

April 11, 2012

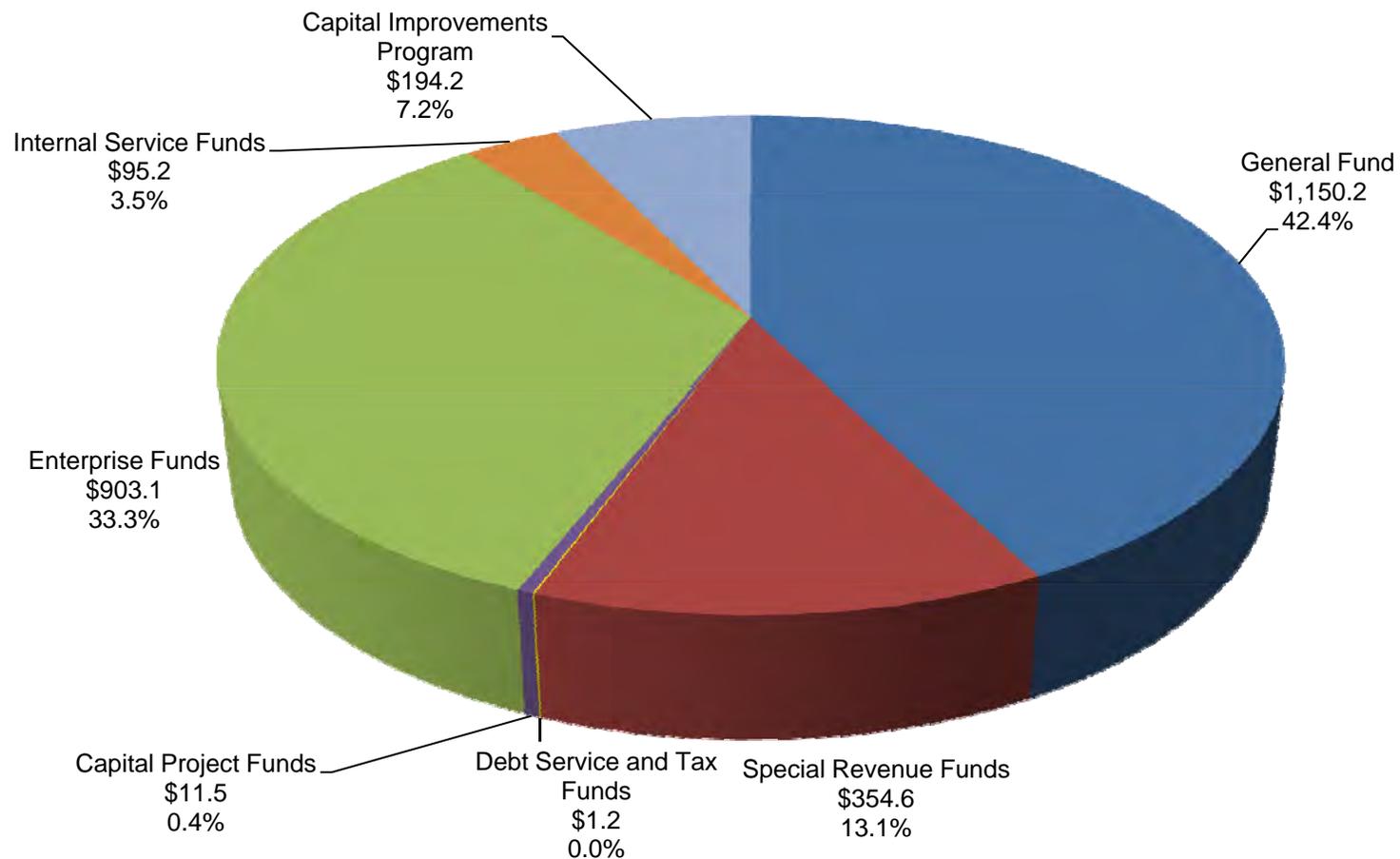


Fiscal Year 2013 Proposed Budget

- Eliminates the October 2011 projected General Fund budget deficit of \$31.8 million
- Resolves the Structural Budget Deficit for the foreseeable future
- Includes targeted service restorations
- Increases expenditures on deferred capital and enhances CIP streamlining
- Ensures compliance with Reserve Policy
- Protects General Fund reserve level



Citywide Proposed Budget - \$2.71 Billion (in millions)





Fiscal Year 2013 General Fund Proposed Budget

FY 2012 Adopted Budget	FY 2013 Proposed Budget	Change	Percent Change
\$ 1,128,388,274	\$ 1,150,176,954	\$ 21,788,680	1.9%
7,036.61 FTE	7,105.42 FTE	68.81	1.0%

Total City Positions

FY 2012 Adopted Budget	FY 2013 Proposed Budget	Change	Percent Change
10,108.26 FTE	10,059.44 FTE	(48.81)	(0.5)%



Budget Balancing Highlights

Expenditures

Decreased Pension ARC	(\$18.1) M
Managed Competition Savings	(3.0) M
Fire Department In-Station Alert System	(2.7) M
Deferred Capital Debt Service	(2.1) M
Sharp Copier Contract Savings	(1.0) M

Revenues

Major Revenue Growth	\$10.5 M
Proposed User Fee Adjustments	1.1 M



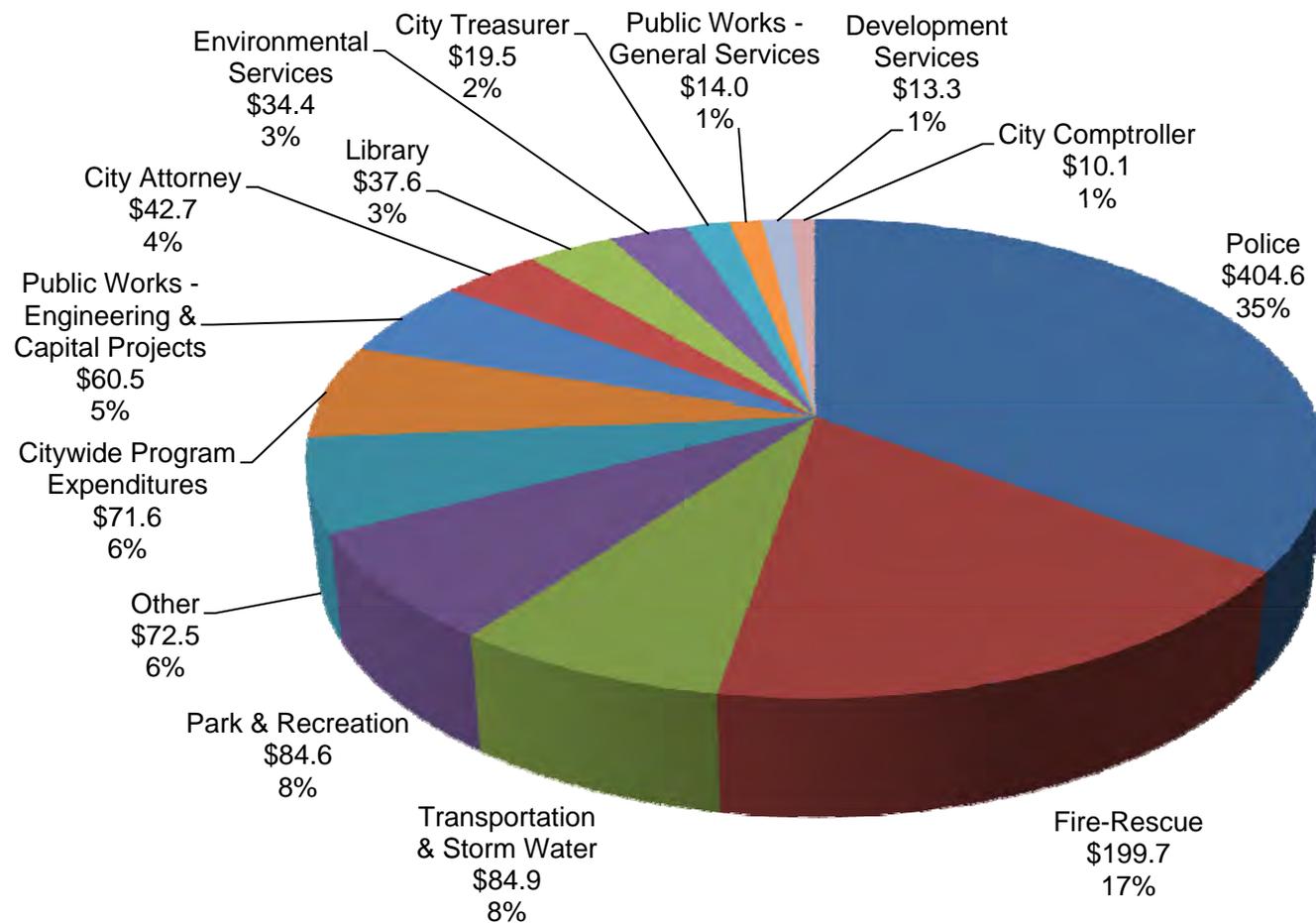
Service Restorations/Additions Highlights

	<u>FTE</u>	<u>Cost</u>
• Recreation Center Hours <i>5 Hours/Week at 55 Recreation Centers</i>	13.8	\$ 0.4 M
• Branch Library Hours <i>5 Hours/Week at All 35 Branch Libraries</i>	23.1	\$ 1.0 M
• Fire Pits	2.0	\$ 0.2 M
• Weekly Mowing at Lighted Athletic Fields*	3.0	\$ 0.5 M
• Fire Prevention Inspections*	8.0	\$ 1.2 M
• Fire Academy Costs	-	\$ 0.6 M
• Deferred Capital/CIP Streamlining Support*	7.0	\$ 0.6 M
• Civic Center Complex Facility Maintenance	-	\$ 0.4 M
• Parks and Libraries Maintenance	-	\$ 0.9 M
• Fire Boat Lease Purchases	-	\$ 0.1 M
• Proposed IT Outsourcing One-time Implementation Costs	-	\$ 6.0 M

*Cost offset by revenue

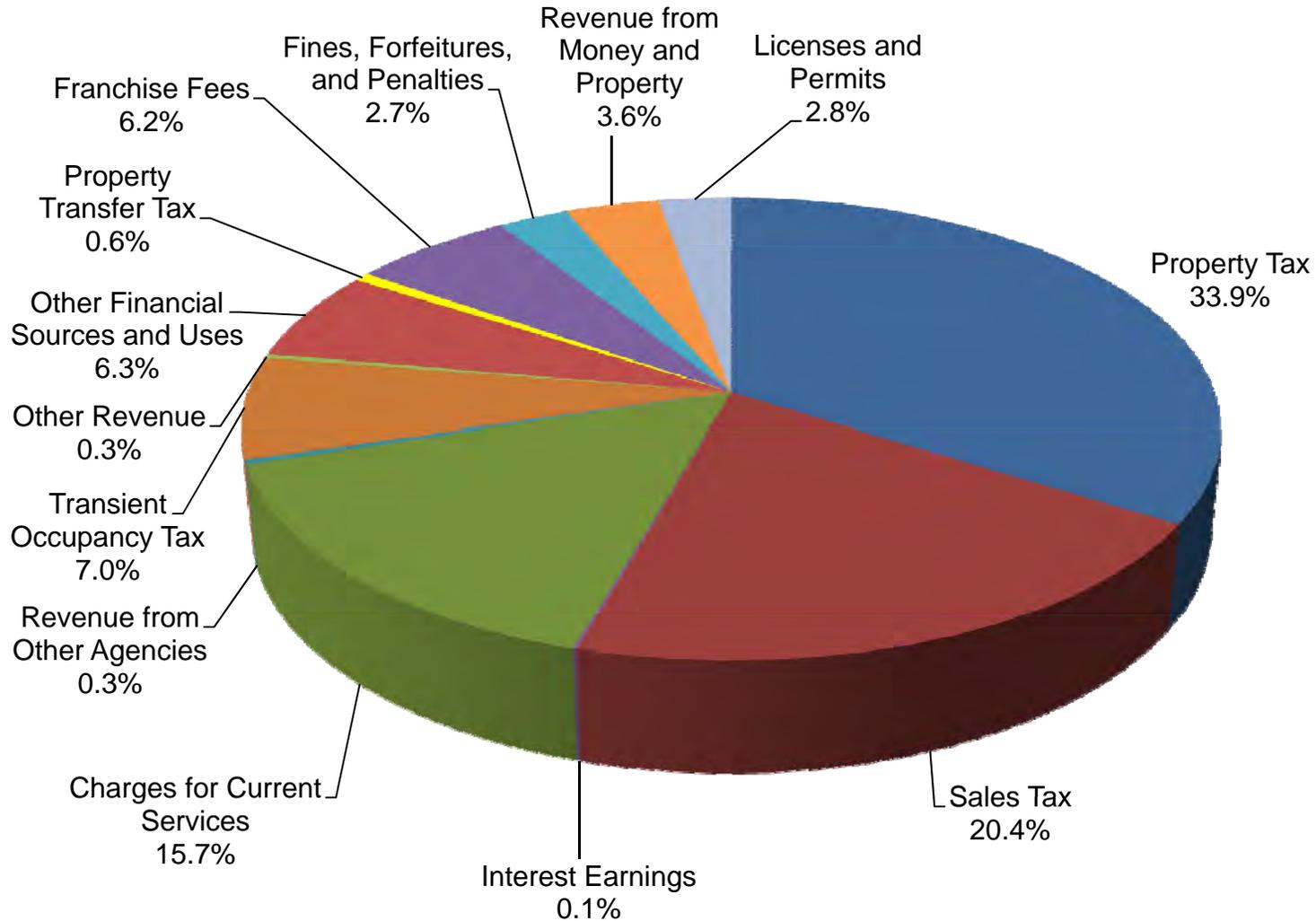


General Fund Expenditures - \$1.15 Billion (in millions)





General Fund Revenues - \$1.15 Billion

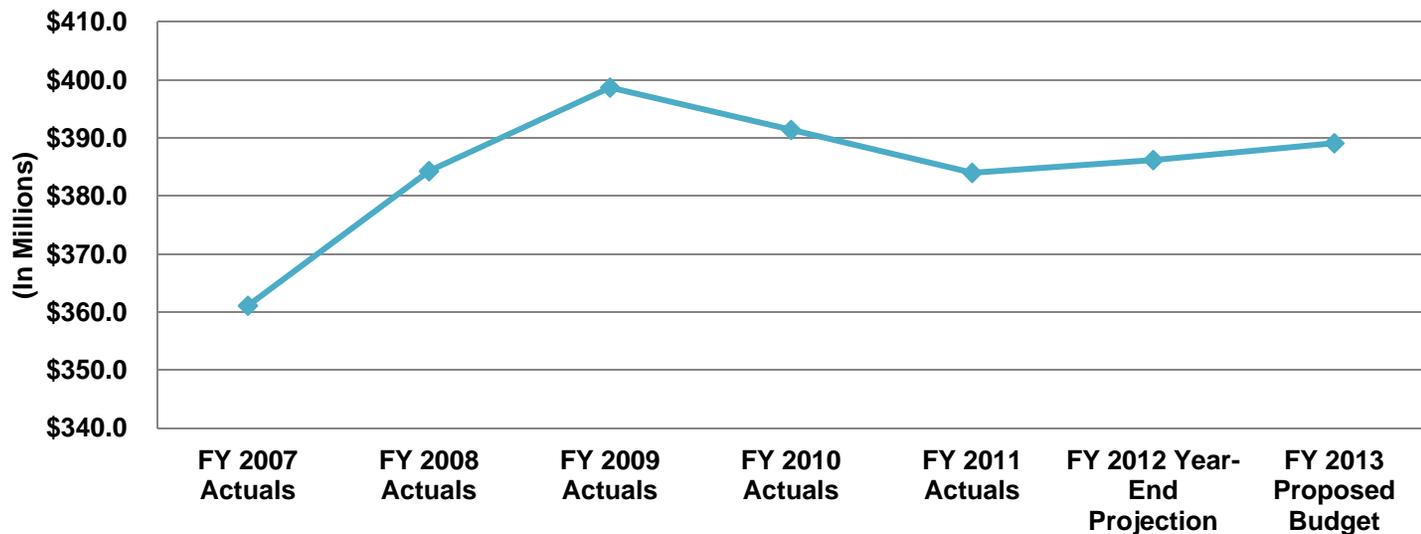




Property Tax Revenue

- Proposed Budget: \$389.1 million
- Budgeted growth rate: 0.5 percent
- Economic Assumptions
 - Stabilization in residential properties (sales and foreclosures)
 - Increased collection rate

Property Tax Revenue - FY 2007-2013

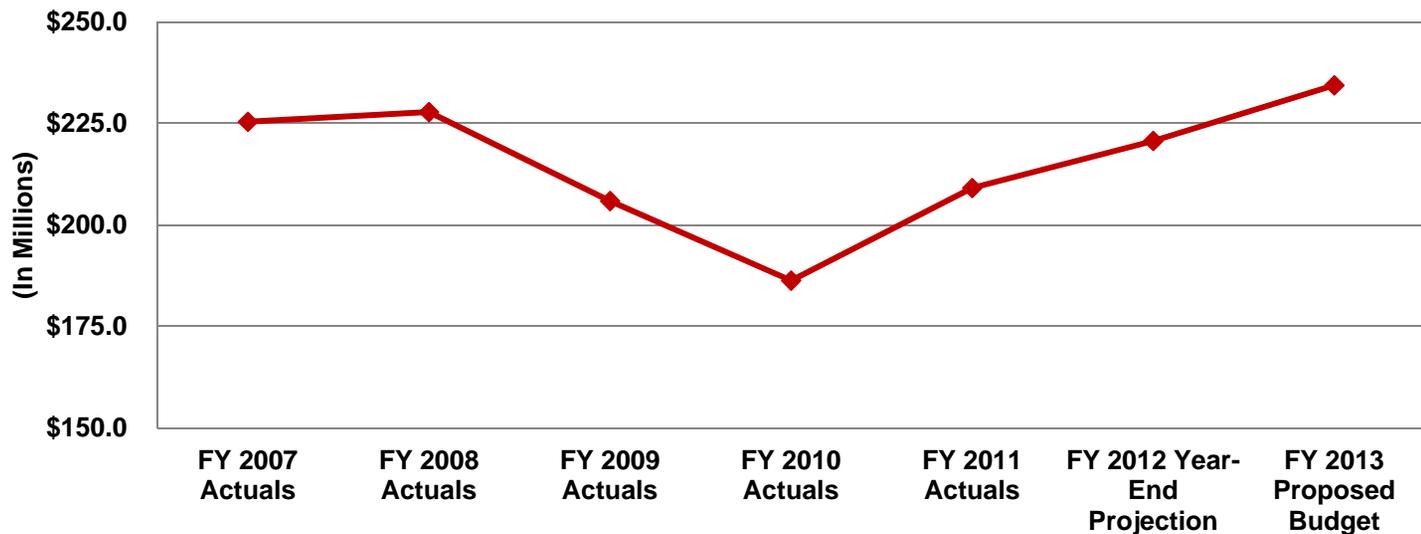




Sales Tax Revenue

- Proposed Budget: \$234.4 million
- Budgeted growth rate: 5.0 percent growth in taxable sales
- Economic Assumptions:
 - Increase in employment
 - Increases in consumer spending in FY 2011 and FY 2012
 - Increased growth rate for FY 2013

Sales Tax Revenue - FY 2007-2013

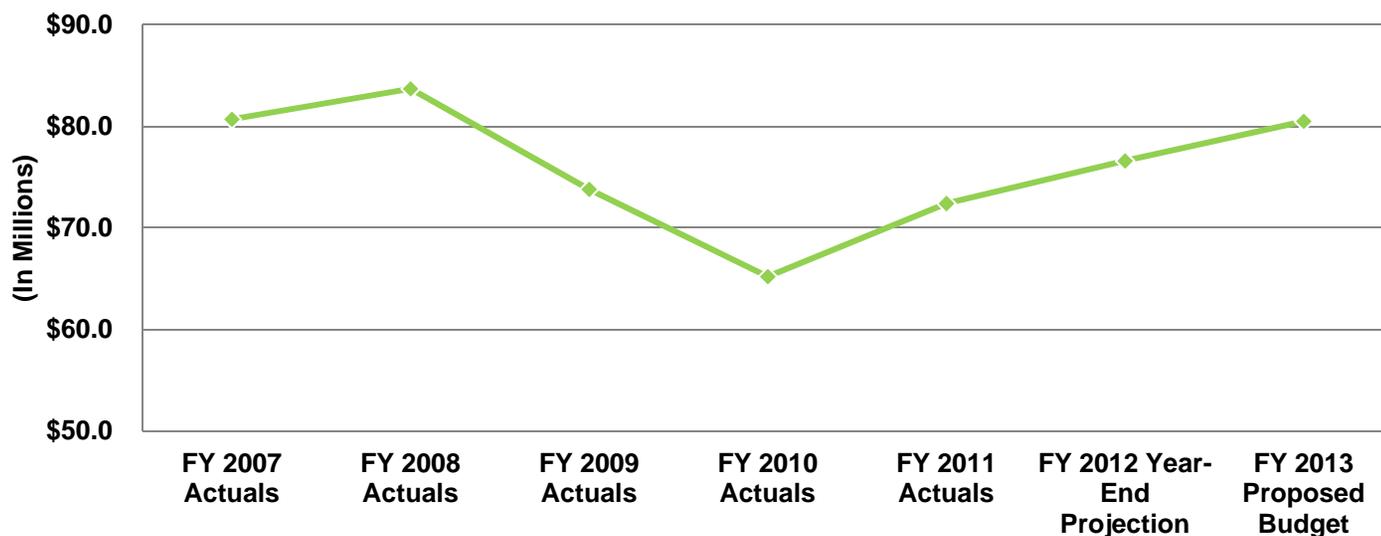




Transient Occupancy Tax Revenue

- Proposed Budget : \$80.5 million (General Fund 5.5 cent)
- Budgeted growth rate: 5.0 percent
- Economic Assumptions:
 - Projected increase in the average daily rate and hotel occupancy in calendar year 2012 and 2013
 - Increase in both leisure and business travel to region

Transient Occupancy Tax Revenue - FY 2007-2013





Redevelopment Agency

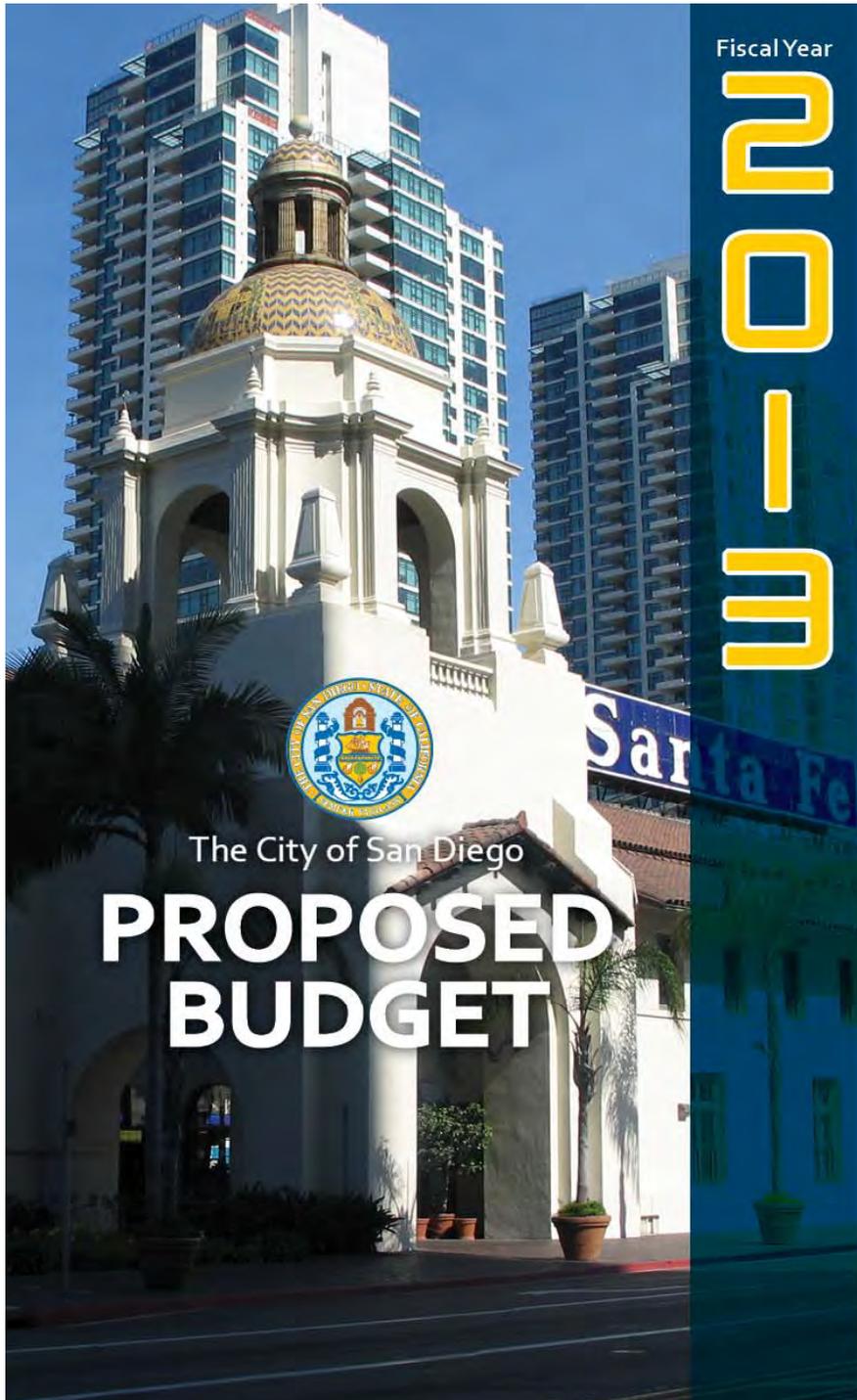
- FY 2013 Proposed Budget maintains RDA debt service support for:
 - Petco Park \$11.3 million
 - Convention Center Phase II Expansion \$2.5 million
- 31.5 City RDA FTE positions eliminated
- Assumes no additional property tax revenue to General Fund



Revised Five Year Outlook (in millions)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
October 2011 Projected Surplus/Deficit	\$ (31.8)	\$ (36.6)	\$ (28.1)	\$ (5.6)	\$ 22.7
Revised Projected Surplus/Deficit	\$ 0.0	\$ 2.0	\$ 11.0	\$ 39.0	\$ 67.0

- Includes Deferred Capital Option B funding
- Does not include future managed competition or projected IT outsourcing savings



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