

## *City of Brisbane Agenda Report*

To: City Council via City Manager  
From: Administrative Services Director  
Subject: 5-year General Fund Revenue and Expenditure projection  
Date: January 5, 2009

### **City Council Goals:**

To develop management and fiscal systems to maximize effectiveness of city services and accountability to Brisbane taxpayers and to Brisbane taxpayers and citizens.

### **Purpose:**

Provide Council a five-year financial projection of the General Fund.

### **Recommendation:**

Review and discuss as appropriate.

### **Background:**

As part of the two-year budget process staff has prepared a five-year General Fund projection. This five-year projection updates the one presented to Council April 14, 2008.

### **Discussion:**

There has been a lot of turmoil in the economy since the last five-year projection was provided to City Council. Interest rates have dropped to the point where the three month T-bill is paying less than 0.1%. We have the highest unemployment in years. A recession has been officially declared. The Dow index dropped 4,000 points (nearly 1/3<sup>rd</sup> of its value). Major financial companies are no longer in business, and the Federal Government is bailing out the Insurance industry, financial industry, and the auto industry. The State has admitted to having a \$42 billion deficit over the 18 months.

Based on the current economic picture staff has revised the five-year projection. Unfortunately, all of this economic news means we have made changes to the assumptions which negatively impacts fund balance. Staff now anticipates that property tax will rise 2% in 2009 and 2010 and then 5% in 2011 before it goes back to the average increase of 8% in 2012. The 2% is amount properties increase in value based on Proposition 13. That sales tax will grow 2% (less than expected inflation) plus our one known new business in 2009. It will be flat in 2010 and then rise in 2011 and 2012 at 3.5%. We anticipate that the Room Tax will be flat in 2010 and 2011 and then increase by 2% in 2012. We did not change the 2009 assumption since we had four somewhat strong months of growth.

On the expenditure side we have added in a 5% increase to PERS rates starting in 2011. PERS projects that their rates will increase between 2% and 5% if they have an annual loss of 20% this year. We have

also lowered non-personnel increases to 1%. Staff has also reviewed the timing of retirements and pushed some of them further back based on the uncertainty in the economy.

The result of all of these changes show the ending budget getting down to \$1,300,000 in FY 2012/13. This does not include the \$3,700,000 that has been set aside in the Rainy Day Fund (money from the Sales Tax make-up). Combined we will still be at the Council directed \$5,000,000 level. However, the current financial picture will require staff to closely review the upcoming two year budget and find additional savings in addition to the nearly \$2,000,000 previously identified.

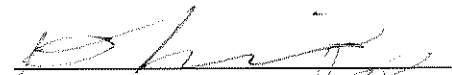
**Fiscal Impact:**

The five-year revenue and expenditure projection is attached.

**Attachments:**

5-year revenue and expenditure projection.

  
Administrative Services Director

  
City Manager

	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2011/13
Fund Balance					
	\$	7,038,813	4,895,260	2,711,512	128,864 (3,112,876)
Revenues	12,668,568	12,616,310	12,918,605	13,254,010	13,698,794
Expenditures	14,812,120	14,800,058	15,501,253	16,495,750	17,103,493
Anticipated Deficit	(2,143,553)	(2,183,749)	(2,582,648)	(3,241,740)	(3,404,699)
Ending Balance	4,895,260	2,711,512	128,864	(3,112,876)	(6,517,575)
Current Open Positions					
FD - 3 Firefighters	195,000	195,000	195,000	195,000	195,000
FN - Year Round Intern	15,000	15,000	15,000	15,000	15,000
PD - Two Police Officers	231,576	231,576	231,576	231,576	231,576
PR - 1/4 Special Projects	12,000	12,000	12,000	12,000	12,000
PR - Recreation Coordinator	42,000	42,000	42,000	42,000	42,000
PR - Recreation Supervisor					
New Budgeted Projects not implemented					
CC - Internet Archiving of City Council and Planning Commission Meeting	18,000	18,000	18,000	18,000	18,000
CM - 50th Anniversary History Project	-				
CM - Architectural fee for Gymnasium	37,500				
CM - Architectural fee for library study					
CM - City Share of I-net	5,000	5,000	5,000	5,000	5,000
CM - Consultant for public access guidelines for Cable TV	15,000				
MA - Eliminate Additional Security Camera at Marina	6,000	6,000	6,000	6,000	6,000
PW - Hanging Plants on Visitacion Ave	6,000	6,000	6,000	6,000	6,000
On-going programs reduced or eliminated					
CC - Food and Refreshment for Council Meetings	1,590	1,590	1,590	1,590	1,590
CEN - Computer replacement reduced by 25%	5,000	5,000	5,000	5,000	5,000
CEN - Drinking Water	1,000	1,000	1,000	1,000	1,000
CEN - Equipment replacement reduced by 50%	11,000	11,000	11,000	11,000	11,000
CEN - Hospitality supplies for City Hall	5,000	5,000	5,000	5,000	5,000
CEN - Living Plant Maintenance	2,440	2,440	2,440	2,440	2,440
CEN - Web Support	6,000	6,000	6,000	6,000	6,000
CM - Flowers for funerals, illness, and celebrations	12,000	12,000	12,000	12,000	12,000
CM - Management Retreat	3,600	3,600	3,600	3,600	3,600
CM - Miscellaneous Consultants	50,000	50,000	50,000	50,000	50,000
EM - Employee Luncheon	2,545	2,545	2,545	2,545	2,545
FN - GFOA Award	500	500	500	500	500

	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2011/13
HR - Employee Recognition Program	2,000	2,000	2,000	2,000	2,000
HR - Recruitment	4,225	4,225	4,225	4,225	4,225
MA - Reduce advertising for Marina	5,800	5,800	5,800	5,800	5,800
MA - Tide Tables	360	360	360	360	360
PD - Trailer Rental for Police	14,000	20,000	20,000	20,000	20,000
PW - Mobile Radio Maintenance reduced by 50%	1,200	1,200	1,200	1,200	1,200
PW - Street Maintenance	200,000				
VAR - Memberships	6,500	6,500	6,500	6,500	6,500
VAR - Training	34,000	34,000	34,000	34,000	34,000
VAR - Savings					
<b>Total Current Savings</b>	<b>951,836</b>	<b>705,336</b>	<b>705,336</b>	<b>705,336</b>	<b>705,336</b>
<b>One-time Revenue Sources</b>					
Transfer from Fringe Benefit Fund for Sales Tax					
Use of Fringe Benefit Fund	-	300,000	600,000	200,000	-
Interest on Higher Fund Balance due to Savings					
Finance \$1,880,000 of City Hall (20 year payback)	-	(190,000)	(190,000)	(190,000)	(190,000)
<b>Total One-time Revenues</b>	<b>-</b>	<b>110,000</b>	<b>410,000</b>	<b>10,000</b>	<b>(190,000)</b>
<b>New Ending Fund Balance</b>	<b>5,847,096</b>	<b>4,478,684</b>	<b>3,011,372</b>	<b>484,968</b>	<b>(2,404,395)</b>
<b>Additional Long Term Personnel Retirements</b>					
	(70,000)	434,842	845,195	1,266,828	1,266,828
<b>Potential 2% increase in Transient Occupancy Tax Rates</b>		200,000	236,000	282,000	232,600
<b>Target Ending Fund Balance</b>	<b>5,777,096</b>	<b>5,043,526</b>	<b>4,657,408</b>	<b>3,679,832</b>	<b>2,289,897</b>
	<b>5,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Rainy Day Fund</b>	<b>3,700,000</b>	<b>3,755,500</b>	<b>3,811,833</b>	<b>3,869,010</b>	<b>3,927,045</b>

#### Assumptions

- 1) Anticipate \$200,000 in reorganization costs due to reduced staffing
- 2) Secured property tax increases 2% 2009 and 2010 5% in 2011 and 2012
- 3) No Measure T revenue
- 4) Sales Tax 2% plus Edward B. Ward 2009, Flat 2010, 3.5% in 2011 and 2012
- 5) Room Tax flat for 2010, 2011 and 2% in 2012
- 6) 1% increase in non-personnel expenditures