

TO: City Council

FROM: James L. App, City Manager
Jim Throop, Director of Administrative Services

SUBJECT: Two Year Budget & Four Year Financial Plan

DATE: May 19, 2009

Needs: For the City Council to consider convening a Budget Workshop and public hearing.

Facts:

1. Mayor Duane Picanco and Councilman John Hamon serve as the City Council's ad hoc budget review committee.
2. Staff and the ad hoc committee are reviewing the draft budget for the purpose of making recommendations to the full Council.
3. Recommendations are anticipated this month and can be readied for consideration in June.
4. A budget workshop can provide the public and City Council an informal opportunity to discuss and consider budget initiatives. A subsequent public hearing will be scheduled so that formal action to adopt a budget is taken before commencement of the new fiscal year (July 1).
5. The Budget Workshop could be scheduled either Wednesday June 3 or Thursday June 11. The formal budget hearing will be scheduled for City Council's regular meeting of June 16, 2009.

Analysis &
Conclusion:

The City, State, Nation and World are in the midst of an unprecedented economic downturn. The current economic situation is expected to continue through Fiscal Year 2010 with a return to very modest growth in Fiscal Year 2011. This economic downturn has caused City revenues to fall far short of operational demands.

City Council has set new goals for the next four years. Chief among these goals is to "Live Within Our Means". In order to adhere to this goal, no new, un-mandated programs or services have been added to the budget. To date, expenses in the General Fund have been reduced by \$4-5.0 million per year. Staffing for the General Fund has been reduced by 17.5%, a reduction 31 positions. However, even with the significant cuts to expenses already implemented, the General Fund is projected to remain in a deficit position, thus requiring use of the General Fund's reserves.

All other funds are being reviewed for revenue and expenditures, and adjustments are being made to account for the economy, cost increases/decreases, and/or newly mandated services/programs/restrictions.

Fiscal

Impact: None. Workshop presentation only.

Options:

- a. That the Council select a Budget Workshop date; or
- b. Amend, modify, or reject the above option.