

Zero Based Budget Review and Projected General Fund Shortfall

Budget and Research
October 14, 2008



Zero Based Budget Review

- Statistical data such as budget, position, inflation and population growth
- Revenue data and information on forecasting
- Complete list of all General Fund supported programs and services by Department
- Rating sheet for Mayor and Council input

Zero Based Budget Review Department Example – Parks

I Program/Service	II FY 08/09 General Fund Budget	III FY 08/09 General Fund Staff	IV FY 07/08 Performance Measures	V FY 08/09 Performance Measures
<p>1. General Recreation Programs - Provide recreation programs outside the recreation centers citywide, special activities and events, athletic field and park monitoring, and after school and summer Phoenix After School Center (PAC) programs. Provide Adaptive Recreation and Special Programs including Daring Adventures, River Rampage, Special Olympics, and Senior Olympics and provide community outreach. Coordinate aquatic programs and activities and Camp Colley outdoor recreation programs. These programs are offered to all participants valley-wide. The department sponsors a state-wide special and senior Olympic event.</p>	\$17,694,000	348.3		
<p>Program/Services:</p>				
<p>a. Parks – General Recreation</p>	5,001,000	61.9		
<p>b. Phoenix After-school Centers – Provide out of school time recreation and enrichment activities for school age children. Budget is for 104 program units at approximately 81 sites during the school year and 32 program units at 32 sites during the summer months</p>	5,485,000	155.8		
<p>c. Adaptive and Special Programs - Provide social and recreational experiences for people of various physical and cognitive ability levels</p>	1,712,000	11.1		
<p>d. Aquatics – Provide open swim and instructional programs at the City's 29 swimming pools. Swimming pool season begins on Memorial Day weekend and runs daily in June and July</p>	5,157,000	116.5		
<p>e. Camp Colley (located out of the city) - An outdoor adventure camp which includes structured supervised recreation in a unique forest setting</p>	339,000	3.0		
<p>Note: These programs generate \$868,000 in revenues annually from program fees. Maintenance staff are included in total positions.</p>				
<p>Measures:</p>				
<ul style="list-style-type: none"> • Number of participants annually – general recreation programs 			1,951,340	1,750,000
<ul style="list-style-type: none"> • Number of participants annually – aquatics 			805,272	723,927
<ul style="list-style-type: none"> • Number of participants annually – special recreation programs 			4,800	5,150
<ul style="list-style-type: none"> • Number of participants annually – after school programs 			1,079,230	1,080,000

Zero Based Budget Review Rating Sheet Example - Parks

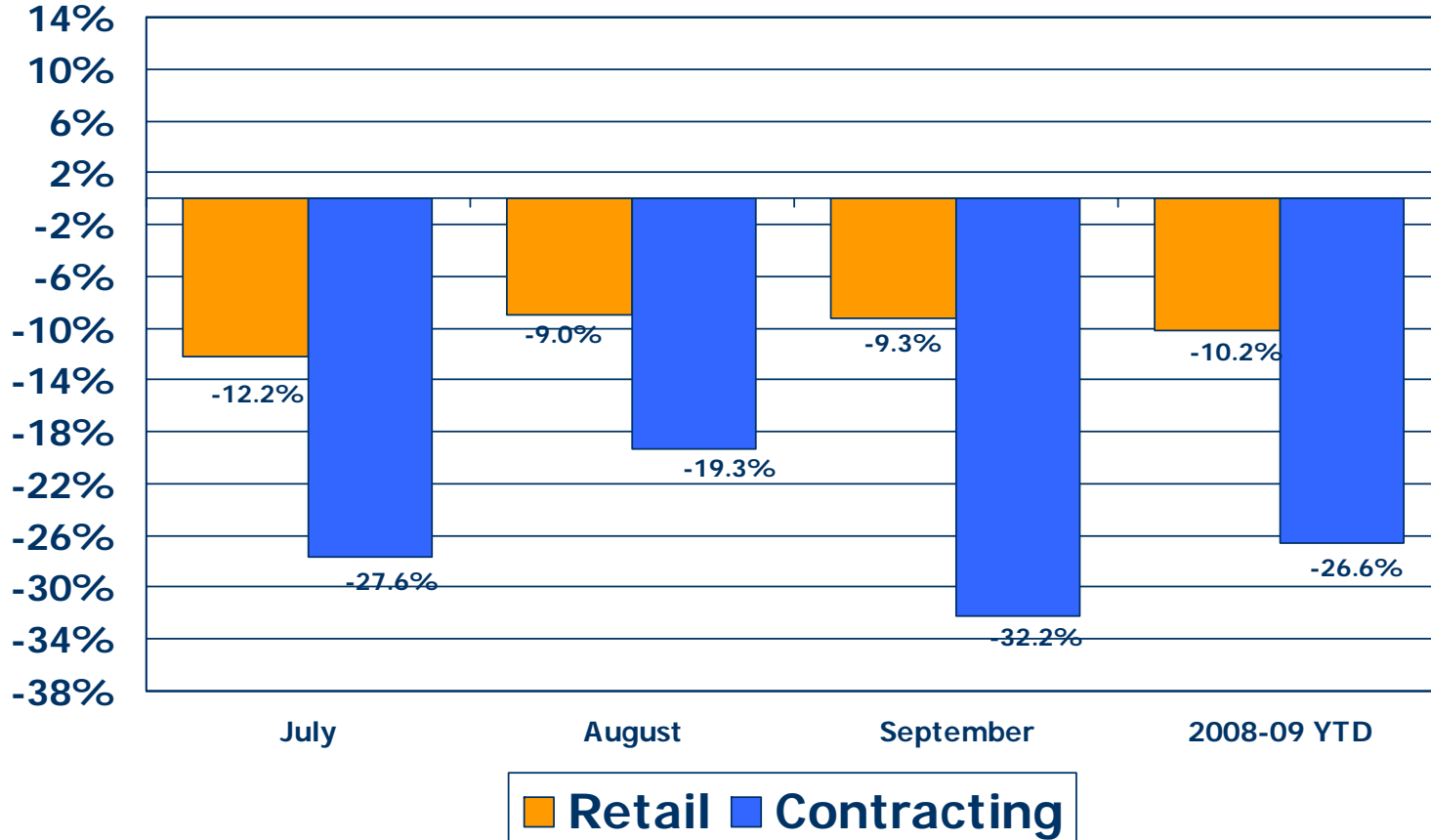
Parks and Recreation

		Rating	
1	General Recreation Programs	1	_____
	a. Parks - General Recreation	a.	_____
	b. Phoenix After-School Centers	b.	_____
	c. Adaptive and Special Programs	c.	_____
	d. Aquatics	d.	_____
	e. Camp Colley	e.	_____
2	Community Centers	2	_____
	a. Large Centers	a.	_____
	b. Smaller Centers	b.	_____
	c. Teen Centers	c.	_____
	d. Youth Centers	d.	_____
3	Park Operations and Maintenance	3	_____
	a. Mountain Parks and Preserves	a.	_____
	b. Flatland Parks and Landscape Maintenance at City Facilities	b.	_____
	c. Special Repair Facilities	c.	_____
	d. Specialized Maintenance	d.	_____
	e. Street Landscaping	e.	_____
4	Special Use Facilities, Museums and Events	4	_____
	a. Special Use Facilities	a.	_____
	b. Pueblo Grande Museum	b.	_____
	c. Special Events Support Group	c.	_____

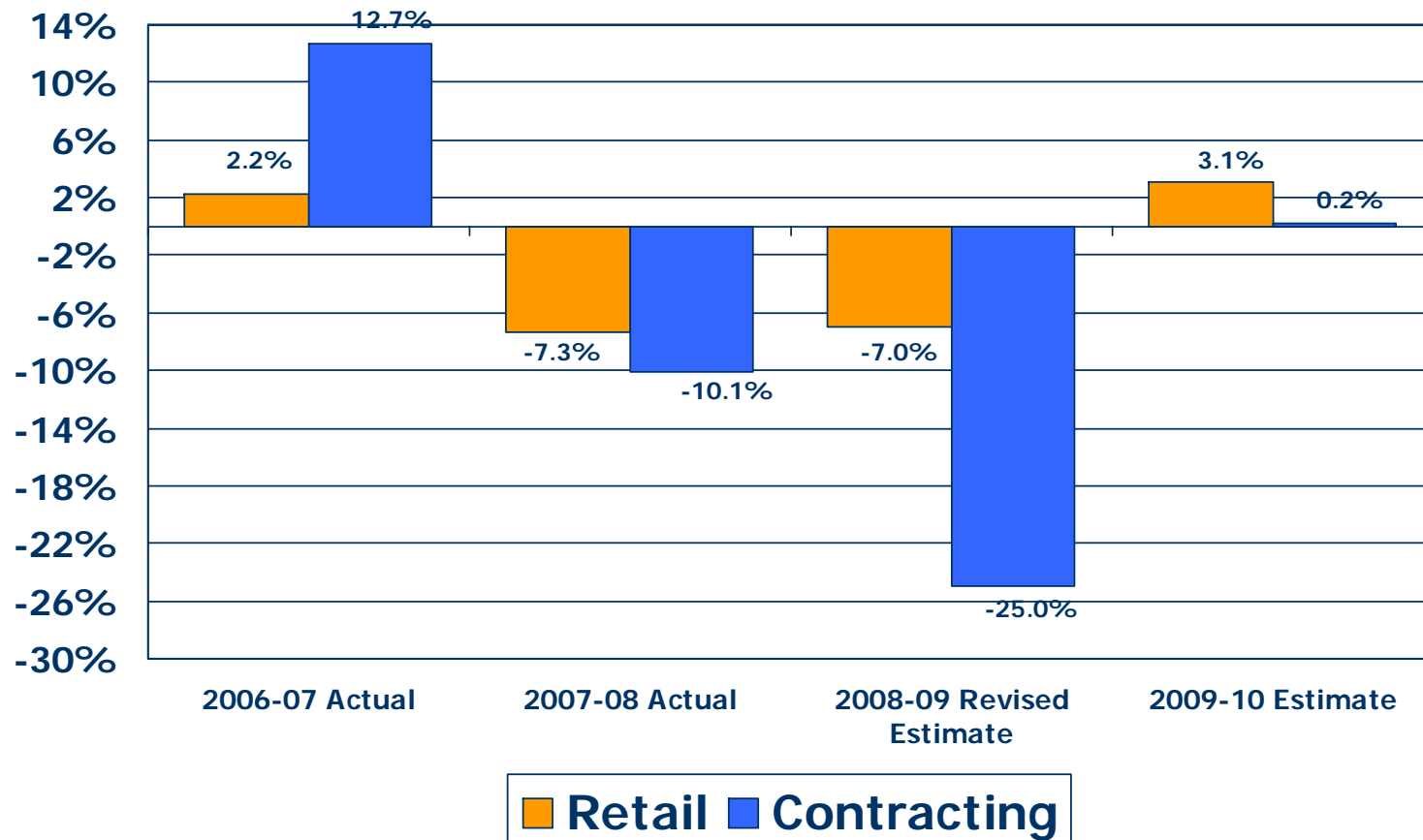
Projected General Fund Budget Shortfall

- Revenue estimates are based on:
 - local and national sources of economic data
 - three months of 2008-09 City sales tax collections
 - two months of 2008-09 State sales tax collections
- Expenditure estimates are based on:
 - 2008-09 = budget less a small amount of general savings and no contingency spending
 - 2009-10 = 2008-09 budget plus estimated increases for inflation, known increases to labor costs, and other known changes

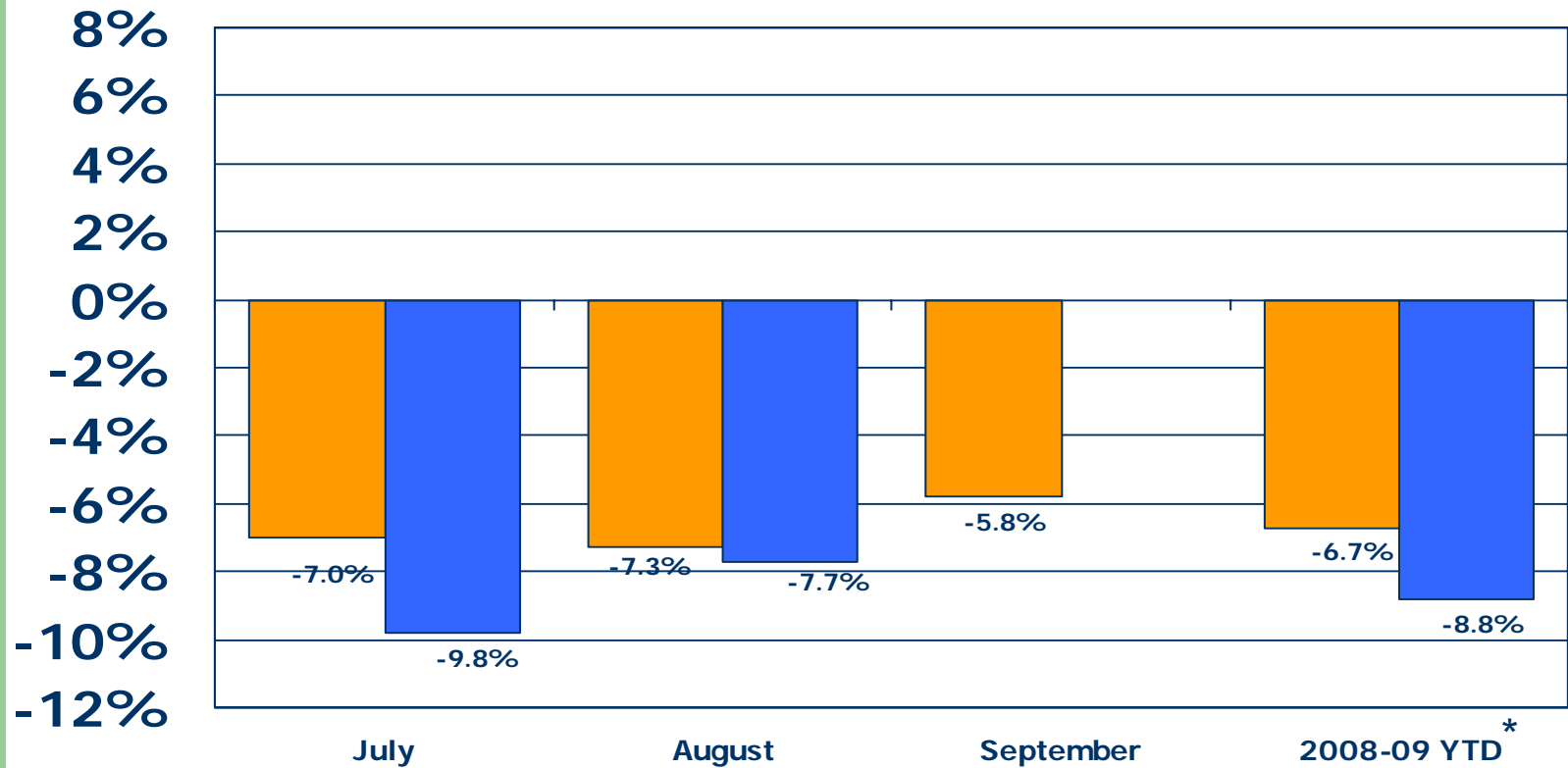
2008-09 City Sales Tax Collections – Retail and Contracting



City Sales Tax Collections – Retail and Contracting



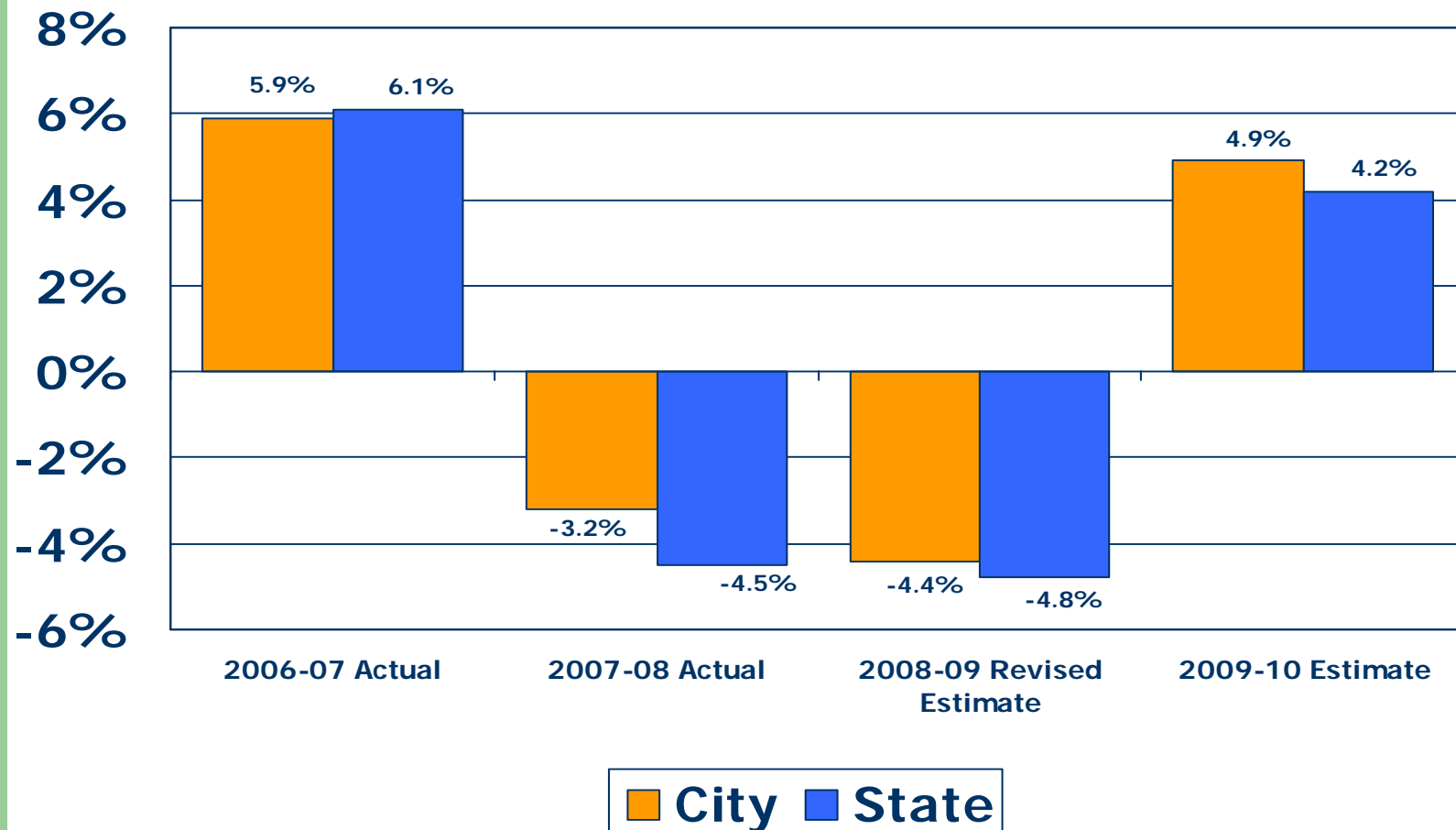
2008-09 City and State Total Sales Tax Collections



*City YTD thru September
State YTD thru August

City State

City and State Total Sales Tax Collections



Projected General Fund Budget Shortfall

- \$200 – \$250 million
- Or 17 – 22% of the total General Fund
- The final deficit will be determined after:
 - expenditure estimates are refined
 - additional revenue results are available
 - potential for other deficit reducing financial transactions is determined

Uncertainties

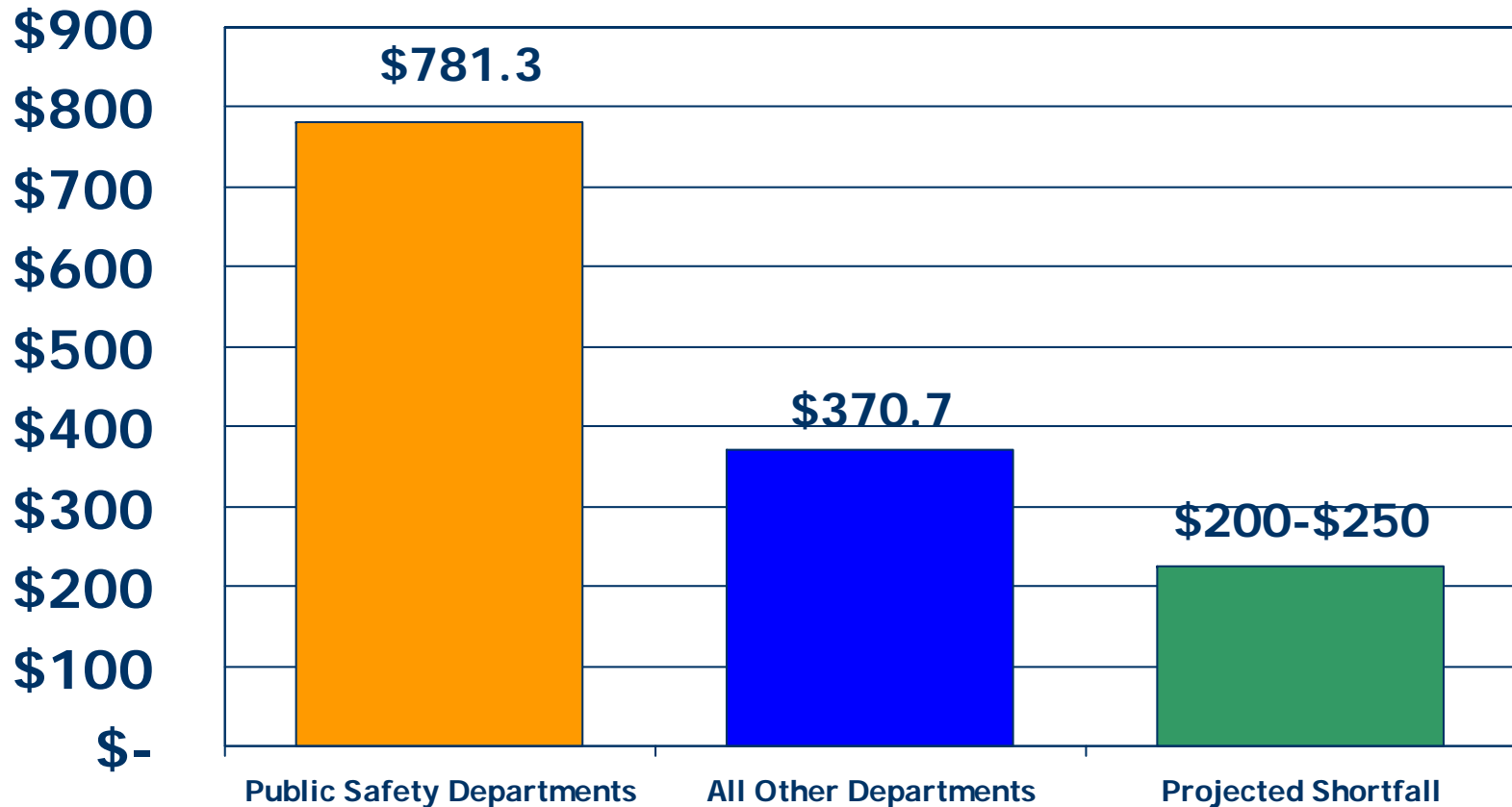
- National and Local Economy
 - Impact of Federal “financial rescue”
 - Unemployment
 - Inflation
 - Fuel Prices
- Expenditure Estimates
 - Expecting more fluctuation in salary and benefit costs due to significant employee movement
 - Pension and health insurance rates for 2009-10 are unknown
 - Detailed, line-item expenditure reviews have not yet begun

Guidance on Allocating Budget Growth and Shortfall

- Public Safety Department Budgets – Police, Fire, Municipal Court, Prosecutor and Public Defender – are 68% of the General Fund
- Since 2002 –
 - civilian departments have been cut 37.5%
 - public safety departments have had growth reductions of 10.5%
- Providing guidance now will help us as we proceed through the budget process

2008-09 General Fund Budgets Compared to Projected Shortfall

In Millions



Alternatives for Allocating Budget Growth and Shortfall

- Alternative 1
 - Fully fund public safety budget growth, but make severe civilian department cuts
- Alternative 2
 - Reduce public safety growth and make most cuts in civilian departments
- Alternative 3
 - Treat all General Fund departments the same

Estimated Impact of Allocating Budget Growth and Shortfall

	Public Safety Budget Growth	All Other Department Budget Cuts
Alternative 1	+70 million	40 – 60%
Alternative 2	+10 million	25 – 45%
Alternative 3	– 80 million	15 – 20%

Next Steps

- Oct 28: Mayor and Council return rating sheets
- Oct – Dec:
 - refine expenditure and revenue estimates, finalize deficit
 - use rating sheets, City Manager’s Office and department input to develop budget-balancing proposal
- Jan 6: present budget-balancing proposal
- Jan 13 – 27: hold community budget hearings
- Feb 3: final recommendations and City Council action to balance the General Fund budget
- Mar 2: budget balancing cuts go into effect