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PUBLIC HEARING ADOPTING THE PROPOSED FISCAL YEAR 2013-2014 ANNUAL BUDGET; APPROVING THE 2013-2018 CAPITAL IMPROVEMENT PROGRAM; APPROVING THE 2013-2014 FEE SCHEDULE; APPROVING THE 2013-2014 CALIFORNIA CONSTITUTIONAL APPROPRIATIONS LIMIT; AND ADOPTING THE 2013-2014 ANNUAL BUDGET FOR THE SUCCESSOR AGENCY TO THE FORMER STOCKTON REDEVELOPMENT AGENCY

RECOMMENDATION

It is recommended that the City Council adopt a resolution that:

- Adopts the Fiscal 2013-2014 Annual Budget as part of the City's Pendency Plan (while under protection of the bankruptcy code), and also adopts the Proposed 2013-2018 Capital Improvement Program, the Proposed 2013-2014 Fee Schedule and the 2013-2014 Constitutional (Gann) Appropriations Limit.

And it is recommended that the Successor Agency to the former Stockton Redevelopment Agency (Successor Agency) approve a resolution that:

- Adopts the Fiscal 2013-2014 Annual Budget for the Successor Agency to the former Stockton Redevelopment Agency (Exhibit 1 to the resolution).

Summary

This staff report proposes that the City Council approve a resolution to adopt the City's budget that represents the City's financial plan for Fiscal Year 2013-2014. The City's Proposed Budget submitted to Council by the City Manager on May 16, 2013, included a plan for all of the City's funds, and continues for the General Fund the Pendency Plan which is the City's budget while it is under the protection of Chapter 9 of the federal bankruptcy code. Since there were no proposed changes by Council during the two budget workshops, the budget we are asking you to adopt today is essentially the budget shared on May 16th with revised Bankruptcy fund as shown in Exhibit 1 to the City's resolution. The revisions to this fund are based on the results of the FY 2012-2013 third quarter status report which indicates a greater projected General Fund balance than anticipated after the second quarter status report.

The key elements of this budget are summarized below, and are described in much greater detail in the Proposed Budget, Capital Improvement Program and Fee Schedule documents, all of which were released in mid-May. In addition to the adoption of the General Fund Pendency Plan, a number of other actions are proposed as part of this resolution. This includes adopting the proposed budgets for the solvent funds (those not affected by insolvency). It should be noted that solvent funds have generally experienced some beneficial impact of the Pendency Plan changes, primarily due to organization wide cost reductions related to changes to labor agreements and the end of the Retiree Medical Insurance program. The other actions proposed in this Staff Report include approval of the 2013-2018 Capital Improvement Program, the 2013-2014 Fee Schedule, the 2013-2014 State Constitutional (Gann) Appropriation limit, and the 2013-2014 Successor Agency Annual Budget.

The Successor Agency to the former Stockton Redevelopment Agency

The Successor Agency became operative February 1, 2012, and is responsible for unwinding the affairs of the former Stockton Redevelopment Agency and ensuring recognized obligations are met. Tax increment continues to be the primary source of revenue for the Successor Agency. Since the dissolution of the Redevelopment Agency, tax increment can only be used to pay obligations approved on the Successor Agency's Recognized Obligation Payment Schedule (ROPS), any excess revenues will be retained by the County Auditor Controller and distributed to the local taxing entities.

Prior to each six month fiscal period, the Successor Agency is required to submit a ROPS in accordance with Health and Safety Code Section 34177 (l). The ROPS must be approved by the Oversight Board and submitted to the County Auditor Controller, State Controller, Department of Finance, and posted online. The ROPS serves as the designated reporting mechanism for disclosing the Successor Agency's payment obligations by amount, source, and schedule. In addition to the ROPS, the Successor Agency must submit an administrative budget to the Oversight Board. After adoption of the Successor Agency's annual budget, staff will present it to the Oversight Board for approval.

DISCUSSION

Background

As has been well documented, over the past several years the City of Stockton absorbed painful service reductions and has gone through a long and arduous effort to repair the damage to its finances caused by poor fiscal management, previous City decisions based on the misguided belief in the seemingly endless growth in regional fiscal fortunes, which combined with the severe impacts of the "Great Recession", exhausted the City's general financial reserves and burdened it with obligations it could not pay. Those obligations had grown to exceed General Fund resources by $26 million in Fiscal 2012-2013 and unless addressed, would have continued to grow in future years. After an exhaustive process of self-examination, verification of our financial status by staff and outside experts, and participation in a new State mandated arbitration process (AB 506), one year ago the City Council made the courageous decision to apply for bankruptcy protection under Chapter 9 of the federal bankruptcy code. It adopted a 2012-13 Pendency Plan that balanced the General Fund budget by including approximately $26 million in reductions to debt payments, salary and benefit reductions, a two year phase-out of the Retiree Medical Insurance plan, and other measures. The creditors affected by those decisions fought hard to deny the City's eligibility for bankruptcy for most of this fiscal year, costing the City to expend scarce resources defending its actions. Finally, on April 1, 2013, the federal bankruptcy court ruled that the City was indeed insolvent and had met the required conditions to enter Chapter 9 bankruptcy.

<u>Successor Agency to the former Stockton Redevelopment Agency</u>

On June 28, 2011, Governor Brown signed into law Assembly Bill x1 26 (AB x1 26 or Dissolution Act), which was later amended by Assembly Bill 1484 in June 2012. Under AB x1 26 all California redevelopment agencies were dissolved as of February 1, 2012, and replaced with successor agencies. The Dissolution Act allowed each city or county, as applicable, to establish itself as the successor agency to its former redevelopment agency. It also allowed each city or county to assume responsibilities for housing functions previously undertaken by the redevelopment agency. In August 2011, the City elected to become the Successor Agency and to perform the Redevelopment Agency's housing functions. Under AB x1 26, the successor agency's actions are governed by an oversight board. Under redevelopment law, when a project area was formed the assessed value of the project area was determined and became the base year valuation. As properties values grew, property taxes increased. The increase in property tax revenues between the base year and current year was known as tax increment and used by Redevelopment Agencies but now by Successor Agencies.

Recognized Obligations

The ROPS lists all enforceable obligations. Under AB x1 26 enforceable obligations include bonds, loans, federal and state required payments, judgments or settlements, legally binding agreements or contracts, and amounts borrowed from or owing to the Low and Moderate Income Housing Fund. These obligations, must meet specified criteria, and do not include agreements, contracts, or arrangements between the City and the former Redevelopment Agency. AB 1484 added contracts or agreements necessary for the administration or operation of the successor agency, including items such as legal expenses related to assets or obligations and maintenance of assets prior to disposition.

The ROPS also includes an administrative cost allowance. The Successor Agency may receive an administrative cost allowance in the amount of three percent (3%) of property tax revenues transferred to the Successor Agency's Redevelopment Obligation Retirement Fund, or a minimum of $250,000 per fiscal year. If there are not sufficient funds in the Redevelopment Obligation Retirement Fund to cover all enforceable obligations, the deficiency is deducted from any amounts that would have been disbursed to the taxing entities, the administrative cost allowance, and finally from pass through payment obligations subordinate to debt service. In Fiscal Year 2011-2012 the Successor Agency received the minimum administrative cost allowance of $250,000. Due to declining revenues, the Successor Agency expects to receive $125,000 in Fiscal year 2012-2013, and does not expect to receive any administrative cost allowance in Fiscal year 2013-2014.

Obligations listed on the ROPS must be approved by the California Department of Finance (DOF). After approval by the DOF, the San Joaquin County Auditor-Controller is responsible for disbursing funds from Redevelopment Property Tax Trust Fund to the Successor Agency for payment of approved enforceable obligations up to the amount of property tax revenues available. Disbursements are made to the Successor Agency on January 2 and June 1 of each year.

Present Situation

2013-2014 Annual Budget, 2013-2018 Capital Improvement Program (CIP), 2013-2014 Fee Schedule and Appropriation Limit

The proposed budget for the 2013-2014 fiscal year, along with the 2013-2018 CIP and the 2013-2014 Fee Schedule was delivered to Council on May 16, 2013. On June 3 and on June 4, Council Study Sessions were held to review the proposed budget in detail.

The budget plan for Fiscal Year 2013-2014 reflects the priorities and direction of the Council goals in consideration of our limited resources in the current economic environment. Over the past two years, the City has made considerable progress toward achieving the City Council Goals to Achieve Fiscal Sustainability, Increase Public Safety, Promote Economic Development, and Increase Organizational Capacity. In February of this year, Council provided direction to stay the course in pursuing these core goals and related strategic initiatives. With these goals in mind, City Departments have identified strategies and initiatives relative to their specific service areas and determined the resources necessary to accomplish their objectives. For the most part, those additional resources have been budgeted through redistribution of existing expenditure budgets. In instances where small increases are proposed, it is as a result of planning for future revenue sources such as grants or for critical strategic initiatives such as implementation of the Marshall Plan project as directed by Council. Additionally, plans are underway to catch up on year-end financial reports within the next few months, as well as provide consistent financial reporting each quarter going forward. These and other changes are described briefly below, and in greater detail in the Proposed Budget document.

The City's annual operating budget presents proposed appropriations for all funds of the City. As shown below, the proposed citywide budget totals $524.7 million, of which $159.5 million is in the General Fund. This represents an increase of $12.7 million for all funds, and $1.2 million for the General Fund.

City-wide Expenditure Budget All Funds	2012-13 Approved	2013-14 Proposed	Difference
General Fund*	$ 158,290,692	$ 159,518,531	$ 1,227,839
Utilities	109,129,043	114,510,812	5,381,769
Capital/Street Maintenance	31,590,614	33,796,093	2,205,479
Other Community Programs	58,085,089	64,616,599	6,531,510
Debt Service	27,261,545	28,350,320	1,088,775
Redev. Low/Mod Housing	-	2,222,347	2,222,347
HUD/Housing Programs	12,257,221	10,909,115	(1,348,106)
Internal Services	115,383,433	110,789,195	(4,594,238)
	$ 511,997,637	$ 524,713,012	$ 12,715,375

*The 2012-13 General Fund expenditure budget is presented as amended to provide a more appropriate comparison between fiscal years.

Appropriations Limit

An amendment to the California Constitution intended to limit the growth in local government spending requires establishment of a maximum limit for expenditures from general taxes. The law requires that the limit be recalculated and approved by the City Council at the beginning of each fiscal year. Generally known as the Gann Limit, it is indexed to specified growth factors approved by the Legislature. The City's annual appropriation limit has been calculated in the amount of $272,173,088 for 2013-2014 pursuant to the requirements of the California Government Code. This limit pertains to appropriations from general taxes and is far above the general taxes the City has available to appropriate. The total of fiscal year 2013-2014 revenue appropriations that are subject to the limit has been calculated at $127,860,231. The appropriation limit is far above the amount of general taxes that are currently available for expenditure in this City. Accordingly, the Proposed Fiscal 2013-2014 Budget is well within the appropriations limit.

Pendency Plan Reductions

As noted in the Transmittal Letter to the Proposed Budget, the City's General Fund budget is balanced by making $22.5 million in reductions to creditors and retirees (see schedule below), and by assuming that all pendency plan reductions continue through the end of the next fiscal year. This is down from the $26 million in pendency plan reductions included in fiscal year 2012-2013 budget, primarily due to yet more concessions achieved through negotiations with city labor organizations.

Pendency Plan Reductions

General Fund Budget	2012-13 Adopted	2013-14 Proposed
Debt		
Howard Jarvis Settlement	$ 1,127,000	$ 1,127,000
Marina Towers Settlement	312,500	312,500
Public Facilities Bonds	632,000	1,130,000
Marina DBAW Loan	685,000	685,000
Events Center Bonds	-	341,000
Main Hotel Loan (one-time)	500,000	-
400 E. Main Bonds	2,588,000	2,672,500
Pension Obligation Bonds	5,775,000	6,305,000
Entertainment Venue Subsidy	370,000	-
	11,989,500	12,573,000
Retiree Medical Reductions	7,053,000	9,903,000
Salary & Benefit Reductions	4,160,000	-
Fiscal Stabilization & Other	2,797,500	-
Ending Available Balance	$ 26,000,000	$ 22,476,000

During the period the City operates under the Pendency Plan in bankruptcy, the differences between payments required by contracts and the amount actually paid become claims in bankruptcy and are resolved through negotiations and, ultimately, the Plan of Adjustment submitted to the creditors for approval and to the bankruptcy court for confirmation.

The Proposed Budget for Fiscal Year 2013-2014 separates the resources and costs of bankruptcy activities from other funds so that tracking of bankruptcy expenditures is more transparent. The new Bankruptcy Fund begins with the available general fund balance (unaudited) that the Council has committed towards bankruptcy costs. This fund began with the initial Council commitment of $5.6 million at the beginning of Fiscal Year 2012-2013 increased by additional projected general fund balance ending June 30, 2013. The combined total is projected to be approximately $12.5 million to begin this fund as of July 1, 2013. This has been revised since the 2013-2014 Proposed Annual Budget document shared on May 16th based on the FY 2012-2013 third quarter status report results which projects the General Fund ending fund balance to be $2.2 million more than previously projected. In addition, known proposed settlement with retirees is shown as expenditures ($5.1 million less other fund reimbursement of $1.6 million) which reduces projected ending available Bankruptcy fund balance to $5,8 million. The revised Bankruptcy Fund schedule (Exhibit 1 to the City resolution) updates page L-31 of the Proposed 2013-2014 Annual Budget and will be incorporated into the final version of the budget book. These funds were generally created by year-end General Fund budget savings (vacancies, etc.). These resources are dedicated to negotiating a consensual Plan of Adjustment (or bankruptcy exit plan). The Plan of Adjustment is intended to bring the City's debts in line with our resources, both now and over time. Specifically, the Bankruptcy Fund will be used to cover costs for Chapter 9 project management, litigation and negotiations with our creditors, with remaining money available to pay our creditors as settlements for claims. The outstanding claims or potential "call" on this money far exceed available monies as demonstrated by the tentative agreement with retirees for $5.1 million associated with their retiree medical claims.

Capital Improvement Plan (CIP)

The City's Capital Improvement Program (CIP) is a five year plan that addresses facility and infrastructure needs for the City. Total project costs for the five years are $706 million of which $217 million have identified funding sources. The first year of the CIP is appropriated as part of the approval of the 2013-2014 Budget and totals $24,550,000, and is included in multiple City funds. The CIP for next year is almost entirely made up of transportation and utility improvements, as is the remaining four years of the Program. This is reflective of the poor condition of the General Fund and the lack of new development mitigation fees. In the 2013-2018 CIP plan, 99% of the funding designated for capital projects comes from restricted, non-discretionary funding sources, which can only be spent of specific projects or types of projects.

Summary By Program
Five Year Capital Improvement Program
2013-2018
(Dollars in Thousands)

	2013-14 Proposed Budget	2014-15 Projected	2015-16 Projected	2016-17 Projected	2017-18 Projected
General Fund	1,290	-	-	-	-
General Government Other	109	4,699	3,853	5,449	34,649
Transportation	13,281	42,829	47,256	112,910	251,073
Utilities	9,570	24,821	24,651	94,493	34,543
Total CIP Program	24,250	72,349	75,760	212,852	320,265
Funded	24,550	30,536	25,516	91,722	44,428
Unfunded	-	41,813	50,244	121,130	275,837
Total	24,550	72,349	75,760	212,852	320,265

The CIP for fiscal year 2013-2014 includes a General Fund allocation of $1,290,000, which is up from the $575,000 included in the current year budget. This level is still far below the amount needed to address existing deficiencies or ongoing needs for maintenance of capital assets essential to functions funded through the General Fund. Highlights of the Capital Improvement Program are discussed in the CIP transmittal letter and on pages 3-8 of the 2013-2018 Capital Improvement Program document.

FY 2013-2014 Proposed Fee Schedule

The 2013-2014 Proposed Fee Schedule is largely unchanged. Proposed changes do include however the additions of 2 new fees in the Stormwater and Wastewater Programs, the addition of fees for the soccer complex, as the program management function for that facility is returning to the City, the elimination of a first page Print Mass Production Reprographics fee, and eight adjustments to conform to existing agreements related to the Fire and Municipal Utilities Department. These contracts have specific requirements that span multiple years and include specifications for fee increases.

Proposed New Fees	
MUD - Stormwater	Conditional Discharge Permit fee
MUD - Wastewater	Wastewater Grease Disposal Mitigation fee
Community Services	Soccer Complex General & Use Fees
Changed Fees	
Reprographics	Mass produced documents 1) Elimination of 1st page fee & 2) clarification of documents & public records request fees
Other Adjustments related to existing contracts	
Fire Emergency Dispatch	Medical, ambulance and dispatch call fees
MUD - Wastewater	Wastewater collection rates
MUD - Water	Water connection and usage rates
PFF - Surface Water	All fees

Development Impact Fees

The Proposed Fee Schedule includes the development impact fees which are discussed here and presented on Attachment A. On June 6th, the City Development Oversight Commission received a briefing on the first phase of a comprehensive assessment of development impact fees. The Commission then passed a motion requesting that the Council extend current fee reductions by three years, and substantially increase the amount of that reduction, subject to annual review. The fee reduction currently in effect is around $7,500 for a new 2,000 square foot single family dwelling unit. The Commission recommended a further reduction of $12,000 for a net reduction of $19,500 for the same three years, subject to annual review. A proportional reduction for new multi-family dwelling units was also included in the adopted motion.

Staff recommends that the Council reject that recommendation, stay the course and adopt the Fee Schedule as proposed. That means current fee reductions will expire on December 31st, and future fee adjustments, up or down, will be reliant upon sound financial footing and documented analysis rather than speculative factors.

First, the Bankruptcy Ask seeks to renegotiate the terms of our debt obligations under the 2009 Lease Revenue Bonds Series A. We have defaulted on the bonds. The source of repayment is development impact fees collected to finance the construction of fire stations, police stations, parklands and street improvements throughout Stockton. The City cannot forgo the collection of the very same fees backing those negotiations. To do so would be seen as a sign of bad faith by the Bankruptcy Court and creditors. This could have a major detrimental impact on our bankruptcy negotiations. The City's imperative need to exit bankruptcy, in a timely and sustainable manner, makes the recommendations of the Development Oversight Commission a non-starter.

Second, the City has foregone $2.25 million in development impact fee revenue since the enactment of a first round of fee reductions in September 2010. That figure will likely continue to rise to $2.76 million by the time the program sunsets at the end of 2013. Those revenues cannot be made up by future development impact fees. The additional round of fee reduction recommended by the

Development Oversight Commission would increase fee losses by at least $12 million more than already experienced. Either the bond holders eat this cost or the general fund. With respect to the later, we do not have the funds to cover it.

Third, the tract homes that we see under construction today have had the land costs substantially written down to show slight profitability for the developer. There are several ready-to-go projects jockeying on all financial fronts to see where other financial write-downs may materialize, including the targeting of development impact fees. An econometric model tells us that a profitable, sustainable new home market will return to Stockton on its own accord, in two to three years.

Fourth, sound financial planning dictates that any consideration of development impact fee reductions is based on a balance sheet of fee accounts. As reported in the Phase 1 study, that balance sheet does not exist for hundreds of line-item projects for which a fee, other financial instrument, engineered plan set or as-built drawings were submitted to the City. Many of these projects were engineered and built by developers, but the project accounts have not been closed out. Six months to a year or more of effort lies ahead for the conduct of engineering field inspections and corrections, warranty reviews, financial reconciliations, conveyances and other actions before the City can official sign-off on them. Until that occurs, the City does not know the bottom-line balance of the fee accounts and whether there are sufficient funds on-hand. Some level of trending and netting-out will provide an early, high-level picture of the financial health of the fee accounts. Until that picture emerges, any discussion of fee adjustments that pertains to capital improvements is done blindly.

Fifth, by State law, development impact fees may only be collected for capital improvements that actually get built. The law also provides that a developer may only be assessed for the proportional fair share of that new growth. Often times an accommodation is also made between a developer and the City that goes well beyond that fair share. For example, a larger community center, fire station or street may be built by the developer to provide for the needs of the greater community (existing plus new). In exchange, the developer gets the regulations to hold still so he/she knows what standards to engineer by and build to. The instrument to do this is a Development Agreement. The approvals that granted these developments relied upon the pledge of sufficient fees to cover the proportional fair shares and accommodations. Financial gaps, more often than not, must be made up by the General Fund or restricted funds desired for other projects. So, there are both actuarial and legal reasons to absolutely know that the projected fund balances are sufficient to deliver all of the capital improvements relied upon in these enabling agreements and documents.

Sixth, development impact fees and the improvements that they provide are, in almost every case, mitigating measures for significant adverse environmental impacts. The Environmental Impact Reports and certifications that led to the approval of these projects legally locked in reliance upon these impact fees.

Seventh, the General Plan 2035 is broken by the weight of its greenfield expansion a complete correction in the Stockton economy and growth projection, and the City's bankruptcy. The land pattern for future growth in Stockton could be reshaped by the above changes and the Climate Action Plan settlement agreement, State mandates for new floodplain controls, further State mandates for transit oriented housing solutions, community choice for Downtown revitalization and infill, and a host of economic and behavioral drivers of affordability and real estate sales. The life-cycle of capital and operating costs in a post-bankruptcy era also supports a compact urban form and a re-thinking about service level standards that complement that land pattern. The City is poised to spend down millions of dollars of General Fund subsidy and development impact fees in FY 2013-14 and beyond to begin this transition. Fiscal Year 2014-15 and beyond will focus on a comprehensive update of the entire General Plan and its 10 elements, along with the Capital Improvement Plan. Development impact fees will be revisited and adjusted accordingly to support the infrastructure needs emanating from these plan adjustments.

Periodically throughout FY 2013-14, staff will bring forward to the Development Oversight Commission and the Council discreet line-item fee reductions. Staff has identified several fees that are thought to be out of line with processing costs (CEQA Notice of Exemption, special event fee, industrial racking fee, and grading fee). They need to be changed and due diligence is now underway to quickly do so. As mentioned during the Council's recent public workshop on the Budget, the reorganization plan for the Community Development Department includes active management of development fees rather than passive, as has been the case over past decades. A high level Program Manager will be assigned the priority role of fee management with the expectation of constant oversight and testing of development fees against actual processing costs. The soon procurement of the permit tracking and fee management system complements this priority function.

General Fund Operating Budget

As the table below illustrates, General Fund total revenues budgeted for fiscal year 2013-2014 are projected at $159.5 million and expenditures are projected at $159.5 million. The combined revenue and expenditures budgets result in an ending available balance of zero. The change in expenditures, as shown in the table below, between the Fiscal Year 2012-13 Current Budget and Fiscal Year 2013-14 Proposed Budget is an increase of approximately $1,228,000.

General Fund Budget	2012-13 Current	2013-14 Proposed	Proposed vs. 12-13 Current
Beginning Available Balance	$ 0	$ 0	$ 0
Revenues	155,987,713	159,518,531	3,530,818
Expenditures			
Police	82,593,751	83,698,594	1,104,843
Fire	36,343,178	35,456,447	(886,731)
Other Programs	39,353,763	40,363,490	1,009,727
	158,290,692	159,518,531	1,227,839
Prior Year Commitments*	2,302,979	-	(2,302,979)
Ending Available Balance	$ 0	$ 0	$ 0

*Adjustments include AB506 carryover, encumbrances and anticipated balance commitment for bankruptcy.

General Fund revenues proposed in the Fiscal Year 2013-14 budget are $159.5 million which is an increase from the prior year by $3.5 million or 2.3% due to the following factors:

1. Property Tax revenues show slow recovery in alignment with the general economic improvements, specifically as median home prices trend upward slightly. The Fiscal Year 2013-2014 Proposed Budget reflects a Property Tax revenue increase of 2.4% or $1 million. If materialized, this will be the first year property tax revenues have increased since 2008.

2. Improvement in sales tax revenues of almost $1.3 million or 3.2% is reflected in the new forecasts due to slight upward trends in automotive and retail sales.

3. Utility Users Taxes are expected to increase by $703,000 or 2.2% due to slight increases in Water and Electric & Gas revenue trends. Most of this growth is due to rate increases, not additional consumption.

4. Franchise taxes and other tax revenue budgets reflect slow improvements based on current trends.

5. Program Revenues continue to decline primarily due to service contract reimbursements being reduced by lower City service costs, such as salaries and benefits. Overall these revenues are being budgeted lower than prior year by $1.2 million or 10%.

6. Of special note is a change in the recording of Police Department reimbursements for services that were previously recorded in a special revenue fund and proposed to be recorded in the General Fund to offset costs also recorded in the General Fund. The amount budgeted Fiscal Year 2013-2014 is $1.1 million in both revenues and expenses for a net impact of zero. Through these contracts the City is partially reimbursed for full time police officer salary and benefits in exchange for increased service to contracting entities (i.e., school districts and Housing Authority).

General Fund expenditures proposed in the Fiscal Year 2013-14 budget are $159.5 million which is an increase from prior year of $1,228,000 due to the following budget changes.

1. Employee Services general fund costs have increased by $2.7 million or 2.6%. Several factors attribute to the changes.

    a. Salary costs city-wide have increased due to provisions of the bargaining unit agreements that eliminate furloughs for those agreements that are open and modification of longevity levels to provide equity among employees in most labor groups. The increase to the General Fund is $734,000 and City-wide is $2.3 million. The elimination of furloughs for many employees should result in productivity gains for City services across the board.
    b. In support of Project Ceasefire and the department's Real Time Policing strategy, two crime analysts and one property/evidence position have been added to the budget. These positions increase the budget by $181,000 net of reduced hourly costs.
    c. Administrative Services is committed to continuing to address the Council's strategic initiative of "getting our fiscal house in order" and has increased its accounting staff by one Supervising Accountant as part of the clean-up efforts ($69,000) to assist in bringing audits and accounting current. We expect this will help get the issuance of our

financial statements more in line with expectations.

d. Part-time salary expenses are up by $485,000 in the Police Department as a result of efforts to bring the department to full staffing as well as provide the capacity to support Project Ceasefire and other violence reduction efforts. This has specifically included increases in background investigations, camera operators, dispatch, and code enforcement.

e. An evaluation of overtime costs has been conducted by the Budget Office and departments, which has brought to light the need for an increase to the Police Department budget of $496,000 due to increased investigations, recruitment and special missions.

f. Pension has increased by $590,000 or 3% due to a change in CalPERS rate from 16.88% to 17.939% (Misc.) and from 31.79% to 34.605% (Safety).

g. Health Benefit budgets will increase by $307,000 due to adjustments to current employee labor agreements (with all groups except Fire, Fire Management and POA) which increase the City contribution for health care coverage on a tiered basis. This is offset by the elimination of a City contribution to retiree health.

h. Worker's Compensation costs will increase by $850,000 due to fluctuations of 12% in claims and 18% in administration. These increases are for current costs and do not begin to reflect the large deficit balance in the fund of more than $40 million.

i. Compensated Absences are dropping ($536,000) due primarily to elimination of sick leave pay-offs at separation. Changes in the treatment of vacation, including the recently implemented vacation cap, will also have a long-term impact on compensated absences costs.

2. Other services are primarily made up of costs for services provided to the City. This includes our gas and electricity expenses, advertising, audit services, and construction costs to name a few types of items included in this category. The proposed decrease of $2.9 million is primarily due to a combination of line item changes; the transfer of bankruptcy related legal costs to the new separate fund ($4.2 million), additional funds to cover the continuation of the Project Ceasefire and support services for the Marshall Plan Stakeholders Committee ($225,000), increased water utility usage and rates for City parks ($200,000), additional auditor services budget to bring the annual financial audits up to date ($300,000) and increased election costs ($100,000).

3. Capital Outlay has been decreased by $250,000 due to prior year one time bankruptcy related expense for preliminary work on moving the Information Technology division out of the 400 E. Main building funded in Fiscal Year 2012-13. If the move occurs, the project costs will come from the Bankruptcy Fund.

4. Loan Repayments budget has been increased by $400,000 to pay the Civic HVAC lease directly from the General Fund ($250,000), increased costs associated with debt administration ($100,000), and a change in the pass through debt payment for the Stewart/Eberhardt Building bond ($50,000) (essential services building). The Civic HVAC lease has been paid from the General Capital Improvement fund balance for the past few years, but this General Fund supported capital fund no longer has available balance.

5. Police Department has increased evidence supplies and ammunition budget due to increasing

costs driven by high demand ($110,000). Parks and Street Trees supplies have increased to repair damage to playgrounds and irrigation systems due to vandalism and thefts ($125,000).

6. Transfers out to other City funds have been increased by $1 million based on updated information from third party service providers and others relative to operations of the City's community services that are partially funded by City resources. Budgets have been revised as appropriate and are listed below.

    a. Recreation general fund subsidy has increased by $500,000 due to the reinstatement of City managed Soccer activities ($35,000), fully funding vacant positions that provided savings in Fiscal Year 2012-13 ($200,000), moving arts budget from the General Fund to the Recreation Fund ($33,000), and labor agreement driven salary increases ($75,000). The Fiscal Year 2012-13 Recreation subsidy was lowered from prior years because of $375,000 in one-time funds available for recreation activities. The 2013-14 recreation General Fund subsidy is consistent with prior year subsidies.
    b. Successor Agency/Redevelopment expenses have reduced in this budget based on recent experience as the winding down of redevelopment activities continues, thus reducing the subsidy from general fund by $319,000.

Funding for capital projects has increased by $690,000 to make a small dent in deferred repairs on City buildings and infrastructure. This includes roof replacements, entry improvements, animal shelter repairs, and drinking fountain repairs, to name a few.

<u>Other City Funds</u>

Included in the Proposed Budget document are balanced pro forma schedules for all other City funds. In the body of the document, grouped by the departments that retain responsibilities for each fund, there are pro forma schedules for each special fund that includes actual expenditures and revenues for the two prior fiscal years, a year-end projection for the current fiscal year, and a proposed 2013-14 budget. Included also is a brief bulleted summary of the history, current year issues and significant developments, and comments about significant elements of the 2013-14 budget being proposed. Highlights are described below:

<u>Police</u>

The Police Department is responsible for five funds: Police Measure W, Asset Seizure, COPS State Block Grant, Special Revenue Grants, and Police Special Revenue. Notable elements of the 2013-14 proposed budgets for these funds include the following:

- The Police Measure W fund continues to pay the salaries, benefits, equipment and supplies for 23 Police Officer positions. Measure W sales tax proceeds are projected to grow by approximately 3% from current projected revenue.
- In the Asset Seizure Fund revenues continue to decline. The available funds will be used to fund safety equipment and supplies.
- The COPS fund will continue to pay salaries and benefits for seven Community Service Officers.
- In the Special Revenue Grant Fund, the Federal COPs Hiring Grant for 17 new entry-

level Police Officers was budgeted to begin in the current year when the Department reached 344 filled sworn positions which may occur as early as January 2014 provided there are no further officer exits. This funding remains available and is programmed in the Fiscal Year 2013-14 Proposed Budget.

Fire

The Fire Department is partially responsible for three funds: Fire Development Services, Fire Measure W, and Fire Special Revenue.

- The Fire Measure W fund continues to pay the salaries, benefits, equipment and supplies for 23 firefighter positions. Measure W sales tax proceeds are projected to grow by approximately 3% from current projected revenue.
- The Fire Department is implementing an Alternative Response Program (ARP) as a new service to provide a smaller vehicle and a two-person crew to respond to increased lower priority medical and small fire calls. This will be funded only by Measure W funds. Two Fire Fighters have been added to the budget in support of this new program. This program is expected to lower overall cost of vehicle operations by lowering the cost of operating emergency response units, reducing the cost of acquiring fire and medical response vehicles and reducing the wear and tear on the larger fire engines and trucks. The ARP also is expected to increase efficiency of response to lower level medical calls by using smaller units and crew size while at the same time will increase fire engine and ladder truck efficiency for higher priority incidents. An evaluation of the ARP will be conducted and a report will be prepared on the outcome after one year of ARP's implementation.

Community Services

The Community Services Department is responsible for three fund groups: Library, Recreation, and Golf.

- The proposed 2013-14 budget for the Library Fund requires a General Fund subsidy of $4 million. This pays for the City portion of the County-wide Library system operated by Stockton. The proposed budget does not reflect any service reductions or enhancements.
- The proposed 2013-14 budget for the Recreation Fund requires a subsidy of $2.8 million. Although many Recreation programs are funded through registration and rental fees, historically the fee structure was developed to maximize recreational opportunities for the community, and has not traditionally been solely based on full cost recovery for facilities, administration and overhead. To fill this gap the General Fund subsidy will primarily be used to support Youth Sports and Community Centers. A small portion will also fund recreation facilities such as the Teen Center, Civic Auditorium, Weber Point Events Center, community pools, Tennis Center and Silver Lake Family Camp. The proposed budget for this fund reflects no service changes except the reinstatement of City managed soccer complex operations.
- The proposed 2013-14 budget for the Golf Fund requires a General Fund subsidy of $450,000, down from the $500,000 included in the 2012-13 current budget. Rounds of play and revenue are down at both City courses due to increased competition from area courses and an overall drop in golf play. Kemper Sports Inc., the City's Golf operator,

has submitted a plan to increase marketing efforts in an attempt to reduce the subsidy requirements.

Community Development

The Community Development Department is responsible for one fund: the Development Services fund.

- In the Community Development section of this fund, the Fiscal Year 2012-13 current year budget included for the first time a General Fund subsidy of $1.0 million. It was determined that there were a number of services and initiatives in this department that are more appropriately charged to the General Fund rather than recovered through development fees. The $1.0 million will be used to cover these general government costs each year beginning in Fiscal Year 2012-13 and going forward. For 2012-13 only $180,000 of the $1 million subsidy is expected to be spent. Plans are underway to carryover the balance and use this resource for several one-time costs such as completion of the Fee Study, a major update of the General Plan, an update of the Housing Element based on the new cycle of Regional Housing Needs Assessment (State mandated), an update of the Municipal Services Plan (State mandated), an update of CEQA environmental review thresholds and processes, an update of the Development Code, re-crafting of the Design Guidelines with a focus on Downtown transit oriented, mixed use development opportunities, and makeover of the website to support the application and issuance of on-line permits for routine construction activities. The FY 2013-14 General Fund subsidy is expected to be used for on-going costs in a reorganization plan. A comprehensive review was conducted by Management Partners, Inc. and the Urban Land Institute which made over 60 recommendations. In response to the recommendations, the department is bringing forth this reorganization plan for review and consideration which includes four new positions.

Public Works

The Public Works Department is responsible for seven funds: Street Maintenance Gas Tax, Boat Launching Facilities, Solid Waste and Recycling, Lighting Maintenance District, Assessment District Maintenance, and Measure K Maintenance.

- In the Street Maintenance Gas Tax fund, funding is proposed to be used to fill cracks and patch streets between Eight Mile Road and Hammer Lane, as part of a 6 year cyclical program to address failing streets. Funding is also included to continue re-striping arterial and collector streets, to address deteriorated pavement markings that have not been maintained for several years (over 50 miles), as well as to start replacing large overhead street name signs on arterials. Signs on Pacific Avenue will be replaced. Funding will also continue reflectivity upgrades of all regulatory and warning signs required by Federal mandate. Signs between Harding Way and March Lane will be replaced. This will bring all signs into compliance prior to the 2017 deadline. Activities will also complete annual traffic signal controller preventative maintenance inspections for 305 controllers, and an upgrade of 13 traffic signal controllers in the Weston Ranch area to complete a multi-year program to upgrade 138 intersections. Proposed expenditures will exceed revenue by almost $620,000. This will reduce the projected fund balance to approximately $488,000.

- In the Solid Waste and Recycling Fund projected revenues reflect a 1.59% annual CPI adjustment for residential and commercial service. An increase in program expenses is included which will provide funds for tree trimming related to street sweeping, a financial consultant for franchise agreement analysis, translation services for printed outreach material, and a capital improvement project to build a storage facility for existing solid waste and recycling containers at Louis Park.
- In the Measure K Maintenance Fund, revenues are projected to increase by approximately 5%. Of the funding projected, $2 million is budgeted for several capital projects including the required matches for a number of City projects. The transfer to the Gas Tax Fund has been budgeted to increase slightly to $2 million to account for the additional electrical costs for street lighting and traffic signals, and maintenance costs for the Traffic Control System.
- In the Boat Launching Facilities Fund fees will not be changed from the current rates. Expenditures for security services and maintenance and repair services are being increased slightly. With the budgeted assumptions, revenues are projected to exceed expenditures.

<u>Economic Development</u>

The Economic Development Department is responsible for the various Housing funds, as well as the City Administration Building, Central Parking District, and Downtown Marina Complex funds. The department formerly oversaw the Redevelopment Agency funds prior to the dissolution of the Agency. The General Fund will be required to fund administrative and overhead costs for the Successor Agency, due to the fall-off in tax increment proceeds. Those costs, estimated at $750,000, are included as a transfer in the General Fund Budget.

- Included in the Housing funds is the impact of an additional 8% decrease in the CDBG entitlement on top of last year’s 18% decrease, and an additional 8% reduction in the HOME entitlement grant. This will result in reductions to the CDBG Housing Loan Pool, Sub-Recipient Assistance, and the budget for CDBG and HOME Administration and Program Delivery.
- The Administration Building Fund is used to account for costs associated with the 400 E. Main building. The proposed budget reflects only a small amount of funding for administrative costs and tracking of any related City expenses for the building. The City no longer has control of the building since the Trustee assumed control of the building on behalf of Assured Guaranty Trust on June 1, 2012. The City continues to lease the fourth floor of this building and expense the costs to the Computer Internal Service Fund.
- The Central Parking District Fund proposed budget reflects revenue and costs for the City garage and parking lots remaining after Trustee Wells Fargo took possession of the Market Street, Coy and Arena garages last year after the City defaulted on its debt payments. No increases to monthly or hourly fees are planned for next fiscal year.
- The proposed Fiscal Year 2012-13 budget for the Downtown Marina Complex will again require a subsidy from the General Fund in the amount of $160,000. The increase in events planned at Weber Point and the Arena have increased revenues in the transient/guest docks. Marina staff will increase marketing efforts to attempt to increase short-term berthing and boat launching revenue.

Municipal Utilities Department

The Municipal Utilities Department is responsible for three fund groups: Water Enterprise, Wastewater Enterprise, and Stormwater Enterprise.

- Water user rates and connection fees are projected to be increased by the Consumer Price Index (CPI). Construction of the Ammonia Facilities Project is expected to be completed by June 2014.
- In the Wastewater Fund, the fourth year rate increase of 9%, of the approved 5 year tiered increase plan, is reflected. The tiered structure was designed to ensure adequate coverage required by the bond covenants and to fund the Capital Improvement and Energy Management plans. The Phase 2 projects identified in the CIEMP have been separated into five packages with three RFPs to be released this year with the Headworks Project. Activities during coming year will focus on meeting all requirements of the Consent Decree for the collections system and to successfully negotiate the new National Pollutant Discharge Elimination System (NPDES) permit.
- As rates are capped in the Stormwater Fund, some required NPDES program elements have been reduced to stay within projected revenue levels. No funding is available for needed infrastructure repairs. The Fiscal Year 2013-14 Proposed Budget for this fund is balanced, but without a rate increase, there is General Fund exposure for this fund in future years if NPDES requirements are to be met. A new permit is anticipated by October 2013 which may include additional requirements that further strain this fund's budget. Plans to attempt another Proposition 218 ballot measure to increase revenue are under review.

City Manager and Administrative Services

The City Manager's Office, in addition to being responsible for the entire City budget, monitors and manages one fund, the Entertainment Venues Fund:

- The Fiscal Year 2013-14 General Fund subsidy for the Entertainment Venues Fund is estimated at $2.6 million. This compares to $3.2 million under the previous facilities manager (IFG).

Internal Service Funds

There are 12 Internal Service Funds: Four of the funds are overseen by the Administrative Services Department (Computer Equipment, Radio Equipment, Telephone Equipment, and Office Equipment). Seven Internal Services Funds are overseen by the Human Resources Department (General Liability, Workers Compensation, Health Insurance, Unemployment, Long-Term Disability/Life Insurance, Retirement Benefits and Compensated Absences). One (Fleet) is managed by the Public Works Department. These Internal Service Funds can be categorized as Equipment or Benefits. During the course of developing each fund's allocation rates, an evaluation was done on the methodology used to determine and distribute rates, in addition to evaluation of the costs associated with each fund. Methodologies for most Equipment type of Internal Service Funds were improved to follow consistent and logical calculations while eliminating duplications. This process created some fluctuations in costs between departments, such as a fleet increase to the Police Department and decrease to the Fire Department; however these improvements did not significantly impact the overall costs being allocated. Notable elements of the Fiscal Year 2013-14 Proposed Budget for Internal Service Funds include the following:

- The proposed Fleet Budget includes an increase of $120,000 for fleet operations, maintenance, fuel and replacement vehicles.
- The Computer Equipment budget includes approximately $2.1 million that was set aside for implementing the Citywide Technology Strategic Plan projects which have been approved by Council. This does not come close to meeting our needs. The Plan spans five years and some projects have shifted into future years beyond their initial planning but within the five year model. These planning changes have been reflected in the Fiscal Year 2013-14 budget and will be reported to Council through a separate Citywide Technology Strategic Plan update report. The budget for computer replacements has been budgeted at $200,000 above last year.
- In the Risk Services and Workers Compensation Funds proposed budget, insurance rates charged to the departments have been raised to reflect the higher cost of insurance coverage. These funds are still carrying huge fund balance deficits in the Liability and Workers Compensation Funds because past administrations did not budget adequate contributions of the General Fund and other Funds to finance accrued long-term liabilities.
- In the Health Benefits Fund the proposed increase in the City contribution to health for active employees increased revenues from other City funds by $1.3 million. The increase in City contributions were offset by the elimination of contributions to retiree health per the Pendency Plan ($3.9 million). Human Resources staff will be working to ensure compliance with the Affordable Care Act provisions mandated for January 1, 2014.

<u>Successor Agency to the former Stockton Redevelopment Agency</u>

Administrative Budget

The Successor Agency may request an administrative cost allowance on its ROPS. However, staff does not believe there will be sufficient funds to cover all enforceable obligations and the administrative allowance. Because of this, staff did not budget receipt of the administrative cost allowance in Fiscal Year 2013-2014. If property tax revenues are higher than anticipated, and funding becomes available in the Redevelopment Property Tax Trust Fund, staff will request the three percent (3%), or $250,000 minimum allowance as allowed under AB x1 26. Any administrative cost allowance awarded will reduce the general fund subsidy required by the Successor Agency.

The annual administrative budget is $750,000. This is a reduction from the previous year's budget of $1,319,248. The Successor Agency will require a subsidy from the general fund until funding for the administrative cost allowance becomes available and is sufficient to cover the cost of managing the Successor Agency. The subsidy has declined significantly since Fiscal Year 2011-12. The approved subsidy that year was $3.1 million. In Fiscal Year 2012-13 the general fund subsidy budget was reduced to $1,069,248. Due to a decrease in legal activity and expenses, the subsidy required for Fiscal Year 2013-14 is down to $750,000. Any savings in expenditures during the fiscal year will reduce the amount of general fund subsidy provided to the Successor Agency.
The administrative budget consists of $270,000 for ongoing litigation and legal expenses, $50,500 for

assessments, $334,000 in staff costs, and $95,500 in operating and maintenance costs. Staff costs are approximately $200,400 for Economic Development Department personnel that directly support the Successor Agency, and $133,600 for other City staff providing indirect support. Administrative expenses such as litigation costs for assets or obligations and maintenance will be listed on the ROPS, and may be paid with property tax revenues if approved by the DOF.

Revenues and Expenditures - Successor Agency

Property tax revenues dropped from $25 million in Fiscal Year 2008-09 to less than $9 million in Fiscal Year 2012-13. Staff projects property tax revenues to remain level in Fiscal Year 2013-14. While property tax revenues have leveled off, bond debt service payments continue to rise. Debt service payments in the prior fiscal year were paid due to a working capital conversion of unspent bond proceeds which was completed prior to the dissolution of the Redevelopment Agency. Working capital proceeds have been depleted. Without this additional source of funds the Successor Agency projects that it will not have sufficient funds to pay all enforceable obligations in the 2013-2014 annual budget.

The Successor Agency is working with the County Auditor-Controller to take steps necessary to subordinate payments to taxing entities when allowed, and to obtain updated estimates of property tax revenues as they become available, to meet all of the enforceable obligations, including bond debt service. The project area budgets (Exhibit 1 to the Resolution) are for planning purposes only. Successor Agency payment obligations must be submitted on the ROPS before each six-month fiscal period and go through the review and approval process. A new estimate of property tax revenues will be provided by the County Auditor-Controller before each filing period which may be different from the proposed budget.

The annual budget, including administrative costs, is $10,159,578. Of that amount, ninety-one percent (91%), $9,291,376, is for debt service. Pass through payments are not included in this budget, as that process is now handled by the County Auditor-Controller, and deducted from the amount of property tax revenues available to the Successor Agency. Pass through payments represent the local taxing entities' share of property tax revenues. The taxing entities include San Joaquin County, the City, schools, and special districts such as the San Joaquin Regional Transit District and the San Joaquin County Mosquito and Vector Control District.

Under AB x1 26, property tax revenues are disbursed to the Successor Agency's Redevelopment Obligation Retirement Fund for the amount needed to meet obligations listed on the approved ROPS, up to the amount of tax increment that would have been available had the Redevelopment Agency not been dissolved. The Successor Agency receives payment of property tax revenues on June 1 and January 2 of each year. The June 1 disbursement is for obligations listed on the July through December ROPS; and the January 2 disbursement is for the January through June ROPS. This budget recognizes revenues and expenditures during the fiscal year in which they are received or paid. Revenues received in June are transferred from the project area funds to the debt service funds, and will not be expended until the following fiscal year.

The ROPS for July 1, 2013 through December 31, 2013 was amended and approved by the DOF on April 13, 2013. Staff will return in September to begin the approval process for the ROPS covering the final six months (January 1, 2014 through June 30, 2014) of the 2013-2014 fiscal year.

CITY OF STOCKTON
ECONOMIC DEVELOPMENT DEPARTMENT
SUCCESSOR AGENCY FUND - SUMMARY
(Dollars in Thousands)

		Project Areas				Cash with Fiscal Age		
	Admin	Midtown	South Stockton	North Stockton	Waterfront	Debt Service	SNI Bond	Total
Beg. Available Balance	-	3,825	1,748	126	(5,678)	5,440	8,748	14,209
Revenues		1,896	2,613	433	4,066			9,008
Expenditures	750					9,416		10,166
Transfers	750	(1,896)	(2,613)	(433)	(4,066)	8,264		6
Net Annual Activity	-	-	-	-	-	(1,152)	-	(1,152
Ending Available Balance	-	3,825	1,748	126	(5,678)	4,288	8,748	13,057

FY 2013-14 Budget Adoption - Conclusion

The organization remains very focused on our City's recovery and on long-term sustainability. The most pressing two initiatives that will have the greatest impact on our recovery are: getting a bankruptcy (exit) plan of adjustment approved by the court and implementing our new Marshall Plan on Crime. The pall and confusion of bankruptcy and the concerns about our crime rates are preventing robust investment in our economy. The strength or weakness of our economy impacts our financial sustainability as a city. As a result, we cannot recover without both exiting bankruptcy and implementing our Marshall Plan on Crime.

The City's general fund is obviously insolvent in the immediate and long-term. We have a temporary reprieve by not paying certain creditors under the protection of Chapter 9; however, we cannot suspend payments to all these creditors indefinitely. We eventually have to negotiate a new payment schedule that hopefully provides us some permanent debt reduction and near-term relief. We plan to propose a Plan of Adjustment for our other creditors sometime in the third quarter of this calendar year. However, the City financial picture is so dire any Plan will likely be contingent on a request from tax payers for more revenues to simply maintain general fund insolvency for the modest services we have now. At the same time, we plan to ask voters for more resources to restore police services in a very strategic way as found in the Marshall Plan. These two needs should be addressed at the same time, via one request from our citizenry, hopefully this fall.

The City of Stockton, its citizens, the City Council and City staff have all made tremendous sacrifices and adjustments. The City staff will continue to work hard for our citizens during a time of great stress. We have accomplished a huge milestone in the bankruptcy process, with our determination of eligibility, despite opposition from a well- financed group. Like all of you, I am looking forward to getting through this very difficult and complex restructuring and exiting bankruptcy so we can return 100 percent of our focus on providing the best for our city.

FINANCIAL SUMMARY

This report recommends for adoption the City's Fiscal 2013-2014 Annual Budget of $524,713,012. This budget continues the general fund Pendency Plan under Chapter 9 protection of the federal bankruptcy code and reflects the expenditure priorities pending confirmation of a plan of adjustment to exit Chapter 9.

Included in the City's Fiscal 2013-2014 Annual Budget is the Successor Agency 2013-2014 Annual Budget subsidy from the general fund of $750,000. The Successor Agency will fund the remaining expenditures with property tax revenues received in June and January of each year. Funds from the June 1, 2013 payment of property tax revenues have been set aside for the September 2013 debt service payments. Property tax revenues from June 2013 and January 2014 are not expected to be sufficient to cover all debt service payments. The Successor Agency staff will continue to work with the County Auditor-Controller's Office, the DOF, and legal counsel to make every effort to meet the obligations of the former Stockton Redevelopment Agency.

The full documents of the City's Proposed 2013-2014 Annual Budget, the Proposed 2013-2018 Capital Improvement Program, and the Proposed 2013-2014 Fee Schedule are available for review on the City's website, www.stocktongov.com <http://www.stocktongov.com> or in the City Clerk's office.

Attachment A - City of Stockton Public Facility Fees 2013-14 Fee Schedule

Attachment A

City of Stockton Public Facility Fees
2013-14 Fee Schedule

The listed Public Facility Fees have not been increased for the fiscal year 2013-14.

Air Quality (Fee Schedule Page Number F-94)		
Description	**Current Amount**	**Proposed Amount**
Non-residential		
Office/High Density (per 1,000 sq. ft.)	$329.00	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$689.00	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$405.00	NO CHANGE
Residential		
Single Family Units (per unit)	$187.00	NO CHANGE
Multiple Family Units (per unit)	$127.00	NO CHANGE
Guest Rooms (per room)	$120.00	NO CHANGE
City Office Space (Fee Schedule Page Number F-95)		
Non-residential		
Office/High Density (per 1,000 sq. ft.)	$43.75	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$22.50	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$25.50	NO CHANGE
Residential - Greater Downtown Area		
Single Family Units (per unit)	EXEMPT	NO CHANGE
Multiple Family Units (per unit)	EXEMPT	NO CHANGE
Guest Rooms (per room)	$49.13	NO CHANGE
Residential Projects - Existing City Limits		
Single Family Units (per unit)	$233.50	NO CHANGE
Multiple Family Units (per unit)	$195.50	NO CHANGE
Guest Rooms (per room)	$49.00	NO CHANGE
Community Recreation Centers (Fee Schedule Page Number F-96)		
Non-Residential		
Office/High Density (per 1,000 sq. ft.)	$39.50	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$20.25	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$23.50	NO CHANGE
Residential - Greater Downtown Area		
Single Family Units (per unit)	EXEMPT	NO CHANGE
Multiple Family Units (per unit)	EXEMPT	NO CHANGE
Guest Rooms (per room)	EXEMPT	NO CHANGE
Residential Projects - Existing City Limits		
Single Family Units (per unit)	$241.00	NO CHANGE
Multiple Family Units (per unit)	$203.00	NO CHANGE
Guest Rooms (per room)	EXEMPT	NO CHANGE
Fire Stations (Fee Schedule Page Number F-98)		
Non-Residential		
Office/High Density (per 1,000 sq. ft.)	$119.00	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$61.00	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$54.00	NO CHANGE
Residential - Existing City Limits		
Single Family Units (per unit)	$781.00	NO CHANGE
Multiple Family Units (per unit)	$658.00	NO CHANGE
Guest Rooms (per room)	$44.50	NO CHANGE
Residential - Greater Downtown Area		
Single Family Units (per unit)	EXEMPT	NO CHANGE
Multiple Family Units (per unit)	EXEMPT	NO CHANGE
Guest Rooms (per room)	$44.50	NO CHANGE
Libraries (Fee Schedule Page Number F-100)		
Non-Residential		
Office/High Density (per 1,000 sq. ft.)	$94.50	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$48.50	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$56.00	NO CHANGE
Residential - Existing City Limits		

Single Family Units (per unit)	$451.00	NO CHANGE
Multiple Family Units (per unit)	$381.00	NO CHANGE
Guest Rooms (per room)	$85.50	NO CHANGE
Residential - Greater Downtown Area		
Single Family Units (per unit)	EXEMPT	NO CHANGE
Multiple Family Units (per unit)	EXEMPT	NO CHANGE
Guest Rooms (per room)	$85.50	NO CHANGE
Parkland (Fee Schedule Page Number F-100)		
Residential		
Single Family Units (per unit)	$2,798.00	NO CHANGE
Multiple Family Units (per unit)	$1,712.00	NO CHANGE
Guest Rooms	EXEMPT	NO CHANGE
Non-Residential		
Office/High Density	EXEMPT	NO CHANGE
Retail/Medium Density	EXEMPT	NO CHANGE
Warehouse/Low Density	EXEMPT	NO CHANGE
Police Station Expansion (Fee Schedule Page Number F-102)		
Non-Residential		
Office/High Density (per 1,000 sq. ft.)	$106.00	NO CHANGE
Retail/Medium Density (per 1,000 sq. ft.)	$54.00	NO CHANGE
Warehouse/Low Density (per 1,000 sq. ft.)	$62.00	NO CHANGE
Residential - Existing City Limits		
Single Family Units (per unit)	$591.00	NO CHANGE
Multiple Family Units (per unit)	$497.00	NO CHANGE
Guest Rooms (per room)	$99.50	NO CHANGE
Residential - Greater Downtown Area		
Single Family Units (per unit)	EXEMPT	NO CHANGE
Multiple Family Units (per unit)	EXEMPT	NO CHANGE
Guest Rooms (per room)	$99.50	NO CHANGE
Street Improvements (Fee Schedule Page Number F-104)		
Single Family Units		
Greater Down Town Area, per unit	EXEMPT	NO CHANGE
10/14/2008 Citywide Except Downtown, per unit	$6,613.00	NO CHANGE
Beyond 10/14/2008 City Limits, per unit	$13,226.00	NO CHANGE
Multiple Family Units		
Greater Down Town Area, per unit	EXEMPT	NO CHANGE
10/14/2008 Citywide Except Downtown, per unit	$4,828.00	NO CHANGE
Beyond 10/14/2008 City Limits, per unit	$9,656.00	NO CHANGE
Guests Rooms		
Greater Down Town Area, per room	$5,157.50	NO CHANGE
10/14/2008 Citywide Except Downtown, per room	$5,157.50	NO CHANGE
Beyond 10/14/2008 City Limits, per room	$10,315.00	NO CHANGE
Commercial - City Wide		
Office/High Density, per 1,000 square feet	$2,412.00	NO CHANGE
Retail/Medium Density, per 1,000 square feet	$3,177.00	NO CHANGE
Warehouse/Low Density, per 1,000 square feet	$931.50	NO CHANGE
Street Trees (Fee Schedule Page Number F-105)		
Tree without root barrier, per tree	$140.00	NO CHANGE
Tree wells with root barrier, per tree	$195.00	NO CHANGE
Traffic Signals (Fee Schedule Page Number F-107 to F-109)		
Single Family Detached (PURD SFT) per D.U. Units - 10 Trip Ends per Unit	$110.00	NO CHANGE
Condominium (PURD SFA) per D.U. Units - 8.6 Trip Ends per unit	$94.00	NO CHANGE
Mobile Home per D.U. Units - 5.4 Trip Ends per unit	$59.00	NO CHANGE
Apartment per D.U. Units - 6.1 Trip Ends per unit	$66.50	NO CHANGE
Retirement Village per D.U. Units - 3.3 Trip Ends per unit	$36.00	NO CHANGE
Hotel per Room Units - 11 Trip Ends per unit	$122.00	NO CHANGE
Motel per Room Units - 9.6 Trip Ends per unit	$106.00	NO CHANGE
Daycare/Preschool per Student Units - 5 Trip Ends per unit	$55.00	NO CHANGE
Daycare/Preschool per 1,000 sq. feet Units - 79 Trip Ends per unit	$866.00	NO CHANGE
Elementary--Intermediate School per Student Units - 0.5 Trip Ends per unit	$5.50	NO CHANGE
High School per Student Units - 1.2 Trip Ends per unit	$13.25	NO CHANGE
Junior College--Community College per Student Units - 1.6 Trip Ends per unit	$17.75	NO CHANGE
University per Student Units - 2.4 Trip Ends per unit	$26.50	NO CHANGE
Church & Accessory Use per 1,000 sq. feet Units - 7.7 Trip Ends per unit	$84.50	NO CHANGE
Industrial-Warehouse-Manufacturer per 1,000 sq. feet Units - 7.6 Trip Ends per unit	$83.25	NO CHANGE

Industrial-Warehouse-Manufacturer per Acre Units - 80.8 Trip Ends per unit	$885.00	NO CHANGE
Industrial Service per 1,000 sq. feet Units - 20.26 Trip Ends per unit	$223.00	NO CHANGE
Truck Terminal--Distribution Center per 1,000 sq. feet Units - 9.86 Trip Ends per unit	$108.00	NO CHANGE
Mini-/Self Storage per 1,000 sq. feet Units - 2.8 Trip Ends per unit	$30.75	NO CHANGE
Lumber Yard per 1,000 sq. feet Units - 34.5 Trip Ends per unit	$379.00	NO CHANGE
Lumber Yard w/open storage/sales per Acre Units - 148 Trip Ends per unit	$1,622.00	NO CHANGE
Home Imp. Center per 1,000 sq. feet Units - 64.6 Trip Ends per unit	$709.00	NO CHANGE
Shopping Center by size (sq. ft.) - Less than 50,000 per 1,000 sq. feet Units - 116 Trip Ends per unit	$1,271.00	NO CHANGE
Shopping Center by size (sq. ft.) - 50,000-99,999 per 1,000 sq. feet Units - 79.1 Trip Ends per unit	$866.00	NO CHANGE
Shopping Center by size (sq. ft.) - 100,000-199,999 per 1,000 sq. feet Units - 60.4 Trip Ends per unit	$662.00	NO CHANGE
Shopping Center by size (sq. ft.) - 200,000-299,999 per 1,000 sq. feet Units - 49.9 Trip Ends per unit	$547.00	NO CHANGE
Shopping Center by size (sq. ft.) - 300,000-399,999 per 1,000 sq. feet Units - 44.4 Trip Ends per unit	$486.00	NO CHANGE
Shopping Center by size (sq. ft.) - 400,000-499,999 per 1,000 sq. feet Units - 41.6 Trip Ends per unit	$456.00	NO CHANGE
Shopping Center by size (sq. ft.) - 500,000-999,999 per 1,000 sq. feet Units - 35.5 Trip Ends per unit	$389.00	NO CHANGE
Shopping Center by size (sq. ft.) - 1,000,000-1,250,000 per 1,000 sq. feet Units - 31.5 Trip Ends per unit	$345.00	NO CHANGE
Boat Launching Ramp per Space Units - 3 Trip Ends per unit	$33.50	NO CHANGE
Free Standing Retail per 1,000 sq. feet Units - 73.7 Trip Ends per unit	$808.00	NO CHANGE
Ambulance Dispatch per 1,000 sq. feet Units - 73.7 Trip Ends per unit	$808.00	NO CHANGE
Service Station--more than 2 pumps or 4 nozzles per Site Units - 748 Trip Ends per unit	$8,193.00	NO CHANGE
Truck Stop per Site Units - 825 Trip Ends per unit	$9,036.00	NO CHANGE
Used Car (No service) per Acre Units - 55 Trip Ends per unit	$603.00	NO CHANGE
New Car/New Boat Dealer per 1,000 sq. feet Units - 44.3 Trip Ends per unit	$485.00	NO CHANGE
Auto Center Dealership per 1,000 sq. feet Units - 31.25 Trip Ends per unit	$342.00	NO CHANGE
General Auto Repair/Body Shop per 1,000 sq. feet Units - 27.2 Trip Ends per unit	$298.00	NO CHANGE
Self Service Car Wash per Stall Units - 52 Trip Ends per unit	$571.00	NO CHANGE
Automatic Car Wash per Site Units - 900 Trip Ends per unit	$9,859.00	NO CHANGE
Auto Supply per 1,000 sq. feet Units - 89 Trip Ends per unit	$976.00	NO CHANGE
Drug Store/Pharmacy per 1,000 sq. feet Units - 43.9 Trip Ends per unit	$482.00	NO CHANGE
Discount Store per 1,000 sq. feet Units - 71.16 Trip Ends per unit	$780.00	NO CHANGE
Supermarket per 1,000 sq. feet Units - 125.5 Trip Ends per unit	$1,373.00	NO CHANGE
Convenience Market per 1,000 sq. feet Units - 574.48 Trip Ends per unit	$6,293.00	NO CHANGE
Convenience Markets dispensing fuel--maximum of 2 pumps/4 nozzles per 1,000 sq. feet Units - 887.06 Trip Ends per unit	$9,718.00	NO CHANGE
Clothing Store per 1,000 sq. feet Units - 31.3 Trip Ends per unit	$343.00	NO CHANGE
Paint/Hardware Store per 1,000 sq. feet Units - 51.3 Trip Ends per unit	$562.00	NO CHANGE
Variety Store per 1,000 sq. feet Units - 14.4 Trip Ends per unit	$157.00	NO CHANGE
Video Rental Store per 1,000 sq. feet Units - 57.3 Trip Ends per unit	$628.00	NO CHANGE
Furniture/Appliance Store per 1,000 sq. feet Units - 4.35 Trip Ends per unit	$47.50	NO CHANGE
Department Store per 1,000 sq. feet Units - 35.8 Trip Ends per unit	$391.00	NO CHANGE
Hair Salon/Dog Grooming per 1,000 sq. feet Units - 25.5 Trip Ends per unit	$279.00	NO CHANGE
Bar/Tavern per 1,000 sq. feet Units - 40 Trip Ends per unit	$438.00	NO CHANGE
Laundromat/Dry Cleaners per 1,000 sq. feet Units - 50 Trip Ends per unit	$548.00	NO CHANGE
Bakery/Craft Store/Yogurt Shop per 1,000 sq. feet Units - 43.9 Trip Ends per unit	$482.00	NO CHANGE
Carpet-Floor/Interior Decorator per 1,000 sq. feet Units - 5.6 Trip Ends per unit	$61.00	NO CHANGE
Bank per 1,000 sq. feet Units - 189.95 Trip Ends per unit	$2,081.00	NO CHANGE
Banks with Drive-up Facilities per 1,000 sq. feet Units - 290 Trip Ends per unit	$3,178.00	NO CHANGE
Free Standing Automatic Teller per Unit Units - 160 Trip Ends per unit	$1,753.00	NO CHANGE
Savings & Loan/Mortgage Co. per 1,000 sq. feet Units - 60.4 Trip Ends per unit	$662.00	NO CHANGE
Restaurant-Quality per 1,000 sq. feet Units - 95.62 Trip Ends per unit	$1,046.00	NO CHANGE
Restaurant-Dinner House per 1,000 sq. feet Units - 56.3 Trip Ends per unit	$617.00	NO CHANGE
Restaurant-High Turnover/Sit Down per 1,000 sq. feet Units - 164.4 Trip Ends per unit	$1,801.00	NO CHANGE
3N 8/25/2012 Restaurant-Fast Food per 1,000 sq. feet Units - 777.29 Trip Ends per unit	$8,514.00	NO CHANGE
Restaurant-Fast Food with Drive-thru per 1,000 sq. feet Units - 680 Trip Ends per unit	$7,450.00	NO CHANGE
Library per 1,000 sq. feet Units - 45.5 Trip Ends per unit	497.00	NO CHANGE
Hospital per bed Units - 12.2 Trip Ends per unit	$135.00	NO CHANGE
Hospital per 1,000 sq. feet Units - 16.9 Trip Ends per unit	$186.00	NO CHANGE
Nursing Home per bed Units - 2.7 Trip Ends per unit	$30.00	NO CHANGE

Clinic/Weight Loss/Aerobics/Karate/Dance per 1,000 sq. feet Units - 23.8 Trip Ends per unit	$262.00	NO CHANGE
Medical Office per 1,000 sq. feet Units - 54.6 Trip Ends per unit	$597.00	NO CHANGE
General/Medical office per 1,000 sq. feet Units - 36.9 Trip Ends per unit	$405.00	NO CHANGE
General Office (in square feet) - Less than 100,000 per 1,000 sq. feet Units - 17.70 Trip Ends per unit	$195.00	NO CHANGE
General Office (in square feet) - Over 100,000 per 1,000 sq. feet Units - 14.30 Trip Ends per unit	$156.00	NO CHANGE
Office Park per 1,000 sq. feet Units - 11.4 Trip Ends per unit	$125.00	NO CHANGE
Government Offices per 1,000 sq. feet Units - 68.9 Trip Ends per unit	$755.00	NO CHANGE
Public Clubhouse/Meeting Rooms, Halls per 1,000 sq. feet Units - 19 Trip Ends per unit	$208.00	NO CHANGE
Recreation Center (Private Dev.) per 1,000 sq. feet Units - 30 Trip Ends per unit	$328.00	NO CHANGE
Family Recreation Center-Billiards, etc. per 1,000 sq. feet Units - 60.4 Trip Ends per unit	$662.00	NO CHANGE
Batting Cages per Cage Units - 6 Trip Ends per unit	$65.50	NO CHANGE
Tennis/Racquetball Club per Court Units - 30 Trip Ends per unit	$328.00	NO CHANGE

Other Agency Public Facility Fees (not set by City)

Fee Area	Fee Schedule Page #
Agricultural Land Mitigation	F-93
County Facilities	F-97
Habitat Fees	F-99
Regional Transportation Impact Fee	F-103

Some of the fees have been discounted by 50% based on Council Resolution 2012-12-11-1601. The discount expires on December 31, 2013. The discounted fees include:

1. Citywide Non-residential Fee Reduction Program: For non-residential projects located anywhere in the City (including parcels annexed into the City throughout the duration of the program), the following public facilities fees will be reduced by fifty percent.
    a. City Office Space
    b. Community Recreation Centers
    c. Libraries
    d. Fire Stations
    e. Police Stations
    f. Street Improvements

2. Residential Fee Reduction Program (all developers): Within the "existing Stockton city limits," as defined in the 2008 Attorney General Settlement Agreement, all residential projects will receive a fifty percent reduction of certain public facilities fees. Those fees include:
    a. City Office Space
    b. Community Recreation Centers
    c. Libraries
    d. Street Improvements

Resolution No.

STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON APPROVING THE PROPOSED 2013-2014 ANNUAL BUDGET; APPROVING THE 2013-2018 CAPITAL IMPROVEMENT PROGRAM; APPROVING THE 2013-2014 FEE SCHEDULE; AND AUTHORIZING VARIOUS FUND TRANSFERS AND ADMINISTRATIVE ACTIONS

On May 16, 2013, the City Manager presented the City Council with a Proposed 2013-2014 Annual Budget in accordance with City Charter, Article XIX, Section 1906, 2013-2018 Proposed Capital Improvement Program, and 2013-2014 Proposed Fee Schedule; and

The Proposed 2013-2014 Annual Budget includes a Statement of Policy for each City department in accordance with City Charter, Article IV, Section 409 which, among other provisions, sets forth department broad goals, objectives, and aspirations; and

The Proposed 2013-2014 Annual Budget continues the Pendency Plan under Chapter 9 protection of the federal bankruptcy code. This reflects the expenditure priorities pending confirmation of a plan of adjustment to exit Chapter 9; and

The City Council scheduled and conducted Budget Workshops on June 3 and 4, 2013, to review projections and alternative plans, to allow for public discussion, and to provide direction in the preparation of the annual budget. These workshops included the Proposed 2013-2014 Annual Budget, Proposed 2013-2018 Capital Improvement Program, and Proposed 2013-2014 Fee Schedule; and

On June 25, 2013, the City Council conducted a duly noticed public hearing on the Proposed 2013-2014 Annual Budget, the Proposed 2013-2018 Capital Improvement Program, and the Proposed 2013-2014 Fee Schedule; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The Proposed 2013-2014 Annual Budget, as submitted by the City Manager and revised in the June 25, 2013, Budget Public Hearing staff report and Exhibit 1 of this resolution, $524,713,012 City-wide appropriation, is adopted.

2. The number of full-time positions authorized under the Proposed 2013-2014 Annual Budget is 1,439 as detailed in Appendix 2.

3. The 2013-2018 Capital Improvement Program is approved and the specific projects listed for 2013-2014 are appropriated.

4. The Proposed Fee Schedule is approved, effective July 1, 2013, and any fee changes that are not effective July 1, 2013, are noted in the Proposed 2013-2014 Fee Schedule.

5. An appropriation limit is established in the amount of $272,173,088 for Fiscal Year 2013-2014 pursuant to the requirements of the California Government Code. The City of Stockton selected the “change in California per capita personal income” for the “change in cost of living” component and the change in annual population for the County of San Joaquin as of January 1, 2012, component in the calculation of the appropriation limit.

6. The threshold for which contracts must be approved by the City Council is hereby increased by $747 to $32,123 effective July 1, 2013, for Fiscal Year 2013-2014, in accordance with the annual inflation adjustment authorized by Ordinance No. 007-94 C.S., which amended Section 3.68.040 of the Stockton Municipal Code.

7. The unencumbered ending available general fund balance as of June 30, 2013, shall be transferred to the Bankruptcy Fund, account 012-0139-510, and shall be used to cover costs for Chapter 9 project management, litigation, and negotiations with our creditors, with remaining money available to pay our creditors as settlements for claims.

8. The budget appropriation for certain of the City’s debt service payments for obligations in default are authorized under protection of Chapter 9 bankruptcy from payments received from insurance settlements that are subject to the City’s bankruptcy filing and confirmation of plan of adjustment.

9. The following administrative actions required to implement the 2013-2014 Annual Budget are authorized:

a) The City Manager or his designee is authorized to abolish positions and/or reduce and reorganize personnel, programs, services, departments, offices, or agencies and take such other action as is necessary to maintain a balanced budget.

b) For the purpose of implementing department restructuring, the City Manager is authorized to make adjustments in classifications, including salary adjustments, to ensure comparability with similar classifications to maintain equity in the City's salary schedules as recommended by the Human Resources Department classification studies and reviews, and to incorporate changes into the Salary Schedule, as appropriate.

c) The City Manager or his designee is authorized to make technical corrections to the 2013-2014 Adopted Budget not to exceed $32,123 per correction.

d) The City Manager or his designee is authorized to establish appropriations for and expend grant funding received during the year where the grant funds and any matching City funds are under the Council threshold of $32,123 as established above.

e) The City Manager or his designee is authorized to establish revenue estimates and corresponding budget appropriations in Trust Special Revenue funds as donations are received during Fiscal Year 2013-2014.

f) The City Manager or his designee is authorized to establish revenue estimates and corresponding budget appropriations in General Fund Fire Department as needed during Fiscal Year 2013-2014 to recognize the costs, and the subsequent reimbursement of those costs, for providing wild-land firefighting and other disaster response services requested by state or federal governments.

g) The City Manager or his designee is authorized to fill additional Special Revenue Fund positions, such as grant funded and contract reimbursement positions, if additional funding becomes available.

h) The indirect cost rate, as detailed in the City of Stockton Full Cost Allocation Plan and OMB-87 Plan, shall be charged to all applicable capital project funds, as project funding and regulations permit.

i) The City Manager or his designee is authorized to transfer funds from eligible capital project funds to the Public Art Fund (306) to implement the Fiscal Year 2013-2014 Public Art Plan, as approved by Council, including transfers relating to mid-year appropriations to capital projects eligible for public art contributions.

j) The City Manager or his designee is authorized to engage services as necessary for the Chapter 9 process that are within the budget appropriation for this purpose without pre-approval by the City Council but subject to quarterly reporting in open or closed sessions, as appropriate and necessary to protect attorney client privilege regarding the City's Chapter 9 strategy and investment level.

k) The City Manager or his designee is authorized to approve temporary inter-fund borrowing within the fiscal year, and at the June 30 fiscal year end, to finance the collection period for tax, grant, and other accounts receivable. Any new inter-fund loans extending beyond these terms must be approved by the City Council. The City Manager is authorized to repay inter-fund loans when funding becomes available.

l) The City Manager or his designee is authorized to move appropriations and transfer between funds within a single budget unit, such as Municipal Utilities, Central Parking District and Federal grant funds, where multiple funds have been established for operating/tracking purposes and the fund relationship has been identified in the Fiscal Year 2013-2014 Annual Budget, or established by subsequent City Council action.

m) Payment in the amount of $46,000 is authorized to the League of California Cities for the City's 2013-2014 membership fee. This funding is included in the proposed General Fund Non-department appropriation.

n) Payment of up to $135,000 is authorized to the Community Partnership for Families for administrative and program costs that support community outreach efforts at City of Stockton community centers. This funding is included in the proposed General Fund Non-department appropriation.

o) Level of Budgetary Control - Budgetary control is established at the following levels: a) General Fund - Department Level; b) Other Funds - Fund level; and c) Capital Projects - Project level. The City Manager or his designee may authorize line item budget transfers within a General Fund department, or within a fund other than the General Fund.

p) The City Manager or his designee is authorized and directed to take such actions as are appropriate and necessary to carry out the intent of this resolution.

PASSED, APPROVED, and ADOPTED June 25, 2013.

ANTHONY SILVA
Mayor of the City of Stockton

ATTEST:

BONNIE PAIGE
City Clerk of the City of Stockton

EXHIBIT 1

Administration and Support
Bankruptcy Fund - 012
2013-14 Proposed Budget with Revision

	FY 2010-2011 Actual	FY 2011-2012 Unaudited Actual	FY 2012-2013 Projected	FY 2013-2014 Proposed Budget
		General Fund	*General Fund*	
Beginning Available Balance	**$ -**	**$ -**	**$ 6,783,838**	**$ 12,504,791**
Revenues				
AB506 Funding		3,500,000		
Chapter 9 Funding			4,548,979	
	-	**3,500,000**	**4,548,979**	**-**
Expenditures				
AB506 Administration & Legal		2,308,453		
Chapter 9 Administration & Legal			7,699,381	5,200,000
Cost Reimbursed from Other Funds			(1,958,855)	(1,907,500)
Known Proposed Settlements				5,100,000
Settlement Reimbursed from Other Funds				(1,641,000)
	-	**2,308,453**	**5,740,526**	**6,751,500**
Transfers				
Transfer In - General Fund		5,592,291	6,912,500	
Transfer In - Other				
Transfer Out				
	-	**5,592,291**	**6,912,500**	**-**
Net Annual Activity	**-**	**6,783,838**	**5,720,953**	**(6,751,500)**
Ending Available Balance*	**$ -**	**$ 6,783,838**	**$ 12,504,791**	**$ 5,753,291**

AB506 Carryover		$ 1,108,026	$ -	$ -
Encumbrances		83,521	-	-
Bankruptcy Commitment		5,592,291	12,504,791	5,753,291
		$ 6,783,838	$ 12,504,791	$ 5,753,291

* Available for paying claims and related costs to exit bankruptcy, including possible election costs.
Revisions to 2013-2014 Proposed Annual Budget (page L-31) distributed May 16, 2013.

Resolution No.

SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY

RESOLUTION OF THE SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY ADOPTING AN ANNUAL BUDGET FOR THE 2013-2014 FISCAL YEAR AND APPROVING CERTAIN RELATED ACTIONS

The Stockton Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Stockton ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with § 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

The City Council has adopted redevelopment plans for City's redevelopment project areas and, from time to time, the City Council has amended such redevelopment plans; and

The Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

Assembly Bill x1 26 ("AB x1 26") was signed by the Governor of California on June 28, 2011, and was held by the California Supreme Court to be largely constitutional on December 29, 2012; and

As a result of the Supreme Court's decision, on February 1, 2012, all California redevelopment agencies were dissolved, and successor agencies were established as successor agencies to the former redevelopment agencies pursuant to Health and Safety Code section 34173; and

The City Council adopted Resolution No. 11-0251 on August 23, 2011, electing for the City to serve as the Successor Agency to the Stockton Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB x1 26 ("Successor Agency"); and

Pursuant to AB x1 26, prior to each six-month fiscal period, the Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") listing all enforceable obligations; and

Pursuant to Health and Safety Code section 34177(a)(3), only payments listed in an approved ROPS may be made by the Successor Agency from the funds specified in the ROPS; and

It is the intent of AB 26 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's payment obligations by amount, source, and schedule subsequent to the audit and approval of the ROPS; and

Pursuant to Health and Safety Code section 34177(a)(5)(J), the Successor Agency is to prepare an administrative budget and submit it to the oversight board for approval; and

The administrative cost allowance for Fiscal Year 2012-13, and each year thereafter, is up to three percent (3%) of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency; provided however, that the amount shall not be less than two hundred fifty thousand dollars ($250,000) for any fiscal year; and

The Successor Agency's annual budget, which is consistent with the requirements of the Health and Safety Code and other applicable law, is attached to this Resolution as Exhibit "1"; and

This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq*., hereafter the "Guidelines"), and the City's environmental guidelines; and

This Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

All of the prerequisites with respect to the approval of this Resolution have been met; now, therefore,

BE IT RESOLVED BY THE SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY, AS FOLLOWS:

1. The foregoing recitals are true and correct and are a substantive part of this Resolution and all prerequisites to its adoption have occurred.

2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB x1 26 through administrative or judicial proceedings.

3. The Successor Agency hereby adopts the annual budget for Fiscal Year 2013 – 2014, attached hereto as Exhibit 1 and incorporated herein by this reference.

4. The Successor Agency determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a

direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

5. This Resolution shall take effect upon the date of its adoption.

6. The Executive Director, or designee, is hereby authorized to take such actions as are necessary and appropriate to comply with Health and Safety Code section 34177 and the purposes and intent of this Resolution.

PASSED, APPROVED, and ADOPTED June 25, 2013.

ANTHONY SILVA, Chairperson
of the Successor Agency of the
Stockton Redevelopment Agency

ATTEST:

BONNIE PAIGE, Secretary
of the Successor Agency of the
Stockton Redevelopment Agency

EXHIBIT 1

CITY OF STOCKTON
ECONOMIC DEVELOPMENT DEPARTMENT
SUCCESSOR AGENCY FUND - 633 ADMINISTRATION

	2011-12			2012-13				2013-14
	RDA Agency 7/1/11 - 1/31/12	Successor Agency 2/1/12 - 6/30/12	Total	Adopted Budget	Current Budget 2/25/2013	Year to Date Actual 2/25/2013	Year End Projection 5/1/2013	Proposed Budget 3/26/2013
Beginning Available Balance	-	-	-	-	-	-	-	-
Prior Period Adjustment								
Restated Beginning Balance	-	-	-	-	-	-	-	-
Revenue								
Tax Increment			-					
Investment Income	2,928	966	3,894			1,032	1,032	-
Refunds, reimbursements and others			-					
	2,928	966	3,894	-	-	1,032	1,032	-
Expenditures								
County Admin Fee and tax entity payments			-					
Administration & Overhead	704,754	527,198	1,231,952	494,248	494,248	265,348	550,425	429,500
Legal	9,120		9,120	675,000	675,000	40,955	175,000	270,000
Property Taxes/Assessments				50,000	50,000	272	50,607	50,500
City Indirect Costs	70,000	50,000	120,000	100,000	100,000	58,333	100,000	-
Capital projects			-					
Debt Service			-					
Arena			-					
Strong Neighborhoods Initiative (SNI)			-					
DBAW Loans			-					
PFF Loan			-					
2003 Cops (Transfer out-GF)			-					
	783,874	577,198	1,361,072	1,319,248	1,319,248	364,908	876,032	750,000
Transfers								
Transfer - Admin	250,000		250,000	250,000	250,000		125,000	-
Transfer - Low/Mod 20%			-					
Transfer - Low/Mod 20% NS			-					
Transfer - Low/Mod 20% WF			-					
Transfer - Supplemental for LM Housing DS								
Transfer - 231 Debt Service			-					
Transfer - 201 Debt Service			-					
Transfer - General Fund	530,946	576,232	1,107,178	1,069,248	1,069,248	712,832	750,000	750,000
Transfer - South (WC Housing DS)			-					
Transfer - SNI			-					
	780,946	576,232	1,357,178	1,319,248	1,319,248	712,832	875,000	750,000
Net Annual Activity	-	-	-	-	-	**348,956**	-	-
Ending Available Balance	-	-	-	-	-	**348,956**	-	-

CITY OF STOCKTON
ECONOMIC DEVELOPMENT DEPARTMENT
SUCCESSOR AGENCY FUND - SUMMARY

	Admin **633**	Midtown **634**	South **635**	North **636**	Waterfront **637**	Debt Svc **231**	SNI **638**	Total Budget **2013-2014**
Beginning Available Balance	**-**	**3,825,310**	**1,747,733**	**125,925**	**(5,677,712)**	**5,439,800**	**8,747,898**	**14,208,954**
Revenue								
Tax Increment		1,896,198	2,604,603	433,067	4,065,676			8,999,544
Investment Income								-
Refunds, reimbursements and others			8,159					8,159
	-	1,896,198	2,612,762	433,067	4,065,676	-	-	9,007,703
Expenditures								
County Administration Fee								
Administration & Overhead	429,500					25,000		454,500
Legal	270,000					100,000		370,000
Taxes/Assessments	50,500							50,500
Capital projects								-
Debt Service						9,291,376		9,291,376
Arena								-
Strong Neighborhoods Initiative (SNI)								-
DBAW Loans								-
PFF Loan								-
2003 Cops (Transfer out-GF)								-
	750,000	-	-	-	-	9,416,376	-	10,166,376
Transfers								
Transfer - Admin (Enforceable Obligations)		(11,153)			(26,906)			(38,059)
Transfer - Low/Mod 20%		(481,631)	(624,843)	(112,013)	(1,003,860)			(2,222,347)
Transfer - 231 Debt Service		(1,064,394)	(1,987,918)	(321,054)	(2,869,279)	8,264,500		2,021,855
Transfer - 201 Debt Service		(339,020)			(165,631)			(504,651)
Transfer - General Fund	750,000							750,000
Transfer - SNI								-
	750,000	(1,896,198)	(2,612,761)	(433,067)	(4,065,676)	8,264,500	-	6,798
Net Annual Activity	-	-	-	-	-	(1,151,876)	-	(1,151,875)
Ending Available Balance	**-**	**3,825,310**	**1,747,734**	**125,925**	**(5,677,712)**	**4,287,924**	**8,747,898**	**13,057,079**