



Staff Report

INFORMATIONAL UPDATE ON THE PROPOSED FY 2010 AND FY 2011 BUDGET CORRECTION PLAN

Honorable Mayor and Council Members:

Summary

The purpose of tonight's discussion is to provide City Council with an informational update on staff's work and progress in revising the Proposed Budget Correction Plan (Plan) presented on March 9th. At the conclusion of the update, City Council may wish to provide additional direction to staff prior to bringing back a report for the April 13th meeting.

Background

On March 9th, staff introduced the Proposed Budget Correction Plan to address the projected General Fund shortfall estimated at \$1.3 million, which is present now and will continue into the foreseeable future, if left unaddressed. The Plan provided \$2 million in reductions and transfers and \$0.47 million in new/increased revenues over the remainder of FY 2010 and FY 2011, far exceeding the \$1.3 million estimated necessary to address the General Fund revenue shortfall. At this meeting, the Council provided staff with direction to revise the Plan to better suit the needs of the community.

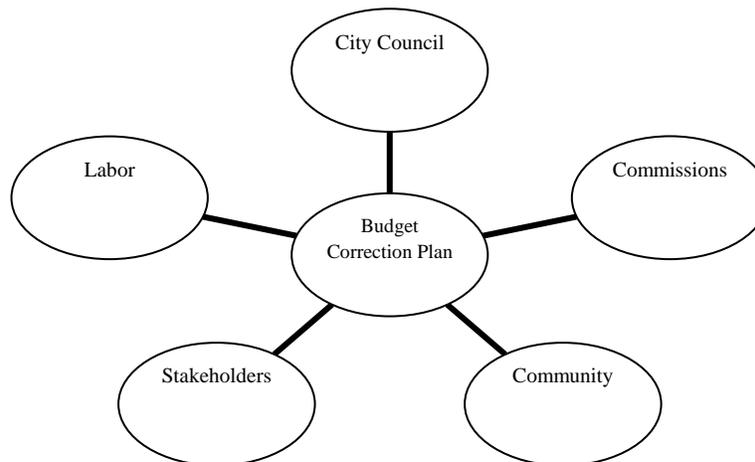
	Correction Plan
Economic Impacts	\$ 1,300,000
Less:	
Proposed Departmental Revenues	\$ 432,222
Proposed Departmental Expenditures/Transfers	\$ 1,123,612
Proposed Entity-wide Revenues	\$ 427,346
Proposed Entity-wide Expenditures	\$ 205,919
Total Strategies	<u>\$ 2,189,099</u>
Difference	<u><u>\$ 889,099</u></u>

Discussion

At the March 9th meeting, the City Council appeared to be developing consensus around the following items:

- Parks and Recreation Proposals
 - Keep cuts away from seniors, children and the Library
- Concern with new taxes
- Layoffs are undesirable
- Minimize service reductions
- Reductions should be sustainable and not create issues in the long-term
- Preserve fund balance reserves
- Minimize cuts to revenue-generating activities
- New revenues should be realistic

The Council also expressed interest in expanding the process to include more input from the City's Commissions, the community and other stakeholders in shaping the Plan. The graphic below depicts staff's understanding of Council's intentions in this regard. This process anticipates an iterative approach towards developing the final Plan. As such, it is anticipated there will be multiple check-in meetings with Council before a final solution is adopted.



Finance Commission, Other Commission and Community Input

The Finance Commission will initially review the Plan at a special meeting on March 18th. A second meeting is scheduled for April 1st. It is intended that once the Commission has completed their work that those results will be shared with Council.

Staff is scheduled to discuss the Plan with the Planning Commission at their April 6th meeting, the Parks and Recreation Commission at their April 7th meeting, and hold a community meeting at the Library tentatively scheduled for March 31st. Staff intends to follow the past practice of transmitting the results of these meetings to Council so that the Council has the benefit of the details discussed at these meetings.

Revisions to the Projected Revenue Shortfall

Since the March 9th meeting, staff has received additional information from the County of San Mateo regarding the VLF in Lieu revenue (\$167,678). Based on data from the State, the County now believes the shortfall has been alleviated for the current fiscal year, but has cautioned this shortfall could occur in a subsequent year. Despite this favorable news, staff continues to target a \$1.3 million correction as there appears to be softening in property tax in the long-range projections.

Next Steps

Based upon the above, staff anticipates Council meeting on April 13th to share the input received from the stakeholders with the Plan adoption scheduled for April 27th.

General Plan/Vision Statement

The budget strategies developed as part of the Plan were designed with the intent to maintain as much of the community's vision as possible.

Fiscal Impact

At this point, there is no fiscal impact from this report. However, adoption of a budget correction plan will have positive long-term benefits to the City.

Public Contact

Posting of City Council agenda.

Recommendation

No action is required at this time but questions can be asked of staff.

Alternatives

1. With direction, refer back to staff for further consideration.

Attachments:

None.

Respectfully submitted,

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