



Staff Report

Date: June 14, 2016

To: City Council

From: Valerie J. Barone, City Manager

Reviewed by: Karan Reid, Director of Finance

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Subject: **Fiscal Year 2015-16 and 2016-17 Mid-Cycle Biennial Budget Update Amending the Fiscal Year 2015-16 and FY 2016-17 Municipal Budget and 10-Year Forecast**

Report in Brief

The Mid-Cycle Budget report contains an update to the City's adopted Biennial Operating budget for FYs 2015-16 and 2016-17 and the City's 10-Year Forecast. The Budget, with the proposed adjustments, continues all programs and services at current or enhanced levels, adds two new positions to support increased development activity, and provides additional investment in roads, buildings, and parks.

Adjustments are proposed for the current year (FY 2015-16) to incorporate updated revenue estimates. Amendments are proposed for next year (FY 2016-17) operating budget for revenues and expenditures. The Proposed Adjustments are in accordance with the City's Fiscal Sustainability Ordinance (Chapter 3.20 of the Concord Municipal Code).

While Concord has continued to benefit from economic growth, fiscal challenges remain. The City continues to rely on Measure Q¹ to balance the budget. In FY 2016-17, \$7.5 million of Measure Q revenue is used for this purpose. To achieve Council's goal of eliminating reliance on Measure Q for City operations over the next 10 years, the City will need to implement significant budget stabilization measures. Budget stabilization

¹ Measure Q is a temporary half-cent use and transaction tax originally approved in November 2010 and extended in November 2014. Measure Q is scheduled to sunset March 31, 2025. The infusion of this revenue stream is intended to stabilize the City's Finances and protect core services as well as help the City rebuild and maintain financial reserves.

can include a wide array of actions including, but not limited to, revenue enhancements, service elimination, cost shifting or expenditure controls. The only constant is that any new revenue, cost avoidance, or cost reduction be permanent and on-going, thereby relieving pressure on the General Fund.

The 10-Year Forecast identifies the need for budget stabilization measures to be implemented beginning in FY 2018-19 in order for the City's operations to be fully supported by regular, non-Measure Q revenues by the time Measure Q sunsets in March 2025. In addition, many economists are predicting another recession to occur in the near term. The U.S. economy has experienced a recession about every three to eight years over the last 80 years and it has been seven years since the end of the Great Recession.

While not part of this budget, staff is recommending that the City begin a process in late 2016 to develop a budget stabilization plan. Such a plan would result in exploring a variety of budget stabilization measures which in turn would create options for City Council to consider during the preparation of future budgets.

The current FY 2015-16 proposed General Fund revenue adjustments increase revenue expectations for sales tax and franchise fees by \$1.158 million due to the continuing economic recovery. The revenue adjustments include \$801,000 of ongoing revenue and \$357,000 of one-time revenue. The FY 2016-17 proposed General Fund budget adjustments continue the positive growth trend in sales tax and franchise fees and incorporate the recently adopted Master Fee Schedule that goes into effect at the beginning of July. These revenue estimates total \$2.7 million and are partially offset by \$1.1 million increase in expenditures.

Adjustments of \$174,000 for FY 2016-17 are recommended to various non-General Fund accounts, as shown below:

- Fleet Maintenance Fund (#633): \$80,000 revenue adjustment and \$80,000 appropriation
- Golf Course Fund (#700): \$25,000 revenue adjustment
- Storm Water Management Fund (#270): \$69,000 appropriation

Council will provide feedback at the June 14, 2016 budget hearing and is anticipated to adopt the mid-cycle operating budget changes at its June 28, 2016 meeting.

Recommended Action

At the June 14, 2016 Public Hearing, the City Council is requested to open the public hearing, receive information regarding the FY 2015-16 and FY 2016-17 Mid-Cycle Update and proposed 10-Year Financial Forecast; provide direction to staff; and continue the item to Council's June 28th meeting.

Background

On June 23, 2015, the City Council approved the City of Concord's first biennial (2-year) budget for the fiscal years of 2015-16 and 2016-17. Biennial budgeting refers to the practice of developing a budget every two years. Under biennial budgeting, the City of Concord continues to operate on a July-June annual fiscal year. The public and City Council continue to receive annual mid-year updates in January, as well as, a mid-cycle review approximately 12 months after the initial adoption of the biennial budget. This report and enclosed recommendations is this mid-cycle review.

Significant Policy Considerations Guiding Proposed Budget Adjustments

Fiscal Sustainability Policy

In May 2014, the City Council adopted the Fiscal Sustainability Ordinance (Chapter 3.20 of the Concord Municipal Code) to ensure the City continues to employ sound fiscal strategies. The ordinance specifies that one-time revenues are used for non-recurring, rather than ongoing, expenditures and further defines how the City shall employ such funds. The City Council retains the authority to allocate these funds from the categories below:

- Annual recommended contributions to long-term liabilities²
- Infrastructure Backlog
- Unfunded post-employment benefits
- Special or one-time, nonrecurring expenditure needs of the City or strengthening the City's General Fund Reserves.

The City's Fiscal Sustainability Ordinance limits the amount of Measure Q revenues that can be used to fund General Fund shortfall to no more than \$8 million per fiscal year. This amount is intended to decrease over time, in order to reduce reliance on this limited term revenue.

Preservation of General Fund Reserve at 30% of Expenditures

The City Council has established a reserve policy, whereby, "an aggregate reserve, consisting of operating contingency and reserves, will be established and maintained at a level not less than equal to 30% of General Fund designated, operating expenditures."

The Policy further states that the contingency and reserves, shall be determined to be fully funded when 30% of the General Fund designated operating expenditures can be maintained as the reserve projected balance at the end of each fiscal year and funded within the approved General Fund 10-Year Forecast.

² Annual Recommended Contributions means the annual amount of funds that an actuarial study recommends the City deposit and set aside annually in a Post-Employment Benefit plan to fully fund Post-Employment Benefits over time.

The recommended adjustments to FYs 2015-16 and 2016-17, as well as, the 10-Year Forecast maintain or exceed this 30% minimum reserve requirement.

Analysis

This report is divided into the following parts for ease of reading:

- Part I: Update on City Council Priority Focus Areas
- Part II: Current Year (FY 2015-16) Amended Projections and Recommended Adjustments
- Part III: FY 2016-17 General Fund Review and Recommended Adjustments
- Part IV: FY 2016-17 Other Non-General Fund Budget Amendments
- Part V: Measure Q Oversight Committee Findings
- Part VI: Update to the City's 10-Year Financial Forecast

Part I: UPDATE ON CITY COUNCIL PRIORITY FOCUS AREAS

Council Priority Focus Areas for FY 2016-17

The City Council reviewed the City's adopted Priority Focus Areas at its April 2, 2016 Priority Setting Workshop. The focus areas allow staff to understand the Council's priorities and are used for strategic decisions, budget allocations, and to guide department work plans. Council Members proposed updates to the description of the priority areas. The revised focus areas are listed below and are not listed in any order of priority.

City of Concord FY 2016-17 Council Priority Focus Areas

- **Long Term Financial Stability**
 - ✓ Adopt a balanced two-year operational budget, a two-year capital investment budget and a 10-year financial forecast that acknowledges unfunded liabilities & deferred maintenance
 - ✓ Implement strategies that reduce unfunded liabilities and address the City's Annual Recommended Contributions (ARC) for retiree benefits
 - ✓ Outreach to the community on how Measure Q revenues are working for them and the City's responsible use of the revenues
 - ✓ Pursue initiatives that enhance the City's long-term financial stability
 - ✓ Implement the City's Fiscal Stability Ordinance

- ✓ Explore developing and retaining ownership of property at the Concord Naval Weapons Station to create a long-term revenue stream for the City

- **Economic Development**

- ✓ Select and complete negotiations with a Master Developer for Phase 1 of development of the Concord Reuse Project Area
- ✓ Complete negotiations with the Navy on the value structure and transfer approach in support of the future development of the Concord Reuse Project Area
- ✓ Select a Master Developer for Phase One development of the Concord Reuse Project and make progress on the entitlements necessary for development to occur
- ✓ Initiate and complete work on the Specific Plan for Phase 1 development of the Concord Reuse Project Area
- ✓ Facilitate the creation of a four-year higher education facility and the development of an educated and skilled workforce on the Concord Reuse Project Area
- ✓ Maintain a friendly, partnership approach with businesses that results in an efficient development process
- ✓ Implement the Downtown Specific Plan
- ✓ Enhance the City's economic vitality by adding resources to the program and focusing the program on driving investment into the City's catalyst/high-opportunity development sites
- ✓ Implement strategies that address blighted and/or vacant properties
- ✓ Partner with the Mt. Diablo Unified School District in a way that supports them delivering quality education to the Concord community

- **Public Safety**

- ✓ Focus all City departments on public safety
- ✓ Focus on preventative measures that enhance long-term public safety
- ✓ Use technology to support public safety
- ✓ Reduce criminal activity in Concord—pay special attention to:
 - Homeless related criminal activity,
 - Juvenile related criminal activity, and
 - Gang related criminal activity

- ✓ Enhance communication and support to crime victims and their families, helping them understand the process
- ✓ Assure the continued success of the Family Justice Center as part of the County's regional approach to wrap-around services
- **Infrastructure Maintenance**
 - ✓ Maintain existing infrastructure & facilities in a safe and operational condition
 - ✓ Implement strategies that optimize all modes of travel through the City
 - ✓ Implement strategies that address sewer and storm-water needs
 - ✓ Implement strategies that address pavement & roadway needs
 - ✓ Implement strategies that address park infrastructure maintenance needs
 - ✓ Employ cost-effective and environmentally friendly technologies and programs to support infrastructure maintenance
- **Organizational Strength & Employee Success**
 - ✓ Implement strategies that engage and strengthen Concord's relationship with regional, state and national organizations and elected officials
 - ✓ Implement technology that enhances customer service and organizational efficiencies
 - ✓ Perform timely and effective performance evaluations
 - ✓ Adopt policies that address key personnel and legal needs
 - ✓ Implement programs that support employee and volunteer recognition and networking
 - ✓ Enhance communication to the community and at all levels of the organization
 - ✓ Develop employees, the executive team, and council members through training & growth opportunities

The above priority areas of focus can and do change over time. Two areas that remain constant, however, are **customer service** and **quality of life**.

Part II: CURRENT YEAR (FY 2015-16) AMENDED PROJECTIONS

Based on the first three quarters of FY 2015-16, staff anticipates the City will receive \$95.2 million in revenues including \$4.2 million of resources carried over from FY 2014-15. This exceeds the current adjusted revenue budget estimate by \$1.158 million and includes \$357,000 of one-time revenue. Use of one-time revenue is limited by the City’s Fiscal Sustainability Ordinance.

The following table summarizes the projected budget through the end of the current fiscal year.

Table 1: FY 2015-16 General Fund Year End Projected Budget

	FY 2015-16 Budget	FY 2015-16 Budget Adjustments	FY 2015-16 Projected Budget
Revenues			
Regular Revenues	82,058,500	1,158,000	83,216,500
Measure Q Allocated to Operations	7,800,000		7,800,000
FY 2014-15 Carry Over	4,181,000		4,181,000
Total Revenue	94,039,500	1,158,000	95,197,500
Expenditures			
Regular Expenditures	94,039,500		94,039,500
Total Expenditures	94,039,500		94,039,500
Operating Result		-	1,158,000

There are two sources that contribute to the \$1.158 million increase in projected revenue. The sources are outlined below.

Sales Tax Revenue

Sales Tax revenue is estimated to exceed projections by \$808,000 from economic improvements in various industries and the unwinding of the Triple Flip³. Strong economic improvements in various industries increased revenues beyond prior estimates. The City’s largest source of sales tax, automobile sales, is projected to have increased 7%. Revenue from auto sales is an elastic revenue stream and highly impacted by economic downturns. Revenues will also be increased by a one-time

³ Triple Flip. During the Triple Flip the City’s 1% share of sales tax was reduced by .25% in order for the state to repay \$15 million in Economic Recovery Bonds. The City was reimbursed for the reduced sales tax revenue with transfers of local property tax revenues. Schools were made whole from the state general fund. This mechanism is known as the Triple Flip. The full 1% of the local rate was returned on January 1, 2016. In addition, counties will pay cities the for the last two quarters of the 2015 calendar year and true up amounts for the third quarter of 2015.

increase of \$357,000 from the unwinding of the Triple Flip. These one-time monies are limited by the City's Fiscal Sustainability Ordinance and cannot be used for ongoing costs.

Franchise Fees

Franchise Fees are highly sensitive to an improving economy and this revenue source continues a pattern of strong growth into the next fiscal year. These fees are projected to end the year \$350,000, or 6%, above budgeted levels. The City receives franchise revenue from solid waste hauler (\$3.6 million), cable television (\$1.8 million) and gas and oil pipeline (\$800,000) franchises. Most of the franchise fee revenue increase comes from solid waste hauler (\$220,000) and cable television (\$115,000) franchise fees. In general, these fees provide a stable source of revenue and staff utilizes prior year actuals plus any stated rate increases to estimate franchise revenues. The recommended adjustment is based on receipts received through the first three quarters of FY 2015-16.

In addition to the above increased revenue projections, staff does anticipate some expenditure savings in salary and benefit costs due to the extended labor negotiations process and recommends carrying over these savings to next fiscal year. Impacts of new labor agreements will be realized beginning in FY 2016-17 and projected current year budget residual could be used to offset a portion of those costs.

PART III: FY 2016-17 GENERAL FUND REVIEW & ADJUSTMENTS

In FY 2016-17 staff projects the General Fund will receive \$91.2 million in revenues and total expenditures, including proposed expenditure adjustments, will be \$89.4 million. The proposed budget increases revenues over the adopted budget by \$2.7 million and expenditures by \$1.1 million. The table below provides a summary of the projected budget for FY 2016-17. The proposed adjustments are discussed in detail in sections following this table.

Table 2: FY 2016-17 General Fund Budget Overview

	FY 2016-17 Budget	Mid Year Budget Adjustments⁴ (02/02/2016)	FY 2016-17 Proposed Budget Adjustments	FY 2016-17 Projected Budget
Regular Revenues	81,015,700	600,000	2,058,600	83,674,300
Measure Q General Fund Support	7,500,000			7,500,000
Total Revenues	88,515,700	600,000	2,058,600	91,174,300
Regular Expenditures	88,326,300	661,700	451,300	89,439,300
Total Expenditures	88,326,300	661,700	451,300	89,439,300
Operating Result	189,400	(61,700)	1,607,300	1,735,000

A. General Fund Revenues Overview

The strong economy continues to increase the City’s revenue projections. In FY 2016-17 revenues are projected to increase \$2.7 million. Of this total \$600,000 are ongoing revenue adjustments that were acknowledged at mid-year in the current fiscal year and carry into next fiscal year but were not yet adjusted for in the FY 2016-17 budget. The mid-year revenue adjustments included \$400,000 increase in Franchise Fees and \$200,000 increase in Business License Fees. The new FY 2016-17 Proposed Revenue adjustments total \$2.059 million.

The following table provides an overview of the FY 2016-17 projected revenue budget by category. A description of the revenue adjustments follows (note each number reference refers back to the line in the table below).

⁴ Mid Year Budget Adjustments are ongoing commitments that carry over to FY 2016-17, approved by Council on February 4, 2016 at mid-year for FY 2015-16, but not yet adjusted in the FY 2016-17 budget.

Table 3: FY 2016-17 Projected Budget Revenue by Category

General Fund Revenues	FY 2016-17 Revenue Budget	Mid-Year Revenue Adjustments (2/02/2016)	FY 2016-17 Proposed Revenue Adjustments	FY 2016-17 Projected Revenue	Ref
Property Taxes	22,925,000			22,925,000	
Sales Taxes	32,402,000		1,299,400	33,701,400	(1)
Measure Q General Fund Support	7,500,000			7,500,000	
Franchise Fees	6,016,000	400,000	392,700	6,808,700	(2)
Transient Occupancy taxes	2,731,000			2,731,000	
Business License Fees	3,145,000	200,000		3,345,000	
Charges for Services	7,782,100		366,500	8,148,600	(3)
Other Revenues	6,014,600			6,014,600	
Total Revenues	88,515,700	600,000	2,058,600	91,174,300	

Beyond mid-year revenue adjustments, new FY 2016-17 proposed revenue adjustments to the General Fund total \$2.059 million and include \$316,000 in one-time revenue.

(1) Sales Tax Revenue: \$1.3 million revenue augmentation (\$983,400 ongoing and \$316,000 one-time)

The Projected FY 2016-17 budget estimates a \$1.3 million (4%) increase in sales tax revenue over the adopted budget. This is tied to a robust local economy, led by strong showings in auto sales, increase of \$715,000 (8%), and improvements in the construction industry, increase of \$269,000 (7%). The remaining \$316,000 is attributed to additional receipts associated with the unwinding of the Triple Flip and are one-time revenues subject to the City's Fiscal Sustainability Ordinance.

(2) Franchise Fees: \$392,700 revenue augmentation (ongoing)

Franchise Fees revenues are expected to exceed estimates in the current fiscal year by \$392,700 (7%) above the adopted budget. This is driven by growth in solid waste hauler franchise fee revenue resulting from the more robust economy.

(3) Charges for Service: \$366,500 revenue augmentation (ongoing)

On May 10, 2016 the City Council approved Resolution No. 16-6042 which amended the fees and charges for various municipal services in the City of Concord. The change in fees increases recovery of the costs in providing certain services and programs in the amount of \$280,000 in Planning and \$86,500 in Parks & Recreation. These revenues will be used to offset costs to provide the services.

B. General Fund Expenditures Overview

The FY 2016-17 proposed expenditures total \$89.40 million. Of this total, \$661,700 are ongoing adjustments that were acknowledged at mid-year in the current fiscal year and carry into next fiscal year but were not yet adjusted for in the FY 2016-17 budget.

These Mid-Year Budget Adjustments included the following:

- \$36,400 to change the LRA Principal Planner to a Reuse Area Planner;
- \$151,000 to add a Human Resource Analyst II;
- \$260,000 to add one Sergeant and ongoing vehicle replacement costs to redeploy the Special Enforcement Team (SET); and
- \$214,200 for staffing cost increases in Custodial Services and temporary part time staff due to State and Federal mandates.

The following table provides an overview of the FY 2016-17 projected expenditure budget by department. The new expenditure requests for FY 2016-17 total \$451,300. A description of the expenditure adjustments follows (note each number reference refers back to the line in the table below).

Table 4: FY 2016-17 Projected Budget Expenditures by Department

Department Expenditures	FY 2016-17 Expenditure Budget	Mid-Year Expenditure Adjustments (02/02/2016)	FY 2016-17 Proposed Expenditure Adjustments	FY 2016-17 Projected Expenditures	Ref
City Attorney	1,398,700			1,398,700	
Community & Economic Development	7,814,000	36,400	347,100	8,197,500	(1)
Parks & Recreation	5,266,400		104,200	5,370,600	(2)
Finance	3,406,800			3,406,800	
Finance-Non Departmental	5,371,800			5,371,800	
Human Resources	1,628,100	151,000		1,779,100	
Office of the City Manager	3,596,300			3,596,300	
Police	52,432,000	260,100		52,692,100	
Public Works	7,412,200	214,200		7,626,400	
Total Expenditures	88,326,300	661,700	451,300	89,439,300	

The Mid-Cycle Report recommends \$451,300 in new expenditure adjustments. Of which, \$366,500 in spending is offset by increases in revenues. Each new expenditure adjustment is described below.

(1) Community & Economic Development - \$347,100 (\$317,000 ongoing and \$30,000 one-time)

a. Add Two Full Time Planning Positions - \$317,100 ongoing

The Community & Economic Development (CED) Planning Program is requesting the addition of one full-time Principal Planner position (\$189,200 full salary with benefits) and one full-time Assistant Planner position (\$127,900 full salary with benefits). These positions are needed to meet the increased work load demands from the private development community, as well as, the Advanced Planning Work Program as approved and directed by City Council.

Since 2012, the Planning Division workload has increased 43% from 383 applications to 548 in 2015. The City is on pace to exceed 600 applications in 2016. The Planning Division also has an extensive Long Range Planning work program underway, including the Bicycle and Pedestrian Master Plan, the Corridors Study, Subdivision Ordinance Update, Todos Santos Design Guidelines, and Park & Shop Design Guidelines. In FY 2015-16, the Planning Division also assumed responsibility for implementation of the citywide Climate Action Plan.

The additional staff capacity from the two new positions would improve customer service at the Permit Center, would allow the Planning Center counter to open on Fridays, which has not been available since FY 2009-2010. Additionally, increased staff will support economic development goals by providing resources for timely processing of permits and information requests and capacity to be more responsive to customer needs.

The full cost of these requests will be incorporated into the FY 2016-17 budget. Projected fee revenue increases of \$280,000, as a result of the recently adopted Master Fee Schedule, will directly offset a majority of the costs.

b. 2016 CALGreen Energy Code Analysis - \$30,000 (one-time)

Community & Economic Development is requesting a one-time \$30,000 budget adjustment to pay for an analysis of the 2016 CALGreen Energy Code to determine economic impacts to development. The 2016 CALGreen Energy Code goes into effect January 1, 2017. The City's Climate Action Plan scheduled the City's Green Building Standards to go to the Tier I level. However state mandates only require compliance at the base level. Tier I increases energy efficiency for residential construction by 15% and nonresidential construction by 10% above the base level. It is not clear how the change in energy efficiency will impact developers. Analysis the 2016 CALGreen Energy Code will provide data on the economic impacts of increasing the Green Building Standards to Tier 1 level, which is important to understand before moving forward with this action.

(2) Parks & Recreation Cost of Part-time and Temporary Staff – \$104,200 (ongoing)

The Parks & Recreation Department is recommending minor budget modifications to expenditures and revenues based on current business needs. The most significant adjustment is complying with new State of California minimum wage laws going into effect beginning January 1, 2017 and increasing each year until reaching \$15 per hour in 2022. The ability to attract and retain the most qualified part-time staff for summer and year-round positions is essential to delivering safe, high quality recreation programs and facility rental services. Proposed compensation increases to part-time job classifications such as Recreation Specialist and Lifeguard/Swim Instructors will help position Concord to achieve its desired program outcomes, most are recommended between \$11 and \$14 per hour for FY 2016-17.

The full cost of these requests will be incorporated into the FY 2016-17 budget. Projected fee revenue increases of \$86,500, as a result of the recently adopted Master Fee Schedule, will directly offset a majority of the costs.

C. Summary of General Fund Proposed Adjustments

The proposed modifications adjust FY 2016-17 General Fund Operating budget by \$2.7 million in revenues and \$1.1 million in expenditures. Of the revenues, \$2.3 million represents ongoing adjustments and \$316,000 is a one-time adjustment due to the unwinding of the Triple Flip. The expenditure adjustments are ongoing, with the exception of \$30,000 for the CALGreen Energy Code Analysis, which is one-time. The proposed adjustments comply with the City's Fiscal Sustainability Ordinance.

At the close of FY 2016-17, staff projects that the General Fund will end the year with more than a 30% reserve, exceeding the minimum reserve level set by City Council policy.

While this is positive news and a reflection of continued economic improvement, many fiscal challenges remain. The City's operations remain dependent on Measure Q to bridge the shortfall between regular, non-Measure Q revenues and expenditures. The City continues to face funding challenges related to maintenance and infrastructure backlog that built up during the recession. Also, it is likely that over the next few years, we will experience a decline in the economy that will lead to a recession.

To help address these challenges, the City continues to work hard to control costs. The proposed expenditure adjustments are necessary to maintain core services and are consistent with current marketplace trends. In addition, to the adjustments proposed, it is likely adjustments will be needed as a result of the current progress in labor negotiations. As a result, the majority of the revenue adjustments are not proposed to be spent.

D. Amend Effective Date of Special Event Fee Changes

On May 10, 2016 City Council approved Resolution No. 16-6042.1 amending fees and charges for various municipal services for the City of Concord including the City Employee Services Fee for Special Events. The resolution established July 1, 2016 as the effective date for these rate changes. Traditionally, the Special Events fees are updated in September after the summer event season has concluded. As a result, staff recommends that the implementation date be moved to September 1, 2016. This action will be included with the June 28, 2016 budget requests. Over the next few months, a staff team will be reviewing the Special Events structure and process to ensure responsive support continues to be provided for these programs.

PART IV: NON-GENERAL FUND BUDGET ADJUSTMENTS

Adjustments proposed for non-General Fund accounts are discussed below.

(1) Fund # 270 Storm Water Management - Litter & Debris Abatement - \$69,000, expenditure appropriation

This request will fund litter abatement and transient-related activities which pollute the City's watercourses and create public safety concerns. The City's franchise solid waste hauler, Concord Disposal Service (CDS), removes litter and debris from sidewalks and roadways and cleans homeless encampments upon request and payment by the City. The cost for this service, approximately \$50,000 - \$60,000 annually, will be funded by this request. The remaining \$9,000 - \$19,000 will be used to build structures and make modifications that prevent access to areas that attract transient-related activity. Staff is actively working to identify alternative funding in future years as the Storm Water fund is not able to carry this cost in the long-term.

(2) Fund #633 Fleet Maintenance – \$80,000, revenue increase and \$80,000 expenditure appropriation

Two offsetting adjustments are requested for the Fleet Management Program:

- a. One-time increase to revenue of \$80,000 for Disposal of Fixed Assets (50030-000). This is new revenue Fleet Management anticipates receiving from auctioning the City's used vehicles. Over the past five years, revenues from the car auctions have steadily increased. Staff anticipates an \$80,000 increase in revenue based on anticipated inventory for FY 2016-17.
- b. One-time expenditure request of \$80,000 for Fuel Costs (66400-000). The Finance Director is requiring the department end the historical practice of carrying over prior year encumbrances to fund annual fuel costs. In order to

establish an annual funding mechanism, and as a best practice, a one-time expense is needed to close out the old purchase order and to allocate adequate funding for FY 2016-17. Subsequently, the annual budget will be sufficient.

(3) Fund #700 Golf Course – Green Fees \$25,000, revenue increase

City Council adopted an updated Master Fee Schedule on May 10, 2016 with fee changes effective for FY 2016-17. Fee changes were approved for the Diablo Creek Golf Course that will keep the course competitive while providing an estimated additional \$25,000 to support operations at the Golf Course. The action requested will increase revenue estimates for Golf Course Operations Program #4910-700 by \$25,000.

PART V: MEASURE Q CITIZENS' OVERSIGHT COMMITTEE FINDINGS

The Measure Q Citizens' Oversight Committee reviewed the FY 2014-15 Comprehensive Annual Financial Statement (CAFR) , which includes the annual audit; the proposed FY 2016-17 and FY 2017-18 capital budget, and the use of the previously approved Measure Q Revenues in the Biennial General Fund Operating Budget for FY 201-16 and FY 2016-17. There are no changes proposed to the use of Measure Q Revenue in the Biennial General Fund Operating Budget.

After completing their review, the Committee found that it is consistent with the principles adopted with the ballot measure in 2010, and the extension approved in November 2014. The Oversight Committee found that:

- The FY 2014-15 Annual Audit reflects that Measure Q funds were collected and appropriately spent, consistent with the ballot measure language.
- The City's proposed use of Measure Q revenues in the biennial Capital Improvement Budget for FY 2016-17 and FY 2017-18 protects the City's core services.

A copy of the Measure Q Citizens' Oversight Committee report to the City Council is attached to this budget memo (Attachment 1) and the Vice-Chair of the Committee is expected to address the Council at the Council's June 14, 2016 budget hearing.

PART VI: 10-YEAR FINANCIAL FORECAST

The City of Concord has been using a 10-year General Fund financial forecast since FY 1995-96. The use of the forecast has been instrumental in helping the Council, staff, and community understand the future impacts of current decisions and discern fiscal trends.

The projected revenues and expenditures in future years of the 10-year forecast should be viewed differently from the projected revenues and expenditures for FY 2016-17 due to the increasing uncertainty attached to projections beyond the immediate budget cycle. The financial forecast is a valuable planning and decision-making tool; however, it is not a financial plan. It sets the stage for the budgeting process and provides context to aid the City Council in establishing priorities and allocating City resources.

An updated 10-Year Forecast is presented with this report (Attachment 2). This revised forecast supports Council's goal of reducing reliance on Measure Q over time and fully eliminates Measure Q support by the time the Measure sunsets in March 2025. This revised 10-Year Forecast decreases the amount of Measure Q used to support the operating budget more quickly than the forecast presented a year ago. To achieve this, unidentified budget stabilization measures will need to be implemented beginning in FY 2018-19. The 10-Year forecast assumes \$2.3 million in FY 2018-19 gradually increasing to a total of \$6.2 million of ongoing budget stabilization measures by FY 2025-26. Budget stabilization can include a wide array of actions including, but not limited to, revenue enhancements, service elimination, cost shifting or expenditure controls. The only constant is that any new revenue, cost avoidance, or cost reduction be permanent and on-going, thereby relieving pressure on the General Fund.

It is worth noting that as the City decreases its use of Measure Q to support City Operations, as shown in the 10-year forecast, more revenues are being made available to invest in the City's infrastructure—its roads, buildings, and parks.

A. Summary of Key Revenue and Expenditure Assumptions

Assumptions incorporated into the 10-Year Forecast are intended to be realistic and conservative. The forecast does not factor in the impacts of a likely recession as the timing of a recession is difficult, if not impossible, to predict accurately. Maintaining a healthy reserve level provides a cushion to mitigate recessionary impacts. The 10-year forecast maintains reserves at approximately 30% of General Fund expenditures in accordance with policy established by City Council. Since the last Great Recession, the US Economy has experienced a recession anywhere between three and eight years. It has been seven years since the end of the Great Recession.

The FY 2015-16 and FY 2016-17 Biennial Budget outlines major budget assumptions for the General Fund 10-year Forecast. The major revenue and budget assumptions in the 10-year forecast have been adjusted to include: (1) projected labor costs associated

with anticipated settlements with the City’s labor groups, (2) ongoing adjustments approved at mid-year (February 2, 2016) that carryover to FY 2016-17, and (3) proposed FY 2016-17 adjustments. The assumptions have been listed below and extend to FY 2025-26, the year after Measure Q sunsets. Other general fund revenue and expenditure categories not listed below are projected to increase by 2.4% annually to reflect the 20-year average annual change in the Consumer Price index for the West Urban Area as defined by the U.S. Bureau of Labor Statistics. Debt payments, rental income, and other contractual commitments are projected as per the agreements. The following table provides an index for the abbreviation of each of the fiscal years included in the 10-Year financial forecast.

Table 5: 10-Year Financial Forecast Index

Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Abbreviation	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10

Major General Fund Revenue Assumptions

- Property Tax: Average annual increase of 2%;
- Sales Tax: Annual decrease of 2.3% in Y1 related to one-time funds received in FY 2015-16 due to the unwinding of the Triple Flip, followed by an average annual increase of 2% in Y2-Y5 and 2.5% in Y6-10;
- Measure Q revenue ceases in Y9 (March 2025);
- Development Review and Inspection Fees: Annual increase of 1-3% depending on fee type from Y1-Y10;
- Transient Occupancy Tax: Average annual increase of 2%; and
- Business License Tax: Average annual increase of 2%.

General Fund Expenditure Assumptions

- Salaries: Increase of 4.0% in FY 2015-16, 4.5% in Y1, followed by 3% in Y2 and Y3; and 1.5% for Y4-Y10 for all employees;
- Healthcare Premiums: Increase of 2% in Y1, followed by 2.5% increases for Y2-Y10;
- Pension Costs: Average annual increase of 3% in Y1-Y10 based on projected CalPERS rates (Y1-Y4 average 7% and Y5-Y10 average 2%)
- Retiree Medical: Includes full funding of the anticipated reformed retiree medical benefit, which reduces the City’s unfunded liability by \$16 million and decreases the annual recommended contribution by \$2.2 million. The annual cost ranges from \$3.5M to \$ 4.0M over the 10-year forecast; and
- Operating Expenses: Most operating expenditures are adjusted annually by 2.4% to reflect the 20-year average in the Consumer Price Index.

On-Going Budget Stabilization

The 10-year forecast makes progress on long-term fiscal stability and incorporates full funding of the annual recommended contributions for its retiree medical program. However, the City maintains a shortfall, currently filled with Measure Q revenues and requires ongoing budget stabilization measures beginning in FY 2018-19 in order to decrease reliance on Measure Q and maintain 30% reserves in the General Fund.

Since the Great Recession, which began in 2007, the City has taken a number of actions to balance the budget including:

- Reduced workforce by 25% (144 employees)
- Reduced General Fund expenditures by \$10 M (from 2007 to 2011)
- Reduced programs and eliminated services, including reduced maintenance of street medians, parks, playgrounds and athletic fields, pothole repair, graffiti removal and street maintenance
- Outsourced some services, such as street tree trimming and custodial services
- Increased employee contributions to health and retirement benefits
- Reformed retirement pension benefits for employees
- Used Reserves (\$24 Million from FY 2007-08 to FY 2010-11)
- Sought reform to retiree medical costs to significantly reduce the unfunded liability (by \$16 million) and lower annual costs (savings of \$2.2 million annually)
- Increased investment in Economic Development efforts with a \$500,000 infusion to surge economic development
- Maintained a constant focus on increasing operational efficiencies to contain expenditures.

Even with these significant actions, it is clearly not enough to meet City Council's commitment to cease relying on Measure Q by the time it expires in 2025. This will require some difficult decisions by the Council. The 10-year forecast is a model to ensure progress in achieving a fiscally sustainable budget. In order to realize this goal, staff is recommending that the City begin a process in late 2016 to develop a budget stabilization plan that explores numerous budget stabilization options. This would give Council options for steps to implement to achieve the stabilization goals as future budgets are prepared.

Financial Impact

General Fund

Proposed revenue increases in the current fiscal year (FY 2015-16) total 1.158 million and include \$801,000 ongoing and \$357,000 one-time revenue. The revenue adjustments increase the projected year end reserve to \$30 million or 32% of General Fund Expenditures.

In FY 2016-17 proposed revenue adjustments total \$2.059; of which \$316,000 is one-time. FY 2016-17 proposed expenditure adjustments total \$451,300. Expenditure adjustments are ongoing except for \$30,000 which is one-time. The result of proposed FY 2016-17 budget adjustments is a \$1.6 million net increase in revenue and increases the FY 2016-17 year end reserve to \$30 million or 33% of General Fund Expenditures.

Non-General Fund

The fiscal impact on non-General Fund budgets for FY 2016-17 is listed below.

- Storm Water Management Fund (270): \$69,000 Appropriation
- Fleet Maintenance Fund (633): \$80,000 Appropriation and \$80,000 Revenue Adjustment
- Golf Course Fund (700): \$25,000 Revenue Adjustment

Public Contact

The City Council Agenda was posted.

Attachments

1. Measure Q Citizens' Oversight Committee Memo
2. General Fund 10-Year Forecast

City of Concord

June 14, 2016

TO: Honorable Mayor and Councilmembers

FROM: Measure Q Oversight Committee - Diane Sprouse, Chair;
Greg Grassi, Vice Chair; Brian Beckon, Brandy Leidgen, Darrin Walters

SUBJECT: Measure Q Oversight Committee's Review of the FY 2014-15 Audit and Evaluation and Report on the City's Proposed Use of Measure Q Revenues in the Proposed Biennial Capital Budget for FY 2016-17 and FY 2017-18

The Measure Q Oversight Committee (Committee) met on April 18, 2016 to review the Fiscal Year (FY) 2014-15 Comprehensive Annual Financial Statement (CAFR), which includes the annual audit. At its June 1, 2016 meeting, the Committee heard a presentation from staff on the City's preliminary FY 2016-17 and FY 2017-18 Capital budget.

At this same meeting, the Committee received an update on the use of Measure Q revenues in the City's adopted Biennial Operating FY 2015-16 and FY 2016-17 General Fund Operating budget. There are no changes to the use of Measure Q Revenues in the Biennial General Fund Budget FY 2015-16 and FY 2016-17. Therefore, please refer to the attached Memorandum from the Measure Q Oversight Committee dated May 12, 2015. The memorandum outlines the Committee's recommendations on the use of Measure Q revenues in the City's Operating Budget.

The purpose of the Capital Budget presentations was to obtain an understanding of how Measure Q revenue is proposed for use in the Capital Budget in order to advise the Council. Measure Q was passed to: protect core services, maintain the City's reserves, and provide more time for the City to address its on-going structural budget deficit.

The Committee has made the following findings with regard to its charge in oversight of the tax:

1. Does the FY 2014-15 Annual Audit reflect that the Measure Q tax was collected and appropriately spent?

On April 18, 2016, the Committee reviewed the FY 2014-15 Comprehensive Annual Financial Statement (CAFR) and determined that the presentation of the Measure Q Use and Transaction Tax in the financial statements (pages x, 15, 26, 28 and 44) reflect the collection of the tax appropriately.

The Committee finds that usage of Measure Q tax revenue (\$11.5 million) was identified clearly in the annual audit (pages x, 15, 26, 28 and 44 of the CAFR). Further the Committee finds that \$10.8 million of Measure Q tax revenue went to maintain City services and the remaining \$0.7 million went into the City's reserve. Consequently, the Measure Q Committee concludes that the tax was collected and appropriately utilized.

2. Does the City's proposed biennial Capital budget for FY 2016-17 and FY 2017-18 protect the City's core services?

On June 1, 2016, the Committee reviewed the Proposed FY 2016-17 and FY 2017-18 Biennial Capital Budget and concluded that the presentation on the use of Measure Q revenue to fund capital projects protects City core services. Specifically, the revenues are being allocated to support existing infrastructure. Safe and usable infrastructure is a core City service.

Over the next two fiscal years \$5.3 million in Measure Q revenue is planned for various street improvement projects, parks facilities improvements, building maintenance, and citywide accessibility enhancements. An additional \$5 million has been set aside for repayment of the City's Lease Revenue Finance Agreement for roadway maintenance. The proposed capital projects do not create new, ongoing expenditures. The Biennial Capital Budget addresses the infrastructure backlog and allocates payments for debt service for infrastructure improvements.

Committee Recommendation

The Committee continues to be concerned that, although the City is experiencing some revenue growth as the economic recovery continues, the recovery is slow and the City will continue to rely on Measure Q revenue for the foreseeable future. In addition, it is likely another recession will occur within the next nine years that will hamper efforts to completely reduce reliance on Measure Q by the time the measure expires in March 2025.

Last year, the Committee recommended increasing the economic development budget. We continue to strongly support economic development as a tool to accelerate the improvement of the local economy and eliminate the City's reliance on Measure Q revenue. Growing the City's revenue base is vital to attain a budget that fully supports programs and services with regular (non-Measure Q) revenues within the next nine years.

We are encouraged by the report from the City's Housing and Economic Development Manager, John Montagh, on the progress that the City has made to date. But we acknowledge that these are first steps and actual success will take several years.

While the City's economic development efforts are showing positive results, it is still not clear that the City is on a path toward financial sustainability by 2025 when the Measure Q revenue stream expires.

The Committee believes that in order to reach financial sustainability it is necessary to have a vision of what a financially sustainable Concord looks like. This is essential, because if we don't have a clear vision of where we want to go, we most assuredly will not get there. The timeline for achieving this vision may be unclear, but the vision itself should be clear.

The Committee recommends that City Council create a visioning committee charged with developing a blueprint for Concord 2025 and beyond. The Committee believes Concord can take its place among the top tier of Bay Area cities. While the particulars should be developed with input from all constituencies, the Committee suggests a vision of Concord as a vibrant city that builds on and improves key advantages that Concord already enjoys.

- **Access:** Capitalize on Concord as a transportation hub mainly by virtue of having two BART stations, convenient access to freeways, plus a regional airport.
- **Diversity:** We are blessed with enormous economic, cultural, and ethnic diversity – much more so than any of our neighboring cities. This is a source of strength, vitality, and innovation.
- **Quality of Life:** We have a safe community with amenities that offer attractive parks and recreation programs, a thriving center of artistic and musical creativity, and is designed and scaled for people. Additionally it is a recognized city for families and retirees.
- **Range of Housing Options:** Offers a wide range of housing options, contributing to a community where you can live, work and play.
- **Business Environment:** Concord is recognized as a commercial center dominated by businesses that can grow and expand, while attracting new businesses, with its unique combination of services, public transit, favorable business climate, skilled workforce, and affordability. To further enhance the environment, the city needs to strive for upgraded high-speed connectivity to attract business of the future.

If the City of Concord can develop and make significant progress toward implementing a vision for our City along these lines, we believe that Concord will be well-positioned to

achieve sustainable revenues such that Measure Q's additional revenue will no longer be needed when it sunsets in 2025.

Exhibit A: Memorandum from Measure Q Oversight Committee to the City Council, May 12, 2015

City of Concord

May 12, 2015

TO: Honorable Mayor and Councilmembers

FROM: Measure Q Oversight Committee - Guy Bjerke, Chair;
Diane Sprouse, Vice Chair; Brian Beckon, Greg Grassi, Matthew Hohenstreet

SUBJECT: Measure Q Oversight Committee's Review of the FY 2013-14 Audit and Evaluation and Report on the City's Proposed Use of Measure Q Revenues in the Proposed Biennial General Fund Budget for FY 2015-16 and FY 2016-17

The Measure Q Oversight Committee (Committee) met on April 29, 2015 to review the Fiscal Year (FY) 2013-14 Comprehensive Annual Financial Statement (CAFR), which includes the annual audit. At this meeting, the Committee also heard a presentation from staff on the City's preliminary FY 2015-16 and FY 2016-17 General Fund budget and 10-year financial forecast.

The purpose of the budget presentation was to obtain an understanding of the preliminary budget in order to advise the Council as to whether Measure Q revenues are proposed to be spent in a manner consistent with what the voters were told during the election process: to protect core services, re-build the City's reserves, and provide more time for the City to address its on-going structural budget deficit.

The Committee has made the following findings with regard to its charge in oversight of the tax:

1. Does the FY 2013-14 Annual Audit reflect that the Measure Q tax was collected and appropriately spent?

On April 29, 2015, the Committee reviewed the FY 2013-14 Comprehensive Annual Financial Statement (CAFR) and determined that the presentation of the Measure Q Use and Transaction Tax in the financial statements (pages x, 13, 25, 27 and 43) reflect the collection of the tax appropriately.

The Committee finds that usage of Measure Q tax revenue (\$11.4 million) was identified clearly in the annual audit (pages x, 13, 25, 27 and 43 of the CAFR). Further the Committee finds that \$9.1 million of Measure Q tax revenue went to maintain City services and the remaining \$2.3 million went into the City's reserve. Consequently, the Measure Q Committee concludes that the tax was collected and appropriately utilized.

2. Does the City's proposed General Fund biennial budget for FY 2015-16 and FY 2016-17 protect the City's core services?

The proposed biennial budget estimates the collection of Measure Q revenue in the amount of \$12.6 million during the 2015-16 fiscal year and \$12.9 million during the 2016-17 fiscal year. Since the reserves in the City's General Fund are projected to be fully restored to 30% of expenditures by the end of fiscal year 2014-15, the preliminary biennial budget uses a portion of Measure Q revenues to support operations, and a portion for uses consistent with the City's Fiscal Sustainability Ordinance which restricts use of Measure Q revenues.

Of the projected Measure Q revenues for FY 2015-16, \$7.8 million will be used to maintain the City's services, including public safety, parks and recreation, infrastructure maintenance, and internal operations; the remaining \$4.8 million is allocated to economic development and various infrastructure maintenance backlog projects. For FY 2016-17, \$7.5 million will be used to maintain the City's services and the remaining \$5.4 million is also allocated to economic development and infrastructure maintenance backlog projects. Because Measure Q revenues are available no significant cuts to services are being proposed in the FYs 2015-16 and 2016-17 biennial budget; therefore, all core services are being protected.

Consequently, the Committee finds that the use of Measure Q revenue in the budget for FYs 2015-16 and 2016-17 protects the City's core services.

3. Does the City's proposed General Fund biennial budget for FY 2015-16 and FY 2016-17 rebuild the City's reserves?

The Committee finds that the proposed General Fund biennial budget for FYs 2015-16 and 2016-17 maintains the City's reserves at 30% of expenditures. The total Measure Q reserve at the end of FY 2014-15 is projected to be \$12.4 million; this reserve when, combined with the City's 15% General Fund reserve, results in a total City Reserve of unallocated funds of \$22.8 million or 30% of the budget. The proposed biennial budget retains the 30% reserve and increases it to 34% by FY 2016-17.

Further, the proposed 10-year financial forecast illustrates that Measure Q has been successful in rebuilding reserves. However, this Committee would like to express its concern that while the 10-year forecast reduces the City's reliance on Measure Q, challenges remain and the City must take future actions to stabilize the budget to fully close the budget gap by the time Measure Q is set to expire in March 2025.

4. Does the City's proposed General Fund biennial budget for FY 2015-16 and FY 2016-17 make progress toward resolving the City's structural budget deficit within the next 10-years?

The Committee finds that while the City's reliance on Measure Q revenues decreases over the next ten years based on current forecasts, challenges remain. The General Fund budget shortfall is projected to be approximately \$3.7 million in March 2025 when Measure Q expires and the 10-year forecast does not fully address the City's other post-employment benefit (OPEB) liability.

The Committee supports the City Council's commitment to gradually reduce the amount of Measure Q revenue that funds existing services and personnel costs, so that the City is fiscally sustainable by the time Measure Q expires in March 2025. Further, the Committee wishes to emphasize that the limited term Measure Q resource is most appropriately used for activities that maintain current infrastructure and/or result in a positive return on investment to the City's General Fund.

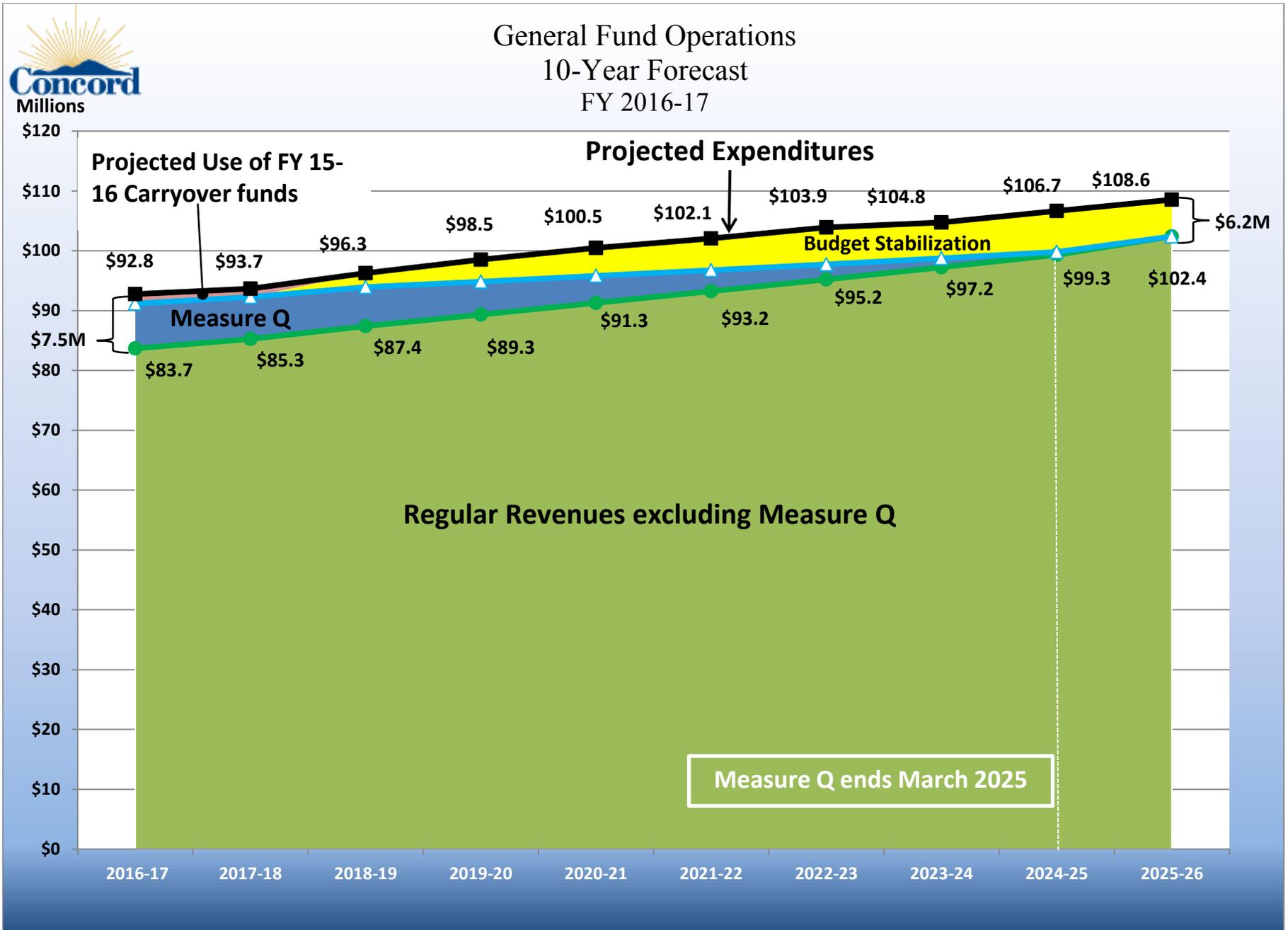
The Committee is concerned that, although the City is experiencing some revenue growth as the economic recovery continues, the recovery has been slow and the City will continue to rely on Measure Q revenue. In addition, it is likely another recession will occur within the next decade that will hamper efforts to reduce reliance on Measure Q revenue.

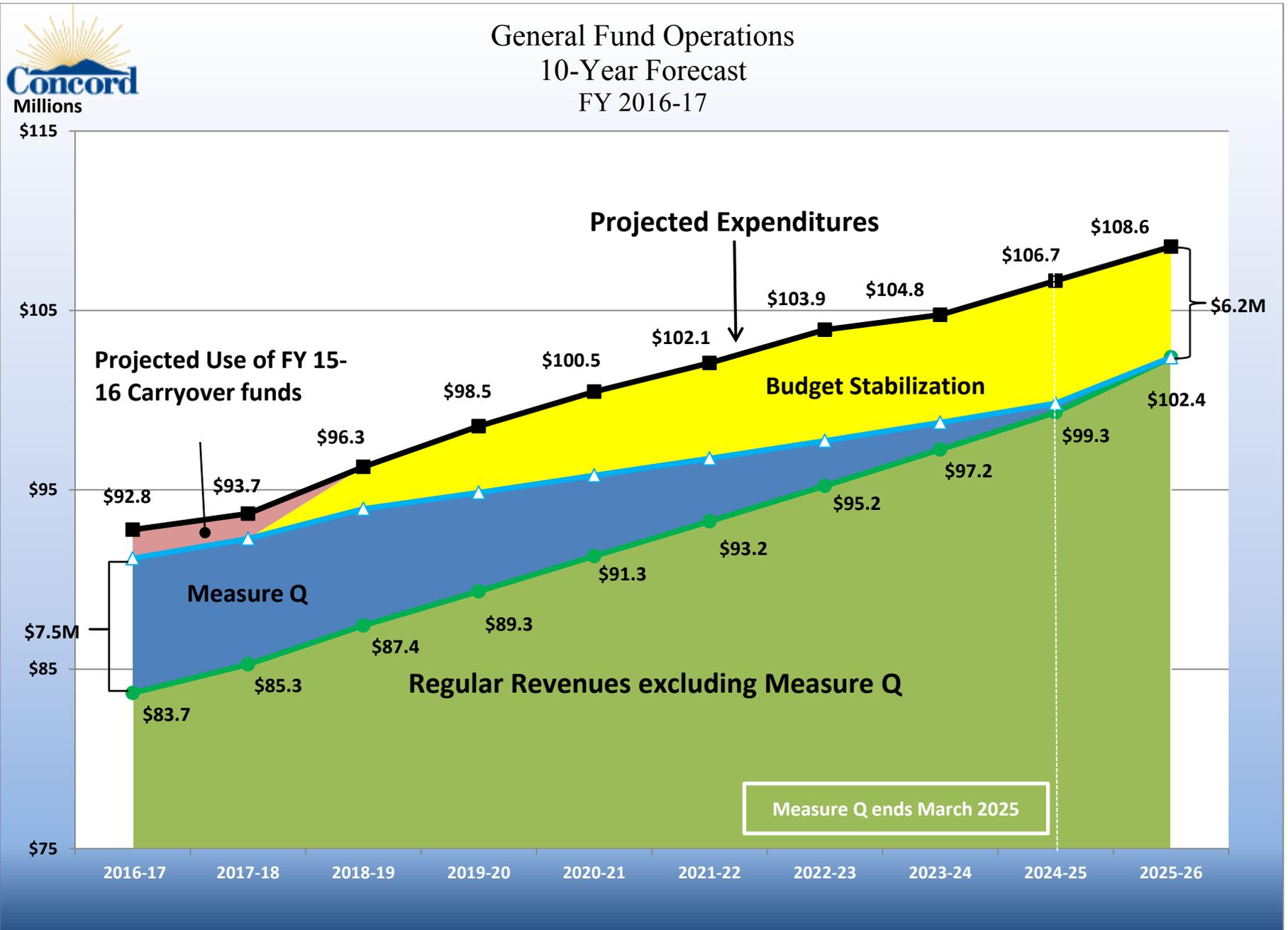
The Committee supports the economic development surge proposals included in the proposed FY 2015-16 and FY 2016-17 budget, and encourages the City Council and staff to continue to look for creative ways to leverage private sector resources to accelerate the improvement of the local economy so that the City is able to fully address service needs using regular (non-Measure Q) revenue sources, maintain its reserves, and eliminate reliance on Measure Q within the 10-year horizon.

Lastly, the proposed biennial budget allocates significant Measure Q dollars to fund infrastructure maintenance and capital projects to address the City's backlog of deferred maintenance. A total of \$1.5 million in FY 2015-16 and \$2.4 million in FY 2016-17 is allocated to this effort. The Committee supports this allocation, as it will have a direct improvement on infrastructure (roads, buildings, and parks) that the community uses each day. In addition, the Committee believes that improving infrastructure will add to the safety and quality of city services, enhance economic development efforts, and will advance the goal of achieving fiscal sustainability by addressing maintenance issues sooner rather than later (when costs are typically higher).

Conclusion

The Committee continues to encourage the staff and the City Council to think creatively to further enhance efficiencies, restrain spending and invest in the long-term economic vitality of the City. Further, the Committee recognizes that opportunities to invest in the local economy will occur outside of the budgeting cycle and encourages staff and the City Council to take advantage of such opportunities as they occur. The Committee thanks the City Council for the opportunity to comment and make recommendations on the use of Measure Q revenue.





City of Concord
General Fund Ten Year Forecast
For the Year Ending June 30, 2017
(000's)

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Basic General Fund Activity										
Beginning Fund Balance 7/01	\$ 36,925	\$ 36,925	\$ 36,925	\$ 34,926	\$ 32,934	\$ 30,940	\$ 30,946	\$ 30,952	\$ 30,949	\$ 30,954
General Fund Revenues	\$ 83,674	\$ 85,279	\$ 87,436	\$ 89,339	\$ 91,303	\$ 93,241	\$ 95,222	\$ 97,247	\$ 99,318	\$ 102,392
Measure Q Revenues Used	7,500	7,000	6,500	5,500	4,500	3,500	2,500	1,500	500	-
Projected Use of FY 15-16 Carryover Funds	1,609	1,393	-	-	-	-	-	-	-	-
TOTAL Resources Used	\$ 92,783	\$ 93,672	\$ 93,936	\$ 94,839	\$ 95,803	\$ 96,741	\$ 97,722	\$ 98,747	\$ 99,818	\$ 102,392
Appropriations										
Operating Expenditures (Baseline)	\$ 92,583	\$ 93,467	\$ 96,075	\$ 98,326	\$ 100,256	\$ 101,849	\$ 103,694	\$ 104,512	\$ 106,409	\$ 108,312
Capital Improvement Projects (CIP)	200	205	210	215	221	226	232	238	244	250
Total Appropriations	\$ 92,783	\$ 93,672	\$ 96,285	\$ 98,541	\$ 100,477	\$ 102,075	\$ 103,926	\$ 104,750	\$ 106,653	\$ 108,562
Revenue Over(Under) Appropriations	\$ -	\$ -	\$ (2,349)	\$ (3,702)	\$ (4,674)	\$ (5,334)	\$ (6,204)	\$ (6,003)	\$ (6,835)	\$ (6,170)
Use of Fund Balance										
Fund Balance (One-time LRA loan repayment)	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Budget Stabilization										
New Budget Stabilization Needed	\$ -	\$ -	\$ 2,350	\$ 1,360	\$ 970	\$ 660	\$ 870	\$ (210)	\$ 840	\$ (670)
Ongoing Budget Stabilization	-	-	-	2,350	3,710	4,680	5,340	6,210	6,000	6,840
Total Budget Stabilization	\$ -	\$ -	\$ 2,350	\$ 3,710	\$ 4,680	\$ 5,340	\$ 6,210	\$ 6,000	\$ 6,840	\$ 6,170
Ending Fund Balance before LRA loan 6/30	\$ 36,925	\$ 36,925	\$ 34,926	\$ 32,934	\$ 30,940	\$ 30,946	\$ 30,952	\$ 30,949	\$ 30,954	\$ 30,954

General Fund Activity w/ Loan to Local Reuse Authority

Loan Balance	\$ 5,551	\$ 7,351	\$ 9,151	\$ 6,101	\$ 3,051	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Loan Repayment	\$ 1,800	\$ 1,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Loan Balance	7,351	9,151	6,101	3,051	(0)	(0)	(0)	(0)	(0)	(0)
Ending Fund Balance after LRA loan 6/30	\$ 29,574	\$ 27,774	\$ 28,825	\$ 29,883	\$ 30,940	\$ 30,946	\$ 30,952	\$ 30,949	\$ 30,954	\$ 30,954

General Fund Reserves w/LRA Loan as a % of Operating Expenditures

	32%	30%	30%	30%	31%	30%	30%	30%	29%	29%
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Measure Q Fund Activity

Measure Q Revenues	12,690	12,980	13,354	13,737	14,043	14,394	14,754	15,123	15,501	-
Appropriations										
Support for General Fund Operations	7,500	7,000	6,500	5,500	4,500	3,500	2,500	1,500	500	-
Econ. Dev. Marketing Surge	150	150	150	150	-	-	-	-	-	-
Econ. Dev. Real Estate / Site Selection Consultant	100	100	100	100	-	-	-	-	-	-
Immediate Park System Safety and Code Needs	-	-	-	-	-	-	-	-	-	-
Supplemental Building Maintenance Funding	228	228	228	228	228	228	228	228	228	-
\$22M Roadway Maintenance Debt Service	2,498	2,497	2,500	2,498	2,499	2,499	2,499	2,498	2,496	-
Supplemental Funding for Capital Projects, Infrastructure and Park Maintenance	2,214	3,005	3,876	5,261	6,816	8,167	9,527	10,897	12,277	-
Total Appropriations	12,690	12,980	13,354	13,737	14,043	14,394	14,754	15,123	15,501	-
Revenue Over(Under) Appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -