



2005 Proposed Operating Budget Public Presentation

City Council Chambers

August 24, 2004

Presentation by
Mark F. Weinberg
City Administrator



Budget Highlights

- Total Operating Budget of \$193 million, down 6% compared to the current modified 2004 budget.
- General Fund Budget of \$75.8 million, up 10% compared to the 2004 current modified budget.
- Capital Improvement Project Budget of \$33 million.

- **Status Quo Budget, NO Layoffs**
- **NO Program or Service Cuts**
- **Minor staff enhancements in Public Works to assist with Citywide street improvement projects**



HOW WE GOT HERE

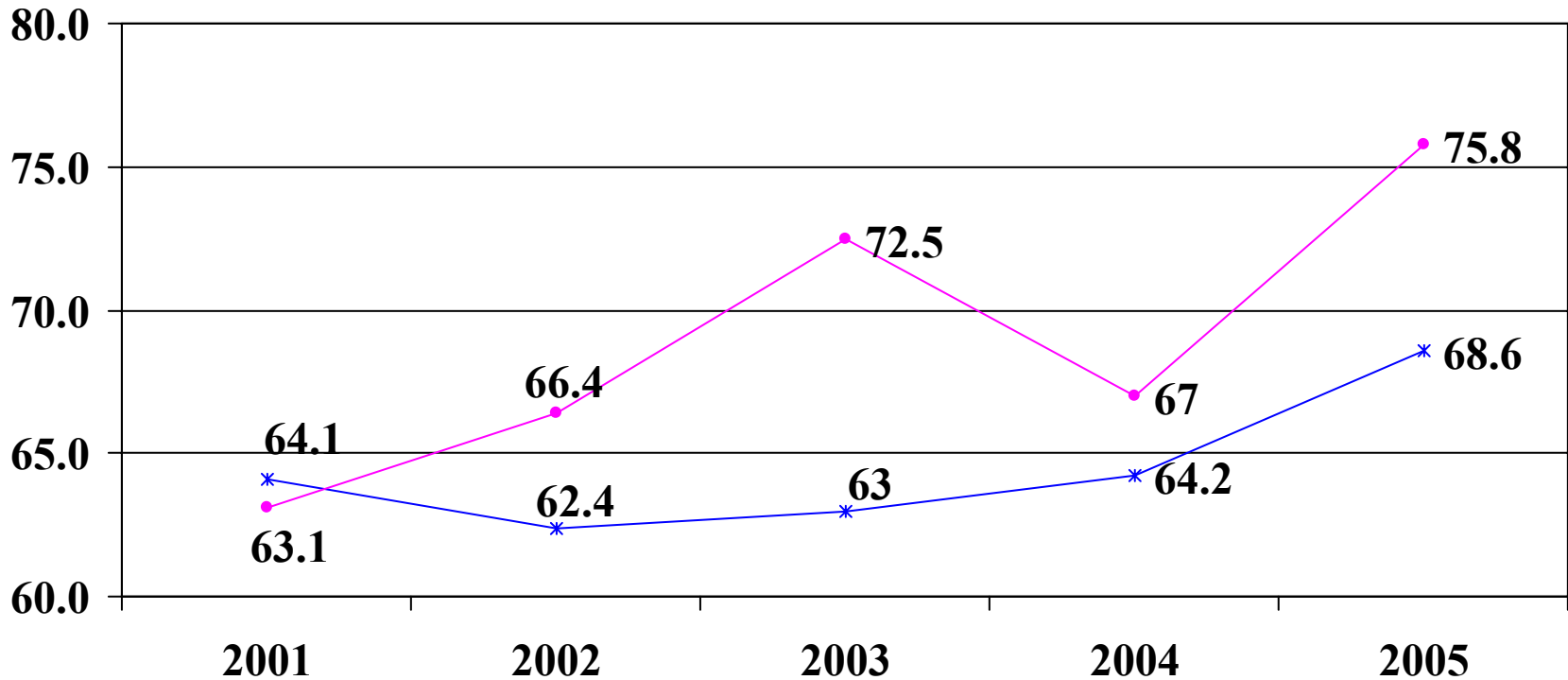
EXAMPLES OF MAJOR FINANCIAL TRENDS



Trend of General Fund Operating Revenues and Expenditures

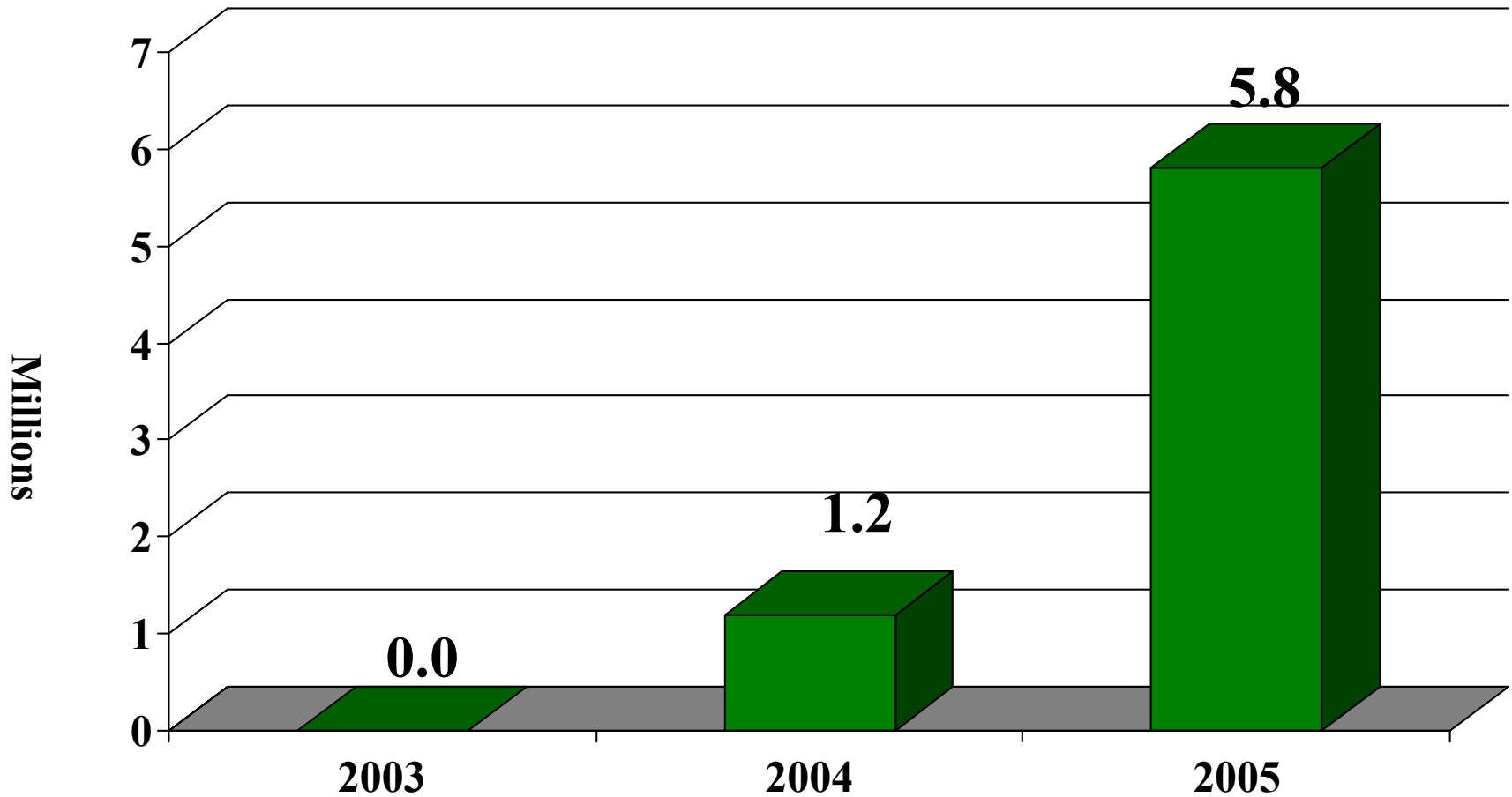
* Approved Revenues

● Approved Expenditures



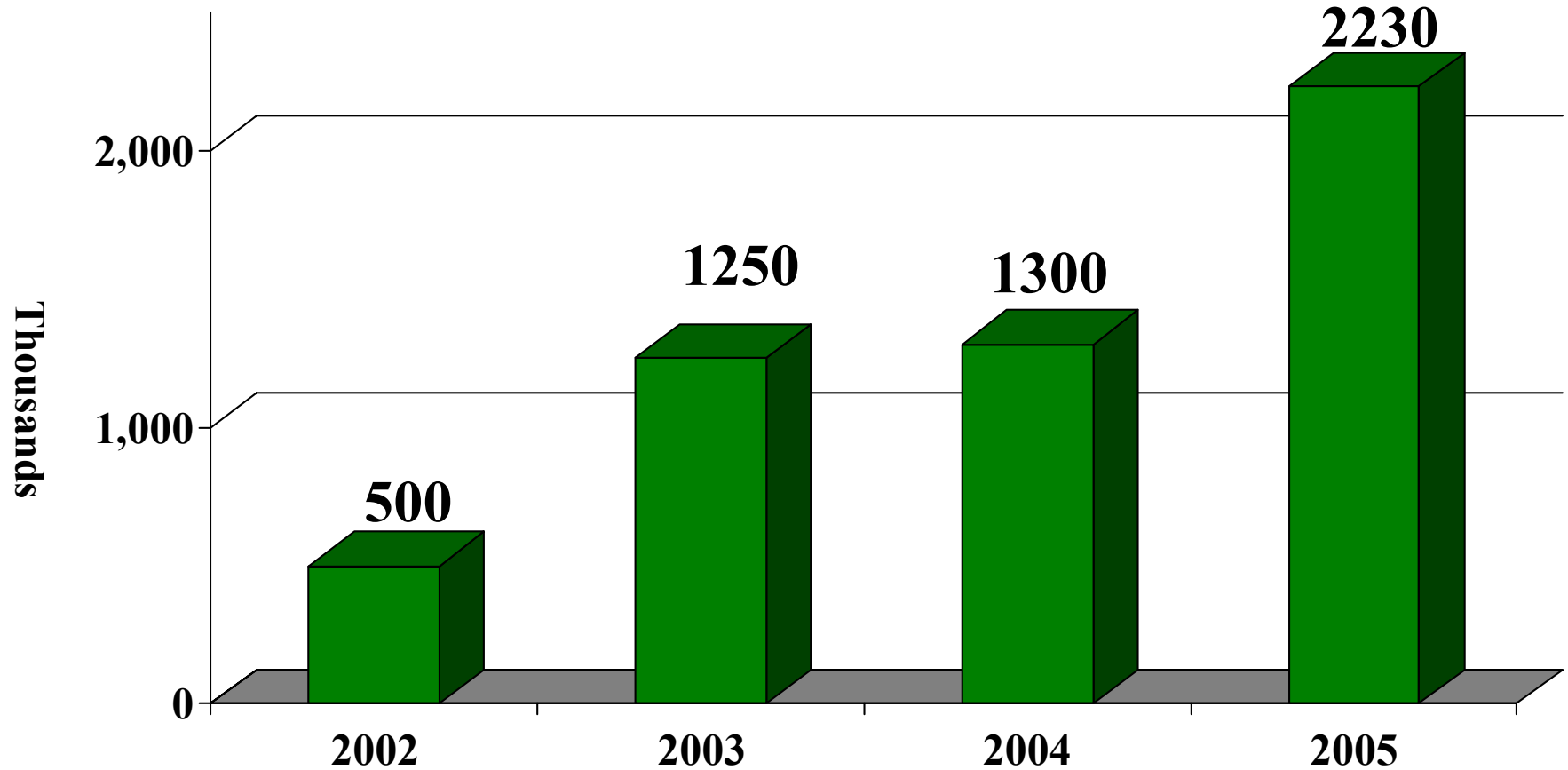


CHANGE IN GENERAL FUND RETIREMENT COSTS (EMPLOYER SHARE)



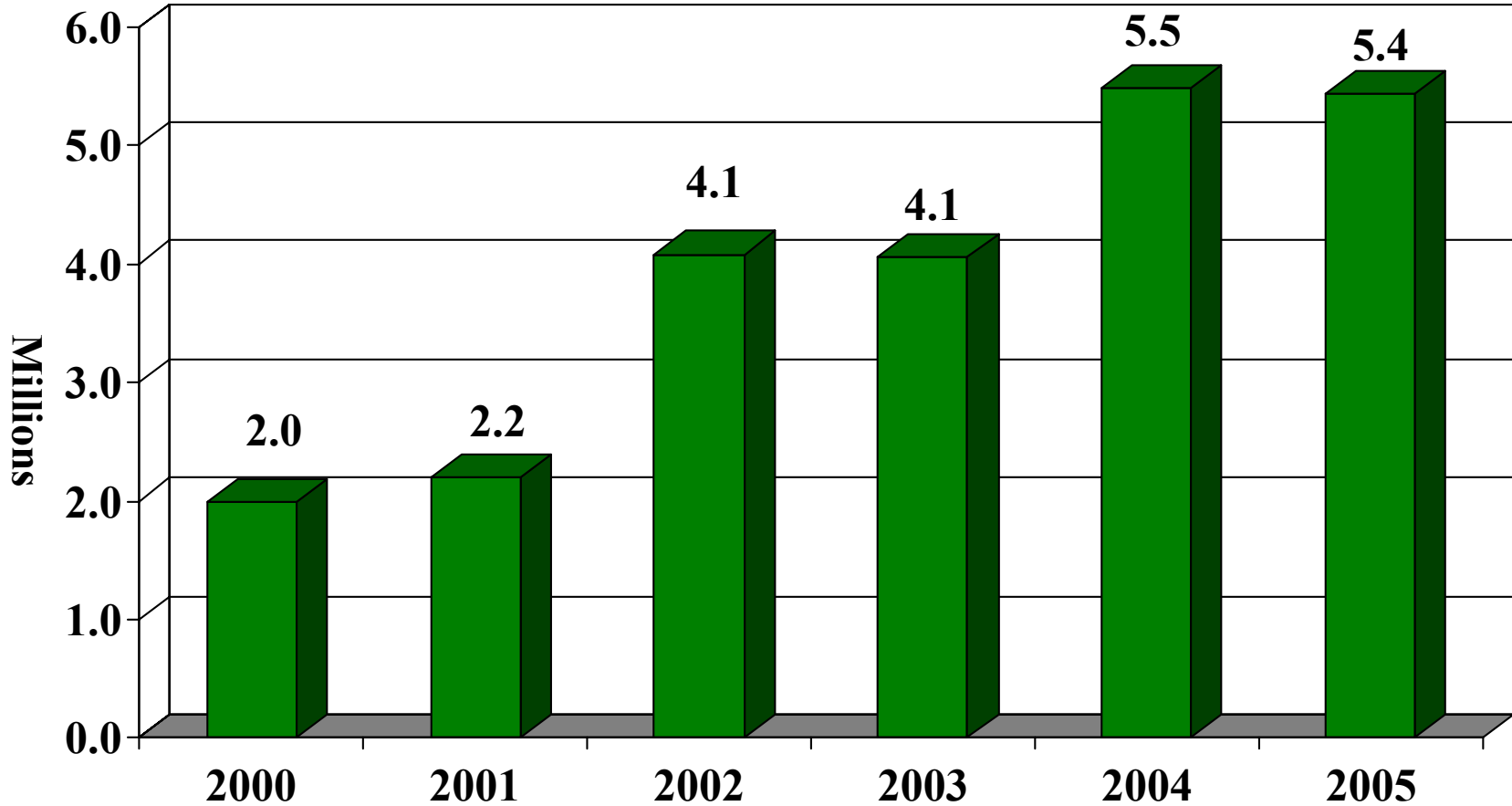


CHANGE IN GENERAL FUND ASSESSMENT DISTRICT SUBSIDY





TREND IN CITY LIABILITY COSTS

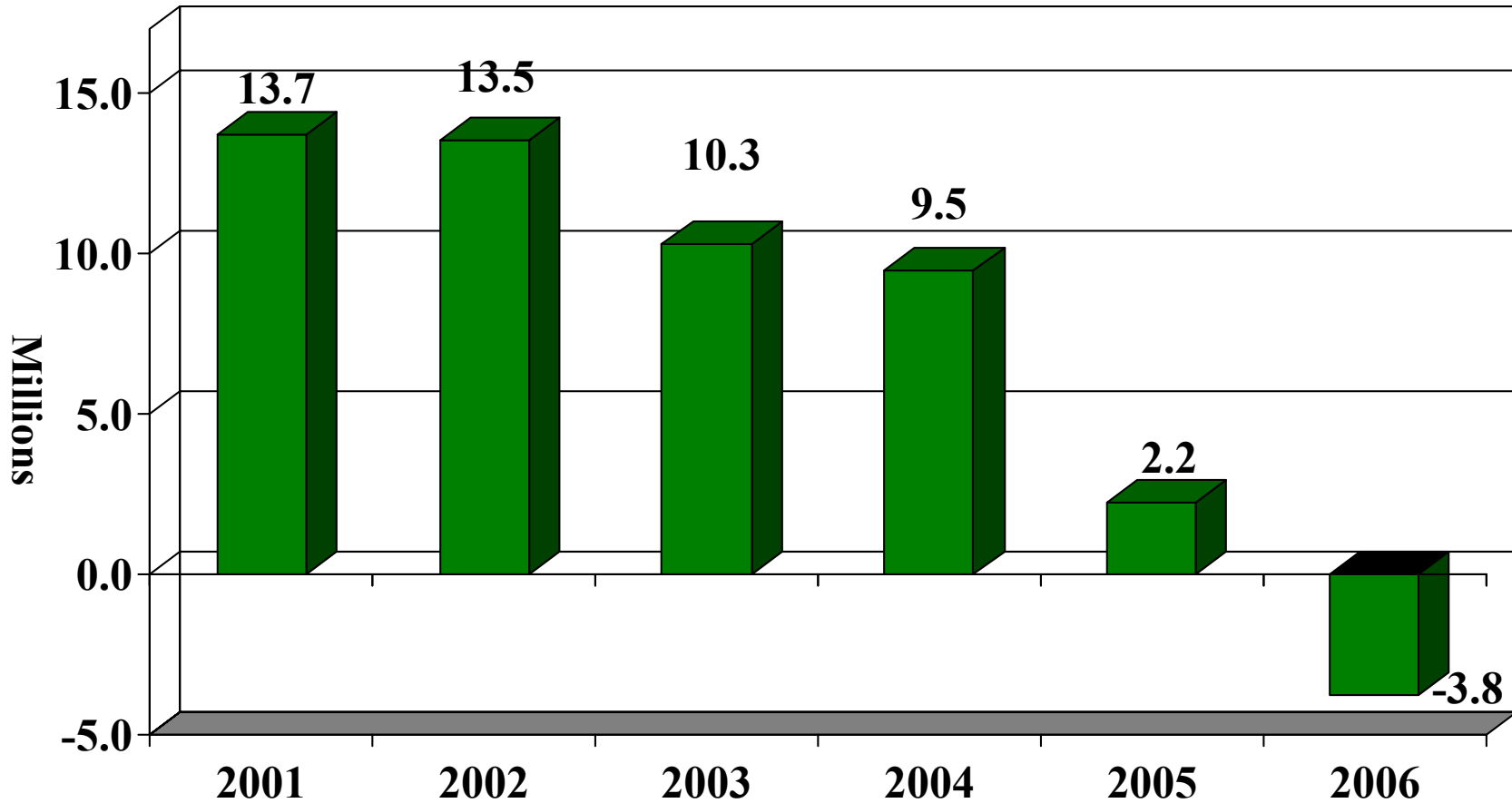


Liability costs have more than doubled since FY 2000.



General Fund Balance Trend

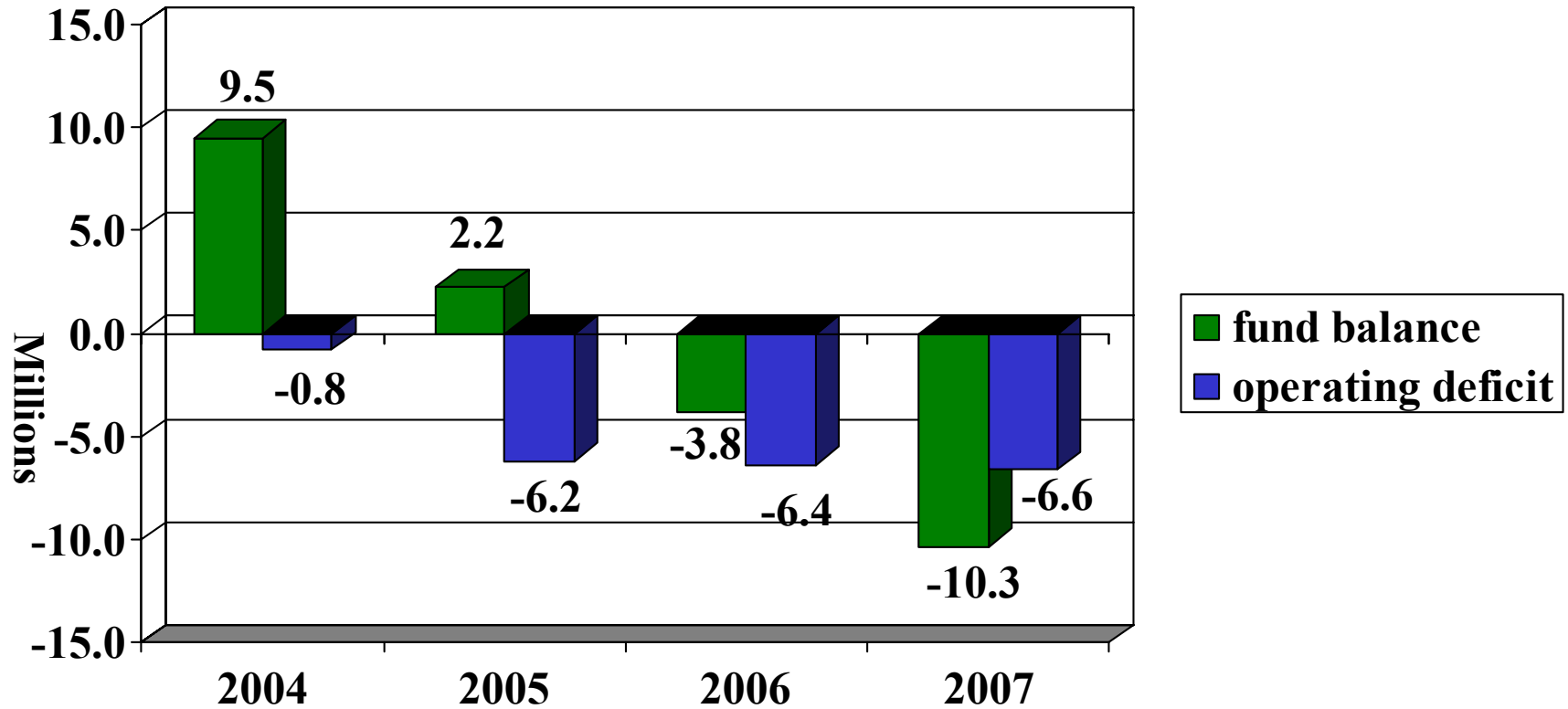
Baseline Forecast



The fiscal Year 2001 and 2002 amounts are audited; the 2003 amount is actual but not audited; all other values are estimates.



General Fund Balance and Operating Deficit Trend



WHY THE GENERAL FUND IS STILL ABOVE WATER



ADVANCE FROM CASINO	3.0	
PERS CREDITS	4.0	
SALE OF ASSETS:		
Water rights agreement - 97/98	3.6	
Sales of parking structure - 97/98	2.9	
Sale of Senior Citizen Center 00/01	0.7	
Sale of Fire Training Facility 00/01	1.1	
Sales of parking structure 00/01	2.5	
Total financing sources	10.8	
OTHER ONE TIME TRANSACTIONS:		
Close-out of Internal Service Fund	2.5	
TOTAL-ONE-TIME TRANSACTIONS	20.3	



**SUBSTANTIAL WORKFORCE REDUCTIONS
AND OTHER COST CONTAINMENT
MEASURES WERE ADOPTED
IN FY 2004**

Cost Containment Measures

- In January 2004, the City Administrator instituted several actions to counter the City's impending worsening financial condition; some of these actions are summarized below.
 - Citywide hiring freeze, with the exception of sworn officers.
 - Suspension of all work on general funded capital projects.
 - Direction to operating departments to cut their 2004 budgets by 5%.
 - Elimination of all non-essential travel, dues and subscriptions.
 - Announcement of the creation of a Strategic Financial Planning Committee (SFPC).
 - **These actions by themselves proved insufficient to close the budget gap.**

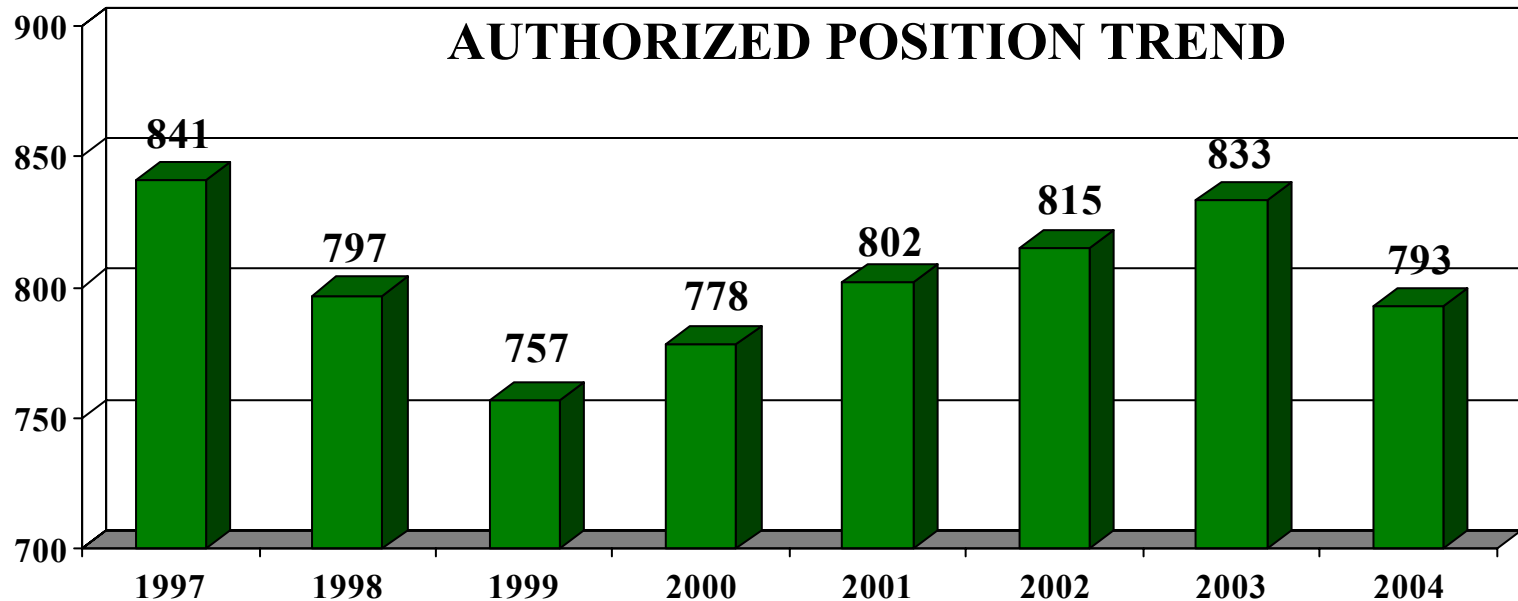
Cost Containment Measures (Continued)

The fiscal year 2004 budget contained further cost containment measures.

- Mandatory one day a month furlough for all non-safety employees.
 - The substitution of mileage reimbursement for nearly all car allowances.
 - The substantial reduction of the number of “take home” city vehicles.
 - The replacement of city-issued cell phones with a monthly communications stipend.
 - Halving the current per-diem rate for travel.
-
- **These actions were expected to reduce costs by over \$1.5 million.**

Cost Containment Measures (Continued)

- Most importantly, the City eliminated 40 full-time equivalent positions, reducing general fund costs by \$3.5 million



Totals exclude Fire, Job Training, Sound Insulation, CDBG Admin and Recreation and Police grants.



Where We Are Now

<u>General Fund Budget Comparison (Millions \$)</u>	
75.8	2005 Proposed Budget
<u>69.1</u>	2004 Budget @ 6/30/04
6.7	Difference
	<u>Explanations</u>
4.6	PERS Increases
0.9	Assessment Subsidy Increase
1.8	Furlough Savings Decrease
<u>(0.6)</u>	All Other
6.7	Total
	<u>Fiscal year 2005 Snapshot</u>
69.6	Ongoing Revenues
<u>75.8</u>	Ongoing Expenditures
(6.2)	Operating Surplus (Deficit)
9.5	2004 Estimated Carryover Balance
(6.2)	FY 2005 Operating Surplus (Deficit)
<u>(1.0)</u>	Expected Additional ERAF Loss
2.3	Fy 2005 Ending Balance



Position Changes By Department/Fund

Agency	Department	FT	PT	OT
10	Mayor & City Council	-1	4160	0
12	City Treasurer	0	2080	0
15	City Attorney	0	-1040	0
24	Information Tech. & Comm.	1	0	0
25	Finance	1	-2480	0
30	Community Development	1	0	0
45	Police	0	0	455
60	Public Works	2	1040	0
70	Parks & Recreation	0	6790	0
TOTAL		4	10550	455

Fund	FT	PT	OT
General	1	6400	0
Grants	1	3110	-675
ITC	1	0	0
Redev.	1	0	0
Traffic	0	0	1130
Water	0	1040	0
TOTAL	4	10550	455



Summary of Major Impacts to the Fiscal 2005 Budget

Major Cost Factors

- Retirement costs up \$4.6 million in the General Fund and up \$5.9 million citywide.
- General Fund subsidy to the assessment districts increased by \$930,000 to \$2,230,000.

State Takeaways

- Additional revenue loss of \$1 million in property taxes for the next two years.
- Redevelopment property tax increment loss of \$925,000 for the next two years.

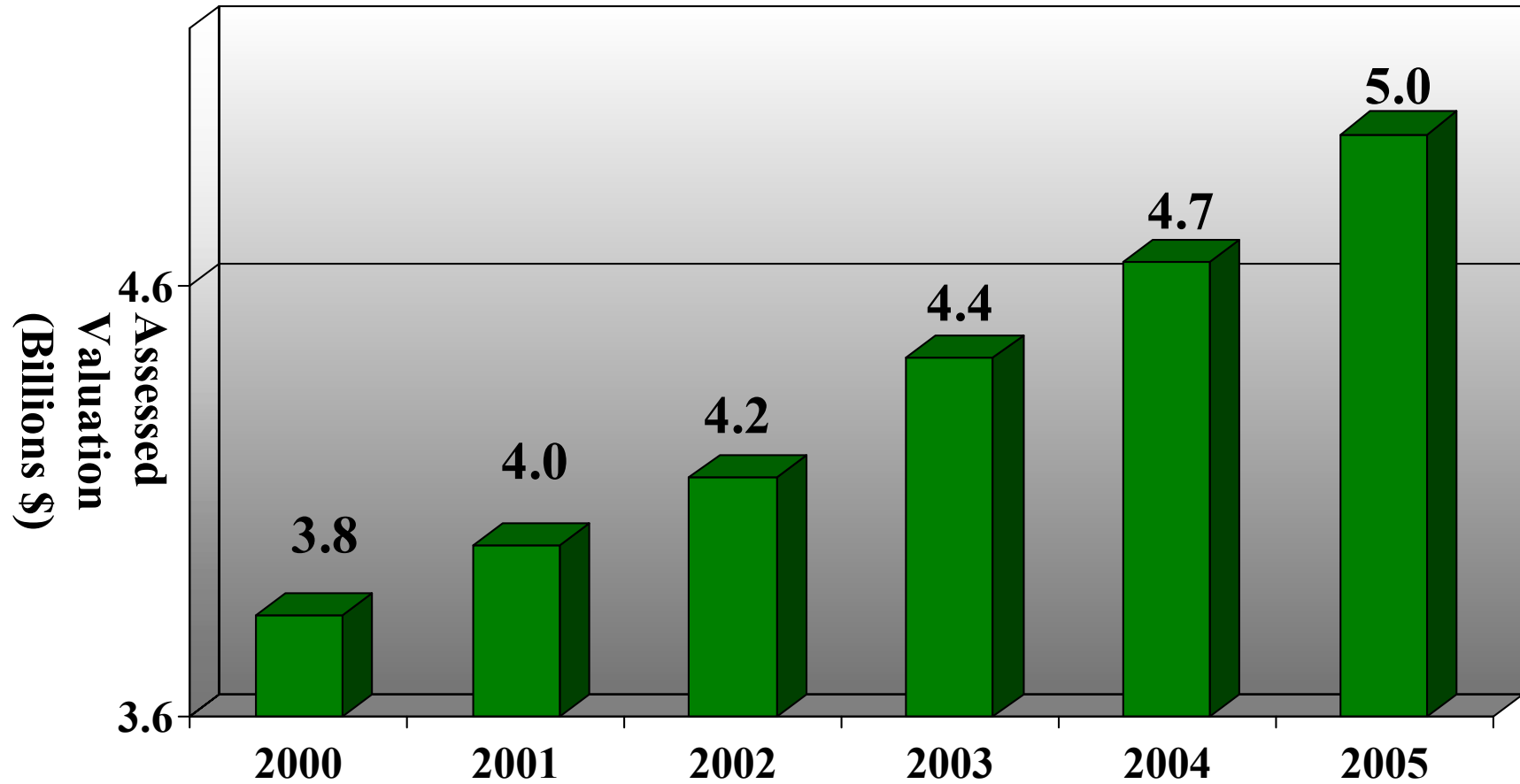


**MORE WORK REMAINS TO BE DONE,
BUT THE FUTURE IS PROMISING
FOR INGLEWOOD**



Property Value Trends

Fiscal years 2000 thru 2005



Since 2000, property values have increased 29% in Inglewood.





Some Positive Thinking.....

Potential/Realized Development

- Increased Sale Taxes and Building Fees from:
 - Reopened Costco Facility
 - 185,000 square foot retail complex on Century Boulevard
 - Hollywood Park Marketplace
 - Expanded CarMax Auto Sales Facility on La Cienega Boulevard
- Increased Property Taxes from:
 - Watt Home Development
 - New Construction or Substantially Rehabilitated Properties, including Residential Sound Insulation
- Planned developments like the Watt Home project and The Village at Century project should bring in recurring revenues exceeding \$2 million per year.
- General Fund building fees are projected to be up \$525,000 over the 2004 budget amount.



Some Positive Thinking.....

Potential Revenue Enhancements

- Increased Sales Taxes for Public Safety
 - ½ sales tax increase on November ballot for Los Angeles County residents would raise \$5 million dollars for public safety annually for Inglewood.
- Tax Revenues from Approval of Proposition 68:
 - Approval on Statewide November ballot measure would raise \$13 million dollars for Inglewood from enhanced gaming activities.

Some internal items now in progress:

- Comprehensive Citywide fee study to be completed this calendar year.
- Reengineering study of city's assessment districts could lead to increased service levels as well as a reduced General fund subsidy.