



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 17, 2009

SUBJECT: Council Approval of 09/10 Budget Calendar

Report in Brief

The City Council has formally adopted a schedule for the presentation, review and approval the City’s annual budget and updated 10-Year Financial Plan. This schedule provides the community with advance notice of dates for special meetings and adoption of the budget. The following dates are provided to facilitate the Council’s consideration of the FY 2009-10 schedule:

- Council Special Planning Session.....October 28th
- Council to Receive List of Potential Reductions.....March 31st
- Council to Receive Preliminary Budget Package.....May 1st
- Council Budget Study Session.....May 12th
- Adopt Operating and Capital Budget.....June 2nd

Staff recommends that the City Council approve the tentative budget schedule and reserve March 31 and May 12, 2009 as special Council meetings/Study Sessions to review budget detail with City Manager and Senior Staff starting at 5:00 p.m. till approximately 9:00 p.m.

Background

Over the past nine years, Council has provided this community with a reasonable balance of City services; while containing costs, increasing revenues, and improving the reserve fund balances.

During the October 23, 2008 Strategic Fiscal Planning Session, Council reviewed the Guiding Principles for the FY 09/10 Budget and 10-Year Financial plan. The discussion included the City’s overall financial position, the significant fiscal challenges relating to the overall economic conditions, and the structural deficit in the General Fund.

Consistent with the strategies prepared by the City Manager, and subsequently approved by Council, Departments have been asked to prepare their 09/10 operating and capital budgets in accordance with the following guiding principles:

- Provide a prioritized list of programs with associated costs that will be discussed with the City Manager and City Council in order to consider alternatives for an additional \$2.5 to \$3.5 million in General Fund expenditure reductions for FY 09/10 over the current budget;
- Consider other operating alternatives such as contractual services or community collaborations that would generate significant savings;
- Consider utilizing other revenue sources to fund existing programs and services in order to reduce the impact on the General Fund;
- Consider implementing new or expanded program fees for appropriate programs in order to mitigate reductions;
- Consider reorganization and use of attrition to facilitate staffing reductions in a manner that reduces the impact to employees;
- Collaborate with the Finance Department by meeting all deadlines and reviewing potential cost saving or revenue generating scenarios with Finance staff prior to inclusion within the department's budget submittal.

Additionally, the Finance Department will be responsible for the ensuring the following items are analyzed and budgeted accurately:

- Employee Salaries / Benefits – consistent with Council guidance on MOU amendments/parameters;
- The Health internal service fund will be consistent with the MOU parameters;
- The Vehicle and IS internal service Funds are subject to their respective replacement policies, but discretionary costs will be limited or reduced;
- The Insurance internal service Fund is subject to external factors – such as the yearly YCPARMIA premium costs, workers compensation claims and property and vehicle damage costs;
- Administrative overhead and update of cost allocation plan;
- Respective Departments and Finance will work together on determining recommended appropriations for the following preliminary non-discretionary costs:
 - Gas & Oil
 - YECA Contract
 - LAFCO
 - Booking Fees
 - Internal Service Costs (Data Processing, Variable and Fixed Vehicle/Equipment Costs, Insurance Premiums and Claim Reserves)
 - Utilities
 - Lease / Debt Service Payments
 - Contributions to Other Funds
 - Property Taxes

The budget calendar is very similar to last year's calendar with one very important exception. This year, on March 31, staff is proposing a Study Session that will focus on the list of reductions under consideration to correct the structural imbalance. Since these reductions will be of significant interest to the City Council, the community and City employees, staff believes it is critical provide the City Council with an additional opportunity to review the scope of the expenditure reductions. It is also critical to provide this opportunity to members of the Woodland community and employees who could be affected by the proposed reductions.

Fiscal Impact

Based on analysis of FY 09/10 revenues and expenditures, additional reductions will be needed in order to present a balanced budget. In accordance with the City Manager's guidelines, 10-year planning for both operational and capital budgets will be presented for approval, with a 3-year appropriation for capital budget items.

Public Contact

Posting of the City Council agenda.

Alternative Courses of Action

1. Approve the tentative budget schedule and reserve March 31 and May 12, 2009 as special Council meetings/Study Sessions to review budget detail with City Manager and Senior Staff starting at 5:00 p.m. till approximately 9:00 p.m.
2. Direct staff to implement an alternative budget schedule based on Council discussion.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

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City Manager

Attachments

CITY OF WOODLAND
Operating Budget
Internal Development Schedule 2009/2010

Due Date

- Dec 12 Budget Kickoff – information to be distributed and discussed
- Budget instructions
 - Budget timeline
 - Operating program balance sheets
 - Non-discretionary expense budgets – overhead, variable & fixed vehicle cost, data processing & debt service, etc. (To be calculated by Finance and reviewed by each Department)
 - Salaries Schedule / Benefits at 60%
 - Operating budget forms (BP Forms)
- Feb 2 All departments budget submissions completed (BP forms: **BP1** (permanent employees), **BP2** (part time hours), **BP3** (OT, stand-by and acting pay), **BP 6** (Revenue Projections), **BP 7** (Vehicle cost center allocation), **BP8** (Vehicle replacement/ Equipment replacement), **BP 10** (Consulting/Professional Services)), **Prioritization of Programs**
- Feb 9 Changes to 10-Year Forecast (staffing and equipment needs), **BP 5** (Department Goals, Program Descriptions)
- March 2 Preliminary Draft #1 to Directors and CM for review
- March 5 Departmental Comments due to Finance
- March 11 Finance assemble package and provide to City Manager for review
- Mar 16-20 City Manager Meetings with Department Heads
- March 31 Council Study Session to review list of potential reductions
- Mar 25 –
April 6 Finance analysis, review , modification, and compilation
- Apr 6 Preliminary Draft #2 to Directors and CM for review & comment
- April 8-27 Budget Document Preparation
- April 28 Council Package Due for May 12 Retreat (Budget session)
- May 12 Council Retreat
- May 12 - 19 Council Modifications to Draft Budget Document
- Proposed Budget – analyzed, reviewed, assembled, printed
- May 19 Council Package Due for June 2 Council Meeting
- June 2 Council Meeting - - Adoption of Preliminary Budget