

REPORT

To the Honorable Mayor and City Council
From the City Manager

June 22, 2009

SUBJECT

Budget Study Session 2

RECOMMENDATION

1. By motion, affirm City Council direction for adoption of the Fiscal Year 2009/10 General Fund / related funds budget
2. Review and provide direction for FY 2009/10 Redevelopment Agency budget, Capital Improvement Program budget, Sewer Enterprise Fund budget, and Water Enterprise Fund budget
3. Provide input to staff on Strategic Plan

BACKGROUND

The City Manager's recommended budget was presented to the City Council on June 15, 2009. Following an in-depth discussion, the Council's consensus was to accept the Fiscal Year 2009/10 General Fund / related funds budget as recommended, and with no changes, additions, or deletions. The next step in the budget adoption process will be a public hearing and consideration of formal approval and adoption of all of the City's budgets for FY 2009/10 on July 13, 2009.

See Attachment 1 for study session agenda outline.

Affirmation of Direction

Council also provided direction for a third budget study session on September 14, 2009. Attachment 2 to this report summarizes the staff's understanding of the Council's direction and expectations for that session. To ensure clarity, staff requests that the Council affirm the list and/or correct, amend, or add any items that were part of the June 15 discussion and subsequent consensus.

Review of Redevelopment Agency, Capital Improvement Program, and Enterprise Fund Budgets

The Recommended budget document was transmitted to the Council on June 4, 2009 and has been available on the City's website and at the City Clerk's office since that time for the public to review. Recommended budgets for these non-general fund activities are provided at a programmatic level in the budget document.

Please refer to the companion staff report for the Redevelopment Agency budget included in this agenda package.

Provide input to staff on Strategic Plan

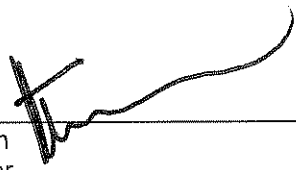
The budget document also includes a substantial staff report and attachments related to the implementation of the City Council's new Strategic Plan. Please also refer to the companion report in this agenda package for the suggested June 22 discussion purpose, process, and desired outcomes.

ALTERNATIVES

Council could provide alternative direction to staff.

FISCAL IMPACT

There will be no immediate, direct fiscal impact as a result of this study session. However, upon consideration of adoption of the budget in July, the Council will be committing specified revenues to approved expenditures for the 2009-10 Fiscal Year.



Peter Ingram
City Manager

ATTACHMENTS

1. Study Session Agenda Outline
2. Council Direction - Summary of June 15, 2009 City Council Study Session #1

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

Bound copy of the City Manager's Recommended Budget for FY 2009/10



City of Redwood City
Budget Study Session
2008-2010

AGENDA
Budget Study Session No. 2
June 22, 2009

- I. General Fund Wrap-up and Summary – Peter Ingram, City Manager (Follow-up from June 15, 2009)**
- II. Redevelopment Agency – Chu Chang, Community Development Services Director**
 - A. Public Comments**
 - B. Council Discussion**
- III. Capital Improvement Program – Chu Chang, Community Development Services Director**
 - A. Public Comments**
 - B. Council Discussion**



City of Redwood City
Budget Study Session
2009-2010

AGENDA
Budget Study Session No. 2
June 22, 2009

- IV. Sewer Enterprise Fund – Larry Barwacz, Public Works Services Director**
 - A. Public Comments**
 - B. Council Discussion**
- V. Water Enterprise Fund – Larry Barwacz, Public Works Services Director**
 - A. Public Comments**
 - B. Council Discussion**
- VI. Strategic Plan –Magda González, Deputy City Manager**

Redwood City - Building a Great Community Together

CITY COUNCIL DIRECTION

DEVELOPING A BALANCED BUDGET

Summary of June 15, 2009 City Council Study Session #1

Affirmed by City Council _____, 2009

GOAL STATEMENT

We must balance the City's General Fund revenues and expenditures by Fiscal Year 2012/13 to achieve long-term sustainability.

DIRECTION FROM CITY COUNCIL

- I. Council accepts City Manager's recommended Fiscal Year 2009/10 General Fund and related funds budget as presented June 15, 2009. Return to Council for formal adoption on July 13, 2009.

- II. Council anticipates that additional expenditure reductions and/or revenue enhancements may be required to the Fiscal Year 2009/10 budget, depending on the decisions and actions by the State over the next weeks and months. Therefore, a third City Council budget study session has been scheduled for Sept. 14, 2009. Specific information and expectations requested by the Council are as follows:
 - a. Human Services Financial Assistance Program: Do not change the recommended budget and funding allocations as presented for Fiscal Year 2009/10. However, Council requests additional information on how city dollars are leveraged and the implications of potential future reductions.
 - b. Civic Cultural Commission: Do not change the recommended budget and funding allocations as presented for Fiscal Year 2009/10. However, Council requests additional information on implications of potential future reductions and potential revenue enhancements, including sponsorships and donations.
 - c. Threat of the State invoking Proposition 1A "borrowing" of property tax revenues and/or a take of gas tax revenues: Council requests that staff bring matching expenditure reduction recommendations with some options for Council to consider.
 - d. General Fund Revenues: Bring back information and refined long-term projections
 1. Proposed business license tax increase
 2. Sales tax – updated quarterly report data
 3. Sales tax – auto dealers and downtown businesses
 4. Parking Fund revenues
 - b. General Fund Expenditures: More information is desired on the following services and programs
 1. Within the recommended Fire Department budget reductions, Council understands that a Union proposal to change minimum staffing

- requirements on Truck 9 will come back for Council consideration via a side letter amendment to the contract with the Union. This proposed operational change will not alter the budget; rather it will provide the Fire Chief with more flexibility in staffing of Station 9. The Council has indicated their conceptual approval and appreciation for this new proposal.
2. Staff time and associated costs to support pilot tree board, and implications of continuation or termination
 3. Staff time and associated costs to support Police Athletic League (PAL), along with alternative ways to share and leverage resources.
 4. Staff time and associated costs to support Community Emergency Response Team (CERT), along with alternative ways to share and leverage resources.
 5. Parking Fund – can costs be decreased?
 6. Communications – can electronic outreach and information offset printing and mailing costs?
- c. Staffing. Council would like an update on the City Manager’s vacancy management program.
1. Number of vacant positions
 2. Short-term cost savings
 3. Long-term implications of vacancies
 4. Volunteers – what are we currently doing, and what is possible/manageable (capacity building)
- d. Employee and retiree costs
1. Council discussed the Grand Jury report entitled “Reversing the Upward Trajectory of Employee Costs in the Cities of San Mateo County”. Responses to the report are due by Sept. 3, 2009; therefore staff will coordinate with other organizations (such as the San Mateo County City Managers’ Association) and come back to Council via the Council Personnel Committee with a suggested response.
 2. Council will provide broad direction to the City Manager and Human Resources Director in July, such that the labor/management collaboration on alternative benefits program design can continue.