

FY2012/13 Proposed Budget Overview

May 1, 2012

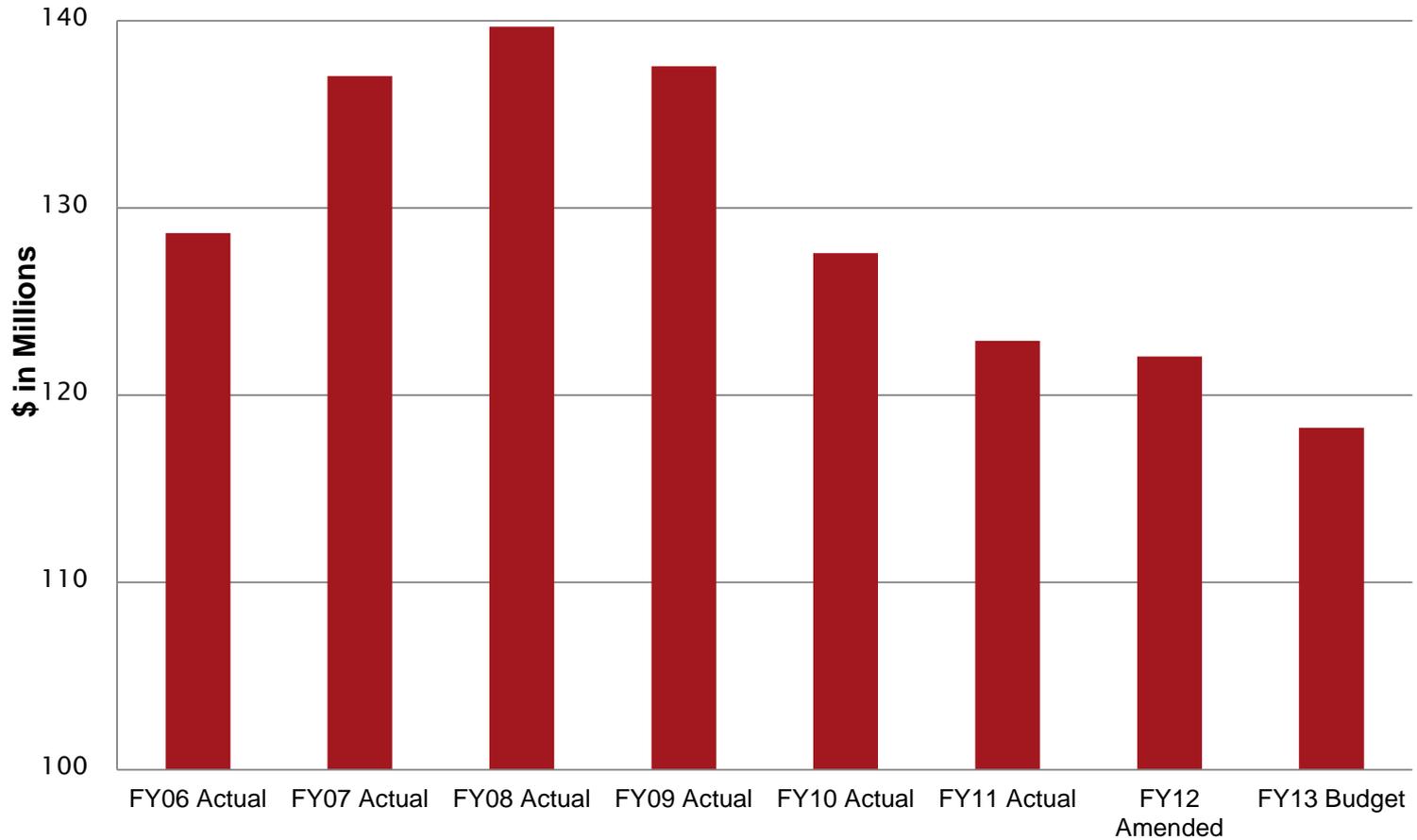
General Fund

Where We've Been

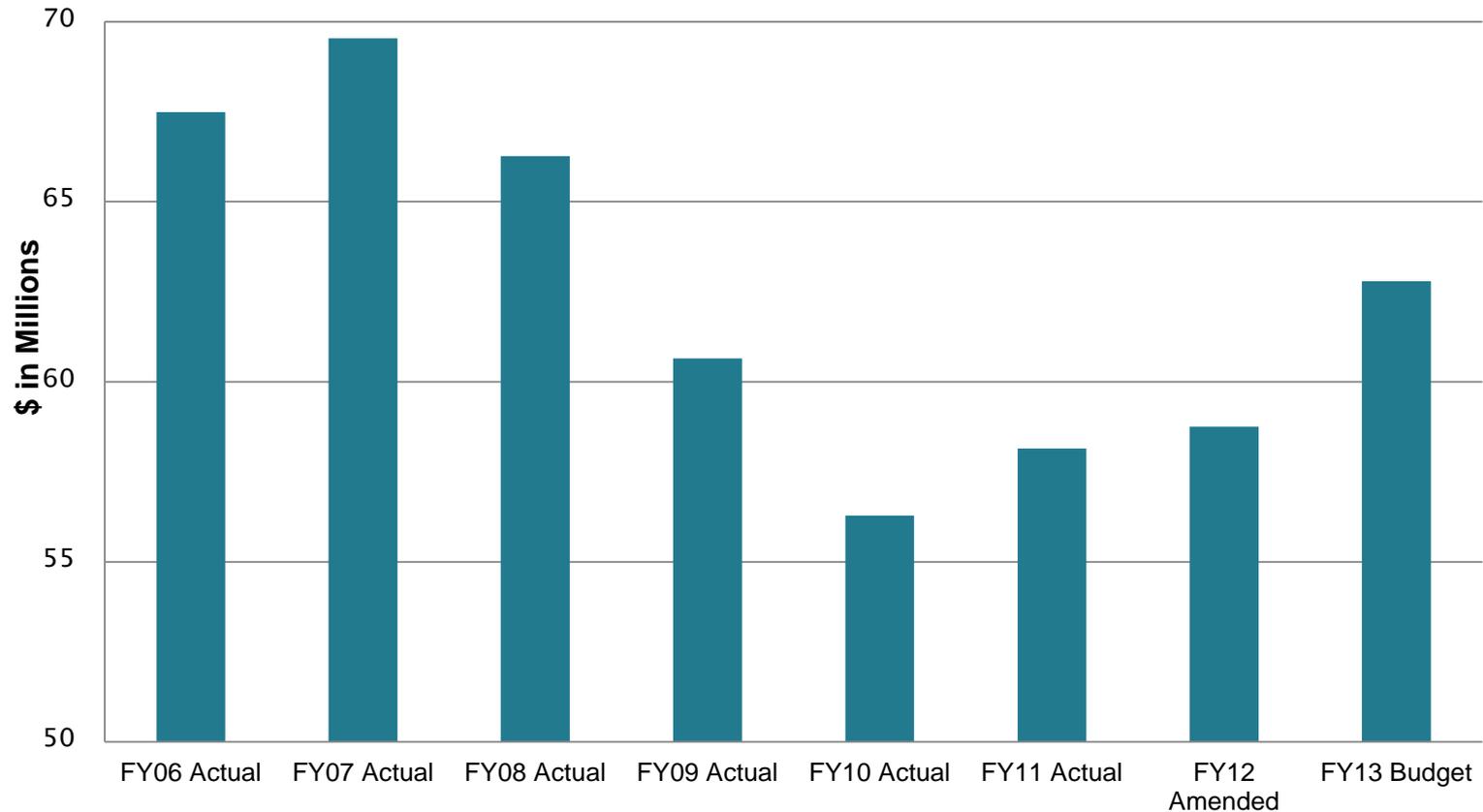
(\$ in 000s)

Reduction Strategy	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	Proposed FY12/13	Total
General Fund Deficit	\$29,000	\$58,000	\$50,000	\$43,000	\$39,000	\$ 15,700	\$234,700
One-Time Funding	29,543	19,000	8,300	17,511	4,600	500	79,454
New/Increased Revenues	-	3,700	5,100	1,000	2,400	-	12,200
Labor Reductions	-	30,200	28,900	12,367	27,100	15,200	113,767
Other Reductions/ Reimbursements	-	5,100	7,700	12,400	4,800	-	30,000
	\$29,543	\$58,000	\$50,000	\$43,278	\$38,900	\$ 15,700	\$235,421
FTE Reductions	-	359.01	360.26	207.50	302.70	231.60	1,461.07

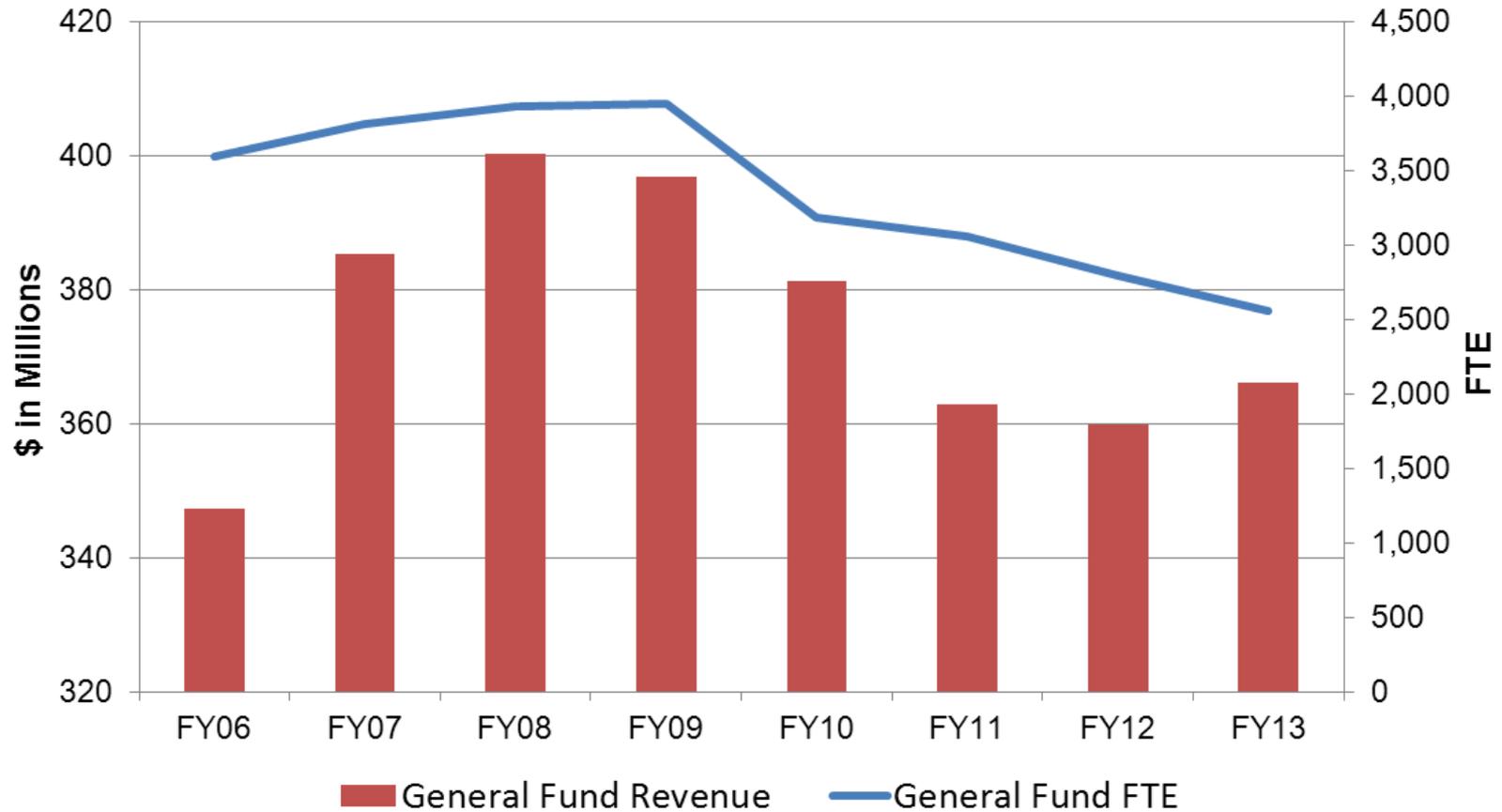
General Fund Property Tax Trend FY06–FY13



General Fund Sales Tax Trend FY06–FY13



General Fund Revenue and FTE Trend



2-Year Budget Challenge

(As of April 2012 – \$ in millions)

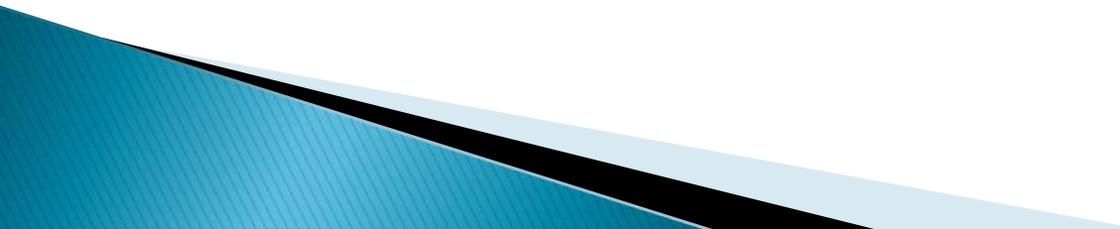
<u>Changes</u>	<u>FY2012/13</u>	<u>FY2013/14</u>	<u>Total</u>
Contract, wage and benefit costs	11.5	5.9	17.4
Retention of Police/Fire Grant Positions	1.8	3.4	5.2
Realignment of Grant Offsets/Revenues	5.7	-	5.7
Service and Supply Growth	2.3	1.6	3.9
Utility Increases due to Proposition 218	0.3	-	0.3
Capital Improvement Projects	0.5	0.7	1.2
	\$ 22.1	\$ 11.6	\$33.7
Realignment of Grant Offsets/Revenues	(5.7)	-	(5.7)
Revenue Growth	(0.7)	(4.7)	(5.4)
Deficit	\$ 15.7	\$ 6.9	\$22.6
Estimated PERS Investment Return Change (-0.25%)	-	3.0	3.0
	\$ 15.7	\$ 9.9	\$25.6

Where We Are

General Fund 5-year Forecast

\$ in 000s	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17
Total Revenues/Resources	366,055	370,789	380,356	392,548	409,490
Total Expenditures	365,033	376,727	385,394	392,928	400,905
Other Sources and (Uses)	(981)	(1,131)	(1,131)	(1,131)	(1,131)
Annual Operating Surplus/(Deficit)	41	(7,069)	(6,169)	(1,511)	7,454
Cumulative Operating Results	41	(7,028)	(13,197)	(14,707)	(7,254)

FY2012/13 Proposed Budget

- ▶ Proposed Budget (all funds): \$1.06 billion
 - General Fund: \$365 million
 - Enterprise Funds: \$690.5 million
 - ▶ Focus on budget sustainability
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Budget Sustainability Requires:

- ▶ Operating costs be held to a level below annual revenue growth
- ▶ Significant cost reductions in order to achieve balance
 - ▶ Permanent and ongoing reductions

Proposed Budget Reductions

- ▶ Parks: 15.85 FTE
 - Significantly reduces levels of service relative to park maintenance and recreational youth and senior programs
- ▶ Police: 119 FTE (109 Sworn)
 - Includes 60 grant funded FTE that will be added back upon the adoption of citywide budget reductions
 - These reductions will significantly affect public safety services
 - Investigations
 - Traffic Enforcement

Proposed Budget Reductions

(cont.)

- ▶ Fire: 64.5 FTE
 - Eliminates brownouts through flexible staffing
 - Eliminates 27 FTE funded through the Staffing for Adequate Fire Response (SAFER) grant
- ▶ All Other:
 - Utilities: 31.5 FTE (20 FTE transferred to the Citywide and Community Support)
 - Other Operating Departments: 36 FTE
 - Will affect levels of service citywide
 - Efforts underway to implement operational and technological efficiencies where/if possible

General Fund:

Proposed FTE Reductions

Department	Budget Reductions (\$16 Million)	Reorganizations, Grant & Other Changes	FY2012/13 Proposed Reductions
Mayor/Council	-	(3.00)	(3.00)
City Attorney	(2.00)	-	(2.00)
City Clerk	-	-	-
City Manager	(1.00)	(3.00)	(4.00)
City Treasurer	-	-	-
Citywide & Community Support	-	19.00	19.00
Community Development	(9.00)	(2.00)	(11.00)
Convention, Culture & Leisure	(2.00)	(1.00)	(3.00)
Economic Development	(1.00)	(3.00)	(4.00)
Finance	(3.00)	1.00	(2.00)
Fire	(36.50)	(28.00)	(64.50)
General Services	(6.00)	2.00	(4.00)
Human Resources	(1.00)	-	(1.00)
Information Technology	(2.00)	-	(2.00)
Parks & Recreation	(7.00)	(8.85)	(15.85)
Police ¹	(54.00)	(65.00)	(119.00)
Public Works (<i>formerly Transpo</i>)	(19.25)	4.00	(15.25)
Grand Total	(143.75)	(87.85)	(231.60)

Other Funds:

Proposed FTE Reductions

Enterprise Funds

Department	Budget Reductions (\$2 Million)	Reorganizations, Grant & Other Changes	FY2012/13 Proposed Reductions
Convention, Culture & Leisure	(2.00)	-	(2.00)
General Services	(5.00)	(6.00)	(11.00)
Public Works	(1.50)	-	(1.50)
Utilities	(14.50)	(17.00)	(31.50)
Grand Total	(23.00)	(23.00)	(46.00)

Internal Service Funds

Department	Budget Reductions (\$0.5 Million)	Reorganizations, Grant & Other Changes	FY2012/13 Proposed Reductions
Convention, Culture & Leisure	-	1.00	1.00
General Services	(4.00)	(1.00)	(5.00)
Human Resources	(1.50)	-	(1.50)
Parks & Recreation	(3.05)	-	(3.05)
Utilities	-	(4.00)	(4.00)
Citywide and Community Support	-	4.00	4.00
Grand Total	(8.55)	-	(8.55)

Budget Consideration Process

Budget Consideration Process

▶ Process

- At end of each meeting, an intent motion to confirm:
 - Proposed Recommendations
 - Requested Budget Information

▶ Consideration of Proposals

- Reserve for Economic Uncertainty will not be used
- One-time cuts will not be used to replace permanent on-going reductions
- New revenue proposals will not be used until implemented
- Any labor concessions will be used to mitigate reductions in that bargaining group

Next Steps – Budget Hearings

As of 4/30/12 (Subject to Change)

- ▶ 5/08: Fees and Charges Report
- ▶ 5/15: Fire, Parks and Recreation, and Police
- ▶ 5/22:
 - Charter Offices
 - All other Operating Departments
 - Library and Partner Agencies
 - Restructuring/Efficiencies
 - Utility Rate Lifeline Options
- ▶ 5/29: CIP and Priority Based Budgeting
- ▶ 6/07: Proposed Budget Review
- ▶ 6/12: Budget Adoption