CITY OF
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HEART OF THE BAY

FY 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update

March 6, 2012

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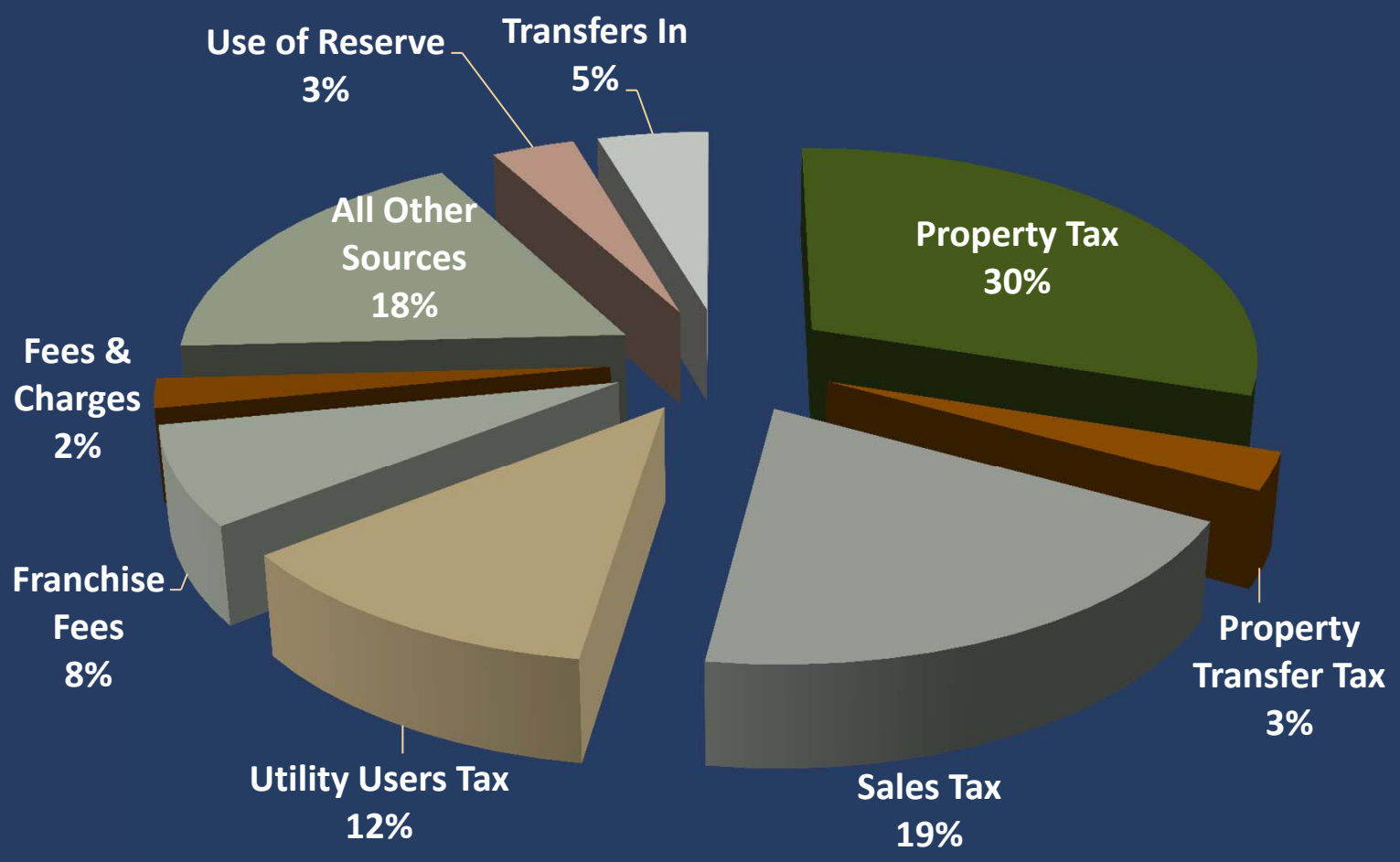
Topics of Discussion

- Overview – economic climate
- General Fund revenues
- General Fund expenditures
- General Fund Ten-Year Plan Update
- Mid-Year Adjustments

Overview

- **Economy still struggling**
  - Property tax values still on way to the bottom
  - Sales tax starting to see slight improvement
- **FY 2012 changes to original projections +$768K:**
  - Increased revenue +$716K
  - Reduced expenditures -$52K
  - Still a GF gap – but reduced to $3.4M from $4.2M
  - Use $768K less of GF Reserve
- **Impact of FY 2013 forecast**
  - Lower revenue increased gap by $730K, labor concessions save $1M – <u>resulting in a revised gap of $13.9M</u>

FY 2012 Adopted Budget General Fund Revenues $122M



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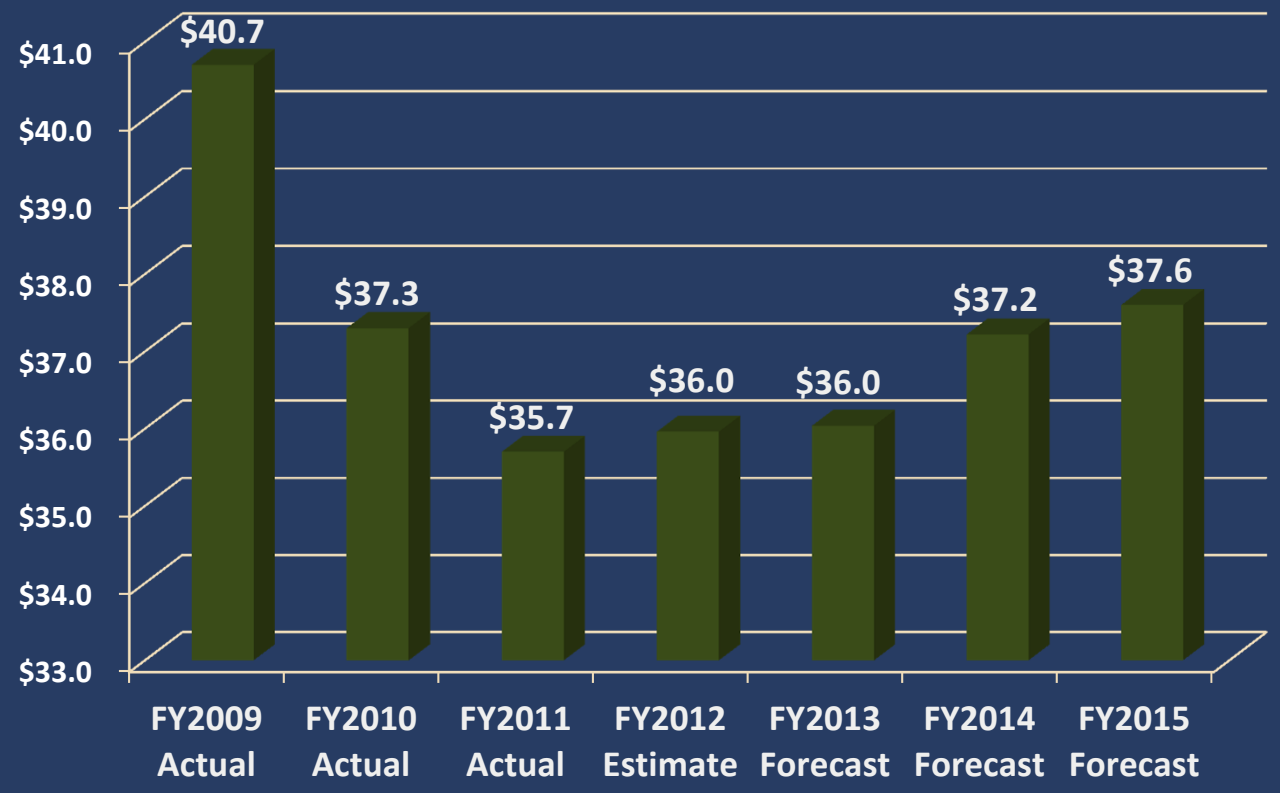
General Fund Revised Revenue Projections

Revenue *(in 1,000's)*	Fiscal Year 2012 Adopted	Fiscal Year 2012 Projected	Fiscal Year 2012 $ Change	Fiscal Year 2012 % Change	Fiscal Year 2013 Original Forecast	Fiscal Year 2013 Revised Forecast	Fiscal Year 2013 $ Change	Fiscal Year 2013 % Change
Property Tax	36,654	35,960	(694)	-1.9%	35,977	36,037	60	0.2%
Sales Tax	23,647	25,777	2,130	9.0%	26,059	26,293	234	0.9%
UUT	14,800	14,800	-	0.0%	15,170	15,170	-	0.0%
Franchise Fees	9,126	9,083	(43)	-0.5%	9,429	9,304	(125)	-1.3%
Property Transfer Tax	3,491	3,500	9	0.2%	3,672	3,570	(102)	-2.8%
Other Taxes	5,370	5,510	140	2.6%	5,477	5,620	143	2.6%
Charges for Services	7,927	7,321	(606)	-7.6%	8,072	7,467	(605)	-7.5%
Other Revenue	3,694	3,728	34	0.9%	3,816	3,851	35	0.9%
Intergovernmental	4,489	4,233	(256)	-5.7%	3,149	3,223	74	2.4%
Fines and Forfeitures	2,410	2,488	78	3.2%	2,421	2,499	78	3.2%
Interest and Rents	526	450	(76)	-14.4%	395	276	(119)	-30.1%
Totals	**112,134**	**112,850**	**716**	**0.6%**	**113,637**	**113,310**	**(327)**	**-0.3%**

Property Tax Projections



- FY 2012 estimate lowered by $694K (still higher than FY 2011)
- FY 2013 forecast unchanged – no growth from FY 2012
- FY 2014+ reflects modest 2% growth

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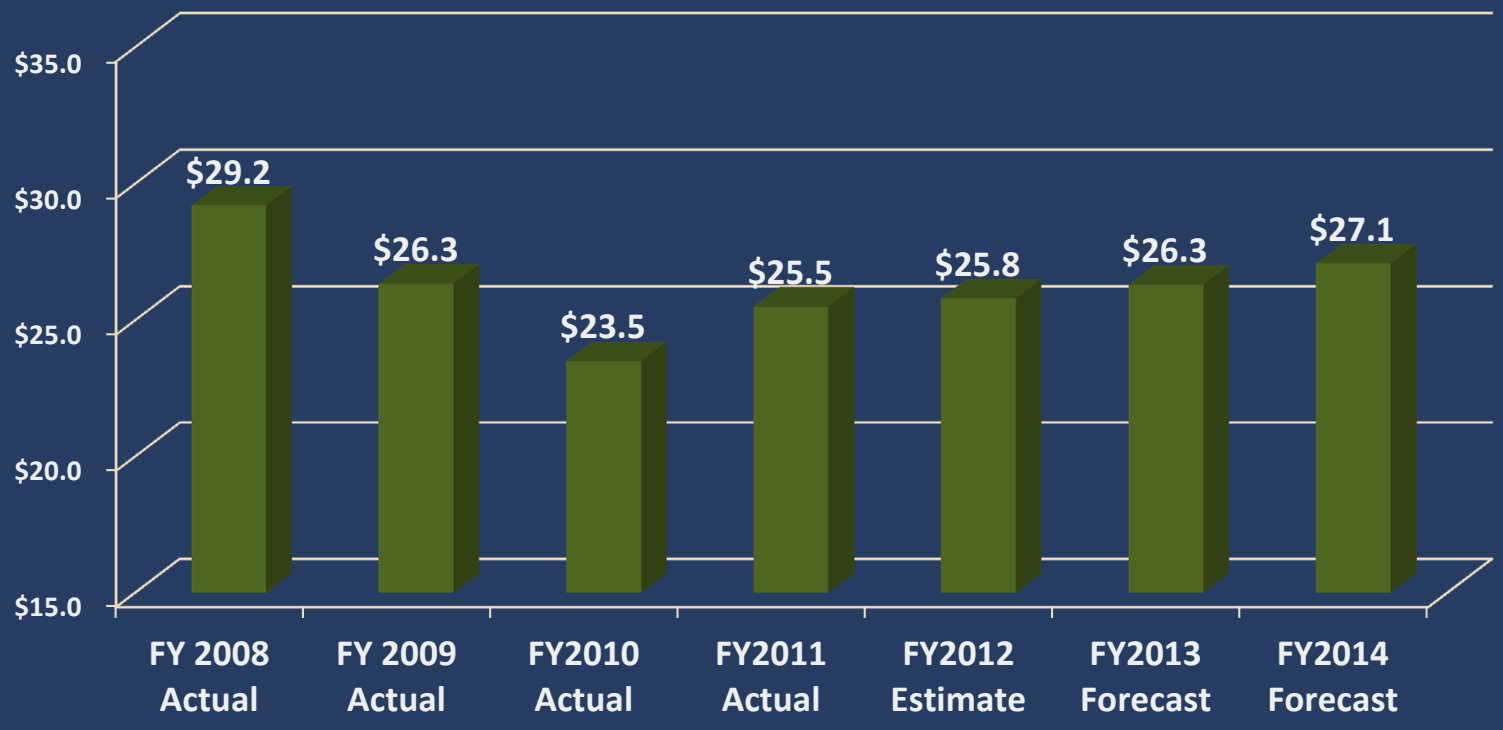
Sales Tax Projections



- FY 2012 estimate increased by $2.1M (based on FY 2011)
- FY 2013 forecast 2% growth from FY 2012
- FY 2014+ reflects modest 3% growth

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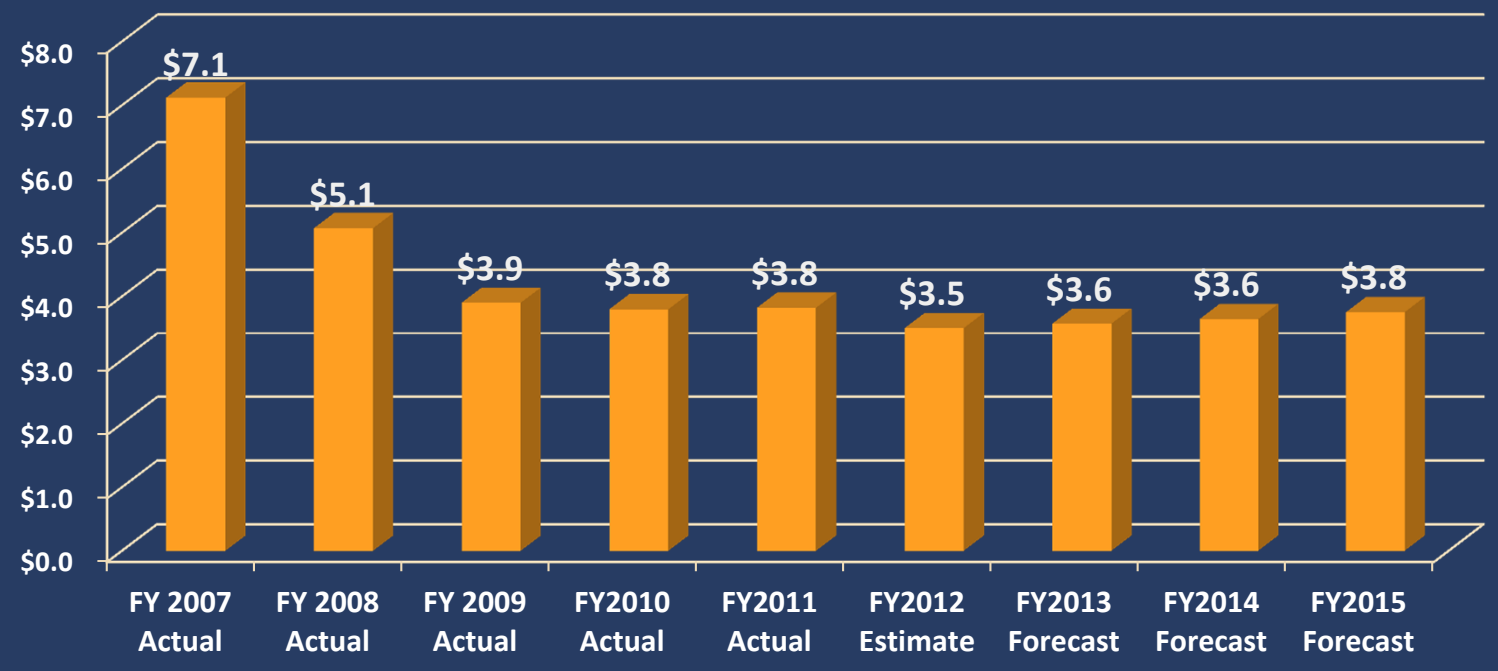
Property Transfer Tax Projections



- A volatile revenue source tied to the real estate market.
- FY 2012 estimate almost same as adopted budget projection
- FY 2013 forecast lowered to reflect current trends and market
- FY 2014+ reflects modest 2% growth

Other revenue changes

Charges for Services

- *Construction related fees*
  - Loss of $606K in FY 2012
  - Driven by drop in construction related fees

- *Fees & service charges*
  - Loss of $185K in FY 2012
  - Driven by reduction in police fees and service charges

Intergovernmental Revenue

- Loss of $256K in FY 2012
- Driven by State grab of Vehicle License Fee and no mutual aid reimbursements

Transfers

- Loss of $400K in FY 2013+ due to Redevelopment Agency dissolution

General Fund Expenditures

General Fund Expenditures *(in 1,000's)*	FY 2012 Adopted	FY 2012 Projected	$ Variance	% Variance
Total Expenditures	**121,952**	**121,900**	**(52)**	**-0.04%**

- Net projections relatively unchanged = savings of .04%
- Will monitor closely for remainder of year

General Fund Ten-Year Plan Gap Projections

Original FY 2013 gap projection = $14.25M

(December 2011)

Revised FY 2013 gap projection = $14.98M

(before labor concessions)

- Lower revenues based on FY 2012 mid-year
- Loss of RDA revenue

Revised FY 2013 gap projection = $13.95M

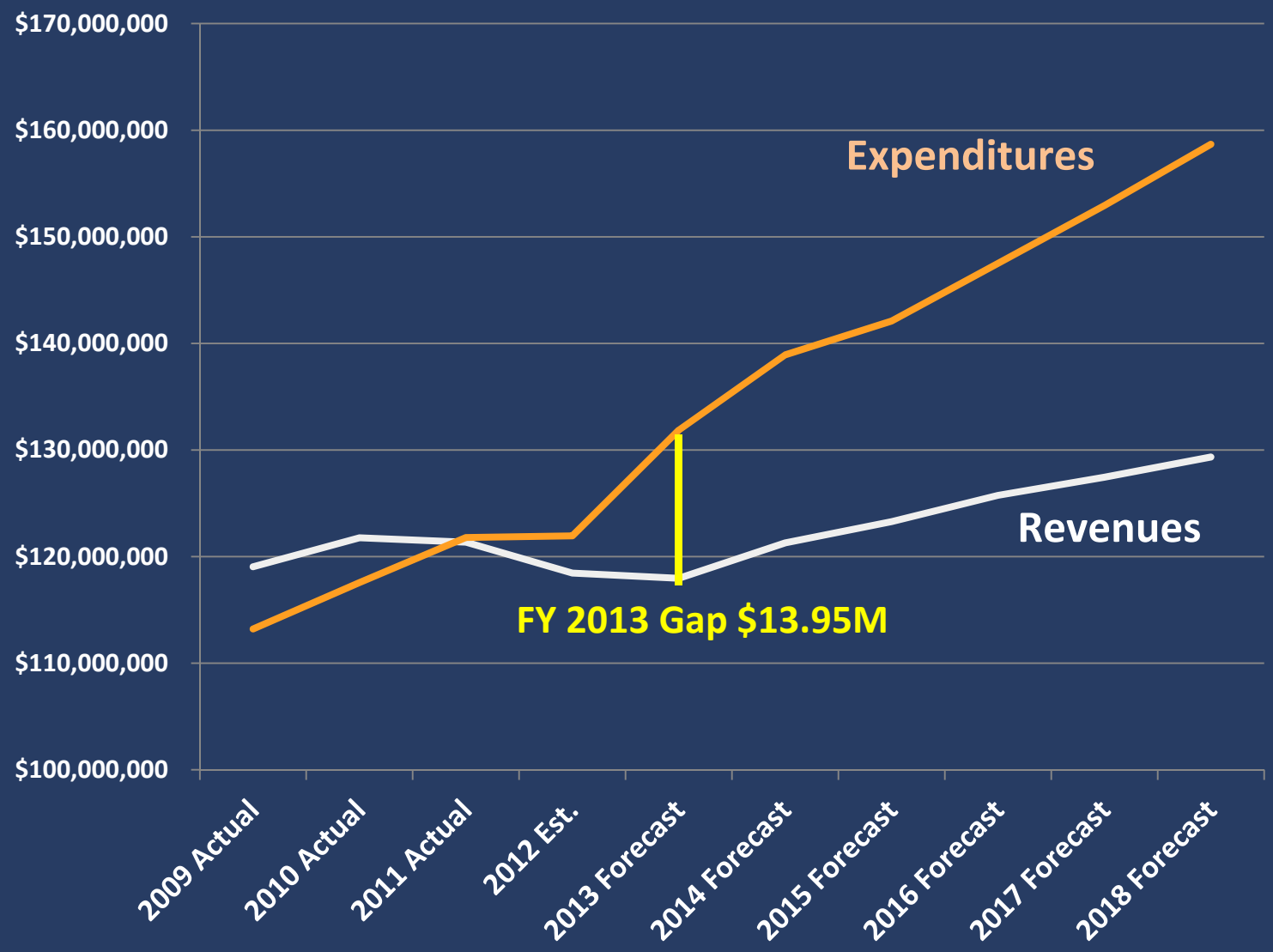
(with labor concessions)

- Includes $1M of savings from new labor concessions

GF Ten-Year Plan Revised with Labor Savings

General Fund Summary *(in 1,000's)*	A FY 2012 Adopted	B FY 2012 Projected	C FY 2013 Forecast	D FY 2014 Forecast	E FY 2015 Forecast	F FY 2016 Forecast	G FY 2017 Forecast
Beginning Fund Balance	**29,550**	**29,550**	**26,105**	**12,156**	**(5,577)**	**(24,582)**	**(46,609)**
Total Resources	117,740	118,456	117,961	121,295	123,272	125,749	127,448
Total Outlays	121,952	121,901	132,942	140,307	143,960	149,459	154,983
Annual Surplus/(Shortfall)	**(4,212)**	**(3,445)**	**(14,981)**	**(19,012)**	**(20,688)**	**(23,710)**	**(27,535)**
Labor Concession Savings (phased to 17%)							
HAME			627	787	1,062	1,062	1,062
Unrepresented			405	492	621	621	621
Total Concession Savings			**1,032**	**1,279**	**1,683**	**1,683**	**1,683**
Net Annual Surplus/(Shortfall - Use of Reserve)	**(4,212)**	**(3,445)**	**(13,949)**	**(17,733)**	**(19,005)**	**(22,027)**	**(25,852)**
Ending Fund Balance	**25,338**	**26,105**	**12,156**	**(5,577)**	**(24,582)**	**(46,609)**	**(72,461)**

General Fund Ten-Year Plan Update



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Mid-year Expenditure Adjustments

- Mid-year adjustments to appropriate grants:

General Fund 100 adjustments	=	$521,000
CIP Fund 410 adjustment	=	$140,000
Library Grant Fund 220 adjustment	=	$ 3,000

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