

CITY OF YUBA CITY
STAFF REPORT

Date: December 16, 2008
To: Honorable Mayor & Members of the City Council
From: Finance
Presentation By: Robin Bertagna, C.P.A., Finance Director

Summary

Subject: Implementation of Round 1 of Budget Reductions for Fiscal Year 2008-2009
Recommendation: Approve Budget Amendments to Reduce the FY 08-09 Adopted Budget
Fiscal Impact: Proposed savings based on recommended budget reductions

Background:

At the November 4, 2008, City Council meeting, Finance staff reviewed the FY 2008-2009 fiscal outlook given the on-going downturn in the economy both locally and nationally. The Executive Team was asked by the City Manager to put together budget reduction scenarios of 7.5% for non-safety departments and 2.5% for public safety departments. Staff reviewed and discussed with the Council the resulting general fund budget reductions for the FY 2008-2009 fiscal year. With a structural budget deficit currently projected due to reduced revenues within the City's general fund, City Council directed staff to proceed with implementation of the proposed budget reductions. With regard to permanent City employees' positions that have been recommended for elimination, related layoffs will not occur until after the first of the year.

Discussion also occurred regarding the increased priority of economic development for the City, necessitated even more by the economic slowdown. The City Manager recommended that the City proceed with recruiting and hiring an Economic Development Manager to carryout the directives of the Council. In order to support funding this position, it has been recommended by the City's Economic Development Commission that the City phase out its contribution to the Yuba-Sutter Economic Development Corporation over a three year period (FY 08-09: 100% funding, FY 09-10: 66% funding; FY 10-11: 33% funding; and none thereafter).

Analysis:

Attached is a breakdown of Round 1 of these budget reductions on both a departmental and on a specific line item basis. City staff is terming this "Round 1" of budget reductions because we fully expect to be returning to the City Council to discuss Round 2 in Spring, 2009.

Fiscal Impact:

\$1,511,000 in proposed revenue budget reductions and \$956,020 in related expenditure savings based on implementation of recommended budget reductions.

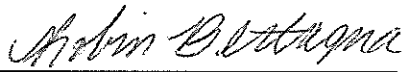
Alternatives:

Not applicable

Recommendation:

Staff recommends that City Council vote to approve the attached budget reduction amendments and incorporate them into the Adopted FY 2008-2009 Budget.

Prepared By:



Robin Bertagna, C.P.A.
Finance Director

Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

Assistant City Manager



City of Yuba City
Round 1-FY 2008-2009 Budget Reduction
Detail by Department Line Item

Expenditure Reductions

City Council	\$ 12,400
City Attorney	16,500
City Manager	28,000
Economic Development	65,204
Non-Departmental	39,000
City Clerk	2,450
Finance	115,850
Information Technology	51,727
General Services	17,236
Community Development	81,634
Police	243,342
Fire	162,167
Public Works	69,475
Recreation	51,035
Total Expenditure Reductions	<u>\$ 956,020</u>

Revenue Reductions

Property Taxes	\$ 185,000
Sales & Use Tax	1,126,000
Investment Income	200,000
Total Revenue Reductions	<u>\$ 1,511,000</u>

City of Yuba City
Round 1-FY 2008-2009 Budget Reduction
Detail by Account Type

<i>Expenditure Reductions</i>	
Salaries & Benefits	\$ 484,582
Extra Help	114,675
Overtime	45,700
Utilities	7,450
Telephone	1,700
Postage & Freight	800
Advertising	3,250
Forms & Supplies	9,000
Printing & Binding	1,000
Professional Services	77,227
Travel & Meeting	35,496
Training Programs	91,165
Dues & Subscriptions	8,200
Rental Building	(25)
Small Tools	5,100
Equipment O & M	7,000
Special Equipment O & M	15,000
Building & Facility O & M	38,500
Uniform Clothing	10,000
Other Materials & Supplies	200
Total Expenditure Reductions by Type	<u>\$ 956,020</u>