

REPORT

**To the Honorable Mayor and City Council
From the City Manager**

July 13, 2009

SUBJECT

Fiscal Year 2009-10 Budget

RECOMMENDATION

By resolution, adopt the Fiscal Year 2009-10 budget.

BACKGROUND

On June 15th and 22nd the City Council held budget study sessions at which times the Council reviewed the recommended FY 2009-10 budget as submitted by the City Manager and directed staff to bring this budget to the Council on July 13, 2009 for adoption.

Given the uncertainty surrounding the general fund revenues, particularly with respect to potential actions by the State which could result in severe reductions in property tax revenues or gas tax revenues, staff will return to Council on September 14, 2009 and present an update on the general fund's financial situation. Should significant reductions in revenues materialize staff will also present further options – reduced expenditures or increased revenues – at that time.

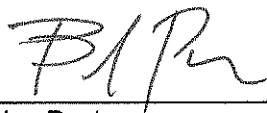
Attached is a summary of Council's direction and expectations for the September 14th budget study session (attachment 2).

ALTERNATIVES

Council may elect to make changes to the budget as submitted or direct staff to explore certain options and bring those options back to Council for consideration. Deferring the adoption of this budget will delay the organization's ability to pursue objectives which are dependent upon the funding provided by this budget.

FISCAL IMPACT

There are sufficient resources available – in projected opening fund balances and anticipated revenues – to support the expenditure appropriations contained within this budget.



Brian Ponty
Director of Finance



Peter Ingram
City Manager

ATTACHMENTS

1. Resolution Adopting the Final Budget for FY 2009-10
2. Council Direction – Summary of June 15, 2009 City Council Study Session #1

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

1. City of Redwood City FY 2009-10 Recommended Budget Amendments

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF REDWOOD CITY ADOPTING THE FINAL BUDGET OF THE CITY OF REDWOOD CITY FOR FISCAL YEAR JULY 1, 2009 - JUNE 30, 2010; PROVIDING FOR THE APPROPRIATION AND EXPENDITURE OF ALL SUMS SET FORTH IN SAID BUDGET; PROVIDING FOR EMERGENCY EXPENDITURES, TRANSFERS, ADDITIONAL APPROPRIATIONS, CANCELLATIONS AND REAPPROPRIATIONS OF EXISTING APPROPRIATIONS; ADOPTING THE BUDGET FOR GENERAL IMPROVEMENT DISTRICT NO. 1-64 FOR FISCAL YEAR JULY 1, 2009 - JUNE 30, 2010; AND MAKING PROVISION FOR INTERIM EXPENDITURES AS OF JULY 1, 2009.

WHEREAS, in accordance with the Charter of the City of Redwood City, the City Manager has submitted to the Council of Redwood City a proposed annual budget for Fiscal Year July 1, 2009 - June 30, 2010; and

WHEREAS, pursuant to Section 51.5 of the Charter of the City of Redwood City, after duly noticed public hearing, the Council of Redwood City has approved said budget and said budget has been certified by the City Clerk and City Manager as the Final Budget of the City for Fiscal Year 2009-2010; and

WHEREAS, it is the intention of the Council of Redwood City to adopt the certified copy of the Budget, as amended, presently on file in the office of the City Clerk;

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF REDWOOD CITY AS FOLLOWS:

SECTION 1. Adoption of Budget. The Budget for the Fiscal Year July 1, 2009 - June 30, 2010, approved by the Council of Redwood City and certified by the City Clerk and City Manager, presently on file in the office of the City Clerk, included in that document entitled "City of Redwood City - Recommended Budget Amendments FY 2009-2010," is hereby referred to and incorporated herein as if fully set forth herein verbatim, and that portion of said document relating to Fiscal Year 2009-10 is hereby

adopted as the Annual Budget of the City of Redwood City for the Fiscal Year July 1, 2009 - June 30, 2010.

SECTION 2. Appropriations. From and after the operative date of this resolution, the several amounts stated in the Annual Budget referenced in Section 1 hereof as Resources Allocated for the Fiscal Year July 1, 2009 - June 30, 2010 shall become and thereafter be appropriated to the offices, departments (therein referred to as "programs" and "subprograms"), objects and purposes therein stated for said Fiscal Year, and said monies are hereby authorized to be expended for said offices, departments, objects and purposes by the offices and departments specified in the Budget. The Budget Transmittal Letter and Budget Message, Explanation of the Budget Process, the Program Summaries, notations, memoranda and information contained in the Operating Programs consisting of the portions thereof designated program financing, goals, subprogram goals, objectives, comments, subprogram changes, priorities, personnel, performance indicators and financing; the Capital Improvement Summary and project listings; the financial summaries, and personnel allocations are for informational purposes only and shall not be construed to limit or affect in any manner any appropriation item. To the extent otherwise permissible, actions affecting such information items may be taken from time to time without amendment hereto, or to the Budget adopted hereby. The annual budgets of the Redevelopment Agency, the Redwood City Public Financing Authority and special assessment districts, are likewise set forth in said document for informational purposes only.

SECTION 3. Transfers, Additional Appropriations, Cancellations. From time to time during the Fiscal Year, the Council may transfer sums from any appropriated item to any other appropriated item by resolution. Additional appropriations may be

made and authorized in accordance with the procedure referenced in Section 51.5 of the Charter of the City of Redwood City. No appropriation set forth in the Budget, or in any subsequent resolution, shall be cancelled in whole or in part except by resolution adopted by the affirmative vote of 5/7ths of all members of the Council; provided, however, that transfers of sums from one appropriated item to any other appropriated item may be accomplished by resolution.

SECTION 4. Expenditures. The City Manager and Director of Finance are hereby authorized to expend all sums set forth in the Budget for the purposes and objects specified therein.

Expenditures made, liabilities incurred, or warrants issued in excess of any of the budget appropriations as originally approved or as thereafter increased or decreased shall not constitute an obligation or liability of the City. Any official making or incurring such expenditures in an amount known to him or her to be in excess of the available balance of the appropriation against which it is drawn, shall be liable therefore upon his or her official bond. The City Manager and the City Council shall approve no claims and the Director of Finance shall issue no warrant or check for any expenditure in excess of existing appropriations except on an order of a Court of competent jurisdiction or for an emergency as herein provided.

SECTION 5. Emergency Expenditures. Upon the happening of any emergency caused by fire, flood, explosion, storm, earthquake, epidemic, riot or insurrection, or for the immediate preservation of public order, peace, health or safety, or for the restoration to a condition of usefulness of any public property, the usefulness of which has been destroyed by accident or Act of God, or for the relief of an area stricken by calamity, or to meet monetary expenditure required by law, the Council may,

upon 2/3rds vote of the members present at any regular, adjourned or special meeting, adopt a resolution stating the facts constituting the emergency, thereby making the expenditure necessary to meet such emergency. All emergency expenditures shall be paid by warrant or check from any fund properly chargeable therewith and the Director of Finance is hereby authorized and directed to pay such warrants.

SECTION 6. Budget for General Improvement District No. 1-64. The budget designated as the budget for General Improvement District No. 1-64, for the Fiscal Year July 1, 2009 - June 30, 2010, in the Annual Budget referenced in Section 1 hereof, is hereby adopted.

SECTION 7. Provision for Interim Expenditures as of July 1, 2009; Reappropriations. All unencumbered General Fund balances remaining at the close of the Fiscal Year June 30, 2009, except for those amounts otherwise legally disposed of, are hereby appropriated to the General Fund program "Resources Held in Reserve." The Director of Finance is hereby authorized to transfer monies hereby appropriated to the program resources held in reserve from said program to any other program or budget item established by Annual Budget referenced in Section 1 hereof, or by this 2009-10 Fiscal Year Budget resolution, for expenditure from such other program or budget item, without further Council approval for such transfer; provided, however, that the sum of all expenditures of General Fund monies during Fiscal Year July 1, 2009 - June 30, 2010, plus expenditures during the interim period between the close of Fiscal Year June 30, 2009, and the date of adoption of the 2009-10 Fiscal Year budget shall not exceed the total amount appropriated by this 2009-10 Fiscal Year Budget Resolution.

All unencumbered balances remaining in all funds other than the General Fund at the close of Fiscal Year June 30, 2009, are hereby appropriated to those same funds for purposes of expenditure during the interim period as previously specified in this section. Any fund(s) which has or have no unencumbered balances as of June 30, 2009, shall receive no additional appropriation during said interim period, and no expenditure of monies shall be authorized during said interim period except as transferred from the General Fund by the Finance Director.

All encumbered balances remaining in all funds at the close of Fiscal Year June 30, 2009, are hereby reappropriated to the same funds and for the same purposes and objects for Fiscal Year July 1, 2009 - June 30, 2010, and all unexpended appropriations for capital projects for Fiscal Year ending June 30, 2009, are hereby reappropriated for expenditure for the same purposes and objects during Fiscal Year July 1, 2009 - June 30, 2010, unless otherwise provided in this resolution or in the Annual Budget referenced in Section 1 hereof.

SECTION 8. Effective Date and Operative Date. In accordance with Section 51.5 of the Charter of the City of Redwood City, this resolution shall be effective immediately upon adoption.

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Redwood City - Building a Great Community Together**CITY COUNCIL DIRECTION*****DEVELOPING A BALANCED BUDGET*****Summary of June 15 & 22, 2009 City Council Study Sessions****Affirmed by City Council June 22, 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. Identify core services, what we do best and potential impacts on those services due to diminishing resources.
- III. 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: Accepted 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: Accepted 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: Should this happen, 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?
 - 7. Have staff liaisons of Boards, Commissions, and Committees (BCC's) bring back costs associated with BCC's, including staff time and resources. How do the BCC's work towards supporting our strategic initiatives?
- 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.