



# **City Manager's FY2011/12 Preliminary Budget**

**City Council Presentation  
May 17<sup>th</sup>, 2011**

## FY2011/12 Budget Highlights

- FY2011/12 ALL FUNDS Proposed Budget = **\$160,977,536**

Baseline ALL FUNDS BUDGET	\$161,686,804
Budget-Balancing Measures	< <u>709,268</u> >
<b>PROPOSED ALL FUNDS BUDGET</b>	<b>\$160,977,536</b>

- FY2011/12 General Fund Proposed Budget = **\$37,713,740**
  - Overall Increase of \$804,000 (2.2%) from FY 2010/11 Budget
  - Overall Decrease of \$1.7M (4.4%) from FY2009/10 Budget
  - Overall Decrease of \$4.0 M (10%) from FY2008/09 Budget

Baseline GENERAL FUND BUDGET	\$38,423,008
Budget-Balancing Measures	< <u>709,268</u> >
<b>PROPOSED GENERAL FUND BUDGET</b>	<b>\$ 37,713,740</b>

## FY2011/12 Budget Highlights

- Includes Proposals to Close \$799,000 General Fund Shortfall
  - General Fund budget Structural Deficit \$709,000
  - Loss of State COPS Funding \$190,000
  
- Includes Proposal to include General Fund Budget Priorities in FY2011/12 - \$485,350
  
- Reduces Regular Positions by 7 positions
  
- Fully-Restores General Fund Reserves to 15% Policy Level
  
- Does not rely on one-time sources for ongoing operating costs



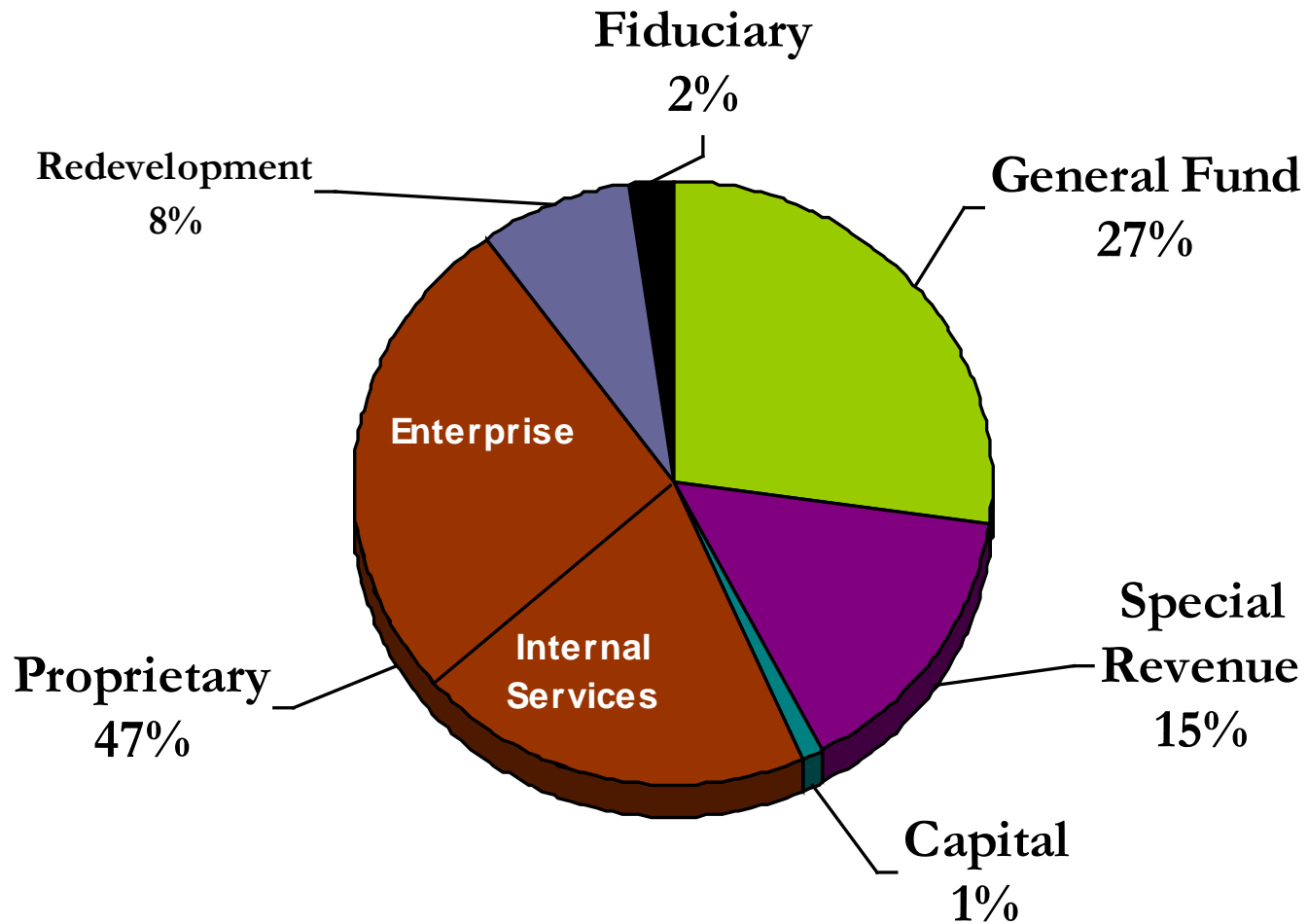
# FY2011/12 Proposed Budget

## Overview

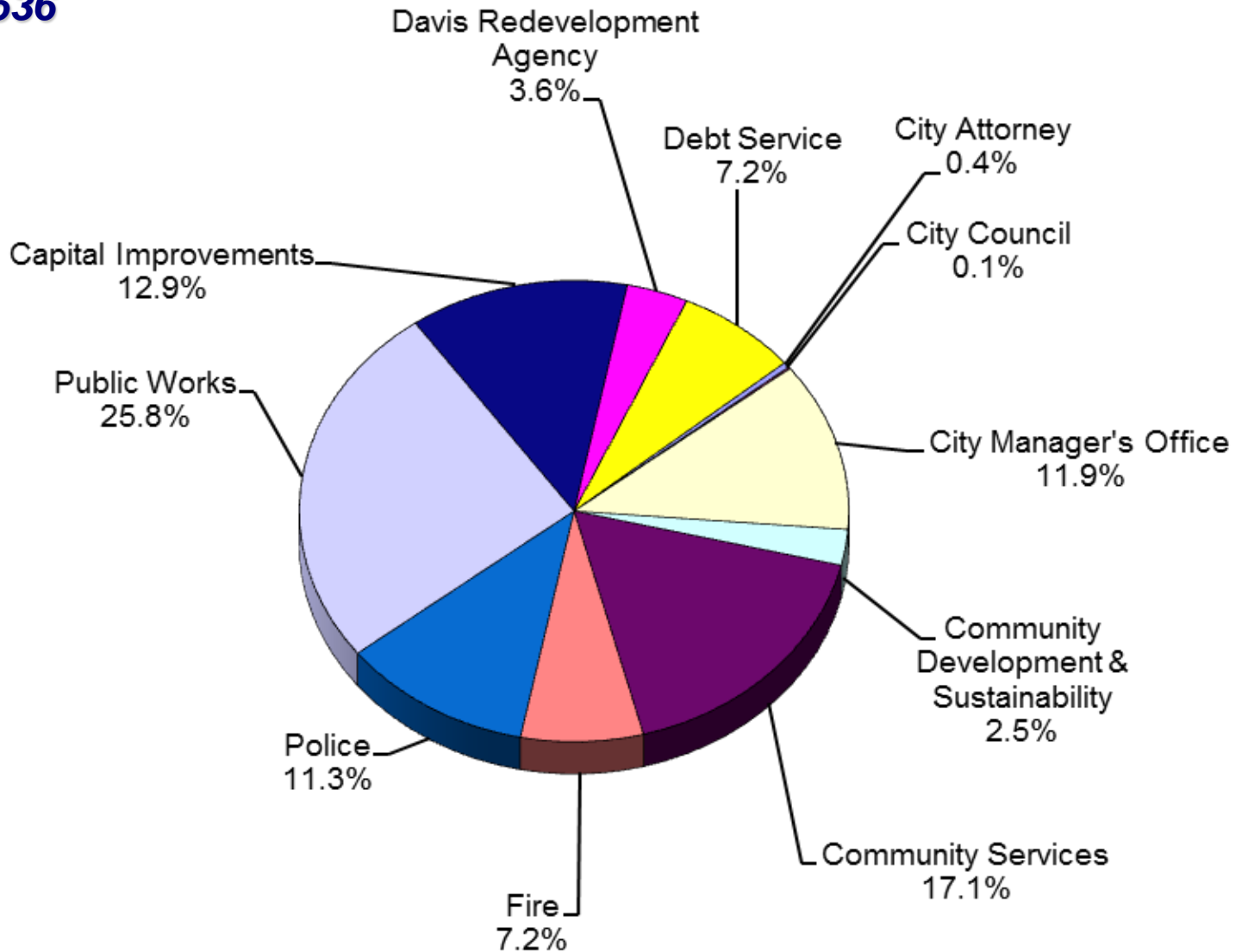
**FY2011/12 Proposed Budget**  
**All Funds Summary**  
*(\$ Millions)*

Fund Type	Revenues	Expenditures
<b>General Fund</b>	<b>\$37.81</b>	<b>\$ 37.71</b>
<b>Special Revenue</b>	<b>20.58</b>	<b>19.07</b>
<b>Capital Projects</b>	<b>1.53</b>	<b>8.60</b>
<b>Proprietary Funds</b>	<b>64.57</b>	<b>64.06</b>
<b>Redevelopment</b>	<b>13.15</b>	<b>28.74</b>
<b>Fiduciary/Other</b>	<b>3.01</b>	<b>2.79</b>
<b>ALL FUNDS</b>	<b>\$ 140.65</b>	<b>\$ 160.97</b>

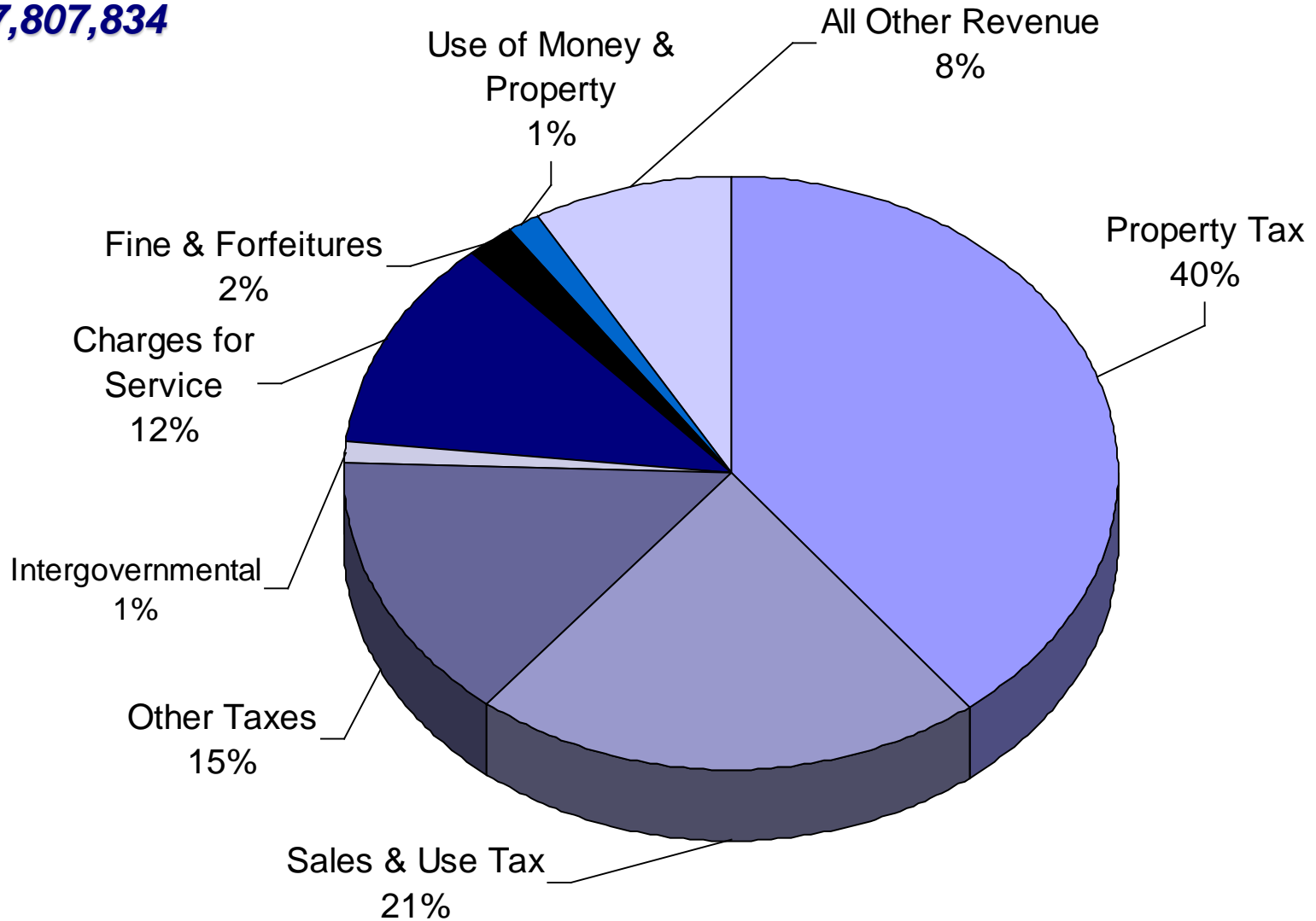
**FY2011/12 Proposed Budget**  
**All Funds Revenues**  
**\$140,640,448**



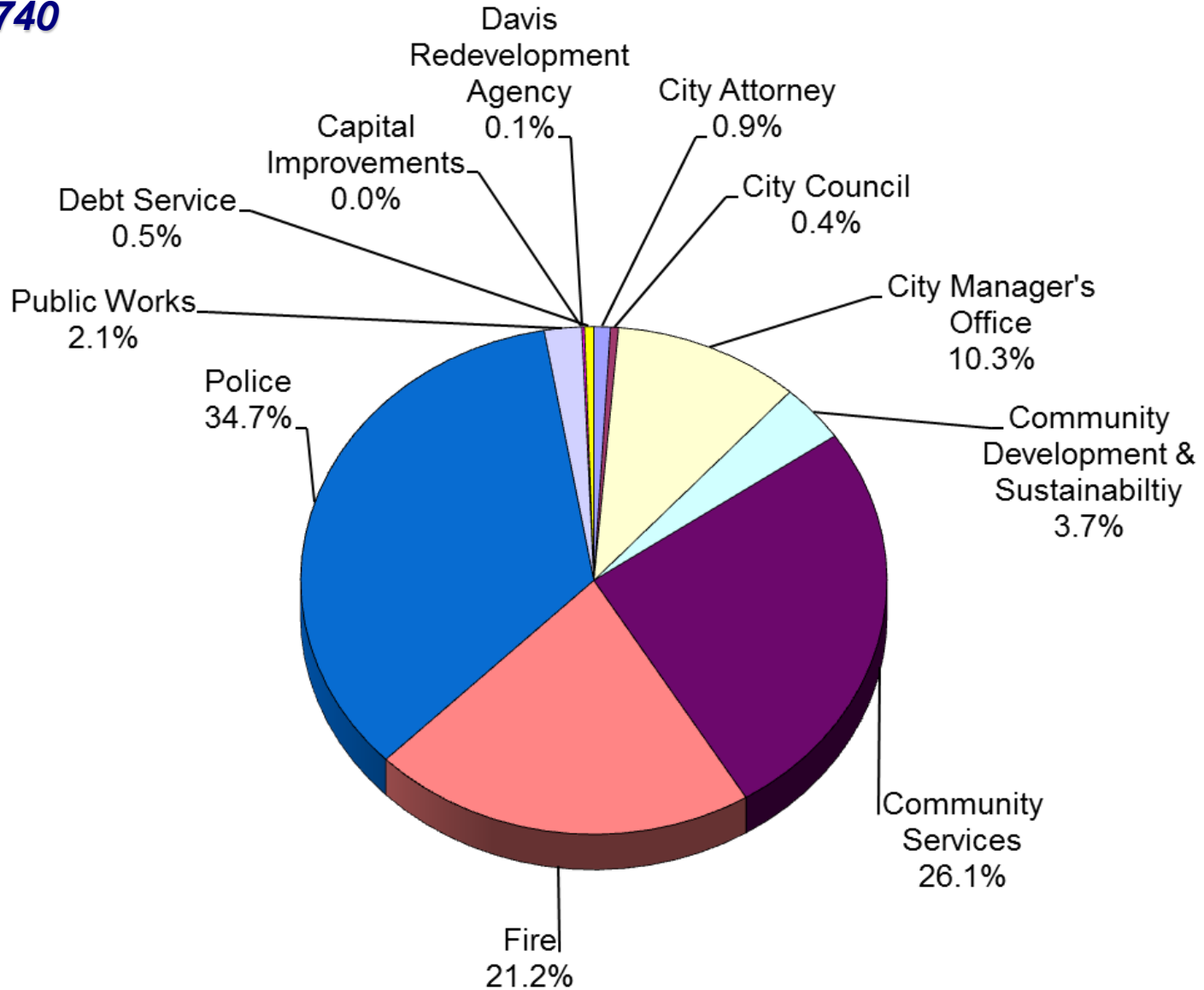
**FY2011/12 Proposed Budget**  
**All Funds Expenditures**  
**\$160,977,536**



**FY2011/12 Proposed Budget**  
**General Fund Revenues**  
**\$37,807,834**

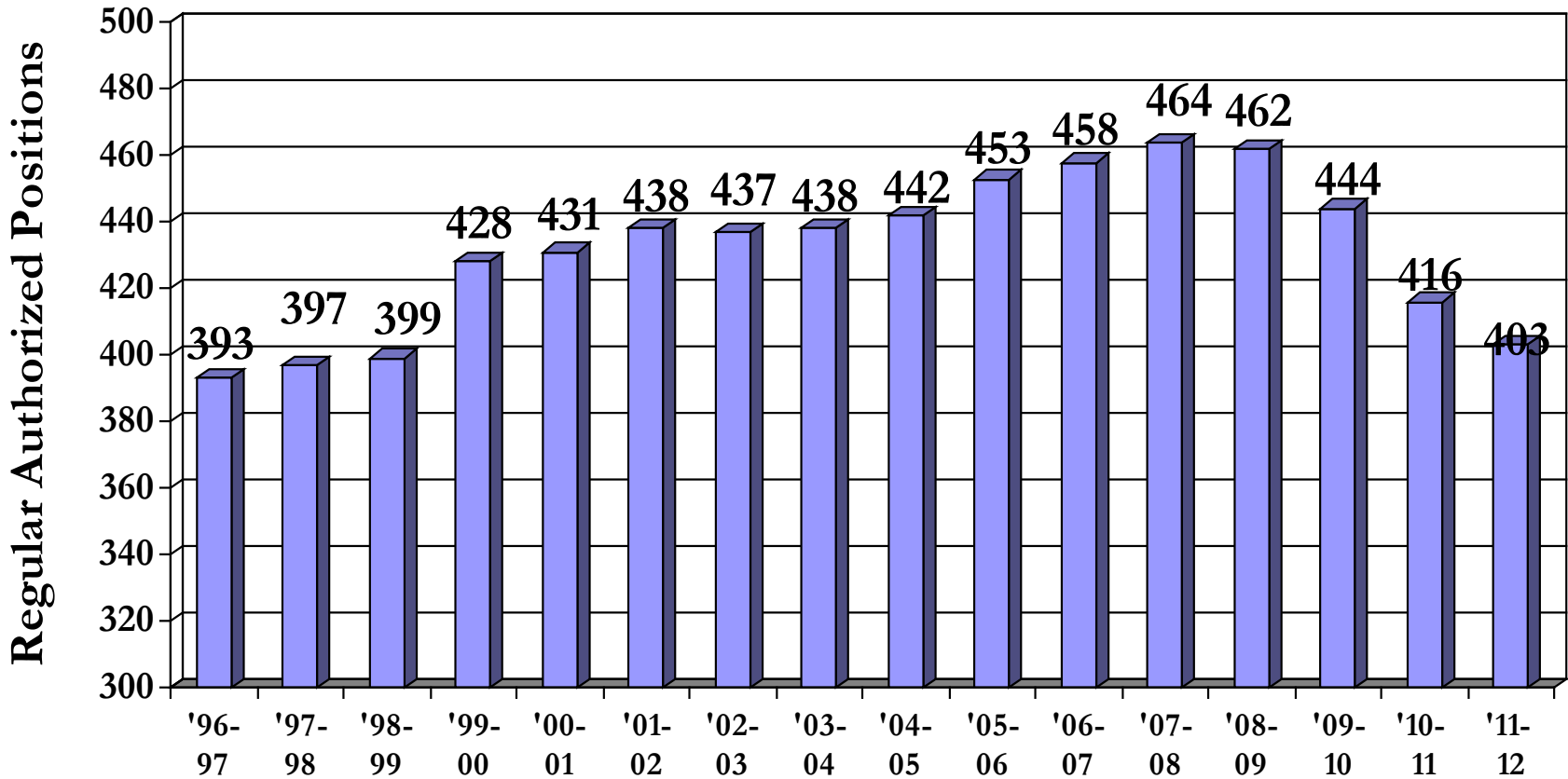


# FY2011/12 Proposed Budget General Fund Expenditures \$37,713,740



# Staffing Trends

## Permanent Employees (FTE)





# **Baseline Forecasts and FY2011/12 Fund Balances**

***FY2011/12 Baseline Budget  
General Fund Five-Year Forecast***

# FY2011/12 General Fund Five-year Forecast

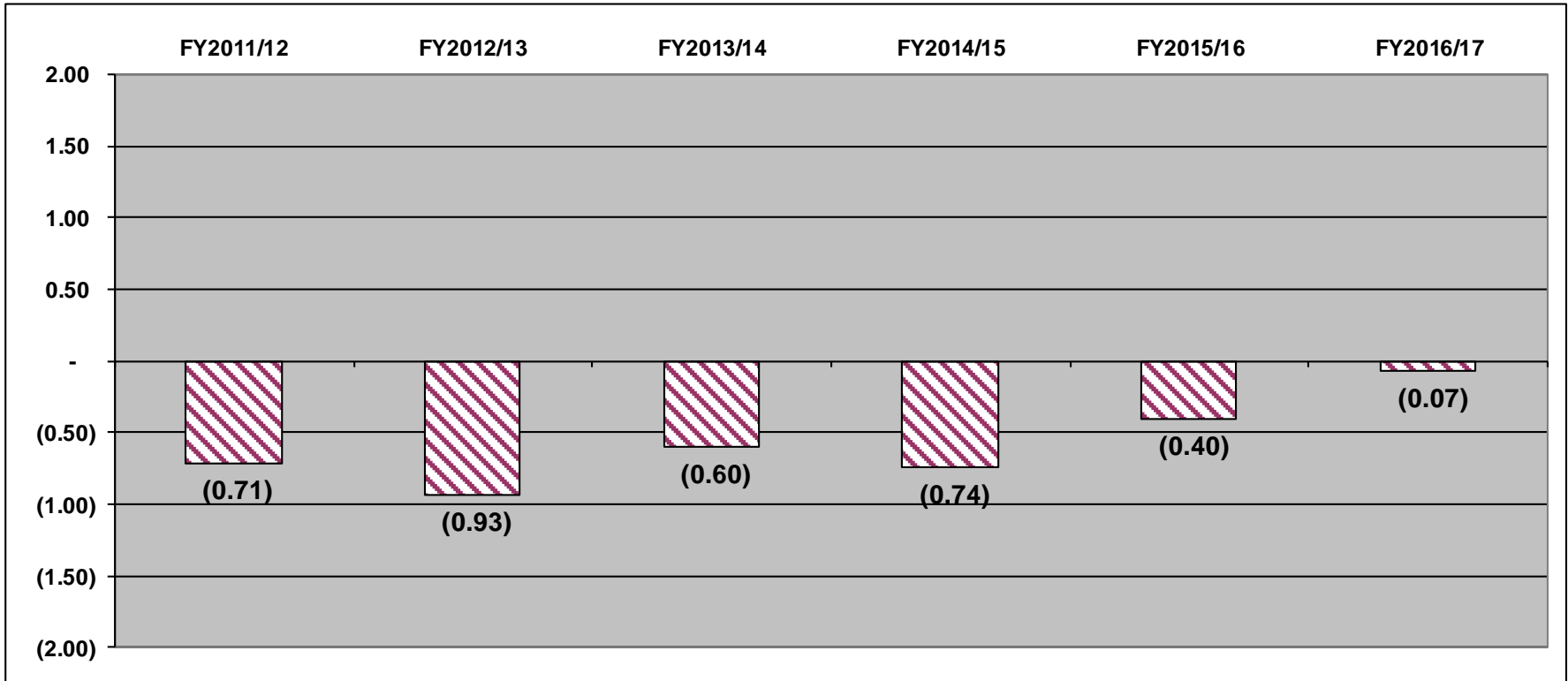
(\$ millions)

	Estimate FY2010/11	Baseline FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Begin Fund Balance	4.01	5.29	4.58	3.65	3.05	2.31
Revenues	37.29	37.71	38.59	39.53	40.53	41.56
Expenditures	36.14	38.42	39.52	40.13	41.27	41.96
Ending Fund Balance	5.16	4.58	3.65	3.05	2.31	1.91
Reserve Policy	5.25	5.28	5.40	5.53	5.67	5.81
Available Fund Balance	(0.09)	(0.70)	(1.75)	(2.48)	(3.36)	(3.90)
Surplus / Deficit		(0.71)	(0.93)	(0.60)	(0.74)	(0.40)

Reflects Revised Revenue Projections  
 Personnel Costs through EXISTING Labor Contracts  
*Includes Increased Annual Funding Toward Unfunded OPEB Liability AND Projected PERS rate increases*

# FY2011/12 General Fund Five-year Forecast

(\$ millions)



***BEFORE BUDGET-BALANCING MEASURES***



# Proposed Budget-Balancing Recommendations

# Budget Balancing Framework

- Address General Fund Structural Deficit
- Redirect additional funding in support of priority needs, including deferred maintenance and infrastructure investments through reprioritization of existing resources
- Establish strategy to mitigate impacts in projected increases in employee benefit costs related to health insurance, retiree medical and pension benefits
- Develop appropriate contingencies commensurate with the degree of uncertainty surrounding economic outlook, State and Federal budgets
- Take steps to plan for scheduled renewal of the Parks Maintenance Tax, subject to voter-approval

# Proposed FY2011/12 Budget

## Budget-Balancing Proposals – General Fund – Tier 1

<input type="checkbox"/>	<b>Tier 1 Balancing Needs</b>		<b>\$ (799,000)</b>
<input type="checkbox"/>	<i>General Fund Structural Shortfall</i>	<i>(\$709,000)</i>	
<input type="checkbox"/>	<i>COPS Funding Elimination</i>	<i>(\$90,000)</i>	
<input type="checkbox"/>	<b>Revenue Enhancements</b>		<b>\$ 94,082</b>
<input type="checkbox"/>	<i>Cost Recovery Woodland-Davis Clean Water JPA</i>	<i>\$19,082</i>	
<input type="checkbox"/>	<i>Modify Facility Fee Cost Recovery – Reduce Subsidy</i>	<i>\$75,000</i>	
<input type="checkbox"/>	<b>Budget Reductions</b>		<b>\$ 824,718</b>
<input type="checkbox"/>	<i>Position Reductions –</i>	<i>(5.75 FTE)</i>	
<input type="checkbox"/>	<i>Departmental Service Reductions</i>	<i>(824,718)</i>	
<input type="checkbox"/>	<b>Expenditure Adjustments</b>		
<input type="checkbox"/>	<i>Booking Fees</i>	<i>\$100,000</i>	
<input type="checkbox"/>	<i>Salary Savings</i>	<i>\$ 15,800</i>	
			<b>\$ (115,800)</b>
<input type="checkbox"/>	<b>TOTAL TIER 1 MEASURES NET SURPLUS</b>		<b>\$ 4,000</b>

# Proposed FY2011/12 Budget

## *Budget-Balancing Proposals – Address Priority Needs – Tier 2*

- **Tier 2 Budget Reductions** **(\$485,350)**
  - *Position Reductions (1.25 FTE)*
  - *Department Service Reductions* *(\$485,350)*
  
- **Proposed Funding Shifts/Augmentations** **\$ 485,000**
  - County Office of Emergency Services \$ 35,000
  - Transportation Street Maintenance \$150,000
  - Facility Replacement Fund \$100,000
  - Parks/Irrigation Replacement Fund \$200,000

# FY2011/12 General Fund Five-year Forecast

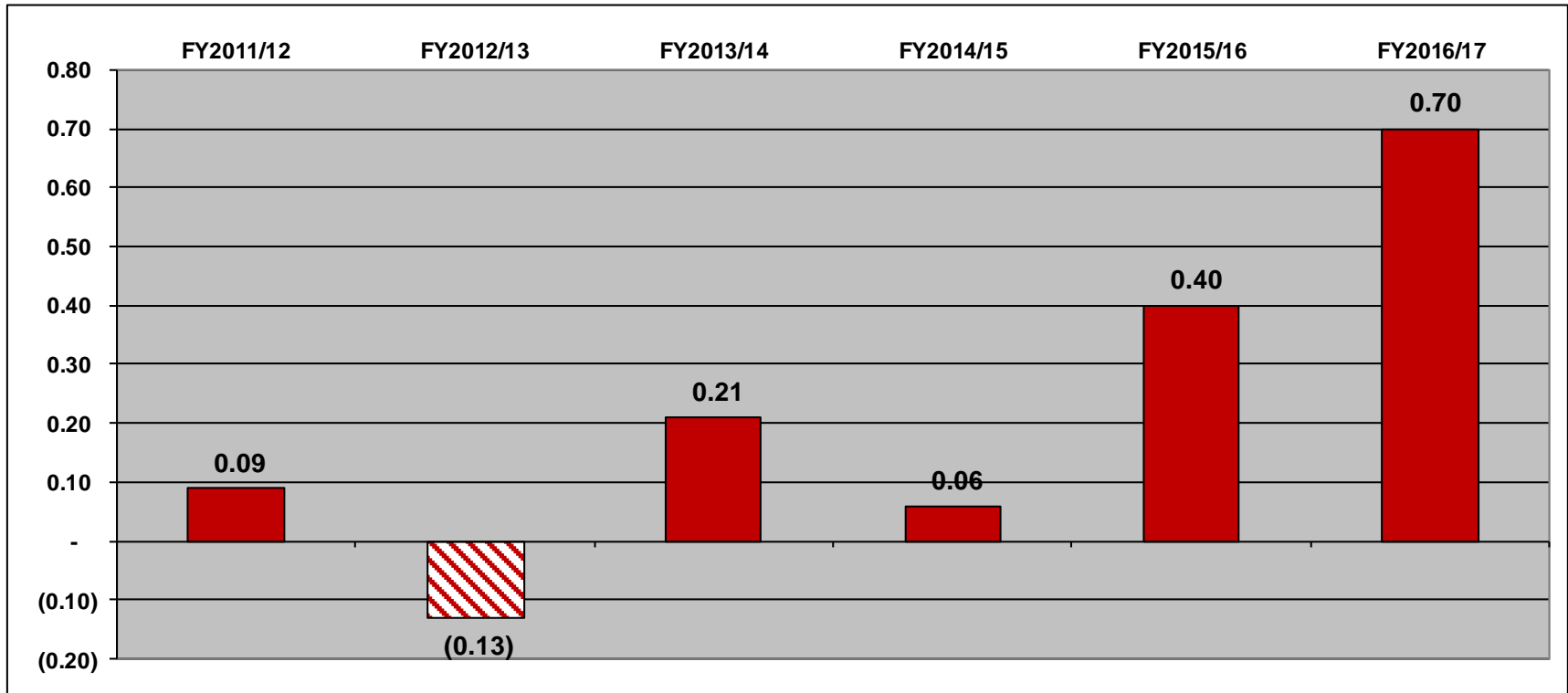
(\$ millions)

	Estimate FY2010/11	Baseline FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16
Begin Fund Balance	4.01	5.29	5.38	5.25	5.46	5.52
Revenues	37.29	37.80	38.68	39.63	40.62	41.65
Expenditures	36.26	37.71	38.81	39.42	40.56	41.25
Ending Fund Balance	5.29	5.38	5.25	5.46	5.52	5.92
Reserve Policy	5.25	5.29	5.41	5.54	5.68	5.82
Available Fund Balance	0.04	0.09	(0.16)	(0.08)	(0.16)	0.10
Surplus / Deficit		0.09	(0.13)	0.21	0.06	0.40

**WITH PROPOSED BUDGET-BALANCING MEASURES**

# FY2011/12 General Fund Five-year Forecast

(\$ millions)



**WITH PROPOSED BUDGET-BALANCING MEASURES**

# Cumulative General Fund Balancing Measures FY2008/09 – FY2011/12 (proposed)

	Adopted FY 2008/09		Adopted FY 2009/10		Adopted FY 2010/11		Proposed FY 2011/12		Totals	
Revenue Enhancements		\$ 131,160		\$ 55,258			\$ 94,802		\$ 281,220	
Citywide -Cost Savings	6.50 FTE	\$ 444,142	6.00 FTE	\$ 808,068	16.75 FTE	\$ 1,475,945	\$ 100,000	29.25	\$ 2,828,155	
Personnel Cost-Savings (MOU's)				\$ 1,250,000					\$ 1,250,000	
Program Reductions		\$ 332,674	8.25 FTE	\$ 1,467,281	3.00 FTE	\$ 183,994	7.00 FTE	\$ 1,209,348	18.25	\$ 3,193,297
<b>Totals</b>	<b>6.50</b>	<b>\$ 907,976</b>	<b>14.25</b>	<b>\$ 3,580,607</b>	<b>19.75</b>	<b>\$ 1,659,939</b>	<b>7.00</b>	<b>\$ 1,404,150.0</b>	<b>47.50</b>	<b>\$ 7,552,672</b>

## Additional Budget Considerations

- **Tier 3 Budget Contingencies \$1.16 Million**
  - Currently Not Recommended
  - Alternatives for Tier 1 & 2 reductions
  
- **Potential State Budget Impacts**
  - State funding in support of COPS Grants / Booking Fee off-sets
  - Redevelopment Agency
  
- **Potential Federal Budget Impacts**
  - Community Development Block Grants

# Organizational Initiatives

The City currently has a number of program areas under organizational review, with the goal of improved service delivery and cost-savings.

## **Public Works**

- Improve alignment or resources
- Improve service delivery
- Possibly result in overall long-term cost savings

## **Fire Consolidation - City of Davis/UCD**

- Improved deployment of resources across both jurisdictions
- Potential for ongoing General Fund savings

## ***Other Organizational Considerations.***

- Improving interdepartmental collaboration
- Enhances transparency and accountability
- Improved communication and public information

## Budget Adoption Timetable –

- **May 17<sup>th</sup> – Introduction: FY2011/12 Proposed Budget**
  
- **May 31<sup>st</sup> – City Council Workshop & Public Hearing**
  - FY2011/12 Operating Budget
  - Budget-Balancing Plan / Recommendations
  - FY2011/12 Fee Proposals
  - Capital Improvement Program Budget
  - Redevelopment Agency Budget
  
- **June 7<sup>th</sup> – City Meeting**
  - City Council Budget Proposals/Amendments
  
- **June 21<sup>st</sup> – BUDGET ADOPTION**