

**IBA REVIEW OF MAYOR’S FISCAL YEAR 2008 PROPOSED BUDGET
“SIGNIFICANT AREAS” AND “CORRECTIVE ACTIONS”**

| | AMOUNT | IBA POSITION/REMARKS |
|------------------------------------|---------------------|--|
| Pension Funding: | | |
| | \$137.7 M | Agree. While ARC+ is optional for FY08 it is prudent, 20 year amortization will be required for FY09. Recommend reflecting IRS limitations liability in the next update of the Five-Year Outlook. |
| ARC | 20.0 M | |
| ARC+ | 7.3 M | |
| Retiree Health Payback | 0.5 M | |
| IRS Payback | \$18.7 M | |
| Offset Contribution | | |
| Retiree Health: | | |
| Total | \$ 23.1 M | Agree. \$5.0M for Trust was included in FY07 Budget. This will provide for a total of \$30 million. What is the status of establishing the Trust? |
| Pay As You Go | \$5.0 M | |
| Trust Fund | | |
| Deferred Maintenance: | | |
| Total | \$ 13.2M | Agree. Information should be provided to Council on which projects are tied to which resources, and what the contingency plan is for projects tied to property sales if sales not achieved (e.g. ADA). |
| Cash | 15.4 M | |
| Property Sales | \$4.5 M | |
| Bond Proceeds | | |
| Reserves 6% of General Fund | \$ 66.1 M | |
| Total | | Agree with the Mayor’s goal to achieve 8% by 2012. We are recommending a \$300,000 increase to the reserves for FY08, in addition to the \$684,000 in the May Revise. Also recommend \$5.0 million in TMD-related savings be added to the reserves when accomplished to achieve 6.5% in FY 2008. Need Reserves Policy to return to Budget and Finance Committee. |
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| Stormwater: | | |
| Permit Compliance | \$ 19.7 M | Agree with this funding commitment, but an issue remains regarding how some of these funds will be spent. |
| Street sweeping/storm drains | | |
| | \$2.92 M | |
| ADA Compliance Projects | \$ 10.0 M | |
| Total | | Agree, but ADA projects are tied almost exclusively to property sales. If sales not achieved, contingency plan is needed for ADA projects. |
| | AMOUNT | IBA POSITION/REMARKS |
| Leveraging of City Assets | \$ 15.4 M | |
| | | Council approved property sales strategy on 5/21/07. Need contingency plan if sales not achieved particularly for ADA projects. Need to know how projects will be selected as revenues become available throughout the year. |
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| Tourism Marketing District (TMD) | \$ 5.0 M | |
| | | Disagree. Savings should not be included in budget until after critical action steps are completed, including affirmative vote of hoteliers. We have rebalanced the budget without this savings. If and when accomplished, we recommend that the projected \$5.0 million in savings be added to the reserves increasing the percentage to 6.5% for FY 2008. |
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| Position Reductions: | | |
| | \$ uncertain | Agree for Full-Time positions. 508 are vacancy reductions. Disagree with assessment of “no service level impacts.” Disagree for Part-Time positions. Monies are not being reduced, but positions are being removed from Citywide FTE count and from budget document. Lacks transparency and will reflect inaccurate FTE count/lose ability to accurately benchmark or analyze historical trends/will no longer know how many FTEs are performing a particular task. This is similar to the “supplemental” position practice of the past. |
| All Funds | 77.3 part-time FTE | |
| | 736.14 full-time | |
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| Business Process Reengineering (BPR) | \$ uncertain | “BPR” reductions are reflected in position counts above. IBA has confirmed that 159 position reductions are tied to the approved BPRs for Fleet Services and MWWD. Others are vacancy reductions or tied to workload reductions separate from the BPR process. |
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| Managed Competition | N/A | Schedule for Managed Competition process is uncertain. Report on status should be provided to Council. |
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| Budget Clean-Up | | |
| | | Agree. Council should be provided details on cancelled encumbrances in monthly reports from the Controller. Also systematic reviews of encumbrances should be done annually. |
| General Government Services Billing | \$ 5.8 M | |
| | \$ 3.0 M | |
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| Release of Encumbered Funds | \$ 10.9 M | |
| Inactive Fund Balances | 2.1 M | |
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| Total | | |
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