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 8

9 UNITED STATES BANKRUPTCY COURT
 10 EASTERN DISTRICT OF CALIFORNIA
 11 SACRAMENTO DIVISION

12 In re:
 13 CITY OF STOCKTON, CALIFORNIA,
 14 Debtor.

Case No. 2012-32118
 D.C. No. OHS-15
 Chapter 9

**DIRECT TESTIMONY
 DECLARATION OF ROBERT DEIS IN
 SUPPORT OF CONFIRMATION OF
 FIRST AMENDED PLAN FOR THE
 ADJUSTMENT OF DEBTS OF CITY
 OF STOCKTON, CALIFORNIA
 (NOVEMBER 15, 2013)¹**

15 WELLS FARGO BANK, NATIONAL
 16 ASSOCIATION, FRANKLIN HIGH
 17 YIELD TAX-FREE INCOME FUND,
 18 AND FRANKLIN CALIFORNIA
 19 HIGH YIELD MUNICIPAL FUND,

Adv. No. 2013-02315

Date: May 12, 2014
 Time: 9:30 a.m.
 Dept: C
 Judge: Hon. Christopher M. Klein

20 Plaintiffs,
 21 v.
 22 CITY OF STOCKTON, CALIFORNIA,
 23 Defendant.
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 28 ¹ While this declaration is made in support of confirmation of the Plan, out of an abundance of caution, and because the evidentiary hearing on Plan confirmation and the trial in the adversary proceeding share common issues, it is being filed in both the main case and the adversary proceeding.

1 I, Robert Deis, hereby declare:

2 1. I am the former City Manager of the City of Stockton, California (the “City” or
3 “Stockton”), having held that position from July 1, 2010, until my retirement on November 1,
4 2013. I make this declaration in support of confirmation of the City’s First Amended Plan For
5 The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013). On February
6 15, 2013, I submitted a declaration in support of the City’s Reply To Objections To Statement Of
7 Qualifications Under Section 109(c) [Dkt. No. 708] (“Reply Declaration”). As discussed in the
8 Reply Declaration, I have 33 years of experience in managing and trouble-shooting municipal and
9 county finances in three states. I also have extensive experience in submitting funding measures
10 to the citizenry for multiple local governments in three states that address the unique needs of
11 each entity. I was one of the first public sector executives in the nation to tackle the well
12 documented unfunded retiree health obligations that threaten state, county and cities all over the
13 country. I have always left the organizations I worked for only after finishing the job that I was
14 asked to do, and with superior management teams equipped to continue that organization’s
15 progress.

16 *The City Commissions The FM3 Poll*

17 2. Since before my tenure as the City Manager, Stockton had realized that an
18 essential part of its recovery from the intransigent economic downturn of the Central Valley
19 would include maximizing revenue increases and achieving expenditure reductions while still
20 maintaining a viable city. In early 2012, the City approached Fairbank, Maslin, Maullin, Metz &
21 Associates (“FM3”), a public opinion research and strategy firm, to conduct a poll of Stockton
22 voters on the possibility of a tax increase measure on the November 2013 ballot. FM3 polled
23 voter support for variations of major new increases in two tax sources—sales tax and/or utility
24 users tax (“UUT”)—that would increase the City’s General Fund revenue base as much as was
25 feasible. FM3’s research included questions specifically tailored to measure voter support for
26 different types of measures under different circumstances, including a ¾- or ½-cent sales tax
27 increase, a 2% increase in the UUT, or a combination of a ½-cent sales tax and 2% UUT increase.
28 The polling also assessed voter reaction to different proposed uses for the revenues created by the

1 tax measure, to the inclusion of a sunset provision in the measure, and to the effect of the City's
2 ongoing bankruptcy case. The City was extensively involved in the drafting of the questions
3 included in the poll, with the goal of maximizing its chances of passing a new tax measure that
4 would achieve the greatest possible increase in General Fund revenues. However, we also relied
5 on the professional pollsters' judgment to ensure that the results were statistically significant
6 within acceptable margins for error and confidence factors.

7 3. The City received the results of FM3's poll in September 2012. A true and correct
8 copy of FM3's polling report was attached as Exhibit B to the Reply Declaration. The City also
9 received a summary of key findings from the FM3 survey, which was admitted into evidence as
10 Exhibit 106 in the Eligibility Contest.² Not surprisingly, the results confirmed that a ¾-cent sales
11 tax measure had a greater probability of passing if all of the receipts went to public safety
12 purposes, including hiring additional police. Fully 78% of voters indicated that they would
13 support a ¾-cent sales tax increase that dedicated its funding to enhancing police protection and
14 crime prevention. However, such a special tax measure would require two-thirds voter approval,
15 and would not have provided funds to balance the General Fund budget without additional
16 reductions in services. Such a "restricted tax" would not have allowed the City to pay creditors
17 and to plug the structural deficit in the Plan.

18 4. The poll results showed substantially lower support for a ¾-cent sales tax measure
19 whose receipts would "primarily provide funding to existing debt holders, employee
20 compensation and benefits, and city-paid retiree medical benefits, but would not provide funding
21 to improve existing City services or restore services that have been previously cut," as only 21%
22 of those polled stated they would support such a measure. This question was geared towards
23 determining voter sentiment for simply plugging the budgetary deficit of the current organization
24 at the time, and either avoiding or exiting bankruptcy without addressing service and other needs.
25 There was, however, a 71% level of polling support for a ¾-cent general sales tax measure that
26 provided funding for both increased public safety funding and general services. As a general tax,
27

28 ² Capitalized terms used but not defined herein have the meaning ascribed to them in the First Amended Plan for the Adjustment of Debts of City of Stockton, California (November 15, 2013) [Dkt. No. 1204].

1 this required only a majority level of voter support for approval, and thus was more likely
2 ultimately to be enacted while also providing a funding solution that avoided further cuts in
3 service at the same time as voters were paying more in taxes.

4 5. The poll results also showed other key facts. First, when voters were asked their
5 opinion on increasing the UUT by 2%, support dropped to the 49% to 66% range depending on
6 the version of the question. Second, when voters were asked their opinion on a measure
7 including both a ½-cent sales tax increase and a 2% UUT increase, the level of support for both
8 taxes dropped to 39%. Finally, when voters were questioned about their preferences after hearing
9 possible negative campaign statements, voter support for the two sales tax options—½-cent and
10 ¾-cent—dropped to 62% and 66% respectively, and voter support for the UUT increase dropped
11 to 52%. In light of the plus or minus 7% margin of error, the UUT increase was deemed not to be
12 a viable option. Thus, the only funding measure that would maximize revenues, provide
13 flexibility to pay creditors, and enhance public safety, and which still had a reasonable probability
14 for success, was a ¾-cent general sales tax.

15 6. As I testified in the Reply Declaration, in order for a tax increase measure to be
16 successful, the local government must have a compelling argument or a specific “product” that
17 will be funded by the tax increase that resonates with voters. What did Stockton have to offer
18 voters in 2012? The City was embroiled in a hotly-contested fight over its eligibility for
19 bankruptcy protection, creating the risk that any new tax revenues could be taken by the capital
20 market creditors if the City were found ineligible. The City was in the midst of a record-breaking
21 spike in homicides and violence. In truth, the City had nothing remotely positive to offer the
22 voters in late 2012, but it did in 2013 after beginning the process of restructuring its finances
23 through its bankruptcy filing, through its successful negotiations with key creditors, and through
24 unveiling its new Marshall Plan on Crime.

25 *The Tax Measure Is Proposed*

26 7. The Court’s finding that the City was eligible for bankruptcy relief improved the
27 conditions for a potential tax measure to succeed. The protection of the bankruptcy ensured that
28 the City could propose a tax measure whose increase could be dedicated to a compelling product.

1 We communicated to voters that, over time, roughly one third of the tax proceeds would go
2 towards filling the structural hole, and roughly two thirds would go towards funding the Marshall
3 Plan on Crime.

4 8. Based on FM3's research, the City put Measures A and B on the November 2013
5 ballot. Measure A proposed to raise the sales tax by 0.75%, from 8.25% to 9%. Measure B was
6 an advisory measure asking the electorate whether 65% of the proceeds from Measure A should
7 be used to "pay for law enforcement and crime prevention services such as those described in
8 Stockton's Marshall Plan on Crime" and 35% to "help end the bankruptcy and restore other City
9 services."

10 9. Even before the City Council voted to put Measures A and B on the November
11 2013 ballot, the measures faced competition and negative publicity. A developer-led faction
12 publically discussed proposing an alternative tax measure that would have funded only new
13 police hires and other criminal justice activities, and would have provided no funding for
14 payments to be made under the Plan. I believe that had such a measure passed, it would have
15 devastated the General Fund and, in my opinion, would have been an indicator of "bad faith" on
16 the part of the City. Moreover, because the presence of multiple tax increase measures on a ballot
17 would have greatly decreased the chance of *any* tax increase measure passing, the City was
18 caught in a struggle between Measures A and B and the threatened competing measure. Happily,
19 such measure never was placed on the ballot.

20 10. But the troubles for Measures A and B were just beginning. City Council
21 members reported that the Stockton voters with whom they interacted were evenly split on
22 Measure A. All of the indications from the community were that the election would be a very
23 close one. And abundant negative campaigning by the measures' opponents worried the City,
24 because FM3's polling indicated that such opposition would negatively affect voter sentiment.

25 11. Yet another distraction was the lawsuit brought by Dean Andal ("Andal"), a
26 Stockton resident and former member of the State Assembly, challenging the proposed language
27 for the tax measure. Andal wanted any tax increase to be restricted to public safety only. His
28 lawsuit was dismissed by the San Joaquin Superior Court as untimely. But had Andal timely

1 filed his lawsuit, the City might have been exposed to a protracted battle over the legitimacy of
2 Measure A. The existence of Andal's lawsuit reflects the uncertainty and constant attacks that
3 accompany virtually all tax increase measures in California. However, in my 33-years of
4 government service, I have never experienced the type of negative campaigning and mistrust for a
5 tax increase that I experienced in Stockton. This was due partly to Stockton's civic culture, partly
6 to its distressed economy with high unemployment and poverty rates, and partly to the well
7 documented past dysfunction of Stockton's government.

8 *The Tax Measure Passed By A Slim Margin*

9 12. Both Measures A and B passed. Measure A passed by an extremely slim margin.
10 Just 51.86% of voters—14,939 out of a total of 28,808 voting—voted in favor of the measure.
11 Had only 535 of the 14,939 voting yes instead voted no, Measure A would have failed. Measure
12 B passed by a wider margin, with 59.27% of voters voting yes. Measure A's narrow victory
13 confirmed the City's business judgment that the voters likely would not tolerate a tax increase
14 greater than 0.75%, while the comfortable passage of Measure B confirmed that the sales tax
15 increase likely would not have passed if a larger portion of the revenues was dedicated to paying
16 creditors instead of improving public safety and City services.

17 13. Thanks to the passage of Measure A, the City projects that it will receive \$286
18 million in additional revenue over the next 10 years.³ While approximately 65% of these
19 revenues are committed to the restoration of police services and crime prevention, the remainder
20 will enable the City to balance its General Fund budget without resorting to additional cuts in
21 vital City services, while at the same time building up the City's reserves. This will put the City
22 on a much more secure financial footing by funding the Plan. It will also restore the viability of
23 the City as a municipality and as a community. However, there will still be other unmet needs of
24 the City that can be addressed only through growth in the local economy.

25
26 ³ The tax will sunset when the City achieves economic recovery such that General Fund revenues regain the levels
27 received in fiscal year 2008-09 adjusted for inflation, or in 10 years, whichever comes first. However, the tax may
28 remain in effect longer than 10 years if economic conditions warrant. There are review provisions that allow the tax
to continue if findings are adopted at two noticed public hearings, after hearing the recommendation of the Citizens
Advisory Committee, that the revenues are still necessary to carry out the purpose of the tax and that the total
compensation of City employees is not excessive relative to other similar public sector employers.

1 *The City Could Not Raise Taxes Any More Than It Did*

2 14. The City was barely able to sell voters on a tax increase that paid for some of the
3 City's most vital "products": law enforcement, crime prevention, and the restoration of City
4 services. In my experience, it would have been even more difficult, if not impossible, to pass a
5 tax measure devoted solely to paying financial creditors such as Franklin. This was supported by
6 the City's polling. In short, the City asked the voters to pass the highest tax increase that the City
7 thought feasible, and then worked diligently to convince those voters to vote "yes."

8 15. Having successfully, albeit barely, passed Measure A, I believe that it is unlikely
9 that the City's residents would support another tax increase in the near future. I do not believe
10 that Measure A would have passed without the strong but expensive campaign financed by the
11 business community, and based on my extensive interaction with that community, I do not
12 believe that it has the interest or wherewithal to fund another campaign for more tax increases.
13 Were the City's bankruptcy case dismissed, it could not, as Franklin seems to suggest, raise yet
14 more tax revenue at the drop of a hat. Following the passage of Measure A, the City's 9% sales
15 tax rate is now among the highest in the state.⁴ More importantly, it is among the highest among
16 nearby cities, which compete with Stockton for business. Manteca, Sacramento and Tracy all
17 have an 8.5% sales tax rate, and Lodi and Elk Grove have an 8% rate. Modesto, whose attempt to
18 increase its sales tax rate by 1% was rejected by voters in the November 2013 election, has a
19 7.625% rate. These cities now have a measurable advantage in the competition for business by
20 virtue of their lower sales tax rates.

21 16. Moreover, the City must now demonstrate that it will use the revenues created by
22 Measure A to set Stockton on a secure fiscal path. The City's voters will surely view any
23 additional tax increases in the near term with skepticism. The City needs to prove that it is a good
24 steward of the new sales tax proceeds and must follow through on its commitments of reducing
25 crime and implementing the Marshall Plan on Crime. This will take years to accomplish. Before
26

27 ⁴ There are 125 cities with a 9% tax statewide, representing 10.93 million of the total 30.78 million residents of cities,
28 or 35.5% of the total city population in California. There are 258 cities with a lower sales tax rate, and only 18 with a
rate higher than 9%. A true and correct copy of a table collecting the Board of Equalization's data on tax rates with
the California Department of Finance's data on population is attached hereto as **Exhibit A**.

1 any more taxes are considered, the City will also have to identify future needs that resonate with
2 the citizenry. Paying more money to creditors will likely not be one of them.

3 *The City Cannot Effectively Raise Its UUT Rate*

4 17. Franklin's arguments that the City should raise its UUT rate miss the mark. In
5 2004, the City was forced to reduce the UUT from 8% to 6% in order to prevent challengers from
6 bringing a ballot measure to reduce the UUT to 2% or 0%. Political pressure against increasing
7 the UUT remains strong. The City placed Measure U on the November 4, 2008 ballot, which the
8 voters passed. The purpose of Measure U was to modernize the current UUT ordinance to treat
9 taxpayers equally regardless of what technology they used for telecommunication and video
10 services. Specifically, it was intended to protect the tax from litigation alleging that local phone
11 taxes should have been repealed when the federal government ceased taxing long-distance calls in
12 2006. It also was intended to extend the tax to new technologies such as text messaging. In order
13 to convince voters to support the extension of the UUT to new technologies, Measure U included
14 a commitment to maintain the UUT at no higher than 6%.

15 18. Any subsequent effort to increase the UUT would run afoul of this pledge, and the
16 FM3 polling results discussed above indicated a low a probability of a UUT increase passing.
17 The language of Measure A polled initially at 71% support and wound up with only 51.86%
18 "yes" votes after a bitter campaign. The 2% UUT alone polled initially at only 49%-66%
19 support, which indicates it would not have survived a hard-fought electoral battle like the one that
20 occurred in November 2013. A 2% UUT, *combined* with a ½-cent sales tax, secured only 39%
21 polling support in the FM3 poll. Voters are as unlikely to be supportive of enacting two different
22 taxes through two back-to-back elections as they would be doing it in a single election, and would
23 accuse the City of misleading them on Measures A and B. As I mention above, the UUT is
24 neither a popular tax nor one that is well understood by the voting public. The UUT has little
25 chance of being increased in the near future, and raising it is simply not a viable option.

26 *Feasibility of Stockton's Plan of Adjustment*

27 19. In putting together its Plan, the City recognized that in order to successfully exit
28 bankruptcy, it would have to show that it could achieve cash, budget, service and long-term

1 solvency into the foreseeable future. The City must be a sustainable municipality going forward,
2 and it is not an exaggeration to say that the health and safety of the City's 300,000 residents
3 depend on it.

4 20. It has been a long and difficult journey to wrestle control of the City's finances
5 back from the vested interests that had shoved City management aside and pursued their own
6 goals with vigor and success. When I arrived at Stockton, the staff was demoralized and unsure of
7 the future, mediocrity was the norm, and very few staff took seriously the need to be disciplined
8 and good stewards of the public trust and resources. I took this assignment on July 1, 2010,
9 because the relatively new City Council understood that there was something wrong, and because
10 they shared a similar "good government" value system. They just needed help in getting to the
11 bottom of things and to be provided options for dealing with the City's problems. This was a key
12 start to the City's turnaround. That is why I was willing to take on this challenge. The interplay
13 between financial self-interests (e.g. labor, developers, etc.) and the governing body and senior
14 management often goes unnoticed. In my opinion, this interplay and how the City makes
15 decisions with large financial consequences, are key to evaluating future viability and the relative
16 risk of the City winding up in bankruptcy court again.

17 21. Practitioners of local government management, i.e. International City Management
18 Association (ICMA), measure municipal sustainability according to four criteria: cash solvency,
19 budgetary solvency, service-level solvency and long-term solvency. Cash solvency is the relative
20 ability to generate cash to pay bills when they become due. Budgetary solvency is the relative
21 ability to fully budget and generate adequate resources to cover expenditures over a budget cycle.
22 Service insolvency is the relative ability to provide adequate services to meet the health, safety
23 and welfare needs of its citizens. Long-term solvency is the ability to balance revenues and
24 spending, meet future obligations and handle unknown financial challenges in the long run. I will
25 address these criteria as they apply to Stockton in the balance of this Declaration. I believe that I
26 am well-qualified to do so because most of the Plan was formulated under my watch and the team
27 that will transition the City from insolvency to solvency was hired by me. I am very familiar with
28 the City's efforts to achieve each of the four types of solvency.

1 22. It is notable that Franklin does not appear to directly challenge the City's ability to
2 meet the cash, budget and service solvency standards. To the contrary, Franklin's expert, Charles
3 M. Moore ("Moore"), opines that the City is actually *more* cash solvent than it is letting on, and
4 suggests that the City is actually underestimating its ability to pay its debts. I believe that his
5 opinions suffer from his lack of experience in managing local governments, a lack of
6 understanding of state law regarding Public Facility Fees ("PFFs"), and a lack of knowledge of
7 the City's specific financial situation. Specifically, Moore claims that the City can simply pay
8 Franklin hundreds of thousands of dollars a year in PFFs (which it could not legally do, even if
9 PFF revenues hadn't plummeted), and that the City need not provide for an annual buffer against
10 typical variations in multiple revenue and expenditure line-items or future recessions (which is
11 the proper way to provide service reliability and avoid future financial catastrophes). Moreover,
12 it is clear that Franklin cares little about the City's community health, ability to provide services
13 to its residents, or capacity to weather future financial downturns, since the Moore Report appears
14 to argue that any spare dollar should be paid to Franklin, rather than ensuring the City's long-term
15 fiscal health. Moore seems to ignore the competing priorities for scarce General Fund dollars and
16 the fact that it is the City Council that determines budgetary priorities.

17 23. Despite insisting that the City has boatloads of available funds, Franklin makes
18 passing reference to one of the favored talking points of Moody's and other pundits; namely, that
19 the Plan cannot be feasible unless it impairs its CalPERS contract. Franklin, Moody's and the
20 rest cite the City of Vallejo, which did not impair its CalPERS contract, as an argument that
21 Stockton must cut its pensions. These arguments are nothing more than an inaccurate comparison
22 between cities drawn to support ideological arguments about government pensions. Moreover, it
23 appears Moody's used old data to support their assertion, and Vallejo's City Manager refutes the
24 perception that they are near bankruptcy. Further, Vallejo used a five-year planning horizon, and
25 to my knowledge, did not hire an outside retirement actuary. Stockton used a prominent outside
26 actuary and developed a thirty-year planning horizon with more conservative estimates than what
27 CalPERS uses now. City leadership cannot manage based on an ideology, but instead must rely
28 on facts and the practical realities of the labor market. As Police Chief Eric Jones and I have

1 stated in prior declarations, if the City cut its pensions, it is extremely likely that it would lose a
2 large number of experienced police officers and other public employees. Stockton already lost
3 100 experienced officers during the last exodus, and to lose any more would be untenable. I
4 believe the City would also risk losing the senior managers that are tasked with restoring the City
5 to service solvency. Neither Franklin nor its expert have offered any feasible, cheaper alternative
6 to the City's CalPERS plan that would allow the City to continue providing competitive pensions
7 to its employees and thereby retain its valued labor force.

8 Cash and Budget Solvency

9 24. The Long-Range Financial Plan ("LRFP") attached to the Disclosure Statement
10 demonstrates how the City will achieve cash and budget solvency under the Plan. The LRFP is
11 discussed in detail in the Direct Testimony Declaration Of Robert Leland In Support Of
12 Confirmation Of First Amended Plan For The Adjustment Of Debts Of City Of Stockton,
13 California (November 15, 2013) ("Leland DTD"), which is being submitted concurrently. The
14 LRFP's projections are appropriately conservative, as the City cannot risk the excessive optimism
15 that caused it to collapse into bankruptcy in the first place. The Moore Report suggests that
16 estimated revenues in the LRFP are too low by comparing Stockton's forecasted increases to the
17 previous 15 years. This is simply the wrong approach. It would be foolhardy to predict that the
18 next 15 years will mirror the last 15 years. Instead, the LRFP accounts for what will likely
19 continue to be a slow economic recovery, as most economists have predicted for the Central
20 Valley. As a long-time public servant, I can say with certainty that a city never wants to get
21 caught short on revenues, because this would require a commensurate cut in budgeted
22 expenditures within the same year. Otherwise, the city would violate state law. Conversely, a
23 city does not want to constantly "find money" at the end of the year due to underestimating
24 revenues, because it will lose credibility with labor groups and other vested interest groups that
25 are constantly looking for financial support.

26 25. The City's long-range cash and budget solvency received a boon in the form of
27 Measure A, just as the City indicated two years ago in its AB 506 Ask. Thanks to the City's
28 efforts to garner support for Measure A among its residents, who were understandably skeptical

1 of any tax-increase, the Measure passed by a slim margin (51.86 percent). The resulting $\frac{3}{4}$ cent
2 sales tax increase will provide millions of dollars over the next several decades to fund services,
3 pay creditors, and help balance the City's budget.

4 26. The City also has made great strides in reducing expenditures and increasing
5 expenditure predictability. Whereas much of the City's General Fund budget was on auto-pilot
6 upon my arrival (including, for instance, long-term labor contracts with automatic wage increases,
7 mandatory staffing levels, complete coverage of employee and retiree medical, and growing
8 "back loaded" debt payments), the Plan provides the City with much more control over its future
9 expenditures. Labor contracts are now short term, and almost all formulas for automatic cost
10 increases have been removed. Through difficult negotiations, the City eliminated a massive
11 retiree health obligation, and the City's contributions towards active employee medical costs are
12 now a fixed stipend. All of these changes will help to ensure that the City does not fall back into
13 the trap of ballooning costs.

14 27. The City has forecasted roughly 30 years of costs. Granted, it is very difficult to
15 project costs that far out into the future; however, since the renegotiated debt payments stretch
16 that far out, we believed that it was incumbent upon the City to show that it can pay for these
17 debts when they come due. I note that the City of Vallejo looked at a five-year planning horizon,
18 and Detroit (Mr. Moore's client) is looking at a ten-year period. What is most critical is that the
19 City has a model that shows the long-term impacts of its decisions. Stockton has changed its
20 paradigm for discussing and disclosing the impacts of City decisions. Our review of past key
21 financial commitments found inadequate public disclosure and staff understanding of the long-
22 term cost implications of items like retiree health and new labor contracts. The new value system
23 at the City is full disclosure and evaluation of long-term financial impacts. The governing body is
24 well versed on many of these components. As an added check, the independent Council Audit
25 Committee has been reconstituted and reinvigorated with a robust support contract with Moss
26 Adams LLP, a public accountancy firm is constantly ranked in the top 15 in the nation for size.

27 28. The Moore Report also takes issue with the City's provision in its LRFP for its
28 unrestricted fund balance to increase to 16.67%, and for the City to maintain an annual

1 contingency of \$2 million. As described in detail in the Leland DTD, both of these aspects of the
2 LRFPA are critical to the City's long-term fiscal stability. The 16.67% unrestricted fund balance is
3 recommended by the Government Finance Officers Association, and will provide a buffer for the
4 City in typical economic cycles. Moreover, it must be noted that over the next decade, the
5 unrestricted fund balance will remain low, and will not reach its target for several decades. The
6 \$2 million annual contingency is also critical. It is also important to understand that every year,
7 the City must forecast approximately \$160 million in revenues and roughly another \$160 million
8 in expenditures. To cushion against the potential impact of deviations in these projections, the
9 City is setting aside only \$2 million. If staff was short just 1 percent in revenues and 1 percent
10 over in expenditures in a given year (totaling \$3.2 million), the annual contingency will be more
11 than consumed. Moreover, the LRFPA maintains a \$2 million annual contingency well into future
12 years, when annual budgets are expected to increase to \$300 million, at which time the
13 contingency will account for less than 1 percent of the budget. Contrary to Moore's contention,
14 this is a very small cushion to address surprises throughout the year. When planning a General
15 Fund budget over multiple years, city governments must set aside funds – in the form of
16 unrestricted fund balances, annual contingencies, or other mechanisms – to protect against
17 unexpected, and often catastrophic, events, such as uninsured lawsuits, floods, economic crashes,
18 etc. The City's inclusion of these items in its LRFPA is good business.

19 *The City's CalPERS Contracts*

20 29. While the City has limited control over its CalPERS obligation, the simple fact is
21 that the City cannot simply cut and run from the CalPERS program. Ninety-nine percent of
22 government employees in California are in the CalPERS program or something very similar.
23 Thus, CalPERS is the market standard. No viable, less-expensive alternative exists. However,
24 while the City cannot cut its CalPERS contract directly without risking the loss of essential
25 personnel, the City *has* lowered its pension obligations indirectly, by aggressively reducing
26 employee compensation by 7-23% depending on the position. Factoring in reduced benefits, some
27 employees, such as police, have lost as much as 30% of their take home pay. These
28 compensation reductions were, and continue to be, a severe burden on City employees.

1 30. These reductions already have led to the departure of a large number of police
2 officers, who either retired early or left for positions in other cities. If the City were to impair its
3 CalPERS contract on top of all of the other compensation benefits already imposed on its
4 employees, more employees will leave. This is simply not a viable option given the City's
5 existing difficulty in recruiting and retaining qualified employees, and in particular its difficulty
6 in maintaining an adequate and experienced police force in light of continued crime and public
7 safety issues. The standards for police officers are very high in California. The labor market for
8 police officers is very competitive amongst California cities. There are typically 100 applicants
9 for every officer who makes it through the rigorous testing process.

10 31. It should not be ignored that impairing CalPERS would cause the immediate
11 reduction of benefits to current and future retirees by the unpaid shortfall. This would leave many
12 of the City's retirees living below the poverty line. Moreover, it would make Stockton extremely
13 unattractive to prospective employees.

14 32. The City believes that current and future retirees have paid their fair share of the
15 City's restructuring. It just wasn't in the way the pundits wanted or expected. Those retirees
16 without City paid medical insurance are receiving an average pension of \$24,000. Given
17 California's high cost of living, the City felt this was a modest amount, and did not change their
18 benefits. However, retirees that benefitted from enhanced retirement benefits, including City paid
19 retiree medical benefits, received a 34% cut in their compensation package. This group is
20 receiving an average pension of \$51,000, and was receiving a retiree medical plan worth \$26,000.
21 The Plan eliminates the retiree medical plan. Most of these employees are not eligible for social
22 security benefits. Most current employees have lost their ability for 7 to 9 percent spiking, and
23 they have seen reductions in pay, which by Council policy will not be recovered in the future.
24 The City estimates the impact on current employees' retirement package to be a 30-50%
25 reduction. When the State's recent retirement reform package for new employees is taken into
26 account, employees hired after January 1, 2013, will experience a 50-70% reduction in their
27 retirement package.
28

1 Service Solvency

2 33. In addition to putting the City on a path of cash and budget solvency, the Plan also
3 allows the City to restore its service solvency. The most critical issue that had to be addressed
4 from a service solvency standpoint was the City's crime problem, both real and perceived. The
5 City's reputation for unsafe streets has seriously impacted business investment in the City, as well
6 as citizens' perception of personal safety. The Marshall Plan On Crime, which will be funded
7 with proceeds from the passage of Measure A, will increase the number of officers to 1.6 per
8 1,000 population and will provide another needed support to a strained police department.

9 34. While the City's fire, library, public works and recreation programs also have
10 suffered enormous cuts, the City's recovery under the Plan, though slow, will allow the eventual
11 restoration of some (but not all) of these services. However, even now, the City is still providing
12 a basic level of services in these areas. Further investments in the future will depend on the
13 City's financial and economic performance.

14 35. If the City was to experience additional revenues, as the former City Manager, I
15 would recommend they consider more robustly addressing of the City's capital improvement
16 needs for roads, parks, etc. However, it is the City Council's right and duty to set priorities for the
17 City, not Mr. Moore or Franklin.

18 The City's Plan Is Feasible

19 36. Bankruptcy is not just a budget and finance issue. It is a reflection on, and a result
20 of, senior management decisions, political decisions by the governing body, and the
21 organizational and cultural capacity of city leaders. In other words, for a city to recover, it must
22 repair the entire organization, and not just produce budgets that balance. It must look itself in the
23 mirror, admit its mistakes, and make amends.

24 37. To this end, the City Council adopted four main goals three years ago: "Get Our
25 Fiscal House In Order"; "Increase Public Safety"; "Facilitate Investment and Job Creation"; and
26 "Increase Organizational Capacity." The City Council approved 37 detailed strategic initiatives
27 or projects to effectuate these goals, and they have guided the City's recovery efforts. The result
28

1 of those efforts is the Plan, a new organizational culture and an excellent management team that
2 place the City back on its feet and gives it the tools to achieve long-term fiscal stability.

3 38. In summary, the City's Plan, which is the result of major cuts, hard fought
4 negotiations, and revenue increases, is feasible, as shown by the LRFP. I would not have
5 approved the initial Plan, nor left my position at the City, were this not the case.

6
7 Executed this 21st day of April 2014, at Santa Rosa, California. I declare
8 under penalty of perjury under the laws of the State of California and the United States of
9 America that the foregoing is true and correct.

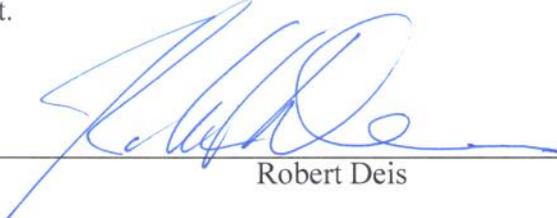
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12 _____
13 Robert Deis
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Exhibit A

Case 12-32118 Filed 04/21/14 Doc 1368
California City Total Sales Tax Rates 2013

City	4/1/13 Rate	1/1/2013 Population	8.000%	8.125%	8.225%	8.250%	8.375%	8.500%	8.625%	8.725%	8.750%	8.975%	9.000%	9.250%	9.500%	10.000%	Number of Cities at Different Rates (not population)		
			10.84	0.12	0.71	1.01	0.01	2.21	0.23	0.05	3.70	0.02	10.93	0.19	0.55	0.21	Under 9%	at 9%	Over 9%
			35%	0%	2%	3%	0%	7%	1%	0%	12%	0%	36%	1%	2%	1%	258	125	18
Adelanto	8.000%	31,289	31,289	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Agoura H	9.000%	20,516	-	-	-	-	-	-	-	-	-	-	20,516	-	-	-	-	1	-
Alameda	9.000%	75,126	-	-	-	-	-	-	-	-	-	-	75,126	-	-	-	-	1	-
Albany	9.500%	18,430	-	-	-	-	-	-	-	-	-	-	-	-	18,430	-	-	-	1
Alhambra	9.000%	84,240	-	-	-	-	-	-	-	-	-	-	84,240	-	-	-	-	1	-
Aliso Vi	8.000%	49,477	49,477	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Alturas	7.500%	2,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
American	8.000%	19,862	19,862	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Anaheim	8.000%	346,161	346,161	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Anderson	7.500%	10,267	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Angels C	7.500%	3,753	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Antioch	8.500%	105,117	-	-	-	-	-	105,117	-	-	-	-	-	-	-	-	1	-	-
Apple Va	8.000%	70,436	70,436	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Arcadia	9.000%	56,866	-	-	-	-	-	-	-	-	-	-	56,866	-	-	-	-	1	-
Arcata	8.250%	17,836	-	-	-	17,836	-	-	-	-	-	-	-	-	-	-	1	-	-
Arroyo G	8.000%	17,395	17,395	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Artesia	9.000%	16,681	-	-	-	-	-	-	-	-	-	-	16,681	-	-	-	-	1	-
Arvin	8.500%	19,960	-	-	-	-	-	19,960	-	-	-	-	-	-	-	-	1	-	-
Atascade	7.500%	28,687	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Atherton	9.000%	6,893	-	-	-	-	-	-	-	-	-	-	6,893	-	-	-	-	1	-
Atwater	7.500%	28,931	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Auburn	7.500%	13,446	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Avalon	9.500%	3,797	-	-	-	-	-	-	-	-	-	-	-	-	3,797	-	-	-	1
Avenal	7.500%	14,225	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Azusa	9.000%	47,586	-	-	-	-	-	-	-	-	-	-	47,586	-	-	-	-	1	-
Bakersfi	7.500%	359,221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Baldwin	9.000%	76,315	-	-	-	-	-	-	-	-	-	-	76,315	-	-	-	-	1	-
Banning	8.000%	30,170	30,170	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Barstow	8.000%	23,168	23,168	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Beaumont	8.000%	39,776	39,776	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Bell	9.000%	35,783	-	-	-	-	-	-	-	-	-	-	35,783	-	-	-	-	1	-
Bell Gar	9.000%	42,437	-	-	-	-	-	-	-	-	-	-	42,437	-	-	-	-	1	-
Bellflow	9.000%	77,289	-	-	-	-	-	-	-	-	-	-	77,289	-	-	-	-	1	-
Belmont	9.000%	26,316	-	-	-	-	-	-	-	-	-	-	26,316	-	-	-	-	1	-
Belveder	8.500%	2,086	-	-	-	-	-	2,086	-	-	-	-	-	-	-	-	1	-	-
Benicia	7.625%	27,163	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Berkeley	9.000%	115,716	-	-	-	-	-	-	-	-	-	-	115,716	-	-	-	-	1	-
Beverly	9.000%	34,494	-	-	-	-	-	-	-	-	-	-	34,494	-	-	-	-	1	-
Big Bear	8.000%	5,111	5,111	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Biggs	7.500%	1,692	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bishop	8.000%	3,877	3,877	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Blue Lak	7.500%	1,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Blythe	8.000%	19,606	19,606	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Bradbury	9.000%	1,074	-	-	-	-	-	-	-	-	-	-	1,074	-	-	-	-	1	-
Brawley	8.000%	25,906	25,906	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Brea	8.000%	41,394	41,394	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Brentwoo	8.500%	53,278	-	-	-	-	-	53,278	-	-	-	-	-	-	-	-	1	-	-
Brisbane	9.000%	4,379	-	-	-	-	-	-	-	-	-	-	4,379	-	-	-	-	1	-
Buellton	8.000%	4,863	4,863	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Buena Pa	8.000%	81,953	81,953	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Burbank	9.000%	104,982	-	-	-	-	-	-	-	-	-	-	104,982	-	-	-	-	1	-
Burlinga	9.000%	29,426	-	-	-	-	-	-	-	-	-	-	29,426	-	-	-	-	1	-
Calabasa	9.000%	23,802	-	-	-	-	-	-	-	-	-	-	23,802	-	-	-	-	1	-
Calexico	8.500%	40,493	-	-	-	-	-	40,493	-	-	-	-	-	-	-	-	1	-	-
Californ	7.500%	13,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Calimesa	8.000%	8,094	8,094	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Calipatr	8.000%	7,134	7,134	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Calistog	8.000%	5,194	5,194	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-

Case 12-32118 Filed 04/21/14 Doc 1368
California City Total Sales Tax Rates 2013

City	4/1/13 Rate	1/1/2013 Population	8.000%	8.125%	8.225%	8.250%	8.375%	8.500%	8.625%	8.725%	8.750%	8.975%	9.000%	9.250%	9.500%	10.000%	Number of Cities at Different Rates (not population)		
			10.84	0.12	0.71	1.01	0.01	2.21	0.23	0.05	3.70	0.02	10.93	0.19	0.55	0.21			
Camarill	7.500%	66,428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Campbell	9.000%	40,404	-	-	-	-	-	-	-	-	-	-	40,404	-	-	-	-	1	-
Canyon L	8.000%	10,768	10,768	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Capitola	8.750%	9,988	-	-	-	-	-	-	-	-	9,988	-	-	-	-	-	-	1	-
Carlsbad	8.000%	108,246	108,246	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Carmel-b	8.500%	3,775	-	-	-	-	-	3,775	-	-	-	-	-	-	-	-	-	1	-
Carpinte	8.000%	13,099	13,099	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Carson	9.000%	92,196	-	-	-	-	-	-	-	-	-	-	92,196	-	-	-	-	-	1
Cathedra	9.000%	52,337	-	-	-	-	-	-	-	-	-	-	52,337	-	-	-	-	-	1
Ceres	8.125%	46,320	-	46,320	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Cerritos	9.000%	49,470	-	-	-	-	-	-	-	-	-	-	49,470	-	-	-	-	-	1
Chico	7.500%	87,671	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chino	8.000%	79,873	79,873	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Chino Hi	8.000%	76,033	76,033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Chowchil	8.000%	17,462	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Chula Vi	8.000%	251,613	251,613	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Citrus H	8.000%	84,345	84,345	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Claremon	9.000%	35,749	-	-	-	-	-	-	-	-	-	-	35,749	-	-	-	-	-	1
Clayton	8.500%	11,093	-	-	-	-	-	11,093	-	-	-	-	-	-	-	-	-	1	-
Clearlak	8.000%	15,192	15,192	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Cloverda	8.250%	8,669	-	-	-	8,669	-	-	-	-	-	-	-	-	-	-	-	1	-
Clovis	8.225%	99,983	-	-	99,983	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Coachell	8.000%	42,784	42,784	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Coalinga	8.225%	16,729	-	-	16,729	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Colfax	7.500%	1,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colma	9.000%	1,458	-	-	-	-	-	-	-	-	-	-	1,458	-	-	-	-	-	1
Colton	8.000%	52,956	52,956	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Colusa	7.500%	21,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commerce	9.500%	12,935	-	-	-	-	-	-	-	-	-	-	-	-	12,935	-	-	-	1
Commerce	9.500%	12,935	-	-	-	-	-	-	-	-	-	-	-	-	12,935	-	-	-	1
Compton	9.000%	97,549	-	-	-	-	-	-	-	-	-	-	97,549	-	-	-	-	1	-
Concord	9.000%	123,812	-	-	-	-	-	-	-	-	-	-	123,812	-	-	-	-	1	-
Corcoran	7.500%	23,154	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corning	7.500%	7,629	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corona	8.000%	156,823	156,823	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Coronado	8.000%	23,176	23,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Corte Ma	8.500%	9,320	-	-	-	-	-	9,320	-	-	-	-	-	-	-	-	-	1	-
Costa Me	8.000%	111,358	111,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Cotati	8.750%	7,310	-	-	-	-	-	-	-	7,310	-	-	-	-	-	-	-	1	-
Covina	9.000%	48,357	-	-	-	-	-	-	-	-	-	-	48,357	-	-	-	-	1	-
Crescent	7.500%	7,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cudahy	9.000%	24,013	-	-	-	-	-	-	-	-	-	-	24,013	-	-	-	-	1	-
Culver C	9.500%	39,210	-	-	-	-	-	-	-	-	-	-	-	-	39,210	-	-	-	1
Cupertino	8.750%	59,620	-	-	-	-	-	-	-	59,620	-	-	-	-	-	-	-	1	-
Cypress	8.000%	48,547	48,547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Daly Cit	9.000%	103,347	-	-	-	-	-	-	-	-	-	-	103,347	-	-	-	-	1	-
Dana Poi	8.000%	33,863	33,863	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Danville	8.500%	42,720	-	-	-	-	-	42,720	-	-	-	-	-	-	-	-	-	1	-
Del Mar	8.000%	4,199	4,199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Del Rey	8.500%	1,648	-	-	-	-	-	1,648	-	-	-	-	-	-	-	-	-	1	-
Delano	8.500%	51,963	-	-	-	-	-	51,963	-	-	-	-	-	-	-	-	-	1	-
Desert H	8.000%	27,828	27,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Diamond	9.000%	56,099	-	-	-	-	-	-	-	-	-	-	56,099	-	-	-	-	-	1
Dinuba	8.750%	23,082	-	-	-	-	-	-	-	23,082	-	-	-	-	-	-	-	1	-
Dixon	7.625%	18,449	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dorris	7.500%	929	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dos Palo	7.500%	5,036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Downey	9.000%	112,761	-	-	-	-	-	-	-	-	-	-	112,761	-	-	-	-	1	-
Duarte	9.000%	21,554	-	-	-	-	-	-	-	-	-	-	21,554	-	-	-	-	1	-
Dublin	9.000%	49,890	-	-	-	-	-	-	-	-	-	-	49,890	-	-	-	-	1	-

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California City Total Sales Tax Rates 2013

City	4/1/13 Rate	1/1/2013 Population	8.000%	8.125%	8.225%	8.250%	8.375%	8.500%	8.625%	8.725%	8.750%	8.975%	9.000%	9.250%	9.500%	10.000%	Number of Cities at Different Rates (not population)		
			10.84	0.12	0.71	1.01	0.01	2.21	0.23	0.05	3.70	0.02	10.93	0.19	0.55	0.21			
Los Alto	8.750%	29,792	-	-	-	-	-	-	-	-	29,792	-	-	-	-	-	1	-	-
Los Ange	9.000%	3,863,839	-	-	-	-	-	-	-	-	-	-	3,863,839	-	-	-	-	1	-
Los Bano	8.000%	37,017	37,017	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Los Gato	8.750%	30,247	-	-	-	-	-	-	-	-	30,247	-	-	-	-	-	1	-	-
Loyalton	7.500%	746	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lynwood	9.000%	70,645	-	-	-	-	-	-	-	-	-	-	70,645	-	-	-	-	1	-
Madera	8.000%	152,711	152,711	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Malibu	9.000%	12,767	-	-	-	-	-	-	-	-	-	-	12,767	-	-	-	-	1	-
Mammoth	8.000%	8,307	8,307	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Manhatta	9.000%	35,423	-	-	-	-	-	-	-	-	-	-	35,423	-	-	-	-	1	-
Manteca	8.500%	71,164	-	-	-	-	-	71,164	-	-	-	-	-	-	-	-	1	-	-
Maricopa	7.500%	1,165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marina	8.500%	20,073	-	-	-	-	-	20,073	-	-	-	-	-	-	-	-	1	-	-
Martinez	8.500%	36,578	-	-	-	-	-	36,578	-	-	-	-	-	-	-	-	1	-	-
Marysvil	7.500%	12,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maywood	9.000%	27,610	-	-	-	-	-	-	-	-	-	-	27,610	-	-	-	-	1	-
McFarlan	7.500%	12,577	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mendota	8.225%	11,178	-	-	11,178	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Menifee	8.000%	82,292	82,292	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Merlo Pa	9.000%	32,679	-	-	-	-	-	-	-	-	-	-	32,679	-	-	-	-	1	-
Merced	8.000%	262,478	262,478	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Mill Val	8.500%	14,147	-	-	-	-	-	14,147	-	-	-	-	-	-	-	-	1	-	-
Millbrae	9.000%	22,228	-	-	-	-	-	-	-	-	-	-	22,228	-	-	-	-	1	-
Milpitas	8.750%	67,894	-	-	-	-	-	-	-	-	67,894	-	-	-	-	-	1	-	-
Mission	8.000%	94,824	94,824	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Modesto	7.625%	205,987	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monrovia	9.000%	36,943	-	-	-	-	-	-	-	-	-	-	36,943	-	-	-	-	1	-
Montague	7.500%	1,428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montclai	8.250%	37,311	-	-	-	37,311	-	-	-	-	-	-	-	-	-	-	1	-	-
Monte Se	8.750%	3,420	-	-	-	-	-	-	-	-	3,420	-	-	-	-	-	1	-	-
Montebel	9.000%	63,184	-	-	-	-	-	-	-	-	-	-	63,184	-	-	-	-	1	-
Monterey	7.500%	28,252	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MontPark	9.000%	61,445	-	-	-	-	-	-	-	-	-	-	61,445	-	-	-	-	1	-
Moorpark	7.500%	34,904	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Moraga	9.500%	16,238	-	-	-	-	-	-	-	-	-	-	-	-	16,238	-	-	-	1
Moreno V	8.000%	198,129	198,129	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Morgan H	8.750%	40,079	-	-	-	-	-	-	-	-	40,079	-	-	-	-	-	1	-	-
Morro Ba	8.000%	10,317	10,317	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Mount Sh	7.750%	3,360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mountain	8.750%	76,260	-	-	-	-	-	-	-	-	76,260	-	-	-	-	-	1	-	-
Murrieta	8.000%	105,832	105,832	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Napa	8.000%	77,881	77,881	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
National	9.000%	58,838	-	-	-	-	-	-	-	-	-	-	58,838	-	-	-	-	1	-
Needles	8.000%	4,912	4,912	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Nevada C	8.500%	3,069	-	-	-	-	-	3,069	-	-	-	-	-	-	-	-	1	-	-
Newark	9.000%	43,342	-	-	-	-	-	-	-	-	-	-	43,342	-	-	-	-	1	-
Newman	7.625%	10,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Newport	8.000%	86,436	86,436	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Norco	8.000%	26,626	26,626	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Norwalk	9.000%	106,093	-	-	-	-	-	-	-	-	-	-	106,093	-	-	-	-	1	-
Novato	9.000%	52,554	-	-	-	-	-	-	-	-	-	-	52,554	-	-	-	-	1	-
Oakdale	8.125%	21,234	-	21,234	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Oakland	9.000%	399,326	-	-	-	-	-	-	-	-	-	-	399,326	-	-	-	-	1	-
Oakley	8.500%	37,252	-	-	-	-	-	37,252	-	-	-	-	-	-	-	-	1	-	-
Oceansid	8.000%	169,350	169,350	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Ojai	7.500%	7,548	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ontario	8.000%	166,866	166,866	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Orange	8.000%	138,792	138,792	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Orange C	8.225%	9,353	-	-	9,353	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Orinda	9.000%	17,925	-	-	-	-	-	-	-	-	-	-	17,925	-	-	-	-	1	-

Case 12-32118 Filed 04/21/14 Doc 1368
California City Total Sales Tax Rates 2013

City	4/1/13 Rate	1/1/2013 Population	8.000%	8.125%	8.225%	8.250%	8.375%	8.500%	8.625%	8.725%	8.750%	8.975%	9.000%	9.250%	9.500%	10.000%	Number of Cities at Different Rates (not population)		
			10.84	0.12	0.71	1.01	0.01	2.21	0.23	0.05	3.70	0.02	10.93	0.19	0.55	0.21			
Ross	8.500%	2,446	-	-	-	-	-	2,446	-	-	-	-	-	-	-	-	1	-	-
Sacramen	8.500%	473,509	-	-	-	-	-	473,509	-	-	-	-	-	-	-	-	1	-	-
Salinas	8.000%	153,215	153,215	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Anse	8.500%	12,431	-	-	-	-	-	12,431	-	-	-	-	-	-	-	-	1	-	-
San Bern	8.250%	212,639	-	-	-	212,639	-	-	-	-	-	-	-	-	-	-	1	-	-
San Brun	9.000%	42,828	-	-	-	-	-	-	-	-	-	-	42,828	-	-	-	-	1	-
San Carl	9.000%	28,931	-	-	-	-	-	-	-	-	-	-	28,931	-	-	-	-	1	-
San Clem	8.000%	64,542	64,542	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Dieg	8.000%	1,326,238	1,326,238	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Dima	9.000%	33,686	-	-	-	-	-	-	-	-	-	-	33,686	-	-	-	-	1	-
San Fern	9.000%	24,079	-	-	-	-	-	-	-	-	-	-	24,079	-	-	-	-	1	-
San Fran	8.750%	825,111	-	-	-	-	-	-	-	825,111	-	-	-	-	-	-	1	-	-
San Gabr	9.000%	40,153	-	-	-	-	-	-	-	-	-	-	40,153	-	-	-	-	1	-
San Jaci	8.000%	45,217	45,217	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Joaq	8.225%	4,029	-	-	4,029	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Jose	8.750%	984,299	-	-	-	-	-	-	-	984,299	-	-	-	-	-	-	1	-	-
San JuaB	8.250%	1,881	-	-	-	1,881	-	-	-	-	-	-	-	-	-	-	1	-	-
San JuaC	8.000%	35,321	35,321	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Lean	9.250%	86,666	-	-	-	-	-	-	-	-	-	-	-	86,666	-	-	-	-	1
San Luis	8.000%	272,177	272,177	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Marc	8.000%	87,040	87,040	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
San Mari	9.000%	13,246	-	-	-	-	-	-	-	-	-	-	13,246	-	-	-	-	1	-
San Mate	9.250%	99,061	-	-	-	-	-	-	-	-	-	-	-	99,061	-	-	-	-	1
San Pabl	9.000%	29,266	-	-	-	-	-	-	-	-	-	-	29,266	-	-	-	-	1	-
San Rafa	9.000%	58,182	-	-	-	-	-	-	-	-	-	-	58,182	-	-	-	-	1	-
San Ramo	8.500%	76,154	-	-	-	-	-	76,154	-	-	-	-	-	-	-	-	1	-	-
Sand Cit	8.000%	338	338	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Sanger	8.975%	24,703	-	-	-	-	-	-	-	-	24,703	-	-	-	-	-	1	-	-
Santa An	8.000%	329,915	329,915	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Santa Ba	8.000%	89,681	89,681	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Santa Cl	8.750%	204,951	-	-	-	-	-	-	-	204,951	-	-	-	-	-	-	1	-	-
Santa Cl	9.000%	204,951	-	-	-	-	-	-	-	-	-	-	204,951	-	-	-	-	1	-
Santa Cr	8.750%	266,662	-	-	-	-	-	-	-	266,662	-	-	-	-	-	-	1	-	-
Santa Fe	9.000%	16,816	-	-	-	-	-	-	-	-	-	-	16,816	-	-	-	-	1	-
Santa Ma	8.250%	100,306	-	-	-	100,306	-	-	-	-	-	-	-	-	-	-	1	-	-
Santa Mo	9.500%	91,040	-	-	-	-	-	-	-	-	-	-	-	91,040	-	-	-	-	1
Santa Pa	7.500%	29,953	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Santa Ro	8.750%	170,093	-	-	-	-	-	-	-	170,093	-	-	-	-	-	-	1	-	-
Santee	8.000%	55,033	55,033	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Saratoga	8.750%	30,706	-	-	-	-	-	-	-	30,706	-	-	-	-	-	-	1	-	-
Sausalit	8.500%	7,116	-	-	-	-	-	7,116	-	-	-	-	-	-	-	-	1	-	-
Scotts V	8.250%	11,678	-	-	-	11,678	-	-	-	-	-	-	-	-	-	-	1	-	-
Seal Bea	8.000%	24,487	24,487	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Seaside	8.500%	33,312	-	-	-	-	-	33,312	-	-	-	-	-	-	-	-	1	-	-
Sebastop	9.000%	7,445	-	-	-	-	-	-	-	-	-	-	7,445	-	-	-	-	1	-
Selma	8.725%	23,799	-	-	-	-	-	-	-	23,799	-	-	-	-	-	-	1	-	-
Shafter	7.500%	17,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shasta L	7.500%	10,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sierra M	9.000%	11,023	-	-	-	-	-	-	-	-	-	-	11,023	-	-	-	-	1	-
Signal H	9.000%	11,218	-	-	-	-	-	-	-	-	-	-	11,218	-	-	-	-	1	-
Simi Val	7.500%	125,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solana B	8.000%	12,987	12,987	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Soledad	8.500%	25,430	-	-	-	-	-	25,430	-	-	-	-	-	-	-	-	1	-	-
Solvang	8.000%	5,292	5,292	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Sonoma	8.750%	490,423	-	-	-	-	-	-	-	490,423	-	-	-	-	-	-	1	-	-
Sonora	8.000%	4,847	4,847	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
South El	9.500%	20,312	-	-	-	-	-	-	-	-	-	-	-	20,312	-	-	-	-	1
South Ga	10.000%	95,115	-	-	-	-	-	-	-	-	-	-	-	-	95,115	-	-	-	1
South La	8.000%	21,498	21,498	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-
South Pa	9.000%	25,857	-	-	-	-	-	-	-	-	-	-	25,857	-	-	-	-	1	-

City	4/1/13 Rate	1/1/2013 Population	8.000%	8.125%	8.225%	8.250%	8.375%	8.500%	8.625%	8.725%	8.750%	8.975%	9.000%	9.250%	9.500%	10.000%	Number of Cities at Different Rates (not population)		
Yreka	7.500%	7,771	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yuba Cit	7.500%	65,841	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yucaipa	8.000%	52,549	52,549	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Yucca Va	8.000%	21,030	21,030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
	8.452%	34,009,238	10,842,875	117,536	710,781	1,013,685	7,599	2,205,218	232,630	48,764	3,702,873	24,703	10,928,881	185,727	547,324	207,579			
		100.0%	31.9%	0.3%	2.1%	3.0%	0.0%	6.5%	0.7%	0.1%	10.9%	0.1%	32.1%	0.5%	1.6%	0.6%			

