

# City of Columbia City Council Mini Retreat

May 16, 2009

# Goals for Today

- 2010 Budget Framework
- Six Month Update
- Capital Improvement Plan Review
- Discussion of Core Programs & Fee Cost Recovery Policy/Goals
- Retreat Budget Discussion Information

## **Budget Goal Setting Work Session Proposed Process (as discussed in January)**

- **January 29th Work Session**
- **February work session:**
  - Provide and review any additional information Council requests
  - Review and discuss types of performance measures to be included in the 2010 budget as recommended in the Vision Implementation Plan
- **March Saturday Work Session (Suggested date March 14)**
  - Prepare Final Draft of Council 2010 Budget Goals
- **April**
  - Finalize Council 2010 Budget Goals
  - Identify limited performance based outcomes to be included in 2010 budget
- **May 16th**
  - Mini Retreat – Review six month financial status
  - Review Council 2010 Budget Goals and performance based outcomes
- **June 4, 5,& 6**
  - Annual Council Retreat

## FY 2010 Budget and CIP Timeline

November, 2008	January, 2009	February, 2009	March, 2009	April, 2009
<b>Staff:</b> <ul style="list-style-type: none"> <li>♦</li> <li>♦</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Budget staff updates CIP project information</li> <li>♦ Staff provide Council with what they do (core functions) mandates, etc</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Depts. Begin entering new projects and update CIP info.</li> <li>♦ Staff identify issues impacting FY 2010 budget</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Mid March: City Mgr. meets with depts to discuss CIP projects</li> <li>♦</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Budget staff begins preparing draft CIP document</li> <li>♦ City Manager provides budget guidelines to departments</li> <li>♦ Depts begin working on budget estimates</li> </ul>
<b>Visioning:</b> <ul style="list-style-type: none"> <li>♦ Depts. Meet with consultant - Vision Implementation</li> </ul>	<b>Visioning:</b> <ul style="list-style-type: none"> <li>♦ CMO Internal Review - Draft Vision Implementation Report</li> </ul>	<b>Visioning:</b> <ul style="list-style-type: none"> <li>♦ Department Feedback-Vision Draft Implementation Report</li> </ul>	<b>Visioning:</b> <ul style="list-style-type: none"> <li>♦ Send Draft Implementation Report to Council - Finalize</li> </ul>	<b>Visioning:</b>
<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Budget Worksession <ul style="list-style-type: none"> <li>-agree on process and timeframe</li> <li>-vision-based framework for priority setting</li> </ul> </li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Jan 23rd Budget Worksession: <ul style="list-style-type: none"> <li>- Review National League of Cities "Guarding the Public Checkbook"</li> <li>- Review of Program Listings from departments</li> </ul> </li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Council Budget Worksession: Review and discuss types of performance measures and goal setting</li> <li>♦</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Council Budget Worksession: <ul style="list-style-type: none"> <li>- Financial briefing from staff</li> <li>- Prepare final draft of Council 2010 Budget Goals</li> </ul> </li> <li>♦ Keys to the City</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Finalize Council 2010 Budget Goals</li> <li>♦ Identify limited performance based outcomes to be included in 2010 budget</li> </ul>

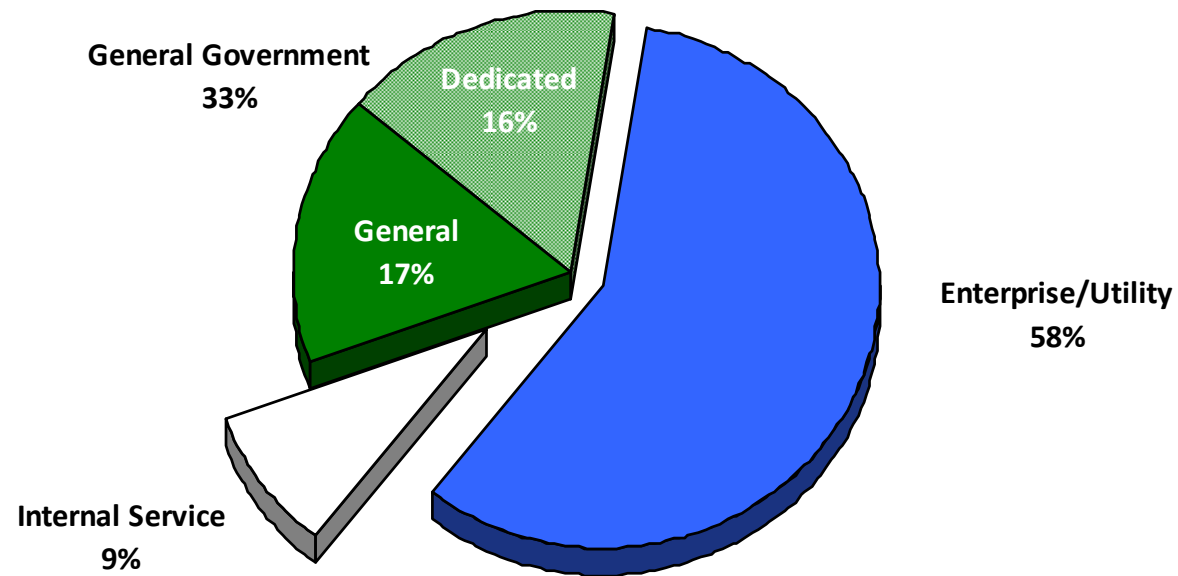
May, 2009	June, 2009	July, 2009	August, 2009	September, 2009
<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Draft CIP document prepared and reviewed by Planning &amp; Zoning Commission</li> <li>♦ mid-May: Depts submit budgets to Finance for review</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ City Manager budget meetings with Departments</li> <li>♦</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Finalize CIP for City Manager's Budget Document</li> <li>♦ Mid: City Manager makes final budget decisions</li> <li>♦ City Manager's budget document prepared &amp; press conference held</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Prepares and meets with City Council during worksessions</li> <li>♦ Amendments prepared and submitted</li> <li>♦</li> </ul>	<b>Staff:</b> <ul style="list-style-type: none"> <li>♦ Prepares Final budget document once Council adopts budget</li> <li>♦</li> <li>♦</li> </ul>
<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Mini-retreat <ul style="list-style-type: none"> <li>-Complete Council preliminary review of CIP</li> <li>-Financial Review</li> <li>-Review Council 2010 Budget Goals and performance based outcomes</li> </ul> </li> <li>♦</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Council Retreat <ul style="list-style-type: none"> <li>-Review Council 2010 Budget Goals</li> <li>-Review Performance based outcomes</li> </ul> </li> <li>♦</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ Public Hearing on CIP</li> <li>♦ End: Council receives City Manager's budget document</li> <li>♦</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ City Council budget work-sessions and public hearings</li> <li>♦ Adjust budget and outcomes based on public hearings and Council worksessions</li> <li>♦</li> </ul>	<b>Council:</b> <ul style="list-style-type: none"> <li>♦ City Council budget work-sessions and public hearings</li> <li>♦ Budget scheduled to be adopted on 09/21/09</li> <li>♦ City charter states if budget is not adopted by fiscal year City Manager's budget is in effect.</li> </ul>

# 2010 City Manager Budget Goals

- Maintain core service levels
- No layoffs
- Fully fund positions added in FY 2009
- Fully fund pensions
- Continue to pay 100% of the cost of employee health care premiums
- Continue to subsidize dependent health care premiums
- Increase Health insurance premiums and dependent care subsidies 7%

# Types of Operation

City of Columbia has 3 separate types of operations. Each has a unique set of budget issues.



# Budget Summary Fact Sheet – Types of Operations

## **General Government Operations:**

- Provides basic governmental services such as police, fire, health, parks & recreation, public works and administration.
- Supported by tax revenue.
- May charge fees for some services, but in general, most operations are not expected to be self-supporting.
- Some tax revenues are dedicated for a specific use such as Transportation Sales Tax, Capital Improvement Sale Tax, Parks Sales Tax, grants, etc. A dedicated source cannot be used for any other use.

# Budget Summary Fact Sheet – Types of Operations

## **Enterprise/Utility Operations:**

- Operates as a business.
- Provides products and services to citizens on a user charge basis.
- Required by Section 27 of City Charter to keep charges for all services performed by each enterprise separate from all other city accounts.
- Enterprise/Utility operations are water, electric, sewer, solid waste, storm water, parking, railroad, bus, airport, and recreation services.



# Budget Summary Fact Sheet – Types of Operations

## **Internal Service Operations:**

- Centralized services offered by one department to other City departments on a cost-reimbursement basis.
- Are expected to fully recover costs through fees and charges to City departments.
- Required by Section 27 of City Charter to keep charges for all services performed by each enterprise separate from all other city accounts.
- Internal service operations are custodial, building maintenance, fleet operations (fueling & maintenance), computer, insurance, communication, and utility billing services.

# Budget Summary

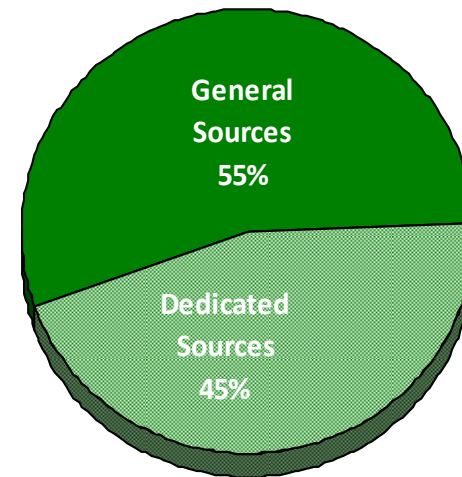
- So how does all this impact the City's budget options?
  - The City does not have one big budget but a series of smaller budgets that must stand alone. In other words, the City cannot take excess funds from one operation to support another operation.
  - City government functions as a single unit with a uniform set of guidelines for all budgets.
  - Each Enterprise/Utility operation's rates and user charges are determined by their cost to provide service.
  - The cost of providing centralized services through Internal Service funds has an impact on the rates charged by the Enterprise/Utilities and how the City uses tax dollars.
  - The City has many restrictions on how it can allocate tax dollars based upon their dedicated nature.
  - Some Enterprises (bus operations, airport and recreation services) are allocated dedicated tax dollars to support their operations due to the public benefit they provide.

# General Government

Where the money comes from:

- General Sources include tax dollars, user fees, etc that can be used for any public purpose.
- Dedicated Sources include tax dollars, grants, fees etc., which have a legal or administrative mandate to be used for a specific purpose.

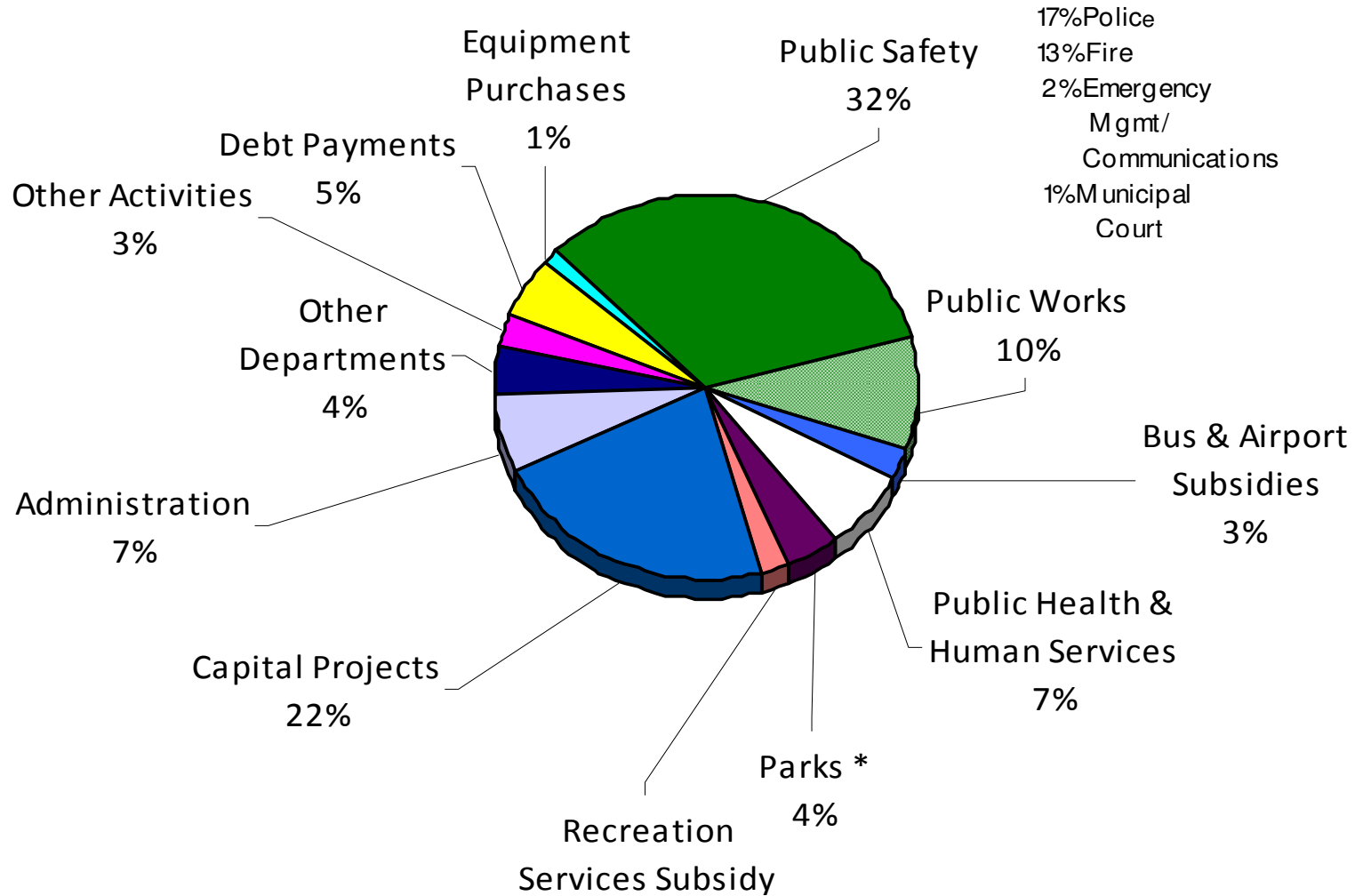
**General Government Sources**



# General Government

Where the money goes:

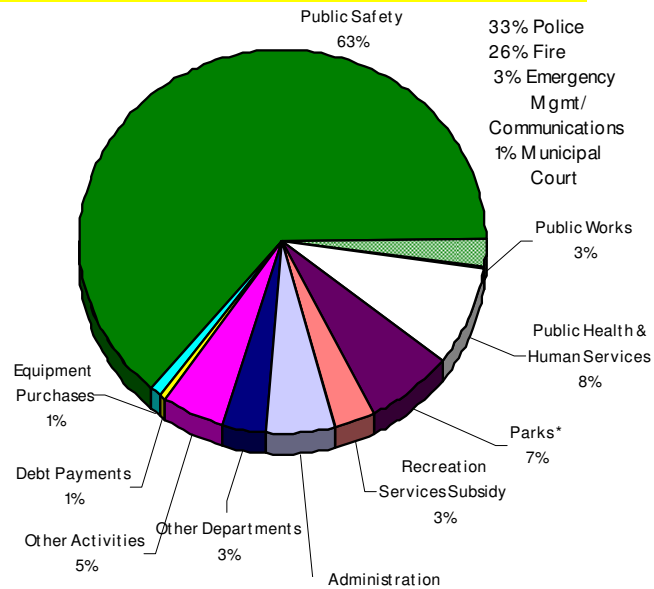
## Total Sources Allocated



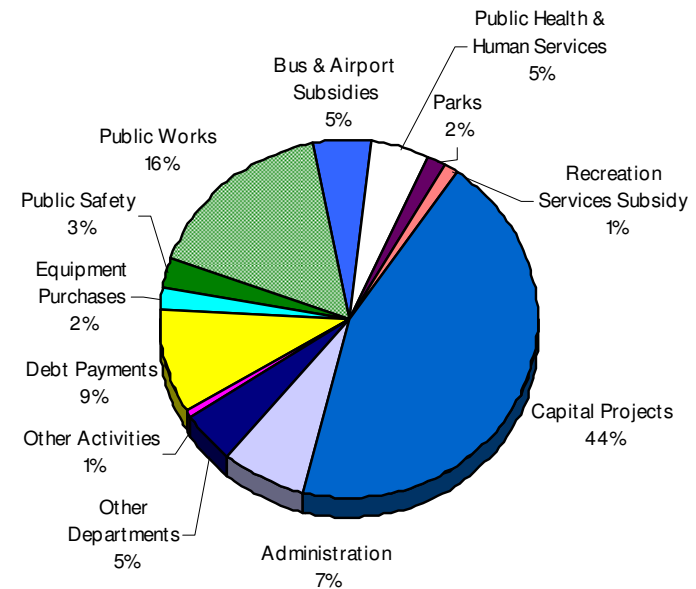
# General Government

## Where the money goes:

### General Sources Allocated



### Dedicated Sources Allocated



# General Government Overview 2009 Estimates

	<b>General</b>		<b>Dedicated</b>		<b>Total</b>	
<b>Sources:</b>						
Taxes	67.7%	\$33,673,570	59.0%	\$23,645,620	\$57,319,190	63.8%
Gov't	23.0%	\$11,455,000	32.0%	\$12,821,668	\$24,276,668	27.0%
Other	9.2%	\$4,589,748	9.1%	\$3,638,246	\$8,227,994	9.2%
<b>Total Sources</b>	<b>100%</b>	<b>\$49,718,318</b>	<b>100%</b>	<b>\$40,105,534</b>	<b>\$89,823,852</b>	<b>100%</b>
	55%		45%			
<b>Uses:</b>						
Public Safety	65.0%	\$33,817,048	6.0%	\$1,455,395	\$35,272,443	46.2%
Public Works	2.2%	\$1,147,950	36.9%	\$8,949,767	\$10,097,717	13.2%
Bus & Airport Subsidies	0.0%	\$0	11.3%	\$2,732,750	\$2,732,750	3.6%
Public Health and Environment	11.1%	\$5,798,591	14.2%	\$3,451,559	\$9,250,150	12.1%
Parks	7.0%	\$3,646,212	3.9%	\$946,745	\$4,592,957	6.0%
Recreation Services Subsidy	3.3%	\$1,705,910	2.6%	\$637,725	\$2,343,635	3.1%
Administration	5.9%	\$3,093,284	16.6%	\$4,025,046	\$7,118,330	9.3%
Other	5.4%	\$2,813,101	8.6%	\$2,082,416	\$4,895,517	6.4%
<b>Total Uses Before Capital and Transfers</b>	<b>100%</b>	<b>\$52,022,096</b>	<b>100%</b>	<b>\$24,281,403</b>	<b>\$76,303,499</b>	<b>100%</b>
Debt Payments		\$297,625		\$5,150,318	\$5,447,943	
Equipment Purchases		\$222,161		\$634,576	\$856,737	
Capital Projects		\$0		\$23,398,909	\$23,398,909	
<b>Total Uses</b>		<b>\$52,541,882</b>		<b>\$53,465,206</b>	<b>\$106,007,088</b>	
<b>Net Transfers</b>		(\$114,608)		\$7,504,277	\$7,389,669	
<b>Amount of Reserves Saved (Used)</b>		(\$2,938,172)		(\$5,855,395)	(\$8,793,567)	

# General Government Sources

	General	Dedicated	Total
<b>Taxes</b>			
Property Taxes	\$6,740,000	-	\$6,740,000
Sales Tax	\$18,189,570	\$18,933,120	\$37,122,690
Other Taxes	\$8,744,000	\$4,712,500	\$13,456,500
<b>Gov't</b>			
PILOT (payment from city utilities)	\$11,455,000	-	\$11,455,000
Admin. Charges to Other Funds	-	\$4,025,046	\$4,025,046
Grants	-	\$8,796,622	\$8,796,622
<b>Other</b>			
Other Revenue (lic., fees & fines)	\$2,415,665	\$2,199,996	\$4,615,661
Investment Revenue	\$800,000	\$680,000	\$1,480,000
Miscellaneous	\$1,374,083	\$758,250	\$2,132,333
<b>Total Sources</b>	<b>\$49,718,318</b>	<b>\$40,105,534</b>	<b>\$89,823,852</b>

- Only 55% of General Government sources are not dedicated for a specific use.
- 45% of all General Government sources must be used for a dedicated purpose.
- Over half of all sales taxes collected are for a dedicated use such as Transportation, Parks or Capital Improvements.

# General Government Uses

	General	Dedicated	Total
<b>Public Safety:</b>			
Police	\$17,520,638	\$474,500	\$17,995,138
Fire	\$13,849,322	\$44,219	\$13,893,541
Emergency Management & Communications	\$1,741,276	\$936,676	\$2,677,952
Municipal Court	\$705,812	-	\$705,812
<b>Public Works:</b>			
Administration & Engineering	\$486,175	\$1,651,191	\$2,137,366
Streets & Traffic	(\$478)	\$6,243,464	\$6,242,986
Get About Grant	\$37,333	\$305,812	\$343,145
Protective Inspections	\$624,920	\$749,300	\$1,374,220
<b>Bus &amp; Airport Subsidy</b>	-	\$2,732,750	\$2,732,750
<b>Public Health &amp; Human Services</b>			
Environmental and Health	\$2,536,738	\$2,409,322	\$4,946,060
Animal Control	\$297,124	\$176,645	\$473,769
Community Services	\$1,164,487	\$141,451	\$1,305,938
Social Services	\$321,039	\$31,841	\$352,880
Planning	\$847,960	\$621,222	\$1,469,182
Economic Development	\$273,303	\$13,553	\$286,856
Cultural Affairs	\$357,940	\$57,525	\$415,465
<b>Parks</b>	\$3,646,212	\$946,745	\$4,592,957
<b>Recreation Services Subsidy</b>	\$1,705,910	\$637,725	\$2,343,635
<b>Administration</b>			
City Council	\$109,801	\$142,875	\$252,676
City Clerk	\$164,204	\$213,665	\$377,869
City Manager	\$484,023	\$629,822	\$1,113,845
Finance	\$1,487,028	\$1,934,951	\$3,421,979
Human Resources	\$421,852	\$548,922	\$970,774
Law	\$426,377	\$554,810	\$981,187
<b>Other:</b>			
Volunteer Services	\$266,959	-	\$266,959
Conventions & Visitors Bureau	-	\$1,787,980	\$1,787,980
Other	\$2,546,142	\$294,436	\$2,840,578
<b>Total Uses Before Transfers, Equipment &amp; Capital Projects</b>	<b>\$52,022,096</b>	<b>\$24,281,403</b>	<b>\$76,303,499</b>
Equipment	\$222,161	\$634,576	\$856,737
Capital Projects	-	\$23,398,909	\$23,398,909
Debt Payment	\$297,625	\$5,150,318	\$5,447,943
<b>Total Uses</b>	<b>\$52,541,882</b>	<b>\$53,465,206</b>	<b>\$106,007,088</b>
<b>Net Transfer/Bond Proceeds</b>	<b>(\$114,608)</b>	<b>\$7,504,277</b>	<b>\$7,389,669</b>



# Six Month Update

## General Fund Revenues

		<b>2009 Six Month</b>	<b>Increase (Decrease) from 2008</b>	<b>2009 % of Budget</b>		<b>2008 Six Month</b>	<b>2008 % of Budget</b>
Property Taxes	\$	6,557,482	\$ 249,013	98.02%	\$	6,308,469	100.64%
Sales Taxes	\$	9,187,651	\$ (215,232)	47.65%	\$	9,402,883	47.63%
Other Local Taxes	\$	6,449,167	\$ 576,992	57.81%	\$	5,872,175	62.83%
License & Permits	\$	63,458	\$ (9,269)	7.97%	\$	72,727	9.61%
Fines	\$	672,493	\$ (25,935)	46.81%	\$	698,428	50.01%
Fees & Service Charges	\$	617,254	\$ (93,695)	40.53%	\$	710,949	37.36%
PILOT	\$	5,447,068	\$ 227,656	46.54%	\$	5,219,412	49.02%
Administrative Fees to Other Funds	\$	2,012,523	\$ 224,146	50.00%	\$	1,788,377	50.00%
Revenue From Other Gov't Units	\$	1,903,497	\$ (21,779)	47.84%	\$	1,925,276	37.21%
Investment Revenue	\$	648,591	\$ (159,624)	81.07%	\$	808,215	107.76%
Miscellaneous	\$	1,032,886	\$ (972,280)	70.47%	\$	2,005,166	61.45%
Transfers	\$	3,755,592	\$ 37,493	50.41%	\$	3,718,099	50.13%
<b>Total</b>	<b>\$</b>	<b>38,347,662</b>	<b>\$ (182,514)</b>	<b>54.54%</b>	<b>\$</b>	<b>38,530,176</b>	<b>54.85%</b>

# Six Month Update

## General Fund Selected Revenues

		<b>2009 Six Month</b>	<b>Increase (Decrease) from 2008</b>	<b>2009 % of Budget</b>		<b>2008 Six Month</b>	<b>2008 % of Budget</b>
Property Taxes	\$	6,557,482	\$ 249,013	98.02%	\$	6,308,469	100.64%
Sales Taxes	\$	9,187,651	\$ (215,232)	47.65%	\$	9,402,883	47.63%
Other Local Taxes	\$	6,449,167	\$ 576,992	57.81%	\$	5,872,175	62.83%
License & Permits	\$	63,458	\$ (9,269)	7.97%	\$	72,727	9.61%
Fines	\$	672,493	\$ (25,935)	46.81%	\$	698,428	50.01%
Fees & Service Charges	\$	617,254	\$ (93,695)	40.53%	\$	710,949	37.36%
PILOT	\$	5,447,068	\$ 227,656	46.54%	\$	5,219,412	49.02%
Investment Revenue	\$	648,591	\$ (159,624)	81.07%	\$	808,215	107.76%
Miscellaneous	\$	1,032,886	\$ (972,280)	70.47%	\$	2,005,166	61.45%
<b>Total</b>	<b>\$</b>	<b>30,676,050</b>	<b>\$ (422,374)</b>	<b>55.92%</b>	<b>\$</b>	<b>31,098,424</b>	<b>57.51%</b>

Budgeted Increase in Revenues \$ 779,702  
 Six Month Change in Revenues \$ (422,374)

# Six Month Update

## General Fund Expenditures

	FY 2009 Revised Budget	Actual FY 2009 6 Months	% of Budget	FY 2008 % of Budget
City Council	\$ 262,747	\$ 102,616	39.06%	40.95%
City Clerk	\$ 351,663	\$ 263,150	74.83%	40.04%
City Manager	\$ 1,137,687	\$ 470,509	41.36%	41.86%
Finance Department	\$ 3,484,432	\$ 1,664,486	47.77%	47.99%
Human Resources	\$ 988,905	\$ 411,347	41.60%	44.38%
Volunteer Services	\$ 272,169	\$ 93,400	34.32%	43.97%
Law Department	\$ 1,003,205	\$ 468,503	46.70%	43.91%
Municipal Court	\$ 735,717	\$ 323,344	43.95%	44.01%
Police Department	\$ 19,773,224	\$ 9,139,242	46.22%	46.59%
Fire Department	\$ 14,299,101	\$ 6,855,129	47.94%	46.48%
Health Department	\$ 5,989,472	\$ 2,650,024	44.24%	42.92%
JCIC & Emergency Management	\$ 2,806,047	\$ 1,416,592	50.48%	49.55%
Planning & Development	\$ 1,169,029	\$ 352,832	30.18%	37.58%
Economic Development	\$ 381,737	\$ 132,119	34.61%	48.11%
Community Services	\$ 1,468,384	\$ 653,278	44.49%	34.17%
Cultural Affairs	\$ 430,677	\$ 210,462	48.87%	48.96%
Parks & Recreation	\$ 5,015,938	\$ 2,008,291	40.04%	41.95%
Public Works	\$ 15,475,369	\$ 4,915,830	31.77%	33.94%
City General	\$ 5,750,980	\$ 2,453,974	42.67%	41.92%
Total Department	\$ 80,796,483	\$ 34,585,128	42.81%	43.01%

# Six Month Update

## General Fund Expenditures

- Overall expenditures targeted to come in at a minimum of 3% under budget.
  - Total of \$2.3 million
    - Personnel vacancies - \$1 million
    - Defer equipment purchases - \$725,000
    - Fuel cost savings – \$350,000
    - Other savings - \$225,000

# Six Month Update

## Enterprise Funds

	<b>Enterprise Funds</b>			
	Budgeted Revenues FY09	Budgeted Expenses FY09	Budget 09 Net Income or (Loss) Trsf. to R.E.	6-Month Net Income Before Cap Cont.
<b>Electric Utility</b>	117,318,583	121,127,538	(3,808,955)	<b>3,993,088</b>
<b>Water Utility</b>	18,694,838	18,026,455	668,383	<b>(1,892,147)</b>
<b>Railroad</b>	1,154,750	1,130,477	24,273	<b>(119,959)</b>
<b>Sanitary Sewer Utility</b>	13,335,452	12,501,163	834,289	<b>315,738</b>
<b>Regional Airport</b>	3,180,763	2,429,155	751,608	<b>(149,373)</b>
<b>Public Transportation</b>	5,079,475	5,686,317	(606,842)	<b>(187,907)</b>
<b>Solid Waste</b>	15,084,700	15,270,232	(185,532)	<b>698,427</b>
<b>Parking Facilities</b>	2,057,869	1,478,689	579,180	<b>586,794</b>
<b>Recreation Services</b>	6,806,648	7,695,028	(888,380)	<b>(183,577)</b>
<b>Storm Water Utility</b>	1,469,435	1,890,446	(421,011)	<b>(87,581)</b>
<b>Total</b>	<u>184,182,513</u>	<u>187,235,500</u>	<u>(3,052,987)</u>	<u><b>2,973,503</b></u>

# Six Month Update

## Internal Service Funds

	Budgeted Revenues FY09	Budgeted Expenses FY09	Budget 09 Net Income or (Loss) Trsf. to R.E.	6-Month Net Income or (Loss) Trsf. to R.E.
<b>Custodial &amp; Maintenance Services</b>	1,115,759	1,347,202	(231,443)	<b>22,446</b>
<b>Utility Customer Services</b>	1,799,794	2,189,665	(389,871)	<b>(38,028)</b>
<b>Information Technologies</b>	4,031,435	4,453,392	(421,957)	<b>99,359</b>
<b>Public Communications</b>	1,663,349	1,724,403	(61,054)	<b>16,054</b>
<b>Fleet Operations</b>	8,185,210	8,241,192	(55,982)	<b>131,737</b>
<b>Self Insurance Reserve</b>	3,603,865	4,191,178	(587,313)	<b>(527,079)</b>
<b>Employee Benefit Fund</b>	12,601,878	12,260,349	341,529	<b>149,593</b>
<b>Total</b>	<u>33,001,290</u>	<u>34,407,381</u>	<u>(1,406,091)</u>	<u><b>(145,918)</b></u>

# General Fund Forecast

Updated May 5, 2009

## Assumptions:

	FY 09 Budget	FY 09 Estimated	FY 10 Projected	FY 11 Projected	FY 12 Projected
Property Tax			2.00%	2.00%	3.00%
Sales Tax		(4.00%)	0.50%	1.50%	2.50%
Intragovernmental Revenues			4.00%	7.00%	7.00%
Other Revenues			1.00%	2.00%	2.00%
Personnel Costs			4.00%	4.00%	4.00%
Intragovernmental Charges			9.50%	9.50%	9.00%
Other Operating Costs			2.00%	3.00%	3.50%
Amount of Capital Purchases			\$2,000,000	\$2,000,000	\$2,250,000
Transfers			2.00%	1.00%	1.00%
Total Revenues	\$69,964,700	\$69,306,381	\$70,442,698	\$72,569,272	\$75,049,315
Total Expenditures	\$74,933,880	\$72,629,804 96.93%	\$78,192,024	\$81,267,019	\$84,796,799
Allowance for Unspent Funds			3.00%	3.00%	3.00%
Allowance for Revenue Above Budget			0.00%	0.00%	0.00%
<b>Min to Reduce Expenditures/ Increase Revenues</b>		\$2,304,076	\$2,388,116	\$4,527,513	\$1,166,078
<b>Additional Cut for use in 2011</b>			\$1,500,000	(\$1,500,000)	\$0
<b>Targeted Cut Amount</b>			<b>\$3,888,116</b>	<b>\$3,027,513</b>	<b>\$1,166,078</b>
Use of Fund Balance		\$3,323,423	\$5,361,210	\$1,782,118	\$1,665,777
Fund Balance Percent		24.61%	16.00%	16.00%	16.00%

# Forecasted General Fund Expenditures

	<b>FY 09 Budget</b>	<b>FY 09 Estimated</b>	<b>FY 10 Projected</b>	<b>FY 11 Projected</b>	<b>FY 12 Projected</b>
Total Expenditures	\$74,933,880	\$72,629,804	\$78,192,024	\$81,267,019	\$84,796,799
Previous Year Cuts				\$3,888,116	\$6,915,629
Necessary Cuts			\$3,888,116	\$3,027,513	\$1,166,078
Projected Total General Fund Expenditures	\$74,933,880	\$72,629,804	\$74,303,908	\$74,351,390	\$76,715,092



# Payroll Cost Projections for FY 2010

(without any cost of living, performance pay, or new positions)

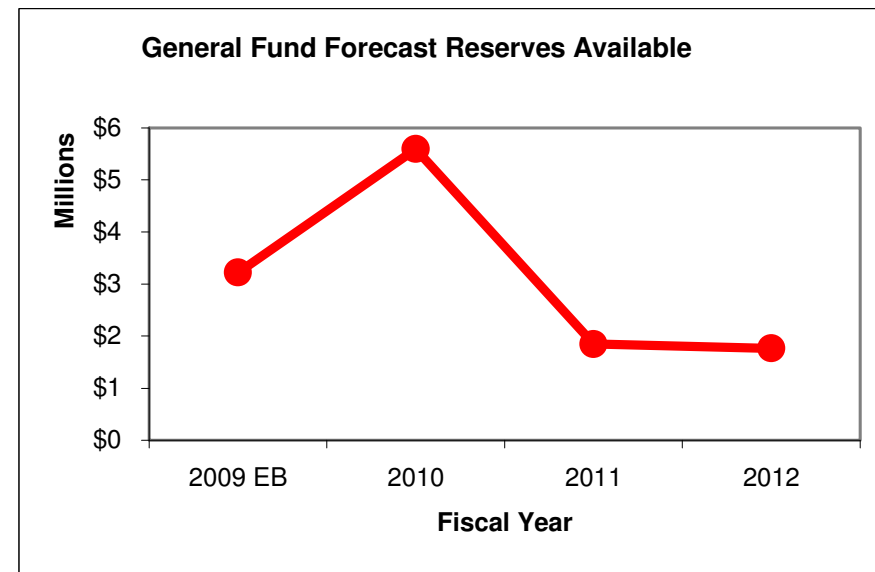
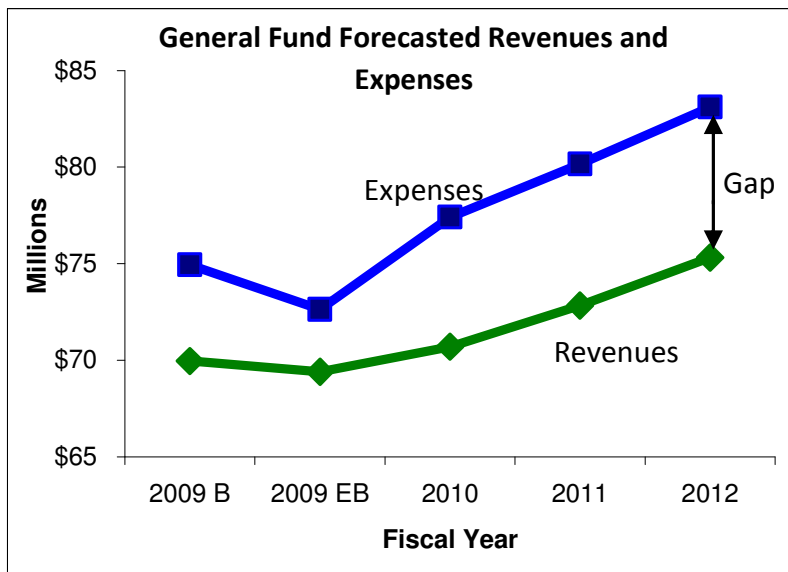
- Fully fund positions added in FY 2009
- Fully fund pensions
- Continue to pay 100% of the cost of employee health care premiums
- Continue to subsidize dependent health care premiums
- Increase Health insurance premiums and dependent care subsidies 7%

	2009 Budget	2010 Projection	Change	% Chg
<b>General Fund</b>				
Health 7% Increase	\$3,648,413	\$3,931,766	\$283,353	7.77%
LAGERS	\$2,164,802	\$2,375,061	\$210,259	9.71%
Police Pension	\$2,595,734	\$2,745,262	\$149,528	5.76%
Fire Pension	\$3,123,339	\$3,509,349	\$386,010	12.36%
Other	\$37,372,141	\$37,958,817	\$586,676	1.57%
<b>Total General Fund</b>	<b>\$48,904,429</b>	<b>\$50,520,255</b>	<b>\$1,615,826</b>	<b>3.30%</b>
<b>All Other Funds</b>				
Health 7% Increase	\$3,519,107	\$3,749,679	\$230,572	6.55%
LAGERS	\$4,128,189	\$4,448,600	\$320,411	7.76%
Other	\$35,781,195	\$35,803,241	\$22,046	0.06%
<b>Total Other Funds</b>	<b>\$43,428,491</b>	<b>\$44,001,520</b>	<b>\$573,029</b>	<b>1.32%</b>
<b>Total</b>				
Health 7% Increase	\$7,167,520	\$7,681,445	\$513,925	7.17%
LAGERS	\$6,292,991	\$6,823,661	\$530,670	8.43%
Police Pension	\$2,595,734	\$2,745,262	\$149,528	5.76%
Fire Pension	\$3,123,339	\$3,509,349	\$386,010	12.36%
Other	\$73,153,336	\$73,762,058	\$608,722	0.83%
<b>Total</b>	<b>\$92,332,920</b>	<b>\$94,521,775</b>	<b>\$2,188,855</b>	<b>2.37%</b>

FY 2010 Forecast shows 4.0% for Personnel Costs. There is only \$293,000 available for implementing the classification study and adding required new positions

# Critical Long-term Budget Issues - General Government

*The City's budgeting process provides for this long term review of projections and the use of reserves so that corrective actions may be taken with sufficient time to evaluate priorities and fully evaluate alternatives. The allows the next year's budget to be planned in a way that attempts to maintain core services in future years.*



## 2009 Estimated Budget

- Current revenues estimates are \$800,000 to \$900,000 below budget.
- Staff will reduce general expenditures to come in at least 3% to 5% under budget.
- In most years it is the City's practice to build reserves for use during short term economic downturns.
- City projects it will actually draw down or spend **\$3.4** million of reserves in 2009.

# Critical Long-term Budget Issues – General Government

## **2010 Forecast**

- Due to the extended nature of the current downturn, the City projects it will need to draw on or spend a significant amount of reserves in 2009 and 2010.
- Projected growth in General Fund revenue for 2010 could be as small as \$500,000 from the 2009
- The cost of providing the same core services in 2010 are projected to increase at least \$2.5 to \$3 million from the 2009 budgeted amount.
- The difference between projected revenues and projected expenditures in the General Fund for 2010 is approximately \$7 million, and the City will have between \$5 and \$6 million in reserves available to help bridge the gap between revenues and expenditures.
- **With the use of reserves the City still needs to fund a gap of \$1 to \$2 million in the 2010 budget by either increasing revenues or reducing expenditures.**
- The City is considering the need to maintain some reserves (\$1.5 million) for use in 2011.
- **In order to live within existing revenue sources, the FY 2010 expenses will need to be lower than the FY 2009 expenses.**

# Critical Long-term Budget Issues – General Government

## 2011 Forecast

- Projected revenue increases for 2011 will be approximately \$2 million over 2010.
- The cost of providing the same core services in 2011 are projected to increase at least \$2.5 to \$3 million.
- **Only limited reserves will be available for use in 2011. Less than \$2 million is projected to be available. This is significantly less than the \$5 to \$6 million that was available for use in 2010.**
- The difference between projected revenues and projected expenditures in the General Fund for 2011 is between \$7.5 and \$8 million. Any previous steps taken to permanently reduce the gap in 2010 will also reduce this gap in 2011.

# Critical Long-term Budget Issues - Subsidized Enterprise Operations

***Budget Challenge: To balance the level of service, subsidy, and fees charged while taking into consideration the effect on other governmental activities.***

- Three enterprise funds, recreation services, bus, and airport, do not generate enough in fees to cover the cost of their operations. However, the Council has made a policy decision that these operations provide substantial public benefit and should be supported/subsidized with tax dollars.
- Dedicated revenues of transportation sales tax and parks sales tax are used to provide these subsidies.
- The recent economic downturn has significantly reduced the availability of these dedicated revenues. In addition, there are increasing demands for the use of these dedicated revenues.
- There has been and continues to be a gap between revenues and expenses.
- In the past available reserves have been used to bridge this gap.
- As you can see from the charts below, the City will no longer have reserves available to bridge this gap.

# Transportation Sales Tax

	<b>FY 09 Estimated</b>	<b>FY 10 Projected</b>	<b>FY 11 Projected</b>	<b>FY 12 Projected</b>
Operating Revenues	\$9,262,043	\$9,308,353	\$9,401,436	\$9,542,458
Operating Expenses	\$6,142,500	\$6,173,213	\$6,234,945	\$6,328,469
Net Income Before Depreciation	\$3,119,543	\$3,135,140	\$3,166,492	\$3,213,989
Other Revenue (Expenses)				
CIP Streets	(\$150,000)	(\$900,000)	(\$150,000)	(\$150,000)
CIP Airport	(\$227,000)	\$ (371,417)	\$ (1,015,847)	\$ (1,645,000)
CIP Transit	(\$167,118)	\$ (69,304)	\$ (657,200)	\$ (320,600)
Transfer in (Closed Projects)				
Operating Transfers	(\$2,732,750)	(\$2,732,750)	(\$2,732,750)	(\$2,732,750)
Net Income	(\$157,325)	(\$938,331)	(\$1,389,305)	(\$1,634,361)
Fund Equity - Beginning	\$1,430,490	\$1,273,165	\$334,834	(\$1,054,471)
Fund Equity - Ending	\$1,273,165	\$334,834	(\$1,054,471)	(\$2,688,832)

# Parks Sales Tax

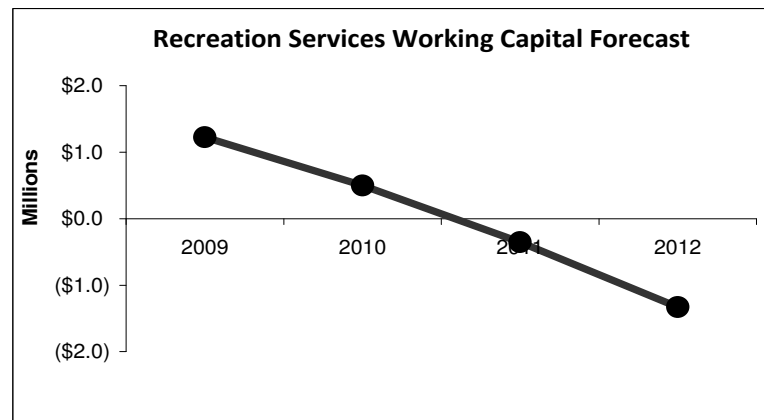
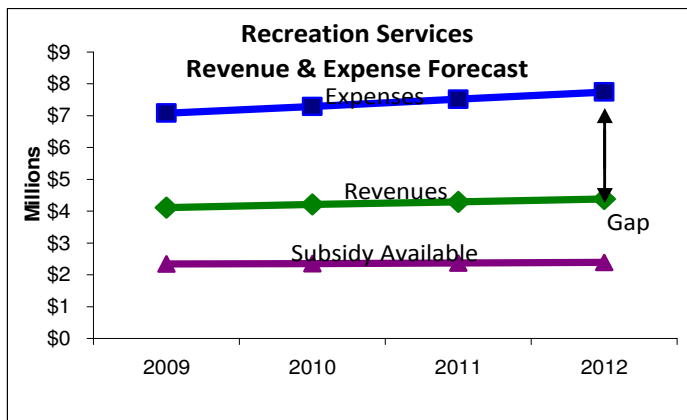
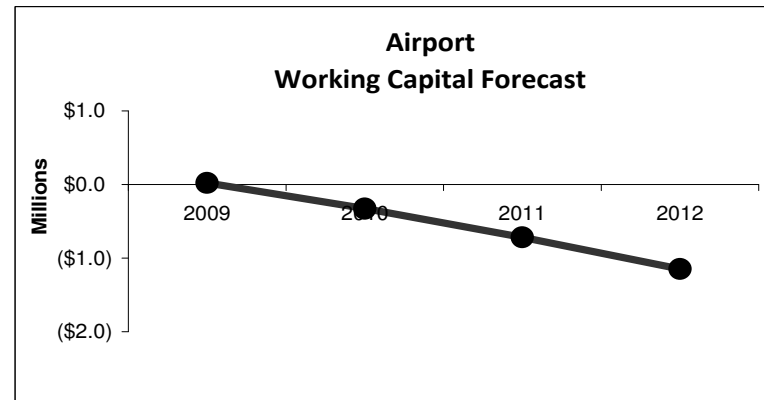
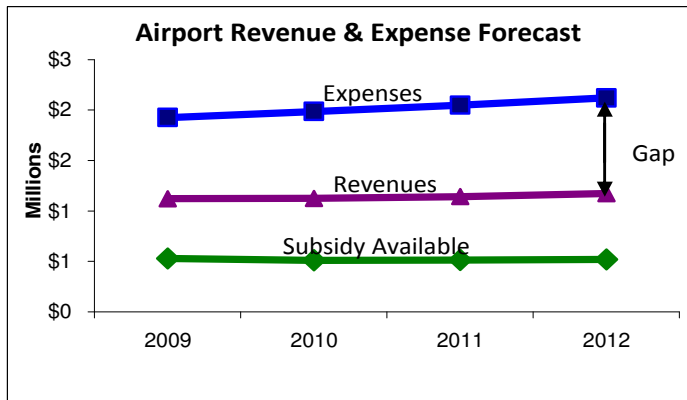
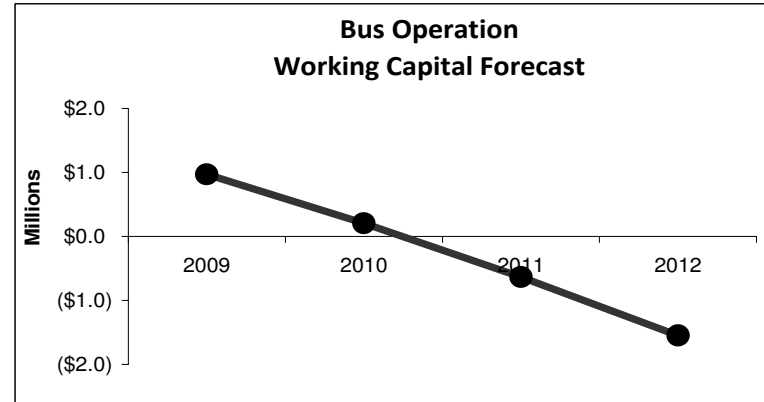
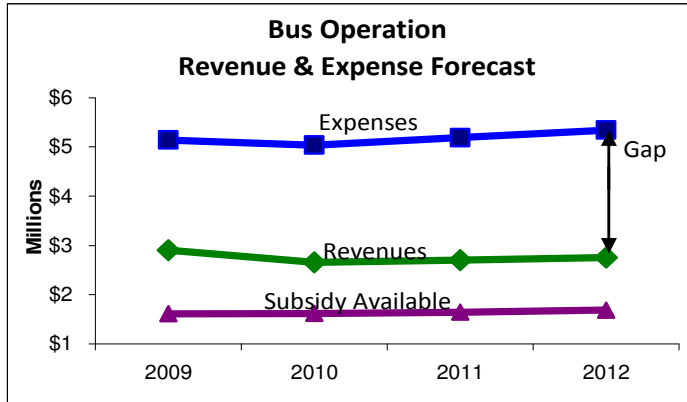
	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>
	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
Operating Revenues	4,609,229	4,632,276	3,526,320	2,397,897
Operating Expenses	989	989	1,004	1,024
Net Income Before Depreciation	4,608,240	4,631,287	3,525,316	2,396,874
Other Revenue (Expenses)	5,000			
Stephen's Debt Payment				
Transfer to General Fund	(1,045,000)	(1,045,000)	(1,060,675)	(1,081,889)
Transfer to Rec Services	(637,725)	(637,725)	(656,857)	(676,562)
Acquisition Expenditures(Incl. Debt)	(1,016,837)	(1,017,287)	(1,016,444)	0
Capitol Projects (Annual minimum \$)	(1,890,000)	(2,515,000)	(1,620,000)	(1,000,000)
Net Income	23,678	(583,725)	(828,660)	(361,577)
Fund Equity - Beginning	322,491	346,169	(237,556)	(1,066,216)
Fund Equity - Ending	346,169	(237,556)	(1,066,216)	(1,427,793)

# Capital Improvement Sales Tax

	<u>FY 09 Projected</u>	<u>FY 10 Projected</u>	<u>FY 11 Projected</u>	<u>FY 12 Projected</u>
Operating Revenues	4,609,759	4,632,808	4,679,136	4,749,323
Operating Expenses				
Net Income Before Depreciation	4,609,759	4,632,808	4,679,136	4,749,323
Debt Service Reserve				
Other Revenue (Expenses)	60,000	60,000	65,000	60,000
Debt Payment 2006 SO	(3,000,625)	(2,969,500)	(2,949,250)	(2,929,375)
Projected Debt 2009 SO	0	0	0	0
Capital Projects (Annual minimum \$)	(4,000,000)	(60,000)	(2,128,500)	(2,557,500)
Net Income	(2,330,866)	1,663,308	(333,614)	(677,552)
Fund Equity - Beginning	2,410,207	79,341	1,742,649	1,409,035
Fund Equity - Ending	79,341	1,742,649	1,409,035	731,483



# Critical Long-term Budget Issues – Subsidized Enterprise Operation



# **Budget Outlook 2010 and Beyond**

- City staff will continue to monitor revenues and spending to ensure 2009 operations allow for funds to be available for use in 2010 and future budgets.
- City forecasts anticipate it will take more than 1 year to reach revenue and thus spending levels of previous years.
- City Council and staff have been working and will continue to work to establish budget priorities that are responsive to our citizens and allow us to operate within the existing economic environment.

# Budget Outlook 2010 and Beyond

- While our local tax base will recover in the intermediate term, trends such as increasing sales over the internet, will continue to keep city revenues from reaching the rates of growth seen earlier this decade.
- We must comprehensively examine our revenue base to:
  - Look for ways to diversity it
  - Insure that key revenue sources remain relevant
  - Maintain the system's overall fairness so that citizens receive value for their taxes, fees, and licenses.

# **Budget Outlook 2010 and Beyond**

- It has become increasingly imperative that we refocus and expand our efforts to responsibly expand and diversify our local economy.