



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: February 16, 2010

SUBJECT: Council Approval of 2010/2011 Budget Calendar

Report in Brief

Each year the City Council establishes a schedule to guide consideration of the budget and 10-year financial plans for all major City funds. The following schedule is presented for the Council's consideration:

- Council Study Session March 30th; 5:00 – 8:00 pm
- Council to Receive Preliminary Budget Package May 11th
- Council Study Session May 25th; 5:00 – 8:00 pm
- Adopt Operating and Capital Budget June 15th

The special study session on March 30, 2010 will be utilized for the Council to consider needed expenditure reductions to address a General Fund shortfall currently estimated at approximately \$3 million.

Staff recommends that the City Council approve the FY 2010/2011 Budget Calendar as described herein.

Background

With the sluggish economy, it is critical for community discussion associated with the allocation of resources to begin as early as possible. This year, community discussion began when the City Manager presented the update and status report on the City's fiscal condition on December 15, 2009 and proposed a community engagement process wherein Woodland residents and business owners would be able to identify the highest priority public services. This initiative is called **Your City, Your Voice** and it was launched on January 5, 2010 with a web based survey. In addition to the survey, **Your City, Your Voice** will utilize stakeholder interviews and focus groups to help staff and the City Council determine the City's most critical services. This is an important step given the City's need to practice fiscal discipline by utilizing available resources as efficiently as possible.

Discussion

Consistent with the strategies prepared by the City Manager, and subsequently approved by Council, Departments have been asked to prepare their 2010/2011 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 estimated \$3 million in General Fund expenditure reductions for FY 2010/2011 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 as appropriate 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 Division 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 Division 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;

Recommendation for Action

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

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