

Proposed Budget FY2010/11



June 22, 2010



Presentation Overview

- Proposed Budget FY 2010/11
- Proposed CIP Amendments
- Prop 218 Adjustments
- Funds Status
- Efficiencies & Reductions
- Utilities Rate Rollback Act 2010

Department of Utilities Proposed FY2010/11 Budget

Proposed Operating Budget = \$188.3 million

Proposed CIP Budget = \$ 23.3 million

CIP Amendments = \$ 0.6 million

Total = \$212.2 million

Total FTE = 697.5

FY2010/11 Proposed Budget Overview

- Eliminating 55.5 FTE positions
- Incorporated Proposition 218 adjustments into the Proposed Budget
- Funding for high priority needs

FY2010/11 Proposed CIP Amendments

- Project number change to group with all Water Meter Program projects
- Transfer funding from a Low Lift Pump project to the Well Rehabilitation project
- Provide funding for the repair and rehabilitation of Solid Waste facilities

Net change \$0.6M

(\$560K – Solid Waste Funds)

Proposition 218 Proposed Adjustments

- Phase-in of Parks volumetric water and solid waste rates; standard rates for all other departments
- Alternative funding required:
 - Illegal dumping
 - Recycling in the parks
 - Commercial corridor litter can pickup

FY2010/11 Projected Fund Status (in 000's)

	Water	Sewer	Storm Drain	Solid Waste
Approved Rate Increase	15.00%	5.00%	0.00%	9.00%
Beginning Fund Balance	2,522	2,899	9,895	0
REVENUES	82,590	22,492	36,941	63,119
TOTAL EXPENDITURES	82,590	25,015	39,857	61,458
SURPLUS/(DEFICIT)	0	(2,523)	(2,916)	1,661
Fund Balance (Reserves)	2,522	376	6,979	1,661
Reserves as a % of Budget	3%	2%	18%	3%
45-Day Prudent Reserve (12%)	10,182	3,084	4,914	7,577

Combined Efficiencies & Reductions

Department Operational Efficiencies:

- Reduced overtime and 30% decrease in miles driven
- Consolidation of on-call supervision, meter reading & water conservation, and warehouse operations
- Rerouting and 4/10 schedule for Solid Waste services

Combined Efficiencies & Reductions

Operational Efficiencies Under Consideration:

- Billing cycle from monthly to bi-monthly
- USA and First Responder crews from 2 persons to 1
- Study contracting out Solid Waste Collection Services
- Recycling and lawn & garden services from weekly to biweekly
- Seeking grant funding for Fluoridation O&M study

Service Level Impacts

Impacts of staff reductions & insufficient revenues:

- Suspension of Neighborhood Cleanup program & Illegal Dumping collection reduced by 50%
- Slower response time to customer requests
- Infrastructure not sufficiently maintained, increasing the potential for costly repairs and/or catastrophic failure
- Larger structural imbalances – need for higher rate increases to correct the imbalance

Utilities Rate Hike Rollback Act of 2010

Petition signatures validated; City Council has until July 13 to place on November 2, 2010 ballot.

If approved by voters, the measure would:

- Amend City Code to repeal the FY2010/11 rate increases for water, sewer, and solid waste funds effective July 1, 2011;
- Roll back utility rates to February 2010 levels, and;
- Require future rate adjustments above CPI be approved by public vote.

Potential Impacts of the Rollback

- Workforce reduction of 80-100 FTE
- Suspension of professional memberships
- Increased localized flooding/delayed response
- General Fund revenues reduced
- Suspension of fluoridation
- Loss of grant opportunities due to lack of match funding

Potential Impacts of the Rollback (con't)

- Reduced water pressure (fire flows and business dependencies) due to well shut-downs and/or reduced pump pressure
- Inability to repair aging water treatment facilities and combined sewer system (cuts to Capital Programs)
- Further depletion of fund reserves may impact the General Fund

THE END

