



MEMORANDUM

DATE: September 7, 2010

Allegretto

TO: Honorable Mayor and Council Members
City Manager

FROM: Council Member Kozachik

SUBJECT: **Plan D**

The Core Tax and Permanent Override Review Committee has finished its work and has presented to Mayor and Council its "Plan B Alternatives" for FY 2012 if the sales tax increase is not approved by the voters. Included in its report were recommendations for spending cuts to be made, irrespective of whether or not the tax is approved, "as soon as possible."

On August 30th, I offered to the Core Tax Committee my "Plan C." The intent was to suggest cuts that Mayor and Council should adopt as soon as possible, ahead of the election in order to demonstrate to voters that we have drilled down into the budget and made significant cuts. Unless we do that, taxpayers will be asked to approve a tax increase without having been convinced that we are managing scarce dollars efficiently, and without the City having earned their trust.

Plan D represents a hybrid of Plans B and C. It is intended as a working document, offered not for immediate action, but to continue the dialogue, finalize a list (Plan E?) and vote for adoption before the end of September. When we do, we must leave the door open to even further refinements as we receive input from the on-going town hall meetings.

Source

Plan B

Proposal

Adopt Fair Labor Standards Act (FLSA) basis for calculating overtime.

Plans B & C

15% across-the-board (ATB) reduction in non-core service budgets (excluding Channel 12). All department heads shall present to Mayor and Council a detailed description of their suggested cuts for approval to ensure non-essential area reductions are prioritized.

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- Plans B & C 15% ATB reduction in core services (excluding Police and Fire). Department heads shall present to Mayor and Council detailed descriptions of cuts, as noted above. The Dept. of Transportation's percentage reduction shall be maintained at a level sufficient to continue funding stormwater program to protect city's stormwater drainage.
- Plan C 3% reduction to Police and Fire budgets. Both department chiefs to present detailed descriptions of proposed cuts to Mayor and Council as described above, consistent with Deputy City Manager directive of 3/18/2010 that "it is unacceptable to reduce services in any capacity."
- Plan B Eliminate all Public Information Officers, except for one that is centralized within the City Manager's office.
- Plans B & C Reduce Sun Tran subsidy by \$6.5 million from FY2011 budget. Immediately initiate COT Policy and Procedure for Solicitation and Consideration of Public Comment on Fare Increases and Substantial Service Changes on Public Transportation.
- Fare increases to be: 25% for all fares, 50% for day passes and 100% for express routes:
- a) If the sales tax vote fails, proceeds go back into transit until the \$6.5 million subsidy cut is recouped. Once that has been recouped, further proceeds (the "delta" from the fare increases) go to the General Fund.
 - b) If the sales tax passes, proceeds from the fare increases go to the General Fund
- Plans B & C Eliminate employee cars and/or car allowance and gas allowance for 31 individuals included under "executive vehicle allowance list." (List attached. Contract Employees' next contract shall be adjusted to bring them under this policy.)
- Plan C 2% salary cut ATB to all city workers who work in pay grades with a mid-point salary of \$96,000 or greater.
- Plans B & C Increase cost recovery for Parks and Recreation programs from 14% to 20%.
- Plans B & C Redirect 15% of TCC budget into a dedicated account earmarked solely for Preventative Maintenance and repairs to physical plant and infrastructure. All expenditures from this account shall be first approved by both the TCC Commission and Mayor and Council.
- Plan C Because of the uncertain impact on the General Fund, advise Rio Nuevo Multipurpose Facilities District Board that the City will not entertain any further consideration of funding proposals associated with the Downtown Convention Hotel until the sales tax has sunsetted (see below.)
In the event sales tax fails at the ballot box, City will not entertain funding

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proposals for the Hotel until State-shared sales tax receipts to the City exceed those identified in “sunset” provision cited below.

Adoption of these cuts will yield in excess of \$30 million annually. Per the City Manager, the anticipated FY12 budget shortfall is \$51 million. Also per the City Manager, the anticipated yield from a ½-cent sales tax is \$40 million annually.

Mayor and Council have approved a ballot measure raising the allowable sales tax to a level not to exceed 1/2 cent above the current level. This Plan D proposes that Mayor and Council adopt the above cited cuts and commit to a sales tax increase of not to exceed 1/4 cent if the ballot measure passes, a level that will yield the \$20 million gap identified by the City Manager and one that will decrease the impact on businesses and consumers by 50%. Any tax measure placed on the ballot must contain the following mandates:

- a) Maintenance of Effort - General fund budgets for Police, Fire, Transportation and Parks and Recreation will not be reduced below the levels which result after the above cuts have been adopted.
- b) Dedicated Funding Source - All proceeds from the sales tax to be distributed to Police, Fire, Transportation and Parks and Recreation General Fund budgets as per budget discussions each fiscal year - not on a formula-based basis.
- c) Sunset Provision - Sales tax to sunset at the end of the fiscal year in which State-shared sales tax revenues reach the level received in FY11, plus \$25 million.
- d) Under no circumstances will sales tax money be used to replace, augment, or increase budgets in non- core service areas.

The City Manager began this process with Plan A: a proposed ½-cent sales tax ballot measure, and his Plan B, a 15% across-the-board cut to all departments if the sales tax failed at the ballot box.

The dialogue has evolved, and we now have a more varied set of options to consider. In order to gain the trust of the taxpayers, I urge we adopt this Plan D or one similar that yields these, or greater, savings before the November election.

Executive Vehicle Allowance List

Deputy City Manager
Director of Community Services
Director of Development Services
Zoning Examiner
Director of Transportation
City Clerk (Contract Employee)

Director of Procurement
Director of Convention Center
Presiding Magistrate
Eq. Op and Ind. Pol. Rv. Program Director (somebody decipher this one.)
Budget and Internal Audit Program Director
City Manager (Contract Employee)

Director of Water
Deputy Director of City Court
Director of General Services
Director of Parks and Recreation
Director of I.T/Chief Information Officer
Conservation and Sustainability Development Program Director
Director of Human Resources
Director of Environmental Services
Chief Public Defender
Assistant City Manager
Director of Finance
City Attorney (Contract Employee)
Mayor
Council Members