



City of Chico

Q3'09~10 Financial Update & FY10~11 Budget Preview

May 18, 2010
City Council Meeting

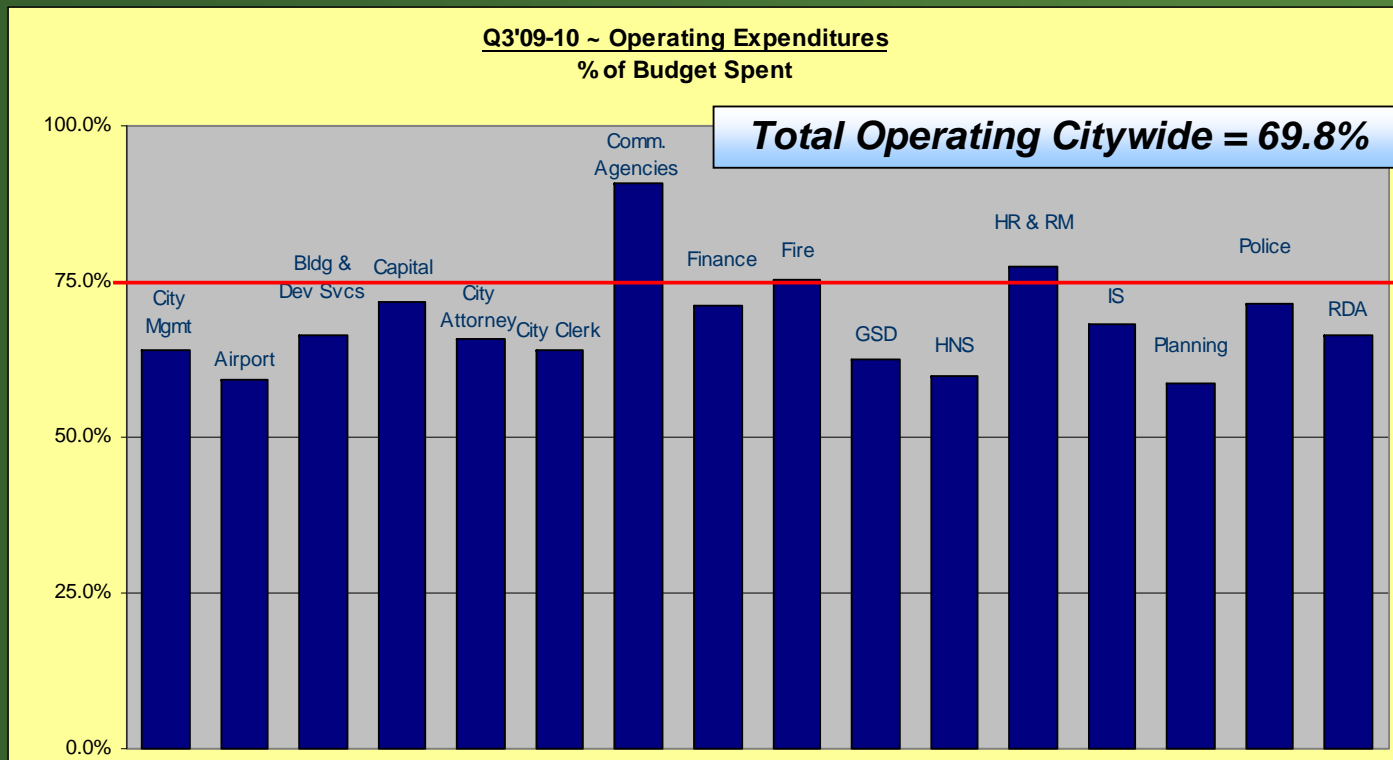
Q3'09-10 Financial Update

- Status of Deficit Reduction Strategy – as of Q3/09-10
- Q3'09-10 Supplemental Appropriation
- FY10-11 Budget Preview

Q3'09-10
Financial Update

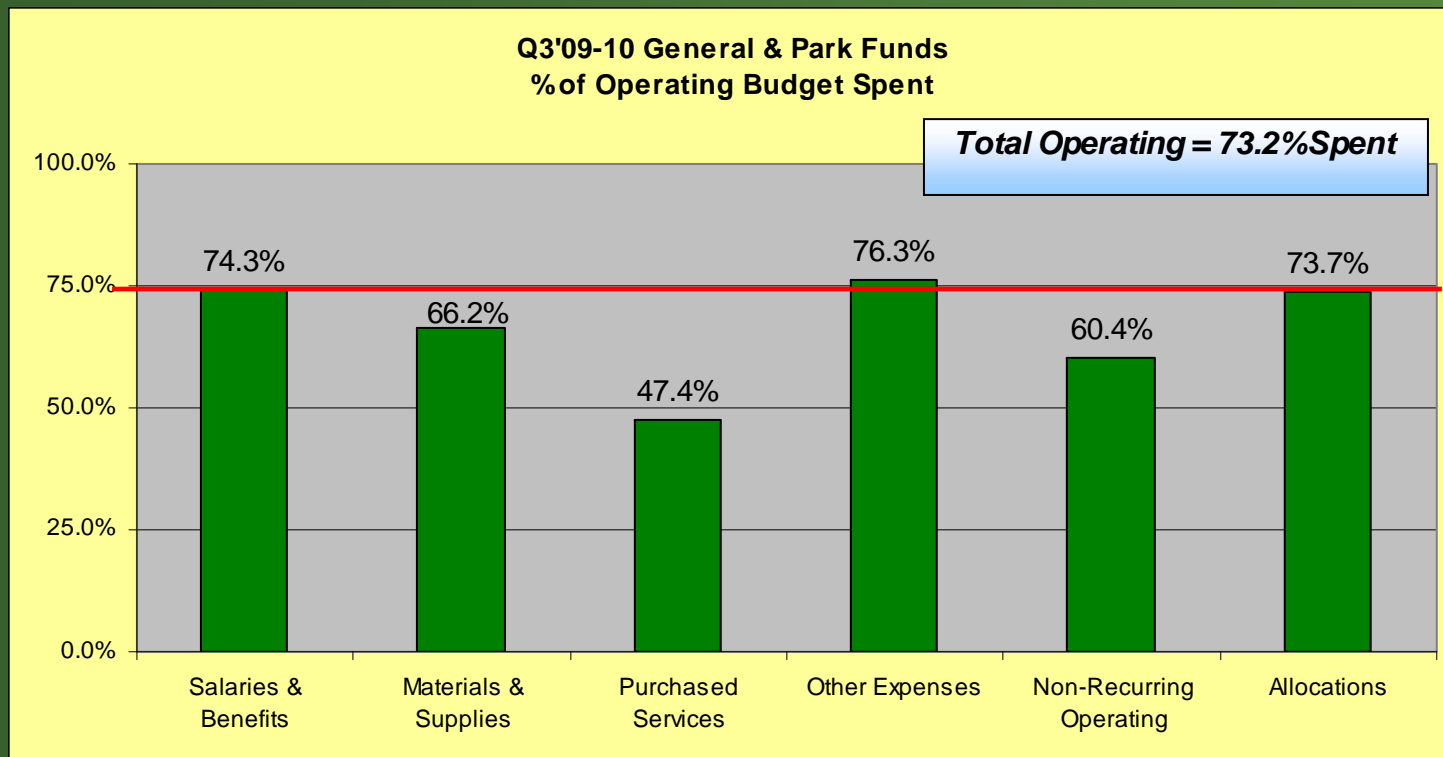
Q3'09-10: Status of Deficit Reduction Strategy

- Citywide Expenditures through March 31st tracking below budget targets



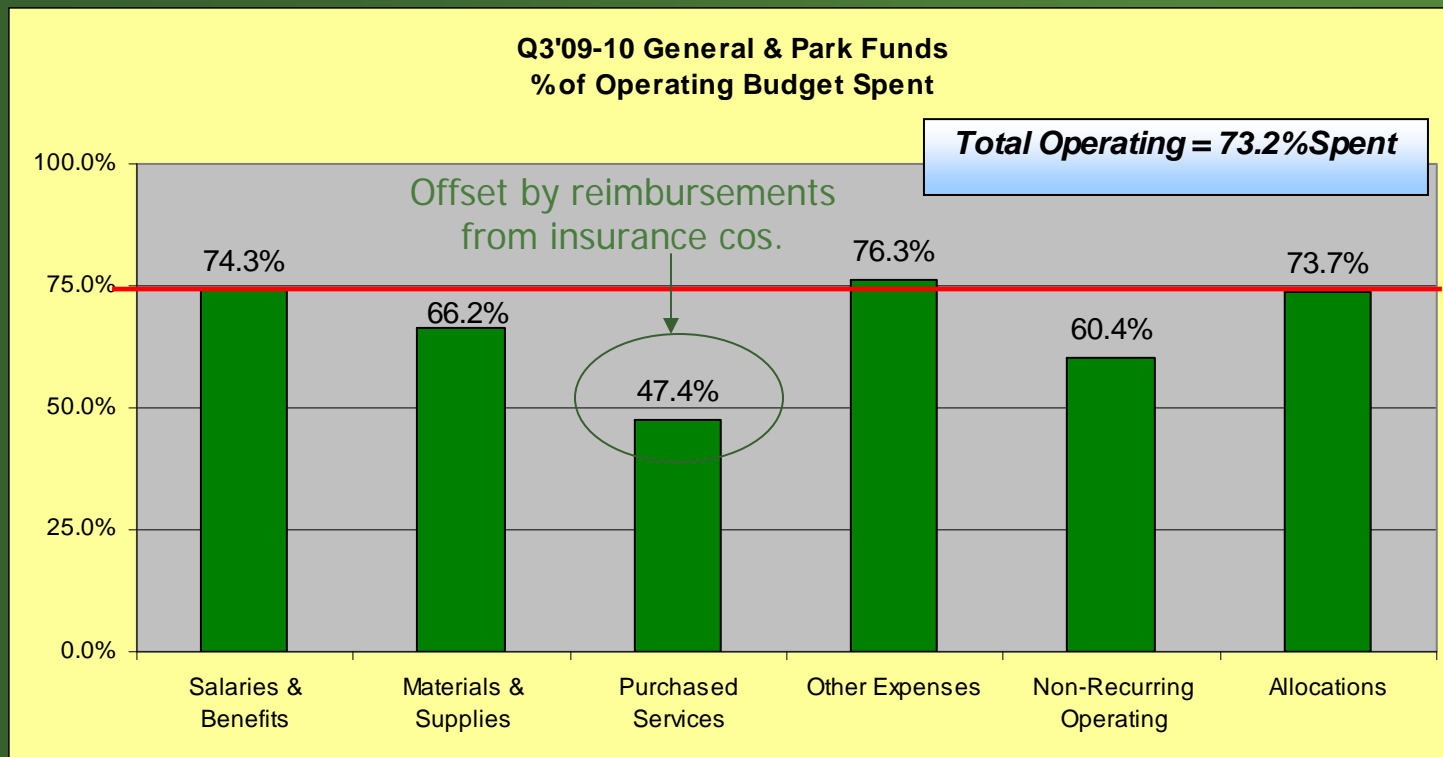
Q3'09-10: Status of Deficit Reduction Strategy

- General & Park Fund Departments tracking below budget



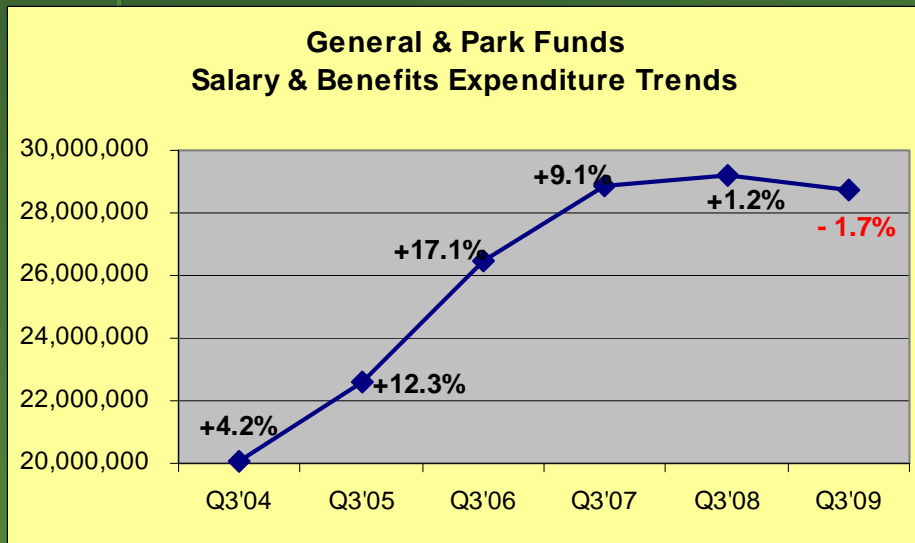
Q3'09-10: Status of Deficit Reduction Strategy

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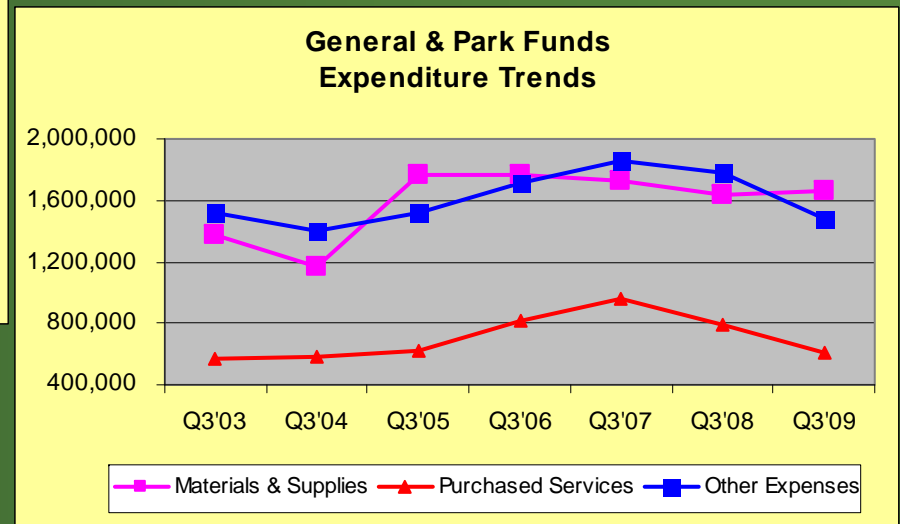


Q3'09-10: Status of Deficit Reduction Strategy

- General & Park Fund Departments tracking below prior years through Q3



5-Year Average Growth Rate = 8.7%



Q3'09-10
Supplemental
Appropriation

Q3'09-10 Supplemental Appropriation

- Confirmation of prior Council direction
 - Allocate \$51k to Disc Golf Facility from unreserved Prop. 40 funds
- Allocation of additional funds
 - ABC mini-grant Operating expenses (\$7.5k)
 - Chico Depot Decking Capital project (\$132.6k)
 - Annie's Glenn Bikeway Capital project (\$66.0k)
 - Creekside Greenway Acquisition (\$5.1k)

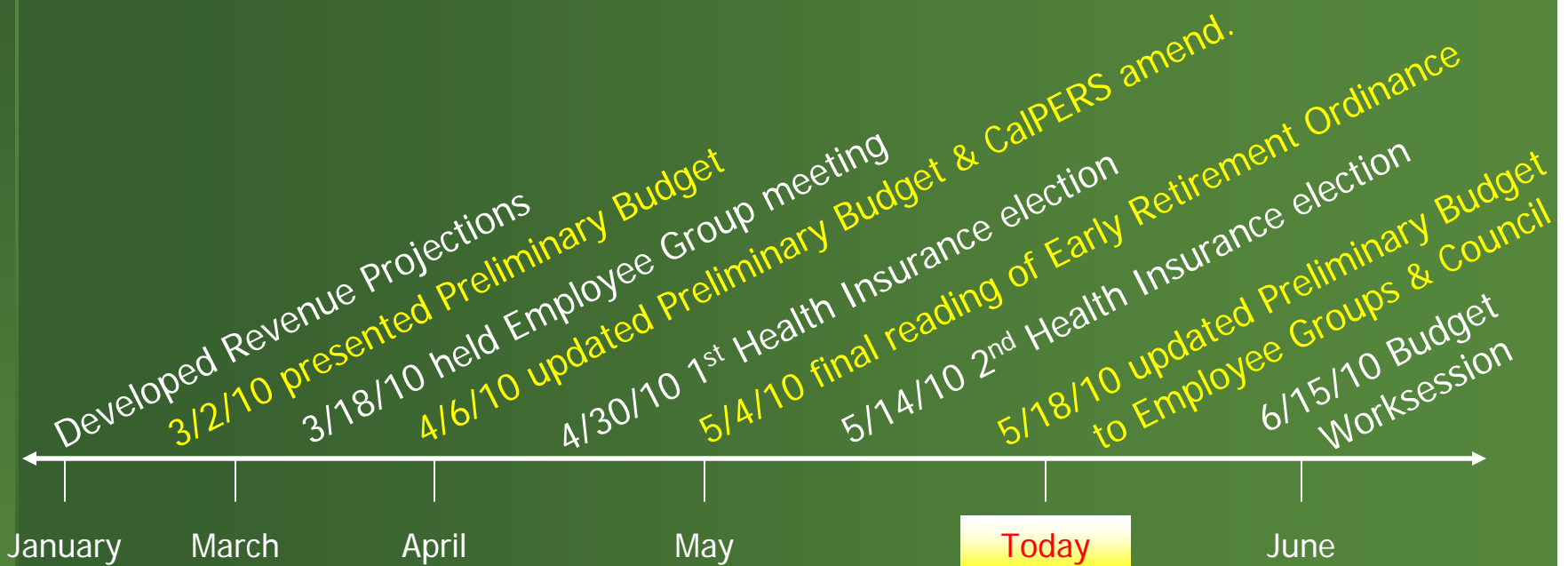
Q3'09-10 Supplemental Appropriation

- Allocation of additional funds, continued
 - Jet Vactor purchase (\$13.4k)
 - Claims Loss Expense Operating budget (\$235k)
 - General Liability Contractual Operating budget (\$50k)
 - Unemployment Claims Expense Operating budget (\$10k)
- Accounting adjustments
 - Supplemental ERAF payment (\$8.8k)
 - Transfers from Development Impact Fee Funds in to Private Development Fund (\$0.8k)

**FY2010-11
Proposed Budget
Preview**

FY2010-11 Annual Budget: Update

■ Budget Production Timeline



General & Park Fund Projections

General & Park Funds	<u>as of 3/2/10</u> PROJECTED 2010-11	<u>as of 4/6/10</u> PROJECTED 2010-11
Total Tax Revenues	35,957,929	35,957,929
All Other Revenues	2,852,570	2,852,570
Other Financing Sources	3,371,349	3,371,349
TOTAL REVENUE SOURCES	42,181,848	42,181,848
Salaries and Benefits	39,235,733	40,136,935
Materials, Services & Supplies	2,294,276	2,294,276
Purchased Services	943,772	943,772
Other Expenses	1,838,360	1,838,360
Allocations	3,895,933	3,794,785
Indirect Cost Allocation	<u>(3,634,773)</u>	<u>(3,634,773)</u>
Total Operating Expenditures	44,573,301	45,373,355
Capital Improvement Projects	301,000	301,000
Other Financing Uses	1,044,515	1,044,515
TOTAL EXPENDITURES	45,918,816	46,718,869
NET REVENUE/(DEFICIT)	(3,736,968)	(4,537,022)
BEGINNING FUND BALANCE	72,061	72,061
ENDING FUND BALANCE	(3,664,907)	(4,464,961)

4/6/10 Includes Health Insurance Cost Increase

FY2010-11 Annual Budget: Update

- Developed a plan designed to balance a 2-year period
 - Broadened focus from single year solutions into a 2-year spending plan
- Plan emphasizes reduction to cost base vs. one-time adjustments
 - 90% of FY10-11 reductions are structural/on-going
- Includes a combination of strategic cuts & “across-the board” measures

General & Park Fund Projections

General & Park Funds	<u>as of 3/2/10</u> PROJECTED 2010-11	<u>as of 4/6/10</u> PROJECTED 2010-11	<u>as of 5/4/10</u> PROJECTED 2010-11	<u>as of 5/4/10</u> PROJECTED 2011-12
Total Tax Revenues	35,957,929	35,957,929	35,843,989	36,747,106
All Other Revenues	2,852,570	2,852,570	2,809,720	2,866,432
Other Financing Sources	3,371,349	3,371,349	3,671,349	3,225,372
TOTAL REVENUE SOURCES	42,181,848	42,181,848	42,325,057	42,838,910
Salaries and Benefits	39,235,733	40,136,935	35,842,316	37,697,840
Materials, Services & Supplies	2,294,276	2,294,276	2,294,276	2,225,448
Purchased Services	943,772	943,772	943,772	915,459
Other Expenses	1,838,360	1,838,360	1,488,360	1,443,709
Allocations	3,895,933	3,794,785	3,794,785	3,680,942
Indirect Cost Allocation	<u>(3,634,773)</u>	<u>(3,634,773)</u>	<u>(3,634,773)</u>	<u>(3,781,618)</u>
Total Operating Expenditures	44,573,301	45,373,355	40,728,735	42,181,779
Capital Improvement Projects	301,000	301,000	191,980	53,710
Other Financing Uses	1,044,515	1,044,515	749,958	1,211,426
TOTAL EXPENDITURES	45,918,816	46,718,869	41,670,674	43,446,915
NET REVENUE/(DEFICIT)	(3,736,968)	(4,537,022)	654,384	(608,005)
BEGINNING FUND BALANCE	72,061	72,061	215,156	869,540
ENDING FUND BALANCE	(3,664,907)	(4,464,961)	869,540	261,535

General & Park Fund Projections

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484,790

(882,327)

5/14/10
Results of
Health
Insurance
election

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions

**Operational
Reductions**

- Community Agencies
- Contracted Costs
- Non-Salary Dept Reductions

+

**Voluntary Position
Reductions**

- Incentivized Retirement
- Attrition

+

**Wage/Benefit
Concessions**

- Health Insurance
- Give backs

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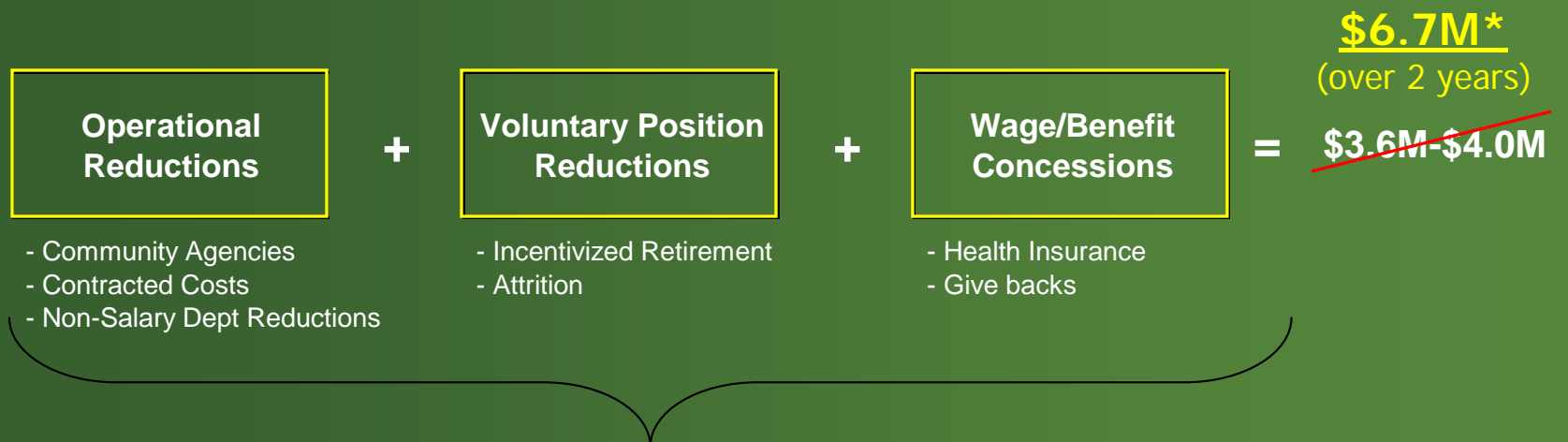
\$3.6M-\$4.0M

Operational Goals:

- 1) Preserve core services
- 2) Minimize Service Reductions
- 3) Maintain a functional & productive workforce

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions – FY10-11 & FY11-12 *as of 5/18/10*



Operational Goals:

- 1) Preserve core services
- 2) Minimize Service Reductions
- 3) Maintain a functional & productive workforce

* In order to balance both FY10-11 & FY11-12, additional reductions are necessary

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions – FY10-11 & FY11-12

<u>4,223,210</u> Operational Reductions		+	<u>430,000</u> Voluntary Position Reductions		+	<u>2,078,285</u> Wage/Benefit Concessions		=	<u>2-Year Total Reductions</u> 6,731,494
	<u>FY10-11</u>						<u>5% Reduction</u>		
Staffing Changes	1,317,660		Early Retirement	430,000		IAFF	475,000		
Overtime Reductions	1,169,500					CPOA	525,000		
Operating Cuts	210,000					PSM	105,000		
Adjustments to Transfers	594,556					CPSA	135,000		
Revenue Adjustments	95,325					CONF	30,000		
						SEIU-CTP	110,000		
	<u>FY11-12</u>					SEIU-TC	125,000		
Staffing Changes	1,383,106					MGMT	125,000		
Overtime Reductions	1,240,432						1,630,000		
Operating Cuts	(64,300)					60/40 Health Insurance Split	448,285		
Adjustments to Transfers	1,896,643								
Revenue Adjustments	(232,671)								

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions – FY10-11 & FY11-12

4,223,210
 Operational
 Reductions

	<u>FY10-11</u>
Staffing Changes	1,317,660
Overtime Reductions	1,169,500
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Operating Cuts	(64,300)
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• Staffing Changes:

- 19 vacant positions removed from Budget
- dedicate 1 Officer to Parking Fund

• Overtime Reductions:

- Fire Dept daily staffing levels
- Police Dept

• Operating Cuts:

- Community Agency cuts
- Department Operating reductions

• Adj to Transfers:

- Add'l Street & Road funding
- Suspending set-asides for Fleet & Facilities replacements

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions – FY10-11 & FY11-12

<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <u>4,223,210</u> Operational Reductions </div>		+	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <u>430,000</u> Voluntary Position Reductions </div>	
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Overtime Reductions	1,240,432			
Operating Cuts	(64,300)			
Adjustments to Transfers	1,896,643			
Revenue Adjustments	(232,671)			

• Early Retirement Program:

- 34 eligible employees
- 13 have expressed interest
- 12 Letters of Intent received

FY2010-11 Annual Budget: Update

■ Proposed Budget Reductions – FY10-11 & FY11-12

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• Wage/Benefit Concessions:

- 5% “Across-the-Board” Wage Reduction
- Increase Share of Health Insurance Premiums

FY2010-11 Annual Budget: Update

- Wage/Benefit Concessions will require negotiation with all 8 bargaining units
 - 5% wage reduction (or equivalent)
 - Applied “across the board”
 - Includes all bargaining units
 - Reduction of employer share of Health Insurance from 75% to 60%
 - Reductions are to be permanent (not temporary)
 - No furloughs or future “give backs”
 - Negotiation deadline = 9/30/10

FY2010-11 Annual Budget: Update

- If negotiations are unsuccessful by 9/30/10 and impasse results, options include:
 - **Unilateral implementation**
 - Implement the City's "last, best & final" offer for a period of 1 year
 - **Employee layoffs**
 - Unknown number of layoffs necessary due to seniority/bumping rights of employees

Questions?