Budget Discussion Outline

- Objective – Identify annual operating expense adjustments to “right-size” the budget to align with recurring revenue sources available to the General Fund
- Preserve the primary goal of providing a safe environment for all Little Rock citizens and visitors
- Discuss two options for Board consideration
- Present the Mayor, City Manager, and Finance Director recommendation
- Pro-rate annual adjustments to recommend a budget amendment to be in effect by July 1, 2019
Budget Recommendation - A

- Adjusts General Fund Budget by approximately 2.5% - $5,336,853/year
- Excludes debt service, insurance, actuarially determined pension contributions, and other fixed General Government expenditures
- Includes anticipated revenue increases associated with Act 822 and increased membership and attendance at Jim Dailey Fitness and Aquatics Center
- Includes adjustments to outside agencies and special projects
- Utilizes a targeted adjustment approach, preserving the most critical services
# Budget Recommendation - A

<table>
<thead>
<tr>
<th>Adjustment Description</th>
<th>Estimated Annual Adjustment</th>
<th>Notes</th>
<th>Positions</th>
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</thead>
<tbody>
<tr>
<td>Revenue Adjustments:</td>
<td></td>
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<tr>
<td>1. Increase Sales Tax Forecast for Act 822</td>
<td>780,000</td>
<td>Estimated 2020 full year impact</td>
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<td>2. Increase Jim Dailey Revenues</td>
<td>118,000</td>
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<td>3. Total Revenue Increases</td>
<td>898,000</td>
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<td>Expenditure Adjustments:</td>
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<td>4. Outside Agency</td>
<td></td>
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<tr>
<td>5. Reclassify portion of Rock Region Metro to Street Fund</td>
<td>500,000</td>
<td>Reclassify an additional $500,000 to Street Fund for total of $1.5 million</td>
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<td>6. Museum of Discovery</td>
<td>115,000</td>
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<td>7. Downtown Partnership</td>
<td>50,000</td>
<td>Reduces annual allocation from $195,000 to $145,000</td>
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<tr>
<td>8. Total Expenditure</td>
<td>665,000</td>
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| Department Adjustments:                                    |                             |                                            |           |
| General Administration                                      |                             |                                            |           |
| 9. Chamber Contract reduction                               | 150,000                     | Reduce funding by 50%                     |           |

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<thead>
<tr>
<th>Positions</th>
<th>Vacant</th>
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<td>Vacant</td>
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<td>Community Programs</td>
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<tr>
<td>Monitor</td>
<td>56,390</td>
<td>Salary expenses</td>
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<td>Reduce operating expenses</td>
<td>12,030</td>
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<td>City Attorney's Office</td>
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<tr>
<td>Eliminate two Deputy Attorney positions</td>
<td>232,566</td>
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<td>Finance</td>
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<tr>
<td>Reduce budget for salary differential</td>
<td>13,400</td>
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<tr>
<td>Assistant Finance Director</td>
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<td>Eliminate Accountant position</td>
<td>65,700</td>
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<td>Human Resources</td>
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<td>Eliminate Admin/Reconciliation position</td>
<td>55,597</td>
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<td>Planning and Development</td>
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<td>Eliminate Planning Technician position</td>
<td>46,229</td>
<td>PL10-727-00</td>
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<td>Adjustment Description</td>
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<tr>
<td>Housing and Neighborhood Programs</td>
<td></td>
<td>Retains 5 Resource Coordinators and the Supervisor. All Neighborhood Resource Centers remain open.</td>
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<td></td>
<td>227,785</td>
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<td>Lien Turnback Funds</td>
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<tr>
<td>Eliminate Office Assistant I</td>
<td>47,900</td>
<td>104500-RESOURCES ADMINISTRATION</td>
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<tr>
<td>PT AmeriCorps Field Supervisor</td>
<td>13,200</td>
<td>104521-DEV. &amp; MAIN. ADMIN.</td>
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<tr>
<td>Parks and Recreation</td>
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<tr>
<td>Eliminate Administrative Assistant</td>
<td>57,074</td>
<td>104501-PK-ADMINISTRATION</td>
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<tr>
<td>Reduce part-time administrative support</td>
<td>27,000</td>
<td>104510-RESOURCES ADMINISTRATION</td>
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<tr>
<td>Eliminate Maintenance Field Superintendent</td>
<td>64,359</td>
<td>104521-DEV. &amp; MAIN. ADMIN.</td>
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<tr>
<td>Eliminate two (2) Parks Maintenance positions, the Parks Building Maintenance Coordinator, and five (5) additional positions</td>
<td>385,413</td>
<td>104522-OPERATIONS &amp; IMPROV. DEV.</td>
<td>7</td>
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<td>8</td>
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<td></td>
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<tr>
<td>Reduce Operations and Development overtime expenditures</td>
<td>10,000</td>
<td>104522-OPERATIONS &amp; IMPROV. DEV.</td>
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</table>
## BUDGET RECOMMENDATION - A

<table>
<thead>
<tr>
<th>Adjustment Description</th>
<th>Estimated Annual Adjustment</th>
<th>Notes</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Adjustments:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>41  Eliminate one (1) Parks Maintenance Supervisor 1 vacant</td>
<td>53,263</td>
<td>104523-PARK MAINTENANCE</td>
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<tr>
<td>42  Eliminate one (1) Horticulture Senior position</td>
<td>140,441</td>
<td>104524-HORTICULTURE</td>
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<td>43  Eliminate one (1) Greenhouse Worker position</td>
<td>45,629</td>
<td>104524-HORTICULTURE</td>
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<td>44  Eliminate two (2) Urban Forestry Parks</td>
<td>81,886</td>
<td>104525-URBAN FORESTRY</td>
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<tr>
<td>45  Reduce Urban Forestry part-time expenditures</td>
<td>20,000</td>
<td>104525-URBAN FORESTRY</td>
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<tr>
<td>46  Reduce Urban Forestry overtime expenditures</td>
<td>2,500</td>
<td>104525-URBAN FORESTRY</td>
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<td>47  Reduce expenses on hand tools</td>
<td>3,750</td>
<td>104525-URBAN FORESTRY</td>
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<td>48  Eliminate Machinery Implements expenditures</td>
<td>3,000</td>
<td>104525-URBAN FORESTRY</td>
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<tr>
<td>49  Eliminate one (1) Recreation Programs Manager vacant</td>
<td>43,282</td>
<td>104530-RECREATION</td>
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<td>50  Eliminate a Dunbar Parks Maintenance position</td>
<td>41,069</td>
<td>104532-DUNBAR COMMUNITY CENTER</td>
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</table>
## Budget Recommendation - A

<table>
<thead>
<tr>
<th>Adjustment Description</th>
<th>Estimated Annual Adjustment</th>
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<th>Positions</th>
<th>Vacant</th>
<th>Filled</th>
<th>Total</th>
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<tr>
<td>Eliminate one (1) Programmer position</td>
<td>45,108</td>
<td>104532-DUNBAR COMMUNITY CENTER</td>
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<tr>
<td>Eliminate one (1) Southwest Community Center Parks Maintenance Position and one (1) Programmer position</td>
<td>81,986</td>
<td>104536-SOUTHWEST COMMUNITY CENTER</td>
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<td>2</td>
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<td>Reduce hours of operations and programs offered at the Stephens Community Center, including one (1) position</td>
<td>100,000</td>
<td>104537-STEPHENS COMMUNITY CENTER</td>
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<td>Eliminate two (2) Programmers at Centre at University Park due to low usage by adult population; change the focus to a meeting and rental facility</td>
<td>88,323</td>
<td>104538-CENTRE AT UNIVERSITY PARK</td>
<td>2</td>
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<tr>
<td>Reduce part-time expenditures at Centre at University Park</td>
<td>15,000</td>
<td>104538-CENTRE AT UNIVERSITY PARK</td>
<td>-</td>
<td>-</td>
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<td></td>
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<tr>
<td>Reduce part-time expenditures at West Central Community Center</td>
<td>10,000</td>
<td>104539-WEST CENTRAL COMMUNITY CENTER</td>
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<td>-</td>
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<tr>
<td>Reduce electricity usage at West Central Community Center</td>
<td>10,000</td>
<td>104539-WEST CENTRAL COMMUNITY CENTER</td>
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<td>-</td>
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<tr>
<td>Eliminate one Adult Athletics Assistant</td>
<td>59,180</td>
<td>104556-ATHLETICS/PLAYGROUNDS</td>
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*Note: Items may need further formatting.*
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<tr>
<th>Expenditure Adjustments:</th>
<th>Estimated Annual Adjustment</th>
<th>Notes</th>
<th>Positions</th>
<th>Vacant</th>
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<tr>
<td>Reduce part-time expenditures in Adult Athletics</td>
<td>15,000</td>
<td>104556-ATHLETICS/PLAYGROUNDS</td>
<td>-</td>
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<td>Reduce part-time expenditures at the Tennis Center</td>
<td>25,000</td>
<td>104557-TENNIS CENTER OPERATIONS</td>
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<td>Less Parks Outsourcing:</td>
<td>(200,000)</td>
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<tr>
<td>Increased Land Maintenance</td>
<td>(150,000)</td>
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<tr>
<td>Outsource Mowing of small parks and Community Centers</td>
<td>(25,000)</td>
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<tr>
<td>Outsource Dunker Custodial</td>
<td>(25,000)</td>
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<tr>
<td>Outsource Southwest Custodial</td>
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<tr>
<td>Golf Eliminate Golf and Tennis Manager</td>
<td>100,184</td>
<td>104701-GOLF ADMINISTRATION</td>
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<tr>
<td>Close two (2) of four (4) Golf Courses (net revenue and expense impact)</td>
<td>542,280</td>
<td>Retain Rebsamen Staff and 5 employees for operation of 2nd facility</td>
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<td>All Parks Small Parks Outsourced</td>
<td>642,464</td>
<td>Viewing literal</td>
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<td>Expenditure Adjustments</td>
<td>Estimated Annual Adjustment</td>
<td>Notes</td>
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<tr>
<td>71 Zoo</td>
<td></td>
<td></td>
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<tr>
<td>72 Reduce Special Events/Marketing expenditures</td>
<td>30,000</td>
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<tr>
<td>73 Reduce Contract expenditures</td>
<td>30,000</td>
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<tr>
<td>74 Reduce operating expenditures by closing to the public on Tuesdays and Wednesdays between November 1 and March 1</td>
<td>32,000</td>
<td>$17,000/week</td>
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<td>75</td>
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<tr>
<td>76 Fire</td>
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<tr>
<td>77 Reduce operating expenses</td>
<td>65,000</td>
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</tr>
<tr>
<td>78 Eliminate one (1) Civilian Warehouse employee</td>
<td>42,287</td>
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<td>79</td>
<td>107,287</td>
<td>TOTAL</td>
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## BUDGET RECOMMENDATION - A

| Adjustment Description                  | Estimated Annual Adjustment | Notes                  | Positions |  |  |
|----------------------------------------|----------------------------|------------------------|-----------|  |  |
| **Expenditure Adjustments:**           |                            |                        |           |  |  |
| Police                                 |                            |                        |           |  |  |
| Eliminate one (1) Office Assistant at Panke | 35,206                |                        | 1         | 1 | 1 |
| Eliminate one (1) File Clerk position | 45,128                    | PD50-846-00            | 1         | 1 | 1 |
| Eliminate one (1) Secretary-Executive position | 34,021          | PD50-203-00            | 1         | 1 | 1 |
|                                        |                           |                        |           |  |  |
| **Total Decreases in Department**      |                           |                        | 114,355   | 2 | 1 | 3 |
| **Expenditures**                       |                           |                        | 2,963,853 | 14| 34| 48 |

**Transfers Out**

| Reduce Prevention, Intervention, and Treatment allocation | 750,000 | Annual funding of $4,750,000 remains |
| Reduce Cities of Service Funding | 60,000 | Leaves program funding of $192,790 |
| Total Decreases in Transfers Out | 810,000 |                            |

**Total Increases in Revenue and Decreases**

| (4.3%) | 5,336,853 | Annual Savings |

2.5% Reduction
BUDGET RECOMMENDATION — A
SUMMARY

• The net impact to nearly all Departments is reduced in comparison to Budget Recommendation B, with more strategic program adjustments.

• Utilizes Golf Study results and repurposes two (2) golf courses.

• No anticipated impact to the accreditation of Parks, Zoo, Fire or Police.

• The overall net reduction is approximately $2 million less than Budget Recommendation B.
BUDGET RECOMMENDATION - B

- Reduces General Fund Budget by 3.5% - $7,371,816 ~ 7.4%
- Excludes debt service, insurance, actuarially determined pension contributions, and other fixed General Government expenditures
- Limits impact to Fire and Police to $250,000 and $500,000, respectively
- Excludes Courts and Information Technology from reductions
- Includes adjustments to Special Projects and Outside Agency funding of $1.5 million
- Allocates remaining $5,121,816 to Departments ratably based on Adopted Budget (December 18, 2018) – Net impact to remaining Departments is 12.08%
### Original Adopted 2019 Budget (December 18, 2018)

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<thead>
<tr>
<th>Description</th>
<th>Personnel</th>
<th>Operations &amp; Materials</th>
<th>Plant</th>
<th>Rent</th>
<th>Repairs &amp; Maintenance</th>
<th>Utilities</th>
<th>Contracts</th>
<th>Capital Outlay</th>
<th>Outside Agency</th>
<th>Debt Inc.</th>
<th>Transfers</th>
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<tbody>
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<td><strong>Total</strong></td>
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### Adjustment

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<tr>
<th>Required Adjustments</th>
<th>% of Ops Expense</th>
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</table>

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**Note:** The table above represents the original adopted 2019 budget for various categories, including personnel, operations & materials, plant, repairs & maintenance, and utilities, among others. Adjustments are also highlighted, indicating changes in percentage of operations expense.
Budget Recommendation B — Concerns & Risks

- The ratable allocation does not adequately prioritize required or critical services
- The allocation of over $800,000 to the Zoo would require the closure of certain exhibits and would likely put accreditation at risk.
- In several Departments, the 12.08% allocation exceeds 50% of the total operating expenditure budget, requiring a higher number of staffing reductions than a more targeted approach.
- Fire and Police staffing costs exceed 91% of the Department budgets. While the proposed reduction amounts represent a small percentage of the overall budgets, they have a negative impact on required operating expenses.
COMPARISON OF ANNUAL BUDGET RECOMMENDATIONS

• Both recommendations address concerns with the Original 2019 Adopted Budget (December 18, 2018) that were included in the Board Budget Discussion on April 16, 2019
  – The estimated $2.2 million consolidated General Fund/General Fund Special Project loss anticipated in the Adopted 2019 Budget
  – The estimated non-recurring transfers in and temporary expenditure reductions utilized in the 2019 Adopted Budget of approximately $4.9 million

• Neither recommendation includes funding for new initiatives
## COMPARISON OF ANNUAL BUDGET RECOMMENDATIONS

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<thead>
<tr>
<th>Department Adjustments</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 General Government</td>
<td>150,000</td>
<td>416,099</td>
</tr>
<tr>
<td>2 Board of Directors</td>
<td>-</td>
<td>40,759</td>
</tr>
<tr>
<td>3 Community Programs</td>
<td>68,420</td>
<td>68,420</td>
</tr>
<tr>
<td>4 City Attorney</td>
<td>232,566</td>
<td>213,255</td>
</tr>
<tr>
<td>5 Finance</td>
<td>79,100</td>
<td>417,865</td>
</tr>
<tr>
<td>6 HR</td>
<td>55,597</td>
<td>233,183</td>
</tr>
<tr>
<td>7 Planning</td>
<td>46,229</td>
<td>310,870</td>
</tr>
<tr>
<td>8 Housing &amp; Neighborhood Programs</td>
<td>347,572</td>
<td>689,907</td>
</tr>
<tr>
<td>9 Building Services</td>
<td>-</td>
<td>128,104</td>
</tr>
<tr>
<td>10 Parks &amp; Recreation</td>
<td>1,028,263</td>
<td>1,287,706</td>
</tr>
<tr>
<td>11 River/Market</td>
<td>-</td>
<td>163,539</td>
</tr>
<tr>
<td>12 Golf</td>
<td>642,464</td>
<td>244,112</td>
</tr>
<tr>
<td>13 Fitness and Aquatics</td>
<td>-</td>
<td>103,315</td>
</tr>
<tr>
<td>14 Zoo</td>
<td>92,000</td>
<td>814,682</td>
</tr>
<tr>
<td>15 Fire</td>
<td>107,287</td>
<td>250,000</td>
</tr>
<tr>
<td>16 Police</td>
<td>114,355</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Subtotal - Department Adjustments</strong></td>
<td><strong>2,963,853</strong></td>
<td><strong>5,871,816</strong></td>
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<table>
<thead>
<tr>
<th>Staffing/Position Reductions</th>
<th>A</th>
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<tbody>
<tr>
<td>19.75%</td>
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<tr>
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</tr>
<tr>
<td></td>
<td>4</td>
<td>-</td>
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<tr>
<td></td>
<td>6</td>
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<tr>
<td></td>
<td>6</td>
<td>13</td>
</tr>
<tr>
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<td>28</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>5</td>
</tr>
<tr>
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<td>10</td>
<td>-</td>
</tr>
<tr>
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17
# Comparison of Annual Budget Recommendations

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Outside Agency/Special Projects</td>
<td>500,000</td>
</tr>
<tr>
<td>19</td>
<td>Reclassify portion of Rock Region Metro to Street Fund</td>
<td>115,000</td>
</tr>
<tr>
<td>20</td>
<td>Museum of Discovery</td>
<td>50,000</td>
</tr>
<tr>
<td>21</td>
<td>Downtown Partnership</td>
<td>750,000</td>
</tr>
<tr>
<td>22</td>
<td>Children, Youth, and Family, PIT</td>
<td>60,000</td>
</tr>
<tr>
<td>23</td>
<td>Cities of Service</td>
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</tr>
<tr>
<td>24</td>
<td>Subtotal - Outside Agency/Special Projects</td>
<td>1,475,000</td>
</tr>
<tr>
<td></td>
<td>Revenue Adjustments</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Increase Sales Tax - Act 822</td>
<td>+780,000</td>
</tr>
<tr>
<td>25</td>
<td>Increase Jim Dailey Revenues</td>
<td>+118,000</td>
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<tr>
<td>26</td>
<td>Subtotal - Revenue Increases</td>
<td>898,000</td>
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<tr>
<td>27</td>
<td>Total Annual Increases to Revenues and Net Reductions to Expense</td>
<td>5,336,853</td>
</tr>
<tr>
<td>28</td>
<td>% of General Fund Budget</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

1. 0% cliff
Mayor, City Manager, and Finance Director Recommendation

- Utilize the annual adjustments included in Budget Recommendation A as the basis for a Budget Amendment.
- Implement additional reductions or adjustments when the results of the Comprehensive Program Evaluation/Performance Audit are available.
- Implement a pilot project to identify other potential expenditure savings (payment based on a percentage of actual savings achieved during the pilot period).