

**City of Richmond**  
**Financial Condition of the City**



**January 2008**



## Sound Financial Foundation

- ✓ We're building on a sound financial foundation
  - ❖ Comprehensive financial management policies
  - ❖ Strong, healthy balance sheet
  - ❖ Improved financial controls
  - ❖ Structurally balanced budgets
  - ❖ Reduction of General Fund encroachments
  - ❖ Local economy continues strong growth (see Appendix A)
- ✓ We are building on our successes
  - ❖ Multi-year labor agreements
  - ❖ Prudent restoration of services
  - ❖ Investment in infrastructure

# Financial Management Policies Guide Our Success

<u>Policy</u>	<u>Adoption Date</u>	<u>Following the Policy?</u>
Cash Reserves Policy <sup>(1)</sup>	April 2007	Yes
Structural Balance Policy <sup>(2)</sup>	September 2004	Yes
Budget Policy <sup>(3)</sup>	September 2004	Yes
Debt Policy <sup>(4)</sup>	February 2006	Yes
Investment Policy <sup>(5)</sup>	February 2006 (updated)	Yes
Swap Policy <sup>(6)</sup>	May 2006	Yes

- 1) City's prior policy was a fixed \$10.0 million General Fund contingency reserve, which was fully funded in FY 2005-06. The new Cash Reserve Policy follows GFOA's guidelines and calls for a minimum cash reserve of 15% of General Fund expenditures which would be equal to \$16.9 million for FY 2007-08. The current \$10 million reserve equals a reserve level of 8.9%. The reserve can be temporarily reduced to 7% in times of emergency, but must be restored thereafter. City has prepared a plan to reach the 15% policy target by successively allocating the reserve's earnings (approximately \$600,000 in FY 2006-07) each year to the reserve corpus.
- 2) Requires one-time monies to be spent only on one-time expenditures; and ongoing monies to be spent on ongoing expenditures.
- 3) City's new Capital Improvement Plan will enhance our multi-year budget projections.
- 4) GF debt service cannot exceed 10% of GF revenues; policy also sets forth detailed debt management and refunding practices.
- 5) Requires investments be made first on the basis of safety, then liquidity and, lastly, yield.
- 6) Sets forth comprehensive practices with respect to use of swaps.

## Best Practices Followed by the City

- ✓ City started implementing best practices throughout all City departments over a year ago
- ✓ Emphasis on training, technology and internal controls
  - ❖ Dedicated Budget Unit that reports to Finance Director
  - ❖ Monthly financial reporting, including variances from projections
  - ❖ Monthly training of all employees to “institutionalize” financial skills
  - ❖ Transition from paper-oriented to digitized records and reports
  - ❖ Replacement of financial software system
  - ❖ Use of “position control” accounting procedures

## Financial Documents Available Online

- ✓ City's website is: <http://www.ci.richmond.ca.us/>
- ✓ Documents available online:

❖ Item	Years Available	
	Oldest	Most Recent
Financial Statements	FY 1997-98	FY 2005-06
Adopted Budgets	FY 2005-06	FY 2006-07
Investment Reports	FY 1997-98	FY 2006-07 (current month)
Debt Policy		April 2007
Swap Policy		April 2007
Reserves Policy		April 2007
Investment Policy		April 2007

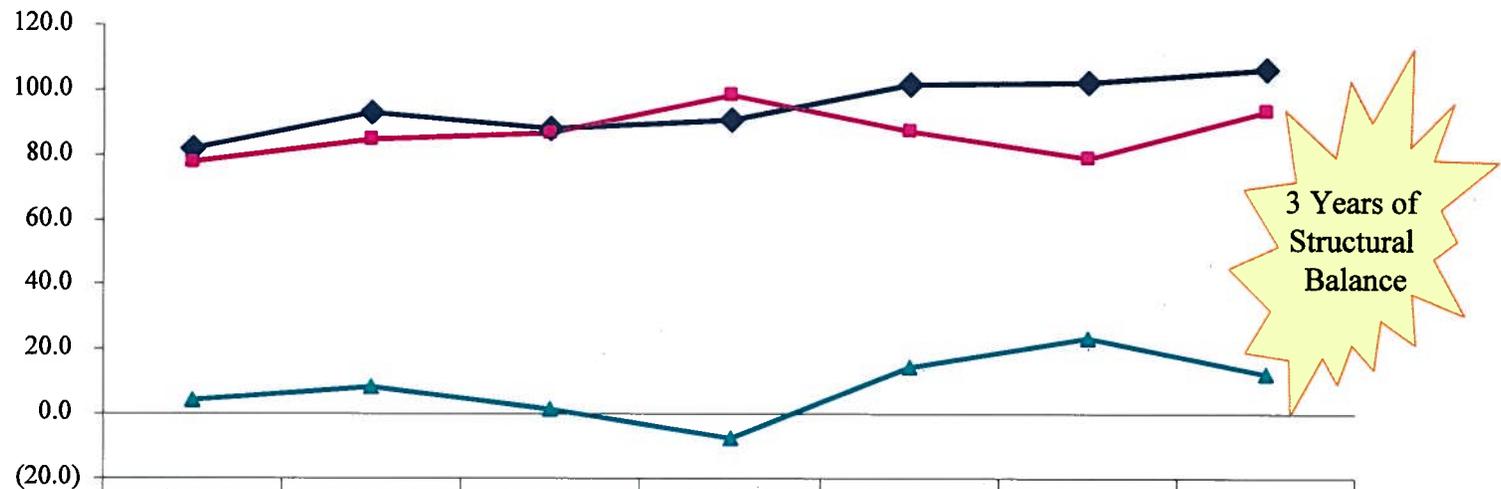
- ❖ Five-Year Capital Improvement Plan
- ❖ Disclosure reports (via electronic link to MuniFinancial's website)

## Fiscal Year 2005-06 Audit

- ✓ Continuing trend of strong audits
  - ❖ Stronger balances
  - ❖ Stronger cash position
- ✓ Unqualified opinion
- ✓ Fiscal Year 2006-07 Audit on target to be complete January 31, 2008

# Audited Results Show 3 Years of Structural Balance

General Fund Revenues, Expenditures and Other Financing Sources (Uses), Audited (\$ Millions, by Fiscal Year)



	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06(1)
◆ Revenues	82.0	92.7	88.3	91.1	101.7	102.8	106.5
■ Expenditures	77.9	84.5	86.9	98.5	87.1	79.1	93.6
▲ Operating Surplus (Deficit)	4.1	8.2	1.4	(7.4)	14.6	23.7	12.9

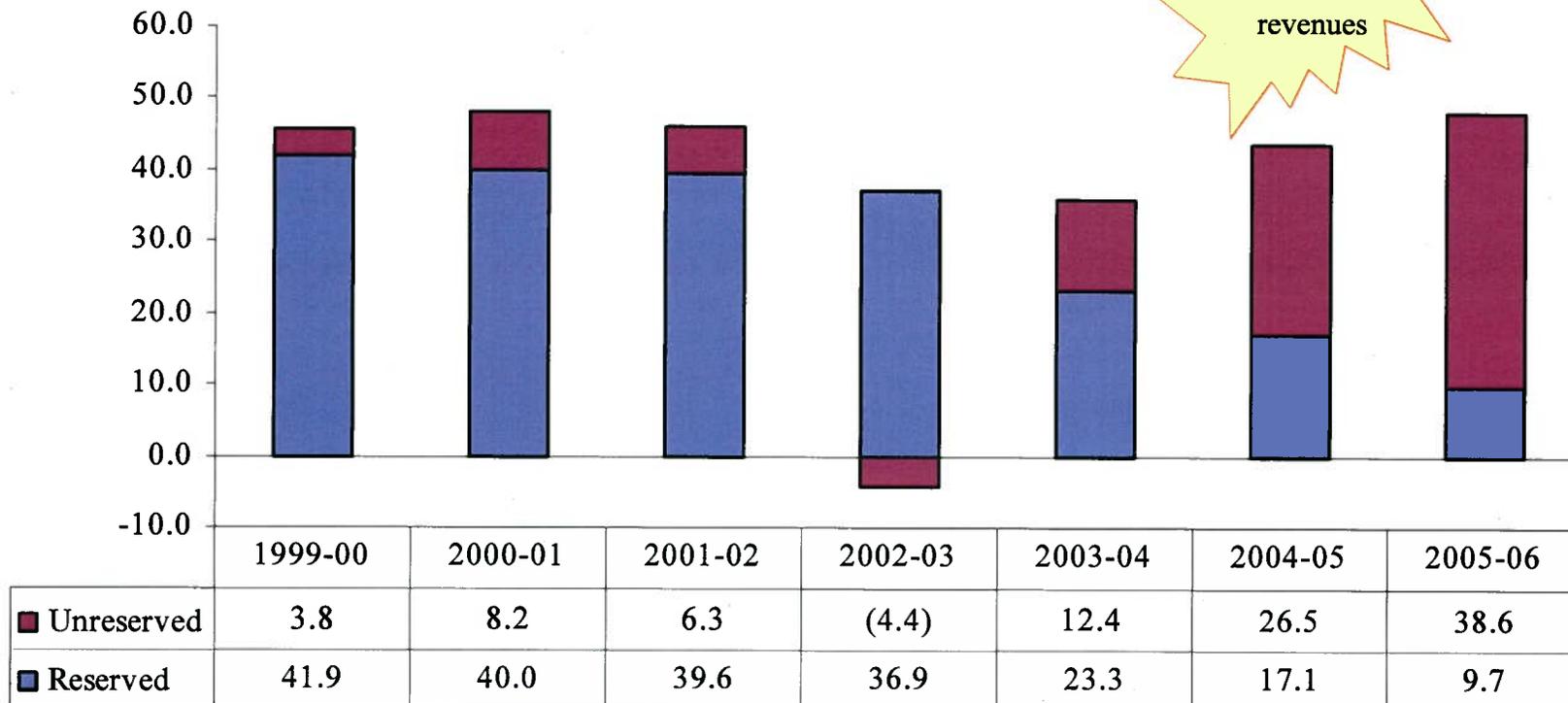
- (1) Revenue growth was actually stronger versus FY 2004-05 than reflected in the table, as \$4.6 million of one-time pension tax override revenues were included in the FY 2004-05 audit.
- (2) Operating Surplus (Deficit) is the difference between Total Revenues and Total Expenditures, and results in an increase or decrease to fund balance.



# Unreserved Fund Balance Up \$12.0 Million

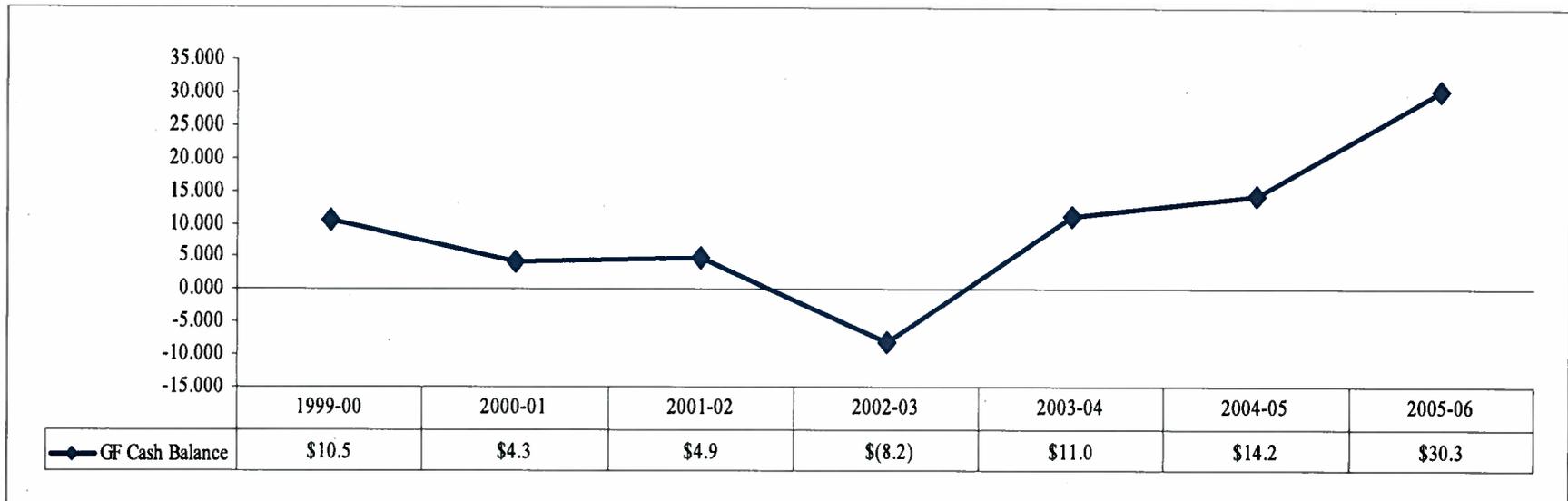
General Fund Balance, Audited  
(\$ Millions, by Fiscal Year)

Unreserved  
fund balance  
= 36.2% of GF  
revenues



# Cash Position at Highest Level in Seven Years

General Fund Cash Balance, Audited  
(\$ Millions, by Fiscal Year)



# General Fund Balance Sheet Comparisons

	2005	2006
<b>Assets</b>		
Cash and Investments	\$14,170,749	\$30,326,744
Restricted Cash and Investments	21,303	17,020
Receivables	-	-
Accounts, net	11,127,767	6,640,872
Interest	63,639	84,483
Grants	60,000	-
Loans	922,351	1,055,124
Due from other funds	9,174,306	5,263,031
Advances to other funds	23,812,555	17,139,855
Prepays, supplies and other assets	260,216	247,048
<b>Total Assets</b>	<b>\$59,612,886</b>	<b>\$60,774,177</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,445,779	1,046,498
Refundable deposits	3,536,574	1,504,483
Advances from other funds	105,685	103,685
Deferred revenue	9,930,958	9,889,742
<b>Total Liabilities</b>	<b>\$16,018,996</b>	<b>\$12,544,408</b>
<b>Fund Balances</b>		
Reserved for	-	-
Encumbrances	286,787	926,760
Prepays, supplies and other assets	260,216	247,048
Advances to other funds	16,327,666	8,108,231
Loans receivables	208,804	356,804
Unreserved, designated for Contingencies	2,000,000	10,000,000
Unreserved, Undesignated, Reported in General Fund	24,510,417	28,590,926
<b>Total Fund Balances</b>	<b>\$43,593,890</b>	<b>\$48,229,769</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$59,612,886</b>	<b>\$60,774,177</b>

\$16 million increase in cash

Includes RHA repayment of \$686,858; additional repayment of \$192,234 in FY 06-07; new repayment agreement in effect that calls for remaining \$4.5 million to be repaid in equal monthly installments of \$12,531 for 30 years

\$6.7 million reduction; remainder represents repayments due from Port; new repayment schedule in effect that calls for full repayment over nine years, with \$6.3 million coming from eventual sale of Terminal 1

Quality of fund balance significantly improved; \$10 million contingency reserve; unreserved undesignated balance increased by \$4.0 million and reserved balance for advances to other funds declined by \$8.0 million

# GF Statement of Revenues, Expenditures and Changes in Fund Balance

Revenues	2005	2006
Property taxes		
Current collections	\$25,740,931	\$28,284,861
Released from Pension Reserve Fund	4,627,380	
Sales taxes	20,273,363	25,402,253
Utility user taxes	29,721,235	30,199,388
Other taxes	13,849,935	14,590,884
Licenses, permits and fees	2,837,431	3,028,837
Fines, forfeitures and penalties	496,528	372,951
Use of money and property	354,540	693,463
Intergovernmental	3,876,578	1,854,613
Charges for services	313,292	1,153,341
Other	597,658	726,503
Rent	108,941	161,382
<b>Total Revenues</b>	<b>\$102,797,812</b>	<b>\$106,468,476</b>
Expenditures		
Current		
General government	\$12,299,968	\$12,686,072
Public safety	51,249,034	59,834,214
Public works	7,432,827	10,927,180
Community development	42,750	849,369
Cultural and recreational	7,226,060	9,270,951
Capital outlay	837,634	21,750
<b>Total Expenditures</b>	<b>\$79,088,273</b>	<b>\$93,589,536</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$23,709,539</b>	<b>\$12,878,940</b>
Other Financing Sources (Uses)		
Proceeds from sale of property	\$1,000,613	\$869,880
Transfers in	765,993	12,101,059
Transfers out	(17,657,267)	(21,214,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$15,890,661)</b>	<b>(\$8,243,061)</b>
<b>Net Change in Fund Balances</b>	<b>\$7,818,878</b>	<b>\$4,635,879</b>
<b>Beginning Fund Balances</b>	<b>\$35,775,012</b>	<b>\$43,593,891</b>
<b>Ending Fund Balances</b>	<b>\$43,593,890</b>	<b>\$48,229,770</b>

Strong increases in property taxes and sales taxes

\$14.5 million increase reflects restoration of positions and services

\$8.0 million is one-time transfer of accumulated PTORs to fully fund the \$10 contingency reserve; \$11 million remainder of accumulated PTORs was transferred to Capital Improvement Fund

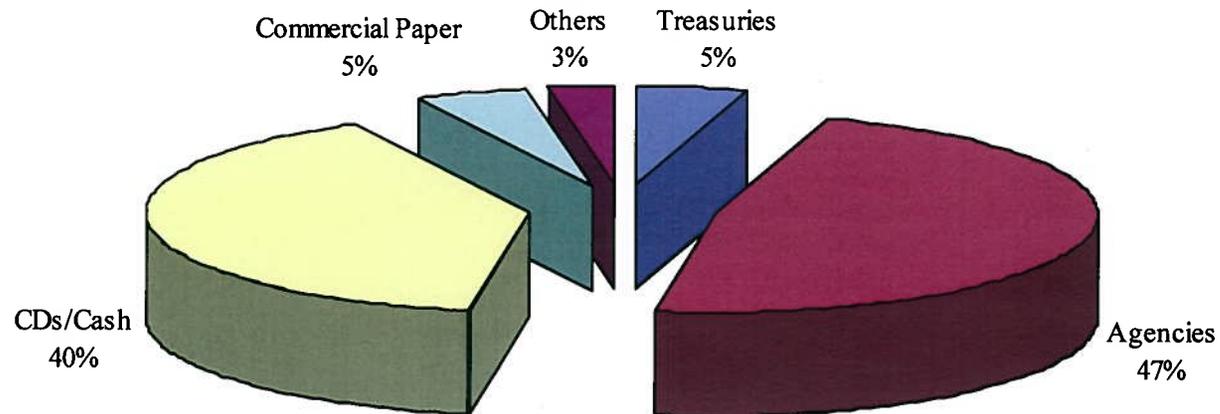
Some of these transfers are non-recurring; \$9.4 million was used to clear negative balances in other funds; \$6.7 million was used to clear a receivable (UDAG) for the Redevelopment Agency; \$1.6 million was transferred to Capital Improvement Fund

Recurring transfers include \$4.2 million transferred to Pension Stabilization Fund and annual transfer of debt service payments to the Debt Service Fund

# Investment Portfolio is Showing Growth and Performance

## Portfolio Composition

**\$156.0 Million**  
**06/30/2007**  
**(Estimated)**



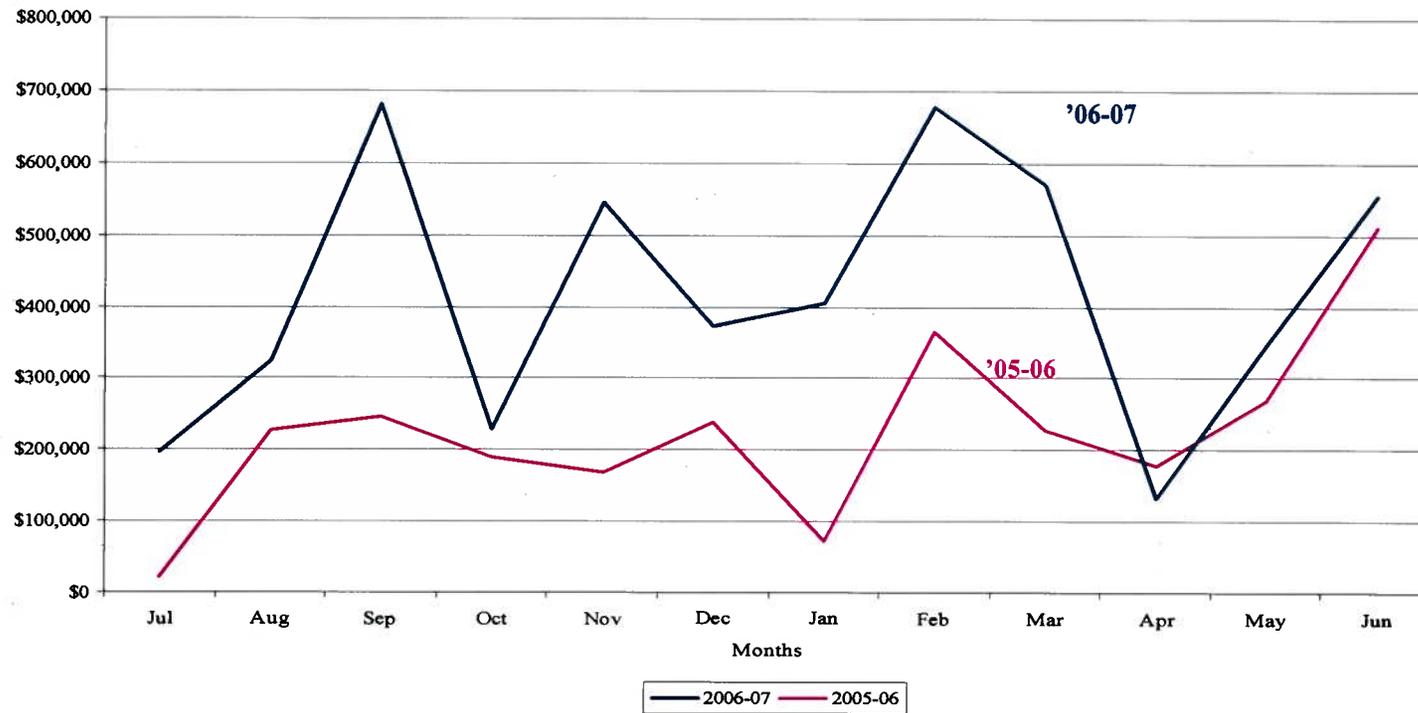
# Investment Portfolio is Showing Growth and Performance

Size of Investment Portfolio is Growing



# Investment Portfolio is Showing Growth and Performance

Earnings From Investments Increase vs. Year Ago



## Multi-Year Contracts Provide Budget Stability

- ✓ Reversal of 8-9% benefit cost-concessions negotiated in 2004
- ✓ Schedule of salary increases reflects modest net increases, considering no increases were granted in 2004 and 2005
- ✓ All salary and benefit packages are fully reflected in the City's multi-year budgeting model
- ✓ Increase in number of budgeted positions since FY 2004-05

Employee Bargaining Group	Budgeted Positions 2004-05	Budgeted Positions 2005-06	Budgeted Positions 2006-07	Contract Expiration Date	Salary Increases	OPEBs
Police Officers Association and Police Management Association	162	178	176	June 30, 2008	7/1/06 5% 1/1/07 4% 7/1/07 5%	9.1%
Fire Fighters Local 21	83	93	92	June 30, 2009	7/1/06 3% plus 3% one-time bonus 1/1/07 5% 7/1/07 4% 1/1/08 2.5% 7/1/08 4.0% 1/1/09 2%	22.9%
Management Local 21	95	121	128	June 30, 2010	7/1/06 3.75%	4.0%
General (Part-time) SEIU	43	52	52	June 30, 2010	1/1/07 3%	
General (Full-time) SEIU	<u>327</u>	<u>376</u>	<u>397</u>	June 30, 2010	7/1/07 4% 7/1/08 4% 7/1/09 4%	
					Meet and confer on 7/1/07 on retiree health	
<b>Total</b>	<b>710</b>	<b>820</b>	<b>915</b>			

## City Has OPEB Pre-Funding Plan

- ✓ City's actuary prepared OPEB valuation as of July 1, 2005 using CalPERS assumptions and then "rolled forward" the estimates to July 1, 2007 (valuation report has been provided under separate cover)
- ✓ City has decided to pre-fund its OPEB obligations through the CalPERS Retiree Benefit Trust Fund each year, beginning in FY 2007-08

Expected July 1, 2007 AAL	\$47,046,989
Less: City pre-funding contribution for FY 2006-07	<u>(1,963,024)</u>
Equals: Expected UAAL on July 1, 2007	\$45,083,965(1)

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Annual cost of 30-year funding of(1)	\$2,810,309
Plus: Expected 2007-08 Normal Cost	<u>898,994</u>
Equals: FY 2007-08 ARC	\$3,709,303

- ✓ City's Multi-Year Budgeting Model incorporates 100% of the annual ARC.



# Operating Budget

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## The City's Budgeting Tool

- ✓ Multi-Year Forecasting Model (“MYFM”) is our key budget planning tool
  - ❖ Is updated throughout the year
  - ❖ Is used to communicate Mid-Year results to the City Council
- ✓ Major highlights
  - ❖ City achieved structurally balanced budgets for last three audit years
  - ❖ Structurally balanced budgets are projected for FY 2006-07 through FY 2009-10 as well

# Next Five Fiscal Years: Balanced Budgets Projected

(\$ millions)

## GENERAL FUND MULTI-YEAR FORECASTING MODEL

Subject to Revision and Changing Events, \$1,000,000s

	FY 2004/05 Actual	FY 2005/06 Actual	FY 2006/07 Estimated	FY 2007/08 Forecast	FY 2008/09 Forecast	FY 2009/10 Forecast	FY 2010/11 Forecast	FY 2011/12 Forecast
<b><u>REVENUES, general fund</u></b>								
Revenues, recurring	\$ 98.2	\$ 106.5	\$ 114.0	\$ 122.4	\$ 130.6	\$ 140.3	\$ 149.2	\$ 158.5
Revenues, one-time subtotal	\$ 1.0	\$ 2.9	\$ 3.0	\$ 8.7	\$ 8.9	\$ 8.2	\$ 4.4	\$ 3.7
<b>REVENUES subtotal</b>	<b>\$ 99.2</b>	<b>\$ 109.4</b>	<b>\$ 117.0</b>	<b>\$ 131.1</b>	<b>\$ 139.5</b>	<b>\$ 148.4</b>	<b>\$ 153.6</b>	<b>\$ 162.2</b>
<b>TRANSFERS IN</b>	<b>\$ 5.4</b>	<b>\$ 12.1</b>	<b>\$ 8.6</b>	<b>\$ 6.6</b>	<b>\$ 7.1</b>	<b>\$ 9.1</b>	<b>\$ 9.8</b>	<b>\$ 10.0</b>
<b>REVENUES &amp; TRANSFERS IN, Total</b>	<b>\$ 104.6</b>	<b>\$ 121.4</b>	<b>\$ 125.6</b>	<b>\$ 137.8</b>	<b>\$ 146.6</b>	<b>\$ 157.5</b>	<b>\$ 163.4</b>	<b>\$ 172.2</b>
<b><u>EXPENDITURES, general fund</u></b>								
Expenditures subtotal	\$ 79.0	\$ 93.6	\$ 113.4	\$ 128.9	\$ 136.7	\$ 144.1	\$ 152.9	\$ 161.6
<b>TRANSFERS OUT</b>	<b>\$ 18.7</b>	<b>\$ 23.2</b>	<b>\$ 12.2</b>	<b>\$ 8.9</b>	<b>\$ 9.9</b>	<b>\$ 13.4</b>	<b>\$ 10.5</b>	<b>\$ 10.6</b>
<b>EXPENDITURES &amp; TRANSFERS OUT, Total</b>	<b>\$ 97.6</b>	<b>\$ 116.8</b>	<b>\$ 125.6</b>	<b>\$ 137.8</b>	<b>\$ 146.6</b>	<b>\$ 157.5</b>	<b>\$ 163.4</b>	<b>\$ 172.2</b>
<b><u>NET</u></b>	<b>\$ 6.9</b>	<b>\$ 4.6</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>

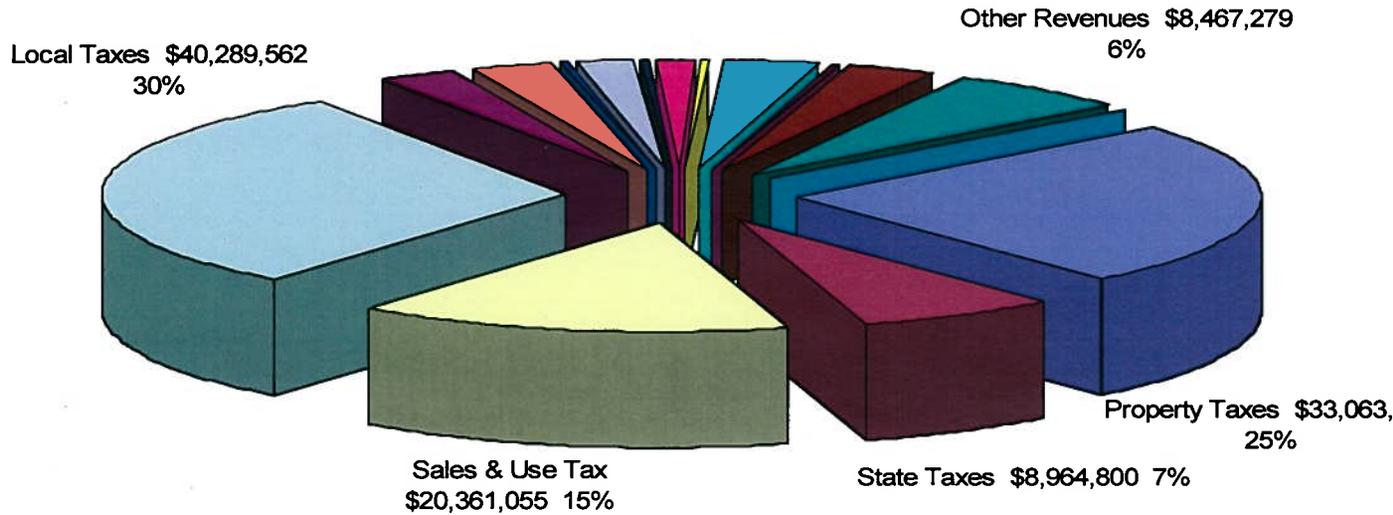
\* Includes projected 100% ARC payments on OPEB liability, operating costs for new Civic Center and increased lease cost for temporary police facility.

\*\* Includes projected debt service cost for 2007 lease revenue bonds that will fund Civic Center and refund the 1995A and 2001A lease revenue bonds.

# Revenue Forecast FY07-08

## Revenues

Operating Transfers-In \$-  
0%

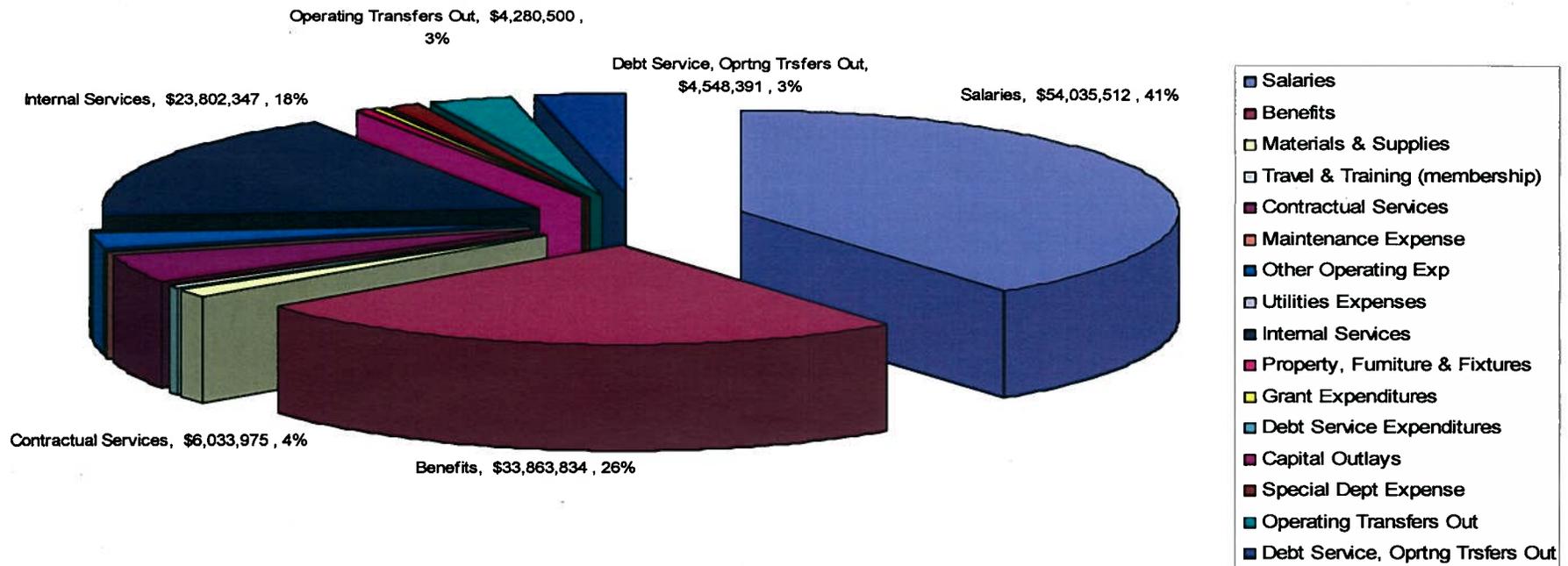


- Property Taxes
- State Taxes
- Sales & Use Tax
- Local Taxes
- Franchise Taxes
- Licenses
- Permits
- Fees
- Fines & Forfeitures
- Interest & Investment Income
- Rental & Concession
- Charges for Services
- Grant Revenue
- Proceeds: Land, Bldg
- Other Revenues
- City Attorney Fees
- Operating Transfers-In



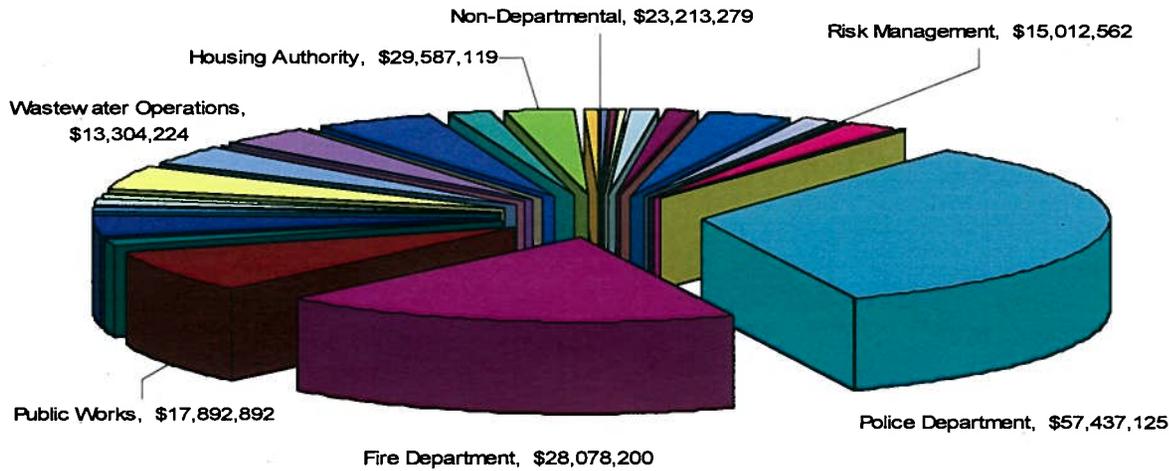
# Expenditure Forecast FY07-08

## Expenditures



# Expenditures by Department FY07-08

**Proposed Expenditures by Department**



- Mayor's Office
- City Council
- City Clerk's Office
- City Manager's Office
- City Attorney's Office
- Police Commission
- Finance Department
- Human Resources Management
- Risk Management
- Information Technology Department
- KCRT Cable TV
- Police Department
- Fire Department
- Public Works
- Equipment Services
- Parks & Landscaping Department
- Paratransit
- Engineering Department
- Wastewater Operations
- Planning & Building Regulations Department
- Library Services
- Arts & Culture Department
- Recreation Department
- Convention Center
- Richmond Community Redevelopment Agency
- Employment & Training Dept
- Housing Authority
- Port of Richmond
- Non-Departmental



# Sales Tax Receipts

NON-CONFIDENTIAL

CITY OF RICHMOND\*

NON-CONFIDENTIAL

SALES TAX NET CASH RECEIPTS ANALYSIS (BRADLEY BURNS 1%)

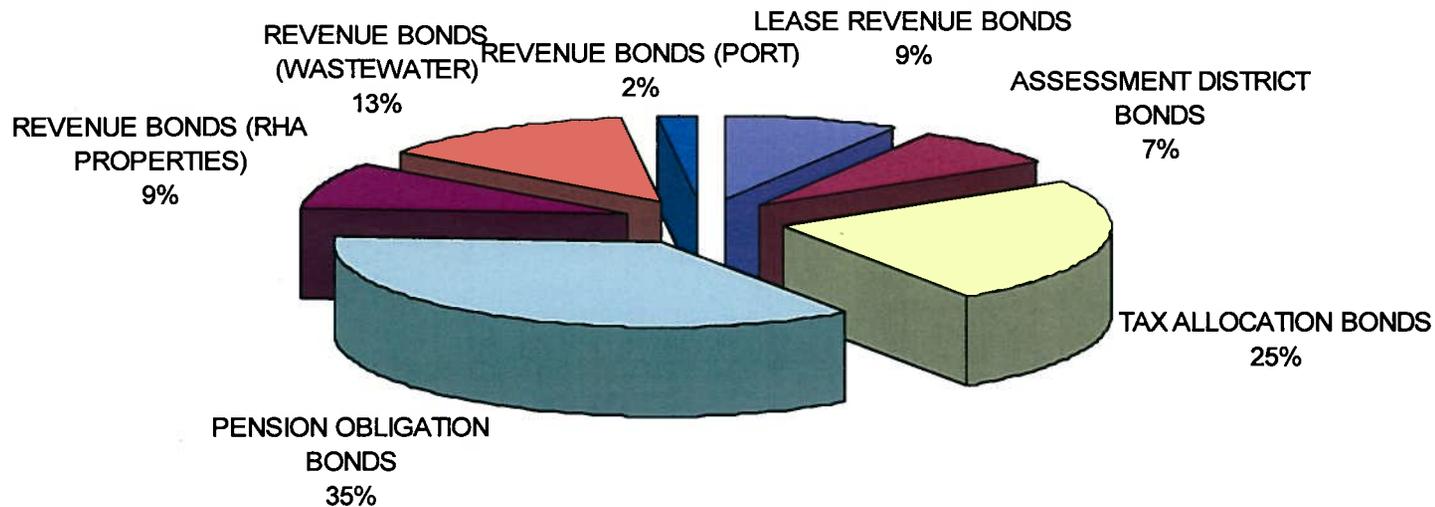
	QUARTERLY CHANGES						FISCAL YEAR TO DATE				MOST RECENT THREE QUARTERS TOTAL			
	2005/1	2005/2	2005/3	2005/4	2006/1	2006/2	FISCAL YR	FISCAL YR	FISCAL YR	FISCAL YR	BENCHMARK	BENCHMARK	BENCHMARK	
	2005/1	2005/2	2005/3	2005/4	2007/1	2007/2	2006-2007	2007-2008	\$ CHANGE	%CHG	YR 2005/2	YR 2007/2	YEAR	
	%CHG	%CHG	%CHG	%CHG	%CHG	%CHG	1 QUARTERS	1 QUARTERS			AMOUNT	AMOUNT	\$ CHANGE	%CHG
1 CONCORD	-4.6	-4.8	10.2	-4.7	-0.5	0.1	7,155,027	7,184,157	8,130	0.1	26,753,587	29,090,093	336,606	1.2
2 WALNUT CREEK	4.0	-3.6	-0.7	2.3	-0.6	-0.7	5,032,714	4,969,374	-63,340	-1.3	20,344,141	20,359,185	14,044	0.1
3 CITY OF RICHMOND*	-1.9	-5.1	3.5	0.0	5.3	21.5	3,088,406	3,727,340	638,934	21.0	12,378,566	13,300,542	921,976	7.4
4 ANTIOCH	1.3	1.3	6.4	4.3	0.5	1.5	2,938,861	2,862,844	-76,017	-2.6	10,388,206	11,353,039	964,833	9.3
5 CONTRA COSTA COUN	33.2	6.4	8.0	22.0	17.3	5.1	2,453,576	2,578,666	125,090	5.1	9,065,606	10,220,509	1,154,903	12.7
6 SAN RAMON	-5.6	-17.0	29.6	19.5	12.5	-3.4	2,325,222	2,245,082	-80,140	-3.4	8,462,247	8,661,461	1,199,214	14.2
7 PITTSBURG	1.2	-14.4	-13.5	-4.0	-1.7	-3.9	2,002,091	1,623,099	-378,992	-18.9	8,222,127	7,719,362	-502,765	-6.1
8 PLEASANT HILL	3.4	2.5	9.0	4.1	4.8	-1.7	1,818,618	1,787,254	-31,364	-1.7	7,153,006	7,437,669	284,663	3.9
9 DANVILLE	-2.5	1.1	3.0	2.7	9.5	2.9	1,150,662	1,183,688	33,026	2.9	4,492,656	4,887,286	394,630	8.8
10 BRENTWOOD	13.5	6.6	6.8	-8.0	-1.5	7.0	1,174,797	1,257,308	82,511	7.0	4,585,680	4,834,013	248,333	5.4
11 MARTINEZ	-2.8	-6.6	-14.9	-10.4	12.1	-5.0	1,058,469	1,044,592	-13,877	-1.3	4,418,453	4,173,624	-244,829	-5.5
12 EL CERRITO	-3.7	14.8	26.4	6.8	19.8	-2.7	979,622	963,191	-16,431	-1.7	3,440,576	3,847,833	407,257	11.8
13 PINOLE	-0.5	-0.5	0.0	4.1	8.2	-5.8	843,503	795,862	-47,641	-5.6	3,402,740	3,456,724	53,984	1.6
14 LAFAYETTE	-7.5	12.5	-1.4	4.5	9.5	-8.5	725,832	565,179	-160,653	-22.1	2,619,835	2,634,039	14,204	0.5
15 SAN PABLO	-5.3	8.4	-6.6	-13.2	-0.8	-10.4	449,531	402,583	-46,948	-10.4	1,734,780	1,589,606	-145,174	-8.4
16 HERCULES	6.3	14.4	12.9	-9.9	12.1	-1.0	382,582	375,466	-7,116	-1.9	1,316,086	1,442,764	126,678	9.6
17 OAKLEY	23.5	4.7	-0.3	-20.6	3.9	60.3	352,186	564,402	212,216	60.3	1,282,226	1,443,539	161,313	12.6
18 ORINDA	8.5	-1.3	9.6	-1.8	8.4	14.4	232,876	286,301	53,425	23.0	965,334	987,346	22,012	2.3
19 INGRAMA	-5.4	-8.3	-3.1	17.1	13.5	18.6	193,998	230,096	36,098	18.6	826,470	919,666	93,196	11.6
20 CLAYTON	-5.7	-5.9	-12.4	-2.6	0.3	19.2	87,599	114,391	26,792	30.6	363,046	369,066	6,020	1.6
ALAMEDA CO.	7.1	8.1	0.7	-0.2	3.0	0.9	82,188,741	82,717,707	528,966	0.6	244,585,791	247,113,261	2,527,470	1.0
CONTRA COSTA CO. *	2.2	-3.2	5.4	1.6	4.2	2.3	34,338,391	35,122,144	783,753	2.3	134,804,565	139,909,936	5,105,371	3.8
MARIN CO.	-1.1	8.6	-4.3	-0.9	7.7	1.3	11,041,240	11,187,066	145,826	1.3	43,513,404	43,779,126	265,722	0.6
NAPA CO	3.9	4.5	0.6	0.1	7.8	8.8	6,109,862	3,711,946	-2,397,916	-39.2	24,289,056	25,321,522	1,032,466	4.3
SAN FRANCISCO CO.	1.7	7.5	-0.5	3.0	12.5	5.2	36,204,106	37,379,480	1,175,374	3.2	137,720,800	144,321,861	6,601,061	4.8
SAN MATEO CO.	4.8	3.1	5.9	3.0	5.7	2.9	31,363,067	32,270,293	907,226	2.9	122,801,810	127,483,564	4,681,754	3.8
SANTA CLARA CO.	8.8	7.7	-0.7	2.3	5.9	3.1	84,097,463	85,743,764	1,646,301	1.9	326,111,776	333,275,555	7,163,779	2.2
SOLANO CO.	19.1	8.8	-3.3	2.4	-8.0	1.4	15,923,137	13,186,436	-2,736,701	-17.2	64,858,757	63,552,625	-1,306,132	-2.0
SONOMA CO.	-0.5	17.3	-6.5	0.9	2.9	0.8	19,885,934	23,304,662	3,418,728	17.2	79,594,211	76,923,261	-2,670,950	-3.4
S.F. BAY AREA *	5.8	5.9	0.1	1.6	4.8	2.6	390,174,966	307,846,237	-82,328,729	-21.1	1,177,263,263	1,203,176,661	25,913,398	2.2
CENTRAL COAST	7.9	6.0	-1.3	1.3	1.1	0.0	33,233,998	33,547,875	313,877	0.9	131,621,077	132,127,478	506,401	0.4
CENTRAL VALLEY	9.6	8.1	1.3	-2.0	0.1	0.5	129,633,571	130,139,793	506,222	0.4	506,660,897	505,491,274	-1,169,623	-0.2
NORTHERN COAST	1.8	12.1	-0.1	1.0	4.3	-0.2	12,401,765	12,375,831	-25,934	-0.2	47,501,513	48,023,354	521,841	1.1
OTHER NORTHERN	0.8	7.1	2.6	-0.6	4.1	1.8	16,063,332	10,351,518	-5,711,814	-35.6	62,246,623	64,024,371	1,777,748	2.9
SACRAMENTO VALLEY	4.5	2.2	-2.4	-2.6	-1.9	1.3	105,584,344	104,782,288	-802,056	-0.8	412,497,723	406,423,592	-6,074,131	-1.5

MuniServices, LLC



# Debt Obligations

- ✓ City's General Fund net debt as % of GF revenues is currently 3.9%
  - ❖ Net debt burden is projected to rise to 4.8% when portion of Phase I of Civic Center is financed
  - ❖ City projects its net debt burden to decline thereafter and stay well below the 10% Debt Policy maximum
  - ❖ Complete delineation of debt obligations and revenue sources is provided in Appendix F



# Savings From Financing Activities

**City of Richmond  
Finance Department  
Summary of Bond Issues  
FY2005-06 through 2007-08**

<b>Fiscal Year</b>	<b>Bond Issue Name</b>	<b>Purpose</b>	<b>Par Amount</b>	<b>Savings (NPV)</b>
2005-06	2005 Pension Obligation Bonds	To fund City's pension liability	\$ 114,995,133	\$ 16,944,983 \$ 1,247,302
2005-06	Country Club Vista Reassessment District	To refund CCV Assessment District	\$ 12,310,000	\$ 3,022,408
2006-07	2006 Wastewater Revenue Bonds	To refund 1999 bonds and fund capital improvements	\$ 48,830,000	\$ 16,600,000
2006-07	Subordinate Multifamily Housing Revenue Bonds (Westridge at Hilltop Apartments)	To refund 2003 bonds	\$ 12,540,000	\$ 853,405
2006-07	Richmond Community Redevelopment Agency Tax Allocation Bonds, 2007, Series A & B	\$22 million to Civic Center Project; finance redevelopment projects; finance low and moderate income housing activities	\$ 75,172,622	\$ 7,937,829
2007-08	JPFA 2007 Lease Revenue Bonds (Refunding and Civic Center Project)	To refund 3 prior bond issues and finance Civic Center Project (Phase 1B)	\$ 101,420,000	\$ 12,114,230
			Total Savings to date (NPV)	\$ 58,720,157



## Capital Projects

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## Capital Projects

- ✓ City has new comprehensive 5-year Capital Improvement Plan (“CIP”)
  - ❖ City purchased specialized software system as a planning resource
  - ❖ CIP won CMFOA’s Meritorious Award for Capital Budgeting 
  - ❖ CIP is based on detailed review criteria and provides overview of each project, its timing, revenue source, location and description
  - ❖ CIP is posted on City’s website
  
- ✓ Major projects include Civic Center renovation, Port improvements, Community Centers, CCTV, Library



**Terminal 2 Wharf Replacement**





29  
**McDonald Avenue**





<sup>31</sup>  
**Miraflores S. 43rd & Wall St.**



**Macdonald Place - Senior <sup>32</sup> 1 & 2 (4th & Macdonald)**



Metro Walk <sup>33</sup> (Transit Village)







## Update on Non-General Fund

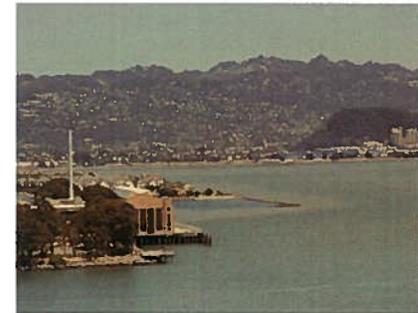
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## Update on Non-General Fund

- ✓ **Redevelopment Agency**
  - ❖ Very active merged project area: approximately \$23 million in tax increment in FY 2006-07
  - ❖ Ford Assembly Plant Building came on-line in 2006; is 60% occupied
  - ❖ 600 market rate units added in 2005 and 2006 (\$3.7 million of annual tax increment revenue)
  - ❖ MacDonald Avenue Project features Civic Center and downtown revitalization
  - ❖ 2007 Tax Allocation Bond transaction will provide \$7.6 million for housing, \$23 million for Civic Center project and \$42 million for other RDA projects
  - ❖ RDA is planning a plan amendment to increase its capacity

## Update on Non-General Fund (cont'd)

- ✓ Port of Richmond
  - ❖ Financial operations are positive; operating projections provided in Appendix E
  - ❖ Auto-warehousing operations are significant source of revenue
    - Hyundai/Kia in 2004 (\$3.0 million annual revenues)
    - Matson Lines
    - Meeting with Honda
  - ❖ \$38.5 million of projects to be undertaken over next five years
    - \$30 million to be funded with bonds in FY 2008-09
  - ❖ 10-Year Port Expansion Plan being prepared



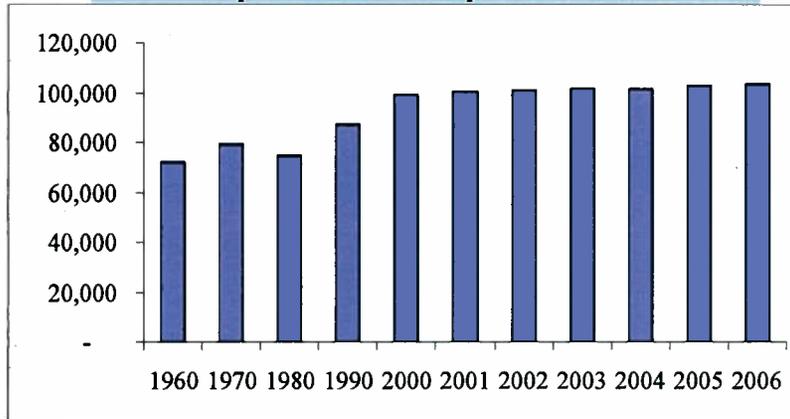
**Marina Breakwater**

## Update on Non-General Fund (cont'd)

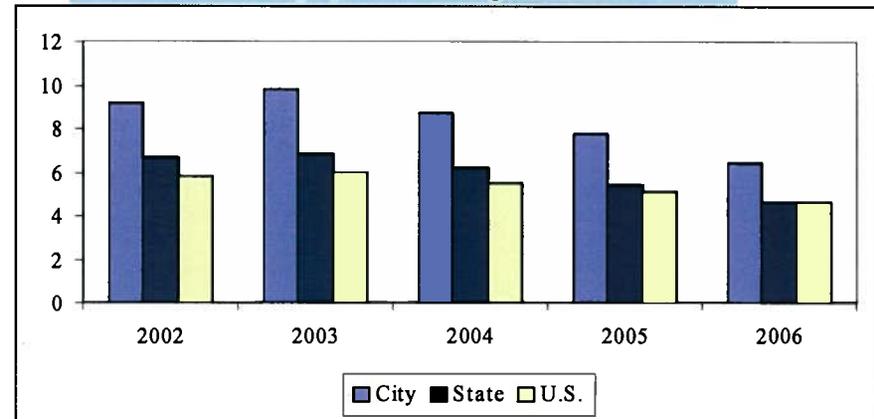
- ✓ Housing Authority
  - ❖ Repayment agreement with City in effect; \$4.5 million to be repaid to GF
  - ❖ Westridge Apartments
    - Recent refinancing will save \$300,000 per year for next 3 years
  
- ✓ Stormwater Enterprise
  - ❖ Parcel Tax of \$32 per year has not been increased since 1992
  - ❖ Operating deficit of \$1.4 million for FY05-06
  - ❖ Possible revenue enhancements include rate increase (subject to Prop 218), trash collection surcharge

# City's Economic Base and Demographics

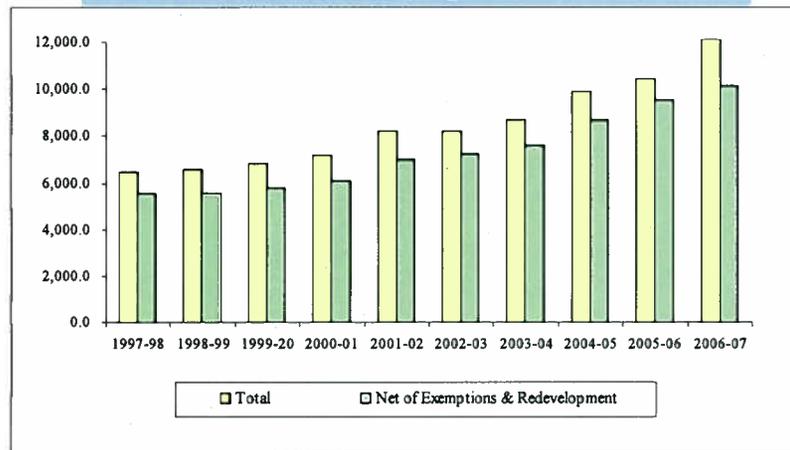
Population<sup>(1)</sup>: Stable Population Growth



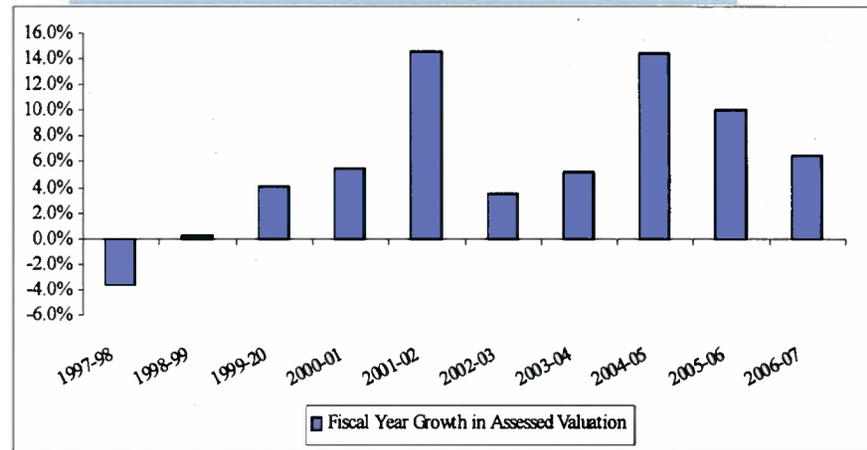
Comparative Unemployment Rates<sup>(2)</sup>:  
Unemployment Trending Down



Assessed Valuation<sup>(1)</sup>: Up 85% in 10 Years



Fiscal Year Growth in Assessed Valuation (Net)<sup>(1)</sup>:  
Strong Growth in Recent Years



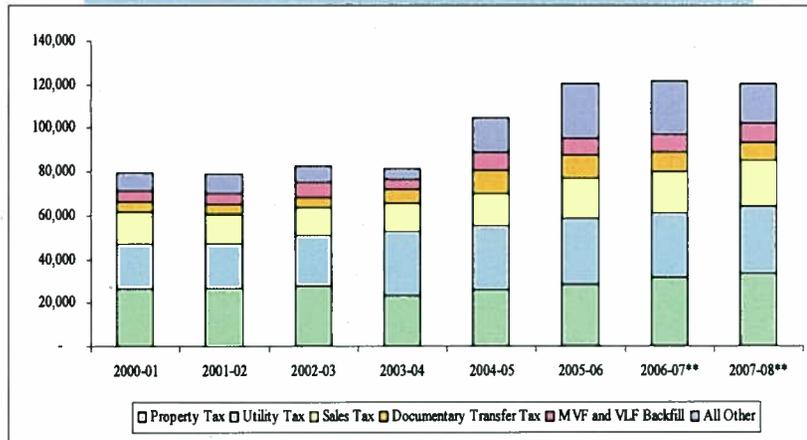
(1) Source: City's FY 2005-06 CAFR.

(2) Not seasonally adjusted.

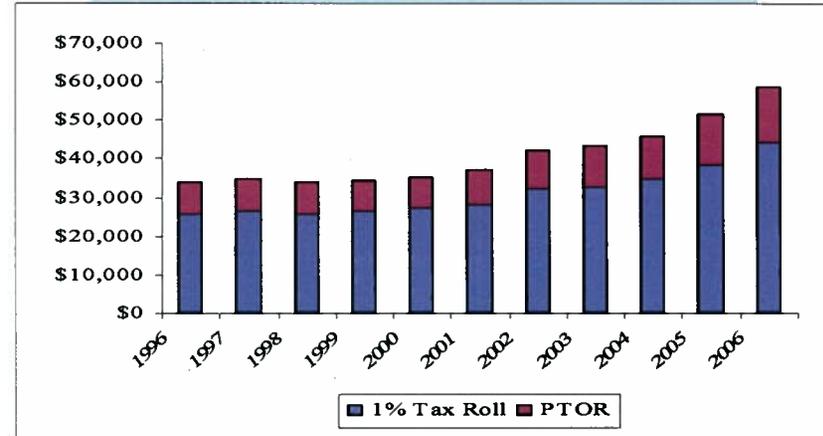


# City's Economic Base and Demographics (cont'd)

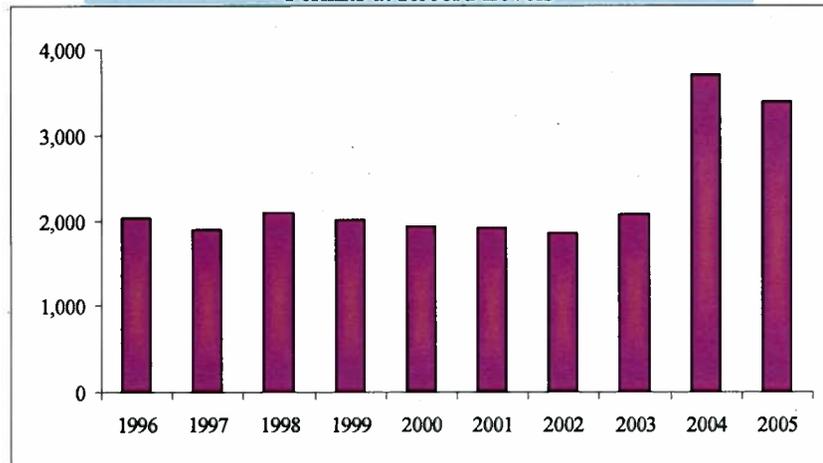
General Fund Revenue Base<sup>(1)</sup>: Very Diverse



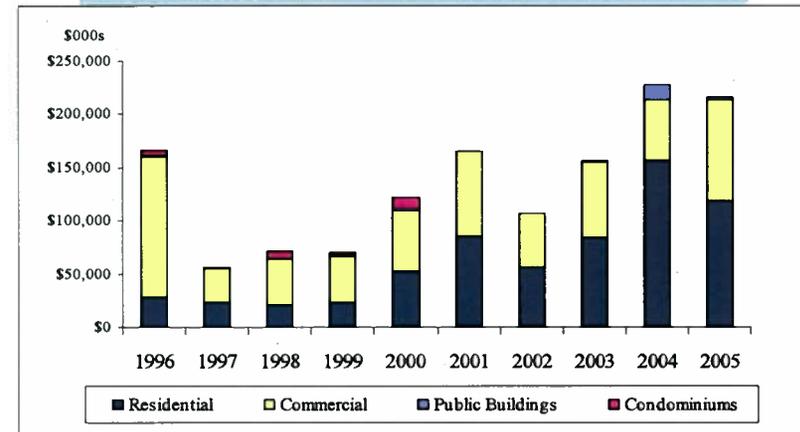
Property Tax Levies<sup>(2)</sup>:  
Growth in 1% Roll Induces Growth in PTOR



Building Permits Issued<sup>(3)</sup>:  
Permits at Record Levels



Building Permit Valuation<sup>(3)</sup>:  
Residential Construction at Record Levels



(1) Source: Mid-year Budget Review, FY 2006-07.

(2) Source: City's FY 2005-06 CAFR.

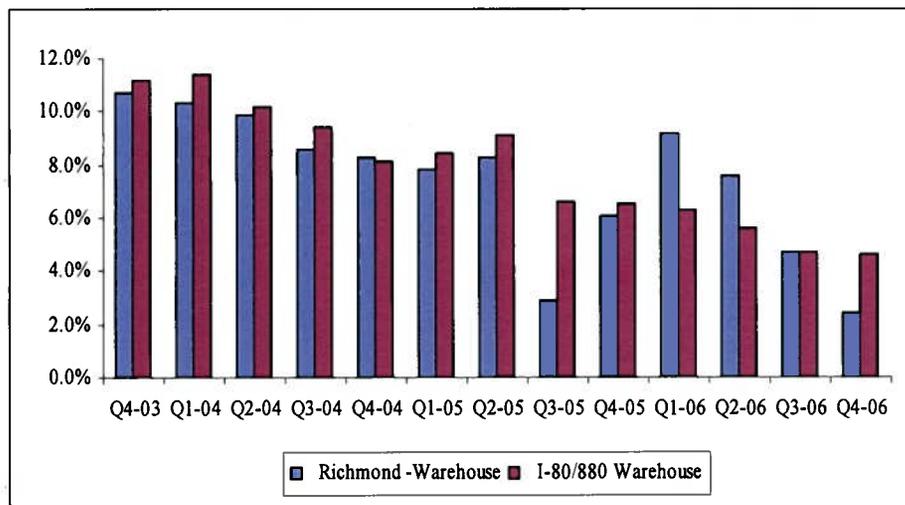
(3) Source: to come from City.

\*\* Projected.

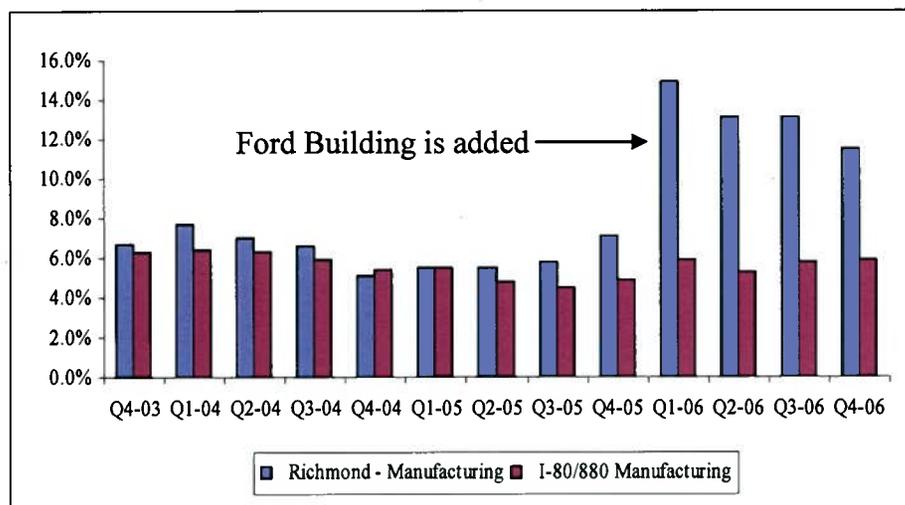
Note: Beginning in FY 2000-01, Condominiums are included in the Residential category



# Banner Year for Warehouse and Manufacturing Occupancy in 2006



- ✓ Only four major warehouse spaces are left
- ✓ Two may close
- ✓ Vacancy rate may fall to 1%



- ✓ Ford Assembly was added in early 2006 (500,000 sq. ft.)
- ✓ Only 200,000 sq. ft. left
- ✓ Vacancy rate expected to continue to fall

