



v i s i o n

<i>Achieving</i>	
<i>Long-term</i>	<i>Financial</i>
	<i>Sustainability</i>

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Objectives



1. Understand the nature of the financial dilemma
2. Develop a plan that matches expenditures with revenues

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Intended Outcome

1. Form a common understanding of the fiscal issues facing the city
2. Strategically develop a general plan that balances the budget beginning in FY 2010/11

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Challenge

Estimated Structural Deficit of \$12.4 million in the General Fund

- Since the last recession, expenditures grew faster than the residential population and faster than the revenue base.
- At our current rate of spending, we will drawdown fund balance and deplete all cash reserves in FY 2012/13.
- Additionally, the bond rating agencies will downgrade our bond ratings resulting in higher interest rates and costs on our bonds.

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Background History

On February 19, comprehensive budget balancing plan presented to council to meet the projected deficits through FY 2012/13

Plan calls for combination:

- expenditure reductions
- new revenue sources
- reallocation of existing resources
- use of fund balance

So what happened?



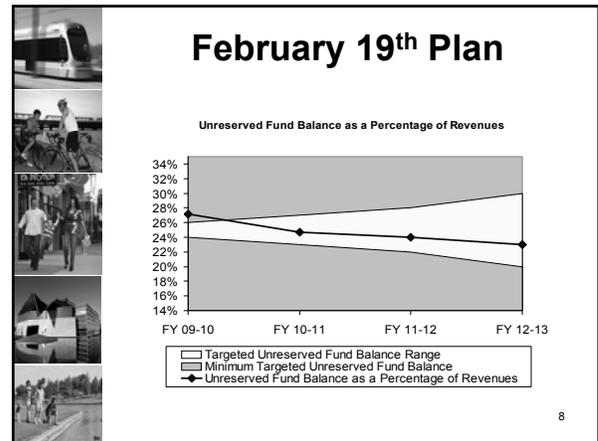
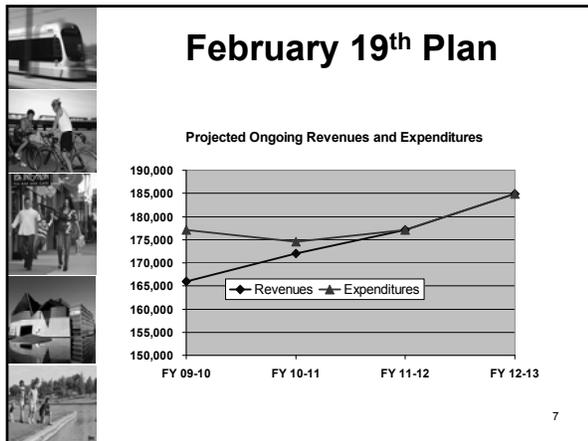
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Focus on Scoreboard



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Contributing Factors: Expenditures

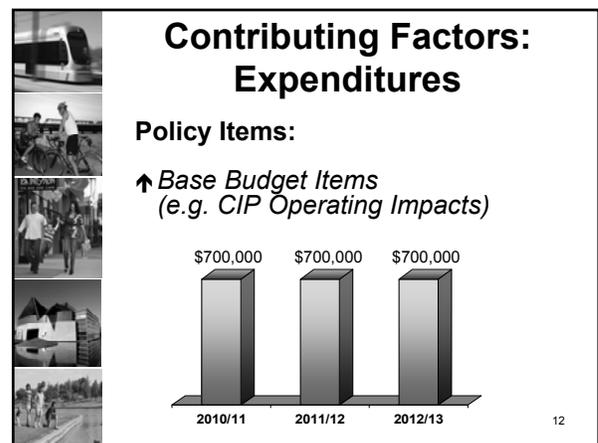
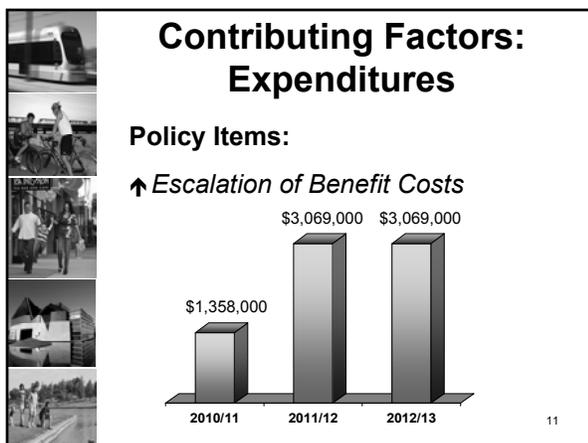
Policy Items:

- ↑ *One-Time Use of Fund Balance - \$6 million*
 - *Defer Position Eliminations \$3.8 million*
 - *Voluntary Separation Incentives \$2.2 million*

Contributing Factors: Expenditures

Policy Items:

- ↑ *Foregone Agency Reductions - \$1.1 million*
 - *TCVB*
 - *TCC*
 - *DTC*



Contributing Factors: Expenditures

Other Changes:
 ↑ *COPS Grant Loss \$0.7 million*

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Contributing Factors: Expenditures

Other Changes:
 ↓ *Vehicle Replacement (one time) \$0.3 million*

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Contributing Factors: Expenditures

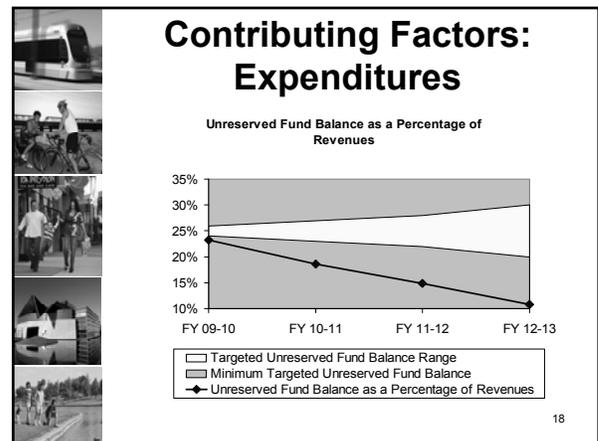
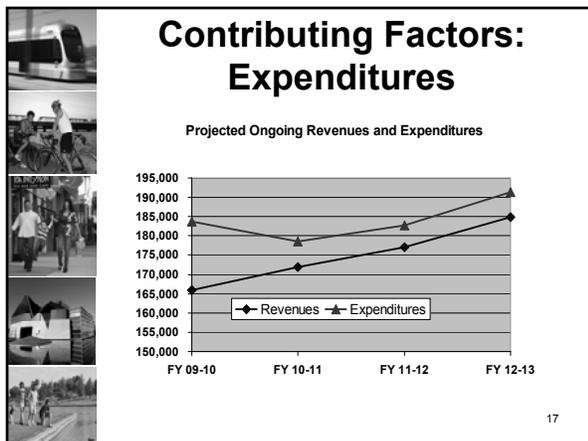
Other Changes:
 ↓ *Early Departure Savings (one time) \$2 million*

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Contributing Factors: Expenditures

Other Changes:
 ↑ *Salary Growth \$0.9 million*

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Contributing Factors: Revenues

Forecast Revisions:

- ↓ *Local Taxes \$3.5 million*
 - *Local Sales Tax \$3 million*
 - *Local Bed Tax \$0.5 million*



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Contributing Factors: Revenues

Forecast Revisions:

- ↓ *State-Shared Revenues \$1.5 million*
 - *State Income Tax \$1.2 million*
 - *Vehicle License Tax \$0.3 million*



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Contributing Factors: Revenues

Forecast Revisions:

- ↓ *Lower Department Revenues (e.g. Building and Trades, Recreational, Fines) \$0.5 million*



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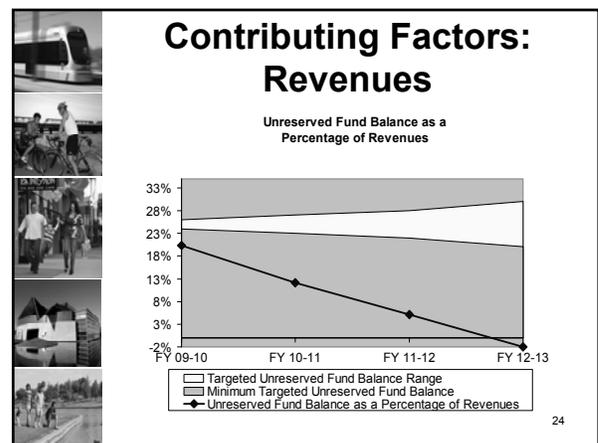
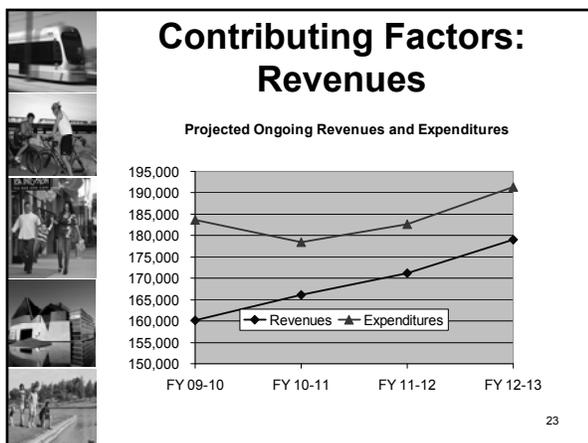
Contributing Factors: Revenues

Forecast Revisions:

- ↓ *Lower Interest Earnings \$0.4 million*



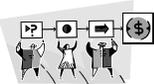
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Assumptions

- Salary freeze for FY 2010/11 and FY 2011/12
- Increase Bed Tax by 1% in FY 2010/11
- Balanced Budget by FY 2010/11

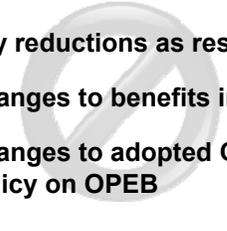


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Not Under Consideration

- Pay reductions as result of MOUs
- Changes to benefits in MOUs
- Changes to adopted Council Policy on OPEB



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Tool Set

- Vacancy Savings (Salary Sweeps)
 - ▶ FY 2009/10 approximates \$1 million one-time savings

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Tool Set

- Future Turnover Sweeps
 - ▶ every 1% equals \$800,000
 - ▶ assume 0% turnover rate for FY 2009/10
 - ▶ 1% for FY 2010/11- \$800,000
 - ▶ 2% for FY 2011/12 - \$1,600,000
 - ▶ and 3% for FY 2012/13 - \$2,400,000 and thereafter

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Tool Set

- Elimination of current and future vacant positions gives us an ongoing \$2.7 million beginning in FY 2010/11

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Tool Set

- Keep Health care cost at FY 2009/10 level
 - ▶ \$1 million in accumulated savings each year

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Tool Set

- Reconsideration of Reinstatements (less the COPS Grant)
 - ▶ \$3.2 million
 - 28 positions \$2.0 million
 - Fire overtime \$0.7 million
 - Code Enforcement wages \$0.2 million
 - Other costs \$0.2 million

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Tool Set

- Programmatic Review of Citywide Services using Evaluation Criteria
 - ▶ preliminary consensus tool includes 9 balanced questions drafted by group of Senior Management Team to begin the conversation

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Tool Set

- Sales Tax Increase
 - ▶ every one tenth of a cent generates approximately \$6 million

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Tool Set Applied

Projected Ongoing Revenues and Expenditures

Fiscal Year	Revenues	Expenditures
FY 09-10	160,000	185,000
FY 10-11	175,000	172,000
FY 11-12	178,000	178,000
FY 12-13	188,000	182,000

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Tool Set Applied

Unreserved Fund Balance as a Percentage of Revenues

Fiscal Year	Targeted Unreserved Fund Balance Range	Minimum Targeted Unreserved Fund Balance	Unreserved Fund Balance as a Percentage of Revenues
FY 09-10	24% - 30%	20%	22%
FY 10-11	24% - 30%	20%	21%
FY 11-12	24% - 30%	20%	22%
FY 12-13	24% - 30%	20%	24%

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