Three-Year Plan to Fiscal Sustainability

And

Mid-Year Financial Status Report

BUDGET UPDATE

City Administrative Officer
February 2010
2009-10 - The total reported deficit in November 2009 was $405 Million.

What is the City's Financial Status?
Total 2009-10 Deficit - $515 Million

The remaining deficit in January 2010 is now $208 Million

What is the City's Financial Status?
Dramatic Drop in Revenue

General Fund Taxes

Fiscal Year Ending

10  60  80  07

$ Billions

2.6
2.7
2.8
2.9
3.0

2.90

2.69

1.98

2.87

Includes two-thirds of all General Fund receipts: Property documentation, utility sales, business, hotel operating and residential development taxes. Excludes such intergovernmental transfers from the reserve, power and other special funds, interest income, grants, and reimbursements.
<table>
<thead>
<tr>
<th>Millions</th>
<th>Status of Reserve Fund</th>
</tr>
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<tbody>
<tr>
<td>A Healthy Reserve Fund</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Project Reserve Fund Balance</th>
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</thead>
<tbody>
<tr>
<td>$232.00</td>
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<table>
<thead>
<tr>
<th>Repayment of Loans from JOB Proceeds</th>
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<tbody>
<tr>
<td>32.3</td>
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<table>
<thead>
<tr>
<th>Anticipated Transfer from the Five Hydrant Fund</th>
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<tbody>
<tr>
<td>28.8</td>
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<table>
<thead>
<tr>
<th>Current Reserve Fund Balance</th>
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<tbody>
<tr>
<td>$170.9</td>
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</tbody>
</table>
Fiscal Year Ending

Unemployment Rate
City 1% Sales Tax and Local Sales Tax - $ Millions
Change in City Sales Tax Allocation

Quarter Ending

MARCH 2010
DECEMBER 2009
SEPTEMBER 2009
JUNE 2009
MARCH 2009
DECEMBER 2008
SEPTEMBER 2008
MARCH 2008
DECEMBER 2007
SEPTEMBER 2007
JUNE 2007
MARCH 2007

% Change from Same Quarter of Prior Year

-22% -17% -12% -7% -2% 0% 2% 7% 12% 17% 22%

2009-10 2008-09 2008-08

Q Jan 10 Revised O Budget □ Actual
General Fund Taxes currently account for about 72% of all General Fund Revenue.

Fiscal Year Ending

Property, Utility, Business, Sales, Hotel, Documentary and Parking

Seven General Fund Taxes
• Employee Benefits Reform
• Workforce Flexibility
• Cost-Based Labor Negotiations
• Workforce Modernization
• Public-Private Partnership
• Focus on Core Mission
• Strengthen Existing Policies
• MICA Hold
• Responsible Fiscal Management
• Replenish the Reserve Fund
• Eliminate 7,000 Positions

What Actions Should Be Taken Now?
Elimination of 1,000 Positions

Position Eliminations by Union
Employee Benefits Reform
Workforce Flexibility
Cost-Based Labor Negotiations
Workforce Modernization
Public-Private Partnership
Focus on Core Mission
Strengthen Existing Policies
MICHA Hold
Responsible Financial Management
Replenish the Reserve Fund
Eliminate 1,000 positions

What Actions Should Be Taken Now?
Coordinate

- Neighborhood Council Funding Program to CDD
- Environmental Affairs to Planning, Building, and Safety and DOT
- Disability to CDD and Personnel

Focus on Core Mission
Focus on Core Mission (cont.)

- Recreation and Parks
- Library
- Solid Waste Lifeline Program
- Reduce General Fund Subsidies
- Cultural Affairs Grants
- Neighborhood Council Funding
- Human Services Department
- Eliminate or Reduce Non-Essential Services
Public-Private Partnership

- Zoo
- Publishing Services
- Parking Garages and Meters
- Median Island Maintenance
- Multi-Family Trash Pick-Up
- Landscape Services
- Golf Courses
- Fleet Maintenance
- El Pueblo
- Cultural Affairs Theaters and Art Centers
- Convention Center
- Ambulance Billing
- Opportunities