

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

