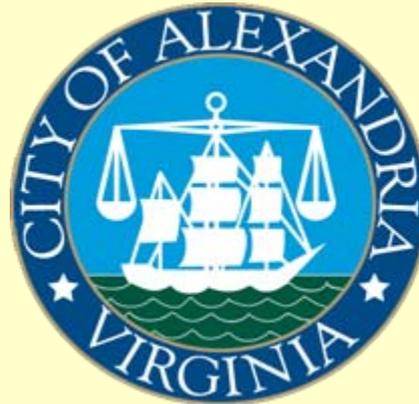


FY 2011 Proposed Budget and CIP

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

