The Problem

- We need to bring in as much money as we send out…but we’re not

- Our revenues are down

- Our expenses are up

- The Budget Stabilization Fund is plunging
Just What Happened to Revenue?

- **Sales Tax** down 24% since 2007
  - $18.7 million loss over four years from projections

- **TOT** down 25% since 2008
  - $2.6 million loss over four years from projections

- **Construction fee revenues** down 64% since 2008
  - $9.5 million decrease

- **Projected Property Tax revenue loss** between 2011 and 2013
  - $1.1 million decrease
## Wow – Does it Really Cost that Much?

<table>
<thead>
<tr>
<th>Position</th>
<th>2008</th>
<th>2010</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Worker – Salary</td>
<td>$58,761</td>
<td>$62,932</td>
<td>7.1%</td>
</tr>
<tr>
<td>Utility Worker – Salary + Benefits</td>
<td>$87,070</td>
<td>$95,093</td>
<td>9.2%</td>
</tr>
<tr>
<td>Public Safety Officer II – Salary</td>
<td>$101,863</td>
<td>$113,741</td>
<td>11.7%</td>
</tr>
<tr>
<td>Public Safety Officer II – Salary + Benefits</td>
<td>$190,488</td>
<td>$213,841</td>
<td>12.3%</td>
</tr>
</tbody>
</table>
Wow – Does it Really Cost that Much?

- Medical and other insurance up 14% since 2008
  - $2 million increase

- Escalation of future pension costs
  - $5.5 million annual increase
  - 2013: Pension costs = Sales Tax revenue!
So What Does It All Mean?

- We’re still spending more than we are bringing in…

<table>
<thead>
<tr>
<th>(in Millions)</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$123.3</td>
<td>$129.5</td>
<td>$135.7</td>
<td>$143.2</td>
<td>$150.9</td>
<td>$154.3</td>
<td>$158.1</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$128.7</td>
<td>$132.1</td>
<td>$137.6</td>
<td>$144.4</td>
<td>$150.4</td>
<td>$155.4</td>
<td>$159.4</td>
</tr>
<tr>
<td>Difference</td>
<td>($5.4)</td>
<td>($2.6)</td>
<td>($1.9)</td>
<td>($1.2)</td>
<td>$0.5</td>
<td>($1.1)</td>
<td>($1.4)</td>
</tr>
</tbody>
</table>

- …and we are inadequately funded for necessary infrastructure and experiencing service reductions
How Have We Made It Work So Far?

- Impact of multi-year budgeting
  - Early identification of issues
  - Time to make adjustments
  - Still requires tough decisions to avoid major distress – but not crisis-mode decisions

- But we still haven’t fixed the problem!
  - Because the problem keeps changing and growing
  - The future is uncertain
What To Date Have We Done About It?

- $4 million of operational efficiencies implemented in FY 2009/2010

- FY 2009/2010 Budget eliminated for 15 vacant positions
  - No corresponding reduction in workload
  - Many more vacancies not filled

- FY 2010/2011 Budget builds on this theme
  - 24 more positions eliminated over next two years
Structural Budget Issue

- Budget Stabilization Fund usage indicates structural problem
  - $24 million required over next 12 years
  - Expenditures > revenues in eight of next 12 years

- Resources and expenditures not in long-term alignment!

- Budget Stabilization Fund not being used as intended
The Goal

- Attaining a truly balanced budget:
  - Recurring revenues = recurring expenditures over the long term
  - Appropriate use of Budget Stabilization Fund
  - Funded infrastructure
  - Personnel cost containment

- Focus on core service delivery by the most effective/efficient means possible

- Living within our means
The Plan

◆ Address rising personnel costs
  – Vacant position reductions/holds
  – Renegotiate current contracts

◆ Increase efficiency
  – Consolidation of responsibilities
  – Reorganizations to drive economies of scale
    ▪ Will be ongoing regardless of fiscal situation
  – Increased utilization of technology
    ▪ Smarter ways of doing business
The Plan

- Enhance revenues
  - Budget supplement to enhance business license and alarm permit collections
  - Increase certain fees
  - Study all potential sources (e.g. UUT, Landscaping and Lighting District, Impact Fees)

- Service level reductions
  - Strategic and thoughtful

- Draw down Budget Stabilization Fund
Planned Draw Down of BSF

Budget Stabilization Fund and Infrastructure Investment

- $0
- $10,000,000
- $20,000,000
- $30,000,000
- $40,000,000
- $50,000,000
- $60,000,000

2007/2008 - 2027/2028

Budget Stabilization
Infrastructure Investment
What is the Result?

- Reduced services and headcount, but
  - No layoffs
  - No furloughs
  - No salary reductions

- Budget Stabilization Fund draw down
  - Perilously low balance
  - Leaves little margin for error
Other Solutions

- Lower Budget Stabilization Fund balance
- Different service reductions
- Employee benefit alternatives
  - Two-tier retirement
  - Employee PERS contribution
- Revenue increases - fees
### What’s Going on Elsewhere?

<table>
<thead>
<tr>
<th>Location</th>
<th>Proposed/Actual Staff Reductions</th>
<th>Proposed/Actual Furloughs</th>
<th>Proposed/Actual Salary/Benefit Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Jose</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Mountain View</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gilroy</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
The Projections Are Key

- Success of the plan hinges on projections being correct
  - No additional unexpected PERS costs
  - Recovery of major revenue sources
  - No “double dip” recession
  - Salary increases not exceeding planned amounts
  - No fiscal emergencies
    - Dot-com bubble
    - Great Recession
What if We’re Wrong? – I Hope We Are

- Recommended budget is conservative
- Designed to withstand expected future conditions
- More prudent than projecting optimistic future
- Can expand services if financial position better than expected
General Fund Review
Expenditure Projections

- **Salaries**
  - Reflects current contractual agreements
  - Modest salary increases afterward

- **Benefits - Pension**
  - Unfunded Liability Doubling $109 million to $231 million
Expenditure Projections

- Benefits - Medical
  - Increase of 8% annually through 2014
  - 5% for remainder of long-term plan

- Purchased Goods and Services
  - 0% inflation for FY 2010/2011
  - 2% through FY 2019/2020; 3% afterward
  - Select components increased differently
General Fund

- FY 2010/2011 Budget is $128.7 million

- Operations are $117.4 million
  - 0.79% higher than current year
  - Salaries & Benefits increase of 3.9% offset by fewer budgeted employees
General Fund Expenditures by Department

- Public Safety: 58.5%
- Community Development: 4.3%
- Office of the City Manager: 3.3%
- Human Resources: 2.9%
- Office of the City Attorney: 1.4%
- Public Works: 8.1%
- Community Services: 10.5%
- Libraries: 6.2%
- Finance: 4.8%
General Fund Operating Expenditures

- $0
- $20,000,000
- $40,000,000
- $60,000,000
- $80,000,000
- $100,000,000
- $120,000,000
- $140,000,000

Budget Supplements

- 8 supplements presented in budget
  - 7 are in General Fund

- Budget supplement no. 9 provided today
  - Funding for 3 study issues
Revenue Estimation Methodology

- Economic downturn ending; modest recovery underway in some areas
  - 20-Year Plan incorporates expected revenue growth

- Specific projections for each major revenue source
General Fund Revenues

- Overall revenues for FY 2010/2011 up 3.8% from FY 2009/2010 projected
  - Primarily due to one-time adjustment

- FY 2009/2010 projected revenues down 3.7% from FY 2008/2009 actuals

- Five major revenues = 81% of total
Property Tax Breakdown Per $1 Received

- SESD ($0.216)
- County ($0.19)
- FHSD ($0.187)
- Sunnyvale ($0.16)
- ERAF ($0.082)
- FCCD ($0.071)
- Other ($0.058)
- County School Service ($0.036)
Property Tax 10-Year History
Property Tax

- Largest General Fund revenue

- $42.5 million projected in FY 2010/2011
  - Down 1.7% from projected FY 2009/2010

- Exposure to reduced commercial valuations
Sales Tax

- Second largest General Fund Revenue
  - Down 24% since 2007

- Modest recovery projected
  - +2.5% in FY 2010/2011

- Reduced long-term baseline
  - $200 million over 20 years
Sales Tax

- County Sales Tax Rate = 9.25%
  - City gets 1%
  - State gets 7%
  - VTA gets 1%
  - County gets 0.25%
Sales Tax – 10-Year History

Sales Tax 10-Year History

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001/2002</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2002/2003</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2003/2004</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2004/2005</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2005/2006</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>2006/2007</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>2007/2008</td>
<td>$29,000,000</td>
</tr>
<tr>
<td>2008/2009</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>2009/2010</td>
<td>$27,000,000</td>
</tr>
<tr>
<td>2010/2011</td>
<td>$26,000,000</td>
</tr>
</tbody>
</table>
Utility Users Tax

- FY 2010/2011 $6.6 million
  - Down 4% from FY 2008/2009
  - Reflects impact of higher commercial vacancies

- Revenue opportunity
  - Sunnyvale rate lower than state and county averages
Franchise Fees

- FY 2010/2011 - $6.1 million
  - Up 2.3% from FY 2009/2010 projected

- Largest payment from PG&E
  - 40% of total
Transient Occupancy Tax

- $5.6 million in FY 2010/2011
  - Up 2.2% from FY 2009/2010 projected
  - Down 25% since 2008

- Long-term projections lower
  - $56 million over 20 years
  - Removed downtown hotel
Construction-Related Revenue

- Includes Construction Tax, building permits, plan check fees

- $5 million in FY 2010/2011
  - Up $0.5 million from FY 2009/2010 projected
  - Down 65% from FY 2007/2008
Department of Public Safety
Programs and Services

- Police Services
- Fire Services
- Community Safety Services
- Personnel and Training Services
- Investigation Services
- Communication Services
- Public Safety Administrative Services
- Records Management & Property Services
Budget Overview

- Total department budget - $69.9 million
  - $62.7 million in personnel costs
  - 279 full-time employees (4 part-time)

- General Fund budget – $69.8 million
  - 58.5% of total General Fund budget

- Special Projects for Public Safety Recruitment
  - $52 million over 20-year planning period
Budgeting Principles

- Responsible budgeting – stewards of public funds
- Focus on core services
- No service reduction
- Cost effective service delivery
- No change will jeopardize public safety
Significant Changes

- Reassignment of personnel to more closely align similar functions:
  - Traffic Education & Enforcement to Police Services from Community Safety Services
  - Fire Prevention and Fire Prevention Engineering to Fire Services from Investigative Services
  - Neighborhood Preservation to Community Safety Services from Community Development Department
Initiatives

- Technology efficiencies

- Staffing initiatives
  - Recruitment projects
    - Recalculation of hiring forecast
    - Lateral hiring process

- Public Safety Officer Recruitment

<table>
<thead>
<tr>
<th>Academy</th>
<th>Weeks</th>
<th>Cost Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection w/equipment</td>
<td>4</td>
<td>$27,094</td>
</tr>
<tr>
<td>Police w/PTO</td>
<td>42</td>
<td>$170,657</td>
</tr>
<tr>
<td>Fire</td>
<td>14</td>
<td>$118,702</td>
</tr>
<tr>
<td>EMS w/AD-PO</td>
<td>5</td>
<td>$24,548</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>$341,001</td>
</tr>
</tbody>
</table>
Initiatives

◆ Reductions
  – Operating budget
  – Net reduction of 5 positions ($1.2 million)

◆ Introduction of civilian professionals through attrition
  – $1.2 million annual savings based on salary and benefit differential
Department of Community Services
Programs and Services

- Parks and Open Spaces
- Arts and Recreation
- Columbia Neighborhood Center
- Youth and Family Services
Budget Overview

- Total department budget - $21.1 million
  - $15.2 million in personnel costs
  - 115 full-time employees (13 part-time)

- General Fund budget – $12.5 million
  - 10.5% of total General Fund budget

- Also funded by Community Recreation, Youth & Neighborhood Services, Dorolou Swirsky, Fremont Pool, and Parking District Funds
Significant Changes

- Adoption of roadsides and medians landscape maintenance ($200,000 savings)

- Golf rounds down due to rain and poor economy
Initiatives

- Golf cart paths
- Columbia Neighborhood Center expansion
- Reduction in General Fund subsidy to Recreation
Programs and Services

- Department organized into fifteen programs:
  - Transportation and Traffic Services
  - Pavement, Traffic Signs & Markings, Street Sweeping, and Roadside Easements
  - Street Lights
  - Street Tree Services
  - Concrete Maintenance
  - Downtown Parking Lot Maintenance
  - Public Works Administration
Programs and Services (continued)

- Capital Project Management and Environmental Sustainability
- Land Development / Engineering Services
- Water Resources
- Storm Water Collection System
- Sanitary Sewer Collection System
- Solid Waste Management
- SMaRT Station
- Wastewater Management
Budget Overview

- Total department budget - $103.6 million
  - $23.4 million in personnel costs
  - 191 full-time employees

- General Fund budget – $9.7 million
  - 8.1% of total General Fund budget

- Also funded by Gas Tax, Traffic Congestion Relief, Parking District, General Services and Utility Funds
Significant Changes

- Return street sweeping to once every two weeks
- Add staff to Water Program
  - AWWA Standards
  - State monitoring requirements
- Decrease polymer usage in wastewater processing - $950,000
- Reduce structural tree pruning services - $315,000
- Phase out Fair Oaks Industrial operating expenses - $255,000
- Reduce concrete sidewalk and curb replacement - $222,000
Significant Changes (Continued)

- Reduce traffic design, analysis, surveying - $116,000
- Reduce traffic signs, markings, graffiti removal - $105,000
- Reduce inspection cycle on traffic signals - $70,000
- Convert City street lamps to LED - $68,000
Initiatives

- Operational efficiencies- Fleet, Medians
- SunnyvaleWorks!
- Environmental sustainability
- Application of new technologies
- Maintaining infrastructure with diminishing resources
- Replacement of Water Pollution Control Plant
Library Department
Programs and Services

- Department organized into a single program with eight services:
  - Borrower Services/Circulation
  - Library Services for Adults
  - Library Services for Children and Teens
  - Acquire Library Materials for the Public
  - Technology Services
  - Prepare Library Materials for the Public
  - Outreach Services
  - Management, Supervisory and Administrative Support Services
Budget Overview

- Total department budget - $7.4 million
  - $5 million in personnel costs
  - 29 full-time employees, 30 part-time employees
- 6.2% of total General Fund budget
  - Library math: $7,429,717
    - minus $4,991,715 (salaries and benefits)
    - minus $1,601,525 (internal services charges)
    - equals $836,500 (goods and services)
Collections are $618,981 of that total
Significant Changes

- FY 2009-2010—$82,000 reduction in library collection expenditures, Sunday 2 hour reduction in library hours
- RFID/ AMH System installed - the equivalent of four vacant Library Specialist III positions eliminated to meet AMH/RFID agreement
- Remodeling of spaces
Automated Materials Handling
Automated Returns
Six RFID Checkout Machines
One Stop Service Point
Merchandising
Periodicals Area
Technology Center
Initiatives

- Redeploy staff from the back room to direct customer service
- Promote and support education
- Streamline materials acquisition and processing
- Expand program offerings to serve our diverse communities
Initiatives

- Explore ways to utilize volunteers and interns to enhance service
- Focus on outreach to the Hispanic community in north Sunnyvale through partnership with Sunnyvale Elementary School District
Finance Department
Programs and Services

- Accounting and Financial Services
- Financial Management and Analysis
- Budget Management
- Purchasing
- Treasury Services
- Utility Billing, Collection, and Revenue Management
Budget Overview

- Total department budget - $8 million
  - $6.2 million in personnel costs
  - 47 full-time employees

- General Fund budget – $5.8 million
  - 4.8% of total General Fund budget

- Also funded by Utilities, General Services, and RDA Funds
Significant Changes

◆ Demand for Finance’s core services increasing
  – Number of Public Works project bidding doubled
  – 17% increase in utility customer calls since 2007 from 32,800 to 38,600

◆ Organizational changes to drive efficiency and maximize existing resources

◆ Two vacant positions eliminated in FY 2009/2010
Initiatives

- Leverage use of technology
  - Distributed timecard entry module
  - Online utility bill presentment & payment
  - Purchasing prequalification process
  - Accounts payable electronic processing

- Expand collection efforts in Treasury
  - Budget supplement
New Revenue Generated by Business Tax License Audits
(Original Estimate v. Actual Amount Collected)
Human Resources Department
Programs and Services

- Risk Management
- Recruitment/Classification
- Employee Relations/Employee Development
- Employee Benefits/Leave Administration
- Management and Administrative Support
Budget Overview

- Total department budget - $3.6 million
  - $2.6 million in personnel costs
  - 17 full-time employees

- General Fund budget - $3.5 million
  - 2.9% of total General Fund budget

- Also funded by the Liability & Property Insurance Fund
Significant Changes

- Reduction in staff by three positions
- Budget reduction
  - Recruitment expenditures
  - City-wide training
  - City-wide wellness program
- New responsibility of city-wide volunteer program
- Addition of workers compensation and recruitment from the Public Safety Department
Initiatives

- Succession planning
- Implementation of additional modules to the Payroll System
- Reduction in risk claims
Information Technology
Department
Programs and Services

- Software Application Services and Support
- Information Technology Infrastructure Services and Support
- Information Technology Department Administration
Budget Overview

- Total department budget - $6.1 million
  - $3.5 million in personnel costs
  - 20 full-time employees

- Funded by charges to other departments’ operating budgets
Significant Changes

- Cost savings implemented in FY 2009/2010
- Management of Print/Copy/Bindery and Mail Services Program transferred to Office of the City Manager
- Newly implemented systems increased overall maintenance and support costs
- Increased use of consultation services by customer departments
Initiatives

- Major system replacement projects:
  - Maintenance Management System (MMS)
  - Permitting Software (SUNGIS)
- City intranet migration
- Radio infrastructure replacement
- Payment Card Industry (PCI) compliance
- Novell GroupWise migration (e-mail system)
- Increasing network bandwidth
Office of the City Attorney
Department has three areas of responsibility:
- Provide Legal Advice
- Provide Representation in Litigation and Administrative Matters
- Departmental Management and Administrative Support Services
Budget Overview

- Total department budget - $1.9 million
  - $1.3 million in personnel costs
  - Six full-time employees

- General Fund budget – $1.6 million
  - 1.4% of total General Fund budget

- Also funded by RDA, Property and Liability Insurance, and Utilities Funds
Significant Changes

- WPCP Outside Counsel now fully funded by Utilities Funds
  - Reduces funding from General Fund by $30,000

- Increase in number and complexity of litigation cases without staffing increase
Initiatives

- Reduce subscriptions to hard-copy legal reference materials and use electronic resources
- Look for cost-saving measures in use of outside counsel
- Pursue potential revenue-producing affirmative litigation
Office of the City Manager
Programs and Services

- Council and Office of the City Clerk
- Public Information
- Community Resources
- Economic Development
- Intergovernmental Relations
Budget Overview

- Total department budget - $11.1 million
  - $6.1 million in personnel costs
  - 47 full-time employees

- General Fund budget – $3.9 million
  - 3.3% of total General Fund budget

- Fleet and Facilities funded by charges to other departments’ operating budgets
Significant Changes

- Volunteer Services moves to Human Resources
- Fleet, Facilities, and Print Shop move to City Manager’s Office
- Reduced administrative support
Initiatives

- Webmaster to oversee new website
- Explore outsourcing of Print Shop
- Continued emphasis on records management
- Increased emphasis on process improvement
- Plan forward for aging City facilities
Programs and Services

- Department organized into four programs:
  - Building Safety
  - Planning
  - Housing/CDBG
  - Department Management

- Onizuka Local Redevelopment Agency
  - 1 part-time contract staff
Budget Overview

- Total department budget - $6.3 million
  - $5.3 million in personnel costs
  - 37 full-time employees
- General Fund budget - $5.1 million
  - 4.3% of total General Fund budget
  - Revenues cover Planning & Building expenses
- Additional funds
  - Housing Mitigation, CDBG, and HOME Funds
- Onizuka LRA
  - OEA Grant
Significant Changes

- Reduced permitting activity = reduced budget
  - Suspended permit processing contract services
- Staff changes
  - Plan Checker II position in Building eliminated
  - Sr. Management Analyst position on-loan from OCM
- Funding for tenant-landlord and dispute resolution services reduced to $25K
- Reduced non-personnel costs
- Current year cut: 3+ FT positions
Initiatives

- Continue Development Processing Improvement Committee
  - Inter-departmental coordination
  - Matrix study recommendations

- One-Stop Permit Center
  - Permit Works! – SunGIS upgrade project
Initiatives

- Planning
  - General Plan Consolidation
  - Horizon 2035 – LUTE/CAP
  - Zoning Code Streamlining
  - Lawrence Station Area Plan

- Housing
  - Consolidated Plan Implementation
  - Housing Element - BMR Ordinance
  - Affordable Housing Projects
Historic Development Activity

Planning Permits

- Heritage
- Rez/General Plan Amend.
- Planning Commission
- Admin Hearing
- Design Review
- Tree Removal
- Staff Level
Historic Development Activity

Building Construction Valuation

FY 95/96
FY 96/97
FY 97/98
FY 98/99
FY 99/00
FY 00/01
FY 01/02
FY 02/03
FY 03/04
FY 04/05
FY 05/06
FY 06/07
FY 07/08
FY 08/09

Industrial
Commercial
Residential
Development Forecast

- Development processing activity expected to remain below historic average for 2010
- . . . but initial signs of economic recovery
  - Office/R&D/Industrial activity
  - Residential subdivisions
  - Town Center
Current and Future Projects:
Non-Residential Projects
Current and Future Projects:
Residential Projects
NOVA Workforce Services
Programs and Services

- Services are divided by customer group
  - Job Seeker
  - Business
  - Youth
  - Enterprise
Budget Overview

- Total department budget - $11 million
  - $6.3 million in personnel costs
    - 47 full-time employees (6 part-time)
  - $1.5 million in tuition costs
  - $0.7 million in contracted services
- Entirely funded by the Employment Development Fund
- Funding sources
  - Workforce Investment Act (WIA) Allocations
  - State Discretionary Funds
  - ARRA Funds
Significant Changes

- ARRA funding and programs
- Enrollment process
- Funding sources
  - County Youth Program (TANF)
  - City Housing Program (CDBG)
Initiatives

- Diversify Funding
- Consortium Cities
- Youth Work Experience
- Newstart
- Regional Strategy
Park Dedication Fund
Park Dedication Fund

- Fee standard increasing
  - Increasing from 1.25 to 3.0 acres per 1,000 by 2012
  - Expected to significantly increase revenues

- Higher fee revenue creates more capacity for additional projects
  - Additional Morse Park cost could force delays in other projects
$5 million programmed for Morse Park
- Does not consider remediation costs
  - Expected to be $4-5 million additional needed

$28 million in transfers to infrastructure over 20-year period
- Parks-related infrastructure renovation
  - Park buildings
  - Pools
  - Playground equipment
Infrastructure Fund
Infrastructure Fund

- 21 projects for FY 2010/2011 - $4.3 million
- Funded by General Fund, Gas Tax, Park Dedication
- Major project efforts include HVAC/roof replacement, pavement rehabilitation, building rehabilitation
Infrastructure Fund

- Lack of ongoing funding to address City’s infrastructure needs
  - FY 2004/2005 - $65M in General Fund transfers programmed over long-term
  - FY 2010/2011 - $30M in General Fund transfers programmed in final six years

- Major projects remain unfunded
Community Recreation Fund
Community Recreation Fund

- Provides for City recreation activities
  - Two golf courses, tennis center, recreation programs

- $12 million in services in FY 2010/2011

- $3.5 million net contribution from General Fund
  - Planned contribution reduced by $200,000
Community Recreation Fund

- Structural imbalance in Fund
  - Recurring revenues < recurring expenditures
  - $200,000 in ongoing adjustments annually through 2013
    - Achieved through combination of:
      - Staff reductions through attrition
      - Increased efficiencies
      - Increased fee revenues
      - Program modifications

- Fees to be reviewed closely
Utility Enterprise Funds
Utility Enterprise Funds

- Utility rates to Council at rate hearing on June 15, 2010
  - Recommended increases
    - Water 7.5%
    - Wastewater 4.5%
    - Solid Waste 7.5%
Water Supply & Distribution Fund

- FY 2010/2011 total operating costs = $20.1 million
- Purchased Water Costs = $15.2 million (72% of total direct operating costs)
- Extensive infrastructure projects planned
Water Supply & Distribution Fund

- FY 2010/2011 proposed rate increase is 7.5%
  - As planned
  - Major factors: increase in cost of purchased water, decrease in quantity sold
    - SFPUC 16.2%
    - SCVWD 0%
    - 6.4% projected drop in volume
Water Supply & Distribution Fund

  - Adjusted fixed service charge to reflect cost of service in FY 2009/2010
  - Updated tier price differential to send meaningful price signal
  - Adjust tier break points in FY 2010/2011 based on cost of service work
Wastewater Management Fund

- Total operating costs = $13.6 million
- Plan also fully funds WPCP
- Funding for street sweeping two times per month
- Includes “Managing the Gap”
- FY 2010/2011 recommended rate increase is 4.5%
Solid Waste Management Fund

- Recommended rate increase is 7.5%, two percentage points higher than projected
- Major operating expenses:
  - Collection contract $16.7 million (up 5.75%)
  - Operation $2.2 million
  - SMaRT Expense Share $11.3 million (up 5.2%)
- Funding for street sweeping two times per month
- Revenues down $500,000