



2014 JUN -5 PM 5: 34

# AGENDA REPORT

TO: FRED BLACKWELL

CITY ADMINISTRATOR

FROM: Sarah T. Schlenk

Interim Budget Director

SUBJECT: Use Of Excess Real Transfer Tax

Revenues & Establishing Rainy Day Fund Supplemental Report **DATE:** June 5, 2014

City Administrator Approval

0

Date

6/5/11

**COUNCIL DISTRICT:** City-Wide

### **REASON FOR SUPPLEMENTAL**

In the FY 2014-15 midcycle budget proposal, staff requested the City Council consider amending the financial policy around the definition of one-time Real Estate Transfer Tax (RETT) and the requirement to declare a "fiscal emergency" in order to use one-time revenue on ongoing expenditures.

Currently, the RETT revenue over \$40 million per year is defined as one-time revenue. As real estate prices sustainably increase over time, a \$40 million figure may no longer be an appropriate threshold to measure "one-time" revenues. Staff asks that the City Council consider adopting the State's model by using a percentage of RETT revenue in comparison to GPF tax revenue. As an example, RETT for the last 10 years averaged approximately 14.6%; in the last 15 years the average is approximately 14.4% of the GPF tax revenue (see Attachment A). This policy revision would eliminate the current \$40 million threshold for calculating excess RETT that can only be used to fund one-time expenses. Based on previous year RETT actuals, staff recommends a percentage that is between 12% and 14%. If this new methodology were applied to the projected GPF revenue for FY 2014-15, 12% would equate to \$46.3 million, while 14% would equate to \$54 million.

Attachment B provides the data showing the variances of ongoing RETT (excess or gap) between the three possible policies or definitions: 14 percent, 12 percent and the current flat \$40 million. By using a slightly more conservative threshold of 12 percent, history shows there would have been the fewest years with gaps in what would have been considered ongoing RETT. Additionally, if the current proposed Rainy Day policy (setting aside 1/8 of excess RETT into a Rainy Day Fund) had also been in place with the 12 percent definition of one-time RETT going back to FY 1998-99, over \$18 million would have been set aside to cushion layoffs during the recession years. Attachment C provides similar data in a bar graph format.

| Ite          | m:             |
|--------------|----------------|
| Special Fina | ance Committee |
|              | June 10, 2014  |

Date: June 5, 2014

This information is provided to assist in the discussion for changing the financial policy regarding the definition of one-time RETT and establishing a Rainy Day Fund.

Respectfully submitted,

SARAH SCHLENK Interim Budget Director City Administrator's Office

#### Attachments:

A – Historical RETT & GPF Tax Revenues Trend Analysis

B - Comparison of 14%, 12% and \$40 million thresholds

C - Bar graph comparing 14%, 12%, and 40 million thresholds

Item: \_\_\_\_\_ Special Finance Committee June 10, 2014

|                          | Actual   | Actual   | Actual   | Actual                                  | Actual                | Actual   | Actual   | Actual                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Actual   | Actual   | Actual   | Actual   | Actual   | Actual   | Actual  |
|--------------------------|----------|----------|----------|-----------------------------------------|-----------------------|----------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|---------|
| Revenue Type             | FY98-99  | FY99-00  | FY00-01  | FY01-02                                 | FY02-03               | FY03-04  | FY04-05  | FY05-06                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | FY06-07  |          | FY08-09  |          | FY10-11  | FY11-12  | FY12-13 |
| Property Tax             | \$49.06  | \$53.58  | \$58.50  |                                         | \$67.30               | \$70.08  | \$90.75  | \$105.35                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          | \$131.74 | \$134.47 | \$131.78 |          | \$138.80 |         |
| Sales Tax                | \$36.22  | \$38.47  | \$42.26  |                                         | \$38.16               | \$36.46  |          | \$44.87                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$46.69  | \$53.09  | \$46.12  |          | \$41.24  | \$44.74  | \$48.8  |
| Vehicle License Fee      | \$17.70  | \$19.31  | \$21.36  | 170000000000000000000000000000000000000 | \$24.26               | \$18.18  | \$9.66   | A STATE OF THE STA |          | \$1.81   | \$1.28   |          | \$2.17   | \$0.22   | \$0.0   |
| Business License Tax     | \$31.82  | \$35.83  | \$38.74  | \$42.09                                 | \$42.02               | \$44.22  | \$43.90  | 7.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$50.33  | \$52.54  | \$54.29  |          | \$53.14  | \$58.71  | \$60.3  |
| Utility Consumption Tax  | \$36.94  | \$41.59  | \$48.70  |                                         | \$46.58               | \$48.06  | \$49.76  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$51.43  | \$52.52  | \$52.70  |          | \$53.44  | \$51.43  | \$50.7  |
| Real Estate Transfer Tax | \$28.52  | \$34.36  | \$38.31  | \$37.27                                 | \$42.09               | \$55.66  |          | \$79.48                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |          | \$36.21  | \$34.27  | \$36.97  | \$31.61  | \$30.65  | \$47.4  |
| Transient Occupancy Tax  | \$9.54   | \$11.87  | \$12.39  |                                         | a secondary contracts |          | \$10.26  | 1000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |          | \$12.20  | \$10.46  |          | \$9.54   | \$10.74  | \$12.3  |
| Parking Tax              | \$5.80   | \$5.69   | \$6.76   | \$7.52                                  | \$8.24                | \$8.66   | \$7.03   | \$8.47                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$8.89   | \$8.52   | \$7.66   |          |          | \$8.62   | \$7.9   |
| Licenses & Permits       | \$8.01   | \$7.78   | \$10.98  | \$11.31                                 | \$12.51               | \$12.95  | \$15.59  | \$18.97                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$1.06   | \$1.61   | \$1.28   | \$0.72   | \$0.89   | \$1.16   |         |
| Fines & Penalties        | \$12.99  | \$12.80  | \$15.07  | \$16.23                                 | \$16.89               | \$27.95  | \$25.76  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |          | \$21.94  | \$25.57  | \$27.35  | \$24.29  | \$24.25  | \$23.0  |
| Interest Income          | \$3.34   | \$9.07   | \$4.27   | \$1.79                                  | -\$0.78               | \$2.01   | \$1.88   | \$3.63                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$3.18   | \$4.47   | \$1.71   | \$1.10   | \$1.04   | \$0.74   | \$0.8   |
| Service Charges          | \$33.73  | \$34.59  | \$34.95  | \$34.43                                 | \$38.97               | \$41.54  | \$56.70  | \$60.58                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$45.36  | \$44.06  | \$43.85  | \$45.03  | \$44.65  | \$45.95  | \$43.1  |
| Grants & Subsidies       | \$1.16   | \$2.28   | \$3.84   | \$0.45                                  | \$0.48                | \$0.08   | \$0.21   | \$1.68                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$5.42   | \$4.65   | \$4.31   | \$1.95   | \$0.08   | \$0.23   | \$0.2   |
| Miscellaneous            | \$11.84  | \$1.79   | \$3.20   | \$5.73                                  | \$15.44               | \$19.22  | \$4.32   | \$2.75                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$12.22  | \$4.04   | \$11.43  | \$8.04   | \$6.48   | \$32.08  | \$1.7   |
| Interfund Transfers      | \$7.14   | \$17.11  | \$9.70   | \$20.10                                 | \$6.68                | \$10.56  | \$14.40  | \$18.88                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$29.27  | \$25.70  | \$38.69  | \$21.86  | \$17.09  | \$1.72   | \$2.9   |
| Total GPF Revenues       | \$293.81 | \$326.11 | \$349.03 | \$358.64                                | \$369.40              | \$406.37 | \$449.57 | \$476.21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$471.87 | \$455.11 | \$468.09 | \$433.17 | \$420.85 | \$450.03 | \$455.0 |
| GPF Tax Revenues         | \$215.60 | \$240.69 | \$267.01 | \$268.61                                | \$279.22              | \$292.06 | \$330.73 | \$344.98                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$349.40 | \$348.64 | \$341.25 | \$327.12 | \$326.33 | \$343.91 | \$381.7 |
| RETT % Tax Revenues      | 13.2%    | 14.3%    | 14.3%    | 13.9%                                   | 15.1%                 | 19.1%    | 23.5%    | 23.0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 17.6%    | 10.4%    | 10.0%    | 11.3%    | 9.7%     | 8.9%     | 12.49   |
| 14% Tax Revenues         | \$30.18  | \$33.70  | \$37.38  | \$37.61                                 | \$39.09               | \$40.89  | \$46.30  | \$48.30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$48.92  | \$48.81  | \$47.78  | \$45.80  | \$45.69  | \$48.15  | \$53.4  |
|                          | 14.4%    |          |          |                                         |                       | 14.6%    |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |          |          |          |          |          |          |         |

## **Attachment B**

|                          | Actual Actual A |           | Actual    | Actual    | Actual    | Actual     | Actual    | Actual    | Actual    | Actual     | Actual    | Actual     | Actual     | Actual    | Actual    |
|--------------------------|-----------------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|-----------|------------|------------|-----------|-----------|
|                          | FY98-99         | FY99-00   | FY00-01   | FY01-02   | FY02-03   | FY03-04    | FY04-05   | FY05-06   | FY06-07   | FY07-08    | FY08-09   | FY09-10    | FY10-11    | FY11-12   | FY12-13   |
| Property Tax             | \$ 49.06        | \$ 53.58  | \$ 58.50  | \$ 60.62  | \$ 67.30  | \$ 70.08   | \$ 90.75  | \$ 105.35 | \$ 116.47 | \$ 131.74  | \$ 134.47 | \$ 131.78  | \$ 126.68  | \$ 138.80 | \$ 154.14 |
| Sales Tax                | \$ 36.22        | \$ 38.47  | \$ 42.26  | \$ 38.45  | \$ 38.16  | \$ 36.46   | \$ 41.65  | \$ 44.87  | \$ 46.69  | \$ 53.09   | \$ 46.12  | \$ 35.88   | \$ 41.24   | \$ 44.74  | \$ 48.82  |
| Vehicle License Fee      | \$ 17.70        | \$ 19.31  | \$ 21.36  | \$ 22.85  | \$ 24.26  | \$ 18.18   | \$ 9.66   | \$ 2.98   | \$ 2.27   | \$ 1.81    | \$ 1.28   | \$ 1.25    | \$ 2.17    | \$ 0.22   | \$ -      |
| Business License Tax     | \$ 31.82        | \$ 35.83  | \$ 38.74  | \$ 42.09  | \$ 42.02  | \$ 44.22   | \$ 43.90  | \$ 43.79  | \$ 50.33  | \$ 52.54   | \$ 54.29  | \$ 54.14   | \$ 53.14   | \$ 58.71  | \$ 60.37  |
| Utility Consumption Tax  | \$ 36.94        | \$ 41.59  | \$ 48.70  | \$ 49.54  | \$ 46.58  | \$ 48.06   | \$ 49.76  | \$ 48.77  | \$ 51.43  | \$ 52.52   | \$ 52.70  | \$ 51.11   | \$ 53.44   | \$ 51.43  | \$ 50.75  |
| Real Estate Transfer Tax | \$ 28.52        | \$ 34.36  | \$ 38.31  | \$ 37.27  | \$ 42.09  | \$ 55.66   | \$ 77.72  | \$ 79.48  | \$ 61.50  | \$ 36.21   | \$ 34.27  | \$ 36.97   | \$ 31.61   | \$ 30.65  | \$ 47.41  |
| Transient Occupancy Tax  | \$ 9.54         | \$ 11.87  | \$ 12.39  | \$ 10.26  | \$ 10.56  | \$ 10.74   | \$ 10.26  | \$ 11.26  | \$ 11.82  | \$ 12.20   | \$ 10.46  | \$ 8.47    | \$ 9.54    | \$ 10.74  | \$ 12.34  |
| Parking Tax              | \$ 5.80         | \$ 5.69   | \$ 6.76   | \$ 7.52   | \$ 8.24   | \$ 8.66    | \$ 7.03   | \$ 8.47   | \$ 8.89   | \$ 8.52    | \$ 7.66   | \$ 7.52    | \$ 8.51    | \$ 8.62   | \$ 7.95   |
| Licenses & Permits       | \$ 8.01         | \$ 7.78   | \$ 10.98  | \$ 11.31  | \$ 12.51  | \$ 12.95   | \$ 15.59  | \$ 18.97  | \$ 1.06   | \$ 1.61    | \$ 1.28   | \$ 0.72    | \$ 0.89    | \$ 1.16   | \$ 1.37   |
| Fines & Penalties        | \$ 12.99        | \$ 12.80  | \$ 15.07  | \$ 16.23  | \$ 16.89  | \$ 27.95   | \$ 25.76  | \$ 24.74  | \$ 25.96  | \$ 21.94   | \$ 25.57  | \$ 27.35   | \$ 24.29   | \$ 24.25  | \$ 23.06  |
| Interest Income          | \$ 3.34         | \$ 9.07   | \$ 4.27   | \$ 1.79   | \$ (0.78) | \$ 2.01    | \$ 1.88   | \$ 3.63   | \$ 3.18   | \$ 4.47    | \$ 1.71   | \$ 1.10    | \$ 1.04    | \$ 0.74   | \$ 0.80   |
| Service Charges          | \$ 33.73        | \$ 34.59  | \$ 34.95  | \$ 34.43  | \$ 38.97  | \$ 41.54   | \$ 56.70  | \$ 60.58  | \$ 45.36  | \$ 44.06   | \$ 43.85  | \$ 45.03   | \$ 44.65   | \$ 45.95  | \$ 43.10  |
| Grants & Subsidies       | \$ 1.16         | \$ 2.28   | \$ 3.84   | \$ 0.45   | \$ 0.48   | \$ 0.08    | \$ 0.21   | \$ 1.68   | \$ 5.42   | \$ 4.65    | \$ 4.31   | \$ 1.95    | \$ 0.08    | \$ 0.23   | \$ 0.24   |
| Miscellaneous            | \$ 11.84        | \$ 1.79   | \$ 3.20   | \$ 5.73   | \$ 15.44  | \$ 19.22   | \$ 4.32   | \$ 2.75   | \$ 12.22  | \$ 4.04    | \$ 11.43  | \$ 8.04    | \$ 6.48    | \$ 32.08  | \$ 1.79   |
| Interfund Transfers      | \$ 7.14         | \$ 17.11  | \$ 9.70   | \$ 20.10  | \$ 6.68   | \$ 10.56   | \$ 14.40  | \$ 18.88  | \$ 29.27  | \$ 25.70   | \$ 38.69  | \$ 21.86   | \$ 17.09   | \$ 1.72   | \$ 2.90   |
| GPF Tax Revenues         | \$ 215.60       | \$ 240.69 | \$ 267.01 | \$ 268.61 | \$ 279.22 | \$ 292.06  | \$ 330.73 | \$ 344.98 | \$ 349.40 | \$ 348.64  | \$ 341.25 | \$ 327.12  | \$ 326.33  | \$ 343.91 | \$ 381.78 |
| Total GPF Revenues       | \$ 293.81       | \$ 326.11 | \$ 349.03 | \$ 358.64 | \$ 369.40 | \$ 406.37  | \$ 449.57 | \$ 476.21 | \$ 471.87 | \$ 455.11  | \$ 468.09 | \$ 433.17  | \$ 420.85  | \$ 450.03 | \$ 455.05 |
|                          |                 |           |           |           | Total GPF | Rev Change | Year over | Year      | \$ (4.34) | \$ (16.76) | \$ 12.98  | \$ (34.91) | \$ (12.33) | \$ 29.19  | \$ 5.0    |
| RETT % Tax Revenues      | 13%             | 14%       | 14%       | 14%       | 15%       | 19%        | 23%       | 23%       | 18%       | 10%        | 10%       | 11%        | 10%        | 9%        | 129       |

|                                 | Actual     | Actual Actual Actual |           | Actual    | Actual  | Actual   | Actual   | Actual   | Actual   | Actual     | Actual     | Actual    | Actual     | Actual     | Actual    | # yrs w   |
|---------------------------------|------------|----------------------|-----------|-----------|---------|----------|----------|----------|----------|------------|------------|-----------|------------|------------|-----------|-----------|
| <b>Threshold Policy Options</b> | FY98-99    | FY99-00              | FY00-01   | FY01-02   | FY02-03 | FY03-04  | FY04-05  | FY05-06  | FY06-07  | FY07-08    | FY08-09    | FY09-10   | FY10-11    | FY11-12    | FY12-13   | shortfall |
| RETT 14% Excess/Gap             | \$ (1.66)  | \$ 0.66              | \$ 0.93   | \$ (0.33) | \$ 3.00 | \$ 14.78 | \$ 31.42 | \$ 31.19 | \$ 12.59 | \$ (12.60) | \$ (13.51) | \$ (8.83) | \$ (14.08) | \$ (17.49) | \$ (6.04) | 8         |
| RETT 12% Excess/Gap             | \$ 2.65    | \$ 5.48              | \$ 6.27   | \$ 5.04   | \$ 8.58 | \$ 20.62 | \$ 38.03 | \$ 38.09 | \$ 19.58 | \$ (5.63)  | \$ (6.68)  | \$ (2.28) | \$ (7.55)  | \$ (10.62) | \$ 1.59   | 5         |
| RETT \$40 million               | \$ (11.48) | \$ (5.64)            | \$ (1.69) | \$ (2.73) | \$ 2.09 | \$ 15.66 | \$ 37.72 | \$ 39.48 | \$ 21.50 | \$ (3.79)  | \$ (5.73)  | \$ (3.03) | \$ (8.39)  | \$ (9.35)  | \$ 7.41   | 9         |

|                              | Act             | ual  | Actual  |    | Actual |       | Actual  |    | Actual  |    | Actual |       | Ac     | tual |        |
|------------------------------|-----------------|------|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|---------|----|--------|-------|---------|----|---------|----|--------|-------|--------|------|--------|
|                              | FY98-99 FY99-00 |      | FY00-01 |    | FY01-02 |    | FY02-03 |    | FY03-04 |    | FY04-05 |    | FY05-06 |    | FY06-07 |    | FY07-08 |    | FY08-09 |    | FY     | 09-10 | FY10-11 |    | FY11-12 |    | FY     | 12-13 |        |      |        |
| 14% Rainy Day excess (1/8)   | \$              | (0.2 | 21)     | \$ | 0.08    | \$ | 0.12    | \$ | (0.04)  | \$ | 0.37    | \$ | 1.85    | \$ | 3.93    | \$ | 3.90    | \$ | 1.57    | \$ | (1.58) | \$    | (1.69)  | \$ | (1.10)  | \$ | (1.76) | \$    | (2.19) | \$   | (0.76) |
| 12% Rainy Day excess (1/8)   | \$              | 0.3  | 33      | \$ | 0.68    | \$ | 0.78    | \$ | 0.63    | \$ | 1.07    | \$ | 2.58    | \$ | 4.75    | \$ | 4.76    | \$ | 2.45    | \$ | (0.70) | \$    | (0.84)  | \$ | (0.29)  | \$ | (0.94) | \$    | (1.33) | \$   | 0.20   |
| \$40M Rainy Day excess (1/8) | \$              | (1.4 | 14)     | \$ | (0.71)  | \$ | (0.21)  | \$ | (0.34)  | \$ | 0.26    | \$ | 1.96    | \$ | 4.72    | \$ | 4.94    | \$ | 2.69    | \$ | (0.47) | \$    | (0.72)  | \$ | (0.38)  | \$ | (1.05) | \$    | (1.17) | \$   | 0.93   |

#### Stabilization Reserve if 1/8th of Excess RETT was set aside since 1998/99

\$ 11.82 Stabilization RETT w 14% Threshold

\$ 18.24 Stabilization RETT w 12% Threshold

\$ 15.48 Stabilization RETT w \$40M Threshold

### Attachment C

