

City of San Leandro
City Council Priority Setting Workshop

January 26, 2013



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Summary of Discussions

The City of San Leandro City Council, City Manager, Assistant City Manager and department heads held a public priority setting workshop on January 26, 2013. The purpose of the workshop was to set the City Council's priorities for the year which will aid staff preparing the FY 2013/15 budget. The meeting was held from 8:30 a.m. to 2 p.m. in the San Leandro Senior Center. Participants in the meeting were as follow:

City Council

- Mayor Stephen Cassidy
- Vice Mayor Michael Gregory
- Councilmember Pauline Cutter
- Councilmember Benny Lee
- Councilmember Jim Prola
- Councilmember Ursula Reed
- Councilmember Diana Souza

Community Members

Staff

- Chris Zapata, City Manager
- Lianne Marshall, Assistant City Manager
- Jayne Williams, City Attorney
- Demetrius Shaffer, Alameda County Fire Chief
- Sandra Spagnoli, Police Chief
- David Baum, Finance Director
- Carolyn Knutson, Recreation and Human Services Director
- Tom Liao, Acting Community Development Director
- Theresa Mallon, Library Director
- Debbie Pollart, Acting Public Works Director
- Uche Udemezue, Engineering and Transportation Director
- Cindy Battenberg, Business Development Director
- Marian Handa, City Clerk
- Tara Peterson, Administrative Analyst

The facilitator for the workshop was Linda Barton of Management Partners.

Agenda

The workshop objectives were as follow:

- Council understanding of the City's financial outlook
- Council agreement on goals and action plan
- Hear input from the public

The agenda for the meeting included the following items:

- Council comments on accomplishments over the past year
- Financial overview
- Council goals and action plan for the next two years
- City Manager update on unfunded liabilities, potential revenue, structure of Council agenda and review of current reserve policy.
- Public comments
- Wrap up and evaluation

Workshop Preparation

To prepare for the workshop, facilitator Linda Barton interviewed the Mayor and each Council Member to hear their priorities. Meetings were also held with the City Manager and Assistant City manager to prepare. She consolidated the comments (see Attachment A).

Workshop Ground Rules

- Listen to each other
- Respect each other's opinion
- Stay on track
- No interrupting
- Be succinct

Bike Rack

In order to keep track of issues that will need discussion at another time, a "bike rack" list was created during the course of the workshop. The items placed on this list are as follow:

- Discuss funding for recreational facilities
- Discuss CalPERS costs

Accomplishments

The Mayor and City Council received a list of accomplishments toward each of their goals from staff (see Appendix 1). The Council noted a number of key accomplishments that they were proud of over the past year as follows:

- Added \$600,000 to our long-term reserve.
- We had a balanced budget in Fiscal Year 2012-13.
- Measure L passed.
- We resolved some long-standing legal issues.
- We continued our efforts on Disaster preparedness.
- Maintained our recreational facilities.
- We built a relationship with Caltrans and saw the repaving of E. 14th Street downtown.
- The Council appointment process went smoothly.
- We obtained a Safe Routes to Schools grant through school district and City cooperation.
- We obtained an economic development grant for fiber optics.
- We are in construction on a \$50 million water pollution control plant rehabilitation project.
- The downtown garage opened.
- We obtained a library grant for another year.
- We have a diverse community.

Financial Overview

The Mayor and City Council received a presentation from the City Manager and Finance Director on the City's financial condition and six year financial projection. The City Manager highlighted short- and long-term unfunded liabilities as well as project based unfunded liabilities totaling in excess of \$400 million. (see Appendix 2).

Future Challenges

The Council reviewed the strengths of San Leandro and then discussed the list of future challenges. The following list, created through interviews conducted in advance of the workshop (see Attachment A) was discussed and one item was added, item 4.f below.

1. Regional and intergovernmental relationships:
 - a. We should be regional players. Many challenges come to us from our neighboring communities and we need to work together—particularly the impact of crime

- b. Need to work with both school districts (San Lorenzo and San Leandro)
 - c. Work on improving the schools
2. Economic development:
- a. Finish development at the Marina
 - b. Need to make sure our downtown becomes more vibrant, pedestrian friendly
 - c. Focus on Bayfair and how we bring the right businesses
 - d. Encourage people to spend their dollars in San Leandro
 - e. Create a new image – innovative, tech friendly
3. Fiscal sustainability and budget:
- a. Need to determine how we get through the loss of redevelopment
 - b. Focus on the budget (including the expiration of Community Oriented Policing Services (COPS) grants and our Other Post Employment Benefits (OPEB) liability)
 - c. Create opportunities for revenue generation (not just focus on cutbacks)
 - d. Determine the size of the reserve and decide if 20% is still the right level
 - e. Ensure a sustainable budget
4. Service priorities:
- a. Fix our streets
 - b. Infrastructure
 - c. Determine how we maintain a balance of recreational opportunities, particularly for teens
 - d. Provide customer service that is timely, eliminates barriers
 - e. Add police so residents feel safe
 - f. Need to work on overcoming language barriers

Council Goals and Action Plan

After the discussion about challenges, the Council discussed its goals for the next two years. The Council reviewed their six goals and identified action plan items to help achieve each of the goals.

Modifications to the descriptions of two of the goals were made, as follow.

New description of the economic development goal: *Undertake programs and advance projects promoting sustainable economic development, including transforming San Leandro into a center for innovation.*

New description of the quality of life goal: *Support and implement programs, activities and strengthen communication that enhance the quality of life, including wellness, in San Leandro and promotes a sense of community and civic pride.*

Each of the goals, along with the action plan for the next two years, is described below.

Goal: Fiscal Sustainability: *Place the City on a firm foundation for long-term fiscal sustainability.*

The action plan consists of the following items:

- Focus on a sustainable budget
- Create opportunities for revenue generation (such as for infrastructure, such as roads) by considering bond measures or other means
- Ensure an orderly termination of redevelopment
- Determine the appropriate size of the reserve fund
- Determine the level of funding for social services agencies
- Maintain and develop the relationship with the Chamber of Commerce and the special assessment district
- Evaluate the contract with Alameda County Fire
- Determine the level of funding for recreational activities

The consensus was to prioritize developing a sustainable budget and create opportunities for revenue generation such as bond measures.

Goal: Sustainable Economic Development: *Undertake programs and advance projects promoting sustainable economic development, including transforming San Leandro into a center for innovation.*

The action plan for economic development will be created following further discussion by the Council at a future workshop because no consensus was achieved. The following list consists of all of the items mentioned either in interviews or during the Council workshop and is not prioritized.

- Continue development at the Marina

- Assure downtown becomes vibrant and pedestrian friendly
- Work with the management of Bay Fair on such issues as parking, support businesses, and the Bay Area Rapid Transit (BART) connection
- Encourage people to spend their dollars in San Leandro
- Provide customer service that is timely and eliminates barriers
- Emphasize “green” sustainability
- Attract a diversity of businesses to San Leandro
- Extension of the Lit San Leandro project.
- Develop an Economic Development Plan
- Attract multi-cultural businesses (have staff qualified to assist them)
- Work with Kaiser on its remaining space
- Encourage staff to be bi-lingual.
- Expand on new technologies such as mobile payments
- Establish San Leandro as a destination
- Work with developers for the Downtown TOD site

Goal: Quality Public Safety: *Provide quality public safety services and work in partnership with the community to keep San Leandro safe.*

The following items were discussed and agreed to as important action plan items to help achieve the public safety goal. The overall consensus was to participate regionally on reducing the impact of crime and to make effective use of technology to stretch our resources.

- Participate with the region in reducing impacts of crime by collaborating with other law enforcement agencies
- Add more police so residents feel safe
- Effectively use technology
- Have direct communication with the community to encourage dialogue (continue what has been happening)
- Communicate our successes
- Enhance gang intervention and school resource officers
- Have a more visible presence in south San Leandro (bike officers)
- Place greater resources on residential burglaries (have a work shop on this subject)
- Work with private security teams at our shopping centers and fund technological resources

Goal: Infrastructure: *Maintain and enhance the City's infrastructure.*

The following items were discussed and agreed to as action plan items to help achieve the infrastructure goal. The consensus top priority was the first item on the list, which is to explore options to fix the streets of San Leandro.

- Fix our streets
- Continue to improve our infrastructure
- Develop a cohesive transportation system
- Work with AC Transit (east/west system)
- Look at ways to increase revenue (bond measure)

Goal: Quality of Life: *Support and implement programs, activities and strengthen communication that enhance the quality of life, including wellness, in San Leandro and promotes a sense of community and civic pride.*

The following list was discussed and agreed to as action plan items to help achieve the quality of life goal. The consensus top priority was the first item, which is to reinstate community events.

- Reinstated community events that have been eliminated (such as Martin Luther King Day and Cherry Festival)
- Maintain a balance of recreational opportunities, particularly for teens
- Fund wellness of the community – Human Services Commission.
- Encourage shared funding for events
- Fund the history and art museum
- Have a year-round farmers' market
- Develop environmental awareness

School Partnerships: *Maintain and support a strong positive relationship between the City and schools.*

The following list was discussed and agreed to as action plan items to help achieve the school partnerships goal. The consensus top priority was the first item, which is to continue the positive work that has occurred in working with both school districts to build strong relationships.

- Continue to work with both the San Lorenzo and San Leandro school districts.
- Help with the student health center at San Leandro High.

- Support the Pacific Sports Complex.
- School/City Ad Hoc Committee
- Joint use opportunities.
- Work with the Youth Advisory Committee to get their participation in building strong relationships

City Manager Update

The City Manager gave an update on potential revenue measures, size of the reserve policy, and the Council agenda process. He indicated that all three items would return to the Council for further discussion at a Workshop.

Wrap Up

The facilitator thanked the Mayor, Council and Staff for their excellent work during the workshop. She indicated that a report would be prepared for the City and completed by mid-February. The staff will include the Council goals and priorities in preparation of the FY 2013-14 and 2014-15 Budget. The Mayor, Council and department heads completed an evaluation at the end of the workshop. A summary of the evaluation results is provided in Attachment B.

Attachment A – Summary List of Possible Priorities of Mayor and Council Members

Facilitator Linda Barton conducted telephone interviews with the Mayor and the Members of the City Council. Comments have been consolidated into this document. The purpose of the interviews was to review the agenda for the Planning Session and to hear the priorities of the Mayor and members of the Council for the next two years. This background is to provide the Council and staff a starting point for discussion at the Council Planning Session to be held on January 26, 2013. The list is not prioritized and represents comments from individual Councilmembers.

What are the strengths of San Leandro?

1. Good staff, City Manager, Police Chief, who are responsive, dedicated, and there is a family feeling in the organization
2. We are focusing on our finances
3. New fiber optic loop for the City will help with economic development and job creation
4. City's location on the water
5. Diversity of industry, retail and residential
6. Near the Oakland airport
7. Good freeway access
8. Community is safe
9. Kaiser is an asset
10. Having a master developer for the Marina and plans for development
11. People care, believe we are in this together
12. Small town feel
13. Citizens trust Police, City Hall

What are our future challenges?

1. Regional and intergovernmental relationships:
 - a. We should be regional players. Many challenges come to us from our neighboring communities and we need to work together—particularly the impact of crime.
 - b. Need to work with both school districts (San Lorenzo and San Leandro)
 - c. Work on improving the schools
2. Economic development
 - a. Finish development at the Marina
 - b. Need to make sure our downtown becomes more vibrant, pedestrian friendly
 - c. Focus on Bayfair and how we bring the right businesses
 - d. Encourage people to spend their dollars in San Leandro

- e. Create a new image – innovative, tech friendly
3. Fiscal sustainability and budget
- a. Need to determine how we get through the loss of redevelopment
 - b. Focus on the budget (including the expiration of COPS grants and our OPEB liability)
 - c. Create opportunities for revenue generation (not just focus on cutbacks)
 - d. Determine the size of the reserve and decide if 20% is still the right level
 - e. Ensure a sustainable budget
 - f. Determine the level of funding to be provided to social service agencies and encourage the agencies to find ways to be more efficient and avoid duplication of effort
4. Service priorities
- a. Fix our streets
 - b. Infrastructure
 - c. Determine how we maintain a balance of recreational opportunities, particularly for teens
 - d. Provide customer service that is timely, eliminates barriers
 - e. Add police so residents feel safe
 - f. Reinstate some community events

Attachment B – Summary of Workshop Evaluation Comments

This is a consolidation of the comments provided by workshop participants.

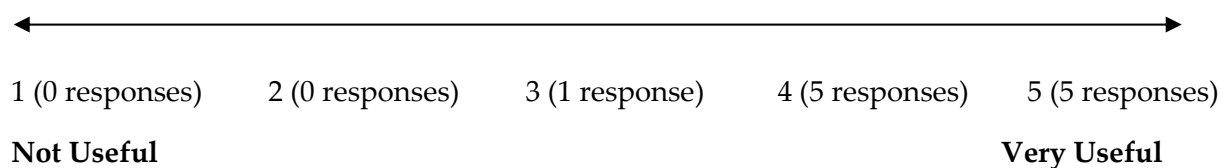
The best thing about this workshop was...

- Decorum, well organized, like a good paint job the prep makes a difference.
- Organized well, good prep...good public participation and report.
- That you kept it moving forward.
- We had a facilitator.
- Being able to speak freely without too much structure regarding our focuses.
- Stayed on time. Good public comment options.
- Focused and stayed on schedule, actually under schedule. Linda was great!
- Well organized, focused and result oriented.
- In depth discussion of action steps/brainstorming objectives for council goals.
- The organization and pre-work.
- Stayed on time! Good public comment options.

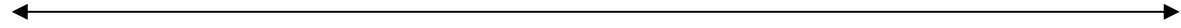
Some thing(s) which could have been better...

- This was very good today.
- Department heads should have been engaged in the discussion.
- Too much of a wish list without knowing they would only get one dot to vote.
- We need to get all the materials and staff reports a few days before.
- I think we should have been able to walk away with the goals done instead of them being in an incomplete status.
- We should spend time discussing the city's overarching and pressing needs in conjunction with setting goals.
- I think the goals were diluted by putting very similar objectives as separate objectives so there is not really clear action on some goals.

Overall usefulness of the workshop:



Overall quality of the workshop:



1 (0 responses) 2 (0 responses) 3 (1 response) 4 (4 responses) 5 (6 responses)

Poor Quality

High Quality

Other Comments:

- Facilitation was a positive
- If we had all the materials ahead of time we could have been more prepared
- I like having the community here and the refreshments being offered to all present and not just staff. The facilitator was great but it seems like we have only just begun and need the conversation to continue.

Appendix 1 – City of San Leandro Accomplishments

City staff prepared the following slides.

**City Council Goals
2012-2013**

- Place the City on a firm foundation for long-term fiscal sustainability
- Work with the community and all stakeholders towards completing major projects and programs for sustainable economic development
- Provide quality public safety services and work in partnership with the community to keep San Leandro safe
- Maintain and enhance the City's infrastructure
- Support programs, activities and communication that enhance the quality of life in San Leandro and promote a sense of community and civic pride
- Maintain and support a strong positive relationship between the City and schools

**City Council Goal #1
Place the City on a firm foundation for
long-term fiscal sustainability.**

- Initiated the establishment of a Downtown Special Benefit District to fund enhanced maintenance, marketing and security
- Reduce costs by refinancing 2001 and 2003 debt
- Budget in brief - condenses a 350-page budget to a pocket pamphlet
- Orderly Redevelopment termination
- Prepared first ever two-year budget

**City Council Goal #1 (continued)
Place the City on a firm foundation for
long-term fiscal sustainability.**

- Continued success in receiving outside funds and grants:
 - \$2.1m – EDA grant for Lit San Leandro expansion
 - \$400k – School Traffic Safety Education
 - \$191k – Sec. 130, for Pedestrian Improvements at RR/Hesperian
 - \$54k – Pavement Management Technical Assistance Program
 - \$373k – Highway Safety Improvement Program
 - \$21k – Alameda County Bay Friendly Landscaping Program
 - \$131k – Accessible Pedestrian Signals (New Freedom Grant)
 - \$50k – Health and Wellness Programs (Measure A)
 - \$10k – Arthritis Foundation
 - \$561k – Federal Community Development Block Grant
 - \$141k – Federal HOME Grant

**City Council Goal #1 (continued)
Place the City on a firm foundation for
long-term fiscal sustainability.**

- Continued success in receiving outside funds and grants:
 - \$175k – Recycling Programs (Measure D)
 - \$46k – CA Environmental Reporting System Grant
 - \$13k – Big Read 2013 Program
 - \$8k – CA Humanities Grant, California Reads Program
 - \$29k – CA States Grants for Literacy Services

**City Council Goal #2
Work with the community and all stakeholders towards
completing major projects and programs for sustainable
economic development.**

- Awarded a \$2.1m Federal Economic Development Administration grant to expand Lit San Leandro's fiber loop from 11 to 18 miles into three unserved commercial areas
- Adopted commercial Broadband Strategy to guide future infrastructure improvements
- Approval of the planning entitlements for Village Marketplace retail center, which will include Peet's Coffee, Habit Burger, AT&T and Chipotle
- Revitalization of the San Leandro Crossings project to a mixed use development that includes a new OSISoft Tech Campus and a 200-unit affordable rental development

**City Council Goal #2 (continued)
Work with the community and all stakeholders towards
completing major projects and programs for sustainable
economic development.**

- Building Division assigned a dedicated inspector to key City projects, such as Kaiser Hospital construction, Water Pollution Control Plant improvements and Downtown Parking Garage to ensure completion in a timely and compliant manner
- Opening of new Downtown Parking Garage
- On-going work on proposed Shoreline Development Project
- Managed the disposal process for real estate owned by the Redevelopment Successor Agency to facilitate productive reuse that provides community benefits and economically productive uses

City Council Goal #3

Provide quality public safety services and work in partnership with the community to keep San Leandro safe.

- Implemented new programs: crime analysis, policing plan based on comp-stat model
- Increased community outreach: Coffee with the Cops, SLPD Open House
- Increased technology: expanded public communications and website information
- Continued implementation of East Bay Regional Communications System (EBRCS) to provide unified communications infrastructure

City Council Goal #4

Maintain and enhance the City's infrastructure.

- Completed striping contract
- Coordinating and managing Water Pollution Control Plant (WPCP) rehabilitation project and maintaining a high quality effluent during construction
- Design of the Triangle intersection improvement project in progress
- Completed installation of new traffic signals at Bancroft and 136th Avenues; Washington Avenue and Monterey Boulevard signal currently in design phase
- Reconstructing group picnic areas and replacing the complete irrigation system within Marina Park
- Starting the construction on San Leandro Boulevard improvements from Davis to Williams Streets as part of the downtown TOD project

City Council Goal #5

Support programs, activities and communication that enhance the quality of life in San Leandro and promote a sense of community and civic pride.

- Approval of Aurora Cottages, a 16-unit residential rental development; preserved an existing affordable rental apartment, Surf Apartments, by approving transfer to Eden Housing
- Completion of the Energy Efficiency Block Grant program; continued success of the Energy Efficiency DIY Class conducted by Building and Safety staff, which tested over 100 homes to help homeowners reduce heating and cooling costs
- Partnered with community groups to offer special events, including Egg Hunt, Cinco de Mayo, Run for the Schools, Veteran's Day, Family Fun Nights, Concerts in the Park, Halloween Carnival, Family Bike Party, Dr. Martin Luther King, Jr. Celebration
- Partnering with the YMCA to support the Youth and Government Program toward the goal of building a strong YMCA presence in San Leandro
- Implemented a family swim pass in which 51 families bought passes with a total of 231 registrants and 1,910 visits

City Council Goal #5 (continued)

Support programs, activities and communication that enhance the quality of life in San Leandro and promote a sense of community and civic pride.

- Various park improvements funded by Measure WW
- Opening of new Dog Park
- Opening of new Par Course
- Implemented Green Halo software system to track Construction & Debris Recycling
- Numerous recycling programs and events: America Recycles Day, Annual Shoreline Clean-up, distribution of Fall leaf bags, Neighborhood Cleanup Day, Annual Compost Give-Away, Implementation of "old medication" drop off points
- Implementation of Polystyrene Foam Food Service Ware Ban
- Implementation of Trash Reduction Plan
- Connected the Main and Manor Libraries to Lit San Leandro, providing vastly increased Internet speeds for library patrons

City Council Goal #5 (continued)

Support programs, activities and communication that enhance the quality of life in San Leandro and promote a sense of community and civic pride.

- Continued add new and improved ways of sharing information with the community, including:
 - Website Enhancements, such as "Meeting Central" page
 - Audio recording and archiving of public meetings
 - Work underway for video recording
 - Development of the "Get Connected" video
 - Installation of a high-definition monitor in City Hall to show informational and promotional materials

City Council Goal #6

Maintain and support a strong positive relationship between the City and schools.

- Collaborating with San Leandro Unified School District (SLUSD) staff to determine the most effective way to operate and maintain the Pacific Sports Complex and Burrell Field
- Implemented Youth Diversion Program
- Worked together on a School Safety Committee
- Developed a confidential tip line for schools

Appendix 2 – Financial Overview

City staff prepared the following slides.

Financial Overview and City Manager Report

- Acknowledgements – Community, Council, Employees – Past and Present
- General Fund focus – unfunded liabilities
- Local Economic Conditions
- Historical View – City budget, General Fund
- Mid-year Status - General Fund
- Forecast – General Fund projection through 2018-19
- Services/Infrastructure Trends and Data (see handout)
- Budget Considerations
- Budget Calendar

General Fund Focus

Estimated Short-term unfunded liabilities:

1. ICFG unbudgeted payment	\$400,000	1 year
2. Fiber EDA grant match	\$60,000	1 year
3. RDA legal fees not covered by ROPs	100,000	1 year
4. General Plan/Housing Element update	1,000,000	2 years
5. COPs grant expiration	900,000	1 year
Total	\$2,960,000	

General Fund Focus

Estimated Long-term unfunded liabilities:

1. Miscellaneous/Safety unfunded OPEB (ARC is \$1,639,000)	\$16,179,000
2. Miscellaneous unfunded CalPERS (ARC is \$4,893,478)	36,625,000
3. Safety unfunded CalPERS (ARC is \$3,085,446)	47,597,000
4. Fire Department unfunded OPEB (ARC is \$1,636,000)	18,418,000
Total	\$118,819,000

General Fund Focus

Estimated Project-based unfunded liabilities:

1. Burnell Field annual maintenance and field replacement costs (Scenario A)	Annual cost	\$ 146,000*
2. Marina Boulevard design improvements (Kaiser and Shoreline)	Annual cost (for 2 years)	495,000
3. Streets and Road Improvements (PCI 7D)	On-going	80,000,000
4. Capital Improvements Program (CIP)	On-going	225,000,000
5. Kaiser overlay plan	One-time	250,000
6. Community events	Annual	100,000
7. Historic preservation	Annual	100,000
8. Neighborhood beautification	Annual	300,000
* Annual costs paid by whom?		

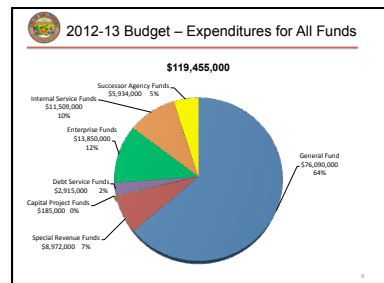
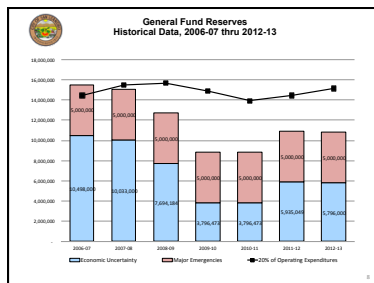
Local Economic Conditions on San Leandro's Budget

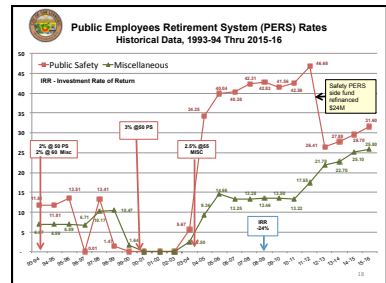
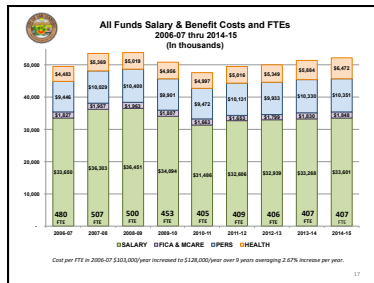
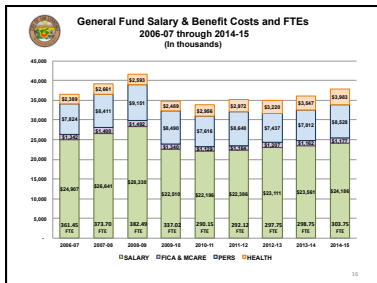
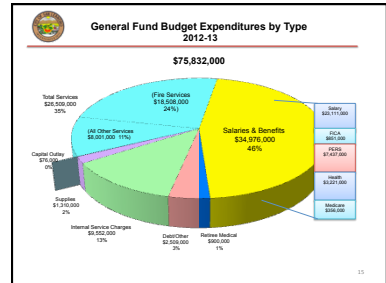
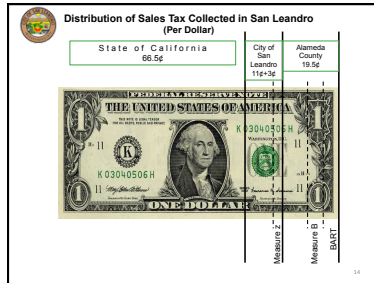
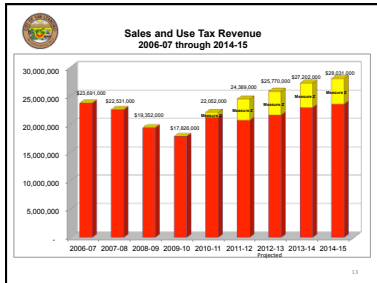
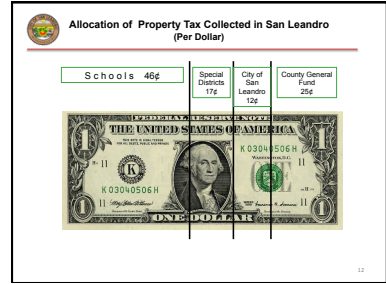
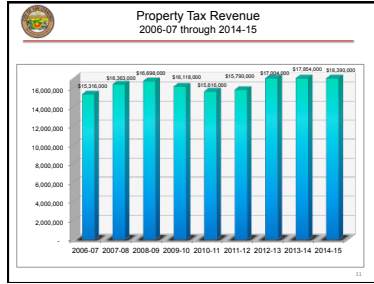
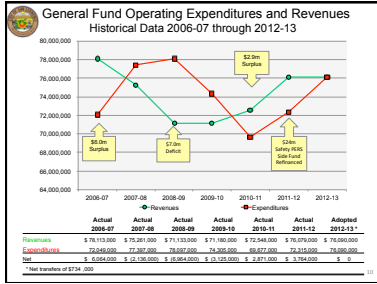
- Property tax**
 - Assessed values increasing
 - Revenues rebounding, estimated to exceed 2008-09 high-point
- Sales tax**
 - Consumer confidence on the rise
 - Revenues increasing and exceeded 2006-07 high-point
 - Measure Z sales tax revenues to end March 31, 2018
- Utility Users tax**
 - Unemployment rates declining – customers paying bills
 - Revenues slowly edging back to the 2007-08 level
- Continued fallout from RDA dissolution

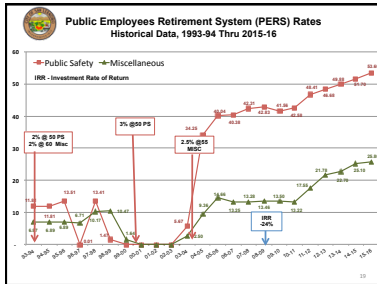
Economic Conditions (cont.)

- San Leandro overall property assessed values increasing 5%
- Home Foreclosure rates for 2012 (Zillow.com):
 - San Leandro decreased to 99 from a high of 250/year in 2008
 - Alameda County decreased to 2,073 from a high of 4,604/year in 2008
- Unemployment rates for December 2012 (EDD):
 - San Leandro = 8.1%
 - Alameda County = 8.2%
- Compensation increasing in 2014 by 3% and 2015 increasing by 6.5%
- Labor negotiations

Historical View City Budget and General Fund







New Pension Reporting GASB 67 and 68

- New pension reporting requires governments providing defined benefit pensions to:
 1. Recognize long-term obligation as liabilities on balance sheet for the first time
 2. Measure annual pension benefit costs more comprehensively and comparably
 3. Enhance pension plans note disclosures and required supplementary information
- GASB 67 implementation in 2013-14
- GASB 68 implementation in 2014-15

Mid-Year Status General Fund

2012-13 Financial Status Report As of December 31, 2012

GENERAL FUND			
Description	Adopted Budget	YTD 12/31/12	% of Budget
Revenues - Taxes			
Property tax	\$ 17,004,000	\$ 8,860,000	52%
Sales tax	20,073,000	8,499,000	42%
Transaction & Use tax (Mesa Z)	3,819,000	1,548,000	41%
Utility Users tax	10,100,000	3,873,000	38%
Franchise Fees	4,141,000	1,029,000	25%
Property Transfer tax	2,519,000	1,329,000	53%
Emergency Communication Access tax (911)	2,850,000	918,000	33%
Business license tax	4,425,000	675,000	15%
Other taxes	303,000	109,000	36%
Total Taxes	\$ 68,184,000	\$ 26,846,000	41%

2012-13 Financial Status Report As of December 31, 2012 (cont.)

GENERAL FUND			
Description	Adopted Budget	YTD 12/31/12	% of Budget
Revenues - Other			
Charges for services	\$ 2,661,000	\$ 1,238,000	47%
Interest & Property income	1,051,000	330,000	31%
Fines, Fees & Forfeitures	1,240,000	413,000	33%
Intergovernmental	917,000	755,000	82%
Licenses & Permits	1,556,000	792,000	49%
Interdepartmental	2,002,000	1,001,000	50%
Other/Transfers	447,000	178,000	40%
Total Other Revenues	\$ 9,914,000	\$ 4,697,000	47%
Total Revenues	\$ 78,098,000	\$ 31,543,000	42%

2012-13 Financial Status Report As of December 31, 2012 (cont.)

GENERAL FUND			
Description	Adopted Budget	YTD 12/31/12	% of Budget
Expenditures			
General Administration (Council, Clerk, City Attorney, City Manager & Human Resources)	\$ 3,871,000	\$ 1,742,000	45%
Finance	2,289,000	1,097,000	48%
Police	26,331,000	12,728,000	50%
Fire	18,889,000	7,799,000	41%
Recreation & Human Services	3,980,000	2,013,000	50%
Engineering & Transportation	2,461,000	1,233,000	50%
Library	4,680,000	2,217,000	47%
Public Works	4,292,000	2,005,000	47%
Continuum Development	3,851,000	1,645,000	43%
Non-Departmental	1,302,000	649,000	50%
Debt Service	4,866,000	2,119,000	44%
Transfers	267,000	817,000	318%
Total Expenditures	\$ 78,089,000	\$ 36,064,000	47%

Forecast General Fund

General Fund Seven Year Forecast Assumptions 2012-13 thru 2018-19

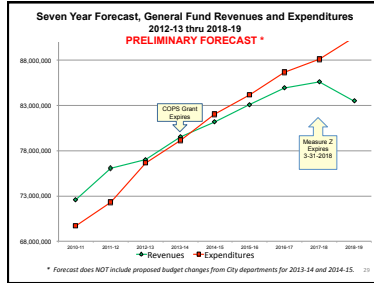
Description	2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
REVENUES (in thousands)														
Sales tax	16,123	16,966	17,563	18,223	18,861	19,754	20,544	21,154	21,764	22,374	22,984	23,594	24,204	24,814
Sales tax localfill	5,427	5,940	6,563	7,186	7,809	8,432	9,055	9,678	10,301	10,924	11,547	12,170	12,793	13,416
Transaction tax	4,100	4,289	4,515	4,692	4,876	5,022	5,168	5,314	5,460	5,606	5,752	5,898	6,044	6,190
Property tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Utility user's tax	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Business License	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
All other revenues	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

General Fund Seven Year Forecast Assumptions 2012-13 thru 2018-19

Description	2012-13		2013-14		2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
EXPENDITURES														
Salary adjustments	0.5%	0.5%	0.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical rates	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
PERSONNEL														
Salary (includes 2010)	35.40%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%	42.20%
Miscellaneous	29.78%	33.45%	35.75%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%	36.50%
Retiree Medical *	\$500k	\$500k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k	\$1,000k
Services and supplies	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Consulting	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Legal fees	3.0%	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Fire service fees	3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
OP&B trust account *	\$250k	\$700k	\$700k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k	\$500k

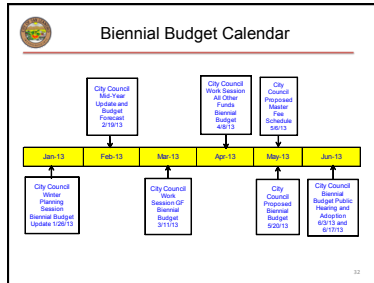
General Fund Seven Year Forecast Assumptions
2012-13 thru 2018-19

Description	2012-13 Budget	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	Notes
Transfers/Other:								
Refuse contract	\$72k	\$72k	\$72k	\$72k	\$72k	\$72k	\$72k	oversight of refuse contract #6594-41-236
To economic uncertainty	\$300k	\$300k	\$300k	0	0	0	0	Community impact funds end in 2014-15
SLUSD loan	\$1,500k	0	0	0	0	0	0	
Debt service:								
CCP refinancing savings	0	\$ (837)k	\$ (407)k	\$ (497)k	\$ (191)k	\$ (5)k	\$ (1)k	CCP 2003 refinancing savings (in thousands)
Fire Dept. CPES refinancing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	placeholder for discussion purposes



- Budget Considerations**
- Two-year budget cycle
 - Continuing increases in the following:
 - Service level demands
 - Facility and maintenance needs
 - Health benefits and CalPERS
 - Streets and roads deterioration
 - Unfunded liabilities
 - Fire contract services and equipment
 - Technology requests/needs
 - Labor negotiations

- Budget Considerations (cont.)**
- 20% reserve threshold
 - Staff recommends review of policy
 - Sustainability strategy and plan beyond Measure Z
 - Process improvements/efficiency
 - Grants
 - Innovation
 - Revenue enhancement
 - Organizational participation
 - Goals and priorities alignment



Questions?