



2010-11 PROPOSED BUDGET

BUDGET AND REVENUE HIGHLIGHTS

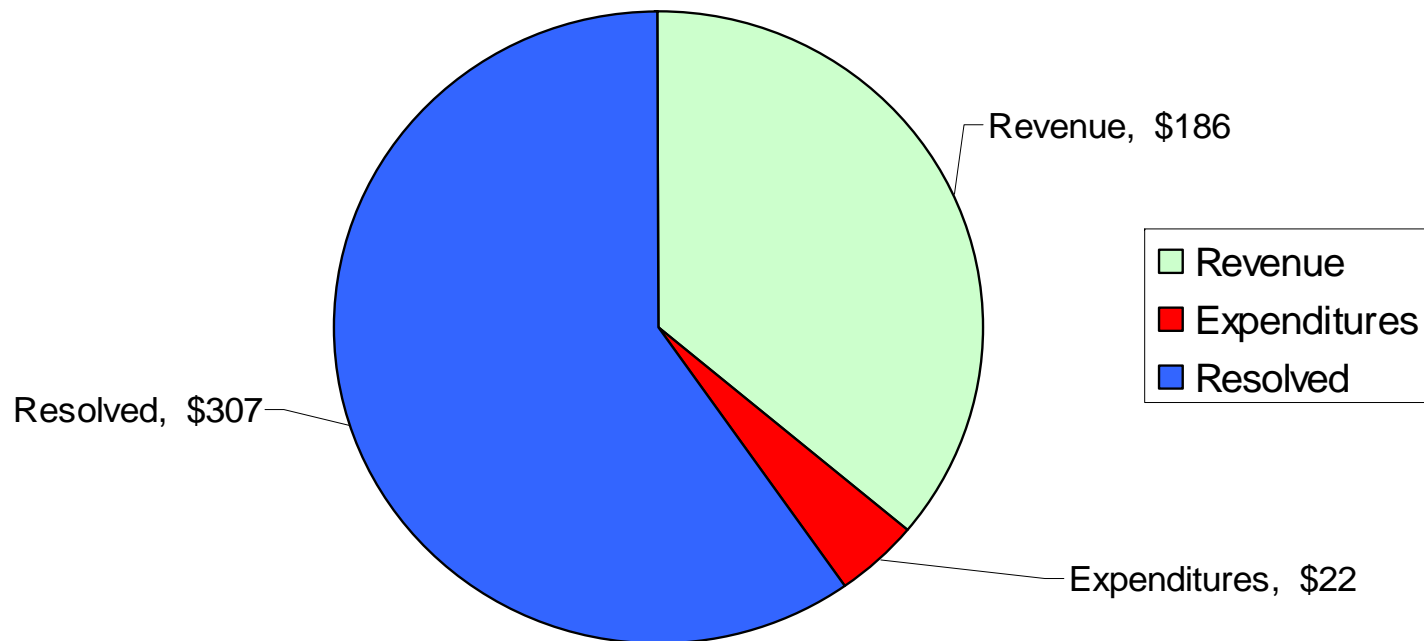
Miguel Santana
City Administrative Officer



Reported Deficit at Mid-Year

The Reported Deficit at Mid-Year was \$208 Million

Total 2009-10 Deficit - \$515 Million

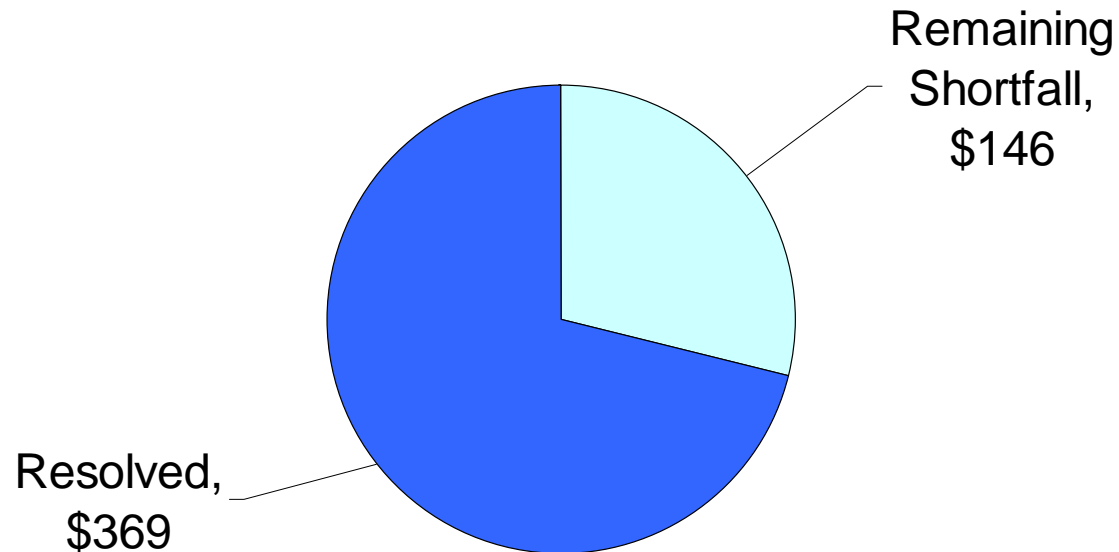




Estimated Deficit in the Proposed Budget

The Remaining Deficit in early April 2010 (Fourth FSR) is now \$146 Million. A decrease from the prior estimate of \$62 million.

Total 2009-10 Deficit - \$515 Million



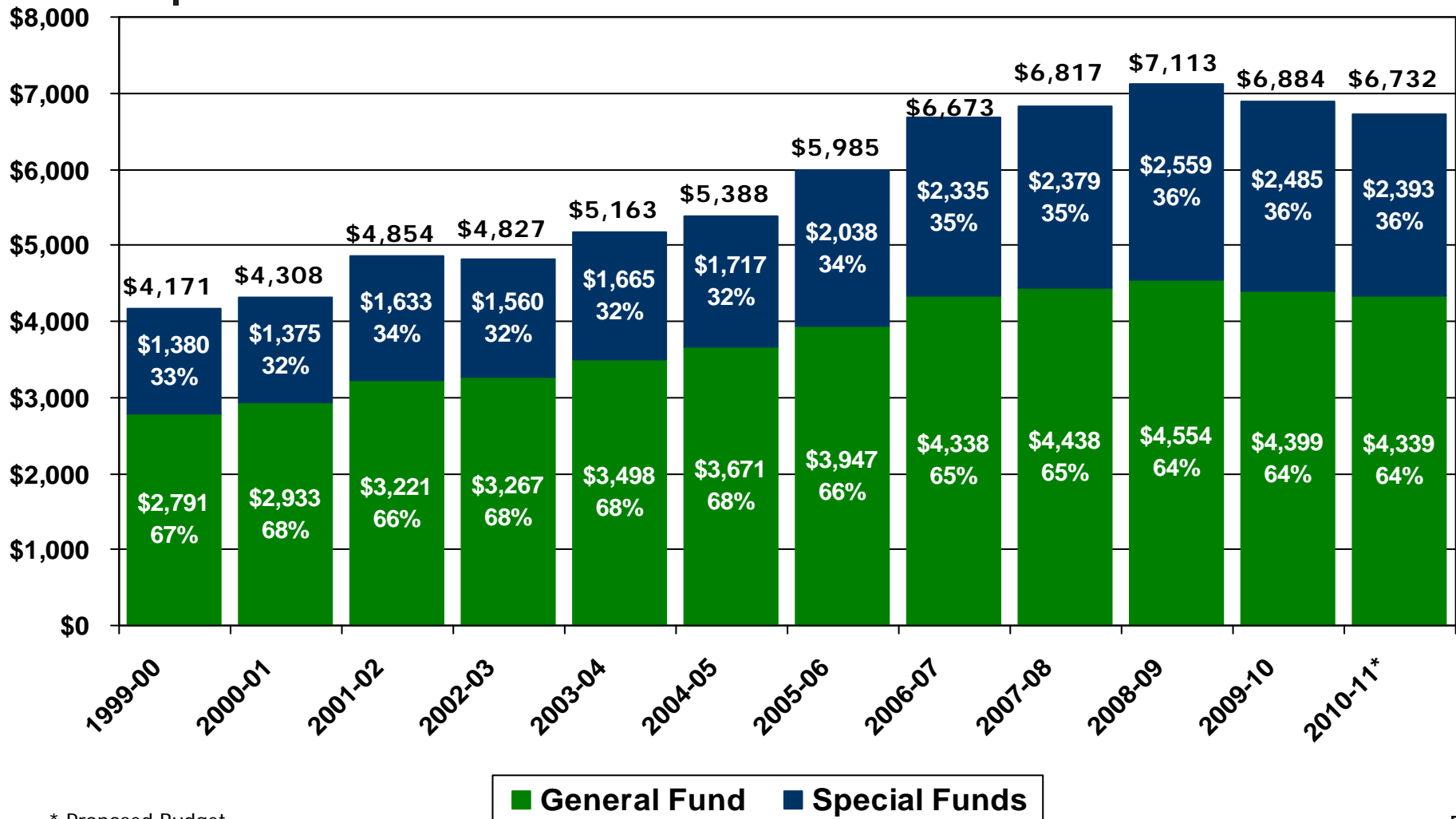


Budget Principles

- Reduce the structural deficit
- Protect core services
- Develop flexible funding strategy
- Rebuild the Reserve Fund
- Recognize new revenue



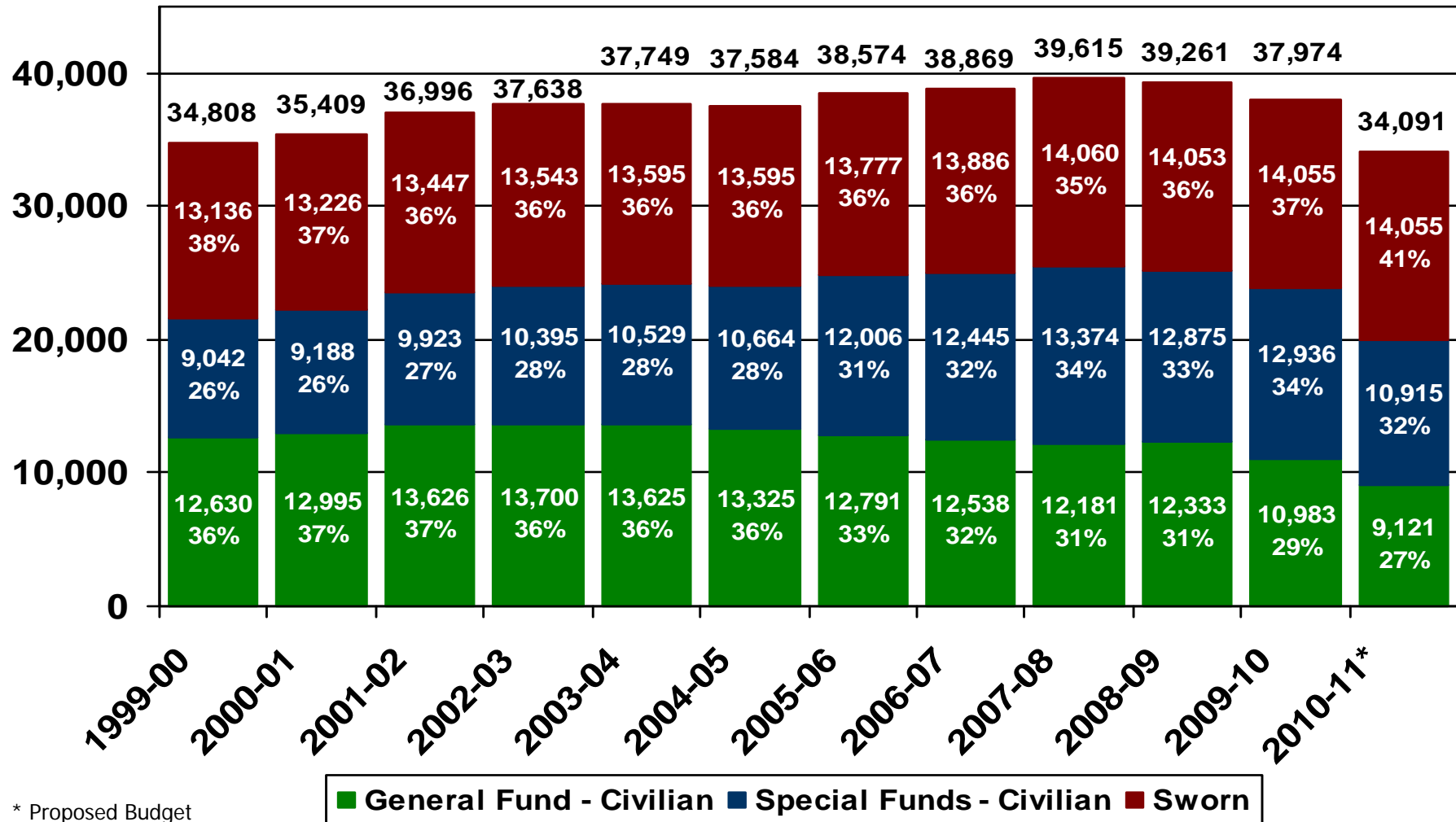
ADOPTED CITY BUDGET FY1999-00 TO FY2010-11



* Proposed Budget



CITYWIDE POSITIONS FY1999-00 TO FY2010-11

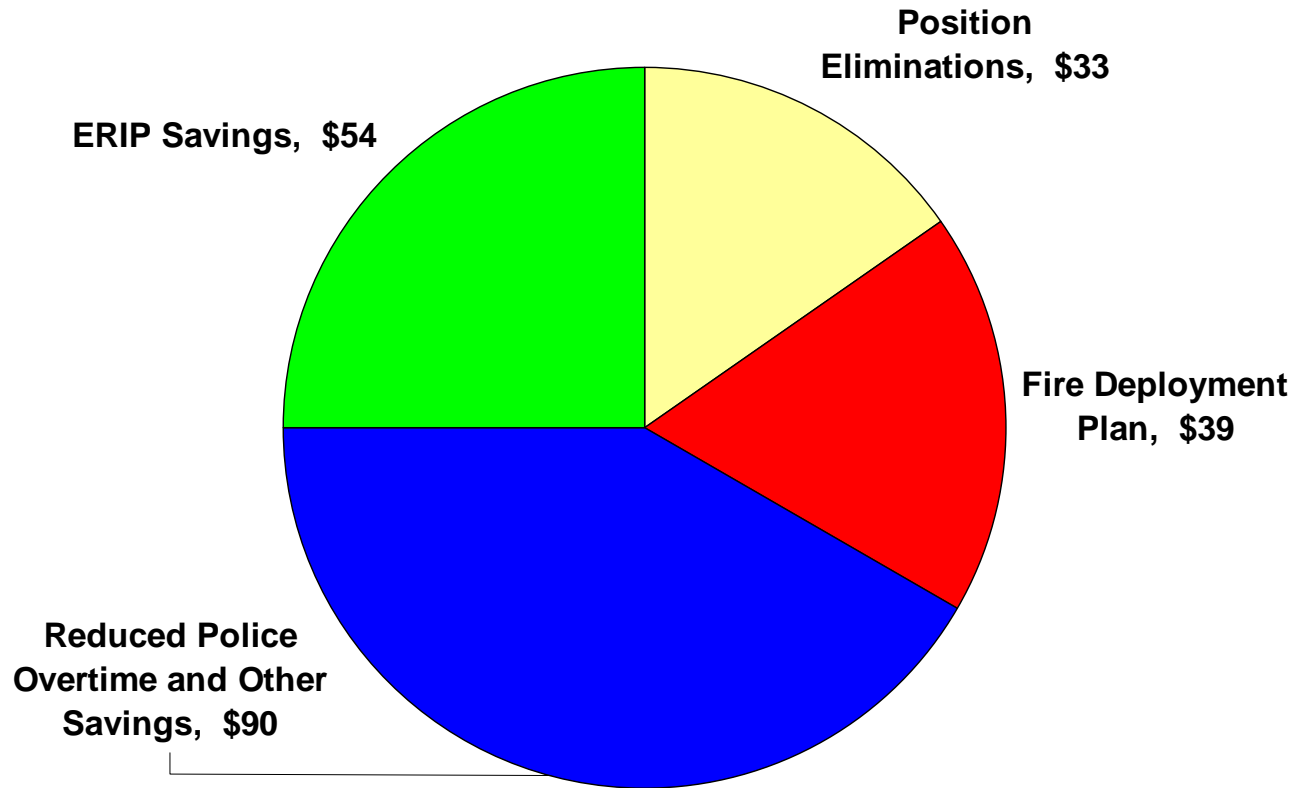


* Proposed Budget



Full Year Savings from Continuation of Current Year Reductions

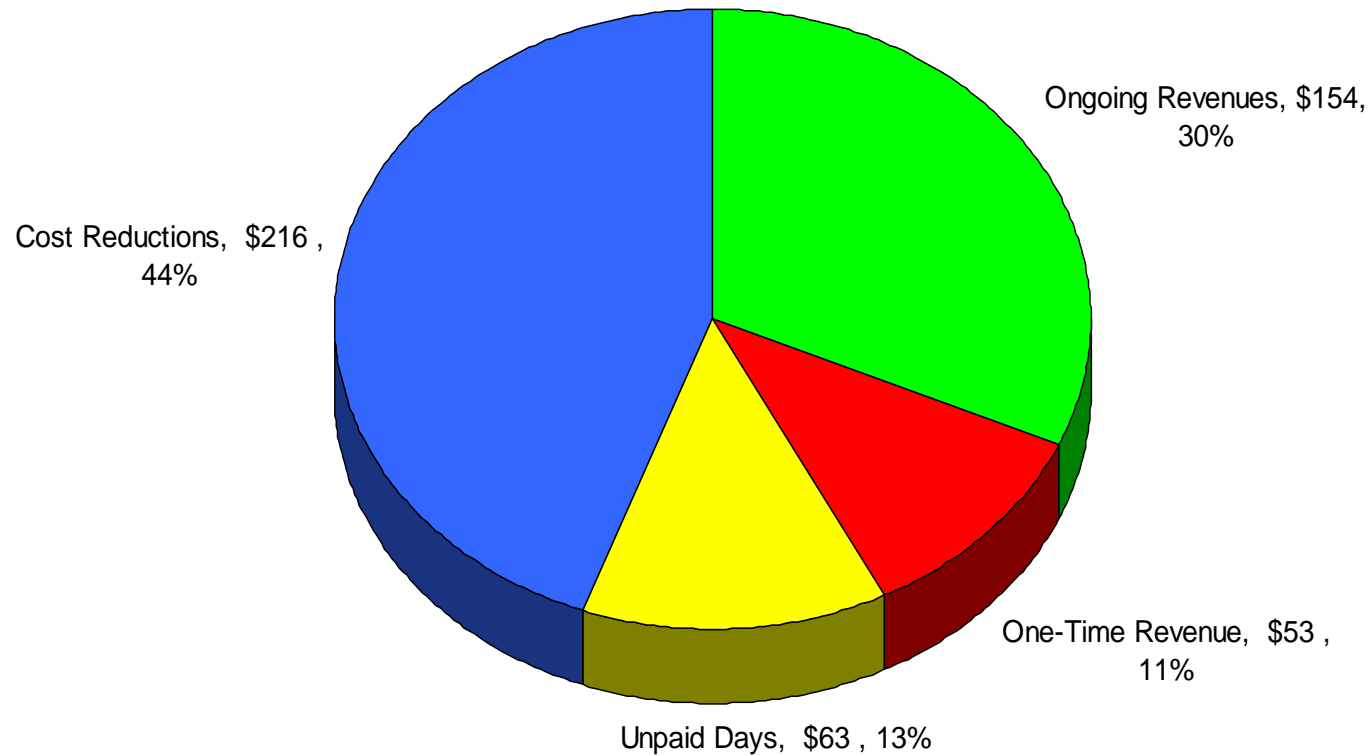
Total of approximately \$220 Million





2010-11 Budget Solutions

Total Budget Deficit - \$492





2010-11 PROPOSED BUDGET

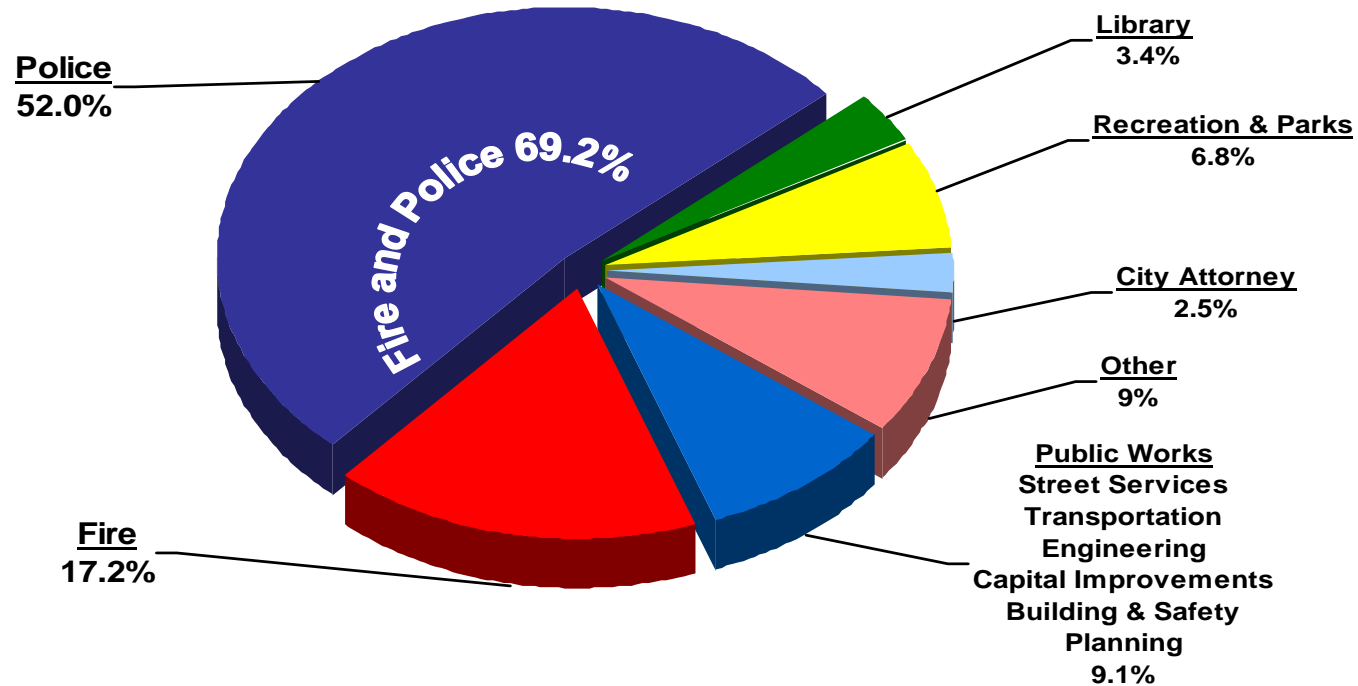
Top Departmental General Fund Budget Reductions

Department	2009-10 Adopted Budget	2010-11 Proposed Budget	Change	
			Amount	Percent
PW/Bureau of Street Services	32,743,489	19,605,244	(13,138,245)	(40.1)%
Cultural Affairs	9,599,452	7,221,127	(2,378,325)	(24.8)%
El Pueblo	2,011,597	1,535,857	(475,740)	(23.6)%
Emergency Management	2,048,959	1,564,626	(484,333)	(23.6)%
Aging	936,279	757,771	(178,508)	(19.1)%
PW/Board of Public Works	13,038,354	10,673,780	(2,364,574)	(18.1)%
General Services	214,151,765	179,261,398	(34,890,367)	(16.3)%
Disability	1,141,273	968,312	(172,961)	(15.2)%
PW/Bureau of Engineering	28,849,317	25,138,523	(3,710,794)	(12.9)%



2010-11 Budget Unrestricted Revenues

\$3.63 Billion



Unrestricted Revenues are 53.9% of the City Budget.
Restricted Revenues (46.1%) include Grants (except Police Dept.), Sewer, Solid Waste and Gas Tax Receipts.

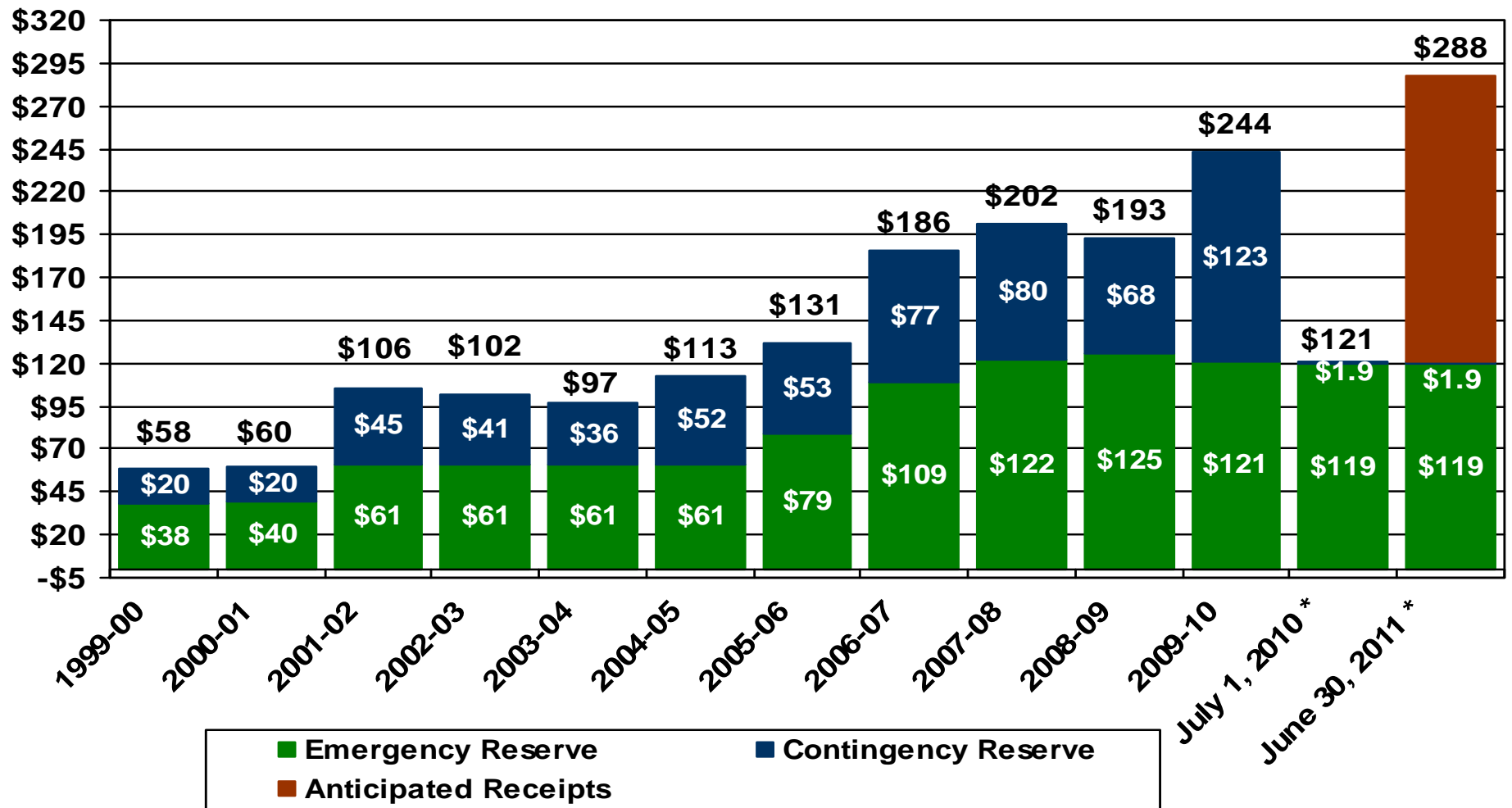


2010-11 Reserve Fund

Reserve Fund Balance	Millions
Balance on July 1st	\$121.2
Loans and Loan Repayments (net)	(22.0)
Early Reversion of Unencumbered Funds	18.0
Miscellaneous Receipts	166.8
Projected Reserve Fund Balance in Early April	\$284.0



ADOPTED RESERVE FUND AMOUNTS FY1999-00 TO FY2010-11



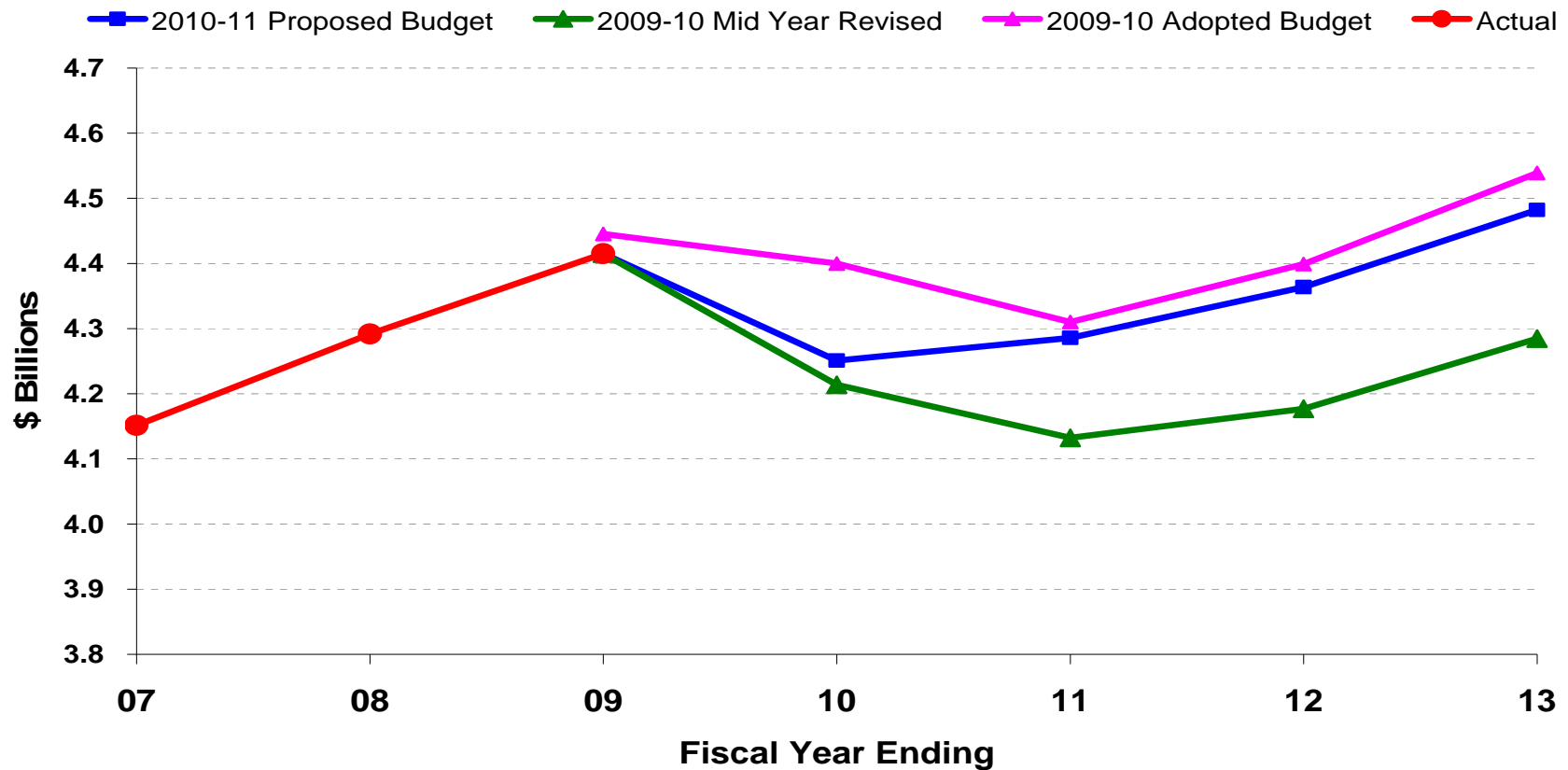
* Proposed Budget



Changes in Revenue Estimates

General Fund Revenue *

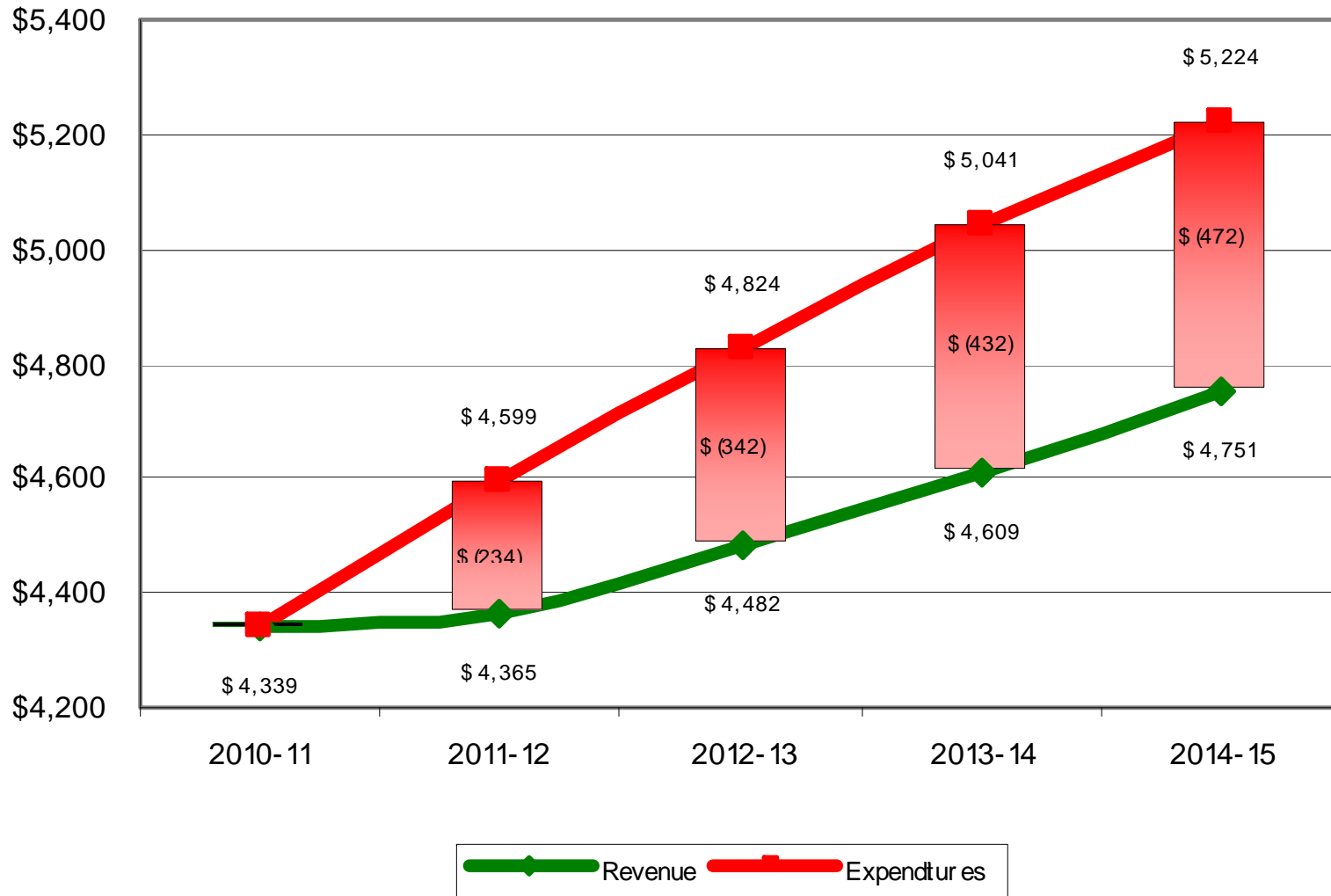
* Excludes transfer from Reserve Fund & parking-related structural asset



The budget anticipates General Fund revenue to pass the 2008-09 level in 2012-13.

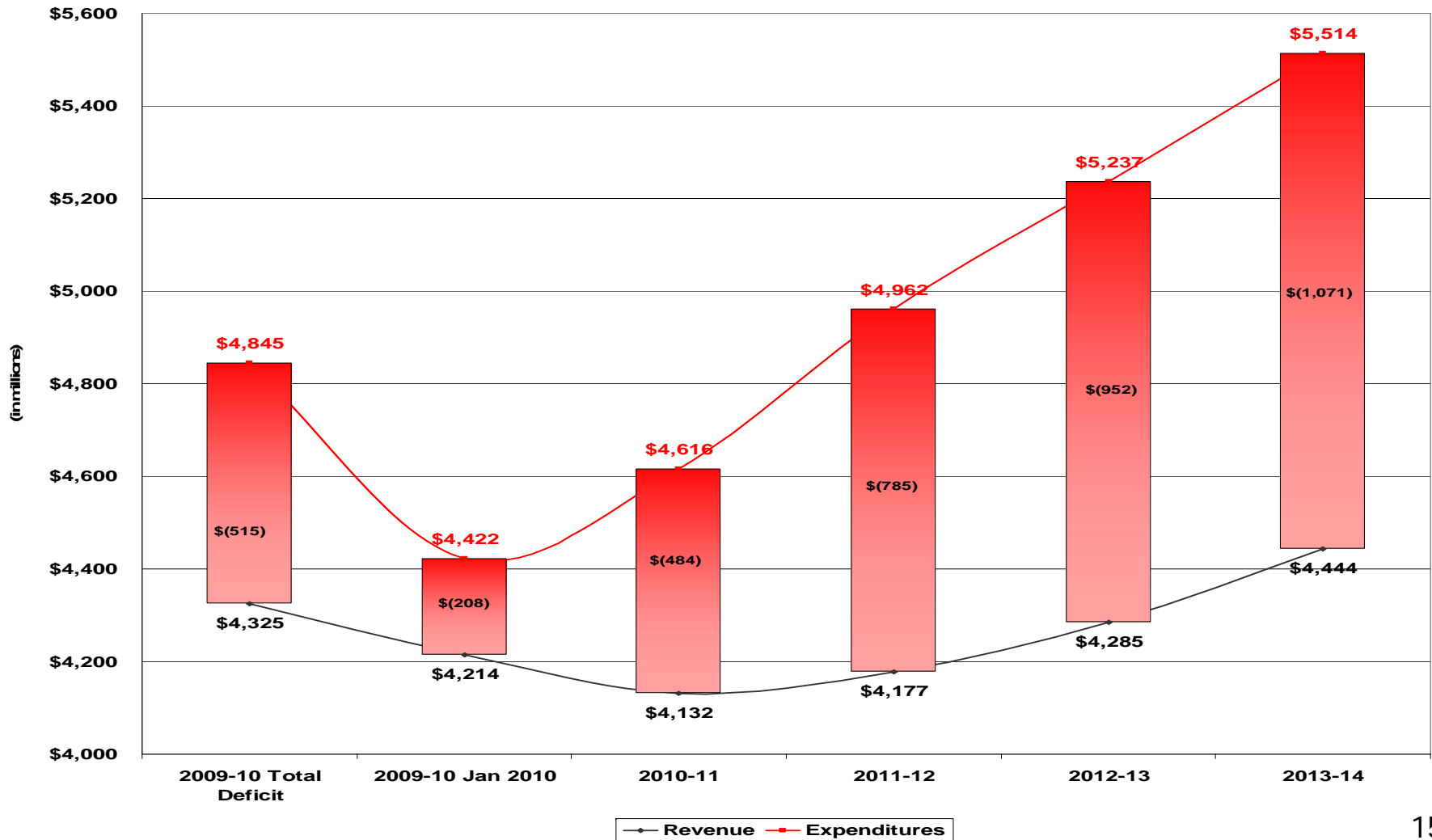


Four-Year Budget Outlook



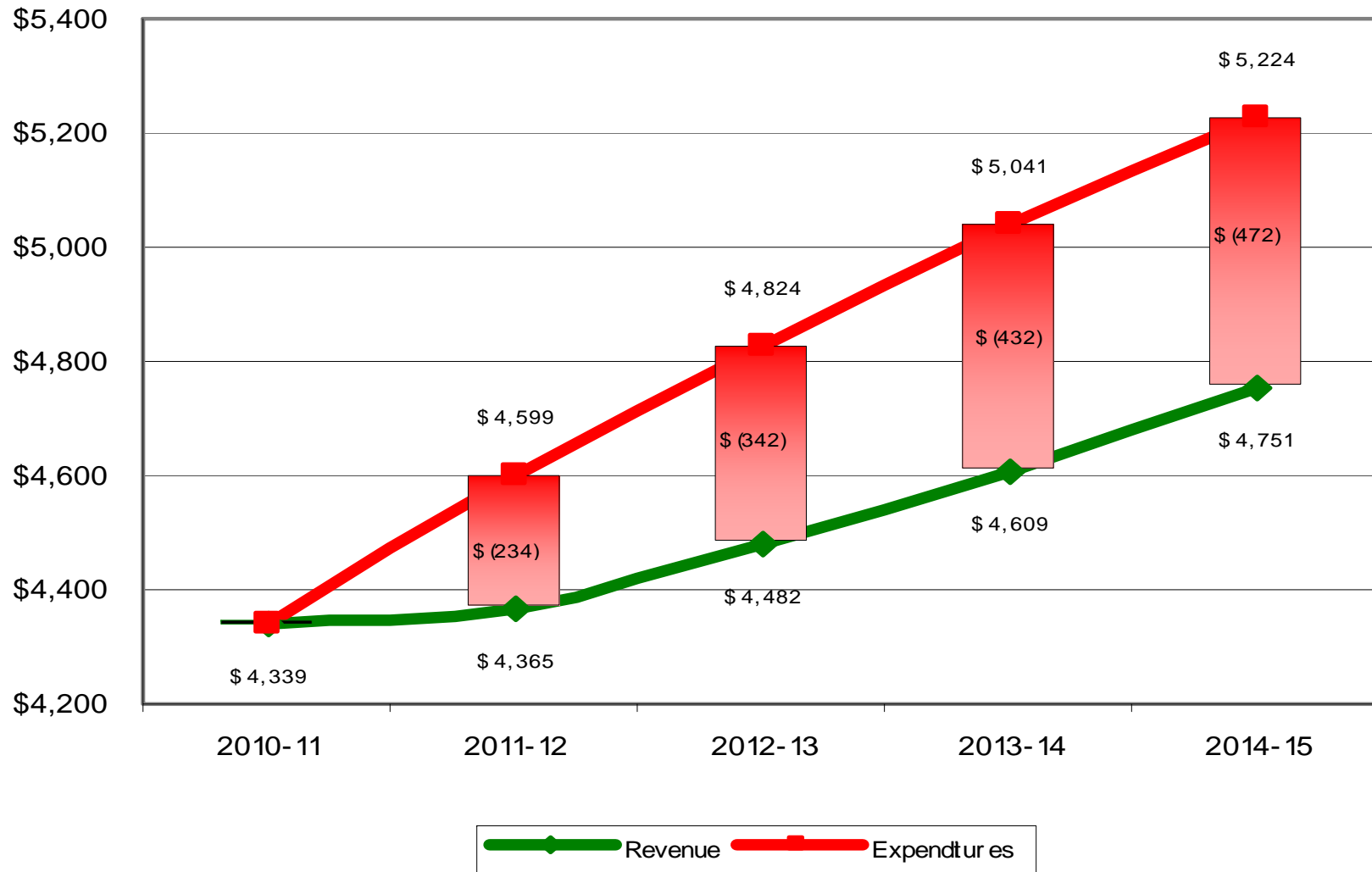


Mid-Year - Four Year Outlook



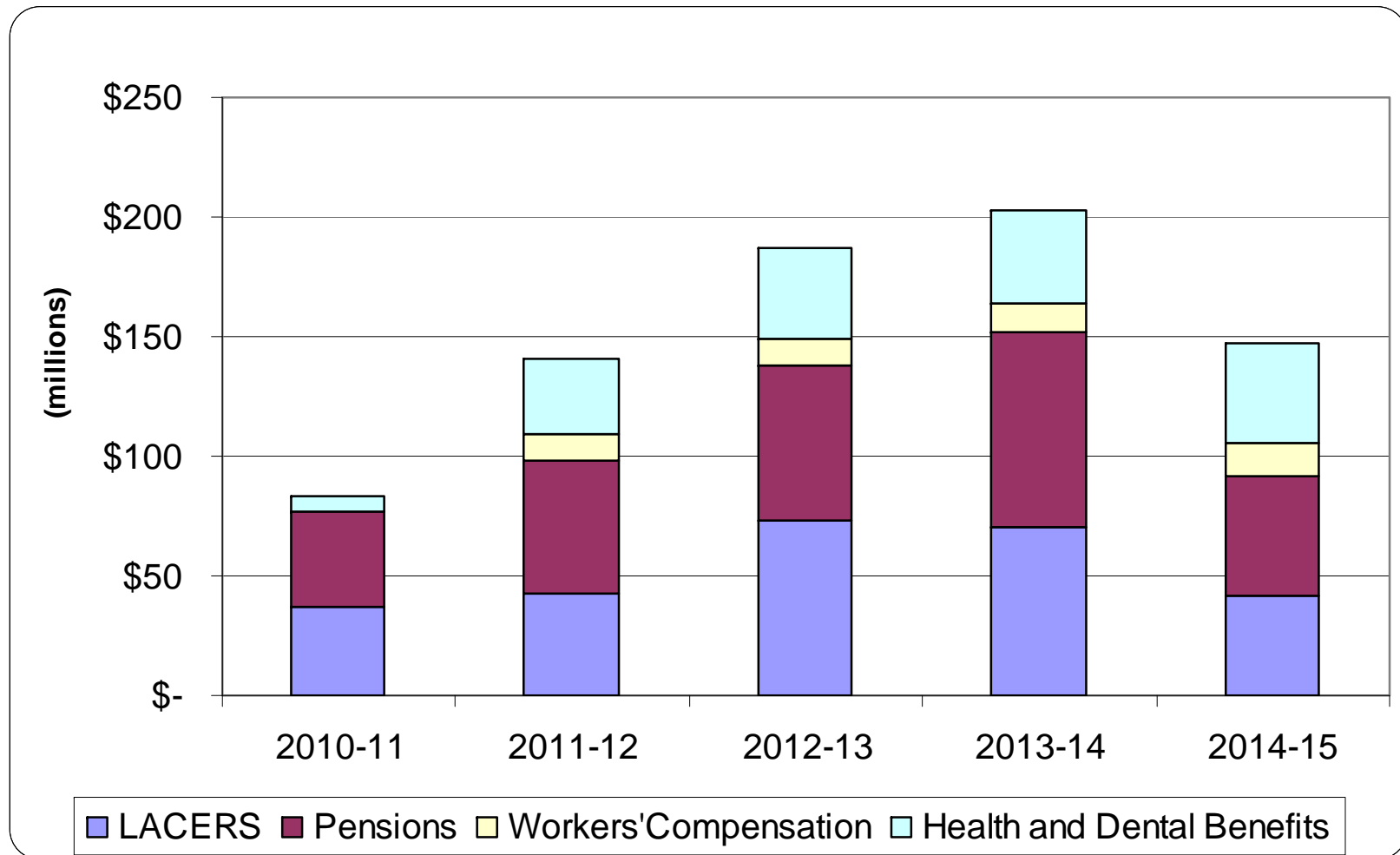


Four-Year Budget Outlook



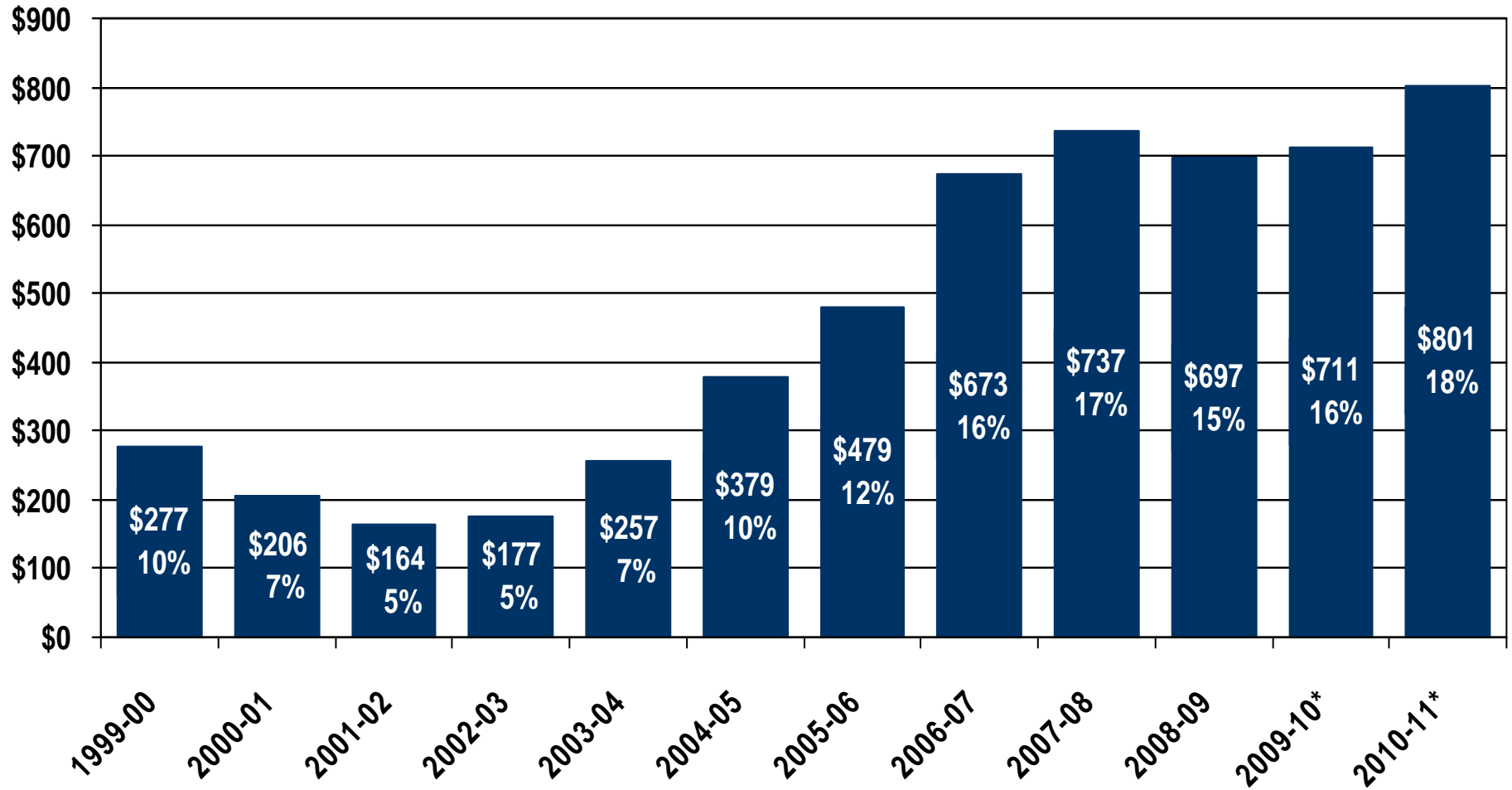


Major Drivers of Expenditure Growth in the Four-Year Outlook





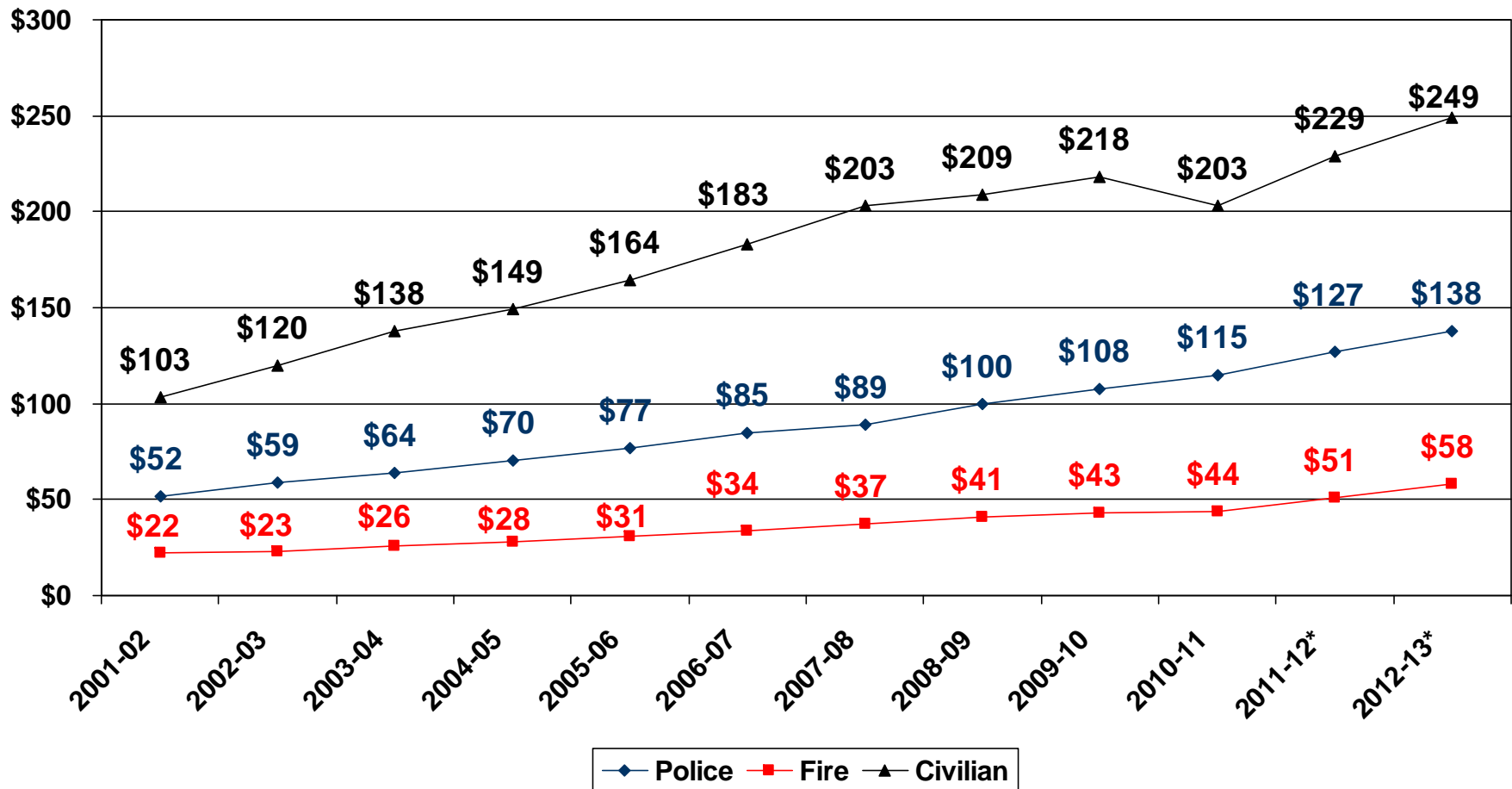
ACTUAL CITY PENSION/RETIREMENT CONTRIBUTIONS % OF GENERAL FUND FY1999-00 TO FY2010-11



* Projections



ACTUAL EMPLOYEE INSURANCE COSTS FY2001-02 TO 2012-13



* Projected



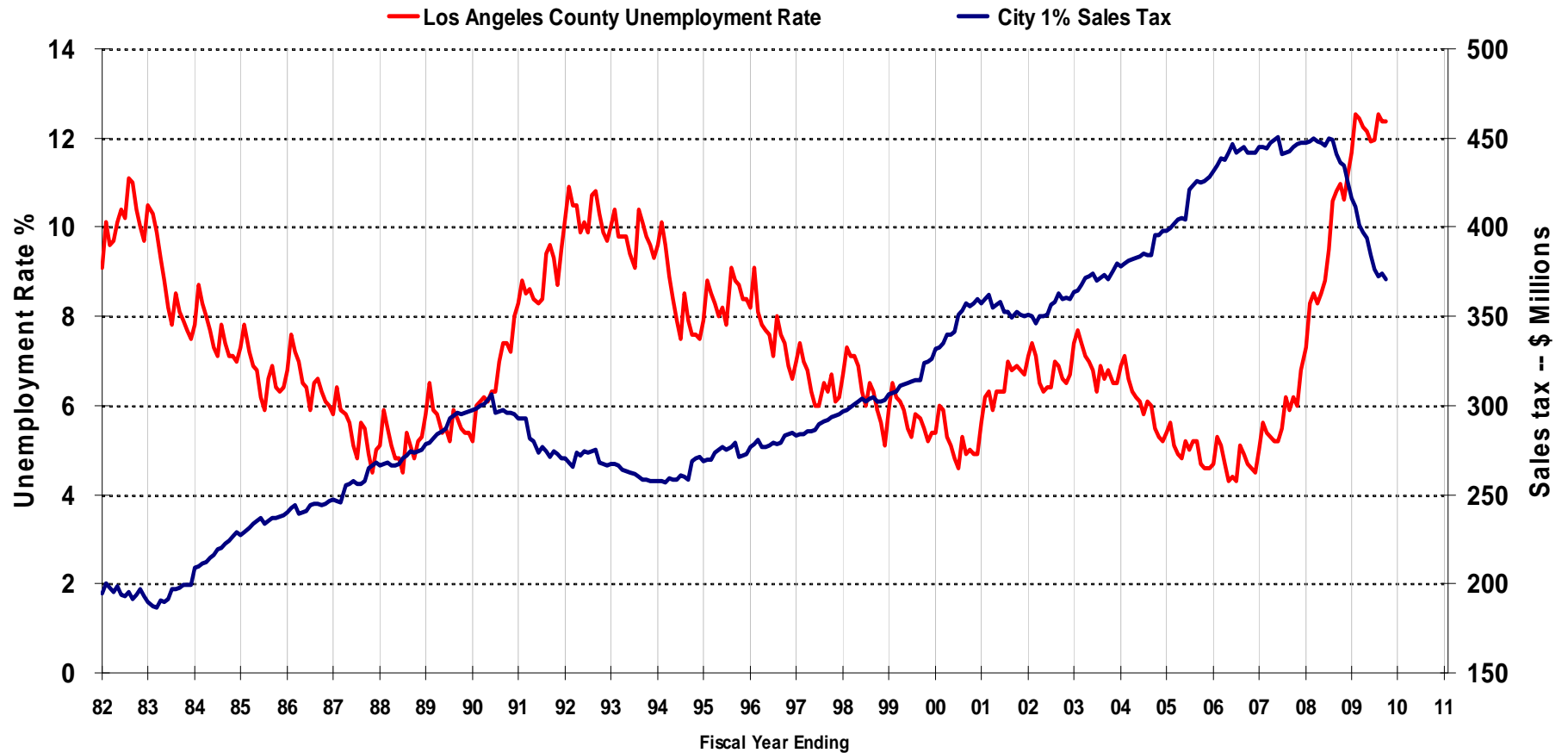
2010-11 Revenue Discussion

- Current Economic Climate in the City
- High Unemployment Rate
- Sales Tax comparisons
- Property Tax – assessed values
- Hotel Taxes
- Documentary Transfer Tax



Economic Climate

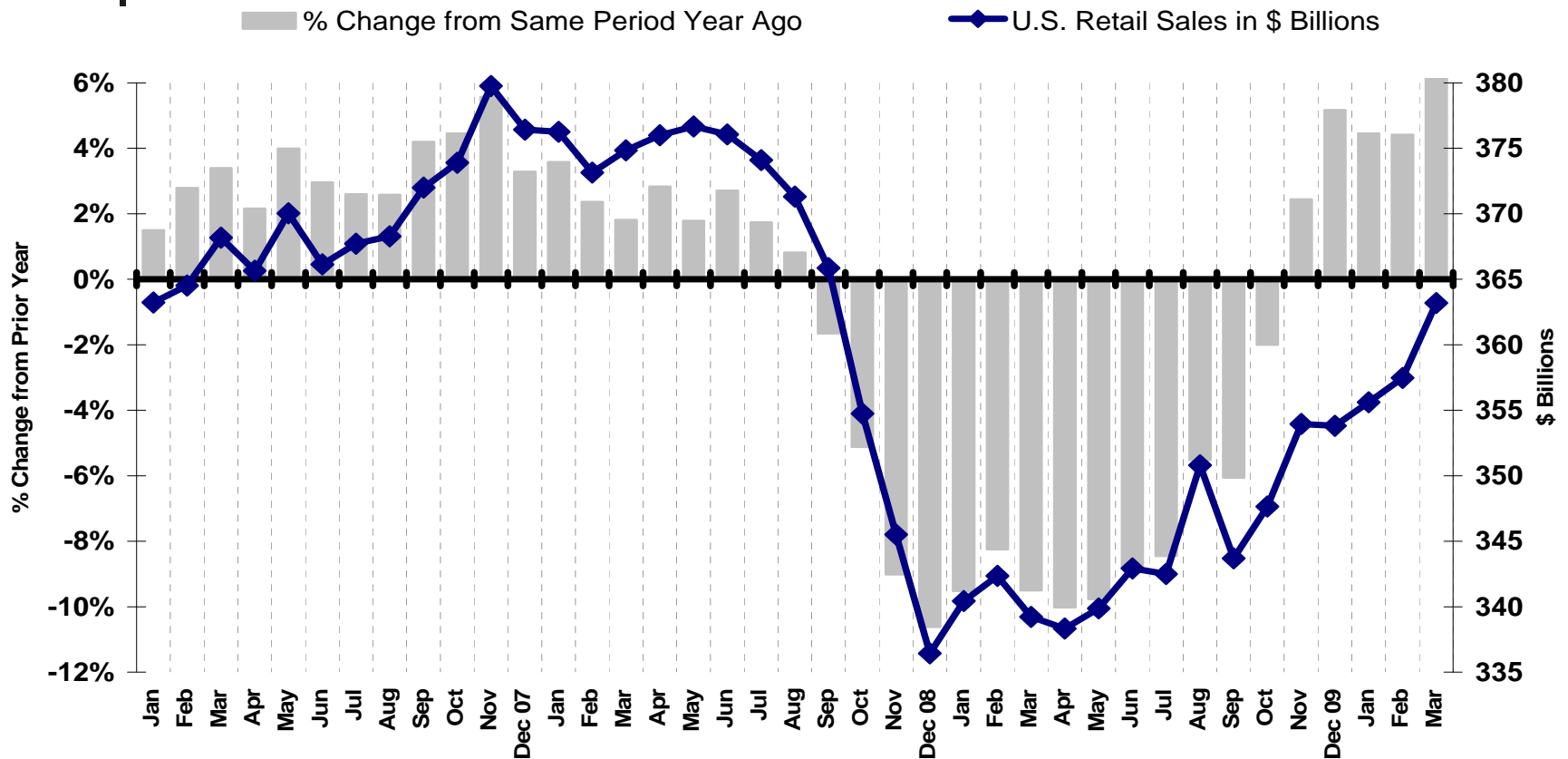
City 1% Sales Tax and Local Unemployment Rate



Continuing high unemployment is the biggest threat to the budget estimate.



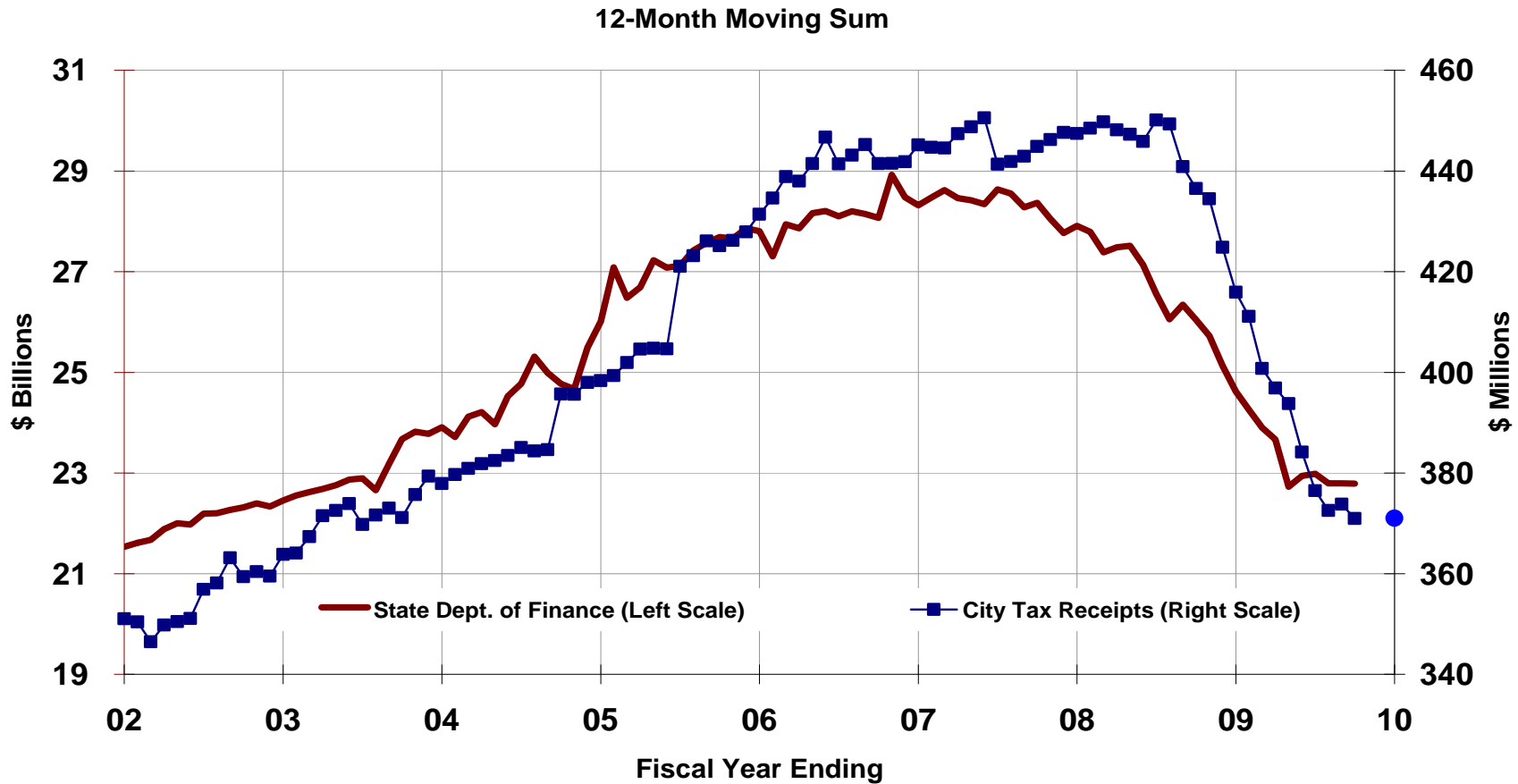
U.S. Retail Sales



There is some encouragement from recent national retail sales. Nation-wide March sales are 7.1% above March 2009, but still 4.4% below the November 2007 pre-recession peak. So far, the national numbers have not been tracking in California.



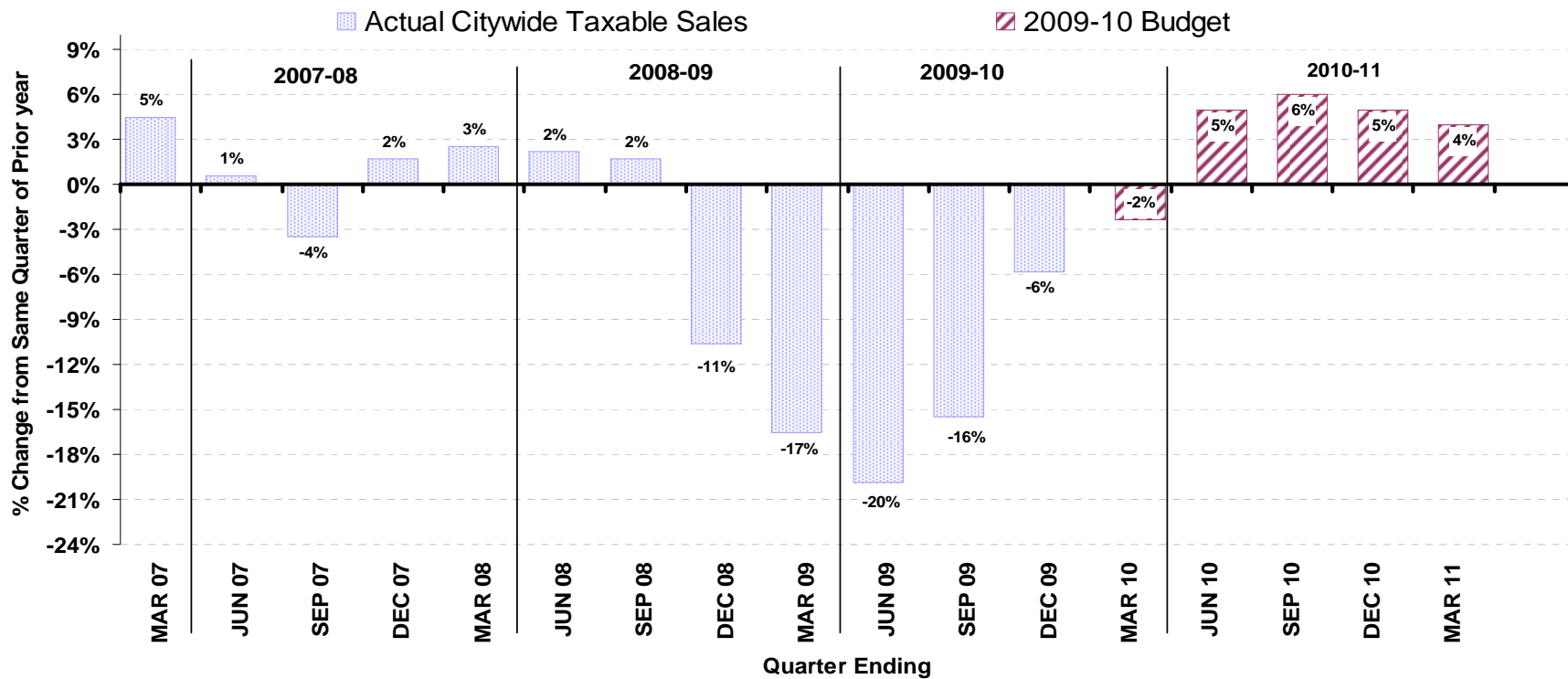
Comparison of State and City Sales Tax Receipts



City receipts are several months behind state receipts, but state receipts show signs of stabilizing.



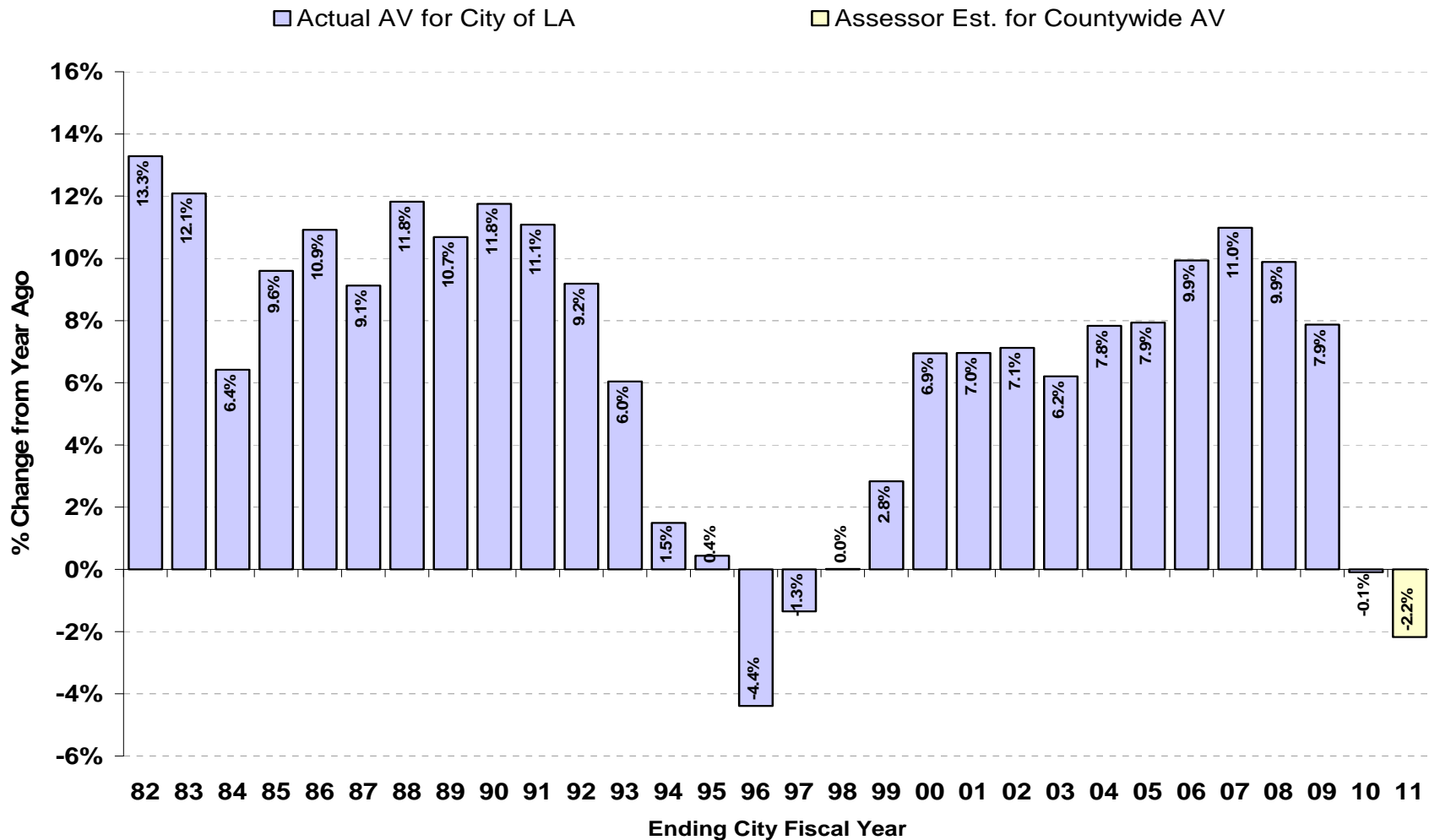
Change in City Sales Tax Allocation by Quarter



The City's fiscal year sales tax revenue (July-June) is based on taxable sales between April and March. Actual 2009-10 results were down 20% in the first taxable sales quarter (April-June 2009); down 16% in the summer quarter; but 'only' down 6% in the Christmas Quarter. Even with average projected 5% growth in 2010-11, cash receipts will be nearly 13% below the 2007-08 level.

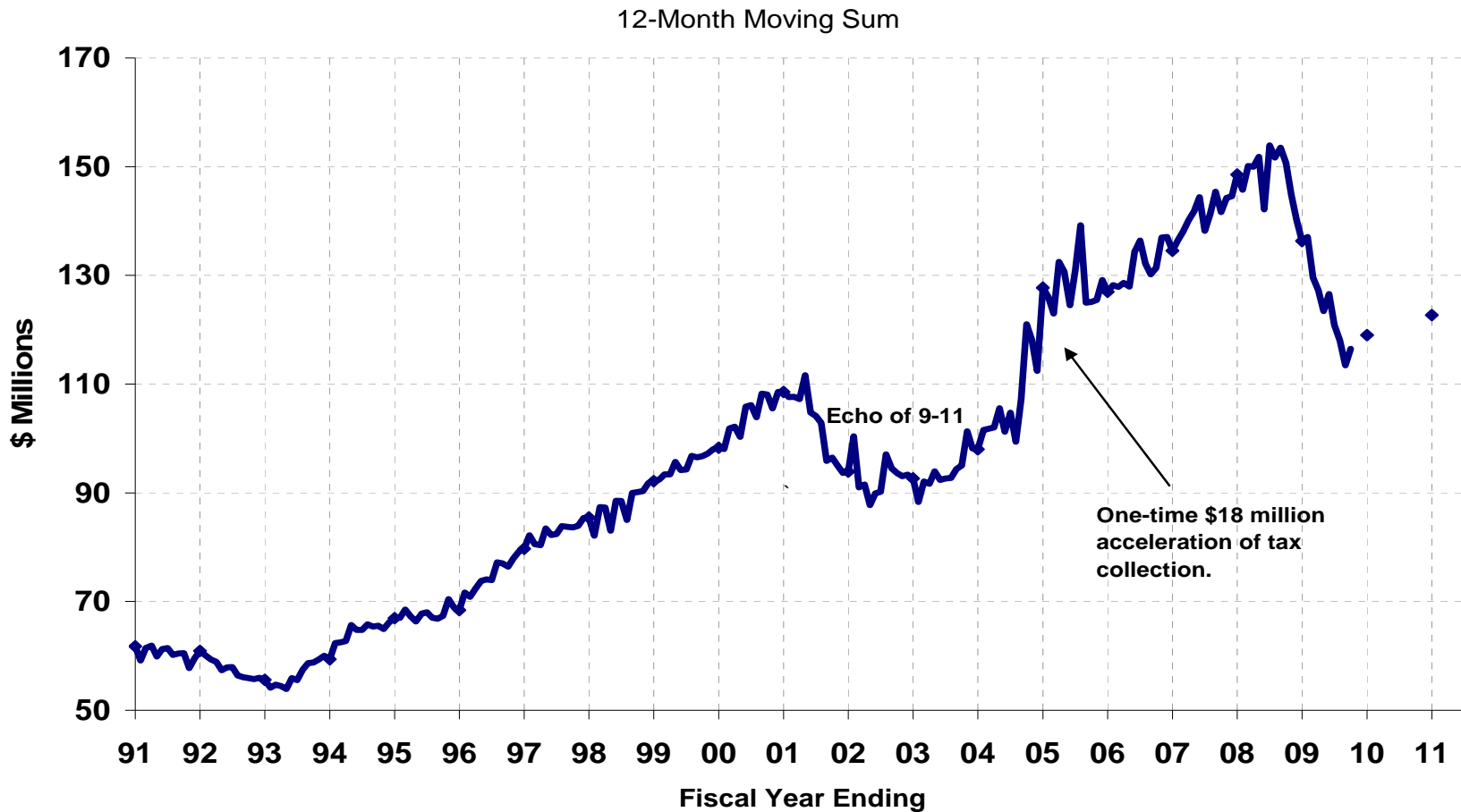


Property Tax Change in Assessed Value





City Hotel Tax Receipts

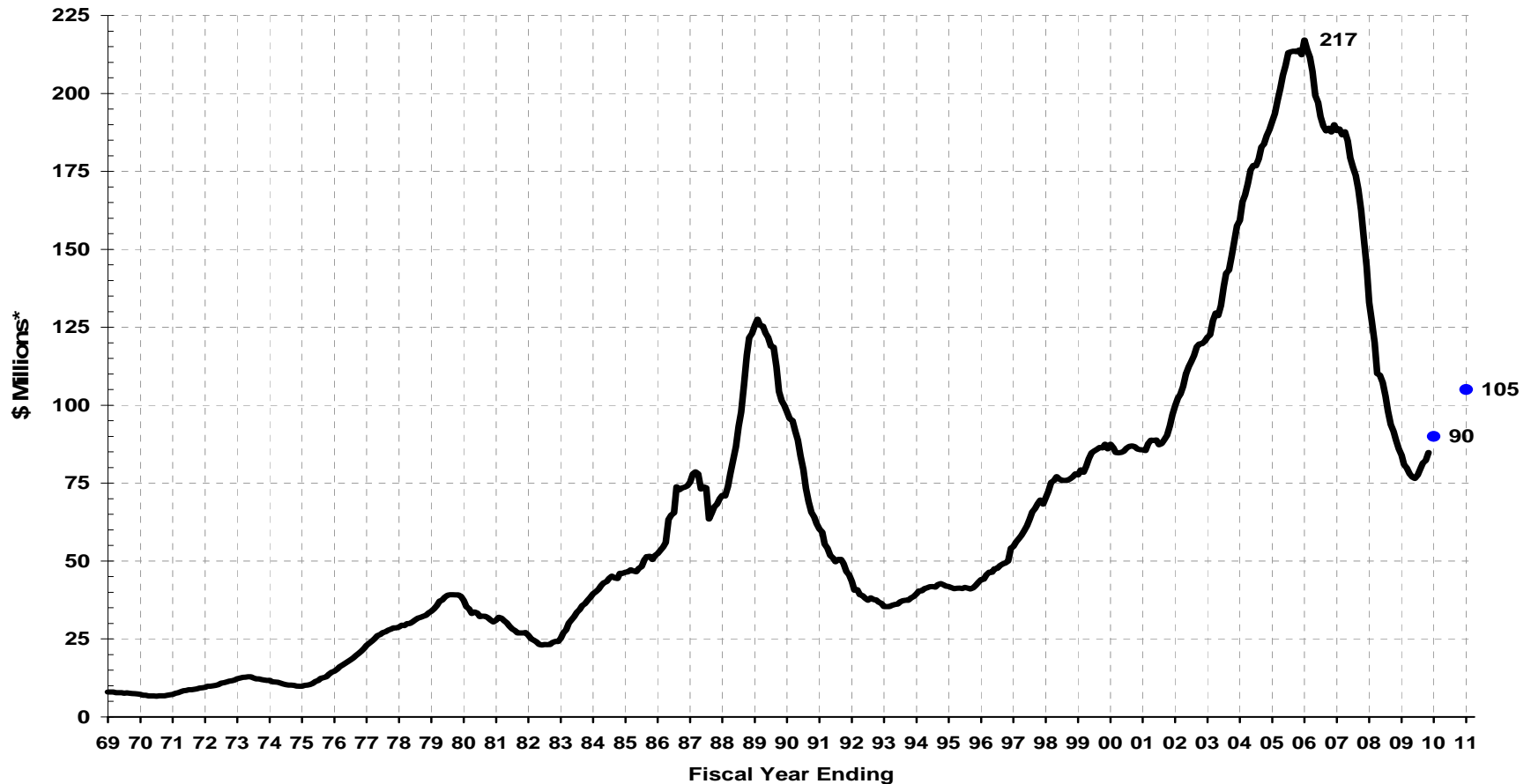


Hotel tax declined 8.2% in 2008-09 and, even with some improvement in recent months, will still decline another 12.7% in 2009-10. The projected 3% growth in 2010-11 would produce \$26 million less revenue than was received in 2007-08.



Documentary Transfer Tax

12-Month Moving Sum



Year-over-year revenue has been rising for the last four months.

* Data prior to August 1991 adjusted for tax rate change.