



City of Grand Terrace

**Five-Year Financial Analysis
and
Budget Stabilization Plan**

April 22, 2013



City of Grand Terrace
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April 18, 2013

Honorable Mayor, Mayor Pro Tem and City Council Members;
Ad Hoc Budget Advisory Committee Members; and
Citizens of Grand Terrace

Transmitted herewith is a Five-Year Financial Analysis and Budget Stabilization Plan for the City of Grand Terrace. The City's three major funds (General Fund, Child Care Fund and Waste Water Disposal Fund) are addressed in the report, although the focus of the report--in particular the Budget Stabilization Plan--is on the General Fund.

Like most cities in California, the City of Grand Terrace has faced significant fiscal challenges the past several years as a result of the economic recession. In response to these challenges, service levels, associated City staffing and staff compensation have been reduced in order to cut expenditures and maintain a balanced General Fund budget. Although the recession is over and the economy is starting to recover, it is a slow recovery and revenues are recovering slowly as well.

While dealing with the fiscal challenges associated with the poor economy, California cities were dealt a staggering blow when the State Legislature voted to dissolve redevelopment agencies through enactment of ABx1 26, as a means of transferring property tax revenues from redevelopment agencies to other taxing entities, primarily to ease the State's burden of funding education. Cities and redevelopment agencies collectively filed suit over this new legislation but failed to prevail when the California Supreme Court upheld the legislation, which became effective February 1, 2012. The impacts of state-wide redevelopment dissolution are requiring many cities to reevaluate their financial structure, service delivery, and even long-term fiscal viability.

Since the City's incorporation in 1978, Grand Terrace has relied heavily on redevelopment funds to help support its general government operations. With redevelopment agencies now dissolved, the General Fund must now stand on its own to fund essential services for the community, including public safety, street and park maintenance, community development, code enforcement and general administration. Through both revenue losses and expenditure increases, the City's General Fund will be negatively impacted due to redevelopment dissolution by \$738,000 annually, which directly translates to projected operating deficits of \$675,000 in Fiscal Year (FY) 2013-14 and \$758,000 in FY 2014-15. Without redevelopment dissolution, a balanced General Fund budget for FY 2013-14 would be presented for the City Council's consideration and adoption.

As a result of redevelopment dissolution and the corresponding impact on the City's General Fund, the City faces a very challenging future. Significant General Fund operating deficits are projected over the next five years. In response to these projected deficits, a Budget Stabilization Plan has been developed to provide options for overcoming the deficits with both expenditure reduction and revenue enhancement options. The expenditure reduction options are difficult ones and, if implemented, would significantly impact City operations, City staffing and service levels to the community. However, these options must be given serious consideration given the uncertainty of the revenue enhancement options, which would require voter approval.

Through the data and analyses included in the attached report, staff has made every effort to provide the City Council and Ad Hoc Budget Advisory Committee with reliable data and viable options for overcoming the adverse impacts of redevelopment dissolution, adopting annual balanced budgets, and achieving long-term fiscal stability. The decisions to be made following the review of this report are significant ones and will impact the community for years to come. Staff is available to assist the City Council and Ad Hoc Budget Advisory Committee as it evaluates the information presented in the report and makes its determinations regarding the options that will best serve the residents and businesses of Grand Terrace.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Betsy M. Adams".

Betsy M. Adams
City Manager



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Overview

Overview

Five-Year Planning vs. One-Year Budget

The impacts of state-wide redevelopment dissolution, which were enacted through ABx1 26 and AB 1484 and became effective February 1, 2012, are requiring many cities to reevaluate their financial structure, service delivery, and even long-term fiscal viability. Since the City's incorporation in 1978, Grand Terrace has relied heavily on redevelopment funds to help support its general governmental operations, through direct payroll charges of staff working in the redevelopment area, overhead allocations, and borrowing from the former Redevelopment Agency. With redevelopment agencies now dissolved by state law, the General Fund must stand on its own to fund essential services for the community, including public safety, street and park maintenance, community development, code enforcement and general administration. As a result of this significant change in the City's financial structure, it is prudent to prepare a five-year projection of the City's General Fund revenues, expenditures and fund balance, rather than simply an annual budget for the upcoming fiscal year. By doing so, the City Council can better assess the fiscal horizon and take the appropriate actions to address the long-term financial viability of the City. Five-Year projections have also been prepared for the Child Care Fund and Waste Water Disposal Fund, due to the size of the funds, the need for them to be self-supporting, and the significance of these operations to the City.

The budgetary information for Fiscal Year (FY) 2013-14 presented in the Five-Year Projections will be further refined prior to submittal of the FY 2013-14 Proposed Budget to the City Council for its review on May 14th and subsequent adoption in June, although substantial revisions are not anticipated. At that time, all City funds will also be included. Council direction on policy issues will also be needed to enable staff to present a balanced budget that can be adopted. Therefore, the FY 2013-14 projections should not be considered as the FY 2013-14 Proposed Budget.

The financial data and analyses presented in this report are intended to provide the City Council with information that is necessary to make critical policy decisions that will shape the City's future. As a result of the loss of redevelopment funds, on which the City was heavily dependent, the City cannot continue to provide services as in the past without additional revenue sources. Options facing the City are: (1) curtailment of services to match the diminished revenues available to the City; (2) restructuring of service delivery to include consideration of City disincorporation and/or the formation of a Community Services District to provide certain services; and (3) consideration of a local revenue measure to provide additional funding so the City can remain fiscally viable and provide the desired services to the community.

FY 2012-13 Budget

The General Fund budget for FY 2012-13 was adopted with an operating surplus (excess of revenues over expenditures) of \$154,694. Beginning fund balance was estimated at \$656,264 and ending fund balance was projected at \$810,958. The Mid-Year Budget Review presented to the City Council on February 26, 2013, identified \$610,424 in unbudgeted negative impacts to the City's General Fund budget as a result of unexpected redevelopment dissolution decisions

by the California Department of Finance (DOF). These impacts reduced the projected ending fund balance to \$415,280, which included a \$50,000 budget appropriation approved during the Mid-Year review. (As of April, the year-end estimate has been revised to \$440,960.)

In addition to the rapid depletion of the City's General Fund balance resulting from the redevelopment dissolution impacts, there are additional risks to General Fund balance related to the DOF's review of the Due Diligence Review (DDR) of Non-Housing Funds. Preliminary findings issued by the DOF on March 25, 2013, indicate that \$13.6 million is owed by the Successor Agency (the City has chosen to serve as Successor Agency to the former RDA) to the County Auditor-Controller for disbursement to the various taxing entities. The City is one of the taxing entities, with a share of 19.97% of the former RDA property tax increment. Therefore, disbursement of the \$13.6 million would result in the City receiving approximately \$2.7 million in property tax funds on a one-time basis. However, of the \$13.6 million identified by the DOF as due from the Successor Agency, approximately \$3.2 million represents funds loaned by the former RDA to the City. Therefore, the City would be obligated to repay this amount. For this reason, the General Fund balance is very tenuous and could be needed in its entirety to satisfy redevelopment dissolution obligations that are shifted to the General Fund. Successor Agency staff requested a meet-and-confer discussion with the DOF to discuss the findings, further explain the Successor Agency's position, provide additional documentation, and possibly to negotiate payment terms on amounts owed by the City. The meet-and-confer discussion is scheduled for April 16, 2013. Following this meeting, the DOF will issue a final determination regarding the DDR.

Additional information regarding the RDA-dissolution impacts to the General Fund was provided to the City Council in the Mid-Year Budget Review on February 26, 2013. This report is included as Appendix A to provide additional background information and context for the FY 2013-14 budget and financial projections.

**Economic Forecast
and Inflationary Assumptions**

Economic Forecast and Inflationary Assumptions

Economic forecast information was used to determine an appropriate inflationary factor relative to the five-year revenue and expenditure projections, in cases where more precise or specific information was not available or applicable. Much of the economic information that follows was taken from a comprehensive economic report prepared by Beacon Economics in partnership with the University of California at Riverside School of Business Administration and released December 2012. Additional information is taken from recent reports from The HdL Companies, who provide sales tax and property tax consulting services to the City and Successor Agency, and various economic updates. It should be noted that the City's major revenue sources such as property tax and sales tax are projected based on data and analyses specific to the City, utilizing outside consulting expertise, rather than applying generalized growth or inflationary factors. Likewise, key expenditure categories, such as personnel-related expenses and contractual services, are projected based on factors specific to the City.

National Economy

The U.S. economy is in the midst of a slow but steady three-year expansion characterized by rising economic output, rising wages, improving asset values, and falling unemployment. However, growth in Gross Domestic Product (GDP) has been slower than normal at 2.1% over the last two years, compared with 3% for the two decades prior to the recession. This slow rate of growth is primarily due to declines in the public sector that have offset fairly normal growth in the private sector. Typically, direct government spending contributes approximately 0.3% to the economy, while over the past two years it has contracted by 0.67%. As for the source of overall growth, consumer spending has been slightly below average, while offset by greater-than-normal growth in construction spending and business investments.

Employment growth in the private sector has been approximately 1.8% over the past two years, compared with 1.5% for the two decades prior to the recession. Unemployment is still higher than normal, at 7.6%, but it has fallen 2.4% in the past two years, and just dropped from 7.9% to 7.7% in February; then to 7.6% in March, which is the lowest level since January 2009. However, actual job growth the past two months has been lower than expected and the falling unemployment rate, while seeming to be positive, is also indicative of discouraged workers giving up their job searches and no longer being counted in the unemployment figures. The broader U-6 unemployment rate, which includes workers no longer looking for employment, is close to 14%, while in stronger economic times it is closer to 10%.

Some of the most positive recent news comes from the housing sector, where home prices and construction permits have trended upward into recovery territory. According to the major price measures, home values are now 5% to 6% above last year's values. Housing starts have also continued to rise, reaching 900,000 in October. Much of the activity is in the multi-family sector, where investors are rushing to catch up with the tight market. Given that the large stock of bank-owned units continues to fall, alongside declines in the number of foreclosures, it is likely that the housing recovery will continue to accelerate.

The relatively positive news above is tempered by the increase in taxes that took effect 1/1/13, combined with the expected decline in federal spending through the budget sequestration process. The overall impact on the economy is roughly \$550 billion--\$410 billion in tax increases and \$140 billion in spending cuts over the course of the year. These impacts have the potential to shock the fragile recovery and trigger another recession, or at least slow the already slow rate of GDP growth.

Overall inflation nationwide is running about 2%, as reflected in the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average. The annual average CPI-U was up 2.07% from 2011 to 2012 and 1.98% from February 2012 to February 2013.

California Economy

California is a driving force behind the national economic recovery, albeit it a weak and slow recovery. During 2012, California led the nation in job, income and consumer spending growth. However, despite these positive growth results, California's labor markets have not sprung back to life in the wake of the recession. Although more than 725,000 jobs have been added since the trough of the recession, the statewide unemployment rate is the highest in the nation at 9.6%, tied with Nevada and Mississippi. Despite the continuing high employment rate, it has dropped from 10.1% in October 2012, and from a high of 12.4% at its peak in October 2010. Beacon Economics is forecasting employment growth to remain in the 2% range for 2013, before gaining momentum and growing between 2.5% and 3.0% per year beginning in 2014.

Consumer spending statewide is showing steady growth. According to data released by the State Board of Equalization, taxable sales in California posted their 12th consecutive quarterly increase. To date, taxable sales in the state have rebounded by more than 25% since hitting bottom in the second quarter of 2009, and are just 2.4% below their pre-recession peak of \$143 billion per quarter. Auto sales have contributed significantly to this growth, increasing by 15% from the same period a year ago. In addition to auto sales, there have been positive growth results in tourism and construction-related spending.

Over the past few years, the real estate markets have been a drag on statewide economic growth. However, 2012 showed a reversal as real estate began to add to the economy rather than detract from it. Real estate tracking firm DataQuick has reported 14 consecutive months of year-over-year increases in home sales, reaching their highest level since December 2009, when the first-time homebuyer tax credits were drawing a significant number of new buyers into the market. Although the homebuyer tax credits have since expired, increased demand is being driven by improvement in the labor market and record low interest rates. The boost in demand for homes has also contributed to price appreciation in the state. Since hitting bottom in April 2009, the median price of a home is up 50%, from a low of \$221,500 to \$334,000. Helping this trend is the fact that distressed mortgages in the state continue to dwindle and represent a smaller share of the overall sales mix. In terms of new home construction, residential permitting is trending upward and construction employment has started to rebound as well. On the commercial side of the market, vacancy rates have begun to drop throughout the state for retail, office and industrial properties, while rents have begun to inch upward.

The economic problems throughout Europe have caused concern for California exports. Export growth has slowed from the double-digit growth experienced in 2010 and 2011. Exports have continued to grow throughout 2012 but at a slower pace. Although the Euro zone continues to be in the midst of a financial ordeal, state exports to our largest trading partners, Canada and Mexico, have held up well. Beacon Economics is forecasting slow but steady growth in the state's exports.

Inland Region Economy

The economic recovery in the Inland Region (Riverside and San Bernardino Counties) has been slow but is steadily moving in the right direction. Progress is now being seen in most of the region's key sectors including consumer spending, residential and commercial real estate, tourism and logistics. Taxable sales have grown three straight years; home sales are on the rise; hotel occupancy rates are growing; and property values are starting to rise after experiencing some of the most significant declines in the nation.

On the employment front, the Inland Region has lagged behind the neighboring counties in job growth. Through October 2012, the region had added only 30,800 new jobs to its employment base since hitting bottom at the end of 2009. This represents a 2.8% increase, versus 3.1% growth in Los Angeles County, 4.0% in San Diego County and 4.1% in Orange County. Although the overall job growth is modest, private-sector job growth has outpaced the year-over-year job growth statewide, but has been offset with job losses in the public sector. The region's unemployment rate is currently at 10.8%, versus its peak of 14.6% in April 2010, and compared to the statewide average of 9.6%.

While employment is a lagging economic indicator, a number of the key leading indicators point to a regional economy that is poised for solid growth throughout 2013 and beyond. Consumer spending has risen more than 27% since hitting bottom in mid-2009. Taxable sales are still running 7% below their pre-recession peak, but they have made up a significant portion of that lost ground. The biggest surge has come from auto sales, where tax receipts from 2012 sales were up 9% from 2011. As long-term durable goods, automobile purchases indicate that consumers are feeling more optimistic about the economy and prospects for their own personal income. Other growth areas of consumer spending include building materials, groceries and general merchandise. Beacon Economics is forecasting that the Inland Region will rebound to its pre-recession peak level of taxable sales by the end of 2013, with annual growth rate between 6% and 8% thereafter.

The housing resurgence statewide includes a strong showing in the Inland Region. Both Riverside and San Bernardino counties have enjoyed eight consecutive quarters of price appreciation through October 2012. Overall, housing prices in both counties are up approximately 23% from their troughs in May 2009. In fact, this is an area where the region is outpacing its neighbors in Los Angeles, Orange and San Diego counties.

The non-residential side of the market is also starting to improve. Industrial vacancies are down from a peak of more than 10% to just over 8%. As the overall economy improves and as payrolls begin to grow again, activity is also starting to increase in non-residential construction. Beacon Economics forecasts that non-residential building permit values will continue to rise and result in \$700 million in construction value in 2013 and rise to \$1.3 billion in value by the end of 2017.

Overall, the Inland Region has a long way to go before it returns to its pre-recession employment levels and overall economic vitality. However, virtually all leading economic indicators indicate that the region is poised for continued steady growth throughout 2013 and beyond.

Overall inflation in the region is running just slightly ahead of the national average of 2%, as reflected in the Consumer Price Index for All Urban Consumers (CPI-U), Los Angeles/Riverside/Orange County. This regional index was up 2.04% from 2011 to 2012 and 2.22% from February 2012 to February 2013.

Economic Inflation Used in Five-Year Budget Projections

The economic information presented above was useful in developing an inflationary/growth factor to apply to certain revenue and expenditure categories over the five-year period covered in this analysis. Based on the Beacon Economics forecast information, CPI and other sources utilized, a 2% annualized inflationary factor was applied to both revenue and expenditures line items for which more precise information was not available or appropriate to use. However, as previously indicated, the City's major revenue sources such as property tax and sales tax were projected based on data and analyses specific to the City, utilizing outside consulting expertise, rather than applying generalized growth or inflationary factors. Other revenues were analyzed based on activity and factors specific to the City. In a similar manner, expenditure line items were analyzed based on their specific characteristics and a general inflationary factor was only utilized in those cases where more precise information was not available. In this regard, the largest expenditure category in the City's budget is personnel-related expense. For the five-year projections, the following assumptions were used:

- Continuation of the 4-day (36-hour) work week for City Hall staff and corresponding 10% salary reduction;
- Continued suspension of merit increases;
- No cost-of-living adjustment (COLA); and
- Retirement contribution rates for FY 2013-14 and FY 2014-15 based on the latest valuation report provided by the California Public Employees Retirement System (CalPERS). Rates used in the three subsequent years' projections were based on recent information provided by CalPERS concerning changes in actuarial and economic assumptions to address the system-wide unfunded liabilities. Following are the retirement rates reflected in the projections:
 - FY 2013-14: 21.991%
 - FY 2014-15: 22.9%
 - FY 2015-16: 25.5%
 - FY 2016-17: 28.0%
 - FY 2017-18: 30.0%
- Increase in health insurance premiums of 3% in FY 2013-14 and 6% annually thereafter based on expected premium increases related to the Affordable Care Act that takes effect 1/1/14.
- Increase of 4% annually on Law Enforcement contract, per Sheriff's Department.

**Five-Year Revenue, Expenditure
and Fund Balance Projections**

Five-Year Revenue, Expenditure and Fund Balance Projections

Introduction

Five-year projections of revenues, expenditures and fund balance are presented in the following schedules for the City's major funds, which include:

- General Fund
- Child Care Fund
- Waste Water Disposal Fund

In each fund, the projections assume no change in staffing levels, staff compensation, service levels or other policy decisions to be made by the City Council. As such, they reflect a continuation of current operations using the best estimates of revenues and expenditures over the upcoming five-year period.

**City of Grand Terrace
Budget Summary Report
GENERAL FUND**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>REVENUES</u>				
Property Taxes	\$ 1,389,541	\$ 1,382,935	\$ 1,362,836	\$ 1,377,880
Licenses & Permits	650,634	648,437	646,270	651,200
Sales Tax/Intergovt	998,945	1,096,472	1,044,000	1,028,300
Charges for Services	94,486	53,447	44,600	40,000
Building Fees & Permits	112,968	135,839	54,800	106,200
Planning Fees & Permits	40,750	13,750	14,350	15,600
Recreation Fees	1,730	-	-	-
Park Fees	7,778	23,317	16,000	20,300
Fines & Forfeitures	14,925	20,356	27,500	36,700
Use of Money & Property	213,555	400,231	38,130	48,130
Miscellaneous	106,311	498	1,000	6,500
Residual Rec/Transfers	1,119,235	300,000	305,000	-
TOTAL REVENUES	<u>\$ 4,750,858</u>	<u>\$ 4,075,282</u>	<u>\$ 3,554,486</u>	<u>\$ 3,330,810</u>
<u>EXPENDITURES</u>				
City Council	49,977	52,987	54,591	53,000
City Manager	223,199	283,470	239,870	242,928
City Clerk	190,400	133,467	105,725	86,627
Finance	252,644	284,119	281,023	331,400
City Attorney	63,739	52,203	60,000	66,900
Building & Safety	128,884	123,656	133,825	132,177
Public Works	183,465	187,980	190,520	146,227
Community Events	32,832	436	-	-
Rental Inspection Prgm	61,946	-	73,910	86,343
Enforcement Prgm	135,930	141,531	140,014	142,465
Gen Govt - Non-Dept	406,056	377,173	340,180	506,144
Facilities Maintenance	72,602	110,770	108,500	101,800
Comm & Econ Dev	188,518	231,399	248,215	197,263
Mgt Information Sys	64,019	60,349	97,490	88,780
Law Enforcement	2,002,574	1,762,956	1,758,595	1,751,317
Parks Maintenance	117,036	111,186	155,405	118,005
NPDES	82,032	75,558	99,025	91,190
Storm Drain Maint	16,000	2,922	16,000	-
Planning Commission	2,331	2,363	2,265	2,260
Historical/Cultural Comm	1,137	685	1,200	1,150
Senior Citizens Prgm	27,569	26,817	27,000	28,800
Emergency Oper Prgm	8,658	7,860	11,470	4,800
Capital Projects	-	-	(75,000)	-
O/H Cost Allocation	(625,365)	(728,252)	(670,031)	(487,100)
TOTAL EXPENDITURES	<u>\$ 3,686,183</u>	<u>\$ 3,301,635</u>	<u>\$ 3,399,792</u>	<u>\$ 3,692,476</u>
Revenues	4,750,858	4,075,282	3,554,486	3,330,810
Expenditures	3,686,183	3,301,635	3,399,792	3,692,476
NET (Revenues less Expenditures)	<u>\$ 1,064,675</u>	<u>\$ 773,647</u>	<u>\$ 154,694</u>	<u>\$ (361,666)</u>
Fund Balance - Beginning	(720,430)	202,029	656,264	802,626
Revenues less Expenditures	1,064,675	773,647	154,694	(361,666)
Fund Balance - Ending	<u>\$ 344,245</u>	<u>\$ 975,676</u>	<u>\$ 810,958</u>	<u>\$ 440,960</u>

**City of Grand Terrace
Budget Summary Report
GENERAL FUND (continued)**

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					REVENUES
\$ 1,348,944	\$ 1,376,000	\$ 1,403,400	\$ 1,431,400	\$ 1,459,900	Property Taxes
664,100	677,200	680,500	683,800	705,800	Licenses & Permits
1,065,203	1,057,737	1,035,272	1,068,684	1,169,184	Sales Tax/Intergovt
42,700	42,180	42,045	33,739	31,475	Charges for Services
84,100	85,800	87,500	89,200	90,900	Building Fees & Permits
15,900	16,200	16,500	16,800	17,100	Planning Fees & Permits
-	-	-	-	-	Recreation Fees
15,300	15,600	15,900	16,200	16,500	Park Fees
37,500	38,300	39,100	39,900	40,800	Fines & Forfeitures
28,700	29,300	29,900	30,500	31,100	Use of Money & Property
6,600	6,700	6,800	6,900	7,000	Miscellaneous
-	-	-	-	-	Residual Rec/Transfers
\$ 3,309,047	\$ 3,345,017	\$ 3,356,917	\$ 3,417,123	\$ 3,569,759	TOTAL REVENUES
					EXPENDITURES
54,025	55,465	56,975	58,565	60,225	City Council
210,650	210,210	210,440	213,980	216,840	City Manager
95,960	108,810	96,423	112,940	99,890	City Clerk
344,750	351,360	358,780	366,040	373,330	Finance
70,910	72,330	73,770	75,250	76,750	City Attorney
129,370	132,099	134,415	138,067	139,510	Building & Safety
175,770	179,360	242,580	187,150	189,500	Public Works
-	-	-	-	-	Community Events
103,420	104,500	107,400	109,540	111,360	Rental Inspection Prgm
160,214	163,430	166,690	170,020	173,420	Enforcement Prgm
663,850	669,200	674,660	680,220	685,900	Gen Govt - Non-Dept
124,389	126,870	129,410	132,000	134,630	Facilities Maintenance
126,344	127,550	131,000	133,480	135,600	Comm & Econ Dev
103,060	104,470	107,220	109,430	111,430	Mgt Information Sys
1,803,690	1,874,380	1,947,880	2,024,280	2,103,710	Law Enforcement
149,078	151,800	155,050	158,150	161,230	Parks Maintenance
95,150	96,560	98,810	100,710	102,510	NPDES
16,000	16,320	16,650	16,980	17,320	Storm Drain Maint
2,260	2,260	2,260	2,260	2,260	Planning Commission
1,230	1,260	1,290	1,320	1,350	Historical/Cultural Comm
29,940	30,540	31,150	31,770	32,400	Senior Citizens Prgm
10,800	11,010	11,220	11,430	11,660	Emergency Oper Prgm
-	-	-	-	-	Capital Projects
(487,100)	(487,100)	(487,100)	(487,100)	(487,100)	O/H Cost Allocation
\$ 3,983,760	\$ 4,102,684	\$ 4,266,973	\$ 4,346,482	\$ 4,453,725	TOTAL EXPENDITURES
3,309,047	3,345,017	3,356,917	3,417,123	3,569,759	Revenues
3,983,760	4,102,684	4,266,973	4,346,482	4,453,725	Expenditures
\$ (674,713)	\$ (757,667)	\$ (910,056)	\$ (929,359)	\$ (883,966)	NET (Revenues less Expenditures)
440,960	(233,753)	(991,420)	(1,901,476)	(2,830,835)	Fund Balance - Beginning
(674,713)	(757,667)	(910,056)	(929,359)	(883,966)	Revenues less Expenditures
\$ (233,753)	\$ (991,420)	\$ (1,901,476)	\$ (2,830,835)	\$ (3,714,801)	Fund Balance - Ending

**City of Grand Terrace
Budget Summary Report
CHILD CARE FUND**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>REVENUES</u>				
Returned Check Fee	\$ -	\$ -	\$ -	\$ 55
Tiny Tot Program	67,380	63,158	86,512	82,100
After School Program GT	236,329	224,733	289,296	276,800
Pre-School Program	621,710	586,714	670,498	700,700
County Grants	-	35,000	-	-
TOTAL REVENUES	\$ 925,419	\$ 909,605	\$ 1,046,306	\$ 1,059,655
<u>EXPENDITURES</u>				
Salaries & Benefits	747,270	727,520	754,145	762,275
Materials & Supplies	22,557	60,953	18,335	19,305
Food Program	31,099	32,639	30,200	30,200
Pre-School Program Supplies	15,915	18,056	17,200	16,189
Utilities/Rent	28,163	30,235	32,850	31,550
O/H Cost Allocation	149,686	213,252	198,867	198,867
TOTAL EXPENDITURES	\$ 994,690	\$ 1,082,655	\$ 1,051,597	\$ 1,058,386
Revenues	925,419	909,605	1,046,306	1,059,655
Expenditures	994,690	1,082,655	1,051,597	1,058,386
NET (Revenues less Expenditures)	\$ (69,271)	\$ (173,050)	\$ (5,291)	\$ 1,269
Fund Balance - Beginning	-	-	-	-
Revenues less Expenditures	(69,271)	(173,050)	(5,291)	1,269
Fund Balance - Ending	\$ -	\$ -	\$ (5,291)	\$ 1,269

**City of Grand Terrace
Budget Summary Report
CHILD CARE FUND (continued)**

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					<u>REVENUES</u>
\$ -	\$ -	\$ -	\$ -	\$ -	
82,100	82,100	82,100	82,100	82,100	
276,800	276,800	276,800	276,800	276,800	
700,700	700,700	700,700	700,700	700,700	
-	-	-	-	-	
<u>\$ 1,059,600</u>	<u>\$ 1,059,600</u>	<u>\$ 1,059,600</u>	<u>\$ 1,059,600</u>	<u>\$ 1,059,600</u>	
					<u>EXPENDITURES</u>
798,240	805,620	828,120	844,030	857,430	Salaries & Benefits
35,100	28,100	30,800	26,000	42,700	Materials & Supplies
32,000	32,600	33,300	34,000	34,700	Food Program
16,500	16,800	17,100	17,400	17,700	Pre-School Programs
33,700	34,300	34,900	35,500	36,100	Utilities/Rent
198,867	198,867	198,867	198,867	198,867	O/H Cost Allocation
<u>\$ 1,114,407</u>	<u>\$ 1,116,287</u>	<u>\$ 1,143,087</u>	<u>\$ 1,155,797</u>	<u>\$ 1,187,497</u>	
1,059,600	1,059,600	1,059,600	1,059,600	1,059,600	Revenues
<u>1,114,407</u>	<u>1,116,287</u>	<u>1,143,087</u>	<u>1,155,797</u>	<u>1,187,497</u>	Expenditures
<u>\$ (54,807)</u>	<u>\$ (56,687)</u>	<u>\$ (83,487)</u>	<u>\$ (96,197)</u>	<u>\$ (127,897)</u>	NET (Revenues less Expenditures)
1,269	(53,538)	(110,225)	(193,712)	(289,909)	Fund Balance - Beginning
<u>(54,807)</u>	<u>(56,687)</u>	<u>(83,487)</u>	<u>(96,197)</u>	<u>(127,897)</u>	Revenues less Expenditures
<u>\$ (53,538)</u>	<u>\$ (110,225)</u>	<u>\$ (193,712)</u>	<u>\$ (289,909)</u>	<u>\$ (417,806)</u>	Fund Balance - Ending

**City of Grand Terrace
Budget Summary Report
WASTE WATER DISPOSAL FUND**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>REVENUES</u>				
Charges for Services	1,486,212	1,604,587	1,481,300	1,503,000
Use of Money & Property	10,359	6,849	14,000	6,900
TOTAL REVENUES	<u>\$ 1,496,571</u>	<u>\$ 1,611,436</u>	<u>\$ 1,495,300</u>	<u>\$ 1,509,900</u>
 <u>EXPENDITURES</u>				
Public Works	78,952	89,712	53,123	100,040
Wastewater Disp - Colton	1,193,540	1,185,731	1,200,000	1,182,000
Wastewater Disp - GT	14,795	9,448	-	10,000
Line Maintenance	102,389	115,285	251,500	133,600
NPDES	-	32,735	49,822	33,400
O/H Cost Allocation	107,939	131,440	157,448	157,448
TOTAL EXPENDITURES	<u>\$ 1,497,615</u>	<u>\$ 1,564,351</u>	<u>\$ 1,711,893</u>	<u>\$ 1,616,488</u>
 Revenues	 1,496,571	 1,611,436	 1,495,300	 1,509,900
Expenditures	<u>1,497,615</u>	<u>1,564,351</u>	<u>1,711,893</u>	<u>1,616,488</u>
NET (Revenues less Expenditures)	<u>\$ (1,044)</u>	<u>\$ 47,085</u>	<u>\$ (216,593)</u>	<u>\$ (106,588)</u>
 Fund Balance - Beginning	 1,566,172	 1,565,128	 1,612,213	 1,612,213
Revenues less Expenditures	<u>(1,044)</u>	<u>47,085</u>	<u>(216,593)</u>	<u>(106,588)</u>
Fund Balance - Ending	<u>\$ 1,565,128</u>	<u>\$ 1,612,213</u>	<u>\$ 1,395,620</u>	<u>\$ 1,505,625</u>

City of Grand Terrace
Budget Summary Report
WASTE WATER DISPOSAL FUND *(continued)*

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					<u>REVENUES</u>
1,533,060	1,563,720	1,594,990	1,626,890	1,659,430	Charges for Services
7,040	7,180	7,320	7,470	7,620	Use of Money & Property
<u>\$ 1,540,100</u>	<u>\$ 1,570,900</u>	<u>\$ 1,602,310</u>	<u>\$ 1,634,360</u>	<u>\$ 1,667,050</u>	TOTAL REVENUES
					<u>EXPENDITURES</u>
121,280	123,120	126,030	128,530	130,880	Public Works
1,182,000	1,182,000	1,182,000	1,182,000	1,182,000	Wastewater Disp - Colton
10,200	10,400	10,610	10,820	11,040	Wastewater Disp - GT
257,620	262,770	268,030	273,380	278,840	Line Maintenance
39,660	40,310	41,330	42,220	43,070	NPDES
160,600	163,810	167,090	170,430	173,840	O/H Cost Allocation
<u>\$ 1,771,360</u>	<u>\$ 1,782,410</u>	<u>\$ 1,795,090</u>	<u>\$ 1,807,380</u>	<u>\$ 1,819,670</u>	TOTAL EXPENDITURES
1,540,100	1,570,900	1,602,310	1,634,360	1,667,050	Revenues
<u>1,771,360</u>	<u>1,782,410</u>	<u>1,795,090</u>	<u>1,807,380</u>	<u>1,819,670</u>	Expenditures
<u>\$ (231,260)</u>	<u>\$ (211,510)</u>	<u>\$ (192,780)</u>	<u>\$ (173,020)</u>	<u>\$ (152,620)</u>	NET (Revenues less Expenditures)
1,505,625	1,274,365	1,062,855	870,075	697,055	Fund Balance - Beginning
<u>(231,260)</u>	<u>(211,510)</u>	<u>(192,780)</u>	<u>(173,020)</u>	<u>(152,620)</u>	Revenues less Expenditures
<u>\$ 1,274,365</u>	<u>\$ 1,062,855</u>	<u>\$ 870,075</u>	<u>\$ 697,055</u>	<u>\$ 544,435</u>	Fund Balance - Ending

Discussion Regarding Projected Budgetary Deficits

As shown in the previous schedules, operating deficits are projected in all three of the City's major funds: General Fund, Child Care Fund and Waste Water Disposal Fund. These projected deficits are briefly discussed below.

General Fund (refer to pages 8-9)

Significant operating deficits are projected in the General Fund each of the next five years, with the size of the deficits growing annually through FY 2016-17 before dropping slightly in FY 2017-18. Contributing factors in the growing deficits are: (1) increased retirement contribution rates; (2) increased health insurance rates; (3) annual escalation of 4% in law enforcement contract; and (4) redevelopment agency (RDA) dissolution impacts, which are summarized below:

Additionally, sales tax revenue projections have been revised downward in FYs 2014-15 through FY 2016-17 to reflect impacts expected from the I-215/Barton Road interchange project, which may include business relocations and/or closures. Minor downward revisions have also been made in the Business License revenue projections for this same period as a result of the I-215/Barton Road interchange project.

The revenue projections do not reflect the sale of land owned by the former Community Redevelopment Agency (now the Successor Agency). After preparation of a Long-Range Property Management Plan, the Successor Agency will attempt to sell the properties under its control. The proceeds from any such sales will be distributed to the various taxing entities that are now entitled to receive property tax proceeds as a result of the redevelopment dissolution process. The City is one of these taxing entities and will receive approximately 20% of any sales proceeds. Given the uncertainty of the sales transactions (amount and timing), revenues from these transactions were not included in the revenue projections.

In addition to the General Fund budgetary deficits reflected in the preceding projections, there are additional budgetary considerations that will further impact the General Fund budget. These additional budgetary considerations are discussed in the next section of the report, followed by a Budget Stabilization Plan that presents various options for addressing the projected deficits and balancing the General Fund budget.

Child Care Fund (refer to pages 10-11)

The projected operating deficits in the Child Care Fund reflect three factors: (1) increased retirement contribution rates; (2) increased health insurance rates; and (3) future maintenance items that will be required over the next few years, such as remediation of termite damage, interior painting and carpet replacement. Since it is the intent that the Child Care Fund be self-

supporting and not require any General Fund subsidy, fee increases will need to be considered to ensure that revenues are sufficient to cover budgeted expenditures. Such fee increases have not been reflected in the Five-Year Projections, since these will be policy decisions to be made by the City Council. When each annual proposed operating budget is presented for the City Council's consideration, it will include any recommended fee increases needed to maintain a balanced budget. For FY 2013-14, a fee increase of approximately 5% would be needed for revenues to cover projected expenditures, assuming full enrollment is maintained. The FY 2013-14 Proposed Budget will address the proposed Child Care fees for the upcoming fiscal year.

Waste Water Disposal Fund (refer to pages 12-13)

Operating deficits are projected for this fund over the next five years. However, there are a number of issues concerning waste water collection and treatment with the City of Colton that are currently being evaluated and that could alter the financial projections. Like any enterprise fund, it is the intent that this fund is self-supporting and that operating revenues will be sufficient to cover operating expenditures, in addition to generating fund balance needed for system replacements and upgrades. It is the City's intent that negotiations with the City of Colton will result in resolution of the issues such that this fund will be stabilized financially and achieve the goal of being self-supporting.

Additional Budgetary Considerations

Additional Budgetary Considerations

In addition to the projected General Fund budgetary deficits shown in the previous section of the report, there are risks that could increase the size of the deficits if not addressed, as well as service enhancements in which the City Council has expressed an interest that would require additional funding. These additional budgetary considerations are discussed below.

Loan Repayment to RDA Successor Agency

On April 12, 2011, the City and Redevelopment Agency (RDA) entered into a Loan Agreement documenting previous loans made by the RDA to the City totaling \$4,606,948 and reductions to the loan totaling \$1,218,857 (representing RDA-related projects paid by the City that should have been paid by the RDA), leaving a remaining loan balance of \$3,388,091. The Loan Agreement established repayment terms of \$147,308.30 annually through 2034 (term of the RDA) with no interest accruing on the loan. The initial loan payment of \$147,308.30 was made during FY 2012-13. With state-wide dissolution of redevelopment agencies that became effective February 1, 2012, repayment of the loan should now be made to the various taxing entities that were entitled to receive property tax increment funds, which includes the City at a rate of 19.97% of total property tax distribution. Deducting the City's share of 19.97% leaves a remaining annual loan payment of \$117,889.02, which should be included as an expenditure obligation in each annual budget.

It should be noted that through the California Department of Finance (DOF) review of records related to the RDA dissolution process (Due Diligence Review), the entire loan balance may become due and payable. This would negate the need for the annual loan payment to be included in the City's annual budget. Successor Agency staff will be addressing this issue with the DOF through the meet-and-confer process. If there is an unfavorable resolution, the City would attempt to negotiate payment terms with the DOF, as the City does not have the capacity to repay the entire balance due on the loan. Such a scenario could significantly impact the City's future financial outlook.

Asset Replacement Fund

Assets purchased by the City, such as vehicles, equipment and computers, have an expected useful life, after which they must be replaced. Although governmental funds do not require the depreciation of assets, it is a sound financial practice is to charge depreciation over the useful life of each asset and transfer corresponding funds to an Asset Replacement Fund, such that funds are available when the asset must be replaced. This practice results in increased operating expense while assets are being depreciated but eliminates spikes in the budget when assets need to be replaced and have no funding source. Many of the City's assets, including virtually all computer equipment, are well beyond their useful life and run the risk of failure or expensive repairs. To mitigate this risk, it is recommended that an Equipment Replacement Fund be established and initially funded at \$50,000 with General Fund reserves. It is further recommended that any new or replacement assets purchased be depreciated over their projected useful lives and the depreciation charges used to further contribute to the Fund. This

practice should also be established for the Child Care Fund and Waste Water Disposal Fund, although the initial funding level requires further analysis for both funds. In some cases, leasing of equipment, such as copiers, may be more cost-effective than purchasing and depreciating the equipment, but this option will be evaluated on a case-by-case basis.

Funding for Retiree Medical Benefit

The City provides medical plan coverage for retirees. This coverage is available for employees who satisfy the requirements for retirement under CalPERS, which is age 50 or older with at least five years of state or agency service. Medical plan benefits are provided through CalPERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). The Annual Required Contribution (ARC) needed to fund this retiree benefit is approximately \$160,000. The City has not been providing this funding, which has resulted in a growing actuarial liability that is now approximately \$1.5 million. To prevent this growing liability, the City needs to start funding the ARC of \$160,000 annually (subject to adjustment based on future actuarial valuations).

Funding for Leave Cash-Outs

When an employee separates from the City, they are paid for accumulated leave time. When this occurs, the department in which the employee worked incurs the expense of the leave cash-out, which can result in a budget overrun. To mitigate this situation, it is advisable to budget an allowance for leave cash-outs in the General Fund (Non-Departmental cost center). Based on recent experience, the annual amount that should be budgeted is \$50,000.

Special Election

Should the decision be made to proceed with a special election in November 2013 related to a local revenue measure, the estimated cost of the election would be \$25,000. In addition to the actual cost of the election (paid to the County), an election advisor will be required to oversee activities such as resident polling (to help determine the size and type of revenue measure that the community would support), public education effort, and preparation of the ballot arguments. The cost of such professional election advisory services is estimated at \$75,000. Proceeding with a revenue measure without this type of specialized professional expertise would make its chances of success highly unlikely.

Contingency Reserve

One of the basic principles of sound public agency fiscal management is that an agency should maintain an adequate level of unrestricted and uncommitted General Fund balance as a general contingency reserve. Such reserve is for the purpose of mitigating current and future risks that could result from economic downturns or other unexpected events that result in a revenue shortfall or expenditure increase. The Government Finance Officers Association (GFOA) recommends that government agencies establish a formal policy on the level of unrestricted and uncommitted fund balance that should be maintained in the General Fund. While a number of

risk factors should be considered before establishing the reserve policy, GFOA recommends a minimum balance of two months of General Fund operating revenues or operating expenditures, whichever is considered to be the most predictable. In the case of Grand Terrace, the preliminary FY 2013-14 General Fund budget is not yet balanced. Without a revenue measure, expenditures must be significantly reduced to remain within the revenue projections. Therefore, at this time establishing a General Fund reserve target based on revenues is more predictable. With projected FY 2013-14 revenues of \$3,309,047, a two-month reserve would represent \$551,508. Projected General Fund balance at the beginning of FY 2013-14 is \$440,960, representing a shortfall of \$110,548 from the GFOA-recommended reserve requirement. While this entire shortfall would not need to be funded in one year, there should be a plan to fund the reserve in a specified time period. Any one-time revenues received by the City are recommended to be used to fund this reserve rather than used for operations. One-time payments would include the future sale of former RDA-owned properties (now owned by the Successor Agency) which would result in approximately 20% of the net proceeds being returned to the City. Later this year, staff will submit a formal Reserve Policy to the City Council for its review and adoption.

The following table summarizes the additional funding considerations for the FY 2013-14 General Fund budget and future projections, in order to mitigate risk to the City and provide an adequate level of funding and reserves.

Items for Additional Funding Consideration	FY 2013-14 Recommended Funding	Projected Ongoing Annual Funding
Loan Repayment to Former RDA Taxing Entities	\$118,000	\$118,000
Asset Replacement Fund	\$50,000	\$10,000
Retiree Medical Benefit – Annual Required Contribution	\$160,000	\$160,000
Funding for Leave Cash-outs	\$50,000	\$50,000
Special Election – Local Revenue Measure (County Cost - \$25k + Election Advisory Services - \$75k)	\$100,000	\$0
Funding for Contingency Reserve	\$111,000	Amount needed to maintain 2 months of revenue
Total	\$589,000	At least \$338,000

As shown above, in order to mitigate risk and avoid unfunded long-term liabilities, the City's General Fund expenditure budget for FY 2013-14 should be increased by \$589,000. If this was done, the projected operating deficit (shortfall of revenues versus expenditures) would increase from the current projection of \$674,713 to \$1,263,713. While revenues are not available to fund

these additional considerations, it provides a more realistic picture of the true size of the City's General Fund expenditure obligations, if properly funded, based on current service levels.

Risks of Further RDA Dissolution-Related Impacts on Reserves

While the City currently has an estimated 6/30/13 General Fund balance of \$441,000, there is significant risk that a substantial portion of this reserve could be needed to fund Successor Agency obligations that are denied by the DOF through the Recognized Obligation Payment Schedule (ROPS) process, or as a result of DOF determinations made in their review of the Non-Housing Funds DDR, as previously discussed. Therefore, the City's entire General Fund balance is currently considered to be very tenuous and could be needed in its entirety simply to satisfy RDA dissolution obligations that are shifted to the General Fund.

On February 23, 2013, the City Council held a workshop to discuss priorities in the FY 2013-14 budget, if funding should be available. The following table lists the items identified in the workshop and very preliminary cost estimates for each item. A number of factors and policy decisions would determine the actual cost of implementation; therefore, the cost estimates are provided as a general frame of reference.

City Council Priorities for Funding Consideration	FY 2013-14 Preliminary Funding Estimate	Estimated Ongoing Annual Funding Requirement
Web Streaming of City Council Meetings (including required upgrades to Council Chambers)	\$25,000	\$5,000
Additional Patrol Deputy (without relief factor)	\$150,000	\$150,000
Automatic License Plate Recognition System (ALPRS)	\$30,000 ¹	\$30,000 ¹
Economic Development Program	\$50,000	\$50,000
Volunteer Program/Coordinator	\$40,000	\$40,000
Additional Support for Youth Sports Programs (lighting)	\$7,000	\$7,000
Increased Level of Street Maintenance	\$200,000	\$200,000
Total	\$502,000	\$482,000

¹ Various options for ALPRS are currently being evaluated by the Sheriff's Department including fixed installations at key intersections and mobile cameras installed on patrol vehicles. The cost of \$30,000 is based on a total system cost of \$150,000 spread over 5 years.

As shown above, the additional items for funding consideration would add an estimated \$502,000 to the FY 2013-14 General Fund budget and over \$482,000 annually thereafter,

based on very preliminary cost estimates. (Should Council decide to proceed with any of these items, more refined cost estimates will be required prior to adoption of the FY 2013-14 budget.)

Not specifically identified as a Council priority but mentioned during the February 23rd workshop was the possibility of resuming a 40-hour work week for City Hall employees versus the current 36-hour reduced work week. If implemented, this action would increase General Fund expenditures by approximately \$85,000. Other personnel-related costs provided for the City Council's reference are resumption of merit increases (General Fund annual cost of approximately \$28,000) and cost-of-living adjustments (COLAs) for staff (General Fund annual cost of approximately \$8,000 for each 1% COLA).

Another funding consideration would be contract services for a Grant Writer, estimated at \$25,000 per year. The City currently has no staffing resources to research potential grant opportunities and prepare grant applications. Funding of \$25,000 would allow the City to hire an individual or company that specializes in this work to pursue appropriate grant opportunities for the City.

Budget Stabilization Plan

Budget Stabilization Plan

Introduction

In addition to the baseline operating deficits shown in the five-year General Fund projections, the costs identified in the Additional Budgetary Considerations section of the report should also be taken into consideration in order to properly assess the City's true General Fund structural deficit, as shown below.

Budget Category	2013-14	2014-15	2015-16	2016-17	2017-18
Projected Baseline Operating Deficit (rounded to nearest \$1,000)	\$675,000	\$758,000	\$910,000	\$929,000	\$884,000
Additional Funding Needed to Mitigate Risk and Stabilize Budget	\$589,000	\$338,000	\$338,000	\$338,000	\$338,000
Total Projected Structural Deficit	\$1,264,000	\$1,096,000	\$1,248,000	\$1,267,000	\$1,222,000

It should be noted that the annual structural deficit of approximately \$1.25 million identified above does not include the return of City Hall operations to five days per week, restoration to normal staffing levels, or reinstatement of employee compensation reductions. Neither does the structural deficit address the City Council priorities for funding consideration, as summarized on page 19 of the report. The preliminary cost estimates for these items were \$502,000 for FY 2013-14 and \$482,000 annually in subsequent years.

There are two basic approaches to addressing the projected General Fund structural budgetary deficit: expenditure reductions and revenue increases, although some combination of the two may also be considered. Recognizing that any significant revenue increases will require a tax measure that is subject to voter approval, and therefore uncertain, Scenario "A" of the Budget Stabilization Plan presents expenditure reduction options. Within this planning scenario, three separate options are presented. Scenario "B" of the Budget Stabilization Plan presents revenue enhancement options at three funding levels and three options for the type of tax that could be assessed.

Although the Child Care Fund and Waste Water Disposal Fund have projected operating deficits, they are not addressed in the Budget Stabilization Plan due to their unique characteristics. The Child Care Fund can offset its projected deficits with fee increases, which will be presented for the City Council's consideration concurrent with each annual operating budget. If approved by the City Council, such fee increases will enable the budget to be balanced and the fund to be self-supporting. Overcoming the projected structural deficit in the Waste Water Disposal Fund will require resolution of issues with the City of Colton, which the City of Grand Terrace is currently pursuing. Resolution of the issues will include a financial plan to ensure that the budget is balanced and the fund is self-supporting.

Budget Stabilization Plan

Planning Assumption "A"

No New Revenues; Budgetary Deficit Addressed Solely Through Expenditure Reductions or Restructuring of Governmental Unit

The first planning assumption is that no new revenues will be available to the City and that the budget must be balanced solely by reducing expenditures to remain within projected revenues or restructuring of the governmental unit. This case would occur if a local revenue measure is not supported by the City Council or if it is supported and fails in the November election. The City must plan for this occurrence and three scenarios are presented for the City Council's consideration, as follows:

1. There are no budgetary reductions in public safety; all expenditure reductions will be made in non-safety departments.
2. Expenditure reductions necessary to adopt a balanced budget are considered in all service areas, including public safety.
3. Due to the severe service level reductions that would be required to reduce expenditures within available revenues under either of the above two scenarios, likely falling below acceptable community standards, consideration is given to City disincorporation and possible formation of a Community Services District to deliver essential services to the community.

As background information in evaluating these three scenarios, it is informative to consider actions already taken by the City over the past few years in response to the economic recession, in order to reduce expenditures and maintain a balanced General Fund budget. The most significant of these actions are summarized below:

- Removed Traffic Deputy from law enforcement services agreement with the County.
- Removed Sheriff's Service Specialist from law enforcement services agreement with the County.
- Eliminated Crossing Guard Program.
- Outsourced Parks Maintenance and two-thirds (2/3) of Finance Department staffing.
- Defunded 17.5 positions (outside of Child Care program), reducing City Hall employee workforce from 29 positions in FY 2009-10 to 12.5 positions in FY 2012-13; representing a 57% workforce reduction).
- Suspended employee cost-of-living adjustments and merit increases (5 years); reduced City Hall employee work week from 40 hours to 36 hours (3 years, 10% wage reduction); and reduced employee cafeteria benefit by 10% (3 years, City Hall and Child Care employees).

When evaluating the level of expenditure reductions that would be needed to balance the General Fund budget, the projected operating deficits shown in the Five-Year Revenue and

Expenditure Projections are considered to be the minimum level. However, the items identified for additional funding consideration should also be considered as part of the true structural deficit as they are needed to mitigate risk and truly stabilize the City's General Fund budget. The scenarios that follow describe options for reducing General Fund expenditures so they remain within the City's projected General Fund revenues.

Scenario A-1: No reductions in public safety funding; all expenditure reductions will be in non-safety departments.

Recognizing that public safety is always the highest priority in a community, this first scenario presents options for reducing expenditures to non-safety departments so that public safety funding is preserved. The following table identifies the expenditure reductions that would need to be achieved to adopt a balanced General Fund budget in FY 2013-14 without reducing law enforcement expenditures.

Budget Category	FY 2013-14	Future Years
Baseline Projected Deficit (rounded to nearest \$1,000)	\$675,000	Low: \$758,000 High: \$929,000
Items for Additional Funding Consideration (Risk Mitigation)	\$589,000	\$338,000
Total Deficit (Baseline + Risk Mitigation Measures)	\$1,264,000	Low: \$1,096,000 High: \$1,267,000
General Fund Expenditure Budget without Law Enforcement	\$2,180,000	Low: \$2,228,000 High: \$2,350,000
Percentage Reduction Needed to Non-Safety Budget	58.0%	Low: 49.2% High: 53.9%

With a City Hall workforce reduction of 57% already implemented, and only 12.5 positions remaining, it is not possible to implement across-the-board expenditure reductions of nearly 60% in each department needed to balance the budget and still provide the minimum services that are required for cities. According to the Cortez-Knox Local Government Reorganization Act of 2000 and the Local Agency Formation Commission (LAFCO) Municipal Incorporation Guidelines, California cities are required to provide the following minimum services:

- General legislative functions.
- Land use planning and control over land use and development (may be provided by means of a contract with other entities such as the county or private firms).
- Law enforcement (may be provided by means of a contract with other entities).
- Animal control (may be provided by contract).
- Maintenance of public roads and other public property owned by the city (may be provided by means of a contract with other entities such as the county or private firms).

To try and achieve expenditure reductions to balance the FY 2013-14 budget--even at the baseline deficit of \$675,000--while providing the minimum required services, the following options have been identified.

Expenditure Reduction Options	FY 2013-14 General Fund Savings¹	Ongoing Annual General Fund Savings
Part-Time (PT) City Administration: Reduce City Hall hours to two days a week (18 hours); replace selected City Hall staff with PT contract staff; remaining City staff become PT employees (18 hours per week).		
- City Manager: replace with PT contract City Administrator	\$ 33,000	\$ 67,900
- Community Development Director: replace with PT contract Public Works/Building & Safety services	11,200	34,200
- MIS Specialist: replace with PT contract services	14,000	27,600
- Building & Safety Technician: replace with PT contract services	3,600	10,500
- Sr. Code Enforcement Officer: replace with PT contract services	(4,500)	13,100
- Maintenance Crew Leader: replace with PT contract services	1,300	8,000
- Maintenance Worker: replace with PT contract services	5,500	6,400
- Remaining City staff become PT employees (18 hours per week)	155,300	155,300
Reduce level of contract services:		
- Eliminate Project Manager from Willdan Financial Services contract	40,000	40,000
- Reduce contract City Attorney hours and retainer	12,000	12,000
Eliminate Senior Center Funding	27,000	27,000
Close Rollins & Pico Parks	120,000	120,000
Reduce EOC/CERT Committee Funding by 50%	5,700	5,700
Reduce Cultural & Historical Committee Funding by 50%	600	600
Council & Oversight Board meetings reduced from biweekly to monthly	500	500
Planning Commission eliminated; responsibilities assumed by City Council	2,200	2,200
Total Expenditure Savings	\$427,400	\$531,000

¹ Full-year savings; if actions not implemented until after November election (effective 12/1/13), savings would be reduced to approximately \$205,600.

Implementation of the above options would save an estimated \$427,400 in General Fund expenditures in FY 2013-14 and nearly \$531,000 annually thereafter. It should be noted that the estimated savings are very preliminary, as the cost of contract services would need to be determined through a Request for Proposals (RFP) process, identifying the precise work scope and skill sets needed. As indicated in the footnote above, the FY 2013-14 cost saving estimates are based on a 7/1/13 implementation so that a full year of savings would be achieved. If not implemented until after a November election, the savings for FY 2013-14 would be less than half at \$205,600. This is because some of the savings would be reduced to a 7-month versus 12-month period, and savings related to outsourcing of staff positions would be net of leave cash-outs. Total savings related to staff outsourcing and work schedule reductions are greater

than reflected in the above table; however, the above amounts represent only the General Fund portion of the savings.

Closing parks, reducing City Hall services to two days a week and transitioning to part-time City Hall staff (18 hours per week) would be extreme expenditure reduction measures and would still not be sufficient to offset even the baseline operating deficits that are projected, and would be less than half the savings needed to offset the true General Fund structural deficit of \$1.3 million annually.

Not included in the above table but mentioned for Council's consideration is the possibility of closing the Child Care Center and selling the facility. The Child Care Fund is self-supporting and does not rely on General Fund subsidy. Therefore, such action would not help to resolve the General Fund's structural deficit but would provide one-time cash that could be used for General Fund operations or during a transition period of City government restructuring (Scenario A-3). An updated property appraisal would be required to determine the current market value of the facility. (The facility was last appraised in May 2012 at a market value of \$1,062,000.) The likelihood of selling the facility at its appraised value is uncertain.

Additionally, consideration should be given to selling the City Hall facility. The facility is encumbered with outstanding debt of \$1.6 million and annual debt service of \$255,000. If the facility could be sold and the debt retired, the few remaining City Hall employees could relocate to a new leased facility or possibly to the Building & Safety building located behind City Hall. A property appraisal is recommended to determine the current market value of the City Hall facility.

Scenario A-2: In addition to savings identified in Scenario A-1, reductions in public safety funding are also considered.

The San Bernardino County Sheriff's Department (SBCSD) was requested to evaluate the law enforcement services provided to the City and submit one or more scenarios for cost savings that could be considered along with the non-safety budget reduction options. The only option that SBCSD believed could be realistically implemented was to reduce the level of service by one deputy, which would reduce the level of service by 40 hours per week (from 248 hours to 208 hours). This scenario would also reduce the allocations of management and administrative support, as shown in the table below, and would result in a cost savings to the City of \$257,500 in FY 2013-14.

Position/ Function	Current Level of Service		Reduced Level of Service	
	Full-Time Equivalent (FTE) Allocation	FY 2013-13 Cost	Full-Time Equivalent (FTE) Allocation	FY 2013-14 Cost
Lieutenant	0.25	\$ 55,412	0.21	\$ 47,128
Sergeant	1.06	204,110	0.90	173,591
Detective/Corporal	0.56	92,152	0.56	92,151

Position/ Function	Current Level of Service		Reduced Level of Service	
	Full-Time Equivalent (FTE) Allocation	FY 2013-13 Cost	Full-Time Equivalent (FTE) Allocation	FY 2013-14 Cost
Deputy Sheriff	6.87 (240 hours/week)	1,037,024	5.76 (208 hours/week)	869,470
Office Specialist	1.49	97,804	1.26	83,183
Motor Pool Services Asst.	0.17	10,993	0.14	9,345
Marked Unit	3.00	35,961	3.00	35,961
Unmarked Unit	1.00	7,215	1.00	7,215
Citizen Patrol	1.00	1,425	1.00	1,425
Dispatch Services	--	94,020	--	79,965
Insurances	--	32,501	--	27,830
Administration/Other	--	123,342	--	107,186
Total Cost	--	\$1,791,959	--	\$1,534,450

Reducing the number of deputies assigned to the City would reduce response times and would likely have an overall negative impact on public safety.

The following table depicts the City's population and deputies per resident for the current level of service and reduced level of service.

	Current Level of Service	Reduced Level of Service
Grand Terrace Population (as of January 1, 2012 per California Department of Finance)	12,157	12,157
Sworn Officers Allocated to City (FTE)	8.74	7.43
Residents per Sworn Officer	1,391	1,636

As a point of reference, the table on the following page provides data from the San Bernardino County Sheriff's Department Annual Report for 2012. This report shows 8 deputies versus the 8.74 FTE staffing shown above; however, the overall level of service comparison is valid and may be used to compare the level of service provided to Grand Terrace with the other entities served by the Sheriff's Department.

Residents Per Deputy (Based on SB County Sheriff's Department 2012 Annual Report)				
Entity	Population	Square Miles	Deputies	Residents Per Deputy
City of Big Bear Lake	5,088	6	8	636
Colorado River Station	10,407	5,053	16	650
City of Needles	4,894	31	7	699
Barstow/Trona Station	23,239	9,219	21	1,107
Morongo Basin Station	23,138	2,729	19	1,218
City of Grand Terrace	12,157	4	8	1,520
Central Station	39,202	95	25	1,568
Big Bear Station	15,964	258	10	1,596
City of Rancho Cucamonga	169,498	44	105	1,614
Town of Yucca Valley	20,916	40	12	1,743
Yucaipa Station	8,891	225	5	1,778
Town of Apple Valley	70,033	73	37	1,893
Victor Valley Station	53,449	1,403	28	1,909
City of Adelanto	31,066	54	16	1,942
City of Victorville	119,059	74	61	1,952
Twin Peaks Station	33,242	135	17	1,955
City of Chino Hills	75,655	45	38	1,991
City of Loma Linda	23,389	8	11	2,126
City of Hesperia	91,033	73	40	2,276
City of Yucaipa	52,100	27	22	2,368
City of Highland	53,664	19	22	2,439
City of Twentynine Palms	25,713	55	10	2,571
Fontana Station	87,701	139	28	3,132

The public safety cost-reduction option could be considered in place of some of the non-safety budget reductions options that have been identified, or in combination with them. If implemented in combination with the non-safety options, estimated General Fund savings are shown below:

Budget Reduction Options	FY 2013-14 Full-Year General Fund Savings (effective 7/1/13)	FY 2013-14 7-month General Fund Savings (effective 12/1/13)	Ongoing Annual General Fund Savings
Non Public Safety Options	\$427,400	\$205,600	\$531,000
Public Safety Option	\$257,500	\$150,200	\$257,500
Total General Fund Savings	\$684,900	\$355,800	\$788,500

As shown in the above table, if the non-safety budget reduction options are implemented (Scenario A-1) along with the public safety option (Scenario A-2), the City would be able to offset the projected baseline budgetary deficits for the next two fiscal years, but then would fall short of the necessary savings needed to maintain a balanced budget. Further, the expenditure reductions would be insufficient to fund any of the risk mitigation measures that are identified as Additional Budgetary Considerations and part of the total structural deficit of \$1.25 million.

Scenario A-3: To avoid having service levels fall below acceptable standards, consideration of City disincorporation and possible formation of Community Services District.

The budget reduction options identified in Scenarios A-1 and A-2 above would have significantly adverse impacts to the residents and businesses in Grand Terrace and would fall short of solving the General Fund’s structural budgetary deficit on an ongoing basis. As a result of these adverse impacts, disincorporation may be the best means of providing essential services to the community within the available financial resources. With disincorporation, a city ceases to exist as a municipal entity and reverts to county oversight and control. Similar to formation of a new city, disincorporation requires approval of that county’s Local Agency Formation Commission (LAFCO). To obtain basic information and understand the factors to be considered in a potential disincorporation, staff met with the Executive Officer of the San Bernardino County LAFCO. The information that follows was obtained through these preliminary staff-level discussions.

If a city can no longer provide the desired service levels to the community, it may consider disincorporation as a municipal corporation and becoming part of the unincorporated county service area. However, the city must have tax revenues to support minimum county standard service levels, or disincorporation is not allowed. In essence, a county will not accept the responsibility of providing services formerly provided by a city unless it will receive adequate revenues following disincorporation to support these service levels. In the case of Grand Terrace, if the City’s revenues are not adequate to fund the desired service levels, disincorporation would not be an automatic solution to the problem, as LAFCO would not approve the disincorporation without requiring a tax measure to fund the required service levels.

LAFCO requires a comprehensive fiscal analysis of the city considering disincorporation, which typically takes 18-24 months and must be paid for by the city.

Another option to disincorporation is formation of a Community Services District (CSD). Under this scenario, certain services may retain local control via the CSD (with an elected board and minimal administrative staff). The services typically administered by a CSD are parks, street lighting, water/sewer, and rubbish/recycling, with planning and public safety functions transferred to the county, and traffic control transferred to the state highway patrol. In the case of Grand Terrace, the Child Care facility would also be appropriate for inclusion in the CSD, should the facility continue to operate. The following chart depicts the current services provided by the City of Grand Terrace and the likely responsibility for these functions under a CSD option.

Function	County	CHP	CSD
Land Use	X		
Public Safety	X		
Animal Control	X		
Code Enforcement	X		
Public Works	X		
Traffic Control		X	
Parks			X
Sewer			X
Street Lights			X
Rubbish/Recycling			X
Child Care			X

Formation of a CSD requires dedicated revenues to fund the services that it provides; typically through a parcel tax. As part of the fiscal analysis that LAFCO requires, a city's outstanding liabilities (such as debt service and pension obligations) are also evaluated and must have adequate funding through the reorganization plan. Therefore, a CSD parcel tax would need to be adequate to cover any applicable debt service and long-term pension obligations, in addition to providing funding for current services.

The preliminary discussions with LAFCO have been conceptual in nature. If the City Council wishes to further consider this option, detailed discussions should ensue expeditiously due to the long lead time needed for CSD formation, including enactment of a dedicated parcel tax.

Budget Stabilization Plan
Planning Assumption “B”

Consideration of Local Revenue Measures to Address Projected Budgetary Deficits

Significant budgetary deficits are projected for the City’s General Fund, largely resulting from a loss of redevelopment funding enacted by state law effective February 1, 2012. In the previous section of the report, various expenditure reduction options were presented to address the projected ongoing budgetary deficits. Due to the significant budgetary reductions already implemented by the City over the past several years, including downsizing of City Hall staff by 57%, implementation of compensation reductions for the remaining staff, and reductions in law enforcement services (Traffic Deputy and Sheriff’s Service Specialist), any remaining expenditure reductions will have a significant service level impact on the community. Therefore, consideration is given in this section of the report to local revenue measures that could provide the necessary funding for the City to continue providing the desired level of services to the community. Before discussing the types of local revenue measures that may be considered, the level of funding that is required is first discussed.

Funding Level 1: Minimum revenue needed to continue providing essential City services, with essential risk mitigation.

The City’s General Fund projected operating deficits (shortfall of revenues versus expenditures) was shown in the Introduction section of the Budget Stabilization Plan (page 21) and is also shown below for ease of reference:

Budget Category	2013-14	2014-15	2015-16	2016-17	2017-18
Projected Baseline Operating Deficit (rounded to nearest \$1,000)	\$675,000	\$758,000	\$910,000	\$929,000	\$884,000
Additional Funding Needed to Mitigate Risk and Stabilize Budget	\$589,000	\$338,000	\$338,000	\$338,000	\$338,000
Total Projected Structural Deficit	\$1,264,000	\$1,096,000	\$1,248,000	\$1,267,000	\$1,222,000

These projected deficits do not assume any increases in service levels, but rather the provision of existing service levels (as reduced in recent years), along with the continuation of staff compensation reductions (reduced hours and pay, suspension of COLAs, and suspension of merit pay increases). The projected baseline deficits do not address significant budgetary risks that exist and that will increase the City’s future liability, such as loan repayment to the former Redevelopment Agency, funding for retiree medical benefit, or funding for asset replacement. A revenue measure that generates only enough incremental funding to offset the projected baseline deficits without some risk mitigation is deemed to be inadequate, as substantial risk of insolvency would continue to exist. Therefore, it is recommended that the minimum funding level to be considered for a local revenue measure would be \$1.0 million annually, with built-in cost-of-living escalation.

Funding Level 2: Moderate funding - adequate to offset true structural deficit, with full risk mitigation and maintenance of adequate reserves.

A Level 2 revenue measure would provide funding of \$1.25 million annually, with built-in cost-of-living escalation, to fully offset the City's true General Fund structural deficit. Increased annual revenues at this level would provide for long-term budget stability including repayment of loan to the former Redevelopment Agency, asset replacement fund, annual contribution to retiree medical fund, funding for leave cash-outs, and an adequate general contingency reserve.

Funding Level 3: Full funding - adequate to offset true structural deficit, with full risk mitigation, maintenance of adequate reserves and service enhancements to the community.

The Additional Budgetary Considerations section of the report identifies various City Council priorities for enhancing services to the community (see page 19). Preliminary cost estimates for these enhancements are approximately \$500,000 annually. Including the entire \$500,000 in a local revenue measure may result in a tax burden that would exceed the electorate's willingness or capacity to pay. Therefore, it is recommended that the City Council prioritize the list of potential enhancements such that the annual funding requirement would not exceed \$250,000. Adding this incremental funding for service level enhancements to the revenue of \$1.25 million needed to overcome the true structural deficit would result in an annual revenue requirement of \$1.5 million.

The following table provides a recap of the funding levels that are recommended for consideration in a local revenue measure.

Funding Level	Annual Revenue Requirement (with built-in cost-of-living adjustment)	Impacts
1	\$1.0 million	Minimum revenue needed to continue providing essential City services with essential risk mitigation.
2	\$1.25 million	Moderate funding - adequate to overcome true structural deficit, with full risk mitigation and maintenance of adequate reserves.
3	\$1.5 million	Full funding - adequate to overcome true structural deficit, with full risk mitigation, maintenance of adequate reserves and some service enhancements to the community.

The next section of the report identifies three common types of revenue (tax) measures that could be implemented to generate additional General Fund revenues at the levels shown above.

Revenue Measure Options

Local Add-on Sales (Transactions and Use) Tax

The current statewide sales tax rate is 7.5%, which is apportioned as follows:

- 6.50% - State
 - 5.00% - State - General Fund
 - 0.25% - State - Fiscal Recovery Fund
 - 0.50% - State - Local Revenue Fund
 - 0.50% - State - Local Public Safety Fund
 - 0.25% - State - Education Protection Account (Prop 30)
- 1.00% - Uniform Local Tax
 - 0.25% - Local County - Transportation funds
 - 0.75% - Local City/County - Operational funds

In addition to the statewide rate, many counties have an additional transportation add-on, which is currently 0.50% in San Bernardino County. Therefore, the current sales tax rate for Grand Terrace and most cities in San Bernardino County is 8%. (The cities of San Bernardino and Montclair have additional local sales tax add-ons of 0.25% each).

In 2003, SB566 was signed into law giving every county and city in California the ability to seek voter approval of a local sales (transactions and use) tax under the following conditions:

- The tax may be imposed at a rate of 0.25% or a multiple thereof;
- The ordinance proposing the tax must be approved by a two-thirds vote of all members of the governing body;
- If the tax is for general purposes, it must be approved by a majority of the voters in the jurisdiction;
- If the tax is for specific purposes, it must be approved by a two-thirds vote of the voters in the jurisdiction; and
- The maximum combined rate of transactions and use taxes in any location may not exceed 2%.

Since San Bernardino County has a local transportation tax of 0.50%, the maximum local sales tax that could be approved in Grand Terrace is 1.50%.

Estimates provided by the City's sales tax consultant, The HdL Companies, is that a 1.00% local sales tax would generate additional gross revenues to the City of \$947,000 and \$730,000 net of applicable adjustments. A 1.25% local sales tax would generate an estimated \$913,000 net revenue, and a 1.50% local tax would generate an estimated \$1.1 million net revenue. Therefore, a 1.50% local sales tax would generate enough incremental revenue to meet the Level 1 funding requirement of \$1.0 million, but would fall short of the Level 2 funding requirement of \$1.25 million needed to offset the true structural deficit. Enactment of a local sales tax measure of 1.50% in Grand Terrace would preclude any additional County-wide tax measures absent action by the State legislature to increase the 2% cap for the County as a whole. Therefore, the City may expect opposition to a local sales tax measure at the maximum rate of 1.50%.

Parcel Tax

A city may impose a parcel tax under the authority of Government Code Section 37100.5 and 50075. A parcel tax is a special non ad valorem tax on parcels of property, generally based on either a flat per-parcel rate or a variable rate depending on size, use and/or number of units on the parcel. Revenues from a parcel tax may be used for any purpose. If the tax is levied for a specific purpose (such as public safety), a two-thirds vote is required, and use of revenues is restricted to those services specified on the ballot measure.

Ordinances adopting parcel taxes commonly provide that they are an excise tax based on the availability or use of municipal services or facilities. The taxpayer need not actually use the services but can be required to pay the tax based on the mere availability of the services. If services are used, however, a parcel tax must be proportional to such use by the taxpayer.

The following table provides estimates of how a parcel tax could be applied to the City's land use categories and equivalent benefit units (EBUs) at three different tax rates, along with the estimated revenue that would be generated at each tax rate.

Parcel Land Use	Parcels	EBUs	Tax Rate per Unit	Est. Revenue	Tax Rate per Unit	Est. Revenue	Tax Rate per Unit	Est. Revenue
Single Family Residential	3,346	3,346	\$250	\$836,500	\$325	\$1,087,450	\$400	\$1,338,400
Multi-family Residential	41	94	\$200	\$18,800	\$250	\$23,500	\$300	\$28,200
Commercial	112	560	\$250	\$140,000	\$325	\$182,000	\$400	\$224,000
Vacant	284	0	\$0	\$0	\$0	\$0	\$0	\$0
Other	10	0	\$0	\$0	\$0	\$0	\$0	\$0
				\$995,300		\$1,292,950		\$1,590,600

Parcel taxes can vary widely both in amount and how they are applied among different land use categories. Therefore, a more detailed analysis of a parcel tax option would be needed prior to seeking voter approval for such a tax. However, the above estimates indicate that a Level 1 funding requirement of \$1.0 million would essentially be met with a parcel tax of \$250 per single family residence, \$200 per multi-family residence and \$250 per commercial EBU. The Level 2 funding requirement needed to offset the true structural deficit of \$1.25 million would be met with a parcel tax of \$325 per single family residence, \$250 per multi-family residence and \$325 per commercial EBU. Full funding at Level 3 to generate an additional \$1.5 million in revenue would be achieved with a parcel tax of \$400 per single family residence, \$300 per multi-family residence and \$400 per commercial EBU.

Because a parcel tax is assessed as a fixed amount, it is important that it contain an inflation adjustment, typically based on the Consumer Price Index (CPI) or other common inflation index. Otherwise, the purchasing power of the revenue source is diminished over time or additional voter approval is required to increase the tax to keep pace with inflation.

Utility User Tax

Government Code Section 37100.5 grants cities the authority to collect a utility user tax (UUT). A UUT may be imposed on any combination of utility services including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television. The rate of the tax and the use of its revenues are determined by the local agency. A UUT may be imposed as a special tax that is designated for a specific purpose, or a general tax to be used for a variety of municipal service needs at the discretion of the local agency. The tax is levied by the city, collected by the utility as part of its regular billing procedure, and then remitted to the city.

The UUT is becoming an increasingly common and important source of revenues for municipalities in California. As of September 2008, 146 cities and 4 counties imposed UUTs, collecting over \$2 billion annually. Since that date, approximately 50 jurisdictions in California have successfully enacted a new UUT or updated an existing UUT ordinance.

The table below provides survey data from nearby cities obtained from the League of California Cities based on data reported to the State Controller's Office in 2009.

City	UUT Rate	# of Tax Categories	Per Capita Revenue
Beaumont	3%	10	\$36
Desert Hot Springs	5%	16	\$70
Indio	3%	12	\$62
Moreno Valley	6%	14	\$80
Palm Springs	5%	6	\$135
Riverside	6.5%	10	\$87
Colton	4-6%	20	\$91
Fontana	5%	16	\$23
Montclair	3.89%	12	\$46
Rialto	8%	16	\$117
San Bernardino	7.75%	14	\$119

As shown above, nearby cities imposed UUTs ranging from 3% to 8%. In addition the number of utility categories covered by the UUT varies widely, ranging from 6 in the case of Palm Springs to 20 for Colton. Naturally, the more utility categories to which the UUT is applied, the lower the rate can be to achieve the desired revenue objective. Due to this variable, per capita revenue generated by the tax is perhaps the best way to compare UUT among jurisdictions, which in these same cities ranged from \$23 to \$135. A per capita revenue measure has also been used to estimate potential UUT revenue that could be generated in Grand Terrace in three incremental levels, as shown below.

Grand Terrace Population	Per Capita Revenue	Annual UUT Revenue
12,157	\$85	\$1,033,345
12,157	\$105	\$1,276,485
12,157	\$125	\$1,519,625

Because UUT can be applied narrowly or broadly to a wide range of utility categories, drafting of the UUT ordinance is critical and requires specialized expertise to ensure that the desired revenue objective is achieved.

Although using a per capita rate to estimate potential UUT revenue is helpful to get an overall sense of how the tax burden would be spread, it does not account for commercial utility consumption, which can be significant. For that reason, a thorough analysis of the expected mix between residential and commercial consumption would be required as part of the rate determination that would precede a ballot measure.

There are several advantages of the UUT compared to the other tax options. First, it is relatively stable compared to sales tax, which can fluctuate significantly with the economy. Second, it is relatively secure because non-payment of the tax by users generally results in shut-off. Third, payment is made by utility providers directly to the city, rather than being remitted by the state (sales tax) or county (parcel tax). With many jurisdictions now involved in disputes with the Department of Finance (DOF) over Successor Agency (former redevelopment agency) issues, the DOF has threatened to withhold sales tax payments, or to direct counties to withhold property tax payments, if Successor Agency payments are not made as directed by the DOF. Therefore, having a local revenue source that is not dependent on state or county distribution would be of significant benefit to the City.

As a recap to this section of the report, the following table presents the three funding levels that were identified for consideration in a local revenue measure and how they would be applied across the three types of taxes discussed, along with the estimated tax revenue from each option.

Revenue Measure	Funding Level 1 (\$1.0 million)	Funding Level 2 (\$1.25 million)	Funding Level 3 (\$1.5 million)
Sales Tax	1.25% (\$913,000)	1.50% (\$1.1 million)	N/A (1.50% is highest allowed tax rate)
Parcel Tax	\$250/SF Residential (\$995,300)	\$325/SF Residential (\$1.3 million)	\$400/SF Residential (\$1.6 million)
Utility User Tax	\$85 per capita (\$1.0 million)	\$105 per capita (\$1.3 million)	\$125 per capita (\$1.5 million)

Additional information regarding local tax revenue measures in California, local add-on sales tax and utility user tax is provided in the Appendices section of the report.

Summary and Action Plan

Summary and Action Plan

Summary

The City's General Fund is facing significant fiscal challenges, largely as a result of the loss of redevelopment funds on which it was very dependent. A baseline General Fund operating deficit is projected at approximately \$675,000 for FY 2013-14 and growing to over \$900,000 by FY 2015-16. This baseline deficit does not include a number of areas in which the City is underfunded and therefore exposed to risk. Appropriating funds to mitigate these risk areas increases the General Fund operating deficit to approximately \$1.25 million annually, which is considered to be the true structural deficit.

Over the past several years, the City has implemented significant cost reduction measures in response to the economic downturn and loss of redevelopment funds in order to reduce expenditures and maintain a balanced General Fund budget. The most significant of these actions are summarized below:

- Removed Traffic Deputy from law enforcement services agreement with the County.
- Removed Sheriff's Service Specialist from law enforcement services agreement with the County.
- Eliminated Crossing Guard Program.
- Outsourced Parks Maintenance and two-thirds (2/3) of Finance Department staffing.
- Defunded 17.5 positions (outside of Child Care program), reducing City Hall employee workforce from 29 positions in FY 2009-10 to 12.5 positions in FY 2012-13; representing a 57% workforce reduction).
- Suspended employee cost-of-living adjustments and merit increases (5 years); reduced City Hall employee work week from 40 hours to 36 hours (3 years, 10% wage reduction); and reduced employee cafeteria benefit by 10% (3 years, City Hall and Child Care employees).

Given the significant budget cuts and organizational downsizing that have already occurred, implementing further expenditure reductions will prove to be challenging and will significantly impact the service levels that the City is able to provide to its residents and businesses. However, a variety of expenditure reduction options have been presented for the City Council's consideration in the Budget Stabilization Plan, which begins on page 21. As shown in the table on page 28, the City cannot offset the projected deficits by implementing only non public safety reductions. Including the public safety expenditure reductions that have been identified, the total General Fund savings for FY 2013-14 is estimated at \$684,900, assuming that these savings are implemented effective July 1, 2013. If they are not implemented until December 1, 2013 (following a November election), the savings are reduced to \$355,800. Beginning FY 2014-15, ongoing annual savings are projected at \$788,500. While these savings would offset the projected baseline budgetary deficit for two years, they would fall short in subsequent years and would not address any of the areas of underfunding and risk exposure which are included in the true structural deficit of \$1.25 million. Additionally, implementing the identified expenditure reductions would significantly reduce service levels and quality of life in the community by

closing parks, compromising public safety, and offering only minimal (part-time) City administration.

For the reasons cited above, consideration should be given to a local revenue measure presented to the voters in a November 2013 special election. The funding levels and tax options for such a revenue measure are presented in the Budget Stabilization Plan beginning on page 30.

Action Plan

Revenue Measure

In order to place a revenue measure before the voters in November 2013, the City Council will need to declare a fiscal emergency, which will require adoption of a resolution by unanimous vote of the City Council. Without declaration of a fiscal emergency, a revenue measure cannot be considered until the City’s next regularly scheduled election in November 2014.

Three funding levels and three types of taxes have been identified for the Council’s consideration. In order to determine voter support for these options, preliminary polling must be conducted. Two companies that specialize in election advisory services for public agencies in California have been identified. Proposals should be obtained from these companies, interviews conducted, and a firm selected to begin community polling.

If consideration is given to a parcel tax or utility user tax, specialized consulting will be needed to evaluate the variables associated with these taxes (e.g., residential vs. commercial burden, number of utility categories to be taxed, etc.) and determine the precise tax rates, as well as helping to draft the ballot language.

The timeline for placing a tax measure on the November 5, 2013 ballot, as provided by the San Bernardino County Elections Office, is shown below:

Event	Date	Election - Date
Receive Resolution	August 9	-88
Prepare Notice of Election	August 12	-85
1 st Day of Publication in Newspaper	August 16	-81
Deadline for Arguments	August 22	-75
Deadline for Rebuttals	August 27	-70
End of 10-day Public Examination Period for Arguments	September 1	-65
End of 10-day Public Examination Period for Rebuttals	September 6	-60
Early Voting Begins	October 7	-29
Voter Registration Deadline	October 21	-15
Last Day to Apply for Mail Ballot	October 29	-7

Should the City Council decide not to pursue a revenue measure in November 2013, expeditious action will be needed to implement the expenditure reduction options that have been identified in the Budget Stabilization Plan, or any other expenditure reductions the Council so directs, so they can be implemented effective July 1, 2013. Some of the items that would need immediate action include:

- Issuing a Request for Proposals (RFP) for outsourcing the staff functions identified in budget balancing Scenario A-1 (page 23-24).
- Obtaining updated appraisals for City Hall and the Child Care Center, for consideration of possible sale.
- Notification to employees who would be laid off due to outsourcing or have work schedule reduced to 18 hours per week.
- Preparation for closure of Rollins and Pico Parks.
- Public notification of revised Council meeting schedule (from semi-monthly to monthly).
- Preparation for elimination of Planning Commission and transition of responsibilities to City Council.
- Detailed discussions with LAFCO regarding a possible disincorporation option and CSD formation. (Note: this option is expected to take 18-24 months to implement.)

Even if the City Council decides to proceed with a revenue measure for a November 2013 special election, the outcome of the election is uncertain; therefore, a number of the above steps should proceed on a parallel track with the election, in the event that a ballot measure fails. As previously identified, if budget reduction measures are not implemented until after the November election (effective December 1st), the savings achieved for FY 2013-14 are significantly reduced.

FY 2013-14 Budget Adoption

Staff will be submitting a proposed FY 2013-14 budget for the City Council's consideration on May 14th. Following deliberation and discussion, the budget will need to be adopted by the end of the fiscal year, June 30th. Direction is needed from the City Council on the various budget reduction options presented in this report so a balanced budget can be adopted.

Timeline

A number of critical decisions will need to be made expeditiously regarding budget reduction options and potential revenue measures, so that staff can implement Council's direction. The following table identifies a number of potential actions that will need prompt consideration along with the required timeframe.

Potential Action	Required Timeframe
LAFCO briefing of City Council & Budget Advisory Committee regarding possible City disincorporation and CSD formation	April
Budget Advisory Committee review of Five-Year Financial Analysis and Budget Stabilization Plan; submit recommendations to City Council	April – May
Issue RFP for possible outsourcing of selected City positions	May
Obtain appraisals for City Hall and Child Care Center	May
Interview and select Election Advisor	May
Submit Proposed FY 2013-14 Budget to City Council	May
Conduct FY 2013-14 Budget deliberations	May – June
Declaration of Fiscal Emergency	June
Begin polling for potential revenue measure(s)	June
Consultant analysis of Parcel Tax and UUT rates	June
Review responses to RFP for outsourcing of selected City positions	June
Adopt FY 2013-14 Budget	June
Proceed with revenue measure(s)	August – November (see timeline provided by County Elections Office)
Continue discussions with LAFCO regarding possible disincorporation and CSD formation	ongoing

Appendices

Appendix A

Mid-Year Budget Review



AGENDA REPORT

MEETING DATE:	February 26, 2013	<i>Council Item</i>
TITLE:	Mid-Year Budget Review	
PRESENTED BY:	Steve Elam, Finance Department	
RECOMMENDATION:	1) Receive and file report. 2) Approve proposed budget adjustments to General Fund and Waste Water Disposal Fund.	

BACKGROUND:

The purpose of the Mid-Year Budget Review is to provide the City Council with budget-to-actual results through the first half of the fiscal year, projections for fiscal year-end, and any recommended budgetary adjustments for consideration. With the fiscal year beginning July 1st of each year, mid-year results are generally presented as of December 31st. However, since seven-month results are available, staff has presented actual revenue and expenditure results as of January 31, 2013, to provide Council with the latest financial information and to facilitate fiscal year-end projections. The Mid-Year Budget Review for FY 2012-13 focuses on the City's three major funds: General Fund, Child Care Fund and Waste Water Disposal Fund.

It should be noted that the beginning balances of each fund are unaudited. Typically, audited results for the prior fiscal year are available in preparation for a mid-year financial report; however, due to turnover of key staff within the Finance Department, the Fiscal Year (FY) 2011-12 audit was delayed and audited results are not yet available. As a result, the FY 2012-13 beginning balances presented in this report are subject to audit adjustment upon completion of the FY 2011-12 audit, which will be commencing within the next few weeks.

DISCUSSION:

General Fund (Exhibit A-1)

Operating Revenues

With 58.3% of the fiscal year elapsed as of January 31, 2013, General Fund actual operating revenues received are \$1,485,634, or 41.8% of the annual budget of \$3,554,486. However, revenues are not received on an even basis throughout the year and are projected to end the fiscal year (June 30th) at \$3,330,810, which is \$223,676 below the budget estimate. The primary factor in this projected revenue shortfall is the loss of Residual Receipts Agreement revenue as a result of the California Department of Finance (DOF) determination that the agreement between the City and the former Redevelopment Agency related to this revenue source was not an enforceable

obligation of the Successor Agency. Although the Successor Agency continues to protest the DOF determination, no revenues are projected for the fiscal year, which represents a loss of \$300,000 versus the budget estimate. Partially offsetting this revenue loss is an additional \$45,553 in property tax revenue related to the DOF determination on the Low/Moderate Income Housing Fund (LMIHF), which required the Successor Agency to remit \$228,092 to the County Auditor-Controller for disbursement to the various taxing entities. The City's share of this payment was 19.97%, or \$45,553, which was received in January.

Operating Expenditures

General Fund operating expenditures through January 31st are \$1,800,708, which represents 53% of the annual budget of \$3,399,792. With 58.3% of the fiscal year elapsed through January, this appears to be a positive result; however, expenditures at June 30th are projected to be \$3,668,156, which is \$268,364 over budget due primarily to two factors, both related to RDA dissolution. First, the Non-Departmental cost center is projected to be \$115,964 over budget as a result of the semi-annual loan payment of \$127,424 to be made to Zions First National Bank in March for the refinancing of the 1997 Certificates of Participation for the City Hall facility. This loan was included as an enforceable obligation of the Successor Agency but denied by the DOF, resulting in the General Fund now being responsible for repayment of this debt. Second, the budgeted overhead cost allocation of \$670,031 included an allocation of \$183,000 to the Successor Agency which cannot be absorbed, as it would exceed the annual Administrative Allowance of \$250,000 per ABx1 26 when added to the direct payroll allocations. Therefore, the General Fund must absorb these expenses that were budgeted as a charge to the Successor Agency. Excluding these two items, projected expenditures at June 30th would be approximately \$42,000 below budget.

Expenditures in several departments are projected to be over budget at fiscal year-end, however, this is due to staffing changes, leave cash-outs at separation, and reassignments resulting in actual payroll charges being different than the budget allocations. These cost overruns are offset by savings in other departments, so overall expenditures at fiscal year-end are projected to be \$42,000 under budget, as stated previously, except for the redevelopment-related charges that were not budgeted. Staffing allocations will be adjusted beginning next fiscal year so that budget and payroll allocations are consistent.

Net Operating Results

The FY 2012-13 General Fund Budget was adopted with a projected surplus of revenues over expenditures of \$154,694. Through the first seven months of the fiscal year, there is an operating deficit of \$315,074, which is projected to grow to \$337,346 by fiscal year-end. This dramatic change in net operating results projected for fiscal year-end is entirely due to DOF denials of Successor Agency obligations reported through the Recognized Obligation Payment Schedule (ROPS) process and the \$250,000 cap on Administrative Allowance, as summarized on the following page.

- Denial of Residual Receipts Agreement (revenue loss): \$300,000
- Zions Bank debt service payment (expenditure increase): \$127,424
- Cost allocation adjustment (expenditure increase): \$183,000
- Adverse impacts of ROPS process/DOF denials: \$610,424

The impacts shown above are ongoing in nature and will impact future budgets. Further, the Zions Bank debt service payment shown above is a semi-annual payment; the full fiscal year payment is \$254,845 and will be a General Fund obligation beginning in FY 2013-14.

Fund Balance

The budgeted General Fund ending balance at June 30, 2013 was \$810,958. However, with the significant redevelopment-related adjustments described above, fund balance is now projected to be \$465,280. The following table summarizes the adjustments to the General Fund balance.

Category	Budget	Projected	Positive (Negative) Adjustment	Comments
Beginning Fund Balance	\$656,264	\$802,626	\$146,362	Beginning fund balance estimated based on unaudited FY 2011-12 results.
Revenues	\$3,554,486	\$3,330,810	(\$223,676)	Loss of Residual Receipts revenue (\$300,000)
Expenditures	(\$3,399,792)	(\$3,668,156)	(\$268,364)	Budgetary savings of \$42,000 offset by Zions Loan payment (\$127,424) and Cost Allocation adjustment (\$183,000)
Ending Fund Balance	\$810,958	\$465,280	(\$345,678)	

Proposed Budget Adjustment

The FY 2012-13 budget does not include a contingency reserve for unexpected expenditures such as litigation expense related to Successor Agency enforceable obligations denied by the DOF and other unforeseen events. It is recommended that a contingency reserve be established in the Non-Departmental cost center in the amount of \$50,000, with a corresponding budgetary appropriation. Expenditures from this account would require approval from the City Manager upon receiving appropriate direction from the City Council.

If the recommended budgetary adjustment is approved, it will reduce the projected year-end fund balance by \$50,000 as shown on the following page.

- Projected fund balance at 6/30/13: \$465,280
- Non-Departmental expenditure contingency (50,000)
- Projected fund balance after adjustments \$415,280

Budgetary Risks

The City's General Fund balance continues to be at significant risk as a result of the redevelopment dissolution and wind-down process. As agencies throughout the state are experiencing, approval of enforceable obligations through ROPS process does not preclude the DOF from subsequently denying items that were previously approved. Additionally, the DOF's review of the Due Diligence Review (DDR) of Non-Housing Funds is currently underway and its findings are not yet released. Denial of items included in the DDR could further impact the City's General Fund. For this reason, the General Fund balance is very tenuous and could be needed in its entirety simply to satisfy redevelopment dissolution obligations that are shifted to the General Fund.

Child Care Fund (Exhibit A-2)

Revenues and expenditures in this fund are generally on target through January and are expected to end the fiscal year slightly over budget. Actual revenues through January are \$627,526, and are projected to be \$1,059,655 at fiscal year-end, which is slightly over the budget estimate. Expenditures through January are \$614,492 and are projected at \$1,058,386 by fiscal year-end, which is slightly over budget but within the anticipated revenue collections. Therefore, the fund is projected to end the fiscal year with a balance of \$1,269. The Child Care Fund is on target to achieve its goal of being self-supporting, including reimbursement to the General Fund of \$198,867 for administrative overhead in support of the Child Care Facility. No budgetary adjustments are proposed for this fund.

Waste Water Disposal Fund (Exhibit A-3)

Both revenues and expenditures in this fund are on target through January and are expected to end the fiscal year with positive budget variances. Actual revenues through January are \$749,513 and are expected to be \$1,509,900 at fiscal year-end, which is slightly over the budget estimate. Expenditures through January are \$867,391 and are projected at \$1,601,488 by fiscal year-end, which represents savings of \$110,405 versus budgeted expenditures. A fiscal year-end operating deficit of \$91,588 is projected, which will reduce the fund balance (unaudited) from \$1,644,738 to \$1,553,150. Although an operating deficit of \$91,588 is projected for the year, it is significantly less than the budgeted operating deficit of \$216,593.

As the City Council is aware, there are financial disputes with the City of Colton regarding the waste water treatment and disposal system. These disputes need to be resolved before there can be a meaningful analysis regarding how to overcome the current operating deficit that is negatively impacting fund balance. A proposed

budgetary adjustment is hereby recommended for the City Council's consideration related to this issue. Outside counsel is needed to obtain a legal opinion on several matters related to waste water treatment and disposal. The expected cost of the legal services is \$15,000. If an expenditure appropriation is approved in this amount, it will reduce the projected fiscal year-end fund balance from \$1,553,150 to \$1,538,150 as shown below:

• Projected fund balance at 6/30/13:	\$1,553,150
• Proposed budget adjustment - outside legal counsel	<u>(15,000)</u>
• Projected fund balance after budget adjustment	<u>\$1,538,150</u>

Looking Ahead to FY 2013-14

Due to the ongoing impacts of the redevelopment dissolution and wind-down process, FY 2013-14 is expected to be a challenging year financially for the City. To provide context for the budgetary deliberations, comprehensive Five-Year Financial Projections will be developed covering FY 2013-14 and the following four fiscal years, along with a Budget Stabilization Plan that will present various options for balancing the budget and maintaining adequate reserve levels. The Five-Year Financial Projections and Budget Stabilization Plan are scheduled to be presented to the City Council on April 23, 2013.

FISCAL IMPACT:

Approval of the proposed budgetary adjustments will result in a reduction of the projected fund balances at June 30, 2013 as follows:

- General Fund: Reduction of \$50,000 (from \$465,280 to \$415,280)
- Waste Water Disposal Fund: Reduction of \$15,000 (from \$1,553,150 to \$1,538,150)

ATTACHMENTS:

- Exhibit A_Mid-Year Budget Schedules

APPROVALS:

Steve Elam	Completed	02/20/2013 9:00 AM
Finance	Completed	02/20/2013 10:43 AM
City Attorney	Completed	02/20/2013 3:41 PM
City Manager	Completed	02/20/2013 3:44 PM
City Council	Pending	

Exhibit A-1 GENERAL FUND

<u>Dept</u>	<u>Category Desc</u>	<u>2012-13 Adopted Budget</u>	<u>2012-13 Actuals Jan2013</u>	<u>% Actuals to Budget</u>	<u>2012-13 Year-end Projection</u>
REVENUES					
General Fund	Property Taxes	1,362,836	721,347	52.9%	1,377,880
General Fund	Licenses & Permits	646,270	220,206	34.1%	651,200
General Fund	Sales Tax/Intergovt	1,044,000	401,082	38.4%	1,028,300
General Fund	Charges for Services	44,600	8,859	19.9%	40,000
General Fund	Building Fees & Permits	54,800	57,420	104.8%	106,200
General Fund	Planning Fees & Permits	14,350	11,950	83.3%	15,600
General Fund	Park Fees	16,000	9,593	60.0%	20,300
General Fund	Fines & Forfeitures	27,500	23,638	86.0%	36,700
General Fund	Use of Money & Property	38,130	27,748	72.8%	48,130
General Fund	Miscellaneous	1,000	3,791	379.1%	6,500
General Fund	Residual Rec/Transfers	305,000	-	0.0%	-
TOTAL REVENUES		<u>3,554,486</u>	<u>1,485,634</u>	<u>41.8%</u>	<u>3,330,810</u>
EXPENDITURES					
City Council	City Council	54,591	30,886	56.6%	53,000
City Manager	City Manager	239,870	156,084	65.1%	268,608
City Manager	Mgt Information Sys	97,490	48,468	49.7%	88,780
City Clerk	City Clerk	105,725	50,404	47.7%	86,627
Finance	Finance	281,023	199,592	71.0%	331,400
City Attorney	City Attorney	60,000	39,016	65.0%	66,900
Hist-Cul Comm	Historical/Cultural Comm	1,200	667	55.6%	1,150
Sr Citizens Pgm	Senior Citizens Prgm	27,000	16,782	62.2%	28,800
Public Safety	Law Enforcement	1,758,595	971,659	55.3%	1,751,317
Public Works	Building & Safety	133,825	76,923	57.5%	132,177
Public Works	Public Works	190,520	83,135	43.6%	146,227
Public Works	Rental Inspection Prgm	73,910	50,260	68.0%	86,343
Public Works	Enforcement Prgm	140,014	77,956	55.7%	142,465
Public Works	Facilities Maintenance	108,500	47,748	44.0%	101,800
Public Works	Comm & Econ Dev	248,215	114,550	46.1%	197,263
Public Works	Parks Maintenance	155,405	68,742	44.2%	118,005
Public Works	NPDES	99,025	53,118	53.6%	91,190
Public Works	Storm Drain Maint	16,000	-	0.0%	-
Public Works	Planning Commission	2,265	1,335	58.9%	2,260
Public Works	Emergency Oper Prgm	11,470	2,830	24.7%	4,800
Public Works	Capital Projects	(75,000)	-	0.0%	-
Non-Dept	Gen Govt - Non-Dept	340,180	101,404	29.8%	456,144
Non-Dept	O/H Cost Allocation	(670,031)	(390,851)	58.3%	(487,100)
TOTAL EXPENDITURES		<u>3,399,792</u>	<u>1,800,708</u>	<u>53.0%</u>	<u>3,668,156</u>
Revenues		3,554,486	1,485,634	41.8%	3,330,810
Expenditures		3,399,792	1,800,708	53.0%	3,668,156
NET		<u>154,694</u>	<u>(315,074)</u>		<u>(337,346)</u>
Fund Balance - Beginning		656,264			802,626
Revenues less Expenditures		154,694			(337,346)
Fund Balance - Ending		<u>810,958</u>			<u>465,280</u>

Exhibit A-2 CHILD CARE FUND

Dept	Category Desc	2012-13 Adopted Budget	2012-13 Actuals Jan2013	% Actuals to Budget	2012-13 Year-end Projection
REVENUES					
Child Care	Returned Check Fee	-	32		55
Child Care	Tiny Tot Program	86,512	47,912	55.4%	82,100
Child Care	After School Program GT	289,296	136,608	47.2%	276,800
Child Care	Pre-School Program	670,498	442,974	66.1%	700,700
TOTAL REVENUES		1,046,306	627,526	60.0%	1,059,655
EXPENDITURES					
Child Care	Child Care	852,730	498,486	58.5%	859,519
Child Care	O/H Cost Allocation	198,867	116,006	58.3%	198,867
TOTAL EXPENDITURES		1,051,597	614,492	58.4%	1,058,386
Revenues		1,046,306	627,526	60.0%	1,059,655
Expenditures		1,051,597	614,492	58.4%	1,058,386
NET		(5,291)	13,034		1,269
Fund Balance - Beginning		-			-
Revenues less Expenditures		(5,291)			1,269
Fund Balance - Ending		(5,291)			1,269

Attachment: Exhibit A_Mid-Year Budget Schedules (1221 : Mid-Year Budget Review)

Exhibit A-3 WASTE WATER DISPOSAL FUND

<u>Dept</u>	<u>Category Desc</u>	<u>2012-13 Adopted Budget</u>	<u>2012-13 Actuals Jan2013</u>	<u>% Actuals to Budget</u>	<u>2012-13 Year-end Projection</u>
REVENUES					
Wastewater	Service Charge	1,468,800	749,513	51.0%	1,499,000
Wastewater	Delinq Svc Chg/Tax Roll	500	-	0.0%	-
Wastewater	Sewer Connection Fees GT	12,000	-	0.0%	4,000
Wastewater	Investment Earnings	14,000	-	0.0%	6,900
Wastewater	Investment Earnings: Res	-	-	-	-
TOTAL REVENUES		<u>1,495,300</u>	<u>749,513</u>	<u>50.1%</u>	<u>1,509,900</u>
EXPENDITURES					
Public Works	Public Works	53,123	37,595	70.8%	85,040
Public Works	Wastewater Disp - Colton	1,200,000	788,000	65.7%	1,182,000
Public Works	Wastewater Disp - GT	-	2,165	-	10,000
Public Works	Line Maintenance	251,500	20,158	8.0%	133,600
Public Works	NPDES	49,822	19,473	39.1%	33,400
Non-Dept	O/H Cost Allocation	157,448	-	0.0%	157,448
TOTAL EXPENDITURES		<u>1,711,893</u>	<u>867,391</u>	<u>50.7%</u>	<u>1,601,488</u>
Revenues		1,495,300	749,513	50.1%	1,509,900
Expenditures		<u>1,711,893</u>	<u>867,391</u>	50.7%	<u>1,601,488</u>
NET		<u>(216,593)</u>	<u>(117,878)</u>		<u>(91,588)</u>
Fund Balance - Beginning		1,612,273			1,644,738
Revenues less Expenditures		<u>(216,593)</u>			<u>(91,588)</u>
Fund Balance - Ending		<u>1,395,680</u>			<u>1,553,150</u>

Appendix B

Information Regarding Local Revenue Measures in California

Local Revenue Measures in California November 2012 Results

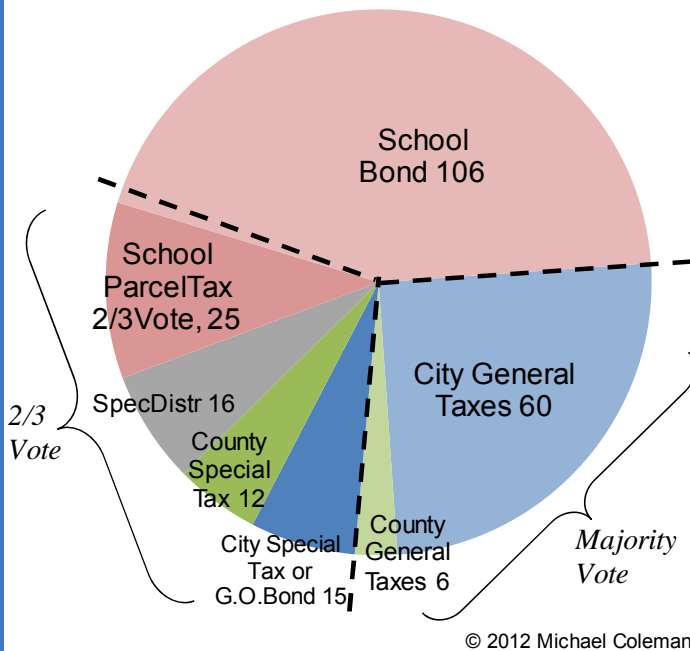
The November 6, 2012 presidential election featured 368 local measures in California on questions including land use development, government organization, bond authorizations and tax increases. Among these were 240 measures seeking approval for taxes, bonds or fees, including three by initiative. Three other measures sought by initiative to reduce previously approved taxes.

This volume of local measures is quite comparable to the number of local measures on each of the last two presidential election ballots in California. In November 2008, there were 233 revenue measures including 116 school bonds and taxes. In November 2004, there were 249 revenue measures including 86 school bonds or taxes.

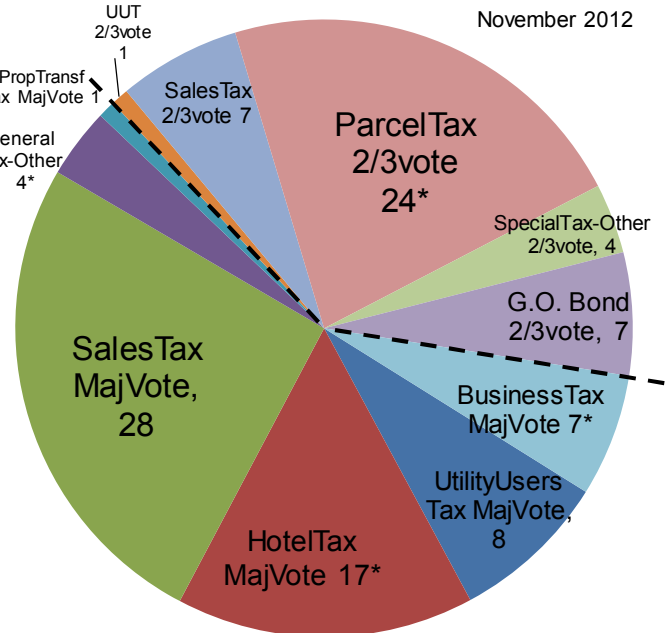
K-12 schools districts and community colleges requested total of \$14.429 billion in 106 separate bond measure authorizations for school bonds to construct facilities, acquire equipment and make repairs and upgrades. There were 25 measures to increase or extend school parcel taxes.

Among the 109 non-school local revenue measures were seven general obligation bond measures and 36 special taxes and parcel taxes requiring two-thirds voter approval. There were 35 proposals to extend or increase transactions and use taxes (so-called add-on sales taxes) and 24 proposals to increase or extend non-school parcel taxes.

Proposed Local Revenue Measures November 2012



Types of Non-School Local Tax Measures



*Vacaville's Measure M combined a business license tax, parcel tax and hotel tax. It is counted here as a "General Tax - other"

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Overall Passage Rates

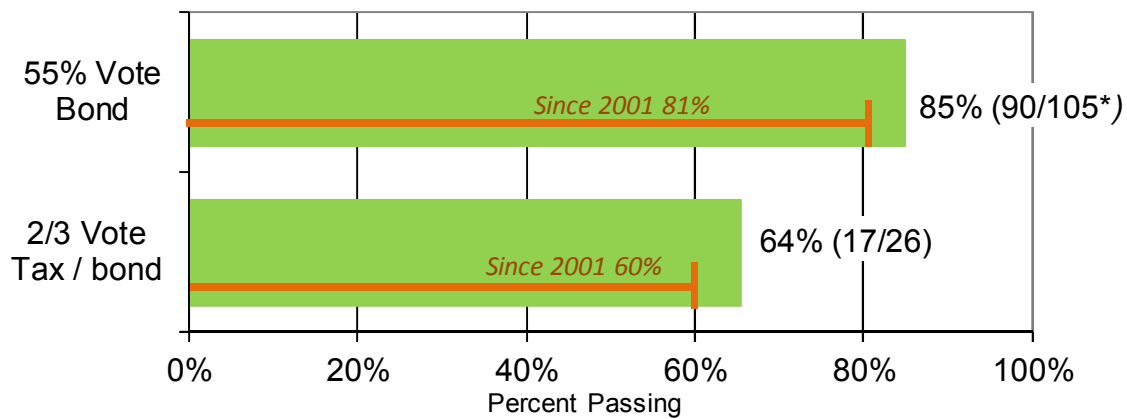
Following post-election night canvases and recounts, five additional 55% school bond measures and one additional two-thirds vote school parcel tax were declared passing. This brings the total number of passing measures to 178 of the 240 tax/revenue measures proposed.

Local Revenue Measures November 2012

	Total	Pass	Passing%
City General Tax (Majority Vote)	60	48	80%
County General Tax (Majority Vote)	6	4	67%
City Special Tax or G.O. bond (2/3 Vote)	15	5	33%
County (Special Tax) 2/3 Vote	12	7	58%
Special District (2/3)	16	7	44%
School Parcel Tax 2/3	25	16	64%
School Bond 2/3	1	1	100%
School Bond 55%	105	90	86%
Total	240	178	74%
Redux by initiative	3	0	0%

The rate of passage of school measures slightly exceeded historic passage rates. Final results indicate 90 of the 105 55% school bonds passed. The one two-thirds vote school bond passed as well as 16 of the 25 school parcel taxes.

School Tax & Bond Measures November 2012

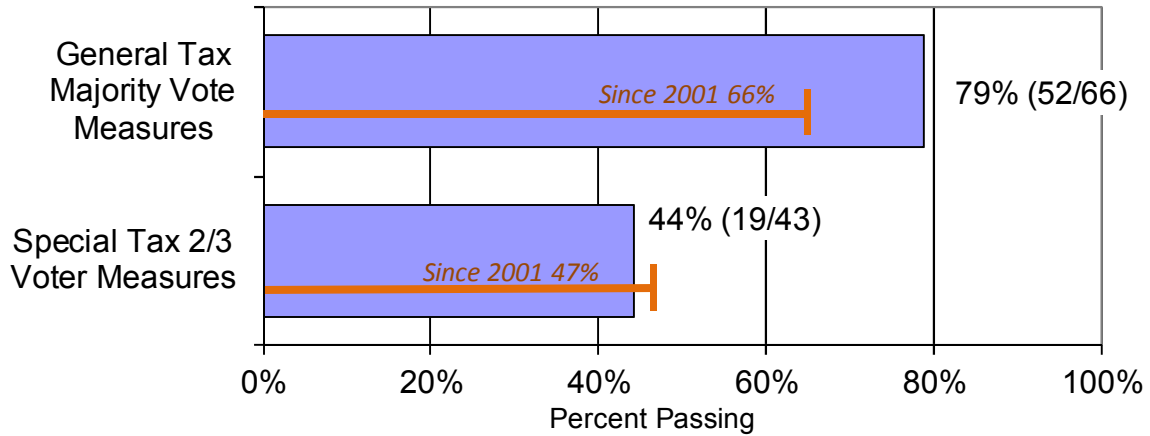


*One school bond required two-thirds approval. It passed.

Local non-school majority vote tax measures did somewhat better this election than in prior years with 52 of 66 passing. Among the failing measures were three taxes proposed in San Diego County cities as a part of marijuana dispensary initiatives. These taxes on the sale of marijuana probably could not have been implemented had they passed.

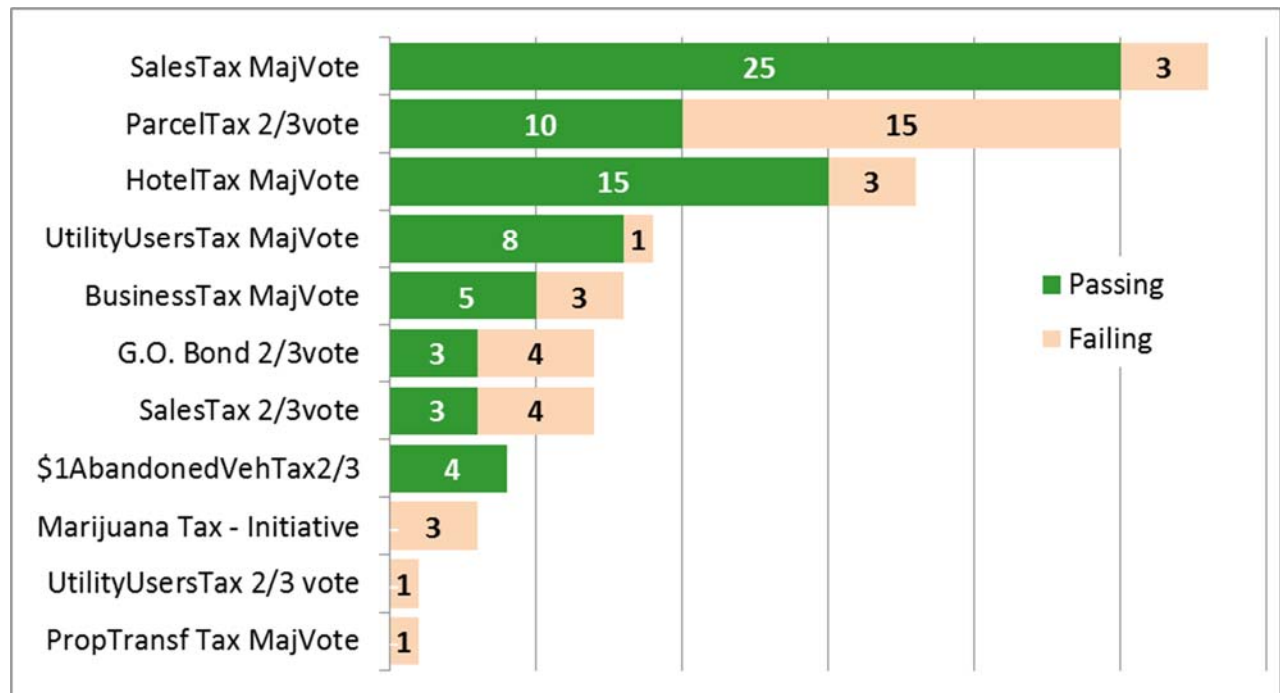
Among the 43 non-school special taxes, parcel taxes and bonds requiring two-thirds voter approval, 19 passed, a very similar passage rate compared to past elections.

City / County / Special District Tax & Bond Measures November 2012



General purpose tax measures fared especially well, especially add-on sales taxes (local transactions and use taxes). Parcel taxes and G.O. bonds had a much more difficult time, mostly, it appears, due to the two-thirds supermajority vote thresholds. Five of the 25 non-school parcel taxes failed to even garner 50% yes votes.

Passing and Failing City / County / Special District Measures by Type November 2012



Local Add-On Sales Taxes (Transaction and Use Taxes)

Twenty five cities and three counties proposed general purpose majority vote add-on sales tax rates ranging from 1/8 percent in Santa Clara County to one percent in several cities. Voters approved all but three of these measures.

Transactions and Use Tax (Add-on Sales Tax) - General Tax - Majority Approval

<u>Agency Name</u>	<u>County</u>	<u>Rate</u>	<u>Sunset</u>	<u>YES%</u>	<u>NO%</u>	
Albany	Alameda	Measure F 1/2 cent		79.0%	21.0%	PASS
Culver City	Los Angeles	Measure Y 1/2percent	10 yrs	76.6%	23.4%	PASS
Lathrop	San Joaquin	Measure C 1cent		76.0%	24.1%	PASS
Salinas	Monterey	Measure E 1/2cent extend		75.7%	24.3%	PASS
Carmel	Monterey	Measure D 1cent	10yrs	75.4%	24.6%	PASS
Nevada City	Nevada	Measure L 3/8cent	5yrs	74.2%	25.8%	PASS
Sebastopol	Sonoma	Measure Y 1/2cent	8yrs	70.8%	29.2%	PASS
Williams	Colusa	Measure G 1/2cent extend		70.5%	29.5%	PASS
Rio Vista	Solano	Measure O 3/4cent	5yrs	70.2%	29.8%	PASS
Moraga	Contra Costa	Measure K 1cent	20yrs	70.1%	29.9%	PASS
Orinda	Contra Costa	Measure L 1/2cent	10yrs	69.1%	30.9%	PASS
Vacaville	Solano	Measure M 1/4cent	5yrs	69.0%	31.0%	PASS
Commerce	Los Angeles	Measure A 1/2percent		67.3%	32.7%	PASS
Fairfield	Solano	Measure P 1cent	5yrs	66.5%	33.6%	PASS
Grass Valley	Nevada	Measure N 1/2cent	10yrs	66.3%	33.7%	PASS
La Mirada	Los Angeles	Measure I 1cent	5yrs	66.0%	34.0%	PASS
County of San Mateo	San Mateo	Measure A 1/2cent	10years	64.6%	35.5%	PASS
Sacramento	Sacramento	Measure U 1/2cent	6yrs	63.1%	36.9%	PASS
Paso Robles	San Luis Obis	Measure E 1/2cent	12yrs	59.0%	41.0%	PASS
		Measure F Advisory		71.3%	28.7%	PASS
Hollister	San Benito	Measure E 1cent extend	5yrs	57.4%	42.6%	PASS
County of Santa Clara	Santa Clara	Measure A 1/8cent	10yrs	56.3%	43.7%	PASS
Trinidad	Humboldt	Measure G 3/4cent 4/1/2013 for 4yrs		55.4%	44.6%	PASS
Healdsburg	Sonoma	Measure V 1/2cent	10yrs	55.4%	44.6%	PASS
Half Moon Bay	San Mateo	Measure J 1/2 cent	3yrs	53.9%	46.1%	PASS
Capitola	Santa Cruz	Measure O 1/4cent		50.8%	49.2%	PASS
Yucca Valley	San Bernaridir	Measure U 1cent		48.2%	51.8%	FAIL
County of Plumas	Plumas	Measure D 1/4cent	4yrs	36.2%	63.8%	FAIL
Maricopa (224 voters)	Kern	Measure R 1cent	10yrs	32.6%	67.4%	FAIL

There were seven add-on sales tax measures earmarked for specific purposes. Five of these were county-wide measures. All seven received over 60% yes votes, but four fell short of the two-thirds approval needed including transportation measures in Alameda and Los Angeles and two measures related to roads and water quality in Lake County.

Transactions and Use Tax (Add-on Sales Tax) - Special Tax - Two-Thirds Approval

Agency Name	County	Rate	Purpose	Sunset	YES%	NO%	
County of Napa	Napa	Measure T 1/2cent	streets (was flood) extend 25yrs after 2018		74.4%	25.6%	PASS
County of Marin	Marin	Measure A 1/4cent	openspace		73.6%	26.4%	PASS
County fo Fresno	Fresno	Measure B 1/8cent	Library	extend 16yrs	71.8%	28.3%	PASS
County of Alameda	Alameda	Measure B1 1/2c+1/2c=1cent	transportation	extends&incr	65.5%	34.5%	FAIL
County of Los Angeles	Los Angeles	Measure J 1/2cent	transportation	extend 30yrs	64.7%	35.3%	FAIL
County of Lake	Lake	Measure E 1/2cent	water quality		62.2%	37.8%	FAIL
Clearlake	Lake	Measure G 1cent	streets/roads		61.1%	38.9%	FAIL

Transient Occupancy (Hotel) Taxes

There were eighteen measures to increase or expand Transient Occupancy (Hotel) Taxes. All but three passed. Plymouth voters also approved a companion advisory measure that expresses the preference that “the additional revenues be used primarily for the purpose of repairing and maintaining the city’s roadways.”

Transient Occupancy Tax Tax Measures: All General Majority Vote

Agency Name	County	Rate	YES%	NO%	
Santa Cruz	Santa Cruz	Measure Q +1%to11%	82.1%	17.9%	PASS
Vacaville	Solano	Measure L +2% TOT*	80.1%	19.9%	PASS
Carpinteria	Santa Barbara	Measure E +2%to12%	77.6%	22.4%	PASS
Menlo Park	San Mateo	Measure K +2%to12%	73.6%	26.4%	PASS
County of Santa Cruz	Santa Cruz	Measure N +1.5%to11%	72.1%	27.9%	PASS
Goleta	Santa Barbara	Measure H +2%to12%	71.5%	28.5%	PASS
Exeter	Tulare	Measure M +4%to8%	66.2%	33.8%	PASS
Garden Grove	Orange	Measure Y +1.5%to14.5%	66.1%	33.9%	PASS
County of Amador	Amador	Measure Q +4%to10%	60.5%	39.5%	PASS
Coronado	San Diego	Proposition F +2%to10%	60.5%	39.5%	PASS
Plymouth	Amador	Measure R +4%to10%	57.5%	42.5%	PASS
		Measure S Advisory	65.0%	35.0%	PASS
Solvang	Santa Barbara	Measure Z +2%to12%	57.2%	42.8%	PASS
Santee	San Diego	Proposition U +4%to10%	56.6%	43.4%	PASS
Buellton	Santa Barbara	Measure D +2%to12%	54.8%	45.2%	PASS
Willows	Glenn	Measure Q +2%to12%	52.9%	47.2%	PASS
Pomona	Los Angeles	Measure V +2%to12%	48.2%	51.8%	FAIL
County of Plumas	Plumas	Measure C +2%to11%	41.1%	58.9%	FAIL
Red Bluff	Tehama	Measure A 10% camping/RV	39.6%	60.4%	FAIL

*measure is an "excise tax" also includes BLT, etc.

Utility User Taxes

Voters in ten cities considered measures to increase or expand utility user taxes. Several of the proposals were to modernize existing taxes on telecommunications and among these, five proposed a reduction in the tax rate as a part of effectively expanding the tax base to wireless communications. Chico is one of very few cities to have rejected this approach at the polls.

Among the ten measures, only Citrus Heights earmarked the tax for specific purposes. But voters rejected the proposed increase.

Voters in Arcata approved a novel UUT, a 45% tax on excessive electricity use aimed at home grow houses.

Utility User Taxes

<u>Agency Name</u>	<u>County</u>	<u>Rate</u>	<u>%Needed</u>	<u>YES%</u>	<u>NO%</u>	
Berkeley	Alameda	Measure Q same7.5%	expand/reduce	50.0%	84.5%	15.5% PASS
San Luis Obispo	San Luis Obispo	Measure D to4.8%from5%	expand/reduce	50.0%	83.5%	16.5% PASS
Downey	Los Angeles	Measure D 5%to4.8%	expand/reduce	50.0%	79.4%	20.6% PASS
Pinole	Contra Costa	Measure M 8%	extend	50.0%	78.7%	21.3% PASS
Los Alamitos	Orange	Measure DD 6%to5%	expand/reduce	50.0%	69.5%	30.5% PASS
Arcata	Humboldt	Measure I 45% on excessive electric use	new	50.0%	69.0%	31.0% PASS
Bellflower	Los Angeles	Measure P 2%	increase	50.0%	61.3%	38.7% PASS
Needles*	San Bernardino	Measure T +2.5%-2.5% fee=no change	validate/extend	50.0%	51.4%	48.6% PASS
Chico	Butte	Measure J 5%to4.5%	expand/reduce	50.0%	46.9%	53.2% FAIL
Citrus Heights	Sacramento	Measure K +1.75%to4.25%	increase	66.7%	44.2%	55.8% FAIL

Business License Taxes

There were eight business license tax measures, including two proposals to tax sugared beverages, a new idea among local measures in California. A proposal to increase local taxes on “businesses engaged in the manufacture, piping, refining, storage and wholesale distribution of petroleum products” failed in Rialto. The sugared beverage taxes were resoundingly rejected. Companion measures in both cities that expressed the preferred use of the funds for particular programs did not help. Six other measures passed easily.

Business License Tax Measures: Majority Vote General

<u>Agency Name</u>	<u>County</u>	<u>Rate</u>	<u>YES%</u>	<u>NO%</u>	
Vacaville*	Solano	Measure L	80.1%	19.9%	PASS
Rancho Cordova	Sacramento	Measure L cardrooms	79.3%	20.7%	PASS
Needles	San Bernardino	Measure S tax on Marijuana	79.3%	20.7%	PASS
Artesia	Los Angeles	Measure M general incr	78.0%	22.0%	PASS
San Francisco	San Francisco	Proposition E gross repts	70.6%	29.4%	PASS
Rialto	San Bernardino	Measure V on petrol busn	47.1%	52.9%	FAIL

*measure is an "excise tax" also includes TOT, parcel tax

Sugared Beverage Taxes

<u>Agency Name</u>	<u>County</u>	<u>YES%</u>	<u>NO%</u>	
Richmond	Contra Costa	Measure N	33.1%	66.9% FAIL
El Monte	Los Angeles	Measure H	23.2%	76.8% FAIL

Property Transfer Tax

A proposal to increase the property transfer tax in Pomona failed. Pomona pursued the ill-advised approach of placing multiple tax measures on the ballot at once: a hotel tax, a parcel tax (2/3 vote), and this property transfer tax. All failed.

Property Transfer Taxes

<u>Agency Name</u>	<u>County</u>	<u>Measure Na</u>	<u>Rate</u>	<u>YES%</u>	<u>NO%</u>	
Pomona	Los Angeles	Measure W	from \$1.10 to \$2.20	24.6%	75.4%	FAIL

Parcel Taxes and Special Taxes (non-school)

There were 25 parcel taxes including 13 in special districts, ten in cities, and two in counties. Under a state constitutional provision included in Proposition 13 (1978), parcel taxes require two-thirds supermajority approval. Ten of 25 measures passed. Among these ten, six extended – but did not increase – existing parcel taxes.

An initiative measure to revise and reduce a fire parcel tax in Newcastle was rejected by voters in that community. The measure received 61% approval but required two-thirds approval.

City, County and Special District Parcel Taxes (2/3 vote)

<u>Agency Name</u>	<u>County</u>	<u>Amount</u>	<u>Purpose</u>	<u>YES%</u>	<u>NO%</u>	
Vacaville*	Solano	Measure L	\$58/parcel	general -extend	80.1%	19.9% PASS
Circle XX Community Services District	Calaveras	Measure D	+\$100to\$400	roads	78.3%	21.7% PASS
Santa Monica Mountains Rec Conserv Au	Los Angeles	Measure HH	\$24/parcel	open space	76.2%	23.8% PASS
Santa Clara Valley Water District	Santa Clara	Measure B	\$56/parcel	water -extend	72.7%	27.4% PASS
Ross	Marin	Measure D	\$950/parcel	general -extend/rec	72.3%	27.7% PASS
Groveland Community Services District	Tuolumne	Measure G	\$70/parcel	EMS -extend	69.4%	30.6% PASS
Piedmont	Alameda	Measure Y	varies	general -extend	68.7%	31.3% PASS
Santa Monica Mountains Rec Conserv Au	Los Angeles	Measure MM	\$19/Parcel	open space	68.1%	32.0% PASS
Cayucos Fire Protection District	San Luis Obispo	Measure C	\$25/parcel	Fire/EMS -extend	67.9%	32.1% PASS
Wildomar	Riverside	Measure Z	\$28/parcel	parks/rec	66.8%	33.2% PASS
Mesa Parks Firehouse Community Park A	Marin	Measure E	\$49/parcel	parks/rec	65.4%	34.6% FAIL
County of Alameda	Alameda	Measure A1	\$12/parcel	zoo	62.7%	37.3% FAIL
Rancho Adobe Fire Protection District	Sonoma	Measure Z	+\$60/parcel	Fire/EMS	62.6%	37.4% FAIL
Petaluma	Sonoma	Measure X	\$52/parcel	parks/rec	61.1%	38.9% FAIL
Pomona	Los Angeles	Measure X	\$37/parcel	Library	60.2%	39.8% FAIL
Berkeley	Alameda	Measure O	\$0.00779/sqft	pools	59.7%	40.4% FAIL
Guadalupe	Santa Barbara	Measure I	\$20/parcel	libraries	56.5%	43.5% FAIL
McCloud Community Services District	Siskiyou	Measure Q	\$12/parcel	Library	52.7%	47.3% FAIL
Contra Costa County Fire Protection Dist	Contra Costa	Measure Q	\$75/sfu	Fire/EMS	52.5%	47.6% FAIL
Black Mountain Fire and Emergency Res	Siskiyou	Measure P	\$30/parcel	Fire/EMS	50.0%	50.0% FAIL
Spalding Community Services District	Lassen	Measure V	\$70/parcel	Fire/EMS	46.4%	53.6% FAIL
County of El Dorado	El Dorado	Measure L	\$17.58/parcel	Library -extend	44.3%	55.7% FAIL
Laguna Beach	Orange	Measure CC	\$120/parcel	open space	44.1%	55.9% FAIL
Lassen Community Library District	Lassen	Measure W	\$28/parcel	Library	42.7%	57.3% FAIL
Indian Wells	Riverside	Measure R	\$171/parcel	lighting/landscapi	26.8%	73.2% FAIL

Abandoned Vehicle Abatement Taxes

Four counties had measures to extend \$1 per motor vehicle charges to fund abandoned vehicle abatement programs. These charges were once imposed by the County Boards of Supervisors as fees without a vote of the people. The passage of Proposition 26 in 2010 requires voter approval as taxes of any extension of these charges. All four measures passed.

Abandoned Vehicle Abatement Tax						
(Fees prior to Prop26 of 2010) - 2/3 voter approval required						
County of Mendocino	Measure G	\$1/veh	78.8%	21.2%	PASS	extend
County of Butte	Measure H	\$1/veh	73.4%	26.6%	PASS	extend
County of Calaveras	Measure B	\$1/veh	70.9%	29.1%	PASS	extend
County of Amador	Measure U	\$1/veh	68.8%	31.2%	PASS	extend

General Obligation Bonds

There were seven local general obligation bond measures in three cities and three special districts. The three passing measures are all in the San Francisco Bay Area. Voters in Berkeley approved a bond for critical drainage and water quality improvements but turned failed to garner the two-thirds approval needed for a parks improvement bond. A hospital bond in Fremont and a parks and environmental clean-up bond in San Francisco also passed.

City, County and Special District Bond Measures (2/3 vote)

<u>Agency Name</u>	<u>County</u>	<u>Amount</u>	<u>YES%</u>	<u>NO%</u>		
Berkeley	Alameda	Measure M \$30 million	drainage/waterqua	73.3%	26.7%	PASS
Washington Township Health Care Distri	Alameda	Measure Z \$186 million	hospital	73.0%	27.0%	PASS
San Francisco	San Francisco	Proposition B \$195million	park/rec/env-clean	72.0%	28.0%	PASS
Berkeley	Alameda	Measure N \$19.4million	park/rec	62.1%	37.9%	FAIL
El Medio Fire Protection District	Butte	Measure M \$1million	fire	56.5%	43.5%	FAIL
Rio Dell	Humboldt	Measure J \$2million	streets	54.9%	45.1%	FAIL
Truckee Donner Recreation and Park Dist	Nevada/Placer	Measure J \$8.52million	parks/rec	54.1%	45.9%	FAIL

School Parcel Taxes

School parcel taxes fared better than non-school parcel taxes. The ballot included 25 local school parcel taxes. Sixteen passed. San Leandro USD's tax passed by 24 votes after training in the election night tally. Historically, around four out of five school parcel tax measures are approved.

School Parcel Taxes (2/3 voter approval)

<u>Agency Name</u>	<u>County</u>		<u>Rate</u>	<u>YES%</u>	<u>NO%</u>	
Berryessa Union School District	Santa Clara	Measure K	\$79/parcel	77.3%	22.7%	PASS
Arcata Elementary School District	Humboldt	Measure E	\$49/parcel	77.3%	22.7%	PASS
West Contra Costa Unified School District	Contra Costa	Measure G	7.2c/sf	74.7%	25.4%	PASS
Little Lake City USD	Los Angeles	Measure TT	\$48/parcel	74.1%	25.9%	PASS
San Francisco Community College	San Francisco	Proposition A	\$79/parcel	72.5%	27.5%	PASS
West Sonoma County Union High School District	Sonoma	Measure K	\$48/parcel	72.3%	27.7%	PASS
Shoreline Unified School District	Marin/Sonoma	Measure C	\$185/parcel	71.5%	28.5%	PASS
Sebastopol Union School District	Sonoma	Measure O	\$76/parcel	71.4%	28.6%	PASS
Mill Valley School District	Marin	Measure B	\$196/parcel	70.4%	29.6%	PASS
Santa Barbara Elementary SD	Santa Barbara	Measure B	\$48/parcel	69.6%	30.4%	PASS
Centinela Valley Union High School District	Los Angeles	Measure CL	2c/sf	69.5%	30.5%	PASS
Davis Joint Unified School District	Yolo/Solano	Measure E	\$204/parcel	68.9%	31.1%	PASS
Santa Barbara Unified SD	Santa Barbara	Measure A	\$45/parcel	68.6%	31.4%	PASS
Martinez Unified School District	Contra Costa	Measure C	\$55/parcel	67.7%	32.3%	PASS
Ventura Unified School District	Ventura	Measure Q	\$59/parcel	67.1%	32.9%	PASS
San Leandro Unified School District	Alameda	Measure L	\$39/parcel	66.8%	33.3%	PASS
Pacific Grove Unified School District	Monterey	Measure A	\$65/parcel	66.4%	33.6%	FAIL
Fort Ross School District	Sonoma	Measure L	\$48/parcel	65.4%	34.6%	FAIL
Contra Costa Community College	Contra Costa	Measure A	\$11/parcel	64.8%	35.2%	FAIL
Three Rivers School District	Tulare	Measure I	\$60/parcel	61.6%	38.4%	FAIL
Chabot-Las Positas Community College	Alameda/Contra	Measure I	\$28/parcel	62.5%	37.5%	FAIL
San Bruno Park SD	San Mateo	Measure G	\$199/parcel	58.5%	41.5%	FAIL
Westside Union SD	Los Angeles	Measure WP	\$96/parcel	53.6%	46.4%	FAIL
Mohave Unified School District	Kern	Measure N	\$42/parcel	50.4%	49.6%	FAIL
Pleasant Ridge Union School District	Nevada	Measure K	\$92/parcel	36.7%	63.3%	FAIL

Fiscal Referenda

Local voters in effect rejected three citizen advanced measures to overturn or alter existing taxes. The approval of Measure AA in Huntington Beach validates the city's taxes extended to the annexed area of Sunset Beach.

Referenda concerning municipal fees or taxes

<u>Agency Name</u>	<u>Rate</u>	<u>YES%</u>	<u>NO%</u>	
Newcastle Fire Protection District	Measure K retain existing tax structure	61.5%	38.5%	FAIL
Huntington Beach	Measure Z retain PropProp13 Property Tax rate for employee retirement	49.6%	50.4%	FAIL
Huntington Beach	Measure AA retain taxes on annexed Sunset Beach area	84.0%	16.0%	PASS

School Bonds

There were 106 school bond measures on the ballot for a total of over \$14.429 billion in bonds. All but one required 55% approval. Final tabulations show 91 of the measures passed for bonds totaling \$13.279 billion, among these a \$2.8 billion bond in San Diego.

School Bond Measures

Agency Name	County		Amount	YES%	NO%	
Inglewood USD	Los Angeles	Measure GG	\$90million	85.9%	14.1%	PASS
Oakland Unified School District	Alameda	Measure J	\$475million	84.9%	15.1%	PASS
Earlimart School District	Tulare	Measure H	\$3.6million	81.3%	18.7%	PASS
Alum Rock Union School District	Santa Clara	Measure J	\$125million	78.8%	21.2%	PASS
Pacific Elementary School District	Santa Cruz	Measure M	\$0.83million	78.0%	22.0%	PASS
Ocean View School District	Ventura	Measure P	\$4.2million	77.4%	22.6%	PASS
Jefferson Elementary SD	San Mateo	Measure I	\$67.5million	76.2%	23.8%	PASS
Little Lake City USD	Los Angeles	Measure EE	\$18million	75.8%	24.2%	PASS
Hueneme Elementary School District	Ventura	Measure T	\$19.6million	75.7%	24.3%	PASS
McFarland Unified School District	Kern	Measure M	\$25million	75.2%	24.8%	PASS
Arcata Elementary School District	Humboldt	Measure F	\$7million	74.8%	25.2%	PASS
South Bay Union School District	San Diego	Proposition Y	\$26million	74.3%	25.7%	PASS
Soledad Unified School District	Monterey	Measure C	\$40million	73.7%	26.3%	PASS
Mt. Pleasant School District	Santa Clara	Measure L	\$25million	73.6%	26.4%	PASS
Jefferson Union High SD	San Mateo	Measure E	\$41.9million	73.5%	26.5%	PASS
Mendota Unified School District	Fresno	Measure M	\$19million	73.3%	26.7%	PASS
Palmdale SD	Los Angeles	Measure DD	\$220million	72.8%	27.2%	PASS
Washington Unified School District	Fresno	Measure W	\$22million	72.5%	27.5%	PASS
Covine-Valley USD	Los Angeles	Measure CC	\$129million	72.4%	27.6%	PASS
Stockton Unified School District	San Joaquin	Measure E	\$156million	72.1%	28.0%	PASS
Whittier Elementary SD	Los Angeles	Measure Z	\$55million	71.9%	28.1%	PASS
Bellflower USD	Los Angeles	Measure BB	\$79million	71.6%	28.4%	PASS
Delhi Unified School District	Merced	Measure E	\$8million	70.8%	29.2%	PASS
East Side Union High School District	Santa Clara	Measure I	\$120million	70.5%	29.5%	PASS
San Jose Unified School District	Santa Clara	Measure H	\$290million	70.3%	29.8%	PASS
Cerritos CCD	Los Angeles	Measure G	\$350million	69.9%	30.1%	PASS
San Bernardino City Unified	San Bernardino	Measure N	\$250million	69.6%	30.4%	PASS
Folsom Cordova Unified School District	Sacramento	Measure P	\$68million	69.4%	30.6%	PASS
Rancho Santiago Community College Dist	Orange	Measure Q	\$198million	69.3%	30.7%	PASS
Standard School District	Kern	Measure Q	\$11.2million	69.2%	30.8%	PASS
Lancaster USD	Los Angeles	Measure L	\$63million	68.8%	31.2%	PASS
Sacramento City Unified School District	Sacramento	Measure Q	\$346million	68.8%	31.3%	PASS
Roseland School District	Sonoma	Measure N	\$7million	68.2%	31.8%	PASS
Sanger Unified School District	Fresno	Measure S	\$50million	68.1%	31.9%	PASS
Hemet Unified School District	Riverside	Measure U	\$49million	68.0%	32.0%	PASS
Santa Monica-Malibu USD	Los Angeles	Measure ES	\$385million	67.7%	32.3%	PASS
El Camino CCD	Los Angeles	Measure E	\$350million	67.6%	32.4%	PASS
Rowland USD	Los Angeles/Or	Measure R	\$158.8million	67.6%	32.4%	PASS
Somis Union School District	Ventura	Measure S	\$9million	67.4%	32.6%	PASS
Chula Vista Elementary School District	San Diego	Proposition E	\$90million	66.9%	33.1%	PASS

School Bond Measures (continued)						
Agency Name	County		Amount	YES%	NO%	
Pajaro Valley Unified School Dis	Santa Cruz / Mo	Measure L	\$150million	66.7%	33.3%	PASS
San Carlos SD	San Mateo	Measure H	\$72million	66.7%	33.3%	PASS
Sacramento City Unified School	Sacramento	Measure R	\$68million	66.6%	33.4%	PASS
Burlingame Elementary SD	San Mateo	Measure D	\$56million	66.4%	33.6%	PASS
Visalia Unified School District	Tulare	Measure E	\$60.1million	66.1%	33.9%	PASS
Oxnard School District	Ventura	Measure R	\$90million	65.6%	34.4%	PASS
Brawley Elementary SD	Imperial	Measure S	\$7.5million	65.3%	34.7%	PASS
Gravenstein Union School Distr	Sonoma	Measure M	\$6million	65.1%	34.9%	PASS
Coachella Valley Unified School	Riverside/Imper	Measure X	\$41million	64.6%	35.4%	PASS
Castaic USD	Los Angeles	Measure QS	\$51million	64.5%	35.5%	PASS
Caruthers Unified School Distric	Fresno	Measure C	\$12million	64.3%	35.7%	PASS
Morgan Hill Unified School Dist	Santa Clara	Measure G	\$198.25million	64.0%	36.0%	PASS
Panama-Buena Vista Union Sch	Kern	Measure P	\$147million	63.7%	36.3%	PASS
West Contra Costa Unified Sch	Contra Costa	Measure E	\$360million	63.5%	36.5%	PASS
Redondo Beach USD	Los Angeles	Measure Q	\$63million	63.4%	36.7%	PASS
Chico Unified School District	Butte	Measure E	\$78million	63.3%	36.7%	PASS
Temple City USD	Los Angeles	Measure S	\$128.8million	63.1%	36.9%	PASS
Temecula Valley Unified School	Riverside	Measure Y	\$165million	63.0%	37.0%	PASS
Escalon Unified School District	San Joaquin	Measure B	\$19.5million	63.0%	37.0%	PASS
Nuvview Union School District	Riverside	Measure V	\$4million	63.0%	37.0%	PASS
Chaffey Joint Union High Schoc	San Bernardino	Measure P	\$848million	62.9%	37.1%	PASS
Solano Community College Dist	Yolo/Solano	Measure Q	\$348million	62.3%	37.7%	PASS
Wilmar Union School District	Sonoma	Measure P	\$4million	62.3%	37.7%	PASS
Alvord Unified School District	Riverside	Measure W	\$79million	61.8%	38.2%	PASS
Antioch Unified School District	Contra Costa	Measure B	\$56.5million	61.6%	38.5%	PASS
Westside Union SD	Los Angeles	Measure WR	\$18.5million	61.4%	38.6%	PASS
Kings Canyon Joint Unified Sch	Fresno/Tulare	Measure K	\$40million	60.8%	39.2%	PASS
Wheatland Union High School I	Yuba	Measure U	\$9million	60.8%	39.2%	PASS
San Diego Unified School Distri	San Diego	Proposition Z	\$2800million	60.3%	39.8%	PASS
La Habra City School District	Orange	Measure O	\$31million	60.2%	39.8%	PASS
Fortuna High School District	Humboldt	Measure D	\$10million	60.0%	40.0%	PASS
Perris Union High School Distric	Riverside	Measure T	\$153.42million	59.5%	40.5%	PASS
Spreckels Union School District	Monterey	Measure B	\$7million	59.0%	41.0%	PASS
Tustin Unified School District	Orange	Measure S	\$135million	58.8%	41.2%	PASS
San Juan Unified School District	Sacramento	Measure N	\$350million	58.3%	41.7%	PASS
St. Helena Unified School Distric	Napa	Measure C	\$30million	57.6%	42.4%	PASS
Templeton Unified School Distri	San Luis Obispo	Measure H	\$35million	57.3%	42.7%	PASS
Lindsay Unified School District	Tulare	Measure L	\$16million	57.1%	42.9%	PASS
West Hills Community College I	Fresno/Kings	Measure L	\$12.655million	56.8%	43.2%	PASS
Ripon Unified School District	San Joaquin	Measure G	\$25.2million	56.6%	43.4%	PASS
Grossmont-Cuyamaca Communi	San Diego	Proposition V	\$398million	56.5%	43.5%	PASS
Cajon Valley Union School Dist	San Diego	Proposition C	\$88.4million	56.4%	43.6%	PASS
Weaver Union School District	Merced	Measure G	\$9million	56.1%	43.9%	PASS
Coast Community College Distri	Orange	Measure M	\$698million	56.0%	44.1%	PASS

School Bond Measures (continued)

Agency Name	County		Amount	YES%	NO%	
Anderson Union High School District	Shasta	Measure C	\$12.3million	55.9%	44.1%	PASS
Lynwood USD	Los Angeles	Measure K	\$93million	55.7%	44.3%	PASS
San Dieguito Union High School District	San Diego	Proposition A ^A	\$449million	55.5%	44.5%	PASS
Sonora Union High School District	Tuolumne	Measure J	\$23million	55.3%	44.8%	PASS
Dehesa School District	San Diego	Proposition D	\$3million	55.2%	44.8%	PASS
San Ramon Valley Unified School District	Contra Costa	Measure D	\$260million	55.2%	44.8%	PASS
Summerville Union High School District	Tuolumne	Measure H	\$8million	55.1%	45.0%	PASS
MiraCosta Community College District	San Diego	Proposition EE	\$497million	54.8%	45.2%	FAIL
Del Mar Union School District	San Diego	Proposition CC	\$76.8million	54.3%	45.7%	FAIL
Ocean View School District	Orange	Measure P	\$198million	53.9%	46.1%	FAIL
Willows Unified School District	Glenn	Measure P	\$14.7million	53.8%	46.2%	FAIL
Yucaipa-Calimesa Joint Unified School District	Riverside/San Bernardino	Measure O	\$98million	50.6%	49.4%	FAIL
Fountain Valley School District	Orange	Measure N	\$23.5million	49.8%	50.2%	FAIL
Ramona Unified School District	San Diego	Proposition R	\$66million	49.5%	50.5%	FAIL
Porterville Unified School District	Tulare	Measure J	\$90million	48.6%	51.4%	FAIL
Butteville Union School District	Siskiyou	Measure R	\$3.5million	46.3%	53.7%	FAIL
Santa Ynez Valley High SD	Santa Barbara	Measure L	\$19.84million	46.2%	53.8%	FAIL
Knightsen Elementary School District	Contra Costa	Measure H	\$3million	45.1%	54.9%	FAIL
College SD	Santa Barbara	Measure K	\$12million	44.1%	55.9%	FAIL
Mountain Empire Unified School District	San Diego	Proposition G	\$30.8million	43.9%	56.1%	FAIL
Elk Hills School District (114 voters)	Kern	Measure O	\$6.2million	43.0%	57.0%	FAIL
Gridley Unified School District	Butte	Measure G	\$11million	36.7%	63.3%	FAIL

Other Measures of Interest re: Local Government Finance and Governance

Appointed City Clerk, Treasurer, Administrator

There were ten proposals to make clerk or treasurer/auditor offices to professional appointments of the agency elected governing board.

Appointed City Clerk / City Treasurer / etc.			YES%	NO%	
Agency Name					
County of Yolo	Measure H	Appt/Consolid Auditor/Control	65.8%	34.2%	PASS
Chico	Measure L	appt clerk	64.4%	35.6%	PASS
Sutter Creek	Measure T	appt clerk	61.4%	38.6%	PASS
Exeter	Measure N	appt clerk	52.5%	47.5%	PASS
Exeter	Measure O	appt treasurer	49.5%	50.5%	FAIL
Lincoln	Measure H	appt treasurer	48.4%	51.6%	FAIL
Concord	Measure J	appt treasurer	47.1%	52.9%	FAIL
County of San Mateo	Measure C	appt controller	40.5%	59.5%	FAIL
Taft	Measure S	appt clerk	30.3%	69.7%	FAIL
County of Los Angeles	Measure A	Appt Assessor - Advisory	22.3%	77.8%	FAIL

Charter Cities

Voters in three cities considered becoming charter cities.

Charter City		YES%	NO%	
City				
Escondido	Proposition P	47.1%	52.9%	FAIL
Costa Mesa	Measure V	40.7%	59.3%	FAIL
Grover Beach	Measure I	50.2%	49.8%	PASS

Local Ballot Box Reaction to Citizens United

Five local measures were approved declaring that corporations are not persons. The Richmond measure reads: "Should Richmond's congressional representatives be instructed to propose, and Richmond's state legislators instructed to ratify, an amendment to the United States Constitution to provide that corporations are not entitled to the Constitutional rights of real people, and that there should be limits on all spending in political campaigns, including ballot measures and "independent" expenditures?"

Corporations are Not Persons				
Agency Name		YES%	NO%	
Chico	Measure K	58.1%	41.9%	PASS
Arcata	Measure H	81.6%	18.4%	PASS
Richmond	Measure P	72.4%	27.6%	PASS
San Francisco	Proposition G	80.7%	19.3%	PASS
County of Mendocino	Measure F	73.3%	26.7%	PASS

Observations

At the local government level, voters can usually connect the direct consequences of the passage or failure of a tax measure to specific public services or facilities – rather than just dollar values. This confidence and understanding in what the money will do is essential to passing a measure. By contrast, a source of the failure of many statewide tax measures has been voter uncertainty about what the funds will truly be used for, that the government has done reasonably the best it can with the revenues it already receives, and what the consequences are of passage or failure in terms of specific important public services and facilities.

The success of most city majority vote general purpose tax proposals in this election demonstrates this. Most of the successful city or county measures were majority vote general purpose taxes in cities where a majority of the voters were apparently confident that the money is necessary and trusted their local elected leaders to use it well. They had seen enough of the city's efforts to balance their budgets with existing resources and believed those efforts were sincere and that the additional tax revenue is necessary and worth paying.

On the other hand, very few non-school super-majority taxes are passing these days except for extensions of existing taxes.

But supermajority vote parcel taxes for schools continue to pass – about two out of three succeed – consistent with what we have seen historically. As for school bonds, 91 of 106 bond measures passed, slightly exceeding historic passage rates.

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Source: County elections offices.

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Appendix C

Information Regarding Local Add-on Sales Tax

The Rise of Local Add-On Sales (Transactions and Use) Taxes in California

The Transactions and Use Tax Law was adopted in 1969 authorizing the adoption of local “transactions and use tax” add-ons to the combined state and local sales tax rate. Over the years the law was amended to provide specific authorizations for various particular cities, counties, special districts and countywide authorities. Prior to 2003, the most common transactions and use tax measures were those for a specific countywide need, most commonly transportation. But since a 2003 change in the law, add-on taxes by cities and some counties for general purposes have become more frequent.

“Transactions and Use Tax” Versus “Sales and Use Tax”¹

Under California law, transactions and use taxes may be approved locally and added to the combined state and local sales and use tax rate. The base statewide sales and use tax, currently at 7.5%², includes portions that go to the state general fund, to several specific state funds including some for local allocation and use, and to the cities and counties essentially based on the location of the purchase.³

Transactions and Use Taxes generally apply to merchandise that is delivered in a jurisdiction which imposes such a tax. In practice the tax application and allocation for most retail sales will not differ from the sales and use tax. But there are some differences. Importantly, in the case of a sale or lease of a vehicle, vessel, or aircraft, a transactions and use tax is charged and allocated base on the location in which the property will be registered.

So if the city Jane lives in has a transactions and use tax, she will pay that tax if she purchases a car, even if she makes the purchase in a neighboring county that has no transactions and use tax. If Jane purchases a book in that neighboring county, she would not pay any transactions and use tax, but if she buys the book in her city she would pay her city’s tax.

City and County Transactions and Use Taxes.

In 2003, Governor Gray Davis signed SB566 (Scott)⁴ which gave every county and every city the ability to seek voter approval of a local transactions and use tax increase under the following conditions:

- the transactions and use tax may be imposed at a rate of 0.25% or a multiple thereof,
- the ordinance proposing the tax must be approved by a two-thirds vote of all members of the governing body,
- if for general purposes, the tax must be approved by a majority vote of the voters in the city or county,
- if for specific purposes, the tax must be approved by a two-thirds vote of the voters in the city or county, and
- the maximum combined rate of transactions and use taxes in any location may not exceed 2%.⁵

Prior to SB566, with the exception that counties could form special agencies to seek taxes for transportation improvements, a city or county had to seek special legislation in order to adopt a transactions and use tax measure. More than twenty local agencies had received such special authorization. Of the 99 cities that currently impose a transactions and use tax, only eight currently do so under special legislation from prior to 2003. Inyo County has a ½ percent general purpose sales tax rate adopted in 1988 under special legislation. It is currently the only county with a general purpose transactions and use tax rate.

Altogether, there are currently 115 cities (not including San Francisco City/County) with voter approved transactions and use tax rates. Ten cities have two approved rates, so there are currently 125 approved city rates including 25 special taxes approved for a specified purpose.

City Transactions and Use Taxes

Table 1 Number of currently approved taxes; effective as of April 1, 2013

Rate	0.25%	0.375%	0.50%	0.75%	1.00%
General	14	1	59	6	20
Special	6		17	2	
Special Tax Uses					
Police &/or Fire	4		9	2	
Streets/Roads/Transit			5		
Hospital/Medical			1		
Parks/Recreation/OpenSpace			2		
Libraries	1				
Wastewater Treatment	1				

Some cities have two rates: Capitola, El Cajon, El Cerrito, Eureka, Ft Bragg, Nevada City, Placerville, Santa Rosa, Sebastopol, Woodland.

In addition to the city rates, there are 39 county or special district rates in 27 counties. Inyo, Santa Clara and San Mateo have general purpose rates. All others are special taxes for specific purposes. Thirty of the county rates are for transportation or transit, six for libraries and two for hospitals. Napa County has a 1/2 percent rate for flood control, that voters approved to extend for streets and roads after June 2018. Sonoma and Marin County each have 1/4 percent rates for open space and agricultural land preservation. Amador County has a 1/2 percent rate for fire protection and emergency medical services. San Francisco has a 1/4 percent rate for school and community college facilities. Fresno County has a specially authorized 1/10 percent rate for its zoo.

Taken together there are currently 164 approved transactions and use tax rates in 142 jurisdictions.

Transactions and Use Taxes

Table 2 (City, County, District) Number of currently approved taxes; effective as of April 1, 2013

Rate	0.10%	0.125%	0.25%	0.375%	0.50%	0.75%	1.00%
General		1	15	1	61	6	20
Special	1	6	12		47	2	
Special Tax Uses							
Police &/or Fire			4		10	2	
Streets/Roads/Transit		1	3		31		
Hospital/Medical					3		
Parks/Recreation/OpenSpace			2		2		
Libraries		5	2				
Schools							
Flood Control					1		
Wastewater Treatment			1				
Zoo	1						

Election Success of Transactions and Use Taxes

From 1995 through the March 2013, 347 proposals for local transactions and use taxes have been submitted to the voters. Special taxes (earmarked for a specific purpose and requiring two-thirds voter approval) have been more common than general taxes, but the proportion of general tax proposals has been higher in recent years. Since 2008, 81% (78 of 96) of proposals were general purpose majority vote. From 1995 through 2008, just 45% (112 of 251) were general purpose.

Table 3 Transactions & Use Tax Measures
Approved/Proposed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (thruMar)	2013	Total
General	1/1	1/1		0/5	0/2	2/5	0/1	2/3		13/31	8/10	14/21	2/7	18/25	2/8	18/25	5/8	33/36	0/1	119/190
Special	0/1	0/6	0/2	6/18	2/3	3/8		2/9	3/5	14/30	3/4	8/29	2/2	13/22	0/1	1/2	2/3	6/11	1/1	66/157
	1/2	1/7	0/2	6/23	2/5	5/13	0/1	4/12	3/5	27/61	11/14	22/50	4/9	31/47	2/9	19/27	7/11	39/47	1/2	185/347
City	0/1	0/3		2/6	1/1	3/3		2/3	2/2	16/37	10/13	16/28	4/9	24/36	2/9	19/25	6/10	32/36	1/2	140/224
County/Special Distr	1/1	1/4	0/2	4/17	1/4	2/10	0/1	2/9	1/3	11/24	1/1	6/22		7/11		0/2	1/1	7/11		45/123
	1/2	1/7	0/2	6/23	2/5	5/13	0/1	4/12	3/5	27/61	11/14	22/50	4/9	31/47	2/9	19/27	7/11	39/47	1/2	185/347
Special Tax Uses																				
Police & Fire			0/1	1/3	1/1					3/10	2/2	1/6	2/2	4/7	0/1	0/1	0/1	0/1	1/1	15/37
Hospital/Medical		0/1		0/1						1/2	1/1			0/1						3/7
Streets/Roads	0/1	0/1		1/2					2/3	0/1	0/1	1/4		2/2				1/2		7/17
Transportation-Countywide				0/3		2/4		1/6	1/2	7/10		5/15		5/7				0/2		21/49
Libraries		0/2		3/7	1/2	0/1		1/1		1/4		0/1		1/2			2/2	3/3		12/25
Other		0/2	0/1	1/2		0/2		0/2		2/3		1/3		1/3		1/1		2/3		8/22
	0/1	0/6	0/2	6/18	2/3	3/8	0/0	2/9	3/5	14/30	3/4	8/29	2/2	13/22	0/1	1/2	2/3	6/11	1/1	66/157

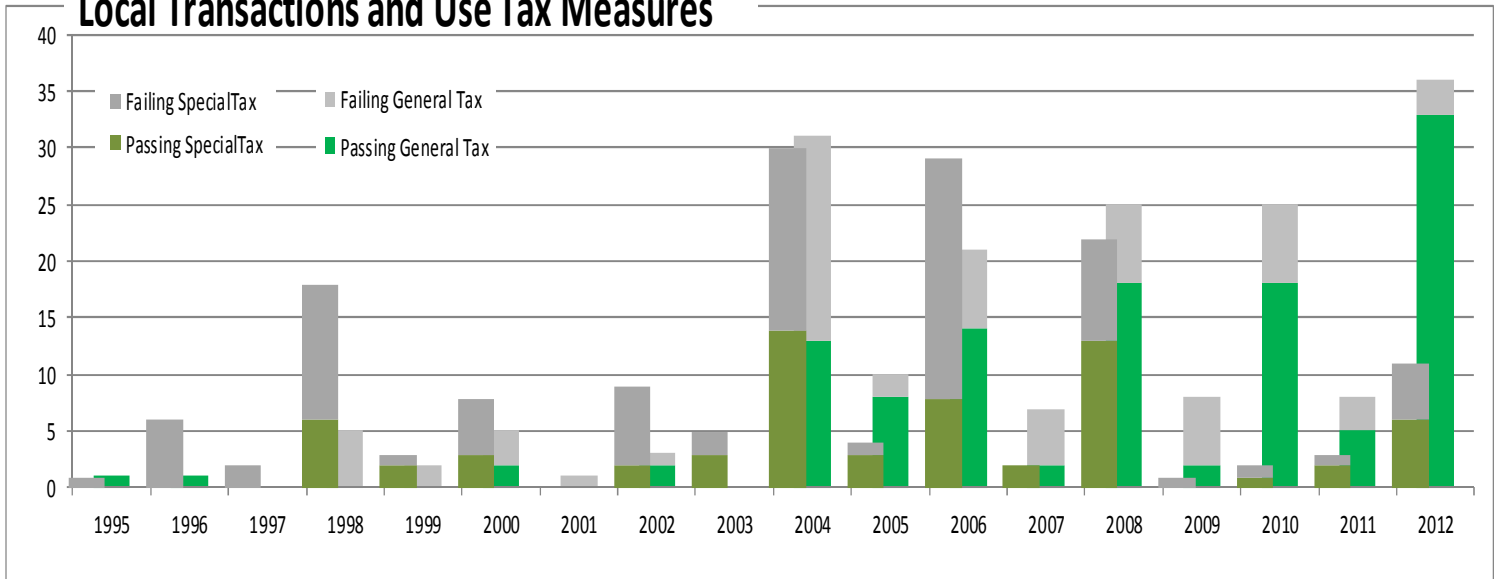
San Francisco is counted as a county.

Among the special taxes, the most common proposed specific use is countywide transportation, but measures targeting libraries, police/fire services and city streets/roads (less than countywide) have also been common. Other uses have included medical services, solid waste collection and disposal, zoo, flood control, jail/corrections, and parks and recreation.

Prior to 2004, most proposals were for countywide programs, but since then city proposals are more common. Just 19 of the 70 proposals prior to 2004 were by cities. Since then, 74% (177 of 240) have been from cities.

Chart 4

Local Transactions and Use Tax Measures



Until the passage of SB566, most transactions and use tax measures were special taxes requiring two-thirds voter approval. With few exceptions, until 2003, most legislation authorized only two-thirds vote special taxes. But general tax proposals are now more common. Prior to 2003, there were just six general purpose majority vote city measures. Since then, there have been 163.

Generally, city majority vote general purpose transactions and use taxes have shown a greater rate of success than countywide measures or city 2/3 vote special transactions and use taxes. Sixty-eight percent (115/169) of the proposed city general measures passed. Counties have a much tougher time of it though. Majority-vote general purpose measures by counties show just a five out of 23 passing record since 1995. Three of those have since sunset. San Mateo County (1/4 cent) and Santa Clara County (1/8 cent) each passed general purpose measures in November 2012. Inyo County's 1/2 cent general tax passed after special authorizing legislation in 1988 is also still in effect..

The success record of special taxes is not as successful for cities. Half (27) of the 55 special purpose two-thirds vote sales tax proposals by cities have been successful. This stronger result for general taxes can be seen among other types of local tax measures as well (hotel taxes, utility user taxes, etc.).

Since the passage SB566 in 2003, the transactions and use tax, particularly when structured as a majority vote tax for general purposes, has become popular and successful revenue raising tool for cities. In just the last few years, the number of approved city transactions and use taxes has more than tripled.

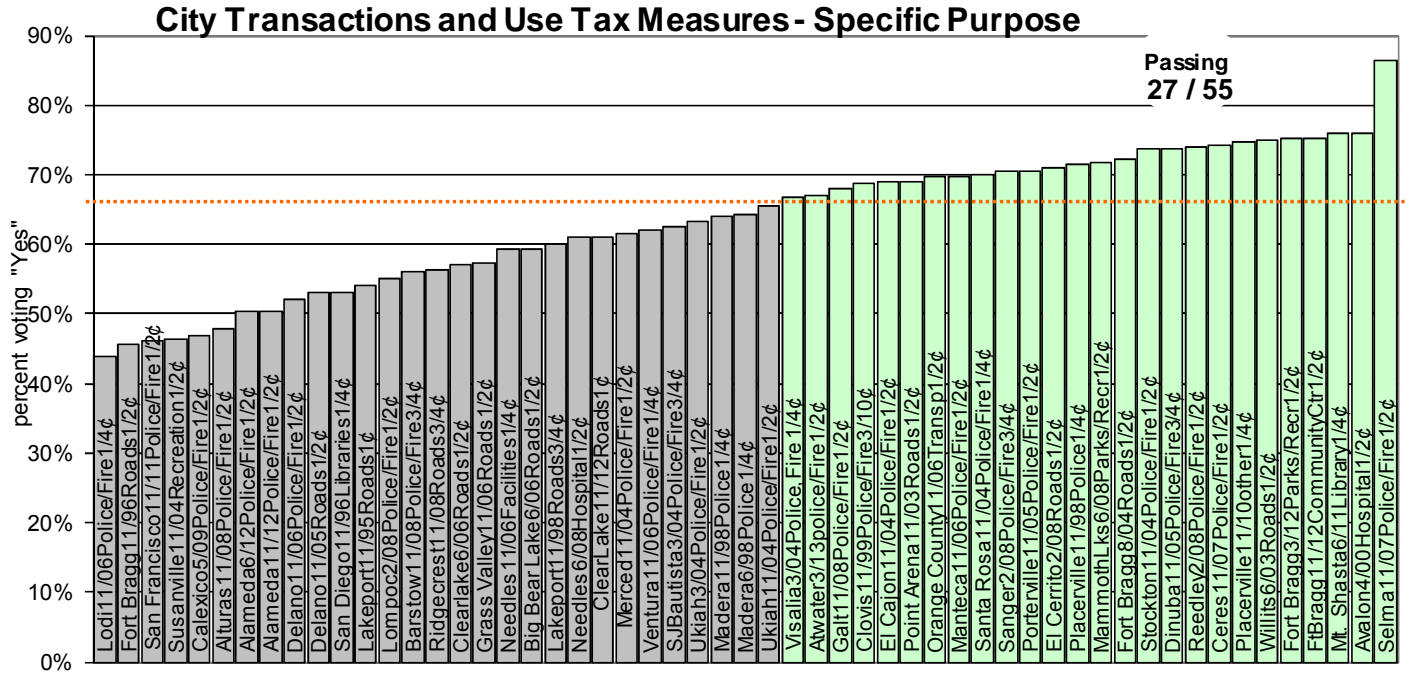
Table 5 **City Transactions & Use Tax Measures**
Approved/Proposed

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (thruMar)	Total
General	0/0	0/0	0/0	0/1	0/0	2/2	0/0	2/3	0/0	13/26	7/10	14/19	2/7	19/27	2/8	18/24	5/8	31/33	0/1	115/169
Special	0/1	0/3	0/0	2/5	1/1	1/1	0/0	0/0	2/2	6/11	2/3	2/9	2/2	5/9	0/1	1/1	1/2	1/3	1/1	27/55
	0/1	0/3	0/0	2/6	1/1	3/3	0/0	2/3	2/2	19/37	9/13	16/28	4/9	24/36	2/9	19/25	6/10	32/36	1/2	142/224
Special Tax Uses																				
Police & Fire				1/3	1/1					5/9	2/2	1/3	2/2	3/5	0/1		0/1	0/1	1/1	16/29
Hospital/Medical		0/1				1/1								0/1						1/3
Streets/Roads	0/1	0/1		1/2					2/2	1/1	0/1	1/4		1/2				0/1		6/15
Libraries		0/1															1/1			1/2
Other										0/1		0/2		1/1		1/1		1/1		3/6
	0/1	0/3	0/0	2/5	1/1	1/1			2/2	6/11	2/3	2/9	2/2	5/9	0/1	1/1	1/2	1/3	1/1	27/55

San Francisco is counted as a county.

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Chart 7



For More Information:

- On the Sales & Use Tax in California: <http://www.californiacityfinance.com/#SALESTAX>
- On local tax measures and election results: <http://www.californiacityfinance.com/#VOTES>
- Current tax rates for cities and counties. California State Board of Equalization. <http://www.boe.ca.gov/cgi-bin/rates.cgi>
- Transactions and Use Tax rates and effective dates. Calif. BOE. <http://www.boe.ca.gov/sutax/pdf/districtratelist.pdf>

¹ For more detail on rules for the collection and allocation of transactions and use taxes see California State Board of Equalization Publication #44, “Tax Tips for District Taxes” at <http://www.boe.ca.gov/pdf/pub44.pdf> and Publication #105 “District Taxes and Delivered Sales” at <http://www.boe.ca.gov/pdf/pub105.pdf>

² Including a 0.25% rate adopted by voters with the November 2011 approval of Proposition 30. The 0.25% rate went into effect on January 1, 2013 and will end December 31, 2016.

³ The components of the statewide sales and use tax and their allocation are discussed in some detail in the Board of Equalization’s Publication #28: “Tax Information for City and County Officials” <http://www.boe.ca.gov/pdf/pub28.pdf> and other resources at <http://www.californiacityfinance.com/#SALESTAX>.

⁴ Chapter 709, Statutes of 2003.

⁵ For example, a countywide transportation tax of 1%, together with a 1% tax of a city in that county total 2%.

DISTRICT TAXES, RATES, AND EFFECTIVE/END DATES

(City): Indicates district tax applies within the city limits and is in addition to other applicable state, local, and transit district taxes.

Eff 4/1/2013

Tax Area	Add-on code	District Name and Initials	Rate	Effective Date	End Date
Alameda County	020	Bay Area Rapid Transit District (BART)	0.50%	04/01/70	NONE
	079	Alameda County Transportation Improvement Authority (ACTI)	0.50%	04/01/02	03/31/22
	086	Alameda County Essential Health Care Services Transactions & Use Tax (ACHC)	0.50%	07/01/04	06/30/19
(San Leandro city only)	237	City of San Leandro Transactions and Use Tax (SLGF)	0.25%	04/01/11	03/31/18
(Union City city only)	239	City of Union City Transactions and Use Tax (UCGF)	0.50%	04/01/11	03/31/15
(Albany city only)	298	City of Albany Transactions and Use Tax (ALBG)	0.50%	04/01/13	03/31/21
	010	Alameda County Transportation Authority (ACTA) EXPIRED	0.50%	04/01/87	03/31/02
Amador County	194	Amador County Fire Protection & Emergency Medical Services Transactions & Use Tax (AMCG)	0.50%	04/01/09	NONE
Colusa County					
(Williams City only)	139	City of Williams Transactions and Use Tax (WLMS)	0.50%	04/01/07	NONE
Contra Costa County	021	Bay Area Rapid Transit District (BART)	0.50%	04/01/70	NONE
	024	Contra Costa Transportation Authority (CCTA)	0.50%	04/01/89	03/31/34
(Richmond city only)	095	City of Richmond Transactions and Use Tax (RMGT)	0.50%	04/01/05	NONE
(Pinole city only)	140	City of Pinole Transactions and Use Tax (PNLE)	0.50%	04/01/07	NONE
(El Cerrito city only)	174	City of El Cerrito Street Improvements Transactions and Use Tax (ECSI)	0.50%	07/01/08	NONE
(Concord city only)	241	City of Concord Transactions and Use Tax (CNCD)	0.50%	04/01/11	03/31/16
(El Cerrito city only)	243	City of El Cerrito Transactions and Use Tax (ELCT)	0.50%	04/01/11	03/31/18
(Hercules city only)	285	City of Hercules Temporary Transactions & Use Tax (HTGT)	0.50%	10/01/12	09/30/16
(Pittsburg city only)	287	City of Pittsburg Preservation of Citywide Ser. Temp Transactions & Use Tax (PPTG)	0.50% ^b	10/01/12	09/30/17
(San Pablo city only)	289	City of San Pablo Transactions & Use Tax (SPGT)	0.50% ^b	10/01/12	09/30/17
(Moraga city only)	300	City of Moraga Transactions & Use Tax (MGAG)	1.00%	04/01/13	03/31/33
(Orinda city only)	302	City of Orinda Transactions & Use Tax (ORGT)	0.50%	04/01/13	03/31/23
Del Norte County	047	Del Norte County District (DNCD) EXPIRED	0.50%	07/01/93	06/30/98
El Dorado County					
(Placerville city only)	070	City of Placerville Public Safety Transactions and Use Tax (PLPS)	0.25%	04/01/99	NONE
(South Lake Tahoe only)	097	City of South Lake Tahoe Transactions and Use Tax (SLTG)	0.50%	04/01/05	NONE
(Placerville city only)	245	City of Placerville Special Transactions & Use Tax (PLST)	0.25%	04/01/11	03/31/41
Fresno County	012	Fresno County Transportation Authority (FCTA)	0.50%	07/01/87	06/30/27
	071	Fresno County Public Library Transactions and Use Tax (FCPL)	0.125%	04/01/99	03/31/29
	098	Fresno County Zoo Authority (FCZA)	0.10%	04/01/05	03/31/15
(Selma city only)	168	City of Selma Transactions and Use Tax (SLMA)	0.50%	04/01/08	NONE
(Reedley city only)	176	City of Reedley Public Safety Transactions and Use Tax (RDPS)	0.50%	07/01/08	NONE
(Sanger city only)	178	City of Sanger Public Safety Transactions and Use Tax (SGPS)	0.75%	07/01/08	06/30/18
(County + City)	048	Fresno Metropolitan Projects Authority (FMPA) ENDED (COURT RULING)	0.10%	07/01/93	03/20/96
(Clovis city only)	073	City of Clovis Public Safety Transactions and Use Tax (CCPS) EXPIRED	0.30%	04/01/00	09/30/08
Humboldt County					
(Arcata city only)	195	City of Arcata Transactions and Use Tax (ARGF)	0.75%	04/01/09	03/31/29
(Trinidad city only)	196	City of Trinidad Transactions and Use Tax (TRGF)	0.75%	04/01/09	03/31/17
(Eureka city only)	197	City of Eureka Transactions and Use Tax (ERKA)	0.25%	04/01/09	NONE
(Eureka city only)	247	City of Eureka Supplemental Transactions and Use Tax (ERST)	0.50%	04/01/11	06/30/16
(Trinidad city only)	092	City of Trinidad General Revenue Transactions and Use Tax (TDGF) EXPIRED	1.00%	10/01/04	12/31/08
Imperial County	029	Imperial County Local Transportation Authority (IMTA)	0.50%	04/01/90	03/31/50
(Calexico city only)	229	Calexico General Fund Transactions and Use Tax (CXGF)	0.50%	10/01/10	09/30/30
(Calexico city only)	045	Calexico Heffernan Memorial Hospital District (CXHD) EXPIRED	0.50%	10/01/92	03/31/06
Inyo County	014	Inyo County Rural Counties Transactions Tax (INRC)	0.50%	10/01/88	NONE
Kern County					
(Delano city only)	170	City of Delano Transactions and Use Tax (DLNO)	1.00%	04/01/08	03/31/18
(Arvin city only)	198	City of Arvin Transactions and Use Tax (ARVN)	1.00%	04/01/09	NONE
(Ridgecrest City only)	291	City of Ridgecrest Temporary Transactions and Use Tax (RTGT)	0.75%	10/01/12	09/30/17
Lake County					
(Clearlake city only)	058	City of Clearlake Public Safety Transactions and Use Tax (CLPS)	0.50%	07/01/95	NONE
(Lakeport city only)	101	City of Lakeport Transactions and Use Tax (LPGT)	0.50%	04/01/05	NONE
Los Angeles County	005	Los Angeles County Transportation Commission (LACT)	0.50%	07/01/82	NONE
	035	Los Angeles County Transportation Commission (LATC)	0.50%	04/01/91	NONE
	217	Los Angeles County Metro Transportation Authority (LAMT)	0.50%	07/01/09	06/30/39
(Avalon city only)	077	City of Avalon Municipal Hospital and Clinic Tax (AMHC)	0.50%	10/01/00	NONE
(Inglewood city only)	142	City of Inglewood Vital City Services Transactions and Use Tax (IGWD)	0.50%	04/01/07	NONE
(South Gate city only)	181	City of South Gate Transaction and Use Tax (SGTE)	1.00%	10/01/08	NONE
(El Monte city only)	199	City of El Monte Transactions and Use Tax (EMGF)	0.50%	04/01/09	03/31/14
(Pico Rivera city only)	201	City of Pico Rivera Transactions and Use Tax (PCRV)	1.00%	04/01/09	NONE
(Santa Monica city only)	249	City of Santa Monica Transactions and Use Tax (STMA)	0.50%	04/01/11	NONE
(So El Monte city only)	251	City of South El Monte Vital City Services Protection Transactions and Use Tax (SEMT)	0.50%	04/01/11	NONE
(Culver City city only)	304	City of Culver City Essential City Services Transactions and Use Tax (CLEG)	0.50%	04/01/13	03/31/23
(Commerce city only)	306	City of Commerce Transactions and Use Tax (CMMG)	0.50%	04/01/13	NONE
(La Mirada city only)	308	City of La Mirada Transactions and Use Tax (LMGT)	1.00%	04/01/13	03/31/18

DISTRICT TAXES, RATES, AND EFFECTIVE/END DATES

(City): Indicates district tax applies within the city limits and is in addition to other applicable state, local, and transit district taxes.

Eff 4/1/2013

Tax Area	Add-on code	District Name and Initials	Rate	Effective Date	End Date	
Madera County	144	Madera County 2006 Transportation Authority (MCTC)	0.50%	04/01/07	03/31/27	
	034	Madera County Transportation Authority (MCTA) EXPIRED	0.50%	10/01/90	09/30/05	
Marin County	102	Transportation Authority of Marin County (TAMC)	0.50%	04/01/05	03/31/25	
	190	Sonoma Marin Area Rail Transportation Authority (SMRT)	0.25%	04/01/09	03/31/29	
	310	Marin Parks/Open Space/Farmland Preservation Trans & Use Tax (MPSF)	0.25%	04/01/13	03/31/22	
	(San Rafael city only)	125	City of San Rafael Transactions and Use Tax (RFEL)	0.50%	04/01/06	03/31/16
	(Novato city only)	253	City of Novato Transactions and Use Tax (NOVT)	0.50%	04/01/11	03/31/16
	(Fairfax city only)	267	City of Fairfax Transactions and Use Tax (FFGT)	0.50%	04/01/12	03/31/17
Mariposa County	103	Mariposa County Healthcare Transactions and Use Tax (MCHC)	0.50%	04/01/05	03/31/25	
	076	Mariposa County Healthcare Authority (MCHA) EXPIRED	0.50%	07/01/00	06/30/04	
Mendocino County	269	Mendocino Cnty Library Special Transactions and Use Tax (MLST)	0.125%	04/01/12	03/31/28	
	(Willits city only)	084	City of Willits Transactions and Use Tax (WCRS)	0.50%	10/01/03	NONE
	(Point Arena city only)	085	City of Point Arena Transactions and Use Tax (PARS)	0.50%	04/01/04	NONE
	(Fort Bragg city only)	094	City of Fort Bragg Maintain City Streets Transactions and Use Tax (FBCS)	0.50%	01/01/05	12/31/14
	(Ukiah city only)	122	City of Ukiah Transactions and Use Tax (UKGT)	0.50%	10/01/05	09/30/15
	(Fort Bragg city only)	283	City of Fort Bragg CV Starr Center Trans & Use Tax (FBSS)	0.50%	07/01/12	NONE
Merced County	(Los Banos city only)	104	City of Los Banos Public Safety Transactions and Use Tax (LBPS)	0.50%	04/01/05	NONE
	(Merced city only)	127	City of Merced Transactions and Use Tax (MRCD)	0.50%	04/01/06	03/31/26
	(Gustine city only)	224	City of Gustine Community Enhancement to Services Transactions and Use Tax (GSTG)	0.50%	04/01/10	NONE
Mono County	(Mammoth Lakes city only)	183	City of Mammoth Lakes Parks, Recreation & Trails Transactions & Use Tax (MLPR)	0.50%	10/01/08	NONE
Monterey County	(Sand City only)	105	City of Sand City General Purpose Transactions and Use Tax (SAND)	0.50%	04/01/05	NONE
	(Salinas city only)	128	City of Salinas Temporary Transactions and Use Tax (SLNS)	0.50%	04/01/06	NONE
	(Del Rey Oaks city only)	145	City of Del Rey Oaks Transactions and Use Tax (DLRY)	1.00%	04/01/07	03/31/17
	(Seaside city only)	180	City of Seaside Transactions and Use Tax (SEAS)	1.00%	07/01/08	NONE
	(Pacific Grove city only)	184	City of Pacific Grove Transactions and Use Tax (PGRV)	1.00%	10/01/08	NONE
	(Marina city only)	255	City of Marina Transactions and Use Tax (MRNA)	1.00%	04/01/11	03/31/16
	(Soledad city only)	292	City of Soledad Temporary Emergency Transactions and Use Tax (STEG)	1.00%	10/01/12	09/30/17
	(Greenfield city only)	293	City of Greenfield Transactions and Use Tax (GFGT)	1.00%	10/01/12	09/30/17
	(Carmel city only)	315	City of Carmel-by-the-Sea Transactions and Use Tax (CBSG)	1.00%	04/01/13	03/31/23
		032	Monterey County Public Repair and Improvement Authority (MPRI) ENDED (COURT RULING)	0.50%	04/01/90	09/30/92
Napa County	065	Napa County Flood Protection Authority Tax (NCFP)	0.50%	07/01/98	06/30/18	
Nevada County	067	Nevada County Public Library Transactions and Use Tax (NVPL)	0.125%	10/01/98	09/30/18	
	(Truckee city only)	068	Town of Truckee Road Maintenance Transactions and Use Tax (TRSR)	0.50%	10/01/98	12/31/28
	(Nevada city only)	146	City of Nevada City Street Improvements Transactions and Use Tax (NVSI)	0.50%	04/01/07	03/31/23
	(Grass Valley city only)	317	City of Grass Valley Transactions and Use Tax (GVGT)	0.50%	04/01/13	03/31/23
	(Nevada city only)	319	City of Nevada City Transactions and Use Tax (NVGT)	0.375%	04/01/13	03/31/18
Orange County	037	Orange County Local Transportation Authority (OCTA)	0.50%	04/01/91	03/31/41	
	(La Habra city only)	203	City of La Habra Transactions and Use Tax (LHBR)	0.50%	04/01/09	12/31/28
	(Laguna Beach city only)	134	City of Laguna Beach Temp Transactions and Use Tax (LGBH) EXPIRED	0.50%	07/01/06	06/30/09
Riverside County	026	Riverside County Transportation Commission (RCTC)	0.50%	07/01/89	06/30/39	
	(Cathedral city only)	231	City of Cathedral City Transactions & Use Tax (CCGT)	1.00%	10/01/10	09/30/15
	(Palm Springs city only)	274	City of Palm Springs Transactions & Use Tax (PSGT)	1.00%	04/01/12	NONE
Sacramento County	023	Sacramento Transportation Authority (STAT)	0.50%	04/01/89	03/31/39	
	(Galt city only)	205	City of Galt Public Safety Transactions and Use Tax (GLTS)	0.50%	04/01/09	NONE
	(Sacramento city only)	321	City of Sacramento Transactions and Use Tax (SACG)	0.50%	04/01/13	03/31/19
San Benito County	(San Juan Bautista only)	106	City of San Juan Bautista Transactions and Use Tax (SJBG)	0.75%	04/01/05	NONE
	(Hollister city only)	171	City of Hollister Transactions and Use Tax (HLST)	1.00%	04/01/08	03/31/18
		015	San Benito County Council of Governments (SBCG) EXPIRED	0.50%	01/01/89	12/31/98
		053	San Benito County General Fund Augmentation (SBTU) EXPIRED	0.50%	01/01/94	12/31/97
San Bernardino County	031	San Bernardino County Transportation Authority (SBER)	0.50%	04/01/90	03/31/40	
	(Montclair city only)	107	City of Montclair Transactions and Use Tax (MTGR)	0.25%	04/01/05	NONE
	(San Bernardino city only)	148	City of San Bernardino Transactions and Use Tax (SBRN)	0.25%	04/01/07	03/31/22
San Diego County	013	San Diego County Regional Transportation Commission (SDTC)	0.50%	04/01/88	03/31/48	
	(El Cajon city only)	109	City of El Cajon Public Safety Facilities Transactions and Use Tax (ECPS)	0.50%	04/01/05	03/31/15
	(National City only)	136	City of National City Transactions & Use Tax (NCGT)	1.00%	10/01/06	09/30/16
	(Vista City only)	150	City of Vista Transactions & Use Tax (VSTA)	0.50%	04/01/07	03/31/37
	(El Cajon city only)	207	City of El Cajon Service Preservation Transactions and Use Tax (ECGF)	0.50%	04/01/09	03/31/29
	(La Mesa city only)	209	City of La Mesa Transactions and Use Tax (LMSA)	0.75%	04/01/09	03/31/29
San Francisco City and County	016	San Diego County Regional Justice Facility (SDJF) ENDED (COURT RULING)	0.50%	01/01/89	02/14/92	
	022	Bay Area Rapid Transit (BART)	0.50%	04/01/70	NONE	
	027	San Francisco County Transportation Authority (SFTA)	0.50%	04/01/90	NONE	
	051	San Francisco County Public Finance Authority (SFPF)	0.25%	10/01/93	NONE	
	043	San Francisco Educational Finance Authority (SFEA) EXPIRED	0.25%	02/01/92	06/30/93	
San Joaquin County	038	San Joaquin Transportation Authority (SJTA)	0.50%	04/01/91	03/31/41	
	(Stockton city only)	111	City of Stockton Public Safety Transactions and Use Tax (SPFG)	0.25%	04/01/05	NONE
	(Manteca city only)	152	City of Manteca Public Safety Transactions and Use Tax (MTPS)	0.50%	04/01/07	NONE
	(Tracy city only)	256	City of Tracy Transactions & Use Tax (TRCY)	0.50%	04/01/11	03/31/16
	(Lathrop city only)	323	City of Lathrop Public Safety/Essential City Services Transactions & Use Tax (LTHG)	1.00%	04/01/13	None

DISTRICT TAXES, RATES, AND EFFECTIVE/END DATES

(City): Indicates district tax applies within the city limits and is in addition to other applicable state, local, and transit district taxes.

Eff 4/1/2013

Tax Area	Add-on code	District Name and Initials	Rate	Effective Date	End Date
San Luis Obispo County					
(Arroyo Grande city only)	154	City of Arroyo Grande Transactions and Use Tax (ARGD)	0.50%	04/01/07	NONE
(Grover Beach city only)	155	City of Grover Beach Transactions and Use Tax (GRBH)	0.50%	04/01/07	NONE
(Morro Bay city only)	156	City of Morro Bay Transactions and Use Tax (MRBY)	0.50%	04/01/07	NONE
(San Luis Obispo city only)	157	City of San Luis Obispo Essential Services Transactions and Use Tax (SLOG)	0.50%	04/01/07	03/31/15
(Pismo Beach city only)	185	City of Pismo Beach Transactions and Use Tax (PSMO)	0.50%	10/01/08	03/31/14
(Paso Robles city only)	325	City of Paso Robles Transactions and Use Tax (PRBG)	0.50%	04/01/13	03/31/25
San Mateo County					
	002	San Mateo County Transit District (SMCT)	0.50%	07/01/82	NONE
	018	San Mateo County Transportation Authority (SMTA)	0.50%	01/01/89	12/31/33
	326	San Mateo County Retail Transactions & Use Tax (SMGT)	0.50%	04/01/13	03/31/23
(San Mateo city only)	225	City of San Mateo Transactions and Use Tax (SMTG)	0.25%	04/01/10	03/31/18
(Half Moon Bay city only)	329	City of Half Moon Bay Transactions and Use Tax (HMBG)	0.50%	04/01/13	03/31/16
Santa Barbara County					
	030	Santa Barbara County Local Transportation Authority (SBAB)	0.50%	04/01/90	03/31/40
(Santa Maria city only)	294	City of Santa Maria Transactions and Use Tax (SMAG)	0.25%	10/01/12	09/30/21
Santa Clara County					
	003	Santa Clara County Transit District (SCCT)	0.50%	10/01/76	NONE
	123	Santa Clara Valley Transportation Authority (SCVT)	0.50%	04/01/06	03/31/36
	280	Santa Clara VTA BART Operating&Maintenance T&U Tax (SVTB)	0.125%	07/01/12	06/30/42
	331	Santa Clara County Retail Transactions and Use Tax (SCCR)	0.125%	04/01/13	03/31/23
(Campbell city only)	211	City of Campbell Vital City Services, Maintenance & Protection Transactions and Use Tax (CMPL)	0.25%	04/01/09	NONE
	063	Santa Clara County Transactions and Use Tax (SCGF) EXPIRED	0.50%	04/01/97	03/31/06
	006	Santa Clara County Traffic Authority (SCTA) EXPIRED	0.50%	04/01/85	03/31/95
Santa Cruz County					
	004	Santa Cruz Metropolitan Transit District (SCMT)	0.50%	01/01/79	NONE
	061	Santa Cruz County Public Library Transactions and Use Tax (SZPL)	0.25%	04/01/97	NONE
(Capitola city only)	334	City of Capitola Transactions and Use Tax (CPGT)	0.25%	04/01/05	12/31/17
(Santa Cruz city only)	158	City of Santa Cruz Replacement Transactions and Use Tax (STCZ)	0.50%	04/01/07	NONE
(Watsonville City only)	160	City of Watsonville Transactions and Use Tax (WTVL)	0.25%	04/01/07	NONE
(Capitola city only)	334	City of Capitola Perm Retail Trans and Use Tax (CPRG)	0.25%	04/01/13	NONE
	089	City of Santa Cruz Transactions and Use Tax (SZGT) EXPIRED	0.25%	07/01/04	03/31/07
	040	Santa Cruz County Earthquake Recovery Bond (SCER) EXPIRED	0.50%	04/01/91	03/31/97
(Scotts Valley city only)	129	City of Scotts Valley Transactions and Use Tax (SVGT) EXPIRED	0.50%	04/01/06	03/31/09
(Scotts Valley city only)	215	City of Scotts Valley Transactions and Use Tax (SVGF) EXPIRED	0.25%	04/01/09	03/31/11
Siskiyou County					
(Mt. Shasta city only)	266	City of Mt. Shasta Libraries Transactions & Use Tax (MTSH)	0.25%	10/01/11	NONE
Solano County					
	066	Solano County Public Library Transactions and Use Tax (SLPL)	0.125%	10/01/98	09/30/30
(Vallejo city only)	276	City of Vallejo Transactions and Use Tax (VJGT)	1.00%	4/1/2012	03/31/22
(Fairfield city only)	336	City of Fairfield Transactions and Use Tax (FLDG)	1.00%	4/1/2013	3/31/2018
(Rio Vista city only)	338	City of Rio Vista General Transactions and Use Tax (RVGG)	0.75%	4/1/2013	3/31/2018
(Vacaville city only)	340	City of Vacaville Transactions and Use Tax (VACG)	0.25%	4/1/2013	3/31/2018
Sonoma County					
	115	Sonoma County Transportation Authority (SNTA)	0.25%	04/01/05	03/31/25
	186	Sonoma Marin Area Rail Transportation Authority (SMRT)	0.25%	04/01/09	03/31/29
	258	Sonoma Cty Agricultural Preservation & Open Space District (SAPD)	0.25%	04/01/11	03/31/31
(Sebastopol city only)	117	City of Sebastopol Community Transactions and Use Tax (SEBG)	0.25%	04/01/05	NONE
(Santa Rosa city only)	119	City of Santa Rosa Public Safety Transactions and Use Tax (SRPS)	0.25%	04/01/05	03/31/25
(Cotati city only)	227	City of Cotati Transactions and Use Tax (CTGF)	0.50%	10/01/10	09/30/15
(Rohnert Park city only)	233	City of Rohnert Park Transactions and Use Tax (RPGF)	0.50%	10/01/10	09/30/15
(Santa Rosa city only)	263	City of Santa Rosa 2010 Transactions & Use Tax (SRGF)	0.25%	04/01/11	03/31/19
(Sonoma city only)	296	City of Sonoma Transactions and Use Tax (SOGT)	0.50%	10/01/12	09/30/17
(Healdsburg city only)	342	City of Healdsburg Transactions and Use Tax (HDBG)	0.50%	04/01/13	03/31/23
(Sebastopol city only)	344	City of Sebastopol Increase in Community Trans and Use Tax (SBCGS)	0.50%	04/01/13	03/31/21
	039	Sonoma County Open Space Authority (SCOS) EXPIRED	0.25%	04/01/91	03/31/11
(Sebastopol city only)	082	City of Sebastopol Transactions and Use Tax (SEGR) EXPIRED	0.125%	04/01/03	03/31/05
Stanislaus County					
	059	Stanislaus County Library Transactions and Use Tax (STCL)	0.125%	07/01/95	06/30/18
(Ceres city only)	172	City of Ceres Public Safety Transactions and Use Tax (CRPS)	0.50%	04/01/08	NONE
(Oakdale city only)	278	City of Oakdale Transactions & Use Tax (ODGT)	0.50%	04/01/12	03/31/15
Tulare County					
	162	Tulare County Transportation Authority (TCTA)	0.50%	04/01/07	03/31/37
(Visalia city only)	091	City of Visalia Public Safety Transactions and Use Tax (VPST)	0.25%	07/01/04	NONE
(Farmersville city only)	121	City of Farmersville Transactions and Use Tax (FMGT)	0.50%	04/01/05	NONE
(Dinuba city only)	131	City of Dinuba Policy and Fire Protection T & U Tax (DNBA)	0.75%	04/01/06	NONE
(Porterville city only)	132	City of Porterville Public Safety, Police & Fire Protection T & U Tax (PTVL)	0.50%	04/01/06	NONE
(Tulare city only)	133	City of Tulare Transactions and Use Tax (TLRE)	0.50%	04/01/06	NONE
	060	Tulare County Transactions and Use Tax (TCTU) EXPIRED	0.50%	10/01/95	12/31/97
Tuolumne County					
(Sonora city only)	093	City of Sonora Transactions and Use Tax (SPFW)	0.50%	01/01/05	NONE
Ventura County					
(Oxnard city only)	213	City of Oxnard Vital Services Transactions & Use Tax (OXND)	0.50%	04/01/09	03/31/29
(Port Hueneme city only)	214	City of Port Hueneme Transactions & Use Tax (PTHN)	0.50%	04/01/09	NONE
Yolo County					
(West Sacto city only)	081	City of West Sacramento Transactions and Use Tax (WSTU)	0.50% ^a	04/01/03	03/31/33
(Davis city only)	088	City of Davis General Revenue Transactions & Use Tax (DAGT)	0.50%	07/01/04	12/31/16
(Woodland city only)	138	City of Woodland Transactions & Use Tax (WDLT)	0.50%	10/01/06	09/30/18
(Woodland city only)	235	City of Woodland Supplemental Trans and Use Tax (WOSF)	0.25%	10/01/10	09/30/14
(Woodland city only)	075	City of Woodland General Revenue Transactions and Use Tax (WOGT) EXPIRED	0.50%	07/01/00	06/30/06

DISTRICT TAXES, RATES, AND EFFECTIVE/END DATES

(City): Indicates district tax applies within the city limits and is in addition to other applicable state, local, and transit district taxes.
Eff 4/1/2013

Tax Area	Add-on code	District Name and Initials	Rate	Effective Date	End Date
Yuba County (Wheatland city only)	265	City of Wheatland Transactions and Use Tax (WTLD)	0.50%	04/01/11	03/31/21

a - Pursuant to the district tax ordinance, the WSTU tax rate will be reduced to 0.25% effective April 1, 2033, with no expiration date thereafter. New code will be assigned
b - Effective 10/01/17 PPTG and SPGT rate will be 0.25% with an end date 09/30/22. New Codes will be assigned for each Juris

District has Expired or Ended due to Court Ruling

Appendix D

Information Regarding Utility User Tax

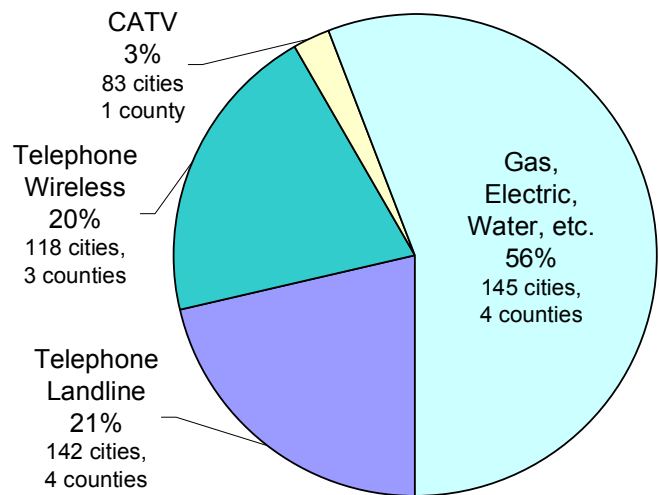
Utility User Tax Facts

The Utility User Tax (UUT) may be imposed by a city on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television.¹ The rate of the tax and the use of its revenues are determined by the local agency. A UUT may be imposed as a special tax, earmarked for a specific purpose, or a general tax to be used for a variety of municipal service needs at the discretion of the city council. The tax is levied by the city, collected by the utility as a part of its regular billing procedure, and then remitted to the city. Statewide, city and county utility user taxes generate about \$2 billion per year.

	Cities ²	Counties ²	Total	State Population covered
Number with UUT	146	4	150	46%
Telephone UUTs	142	4	146	45%
Intrastate	142	4	146	45%
Interstate	89	4	93	35%
International	82	4	86	34%
Wireless	118	3	121	40%
Electricity	145	4	149	45%
Gas	145	4	149	45%
Cable TV	83	1	84	19%
Water	82	1	83	18%
Sewer	10	1	11	3%
Garbage	8	0	8	1%
Other	2	0	2	3%

Voter Approval is Now Required to Levy a New or Increased UUT

Most of the 146 cities and 4 counties² with UUTs adopted the taxes by vote of the city council (or in the case of a county UUT, the County Board of Supervisors) prior to 1986. Generally, taxes imposed since then require voter approval. The Constitution (Article XIIC) requires 2/3 voter approval for any new or increased special tax. A special tax is dedicated to a specific purpose. A new or increased general tax requires majority voter approval. In June 2003, voters in the City of Desert Hot Springs approved a UUT which dedicates 50% of the proceeds to resolving the city's bankruptcy related debt. All other UUTs are general taxes.



¹ Authority: General law cities: Government Code § 37100.5; Calif Constitution Article XI § 5 (“municipal affairs”)

² The City/County of San Francisco is counted here as a county, not a city.

³ No UUT on telecom in Azusa, Buena Park, Pacifica, Scotts Valley.

⁴ Irvine charges commercial only.

⁵ Irvine, Alhambra commercial only.

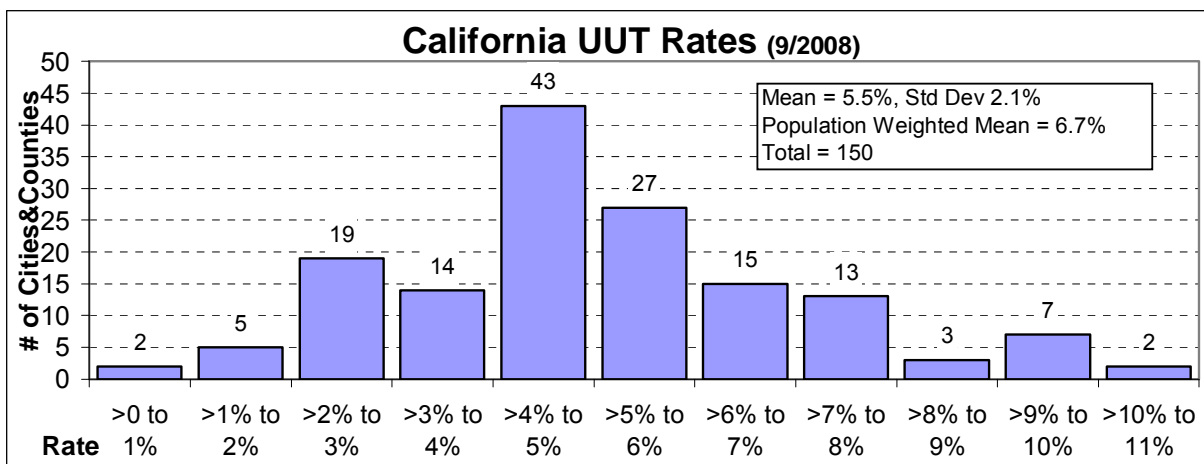
The UUT is Vital to Funding Essential Municipal Services

City Utility User Tax rates range from 1% to 11%. The particular utilities to which the tax is applied varies. In some cities different rates apply to residential versus commercial users. The most common rate (the mode) is 5%, applied broadly among many types of utilities. The average rate (mean) is 5.5% with a standard deviation of 2.1%. Because most large cities have UUTs, roughly half of California residents and businesses pay a utility user tax.

The UUT is a vital element in the funding of critical city services. On average, the UUT provides 15% of general purpose (i.e. non-earmarked) revenue in cities that levy it. In some cities, the UUT provides as much as 1/3 of the general fund (Holtville, Compton, Richmond). UUT revenues most commonly fund police, fire, parks, library, and long-range land use planning services – and related support services (e.g. accounting, payroll, personnel, information systems, etc.).

Counties Also Levy UUTs

A county may levy a UUT on the consumption of electricity, gas, water, sewer, telephone, telegraph and cable television services in the unincorporated area.⁶ Four (4) of the 58 counties levy a UUT (Alameda, Los Angeles, Sacramento, and San Francisco).



Some UUTs Result From State Cuts to City Funds

Many city UUT levies and increases have resulted from cuts to city revenues by the state. In 1992, facing massive deficits in the state budget, the Legislature and Governor began the annual transfer of billions of dollars of property tax revenue from cities, counties and special districts to K-14 schools, allowing the state to reduce its general fund spending on education. Cities and counties, who depend substantially on sales tax and property tax revenues for discretionary income, were already experiencing the same recessionary effects as the state. These property tax shifts, using a mechanism called the “Educational Revenue Augmentation Fund” (ERAF),

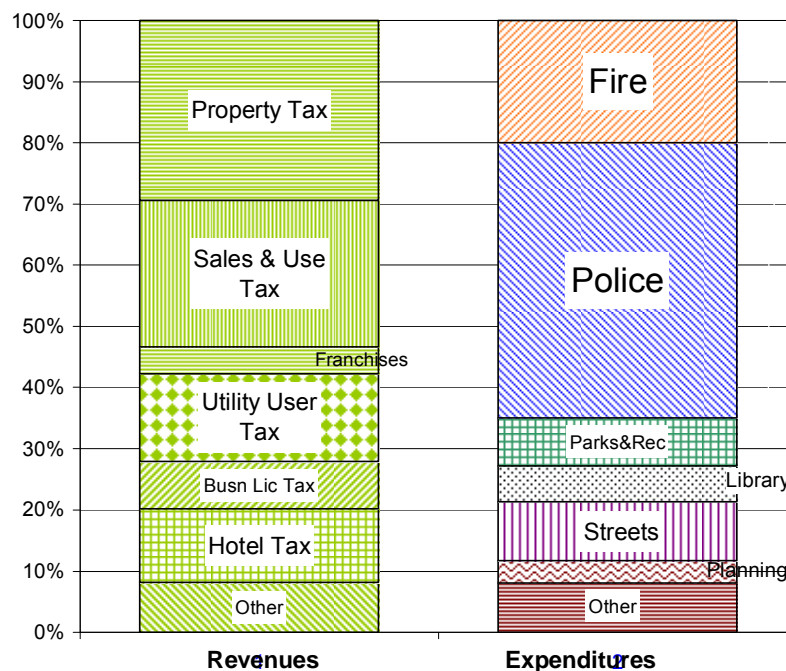
⁶ Revenue and Taxation Code Section 7284.2 et seq.

continue today. In FY 2008-09 the annual property tax shift totals \$7.5 billion including over \$1.2 billion from cities.⁷

City property tax revenue, a top source of general purpose revenue for most, was cut from at least 9% and 24% on average. Cities responded by cutting services, deferring infrastructure maintenance, relying more heavily on debt financing, paring down reserves, more aggressively pursuing sales tax generators, and raising taxes and assessments. Within a few years of the beginning of the ERAF property tax shifts, more than fifty (50+) cities increased an existing or levied a new UUT.

Discretionary Revenues and Spending

Typical *Full Service* City



SOURCE: Coleman Advisory Service computations from State Controller data as reported by cities.

UUTs on Telecommunications

The application of utility user taxes to certain telephone services has been a topic of substantial legal and legislative turmoil due to changes in technology and federal law.

UUTs and the FET

Many Utility User Taxes in California include reference to the Federal Excise Tax (“FET”)⁸ commonly limiting the application of the utility user taxes to charges that are “subject to” the FET. Telephone calls which are not charged based on both time and distance — such as those paid by coin in phone booths — are exempt from the FET. By reference, these types of calls are also exempt from some local UUT ordinances. Many cell phone bills

⁷ For more information on ERAF, see <http://www.californiacityfinance.com/#ERAF>

⁸ 42 U.S.C. §§ 4251 et seq.

are based upon a package which provides a mix of local and long-distance calling for a flat rate.

In 2007, several federal courts and the IRS ruled that telephone service packages which provide a mix of local and long-distance calling for a flat rate or a fixed fee are based on neither time nor distance and are therefore not subject to the FET.⁹ The IRS subsequently adopted a regulation incorporating these rulings.¹⁰ That meant that if a city wished to continue to impose its UUT on cell phone or other telephone calls which are not charged on both time and distance, it must amend its ordinance to remove the reference to this exemption to the FET.

A number of cities have amended their UUT ordinances to clarify that they did not wish to adopt the IRS' new practice, but rather wished to continue to impose their UUTs as they had historically been imposed (i.e. on charges based on time or distance). At the time of this writing, several localities are challenging the right of local taxing authorities to amend their ordinances without voter approval, or to continue to collect this revenue without amendment. The lawsuits argue that an amendment to an ordinance to bring it into conformity with the FET ruling is an "increase" subject to voter approval under Proposition 218.

UUTs and the MTSA

Prior to the adoption of the Mobile Telecommunications Sourcing Act of 2000 (MTSA)¹¹ by Congress, cellular carriers had argued that the federal Constitution forbade the application of a utility user tax to telephone calls which neither originated nor terminated within the taxing agency. The MTSA expanded the permissible nexus for taxation to all cellular telephone charges for accounts with a primary place of use in the jurisdiction. However, carriers have argued in the courts that the California State Constitution Article XIIC prohibits cities and counties from applying the MTSA nexus rules without voter approval.¹²

As a result of these events, doubt has been cast over the application of some outdated local UUT ordinances to certain types of telephone service. Proposition 218 requires voter approval of any change in the "methodology" by which a tax is administered if the change increases the amount of the tax paid by the taxpayer.¹³ Many agencies that rely on UUTs on telephony have successfully sought voter approval of an updated ordinance that reflects the realities of the modern telecommunications industry.

Recent Voter Approval Record

From June 2002 through June 2008 there were 83 utility user tax measures placed before voters by cities and counties. Just two of these were county measures; 81 for cities. Proposals for new or increased UUTs did not fare well: Just six of 30 proposals passed. Four of these

⁹ IRS Notice 2006-50

¹⁰ Revenue Bulletin 2007-5 Section 10

¹¹ 4 U.S.C. §§ 116 et seq.

¹² *Verizon Wireless v. Los Angeles*, No. B185373, *AB Cellular LA, LLC dba AT&T Wireless v. City of Los Angeles*, 150 Cal.App.4th 747 (2007)

¹³ Gov. Code § 53750(h)

new/increase proposals were framed as two-thirds vote special taxes dedicated to police/fire (3) or streets (1); just one passed (Desert Hot Springs, June 2003). Seven attempted an “a/b” advisory vote strategy, proposing a majority-vote general tax with a second companion “advisory measure” regarding the specific use of the funds; three of the seven passed. Of the 19 majority vote UUT general tax increase measures, just two passed (Rialto in June 2003, Menlo Park in November 2006).

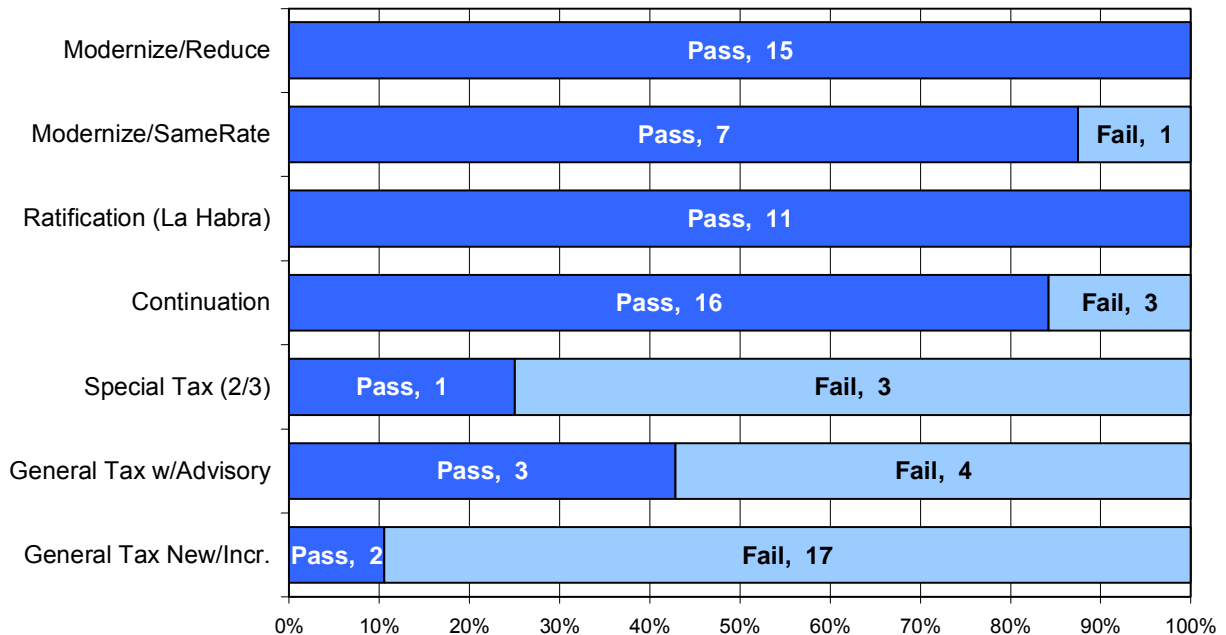
But voters were more accepting of UUTs already in place. Among the 19 measures to continue existing UUTs beyond a sunset date, 16 passed. All 11 measures which asked voters to ratify existing taxes following the 1991 La Habra decision upholding the validity of Proposition 62’s majority vote requirement on general law cities passed.

Over the last couple of years, an increasing number of cities with UUTs have gone to their voters to modernize their ordinances to assure applicability to new technologies (e.g wireless, internet-based, etc.) and billing methods (e.g. flat rate, etc.). In some cases, the measures have proposed small reductions in the UUT rate. All but one of the 23 measures has passed, including seven of the eight which offered no rate reduction.

During this period there were also 14 referenda placed on the ballot by citizens concerning UUTs. All seven measures to repeal a local UUT failed and four out of the five measures to reduce local UUTs failed. Voters in Greenfield (Monterey County) voted to reduce their UUT from 6% to 3% in November 2002. A referendum to restrict the use of UUT revenues to law enforcement services passed in Seaside (Monterey County) in November 2002, but a similar measure failed in Stockton in March 2003.

Utility User Tax Measures: June2002-June2008

Cities and Counties



Appendix E

Supplemental Budget Detail - General Fund

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - REVENUES**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
REVENUES				
Property Taxes				
Secured Taxes	\$ 461,203	\$ 387,059	\$ 449,475	\$ 407,600
Unsecured Taxes	16,216	15,537	14,000	15,270
Property Transfer Tax	17,336	19,122	13,000	15,900
Other Property Taxes	13,039	89,967	14,675	56,343
VLF Swap	<u>881,747</u>	<u>871,250</u>	<u>871,686</u>	<u>882,767</u>
Total Property Taxes	1,389,541	1,382,935	1,362,836	1,377,880
Licenses & Permits				
Franchise Fees	474,666	478,011	475,020	478,100
Business License	87,769	90,834	88,000	91,500
Pavement Impact Fees	41,920	38,871	40,000	40,000
Household Hazardous Waste	11,985	11,274	11,900	11,000
Dog License	17,994	16,101	16,000	16,000
NPDES Fees	10,480	10,400	11,000	10,400
Other Licenses & Permits	<u>5,820</u>	<u>2,946</u>	<u>4,350</u>	<u>4,200</u>
Total Licenses & Permits	650,634	648,437	646,270	651,200
Sales Tax/Intergovernmental				
Sales Tax	668,395	759,973	750,540	744,600
Sales Tax in-lieu	199,704	252,166	239,460	258,700
County Solid Waste - Article 19	35,022	27,378	38,000	25,000
Grants	31,677	50,436	16,000	-
Other Intergovernmental Revenue	<u>64,147</u>	<u>6,519</u>	<u>-</u>	<u>-</u>
Total Sales Tax/Intergovt	998,945	1,096,472	1,044,000	1,028,300
Charges for Services				
Rental Inspection Fees	91,042	51,320	44,000	38,000
Other Charges for Services	<u>3,444</u>	<u>2,127</u>	<u>600</u>	<u>2,000</u>
Total Charges for Services	94,486	53,447	44,600	40,000
Building Fees & Permits				
Construction Permits	76,368	78,078	30,000	60,000
Issuance Fees	7,161	7,689	6,300	7,900
Plan Review	24,400	35,528	12,500	23,600
Other Fees & Permits	<u>5,039</u>	<u>14,544</u>	<u>6,000</u>	<u>14,700</u>
Total Building Fees & Permits	112,968	135,839	54,800	106,200
Planning Fees & Permits				
Conditional Use Permit	7,200	4,000	4,400	4,400
Site & Architectural Review	8,650	3,250	3,000	6,000
Other Planning Fees & Permits	<u>24,900</u>	<u>6,500</u>	<u>6,950</u>	<u>5,200</u>
Total Planning Fees & Permits	40,750	13,750	14,350	15,600
Recreation Fees	1,730	-	-	-

City of Grand Terrace
Budget Detail Report
GENERAL FUND - REVENUES (continued)

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					REVENUES
					Property Taxes
\$ 407,600	\$ 415,800	\$ 424,100	\$ 432,600	\$ 441,200	Secured Taxes
15,270	15,600	15,900	16,200	16,500	Unsecured Taxes
15,900	16,200	16,500	16,800	17,100	Property Transfer Tax
10,900	11,100	11,300	11,500	11,700	Other Property Taxes
<u>899,274</u>	<u>917,300</u>	<u>935,600</u>	<u>954,300</u>	<u>973,400</u>	VLF Swap
1,348,944	1,376,000	1,403,400	1,431,400	1,459,900	Total Property Taxes
					Licenses & Permits
487,700	497,500	507,400	517,500	527,900	Franchise Fees
93,300	95,100	87,000	78,700	88,700	Business License
40,800	41,600	42,400	43,200	44,100	Pavement Impact Fees
11,200	11,400	11,600	11,800	12,000	Household Hazardous Waste
16,300	16,600	16,900	17,200	17,500	Dog License
10,600	10,800	11,000	11,200	11,400	NPDES Fees
<u>4,200</u>	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>	Other Licenses & Permits
664,100	677,200	680,500	683,800	705,800	Total Licenses & Permits
					Sales Tax/Intergovernmental
787,533	782,087	766,612	792,264	869,814	Sales Tax
252,170	249,650	242,160	249,420	271,870	Sales Tax in-lieu
25,500	26,000	26,500	27,000	27,500	Solid Waste - Article 19
-	-	-	-	-	Grants
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Other Intergovt Revenue
1,065,203	1,057,737	1,035,272	1,068,684	1,169,184	Total Sales Tax/Intergovt
					Charges for Services
38,800	38,080	37,745	29,239	26,775	Rental Inspection Fees
<u>3,900</u>	<u>4,100</u>	<u>4,300</u>	<u>4,500</u>	<u>4,700</u>	Other Charges for Services
42,700	42,180	42,045	33,739	31,475	Total Charges for Services
					Building Fees & Permits
38,000	38,800	39,600	40,400	41,200	Construction Permits
9,600	9,800	10,000	10,200	10,400	Issuance Fees
24,500	25,000	25,500	26,000	26,500	Plan Review
<u>12,000</u>	<u>12,200</u>	<u>12,400</u>	<u>12,600</u>	<u>12,800</u>	Other Fees & Permits
84,100	85,800	87,500	89,200	90,900	Total Building Fees
					Planning Fees & Permits
4,500	4,600	4,700	4,800	4,900	Conditional Use Permit
6,100	6,200	6,300	6,400	6,500	Site & Architectural Review
<u>5,300</u>	<u>5,400</u>	<u>5,500</u>	<u>5,600</u>	<u>5,700</u>	Other Planning Fees & Permits
15,900	16,200	16,500	16,800	17,100	Total Planning Fees
-	-	-	-	-	Recreation Fees

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - REVENUES**

	<u>2010-11</u> Actuals	<u>2011-12</u> Actuals	<u>2012-13</u> Budget	<u>2012-13</u> Estimate
<u>REVENUES</u>				
Park Fees				
Parks & Lights Use Fees	7,778	10,807	6,000	10,300
Sports League Fees	-	12,510	10,000	10,000
Total Park Fees	7,778	23,317	16,000	20,300
Fines & Forfeitures				
Parking Citations	2,946	6,495	18,500	25,500
Tow Charges	5,980	7,360	5,000	7,100
Other Fines & Forfeitures	5,999	6,501	4,000	4,100
Total Fines & Forfeitures	14,925	20,356	27,500	36,700
Use of Money & Property				
Investment Earnings	11,993	10,019	20,000	10,000
Rental of City Facilities	69,562	31,838	18,130	18,130
Sale of Property	132,000	358,374	-	20,000
Total Use of Money & Property	213,555	400,231	38,130	48,130
Miscellaneous				
SB90 State Mandated Cost Reimb.	1,360	-	-	5,600
Other Miscellaneous Revenue	104,951	498	1,000	900
Total Miscellaneous Revenue	106,311	498	1,000	6,500
Residual Rec/Transfers				
Transfers In	819,235	-	5,000	-
Residual Receipts	300,000	300,000	300,000	-
Total Residual Receipts/Transfers In	1,119,235	300,000	305,000	-
TOTAL REVENUES	<u>\$ 4,750,858</u>	<u>\$ 4,075,282</u>	<u>\$ 3,554,486</u>	<u>\$ 3,330,810</u>

City of Grand Terrace
Budget Detail Report
GENERAL FUND - REVENUES (continued)

<u>2013-14</u> Preliminary	<u>2014-15</u> Projection	<u>2015-16</u> Projection	<u>2016-17</u> Projection	<u>2017-18</u> Projection	
					REVENUES
					Park Fees
10,300	10,500	10,700	10,900	11,100	Parks & Lights Use Fees
<u>5,000</u>	<u>5,100</u>	<u>5,200</u>	<u>5,300</u>	<u>5,400</u>	Sports League Fees
15,300	15,600	15,900	16,200	16,500	Total Park Fees
					Fines & Forfeitures
26,100	26,700	27,300	27,900	28,500	Parking Citations
7,200	7,300	7,400	7,500	7,700	Tow Charges
<u>4,200</u>	<u>4,300</u>	<u>4,400</u>	<u>4,500</u>	<u>4,600</u>	Other Fines & Forfeitures
37,500	38,300	39,100	39,900	40,800	Total Fines & Forfeitures
					Use of Money & Property
10,200	10,400	10,600	10,800	11,000	Investment Earnings
18,500	18,900	19,300	19,700	20,100	Rental of City Facilities
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Sale of Property
28,700	29,300	29,900	30,500	31,100	Total Use of Money & Prop.
					Miscellaneous
5,700	5,800	5,900	6,000	6,100	State Mandated Cost Reimb.
<u>900</u>	<u>900</u>	<u>900</u>	<u>900</u>	<u>900</u>	Other Miscellaneous Revenue
6,600	6,700	6,800	6,900	7,000	Total Miscellaneous Rev.
					Residual Rec/Transfers
-	-	-	-	-	Transfers In
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Residual Receipts
-	-	-	-	-	Total Receipts/Transfers In
<u>\$ 3,309,047</u>	<u>\$ 3,345,017</u>	<u>\$ 3,356,917</u>	<u>\$ 3,417,123</u>	<u>\$ 3,569,759</u>	TOTAL REVENUES

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>EXPENDITURES</u>				
City Council				
Salaries & Benefits	45,311	49,277	50,091	48,100
Professional/Contractual Services	-	-	-	-
Materials & Supplies	4,666	3,710	4,500	4,900
Equipment	-	-	-	-
Total City Council	49,977	52,987	54,591	53,000
City Manager				
Salaries & Benefits	220,005	281,210	235,420	239,728
Professional/Contractual Services	165	105	200	200
Materials & Supplies	3,029	2,155	4,250	3,000
Equipment	-	-	-	-
Total City Manager	223,199	283,470	239,870	242,928
City Clerk				
Salaries & Benefits	153,598	111,173	68,720	64,527
Professional/Contractual Services	30,412	14,540	30,100	18,800
Materials & Supplies	6,390	7,754	6,905	3,300
Equipment	-	-	-	-
Total City Clerk	190,400	133,467	105,725	86,627
Finance				
Salaries & Benefits	197,177	215,683	209,818	155,925
Professional/Contractual Services	52,612	66,270	66,765	171,775
Materials & Supplies	2,855	2,166	4,440	3,700
Equipment	-	-	-	-
Total Finance	252,644	284,119	281,023	331,400
City Attorney				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	63,739	52,203	60,000	66,900
Materials & Supplies	-	-	-	-
Equipment	-	-	-	-
Total City Attorney	63,739	52,203	60,000	66,900
Building & Safety				
Salaries & Benefits	86,492	87,639	101,005	99,177
Professional/Contractual Services	38,774	32,714	30,000	31,200
Materials & Supplies	3,618	3,303	2,820	1,800
Equipment	-	-	-	-
Total Building & Safety	128,884	123,656	133,825	132,177
Public Works				
Salaries & Benefits	120,583	106,436	111,910	105,327
Professional/Contractual Services	60,847	71,595	54,000	23,500
Materials & Supplies	2,035	9,949	19,610	17,400
Equipment	-	-	5,000	-
Total Public Works	183,465	187,980	190,520	146,227

City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES (continued)

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					EXPENDITURES
					City Council
49,525	50,875	52,295	53,795	55,365	Salaries & Benefits
-	-	-	-	-	Professional/Contractual Svcs
4,500	4,590	4,680	4,770	4,860	Materials & Supplies
-	-	-	-	-	Equipment
<u>54,025</u>	<u>55,465</u>	<u>56,975</u>	<u>58,565</u>	<u>60,225</u>	Total City Council
					City Manager
207,090	206,580	206,740	210,210	213,000	Salaries & Benefits
200	200	200	200	200	Professional/Contractual Svcs
3,360	3,430	3,500	3,570	3,640	Materials & Supplies
-	-	-	-	-	Equipment
<u>210,650</u>	<u>210,210</u>	<u>210,440</u>	<u>213,980</u>	<u>216,840</u>	Total City Manager
					City Clerk
66,190	66,820	68,603	69,880	70,990	Salaries & Benefits
19,420	34,810	20,210	35,620	21,030	Professional/Contractual Svcs
10,350	7,180	7,610	7,440	7,870	Materials & Supplies
-	-	-	-	-	Equipment
<u>95,960</u>	<u>108,810</u>	<u>96,423</u>	<u>112,940</u>	<u>99,890</u>	Total City Clerk
					Finance
38,720	39,200	40,370	41,260	42,050	Salaries & Benefits
301,980	308,020	314,180	320,460	326,870	Professional/Contractual Svcs
4,050	4,140	4,230	4,320	4,410	Materials & Supplies
-	-	-	-	-	Equipment
<u>344,750</u>	<u>351,360</u>	<u>358,780</u>	<u>366,040</u>	<u>373,330</u>	Total Finance
					City Attorney
-	-	-	-	-	Salaries & Benefits
70,910	72,330	73,770	75,250	76,750	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
-	-	-	-	-	Equipment
<u>70,910</u>	<u>72,330</u>	<u>73,770</u>	<u>75,250</u>	<u>76,750</u>	Total City Attorney
					Building & Safety
87,110	88,010	90,470	92,280	93,820	Salaries & Benefits
39,100	39,880	40,670	41,480	42,300	Professional/Contractual Svcs
3,160	4,209	3,275	4,307	3,390	Materials & Supplies
-	-	-	-	-	Equipment
<u>129,370</u>	<u>132,099</u>	<u>134,415</u>	<u>138,067</u>	<u>139,510</u>	Total Building & Safety
					Public Works
94,190	95,140	97,710	99,600	101,220	Salaries & Benefits
54,360	55,450	56,560	57,690	58,840	Professional/Contractual Svcs
22,220	23,670	83,110	24,560	24,030	Materials & Supplies
5,000	5,100	5,200	5,300	5,410	Equipment
<u>175,770</u>	<u>179,360</u>	<u>242,580</u>	<u>187,150</u>	<u>189,500</u>	Total Public Works

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>EXPENDITURES</u>				
Community Events				
Salaries & Benefits	22,017	436	-	-
Professional/Contractual Services	6,269	-	-	-
Materials & Supplies	33	-	-	-
Equipment	4,513	-	-	-
Total Community Events	32,832	436	-	-
Rental Inspection Prgm				
Salaries & Benefits	57,614	-	71,335	85,643
Professional/Contractual Services	3,557	-	-	-
Materials & Supplies	775	-	2,575	700
Equipment	-	-	-	-
Total Rental Inspection Prgm	61,946	-	73,910	86,343
Enforcement Prgm				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	135,930	141,531	140,014	142,465
Materials & Supplies	-	-	-	-
Equipment	-	-	-	-
Total Enforcement Prgm	135,930	141,531	140,014	142,465
Gen Govt - Non-Dept				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	36,365	45,968	56,201	231,024
Materials & Supplies	218,196	249,958	184,455	179,500
Equipment	112,659	7,163	8,004	4,100
Transfers Out	38,836	74,084	91,520	91,520
Total Gen Govt - Non-Dept	406,056	377,173	340,180	506,144
Facilities Maintenance				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	69,452	81,012	93,500	86,200
Materials & Supplies	-	-	-	-
Equipment	3,150	29,758	15,000	15,600
Total Facilities Maintenance	72,602	110,770	108,500	101,800
Comm & Econ Dev				
Salaries & Benefits	189,294	228,314	242,615	194,763
Professional/Contractual Services	2,753	479	2,500	1,000
Materials & Supplies	(3,529)	2,606	3,100	1,500
Equipment	-	-	-	-
Total Comm & Econ Dev	188,518	231,399	248,215	197,263
Mgt Information Sys				
Salaries & Benefits	52,479	53,535	72,240	68,580
Professional/Contractual Services	10,993	6,738	18,000	19,000
Materials & Supplies	400	76	4,750	900
Equipment	147	-	2,500	300
Total Mgt Information Sys	64,019	60,349	97,490	88,780

City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES (continued)

<u>2013-14</u> Preliminary	<u>2014-15</u> Projection	<u>2015-16</u> Projection	<u>2016-17</u> Projection	<u>2017-18</u> Projection	
					<u>EXPENDITURES</u>
					Community Events
-	-	-	-	-	Salaries & Benefits
-	-	-	-	-	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
-	-	-	-	-	Equipment
-	-	-	-	-	Total Community Events
					Rental Inspection Prgm
102,040	103,100	105,980	108,100	109,900	Salaries & Benefits
-	-	-	-	-	Professional/Contractual Svcs
1,380	1,400	1,420	1,440	1,460	Materials & Supplies
-	-	-	-	-	Equipment
103,420	104,500	107,400	109,540	111,360	Total Rental Inspection Prgm
					Enforcement Prgm
-	-	-	-	-	Salaries & Benefits
160,214	163,430	166,690	170,020	173,420	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
-	-	-	-	-	Equipment
160,214	163,430	166,690	170,020	173,420	Total Enforcement Prgm
					Gen Govt - Non-Dept
-	-	-	-	-	Salaries & Benefits
360,320	361,440	362,580	363,740	364,920	Professional/Contractual Svcs
204,010	208,080	212,240	216,470	220,800	Materials & Supplies
8,000	8,160	8,320	8,490	8,660	Equipment
91,520	91,520	91,520	91,520	91,520	Transfers Out
663,850	669,200	674,660	680,220	685,900	Total Gen Govt - Non-Dept
					Facilities Maintenance
-	-	-	-	-	Salaries & Benefits
108,479	110,640	112,860	115,120	117,420	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
15,910	16,230	16,550	16,880	17,210	Equipment
124,389	126,870	129,410	132,000	134,630	Total Facilities Maintenance
					Comm & Econ Dev
123,390	124,550	127,950	130,370	132,430	Salaries & Benefits
1,044	1,060	1,080	1,100	1,120	Professional/Contractual Svcs
1,910	1,940	1,970	2,010	2,050	Materials & Supplies
-	-	-	-	-	Equipment
126,344	127,550	131,000	133,480	135,600	Total Comm & Econ Dev
					Mgt Information Sys
75,970	76,830	79,030	80,670	82,100	Salaries & Benefits
22,840	23,300	23,760	24,240	24,720	Professional/Contractual Svcs
1,750	1,790	1,830	1,870	1,910	Materials & Supplies
2,500	2,550	2,600	2,650	2,700	Equipment
103,060	104,470	107,220	109,430	111,430	Total Mgt Information Sys

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES**

	2010-11 Actuals	2011-12 Actuals	2012-13 Budget	2012-13 Estimate
<u>EXPENDITURES</u>				
Law Enforcement				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	1,939,346	1,703,988	1,700,595	1,677,697
Materials & Supplies	45,780	58,968	58,000	58,000
Equipment	17,448	-	-	15,620
Total Law Enforcement	2,002,574	1,762,956	1,758,595	1,751,317
Parks Maintenance				
Salaries & Benefits	69,378	33,909	26,055	26,705
Professional/Contractual Services	13,638	35,327	78,850	48,800
Materials & Supplies	32,820	41,950	45,500	42,500
Equipment	1,200	-	5,000	-
Total Parks Maintenance	117,036	111,186	155,405	118,005
NPDES				
Salaries & Benefits	61,001	42,594	61,600	39,890
Professional/Contractual Services	492	5,095	7,700	14,400
Materials & Supplies	20,539	27,869	29,725	36,900
Equipment	-	-	-	-
Total NPDES	82,032	75,558	99,025	91,190
Storm Drain Maint				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	16,000	2,922	16,000	-
Materials & Supplies	-	-	-	-
Equipment	-	-	-	-
Total Storm Drain Maint	16,000	2,922	16,000	-
Planning Commission				
Salaries & Benefits	2,331	2,363	2,265	2,260
Professional/Contractual Services	-	-	-	-
Materials & Supplies	-	-	-	-
Equipment	-	-	-	-
Total Planning Commission	2,331	2,363	2,265	2,260
Historical/Cultural Comm				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	-	-	-	-
Materials & Supplies	1,137	685	1,200	1,150
Equipment	-	-	-	-
Total Historical/Cultural Comm	1,137	685	1,200	1,150
Senior Citizens Prgm				
Salaries & Benefits	1,644	-	-	-
Professional/Contractual Services	1,281	1,704	6,000	1,900
Materials & Supplies	24,644	25,113	21,000	26,900
Equipment	-	-	-	-
Total Senior Citizens Prgm	27,569	26,817	27,000	28,800

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES (continued)**

2013-14 Preliminary	2014-15 Projection	2015-16 Projection	2016-17 Projection	2017-18 Projection	
					<u>EXPENDITURES</u>
					Law Enforcement
-	-	-	-	-	Salaries & Benefits
1,744,530	1,814,040	1,886,330	1,961,500	2,039,670	Professional/Contractual Svcs
59,160	60,340	61,550	62,780	64,040	Materials & Supplies
-	-	-	-	-	Equipment
<u>1,803,690</u>	<u>1,874,380</u>	<u>1,947,880</u>	<u>2,024,280</u>	<u>2,103,710</u>	Total Law Enforcement
					Parks Maintenance
27,710	28,010	28,790	29,370	29,870	Salaries & Benefits
72,540	73,990	75,470	76,980	78,520	Professional/Contractual Svcs
43,828	44,700	45,590	46,500	47,430	Materials & Supplies
5,000	5,100	5,200	5,300	5,410	Equipment
<u>149,078</u>	<u>151,800</u>	<u>155,050</u>	<u>158,150</u>	<u>161,230</u>	Total Parks Maintenance
					NPDES
47,210	47,670	48,950	49,860	50,650	Salaries & Benefits
10,000	10,200	10,400	10,610	10,820	Professional/Contractual Svcs
37,940	38,690	39,460	40,240	41,040	Materials & Supplies
-	-	-	-	-	Equipment
<u>95,150</u>	<u>96,560</u>	<u>98,810</u>	<u>100,710</u>	<u>102,510</u>	Total NPDES
					Storm Drain Maint
-	-	-	-	-	Salaries & Benefits
16,000	16,320	16,650	16,980	17,320	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
-	-	-	-	-	Equipment
<u>16,000</u>	<u>16,320</u>	<u>16,650</u>	<u>16,980</u>	<u>17,320</u>	Total Storm Drain Maint
					Planning Commission
2,260	2,260	2,260	2,260	2,260	Salaries & Benefits
-	-	-	-	-	Professional/Contractual Svcs
-	-	-	-	-	Materials & Supplies
-	-	-	-	-	Equipment
<u>2,260</u>	<u>2,260</u>	<u>2,260</u>	<u>2,260</u>	<u>2,260</u>	Total Planning Commission
					Historical/Cultural Comm
-	-	-	-	-	Salaries & Benefits
-	-	-	-	-	Professional/Contractual Svcs
1,230	1,260	1,290	1,320	1,350	Materials & Supplies
-	-	-	-	-	Equipment
<u>1,230</u>	<u>1,260</u>	<u>1,290</u>	<u>1,320</u>	<u>1,350</u>	Total Historical/Cultural Comm
					Senior Citizens Prgm
-	-	-	-	-	Salaries & Benefits
2,500	2,550	2,600	2,650	2,700	Professional/Contractual Svcs
27,440	27,990	28,550	29,120	29,700	Materials & Supplies
-	-	-	-	-	Equipment
<u>29,940</u>	<u>30,540</u>	<u>31,150</u>	<u>31,770</u>	<u>32,400</u>	Total Senior Citizens Prgm

**City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES**

	<u>2010-11</u> Actuals	<u>2011-12</u> Actuals	<u>2012-13</u> Budget	<u>2012-13</u> Estimate
<u>EXPENDITURES</u>				
Emergency Oper Prgm				
Salaries & Benefits	-	-	-	-
Professional/Contractual Services	1,199	3,826	3,950	1,600
Materials & Supplies	6,905	3,547	6,670	3,200
Equipment	<u>554</u>	<u>487</u>	<u>850</u>	<u>-</u>
Total Emergency Oper Prgm	8,658	7,860	11,470	4,800
Capital Projects	-	-	(75,000)	-
O/H Cost Allocation	(625,365)	(728,252)	(670,031)	(487,100)
TOTAL EXPENDITURES	<u>\$ 3,686,183</u>	<u>\$ 3,301,635</u>	<u>\$ 3,399,792</u>	<u>\$ 3,692,476</u>

City of Grand Terrace
Budget Detail Report
GENERAL FUND - EXPENDITURES *(continued)*

<u>2013-14</u> Preliminary	<u>2014-15</u> Projection	<u>2015-16</u> Projection	<u>2016-17</u> Projection	<u>2017-18</u> Projection	
					<u>EXPENDITURES</u>
					Emergency Oper Prgm
-	-	-	-	-	Salaries & Benefits
3,200	3,260	3,320	3,380	3,450	Professional/Contractual Svcs
7,100	7,240	7,380	7,520	7,670	Materials & Supplies
<u>500</u>	<u>510</u>	<u>520</u>	<u>530</u>	<u>540</u>	Equipment
10,800	11,010	11,220	11,430	11,660	Total Emergency Oper Prgm
-	-	-	-	-	Capital Projects
(487,100)	(487,100)	(487,100)	(487,100)	(487,100)	O/H Cost Allocation
<u>\$ 3,983,760</u>	<u>\$ 4,102,684</u>	<u>\$ 4,266,973</u>	<u>\$ 4,346,482</u>	<u>\$ 4,453,725</u>	TOTAL EXPENDITURES