



Date: September 2, 2010

To: Patrick H. West, City Manager

From: Lori Ann Farrell, Director of Financial Management/CFO

For: Mayor and Members of the City Council

Subject: Responses to Questions from July 27, 2010 City Council Meeting

Below are responses to the questions raised by members of the City Council during the City Council Budget meeting on July 27, 2010. This memo provides responses to questions that were not answered on the floor.

1. What is the total reduction in the Tidelands Operating Fund?

The deficit solutions in the Tidelands Operating fund, not including CIP, in the FY 11 Proposed Budget total \$1,689,779. The following chart provides the breakdown by Department as shown in the FY 11 Community Book.

Department	Total Reductions
City Auditor	(10,779)
Community Development	(363,064)
Fire	(198,892)
Parks, Recreation and Marine	(243,448)
Police	(59,375)
Total	(875,558)

In addition to the \$875,558 in spending reductions, the Department of Financial Management identified \$650,000 in Tidelands revenue that is no longer needed to support the Marina Fund debt service as the Marina bonds have been paid off, and can now revert back to the Tidelands Operating Fund. Lastly, there is a one-time reduction of \$175,000 associated with the lighting of the Navy Memorial. The total benefit to the Fund of \$1.68 million can be used to support Fire, Police, Lifeguards, Marine Patrol and other critical services funded through the Tidelands Operating Fund.

2. Of the \$18.5 million General Fund deficit for FY 11, what is the increase of \$1.8 million in health benefits?

The \$1.8 million reflects the estimated increase in health care costs for

both active employees and retirees based on actual claims information through December 2009. Please note that more recent claims information through June 30, 2010 suggests health insurance costs may actually grow by an even greater amount of \$5 million. City management is currently working with the Health Insurance Advisory Committee (HIAC) to achieve additional savings to offset the projected cost increases.

3. What is the cost for purchasing annual music sheets for the Municipal Band? Can the sheets be recycled and used again?

The annual cost for purchasing music sheets is approximately \$1,000 to \$3,000 and the music sheets are reused regularly. The music purchased annually accumulates in a library over time and the conductor creates a music program using the library as much as possible. In 2010, the Municipal Band purchased 11 scores for about \$800. And they play approximately 12-14 pieces of music at each concert.

4. In what revenue areas do we anticipate the \$4.2 million decline, which contributes to our \$18.5 million General Fund deficit for FY 11?

Between FY 10 and FY 11 there has been a significant decline in economically sensitive revenues, particularly property tax and sales tax. The attached table illustrates the projected changes in revenue by major category.

Key Recurring General Fund Revenue: (in thousands)	FY 10 Adopted	FY 11 Proposed	Variance
Secured Property Tax	65,600	64,600	-1,000
Sales Tax and In-Lieu Sales Tax	51,260	49,471	-1,789
Utility Users Tax	41,860	42,442	582
Vehicle License Fees and In-Lieu VLF	40,300	39,460	-840
Transient Occupancy Tax	8,020	7,620	-400
Pipeline Franchise Fee	8,271	8,400	129
Electric Franchise Fee	6,300	6,430	130
Business License Tax	11,550	11,897	347
Ongoing Transfers In	24,770	23,994	-776
Uplands Oil Transfer	6,547	6,547	-
All Other General Fund Revenue	118,085	117,512	-573
Total Proposed Revenue less one times	382,563	378,373	-4,190

5. What is the cost of contracting out the crossing guards?

A response to this question was provided on September 1, 2010 under a separate cover.

6. How much money is in the Traffic Safety Fund for crossing guards and how is it used?

The City does not have a Traffic Safety Fund. The City deposits revenue from vehicle code fine violations into the General Fund. These revenues are used to pay for traffic enforcement, accident investigations, speed control check, DUI checkpoints, parking enforcement, as well as school crossing guards.

The County courts' system of reimbursing cities and other jurisdictions for vehicle code fines provide limited information and does not identify the amount of revenue generated specifically for crossing guards. For the past five years, the traffic services program expenditures have exceeded revenues received for vehicle code fines.

7. What is the actual number of violent crimes?

The Police Department (PD) uses the national Uniform Crime Reporting (UCR) definition for "violent crimes" which includes Murder, Manslaughter, Forcible Rape, Robbery and Aggravated Assault. The actual decrease in violent crime through the first half of 2010 is 7.0 percent.

VIOLENT CRIME*	YTD (Jan - June 2010)		
	2010	2009	%
Murder	21	28	-25.0%
Rape	68	69	-1.4%
Robbery	623	636	-2.0%
Aggressive Assault	731	818	-10.6%
TOTAL	1,443	1,551	-7.0%

*Statistics on Manslaughter were unavailable for inclusion.

8. What is the core number of police and support staff needed to run the City?

There is no empirically based, generally accepted right number nor is there a formula for support staff in the Police Department.

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9. **What are other best practices, from similar sized police departments, in finding and raising other sources of revenues?**

A response will be provided by the Police Department under separate cover.

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