

# **Finance & Economic Status Report 3<sup>rd</sup> Quarter 2009-2010**

**City Council Study Session  
November 3, 2009**

# Agenda

- Overview of 3<sup>rd</sup> Quarter 2009
- 2009-2010 Trends
- How We Respond to These Trends
- Next Steps

# 3<sup>rd</sup> QUARTER 2009-2010 Overview

	<u>2009-2010 Budget</u>	<u>3rd Quarter Projection</u>	<u>3rd Quarter Actuals</u>	<u>Variance Favorable / (Unfavorable)</u>
<b>Revenues &amp; Beginning Cash*</b>	\$ 443,429,000	\$ 150,049,000	\$ 135,836,000	\$ (14,213,000)
<b>Expenditures</b>	443,429,000	160,627,000	157,016,000	3,611,000

\*Beginning Cash = \$16,523,000

# 3<sup>rd</sup> Quarter 2009-2010 Revenue Projection Versus Actuals

	2009-2010 Budget	3rd Quarter Projection	3rd Quarter Actuals	Variance Favorable/ (Unfavorable)
Property Taxes	\$ 96,769,000	\$ 26,555,000	\$ 25,714,000	\$ (841,000)
Sales Taxes	86,790,000	32,325,000	28,368,000	(3,957,000)
Business Taxes	81,794,000	32,223,000	31,122,000	(1,101,000)
Utility Taxes / Other Taxes	98,309,000	36,125,000	30,037,000	(6,088,000)
Licenses & Permits	11,343,000	4,051,000	4,077,000	26,000
Intergovernmental Revenues	21,921,000	7,340,000	6,644,000	(696,000)
Charges for Services	7,637,000	2,891,000	1,982,000	(909,000)
Fines & Forfeits	8,975,000	3,229,000	3,182,000	(47,000)
Miscellaneous Revenues	13,368,000	5,310,000	4,710,000	(600,000)
Subtotal	426,906,000	150,049,000	135,836,000	(14,213,000)
Cash Balance	16,523,000	-	-	-
Total	<u>\$ 443,429,000</u>	<u>\$ 150,049,000</u>	<u>\$ 135,836,000</u>	<u>\$ (14,213,000)</u>

# 3<sup>rd</sup> Quarter 2009-2010

## General Fund Expenditure by Department

Department	2009-2010 Budget	3rd Quarter Projection	3rd Quarter Actuals	Variance Favorable/ (Unfavorable)
City Council	\$ 1,373,000	\$ 495,000	\$ 514,000	\$ (19,000)
City Manager	2,928,000	1,062,000	815,000	247,000
Comm & Econ Development	12,492,000	4,478,000	3,651,000	827,000
Finance	6,723,000	2,483,000	2,280,000	203,000
Fire	96,845,000	34,940,000	35,183,000	(243,000)
Government Relations	621,000	223,000	298,000	(75,000)
Hearing Examiner	846,000	305,000	274,000	31,000
Human Resources	3,010,000	1,111,000	990,000	121,000
Human Rights/Human Services	13,619,000	4,859,000	4,109,000	750,000
Legal	7,307,000	2,677,000	2,579,000	98,000
Library Operations	24,736,000	8,896,000	8,427,000	469,000
Municipal Court	8,170,000	2,946,000	3,149,000	(203,000)
Police	138,200,000	53,162,000	54,635,000	(1,473,000)
Public Works	59,116,000	21,255,000	18,390,000	2,865,000
Non-Departmental	67,443,000	21,735,000	21,722,000	13,000
<b>Total</b>	<b>\$ 443,429,000</b>	<b>\$ 160,627,000</b>	<b>\$ 157,016,000</b>	<b>\$ 3,611,000</b>

# 3<sup>rd</sup> Quarter 2009-2010 Revenue Biennial Projection - Update

	<u>Original Budget</u>	<u>2nd Quarter Presentation</u>	<u>3rd Quarter Favorable/ (Unfavorable)</u>	
<u>Revenue</u>				
<b>Sales Tax</b>				
1	2009 (-10.8%)	\$43,179,000	(\$4,663,000)	(\$4,663,000)
2	2010 (-10%)	<u>43,611,000</u>	<u>(4,361,000)</u>	<u>(4,361,000)</u>
3	<b>Total Sales Tax</b>	86,790,000	(9,024,000)	(9,024,000)
4	<b>Gross Earnings Tax</b>	95,579,000	(17,554,000)	(17,554,000)
5	<b>B &amp; O Tax</b>	81,793,625	-	(2,500,000)
6	<b>Interest Earnings</b>	6,952,000	(2,900,000)	(2,900,000)
7	<b>Plan review/permit fees</b>	4,040,000	(2,000,000)	(2,000,000)
8	<b>Net increase parking ticket revenue</b>	-	<u>250,000</u>	<u>250,000</u>
9	<b>Total Selected Revenue Changes</b>	<u>\$ 275,154,625</u>	<u>\$ (31,228,000)</u>	<u>\$ (33,728,000)</u>
<b>Total Revenues</b>				
	<u>443,429,000</u>	<u>(31,228,000)</u>	<u>(33,728,000)</u>	

# 3<sup>rd</sup> Quarter 2009-2010 Expenditure Trends - Update

	3rd Quarter Update Favorable /(Unfavorable)
<sup>1</sup> Second Quarter Presentation	(4,796,000)
<sup>2</sup> LESA contribution	\$ 427,000
<sup>3</sup> Unemployment Compensation Increase	(415,000)
<sup>4</sup> Worker's Compensation Increase	(517,000)
<sup>5</sup> Total Expense Changes	<u>\$ (5,301,000)</u>

# 3<sup>rd</sup> Quarter 2009-2010

## Trends - Update

	2nd Quarter Presentation	3rd Quarter Update
Revenue Decreases	(\$31,228,000)	(\$33,728,000)
Expense Increases	(4,796,000)	(5,301,000)
Estimated Variance	(\$36,024,000)	(\$39,029,000)
Changes	26,268,000 *	26,268,000
Estimated Gap	\$ (9,756,000)	\$ (12,761,000)

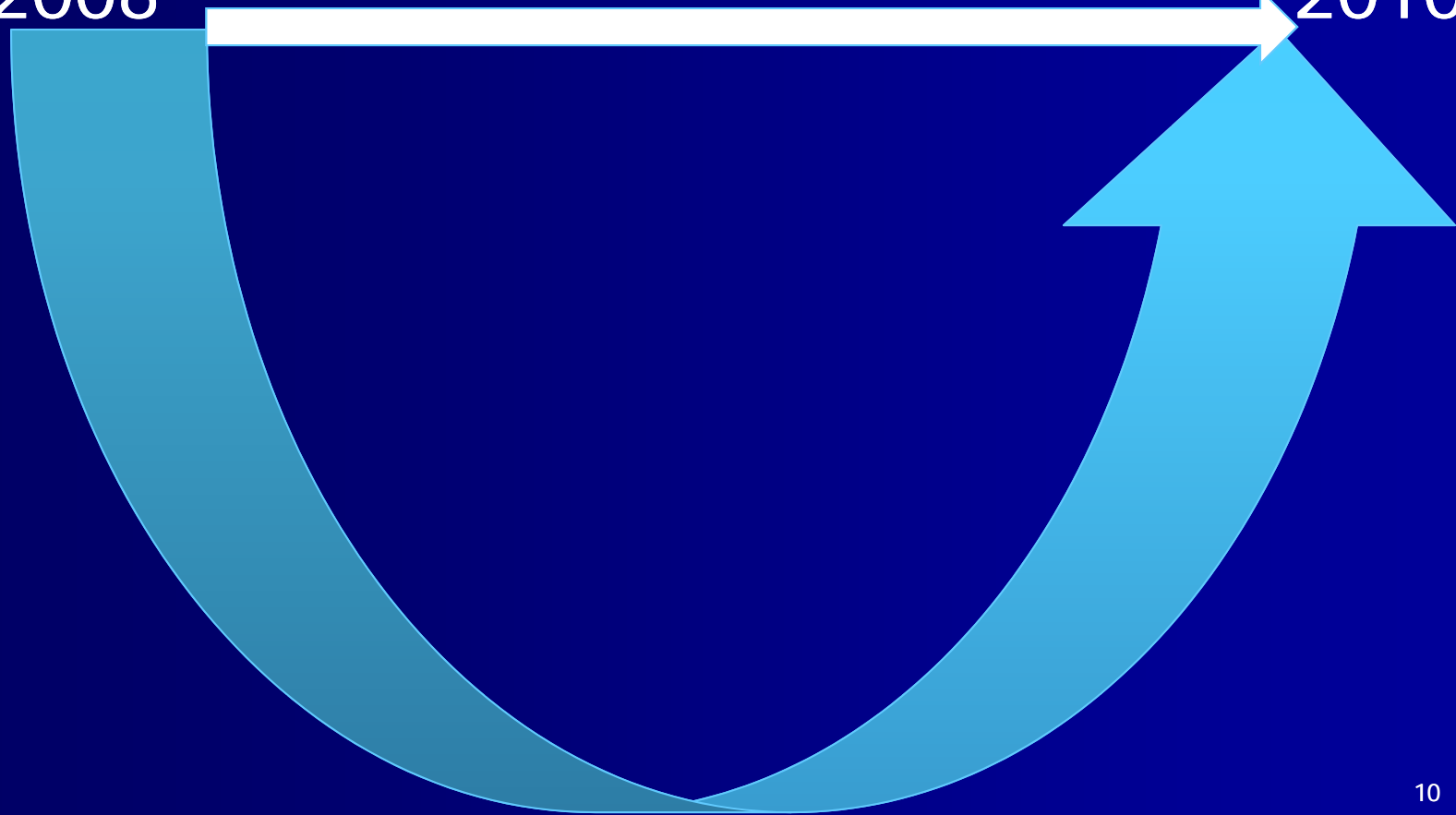
\* 1<sup>st</sup> Quarter changes were \$11,745,000  
 2<sup>nd</sup> Quarter changes were \$14,523,000

# How We Respond

# The Way Forward But, First, Back

2008

2010

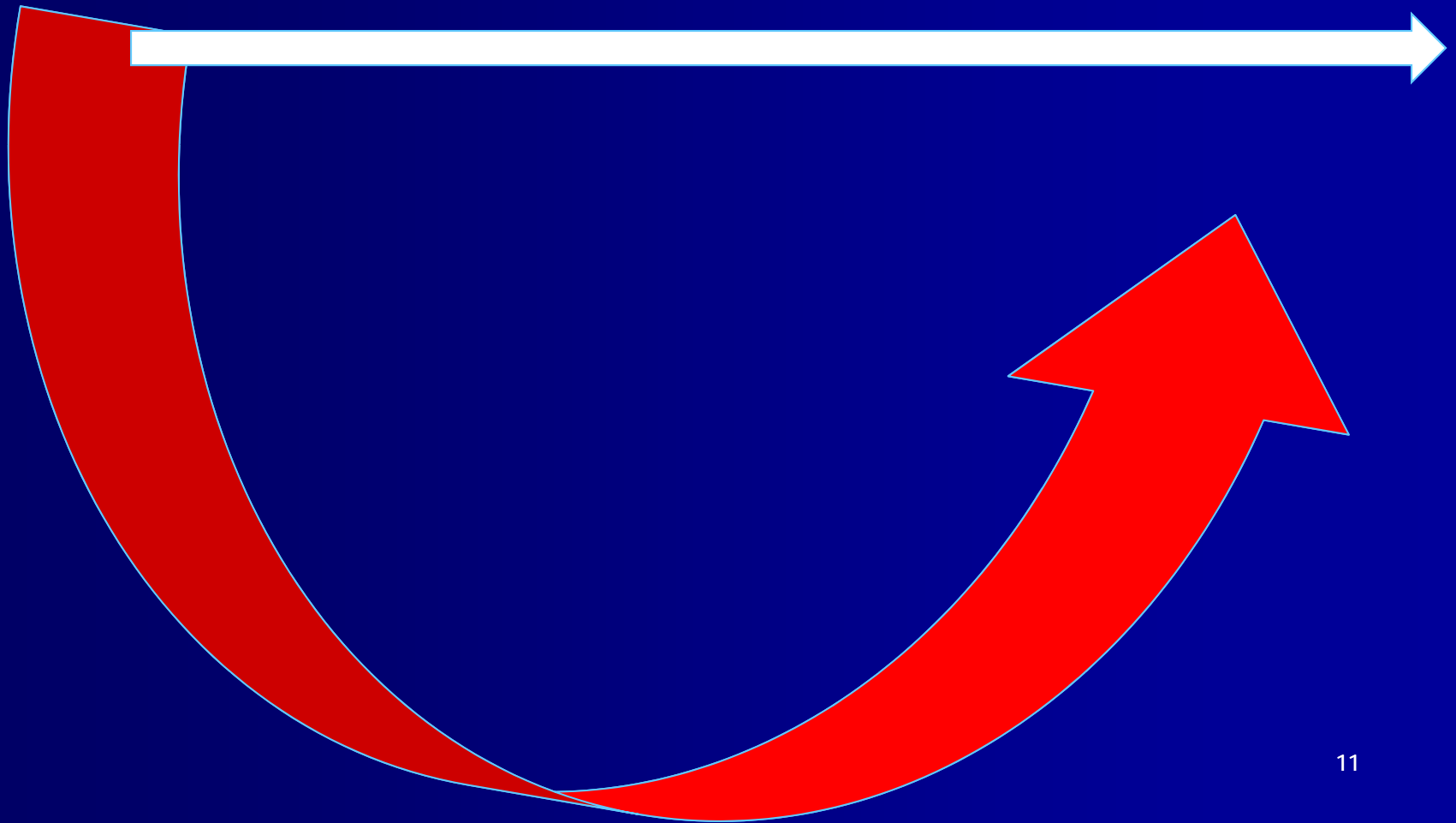


# The Way Forward and now Ahead

2008

2010

2012



# The Way Forward Goals

- Survive the Recession:
  - With Services intact,
  - With capacities for service undiminished,  
and
  - Without new taxes, unless associated  
with new service

# The Way Forward

## Current Circumstances

- Recession is deeper/ longer than originally assumed
- More difficult to adjust to “temporary” revenue losses with length of recession
- Must continue to develop savings in operations
- Personnel is overwhelmingly our largest expenditure category and cannot be left out of our considerations
- Must continue to partner with employees to protect our collective expertise and capacity to deliver services
- I-1033 constitutes a very serious, but yet uncertain, threat which will require complete new strategy if passed.

# The Way Forward Assumptions

- Avoid layoffs
- Avoid service reductions
- Use previous surplus(es) to offset temporary revenue losses
- Capture fundamental savings to offset longer term revenue losses
- Do not violate annual reserve policy (do better where possible)

# 1. The Way Forward Process

1. Present Mid-biennium Budget Adjustments to Council for Consideration (Nov 3, 2009)
2. Eliminate Estimated Shortfall (Dec 31, 2009)
3. Continue Quarterly Reviews and Adjustments (throughout 2010)
4. Begin Work on 2011-2012 Biennial Budget in January, 2010

## 2. Eliminate Estimated Shortfall Actions Taken 11/03/09

<u>Item#</u>		
1	Community Economic Development	\$ 208,000
2	City Manager	81,000
3	Municipal Court	72,000
4	Finance	614,000
5	Fire	621,000
6	Human Resources	20,000
7	Human Rights/Human Services	150,000
8	Information Services	6,000
9	Legal	1,299,000
10	Police	67,000
11	Public Works	<u>\$ 608,000</u>
12	Total	\$ 3,746,000

# 2009-2010 Trends

## 3rd Quarter Update

	<u>3rd Quarter Update</u>
Revenue Decreases	(\$33,728,000)
Expense Increases	<u>(5,301,000)</u>
Estimated Variance	\$ (39,029,000)
1st & 2nd Quarter Changes	<u>26,268,000</u>
Estimated Gap	(12,761,000)
November 3 Changes	<u>3,746,000</u>
Remaining Gap	\$ (9,015,000)

## 2. Eliminate Estimated Shortfall

### Actions to be taken

- Eliminate remaining gap by December 31, 2009
  - Directives to departments & organizational units
  - Broad engagement of employees
  - On-going Senior Management Team review of all revenues and expenditures

### 3. Continue Quarterly Reviews and Adjustments (throughout 2010)

- Update quarterly revenues and expenditures
- Eliminate any and all gaps at the end of the Quarter
- 2009/2010 revenues meet expenditures (or better)

## **4. Begin Work on 2011-2012 Biennial Budget in January, 2010**

Thank you