



City Hall  
555 Santa Clara Street  
Vallejo, CA 94590

# AGENDA VALLEJO CITY COUNCIL SPECIAL MEETING FEBRUARY 28, 2008

MAYOR  
Osby Davis

CITY COUNCIL  
Tom Barte, Vice Mayor  
Hermie Sunga  
Stephanie Gomes  
Michael Wilson  
Joanne Schivley  
Erin Hannigan

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the City Council without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Those wishing to address the Council on any matter for which another opportunity to speak is not provided on the AGENDA but which is within the jurisdiction of the Council to resolve may come forward to the podium during the "COMMUNITY FORUM" portion of the AGENDA. Those wishing to speak on a "PUBLIC HEARING" matter will be called forward at the appropriate time during the public hearing consideration.

Copies of written documentation relating to each item of business on the AGENDA are on file in the Office of the City Clerk and are available for public inspection. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562, or at our web site: <http://www.ci.vallejo.ca.us/>



Vallejo City Council Chambers is ADA compliant. Devices for the hearing impaired are available from the City Clerk. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

**NOTICE:** Members of the public shall have the opportunity to address the City Council concerning any item listed on the notice before or during consideration of that item. No other items may be discussed at this special meeting.

## **VALLEJO CITY COUNCIL** **SPECIAL MEETING – CLOSED SESSION** **5:00 P.M. – CITY COUNCIL CONFERENCE ROOM**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – INITIATION OF LITIGATION PURSUANT TO SUBDIVISION C OF GOVERNMENT CODE SECTION 54956.9 (NUMBER OF CASES: ONE)
- B. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6. NEGOTIATORS: JOSEPH TANNER, CITY MANAGER; CRAIG WHITTON, ASSISTANT CITY MANAGER-COMMUNITY DEVELOPMENT; DENNIS MORRIS, HUMAN RESOURCES DIRECTOR; SUSAN MAYER, ACTING FINANCE DIRECTOR; EMPLOYEE ORGANIZATIONS: INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 (IAFF), VALLEJO POLICE OFFICERS ASSOCIATION (VPOA), INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 2376 (IBEW) AND CONFIDENTIAL, ADMINISTRATIVE AND MANAGERIAL PROFESSIONALS (CAMP)

- C. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION/ADMINISTRATIVE HEARING MATTERS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.9(a): CITY OF VALLEJO V. INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186, SOLANO COUNTY SUPERIOR COURT, CASE NO. FCS 030540; CITY OF VALLEJO V. INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 PUBLIC EMPLOYMENT RELATIONS BOARD (PERB), UNFAIR PRACTICE ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186, PUBLIC EMPLOYMENT RELATIONS BOARD (PERB), UNFAIR PRACTICE CHARGE CASE NO. SF-CO-166-M
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**VALLEJO CITY COUNCIL**  
**SPECIAL MEETING 7:00 P.M. – COUNCIL CHAMBERS**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
4. ADMINISTRATIVE ITEMS

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A. CONSIDERATION OF TWO RESOLUTIONS ADDRESSING THE CURRENT GENERAL FUND FISCAL EMERGENCY AS FOLLOWS:

1) A RESOLUTION OF INTENTION TO AMEND THE FISCAL YEAR 2007-08 BUDGET, APPROVAL OF A NEW STAFFING PLAN, APPROVAL OF A FISCAL EMERGENCY PLAN, DIRECTING THE CITY MANAGER TO IMPLEMENT SAID PLAN, AND AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO RETAIN: ORRICK, HERRINGTON & SUTCLIFFE LLP; LIEBERT, CASSIDY & WHITMORE, A PROFESSIONAL CORPORATION; PUBLIC FINANCIAL MANAGEMENT, INC.; MANAGEMENT PARTNERS, INC.; AND ANY OTHER OUTSIDE LEGAL COUNSEL OR CONSULTANT DEEMED NECESSARY TO ASSIST IN CONNECTION WITH PREPARING FOR, INSTITUTING AND MAINTAINING A PETITION UNDER CHAPTER 9 OF THE UNITED STATES BANKRUPTCY CODE.

PROPOSED ACTION: Adopt the Resolution.

2) A RESOLUTION APPROVING THE FILING OF A PETITION UNDER CHAPTER 9 OF THE UNITED STATES BANKRUPTCY CODE.

PROPOSED ACTION: Adopt the Resolution.

B. CONSIDERATION OF THREE RESOLUTIONS REGARDING NEGOTIATIONS WITH INTERNATIONAL FEDERATION OF FIREFIGHTERS, LOCAL 1186 AND THE VALLEJO POLICE OFFICERS ASSOCIATION RELATED TO SETTLEMENT OF GREIVANCES, ARBITRATION DISPUTES AND LITIGATION AS FOLLOWS:

1) A RESOLUTION AUTHORIZING THE CITY ATTORNEY TO DISMISS WITH PREJUDICE THE FOLLOWING LAWSUIT AND TWO ADMINISTRATIVE PROCEEDINGS: CITY OF VALLEJO V. INTL. ASSOC. OF FIRE FIGHTERS, LOCAL 1186, SOLANO SUPERIOR COURT CASE NO. FCS 030540; CITY OF VALLEJO V. INTL. ASSOC. OF FIRE FIGHTERS, LOCAL 1186, PUBLIC EMPLOYMENT RELATIONS BOARD, UNFAIR PRACTICE CHARGE, CASE NO. SF-CO-155-M; AND CITY OF VALLEJO V. INTL. ASSOC. OF FIRE FIGHTERS, LOCAL 1186, PUBLIC EMPLOYMENT RELATIONS BOARD, UNFAIR PRACTICE CHARGE, CASE NO. SF-CO-166-M.

PROPOSED ACTION: Adopt the Resolution.

2) A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SUPPLEMENTAL LABOR AGREEMENT WITH THE VALLEJO POLICE OFFICERS ASSOCIATION (VPOA) RESOLVING GRIEVANCES RELATED TO STAFFING LEVELS.

PROPOSED ACTION: Staff recommends that the City Council take no action on this Resolution.

3) A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SUPPLEMENTAL LABOR AGREEMENT WITH THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1186 (IAFF) RESOLVING GRIEVANCES RELATED TO STAFFING LEVELS, PARAMEDIC DECERTIFICATION; UNION BUSINESS LEAVE; UNIFORM ALLOWANCE AND REIMBURSEMENT; AND, PROVIDING FOR AN ASSISTANT FIRE CHIEF POSITION IN FIRE PREVENTION.

PROPOSED ACTION: Staff recommends that the City Council take no action on this Resolution.

**5. ADJOURNMENT**



**COUNCIL COMMUNICATION**

**Agenda Item No.**

**Date: February 28, 2008**

TO: Honorable Mayor and Members of the City Council

FROM: Joseph M. Tanner, City Manager *JM*  
Craig Whittom, Assistant City Manager / Community Development *CW*  
Susan Mayer, Acting Finance Director *SM*

SUBJECT: CONSIDERATION OF TWO RESOLUTIONS ADDRESSING THE CURRENT GENERAL FUND FISCAL EMERGENCY AS FOLLOWS:

- A) A RESOLUTION OF INTENTION TO AMEND THE FISCAL YEAR 2007-08 BUDGET, APPROVAL OF A NEW STAFFING PLAN, APPROVAL OF A FISCAL EMERGENCY PLAN, DIRECTING THE CITY MANAGER TO IMPLEMENT SAID PLAN, AND AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO RETAIN: ORRICK, HERRINGTON & SUTCLIFFE LLP; LIEBERT, CASSIDY & WHITMORE, A PROFESSIONAL CORPORATION; PUBLIC FINANCIAL MANAGEMENT, INC.; MANAGEMENT PARTNERS, INC. AND ANY OTHER OUTSIDE LEGAL COUNSEL OR CONSULTANT DEEMED NECESSARY TO ASSIST IN CONNECTION WITH FILING A PETITION UNDER CHAPTER 9 OF THE UNITED STATES BANKRUPTCY CODE.
- B) A RESOLUTION APPROVING THE FILING OF A PETITION UNDER CHAPTER 9 OF THE UNITED STATES BANKRUPTCY CODE.

**RECOMMENDATION**

The City's General Fund does not have the resources to support municipal services through the remainder of the fiscal year without taking actions outside of its current contractual obligations. Staff has been unable to reach agreement on modifications to its labor agreements that would provide such cash flow relief.

As a result, staff recommends that the City Council approve the proposed budget amendment and authorize the City Manager to file a petition seeking protection under Chapter 9 of the Bankruptcy Code. The Chapter 9 petition, if approved, would seek to achieve the following:

- A. Enjoin enforcement actions against the City by creditors whose current obligations cannot be paid due to the City's inadequate resources.
- B. Enable the City to continue to operate and provide services to its residents by freezing certain pre-filing debts until a plan of adjustment can be negotiated and approved.
- C. Provide the City and its creditor constituencies, including labor, time within which to



negotiate settlements which will provide long-term stability.

Background information regarding chapter 9 bankruptcy is attached as Attachment A. This Attachment is reprinted from a publication entitled "Bankruptcy Basics" on the website maintained by the Administrative Office of the United States Courts, and may be found at [www.uscourts.gov](http://www.uscourts.gov).

As discussed at the February 13, 2008 study session, bankruptcy will not create additional revenue. A bankruptcy filing may allow the City to take actions contrary to existing contractual obligations that would allow continued General Fund operations. No large California municipality has filed Chapter 9 bankruptcy other than on account of a one-time event (such as a judgment against the city), and there is very little case law guiding the potential outcome of such a filing. The risks of this option are significant. Despite these risks, staff believes the City's current financial condition requires this petition.

### **BACKGROUND & DISCUSSION**

On December 18, 2007, the City Council directed staff to present to the City Council no later than February 12, 2008 a comprehensive approach to ensuring a balance of General Fund expenditures and revenues through June 30, 2010 and thereafter. At the February 13, 2008 study session staff presented the City Council a staff report including a Draft Fiscal Emergency Plan.

Since the February 13, 2008 staff report, more than 20 employees have filed for retirement. This has increased projected FY 2007-08 leave payout costs by approximately \$2.5 million to a new annual projection of \$5.3 million. As discussed during the study session, concern regarding the City's financial condition has fueled these retirements. The departures will provide out year salary savings to the extent the positions are not re-filled. These retirements, however, significantly exacerbate the City's FY 2007-08 General Fund imbalance.

Staff has engaged the four labor groups (as described later in the report) in discussions regarding the increased projected imbalance.

This staff report discusses the following proposed General Fund issues:

1. General Fund Financial Projection through June 30, 2012.
2. Status of Negotiations with Labor Groups
3. Proposed Budget Amendment

#### **I. General Fund Financial Projection through June 30, 2012**

An updated General Fund financial projection is attached as Attachment B. This financial projection includes a five year time frame and updated revenue and expenditure estimates assuming current staffing levels and continuing existing contractual obligations.



*Updated Revenue and Expenditure Projection*

Updated revenue line item projections are presented in Attachment C and consistent with the estimates presented in the February 13, 2008 City Council staff report. These projections reflect a worsening revenue forecast compared to December 18, 2007 estimates. Staff has received updated information regarding its major revenue (property, sales, excise, and transfer tax) information since December 2007 and modified those estimates accordingly. The primary impacts have been the slowing housing development and resale market, declining assessed values, and declining retail sales. In total, fiscal year 2007-08 revenues are now projected at almost \$5 million less than assumed when the budget was adopted in June. Revenue risk is still present including potential risk to real estate transfer tax, sales tax, supplemental property tax and building related fees.

Attachments D and E illustrate examples of the source of these revenue declines. Attachment D shows the change in Vallejo's single-family residence property values and sales transactions from 1993 to 2007. Recent declines impact property and transfer tax revenues. Attachment E compares Vallejo's per capita retail sales transactions against other area cities for the past three years. Sales tax for the July to September 2007 quarter was 6% below the comparable quarter for the prior year. Sales tax is projected to decline further in the remaining quarters of the year due to the Wal-Mart closure.

FY 07-08 expenditure projections have also been updated. In December, cost projections were increased by \$5 million for the impact of the Fire minimum staffing arbitration results and for the anticipated increase in Public Safety salary adjustment from 8.5% to 10% per the formula provided in the labor contracts. February 13, 2008 projections also include \$3.5 million of program cuts discussed with City Council in December, but these cuts have been offset by a comparable increase in other costs including police operations, compensated absence payouts for retired employees, and grievance settlements. Since the February 13, 2008 report expenditure projections have also been increased by \$2.5 million for additional compensated absence leave payouts, \$300,000 for variable rate debt interest costs, and \$500,000 for attorneys and financial consultants as the City approaches insolvency.

The December 18, 2007 staff report (with attachments) included significant background information regarding the City's financial condition. Since December 18, 2007, staff has provided additional information on the main page of the City's website on a variety of issues related to the City's economic condition. These include the financial statements for other funds. It is important to note that restricted programs of the City (such as the Housing Authority, Redevelopment Agency, and the Water Fund) are independent of the General Fund and will continue their important services to the Community. Additionally, the Comprehensive Annual Financial Report (CAFR) with audited balances for all funds has confirmed the General Fund balance at July 1, 2007 at \$4.2 million. The CAFR was scheduled for City Council approval at its meeting on February 26, 2008.

The net result of the updated projections is a projected \$13.5 million FY 2007-08 General Fund



operating deficit, and a negative ending available fund balance of \$9.2 million at June 30, 2008. As identified in the December 18, 2007 staff report, without immediately addressing significant reductions in expenditures and increases in revenues, the General Fund will run out of resources before the end of this fiscal year. Based upon the updated financial projections, without City Council action, the current estimate of when the City will be unable to pay its debts when they become due is in 30 days, or March 31, 2008.

Expenditure projections for FY 2008-09 through 2011-12 are unchanged since the February 13, 2008 Council report, and continue to reflect current contractual obligations. The costs of bankruptcy and the resulting increase in variable rate interest costs have not yet been added to these projections and may exceed \$2 million in FY 2008-09. Even without these costs, projected annual deficits exceed \$13 million in FY 2008-09, and grow in succeeding years as expenditures growth continues to outpace revenues.

*Additional expense line items*

As initially presented in the February 13, 2008 staff report, staff has added the following expense line items in FY 2008-09 and future years in response to comments during previous City Council discussions to expand the General Fund financial strategy to address other unfunded City programs and costs:

1. Retiree Health Care Prefunding- the City currently funds retiree health care premiums on a pay-as-you-go basis. Actuarial projections included in the December 18, 2007 City Council report showed that the City currently has a \$135 million liability for the present value of retiree benefits already earned by active and retired employees, and an additional "normal" cost of \$6 million per year as employees continue to vest and earn this future benefit. To begin to fund both the current cost and to amortize the past liability over the next 30 years, the City would need to begin contributing \$12 million per year, of which the General Fund share is 80% or \$9 million. This is approximately \$6 million more than the current \$3 million pay-as-you-go funding level. This action would fund retiree health care in the same fashion as pension benefits, and costs would actually decline from these stated values if funded amounts could be invested with good results in a long-term trust portfolio such as CalPERS. If this benefit is not pre-funded, the City budget must plan for the annual increase in costs for a growing retiree pool and the increase in health premium rates, both of which are expected to grow at a rate far exceeding CPI. While FY 2007-08 projections do not include funding for this item, a placeholder budget of \$500,000 has been added to the FY 2008-09 projections and beyond.
2. Street Maintenance – the City currently inadequately funds basic road maintenance. This line item acknowledges that this cost is an important future expense as part of the City's basic municipal service obligations. While FY 2007-08 projections do not include funding for this item, a placeholder budget of \$250,000 has been added to the FY 2008-





09 projections and beyond, which is still far less than engineering estimates of the cost to maintain the City's street infrastructure.

3. Reserve – The December 18, 2007 financial projection did not include a general Fund Reserve. The updated 5-year projections acknowledge the need for an ongoing General Fund reserve to mitigate unexpected economic changes or revenue declines. Best practices recommended by the Government Finance Officers Association target reserves at 5-15% of the annual budget. City Council has previously adopted a policy of maintaining a 15% reserve. The updated 5-year financial projection proposes annual increases to a contingency reserve that reach 5% of revenues or \$4.2 million by FY 2011-12.

The ability to fund any of these three obligations is challenging in light of the existing and ongoing expense obligations and revenues of the General Fund.

#### *Additional risks*

Vallejo and other municipalities face continuing significant risks in the upcoming months. These include: continued deterioration of property and supplemental property tax, sales tax, excise tax and other building related revenues. Undetermined State budget deficit solutions may also significantly impact local agencies.

## **II. Meetings with Labor Groups**

As the City Council is aware, current labor agreements are in place through 2010 and the labor groups (Vallejo Police Officers Association [VPOA], International Association of Firefighters [IAFF], International Brotherhood of Electrical Workers [IBEW] and Confidential Administrative, Managerial and Professional Association [CAMP]) are not required to make any concessions. Staff has continued to meet with the four labor groups to discuss the financial condition of the City and potential modifications to current labor agreements. Most of staff's focus has been discussions with representatives of VPOA and IAFF regarding FY 2007-08 General Fund projections. At the inception of these discussions in December 2007, the City and VPOA were involved in ongoing arbitration (related to minimum staffing), and the City and IAFF were involved in litigation, arbitration and grievances on a variety of issues. VPOA and IAFF requested that these issues be resolved prior to negotiating economic concessions to existing agreements. Staff has attempted to resolve these issues and resolutions to these issues are presented in a separate City Council item on tonight's agenda.

Staff presented multi-year proposals to the labor groups in mid-January 2008. Based upon the revised worsening financial projections, staff presented new more significant requests for salary rollbacks to the labor groups earlier this month. Given the magnitude of the worsening financial condition staff's negotiations with IAFF and VPOA have focused on attempting to identify a short-



term plan that would retain solvency during the next four months while working on a longer term solution in the next 45 days.

Staff attempted to negotiate supplemental agreements with VPOA and IAFF to attempt to secure resources for the General Fund to continue being able to meet its payment obligations through June 30, 2008. IAFF and VPOA worked diligently in an attempt to identify contract changes that could assist the City in meeting its General Fund imbalance in FY 2007-08. Staff and IAFF and VPOA were unable to reach agreement on the final language in these agreements. The agreements would not have solved the City's structural imbalance between revenues and expenditures. The agreements would have addressed salary modifications during FY 2007-08 and other cost saving measures to attempt to allow the City to meet its contractual obligations through June 30, 2008. Execution of the agreements would have allowed the parties, City Council and community to engage in a focused discussion during the next 45 days in an effort to develop and begin implementing a plan that aligns revenue and expenditures in FY 2008-09 and beyond.

### III. Fiscal Emergency Plan

The fundamental economics of the current General Fund projections demonstrate that current and future year General Fund expenditures are significantly in excess of projected anticipated revenues. The largest component of the City's General Fund budget is comprised of salary and benefits (approximately 78% in FY 2007-08). Correspondingly, commitments to salary and benefits and other obligations impacting costs (e.g. minimum staffing in Fire and potentially Police Departments, no contracting out requirements) in current labor agreements are in place through June 30, 2010. Additionally, staffing in all departments has been repeatedly cut during past budget reductions and is lower than necessary to deliver even average quality services to the community.

Despite the fact that General Fund staffing City-wide has declined since FY 2003-04, very significant actions are required in order that the City is still able to meet its existing General Fund expense obligations after April 1, 2008. Actions that will yield significant savings would require dramatic modifications to existing labor agreements and the willingness of the City Council to aggressively pursue revenue enhancements.

Staff presented a Draft Fiscal Emergency Plan (DFEP) in the February 13, 2008 staff report with the following objectives:

1. Retain General Fund Solvency
2. Preserve breadth of current City services
3. Limit layoff impact on current employees

The lack of General Fund resources that has been exacerbated by the recent retirements requires dramatic action to reduce expenditures and aggressively pursue potential new revenues.



Since the City has not reached agreement with its labor groups, staff has developed an updated Fiscal Emergency Plan (FEP) (see Attachment F) that includes the following proposed actions:

Expenditure reductions

The FEP includes the following proposed expenditure reductions for the remainder of FY 2007-08:

1. Transfer of eligible one-time funds to the General Fund:
  - a. Arts and Convention Center Fund - \$200,000
  - b. Repair and Demolition Fund - \$40,000
  - c. Vehicle Replacement Fund - \$1,700,000
  - d. Transportation Fund - \$300,000
2. Elimination of 40 General Fund budgeted positions as listed in Attachment G, including 12 sworn police positions. Of these positions, an estimated 16 are currently filled and will require layoffs. Other vacant positions in the City will provide for transfer opportunity for some of these employees in certain classifications. These reductions will reduce General Fund positions to 401, a 19% overall reduction from the 494 positions authorized in the FY 2003-04 budget.
3. Actions outside of existing labor agreements:
  - a. Rollbacks in City salaries to 5% lower than June 30, 2007 effective with the pay period beginning March 29, 2008. This represents the following reduction in salaries currently required in existing labor agreements:
    - i. Vallejo Police Officers Association – 15%  
*(Roll-back of 10% projected FY 07-08 COLA and 5% of the 6% FY 06-07 COLA)*
    - ii. International Association of Firefighters – 15%  
*(Roll-back of 10% projected FY 07-08 COLA and 5% of the 6% FY 06-07 COLA)*
    - iii. International Brotherhood of Electrical Workers – 8%  
*(Roll-back of 3% FY 07-08 COLA, 4% FY 06-07 COLA, and 1% of FY 05-06 COLA)*
    - iv. Confidential, Management, and unrepresented employees – 5%  
*(Roll-back of 0% FY 07-08 COLA, 3% FY 06-07 COLA, and 2% of FY 05-06 COLA)*
  - b. Fire Department service changes
    - i. Two engine companies closed each day
    - ii. Modifications in certain staffing and leave rules
4. Reduction in services throughout the organization will have additional impacts. Examples



include, but are not limited to: Further Police Department focus on only the most serious crime issues, inability of Planning Division to meet performance standards, reduced Public Works maintenance services, greater response time from Human Resources.

*FY 2008-09*

Staff will propose ongoing service reductions in FY 2008-09 that may generally follow the recommendations presented in the in the February 13, 2008 staff report. These are not reflected in the current FEP at Attachment F, since it is only a four month plan. Examples may include:

1. Reduction of all Community-based organization funding commencing July 1, 2008 - \$873,700
2. Funding eligible police services in the Flosden Redevelopment Project Area with Redevelopment Agency Funds on a short term basis - \$500,000 in FY 2008-09

*Revenue Enhancements*

Staff believes it is critical that the City Council take action on several of the revenue increases proposed as a component of the FEP. The following revenue enhancements have been identified for Council consideration.

1. 9-1-1 Communication Center Fee to fund Police Department Communication Center. This fee was considered in 2005. Fee could be assessed and confirmed with ballot initiative in November 2008. Staff intends to return to the City Council in March 2008 with a recommendation to consider such a fee.
2. False 9-1-1 call hang up fee. Fee for false calls which require police dispatch. Staff intends to return to the City Council in March 2008 with a recommendation to consider such a fee.
3. Work with all labor groups and community commencing Summer 2008 to pursue voter approval of:
  - a. 9-1-1 Communication Center Tax
  - b. Revenue-neutral amended Utility User Tax
4. Surplus land sales – expedite program of existing land sales of surplus property. The City Council authorized the disposition of three properties in Fall 2007. Staff intends to return to the City Council in March 2008 with a recommendation to consider additional properties for disposition.



5. Pursue recovery of all eligible costs from utilities and other agencies including but not limited to:
  - a. Increased East Vallejo Fire District reimbursement
  - b. Water Emergency Transit Agency (WETA) [newly formed Bay Area agency overseeing ferry operations] reimbursement for Transportation Fund loans

Pursuing these cost reduction and revenue enhancement actions are critical, however, will not allow the City to meet its current contractual obligations in the near term.

#### **V. Budget Amendment**

The proposed Fiscal Year 2007-08 budget amendment for Council action is presented as Attachment I. This action incorporates all year-to-date items in the Fiscal Emergency Plan (Attachment F), including those items proposed to Council in December, January, and now in February.

On a cumulative basis, the following is a summary of changes in the General Fund budget since the original budget was adopted in June, 2007:

Updated revenue projections	\$ (4,831,245)
Increased program costs	\$ 11,287,282)
Proposed budget solutions	<u>\$ 9,876,271</u>
Net Change	\$ (6,242,256)

The net result of the proposed budget amendment will update the General Fund budget and ending fund balance as follows:

Beginning Available Fund Balance	\$ 4,242,256
Revenues	\$ 83,197,895
Expenditures	<u>\$ 89,440,151</u>
Ending Available Fund Balance	\$ (2,000,000)

Staff will seek deferral of certain debt and other obligations through court petition that will enable the City to maintain a core level of services through June 30, 2008. Staff will make additional recommendations to the court to sustain cash and municipal operations through June 30, 2009 while a long-term financial workout plan is constructed with our creditors and other business partners.

#### **PROPOSED ACTION**



Staff is recommending that the City Council adopt:

- A) Adopt a Resolution of Intention to Amend the Fiscal Year 2007-08 Budget, Approval of a New Staffing Plan, Approval of a Fiscal Emergency Plan, Directing the City Manager to implement said plan, and Authorizing the City Manager and City Attorney to retain: Orrick, Herrington & Sutcliffe LLP; Liebert, Cassidy & Whitmore, a professional corporation; Public Financial Management, Inc.; Management Partners, Inc. and any other outside legal counsel or consultant deemed necessary to assist in connection with filing a petition under Chapter 9 of the United States Bankruptcy Code.
- B) Adopt a Resolution Approving the Filing of a Petition under Chapter 9 of the United States Bankruptcy Code.

Staff will schedule a regular update during City Council meetings to provide the City Council and community status reports regarding the status of the chapter 9 case.

#### **ENVIRONMENTAL REVIEW**

This study session is not a project as defined by the California Environmental Quality Act (CEQA) pursuant to section 15378 (b)(4) of Title 14 of the California code of Regulations and is not subject to CEQA review.

#### **DOCUMENTS ATTACHED**

- Attachment A – Chapter 9 bankruptcy background article
- Attachment B – City of Vallejo General Fund Fund Balance Projections
- Attachment C - General Fund Revenue Trends
- Attachment D – History of Single Family Residence Median Sales Price and Sales Transactions
- Attachment E – Retail Sales Tax per Capita
- Attachment F – Fiscal Emergency Plan
- Attachment G – Authorized Staff Positions
- Attachment H – Resolution of Intent regarding Budget Amendment
- Attachment I – List of Budget Amendments
- Attachment J - Resolution authorizing the City Manager to file a petition seeking Chapter 9 Bankruptcy

#### **CONTACT:**

Craig Whittom, Assistant City Manager / Community Development, 707-648-4579 or [cwhittom@ci.vallejo.ca.us](mailto:cwhittom@ci.vallejo.ca.us)

# U.S. COURTS BANKRUPTCY BASICS

## Chapter 9

### Municipality Bankruptcy

The chapter of the Bankruptcy Code providing for reorganization of municipalities (which includes cities and towns, as well as villages, counties, taxing districts, municipal utilities, and school districts).

- a. Purpose of Municipality Bankruptcy
- b. Eligibility
- c. Commencement of the Case
- d. Assignment of Case to a Bankruptcy Judge
- e. Notice of Case/Objections/Order for Relief
- f. Automatic Stay
- g. Proofs of Claim
- h. Court's Limited Power
- i. Role of the U.S. Trustee/Bankruptcy Administrator
- j. Role of Creditors
- k. Intervention/Right of Others to be Heard
- l. Powers of the Debtor
- m. Dismissal
- n. Treatment of Bondholders and Other Lenders
- o. Plan for Adjustment of Debts
- p. Confirmation Standards
- q. Discharge

The first municipal bankruptcy legislation was enacted in 1934 during the Great Depression. Pub. L. No. 251, 48 Stat. 798 (1934). Although Congress took care to draft the legislation so as not to interfere with the sovereign powers of the states guaranteed by the Tenth Amendment to the Constitution, the Supreme Court held the 1934 Act unconstitutional as an improper interference with the sovereignty of the states. *Ashton v. Cameron County Water Improvement Dist. No. 1*, 298 U.S. 513, 532 (1936). Congress enacted a revised Municipal Bankruptcy Act in 1937, Pub. L. No. 302, 50 Stat. 653 (1937), which was upheld by the Supreme Court. *United States v. Bekins*, 304 U.S. 27, 54 (1938). The law has been amended several times since 1937. In the more than 60 years since Congress established a federal mechanism for the resolution of municipal debts, there have been fewer than 500 municipal bankruptcy petitions filed. Although chapter 9 cases are rare, a filing by a large municipality can— like the 1994 filing by Orange County, California—involve many millions of dollars in municipal debt.

### Purpose of Municipal Bankruptcy

The purpose of chapter 9 is to provide a financially-distressed municipality

protection from its creditors while it develops and negotiates a plan for adjusting its debts. Reorganization of the debts of a municipality is typically accomplished either by extending debt maturities, reducing the amount of principal or interest, or refinancing the debt by obtaining a new loan.

Although similar to other chapters in some respects, chapter 9 is significantly different in that there is no provision in the law for liquidation of the assets of the municipality and distribution of the proceeds to creditors. Such a liquidation or dissolution would undoubtedly violate the Tenth Amendment to the Constitution and the reservation to the states of sovereignty over their internal affairs. Indeed, due to the severe limitations placed upon the power of the bankruptcy court in chapter 9 cases (required by the Tenth Amendment and the Supreme Court's decisions in cases upholding municipal bankruptcy legislation), the bankruptcy court generally is not as active in managing a municipal bankruptcy case as it is in corporate reorganizations under chapter 11. The functions of the bankruptcy court in chapter 9 cases are generally limited to approving the petition (if the debtor is eligible), confirming a plan of debt adjustment, and ensuring implementation of the plan. As a practical matter, however, the municipality may consent to have the court exercise jurisdiction in many of the traditional areas of court oversight in bankruptcy, in order to obtain the protection of court orders and eliminate the need for multiple forums to decide issues.

### **Eligibility**

Only a "municipality" may file for relief under chapter 9. 11 U.S.C. § 109(c). The term "municipality" is defined in the Bankruptcy Code as a "political subdivision or public agency or instrumentality of a State." 11 U.S.C. § 101(40). The definition is broad enough to include cities, counties, townships, school districts, and public improvement districts. It also includes revenue-producing bodies that provide services which are paid for by users rather than by general taxes, such as bridge authorities, highway authorities, and gas authorities.

Section 109(c) of the Bankruptcy Codes sets forth four additional eligibility requirements for chapter 9:

1. the municipality must be *specifically* authorized to be a debtor by State law or by a governmental officer or organization empowered by State law to authorize the municipality to be a debtor;
2. the municipality must be insolvent, as defined in 11 U.S.C. § 101(32)(C);
3. the municipality must desire to effect a plan to adjust its debts; and
4. the municipality must either:
  - o obtain the agreement of creditors holding at least a majority in amount of the claims of each class that the debtor intends to impair under a plan in a case under chapter 9;
  - o negotiate in good faith with creditors and fail to obtain the agreement of creditors holding at least a majority in amount of the claims of each class that the debtor intends to impair under a



- plan;
- o be unable to negotiate with creditors because such negotiation is impracticable; or
- o reasonably believe that a creditor may attempt to obtain a preference

### **Commencement of the Case**

Municipalities must voluntarily seek protection under the Bankruptcy Code. 11 U.S.C. §§ 303, 901(a). They may file a petition only under chapter 9. A case under chapter 9 concerning an unincorporated tax or special assessment district that does not have its own officials is commenced by the filing of a ~~voluntary "petition under this chapter by such district's governing authority or~~ the board or body having authority to levy taxes or assessments to meet the obligations of such district." 11 U.S.C. § 921(a).

A municipal debtor must file a list of creditors. 11 U.S.C. § 924. Normally, the debtor files the list of creditors with the petition. However, the bankruptcy court has discretion to fix a different time if the debtor is unable to prepare the list of creditors in the form and with the detail required by the Bankruptcy Rules at the time of filing. Fed. R. Bankr. P. 1007.

### **Assignment of Case to a Bankruptcy Judge**

One significant difference between chapter 9 cases and cases filed under other chapters is that the clerk of court does not automatically assign the case to a particular judge. "The chief judge of the court of appeals for the circuit embracing the district in which the case is commenced [designates] the bankruptcy judge to conduct the case." 11 U.S.C. § 921(b). This provision was designed to remove politics from the issue of which judge will preside over the chapter 9 case of a major municipality and to ensure that a municipal case will be handled by a judge who has the time and capability of doing so.

### **Notice of Case/ Objections/ Order for Relief**

The Bankruptcy Code requires that notice be given of the commencement of the case and the order for relief. 11 U.S.C. § 923. The Bankruptcy Rules provide that the clerk, or such other person as the court may direct, is to give notice. Fed. R. Bankr. P. 2002(f). The notice must also be published "at least once a week for three successive weeks in at least one newspaper of general circulation published within the district in which the case is commenced, and in such other newspaper having a general circulation among bond dealers and bondholders as the court designates." 11 U.S.C. § 923. The court typically enters an order designating who is to give and receive notice by mail and identifying the newspapers in which the additional notice is to be published. Fed. R. Bankr. P. 9007, 9008.

The Bankruptcy Code permits objections to the petition. 11 U.S.C. § 921(c). Typically, objections concern issues like whether negotiations have been conducted in good faith, whether the state has authorized the municipality to file, and whether the petition was filed in good faith. If an objection to the

petition is filed, the court must hold a hearing on the objection. *Id.* The court may dismiss a petition if it determines that the debtor did not file the petition in good faith or that the petition does not meet the requirements of title 11. *Id.*

If the petition is not dismissed upon an objection, the Bankruptcy Code requires the court to order relief, allowing the case to proceed under chapter 9. 11 U.S.C. § 921(d).

### **Automatic Stay**

The automatic stay of section 362 of the Bankruptcy Code is applicable in chapter 9 cases. 11 U.S.C. §§ 362(a), 901(a). The stay operates to stop all collection actions against the debtor and its property upon the filing of the petition. Additional automatic stay provisions are applicable in chapter 9 that prohibit actions against officers and inhabitants of the debtor if the action seeks to enforce a claim against the debtor. 11 U.S.C. § 922(a). Thus, the stay prohibits a creditor from bringing a mandamus action against an officer of a municipality on account of a prepetition debt. It also prohibits a creditor from bringing an action against an inhabitant of the debtor to enforce a lien on or arising out of taxes or assessments owed to the debtor.

Section 922(d) of title 11 limits the applicability of the stay. Under that section, a chapter 9 petition does not operate to stay application of pledged special revenues to payment of indebtedness secured by such revenues. Thus, an indenture trustee or other paying agent may apply pledged funds to payments coming due or distribute the pledged funds to bondholders without violating the automatic stay.

### **Proofs of Claim**

In a chapter 9 case, the court fixes the time within which proofs of claim or interest may be filed. Fed. R. Bankr. P. 3003(c)(3). Many creditors may not be required to file a proof of claim in a chapter 9 case. For example, a proof of claim is deemed filed if it appears on the list of creditors filed by the debtor, unless the debt is listed as disputed, contingent, or unliquidated. 11 U.S.C. § 925. Thus, a creditor must file a proof of claim if the creditor's claim appears on the list of creditors as disputed, contingent, or unliquidated.

### **Court's Limited Power**

Sections 903 and 904 of the Bankruptcy Code are designed to recognize the court's limited power over operations of the debtor.

Section 904 limits the power of the bankruptcy court to "interfere with – (1) any of the political or governmental powers of the debtor; (2) any of the property or revenues of the debtor; or (3) the debtor's use or enjoyment of any income-producing property" unless the debtor consents or the plan so provides. The provision makes it clear that the debtor's day-to-day activities are not subject to court approval and that the debtor may borrow money without court authority. In addition, the court cannot appoint a trustee (except for limited purposes specified in 11 U.S.C. § 926(a)) and cannot convert the case to a

liquidation proceeding.

The court also cannot interfere with the operations of the debtor or with the debtor's use of its property and revenues. This is due, at least in part, to the fact that in a chapter 9 case, there is no property of the estate and thus no estate to administer. 11 U.S.C. § 902(1). Moreover, a chapter 9 debtor may employ professionals without court approval, and the only court review of fees is in the context of plan confirmation, when the court determines the reasonableness of the fees.

The restrictions imposed by 11 U.S.C. § 904 are necessary to ensure the constitutionality of chapter 9 and to avoid the possibility that the court might substitute its control over the political or governmental affairs or property of the debtor for that of the state and the elected officials of the municipality.

Similarly, 11 U.S.C. § 903 states that "chapter [9] does not limit or impair the power of a State to control, by legislation or otherwise, a municipality of or in such State in the exercise of the political or governmental powers of the municipality, including expenditures for such exercise," with two exceptions – a state law prescribing a method of composition of municipal debt does not bind any non-consenting creditor, nor does any judgment entered under such state law bind a nonconsenting creditor.

### **Role of the U.S. trustee/bankruptcy administrator**

In a chapter 9 case, the role of the U.S. trustee (or the bankruptcy administrator in North Carolina or Alabama) (1) is typically more limited than in chapter 11 cases. Although the U.S. trustee appoints a creditors' committee, the U.S. trustee does not examine the debtor at a meeting of creditors (there is no meeting of creditors), does not have the authority to move for appointment of a trustee or examiner or for conversion of the case, and does not supervise the administration of the case. Further, the U.S. trustee does not monitor the financial operations of the debtor or review the fees of professionals retained in the case.

### **Role of Creditors**

The role of creditors is more limited in chapter 9 than in other cases. There is no first meeting of creditors, and creditors may not propose competing plans. If certain requirements are met, the debtor's plan is binding on dissenting creditors. The chapter 9 debtor has more freedom to operate without court-imposed restrictions.

In each chapter 9 case, however, there is a creditors' committee that has powers and duties that are very similar to those of a committee in a chapter 11 case. These powers and duties include selecting and authorizing the employment of one or more attorneys, accountants, or other agents to represent the committee; consulting with the debtor concerning administration of the case; investigating the acts, conduct, assets, liabilities, and financial condition of the debtor; participating in the formulation of a plan; and performing such other services as are in the interest of those represented. 11

U.S.C. §§ 901(a), 1103.

### **Intervention/Right of Others to be Heard**

When cities or counties file for relief under chapter 9, there may be a great deal of interest in the case from entities wanting to appear and be heard. The Bankruptcy Rules provide that "[t]he Secretary of the Treasury of the United States may, or if requested by the court shall, intervene in a chapter 9 case." Fed. R. Bankr. P. 2018(c). Further, "[r]epresentatives of the state in which the debtor is located may intervene in a chapter 9 case." *Id.* In addition, the Bankruptcy Code permits the Securities and Exchange Commission to appear and be heard on any issue and gives parties in interest the right to appear and be heard on any issue in a case. 11 U.S.C. §§ 901(a), 1109. Parties in interest include municipal employees, local residents, non-resident owners of real property, special tax payers, securities firms, and local banks.

### **Powers of the Debtor**

Due to statutory limitations placed upon the power of the court in a municipal debt adjustment proceeding, the court is far less involved in the conduct of a municipal bankruptcy case (and in the operation of the municipal entity) while the debtor's financial affairs are undergoing reorganization. The municipal debtor has broad powers to use its property, raise taxes, and make expenditures as it sees fit. It is also permitted to adjust burdensome non-debt contractual relationships under the power to reject executory contracts and unexpired leases, subject to court approval, and it has the same avoiding powers as other debtors. Municipalities may also reject collective bargaining agreements and retiree benefit plans without going through the usual procedures required in chapter 11 cases.

A municipality has authority to borrow money during a chapter 9 case as an administrative expense. 11 U.S.C. §§ 364, 901(a). This ability is important to the survival of a municipality that has exhausted all other resources. A chapter 9 municipality has the same power to obtain credit as it does outside of bankruptcy. The court does not have supervisory authority over the amount of debt the municipality incurs in its operation. The municipality may employ professionals without court approval, and the professional fees incurred are reviewed only within the context of plan confirmation.

### **Dismissal**

As previously noted, the court may dismiss a chapter 9 petition, after notice and a hearing, if it concludes the debtor did not file the petition in good faith or if the petition does not meet the requirements of chapter 9. 11 U.S.C. § 921(c). The court may also dismiss the petition for cause, such as for lack of prosecution, unreasonable delay by the debtor that is prejudicial to creditors, failure to propose or confirm a plan within the time fixed by the court, material default by the debtor under a confirmed plan, or termination of a confirmed plan by reason of the occurrence of a condition specified in the plan. 11 U.S.C. § 930.

## **Treatment of Bondholders and Other Lenders**

Different types of bonds receive different treatment in municipal bankruptcy cases. General obligation bonds are treated as general debt in the chapter 9 case. The municipality is not required to make payments of either principal or interest on account of such bonds during the case. The obligations created by general obligation bonds are subject to negotiation and possible restructuring under the plan of adjustment.

Special revenue bonds, by contrast, will continue to be secured and serviced during the pendency of the chapter 9 case through continuing application and payment of ongoing special revenues. 11 U.S.C. § 928. Holders of special revenue bonds can expect to receive payment on such bonds during the chapter 9 case if special revenues are available. The application of pledged special revenues to indebtedness secured by such revenues is not stayed as long as the pledge is consistent with 11 U.S.C. § 928 [§ 922(d) erroneously refers to § 927 rather than § 928], which insures that a lien of special revenues is subordinate to the operating expenses of the project or system from which the revenues are derived. 11 U.S.C. § 922(d).

Bondholders generally do not have to worry about the threat of preference liability with respect to any prepetition payments on account of bonds or notes, whether special revenue or general obligations. Any transfer of the municipal debtor's property to a noteholder or bondholder on account of a note or bond cannot be avoided as a preference, *i.e.*, as an unauthorized payment to a creditor made while the debtor was insolvent. 11 U.S.C. § 926(b).

## **Plan for Adjustment of Debts**

The Bankruptcy Code provides that the debtor must file a plan. 11 U.S.C. § 941. The plan must be filed with the petition or at such later time as the court fixes. There is no provision in chapter 9 allowing creditors or other parties in interest to file a plan. This limitation is required by the Supreme Court's pronouncements in *Ashton*, 298 U.S. at 528, and *Bekins*, 304 U.S. at 51, which interpreted the Tenth Amendment as requiring that a municipality be left in control of its governmental affairs during a chapter 9 case. Neither creditors nor the court may control the affairs of a municipality indirectly through the mechanism of proposing a plan of adjustment of the municipality's debts that would in effect determine the municipality's future tax and spending decisions.

## **Confirmation Standards**

The standards for plan confirmation in chapter 9 cases are a combination of the statutory requirements of 11 U.S.C. § 943(b) and those portions of 11 U.S.C. § 1129 (the chapter 11 confirmation standards) made applicable by 11 U.S.C. § 901(a). Section 943(b) lists seven general conditions required for confirmation of a plan. The court must confirm a plan if the following conditions are met:

1. the plan complies with the provisions of title 11 made applicable by sections 103(e) and 901;
2. the plan complies with the provisions of chapter 9;

3. all amounts to be paid by the debtor or by any person for services or expenses in the case or incident to the plan have been fully disclosed and are reasonable;
4. the debtor is not prohibited by law from taking any action necessary to carry out the plan;
5. except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan, each holder of a claim of a kind specified in section 507(a)(1) will receive on account of such claim cash equal to the allowed amount of such claim;
6. any regulatory or electoral approval necessary under applicable nonbankruptcy law in order to carry out any provision of the plan has been obtained, or such provision is expressly conditioned on such approval; and
7. the plan is in the best interests of creditors and is feasible.

11 U.S.C. § 943(b).

Section 943(b)(1) requires as a condition for confirmation that the plan comply with the provisions of the Bankruptcy Code made applicable by sections 103(e) and 901(a) of the Bankruptcy Code. The most important of these for purposes of confirming a plan are those provisions of 11 U.S.C. § 1129 (*i.e.*, § 1129(a)(2), (a)(3), (a)(6), (a)(8), (a)(10)) that are made applicable by 11 U.S.C. § 901(a). Section 1129(a)(8) requires, as a condition to confirmation, that the plan has been accepted by each class of claims or interests impaired under the plan. Therefore, if the plan proposes treatment for a class of creditors such that the class is impaired (*i.e.*, the creditor's legal, equitable, or contractual rights are altered), then that class's acceptance is required. If the class is not impaired, then acceptance by that class is not required as a condition to confirmation. Under 11 U.S.C. § 1129(a)(10), the court may confirm the plan only if, should any class of claims be impaired under the plan, at least one impaired class has accepted the plan. If only one impaired class of creditors consents to the plan, plan confirmation is still possible under the "cram down" provisions of 11 U.S.C. § 1129(b). Under "cram down," if all other requirements are met except the § 1129(a)(8) requirement that all classes either be unimpaired or have accepted the plan, then the plan is confirmable if it does not discriminate unfairly and is fair and equitable.

The requirement that the plan be in the "best interests of creditors" means something different under chapter 9 than under chapter 11. Under chapter 11, a plan is said to be in the "best interest of creditors" if creditors would receive as much under the plan as they would if the debtor were liquidated. 11 U.S.C. § 1129(a)(7)(A)(ii). Obviously, a different interpretation is needed in chapter 9 cases because a municipality's assets cannot be liquidated to pay creditors. In the chapter 9 context, the "best interests of creditors" test has generally been interpreted to mean that the plan must be better than other alternatives available to the creditors. See 6 COLLIER ON BANKRUPTCY § 943.03[7] (15th ed. rev. 2005). Generally speaking, the alternative to chapter 9 is dismissal of the case, permitting every creditor to fend for itself. An interpretation of the "best interests of creditors" test to require that the municipality devote all resources available to the repayment of creditors would appear to exceed the standard. The courts generally apply the test to require a reasonable effort by

the municipal debtor that is a better alternative for its creditors than dismissal of the case. *Id.*

Parties in interest may object to confirmation, including creditors whose claims are affected by the plan, an organization of employees of the debtor, and other tax payers, as well as the Securities and Exchange Commission. 11 U.S.C. §§ 901(a), 943, 1109, 1128(b).

### **Discharge**

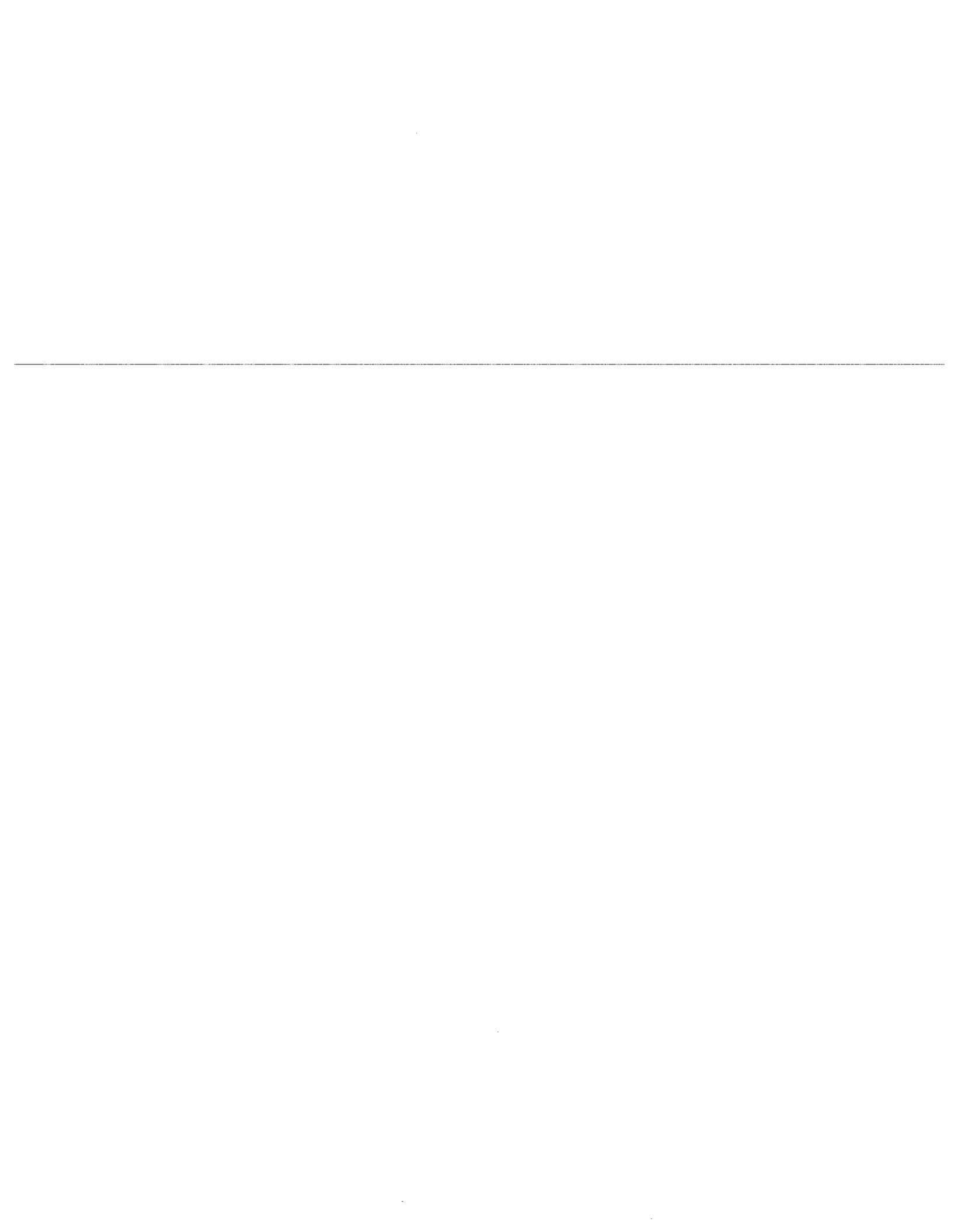
A municipal debtor receives a discharge in a chapter 9 case after: (1) confirmation of the plan; (2) deposit by the debtor of any consideration to be distributed under the plan with the disbursing agent appointed by the court; and (3) a determination by the court that securities deposited with the disbursing agent will constitute valid legal obligations of the debtor and that any provision made to pay or secure payment of such obligations is valid. 11 U.S.C. § 944(b). Thus, the discharge is conditioned not only upon confirmation, but also upon deposit of the consideration to be distributed under the plan and a court determination of the validity of securities to be issued.

There are two exceptions to the discharge in chapter 9 cases. The first is for any debt excepted from discharge by the plan or order confirming the plan. The second is for a debt owed to an entity that, before confirmation of the plan, had neither notice nor actual knowledge of the case. 11 U.S.C. § 944(c).

At any time within 180 days after entry of the confirmation order, the court may, after notice and a hearing, revoke the order of confirmation if the order was procured by fraud. 11 U.S.C. §§ 901(a), 1144.

### **NOTES**

1. In North Carolina and Alabama, bankruptcy administrators perform similar functions that United States trustees perform in the remaining forty-eight states. The bankruptcy administrator program is administered by the Administrative Office of the United States Courts, while the United States trustee program is administered by the Department of Justice. For purposes of this publication, references to United States trustees are also applicable to bankruptcy administrators.  
[return to text](#)





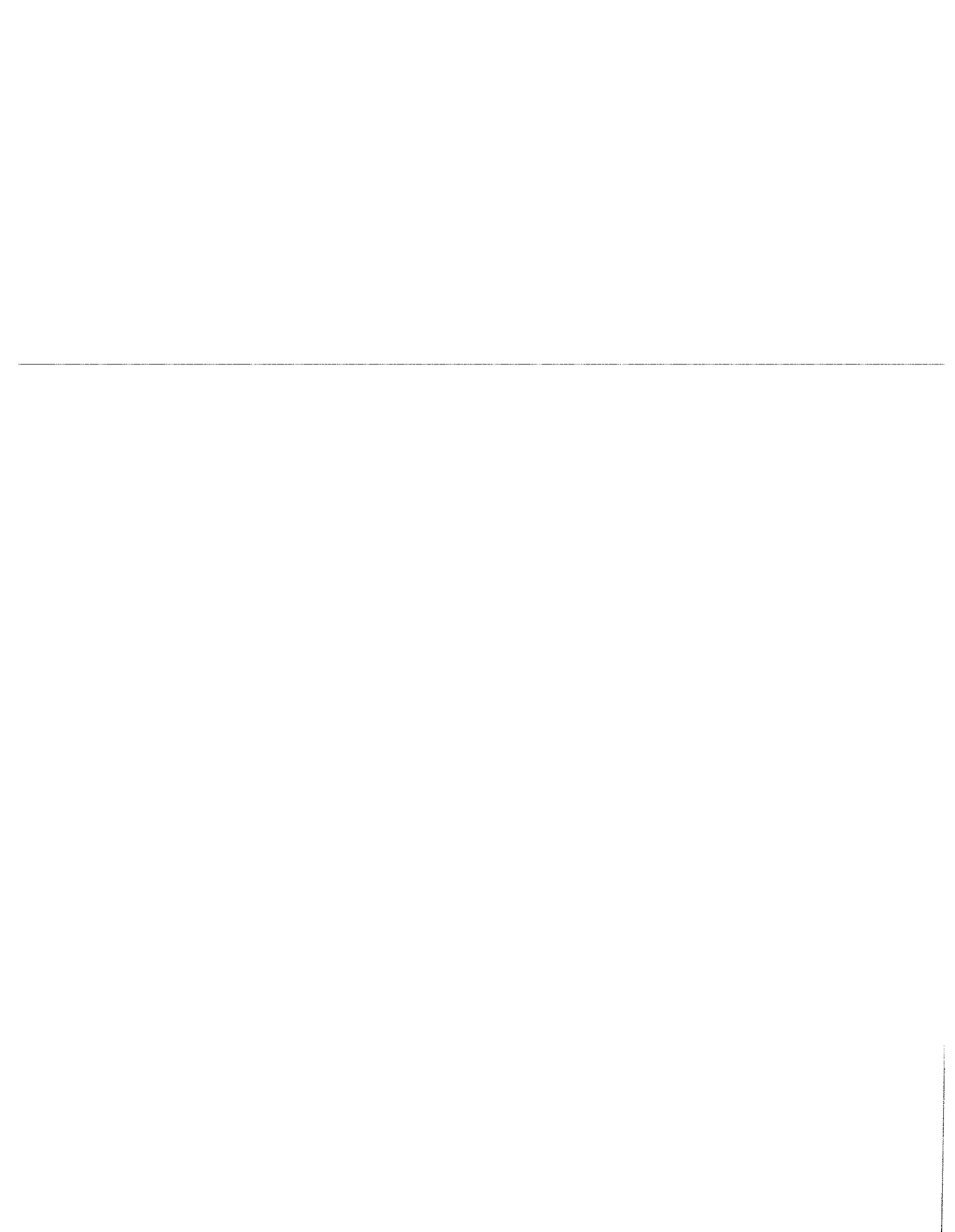
City of Vallejo General Fund Fund Balance Projection

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
	Actual	Actual	Original Budget	Projected at 2-12-08	Projected at 2-12-08	Projected at 2-12-08	Projected at 2-12-08
				% Inc	% Inc	% Inc	% Inc
<b>Beginning Available Balance</b>	9,878,065	7,751,830	3,870,634	(9,257,683)	(25,084,100)	(43,854,703)	(65,689,784)
<b>Annual Activity:</b>							
<b>Revenues</b>							
General revenues							
Property Tax	15,857,808	18,776,182	19,426,244	19,618,142	19,618,142	20,220,188	20,840,292
Sales Tax	13,819,405	13,353,505	12,050,000	12,125,000	12,125,000	12,487,300	12,880,769
Other	38,796,701	37,636,853	39,339,617	35,243,907	35,836,856	36,838,792	37,782,567
Program revenues	12,645,644	12,741,038	13,143,279	12,909,957	13,021,057	13,632,413	13,880,743
<b>Expenditures</b>	81,109,558	82,507,578	85,789,140	79,897,006	80,601,055	83,188,691	85,384,371
Salaries and benefits:							
VPOA			29,936,391	32,875,762	34,716,864	34,716,864	
IAFF			20,387,519	26,194,371	27,647,872	27,647,872	
IBEW			15,355,015	16,067,047	16,565,712	16,565,712	
CAMP/Other			8,923,510	9,715,994	10,004,624	10,004,624	
Cost updates - Dec 18 Report				(2,592,047)	(2,709,450)		
Cost updates - Feb 12 Report				1,356,643			
Service and supplies:	66,758,700	72,553,936	74,602,435	82,261,127	86,225,622	90,536,903	95,063,748
Contributions/Other agencies			1,603,400	1,603,400	1,603,400	1,603,400	1,603,400
Vehicles			3,580,857	3,233,049	3,394,701	3,564,436	3,742,658
Retiree Health (pay as go)			2,560,214	2,900,000	3,300,000	3,800,000	4,300,000
Retiree Health (prefunding)			1,750,000	500,000	1,000,000	1,500,000	2,000,000
Compensated absences			10,236,584	1,837,500	1,929,375	2,025,844	2,127,136
Other	16,014,687	17,196,891	11,204,127	9,952,780	10,151,835	10,354,872	10,561,969
Streets - Supplemental				250,000	250,000	250,000	250,000
Encumbrances	214,779	339,682					
Transfers (Incl Debt Service)	16,229,466	17,536,573	19,731,065	20,276,729	21,629,311	23,098,552	24,585,163
Interfund allocations	7,205,248	3,177,690	1,813,642	1,813,642	1,813,642	1,813,642	1,813,642
Subtotal, expenditures	(5,869,412)	(6,585,663)	(10,678,519)	(10,628,075)	(10,946,917)	(11,275,325)	(11,613,584)
<b>Annual Operating Results</b>	84,324,002	86,682,536	85,789,140	93,723,423	98,721,658	104,173,772	109,848,969
<b>Reserve Transactions</b>	(3,214,444)	(4,174,968)		(13,826,417)	(18,120,603)	(20,985,081)	(24,464,598)
(5% of revenue by 2012 = \$4.2 million)	1,088,209	665,384		(2,000,000)	(750,000)	(750,000)	(750,000)
<b>Net Annual Change</b>	(2,126,235)	(3,509,574)		(15,826,417)	(18,870,603)	(21,735,081)	(25,214,598)
<b>Ending Available Balance</b>	7,751,830	4,242,256	3,870,634	(25,084,100)	(43,954,703)	(65,689,784)	(90,904,382)
% annual expenditures	9%	5%	5%	-27%	-45%	-63%	-83%
Days of Operation	34	18	16	(98)	(163)	(230)	(302)

City of Vallejo General Fund  
**Revenue Trends**  
 (Net of Mare Island Allocations)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08
			% vs PY	% vs PY	% vs PY	% vs PY	% vs PY
<b>General Revenues</b>							
<b>Property Taxes</b>							
CURRENT SECURED TAXES	14,027,383	16,141,292	17,521,591	17,921,591	17,921,591	18,472,739	19,040,421
CURRENT UNSECURED TAXES	474,469	527,720	600,697	600,697	600,697	618,718	637,279
SUPPLEMENTAL TAXES	2,056,575	1,437,746	906,188	506,188	506,188	521,374	537,015
HOMEOWNERS EXEMPTN TAX	199,849	201,317	192,101	192,101	192,101	197,864	203,800
UNITARY TAXES	305,430	310,083	357,565	357,565	357,565	368,292	379,341
TAX INCREMENT PASS-THROUGH		158,024		40,000	40,000	41,200	42,436
SB 1096 ERAF	(1,205,898)						
	<u>15,857,808</u>	<u>18,776,182</u>	<u>19,578,142</u>	<u>19,618,142</u>	<u>19,618,142</u>	<u>20,220,186</u>	<u>20,840,292</u>
			18%	4%	0%	3%	3%
<b>Sales Tax</b>	13,819,405	13,353,505	12,050,000	12,125,000	12,125,000	12,497,300	12,880,769
			-3%	1%	0%	3%	3%
<b>Motor Vehicle License Fees</b>	8,592,520	9,536,759	10,512,621	10,512,621	10,512,621	10,828,000	11,152,840
			11%	0%	0%	3%	3%
<b>Transit Occupancy Tax</b>	1,405,410	1,618,954	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
			15%	0%	0%	0%	0%
<b>Real Property Excise Tax</b>	256,438	662,491	265,000	300,000	300,000	345,000	345,000
			158%	60%	0%	15%	0%
<b>Franchise</b>	2,377,793	3,061,529	4,195,222	4,427,850	4,649,556	4,882,725	5,127,883
			29%	37%	5%	5%	5%
<b>UUT</b>	12,468,855	12,504,321	12,484,270	12,802,783	13,062,399	13,341,212	13,605,095
			0%	0%	2%	2%	2%
<b>Property Transfer Tax</b>	5,106,488	3,778,090	1,665,000	1,665,000	1,665,000	1,713,250	1,762,863
			-26%	0%	0%	3%	3%
<b>Business License</b>	1,298,046	1,388,111	1,390,000	1,390,000	1,390,000	1,390,000	1,390,000
			7%	0%	0%	0%	0%
<b>Subtotal, Taxes</b>	<u>61,202,763</u>	<u>64,679,942</u>	<u>63,740,255</u>	<u>64,441,396</u>	<u>64,922,718</u>	<u>66,817,672</u>	<u>68,704,741</u>
			6%	1%	1%	3%	3%
<b>Revenue From Use of Money</b>							
RENTALS	187,859	56,498	724,009	786,421	841,736	890,811	917,872
INVESTMENT INCOME	315,289	206,061	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
	<u>503,148</u>	<u>262,559</u>	<u>474,009</u>	<u>536,421</u>	<u>591,736</u>	<u>640,811</u>	<u>667,872</u>
			-48%	13%	10%	8%	4%
<b>Misc</b>	2,762,722	2,867,434					
WATER RETURN TO RATE BASE			1,013,332	1,043,732	1,075,044	1,107,295	1,140,514
WATER RIGHTS	709,093	285,784	174,602	175,500	175,500	175,500	175,500
OTHER	3,471,815	3,153,218	1,187,934	1,219,232	1,250,544	1,282,795	1,316,014
			-9%	3%	3%	3%	3%
<b>Transfers</b>	2,977,418	1,454,098	1,680,000	765,000	790,000	790,000	790,000
SIX FLAGS/RECOVERY KINGDOM	308,770	216,723	450,700	25,000	25,000	25,000	25,000
OTHER FUNDS	3,286,188	1,670,821	2,130,700	790,000	815,000	815,000	815,000
			-51%	-54%	3%	0%	0%
			-30%	-63%	3%	0%	0%
			-49%	-63%	3%	0%	0%
<b>Subtotal, General Revenues</b>	<u>68,463,914</u>	<u>69,766,540</u>	<u>67,532,898</u>	<u>66,987,049</u>	<u>67,579,998</u>	<u>69,556,278</u>	<u>71,503,628</u>
			2%	-1%	1%	3%	3%

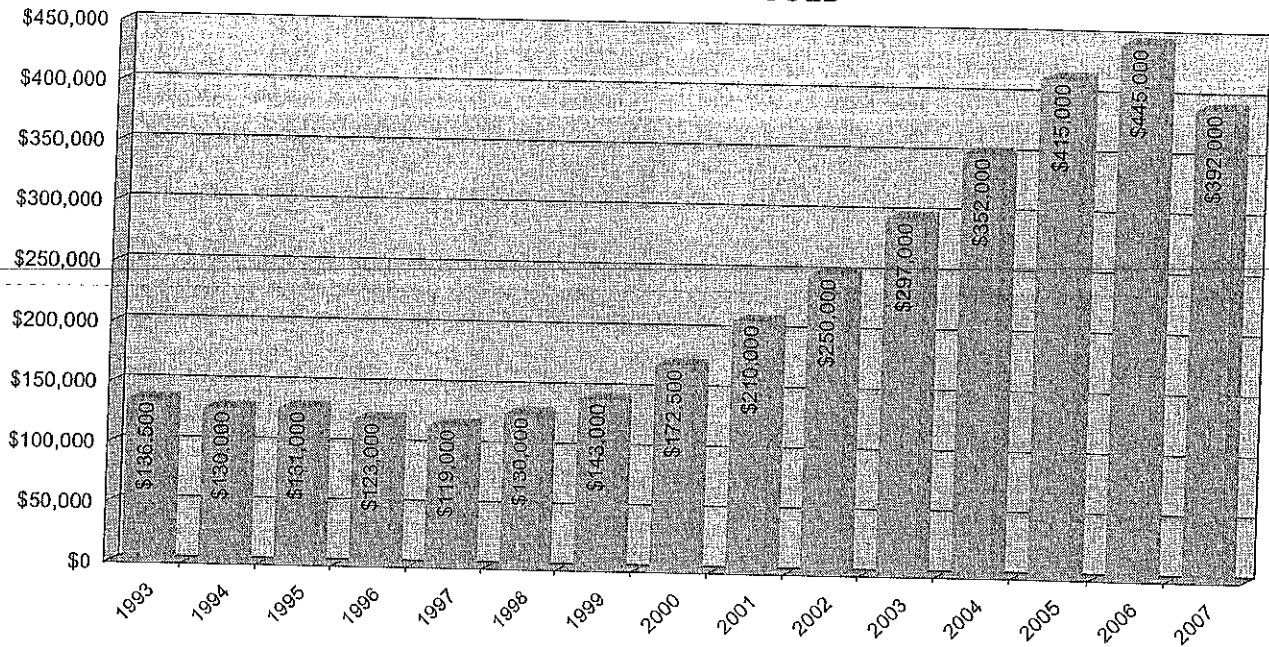
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08	Projection at 2/12/08
			% vs PY	% vs PY	% vs PY	% vs PY	% vs PY
<b>Program Revenues</b>							
<b>Development Services</b>							
BUILDING FEES	2,672,397	1,854,869	-31%	1,751,761	1,625,000	1,868,750	1,868,750
PLANNING FEES	671,568	490,958	-27%	573,839	522,595	600,984	600,984
CODE ENFORCEMENT FEES	199,933	232,904	16%	350,000	350,000	402,500	402,500
	3,543,898	2,578,731	-27%	2,675,600	2,497,595	2,872,234	2,872,234
<b>Administration</b>							
FINANCE - BOND ISSUANCE FEES	-	5,000		-	-	-	-
HUMAN RESOURCES - VSFCD	202,034	227,255	12%	-	-	-	-
	202,034	232,255	15%	-	-	-	-
<b>Economic Development</b>							
DOWNTOWN MANAGEMENT DIST	141,941	141,941	0%	205,000	205,000	205,000	205,000
DOWNTOWN IMPROVEMENT DIST	22,300	30,665	38%	35,000	35,000	35,000	35,000
TOURISM BUSINESS IMP DIST	223,188	211,972	-5%	306,500	306,000	306,000	306,000
MOBILE HOME FEES	12,840	11,688	-9%	12,000	12,000	12,000	12,000
	400,269	396,266	-1%	558,500	558,000	558,000	558,000
<b>Fire</b>							
MARE ISLAND/STATION 9 ALLOCATION	2,149,788	2,603,100	21%	2,740,711	2,877,747	3,172,716	3,331,352
EAST VALLEJO FIRE DIST.	458,169	498,062	9%	500,000	500,000	515,000	530,450
GRANTS	221,983	26,731	-88%	-	-	-	-
MISC REIMBURSEMENTS	45,905	263,239	473%	90,000	30,000	30,000	30,000
CONFINED SPACE RESCUE	20,000	10,000	-50%	10,000	10,000	10,000	10,000
AMBULANCE SAVINGS-SOLNO CO	71,559	167,673	134%	144,000	144,000	144,000	144,000
PLAN REVIEW FEES	55,506	65,628	18%	35,000	35,000	35,000	35,000
INSPECTION FEES	32,365	50,949	57%	36,400	36,400	36,400	36,400
WEED ABATEMENT	36,654	96,409	163%	143,000	-	-	-
OTHER	570	1,080	89%	500	500	500	500
	3,092,499	3,782,871	22%	3,699,611	3,777,534	3,943,616	4,117,702
<b>Police</b>							
PROP 172 - SALES TAX	473,633	474,229	0%	474,229	474,229	474,229	474,229
MARE ISLAND	630,504	923,700	47%	1,072,173	1,193,355	1,258,990	1,328,234
SCHOOL DISTRICT	446,667	421,333	-6%	396,000	396,000	396,000	396,000
HIGH TECH TASK FORCE	435,152	353,095	-19%	592,644	592,644	592,644	592,644
POST REIMBURSEMENTS	97,935	83,528	-15%	80,000	80,000	80,000	80,000
OVERTIME REIMBURSEMENT	154,519	169,018	9%	120,000	125,000	135,000	140,000
ANTI-GANG GRANT	-	-	-	-	-	-	-
VEHICLE FINES - CITY	524,137	416,213	-21%	435,000	435,000	435,000	435,000
PARKING FINES	507,013	566,761	12%	550,000	550,000	550,000	550,000
ABANDONED VEHICLES	103,218	140,532	36%	130,000	130,000	130,000	130,000
POLICE IMPOUND FEES	73,356	84,905	16%	85,000	85,000	85,000	85,000
FALSE ALARM FEES	59,107	61,717	4%	100,000	100,000	100,000	100,000
OTHER (including new grants)	198,359	114,896	-42%	432,000	390,600	290,600	290,600
OTHER (one-time items)	141,057	586,675	42%	-	-	-	-
	3,844,657	4,396,602	14%	4,592,046	4,456,828	4,527,463	4,601,707
<b>Public Works</b>							
ENGINEERING FEES	1,056,855	822,174	-22%	1,161,000	1,000,000	1,000,000	1,000,000
GRADING PERMIT FEES	225,520	261,855	16%	100,000	100,000	100,000	100,000
WASTE MANAGEMENT	143,800	223,300	55%	249,800	249,800	249,800	249,800
OTHER	136,112	46,984	-65%	388,440	381,300	381,300	381,300
	1,562,287	1,354,313	-13%	1,899,240	1,731,100	1,731,100	1,731,100
<b>Subtotal, Program Revenues</b>	12,645,644	12,741,038	1%	13,424,997	12,909,957	13,632,413	13,880,743
<b>Total</b>	81,109,558	82,507,578	2%	80,957,895	79,897,006	83,188,691	85,384,371



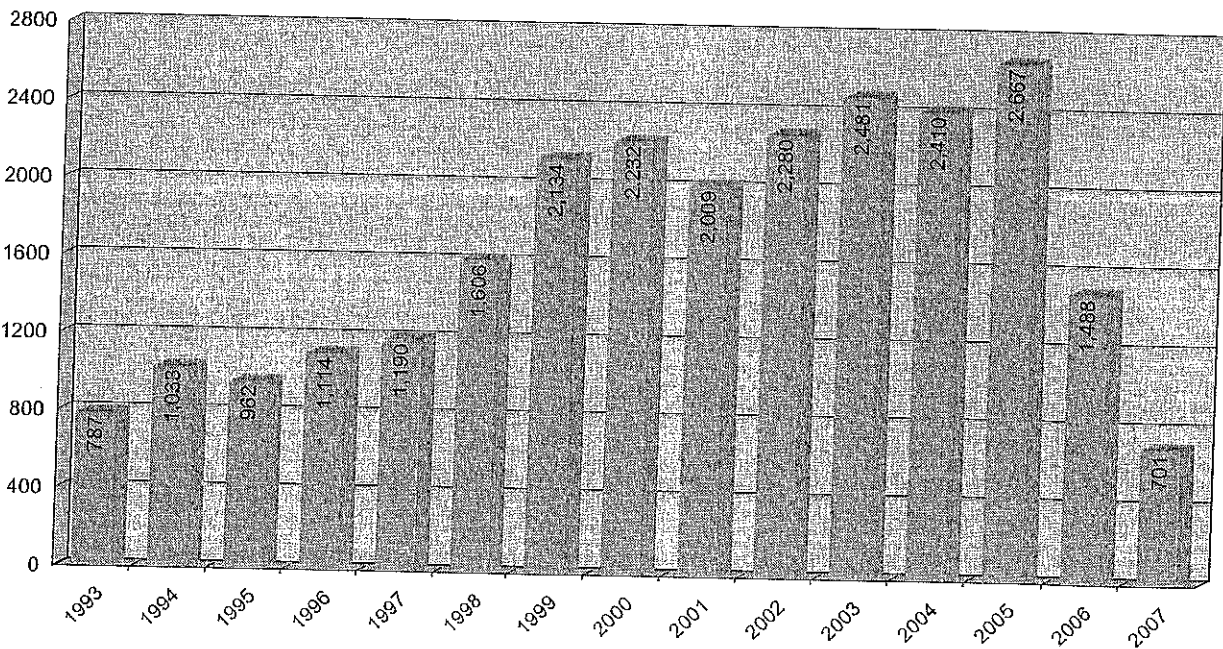


**CITY OF VALLEJO - HISTORY OF MEDIAN SALES PRICE OF SINGLE FAMILY RESIDENCES (SFR) AND NUMBER OF SINGLE FAMILY RESIDENCES SOLD EACH YEAR 1993-2007\***

**MEDIAN SALE PRICE OF ALL SFR SOLD**



**NUMBER OF SFR FULL VALUE SALES TRANSACTIONS**



\*Sales Through 12/15/2007

\*\*Full Value Parcel Sales (Sales not included in the analysis are quitclaim deeds, trust transfers, partial sales, multiple parcel transactions and non-reported document number transfers.)

Data Source: Solano County Assessor Secured Tax Rolls And DataQuick Information Services

Prepared On 2/12/2008 By PC

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL Coren & Cone



# CITY OF VALLEJO - COMPARISON OF RETAIL SALES PER CAPITA - ALL BUSINESS TYPES - 13 QUARTER HISTORY

ADJUSTED FOR ECONOMIC DATA

Adjusted by moving retroactive payments with an absolute value of \$5,000 or more into the quarter the sale was generated

Chart Description:

This chart compares *per capita* sales to that of 6 other jurisdictions. The prior 12 quarters are shown graphically for historical reference purposes. *Allocations have been adjusted to reflect economic data.*

Comparison Agencies

Quarters Shown Reflect the Period in Which the Sales Occurred - Point of Sale

\$ (Thousands)

Vallejo  
Outlets = 2,443

Richmond  
Outlets = 2,133

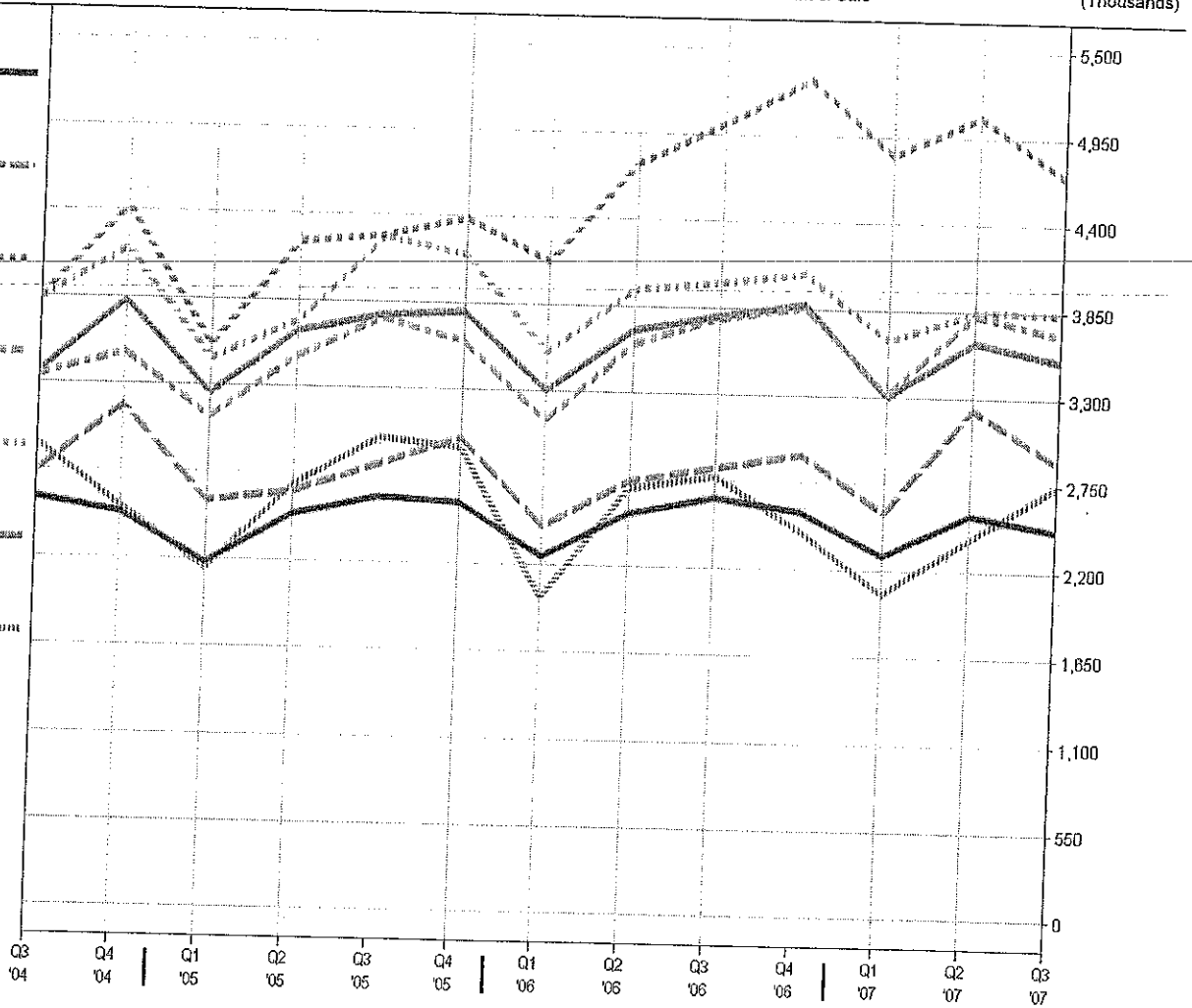
Benicia  
Outlets = 1,129

Napa  
Outlets = 2,676

Fairfield  
Outlets = 2,314

Vacaville  
Outlets = 1,877

American Canyon  
Outlets = 369



**City of Vallejo  
General Fund  
Fiscal Emergency Plan**

**FY 07-08**

2-13-08 Council Report

City Interim Proposal at 2-26-08

**Beginning Available Fund Balance (July 1, 2007)**

4,242,256

4,242,256

**December 18, 2007 Council Report**

Updated General Tax Revenue Projections

General Tax Revenues:

Property Taxes	200,000	200,000
Sales Tax	(1,250,000)	(1,250,000)
Motor Vehicle License Fee	287,160	287,160
Excise Tax	(500,000)	(500,000)
Franchise/Utility User Tax	(163,000)	(163,000)
Property Transfer Tax	(1,450,000)	(1,450,000)
Marine World/Six Flags Revenue Sharing	(185,000)	(185,000)
Transfers In	430,000	430,000
Development Fees	(816,395)	(816,395)
Other	(75,000)	(75,000)
	(3,522,235)	(3,522,235)

Increased Program Costs

Fire Arbitration	(4,256,710)	(4,256,710)
Public Safety COLA - Increase from 8.5% to 10%	(383,785)	(383,785)
Police	(451,287)	(451,287)
Fire	(200,000)	(200,000)
Other		
	(5,291,782)	(5,291,782)

Budget Reductions

<u>Police</u>		
New grant revenues	318,749	318,749
Salary and operation reductions	146,987	146,987
Overtime reductions	500,000	500,000
Operating service/supplies (Probation Team)	(25,000)	(25,000)
Interfund grant reimbursements (CDCR Fighting Back)	100,000	100,000
	1,040,736	1,040,736

Fire

Updated revenue projections	269,000	269,000
Employee reductions	874,467	874,467
4 Sworn Retirements		
5 Admin Positions (1 Deputy, AA, Exec Sec, Admin Clerk & SCEO)		
Operating service/supplies	86,175	86,175
Reduction in vehicle maintenance and replacement	510,854	510,854
	1,740,496	1,740,496

Public Works

Salary savings - Engineering vacancies	227,560	227,560
Assistant City Engineer (12 months)		
Associate Traffic Engineer (6 months)		
Maintenance - operating service/supplies	141,700	141,700
Interfund C/P overhead allocations	10,740	10,740
	380,000	380,000

Community Development

Salary/benefit savings	117,000	117,000
Operating service/supplies	25,000	25,000
	142,000	142,000

Administration

Salary/benefit savings (vacancies) - See detail in February list below	32,970	32,970
Operating service/supplies	318,000	318,000
Reduction in interfund cost allocation	(150,222)	(150,222)
	200,748	200,748
Subtotal, 12-18-07 Changes	(5,310,037)	(5,310,037)

**Fund Projections at 12-18-07**

Projected Annual Deficit

Projected June 30 available fund balance

(5,310,037)

(5,310,037)

(1,067,781)

(1,067,781)

City of Vallejo  
General Fund

Fiscal Emergency Plan

January 30 Projection

Updated Revenue Projections

Property Taxes  
Sales Tax  
Excise Tax  
Franchise/Utility User Tax  
Property Transfer Tax  
Investment income (expense)  
Other general revenues  
Departmental Program revenues

Expenditure Proposals

Police  
Overall budget risk assessment - labor  
Overall budget risk assessment - non-labor  
  
Fire  
Add Spring 2008 academy  
Grievance settlement  
Inspector (six months)  
To correct the cost of 12-18 position add-backs (Paramedic Coordinator)  
Increase interfund charges to Hazmat Fund  
Delay in Admin Cuts to 3/1  
Deputy (2nd of 2) - Annuitant savings  
  
Public Works - Engineering  
Vacancies - See detail in February list below  
One-time correction - Lennar 05-06 reimbursement  
Public Buildings - Salary Savings for vacancies  
  
CD - Economic Development  
Update for pass-throughs  
  
Admin  
Human Resources Services/Supplies  
  
Non-department  
Compensated absences  
Water usage - City facilities  
  
Subtotal, January 30 Changes

Fund Projections at 1-30-08

Projected Annual Deficit

Projected June 30 available fund balance

FY 07-08

2-13-08 Council Report

City Interim Proposal at 2-26-08

(49,000)	(49,000)
(580,000)	(580,000)
(235,000)	(235,000)
(811,992)	(811,992)
(535,000)	(535,000)
(250,000)	(250,000)
53,869	53,869
510,364	510,364
<u>(1,896,759)</u>	<u>(1,896,759)</u>

(815,000)	(815,000)
(450,000)	(450,000)
<u>(1,265,000)</u>	<u>(1,265,000)</u>

(425,000)	(425,000)
(113,000)	(113,000)
(129,000)	(129,000)
40,000	40,000
(150,643)	(150,643)
66,000	66,000
<u>(711,643)</u>	<u>(711,643)</u>

185,000	185,000
320,000	320,000
25,000	25,000
<u>530,000</u>	<u>530,000</u>

(96,500)	(96,500)
<u>(96,500)</u>	<u>(96,500)</u>

(100,000)	(100,000)
<u>(100,000)</u>	<u>(100,000)</u>

(1,000,000)	(1,000,000)
(300,000)	(300,000)
<u>(1,300,000)</u>	<u>(1,300,000)</u>

(4,839,902)	(4,839,902)
<u>(10,149,939)</u>	<u>(10,149,939)</u>

(5,907,683)	(5,907,683)
<u>(5,907,683)</u>	<u>(5,907,683)</u>



City of Vallejo  
General Fund

Fiscal Emergency Plan

February 26 Proposal

FY 07-08

2-13-08 Council Report

City Interim Proposal at 2-26-08

One-time Funds

Arts and Convention Fund  
Repair and Demolition Fund  
Vehicle Replacement Fund (Suspend Spring '08 Purchases - 16 PD cars)  
Vehicle Replacement Fund (Rebates remaining General Fund balance)  
Transportation - Bus Inventory buy-out

200,000  
40,000  
500,000  
1,200,000  
300,000

Employee Contract Items

Roll-back salaries to June 30, 2007 less additional 5% effective 4-1-08

VPOA

IAFF  
IBEW  
CAMP  
Other

959,464  
709,553  
252,859  
78,468  
30,196

2,240,000

2,240,000

Service Reductions

Police

Eliminate (5) sworn FTEs - Current Vacancies

Lieutenant  
Lieutenant  
Corporal  
Corporal  
Police Officer  
Police Officer

95,833  
95,833  
69,167  
69,167  
63,333  
63,333

5 mos  
5 mos  
5 mos  
5 mos  
5 mos  
5 mos

2,030,540

2,030,540

Retirement Savings  
Lieutenant  
Sergeant  
Sergeant  
Police Officer  
Police Officer  
Police Officer  
Police Officer

75,000  
95,833  
95,833  
69,167  
69,167  
48,667  
48,667  
48,667  
48,667  
130,000

5 mos  
5 mos  
5 mos  
5 mos  
5 mos  
4 mos  
4 mos  
4 mos  
4 mos  
4 mos  
4 mos

Police patrol vehicles and other overhead

Non-sworn positions

Admin Analyst  
Comm Operator  
Comm Operator  
Comm Operator  
Comm Operator  
Sr. Admin Clerk  
Police Clerks (3)  
Sr. Admin Clerk  
Accounting Clerk  
Police Asst (0.5)

47,917  
40,000  
40,000  
40,000  
40,000  
32,353  
12,941  
13,167  
8,628

5 mos  
5 mos  
5 mos  
5 mos  
5 mos  
5 mos  
2 mos  
2 mos  
2 mos

6 Police Assistants

These positions are filled but not budgeted; layoffs will reduce estimated salary budget risk in January projection

150,000

4 mos

893,339

1,284,339

**City of Vallejo  
General Fund  
Fiscal Emergency Plan**

**FY 07-08**

City Interim Proposal at 2-26-08

2-13-08 Council Report

Fire

Defer spring training academy to Fall '08					425,000	425,000		
1st Engine Company closed each day	Overtime	3 mos			356,141	356,141	3 mos	356,141
2nd Engine Company closed each day							3 mos	356,141
1 Captain								
1 Engineer								
1 Firefighter/Paramedic								
Salary savings for Workers' Comp Retirees (4 employees)							4 mos	241,973
Truck Company-Reduced from 4 person to 3 person company	Overtime	3 mos			142,719			
Transfer Captain from Training to Suppression - #1	Overtime	3 mos			53,970	53,970		
Transfer Captain from Training to Suppression - #2	Overtime	3 mos			53,970			
Retirement - Assistant Chief - Training	Overtime	3 mos			50,766			67,610
Transfer Inspector from Prevention to Suppression	Overtime	3 mos						50,766
Reduce Leave Available to 3 Vacation and 1 Comp Time per day (4)	Overtime	3 mos			107,915			107,915
Reprice value of fall cuts with new COLA assumptions: FY 07-08 (partial year)								
Sworn - Four retirements					633,763			600,407
IBEW - Exec Secretary, Sr Code Enforcement Officer, Admin Clerk								
Deputy Chief (1 of 2)								
Admin Analyst (transferred to Finance)								
Less amounts deducted in Dec projections					(723,824)			(723,824)
Potential retirements/vacancy savings (Chief's estimate)					250,000			
								1,536,098
<u>Public Works</u>								
Assistant City Engineer	Vacant				155,717			155,717
Associate Traffic Engineer	Vacant				120,534			120,534
Engineering Technician II	Vacant				107,724			107,724
Associate Civil Engineer 6-months 07-08					61,767			61,767
Less amounts deducted in Dec and Jan projections					(412,560)			(412,560)
Overhead /discontinued Developer reimbursement (25% CE + City overhead)					(25,000)			(25,000)
								8,182
<u>Community Development</u>								
Eliminate 2 FTE - Assistant/Associate Planner	Vacant	5 mos			94,187			94,187
<u>Administration</u>								
City Manager - 50% Admin Clerk	Vacant	9 mos			28,117			28,117
City Clerk - Admin Clerk	Filled	2 mos			18,641			18,641
Less CM and CC amounts deducted in Dec and Jan projections					(32,970)			(32,970)
City Attorney - Legal Secretary 25% to Risk		12 mos			23,288			23,288
Finance - General Fund Accountant	Vacant	2 mos			25,900			25,900
Human Resources - Operations Manager	Filled	2 mos			43,843			43,843
Human Resources - Personnel Analyst II	Filled	2 mos			33,995			33,995
Human Resources - Executive Secretary	Filled	2 mos			27,377			27,377
Cost Plan Offset (preliminary estimate 50%)					(84,095)			(84,095)
								84,095

**City of Vallejo  
General Fund  
Fiscal Emergency Plan**

Non-department

Additional leave payouts - employee flight (FY 07-08 \$5.3; FY 08-09 \$1.7)

Other Costs Updates

Cancel \$4 million in CJP Projects/Reduce Debt Service  
Incremental Retiree Health - 21 new retirees  
Rounding

Insolvency - Estimated Costs

Debt - Increased Variable Interest Rate (to estimated bank rate of 12%)  
Attorneys and Consultants (Increment from \$200K in base)  
Financial planning, revenue enhancements, labor negotiations, bankruptcy support

Subtotal, February Updates

**Fund Projections at 2-26-08**

Projected Annual Deficit

Projected June 30 available fund balance

**Other Risks/Opportunities**

Police Arbitration - minimum staffing  
Unfunded Retiree Health  
Further Revenue declines  
State Budget Situation - potential local agency impacts  
State Budget Situation - potential Gas Tax withheld payments (eventual impact on Gen Fund reimbursements)  
Long-term vehicle replacement strategy  
Triad Funding/Bond Proceeds

**Revenue Options**

911 Fee  
False 911 Fee  
VSFCD Impact Fee  
East Vallejo Fire District - revisit reimbursement formula  
WETA - repay Transportation Advances  
Ferry Parking Fee - repay Transportation Advances  
Fire - Bill Non-Resident Accident Victims  
Surplus Land Sales (March 11th - revenue package)

**FY 07-08**

**2-13-08 Council Report**

(850,000)

55,000  
1,921

56,921

(500,000)

(500,000)

5,407,683

(4,742,256)

(500,000)

**City Interim Proposal at 2-26-08**

(2,550,000)

(2,550,000)

55,000  
(84,000)  
9,243

4 mos

(19,757)

3 mos

(300,000)

(500,000)

(800,000)

3,907,683

(6,242,256)

(2,000,000)

CITY OF VALLEJO  
 AUTHORIZED POSITIONS  
 FY 07-08 ADOPTED BUDGET

PERSONNEL BY FUND	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08			Midyear Adjustments				
					Original Budget							
	Approved	Approved	Approved	Approved	Prior Year Base	Transfers (Including New Cost Allocation Plan)	Additions	Deletions	Adopted	12-18-07 Additions (Minimum Staffing Arbitration)	2-26-08 Fiscal Emergency Plan Proposal	Adjusted Balance
General Fund												
Legislative and Advisory	8.00	8.00	8.00	8.00	8.00			(0.50)	7.50		0.50	8.00
Executive	10.00	10.00	8.00	8.00	8.00			(1.00)	7.00		(2.00)	5.00
Law	6.00	6.00	6.00	6.00	6.00				6.00			6.00
Finance	20.00	17.00	18.00	19.00	19.00	1.00		(1.00)	19.00			19.00
Human Resources	10.00	9.00	7.50	8.00	8.00			(2.00)	6.00		(3.00)	3.00
Community Development	23.00	20.00	21.00	23.05	23.05	6.95		(0.60)	29.40		(3.00)	26.40
Police	228.00	205.50	214.50	218.50	218.50			(18.00)	200.50		(23.50)	177.00
Fire	122.00	114.00	110.00	110.00	110.00	3.32		(20.00)	90.00	14.00	(5.00)	99.00
Public Works	67.39	58.64	58.88	62.88	62.88			(4.00)	62.20		(4.00)	58.20
	494.39	448.14	451.88	463.43	463.43	11.27		(47.10)	427.60	14.00	(40.00)	401.60
Enterprise Funds												
Water	94.45	86.44	89.95	95.09	95.09	(1.19)	4.00		97.90			97.90
Transportation	3.73	5.73	5.98	5.98	5.98	(0.98)			5.00			5.00
Marina	3.80	3.80	2.80	2.80	2.80	(0.20)			2.60			2.60
	101.98	95.97	98.73	103.87	103.87	(2.37)	4.00		105.50			105.50
Community Development												
Housing	15.70	16.05	15.65	15.37	15.37	2.25			17.62			17.62
Redevelopment Agency	5.70	3.64	4.30	4.95	4.95	(3.95)						
CDBG	1.70	1.45	1.50	1.40	1.40	(1.40)		(1.00)				
Home Program	0.70	0.60	0.45	0.55	0.55	(0.55)						
Mare Island Conversion	1.10	1.13	1.15	1.30	1.30	(1.30)						
Mare Island Leasing	1.10	1.13	1.45	1.60	1.60	(1.60)						
Mare Island CFDs	3.70	2.70	2.45	2.30	2.30				2.30			2.30
	23.70	26.70	26.95	27.47	27.47	(6.55)		(1.00)	19.92			19.92
Public Works Funds												
Corp Yard	17.25	16.25	16.00	10.90	10.90				10.90			10.90
Solid Waste/Recycling	1.15	1.30	1.20	1.20	1.20	(1.20)						
Landscape Districts	2.90	4.90	4.90	5.70	5.70	(0.25)		3.00	8.45			8.45
	21.30	22.45	22.10	17.80	17.80	(1.45)		3.00	19.35			19.35
Other Programs												
Risk Management	2.00	2.50	2.50	2.50	2.50	(0.50)			2.00			2.00
State Lands Commission	0.00	0.00	0.00	0.40	0.40	(0.40)						
	2.00	2.50	2.50	2.90	2.90	(0.90)			2.00			2.00
<b>TOTAL</b>	<b>649.37</b>	<b>595.76</b>	<b>602.16</b>	<b>615.47</b>	<b>615.47</b>		<b>4.00</b>	<b>(45.10)</b>	<b>574.37</b>	<b>14.00</b>	<b>(40.00)</b>	<b>548.37</b>

**LEGISLATIVE, EXECUTIVE AND LEGAL DEPARTMENTS  
PERSONNEL SUMMARY**

	FY 07-08									
	FY 03-04		FY 04-05		FY 05-06		FY 06-07		FY 07-08	
	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Deletions	Adopted	Adjusted Balance
<b>GENERAL FUND:</b>										
<b>LEGISLATIVE</b>										
<b>MAYOR &amp; COUNCIL</b>										
Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Council	6.00	6.00	6.00	6.00	6.00	6.00	6.00		6.00	6.00
Executive Assistant to Mayor	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
<b>Total Legislative</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>(0.50)</b>	<b>7.50</b>	<b>8.00</b>
<b>EXECUTIVE</b>										
<b>CITY MANAGER</b>										
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Assistant City Manager	1.00	1.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Executive Assistant to City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Administrative Analyst (P/O)	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Administrative Clerk II	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Tech. Service Media Coordinator	1.00	1.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
<b>Total Executive</b>	<b>6.00</b>	<b>6.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>(1.00)</b>	<b>3.00</b>	<b>2.00</b>
<b>CITY CLERK</b>										
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Deputy City Clerk	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Administrative Clerk II	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
<b>Total Executive</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>(1.00)</b>	<b>3.00</b>	<b>2.00</b>
<b>LEGAL</b>										
<b>CITY ATTORNEY</b>										
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Assistant City Attorney	2.00	2.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Deputy City Attorney (Asst. City Attorney I)	1.00	1.00	2.00	2.00	2.00	2.00	2.00		2.00	2.00
Secretary to City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
Legal Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00
<b>Total Legal</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>0.00</b>	<b>6.00</b>	<b>6.00</b>
<b>TOTAL LEGISLATIVE, EXECUTIVE AND LEGAL</b>	<b>24.00</b>	<b>24.00</b>	<b>22.00</b>	<b>22.00</b>	<b>22.00</b>	<b>22.00</b>	<b>22.00</b>	<b>(1.50)</b>	<b>20.50</b>	<b>19.00</b>

**FINANCE DEPARTMENT  
PERSONNEL SUMMARY**

	FY 07-08											
	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Original Budget					Midyear Adjustments		
	Approved	Approved	Approved	Approved	Prior Year Base	Transfers (including New Cost Allocation Plan)	Additions	Deletions	Adopted	12-18-07 Additions (Minimum Staffing Arbitration)	2-26-08 Fiscal Emergency Plan Proposal	Adjusted Balance
<b>GENERAL FUND:</b>												
<b>ACCOUNTING</b>												
Finance Director	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Assistant Finance Director	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Auditor Controller	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Accounting Manager	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Senior Accountant	1.00	1.00	1.00	1.00	2.00				1.00			1.00
Accountant	1.50	1.50	1.50	1.50	1.50	0.50			2.00			2.00
Budget Analyst (Sr. Accountant)	1.00	1.00	1.00	1.00	1.00				1.00		(1.00)	1.00
Executive Secretary	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Secretary	0.00	0.00	0.00	0.00	0.00				0.00			0.00
Administrative Analyst II <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	1.00			1.00			1.00
Accounting Technician	2.00	1.00	2.00	2.00	2.00				0.00			1.00
Administrative Clerk II	1.00	0.50	0.50	0.50	0.50	(0.50)			2.00		1.00	1.00
Accounting Clerk II	1.00	1.00	0.00	0.00	0.00				0.00			2.00
	<b>12.50</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12.00</b>
<b>COMMERCIAL SERVICES</b>												
Customer Service Supervisor	1.00	1.00	1.00	1.00	1.00				0.00			0.00
Accounting Clerk II	0.00	0.00	0.00	0.00	0.00	(1.00)			0.00			0.00
Revenue Collection Technician	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Administrative Clerk II	0.00	1.00	1.00	1.00	1.00			(1.00)	0.00			1.00
	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(1.00)</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>
<b>INFORMATION TECHNOLOGY</b>												
Chief Information Officer	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Information Services Specialist	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Information Services Technician II	1.00	1.00	1.00	1.00	1.00				1.00			1.00
Information System Technician II	0.00	0.00	0.00	0.00	0.00				1.00			1.00
Technical Services Media Coordinator	0.00	0.00	1.00	1.00	1.00				1.00			1.00
	<b>3.00</b>	<b>3.00</b>	<b>4.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.00</b>
<b>CENTRALIZED PURCHASING</b>												
Purchasing Manager	1.00	0.00	0.00	0.00	0.00				0.00			0.00
Buyer	1.00	0.00	0.00	0.00	0.00				0.00			0.00
Administrative Clerk II	0.50	0.00	0.00	0.00	0.00				0.00			0.00
	<b>2.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Subtotal, General Fund</b>	<b>20.00</b>	<b>17.00</b>	<b>18.00</b>	<b>19.00</b>	<b>19.00</b>	<b>1.00</b>	<b>0.00</b>	<b>(1.00)</b>	<b>19.00</b>	<b>0.00</b>	<b>0.00</b>	<b>19.00</b>

<sup>1</sup> Administrative Analyst II - transfer from Fire

HUMAN RESOURCES  
PERSONNEL SUMMARY

	FY 07-08				FY 06-07				FY 05-06				FY 04-05				FY 03-04			
	Original Budget				Original Budget				Original Budget				Original Budget				Original Budget			
	Prior Year Base	Transfers (Including New Cost Allocation Plan)	Additions	Deletions	Adopted	12-18-07 Additions (Minimum Staffing Arbitration)	Midyear Adjustments 2-26-08 Fiscal Emergency Plan Proposal	Adjusted Balance	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	
Director	1.00																			
HR Operations Manager	0.00																			
HR Program Manager	2.00																			
Senior Personnel Analyst	0.00																			
Personnel Analyst I/II	3.00																			
Executive Secretary	1.00																			
Personnel Technician	2.00																			
HR Specialist	1.00																			
<b>TOTAL DEPARTMENT</b>	<b>10.00</b>	<b>9.00</b>	<b>8.00</b>	<b>7.50</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>0.00</b>	<b>(3.00)</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	

GENERAL FUND:  
HUMAN RESOURCES

- Director
- HR Operations Manager
- HR Program Manager
- Senior Personnel Analyst
- Personnel Analyst I/II
- Executive Secretary
- Personnel Technician
- HR Specialist

TOTAL DEPARTMENT

**COMMUNITY DEVELOPMENT DEPARTMENT  
PERSONNEL SUMMARY**

	FY 03-04					FY 04-05					FY 05-06					FY 06-07					FY 07-08				
	Original Budget										Midyear Adjustments														
	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Transfers (Including New Cost Allocation Plan)	Prior Year Base	Additions	Deletions	Adopted	12-18-07 Additions (Minimum Staffing Arbitration)	2-26-08 Fiscal Emergency Plan Proposal	Adjusted Balance							
<b>GENERAL FUND:</b>																									
<b>COMMUNITY DEVELOPMENT ADMINISTRATION</b>																									
Assistant City Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35	0.35	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00						
Administrative Analyst II	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.70	0.70	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00						
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.05</b>	<b>1.05</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>2.00</b>						
<b>ECONOMIC DEVELOPMENT</b>																									
Economic Development Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00						
M.I. Conversion Program Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00						
Community Dev. Analyst/Sr. Comm. Analyst	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	2.00						
Asset Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Secretary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>6.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>6.00</b>						
<b>DEVELOPMENT SERVICES</b>																									
<b>BUILDING</b>																									
Chief Building Official	1.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Building Inspector I/II	4.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00	6.00	0.00	0.00	0.00	6.00	6.00						
Building Plans Examiner	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Building Permit Technician	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Secretary	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Senior Administrative Clerk	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
	<b>8.00</b>	<b>7.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>	<b>8.00</b>						
<b>PLANNING</b>																									
Development Services Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Planning Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Senior Planner/Permit Coord.	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Assistant/Associate Planner	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00	4.00	0.00	0.00	0.00	4.00	4.00						
Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
	<b>9.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>	<b>8.00</b>						
<b>CODE ENFORCEMENT</b>																									
Code Enforcement Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Code Enforcement Officer	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00	2.00						
Code Enforcement Technician	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
Sr. Code Enforcement Officer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
Sr. Administrative Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00						
	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>6.00</b>	<b>6.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>6.00</b>						
<b>Subtotal, Development Services</b>	<b>23.00</b>	<b>20.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>22.00</b>	<b>22.00</b>	<b>22.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21.40</b>	<b>19.40</b>						
<b>Subtotal, General Fund</b>	<b>23.00</b>	<b>20.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>21.00</b>	<b>23.05</b>	<b>23.05</b>	<b>23.05</b>	<b>0.00</b>	<b>0.00</b>	<b>29.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>29.40</b>	<b>26.40</b>						





**FIRE DEPARTMENT  
PERSONNEL SUMMARY**

	FY 03-04		FY 04-05		FY 05-06		FY 06-07		FY 07-08		Midyear Adjustments 2-26-08				
	Approved		Approved		Approved		Approved		Adopted		12-18-07 Additions (Minimum Staffing Arbitration)				
	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Adopted	Deletions	Additions	Transfers (Including New Cost Allocation Plan)	Emergency Plan Proposal	Fiscal Plan Proposal	Adjusted Balance
<b>GENERAL FUND:</b>															
<b>ADMINISTRATION</b>															
Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
Deputy Fire Chief	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00						2.00
Administrative Analyst II <sup>1</sup>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
Executive Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
Administrative Clerk II	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(4.00)</b>	<b>(4.00)</b>	<b>1.00</b>
<b>SUPPRESSION</b>															
Assistant Fire Chief	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00						3.00
Fire Captains	27.00	28.00	28.00	27.00	27.00	27.00	27.00	27.00	25.00	(2.00)				2.50	29.50
Fire Engineers	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	24.00	(3.00)					27.00
Firefighters	45.00	42.00	38.00	38.00	37.00	37.00	37.00	37.00	26.00	(11.00)					27.00
	<b>102.00</b>	<b>100.00</b>	<b>96.00</b>	<b>96.00</b>	<b>94.00</b>	<b>94.00</b>	<b>94.00</b>	<b>94.00</b>	<b>78.00</b>	<b>(16.00)</b>	<b>0.00</b>	<b>78.00</b>	<b>2.50</b>	<b>2.50</b>	<b>33.00</b>
<b>PREVENTION</b>															
Assistant Fire Chief (Fire Marshal)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
Fire Prevention Inspector	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	(1.00)					2.00
Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	(1.00)					1.00
Administrative Clerk II	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
	<b>6.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>3.00</b>	<b>(2.00)</b>	<b>0.00</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>
<b>TRAINING</b>															
Assistant Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
Fire Captain	2.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	(1.00)					1.00
Secretary	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
	<b>4.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.00</b>	<b>(1.00)</b>	<b>0.00</b>	<b>2.00</b>	<b>1.00</b>	<b>(1.50)</b>	<b>0.50</b>
<b>WEED ABATEMENT</b>															
Senior Code Enforcement Officer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						1.00
<b>PARAMEDIC</b>															
Emergency Medical Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	(1.00)					0.00
Administrative Clerk II	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50						0.50
	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.00</b>	<b>(1.00)</b>	<b>0.00</b>	<b>1.00</b>	<b>(1.00)</b>	<b>(1.00)</b>	<b>1.00</b>
<b>EMERGENCY SERVICES</b>															
Emergency Preparedness Manager	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00
Administrative Clerk II	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.00						0.00
	<b>1.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL DEPARTMENT</b>	<b>122.00</b>	<b>114.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>90.00</b>	<b>(20.00)</b>	<b>0.00</b>	<b>90.00</b>	<b>14.00</b>	<b>(5.00)</b>	<b>99.00</b>

<sup>1</sup> Administrative Analyst II - transfer to Finance

**PUBLIC WORKS  
PERSONNEL SUMMARY**

	FY 03-04		FY 04-05		FY 05-06		FY 06-07		FY 07-08		Midyear Adjustments 2-26-08			Adjusted Balance
	Approved		Approved		Approved		Approved		Adopted		12-18-07 Additions (Minimum Staffing Arbitration)	Fiscal Emergency Plan Proposal		
	Approved	Transfers (Including New Cost Allocation Plan)	Prior Year Base	Additions	Deletions	Original Budget	Adopted	0.00	0.00	0.00				
<b>GENERAL FUND:</b>														
<b>ADMINISTRATION &amp; ENGINEERING</b>														
Public Works Director	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	1.00			1.00	
Executive Secretary	0.44	0.44	0.38	0.38	0.38	0.38	0.38	0.38	0.38	1.00			1.00	
Assistant PW Director/City Engineer	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	1.00			1.00	
Assistant City Engineer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			1.00	
Administrative Analyst II	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.00		(1.00)	0.00	
Senior Civil Engineer	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00			3.00	
Associate Eng/Associate Civil Engineer	6.00	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	6.75		(1.00)	5.75	
Assistant Eng/Asst. Civil Eng/Sr. Eng Tech	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00			3.00	
Engineering Technician I (Traffic)	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Engineering Technician I	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Engineering Technician II	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00		(1.00)	5.00	
Senior Construction Inspector	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Construction Inspector	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Info Systems Support Technician	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Senior Administrative Clerk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Secretary	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.00			1.00	
<b>Total, Administration &amp; Engineering</b>	<b>24.49</b>	<b>19.24</b>	<b>20.43</b>	<b>22.43</b>	<b>22.43</b>	<b>22.43</b>	<b>22.43</b>	<b>22.43</b>	<b>22.43</b>	<b>24.75</b>	<b>0.00</b>	<b>(3.00)</b>	<b>21.75</b>	
<b>MAINTENANCE DIVISION</b>														
<b>MAINTENANCE ADMINISTRATION</b>														
Maintenance Superintendent	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.00			1.00	
Assistant Maintenance Superintendent	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Secretary	1.00	1.00	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90			0.90	
Account Clerk	1.75	1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
Customer Service Rep.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
<b>Total, Maintenance Administration</b>	<b>4.00</b>	<b>4.00</b>	<b>1.80</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>2.90</b>	<b>0.00</b>	<b>0.00</b>	<b>2.90</b>	
<b>PUBLIC BUILDINGS</b>														
Assistant Maintenance Superintendent	0.50	0.50	0.75	0.40	0.40	0.40	0.40	0.40	0.40	0.40			0.40	
Building Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			1.00	
Building Maintenance Worker	4.00	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00			3.00	
Accounting Clerk II	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50			0.50	
<b>Total, Public Buildings</b>	<b>5.50</b>	<b>4.00</b>	<b>4.75</b>	<b>4.90</b>	<b>4.90</b>	<b>4.90</b>	<b>4.90</b>	<b>4.90</b>	<b>4.90</b>	<b>4.90</b>	<b>0.00</b>	<b>0.00</b>	<b>4.90</b>	
<b>STREETS</b>														
Deputy Maintenance Superintendent	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.45			0.45	
Public Works Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			1.00	
Senior Public Works Maintenance Worker	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00			2.00	
Heavy Equipment Operator	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00			2.00	
Public Works Maintenance Worker	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00			7.00	
Administrative Clerk II	0.00	0.00	0.00	0.75	0.75	0.75	0.75	0.75	0.75	0.75			0.75	
<b>Total, Streets</b>	<b>13.50</b>	<b>12.50</b>	<b>12.50</b>	<b>13.15</b>	<b>13.15</b>	<b>13.15</b>	<b>13.15</b>	<b>13.15</b>	<b>13.15</b>	<b>13.20</b>	<b>0.00</b>	<b>0.00</b>	<b>13.20</b>	

**PUBLIC WORKS  
PERSONNEL SUMMARY**

	FY 03-04				FY 04-05				FY 05-06				FY 06-07				FY 07-08			
	Original Budget								Midyear Adjustments											
	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Prior Year Base	Transfers (Including New Cost Allocation Plan)	Additions	Deletions	Adopted	12-18-07 Additions (Minimum Staffing Arbitration)	Fiscal Emergency Plan Proposal	Adjusted Balance				
<b>TRAFFIC SIGNS &amp; SIGNALS</b>																				
Assistant Maintenance Superintendent	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Deputy Maintenance Superintendent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.40	0.40	0.40	0.45	0.45	0.45					
Public Works Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.05	0.05	0.05	0.05	1.00	1.00	1.00					
Electrician/Traffic & Lighting Tech II	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00				3.00	3.00	3.00	3.00					
Senior Public Works Maintenance Worker	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00				4.00	4.00	4.00	4.00					
Traffic & Lighting Tech I	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				1.00	1.00	1.00	1.00					
	<b>9.45</b>	<b>9.45</b>	<b>9.45</b>	<b>9.45</b>	<b>9.45</b>	<b>9.45</b>	<b>9.45</b>	<b>9.40</b>	<b>0.05</b>	<b>0.00</b>	<b>0.00</b>	<b>9.45</b>	<b>0.00</b>	<b>0.00</b>	<b>9.45</b>					
<b>GROUNDNS</b>																				
Assistant Maintenance Superintendent	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.50				0.50	0.50	0.25	0.25					
Deputy Maintenance Superintendent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	(0.10)			0.00	0.00	(0.25)	0.00					
Public Works Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00				1.00	1.00	(0.50)	0.00					
Landscape Maintenance Manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50				0.50	0.50	(0.25)	0.50					
Tree Maintenance Workers	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00			(2.00)	3.00	3.00	(0.25)	0.25					
Public Works Maintenance Worker	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00			(2.00)	1.00	1.00	1.00	1.00					
	<b>10.45</b>	<b>9.45</b>	<b>9.95</b>	<b>10.10</b>	<b>10.10</b>	<b>9.95</b>	<b>10.10</b>	<b>10.10</b>	<b>(0.10)</b>	<b>0.00</b>	<b>(4.00)</b>	<b>6.00</b>	<b>0.00</b>	<b>(1.00)</b>	<b>3.00</b>					
<b>Total, Maintenance</b>	<b>42.90</b>	<b>39.40</b>	<b>38.45</b>	<b>40.45</b>	<b>40.45</b>	<b>38.45</b>	<b>40.45</b>	<b>40.45</b>	<b>0.00</b>	<b>0.00</b>	<b>(4.00)</b>	<b>36.45</b>	<b>0.00</b>	<b>(1.00)</b>	<b>35.45</b>					
<b>SOLID WASTE</b>																				
Public Works Director	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
Administrative Analyst I/II	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00					
Executive Secretary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>					
<b>Total Solid Waste</b>	<b>67.39</b>	<b>58.64</b>	<b>58.88</b>	<b>62.88</b>	<b>62.88</b>	<b>58.88</b>	<b>62.88</b>	<b>62.88</b>	<b>3.32</b>	<b>0.00</b>	<b>(4.00)</b>	<b>62.20</b>	<b>0.00</b>	<b>(4.00)</b>	<b>58.20</b>					

## RESOLUTION NO. \_\_\_\_\_ N.C.

**A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO TO AMEND THE FISCAL YEAR 2007-2008 BUDGET AND OTHER ASSOCIATED ACTIONS, APPROVAL OF FISCAL EMERGENCY PLAN AND RETENTION OF OUTSIDE LEGAL COUNSEL AND CONSULTANTS**

BE IT RESOLVED by the Council of the City of Vallejo as follows:

**WHEREAS**, in June 2007, the City Council did adopt a budget for the Fiscal Year 2007-2008; and

~~**WHEREAS**, staff is proposing amendments to the revenue and expenditure changes of the General Fund; and~~

**WHEREAS**, the staff is proposing to amend the approved staffing levels consistent with the proposed budgetary amendments; and

**WHEREAS**, the Council has considered the recommendations of the City Manager for Fiscal Year 2007-2008 and has determined that the recommendations are both necessary and appropriate; and

**WHEREAS**, on February 26, 2008, a Fiscal Emergency Plan ("Plan") has been presented to and considered by the City Council; and

**WHEREAS**, the City Manager and City Attorney have determined that they will require outside legal counsel and consultants to assist them in addressing the City's fiscal emergency, consideration of filing a petition under chapter 9 of the United States Bankruptcy Code, and in labor negotiations.

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Vallejo, pursuant to City Charter section 703, hereby declares its intention to amend the City's budget for Fiscal Year 2007-2008 as set forth in Attachment I of the staff report, and amend the approved staffing levels as set forth in Attachment G of the staff report, which are by this reference incorporated herein.

**BE IT FURTHER RESOLVED** that said Plan is hereby approved and the City Manager is directed to implement said Plan.

**BE IT FURTHER RESOLVED** that the City Attorney is authorized to retain the law firm of Orrick, Herrington & Sutcliffe LLP as bankruptcy counsel for the City in connection with preparing for, and upon City Council's approval, filing a petition under chapter 9 of the United States Bankruptcy Code and thereafter representing the City's interests in such chapter 9 case.

**BE IT FURTHER RESOLVED** that the City Manager and the City Attorney are hereby authorized to execute legal services agreements and consulting services agreements with: Liebert, Cassidy & Whitmore, a professional corporation; Public Financial Management, Inc.; Management Partners, Inc.; and with other outside legal counsel, financial consultants or any other consultants they determine are necessary to assist the City in connection with filing a petition under chapter 9 of the United States Bankruptcy Code, and thereafter, representing the City's interests in such chapter 9 case with respect to labor negotiations, identifying revenue enhancements and related topics.

**BE IT FURTHER RESOLVED** that the City Manager and City Attorney are hereby authorized to do any and all things and take any and all actions and execute and deliver any and all agreements, and other documents which they may deem necessary or advisable in order to effectuate the purposes of this resolution.

**07-08 Midyear Budget Review  
Proposed General Fund Budget Adjustments  
February 28, 2008**

	<u>Revenue</u>	<u>Expenditure</u>	<u>Net</u>
<b><u>Beginning Available Fund Balance</u></b>			<u>\$ 4,242,256</u>
<b><u>Updated Revenue Projections</u></b>			
<b><u>General Tax Revenues</u></b>			
Property Taxes	\$ 151,000		
Sales Tax	(1,830,000)		
Motor Vehicle License Fee	287,160		
Excise Tax	(735,000)		
Franchise/Utility User Tax	(974,992)		
Property Transfer Tax	(1,985,000)		
Marine World/Six Flags Revenue Sharing	(185,000)		
Investment Income (Expense)	(250,000)		
Transfer In (Solid Waste Fund)	430,000		
<b><u>Program Revenues</u></b>			
Departmental grants and charges for services	260,587		
Subtotal, Updated Revenue Projections	<u>(4,831,245)</u>	<u>-</u>	<u>(4,831,245)</u>
<b><u>Increased Program costs</u></b>			
<b><u>Previously Adopted by Council</u></b>			
To restore salary/benefit budget for Arbitration results:			
Fire	Adopted 12-18-07	\$ 4,256,710	
Transfer to Transportation Fund to fund State Ferry negotiations	Adopted 11-27-07	100,000	
<b><u>Public Safety COLA - Increase from 8.5% to 10%</u></b>			
VPOA		383,785	
IAFF		451,287	
<b><u>Police</u></b>			
Salaries and benefits		815,000	
Operating services and supplies		450,000	
<b><u>Community Development</u></b>			
Pass-Through of Vallejo Business Improvement District Revenue		96,500	
<b><u>Non-Department</u></b>			
Compensated Absences - Retiree Leave Payouts		3,550,000	
Water usage		300,000	
Incremental Retiree Health		84,000	
Debt - Increased Variable Interest Rate		300,000	
Attorneys and Consultants		500,000	
Subtotal, Increased Program Costs	<u>-</u>	<u>11,287,282</u>	<u>(11,287,282)</u>
<b>Subtotal, revenue loss and cost increases</b>	<b><u>(4,831,245)</u></b>	<b><u>11,287,282</u></b>	<b><u>(16,118,527)</u></b>
<b><u>Budget Solutions</u></b>			
<b><u>One-time Funds</u></b>			
Transfer of unrestricted balances from other funds:			
Arts and Convention Fund	200,000		
Repair and Demolition Fund	40,000		
Vehicle Replacement Fund	1,700,000		
Transportation - Bus Inventory buy-out	300,000		
	<u>2,240,000</u>	<u>-</u>	<u>2,240,000</u>

**07-08 Midyear Budget Review  
Proposed General Fund Budget Adjustments  
February 28, 2008**

	<u>Revenue</u>	<u>Expenditure</u>	<u>Net</u>
<b><u>Labor Contract Tentative Agreements</u></b>			
<b><u>Salary Adjustments</u></b>			
Roll back salaries to June 30, 2007 less additional 5% effective March 29, 2008			
VPOA		(959,464)	
IAFF		(709,553)	
IBEW		(252,859)	
CAMP		(78,468)	
Other		(30,196)	
		<u>(2,030,540)</u>	<u>2,030,540</u>
<b><u>Fire Operational Changes</u></b>			
Closure of 2 Engine Companies each day			
Other staffing changes		(712,282)	
		<u>(280,261)</u>	
	-	(992,543)	992,543
<b><u>Police</u></b>			
Salary and benefits			
Overtime reductions		(1,301,326)	
Operating service/supplies		(500,000)	
Interfund grant reimbursements		(105,000)	
		<u>(100,000)</u>	
	-	(2,006,326)	2,006,326
<b><u>Fire</u></b>			
Salary and benefits			
Operating service/supplies		(666,380)	
Interfund reimbursements		(86,175)	
Reduction in vehicle maintenance and replacement		(40,000)	
		<u>(510,854)</u>	
	-	(1,303,409)	1,303,409
<b><u>Public Works</u></b>			
Salary and benefits			
Operating service/supplies		(470,741)	
Interfund reimbursements		(141,700)	
		<u>(305,740)</u>	
	-	(918,181)	918,181
<b><u>Community Development</u></b>			
Salary and benefits			
Operating service/supplies		(211,187)	
		<u>(25,000)</u>	
	-	(236,187)	236,187
<b><u>Administration</u></b>			
Salary and benefits			
Operating service/supplies		(201,161)	
Reduction in interfund cost allocation		(118,000)	
		<u>234,317</u>	
	-	(84,844)	84,844
<b><u>Non-Department</u></b>			
Other			
		(64,241)	
	-	(64,241)	64,241
<b>Subtotal, Budget Solutions</b>			
	<u>2,240,000</u>	<u>(7,636,271)</u>	<u>9,876,271</u>
<b>Subtotal, General Fund adjustments</b>			
	<u>(2,591,245)</u>	<u>3,651,011</u>	<u>(6,242,256)</u>
<b><u>Ending Available Fund Balance</u></b>			<u><u>\$(2,000,000)</u></u>

J:\FY 07-08\General Fund\Fund Balance Projections\Feb 13 Projections\Alternative Plan\Budget Adjustment at 2-25-08 330 pm.xls\Council Report Attachment



**RESOLUTION NO. \_\_\_\_\_ N.C.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALLEJO  
AUTHORIZING FILING OF A PETITION UNDER CHAPTER 9 OF THE UNITED  
STATES BANKRUPTCY CODE**

BE IT RESOLVED by the Council of the City of Vallejo as follows:

**WHEREAS**, the City Council has determined, after, among other things, taking into consideration the advice of City staff and of counsel, that it is in the best interests of the City, its creditors and other interested parties, that a petition under the provisions of chapter 9 of the United States Bankruptcy Code be filed by the City.

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**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Vallejo that a petition under chapter 9 of the United States Bankruptcy Code shall be filed and the same hereby is approved and adopted in all respects, and the City Manager, or his designee, is hereby authorized and directed, on behalf of and in the name of the City, to execute and verify such petition and to cause the same to be filed with the United States Bankruptcy Court, Eastern District of California, Sacramento Division.

**BE IT FURTHER RESOLVED** that the City Manager and all other appropriate officials and employees of the City are hereby authorized to execute and file all petitions, schedules, lists and other papers, and to take any and all actions which they shall deem necessary and proper in connection with said chapter 9 case, and with a view to the successful completion of such case.



ADMIN B

**Agenda Item No.**

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**COUNCIL COMMUNICATION**

**Date: February 28, 2008**

TO: Honorable Mayor and Members of the City Council

FROM: Joseph M. Tanner, City Manager

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SUBJECT: CONSIDERATION OF ACTIONS REGARDING NEGOTIATIONS WITH INTERNATIONAL FEDERATION OF FIREFIGHTERS AND THE VALLEJO POLICE OFFICERS ASSOCIATION RELATED TO SETTLEMENT OF GRIEVANCES, ARBITRATION DISPUTES AND LITIGATION

**BACKGROUND & DISCUSSION**

Staff's most recent meetings with labor groups began in December 2007 to discuss opportunities to solve the City's General Fund structural imbalance. As the City Council is aware, the current labor agreements are in place through 2010 and the labor groups are not required to make any concessions. Most of staff's focus has been discussions with representatives of the Vallejo Police Officers Association (VPOA) and International Association of Firefighters (IAFF) FY 2007-08, and more recently five year General Fund projections. At the inception of these discussions in December 2007, the City and VPOA were involved in ongoing arbitration (related to minimum staffing) and a grievance and the City and IAFF were involved in litigation, arbitration and grievances (on a variety of issues ranging from work rules to staffing). VPOA and IAFF requested that these issues be resolved prior to negotiating economic concessions to existing agreements.

**International Association of Firefighters (IAFF)**

The City had engaged in two lawsuits with the IAFF. City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Solano Superior Court Case No. FCS 030540; City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Public Employment Relations Board, Unfair Practice Charge, Case No. SF-CO-155-M; and City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Public Employment Relations Board, Unfair Practice Charge, Case No. SF-CO-166-M.

Staff has developed a settlement agreement with IAFF resolving grievances related to staffing levels, paramedic decertification; union business leave; uniform allowance and reimbursement; and, providing for an Assistant Fire Chief position in Fire Prevention.



Vallejo Police Officers Association (VPOA)

Staff has developed a settlement agreement with VPOA in an attempt to resolve an ongoing arbitration regarding the staffing size of the Department. In its negotiations with staff regarding the General Fund imbalance, VPOA has acknowledged the need to maintain vacancies below this level to ensure General Fund solvency and proposes to suspend this staffing requirement until May 2010.

**RECOMMENDATION**

Staff is recommending the City Council take the following action on these items:

- A. IAFF litigation and administrative proceedings - Adopt a resolution authorizing the dismissal of the IAFF lawsuits
- B. VPOA Settlement Agreement - Take no action. In light of the consideration of bankruptcy filing, consider this settlement agreement at a later date.
- C. IAFF Settlement Agreement - Take no action. In light of the consideration of bankruptcy filing, consider this settlement agreement at a later date.

**ENVIRONMENTAL REVIEW**

Any action taken under this item is not a project as defined by the California Environmental Quality Act (CEQA) pursuant to section 15378 (b)(4) of Title 14 of the California code of Regulations and is not subject to CEQA review.

**DOCUMENTS ATTACHED**

- Attachment A – Draft Settlement Agreement between City and VPOA
- Attachment B - Draft Settlement Agreement between City and IAFF
- Attachment C - Resolution Authorizing the City Attorney to Dismiss with Prejudice a Lawsuit and two administrative proceedings against the International Association of Firefighters, Local 1186
- Attachment D - Resolution authorizing the City Manager to execute an amendment to the labor agreement with the International Association of Firefighters, Local 1186 (IAFF) resolving grievances related to staffing levels, paramedic decertification; union business leave; uniform allowance and reimbursement; and, providing for an assistant fire chief position in fire prevention



Attachment E - Resolution authorizing the City Manager to execute an amendment to the labor agreement with the Vallejo Police Officers Association (VPOA) resolving grievances related to staffing levels

**CONTACT:**

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Joseph M Tanner, City Manager, 707-648-4576 or [jtanner@ci.vallejo.ca.us](mailto:jtanner@ci.vallejo.ca.us)

I:\022808 VPOA IAFF settlements - REP.doc

ATTACHMENT A

**SUPPLEMENTAL AGREEMENT  
BETWEEN  
THE CITY OF VALLEJO  
AND THE  
VALLEJO POLICE OFFICERS' ASSOCIATION**

The Supplemental Agreement (Agreement) dated February 27, 2008 between the City of Vallejo (City) and the Vallejo Police Officers' Association (VPOA) is for the purpose of modifying the prior Agreement between the parties dated June 15, 2004, and resolving the staffing grievance.

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**1. FINAL RESOLVE OF STAFFING GRIEVANCE**

The City agrees to amend the supplemental agreement of June 15, 2004, Section C Subsection (3) as follows:

- A. City agrees to maintain a workforce of 145 sworn officers (includes sworn officers in supervisory or management positions up to and including police chief).
- B. Of the 145 positions, no more than five may be grant funded.
- C. For the period of January 18, 2008 to May 30, 2010, VPOA shall suspend the 145 sworn officer requirement.
- D. The City shall fill vacancies as they occur.

This Supplemental Agreement shall become effective and shall remain in full force and effect through June 30, 2010. The Agreement shall also remain in effect from year-to-year thereafter, unless either party gives written notice to the other of its desire to amend or terminate the Agreement not less than six (6) months prior to June 30, 2010, or any subsequent anniversary date of the Agreement. The parties may, at any time, mutually consent to extend this agreement for a specific period. Upon giving the notices provided herein, the parties shall meet, collectively negotiate and attempt to resolve differences concerning proposed amendments and changes submitted by either of them. Should the parties fail to agree upon said requested amendments and changes, then the matter shall be determined in accordance with the City Charter. There shall be no strikes, lockouts or stoppages of work during the life of this Agreement. This Agreement is supplemental to the current Agreement between the City and the VPOA and shall be incorporated into said Agreement covering the period of July 1, 2000 through June 30, 2010.

The remaining sections of the labor agreement shall remain unchanged.

**SIGNATURES APPEAR BELOW**

IN WITNESS WHEREOF, the parties hereto acting by, and through their duly authorized representatives, have executed this Supplemental Agreement this \_\_\_\_\_ day of \_\_\_\_\_.

-----  
**FOR THE CITY OF VALLEJO:**

-----  
**FOR THE UNION:**

\_\_\_\_\_  
Joseph M. Tanner                      Date  
City Manager

\_\_\_\_\_  
Steve Gordon                              Date  
President, VPOA

\_\_\_\_\_  
Dennis Morris                              Date  
Director of Human Resources

\_\_\_\_\_  
Matt Mustard                              Date  
Vice President, VPOA

ATTEST

\_\_\_\_\_  
Mary Ellsworth                              Date  
City Clerk

ATTACHMENT B

**SUPPLEMENTAL AGREEMENT  
BETWEEN  
THE CITY OF VALLEJO  
AND THE  
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186**

This Supplemental Agreement dated February 29, 2008, hereinafter referred to as the Agreement is between the City of Vallejo, hereinafter referred to as the City, and the International Association of Firefighters, Local 1186, hereinafter referred to as IAFF, for the purpose of resolving pending grievances and modifying the Agreement between the parties dated July 1, 2000 through June 30, 2005, and Supplemental Agreements dated March 25, 2003 and July 15, 2003. The new terms of the Agreement and Supplemental Agreements shall be from July 1, 2000 through June 30, 2010.

Accordingly, the City and IAFF agree to the following amended labor agreement language:

**1. FINAL RESOLVE OF ASSISTANT CHIEF IN FIRE PREVENTION GRIEVANCE**

In reference to the above subject grievance dated December 20, 2006, the parties agree that the following shall constitute a satisfactory resolution and serve as a supplemental agreement to the Agreement:

SECTION 7 – Subsection B of the Agreement dated July 1, 2000 through June 30, 2005, shall be amended to read as follows:

The Fire Prevention Division staffing shall be one Assistant Fire Chief and any combinations of Fire Captains or Fire Inspectors totaling three (3). The minimum daily staffing per day shall be two (2) including the person placed in charge of the Fire Prevention Division by the Fire Chief.

If the position, Assistant Fire Chief in Fire Prevention has not been filled as of July 1, 2010, the City and the Union shall meet and confer over whether or not the position of Assistant Fire Chief in Fire Prevention is to be filled based on the economic condition of the City.

**2. FINAL RESOLVE OF PARAMEDIC DECERTIFICATION GRIEVANCE**

In reference to the above subject grievance dated July 29, 2007, the parties agree that the following shall constitute a satisfactory resolution:

SECTION 16A, Subsection C.1 of the Agreement dated July 1, 2000 through June 30, 2005, shall be amended as follows:

As a condition of continued employment, all personnel hired after January 1, 2000 shall be required to maintain their paramedic certification while serving at the rank of Firefighter during the term of this agreement.

1. Any employee who promotes out of the rank of Firefighter shall, upon completion of his/her probationary period have no further obligation to maintain his/her paramedic certification. Employees may elect voluntarily to maintain their certification in order to be eligible for overtime work as a paramedic.
2. Any Firefighter/Paramedic who has been promoted and passed their probationary period shall be released from their obligation to provide paramedic services effective immediately upon notification to the Fire Chief's office.

**3. FINAL RESOLVE OF UNION BUSINESS LEAVE (UBL) GRIEVANCE**

In reference to the above subject grievance dated April 12, 2007, the parties agree that the following shall constitute a satisfactory resolution:

- The UBL policy that Chief Parker implemented is to be withdrawn.
- All UBL leave is to be deducted on a straight time basis.
- The Fire Chief's office will process the involved UBL slips as originally submitted without any changes pursuant to the existing Agreement.
- All UBL must be reinstated to the proper bank retroactively prior to the implementation of Chief Parker's UBL policy.
- City Manager to rescind his current directive to the Fire Chief regarding UBL requests of 24 & 48-hour duration.
- All future UBL requests will be administered and processed as they were prior to this grievance pursuant to the existing Agreement.

SECTION 31, Subsection D of the Supplemental Agreement dated July 15, 2003, shall be amended as follows:

On July 1 of each year, the City shall deduct annual leave from each member of the bargaining unit (up to twelve (12) hours annual leave for Fire Suppression Personnel and eight and one half (8.5) hours annual leave for Fire Prevention and Training Personnel to establish a separate Employee Contributed Union Leave Bank.

**4. FINAL RESOLVE OF UNIFORM ALLOWANCE GRIEVANCE**

In reference to the above subject grievance dated September 27, 2007, the parties agree that the following shall constitute a satisfactory resolution:

**SECTION 14: UNIFORM ALLOWANCE AND REIMBURSEMENT INCLUDING WATCHES**



Subsection A of the Supplemental Agreement dated March 25, 2003, shall be amended as follows:

- A. Effective July 1 of each year, the City of Vallejo shall increase the regular uniform allowance for each employee by an amount rounded to the nearest dollar, equal to the percentage increase applied to base salaries for the year.

**5. FURTHER DISCUSSIONS BETWEEN THE PARTIES**

City and IAFF acknowledge that the parties will be meeting off the record to discuss expenditure reductions, revenue enhancements and labor agreement modifications in an attempt to develop a Budget Plan that ensures funding for a range of City services (e.g. fire services, police services, street repair) and provides for a positive General Fund reserve at the end of each fiscal year through June 30, 2012. To the extent such a Budget Plan is not developed and approved by the City Council, City and IAFF acknowledge that cost reduction strategies will be required that will effect all City Departments.

The Remaining Sections of This Labor Agreement Shall Remain Unchanged.

IN WITNESS WHEREOF, the parties hereto acting by, and through their duly authorized representatives, have executed this Supplemental Agreement this \_\_\_\_ day of \_\_\_\_\_.

FOR THE CITY OF VALLEJO:

FOR THE UNION:

\_\_\_\_\_  
Joseph M. Tanner                      Date  
City Manager

\_\_\_\_\_  
Kurt Henke                              Date  
President, IAFF, Local 1186

\_\_\_\_\_  
Dennis Morris                          Date  
Director of Human Resources

\_\_\_\_\_  
Jon Riley                                  Date  
Vice President, IAFF, Local 1186

\_\_\_\_\_  
Vince Sarullo                          Date  
Negotiating Committee,  
IAFF, Local 1186

\_\_\_\_\_  
Lawrence Bohlig                      Date  
Negotiating Committee,  
IAFF, Local 1186

\_\_\_\_\_  
Patrick Dunn                            Date  
Negotiating Committee,  
IAFF, Local 1186

\_\_\_\_\_  
Paige Meyer                            Date  
Negotiating Committee,  
IAFF, Local 1186

\_\_\_\_\_  
Joel Dinsdale                          Date  
Negotiating Committee  
IAFF, Local 1186

ATTEST

\_\_\_\_\_  
Mary Ellsworth                        Date  
City Clerk

ATTACHMENT C

RESOLUTION NO. \_\_\_\_\_ N.C.

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SUPPLEMENTAL LABOR AGREEMENT WITH THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1186 (IAFF) RESOLVING GRIEVANCES RELATED TO STAFFING LEVELS; PARAMEDIC DECERTIFICATION; UNION BUSINESS LEAVE; UNIFORM ALLOWANCE AND REIMBURSEMENT; AND, PROVIDING FOR AN ASSISTANT FIRE CHIEF POSITION IN FIRE PREVENTION**

BE IT RESOLVED by the Council of the City of Vallejo as follows:

~~**WHEREAS**, the City is obligated under the provisions of Government Code section 3500-3510, commonly referred to as the Meyers-Milias-Brown Act, to meet and confer in good faith and attempt to reach agreement with representatives of recognized bargaining units on matters within the scope of representation, including but not limited to wages, hours, and other terms and conditions of employment; and~~

**WHEREAS**, representatives of the City and the International Association of Firefighters, Local 1186 (IAFF) have met and conferred in good faith and have reached agreement on a Supplemental Labor Agreement between the City and IAFF.

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Vallejo hereby authorizes the City Manager to execute a Supplemental Labor Agreement, in substantially the same form as attached to the staff report, with the International Association of Firefighters, Local 1186 (IAFF) resolving grievances related to staffing levels, paramedic decertification; union business leave; uniform allowance and reimbursement; and, providing for an Assistant Fire Chief position in Fire Prevention.

ATTACHMENT D

RESOLUTION NO. \_\_\_\_\_ N.C.

**A RESOLUTION AUTHORIZING THE CITY ATTORNEY TO DISMISS WITH PREJUDICE A LAWSUIT AND TWO ADMINISTRATIVE PROCEEDINGS AGAINST THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 1186**

BE IT RESOLVED by the Council of the City of Vallejo as follows:

**WHEREAS**, disputes have arisen between the City of Vallejo and the International Association of Firefighters, Local 1186 ("IAFF"); and

**WHEREAS**, City has filed a lawsuit and two administrative proceedings regarding these disputes; and

**WHEREAS**, as a sign of good faith in its negotiations with IAFF the City Council wishes to resolve these disputes.

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Vallejo hereby authorizes the City Attorney to dismiss with prejudice the following lawsuit and two administrative proceedings: City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Solano Superior Court Case No. FCS 030540; City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Public Employment Relations Board, Unfair Practice Charge, Case No. SF-CO-155-M; and City of Vallejo v. Intl. Assoc. of Firefighters, Local 1186, Public Employment Relations Board, Unfair Practice Charge, Case No. SF-CO-166-M.

RESOLUTION NO. \_\_\_\_\_ N.C.

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A  
SUPPLEMENTAL LABOR AGREEMENT WITH THE VALLEJO POLICE  
OFFICERS ASSOCIATION (VPOA) RESOLVING GRIEVANCES RELATED TO  
STAFFING LEVELS**

BE IT RESOLVED by the Council of the City of Vallejo as follows:

**WHEREAS**, the City is obligated under the provisions of Government Code section 3500-3510, commonly referred to as the Meyers-Milias-Brown Act, to meet and confer in good faith and attempt to reach agreement with representatives of recognized bargaining units on matters within the scope of representation, including but not limited to wages, hours, and other terms and conditions of employment; and

**WHEREAS**, representatives of the City and the Vallejo Police Officers Association (VPOA) have met and conferred in good faith and have reached agreement on a Supplemental Labor Agreement between the City and VPOA.

**NOW, THEREFORE, BE IT RESOLVED** that the Council of the City of Vallejo hereby authorizes the City Manager to execute a Supplemental Labor Agreement, in substantially the same form as attached to the staff report, with the Vallejo Police Officers Association (VPOA) resolving grievances related to staffing levels.