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Comprehensive Financial Overview

January 9, 2012

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A Look Back

- Recession / economic downturn began in 2007.
- Economic recession began impacting Livermore in 2009.
- Declines in sales & property taxes, and permits & fees constrained resources, threatened services.
- Since 2009, City initiated aggressive measures to contain costs.

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City of Livermore Fund Types

- **General Fund**-used to account for all of the general revenues and expenditures related to the rendering of general services by the City.
- **Special Revenue Funds**-used to account for revenue received from special taxes or other specific restricted sources such as grants.
- **Capital Project Funds**- used to account for acquisition and construction of capital facilities and infrastructure.
- **Debt Service Funds**- used to account for payment of principal and interest on city debt. 2001 Tax Allocation Bonds, 2008 COPs, 2011 COPs.
- **Enterprise Funds**- used to account for activities which are financed primarily by user fees and operated in a manner similar to a private enterprise. Water, Wastewater, Airport, Golf Courses.
- **Internal Service Funds**- used to account for services and supplies provided by one city department to another on a cost reimbursement basis. Fleet Maintenance & Replacement, Risk Management (Liability & Worker's Comp), Information Technology, Facilities Rehab, Reprographics.

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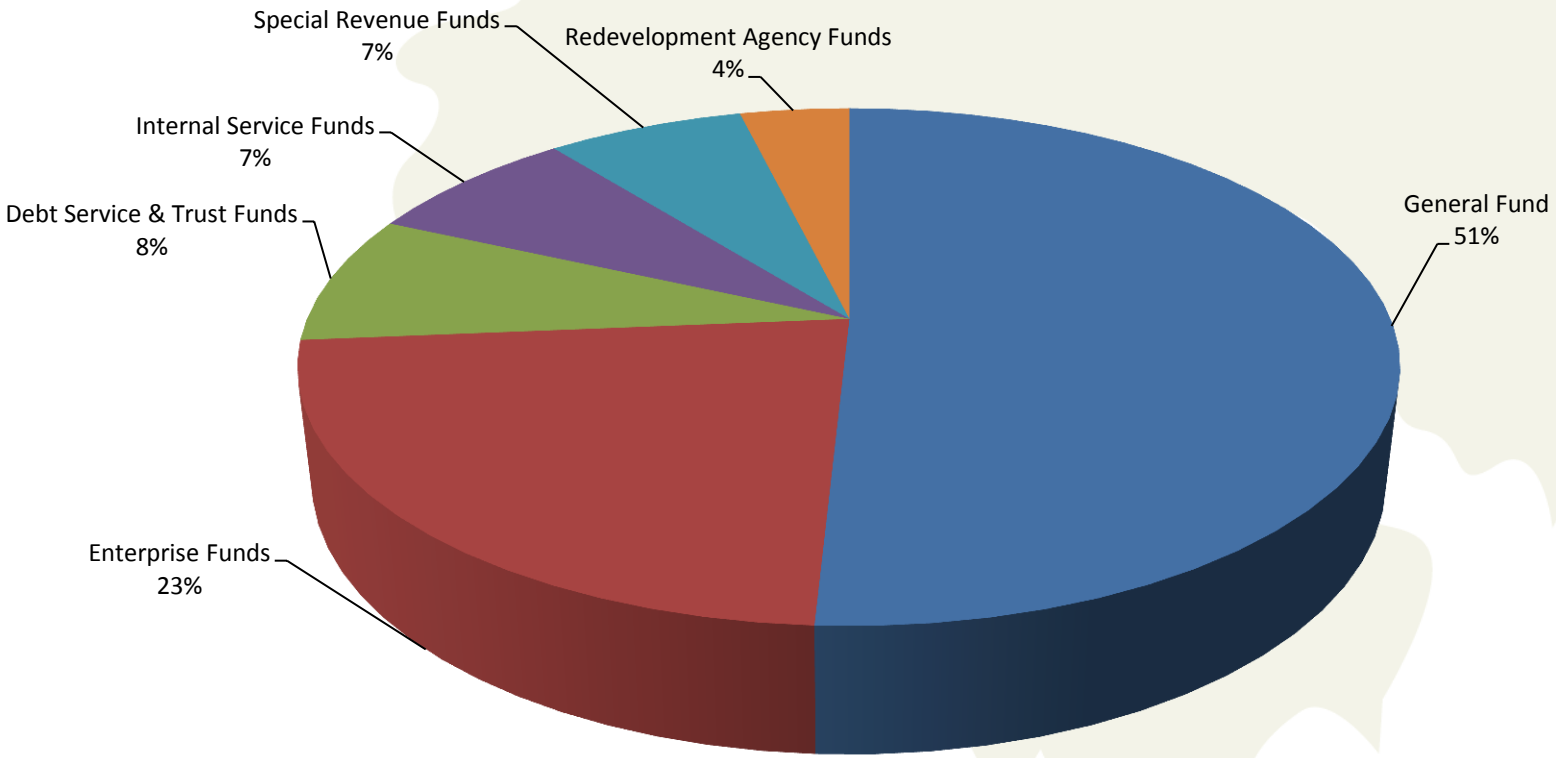
Fiscal Year 2011-12
Citywide Operating Budget

$141,000,000



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General Fund Revenues

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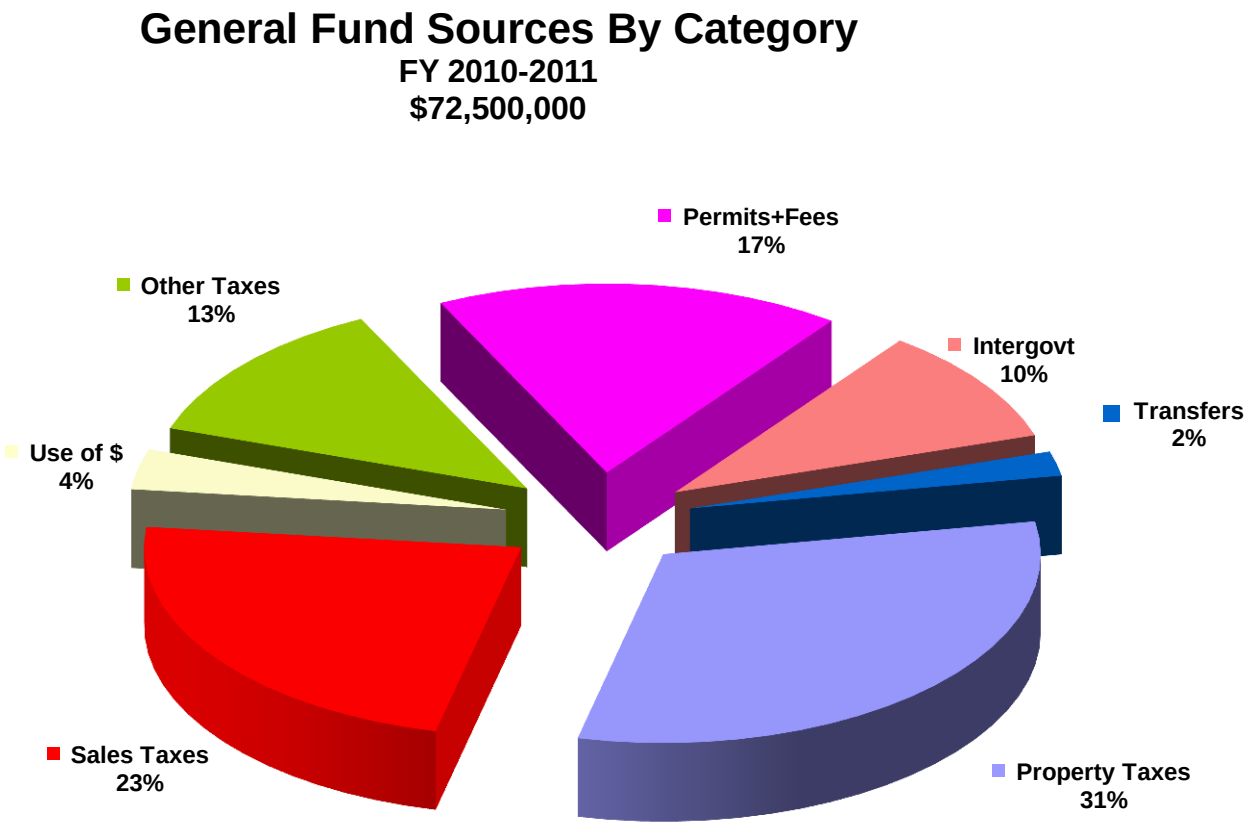
Where the Money Comes From



Sales Tax Review

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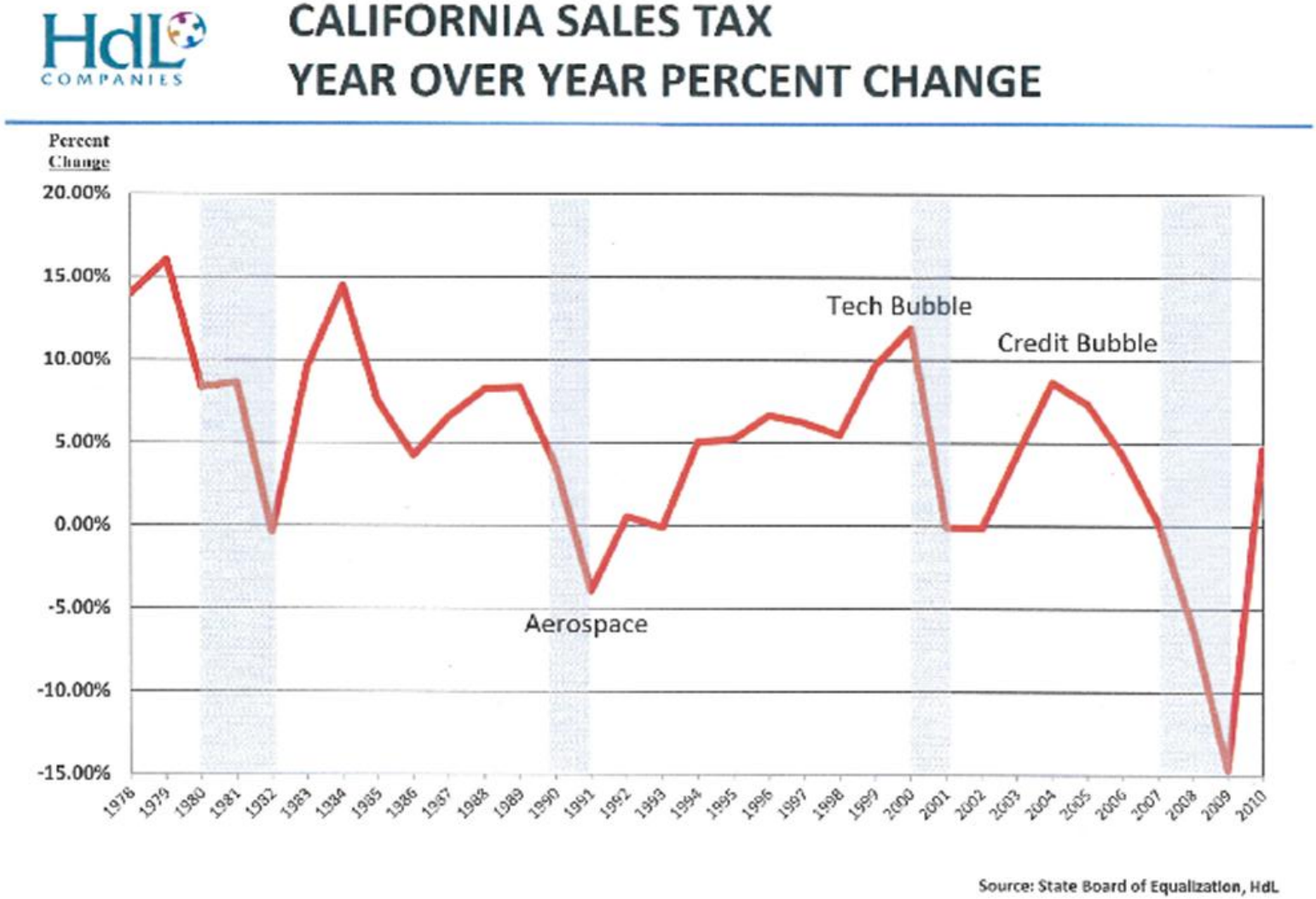
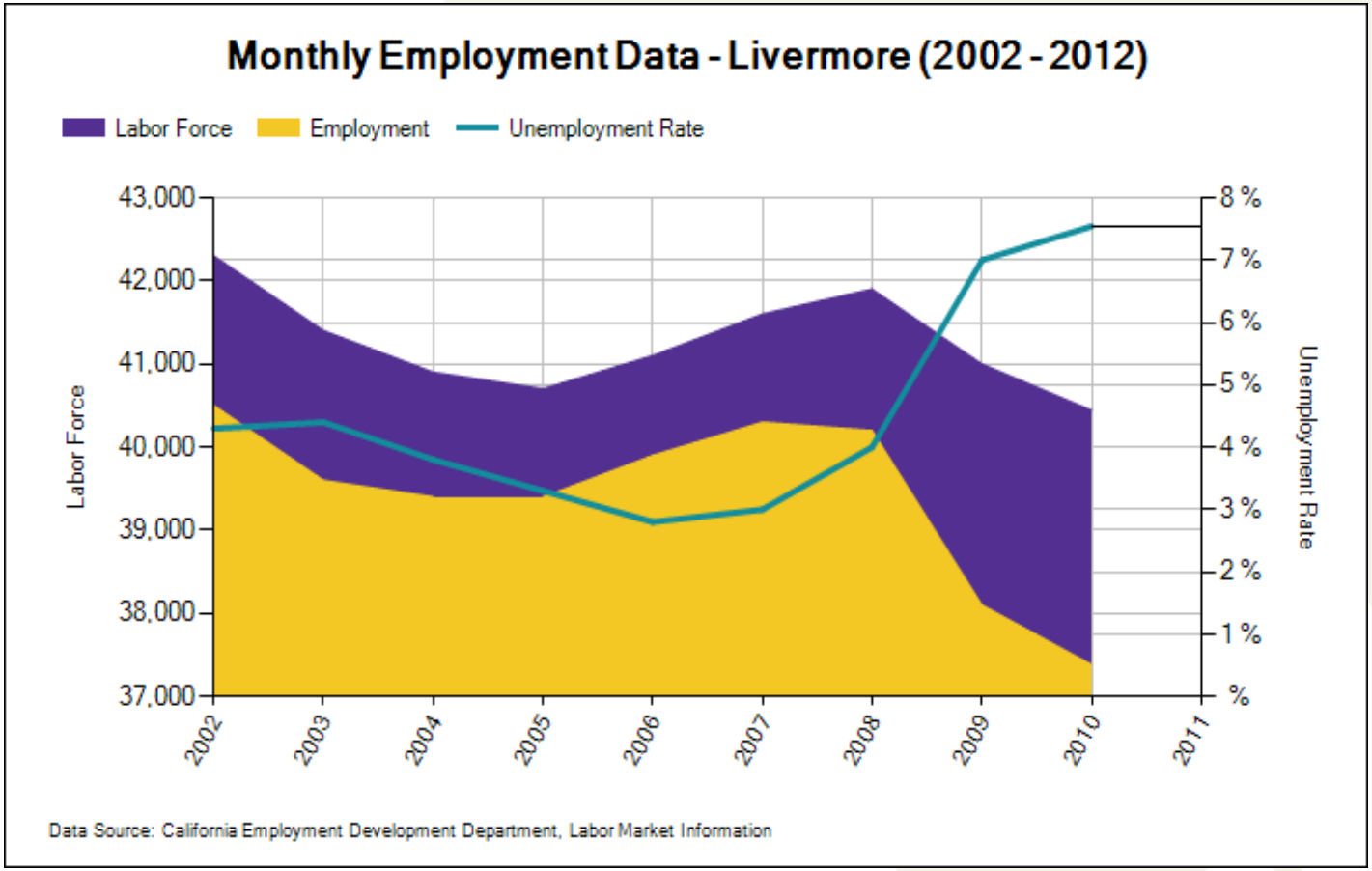
STATEWIDE SALES TAX

WE'VE HAD PROBLEMS BEFORE BUT…



Sales Taxes: Unemployment Impact



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Sales Taxes: Livermore Plant/Store Closings Since 2007

Johnson Controls
IAP Worldwide Services
Circuit City
PW Market
Mervyn's LLC
Telcobuy
Avnet
Bee Tee Equipment
Millstone Coffee

Total of at least **1,271** jobs reported lost since 2007

Source: Alameda County Workforce Investment Board- Layoffs & Closures Database of employers filing the required notice under the WARN ACT.

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Economic Impact – Citywide Layoffs Since 2007

Lawrence Livermore National Laboratory
KLA Tencor
IAP Worldwide Services
FormFactor
California State Automobile Association
Comcast
Livermore School District
Bridgelux
Adept Technology
Sunrise Manufacturing

Total of at least **2,372** jobs reported lost as a result of layoffs or downsizing

Source: Alameda County Workforce Investment Board- Layoffs & Closures Database of employers filing the required notice under the WARN ACT.

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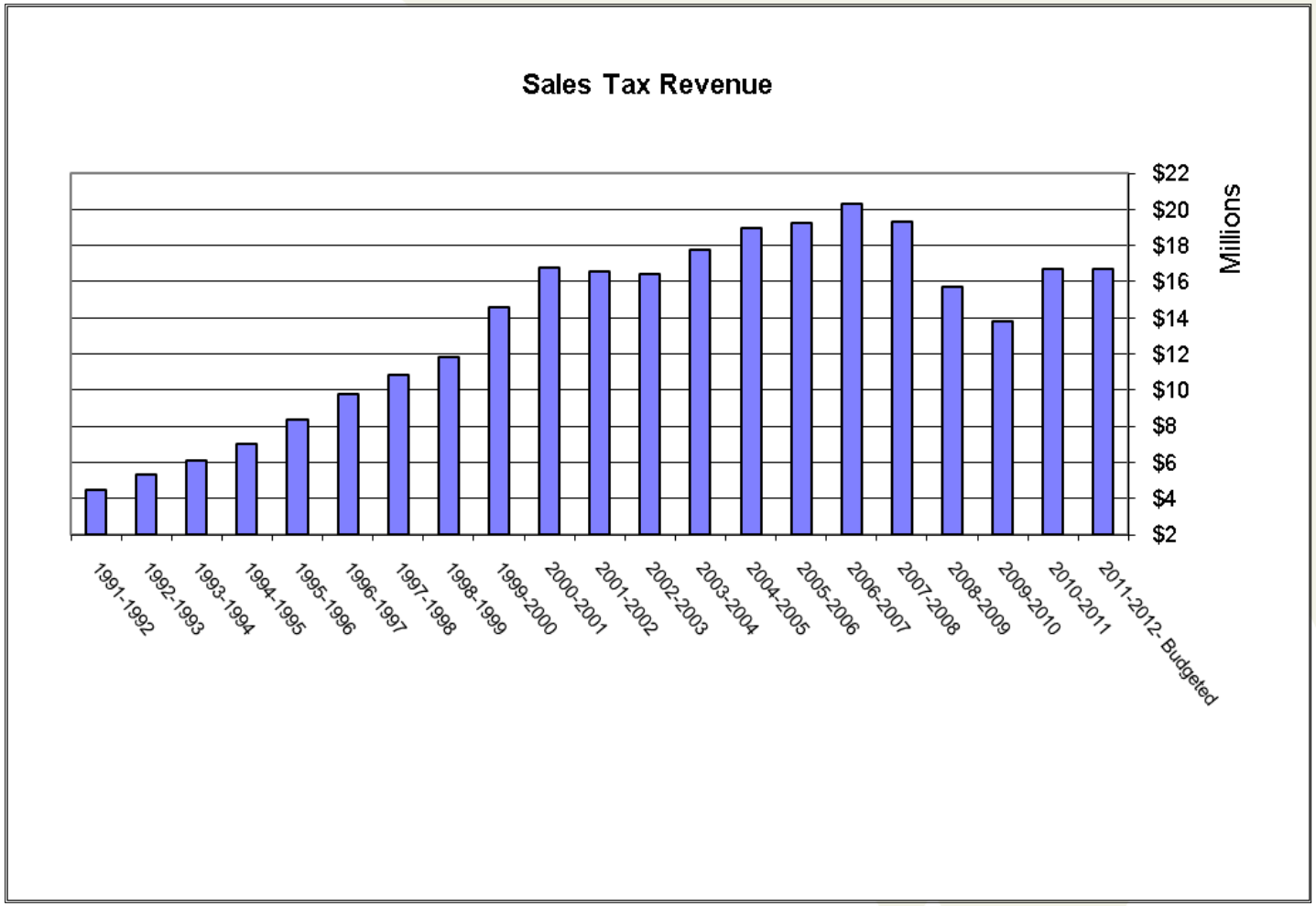
20-year Sales Tax History



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Property Tax Review

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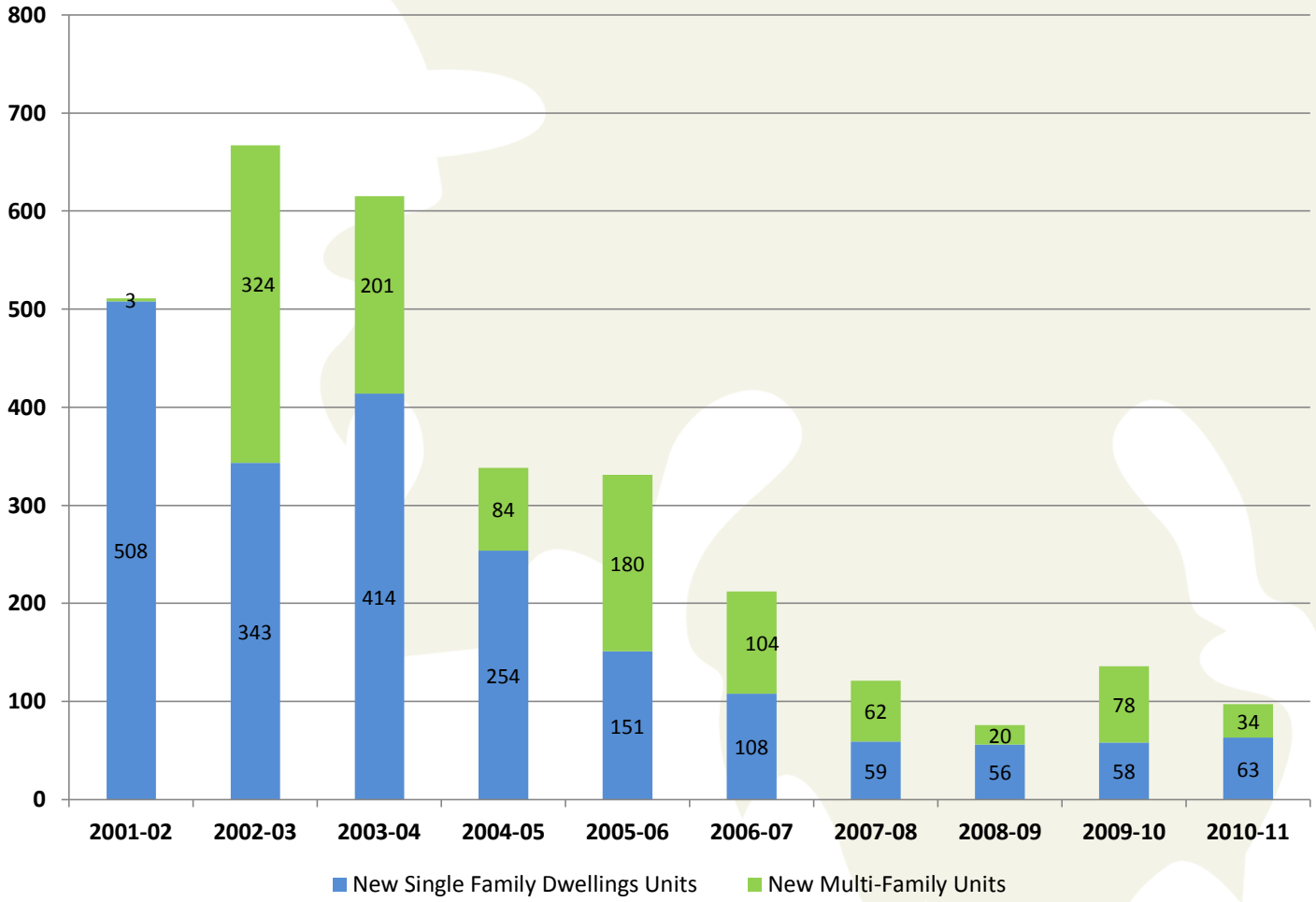
City of Livermore
2001-2011 Housing Starts



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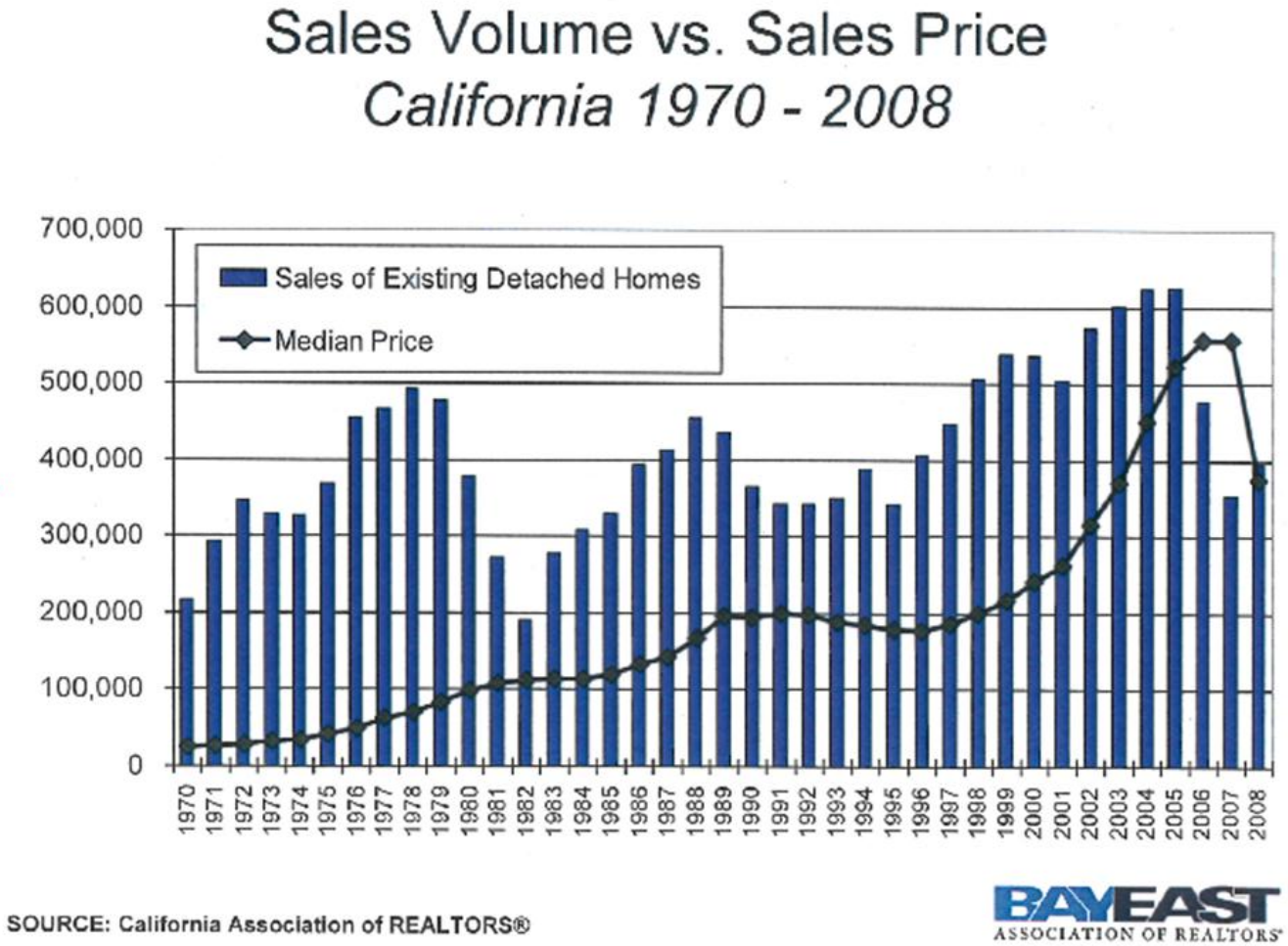
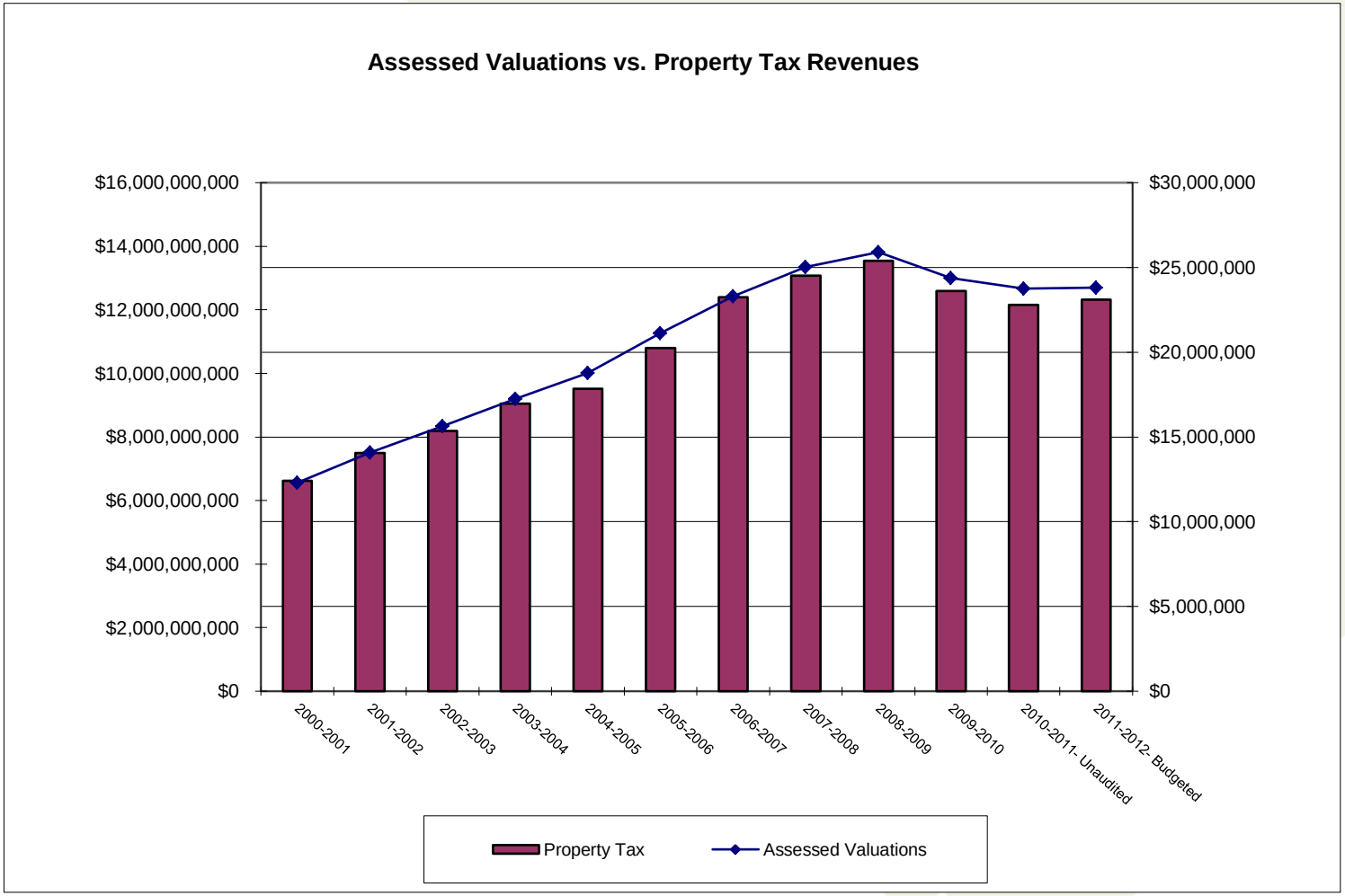
State of California Home Values



City of Livermore
12-year Property Tax History



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“Other” Taxes Review

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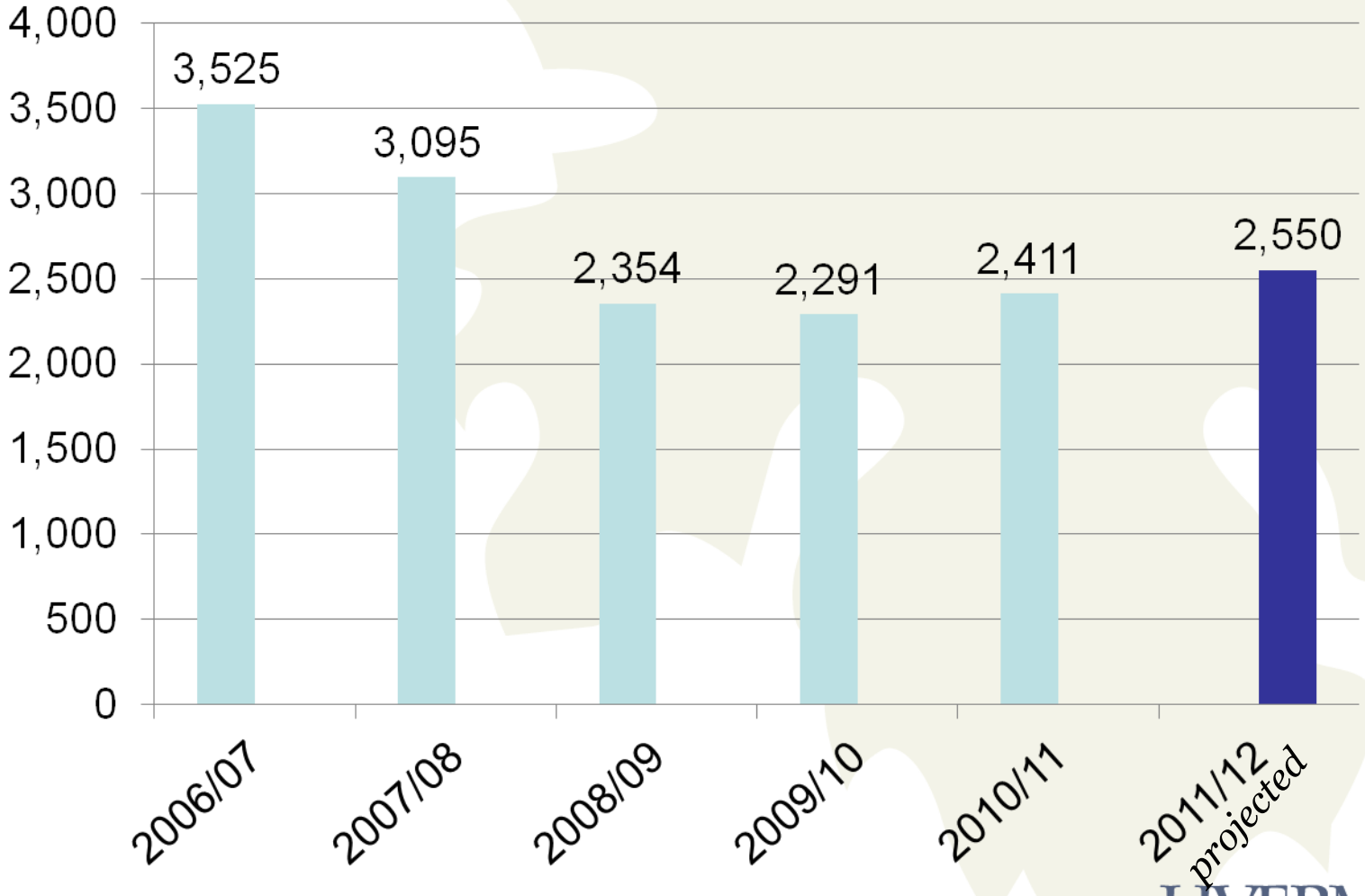
Construction Permits FY 2007-2011



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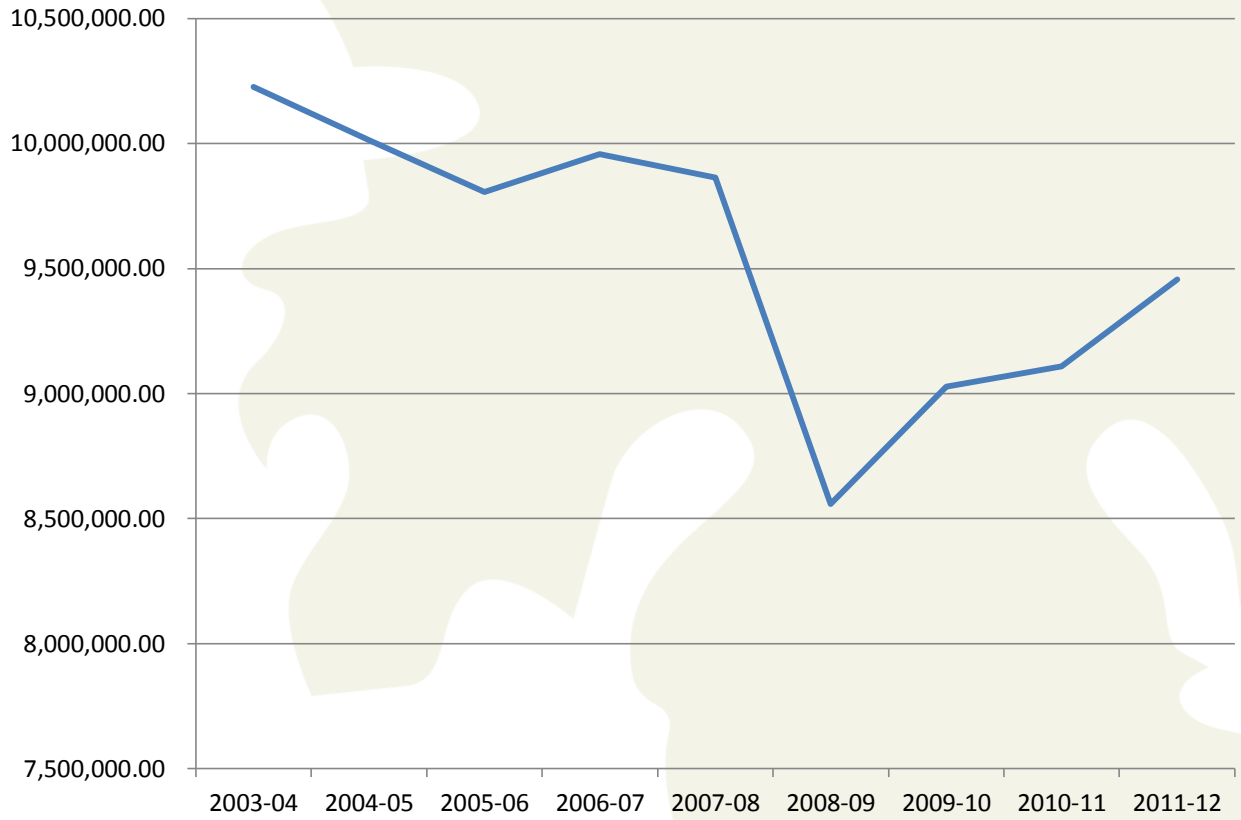
10 Year "Other Tax" History



Other taxes include: Franchise Tax (Electric, Gas, Cable, Garbage), Business License, Transient Occupancy Tax and Property Transfer

*2011-12 estimated

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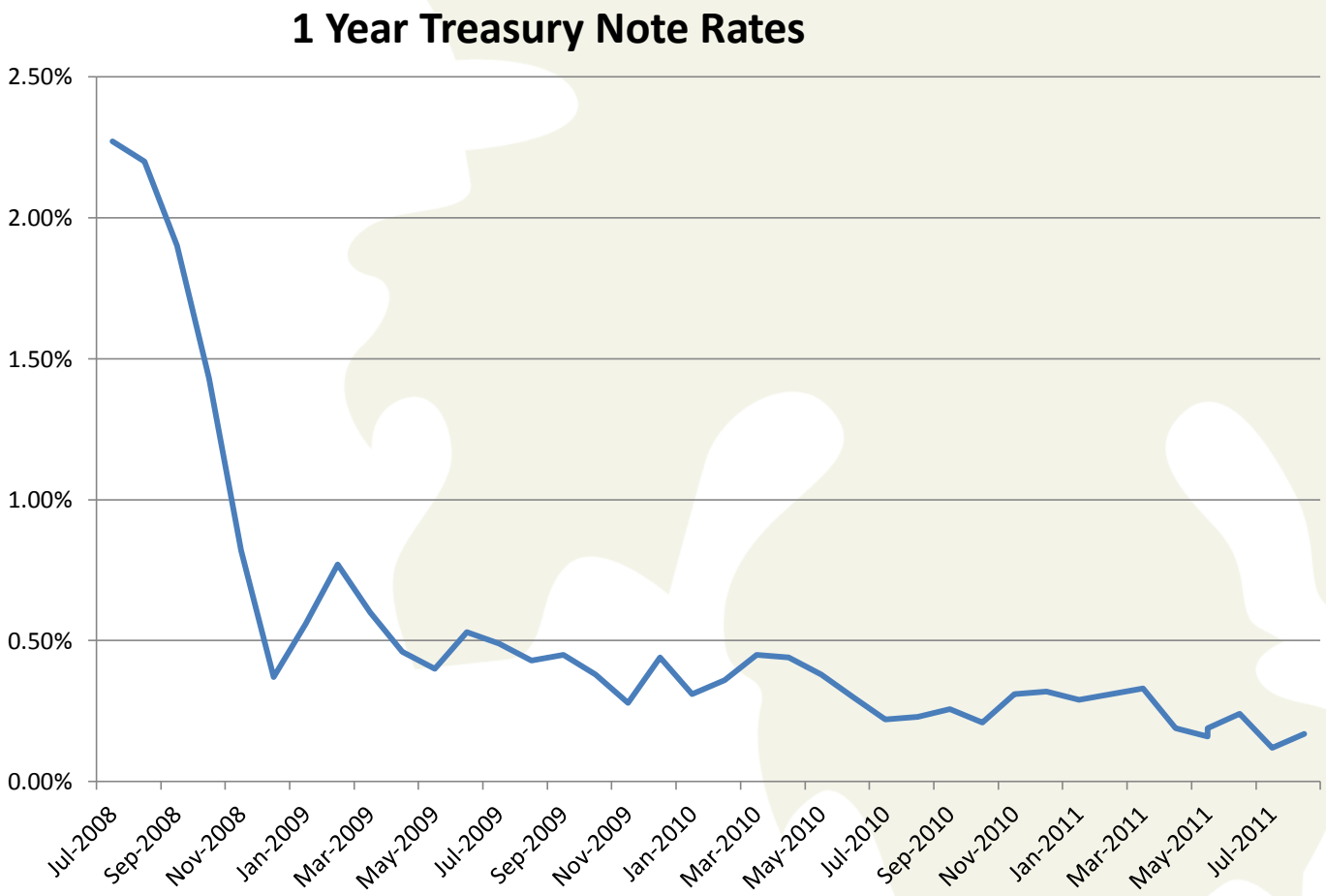
Economic Impacts – National Interest Rates



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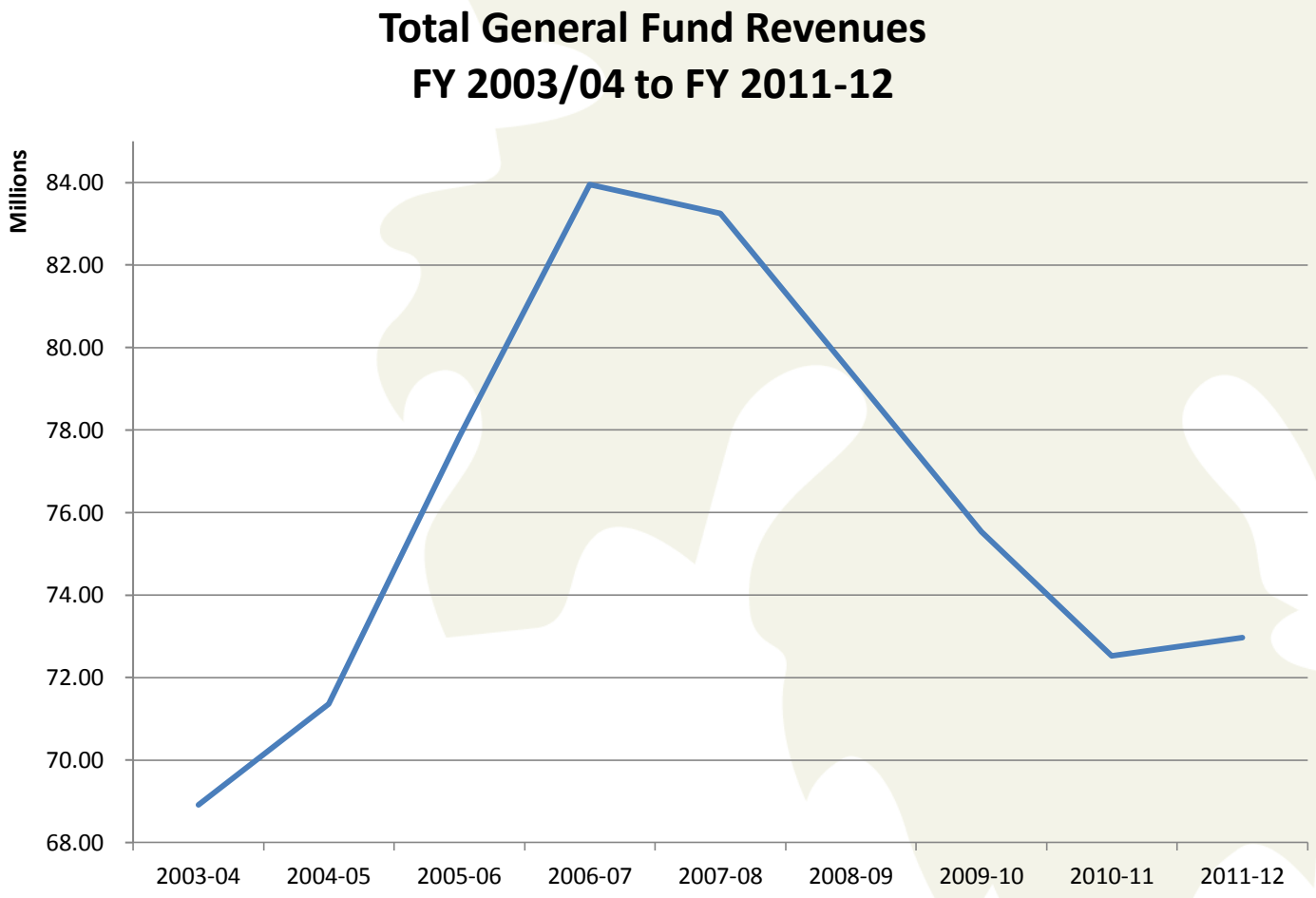
General Fund Revenue History



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General Fund Expenses

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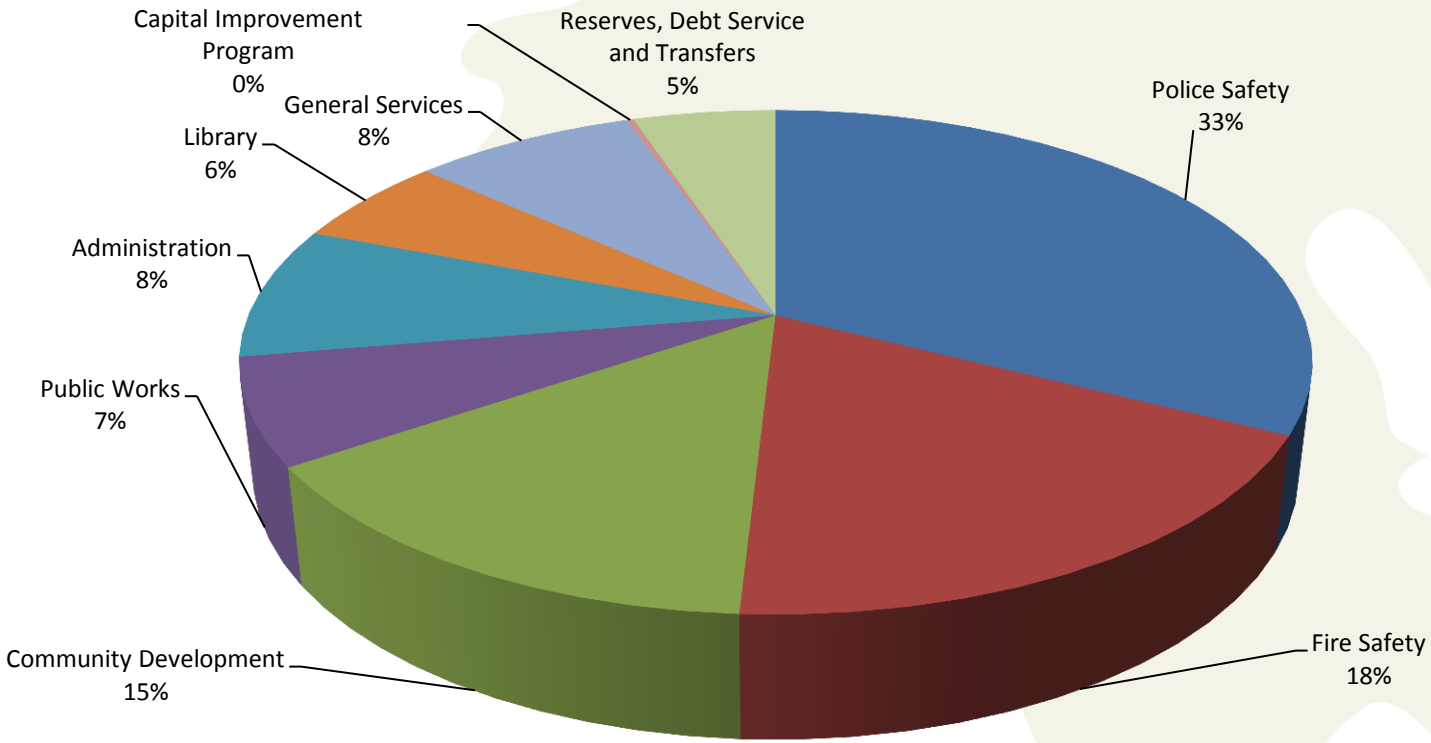
Where the Money Goes

General Fund Expenditures By Department FY11-12



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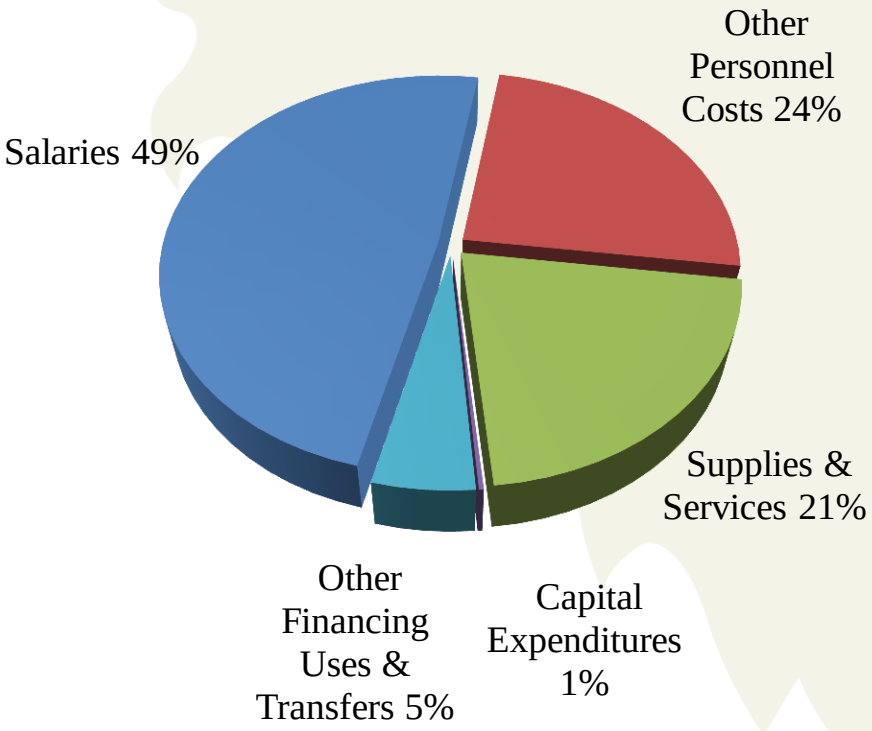
General Fund Expenses

Expenditures by Major Category as a Percentage of General Fund Budget for Fiscal Year 2011-12



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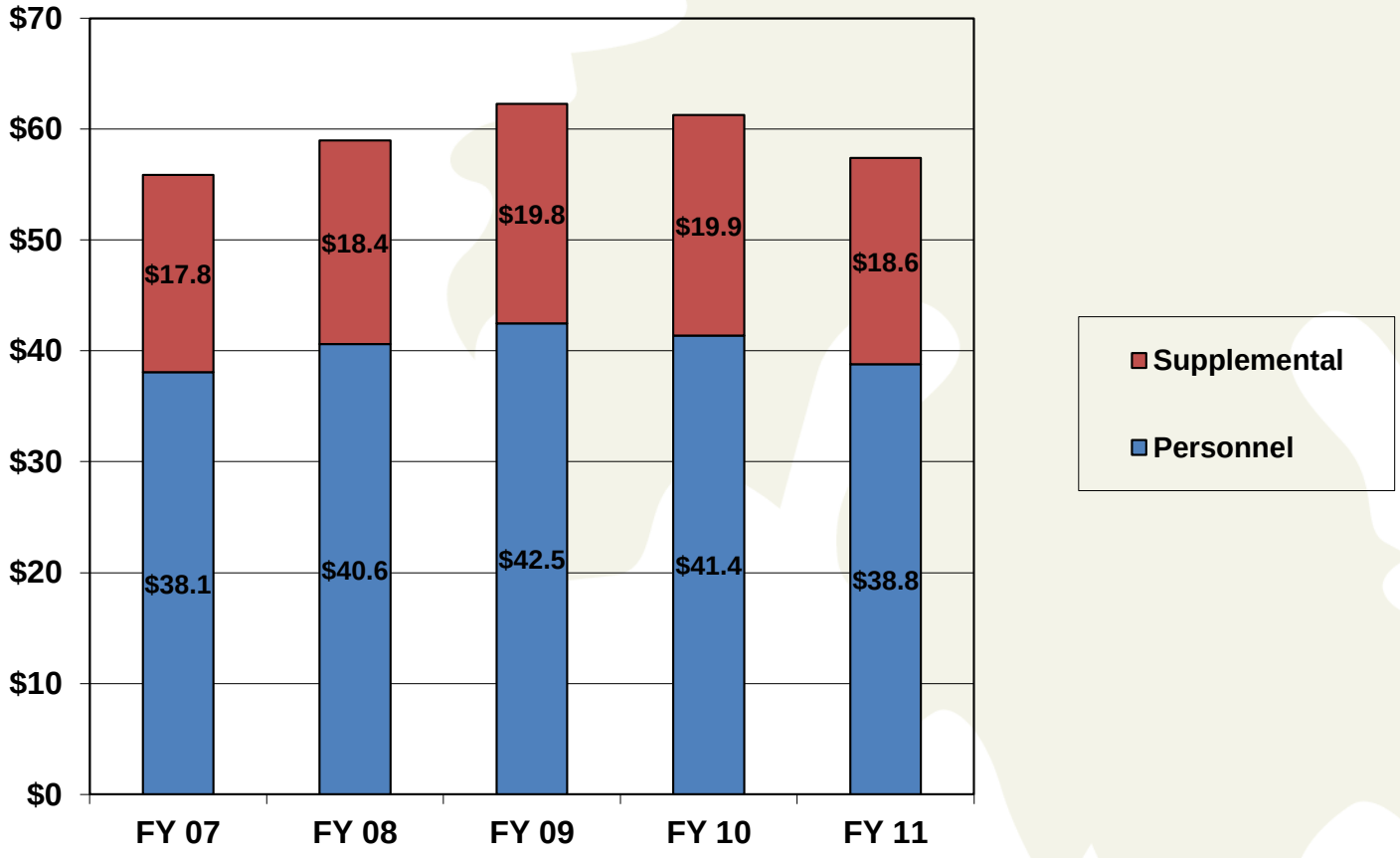
5-year employee costs (in millions)



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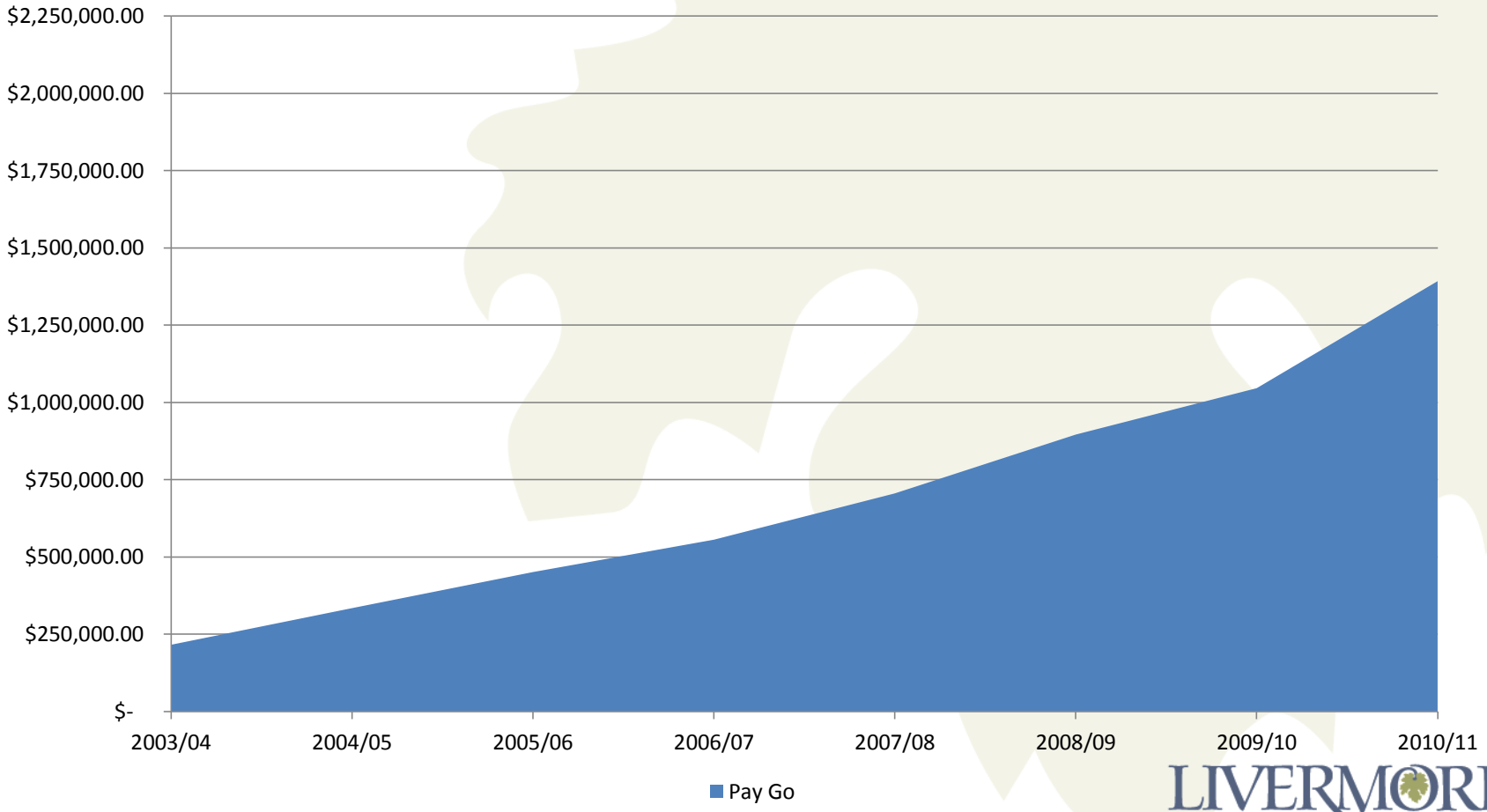
General Fund Expenses: Retiree Medical "Pay As You Go"



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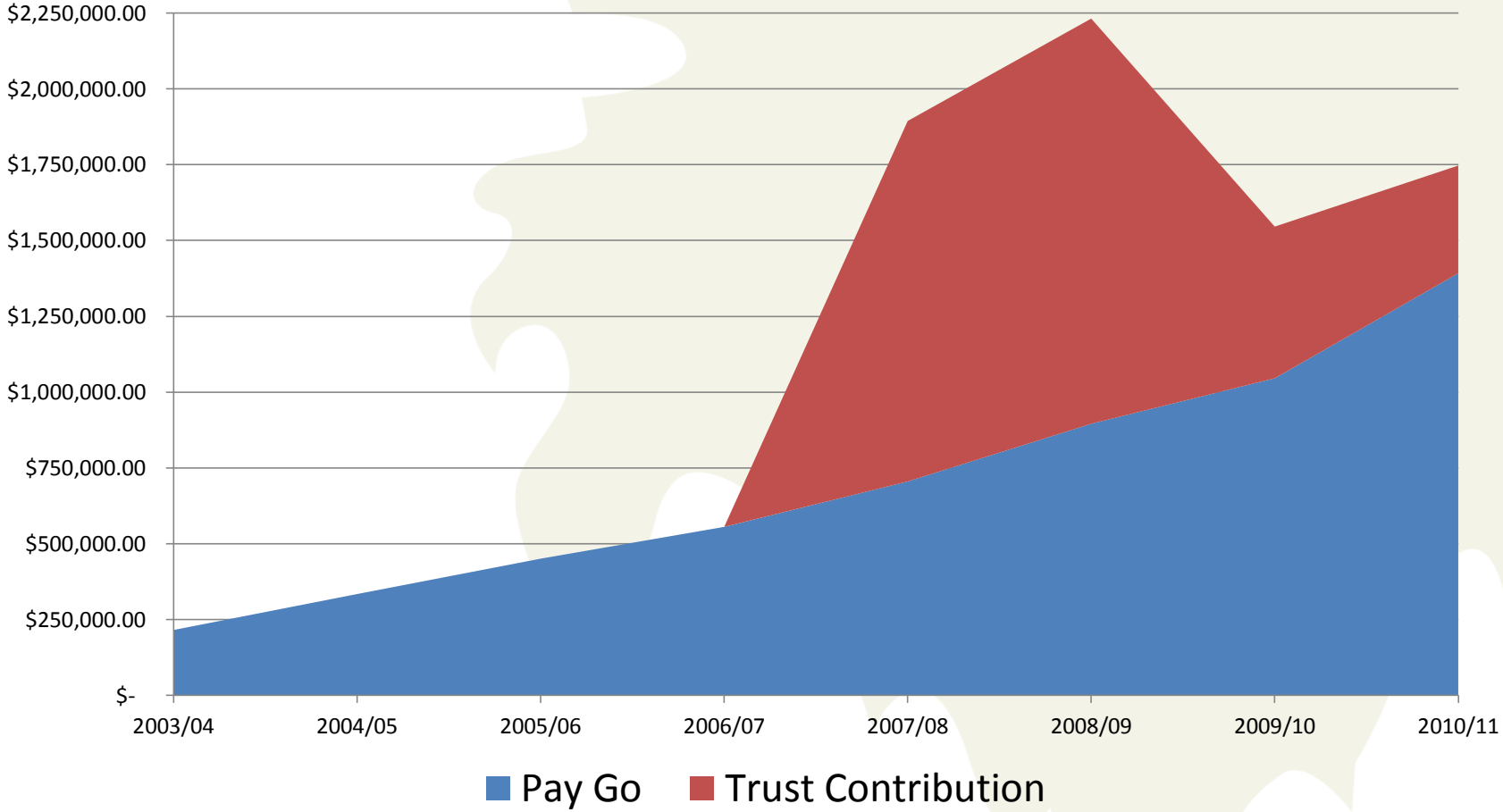
“OPEB”-Trust Contributions



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GF Expenses- Cost Containment

Methodology:

- Consolidate/Reorganize
- Transfer of Costs
- Reduce Overtime (where possible)
- Preserve core service areas

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What have we done?

- Removed employee incentive programs
- Offered early separation incentives
- Reduced maintenance services
- Concessions from Employee Groups
  - Employee's increase contribution to Public Employee Retirement System (PERS)
  - Forgo Cost of Living Adjustments (COLA's)
- Laid off 24 employees
- Eliminated 30 vacant positions

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What have we done?

- Consolidated Departments
- Reduced landscaping maintenance activities by 50%
- Reduced Neighborhood Preservation Activities
- Held Public Safety positions vacant
- Reduced Hours of Operation at two Branch Libraries
- 4-to-3 person Engines in Fire
- Reduced funding for street maintenance activities

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What have we done?

- Eliminated grants to outside businesses for economic development
- Reduced maintenance of streetlights
- Reduced non-essential services in Police (delays in responding to non-priority calls, report taking, property & evidence processing)
- Eliminated one quarterly Community Newsletter (previously 4 per year, now 3 per year)
- And more…

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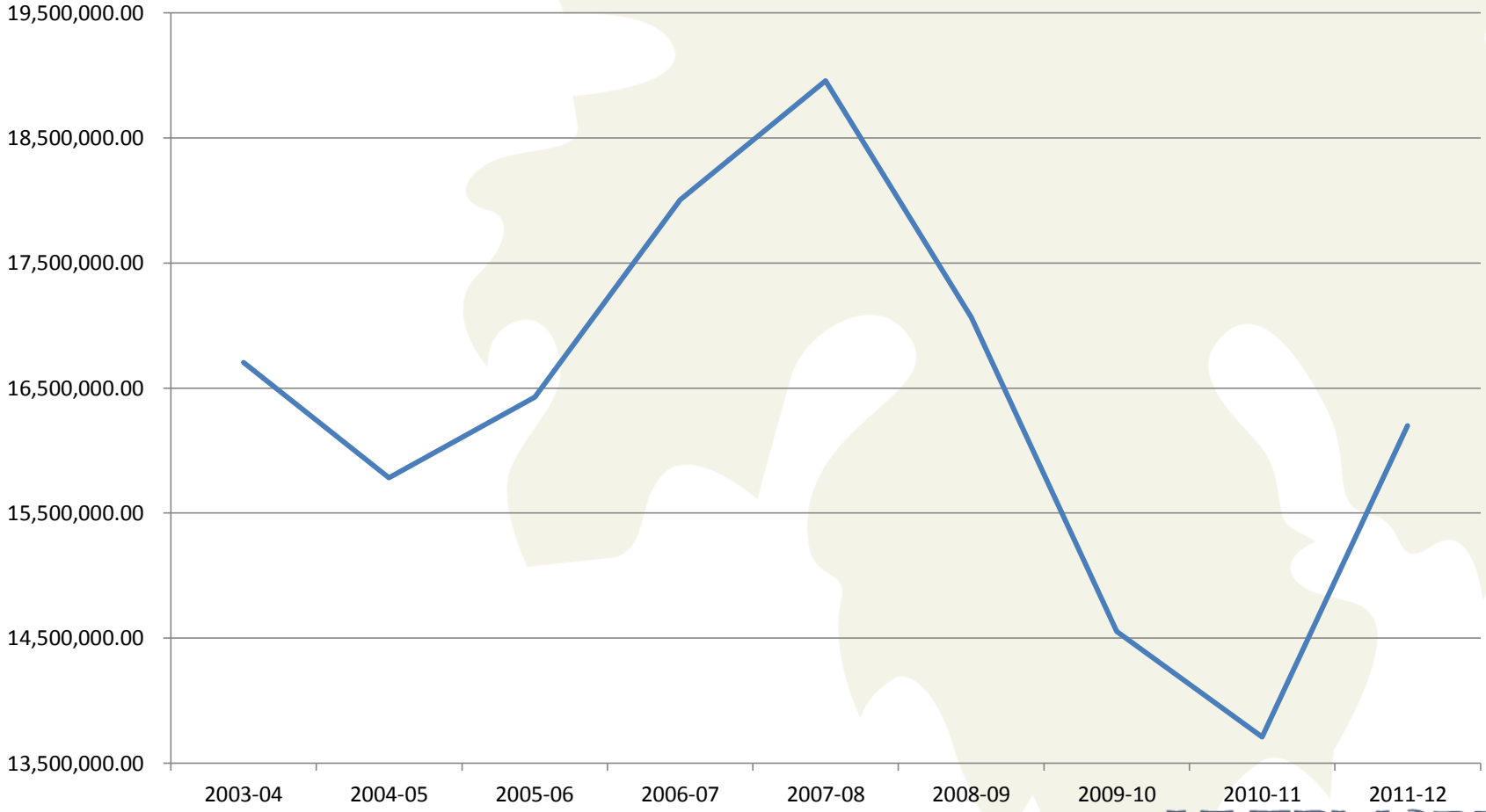
General Fund Supplies & Services History



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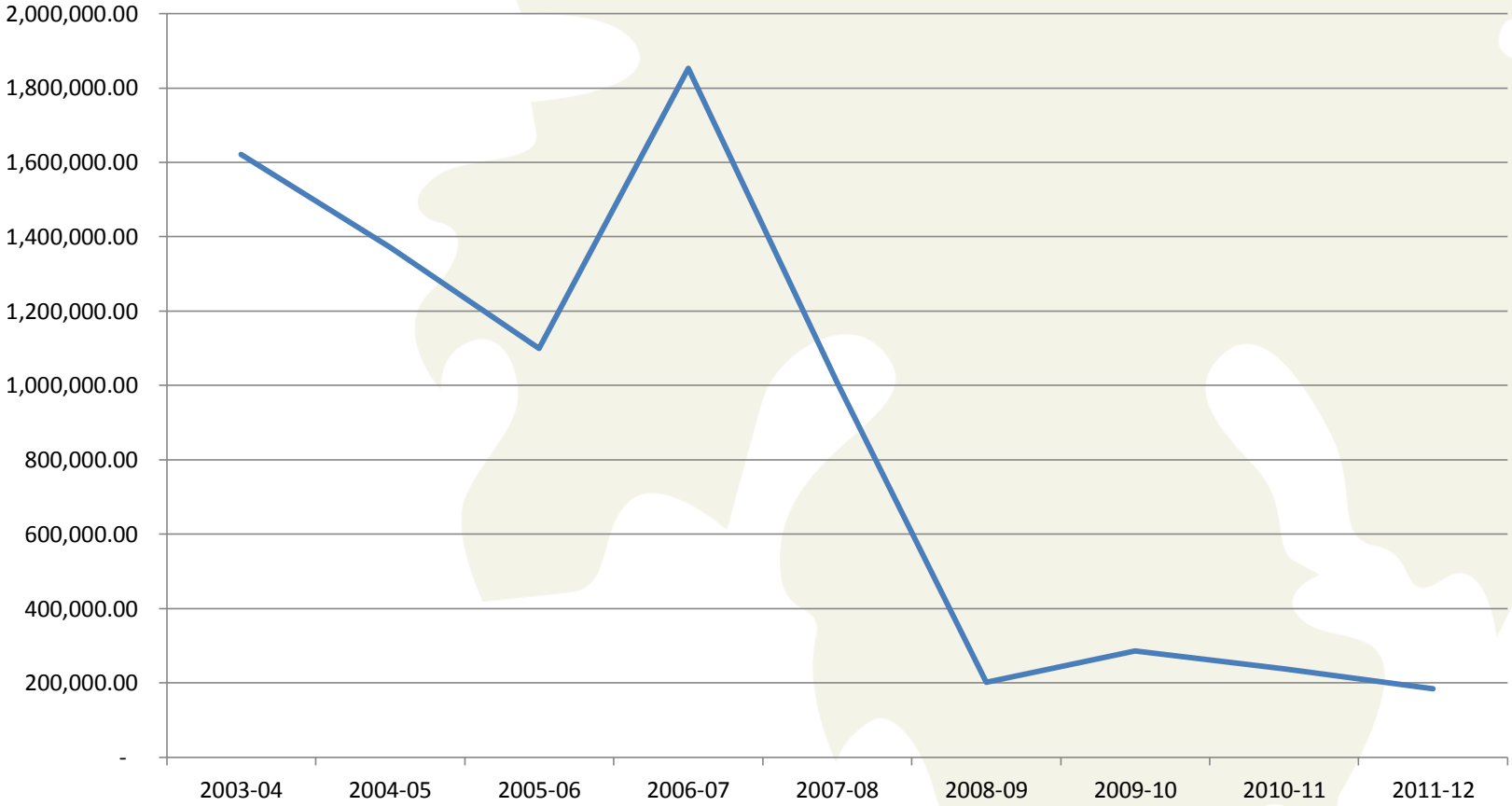
General Fund Capital Outlay History



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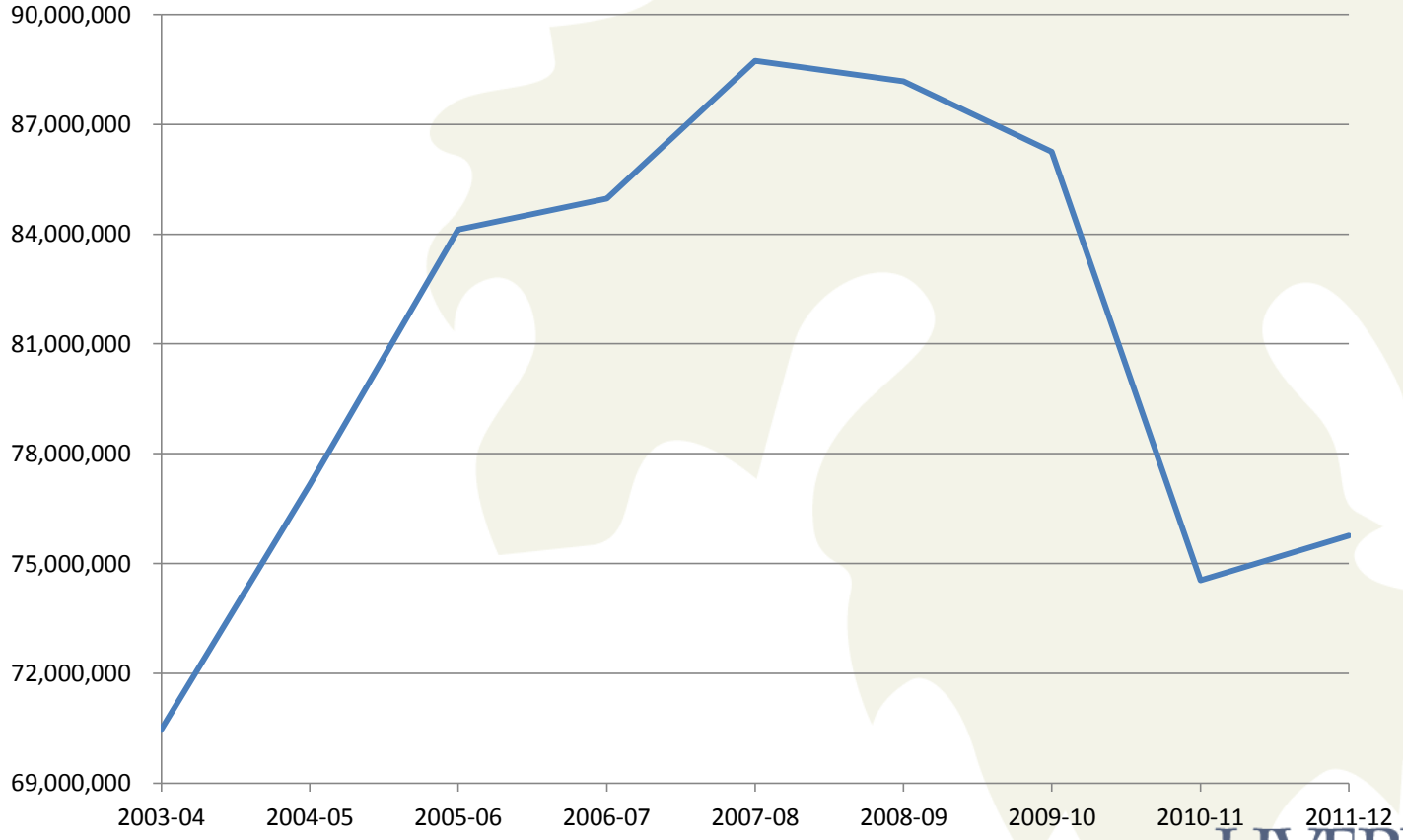
General Fund Expenditure History



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Fund Balances & Financial Outlook

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Fund Balance/Reserves

- 3 types of general fund reserves
  - Undesignated: Carry over amount from one budget year to the next.
  - Reserve for Operations: Set aside for cash flow purposes in the event of emergency or catastrophic event.
  - Economic Uncertainty: Set aside for one-time fluctuations in the economy.

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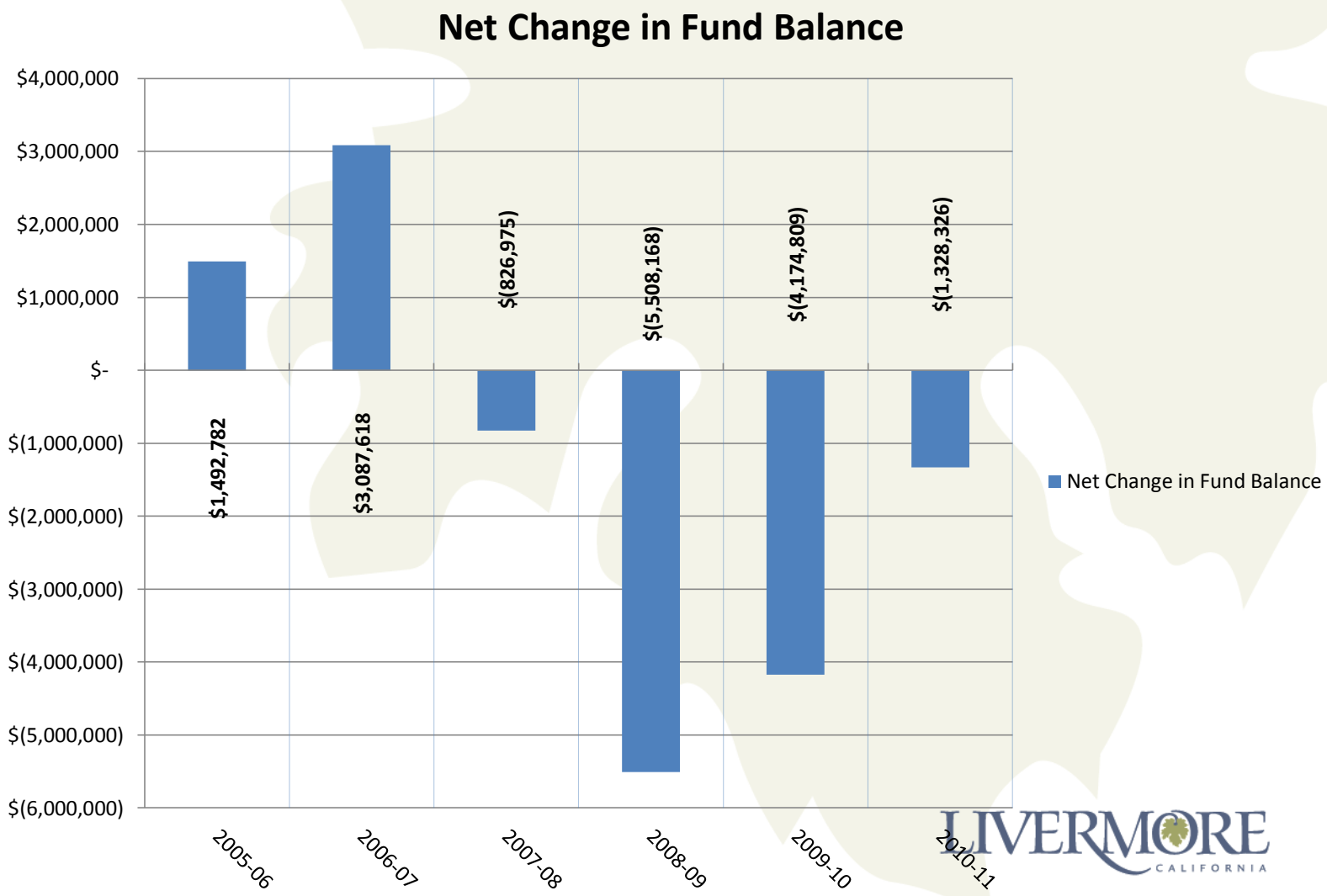

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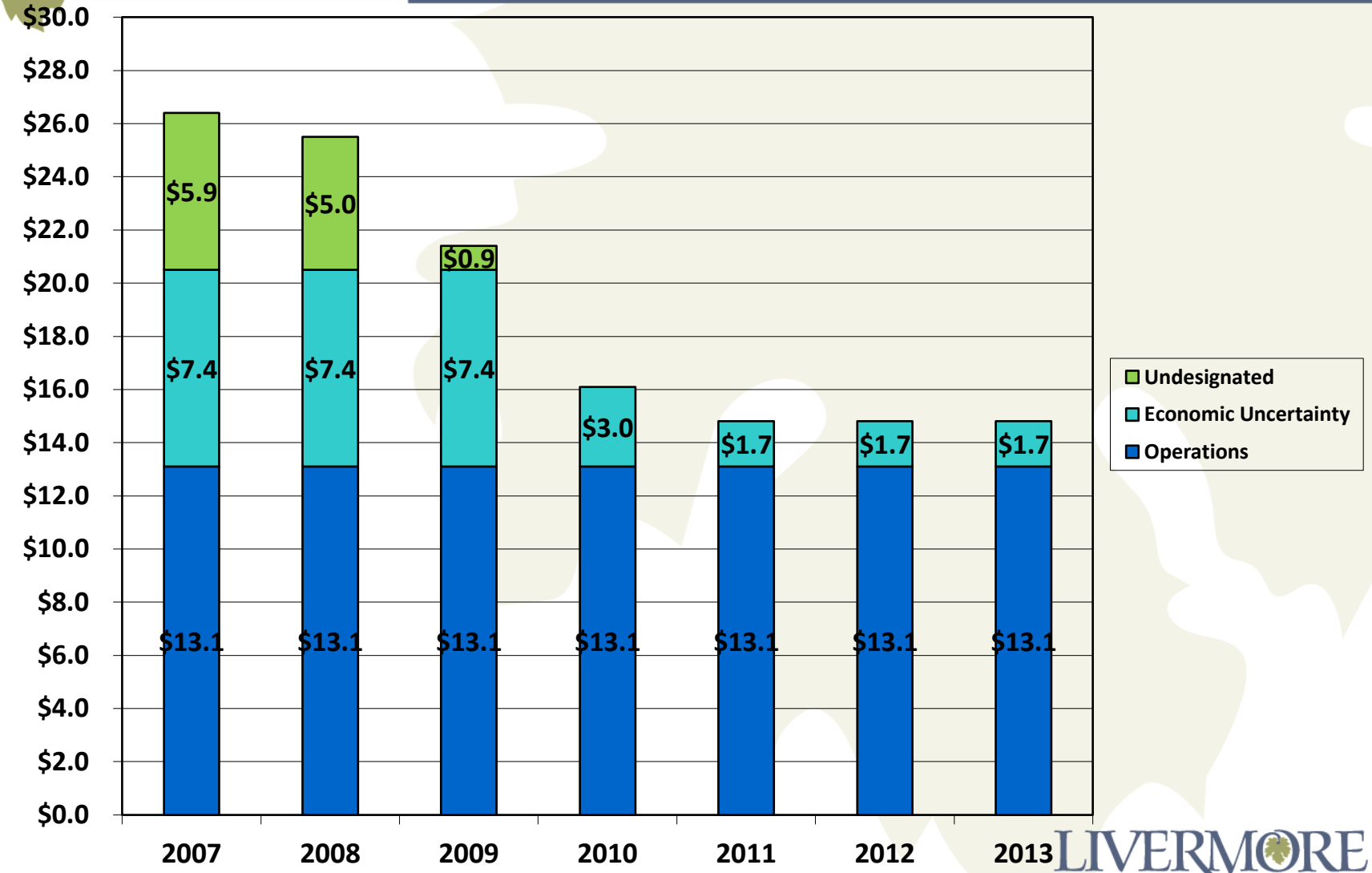
Fund Balances in General Fund (in millions)



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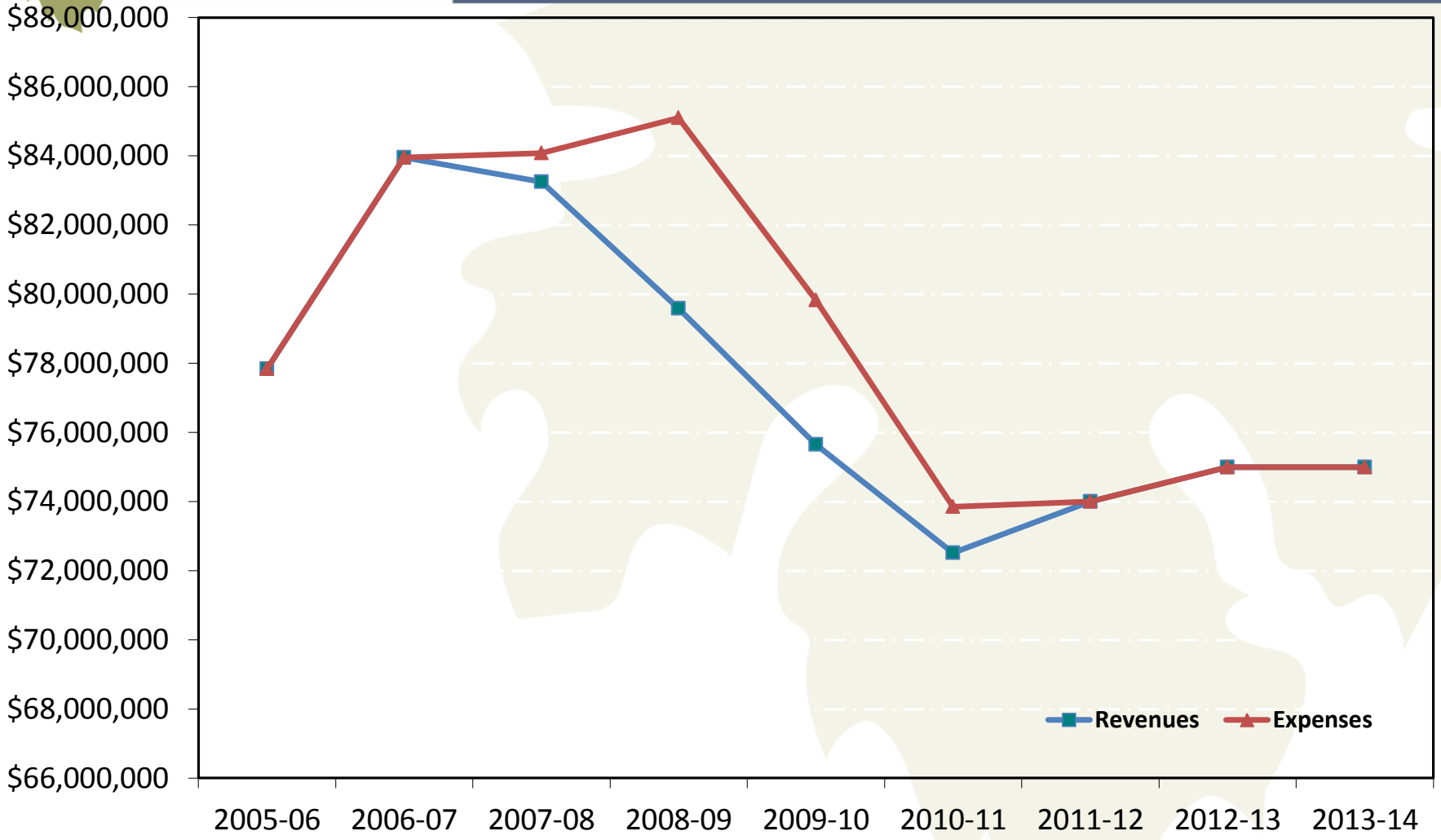
Long Term Financial Plan



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Looking Forward

- Economy is stabilizing, but we are not out of the woods yet.
- Cities are last into, and last out of recessions.
- Economic decline was sharp, recovery will be gradual.
- Address structural deficit.
- Attain fiscal stability:
  - Continue to contain costs
  - Fund underfunded budget items
  - Protect core services

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Questions?

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