745				68,745
Total Current Liabilities	753,102	79,990	48,114	1,037,701	1,918,907
Long-Term Liabilities:					
Workers' compensation claims	398,799				398,799
Lease obligation			232,370		232,370
Pension obligation bonds				11,748,370	11,748,370
Advances from other funds			254,160		254,160
Total Long-Term Liabilities	398,799		486,530	11,748,370	12,633,699
Total Liabilities	1,151,901	79,990	534,644	12,786,071	14,552,606
NET ASSETS					
Invested in capital assets, net of related debt			8,326,336		8,326,336
Restricted for debt service					
Unrestricted	(897,741)		1,060,645	535,623	698,527
Total Net Assets	(897,741)		\$9,386,981	\$535,623	\$9,024,863

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
OPERATING REVENUES					
Charges for services	\$540,294	\$1,584,092	\$298,070	\$1,529,944	\$3,952,400
Refunds and rebates		11	3,655		3,666
Total Operating Revenues	540,294	1,584,103	301,725	1,529,944	3,956,066
OPERATING EXPENSES					
Wages and benefits	74,111	746,764			820,875
Materials and supplies		12,716	162,788		175,504
Operations and maintenance	68,540	224,973			293,513
Claims and Insurance	1,100,962	599,650			1,700,612
Depreciation			531,578		531,578
Total Operating Expenses	1,243,613	1,584,103	694,366		3,522,082
Operating Income (Loss)	(703,319)		(392,641)	1,529,944	433,984
NONOPERATING REVENUES (EXPENSES)					
Interest income	11,424		29,552	(3,430)	37,546
Interest expense			(23,607)	(785,223)	(808,830)
Pension obligation amortization				(355,222)	(355,222)
Other			100		100
Gain on sale of capital assets			10,129		10,129
Total Nonoperating Revenues (Expenses)	11,424		16,174	(1,143,875)	(1,116,277)
Income (Loss) Before Transfers	(691,895)		(376,467)	386,069	(682,293)
Change in Net Assets	(691,895)		(376,467)	386,069	(682,293)
BEGINNING NET ASSETS (DEFICITS)	(205,846)		9,763,448	149,554	9,707,156
ENDING NET ASSETS (DEFICITS)	(\$897,741)		\$9,386,981	\$535,623	\$9,024,863

CITY OF BENICIA
INTERNAL SERVICE FUND
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance	General Services	Building and Equipment Management	Retirement Stability	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$540,294	\$1,584,103	\$301,725	\$1,529,944	\$3,956,066
Payments to suppliers	127,720	(203,969)	(157,909)	2,500	(231,658)
Payments to employees	(74,111)	(1,346,414)			(1,420,525)
Claims paid	(797,976)				(797,976)
Cash Flows from Operating Activities	(204,073)	33,720	143,816	1,532,444	1,505,907
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts		(13,537)			(13,537)
Advances to other funds	30,942				30,942
Advances from other funds			(30,942)		(30,942)
Due to other funds	68,745				68,745
Cash Flows from Noncapital Financing Activities	99,687	(13,537)	(30,942)		55,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on debt			(31,848)		(31,848)
Interest paid on debt			(23,262)		(23,262)
Acquisition of capital assets			(372,606)		(372,606)
Proceeds from sale of capital assets			10,129		10,129
Cash Flows from Capital and Related Financing Activities			(417,587)		(417,587)
CASH FLOWS FROM INVESTING ACTIVITIES					
Principal paid in non-capital debt				(515,123)	(515,123)
Interest paid on non-capital debt				(788,708)	(788,708)
Interest received	11,433		29,809	(3,385)	37,857
Cash Flows from Investing Activities	11,433		29,809	(1,307,216)	(1,265,974)
Net Cash Flows	(92,953)	20,183	(274,904)	225,228	(122,446)
Cash and investments at beginning of period	92,953	16,622	1,869,835	1,202,368	3,181,778
Cash and investments at end of period	<u>92,953</u>	<u>\$36,805</u>	<u>\$1,594,931</u>	<u>\$1,427,596</u>	<u>\$3,059,332</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$703,319)		(\$392,641)	\$1,529,944	\$433,984
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation			531,578		531,578
Change in assets and liabilities:					
Materials, parts and supplies		(\$579)			(579)
Prepaid items		(11,934)		2,500	(9,434)
Accounts payable	196,260	46,233	4,879		247,372
Workers' compensation claims	302,986				302,986
Cash Flows from Operating Activities	<u>(\$204,073)</u>	<u>\$33,720</u>	<u>\$143,816</u>	<u>\$1,532,444</u>	<u>\$1,505,907</u>

AGENCY FUNDS

ASSESSMENT DISTRICTS

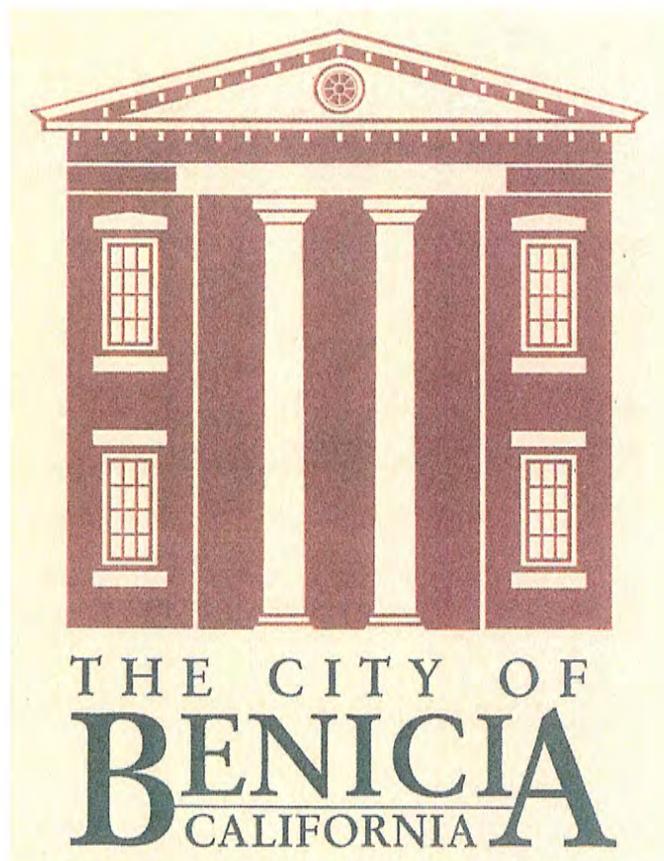
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Fleetside Industrial Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$638,190	\$436,837	\$423,530	\$651,497
Interest receivable	196	140	196	140
Total assets	<u>\$638,386</u>	<u>\$436,977</u>	<u>\$423,726</u>	<u>\$651,637</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$638,386</u>	<u>\$436,977</u>	<u>\$423,726</u>	<u>\$651,637</u>
Total liabilities	<u>\$638,386</u>	<u>\$436,977</u>	<u>\$423,726</u>	<u>\$651,637</u>
<u>East 2nd Street Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$698,818	\$485,346	\$476,316	\$707,848
Interest receivable	215	152	215	152
Total assets	<u>\$699,033</u>	<u>\$485,498</u>	<u>\$476,531</u>	<u>\$708,000</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$699,033</u>	<u>\$485,498</u>	<u>\$476,531</u>	<u>\$708,000</u>
Total liabilities	<u>\$699,033</u>	<u>\$485,498</u>	<u>\$476,531</u>	<u>\$708,000</u>
<u>Combined Drake/Gateway Assessment District</u>				
<u>Assets</u>				
Restricted cash and investments	\$156,571	\$79,306	\$73,358	\$162,519
Interest receivable	48	35	48	35
Total assets	<u>\$156,619</u>	<u>\$79,341</u>	<u>\$73,406</u>	<u>\$162,554</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$156,619</u>	<u>\$79,341</u>	<u>\$73,406</u>	<u>\$162,554</u>
Total liabilities	<u>\$156,619</u>	<u>\$79,341</u>	<u>\$73,406</u>	<u>\$162,554</u>

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

McAllister Assessment District	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Assets</u>				
Restricted cash and investments	\$1,772,363	\$866,819	\$868,145	\$1,771,037
Interest receivable	538	380	538	380
Total assets	<u>\$1,772,901</u>	<u>\$867,199</u>	<u>\$868,683</u>	<u>\$1,771,417</u>
<u>Liabilities</u>				
Due to bondholders	\$1,772,901	\$867,199	\$868,683	\$1,771,417
Total liabilities	<u>\$1,772,901</u>	<u>\$867,199</u>	<u>\$868,683</u>	<u>\$1,771,417</u>
 <u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Restricted cash and investments	\$3,265,942	\$1,868,308	\$1,841,349	\$3,292,901
Interest receivable	997	707	997	707
Total assets	<u>\$3,266,939</u>	<u>\$1,869,015</u>	<u>\$1,842,346</u>	<u>\$3,293,608</u>
<u>Liabilities</u>				
Due to bondholders	\$3,266,939	\$1,869,015	\$1,842,346	\$3,293,608
Total liabilities	<u>\$3,266,939</u>	<u>\$1,869,015</u>	<u>\$1,842,346</u>	<u>\$3,293,608</u>



STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Government Activities Tax Revenue By Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Debt Pledged Revenue Coverage, Water and Wastewater Revenue Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

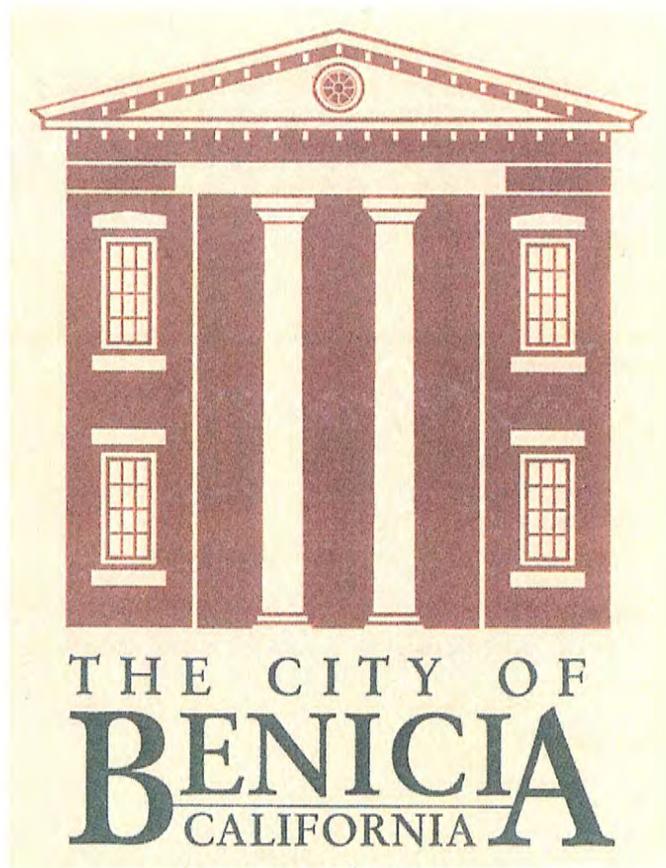
Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

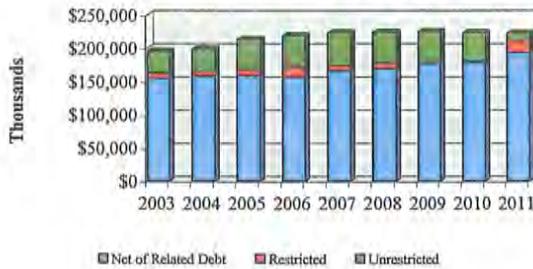
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



CITY OF BENICIA
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)



	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$104,537,453	\$103,928,682	\$106,131,111	\$106,154,667	\$109,082,400	\$110,609,618	\$113,264,434	\$115,359,499	\$129,965,244
Restricted	6,580,574	6,542,947	8,273,480	14,218,067	7,848,173	8,052,003	3,195,339	2,507,802	18,730,523
Unrestricted	9,138,044	10,649,209	15,644,661	10,153,833	15,361,828	13,489,203	15,465,114	14,171,681	(16,182,254)
Total governmental activities net assets	\$120,256,071	\$121,120,838	\$130,049,252	\$130,526,567	\$132,292,401	\$132,150,824	\$131,924,887	\$132,038,982	\$132,513,513
Business-type activities									
Invested in capital assets, net of related debt	\$49,773,778	\$53,923,197	\$52,003,981	\$50,368,665	\$56,818,976	\$58,724,744	\$63,624,158	\$62,819,454	\$63,064,298
Restricted	1,489,729	441,326	1,058,372	648,123	360	256	-	-	-
Unrestricted	23,693,578	23,316,541	29,788,462	36,731,790	33,563,541	32,863,392	29,231,383	27,932,802	26,022,756
Total business-type activities net assets	\$74,957,085	\$77,681,064	\$82,850,815	\$87,748,578	\$90,382,877	\$91,588,392	\$92,855,541	\$90,752,256	\$89,087,054
Primary government									
Invested in capital assets, net of related debt	\$154,311,231	\$157,851,879	\$158,135,092	\$156,523,332	\$165,901,376	\$169,334,362	\$176,888,592	\$178,178,953	\$193,029,542
Restricted	8,070,303	6,984,273	9,331,852	14,866,190	7,848,533	8,052,259	3,195,339	2,507,802	18,730,523
Unrestricted	32,831,622	33,965,750	45,433,123	46,885,623	48,925,369	46,352,595	44,696,497	42,104,483	9,840,502
Total primary government net assets	\$195,213,156	\$198,801,902	\$212,900,067	\$218,275,145	\$222,675,278	\$223,739,216	\$224,780,428	\$222,791,238	\$221,600,567

CITY OF BENICIA
Changes in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental Activities:				
Administration	\$3,394,829	\$3,262,692	\$3,563,133	\$3,544,980
Community Development	1,845,085	1,357,960	1,788,216	1,394,644
Public Safety - Police	5,319,673	6,138,029	7,531,528	7,132,974
Public Safety - Fire	3,793,711	4,578,727	4,955,345	6,082,806
Parks & Community Services	3,881,257	4,194,633	3,994,390	5,357,910
Public Works	3,996,472	4,740,810	6,432,754	4,572,017
Library	1,811,380	1,849,493	1,895,726	1,882,507
Economic Development	266,233	273,132	158,738	746,765
General	2,689,137	2,795,502	1,677,467	2,571,342
Interest on Long-Term Debt	437,013	399,337	447,403	421,796
Total Governmental Activities Expenses	<u>27,434,790</u>	<u>29,590,315</u>	<u>32,444,700</u>	<u>33,707,741</u>
Business-Type Activities:				
Wastewater	5,693,686	5,156,056	5,461,603	6,199,104
Water	5,049,775	5,280,652	5,394,061	5,940,193
Benicia Marina	818,109	760,507	564,568	564,438
Transit	1,156,656	1,123,274	1,203,930	1,450,093
Total Business-Type Activities Expenses	<u>12,718,226</u>	<u>12,320,489</u>	<u>12,624,162</u>	<u>14,153,828</u>
Total Primary Government Expenses	<u>\$40,153,016</u>	<u>\$41,910,804</u>	<u>\$45,068,862</u>	<u>\$47,861,569</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	\$21,665	\$50,879	\$195,782	\$16,191
Community Development	386,175	716,866	1,531,625	1,471,896
Public Safety - Police	302,992	117,414	206,046	248,691
Public Safety - Fire	120,366	25,444	145,959	83,945
Parks & Community Services	1,903,106	1,976,731	2,557,003	2,583,196
Public Works	57,156	399,918	368,068	384,481
Library	237,128	222,233	229,642	234,124
Economic Development	25,000		80	40
General	703,039	557,634	170,077	531,642
Operating Grants and Contributions	1,318,279	1,595,353	2,063,235	1,427,752
Capital Grants and Contributions	232,621	1,054,873	9,385,834	206,918
Total Government Activities Program Revenues	<u>5,307,527</u>	<u>6,717,345</u>	<u>16,853,351</u>	<u>7,188,876</u>
Business-Type Activities:				
Charges for Services:				
Wastewater	5,302,028	6,528,485	7,409,921	8,078,749
Water	5,979,387	7,501,883	7,694,339	8,343,298
Benicia Marina	298,096	328,133	332,066	325,172
Transit	179,718	198,619	188,654	218,998
Operating Grants and Contributions	920,052	1,025,439	906,999	1,114,734
Capital Grants and Contributions			1,518,000	337,829
Total Business-Type Activities Program Revenue	<u>12,679,281</u>	<u>15,582,559</u>	<u>18,049,979</u>	<u>18,418,780</u>
Total Primary Government Program Revenues	<u>\$17,986,808</u>	<u>\$22,299,904</u>	<u>\$34,903,330</u>	<u>\$25,607,656</u>
Net (Expense)/Revenue				
Governmental Activities	(\$22,127,263)	(\$22,872,970)	(\$15,591,349)	(\$26,518,865)
Business-Type Activities	(38,945)	3,262,070	5,425,817	4,264,952
Total Primary Government Net Expense	<u>(\$22,166,208)</u>	<u>(\$19,610,900)</u>	<u>(\$10,165,532)</u>	<u>(\$22,253,913)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$3,300,970	\$2,824,341	\$3,114,153	\$3,404,371	\$3,202,068
2,095,746	2,384,853	1,821,213		
10,439,354	8,774,285	9,150,887	8,898,817	8,896,808
6,335,969	7,089,431	7,212,291	6,744,682	6,925,232
5,966,185	6,650,653	5,999,749	5,867,659	5,714,379
5,605,290	4,273,248	4,186,559	6,017,134	6,113,748
2,153,638	2,349,721	2,403,239	2,117,872	2,600,356
385,726	473,311	536,124	485,052	609,814
2,864,213	3,182,776	4,283,723	2,339,200	3,386,270
503,819	472,189	525,341	1,658,589	1,265,618
<u>39,650,910</u>	<u>38,474,808</u>	<u>39,233,279</u>	<u>37,533,376</u>	<u>38,714,293</u>
6,853,399	7,023,768	7,294,741	7,422,265	7,082,311
6,614,679	7,572,285	7,345,574	7,780,492	7,753,095
579,184	624,611	594,863	479,098	564,182
1,847,674	1,765,644	1,370,621	1,165,705	1,005,375
<u>15,894,936</u>	<u>16,986,308</u>	<u>16,605,799</u>	<u>16,847,560</u>	<u>16,404,963</u>
<u>\$55,545,846</u>	<u>\$55,461,116</u>	<u>\$55,839,078</u>	<u>\$54,380,936</u>	<u>\$55,119,256</u>
\$32,950	\$56,609	\$41,724	\$16,863	\$50,305
1,284,313	1,092,871	771,524		
199,039	190,136	200,824	202,345	155,331
196,361	223,919	425,753	171,946	44,626
1,768,794	1,226,842	1,687,534	1,707,119	1,181,041
444,159	146,363	265,001	1,123,401	577,489
246,302	205,981	186,595	158,938	144,819
	1,000	30	52	320
557,754	712,131	316,230	422,926	667,848
1,827,358	1,898,958	2,909,497	2,751,185	2,299,326
	366,550		868,271	4,350,257
<u>6,557,030</u>	<u>6,121,360</u>	<u>6,804,712</u>	<u>7,423,046</u>	<u>9,471,362</u>
7,223,062	6,955,313	6,897,189	6,522,329	6,620,605
7,465,686	7,141,569	6,772,607	6,610,587	6,379,255
284,187	547,422	323,034	318,767	307,916
290,474	332,687	153,573	84,520	88,486
1,383,596	1,683,891	599,934	809,348	782,879
395,571		2,000,000		
<u>17,042,576</u>	<u>16,660,882</u>	<u>16,746,337</u>	<u>14,345,551</u>	<u>14,179,141</u>
<u>\$23,599,606</u>	<u>\$22,782,242</u>	<u>\$23,551,049</u>	<u>\$21,768,597</u>	<u>\$23,650,503</u>
(\$33,093,880)	(\$32,353,448)	(\$32,428,567)	(\$30,110,330)	(\$29,242,931)
1,147,640	(325,426)	140,538	(2,502,009)	(2,225,822)
<u>(\$31,946,240)</u>	<u>(\$32,678,874)</u>	<u>(\$32,288,029)</u>	<u>(\$32,612,339)</u>	<u>(\$31,468,753)</u>

CITY OF BENICIA
Changes in Net Assets
(continued)
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	\$10,900,163	\$11,280,618	\$11,853,045	\$13,095,234
Sales Tax	4,180,368	4,758,335	4,890,592	5,974,307
Utility Users Tax	2,739,530	2,747,951	2,826,370	3,001,316
Franchise Fees				
Other Taxes	1,358,955	1,934,761	1,702,584	2,070,425
Motor Vehicle in Lieu	1,614,474	1,241,512	2,071,395	1,958,532
Investment Earnings	310,508	1,020,649	540,441	749,606
Gain from Disposal of Capital Assets	732,124	39,446	26,851	5,850
Transfers	443,150	714,465	608,485	140,910
Total Government Activities	<u>22,279,272</u>	<u>23,737,737</u>	<u>24,519,763</u>	<u>26,996,180</u>
Business-Type Activities:				
Interest Earnings	485,257	331,809	349,704	773,496
Gain (Loss) from Disposal of Capital Assets		(155,435)	2,715	225
Transfers	(443,150)	(714,465)	(608,485)	(140,910)
Total Business-Type Activities	<u>42,107</u>	<u>(538,091)</u>	<u>(256,066)</u>	<u>632,811</u>
Total Primary Government	<u>\$22,321,379</u>	<u>\$23,199,646</u>	<u>\$24,263,697</u>	<u>\$27,628,991</u>
Change in Net Assets				
Governmental Activities	\$152,009	\$864,767	\$8,928,414	\$477,315
Business-Type Activities	3,162	2,723,979	5,169,751	4,897,763
Total Primary Government	<u>\$155,171</u>	<u>\$3,588,746</u>	<u>\$14,098,165</u>	<u>\$5,375,078</u>

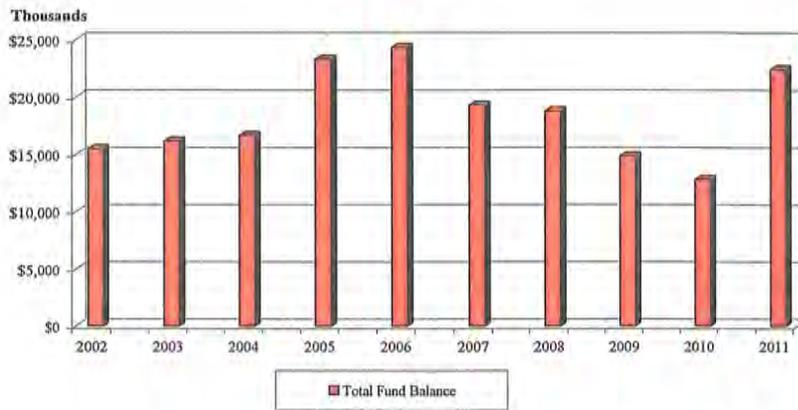
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$13,942,074	\$14,275,801	\$13,812,912	\$13,266,103	\$12,974,217
6,986,922	7,514,258	7,688,775	7,196,964	6,854,911
5,056,904	4,190,517	4,413,428	4,938,585	5,027,163
	1,589,752	1,851,511	1,292,872	1,570,184
2,131,710	1,644,732	747,468	1,189,561	1,362,982
2,015,234	1,992,604	2,059,561	1,951,715	1,942,991
3,390,122	913,825	851,097	358,210	269,344
2,000	21,980			156
77,993	68,402	30,415	30,415	(284,486)
<u>33,602,959</u>	<u>32,211,871</u>	<u>31,455,167</u>	<u>30,224,425</u>	<u>29,717,462</u>
1,559,891	1,593,423	1,151,428	429,139	273,576
4,761	5,920	5,598		2,558
(77,993)	(68,402)	(30,415)	(30,415)	284,486
<u>1,486,659</u>	<u>1,530,941</u>	<u>1,126,611</u>	<u>398,724</u>	<u>560,620</u>
<u>\$35,089,618</u>	<u>\$33,742,812</u>	<u>\$32,581,778</u>	<u>\$30,623,149</u>	<u>\$30,278,082</u>
\$509,079	(\$141,577)	(\$973,400)	\$114,095	\$474,531
2,634,299	1,205,515	1,267,149	(2,103,285)	(1,665,202)
<u>\$3,143,378</u>	<u>\$1,063,938</u>	<u>\$293,749</u>	<u>(\$1,989,190)</u>	<u>(\$1,190,671)</u>

CITY OF BENICIA
Governmental Activities of Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
2002	\$9,971,652	\$3,698,722	\$2,648,033	\$787,664	\$17,106,071
2003	10,900,163	4,180,368	2,739,530	1,358,955	19,179,016
2004	11,280,618	4,758,335	2,747,951	1,934,761	20,721,665
2005	11,853,045	4,890,592	2,826,370	1,702,584	21,272,591
2006	12,780,912	5,974,307	3,001,316	985,088	22,741,623
2007	13,633,623	6,986,922	5,056,904	1,032,343	26,709,792
2008	14,275,801	7,514,258	4,190,517	2,390,562	28,371,138
2009	13,812,912	7,688,775	4,413,428	2,598,979	28,514,094
2010	13,266,103	7,196,964	4,938,585	2,067,433	27,469,085
2011	12,974,217	6,854,911	5,027,163	2,933,166	27,789,457

CITY OF BENICIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Total Fund Balance



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$1,465,577	\$1,396,791	\$961,703	\$534,805	\$240,831	\$359,361	\$411,078	\$627,687	\$560,871	\$ -
Unreserved	5,543,123	7,597,068	8,326,733	9,144,553	7,736,096	9,927,737	9,296,480	5,662,297	5,384,445	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,143,040
Restricted	-	-	-	-	-	-	-	-	-	128,430
Committed	-	-	-	-	-	-	-	-	-	2,999,973
Assigned	-	-	-	-	-	-	-	-	-	200,471
Unassigned	-	-	-	-	-	-	-	-	-	(72,371)
Total General Fund	\$7,008,700	\$8,993,859	\$9,288,436	\$9,679,358	\$7,976,927	\$10,287,098	\$9,707,558	\$6,289,984	\$5,945,316	\$5,399,543 (a)
All Other Governmental Funds										
Reserved	\$2,724,500	\$2,472,659	\$1,375,669	\$1,482,587	\$6,026,937	\$2,756,636	\$4,739,462	\$1,759,627	\$2,414,901	\$ -
Unreserved, reported in:										
Special revenue funds	2,186,863	1,907,327	2,159,603	2,680,139	2,877,038	2,532,927	3,169,621	3,406,367	3,639,961	-
Capital project funds	3,536,102	2,766,542	3,806,758	9,450,507	7,436,806	3,685,773	1,140,250	3,379,820	800,599	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,475
Restricted	-	-	-	-	-	-	-	-	-	16,114,930
Committed	-	-	-	-	-	-	-	-	-	2,612,563
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,713,546)
Total all other governmental funds	\$8,447,465	\$7,146,528	\$7,342,030	\$13,613,233	\$16,340,781	\$8,975,336	\$9,049,333	\$8,545,814	\$6,855,461	\$17,013,422

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

CITY OF BENICIA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$17,106,071	\$18,184,822	\$19,275,764	\$20,363,436	\$23,184,336
Licenses, permits and fees	1,697,119	1,249,966	1,820,934	1,840,903	2,111,252
Fines and forfeitures	127,111	116,426	113,731	122,161	124,583
Use of money and property	405,560	310,508	201,991	588,076	770,987
Intergovernmental revenues	3,577,630	3,203,978	3,311,483	4,439,778	3,279,587
Charges for services	2,134,605	2,216,140	3,040,407	4,917,147	4,146,512
Other	678,989	1,137,193	888,187	310,460	385,325
Total Revenues	25,727,085	26,419,033	28,652,497	32,581,961	34,002,582
Expenditures					
Current:					
Administration	2,785,416	3,310,286	3,188,510	3,808,377	3,440,007
Community development	1,643,641	1,843,907	1,356,782	1,850,714	1,336,391
Public Safety - Police	4,676,638	5,090,826	5,816,993	6,623,787	6,908,386
Public Safety - Fire	3,395,140	3,686,728	4,457,242	5,013,129	5,772,527
Parks & Community Services	3,283,061	3,678,977	4,021,893	3,948,215	4,772,498
Public Works	1,748,891	1,907,666	1,983,554	3,660,641	1,707,728
Library	876,737	1,626,987	1,684,413	1,744,702	1,837,995
Economic Development	243,999	256,322	272,690	159,933	693,089
General	2,103,346	1,911,287	2,774,007	1,941,904	2,324,258
Capital outlay	3,128,837	2,564,166	2,804,971	6,665,306	3,702,523
Debt service:					
Principal repayment	490,000	545,000	370,000	395,000	420,000
Interest and fiscal charges	478,435	447,075	408,724	388,431	426,508
Total Expenditures	24,854,141	26,869,227	29,139,779	36,200,139	33,341,910
Excess (deficiency) of revenues over (under) expenditures	872,944	(450,194)	(487,282)	(3,618,178)	660,672
Other Financing Sources (Uses)					
Transfers in	1,822,615	1,386,935	1,303,265	2,359,714	1,743,366
Transfers (out)	(1,402,650)	(943,785)	(588,800)	(1,751,229)	(3,584,771)
State water resources loans					
General obligation bonds issued					
Revenue bonds issued					
Capital lease issued				1,400,000	2,200,000
Proceeds from bonds issuance					
Bond issue costs				(50,033)	
Discount on bond					
Contribution from other entity/land owners				8,295,000	
Sale of capital assets	427,645	766,274	262,896	26,851	5,850
Total other financing sources (uses)	847,610	1,209,424	977,361	10,280,303	364,445
Net Change in fund balances	\$1,720,554	\$759,230	\$490,079	\$6,662,125	\$1,025,117
Debt service as a percentage of noncapital expenditures	(a)	(a)	3.0%	2.7%	2.9%

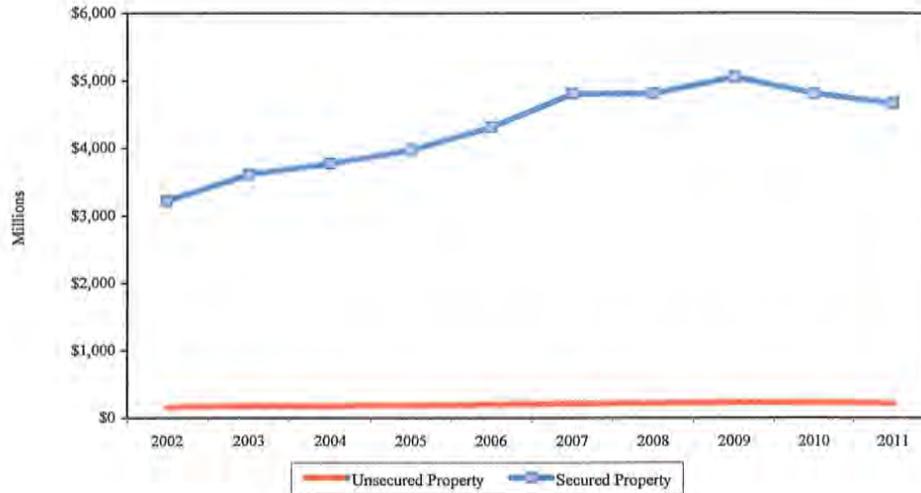
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

2007	2008	2009	2010	2011
\$27,152,426	\$28,813,851	\$29,080,090	\$27,896,749	\$27,698,473
1,829,485	349,130	323,241	320,466	315,208
109,744	128,770	115,596	105,391	99,898
1,768,089	1,628,652	1,003,453	587,040	701,264
3,278,054	4,576,701	4,451,238	4,855,610	5,200,591
2,856,369	2,310,008	2,344,817	2,234,871	1,485,991
749,500	580,013	492,841	1,651,482	1,933,329
<u>37,743,667</u>	<u>38,387,125</u>	<u>37,811,276</u>	<u>37,651,609</u>	<u>37,434,754</u>
3,256,967	2,729,399	2,975,571	3,365,557	3,101,146
1,765,245	2,263,730	2,268,403	-	-
7,531,759	8,292,356	8,544,690	8,970,286	8,568,999
6,110,150	6,782,268	6,974,688	6,779,441	6,555,355
5,286,401	5,764,217	5,672,170	5,482,353	5,371,171
1,750,115	1,912,747	2,220,756	4,615,700	2,825,598
2,073,228	2,262,383	2,322,259	2,134,589	2,158,850
333,337	466,322	517,268	493,857	458,470
2,554,884	3,025,451	4,187,891	2,418,903	2,641,205
11,123,214	4,227,287	4,883,976	4,356,489	7,080,488
617,933	698,064	734,049	770,542	807,565
511,846	481,502	451,063	429,328	471,211
<u>42,915,079</u>	<u>38,905,726</u>	<u>41,752,784</u>	<u>39,817,045</u>	<u>40,040,058</u>
<u>(5,171,412)</u>	<u>(518,601)</u>	<u>(3,941,508)</u>	<u>(2,165,436)</u>	<u>(2,605,304)</u>
4,382,451	2,653,351	3,448,918	1,926,107	2,521,117
(4,268,313)	(2,662,273)	(3,428,503)	(1,795,692)	(2,805,603)
				13,195,000
				(433,765)
				(257,413)
<u>2,000</u>	<u>21,980</u>			<u>156</u>
<u>116,138</u>	<u>13,058</u>	<u>20,415</u>	<u>130,415</u>	<u>12,219,492</u>
<u>(\$5,055,274)</u>	<u>(\$505,543)</u>	<u>(\$3,921,093)</u>	<u>(\$2,035,021)</u>	<u>\$9,614,188</u>
3.6%	3.4%	3.2%	3.4%	3.9%

CITY OF BENICIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2002	\$1,771,391,915	\$105,823,296	\$1,127,681,109	\$58,450,497	\$3,063,346,817	\$159,986,840	\$3,223,333,657	\$3,223,333,657	0.29260%
2003	1,877,242,130	115,871,808	1,395,918,255	48,987,127	3,438,019,320	178,013,190	3,616,032,510	3,616,032,510	0.29718%
2004	2,007,330,232	120,150,588	1,417,063,456	50,007,479	3,594,551,755	179,939,785	3,774,511,540	3,774,511,540	0.29257%
2005	2,165,141,847	124,906,264	1,426,651,050	69,656,432	3,786,355,593	190,108,523	3,976,464,116	3,976,464,116	0.26611%
2006	2,426,738,885	131,146,054	1,438,207,502	116,638,859	4,112,731,300	201,105,380	4,313,836,680	4,313,836,680	0.26313%
2007	2,823,114,166	142,156,389	1,546,655,534	83,018,745	4,594,944,834	212,949,929	4,807,894,763	4,807,894,763	0.26560%
2008	3,082,710,837	149,511,998	1,278,262,415	78,174,389	4,588,659,639	218,303,820	4,806,963,469	4,806,963,469	0.26295%
2009	3,068,156,685	176,210,305	1,509,076,085	70,419,724	4,823,862,799	229,137,903	5,053,000,702	5,053,000,702	0.26382%
2010	2,828,918,727	175,489,888	1,502,183,217	67,625,542	4,574,217,374	232,563,062	4,806,780,436	4,806,780,436	0.26547%
2011	2,740,155,696	176,848,852	1,463,741,183	67,837,288	4,448,583,019	218,306,994	4,666,890,013	4,666,890,013	0.26506%

Source: Solano County Assessor 2001/02 - 2010/11 Combined Tax Rolls

(a) In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

CITY OF BENICIA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy	School District Levy	City Levy	Other Levy	Total Levy
2002	1.0000	0.0682	0.00293	0.0200	1.0911
2003	1.0000	0.0701	0.00297	0.0343	1.1074
2004	1.0000	0.0701	0.00293	0.0200	1.0930
2005	1.0000	0.0723	0.00266	0.0353	1.1103
2006	1.0000	0.0803	0.00263	0.0387	1.1216
2007	1.0000	0.0774	0.00266	0.0370	1.1171
2008	1.0000	0.0823	0.00263	0.0200	1.1049
2009	1.0000	0.0701	0.00264	0.0350	1.1077
2010	1.0000	0.0788	0.00265	0.0385	1.1199
2011	1.0000	0.0839	0.00265	0.0395	1.1260

Source: Solano County Auditor-Controller's Office

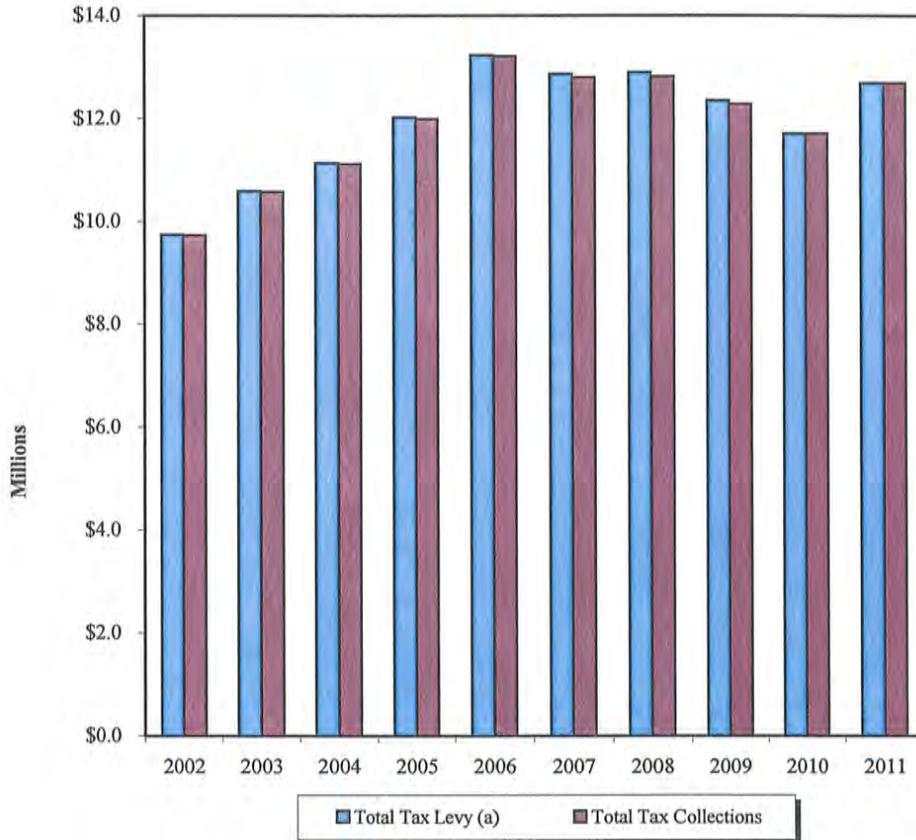
CITY OF BENICIA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010-2011			2001-2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Valero Refining Company California	\$901,259,309	1	19.31%	\$776,107,426	1	23.9%
Walton CWCA	142,014,838	2	3.04%			
Benicia Industries	67,748,884	3	1.45%	52,703,965	2	1.63%
WRI Golden State LLC	25,258,718	4	0.54%	18,226,473	6	0.6%
Gonsalves and Santucci Inc.	22,252,330	5	0.48%			
Club Pacifica LLC	22,013,603	6	0.47%			
Tulloch Construction Inc.	21,775,148	7	0.47%	12,980,017	10	0.40%
SPK Industrial Portfolio LLC	19,928,337	8	0.43%			
MP Benicia Logistics LLC	13,801,933	9	0.30%			
5001 LLC	13,225,747	10	0.28%			
Calwest Industrial Properties LLC			0.00%	51,970,261	3	1.60%
Huntway Refining Company				36,900,000	4	1.14%
Spieker Properties Limited Partnership				19,573,845	5	0.60%
Tri-State Properties				17,100,000	7	0.53%
Western Container Corporation				16,030,973	8	0.49%
Prime Portfolio LP				13,153,838	9	0.41%
Total	\$1,249,278,847		26.77%	\$1,014,746,798		31.31%

Total Net Assessed Valuation:
Fiscal Year 2010-2011 \$4,666,890,013
Fiscal Year 2001-2002 \$3,241,360,007

Source: HdL, Coren & Cone Report

**CITY OF BENICIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



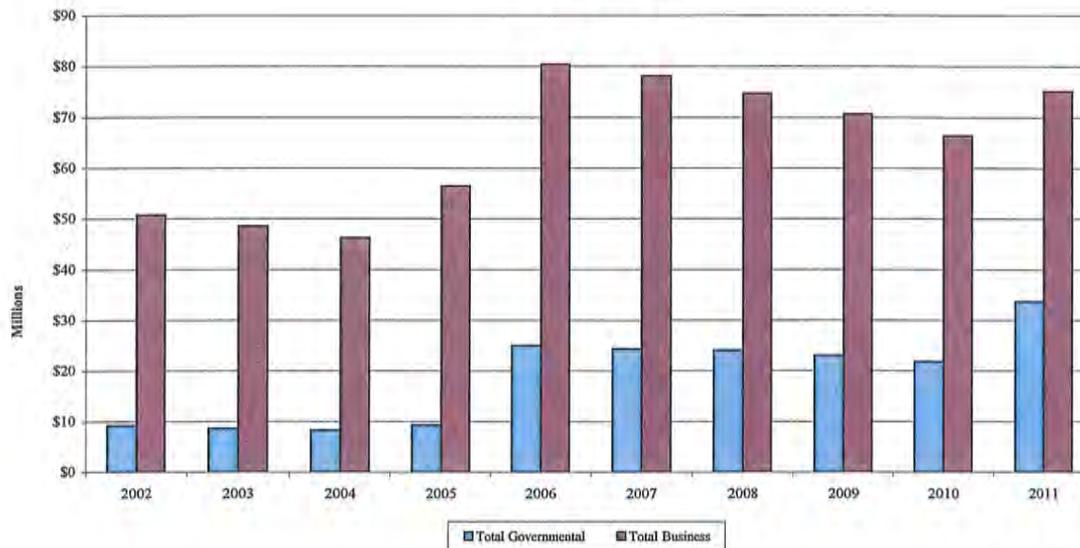
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	9,745,064	9,729,153	99.8367%	9,729,153	99.8367%
2003	10,590,048	10,572,364	99.8330%	10,572,364	99.8330%
2004	11,129,665	11,114,556	99.8642%	11,114,556	99.8642%
2005	12,020,080	11,989,000	99.7414%	11,989,000	99.7414%
2006	13,227,173	13,209,063	99.8631%	13,209,063	99.8631%
2007	12,863,706	12,796,607	99.4784%	12,796,607	99.4784%
2008	12,898,327	12,814,858	99.3529%	12,814,858	99.3529%
2009	12,346,920	12,280,522	99.4622%	12,280,522	99.4622%
2010 *	11,701,913	11,701,913	100.0000%	11,701,913	100.0000%
2011 *	12,689,250	12,689,250	100.0000%	12,689,250	100.0000%

Source: Solano County Auditor-Controller's Office

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

* Information derived from City's collection from Solano County - under the Teeter Plan.

CITY OF BENICIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Obligation	Total	Certificates of Participation
2001	\$9,705,000			9,705,000	
2002	9,215,000			9,215,000	
2003	8,670,000			8,670,000	
2004	8,300,000			8,300,000	
2005	7,905,000		1,400,000	9,305,000	
2006	7,485,000	13,972,596	3,600,000	25,057,596	
2007	7,045,000	13,891,327	3,422,067	24,358,394	
2008	6,585,000	14,302,593	3,184,003	24,071,596	
2009	6,100,000	13,676,377	3,262,926	23,039,303	
2010	5,590,000	13,273,493	2,971,873	21,835,366	
2011	5,055,000	12,758,370	2,667,460	33,675,830	\$13,195,000

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Loans Payable	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2002	\$12,295,000	\$4,990,000	\$24,293,039	\$41,578,039	\$50,793,039	5.19%	\$1,880.11
2003	12,065,000	4,815,000	23,055,898	39,935,898	48,605,898	4.82%	1,791.26
2004	11,285,000	4,630,000	22,064,776	37,979,776	46,279,776	4.51%	1,714.70
2005	10,425,000	4,435,000	32,349,308	47,209,308	56,514,308	5.26%	2,068.38
2006	9,550,000	4,260,000	41,620,216	55,430,216	80,487,812	7.12%	2,946.22
2007	8,650,000	4,015,000	41,118,395	53,783,395	78,141,789	6.51%	2,799.18
2008	7,720,000	3,770,000	39,114,917	50,604,917	74,676,513	5.95%	2,669.12
2009	7,055,000	3,510,000	37,065,133	47,630,133	70,669,436	5.60%	2,525.98
2010	6,370,000	3,245,000	34,967,876	44,582,876	66,418,242	5.21%	2,364.82
2011	5,670,000	2,970,000	32,820,099	41,460,099	75,135,929	6.26%	2,770.70

Note: Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of Benicia
 State of California, Department of Finance (population)
 U.S. Department of Commerce, Bureau of the Census (income)

(a) See page 129 (Demographic Statistics) for personal income and population data.

CITY OF BENICIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2002	\$9,215,000	\$9,215,000	0.29%	\$341.09
2003	8,670,000	8,670,000	0.24%	319.51
2004	8,300,000	8,300,000	0.22%	307.52
2005	7,905,000	7,905,000	0.20%	289.32
2006	7,485,000	7,485,000	0.17%	273.99
2007	7,045,000	7,045,000	0.15%	252.36
2008	6,585,000	6,585,000	0.14%	235.36
2009	6,100,000	6,100,000	0.12%	218.04
2010	5,590,000	5,590,000	0.12%	199.03
2011	5,055,000	5,055,000	0.11%	186.41

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF BENICIA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011**

2010-11 Assessed Valuation

\$4,666,890,013

	Total Debt 6/30/2011	Percentage Applicable (1)	City's Share of Debt 6/30/2011
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Solano County Community College District	\$108,605,090	15.864%	\$17,229,111
Benicia Unified School District	32,876,588	99.086%	32,576,096
City of Benicia 1915 Act Bonds	<u>13,869,000</u>	100.00%	<u>13,869,000</u>
 TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	 <u>\$155,350,678</u>		 <u>63,674,207</u>
<u>DIRECT TAX AND ASSESSMENT DEBT</u>			
City of Benicia	\$5,055,000	100.00%	<u>\$5,055,000</u>
 TOTAL DIRECT TAX AND ASSESSMENT DEBT			 <u>\$5,055,000</u>
<u>OVERLAPPING GENERAL FUND DEBT</u>			
Solano County Certificates of Participation	\$122,375,000	15.087%	\$18,462,716
Solano County Pension Obligation	82,805,000	15.087%	12,492,790
Solano County Board of Education Certificates of Participation	<u>2,495,000</u>	15.087%	<u>376,421</u>
 TOTAL OVERLAPPING GENERAL FUND DEBT	 <u>\$207,675,000</u>		 <u>\$31,331,927</u>
<u>DIRECT GENERAL FUND DEBT</u>			
City of Benicia Certificates of Participation	\$13,195,000	100.00%	\$13,195,000
City of Benicia Pension Obligations	<u>10,823,301</u>	100.00%	<u>10,823,301</u>
 TOTAL DIRECT GENERAL FUND DEBT			 <u>24,018,301</u>
 COMBINED TOTAL DEBT			 <u>124,079,436 (2)</u>

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2010-11 ASSESSED VALUATION:

Direct Debt (\$5,590,000)	0.11%
Combined Direct Debt (\$29,073,301)	0.62%
Total Overlapping Tax and Assessment Debt	1.36%
Combined Total Debt	2.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2011**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$4,448,583,019
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$166,821,863
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$39,648,370
Less Revenue Bonds, Certificate of Participation not subject to limit	34,593,370
Amount of debt subject to limit	5,055,000

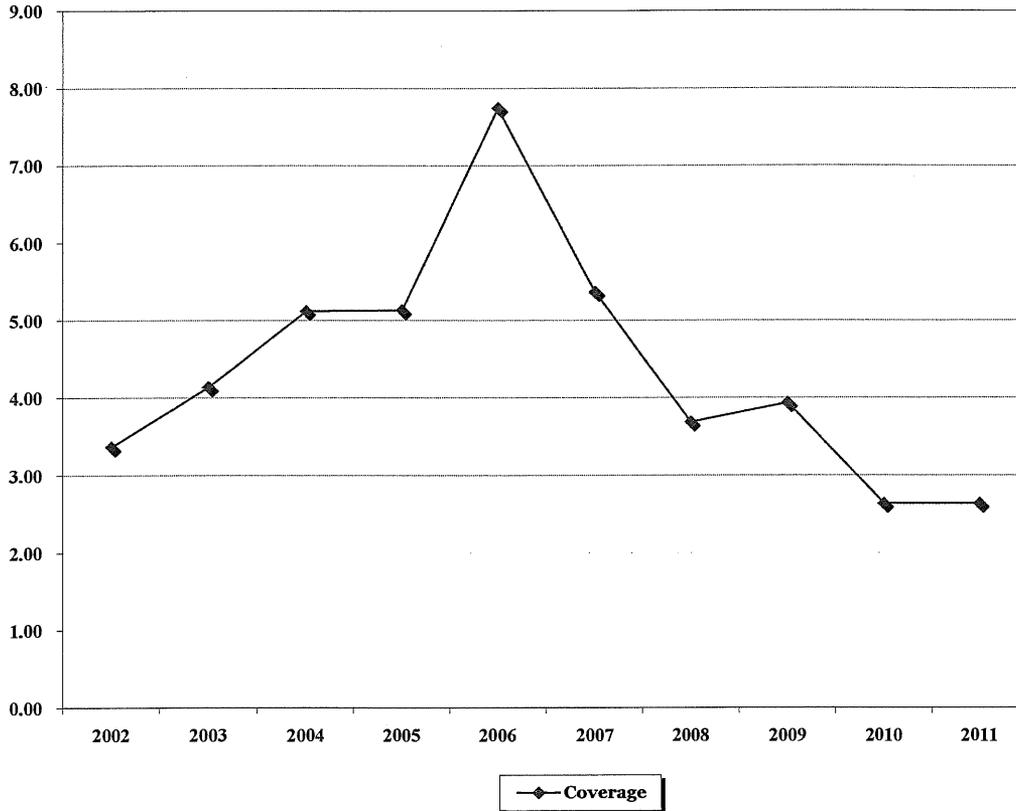
LEGAL BONDED DEBT MARGIN	\$161,766,863
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$114,875,506	\$9,215,000	\$105,660,506	8.72%
2003	128,925,725	8,670,000	120,255,725	7.21%
2004	134,795,691	8,300,000	126,495,691	6.56%
2005	141,988,335	\$7,905,000	\$134,083,335	5.90%
2006	154,227,424	7,485,000	146,742,424	5.10%
2007	172,310,431	7,045,000	165,265,431	4.26%
2008	172,074,736	6,585,000	165,489,736	3.98%
2009	180,894,855	6,100,000	174,794,855	3.49%
2010	171,533,152	5,590,000	165,943,152	3.37%
2011	166,821,863	5,055,000	161,766,863	3.12%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF BENICIA
 PLEDGED-REVENUE COVERAGE
 WATER AND WASTEWATER REVENUE BONDS
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)**

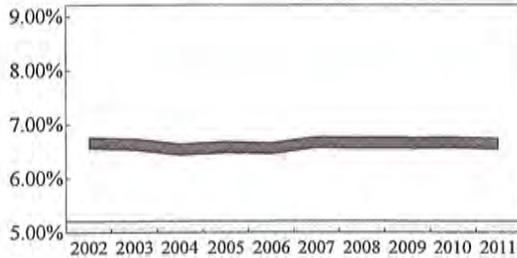


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$12,247	\$6,252	\$5,995	\$765	\$1,012	\$1,777	3.37
2003	11,723	6,153	5,570	805	540	1,345	4.14
2004	14,570	6,349	8,221	965	642	1,607	5.12
2005	15,426	6,837	8,589	1,055	620	1,675	5.13
2006	17,165	6,837	10,328	875	458	1,333	7.75
2007	16,222	7,477	8,745	1,145	482	1,627	5.37
2008	15,668	9,689	5,979	1,175	446	1,621	3.69
2009	14,804	9,536	5,268	925	413	1,338	3.94
2010	13,540	10,014	3,526	950	385	1,335	2.64
2011	13,253	9,736	3,517	975	356	1,331	2.64

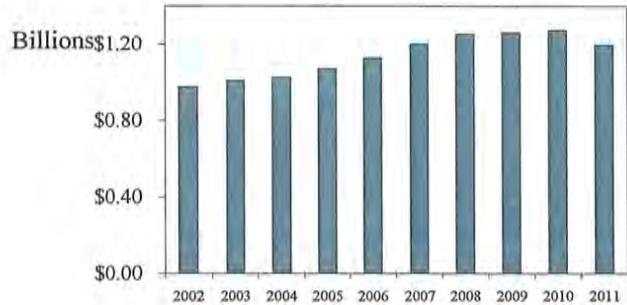
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

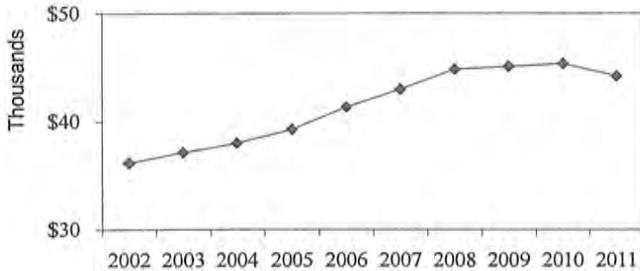
CITY OF BENICIA DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



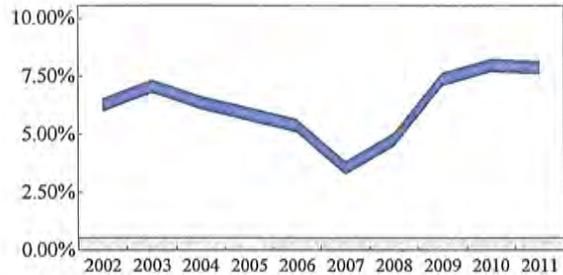
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	County Population	City Population % of County
2002	27,016	978,310,453	36,212	6.0%	411,821	6.56%
2003	27,135	1,008,953,921	37,183	6.8%	415,405	6.53%
2004	26,990	1,026,744,714	38,042	6.1%	419,270	6.44%
2005	27,323	1,073,505,323	39,289	5.6%	421,657	6.48%
2006	27,319	1,129,806,279	41,356	5.1%	422,848	6.46%
2007	27,916	1,200,213,884	42,994	3.3%	424,823	6.57%
2008	27,978	1,254,489,947	44,838	4.5%	426,757	6.56%
2009	27,977	1,262,222,668	45,116	7.1%	426,729	6.56%
2010	28,086	1,274,996,631	45,396	7.7%	427,837	6.56%
2011	27,118	1,199,784,395	44,243	7.6%	414,509	6.54%

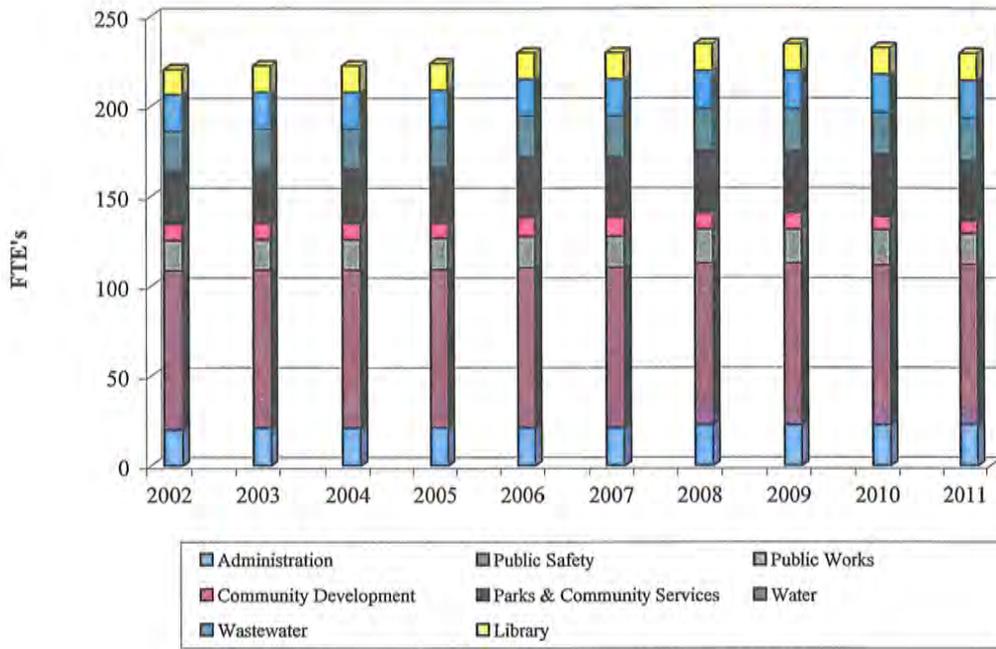
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Seven Years Ago

<u>Employer</u>	<u>2010-11</u>			<u>2003-04</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Valero	516	1	1.7%	500	1	1.8%
Benicia Unified School District	465	2	1.6%	491	2	1.8%
Dunlop Manufacturing Inc.	248	3	0.8%	196	6	0.7%
City of Benicia	229	4	0.8%	173	8	0.6%
Cytosport	221	5	0.7%			
Bio-Rad Laboratories Inc.	209	6	0.7%			
Coca-Cola Bottling Co.	162	7	0.5%			
Valley Fine Foods Co. Inc.	133	8	0.5%			
The Pepsi Bottling Group	119	9	0.4%			
Radiator Express Warehouse Inc.	106	10	0.4%			
Corey Delta, Inc.				350	3	1.3%
Alamillo Steel				220	4	0.8%
West Coast Beauty Supply				210	5	0.8%
The Customer Company				185	7	0.7%
Raley's				157	9	0.6%
C.E. Toland & Sons				150	10	0.6%
Subtotal	<u>2,408</u>		<u>8.2%</u>	<u>2,632</u>		<u>9.7%</u>
Total City Day Population	<u>29,526</u>			<u>27,135</u>		

Source: City of Benicia

CITY OF BENICIA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
Administration	20.00	20.8	20.8	21.0	21.0	21.0	22.5	22.5	22.5	23.0
Public Safety	88.50	88.0	88.0	88.0	89.0	89.0	90.0	90.0	89.0	89.0
Public Works	16.95	17.0	17.0	17.6	17.5	17.5	19.0	19.0	20.0	17.4
Community Development	9.00	9.0	9.0	8.4	10.5	10.5	9.0	9.0	7.0	6.7
Parks & Community Services	30.00	31.0	31.0	31.0	34.0	34.0	35.0	35.0	35.0	34.0
Water	21.45	21.5	21.5	22.5	22.5	22.5	23.0	23.0	23.0	23.2
Wastewater	20.60	20.6	20.6	20.6	20.6	20.6	21.1	21.1	21.1	21.3
Library	14.00	14.8	14.8	14.8	14.8	14.8	15.0	15.0	15.0	15.0
Total	<u>220.50</u>	<u>222.50</u>	<u>222.50</u>	<u>223.75</u>	<u>229.75</u>	<u>229.75</u>	<u>234.50</u>	<u>234.50</u>	<u>232.50</u>	<u>229.49</u>

Source: City of Benicia

CITY OF BENICIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Function/Program					
Public safety:					
Fire:					
Fire calls for service	2,025	1,958	1,970	1,984	1,703
Primary fire inspections conducted (estimate)	750	750	750	750	750
Police:					
Police calls for Service	15,878	14,609	14,022	14,410	14,981
Law violations:					
Physical arrests (adult and juvenile)	930	1,026	1,077	1,099	1,036
Traffic violations	1,366	1,876	1,679	1,873	2,027
Parking violations	706	744	466	794	759
Public Works					
Street resurfacing (miles)	n/a	n/a	n/a	n/a	1.5
Potholes repaired (cubic feet) *	n/a	n/a	n/a	n/a	1,000
Parks & Community Services:					
Community Services:					
Recreation class programs	640	706	822	880	834
Recreation class participants	8,723	10,394	11,375	12,393	11,610
Library:					
Volumes in Collection (thousands)	n/a	n/a	106,927	110,214	116,996
Total Volumes Borrowed (thousands)	n/a	n/a	34,302	34,164	47,295
Water					
Water service connections	n/a	n/a	n/a	n/a	9,380
Water main breaks	n/a	n/a	n/a	n/a	11
Average daily consumption (thousands of gallons)	n/a	n/a	n/a	n/a	4,170
Wastewater					
Storm drain inlets	n/a	n/a	n/a	n/a	2,000
Sewer service connections	n/a	n/a	n/a	n/a	9,380
Sewer main blockages	n/a	n/a	n/a	n/a	101
Average daily treatment (thousands of gallons)	n/a	n/a	n/a	n/a	2,860

Source: City of Benicia

Note: n/a denotes information not available.

* Potholes repaired were incorrectly stated in prior years as square miles. Amounts were based on average pothole size in cubic feet.

Fiscal Year				
2007	2008	2009	2010	2011
1,915	2,040	2,243	2,122	2,067
200	200	1,074	935	750
14,374	15,934	17,302	27,029	14,536
1,139	1,056	838	836	866
2,649	2,208	3,671	2,546	2,346
665	646	434	237	230
1.0	0.3	-	5	0.8
1,200	1,200	1,200	1,764	1,395
978	824	773	800	820
10,482	10,622	8,291	8,560	9,137
113,470	111,145	107,756	106,965	106,264
320,873	346,106	371,581	384,056	384,134
9,576	9,370	9,506	9,557	9,547
17	17	14	33	10
4,437	4,610	4,209	3,540	3,808
2,010	2,040	2,040	2,040	2,040
9,310	9,109	9,243	9,261	9,278
30	59	51	46	27
2,200	2,600	2,195	2,280	2,433

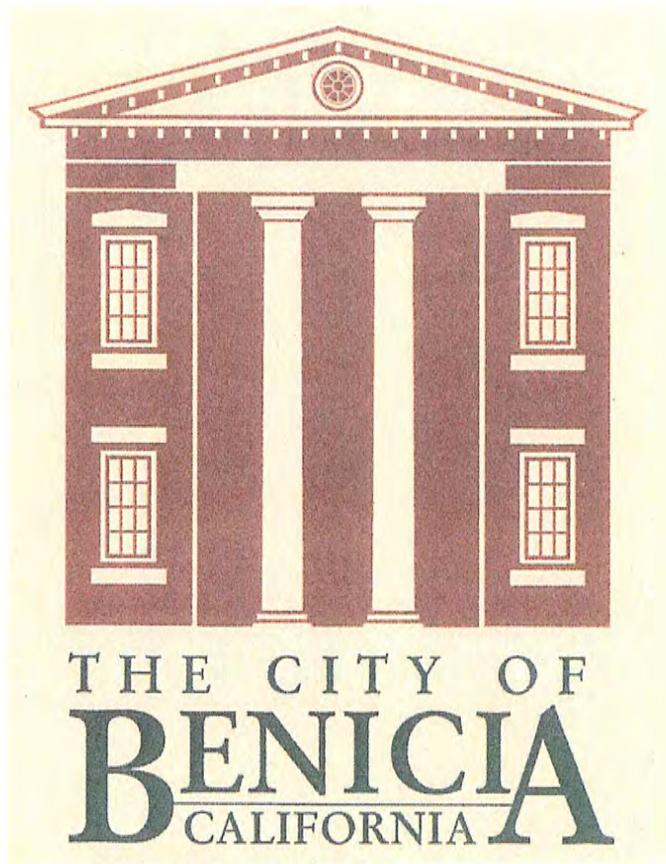
CITY OF BENICIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Function/Program					
Public safety:					
Fire stations	2	2	2	2	2
Police stations	1	1	1	1	1
Police patrol units	11	11	11	11	13
Public works					
Miles of streets	95	95	95	95	95
Street lights	2,046	2,046	2,046	2,046	2,046
Traffic Signals	10	10	10	10	10
Parks and recreation:					
Community services:					
City parks	35	35	35	35	36
City parks acreage	166	166	211	214	214
Recreation centers	1	1	1	1	1
Senior citizen centers	1	1	1	1	1
Regional park acreage	577	577	577	577	577
Library:					
City libraries	1	1	1	1	1
Water					
Miles of water mains	158	158	158	158	158
Fire hydrants	1,245	1,245	1,245	1,245	1,194
Maximum daily capacity (millions of gallons)	12	12	12	12	12
Wastewater					
Miles of sanitary sewers	149	149	149	149	149
Miles of storm drains	77	77	77	77	77
Number of treatment plants	1	1	1	1	1
Maximum daily capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5

Source: City of Benicia

Note: n/a denotes information is not available.

Fiscal Year				
2007	2008	2009	2010	2011
2	2	2	2	2
1	1	1	1	1
13	13	13	12	12
95	97	97	97	97
2,062	2,100	2,100	2,232	2,232
10	10	10	10	11
36	36	36	36	36
214	214	214	214	214
1	2	2	2	2
1	1	1	1	1
577	577	577	577	577
1	1	1	1	1
158	160	160	160	160
1,203	1,259	1,427	1,430	1,428
12	12	12	12	12
149	150	150	150	150
77	78	78	78	78
1	1	1	1	1
4.5	4.5	4.5	4.5	4.5



CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED
JUNE 30, 2011

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**CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2011

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MEMORANDUM ON INTERNAL CONTROL

December 2, 2011

To the City Council of
the City of Benicia, California

In planning and performing our audit of the financial statements of the City of Benicia as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to errors or fraud may occur and not be detected by such controls.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the City.

The City's written responses included in this report have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.



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**CITY OF BENICIA
MEMORANDUM OF INTERNAL CONTROL**

SCHEDULE OF SIGNIFICANT DEFICIENCIES

2011-01: 2002 Water Revenue Refunding Bonds Indenture Compliance

Criteria: According to the Official Statements of the City of Benicia 2002 Water Revenue Refunding Bonds, the City should maintain available Net Revenues of the Water System at a level at least equal to one hundred twenty percent (120%) of the amounts payable to provide coverage over debt service over the life of bonds.

Condition: In fiscal 2010-11, the City did not generate sufficient amount of Net Revenues in order to meet the rate covenant as stated on the 2002 Water Revenue Refunding Bonds Official Statements. The coverage over debt service was one hundred and ten percent (110%) in current year.

Effect: Subsequent to the year-end, the bonds were downgraded from AA to A+ under standard and Poor's rating.

Cause: We were told by management that the water rates have not been adjusted in the last five years while water sales have declined over the years.

Recommendation: We understand that the City is conducting a rate study in fiscal year 2011-12. Including in the rate study, the City should take into consideration the Net Revenues requirement as stated in the official statements.

Management's Response: Management is aware that net revenues were not sufficient to meet the 120 percent debt coverage calculation in fiscal year 2010-11. The Net Revenues requirement as provided in the bond financing documents will be considered during the upcoming water rate analysis.

2011-02: Review of Journal Entries

Criteria: All journal entries should be properly approved by someone other than the preparer prior to posting to the general ledger.

Condition: During our testing of internal control over the City's journal entries process, we reviewed sixteen journal entries for proper approval. Out of the selection, we noted that eleven of them were approved by another employee after the entries were posted to the system.

In addition, we noted that the City does not have procedures in place to ensure that all journal entries posted are reviewed. Journal entries are given individually to the reviewer for review. The numerical sequence is not accounted for as part of the review.

Effect: The City's current practice makes it possible for journal entries to be posted without being reviewed.

Recommendation: The City should establish procedures, such as review of journal entry log or implementation of a park-and-post system, to ensure that all journal entries are reviewed by another employee. Also, the review process should occur prior to entries being posted to the general ledger.

Management's Response: Management concurs with the auditor's recommendation. All journal entries are now reviewed by an employee other than the employee preparing the entry prior to posting. The Assistant Finance Director reviews the journal entry log on a regular basis.

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**CITY OF BENICIA
MEMORANDUM OF INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

During the audit, we also noted the following matters that we would like to bring to the attention of the City Council:

2011-03: Benicia Marina Enterprise Funds Fund Deficit

During fiscal 2008-09, an advance in the amount of \$160,321 was made from the General Fund to the Benicia Marina Fund to finance expenses related to modifications to the City's storm water system that impacted the Benicia Marina Basin. The advance was to accrue interest at the portfolio earnings rate at the time and was to be fully repaid by 2028. The Benicia Marina Fund had planned to begin repaying the loan to the General Fund when the outstanding loans due to the Department of Boating and Waterways were paid off. The outstanding balance was \$164,826 as of June 30, 2010. In fiscal 2010-11, the advance was written off due to the financial situation of the Benicia Marina Fund. We were not able to trace the write off decision to formal authorization. The write off was initiated by City staff.

Moreover, the Benicia Marina Fund receives rental revenue from the Benicia Harbor Corporation (Corporation). According to the Restated and Amended Benicia Marina Lease Agreement between the City and the Corporation, dated April 22, 1990, the Corporation is required to pay the City a Minimum Annual Rent payment or a percentage of Gross Receipts, both as defined in the Agreement, whichever is greater, on an annual basis. During the audit, we examined the most recent rental revenue calculation submitted by Corporation. The calculation detailed the Corporation's calculation of the Gross Receipts. However, the City did not confirm the accuracy of the Gross Receipts by requesting any supporting documents from the Corporation. In addition, in fiscal 2009-10, the Corporation failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. As a result, the Corporation started to withhold revenue that should have been submitted to the City. At June 30, 2011, the amount withheld by the Corporation was \$189,519.

The Marina Fund had deficit net assets of \$173,855 as of June 30, 2011. The City should continue to work with the Corporation for revenue collection and to work towards a balanced budget. In addition, since the City relies on the Gross Receipts calculation submitted by the Corporation, the City should examine the Corporations' financial records annually to verify the accuracy of the calculation. Moreover, the City should develop formal procedures in writing off of loans to prevent the possibility of unauthorized loan forgiveness. Lastly, the City should evaluate the nature of the Benicia Marina Fund since the City's General Fund has been subsidizing the Marina's operation and modified the fund type if necessary.

Management's Response: Management concurs with the auditor's recommendation. Finance Department staff did review the financial records of the Benicia Harbor Corporation in October 2011 to verify the gross receipts calculation. In the future, City Council authorization will be requested for loan write-offs. Finally, the status of the Marina Fund will be discussed with the City Council during the upcoming MidCycle Budget Review.

**CITY OF BENICIA
MEMORANDUM OF INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

2011-04: Housing Authority Casa de Vilarrasa loan write-off

The City loaned Benicia Housing Authority (Authority) in an amount of \$1.4 million in January 2006. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The City loaned the Authority an additional \$119,309 in fiscal 2009-10. Due to financial constraint and inability of repayment from the Authority, the City wrote off \$344,641 of the above loan in fiscal 2010-11. We could not trace the loan write-off to any the formal authorization from the City Council.

We understand the City has been discussing with Authority about the Authority's financial status. The City should continue to evaluate the collectability of the \$1.4 million loans receivable. In addition, the City should develop formal procedures in loans write off to prevent the possibility of unauthorized forgiveness of loans.

Management's Response: Management concurs with the auditor's recommendation. In the future, City Council authorization will be requested for loan write-offs.

2011-05: Outstanding Liability Recorded on Transit Enterprise Fund

The cities of Vallejo and Benicia entered into a Joint Power Authority Agreement that has consolidated the cities' transit systems. This consolidation occurred in July 1, 2011. As a result, the City of Benicia has stopped receiving funding from Metropolitan Transportation Commission for transit operation since the consolidation. As of June 30, 2011, the City's Transit Fund owed other funds \$714,977. We understand that the City has been discussing with the Joint Power Authority of repayment of the above amount. The City should continue to monitor the collectability of the balance and write off the amount if collection is not possible.

Management's Response: Management concurs with the auditor's recommendation. Management has been discussing the collectability of the outstanding balance with management of the Solano County Transit (SolTrans). It is anticipated that a determination of the collectable about will be made prior to the end of the 2011-12 fiscal year.

REQUIRED COMMUNICATIONS

December 2, 2011

To the City Council of
the City of Benicia, California

We have audited the financial statements of the City of Benicia as of and for the year ended June 30, 2011 and have issued our report thereon dated December 2, 2011. Professional standards require that we advise you of the following matters relating to our audit.

Financial Statement Audit Assurance: Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

Other Information Included with the Audited Financial Statements: Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures is explained in our audit report.

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2011. As described in notes to the financial statements, during the year, the City implemented the following new standards:

- **GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions** -- This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City's financial statements, as well as Note 8 to the financial statements, were modified to include required disclosures.

- **GASB Statement 59 -- Financial Instruments Omnibus** -- The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This is a technical clean up pronouncement that had no material impact to the financial statements.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2011.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are the fair value of investments, depreciation and compensated absences.

Estimated Fair Value of Investments: As of June 30, 2011, the City held approximately \$50 million of cash and investments as measured by fair value as disclosed in Note 3 to the Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2011. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2011.

Estimated Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 6 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Compensated Absences: Accrued compensated absences, which are comprised of accrued vacation and sick leave, is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year, and are disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disagreements with Management: For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Retention Issues: We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the City's auditors.

Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments: For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the City, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the City's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Council.

This report is intended solely for the information and use of the audit committee, City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

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AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 7, 2012
BUSINESS ITEMS

DATE : February 1, 2012

TO : City Manager

FROM : Finance Director

SUBJECT : **FISCAL YEAR 2011-12 MID YEAR BUDGET REVIEW AND RESOLUTION AMENDING FY 2011-12 BUDGET**

RECOMMENDATION:

Review the information presented on revenues and expenditures as of December 31, 2011 and adopt the resolution amending the fiscal year 2011-12 Budget.

EXECUTIVE SUMMARY:

Staff has completed a review of revenues and expenditures budgeted for the 2011-12 fiscal year. The City's General Fund revenue projections which were included in the adopted budget are accurate and require only minor modifications based upon updated information. As of December 31st, all departments were operating within their approved budget allocations. Given the volatility of the current economic situation, the City's fiscal condition will continue to be closely monitored. General Fund revenues are projected to remain fairly flat for the foreseeable future with no areas of significant improvement anticipated. As noted in the recently completed Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011 there are three funds with on-going structural deficits which will be addressed in order to avoid further impact to the General Fund. This is a priority which will be resolved prior to the end of the current fiscal year.

BUDGET INFORMATION:

The proposed adjustments will increase General Fund budgeted revenues by \$202,527 and expenditure appropriations by \$148,155 for a net positive impact to the General Fund of \$54,372. The proposed adjustments to other funds will increase revenues by \$215,685 and expenditure appropriations by \$245,110 with carryover appropriations of \$6,025,260.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Goal 8.00: Build Organizational Quality and Capacity
 - Strategy 8.20: Measure and track service (i.e. financial) performance

BACKGROUND:

The City Council, on June 28, 2011, adopted the City's budget for the 2011-12 and 2012-13 fiscal years. Staff has recently completed a review of budgeted revenues and expenditures for the first six months of this two-year budget cycle. Based upon that review, several minor adjustments are proposed to the budgeted FY 2011-12 revenues and expenditures. In addition, as part of the normal budget process, Council approval is requested for the carryover of certain one-time or capital items which were approved and budgeted but not fully expended during the prior fiscal year.

General Fund

The FY 2011-12 General Fund Budget projected revenues totaling \$30.6 million and expenditures of \$30.7 million with the resulting \$0.1 million shortfall to be funded from General Fund reserves. Based upon information currently available, it is projected that General Fund operating revenues will total \$30.8 million (\$0.2 million more than previously projected) with expenditures totaling \$30.8 million (\$0.1 million more than the current budgeted amount). It is projected that the General Fund will end the current fiscal year in a nearly balanced position with revenues slightly under expenditures by approximately \$34,000. The proposed adjustments to budgeted revenues and expenditures are identified in Attachment 1 and include:

Revenues

Property Tax revenues were budgeted at \$12.7 million. Recent discussions with the Solano County Auditor-Controller's Office indicate that the City can expect to receive \$12.8 million or \$106,305 more than the current budgeted amount.

Sales Tax revenue was budgeted at \$5.6 million. Updated information received from the consulting firm which monitors the City's sales tax base indicates that sales tax revenue will total \$5.9 million or \$340,867 more than budgeted. This is primarily due to a one-time correction in the allocation of sales tax revenue to the City by the State Board of Equalization.

Utility Users tax revenue was budgeted at \$5.2 million. Based upon an analysis of revenues received during the first six months of the fiscal year, it is projected that this revenue source will generate \$5.1 million this year, which is \$104,825 less than the budgeted amount.

Investment earnings were budgeted at \$220,000. Based upon interest earnings to date it is anticipated that the amount received this year will be approximately \$60,000, or \$160,000 less than the budgeted amount.

In addition to the above adjustments, minor adjustments to Franchise Fee, Business License Tax and Transient Occupancy Tax projections are recommended to more closely align those budgets with updated projections.

Expenditures

An adjustment to the Police Department budget totaling \$43,500 is requested to fund a payroll-related cost which was erroneously omitted from the budget (\$36,320) and the cost of a training workshop (\$7,180) which will be offset by revenue in that same amount from the State of California.

Due to the retirement of several long-term City employees, it is requested that the Non-Departmental Budget be increased by \$45,000 to offset the cost of the final payments to these employees.

The proposed budget adjustment includes carry forward requests (items budgeted in FY 2010-11 but not fully expended) totaling \$59,655 and include remaining funds from an ABAG grant in the Finance Department (\$38,610), unexpended funds for two projects in the Public Works and Community Development Department - the Arsenal EIR and Housing Element Update totaling \$18,795 and \$2,250 transferred to the Human Services Fund in compliance with the recently approved policy on distribution of unutilized grant funds.

Other Funds

Proposed adjustments to funds other than the General Fund are identified in Attachment 2. These adjustments include carryover of prior year project funds as well as additional budget appropriations, most of which are accompanied with offsetting revenue projections. The funds identified are all able to support these budget modifications.

Next Steps

During the remaining months of the current fiscal year, staff will continue to closely monitor revenues and expenditures to identify any changes which would impact the current year and the FY 2012-13 budget. A major effort will be devoted to analyzing the three funds with negative balances (Transit, Marina and Workers Compensation funds) with the goal of identifying possible solutions to these funding issues prior to the end of the 2011-12 fiscal year. Areas of focus will include potential for improved efficiencies, identification of new sources of

revenue and possible financing alternatives. This analysis will take place over the next several months and will include discussions with Council of possible alternatives. A budget schedule for the remaining months of the 2011-12 fiscal year is provided as Attachment 3.

Attachments:

- Mid Year Budget Adjustment – General Fund
- Mid Year Budget Adjustment – Other Funds
- Budget Calendar
- Resolution

Mid Year Budget Adjustment - General Fund

FY 2011-12

	Budget 2011-12	YTD Actual As of 12/31/11	Proposed Adjustment	Revised Budget
Revenues				
Property Tax	12,662,405	6,669,350	106,305	12,768,710
Sales Tax	5,601,580	2,298,390	340,867	5,942,447
Utility Users Tax	5,256,200	2,275,560	(104,825)	5,151,375
Franchise Fees	1,711,115	76,805	(45,000)	1,666,115
Business License Tax	462,000	40,855	23,000	485,000
Transient Occupancy Tax	255,000	87,530	35,000	290,000
Property Transfer Tax	90,000	35,095		90,000
License & Permits	295,000	157,180		295,000
Fines, Forfeitures & Penalties	79,000	34,210		79,000
Investment Earnings	220,000	33,924	(160,000)	60,000
Use of Money/Property	392,785	221,831		392,785
Revenue From Other Agencies	2,054,410	966,465	7,180	2,061,590
Charges for Current Services	1,380,760	634,230		1,380,760
Other Revenue	49,895	73,265		49,895
Interfund Transfer-In	92,815	46,410		92,815
Revenue Total	\$ 30,602,965	13,651,100	202,527	30,805,492
Expenditures By Department				
City Council	118,460	56,790		118,460
City Clerk	78,160	37,575		78,160
City Treasurer	118,825	51,435		118,825
City Manager	715,085	332,560		715,085
Economic Development	509,200	171,590		509,200
Human Resources	347,275	115,655		347,275
City Attorney	622,255	235,630		622,255
Finance	1,124,745	546,375		1,124,745
Community Grants & Programs	420,370	245,435		420,370
Library	1,177,235	541,320		1,177,235
Police	8,751,655	4,023,195	43,500	8,795,155
Fire	7,156,855	3,079,705		7,156,855
PW & Community Development	2,312,835	1,015,950		2,312,835
Parks & Community Services	4,867,235	2,331,150		4,867,235
Insurances	811,235	716,870		811,235
Non-Departmental & Debt Service	319,260	533,525	45,000	364,260
Interfund Transfer-Out	735,785	308,810		735,785
Expenditure Total	\$ 30,186,470	14,343,570	88,500	30,274,970
Operational Surplus/(Deficit)	416,495	(692,470)		530,522
Capital Projects & Non-Recurring				
Non-Recurring Expenditures	506,585	23,375	59,655	566,240
Total Expenditures	30,693,055	14,366,945	148,155	30,841,210
Net Contribution/(Use)	(90,090)	(715,845)	54,372	(35,718)

Mid Year Budget Adjustment - Other Funds

FY 2011-12

Fund	Description	Proposed Adjustment	
		Revenue	Expenditure
021- Human Services	15% of Unutilized FY 2010-11 Grant Funds - as per Policy on Distribution of Funds	2,250	0
035-Street Projects	ARRA Grant - Street Light Retrofits	97,190	97,190
039-Police Grants - Federal	FRC County Contribution - Part Time Staff and Emergency Expenditures	9,160	9,160
041-Police Grants -Non Federal	Syar Foundation Grant - Canine Expenses	11,700	11,700
041-Police Grants - Non Federal	ABAG Grant - Taser Suit and Training Cartridges	2,390	2,390
041-Police Grants - Non Federal	State Grant - Training	3,000	3,000
080-Storm Drain Improvement	Storm Water Emergency Clean Up Refunds	16,495	16,495
087-Donations and Bequests	Friends of the Library Donations - Purchase Books, Office Furniture	35,000	35,000
087-Donations and Bequests	California State Library Grant - Summer Mentoring Program	3,500	3,500
089-Literacy Fund	Fundraising Expenses	0	*
113-Facility Maintenance	Repair of Retaining Wall- Reimbursed By Insurance Claim	35,000	35,000
113-Facility Maintenance	Clock Tower Elevator Repair	0	*
596-Water Capital Projects	System Replacement - Budget Correction	<u>0</u>	<u>24,475</u>
	Total Adjustments - Other Funds	\$215,685	\$245,110

* Funds are available in fund balance to cover these items. No additional revenue required

Prior Encumbrances and CIP Carryovers - Other Funds

Acct. #	Description	Carryover Requests
<u>EXPENDITURE ADJUSTMENTS</u>		
014-8305-9835	WW Sewer Lift Station Improvements	41,805
014-8305-9882	WWTP Improvements	68,385
014-8315-9114	WW Durable Tools/Equipment	5,145
014-8315-9840	WW Sanitary Sewer Line	150,000
017-8705-9708	Gas Tax Alley Maint Program	34,000
018-8118-9750	Tourtlot Mit City Wide Traffic Calming	17,870
018-8118-9751	Tourtlot Mit Traffic Calming Rose Drive	52,105
021-3121-8350	HSF-BUSD Special Friends Program	8,750
034-8705-9762	Traffic Mit Major Roads Calming	30,000
034-8705-9765	Traffic Mit BHS Traffic Signal	54,235
036-7036-9404	COPS Safety Equipment	2,725
041-7342-8106	YAC - Second Step	26,000
044-8044-9896	WW System Capacity	452,065
045-8045-9842	Water Solano Water Authority	14,700
045-8045-9896	Water System Capacity	100,000
050-3450-9261	Library Basement Project	352,040
080-8080-9708	Storm Drain Alley Maint Program	3,380
081-7084-9552	Cycle 14 Oil Recycle	3,015
081-7085-9552	Cycle 15 Oil Recycle	(785)
081-7281-9554	Beverage Container Recycle Project	5,545
081-7481-9118	Fire Misc Grants Equipment	4,840
083-3483-9115	Measure B Furnishing & Fixtures	20,000
083-3483-9117	Measure B Office Equipment	5,195
085-6105-9112	Fire Project High Tech Equipment	4,270
087-3490-8680	Valero Early Literacy	6,475
087-7087-9117	Unrestricted Library Grant Office Equipment	9,545
090-8205-9114	Water Durable Tools/Equipment	1,865
090-8205-9184	Water Computer System Upgrade	29,015
090-8205-9198	Water Facility Upgrades	225,425
090-8215-9114	Water Durable Tools/Equipment	3,305
090-8215-9705	Water Corp Yard Improvements	2,445
090-8215-9851	Water Line Replacement	399,530
090-8215-9856	Water Service Line Replacement Project	2,000
113-9205-9210	Facility Maint City ADA Program	95,000
113-9205-9246	Facility Maint Fire Stn 12 Improvements	18,730
113-9205-9625	Facility Maint Bridgeview Park	11,995
113-9205-9260	Facility Maint Library Repairs	2,270
217-2405-9822	VIP Energy/Water Audit	41,795
217-4105-9803	VIP City Efficiency	132,630
217-4105-9810	VIP Renew Energy	35,000
217-4105-9811	VIP Bicycle Storage	20,365
325-4105-9280	Energy Conservation Renewable Energy	3,181,695
516-8357-9960	WW Reserve for System Replacement	60,000
518-8357-9960	Major WW Reserve for System Replacement	109,000
592-8257-9959	Water Reserve for Equipment Replacement	8,000
593-8258-9958	Water Reserve for Filter Replacement	23,890
594-8259-9960	Water Reserve for System Replacement	150,000
Total Carryover Requests		\$6,025,260

Budget Calendar

February 7

City Council Budget Review

Feb - May

Employee Briefings
Budget Meetings w/Dept Heads
FY 2012-13 Revenue/Expenditure Analysis
Develop Funding Strategy for Fund Deficits

April 27

Finance Committee – Third Quarter Report

May 1

City Council – Third Quarter Report

May 25

Finance Committee MidCycle Budget Review

June 5

City Council MidCycle Budget Review

RESOLUTION NO. -

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA
APPROVING AND ADOPTING AMENDMENTS TO THE BUDGET FOR THE
2011-12 FISCAL YEAR**

WHEREAS, the City Council, on June 28, 2011 adopted a budget for the 2011-12 and 2012-13 fiscal years; and

WHEREAS, based upon a thorough review of revenues and expenditures, the City Manager has prepared and proposed amendments to the budget for the 2011-12 fiscal year; and

WHEREAS, the City Council has considered all information related to this matter, as presented at a public meeting of the City Council, including any supporting reports by City Staff, and any information provided during that public meeting.

NOW, THEREFORE, BE IT RESOLVED THAT, the City Council of the City of Benicia hereby approves and adopts amendments to the Budget for the 2011-12 fiscal year as provided in the attached Exhibit A.

On motion of Council Member _____, seconded by _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 7th day of February, 2012, and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

ATTEST:

Lisa Wolf, City Clerk

Amendments to Fiscal Year 2011-12 Budget

General Fund Revenue Adjustments

	FY 11-12 Adopted		
	<u>Budget</u>	<u>Projection</u>	<u>Adjustment</u>
Property Tax	12,662,405	12,768,710	106,305
Sales Tax	5,601,580	5,942,447	340,867
Utility Users Tax	5,256,200	5,151,375	(101,825)
Franchise Fees	1,711,115	1,666,115	(45,000)
Business License Tax	462,000	485,000	23,000
Transient Occupancy Tax	255,000	290,000	35,000
Investment Earnings	220,000	60,000	(160,000)
Revenue from Other Agencies	2,054,410	2,061,590	<u>7,180</u>
Total Revenue Adjustments			\$202,527

General Fund Expenditure Adjustments

	FY 11-12 Adopted		
	<u>Budget</u>	<u>Projection</u>	<u>Adjustment</u>
Public Works & Community Development	2,312,835	2,331,633	18,795
Finance	1,124,745	1,163,355	38,610
Police	8,761,655	8,795,155	43,500
Non-Departmental & Debt Service	319,260	364,260	<u>47,250</u>
Total Expenditure Adjustments			\$148,155

Amendments to Fiscal Year 2011-12 Budget

Budget Adjustments – Other Funds

Fund	<u>Adjustment</u>	
	Revenue	Expenditure
021- Human Services	2,250	0
035-Street Projects	97,190	97,190
039-Police Grants - Federal	9,160	9,160
041-Police Grants -Non Federal	17,090	17,090
080-Storm Drain Improvement	16,495	16,495
087-Donations and Bequests	38,500	38,500
089-Literacy Fund	0	3,500
113-Facility Maintenance	35,000	38,700
596-Water Capital Projects	<u>0</u>	<u>24,475</u>
Total Adjustments	\$215,685	\$245,110

Prior Encumbrances and CIP Carryovers – Other Funds

Fund	Description	Adjustment
017	Gas Tax Funds	34,000
018	Tourtelot Mitigation Fund	69,975
021	Human Services Fund	8,750
034	Traffic Mitigation Fund	84,235
036, 041	Police Grants	28,725
050	Library Basement Project	352,040
080	Storm Water Improvements	3,380
081	Fire/Recycling Grants	12,615
083, 087	Library Grants	41,215
085	Donation Funded Projects	4,270
113	Facility Maintenance Fund	127,995
217	Valero GNCS Settlement Fund	229,790
325	Energy Conservation Capital Projects	3,181,695
014, 044, 516, 518	Wastewater	886,400
045, 090, 592, 593, 594	Water	<u>960,175</u>
Total Adjustments		\$6,025,260

APPENDIX A: COUNCIL MEMBER REQUESTED AGENDA ITEM

Requested by: **Council Member Campbell**

Desired Initial Council Meeting Date: February 7, 2012

Desired Date for Second Step or Policy Calendar Review: _____

Deadline for Action, if any: _____

Problem/Issue/Idea Name: **Revisit Design Review Duties and Powers of the Historic Preservation Review Commission**

Description of Problem/Issue/Idea:

After combining the duties of the Design Review Commission and Historic Preservation Commission the City Council was going to examine and evaluate how well it was working. Time to evaluate

COUNCIL DIRECTION

- No Further Action
- Schedule for Second Step on _____
- Schedule for Policy Calendar Review on _____
- Refer to: Staff _____
Commission _____
Board _____
Committee _____

Date Due: _____

REQUEST FOR ITEM ON COUNCIL AGENDA



Requested by: Tom Campbell

Requested Council Meeting Date: 2/1/12

Agenda Item Name: Revisit Duties and Powers of HPRC

Request to agendize the.....

After combining the duties of the Design Review Commission and Historic Preservation Commission the City Council was going to examine and evaluate how well it was working. Time to evaluate.