

Citymgrorals  
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# Acting City Manager Oral Remarks

City Council Meeting  
September 13, 2011

# Acting City Manager Oral Remarks

- Fiscal Outlook
- Recommended City General Strategy
- FY 2011 Close-Out
- Use of FY 2011 Unexpected Surplus

# Fiscal Outlook

- August Memos to City Council on Fiscal Outlook
  - Posted on City's Website on OMB and Finance pages
- Cautious Fiscal Outlook
  - Considerable Uncertainty
  - Risk of potential significant long-term fiscal impacts
    - If worst case scenarios turn true

# Fiscal Outlook

- Recommended General Strategy
  - Sufficient liquidity and budgetary flexibility available
  - Closely monitor budgetary and economic indicators
  - Respond in timely fashion during regular budget cycle or mid-year if necessary
  - Put savings away for potential impact of federal budget reductions and declining economy

# FY 2011 Close Out

- Good news - FY 2011 Finished With Large Surplus
  - \$17.4 M surplus previously projected and dedicated by City Council for specific purposes last May
    - Capital Improvement Program
    - Transportation Improvements
    - BRAC contingency
    - Natural disasters
  - **Another \$9.8 M is available**

# FY 2011 Close Out

- Sources of additional \$9.8 M surplus
  - \$5.57 M due to expenditure savings (1.0% of budget)
  - \$4.26 M due to higher than anticipated revenue (0.8% of revenue estimate)

# Recommended Use of Additional Surplus

- Devote approximately 2/3's of this additional surplus (\$6.7 M) to protect against economic uncertainty
- Provide 1/3 of this additional surplus (\$3.1 million) for one-time emergency response expenses

# Recommended Use of Additional Surplus

- Protection against economic uncertainty
  - Increase unspecified fund balance by \$2.7 million (fund balance that is neither assigned or committed for any particular purpose)
    - This balance would then equal 5.5% of our general fund budget (about \$30.2 M)
    - That is the target set by Council in adopted fiscal policy guidelines
  - Provide an additional \$4.0 million as a revenue shortfall reserve



# Recommended Use of Additional Surplus

- Reasons for additional fiscal protection
  - Use to meet the extraordinary uncertainty present in today's economic environment
  - This will provide an extra measure of fiscal security above standard fund balance ratio
  - It will be seen very positively by the bond rating agencies.

# Recommended Use of Additional Surplus

- Provide 1/3 of this additional surplus (\$3.1 million) for one-time emergency response expenses
  - Pay for damage to facilities and equipment and staff time already incurred
  - Set aside funds for future emergency costs in remainder of year
  - Provides funds for increasing emergency response capability

# Recommended Use of Additional Surplus

- Provide \$0.4 million for potential facility and equipment damage incurred in recent earthquake, hurricane, and flood
- Increase funds assigned for operational costs to meet FY 2012 emergencies by \$1.5 million to \$2.0 million
  - Approximately \$1.0 million incurred already
  - \$1.0 million would remain for future emergencies

# Recommended Use of Additional Surplus

– Improve emergency response capabilities using \$1.2 million by such things as:

- Providing better equipment and training for responding to emergency threats such as swift water rescue and weapons of mass destruction
- Reviewing and possibly accelerating the schedule for opening a permanent Emergency Operations Center
- Increasing emergency management planning and training

# Recommended Use of Additional Surplus

- Specific proposals for improving emergency response capabilities will be given to City Council by 1<sup>st</sup> Council meeting in October
- Proposed assignments and commitments of fund balance are to be included in Consolidated Annual Funds Report (CAFR) report to be submitted to City Council in November