



the City of

PLEASANTON

CELEBRATING PLEASANTON

2015 ANNUAL REPORT

A LETTER TO OUR COMMUNITY



Clock at Rotary Park



Firehouse Arts Center

Pleasanton is proud to be known as the City of Planned Progress and it is times like these, when times are good, that we find ourselves celebrating Pleasanton, our successes and our community. Successes that come as the result of careful financial management. Successes as the result of long-term planning. And successes that come from mindful deliberation and discourse about growth now and for future generations of residents. As we take a moment to celebrate the past year and look ahead to the new year, we are pleased to note ours is a future bright with possibility.

To enjoy an exceptional quality of life, sound financial planning is a prerequisite. Proper planning – of services, budgets and growth – is about balancing the needs of an entire community against the resources available. As your local government, we are responsible for providing essential services from libraries and senior services to the maintenance of roadways. We also allocate resources based on the City Council's Work Plan for funding new programs, services and amenities desired by the community.

We have accomplished much in 2015, adding to the rich array of amenities we enjoy. The City currently has over 1,400 acres of developed parkland and open space, including 44 parks and numerous recreational facilities complemented by 24 miles of hiking, walking and bicycling trails. Pleasanton celebrated the

10th anniversary of the Callippe Preserve Golf Course, a nationally recognized municipal golf course, and the 5th anniversary of the Firehouse Arts Center. We also conducted a community satisfaction survey, which indicated that residents continue to express exceptionally high levels of satisfaction with the local quality of life, city services and sense of public safety.

These achievements are only made possible through the partnership we enjoy with civic-minded residents who help us create a blueprint for the future. Pleasanton is an outstanding community, and we are proud that you have made this YOUR home. 2015 was indeed a banner year, and we look forward to serving the community for years to come.

Respectfully,

Mayor and City Council
City Manager
City Staff

MAJOR ACCOMPLISHMENTS

AN EXCEPTIONAL PLACE TO BE

What makes Pleasanton such an exceptional community? In addition to the city's proximity to all points in the region, Pleasanton enjoys a reputation for safe streets and neighborhoods, a highly-engaged citizenry, a thriving business ecosystem, outstanding schools, abundant parks and recreational facilities, and a historic downtown with a hometown feel. Add to all this a year-round calendar of events with everything from parades and concerts in the park to fairs and car shows, and it's no wonder that Pleasanton remains one of the most desirable cities in which to live and work and raise a family.

And we're not the only one saying this. The City has garnered awards in the past, and 2015 was no exception. To accompany Pleasanton's ranking as 31st in Money Magazine's *America's Top 50 Best Cities to Live* listing:

- Pleasanton was ranked ninth on the publication's list of Top Earning Towns, with a median family income of \$144,132
- Nerdwallet.com, the San Francisco consumer/finance web company, included Pleasanton in its Top 20 Best Cities for Young Families in Northern California
- Apartmentlist.com ranks Pleasanton as the second best city in California for raising kids and number 27 on its national list.

2015 was a time of celebration for Pleasanton. With cautious optimism that the recession is fully behind us, we noted a positive increase in business activity, the addition of housing for families and seniors and a move to protect and preserve the architectural integrity of the city's downtown historic homes.

Here is a look at some of Pleasanton's major accomplishments last year.

Business Activity

Pleasanton continues to thrive as a center for business activity due to its location within the Bay Area, an extensive infrastructure network, first-class amenities and access to a highly-skilled workforce. In a 2015 survey of Pleasanton businesses, 91% of the respondents reported that Pleasanton was a good or excellent place for doing business. They also told us they expected to remain in business in Pleasanton in the coming years. Reflecting that confidence in the city, we celebrated the grand opening of Veeva Systems' new global headquarters as it planted its flag firmly in Pleasanton. We also welcomed John Muir Health to the community and we took pride in a new partnership between Stanford Health Care and ValleyCare Health Systems, both of which will deliver topnotch services to our residents. We also saw some existing corporate citizens expand their footprint in the city — the Gap, ServiceMax, SmartZip Analytics and Ellie Mae to name a few — while new companies arrived on the Pleasanton scene, including CarMax, BlackBerry and St. Jude Medical.

Downtown Pleasanton

In the heart of our community, 2015 brought new interest and investment to downtown with a number of new retail and restaurant establishments, such as McKay's Taphouse, Tri-Valley Bistro, Frontier Spice, along with the debut of the Pastime Plaza redevelopment project. Recognizing that continuing to enhance our downtown would necessitate additional parking for patrons and employees, City staff in partnership with the Pleasanton Downtown Association initiated the development of a downtown parking strategy to identify opportunities for both short- and long-term parking solutions. This will be reviewed by the City Council later this year.



Pastime Plaza



Veeva Systems



Anton Hacienda



Historic Home, Downtown Pleasanton

Johnson Drive Economic Development Zone

The City continues work on the pilot Johnson Drive Economic Development Zone to foster investment in the northwest area of Pleasanton to spur economic vitality. The economic development zone would expand the range of land uses over the approximately 40-acre Johnson Drive area at the intersection of Interstates 580 and 680, and transform the area into a thriving commercial corridor. City staff has hosted several community meetings to gather comments on a draft environmental impact report that will be considered by the Planning Commission and City Council during 2016.

Staples Ranch

The Staples Ranch area, bounded by Interstate 580, El Charro Road and Stoneridge Drive, continues to take shape. The new Chrysler Jeep Dodge dealership is now in operation and Car-Max has begun preparation of its new dealership and service center, which is anticipated to open in the near future. Adding to the future retail offerings in that area, the City Council also approved Pacific Pearl, a 112,000 square foot community shopping center to be anchored by Marina Food grocery store, an international food court and a variety of restaurants, shops and services catering to the Tri-Valley. Construction will begin in 2016 with the center to open in mid-2017.

Housing Element

Another important part of community planning is addressing a city's housing needs, and like other cities in the Bay Area, Pleasanton must do its part to ensure we offer a diversified housing portfolio. Toward meeting this mandate, in 2015 the

City Council approved an updated Housing Element which articulates the type and quantity of housing allowed within City limits and provides a roadmap for future planning efforts. Construction for multi-family housing began on five sites throughout the City to satisfy statewide statutory requirements to expand our affordable housing inventory. The first of these to be completed – Anton Hacienda on West Las Positas Boulevard – has already leased its 169 units.

Kottinger Gardens

Providing sufficient housing for our senior residents is a strongly-held value for Pleasanton. After several years of thoughtful planning by a task force of dedicated community members, the City Council approved the redevelopment of Kottinger Gardens into a new 185-unit, affordable housing project for seniors. This much-needed new development will be funded primarily through federal tax dollars with a contribution from the City's lower-income housing fund.

Historic Homes Survey

Preservation of downtown historic homes is an equally important goal for the city. Based on the recommendations of an ad-hoc Historic Preservation Task Force, an evaluation of all residential structures in the downtown area built prior to 1942 was conducted. Architectural experts assessed 201 residential structures and the resulting Historic Resource Survey identified 88 homes that meet the criteria to be considered a local historic resource. These homes will be preserved as a part of our ongoing commitment to retain the historic charm of our downtown area.

Bernal Community Park

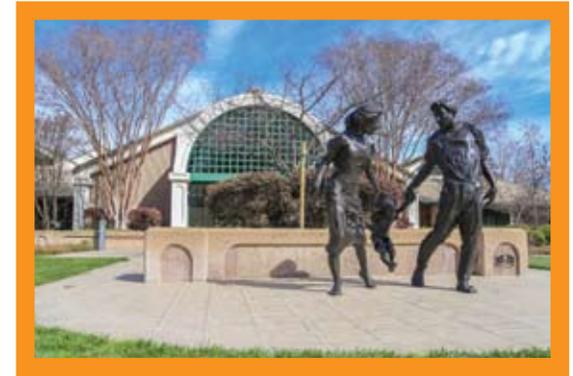
A grand park with a green footprint, the Bernal Community Park is the implementation of a community vision to preserve one of the largest parcels of land for generations to come. As one can see while driving along Bernal Avenue across from the Alameda County Fairgrounds, construction of Phase II is underway. Local sports groups have joined in the effort to help raise funds through the “Play Bernal” campaign, and when the project is complete, there will be a new 16-acre community park and 40 acres of Oak woodlands. The park will include three state-of-the-art, synthetic multi-purpose sports fields with lighting for evening and year round play, stadium seating for the main sports field, group picnic areas, walking trails and the reintroduction of native plants.

Recycled Water Project

To be more environmentally friendly and respond to the drought, the City instituted mandatory water conservation measures. Our residents and businesses exceeded the mandatory 25% reduction goal by reducing water consumption by almost 38%, thereby saving more than 2 billion gallons of water as compared to 2013. Concurrent with this effort, the City secured almost \$17 million in low-interest loans and incentive grants from the State to build the needed infrastructure to deliver more recycled water in Pleasanton. As the result of this project, approximately 450 million gallons a year of recycled water will be delivered to commercial water users in Hacienda, the Ken Mercer Sports Park and the Tennis and Community Park. When completed, Pleasanton will reduce its overall consumption of potable water (suitable for drinking) by 10%.

Civic Center/Library

Built in 1988 as an Alameda County branch library and later owned and operated as a City facility, our library is now constrained in serving the many and varied needs of our residents. Likewise, the several buildings adjacent to the library that comprise the City’s civic center are not conducive to providing the high level customer service and efficiency that is the hallmark of our city. Last year, the City Council renewed its commitment to exploring the feasibility of a new library and civic center by appointing an 11-member Civic Center/Library Task Force, which has been charged with synthesizing past efforts and making recommendations on a new civic center and library. After this initiative moves from the task force to the City Council, Pleasanton residents will continue to have the opportunity to help create a 21st century Library and Civic Center.



“On the Count of Three,” Pleasanton Library



Play Bernal—Are You In?



Purple Pipes Installed at Ken Mercer Sports Park

PRESERVING AND MAINTAINING A SOLID FINANCIAL PERFORMANCE

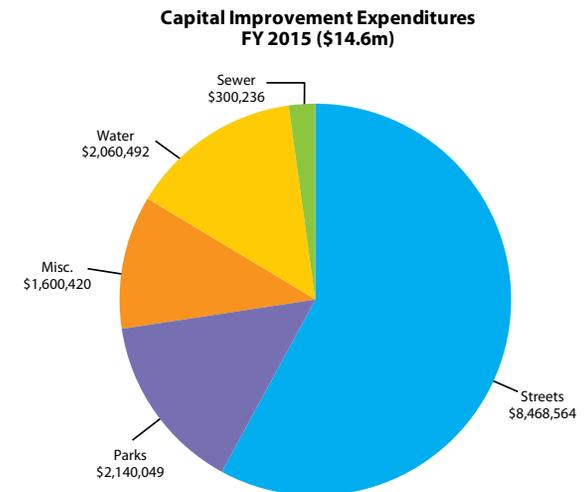
The City ended Fiscal Year 2015 (FY 2015) with a balanced budget and total fund balances (excluding long-term liabilities) of \$191.2 million including: General Fund of \$20.6 million; Enterprise funds (water, sewer, golf and cemetery) of \$16.2 million; Internal Services Funds (repair and replacement of City facilities, parks and equipment, employee benefits, insurance, Retiree Medical reserves, and PERS rate stabilization) of \$43.4 million; Special Revenue funds (mostly the lower income housing fund) of \$20.9 million; and Capital Improvement funds of \$90 million.

For the 14th year, the City received the Excellence in Budgeting award from the California Society of Municipal Finance Officers for the Operating Budget, and for the 19th consecutive year, the City received the Government Finance Officers Association Certificate in Excellence in Financial Reporting for the Comprehensive Annual Financial Report.



CAPITAL IMPROVEMENT PROGRAM

In addition to the Operating Budget, the City of Pleasanton also adopts a four-year financial plan for capital improvement projects. The Capital Improvement Program is a multi-year plan that identifies the requisite capital needs for maintaining and expanding public facilities and infrastructure, such as streets, parks, bridges, and water and sewer systems. This chart reflects the expenditures for FY 2015.



TOTAL OPERATING BUDGET

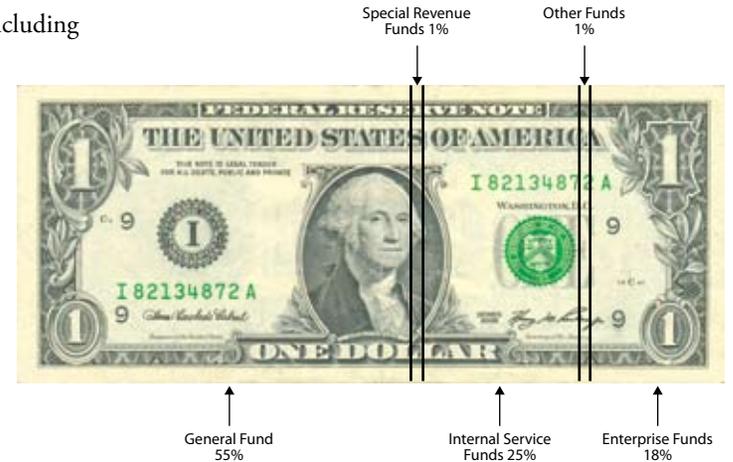
City operating expenditures for FY 2015 totaled \$171.4 million. The expenditures cover five different fund types: General, Enterprise, Internal Service, Special Revenue and Other funds.

The General Fund is the primary operating fund for the City, out of which most services are accounted, including: public safety, operations services, parks, community services, library, community development and general government.

Special Revenue funds are used to account for revenues that carry restrictions on use, such as gas tax revenues, grants and contributions. Internal Service funds account for the financing of goods or services from one department to another on a cost-reimbursement basis.

Enterprise funds account for operations that are financed in a manner similar to private business enterprises, where the intent of the governing body is that the cost (including depreciation) of providing goods and services to the general public on a continuing basis is recovered through other charges. Other funds account for trust, agency, and debt service funds.

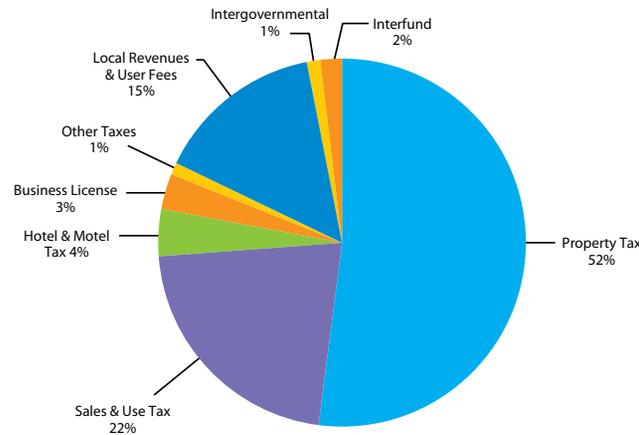
**City Operating Expenditures by Fund
FY 2015 (\$171.4m)**



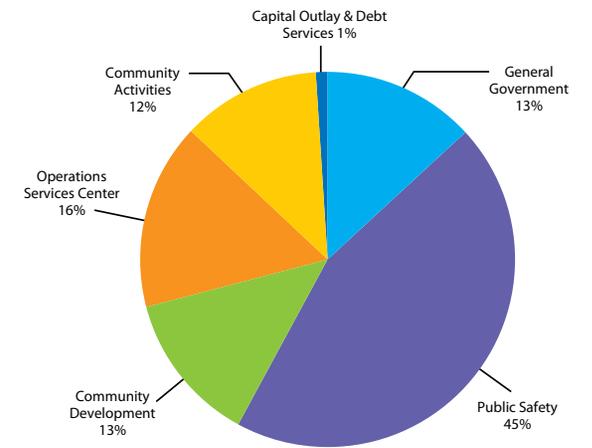
GENERAL FUND

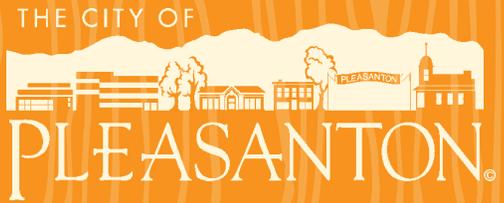
In FY 2015 the General Fund activity included total revenues of \$104.1 million and expenditures of \$94.6 million. Property taxes are the single largest revenue source for the General Fund totaling \$53.7 million in FY 2015. Sales tax revenue is the second largest revenue source totaling \$22.4 million in FY 2015. Fire and Police services (Public Safety) are the largest expenditure by category totaling \$42.6 million in FY 2015.

FY 2015 General Fund Revenue by Category



FY 2015 General Fund Expenditures by Category





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