FY 2011 Proposed Budget and CIP

City Manager Presentation

February 16, 2010

Long Term Fiscal Challenges

- FY 2011 third year of unprecedented fiscal challenges facing the City
- Expect at least 3 and maybe 4 more years of difficult financial prospects calling for significant spending restraint
- Not alone in facing these challenges

Significant Spending Restraint

- $534.1 million budget 1.5% less than the peak budget of $542.0 million two years ago
- The FY 2011 budget proposed requires $19.2 million in reductions from City and School current services budget – a 3.5% reduction
- The City operational reductions proposed total approximately $9.7 million, offset by $1.5 million in City increases for net decrease of $8.2 million
- Taxes were increased approximately $21.4 million in the base budget

Summary of FY 2011 General Fund Operating Budget
($ in millions)

	FY 2010	FY 2011	$ Change	% Change
City Operations	$307.6	$308.4	+$0.8	+0.3%
Debt Service and Cash Capital	$41.8	$41.9	+$0.1	+0.2%
Transit Subsidies	$16.0	$15.9	-$0.1	-0.6%
Subtotal City	$365.4	$366.2	+$0.8	+0.2%
ACPS transfer	$164.8	$167.9	+$3.3	+2.0%
Total	$530.0	$534.1	+$4.1	+0.8%

Personnel

- 4.7% decrease in staffing levels since FY 2009
- 67 full and part time positions to be eliminated (55 FTE)
- 12 new positions proposed
- Net total reduction of 43 FTE

Personnel con't

- No MRA, no adjustments, no benchmarks
- Does include merit-based step increase
- Does increase employee share of health care coverage.

Increase in Budget Focused on Schools Per Council Direction

- (86%) of increase to ACPS -- 2.0% increase in City contribution
- Protects Schools from severe reductions (absent further, significant decreases in State aid)
- Few, if any, other jurisdictions in the region can make the same statement
- Superintendent's proposed budget slightly higher ($700,000), but this budget and his are not that far apart

Lengthy Review Leads to Wide Ranging Spending Reductions in City Departments

- 8 months diligent review of proposals for
  - Spending reductions,
  - Revenue increases
  - Service enhancements
- A wide range of spending reductions are proposed in almost all areas of the budget

Few Increases, Many Reductions

- Public safety generally maintained
  - Targeted reductions in some areas
  - Strategic, targeted increases in a few other public safety programs
- Few other new initiatives are proposed
- Significant service reductions in social safety net minimized
- Compensation and benefits budgeted at fair but not generous levels

Focused and Restrained CIP

- CIP focus on maintaining existing facilities and public infrastructure
- Many projects delayed to later part of decade
- Some delayed, reduced or eliminated
  - Public Safety Projects
  - School Projects
  - Recreation and Parks Projects
  - Transportation Projects
  - Information Technology Projects

Modest Tax Increases Overall

- Real estate and all other local taxes paid will increase by very small amount --$1.9 million or 0.5% in the base budget
- The real estate tax rate is proposed to increase by 7 cents
- Average homeowner would pay only $8.58 more a month or $103 a year (+2.4%) due to declining assessments
- No other tax rate would be raised
- Modest increases in user fees and service charges ($1.0 million)

Three Additional Options are Proposed

- To increase sewer capacity and environmental effectiveness
  - Storm Water Management fee would cost the average homeowner $48 a year
  - Sanitary sewer water usage fee increase would cost the average residential user $17.50 a year
- To provide for much needed transportation improvements, a 3 cent tax on commercial real estate

Long term focus on maintaining financial sustainability and a high quality of life

- Prudent, conservative budgeting practices
- No expedient, short term fixes to try to solve a long term budget problem
- Neither should we abandon our strategic goals and objectives in the face of financial difficulties