

City of San José

2008-2009 Mid-Year Budget Review

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OUR SHRINKING ECONOMY

THE 'WORST'S' KEEP ON COMING

*Hey, you Wall Street fat cats,
we want our \$20 billion back*

I've got a message for the New York owners and financial wizards: Stimulate us.

Twenty billion dollars? Are you kidding me? They took nearly \$20 billion in 2008 bonuses for the hang-up job they did destroying the most powerful economy in the world?

You've got to admit it's an extraordinary feat. But maybe they should have simply taken satisfaction in a job well done and kept their grabby hands off our



Mike Cassidy
silicon valley
dispatches

tax money.

Sort of brings a whole new meaning to the phrase "bank robber," doesn't it?

The \$164 billion bonus total was the single biggest on record. About the same as in 2004, when the country was not on the verge of a second Great Depression.

And how do the wizards of Wall Street justify paying themselves billions and billions

See CASSIDY, Page 9

RECESSION

GDP plunges at 3.8% rate, worst slide in quarter-century

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AUTOS

Valley car sales hit 15-year low — and 2009 looks worse

PAGE 1C

WALL STREET

Worst January ever as Dow drops 8.8% this month

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WASHINGTON

Bruising battle over stimulus; Obama acts to bolster labor

PAGE 2A

MEANWHILE ...

Exxon Mobil sets U.S. record annual profit of \$45.2 billion

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COMING SUNDAY

More analysis: Mortgage crisis spreading to affluent areas

SPECIAL REPORT

2008-2009 Mid-Year Budget Review Overview

- While the City's overall finances remain in relatively sound condition, the severe economic downturn has negatively impacted several funds, including the General Fund.
- Actions proposed to bring revenues and expenditures into alignment and to ensure the City is better positioned to address shortfalls projected for next year.
- The proposed rebalancing actions reflect a number of difficult decisions. These decisions, along with the rebalancing actions approved for the Building and Planning Development Fee Programs on January 27th, are necessary to maintain the fiscal health of the City's funds.

2008-2009 Mid-Year Budget Review Overview

- A net reduction of 88.5 positions (12 filled) proposed. This is in addition to the 52 positions (28 filled) approved to be eliminated in the Planning and Building Fee Programs on January 27, 2009.
- The deepening recession will necessitate more significant budget reductions to balance the General Fund and all other funds next fiscal year.
- Given the extreme uncertainty and volatility regarding the economy, additional budget adjustments may be necessary before the close of the fiscal year.

2008-2009 Mid-Year Budget Review

Position Impacts

	<u>Vacant</u>	<u>Filled</u>	<u>Total</u>
Airport Department	(46.0)	(6.0)	(52.0)
Environmental Services	6.0		6.0
Fire Development Fee Program	(3.0)		(3.0)
Police Department - Cardroom	(2.0)		(2.0)
Public Works Capital Program	(28.5)		(28.5)
Transportation Capital Program	<u>(3.0)</u>	<u>(6.0)</u>	<u>(9.0)</u>
Total Mid-Year Position Actions	(76.5)	(12.0)	(88.5)
Planning/Building Jan. Actions	(24.0)	(28.0)	(52.0)
Total Positions Impacted	(100.5)	(40.0)	(140.5)

2008-2009 Mid-Year Budget Review

General Fund Adjustments

FUNDING NEEDS

- Revenue Shortfall	\$	9,159,258
- 2008-2009 Ending Fund Balance		6,280,417
- 2008-2009 Fiscal/Program Needs		1,128,942
- Other Expenditure Actions		216,155
Total Funding Needs	\$	16,784,772

FUNDING SOLUTIONS

- Cost/Position Management Plans		9,372,158
- Street Maintenance and Repair Reserve Elimination		5,802,000
- Review of City-Wide and Capital Project Reductions		1,392,303
- Other Revenue Actions		218,311
Total Funding Solutions		16,784,772

OTHER RECOMMENDED BUDGET ACTIONS

- Traffic Capital Program Rebalancing Plan	(3,500,000)
- Development Fee Programs	(1,000,000)
- Grants/Reimbursements	4,394,117

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Special Funds

- Current economic downturn is impacting performance in a number of special funds:
 - Airport Funds
 - Convention Facilities and Cultural Affairs Fund
 - Community Facilities Revenue Fund (Hayes Mansion)
 - Housing Funds
 - Municipal Golf Course Fund
 - Transient Occupancy Tax Fund

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Capital Funds

- Adjustments recommended in several capital funds to address downturn in development activity and property transfers:
 - Traffic Capital Funds (Construction Excise Tax Fund and Building and Structure Construction Tax Fund)
 - Construction and Conveyance Tax Funds
 - Other Capital Funds (Sanitary Sewer Connection Fee Fees, Storm Drainage Fees, Residential Construction Taxes, Underground In-Lieu Fees)

2008-2009 Mid-Year Budget Review

Looking Forward

- Continued Monitoring of 2008-2009 Budget
- 2010-2014 Forecast and General Fund Structural Deficit Plan Update Released (end of February)
- Mayor's March 2009-2010 Budget Message Review/Approval (March)
- 2009-2010 Proposed Capital and Operating Budgets Released (April/May)
- 2009-2010 Budget Study Sessions/Public Hearing (May)
- Mayor's June 2009-2010 Budget Message Review/Approval (June)
- 2009-2010 Budget Approval (June)

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