Long Range Financial Forecast 2009-2019

Prepared by the Fiscal Sustainability Committee

City of Alameda

CALIFORNIA

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The City of Alameda incorporated on April 19, 1854, and is located on Alameda Island in San Francisco Bay. The City of Alameda comprises 22.7 square miles and serves a population of 75,254.

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http://www.ci.alameda.ca.us

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ACKNOWLEDGEMENTS

The volunteers composing this blue ribbon commission devoted countless hours to understanding city departments and finances, interviewing staff, digging through documents, developing an understanding of the issues and complexities, creating a financial model to reflect the results of their analyses, and distilling their findings into a readily understandable report. Thank you to Fiscal Sustainability Committee Members:

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The Fiscal Sustainability Committee also thanks city staff who worked with the Fiscal Sustainability Committee to develop this report. We especially acknowledge Leslie Little, Director of Development Services, and Juelle-Ann Boyer, former CFO, for sharing their knowledge and providing tremendous support and coordination with City staff and other advisors.

For more information on the committee's work, please visit the City of Alameda's Fiscal Sustainability web site at: http://www.ci.alameda.ca.us.

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INTRODUCTION

In August 2008, the City Council appointed a 12-member Fiscal Sustainability Committee (FSC). Chaired by the elected City Treasurer, the Committee is commissioned to review the City's budget, including past performance and future obligations and needs, and make recommendations regarding best practices to assist the City Council with fiscal policy and funding decisions.

The FSC has reviewed the City's budget and selected issues referred by City Council for recommendation. We have prepared a presentation describing our process and highlighting key findings. This report supplements that presentation by:

- summarizing the Committee's key findings and recommendations
- providing an overview of the FSC analysis
- introducing a Long Range Financial Forecasting Tool
- creating appendices to reference for further information

PURPOSE OF THE REPORT

The Long Range Financial Forecast of the Fiscal Sustainability Committee takes a forward look at the City's General Fund revenues and expenditures. Its purpose is to identify financial trends, shortfalls, and issues so the City can proactively address them. It does so by projecting the future fiscal results of continuing the City's current service levels and policies, and providing a snapshot of what the future will probably look like as a result of the historic trends and decisions made in the recent past.

This Long Range Financial Forecast is a planning and decision-making tool, not a financial plan. It projects the future fiscal results of continuing the City's current service levels and policies. It sets the stage for the budget process, providing context to aid City Staff and the City Council in establishing priorities and allocating City resources.

Additionally, this Report identifies financial trends and issues to educate the community about the conditions we face and the choices we must make. Our hope is that this report assists all residents in becoming involved and providing input to City Staff and the City Council. Your input is crucial support for City Staff and the City Council members who must make decisions and take action to determine which services and programs will continue and how they will be provided over the long term given the fiscal challenges we face.

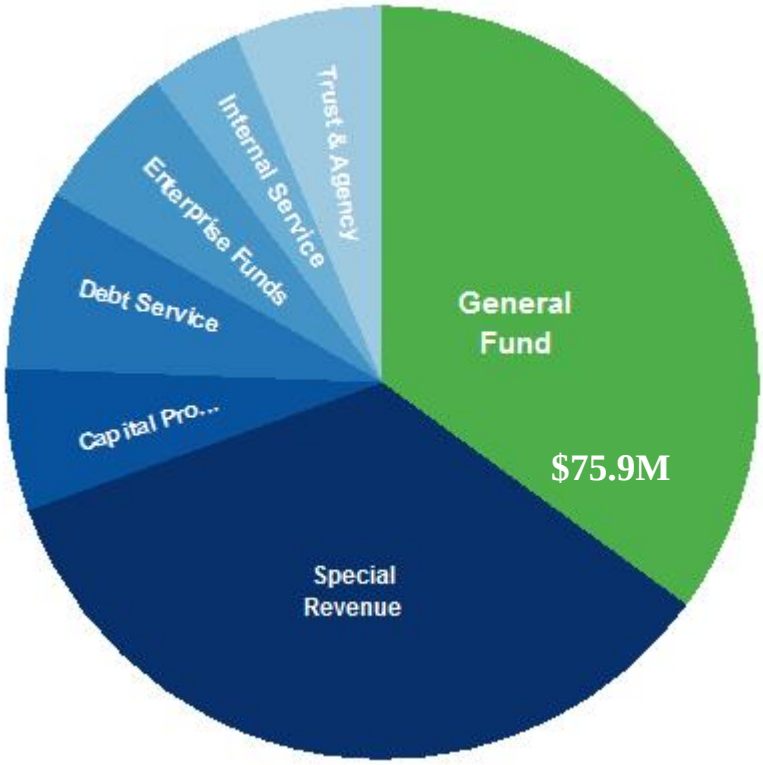
This report also includes significant commentary regarding the unusual economic conditions of this time. The worldwide financial turmoil is affecting our national, state and county governments and the related resources. The measures they take to support us, or to close their own deficits by limiting resources forwarded to us, have the potential to support us or to compound the challenges we face. Ultimately these events affect the City's ability to sustain its services and programs.

BACKGROUND

In June of 2008, the City of Alameda adopted a total fiscal year 2009 budget of $213,825,234. The majority of the revenues, however, are dedicated and/or legally restricted to specific uses. For example, some funds can only be used to pay down debt or to serve the housing authority.[1]

The General Funds are unrestricted funds that support many of the most-visible services in the City: public safety, public works, recreation and parks, City administration and, in part, Library services. Of the total City budget, $75.9 million is allocated to the General Fund.

For the above reasons, the focus of the FSC report is on the City's General Fund.



[1] For fund definitions and other information, please see the appendices to this report or go to the City of Alameda web site: http://www.ci.alameda.ca.us

EXECUTIVE SUMMARY

The City of Alameda, like many cities in the state, is facing a difficult combination of a challenging economic environment combined with longer-term structural budget imbalances which make current budgeting extremely challenging.

The country is clearly in a deep recession which began in late 2007. While the City has no control over macroeconomic forces, these forces can have a major impact on City finances. When the FSC began its work in August 2008, projected annual general fund revenues were over $75 million. Since that time, most recent projections to the City Council in May 2009 are short of that initial expectation, at only $71 million. The majority of economic experts forecast the economic downturn continuing at least another 6-18 months. The macroeconomic situation has also impacted the State, and as a result the State is considering "borrowing" property taxes due to cities and counties to address State budget issues. In general, the difficult economy creates financial issues on both a local and statewide level.

In addition to current economic challenges, longer-term structural imbalances in the budget include but are not limited to expenditures that grow at a rate faster than revenues and expenditures that have been deferred and eventually need to be reintroduced into the budget. Generally, these imbalances have existed for many years, and in the interest of fiscal sustainability for the City they must be addressed.

The City also faces additional specific, significant funding challenges:

- Imbalance of salaries and benefits as compared to revenue growth rate
- A $74 million liability for retiree medical benefits already earned by the City's employees, but for which funds have not yet been set aside
- Rebuilding adequate cash reserves for the General Fund
- A $9.5 million annual under budgeting for maintaining the City's streets, sidewalks, parks, and buildings that only grows in catch-up costs as funding delays continue

Over the past several years, the City has actively tried to preserve and enhance revenues. Sales tax revenue from new businesses has offset that lost by closing auto dealerships, mitigating the overall decline in this key revenue source. Additionally, in November 2008 Alameda voters approved a rate increase for the Property Transfer Tax (Document Tax) from $5.40 per $1,000 of Assessed Value to $12 per $1,000 of Assessed Value. While revenues to the City have declined through this economic cycle, the decline has been less severe than in many surrounding communities, partly due to these proactive measures taken by the City.

The City has also taken actions to reduce expenditures commensurate with the decline in revenues. During the 2008 fiscal year, approximately $3 million in budget cuts were made to address the effects of the advancing recession. As the recession worsened through 2008 and into 2009, additional expenditure cuts have been made, including the recent 10% reduction in City staff.

Given the length and unknown extent of the economic downturn, the City will need to focus on and prioritize the significant financial challenges that lie ahead in order to maintain solid financial health. Due to the magnitude of recent budget cuts, and the challenges the City faces in coming years, it may be impossible to balance the City budget without noticeable changes in the delivery of many resources and services to the citizens. For this reason, the public should play an active role in determining how to best allocate the City's limited resources to meet needs.

ASSUMPTIONS

This report and the resulting forecast tool are based on the following assumptions:

1) The economy is negatively impacting City revenues through fiscal year 2010 with recovery during fiscal year 2011
2) The City will achieve its stated goal of revenue neutrality for significant new developments including Alameda Point
3) All operating expenses of the City, including paying down unfunded Other Post Employment Benefits (OPEB)[2] liabilities and expenses for fully-maintaining City assets, are included
4) Increases in Public Employee Retirement System (PERS) pension expense due to recent negative investment returns will take effect in fiscal year 2011

This forecast does not include:

1) New incremental revenue from any source other than those that currently exist
2) New incremental expenses from any source other than those that currently exist
3) Potential liabilities resulting from pending litigation (see Other Material Items in main body of Report)

Additional assumptions used in the baseline case development and reference sources are available in Appendices B and C. Future versions of the fiscal model can incorporate updated assumptions.

[2] Other Post Employment Benefits includes all benefits other than pensions.

TEN-YEAR FORECAST

2009

TEN YEAR FORECAST

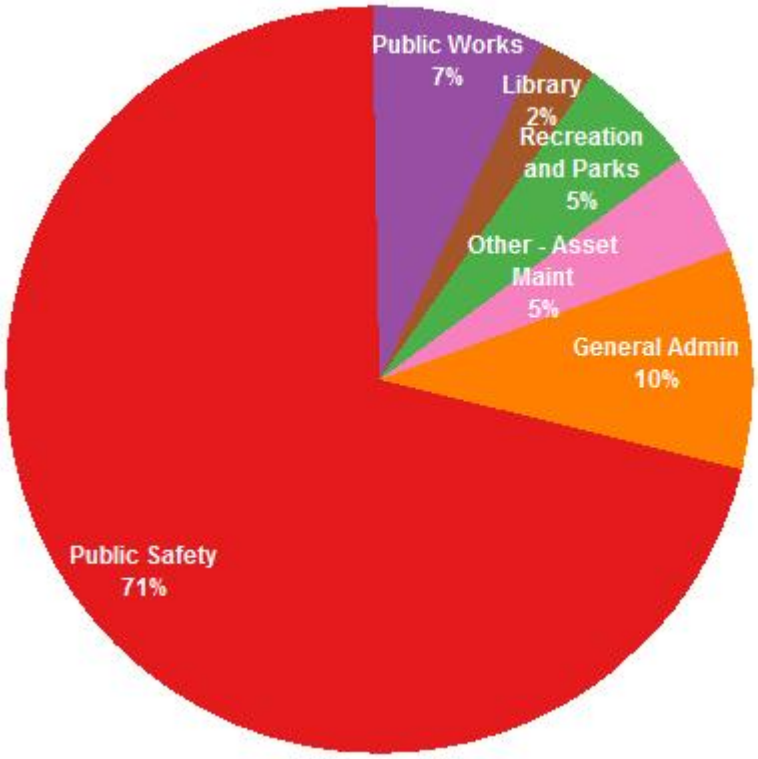
LONG RANGE FINANCIAL FORECAST MODEL 2008 ($000)

For Fiscal Year Ended	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Actual	Projected											
Revenues													
Property Taxes	22,164	22,811	22,706	22,925	23,378	23,916	24,512	25,124	25,753	26,398	27,061	27,742	28,441
Utility Users Tax	9,301	8,950	9,690	9,985	10,219	10,474	10,744	11,025	11,317	11,621	11,937	12,265	12,607
Motor Vehicle In Lieu Fee	5,749	6,065	6,221	6,364	6,517	6,680	6,860	7,045	7,236	7,431	7,632	7,838	8,049
Sales Tax	5,141	5,517	5,433	5,488	5,613	5,752	5,896	6,040	6,189	6,342	6,499	6,660	6,825
Property Trsf Tax	3,389	2,644	3,179	3,103	3,189	3,344	3,592	3,885	4,202	4,545	4,857	5,192	5,508
Other Taxes and Franchise Fees	8,546	8,501	8,921	8,966	9,015	9,066	9,121	9,180	9,241	9,303	9,367	9,432	9,499
Subtotal: Taxes	**54,290**	**54,488**	**56,150**	**56,831**	**57,931**	**59,233**	**60,725**	**62,300**	**63,937**	**65,639**	**67,352**	**69,128**	**70,928**
Service Fees, Permits and Fines	11,234	7,283	5,813	5,934	6,069	6,214	6,368	6,538	6,714	6,894	7,078	7,268	7,463
Interest & Rents	1,562	1,200	1,187	1,469	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752
Other Revenues	1,788	854	319	326	333	341	350	359	369	379	389	399	410
Total Revenues Before Reimbursements	**68,874**	**63,825**	**63,468**	**64,560**	**66,085**	**67,539**	**69,194**	**70,949**	**72,771**	**74,664**	**76,571**	**78,548**	**80,554**
Transfers & Reimbursements from Other Funds	7,739	7,804	7,712	7,794	7,924	8,021	8,125	8,320	8,438	8,559	8,781	8,909	9,040
TOTAL SOURCE OF FUNDS	**76,613**	**71,628**	**71,180**	**72,353**	**74,008**	**75,560**	**77,319**	**79,270**	**81,210**	**83,223**	**85,352**	**87,456**	**89,593**
Expenditures													
Salaries & Benefits	60,568	57,543	60,050	62,722	64,561	66,505	68,613	70,772	72,973	75,208	77,465	79,817	82,270
Supplies and Materials	14,003	11,211	12,487	12,702	12,953	13,220	13,516	13,820	14,131	14,452	14,781	15,120	15,467
Rents, Leases and Equipment	18	64	65	15	15	15	15	15	16	16	16	17	17
Capital Outlay for New Assets	3,273	445	57	150	150	150	150	150	150	150	150	150	150
Depreciation and Asset Replacement	502	522	1,676	1,884	1,929	1,977	2,030	2,238	2,298	2,360	2,209	2,037	2,154
Debt Service	1,606	1,721	1,765	2,244	2,240	2,232	2,244	2,240	2,239	1,979	1,979	1,975	1,973
Alllocated Expenses & Transfers Out	0	0	0	125	125	0	0	0	0	0	0	0	0
Maintenance of City Assets			9,479	9,697	9,930	10,178	10,453	10,735	11,025	11,323	11,628	11,942	12,265
Total Expenditures	**79,971**	**71,507**	**85,579**	**89,538**	**91,903**	**94,277**	**97,020**	**99,970**	**102,833**	**105,487**	**108,229**	**111,057**	**114,295**
Net Operating Surplus / (Deficit)	**(3,358)**	**121**	**(14,399)**	**(17,185)**	**(17,894)**	**(18,717)**	**(19,701)**	**(20,701)**	**(21,623)**	**(22,265)**	**(22,877)**	**(23,601)**	**(24,702)**

KEY POINTS

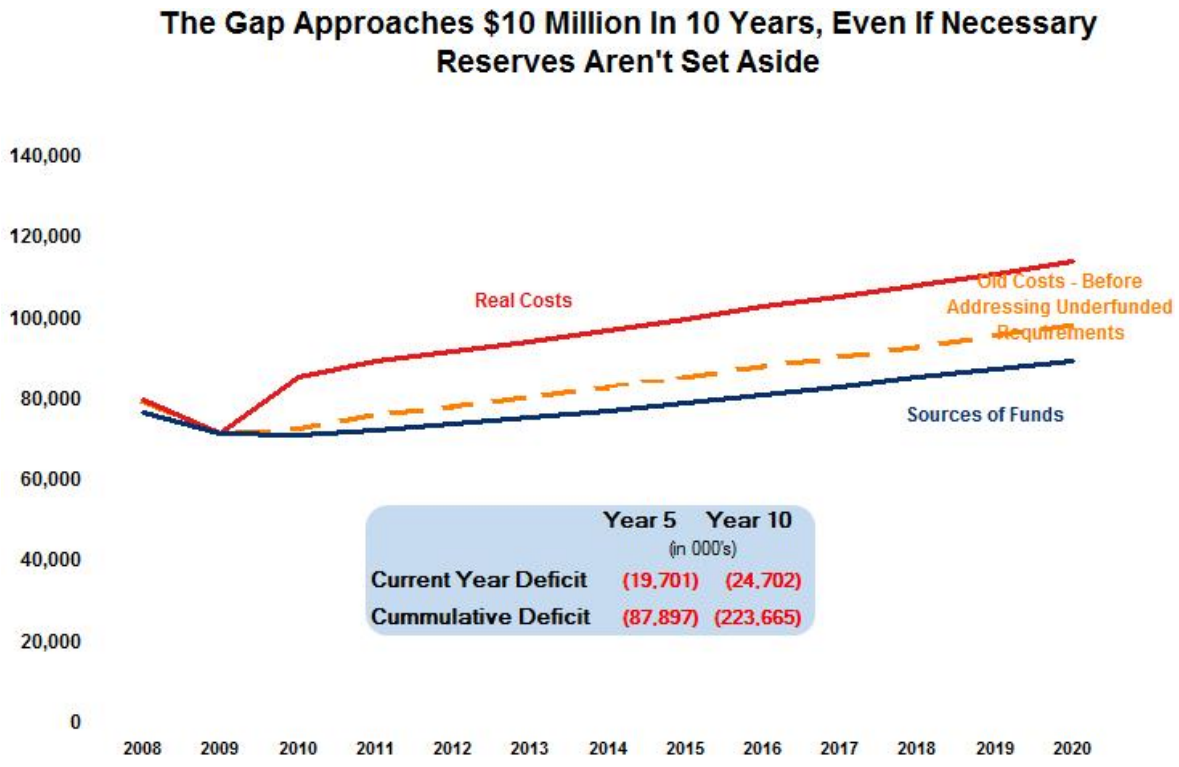
This model begins with forecasted general fund expenditures as reflected in the third quarter update for the 2009 fiscal year. The planned expenditures in that budget do not reflect certain significant costs the City is currently incurring but is not yet required to pay. The following chart details the various expenditure categories in the General Fund for fiscal year 2009.

General Fund Expenses $71M



Beginning in fiscal year 2010, this report includes two additional categories of liabilities. The first category is the City's liability to make payments that have been earned by employees in prior periods, but do not yet require actual cash payment. The primary example of this category is the City's $74 million and growing liability for OPEB costs.

The second category is the setting aside of funds for future expected liabilities. This category includes maintenance that must be performed to maintain City assets, costs to replace City vehicles and equipment when they become unserviceable, and other liabilities and reserves.



This report also reflects the impact of inflation on ordinary costs such as salaries, benefits and supplies, as well as increasing costs for asset maintenance and replacement. The result is a widening budget gap that by fiscal year 2020 cannot be filled even if all of the City's recreation and park facilities, libraries and all city offices other than public safety were eliminated.

When considering how to close the funding gap, piecemeal consideration of cuts cannot solve the problem. Difficult decisions must be made.

The following highlights the significant issues incorporated into the 2009-2019 General Fund Long Range Financial Forecast:

General Fund Sources

- Generally move with inflationary changes in the projected Consumer Price Index.
- For taxes based on real property values and sales, projections reflect current lower property values and turn-over rates, with stabilization and slow recovery beginning in fiscal year 2011. Some changes, such as the precipitous drop in property transfer taxes despite a voter-approved rate increase, closely mirror current economic conditions. Others, such as property taxes, take longer for sales and reassessments to roll through the system.
- Total City General Fund revenues are projected to grow at an average annual rate just over 2%, from a currently estimated $72 million in fiscal year 2009 to $90 million in fiscal year 2020.

General Fund Uses

- Roughly $4.2 million of 2010 General Fund expenditures will go to fund retiree medical costs. Only $2.1 million of this total is to begin funding the more than $74 million liability that currently exists for benefits already earned but not yet paid. The remainder covers "pay as you go" costs for employees already retired.
- City expenditures and reserves for the maintenance of City assets and the replacement of City vehicles and equipment maintained in General Fund departments will begin being fully funded for the current year's share of expense.
- Salary and benefit expenses are forecasted to grow at the rate of inflation (CPI). The Committee has not projected terms or timing of specific labor agreements.
- Medical benefit costs mirror the predictions of the actuary firm, Bartel Associates, LLC, hired by the City to perform the assessment of retiree medical costs reflected in the OPEB liability.

KEY DRIVERS AND ASSUMPTIONS

The financial forecast underlying this report projects financial conditions based on the nature of the revenue or expenditure item as well as a general economic forecast. The general economic forecast is based on assumptions regarding what will happen to the national, state and regional economies over the next few years, and on near-term and long-term revenue and expenditure drivers. Given the major day-to-day changes that are currently being experienced in the economy, it is important to know that the majority of the economic data gathered to complete this report was published between November 2008 and April 2009, with the exception of employment data that is current to Feb. 2009.

ECONOMIC ASSUMPTIONS

The report assumes a sizeable economic downturn during fiscal years 2009 and 2010. This assumption is based on the financial dislocations currently affecting the state, national and global economies and on outside expert forecasts. On the local level, evidence demonstrates that economically sensitive revenue sources such as sales and property transfer taxes are trending downward. This report anticipates stabilization and slow recovery generally beginning in the first quarter of 2011.

Property taxes represent Alameda's single largest source of revenue. While these economically sensitive revenues weaken, Alameda has not experienced the unprecedented real property tax declines experienced by many other communities. The primary reason is low sales of existing homes, which, while negatively impacting the Property Transfer Tax revenues, results in less reassessment of properties to lower values which would lower property tax collections. This bodes well for the City, as declines in this important revenue are more difficult to recover. The current major and deep-seated issues facing the national, state, and local economies include:

- A severe housing market downturn, and foreclosure incidence
- Tightening credit markets and weakened or failing financial institutions
- Freefalling consumer confidence and spending
- Rising unemployment
- Significant decreases in the stock market

Housing Market Downturn

The housing market slowdown that started in 2005 has worsened and could continue well into 2010. In the Bay Area, the median price paid for a home in March 2009 was $295,000, down 46% from a year earlier, according to MDA DataQuick. In its most recent annual report, the Alameda County Assessor's office noted that the countywide annual rate of growth in residential and commercial value declined in the past three years. Yet Alameda has a low incidence of foreclosure and has actually experienced some

growth in real property value, although less than projected. As the inventory of for-sale homes increases, downward pressure on both housing prices and construction occurs. This in turns leads to real and perceived drops in equity values that typically have a negative effect on consumer spending and sales tax revenues.

Tight Credit Market

The credit market crisis is largely due to the collapse of collateralized debt obligations that were based on risky mortgages. Financial institution's investments in these and other ill-considered financial instruments, such as credit default swaps, have led to insolvency and illiquidity among lenders. Central banks around the globe have taken measures to lower interest rates and directly inject huge amounts of capital into banking systems, in an effort to inspire confidence in banks and to encourage lending. Preliminary indications are that banks have been slow to lend money and that considerable damage to the economy has already occurred. While governments and central banks have taken and are expected to take further dramatic action to prop up the global financial system, there is consensus that it will take a long time to return to normal lending practices. The actions to date are not sufficient to prevent companies from slashing production and jobs, as loans are hard to come by and consumer confidence is low. The precipitous declines in automobile production, employment, and sales exemplify this unfortunate trend.

Consumer Driven Recession

Consumer spending is a key driver for business activity and local revenue generation. Such spending comprises about two-thirds of the U.S. economy. As consumers face rising unemployment concerns, tied with equity and investment losses, they are reducing their spending. Consumer confidence has hit a forty-one year low. Taxes generated from the sale of new automobiles are declining. A recent report from the California New Car Dealers Association shows that new vehicle registrations declined 43% in the first quarter of 2009 versus a year earlier. The reduction in car sales has resulted in the closure of many long-established dealerships in the Bay Area, including Alameda's last new car dealership that relocated from Alameda to Oakland to a brand new facility, and closed within days of the official opening. Local governments will be challenged to replace lost sales tax revenue with other sources until an upturn in the economy is realized.

Rising Unemployment

According to the Bureau of Labor Statistics, nationwide unemployment reached a multi-year high of 8.9% in April 2009. Unemployment in California reached 11% in April 2009. The state has been hit hard by the housing crisis and the subsequent effect on supporting industries.

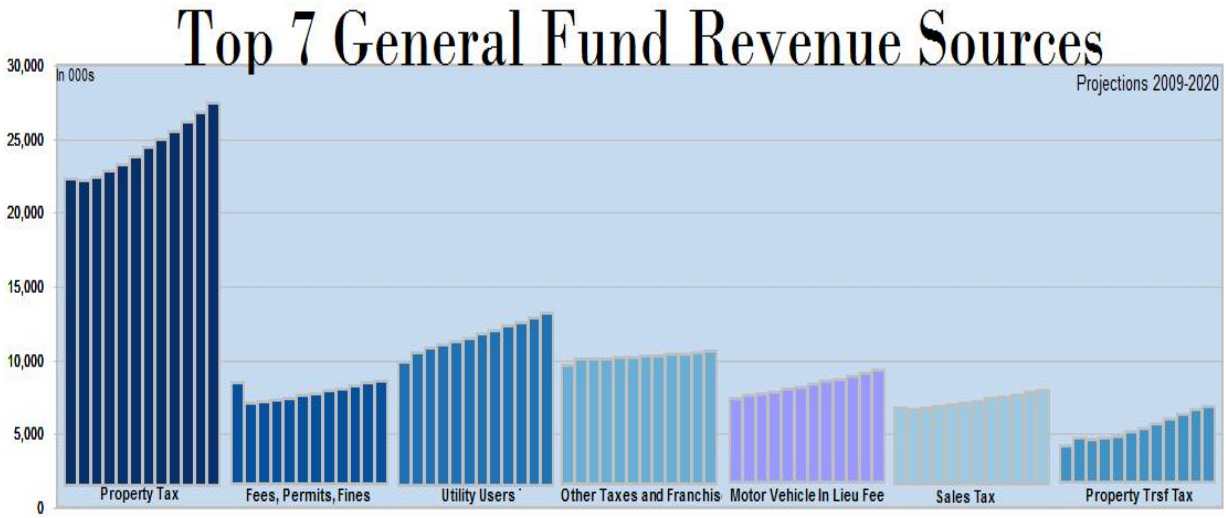
The recent annualized numbers indicate one of the largest job losses since 1974. Economists forecast that the national unemployment rate could be as high as 10 to 11% in the near future. While layoffs are taking place throughout the economy, manufacturing, construction, retail and financial sectors are experiencing the largest declines. Unemployment has steadily increased over the last several months and economists expect unemployment rates to continue rising.

The Long Range Financial Forecast reflects a weakening economy over the next two years with a corresponding decline in trends experienced locally by the City of several major revenue sources. A key point to be gleaned from the forecast information is that the nation, and therefore the City, is in uncharted economic territory. Both policymakers and economists are uncertain about what lies ahead. In conclusion, the assumptions used in the report are based on the best available information, but they are subject to change.

REVENUE DRIVERS

Overall, all revenues but the property transfer tax and utility users tax remained static in fiscal year 2009. Total revenues, excluding transfers, are projected to decline by 7% from the prior year. Sales taxes showed anemic growth while transient occupancy and property taxes also showed no real growth. In Nov. of 2008, Alameda voters approved an increase in the property transfer tax rate from $5.40 per $1000 to $12.00 per $1000. Despite this initiative, property transfer tax revenue is forecast to decline by 22% in the 2009 fiscal year.

Sales taxes in the City of Alameda and surrounding cities have weakened in recent quarters; hotel/motel days are moving downward; and growth in assessed property values is slowing.



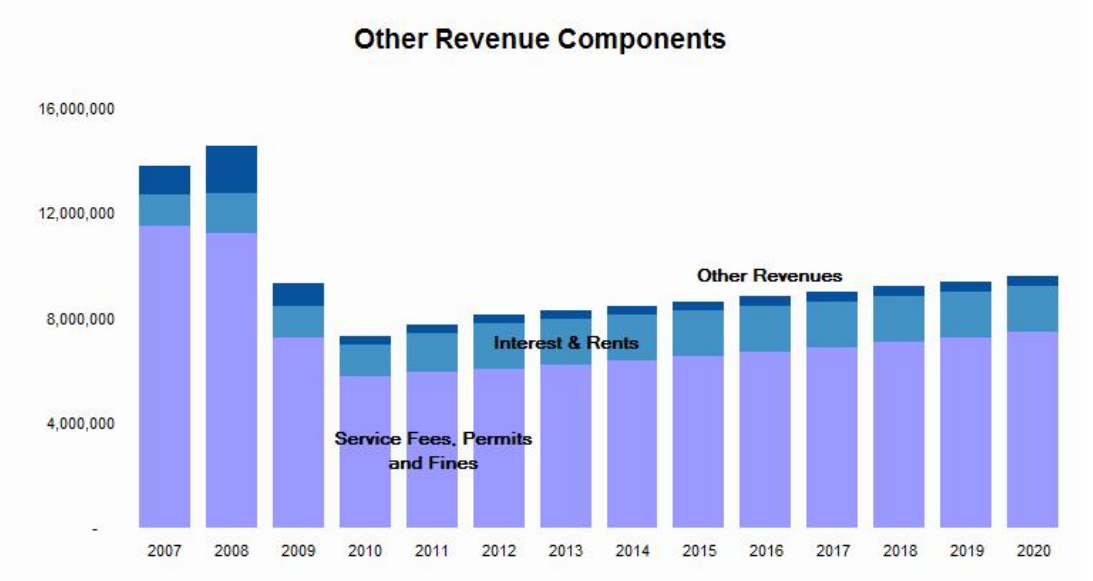
Property Taxes

Property taxes are collected on parcels not controlled by governmental entities. Since Proposition 13 passed in the 1970s, growth in property tax revenue has been limited to the lower of 2% of the prior year's basis or fair market value of the property. Although property taxes before special assessments approximate 1.2% of property value, the City receives only 0.2694% of that amount.

The following graph shows actual property tax revenues from fiscal year 2004 to fiscal year 2008, forecasted revenues for fiscal year 2009, and all future years forecasted based on economic conditions.

Other Revenue

- Service Fees, Permits and Fines are assumed to grow with the CPI each year.
- Interest and rents is primarily interest on invested cash the General Fund holds for emergencies and other purposes. The balance remains unchanged, and portfolio returns are assumed to increase slowly over the next three years to historical returns.
- Other revenues are assumed to increase with the CPI each year.

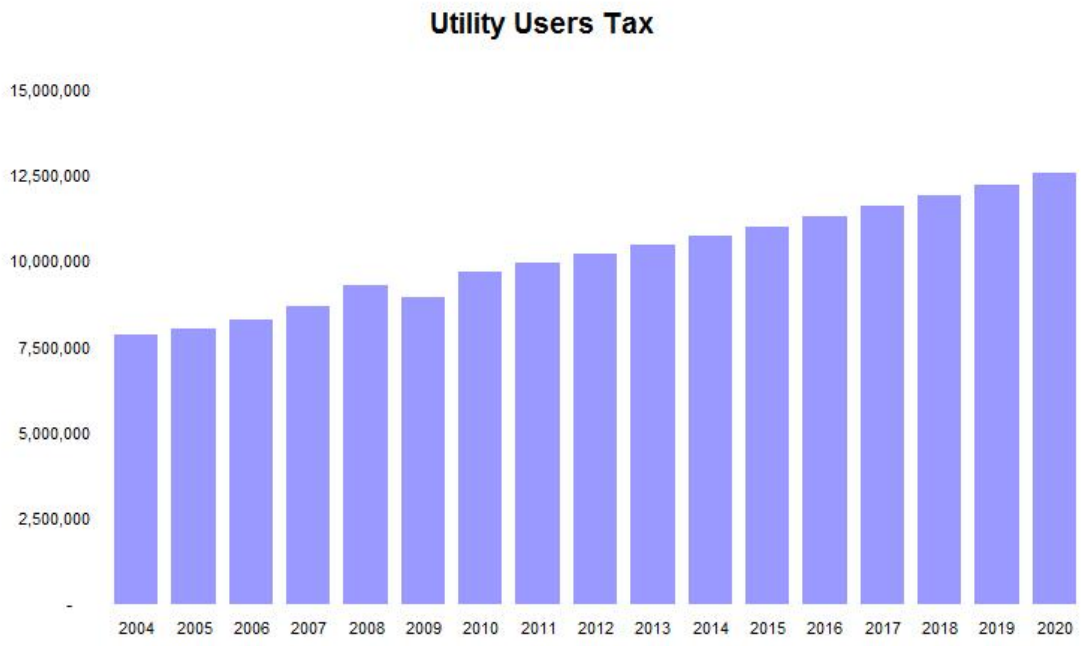


Utility Users Tax

With increased penetration of cellular and cable services, the City has collected higher Utility Users Taxes in recent years and is expected to continue. Steady consumption, modest growth and increased prices will contribute to slight growth in these taxes.

Forecast revenues are based on expert analysis and independent research, and include the following:

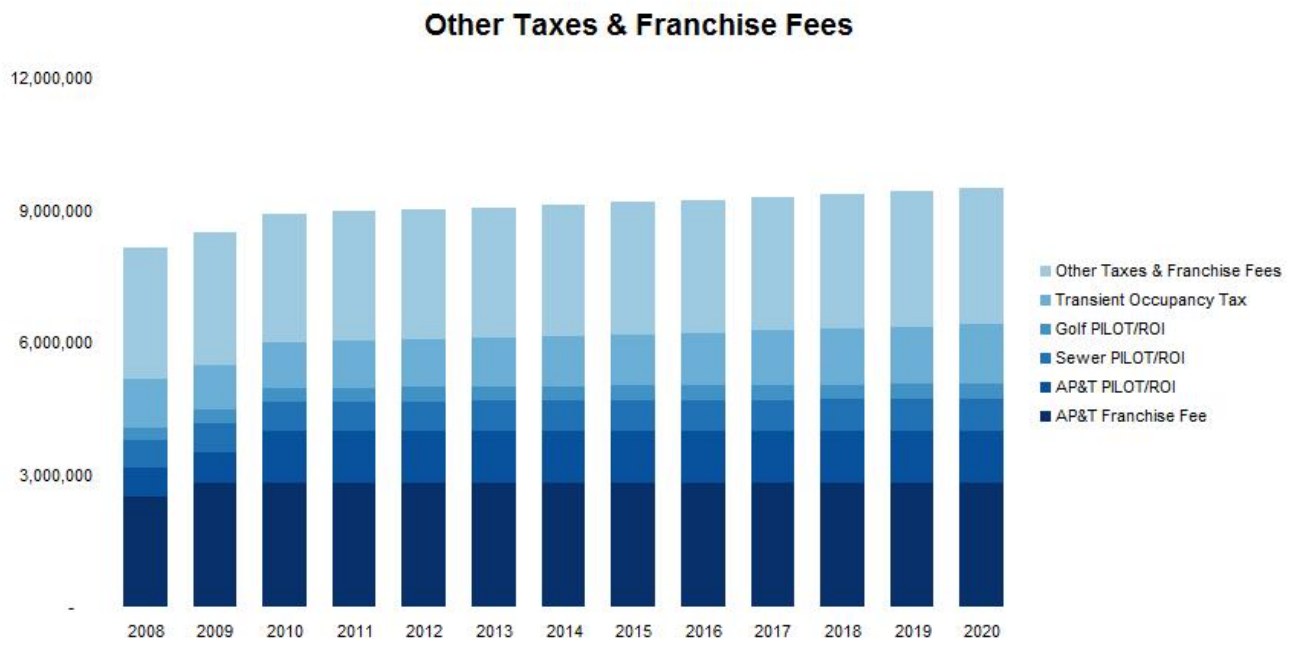
- **Wired telecom.** Previous 7%-8% declines across the state have hit a plateau and revenue has become flat. Estimating 10-15 years before further decline.
- **Cellular.** Assumes City analysis is correct in determining current ordinance covers transition from land lines to cellular, allowing the City to continue to collect cellular revenue. Grows with CPI increases beginning 2011/12.
- **Electric.** Historically fairly stable, and expected to continue to be so. Grows in conjunction with CPI increases in 2010/11.
- **Gas.** Historic growth with declines in the current fiscal year. Grows in conjunction with CPI increases in 2012.
- **Cable.** There are fewer alternatives to cable in Alameda because satellite reception does not work correctly within 100 feet of water. Because of this and historical trends, industry experts project a 5%-6% annual increase.



Other Taxes and Franchise Fees

- The Chuck Corica Golf Course management has been contracted to a third party management company effective fiscal year 2009. Golf Payment in Lieu of Taxes/Return on Investment (PILOT/ROI) assumes that management fee will be roughly equivalent to current PILOT/ROI of $312,748 in current year, increasing by the city-determined rate of 1.0633% each year thereafter.
- Sewer PILOT/ROI begins at $637,864 in the current year and increases by the city-determined rate of 1.0633% each year thereafter.
- AP&T/AMP PILOT/ROI increases from the current $714,388 to $1,200,000 in fiscal year 2010 and increase by CPI each year thereafter.
- The AMP Franchise Fee is assumed to hold steady at the fiscal year 2009 increased rate of $2,800,000 per year.

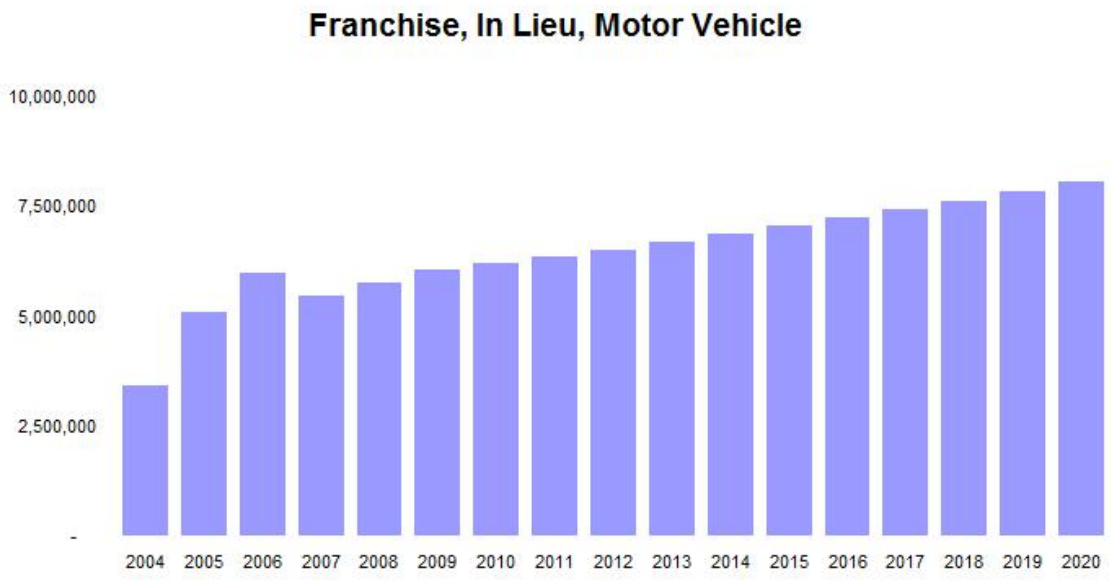
  Other taxes and franchise fees are assumed, on average, to increase with the CPI each year.



Motor Vehicle in Lieu Fee

93% of this revenue is from State re-allocated property tax dollars disbursed by the County. The remainder is dependent on vehicles registered in the State of California.

This revenue has been relatively consistent in recent years and is forecast to increase with the CPI .



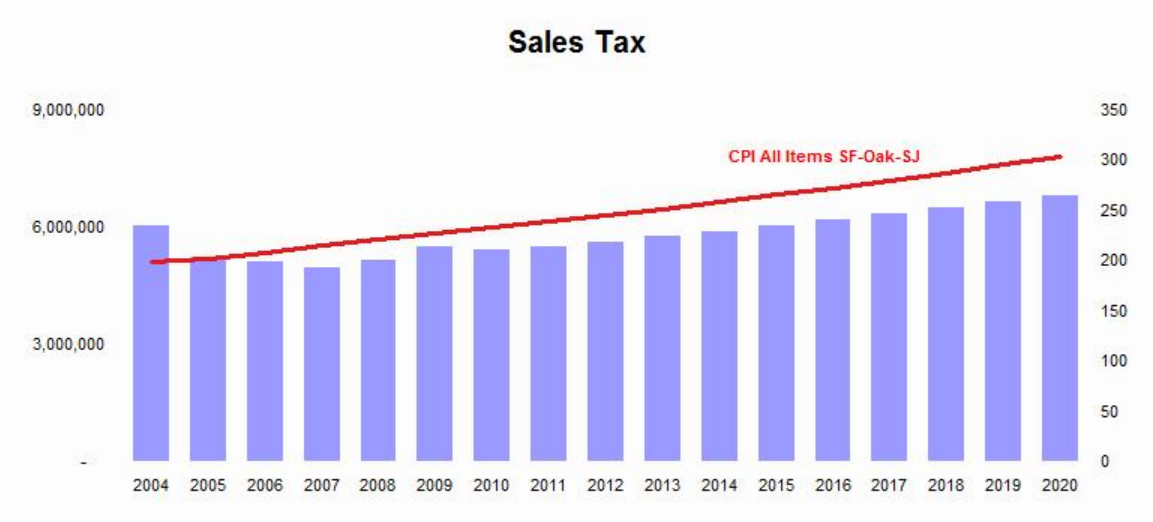
Sales Taxes

Out of every $100 of sales, a total of $9.75 sales tax is collected. Of that, the City of Alameda gets 75 cents. The April 1, 2009 sales tax increase had no impact on this allocation.

Sales and use taxes are the City's sixth largest category of revenue source, and comprise about 7% of the fiscal year 2008 General Fund revenues. The City of Alameda consistently collects a lower gross sales tax per capita than the State of California and Alameda County at $79 compared to $125 for the State and $137 for the County for the quarter ending September 30, 2008. This approximate gap has been fairly consistent since widening in the third fiscal quarter of 2005.

The top 100 businesses in the City consistently contribute approximately 75% of the sales and use tax revenue and the top 25% contribute approximately 50%. This high concentration of businesses poses a risk to the City. Recent significant business closures in the Park Street area were offset by new businesses in other business districts. The City has maintained modest quarterly growth rates in recent years. Sales taxes declined in the second and third quarters of 2008.

Sales tax revenues reflect a slow recovery from the current recession beginning in 2010 through 2012, with Proposition 172 remittances remaining stable. Projections also include sales tax refund requested by the Board of Equalization. The ultimate impact is sales tax revenue expected to lag overall inflation by roughly 9% in ten years.



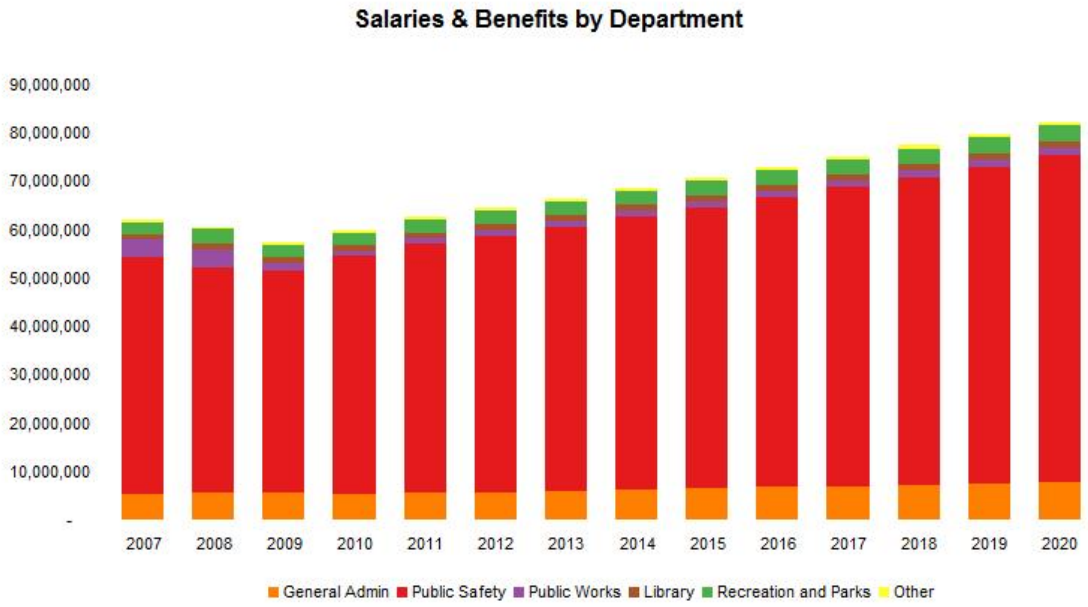
Property Transfer Tax

Despite a voter approved increase in the rate of the Property Transfer Tax from $5.40 per $1,000 of Assessed Value to $12.00 per $1,000 of Assessed Value, effective December 1, 2008 revenues were drastically reduced in fiscal year 2009. This was the result of a dramatic reduction in the number of properties transferred. The forecast assumes that property transfer recovery will be slower than the economic recovery due to price and volume decreases.

EXPENDITURE DRIVERS

Salaries and Benefits

Salaries and benefits represent approximately 80% of the fiscal year 2009 General Fund adopted budget. Upward pressure on salary and benefits is continuous, due to the cost of living and the labor market in which the City negotiates with its bargaining units.



The table below depicts the relative cost of benefits for every dollar of salary based on fiscal year 2010 projections.

2010 Compensation Costs of New Hire

	Non-Public Safety	Police	Fire
Base Salary	100%	100%	100%
PERS (Retirement)	12.86%	30.83%	30.83%
Medical & Misc.	28.43%	27.38%	21.95%
Ret. Medical	0.60%	3.40%	5.10%
Total Cost to Reserve	**142%**	**162%**	**158%**

Pension Expense

Pension benefits are determined by formulas specified in employee contracts as follows:

Employee classification	Benefit Formula	Normal Retirement Age
Miscellaneous	2% benefit credit **x** Years of Service **x** highest salary	55
Public Safety	3% benefit credit **x** Years of Service **x** highest salary	50

The City of Alameda contracts with the California Public Employee Retirement System to provide these benefits. California Public Employee Retirement System (CalPERS) requires annual funding by the City to provide the expected benefits to employees. The required contribution rate is affected by numerous factors including benefit levels, salary levels, and CalPERS' investment returns.

CalPERS retirement system pension costs have increased substantially since 2000. However, the rapid growth of these costs had subsided in the past few years. CalPERS contribution rate changes are based on investment earnings from three years prior to the current year. For example, fiscal year 2010 rates are based on the investment returns from fiscal year 2007. For the one-year period that ended June 30, 2008, CalPERS investments earned a negative 5.1% return. Leading up to fiscal year 2008, CalPERS experienced double-digit returns on their investment portfolio and since market gains and losses are spread over 15 years, CalPERS was able to net out annual increases to employers and project stable contribution rates through fiscal year 2011. However, based on updates from CalPERS, the fund has lost more than 20% of its value in the current fiscal year. CalPERS has projected that if the current loss in value exists at the close of their fiscal year in June 2009, increases in employer rates of an estimated 2% to 5% of payroll could be realized beginning fiscal year 2011[3]. This forecast to add an additional $2 to $3 million in annual pension expense for the General Fund. Given the current levels of the investment markets, the Committee has factored in these higher contribution rates in the model.

Health Care and Retiree Medical Costs

The City of Alameda fully funds employee retiree medical costs for public safety employees. Other municipalities use a variety of formulae including a limited dollar contribution (defined contribution) or payments equal to a stated premium type.

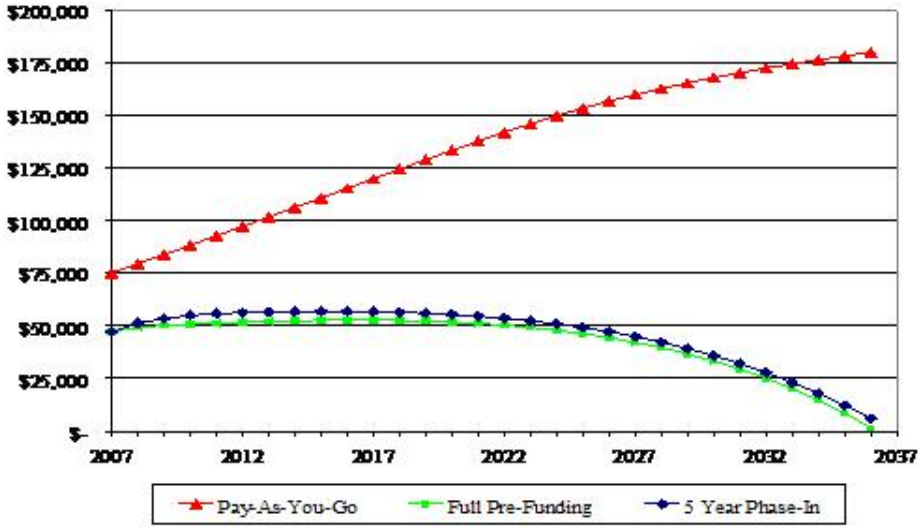
[3] CalPERS Actuary Report on Impact of Market Downturn Oct. 2008

Retiree medical benefits are outlined in City employee contracts as follows:

Employee Classification	Medical Benefit	Dental Benefit
Miscellaneous	PEMHCA Minimum Employer Contribution, currently approximately $100 per month	None
Public Safety	City pays full premiums for qualifying retiree and spouse	City pays all costs for retiree

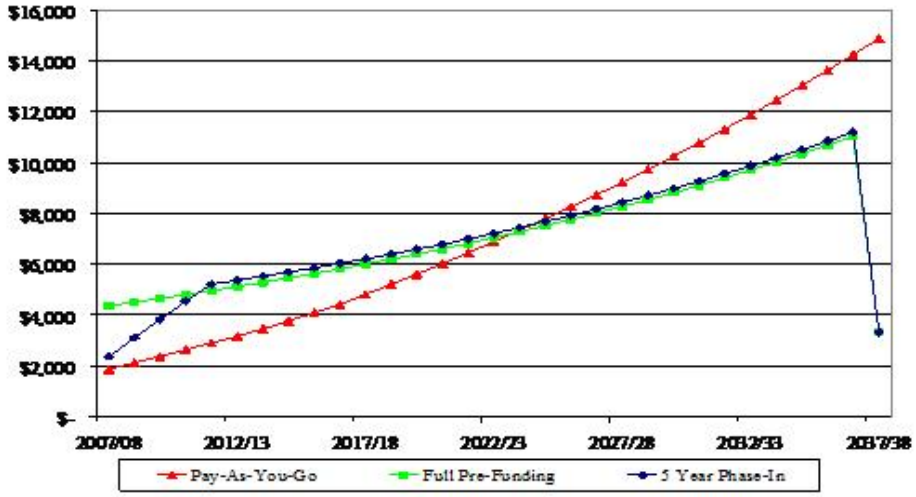
OPEB Liability Over 30 Years

Table 1- from Bartel Associates, LLC



OPEB Payments Over 30 Years

Table 2- from Bartel Associates, LLC



Retiree medical benefits are part of the City's benefits packages under various labor agreements. Unlike in the case of pensions, the City does not participate in an administered program for these benefits, and as a result has not reserved money to provide for these benefits as the benefits have been earned.

Increases in health care costs have averaged 10% in the last two years and approximately 12% in the current fiscal year. The projections in this report rely on the expertise of the actuarial firm routinely performing these projections for many government and private entities offering these benefits. Projections reflect gradual reductions in the rate of increase until leveling off at approximately 4.5% in eight years. For more detailed information about projected health care cost inflation, please review the appendices.

The Governmental Accounting Standards Board (GASB) issued Statement 45 in June, 2004 requiring state and local government entities to report in their financial statements the accrued value of the OPEB benefits employees have earned. This rule took effect for the City of Alameda in the 2009 fiscal year. An actuarial report prepared in February 2009 quantified an accrued liability of $74 million.

This OPEB liability only applies to benefits earned to date by current and eligible former employees.

- Current employees continue to earn benefits that increase the OPEB liability unless we change the benefit structure.
- New hires, whether net new or to replace existing positions, also increase the OPEB liability.

Approximately 20% of California cities are pre-funding OPEB liabilities as of a State of California report dated 12-2007. This percentage is likely higher as effect of GASB 45 not affecting most cities prior to 2009 fiscal year (for cities with rev $10mil to $100mil). GASB 45 applied to larger cities in the 2008 fiscal year.

While GASB 45 does not mandate that governmental entities reserve for future liabilities, without a plan in place to address this significant financial issue it is likely that credit rating agencies could downgrade the credit-worthiness of the City, raising borrowing costs and limiting access to credit markets in the future.

Without pre-funding (reserving money for future liabilities as the benefits are earned), the pay-as-you-go annual costs to the City will grow rapidly. From a total of $1,687,680, pay-as-you-go costs will rise to $4,272,000 in fiscal year 2020 alone.

In September 2008, the City Council considered an adopting an ordinance establishing an irrevocable trust fund for Other Post Employment Benefits. The City Council requested the Fiscal Sustainability Committee recommend a minimum fund contribution level for inclusion in an ordinance. The FSC recommended fully-funding this future liability accrual through annual contributions over the next 30 years per the graph shown above from the Bartel Associates, LLC actuarial report.

Going forward, the City should explore strategies to reduce future healthcare and retiree medical costs. Many cities have restructured their benefit packages for employees and retirees. The city should also continue to investigate other purchasing options.

The recently concluded collective bargaining agreement negotiated between the city and the Police Officers Association (POA) provides for a committee of both parties to discuss further options regarding OPEB. This committee should be expanded to include all bargaining units.

DEPARTMENTAL ANALYSIS

Public Safety

The City includes two primary public safety functions: police and fire services. The Police Department is responsible for the peace and safety of the community through proactive programs. The Police Chief and his command staff manage the force to provide patrol, school resource, special duty units, and other specialized services through sworn officers. In addition, dispatch and records services are provided by non-sworn staff.

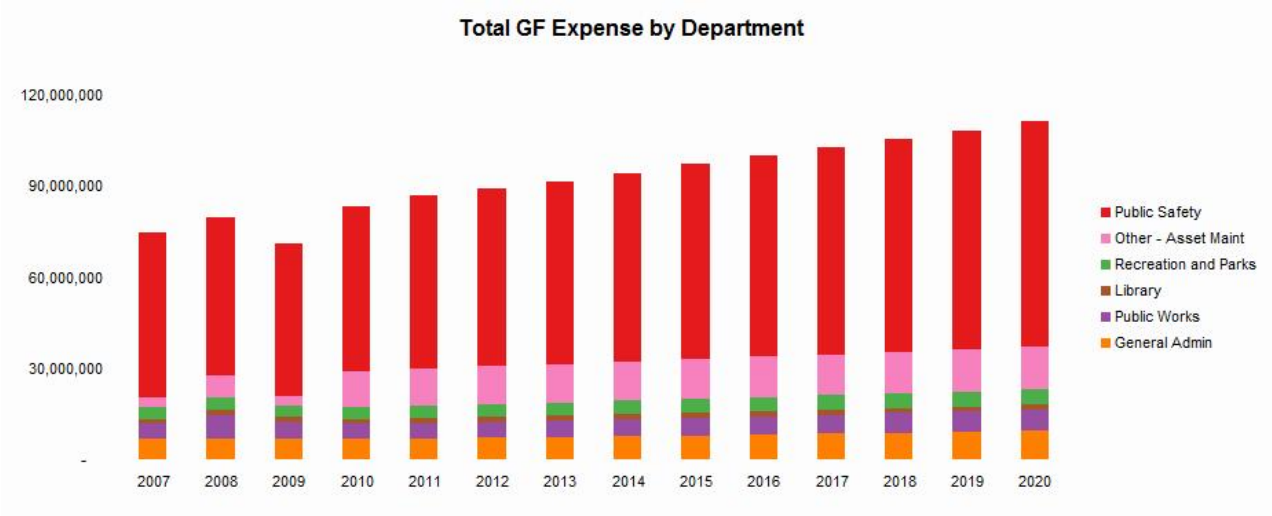
The Fire Department provides fire fighting and prevention services and also Emergency Medical Service. EMS accounts for approximately 74% of the calls the Alameda Fire Department responds to per data from the 12 months ended November 2008. Cost to City of providing ambulance service through the Fire Department is estimated at $600,000 in the coming 2010 fiscal year (expenses exceed revenues generated). There is also an ongoing dispute between the City and the County as to whether Alameda is responsible for contributing to countywide EMS costs, potentially $650,000 per year. If the City chooses to continue to provide Ambulance service, other revenue opportunities should be explored.

A recently completed analysis by the International City Managers' Association contains numerous recommendations that are under consideration by the City Council and future policy decisions could impact the financial outcomes.

Low amount of reserves in the Vehicle Replacement Fund is a significant issue for public safety: 60% of City vehicles are dedicated to Fire and Police Departments. Adequate inflation-adjusted reserves should be made every year and are included in this forecast.

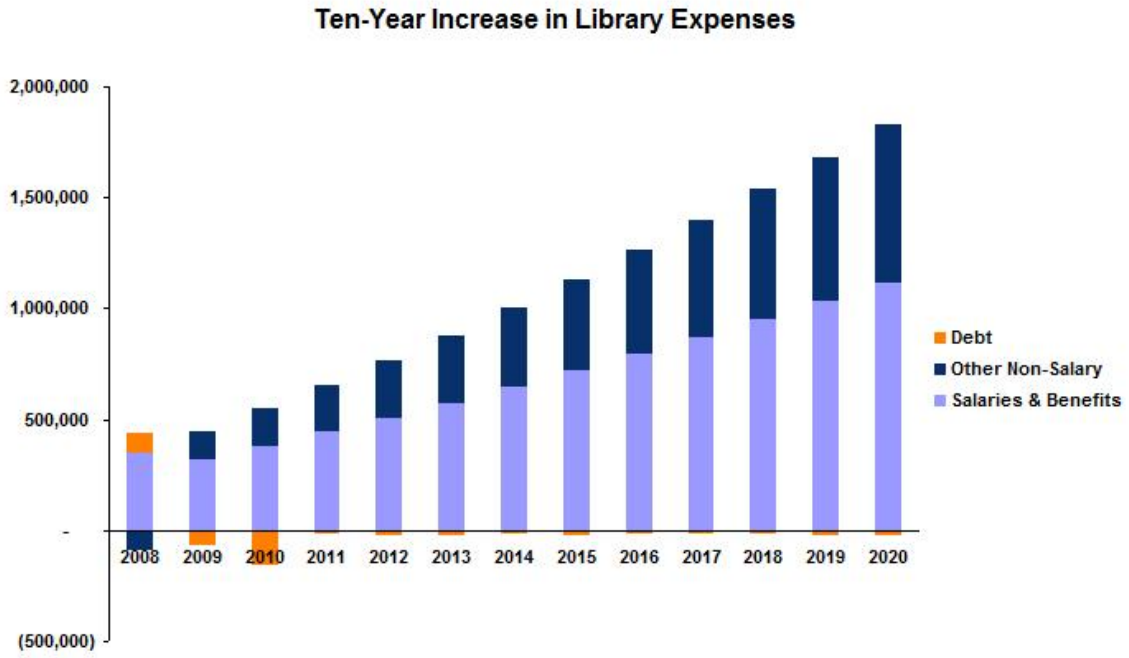
Other Expenditures

Other expenditures includes capital outlays, debt not otherwise included, allocated expenses and maintenance of city assets.



Library

The Alameda Free Library provides services at three locations: the Main Library, the West End Library and the Bay Farm Island Library. A wide range of services are provided including specialty areas such as children, teen, literacy and eResources programs. Additionally the Main Library has conference and meeting rooms.



The $1.7 million general fund allocation for the library in fiscal year 2009 is carried forward in this forecast but does not reflect any increase for inflation. It is assumed that the general fund contribution will remain steady at this 2009 level, and the library will either make cuts or find alternative sources of funds to cover inflationary costs, service increases and infrastructure requirements. Over a ten year period as expenses rise the percent of expenses funded by the General Fund drops from 53% to 40%. Many library programs are subject to the budget influence of other levels of government because they are directly supported by State Library Grants. These grants provide funding for materials, supplies, office operating expenses and support some program staff (e.g., life-skills class instructors for "Alameda Reads", staff backfill for Digital Storytelling, subscription for Online Live homework Help, etc.) and an AmeriCorp grant for two half time AmeriCorp members.

Trends from other areas show that library usage and specifically computer usage increases during times of high unemployment. Alameda branch libraries do not currently meet the computer access or square feet of space needs of the population when compared to the surrounding community. The 2008 Neighborhood Libraries Report estimated that the Bay Farm Island (East) Library needs to be expanded from 2,688 sq. ft. to 6,800-7,500 sq. ft. at a current cost of $2.9-3.2 million. The West library rebuild is dependent on Alameda Point Development. Renovation projects using Measure O funds are expected to extend to 2010 and will address renovation and public computer access but not expansion.

Continued persistent pursuit of grants, gifts and fund-raising is important to maintain and improve the level of service.

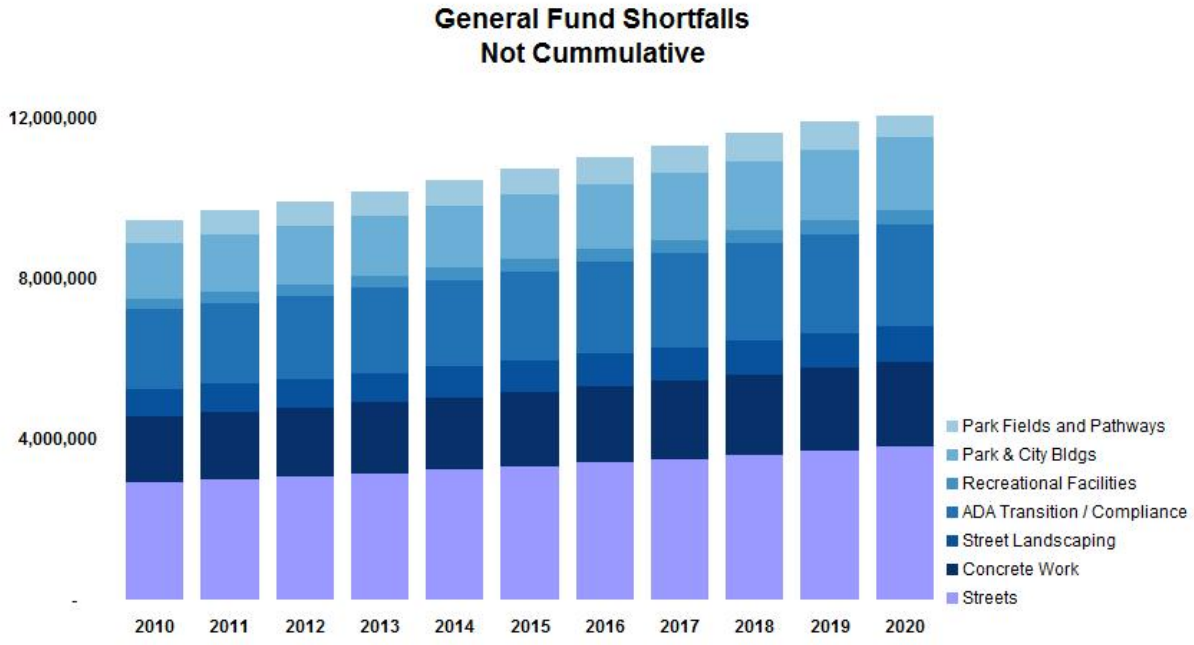
General Administration

This category includes expenditures related to the City Council, the City Manager, the City Attorney, the City Clerk, Human Resources, and Finance/Information Technology. These are all the support services for the major operating functions such as public safety. A portion of the cost of these services is allocated to non-General Fund departments which require their support.

Public Works

The Public Works Department is responsible for the construction and maintenance of the City's infrastructure including streets and roads, buildings, wastewater and storm water systems, and ferry systems.

A portion of project costs are funded by Special Revenue Funds (e.g. Measure B Funds) or Enterprise Funds (e.g. Sewer Fund). Historically, the General Fund has contributed a minimal amount of funding in each fiscal year to the Capital Improvement Program (the construction and major maintenance of physical assets). However, based on the Committee's research, a greater level of total funding is needed to maintain City assets, and this additional funding may be required of the General Fund. In our report, this incremental cost has been reflected in the General Fund expenses. In fiscal year 2010, this incremental amount is $9.5 million.



It is important to note that the cost of maintaining particular infrastructure, such as streets, increases exponentially over time. As road quality deteriorates over time, it becomes more costly to make needed repairs.

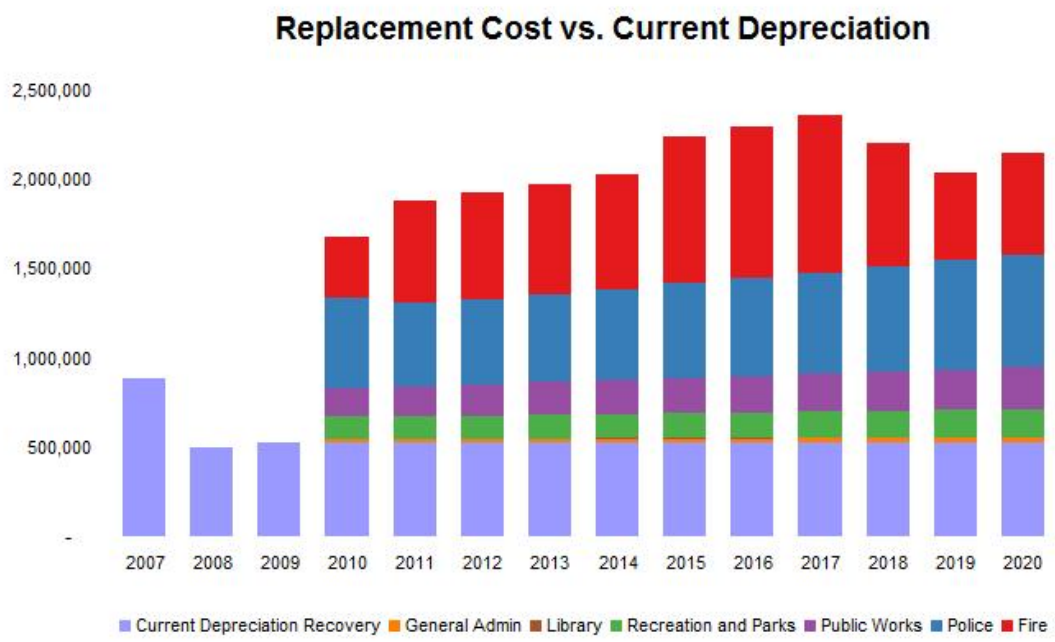
In a 2005 memo to City Council, Public Works staff reported that the City at the time was spending $500,000 per year on street maintenance when it should be spending $2.7 million, resulting in a $2.2 million in deferred street maintenance. Factoring in $13 million in already accumulated deferred street maintenance, the Public Works Department reported that if the City continued to defer maintenance by $2.2 million annually, over a ten-year period, the cost of addressing deferred maintenance would be more than $35 million ($13 million plus ten times $2.2 million) but approximately $74 million. As staff indicated in the memo "pay now or pay more later". Subsequently, City Council increased spending on infrastructure in the years after fiscal year 2005. Of the $12 million in annual deferred maintenance identified by the FSC, approximately $3.0 million is attributable to streets, meaning that if this deferred maintenance trend continues for a decade, the total cost of repairing/maintaining streets will be greater than $30 million (i.e. 10 times $3.0 million) in ten years.

The General Fund provides resources for the maintenance and renewal of assets which are used in the provision of typical services. However, there are assets for which special resources are available to accomplish this maintenance. These items have been excluded from the forecast, but research indicates that the revenue sources for these assets may not be adequate.

For example, the sewer collection system's repairs and replacement is funded by fees collected from each served entity (homes and businesses). The same scenario is true for the storm drainage system. Transit facilities, traffic control devices and Americans with Disabilities Act (ADA) compliance projects have funding sources that are not in general local sources. For example, the majority of ADA compliance projects are funded with federal Community Development Block Grant funds.

To the extent that funding from these Special Revenue sources is not adequate to cover maintenance costs, the burden of additional funding falls to the General Fund. The shortfall in these categories is estimated to be nearly $4 million in fiscal year 2010 alone. Unless steps are taken to generate adequate revenues to maintain these assets, the General Fund may be required to absorb these additional expenses.

In addition to managing the Capital Improvement Program, the Public Works Department also manages the routine annual maintenance of the City's assets and plans and manages the acquisition, maintenance and replacement of vehicles. These vehicles include passenger cars to fire engines and trucks. Each operating department with vehicles assigned for their use, is charged an equivalent "depreciation" charge which funds a Vehicle Replacement Reserve in the General Fund. The use of these funds is managed within the annual budget process in accord with the procedures as established by the City Manager's office. In past years, this "depreciation" amount did not account for increased future cost of replacements therefore leading to a shortfall of funding. This should be addressed in future years. The impact is shown in the following chart.



Recreation and Parks

The Alameda Recreation and Park Department works with all sectors of the community to provide services and give opportunities for citizen input regarding leisure services and facilities. Their goal is to improve the quality of community life by developing values, life skills and experiences that lead to socially responsible and productive lives.

The numerous facilities that are maintained by Recreation and Parks include 17 parks, a teen center, a skate park, a dog park, a model airplane field, 2 aquatic centers, playing fields and a gymnasium. Additionally, there are rental facilities such as the "O" Club and recreation buildings in some of the parks. The Mastick Senior Center is another facility in which community services and programs for seniors are provided. Most community programs are supported by participant fees that help to fund supplies and staff for the programs. Rental fees and program fees are collected in the Athletic Trust Fund and are not included in the General Fund allocation for Recreation and Parks.

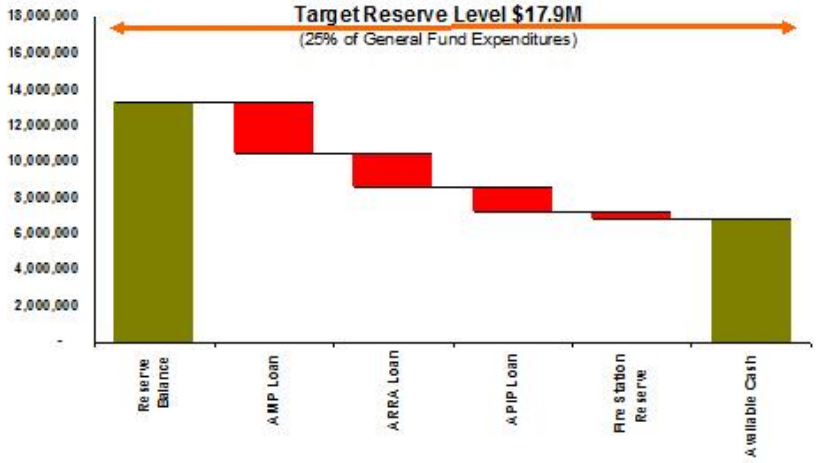
GENERAL FUND RESERVES

City Council has established the goal of having a General Fund reserve equal to 25% of the current year's General Fund expenditures. Based on fiscal year 2009 expenditures, this would equate to a reserve level of $17,800,000.

The General Fund reserve balance is forecast to be $12,800,000 at the end of fiscal year 2009. Of this total, the cash available to the General Fund is limited by the various loans

it has made to other funds. For example, the General Fund has loaned $2.4 million to the Alameda Reuse and Redevelopment Authority, $2.4 million to AMP, and $1.3 million to the Alameda Point Improvement Project. As these loans are repaid the cash balance in the General Fund will improve. The following illustrates the General Fund's balance:

	(in millions)
Fund Balance	**$12.9**
Less Commitments:	
Loan to AMP	(2.4)
Loan to ARRA	(1.9)
Loan to APIP	(1.3)
Fire Station	(0.4)
Available Cash Balance	**$ 6.9**



RISKS

The City continues to face fiscal challenges and opportunities that create upside potential and downside risks. Some of these challenges and prospects are immediate and others can be viewed as longer term.

DOWNSIDE RISKS

The primary downside risks on the revenue side are effects beyond the assumptions in this forecast of the housing market downturn, rising unemployment, the tightening credit markets and the effect of contracted consumer spending. Sales Tax, Property Transfer Tax (PTT), Utility User Tax (UUT) revenues will move downward if these areas worsen. Revenue declines are projected through fiscal year 2010 with an upturn emerging in fiscal year 2011. The following are some additional downside risks related to revenues forecasted in the model.

Economic Base

The City continues to move proactively to maintain and grow its economic base. Ongoing efforts to retain and grow key revenue generators, the planned Alameda Landing, have all been part of a heightened awareness and action plan to secure the City's economic base. (Further details appear below in "Upside Potential"). These efforts are vital given the following threats to City businesses:

- Big-box stores such as Home Depot, Costco, etc., in neighboring communities continue to draw business and sales taxes away from Alameda
- Alameda's location away from freeway on/off ramps has led to the removal of all new car sales dealerships over the last five years. This is a condition of the manufacturers, not the dealers' choice.
- Retail competition from regional shopping centers
- Increased loss of businesses due to the growing economic downturn
- Opposition to certain types of business development within the City

This Report incorporates the most recent loss of automobile dealerships as well as the downturn in the economy; however, should any of these trends become more significant, the City's revenues will decline accordingly. The City may want to review its ability to provide services without more aggressive and competitive business attraction and retention strategies.

The following are some additional downside risks on the expenditure side.

Pension Expense

As stated in the expenditure driver section of the report, CalPERS has recently suffered significant investment losses due to the stock market decline. CalPERS reported in excess of a 20% loss on its portfolio as of October 2008 (full-year audited results will not be released until after the close of the fiscal year). CalPERS currently receives enough funding from employers to cover its monthly retiree benefit obligations. However, they are estimating that employer contributions may raise 2 to 5% of payroll beginning in fiscal year 2012, if investment results for the full fiscal year 2009 are similar to interim results as of October 2008. Rate increases based on recent investment returns are factored into this model beginning in fiscal yea 2011 and continuing through fiscal year 2020 based on recent guidance from CalPERS noted earlier in the report. If actual losses are greater than anticipated, costs may rise more than forecast.

Increased Salary Pressures

If higher prevailing labor market differentials surface as comparisons are made with benchmark cities, more complex labor negotiations may ensue in the next two to three years. Budget-balancing requirements will be weighed against the need to match regional wage standards. This could drive salaries and benefits expenditures above the report assumptions.

New Projects and Priorities

If the City identifies new projects or priorities that are not included in this report, new revenue sources and/or expenditure cuts would have to be identified to fund them. Capital and other costs not funded through debt financing will require alternative resources. For example, should new public safety or one-stop permit center facilities be constructed or renovated, additional maintenance expenditures will be required. Moreover, as the City utilizes new or existing resources to fund expanded facilities or programs, it reduces its

flexibility to cover increasing expenses in other programs. Mechanisms must be developed for prioritizing project and program needs.

State Budget Difficulties

In the last week of November 2008, Governor Arnold Schwarzenegger declared a fiscal emergency for the State of California. The State's current deficit projections continue to increase each month, and recent ballot measures extending taxes and taking other measures to close the deficit have failed. To address growing concerns of a cash shortfall, the governor and legislature are considering many alternatives, including withholding or taking more funds from local governments.

Although Proposition 1A includes protections from State raids on local jurisdiction resources, emergency provisions allow sidestepping of these controls. The State's ability to borrow its way out of the looming budget dilemma is limited, and local governments should be prepared for potential takeaways. The City has identified approximately $2.4 million that could be drawn from revenues by the State in the upcoming fiscal year. Due to the uncertainties surrounding the magnitude and timing of this potential revenue loss, the model does not currently reflect any revenue loss from State actions.

Deferred Maintenance

The forecast includes expenditures to maintain the City's assets to the levels recommended by City staff. If the City continues to defer these costs, when paid the costs may be in excess of those forecast.

OPEB-Retiree Medical

The forecast includes expenditures to begin to pre-fund the City's liability for retiree health care benefits already earned by City employees. If the City continues to defer these costs, when paid the costs may be in excess of those forecast.

UPSIDE POTENTIAL

Possible developments that would positively impact the City's bottom line include:

Successful Economic Development Efforts

In the past few years, the City has engaged in several efforts to encourage business development. The City's efforts with retention and attraction have yielded significant gains from:

- Harbor Bay Business Park, with Ettore, Donsuemor, ABB Concise and recently, Semi-Freddie's Bakery
- The Historic Alameda Theatre opened in time to help stabilize the Park St. Business District. Combined with special events and promotions, this has increased visitor and visitor-related economic activity

- Continued expansion and growth, including support for 15 façade improvement grants to Webster St. has combined with special events and marketing to produce a stabilized CBD

Additionally, plans are underway to evaluate the construction of an Alternative First Phase at Alameda Landing to include a free-standing Target retail store.

Business retention and outreach efforts continue, focusing on valued business and top sales tax generators.

LOOKING BACKWARD AND FORWARD

Over the past years, the City has taken numerous steps to address its financial challenges. From difficult personnel cuts, to ballot measures to increase revenue, the City has been proactive in attempting to fill budget gaps created by a difficult economy. While the economic environment is likely to improve in coming years, this improvement may do little to solve our future budget issues. As this report identifies, longer-term issues such as the rapid growth in pensions and medical benefits have absorbed much of the funding needed for maintenance, reserves, and other important subjects over time. If the goal of the City is to implement a "sustainable budget", one that meets the needs of the present without compromising the ability to provide services to future generations, these longer-term issues can not be ignored.

SUSTAINABLE BUDGET

A "Sustainable Budget" is a plan to keep spending within one's means over the long-term. Another definition of this type of budget is an expenditure plan that meets the needs of the present without compromising the ability to provide services to future generations.

The goal of the Committee was to identify trends, both long- and short-term, in Alameda city finances so that fiscal policy can safeguard the long-term health of our government. As the saying goes, you first need to know where you are before you can determine how to get to your destination. This LRFF can serve as a starting point for community-wide discussion about what a "sustainable budget" should look like for Alameda.

The stakes are high: clearly the City cannot continue to provide the same breadth and depth of services given current revenues. Conversely, the City cannot achieve a sustainable budget entirely through new revenues. A balance must be achieved between the services citizens need and the revenues available to fund them.

As the above Risks section states, the goal of budget sustainability is not as simple as it appears: dynamic forces such as economic cycles, changing demographic and social needs, rising medical and energy costs, new facility needs, and other factors impact the best of budget strategies. Tough questions must be addressed to provide the flexibility necessary to achieve a balanced budget over time. These include, for example:

- What are the City's basic program and spending priorities now and in the future? Balancing a rich and wide level of services with maintaining and expanding

infrastructure, for example, will present a difficult trade-off. How long can current expenditure patterns continue and what costs can be reduced or eliminated to achieve a sustainable budget?

- Can current services and service levels be provided in a more efficient and cost-effective manner?
- What revenue sources can be counted on now and in the future, and which are likely to decline?
- To what extent are the City and community able and willing to maintain and grow revenue resources when needed?

A critical component of developing a sustainable budget is that the City discusses the above questions on an ongoing basis, preferably annually. This provides for a realistic approach to new initiatives and expectations as they arise, given available resources and competing priorities. Maintaining such a budget takes considerable discipline. By being proactive in finding answers to the difficult questions raised above, the City can avoid the painful, abrupt and potentially near-sighted solutions that are typically necessary to solve budget shortfalls. Typically, the City has solved these problems primarily by reducing General Fund costs. As the City grapples with the rising cost trends cited in this report, the option of reallocating resources has become more problematic.

These questions must be vetted by the community and Council. They will require considerable discussion and consensus since they involve real, competing interests. The City's practice is to conservatively and judiciously manage its resources. With the development of a sustainable budget it will continue this practice into the future.

CONCLUSION

In conclusion, this Forecast incorporates many significant challenges. As the financial forecast's bottom line shows, the City is anticipating declines in revenue that result in operating deficits. Without a corresponding reduction in expenditures these deficits are projected to continue through fiscal year 2020 and further reduce the General Fund Reserve below the Council approved 25% of budgeted expenditures. Prudent fiscal management will be required by City staff and Council to avoid this scenario.

ENTERPRISE FUNDS

Although the Long Range Financial Forecast's main focus is the General Fund, the financial outcomes of the Enterprise Funds affect the City as a whole. The following discussion of the Enterprise Funds is included for a more comprehensive picture of the City's financial structure.

The City of Alameda has provided electric service to its citizens and businesses for over 100 years through the historic Bureau of Electricity and now named Alameda Municipal Power (AMP). In addition to electric service, the Public Works Department manages the wastewater collection system as the Sewer Fund. Charges for service are included with property tax bills based on water consumption per unit. In addition to these funds, the Golf Fund is also included in the Enterprise category. This fund reflects the ownership, operation and maintenance of the Chuck Corica Golf Complex. Each of these Funds is managed independently. The basic principle of the Enterprise Funds is that customers pay the full cost of the services they receive.

Revenues

Revenues for the Enterprise Funds are primarily generated through rates charged to customers and are designed to cover the full cost of delivering services. Those costs include the cost of commodities, replacement and maintenance of capital infrastructure, debt service coverage and operation expense. Overall electric utility rates increased by 0.7% and telecom rates increased by 7.25% in fiscal year 2009.

The total combined revenue for the Enterprise Funds in the fiscal year 2009 budget is $72.2 million. This includes $4.4 million for Golf Fund, $5.5 million for Sewer Fund and $62.3 million for Electric and Telecom Fund.

Expenses

Expenses for the Enterprise Funds are driven by commodity, capital infrastructure, debt service and operational costs. The total combined expense for the Enterprise Funds in the adopted budget for fiscal year 2009 is $76.7 million. This includes $5.0 million for Golf Fund, $7.6 million for Sewer Fund, and $64.1 million for Electric and Telecom Fund.

EXPENSE DRIVERS

Commodity Costs

Fluctuating commodity and transmission costs continue to be a challenge for the Electric Enterprise, since commodity purchases represent the largest expense for this fund. In fiscal year 2009, total budgeted commodity expense is $32.2 million or 52% of total Electric Utility expense. Commodity pricing is driven by weather, supply availability, changes in demand, regulatory policies and infrastructure improvements.

Increases in commodity expenses may cause customer rate increases. To mitigate marketplace volatility and dramatic customer rate changes, rates are established to cover a rolling two to three year period of time.

Capital Infrastructure

The investment in capital infrastructure is a major priority for the Electric Enterprise Funds. Replacing, maintaining and upgrading infrastructure constitute the major costs.

Operational Costs

Increases in operational costs also may drive increases in customer rates. Many of the cost pressures described in the Expenditure Drivers section of this Forecast also apply to the Enterprise Funds. Salary and benefits expense represents 11% of total budgeted expense for all Enterprise Funds in fiscal year 2009. Included in this percentage are forecasted salary increases and the rising cost of health care and retiree medical benefits. Allocated charges represent 11 percent of total budgeted expense for all Enterprise Funds. The enterprise funds reimburse the General Fund for administrative services such as attorney and payroll services, and pay market-based rents for the use of General Fund land. Increases in General Fund expenditure are allocated to the enterprise funds based on various measures. The equity transfer to the General Fund from the Enterprise Funds represents four percent of the expenses for the Enterprise Funds.

Reserves

In addition to commodity purchasing strategies, Electric Utility reserve balances are also used to mitigate the effect on customer rates of commodity market price swings and operational cost increases. These mitigations are typically used on a one-time basis, since ongoing higher costs must eventually be borne through the rate structure. Additionally, Enterprise Utility Fund reserves provide cash for emergency equipment replacement and planned capital expenditures. The total combined reserves for the AMP per the fiscal year 2008 Comprehensive Annual Financial Report (CAFR) are $40.5 million.

DOWNSIDE RISKS

AMP, like the General Fund, faces significant fiscal challenges and opportunities that will impact future financial outcomes.

Commodity Markets

Volatile markets for commodity and transmission costs will continue to present significant challenges for AMP. Currently, staff is able to mitigate the market volatility for gas and electric purchases with its purchasing strategy. However, if a supplier defaults or staff is unable to negotiate long-term contracts, energy supplies will need to be purchased at the then-current market price.

Weather-Related Concerns

The City's electric supply relies on from hydroelectric projects. The availability of hydroelectric supply is dependent on the weather; the cost to purchase electric commodities may increase dramatically in a dry year. The City tries to maintain sufficient cash reserves to buy energy on the market during periods of drought and replenishes the

cash reserves during wet periods when production is high and purchase costs are lower. This use of reserves to balance the hydroelectric supply uncertainty enables the City to provide relatively stable rates to customers. Regulatory concerns include proposed changes to the electric industry structure by the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (ISO) as well as several State of California legislative bills. If passed, the new regulations and laws would increase transmission, local capacity and reporting costs.

Funding for Capital Improvement

In recent years the cost of construction materials has risen sharply, outpacing the general rate of inflation. As the costs of material and labor rise, planned projects are being reevaluated. As capital improvement projects are impacted by the cost of construction labor and materials, changes to these costs will have an effect on customer rates.

UPSIDE POTENTIAL

AMP has several programs and processes in place that may positively impact the Fund.

Renewable Resources

AMP is committed to the implementation of renewable energy programs. Recently the Environmental Protection Agency recognized Alameda with the Landfill Methane Outreach Project (LMOP) Energy Partners of the Year Award. Alameda's renewable portfolio standard set a goal to purchase 20% of the electric commodity supply from renewable sources by fiscal year 2008 and 33% by fiscal year 2015. The inclusion of "green" electricity produced by landfill gas and wind power will diversify the electric commodity portfolio and allow for greater purchasing flexibility. The current renewable energy contracts are long-term, fixed price contracts. These contracts will provide relatively low-cost and stable electric supplies if market prices continue to rise in the future. AMP offers their customers a wide array of energy efficiency programs. Efficiency rebates, energy usage analysis and efficiency education allow customers to implement measures that will save them money and reduce the demand to purchase commodity resources.

CONCLUSION

In conclusion, the financial health of Alameda Municipal Power will drive rate changes for the public and has significant impact on the financial health of the City as a whole. Some of the challenges facing the Utilities parallel those faced by the General Fund – such as rising salary and benefit costs. Others are unique to the nature of the Utilities' business – such as commodity availability and price fluctuations. Like the General Fund, the financial health of the Enterprise Funds must also be monitored.

ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY

The Alameda Reuse and Redevelopment Authority (ARRA) operates as a separate entity from the City, similar to the Enterprise Funds. While the Committee focused its analysis primarily on the General Fund, ARRA was evaluated because it historically has impacted the General Fund via transfers.

SUMMARY

- Based on the 1st quarter 2009 real estate comparable rent data report customized for Alameda Point ("AP"), the average rental rates at Alameda Point ("AP") are approximately 26% lower than the average East Bay industrial class A & B rental rates. The AP industrial class C buildings are running approximately 8% lower than the East Bay class C marketplace.
- Reason for the below market rates include: (1) lack of term that AP can offer (i.e., basically a month-to-month tenancy); (2) lack of tenant improvement money that can be offered; (3) ADA problems with credit tenants (tenants now are responsible for all costs associated with ADA improvements); (4) environmental uncertainty; (5) Landlord-slanted relocation clause (i.e., all costs borne by tenant).
- The above negatives are the direct cause of the current tenant mix: (1) less than average credit worthy tenants; (2) start-up companies; (3) companies in need of large buildings with high clearance space.
- There currently exists approximately 1,299,280 square feet of unusable space due to environmental, structural and/or infrastructure concerns. Estimated rehabilitation costs are between $58 to $78 million (these estimates were provided by an independent contractor).

RECOMMENDATIONS

- Presently, the City does not have a backup plan if the developer, SunCal, terminates its contract. A backup plan is advisable.
- Negotiations should commence immediately for a long-term City holding of Alameda Point. Included in the negotiations should be the requirement that the Navy participate in a "Finding of Suitability to Lease" plan. This plan is not uncommon for base reuse projects. It establishes which buildings are habitable and suitable for leasing. Once this finding is established, a longer lease term can be offered which will attract credit worthy tenants and allow a rental increase to market rates.

- The City should immediately get in line for the federal stimulus monies. Such funds could be used to rehabilitate and construct improvements to those unusable, vacant buildings (consisting of approximately 1,299,280 SF). Based on the aforementioned real estate report, this added inventory could increase the annual rental income by $8 to $10 million. The request for rehabilitation monies is not uncommon for base reuse projects.
- The existing leases should be converted into one conforming lease. The new lease document should include (1) a Tenant Improvement Work Letter (attached as an exhibit) detailing the work to be done, timing, approval process, and lease commencement date upon completion of work; (2) a new late fee policy equal to the financial risk of each tenant, up to 10%, or what is allowed by law; (3) an attached exhibit detailing and quantifying the NNN costs each tenant is obligated to pay on a monthly basis (presently, the NNN costs are a guess, and it is assumed the City is losing money).
- If the City is forced into a long-term retention of Alameda Point, there will be a need for a "sinking fund" for tenant relocation. This fund is necessary for relocation costs that will occur if and when a tenant's space is remediated by the government. If the City succeeds in obtaining a Finding of Suitability to Lease document, long-term leases could be written with tenant improvements.
- All costs associated with the operation of Alameda Point should be public information. All line items in the cash flow analysis need to be fully detailed.
- There is an absolute need for a tenant/landlord satisfaction survey. This survey should be mailed to each tenant, and any potential tenants. The respondents should remain anonymous due to fear of reprisal, and the surveys should be mailed back to a neutral City entity for analysis -- possibly the Economic Development Commission (EDC). It is also recommended that this type of survey be used for the Building and Planning Departments.
- If SunCal terminates the agreement with the City, the City Council should consider hiring its own land planner and develop its own reuse plan, with community input. If voter approval is obtained, the City can then offer an approved plan to the market place on a bid basis with a plan that is acceptable to the Public and has the zoning, mix, and density in place.

DEBT

Overview

The city's debt can be broadly divided into two categories: general obligation debt and revenue debt. General obligation debt (GO) is backed by the city's taxing powers; revenue debt is tied to a particular project that generates revenue or is secured by the tax increments generated by a certain area's property taxes. (There are several sub-classifications of revenue debt, such as tax increment or redevelopment, further discussed below.)

General Obligation debt

The city's total General Obligation (GO) debt load is $23.57 million. This consists of one straight GO bond issue of $9.85 million and two Certificate of Participation (COP) issues totaling $14.11 million (see debt schedule in Appendix E). In the strictest legal terms the COPs are not General Obligations of the city but they are included in this analysis because the city of Alameda has covenanted to make debt service payments from the General Fund.

The annual debt service on the above is approximately $2 million. Part of this debt service is paid by sources outside of the General Fund. Additionally, considering the city's gross revenue of more than $70 million and unrestricted property tax revenues of approximately $22 million, the GO debt obligation is easily manageable provided revenue streams do not decline sharply and debt does not increase sharply. Given current economic circumstances, each of these is looming and must be considered to preserve the city's financial strength. The city's GO debt is currently rated A1 by Moodys and AA by Standard & Poors.

Revenue and other debt

Here the picture is much more complex. The total of revenue and other debt outstanding is approximately $132 million. There are varying levels of support for these debts, as well as varying levels of commitment by the city. For example, the Sewer System debts of approximately $13.5 million are secured by sewage revenues. These are a stable and predictable revenue source, thus making debt service problems relatively unlikely. The largest class of debt is redevelopment and other tax increment debt, totaling approximately $66 million and expected to increase substantially. These debts are secured by property tax increments and, while not a statutory debt obligation of the city, have potential to become a significant stress on city finances.

Classes of revenue and other debts

Redevelopment debt, $66.045 million

The largest class of debt used in the city is redevelopment debt (RD), a form of tax increment financing (TIF). TIF is a method by which a political entity borrows against expected future gains in property tax revenues within a defined zone and uses the proceeds to fund current projects. This can be used with sales, property or any other municipally levied tax, but in California it is property tax based.

A city creates a redevelopment district somewhere within its boundaries and designates future increases in ad valorem tax from the properties within this district toward construction and development projects within that same district. To fund these projects the redevelopment district borrows money by issuing bonds; the debt service on the bonds is paid from the future increases in ad valorem taxes in the district (these funds are called tax increments).

A specific example in Alameda is the theater complex. It was funded largely by redevelopment debt. The city merged two RD Districts into one larger district called the Community Improvement Commission (CIC), comprised roughly of the Park & Webster commercial zones, the Northern Waterfront and former Navy and FISC property in the West End. The CIC then issued bonds to fund the construction of the cinema, among other projects. The debt service is paid from the tax increments generated by properties within the Redevelopment District. This debt is an obligation only of the CIC District and not the City of Alameda, and is payable only from the tax increments described.

RD is a controversial method of finance:

Proponents cite:

- its ability to increase sales tax revenue and create jobs by revitalizing a business zone
- the impact of this revitalization, which can positively impact ad valorem taxes outside the zone
- its use in financing rehabilitation of properties ignored by the private sector

Opponents counter:

- the sales tax benefits are a poor return on investment, given that the city's portion of sales tax is only .75% of sales (the County and State receive the other 9%)
- the opacity and lack of disclosure of the process allow large increases in debt without a public vote
- it diverts tax dollars from public uses and services to private businesses and non-essential services
- the debt is effectively perpetual: new RD debt is issued as old is paid down

RD is a very complicated and widely misunderstood method of finance and the above only presents the basic concept.

Note: In addition to the $66 million of bonded redevelopment debt, the city has a short term loan outstanding for the construction of Bayport infrastructure totaling approximately $9 million. The city expects to term this loan out into a bond issue this year, as market conditions permit. This would increase the bonded debt outstanding by that amount.

Land secured debt, $35.180 million

The next largest class of debt is land secured debt, typically called Assessment District Debt, of $35.18 million. This debt is secured by special assessments on the encumbered properties. The largest examples of this are bonds on the Marina Village and Harbor Bay business parks. Another sizable portion is on Harbor Bay residential property, issued to fund the Harbor Bay firehouse and other public infrastructure. Bayport has such a district as well. In all instances, the land secured debts are not obligations of the City, but rather are secured only by special tax assessments on the relevant properties. The bonds have the additional security of the right of foreclosure on delinquent properties.

Lease revenue, $12.6 million ARRA

Another class of debt is lease revenue debt. There are two tranches of this debt totaling $12.6 million, both of which are payable solely from lease revenues at Alameda Point.

Sewer system debt, $13.5 million

Sewer system debt of $13.5 million is payable from sewer system revenues. These are very stable and predictable revenues; debt service on these is considered highly reliable.

Equipment leases, $4.4 million

Includes leases on fire trucks, automobiles, telecom equipment, and other equipment.

RISK FACTORS

As with any household or business, there are risks inherent in excessive use of debt by the city. Fundamentally these risks are declining revenues and increasing debt service.

Predicting debt ratios and coverage levels in a declining economic situation such as we have in early 2009 is a difficult, but it is clear that while the city's GO debt ratings are under pressure, they are not in distress nor anywhere near a default.

As for the various revenue bonds, all are currently funded by their underlying projects with adequate debt service reserve funds (several bond issues have more than the required amounts). Protracted economic woes could push these bonds to distress, but at this time that is only a possibility and at worst is some years off.

Risk effects of revenue and overlapping debt

Given that the redevelopment, land secured and other revenue debt are not general obligations of the city and are designed to be self supporting, it is tempting to believe these debts have no effect on the city budget. Though it is indirect and sometimes difficult to quantify, they have a real effect on Alameda's budget and debt.

Redevelopment debts are statutorily secured only by tax increments and are explicitly not obligations of the city, but they do hamper city finances in the future. In the current budget year 11% of ad valorem taxes in Alameda went to redevelopment districts. An RD district does not keep all of the revenue: it passes through a portion to education, affordable housing, and other uses. Though the sums and percentages vary from year to year, typically about 40% of RD revenue is passed through to other uses. If there were no RD, or less RD, the other 60% would have gone to the general fund, to education, to the county and to other special districts.

Additionally, while RD doesn't affect current tax collections, it prevents the city from realizing future ad valorem increases. Tax increments flow to bondholders and are unavailable for public services. Recovery and future growth of tax revenues in redevelopment districts will benefit those districts rather than the General Fund and city as a whole (pass- through amounts excepted).

Overlapping debt has a similar effect. Overlapping debt is the situation where multiple authorities have the ability to tax the same residents. The East Bay Parks District, for example, taxes Alameda residents over and above what the city, county and state levy, and issues bonds versus that tax. While the park district's debt, and that of all overlapping authorities, is not an obligation of the city, it affects the city's own ability to tax. When total tax burdens become excessive, property values can suffer. It also becomes politically challenging to levy new taxes. Again, while this effect is hard to quantify, it does curtail the city's ability to levy new taxes.

Maturity schedule, discussion of refinance risk

A significant risk of indebtedness is refinancing. When principal is due and a borrower wants or needs to roll over into new debt, market conditions may make this problematic. Any homeowner who has wanted to refinance their mortgage in a high rate environment can easily appreciate this risk. Bond issuers often try to sell the longest bonds they can to push out refinancing risk as far into the future as possible, but for a number of reasons are compelled to issue bonds of various maturities, from short to long.

Though the municipal bond market has recovered strongly from its autumn 2008 doldrums, yields on municipal bonds are still historically very high. As of this writing (Feb. 2009), most tax free municipal bonds yield nearly as much as taxable US Treasury and Agency bonds. Such a historic anomaly is likely to correct itself fairly

soon, but predicting when this happens is strictly a guess. Added to this equation are the State's current debt problems, which gravely exacerbate the national trend.

Fortunately, Alameda's refinancing risk is fairly low. The General Obligation debt's serial maturities are less than $1.5 million per year for the next several years. It is likely that the city could simply pay these maturities off in cash but the small amounts could be refinanced with onerous increase to gross debt service.

Redevelopment debt has a similarly manageable maturity structure for the next few years, plus sufficient debt service reserves to retire rather than roll most if not all maturities in that time frame.

Conclusions

The city's bonded debt is currently well structured and easily manageable. Recent media accounts of the city facing bankruptcy are false and without merit. However, there are significant risks that must be addressed and, if possible, avoided.

1) While no new GO debt is currently planned, the city must be very cautious about issuing in the future. Current levels are manageable but increased debt service in an economic downturn could become problematic if overdone.
2) Use of redevelopment debt has grown significantly in recent years and is likely to continue. The city must also be very cautious with this. Pledging future tax increments to special projects prevents their use by the General Fund.

OTHER MATERIAL ITEMS

The City is engaged in litigation that could have material financial outcomes. Because of the uncertainty in the timing and financial impact of these matters, no assumptions have been included in the Report regarding these issues. The following is a list of relevant pending matters:

- Alameda Municipal Power—litigation pending regarding the disposition of the Telecom business and related claims by bondholders
- Alameda Beltline—litigation regarding the acquisition of the Beltline property
- Alameda County Emergency Medical Services—litigation regarding City liability for prior years billings

While the timing and ultimate outcome of these matters cannot be determined at this time, guidance from the City Attorney suggests that the cumulative exposure to these items (including litigation costs, acquisition costs, and settlement costs) could range from $2-10 million.

APPENDIX A - DEFINITIONS OF REVENUES AND EXPENDITURES CATEGORIES

REVENUES

Property Tax: A tax that the owners of real and personal property pay, equal to one percent of the assessed value of the property. The City receives 27% of the one percent, or 0.27% of the assessed property value. In fiscal year 2009, property tax represents 29% of total projected General Fund revenues.

Utility Users Tax (UUT): A tax based on the monthly billing of utility users (residential and/or commercial) within Alameda excluding water. The tax rate is 7.5% of the usage, with discounted rates available seniors or low income households. In fiscal year 2009, UUT represents 12% of total projected General Fund revenues.

Motor Vehicle License Fees: Motor Vehicle License Fees has two funding sources. The first is via the vehicle license fee imposed on vehicles registered in California. Additionally, the City receives a "VLF backfill" payment from the County. In fiscal year 2009, Vehicle License Fees represents 8% of total projected General Fund revenues.

Sales Tax: A tax collected from customers by retailers on sales of tangible personal property and services. In fiscal year 2009, sales tax represents 7% of total projected General Fund revenues.

Property Transfer Tax: The tax is levied on real property bought or sold in the City at the rate of 1.2%. Voter approval of Measure P in 2008 increased the tax rate from a prior level of 0.54%. These one-time revenues can vary significantly from year to year since they are sensitive to the volume and value of property sales. In fiscal year 2009, property transfer tax represents 4% of total projected General Fund revenues.

Other Taxes and Franchise Fees: Other taxes is mainly comprised of the Transient Occupancy Tax, which is a tax levied on the occupancy of a lodging facility for a period of 30 days or less. Franchise Fees are collected in lieu of rent for use of City streets. Local service providers such as Alameda Municipal Power, Alameda County Industries, Comcast, and Pacific Gas & Electric pay franchise fees to the City. Also included in Franchise Fees are Payment-In-Lieu-of-Taxes (PILOT), which are fees charged to the City's enterprise funds and the Housing Agency in lieu of property taxes, and as a contribution towards municipal service costs. In fiscal year 2009, Other Taxes and Franchise Fees represented 11% of total projected General Fund revenues.

Service Fees, Permits, and Fines: This revenue category includes fees for licenses and permits, fines and forfeitures, and fees for services such as ambulance service. In fiscal year 2009, Service Fees, Permits, and Fines represented 16% of total projected General Fund revenues.

Interest & Rents: Primarily interest income received on City investments. In fiscal year 2009, Interest & Rents represented 2% of total projected General Fund revenues.

Other Revenues: Other miscellaneous revenues. In fiscal year 2009, Other Revenues represented 1% of total projected General Fund revenues.

Transfers: This revenue category is comprised of transfers from a variety of Other Funds in the City. The main contributors are ARRA, Gas Tax, Golf Course, Sewer, Urban Runoff, and BWIP.

EXPENDITURES

Salaries & Benefits: Consist of salaries (regular, temporary, and overtime) and benefits (healthcare, retirement and others). Salaries and Benefits account for approximately 83% of fiscal year 2009 total projected total use of funds.

Supplies & Materials: This category represents all supplies and materials used in operating the City government. Supplies & Materials account for approximately 12% of fiscal year 2009 total projected total use of funds.

Rents, Leases & Equipment: Represents the cost of rented or leased equipment used by the City excluding vehicle leases. Rents, Leases & Equipment account for approximately 1% of fiscal year 2009 total projected total use of funds.

Capital Outlay for New Assets: This is the cost of acquiring new equipment for City use. Replacement of existing equipment is covered in Asset Replacement. Capital Outlay for New Assets account for approximately 1% of fiscal year 2009 total projected total use of funds.

Depreciation and Asset Replacement: Covers the annualized cost of replacing City vehicles and equipment, adjusted for the expected life span of each piece of equipment. Also included are lease expenses for vehicles and equipment used in public safety such as fire engines. Capital Outlay for New Assets account for approximately 1% of fiscal year 2009 total projected total use of funds. Depreciation and Asset Replacement account for approximately 1% of fiscal year 2009 total projected total use of funds.

Debt Service: Is the interest and principal payments made to bond holders on the outstanding debt principal balance. The City of Alameda's total current outstanding debt principal relating to the General Fund is $23.57 million. Debt Service accounts for approximately 2% of fiscal year 2009 total projected total use of funds.

Maintenance of City Assets: This category represents the annual cost to the City of maintaining all General Fund assets—streets, sidewalks, buildings, etc. In prior years, this expenditure has appeared outside of the General Fund, and General Fund monies used to address maintenance have been shown as transfers to other Capital Funds. For the purpose of transparency, this report will reflect these costs as Maintenance costs rather than transfers. Because this is a new expenditure category, Maintenance of City Assets did not appear in the fiscal year 2009 projected total use of funds.

APPENDIX B - BASIC FORECAST METHODOLOGY

This 10-year forecast is based on certain assumptions and estimates of future economic trends, particularly rates of inflation (measured by the Consumer Price Index for the Bay Area), and rates of growth in other costs such as medical insurance, pension costs, and real estate market trends. All assumptions were drawn from public forecasts by mainstream institutions such as the Congressional Budget Office (CBO), Legislative Analysts Office (LAO), and the California Department of Finance (DOF). Health care cost forecasts and forecasts were drawn from Bartel Associates, LLC. Specific publications referenced include:

CBO: A Preliminary Analysis of the President's Budget and an Update of CBO's Budget and Economic Outlook, March 2009

(http://www.cbo.gov/budget/data/econproj.xls)

DOF: Consumer Price Index Forecast, April 2009
(http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/documents/FRCPI0409.xls)

LAO: California's Fiscal Outlook: LAO Projections 2008-09 Through 2013-14, November 2008

(http://www.lao.ca.gov/2008/fiscal_outlook/fiscal_outlook_112008.aspx)

Bartel Associates, LLC: City of Alameda Retiree Healthcare Plan

January 1, 2009 Actuarial Valuation - Preliminary Results

(available from The City of Alameda Finance Department)

Because of the rapidly-changing nature of the current economy, the Model has been constructed to allow these assumptions to be changed at any point to reflect current economic thinking. The Model also allows for multiple scenarios to be run based on different outlooks to compared financial results under varying conditions.

One note on these assumptions: based on our multiple-scenario tests, our conclusion is that under normal circumstances small changes in inputs yields very little changes in the ultimate results. A good example is changes in the rate of inflation: while this input affects expenditures (namely salaries), it also affects revenues (sales taxes and property taxes in particular). Thus, under normal economic conditions, changes in the assumptions will likely have a negligible net effect on the bottom line.

Key assumptions and drivers for revenue and expense categories are available within the Model.

BASIS FOR MAJOR FORECAST ASSUMPTIONS												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CPI All Items *SF-Oak-SJ*	227.868	233.109	238.937	245.149	251.768	258.566	265.547	272.717	280.080	287.642	295.409	303.385
Change in CPI *SF-Oak-SJ*	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Alllocated Expenses	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Benefits - Total Misc	34.99%	41.89%	45.49%	47.47%	49.46%	51.41%	53.28%	55.05%	56.68%	58.12%	59.63%	61.21%
Benefits - Total Police	55.24%	61.60%	66.68%	68.10%	69.52%	70.91%	72.26%	73.52%	74.69%	75.72%	76.80%	77.93%
Benefits - Total Fire	51.51%	57.87%	62.95%	64.37%	65.79%	67.18%	68.53%	69.79%	70.96%	71.99%	73.07%	74.20%
Benefits - PERS Misc	12.86%	12.86%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Benefits - OPEB Current Year Misc	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Benefits - Medical Misc	17.05%	18.95%	20.91%	22.89%	24.88%	26.83%	28.71%	30.48%	32.10%	33.55%	35.05%	36.63%
Medical Inflation Rate	12.00%	11.17%	10.33%	9.50%	8.67%	7.83%	7.00%	6.17%	5.33%	4.50%	4.50%	4.50%
Benefits - Other Misc	4.48%	9.48%	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%
Benefits - Other Police	8.81%	13.81%	13.31%	13.31%	13.31%	13.31%	13.31%	13.31%	13.31%	13.31%	13.31%	13.31%
Benefits - Other Fire	3.38%	8.38%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%	7.88%
Benefits - PERS Public Safety	30.83%	30.83%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Benefits - OPEB Current Year Police	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Benefits - OPEB Current Year Fire	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
Benefits - Medical Public Safety	12.20%	13.56%	14.96%	16.39%	17.81%	19.20%	20.54%	21.81%	22.97%	24.01%	25.09%	26.22%
Contract Services	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Equipment Replacement	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
General Expense	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Rents, Leases & Equipment	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Salaries	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Supplies & Materials	1.50%	2.10%	2.30%	2.40%	2.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%

REVENUE PROJECTION METHODOLOGY

A variety of tools and information are used to forecast revenues. These include, for example:

- Reviewing historical trends
- Adjusting for legislative changes, such as rate changes or payment timing
- Incorporating recent economic forecasts
- Considering each revenue item for exceptions from past trends or expert projections, such as the condition of local businesses or differences in property tax trends

Forecasting involves a mix of quantitative and qualitative inputs. Revenue growth assumptions are compared to those of other forecasters and surrounding cities to ensure they are realistic. Included in the forecast is the economic downturn in the current fiscal year, with stabilization and a gradual return to growth in fiscal year 2011.

EXPENDITURE PROJECTION METHODOLOGY

Similar to revenue projections, expenditure projections are based on a combination of the average annual growth rate of the Consumer Price Index (CPI) and population growth, assumptions about future growth rates, and other judgments as deemed appropriate. Salary projections are based primarily on historical trends that over time tend to mirror increases in the Consumer Price Index.

APPENDIX C - MAINTENANCE OF CITY ASSETS WORKSHEET

City Asset	Annual Cost (000s)	Avg Funded (000s)	Annual Unfunded Gap (000s)
STREETS Based on cost of extending or replacing the City's 25.3 million square feet of streets. Assumes the following base costs, adjusted for inflation. **Technique** **%** **Cost/Sq Ft** Slurry 30 $1 Overlay 55 $3 Reconstruction 15 $8	$5,140	$2,200	$2,940
CONCRETE WORK Based on average annual sidewalk tags, linear feet of curb and gutter replacement for ponding and lifting, and linear feet of driveways. Current average sidewalk tag cost is $1,350; curb, gutter and driveway replacements average $60 per linear foot in nominal dollars.	1,892	250	1,642
STREET LANDSCAPING Based on annual cost of maintaining median landscaping, making irrigation repairs, pruning mature trees every five years, removing approx. 150 old and diseased trees and planting 300 new trees, and pruning newly planted trees every year for the first three years.	1,460	775	685
ADA Based on ADA Transition Plan estimates for streets and buildings	2,050	80	1,970
RECREATIONAL FACILITIES Costs of resurfacing tennis and basketball courts, pool resurfacing and filter replacement, Class 1 bike paths and play lots. Costs are based on maintaining lives of five to seven years for courts, twenty years for pool and bike path infrastructure, and thirty years for the City's thirteen play lots.	278	0	278

City Asset	Annual Cost (000s)	Avg Funded (000s)	Annual Unfunded Gap (000s)
PARK FACILITIES Costs of maintaining 3.5 million square feet of playing fields, a quarter million square feet of pathways and lighting, and 1,600 park trees. Assumes standard mature tree maintenance and playing field and pathway maintenance for twenty year lives.	724	155	569
BUILDINGS Maintenance (not replacement) of 30,000 square feet of park buildings and 375,000 square feet of other city buildings and related improvements, excluding Alameda Point. Estimate is based on an average of $80 per sq ft for park buildings and $100 for other city buildings.	1,995	600	1,395
SUBTOTAL FOR ASSETS TYPICALLY RECEIVING SOME FUNDING FROM THE GENERAL FUND	**$13,539**	**$ 4,060**	**$ 9,479**
TRAFFIC CONTROL DEVICES Based on costs of signal lighting painting, LED replacement, and upgrade for 79 signals; 860,000 linear feet of striping; 8,000 signs, 11 in-pavement lighting installations and 180 lights; and 150,000 linear feet of curb painting.	1,387	480	907
TRANSIT FACILITIES Cleaning, painting and other repairs for 30 bus shelters, 700 bus stops and 20 bus benches.	84	50	34
STORM DRAINAGE Costs for 4,000 linear feet of storm drain renovation, ten storm pump stations and 62 outfalls. Assumes 70-year life for storm drainage system and 50-year life for stations and outfalls. Does not include costs of replacement.	2,821	1,740	1,081
SEWER Costs of rehabilitation of 180,000 linear feet of sewer maintained at a 75 year life, and 41 pump stations with a 50 year life. Does not include costs of replacement.	3,274	2,260	1,014

City Asset	Annual Cost (000s)	Avg Funded (000s)	Annual Unfunded Gap (000s)
MISCELLANEOUS Includes maintenance of marine facilities, two bridges, 120,000 square feet of parking lots, maintenance and painting of 6,100 street lights and 650 historical, 800 parking meters, and estimates for IT and telephone infrastructure. Does not include an estimate for maintenance costs of the new parking garage under contract management.	932	449	484
SUBTOTAL FOR ASSETS TYPICALLY NOT RECEIVING ANY FUNDING FROM THE GENERAL FUND	**$ 8,497**	**$ 4,979**	**$ 3,518**
TOTAL FOR ALL ASSETS	**$22,036**	**$ 9,039**	**$12,998**

APPENDIX D - FUND TYPES AND DEFINITIONS

General Fund

Used for all general revenues of the City not specifically levied or collected for other City funds and their related expenditures. It accounts for all financial resources of the City which are not accounted for in another fund.

Special Revenue Funds

Funds for which revenues are restricted or dedicated to special purposes. An example is the Library Fund or the Community Improvement/Redevelopment Funds.

Capital Project Funds

These funds are used to account for the construction and major maintenance of the City's assets.

Debt Service Funds

These funds are used to record the payment of all required debt service (principal and interest) payments. Funds are typically transferred to the Debt Service Fund from the fund receiving the revenues intended for payment of the debt

Internal Service Funds

This category is comprised of funds such as the Worker's Compensation Fund, Technology Fund, and Unemployment Fund. Changes in the methodologies for charging services for Internal Service Funds to General Fund operating departments will result in changes in General Fund costs. These adjustments are not reflected in this plan.

APPENDIX E - DEBT REPORT

On the following pages is a detailed inventory of all outstanding bond issues from the City of Alameda including original issue information and debt repayment schedules. This information is dynamic and subject to change at any time due to refinancings, maturities, or pre-payments.

$10,600,000

CITY OF ALAMEDA
General Obligation Bonds, Series 2003

Dated Date: April 8, 2003

Final Maturity Date: August 1, 2033

Bond Counsel: Nixon Peabody

Underwriter: Competitive Sale

Paying Agent: BNY Western Trust Company

Financial Advisor: E. Wagner & Associates, Inc.

Credit Enhancement: MBIA

Underlying Ratings: S&P - AA- Moody's - A1

Interest Rates:
NIC: 4.942% TIC: 4.916%

Outstanding Fund Balances/Investment Types
Project Fund - $0.00

Principal Retired: $1,020,000

Principal Outstanding: $9,850,000

Security for the Bonds: Full faith and credit of the City, which has the power to levy ad valorem taxes without limitation for the payment of the Bonds.

Use of Project Funds: Proceeds were used to finance the acquisition and construction of a new main library and improvements to two branch libraries within the City.

Analysis: The Series 2003 Bonds can legally be advance refunded at any time. However, since the Bonds are not callable until 2012, the City should be prepared to show reasons why advance refunding these bonds now would be advantageous. Otherwise, it would be prudent to wait until it is closer to the first call date since an advance refunding at this time would not produce a conventionally acceptable level of PV savings.

Fiscal Year Ending 6/30	Principal Due in August	Coupon	Interest Due in Aug and Feb	Total Due per Fiscal Year	Bond Balance	Call Feature
2003	$0.00	0	$157,226.94	$157,226.94	$10,600,000.00	
2004	$145,000.00	2.00%	$500,900.00	$645,900.00	$10,455,000.00	
2005	$155,000.00	2.00%	$498,000.00	$653,000.00	$10,300,000.00	
2006	$165,000.00	2.00%	$494,900.00	$659,900.00	$10,135,000.00	
2007	$175,000.00	2.00%	$491,600.00	$666,600.00	$9,960,000.00	
2008	$185,000.00	3.00%	$488,100.00	$673,100.00	$9,775,000.00	
2009	$195,000.00	4.00%	$482,550.00	$677,550.00	$9,580,000.00	
2010	$205,000.00	4.00%	$474,750.00	$679,750.00	$9,375,000.00	
2011	$220,000.00	4.00%	$466,550.00	$686,550.00	$9,155,000.00	
2012	$230,000.00	5.00%	$457,750.00	$687,750.00	$8,925,000.00	
2013	$245,000.00	5.00%	$446,250.00	$691,250.00	$8,680,000.00	Call @ 102
2014	$260,000.00	5.00%	$434,000.00	$694,000.00	$8,420,000.00	Call @ 101
2015	$275,000.00	5.00%	$421,000.00	$696,000.00	$8,145,000.00	Call @ Par
2016	$285,000.00	5.00%	$407,250.00	$692,250.00	$7,860,000.00	Call @ Par
2017	$300,000.00	5.00%	$393,000.00	$693,000.00	$7,560,000.00	Call @ Par
2018	$315,000.00	5.00%	$378,000.00	$693,000.00	$7,245,000.00	Call @ Par
2019	$335,000.00	5.00%	$362,250.00	$697,250.00	$6,910,000.00	Call @ Par
2020	$350,000.00	5.00%	$345,500.00	$695,500.00	$6,560,000.00	Call @ Par
2021	$370,000.00	5.00%	$328,000.00	$698,000.00	$6,190,000.00	Call @ Par
2022	$385,000.00	5.00%	$309,500.00	$694,500.00	$5,805,000.00	Call @ Par
2023	$405,000.00	5.00%	$290,250.00	$695,250.00	$5,400,000.00	Call @ Par
2024	$430,000.00	5.00%	$270,000.00	$700,000.00	$4,970,000.00	Call @ Par
2025	$450,000.00	5.00%	$248,500.00	$698,500.00	$4,520,000.00	Call @ Par
2026	$470,000.00	5.00%	$226,000.00	$696,000.00	$4,050,000.00	Call @ Par
2027	$495,000.00	5.00%	$202,500.00	$697,500.00	$3,555,000.00	Call @ Par
2028	$520,000.00	5.00%	$177,750.00	$697,750.00	$3,035,000.00	Call @ Par
2029	$550,000.00	5.00%	$151,750.00	$701,750.00	$2,485,000.00	Call @ Par
2030	$575,000.00	5.00%	$124,250.00	$699,250.00	$1,910,000.00	Call @ Par
2031	$605,000.00	5.00%	$95,500.00	$700,500.00	$1,305,000.00	Call @ Par
2032	$635,000.00	5.00%	$65,250.00	$700,250.00	$670,000.00	Call @ Par
2033	$670,000.00	5.00%	$33,500.00	$703,500.00	$0.00	
Total	**$10,600,000.00**		**$10,222,326.94**	**$20,822,326.94**		

$2,740,000

ALAMEDA PUBLIC FINANCING AUTHORITY
1992 Revenue Bonds, Series A
(West End Community Improvement Project – Housing Increment Loan)

Dated Date: April 1, 1992

Final Maturity Date: April 1, 2016

Bond Counsel: Jones Hall Hill & White

Underwriter: Miller & Schroeder Financial

Trustee: Bank of America

Financial Advisor: None

Credit Enhancement: None

Underlying Rating: S&P - A

Interest Rates:
NIC: 6.827% TIC: 6.799%

Outstanding Fund Balances/Investment Types
Escrow Fund - $0.00
Low/Mod Housing Fund - $0.00
Reserve Fund – Surety (IBJ)

Principal Retired: $1,445,000

Principal Outstanding: $1,295,000

Security for the Bonds: 20% Housing Set-Aside tax increment funds.

Use of Project Funds: Proceeds were used to make a loan to the CIC for the purpose of paying all principal and interest payments on its $2,315,000 WECIP 1985 Tax Allocation Bonds.

Analysis: The Series 1992 Bonds are currently callable. However, due to the relatively small amount of outstanding bonds, we would only suggest refunding them as part of a larger issue.

Fiscal Year Ending 6/30	Principal Due in April	Coupon	Interest Due in Apr and Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
1992	$0.00	0	$0.00	$0.00	$2,740,000.00	
1993	$50,000.00	4.40%	$177,705.00	$227,705.00	$2,690,000.00	
1994	$55,000.00	5.00%	$175,505.00	$230,505.00	$2,635,000.00	
1995	$55,000.00	5.20%	$172,755.00	$227,755.00	$2,580,000.00	
1996	$60,000.00	5.40%	$169,895.00	$229,895.00	$2,520,000.00	
1997	$65,000.00	5.60%	$166,655.00	$231,655.00	$2,455,000.00	
1998	$65,000.00	5.80%	$163,015.00	$228,015.00	$2,390,000.00	
1999	$70,000.00	6.00%	$159,245.00	$229,245.00	$2,320,000.00	
2000	$75,000.00	6.20%	$155,045.00	$230,045.00	$2,245,000.00	
2001	$80,000.00	6.25%	$150,395.00	$230,395.00	$2,165,000.00	
2002	$90,000.00	6.35%	$145,395.00	$235,395.00	$2,075,000.00	
2003	$90,000.00	6.40%	$139,680.00	$229,680.00	$1,985,000.00	
2004	$95,000.00	6.50%	$133,920.00	$228,920.00	$1,890,000.00	
2005	$105,000.00	6.50%	$127,745.00	$232,745.00	$1,785,000.00	
2006	$115,000.00	6.60%	$120,920.00	$235,920.00	$1,670,000.00	
2007	$115,000.00	6.60%	$113,330.00	$228,330.00	$1,555,000.00	
2008	$125,000.00	6.80%	$105,740.00	$230,740.00	$1,430,000.00	Call @ 2%
2009	$135,000.00	6.80%	$97,240.00	$232,240.00	$1,295,000.00	Call @ 1-1/2
2010	$150,000.00	6.80%	$88,060.00	$238,060.00	$1,145,000.00	Call @ 1
2011	$160,000.00	6.80%	$77,860.00	$237,860.00	$985,000.00	Call @ 1/2
2012	$170,000.00	6.80%	$66,980.00	$236,980.00	$815,000.00	Call @ Par
2013	$185,000.00	6.80%	$55,420.00	$240,420.00	$630,000.00	Call @ Par
2014	$195,000.00	6.80%	$42,840.00	$237,840.00	$435,000.00	Call @ Par
2015	$205,000.00	6.80%	$29,580.00	$234,580.00	$230,000.00	Call @ Par
2016	$230,000.00	6.80%	$15,640.00	$245,640.00	$0.00	
Total	**$2,740,000.00**		**$2,850,565.00**	**$5,590,565.00**		

$4,640,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Subordinate Taxable Tax Allocation Bonds
(Business and Waterfront Improvement Area) 2002 Series B

Dated Date: March 14, 2002

Final Maturity Date: February 1, 2012

Bond Counsel: Quint & Thimmig

Underwriter: E.J. De La Rosa & Co.

Trustee: Union Bank of California

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Not Rated

Underlying Ratings: None

Interest Rates:
NIC: 7.447% TIC: 7.427%

Outstanding Fund Balances/Investment Types
Reserve Account - $464,000.00
Property Value Reserve Fund - $377,857.50

Principal Retired: $3,025,000

Principal Outstanding: $1,615,000

Security for the Bonds: BWIP net pledged tax increment.

Use of Project Funds: Proceeds were used to repay a loan from the City to the CIC related to the CIC's Business and Waterfront Project.

Analysis: These bonds are non-callable, however because the bonds are taxable, they could be defeased to maturity if the CIC could derive an economic gain from doing so.

Fiscal Year Ending 6/30	Principal Due in February	Coupon	Interest Due in Feb. and Aug.	Total Due per Fiscal Year	Bond Balance	Call Feature
2002	$0		$0	$0	$4,640,000.00	
2003	$0		$298,091.18	$298,091.18	$4,640,000.00	
2004	$0		$338,526.26	$338,526.26	$4,640,000.00	
2005	$530,000.00	6.05%	$338,526.26	$868,526.26	$4,110,000.00	
2006	$250,000.00	6.57%	$306,461.26	$556,461.26	$3,860,000.00	
2007	$450,000.00	6.98%	$290,036.26	$740,036.26	$3,410,000.00	
2008	$525,000.00	7.38%	$258,626.26	$783,626.26	$2,885,000.00	
2009	$595,000.00	7.75%	$219,881.26	$814,881.26	$2,290,000.00	
2010	$675,000.00	7.50%	$173,768.76	$848,768.76	$1,615,000.00	Non-Callable
2011	$760,000.00	7.63%	$123,143.76	$883,143.76	$855,000.00	Non-Callable
2012	$855,000.00	7.63%	$65,193.76	$920,193.76	$0	Non-Callable
Total	**$4,640,000.00**		**$2,412,255.02**	**$7,052,255.02**		

$17,510,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Tax Allocation Refunding Bonds
(Business and Waterfront Improvement Area) Series 2003C

Dated Date: October 28, 2003

Final Maturity Date: February 1, 2032

Bond Counsel: Quint & Thimmig

Underwriter: E. J. De La Rosa & Co.

Trustee: Union Bank of California

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Ambac

Underlying Rating:
S&P: A-

Interest Rates:
NIC: 4.612% TIC: 4.585%

Outstanding Fund Balances/Investment Types
Debt Reserve Account - $1,263,768.75

Principal Retired: $1,055,000

Principal Outstanding: $16,445,000

Security for the Bonds: BWIP Area net pledged tax increment.

Use of Project Funds: Proceeds were used to refinance certain outstanding obligations of the CIC.

Analysis: The Series 2003C Bonds are not callable until 2013 and are not eligible for advanced refunding consideration. These bonds cannot be considered a refunding candidate at this time.

Fiscal Year Ending 6/30	Principal Due in February	Coupon	Interest Due in Feb. and Aug.	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$192,076.81	$192,076.81	$17,510,000.00	
2005	$0.00	0	$785,768.76	$785,768.76	$17,510,000.00	
2006	$0.00	0	$785,768.76	$785,768.76	$17,510,000.00	
2007	$200,000.00	2.00%	$785,768.76	$985,768.76	$17,310,000.00	
2008	$430,000.00	4.00%	$781,768.76	$1,211,768.76	$16,880,000.00	
2009	$210,000.00	4.25%	$764,568.76	$974,568.76	$16,670,000.00	
2010	$215,000.00	4.25%	$755,643.76	$970,643.76	$16,455,000.00	
2011	$225,000.00	3.20%	$746,506.26	$971,506.26	$16,230,000.00	
2012	$235,000.00	3.50%	$739,306.26	$974,306.26	$15,995,000.00	
2013	$525,000.00	3.63%	$731,081.26	$1,256,081.26	$15,470,000.00	Call @ Par
2014	$550,000.00	3.88%	$712,050.00	$1,262,050.00	$14,920,000.00	Call @ Par
2015	$570,000.00	4.00%	$690,737.50	$1,260,737.50	$14,350,000.00	Call @ Par
2016	$590,000.00	4.50%	$667,937.50	$1,257,937.50	$13,760,000.00	Call @ Par
2017	$610,000.00	4.50%	$641,387.50	$1,251,387.50	$13,150,000.00	Call @ Par
2018	$640,000.00	4.30%	$613,937.50	$1,253,937.50	$12,510,000.00	Call @ Par
2019	$670,000.00	4.40%	$586,417.50	$1,256,417.50	$11,840,000.00	Call @ Par
2020	$695,000.00	4.50%	$556,937.50	$1,251,937.50	$11,145,000.00	Call @ Par
2021	$720,000.00	4.50%	$525,662.50	$1,245,662.50	$10,425,000.00	Call @ Par
2022	$755,000.00	4.63%	$493,262.50	$1,248,262.50	$9,670,000.00	Call @ Par
2023	$785,000.00	4.63%	$458,343.76	$1,243,343.76	$8,885,000.00	Call @ Par
2024	$825,000.00	4.75%	$422,037.50	$1,247,037.50	$8,060,000.00	Call @ Par
2025	$860,000.00	4.75%	$382,850.00	$1,242,850.00	$7,200,000.00	Call @ Par
2026	$900,000.00	4.75%	$342,000.00	$1,242,000.00	$6,300,000.00	Call @ Par
2027	$935,000.00	4.75%	$299,250.00	$1,234,250.00	$5,365,000.00	Call @ Par
2028	$980,000.00	4.75%	$254,837.50	$1,234,837.50	$4,385,000.00	Call @ Par
2029	$1,025,000.00	4.75%	$208,287.50	$1,233,287.50	$3,360,000.00	Call @ Par
2030	$1,070,000.00	4.75%	$159,600.00	$1,229,600.00	$2,290,000.00	Call @ Par
2031	$1,115,000.00	4.75%	$108,775.00	$1,223,775.00	$1,175,000.00	Call @ Par
2032	$1,175,000.00	4.75%	$55,812.50	$1,230,812.50	$0.00	
Total	**$17,510,000.00**		**$15,248,381.91**	**$32,758,381.91**		

$1,025,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Tax Allocation Refunding Bonds
(Business and Waterfront Improvement Area) Series 2003D

Dated Date: October 28, 2003

Final Maturity Date: February 1, 2012

Bond Counsel: Quint & Thimmig

Underwriter: E. J. De La Rosa & Co.

Trustee: Union Bank of California

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Ambac

Underlying Rating:
S&P: A-

Interest Rates:
NIC: 4.800% TIC: 4.801%

Outstanding Fund Balances/Investment Types
Shared Debt Reserve with Series C

Principal Retired: $490,000

Principal Outstanding: $535,000

Security for the Bonds: BWIP Area net pledged tax increment.

Use of Project Funds: Proceeds were used to refinance certain outstanding obligations of the CIC.

Analysis: The Series 2003D Bonds are non-callable and are not eligible for refunding consideration. However they could be defeased to maturity if the CIC could derive an economic or structuring benefit from doing so.

Fiscal Year Ending 6/30	Principal Due in February	Coupon	Interest Due in Feb. and Aug.	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$12,026.67	$12,026.67	$1,025,000.00	
2005	$0.00	0	$49,200.00	$49,200.00	$1,025,000.00	
2006	$0.00	0	$49,200.00	$49,200.00	$1,025,000.00	
2007	$0.00	0	$49,200.00	$49,200.00	$1,025,000.00	
2008	$0.00	0	$49,200.00	$49,200.00	$1,025,000.00	
2009	$240,000.00	4.80%	$49,200.00	$289,200.00	$785,000.00	
2010	$250,000.00	4.80%	$37,680.00	$287,680.00	$535,000.00	Non-Callable
2011	$265,000.00	4.80%	$25,680.00	$290,680.00	$270,000.00	Non-Callable
2012	$270,000.00	4.80%	$12,960.00	$282,960.00	$0.00	Non-Callable
Total	**$1,025,000.00**		**$334,346.67**	**$1,359,346.67**		

$7,745,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Insured Tax Allocation Bonds
(Merged Improvement Area) Series 2003A1

Dated Date: December 10, 2003

Final Maturity Date: March 1, 2033

Bond Counsel: Nixon Peabody

Underwriter: Stone & Youngberg

Trustee: Union Bank of California

Pricing Agent: Gardner, Underwood & Bacon

Credit Enhancement: Ambac

Underlying Rating: S&P - BBB+

Interest Rates:
NIC: 4.720% TIC: 4.692%

Outstanding Fund Balances/Investment Types
Debt Service Reserve Fund - $663,142.31

Principal Retired: $250,000

Principal Outstanding: $7,495,000

Security for the Bonds: Merged Improvement Area net pledged tax increment.

Use of Project Funds: Proceeds were used to finance and refinance certain CIC redevelopment projects and obligations.

Analysis: The Series 2003Al Bonds can legally be advance refunded at any time. However, since the Bonds are not callable until 2013, the Agency should be prepared to show reasons why advance refunding these bonds now would be advantageous. For example, a reason might be to reduce the Agency's annual debt payments by extending the maturity on the refunding bonds. Otherwise, it would be prudent to wait until it is closer to the first call date to advance refund the Bonds.

Fiscal Year Ending 6/30	Principal Due in March	Coupon	Interest Due in March & Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$71,674.34	$71,674.34	$7,745,000.00	
2005	$0.00	0	$353,462.50	$353,462.50	$7,745,000.00	
2006	$250,000.00	2.00%	$353,462.50	$603,462.50	$7,495,000.00	
2007	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2008	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2009	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2010	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2011	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2012	$0.00	0	$348,462.50	$348,462.50	$7,495,000.00	
2013	$200,000.00	3.70%	$348,462.50	$548,462.50	$7,295,000.00	Call @ 102
2014	$205,000.00	3.75%	$341,062.50	$546,062.50	$7,090,000.00	Call @ 101
2015	$210,000.00	3.85%	$333,375.00	$543,375.00	$6,880,000.00	Call @ Par
2016	$220,000.00	4.00%	$325,290.00	$545,290.00	$6,660,000.00	Call @ Par
2017	$230,000.00	4.13%	$316,490.00	$546,490.00	$6,430,000.00	Call @ Par
2018	$245,000.00	4.25%	$307,002.50	$552,002.50	$6,185,000.00	Call @ Par
2019	$250,000.00	4.30%	$296,590.00	$546,590.00	$5,935,000.00	Call @ Par
2020	$265,000.00	4.40%	$285,840.00	$550,840.00	$5,670,000.00	Call @ Par
2021	$275,000.00	4.50%	$274,180.00	$549,180.00	$5,395,000.00	Call @ Par
2022	$285,000.00	4.55%	$261,805.00	$546,805.00	$5,110,000.00	Call @ Par
2023	$300,000.00	4.63%	$248,837.50	$548,837.50	$4,810,000.00	Call @ Par
2024	$310,000.00	5.13%	$234,962.50	$544,962.50	$4,500,000.00	Call @ Par
2025	$330,000.00	5.13%	$219,075.00	$549,075.00	$4,170,000.00	Call @ Par
2026	$345,000.00	5.13%	$202,162.50	$547,162.50	$3,825,000.00	Call @ Par
2027	$365,000.00	5.13%	$184,481.26	$549,481.26	$3,460,000.00	Call @ Par
2028	$380,000.00	5.13%	$165,775.00	$545,775.00	$3,080,000.00	Call @ Par
2029	$400,000.00	4.75%	$146,300.00	$546,300.00	$2,680,000.00	Call @ Par
2030	$415,000.00	4.75%	$127,300.00	$542,300.00	$2,265,000.00	Call @ Par
2031	$440,000.00	4.75%	$107,587.50	$547,587.50	$1,825,000.00	Call @ Par
2032	$460,000.00	4.75%	$86,687.50	$546,687.50	$1,365,000.00	Call @ Par
2033	$1,365,000.00	4.75%	$64,837.50	$1,429,837.50	$0.00	
Total	**$7,745,000.00**		**$7,747,478.10**	**$15,492,478.10**		

$29,645,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Insured Taxable Tax Allocation Bonds
(Merged Improvement Area) Series 2003A2

Dated Date: December 10, 2003

Final Maturity Date: March 1, 2033

Bond Counsel: Nixon Peabody

Underwriter: Stone & Youngberg

Trustee: Union Bank of California

Pricing Agent: Gardner, Underwood & Bacon

Credit Enhancement: Ambac

Underlying Rating: S&P - BBB+

Interest Rates:
NIC: 6.184% TIC: 6.168%

Outstanding Fund Balances/Investment Types
Debt Service Reserve Fund - $2,567,812.50

Principal Retired: $0,00

Principal Outstanding: $29,645,000.00

Security for the Bonds: Merged Improvement Area net pledged tax increment.

Use of Project Funds: Proceeds were used to finance and refinance certain CIC redevelopment projects and obligations.

Analysis: The Series 2003A2 Bonds can legally be advance refunded at any time. However, since the Bonds are not callable until 2013, the Agency should be prepared to show reasons why advance refunding these bonds now would be advantageous. For example, a reason might be to reduce the Agency's annual debt payments by extending the maturity on the refunding bonds. Otherwise, it would be prudent to wait until it is closer to the first call date to advance refund the Bonds.

Fiscal Year Ending 6/30	Principal Due in March	Coupon	Interest Due in March & Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$369,029.70	$369,029.70	$29,645,000.00	
2005	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2006	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2007	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2008	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2009	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2010	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2011	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2012	$0.00	0	$1,819,872.50	$1,819,872.50	$29,645,000.00	
2013	$745,000.00	5.19%	$1,819,872.50	$2,564,872.50	$28,900,000.00	Call @ 102
2014	$780,000.00	5.84%	$1,781,207.00	$2,561,207.00	$28,120,000.00	Call @ 101
2015	$825,000.00	5.84%	$1,735,655.00	$2,560,655.00	$27,295,000.00	Call @ Par
2016	$875,000.00	5.84%	$1,687,475.00	$2,562,475.00	$26,420,000.00	Call @ Par
2017	$925,000.00	5.84%	$1,636,375.00	$2,561,375.00	$25,495,000.00	Call @ Par
2018	$985,000.00	5.84%	$1,582,355.00	$2,567,355.00	$24,510,000.00	Call @ Par
2019	$1,035,000.00	6.13%	$1,524,831.00	$2,559,831.00	$23,475,000.00	Call @ Par
2020	$1,105,000.00	6.13%	$1,461,385.50	$2,566,385.50	$22,370,000.00	Call @ Par
2021	$1,170,000.00	6.13%	$1,393,649.00	$2,563,649.00	$21,200,000.00	Call @ Par
2022	$1,240,000.00	6.13%	$1,321,928.00	$2,561,928.00	$19,960,000.00	Call @ Par
2023	$1,320,000.00	6.13%	$1,245,916.00	$2,565,916.00	$18,640,000.00	Call @ Par
2024	$1,395,000.00	6.25%	$1,165,000.00	$2,560,000.00	$17,245,000.00	Call @ Par
2025	$1,490,000.00	6.25%	$1,077,812.50	$2,567,812.50	$15,755,000.00	Call @ Par
2026	$1,575,000.00	6.25%	$984,687.50	$2,559,687.50	$14,180,000.00	Call @ Par
2027	$1,680,000.00	6.25%	$886,250.00	$2,566,250.00	$12,500,000.00	Call @ Par
2028	$1,780,000.00	6.25%	$781,250.00	$2,561,250.00	$10,720,000.00	Call @ Par
2029	$1,890,000.00	6.25%	$670,000.00	$2,560,000.00	$8,830,000.00	Call @ Par
2030	$2,010,000.00	6.25%	$551,875.00	$2,561,875.00	$6,820,000.00	Call @ Par
2031	$2,135,000.00	6.25%	$426,250.00	$2,561,250.00	$4,685,000.00	Call @ Par
2032	$2,270,000.00	6.25%	$292,812.50	$2,562,812.50	$2,415,000.00	Call @ Par
2033	$2,415,000.00	6.25%	$150,937.50	$2,565,937.50	$0.00	
Total	**$29,645,000.00**		**$39,105,533.70**	**$68,750,533.70**		

$9,205,000

COMMUNITY IMPROVEMENT COMMISSION OF THE CITY OF ALAMEDA
Subordinate Tax Allocation Bonds
(Merged Improvement Area) Series 2003B

Dated Date: December 10, 2003

Final Maturity Date: March 1, 2033

Bond Counsel: Nixon Peabody

Underwriter: Stone & Youngberg

Trustee: Union Bank of California

Pricing Agent: Gardner, Underwood & Bacon

Credit Enhancement: None

Underlying Ratings: None

Interest Rates:
NIC: 5.795% TIC: 5.766%

Outstanding Fund Balances/Investment Types
Debt Service Reserve Fund - $886,783.44

Principal Retired: $190,000

Principal Outstanding: $9,015,000

Security for the Bonds: Merged Improvement Area net pledged tax increment on a subordinated basis.

Use of Project Funds: Proceeds were used to finance and refinance certain CIC redevelopment projects and obligations.

Analysis: The Bonds are currently callable at 102% and could be refunded at any time that the present value savings would make a refunding beneficial. On or after 3/1/2014 they will be callable at 101%, and on or after 3/1/2015 they are callable at Par.

Fiscal Year Ending 6/30	Principal Due in March	Coupon	Interest Due in March & Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$105,957.73	$105,957.73	$9,205,000.00	Call @ 102
2005	$15,000.00	2.30%	$522,531.26	$537,531.26	$9,190,000.00	Call @ 102
2006	$25,000.00	2.65%	$522,186.26	$547,186.26	$9,165,000.00	Call @ 102
2007	$40,000.00	3.05%	$521,523.76	$561,523.76	$9,125,000.00	Call @ 102
2008	$50,000.00	3.45%	$520,303.76	$570,303.76	$9,075,000.00	Call @ 102
2009	$60,000.00	3.80%	$518,578.76	$578,578.76	$9,015,000.00	Call @ 102
2010	$75,000.00	4.05%	$516,298.76	$591,298.76	$8,940,000.00	Call @ 102
2011	$90,000.00	4.40%	$513,261.26	$603,261.26	$8,850,000.00	Call @ 102
2012	$105,000.00	4.70%	$509,301.26	$614,301.26	$8,745,000.00	Call @ 102
2013	$120,000.00	4.85%	$504,366.26	$624,366.26	$8,625,000.00	Call @ 102
2014	$140,000.00	5.00%	$498,546.26	$638,546.26	$8,485,000.00	Call @ 101
2015	$160,000.00	5.10%	$491,546.26	$651,546.26	$8,325,000.00	Call @ Par
2016	$180,000.00	5.20%	$483,386.26	$663,386.26	$8,145,000.00	Call @ Par
2017	$200,000.00	5.30%	$474,026.26	$674,026.26	$7,945,000.00	Call @ Par
2018	$225,000.00	5.40%	$463,426.26	$688,426.26	$7,720,000.00	Call @ Par
2019	$250,000.00	5.50%	$451,276.26	$701,276.26	$7,470,000.00	Call @ Par
2020	$280,000.00	5.60%	$437,526.26	$717,526.26	$7,190,000.00	Call @ Par
2021	$305,000.00	5.70%	$421,846.26	$726,846.26	$6,885,000.00	Call @ Par
2022	$340,000.00	5.75%	$404,461.26	$744,461.26	$6,545,000.00	Call @ Par
2023	$370,000.00	5.80%	$384,911.26	$754,911.26	$6,175,000.00	Call @ Par
2024	$410,000.00	5.85%	$363,451.26	$773,451.26	$5,765,000.00	Call @ Par
2025	$445,000.00	5.88%	$339,466.26	$784,466.26	$5,320,000.00	Call @ Par
2026	$490,000.00	5.88%	$313,322.50	$803,322.50	$4,830,000.00	Call @ Par
2027	$530,000.00	5.88%	$284,535.00	$814,535.00	$4,300,000.00	Call @ Par
2028	$580,000.00	5.88%	$253,397.50	$833,397.50	$3,720,000.00	Call @ Par
2029	$630,000.00	5.88%	$219,322.50	$849,322.50	$3,090,000.00	Call @ Par
2030	$685,000.00	5.90%	$182,310.00	$867,310.00	$2,405,000.00	Call @ Par
2031	$740,000.00	5.90%	$141,895.00	$881,895.00	$1,665,000.00	Call @ Par
2032	$800,000.00	5.90%	$98,235.00	$898,235.00	$865,000.00	Call @ Par
2033	$865,000.00	5.90%	$51,035.00	$916,035.00	$0.00	
Total	**$9,205,000.00**		**$11,512,231.69**	**$20,717,231.69**		

$17,035,000

ALAMEDA PUBLIC FINANCING AUTHORITY
Local Agency Revenue Bonds, 1996 Series A
(Community Facilities District No. 1 (Harbor Bay) Refinancing)

Dated Date: June 12, 1996

Final Maturity Date: August 1, 2019

Bond Counsel: Jones Hall Hill & White

Underwriter: Prager, McCarthy & Sealy

Trustee: First Trust of California, National Assoc.

Special Tax Administrator: Government Finance Group

Credit Enhancement: None

Underlying Ratings: Non-Rated

Interest Rates:
NIC: 6.915% TIC: 6.901%

Outstanding Fund Balances/Investment Types
None

Principal Retired: $4,710,000

Principal Outstanding: $12,325,000

Security for the Bonds: Special taxes collected on parcels within the CFD.

Use of Project Funds: Proceeds were used by the APFA to provide funds to acquire from the City its $17,035,000 Community Facilities District No. 1 (Harbor Bay) 1996 Special Tax Refunding Bonds.

Analysis: The Bonds are currently callable and could be refunded at any time that the present value savings would make a refunding feasible.

Fiscal Year Ending 6/30	Principal Due in August	Coupon	Interest Due in August & Feb	Total Due per Fiscal Year	Bond Balance	Call Feature
1996	$0.00	0	$0.00	$0.00	$17,035,000.00	
1997	$70,000.00	4.30%	$1,182,994.79	$1,252,994.79	$16,965,000.00	
1998	$150,000.00	4.75%	$1,132,665.00	$1,282,665.00	$16,815,000.00	
1999	$185,000.00	5.00%	$1,125,540.00	$1,310,540.00	$16,630,000.00	
2000	$215,000.00	5.20%	$1,116,290.00	$1,331,290.00	$16,415,000.00	
2001	$255,000.00	5.40%	$1,105,110.00	$1,360,110.00	$16,160,000.00	
2002	$300,000.00	5.55%	$1,091,340.00	$1,391,340.00	$15,860,000.00	
2003	$340,000.00	5.70%	$1,074,690.00	$1,414,690.00	$15,520,000.00	
2004	$390,000.00	5.80%	$1,055,310.00	$1,445,310.00	$15,130,000.00	
2005	$440,000.00	5.90%	$1,032,690.00	$1,472,690.00	$14,690,000.00	
2006	$495,000.00	6.00%	$1,006,730.00	$1,501,730.00	$14,195,000.00	Call @ 102
2007	$555,000.00	6.10%	$977,030.00	$1,532,030.00	$13,640,000.00	Call @ 101
2008	$620,000.00	6.70%	$943,175.00	$1,563,175.00	$13,020,000.00	Call @ Par
2009	$695,000.00	6.70%	$901,635.00	$1,596,635.00	$12,325,000.00	Call @ Par
2010	$765,000.00	6.70%	$855,070.00	$1,620,070.00	$11,560,000.00	Call @ Par
2011	$855,000.00	6.70%	$803,815.00	$1,658,815.00	$10,705,000.00	Call @ Par
2012	$940,000.00	6.70%	$746,530.00	$1,686,530.00	$9,765,000.00	Call @ Par
2013	$1,035,000.00	7.00%	$683,550.00	$1,718,550.00	$8,730,000.00	Call @ Par
2014	$1,140,000.00	7.00%	$611,100.00	$1,751,100.00	$7,590,000.00	Call @ Par
2015	$1,255,000.00	7.00%	$531,300.00	$1,786,300.00	$6,335,000.00	Call @ Par
2016	$1,375,000.00	7.00%	$443,450.00	$1,818,450.00	$4,960,000.00	Call @ Par
2017	$1,510,000.00	7.00%	$347,200.00	$1,857,200.00	$3,450,000.00	Call @ Par
2018	$1,650,000.00	7.00%	$241,500.00	$1,891,500.00	$1,800,000.00	Call @ Par
2019	$1,800,000.00	7.00%	$126,000.00	$1,926,000.00	$0.00	
Total	**$17,035,000.00**		**$19,134,714.79**	**$36,169,714.79**		

$2,075,000

CITY OF ALAMEDA
Community Facilities District No. 2
(Paragon Gateway)
Series 1997, Special Tax Bonds

Dated Date: October 23, 1997

Final Maturity Date: September 1, 2016

Bond Counsel: Nixon Peabody

Underwriter: E. Wagner & Associates

Fiscal Agent: First Trust of California, Nat. Assoc.

Financial Advisor: None

Credit Enhancement: None

Underlying Ratings: Non-Rated

Interest Rates:
NIC: 6.099% TIC: 6.096%

Outstanding Fund Balances/Investment Types
Debt Reserve Fund - $185,519.00

Principal Retired: $1,055,000

Principal Outstanding: $1,020,000

Security for the Bonds: Special taxes collected on parcels within the CFD.

Use of Project Funds: Proceeds were used to refund the City's Community Facilities District No. 2 (Paragon Gateway) Series 1990 Special Tax Bonds originally issued in the aggregate principal amount of $1,615000.

Analysis: The Bonds are currently callable at par and could be refunded at any time that the present value savings would make a refunding feasible. Please note, however, that the Bonds mature in less then eight years.

Fiscal Year Ending 6/30	Principal Due in September	Coupon	Interest Due in March & Sept.	Total Due per Fiscal Year	Bond Balance	Call Feature
1998	$90,000.00	4.25%	$94,744.00	$184,744.00	$1,985,000.00	
1999	$70,000.00	4.50%	$114,605.00	$184,605.00	$1,915,000.00	
2000	$70,000.00	4.75%	$111,455.00	$181,455.00	$1,845,000.00	
2001	$75,000.00	5.00%	$108,130.00	$183,130.00	$1,770,000.00	
2002	$80,000.00	5.10%	$104,380.00	$184,380.00	$1,690,000.00	
2003	$80,000.00	5.20%	$100,300.00	$180,300.00	$1,610,000.00	
2004	$85,000.00	5.30%	$96,140.00	$181,140.00	$1,525,000.00	
2005	$90,000.00	5.40%	$91,635.00	$181,635.00	$1,435,000.00	
2006	$95,000.00	5.50%	$86,775.00	$181,775.00	$1,340,000.00	Call @ 102
2007	$100,000.00	5.60%	$81,550.00	$181,550.00	$1,240,000.00	Call @ 101
2008	$105,000.00	6.13%	$75,950.00	$180,950.00	$1,135,000.00	Call @ Par
2009	$115,000.00	6.13%	$69,518.76	$184,518.76	$1,020,000.00	Call @ Par
2010	$120,000.00	6.13%	$62,475.00	$182,475.00	$900,000.00	Call @ Par
2011	$130,000.00	6.13%	$55,125.00	$185,125.00	$770,000.00	Call @ Par
2012	$135,000.00	6.13%	$47,162.50	$182,162.50	$635,000.00	Call @ Par
2013	$145,000.00	6.13%	$38,893.76	$183,893.76	$490,000.00	Call @ Par
2014	$155,000.00	6.13%	$30,012.50	$185,012.50	$335,000.00	Call @ Par
2015	$165,000.00	6.13%	$20,518.76	$185,518.76	$170,000.00	Call @ Par
2016	$170,000.00	6.13%	$10,412.50	$180,412.50	$0.00	
Total	**$2,075,000.00**		**$1,399,782.78**	**$3,474,782.78**		

$27,775,000

CITY OF ALAMEDA
1998 Revenue Bonds
(Harbor Bay Business Park Assessment District Bond Refinancing)

Dated Date: November 20, 1998

Final Maturity Date: September 2, 2012

Bond Counsel: Jones Hall

Underwriter: Stone & Youngberg

Trustee: U.S. Bank Trust National Association

Financial Advisor: None

Credit Enhancement: None

Underlying Ratings: Non-Rated

Interest Rates:
NIC: 5.469% TIC: 5.467%

Outstanding Fund Balances/Investment Types
Debt Reserve Account - $1,400,075.00

Principal Retired: $20,015,000.00

Principal Outstanding: $7,760,000.00

Security for the Bonds: Special taxes collected on parcels within the CFD.

Use of Project Funds: Proceeds were used to purchase the entire outstanding City of Alameda Limited Obligation Refunding Improvement Bonds Harbor Bay Business Park Assessment District 92-1 Series 1998.

Analysis: The Bonds are currently callable at par and could be refunded at any time that the present value savings would make a refunding feasible. Please note, however, that the Bonds mature in less then four years.

Fiscal Year Ending 6/30	Principal Due in September	Coupon	Interest Due in March & Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
1999	$1,330,000.00	4.70%	$1,114,549.19	$2,444,549.19	$26,445,000.00	Call @ 6.653
2000	$1,490,000.00	4.70%	$1,360,318.76	$2,850,318.76	$24,955,000.00	Call @ 5.764
2001	$1,565,000.00	4.70%	$1,290,288.76	$2,855,288.76	$23,390,000.00	Call @ 4.432
2002	$1,635,000.00	4.70%	$1,216,733.76	$2,851,733.76	$21,755,000.00	Call @ 3.042
2003	$1,715,000.00	4.80%	$1,139,888.76	$2,854,888.76	$20,040,000.00	Call @ 1.590
2004	$1,800,000.00	4.90%	$1,057,568.76	$2,857,568.76	$18,240,000.00	Call @ Par
2005	$1,890,000.00	5.00%	$969,368.76	$2,859,368.76	$16,350,000.00	Call @ Par
2006	$1,985,000.00	5.00%	$874,868.76	$2,859,868.76	$14,365,000.00	Call @ Par
2007	$2,095,000.00	5.13%	$775,618.76	$2,870,618.76	$12,270,000.00	Call @ Par
2008	$2,200,000.00	5.20%	$668,250.00	$2,868,250.00	$10,070,000.00	Call @ Par
2009	$2,310,000.00	5.50%	$553,850.00	$2,863,850.00	$7,760,000.00	Call @ Par
2010	$2,450,000.00	5.50%	$426,800.00	$2,876,800.00	$5,310,000.00	Call @ Par
2011	$2,580,000.00	5.50%	$292,050.00	$2,872,050.00	$2,730,000.00	Call @ Par
2012	$2,730,000.00	5.50%	$150,150.00	$2,880,150.00	$0.00	
Total	**$27,775,000.00**		**$11,890,304.27**	**$39,665,304.27**		

$37,685,000

ALAMEDA PUBLIC FINANCING AUTHORITY
1999 Revenue Bonds
(1997 Revenue Bond Refinancing)
Marina Village Assessment District Bond Refinancing

Dated Date: January 15, 1999

Final Maturity Date: September 2, 2014

Bond Counsel: Jones Hall

Underwriter: Stone & Youngberg

Trustee: U. S. Bank Trust National Association

Financial Advisor: None

Credit Enhancement: None

Underlying Ratings: Non-Rated

Interest Rates:
NIC: 5.131% TIC: 5.104%

Outstanding Fund Balances/Investment Types
None

Principal Retired: $23,610,000.00

Principal Outstanding: $14,075,000.00

Security for the Bonds: Special obligations of the Authority, payable solely from payments received from the outstanding Marina Village Assessment Bonds.

Use of Project Funds: Proceeds were used to refinance the entire outstanding issue of APFA 1997 Revenue Bonds (Marina Village Assessment District).

Analysis: The Bonds are currently callable and could be refunded at any time that the present value savings would make a refunding feasible.

Fiscal Year Ending 6/30	Principal Due in September	Coupon	Interest Due in March & Sept	Total Due per Fiscal Year	Bond Balance	Call Feature
1999	$1,510,000.00	3.60%	$1,163,311.94	$2,673,311.94	$36,175,000.00	Call @ 102
2000	$1,900,000.00	4.10%	$1,790,540.00	$3,690,540.00	$34,275,000.00	Call @ 102
2001	$1,985,000.00	4.25%	$1,712,640.00	$3,697,640.00	$32,290,000.00	Call @ 102
2002	$2,070,000.00	4.40%	$1,628,277.50	$3,698,277.50	$30,220,000.00	Call @ 102
2003	$2,155,000.00	4.60%	$1,537,197.50	$3,692,197.50	$28,065,000.00	Call @ 102
2004	$2,270,000.00	4.70%	$1,438,067.50	$3,708,067.50	$25,795,000.00	Call @ 102
2005	$2,355,000.00	4.80%	$1,331,377.50	$3,686,377.50	$23,440,000.00	Call @ 102
2006	$2,470,000.00	4.85%	$1,218,337.50	$3,688,337.50	$20,970,000.00	Call @ 102
2007	$2,190,000.00	4.95%	$1,098,542.50	$3,288,542.50	$18,780,000.00	Call @ 102
2008	$2,295,000.00	5.00%	$990,137.50	$3,285,137.50	$16,485,000.00	Call @ 102
2009	$2,410,000.00	5.10%	$875,387.50	$3,285,387.50	$14,075,000.00	Call @ 102
2010	$2,530,000.00	5.20%	$752,477.50	$3,282,477.50	$11,545,000.00	Call @ 102
2011	$2,665,000.00	5.30%	$620,917.50	$3,285,917.50	$8,880,000.00	Call @ 102
2012	$2,810,000.00	5.35%	$479,672.50	$3,289,672.50	$6,070,000.00	Call @ 102
2013	$2,955,000.00	5.40%	$329,337.50	$3,284,337.50	$3,115,000.00	Call @ 102
2014	$3,115,000.00	5.45%	$169,767.50	$3,284,767,50	$0.00	
Total	**$37,685,000.00**		**$17,135,989.44**	**$54,820,989.44**		

$9,080,000

ALAMEDA PUBLIC FINANCING AUTHORITY
Variable Rate Demand Revenue Bonds, 2003 Series A
(Alameda Point Improvement Project)

Dated Date: December 8, 2003

Final Maturity Date: December 1, 2033

Bond Counsel: Quint & Thimmig

Underwriter: JP Morgan

Trustee: Union Bank of California

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Union Bank of California

Underlying Ratings: S&P - A-1+

Interest Rates change weekly.

Outstanding Fund Balances/Investment Types: None

Principal Retired: $580,000.00

Principal Outstanding: $8,500,000.00

Security for the Bonds: Special obligations of the Authority, payable solely from lease revenue derived from rental payments made to the Alameda Reuse and Redevelopment Authority for certain land, buildings, fixtures and equipment in the Alameda Point Improvement Project Area.

Use of Project Funds: Proceeds were used to refund the outstanding APFA 1999 Series ARDBs.

Analysis: The Bonds are currently callable and could be refunded at any time and/or converted under the indenture to another financing mode such as daily, monthly or yearly variable or fixed rate to maturity. Refunding or converting the Bonds would depend entirely on the CIC's goals and objectives.

Fiscal Year Ending 6/30	Principal Due in December	Estimated Coupon	Estimated Interest	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$347,322.39	$347,322.39	$9,080,000.00	
2005	$0.00	0	$363,115.68	$363,115.68	$9,080,000.00	
2006	$0.00	0	$363,199.96	$363,199.96	$9,080,000.00	
2007	$180,000.00	4.00%	$363,199.96	$543,199.96	$8,900,000.00	
2008	$200,000.00	4.00%	$356,082.65	$556,082.65	$8,700,000.00	
2009	$200,000.00	4.00%	$347,919.22	$547,919.22	$8,500,000.00	Call @ Par
2010	$200,000.00	4.00%	$340,000.00	$540,000.00	$8,300,000.00	Call @ Par
2011	$200,000.00	4.00%	$331,999.99	$531,999.99	$8,100,000.00	Call @ Par
2012	$200,000.00	4.00%	$324,075.18	$524,075.18	$7,900,000.00	Call @ Par
2013	$200,000.00	4.00%	$315,926.69	$515,926.69	$7,700,000.00	Call @ Par
2014	$300,000.00	4.00%	$307,999.98	$607,999.98	$7,400,000.00	Call @ Par
2015	$300,000.00	4.00%	$296,000.04	$596,000.04	$7,100,000.00	Call @ Par
2016	$300,000.00	4.00%	$284,065.88	$584,065.88	$6,800,000.00	Call @ Par
2017	$300,000.00	4.00%	$271,936.86	$571,936.86	$6,500,000.00	Call @ Par
2018	$300,000.00	4.00%	$259,999.98	$559,999.98	$6,200,000.00	Call @ Par
2019	$300,000.00	4.00%	$247,999.97	$547,999.97	$5,900,000.00	Call @ Par
2020	$300,000.00	4.00%	$236,054.75	$536,054.75	$5,600,000.00	Call @ Par
2021	$300,000.00	4.00%	$223,948.04	$523,948.04	$5,300,000.00	Call @ Par
2022	$400,000.00	4.00%	$212,000.01	$612,000.01	$4,900,000.00	Call @ Par
2023	$400,000.00	4.00%	$196,000.04	$596,000.04	$4,500,000.00	Call @ Par
2024	$400,000.00	4.00%	$180,041.77	$580,041.77	$4,100,000.00	Call @ Par
2025	$400,000.00	4.00%	$163,961.95	$563,961.95	$3,700,000.00	Call @ Par
2026	$400,000.00	4.00%	$147,999.96	$547,999.96	$3,300,000.00	Call @ Par
2027	$400,000.00	4.00%	$132,000.03	$532,000.03	$2,900,000.00	Call @ Par
2028	$400,000.00	4.00%	$116,026.95	$516,026.95	$2,500,000.00	Call @ Par
2029	$500,000.00	4.00%	$99,976.80	$599,976.80	$2,000,000.00	Call @ Par
2030	$500,000.00	4.00%	$79,999.99	$579,999.99	$1,500,000.00	Call @ Par
2031	$500,000.00	4.00%	$60,000.01	$560,000.01	$1,000,000.00	Call @ Par
2032	$500,000.00	4.00%	$40,009.30	$540,009.30	$500,000.00	Call @ Par
2033	$500,000.00	4.00%	$19,995.38	$519,995.38	$0.00	
Total	$9,080,000.00		$7,028,859.41	$16,108,859.41		

$4,360,000

ALAMEDA PUBLIC FINANCING AUTHORITY
Taxable Variable Rate Demand Revenue Bonds, 2003 Series B
(Alameda Point Improvement Project)

Dated Date: December 8, 2003

Final Maturity Date: December 1, 2033

Bond Counsel: Quint & Thimmig

Underwriter: JP Morgan

Trustee: Union Bank of California

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Union Bank of California

Underlying Ratings: S&P - A-1+

Interest Rates change weekly.

Outstanding Fund Balances/Investment Types: None

Principal Retired: $260,000.00

Principal Outstanding: $4,100,000.00

Security for the Bonds: Special obligations of the Authority, payable solely from lease revenue derived from rental payments made to the Alameda Reuse and Redevelopment Authority for certain land, buildings, fixtures and equipment in the Alameda Point Improvement Project Area.

Use of Project Funds: Proceeds were used to finance professional services required in the redevelopment process at Alameda Point

Analysis: The Bonds are currently callable and could be refunded at any time and/or converted under the indenture to another financing mode such as daily, monthly or yearly variable or fixed rate to maturity. Refunding or converting the Bonds would depend entirely on the CIC's goals and objectives.

Fiscal Year Ending 6/30	Principal Due in December	Estimated Coupon	Estimated Interest	Total Due per Fiscal Year	Bond Balance	Call Feature
2004	$0.00	0	$166,775.94	$166,775.94	$4,360,000.00	
2005	$0.00	0	$174,359.51	$174,359.51	$4,360,000.00	
2006	$0.00	0	$174,399.98	$174,399.98	$4,360,000.00	
2007	$60,000.00	4.00%	$174,399.98	$234,399.98	$4,300,000.00	Call @ Par
2008	$100,000.00	4.00%	$172,039.94	$272,039.94	$4,200,000.00	Call @ Par
2009	$100,000.00	4.00%	$167,961.00	$267,961.00	$4,100,000.00	Call @ Par
2010	$100,000.00	4.00%	$164,000.01	$264,000.01	$4,000,000.00	Call @ Par
2011	$100,000.00	4.00%	$159,999.97	$259,999.97	$3,900,000.00	Call @ Par
2012	$100,000.00	4.00%	$156,036.20	$256,036.20	$3,800,000.00	Call @ Par
2013	$100,000.00	4.00%	$151,964.73	$251,964.73	$3,700,000.00	Call @ Par
2014	$100,000.00	4.00%	$147,999.96	$247,999.96	$3,600,000.00	Call @ Par
2015	$100,000.00	4.00%	$144,000.04	$244,000.04	$3,500,000.00	Call @ Par
2016	$100,000.00	4.00%	$140,032.47	$240,032.47	$3,400,000.00	Call @ Par
2017	$100,000.00	4.00%	$135,968.41	$235,968.41	$3,300,000.00	Call @ Par
2018	$100,000.00	4.00%	$132,000.03	$232,000.03	$3,200,000.00	Call @ Par
2019	$100,000.00	4.00%	$127,999.99	$227,999.99	$3,100,000.00	Call @ Par
2020	$100,000.00	4.00%	$124,028.75	$224,028.75	$3,000,000.00	Call @ Par
2021	$200,000.00	4.00%	$119,972.13	$319,972.13	$2,800,000.00	Call @ Par
2022	$200,000.00	4.00%	$112,000.01	$312,000.01	$2,600,000.00	Call @ Par
2023	$200,000.00	4.00%	$104,000.04	$304,000.04	$2,400,000.00	Call @ Par
2024	$200,000.00	4.00%	$96,022.28	$296,022.28	$2,200,000.00	Call @ Par
2025	$200,000.00	4.00%	$87,979.57	$287,979.57	$2,000,000.00	Call @ Par
2026	$200,000.00	4.00%	$79,999.99	$279,999.99	$1,800,000.00	Call @ Par
2027	$200,000.00	4.00%	$72,000.02	$272,000.02	$1,600,000.00	Call @ Par
2028	$200,000.00	4.00%	$64,014.88	$264,014.88	$1,400,000.00	Call @ Par
2029	$200,000.00	4.00%	$55,986.98	$255,986.98	$1,200,000.00	Call @ Par
2030	$300,000.00	4.00%	$48,000.00	$348,000.00	$900,000.00	Call @ Par
2031	$300,000.00	4.00%	$35,999.95	$335,999.95	$600,000.00	Call @ Par
2032	$300,000.00	4.00%	$24,005.58	$324,005.58	$300,000.00	Call @ Par
2033	$300,000.00	4.00%	$11,997.22	$311,997.22	$0.00	
Total	**$4,360,000.00**		**$3,525,945.56**	**$7,885,945.56**		

$5,850,000

CERTIFICATES OF PARTICIPATION
(1995 Sewer System Refinancing and Improvement Project)
CITY OF ALAMEDA
Alameda Public Improvement Corporation

Dated Date: December 14, 1995

Final Maturity Date: March 1, 2018

Bond Counsel: Jones Hall Hill & White

Underwriter: Prager, McCarthy & Sealy

Trustee: First Trust of California

Financial Advisor: None

Credit Enhancement: Ambac

Underlying Ratings: None

Interest Rates:
NIC: 4.901% TIC: 4.905%

Outstanding Fund Balances/Investment Types
None

Principal Retired: $2,820,000.00

Principal Outstanding: $3,030,000.00

Security for the COPs: The City has covenanted to make Installment Payments during each fiscal year from its sewer system enterprise revenues.

Use of Project Funds: Proceeds were used to finance the acquisition and construction of various improvements to the City sewer system.

Analysis: The COPs are currently callable and could be refunded at any time. However, the principal amount outstanding is small, therefore it is recommended that the COPs be considered for refunding only as part of a larger sewer system enterprise COPs new money and/or refunding issue.

Fiscal Year Ending 6/30	Principal Due in March	Coupon	Interest Due in Sept & March	Total Due per Fiscal Year	Bond Balance	Call Feature
1996	$205,000.00	3.55%	$49,252.89	$254,252.89	$5,645,000.00	
1997	$155,000.00	3.80%	$269,770.00	$424,770.00	$5,490,000.00	
1998	$160,000.00	4.05%	$263,880.00	$423,880.00	$5,330,000.00	
1999	$165,000.00	4.15%	$257,400.00	$422,400.00	$5,165,000.00	
2000	$175,000.00	4.30%	$250,552.50	$425,552.50	$4,990,000.00	
2001	$180,000.00	4.45%	$243,027.50	$423,027.50	$4,810,000.00	
2002	$185,000.00	4.55%	$235,017.50	$420,017.50	$4,625,000.00	
2003	$195,000.00	4.65%	$226,600.00	$421,600.00	$4,430,000.00	
2004	$205,000.00	4.75%	$217,532.50	$422,532.50	$4,225,000.00	
2005	$215,000.00	4.85%	$207,795.00	$422,795.00	$4,010,000.00	
2006	$225,000.00	4.95%	$197,367.50	$422,367.50	$3,785,000.00	Call @ 102
2007	$240,000.00	5.05%	$186,230.00	$426,230.00	$3,545,000.00	Call @ 101
2008	$250,000.00	5.10%	$174,110.00	$424,110.00	$3,295,000.00	Call @ Par
2009	$265,000.00	5.15%	$161,360.00	$426,360.00	$3,030,000.00	Call @ Par
2010	$275,000.00	4.88%	$147,712.50	$422,712.50	$2,755,000.00	Call @ Par
2011	$290,000.00	4.88%	$134,306.26	$424,306.26	$2,465,000.00	Call @ Par
2012	$305,000.00	4.88%	$120,168.76	$425,168.76	$2,160,000.00	Call @ Par
2013	$320,000.00	4.88%	$105,300.00	$425,300.00	$1,840,000.00	Call @ Par
2014	$335,000.00	4.88%	$89,700.00	$424,700.00	$1,505,000.00	Call @ Par
2015	$350,000.00	4.88%	$73,368.76	$423,368.76	$1,155,000.00	Call @ Par
2016	$365,000.00	4.88%	$56,306.26	$421,306.26	$790,000.00	Call @ Par
2017	$385,000.00	4.88%	$38,512.50	$423,512.50	$405,000.00	Call @ Par
2018	$405,000.00	4.88%	$19,743.76	$424,743.76	$0.00	
Total	**$5,850,000.00**		**$3,725,014.19**	**$9,575,014.19**		

$11,370,000

2002 CERTIFICATES OF PARTICIPATION
(City Hall Refinancing Project)
CITY OF ALAMEDA
Alameda Public Improvement Corporation

Dated Date: September 10, 2002

Final Maturity Date: May 1, 2025

Bond Counsel: Jones Hall

Underwriter: Stone & Youngberg

Trustee: BNY Western Trust Company

Financial Advisor: Kelling, Northcross & Nobriga

Credit Enhancement: None

Underlying Ratings: S&P - A

Interest Rates:
NIC: 4.547% TIC: 4.496%

Outstanding Fund Balances/Investment Types
Debt Reserve Fund - $829,950.00

Principal Retired: $2,230,000.00

Principal Outstanding: $9,140,000.00

Security for the COPs: The City has covenanted to make Installment Payments during each fiscal year from City General Fund revenues.

Use of Project Funds: Proceeds were used to refund the City's $10,565,000 COPs, Series 1995 (City Hall Seismic Upgrade and Renovation Project).

Analysis: The Series 2002 COPs are not callable on a current basis until 2012 and are not eligible for advanced refunding consideration. These bonds cannot be considered a refunding candidate at this time.

Fiscal Year Ending 6/30	Principal Due in May	Coupon	Interest Due in Nov & May	Total Due per Fiscal Year	Bond Balance	Call Feature
2003	$0.00	$0.00	$285,367.71	$285,367.71	$11,370,000.00	
2004	$350,000.00	$0.02	$477,825.00	$827,825.00	$11,020,000.00	
2005	$360,000.00	$0.02	$469,950.00	$829,950.00	$10,660,000.00	
2006	$365,000.00	$0.02	$461,850.00	$826,850.00	$10,295,000.00	
2007	$375,000.00	$0.03	$453,637.50	$828,637.50	$9,920,000.00	
2008	$385,000.00	$0.03	$443,887.50	$828,887.50	$9,535,000.00	
2009	$395,000.00	$0.03	$432,337.50	$827,337.50	$9,140,000.00	
2010	$410,000.00	$0.05	$419,500.00	$829,500.00	$8,730,000.00	
2011	$425,000.00	$0.05	$401,050.00	$826,050.00	$8,305,000.00	
2012	$445,000.00	$0.05	$381,500.00	$826,500.00	$7,860,000.00	Call @ Par
2013	$465,000.00	$0.04	$360,362.50	$825,362.50	$7,395,000.00	Call @ Par
2014	$485,000.00	$0.04	$342,692.50	$827,692.50	$6,910,000.00	Call @ Par
2015	$505,000.00	$0.04	$323,292.50	$828,292.50	$6,405,000.00	Call @ Par
2016	$525,000.00	$0.04	$302,587.50	$827,587.50	$5,880,000.00	Call @ Par
2017	$545,000.00	$0.04	$280,275.00	$825,275.00	$5,335,000.00	Call @ Par
2018	$570,000.00	$0.05	$256,295.00	$826,295.00	$4,765,000.00	Call @ Par
2019	$595,000.00	$0.05	$230,645.00	$825,645.00	$4,170,000.00	Call @ Par
2020	$625,000.00	$0.05	$203,275.00	$828,275.00	$3,545,000.00	Call @ Par
2021	$655,000.00	$0.05	$173,900.00	$828,900.00	$2,890,000.00	Call @ Par
2022	$685,000.00	$0.05	$142,787.50	$827,787.50	$2,205,000.00	Call @ Par
2023	$715,000.00	$0.05	$110,250.00	$825,250.00	$1,490,000.00	Call @ Par
2024	$755,000.00	$0.05	$74,500.00	$829,500.00	$735,000.00	Call @ Par
2025	$735,000.00	$0.05	$36,750.00	$771,750.00	$0.00	
Total	**$11,370,000.00**		**$7,064,517.71**	**$18,434,517.71**		

$4,575,000

CERTIFICATES OF PARTICIPATION
(2008 Refinancing Project)
CITY OF ALAMEDA
Alameda Public Improvement Corporation

Dated Date: June 24, 2008

Final Maturity Date: May 1, 2022

Bond Counsel: Quint & Thimmig

Underwriter: Wedbush Morgan Securities

Trustee: Union Bank of Californai

Financial Advisor: Gardner, Underwood & Bacon

Credit Enhancement: Assured Guaranty

Underlying Ratings: S&P - AA-

Interest Rates:
NIC: 4.564% TIC: 4.560%

Outstanding Fund Balances/Investment Types
None

Principal Retired: $0

Principal Outstanding: $4,575,000

Security for the Bonds: The City has covenanted to make Installment Payments during each fiscal year from City General Fund revenues.

Use of Project Funds: Proceeds were used to refinance the acquisition and construction, installation, modernization and equipping of improvements to various City facilities and to refund the City's 1996 Police Building COPs.

Analysis: The bonds are non-callable.

Fiscal Year Ending 6/30	Principal Due in May	Coupon	Interest Due in May and Nov.	Total Due per Fiscal Year	Bond Balance	Call Feature
2009	$0.00	0	$175,336.45	$175,336.45	$4,575,000.00	Non-callable
2010	$0.00	0	$205,606.26	$205,606.26	$4,575,000.00	Non-callable
2011	$410,000.00	4.00%	$205,606.26	$615,606.26	$4,165,000.00	Non-callable
2012	$425,000.00	4.00%	$189,206.26	$614,206.26	$3,740,000.00	Non-callable
2013	$435,000.00	4.00%	$172,206.26	$607,206.26	$3,305,000.00	Non-callable
2014	$460,000.00	5.00%	$154,806.26	$614,806.26	$2,845,000.00	Non-callable
2015	$480,000.00	5.00%	$131,806.26	$611,806.26	$2,365,000.00	Non-callable
2016	$510,000.00	4.00%	$107,806.26	$617,806.26	$1,855,000.00	Non-callable
2017	$275,000.00	5.00%	$87,406.26	$362,406.26	$1,580,000.00	Non-callable
2018	$290,000.00	5.00%	$73,656.26	$363,656.26	$1,290,000.00	Non-callable
2019	$300,000.00	5.00%	$59,156.26	$359,156.26	$990,000.00	Non-callable
2020	$315,000.00	4.38%	$44,156.26	$359,156.26	$675,000.00	Non-callable
2021	$330,000.00	4.50%	$30,375.00	$360,375.00	$345,000.00	Non-callable
2022	$345,000.00	4.50%	$15,525.00	$360,525.00	$0.00	Non-callable
Total	**$4,575,000.00**		**$1,652,655.31**	**$6,227,655.31**		