

Agenda Report

February 8, 2010

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Finance Department
SUBJECT: FY 2010 MID-YEAR BUDGET UPDATE

RECOMMENDATION:

This report is for information only

EXECUTIVE SUMMARY:

Pasadena continues to face difficult financial times halfway through the fiscal year. General Fund revenues through December have declined even more than anticipated when the last budget update was presented in October. As a result, staff will have to implement additional expense reduction and revenue enhancement actions to ensure that we remain on track to not only meet our estimated operating results for the current fiscal year, but into the future. As of December, 192 vacant positions existed. Sixty three of these are in the General Fund. Additionally, due to recent retirements, another 33 city positions became vacant beginning in January. Given the continuing revenue decline trends, additional scrutiny of vacant positions to determine when or if they will be filled must take place. Additionally, staff is encouraged to postpone purchases that are not absolutely required. This combined with additional strategies including the following will help achieve the original objective.

- Re-evaluating the amount and implementation methodology for salary/benefit adjustments with labor groups, including items such as
 - Furloughs: This includes closing non-essential operations for periods during the month
 - Reducing work hours: Working fewer hours per day, possibly shifting from a 9/80 to a 9/72 work week for additional employees
 - Increasing employee contribution towards retirement costs: Having the employees pay the 8% PERS cost on a pre-tax basis under the current cost sharing arrangement

- Layoffs: Reducing the total number of staff positions based on reducing or eliminating non-critical services
- Reducing or eliminating anticipated salary increases
- Reduction of transfers from the General Fund to internal service funds to reflect expense reductions

Based on these actions the revised anticipated deficit in the General Fund is approximately \$5.8 million. This is \$200,000 more than was originally anticipated; however, this is relatively small when compared to the anticipated \$7.7 million added deficit that would result absent the actions proposed. Attached is the revised 5-year General Fund Financial Plan reflecting these aforementioned strategies. As can be seen, based on current financial information, implementation of the strategies will achieve the goal of elimination of the General Fund structural deficit by FY 2014.

By comparison, if none of the actions had been taken to curb expenditures, combined with the currently anticipated revenue shortfalls, the General Fund would be in a deficit position by the end of FY 2011, excluding the policy required 10% reserve. Additionally, a deficit of almost \$81 million would result by FY 2014. This represents a swing of almost \$85.5 million.

Other issues such as the anticipated deficits in funds such as the Building Services Fund will require more drastic measures to address the anticipated deficit. A final plan of action will be developed later this month to address this problem. Unfortunately, impacts from actions the State may take remain unknown at this time. Additionally, if the economy continues to decline, additional strategies will have to be implemented, which will have an even more significant impact on service provision.

Although opinions vary, the general belief of economists is that sustained economic improvement is unlikely to occur until early 2011. Consequently, Pasadena must continue to take measures now to avoid a larger problem in the future.

BACKGROUND:

In October 2009 staff provided a budget update which included assumptions and financial information known at that time. At that time staff estimated that as a result of the continued decline in the economy, the General Fund would experience an additional deficit of \$5.5 million. This amount was above the \$5.5 million deficit originally anticipated at the adoption of the FY 2010 budget. The update also included budget strategies that, if accomplished, would help to meet the goal of elimination of the General Fund structural deficit by FY 2014. The following were the strategies identified and presented at that update.

Additional estimated General Fund deficit	\$5.5 million
Additional Power transfer (one-time)	\$2.0 million
Anticipated labor reductions <i>(Current discussions with labor groups)</i>	\$2.8 million
Additional Department reduction <i>(Detailed in Attachment A)</i>	\$0.567 million
Labor-Management team efficiencies	\$0.2 million
Total budget strategies	\$5.567 million

All of the strategies have been implemented except for the \$2.8 million of wage concessions. Staff also reported that other labor cost reduction items would be explored. Those items include

- Furloughs: This includes closing non-essential operations one or two days per month, possibly during scheduled holidays to reduce service impacts or perhaps between Christmas and New Years
- Reducing work hours: Working fewer hours per day, possibly shifting from a 9/80 to a 9/72 work week
- Increasing employee contribution toward retirement costs: Having the employees pay the 8% PERS cost on a pre-tax basis under the current cost sharing arrangement
- Layoffs: Reducing the total number of staff positions based on reducing or eliminating services
- Reducing or eliminating anticipated salary increases

Staff now has financial activity and other information that significantly impacts the assumptions and budget strategies presented previously. Based on current information, it is anticipated that the Pasadena economy will decline further than estimated in November 2009. This will require a revision of budget strategies going forward to continue to maintain fiscal stability. The key factors causing the strategy revisions are discussed below.

National, State, and Local Economy

Economic conditions are showing signs of improvement as we enter into a new decade. In the fourth quarter of 2009, the United States economy expanded at an annualized rate of 5.7% giving the impression that the recovery in world's largest economy has been stronger than expected. Yet, growth was mainly due to inventory rebuilding indicating that the recent economic expansion maybe short lived. National sales were better than anticipated for 2009, reflecting a 3.6% gain. However, there were also signs that indicate more difficult times ahead. Unemployment remains in double digits at 10% (higher in California and the LA area). Consumer confidence continues to be weak and the benefits which are expect to result from the Federal stimulus legislation, although evident, continues to be slow in coming. Efforts being developed by the Federal Government such as the jobs bill, health care legislation, and expansion of programs aimed at increasing the availability of credit for small business to help stimulate the economy are all worthwhile and will, hopefully, provide some relief. Additionally, the President's recently submitted budget plan also includes making permanent the popular Build America Bond program which has been used to increase credit availability to municipalities to help stimulate the economy through infrastructure and economic development projects. Under the proposal the Federal subsidy is reduced from 35% to 28%. Unfortunately, implementation of these programs will more than likely take time, even if approved. Consequently, in all likelihood, Pasadena will continue to experience revenue declines, which will force expenditure reductions to maintain fiscal solvency.

As with the rest of the nation, unemployment continues to be a major inhibitor to Pasadena's economic turnaround. Although less than State and Federal unemployment at 12.2% and 10%, respectively. Unemployment in Pasadena was at 9.2% in December. This combined with the tight credit markets, which has limited business access to capital, continues to add downward pressure on the Pasadena economy.

Pasadena is trying to keep its fiscal head above water during the most devastating economic times since the Great Depression. This is a difficult enough task without having to also deal with State raids on Pasadena resources. California is estimating a \$20 billion deficit over the next two years and as it has done in the past, passing on the burden to local government. The Governor's budget recommends additional cuts to health program funding, which will further diminish the service provided by Pasadena's Health Department. Additionally, the proposed budget recategorizes gas tax funds, which will circumvent the protection given to the funds though previous voter approval. This will allow the State to transfer future gas tax funds without any real justification.

Pasadena General Fund

The Pasadena economy continues to reflect declining revenues six months into FY 2010. Although it seems the downward trend has slowed, revenue declines continue to be more than anticipated. Based on current trends, General Fund revenues are anticipated to be \$7.7 million below original FY 2010 estimates. Approximately \$5.5

million of this shortfall was anticipated as presented to Council with the first quarter update presented in October 2009. The additional \$2.2 million is due to anticipated declines other General Fund revenues such as Utility Users Tax (UUT) and Transient Occupancy Tax (TOT). Implementation of the additional budget strategies outlined in this report should help to offset this additional anticipated shortfall. This is based, however, on the financial information received through December 2009. It must be emphasized, that very little of the expense reduction actions will result in structural reductions. As a result, additional structural reductions could be needed beginning with FY 2011 to maintain the goal of eliminating the structural deficit by FY 2014.

The chart below reflects a comparison of General Fund revenues for FY 2010 and FY 2009. The increase in other General Fund revenues is due caused, primarily, by increased transfers from the Power Fund and a higher reimbursement transfer for FPRS debt service.

REVENUES

GF Comparison FY08 to FY09 as of December 31, 2009

Revenue Category	FY 09	FY 10	%age Diff
	December	December	
Sales Tax	8,335,521	7,051,626	-15.4% ↓
Transient Occupancy Tax (TOT)	4,085,821	3,569,576	-12.6% ↓
Utility Users Tax (UUT)	15,247,036	13,638,287	-10.6% ↓
Construction Tax	1,494,318	413,408	-72.3% ↓
Property Tax **	16,865,008	16,838,832	-0.2% ↓
Other Tax	7,940,149	6,005,794	-24.4% ↓
Other General Fund Revenues	41,139,909	45,992,715	11.8% ↑
Total General Fund Revenue	95,107,762	93,510,238	-1.68% ↓

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**Adj for Prop 1A loan proceeds

Recent revenue declines will require staff to re-evaluate all expenses to determine whether vacancies can be filled. During the remaining months of FY 2010 and during the FY 2011 budget process, it will be critical to identify revenue increases and expenses decreases that are structural.

The chart below reflects the revised estimated FY 2010 revenues and expenses for the General Fund

Revenue Category	FY 09 Actual	FY10 Adopted	FY 010 Revised
Sales Tax	31,941,372	33,465,092	30,000,000
Transient Occupancy Tax (TOT)	7,382,354	7,995,108	6,541,447
Utility Users Tax (UUT)	31,162,427	33,128,136	29,657,191
Construction Tax	2,366,386	2,000,000	1,200,000
Property Tax	38,396,880	39,946,208	38,426,630
Other Tax	15,330,599	14,677,110	14,310,109
Other General Fund Revenues	89,576,310	89,052,853	92,427,016
Total General Fund	216,156,328	220,264,507	212,562,393

Expense Category	FY 09 Actual	FY10 Adopted	FY 010 Revised
Operations	195,522,744	191,246,190	184,939,352
Debt Service	29,664,986	34,697,156	33,443,181
Total General Fund Expense	225,187,730	225,943,346	218,382,533

Five-year General Fund Financial Plan

The five-year General Fund Financial Plan presented during the FY 2010 budget process assumed that any wage increases would be one-time and not COLA. Although the 2% & 2% COLA originally offered to the PMA labor group would increase the structural deficit, it was assumed that any other applicable labor group would be offered a one-time lump sum amount and that the increase in the structural deficit caused by PMA would be addressed through future structural adjustments. The City's offer, however, was rejected by PMA and as a result work schedule reductions have been implemented to offset the cost of the resulting 4% COLA.

The attached plan has been updated to reflect current financial trends and additional information that was not available when the last version of the plan was presented to the City Council. Major changes include

- ✓ Inclusion of the estimated cost of a 2% lump sum payment to employees for CY 2010 and a 2% COLA also in CY 2011
- ✓ Adjustment of revenue estimates per FY 2010 current trends
- ✓ Inclusion of newly released PERS rates through FY 2012 and a 1% increase through FY 2014. Each additional percent increase would cost approximately \$2.8 million through 2014
- ✓ Adjustment of other expense estimates per FY 2010 current trends
- ✓ Reductions of transfers to various General Fund supported funds where cost saving measures have reduced the need for the transfer

Also included as information is a version of the plan which assumes a 4% COLA provided to all employees in FY 2010 through 2014 and assuming that no action would be taken to reduce expense trends. As can be seen, under this do nothing scenario, the structural deficit would have significantly worsened and result in an almost \$81 million deficit by the end of FY 2014. The fiscally responsible actions taken by the City Council and staff has allowed Pasadena to avoid this disastrous outcome.

A summary of the five-year General Fund Financial Plan reflecting the actions proposed by staff as previously discussed is listed below.

in Millions	FY 2010 Original	FY 2014 Original	FY 2010 Revised	FY 2014 Revised
Est Beginning Fund Balance	18.8	2.1	19.5	1.0
Revenues	220.3	259.6	212.6	238.9
Expenditures	225.9	258.7	218.4	237.5
Est Net Operating Loss	(5.6)	0.9	(5.8)	1.4
Est Ending Fund Balance	13.2	3.0	13.7	2.4

Other Issues

CalPERS rates

CalPERS has experienced significant declines in earnings over the past few years that have reduced funding for the outstanding liability of the system. Instead of passing on large contribution rate increases to its member agencies, PERS has implemented a revised smoothing methodology to help minimize large rate swings that would have otherwise been required. Given the uncertain economy, Pasadena may face large increases in rates after 2012, however, it is difficult to determine how large. Staff has included a token increase of 1% beginning in FY 2013. Each additional percent increase would cost approximately \$2.8 million through 2014.

State Takeaways

The State is facing a \$20 billion shortfall over the next two years. The preliminary plan of the Governor is to take additional health funds and street-related funds from local government. Additionally, the State plans to take over \$12 million from the Pasadena Community Development Commission over the next two years which may later be challenged through the courts. This will result in the postponement of a number of redevelopment projects that could have helped to stimulate the Pasadena economy.

Pasadena is supporting a lawsuit that has been filed to prevent this illegal transfer; however, a final decision could take years. State legislators have until mid-February to act on the Governor's budget proposal. If past actions are any indication, legislative compromise will definitely impact local government.

FPRS

The Fire and Police Retirement System was established by Article XV of the City Charter. The System provides benefits to former police and firefighters hired before 1977 (when the System was closed to new entrants) and their beneficiaries, which as of June 30, 2009 totaled 290 individuals. In 1999 and 2004, the City issues bonds to help address the anticipated funding liability of the system. Declines in Investment returns, however has result in a significant reduction in value of system assets, which greatly increases the unfunded liability. A task force was created by the City Manger to provide recommendations to address this issue. The task force report is expected to be presented to the City Manager in February and included in the City Council workshop on benefits in March 2010.

Building Services Fund

The economic downturn and its impact on development have had a devastating effect on Pasadena's development-related functions, such as, the Building Services Fund. Though mid-year, this fund is experiencing revenue declines in excess of 66%. As a result, extreme measures including staff reductions/transfers will need to be implemented during the second half of FY 2010 to help address the deficit, which totaled \$1.3 million as of December 2009.

Water Fund

Net income for the Water fund is projected to be less than budgeted for FY 2010 due to the implementation of the Distribution and Customer Charge (D&C) increase over a three year period and the delay of the first increase until August 2009. The financial performance of the Water fund for FY 2010 is also being impacted by reduced water sales as a result of effective conservation programs. Reduced sales will primarily affect funds available for capital improvement programs. As a result, it is projected that capital expenditures will be reduced, including delay of main and meter replacements, booster pump upgrades and seismic retrofit construction on reservoirs. A plan is being developed by staff to address this issue and presented during the FY 2011 budget process.

Revised Budget Strategies

- Most of the strategies reported to Council in October 2009 have been implemented. However, the largest strategy, which is negotiation with the various labor groups to provide a structural reduction of labor costs is underway, but not yet achieved. Staff will continue to work on identifying options to reduce labor costs with the various labor groups as noted above.

Pasadena has done much in the form of building reserves and implementing programs that have significantly reduced costs. Unfortunately, revenues have declined at a much faster rate and it is anticipated that revenues going forward will grow at a much slower rate than expenses. This will require additional structural expense reductions to meet the goal of eliminating the structural deficit by FY 2014. This will inevitably equate to noticeable service reductions.

COUNCIL POLICY CONSIDERATION

The City Council's Strategic Planning Goal of maintaining fiscal responsibility and stability will be advanced through the update of the budget spending plan.

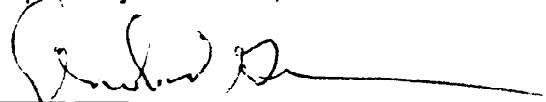
ENVIRONMENTAL ANALYSIS:

No environmental analysis is required at this stage

FISCAL IMPACT:

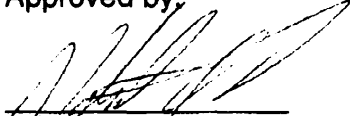
Based on the current revenue and expenditure trends, the City will continue to face difficult economic times, which will require difficult decisions to ensure fiscal stability and meet the goal of elimination of the General Fund structural deficit by FY 2014. Staff will bring options and recommendations for action to the City Council, periodically, over the next few months.

Respectfully submitted,



ANDREW GREEN
Director of Finance
Department of Finance

Approved by:



MICHAEL J. BECK
City Manager

General Fund 5-Year Financial Plan - 2% Lump CY & 2% Base CY

February 3, 2010

	FY 2008 Actual	FY 2009 Adopted	FY 2009 Actual	FY 2010 Original	FY 2010 Revised	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected
Beginning Amount Available for Appropriations	31,444,365	30,427,857	28,529,097	20,149,243	19,474,879	13,654,739	8,344,872	4,074,363	995,048
REVENUES									
Property Taxes	44,145,434	44,358,847	46,399,641	48,310,622	45,926,630	46,047,910	47,237,170	48,654,285	50,104,552
Sales Tax	26,583,019	26,332,843	23,956,029	25,098,819	22,500,000	22,837,500	23,522,625	24,228,304	24,955,153
Utility User Tax	29,639,754	30,195,654	31,162,427	33,418,136	29,657,191	30,027,536	31,329,727	32,104,269	33,161,682
Transient Occupancy Tax	8,847,757	9,442,380	7,382,353	7,995,109	6,541,447	6,410,618	6,538,830	6,702,301	6,903,370
Franchise Taxes	2,107,758	2,437,729	2,401,934	2,017,142	1,938,242	1,981,441	2,040,560	2,101,453	2,164,173
Other Taxes	16,367,896	17,083,899	15,277,634	14,729,969	13,571,866	14,049,582	14,549,966	15,116,493	16,096,765
Total Taxes	127,691,618	129,851,352	126,580,018	131,569,796	120,135,378	121,354,588	125,218,879	128,907,105	133,385,695
Licenses & Permits	2,616,995	2,762,032	2,297,129	2,014,058	2,395,643	2,473,304	2,558,517	2,667,886	2,784,109
Intergovernmental Revenues	13,367,600	12,177,923	13,593,024	12,870,662	12,905,225	13,373,791	13,641,689	13,977,759	14,321,730
Charges for Services	21,598,485	22,419,585	22,407,112	20,777,909	20,682,450	22,521,422	23,023,198	24,051,690	24,613,052
Fines & Forfeitures	8,024,617	7,860,091	8,844,378	8,583,560	7,640,868	8,076,273	8,307,739	8,546,056	8,796,311
Investment/Interest Earnings	21,564,124	21,028,884	22,074,198	20,896,445	20,722,523	21,244,696	21,642,652	22,065,738	22,713,059
Rental Income	1,137,099	1,186,623	1,040,577	1,111,626	1,041,699	1,022,046	1,024,418	1,026,838	1,030,505
Miscellaneous	1,592,870	3,182,126	1,485,357	1,081,182	1,323,763	1,305,076	1,381,690	1,403,536	1,426,038
TOTAL REVENUES	197,593,408	200,448,616	198,321,792	198,885,247	186,847,549	191,371,196	196,798,782	202,646,608	209,070,499
EXPENDITURES									
Personnel	129,953,531	136,338,484	135,224,048	136,523,723	134,323,928	139,430,715	143,779,457	147,982,152	150,367,389
Lump sum salary adjustments	0	0	0	0	657,720	1,657,720	0	0	0
Services & Supplies	27,441,731	31,556,817	26,033,715	26,867,870	22,318,534	22,541,719	23,322,637	23,555,863	23,791,422
Equipment	490,057	2,188,220	183,638	86,236	86,236	87,098	87,969	88,849	89,738
Internal Services	15,584,437	15,086,883	15,606,815	14,672,825	14,672,825	15,687,825	15,923,142	16,161,990	16,404,419
TOTAL EXPENDITURES	173,469,756	185,170,404	177,048,220	178,150,554	172,059,243	179,405,078	183,113,205	187,798,854	190,652,968
Excess Revenues over (Expenses)	24,123,652	15,278,212	21,273,572	20,734,593	14,788,306	11,966,118	13,685,577	14,857,754	18,417,531
OPERATING TRANSFER (IN / (OUT))									
Debt Service	(30,284,629)	(29,875,505)	(29,684,986)	(35,273,793)	(33,443,181)	(36,146,554)	(34,242,618)	(34,646,117)	(34,660,047)
Contributions to Other Funds/Misc	(13,187,451)	(15,788,595)	(18,397,519)	(12,510,109)	(12,880,109)	(11,914,882)	(11,919,507)	(11,924,270)	(11,929,177)
Abatements for Svcs to Other Funds	4,046,657	594,185	2,242,779	4,516,551	6,808,764	11,600,987	10,356,471	10,592,493	10,807,067
Enterprise Contributions	14,285,244	14,428,684	15,791,759	16,906,080	18,908,080	19,391,115	18,030,450	18,549,216	19,083,545
NET OPERATING TRANSFER (IN / (OUT))	(25,140,179)	(30,641,231)	(30,027,978)	(26,361,270)	(20,608,446)	(17,069,334)	(17,775,204)	(17,428,679)	(16,698,611)
Operating Income/(Loss)	(1,016,527)	(15,363,019)	(8,754,406)	(5,626,677)	(5,820,140)	(5,103,216)	(4,089,627)	(2,570,925)	1,718,920
OFF BUDGET RESERVE ACTIVITY									
Contribution for Health Restoration	0	(850,000)	0	0	0	0	0	0	0
Use of Designated Reserves (lump sum)	0	6,200,000	6,200,000	0	0	0	0	0	0
CIP Project (Robinson Park) from reserve	0	2,500,000	0	0	0	0	0	0	0
Add Contri. to the GF Reserve	0	(6,499,812)	(6,499,812)	(53,456)	0	(206,651)	(180,882)	(508,391)	(288,295)
NET OFF BUDGET RESERVE ACTIVITY	0	1,350,188	(289,812)	(53,456)	0	(206,651)	(180,882)	(508,391)	(288,295)
Net Income/(Loss)	(1,016,527)	(14,012,831)	(9,054,218)	(5,680,133)	(5,820,140)	(5,309,857)	(4,270,509)	(3,079,316)	1,430,625

Ending Amount Available for Appropriations 30,427,857 16,415,027 19,474,879 14,469,110 13,654,739 8,344,872 4,074,363 995,048 2,425,672

Sensitivity Options		FY 2008		FY 2009		FY 2010		FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
+ or - Revenues		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
+ or - Expenses		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Assumptions																	
		Actual	Adopted to Adopted	Adopted to Actual	Adopted to Adopted	Adopted to Adopted	Revised to Adopted	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected	Adopted to Projected
Revenues:																	
Overall Revenue change (inc trans in)		6.0%	3.5%	0.4%	2.2%	-3.5%	4.6%	1.3%	2.9%	3.1%							
Overall Revenue change (exc trans in)		3.9%	5.4%	-1.1%	-0.8%	-6.1%	2.4%	2.8%	3.0%	3.2%							
Property Tax (secured & unsecured)		8.9%	16.6%	10.3%	8.9%	-4.9%	0.3%	2.6%	3.0%	3.0%							
Sales Tax		6.2%	-3.9%	-9.0%	-4.7%	-10.4%	1.5%	3.0%	3.0%	3.0%							
LUU		5.6%	4.7%	3.2%	10.7%	-11.3%	1.2%	4.3%	2.5%	3.3%							
Investment Earnings (inc SB 481 trans)		-5.7%	-4.9%	5.0%	-0.6%	-0.8%	2.5%	1.9%	2.0%	2.9%							
Expenses:																	
Overall Expenditure change (inc trans out)		0.4%	3.9%	-2.5%	-2.1%	-3.3%	4.2%	0.8%	2.4%	1.1%							
Overall Expenditure change (exc trans out)		5.3%	4.8%	-4.4%	-3.8%	-4.4%	4.3%	2.1%	2.7%	1.4%							
Salaries		5.1%	6.0%	-18.3%	-1.1%	-2.8%	3.2%	2.0%	2.0%	1.9%							
Benefits		7.6%	6.2%	8.6%	0.5%	-4.1%	1.4%	5.7%	4.3%	1.3%							
Overtime		6.6%	1.2%	-12.9%	-2.5%	11.8%	-3.0%	2.0%	2.0%	0.6%							
Labor Agreement Raises (4%)		Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes							
Change in Debt Services per Amort Sch		196,435	(1,675,861)	(619,633)	6,905,947	3,778,185	2,703,373	(1,903,936)	403,489	13,930							
Average Personal Cost change		6.4%	3.1%	-0.8%	1.0%	-1.6%	3.8%	3.1%	2.9%	1.6%							
Managed Savings reductions		No	No	No	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429							
FPRS subsidy (adjusted)		3,206,114	4,187,803	4,187,803	4,739,492	4,739,492	9,516,486	9,770,485	10,004,977	10,217,976							
Transfers In/(Out):																	
Net Transfers (assumes Power Utility transfer of 8%)		-2.5%	18.9%	19.4%	4.9%	-31.4%	-17.2%	4.1%	-1.9%	-4.2%							

Adjusted for FPRS subsidy

General Fund 5-Year Financial Plan - 4% Assumption

February 3, 2010

	FY 2008 Actual	FY 2009 Adopted	FY 2009 Actual	FY 2010 Original	FY 2010 Revised	FY 2011 Projected	FY 2012 Projected	FY 2013 Projected	FY 2014 Projected
Beginning Amount Available for Appropriations	31,444,385	30,427,857	28,529,097	20,149,243	19,474,879	1,290,667	(19,274,895)	(39,218,876)	(60,800,429)
REVENUES									
Property Taxes	44,145,434	44,358,847	46,399,641	48,310,622	45,926,630	46,047,910	47,237,170	48,654,285	50,104,552
Sales Tax	26,583,019	23,932,843	23,936,029	25,098,819	22,500,000	22,837,530	23,522,625	24,228,304	24,955,153
Utility User Tax	29,639,754	30,195,654	31,152,427	33,418,135	29,657,191	30,027,536	31,329,727	32,104,269	33,161,682
Transient Occupancy Tax	8,847,757	9,442,380	7,392,353	7,995,109	6,541,447	6,410,618	6,538,830	6,702,301	6,903,370
Franchise Taxes	2,107,758	2,437,729	2,401,934	2,017,142	1,938,242	1,981,441	2,040,560	2,101,453	2,164,173
Other Taxes	16,367,896	17,083,899	15,277,634	14,729,969	13,571,868	14,049,582	14,549,966	15,116,493	16,096,765
Total Taxes	127,691,618	129,851,352	126,590,018	131,569,796	120,135,378	121,354,588	125,218,879	128,907,105	133,385,695
Licenses & Permits	2,616,995	2,762,032	2,297,129	2,014,068	2,365,643	2,473,304	2,558,517	2,667,886	2,784,109
Intergovernmental Revenues	13,367,600	12,177,923	13,593,024	12,870,662	12,905,225	13,373,791	13,641,689	13,977,759	14,321,730
Charges for Services	21,598,465	22,419,585	22,407,112	20,777,909	20,582,450	22,521,422	23,023,198	24,051,690	24,613,052
Fines & Forfeitures	8,024,617	7,860,091	8,844,378	8,585,560	7,540,868	8,076,273	8,307,739	8,546,056	8,796,311
Investment/Interest Earnings	21,564,124	21,028,884	22,074,198	20,896,445	20,722,523	21,642,652	22,065,738	22,713,059	22,713,059
Rental Income	1,137,099	1,186,623	1,040,577	1,111,626	1,041,699	1,022,046	1,024,418	1,026,838	1,030,505
Miscellaneous	1,592,870	3,182,126	1,485,357	1,061,182	1,323,763	1,305,076	1,381,690	1,403,536	1,426,038
TOTAL REVENUES	197,593,408	200,448,616	198,321,792	198,885,247	186,847,549	191,371,196	196,798,782	202,646,608	209,070,499
EXPENDITURES									
Personnel	129,953,531	136,338,484	135,224,048	136,523,723	138,954,808	147,180,601	154,295,200	161,427,502	166,827,236
Lump sum salary adjustments	0	0	0	0	0	0	0	0	0
Services & Supplies	27,441,731	31,556,817	26,033,719	26,867,870	26,867,870	27,136,549	27,963,414	28,243,048	28,525,479
Equipment	490,057	2,188,220	183,638	86,236	86,236	87,098	87,969	88,849	89,738
Internal Services	15,584,437	15,086,883	15,006,815	14,672,825	14,672,825	15,687,825	15,923,142	16,161,990	16,404,419
TOTAL EXPENDITURES	173,469,756	185,170,404	177,048,220	178,150,654	180,581,739	190,092,073	198,269,726	205,921,389	211,846,872
Excess Revenues over (Expenses)	24,123,652	15,278,212	21,273,572	20,734,593	6,265,810	1,279,123	(1,470,943)	(3,274,781)	(2,776,373)
OPERATING TRANSFER (IN / (OUT))									
Debt Service	(30,284,629)	(29,875,505)	(29,664,996)	(35,273,793)	(35,307,793)	(36,146,554)	(34,242,618)	(34,646,117)	(34,860,047)
Contributions to Other Funds/Misc	(13,187,451)	(15,788,595)	(18,997,519)	(12,510,109)	(13,280,109)	(11,914,882)	(11,919,507)	(11,924,270)	(11,929,177)
Abatements for Svc to Other Funds	4,046,657	594,185	2,242,779	4,516,551	5,608,764	10,100,987	10,356,471	10,592,493	10,807,067
Enterprise Contributions	14,285,244	14,428,684	15,791,759	16,906,080	18,906,080	17,391,115	17,960,450	18,477,116	19,009,282
NET OPERATING TRANSFER (IN / (OUT))	(25,140,179)	(30,641,231)	(30,027,978)	(26,361,270)	(24,073,058)	(20,569,334)	(17,845,204)	(17,500,779)	(16,772,874)
Operating Income/(Loss)	(1,016,527)	(15,363,019)	(8,754,406)	(5,626,677)	(17,807,248)	(19,290,211)	(19,316,147)	(20,775,560)	(19,549,248)
OFF BUDGET RESERVE ACTIVITY									
Contribution for Health Restoration	0	(650,000)	0	0	0	0	0	0	0
Use of Designated Reserves (lump sum)	0	6,200,000	6,200,000	0	0	0	0	0	0
CIP Project (Robinson Park) from reserve	0	2,500,000	0	0	0	0	0	0	0
Add Contrib. to the GF Reserve	0	(6,499,812)	(6,499,812)	(53,456)	(376,964)	(1,275,351)	(627,834)	(805,993)	(594,432)
NET OFF BUDGET RESERVE ACTIVITY	0	1,350,188	(299,812)	(53,456)	(376,964)	(1,275,351)	(627,834)	(805,993)	(594,432)
Net Income/(Loss)	(1,016,527)	(14,012,831)	(9,054,218)	(5,680,133)	(18,184,212)	(20,565,562)	(19,943,981)	(21,581,552)	(20,143,680)

Ending Amount Available for Appropriations 30,427,857 16,415,027 19,474,879 14,468,110 1,290,667 (19,274,895) (39,218,876) (60,800,429) (80,944,108)

Sensitivity Options		Assumptions																																																																																																																																																																																																																																																																																																																																																																					
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Revenues:																		Overall Revenue change (inc trans in)	6.0%	3.5%	0.4%	2.2%	-4.1%	3.5%	2.9%	2.9%	3.1%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	3.1%	Overall Revenue change (exc trans in)	3.9%	5.4%	-1.1%	-0.8%	-6.1%	2.4%	2.8%	2.8%	3.2%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	3.2%	Property Tax (secured & unsecured)	8.9%	16.6%	10.3%	8.9%	-4.9%	0.3%	2.6%	2.6%	3.0%	0.3%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.0%	Sales Tax	6.2%	-3.9%	-9.0%	-4.7%	-10.4%	1.5%	3.0%	3.0%	3.0%	1.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	UUT	5.6%	4.7%	3.2%	10.7%	-11.3%	1.2%	4.3%	4.3%	2.5%	1.2%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	3.3%	Investment Earnings (inc SB 481 trans)	-5.7%	-4.9%	5.0%	-0.6%	-0.8%	2.5%	1.9%	1.9%	2.9%	2.5%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	2.9%	Expenses:																		Overall Expenditure change (inc trans out)	0.4%	3.9%	-2.5%	-2.1%	1.4%	3.9%	2.4%	2.4%	3.4%	3.9%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%	Overall Expenditure change (exc trans out)	5.3%	4.8%	-4.4%	-3.8%	1.4%	5.3%	3.9%	3.9%	2.8%	5.3%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	2.8%	Salaries	5.1%	6.0%	-18.3%	-1.1%	1.0%	5.1%	3.9%	3.9%	3.8%	5.1%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.8%	Benefits	7.6%	6.2%	8.6%	0.5%	-1.6%	4.2%	7.1%	7.1%	2.7%	4.2%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	2.7%	Overtime	6.6%	1.2%	-12.9%	-2.5%	16.5%	-0.8%	4.0%	4.0%	2.7%	-0.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	2.7%	Labor Agreement Raises (4%)	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Change in Debt Services per Amort Sch	196,435	(1,875,861)	(619,633)	6,905,947	3,778,185	2,703,373	(1,903,956)	403,499	13,930	2,703,373	(1,903,956)	403,499	403,499	403,499	403,499	403,499	13,930	Average Personal Cost change	6.4%	3.1%	-0.8%	1.0%	1.8%	5.9%	4.8%	4.8%	3.3%	5.9%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	3.3%	Managed Savings reductions	No	No	No	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	FPRS subsidy (adjusted)	3,206,114	4,187,803	4,187,803	4,739,492	4,739,492	9,516,486	9,770,485	10,004,977	10,217,976	9,516,486	9,770,485	10,004,977	10,004,977	10,004,977	10,004,977	10,217,976	10,217,976	Transfers In/(Out):																		Net Transfers (assumes Power Utility transfer of 8%)	-2.5%	18.9%	19.4%	4.9%	-19.8%	-14.6%	-13.2%	-13.2%	-4.2%	-14.6%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-4.2%
Overall Revenue change (inc trans in)	6.0%	3.5%	0.4%	2.2%	-4.1%	3.5%	2.9%	2.9%	3.1%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	3.1%																																																																																																																																																																																																																																																																																																																																																						
Overall Revenue change (exc trans in)	3.9%	5.4%	-1.1%	-0.8%	-6.1%	2.4%	2.8%	2.8%	3.2%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	3.2%																																																																																																																																																																																																																																																																																																																																																						
Property Tax (secured & unsecured)	8.9%	16.6%	10.3%	8.9%	-4.9%	0.3%	2.6%	2.6%	3.0%	0.3%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	3.0%																																																																																																																																																																																																																																																																																																																																																						
Sales Tax	6.2%	-3.9%	-9.0%	-4.7%	-10.4%	1.5%	3.0%	3.0%	3.0%	1.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%																																																																																																																																																																																																																																																																																																																																																						
UUT	5.6%	4.7%	3.2%	10.7%	-11.3%	1.2%	4.3%	4.3%	2.5%	1.2%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	3.3%																																																																																																																																																																																																																																																																																																																																																						
Investment Earnings (inc SB 481 trans)	-5.7%	-4.9%	5.0%	-0.6%	-0.8%	2.5%	1.9%	1.9%	2.9%	2.5%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	2.9%																																																																																																																																																																																																																																																																																																																																																						
Expenses:																		Overall Expenditure change (inc trans out)	0.4%	3.9%	-2.5%	-2.1%	1.4%	3.9%	2.4%	2.4%	3.4%	3.9%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%	Overall Expenditure change (exc trans out)	5.3%	4.8%	-4.4%	-3.8%	1.4%	5.3%	3.9%	3.9%	2.8%	5.3%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	2.8%	Salaries	5.1%	6.0%	-18.3%	-1.1%	1.0%	5.1%	3.9%	3.9%	3.8%	5.1%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.8%	Benefits	7.6%	6.2%	8.6%	0.5%	-1.6%	4.2%	7.1%	7.1%	2.7%	4.2%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	2.7%	Overtime	6.6%	1.2%	-12.9%	-2.5%	16.5%	-0.8%	4.0%	4.0%	2.7%	-0.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	2.7%	Labor Agreement Raises (4%)	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Change in Debt Services per Amort Sch	196,435	(1,875,861)	(619,633)	6,905,947	3,778,185	2,703,373	(1,903,956)	403,499	13,930	2,703,373	(1,903,956)	403,499	403,499	403,499	403,499	403,499	13,930	Average Personal Cost change	6.4%	3.1%	-0.8%	1.0%	1.8%	5.9%	4.8%	4.8%	3.3%	5.9%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	3.3%	Managed Savings reductions	No	No	No	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	FPRS subsidy (adjusted)	3,206,114	4,187,803	4,187,803	4,739,492	4,739,492	9,516,486	9,770,485	10,004,977	10,217,976	9,516,486	9,770,485	10,004,977	10,004,977	10,004,977	10,004,977	10,217,976	10,217,976	Transfers In/(Out):																		Net Transfers (assumes Power Utility transfer of 8%)	-2.5%	18.9%	19.4%	4.9%	-19.8%	-14.6%	-13.2%	-13.2%	-4.2%	-14.6%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-4.2%																																																																																																																														
Overall Expenditure change (inc trans out)	0.4%	3.9%	-2.5%	-2.1%	1.4%	3.9%	2.4%	2.4%	3.4%	3.9%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.3%																																																																																																																																																																																																																																																																																																																																																						
Overall Expenditure change (exc trans out)	5.3%	4.8%	-4.4%	-3.8%	1.4%	5.3%	3.9%	3.9%	2.8%	5.3%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	2.8%																																																																																																																																																																																																																																																																																																																																																						
Salaries	5.1%	6.0%	-18.3%	-1.1%	1.0%	5.1%	3.9%	3.9%	3.8%	5.1%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.8%																																																																																																																																																																																																																																																																																																																																																						
Benefits	7.6%	6.2%	8.6%	0.5%	-1.6%	4.2%	7.1%	7.1%	2.7%	4.2%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	2.7%																																																																																																																																																																																																																																																																																																																																																						
Overtime	6.6%	1.2%	-12.9%	-2.5%	16.5%	-0.8%	4.0%	4.0%	2.7%	-0.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	2.7%																																																																																																																																																																																																																																																																																																																																																						
Labor Agreement Raises (4%)	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes																																																																																																																																																																																																																																																																																																																																																						
Change in Debt Services per Amort Sch	196,435	(1,875,861)	(619,633)	6,905,947	3,778,185	2,703,373	(1,903,956)	403,499	13,930	2,703,373	(1,903,956)	403,499	403,499	403,499	403,499	403,499	13,930																																																																																																																																																																																																																																																																																																																																																						
Average Personal Cost change	6.4%	3.1%	-0.8%	1.0%	1.8%	5.9%	4.8%	4.8%	3.3%	5.9%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	3.3%																																																																																																																																																																																																																																																																																																																																																						
Managed Savings reductions	No	No	No	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429	8,342,429																																																																																																																																																																																																																																																																																																																																																						
FPRS subsidy (adjusted)	3,206,114	4,187,803	4,187,803	4,739,492	4,739,492	9,516,486	9,770,485	10,004,977	10,217,976	9,516,486	9,770,485	10,004,977	10,004,977	10,004,977	10,004,977	10,217,976	10,217,976																																																																																																																																																																																																																																																																																																																																																						
Transfers In/(Out):																		Net Transfers (assumes Power Utility transfer of 8%)	-2.5%	18.9%	19.4%	4.9%	-19.8%	-14.6%	-13.2%	-13.2%	-4.2%	-14.6%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-4.2%																																																																																																																																																																																																																																																																																																																																				
Net Transfers (assumes Power Utility transfer of 8%)	-2.5%	18.9%	19.4%	4.9%	-19.8%	-14.6%	-13.2%	-13.2%	-4.2%	-14.6%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-13.2%	-4.2%																																																																																																																																																																																																																																																																																																																																																						

* Adjusted for FPRS subsidy