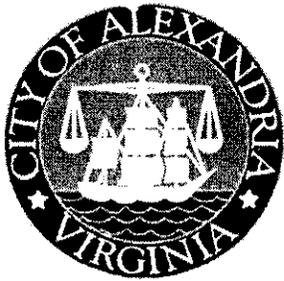


Retreat  
11-4-06

# Targets for City and School Expenditures

- \$34.1 M City increases requested
  - \$20.4 M for City operating budget
  - \$1.2 M for transit subsidies
  - \$12.5 M for Debt Service and Cash Capital for CIP
- \$22.0 M in Superintendent's preliminary forecast
- \$56.1 M Total (includes 2.0% COLA)
- Increase in revenues under current tax rates = \$11.2 M
- Additional \$35.9 M would be needed to fund everything



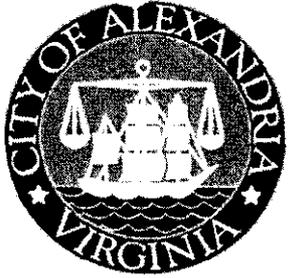
# Incremental vs. Program and Performance Based Budget

- Managing for Results Initiative will produce program and performance based budget
- Base budget will be divided into approximately 500 activities
- What follows is an incremental summary analysis of cost drivers -- **However**
- In FY 2008 budget, City Manager and Council will be able to make tradeoffs between activities in the base budget and “increments” above the base



## City Requests and Superintendent's Preliminary Forecast (\$ in M)

	<b>City Ops.</b>	<b>Transit</b>	<b>CIP</b>	<b>City Subtotal</b>	<b>Schools</b>	<b>Grand Total</b>
Adj. for Current Services	\$9.0	\$1.2		\$10.2	\$3.7	\$13.9
Comp	\$8.1			\$8.1	\$11.3	\$19.4
Other Inc.'s	\$3.3			\$3.3	\$7.0	\$10.3
CIP			\$12.5	\$12.5		\$12.5
<b>Total</b>	<b>\$20.4</b>	<b>\$1.2</b>	<b>\$12.5</b>	<b>\$34.1</b>	<b>\$22.0</b>	<b>\$56.1</b>



# Highest Priority Increases

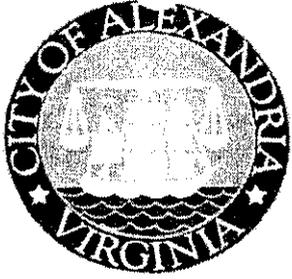
Total \$20.2 M

- Step Increases - \$8.5M
- Retirement - \$0.7M (after City savings)
- Health and Other Benefits - \$1.8 M (after City savings)
- Debt Service - \$2.4M
- Adjustment for decline in Schools financing - \$3.3M
- Transit subsidies - \$1.2M (\$0.9M METRO)
- Foster Care/Special Ed. Mandates - \$0.8M
- 50% of other requested adjustments to maintain current services - \$2.5 M
- Offset by \$1.0 M in planned City operational savings



# Not Funded in Highest Priority List

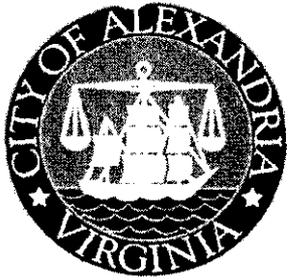
- No COLA
- No funding to replace declining grants/special revenues
- No funding for City program improvements or expansions
- No funding for Schools program support or improvements
- No funding for TCW-related increases
- No funding for teacher reserves
- No funding for cash capital increases in CIP (for previously planned or new CIP projects)
- No funding for schools pay increase for support and administrative staff
- 50% funding of other requested adjustments to maintain current services



# Options for Targets

## A Current Tax Rate Target Would Provide

- \$11.2 M increase (2.25%) in revenue
- Could fund all of base, but only 55% of highest priority increases
  - City Target \$353.7 M and 1.7% increase of \$5.9M
  - Schools Target \$155.2M and 3.6% increase of \$5.3M



# Options for Targets

Highest Priority Increase – Based Target would provide

- \$20.2 M increase (4.1%) in revenue
- \$9.0 M more in revenue needed than estimated under current tax rates
- If used to fund base and all high priority increases
  - City Target \$357.2M and 2.7% increase of \$9.4M
  - Schools Target \$160.7 M and 6.9% increase of \$10.8M