Fiscal Planning Update

March 4, 2009

Budget Reductions to Date

		FY09		
	FY08	**Initial**	**FSR & Other**	**Total**
Public Safety	8.1	(5.9)	4.5	6.7
General Government	4.7	3.0	11.2	18.8
Cultural & Recreation	1.8	1.4	2.6	5.8
Judicial	1.3	0.3	3.3	4.9
Public Works	2.2	1.9	5.1	9.2
Economic Assistance	0.5	1.3	0.4	2.2
	18.5	2.1	27.0	47.6

Actions To Date

- Implemented FSR recommendation that had no personnel impacts.
- Created a revenue stabilization fund.
- Capital Improvement Projects were delayed.
- A Voluntary Separation Program (VSP) was created.
- The LVCEA, PPA, and POA reduced their FY10 compensation packages by approximately one percent.

Voluntary Separation Results

Total Requests	69
Total Approved	50
Total Payout Cost	$1,537.8K
Avg Payout (max $40 K)	$ 30.8K
FY09 Est Vacancy Savings	$1,834.4K
FY10 Est Vacancy Savings	$6,786.1K

Cost recovery estimated in 12 weeks

Effect of VMP, FRS, and VSP

	FY09 Original Budget		Closed/Frozen		FY09 Staff Plan	
	$MMs	FTEs	$MMs	FTEs	$MMs	FTEs
GF	$ 300.9	2,576	$ 21.9	251	$ 279.0	2,325
Non-GF	$ 68.1	639	$ 9.1	67	$ 59.0	572
Total	$ 369.0	3,215	$ 31.0	318	$ 338.0	2,897

Preparation for FY10 and Beyond

- As a result of the FSR measures approved by Council, the City will save or defer an additional $4,036,529 (across all City Funds)
  - Of the 106 recommendations approved by City Council, approximately 57% or 61 of the recommendations have been implemented or will be implemented prior to July 1
  - Plans have been drafted for the remaining efficiency measures, which will be implemented over a period of time
  - The remaining organizational restructuring and strategic service change options are on schedule for implementation over the next couple of years

Revenue Outlook

Triggers for Corrective Action

- Balance continued monitoring against tendency to overreact with minor changes
- Review monthly, report quarterly, revise Action Plan semi-annually if:
  - Reductions to total revenue exceed 2% of the previous official modeling, or
  - Such reduction exceeds 50% of the available Stabilization Fund balance
  - Conversely, total revenue increase over 2% could reduce or delay corrective actions

Revised FY09 Revenue Forecast

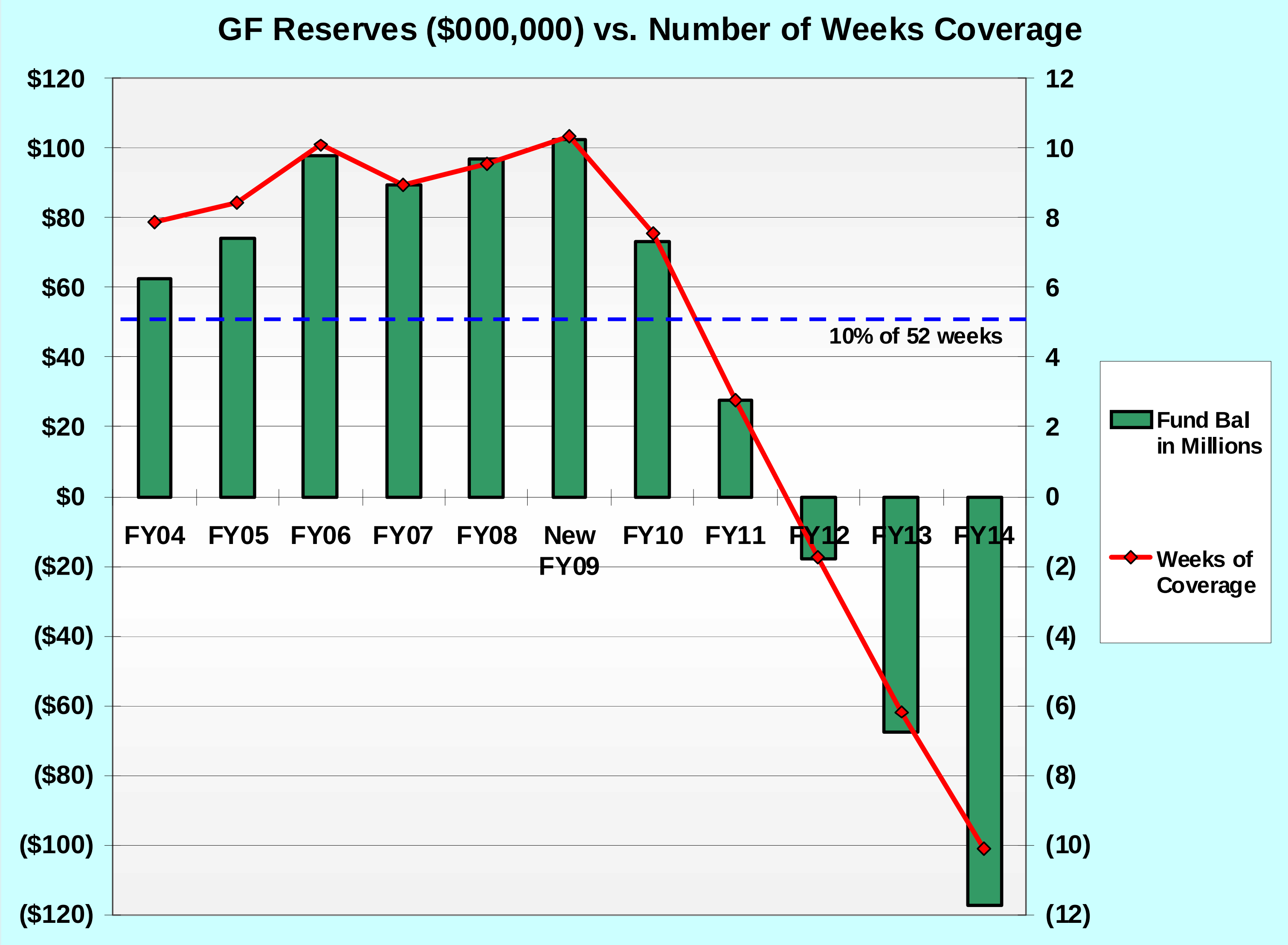
($000,000)

	Final Budget	First Revision	Current Forecast
C-Tax	$ 252.1	$ 249.1	$ 225.0
Prop Tax	133.6	133.4	133.5
Lic & Fran	85.1	83.2	84.6
Other	63.4	63.4	68.4
Transfers In	3.0	3.0	3.0
Revenue Stabilization	0.0	0.0	0.0
	$ 537.3	$ 532.1	$ 514.5
		-1.0%	-3.3%

Result of Actions To Date

	Budget		5-Year Forecast					
	Orig FY09	New FY09	Ave Growth	FY10	FY11	FY12	FY13	FY14
C-Tax	252.1	225.0	3.4%	220.5	224.9	236.2	250.3	265.3
Prop Tax	133.6	133.5	3.3%	128.2	130.7	137.3	146.9	157.1
Lic & Fran	85.1	84.6	3.5%	84.6	86.7	91.1	95.6	100.4
Other	63.4	68.4	2.4%	69.1	70.5	72.6	74.8	77.0
Transfers In From Other Funds	3.0	3.0	-12.9%	1.5	1.5	1.5	1.5	1.5
Revenue Stabilization	-	-		-	-	-	-	-
	537.3	514.5	3.2%	503.8	514.3	538.5	569.1	601.4
Revenue Growth	2.0%	-2.3%	-	-2.1%	2.1%	4.7%	5.7%	5.7%
Wages	199.0	183.4	5.6%	198.8	208.2	218.5	230.2	241.2
Benefits	101.9	82.4	6.8%	90.5	95.8	101.6	108.2	114.5
Wages & Benefits	300.8	265.8	6.0%	289.3	304.1	320.1	338.4	355.7
Non- Labor	97.9	84.6	4.5%	88.4	92.4	96.5	100.9	105.4
LVMPD - Operations	135.7	135.7	4.6%	137.0	144.5	152.5	160.9	169.7
LVMPD - Facilities Capital	7.6	7.6	-8.4%	1.7	1.7	1.7	4.9	4.9
T/O - Debt Serv	12.1	12.1	-6.8%	12.1	13.9	8.5	8.5	8.5
T/O - CPF	1.7	1.7	-100.0%	1.7	-	-	-	-
T/O - Other	1.5	1.5	0.0%	1.5	1.5	1.5	1.5	1.5
Re-Fund FY08/FY09 Vacancies	-	-		-	-	-	-	-
Labor Reductions	-	-		-	-	-	-	-
Non-Labor Reductions	-	-		-	-	-	-	-
CPF - Cumulative New Debt Service	-	-		-	-	-	2.0	2.0
CPF - New O&M (initial year)	-	-		1.3	1.8	3.3	1.4	3.0
	557.4	509.1	5.0%	533.0	559.9	584.1	618.6	650.8
Expenditure Growth	7.3%	-2.0%	-	4.7%	5.0%	4.3%	5.9%	5.2%
Excess(Shortfall)	**(20.1)**	**5.4**	-	**(29.2)**	**(45.6)**	**(45.6)**	**(49.5)**	**(49.4)**
	-	-	-	-	-	-	-	-
Fund Balance	**76.6**	**102.2**		**73.0**	**27.5**	**(18.1)**	**(67.6)**	**(117.1)**
Budget Policy FB Percentage	**14.3%**	**19.9%**	-	**14.5%**	**5.3%**	**-3.4%**	**-11.9%**	**-19.5%**

Fund Balance Results



Corrective Action Plan

Summary of Possible Actions

1. Fill back critical vacant positions
2. Additional labor considerations
3. Target program reductions (e.g., FSR)
4. Combinations of all three above

Budget Workshop on March 30, 2009