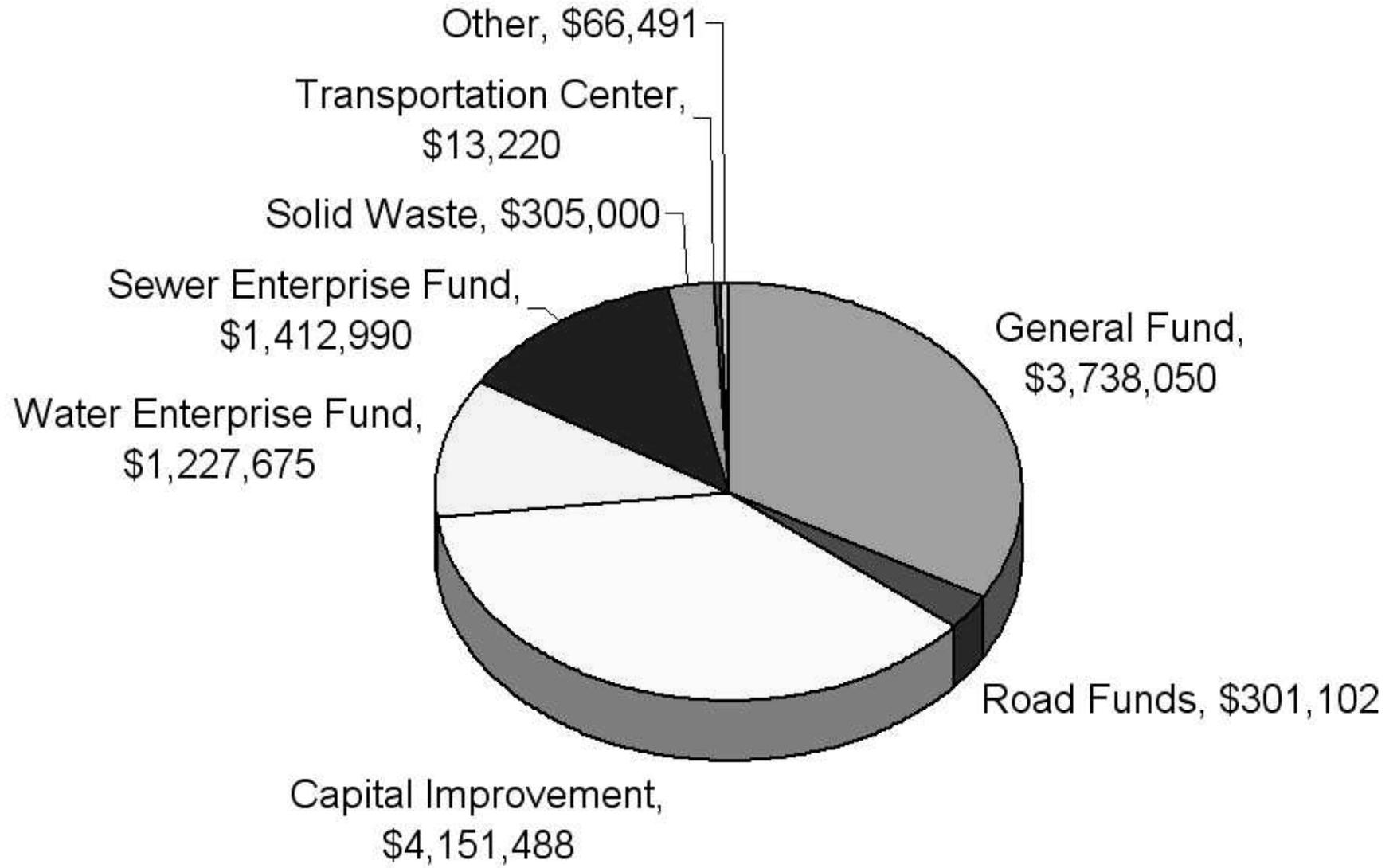


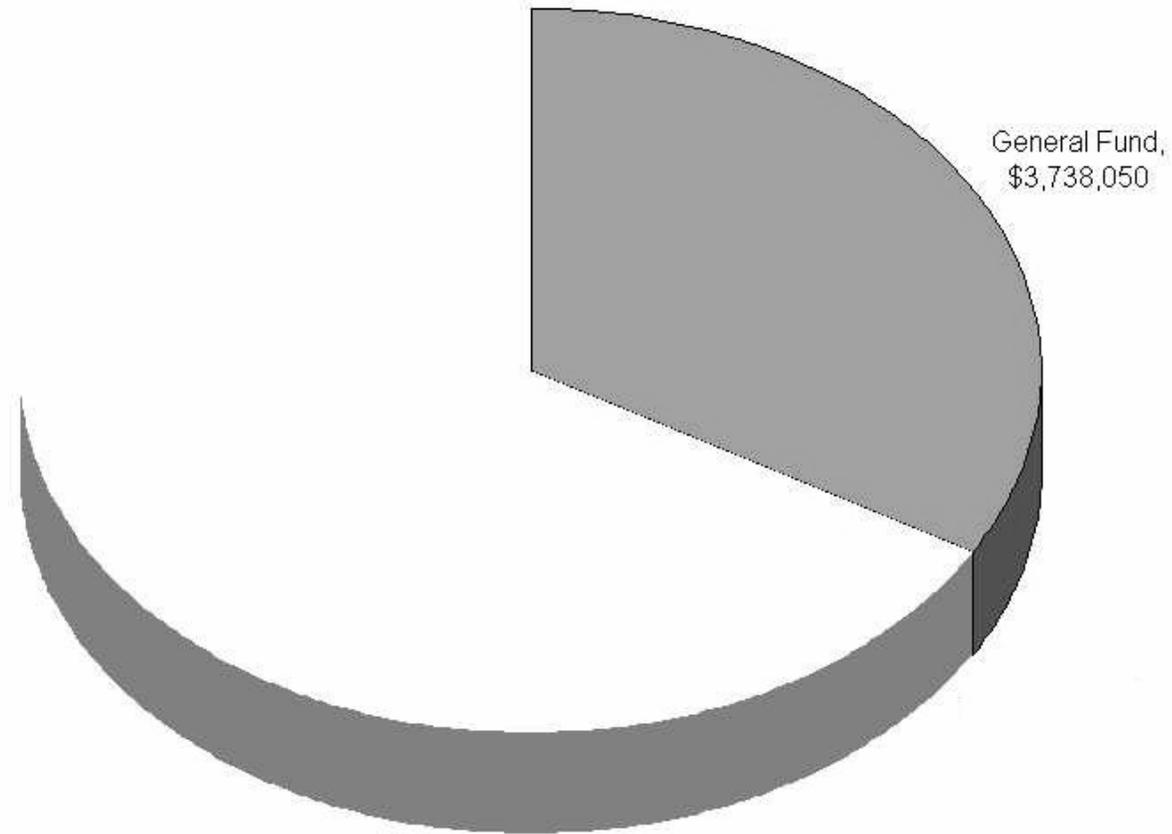
Corning City Manager

April 27, 2010

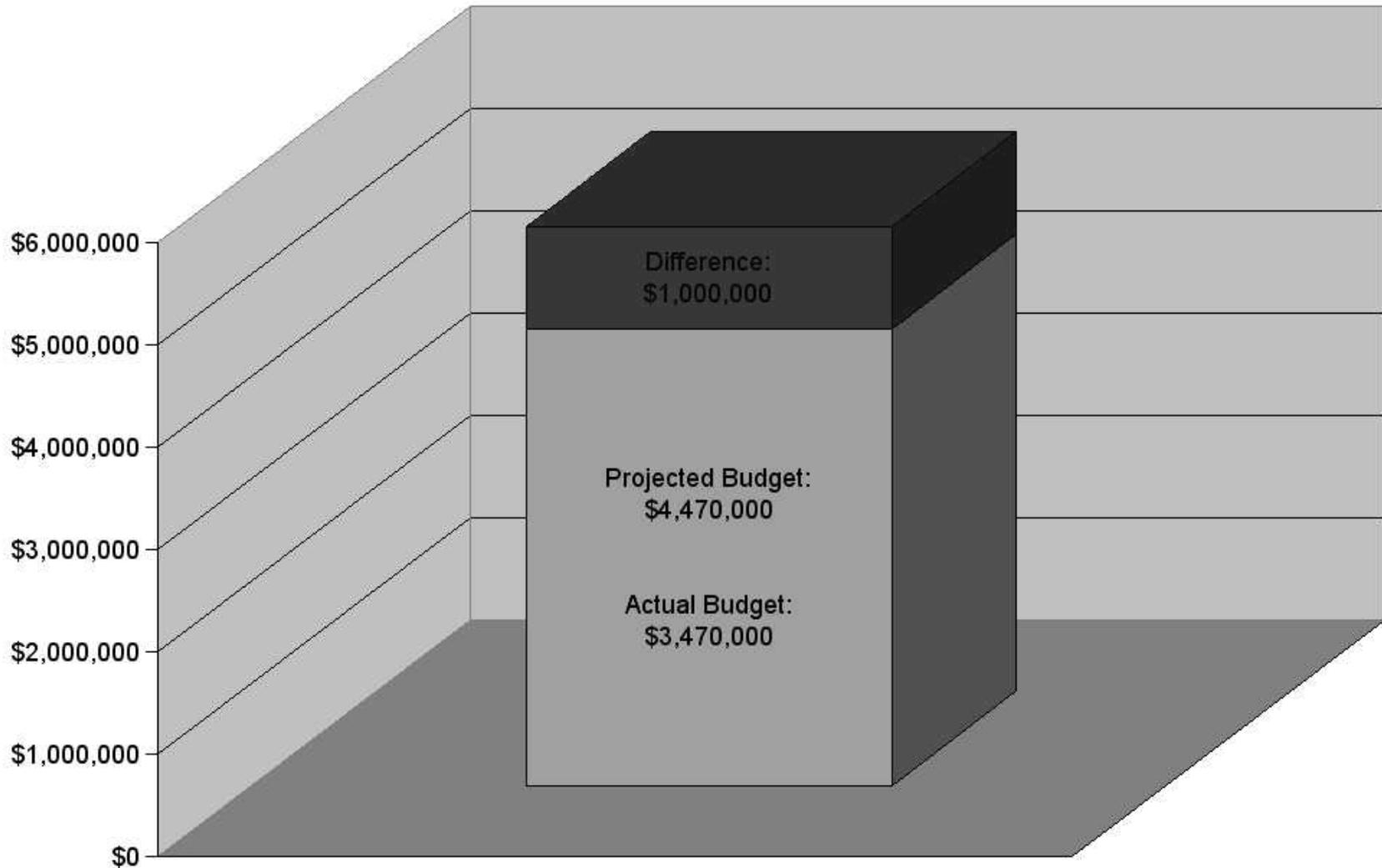
All City Funding Sources



The General Fund is the Problem



Shortfall: Projected vs. Actual



Key General Fund Revenues for the Current Year and the Past Four Years

REVENUE	ACTUAL 2005-06	ACTUAL 2006-07	ACTUAL 2007-08	ACTUAL 2008-09	<i>This Year</i> 2009-2010 ACTUAL through 3-31-10	<i>This Year</i> 2009-2010 Annual Budget	<i>This Year</i> <i>Projected</i> <i>Actual</i>	<i>Next Year</i> <i>Projected</i>
Sales Tax	\$2,015,178	\$2,573,697	\$2,706,898	\$2,144,780	\$916,164	\$1,800,000	down \$200,000	\$1,600,000
TOT	\$ 224,186	\$ 310,450	\$ 432,963	\$ 277,975	\$165,419	\$ 270,000	up \$96,243 ¹¹¹	\$240,000
Property Tax	\$ 383,729	\$ 585,356	\$ 568,027	\$ 579,300	\$276,918	\$564,400	down \$64,000	\$500,000
VLF	\$ 412,192	\$ 539,698	\$ 582,764	\$ 576,764	\$237,849	\$ 575,000	down \$100,000	\$475,000
General Fund Total Revenues	\$4,123,670	\$4,865,085	\$4,990,381	\$4,758,061	\$2,145,946	\$3,738,050	\$3,444,300	\$3,324,829
Total Gen. Fund¹²¹ Expenditures	\$3,827,228	\$4,081,406	\$5,113,969	\$4,796,852	\$3,313,776	\$4,470,026	\$4,333,666	\$4,374,343

What Has Happened to Sales Tax?

<i>Sales Tax Calendar Quarter</i>	<i>2nd Quarter Sales</i>	<i>3rd Quarter Sales</i>	<i>State Triple Flip</i>	<i>4th Quarter Sales</i>	<i>1st Quarter Sales</i>	<i>State Triple Flip</i>		
	<i>Paid in September</i>	<i>Paid in December</i>	<i>Paid in January</i>	<i>Paid in March</i>	<i>Paid in June</i>	<i>Paid in June</i>	<i>Fiscal Year Total</i>	
2009-2010	\$336,468	\$335,130	\$165,466	\$295,164	\$149,400 (Jan. & Feb. Advance)	\$165,466	\$1,800,000 Budgeted	\$1,600,000 Expected
2008-2009	510,250	478,921	275,796	292,000	272,959	294,854	\$2,144,780	
<i>Base Year 2007-2008</i>	498,975	470,075	370,764	535,437	698,426	133,220	\$2,706,898	
2006-2007	498,541	522,422	294,730	429,388	510,576	304,990	\$2,560,647	
2005-2006	370,064	443,116	186,386	369,108	443,626	197,028	\$2,009,328	
2004-2005	432,840	365,858	214,009	348,883	340,517	212,705	\$1,914,812	

Changes have been made to update the information presented last meeting

Estimates of lower income from Sales Tax, Property Tax, Vehicle License Fees and the Motel Tax. The Budget Cuts in Supplies and Equipment have been included in the budgets now as Savings. These include:

•**In General City Services:** *misc. cuts* \$16,600

•**Police Equipment Replacement Funding:** \$113,310

Vehicles and Asbestos removal, plus eliminating Take Home Vehicle Program (except K-9), eliminating Chief's car allowance, cutting Safety Items to minimum, reducing number of cell phones cutting the funds set aside for removal of vehicles and nuisances

•**In Public Works Services:**

•**Library:** eliminate painting and repairs \$1,000

•**Parks:** eliminate Weed Control and fertilizer \$4,000

•**Fire Department returning Dispatch Contract Income** \$33,285

received and dedicated to Fire Equipment replacement. \$33,285 is the current balance available in the Fire Equipment Fund. The annual income has been \$19,425 in FY 08-09 and to date in FY 09-10 \$13,860.

•**Fire Budget Cuts** \$5,950

Projected Ending for the Current Year

The City appears, at this point in time, to be ending the 2009-10, fiscal year with all \$620,148 in “Available Reserve” expended and dipping into the \$800,000 “Operating Reserve” by \$56,000 leaving \$744,000 to cover cash flow next year (this is slightly better than the presented numbers last meeting)[1].

•**Current Revenue Estimate**

(refined down \$145,000 since last meeting): **\$3,325,000**

•**Projected Budget**

(including all budget cuts but before the personnel cuts): **\$4,374,000**

Shortfall: **\$1,049,000**

Last meeting Staff feared that the City would dip into the Operating Reserve by \$200,000. The General Fund balance can be confirmed in the Annual City Audit.

The shortfall for next year has grown by another \$100,000.

Furloughs

One full year predicated upon no layoffs: \$284,876

In General City Services

	Savings	Cumulative
• City Manager cuts hours to part-time under contract	\$93,321	\$378,197
• Planning Director cuts hours to part-time under contract	\$65,165	\$443,362
• Two City Council Members voluntarily cut \$300 monthly pay by 10%	\$720	\$444,082
Total Reduction in General City Services	\$175,806	

In City Attorney Services

- **Contract for Services savings over prior years may be**

<u>\$8,823</u>	\$452,905
----------------	------------------
- (\$54,263 - \$45,440 net to Gen. Fund) City Attorney Agreement for services replaces the part-time salary with Contract Services at \$910/mo. and \$120/hour for additional legal services.
- Current-year Part-time (total cost \$75,366, less 10% Furlough) \$67,829, less apportionment to Water and Sewer, totals \$54,263; based upon on prior contract cost before part-time employment, next year may cost \$56,800 plus unknown legal costs if we go to court.

In Police Services

	SavingsCumulative	
• Police Chief cuts hours to part-time under contract	\$97,585	\$550,490
• CSO's take over Water Meter Reading (half-time contract with Water Dept frees Maintenance Worker for full-time work in Public Works)	\$30,837	\$581,327
• Total Reduction In Police Costs	\$241,732	

The Police Chief has made these recommendations in order to prevent further personnel cuts in the Police department.

In Public Works Services

	Savings	Cumulative
Equipment Replacement Fund:		
return fund balance	\$46,186	\$627,513

As City Council knows, there is very little General Fund support for Public Works Operations.

The City cannot cut the General Fund support of Street Maintenance any further without losing the Proposition 42 funding (“State Traffic Congestion Relief Act”).

Corning must maintain at least \$164,337 in funding of Street repairs and improvements.

All of these items total \$627,513.

To be implemented for next year, the City Council needs to approve them quickly.

The reduction in the three Managers' hours will require contracts between each manager in order to spell out the terms of employment.

The City Manager is by City Code an at-will Employee.

The Police Chief is a Merit System Employee who will retain "Skelly Rights" to his employment.

The Planning Director prefers to become a contract consultant at 20 hours per week average.

In Recreation Services

	Savings	Cumulative
• Reduce Recreation to half-time (loss of Program fees unknown)	\$39,668	
• Eliminate Recreation (\$80,275 less loss of Program Income)	\$73,706	\$701,219

Recreation Program Fee Based Classes recover most of their Program cost.

- **The income is the gross income for the year**
- **The expense includes all costs except Recreation Supervisor direct cost, in other words, all materials and supplies, program refunds, Instructor costs, telephone, mileage and vehicle operation.**

	Income	Program Cost
The First year 2007-08	\$4,890	\$2,086
Second year 2008-09	\$11,791	\$13,622
Current year 2009-10	\$13,536 to the end of March 2010	\$16,832

Saving Recreation

If the Council decides to save the Recreation Program, Transfer the Park Volunteer Fund Balance to the General Fund

	\$15,993
• Cost of entire Recreation Program less income	\$73,706
Less	<u>\$15,993</u>
Net to find	\$57,993

Cost of one half Recreation Supervisor

	\$39,668
Less	<u>\$15,993</u>
Net to find	\$23,670

In Fire Department Services

	Savings	Cumulative
NO Fire Equipment Replacement Funding (only \$22,000 remains to cover cost of Ladder Truck purchase).	\$-0-	
Fire Department will return Dispatch Contract income that has been received and dedicated to Fire Equipment replacement.	\$33,285	\$734,504
Department Budget Cuts: there is not much General Fund besides the Chief and four dispatchers in the Fire Budget, but these cuts include small tools, communications, natural gas and safety items.	\$5,950	\$740,454

Saving Fire Dispatch

- **Added funding needed for Fire Dispatch is \$192,606**
the cost of the 3 Dispatchers who would be transferred out if the 24 hour Dispatch is closed.
- **Fire Chiefs evaluate the fees from Orland and Capay Fire**
as Chief Spannaus is already doing this.
- **Ask Voters to approve a Special tax of \$60 per year per household**
- **California Law has provided a means for the People to support a needed municipal service through the Community Facilities District Law which with two thirds voter approval can allow a pre-determined annual special tax to be levied on properties that receive a benefit from the service.**
- **The special tax goes on the County Property Tax Roll.**
- **The popular name is “CFD” or “Mello-Roos District”. The provision is made for a specific period of time for the tax to exist in order to guarantee that the Voters remain in control. Other district funding methods will also be explored.**
- **Consider: About 2,950 residential units and 245 commercial/institutional/heavy commercial businesses for a total 3,195.**
- **A \$60 annual special tax imposed by voters, would raise \$191,700 per year to support the Fire Dispatch. Why \$60? Well that makes it \$5 per month!**

Alternatives to Consider

	Savings
<ul style="list-style-type: none"> • Retain Fire Dispatch Operations as currently organized. 	\$0
<ul style="list-style-type: none"> • Close Fire Dispatch and transfer all operations to CalFire • at an estimated cost for contract service of \$60,000. Lay-off all Fire Dispatchers. Total compensation savings \$352,657 less \$60,000 	\$292,657
<ul style="list-style-type: none"> • Transfer Dispatch to the Police Dispatch • Retain only one of the dispatchers and transfer 3 dispatchers to Public Works. Savings is through General Fund salary reduction. 	\$192,606
<ul style="list-style-type: none"> • Create a Joint Public Safety Dispatch Center in the Police Department <p>by transferring 3 Fire Dispatchers, to combine the resources of the eight Safety Dispatchers and one Supervisor while operating the two position console already existing in the Police Dispatch Center. Together this team should reduce overtime and improve dispatch effectiveness. To insure Fire Hall office hours, the fourth dispatcher would remain in Fire Dispatch to work during the week, to receive weekday public inquiries, such as burn permits and handle the business traffic of Orland and Capay.</p>	Unknown
<ul style="list-style-type: none"> • Retain two Fire Dispatchers - operate covering the peak activity of the day <p>Monday through Saturday, 12 hours per day, 6 days per week and transfer two dispatchers to the Public Works Department. Night time coverage by Police Dispatch Center. Savings is through General Fund salary reduction.</p>	\$130,622