

# **2009 Budget Adjustment Plan: Final Report**

Finance & Personnel Committee:

April 28, 2010

# Background

- Administration developed Plan to help adapt to emerging fiscal challenges
- Common Council adopted file 090043 in June, 2009
- Resolution directs DOA report on Plan results
- Preliminary report to Committee on 12/16/09

# Plan Objectives

1. Achieve a \$13 million 2009 expenditure lapse for 2011 TSF regeneration
2. Achieve 200 funded general City vacancies by the end of 2009
  - Reduce 2010 layoff potential
  - Help achieve expenditure lapse
3. Provide for adequate operating funds for Q 4 2009 snow & ice operations
4. Reduce future budget impact of \$2.7 million of contingent borrowing for 2008 snow & ice control expenses

# Plan Strategies

1. Position control
2. Harvest projected energy savings (i.e., no reallocations to other spending)
3. Implement 2009 furlough program
4. Modify the 2009 snow and ice removal charge
  - \$2.7 million increase adopted in July via File 090333
5. Police overtime management not a formal part of Plan but contributed to TSF regeneration objective

# Projected Results

1. Vacancy objective was achieved
  - Only 2 layoffs projected due to 2010 Budget reductions
  - Plan facilitated “no layoff provision” with DC 48 for 2010-2011 agreement
2. TSF regeneration goal from the Budget was achieved
  - Current regeneration estimate is ~\$20 million (2009 Budget “surplus”)
  - ~ \$15.5 million due to unexpended appropriations
  - ~ \$4.5 million due to greater than anticipated revenues
  - Budget management plan was a significant contributor
  - Comptroller action on “closing the books” could affect final TSF inflow
3. 2010 adopted D/S levy reflects \$2.7 million reduction from change to 2009 snow & ice removal charge
  - Cash flow management results in this being part of TSF regeneration
4. Health care savings from vacancies contribute to 2010 carryover availability
5. Unexpended Contingent Fund appropriation of ~ \$3.5 million (70%) is largest since at least 1990!
  - Conservative budgeting reduced exposure
  - Effective departmental management of operations
  - 2000-2008 average lapse was < 2% of total appropriation

# Implications

1. Projected 2011 TSF balance restored to ~ \$33 million
  - Responds to rating agency concern
  - Subject to Comptroller close out action
2. \$13 million 2010 TSF w/draw appears sustainable for 2011 Budget
3. Revenue environment likely to constrain regeneration for foreseeable future
4. Limiting Contingent Fund appropriations is a key to 2010 regeneration potential

# Comments & Questions

