

PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

SOURCE OF FUNDS

	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>Percent Change</u>
General Fund	\$28,860,000	\$34,230,000	\$31,900,000	(6.8)%
Aviation	10,000,000	14,000,000	14,000,000	0.0
Convention Center	5,000,000	5,000,000	5,000,000	0.0
Development Services	6,000,000	10,000,000	900,000	(91.0)
Golf	50,000	50,000	50,000	0.0
Public Safety Enhancement	733,000	900,000	-	(100.0)
2007 Public Safety Expansion	-	-	1,595,000	100.0
Solid Waste	6,000,000	4,000,000	4,000,000	0.0
Transit 2000	14,500,000	11,700,000	21,000,000	79.5
Wastewater	14,821,000	14,820,000	15,000,000	1.2
Water	30,000,000	30,000,000	30,000,000	0.0
TOTAL	<u>\$115,964,000</u>	<u>\$124,700,000</u>	<u>\$123,445,000</u>	<u>(1.0)%</u>

EXPLANATION

The Contingency Fund (also commonly referred to as a "rainy day fund") provides for revenue shortfalls and unanticipated costs that may occur after the budget is adopted. The possibility of natural disasters, public or employee safety emergencies or up-front costs for productivity opportunities necessitates the need for adequate contingency funds. Use of these contingency funds requires the recommendation of the city manager and City Council approval.

GENERAL FUND CONTINGENCY

The budget reflects a decrease in the General Fund contingency from the 2007-08 budgeted level of \$34,230,000 to \$31,900,000. This decreases the General Fund contingency to 2.7 percent of operating expenditures.

The following table shows contingency funding over the past ten years. In 1995-96, the City Council adopted a policy to, over time, as funding allowed, increase the contingency amount to 3 percent of operating expenditures. This 3 percent target was achieved in 2000-01. In 2003-04, budget reductions necessitated reducing the funding level to 2.5 percent. The funding level was increased slightly over the next four years.

PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

In 2004-05, as part of a five-year forecast review, the City Council expressed interest in increasing the Contingency Fund to 3.5 percent, economic conditions permitting. Due to declining economic conditions the 2008-09 budget decreases the contingency amount by \$2,330,000. This is a decrease of 0.2 percent from the current year's 2.9 percent of General Fund operating expenditures.

The following table also shows set-aside amounts. Set-asides have been used in the past to prepare for known future costs such as declining grant funding and new capital project operating costs. No set-asides are proposed for 2008-09.

**Comparison of Annual Budget for General Fund Contingency Amount
to Operating Expenditures**
(000's)

Fiscal Year	General Fund Operating Expenditures*	Contingency and Set-Aside Amounts	Percent of Operating Expenditures
1999-00	797,633	23,408	2.9
		1,800	
2000-01	883,196	26,780	3.0
		4,600	
2001-02	887,644	26,550	3.0
		7,600	
2002-03	912,192	27,190	3.0
		3,652	
2003-04	912,583	22,700	2.5
		—	
2004-05	925,603	23,800	2.6
		—	
2005-06	965,936	24,740	2.6
		—	
2006-07	1,079,000	28,860	2.7
		—	
2007-08	1,184,192	34,230	2.9
		—	
2008-09	1,181,754	31,900	2.7

*Prior to 2001-02, Development Services operating expenditures were included in the General Fund contingency calculation. A separate contingency is now maintained.

PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

OTHER FUND CONTINGENCIES

Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

**2008-09 Other Fund Operating Expenditure and
Contingency Amount**
(000's)

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$165,694	\$21,000	12.7
Development Services	46,794	900	1.9
Aviation	227,771	14,000	6.1
Water	202,669	30,000	14.8
Wastewater	109,853	15,000	13.7
Solid Waste	130,307	4,000	3.1
Convention Center	67,230	5,000	7.4
Golf	8,804	50	0.6
2007 Public Safety Expansion	52,948	1,595	3.0