

Agenda Report

April 2, 2012

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

SUBJECT: BUDGET UPDATE FOR FISCAL YEAR 2012 AND 2013

RECOMMENDATION:

This report is for information only.

EXECUTIVE SUMMARY:

The City of Pasadena, like many other local governments across the country, has taken a number of actions to address the economic impacts of the past several years. Fortunately, as we plan for Fiscal Year 2013, the City's financial position has stabilized with the guidance provided by the City Council and the willingness of City employees to forgo salary and benefit increases.

This report highlights those actions taken to date to address the dramatic reduction in City revenues, correct the otherwise growing structural deficit in the General Fund, and set the City on the path to a balanced budget for Fiscal Year 2013. Looking beyond next fiscal year, this report also identifies one-time financial resources which are available to secure the City's long-term financial health through reinvestment.

BACKGROUND:

Historically, the City of Pasadena has experienced strong economic growth. As City revenues grew, new services to the community were implemented and existing services enhanced. Wages and benefits for the City's workforce also increased, keeping pace with other cities with whom Pasadena competes for talent. Over time, however, the cost of providing city services began to outpace revenues, creating a structural deficit in the City's General Fund.

Under normal circumstances, this situation would have been addressed through a modest combination of cost reductions and revenue enhancements, consistent with Pasadena's history of sound fiscal management. However, the profound impact of the national recession, which began in 2008, created very significant fiscal challenges.

As a result of the recession, the City experienced substantial reductions in its tax base, particularly in sales, transient occupancy and construction taxes. Compounding the problem was the continued increase in City employee wage and benefit costs related to previously negotiated labor agreements, and increases in contribution rates required by the California Public Employees Retirement System.

Beginning in Fiscal Year 2009 the City launched a five-year plan to bring expenses in line with revenues and eliminate the structural deficit in the General Fund by the end of Fiscal Year 2014 (June 30, 2014). The plan seeks to mitigate the impact of service reductions and workforce reductions by utilizing more than \$25 million of reserves, which the City prudently built up in prior years. This \$25 million represents the majority of the General Fund's undesignated fund balance over and above its 10% emergency reserve.

Nevertheless, significant impacts across the entire municipal organization have been required to ensure Pasadena's financial stability. To date, a total of 286 full-time equivalent positions, representing roughly 12% of the City's total staffing complement, have been eliminated, including 37 filled positions. This number does not include filled positions that were limited term and their contracts were not renewed. Of the 37 filled positions, 9 of the incumbents found employment elsewhere in the municipal organization and were therefore spared from layoff. In addition, a total of 94 employees took advantage of voluntary separation incentives.

City Council Workshop

Throughout this process, City management has sought to keep the City Council, the public and City employees informed and aware of progress on the plan to balance the budget. Most recently, On November 28, 2011 the City Council held a special meeting, in a workshop format, devoted solely to the budget. The meeting centered around the need to make additional budget reductions, in light of continued weak revenues, of roughly \$3.5 million in order to remain on track with the five-year financial plan. The Council reviewed nearly three dozen potential cost reductions and revenue enhancements, some of which could be placed in effect immediately and others that could be incorporated into the Fiscal Year 2013 recommended operating budget.

As a result of the process and after considerable discussion, the Council approved a number of items including a two-percent increase in the annual transfer from the Power Fund to the General Fund for Fiscal Year 2012, the defunding of five vacant non-sworn positions in the Police Department and the retooling of recreation program fees for service resulting in increased cost-recovery. In addition, there were a number of items that the City Council felt deserved additional study, required negotiations with labor unions and therefore could not be acted upon unilaterally or should be reviewed in the context of developing the Fiscal Year 2013 operating budget.

Importantly, the City Council also signaled a desire to move the City forward by taking the necessary steps to balance the budget in Fiscal Year 2013. Balancing the budget one year earlier than previously projected would help better position the City to be

effective in providing services to residents and business, relieve strain on employees and send a strong message to the financial community that Pasadena is worthy of its AAA credit rating.

Projections made during the first quarter of this calendar year indicate that in order to close the General Fund's operating deficit in Fiscal Year 2013, approximately \$6 million in annualized reductions and/or revenue enhancements would need to be identified. This figure is increased from projections used for the November Council workshop, largely as a result of continued weakness in major tax revenue sources, including Utility Users Tax and Construction Tax.

Closing the Gap in Fiscal Year 2013

A major component of eliminating the projected deficit in the Fiscal Year 2013 Recommended Operating Budget and, moreover, the General Fund five-year financial plan, will be to assume a 9% level of transfer from the Power Fund to the General Fund through Fiscal Year 2015. Pursuant to City Charter sections 1407 and 1408, the Light and Power Fund makes an annual contribution to the City's General Fund. Although the two charter provisions in combination, allow for a transfer of up to 16% of gross revenue not to exceed net income, historically the annual transfer amount has trended around 8% in total. Increasing the transfer amount by 1% for Fiscal Year 2013 through 2015, along with increased costs for renewable energy and operations will contribute to the need for electric rate increases. In addition, the higher transfer will reduce the utility's working capital available for operations and capital investment. Beyond that, an additional combination of expense reductions, including the elimination of filled positions, and revenue enhancements will be necessary.

Given the considerations associated with eliminating filled positions, such as severance pay and cashing out unused vacation time, it has been necessary to lay off 14 additional staff members during the first quarter of this calendar year, in order to achieve full budgetary savings for Fiscal Year 2013. Of the 14, 9 were in the General Fund, 3 funded by redevelopment which has been discontinued; and 2 in the Building Services Fund. Attachment A summarizes the expense reductions and revenue enhancements which are anticipated to balance the Fiscal Year 2013 General Fund operating budget.

On May 21st the City Manager will present the Recommended Operating Budget for Fiscal Year 2013. Based on current projections, that budget will reflect an extremely modest operating surplus of approximately \$200,000 or less than 1/10th of one-percent of total appropriations. Significantly, however, it will be the first budget adopted in over 10 years where estimated annual revenues exceed estimated expenses.

As projected, revenues will total \$215.8 million and expenses will total \$215.6 million. Total revenues are projected to grow \$5.9 million or 2.8 percent over the revised FY 2012 forecast. Included in the revenue increase for FY2013 is a one-time transfer of \$1.0 million from the Workers Compensation Fund to help offset the revised General Fund \$6 million deficit figure discussed above. Sufficient funds are available in the Worker's Compensation Fund to sustain this on a one-time basis.

Also included in the revenue projections are the initial results of a cost allocation review and various fee studies that have recently been completed, as well as those revenue enhancements approved by the Council in November.

Total expenses are projected to grow \$1.6 million or 0.7 percent over the revised Fiscal Year 2012 estimate. Included in the expense forecast is an increase in the on-going subsidy to the Housing Fund of approximately \$500,000 due to the loss of redevelopment funding and continued reductions in Federal funding. Increases in internal services charges to the Computing and Communications Fund and the Building Maintenance and Fleet Maintenance Funds to reflect more accurate billing methodologies will also increase General Fund expenses \$780,000.

Attachment B presents the updated 5 year General Fund financial plan, which incorporates the previously discussed actions and assumptions.

A look at Revenues and Expenses as of January

General Fund revenues collected as of January 31, 2012 total approximately \$114.5million. This total excludes \$9.5 million previously transferred to the City from the Pasadena Community Development Commission (PCDC), as it is unclear as to the ultimate fate of those funds will be with the dissolution of redevelopment pursuant to recent California State Supreme Court action.

**General Fund Revenue Comparison
 FY2011 YTD to FY2012 YTD**

| Revenue Category | FY 11 | FY 12 | Difference | %age Diff |
|-------------------------------|--------------------|--------------------|------------------|--------------|
| | January YTD | January YTD | | |
| Sales Tax | 13,238,537 | 13,365,426 | 126,889 | 1.0% |
| Transient Occupancy Tax (TOT) | 4,360,635 | 4,638,955 | 278,320 | 6.4% |
| Utility Users Tax (UUT) | 15,746,751 | 16,085,408 | 338,657 | 2.2% |
| Construction Tax | 878,089 | 1,139,495 | 261,405 | 29.8% |
| Property Tax | 20,143,154 | 20,713,419 | 570,265 | 2.8% |
| Other Tax | 7,864,501 | 7,661,846 | (202,655) | -2.6% |
| Intergovernmental | 7,040,285 | 7,000,885 | (39,400) | -0.6% |
| Charges for Services | 16,964,721 | 12,814,803 | (4,149,918) | -24.5% |
| Transfers In** | 14,857,738 | 14,948,313 | 90,575 | 0.6% |
| Other General Fund Revenues** | 13,907,471 | 16,148,006 | 2,240,535 | 16.1% |
| Total (exc FPRS) | 115,001,882 | 114,516,556 | (485,326) | -0.4% |

** adjusted for timing of PCDC revenues into Gen Fund

As indicated by the chart, adjusted General Fund revenues of \$114.5 million are approximately \$485,000 behind the adjusted prior year totals. Indications are that this decrease is due, primarily, to timing differences that will correct themselves by the end of the fiscal year.. Specifically, the decline reflected in the Charges for Services revenue category is the result of revenue recording timing difference between FY2011 and FY2012 of emergency medical billing revenues. The increase in Other General

Fund Revenues result from timing differences in various other revenues, primarily SB481 revenues received before the dissolution of PCDC.

Expenses in the General Fund through January 2012 total \$120.6 million. This level of expenditure is approximately \$660,000 ahead of the prior year's total after adjusting for one-time payments to the Fire and Police Retirement System that weren't necessary this year as a result of the issuance of pension obligation bonds. It is anticipated that this overage will be reduced as the fiscal year continues and that total General Fund expenses will be on target to meet the revised estimate.

As reflected in the chart below, based on January 2012 activity, the General Fund is anticipated to end FY2012 with an operating deficit of approximately \$4.1 million, as reported to Council at the November 28, 2010 special meeting.

General Fund 5-Year Financial Comparison

| Revenue Category | FY 08 Actual | FY 09 Actual | FY 10 Actual | FY 11 Actual | FY 12 Revised |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Sales Tax | \$35,444,025 | \$31,941,372 | \$28,059,194 | \$29,249,499 | \$31,300,000 |
| Transient Occupancy Tax (TOT) | 8,847,757 | 7,382,353 | 6,941,948 | 7,667,816 | 7,800,000 |
| Utility Users Tax (UUT) | 29,639,753 | 31,162,427 | 29,519,607 | 29,355,562 | 32,621,000 |
| Construction Tax | 3,984,216 | 2,366,386 | 1,397,077 | 1,480,416 | 1,800,000 |
| Property Tax | 35,284,428 | 38,414,298 | 38,266,093 | 37,952,059 | 39,100,000 |
| Other Tax | 14,491,438 | 15,313,182 | 14,162,316 | 14,506,845 | 15,826,351 |
| Intergovernmental | 13,367,600 | 13,593,024 | 13,633,140 | 14,232,863 | 13,901,083 |
| Charges for Services | 21,598,485 | 22,407,112 | 21,604,333 | 21,776,692 | 21,621,721 |
| Transfers In | 15,125,787 | 17,065,750 | 24,914,501 | 18,341,619 | 16,562,734 |
| Other General Fund Revenues | 34,935,705 | 35,741,639 | 33,996,195 | 37,931,032 | 31,961,514 |
| Total General Fund Revenues (Excludes FPRS) | \$212,719,194 | \$215,387,542 | \$212,494,404 | \$208,426,171 | \$209,883,867 |

| Expense Category | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Revised |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Personnel | \$126,747,417 | \$134,255,260 | \$127,107,276 | \$126,515,653 | \$126,289,902 |
| Services & Supplies | 27,931,788 | 26,217,357 | 28,471,536 | 25,734,926 | 27,149,922 |
| Internal Services | 15,584,437 | 15,606,815 | 14,771,992 | 14,996,858 | 15,351,807 |
| Contributions to Other Funds | 13,187,451 | 18,397,519 | 13,037,782 | 13,184,777 | 13,393,253 |
| Debt Service | 30,284,629 | 29,664,996 | 35,072,953 | 34,128,414 | 31,811,180 |
| Total General Fund Expenses (Excludes FPRS) | \$213,735,722 | \$224,141,947 | \$218,461,539 | \$214,560,628 | \$213,996,064 |
| Surplus/(Deficit) | (\$1,016,528) | (\$8,754,405) | (\$5,967,135) | (\$6,134,457) | (\$4,112,197) |

A Look at Other Funds

As shown on the following chart, through January 2012, expenses exceed revenues in most fund categories. These year-to-date variances are the result of timing differences, such as grant reimbursements, or the planned use of fund balances. While these fiscal results appear to be problematic an analysis of year-to-date financial activity for funds other than the General Fund indicates most funds are forecast to be on target with

original budget estimates. The timing-related variances are anticipated to be resolved by the end of the fiscal year. Also impacting year-to-date revenues and expenses is the dissolution of PCDC. The impact of this action has resulted in some fiscal reporting issues as City staff determine how best to address the disposition of approximately \$30 million per year in tax increment revenues, on-going program area expenses, and payments on outstanding PCDC debt. It is anticipated that these issues will be resolved before the end of the fiscal year.

| Fund Type | Expenses | Revenues | Variance |
|-------------------------------------|----------------------|----------------------|-----------------------|
| Enterprise Funds | \$175,720,396 | \$170,316,067 | (\$5,404,329) |
| Special Revenue Funds | \$45,737,188 | \$44,279,504 | (\$1,457,684) |
| Internal Service Funds | \$45,975,919 | \$44,575,740 | (\$1,400,179) |
| Capital Projects Funds | \$12,741,776 | \$10,741,941 | (\$1,999,834) |
| Debt Service Funds | \$53,067,036 | \$30,633,938 | (\$22,433,098) |
| Fiduciary Funds | \$17,211,303 | \$4,098,883 | (\$13,112,420) |
| PCDC/Housing Capital Projects Funds | \$7,490,155 | \$5,194,765 | (\$2,295,390) |
| Grand Total | \$357,943,773 | \$309,840,839 | (\$48,102,935) |

In addition to the timing and PCDC-related issues noted above, selected individual funds are reporting fiscal results that should be noted. Of specific interest are the following funds:

- **Building Services Fund** – This Fund has been deficit spending as a result of reduced development activity over the last several years. Year-to-date, revenues are in excess of expenses by nearly \$1 million. This increased revenue is the result unanticipated fees paid from two large development projects. While revenues are not forecast to continue at the current rate, it is expected that this fund will experience a favorable year-end variance that will reduce the outstanding negative fund balance. Significant cost reductions have been made in this fund over the past several years.
- **The Computing and Communications Fund** – This Fund has also experienced deficit spending over the last several years. A plan is in place to resolve this imbalance over the next three years as the City transitions to full cost recovery. However, until this plan is fully implemented, this fund will continue to draw down unrestricted fund balance to offset this revenue deficit.
- **Water Fund** – This Fund had been experiencing cash flow issues as revenues had not been sufficient to support annual operating and capital costs. Based on year-to-date revenues it appears that the incremental rate increases adopted by City Council have corrected the deficit spending issues. As of January 2012, revenues exceed expenditures by nearly \$2.4 million. This year-to-date surplus was anticipated and is in line with the FY2012 Adopted Budget.

The Fiscal Year 2013 Budget Process

Given the early identification of a plan for Fiscal Year 2013, staff recommends that an abbreviated budget hearing process be used for the review of the operating budget and capital improvement program budget. Staff is suggesting the following schedule:

- **May 14, 2012:** Present General Fee Schedule and the Schedules of Taxes, Fees, and Charges to City Council and hold public hearing. Per the State law, a public hearing and adoption of these schedules will follow on May 21, 2012.
- **April 30, 2012:** Present FY2013 – FY2017 Capital Improvement Program (CIP) to Joint City Council/Finance Committee meeting. Meeting will include public hearing on CIP project recommendations and updates. Where applicable, departments will make presentations on high new projects and any significant changes to existing projects.
- **May 21, 2012:** Present Recommended FY2013 Operating Budget to Joint City Council/Finance Committee meeting. Meeting will include public hearing to present an update on current economic conditions and issues which could impact City finances in the coming years and any other material items that would impact the financial assumptions presented in this report. There will be the potential for a follow-up meeting in June, for additional discussion and/or budget adoption, if necessary. All items necessary to adopt the FY2013 budget would be presented at the May meeting (i.e. resolutions for Operating and CIP budget adoption, General Fund transfer from Light and Power Fund, etc.). The presentation format will consist of a summary overview of the General Fund departments. General Fund departments would not make formal presentations but would be available for questions. Key non-General Fund departments will make formal presentations.

One-time Funding Available for Reinvestment

Pasadena is an aging city which needs reinvestment in its infrastructure. Also, as the needs of the community change over time, there's a need for new investment in a variety of facilities and endeavors.

A number of one-time funding sources have been identified which are available to meet some of these needs. These funds do not impact the operating budget or the five-year financial plan and include interest earnings on prior City bond issues, the Charter Capital Fund and the proceeds from the recent sale of a portion of the Plaza Las Fuentes air rights. The following chart presents the amounts available from each source and the recommended projects for the use of the funds. These sources have various restrictions that required staff analysis to ensure the appropriate match of sources and projects.

Special Projects Funding

| | Excess Bond Interest Earnings - Designated GF Capital | Charter Capital | Property Sale Proceeds (Air Rights) | Council Approved |
|---|--|--------------------|---|---------------------|
| Balance as of 01/01/2012 | \$7,552,113 | \$3,750,057 | \$6,900,000 | |
| New Projects | | | | |
| Washington Gym | \$1,250,000 | | | ✓ |
| McKinley Gym | \$1,250,000 | | | ✓ |
| Fire Station 32 Temp Facility | \$500,000 | | | ✓ |
| Fire Station 39 Design | \$500,000 | \$1,900,000 | | ✓ |
| Emergency Operations Center | \$500,000 | | | ✓ |
| Centennial Square Improvements | \$300,000 | \$300,000 | | ✓ |
| Foothill Blvd Ice Rink (overrun) | \$50,000 | \$200,000 | | ✓ |
| Robinson Park Master Plan | | \$1,000,000 | | |
| Centennial Square Parking Study | \$100,000 | | | ✓ |
| City Yard | | \$350,000 | | ✓ |
| Financial System Upgrade | \$1,500,000 | | | |
| DoIT CIP | \$800,000 | | | ✓ |
| DoIT CIP (2nd round) | \$690,000 | | | |
| YWCA Purchase | | | \$1,870,000 | ✓ |
| Way Finding | | | \$2,000,000 | |
| NFL EIR | | | \$150,000 | ✓ |
| Economic Development Task Force Priorities | | | \$2,800,000 | |
| Remaining Balance | \$112,113 | \$57 | \$80,000 | |

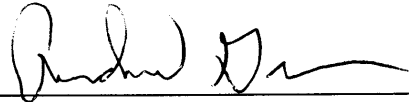
COUNCIL POLICY CONSIDERATION:

The proposed actions are consistent with the City Council's strategic planning goal of maintaining fiscal responsibility and stability. Nevertheless, it should be recognized that a number of the proposed and potential reductions are likely to have a deleterious impact on several other strategic plan goals.

FISCAL IMPACT:

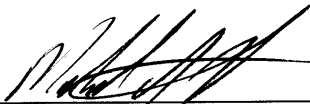
This report is for information only and therefore has no fiscal impact at this time. Recommendations for action items will be presented April 30th and May 21st when the proposed CIP and operating budgets are presented.

Respectfully submitted,



ANDREW GREEN
Director of Finance
Department of Finance

Approved by:



MICHAEL J. BECK
City Manager

Attachments: (2)

Attachment A – FY13 Proposed Budget Reductions/Revenue Enhancements
Attachment B – 5-Year General Fund Financial Plan

FY 2013 Proposed Budget Reductions/Additional Revenue

| Description of Proposed Reduction | All Funds | | General Fund | | FTE Impact* | Vacant or Filled |
|--|--------------------|------------------|--------------------|------------------|---------------|------------------|
| | Expenses | Revenues | Expenses | Revenues | | |
| City Manager | | | | | | |
| Eliminate MA III | (\$94,994) | | (\$94,994) | | (0.80) | Vacant |
| Eliminate Prin Ops Specialist | (\$41,865) | | (\$41,865) | | (0.50) | Filled |
| City Manager Total | (\$136,859) | \$0 | (\$136,859) | \$0 | (1.30) | |
| City Attorney | | | | | | |
| Personnel Reclassifications | (\$100,000) | | (\$100,000) | | | |
| Maintain Vacancies | (\$170,400) | | (\$170,400) | | | |
| Reduce Outside Legal Services | (\$100,000) | | (\$100,000) | | | |
| City Attorney Total | (\$370,400) | \$0 | (\$370,400) | \$0 | 0.00 | |
| Finance | | | | | | |
| Decentralize budget responsibilities | (\$146,795) | | (\$146,795) | | (1.00) | Filled |
| Transfer MA II from Budget to Purchasing | (\$131,655) | | (\$131,655) | | (1.00) | Filled |
| Transfer Tech Spec from Purchasing to Municipal Services staffing and eliminate vacant SAI | (\$75,293) | | (\$75,293) | | (1.00) | Vacant |
| Finance Total | (\$353,743) | \$0 | (\$353,743) | \$0 | (3.00) | |
| Human Services & Recreation | | | | | | |
| Transfer from Pasadena PD to fund PAL Program | | \$50,000 | | \$50,000 | | |
| Eliminate Neighborhood Connections Lease | (\$27,540) | | (\$27,540) | | | |
| Increase Participant Fees for After School Program | | \$380,000 | | \$380,000 | | |
| Increase Recreation Program Cost Recovery | | \$100,000 | | \$100,000 | | |
| Staff Restructuring | | | | | | |
| Eliminate Prog Coordinator I | (\$96,204) | | (\$96,204) | | (1.00) | Filled |
| Eliminate Prin Ops Specialist | (\$41,865) | | (\$41,865) | | (0.50) | Filled |
| Eliminate Prin Comm Rel Rep | (\$91,361) | | (\$91,361) | | (1.00) | Vacant |
| Eliminate Rec Leader III | (\$40,102) | | (\$40,102) | | (0.66) | Seasonal |
| Transfer in Prin Ops Specialist | \$83,369 | | \$83,369 | | 1.00 | Vacant |
| Subtotal | (\$186,163) | \$0 | (\$186,163) | \$0 | (2.16) | |
| Human Services & Recreation Total | (\$213,703) | \$530,000 | (\$213,703) | \$530,000 | (2.16) | |

* All FTEs except those marked with an * are in the General Fund.

Attachment A

FY 2013 Proposed Budget Reductions/Additional Revenue

| Description of Proposed Reduction | All Funds | | General Fund | | FTE Impact* | Vacant or Filled |
|---|----------------------|-----------------|----------------------|-----------------|---------------|------------------|
| | Expenses | Revenues | Expenses | Revenues | | |
| Planning | | | | | | |
| Eliminate Planner | (\$126,154) | | (\$126,154) | | (1.00) | Filled |
| Senior Planner | (\$136,753) | | (\$136,753) | | (1.00) | Filled |
| Senior Planner | (\$136,752) | | (\$136,752) | | (1.00) | Filled |
| Planner | (\$122,496) | | (\$122,496) | | (1.00) | Filled |
| Eliminate Planner | (\$124,571) | | | | (1.00) | * Vacant |
| Eliminate Staff Asst III | (\$69,408) | | | | (1.00) | * Filled |
| Principal Plans Examiner | (\$161,943) | | | | (1.00) | * Filled |
| Planning Total | (\$878,077) | \$0 | (\$522,155) | \$0 | (7.00) | |
| Public Works | | | | | | |
| Replace High Wattage Bulbs | (\$65,692) | | (\$65,692) | | | |
| | (\$60,308) | | | | | |
| Reduce Fleet Maintenance sublet repairs | (\$112,812) | | (\$112,812) | | | |
| | (\$48,749) | | | | | |
| Replace High Mast Street Light Luminaries with Induction Lighting | (\$314,000) | | (\$314,000) | | | |
| Defund Executive Secretary | (\$44,934) | | (\$44,934) | | (0.50) | Vacant |
| | (\$44,935) | | | | (0.50) | * |
| Eliminate MA III | (\$63,404) | | (\$63,404) | | (0.50) | Filled |
| | (\$63,404) | | | | (0.50) | * |
| Eliminate Security Ranger | (\$78,946) | | (\$78,946) | | (1.00) | Vacant |
| SMIWM/Parks Reorganization | (\$300,000) | | (\$300,000) | | | |
| BSFMD Reduction | (\$58,830) | | (\$58,830) | | | |
| City Hall Space Plan | | | | | | |
| Charge PCC for use of Jackie Robinson Stadium | | \$31,762 | | \$31,762 | | |
| Charge for use of Area H and ball diamonds 2 and 3 Rose Bowl Parking Revenues | | | | | | |
| Public Works Total | (\$1,256,014) | \$31,762 | (\$1,038,618) | \$31,762 | (3.00) | |
| Transportation | | | | | | |
| Departmental Reorganization | (\$292,102) | | (\$292,102) | | | Filled |
| Resturcture Staff Costs from GF to Transit and Parking Funds | | | | | | |
| Transportation Total | (\$292,102) | \$0 | (\$292,102) | \$0 | 0.00 | |

* All FTEs except those marked with an * are in the General Fund.

FY 2013 Proposed Budget Reductions/Additional Revenue

| Description of Proposed Reduction | All Funds | | General Fund | | FTE Impact* | Vacant or Filled |
|-----------------------------------|----------------------|------------------|----------------------|------------------|----------------|------------------|
| | Expenses | Revenues | Expenses | Revenues | | |
| City Manager/PCDC | | | | | | |
| Loss of TI Funding | | | | | | |
| Eliminate Project Manager | | | | | (1.00) * | Filled |
| Eliminate Managemeth Analyst IV | | | | | (1.00) * | Filled |
| City Manager/PCDC Total | | \$0 | \$0 | \$0 | (2.00) | |
| Housing | | | | | | |
| Loss of TI Funding | | | | | (1.00) * | Filled |
| Eliminate Program Coordinator | | | | | (1.00) | |
| Housing Total | | \$0 | \$0 | \$0 | (1.00) | |
| Total | (\$3,905,021) | \$561,762 | (\$2,927,580) | \$561,762 | (19.46) | |

Summary of All Proposed Reductions

| | | | | |
|---------------------------------------|----------------|--|----------------------|---|
| Proposed Reductions: | | | Recap | |
| General Fund | (\$2,927,580) | | (\$5,406,943) | Estimated General Fund FY13 reductions needed: (structural \$1.6 million ; one-time \$2.7 million) |
| Other Funds | (\$977,441) | | (\$2,562,246) | Identified layoffs/revenues per detail (structural) |
| Total | (\$3,905,021) | | (\$365,334) | One-time Savings (not structural) |
| FTEs: | | | (\$2,927,580) | Expense Reductions Subtotal |
| Reductions (includes defunded) | | | (\$561,762) | New Revenue |
| General Fund | (13.46) | | (\$3,489,342) | Net Identified GF Savings |
| Other Funds | (5.00) | | (\$1,586,052) | Additional 1% Power Fund GFT (structural) |
| FTE Reductions | (18.46) | | (\$331,549) | Balance of required reductions |
| Increases | | | | Potential methods to address remaining reduction balance |
| General Fund | 1.00 | | | One-time reduction of W/C charges |
| Other Funds | 0.00 | | | One-time reduction of Fleet charges |
| FTE Increases | 1.00 | | | One-time use of unallocated fund balance |
| Net Change: | (17.46) | | | |
| Layoffs Total | | | | |
| General Fund | (15.00) | | (2.46) | |
| Other Funds | (8.50) | | | |
| Other Funds | (6.50) | | | |

* All FTEs except those marked with an * are in the General Fund.

Attachment B

General Fund 5-Year Financial Plan

| | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Forecast | FY 2013 Projected | FY 2014 Projected | FY 2015 Projected | FY 2016 Projected |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Amount Available for Appropriations | 30,465,905 | 29,129,097 | 20,074,879 | 14,107,746 | 7,973,288 | 3,861,091 | 4,048,634 | 4,424,110 | 4,535,024 |
| REVENUES | | | | | | | | | |
| Property Taxes | 35,284,428 | 38,414,298 | 38,266,093 | 37,952,059 | 38,798,747 | 39,962,709 | 41,154,381 | 42,769,947 | 44,449,365 |
| Sales Tax | 35,444,025 | 31,941,372 | 28,059,194 | 29,249,499 | 30,300,000 | 31,209,000 | 32,145,270 | 33,752,534 | 35,440,160 |
| Utility User Tax | 29,639,754 | 31,162,427 | 29,519,607 | 29,355,561 | 30,202,800 | 30,341,870 | 31,105,612 | 32,215,136 | 33,333,339 |
| Transient Occupancy Tax | 8,847,757 | 7,382,353 | 6,941,949 | 7,667,817 | 8,160,000 | 8,415,000 | 8,667,450 | 8,970,811 | 9,265,520 |
| Franchise Taxes | 2,107,758 | 2,401,934 | 1,933,376 | 2,215,702 | 2,414,593 | 2,484,718 | 2,556,947 | 2,631,342 | 2,707,970 |
| Other Taxes | 16,367,896 | 15,277,634 | 13,626,018 | 13,771,495 | 13,950,000 | 14,425,000 | 15,027,250 | 16,082,340 | 16,158,714 |
| Total Taxes | 127,691,618 | 126,580,018 | 118,346,237 | 120,212,133 | 123,826,140 | 126,838,297 | 130,656,909 | 136,422,110 | 141,355,068 |
| Licenses & Permits | 2,616,995 | 2,297,129 | 2,560,129 | 2,407,099 | 2,664,160 | 2,754,314 | 2,871,521 | 2,973,320 | 3,076,451 |
| Intergovernmental Revenues | 13,367,600 | 13,593,024 | 13,633,140 | 14,232,863 | 13,901,083 | 14,099,940 | 14,364,350 | 14,796,870 | 15,077,704 |
| Charges for Services | 21,598,485 | 22,407,112 | 21,604,333 | 21,776,692 | 21,621,721 | 23,086,095 | 23,558,284 | 24,630,405 | 25,155,166 |
| Fines & Forfeitures | 8,024,617 | 8,844,378 | 5,135,244 | 6,447,122 | 6,789,500 | 6,981,540 | 7,184,911 | 7,394,384 | 7,610,140 |
| Investment/Interest Earnings | 21,564,124 | 22,074,198 | 24,401,371 | 23,231,648 | 19,540,000 | 19,959,902 | 10,817,132 | 1,108,537 | 1,118,276 |
| Rental Income | 1,137,099 | 1,040,577 | 611,581 | 613,649 | 658,153 | 660,984 | 665,200 | 669,542 | 674,015 |
| Miscellaneous | 1,592,870 | 1,485,357 | 1,287,870 | 1,163,346 | 1,120,376 | 1,153,626 | 1,177,574 | 1,202,239 | 1,227,645 |
| TOTAL REVENUES | 197,593,408 | 198,321,792 | 187,579,905 | 190,084,552 | 190,121,133 | 195,534,638 | 191,295,881 | 189,197,407 | 195,294,466 |
| EXPENDITURES | | | | | | | | | |
| Personnel | 129,953,531 | 135,224,048 | 132,088,980 | 126,515,653 | 126,365,013 | 127,214,215 | 128,341,756 | 131,007,704 | 134,185,137 |
| Services & Supplies | 27,441,731 | 26,033,719 | 23,091,571 | 25,709,769 | 27,138,941 | 27,117,136 | 27,144,235 | 27,428,193 | 27,713,846 |
| Equipment | 490,057 | 183,638 | 5,379,965 | 25,157 | 27,312 | 27,441 | 27,466 | 27,755 | 28,044 |
| Internal Services | 15,584,437 | 15,606,815 | 14,771,992 | 14,996,858 | 15,260,365 | 16,169,274 | 17,019,398 | 18,037,560 | 18,315,696 |
| TOTAL EXPENDITURES | 173,469,756 | 177,048,220 | 175,332,508 | 167,247,438 | 168,791,631 | 170,528,066 | 172,532,856 | 176,501,212 | 180,242,723 |
| Excess Revenues over (Expenses) | 24,123,652 | 21,273,572 | 12,247,397 | 22,837,114 | 21,329,502 | 25,006,572 | 18,763,025 | 12,696,195 | 15,051,743 |
| OPERATING TRANSFER (IN / (OUT)) | | | | | | | | | |
| Debt Service | (30,284,629) | (29,664,996) | (35,072,953) | (34,128,414) | (31,811,180) | (32,683,458) | (23,174,674) | (17,556,931) | (18,075,736) |
| Contributions to Other Funds/Misc | (13,187,451) | (18,397,519) | (13,037,782) | (13,184,777) | (13,393,253) | (12,886,908) | (14,682,555) | (15,031,923) | (15,391,494) |
| Abateements for Svcs to Other Funds | 4,046,657 | 2,242,779 | 11,157,176 | 2,296,783 | 333,522 | 1,236,478 | 1,039,522 | 1,042,658 | 1,045,887 |
| Enterprise Contributions | 14,285,244 | 15,791,759 | 18,739,029 | 16,044,836 | 19,429,212 | 19,514,859 | 18,430,158 | 18,960,915 | 17,907,595 |
| NET OPERATING TRANSFER (IN / (OUT)) | (25,140,179) | (30,027,978) | (18,214,530) | (28,971,572) | (25,441,699) | (24,819,029) | (18,387,549) | (12,585,281) | (14,513,747) |
| Operating Income/(Loss) | (1,016,527) | (8,754,406) | (5,967,133) | (6,134,458) | (4,112,197) | 187,543 | 375,476 | 110,914 | 537,996 |
| Ending Amounts Available for Appropriations | 29,449,377 | 20,374,691 | 14,107,746 | 7,973,288 | 3,861,091 | 4,048,634 | 4,424,110 | 4,535,024 | 5,073,020 |