



Fiscal Year 2010/2011 Budget Workshop

Thursday, May 20, 2010

City Council Chambers







The Problem

- ◆ We need to bring in as much money as we send out...but we're not
- ◆ Our revenues are down
- ◆ Our expenses are up
- ◆ The Budget Stabilization Fund is plunging



Just What Happened to Revenue?



- ◆ Sales Tax down 24% since 2007
 - \$18.7 million loss over four years from projections
- ◆ TOT down 25% since 2008
 - \$2.6 million loss over four years from projections
- ◆ Construction fee revenues down 64% since 2008
 - \$9.5 million decrease
- ◆ Projected Property Tax revenue loss between 2011 and 2013
 - \$1.1 million decrease



Wow – Does it Really Cost that Much?

	2008	2010	Percent Increase
Utility Worker – Salary	\$58,761	\$62,932	7.1%
Utility Worker – Salary + Benefits	\$87,070	\$95,093	9.2%
Public Safety Officer II – Salary	\$101,863	\$113,741	11.7%
Public Safety Officer II – Salary + Benefits	\$190,488	\$213,841	12.3%

Wow – Does it Really Cost that Much?

- ◆ Medical and other insurance up 14% since 2008 
 - \$2 million increase
- ◆ Escalation of future pension costs 
 - \$5.5 million annual increase
 - 2013: Pension costs = Sales Tax revenue!



So What Does It All Mean?

- ◆ We're still spending more than we are bringing in...

(in Millions)	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Revenues	\$123.3	\$129.5	\$135.7	\$143.2	\$150.9	\$154.3	\$158.1
Expenditures	\$128.7	\$132.1	\$137.6	\$144.4	\$150.4	\$155.4	\$159.4
Difference	(\$5.4)	(\$2.6)	(\$1.9)	(\$1.2)	\$0.5	(\$1.1)	(\$1.4)

- ◆ ...and we are inadequately funded for necessary infrastructure and experiencing service reductions



How Have We Made It Work So Far?

- ◆ Impact of multi-year budgeting
 - Early identification of issues
 - Time to make adjustments
 - Still requires tough decisions to avoid major distress – but not crisis-mode decisions

- ◆ But we still haven't fixed the problem!
 - Because the problem keeps changing and growing
 - The future is uncertain



What To Date Have We Done About It?

- ◆ \$4 million of operational efficiencies implemented in FY 2009/2010

- ◆ FY 2009/2010 Budget eliminated for 15 vacant positions
 - No corresponding reduction in workload
 - Many more vacancies not filled

- ◆ FY 2010/2011 Budget builds on this theme
 - 24 more positions eliminated over next two years

Structural Budget Issue

- ◆ Budget Stabilization Fund usage indicates structural problem
 - \$24 million required over next 12 years
 - Expenditures > revenues in eight of next 12 years
- ◆ Resources and expenditures not in long-term alignment!
- ◆ Budget Stabilization Fund not being used as intended

The Goal

- ◆ Attaining a truly balanced budget:
 - Recurring revenues = recurring expenditures over the long term
 - Appropriate use of Budget Stabilization Fund
 - Funded infrastructure
 - Personnel cost containment

- ◆ Focus on core service delivery by the most effective/efficient means possible

- ◆ Living within our means



The Plan

- ◆ Address rising personnel costs
 - Vacant position reductions/holds
 - Renegotiate current contracts

- ◆ Increase efficiency
 - Consolidation of responsibilities
 - Reorganizations to drive economies of scale
 - Will be ongoing regardless of fiscal situation
 - Increased utilization of technology
 - Smarter ways of doing business



The Plan

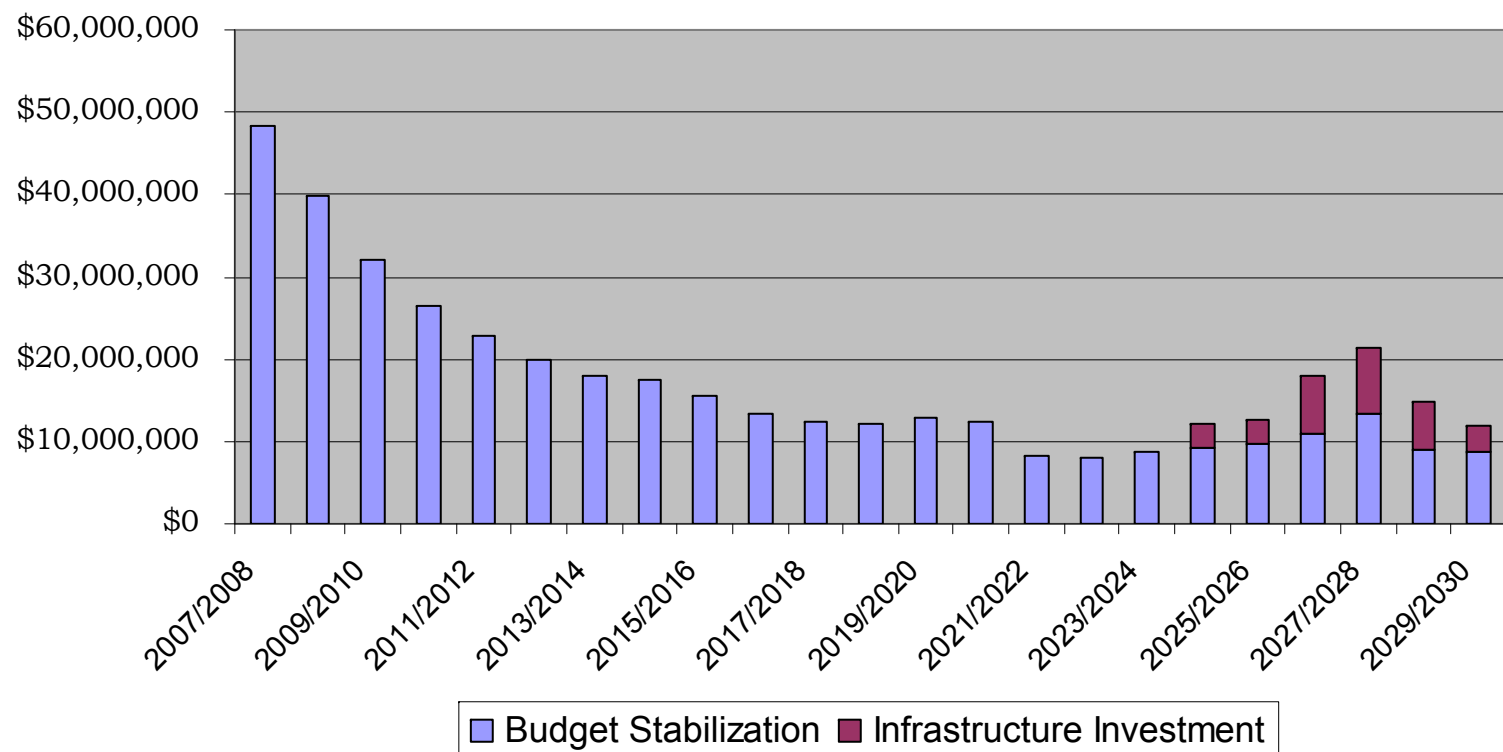
- ◆ Enhance revenues
 - Budget supplement to enhance business license and alarm permit collections
 - Increase certain fees
 - Study all potential sources (e.g. UUT, Landscaping and Lighting District, Impact Fees)

- ◆ Service level reductions
 - Strategic and thoughtful

- ◆ Draw down Budget Stabilization Fund

Planned Draw Down of BSF

Budget Stabilization Fund and Infrastructure Investment



What is the Result?

- ◆ Reduced services and headcount, but
 - No layoffs
 - No furloughs
 - No salary reductions

- ◆ Budget Stabilization Fund draw down
 - Perilously low balance
 - Leaves little margin for error



Other Solutions

- ◆ Lower Budget Stabilization Fund balance
- ◆ Different service reductions
- ◆ Employee benefit alternatives
 - Two-tier retirement
 - Employee PERS contribution
- ◆ Revenue increases - fees



What's Going on Elsewhere?

	Proposed/ Actual Staff Reductions	Proposed/ Actual Furloughs	Proposed/ Actual Salary/Benefit Reductions
San Jose	Yes	Yes	Yes
Palo Alto	Yes	No	Yes
Mountain View	Yes	No	Yes
Morgan Hill	Yes	Yes	Yes
Gilroy	Yes	Yes	Yes
Sunnyvale	No	No	No

The Projections Are Key

- ◆ Success of the plan hinges on projections being correct
 - No additional unexpected PERS costs
 - Recovery of major revenue sources
 - No “double dip” recession
 - Salary increases not exceeding planned amounts
 - No fiscal emergencies
 - Dot-com bubble
 - Great Recession



What if We're Wrong? – I Hope We Are

- ◆ Recommended budget is conservative
- ◆ Designed to withstand expected future conditions
- ◆ More prudent than projecting optimistic future
- ◆ Can expand services if financial position better than expected



General Fund Review



Expenditure Projections

◆ Salaries

- Reflects current contractual agreements
- Modest salary increases afterward

◆ Benefits - Pension

- Unfunded Liability Doubling \$109 million to \$231 million

Expenditure Projections

- ◆ Benefits - Medical
 - Increase of 8% annually through 2014
 - 5% for remainder of long-term plan

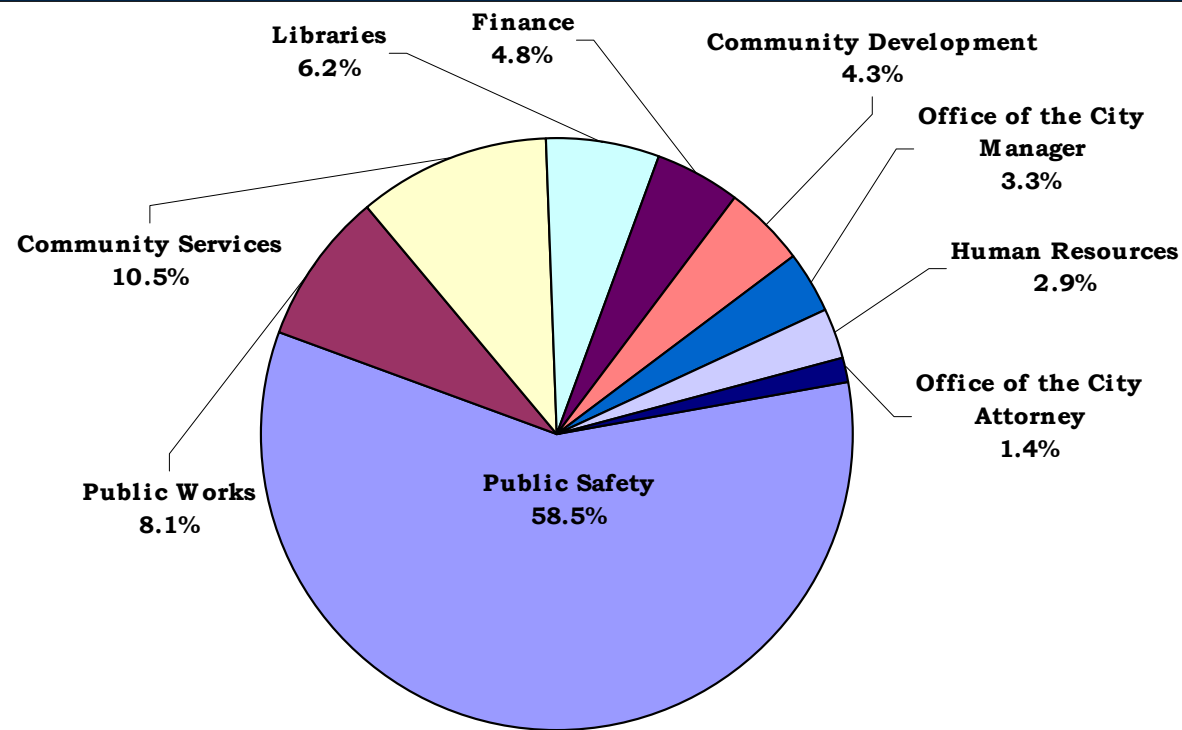
- ◆ Purchased Goods and Services
 - 0% inflation for FY 2010/2011
 - 2% through FY 2019/2020; 3% afterward
 - Select components increased differently



General Fund

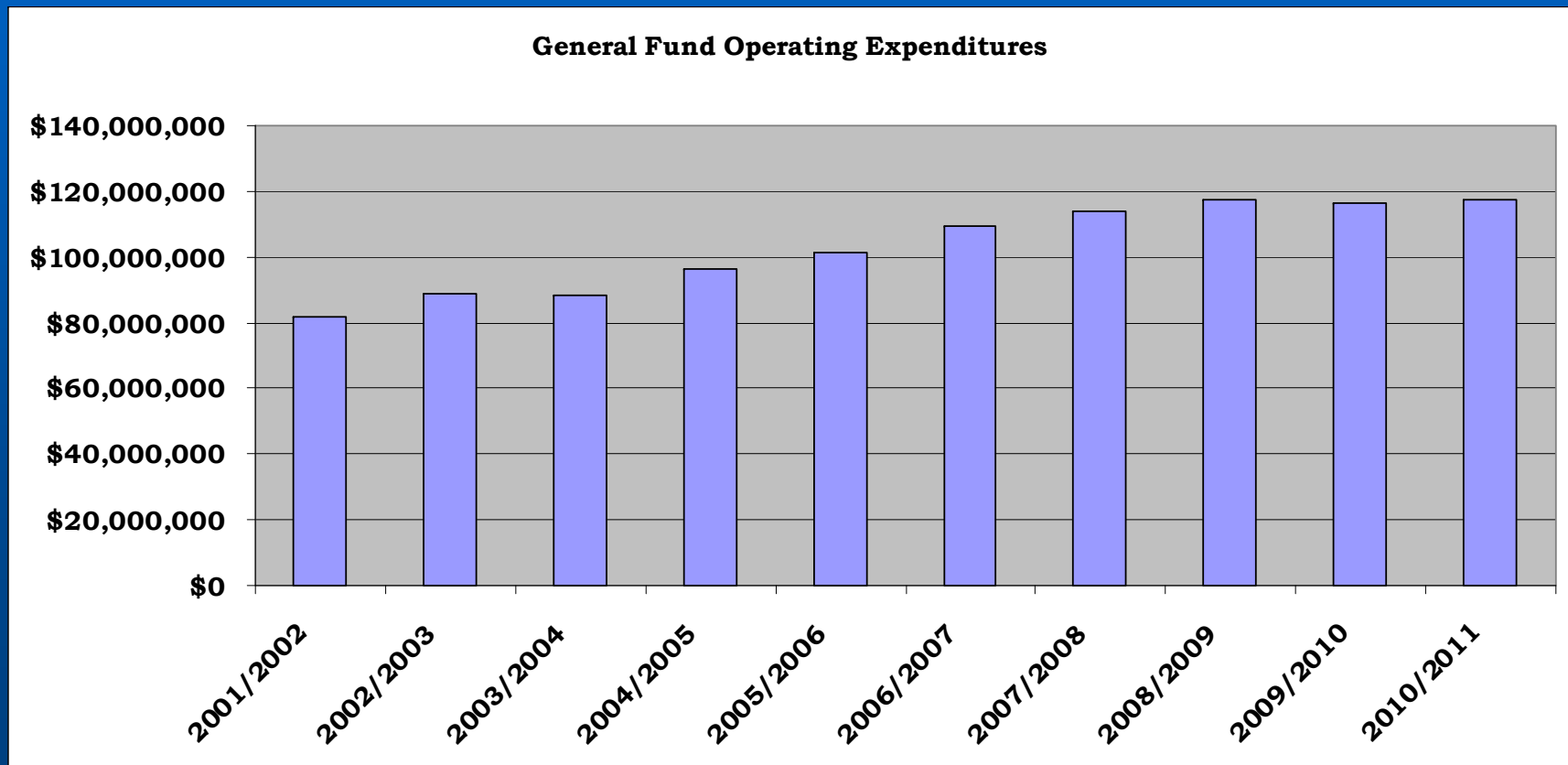
- ◆ FY 2010/2011 Budget is \$128.7 million
- ◆ Operations are \$117.4 million
 - 0.79% higher than current year
 - Salaries & Benefits increase of 3.9% offset by fewer budgeted employees

General Fund Expenditures by Department





General Fund Operating Expenditures



Budget Supplements

- ◆ 8 supplements presented in budget
 - 7 are in General Fund

- ◆ Budget supplement no. 9 provided today
 - Funding for 3 study issues



Revenue Estimation Methodology

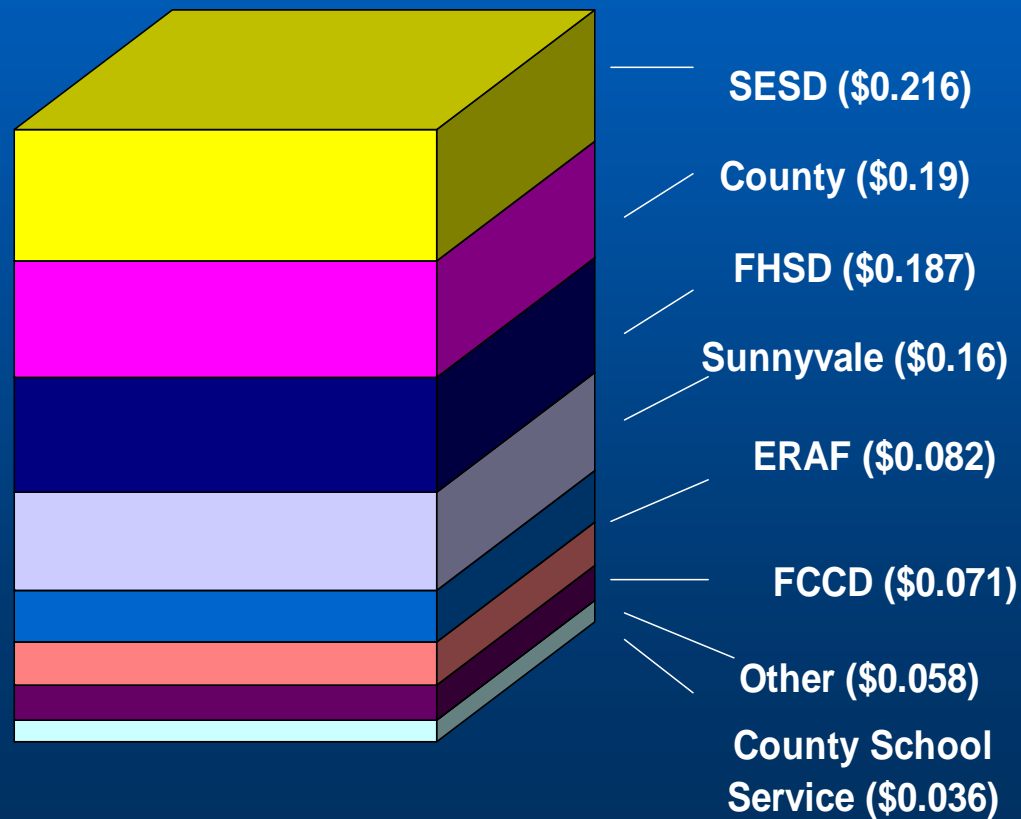
- ◆ Economic downturn ending; modest recovery underway in some areas
 - 20-Year Plan incorporates expected revenue growth
- ◆ Specific projections for each major revenue source



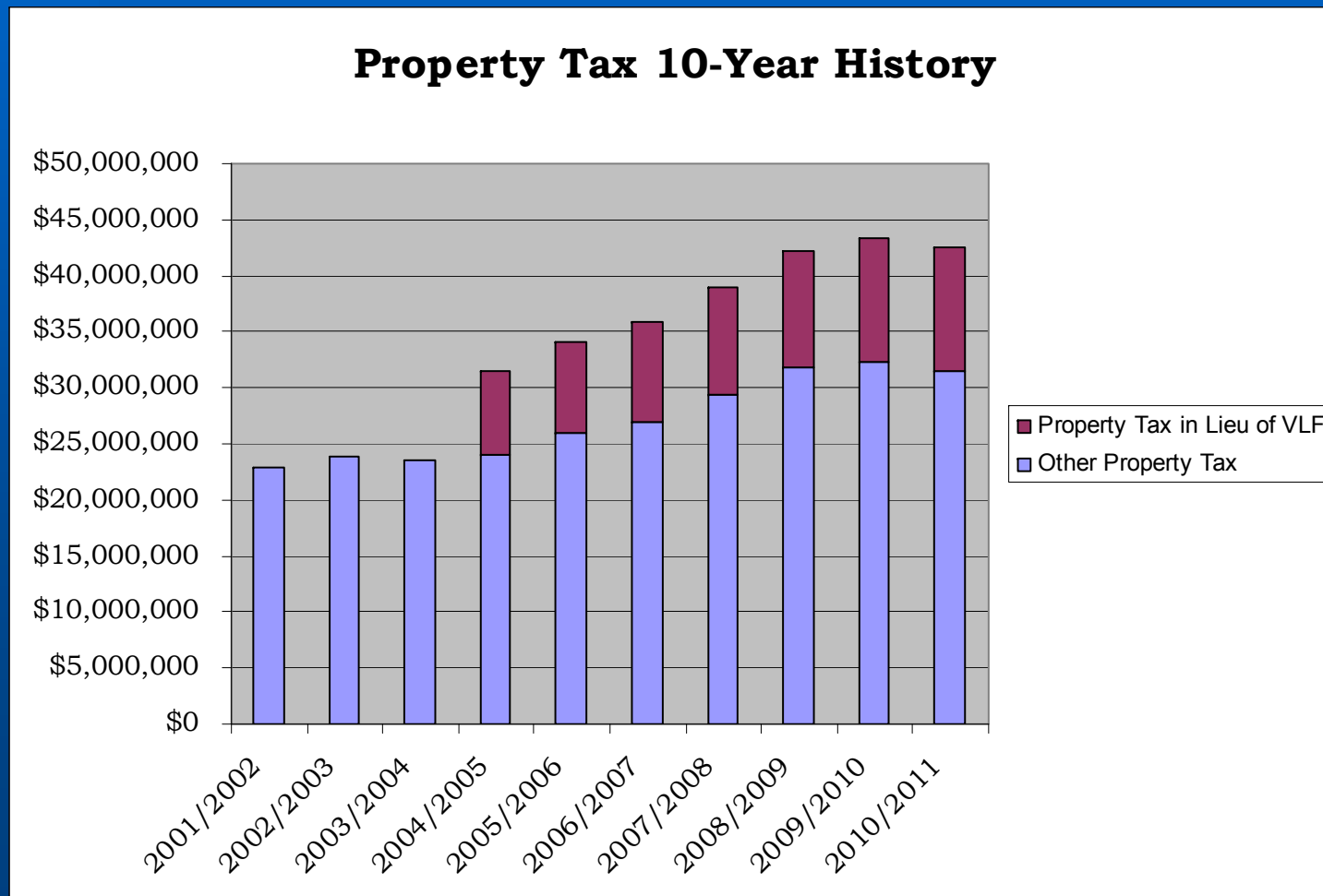
General Fund Revenues

- ◆ Overall revenues for FY 2010/2011 up 3.8% from FY 2009/2010 projected
 - Primarily due to one-time adjustment
- ◆ FY 2009/2010 projected revenues down 3.7% from FY 2008/2009 actuals
- ◆ Five major revenues = 81% of total

Property Tax Breakdown Per \$1 Received



Property Tax 10-Year History



Property Tax

- ◆ Largest General Fund revenue
- ◆ \$42.5 million projected in FY 2010/2011
 - Down 1.7% from projected FY 2009/2010
- ◆ Exposure to reduced commercial valuations



Sales Tax

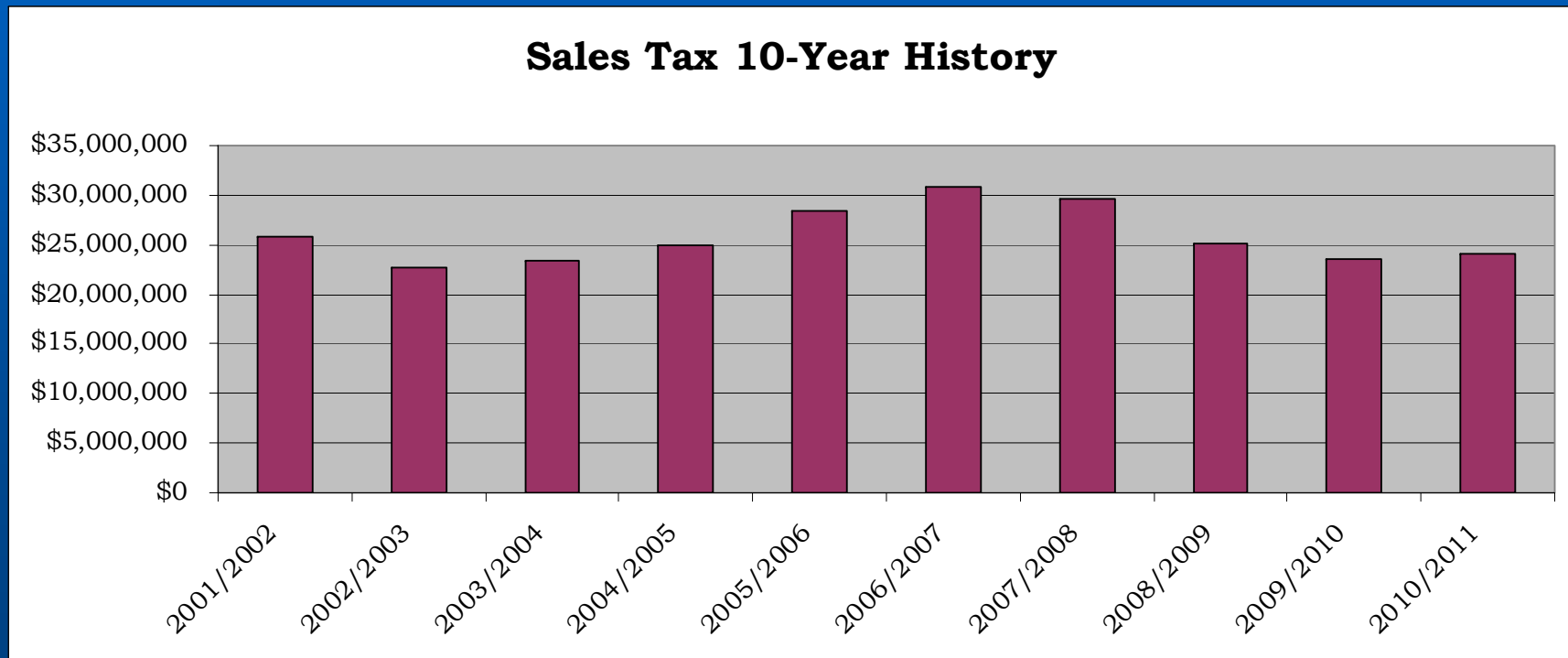
- ◆ Second largest General Fund Revenue
 - Down 24% since 2007
- ◆ Modest recovery projected
 - +2.5% in FY 2010/2011
- ◆ Reduced long-term baseline
 - \$200 million over 20 years



Sales Tax

- ◆ County Sales Tax Rate = 9.25%
 - City gets 1%
 - State gets 7%
 - VTA gets 1%
 - County gets 0.25%

Sales Tax – 10-Year History





Utility Users Tax

- ◆ FY 2010/2011 \$6.6 million
 - Down 4% from FY 2008/2009
 - Reflects impact of higher commercial vacancies
- ◆ Revenue opportunity
 - Sunnyvale rate lower than state and county averages

Franchise Fees

- ◆ FY 2010/2011 - \$6.1 million
 - Up 2.3% from FY 2009/2010 projected
- ◆ Largest payment from PG&E
 - 40% of total



Transient Occupancy Tax

- ◆ \$5.6 million in FY 2010/2011
 - Up 2.2% from FY 2009/2010 projected
 - Down 25% since 2008

- ◆ Long-term projections lower
 - \$56 million over 20 years
 - Removed downtown hotel



Construction-Related Revenue

- ◆ Includes Construction Tax, building permits, plan check fees
- ◆ \$5 million in FY 2010/2011
 - Up \$0.5 million from FY 2009/2010 projected
 - Down 65% from FY 2007/2008



Department of Public Safety



Programs and Services

- ◆ Department organized into eight programs:
 - Police Services
 - Fire Services
 - Community Safety Services
 - Personnel and Training Services
 - Investigation Services
 - Communication Services
 - Public Safety Administrative Services
 - Records Management & Property Services



Budget Overview

- ◆ Total department budget - \$69.9 million
 - \$62.7 million in personnel costs
 - 279 full-time employees (4 part-time)
- ◆ General Fund budget – \$69.8 million
 - 58.5% of total General Fund budget
- ◆ Special Projects for Public Safety Recruitment
 - \$52 million over 20-year planning period



Budgeting Principles

- ◆ Responsible budgeting – stewards of public funds
- ◆ Focus on core services
- ◆ No service reduction
- ◆ Cost effective service delivery
- ◆ No change will jeopardize public safety



Significant Changes

- ◆ Reassignment of personnel to more closely align similar functions:
 - Traffic Education & Enforcement to Police Services from Community Safety Services
 - Fire Prevention and Fire Prevention Engineering to Fire Services from Investigative Services
 - Neighborhood Preservation to Community Safety Services from Community Development Department

Initiatives

- ◆ Technology efficiencies
- ◆ Staffing initiatives
 - Recruitment projects
 - Recalculation of hiring forecast
 - Lateral hiring process
- ◆ Public Safety Officer Recruitment

Academy	Weeks	Cost Basis
<i>Selection w/equipment</i>	4	\$ 27,094
<i>Police w/PTO</i>	42	\$170,657
<i>Fire</i>	14	\$118,702
<u><i>EMS w/AD-PO</i></u>	<u>5</u>	<u>\$ 24,548</u>
	65	\$341,001

Initiatives

- ◆ Reductions
 - Operating budget
 - Net reduction of 5 positions (\$1.2 million)

- ◆ Introduction of civilian professionals through attrition
 - \$1.2 million annual savings based on salary and benefit differential



Department of Community Services



Programs and Services

- ◆ Parks and Open Spaces
- ◆ Arts and Recreation
- ◆ Columbia Neighborhood Center
- ◆ Youth and Family Services



Budget Overview

- ◆ Total department budget - \$21.1 million
 - \$15.2 million in personnel costs
 - 115 full-time employees (13 part-time)
- ◆ General Fund budget – \$12.5 million
 - 10.5% of total General Fund budget
- ◆ Also funded by Community Recreation, Youth & Neighborhood Services, Dorolou Swirsky, Fremont Pool, and Parking District Funds

Significant Changes

- ◆ Adoption of roadsides and medians landscape maintenance (\$200,000 savings)
- ◆ Golf rounds down due to rain and poor economy

Initiatives

- ◆ Golf cart paths
- ◆ Columbia Neighborhood Center expansion
- ◆ Reduction in General Fund subsidy to Recreation



Department of Public Works



Programs and Services

- ◆ Department organized into fifteen programs:
 - Transportation and Traffic Services
 - Pavement, Traffic Signs & Markings, Street Sweeping, and Roadside Easements
 - Street Lights
 - Street Tree Services
 - Concrete Maintenance
 - Downtown Parking Lot Maintenance
 - Public Works Administration



Programs and Services (continued)

- Capital Project Management and Environmental Sustainability
- Land Development / Engineering Services
- Water Resources
- Storm Water Collection System
- Sanitary Sewer Collection System
- Solid Waste Management
- SMaRT Station
- Wastewater Management



Budget Overview

- ◆ Total department budget - \$103.6 million
 - \$23.4 million in personnel costs
 - 191 full-time employees
- ◆ General Fund budget – \$9.7 million
 - 8.1% of total General Fund budget
- ◆ Also funded by Gas Tax, Traffic Congestion Relief, Parking District, General Services and Utility Funds

Significant Changes

- ◆ Return street sweeping to once every two weeks
- ◆ Add staff to Water Program
 - AWWA Standards
 - State monitoring requirements
- ◆ Decrease polymer usage in wastewater processing - \$950,000
- ◆ Reduce structural tree pruning services - \$315,000
- ◆ Phase out Fair Oaks Industrial operating expenses - \$255,000
- ◆ Reduce concrete sidewalk and curb replacement - \$222,000



Significant Changes (Continued)

- ◆ Reduce traffic design, analysis, surveying - \$116,000
- ◆ Reduce traffic signs, markings, graffiti removal - \$105,000
- ◆ Reduce inspection cycle on traffic signals - \$70,000
- ◆ Convert City street lamps to LED - \$68,000

Initiatives

- ◆ Operational efficiencies- Fleet, Medians
- ◆ SunnyvaleWorks!
- ◆ Environmental sustainability
- ◆ Application of new technologies
- ◆ Maintaining infrastructure with diminishing resources
- ◆ Replacement of Water Pollution Control Plant



Library Department

Programs and Services

- ◆ Department organized into a single program with eight services:
 - Borrower Services/Circulation
 - Library Services for Adults
 - Library Services for Children and Teens
 - Acquire Library Materials for the Public
 - Technology Services
 - Prepare Library Materials for the Public
 - Outreach Services
 - Management, Supervisory and Administrative Support Services



Budget Overview

- ◆ Total department budget - \$7.4 million
 - \$5 million in personnel costs
 - 29 full-time employees, 30 part-time employees
- ◆ 6.2% of total General Fund budget
 - Library math: \$7,429,717
 - minus \$4,991,715 (salaries and benefits)
 - minus \$1,601,525 (internal services charges)
 - equals \$836,500 (goods and services)
 - Collections are \$618,981 of that total

Significant Changes

- ◆ FY 2009-2010—\$82,000 reduction in library collection expenditures, Sunday 2 hour reduction in library hours
- ◆ RFID/ AMH System installed - the equivalent of four vacant Library Specialist III positions eliminated to meet AMH/RFID agreement
- ◆ Remodeling of spaces

Automated Materials Handling



Automated Returns



Six RFID Checkout Machines



One Stop Service Point



Merchandising



Periodicals Area



Technology Center



Initiatives

- ◆ Redeploy staff from the back room to direct customer service
- ◆ Promote and support education
- ◆ Streamline materials acquisition and processing
- ◆ Expand program offerings to serve our diverse communities

Initiatives

- ◆ Explore ways to utilize volunteers and interns to enhance service
- ◆ Focus on outreach to the Hispanic community in north Sunnyvale through partnership with Sunnyvale Elementary School District



Finance Department



Programs and Services

- ◆ Accounting and Financial Services
- ◆ Financial Management and Analysis
- ◆ Budget Management
- ◆ Purchasing
- ◆ Treasury Services
- ◆ Utility Billing, Collection, and Revenue Management



Budget Overview

- ◆ Total department budget - \$8 million
 - \$6.2 million in personnel costs
 - 47 full-time employees
- ◆ General Fund budget – \$5.8 million
 - 4.8% of total General Fund budget
- ◆ Also funded by Utilities, General Services, and RDA Funds

Significant Changes

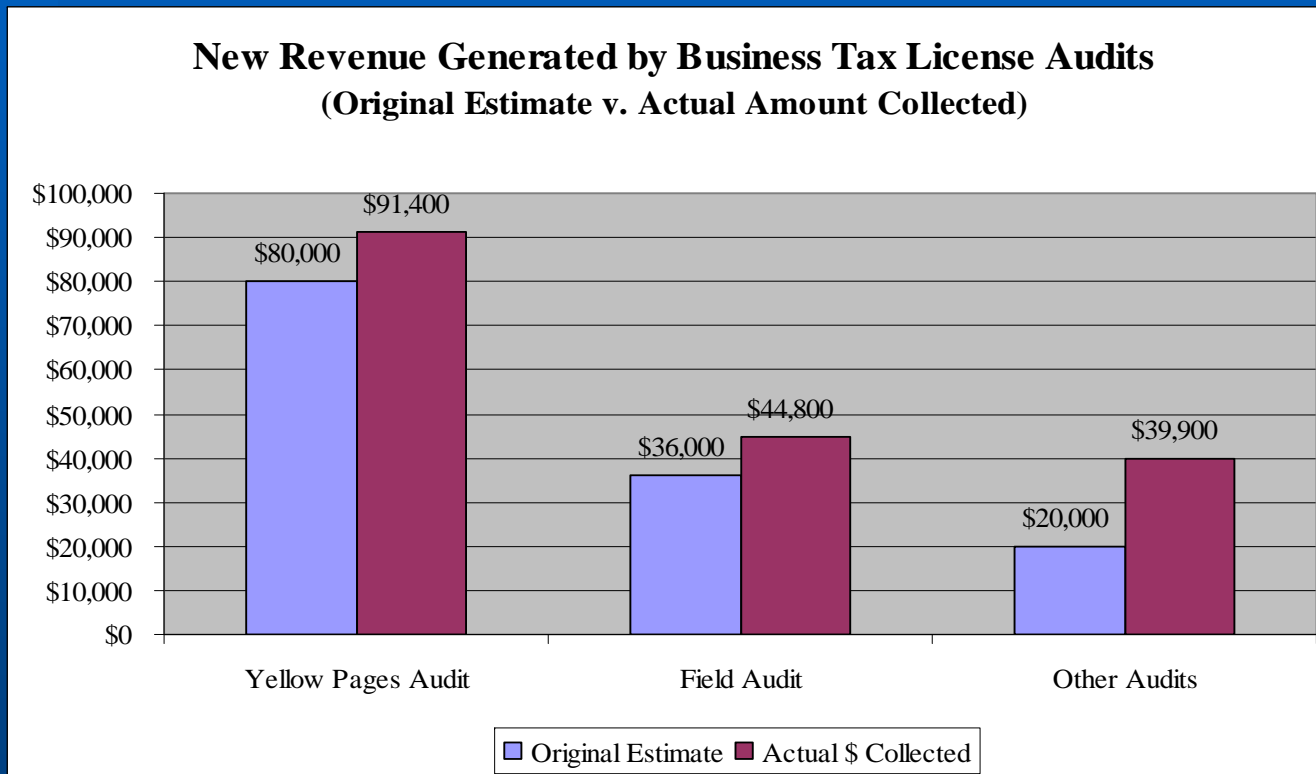
- ◆ Demand for Finance's core services increasing
 - Number of Public Works project bidding doubled
 - 17% increase in utility customer calls since 2007 from 32,800 to 38,600
- ◆ Organizational changes to drive efficiency and maximize existing resources
- ◆ Two vacant positions eliminated in FY 2009/2010

Initiatives

- ◆ Leverage use of technology
 - Distributed timecard entry module
 - Online utility bill presentment & payment
 - Purchasing prequalification process
 - Accounts payable electronic processing

- ◆ Expand collection efforts in Treasury
 - Budget supplement

Business License Tax Audit Results





Human Resources Department



Programs and Services

- ◆ Risk Management
- ◆ Recruitment/Classification
- ◆ Employee Relations/Employee Development
- ◆ Employee Benefits/Leave Administration
- ◆ Management and Administrative Support

Budget Overview

- ◆ Total department budget - \$3.6 million
 - \$2.6 million in personnel costs
 - 17 full-time employees
- ◆ General Fund budget - \$3.5 million
 - 2.9% of total General Fund budget
- ◆ Also funded by the Liability & Property Insurance Fund



Significant Changes

- ◆ Reduction in staff by three positions
- ◆ Budget reduction
 - Recruitment expenditures
 - City-wide training
 - City-wide wellness program
- ◆ New responsibility of city-wide volunteer program
- ◆ Addition of workers compensation and recruitment from the Public Safety Department



Initiatives

- ◆ Succession planning
- ◆ Implementation of additional modules to the Payroll System
- ◆ Reduction in risk claims



Information Technology Department



Programs and Services

- ◆ Software Application Services and Support
- ◆ Information Technology Infrastructure Services and Support
- ◆ Information Technology Department Administration



Budget Overview

- ◆ Total department budget - \$6.1 million
 - \$3.5 million in personnel costs
 - 20 full-time employees
- ◆ Funded by charges to other departments' operating budgets

Significant Changes

- ◆ Cost savings implemented in FY 2009/2010
- ◆ Management of Print/Copy/Bindery and Mail Services Program transferred to Office of the City Manager
- ◆ Newly implemented systems increased overall maintenance and support costs
- ◆ Increased use of consultation services by customer departments



Initiatives

- ◆ Major system replacement projects:
 - Maintenance Management System (MMS)
 - Permitting Software (SUNGIS)
- ◆ City intranet migration
- ◆ Radio infrastructure replacement
- ◆ Payment Card Industry (PCI) compliance
- ◆ Novell GroupWise migration (e-mail system)
- ◆ Increasing network bandwidth



Office of the City Attorney

Programs and Services

- ◆ Department has three areas of responsibility:
 - Provide Legal Advice
 - Provide Representation in Litigation and Administrative Matters
 - Departmental Management and Administrative Support Services



Budget Overview

- ◆ Total department budget - \$1.9 million
 - \$1.3 million in personnel costs
 - Six full-time employees
- ◆ General Fund budget – \$ 1.6 million
 - 1.4% of total General Fund budget
- ◆ Also funded by RDA, Property and Liability Insurance, and Utilities Funds



Significant Changes

- ◆ WPCP Outside Counsel now fully funded by Utilities Funds
 - Reduces funding from General Fund by \$30,000
- ◆ Increase in number and complexity of litigation cases without staffing increase

Initiatives

- ◆ Reduce subscriptions to hard-copy legal reference materials and use electronic resources
- ◆ Look for cost-saving measures in use of outside counsel
- ◆ Pursue potential revenue-producing affirmative litigation



Office of the City Manager



Programs and Services

- ◆ Council and Office of the City Clerk
- ◆ Public Information
- ◆ Community Resources
- ◆ Economic Development
- ◆ Intergovernmental Relations



Budget Overview

- ◆ Total department budget - \$11.1 million
 - \$6.1 million in personnel costs
 - 47 full-time employees
- ◆ General Fund budget – \$3.9 million
 - 3.3% of total General Fund budget
- ◆ Fleet and Facilities funded by charges to other departments' operating budgets



Significant Changes

- ◆ Volunteer Services moves to Human Resources
- ◆ Fleet, Facilities, and Print Shop move to City Manager's Office
- ◆ Reduced administrative support



Initiatives

- ◆ Webmaster to oversee new website
- ◆ Explore outsourcing of Print Shop
- ◆ Continued emphasis on records management
- ◆ Increased emphasis on process improvement
- ◆ Plan forward for aging City facilities



Community Development Department

Programs and Services

- ◆ Department organized into four programs:
 - Building Safety
 - Planning
 - Housing/CDBG
 - Department Management

- ◆ Onizuka Local Redevelopment Agency
 - 1 part-time contract staff

Budget Overview

- ◆ Total department budget - \$6.3 million
 - \$5.3 million in personnel costs
 - 37 full-time employees
- ◆ General Fund budget - \$5.1 million
 - 4.3% of total General Fund budget
 - Revenues cover Planning & Building expenses
- ◆ Additional funds
 - Housing Mitigation, CDBG, and HOME Funds
- ◆ Onizuka LRA
 - OEA Grant

Significant Changes

- ◆ Reduced permitting activity = reduced budget
 - Suspended permit processing contract services
- ◆ Staff changes
 - Plan Checker II position in Building eliminated
 - Sr. Management Analyst position on-loan from OCM
- ◆ Funding for tenant-landlord and dispute resolution services reduced to \$25K
- ◆ Reduced non-personnel costs
- ◆ Current year cut: 3+ FT positions



Initiatives

- ◆ Continue Development Processing Improvement Committee
 - Inter-departmental coordination
 - Matrix study recommendations
- ◆ One-Stop Permit Center
 - Permit Works! – SunGIS upgrade project



Initiatives

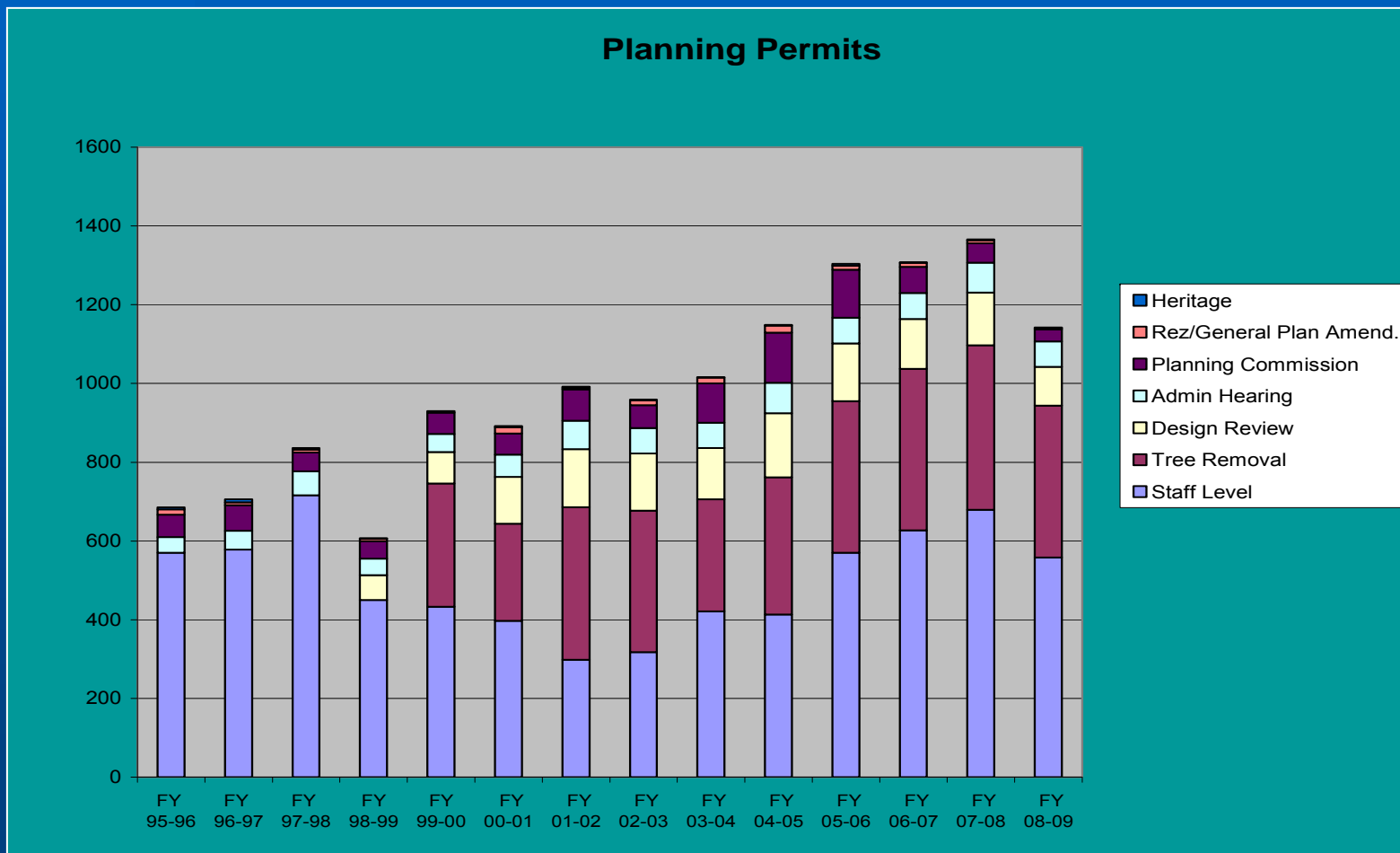
◆ Planning

- General Plan Consolidation
- Horizon 2035 – LUTE/CAP
- Zoning Code Streamlining
- Lawrence Station Area Plan

◆ Housing

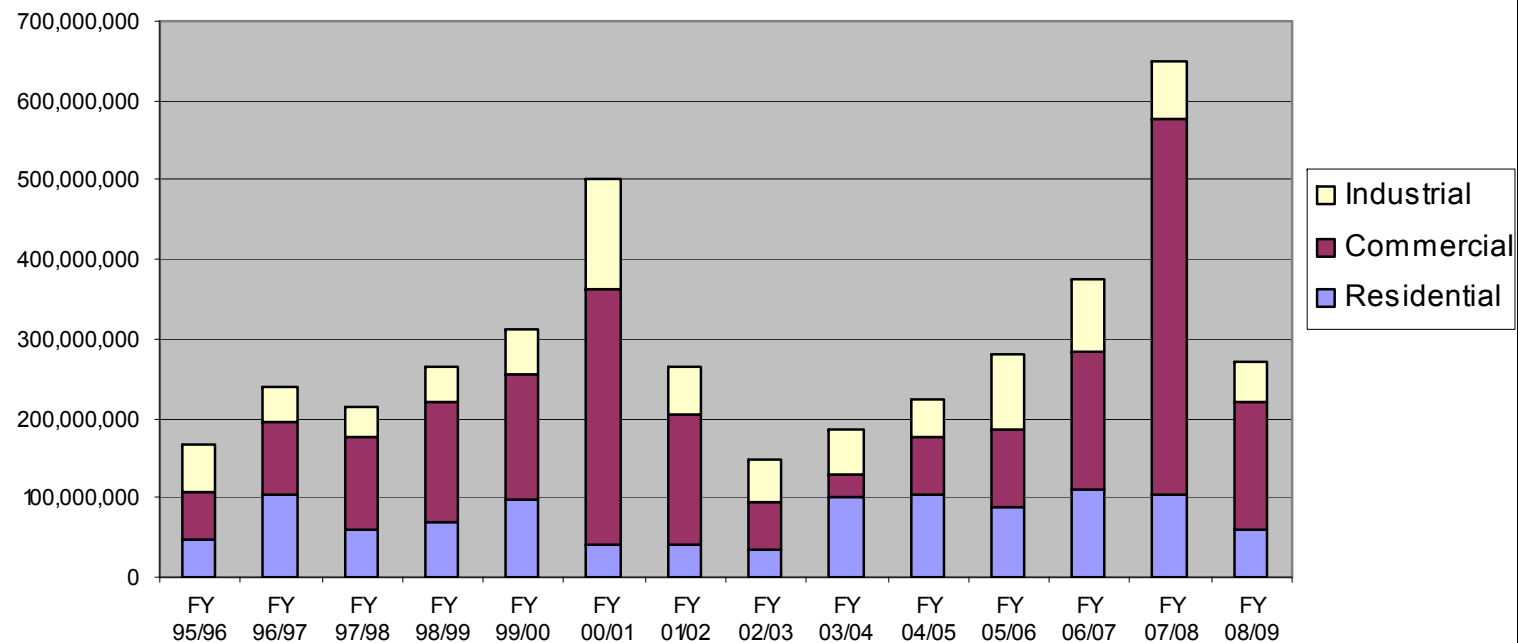
- Consolidated Plan Implementation
- Housing Element - BMR Ordinance
- Affordable Housing Projects

Historic Development Activity



Historic Development Activity

Building Construction Valuation





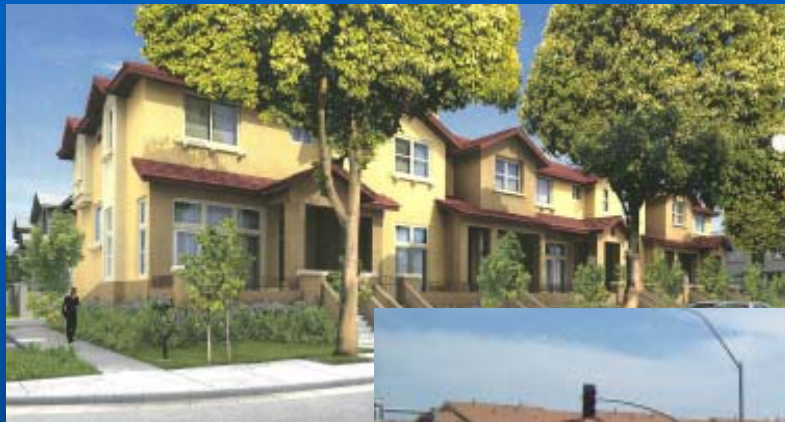
Development Forecast

- ◆ Development processing activity expected to remain below historic average for 2010
- ◆ . . . but initial signs of economic recovery
 - Office/R&D/Industrial activity
 - Residential subdivisions
 - Town Center

Current and Future Projects: Non-Residential Projects



Current and Future Projects: Residential Projects





NOVA Workforce Services



Programs and Services

- ◆ Services are divided by customer group
 - Job Seeker
 - Business
 - Youth
 - Enterprise

Budget Overview

- ◆ Total department budget - \$11 million
 - \$6.3 million in personnel costs
 - 47 full-time employees (6 part-time)
 - \$1.5 million in tuition costs
 - \$0.7 million in contracted services
- ◆ Entirely funded by the Employment Development Fund
- ◆ Funding sources
 - Workforce Investment Act (WIA) Allocations
 - State Discretionary Funds
 - ARRA Funds



Significant Changes

- ◆ ARRA funding and programs
- ◆ Enrollment process
- ◆ Funding sources
 - County Youth Program (TANF)
 - City Housing Program (CDBG)



Initiatives

- ◆ Diversify Funding
- ◆ Consortium Cities
- ◆ Youth Work Experience
- ◆ Newstart
- ◆ Regional Strategy



Park Dedication Fund

Park Dedication Fund

- ◆ Fee standard increasing
 - Increasing from 1.25 to 3.0 acres per 1,000 by 2012
 - Expected to significantly increase revenues

- ◆ Higher fee revenue creates more capacity for additional projects
 - Additional Morse Park cost could force delays in other projects

Park Dedication Fund

- ◆ \$5 million programmed for Morse Park
 - Does not consider remediation costs
 - Expected to be \$4-5 million additional needed

- ◆ \$28 million in transfers to infrastructure over 20-year period
 - Parks-related infrastructure renovation
 - Park buildings
 - Pools
 - Playground equipment



Infrastructure Fund



Infrastructure Fund

- ◆ 21 projects for FY 2010/2011 - \$4.3 million
- ◆ Funded by General Fund, Gas Tax, Park Dedication
- ◆ Major project efforts include HVAC/roof replacement, pavement rehabilitation, building rehabilitation



Infrastructure Fund

- ◆ Lack of ongoing funding to address City's infrastructure needs
 - FY 2004/2005 - \$65M in General Fund transfers programmed over long-term
 - FY 2010/2011 - \$30M in General Fund transfers programmed in final six years

- ◆ Major projects remain unfunded



Community Recreation Fund



Community Recreation Fund

- ◆ Provides for City recreation activities
 - Two golf courses, tennis center, recreation programs

- ◆ \$12 million in services in FY 2010/2011

- ◆ \$3.5 million net contribution from General Fund
 - Planned contribution reduced by \$200,000



Community Recreation Fund

◆ Structural imbalance in Fund

- Recurring revenues < recurring expenditures
- \$200,000 in ongoing adjustments annually through 2013
 - Achieved through combination of:
 - Staff reductions through attrition
 - Increased efficiencies
 - Increased fee revenues
 - Program modifications

◆ Fees to be reviewed closely



Utility Enterprise Funds

Utility Enterprise Funds

- ◆ Utility rates to Council at rate hearing on June 15, 2010
 - Recommended increases
 - Water 7.5%
 - Wastewater 4.5%
 - Solid Waste 7.5%



Water Supply & Distribution Fund

- ◆ FY 2010/2011 total operating costs = \$20.1 million
- ◆ Purchased Water Costs = \$15.2 million (72% of total direct operating costs)
- ◆ Extensive infrastructure projects planned



Water Supply & Distribution Fund

- ◆ FY 2010/2011 proposed rate increase is 7.5%
 - As planned
 - Major factors: increase in cost of purchased water, decrease in quantity sold
 - SFPUC 16.2%
 - SCVWD 0%
 - 6.4% projected drop in volume



Water Supply & Distribution Fund

- ◆ FY 2009/2010 – 2011/2012 Pricing Strategy
 - Adjusted fixed service charge to reflect cost of service in FY 2009/2010
 - Updated tier price differential to send meaningful price signal
 - Adjust tier break points in FY 2010/2011 based on cost of service work



Wastewater Management Fund

- ◆ Total operating costs = \$13.6 million
- ◆ Plan also fully funds WPCP
- ◆ Funding for street sweeping two times per month
- ◆ Includes “Managing the Gap”
- ◆ FY 2010/2011 recommended rate increase is 4.5%



Solid Waste Management Fund

- ◆ Recommended rate increase is 7.5%, two percentage points higher than projected
- ◆ Major operating expenses:
 - Collection contract \$16.7 million (up 5.75%)
 - Operation \$2.2 million
 - SMaRT Expense Share \$11.3 million (up 5.2%)
- ◆ Funding for street sweeping two times per month
- ◆ Revenues down \$500,000