

Summary of Budget Process / Timeline

The City of Alameda operates on a fiscal year basis that begins on July 1 of each year, and ends the following year on June 30. The City Manager's Office and Finance Department manage the budget process, with support from each of the operating departments. The preparation of the budget takes place between January and June, culminating with the adoption of a two-year budget by the City Council, with Council adopting any adjustments prior to the beginning of the second fiscal year as part of a mid cycle review performed by staff.

Public hearings and community workshops are conducted on the proposed budgets to review all appropriations and sources of financing. Budgeted expenditures are then adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. Any amendments or transfers of appropriations between object group levels within the same department must be authorized by the City Manager. Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. See the detailed budget preparation calendar for the City in the Appendix for details on this process.



Basis of Budget and Accounting

Expenditures are controlled at the fund level for all budgeted departments within the City. This is the level at which expenditures may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) in accordance with standards established by the Governmental Accounting Standards Board (GASB), California Society of Municipal Finance Officers (CSMFO) and Government Finance Officers Association (GFOA).

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

All governmental funds (i.e. General, Special Revenue, Capital Projects and Funds) are accounted for on the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period when the liability is incurred.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year.

Proprietary funds (i.e. Enterprise and Internal Service Funds) are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized when the liability is incurred.

Early 2017 marked the kickoff of budget preparation with the distribution of a budget calendar and financial data to help departments begin to prepare their budgets. Departments then submitted proposed budgets based upon existing service levels, proposed new service levels or reductions and program goals.

This process, overseen by the City Manager's Office and Finance, was completed in April 2017. The City Manager's recommended budget was presented to Council and made available to the public in May 2017. Budget workshops were held on May 17, 2017 and the budget was scheduled for adoption in June 2017.

Important Dates	Event
January	Budget kickoff meeting
March	Distribution of December Interim Financial Reports
January through May	Budget presentations to Executive Team
January through April	Submission of capital budget project sheets
March	Budget items due to Finance
March	Presentation of Mid-Year Report to City Council
March through May	Finance reviews budget worksheets for accuracy and completeness
March through April	Administrative Services meets with departments regarding two year budget
April	First draft of recommended capital budget / CIP
April	Budget Executive Team reviews proposed budget options
May/June	Updates to fees & charges for programs
May through June	Special budget study sessions with City Council
June	Public Hearing on adoption of budget and Gann Limit



In planning for and preparing the biennial budget, many fiscal decisions are made to help sustain the long-term health and well-being of the City. Accordingly, the City Manager strives to make fiscal recommendations in the proposed budget that adhere to the following financial guidelines. These policies have been developed and approved by City Staff.

Balanced Budget The City shall strive with its two year budget to balance resources with expenditure appropriations. The City Council requires the City Manager to control expenses so that department expenditures do not exceed the levels that are appropriated in the annual budget and for which the City has funds to support.

Pursuit of New Revenues/Maximizing Use of Non-General Fund Revenues City departments shall pursue revenue sources, when reasonable, in support of department goals. Departments will maximize use of non-General Fund revenues prior to using General Fund revenues to fund programs.

Use of “One-Time” Funds City Council policy states that one-time revenues shall be dedicated for use as one-time expenditures. Annual budgets are not increased to the point that ongoing operating costs become overly reliant on cyclical or one-time revenues sources. During periods of economic downturn or any significant State “take-aways”, the use of one-time sources of funds or reserves may be used to ease the transition to downsized and/or reorganized operations.

Cost Recovery through Fees Departments must utilize fees to recover costs where reasonable, once all cost-saving options have been explored. There must be statutory authority for the City to levy a fee, and the fee must be approved by the City Council. If permissible by law, fees and charges shall recover costs of the services provided, unless otherwise directed by the City Council. Programs funded by charges for services, fees, grants, and special revenue sources should pay their full or fair share of all direct and indirect costs to the extent feasible and legally permitted.



Grants Any new grant award that requires funds/matching requirements or other commitments must be reviewed by the City Manager. The City Manager reviews and approves any proposed allocation of grant monies before departmental submission of the grant application to the granting agency. When applying for grants for ongoing programs, as opposed to planning for capital grants, departments must consider funding to be provided for the duration of the program. To the extent legally possible, all grant applications should be based on full costing, including overhead and indirect costs. Unless long-term funding is secure, departments should avoid adding staff to support new grant supported programs. If it is necessary to add staff, limited term positions should be used.

Interest Policy and Earnings It shall be the investment policy of the City of Alameda that all funds not required for immediate expenditures be invested in compliance with the City’s investment policy, as well as applicable federal state and local legislation governing the investment of public funds. Funds shall be invested in a manner that will provide the highest investment return with the appropriate level of security, while meeting the daily cash flow demands of the City. See the City’s website at <http://alamedaca.gov/finance> for the City’s current investment policy.

Unless otherwise prohibited by law or Generally Accepted Accounting Principles (GAAP), interest earnings in operating funds are allocated to each fund, based upon its proportionate share of idle cash invested. City Council policy cautions against undue reliance on interest earnings as a recurrent revenue source.



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Cost Allocation Overhead costs shall be allocated based upon an internally developed cost allocation and implementation plan developed annually. The City uses a “Double Step Down” method by first allocating overhead to all departments, exclusive of unallowable items (i.e. capital expenditures, debt service, and other various costs as defined by OMB Circular A-87), then secondarily allocating these costs down only to operating departments. The Cost Allocation schedule is updated every two years.

The following represents the basis for allocating various types of overhead costs

Type of Overhead Cost	Basis for Allocation to Departments
General Government	Department Agenda Frequency, Size of Operating Budget, Number of Full Time Equivalent Employees
Information Technology	Number of Full-Time Employees, PC Counts and Network Users
Risk Management	Number of Employees and Dollar Value of Claims
Human Resources	Number of Employees and Recruitments
Finance	Size of Operating Budget and number of Full Time Equivalent Employees
Fleet Maintenance	Number of Repairs Performed
Facility Maintenance	Building Square Feet and Number of Repairs Performed
Mail Services	Interoffice Mail Activity and Dollar Value of Postage used
Facility and Equipment Replacement	Dollar Value of Equipment/Facilities and useful life

Budget Reductions Reductions shall be evaluated on a programmatic basis to reach the appropriation levels required within available funding. When budget reductions are necessary, departments prioritize service programs and propose reductions in areas that have the least impact upon services to the community and the overall attainment of City goals. Departments also consider the potential effects on interrelated or cross-departmental programs when developing budget reductions.

General Fund Support/Net City Cost General Fund Support is the amount of General Fund money allocated to a given program budget after revenues and other funding sources are netted against program expenditures. Significant variances from budgeted General Fund Support/Net City Cost amounts during the fiscal year may result in a recommendation to reduce expenditures to ensure that the budgeted net costs are achieved by fiscal year end.

General Fund Fund Balance General Fund fund balance that is available at the close of any given fiscal year is estimated during the final stages of the budget development process for the following fiscal year. Fund balance is used to achieve and maintain the City's reserve goals, and to balance subsequent budgets only when recommended by the City Manager and approved by the City Council. It is the policy of the City Council to maintain available General Fund reserves of at least 20% of annual expenditures. In addition, the City should strive to reduce its reliance upon prior year's remaining fund balance to finance subsequent year operations.

Sewer Fund Reserves In its Sewer Fund, the City shall strive to maintain a minimum of six months of operating revenues and \$2 million for future capital projects in its reserves, to account for delays in receipt of sewer charges placed on the County tax roll and to ensure sufficient available cash to pay operating and capital expenses.

Community Development Core Staffing Level Fund In this fund, the City shall strive to maintain a minimum of 90 days of operating revenues to account for variable development cycles for building and planning services.



City of Alameda Debt Management Policy

I. INTRODUCTION

The purpose of this Debt Management Policy (the "Debt Policy") is to organize and formalize debt issuance and management related policies and procedures for the City. The debt policies and procedures of the City are subject to and limited by applicable provisions of state and federal law and to prudent debt management principles.

When used in this Debt Policy, "debt" refers to all indebtedness and financing lease obligations.

II. DEBT POLICY OBJECTIVE

This Debt Policy sets forth certain equally important objectives for the City and establishes overall parameters for responsibly issuing and administering the City's debt and financing related activities.

- Maintain cost-effective access to the capital markets through prudent fiscal management policies and practices;
- Minimize debt service commitments through effective planning and cash management;
- Ensure the City is in compliance with all applicable federal and state securities laws;
- Achieve and maintain the highest practical credit ratings;
- Full and timely repayment of debt; and
- Maintain full and complete financial disclosure and reporting.

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017. This Debt Policy is applicable to any debt issued by the Successor Agency to the Community Improvement Commission of the City of Alameda ("Successor Agency"), or the Alameda Public Financing Authority, or any other public agency for which the City Council of the City acts as its legislative body, and the term "City" shall refer to each of such agencies.

III. SCOPE AND DELEGATION OF AUTHORITY

This Debt Policy will govern the issuance and management of all debt funded through the capital markets, including the selection and management of related financial and advisory services and products, and the investment of bond proceeds.

This Debt Policy will be reviewed and updated periodically as required. Any changes to the policy are subject to approval by the City Council at a legally noticed and conducted public meeting. Responsibility for implementation of the Debt Policy, and day-to-day responsibility for structuring, implementing, and managing the City's debt and finance program, will lie with the Finance Director. The City Council's adoption of the City's Budget and Capital Improvement Program (CIP) does not, in and of itself, constitute authorization for debt issuance for any capital projects. This Debt Policy requires that the City Council specifically authorize each debt financing.

While adherence to this Debt Policy is required in applicable circumstances, the City recognizes that changes in the capital markets, city programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Debt Policy and will require modifications or exceptions to achieve policy goals. In these cases, management flexibility is



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appropriate, provided specific authorization from the City Council is obtained.

IV. ETHICS AND CONFLICTS OF INTEREST

Officers and employees of the City involved in the debt management program will not engage in any personal business activities that could conflict with proper and lawful execution of securing capital financing.

V. CAPITAL IMPROVEMENT PROGRAM INTEGRATION

The City multi-year Capital Improvement Program (CIP) sets priorities for projects and funding while the Debt Policy provides policy direction and limitations for proposed financings undertaken to implement the CIP. Debt issuance for capital projects should be incorporated into the Capital Improvement Program to be recommended for City Council approval.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose.

VI. INTEGRATION OF PLANNING GOALS AND OBJECTIVES

The City is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual operating budget.

VII. STANDARDS FOR USE OF DEBT FINANCING

The City's debt management program will consider debt issuance only in those cases where public policy, equity and economic efficiency favor financing over cash funding.

A. Credit Quality

All City debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the City's debt management objectives. The City will strive to maintain and improve the current credit ratings assigned to the City's outstanding debt by the major credit rating agencies.

B. Long-Term Capital Projects

Debt should be incurred to provide funding for long-term capital projects. The debt repayment period should relate to the expected useful life of the facilities or equipment being financed, and should coincide with the stream of benefits provided by the projects being financed. When the City finances capital projects by incurring debt, the debt repayment period should be structured so that the weighted average maturity of the debt does not exceed 120% of the expected average useful life of the project being financed. Inherent in its long-term debt policies, the City recognizes that future taxpayers will benefit from the capital investment and that it is appropriate that they pay a share of the asset cost. Long-term debt financing will not be used to fund operating costs.

C. Debt Financing Mechanism

The City will evaluate the use of all financial alternatives available including, but not limited to, long-term debt, short-term debt, fixed rate debt, variable rate debt, excess cash reserves, and inter-fund borrowing. The City will utilize the most cost advantageous financing alternative available while limiting the City's risk exposure.

D. Ongoing Debt Administration and Internal Controls

The City will maintain all debt-related records according to the City's Retention Policy and the repository will include all official statements, bid documents, ordinances, indentures, trustee reports, etc. for all City debt. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice (transcripts may be hard copy or stored on CD-ROM). The City will collect all available documentation for outstanding debt and will maintain a standard procedure for archiving transcripts for any new debt. The City has established internal controls to ensure compliance with the Debt Policy, all debt covenants and any applicable requirements of state and federal law.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition only after obtaining the signature of the Finance Director or the City Manager. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance Director shall retain records of all expenditures of proceeds through the final payment date for the debt.

E. Rebate Policy and System

The City will accurately account for all interest earnings in debt-related funds. These records will be designed to ensure that the City is in compliance with all debt covenants, and with state and federal laws. The City will maximize the interest earnings on all funds within the investment parameters set forth in each respective bond indenture, and as permitted by the City Investment Policy. The City will develop a system of reporting interest earnings that relates to and complies with Internal Revenue Code requirements relating to rebate, yield limits and arbitrage.

VIII. FINANCING CRITERIA

When the City determines the use of debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

A. Long-term Debt

Long-term debt financing will be used, when funding requirements cannot be met with current revenues or cash reserves, to finance eligible capital projects including the acquisition, construction or major rehabilitation of capital facilities. The proceeds derived from long-term borrowing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

B. Short-term Debt

Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or anticipated revenues, where anticipated revenues are defined as an assured revenue source with the anticipated amount based on conservative estimates. The City will determine and utilize the least costly method for short-term borrowing. The City may issue short-term debt when there is a defined repayment source and amortization of principal.

Short-term debt may also be used to finance short-lived capital assets; for example, the City may undertake lease-purchase financing for equipment.

C. Variable Rate Debt

To maintain a predictable debt service burden, the City will give preference to debt that carries a fixed interest rate. Variable rate debt may be deemed appropriate to diversify the City's debt portfolio, reduce interest costs, provide interim funding for capital projects and improve the match of assets to liabilities. Under no circumstances will the City issue variable rate debt solely for the purpose of earning arbitrage. The City, however, may consider variable rate debt in certain instances.

- *Variable Rate Debt Capacity.* The City will maintain a conservative level of outstanding unhedged variable rate debt within general rating agency guidelines recommending a maximum of a 20-30% variable rate exposure, in addition to maintaining adequate safeguards against risk and managing the variable revenue stream both as described below:
 - a) *Adequate Safeguards Against Risk:* Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts; such structures could include, but are not limited to, interest rate swaps, interest rate caps and the matching of assets and liabilities.
 - b) *Variable Revenue Stream:* The revenue stream for repayment is variable, and is anticipated to move in the same direction as market-generated variable interest rates, or the dedication of revenues allows capacity for variability.

D. Financial Derivative Products

Financial Derivative Products will be considered appropriate in the issuance or management of debt only in instances where it has been demonstrated that the derivative product will either provide a hedge that reduces the risk of fluctuations in expense or revenue, or alternatively where the derivative product will reduce total project cost.

E. Refunding Financing

Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Refunding issuances can be used to achieve present-value savings on debt service or to restructure the payment schedule, type of debt instrument used, or covenants of existing debt. The City must analyze the refunding issue on a present-value basis to identify economic effects before approval.

IX. TERMS AND CONDITIONS OF DEBT

The City will establish all terms and conditions relating to the issuance of debt, and will control, manage, and invest all debt proceeds. The following restrictions will be followed unless otherwise authorized by the City:

A. Term

All capital improvements financed through the issuance of debt will be financed for a period so that the weighted average maturity of the debt will not exceed 120% of the expected

average useful life of the assets being financed, and in no event should exceed the lesser of 30 years or the period of time until the sunset of a revenue source used to repay the bonds.

B. Capitalized Interest

The nature of the City's revenue stream is such that funds are generally continuously available and the use of capitalized interest should not normally be necessary. However, certain types of financings may require the use of capitalized interest from the issuance date until the City has constructive use/benefit of the financed project. Unless otherwise required, the City will avoid the use of capitalized interest to avoid unnecessarily increasing the bond size. Interest will not be funded (capitalized) beyond three (3) years or a shorter period if further restricted by statute.

C. Lien Levels

Senior and junior liens for each revenue source will be utilized in a manner that will maximize the most critical constraint, typically either cost or capacity, thus allowing for the most beneficial use of the revenue source securing the bond.

D. Call Provisions

In general, the City's securities will include a call feature that is no later than ten (10) years from the date of delivery of the debt. The City will generally avoid the sale of non-callable debt.

E. Original Issue Discount

An original issue discount will be permitted only if the City determines that such discount results in a lower true interest cost on the debt and that the use of an original issue discount will not adversely affect the project identified by the legal documents related to the debt.

X. TYPES OF DEBT

The following types of debt are allowable under this Debt Policy, subject to applicable law:

- General Obligation bonds
- Bond or grant anticipation notes
- Lease revenue bonds, certificates of participation and lease-financing transactions
- Other revenue bonds and certificates of participation
- Tax and revenue anticipation notes
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Tax increment financing to the extent permitted under state law
- Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations



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The City may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy. Such other forms of debt may include, but are not limited to IBank Loan and State Revolving Fund Loan.

XI. CREDIT ENHANCEMENTS

The City will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings can be shown will enhancement be considered. The City will consider each of the following enhancements by evaluating the cost and benefit of such enhancement.

A. Bond Insurance

The City may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination will be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds.

B. Debt Service Reserve Surety Bond

When required, a reserve fund will be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies. The City may purchase reserve equivalents (i.e., the use of a reserve fund surety) when such purchase is deemed prudent and advantageous. Such equivalents will be evaluated in comparison to cash funding of reserves on a net present value basis.

C. Letter of Credit

The City may enter into a letter-of-credit agreement when such an agreement is deemed prudent and advantageous. Letters of credit will generally be provided only by those financial institutions with long-term ratings greater than or equal to that of the City, and short-term ratings in the highest category.

XII. REFINANCING OUTSTANDING DEBT

The City will continually evaluate outstanding bond issues for refunding opportunities. The City will consider the following issues when evaluating possible refunding opportunities:

A. Debt Service Savings

The City has established a minimum savings threshold goal of three (3%) percent of the refunded bond principal amount unless there are other compelling reasons for defeasance. The present value savings will be net of all costs related to the refinancing.

B. Restructuring

The City will refund debt as opportunities are identified. Refunding will include restructuring for purposes of meeting unanticipated revenue expectations, termination of swaps, achieving cost savings, mitigating irregular debt service payments, releasing reserve funds or removing unduly restrictive bond covenants.

C. Term of Refunding Issues

The City will generally refund bonds within the term of the originally issued debt. However,

the City may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The City may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed asset and the concept of inter-generational equity will be given due consideration in formulating these decisions.

D. Escrow Structuring

The City will utilize the least costly securities available in structuring refunding escrows. A certificate from a third party agent, who is not a broker-dealer, is required stating that the securities were procured through an arms-length, competitive bid process (in the case of open market securities), that such securities were more cost effective than State and Local Government Obligations (SLGS), and that the price paid for the securities was reasonable within federal guidelines. Under no circumstances will an underwriter, agent or financial advisor sell escrow securities to the City from its own account.

E. Arbitrage

The City will take all necessary steps to optimize escrows and to avoid negative arbitrage in its debt refunding. Any resulting positive arbitrage will be rebated as necessary according to federal guidelines.

XIII. METHODS OF ISSUANCE

The City will strive to sell its bonds competitively but will pursue negotiated sales when conditions warrant.

A. Competitive Sale

In a competitive sale, the City's bonds will be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale. Conditions under which a competitive sale would be preferred are as follows:

- Bond prices are stable and/or demand is strong
- Market timing and interest rate sensitivity are not critical to the pricing
- There are no complex explanations required during marketing regarding the City's projects, media coverage, political structure, political support, funding or credit quality
- The bond type and structure are conventional
- Bond insurance is included or pre-qualified (available)
- Manageable transaction size
- The bonds carry strong credit ratings
- Issuer is well known to investors

B. Negotiated Sale

The City recognizes that some securities are best sold through negotiation under the following conditions:

- Bond prices are volatile
- Demand is weak or supply of competing bonds is high
- Market timing is important, such as for refunding
- The Bonds will carry lower credit ratings or are not rated

- Issuer is not well known to investors
- The bond type and/or structural features are unusual, such as for a forward delivery bond sale, issuance of variable rate bonds, or where there is the use of derivative products
- Bond insurance is not available
- Early structuring and market participation by underwriters are desired
- The par amount for the transaction is significantly larger than normal
- Demand for the bonds by retail investors is expected to be high

C. Private Placement

The City may elect to privately place its debt under certain conditions. Such placement will only be considered where a cost savings can be achieved by the City relative to other methods of debt issuance, or to enable the financing to be completed within a shorter timeframe.

D. Feasibility Analysis

Issuance of revenue bonds will be accompanied by a finding that demonstrates the projected revenue stream's ability to meet future debt service payments.

XIV. MARKET RELATIONSHIPS

A. Rating Agencies and Investors

The Finance Director will be responsible for maintaining the City's relationships with Moody's Investors Service, Standard & Poor's and Fitch. The City may, from time-to-time, choose to deal with only one or two of these agencies as circumstances dictate. In addition to general communication, the Finance Director may: (1) meet with credit analysts at least once each fiscal year, or (2) prior to each competitive or negotiated sale, offer conference calls with agency analysts in connection with the planned sale.

B. Continuing Disclosure

The City will remain in compliance with Rule 15c2-12. Additional information regarding initial and continuing disclosure policies and procedures can be found in a Continuing Disclosure Procedures adopted by the City Council on September 16, 2014 [Resolution No. 14967].

C. Rebate Reporting

The use and investment of bond proceeds must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate rebate liabilities related to any bond issues, with rebate paid every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. The Finance Director will ensure that proceeds and investments are tracked in a manner that facilitates accurate, complete calculation, and timely rebate payments, if necessary.

D. Fees

The City will charge an administrative fee equal to direct costs to reimburse its administrative costs incurred in debt issuance and ongoing reporting costs.

XV. CONSULTANTS

A. Selection of Financing Team Members

The Finance Director and the City Attorney will make recommendations for all financing

team members, with the City Manager providing approval.

B. Financial Advisor

The City will utilize a financial advisor to assist in its debt issuance and debt administration processes as prudent.

Financial advisory services provided to the City will include, but will not be limited to the following:

- Evaluation of risks and opportunities associated with debt issuance
- Monitoring market opportunities
- Evaluation of proposals submitted to the City by investment banking firms
- Structuring and pricing
- Preparation of requests for proposals for other financial services such as trustee and paying agent services, printing, credit facilities, remarketing agent services, etc.
- Advice, assistance and preparation for presentations with rating agencies and investors
- Assisting in review of all legal documents related to the City's bond issues

The City also expects that its financial advisor will provide the City with objective advice and analysis, maintain the confidentiality of City financial plans, and be free from any conflicts of interest.

C. Bond Counsel

City debt will include a written opinion by legal counsel affirming that the City is authorized to issue the proposed debt, that the City has met all constitutional and statutory requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by counsel with extensive experience in public finance and tax issues.

The services of bond counsel may include, but are not limited to:

- Rendering a legal opinion with respect to authorization and valid issuance of debt obligations including whether the interest paid on the debt is tax exempt under federal and State of California law;
- Preparing all necessary legal documents in connection with authorization, sale, issuance and delivery of bonds and other obligations;
- Assisting in the preparation of the preliminary and final official statements and offering memoranda;
- Participating in discussions with potential investors, insurers and credit rating agencies, if requested; and
- Providing continuing advice, as requested, on the proper use and administration of bond proceeds under applicable laws and the bond documents.

XVI. UNDERWRITER SELECTION

A. Underwriter Selection

The City will have the right to select a senior manager for a proposed negotiated sale, as well as co-managers and selling group members, as appropriate. Generally, this is

accomplished through a Request for Proposal and the underwriter is selected based on pricing, qualifications and experience. However, there are maybe instances where selective sourcing is more appropriate.

B. Underwriter's Counsel

In any negotiated sale of City debt in which legal counsel is required to represent the underwriter, the lead underwriter will make the appointment, subject to approval by the City.

C. Underwriter's Discount

- The City will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the City will determine the allocation of fees with respect to any management fee. The determination will be based upon participation in the structuring phase of the transaction.
- All fees and allocation of the management fee will be determined prior to the sale date; a cap on management fee, expenses and underwriter's counsel will be established and communicated to all parties by the City. The senior manager will submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

D. Conflict of Interest Disclosure by Financing Team Members

All financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted which could compromise the firm's ability to provide independent advice that is solely in the City's interests or which could reasonably be perceived as a conflict of interest.

City of Alameda Pension Rate Stabilization Program (PRSP) and Other Post-Employment Benefits (OPEB) Funding Policy

Purpose and Introduction

The purpose of this Pension Rate Stabilization Program (PRSP) and Other Post-Employment Benefits (OPEB) Funding Policy ("Policy") is to establish a methodology and a process for funding current and future costs associated with the City's contractual obligations to provide pension and retiree medical benefits as set forth in the City's labor agreements.

Adoption and Implementation

The City Council is responsible for adopting the Pension Rate Stabilization Program (PRSP) and Other Post-Employment Benefits (OPEB) Funding Policy and for approving any significant revision. The City Manager, or his/her designee, is responsible for developing administrative procedures, as needed, to implement the Policy. In this role, the City Manager, or his/her designee, is authorized to make minor administrative changes in the Policy as long as they are intended to carry out the purpose of this Policy and will not have any significant policy impact. The City Council will review and approve this policy via resolution, as needed, to ensure it meets the current and future needs of the City.

Initial Set Up

The City shall establish an Internal Revenue Service Code Section 115 approved irrevocable trust to achieve a higher rate of return on investments than that earned on the pooled investment portfolio or LAIF. Once the City transfers funds into such a trust, they can only be utilized for payment of employee pension or OPEB costs. After the trust is set up with PARS, money currently invested in the OPEB Trust will be transferred over to the new combination Pension/OPEB Trust and shall be allocated entirely to the PRSP OPEB account.

The following outlines the governance and administration of the proposed Trust:

City Council has the authority to establish the Trust and define policies for the administration of the Trust funds.

City Manager and staff have overall responsibility for the Trust funds and will develop and manage procedures in accordance with the City Council's adopted policies.

Trust Administrator, PARS, keeps plan documents current to ensure that they reflect the substantive plan and provides ongoing consulting, reporting and plan accounting records.

Trustee, currently US Bank, will be the plan's trustee and custodian and will safeguard the assets in the Trust, hold the investment securities for safekeeping and make disbursements on request.

Investment Manager, currently Highmark Capital Management, will recommend investment portfolio allocations based upon the Pension/OPEB Trust Funds' adopted investment policies and manage those assets accordingly.

Trust Administrator

Public Agency Retirement Services (PARS) has established a multiemployer irrevocable trust in compliance with the requirements of Section 115 of the Internal Revenue Code. While it is a multi-employer trust, each employer's contributions benefit only its own employees. There is no sharing of either liability or investment earnings, and separate employer accounts are maintained. PARS serves as the administrator of the Trust.

Trustee

Any contributions made to the program are held and invested by a trustee. The trustee duties include:

1. Safeguarding assets for the benefit of retirees;
2. Providing oversight protection of the investments;
3. Custodian of the assets; and
4. Disbursing funds to pay for pension costs and/or retiree healthcare premiums.

Investment Manager

Investment Manager assists the City with selecting investment strategy depending on what rate of return the City expects to earn and level of risk tolerance the City is willing to take. Investment Manager provides annual review of the investment portfolio and asset allocation as well as takes on fiduciary responsibility for the City's pension and OPEB assets management.

Asset Allocation Investment Strategy

PARS provides flexibility to the City in the selection of the investment strategy for its funds in the Trust, giving the City control on target yield and level of risk on its investments. Within the Trust, the City has the option of pre-funding either or both of the Pension and OPEB accounts. In either case, the City has the ability to select one of five Investment Options that best suits its desired or expected return on its investments in the Trust. Each Investment Option allocates the assets in varying investment combinations of equity, fixed income, and cash. With each Investment Option, as the expected rate of return increases so does the assumed risk.

The Asset Allocation Strategies and the corresponding Investment Options currently available are:

	Equity	Fixed Income	Cash
Conservative	5% - 20%	60% - 95%	0% - 20%
Moderately Conservative	20% - 40%	50% - 80%	0% - 20%
Moderate	40% - 60%	40% - 60%	0% - 20%
Balanced	50% - 70%	30% - 50%	0% - 20%
Capital Appreciation	65% - 80%	10% - 30%	0% - 20%

The City Manager, or his/her designee, in coordination with the City Treasurer and Investment Manager will select the most appropriate investment option for each account (Pension and OPEB) in the Trust.

This Policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience. Accordingly, this Policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic and financially sound manner.

Annual Contributions

In order to establish realistic and appropriate thresholds for annual contributions, the City adopts the following requirement for contributions to be shared among all City Funds proportionate with the number of employees allocated to these funds in any given year:

	Minimum	Maximum
Pension	\$250,000	Unlimited
OPEB	\$100,000 or as required in the MOUs	Unlimited

Note: FY 2015-16 OPEB Annual Required Contribution (ARC) was \$10.987 million, as determined by the actuarial valuation report prepared in accordance with the Governmental Accounting Standards Board Statement No. 45. Per Bartel & Associates, if the City funds OPEB component of the Trust at the ARC level, the OPEB Trust would be fully funded by FY 2034-35.

Pension Plans 1079/1082 (closed pension plans) – starting FY 2016-17, the City shall transfer any unspent funds to the Pension component of the Trust. Each year thereafter, the City shall contribute at least as much as a year prior of the unspent funds plus any additional available funds. Available funds arise due to passing of participants in Plans.

Annual contributions from Successor Agency and Alameda Municipal Power shall be deposited to the OPEB Miscellaneous/Safety (Pre 1-1-2019) account of the Trust.



City of Alameda Budget and Forecast

Financial and Debt Policies

Annual Withdrawals

In order to establish realistic and appropriate thresholds for annual withdrawals, the City adopts the following limitations on the withdrawals:

	Minimum	Maximum
Pension	\$0	10% or less of CalPERS Annual Required Contribution
OPEB	\$0	Annual Required Contribution (ARC)

Actuarial Terms Definition:

Normal Cost

The City incurs an annual pension and OPEB retirement obligation for current employees. The ongoing cost for pension and OPEB earned by current employees during the current year is referred to as the “normal” cost.

Unfunded Actuarial Accrued Liability (UAAL)

The actuarial valuation calculates an unfunded actuarial accrued liability (UAAL) as of the valuation date. The UAAL represents the difference between assets available in the trust fund and the liability related to prior employment service for former and existing employees.

Annual Required Contributions (ARC)

The ARC to fund pension and OPEB, as determined by the actuarial valuation, reflect the normal cost plus amortization of the UAAL, until such time as the UAAL is fully amortized.

A. City Long-Term Debt (excluding AMP)

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the term of the related debt. Bond discounts and issuance costs of long-term debt issues are amortized during the life of the related debt.



The City's long-term debt activities for the year ended June 30, 2016 are as follows:

	CUSIP Number	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Governmental Activities Debt:						
Certificates of Participation:						
2008 Refinancing Project	010762	\$ 2,365,000		\$ (510,000)	\$ 1,855,000	\$ 275,000
2013 Financing Project	010762	8,565,000		(460,000)	8,105,000	475,000
Plus: Unamortized bond premium		377,828		(25,521)	352,307	
Total Certificates of Participation		11,307,828		(995,521)	10,312,307	750,000
2003 ARRA Demand Revenue Bonds	010808	11,000,000		(400,000)	10,600,000	400,000
2013 General Obligation Refunding Bonds	010752	8,610,000		(340,000)	8,270,000	345,000
Plus: Unamortized bond premium		81,984		(6,280)	75,704	
Leases Payable	not applicable	4,985,218		(519,970)	4,465,248	532,906
HUD Section 108 Loan	not applicable	6,010,000		(246,000)	5,764,000	265,000
I-Bank Loan			\$ 3,000,000		3,000,000	
Alameda County EMS Liability			2,772,097	(193,564)	2,578,533	197,436
Subtotal		30,687,202	5,772,097	(1,705,814)	34,753,485	1,740,342
Total Governmental Activities Debt		41,995,030	5,772,097	(2,701,335)	45,065,792	2,490,342
Business-Type Activities Debt:						
State Water Resources Control Board	not applicable	437,644		(141,836)	295,808	145,862
State Revolving Fund Loan, 1998	not applicable	557,050		(133,947)	423,103	137,430
State Revolving Fund Loan, 1999	not applicable	308,970		(58,608)	250,362	60,130
State Revolving Fund Loan, 2004	not applicable	730,177		(83,280)	646,897	85,452
Sewer Revenue Bonds, 2012, Series A	010782	14,190,000		(285,000)	13,905,000	290,000
Revenue Bonds, Series 2010A	010808CS0	8,700,000			8,700,000	
Taxable Revenue Bonds, Series 2010B	010808CS0	18,890,000		(1,130,000)	17,760,000	1,170,000
Plus: Unamortized bond premium		98,180		(3,597)	94,583	
Total Business-type Activities Debt		43,912,021		(1,836,268)	42,075,753	1,888,874
Total Debt		\$ 85,907,051	\$ 5,772,097	\$ (4,537,603)	\$ 87,141,545	\$ 4,379,216



City of Alameda Budget and Forecast

Budgeted Debt Obligations

B. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 2,490,342	\$ 1,200,554	\$ 1,888,875	\$ 1,896,965
2018	2,700,141	1,132,159	1,960,376	1,821,683
2019	2,781,908	1,056,681	1,888,043	1,738,400
2020	2,648,284	977,566	1,872,351	1,650,572
2021	2,787,327	895,880	1,894,692	1,559,268
2022-2026	15,022,305	3,157,412	10,871,833	6,138,432
2027-2031	11,266,574	1,092,067	13,965,000	2,845,965
2032-2036	4,940,900	153,800	2,845,000	977,655
2037-2041			3,310,000	510,203
2042-2043			1,485,000	48,669
Total	\$ 44,637,781	<u>\$ 9,666,119</u>	\$ 41,981,170	<u>\$ 19,187,812</u>
Plus unamortized bond premium	428,011		94,583	
Total	<u>\$ 45,065,792</u>		<u>\$ 42,075,753</u>	

C. Description of the City's Long-Term Debt Issues

The balance of the City's debt is in various forms as follows:

Governmental Activities Debt

Certificates of Participation - Some of the City's debt is in the form of Certificates of Participation, which are a type of long-term borrowing secured by lease payments made by the City under non-cancelable lease agreements. The cost of the assets securing these leases and the balance of the debt evidenced by these Certificates of Participation have been included in the City's financial statements, as these leases are in essence financing arrangements with ownership of the financed assets reverting to the City at the conclusion of the lease term.

2008 Refinancing Project Certificates of Participation - In July 2008, the City Council authorized the issuance of the Certificates of Participation (2008 Refinancing Project) in the amount of \$4,575,000 to refinance the 1996 Police Building Refunding and Equipment Financing Certificates of Participation and the 1996 Library and Golf Course Upgrade and Renovation Certificates of Participation. The 2008

Certificates bear interest rates from 4% to 5%, which are payable semi-annually in May and November. The City's principal payments commenced on May 1, 2011.

2013 Financing Project Certificates of Participation - On September 17, 2013, the City of Alameda Financing Authority authorized the issuance of the Certificates of Participation (2013 Refinancing Project) in the amount of \$9,610,000 to repay the City of Alameda 2002 Certificates of Participation and to finance the costs of construction of a new City Emergency Operations Center and associated expenses. The 2013 Certificates bear interest from 3% to 4%, which is payable semi-annually in May and November. Principal payments are due annually and commenced on May 1, 2014.

General Obligation and Revenue Bonds

2013 General Refunding Obligation Bonds – On September 17, 2013, the voters and City Council approved the repayment of General Obligation Refunding Bonds originally issued in 2003. The Refunding Bonds were issued on November 1, 2013 in the principal amount of \$9,010,000 to refund, on a current basis, the City of Alameda General Obligation Bonds, Series 2003, and pay for costs of issuance of the Bonds. The 2003 Bonds were issued to finance the construction and renovation of various public libraries. The bonds bear interest between 3% and 3.4%. The repayment of the bonds is secured by all non-restricted revenues of the City. Principal payments are due annually on August 1. Interest payments are due semi-annually on February 1 and August 1 through August 1, 2033.

2003 Alameda Reuse and Redevelopment Authority (ARRA) Variable Rate Demand Lease Revenue Bonds – On December 1, 2003, the Alameda Public Financing Authority issued Variable Rate Revenue Bonds in the original principal amount of \$13,440,000 at a variable rate of interest determined on a weekly basis. The proceeds from the bonds were used to refund the 1999 ARRA Revenue Bonds, which were issued to finance the costs of certain improvements at Alameda Point (assigned to the Base Reuse Special Revenue Fund), and to finance professional services for land use planning and other activities required for the redevelopment process at Alameda Point. Repayment of these bonds is from lease revenues paid to ARRA from certain land, buildings, fixtures and equipment. Interest is payable on the first business day of each month, and principal is due December 1.

The pledge of sublease revenues ends upon repayment of the \$11,049,808 in remaining debt service on the Bonds, which is scheduled to occur in 2034. As disclosed in the bond indenture documents, pledged future sublease revenues are expected to provide coverage over debt service of 1.5 during the life of the Bonds. For fiscal year 2015-16, sublease revenues amounted to \$10,474,151, which represented coverage of 2,517% over the \$416,098 in debt service.

Leases and Loans Payable

Leases Payable – At June 30, 2016, the City held the following leases payable. Under the lease agreements, ownership of the capital assets reverts to the City at the end of the lease terms. Since the leases are in essence financing arrangements, the costs of the capital assets and the amounts of the lease terms have been included in the City's financial statements.

2011 Fire Apparatus Lease Payable – On October 19, 2011, the City entered into a lease agreement in the amount of \$1,750,000 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on October 19, 2012, in annual payments of \$147,122, which includes interest, for fifteen years. Balance of the lease as of June 30, 2016 was \$1,357,504.

2011 Radio Lease Payable – On October 1, 2011, the City entered into a lease agreement in the amount of \$1,507,194 with Holman Capital Corporation to acquire 206 hand-held radios and 124 vehicle radios. The City agreed to pay the lease starting on October 11, 2012, in annual payments of



City of Alameda Budget and Forecast

Budgeted Debt Obligations

\$231,896, which includes interest, for 7 years. Balance of the lease as of June 30, 2016 was \$670,196.

2012 Fire Truck Lease Payable – On September 26, 2012, the City entered into a lease agreement in the amount of \$1,965,726 with Oshkosh Capital to acquire two fire apparatus vehicles. The City agreed to pay the lease starting on September 26, 2013, in annual payments of \$162,546, which includes interest, for fifteen years. Balance of the lease as of June 30, 2016 was \$1,635,340.

2013 Ambulance Lease Payable – On April 23, 2013, the City entered into a lease agreement in the amount of \$199,348 with Oshkosh Capital to acquire an ambulance vehicle. The City agreed to pay the lease starting on April 24, 2013, with the first payment of \$39,348 and annual payments thereafter of \$25,584 which includes interest, for eight years. Balance of the lease as of June 30, 2016 was \$95,327.

2013 Ambulance Lease Payable – On August 14, 2013, the City entered into a lease agreement in the amount of \$140,000 with US Bancorp to acquire an ambulance vehicle. The City agreed to pay the lease starting on October 24, 2013, with annual payments of \$21,779, which included interest for seven years. Balance of the lease as of June 30, 2016 was \$81,073.

2014 Fire Apparatus Lease Payable – On July 1, 2014, the City entered into a lease agreement in the amount of \$803,109 with Oshkosh Capital to acquire one fire apparatus vehicle. The City agreed to pay the lease starting on August 5, 2015, in annual payments of \$66,926, which includes interest, for ten years. Balance of the lease as of June 30, 2016 was \$625,808.

The leased equipment had book values at June 30, 2016 as follows:

	2011 Fire Apparatus	2011 Radios	2012 Fire Trucks	2013 Ambulance	2013 Ambulance	2014 Fire Apparatus
Equipment	\$ 1,750,000	\$ 1,523,271	\$ 1,750,791	\$ 197,288	\$ 140,037	\$ 673,799
Less Accumulated Depreciation	(554,167)	(1,379,679)	(265,275)	(95,356)	(49,013)	(129,145)
Book Value	\$ 1,195,833	\$ 143,592	\$ 1,485,516	\$ 101,932	\$ 91,024	\$ 544,654

HUD Section 108 Loan – On January 5, 2006, the City entered into an agreement to borrow \$7,000,000 from the Department of Housing and Urban Development. In September 2006, the City drew down \$4,000,000 for the construction of the Alameda Theater Garage Project. In August 2007, the City drew down an additional \$3,000,000 for the same project. Principal and interest payments of both loans are due semi-annually on August and February through 2027. The loan carries a variable interest rate of 20 points above the LIBOR rate. Repayments of the loans are funded by a BEDI (Brownfields Economic Development Initiative) grant, parking garage and retail and cinema lease revenues. The outstanding balance as of June 30, 2016 is \$5,764,000.

IBank Loan – On June 1, 2015, the City entered into an agreement to borrow \$3,000,000 from the California Infrastructure and Economic Development Bank. Loan proceeds were received in fiscal year 2015-16 and will be used to finance construction of a new fire station. Principal and interest payments are due semi-annually on August 1 and February 1 through 2034. The loan bears interest of 2.287%. The outstanding balance as of June 30, 2016 is \$3,000,000.

Alameda County EMS Liability – From 2005 to 2010, the County of Alameda provided Emergency Medical Services, First Responder Advanced Life Support, and Ambulance Transport Services to the City of Alameda. During this time, the City incurred an obligation of \$3,621,887 to the County. On November 1, 2011, the County of Alameda and the City of Alameda entered into an agreement to repay this obligation using First Responder Advanced Life Support funding until the debt is fully repaid. As of June 30, 2016, the outstanding balance is \$2,578,533.

D. Business-Type Activities Debt

Loans Payable

State Water Resources Control Board – On February 8, 1996, the City entered into a loan with the California State Water Resources Control Board for up to \$2,324,502 at 2.8% interest, of which all has been drawn down. The purpose of the loan is to provide funding to install sanitary sewer facilities. The loan is payable from Sewer Service Fund operating revenues. The City agreed to make annual payments of \$154,144 through August 5, 2017. The balance as of June 30, 2016 was \$295,808.

State Revolving Fund Loan 1998 – The City entered into a contract on July 1, 1998 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$2,292,025, of which all has been drawn down. This loan bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2016 was \$423,103.

State Revolving Fund Loan 1999 – The City entered into a contract on September 29, 1999 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$1,193,529 that bears interest at 2.7% per year for a term of twenty years. The balance as of June 30, 2016 was \$250,362.

State Revolving Fund Loan 2004 – The City entered into a contract on August 12, 2004 to borrow funds from the State Water Resources Control Board. The funds are being used for a Sewer Replacement Project to correct infiltration and inflow. The maximum loan amount is \$1,840,292 that bears interest at 2.6% per year for a term of twenty years. The balance as of June 30, 2016 was \$646,897.

Revenue Bonds

Sewer Revenue Bonds 2012 Series A – On October 3, 2012, the City of Alameda Financing Authority issued Sewer Revenue Bonds 2012 Series A, in the original principal amount of \$14,715,000 to repay the 1995 Sewer System Refinancing and Improvement Certificates of Participation and to finance improvements to the City's municipal sewer system. The Bonds bear interest between 2% and 4%, which are payable semi-annually in February and August. Principal payments of the Bonds commenced on August 1, 2013.

The pledge of sublease revenues ends upon repayment of the \$20,521,866 in remaining debt service on the Bonds, which is scheduled to occur in 2042. As disclosed in the bond indenture documents, pledged future revenues are expected to provide coverage over debt service of 1.25 during the life of the Bonds. For fiscal year 2016, revenues amounted to \$9,950,888 which represented coverage of 1,375% over the \$723,719 in debt service.

Revenue Bonds, Series 2010A/B (AMP Refinancing) – On August 1, 2010, the City of Alameda Financing Authority issued Revenue Bonds, Series 2010A/B to provide funds, together with certain other available monies, to 1) prepay the obligations of AMP and City for the Electric System Revenue Certificates of Participation Series 2000A, 2) prepay the obligations of AMP for the Taxable Electric System Revenue Certificates of Participation, Series 2000AT, 3) fund a deposit to the Common Reserve Account, and 4) prepay the costs of issuance of the 2010 Bonds. Revenue Bonds, Series 2010A bear interest at 4.375% to 5.25%, payable January 1 and July 1 of each year.



City of Alameda Budget and Forecast

Budgeted Debt Obligations

Principal on the Series 2010B Bonds were payable beginning July 1, 2011 and each succeeding July 1 until defeased in 2027. Principal on the Series 2010A Bonds will be payable beginning July 1, 2027 and each succeeding July 1 until defeased in 2030. The 2010 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The 2010 Bonds are special obligations payable solely from electric revenues, other amounts held in the bond funds and accounts established pursuant to the indenture, and amounts on deposit in the Common Reserve Account. The initial book-entry principal obligation for the Series 2010A is \$8,700,000 and \$22,985,000 for the Series 2010B. The combined principal obligation amount is \$31,685,000.

Special Assessment Debt Without City's Commitment

Special assessment districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2016 is as follows:

Description	Maturity Date	June 30, 2016
Harbor Bay Community Facilities District #1	9/1/2019	\$ 5,515,000
Alameda Landing Community Facilities District No. 13-1	9/1/2046	15,415,000



City of Alameda
Computation of Legal Bonded Debt Margin
June 30, 2016

Under State law, the City may not issue debt in excess of 15% of the total assessed valuation of taxable property within its boundaries. In accordance with California Governmental Code Section 43605, only the City's general obligation bonds are subject to that legal debt limit.

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$10,681,362,114</u>
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BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	<u>\$1,602,204,317</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (a)	\$42,735,000	
Less:		
Revenue Bonds	24,505,000	
Certificates of Participations	<u>9,960,000</u>	
Amount of debt subject to limit		<u>8,270,000</u>

LEGAL BONDED DEBT MARGIN	<u>\$1,593,934,317</u>
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2007	1,140,090,450	42,466,779	1,097,623,671	3.87%
2008	1,244,922,492	9,960,000	1,234,962,492	0.81%
2009	1,304,949,038	9,775,000	1,295,174,038	0.75%
2010	1,319,469,397	9,580,000	1,309,889,397	0.73%
2011	1,315,134,261	9,375,000	1,276,577,544	0.72%
2012	1,327,797,945	9,155,000	1,318,642,945	0.69%
2013	1,413,457,016	8,925,000	1,404,532,016	0.64%
2014	1,478,724,777	9,090,000	1,469,634,777	0.62%
2015	1,510,066,600	8,610,000	1,501,456,600	0.57%
2016	1,602,204,317	8,270,000	1,469,634,777	0.52%

Source: City Finance Department

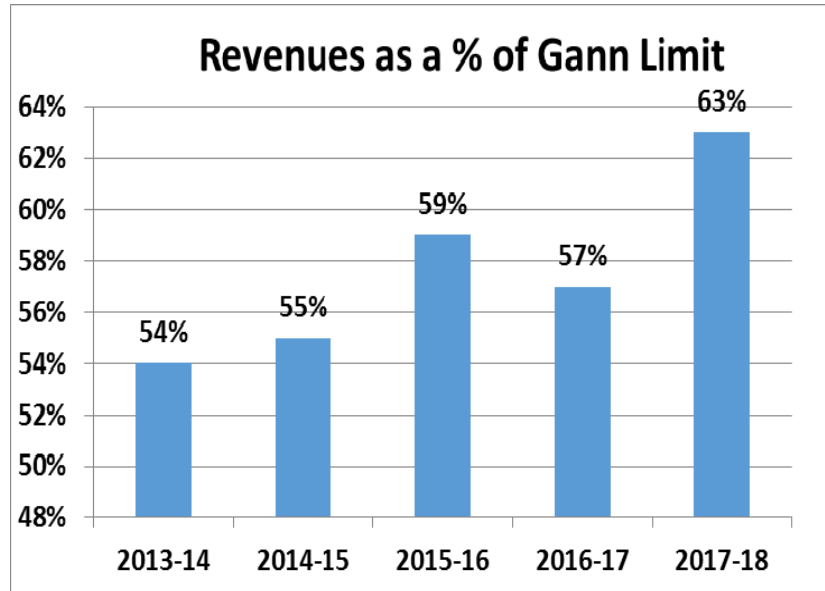
(a) Upon the dissolution of the Community Improvement Commission effective January 31, 2012, a Successor Agency assumed the liabilities of the former Community Improvement Commission, therefore the total bonded debt and revenue bonds have decreased.



City of Alameda Budget and Forecast

Proposition 4 (Gann Limit) Analysis

Section 7910 of the California Government Code and Article XIII B of the California Constitution (commonly referred to as the "Gann Limit") restrict the amount of revenue that cities can appropriate in any fiscal year. Annually, the City must adopt a resolution to approve the appropriations limit based on actual appropriations in FY 78-79, adjusted by a.) the greater of growth in California per capita income or the percentage change in the local assessment roll from the preceding year due to the addition of new nonresidential construction in the City, and b.) the greater of the growth in City or County population.



Section 37200 requires that the Gann limit and the total appropriations subject to the limitation be published in the annual budget. The City's limitation is calculated annually and was adopted by City Council resolution on June 20, 2017, as part of its annual operating budget. Below is the calculation:

Fiscal Year 2016-17 Appropriations Limit	\$111,848,988
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Adjustment Factors

a. Cost of Living (Non-residential new construction)	1.0444	
b. Population Change (Change in County population)	1.0099	
Change Factor (a. x b.)	<u>1.0547396</u>	

Fiscal Year 2017-18 Appropriations Limit	<u><u>\$117,971,552</u></u>
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II. Calculation of appropriations subject to the Appropriations Limit:

Fiscal Year 2017-18 Budgeted General Fund Revenue	\$92,629,000
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Less: Non-proceeds of taxes	<u>(18,469,709)</u>
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Total FY 2017-18 appropriations subject to the Appropriations Limit:	<u><u>\$74,159,291</u></u>
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Percent (%) of Appropriations Limit	63%
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City of Alameda Budget and Forecast

Proposition 4 (Gann Limit) Analysis

For Fiscal Year 2017-18, the City will continue to maintain a comfortable cushion between the appropriations limit and net proceeds of taxes. The following represents a trend analysis of the appropriations limit versus the net proceeds of taxes for the last five fiscal years, which shows that the City should remain under its appropriations limit well into the future.

	2013-14	2014-15	2015-16	2016-17	2017-18
Appropriations Limit	\$95,639,075	\$96,853,691	\$104,087,858	\$111,848,988	\$117,971,552
Net Proceeds from Taxes	51,714,653	52,887,598	61,846,470	64,263,762	74,159,291
Difference	43,924,422	43,966,093	42,241,388	47,585,226	37,812,261
% of Limit	54%	55%	59%	57%	63%

Additional appropriations to the budget funded by non-tax sources such as beginning fund balances, grants, or service charges are unaffected by the appropriations limit. However, any supplemental appropriations funded through increased tax sources are subject to the appropriations limit and can not exceed the difference noted above. Any overall actual receipts from tax sources greater than the variance would result in taxes in excess of the appropriations limit and would require refunds of the excess in the next two years or voter approval of an increase in the appropriations limit.

A

ACCWP: The Alameda Countywide Clean Water Program educates the public on how to keep businesses and homes from contributing to stormwater pollution.

ACCYF: The Alameda Collaborative for Children, Youth and Their Families program provides support services for children, youth, and families.

ACI: Alameda County Industries provides residential, commercial and industrial collection services for recyclables, organics and garbage within the City of Alameda.

Ad Valorem Tax: A tax based on value (e.g. a property tax).

Advance Refunding: A procedure by which an outstanding debt issue is eliminated from the municipality's gross debt in advance of its natural maturity by issuing a new bond issue to call the existing debt. The proceeds from the new issue are used to purchase U. S. Treasury obligations to secure payments of interest and principal of the "refunded issue" until the outstanding issue is called.

AFIS: Automated Fingerprint Identification System.

AMP: Alameda Municipal Power

Appropriation: An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period, though multi-year appropriations can be established for capital projects and other special purpose funds. Multi-year appropriation authority remains in effect until the amount appropriated has been totally expended or until the fund, program, or project is closed because its assigned purpose has been changed or accomplished.

ARRA (Base Reuse): Formerly the Alameda Reuse and Redevelopment Authority, this department supports the operations and maintenance of the former Alameda Naval Air Station property.

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

ATF (Recreation): Formerly the Athletic Trust Fund Administration program provides oversight and management of Alameda Recreation and Park Department programs.

AUSD: Alameda Unified School District.



B

BEDI: Brownfields Economic Development Initiative.

BLS: Basic Life Support.

Benefits: Those benefits paid by the City to employees as conditions of employment. Examples include insurance and retirement benefits.

Bond (Debt Instrument): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

Budget: The official financial spending and resource plan submitted by the City Manager and adopted by the City Council.

Budget Calendar: The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

Budget Message: A written explanation by the City Manager of the approved budget. The budget message explains principal budget and policy issues, and presents an overview of the City Manager's budget recommendations.



CalOSHA: California Occupational Safety and Health Administration – State Division



CALPERS: The California Public Employees Retirement System provides retirement benefits for the employees of public agencies in the State of California.

Capital Assets: Expenditures made to acquire, reconstruct, or construct major fixed or capital assets. A fixed asset is a tangible object of a long-term character, which will continue to be held or used, such as land, buildings, machinery, furniture and other equipment. A capital (fixed) asset must be at least \$10,000 in cost and have an expected useful life expectancy of at least four years.

Capital Improvements: Buildings, structures, or attachments to land such as sidewalks, trees, drives, tunnels, drains, and sewers.

Capital Investment Program (CIP): A plan for capital expenditures to be incurred setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Projects Fund: Capital Projects Funds are used to account for financial resources used in the acquisition or construction of major capital facilities other than those financed by Enterprise or Trust Funds.

Capital Outlay: Vehicles, equipment, improvements, software, and furniture purchased by the City which individually amount to an expenditure of more than \$10,000 and which have an expected life of more than one year.

Carryover: An unspent appropriation of one fiscal period reauthorized for a subsequent period.

CDBG: Community Development Block Grant. A program of the U.S. Department of Housing and Urban Development to fund local community development activities such as affordable housing, anti-poverty programs, and infrastructure development.

CDIAC: California Debt and Investment Advisory Commission.

CERT: Community Emergency Response Team is a volunteer program conducted by the City's Fire Department.

CDF: Community Development Fee.

Charter City: A city or county which derives its local powers from a legal charter independent of state statutes.

CIT: Construction Improvement Tax.

CMP: Congestion Management Program.

Community Development Block Grant (CDBG): Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City's CDBG (special revenue) fund. The City primarily uses these funds for housing rehabilitation, public improvements, and local social programs.

Community Improvement Commission (CIC): The CIC is the City's former redevelopment agency. Effective February 1, 2012, redevelopment agencies throughout the State of California were dissolved as a result of State legislation. The City of Alameda is the Successor Agency for the CIC's non-housing activities, and the Housing Authority of the City of Alameda is the Successor Housing Agency.

Certificates of Participation (COP): A certificate of participation is a form of long-term financing which represents a divided share of a lease that is assigned or marketed to investors. These debt instruments typically represent general obligation debt but can also be issued by enterprises.

Citizens' Option for Public Safety (COPS): A State-funded program that provides supplemental funding to local jurisdictions for front-line municipal police services.

CLETS: California Law Enforcement Telecommunications System.

COLA: Cost of Living Adjustment.

Comprehensive Annual Financial Report (CAFR): The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.



Consumer Price Index (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

Contingency Account: An account in which funds are set aside for unforeseen expenditures which may become necessary during the year.

Contract Services: Services provided from the private sector or other public agencies.

Cost Allocation: A fair and equitable methodology for identifying and distributing direct and indirect costs among various cost centers based upon some predetermined basis of allocation. In performing the cost allocations, all indirect costs have been allocated to direct cost activities.

CPR/AED: Cardiopulmonary Resuscitation and Automated External Defibrillator.

CSMFO: The California Society of Municipal Finance Officers, a statewide organization of municipal finance professionals. CSMFO annually sponsors a Budget Awards Program that recognizes municipal budgets in four categories: operating budgets, capital budgets, public communications documents, and innovations in budgeting.



Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

Debt Service: Payment of interest and repayment of principal to holders of the City's debt according to a pre-determined schedule.

Debt Service Fund: Fund used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

Delinquent Taxes: Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may subsequently be waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

Department: A major administrative division of the City, which indicates overall management responsibility for an operation or a group of related operations within a functional area. A department usually has more than one program and may have more than one fund.

Depreciation: (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset that is charged as an expense during a particular period.

Developer Fees and Permits: Fees that are charged for specific services provided by Community Development, Fire and Public Works. See the City's website at <http://alamedaca.gov/finance/master-fee-schedule> for the City's current fee schedule.

Diversification: Dividing investment funds among a variety of securities offering independent returns

Division: A program or activity, within a department, that furthers the objectives of the City Council by providing services or products.

DOJ: Department of Justice.

Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

DUT: Dwelling Unit Tax.



East Bay Regional Park District (EBRPD): East Bay Regional Park District is a system of beautiful public parks and trails in Alameda and Contra Costa counties.

Employee Compensation: The City has established an employee compensation plan that is designed to attract and retain highly qualified individuals who are capable of delivering a high level of service in a streamlined organization. The City is committed to providing competitive, market-based compensation. As part of this policy, market surveys will periodically be performed of similar positions in the local area and salary ranges will be adjusted based upon these surveys. Salary adjustments are periodically provided to employees within their classification survey upon completion of a comprehensive performance appraisal. As part of its employee compensation package, the City offers the following range of benefits (depending on bargaining unit) to its regular full and part-time employees:

Choice of medical plans (with employer contributions)	Flexible benefits: dependent care, medical spending accounts
Paid holidays and leave	457 Deferred Compensation Plan
Dental coverage	Life insurance
Wellness program	Disability insurance
Employee Assistance Program	Vision insurance
CalPERS Retirement Plan (For Classic PERS Employees - 3% @ 50 for Sworn; 2% @ 55 for all other employees) (For employees new to PERS – 2.7% @ 55 for Sworn, 2% @ 62 for all other employees)	

There are several employee bargaining groups within the City, and the outcomes from these negotiations have a significant effect on these costs. See the City's website at <http://alamedaca.gov/human-resources/benefits> for more information.

EMS: The Emergency Medical Services Division of the Fire Department provides for emergency medical first responder and ambulance transport services.

EMT: Emergency Medical Technicians.

Encumbrances: Commitments related to contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities but represent the estimated amount of expenditures ultimately to result if contracts in process are completed. A purchase order is a common encumbrance.

Enterprise Fund: A fund type used to account for operations that are financed or operated in a manner similar to private business enterprise, where the intent of the governing body is that costs of providing goods and services be recovered primarily through user charges.

EPA: Environmental Protection Agency. An agency of the federal government of the United States charged with protecting human health and the environment.

ERAF: This represents an annual shift in property taxes from local government agencies to the State's Educational Revenue Augmentation Fund (ERAF).

Expenditures: Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants entitlement and shared revenues.





FAAS: Friends of the Alameda Animal Shelter is a non-profit entity that assumed the operations of the Animal Shelter in fiscal year 2011-12.

Fiduciary Funds: Funds used to report assets held in a trustee or agency capacity for others.

Final Budget: Term used to describe revenues and expenditures for the upcoming year beginning July 1 as adopted by the City Council.

Financial Advisor: A consultant to an issuer of securities who provides the issuer with advice with respect to the structure, timing, terms, or other similar matters concerning a new issue of securities.

FISC: The Fleet Industrial Supply Center program manages the lease activity at the former Fleet Industrial Supply Center, including property management and infrastructure repair.

Fiscal Year: The time period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year. Budgeting is carried out on a fiscal year schedule.

Fixed Assets: Assets of a long-term character which are intended to be held or used, such as land, buildings, machinery, furniture, and other equipment.

FLSA (Fair Labor Standards Act): The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage, and Hour Division.

Franchise: A special privilege granted by a government, permitting the continued use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Full-time Equivalents (FTE): The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for up to 2,080 hours while a .25 FTE employee would work up to 520 hours per year (both excluding overtime).

Fund: A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources and related liabilities, and residual equities or balances and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Accounting: System used by nonprofit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

Fund Balance/Equity: The excess of fund assets and resources over fund liabilities. A portion of the equity of a governmental fund may be reserved or designated; the remainder is referred to as fund balance.





Generally Accepted Accounting Principles (GAAP): The standard framework of guidelines for financial accounting, including standards, conventions, and rules accountants follow in the recording, summarizing and preparation of financial reports.

Governmental Accounting Standards Board (GASB): Establishes standards for state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and will guide and educate the public, including issuers, auditors, and users of those financial reports.

General Fund: A specific fund which accounts for tax supported activities of the City and other types of activities not accounted for elsewhere. In the City budget, this fund is divided into departments. The General Fund is a governmental fund.

Government Finance Officers Association (GFOA): The Government Finance Officers Association of the United States and Canada. GFOA annually sponsors a Distinguished Budget Presentation Awards program and makes awards to those governmental budgets that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

Goals and Objectives: Accomplishments a department intends to achieve during the period.



HUD: U.S. Department of Housing and Urban Development. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.

Interfund Transfers: Contributions from one City fund to another in support of activities of the receiving fund. Loans are not included.

Intergovernmental Revenue: Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

Internal Service Fund: A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government or to other governments on a cost-reimbursement basis.



LAWCX: Local Agency Workers' Compensation Excess Joint Powers Authority.

Lease: A contract for temporary use of equipment or facilities at a negotiated price.

Levy: The total amount of taxes, special assessments, or service charges imposed by a government.

London Interbank Offered Rate (LIBOR): The LIBOR is the average interest rate that leading banks in London charge when lending to other banks.

Long-Term Debt: Financial obligations with maturity of more than one year after the date of issuance.

Long-Term Financial Plan: A plan which identifies fiscal issues and opportunities, establishes fiscal policies and goals, examines fiscal trends, produces a financial forecast, and provides for feasible solutions.



Measure B: Countywide voter-approved ballot measure that can be used for street construction, repair, maintenance and bicycle pathways.

Measure WW: East Bay Regional Park District issued Measure WW bonds as a parcel tax. The Bond's purpose is to finance the District's completion of its Regional Park District Master Plan and to provide funds to cities and local park and recreation districts for acquisition and development of local parklands.

MOUs: Memorandums of Understanding are bilateral agreements between the City of Alameda and the employees of the City of Alameda.

MSC: Mastic Senior Center provides social recreational programs and support services for the City's growing senior community.

Municipal Code: A book containing City Council approved ordinances in effect.



NCIC: National Crime Information Center.

NCPA: Northern California Power Agency.

NENA: National Emergency Number Association.

NERC: North American Electric Reliability Corporation.

NFPA: National Fire Protection Association.



NPDES (National Pollution Discharge Elimination System): Permit system established by the U.S. Environmental Protection Agency to regulate discharge of treated sewage, storm water and urban runoff.



Operating Budget: Day-to-day costs of delivering City services.

Operating Transfer: Routine or recurring transfer of assets between funds.

Ordinance: A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

OSHA: Occupational Safety and Health Administration – Federal Division

P-Q

PCCD: Peralta Community College District.

PCI: Pavement Condition Index.

Performance Measures: An indicator of the attainment of an objective. It is a specific quantitative measure of work performed or services provided within an activity or program, or it may be a quantitative measure of results obtained through a program or activity.

Personnel Services: The classification of all salaries, wages, and fringe benefits expenditures. Fringe benefits include FICA, retirement benefits, hospital and medical insurance, and life insurance.

POST: California Peace Officer Standards and Training.

Program: Organizational units directed to attain specific purposes or objectives.

Program Activity: A broad function or a group of similar or related services/activities, which have a common purpose.

Program Budget: A budget wherein expenditures are displayed based on programs of work, and secondarily by the character and object class of the expenditure.



Projected Surplus/Deficit: The projected surplus/deficit is the net of forecasted receipts and forecasted disbursements. A surplus is the result of receipts exceeding disbursements, and a deficit is the result of disbursements exceeding receipts.

Proposition 13: Limits the local property tax rate to a maximum of 1% of a property's assessed market value, rolled back assessments to 1975-76 values, and unless a property was sold, capped the annual increase in assessed values to 2%. New taxes, such as a parcel tax, must be approved by two-thirds of local voters.

Proposition 218: A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

Proprietary Fund Types: Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position, and changes in financial position.

PUB: Public Utilities Board.

Quimby Act: The California Legislature first established the Quimby Act in 1965. It provides provisions in the Subdivision Map Act for the dedication of fees and/or parkland. California State law requires developers to dedicate fees or land for public parks at a ratio of 5 acres per 1,000 residents in a new development.

R

Reserve: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resolution: An order of a legislative body requiring less formality than an ordinance.

Retained Earnings: An equity account reflecting the accumulated earnings of a proprietary (internal service or enterprise) fund.

Revenue: Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income and miscellaneous revenue.

Revenue Bonds: Bonds issued pledging future revenues to cover debt payments.

Risk Management: An organized attempt to protect an organization's assets against accidental loss in the most cost effective manner.

RMS: Records Management System.

ROPS: The Recognized Obligation Payment Schedule outlines the City's obligations based upon the former City's Redevelopment Agency (Community Improvement Commission).

RPTTF: Alameda County's Redevelopment Property Tax Trust Fund (RPTTF) used for payment of obligations of the Successor Agency.

S

SAFER: Staffing for Adequate Fire and Emergency Response, i.e. a grant provided to the City by the Federal Government.

Salaries and Wages: Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts. This category also includes overtime and temporary help.

SR2S: Safe Routes to School. A State program to reduce injuries and fatalities to school children and to encourage increased walking and bicycling among students.

Special Assessment Bonds: Bonds payable from the proceeds of special assessments levied on properties.

Special Revenue Fund: A fund used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

Subventions: Revenues collected by the State that are allocated to the City on a formula basis. The major subventions received by the City from the State of California include motor vehicle in-lieu and gasoline taxes.

Supplemental Appropriation: An appropriation approved by the City Council after the initial budget is adopted.



Supplies: Items such as office supplies, short-lived minor equipment with no material value, periodicals, books and generic computer software.



Taxes: Compulsory charges levied by a government to finance services performed for the common benefit.

TC: Transportation Commission.

TOT: Transient Occupancy Tax is imposed on room rates for stays of 30 days or less at a rate of 10% on the room rate.

Transfers: All interfund transactions except loans or advances, quasi-external transactions, and reimbursements.

Triple Flip: Proposition 57, the Governor's Economic Recovery Bond bill, was approved by the voters in March 2004. This bill authorized the State to sell \$15 billion of deficit financing bonds to put the budget back in balance. Proposition 57 includes a "triple flip," which essentially swaps one-quarter percent of the local sales tax for an equal amount of "in-lieu" sales tax.

True Interest Cost: The federal Truth in Lending Act requires lenders to disclose the true cost of credit to their borrowers and prospective borrowers in the consumer-loan agreement. This cost must be computed by a standard formula that incorporates interest, fees and other costs. This prevents lenders from making misleading statements about the real cost of borrowing from them.

Trust & Agency Funds: These funds are used to account for assets held by the City in a trustee capacity or as an agent.



Urban Runoff Clean Water Program (URCWP): A water drainage fee.

USCTA: United States and Canada Treasurer's Association

User Fees: The payment of a fee for direct receipt of a public service by the person benefiting from the service.



Vehicle License Fees (VLF): An annual fee on the ownership of a registered vehicle in California paid to the Department of Motor Vehicles (DMV). The state retains authority over both the amount of revenues that are collected and the method of their distribution to local governments, and the Legislature may alter the level of VLF revenue.

VOIP: Voice Over Internet Protocol, technology used in the City's phone system



City of Alameda Budget and Forecast Glossary

VRDB: Variable Rate Demand Bond – the City currently has one of these bonds outstanding issued to fund development and related infrastructure at Alameda Point

WiFi: Technology that allows electronic data exchange wirelessly over a computer network.

Working Capital: Net Working Capital is a common accounting formula used for financial analysis. It is defined as current assets minus current liabilities.

Warrant: Security, generally short-term in nature, issued by a municipality and used in the payment of bills.

Workload Measures: Indicators that quantify the amount of output performed by a department, program or service.

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