

PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

SOURCE OF FUNDS

	2007-08	2008-09	2009-10	Percent Change
General Fund	\$ 34,230,000	\$ 31,900,000	\$29,800,000	(6.6)%
Aviation	14,000,000	14,000,000	14,000,000	0.0
Convention Center	5,000,000	5,000,000	5,000,000	0.0
Development Services	10,000,000	900,000	900,000	0.0
Golf	50,000	50,000	50,000	0.0
Public Safety Enhancement	900,000	—	—	0.0
2007 Public Safety Expansion	—	1,595,000	—	(100.0)
Solid Waste	4,000,000	4,000,000	4,000,000	0.0
Transit 2000	11,700,000	21,000,000	10,500,000	(50.0)
Wastewater	14,820,000	15,000,000	11,000,000	(26.7)
Water	30,000,000	30,000,000	23,000,000	(23.3)
TOTAL	<u>\$124,700,000</u>	<u>\$123,445,000</u>	<u>\$98,250,000</u>	<u>(20.4)%</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 2008-09 budgeted level of \$31,900,000 to \$29,800,000. The decrease is due to the reduction of the total General Fund budget as this amount maintains a General Fund contingency equal 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 and 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 May 2005, 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 the extended economic recession, the 2009-10 budget maintains the 2.7 percent rate from 2008-09.

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 2009-10.

**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
2000-01	\$ 883,196	\$26,780 4,600	3.0%
2001-02	887,644	26,550 7,600	3.0
2002-03	912,192	27,190 3,652	3.0
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	1,177,763	31,900 —	2.7
2009-10	1,110,780	29,800 —	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.

**2009-10 Other Fund Operating Expenditure and
Contingency Amount**
(000's)

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$171,637	\$10,500	6.1%
Development Services	40,213	900	2.2
Aviation	222,751	14,000	6.3
Water	202,426	23,000	11.4
Wastewater	113,602	11,000	9.7
Solid Waste	130,270	4,000	3.1
Convention Center	64,468	5,000	7.8
Golf	8,744	50	0.6