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City Manager

Lydia E. Du Borg

- Joan CarricoDirector of Community and Recreation
- Mark G. Deven Assistant City Manager
- Peter Dragovich Director of City Management
- James ForsbergDirector of Planning & Economic Development
- Qamar Khan..... Director of Public Works
- Craig Labadie..... City Attorney
- Margaret Lefebvre.....Director of Finance
- David Livingston.....Chief of Police
- Alex Pascual Director of Building, Engineering & Neighborhood Services
- Ron PuccinelliDirector of Information Technology
- Cherie Rosenquist..... Director of Human Resources
- Michael WrightConcord Community Reuse Project Director

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Mission Statement for the Organization

Adopted January 31, 1996

Our mission is to join with our community to make Concord a city of the highest quality. We do this by providing responsive, cost-effective, and innovative local government services.

Our Vision for the Future

- We will be a customer based, performance driven, results oriented organization, focused on finding the answer, solving the problem, and achieving positive outcomes.
- We will partner with the Concord community to maximize resources, deliver high quality services, and be recognized as setting the standard for excellence.
- We will be trustworthy guardians of the public's resources.
- We will make Concord a premier business location.
- We will collaborate to provide "seamless" services that benefit both our external and internal customers, streamlining our work processes and removing barriers wherever they arise.
- We will accept the challenge of change and be committed to continually enhancing the safety, environment, quality of life, and economic vitality of our community.
- We will constantly look for new and better ways to deliver services. We will seek to be innovative, take reasonable risks, learn from our mistakes and always strive for excellence.
- We will welcome diversity in our community and our work place.
- We will conduct our work in an atmosphere of trust, respect and courtesy with open doors and open communication for our customers and each other.
- We will provide ethical, dynamic and effective leadership, establish clear direction and priorities, and model the mission and values in support of our common Vision.
- We will be accountable for our performance and our organization's success, and be recognized for our achievements.



Organizational Values

Integrity and Trust - We say what we mean and mean what we say. We honor our word and keep our commitments. We are worthy of the public's and each other's trust.

Commitment to Service - We put our customers first. We respond to our internal customers and treat them with the same courtesy and respect as our external customers. We facilitate, enable, and problem-solve.

Partnerships - We place a high value on building partnerships with members of our community to assure we understand their needs and continue to deliver the services they desire in the most effective manner possible.

Innovation and Continuous Improvement - We strive for excellence in the quality and productivity of our work. We create a work environment in which we look for new solutions and experiment with innovative ways to do things - even if they don't always work the first time. We recognize the need to be dynamic in meeting the community's changing needs. Each and every employee is given the opportunity to develop and grow.

Performance Accountability - We set measurable performance goals which support the priorities of the City and our individual work groups. We are given the necessary authority, training and resources to enable us to achieve these goals. Performance reviews are conducted in a timely and effective manner. Employee advancement and other incentives are based on performance. We are proud of the professionalism, competency and dedication that exist throughout the organization.

Long Range Planning - We conduct long range strategic and financial planning to maximize service delivery and build the economic stability of the City. We practice sound fiscal management to protect the public's resources.

Team Work - We respect each other as individuals, and we take the time and effort to show it. Although certain positions have more decision-making authority, we treat all members of the organization with the same consideration for their ideas and concerns. We really listen to, and give each other honest feedback. We recognize partnerships among work groups and employees as essential to effectively maximizing resources and delivering high quality services.

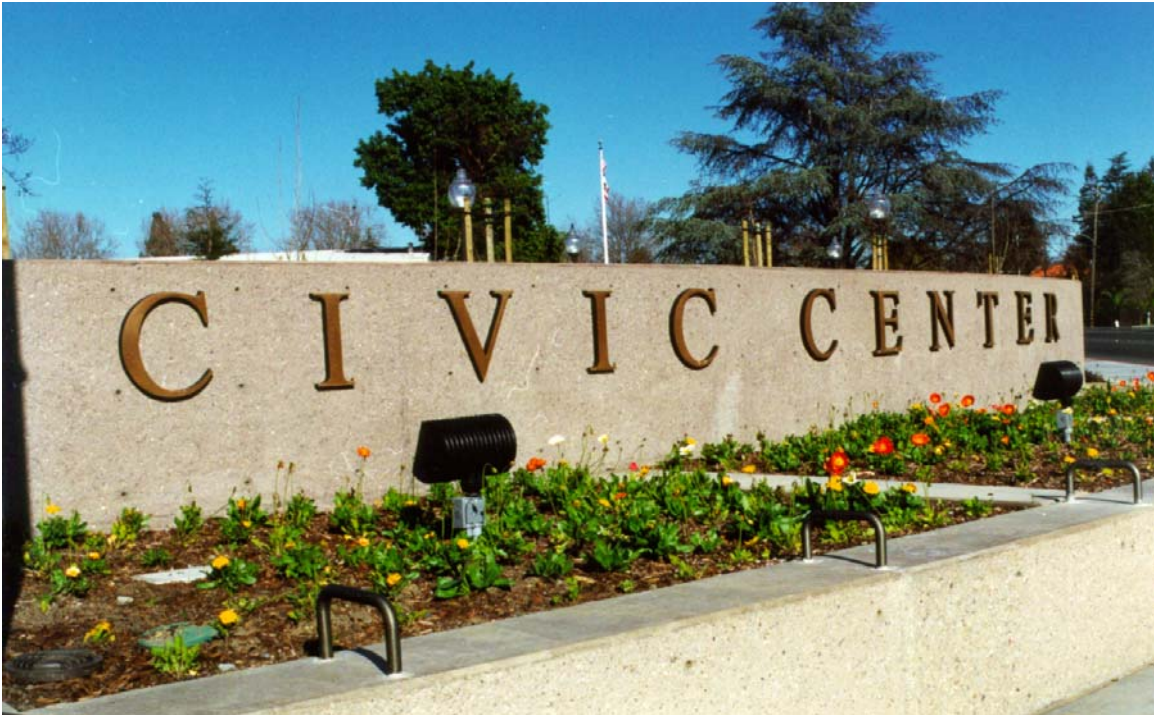
Individual Worth and Diversity - We recognize and appreciate the uniqueness of each individual. We value the contribution made and the synergy created by different experiences and perspectives. We are committed to treating each and every person within the organization and the larger community with respect and dignity.



Corporate Goals

Adopted June 23, 1998

- Goal 1 Continue to make Concord a desirable place to live, work, and raise a family.
- Goal 2 Be responsive to the needs of Concord citizens, maintain a high level of customer satisfaction, and provide quality public information and outreach.
- Goal 3 Promote and improve Concord as a premier location for existing, expanding, and new businesses.
- Goal 4 Ensure a balanced budget for a ten-year planning period with adequate replacement funds for buildings and equipment.
- Goal 5 Preserve and enhance the livability of Concord's residential neighborhoods with opportunities for a broad range of housing options.
- Goal 6 Offer an array of recreation, leisure, and cultural events and programs to meet the needs of citizens of all ages, with an emphasis on the well-being of youth.
- Goal 7 Maintain a safe and efficient traffic circulation system.
- Goal 8 Have Concord be among the safest cities of comparable size in California and have citizens feel safe in their homes, places of work, and throughout the City.
- Goal 9 Maintain City parks, recreation facilities, streets, buildings, and other infrastructure to meet high standards of condition and appearance.
- Goal 10 Guide Concord's development according to the General Plan and manage physical resources based on sound environmental principles.



The Civic Center is a complex of three buildings where the majority of city services are provided. In the center is the Council Chamber.



MEMORANDUM

April 16, 2007

TO: Mayor Peterson and Members of the City Council

FROM: Lydia E. Du Borg, City Manager

**SUBJECT: Budget Message for Fiscal Year 2007-2008 and Ten-Year Financial Plan
For Fiscal Year 2007-2008 through Fiscal Year 2016-2017**

Introduction

This message presents the proposed budget for Fiscal Year (FY) 2007-08 and the Ten-Year Financial Plan for FY 2007-08 through FY 2016-17 for each of the City of Concord's major funds. The City continues to be financially stable and to meet all current fiscal obligations. Given constrained resources and known future obligations, improvements in services provided to the community are aimed at efficiencies and effectiveness rather than growth of services. The resources we have and estimate to be available in the Ten-Year Plan are committed to supporting existing service levels.

Challenges to the City's budget picture arise from a number of quarters even within the backdrop of an overall stable Bay Area economy, still in a slow recovery from early 2000, though the real estate market has somewhat flattened. These fiscal challenges place even greater importance on the City's reliance on Performance Based Budgeting and Ten-Year Financial Planning, so decisions can be made along the way to proactively prepare for and to address issues before they become of crisis dimensions or create service disruption.

Higher than originally projected revenues have helped the City to eliminate future projected gaps in the operating budget. The previously projected \$500,000 gap in this year's operating budget and all future years has been eliminated primarily due to gains in property tax revenues. This was driven by a high level of real estate activity over the last two years, which has now slowed. Higher revenues in combination with the City's ongoing review of the way business is done in order to improve levels of service with existing staffing and with more closely monitored cost recovery have contributed to fiscal stability. Higher than projected revenues also enabled setting aside funding to "seed" the Other Post Employment Benefit (OPEB), our retiree health coverage obligation.

Implementation of innovations in the way business is done continues. The October 2006 realignment of Police Department Information Technology in an integrated operation with the Information Technology Department was necessary to more efficiently respond to the expanding

use and heavy reliance on technology of communications and computer related public safety work. My review of all vacancies throughout the City to determine whether they should be filled or whether there is some other cost effective alternative that could be implemented continues. The Downtown Landscape District assessment balloting represents our approach to increase revenues to keep current with costs the City incurs in service provision. We are actively seeking to attract new businesses, and to retain and expand existing businesses to add to the local economic base. With existing and future anticipated resources fully committed, new programs or project proposals are analyzed in depth to ensure the on-going operation can be sustained within existing or reassigned resources. We are not in a position to add new operating obligations without new resources or offsetting cost savings. There is more to be done to increase revenues and/or decrease expenditures to prevent future budgetary gaps, but the Ten-Year Projection for the General Fund (Attachment No. 1) provides a balanced plan.

Our major budget challenges:

1. The State's fiscal condition.
2. Threat of unfriendly legislative and/or regulatory actions sponsored by the State or Federal governments.
3. Health plan benefit costs continuing to rise at rates that outpace inflation.
4. Funding liability for Other Post Employment Benefits (OPEB), i.e. retiree health coverage.
5. Increases in shared City costs for County provided services to Concord residents.
6. Future financial considerations associated with the Pavilion annual debt service.
7. With our current employee base, maintaining existing quality service levels for a growing and changing community.

Concord Community Reuse Plan

As FY 2007-08 gets underway, so will the Local Reuse Authority's (LRA) significant work of preparing a plan for the civilian reuse of the closed Concord Naval Weapons Station. The second phase of the Concord Community Reuse Project is now underway. The Community Advisory Committee has been established by the LRA and Technical Advisory Groups have been meeting. In conjunction with City Boards and Commissions, these entities will identify site alternatives and prepare a financial and fiscal analysis for those alternatives with recommendations to the LRA. An environmental assessment of the alternatives will be prepared in accordance with State and Federal law. It is anticipated the City will adopt a Community Reuse Plan by early calendar year 2009. This Reuse Plan will be refined and an implementation strategy will be prepared in the third phase of the process before the property is transferred by the Navy.

Funding for this significant effort is addressed in the proposed budget as a project continued from 2006-07 (Project No. 2011) for your approval in the Capital Improvement Program. Resources for this effort are proposed as a project, and not part of the City's operating budget, since the reuse project has a beginning and an end. Eventual civilian uses on the property would

be served through City operating departments as is done with the rest of the City. One of the adopted guiding principles of the Concord Community Reuse Project is that the civilian use of the former military property will sustain itself financially with the cost to provide City and other public services in the newly developed area being paid for by the revenue the area generates.

The ongoing project continues to provide for the Reuse Project Office focused on preparing the Reuse Plan and supporting the project through to conveyance of the property for civilian uses. The major reuse plan work will be performed under consulting contracts. The costs of this project are anticipated to be reimbursed primarily by the Department of Defense Office of Economic Adjustment (OEA), through grants it provides. Redevelopment Agency funds are allocated to the project as supplemental funding for the required OEA match, and for work effort not funded by OEA. Coordinating and supporting work performed by existing employees in other departments is being coded and tracked to this project. We will seek reimbursement of any City expenditures advanced for this effort which are not covered in grant funding in future agreements related to the disposition and/or development of the property.

With uses not yet specified or timelines not yet definitive for the beginning of civilian reuse, the costs of future service delivery to this new area are not estimated or included in the proposed operating costs of the City's FY 2007-08 through FY 2016-17 Ten-Year Financial Plan. Conceivably, some services may be needed within the Ten-Year Plan horizon, but projected land uses will determine the needed services, and that work is soon to begin. A primary reason the City has declined to accept use or occupancy of the area on an interim basis is to avoid unfunded service costs. Maintenance and support of the property during the reuse planning effort remain the Department of the Navy's responsibility. Study and preparation of eventual service plans and identification of new funding sources for City and other public services to be delivered to the area will be a product of the Reuse Plan.

Discussion

The report is organized in the following major sections:

- A. Budget Challenges
 - 1. The State's Fiscal Condition
 - 2. Threat of "Unfriendly" Legislative or Regulatory Actions
 - 3. Health Plan Premium Increases
 - 4. Other Post Employment Benefits
 - 5. Increasing Costs of County Services
 - 6. Pavilion Annual Debt Service
 - 7. Serving a Growing and Changing Community with Quality Services
- B. Strategies Addressing Budget Challenges
- C. Economic Overview
- D. General Fund
 - 1. Revenue Assumptions
 - 2. Expenditure Assumptions

- E. Other Major Funds Budget Discussion
 - 1. Post Retirement Healthcare Benefits Fund (OPEB)
 - 2. Street Maintenance
 - 3. Storm Water
 - 4. Downtown Landscape Maintenance District
 - 5. Pine Hollow Landscape Maintenance District
 - 6. Landscape and Lighting Maintenance District
 - 7. Citywide Street Lighting Assessment District
 - 8. Sewer Enterprise
 - 9. Golf Course Enterprise
 - 10. Pavilion
 - 11. Redevelopment Agency
- F. Reserve Funds
- G. Budget and Fiscal Policies

A. Budget Challenges

1. The State's Fiscal Condition

The State's fiscal condition has improved in one major aspect. The State's FY 2007-08 proposed operating budget has eliminated the structural deficits (expenditures greater than revenues) of past budgets. However, the reasonableness of the proposed budget is dependent on achieving projected revenues. The Legislative Analyst's Office (LAO) considers the State's projected revenues to be overly aggressive due to slower growth in the State's current revenues reflecting a more moderate economic expansion and a dip in income from capital gains. LAO predicts that State revenues will fall below the budget forecast for the current and budget years due to weaker personal income tax projections. Revenue volatility could return the State to a structural deficit, and with it, create uncertainties for local governments.

2. Threat of "Unfriendly" Legislative or Regulatory Actions

Over the last several years the State and Federal governments through legislative and regulatory actions have adversely impacted the fiscal integrity and authority of local governments. Unfortunately, these threats will continue into the foreseeable future. The California Legislature's approval of AB 2987 in 2006 has changed local government's franchise authority related to cable and telecommunications services. As a result, the City has fewer tools with which to regulate services such as AT&T's Project Lightspeed and no authority to collect income from commercial ventures gaining access to use of the City's Rights of Way. California Redevelopment Law was severely threatened by Proposition 90 which would have restricted the authority of the Redevelopment Agency and the City's ability to impose environmental mitigation conditions on projects. This threat was temporarily stopped by the electorate when the initiative was defeated last November but proponents of the measure remain active. A final example of legislation adverse to the City's interest is proposed implementation of new storm water requirements that are pending before the San Francisco Regional Water Quality Control

Board. These requirements will generate additional financial and operational burdens that will impact services such as street cleaning and impose onerous conditions on public and private development. The fiscal implications of this issue will be explained in more detail under the summary of the storm water program's Ten-Year Plan. It is critical that the City remain vigilant in the area of legislative advocacy.

3. Health Plan Premium Increases

Along with all other employers providing health plan benefits, we continue to experience double digit increases in health plan premium costs. Since Concord joined the California Public Employees' Retirement System (CalPERS) Health Program in 1998, the City's premiums for health care have tripled. The projected health premium increase for FY 2007-08 is 11.3%. The regionalized pricing of health plan premiums adopted by CalPERS has not resulted in any reduction to premiums in the northern California region. While current Memoranda of Understanding (MOUs) provide for coverage through CalPERS Health, staff continues to research other alternatives in advance of future labor negotiations.

In an effort to control budget impacts of rapidly rising costs of health care benefits, current MOUs, negotiated in 2002 with Local One and the Concord Association of Professional Employees (CAPE), included provisions for some cost-sharing formulas for health care premiums. The cost-sharing formulas have been in effect since 2004, and continue through the remaining contract terms to July 2009. Police Management and Police Officer Association MOUs do not at this time include cost-sharing formula provisions.

4. Other Post Employment Benefits (OPEB)

The impact of the rising cost of health benefits affects both the State's fiscal standing as well as that of many other communities along with Concord, which provide paid health coverage as a retiree and current employee benefit. The provision of this benefit to future retirees establishes the further requirement under the new Governmental Accounting Standards Board (GASB) Statement No. 45 to report these future costs and the progress made toward funding these costs in financial statements beginning in FY 2007-08.

In March of this year a study session was held providing the City Council with information on the City's costs of retiree health benefits. The Council was presented with the estimated costs of providing this benefit and with a number of options to help manage the long term effect on finances. The results of the actuarial study presented showed Concord's unfunded liability to range between approximately \$38 million and \$78 million depending on several factors. Key factors included: 1) whether the City or an Irrevocable Trust held the funds, 2) length of the unfunded liability amortization period (20-30 years), 3) the interest rate earned on funds (4.25%-7%), and 4) the effects of previously set aside funds on unfunded liability.

The Council was introduced to three possible options to deal with the OPEB:

1. The City may choose to continue its present “pay-as-you-go” (PAYGO) method of funding the retiree health benefit. This PAYGO cost for FY 2007-08 is projected at \$2.1 million, but grows rapidly as the City’s number of retired employees grows.
2. The City may keep the benefit as it is but set funds aside as the benefit is earned in an irrevocable trust. This option would dedicate these funds to this benefit and the investment opportunities would not be subject to the limitations of the City’s Investment Policy and the State Government Code.
3. The City may modify the benefit to make it less prohibitively expensive.

During the study session Staff recommended that the City proceed with an OPEB plan that implements Options No. 2 and No. 3. The irrevocable trust holds the funds separate from other City resources and guarantees that funds may only be used for the identified purpose, thus enabling higher interest earnings that help grow the fund. Modification of the benefit must come through both labor and management working together in a collaborative process to address the issue.

Staff further recommended that the City Council establish the following provisions in the plan to guide the City’s approach for dealing with OPEB including:

- Acknowledge that the current PAYGO method is not a viable option.
- Use one time money as it becomes available to build up the funds to pay for the benefits (as of July 1, 2007, the OPEB fund will have about \$15 million already set aside).
- Acknowledge that the current retiree benefit plan must be changed.
- Acknowledge that the cost of the OPEB obligation must be factored into every decision committing City monetary resources.
- Commit to look for new and creative ways in a collaborative process to provide a health benefit to retirees in the future without absorbing an inordinate amount of the City’s resources and thereby reducing the City’s ability to serve the public.
- Seek bargaining unit commitment to a collaborative process to provide the best possible benefit while keeping in mind the fact that the current plan is and will become more and more cost prohibitive.
- Recognize the fact that this issue is one that requires all of our collective creativity to resolve and a commitment to an “interest based” approach, including any training or facilitation which might be necessary.

At the study session the Council was asked to discuss the options presented to address the City’s unfunded OPEB liability and provide direction to staff on the three basic options and establishing provisions a. through g. above to guide the preparation of the OPEB plan. After receipt of direction the plan would be brought back to the City Council for consideration and for subsequent incorporation into the City’s FY 2007-08 Budget and Ten-Year Plan.

The OPEB plan (Attachment No. 2) included in this proposed budget and Ten-Year Plan projects adoption by the City Council of the staff recommendations. It assumes that an irrevocable trust will be established and that set-aside funds will be used as “seed money” to minimize future unfunded liability. The OPEB Plan assumes that the unfunded liability will be amortized over a twenty-five year period and that the trust will achieve a 7% return on its investment.

5. Increasing Shared Costs of County Services

In March 2007, the City received notice of an increase of \$63,000 or 14% over last year in the cost of the City’s contract with the County Animal Services Department for animal control services. This increase adds \$690,000 to City costs over the Ten-Year Plan. This amount brings the annual cost to the City for animal control services to \$522,631 for FY 2007-08. The Animal Control Services Director has provided an explanation that the increases are necessary to reflect the operating costs of the new shelter and programs to meet the needs of residents. The County is the only provider of such services.

6. Pavilion Annual Debt Service

In 2006, Bill Graham Presents (BGP) became a division of Live Nation, Inc. (LNI), eliminating its past association with Clear Channel Entertainment. On April 11, 2006, the City Council approved an amendment to the Pavilion Management Agreement that renewed LNI’s operation for two more years following expiration of the first term on December 31, 2006. The amendment also revised the financial terms of the Management Agreement by reducing LNI’s obligation to cover 100% of the Pavilion’s Annual Debt Service payment. These changes occurred in response to LNI’s initial proposal submitted last September to exercise the first extension term. Following the disappointing 2004 season that resulted in a \$979,000 loss and the continued volatility of the live entertainment industry for the near future, LNI originally proposed to guarantee only \$1 million of the Pavilion’s approximate \$1,750,000 annual debt service on bonds that funded expansion of the facility. In November 2005, the City Council approved an agreement with Tonic Entertainment that assisted staff in negotiating significantly better terms. This strategy worked as LNI provided a new offer in March to guarantee payment of \$1,400,000 of the annual debt and proposed modification of the first extension term from five years to two years. The Council approved the amendment based on the \$400,000 increase for the guarantee on the bond payment, and LNI’s continued commitment to provide community events at the Pavilion.

Under the amended agreement, the City General Fund Ten-Year Plan includes approximately \$378,000 in FY 2007-08 and FY 2008-09 for this purpose. The strategy to offset this estimated cost is by utilizing reallocated funds available through one-time adjustments. Beginning in FY 2009-10, the Ten-Year Plan assumes a continued annual obligation of \$200,000. If the financial outlook for the entertainment industry does not improve, the \$200,000 annual obligation could be significantly greater. The impact and duration of the Pavilion annual debt service obligation

further constrains the City's ability to expand other programs and services in order to maintain the operation of an existing City facility.

The implementation of the two year agreement for the renewal supported LNI's commitment to increase the minimum annual payment by \$400,000. However, the shorter term will require the City to be prepared for a challenging negotiation with LNI for extending the term of the agreement when it expires on December 31, 2008 or soliciting new proposals should negotiations fail. In order to facilitate this process, the City Council approved a second agreement with Tonic Entertainment on January 9, 2007. This agreement engages Tonic to support the City's negotiation with LNI prior to the end of the current renewal term, provide detailed review of the Pavilion operation in 2007 and 2008 and act as the City's representative in the entertainment industry. Staff believes the most critical task that Tonic will perform as part of this engagement is a report that analyzes the condition of the national and regional entertainment industry and provides advice regarding the future use of the Pavilion and other community entertainment assets. Understanding the national and regional entertainment market will enable the City Council and staff to develop a realistic view of the Pavilion's future chances for economic and artistic success as a performing arts facility. Given this realistic view, the City Council and staff will be able to better evaluate all potential options associated with the Pavilion.

7. Serving a Growing and Changing Community

The broader challenge remains for the City to consider taking actions to increase the resources needed to serve Concord's growing and changing community. The proposals made for changes in the FY 2007-08 Budget and Ten-Year Plan are all within existing available resources. There is no provision for expansion of services or new programs without additional resources. All projected resources are devoted to maintaining and continuing existing services with the existing-sized workforce. With the OPEB obligation coming into effect in FY 2007-08, any discretionary General Fund resources received become more constrained. A creative approach to gaining additional resources through grants has proven successful in our Capital Improvement Program, but would not apply to on-going operating services. New authority for additional resources through assessments is being sought this year with a Proposition 218 ballot of property owners in the Concord's Downtown Landscape Maintenance District. The Contra Costa Clean Water program is considering a parcel fee increase in 2008 for the Storm Water Program operated by the City. In 2014 a Proposition 218 ballot of property owners in the Pine Hollow Landscape Maintenance District will need to be considered. If successful, these additional resources would be restricted to the purposes of these specific programs and funds. If the City wants to grow its services more broadly to meet community needs, new unrestricted resources will be required.

B. Strategies Addressing Budget Challenges

The Strategic Plan for Continuing Financial Health of the Organization and Provision of Quality Services to the Community, along with the Council's Budget and Fiscal Policy document, serve

as guiding principles for development of strategies to meet the resource challenges and for implementation of efficiencies. The principles are:

- City Manager will present a budget (capital and operating) that is balanced over the Ten-Year planning period for all funds.
- Utilize the Ten-Year Financial Plan as the basis for making long-range financial planning decisions.
- Include resources required to maintain and operate all capital improvements commencing the year the project is completed and continuing through the balance of the Ten-Year Financial Plan.
- Maintain essential services and existing facilities.
- Continue to utilize the Performance Based Budget and outcome management in order to maximize efficiency and effectiveness.
- Minimize impacts on services to the public.
- Minimize impacts to employees.
- Foster thriving and diverse residential and business communities.

C. Economic Overview

While the national economy faces many of the same concerns as it has over the past few years, such as expanding Federal budget and trade deficits, the war in Iraq, terrorist threats, extremely high oil prices, Federal disaster aid, and increasing short-term interest rates, it continues to grow, though at a slower rate. The Federal government efforts to bring its own budget under control may affect local programs such as the Community Development Block Grant (CDBG) funding which could be further curtailed.

The State is still dealing with its deficit problems and has had the advantage of “growing” out of a portion of it, by realizing higher revenues. The State, without directly confronting the OPEB issue, believes it has eliminated the structural deficits of prior budgets in its proposed budget for FY 2007-08, though the Legislative Analyst Office is not quite so optimistic. Operating revenue estimates are finally close to covering operating expenditures for programs.

Proposition 1A has helped to “normalize” the States financial relations with the local governments, though there is always the potential of further raids on local resources. Redevelopment funds remain especially vulnerable.

The Bay Area is pulling out of its “dot.com” recession, albeit slowly, though cost of living in the Bay Area and the creation of permanent jobs back to the point of those in place in early 2000, are still major concerns and the real estate market has slowed and flattened considerably. For the City of Concord, the revenue projections were developed using a cautious optimism reflecting very conservative growth estimates for FY 2007-08.

D. General Fund

1. Revenue Assumptions

Sales Tax

Sales tax (\$30.5 million estimated for FY 2007-08) makes up 40% of General Fund revenue. This is, by far, the largest single source of revenue in the General Fund. The budget for FY 2006-07 anticipated \$29.9 in sales tax revenues. Current year estimates decrease this number slightly. In order to reflect recently experienced lower levels of sales tax collections the projected amount is based on an increase of only 2.2% over the revenue estimated for the FY 2006-07 budget. The remaining years in the Ten-Year Plan reflect sales tax growth at 3.5%, a conservative estimation of what will be generated over the time period given the overall history of this revenue source.

Property Tax

The assessed valuation of property in the City of Concord continues to climb based upon interest rates that are still favorable and a stable real estate market. The property tax revenue generated by this growth is an important resource for the provision of City services. Over the years the increase has far exceeded the rate of inflation:

FY 2001/02	9.6%
FY 2002/03	7.0%
FY 2003/04	8.0%
FY 2004/05	7.1%
FY 2005/06	9.9%
FY 2006/07	6.4%

The FY 2006-07 budget anticipated property tax revenue of \$19.4 million. Current year estimates increase this number significantly. To reflect the recently experienced increase, property taxes are projected to be \$22.5 million in FY 2007-08 based upon updated projections of the property tax received in FY 2006-07. Growth in property taxes has continued to be projected at 5% throughout the Ten-Year Plan. This conservative estimate includes a factor for the flattening of the residential real estate market.

Business License Tax

The budget for FY 2006-07 anticipated \$3.3 million in Business License taxes and processing fees. Current year estimates support this projection. For FY 2007-08 Business Licenses related taxes and fees are projected to total \$3.4 million with a 3% growth factor in the Ten-Year Plan.

Transient Occupancy Tax

The budget for FY 2006-07 anticipated the receipt of \$1.61 million from Transient Occupancy Tax (commonly referred to as the “hotel” tax as it is charged to guests staying in the hotels and motels). The revenue is tracking at this level and the City anticipates receiving about \$1.66 million from this source in FY 2007-08. Hotel tax revenues are reflecting the changing economy and cultural patterns of business and pleasure travel. As long as the number of available rooms in the hotels within the City remains static, the increase in the Transient Occupancy Tax will remain largely inflationary and is therefore projected at 3% per year throughout the Ten-Year Plan.

Transfers from Other Funds

Transfers are made from the other funds (e.g., Enterprise Funds, Redevelopment, etc.) under a Cost Allocation Plan to pay for the support provided by General Fund departments to their operations. The cost allocation plan allows for the payment of City Management, City Council, Finance and Human Resources costs, separately from the charges which are paid directly to the Internal Service Funds for Information Technology, Fleet, Insurance and Building Maintenance and Replacement. In FY 2007-08, \$3.9 million is budgeted for transfer to repay the General Fund for services provided.

Fees and Charges

Fees and charges are reviewed each year to ensure the City is recouping the cost of doing business. For FY 2007-08, the increase in the cost of doing business is greater than the Consumer Price Index (CPI) because of increases in costs that are increasing at a rate higher than overall inflation. The overall increase to General Fund operating expenditures is about 7.7%. This increase, coupled with adjustments to fees and charges in prior years which did not keep pace with the increased cost of doing business, indicate that, at the very least, a 5% increase in fees is warranted. It is the Finance Department’s intention to continue working with each department in FY 2007-08 to ensure that fees are calculated appropriately and that the costs for providing the services for which fees and charges are appropriate are identified. Services by policy that the Council has determined to be supported by the General Fund will continue to receive support. In the meantime, under separate cover in the Fees and Charges Resolution, an increase in fees will be proposed which will, with some exceptions, total 5%. Where the charge is based upon “per-hour” costs basis, the fee or charge will include the full cost of that hour.

New fees are proposed for services such as:

- Public notification process associated with the announcement of public meetings for development projects. The technology required for the process will be ready for implementation beginning July 1, 2007.
- Business License Exemption audit fee.
- A new schedule of maximum employee hourly rates (discussion below).

Further analysis and recommendations will be brought to the City Council during FY 2007-08, following the assessment to be conducted by the Finance Department.

Employee hourly charge rates have been recalculated based upon the fully loaded costs for each employee (averaged by position). For governmental activities, these rates are the maximum that the City may charge for services provided by employees. Governmental activity charges may reflect cost recovery, but they are precluded from being calculated to achieve a profit. Recovery includes the fully “loaded” cost of employees to provide services. Some examples of costs calculated into the rate include, but are not limited to:

- Salary and benefit cost.
- Materials and supplies directly related to the provision of services.
- Departmental overhead – the cost of administrative support provided within each Department.
- Citywide overhead – the cost of support provided by the general governmental functions of the city such as City Management, City Attorney, Human Resources, and Finance.
- Computer, fleet maintenance, building maintenance, rent, etc.

There are many costs which are NOT included in the development of employee hourly charge rates because they are not directly attributable to the cost of providing services. Some of these costs, which are borne by the City and not subject to reimbursement include:

- Debt Service
- Capital Projects.
- Certain contracts and consultants which, if charged to a customer, would be directly allocated.
- Contracts which provide services to the public directly.

By reviewing the expenditures made by the City in support of the services provided, the determination of which costs should be included and which should not is reviewed by the Council annually to ensure both accuracy and reasonableness. Further, it is at the City Council’s discretion whether or not 100% of the cost recovery fee should be charged.

2. Expenditure Assumptions

All known labor agreement Memorandum of Understanding (MOU) adjustments are included in the preliminary appropriations, for the remaining terms of each respective MOU. For time periods not covered by current MOUs, wage adjustments have been estimated using a 3% CPI inflator. For the three attrition positions which are still staffed, the assumption is that the position salary and benefit charges are not going to continue throughout the Ten-Year Plan. However, the City is continuing such full-time employees until the position is voluntarily vacated or a vacancy becomes available for them in an equivalent position. I review all

vacancies, including those not designated in the attrition plan, and may decide to hold other positions vacant, or postpone filling them.

CPI inflators of 2 – 3% have been included in the Ten-Year Plan projections for planning purposes. Assumptions for medical benefits and post-retirement medical benefits (OPEB) have been made in accordance with the actuarial projection done in 2006. All additional operating costs expected due to the addition or construction of new capital projects have been included in the Ten-Year Plan.

Service fees charged by internal service funds have been adjusted to reflect current services received and/or equipment provided. Adjustment includes assignment of fees at the program level and reflects the redistribution of services fees that may have been previously assigned only at the fund or department level. The internal service fees charged to users are sufficient to meet known needs for the FY 2007-08 budget and the remainder of the Ten-Year planning period.

E. Other Major Funds Budget Discussion

1. Post Retirement Healthcare Benefits (OPEB)

A fund has been established to hold the money set aside for retiree health benefits. This fund reflects the funds which will ultimately be transferred into the irrevocable trust and will be used to pay the retiree health premiums. A phased-in approach to pay both for the unfunded liability (the “catch-up”) and for the ongoing year-to-year cost has been established to meet the obligation. As discussed at the Study Session and proposed to be formalized on April 24, 2007, a great deal of additional work will be done by both the bargaining units and management to develop a program which is not so cost prohibitive. By using a phased-in approach, the City is acknowledging that the full unfunded liability will not be mitigated in the short-term. As a result the fund will show a negative fund balance for a period of years. With concerted effort, this deficit will be reduced with the benefit being funded as it is earned in a manner similar to that by which the employee pensions are funded. The 25-year plan proposed for the fund will reflect sufficient cash flow to pay the health premiums of retirees for which the City is already committed. The deficit will be attributed to the future benefits for which the cash payment is not yet due.

2. Street Maintenance Program

Projections for street maintenance activities and infrastructure related capital improvement projects have been impacted by two factors. The first factor is associated with the rising cost of crude oil that has resulted in a substantial increase for asphalt related material such as asphalt concrete and asphalt emulsion (material used in surface seal). The second factor is the flattening out of the revenue sources that are used to fund street maintenance and infrastructure projects. These factors have adversely affected the City’s ability to fund the street maintenance program and other street infrastructure projects such as sidewalk and drainage improvements.

As a result, the City has reduced the fund balances for Gas Tax, Proposition 111, Measure C, and Measure J (successor to Measure C) during the last year in order to meet the street maintenance schedule and complete infrastructure projects. Without taking steps to revise expenditures for the current program and identifying new sources of revenue, the Ten-Year street maintenance program would have become negative as soon as FY 2008-09. Meeting the street maintenance schedule means performing the right maintenance work at the right time to ensure the optimum condition of the street pavements. Deferred maintenance is costly. A recent study completed by the Metropolitan Transportation Commission (MTC) as part of their Local Streets and Roads Strategic Plan shows that for every dollar spent performing preventative maintenance at the right time (while the pavement is in good condition) saves up to \$10 if such maintenance is deferred and performed later as a complete reconstruction project. The City's Public Works Department staff has reported that the savings have been even greater in specific comparisons between maintenance and reconstruction projects in Concord.

It is critical for the City Council to note that preventative maintenance are activities that address aging, oxidation, surface deterioration and normal wear and tear from daily use and environmental conditions. The current preventative maintenance program extends the service life of the City's existing pavement in a cost-effective manner through techniques and strategies such as surface seals, overlays, joint repair, patch paving and crack sealing. In a typical year, the City provides surface seal to 6,000,000 – 7,000,000 square feet of pavement through contractors. The surface seal program fills small cracks, provides an excellent seal against the damaging effects of water intrusion into the pavement and provides a new wearing surface. This activity also includes the removal and replacement of existing pavement reflective markers, striping and legends. Contractors are also used to perform the patch paving program. Under this program failed asphalt and base material is removed and replaced with new material. The resulting repaired pavement provides an appropriate surface to which the surface seal is applied. In a typical year, 300,000 to 400,000 square feet of pavement is replaced under this program.

Concord's street maintenance program continues to provide an excellent return on the funds invested in the program. As the Council is aware, the City contracts for an annual inspection of all 305 miles of paved streets in order to fulfill the MTC's requirement for providing a comprehensive street condition assessment known as the Pavement Condition Index (PCI). The PCI generates a numerical rating that enables the MTC and local jurisdictions to evaluate the relative condition of their streets and roads. Concord's current PCI of 79 generates a "Very Good" rating and is in the top 10% of all Bay Area local governments. It is also well above the average rating of 64 and ahead of all Contra Costa County cities with the exception of Brentwood which benefits, for the purpose of this rating process, from the presence of new infrastructure because of residential development.

The return on investment is well demonstrated when the PCI is compared with the street maintenance expenditure per mile reported by cities to MTC for 2002-2005. Concord's expenditure of \$13,389 per mile is slightly above the regional median of \$11,792. By comparison, per mile infrastructure cost in Brentwood is \$80,192. Staff believes this reflects the combination of street maintenance, reconstruction and new construction expended through by

public and private sources. In any case, a comparison of Concord's and Brentwood's expenditure per street mile as summarized in the MTC report supports the relative low cost of preventative maintenance compared to new construction and reconstruction.

The initial estimates for the Ten-Year plan for street maintenance based on the current rate of expenditure and availability of funds from Gas Tax, Proposition 111, Measure C and Measure J projected a deficit beginning in FY 2008-09 that would have escalated to \$9.5 million by FY 2016-17. Strategies needed to be developed that would address the looming deficit without generating a backlog of deferred maintenance. These strategies needed to focus on both revenues and expenditures.

The proposed Ten-Year plan for the street maintenance (Attachment No. 3) includes a one-time infusion of funds from Proposition 1B (State Infrastructure Bond) and AB 2928 (Proposition 42) that will supplement Gas Tax, Prop 111, Measure C and Measure J funds. Proposition 1B funds are allocated to local governments based on a per capita formula; Concord's allocation is estimated at about \$4 million. However, the Legislative Analyst's Office indicated that there is a potential for reducing the amounts (particularly in the early years) if the transit tax revenue does not meet the projections. For planning purposes, staff has assumed 80% of the anticipated revenue and will adjust the amount next fiscal year when updated information becomes available. Therefore, the Ten-Year plan allocates \$3.2 million spread over 9 years based on the Governor's January budget proposal. The proposed Ten-Year plan also includes AB 2928 funding of \$1.1 million in FY 2007-08 and \$1.3 million in FY 2008-09 for a total of \$2.4 million.

The \$3.2 million from Proposition 1B and \$2.4 million from AB 2928 provides a total of \$5.6 million in one-time funds for the proposed Ten-Year plan. However, this infusion will not address the entire \$9.5 million deficit. To address the remaining deficit, the proposed Ten-Year Street Maintenance Plan includes the following strategies:

- Implement pavement overlay or rehabilitation contingent on receipt of grant funding - Over the years, the City has received State Transportation Improvement Program (STIP) grant funds to rehabilitate arterial streets such as Kirker Pass Road, Ygnacio Valley Road, Treat Boulevard and Clayton Road. This is a short term recommendation that would allow staff, at a later time, to reevaluate funding availability and the need to implement the right preventative maintenance measure at the right time.
- Moderate sidewalk funding by providing funding every other year instead of every year - Over the past decade, the City has invested heavily on its sidewalk program. The City has also been very successful in obtaining grants for sidewalk projects, thus leveraging the City's resources. The moderation of funding to alternate years reflects the significant level of past investment.

The proposed Ten-Year plan appropriates an average of \$4.7 million per year to street related projects. The 10th year balance of about \$150,000 (barely 1/3 of 1% of the average annual

appropriation of \$4.7 million) and the infusion of one-time funds along with the receipt of grants for the street overlay and rehabilitation program indicate that funding problems will continue. It is important for the City to implement long term strategies to address the escalating street maintenance cost and lack of available funding. Along this line, staff recommends the City Council's consideration of the following strategies:

1. Reduce or limit the future maintenance burden to the City – Staff recommends that the City encourage private streets in new developments when appropriate. For example, the City could require future residential developments to include Homeowners Associations that have the financial ability to maintain the streets. It may be necessary for the City to transition the cost of sidewalk maintenance to the property owners as some cities already do.
2. Increase the City's maintenance fund revenue – Staff recommends that the City support the Strategic Plan developed by MTC's Local Streets & Roads Committee, which provides a number of initiatives that could potentially increase the maintenance funding for local agencies. At the City level, staff recommends that the City collect cash or deposits for Deferred Improvement Agreements (DIA) associated with frontage improvements related to developments. Staff believes that the developer is in a much better financial position to secure the obligation when compared to individual property owners who have not budgeted for the cost if the City activates the DIA in the future.
3. Follow the maintenance schedule per MTC's Pavement Management System (PMS) - Implement the appropriate pavement preventative maintenance measure at the right time to ensure that the City is maintaining its streets in a cost-effective manner. This is a case of "pay me now or pay me later" scenario. As previously discussed, deferred maintenance is costly. For every dollar expended at the right time could cost the City about \$10 if the maintenance is deferred.

If infusion of further maintenance funds such as Proposition 1B and AB 2928 and receipt of grants do not materialize in the future, the street maintenance program will be curtailed and a backlog will build up to the point that costly rehabilitation projects will be required to make local streets and roads passable. The Council may recall that these conditions existed in Concord in the mid-1990s when inefficient operations and declining revenues reduced many City programs, including street maintenance. As the local economy generated additional income and the City implemented performance measures to improve the efficiency of all operations, a determined effort was made to address the backlog of deferred street maintenance. This effort included an infusion from the City's General Fund since it was impossible to rely solely on existing street maintenance funding sources. By 2000, the backlog was addressed and the required level of street maintenance could be achieved by utilizing the present sources of funds. At this time, our General Fund resources are fully committed cannot be used to support street maintenance unless other services are significantly reduced. Staff believes it is critical to avoid any slippage back to the point that a backlog of deferred maintenance occurs.

3. Storm Water Special Revenue Fund

The Storm Water Special Revenue Fund pays for implementing storm water pollution prevention and monitoring programs required by Concord's National Pollutant Discharge Elimination System (NPDES) permit. The San Francisco Bay Regional Water Quality Control Board (SFBRWQCB) issued Concord's first 5-year permit in 1994 under the Federal Clean Water Act. The City's Clean Water Program is designed to meet mandated performance standards in five areas: New Development/Construction Controls, Public Education/Industrial Outreach, Municipal Maintenance (street sweeping, storm drain maintenance, and creek maintenance), Business Inspections, and Illicit Discharge Control. On July 21, 1999 the SFBRWQCB issued a second 5-year NPDES permit to Concord and twenty other co-permittees in Contra Costa County. This permit has been administratively extended while the SFBRWQCB works on a joint municipal regional permit for all of the Bay Area Clean Water Programs. The current permit increased the number of performance standards from 80 in 1994 to 257 in 1999. In addition, C.3 provisions for new development were added in 2003. The next joint municipal regional permit will likely be even more stringent and compliance more costly.

Total Maximum Daily Load (TMDL) will be included with the new municipal regional permit under development. Section 303(d) of the federal Clean Water Act requires that the State Water Board identify water bodies that do not meet water quality standards, examine the water quality problems, identify sources of pollutants, and specify corrective actions. TMDLs must account for all the sources of a pollutant, including discharges from wastewater treatment facilities, runoff from homes, agriculture, streets, highways, contaminated industrial sites, and deposits from the air. The TMDL for mercury was approved by the SFBRWQCB in September 2004 and is scheduled for implementation with the new municipal regional permit. TMDLs for diazinon, nickel, and PCBs are under development and are expected to be implemented following the implementation of the mercury TMDL. In total, the SFBRWQCB is developing more than 30 TMDLs to address more than one hundred sixty 303(d) listings for water bodies impaired by specific pollutants. In addition to accounting for past and current activities, TMDLs must consider future development that could increase pollutant levels.

Program revenue is capped at \$35 per equivalent runoff unit (ERU) - each single-family residence represents one equivalent unit. The assessment can be increased only by a two-thirds majority of property owners voting on a Proposition 218 ballot. With inflation, increased NPDES permit compliance requirements, and increased personnel benefits costs, this fund is projected to go negative in FY 2014-2015 (see Attachment No. 4 Storm Water Ten-Year Plan). Depending on how much more costly the new Municipal Regional Permit will be to comply with than our existing permit, the plan could go negative much sooner. Funds are being set-aside by the Contra Costa Clean Water Program for a Proposition 218 initiative in 2008 to generate more storm water revenue.

A county-wide, two-phased survey of likely voters was conducted in Fall of 2006 to assess support for a Proposition 218 vote this year. Results were not encouraging. For a ballot to pass successfully, survey results should have shown that at least 50% of respondents would

“definitely” support the initiative. Depending on the location, only 14.3% - 22.3% of all the residents in Contra Costa County said they would “definitely” support the initiative. The reasons for low support included: voter fatigue, the economy, and lack of name recognition. Few potential voters knew anything about the Contra Costa Clean Water Program. Based on these results, co-permittees agreed to postpone the proposed ballot until November 2008 while concentrating on public outreach and education to raise public awareness of our efforts. In Summer 2008, the Contra Costa Clean Water Program will do another survey to re-assess public sentiment.

The biggest challenge to our Clean Water Program will be long term funding. The situation is likely to get worse with ever increasing new requirements being imposed by the SFBRWQCB.

Four recent legislative efforts to increase resources for the program have proven unsuccessful:

- Assembly Constitutional Amendment 13 (Harmon) would have redefined storm water fees as not subject to the restrictions of Proposition 218. It expired in committee in 2005.
- Senate Bill 658 (Kuehl) that would have instituted a \$6.00 charge on vehicle license fees to fund storm water programs was vetoed by Governor Schwarzenegger in 2005.
- Assembly Bill 1623, (Klehs) that would have authorized a \$5 charge on vehicle license fees to mitigate impacts of motor vehicles was vetoed by Governor Schwarzenegger in 2005.
- Assembly Bill 2444 (Klehs) would have authorized the Bay Area Air Quality Management District to impose a \$5 charge on vehicle license fees for mitigation of impacts of motor vehicles on the environment including storm water runoff. It was vetoed by the Governor in 2006.

Concord's Mayor, Vice-mayor, City Manager, Assistant City Manager, and City staff have met with State legislators to ask for help in with storm water requirements. They met with Senator Tom Torlakson on February 16, 2007 and with Assembly Member Mark DeSaulnier on February 23, 2007. Senator Torlakson, in particular, assured the visitors that he will work on balancing the implementation of new requirements with the resources cities have available.

There are three general areas of concern that our legislators need to address. First, there is a lack of funding to implement current storm water requirements at the municipal level. Local jurisdictions are not able to raise storm water assessments without a Proposition 218 vote. Concord's storm water program is projected to go negative. Second, a host of unfunded requirements imposed on local jurisdictions including TMDL's and C.3 requirements. Third, unrealistic new storm water requirements proposed for the Municipal Regional Permit, the Stream and Wetlands Protection Policy, the State-wide Construction General Permit, etc. Staff will continue to work with legislators for a long-term solution to these problems and lead and continue to encourage the County and other cities in working with their legislators as well.

4. Downtown Landscape Maintenance District

The Downtown Landscape Maintenance District provides all landscape services for the Central Concord area, including Todos Santos Plaza and the median islands on Willow Pass Road (between East Street and Contra Costa Boulevard), Concord Avenue and Market Street. City employees provide all maintenance services charged to the District. Beginning in FY 2004-05, the Downtown Maintenance District absorbed the cost of maintaining the "Living Flag" in Todos Santos Plaza. This cost was previously charged to the General Fund. This floral display was constructed as a temporary display for the 2002 Winter Olympic Torch Relay celebration and was so well received by citizens that the City continued to maintain the display following the event.

Attachment No. 5 is the Ten-Year Plan for the Downtown District. The Plan shows that the District will become negative in FY 2009-10 if revenues and/or expenditures are not adjusted. Staff is currently conducting a Proposition 218 ballot election to increase the assessments in the Downtown District with ballots having been sent to property owners on April 18, 2007. City and Redevelopment Agency owned properties located in the District are also assessed and issued ballots. The proposed increase will include an annual Consumer Price Index (CPI) adjustment with the minimum increase of 3% and a maximum of 5%. Ballots will be counted at the June 5, 2007 Council Meeting. If this ballot is successful, the City will be able to maintain the level of service for the Downtown area and the positive fiscal condition for the District.

5. Pine Hollow Landscape Maintenance District

The Pine Hollow Landscape Maintenance District provides all landscape services for the area bordering Pine Hollow Road east of Ygnacio Valley Road. All of the landscape services charged to the Pine Hollow District are provided through a maintenance contract managed by the Public Works Department. Council awarded a contract last year with the option for two additional years. A new contract was awarded this March accepting the second year option. The proposed Ten-Year Plan (see Attachment No. 6) shows that the District is balanced through FY 2016-17, but based on the current projections will go negative in the 11th year. Staff believes that actions should be implemented in FY 2014-15 to insure the long term solvency of this fund.

6. Landscape and Lighting Maintenance District No. 3

Landscape and Lighting Maintenance District No. 3 is comprised of four Benefit Zones, Kirkwood, Ygnacio Woods, Balhan Terrace and Valley Terrace, all residential neighborhoods in the Clayton Valley District of the City. With the exception of Ygnacio Woods, landscape services charged to District No. 3 are provided through a contract managed by the Public Works Department. Council awarded a contract last year with the option for two additional years. A new contract was awarded this March accepting the second year option. City employees provide landscape services for Ygnacio Woods. Staff has combined these districts into a single Ten-Year Plan because they were formed by the same City Council action on June 25, 1979 (see Attachment No. 7). Staff has also developed Ten-Year Plans showing the assessments and

expenditures for each of the Benefit Zones within District No. 3. Appropriate financial management of these individual zones requires the expenses and assessments for each area to be reviewed separately. A successful Proposition 218 ballot for Ygnacio Woods was conducted in FY 2004-05 to increase the annual assessments beginning in FY 2005-06 and putting an automatic inflation factor into the rates to insure its long term solvency. All of the Ten-Year Plans for District No. 3 are balanced through FY 2016-17. Beginning in FY 2007-08 a Capital Reserve Fund of approximately \$3,000 each year will be established to provide for the funding of Capital Replacement items such as driveway paving or unexpected expenditures. Staff will continue to monitor each zone to insure their financial stability

7. Citywide Street Lighting Assessment District

The Citywide Street Light Assessment District provides street lighting services including electrical costs, street light repair and replacement, capital improvements, and Assessment District proceedings. The District includes all parcels of land within the incorporated limits of the City of Concord that benefit from existing or newly installed streetlights.

On April 2, 2002, the City Council authorized the purchase of PG&E's existing street light system within the City of Concord. The agreement was finalized and transfer of ownership took place on April 22, 2005. The system was purchased for \$1.2 million which included a loan from the Traffic Management Fund of \$477,000. The Street Light Assessment District will pay the loan back over a six year period from ongoing savings in the District. Loan payments are currently scheduled to commence in FY 2011-12.

The streetlight system is currently being maintained by City staff in the Public Works Department. Staff continues to work and coordinate with PG&E to achieve the optimal level of service in the City. Beginning in FY 2005-06 the District absorbed the cost of an additional Traffic Signal Technician to perform maintenance on the additional lights purchased. Outages reported to the street light hotline are repaired within 48 hours. Quarterly night surveys and repairs are performed every 3 months along the major arterials in order to achieve the highest level of service. All maintenance and personnel costs are included in the Ten-Year Financial Plan. The Ten-Year Financial Plan remains balanced throughout the planning period. Attachment No. 8 represents the Ten-Year Financial Plan for the Citywide Street Light Assessment District.

8. Sewer Enterprise Fund

This fund pays for the operation and maintenance of the City's Sewage Pump Station and sewage collection system maintenance. It also pays Central Contra Costa Sanitary District (CCCSD) for the cost of treating the City's sewage and for part of the capital costs associated with improving CCCSD's sewage treatment plant. Attachment No. 9 presents the Twenty-Year Financial Plan being proposed for the Sewer Fund.

Based on the results of a study of the capacity and condition of the City's concrete trunk sewer mains, a phased program to replace or rehabilitate a significant number of these mains was previously approved by Council. The total program was originally estimated to cost \$48 million, but by competing different trenchless technologies against each other this work will end up costing less than half that amount. On January 6, 2004, Council approved the issuance of Sewer Revenue Certificates of Participation (COPs) to finance the \$12.2 million first phase of rehabilitation. That work was completed last year and included the rehabilitation of more than 10 miles of deteriorated concrete trunk sewer mains.

Currently, all sewage flowing to Concord's Sewage Pump Station is pumped under Walnut Creek and then to CCCSD's A-line located just east of I-680. This past year the City of Concord and CCCSD began a joint project to construct a gravity-feed connection between the Pump Station and a new 96" diameter A-line Relief Interceptor sewer main that CCCSD will construct under Meridian Park Boulevard from Buchanan Fields Golf Course to Galaxy Way. Once this project is complete, Concord's Sewage Pump Station can be taken out of service. The City is currently preparing to issue \$12 million in COPs to finance the gravity connection to CCCSD's A-line extension and the remaining rehabilitation work.

Periodic sewer service rate increases are necessary to finance the COPs payments for these major projects as well as increased operating costs, and projected increases in CCCSD's capital program. Beginning in FY 2001-02 periodic rate increases have been included throughout the Sewer Enterprise Twenty-Year Plan. An annual sewer service charge increase of \$36 for FY 2007-08 is projected in the current Twenty-Year Plan. Staff has conducted a Proposition 218 notification discussing the proposed \$36 increase to all property owners paying the annual sewer service charge in Concord, Clayton, and a portion of Contra Costa County.

In prior years, the City has reduced expenditures for our direct operations and maintenance by revising operational activities and introducing more efficient work practices. Connecting to CCCSD by gravity flow instead of pumping to them will significantly reduce direct operation costs. Staff will continue to diligently review the sewer program to initiate efficiencies in the scheduled projects and in operations to limit/reduce any projected increases in later years. Future rate increases are shown in the attached Twenty-Year Plan.

Staff continues to work with CCCSD to ensure that the City's Sewer Enterprise budget is not impacted by unforeseen expenditures incurred in CCCSD's capital programs (Concord pays for a percentage of their treatment plant capital improvements). CCCSD has been cooperative in providing budget information and including staff comments in their budget process.

9. Golf Course Enterprise Fund

The Golf Course Enterprise Fund pays for the operation and maintenance of the City-owned Diablo Creek Golf Course, which includes the Legends and Heroes Restaurant, pro shop, driving range and the 160-acre, 18-hole golf course facility. Concessionaires for the restaurant and pro shop pay the majority of the operational costs associated with the clubhouse building and return

a percentage of their gross income to the City as their monthly rent. A major capital improvement was completed in 1999, which included expansion of the parking lot, entryway landscaping, new irrigation system, golf cart paths, reconstruction of several greens, new bathrooms and other pertinent work. These improvements are being financed through bonds. Attachment No. 10 represents the proposed Ten-Year Financial Plan. The plan projects increases for green fees, driving range, and power cart rental income of approximately 5% - 10% every other year beginning in FY 2007-08. In recognition of the currently “soft” market demand for golf within Northern California, rounds are significantly reduced from the previously projected 70,000 to 57,000 annually throughout the Ten-Year Plan. This condition reflects a trend that has affected golf courses within the region and throughout the United States. Since 1997, several new daily fee public golf courses have opened up within Diablo Creek’s market area. As a result, the demand for golf has fallen to the current level.

The continued downward trend in the number of rounds prompted staff to propose strategies in FY 2005-06 to significantly reduce costs. In recognition of the fact that the City operation of the golf course maintenance program was the single largest expense associated with the golf course, a study evaluating the feasibility of contracting for maintenance services was conducted. As a result of this study, the City Council approved an agreement with Valley Crest Golf Course Maintenance in November 2005 and contract maintenance began in January 2006. The updated Ten-Year Plan includes significantly revised maintenance costs that reflect the impact of engaging Valley Crest. Valley Crest has provided maintenance services for over a year and a half and the course continues to generate a high level of customer satisfaction due to the upkeep of the course and grounds.

The implementation of contract maintenance improved the expenditure side of the Golf Course Enterprise Fund. However, the reduction in rounds described above continues to impact revenue projections and impact the bottom line. As a result, the golf course continues to fall short of meeting its entire fair share of the allocated costs of City provided administrative and general services which include services such as payroll, risk management and legal support. The inability of the golf course to meet its allocated cost obligations will continue to impact the General Fund. In addition, some capital projects such as the replacement of greens are being delayed until conditions improve. Some areas of deferred capital improvement cannot be delayed any further, however. During FY 2006-07 the pump station which provides water to the irrigation system will be replaced through a loan from the General Fund. The loan will be paid back within the next five years. In addition, the clubhouse roof will be replaced in FY 2007-08. The soft golf market is also impacting Diablo Creek’s business partners. Income generated from the Head Golf Professional and food/beverage concession has been revised downward to reflect the current market.

Staff will continue to manage and analyze the operations with the goal of making the operations self-sufficient. In FY 2007-08 a competitive services study for professional golf services will be performed. The study is necessary because the current renewal term of the agreement between the City and the head golf professional will expire on June 30, 2008. The agreement provides for one additional five year renewal option. The results of the study of the current market of golf

professional services to assess best practices in the field will be reviewed with the head golf professional. Staff expects that the results of the study will facilitate the collaborative improvement of golf services.

10. Pavilion

Beginning in FY 2000-01, the Pavilion Fund was no longer an enterprise fund. This is due to the Council action to contract with Bill Graham Presents (BGP) for the complete operation and maintenance of the Pavilion. BGP is now a division of Live Nation Inc. (LNI). While regular financial evaluations of the Pavilion's status will continue, the financial reporting now required for the Pavilion has changed. Payments of debt service on the Pavilion's bond issue are now recorded in the Debt Service Fund along with other non-enterprise City debt. The fixed assets have been transferred to the Fixed Asset Group of accounts where other city assets are recorded. Payments to the City from LNI are now recorded in the City's General Fund.

On April 11, 2006, the City Council approved an amendment to the Pavilion management agreement. The amendment renewed LNI's operation of the Pavilion for two additional years to December 31, 2008. New financial terms, including a reduction in LNI's obligation to guarantee the Pavilion's annual debt service payment, were also part of the amendment. LNI is now required to pay \$1,400,000 of the annual bond debt and will no longer cover 20% of the Director of Community & Recreation Services compensation effective January 1, 2007. These changes have required the City to assume expenditures of \$378,060 and \$376,710 from the General Fund in FY 2007-08 and FY 2008-09. It is possible that these expenditures could be offset by the net income split conditions of the agreement which remain in place for the renewal term. These conditions require LNI to share any net income generated for the Pavilion based on the following formula:

- 50% of net income for the first \$200,00
- 70% LNI/30% City of net income for the next \$200,000
- 80% LNI/20% City for net income over \$400,000

LNI is required to provide the City with a report on the audited statement of operations for the 2006 season by approximately mid-April. Based on discussions with LNI officials and staff observations regarding the 2006 season, the report is expected to summarize a third consecutive year of financial loss at the Pavilion.

In addition, the updated Ten-Year Plan assumes an annual expenditure for \$200,000 for the City's share of the debt service payment beginning in FY 2009-10. If the entertainment industry does not improve, it is possible that the City will need to expend more than \$200,000 to cover the entire debt service.

Staff believes it is critical to note that a commitment from LNI or another promoter to guarantee 100% of the \$1,775,000 Pavilion debt service payment is not likely if the entertainment industry does not significantly improve. In order to better evaluate the future condition of the

entertainment industry and support staff's future negotiations with LNI, the City has engaged Tonic Entertainment. A critical task that will be performed by Tonic as part of the agreement is completion of a report that analyzes the condition of the national and regional entertainment industry. Staff believes this report is critical to evaluating the Pavilion's future economic and artistic success as a performing arts facility and support the identification of options to address the potential fiscal obligations.

11. Redevelopment Agency

In FY 2006-07, the Concord Redevelopment Agency accomplished a significant long-term project by including an additional 400 acres in the Redevelopment Plan, nearly doubling the size of the Redevelopment Area to include portions of North Concord, the Willow Pass Road Corridor, and the Monument Boulevard Corridor. The FY 2007-08 budget reflects this expanded scope for redevelopment by incorporating new projects that address adverse conditions in these areas, while continuing its emphasis on downtown revitalization, economic development, and affordable housing.

In FY 2007-08, the Redevelopment Agency will focus on a combination of long-range planning, infrastructure investment, and project development. The Redevelopment Agency will update its Strategic Plan to incorporate these new areas and will participate in an update of the City of Concord's General Plan Housing Element. In the downtown, the Redevelopment Agency will continue work on redevelopment projects that expand residential, employment, retail, and dining opportunities in the city center and will invest in capital improvement programs to update streetscape, lighting, and undergrounding. The Redevelopment Agency will also be developing an Urban Design Plan and Design Guidelines for Monument Boulevard and will be providing matching funding for pedestrian and streetscape improvements to implement these plans. Entryway and downtown wayfinder programs are being designed that will project and build Concord's image, locally and in the wider community by coordinating the City of Concord's signage through incorporating a unified branding/identification theme. The Redevelopment Agency will continue to be actively involved in reuse planning for the Concord Naval Weapons Station through the process of adopting a new Redevelopment Area in the Naval Weapons Station. It will also continue funding Economic Development programs that enhance business performance in Concord, develop new jobs, expand business operations, and build important relationships with the local business community.

The FY 2007-08 budget includes allocations to the following key projects to fulfill its objectives.

- \$320,000 for long range planning.
- \$800,000 for downtown streetscape and lighting.
- \$440,000 for implementation of the Monument Boulevard Urban Design Plan.
- \$355,000 for design and construction of an entryway and wayfinder program.
- \$1.9 million for Strategic Plan implementation.
- \$1.7 million for Naval Weapons Station planning.

A number of these projects are multi-year in nature and receive funding in future years of the Ten-Year Plan (See Attachment No.11).

The Redevelopment Agency's FY 2007-08 Ten-Year Plan begins with a fund balance of \$7.6 million. Gross tax increment is projected to be \$14.9 million. Deducting pass-through payments, tax increment rebates, and the low and moderate income housing transfer, net tax increment is projected to be \$10.8 million. The Agency's funding for low and moderate income housing equals 20 percent of gross tax increment, or \$2.9 million. Other sources of revenue include interest, ground lease payments, loan repayments, and rents. Accounting for all sources, there is \$12.3 million in revenue available for operations, debt service and capital projects.

The Agency's major expenses are operating costs of \$3.4 million, debt service of \$7.8 million, and \$5.6 million in capital projects. The Agency's operating budget primarily consists of salaries, consultant and contract services, fixed charges, and expenditures for City provided administrative & general services.

The Agency's Ten-Year Plan is balanced overall. On an ongoing basis, Redevelopment Agency revenues exceed operating costs. Agency reserves are reduced by capital improvement allocations that vary on an annual basis. In FY 2007-08 total uses of funds exceed sources of funds by \$4.8 million, reducing the fund balance at the end of the year to \$2.7 million. Continuing allocations to capital programs throughout the projection period have the affect of further reducing unallocated fund balance to a projected \$349,251 in FY 2010-11. After this year, unallocated fund balance grows to \$2.8 million by the end of the ten year projection period.

F. Reserve Funds

To sustain City functions and to enable effective decision making in the face of significant and unanticipated negative fiscal challenges, the City formally established by policy the following four reserve funds in 2003, which are maintained according to the Council's Budget and Fiscal Policy:

- Benefits Reserve – Funds are set aside to support unplanned costs and obligations of existing employment benefits (not available for MOU negotiation). The balance as of July 1, 2007, is estimated at \$826,000. If present trends in experienced workers compensation claims continues this reserve anticipates transfers of funds from the Workers' Compensation internal service fund of \$200,000 a year beginning in FY 2009-10.
- Economic Contingency Reserve – Funds are set aside to supplement General Fund revenues in the event of a severe economic downturn that depletes or significantly reduces estimated operating revenues. The balance as of July 1, 2007, is estimated at \$11.5 million and transfers from this reserve into the General Fund to support operations are not planned in the next ten years.
- Unforecasted Reserve – Funds are set aside to provide or continue services if external funding sources, such as the State, Federal or grant opportunities, do not materialize or

are lost to offset future unfunded mandates. The balance as of July 1, 2007, is estimated at \$1.8 million with an increase of \$100,000 during FY 2007-08. Over the life of the Ten-Year Plan, another \$1.3 million is planned to be set aside in this reserve.

- Capital/Maintenance Reserve – Funds are set aside for facility failures or unexpected, unplanned major capital and maintenance projects. The balance as of July 1, 2007, is estimated at \$1.5 million with an increase of \$100,000 during FY 2007-08. Over the life of the Ten-Year Plan, another \$1.3 million is planned to be set aside in this reserve.

Full funding is achieved when the reserve funds in aggregate comprise 20% of the General Fund operating budget. The FY 2007-08 Proposed Budget and Ten-Year Financial Plan meets these criteria on average over the life of the plan. In summary, the combined balance of the four reserve funds as of June 30, 2008, is estimated to be \$15.9 million which represents 20.59% of the recommended General Fund operating expenditures and therefore complies with Policy and Procedure No. 129, Budget and Fiscal Policies.

G. Budget and Fiscal Policies

The Budget and Fiscal Policies adopted by the City Council in Policy and Procedure No. 129 guide budget decisions toward maintaining the City's long-term financial stability to ensure that basic City services are delivered, and that the investment in public infrastructure and facilities is protected. The policy statement was recently amended to provide for an annual review of the performance based budget and Ten-Year Plan. The policy includes eight categories with pertinent policies related to each. The categories include guidance regarding Ten-Year planning, Performance Based Budgeting, Capital Improvement Program, Internal Service Funds, Enterprise Funds, Investment Policies/Financial Practices, Annual Budget Review and Reserve Funds. The budget being recommended to the City Council complies with the Budget and Fiscal policies presented in Policy and Procedure No. 129.

Conclusion

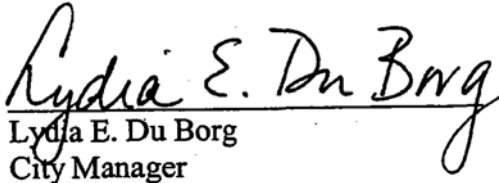
The Budget Team of Finance Director Peggy Lefebvre, Budget Officer Ron Buck, Assistant City Manager Mark Deven deserve recognition for the many hours we've sat in review with individual departments, as well as the professional skill the Budget Team has demonstrated and the contributions they have made in preparation of this budget. The City is fortunate to have such a dedicated team, and I heartily express my appreciation for their work and expertise. The proposed General Fund FY 2007-08 Budget and Ten-Year Plan are balanced, and that is an achievement given our ever more constrained resources.

When the City Council made such difficult decisions in FY 2003-04 to withdraw a number of new projects, we gained a new footing on financial stability; however, the challenges have not diminished, and that action was worthwhile in "buying" time to reassess. Our long-range financial planning is an invaluable tool as we conduct the ongoing assessments of our operation and the soundness of the future of all our funding sources in our efforts to sustain quality service delivery. Unlike many agencies, the City Council has already made progress in funding our

OPEB obligation, because we saw it coming in the Ten-Year Financial Plan. The long-range financial plan for Diablo Creek Golf Course laid out the need for changes in operation. There are other areas of the City's operation that may need to change just as significantly. I very much appreciate that the City Council, faced with these difficult decisions, has placed the long-term beneficial outcome of the decision ahead of the shorter-term considerations, and recognized the broader improvement to be gained for the community.

City employees through their commitment to the City's Mission Vision and Values recognize and participate in an organization where innovation is part of doing business. The reassessment and innovation must continue to be focused on providing quality services through our adopted system of Community Oriented Government. Those principles recognize all City services as essential to the quality of life in Concord. We've continued to grow the workforce smaller along with a budget that is thinner. We are at the point where further reductions in staff providing services to a growing and changing community cannot be accomplished without affecting service levels. We need to be yet more creative and willing to change our ways of doing business to meet this challenge, and the City will continue to enhance the quality of life for its residents.

**“Our mission is to join with our community to make Concord
a city of the highest quality. We do this by providing
responsive, cost effective, and innovative
local government services.”**


Lydia E. Du Borg
City Manager

Attachments:

- No. 1 - Proposed General Fund 10-Year Financial Plan and Reserves
- No. 2 - Other Post Employment Benefits (OPEB) - Ten Year Projection
- No. 3 - Street Maintenance Program
- No. 4 - Storm Water Fund - Ten Year Projection
- No. 5 - Downtown Landscape Maintenance District - Ten Year Projection
- No. 6 - Pine Hollow Landscape Maintenance District - Ten Year Projection
- No. 7 - Landscape Maintenance District No.3 - Ten Year Projection
- No. 8 - Street Lighting Maintenance District - Ten Year Projection
- No. 9 - Sewer Enterprise – Twenty Year Projection
- No. 10 - Golf Course – Ten Year Projection
- No. 11 - Redevelopment Agency- Ten Year Projection

**City of Concord
General Fund
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 9,913,563	\$ 8,520,086	\$ 8,223,161	\$ 8,711,033	\$ 8,897,994	\$ 9,196,685	\$ 9,534,940	\$ 9,857,560	\$ 10,154,964	\$ 10,526,877
Add:										
Revenues	\$ 76,494,312	\$ 79,536,432	\$ 82,493,642	\$ 85,259,292	\$ 88,425,720	\$ 91,526,736	\$ 94,875,822	\$ 98,119,745	\$ 102,066,535	\$ 105,831,198
Less:										
Operating Expenditures	\$ 76,956,176	\$ 78,908,034	\$ 81,191,738	\$ 84,411,991	\$ 87,464,219	\$ 90,523,127	\$ 93,685,227	\$ 96,951,667	\$ 100,821,167	\$ 104,562,031
Revenue Over(Under) Expenditures	\$ (461,864)	\$ 628,398	\$ 1,301,904	\$ 847,301	\$ 961,501	\$ 1,003,609	\$ 1,190,595	\$ 1,168,078	\$ 1,245,368	\$ 1,269,167
10% Contingency Reserve	\$ 7,695,618	\$ 7,890,803	\$ 8,119,174	\$ 8,441,199	\$ 8,746,422	\$ 9,052,313	\$ 9,368,523	\$ 9,695,167	\$ 10,082,117	\$ 10,456,203
Less:										
Capital Improvement Projects (CIP)	\$ 731,613	\$ 725,323	\$ 614,032	\$ 460,340	\$ 462,810	\$ 465,354	\$ 467,975	\$ 470,674	\$ 473,455	\$ 476,319
Other Financing Sources:										
Intra-fund Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intra-fund Transfers Out	200,000	200,000	200,000	200,000	200,000	200,000	400,000	400,000	400,000	400,000
Total Intra-fund Transfers	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)
Fund Balance 6/30	\$ 824,468	\$ 332,358	\$ 591,859	\$ 456,795	\$ 450,263	\$ 482,627	\$ 489,037	\$ 459,797	\$ 444,760	\$ 463,522

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**City of Concord
General Fund Reserve Funds
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Benefits Reserve</u>										
Fund Balance 7/01	\$ 825,684	\$ 854,583	\$ 888,767	\$ 1,138,205	\$ 1,400,115	\$ 1,675,121	\$ 1,963,877	\$ 2,267,071	\$ 2,585,424	\$ 2,919,696
Interest Earnings	\$ 28,899	\$ 34,183	\$ 49,438	\$ 61,910	\$ 75,006	\$ 88,756	\$ 103,194	\$ 118,354	\$ 134,271	\$ 150,985
Fund Transfers										
Inter-Fund Transfers In	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Intra-Fund Transfers	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Fund Balance 6/30	\$ 854,583	\$ 888,767	\$ 1,138,205	\$ 1,400,115	\$ 1,675,121	\$ 1,963,877	\$ 2,267,071	\$ 2,585,424	\$ 2,919,696	\$ 3,270,680

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Economic Contingency</u>										
Fund Balance 7/01	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intra-Fund Transfers										
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Intra-Fund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance 6/30	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802	\$ 11,512,802

XXXXVI

**City of Concord
General Fund Reserve Funds
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<u>Unforecasted Reserve</u>										
Fund Balance 7/01	\$ 1,801,043	\$ 1,901,043	\$ 2,001,043	\$ 2,101,043	\$ 2,201,043	\$ 2,301,043	\$ 2,401,043	\$ 2,601,043	\$ 2,801,043	\$ 3,001,043
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intra-Fund Transfers										
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Intra-Fund Transfers	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Fund Balance 6/30	\$ 1,901,043	\$ 2,001,043	\$ 2,101,043	\$ 2,201,043	\$ 2,301,043	\$ 2,401,043	\$ 2,601,043	\$ 2,801,043	\$ 3,001,043	\$ 3,201,043
<u>Maintenance & Capital</u>										
Fund Balance 7/01	\$ 1,500,000	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,300,000	\$ 2,500,000	\$ 2,700,000
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intra-Fund Transfers										
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Intra-Fund Transfers	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Fund Balance 6/30	\$ 1,600,000	\$ 1,700,000	\$ 1,800,000	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000	\$ 2,300,000	\$ 2,500,000	\$ 2,700,000	\$ 2,900,000

XXXXVII:

City of Concord
Post Retirement Healthcare (OPEB) Obligation
Ten Year Projection (7% Discount Rate/25 Year Amortization)
For the Year Ending June 30, 2008

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 15,017,484	\$ 15,395,578	\$ 15,803,507	\$ 16,232,689	\$ 16,732,914	\$ 17,270,935	\$ 17,794,331	\$ 18,353,890	\$ 18,941,437	\$ 19,517,968
Add Revenues:										
Interest	\$ 1,028,461	\$ 1,055,042	\$ 1,083,350	\$ 1,114,779	\$ 1,149,889	\$ 1,185,782	\$ 1,222,404	\$ 1,261,195	\$ 1,300,560	\$ 1,338,855
Service Fees	1,493,814	1,796,349	2,115,691	2,452,578	2,807,774	3,182,074	3,576,305	3,991,326	4,428,030	4,887,344
Total Revenue	\$ 2,522,275	\$ 2,851,391	\$ 3,199,041	\$ 3,567,357	\$ 3,957,663	\$ 4,367,856	\$ 4,798,709	\$ 5,252,521	\$ 5,728,590	\$ 6,226,199
Less Appropriations:										
Benefit Payments	\$ 2,135,000	\$ 2,433,000	\$ 2,758,000	\$ 3,054,000	\$ 3,405,000	\$ 3,828,000	\$ 4,221,000	\$ 4,645,000	\$ 5,130,000	\$ 5,646,000
Administrative Costs	9,181	10,462	11,859	13,132	14,642	16,460	18,150	19,974	22,059	24,278
Total Appropriations	\$ 2,144,181	\$ 2,443,462	\$ 2,769,859	\$ 3,067,132	\$ 3,419,642	\$ 3,844,460	\$ 4,239,150	\$ 4,664,974	\$ 5,152,059	\$ 5,670,278
Revenue Over (Under) Appropriations	\$ 378,094	\$ 407,929	\$ 429,182	\$ 500,225	\$ 538,021	\$ 523,396	\$ 559,559	\$ 587,547	\$ 576,531	\$ 555,921
Net OPEB Obligation	\$ 3,877,600	\$ 7,637,579	\$ 11,258,348	\$ 14,774,483	\$ 18,136,723	\$ 21,278,980	\$ 24,237,346	\$ 26,987,093	\$ 29,473,684	\$ 31,672,773
Other Funding Sources										
General Fund Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance 6/30	\$ 11,517,978	\$ 8,165,928	\$ 4,974,341	\$ 1,958,431	\$ (865,788)	\$ (3,484,649)	\$ (5,883,456)	\$ (8,045,656)	\$ (9,955,716)	\$ (11,598,884)

XXXXVIII

ATTACHMENT NO. 2

City Of Concord
Street Maintenance Program (Operating & Capital)
Ten Year Projection
For the Year Ending June 30, 2008

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 1,827,942	\$ 897,407	\$ 2,072,795	\$ 2,403,641	\$ 2,194,138	\$ 1,798,467	\$ 1,445,886	\$ 1,385,403	\$ 986,169	\$ 775,229
Add Revenues:										
Gas Tax	\$ 1,499,000	\$ 1,477,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000	\$ 1,522,000
Prop. 111	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000	760,000
Measure C	1,544,000	1,598,040	-	-	-	-	-	-	-	-
Measure J	-	-	1,653,971	1,711,860	1,771,776	1,833,788	1,897,970	1,964,399	2,033,153	2,104,314
AB2928 (Prop. 42)	-	1,277,938	-	-	-	-	-	-	-	-
Proposition 1B (LSR Fund)	-	960,000	480,000	251,400	251,400	251,400	251,400	251,400	251,400	251,600
Interest	51,666	76,377	89,257	82,003	69,377	56,632	53,610	41,658	33,351	14,004
Total Revenue	<u>\$ 3,854,666</u>	<u>\$ 6,149,355</u>	<u>\$ 4,505,228</u>	<u>\$ 4,327,263</u>	<u>\$ 4,374,553</u>	<u>\$ 4,423,820</u>	<u>\$ 4,484,980</u>	<u>\$ 4,539,457</u>	<u>\$ 4,599,904</u>	<u>\$ 4,651,918</u>
Less Appropriations:										
Street Maintenance (Operating)	\$ 1,516,449	\$ 1,566,927	\$ 1,611,440	\$ 1,662,724	\$ 1,715,826	\$ 1,767,328	\$ 1,824,129	\$ 1,882,858	\$ 1,942,971	\$ 2,004,385
Patch Paving Contracts (Operating 1A01)	931,250	959,188	987,963	1,017,602	1,048,130	1,079,574	1,111,961	1,145,320	1,179,680	1,215,070
Seal Program Contracts (Operating 1A03,1A05)	981,867	1,010,667	1,071,082	1,082,330	1,109,586	1,168,933	1,199,933	1,230,786	1,263,135	1,290,266
Monument Blvd. (2064)	20,000	-	-	-	-	-	-	-	-	-
Bridge Maintenance (2060)	-	400,000	-	-	-	-	-	-	-	-
Annual CIP/TIP Management Program (1024)	32,980	32,619	32,248	31,865	31,471	31,065	30,647	30,217	29,773	30,217
Traffic Calming (1028)	120,000	120,000	120,000	120,000	80,000	80,000	50,000	50,000	50,000	50,000
LED Replacement (1037)	32,500	64,050	103,464	139,978	144,178	148,503	76,479	78,774	81,137	83,571
Congestion Management (1531)	16,883	17,389	17,911	-	-	-	-	-	-	-
Sidewalk Annual Program (1173)	-	119,405	-	126,678	-	134,392	-	142,577	-	212,700
Transpac Work Program (1361)	66,950	68,959	71,027	73,158	75,353	77,613	79,942	82,340	84,810	87,354
Pavement Management System (PMS) (1363)	-	120,000	-	120,000	400,000	120,000	-	120,000	-	120,000
PMS Commerce (1363)	-	221,000	-	-	-	-	-	-	-	-
PMS Commerce (1363)	513,259	117,639	-	-	-	-	-	-	-	-
PMS Improve Grant St. (2363)	200,000	-	-	-	-	-	-	-	-	-
PMS Improve Willcrest Dr. (2363)	200,000	-	-	-	-	-	-	-	-	-
Traffic Maintenance Material (1623)	153,063	156,124	159,247	162,432	165,680	168,992	172,372	175,820	179,338	182,926
Total Appropriations	<u>\$ 4,785,201</u>	<u>\$ 4,973,967</u>	<u>\$ 4,174,382</u>	<u>\$ 4,536,767</u>	<u>\$ 4,770,224</u>	<u>\$ 4,776,400</u>	<u>\$ 4,545,463</u>	<u>\$ 4,938,692</u>	<u>\$ 4,810,844</u>	<u>\$ 5,276,489</u>
Revenue Over(Under) Appropriations	\$ (930,535)	\$ 1,175,388	\$ 330,846	\$ (209,503)	\$ (395,671)	\$ (352,581)	\$ (60,483)	\$ (399,235)	\$ (210,940)	\$ (624,571)
Fund Balance 6/30	<u>\$ 897,407</u>	<u>\$ 2,072,795</u>	<u>\$ 2,403,641</u>	<u>\$ 2,194,138</u>	<u>\$ 1,798,467</u>	<u>\$ 1,445,886</u>	<u>\$ 1,385,403</u>	<u>\$ 986,169</u>	<u>\$ 775,229</u>	<u>\$ 150,657</u>

XI XXXX

ATTACHMENT NO. 3

**City of Concord
Special Revenue Fund
Storm Water Fund
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance - 7/01	\$ 1,292,063	\$ 1,292,360	\$ 1,294,467	\$ 1,249,204	\$ 1,152,649	\$ 987,718	\$ 752,645	\$ 438,118	\$ 37,942	\$ (444,155)
Add Revenues:										
Taxes - Parcel Fees	\$ 1,951,330	\$ 1,953,330	\$ 1,955,330	\$ 1,957,330	\$ 1,959,330	\$ 1,961,330	\$ 1,963,330	\$ 1,965,330	\$ 1,967,330	\$ 1,969,330
Use of Money & Property	44,450	44,491	49,876	58,582	52,204	42,448	29,043	11,611	-	-
Total Revenues	\$ 1,995,780	\$ 1,997,821	\$ 2,005,206	\$ 2,015,912	\$ 2,011,534	\$ 2,003,778	\$ 1,992,373	\$ 1,976,941	\$ 1,967,330	\$ 1,969,330
Less Appropriations:										
Operations	\$ 985,615	\$ 1,011,898	\$ 1,037,489	\$ 1,065,093	\$ 1,093,495	\$ 1,121,869	\$ 1,151,911	\$ 1,182,806	\$ 1,214,443	\$ 1,246,975
Prop 218 Vote	60,000	-	-	-	-	-	-	-	-	-
Drainage System	469,376	486,124	500,430	517,448	535,059	551,807	570,613	590,069	610,194	631,030
Street Cleaning	480,492	497,691	512,550	529,926	547,911	565,175	584,376	604,242	624,790	646,068
Total Appropriations	\$ 1,995,483	\$ 1,995,713	\$ 2,050,469	\$ 2,112,467	\$ 2,176,465	\$ 2,238,851	\$ 2,306,900	\$ 2,377,117	\$ 2,449,427	\$ 2,524,073
Excess (Deficiency) of Revenue										
Over (Under) Expenditures	\$ 297	\$ 2,108	\$ (45,263)	\$ (96,555)	\$ (164,931)	\$ (235,073)	\$ (314,527)	\$ (400,176)	\$ (482,097)	\$ (554,743)
Less Reserves of 10 Percent	\$ 199,548	\$ 199,571	\$ 205,047	\$ 211,247	\$ 217,647	\$ 223,885	\$ 230,690	\$ 237,712	\$ 244,943	\$ 252,407
Less Capital Projects:										
Drainage Improvement	-	-	-	-	-	-	-	-	-	-
CCCWP Requirements	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	-	-	-	-	-	-	-	-	-	-
Fund Balance 6/30	\$ 1,092,811	\$ 1,094,896	\$ 1,044,157	\$ 941,402	\$ 770,072	\$ 528,760	\$ 207,428	\$ (199,769)	\$ (689,097)	\$ (1,251,305)

ix

**Special Revenue Fund
Downtown Landscape Maintenance District
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 286,747	\$ 187,908	\$ 75,883	\$ (50,088)	\$ (187,096)	\$ (334,853)	\$ (493,234)	\$ (663,055)	\$ (844,683)	\$ (1,038,497)
Add Revenues:										
Taxes	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454	\$ 207,454
Other Revenues	197,470	203,394	209,495	215,780	222,254	228,921	235,789	242,863	250,149	257,654
Use of Money & Property	8,164	5,172	629	-	-	-	-	-	-	-
Total Revenue	<u>\$ 413,088</u>	<u>\$ 416,020</u>	<u>\$ 417,578</u>	<u>\$ 423,234</u>	<u>\$ 429,708</u>	<u>\$ 436,375</u>	<u>\$ 443,243</u>	<u>\$ 450,317</u>	<u>\$ 457,603</u>	<u>\$ 465,108</u>
Less Appropriations:										
Landscape Maintenance	\$ 347,681	\$ 358,944	\$ 369,448	\$ 380,993	\$ 392,915	\$ 404,747	\$ 417,433	\$ 430,528	\$ 444,042	\$ 457,998
Gas & Electricity	6,180	6,365	6,556	6,753	6,956	7,165	7,380	7,601	7,829	8,064
Water & Miscellaneous	32,665	33,645	34,654	35,694	36,765	37,868	39,004	40,174	41,379	42,620
City Provided Admin. & General Services	99,043	102,014	105,074	108,226	111,473	114,817	118,262	121,810	125,464	129,228
Assessment Engineering	6,500	6,630	6,763	6,898	7,036	7,177	7,321	7,467	7,616	7,768
County Collection Fees	714	728	743	758	773	788	804	820	836	837
Postage & Mailing	541	557	574	591	609	627	646	665	685	706
Other Fixed Charges	18,603	19,162	19,737	20,329	20,938	21,567	22,214	22,880	23,566	24,273
Total Expenditures	<u>\$ 511,927</u>	<u>\$ 528,045</u>	<u>\$ 543,549</u>	<u>\$ 560,242</u>	<u>\$ 577,465</u>	<u>\$ 594,756</u>	<u>\$ 613,064</u>	<u>\$ 631,945</u>	<u>\$ 651,417</u>	<u>\$ 671,494</u>
Revenues Over (Under)										
Appropriations	\$ (98,839)	\$ (112,025)	\$ (125,971)	\$ (137,008)	\$ (147,757)	\$ (158,381)	\$ (169,821)	\$ (181,628)	\$ (193,814)	\$ (206,386)
Contingency Reserve	\$ 31,446	\$ 32,465	\$ 33,405	\$ 34,446	\$ 35,521	\$ 36,584	\$ 37,728	\$ 38,908	\$ 40,127	\$ 41,384
Fund Balance 6/30	<u>\$ 156,462</u>	<u>\$ 43,418</u>	<u>\$ (83,493)</u>	<u>\$ (221,542)</u>	<u>\$ (370,374)</u>	<u>\$ (529,818)</u>	<u>\$ (700,783)</u>	<u>\$ (883,591)</u>	<u>\$ (1,078,624)</u>	<u>\$ (1,286,267)</u>

**City of Concord
Special Revenue Fund
Pine Hollow Landscape Maintenance District
Ten Year Projections
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 150,140	\$ 142,011	\$ 133,674	\$ 126,159	\$ 116,317	\$ 104,741	\$ 91,303	\$ 75,871	\$ 58,301	\$ 38,442
Add Revenues:										
Taxes	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677	\$ 61,677
Use of Money & Property	8,444	9,609	11,946	11,171	11,029	10,798	10,474	10,049	9,516	8,868
Total Revenue	<u>\$ 70,121</u>	<u>\$ 71,286</u>	<u>\$ 73,623</u>	<u>\$ 72,848</u>	<u>\$ 72,706</u>	<u>\$ 72,475</u>	<u>\$ 72,151</u>	<u>\$ 71,726</u>	<u>\$ 71,193</u>	<u>\$ 70,545</u>
Less Appropriations:										
Landscape Contract	\$ 20,156	\$ 20,450	\$ 20,859	\$ 21,276	\$ 21,702	\$ 22,136	\$ 22,579	\$ 23,031	\$ 23,492	\$ 23,962
Landscape Extra Work	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,927
Contract Administration	1,327	1,354	1,381	1,409	1,437	1,466	1,495	1,525	1,556	1,587
Gas & Electricity	899	926	954	983	1,012	1,042	1,073	1,105	1,138	1,172
Capital Replacement Reserve	15,575	15,575	15,575	15,575	15,575	15,575	15,575	15,575	15,575	15,575
Water & Miscellaneous	21,432	22,075	22,737	23,419	24,122	24,846	25,591	26,359	27,150	27,965
Assessment Engineering	3,000	3,060	3,121	3,183	3,247	3,312	3,378	3,446	3,515	3,585
Printing, Publishing & Mailing	453	467	481	495	510	525	541	557	574	591
County Collection Fees	408	416	424	432	441	450	459	468	477	487
Total Expenditures	<u>\$ 78,250</u>	<u>\$ 79,623</u>	<u>\$ 81,138</u>	<u>\$ 82,690</u>	<u>\$ 84,282</u>	<u>\$ 85,913</u>	<u>\$ 87,583</u>	<u>\$ 89,296</u>	<u>\$ 91,052</u>	<u>\$ 92,851</u>
Revenues Over (Under)										
Appropriations	\$ (8,129)	\$ (8,337)	\$ (7,515)	\$ (9,842)	\$ (11,576)	\$ (13,438)	\$ (15,432)	\$ (17,570)	\$ (19,859)	\$ (22,306)
Contingency Reserve	\$ 7,825	\$ 7,962	\$ 8,114	\$ 8,269	\$ 8,428	\$ 8,591	\$ 8,758	\$ 8,930	\$ 9,105	\$ 9,285
Fund Balance 6/30	<u>\$ 134,186</u>	<u>\$ 125,712</u>	<u>\$ 118,045</u>	<u>\$ 108,048</u>	<u>\$ 96,313</u>	<u>\$ 82,712</u>	<u>\$ 67,113</u>	<u>\$ 49,371</u>	<u>\$ 29,337</u>	<u>\$ 6,851</u>

**Special Revenue Fund
Landscape & Lighting Maintenance District No. 3
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 188,787	\$ 201,734	\$ 213,275	\$ 225,851	\$ 237,442	\$ 247,957	\$ 257,297	\$ 265,357	\$ 272,031	\$ 277,200
Add Revenues:										
Taxes	\$ 75,006	\$ 75,240	\$ 75,481	\$ 75,729	\$ 75,985	\$ 76,248	\$ 76,519	\$ 76,798	\$ 77,086	\$ 77,382
Other Revenues	600	618	637	656	675	696	717	738	760	783
Use of Money & Property	6,706	8,125	10,695	11,284	11,823	12,306	12,730	13,089	13,377	13,589
Total Revenue	<u>\$ 82,312</u>	<u>\$ 83,983</u>	<u>\$ 86,813</u>	<u>\$ 87,669</u>	<u>\$ 88,483</u>	<u>\$ 89,250</u>	<u>\$ 89,966</u>	<u>\$ 90,625</u>	<u>\$ 91,223</u>	<u>\$ 91,754</u>
Less Appropriations:										
Landscape Contract	\$ 22,405	\$ 23,993	\$ 24,503	\$ 25,023	\$ 25,555	\$ 26,100	\$ 26,657	\$ 27,225	\$ 27,805	\$ 28,397
Landscape Extra Work	3,045	3,352	3,419	3,487	3,556	3,627	3,700	3,774	3,850	3,927
Landscape Supplies	1,020	1,040	1,061	1,082	1,104	1,126	1,149	1,172	1,195	1,219
Water	32,629	33,608	34,616	35,655	36,725	37,827	38,962	40,131	41,335	42,575
Gas & Electricity	1,980	2,039	2,101	2,164	2,229	2,295	2,365	2,436	2,510	2,586
Capital Replacement Reserve	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Assessment Engineering	3,000	3,061	3,123	3,186	3,250	3,315	3,381	3,448	3,518	3,589
Printing, Publishing & Mailing	1,148	1,182	1,217	1,253	1,290	1,328	1,367	1,407	1,448	1,491
County Collection Fees	538	549	560	572	584	596	608	620	633	646
Other Fixed Charges	600	618	637	656	675	696	717	738	760	783
Total Expenditures	<u>\$ 69,365</u>	<u>\$ 72,442</u>	<u>\$ 74,237</u>	<u>\$ 76,078</u>	<u>\$ 77,968</u>	<u>\$ 79,910</u>	<u>\$ 81,906</u>	<u>\$ 83,951</u>	<u>\$ 86,054</u>	<u>\$ 88,213</u>
Revenues Over (Under)										
Appropriations	\$ 12,947	\$ 11,541	\$ 12,576	\$ 11,591	\$ 10,515	\$ 9,340	\$ 8,060	\$ 6,674	\$ 5,169	\$ 3,541
Contingency Reserve	\$ 6,937	\$ 7,244	\$ 7,424	\$ 7,608	\$ 7,797	\$ 7,991	\$ 8,191	\$ 8,395	\$ 8,605	\$ 8,821
Fund Balance 6/30	<u>\$ 194,797</u>	<u>\$ 206,031</u>	<u>\$ 218,427</u>	<u>\$ 229,834</u>	<u>\$ 240,160</u>	<u>\$ 249,306</u>	<u>\$ 257,166</u>	<u>\$ 263,636</u>	<u>\$ 268,595</u>	<u>\$ 271,920</u>

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ATTACHMENT NO. 7

**City of Concord
Special Revenue Fund
Street Lighting Maintenance District
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 582,942	\$ 726,575	\$ 849,767	\$ 958,357	\$ 1,041,547	\$ 991,164	\$ 910,513	\$ 796,113	\$ 645,218	\$ 454,924
Add Revenues:										
Taxes	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549	\$ 1,044,549
Use of Money & Property	22,522	30,909	44,101	48,778	49,578	46,382	41,625	35,154	26,833	16,513
Total Revenue	<u>\$ 1,067,071</u>	<u>\$ 1,075,458</u>	<u>\$ 1,088,650</u>	<u>\$ 1,093,327</u>	<u>\$ 1,094,127</u>	<u>\$ 1,090,931</u>	<u>\$ 1,086,174</u>	<u>\$ 1,079,703</u>	<u>\$ 1,071,382</u>	<u>\$ 1,061,062</u>
Less Appropriations:										
Street Lighting (Electricity)	\$ 600,000	\$ 618,000	\$ 636,540	\$ 655,636	\$ 675,305	\$ 695,564	\$ 716,431	\$ 737,924	\$ 760,062	\$ 782,864
Street Lighting (Consult./Contract)	26,265	27,053	27,865	28,701	29,562	30,449	31,362	32,303	33,272	34,270
Street Lighting (Personnel)	206,383	214,411	220,795	228,837	237,176	244,871	253,802	263,057	272,647	282,600
Street Lighting (Supplies)	20,808	21,224	21,648	22,081	22,523	22,973	23,432	23,901	24,379	24,867
Assessment Engineering	16,500	16,830	17,167	17,510	17,860	18,217	18,581	18,953	19,332	19,719
County Collection Fees	32,640	33,293	33,959	34,638	35,331	36,038	36,759	37,494	38,244	39,009
Other Fixed Charges	20,842	21,455	22,086	22,734	23,403	24,095	24,807	25,541	26,290	27,060
Loan Repayment w/Interest	-	-	-	-	103,350	99,375	95,400	91,425	87,450	83,475
Total Expenditures	<u>\$ 923,438</u>	<u>\$ 952,266</u>	<u>\$ 980,060</u>	<u>\$ 1,010,137</u>	<u>\$ 1,144,510</u>	<u>\$ 1,171,582</u>	<u>\$ 1,200,574</u>	<u>\$ 1,230,598</u>	<u>\$ 1,261,676</u>	<u>\$ 1,293,864</u>
Revenues Over (Under)	\$ 143,633	\$ 123,192	\$ 108,590	\$ 83,190	\$ (50,383)	\$ (80,651)	\$ (114,400)	\$ (150,895)	\$ (190,294)	\$ (232,802)
Contingency Reserve	\$ 92,344	\$ 95,227	\$ 98,006	\$ 101,014	\$ 104,116	\$ 107,221	\$ 110,517	\$ 113,917	\$ 117,423	\$ 121,039
Fund Balance 6/30	<u>\$ 634,231</u>	<u>\$ 754,540</u>	<u>\$ 860,351</u>	<u>\$ 940,533</u>	<u>\$ 887,048</u>	<u>\$ 803,292</u>	<u>\$ 685,596</u>	<u>\$ 531,301</u>	<u>\$ 337,501</u>	<u>\$ 101,083</u>

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**Sewer Enterprise
Twenty Year Projection
for the Year Ending June 30, 2008**

Page 1 of 2

	Fee Inc \$36 <u>2007-08</u>	<u>2008-09</u>	Fee Inc \$36 <u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	Fee Inc \$36 <u>2013-14</u>	Fee Inc \$36 <u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 12,797,675	\$ 9,359,351	\$ 5,269,076	\$ 6,335,427	\$ 6,869,486	\$ 6,495,484	\$ 5,181,062	\$ 5,396,809	\$ 6,526,281	\$ 6,535,038
Add Revenues:										
Sewer Service Fees	\$ 17,016,470	\$ 17,050,503	\$ 19,124,604	\$ 19,162,853	\$ 19,201,179	\$ 19,239,581	\$ 21,318,060	\$ 23,400,696	\$ 23,447,497	\$ 23,494,392
Sewer Connection Fees	1,000,000	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274	1,194,052	1,229,874	1,266,770	1,304,773
Interest	381,079	286,832	283,037	322,071	325,975	284,794	257,997	290,807	318,569	298,260
Loan Repayment	-	-	-	-	-	-	150,000	200,000	200,000	200,000
Total Revenues	\$ 18,397,549	\$ 18,367,335	\$ 20,468,541	\$ 20,577,651	\$ 20,652,663	\$ 20,683,649	\$ 22,920,109	\$ 25,121,377	\$ 25,232,836	\$ 25,297,425
Less Expenditures:										
Maintenance & Operations	\$ 4,116,436	\$ 4,216,867	\$ 4,067,599	\$ 4,165,122	\$ 4,271,145	\$ 4,376,371	\$ 4,491,160	\$ 4,614,741	\$ 4,719,324	\$ 4,834,762
Animal Control Notes Payable	248,000	-	-	-	-	-	-	-	-	-
Household Hazardous Waste	468,905	482,972	497,461	512,385	527,757	543,589	559,897	576,694	593,995	605,875
Rehab Bond Payment-Priority 1	834,638	832,650	834,655	835,126	834,186	836,776	833,070	833,189	836,903	834,406
Bond Paymnt-Gravity Connection In Lieu of Pumping To CCCSD Payment to CCCSD:	500,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000
Operations	9,120,000	9,511,000	9,950,000	10,546,000	11,055,000	11,588,000	12,157,000	12,722,000	13,345,378	13,999,302
Total Appropriations	\$ 15,287,979	\$ 16,038,489	\$ 16,344,715	\$ 17,053,633	\$ 17,683,088	\$ 18,339,736	\$ 19,036,127	\$ 19,741,624	\$ 20,490,600	\$ 21,269,345
Net Income(Loss)	\$ 3,109,570	\$ 2,328,846	\$ 4,123,826	\$ 3,524,018	\$ 2,969,575	\$ 2,343,913	\$ 3,883,982	\$ 5,379,753	\$ 4,742,236	\$ 4,028,080
10% Contingency Reserves	\$ 1,323,644	\$ 1,372,787	\$ 1,401,760	\$ 1,471,112	\$ 1,532,615	\$ 1,596,437	\$ 1,664,816	\$ 1,733,674	\$ 1,806,470	\$ 1,883,406
Reserve for Capital Projects:										
City Projects	\$ 140,894	\$ 145,121	\$ 149,475	\$ 153,959	\$ 158,577	\$ 163,335	\$ 168,235	\$ 173,281	\$ 178,479	\$ 183,834
Capital Facility Contingency	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
CCCSD Capital Projects	6,207,000	6,074,000	2,708,000	2,636,000	2,985,000	3,295,000	3,300,000	3,877,000	4,355,000	4,485,650
Total Capital Projects	\$ 6,547,894	\$ 6,419,121	\$ 3,057,475	\$ 2,989,959	\$ 3,343,577	\$ 3,658,335	\$ 3,668,235	\$ 4,250,281	\$ 4,733,479	\$ 4,869,484
Fund Balance 6/30	\$ 8,035,707	\$ 3,896,289	\$ 4,933,667	\$ 5,398,374	\$ 4,962,869	\$ 3,584,625	\$ 3,731,993	\$ 4,792,607	\$ 4,728,568	\$ 3,810,228

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**Sewer Enterprise
Twenty Year Projection
for the Year Ending June 30, 2008**

Page 2 of 2

	Fee Inc \$36 <u>2017-18</u>	<u>2018-19</u>	Fee Inc \$36 <u>2019-20</u>	Fee Inc \$36 <u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	Fee Inc \$36 <u>2023-24</u>	Fee Inc \$36 <u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Fund Balance 7/01	\$ 5,693,634	\$ 5,776,653	\$ 4,904,840	\$ 5,078,691	\$ 6,309,941	\$ 6,512,730	\$ 5,586,355	\$ 5,514,215	\$ 6,289,378	\$ 5,806,072
Add Revenues:										
Sewer Service Fees	\$25,581,381	\$25,632,544	\$27,723,809	\$29,819,257	\$29,878,896	\$29,938,654	\$32,038,531	\$34,142,608	\$34,210,893	\$34,279,315
Sewer Connection Fees	1,343,916	1,384,233	1,425,760	1,468,533	1,512,589	1,557,967	1,604,706	1,652,847	1,702,432	1,753,505
Interest	279,763	260,524	243,501	277,772	312,748	295,100	270,746	287,893	295,011	237,786
Loan Repayment	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$27,205,060</u>	<u>\$27,277,301</u>	<u>\$29,393,070</u>	<u>\$31,565,562</u>	<u>\$31,704,233</u>	<u>\$31,791,721</u>	<u>\$33,913,983</u>	<u>\$36,083,348</u>	<u>\$36,208,336</u>	<u>\$36,270,606</u>
Less Expenditures:										
Maintenance & Operations	\$ 4,979,805	\$ 5,129,199	\$ 5,283,075	\$ 5,441,567	\$ 5,604,814	\$ 5,772,958	\$ 5,946,147	\$ 6,124,531	\$ 6,308,267	\$ 6,497,515
Animal Control Notes Payable	-	-	-	-	-	-	-	-	-	-
Household Hazardous Waste	617,993	630,353	642,960	655,819	668,935	682,314	695,960	709,879	724,077	738,559
Rehab Bond Payment-Priority 1	834,406	835,860	836,029	834,873	837,352	838,761	838,666	837,332	839,612	839,912
Bond Paymnt-Gravity Connection										
In Lieu of Pumping To CCCSD	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000	995,000
Payment to CCCSD:										
Operations	14,685,268	15,404,846	16,159,683	16,951,507	17,782,131	18,653,455	19,567,474	20,526,280	21,532,068	22,587,139
Total Appropriations	<u>\$22,112,472</u>	<u>\$22,995,258</u>	<u>\$23,916,747</u>	<u>\$24,878,766</u>	<u>\$25,888,232</u>	<u>\$26,942,488</u>	<u>\$28,043,247</u>	<u>\$29,193,022</u>	<u>\$30,399,024</u>	<u>\$31,658,125</u>
NET INCOME(LOSS)	\$ 5,092,588	\$ 4,282,043	\$ 5,476,323	\$ 6,686,796	\$ 5,816,001	\$ 4,849,233	\$ 5,870,736	\$ 6,890,326	\$ 5,809,312	\$ 4,612,481
10% Contingency Reserves	\$ 1,966,507	\$ 2,053,405	\$ 2,144,276	\$ 2,239,307	\$ 2,338,695	\$ 2,442,641	\$ 2,551,362	\$ 2,665,081	\$ 2,784,034	\$ 2,908,465
Reserve for Capital Projects:										
City Projects	\$ 189,349	\$ 195,029	\$ 200,880	\$ 206,906	\$ 213,113	\$ 219,506	\$ 226,091	\$ 232,874	\$ 239,860	\$ 247,056
Capital Facility Contingency	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
CCCSD Capital Projects	4,620,220	4,758,827	4,901,592	5,048,640	5,200,099	5,356,102	5,516,785	5,682,289	5,852,758	6,028,341
Total Capital Projects	<u>\$ 5,009,569</u>	<u>\$ 5,153,856</u>	<u>\$ 5,302,472</u>	<u>\$ 5,455,546</u>	<u>\$ 5,613,212</u>	<u>\$ 5,775,608</u>	<u>\$ 5,942,876</u>	<u>\$ 6,115,163</u>	<u>\$ 6,292,618</u>	<u>\$ 6,475,397</u>
Fund Balance 6/30	<u>\$ 3,810,146</u>	<u>\$ 2,851,435</u>	<u>\$ 2,934,415</u>	<u>\$ 4,070,634</u>	<u>\$ 4,174,035</u>	<u>\$ 3,143,714</u>	<u>\$ 2,962,853</u>	<u>\$ 3,624,297</u>	<u>\$ 3,022,038</u>	<u>\$ 1,034,691</u>

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**City of Concord
Golf Course
Ten Year Projection
For the Year Ending June 30, 2008**

	Fee Inc. <u>2007-08</u>	<u>2008-09</u>	Fee Inc. <u>2009-10</u>	<u>2010-11</u>	Fee Inc. <u>2011-12</u>	<u>2012-13</u>	Fee Inc. <u>2013-14</u>	<u>2014-15</u>	Fee Inc. <u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 55,146	\$ 147,902	\$ 156,869	\$ 165,372	\$ 166,553	\$ 174,417	\$ 175,524	\$ 183,861	\$ 185,023	\$ 194,344
Add Revenues:										
Fees	\$ 1,501,759	\$ 1,501,759	\$ 1,576,847	\$ 1,576,847	\$ 1,655,689	\$ 1,655,689	\$ 1,738,473	\$ 1,738,473	\$ 1,825,396	\$ 1,825,396
Rentals	206,784	210,723	218,555	222,733	231,001	235,434	244,162	248,865	258,079	263,068
Merchandise Sales	28,278	29,126	30,000	30,900	31,827	32,782	33,765	34,778	35,821	36,896
Other Revenues	586,525	50,000	239,042	148,390	50,000	50,000	50,000	50,000	50,000	50,000
Interest	3,492	5,976	7,860	8,096	8,316	8,535	8,765	8,997	9,252	9,514
Total Revenues	<u>\$ 2,326,838</u>	<u>\$ 1,797,584</u>	<u>\$ 2,072,304</u>	<u>\$ 1,986,966</u>	<u>\$ 1,976,833</u>	<u>\$ 1,982,440</u>	<u>\$ 2,075,165</u>	<u>\$ 2,081,113</u>	<u>\$ 2,178,548</u>	<u>\$ 2,184,874</u>
Operating Expenditures										
Operations	\$ 553,830	\$ 625,573	\$ 683,392	\$ 667,186	\$ 716,969	\$ 698,314	\$ 751,077	\$ 731,162	\$ 791,910	\$ 773,189
Maintenance	925,192	943,118	970,324	998,344	1,027,202	1,056,924	1,087,536	1,119,064	1,151,534	1,183,941
Debt Service	218,535	219,926	221,043	221,865	224,798	226,095	228,215	229,725	225,783	226,375
Total Expenditures	<u>\$ 1,697,557</u>	<u>\$ 1,788,617</u>	<u>\$ 1,874,759</u>	<u>\$ 1,887,395</u>	<u>\$ 1,968,969</u>	<u>\$ 1,981,333</u>	<u>\$ 2,066,828</u>	<u>\$ 2,079,951</u>	<u>\$ 2,169,227</u>	<u>\$ 2,183,505</u>
Net Income (Loss)	\$ 629,281	\$ 8,967	\$ 197,545	\$ 99,571	\$ 7,864	\$ 1,107	\$ 8,337	\$ 1,162	\$ 9,321	\$ 1,369
10 % Contingency Reserves	\$ 147,902	\$ 156,869	\$ 165,372	\$ 166,553	\$ 174,417	\$ 175,524	\$ 183,861	\$ 185,023	\$ 194,344	\$ 195,713
Less Capital Expenses:										
Projects	\$ 536,525	\$ -	\$ 189,042	\$ 98,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Reserve	-	-	-	-	-	-	-	-	-	-
Total Capital Expenses	<u>\$ 536,525</u>	<u>\$ -</u>	<u>\$ 189,042</u>	<u>\$ 98,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance 6/30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Concord
Redevelopment Agency
Ten Year Projection
For the Year Ending June 30, 2008**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Fund Balance 7/01	\$ 7,579,531	\$ 2,736,827	\$ 1,526,550	\$ 474,499	\$ 349,251	\$ 516,397	\$ 927,811	\$ 1,052,407	\$ 1,422,189	\$ 2,015,330
Add Revenues:										
Gross Tax Increment	\$ 14,892,075	\$ 15,471,502	\$ 16,068,312	\$ 16,978,368	\$ 17,813,072	\$ 18,812,063	\$ 19,748,544	\$ 20,730,352	\$ 21,949,766	\$ 23,272,411
Less: Pass Through Payments	(796,539)	(916,651)	(1,040,683)	(1,223,539)	(1,391,779)	(1,592,824)	(1,781,833)	(2,002,614)	(2,273,068)	(2,565,404)
Tax Increment Rebates	(343,469)	(348,729)	(354,093)	(359,561)	(365,136)	(370,819)	(376,614)	(382,309)	(388,016)	(393,834)
Low & Moderate Income Housing	(2,917,583)	(3,033,468)	(3,152,830)	(3,334,842)	(3,501,782)	(3,701,580)	(3,888,876)	(4,085,238)	(4,329,121)	(4,593,650)
Net Tax Increment	\$ 10,834,484	\$ 11,172,654	\$ 11,520,706	\$ 12,060,426	\$ 12,554,375	\$ 13,146,840	\$ 13,701,221	\$ 14,260,191	\$ 14,959,561	\$ 15,719,523
Use Of Money & Property	\$ 183,156	\$ 87,956	\$ 51,791	\$ 20,974	\$ 21,113	\$ 35,225	\$ 48,298	\$ 60,356	\$ 83,842	\$ 116,602
Home Depot Ground Lease	910,000	910,000	910,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,101,100	1,101,100
Property Sales	-	-	-	-	-	-	-	-	-	-
Rentals	46,505	47,900	49,337	50,817	52,341	53,911	55,529	57,195	58,911	27,305
Transfer In (Fry's)	322,041	352,046	383,899	417,701	453,558	491,582	531,891	574,608	619,865	667,797
Other	20,717	20,717	20,717	20,717	15,539	-	-	-	-	-
Subtotal Other Sources	\$ 1,482,419	\$ 1,418,619	\$ 1,415,744	\$ 1,511,209	\$ 1,543,551	\$ 1,581,718	\$ 1,636,718	\$ 1,693,159	\$ 1,863,718	\$ 1,912,804
Total Revenue	\$ 12,316,903	\$ 12,591,273	\$ 12,936,450	\$ 13,571,635	\$ 14,097,926	\$ 14,728,558	\$ 15,337,939	\$ 15,953,350	\$ 16,823,279	\$ 17,632,327
Less Appropriations:										
Operations	\$ 3,417,909	\$ 3,511,021	\$ 3,598,716	\$ 3,695,441	\$ 3,794,997	\$ 3,893,123	\$ 3,998,487	\$ 4,117,587	\$ 4,229,529	\$ 4,343,790
Debt Service	7,849,162	7,900,319	7,819,686	7,828,280	7,823,770	7,820,904	7,809,440	7,815,822	7,803,110	7,790,963
Total Appropriations	\$ 11,267,071	\$ 11,411,340	\$ 11,418,402	\$ 11,523,721	\$ 11,618,767	\$ 11,714,027	\$ 11,807,927	\$ 11,933,409	\$ 12,032,639	\$ 12,134,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,049,832	1,179,933	1,518,048	2,047,914	2,479,159	3,014,531	3,530,012	4,019,941	4,790,640	5,497,574
Less Capital Projects										
Strategic Plan Projects	\$ 2,235,000	\$ 300,000	\$ 400,000	\$ 950,000	\$ 750,000	\$ 1,500,000	\$ 2,800,000	\$ 3,000,000	\$ 3,500,000	\$ 4,000,000
Capital Projects	3,319,520	1,721,869	1,769,579	788,508	1,091,163	593,897	55,534	57,200	58,916	60,683
Total Capital Expenses	\$ 5,554,520	\$ 2,021,869	\$ 2,169,579	\$ 1,738,508	\$ 1,841,163	\$ 2,093,897	\$ 2,855,534	\$ 3,057,200	\$ 3,558,916	\$ 4,060,683
Other Financing Sources (Uses)										
Transfers Out	\$ (15,975)	\$ (16,295)	\$ (16,621)	\$ (16,953)	\$ (17,292)	\$ (17,638)	\$ (17,991)	\$ (18,351)	\$ (18,718)	\$ (19,092)
Fry's Loan Disbursement	(322,041)	(352,046)	(383,899)	(417,701)	(453,558)	(491,582)	(531,891)	(574,608)	(619,865)	(667,797)
Total Other Financing Sources (Uses)	\$ (338,016)	\$ (368,341)	\$ (400,520)	\$ (434,654)	\$ (470,850)	\$ (509,220)	\$ (549,882)	\$ (592,959)	\$ (638,583)	\$ (686,889)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	\$ (4,842,704)	\$ (1,210,277)	\$ (1,052,051)	\$ (125,248)	\$ 167,146	\$ 411,414	\$ 124,596	\$ 369,782	\$ 593,141	\$ 750,002
Fund Balance - 6/30	\$ 2,736,827	\$ 1,526,550	\$ 474,499	\$ 349,251	\$ 516,397	\$ 927,811	\$ 1,052,407	\$ 1,422,189	\$ 2,015,330	\$ 2,765,332

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