



FY 2010-11  
City of National City  
Preliminary Budget  
June 22, 2010

# Agenda

Tier I Update

Assistant City Manager

Voluntary Separation Program  
Update

Human Resources Director

Budget Presentation

Finance Director

# Tier I Update

# **Cost Saving Ideas Focusing on Generating Revenue, Reducing Expenditures or Creating Efficiencies**

- **81 Ideas Submitted By**
  - Labor Groups
  - Department Heads
- **Three Tiers**
  - Tier 1 – Pursue per City Manager recommendation
  - Tier 2 – Requires Further Analysis
  - Tier 3 – City Manager does not recommend at this time
- **Tonight's Discussion will focus on Tier 1**

Idea	Est. Revenue or Savings	Responsible Department	Comments
<b>Incentive Based Voluntary Separation Program:</b> - Voluntary Retirement Incentive Program - Voluntary Separation Program	<b>Annual savings depends on program results</b>	<b>City Mgr. HR</b>	<b>Implemented</b>
<b>Do not fill vacant positions</b>	<b>27 frozen/un-funded vacancies. \$2.3M annual savings ongoing</b>	<b>City Mgr. HR</b>	<b>Implemented</b>
<b>Managed Attrition – Fire Department</b>	<b>\$300,000 annual savings ongoing</b>	<b>Fire</b>	<b>Implemented</b>
<b>Drop to 3-FF staffing level on Fire Engine when 4<sup>th</sup> person out</b>	<b>Between \$75,000 - \$100,000 annual savings ongoing</b>	<b>Fire</b>	<b>Implemented – Effective July 1</b>
<b>No Food Expensing – City Staff</b>	<b>Savings to be determined</b>	<b>City Mgr.</b>	<b>Implemented</b>
<b>More stringent energy conservation</b>	<b>Savings thru more energy efficient equipment</b>	<b>PW</b>	<b>Implemented – Energy Retrofit Underway</b>

Idea	Est. Revenue or Savings	Responsible Department	Comments
<b>More stringent water conservation policy</b>	<b>Savings thru reduced water usage &amp; more efficient equipment</b>	<b>PW</b>	<b>Implemented – Ongoing Effort</b>
<b>Surplus obsolete fire and fleet vehicles</b>	<b>Savings thru reduced maintenance; revenue thru one-time auction proceeds</b>	<b>PW</b>	<b>Implemented – Ongoing Effort</b>
<b>Reduce Department Maintenance &amp; Operations Budgets</b>	<b>M&amp;O department budgets not increased since 2004</b>	<b>City Mgr. Finance</b>	<b>Implemented – Ongoing Effort</b>
<b>Reallocate when possible General Fund salaries to other funds</b>	<b>\$300,000 – salary reallocation to other funds dependent on Voluntary Separation Program</b>	<b>Finance CDC</b>	<b>Implemented – Ongoing Effort</b>

Idea	Est. Revenue or Savings	Responsible Department	Comments
<b>Suspend General Fund technology projects</b>	<b>\$500,000 in tent. projects; deferral resulted in GF savings for FY10/11</b>	<b>City Mgr. MIS</b>	<b>Implemented</b>
<b>Transfer AVA Program to NH Services to allow for change in funding stream</b>	<b>\$133,254 annual savings to GF ongoing</b>	<b>NHS Police</b>	<b>Implemented – Eff. July 1</b>
<b>Fire response cost recovery</b>	<b>\$70,000 annual revenue on-going</b>	<b>Fire</b>	<b>Implemented – Eff. mid-July</b>
<b>Advertise to increase dealerships on M.O.C.</b>	<b>Revenue would result from increased activity on MOC</b>	<b>City Mgr. CDC</b>	<b>Implemented</b>
<b>Restructure Vendor Payment Schedules</b>	<b>Savings would result from re-negotiated contract terms</b>	<b>Finance</b>	<b>Implemented – Ongoing Effort</b>

Idea	Est. Revenue or Savings	Responsible Department	Comments
Apply for COPS Grant for cities facing police officer layoffs & decline in public safety	Savings would depend on amount of grant award; max award of \$514,000	Police	Implemented
Install communication radios for field staff thereby reducing cell phone costs	Savings to be determined as part of cell phone analysis	NHS DSG	Implemented in NHS; under review in DSG
Ensure vehicle tire pressure is at utmost efficient level for fuel economy	Continue with existing Maint. Schedule for optimal savings	PW	Implemented – Already doing
Suspend General Fund CIP Projects	\$619,995 in identified tentative projects; project deferral resulted in GF savings for FY10/11	City Mgr. DSG	Implemented – If project has or can leverage matching funds



Idea	Est. Revenue or Savings	Responsible Department	Comments
2-year hiring freeze for 10 police officers	Savings depends on Voluntary Separation Program	Police	Under Review
No City-Provided Cell Phones	Savings depends on number of city issued phones	City Mgr. HR, MIS, City Atty	Under Review
Charge for "fix it" ticket sign-offs	Revenue to be determined	Police	Under Review
Install red light cameras at problem intersections	Program being evaluated	City Mgr. Police, City Atty	Under Review
Recoup DUI-related incident costs from DUI suspects	Revenue to be determined	Police	Under Review

<b>Idea</b>	<b>Est. Revenue or Savings</b>	<b>Responsible Department</b>	<b>Comments</b>
<b>Sell impounded firearms to legitimate gun brokers</b>	<b>Revenue to be determined</b>	<b>Police</b>	<b>Under Review</b>
<b>Offer live-scan fingerprint service to public</b>	<b>At \$20 printing (a rate equal to Chula Vista) @ 1/week, we would realize approx. \$580/yr annual revenue</b>	<b>HR</b>	<b>Under Review</b>
<b>Use volunteers to assist with graffiti removal efforts</b>	<b>Could assist existing staff resulting in increased efficiencies</b>	<b>HR NHS</b>	<b>Under Review</b>
<b>Use recycled paint for graffiti removal</b>	<b>\$4,600 annual savings ongoing</b>	<b>NHS</b>	<b>Under Review</b>
<b>Reduce city mailings only as required</b>	<b>Savings to be determined</b>	<b>City Mgr. City Clerk</b>	<b>Under Review</b>

Idea	Est. Revenue or Savings	Responsible Department	Comments
<b>Renegotiate Lower Sweetwater Fire Services Contract</b>	<b>\$125,000 addt'l annual revenue ongoing</b>	<b>Fire</b>	<b>Under Review</b>
<b>Amend Paramedic contract and move RCCP to pass-through account</b>	<b>\$120,000 addt'l annual revenue ongoing</b>	<b>Fire</b>	<b>Under Review</b>
<b>Enhance Fire plan reviews</b>	<b>\$7,000 - \$10,000 annual savings ongoing</b>	<b>Fire</b>	<b>Under Review</b>
<b>Reduce number of School Resource Officers by half</b>	<b>\$150,000 annual savings if School Districts pick up one-half of cost</b>	<b>Police</b>	<b>Under Review</b>
<b>Reduce or eliminate sponsored &amp; co-sponsored special events</b>	<b>\$18,000 annual savings ongoing</b>	<b>CM, CSD,</b>	<b>Under Review</b>

<b>Idea</b>	<b>Est. Revenue or Savings</b>	<b>Responsible Department</b>	<b>Comments</b>
<b>Eliminate or suspend fee waivers for special events</b>	<b>Revenue loss for 2009 and 2010 (to date) \$44,316</b>	<b>CM, CSD</b>	<b>Under Review</b>
<b>Rent MLK for special events</b>	<b>Revenue depending on policy</b>	<b>CSD</b>	<b>Under Review</b>
<b>Stop staffing City trailer with Recreation staff</b>	<b>\$1,521 annual savings ongoing</b>	<b>CSD</b>	<b>Under Review</b>
<b>Voluntary Separations</b>	<b>Dependent on # of participants</b>	<b>City Mgr. HR</b>	<b>Under Review</b>
<b>Voluntary Furloughs</b>	<b>Dependent on # of participants</b>	<b>City Mgr. HR</b>	<b>Under Review</b>
<b>Install wash rack for city vehicles</b>	<b>\$6,000 annual savings ongoing if brought in- house</b>	<b>PW</b>	<b>Wash rack exists at PW Yard; Under review to wash all City vehicles</b>

<b>Idea</b>	<b>Est. Revenue or Savings</b>	<b>Responsible Department</b>	<b>Comments</b>
<b>Use ethanol in City's flex fuel vehicles</b>	<b>N/A</b>	<b>PW</b>	<b>City does not own any flex fuel vehicles</b>

# Potential Service Reductions

- Library, Community Services & CDBG
- Board & Commission Input
- Community Input
- Staff will return to City Council with analysis, timeline, and recommendations based on City Council approval/direction

Idea	Est. Revenue or Savings	Responsible Department	Comments
<b>Move to 4 or 5-day Library operation</b>	<b>Btwn \$155,000 to \$228,000 annual savings (salary &amp; utilities) depending on # days open</b>	<b>Library</b>	<b>Under Review</b>
<b>Close Recreation Centers 1 day a week (or reduce hours per day)</b>	<b>\$16,380 annual savings ongoing</b>	<b>CSD</b>	<b>Under Review</b>
<b>Close Senior Center on Sundays</b>	<b>\$3,276 annual savings ongoing</b>	<b>CSD</b>	<b>Under Review</b>
<b>Close Pool on Sundays (or one day a week)</b>	<b>\$17,160 annual savings ongoing but would lose pool revenue</b>	<b>CSD</b>	<b>Under Review</b>
<b>Close Pool during winter months when attendance is low</b>	<b>3 month closure – \$20,000 utility savings and \$5,500 salary savings</b>	<b>CSD</b>	<b>Under Review</b>

Idea	Est. Revenue or Savings	Responsible Department	Comments
Temporarily suspend CDBG funding allocations to outside entities next fiscal year	Annual savings of \$499,247	Housing & Grants	Application process begins December 2010 for next fiscal year



**City of National City  
Preliminary Budget  
FY 2010-11**

# Preliminary Budget Overview

## (all funds)

<u>Description</u>	<u>Revenue &amp; Transfers In</u>	<u>Expenditures &amp; Transfers Out</u>
General Fund *	37.2 M	39.2 M
Special Revenue Funds *	30.2 M	29.6 M
Capital Projects Funds	7.7 M	11.5 M
Debt Service Funds	12.6 M	12.7 M
Internal Service Funds *	<u>8.8 M</u>	<u>9.8 M</u>
<b>TOTAL ESTIMATED BUDGET</b>	<b>96.5 M</b>	<b>102.8 M</b>

\* Revised amounts will be presented tonight and reflected in the 7/1/10 budget

# Council Directed Actions and Budget Updates

January 30	Midyear budget review
February 16	Adopted midyear changes
Feb-Mar	Presentations to Neighborhood Councils
April 6	FY 2010-11 Budget Update
May 11	Community Budget Workshop
May 18	Budget update
May 25	Budget Workshop
June 5	Neighborhood Council Breakfast
June 8	Budget update

General Fund  
FY 10-11 Preliminary Budget

June 22, 2010

# Preliminary General Fund Budget

	@ May 11	@ June 22
Revenues & Transfers In **	32.6	37.2
Expenditures & Transfers Out **	<u>39.3</u>	<u>39.2</u>
Surplus/ <Deficit>	<6.7>	<2.0>
Amount from Contingency Reserve	<0>	2.0
Surplus/ <Deficit>	<u>&lt;6.7&gt;</u>	<b>Balanced</b>

**GENERAL FUND BALANCED AT \$ 39.2 MILLION**

\*\* Amounts revised to include additional information as presented

# General Fund Budget Revenue Reconciliation

<u>Description</u>	<u>Revenue Estimate</u>
Revenues & Transfers In @ May 11	32.6 M
ADD:	
One time transfers from other funds	2.5 M
Increase in Sales Tax Revenue Estimate	.9 M
Other transfers (Gas Tax & CDBG)	.8 M
Cellular phone tower revenue	.3 M
<b>CIP Transfers approved at 6/8 meeting *</b>	<b><u>.1 M</u></b>
<b>Revenues &amp; Transfers In @ June 22</b>	<b><u>37.2 M</u></b>

\* Additional revenue not reflected in Council item but will be reflected in FY 10/11 final budget

# Council Direction Included in the Budget

- \$1 million contingency reserve for Voluntary Separation Incentives to be tracked in a Separate Fund
- \$1 million contingency reserve for General Fund operations
- \$ 1.5 million Sewer Fund loan for Street Resurfacing Project

# Other Calculations Included in the General Fund Budget

- \$2.3 million of approximately 27 positions not funded and to remain vacant
- Employee paid PERS contribution has been included as a reduction in expenditures
- Internal service fund charges reduced by \$835,700



# Additional General Fund Revisions

- Transfer CIP projects released from 6/8/10 meeting to General Fund

- Additional Revenue = \$165,000

**Total Revenue & Transfers In = \$37.2 M**

- Transfer AVA Program from the General Fund to Tax Increment Fund

- Expenditure savings = \$ 132,577

**Total Expenditures & Transfers out = \$39.2M**

# General Fund Contingency Reserve

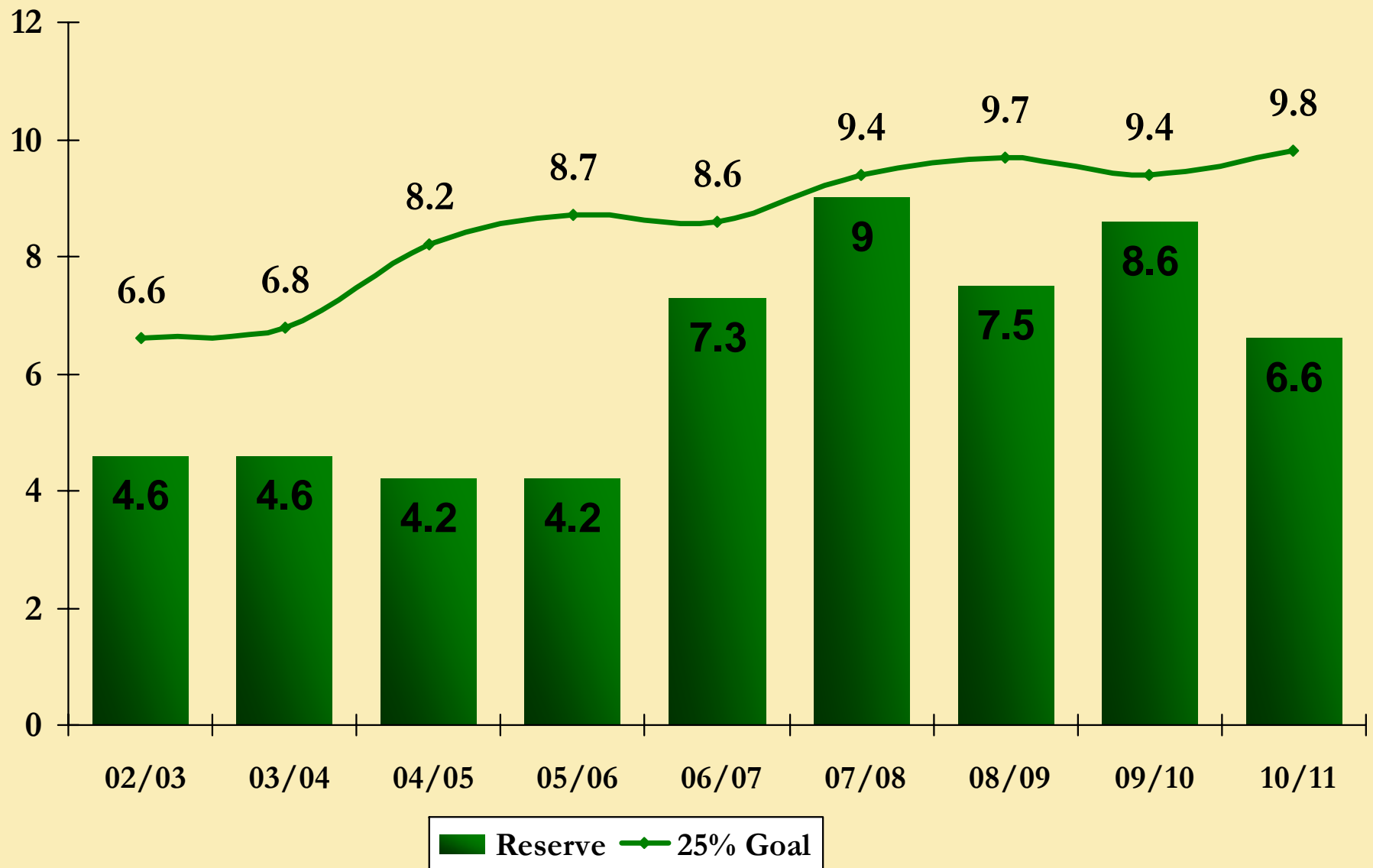
General Fund Policy: ... range between 25% and 50% of a single year's General Fund operating expenditures

- FY 10-11 Estimated General Fund expenditures = \$39.2 million
  - Reserve will be at 17%, which is \$3.2 million below target level of \$9.8 million  
( $\$39.2 \text{ million} \times 25\%$ )

# General Fund Contingency Reserve Balance

<u>Description</u>	<u>Balance</u>
Estimated Contingency Balance, 6/22/10	8.6 M
Deduct:	
Transfer to Personnel Compensation Fund for the Voluntary Separation Program	<1.0 M>
Transfer to the General Fund for Operations	<1.0 M>
<b>Estimated Contingency Balance, 6/30/11</b>	<b><u>6.6 M</u></b>

# History of Contingency Reserve



# Additional Revisions to Other Funds

Fund	Description	Amount
109	Street Resurfacing Project	637,074
629	PD computer equipment	249,000

Community Development  
Commission FY 10-11 Budget

June 22, 2010

# FY 2010-11 CDC Budget

<u>Description</u>	<u>Revenue &amp; Transfers In</u>	<u>Expenditures &amp; Transfer Out</u>
Debt Service Fund	12.1 M	12.2 M
Tax Increment (80%)	\$ 5.9 M	\$ 5.6 M
Housing Set Aside (20%)	3.0 M	3.0 M
Section 8	9.5 M	9.3 M
HOME	.7 M	.5 M
CDBG	1.4 M	1.4 M
Home Loan Fund	=	<u>.5 M</u>
<b>Total CDC Budget</b>	<b>32.6 M</b>	<b>32.5M</b>

# Tax Increment Fund

## State Takeaways

- May 10, 2010 – Supplemental ERAF paid to State in the amount of \$5.1 million
- FY 10-11 Supplemental ERAF payment is budgeted at \$1,067,127



# Council Action

- Adopt FY 2010-11 City of National City Budget
  - General Fund Operating budget @ \$39.2 million
  - Overall National City Budget @ 102.8 million
- Adopt FY 2010-11 Community Development Commission Budget @ \$32.5 million

# FY 2010-11 Budget Plan

- Staff will closely monitor the General Fund budget and will update council on budgetary goals on a quarterly basis
- Staff will recommend revisions to the budget in Mid-January
- If department savings assumptions are NOT met, there are 3 options:
  - Use contingency reserves again or
  - Service Reductions or
  - Combination of both

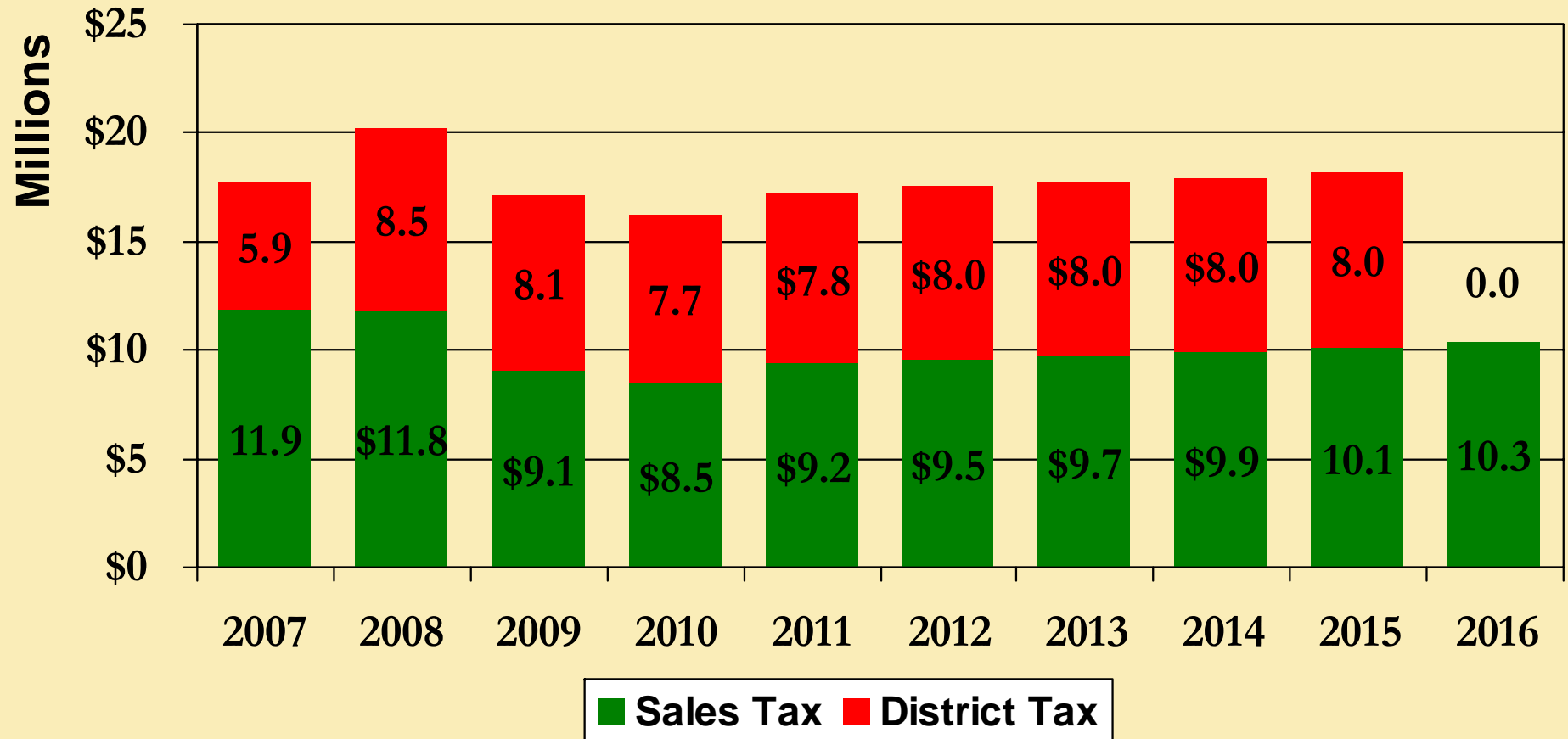
# Budget Forecasts

Description	FY 11-12	FY 12-13
Estimated Revenue *	35.4 M	36.1 M
Estimated Expenditures **	37.6 M	38.7 M
Surplus/ <Deficit>	<2.2 M>	<2.6 M>

\* Excludes one time transfers from other funds. Assumes a 2% increase in overall revenues.

\*\* Includes reallocation of overhead from General Fund to CDBG of \$500,000. Also includes subsidies to Library, Parks and Nutrition Center. Assumes a 3% increase in overall expenditures.

# Projected Sales Tax and District Tax 2016 – District Tax terminates



\*Assumes District Tax @ \$ 8 million/year and Sales Tax increase @ 2%/year

# Next Steps

- June 22 Budget adoption
- July 1 Budget posted on the City's website
- July 30 Hard copies of the budget available in the finance department
- Mid-November First quarter update of the General Fund budget
- Mid-February Midyear General Fund Budget update

Questions?