

June 23, 2009 Special Meeting

BENICIA CITY COUNCIL

SPECIAL MEETING AGENDA

City Council Chambers

June 23, 2009

6:00 P.M.

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

I. CALL TO ORDER (6:00 P.M.):

II. CONVENE OPEN SESSION:

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

III. ADOPTION OF THE AGENDA:

It is recommended that all public comment for this meeting be limited to three minutes since the public has already had the opportunity to comment on the budget items. A motion to approve the agenda will approve this change unless otherwise noted by the maker of the motion.

IV. 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.

If approved by the adoption of the agenda, each speaker has a maximum of three 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

V. ACTION ITEM:

A. [Adopt the resolution authorizing the City Attorney to cooperate with the League of California Cities, and other cities and counties in litigation challenging the constitutionality of any seizure by state government of the City's street maintenance funds.](#) (City Manager)

The League of California Cities asks that cities consider adopting a resolution to direct the City Attorney to cooperate with the League, and other cities and counties in planning litigation challenging the constitutionality of the proposed seizure of City and County funds. It does not commit the City to filing litigation, it directs the City Attorney to cooperate and work with the League and other local governments to advance the litigation. Benicia's projected 2009-10 motor vehicle fuel tax revenue loss would be \$466,841. Under the Governor's proposal, approved by the Budget Conference Committee, the City would lose this entire amount. In the next year, the loss would be about 75% of this amount.

Recommendation: Adopt the resolution authorizing the City Attorney to cooperate with the League of California Cities in litigation challenging the constitutionality of any seizure by state government of the City's street maintenance funds.

VI. BUDGET WORKSHOP:

A. Review of Fiscal Year 2010 and 2011 budgets.

On June 1, 2009, the City Council held a budget workshop to begin review of the fiscal year 2010 and 2011 budgets, including several department presentations. On June 15, 2009, the budget review continued with an overview and summary of the first workshop, as well as a review of proposed funding for discretionary projects and recommended funding for community grants. The June 23rd workshop is intended for review of proposed Department budgets. Additionally, questions raised at the June 15th workshop will be addressed.

Recommendation: Continue review of fiscal year 2010 and 2011 budgets.

VII. ADJOURNMENT (10:00 P.M.):

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. If approved by the adoption of the agenda, comments will be limited to no more than three 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

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact Valerie Ruxton, 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 this 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.

 [V-A Litigation Approval.pdf](#)

 [VI-A Review of Budgets.pdf](#)

**AGENDA ITEM
CITY COUNCIL MEETING: JUNE 23, 2009
ACTION ITEM**

DATE : June 16, 2009

TO : City Council

FROM : City Manager

SUBJECT : **ADOPT THE RESOLUTION AUTHORIZING THE CITY ATTORNEY TO COOPERATE WITH THE LEAGUE OF CALIFORNIA CITIES, OTHER CITIES AND COUNTIES IN LITIGATION CHALLENGING THE CONSTITUTIONALITY OF ANY SEIZURE BY STATE GOVERNMENT OF THE CITY'S STREET MAINTENANCE FUNDS**

RECOMMENDATION:

Adopt the resolution authorizing the City Attorney to cooperate with the League of California cities in litigation challenging the constitutionality of any seizure by state government of the City's street maintenance funds.

EXECUTIVE SUMMARY:

The League of California Cities asks that cities consider adopting a resolution to direct the City Attorney to cooperate with the League, and other cities and counties in planning litigation challenging the constitutionality of the proposed seizure of City and County funds. It does not commit the City to filing litigation, it directs the City Attorney to cooperate and work with the league and other local governments to advance the litigation. Benicia's projected 2009-10 motor vehicle fuel tax revenue loss would be \$466,841. Under the Governor's proposal, approved by the Budget Conference Committee, the City would lose this entire amount. In the next year, the loss would be about 75% of this amount.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

Strategic Plan Goal:

- Preserve and Enhance City Assets and Infrastructure

BUDGET INFORMATION:

None

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BACKGROUND:

The League of California Cities has asked cities to direct their City Attorney to become engaged and cooperate in the planning of possible litigation in order to send the message that the Governor's proposal would violate Article XIX of the California Constitution. The attached memo to city officials from the League's Executive Director summarizes the League's position on the proposed resolution. The draft resolution directs the City Clerk to send copies to our legislators, the Governor, the League, and various community groups that care about traffic safety in the city.

Attachments:

- Resolution
- Memo from the League of California Cities

RESOLUTION

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RESOLUTION 09-

A RESOLUTION AUTHORIZING THE CITY ATTORNEY TO COOPERATE WITH THE LEAGUE OF CALIFORNIA CITIES, OTHER CITIES AND COUNTIES IN LITIGATION CHALLENGING THE CONSTITUTIONALITY OF ANY SEIZURE BY STATE GOVERNMENT OF THE CITY'S STREET MAINTENANCE FUNDS

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused them to make painful budget cuts, including layoffs and furloughs of city workers, decreasing maintenance and operations of public facilities, and reductions in direct services to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s the state government of California has seized over **\$10 billion** of city property tax revenues statewide, now amounting to over \$900 million each year, to fund the state budget even after deducting public safety program payments to cities by the state; and

WHEREAS, in his proposed FY 2009-10 budget the Governor has proposed transferring \$1 billion of local gas taxes and weight fees to the state general fund to balance the state budget, and over \$700 million in local gas taxes permanently in future years, immediately jeopardizing the ability of the City to maintain the City's streets, bridges, traffic signals, streetlights, sidewalks and related traffic safety facilities for the use of the motoring public; and

WHEREAS, the loss of almost all of the City's gas tax funds will seriously compromise the City's ability to perform critical traffic safety related street maintenance, including, but not limited to, drastically curtailing patching, resurfacing, street lighting/traffic signal maintenance, payment of electricity costs for street lights and signals, bridge maintenance and repair, sidewalk and curb ramp maintenance and repair, and more; and

WHEREAS, some cities report to the League of California Cities that they will be forced to eliminate part or all of their street maintenance operations while others will be forced to cut back in other areas (including public safety staffing levels) to use city general funds for basic street repair and maintenance. Furthermore, cities expect that liability damage awards will mount as basic maintenance is ignored and traffic accidents, injuries and deaths increase; and

WHEREAS, in both Proposition 5 in 1974 and Proposition 2 in 1998 the voters of our state overwhelmingly imposed restriction on the state's ability to do what the Governor has proposed, and any effort to permanently divert the local share of the gas tax would violate the state constitution and the will of the voters; and

WHEREAS, cities and counties maintain 81% of the state road network while the state directly maintains just 8%; and

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WHEREAS, ongoing street maintenance is a significant public safety concern. A city's failure to maintain its street pavement (potholes filling, sealing, overlays, etc.), traffic signals, signs, and street lights has a direct correlation to traffic accidents, injuries and deaths; and

WHEREAS, according to a recent statewide needs assessment¹ on a scale of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 68, or "at risk." Local streets and roads will fall to "poor" condition (Score of 48) by 2033 based on existing funding levels available to cities and counties.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby directs the City Attorney to take all necessary steps to cooperate with the League of California Cities, other cities and counties in supporting litigation against the state of California if the legislature enacts and the governor signs into law legislation that unconstitutionally diverts the City's share of funding from the Highway Users Tax Account (HUTA), also known as the "gas tax," to fund the state general fund.

BE IT FURTHER RESOLVED, that the city clerk shall send this resolution with an accompanying letter from the Mayor to the Governor and the City's legislator, informing them in the clearest of terms of the City's adamant resolve to oppose any effort to frustrate the will of the electorate as expressed in Proposition 5 (1974) and Proposition 2 (1998) concerning the proper use and allocation of the gas tax; and

BE IT FURTHER RESOLVED, that a copy of this Resolution shall be sent by the City Clerk to the League of California Cities, the local Chamber of Commerce, and other community groups whose members are affected by this proposal to create unsafe conditions on the streets of our City for pedestrians, bicyclists and motorists.

* * * * *

¹ *California Statewide Local Streets and Roads Needs Assessment*, Nichols Consulting Engineers, Chtd. (2008), sponsored by the League of California Cities, California State Association of Counties and County Engineers Association of California.

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 held on the 23rd day of June, 2009 and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

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**MEMO FROM THE
LEAGUE OF CALIFORNIA CITIES**

Special Meeting V-A-7



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: 916.658.8200 Fax: 916.658.8240
www.cacities.org

TO: City Officials
FROM: Chris McKenzie, Executive Director
RE: Sample Resolution RE: Litigation Over Unconstitutional Diversion of
Local Share of Motor Fuel (Gas) Tax
DATE: Friday, June 12, 2009

Background. In his final revised May Revision, the Governor proposed the seizure of almost \$1 billion in city and county shares of revenues in the Highway Users Tax Account (HUTA) from the motor fuel tax (or gallonage gas tax) to fund past and future highway bond debt service payments out of the general fund. Yesterday the Joint Budget Conference Committee endorsed this recommendation on a party line vote. It is clear to attorneys employed and retained by the League that this recommendation, if enacted into law, would be unconstitutional. In fact, in both 1974 and 1998 voters enacted limitations on the power of the legislature to seize and use HUTA gas tax funds, allowing only loans to the general fund on a limited basis. The attached legal opinion from the Sacramento law firm of Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP, sets forth the legal analysis and conclusion that the Governor's proposal would violate Article XIX of the California Constitution.

Resolution. The League has developed the attached sample resolution for cities that wish to direct their city attorney to cooperate with the League, other cities and counties in planning litigation challenging the constitutionality of the proposed theft of city and county funds. It does not commit the city to filing litigation, but it directs the city attorney to cooperate and work with the League and other local governments to advance the litigation. If litigation proves necessary in the next month or so, we anticipate there will be some lead cities and counties, along with the League. It may eventually prove desirable to have every interested city named in the litigation. As a result, asking your city attorney to get engaged and cooperate in the planning of this possible next step is appropriate and to send the message you will not take this lying down.

Your City's Gas Tax Loss. For your city's projected 2009-10 motor vehicle fuel tax revenue loss see <http://www.californiacityfinance.com/HUTAprjFY10.pdf> The total amount of loss for each city is in the far right column. Under the Governor's proposal, approved by the Budget Conference committee, your city would lose this entire amount. In the next year, the loss would be about 75% of this amount.

Where to Send Copies. The draft resolution directs the city clerk to send copies to your legislators, the Governor, the League, and various community groups that care about traffic safety in your city. We would appreciate you faxing copies to both your League Regional Public Affairs Manager and the League's Sacramento Office (Fax 916-658-8240).

Questions. If you have any questions or need any information please contact your League Regional Public Affairs Manager. City attorneys should contact Patrick Whitnell, League General Counsel, at pwhitnell@cacities.org.

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AGENDA ITEM
SPECIAL CITY COUNCIL MEETING: JUNE 23, 2009
ACTION ITEM

DATE : June 18, 2009
TO : City Manager
FROM : Finance Director
SUBJECT : **CONSIDERATION OF BUDGET OPTIONS**

RECOMMENDATION:

This is an informational item.

EXECUTIVE SUMMARY:

During the June 15, 2009 Budget Workshop, the City Council requested that staff present options for funding Economic Development, Community Grants, and Human Services and Arts Grants at prior year levels. In addition, the Council requested that Tier 2 projects recommended by the City Manager receive funding. The attached budget options include funding for the grants, programs and projects mentioned above and would yield a balanced budget in both fiscal years, if included. The proposed options would be accomplished through a revision to revenue estimates for the Valero Utility Users' Tax of \$347,000, based on information received on June 16, 2009. The increased revenue was partially offset by an updated property tax reduction of \$126,000 and Vehicle License Fee Swap loss of \$79,000, which is tied to assessed valuation changes. The proposed ending fund balance for FY 2009-10 is 6.5 million and FY 2010-11 will be \$6.7 million, or 20.4% and 20.9%, respectively. Staff is still waiting for final assessed valuation numbers from the County Assessor, which could result in further assessed valuation losses beyond proposed amounts.

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:

BACKGROUND:

During the June 15, 2009 Budget Workshop, the City Council requested that staff present options for funding Economic Development, Community Grants, and Human Services and Arts Grants at prior year levels. Following the meeting, Chris Howe, Valero Community and Governmental Affairs Director, delivered revised Utility User's Tax amounts to Finance Staff that indicated we

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would receive an additional \$347,355 in FY 2009-10 for a total of \$2,847,355. During a brief conversation, he indicated the FY 2010-11 receipts would be down slightly due to a combination of the rolling five-year average formula and declining natural gas prices. Staff has therefore revised the FY 2010-11 amount to increase by only \$150,000 to \$2,650,000.

Unfortunately, the County Assessor has been sending weekly updates for assessed valuation changes, the most recent of which have been adverse. Accordingly, staff has reduced residential property tax estimates of \$126,390 and \$138,665 for FY 2009-10 and FY 2010-11 respectively. Likewise, reductions to the Vehicle License Fee (VLF) Swap of \$79,360 should be recognized in each of the two years. The VLF Swap amount is increased or decreased each year depending on the change in total assessed valuation.

With the revenue adjustments in place, full-funding would be possible with the following additional amounts for Community Groups, \$17,970, Economic Development, \$7,600, and Tier 2 projects, \$160,000 in FY 2009-10. For the purposes of this exercise, the only Tier 2 expense extended to FY 2010-11 is to continue funding the Arts and Culture Commission. It is assumed the other Tier 2 projects and programs will be reconsidered for appropriate funding in June 2010, along with other budget updates for FY 2010-11.

As a matter of information, the proposed Parks and Community Services budget has been updated to recognize the recreation activities that will take place at the Benicia Community Center beginning this summer. Since the renovation of the three modular buildings at the Benicia Community Center, the Parks and Community Services Department is utilizing the facility for the Summer Adventurers Day Camp program. The expenses and revenues associated with this program have been transferred from the Community Services Division and are now reflected in the Benicia Community Center Division budget. Following is a summary of the revised budget for the PCS division.

**Benicia Community Center
FY 2009-11 Additions**

<u>Account Number</u>	<u>Annual Amount</u>
Recreation Program Revenue	\$58,120
Temporary Part-Time Staff	(\$41,220)
Program Contracts	(\$3,180)
Operating Supplies	(\$4,000)
Net Contribution	\$9,720

To understand the financial effects of the above options, staff has prepared revised budget pages that reflect the changes. The General Fund would remain balanced, and the minimum 20% reserve would be maintained.

Advancing Capital Projects:

During the second budget workshop, staff was asked to look at the possibility of moving forward with capital projects quickly to take advantage of the competitive bidding climate. If the Council

wishes to proceed in the first year of the two-year budget with certain projects, such as the Library Basement, it is possible to establish a one-year Interfund Loan to accomplish this goal.

As options noted above are considered, it should be noted that the weak economic climate will likely continue for the next few years and that key revenues such as property taxes could be lower in the budget period than expected. Additionally, Department budgets have been trimmed back with position reductions via hiring freeze and reduction in operation accounts of 10%. Accordingly, we should be especially cautious when considering proposals that will increase on-going operating expenses and proposals that will significantly reduce the General Fund 20% reserve for contingencies and uncertainties.

Attachments:

- Optional Budget Adjustments

OPTIONAL BUDGET ADJUSTMENTS

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Optional Budget Adjustments 06/18/09

All Funds Summary

	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	%	Proposed 2010-11 (3)	%
						(2/1)		(3/2)
Revenues								
General Fund	32,387,125	33,201,895	33,757,365	33,737,415	32,720,300	-3%	32,877,255	0%
Special Revenue Funds	3,101,545	3,498,035	3,423,910	3,248,955	3,565,380	4%	3,225,810	-10%
Debt Service Funds	1,129,940	1,174,805	1,266,685	1,166,535	1,161,790	-8%	1,161,790	0%
Capital Project Funds	4,274,580	3,228,560	7,640,905	3,304,750	4,765,960	-38%	2,374,420	-50%
Internal Service Funds	3,618,555	4,450,215	3,766,380	3,879,580	3,701,449	-2%	3,642,818	-2%
Enterprise Funds	39,501,930	19,815,950	21,086,595	16,799,565	17,152,140	-19%	17,631,515	3%
Agency Funds	2,168,535	2,000,870	1,921,080	1,505,014	1,498,720	-22%	1,498,720	0%
Revenue Total	\$ 86,182,210	67,370,330	72,862,920	63,641,814	64,565,739	-11%	62,412,328	-3%
Expenditures								
General Fund	30,086,505	33,391,895	36,280,740	36,261,535	32,911,330	-9%	32,848,900	0%
Special Revenue Funds	3,448,905	2,768,635	4,821,490	3,805,258	4,352,785	-10%	3,872,570	-11%
Debt Service Funds	3,109,095	1,457,400	1,180,750	1,183,745	1,185,970	0%	1,186,645	0%
Capital Project Funds	9,303,000	3,611,090	11,913,085	4,813,950	4,824,210	-60%	3,247,205	-33%
Internal Service Funds	4,142,475	5,414,090	4,464,145	3,692,060	4,227,840	-5%	3,804,569	-10%
Enterprise Funds	44,008,645	21,115,930	31,104,780	29,759,980	20,317,340	-35%	19,206,114	-5%
Agency Funds	2,077,400	1,913,810	1,920,730	1,915,885	1,850,180	-4%	1,837,530	-1%
Expenditure Total	96,176,025	69,672,850	91,685,720	81,432,414	69,669,655	-24%	66,003,533	-5%
Combined Surplus/(Deficit)	(9,993,815)	(2,302,520)	(13,822,800)	(17,790,600)	(5,103,916)	-73%	(3,591,205)	-30%
Fund Balance								
General Fund	6,966,135	7,242,575	6,513,785	6,592,410	6,497,840	0%	6,726,740	4%
Special Revenue Funds	2,701,315	3,430,715	2,028,685	3,012,382	2,236,652	10%	1,589,892	-29%
Debt Service Funds	1,409,550	1,126,955	1,212,890	1,109,745	1,085,565	-10%	1,060,710	-2%
Capital Project Funds	4,969,135	4,586,605	314,425	3,077,405	3,019,155	-	2,146,370	-29%
Internal Service Funds	3,211,440	3,052,525	2,776,445	3,268,650	2,742,259	-1%	2,580,508	-6%
Enterprise Funds	26,797,153	24,223,427	15,002,214	17,771,529	16,910,433	13%	16,242,298	-4%
Agency Funds	3,236,725	3,196,135	3,196,485	3,214,550	3,259,490	2%	3,317,080	2%
Total Fund Balance	\$ 49,291,453	46,858,937	31,044,929	38,046,670	35,751,393	18%	33,663,597	-6%

Optional Budget Adjustments 06/18/09

General Fund Summary - By Department

	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed Budget 2009-10 (2/1)	%	Proposed Budget 2010-11 (3)	%
						(2)		(3/2)
Revenues								
City Council	0	200	0	1,280	500		500	
City Clerk	50	0	0	0	0		0	
City Treasurer	52,570	56,850	92,510	92,710	97,860	6%	100,815	3%
City Manager	190	570	0	2,400	500		500	
City Attorney	130	0	0	0	0		0	
Economic Development	0	1,000	0	30	0		0	
Human Resources	505	515	0	0	0		0	
Finance	30	0	0	0	0		0	
Library	74,195	67,365	72,770	61,505	64,505	-11%	64,505	0%
Community Development	510,100	482,585	363,450	361,600	361,900	0%	361,900	0%
Police	483,210	453,825	409,630	401,830	406,700	-1%	406,700	0%
Fire	286,275	335,435	402,080	392,080	360,000	-10%	360,000	0%
Public Works	198,000	45,255	89,500	84,550	41,500	-54%	41,500	0%
Parks & Community Services	961,310	1,023,270	948,220	1,032,280	1,023,560	8%	1,023,560	0%
Insurances	0	6,640	23,900	23,900	0		0	
Non-Departmental	27,511,940	29,291,595	29,493,210	29,407,725	29,662,860	1%	29,857,695	1%
Interfund Transfer-In	168,230	78,165	80,415	80,415	80,415	0%	80,415	0%
Revenue Total	\$ 30,246,735	31,843,270	31,975,685	31,942,305	32,100,300	0%	32,298,090	1%
Expenditures								
City Council	82,420	97,075	101,575	102,235	102,100	1%	105,180	3%
City Clerk	69,175	78,010	80,910	77,100	79,715	-1%	81,435	2%
City Treasurer	52,570	56,850	92,510	92,710	97,860	6%	100,815	3%
City Manager	418,230	454,430	546,205	545,355	565,665	4%	583,860	3%
City Attorney	571,485	569,185	579,195	585,940	620,030	7%	635,570	3%
Human Resources	450,820	365,100	375,385	337,880	349,700	-7%	360,930	3%
Finance	999,675	983,070	1,122,410	1,137,405	1,110,365	-1%	1,154,520	4%
Community Grants & Programs	388,225	486,255	506,750	506,750	420,460	-17%	419,180	0%
Economic Development	383,335	454,740	501,495	502,770	443,380	-12%	443,585	0%
Library	1,144,595	1,209,775	1,273,790	1,260,860	1,267,045	-1%	1,230,160	-3%
Community Development	1,227,030	1,433,840	1,487,550	1,404,615	1,432,415	-4%	1,476,555	3%
Police	7,293,635	8,026,425	8,125,060	8,176,180	8,431,440	4%	8,631,390	2%
Fire	6,203,785	6,899,210	6,983,220	7,127,615	7,129,810	2%	7,283,540	2%
Public Works	1,774,765	1,956,655	2,086,645	2,053,595	1,894,985	-9%	1,926,840	2%
Parks & Community Services	4,366,800	5,268,170	5,443,905	5,227,920	5,174,520	-5%	5,287,955	2%
Insurances	725,110	712,735	516,625	581,630	528,855	2%	539,700	2%
Non-Departmental & Debt Service	1,547,545	2,164,320	1,701,290	1,782,685	1,452,220	-15%	1,141,460	-21%
Interfund Transfer-Out	632,785	595,815	698,745	695,055	750,765	7%	781,225	4%
Expenditure Total	\$ 28,331,985	31,811,660	32,223,265	32,198,300	31,851,330	-1%	32,183,900	1%
Operational Surplus/(Deficit)	1,914,750	31,610	(247,580)	(255,995)	248,970		114,190	
Capital Projects & Non-Recurring								
Non-Recurring Revenues	2,140,390	1,358,625	1,781,680	1,795,110	620,000	-65%	579,165	-7%
Non-Recurring Expenditures	1,754,520	1,580,235	4,057,475	4,063,235	1,060,000	-74%	665,000	-37%
Combined Surplus/(Deficit)	2,300,620	(190,000)	(2,523,375)	(2,524,120)	(191,030)		28,355	
Transfers to B.S. Loans Receivable	(190,115)	(281,145)	(66,440)	(145,810)	(175,085)		(200,545)	
Transfers to Project Reserves	2,550,535		(1,728,145)	(1,728,145)				
Misc Adj to Fund Balance	(97,050)	(185,295)						
Fund Balance	\$ 6,966,135	7,242,575	6,513,785	6,592,410	6,497,840		6,726,740	
Reserve Percentage	24.6%	22.8%	20.2%	20.5%	20.4%		20.9%	
Over/(Short) of 20% Requirement	1,299,738	880,243	69,132	152,750	127,574		289,960	

Optional Budget Adjustments 06/18/09

Special Revenue Funds Summary

	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenues								
BUSD Fields	246,770	0	0	0	0	-	0	-
Community Development Block Grants	56,155	68,435	26,000	19,905	525,615	-	418,900	-20%
Community Services Programs	30,760	58,300	33,810	40,735	34,895	3%	35,175	1%
Fire Special Revenue Funds	8,925	34,700	22,800	9,620	19,000	-17%	7,325	-61%
Gas Tax Funds	518,935	965,965	829,235	685,995	728,640	-12%	753,980	3%
Human Services Fund	117,495	250,210	256,770	256,770	243,670	-5%	243,670	0%
Landscaping & Lighting Districts	458,475	457,045	448,225	432,165	433,635	-3%	432,960	0%
Library Special Revenue Funds	1,146,930	1,123,125	1,127,560	1,070,400	1,039,015	-8%	1,024,735	-1%
Southern Pacific Depot	27,385	20,055	5,880	0	13,100	123%	25,700	96%
Police Special Revenue Funds	400,500	403,050	575,130	544,435	270,905	-53%	269,965	0%
Tourtlot Mitigation	30,455	28,890	18,250	6,600	5,000	-73%	5,000	0%
FEMA OES	20,850	0	0	0	0	-	0	-
Climate Plan Grant	0	2,210	40,000	37,790	0	-100%	0	-
BCDC Grant	0	74,385	0	98,115	242,425	-	0	-100%
Cable Television Activities	37,910	11,665	40,250	46,425	9,480	-76%	8,400	-11%
Revenue Total	\$ 3,101,545	3,498,035	3,423,910	3,248,955	3,565,380	4%	3,225,810	-10%

Expenditures								
BUSD Fields	246,770	0	0	0	0	-	0	-
Community Development Block Grants	0	0	167,500	137,720	582,590	248%	476,875	-18%
Community Services Programs	200	43,200	80,515	80,515	55,300	-31%	55,425	0%
Fire Department Grants	13,975	27,260	37,865	16,400	42,920	13%	7,325	-83%
Gas Tax Funds	836,130	373,915	1,297,800	823,840	873,100	-33%	935,480	7%
Human Services Fund	139,185	254,600	257,995	271,495	241,790	-6%	241,790	0%
Landscaping & Lighting Districts	450,100	473,340	600,020	542,690	551,540	-8%	536,450	-3%
Library Grants	1,299,285	1,102,605	1,430,910	1,208,289	1,161,075	-19%	1,192,665	3%
Southern Pacific Depot	12,225	15,065	16,540	16,540	7,500	-55%	7,500	0%
Police Department Grants	366,595	347,155	685,245	403,065	518,545	-24%	343,690	-34%
Tourtlot Mitigation	42,515	33,505	112,975	74,975	43,000	-62%	43,000	0%
FEMA OES	13,530	0	0	0	0	-	0	-
Climate Plan Grant	0	2,210	37,790	37,790	0	-100%	0	-
BCDC Grant	0	74,385	0	98,115	242,425	-	0	-100%
Cable Television Activities	28,395	21,395	96,335	93,825	33,000	-66%	32,370	-2%
Expenditure Total	\$ 3,448,905	2,768,635	4,821,490	3,805,258	4,352,785	-10%	3,872,570	-11%

Combined Surplus/(Deficit)	(347,360)	729,400	(1,397,580)	(556,303)	(787,405)	-44%	(646,760)	-18%
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Fund Balance								
BUSD Fields	0	0	0	0	0	-	0	-
Community Development Block Grants	373,305	441,740	300,240	323,925	266,950	-11%	208,975	-22%
Community Services Programs	133,155	148,255	101,550	108,475	88,070	-13%	67,820	-23%
Fire Department Grants	11,585	19,025	3,960	12,245	0	-100%	0	-
Gas Tax Funds	24,855	616,905	148,340	479,060	334,600	126%	153,100	-54%
Human Services Fund	117,425	113,035	111,810	98,310	100,190	-10%	102,070	2%
Landscaping & Lighting Districts	411,105	394,810	243,015	422,255	304,350	25%	200,860	-34%
Library Grants	512,095	532,615	229,265	394,726	272,666	19%	104,736	-62%
Southern Pacific Depot	127,595	132,585	121,925	116,045	121,645	0%	139,845	15%
Police Department Grants	189,800	245,695	131,130	387,065	139,425	6%	65,700	-53%
Tourtlot Mitigation	695,775	691,160	596,435	622,785	584,785	-2%	546,785	-6%
FEMA OES	0	0	0	0	0	-	0	-
Climate Plan Grant	0	0	2,210	0	0	-100%	0	-
BCDC Grant	0	0	0	0	0	-	0	-
Cable Television Activities	104,620	94,890	38,805	47,490	23,970	-38%	0	-100%
Total Fund Balance	\$ 2,701,315	3,430,715	2,028,685	3,012,382	2,236,652	10%	1,589,892	-29%

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Special Meeting VI-A-7

Optional Budget Adjustments 06/18/09

Capital Project Funds Summary

	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-11 (2)	%	Proposed 2010-11 (3)	%
						(2/1)		(3/2)
Revenues								
Capital License	285,530	49,605	20,560	18,925	16,950	-18%	39,590	134%
Community Center	15,650	116,815	3,700	239,010	861,780	-	50,000	-94%
Intermodal Center	43,485	52,825	47,000	21,095	50,000	6%	500,000	-
McAllister Assessment Dist.	417,025	1,160	0	1,300	1,100	-	1,100	0%
Park Dedication	735,190	905,455	2,848,145	1,917,340	1,062,110	-63%	135,230	-87%
Police Building	923,160	214,095	0	4,885	0	-	0	-
Traffic Mitigation	376,825	265,255	291,500	143,780	75,000	-74%	75,000	0%
Storm Water Improvements	1,050,515	683,140	290,290	152,025	200,000	-31%	205,000	2%
Donation Funded Projects	7,410	810	0	0	0	-	0	-
Special Fund Street Projects	119,790	890,385	4,137,010	792,010	2,491,020	-40%	835,500	-66%
Casa de Vilarrasa	0	0	0	0	0	-	0	-
Library Basement Project	300,000	49,015	2,700	14,380	8,000	196%	533,000	-
Revenue Total	\$ 4,274,580	3,228,560	7,640,905	3,304,750	4,765,960	-38%	2,374,420	-50%
Expenditures								
Capital License	197,395	372,150	217,360	104,685	190,000	-13%	10,000	-95%
Community Center	227,750	438,275	1,574,645	363,110	560,000	-64%	50,000	-91%
Intermodal Center	0	31,530	173,700	59,725	50,000	-71%	500,000	-
McAllister Assessment Dist.	3,311,380	0	0	0	0	-	0	-
Park Dedication	767,545	1,240,140	3,446,885	3,197,745	400,000	-88%	0	-100%
Police Building	1,273,175	190,455	78,375	31,075	28,065	-64%	0	-100%
Traffic Mitigation	702,445	260,375	1,395,650	294,815	1,005,495	-28%	781,445	-22%
Storm Water Improvements	1,853,245	502,590	290,290	242,015	200,000	-31%	205,000	2%
Donation Funded Projects	157,280	1,760	13,175	0	20,140	53%	0	-100%
Special Fund Street Projects	529,445	537,085	4,347,735	518,375	2,370,510	-45%	835,500	-65%
Casa de Vilarrasa	283,340	0	0	0	0	-	0	-
Library Basement Project	0	36,730	375,270	2,405	0	-100%	865,260	-
Expenditure Total	\$ 9,303,000	3,611,090	11,913,085	4,813,950	4,824,210	-60%	3,247,205	-33%
Combined Surplus/(Deficit)	(5,028,420)	(382,530)	(4,272,180)	(1,509,200)	(58,250)	-99%	(872,785)	1398%
Fund Balance								
Capital License	588,360	265,815	69,015	180,055	7,005	-90%	36,595	-
Community Center	143,780	(177,680)	(1,748,625)	(301,780)	0	-100%	0	-
Intermodal Center	1,017,335	1,038,630	911,930	1,000,000	1,000,000	10%	1,000,000	0%
McAllister Assessment Dist.	20,600	21,760	21,760	23,060	24,160	11%	25,260	5%
Park Dedication	870,240	535,555	(63,185)	(744,850)	(82,740)	31%	52,490	-163%
Police Building	30,615	54,255	(24,120)	28,065	0	-100%	0	-
Traffic Mitigation	2,575,680	2,580,560	1,476,410	2,429,525	1,499,030	2%	792,585	-47%
Storm Water Improvements	(90,560)	89,990	89,990	0	0	-100%	0	-
Donation Funded Projects	21,090	20,140	6,965	20,140	0	-100%	0	-
Special Fund Street Projects	(508,005)	(154,705)	(365,430)	118,930	239,440	-166%	239,440	0%
Casa de Vilarrasa	0	0	0	0	0	-	0	-
Library Basement Project	300,000	312,285	(60,285)	324,260	332,260	-651%	0	-100%
Total Fund Balance	\$ 4,969,135	4,586,605	314,425	3,077,405	3,019,155	860%	2,146,370	-29%

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Special Meeting VI-A-8

Optional Budget Adjustments 06/18/09

Internal Service Funds Summary

	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenues								
Admin Services - Enterprises	501,265	702,505	735,305	734,170	1,026,440	40%	1,009,700	-2%
Fleet & Equipment Services	401,170	394,860	454,195	454,195	473,425	4%	484,935	2%
Workers' Compensation	544,435	568,060	493,605	429,515	591,895	20%	606,165	2%
Equipment Replacement	119,460	282,630	250,180	163,475	56,254	-78%	69,408	23%
Vehicle Replacement	474,210	899,645	470,275	797,670	267,840	-43%	160,215	-40%
Facility Maintenance	243,715	331,910	20,760	178,555	19,195	-8%	19,395	1%
Retirement Stabilization	1,334,300	1,270,605	1,342,060	1,122,000	1,266,400	-6%	1,293,000	2%
Revenue Total	\$ 3,618,555	4,450,215	3,766,380	3,879,580	3,701,449	-2%	3,642,818	-2%

Expenses								
Admin Services - Enterprises	501,265	702,505	735,305	734,170	1,026,440	40%	1,009,700	-2%
Fleet & Equipment Services	401,170	394,860	454,195	454,195	473,425	4%	484,935	2%
Workers' Compensation	542,390	435,480	571,805	637,835	696,175	22%	708,499	2%
Equipment Replacement	76,710	43,045	156,960	86,390	52,960	-66%	58,055	10%
Vehicle Replacement	352,995	1,162,635	200,385	372,545	215,205	7%	114,745	-47%
Facility Maintenance	277,575	184,975	718,685	282,550	500,000	-30%	125,000	-75%
Retirement Stabilization	1,990,370	2,490,590	1,626,810	1,124,375	1,263,635	-22%	1,303,635	3%
Expense Total	\$ 4,142,475	5,414,090	4,464,145	3,692,060	4,227,840	-5%	3,804,569	-10%

Combined Surplus/(Deficit)	(523,920)	(963,875)	(697,765)	187,520	(526,391)	-25%	(161,751)	-69%
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Working Capital								
Admin Services - Enterprises	0	0	0	0	0	-	0	-
Fleet & Equipment Services	0	0	0	0	0	-	0	-
Workers' Compensation	753,945	464,845	808,330	285,130	180,850	-78%	78,516	-57%
Equipment Replacement	302,050	541,635	634,855	618,720	622,014	-2%	633,367	2%
Vehicle Replacement	735,735	472,745	742,635	897,870	950,505	28%	995,975	5%
Facility Maintenance	492,135	639,070	(58,855)	535,075	54,270	-192%	(51,335)	-195%
Retirement Stabilization	927,575	934,230	649,480	931,855	934,620	44%	923,985	-1%
Total Working Capital	\$ 3,211,440	3,052,525	2,776,445	3,268,650	2,742,259	-1%	2,580,508	-6%

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Special Meeting VI-A-9

Optional Budget Adjustments 06/18/09

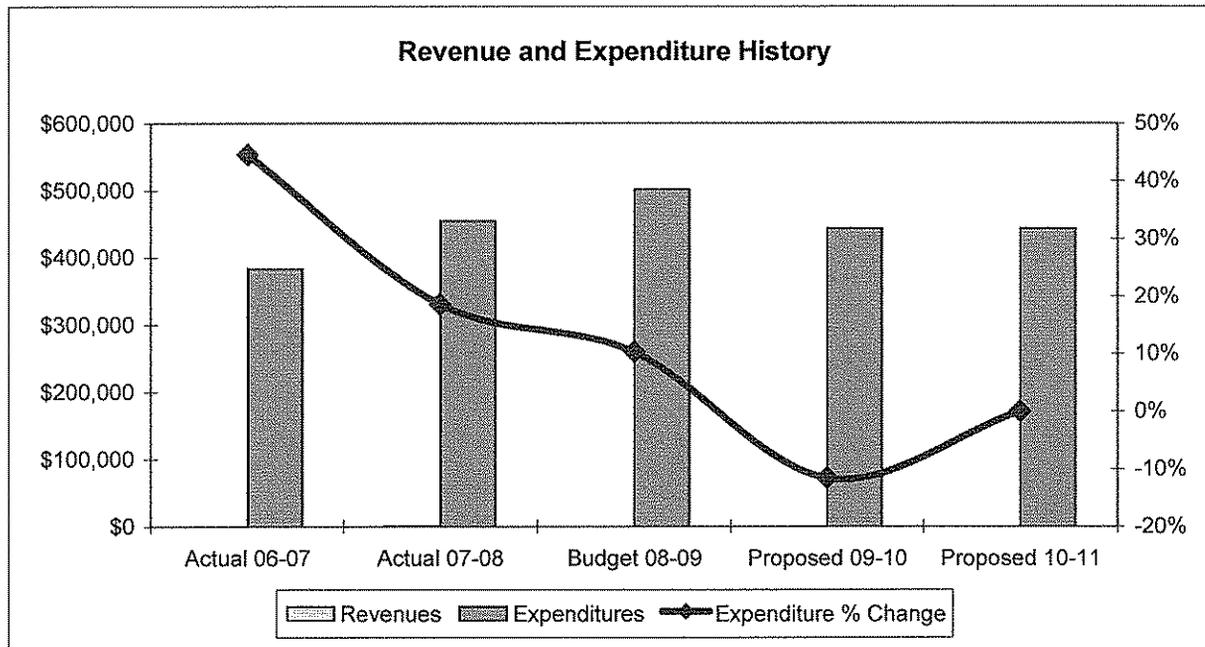
Economic Development

Fund 010 Division 2605	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenue Total	\$ 0	1,000	0	30	0	-	0	-
Expenditures								
Salary & Wages	\$ 159,420	177,355	148,645	148,645	152,740	3%	155,795	2%
Benefits	63,315	78,800	74,570	74,570	64,405	-14%	66,450	3%
Services & Supplies *	159,005	196,180	276,700	278,250	224,655	-19%	219,700	-2%
Capital Outlay	0	630	500	225	470	-6%	500	6%
Internal Service Charges	1,595	1,775	1,080	1,080	1,110	3%	1,140	3%
Expenditure Total	\$ 383,335	454,740	501,495	502,770	443,380	-12%	443,585	0%
Net Contribution / (Use)	\$ (383,335)	(453,740)	(501,495)	(502,740)	(443,380)		(443,585)	

* Includes:

Economic Development Expenditures

Chamber of Commerce	5,945	5,945	6,200	6,000	6,200	0%	6,200	0%
Main Street Programs	56,400	112,000	117,500	115,000	117,500	0%	117,500	0%
Marketing	3,535	475	3,000	3,000	3,000	0%	3,000	0%
Tourism Program	14,085	50,195	55,000	55,000	55,000	0%	55,000	0%
Enhanced Service Level - Main Street	50,000	0	0	0	0	-	0	-
Totals	129,965	168,615	181,700	179,000	181,700	0%	181,700	0%



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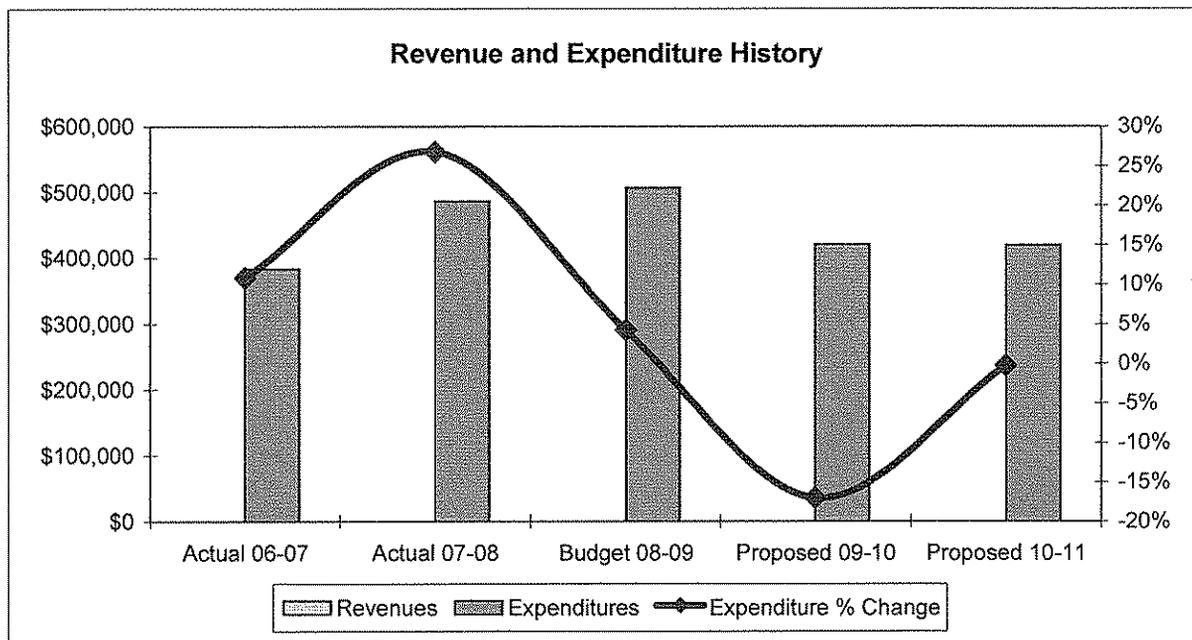
Special Meeting VI-A-10

Optional Budget Adjustments 06/18/09

Community Grants and Programs

The City of Benicia sponsors several community-based organizations. The non-profits are asked to submit grant requests to the City Council or the Human Services and Arts Board each budget cycle. The applications contain an outline of their plans for using the grants in the community. The HSAB recommends appropriate funding levels for each Grantee, subject to the approval of the City Council.

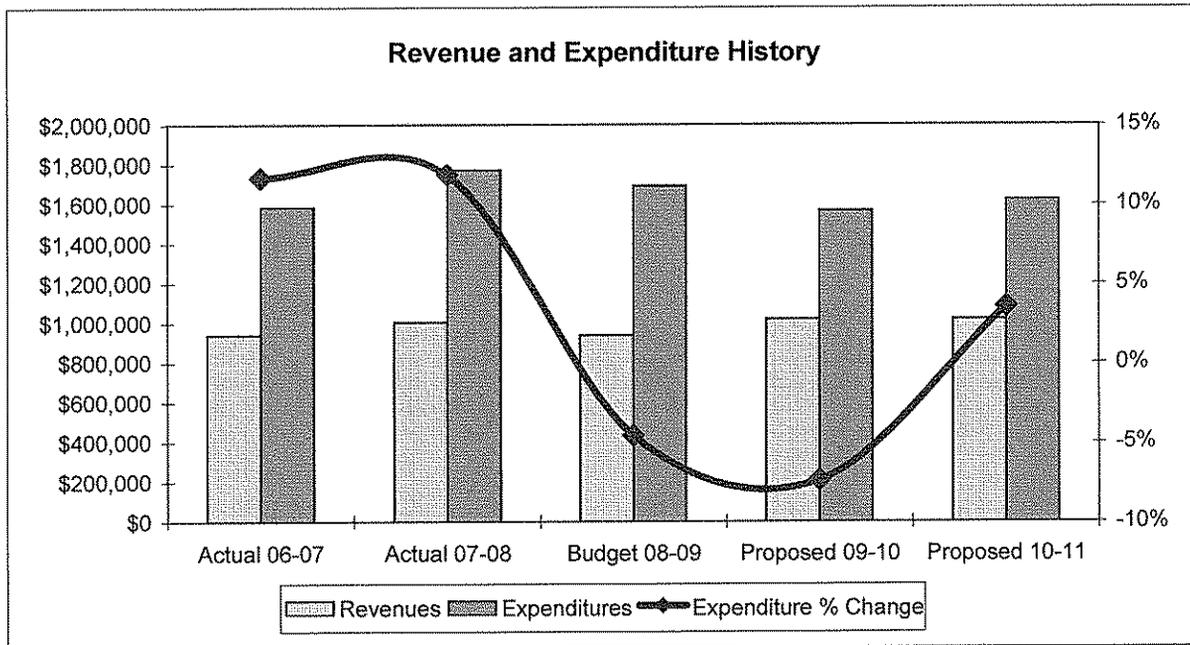
Fund 010 Division 2305	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenue Total	\$ 0	0	0	0	0	-	0	-
Expenditures								
Crossing Guards	\$ 49,125	65,500	65,500	65,500	65,500	0%	65,500	0%
Senior Center Contribution	6,000	6,500	6,000	6,000	6,000	0%	6,000	0%
Tula Sister City	1,290	1,400	1,500	1,500	1,500	0%	1,500	0%
Historical Museum	50,000	75,000	80,000	80,000	50,000	-38%	50,000	0%
Transfer Out-Youth Action Coalition	35,250	40,000	42,105	42,105	12,105	-71%	12,105	0%
Transfer Out-ATOD Match	0	15,105	17,725	17,725	0	-100%	0	-
Transfer Out-Literacy Program	84,390	66,580	72,750	72,750	64,185	-12%	62,905	-2%
Transfer Out-Human Services Grants	81,300	120,000	125,000	125,000	125,000	0%	125,000	0%
Transfer Out-HSAB Arts Grants	76,170	96,170	96,170	96,170	96,170	0%	96,170	0%
Expenditure Total	\$ 383,525	486,255	506,750	506,750	420,460	-17%	419,180	0%
Net Contribution / (Use)	\$ (383,525)	(486,255)	(506,750)	(506,750)	(420,460)		(419,180)	



Optional Budget Adjustments 06/18/09

Community Services

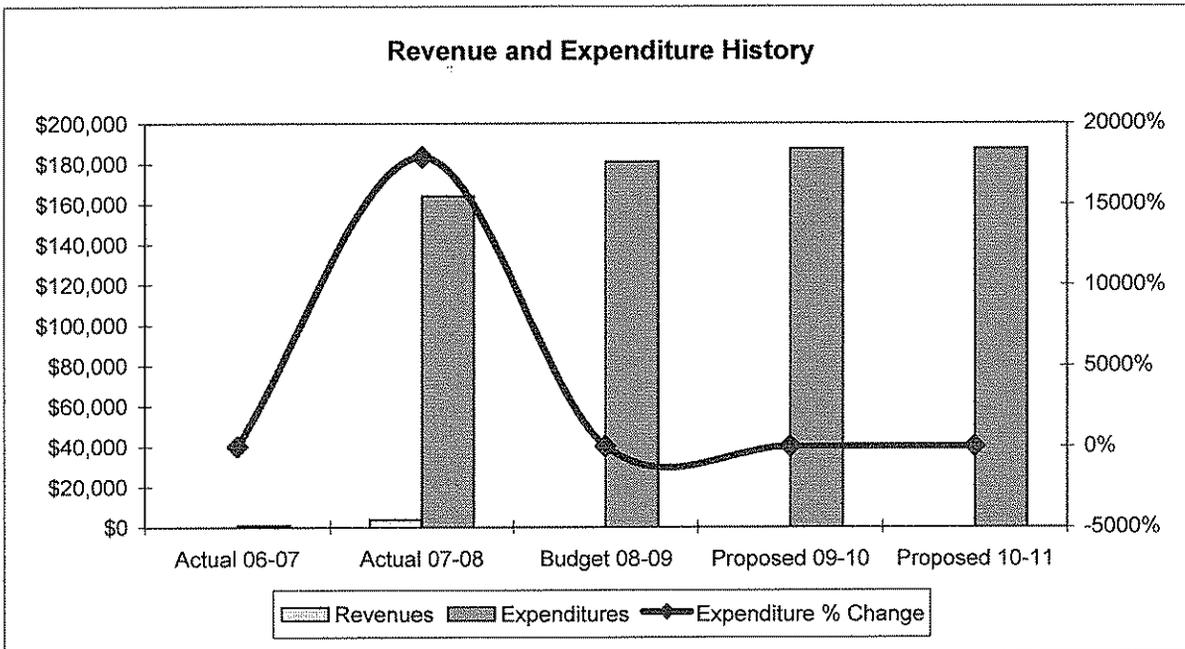
Fund 010 Division 9305	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenue Total	\$ 941,390	1,005,365	939,300	1,016,920	1,019,920	9%	1,019,920	0%
Expenditures								
Salary & Wages	\$ 965,160	1,092,650	1,054,215	1,119,525	977,850	-7%	1,022,850	5%
Benefits	151,530	193,615	167,390	217,760	152,325	-9%	161,385	6%
Services & Supplies	437,905	451,690	442,105	427,645	416,160	-6%	416,535	0%
Capital Outlay	9,105	11,070	0	0	0	-	0	-
Internal Service Charges	20,760	23,030	27,440	28,290	20,000	-27%	21,140	6%
Expenditure Total	\$ 1,584,460	1,772,055	1,691,150	1,793,220	1,566,335	-7%	1,621,910	4%
Net Contribution / (Use)	\$ (643,070)	(766,690)	(751,850)	(776,300)	(546,415)		(601,990)	



Optional Budget Adjustments 06/18/09

Benicia Community Center

Fund 010 Division 9050	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenue Total	\$ 0	3,850	0	0	0	-	0	-
Expenditures								
Salary & Wages	\$ 0	0	0	0	39,400	-	39,400	-
Benefits	0	0	0	0	1,080	-	1,080	-
Services & Supplies	910	163,905	180,925	150,770	146,180	-19%	146,180	0%
Capital Outlay	0	0	0	0	0	-	0	-
Internal Service Charges	0	0	0	0	740	-	740	-
Expenditure Total	\$ 910	163,905	180,925	150,770	187,400	4%	187,400	0%
Net Contribution / (Use)	\$ (910)	(160,055)	(180,925)	(150,770)	(187,400)		(187,400)	



Optional Budget Adjustments 06/18/09

Non-Departmental Division

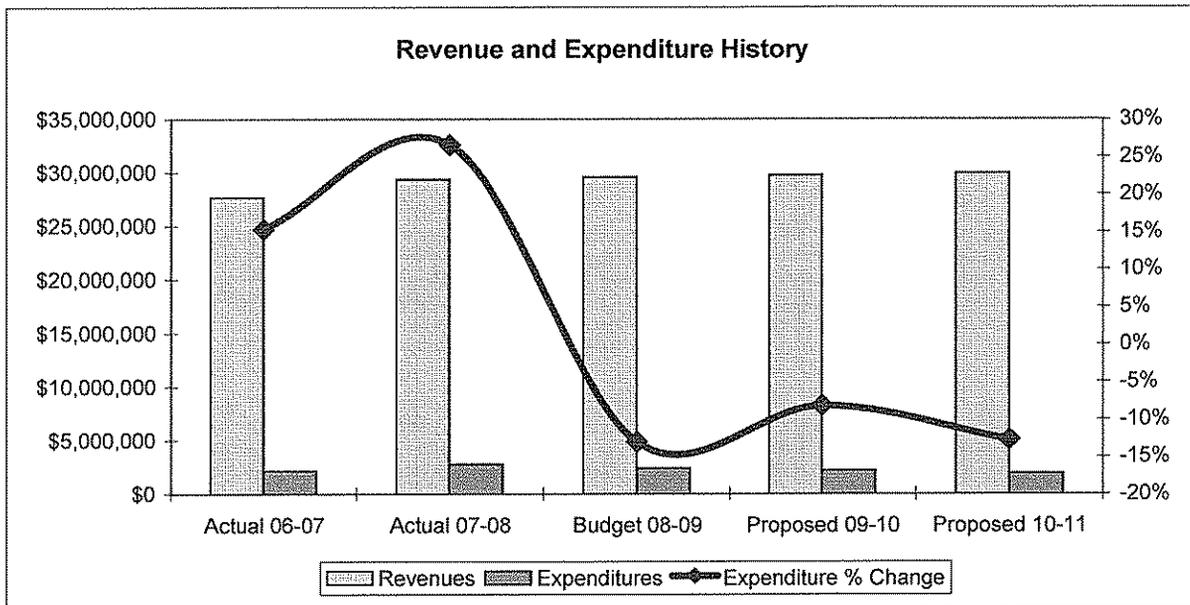
The Non-Department Division is used to account for revenues and expenditures that are not linked to a single departments activities. The revenues section collects the majority of all General Fund revenues, including Property Tax, Sales Tax, Utility Users Tax and Franchise Fees. The expenditures section records many of the expenses that are shared between departments, such as office supplies, telephone supplies, and consultants used on citywide projects.

Acct	Fund 010 Division 2405	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	% (2/1)	Proposed 2010-11 (3)	% (3/2)
Revenues									
7011	Property Tax-Secured	\$ 11,366,550	11,857,570	12,461,990	12,461,990	12,586,820	1%	12,574,545	0%
7011	Unitary Tax	148,700	180,560	191,640	191,640	191,640	0%	191,640	0%
7011	Mills Act Agreements	0	0	(35,680)	(35,680)	(35,680)	0%	(35,680)	0%
7011	Valero Appeal Reimbursement	(861,070)	(788,985)	(582,880)	(582,880)	(348,740)	-40%	0	-
7012	Property Tax-Unsecured	466,310	428,705	514,970	514,970	613,605	19%	625,880	2%
7012	Property Tax-Unsecured to Marina Fund	0	(48,000)	(48,000)	(48,000)	(49,000)	2%	(50,000)	2%
7013	Prior Year Tax	(6,980)	21,090	(64,120)	(64,120)	0	-100%	0	-
7014	Homeowners Exemption	133,005	124,235	128,130	128,130	128,130	0%	128,130	0%
7017	Supplemental Property Tax	774,070	421,990	26,155	26,155	50,000	91%	50,000	0%
7018	Valero Property Tax Agreement	0	892,165	658,590	658,590	348,740		0	
7121	Sales and Use Tax	4,476,265	4,761,260	4,538,000	4,538,000	4,600,000	1%	4,725,000	3%
7122	Sales Tax Triple Flip Offset	1,572,720	1,695,180	1,608,435	1,500,000	1,531,840	-5%	1,608,430	5%
7135	Utility Users Tax - P G & E	1,096,135	1,158,375	1,171,120	1,171,120	1,180,060	1%	1,203,430	2%
7136	Utility Users Tax - C.T.V.	194,715	204,490	201,100	201,100	201,100	0%	205,120	2%
7137	Utility Users Tax - Communications	693,170	745,680	701,360	701,360	701,360	0%	715,390	2%
7138	Utility Users Tax - Valero	1,838,175	2,081,970	2,329,930	2,329,930	2,847,355	22%	2,650,000	-7%
7207	Franchise Fee - Solid Waste	130,000	135,000	140,000	140,000	140,000	0%	140,000	0%
7208	Franchise Fee - P G & E	950,595	1,104,400	1,353,240	1,353,240	1,237,490	-9%	1,287,490	4%
7209	Franchise Fee - Cable TV	319,700	342,585	350,000	350,000	350,000	0%	350,000	0%
7210	Franchise Fee - Kinder Morgan	7,520	7,770	7,980	7,980	7,980	0%	7,980	0%
7211	Transient Lodging Tax	253,220	248,375	243,000	243,000	268,000	10%	290,000	8%
7213	Business License Tax	470,675	430,985	464,660	464,660	434,000	-7%	442,680	2%
7214	Real Prop. Transfer Tax	308,450	121,450	76,000	76,000	125,000	64%	150,000	20%
7281	Dog License	20,060	36,410	0	0	0	-	0	-
7411	Investment Earnings	555,720	580,935	420,000	450,950	425,000	1%	425,000	0%
7416	Retirement Stabilization Subsidy	413,085	379,280	461,595	461,595	0	-100%	0	-
7455	Rents & Concessions	94,845	102,840	102,910	102,910	100,000	-3%	100,000	0%
7502	State Vehicle License Fees (VLF)	147,625	196,630	65,225	65,225	125,000	92%	150,000	20%
7502	VLF Swap	1,867,610	1,795,975	1,964,490	1,964,490	1,870,190	-5%	1,889,690	1%
7507	Mandated Cost Reimbursement	26,445	22,835	2,400	2,400	0	-100%	0	-
7696	Admin. Fee Assess. Districts	11,985	12,470	12,470	12,470	12,470	0%	12,470	0%
7710	Refunds and Rebates	19,790	7,990	8,500	8,500	8,500	0%	8,500	0%
7910	Sales/Real/Pers. Property	2,000	21,980	10,000	10,000	10,000	0%	10,000	0%
7940	Miscellaneous Revenue	20,850	7,400	10,000	2,000	2,000	-80%	2,000	0%
7999	Transfer In - Interlibrary Loan	50,000	0	0	0	0	-	0	-
7999	Transfer In - Water Fund	64,675	46,900	48,250	48,250	48,250	0%	48,250	0%
7999	Transfer In - Wastewater Fund	53,555	31,265	32,165	32,165	32,165	0%	32,165	0%
	Allocate Designated Reserves			0	0	0		0	
	Revenue Total	\$ 27,680,170	29,369,760	29,573,625	29,488,140	29,743,275	1%	29,938,110	1%

Optional Budget Adjustments 06/18/09

Non-Departmental Division

Fund 010 Division 2405	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	%	Proposed 2010-11 (3)	%
						(2/1)		(3/2)
Revenue Total	\$ 27,680,170	29,369,760	29,573,625	29,488,140	29,743,275	1%	29,938,110	1%
Expenditures								
Salary & Wages	\$ 48,385	132,320	(16,600)	63,400	(355,000)	-	(695,000)	96%
Benefits	0	0	0	0	0	-	0	-
Services & Supplies	1,058,785	1,119,730	1,130,715	1,132,110	1,141,560	1%	1,161,560	2%
Capital Outlay	3,225	0	25,755	25,755	25,500	-1%	25,500	0%
Internal Service Charges	437,150	547,540	272,095	272,095	380,160	40%	389,400	2%
Debt Service	0	364,730	289,325	289,325	260,000	-10%	260,000	0%
Interfund Transfers Out	632,785	595,815	698,745	695,055	750,765	7%	781,225	4%
Expenditure Total	\$ 2,180,330	2,760,135	2,400,035	2,477,740	2,202,985	-8%	1,922,685	-13%
Transfers To/From Balance Sheet	0	(111,615)	(145,810)	(145,810)	(225,085)		(250,545)	
Net Contribution / (Use)	\$ 25,499,840	26,721,240	27,319,400	27,156,210	27,765,375		28,265,970	



Optional Budget Adjustments 06/18/09

Capital Projects and Non-Recurring Items

Acct	Fund 011 All Divisions	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	Proposed 2010-11 (3)
Revenues							
2405 7011	ERAF III Shift - - Valero PropTax Agmt	0	396,985	0	0	0	0
2405 7121	Valero VIP Construction Sales Tax	0	100,000	100,000	100,000	250,000	250,000
2405 7138	Valero Utility User Tax	1,234,705	0	0	0	0	0
2405 7226	Nationwide Settlement	0	78,750	20,670	0	0	0
2405 7428	Advance from WW Connection	0	0	1,627,010	1,627,010	0	0
2405 7710	Refunds and Rebates	0	105,795	0	0	260,000	219,165
2405 7999	Lease Proceeds from PD Remodel	774,160	16,650	0	0	0	0
4105 7616	Arsenal Master Plan Reimburse	31,525	43,800	10,000	29,470	10,000	10,000
4205 7283	Permit revenues-Tourtlot Prop.	100,000	0	0	0	0	0
2505 7710	Reimbursement Attorney Fees	0	20,000	20,000	0	0	0
6105 7549	ABAG Safety Planning (BERT Setup)	0	0	4,000	0	0	0
2405 7999	Transfer In - Intermodal Trans (Interest)	0	0	0	38,630	0	0
2405 7999	Transfer In - Facility Maintenance ISF	0	0	0	0	100,000	100,000
	Allocate Prior Year Savings	0	0	0			
	Allocate Designated Reserves	0	596,645	0	0	0	0
	Revenue Total	\$ 2,140,390	1,358,625	1,781,680	1,795,110	620,000	579,165
Expenditures							
4205 8001	FT Contract Staff in BLD Insp.	51,215	0	0	0	0	0
	Salary & Wages	\$ 51,215	0	0	0	0	0
4205 8070	Health Insurance	5,255	0	0	0	0	0
4205 8072	Dental Insurance	555	0	0	0	0	0
4205 8074	Vision Insurance	320	0	0	0	0	0
4205 8076	Life Insurance	95	0	0	0	0	0
4205 8080	PERS Retirement	10,955	0	0	0	0	0
4205 8086	FICA/Medicare	730	0	0	0	0	0
	Benefits	\$ 17,910	0	0	0	0	0
4205 8995	Workers' Comp ISF	520	0	0	0	0	0
	Internal Service Charges Total	520	0	0	0	0	0
1205 8225	County Election Costs-3 Ballots	0	44,975	0	0	50,000	0
2405 8100	Citizen Surveys & Other Research	10,200	0	65,600	35,000	0	20,000
2405 8100	Appraiser: Valero Appeal	22,490	0	0	0	0	0
2505 8260	Legal Fees & Settlements	60,000	112,530	170,000	170,000	100,000	100,000
3132 8990	Liability Settlements	0	0	50,000	50,000	0	0
2605 8256	Tourism Carry-Over	0	10,000	20,000	10,000	0	0
3305 8132	Accela Software BL Enhancement	7,370	0	0	0	0	0
4105 8106	Professional Services-Historic	2,940	0	0	0	0	0
6105 8541	BERT Expenses - Setup (ABAG \$4k)	0	0	22,000	22,000	0	0
	Services & Supplies	\$ 108,210	167,505	327,600	287,000	150,000	120,000

Optional Budget Adjustments 06/18/09

Capital Projects and Non-Recurring Items

Acct	Fund 011 All Divisions	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	Proposed 2010-11 (3)
2405 9051	Valero Property Tax Principal Payment	0	0	1,625,735	1,625,735	0	0
2405 9052	Valero Property Tax Interest Payment	0	0	1,275	1,275	0	0
2405 9756	New Security Gate at Corp Yard	9,995	0	0	0	0	0
2405 9999	Transfer Out-Camel Barn Re-Roof	34,000	0	0	0	0	0
2405 9999	Transfer Out-CDD Veh Replacement	35,000	0	0	0	0	0
2405 9999	Transfer Out-PD Veh Replacement	45,000	0	0	0	0	0
2405 9999 B	Transfer Out-Transit Fund CARB	40,235	169,530	(50,000)	0	(50,000)	(50,000)
2405 9999	Transfer Out-Storm Drain Street Sweeping	0	0	49,035	49,035	0	0
3405 9260	Emergency Library Repairs	21,125	0	0	0	0	0
4105 8106	Arsenal Master Plan	250,000	0	0	0	0	0
4105 9182	Arsenal Master Plan EIR	87,995	79,475	33,035	33,035	0	0
4105 9183	Historic Plan Update	8,730	715	11,460	11,460	0	0
4105 9199	Form Based Zoning Codes	5,645	1,000	22,175	0	0	0
9205 9999	Transfer Out-Facility Maint Pool Pumps	0	1,340	0	0	0	0
9205 8134	Building Maintenance Repairs	6,200	0	0	0	0	0
9305 9184	Online Class Registration Software	0	2,660	12,340	12,340	0	0
9505 9612	Install Split Rail Fence at BC Park	10,200	0	0	0	0	0
2605 9187	Business Loans & Grants	0	0	16,845	4,410	0	0
4105 9200	Housing Element Update (Legal Req)	0	0	67,600	60,000	0	0
8705 9999	Corp Yard Repairs (See ISF)	0	25,000	10,000	10,000	0	0
9205 9999	ADA / Modernization (City Hall)	0	50,000	0	0	0	0
3305 9186	Software Upgrades - Windows/Agenda	0	0	12,000	12,000	140,000	0
	Arts & Culture Commission Support	0	0	0	0	20,000	20,000
	BIP Tech Study	0	0	0	0	35,000	0
	Enhanced Main Street	0	0	0	0	35,000	0
	Enhanced Tourism	0	0	0	0	45,000	0
	Enhanced Museum	0	0	0	0	25,000	0
	Capital Outlay	\$ 555,285	329,720	1,811,500	1,819,290	250,000	(30,000)
2405 9175	Audio/Visual/Comm. Upgrades	25,000	0	0	0	0	0
2605 9188	City Gateway/Wayfinding Improvements	0	0	5,050	5,330	0	0
3405 9999	Library Basement Completion	0	0	0	0	0	525,000
5205 9999	Transfer Out-Police Building Remodel	0	25,000	0	0	0	0
6105 9245	Fire Station #12 Building Remodel	70,000	0	0	0	0	0
9205 9177	Camel Barn Repairs	49,930	0	16,450	15,370	0	0
9205 9620	Youth Activity Center Remodeling	19,560	0	0	0	0	0
9205 9999	Transfer Out-Mills Improve Phase I	0	0	0	0	560,000	50,000
2405 9999	Trnsfr Out-Storm Drain CIP	259,420	345,070	15,000	15,000	0	0
9205 9999	Trnsfr Out-Park Ded Commandants Resid	0	314,400	1,825,145	1,825,145	0	0
9505 9999 B	Trnsfr Out-Park Ded X-Park	200,000	407,990	0	0	0	0
	Capital Projects - Other	\$ 623,910	1,092,460	1,861,645	1,860,845	560,000	575,000

Optional Budget Adjustments 06/18/09

Capital Projects and Non-Recurring Items

Acct	Fund 011 All Divisions	Actual 2006-07	Actual 2007-08	Amended 2008-09 (1)	Estimated 2008-09	Proposed 2009-10 (2)	Proposed 2010-11 (3)
8705 9729	Park Rd Bike Lane	27,165	2,835	0	0	0	0
8705 9733	East 2nd St Overlay	89,285	0	0	0	0	0
8705 9735	East 5th St Overlay	29,900	0	0	0	0	0
8705 9736	East H St Overlay	34,140	0	0	0	0	0
8705 9739	Mills Elementary	13,840	20	0	0	0	0
8705 9740	Semple-School Rte Safety Improv	14,885	(625)	0	0	0	0
8705 9746	1st Street Parking Improvements	23,500	0	0	0	0	0
8705 9754 B	East N Street Improvements/Reimburseme	149,880	(36,720)	(29,370)	0	0	0
8705 9617	First Street Sidewalk Improvements	14,875	0	0	10,000	0	0
8705 9999	BHS Tr Signal-Entrance Circulation	0	25,000	0	0	0	0
8705 9758	East 5th Street Smart Growth	0	40	86,100	86,100	0	0
8705 xxxx	W Chnl Rd RR Bridge Removal	0	0	0	0	100,000	0
Capital Projects - Streets		\$ 397,470	(9,450)	56,730	96,100	100,000	0
Expenditure Total		\$ 1,754,520	1,580,235	4,057,475	4,063,235	1,060,000	665,000
Transfers to Balance Sheet		(190,115)	(169,530)	79,370	0	50,000	50,000
Net Contribution / (Use)		\$ 385,870	(221,610)	(2,275,795)	(2,268,125)	(440,000)	(85,835)

AGENDA ITEM
SPECIAL CITY COUNCIL MEETING: JUNE 23, 2009
ACTION ITEM

DATE : June 18, 2009
TO : City Manager
FROM : Finance Director
SUBJECT : **CONSIDERATION OF FINANCING OPTIONS FOR THE BENICIA COMMUNITY CENTER**

RECOMMENDATION:

This is an informational item.

EXECUTIVE SUMMARY:

During the June 15, 2009 Budget Workshop, the City Council requested options for funding the completion of the Benicia Community Center. The following report discusses the options considered by the ad hoc Capital Projects Funding Committee, comprised of Mayor Patterson, Councilmember Schwartzman, the City Manager and staff. A previous summary of the options was provided to the City Council on September 2, 2008.

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 budget impact at this time.

BACKGROUND:

The ad hoc Capital Projects Funding Committee was very close to making a recommendation for funding the Benicia Community Center when the foreclosure meltdown caused a near collapse of the financial markets. The debacle caused Municipal bond interest rates to increase by 2% to 5% depending on the credit standing of the issuer and/or bond insurer. The rates have subsided somewhat but are still 1% higher than originally reported in September 2008. The current estimate is around 5.5%, which would add approximately \$10,000 in annual interest costs for every \$1 million borrowed.

The attachments to this report describe the types of debt issue that could be issued for the Community Center project and were discussed at the September 2008 meeting, as mentioned

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above. In order to meet the Agenda reporting deadline, this report will condense the information into three options for the Council's consideration.

Option 1. The General Fund currently has a 20% undesignated fund balance reserve. The reserve is segmented into three parts: 5% is reserved for Economic Uncertainty, 5% is reserved for Liability Exposure, and 10% is reserved for Disaster Recovery. The City also has \$1 million reserved in the Intermodal Fund to match potential Grants that may be allocated in the future towards this long-term project. This option would redirect the 5% Economic Uncertainty portion of \$1.5 million, along with the Intermodal Reserve of \$1 million, to a Contingency Grant Match and Debt Payment Reserve. This newly created reserve would only be used to cover required grant matches and/or to cover debt payments but only to the extent the General Fund is not able to allocate available funds during difficult budget years, such as the ones we face today.

For example, if the City were to issue \$4 million in certificates of participation to complete the Community Center, the annual payments would be approximately \$320,000 per year. In difficult budget years, making the debt service payments could cause corresponding budget reductions of the same amount, which could mean layoffs or reduced service levels. To avoid these types of impacts, the Contingency Reserve would be used to make the debt payment for that particular fiscal year. In this way, if the full \$2.5 million were placed into the reserve, there would be approximately 9 year's worth of annual payments in the reserve over the course of the 25 year COP, after interest earnings are factored in. This would provide some assurance the debt service payments can be made without impacting future budgets, at least in the early years.

However, the fact remains that this option relies on optimism rather than a guaranteed funding source to cover the large annual debt service payments. In this current economic climate, we do not forecast surplus funds in the next few years.

Option 2. As mentioned in Option 1 above, the General Fund and Intermodal Fund could make \$2.5 million available for the Community Center project. When combined with the \$610,000 currently proposed, there would be \$3.1 million available for the estimated \$4.6 million project. The Council could choose to appropriate the funds to the project, request Contract bids with the "Phasing Alternates", and determine which could be accomplished with the funds available.

This approach assumes the Intermodal Fund is no longer necessary to help support an Intermodal Transportation Center. Staff does not believe a policy decision has been made supporting the elimination of this capital project. This option also runs counter to the policy of maintaining a 20% reserve.

Option 3. Projects of this type are often funded with public support through the election process. This was last utilized to fund improvements at the Wastewater Plant in 1997 and requires at least a 2/3's vote. The costs for borrowing \$4 million would be approximately \$18 per year for an average residence valued at \$300,000. This process would take more time but the funding source would be guaranteed by the community.

There is time to further consider these options, as well as others, post-budget adoption, since the completed construction drawings will not be available until September 2009. Staff has recommended funding for Phase I of the Community Center Project (\$650,000) for FY 2009-10.

An update of the long-range financial forecast will be available soon to help assess capacity to finance capital projects.

Attachments:

- Financing Options
- Financing Presentation

FINANCING OPTIONS

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Potential Capital Projects Funding

June 19, 2009

Available Funding				
Fund Name	FY 2009-10 Budget	FY 2010-11 Budget	Potential Funding	Note
<u>General Fund</u>				
Economic Uncertainty	\$ 1,586,960	\$ 1,656,685	\$ 1,586,960	1
Exposures Reserve	\$ 1,586,960	\$ 1,656,685	\$ -	
Emergency Reserve	\$ 3,173,920	\$ 3,313,370	\$ -	
Loan to Transit	\$ 150,000	\$ 100,000		
Undesignated Unreserved	\$ -	\$ -	\$ -	
Total	\$ 6,497,840	\$ 6,726,740	\$ 1,586,960	
<u>Capital License Fund</u>	\$ 7,005	\$ 36,595	\$ 36,595	2
<u>Intermodal Fund</u>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	3
<u>Internal Service Funds</u>				
Facility Maintenance Fund	\$ 159,070	\$ 53,465	?	4
Vehicle Maintenance Fund	\$ 950,505	\$ 995,975	?	4
VM Fire Truck Lease	\$ (330,000)	\$ (330,000)		
VM Loan from Work Comp	\$ (301,115)	\$ (301,115)		
Equipment Maintenance Fund	\$ 622,014	\$ 633,367	?	4
Total	\$ 1,100,474	\$ 1,051,692	\$ -	
Total of Potential Funding	\$ 8,605,319	\$ 8,815,027	\$ 2,623,555	
<p>1 Loan: Use of the Reserve Funds requires a plan for replenishing the balance. The Economic Reserve Fund may be needed in the near future to offset revenue losses from the deepening recession.</p> <p>2 The Capital License Fund has a small reserve that may be required to complete the COQ Phase II project.</p> <p>3 The Intermodal Fund is currently reserved for matching Grants received for the Train Station. It is also used to advance funding for the RM2 Funded Park-n-Ride Projects</p> <p>4 their useful life expires. Any money borrowed would need to be replaced within a reasonable period. Existing balances are for short- and long-term needs.</p>				

MUNICIPAL FINANCING OPTIONS

TAX ALLOCATIONS BONDS

Under some circumstances an agency may construct buildings which are to be publicly owned. Tax allocation bonds may be made payable from any revenue source available, including the portion of ad valorem taxes on property in the redevelopment project area in excess of the taxes relating to the value of such property at the time of approval of the redevelopment plan. This excess portion is sometimes called the tax increment or the tax allocation.

MARKS-ROOS BONDS

The Marks-Roos Local Bond Pooling Act of 1985 provides Joint Powers Authorities (“JPAs”) with broad powers to issue bonds for a wide variety of purposes. The law was originally enacted to facilitate local bond pooling efforts, which allowed local agencies to achieve lower costs of issuance through spreading fixed costs across a number of small issues. Its usage has been substantially more broad, however, as its flexibility allows it to be used for single project financings as well. The most common uses of the Act with respect to bond issuance are (1) to finance public capital improvements, (2) to create “pooled” bond issues, and (3) to finance working capital or insurance programs.

ASSESSMENT BONDS

Assessments are charges imposed upon land that receives a special benefit from a public improvement. The governing body of the issuer of bonds payable from assessments (“assessment bonds”) identifies the land that will receive the special benefit and establishes an “assessment district.” An assessment district is not a separate legal entity that can act independently of the legislative body that creates it – there is no separate governing board of the district; it cannot sue or be sued.

Assessments have a principal amount and, if not paid when levied, have a principal payment schedule and bear interest. Property owners may pay the full amount of their assessment in cash within 30 days after it is levied. To the extent assessments are not paid in cash, assessment bonds are issued and bond proceeds are combined with any assessments paid in cash to finance the public improvements. The assessment bonds are then payable from the periodic payments on the assessments that were not paid when levied.

MELLO-ROOS BONDS

Bonds may be issued by a Community Facilities District (the “district”), otherwise known as a Mello-Roos district, to finance facilities and those services that are necessary due to growth and development. Services may be financed only to the extent that they are in addition to those provided in the territory of the district before it was created and may not supplant services already available when the district was created. Once formed, a district is a legally constituted governmental entity the sole purpose of which is to finance facilities and services. Bonds issued by a district are secured by the levy of specified special taxes that must be approved by a 2/3 vote of the residents or landowners within the proposed district.

These special taxes are not assessments, and there is no requirement that the special tax be apportioned on the basis of benefit to property, although the special taxes may be so apportioned. A special tax levied by a district is not an ad valorem tax under the California Constitution.

GENERAL OBLIGATION BONDS

General obligation bonds are secured by a pledge of the full faith and credit and the taxing power of the Issuer. They are primarily payable from Ad Valorem property taxes though they may be additionally secured by Revenues of revenue producing facilities financed by the bonds. They are customarily used to finance publicly-owned facilities, including public office building, school building, utility system improvements and infrastructure.

REVENUE BONDS

Public enterprise revenue bonds are bonds that (i) finance facilities for a revenue producing enterprise, and (ii) are payable from the revenues of that enterprise. Examples of such enterprises include an airport, a water system, a power system, a sewer system, a single power plant or a bridge. Revenues may include such items as service charges, tolls, connection fees, admission fees and rents.

CERTIFICATES OF PARTICIPATION / LEASES

Certificates of participation provide an alternative to issuing bonds to finance capital assets over a multi-year period. A public agency may finance a capital asset by leasing it directly from the vendor or leasing company, with the lessor receiving a portion of each rental payment as tax-exempt interest; or if the public agency wishes to utilize a tax-exempt lease in connection with the sale of municipal securities, certificates of participation, representing undivided interests in the rental payments under the tax-exempt lease, may be sold to the public. Lease payments must be annually appropriated in the City's budget.

A typical certificate of participation ("COP") financing for a construction project might be structured as follows: A public agency that wishes to undertake a construction project enters into a tax-exempt lease with a nonprofit corporation, joint powers authority, leasing company, bank or other lessor. The lessor acquires the applicable site, either by purchasing it from a third party or by leasing it from the public agency. The lessor, with the assistance of the public agency, undertakes the construction of the project to be located on the site and leases the improved site to the public agency pursuant to a financing lease. The lessor's rights to receiving payments under the lease are assigned to a trustee, which executes and delivers to an underwriter certificates of participation in the lease payments. A portion of each lease payment is designated as tax-exempt interest. The proceeds of the sale of the certificates of participation are used to pay the costs of acquiring and constructing the improvements.

Prepared by Wulff, Hansen & Co.
August 14, 2008

MUNICIPAL FINANCING OPTIONS

TYPE OF FINANCING	NOTE	Approvals Needed			MAXIMUM FUNDING TIME	What may be Financed			REPAYMENT SOURCES	
		CITY COUNCIL	LAND OWNER	VOTERS OR		LAND ACQUISITION	CAPITAL IMPROVEMENT	EQUIPMENT AND SERVICE OPERATION		
TAX ALLOCATION	1	YES	NO	NO	60 DAYS	YES	YES	YES	NO	Tax Increment from 1% property tax
MARKS-ROOS	2	YES	NO	NO	60 DAYS	YES	YES	YES	NO	Any City revenues
ASSESSMENT DISTRICT	3	YES	YES	YES	75 DAYS	YES	YES	YES	NO	Liens secured by real property
MELLO-ROOS	4	YES	YES - 2/3	YES - 2/3	90 DAYS AFTER ELECTION	YES	YES	YES	YES (LIMITED)	Special tax
GENERAL OBLIGATION	5	YES	YES - 2/3	YES - 2/3	90 DAYS AFTER ELECTION	YES	YES	YES	NO	Ad valorem tax
REVENUE	6	YES	POSSIBLY	30-90 DAYS DEP ON ELEC		YES	YES	YES	NO	Dedicated revenue stream
COP'S	7	YES	NO	60 DAYS		YES	YES	YES	NO	City's promise to pay from general fund
LEASE	8	YES	NO	60 DAYS		YES	YES	YES	NO	City's promise to pay from general fund

- NOTE 1 Requires a redevelopment agency and a project area
- NOTE 2 A joint powers authority must be created
- NOTE 3 Lien spread based upon direct and special benefit
- NOTE 4 Service costs may not be bonded/financed equipment must have useful life of 5 years or more
- NOTE 5 Taxpayer costs will vary according to assessed valuation
- NOTE 6 Use of funds will determine election requirements
- NOTE 7 Another entity needed to act as lessor
- NOTE 8 Limited investor pool and secondary liquidity, therefore typically higher interest cost

Prepared by Wulff, Hansen & Co.
Aug-08

FINANCING PRESENTATION

Special Meeting VI-A-27



FINANCING OPTIONS

Community Center, Library, and Other Priority Projects

June 23, 2009

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City of Benicia



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- General Fund Budget Estimates**
- Types of Financial Instruments**
- Debt Service Estimates**
- Sales Tax Override**

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City of Benicia

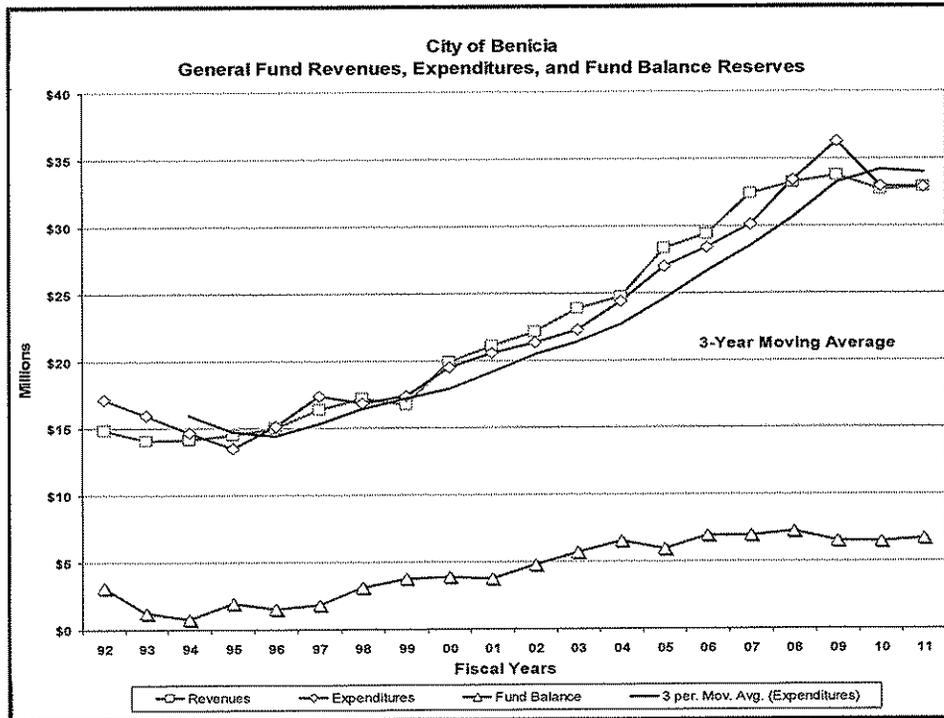


General Fund History

Year	Revenue	Expense	Surplus/ Deficit	Fund Balance	%
2005	24,897,570	25,796,630	(899,060)	5,240,842	20%
2006	29,419,145	28,404,515	1,014,630	6,928,885	27%
2007	32,387,125	30,086,505	2,300,620	6,966,135	25%
2008	33,201,895	33,391,895	(190,000)	7,242,575	23%
2009	33,757,365	36,280,740	(2,523,375)	6,513,785	20%
2010	32,720,300	32,911,330	(191,030)	6,497,840	20%
2011	32,877,255	32,848,900	28,355	6,726,740	21%

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City of Benicia





General Obligation Bonds (GO)

- Bonds are secured by the *ad valorem* property taxes the City would collect after voter approval.
- The moneys received and the debt service paid would be segregated in a restricted fund, similar to existing General Obligation Bonds.
- No affect on City's General Fund.

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City of Benicia



General Obligation Bonds (GO)

- **Process for Approval:** The City Council must approve the issuance of a general obligation bond issue by a 66% vote (essentially a 4/5 vote) AND a 66% approval of the electors voting on the bond issue.
- **Source of Funding:** Additional *ad valorem* property taxes would be the source of funding for these bonds. (Not a Parcel Tax)

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City of Benicia



Certificates of Participation (COPs)

- A COP is a tax exempt lease used to finance depreciable property used in City operations.
- Traditionally, COPs are used in sale/lease-back arrangements of unencumbered City improvements
- Since COPs are not classified as bonded debt of the City, voter approval is not necessary, although the Council could order an 'advisory vote'.

City of Benicia



Certificates of Participation (COPs)

- Process for Approval: Adoption by Resolution of the City Council.
- Source of Funding: For the debt service would be the general revenue collections of the General Fund.

City of Benicia



Capital Lease

- ➔ **A Capital Lease is a tax exempt lease similar to COP's with the following differences:**
 - ▶ **Private Placement – Not Public Offering**
 - ▶ **Fixed Interest Rate – Not Based on Maturity**
 - ▶ **Lower Cost of Issuance – No Underwriter %**
 - ▶ **No reserve Account for Final Payment**
 - ▶ **Maturity generally 15 Years – Not 25 years**

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City of Benicia



Capital Lease

- ➔ **Process for Approval: Adoption by Resolution of the City Council.**
- ➔ **Source of Funding: For the debt service would be the general revenue collections of the General Fund.**

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City of Benicia



Assessment District -Parcel Tax

- ▶ A Tax levied upon individual parcels and generally calculated by type of use, i.e. residential, commercial, industrial and other (refinery).
- ▶ Parcel tax funding is not recommended by bond counsel
 - ▶ The law authorizing a parcel tax does not contain bonding authority.
 - ▶ Commonly used for 'pay as you go' expenses

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City of Benicia



Parcel Tax

- ▶ Process for Approval: The City Council must approve the levy of a parcel tax by a 66% approval of the electors voting on the parcel tax.
- ▶ Source of Funding: The only way to capitalize the value is through COPs, payable from the General Fund and funded through the proceeds of the tax.

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City of Benicia



Summary

- The interest costs for General Obligation bonds would probably be lower than Certificates of Participation.
- The interest costs for a parcel tax would probably be slightly higher than either COPs or GOs.
- The actual interest costs are set the day the City actually brings the issue to market.

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City of Benicia



Debt Service Comparison

Type	Term	Rate	Capitalized Interest	Reserve
GO*	25	5.0%	No	No
COP*	25	5.5%	Yes	Yes
Lease	15	6.0%	Yes	No

* Interest Rate based on average yield and maturity.

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City of Benicia



Debt Service Comparison

Type78	Amount	Factor	Debt Service	Cost per 298K AV
GO Bond 5.0% - 25 Years	1,000,000	7.8%	78,000	\$4.54
COP 5.5% - 25 Years	1,000,000	8.0%	80,000	N/A
Lease 6.0% - 15 Years	1,000,000	10.6%	100,600	N/A

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City of Benicia



Assessed Valuation & Levy

Type	AV in (Million)	Number of Parcels	Average AV (000)	GO Levy (per million)
Residential	\$2,784	9,327	\$298	\$4.54
Commercial	\$176	209	\$842	\$12.80
Industrial	\$609	321	\$1,897	\$28.84
Refinery	\$900	1	\$900,000	\$13,682
Other	\$300	2,033	\$148	\$2.24
Total	\$4,769	11,891	\$401	\$6.10

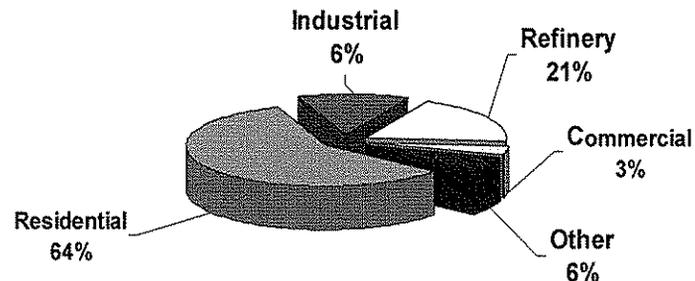
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City of Benicia



Go Bond Levy Distribution

Levy Distribution by Property Type



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City of Benicia



Sales Tax Override

- **Requires Election**
 - ▶ **2/3's if directed to certain projects**
 - ▶ **50% +1 if it goes to General Fund**
 - ▶ **Current Sales Tax \$6.4 million**
 - ▶ **1/8 Cent would equal \$800K per year**
 - ▶ **State currently recommending sales tax measure of 1%**

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City of Benicia



Parks and Community Services
MEMORANDUM

Date: June 19, 2009
To: Jim Erickson, City Manager
From: Ann Dunleavy, Superintendent
Re: Community Center Cost Analysis

Below is the cost breakdown by phase:

Cost Analysis for Mills Community Center

Phase I	\$610,000
Phase II	\$1,374,317
Phase III	\$1,750,975
Phase IV	\$505,496
Phase V	\$396,642
	\$4,637,430
10% Contingency	\$463,743
Total:	\$5,101,173

All above costs are based on pre-construction drawing estimates completed on March 14, 2008.

Questions and Answers
June 15, 2009 Budget Workshop

Questions from the Council:

1. If the state borrows, how will being paid back work?

The state would be obligated to pay us back in any of the next 2 years with interest. It could be monthly, quarterly or annually. They are in the driver's seat.

2. Selling account receivable for State's borrowing: is that possible?

In 2004, the State borrowed \$450,000 in Vehicle License Fees and offered to pay it back in 2 years. A group of investors issued bonds and paid the City's for the State's Account Receivable. We gave up 8% of our receivable. They collected the money in 18 months with interest.

3. Are promotions within the City currently frozen too? If not, what is the potential savings in doing so?

Currently, any request to fill an opening is reviewed closely by Human Resources and the City Manager as part of the hiring freeze. This review would typically occur prior to the initiation of a hiring process, which may or may not result in a promotion. Occasionally promotions occur as a result of a reclassification, when it's been determined that an employee is actually performing at a higher level and would be more appropriately classed at the next level. Such personnel actions do not occur very frequently; currently Human Resources is evaluating a couple of requests for reclassifications.

Any further potential savings as they relate to promotions, beyond the savings that has already been assumed for the hiring freeze, would be very minimal. Further, taking additional steps to "freeze" promotions would likely be problematic as it could impede City Department efforts to organize and staff their departments effectively, as well as adversely effect employee morale.

4. Have property values bottomed out?

Not necessarily. A March report in the Sacramento Bee estimated that residential values were 10% below their expected market value due to the number of foreclosure sales. Unfortunately, market values have not yet stabilized, even with fewer homes on the market and a showing of interested buyers. The threat of continued foreclosure pressure and instability in lending has many prospective buyers waiting on the sidelines.

5. Can we handle future PERS costs?

The increase in PERS costs has been, and will continue to be, a difficult issue. Recent changes at PERS will soften the blow on future increases but will keep retirement costs at a higher level for much longer. The higher cost of PERS, long-term, will make future budgets more difficult to balance (see attachment #1).

6. Regarding the arts and culture commission, will cost vary depending on which department staffs the commission?

No, the same amount of resources will be applied to the commission irrespective of Department to which assigned. Assignment will be based on compatibility of Department mission and responsibilities with Arts & Culture "charge", and based on capability of Department to handle the additional duty, short-term and long-term.

7. Have we factored in interest rate as it relates to state borrowing?

Staff is predicting that any loss of investment earnings from property taxes lost will be offset by State interest payments.

8. Perhaps Council should take 5% cut in stipend and also reduce travel in Council budget?

- A. *Stipend reduction: 5% = \$1321.80/year, an amount that is inconsequential to the proposed \$31 million budget. The City's overall financial condition remains strong making such measures unnecessary.*
- B. *Reduction of travel and meeting budget (\$3,570) would hamper the Council's ability to govern. Travel and meetings generally are for two purposes:*
- a. *Represent the City in meetings affecting the City's interests,*
 - b. *Education: keeping up to date on trends and developments affecting the City and increasing skills.*

9. Could a portion of the VIP funds be used for City Hall Energy Efficiency Projects?

Yes. The money could come from the \$600,000 for Climate Action Plan implementation. However, this use needs to be considered in context of recommendations coming from the Climate Action Plan - which should be presented in July.

10. Why did health and dental costs in department budgets go down?

Health, Dental and Vision went up, down and stayed the same, depending on any of three conditions:

A. *The Kaiser rates only went up .9% for FY 2009-10, therefore any change in personnel allocations will be noticed. Several departments had frozen positions or portions of time allocated to other departments, which caused their budgets to reflect less in costs. The departments that received the allocated time, such as the City Treasurer, report higher costs.*

B. *Some departments had changes in costs due to employees moving from Health Net to Kaiser, which is cheaper, or new employees choosing cheaper coverage, this occurred in the Council Division and the Human Resources Division.*

C. *Vision insurance was the only coverage registering a decrease for the year at 5% but the amount is small in comparison to Health and Dental.*

11. When will an item regarding the merging of Public Works (PW) and Community Development (CDD) departments be brought to Council?

June 30th for action as part of the budget adoption resolution. The action will be to approve a new position description and salary range for Director of Community Development and Public Works.

12. Could we use the savings from PW and CDD merger to fully fund some of the human services groups like Community Action Council?

The savings have already been used to cover the proposed budgets. However, there are recent changes in the City's revenue estimates, e.g., Valero Utility User Tax, that will allow funding at current levels.

13. Do we have estimates for what it would take for the City to take over operation of the State Capital and State Park?

A. *Our first duty should be to oppose closure of State Parks and Benicia's State Parks in particular.*

B. *Staff is working to find out resource requirements.*

14. Could we use reserves for some of the construction projects, since currently the City could likely get the work done at a lower cost in current economy?

Yes. Please see Finance Director's memo dated 06/18/09 included in the packet.

15. What are the options for fully funding the Community Center?

Please see Finance Director's memo dated 06/18/09 included in the packet.

16. Is there a way to fully fund the following?

- ❑ Commanding Officer's Quarters – *Funding included at \$150,000 in FY09-10 permitting office-type tenancy.*
- ❑ Benicia Industrial Park Needs Assessment – *Funding included at \$40,000 in FY09-10.*
- ❑ Tourism – *Funding for TBID in FY09-10 included, plus \$55,000 per year for tourism promotion.*
- ❑ Main Street – *Additional \$35,000 funding could be added, see 06/18/09 Finance Director's memo.*
- ❑ Arts & Culture Commission – *Funded at \$20,000/year.*
- ❑ Museum – *Additional \$25,000 funding could be added, see 06/18/09 Finance Director's memo.*
- ❑ Human Services and Arts Applicants – *Full funding could be added for FY09-10, see 06/18/09 Finance Director's memo. Addition would be \$12,419 (\$7,881 for Human Services and \$4,538 for Arts).*

17. What is the sense of urgency to the improvements for Fire Station 12?
Would like more information on this project.

- A. *Station 12 was constructed in 1983 and has never been remodeled. The station is staffed full time, 24 hours a day, seven days a week. The original design houses up to four firefighters, and incorporates an open dormitory style that creates gender privacy issues. Current fire station design standards utilize private dormitories, such as the ones utilized in our downtown station. In addition to solving the gender issues, private dorms provide a healthier working environment. The proposed upgrade would also bring the existing community room bathroom up to current A.D.A. standards.*
- B. *Included in the remodel is the inclusion of energy efficient features not available in the 1980s. Features will include items such as energy efficient windows, solar tubes for natural lighting, and the use of recycled materials where available. This is consistent with the "Green" vision of the City. Also included are technology upgrades. As our response requirements have become more stringent, the need to utilize technology for in-station training has become a necessity rather than a luxury.*
- C. *On a final note, we have made a number of attempts to complete this project over the past few years, but have been hindered by high construction costs. Due to extensive planning, and the timing of low construction costs, we have been able to cut over \$100,000.00 from the original cost estimate.*

18. Shouldn't we consider this a time to invest v. retrench including use of reserves to do so? Shouldn't we "spend dollars to make dollars?"

This is a very difficult question to answer until we know more about the economic recovery. Recent reports show the rate of economic decline has slowed but the recovery is still several months, if not quarters, away. Other cities have used up all of their reserves trying to get through the recession and are now faced with mass layoffs and severely reduced public service level. Until we reach the definitive bottom of the recessionary trough, it would be wise to defer as many discretionary expenditures as possible.

Questions from the public:

1. What is the City Hall non-structural improvement?

The City Hall non-structural improvement is the replacement of the existing single pane windows with double pane Low E windows, and miscellaneous energy efficiency improvements such as insulation and ceiling fans, and ADA counters.

2. Why are salaries increasing in some departments (e.g., Treasurer, CAO and CMO)?

A. CMO and Treasurer budgets need to be considered in conjunction with Economic Development and Finance budgets respectively since there has been a reallocation of positions or parts of positions between them. When examined together there is a net decrease, not an increase next year v. current year.

B. CAO FY08-09 budget excludes a frozen ¼ time position, whereas FY09-10 budget includes the position, which will be shared with the City Manager's Office. The hiring freeze continues into FY09-10 so there is really no difference between the budgets.

3. It appears that 75% of the budget is salaries, how much of the remaining 25% is discretionary – in dollars?

A. None is discretionary if one assumes all the City's maintenance and operation activities are essential-which we do until and unless Council decides one or more services are non-essential.

B. From a legal compliance standpoint, lots of City activities are discretionary, for example, Parks and Community Services, Library, Economic Development, Transit, Support to most City Commissions, support to Human Services, the Arts and to other community organizations.

Note: Presently 8 General Fund positions are frozen; more will be frozen during this year as vacancies occur. Operating expenses have been reduced 10% in the proposed budget.

C. Salary and Benefits are 72% of FY 2009-10 costs. Of the remaining 28%, only 1% for Debt Service is non-discretionary.

4. How much is in investments and how do those funds relate to the City's reserves?

The City currently has approximately \$47 million in cash or liquid investments. The General Fund share is approximately \$10 million, of which \$6.5 million is not pledged or designated for some purpose, such as accounts payable or capital projects underway.

5. Can we use investments for lending money to the State?

Absolutely. However, any money loaned to the state would leave us at risk should an emergency occur, such as an earthquake or additional financial collapse.

6. Regarding the ranking sheet for discretionary projects, why didn't the Waterfront Park and library receive a point for the "recreation center" survey priority?

The top survey priorities on the ranking sheet are defined based on items identified as "key drivers" in the National Citizen Survey. Key drivers are items that are significantly linked to overall satisfaction with City survey. The key drivers are based on responses to questions related to respondents' assessments of city services. In addition to being asked about the quality of recreation centers, survey participants were also asked specifically about city parks and library services, so it is unlikely that respondents would have been incorporating their assessment of parks and/or libraries in response to the question about recreation centers, since they are treated distinctively in the survey.

7. Regarding the ranking sheet for discretionary projects, why didn't the tourism receive points for urgency and continuation of important projects, programs and services?

On the ranking sheet, urgency is defined as a project for which a significant opportunity would be lost if the action is not pursued immediately, or that a very significant adverse affect will occur if the action is not pursued immediately. Enables completion or continuation of important projects, programs or services is defined as a project already underway and near completion and/or not pursuing the project will significantly impact continuation of important programs and services. When ranking projects, tourism did not appear to meet these criteria in the same way that some of the other projects did. For example, the pool house roof is one that meets both criteria, in that there is clearly an urgent need in terms of safety. Further, it meets the continuation of programs and services criteria because the pool would have to be closed down if the roof is not fixed.

8. What exactly does the \$150,000 for the Commanding Officer's Quarters include? Could the A/C be pushed off to lower the cost?

The \$150,000 for the Commanding Officer's Quarters includes the addition of A/C to the current HVAC system, phone and data lines, and cable and internet service. The A/C is needed for climate control of the facility particularly if the facility is used for office space. This will make the facility more user friendly and comfortable during warm days. If A/C was not included the savings would be approximately \$48,000.

9. Staff salaries: Why shouldn't staff be asked to take salary reductions given the state of the economy and similar activities in public and private agencies?

First, employee compensation for FY09-10 is provided by contracts with employee organizations. These cannot be changed or amended except with consent of the employee organizations. Second, there isn't the financial necessity for reducing employee salaries. Budgets have been recommended which maintain services at existing levels and there are sufficient funds to pay for these services. Third, our employees are paid in accordance with prevailing rates in similar positions in comparable public agencies – no at the top, nor at the bottom, but in the middle. Finally, since we base our compensation on a review of compensation in comparable organizations, any reductions in comparable agencies will be reflected in adjustments due our employees.

10. Does the General Fund have \$100,000,000 of assets that can be employed to fund all requests?

No.

Pensions & Investments

CalPERS to spread out contribution hikes

By Pia Sarkar

Source: Pensions & Investments

Date: June 17, 2009

The CalPERS board today approved a proposal to spread out over three years an increase in contributions from schools and local agencies, according to spokesman Edward Fong.

The board deferred a vote on applying the proposal to state agencies pending further discussion.

Despite objections by Gov. Arnold Schwarzenegger, the board will limit contribution increases for the next three years that public schools and local public agencies — which include cities, counties and special districts — must pay as a percentage of their payrolls as part of their CalPERS contributions.

The rates are set each year based on CalPERS' investment gains and losses. Because the \$184.6 billion California Public Employees' Retirement System, Sacramento, expects to post a significant loss for the fiscal year ended June 30, Mr. Fong said rates will rise accordingly.

Under a worst-case scenario of a 30% loss, schools would have seen their rates increase to 14.2% of payroll next year from 9.7%, according to Mr. Fong. Under the proposal, schools would instead see an 11.3% increase. Rates for local public agencies vary but they too would see a smaller increase.

Mr. Schwarzenegger voiced his opposition to the proposal. "By deferring pension contributions, CalPERS would not only be gambling that its investment earnings in this economy would grow faster than its pension obligations, but it would also be using our kids' money to do so because they will be the ones stuck footing the bill," he said in a statement.

Mr. Fong said the board will discuss the state agency increases with fund administrators in the next few months and expects to make a decision at its September meeting.

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Special Meeting VI-A-45