

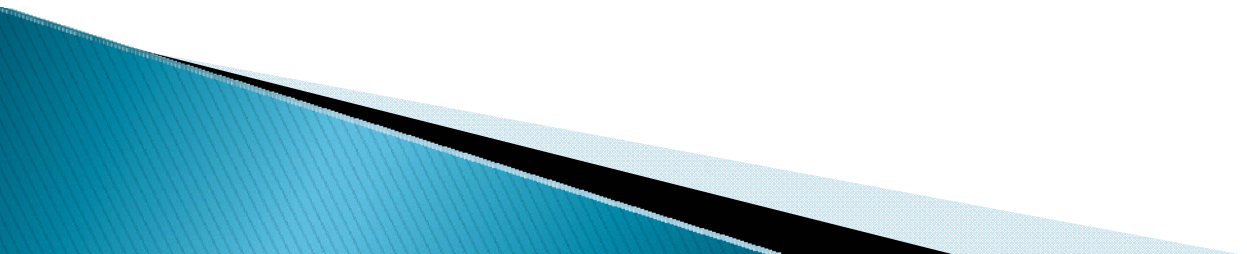
# Budget Update

## 2011-12 General Fund

City Council Agenda  
Item 15.1  
October 18, 2011

# Introduction

## Objectives

- ▶ Update Status of 11–12 General Fund budget
    - Quarterly Update on Emergency Measures
  - ▶ Review \$3.9 million in known budget impacts
  - ▶ Propose budget solutions to address shortfall
  - ▶ Highlight ongoing General Fund risks
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# Getting Our Fiscal House In Order

- ▶ 2011 City Council Strategic Initiative
    - Business Analysis of City Funds and Programs
    - Budget Monitoring and Reporting
  - ▶ Recap of Recent Budget Reports and Actions
    - May 17, 2011 - Declare second fiscal emergency
    - June 21, 2011 - Adopt 2011-12 budget
    - August 23, 2011 - Update/10-11 budget actions
    - October 18, 2011 - Update/11-12 budget actions
- 

# General Fund Update:

## \$3.9 million shortfall

- ▶ Lower revenue estimates – \$3.2 million
  - Property Tax/Assessed property values down 4.7%
    - \$2.2 million property tax revenue shortfall
  - State eliminates last of Vehicle Fee allocations
    - \$1 million VLF revenue shortfall
- ▶ Higher cost estimates – \$0.7 million
  - Re-pricing Fire overtime for updated vacation policy
    - Align leave usage with new caps on vacation accruals
    - Limits accumulation of large payouts due at separation
    - Requires higher annual leave usage and OT backfill

# Proposed Budget Amendment

## \$3.9 million solutions

- ▶ \$1.9 million – New/carryover grant sources
  - \$347K – State grant for hospital impacts
  - \$200K – Peacekeepers
  - \$604K – JAG and COPS carryover
  - \$742K – Measure W labor re-priced/Plan B terms
  - Newest police grant not yet reflected
- ▶ \$0.8 million – Vacancy savings (partial year)
- ▶ \$0.2 million – Service reductions
  - Public Works fund shifts and CIP cancelations
- ▶ \$1.0 million – From \$2.0 million contingency

# Net Results

- ▶ 2011–12 General Fund budget remains balanced for known budget impacts
  - \$3.9 million of impacts offset by proposed revenue and expenditure solutions
  - Budget would not be balanced without fiscal emergency and imposed labor terms
  - \$158 million budget retains \$1 million contingency
    - Less than 1% of budget
  - 5–15% reserve is industry recommendation
- ▶ Additional General Fund risks are developing for 2010–11, for 2011–12, and for 2012–13

# Ongoing Challenges and Risks

- ▶ 2010–11 Ending Balance Risk
  - Accounts receivable valuation
  - Inter-fund Public Facility Fee loans (\$7 million)
- ▶ State Elimination of Redevelopment Agencies
  - General Fund risk \$2 – 6 million
- ▶ 2011–12 balanced with short term solutions
  - \$3.9 million shortfall is ongoing
- ▶ County Teeter Program – Assessments
  - 2012–13 General Fund revenue risk – \$2 million
- ▶ Labor Contracts and Concessions expire 6–12
  - SPOA and SCEA – fiscal emergency impositions

# Next Steps

- ▶ 2010–11
  - Continue analysis of year–end results
  - Return to City Council with proposed actions
- ▶ 2011–12
  - Implement operational changes from today’s action to rebalance budget
  - Evaluate options for Redevelopment
- ▶ 2012–13
  - Update 4 year “base–line” projection
  - Focus on tax revenues and labor costs
  - Identify budget “gap” and start to identify solutions



# Today's Recommended Action

- ▶ Adopt resolution to amend 2011-12 budget