

## PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

## SOURCE OF FUNDS

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>Percent Change</u>
General Fund	\$24,740,000	\$28,860,000	\$34,230,000	18.6%
Aviation	10,000,000	10,000,000	14,000,000	40.0
Convention Center	2,800,000	5,000,000	5,000,000	0.0
Development Services	2,500,000	6,000,000	10,000,000	66.7
Golf	50,000	50,000	50,000	0.0
Public Safety Enhancement	484,000	733,000	900,000	22.8
Solid Waste	6,000,000	6,000,000	4,000,000	(33.3)
Transit 2000	9,000,000	14,500,000	11,700,000	(19.3)
Wastewater	14,821,000	14,821,000	14,820,000	0.0
Water	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>	<u>0.0</u>
<b>TOTAL</b>	<u>\$100,395,000</u>	<u>\$115,964,000</u>	<u>\$124,700,000</u>	<u>7.5%</u>

## EXPLANATION

Contingency Funds (also commonly referred to as a "rainy day fund") provide 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 an increase in the General Fund contingency from the 2006-07 budgeted level of \$28,860,000 to \$34,230,000. This increases the General Fund contingency to 2.9 percent of operating expenditures.

In 1995-96, the City Council adopted a policy to 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.

In May 2005, as part of a five-year forecast review, the City Council expressed interest in increasing the contingency fund to 3.5 – 4.0 percent if the local economy continued its strong performance and General Fund revenues would provide for an increased contingency fund while still improving community services. The 2007-08 budget

## PROGRAM SUMMARY

DEPARTMENT

Contingencies

DEPARTMENT NO.

93

increases the contingency amount by \$5,370,000 and also increases the percentage from the current year's 2.7 percent to 2.9 percent of General Fund operating expenditures.

The following table provides General Fund contingency amounts over the past ten years as well as set-asides. 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 2007-08.

**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
1998-99	748,937	21,000	2.8
		1,150	
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

\*Prior to 2001-02, Development Services operating expenditures were included in the General Fund contingency calculation. A separate contingency has been established in that fund.

## 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 contingency amounts for the enterprise and for several special revenue funds.

**2007-08 Other Fund Operating Expenditure and  
Contingency Amount**  
**(000's)**

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Aviation	\$217,264	\$14,000	6.4
Convention Center	48,754	5,000	10.3
Development Services	73,182	10,000	13.7
Golf	9,141	50	0.5
Public Safety Enhancement	29,937	900	3.0
Solid Waste	116,886	4,000	3.4
Transit 2000	131,204	11,700	8.9
Wastewater	105,921	14,820	14.0
Water	207,471	30,000	14.5