



Five-Year Financial Forecast

2015

City of Riverbank

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“The City of Riverbank is committed to providing exceptional municipal services in a fiscally-sound and professionally-responsible manner for our community.”

City of Riverbank

Mission Statement

Executive Summary

Five-Year Forecast Summary

Despite an economy that continues to bounce back from the recession, the Forecast reveals that these recovering revenues are not sufficient to cover on-going expenditures. In addition, it will be necessary to review upcoming capital items related to buildings and storm drain in order to assess potential funding.

Five-Year Forecast Overview

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Beginning Reserve	\$901,616	\$707,231	\$507,729	\$452,809	\$352,801
Revenues	8,470,215	8,875,519	9,083,162	9,297,251	9,529,414
Expenditures	8,630,600	8,891,520	9,120,583	9,369,258	9,523,646
Surplus/(Deficit)	(160,385)	(16,001)	(37,421)	(72,008)	3,068
Capital Outlay	34,000	183,500	17,500	28,000	17,500
Ending Reserve	\$707,231	507,729	452,809	352,801	338,370
Reserve %	8.3%	5.7%	5.0%	3.8%	3.6%

Economic Outlook

In preparing the Fiscal Year 2016 to 2020 General Fund Financial Forecast, key economic indicators and measures available through various publications and reports were reviewed. Overall, the economic outlook for 2016 calls for continued measured optimism even as global economic conditions continue to produce uneven economic growth across regions and sectors.

U.S. Forecast

Despite the resurgence of the economy from the recession, recent experiences in the U.S. financial markets have reminded everyone how fragile the economy still is. Despite these recent experiences, U.S. economists point to the continued increases in construction, industrial production, and business investment as positive signs of our recovery. Consumer spending continues to grow and unemployment figures are seeing a decrease with the U.S. being on track to add 2.6 million jobs this year. Interest rates continue to remain low, reflecting a positive sign for those looking to purchase a home.

Top **positive trends** that are being noted throughout the U.S. include:

- *Low Commodity Prices*
- *Rebounding Housing Market*
- *Europe*

U.S. Home Sales



U.S. Economists list the following top **negative trends** that need to be closely monitored:

- *Rising Economic Inequality*
- *Mortgage Credit*
- *The Financial Markets*

Dow Jones YTD Performance Chart

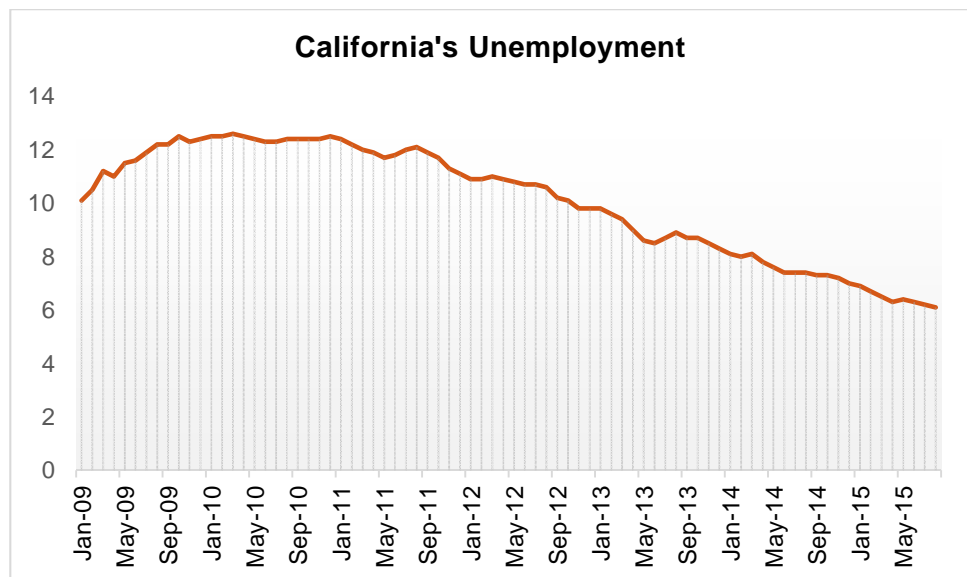


California's Economy

As a whole, California's economy has out-performed the nation in terms of job growth and production. Over the past 12 months California has been the 5th fastest growing state in the nation and the single largest source of new U.S. jobs with more than 461,000 positions created. The quality of jobs being created, particularly in the Professional, Scientific, and Technical Services sector, have been a great boost to the California economy with over 77,000 new jobs in this category. The average annual wage for workers in California has also been steadily improving with an increase of 3.4% since last year. California economists predict that this income growth will continue through the end of the 2015.

Home sales in California have been steadily increasing, similar to that occurring throughout the U.S. The median prices of a home in California has risen by more than 82% since hitting rock bottom in 2009. This is helping existing homeowners build equity in their homes and give them the ability to resell their homes in the secondary market.

Of concern is the lack of growth in lower wage positions in lower skilled sectors (such as Tourism and Administrative Support). Construction jobs have surged since the end of 2009 across the state. Unfortunately, they have not once again reached their 2009 levels leaving many still unemployed in this area. The positive news is that the Construction and Manufacturing sectors are anticipated to add jobs in 2016.



Fiscal challenges continue to face California. Although Governor Brown has made significant headway in facing head-on the need to address the sustainability of the State's General Fund there continues to be issues that need to be addressed, such as:

- *The State's reliance on Proposition 30:* Proposition 30 was a voter-approved, temporary tax increase for the state's top income earners. A reduction in the tax rate at this time would have short-run effects on the State's ability to finance its General Fund obligations which can result in an extension of these tax measures.
- *Unfunded Pension Obligations:* The underfunded portions of California's CalPERS and CalSTRS programs are estimated at \$150 billion. The economic growths in the stock market have done little to appease the concerns over the funding of this obligation.
- *Infrastructure Investment:* It is estimated that California needs to invest more than \$650 billion in new infrastructure over the next 10 years in order to ensure future growth and development. The new transportation proposal presented to the Governor this year (and which still requires Legislative support as well as voter-approval) would provide \$1.8 billion in funding annually.

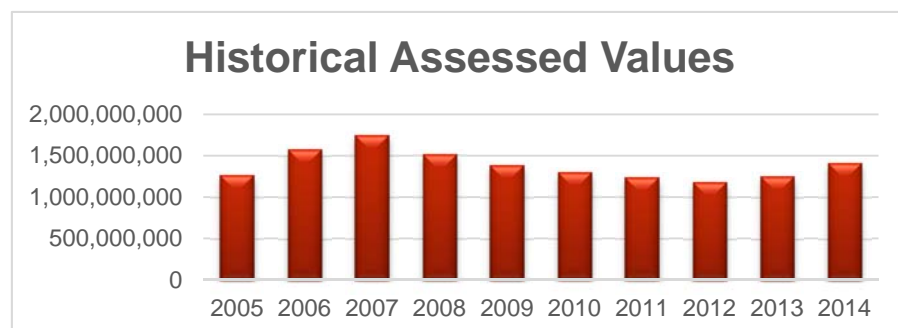
Riverbank's Economy

Over the past three years, the City Council has placed a strong focus on its Strategic Plan three year goals which include:

- Enhance Public Safety
- Improve & Maintain Infrastructure and Facilities
- Enhance Professionalism & Customer Service
- Achieve & Maintain Financial Stability and Sustainability
- Retain & Attract Business

Three of these goals directly affect our local economy and its ability to provide the City with the funding necessary to continue to provide exceptional municipal services to our residents and business community.

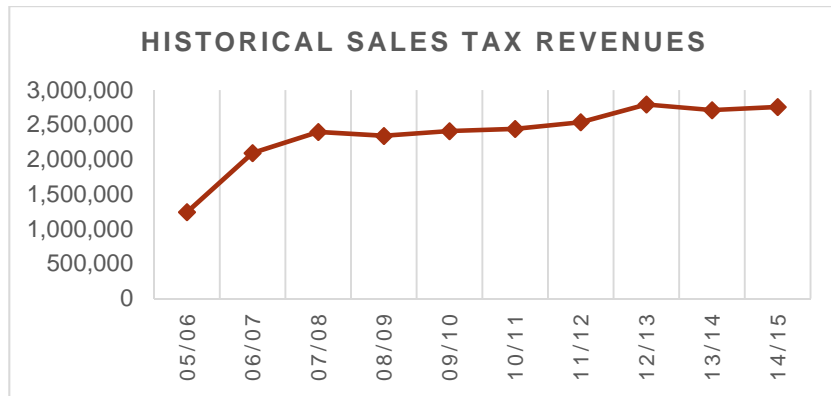
Over the past year, the City has slowly begun to rebound from the effects of the recession. Most hard hit was our housing economy. When the recession began, our community was experiencing high property values, which translated to high property tax revenues for the City.





Crossroads at Riverbank Shopping Center

Despite the decrease in the economy in cities surrounding Riverbank, in the State, and throughout the nation, sales tax experienced only slight decreases. Our strategically-placed Crossroads Shopping Center continued to provide the City with significant sales tax figures despite the failing economy, allowing the City to continue providing services to our residents.



Several key positive indicators in Riverbank's economy include the following:

- Renewed Development Interest:** There is renewed development interest which includes both commercial and residential development. New residential development is on the short-term horizon which would add additional homes to our City that would produce property tax revenue, and sales tax revenue from new residents purchasing in our city. Additional commercial development (known as Crossroads West) is currently in the preliminary planning stages and is slightly farther out in Riverbank's horizon.
- Decreasing Unemployment Rates:** During the peak of the recession, the unemployment rate in Riverbank reached a high of 18.1%. It has taken quite some time for the economy to recover and for residents to find new employment. Construction and manufacturing jobs have begun to increase allowing residents to find employment. This decrease in unemployment leads to consumers having surplus funds to spend in our City. The preliminary unemployment rate as of August 2015 is 8.4%.



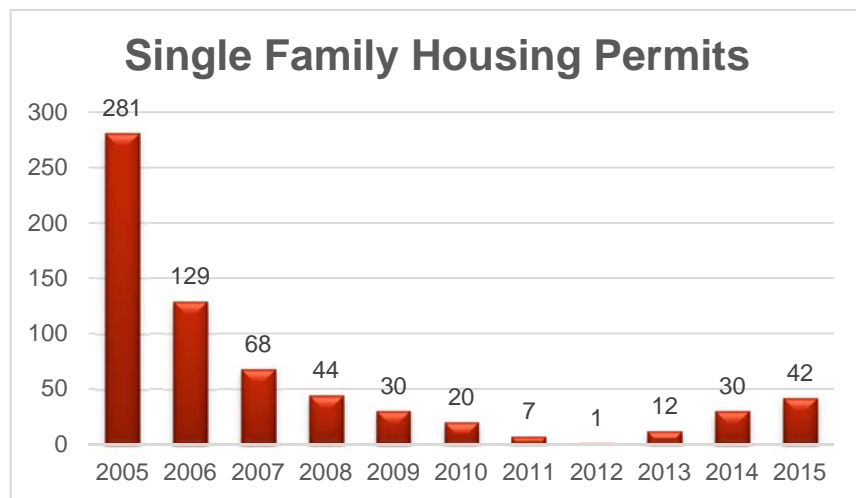


Crossroads Pad C



KB Homes

- Continuing Commercial Construction:** The Crossroads Shopping Center continues its infill construction of new retail and restaurant space. In the upcoming months, the City will see the opening of Panda Express, Dickey’s Barbeque, Chipotle, and AT&T. This will generate additional sales tax revenue for the City’s General Fund.
- Rebounding Housing Market & New Home Construction:** The rebound of the housing market from the recession has spearheaded new home construction within Riverbank. Calendar years 2014 and 2015 have seen an upswing in the issuance of new single-family home construction permits as KB Homes completes one of the final residential phases of the Crossroads community. This new home construction will lead to increased property values and result in property tax revenue increases to the City.



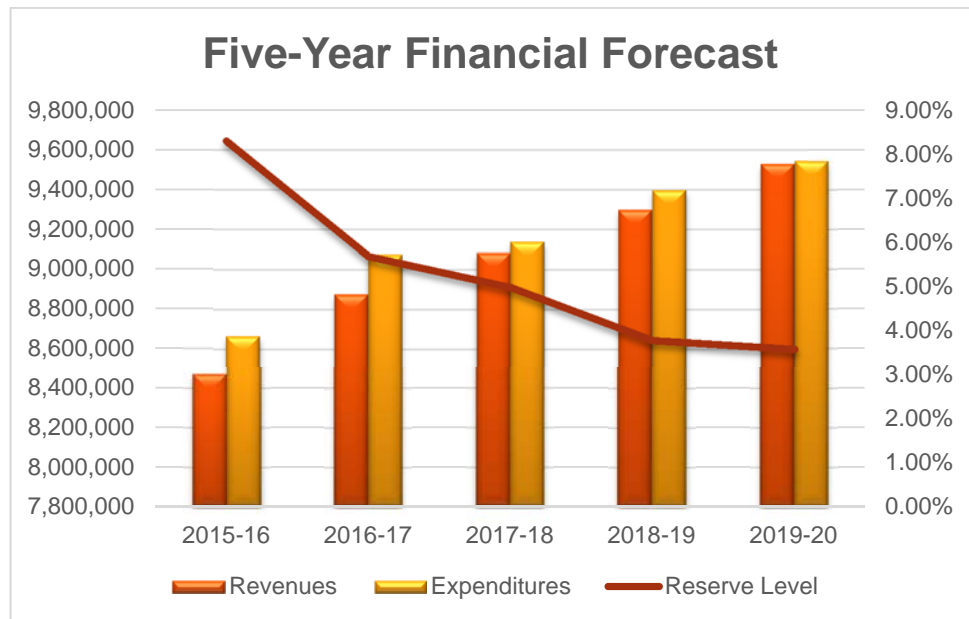
Riverbank Home Sales



Five-Year Financial Forecast

The Next Five Years

Overall, although the next five years for the City of Riverbank continues to reflect the stabilization of Riverbank's revenues, General Fund expenditures continue to outpace this growth. These on-going structural deficits will lead to a significant decrease in the General Fund Reserve, which will remain at **below** the required 10% reserve level unless there are positive changes to the City's economic landscape. Over the next five years, the Reserve level is anticipated to range between a high of 8.3% to a low of 3.6%.



Quarterly monitoring during this time will be important in order to ensure that the Reserve levels do not continue to fall. A review of current operating expenditures, salary and benefits, and capital costs should be undertaken to determine any potential areas for cost savings.

Between fiscal years 2017-2020, an operating structural deficit of \$122,400 is anticipated. This structural deficit does not include proposed one-time capital expenditures of \$246,500.

Five-Year Structural Deficit Overview

FY 2017-2020 Operating Revenues	\$36,785,300
FY 2017-2020 Operating Expenditures	\$36,907,700
Structural Deficit	\$122,400

General Fund Revenues

General Fund revenues over the past fiscal year have been steadily increasing. This trend is expected to continue in the upcoming five years. The economic drivers of low unemployment, robust business activity, and demand for residential and commercial property are resulting in increased tax receipts.

Five-Year Revenue Estimates

Revenue and Other Sources	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales Tax	\$2,787,115	\$2,897,650	\$2,955,603	\$3,014,715	\$3,075,009
Property Tax	1,301,600	1,366,680	1,435,014	1,506,765	1,582,103
Property Tax in Lieu of VLF	1,624,800	1,657,296	1,690,442	1,724,251	1,758,736
PILOT	29,700	30,000	30,000	30,000	30,000
Real Property Transfer Tax	41,600	42,432	43,281	44,146	45,029
Other Taxes	28,800	29,532	30,283	31,054	31,846
Subtotal: Taxes	5,813,615	6,023,590	6,184,623	6,350,931	6,522,723
Franchise Fees	537,500	548,250	559,215	570,399	581,807
Grants	100,000	100,000	100,000	100,000	100,000
Police Service Fees	140,300	147,315	150,261	153,267	156,332
Building and Planning Fees	172,300	180,915	184,533	188,224	191,988
Other Revenue	179,500	189,389	190,010	190,636	191,269
Subtotal: Non-Tax Revenue	1,129,600	1,165,869	1,184,019	1,202,526	1,221,396
Operating Transfers In	1,527,000	1,686,060	1,714,520	1,743,794	1,785,295
Total Sources of Funds	8,470,215	8,875,519	9,083,162	9,297,251	9,529,414

The table above highlights the annual revenue estimates for this Forecast. Compared to FY 2015 actuals, FY 2016 revenues are estimated to decrease by approximately \$350,000 or 3.9%, primarily due to a decrease in one-time revenues such as grants and reimbursements. Based on the economic analysis presented in the previous section of this report, revenue estimates, which are primarily linked to the performance of the regional and local economy, are reflective

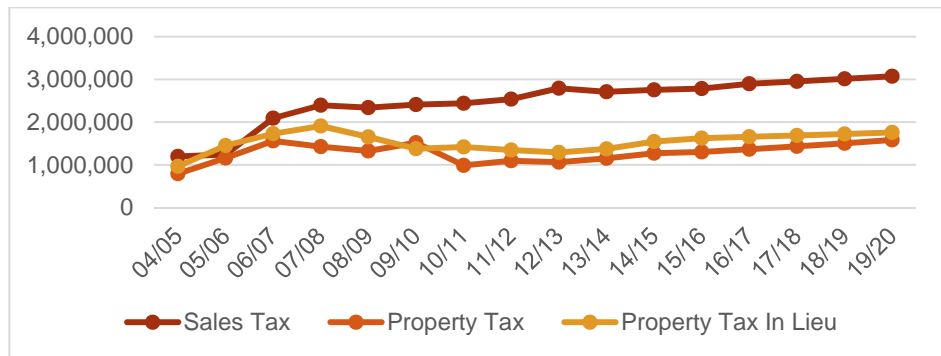
of increased consumer spending, continued rise in home prices, and new residential and commercial construction.

The table below illustrates the steady growth projected for the General Fund's revenue streams, by percentage, from FY 2016 through FY 2020.

Revenue and Other Sources	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales Tax	1.1%	4.0%	2.0%	2.0%	2.0%
Property Tax	2.1%	5.0%	5.0%	5.0%	5.0%
Property Tax in Lieu of VLF	5.0%	2.0%	2.0%	2.0%	2.0%
PILOT	-3.6%	1.0%	0.0%	0.0%	0.0%
Real Property Transfer Tax	-38.4%	2%	2.0%	2.0%	2.0%
Other Taxes	2.5%	2.5%	2.5%	2.5%	2.6%
Subtotal: Taxes	1.5%	3.6%	2.7%	2.7%	2.7%
Franchise Fees	-6.4%	2.0%	2.0%	2.0%	2.0%
Grants	-73.5%	0.0%	0.0%	0.0%	0.0%
Police Service Fees	10.4%	5%	2.0%	2.0%	2.0%
Building and Planning Fees	-21.4%	5.0%	2.0%	2.0%	2.0%
Other Revenue	-35.4%	5.5%	0.3%	0.3%	0.3%
Subtotal: Non-Tax Revenue	-28.3%	3.2%	1.6%	1.6%	1.6%
Operating Transfers In	1.4%	10.4%	1.7%	1.7%	2.4%
Total Sources of Funds	-3.9%	4.8%	2.3%	2.4%	2.5%

Top Three General Fund Tax Revenues

The graph below depicts a historical and projected view of the three major General Fund tax revenues, including 10 years of actual revenue history and projections for FY 2016 - FY 2020. The City's top three revenue sources include Sales Tax, Property Tax, and Property Tax in Lieu of VLF.



The following section is a detailed discussion of General Fund tax revenue and other major revenue sources by category.

Sales Tax

Sales tax within the City of Riverbank has been steadily increasing over the past 10 years. Despite the recession sales tax continued to grow as the Crossroads Shopping Center, the Riverbank Industrial Complex and other commercial development continued to occur within the City limits. The next five years continues this trend as commercial development expands with new retail and restaurants. In addition, the Galaxy Theater is making a significant investment with the addition of an IMAX Theater. It is anticipated that the theater will draw additional visitors to Riverbank who will support local restaurants and stores thus generating additional sales tax. Factors that may affect sales tax in the future is the potential growth of retail internet sales which are anticipated to increase during the holiday season.



Sales Tax Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales Tax	\$2,787,115	\$2,897,650	\$2,955,603	\$3,014,715	\$3,075,009

The state has terminated its “Triple Flip” program resulting in the City receiving more timely payments of its sales tax receipts. This primarily affects cash flows, but may end up resulting in slightly better interest earnings for the General Fund.

Property Tax

Since the “end” of the recession, property values have risen significantly. This increase has been caused by several sources including the reversal of Proposition 8 reductions by the County

Assessor's Office and the renewed turnover in the single-family housing market. Estimates for the current 2015-16 Fiscal Year are based on the 2015/2016 Assessment Roll figures.

Property Tax Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Property Tax	1,301,600	1,366,680	1,435,014	1,506,765	1,582,103

Property Tax In Lieu of Vehicle License Fees

This revenue source accounts for the 1.35% Property Tax received from the State, which is in lieu of receiving the full 2% vehicle license fee. The State first began allocating this revenue source during the 2004-2005 fiscal year. Because it is classified as a "property tax" the calculation of this revenue source is dependent on the assessed values of the properties located within the City. Similar to the property tax estimates discussed above, this revenue source will continue to grow based on assessed values.

Property Tax in Lieu Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Property Tax in Lieu of VLF	1,624,800	1,657,296	1,690,442	1,724,251	1,758,736

Franchise Fees

Franchise fees are collected from solid waste, electric, gas, telephone, and cable service providers operating within City limits for the use of public right-of-way and property easements.

Over the past 10 years, the City has seen its franchise fee revenue increase by over 33%. Franchise fees collected from Gilton Solid Waste are based on a percentage of the billings collected from customers in the City. As the number of customers grow, so will the amount of franchise fees collected. In addition, a five-year rate increase (implemented in 2014) is also cause for an increase in franchise fees.



Franchise fees collected from electric, gas, and cable companies such as PG&E, MID, Charter, and AT&T have fluctuated based on the economy. These fees are assessed on users of these services and as the number of customers increases (or decreases as seen during the recession) the amount of revenues collected fluctuates. In the upcoming five years, it is anticipated that the

franchise fees collected will continue to grow as new residential and commercial development occurs and as solid waste rates increase.

Franchise Fee Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Franchise Fees	537,500	548,250	559,215	570,399	581,807

Building and Planning Fees



Building and Planning Fee revenue is highly dependent upon new development (residential and commercial) as well as on a resident's disposable income and their willingness to invest in upgrades in their homes such as pools and, more recently, the installation of solar panels. Over the past fiscal year the City has experienced an increase in the issuance of single-family home permits, particularly for the KB Homes development and continued commercial growth. In addition, the issuance of solar permits has skyrocketed with over 300 permits issued over the past 2.5 years. In the future, it is anticipated that single-family home construction will increase with the development of Diamond Bar West and Hayes Development on the east side of Riverbank and the Monterosso development on Claus Rd.

Building and Planning Fee Revenue Estimates by Fiscal Year

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Building and Planning Fees	172,300	180,915	184,533	188,224	191,988

Operating Transfers In

Approximately 70% of this category is General fund administrative cost plan charges to the Enterprise (Water and Sewer) and Internal Service Funds. The increase in charges that has been projected is attributable to increased salary and benefit costs. The forecast includes increases each year based primarily on assumed increases in benefits. No salary increases beyond those that have been currently negotiated (through Fiscal Year 2016-17) have been included. **Operating Transfers In Revenue Estimates by Fiscal Year**

Revenue	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Transfers In	1,527,000	1,686,060	1,714,520	1,743,794	1,785,295

General Fund Expenditures

As part of developing the 2015 Expenditure Forecast, the General Fund expenditure categories have been adjusted by updating major cost elements such as law enforcement services contract costs, salary and benefit costs, and legal settlement costs. One-time capital outlay costs have been removed in order to provide an accurate depiction of on-going annual costs. Proposed capital outlay will be discussed in the next section.

Five-Year Operating Expenditure Forecast

Expenditures and Other Uses	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Salary & Benefits	2,974,850	3,197,391	3,273,317	3,353,690	3,447,388
Operating Costs	1,533,350	1,594,830	1,577,274	1,662,282	1,638,482
Law Enforcement Contract	3,531,500	3,619,788	3,692,183	3,766,027	3,841,347
Housing Authority Assessment	23,000	23,460	23,929	24,408	24,896
Legal Settlement	0	0	87,000	87,000	87,000
ED Bank Loan	124,900	0	0	0	0
General Fund Subsidies (Operating Transfers Out)	443,000	456,051	466,880	475,851	487,233
Total Use of Funds	8,630,600	8,891,520	9,120,583	9,369,258	9,526,346

Expenditures	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Salary & Benefits	11.7%	7.5%	2.4%	2.5%	2.8%
Operating Costs	-25.6%	2.5%	2.0%	2.0%	2.0%
Law Enforcement Contract	2.3%	2.5%	2.0%	2.0%	2.0%
Housing Authority Assessment	2.0%	2.0%	2.0%	2.0%	2.0%
Legal Settlement	-100.0%	0.0%	100.0%	0.0%	0.0%
ED Bank Loan	24.9%	-100.0%	0.0%	0.0%	0.0%
General Fund Subsidies (Operating Transfers Out)	10.9%	2.9%	2.4%	1.9%	2.4%
Total Use of Funds	4.0%	3.0%	2.6%	2.7%	1.7%

Salary and Benefits

The table above depicts the salaries and benefit costs for the next five years. Over the Forecast period, we see significant increases in the first two years due to the negotiated labor contracts with the Miscellaneous Employees Unit, the Riverbank Mid-Management Employees Unit, and the Executive Management Team. In years three through five we see gradual cost increases based on anticipated increases to benefits. In the current fiscal year salaries and benefits represent 35% of the budget. Over the course of the Five-Year Forecast period, salaries and benefits are projected to increase by 15.9%. The following sections describe the assumed increases in salary and benefit costs.

Salary

The Forecast takes into consideration Salary Adjustments in accordance with applicable Memoranda of Understanding (MOU) between the City and its labor groups. The Forecast also assumes merit increases for all eligible employees as well as longevity pay based on existing MOU language. No other assumed general salary increases, other than those mentioned, have been included in this Forecast.

The programmed salary increases for FY 2016 and FY 2017 were approved by the City Council as a result of the meet-and-confer process with the City's labor groups. The City's current contracts with its labor groups will end as of June 30, 2017. Labor negotiations will commence in January 2017 in order to have a contract in place as of July 1, 2017.

For Fiscal Years 2016 and 2017, the following Salary Adjustments were included:

FY 2016	1.5%
FY 2017	1.5%

Benefits

Pension

The Forecast includes the pension rates from CalPERS as of the June 30, 2013 valuation for the City's Miscellaneous Plan. These valuations take into consideration the CalPERS approved actuarial mortality assumption changes; the smoothing and amortization policies; as well as the initial set of employee who receive the Tier 3 or Public Employees' Pension Reform Act (PEPRA) pension benefit levels.



As shown in the table below, the FY 2017 pension contribution rates for the three Miscellaneous Plans increased from the current fiscal year (2016).

Pension Plan	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Tier I	16.113%	18.113%	20.130%	22.130%	24.130%
Tier II	6.709%	9.000%	10.000%	11.000%	12.000%
Tier III (PEPRA)	6.237%	7.250%	8.250%	9.250%	10.250%

The table below reflects the unfunded pension liability and funding status for the Miscellaneous plans. The funding status has improved slightly for the Tier I and Tier II Plans, whereas the Tier III (PEPRA) Plan reflects a super-funded ratio (over 100%) due to investment returns made and the lack of employees who have retired under this Tier. Overall, the City's combined Unfunded Liability stands at approximately \$3.4 million, with the majority of the liability pertaining to Tier I employees. CalPERS has begun to collect for this unfunded liability at an approximate cost of \$250,000 per year. The Finance Department allocates a percentage of this cost to each employee within the Tier I pension plan. As employees retire from the Tier I plan this cost is spread amongst a smaller pool of employees, thus increasing costs.

	Tier I		Tier II		Tier III (PEPRA)	
	06/30/2012	06/30/2013	06/30/2012	06/30/2013	06/30/2012	06/30/2013
1. Present Value of Projected Benefits	18,917,801	19,825,527	376,729	631,903	0	35,679
2. Normal Accrued Liability	15,897,879	16,961,885	10,591	67,870	0	139
3. Market Value of Assets	11,995,358	13,532,299	8,453	57,225	0	186
4. Unfunded Liability [(2)-(3)]	3,902,521	3,429,586	2,138	10,645	0	(47)
5. Funded Ratio [(3)/(2)]	75.5%	79.8%	79.8%	84.3%	0%	133.8%

Healthcare

The City receives medical insurance benefits under the San Joaquin Valley Insurance Association, which is a consortium of various cities. Currently, the City's contribution towards medical costs for all full-time employees is 100% for both the HMO and HSA plans. The Forecast assumes that this contribution level will continue through FY 2020. An annual health care cost inflator of 7% has been included in the forecast.

Operating (Non-Staffing Costs)

This category includes general operating expenditures such as costs for travel and meetings, telephone, city utilities, as well as office supplies and materials. Election costs are an operating expense that has been added during the Fiscal Years 2017 and 2019. These election costs assume a transition from at-large elections to district elections. A determination on this transition to district elections may be made as early as November 2016. Over the five year forecast, operating expenses are projected to increase by 6.9%.

Law Enforcement Contract

Since 1995, the Riverbank has contracted with the County of Stanislaus to perform law enforcement services. The current contract runs through June 30, 2020. The contract currently funds 18 sworn positions (including the Chief of Police) and 4 non-sworn positions. A 2.5% annual growth inflator has been included in the budget FY 2016-17 budget with subsequent 2% increases in the years thereafter. These increases take into consideration negotiated adjustments to labor contracts negotiated with Sheriff Department labor groups.

Currently, the City does not compensate the County for administrative costs such as property and records management, crime scene identification, administration, information technology, background checks, internal affairs, human resources, payroll, financial and specialized training. Although the County is not at this time requesting the City to pay administrative costs, the County anticipates budgeting issues may require it to capture those additional costs in the future.

Legal Settlement

Legal settlement costs reflected in the Forecast are the result of the judgment for the *Barham Construction, Inc. Et. Al. v. City of Riverbank* (Superior Court Case No. 350298). The judgment called for the City to pay \$622,857.16 to Barham Construction. The City has submitted its request to pay this judgment over the course of 10 years (at a 7% interest rate). Should this request be approved, the City would be making annual payments of approximately \$87,000 annually for 10 years. The City currently has funds in the System Development Fee Parks & Recreation Fund and in the General Liability Internal Fund which were reserved for this particular matter. These funds are sufficient to make payments in FY 2016 and FY 2017. The Forecast reflects that General Fund revenues will need to be used to make payments beginning in FY 2018 and forward with payments ending in FY 2025.



General Fund Subsidies (Operating Transfers Out)

The General Fund currently subsidizes two funds: Recreation (134) and Neighborhood Improvement (117). Although these funds generate revenue (i.e. Pool Revenue, Contract Program Revenue, Fines, and Abandoned Vehicle Abatement Fees) these revenues are not sufficient to cover the operating costs to run the various programs. Annual increases to these subsidies include salary and benefit adjustments for the staff within these departments. In addition, the General Fund provides a subsidy of approximately \$15,000 to the Community Center Fund (118) for costs associated with rental fee waivers.

Future Operating Costs to Consider

The Forecast has taken into consideration “known” costs that currently affect the City’s budget. Future items to take into consideration include the following:

- Storm Drain related expenditures as a result of the City’s MS4 Permit
- Costs associated with the expansion of the Riverbank’s Sphere of Influence
- Legal Expenses
- Sheriff Department Administrative Costs



Capital Outlay

Proposed Capital Expenditures

Capital expenditures over the next five years were limited to those immediately necessary. The City makes annual on-going capital outlay allocations in the amount of \$12,000 for computer upgrades and park playground equipment. This forecast has also considered the funding of a four-year program to replace old HVAC systems throughout our City buildings as well as the replacement of the pool heater as follows:

Fiscal Year	Capital Outlay	Projects
2016	\$34,000	Finance Software Storm Drain Property Purchase
2017	\$183,500	7 th Street Storm Drain Repair HVAC-Museum Pool Heater
2018	\$17,500	HVAC-Police Services
2019	\$28,000	HVAC-Community Center
2020	\$17,500	HVAC-Police Services
Five-Year Total	\$280,500	

Funding for these items is requested to be made via the General Fund Reserve.

Capital Items Not Included

Not included within this Forecast are costs associated with the following capital projects:

- Rehabilitation and upgrades to the Community Center
- Rehabilitation of the Pool Locker Rooms
- ADA Improvements as per the City’s Draft ADA Transition Plan



Seventh Street Storm Drain Repairs

Conclusion

Summary

Despite operating revenues that continue to reflect increases due to the recovering economy, operating expenditures continue to outpace these increasing revenues. This will require the City to continue to review its operations and service delivery options in an effort to decrease on-going expenditures. The City will need to review its cost recovery levels for services currently provided to the community, particularly in the Building Division. In addition, the City will need to review future salary and benefit levels for all employee bargaining units. This will help ensure the on-going sustainability of the City's General Fund.

In order to continue to provide exceptional municipal services, the City will also need to increase revenues over time. While the situation is challenging the City of Riverbank has more options than most with the opportunity to encourage the fulfillment of the following economic development potential throughout the City consistent with the City's Strategic Plan:

- Continue to work with the private development team throughout the processing of the application for the project known as Crossroads West, which includes plans for additional retail and housing opportunities with a proposed annexation of land just outside the City's southwestern limits at Oakdale and Claribel Roads.
- Encourage private investment in the downtown specific plan area and the Paterson Road commercial corridor to leverage the success of the Galaxy Theater and the potential associated with the future redevelopment of the Cannery site.
- Proceed with the work related to the expansion of the City's planning sphere of influence at the south easterly border to facilitate compatible industry with the existing Riverbank Industrial Complex and maximize the enhanced connectivity potential of the proposed North County Corridor, which would require an expansion of the City's planning sphere of influence outside of the City's existing limits to the southeast.

Over the next three months, staff will continue to monitor revenue sources as well as update expenditures, as applicable, based on newly available information. This updated information will be reflected in the FY 2016 Mid-Year Budget Review which will be presented to the City Council in February 2016.

“The City of Riverbank will be recognized as a premier community where individuals, families, and businesses thrive in a safe and beautiful environment”

City of Riverbank

Vision Statement

