

CITY OF MONTEREY OPERATING BUDGET

FISCAL YEAR 2009-10

RECAP

- Adoption of budget means:
 - \$7.4 million budget gap closed
 - Reserves impacted but not drawn down further
 - \$1 million in employee ongoing concessions
 - Addresses programs desired by community
- Still a \$96M organization
- Essential public safety services retained
- All core service obligations met
 - though some services reduced, others eliminated
- In a position to increase capital renewal investment when economy improves
- On good financial foundation, but...
more work to do...

THE CHALLENGES...

× Severe economic downturn

- + Major reductions in TOT (-18%) and sales taxes (-7%)
- + \$7.4M deficit in FY10 if no action is taken

× Significantly under-funded capital facility and infrastructure renewal program

- + Most agencies in this position, still a stewardship obligation
- + Recommend transfer from former Public Service Center Fund to Capital Renewal Reserves

× State budget difficulties

- + Current deficit estimate = \$24.3 billion
- + Could take gas tax: \$471,000
- + Could take property tax: \$817,000
- + Could take Prop 42 road funds: \$304,000
- + Have appealed RDA take: \$448,000

WHAT IF WE DO NOTHING?

FY10 shortfall projected at mid-year	\$5.8M
Add'l shortfall at 3 rd qtr (covers FY09 &10)	+2.0M
State loses RDA court case	<u>-0.4M</u>
Total FY10 shortfall if nothing is done	\$7.4M

HOW CAN WE CLOSE THE \$7.4M GAP?

Budget reduction plan	\$5.83M
Economic Uncertainty Reserve	\$0.85M
Estimated employee concessions	<u>\$0.89M</u>
Total savings	\$7.6M

BUDGET REDUCTION PLAN SUMMARY

Department	Savings
Administration	\$577,356
Police	1,038,590
Fire	157,129
Plans & Public Works	2,654,566
Recreation	566,967
Library/Museum	589,640
Public Facilities	322,327
Less transition costs	<u>-80,000</u>
Total Budget Reduction Plan	\$5,826,575

COMMUNICATING THE BUDGET MESSAGE...

- ✘ Community budget forums in March
- ✘ Budget public hearings in May and June
- ✘ Budget updates at every Council meeting
- ✘ Numerous neighborhood and business organization presentations and updates
- ✘ Web-site, FOCUS, press releases, suggestion hotline, blog, etc.

PROGRAMS RECOMMENDED FOR BUDGET RECONSIDERATION

Restore California History Room Service <i>Would restore full California History Room service within reduced Library operating hours.</i>	\$69,992
Restore Youth Services Programs <i>Would restore full Youth Services programming within reduced Library operating hours.</i>	\$60,111

PROGRAMS RECOMMENDED FOR BUDGET RECONSIDERATION

Youth Center - Teen After Games Activities <i>Continue popular 5th Quarter dances after Monterey High football/basketball games</i>	\$4,339
Senior Center - Senior Citizen Activities <i>Retain senior citizen activities taught or conducted by staff (i.e. social activities, arts & crafts, and dance)</i>	\$6,634
Senior Center - Handicapped Services <i>Retain the 1st Friday of the month social for special needs adults and seniors</i>	\$6,192
Community Centers open Fridays (9am - 1pm) Youth Center, Hilltop Park Center and Casanova Oak Knoll Center <i>Retain Friday morning programs/classes for tots and youth (i.e. gymnastics, arts and crafts, school break programs)</i>	\$5,693

PROGRAMS RECOMMENDED FOR BUDGET RECONSIDERATION

Playground Program - 2 part-time staff <i>Add back additional staff at two summer playground sites to accommodate increased enrollment</i>	\$7,158
Teen Room Activities at the Youth Center, Hilltop Park Center and Casanova Oak Knoll Center <i>Retain part-time staff to supervise and provide activities in the community center teen rooms</i>	\$18,140
Hilltop Park Center - Youth Activities <i>Retain youth classes taught by staff (i.e. arts and crafts, cooking, parent and child classes)</i>	\$5,061
Total	\$183,320

POTENTIAL FUNDING SOURCES FOR BUDGET CHANGES

+ Recommended:

- × NIP contingency set-aside: \$400K (4/5 vote)

+ Not recommended:

- × General Fund ending balance: about \$200K
- × Former Public Service Center fund: about \$2.7M
 - * Would reduce amount available for capital renewal reserves
- × Economic Uncertainty Reserve
 - * Do not recommend reducing any further at this time
- × Reduce amount used for CIP in FY10
 - * Currently \$1.25M – do not recommend reducing this allocation

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RECOMMENDATION

- + Approve budget resolution for FY10, with amendments (if necessary) as follows:
 1. Adjust budget for any changes made tonight;
 2. Make the following finding in order to use NIP contingency funds as a resource:

WHEREAS the City of Monterey is experiencing significant revenue shortfalls resulting from a severe downturn in the economy, and;

WHEREAS these revenue shortfalls have resulted in the need to reduce ordinary and necessary services commonly provided by the City of Monterey;

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of City of Monterey finds that there are insufficient funds available to provide for ordinary and necessary services in the budget year 2009-10, and therefore authorizes the reduction of Neighborhood Improvement funds in the amount of \$_____ for fiscal year 2009-10.

