

CITY OF CHULA VISTA

BUDGET CUTS OVERVIEW

In January of 2009, the Chula Vista City Council authorized a budget reduction plan to address projected shortfalls in the current fiscal year and next fiscal year of \$3.9 million and \$20 million, respectively. This budget balancing plan is in addition to the City's previously implemented budget reduction plans. These previous budget cuts are already impacting delivery of services to the community.

In total, the City has undergone four rounds of budget reductions over the last two years. These steps to reduce net cost were necessary to address decreasing revenues and increasing expenses. Revenues are down in many categories, including:

- Decreased sales taxes, resulting from the contraction in consumer spending;
- Decreased property taxes, resulting from reduced assessed values; and
- Decreased development program revenues, resulting from the significant drop in development activity.

Another round of budget reductions will take effect in April 2009, with additional cuts scheduled to occur by July 1 if additional revenues are not secured. These budget balancing efforts will result in additional staffing reductions and service impacts above and beyond the previous four rounds of reductions.

The following discussion provides a summary of the additional reductions to be implemented in April and July of this year and a summary of the last four rounds of budget reductions.

SCHEDULED CURRENT YEAR CUTS (BUDGET REDUCTION PLAN)

In November of 2008, the City identified a budget gap in Fiscal Year 2008-09 resulting from reduced revenues and unanticipated expenditures. The total gap identified in Fiscal Year 2008-09 was \$3.9 million. Since that time, the gap has increased and is now estimated at \$4.5 million.

At the same time, a preliminary baseline budget for Fiscal Year 2009-10 was prepared. As previously described, this baseline budget reflected an \$8.6 million drop in projected revenues and \$11.4 million in new expenditures. The total gap projected for Fiscal Year 2009-10 is \$20 million. The report to the City Council detailing the Fiscal Year 2008-09 and 2009-10 budget shortfalls is accessible via the link below.

[Fiscal Year 2008-09 and 2009-10 budget shortfall report](#)

In order to close both the current year gap and the ongoing gap, the City Council authorized a series of budget reductions in January 2009. The first group of net cost reductions has been implemented, reducing the projected deficit for Fiscal Year 2008-09 to \$3.5 million and the Fiscal Year 2009-10 deficit to \$15.2 million. The City projects saving a total of \$3.8 million in Fiscal Year 2009-10 as a result of salary concessions from the City's bargaining groups (elimination or deferral of cost of living adjustments). The updated budget deficit is calculated below:

DESCRIPTION	FY 2009-10 BUDGET
Projected General Fund deficit	\$ (19,969,000)
Salary concessions	
Elimination of management/professional COLA	\$ 390,000
Elimination of CVEA & WCE COLA	\$ 1,900,000
POA/IAFF COLA deferral	\$ 1,904,000
POA/IAFF Retirement Medical Trust	\$ (400,000)
Departmental Consolidations	\$ 500,000
Mayor & Council dept budget reductions	\$ 252,000
Reduced energy costs for street lights	\$ 100,000
Elimination of management's 401(a) program	\$ 160,000
Remaining General Fund Deficit	\$ (15,163,000)

The remaining gap will be addressed by implementing the rest of the budget reduction plan approved by Council in January. These reductions include elimination of 111.50 authorized positions. The net change in staffing resulting from the previous budget cuts, as well as the proposed reductions by department, are summarized below. These reductions include cuts in the City's General fund, Redevelopment (RDA) and Housing funds, Fleet fund, and Development Services Fund (DSF).

SUMMARY BY DEPARTMENT – AUTHORIZED STAFFING (FTE)

DEPARTMENT	FY 2007 STAFFING	MISC REORGS	PREVIOUS REDUCTIONS	PROPOSED REDUCTIONS	FY 2010 STAFFING
Mayor & Council	15.00		(1.00)	(1.00)	13.00
City Clerk	8.50		(1.00)	(1.00)	6.50
City Attorney	14.00		(2.00)	(2.00)	10.00
Administration	21.00	8.00	(3.00)	(9.00)	17.00
ITS	29.00	(1.00)	(4.00)	(5.00)	19.00
Human Resources	25.50		(5.00)	(4.50)	16.00
Finance	31.00	(1.00)	(5.00)	(3.00)	22.00
Eng & Gen Svcs	133.50	(71.50)	(27.50)	(3.50)	31.00
Animal Shelter	22.25		(2.00)		20.25
Community Development	25.00	(24.00)	(1.00)		
Planning & Building	90.50	(41.50)	(21.00)	(3.00)	25.00
Police	381.50	(19.00)	(24.00)	(21.00)	317.50
Fire	151.00	1.00	(17.00)		135.00
Public Works	186.50	(4.50)	(7.50)	(23.00)	151.50
Recreation & Nature Ctr	43.25		(4.75)	(13.50)	25.00
Library	70.75	(2.00)	(18.00)	(10.50)	40.25
GENERAL FUND TOTAL	1,248.25	(155.50)	(143.75)	(100.00)	849.00
DSF - Planning & Building		42.50	(12.00)	(2.50)	28.00
DSF - Engineering		12.00		(2.00)	10.00
DSF - Public Works		15.00	(4.00)	(2.00)	9.00
Sewer Fund		44.00	2.00		46.00
RDA & Housing	1.00	18.00	(2.00)	(5.00)	12.00
CBAG & Police Grants		18.00	3.00		21.00
Fleet Fund	14.00		(4.00)		10.00
Transit		3.00			3.00
Environmental Services		3.00			3.00
Parking Meter	0.50				0.50
OTHER FUNDS TOTAL	15.50	155.50	(17.00)	(11.50)	142.50
CITYWIDE TOTAL	1,263.75		(160.75)	(111.50)	991.50

Of the above 111.50 positions to be eliminated, 3 positions have already been eliminated, and an additional 38.50 positions will be eliminated in April, for a total of 41.5 positions eliminated in the first round of cuts in calendar year 2009. These positions have been identified as permanent cuts and will not be restored, even if additional revenues are identified by the end of the fiscal year. The April reduction in force is estimated to result in 37 layoffs, and an additional 25 individuals may be impacted by civil service guaranteed bumping rights (demotions).

The remaining 70 positions will be eliminated prior to July 1, 2009 if additional revenues or replacement cuts are not identified.

The Fiscal Year 2009-10 budget reduction plan will continue to evolve as employees take advantage of a Council authorized early retirement program; additional revenues are secured; and alternate reductions are identified. The City will take all of these changes into account in the preparation of the proposed Fiscal Year 2009-10 budget.

If actual revenue shortfalls exceed the assumptions used in the preparation of the preliminary baseline budget for FY 2009-10, additional cuts may be necessary.

PREVIOUS BUDGET CUTS

The City has undergone four rounds of budget reductions over the last two years. The net cost reduction and authorized staffing reduction in full time equivalents (FTE) resulting from the budget reduction programs implemented in Fiscal Year 2007-08 and Fiscal Year 2008-09 is summarized below. These reductions include cuts in the City's General fund, Redevelopment (RDA) and Housing funds, Fleet fund, and Development Services fund (DSF).

BUDGET REDUCTION PROGRAM	FISCAL YEAR IMPLEMENTED	NET COST REDUCTION	FTE REDUCTION
April 2007	FY 2007-08	\$ 10.1 M	36.50
December 2007	FY 2007-08	\$ 15.5 M	111.00
April 2008	FY 2008-09	\$ 10.8 M	33.00
September 2008 - DSF	FY 2008-09	\$ 1.5 M	10.50
Total			191.00

The net cost reductions summarized above cannot be considered cumulatively. There are instances in which reductions were effective for a single fiscal year only (for example, freezing a vacant position for one year). The same position may have then been permanently eliminated in a later budget reduction program. The 191.00 FTE reduction total above reflects the positions that were permanently eliminated from the budget. The total does not include positions that were frozen. Savings associated with freezing positions are reflected in the net cost reduction column.

In addition, it is important to note that the net cost reductions above are as compared with the preliminary baseline budget, not the prior fiscal year budget. The preliminary baseline budgets are updated to reflect two types of changes:

- Adjustments to revenues
- Adjustments to expenditures

For example, the City is in the process of implementing net cost reductions to close a \$20 million budget gap projected in Fiscal Year 2009-10. As previously described, this budget gap was identified in the preparation of the preliminary baseline budget, and includes both reduced revenue projections (\$8.6 million) and increased expenditure projections (\$11.4 million). The preliminary baseline was presented to Council in November 2008 and included all expenditure increases known at that time. The total expenditure increase in the preliminary baseline budget for Fiscal Year 2009-10 is presented by category below.

DESCRIPTION	FY 2008-09 BUDGET	FY 2009-10 BUDGET	CHANGE
Personnel Services	\$ (113,663,000)	\$ (121,812,000)	\$ (8,149,000)
Supplies & Services	(15,539,000)	(16,983,000)	(1,444,000)
Other Expenses	(1,523,000)	(948,000)	575,000
Operating Capital	(388,000)	(388,000)	-
Debt Services/Transfers Out	(6,654,000)	(8,745,000)	(2,091,000)
Utilities	(5,084,000)	(5,341,000)	(257,000)
Total Expenditures	\$ (142,851,000)	\$ (154,217,000)	\$ (11,366,000)

As shown above, the increased expenditure projections result primarily from increased personnel expenditures. These increased expenditures are the result of the following adjustments made to the preliminary baseline budget:

- \$3.0 million – contractually obligated cost of living salary adjustments
- \$3.4 million – elimination of all budgeted salary savings
- \$0.9 million – increased flex/insurance costs
- \$0.8 million – increased expenditures resulting from the transfer of administrative staff from the Development Services Fund to the General Fund (net impact to General Fund totals \$0.5 million)

None of the above expenditures would show up in the prior year budget, but are reflected in the preliminary baseline. In order to absorb these new costs other expenditures were reduced and, to a lesser extent, new revenues were identified. The expenditure reductions necessary to close the gap will result in reduced staffing levels and subsequent impacts to service delivery.

Since Fiscal Year 2006-07, the City has reduced staffing by a net of 160.75 positions. This reduction is the result of the previously described 191.00 FTE reduction, offset by 30.25 new positions created. The 30.25 new positions added during this period were either budget neutral (revenue offset) or required to meet new state mandates for the National Pollution and Discharge Elimination System (NPDES) program. The justification for each position added is referenced in the detailed listing of these positions, accessible via the 'Positions Added (all funds)' hyperlink at the bottom of the page.

Staffing modifications approved since Fiscal Year 2006-07 are summarized below.

FY 2006-07 Amended Budget	1,263.75
April 2007 Budget Reduction	(36.50)
FY 2006-07 Midyear Additions	7.00
FY 2007-08 New Positions	14.25
FY 2007-08 Adopted Budget	1,248.50
December 2007 Budget Reduction	(111.00)
April 2008 Budget Reduction	(33.00)
FY 2008 Midyear Additions	5.00
FY 2008-09 Adopted Budget	1,109.50
September 2008 DSF Budget Reduction	(10.50)
FY 2008-09 Midyear Additions	4.00
FY 2008-09 Amended Budget	1,103.00
Net Previous Reductions	(160.75)

The 160.75 net reduction in FTEs since Fiscal Year 2006-07 is summarized by department and bargaining unit below.

SUMMARY BY DEPARTMENT – PREVIOUS POSITIONS CUTS (FTE)

DEPARTMENT	APRIL 2007	DEC 2007	APRIL 2008	SEPT 2008	FTE ADDED	NET CHANGE
Mayor & Council	(1.00)					(1.00)
City Clerk		(1.00)				(1.00)
City Attorney		(2.00)				(2.00)
Administration	(2.00)	(2.00)	(1.00)		2.00	(3.00)
Info Technology Svcs		(2.00)	(3.00)		1.00	(4.00)
Human Resources	(0.50)	(4.50)				(5.00)
Finance	(1.00)	(3.00)	(1.00)			(5.00)
Engineering & Gen Svcs	(8.50)	(15.50)	(6.50)		1.00	(29.50)
Community Development	(1.00)					(1.00)
Planning & Building	(9.00)	(12.00)	(2.00)		2.00	(21.00)
Police		(24.50)	(4.50)		5.00	(24.00)
Fire		(17.00)	(1.00)		1.00	(17.00)
Public Works	(7.00)	(10.50)	(2.00)		12.00	(7.50)
Recreation		(3.00)	(1.00)			(4.00)
Library	(4.50)	(11.00)	(2.50)			(18.00)
Nature Center			(1.00)		0.25	(0.75)
GENERAL FUND TOTAL	(34.50)	(108.00)	(25.50)		24.25	(143.75)
DSF - Planning & Building			(1.50)	(10.50)		(12.00)
DSF - Public Works			(4.00)			(4.00)
Sewer Fund					2.00	2.00
RDA & Housing	(1.00)		(1.00)			(2.00)
CBAG & Police Grants	(1.00)				4.00	3.00
Fleet Fund		(3.00)	(1.00)			(4.00)
OTHER FUNDS TOTAL	(2.00)	(3.00)	(7.50)	(10.50)	6.00	(17.00)
CITYWIDE TOTAL	(36.50)	(111.00)	(33.00)	(10.50)	30.25	(160.75)

SUMMARY BY BARGAINING UNIT – PREVIOUS POSITION CUTS (FTE)

BARGAINING UNIT	APRIL 2007	DEC 2007	APRIL 2008	SEPT 2008	FTE ADDED	NET CHANGE
CVEA	(27.00)	(68.50)	(21.50)	(7.50)	19.25	(105.25)
WCE	(2.00)	(4.00)	(1.00)	(1.00)		(8.00)
POA		(7.00)	(1.00)		4.00	(4.00)
IAFF		(1.00)				(1.00)
CONF		(3.50)	(1.00)		1.00	(3.50)
EXEC/SR MANAGERS*	(1.00)	(8.00)	(4.00)	(1.00)	2.00	(12.00)
MID MANAGERS/PROF	(6.50)	(19.00)	(4.50)	(1.00)	4.00	(27.00)
CITYWIDE TOTAL	(36.50)	(111.00)	(33.00)	(10.50)	30.25	(160.75)

*Exec/Sr Managers includes the Mayor, City Councilmembers, City Manager, City Attorney, and City Clerk.

Detailed listings of the positions eliminated and net cost reductions included in each budget reduction program, as well as the new positions added mid-year and during the budget process are available via the links below.

[April 2007 Personnel Reductions and Reclassifications \(all funds\)](#)

[April 2007 Budget Reduction Program \(all funds\)](#)

[December 2007 Personnel Reductions and Reclassifications \(all funds\)](#)

[December 2007 Budget Reduction Program \(all funds\)](#)

[April 2008 Personnel Reductions and Reclassifications \(all funds\)](#)

[April 2008 Budget Reduction Program \(all funds\)](#)

[September 2008 Personnel Reductions and Reclassifications \(Dev Svcs fund only\)](#)

[September 2008 Budget Reduction Program \(Dev Svcs fund only\)](#)

[Positions Added \(all funds\)](#)

If you have any questions regarding the information provided herein, please contact the City's Finance Department.