



Redevelopment Overview & Agency Update

Prepared by:

Mark Curran
Managing Director
(415) 616-1616

Denise Rappmund
Asst. Vice President
(310) 297-6018

Andrew Zimmerman
Junior Associate
(415) 616-1610



May 11, 2010

PiperJaffray®

January 30, 2010 Strategic Planning

1. Overview of Redevelopment Finance
2. California Economic Outlook
3. Review of the Atascadero Redevelopment Program
 - Project Area Growth
 - 2004 Bond Status
 - Current Bonding Capacity
 - City Hall Financing Options
 - Bond Financing options
4. Council expressed interest in further pursuing bond options



May 11, 2010 – Bond Financing Team

1. Proposed 2010 Financing
 - Why issue bonds now
 - Advantages / Disadvantages of Different Financing Methods for City Hall Project
 - City vs. Agency Issuance
 - Build America Bonds
 - City Hall Financing Options
2. Analysis of Proposed Bonds
3. Review of Atascadero Redevelopment Program
4. Hired bond counsel and underwriters



Preliminary Financing Schedule

PiperJaffray®

**CITY OF ATASCADERO
SERIES 2010 LEASE REVENUE BONDS
PRELIMINARY FINANCING SCHEDULE
APRIL 23, 2010**

City Council Meetings are Held on the 2nd and 4th Tuesday of Each Month

| MAY | | | | | | |
|-----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

| JUNE | | | | | | |
|------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |

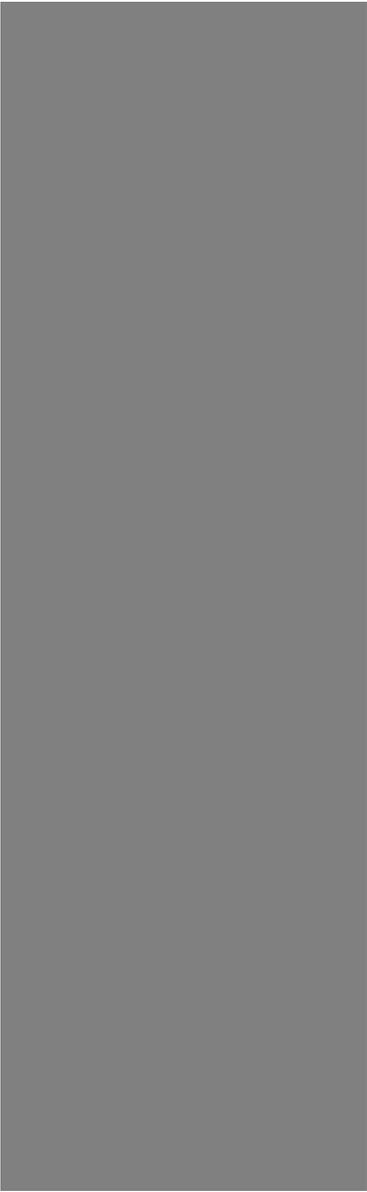
| JULY | | | | | | |
|------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

| AUGUST | | | | | | |
|--------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

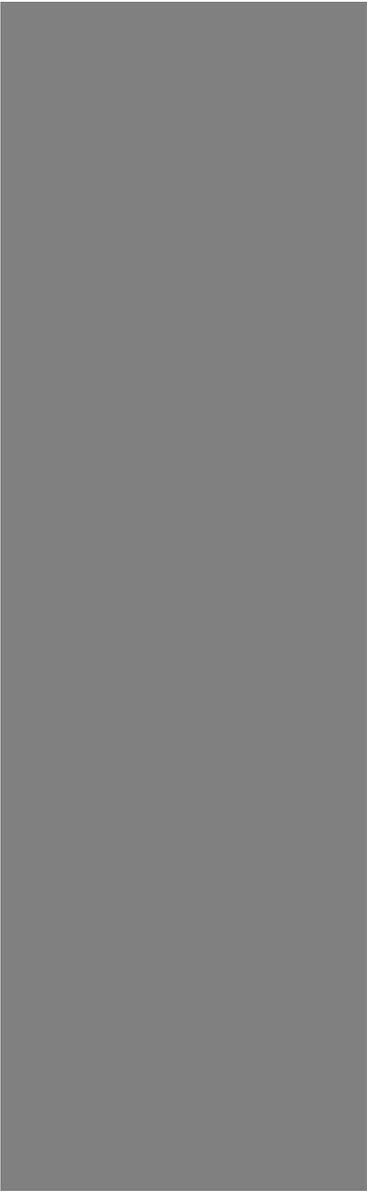
- May 12 • Project Go Ahead
- May 19 • Draft Documents with Bond and Disclosure Counsel
- May 26 • Draft Rating Presentation
- June 2 • Conference Call to Discuss Ratings and Bond Documents
- June 9 • Revised and Updated Documents Go Around for Final Comments
- June 14 • Documents go to Rating Agency
- July 15 • Rating Presentation in San Francisco
- July 22 • Receipt of Bond Ratings
- July 27 • Pre-sale Activity
- August 11 • Bond Sale
- August 24 • Bond Closing



July 27, 2010 – Authorize Issuance of Bonds

- 
1. Proposed 2010 Financing
 2. Rating Information
 3. Authorization to issue bonds





The Series 2010 Financing Program



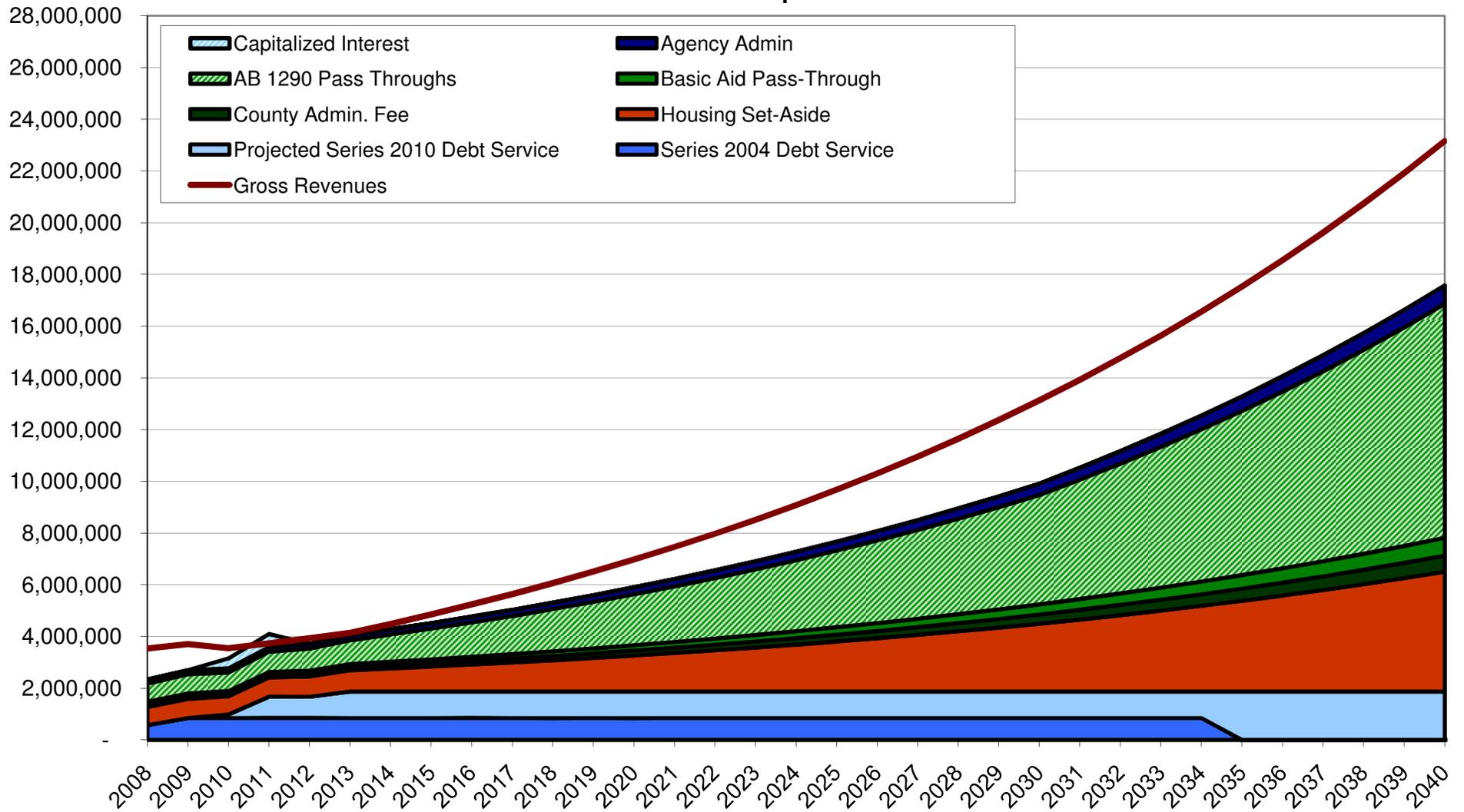
Purpose of a New Bond Financing

- Three Key reasons for Series 2010 financing;
 - Funding of Completion of the City Hall
 - “Freeing up” of saved funds earmarked for City Hall that could now be utilized for economic development projects
 - Funding of much needed public infrastructure projects



Purpose of New Bond Financing

Atascadero Community Redevelopment Agency
Overall Cash Flow of Agency
After Issuance of Tax Exempt Series 2010 Bonds



Debt Service Coverage and Cash Flow: Table 4

| Year | Pledged Revenues | Series 2004 Debt Service | Projected Series 2010 Debt Service | Total Projected Debt Service | Debt Service Coverage (1) | Subordinate Pass-Throughs | Net Agency Cash Flow After Obligations |
|-------|------------------|--------------------------|------------------------------------|------------------------------|---------------------------|---------------------------|--|
| 2008 | 2,627,770 | (574,043) | - | (574,043) | 458% | (707,139) | 1,196,588 |
| 2009 | 2,756,708 | (849,043) | - | (849,043) | 325% | (741,836) | 1,008,329 |
| 2010 | 2,636,882 | (850,793) | (132,521) | (983,313) | 268% | (709,591) | 778,603 |
| 2011 | 2,778,813 | (851,530) | (795,123) | (1,646,653) | 160% | (779,868) | 178,648 |
| 2012 | 2,925,002 | (851,205) | (795,123) | (1,646,328) | 160% | (852,253) | 244,095 |
| 2013 | 3,075,577 | (850,835) | (1,000,123) | (1,850,958) | 142% | (926,810) | 106,367 |
| 2014 | 3,334,063 | (849,023) | (1,001,310) | (1,850,333) | 143% | (1,054,799) | 227,917 |
| 2015 | 3,605,474 | (851,023) | (1,001,459) | (1,852,482) | 142% | (1,189,188) | 352,740 |
| 2016 | 3,890,456 | (852,423) | (1,000,547) | (1,852,969) | 142% | (1,330,296) | 485,573 |
| 2017 | 4,189,687 | (848,223) | (1,003,595) | (1,851,817) | 142% | (1,478,459) | 626,711 |
| 2018 | 4,503,879 | (847,528) | (1,000,660) | (1,848,187) | 143% | (1,634,031) | 777,327 |
| 2019 | 4,833,781 | (850,808) | (1,001,988) | (1,852,796) | 142% | (1,797,381) | 927,053 |
| 2020 | 5,180,178 | (847,808) | (1,002,384) | (1,850,192) | 143% | (1,968,899) | 1,091,708 |
| 2021 | 5,543,894 | (848,718) | (1,001,878) | (1,850,596) | 142% | (2,148,993) | 1,261,459 |
| 2022 | 5,925,797 | (849,143) | (1,000,510) | (1,849,652) | 143% | (2,338,091) | 1,441,064 |
| 2023 | 6,326,795 | (848,213) | (1,003,327) | (1,851,540) | 142% | (2,536,645) | 1,626,771 |
| 2024 | 6,747,842 | (850,056) | (1,000,248) | (1,850,304) | 143% | (2,745,126) | 1,824,981 |
| 2025 | 7,189,942 | (850,681) | (1,001,478) | (1,852,159) | 142% | (2,964,031) | 2,029,950 |
| 2026 | 7,654,147 | (850,088) | (1,001,768) | (1,851,855) | 142% | (3,193,881) | 2,247,418 |
| 2027 | 8,141,562 | (848,275) | (1,000,202) | (1,848,477) | 143% | (3,435,224) | 2,478,820 |
| 2028 | 8,653,348 | (850,244) | (997,883) | (1,848,126) | 143% | (3,688,633) | 2,718,594 |
| 2029 | 9,190,724 | (850,750) | (999,811) | (1,850,561) | 142% | (3,954,714) | 2,967,555 |
| 2030 | 9,754,968 | (849,000) | (1,000,735) | (1,849,735) | 143% | (4,234,098) | 3,232,346 |
| 2031 | 10,347,424 | (850,750) | (1,000,655) | (1,851,405) | 142% | (4,616,733) | 3,418,557 |
| 2032 | 10,969,503 | (850,750) | (998,773) | (1,849,523) | 143% | (5,018,500) | 3,617,715 |
| 2033 | 11,622,686 | (849,000) | (1,000,849) | (1,849,849) | 143% | (5,440,356) | 3,824,528 |
| 2034 | 12,308,528 | (850,500) | (1,001,622) | (1,852,122) | 142% | (5,883,304) | 4,039,751 |
| 2035 | 13,028,662 | - | (1,851,093) | (1,851,093) | 142% | (6,348,399) | 4,269,152 |
| 2036 | 13,784,803 | - | (1,849,977) | (1,849,977) | 143% | (6,836,749) | 4,510,058 |
| 2037 | 14,578,751 | - | (1,850,213) | (1,850,213) | 143% | (7,349,517) | 4,761,601 |
| 2038 | 15,412,397 | - | (1,851,542) | (1,851,542) | 142% | (7,887,923) | 5,024,640 |
| 2039 | 16,287,724 | - | (1,848,703) | (1,848,703) | 143% | (8,453,250) | 5,305,066 |
| 2040 | 17,206,818 | - | (1,851,696) | (1,851,696) | 142% | (9,046,842) | 5,593,539 |
| Total | 257,014,584 | (22,670,446) | (34,847,789) | (57,518,235) | | (113,291,560) | 74,195,223 |

(1) Debt Service Coverage assuming no growth in assessed value from 2009/10

(2) Growing at 3% annually for 3 years and 5% annually thereafter



2010 LEASE REVENUE BONDS

- Bonds will be backed by the General Fund, but will be paid via a Reimbursement Agreement between the City and the Redevelopment Agency
- Combination of Tax-exempt Muni Bonds and Build America Bonds
- Approximate par amount of \$16 million
- Raise \$14.5 million in net proceeds to fund improvements to the City Hall building and other public improvements
- Bonds will be structured with 30 year amortization and will wrap around the 2004 Tax Allocation Bonds



City Issue / Redevelopment Reimbursement

- Utilize City Credit for Lowest Borrowing Cost
- Fund Public Infrastructure Including City Hall Completion
- Structure Financing with Redevelopment Agency Reimbursement Agreement



City Issue / Redevelopment Reimbursement

- City and Agency Borrowing Costs:
 - City and Agency combined borrowing: 5% – 5.5%
 - Agency standalone borrowing: 6% – 6.5%

- For a \$15 million net funded bond financing, City and Agency combined will save approximately \$160,000 per year or \$4,800,000 in total



Leasing and Reimbursement Structure

- City leases buildings to PFA for \$1 a year
- PFA leases buildings back to City for debt service
- Agency reimburses City for all of debt service
- With Agency reimbursement, bond funds must be spent on Agency eligible projects

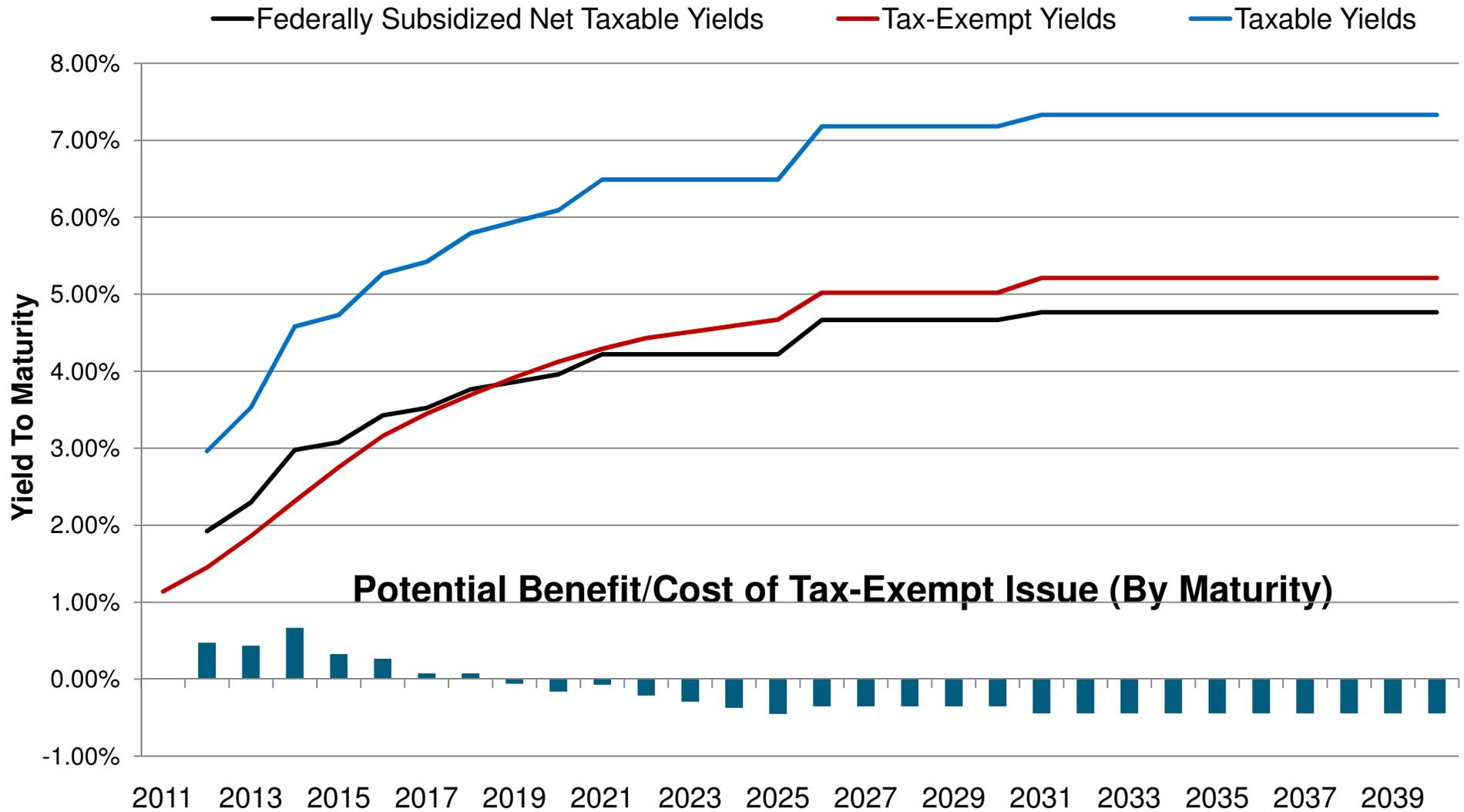


Build America Bonds (“BABS”)

- Finance any tax-exempt public facilities for municipalities
- “Subsidy” BABs can only be issued for new projects (no refunding)
- Bonds issued on a taxable basis – **issuer receives 35% subsidy from Federal Government**
- **No allocation necessary**
- BAB financings have been issued very successfully since April, 2009 – the market is evolving and improving
- 2% limitation on cost of issuance



BAB Bonds Interest Rate Benefit



Lease Revenue Bonds, Series 2010 – Sources and Uses of Funds

SOURCES AND USES OF FUNDS
City of Atascadero, Lease Revenue Bonds, Series 2010
Scenario 1: Tax-Exempt

Dated
Date 9/1/2010
Delivery
Date 9/1/2010

Sources:

Bond Proceeds:

| | |
|-----------------------------|---------------|
| Par Amount | 16,325,000.00 |
| Net Original Issue Discount | -113,866.05 |
| | 16,211,133.95 |

Uses:

Project Fund Deposits:

| | |
|--------------|---------------|
| Project Fund | 14,400,279.77 |
|--------------|---------------|

Other Fund Deposits:

| | |
|---------------------------|--------------|
| Debt Service Reserve Fund | 1,443,213.12 |
|---------------------------|--------------|

Delivery Date Expenses:

| | |
|------------------------|------------|
| Cost of Issuance | 200,000.00 |
| Underwriter's Discount | 163,250.00 |
| | 363,250.00 |

Other Uses of Funds:

| | |
|---------------------|---------------|
| Additional Proceeds | 4,391.06 |
| | 16,211,133.95 |



Lease Revenue Bonds, Scenario 1, Series 2010 – Bond Summary Statistics

BOND SUMMARY STATISTICS

City of Atascadero, Lease Revenue Bonds, Series 2010

Scenario 1: Tax-Exempt

| | | | |
|---------------------------|-----------|---------------------------------|----------------|
| Dated Date | 9/1/2010 | Par Amount | 16,325,000.00 |
| Delivery Date | 9/1/2010 | Bond Proceeds | 16,211,133.95 |
| Last Maturity | 10/1/2040 | Total Interest | 18,408,329.17 |
| | | Net Interest | 18,685,445.22 |
| Arbitrage Yield | 5.014353% | Bond Years from Dated Date | 370,135,416.67 |
| True Interest Cost (TIC) | 5.092166% | Bond Years from Delivery Date | 370,135,416.67 |
| Net Interest Cost (NIC) | 5.048273% | Total Debt Service | 34,733,329.17 |
| All-In TIC | 5.189113% | Maximum Annual Debt Service | 1,857,750.00 |
| Average Coupon | 4.973404% | Average Annual Debt Service | 1,154,570.50 |
| Average Life (years) | 22.673 | Underwriter's Fees (per \$1000) | |
| Duration of Issue (years) | 13.306 | Average Takedown | |
| | | Other Fee | 10.000000 |
| | | | ----- |
| Bid Price | 98.302505 | Total Underwriter's Discount | 10.000000 |

| Bond Component | Par Value | Price | Coupon | Life |
|----------------|---------------|---------|--------|--------|
| Serial Bonds | 3,100,000.00 | 105.920 | 4.686% | 10.106 |
| Term 2030 | 1,910,000.00 | 99.744 | 5.000% | 18.180 |
| Term 2040 | 11,315,000.00 | 97.415 | 5.000% | 26.874 |
| | 16,325,000.00 | | | 22.673 |



Lease Revenue Bonds, Scenario 1, Series 2010 – Bond Debt Service

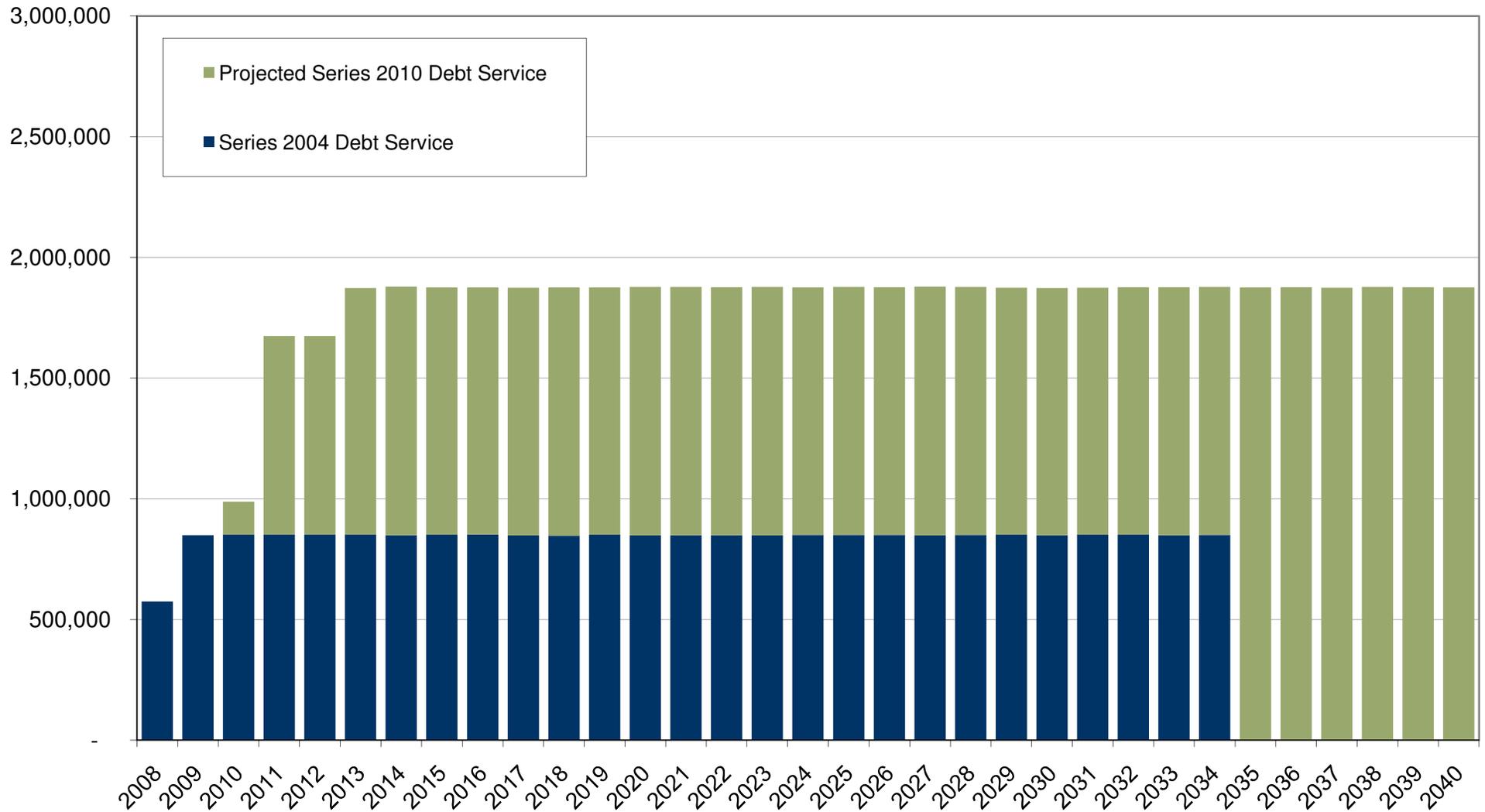
BOND DEBT SERVICE
City of Atascadero, Lease Revenue Bonds, Series 2010
Scenario 1: Tax-Exempt

| Period Ending | Principal | Coupon | Interest | Debt Service | Period Ending | Principal | Coupon | Interest | Debt Service |
|---------------|-----------|--------|------------|--------------|---------------|---------------------|--------|----------------------|----------------------|
| 10/1/2011 | | | \$ 867,479 | \$ 867,479 | 10/1/2026 | \$ 345,000 | 5.000% | \$ 661,250 | \$ 1,006,250 |
| 10/1/2012 | | | 800,750 | 800,750 | 10/1/2027 | 365,000 | 5.000% | 644,000 | 1,009,000 |
| 10/1/2013 | | | 800,750 | 800,750 | 10/1/2028 | 380,000 | 5.000% | 625,750 | 1,005,750 |
| 10/1/2014 | 205,000 | 3.000% | 800,750 | 1,005,750 | 10/1/2029 | 400,000 | 5.000% | 606,750 | 1,006,750 |
| 10/1/2015 | 210,000 | 4.000% | 794,600 | 1,004,600 | 10/1/2030 | 420,000 | 5.000% | 586,750 | 1,006,750 |
| 10/1/2016 | 215,000 | 4.000% | 786,200 | 1,001,200 | 10/1/2031 | 440,000 | 5.000% | 565,750 | 1,005,750 |
| 10/1/2017 | 230,000 | 4.000% | 777,600 | 1,007,600 | 10/1/2032 | 460,000 | 5.000% | 543,750 | 1,003,750 |
| 10/1/2018 | 240,000 | 4.000% | 768,400 | 1,008,400 | 10/1/2033 | 485,000 | 5.000% | 520,750 | 1,005,750 |
| 10/1/2019 | 245,000 | 4.000% | 758,800 | 1,003,800 | 10/1/2034 | 510,000 | 5.000% | 496,500 | 1,006,500 |
| 10/1/2020 | 260,000 | 5.000% | 749,000 | 1,009,000 | 10/1/2035 | 1,385,000 | 5.000% | 471,000 | 1,856,000 |
| 10/1/2021 | 270,000 | 5.000% | 736,000 | 1,006,000 | 10/1/2036 | 1,455,000 | 5.000% | 401,750 | 1,856,750 |
| 10/1/2022 | 285,000 | 5.000% | 722,500 | 1,007,500 | 10/1/2037 | 1,525,000 | 5.000% | 329,000 | 1,854,000 |
| 10/1/2023 | 300,000 | 5.000% | 708,250 | 1,008,250 | 10/1/2038 | 1,605,000 | 5.000% | 252,750 | 1,857,750 |
| 10/1/2024 | 315,000 | 5.000% | 693,250 | 1,008,250 | 10/1/2039 | 1,685,000 | 5.000% | 172,500 | 1,857,500 |
| 10/1/2025 | 325,000 | 5.000% | 677,500 | 1,002,500 | 10/1/2040 | 1,765,000 | 5.000% | 88,250 | 1,853,250 |
| | | | | | | <u>\$16,325,000</u> | | <u>\$ 18,408,329</u> | <u>\$ 34,733,329</u> |



Series 2004 and Projected Series 2010 Debt Service

Atascadero Community Redevelopment Agency
Series 2004 and Projected Tax Exempt Series 2010 Debt Service (Lease Structure)



Funding City Hall Renovations

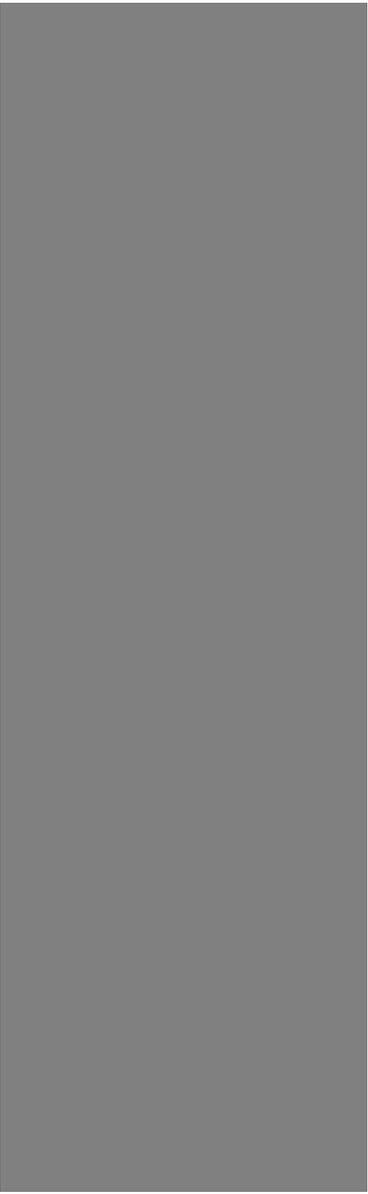
- Specific legal exemption for tax increments to be spent on a City Hall due to earthquake damage
- Public infrastructure and public buildings are ideal use of bond proceeds
- Bond proceeds cannot be utilized for business loans, property assemblage and economic development loans – but saved-up tax increments can
- Funding City Hall work with bond proceeds and setting aside tax increments for economic development will provide greater financial flexibility for the upcoming decade



Other Priority Projects

- Wayfinding signage
- Pedestrian bridge over Atascadero Creek
- Downtown parking
- Transit center
- Downtown restroom
- Via Road industrial master plan



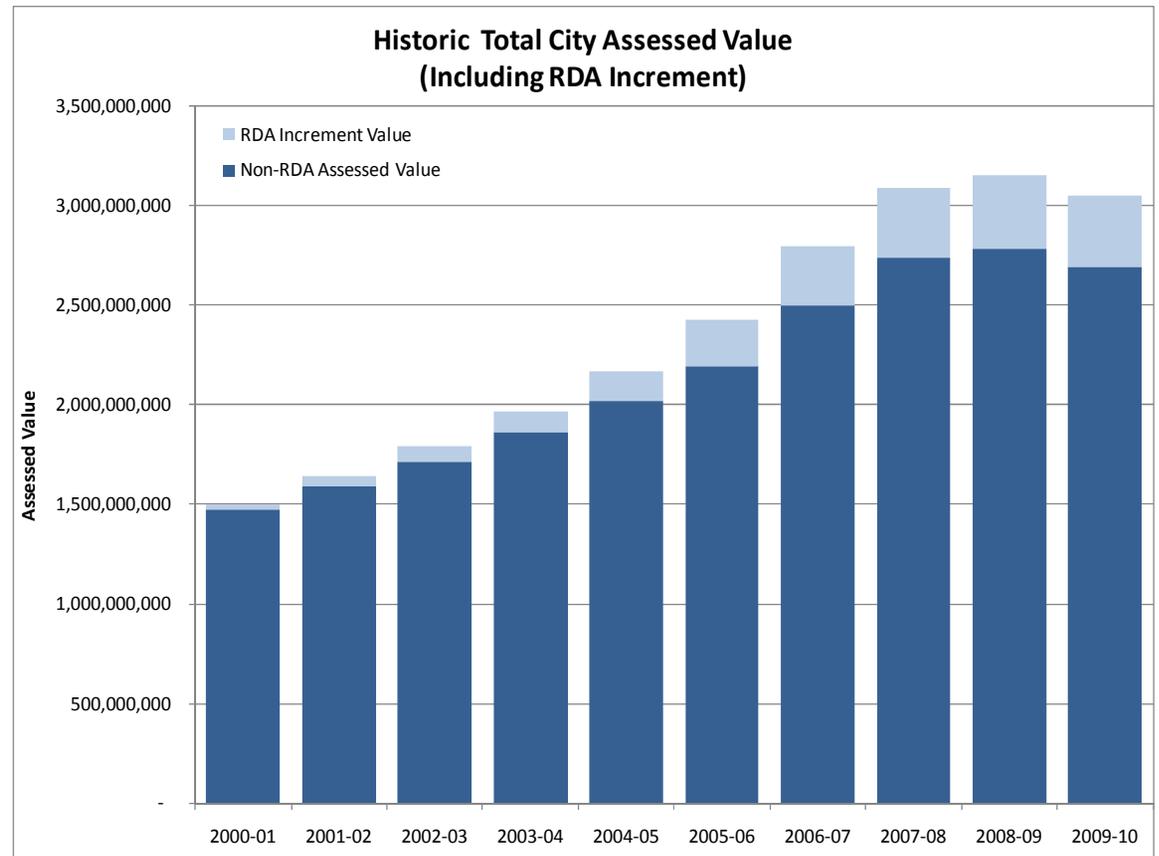


Rating Information



LOCAL AND REGIONAL ECONOMY

- AV growth has averaged 8.3% since FY 2000-01
- FY 2009-10 was the first AV decline in the City since Prop 13
- AV decline largely due to Prop 8 reductions



| | Secured Value | Utility Value | Unsecured Value | Total Before RDA Increment | Percent Growth | RDA Increment | Total After RDA Increment |
|---------|---------------|---------------|-----------------|----------------------------|----------------|---------------|---------------------------|
| 2000-01 | 1,457,467,194 | 458,974 | 43,473,463 | 1,501,399,631 | | 27,879,600 | 1,473,520,031 |
| 2001-02 | 1,592,970,586 | 472,962 | 48,508,915 | 1,641,952,463 | 9.36% | 52,731,016 | 1,589,221,447 |
| 2002-03 | 1,743,293,622 | 293,434 | 49,382,028 | 1,792,969,084 | 9.20% | 76,181,528 | 1,716,787,556 |
| 2003-04 | 1,912,525,617 | 315,521 | 51,878,387 | 1,964,719,525 | 9.58% | 104,424,000 | 1,860,295,525 |
| 2004-05 | 2,114,512,770 | 359,535 | 51,918,690 | 2,166,790,995 | 10.29% | 151,716,110 | 2,015,074,885 |
| 2005-06 | 2,366,652,752 | 333,415 | 57,578,503 | 2,424,564,670 | 11.90% | 231,340,561 | 2,193,224,109 |
| 2006-07 | 2,734,018,443 | 208,088 | 62,467,779 | 2,796,694,310 | 15.35% | 300,386,933 | 2,496,307,377 |
| 2007-08 | 3,028,940,832 | 38,123 | 61,485,651 | 3,090,464,606 | 10.50% | 353,745,415 | 2,736,719,191 |
| 2008-09 | 3,089,522,126 | 56,636 | 64,341,246 | 3,153,920,008 | 2.05% | 370,918,213 | 2,783,001,795 |
| 2009-10 | 2,983,034,400 | 56,636 | 65,268,847 | 3,048,359,883 | -3.35% | 354,795,433 | 2,693,564,450 |



LOCAL AND REGIONAL ECONOMY

- Property tax base is diverse with the Top 20 Taxpayers representing only 6.5% of the secured AV

Largest 2009-10 Local Secured Taxpayers

| | Property Owner | Primary Land Use | 2009-10 Assessed Valuation | % of Total (1) |
|----|-----------------------------------|-------------------------|-------------------------------|-------------------|
| 1 | Bordeaux House LP | Apartments | \$23,304,247 | 0.78% |
| 2 | Wal-Mart Stores Inc. | Commercial | 19,367,041 | 0.65 |
| 3 | Carlton Hotel Investments LLC | Hotel | 13,812,689 | 0.46 |
| 4 | Trimark Pacific-La Terraza LLC | Residential Development | 13,495,000 | 0.45 |
| 5 | Corona Dove Creek LLC | Residential Development | 11,340,360 | 0.38 |
| 6 | New Albertsons Inc. | Commercial | 10,309,017 | 0.35 |
| 7 | HD Development of Maryland Inc. | Commercial | 8,162,546 | 0.27 |
| 8 | Mission Oaks Annex LLC | Shopping Center | 8,103,940 | 0.27 |
| 9 | Romaldo & Janice Martin | Commercial | 7,696,515 | 0.26 |
| 10 | Vons Companies Inc. | Commercial | 7,590,548 | 0.25 |
| 11 | Denver Gardens Co. LLC | Commercial | 7,583,284 | 0.25 |
| 12 | Adobe Plaza LLC | Shopping Center | 7,413,891 | 0.25 |
| 13 | 9401 Jornada II LLC | Apartments | 7,375,951 | 0.25 |
| 14 | BLT-Atascadero 7210 LLC | Commercial | 7,375,257 | 0.25 |
| 15 | Albert C. Holland, Trustee | Hotel | 7,165,856 | 0.24 |
| 16 | Colony Square LLC | Commercial | 7,033,583 | 0.24 |
| 17 | MP Paso LLC | Office Building | 6,966,720 | 0.23 |
| 18 | Hidden Oaks Apartments Inc. | Apartments | 6,834,847 | 0.23 |
| 19 | Atascadero North LLC | Commercial | 6,716,613 | 0.23 |
| 20 | Atascadero 101 Associates et. al. | Shopping Center | 6,029,600 | 0.2 |
| | | | \$193,677,505 | 6.49% |

(1) 2009-10 Local Secured Assessed Valuation: \$2,983,034,400



LOCAL AND REGIONAL ECONOMY

San Luis Obispo County Employment by Industry - April 2010

| Industry | Percent of Employment | Number of Employees |
|--|-----------------------|---------------------|
| Government | 24% | 24,300 |
| Leisure and Hospitality | 15% | 14,600 |
| Retail Trade | 12% | 12,300 |
| Educational and Health Services | 11% | 11,300 |
| Professional and Business Services | 9% | 8,500 |
| Manufacturing | 6% | 5,500 |
| Other Services | 4% | 4,400 |
| Natural Resources, Mining and Construction | 4% | 4,300 |
| Transportation, Warehousing and Utilities | 4% | 3,700 |
| Total Farm | 3% | 3,200 |
| Finance and Insurance | 2% | 2,400 |
| Wholesale Trade | 2% | 2,300 |
| Real Estate and Rental and Leasing | 2% | 1,600 |
| Information | 1% | 1,200 |
| Total Wage & Salary | 100% | 99,600 |

Source: CA Economic Development Department



LOCAL AND REGIONAL ECONOMY

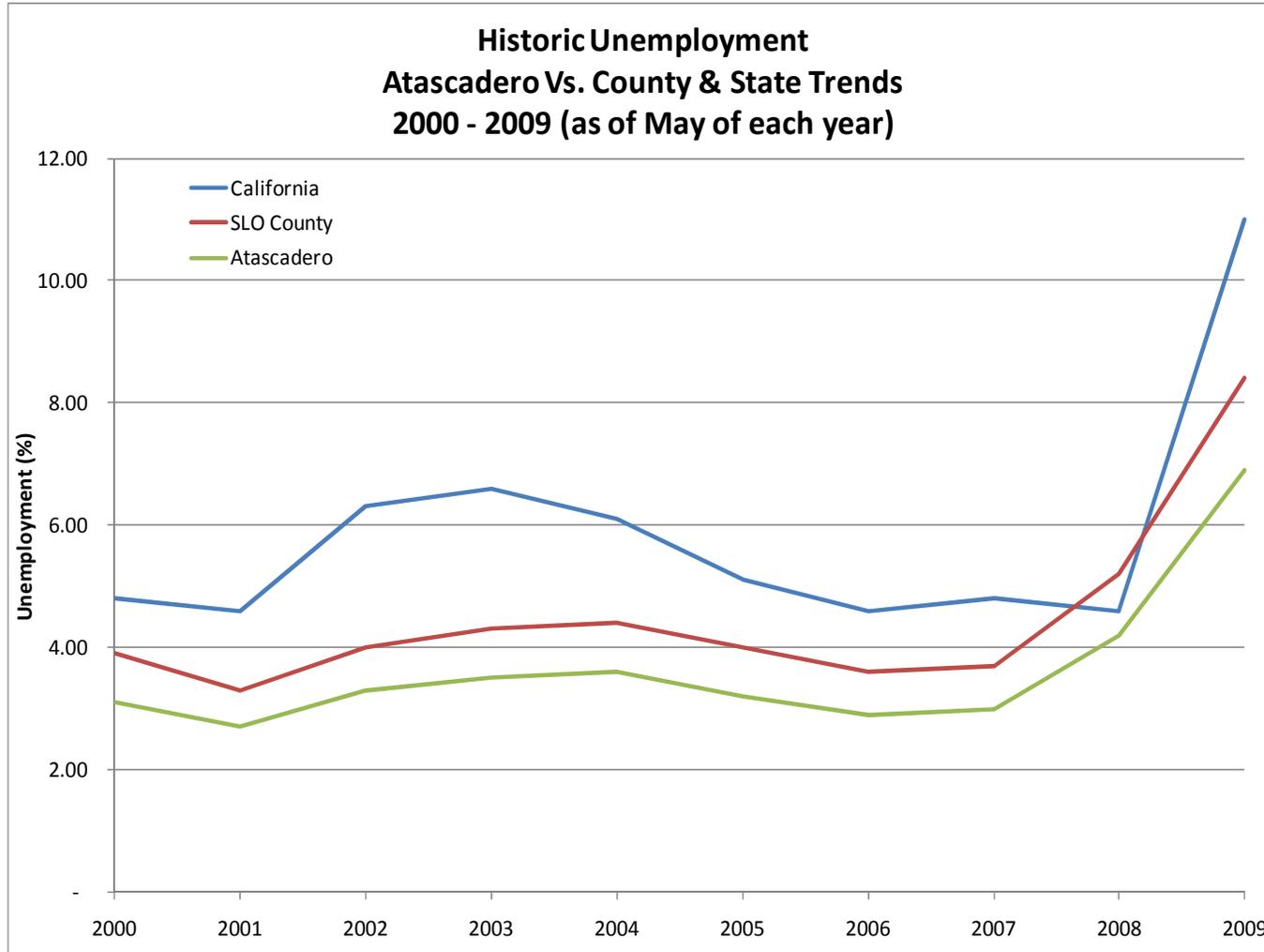
San Luis Obispo County Current Major Employers

| Employer Name | Location | Industry |
|--------------------------------|-----------------|--|
| AMI SIERRA VISTA RADIOLOGY | San Luis Obispo | NONCLASSIFIED ESTABLISHMENTS |
| ARROYO GRANDE COMMUNITY HOSP | Arroyo Grande | HOSPITALS |
| ATASCADERO STATE HOSPITAL | Atascadero | HOSPITALS |
| CAL POLY SAN LUIS OBISPO | San Luis Obispo | SCHOOLS-UNIVERSITIES & COLLEGES ACADEMIC |
| CALIFORNIA MID-STATE FAIR | Paso Robles | TRADE FAIRS & SHOWS |
| COUNTY OFFICE OF EDUCATION | San Luis Obispo | COUNTY GOVERNMENT-EDUCATION PROGRAMS |
| CUESTA COLLEGE | Paso Robles | SCHOOLS-UNIVERSITIES & COLLEGES ACADEMIC |
| CUESTA COLLEGE | San Luis Obispo | SCHOOLS-UNIVERSITIES & COLLEGES ACADEMIC |
| DIVISION OF JUVENILE JUSTICE | Paso Robles | STATE GOVT-CORRECTIONAL INSTITUTIONS |
| ERNIE BALL INC | San Luis Obispo | MUSICAL INSTRUMENTS-MANUFACTURERS |
| FRENCH HOSPITAL MEDICAL CTR | San Luis Obispo | HOSPITALS |
| JENNIFER LOEWEN PHOTOGRAPHY | Paso Robles | PHOTOGRAPHERS-PORTRAIT |
| MEDI-CAL ELIGIBILITY INFO | San Luis Obispo | SOCIAL SERVICE & WELFARE ORGANIZATIONS |
| MORRO BAY ART ASSOC GALLERY | Morro Bay | ART GALLERIES & DEALERS |
| PACIFIC GAS & ELECTRIC CO | Avila Beach | ELECTRIC COMPANIES |
| SAN LUIS OBISPO COUNTY | San Luis Obispo | GOVERNMENT OFFICES-COUNTY |
| SAN LUIS OBISPO COUNTY SOCIAL | San Luis Obispo | GOVERNMENT OFFICES-COUNTY |
| SAN LUIS OBISPO SHERIFF'S DEPT | San Luis Obispo | SHERIFF |
| SELMA A CARLSON DIAGNOSTIC CTR | San Luis Obispo | LABORATORIES-MEDICAL |
| SIERRA VISTA REGIONAL MED CTR | San Luis Obispo | HOSPITALS |
| SOCIAL SERVICES DEPT | San Luis Obispo | GOVERNMENT OFFICES-COUNTY |
| STENO-WOLF ASSOC | San Luis Obispo | FRANCHISING |
| TWIN CITIES COMMUNITY HOSPITAL | Templeton | HOSPITALS |
| US ARMY DEPT | San Miguel | FEDERAL GOVERNMENT-NATIONAL SECURITY |
| WALMART | Paso Robles | DEPARTMENT STORES |

Source: CA Economic Development Department



UNEMPLOYMENT TRENDS



- Unemployment in Atascadero tends to trend lower than both the State and the County
- As of April 2010, unemployment in Atascadero was 8.2%, compared to 10% in the County, 12.6% in the State

Source: California Economic Development Department



ECONOMIC DEVELOPMENT

- During economic downturn the City Council has focused its attention on economic development and growing the City's economy
- Action steps taken by the City Council include:
 - Special public workshop on economic development
 - Business Stimulus Plan approved June 2009
 - Established Office of Economic Development
 - Has retained Applied Development Economics to analyze City's economic base
 - 2009-11 Budget reflects Council's economic goals
- Council emphasis on economic development has spurred activity:
 - Big Lots opening
 - Colony Square (downtown)
 - Rite Aid renovations
 - Tractor Supply
 - Del Rio
 - Downtown streetscapes improvements
 - Wal-Mart expected to open end of 2012

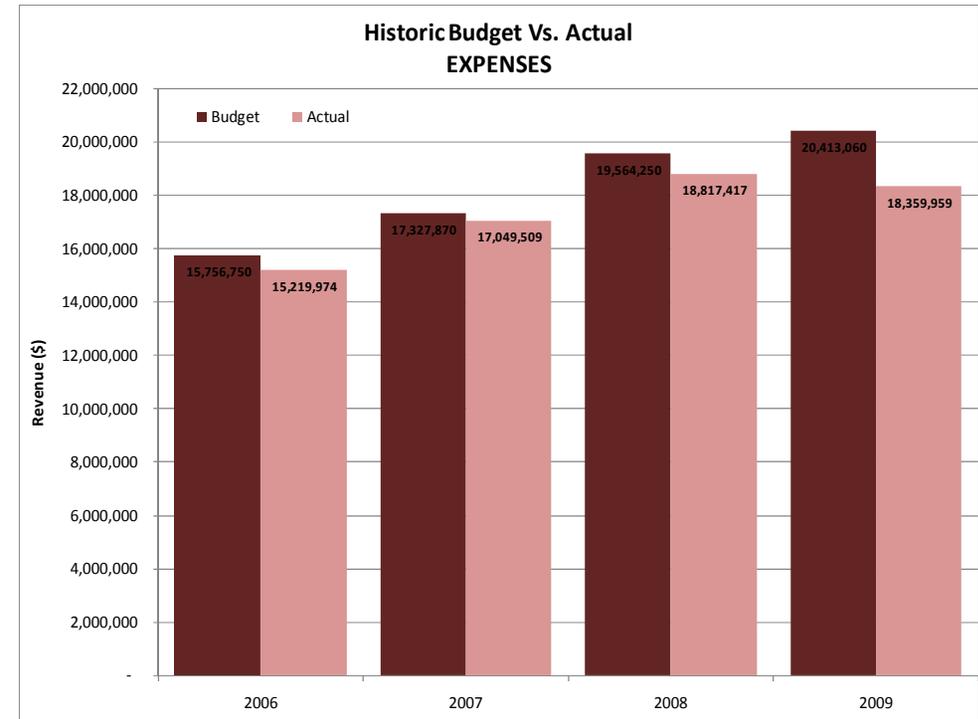
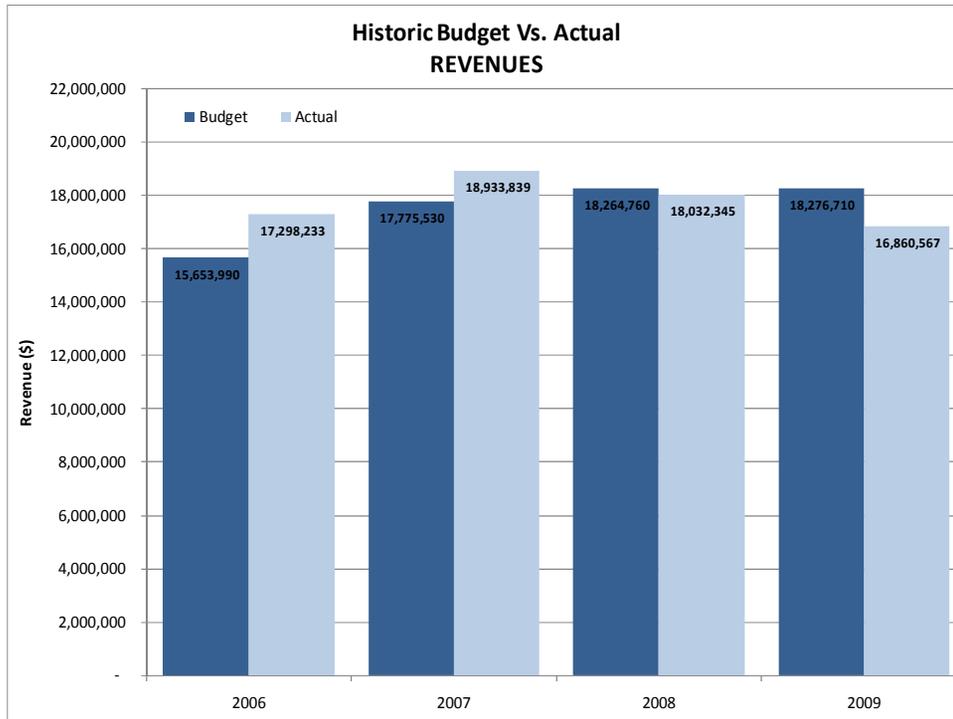


OVERVIEW OF CITY FINANCIAL INFORMATION

- In addition to spurring economic development, the Council has taken steps to ensure the financial stability of the City
 - Mid-year and mid-cycle budget revisions
 - Budget workgroup initiated and weekly budget update memos
 - Council strategic planning meetings
 - Budget plan 2009-11 including many Council and staff meetings to close the budget gap through numerous cost-cutting, revenue generating and other strategic planning
 - Seven-year projection prepared to aid with two-year budget preparation



GENERAL FUND – BUDGET PROCESS



- City has historically budgeted conservatively
- In the last two fiscal years revenues did not meet budget expectations due to the rapidly deteriorating economy
- Expenses have consistently come in under budget



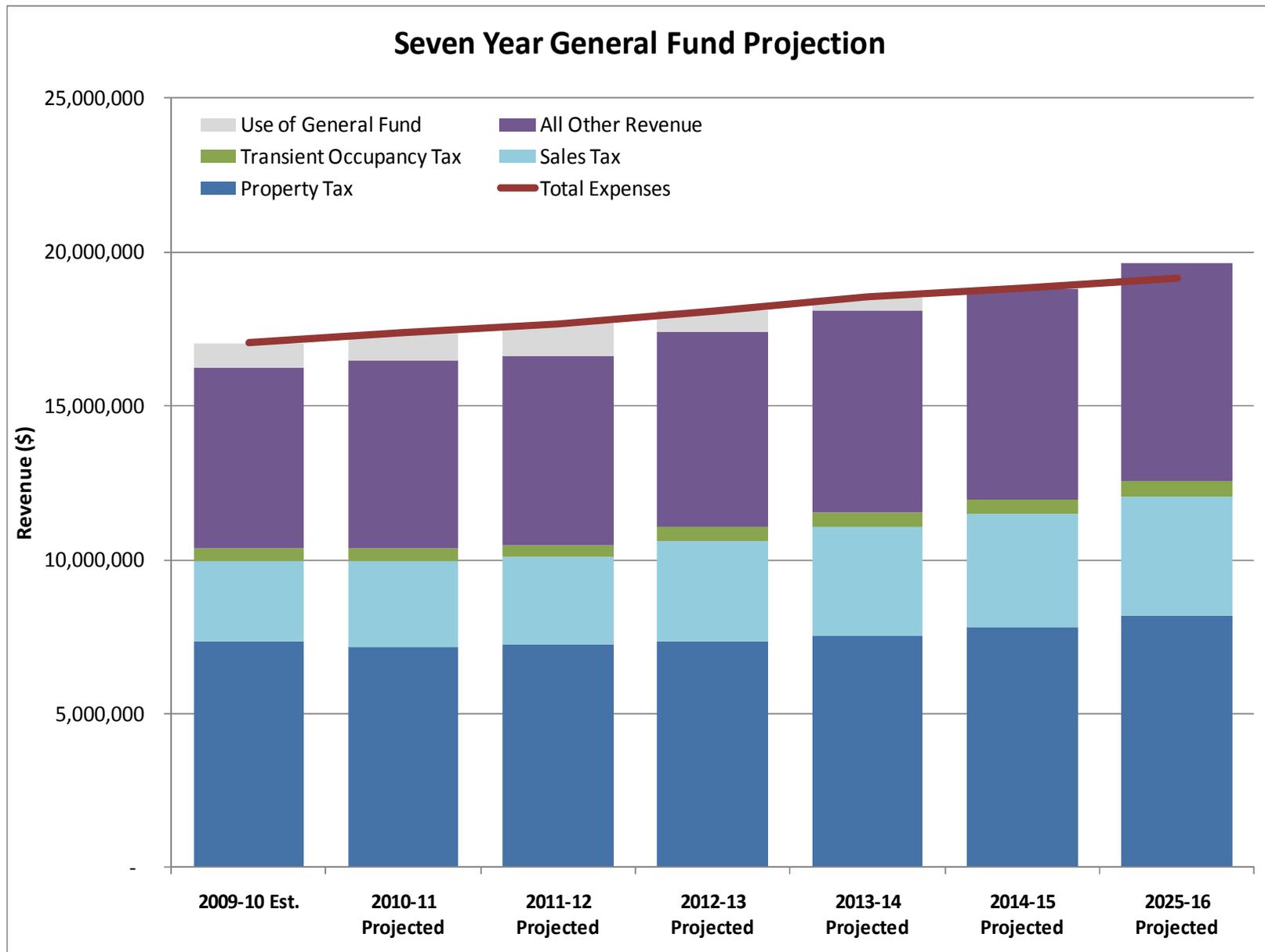
GENERAL FUND – 2009-2011 BUDGET & PROJECTION

GENERAL FUND SEVEN YEAR PROJECTION
As of November 20, 2009

| | Budget 2009/2010 | Estimated 2009/2010 | Budget 2010/2011 | Estimated 2010/2011 | Estimated 2011/2012 | Estimated 2012/2013 | Estimated 2013/2014 | Estimated 2014/2015 | Estimated 2015/2016 |
|---|---------------------|------------------------|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Taxes | | | | | | | | | |
| Property Tax (Current Secured & VLF) | \$ 7,131,300 | \$ 7,001,140 | \$ 7,148,430 | \$ 6,861,110 | \$ 6,929,730 | \$ 7,033,680 | \$ 7,209,520 | \$ 7,425,810 | \$ 7,745,130 |
| Other Property Taxes | 333,710 | 330,830 | 313,710 | 308,110 | 308,110 | 314,440 | 340,780 | 384,850 | 459,050 |
| Sales Tax | 2,878,670 | 2,634,450 | 2,931,100 | 2,771,700 | 2,837,150 | 3,281,540 | 3,526,080 | 3,683,370 | 3,867,540 |
| Franchise Fees | 1,087,380 | 1,096,480 | 1,103,460 | 1,102,580 | 1,121,560 | 1,140,940 | 1,160,710 | 1,180,910 | 1,201,530 |
| Transient Occupancy Tax | 410,000 | 410,000 | 410,000 | 410,000 | 410,000 | 440,000 | 470,000 | 480,000 | 500,000 |
| Other Taxes | 230,970 | 230,970 | 230,970 | 230,970 | 235,850 | 242,240 | 249,220 | 260,400 | 268,400 |
| Permits | 208,200 | 208,200 | 211,350 | 211,350 | 287,320 | 277,530 | 304,390 | 345,830 | 410,950 |
| Intergovernmental | 168,540 | 157,040 | 168,540 | 157,040 | 165,900 | 176,570 | 191,800 | 220,730 | 222,330 |
| Grants | 6,910 | 19,910 | 6,910 | 6,910 | 3,510 | - | - | - | - |
| Service Fees | | | | | | | | | |
| Safety Fees | 254,800 | 254,210 | 258,500 | 250,790 | 254,520 | 260,850 | 266,330 | 273,570 | 280,220 |
| Mutual Aid | 869,160 | 869,160 | 869,160 | 869,160 | 869,160 | 869,160 | 869,160 | 869,160 | 869,160 |
| Development Fees | 480,550 | 480,550 | 543,920 | 543,920 | 535,730 | 614,070 | 668,440 | 751,930 | 824,880 |
| Recreation Fees | 184,250 | 184,250 | 189,540 | 189,540 | 189,540 | 194,310 | 198,930 | 204,030 | 208,870 |
| Administrative Fees | 61,630 | 45,310 | 62,820 | 46,170 | 48,020 | 52,970 | 55,830 | 58,890 | 62,170 |
| Pavilion & Other Rental Fees | 150,900 | 150,900 | 144,800 | 144,800 | 149,800 | 155,400 | 161,000 | 161,100 | 167,200 |
| Parks Fees | 22,170 | 42,170 | 22,600 | 42,600 | 52,600 | 53,930 | 53,930 | 55,340 | 55,340 |
| Zoo Fees | 234,900 | 234,900 | 260,100 | 260,100 | 265,430 | 284,040 | 286,370 | 301,790 | 301,790 |
| Fines | 116,700 | 116,700 | 116,880 | 116,880 | 121,800 | 122,220 | 123,740 | 124,170 | 126,850 |
| Interest Income | 216,900 | 216,900 | 195,850 | 195,850 | 187,250 | 177,700 | 178,100 | 178,400 | 188,400 |
| Other | | | | | | | | | |
| Interfund Charges | 1,203,520 | 1,203,520 | 1,243,180 | 1,243,180 | 1,279,670 | 1,317,760 | 1,357,010 | 1,397,710 | 1,439,650 |
| Donations | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 | 23,000 |
| Other | 58,800 | 58,800 | 58,800 | 58,800 | 58,800 | 58,800 | 58,800 | 58,800 | 58,800 |
| Transfers | 267,130 | 267,130 | 412,320 | 412,320 | 284,720 | 331,510 | 341,460 | 351,700 | 362,250 |
| Total Revenues | 16,600,090 | 16,236,520 | 16,925,940 | 16,456,880 | 16,619,170 | 17,422,660 | 18,094,600 | 18,791,490 | 19,643,510 |
| Expenses | | | | | | | | | |
| Employee Services | 12,999,150 | 12,442,560 | 13,208,950 | 12,650,530 | 12,899,900 | 13,234,890 | 13,572,450 | 13,674,330 | 13,755,260 |
| Operations | 4,490,310 | 4,490,310 | 4,640,360 | 4,640,360 | 4,685,400 | 4,808,480 | 4,894,290 | 5,091,240 | 5,328,330 |
| Special Projects & Community | | | | | | | | | |
| Funding | 91,630 | 91,630 | 76,630 | 76,630 | 72,570 | 35,600 | 35,600 | 35,600 | 35,600 |
| Capital Outlay | 19,000 | 19,000 | - | - | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Debt Service | - | - | - | - | - | - | - | - | - |
| Total Expenses | 17,600,090 | 17,043,500 | 17,925,940 | 17,367,520 | 17,677,870 | 18,098,970 | 18,522,340 | 18,821,170 | 19,139,190 |
| NET INCOME / (LOSS) | (1,000,000) | (806,980) | (1,000,000) | (910,640) | (1,058,700) | (676,310) | (427,740) | (29,680) | 504,320 |
| Fund Balance Beginning of Year | 7,874,770 | 8,233,348 | 6,874,770 | 7,426,368 | 6,515,728 | 5,457,028 | 4,780,718 | 4,352,978 | 4,323,298 |
| FUND BALANCE END OF YEAR | \$ 6,874,770 | \$ 7,426,368 | \$ 5,874,770 | \$ 6,515,728 | \$ 5,457,028 | \$ 4,780,718 | \$ 4,352,978 | \$ 4,323,298 | \$ 4,827,618 |
| Fund Balance as % of Expenses | 39.1% | 43.6% | 32.8% | 37.5% | 30.9% | 26.4% | 23.5% | 23.0% | 25.2% |

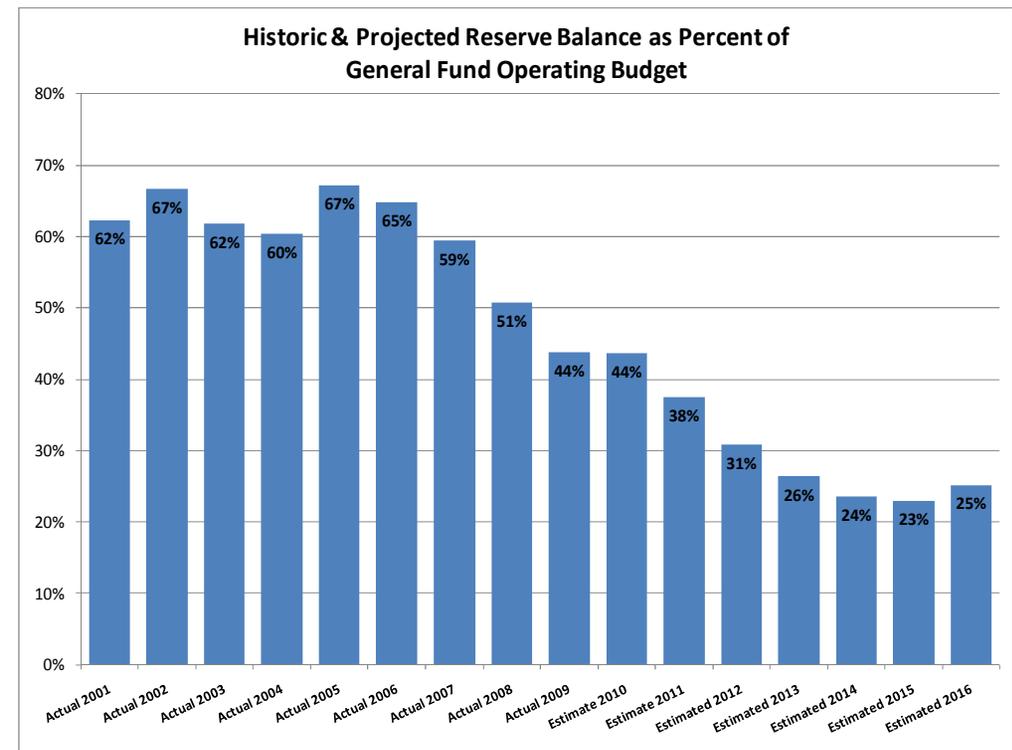
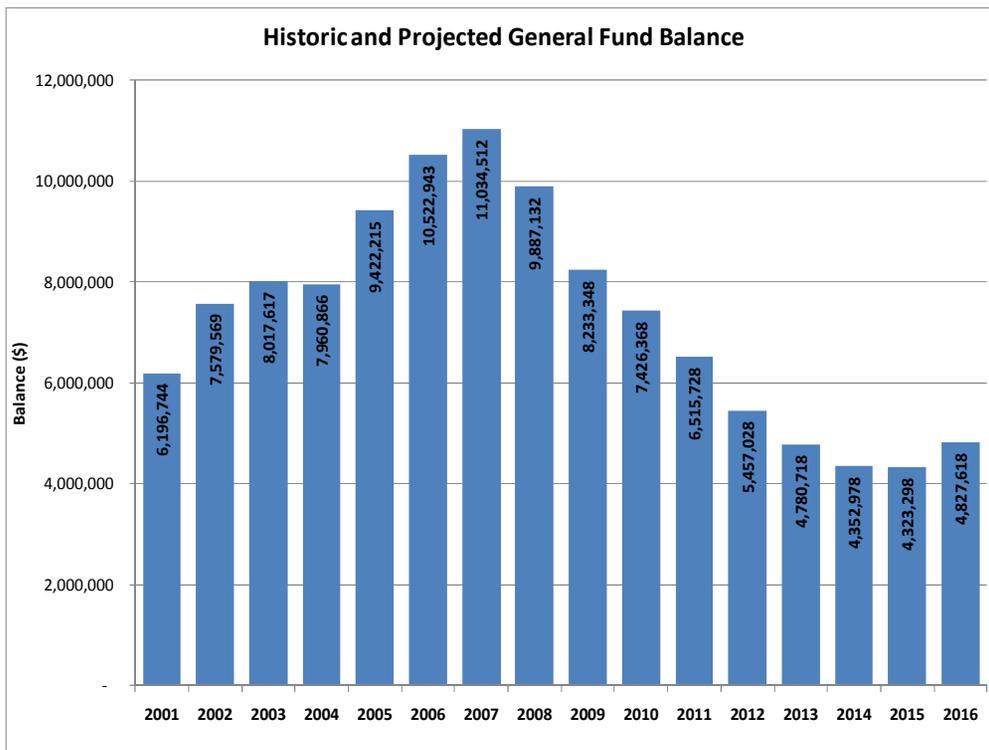


GENERAL FUND – SEVEN YEAR PROJECTION



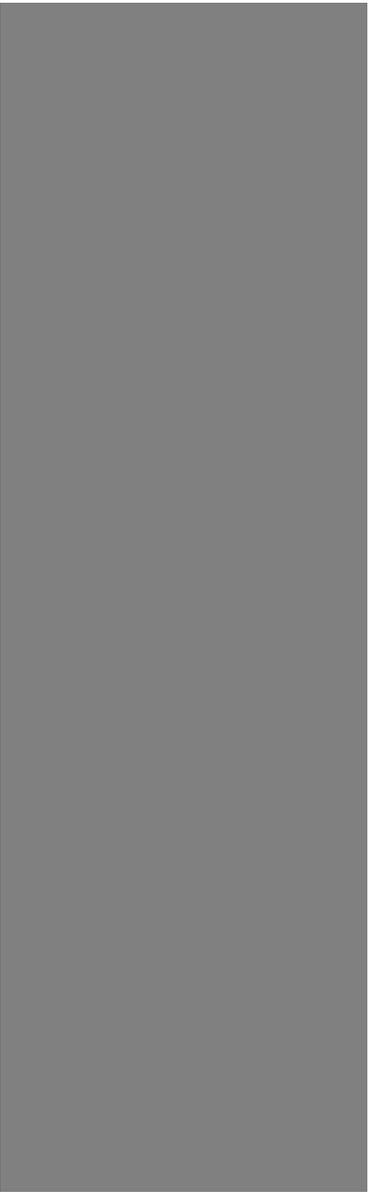
GENERAL FUND – RESERVE BALANCE

- *Tract Record of building up the General Fund Balance in order to be prepared for economic down turns like the present*



* Actual balance FY 2001 – FY 2009 and projected thereafter





Recommendations

