

Memorandum



Financial Services

Date: April 3, 2008
To: Mayor and Council
Thru: Charlie Meyer, City Manager (8884)
From: Jerry Hart, Financial Services Manager (8505)
Subject: Fiscal Year (FY) 2008/09 Operating Budget Plan

The Financial Services staff presented to the Mayor and Council the updated five-year long range forecast at the January 24th Issue Review Session. That forecast reflected a projected deficit of \$12 million for the General Fund, the city's main operating fund, for FY 2008/09 followed by annual deficits through the forecast period. Staff was directed to devise a budget balancing plan for the General Fund and present it to the Council for consideration.

In a series of meetings over the past couple of months, staff members from all departments have collaboratively worked together in the development of a balancing plan. Key goals in the development of the plan included:

- Minimize the impact to service delivery to our residents
- Avoid reductions in force
- Minimize the drawdown of the rainy day reserve

With these goals in mind, staff is proposing for your consideration the General Fund Budget Balancing Plan Summary (**Attachment A**) for FY 2008/09. The plan includes proposed revenue enhancements, expenditure reductions, and a partial drawdown of the rainy day reserve. Also included are recommendations to approve funding of some budget supplemental requests.

The Department Draft Working Paper (**Attachment B**), provides detail of the proposed recurring and non-recurring revenue enhancements and expenditure reductions (note: many of these items already presented to the Ad Hoc committee). The FY 2008/09 Operating Budget Supplemental Requests (**Attachment C**), provides more detail on the budget supplemental requests being recommended for funding for the General Fund as well as other operating funds (Water/Wastewater, Solid Waste, Transit, etc.). Finally, **Attachment D** provides a summary of all of the unfunded budget supplemental requests for all operating funds.

Staff is seeking direction from the Council on the proposed balancing plan, specifically;

1. Is the overall plan as presented acceptable?
2. Does the Council support funding of the recommended budget supplemental requests?
3. Does the Council support the proposed revenue enhancements and expenditure reductions?

Staff from all city departments will be present at the April 10th Special Budget Session to respond to any questions you may have.

Attachment A

**City of Tempe
General Fund Budget Balancing Plan Summary
Fiscal Year 2008/09**

Description	FY 08/09
Projected Deficit per Long Range Forecast	(\$11,961,505)
Proposed Revenue Enhancements:	
Recurring Revenue	3,200,000
Non-recurring Revenue	1,270,000
Proposed Expenditure Reductions:	
Contingency Budget (recurring)	2,193,000
Market Adjustment	1,000,000
Hiring Freeze	1,800,000
Recurring Expenditure Reductions	1,507,000
Non-recurring Expenditure Reductions	390,000
Subtotal	(601,505)
FY 08/09 General Fund Supplementals	(1,351,000)
Subtotal	(1,952,505)
Drawdown of Rainy Day Reserve	1,952,505
Total	<u><u>\$0</u></u>

Attachment B

Department Manager Meeting
Departmental Draft Working Paper

Item	Short Description	Proposed Estimated Revenue	Proposed Expenditure Reduction	R/N/R
City Attorney				
1	Increase prosecutorial fee from \$50 to \$100	\$200,000		R
2	Decrease available funding for Rule 11 State Mental Hearings		\$15,600	R
	Total City Attorney	\$200,000	\$15,600	
City Clerk				
3	Reduce Newspaper Advertising of Services to 1 day. No advertising of Goods.		\$11,328	R
4	Reduce Training and Seminars to local meetings only and rotate attendance		\$1,000	R
	Total City Clerk	\$0	\$12,328	
City Manager				
5	Reduce wages	\$0	\$6,279	R
Community Development				
6	Sale of rights 4 electronic displays - Tempe Marketplace	\$12,000		R
7	Increase code violation citation revenue	\$30,000		R
8	Line item adjustments		\$15,500	R
	Total Community Development	\$42,000	\$15,500	
Community Relations				
9	Contracted services (6672) - Reduce video technicians/outside photography		\$5,000	R
10	Promotional Items (6515) - Items used to promote Tempe		\$5,000	R
11	Operation and Maintenance (6420) - Reduction in equipment needs		\$10,000	R
12	Insight Bowl (7019)		\$5,000	R
13	Membership and Subscriptions (6716) - Cancel Yellow Sheet		\$3,000	R
14	Local meetings (7404) - Reduction		\$500	R
15	Duplicating (6755) - Not utilized		\$500	R
16	Outside Printing (6753) - Not utilized		\$200	R
17	Membership and Subscriptions (6716) - Share resources		\$1,000	R
18	Sports Authority (7059) - No longer staffing-Cuts recommended for next budget once they become a separate organization		\$2,500	R
19	City sponsored events (7099) - Prioritize		\$3,000	R
20	Local meetings (7404) - Reduce budget		\$3,000	R
21	Travel Expenses (7403) - Not utilized		\$5,000	R
22	Outside printing (6753) - Not utilized (Mayor and Council cost center)		\$1,000	R
23	Miscellaneous supplies (6599) - Not utilized (Mayor and Council cost center)		\$3,300	R
	Total Community Relations	\$0	\$48,000	
Community Services				
24	Pay Public Art Coordinator out of the Percent for Art program budget		\$76,000	R
25	Pay 20% of the Cultural Services Administrative Assistant from the Percent for the Arts program budget		\$11,000	R
26	Increase Library Collection Agency Fee from \$10 to \$20. Other benchmark Libraries charge from \$20 - \$25	\$36,000		R
27	Allocate 15% of the Community Services manager's salary to the Arts Fund (Cost Center 3610)		\$29,225	R
28	Reduce postage and printing budget for leisure brochure to citizens		\$43,000	R
	Total Community Services	\$36,000	\$159,225	
Courts				
29	Photo Radar Enforcement (current capacity)	\$1,400,000	\$0	R
Development Services				
30	Reduce Travel Budget		\$15,000	R
31	Summer and Holiday Events (Local Meetings)		\$5,000	R
32	General Non-personnel Costs		\$18,000	R
33	Eliminate Unfilled Management Assistant Position		\$94,492	R
34	One Time (5%) Fee Increases "Placing Tempe at 60% of Valley Median Fees"	\$228,000		R
	Total Development Services	\$228,000	\$132,492	
Diversity				
35	General Office Supplies (6201) - Reduction		\$1,000	R
36	Events and Promotions (6629) - Reduction (Recurr every other year)		\$27,500	R
37	Postage (6704) - Reduction		\$50	R
38	Memberships and Subscriptions (6716) - Reduction		\$800	R
39	Outside Printing - Programming (6753) - Reduction		\$1,000	R
40	Duplicating (6755) - Reduction		\$1,000	R
41	Training and Seminars (7401) - Reduction		\$1,000	R
42	Local Meetings (7404) - Reduction		\$6,000	R
43	Martin Luther King Brunch Sponsorship	\$10,000		R
	Total Diversity	\$10,000	\$38,350	

Department Manager Meeting
Departmental Draft Working Paper

Item	Short Description	Proposed Estimated Revenue	Proposed Expenditure Reduction	R/NR
Financial Services				
44	Increase Business License Fee	\$100,000		R
	Charge Transit and Performing Arts share of Tait (General Fund) Rebate			
45	Arrears, plus June 2008 payment (Transit); this is non-recurring	\$1,058,446		N/R
46	Recurring thru FY 09/10 (Transit)	\$405,571		R
47	Arrears, plus June 2008 payment (Performing Arts); this is non-recurring	\$211,689		N/R
48	Recurring thru FY 09/10 (Performing Arts)	\$81,114		R
49	Increased Property Tax Estimate from Levy Limit Worksheet	\$500,000		R
50	Interactivity Charge for Bank Service Charges		\$57,000	R
51	Suppress Printing of Direct Deposit Advices		\$2,000	R
52	Reduce wages		\$20,000	R
53	Cell Phones (3)		\$1,000	R
	Total Financial Services	\$2,356,820	\$80,000	
Fire				
54	Charge for services for currently non-reimbursed special events	\$78,300		R
55	Fire Prevention permitting and inspection fee increase	\$15,000		R
56	Reduce Memberships & Subscriptions		\$7,143	R
57	Reduce Travel		\$6,000	R
58	Reduce Local Meetings		\$1,000	R
59	Reduce Operating and Maintenance Supplies		\$1,000	R
60	Reduce Equipment & Machine Rental		\$500	R
61	Reduce Training and Seminars		\$10,000	R
	Total Fire	\$93,300	\$25,643	
Human Resources				
62	Line Item Adjustments (Materials, Supplies, Fees, etc.)		\$12,100	R
63	Line Item Adjustments (New Hire Program)		\$13,050	R
64	Tuition Reimbursement Reduction		\$190,000	N/R
65	Tempe Learning Center (TLC) Training Reduction		\$12,228	N/R
66	Employee Award Program Reduction		\$100,000	R
	Total Human Resources	\$0	\$327,378	
Information Technology				
67	Increase the PC Refresh Program from 3 years to 4 years		\$200,000	R
68	Eliminate the Radio Refresh Program for 3 years (Recurr in FY 2010/11)		\$332,000	R
	Total Information Technology	\$0	\$532,000	
Parks and Recreation				
69	Establish group rental fees for fields and facilities which are currently provided to users at no charge	\$375,825		R
70	Rental income from Diablo Stadium display panel	\$150,000		R
71	Increase program registration fees	\$54,837		R
72	Increase permit and rental fees: ballfield, ramada, beer, film, etc. (Requires council action and revisions to current city code)	\$9,691		R
73	Eliminate adult fitness program at McClintock High School		\$6,193	R
74	Transfer appropriate portions administrative overhead of park and landscape maintenance costs to enterprise funds (Tempe Center for the Arts, Rio Salado and Solid Waste)		To be determined	R
	Total Parks and Recreation	\$590,353	\$6,193	
Police				
75	\$15 fee for Alarms Renewals	\$122,250		R
76	\$3 fee for Pawned Item Tickets	\$99,108		R
77	DEA Taskforce Participation (Racketeer Influenced and Corrupt Organizations)	Unknown		
78	Cable TV		\$13,148	R
79	Reduction in Outside Printing (New Records Management System w/increase in 2009-10)		\$10,000	R
80	Transition 17 Detective Vehicles from Take Home Status		\$56,576	R
81	Elimination of Weekend OT Motor Enforcement		\$30,969	R
	Total Police	\$221,358	\$110,693	

Department Manager Meeting
Departmental Draft Working Paper

Item	Short Description	Proposed Estimated Revenue	Proposed Expenditure Reduction	R/NR
Public Works				
82	Line Item Adjustments		\$15,000	N/R
83	Transfer 2 FTEs to the Solid Waste Fund		\$165,000	N/R
84	Standard annual Engineering fee increase <i>Note: \$35,000+</i>	\$35,000		R
New Engineering Fees:				
85	Materials Testing	\$90,000		R
86	Plan Review	\$100,000		R
87	Lease of Rights-of-Way	\$150,000		R
88	Digital Format for Supplement to Maricopa Association of Government	\$1,500		R
Total Public Works		\$376,500	\$180,000	
Non-Departmental				
89	Miscellaneous Non-Departmental		\$200,000	R
90	Tempe Professional Development Club		\$5,000	N/R
Total Non-Departmental			\$205,000	
Grand Total		\$5,554,331	\$1,894,681	

Recurring Revenue \$ 4,284,196
Non-Recurring Revenue \$ 1,270,135

Recurring Expenditure Reductions \$ 1,507,453
Non-Recurring Expenditure Reductions \$ 387,228

GRAND TOTAL \$7,449,012

Attachment C

FY 2008-09 General Fund Operating Budget Supplemental Requests

	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
			Exp.	Rev.			
General Fund							
Community Development	6.60	264,981	0	0	264,981	264,981	0
Financial Services	1.00	72,442	0	(275,560)	(203,118)	(203,118)	0
Police	6.00	700,000	0	0	700,000	399,748	300,252
Community Services	3.40	376,757	0	(176,757)	200,000	200,000	0
Development Services	0.00	100,000	0	0	100,000	0	100,000
Parks and Recreation	1.79	270,744	0	(70,744)	200,000	200,000	0
Public Works	0.00	65,000	0	0	65,000	65,000	0
Non Departmental							
Tempe Community Council	0.00	25,000	0	0	25,000	25,000	0
Total - General Fund	18.79				1,351,863	951,611	400,252

		Recurring	Non-Recurring
PERSONNEL REQUESTS			
General Fund	18.79	15.79	3.00

General Fund

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
				Expend.	Revenue			
Community Development								
HOPE Continued Funding	Homeless Outreach Caseworker	1.60	88,981			88,981	88,981	
Conversion of Part-time Code Enforcement Program to Full-time Staff	Code Inspector	5.00	176,000			176,000	176,000	
Total-Community Development		6.60	264,981	0	0	264,981	264,981	0
Financial Services								
Rental Property Specialist	Rental Property Specialist (Tax Auditor I)	1.00	72,442	(275,560)		(203,118)	(203,118)	
Total-Financial Services		1.00	72,442	0 (275,560)		(203,118)	(203,118)	0
Police								
Reorganization: Lieutenants	Lieutenant	6.00	700,000			700,000	399,748	300,252
Total-Police		6.00	700,000	0	0	700,000	399,748	300,252
Community Services								
Crisis Intervention Specialist Positions	Crisis Intervention Specialist	2.00	200,000			200,000	200,000	
Kid Zone Laptops/Software/Printers & Increased Expenses			94,500	(94,500)		0		
Diversion-Web Server and Additional Wages	DUI Screener/ Diversion Counselors	0.40	82,257	(82,257)		0		
	Home Detention Monitor	0.20						
	Administrative Assistant	0.80						
Total-Community Services		3.40	376,757	0 (176,757)		200,000	200,000	0

General Fund

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
				Expend.	Revenue			
Development Services								
Approved Contracted Services			100,000			100,000		100,000
Total-Development Services		0.00	100,000	0	0	100,000	0	100,000
Parks & Recreation								
Landscape Maintenance Contract			200,000			200,000	200,000	
Kiwanis Recreation Center	Unclassified Temporary-Parks	1.79	50,044	(50,044)		0	0	
Boating Equipment			20,700	(20,700)		0		
Total-Parks & Recreation		1.79	270,744	0	(70,744)	200,000	200,000	0
Public Works - General								
Adjustment to Fleet Contracted Services Base Budget			65,000			65,000	65,000	0
Total-Public Works - General		0.00	65,000	0	0	65,000	65,000	0
Tempe Community Council								
Earned Income Tax Credit Operating Expense			25,000			25,000	25,000	
Total-Tempe Community Council		0.00	25,000	0	0	25,000	25,000	0

FY 2008-09 Other Fund Operating Budget Supplemental Requests

	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
			Exp.	Rev.			
Enterprise Funds							
Water/Wastewater							
Water Utilities	5.00	651,887	0	0	651,887	588,887	63,000
Solid Waste							
Public Works	2.00	230,765	0	0	230,765	148,765	82,000
Total Enterprise Funds	7.00				882,652	737,652	145,000
Special Revenue Funds							
Highway User Revenue Fund							
Public Works	3.00	408,524	0	0	408,524	171,007	237,517
Transit							
Public Works	2.00	14,922,521	(4,095,072)	0	10,827,449	10,740,486	86,963
Total Special Revenue	5.00				11,235,973	10,911,493	324,480

PERSONNEL REQUESTS

		Recurring	Non-Recurring
Enterprise Funds		7.00	0.00
Special Revenue/Internal Service Funds		5.00	0.00

Water Utilities - Water/Wastewater Fund

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net-Fiscal Effect	Non-Recurring	
				Expend.	Revenue		Recurring	Recurring
Chemist II	Chemist II	1.00	88,389			88,389	88,389	
Environmental Compliance Inspector I+	Environmental Compliance Inspector I+	1.00	93,268			93,268	74,268	19,000
WUD GIS Program	GIS Coordinator	1.00	173,921			173,921	173,921	
	GIS Technician/ GIS Analyst	1.00						
Water Utilities Security	WUD Security Guard	1.00	70,505			70,505	45,505	25,000
Electrical Maintenance			35,000			35,000	35,000	
Sludge Disposal			30,000			30,000	30,000	
Additional Overtime			111,804			111,804	111,804	
Vehicle for Cross Connection Control			19,000			19,000		19,000
Storm Drain & Catch Basin Cleaning			30,000			30,000	30,000	
Total-Water Utilities-Water Fund		5.00	651,887	0	0	651,887	588,887	63,000

Public Works - Solid Waste Fund

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
				Expend.	Revenue			
Solid Waste Equipment Operator II	Solid Waste Equipment Operator II	1.0	60,085			60,085	60,085	
Enhanced Inspection/ Education Services	Sanitation Inspector	1.00	88,680			88,680	88,680	
Container Delivery Vehicle for Solid Waste Support Services Section			82,000			82,000	0	82,000
Total-Public Works - Solid Waste		2.00	230,765	0	0	230,765	148,765	82,000

Public Works - HURF

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
				Expend.	Revenue			
CIP Project Management	Engineering Associate/ Sr. Engineering Associate	1.00	104,540			104,540	81,109	23,431
Temporary Employees Traffic Operations	Unclassified Temporary Streets/ Construction	2.00	76,184			76,184	0	76,184
Concrete Repair Program			163,676			163,676	46,576	117,100
Traffic Engineering - Vehicle Request			23,266			23,266	2,464	20,802
Street and Alley Repair Materials			40,858			40,858	40,858	
Total-Public Works - HURF		3.00	408,524	0	0	408,524	171,007	237,517

Public Works - Transit Fund

Priority/Description	Position(s)	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
				Expend.	Revenue			
Transit Services			10,811,696	(4,095,072)		6,716,624	6,716,624	
EVBOM - Admin Assistant & Custodial FTE's	Custodian	1.00	41,916			41,916	41,916	
LRT Traffic Signal System O&M Impact Funding	Traffic Signal Technician I/II	1.00	258,709			258,709	171,746	86,963
* Crosscut Canal Multi-Use Path Phase II			5,200			5,200	5,200	
* CP/EV LRT - Rail Planning, Design & Construction			3,805,000			3,805,000	3,805,000	
Total-Public Works - Transit		2.00	14,922,521	(4,095,072)	0	10,827,449	10,740,486	86,963

* These items represent Capital Improvements Program Operating Impacts.

Attachment D

FY 2008-09 Unfunded Operating Budget Supplemental Requests

	FTE	Total Cost	Offset		Net Fiscal Effect	Recurring	Non-Recurring
			Exp.	Rev.			
General Fund							
City Clerk	0.00	25,000	0	0	25,000	25,000	0
Community Relations	1.00	46,544	(17,766)	0	28,778	28,778	0
Community Development	2.25	614,111	0	0	614,111	614,111	0
Diversity	0.00	81,000	0	0	81,000	11,000	70,000
Human Resources	3.00	227,898	0	0	227,898	223,247	4,651
Financial Services	0.00	63,200	0	0	63,200	13,200	50,000
Information Technology	1.00	44,799	(44,799)	0	0	0	0
Police	33.00	3,777,330	0	0	3,777,330	3,065,324	712,006
Fire	4.50	920,846	(78,035)	0	842,811	719,630	123,181
Community Services	6.90	338,718	0	(176,757)	161,961	106,961	55,000
Development Services	0.00	150,000	0	0	150,000	0	150,000
Parks and Recreation	5.50	1,575,323	(47,640)	0	1,527,683	1,213,521	314,162
Public Works	11.50	984,249	0	0	984,249	924,710	59,539
Non Departmental							
Tempe Community Council	0.00	130,200	0	0	130,200	115,000	15,200
Total - General Fund	68.65				8,614,221	7,060,482	1,553,739
Enterprise Funds							
Water/Wastewater							
Water Utilities	6.00	542,152	(25,927)	0	516,225	491,225	25,000
Solid Waste							
Public Works	0.50	24,381	0	0 zx		24,381	0
Total - Enterprise Funds	6.50				516,225	515,606	25,000
Special Revenue Funds							
Risk Management							
Financial Services	0.50	27,645	0	0	27,645	27,645	0
Performing Arts							
Community Services	1.00	173,360	0	0	173,360	173,360	0
Highway User Revenue Fund							
Public Works	1.00	724,719	0	0	724,719	632,090	92,629
Transit							
Public Works	2.00	332,391	0	0	332,391	131,903	200,488
Total - Special Revenue Funds	4.50				1,258,115	964,998	293,117
Grand Total - All Funds	79.65				10,388,561	8,541,086	1,871,856

		Recurring	Non-Recurring
PERSONNEL REQUESTS			
General Fund	68.65	65.65	3.00
Enterprise Funds	6.50	6.50	
Special Revenue/Internal Service Funds	4.50	4.50	
Total FTE Positions - All Funds	79.65	76.65	3.00