

City of Costa Mesa FY 09-10 Budget Update

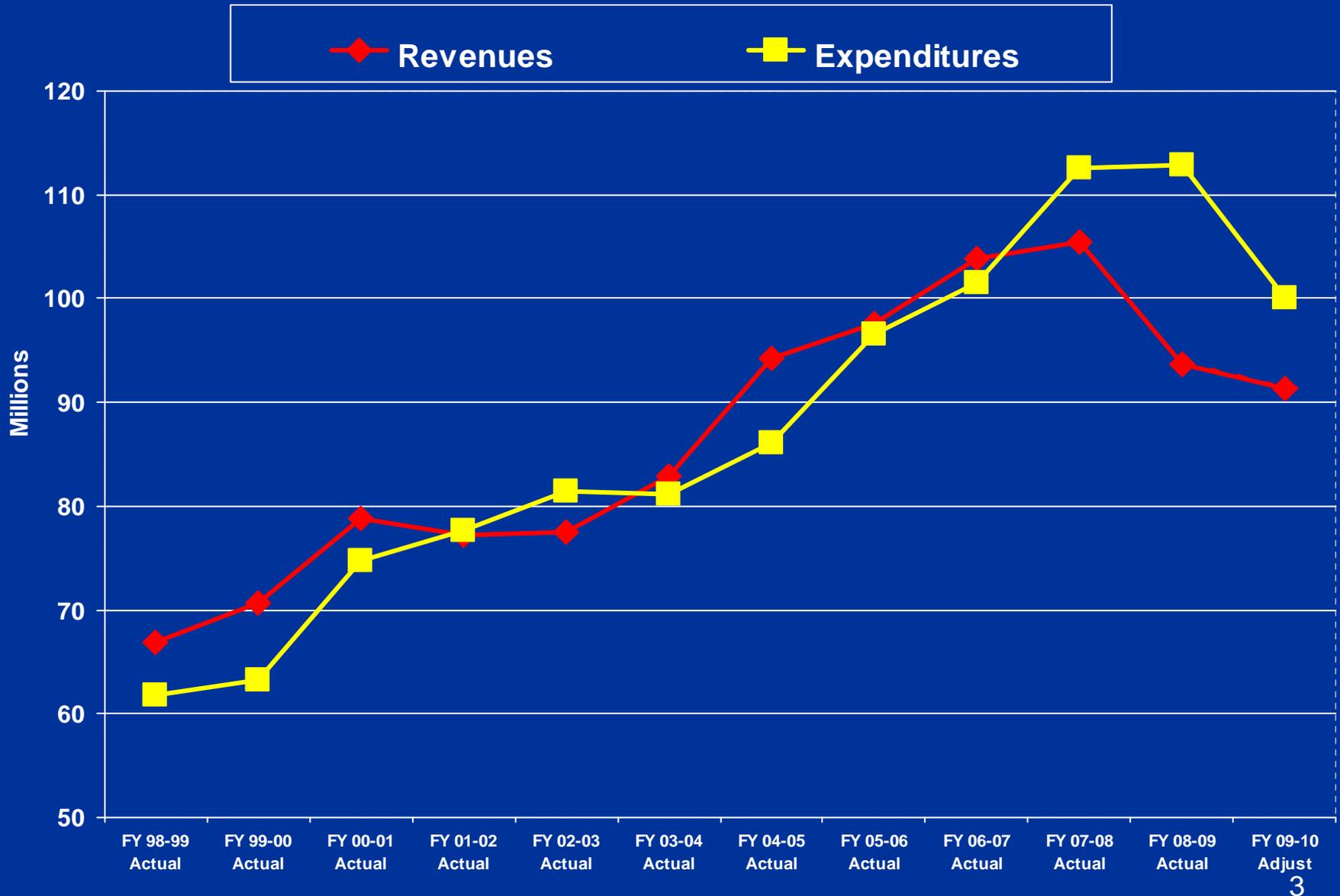


FY 09-10 Fiscal Year End

| | <u>Revised Budget*</u> |
|-------------------------------|----------------------------|
| Revenues | \$ 90.7m |
| Expenditures | <u>100.0m</u> |
| Estimated Use of Fund Balance | <u>(9.3m)</u> |

* - Revised during Mid Year Review - Feb 2010

12 Year Historical – Revenues vs. Expenditures



Recommendations and Strategies

1. Freeze on filling all current vacancies.

(except Police Patrol and Sworn Fire to meet minimum manning)

- Staff had already calculated a savings from the 2-Year Retirement Incentive in the amount of \$3.6 million. By leaving additional positions vacant, staff is projecting an additional savings of \$500,000.

Recommendations and Strategies

2. Freeze all Capital Outlay Purchases and Capital Improvement Projects using General Fund Revenues.

- Staff is requesting to de-appropriate project funds and transfer those funds back to the General Fund (the original funding source) in the amount of \$1,467,000.

Recommendations and Strategies

3. **Moratorium on new programs and services; expansion of existing programs and services; and new projects requiring General Fund support.**
 - **While there are no anticipated savings, there will be service impacts. Staff is requesting this item to allow proper attention to current services provided and not allow new or additional service requests.**

Recommendations and Strategies

4. Review use of Equipment Replacement Fund (ERF) reserves.

- Staff has analyzed the ERF reserves, and determined that there are reserves available to suspend charging the General Fund the remainder of the fiscal year to generate a budgetary savings of \$1,450,000.
- Staff has also analyzed the Self Insurance Fund, and determined there are reserves available to suspend charging the General Fund the remainder of the fiscal year to generate a budgetary savings of \$1,700,000.

Recommendations and Strategies

- 5. Initiate discussions with Employee Associations regarding wages and benefits.**
 - Pending Council direction, management has not initiated discussions with employee associations regarding wages and benefits. However, we believe it imperative to bring employee associations in the general discussion of the budget shortfall and ideas.**

Recommendations and Strategies

6. Prepare tax schedules with alternatives and supporting resolutions for Transient Occupancy Tax (TOT) and Business License Tax for the November 2010 ballot.

- Pending City Council direction, management has not initiated any work related to placing these two items on the November 2010 ballot. It does not mean ballot measures will be submitted, just that options will be developed.

Recommendations and Strategies

7. Submit all City Programs and Services to City Council for budget prioritization.

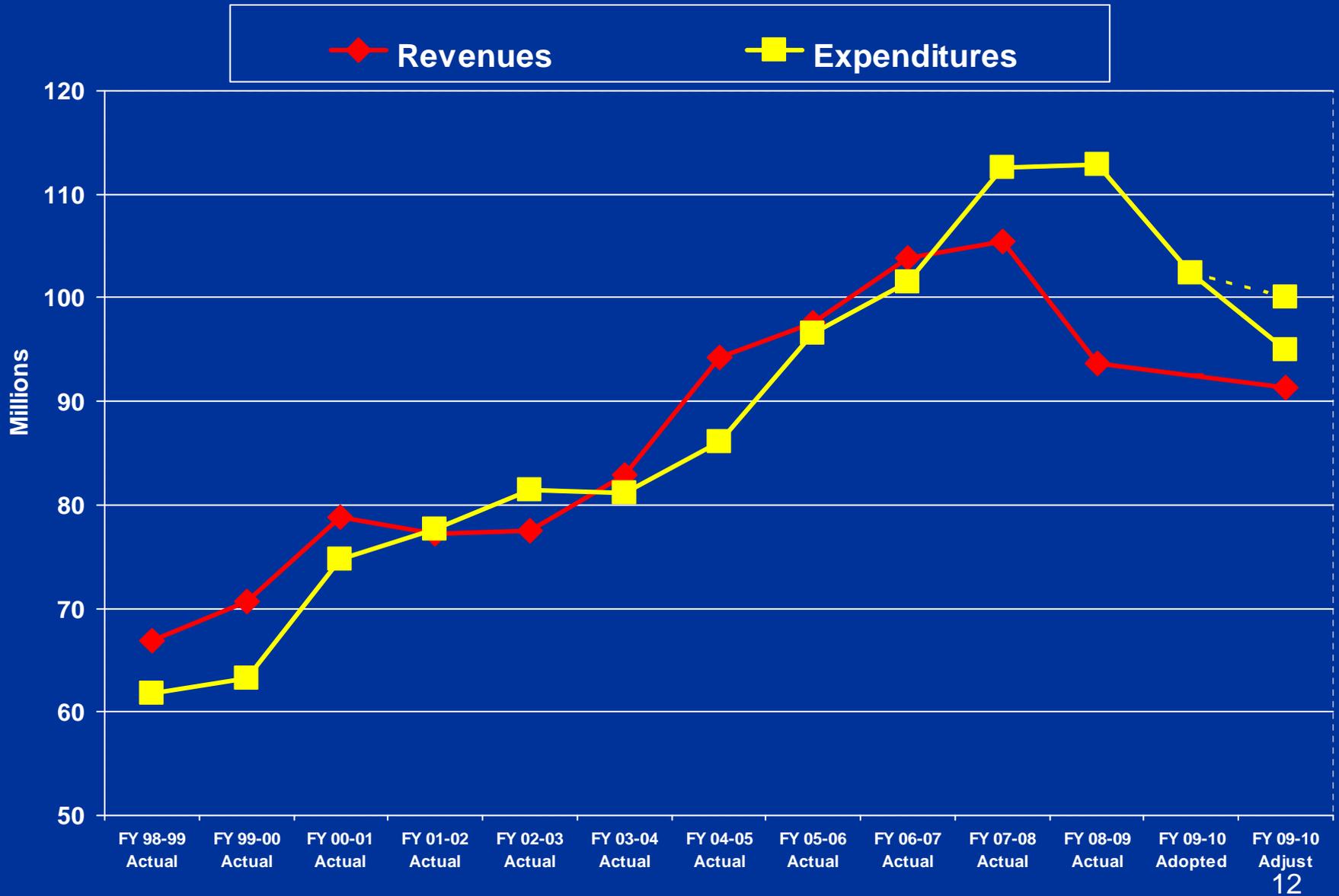
- This strategy is designed to assist with the decision-making process. The City is at a point where further budget reductions – whether in staffing, materials, supplies or other operating expenses – will result in a lowered level of service.

FY 09-10 Fiscal Year End

| | Revised Budget* |
|---------------------------|-------------------------|
| Revenues | <u>\$ 90.7m</u> |
| Expenditures | <u>100.0m</u> |
| Subtotal | (9.3m) |
| Impact of Strategies | <u>5.1m</u> |
| Total Use of Fund Balance | <u><u>(\$ 4.2m)</u></u> |

* - Revised during Mid Year Review - Feb 2010

12 Year Historical – Revenues vs. Expenditures

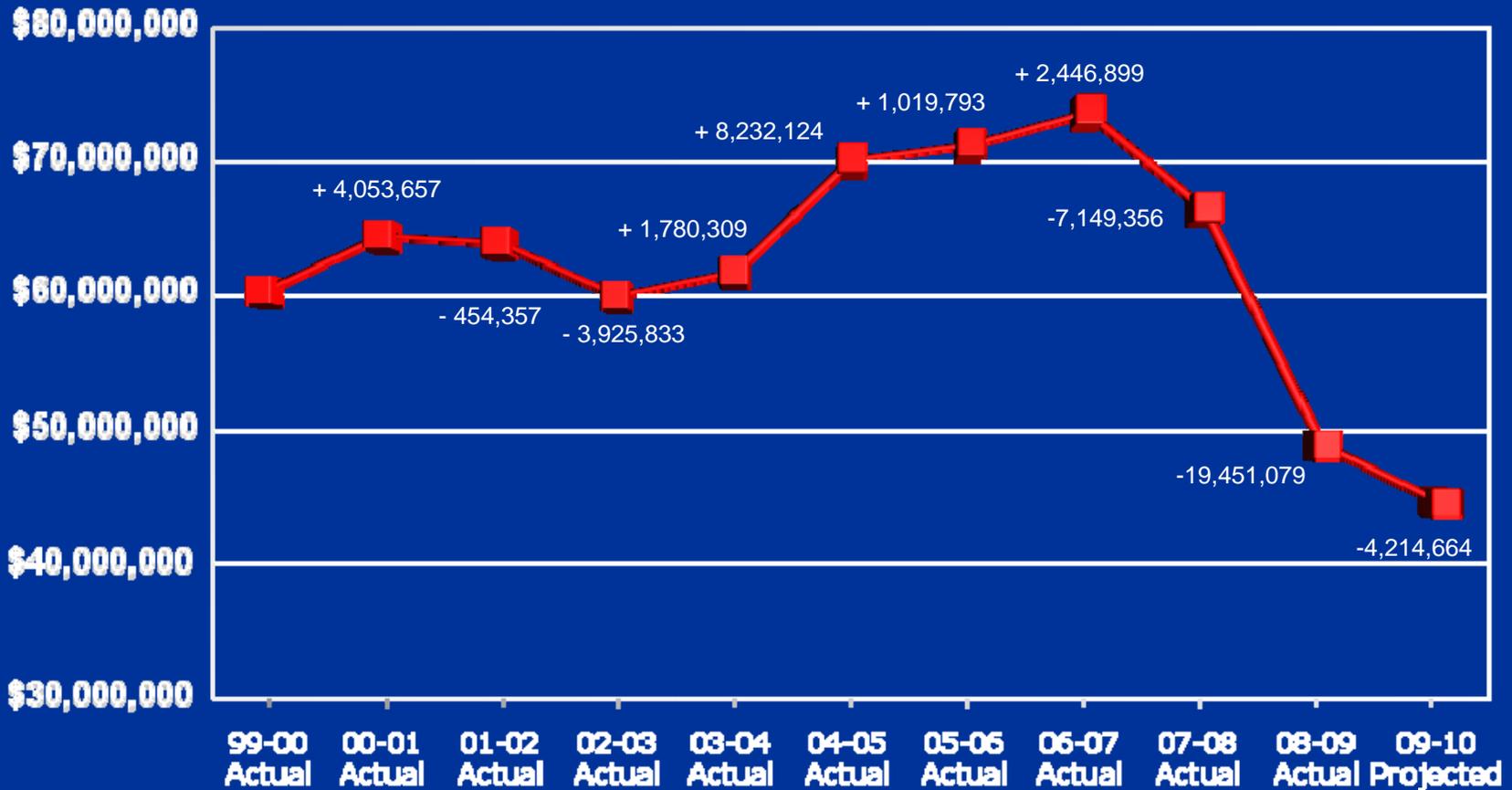


FY 09-10 Fiscal Year End

| | |
|--|-----------------------|
| FY 09-10 Projected Ending Fund Balance | <u>\$44.6 million</u> |
| – Reserved | \$14.7 million |
| – Unreserved but designated | \$29.9 million |
| – Unreserved undesignated | \$ 0.0 million |

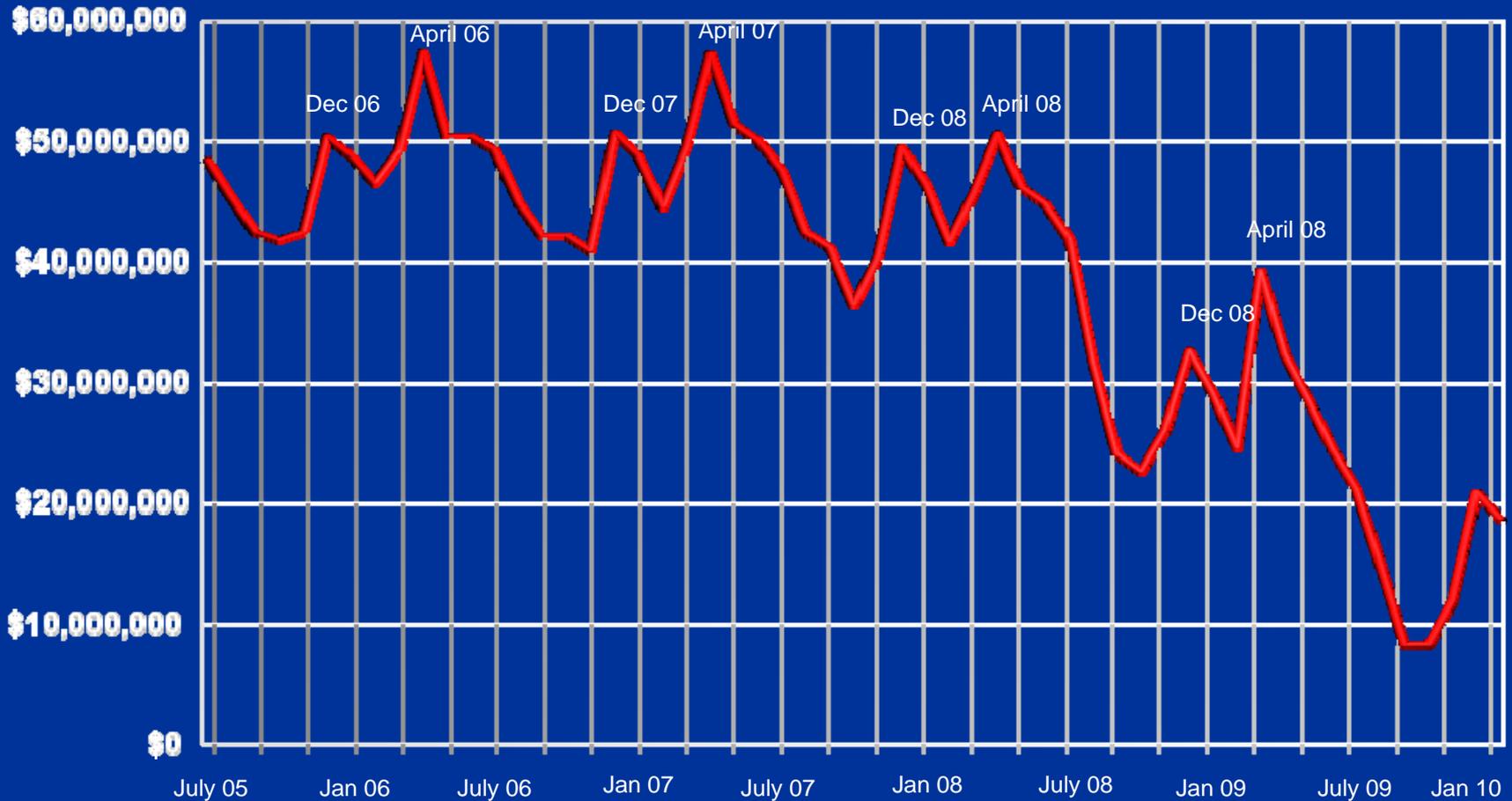
GENERAL FUND - FUND BALANCE

ELEVEN YEAR HISTORICAL



GENERAL FUND - CASH BALANCE

FIVE YEAR HISTORICAL



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