

YOUR CITY YOUR DECISION

MENLO PARK BUDGET

Survey Inside



Your City/Your Decision in Brief

The Problem

The City of Menlo Park faces a \$2.9 million budget shortfall in 2006-07. This gap represents 10% of the City's annual operating budget and will widen over time if nothing is done. The short-term savings and lower-impact cuts made over the past four years have not been enough. The deferral of repairs to the City's streets, storm drains and other infrastructure cannot be continued. A permanent solution to Menlo Park's budget crisis is needed and will involve many tough choices and trade-offs.

The Goal

The goal is to produce a long-term City service and funding plan that balances the budget based on community input and priorities.

What YOU Can Do

- Complete and return the survey by October 3rd by mail or on the City's website
To start right away, go to page 2 for survey instructions; for helpful background information, see page 8
- Attend a community workshop in February (dates and locations to be announced)
- Help with outreach or be a workshop facilitator (see our website for more details)

For More Information

- **Your City/Your Decision hotline:** 650-330-6646
- **E-mail:** menloparkbudget@menlopark.org
- **Visit our website:** http://www.menlopark.org/homepage/priority_budget.html

Menlo Park: Your City/Your Decision

September 2005

Dear Neighbor,

Menlo Park, like most California cities, has been facing serious financial challenges for the past several years. Due to the economic downturn and increased costs, the City cannot continue to provide all current services.

The purpose of this special mailing is to give you an opportunity to help design a balanced and sustainable budget that supports what is most important to you. Enclosed, you will find a survey titled *Your City/Your Decision* that enables you to tell us exactly what City services and programs you value, which you would be willing to cut or increase and whether you would be willing to increase fees or taxes. This mailer also offers background information for your use as you consider the trade-offs and provide us with your best advice.

Please take the time to fill out and return this very important survey by October 3rd. We invite you to join other Menlo Park residents and City staff at a community workshop next February to discuss the survey results and the important choices the Council will be making in the 2006-07 budget.

Several other cities have undertaken similar citywide engagement efforts and used the results to build a better budget. Menlo Park will be the first in the Bay Area to use this exciting new approach. As your City Council, we are committed to making decisions that are supported by the community. We look forward to hearing from you.

Thank you in advance for helping shape the future of Menlo Park.



Mayor
Mickie Winkler



Mayor Pro Tem
Nicholas P. Jellins



Council Member
Andrew M. Cohen



Council Member
Lee B. Duboc



Council Member
Kelly J. Fergusson

**El cuestionario está disponible en español.
Llame por favor 650-330-6646 para recibir uno por correo.**



Please return the enclosed postage paid survey by October 3, 2005.

How Your City/Your Decision Works

The City has designed a process called *Menlo Park: Your City/Your Decision* to produce a community-supported, long-term City service and funding strategy. Based on an approach that has worked in other cities, *Your City/Your Decision* educates community members about the budget, engages them in dialogue about priorities and trade-offs, and uses their input in shaping the City's future.

The process will consist of two rounds of public participation. **You may participate in any way you like**, either by completing the survey, attending a workshop, or (preferably) both.

Round 1: Survey (due October 3, 2005)

This mailer includes a survey asking you to **build a budget based on your priorities**. It also provides information about the budget problem, City services and their costs.

City staff will develop specific strategies to achieve the priorities identified in the survey

Round 2: Workshops (February 2006)

Workshops will bring community members together in small groups to **evaluate budget-balancing strategies** and come to a decision, just as a City Council would.

The City Council will deliberate on the feedback from the survey and workshops and adopt a final budget.

Survey Instructions

The survey has five parts:

I Balancing the Budget. The first part of this survey asks you to balance the City budget. It provides a worksheet that lists City services (with net costs) and various revenue options, which are described on pages 3-7 of this mailer and are referenced by number. Helpful background information about the City budget can be found on page 8. The worksheet gives you the chance to note where you would reduce or increase spending and what, if any, taxes you would increase, with the goal of eliminating the \$2.9 million budget shortfall.

II "In Your Own Words." The second part of the survey asks for your ideas to balance the budget. Do you have suggestions to improve efficiency? If so, we want to hear them; the more specific the better. Are there areas not currently included in the budget where you think money should be spent? Tell us where and why. You can be certain that everything you write will be read and considered.

III Other Revenues. The third part of the survey asks for your views about business development and user fees as ways to increase revenue to support City services.

IV Demographic Questions. The fourth part of the survey includes questions about yourself. Your answers to these questions will help us know whether we have heard from a broad cross-section of the community. Of course, if you would rather not give us this information, you could leave these questions blank.

V Return It to Us. Return the completed survey to us by October 3rd so your voice will be heard. Follow the instructions on the survey and drop it in the mail. Postage will be paid by the City. Or, you can complete the survey online on the City's website at http://www.menlopark.org/homepage/priority_budget.html.

Tips to balance the budget

City staff members tested this survey with Menlo Park residents. Below are some hints you may find helpful.

- Read through the list of services and revenues. Refer to the descriptions on pages 3-7. You'll find them interesting and helpful.
- Use a pencil and don't try to balance the budget in one pass. You may want to go over the budget a couple of times, thinking over your early decisions and perhaps changing them to cut (or add) more or less.
- Don't worry about balancing the budget exactly. It's okay to have some budget surplus or even a small shortfall.
- Remember that the number you should write in the "Budget Reduction" column is the size of the cut, not the amount left over after the cut. The same holds true for the "Budget Increase" column: this is the amount that you would add.
- In the area of "Revenue Options," we have included some calculations to give you an idea of the amount of revenue that could be raised at various rates. You can write in any amount you think is needed for your budget strategy. Don't be limited to the particular rates shown.
- Most importantly, this survey may seem difficult at first, but it gets more interesting as you go along. Stay with it; we really need your ideas!

A Guide to the Budget Survey

The illustration below shows you a sample of the survey. If you're unsure of a service listed on the survey, you may turn to the City Service descriptions starting on page 3 for more details.

You can find out more about this service by looking up this number in this mailer

What this service does

City Services
(see page 3)

① **Police - Patrol Response**
This program provides field services to Menlo Park's residents, business owners and visitors, responding to both emergency and non-emergency calls for service, and providing initial criminal investigations. Patrol officers respond to 32,000 incidents annually, and are prepared "24/7" to protect Menlo Park. This program also provides parking permits and enforcement activities.

Expenses: \$7,107,000 } Net Cost: \$6,244,000
Revenues: \$863,000 }

Reducing the City's police patrol program could increase response times to all calls for service including emergencies, for which response times currently average four minutes. Reduced parking enforcement would reduce the effectiveness of the City's parking regulations.

What we think could happen if this budget was cut significantly

If you have further questions

- Please call the Menlo Park Decisions Hotline: (650) 330-6646 – we'll get back to you as promptly as possible.
- E-mail us at: menloparkbudget@menlopark.org
- Visit our webpage: http://www.menlopark.org/homepage/priority_budget.html
- Additional copies of the survey are available at City Facilities or on our website

El cuestionario está disponible en español. Llame por favor 650-330-6646 para recibir uno por correo.

Survey:
(see insert)

	Annual Net Cost	Budget Reduction	Budget Increase
Public Safety Services			
① Patrol Response	\$6,244,000	_____	_____
② Investigations	2,117,000	_____	_____
③ Traffic Enforcement	1,405,000	_____	_____
④ Community Emergency Preparedness	147,000	_____	_____
⑤ Community Outreach	1,027,000	_____	_____

How much in taxes it costs to support this service

How much would you cut or increase this budget

An Introduction to City Services

THANK YOU for taking the time and making the effort to complete this survey to help establish priorities for the City's next budget.

Starting on this page you will find a listing of each City service that is paid for by your taxes. Each listing includes a description of that service, the cost of that service, including associated overhead, and any revenue it might bring in. (Figures are rounded to the nearest \$1,000.) You'll also read a description of the effects of cutting that service.

The insert in this mailer is a Budget Survey that you will use to build a City budget that reflects your preferences. You complete the survey by indicating on the Budget Survey how much you would increase or decrease the net cost of each City service. There's also an opportunity to suggest increases to City taxes. When you're done, you total your choices to see if your budget balances. We'll also ask for your views on user fees and business development as ways to increase revenue. For background information about the City's budget, see page 8.

Public Safety Services

① Police - Patrol Response

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② Police Investigations

Investigations detectives follow up on crimes including homicide, robbery, identity theft, sex and juvenile crimes and those involving drugs and vice. The service also provides liaison with the courts and prosecutors, coordinates information about active criminal offenders and regional crimes, and supplies specialized police response to emergency situations.

Expenses: \$2,184,000 } Net Cost: \$2,117,000
Revenues: \$67,000

Cutbacks in investigations personnel could result in a decreased ability to follow up on criminal cases, a reduction in solving crime, and an increased reliance on other police agencies for specialized police response.

③ Police - Traffic Enforcement

The same police officers that provide patrol services are assigned to enforce traffic laws, investigate accidents and conduct DUI and traffic enforcement operations. Enforcement of traffic laws improves public safety by reducing traffic accidents on major thoroughfares and in neighborhoods. This service also provides traffic support for special events.

Expenses: \$1,719,000 } Net Cost: \$1,405,000
Revenues: \$314,000

Reductions in this program would decrease the number of hours available for traffic enforcement.

④ Police Community Emergency Preparedness

This program prepares the City's emergency response plans for major disasters such as floods, earthquakes or hazardous materials releases. The service also provides community education on disaster preparedness, and conducts periodic emergency response drills for City staff.

Expenses: \$147,000 } Net Cost: \$147,000
Revenues: \$0

Reducing this program would limit the City's ability to plan for city or regional emergencies. The City would also have diminished ability to work with neighborhoods, businesses and citizens on emergency preparedness.



⑤ Police Community Outreach

This program plans and coordinates crime prevention activities, and provides public safety presentations and exhibits at community events. The program promotes personal and public safety through increased public awareness. Community outreach allows the police to be more aware of and responsive to community concerns.

Expenses: \$1,033,000 } Net Cost: \$1,027,000
Revenues: \$6,000

Reductions in this program would reduce crime prevention and safety programs such as Neighborhood Watch, child safety seat installation, Citizen's Academy and school presentations on topics that include drug education and Internet crimes against children.



Administrative Overhead

Administration provides centralized business functions to support the operation of all City departments, provide policy direction, and ensure legal and professional compliance. The cost of administration is included in the cost of each service listed in the survey, so that cuts in administration would occur with cuts in specific services. Administrative services include: accounting, revenue collections, budgeting, purchasing, information technology, printing, human resources, legal counsel, policy support and the city clerk functions.

City Services Not Listed

Concern about the City's projected shortfall is focused on the General Fund, which pays for the services described on page 3-7. A number of City services are not included in the **Your City/Your Decision** survey because they are entirely funded by user fees or revenues dedicated for those specific services, rather than by the General Fund. For example, Water Distribution, Garbage Services, Redevelopment, and Below Market-Rate Housing are all budgeted for in other funds. Revenues and expenses in each of these other funds are monitored to ensure that they do not require a commitment from the General Fund.

Public Works Services

⑥ Fields & Grounds Maintenance

The City maintains 13 City parks totaling 208 acres, as well as five joint-use athletic fields totaling 13 acres at local schools. Staff carries out maintenance, repairs, and minor renovations to the City's parks, grounds, sports fields, tennis courts, dog parks, playgrounds, parking lots, and landscaped areas.

Expenses: \$1,275,000 } Net Cost: \$1,275,000
Revenues: \$0

Cuts in these services could result in a deterioration of the condition of the City's parks, playgrounds, and athletic fields. This deterioration could possibly increase liability risks. Some facilities may need to be closed.

Menlo Park At-A-Glance

30,785
population in
2000 Census,
up 10% since
1990 Census

- 22% of population is under 18, 16% are 65 and over
- 66% White; 16% Hispanic (up from 9% in 1990); 7% African American; 7% Asian; 4% Other
- 27% speak a language other than English at home
- Median household income is \$84,609
- 7% of individuals live in poverty
- 57% of housing units are owner-occupied; Median house value is \$778,500
- 43% of housing units are renter-occupied; Median rent is \$1,319/month
- 12,426 residences; 61% single-family; 39% multi-family





⑦ City Tree Maintenance

The City maintains approximately 20,000 public trees on City property, managing their pruning and removal in order to promote the health, aesthetics, and environmental benefits of the trees. The goal is to trim each tree at least once every five years. A special assessment fund (separate from the General Fund budget) provides \$454,000 to pay for most of the citywide tree maintenance program. General Fund expenses are below.

Expenses: \$239,000	} Net Cost: \$239,000
Revenues: \$0	

Reduced maintenance could lead to a greater incidence of tree disease and infestation, resulting in a loss of trees and their aesthetic and environmental benefits. Liability risks for personal injuries or property damage from falling branches or trees could increase.

⑧ Heritage Trees

Under the Heritage Tree ordinance, heritage trees are defined as oaks 10 inches or more in diameter and all other trees 15 inches or more in diameter. Staff administers the heritage tree program, which requires permits for significant pruning or removal of such trees. The permit process, which includes an on-site inspection and notification of neighbors, is intended to preserve private and public heritage trees.

Expenses: \$159,000	} Net Cost: \$135,000
Revenues: \$24,000	

A reduction in Heritage Trees services could delay permit processing, which could lead to personal injury or property damage from falling branches or trees that should have been removed, or result in heritage trees being improperly pruned or removed.



⑨ Right-of-Way & Street Maintenance

This program provides for the maintenance of 100 miles of streets in the City, as well as eight downtown parking plazas. The City also inspects sidewalks and manages periodic repairs, and adds handicapped ramps where needed. The City maintains 2,000 street lights. More than 250 encroachment permits are issued each year, requiring inspections to protect the City's infrastructure. The City plans, installs, and maintains traffic control devices such as traffic signs, striping, and lane markings to improve traffic safety and circulation. To the extent that other funding sources (Measure A, Gas Tax) are used in providing these services, the amounts are not included in the General Fund net costs shown here.

Expenses: \$2,772,000	} Net Cost: \$2,711,000
Revenues: \$61,000	

Because of budget constraints in recent years, the City has deferred street repairs and further cuts could prevent needed repairs from being performed. This could result in deterioration of streets, sidewalks, and streetlights, which presents safety risks to drivers, pedestrians, and bicyclists. Reductions in services for street signage, markings and other traffic control devices could adversely affect the safety and efficiency of all modes of traffic movement.

⑩ Median & Roadway Landscaping

City staff maintains the landscaping and removes litter from 20 miles of medians and roadside landscaping. Maintenance includes periodic trimming, weed control, and watering.

Expenses: \$492,000	} Net Cost: \$492,000
Revenues: \$0	

Cuts in these services would lead to degraded conditions along the City's streets and sidewalks, such as overgrown vegetation, accumulated litter, and a general deterioration of City landscaping.

⑪ Storm Water Management & Environment

The City maintains 44 miles of pipelines, more than 1,200 storm drain inlets, and a pump station for the storm drain system, reducing the risk of flooding in the city. It also ensures compliance with Federal requirements so that residents can qualify for flood insurance and disaster assistance in its two flood hazard zones. The City cooperates with other agencies, such as the San Francisco Creek Joint Powers Authority, to maintain creeks through bank stabilization, clearing of vegetation, flood planning, and public education. Sustainable environmental practices are promoted throughout the city. Current funding levels for this program do not cover implementation of identified storm drain system improvements.

Expenses: \$462,000	} Net Cost: \$462,000
Revenues: \$0	

Cuts in these services could result in reduced maintenance of the storm drain system, and increase the likelihood of street flooding. Reduced services could also render the City non-compliant with Federal requirements, affecting local insurance rates and eligibility for disaster assistance. Reduced storm water management activities would likely lead to increased pollution of San Francisco Bay.

⑫ Transportation & Congestion Management

This program monitors roadway congestion and maintains efficient traffic signal systems along arterial and collector roads at 22 signalized intersections. The program also plans parking facilities in the downtown area, designs improvements such as lighted crosswalks, and manages alternative means of transportation, such as the free shuttle and the bikeway system. The Neighborhood Traffic Management Program allows residents to weigh in on local traffic issues to enhance safety and livability in their neighborhoods.

Expenses: \$296,000	} Net Cost: \$296,000
Revenues: \$0	

Cuts in these services could lead to increased traffic congestion around the city and more dangerous crossings for school children and pedestrians. Routes and frequency of the City's shuttle services, including those serving senior citizens and Caltrain riders, could be reduced. Implementation of the City's Bicycle Plan could also be hindered.

Community Services



⑬ Senior Services

Menlo Park's Senior Center is located in the Belle Haven neighborhood, and offers health, recreational, educational, cultural and social services for adults aged 55 and older. (Senior services at the "Little House" are not provided by the City.) Free transportation to and from the Senior Center (6,500 trips annually) is provided, along with nutritious hot meals (8,200 meals annually) and weekly brown bag meals (5,700 annually). Staff coordinates free medical consultations and screenings from the County, and schedules informational presentations regarding insurance, nutrition and tax advice. Over 100 classes are offered annually (exercise/movement, arts and crafts, sewing, cooking and language). The center operates 30 hours a week.

Expenses: \$595,000	} Net Cost: \$539,000
Revenues: \$56,000	

Closing the center or eliminating portions of the program would result in a reduction of services for seniors and may reduce their ability to live independently. Very low-income seniors may not have a place to gather and socialize, and the number of shut-in seniors could increase.



⑭ Menlo Children's Center (MCC)

The MCC offers a childcare program (part-time or full-time) for children 18 months to 5 years old on the Burgess Park campus. The program offers a range of activities that foster a child's intellectual, social, and emotional development. The MCC is open 245 days a year and serves 53 children.

Expenses: \$901,000 } Net Cost: \$315,000
Revenues: \$586,000

Cuts in this program could result in reduced service quality, service to fewer children, or the elimination of some services. If the center were closed, parents would have fewer options for meeting their childcare needs.

⑮ The Belle Haven Child Development Center (BHCDC)

The BHCDC provides income-based, subsidized full-time child care services. The program is partially funded by the State Department of Education and administered by the City, serving up to 96 children ages 3 to 5 years old. The program builds learning readiness by offering materials and activities that support social, emotional, physical and cognitive development.

Expenses: \$1,357,000 } Net Cost: \$736,000
Revenues: \$621,000

Reducing this program would reduce the availability of subsidized childcare in the Belle Haven community. Some families may not be able to locate or afford safe and secure environments during the day while the parents work or attend school. Some children may not be prepared for Kindergarten.

⑯ Peninsula Partnership/Belle Haven Community Life Initiative

The General Fund-supported parts of this program provide for a six-week summer academic enrichment program serving 120 first- through fifth-grade children in the Belle Haven neighborhood. This program also leads a City-community initiative designed to improve the quality of life in the Belle Haven neighborhood through outreach services, neighborhood beautification and support for educational programs.

Expenses: \$144,000 } Net Cost: \$144,000
Revenues: \$0

Eliminating the Belle Haven Community Summer School program would put the 120 children served at risk of not being academically successful in school and possibly dropping out before graduation.

⑰ Burgess School-Age Child Care Program

The Burgess School-Age Child Care Program provides after-school and summer care for up to 110 children in Kindergarten to 5th grade at the Burgess Recreation Center. Eight weeks of full-time summer care is provided. During the school year, after-school care matches the Menlo Park City School District calendar (with additional hours of service available during school breaks). Transportation is provided

to the center from Laurel, Oak Knoll, and Encinal Schools daily. The program is augmented with cultural activities, dance, theatre, sports camps, field trips, science and swimming, as well as homework assistance.

Expenses: \$658,000 } Net Cost: \$129,000
Revenues: \$529,000

Eliminating or reducing the Burgess School-Age Child Care program could reduce or eliminate learning opportunities and after school supervision for children. Parents would need to find alternative solutions or reduce work schedules in order to care for their child.

⑱ Belle Haven School-Age Child Care Program

The Belle Haven School-Age Child Care Program provides after-school and summer care for up to 75 children in Kindergarten to 6th grade at the Belle Haven Youth Center and the Onetta Harris Community Center. Eight weeks of full-time care is provided in the summer. During the school year, after-school care matches the Ravenswood City School District calendar (with additional hours of service available during school breaks). Transportation is provided to the center from Belle Haven School. The program is a balance of educational, social and recreational opportunities that includes a homework assistance/reading program.

Expenses: \$581,000 } Net Cost: \$524,000
Revenues: \$57,000

Eliminating or reducing the Belle Haven School-Age Child Care program would limit after-school learning opportunities and supervision for children. Parents would need to find alternative solutions or reduce work schedules to care for their child.

⑲ Teen Services

Health, recreational, educational and social services for youth age 12 to 18 years old are currently offered in partnership with the Boys and Girls Club in the Belle Haven neighborhood. The Teen Center (at the Boys and Girls Club) is open weekdays, 3-5 hours a day. Tutoring, computers, special projects, drop-in activities, girl-only activities, sports, games, field trips and special events are scheduled.

Expenses: \$87,000 } Net Cost: \$87,000
Revenues: \$0

Reducing or eliminating the Teen Services program would result in the loss of recreational, educational, and social opportunities for youth.

⑳ Youth Sports

Menlo Park's Youth Sports programs offer sport opportunities for youth. Programs include girls' and boys' basketball leagues, girls' volleyball league and

boys' football. Classes, clinics or camps are also offered for soccer, baseball, volleyball, and basketball. This program also coordinates field rentals and facilities for the public, schools and local organizations such as American Youth Soccer Organization (AYSO), California Youth Soccer Association (CYSA), Little League and Lacrosse. Approximately 192 teams with over 1,920 participants play annually in the leagues. Approximately 1,130 are enrolled annually in classes.

Expenses: \$426,000 } Net Cost: \$192,000
Revenues: \$234,000

Elimination or reduction of these programs would reduce opportunities for children to participate in team sports other than in private leagues.

㉑ Adult Sports

The Adult Sports Program provides athletic opportunities for adults through drop-in programs and organized sports leagues. The programs include: a women's basketball league, men's basketball league, co-ed softball leagues and men's softball leagues as well as drop-in volleyball, basketball, badminton and a fitness room. Gymnasiums, picnic areas and field rentals are coordinated through the adult sports program. There are approximately 5,280 participants annually in drop-in activities; over 773 participants in the leagues; more than 70 rental permits (single and multiple-use) are issued annually.

Expenses: \$218,000 } Net Cost: \$100,000
Revenues: \$118,000

Cuts in this area would reduce adults' access to athletic opportunities. If coordination of City fields, gymnasiums and picnic facilities were to be eliminated, other service providers might be forced to reduce services to their participants if unable to find other facilities. Closure of the fitness room in the Belle Haven neighborhood may prevent low-income residents from being able to continue with their fitness program due to the cost of private clubs.

㉒ Gymnastics

Gymnastics is a comprehensive educational, recreational and developmental program designed for gymnasts age one through adults. Classes are held at the Burgess Gymnastic Center and the Onetta Harris Community Center. The program operates 6 days a week. 196 classes are held weekly and approximately 6,100 participants are enrolled in the program annually.

Expenses: \$882,000 } Net Cost: \$70,000
Revenues: \$812,000

Cuts to the gymnastics program would reduce the number of classes offered.



23 Aquatics

The City of Menlo Park offers a comprehensive aquatics program for residents through programmed and individual recreation opportunities. Recreational swimming, water safety programs, lap swimming, swim team, lifeguard training and water safety classes, skill development classes and fitness-oriented aquatic activities are provided for all ages. The City has two primary aquatic venues at Belle Haven Pool and Burgess Pool, which is currently under renovation and scheduled to open in 2006. Beyond this transition year (and reflected here at full cost), the Burgess Pool will be operational year-round.

Expenses: \$998,000 } Net Cost: \$794,000
Revenues: \$204,000 }

Elimination or decreased funding of this program would reduce opportunities for aquatic activities in a safe, community environment. The quantity and variety of services would be reduced.

24 Community Classes

The City of Menlo Park offers a range of enrichment classes for children, teens, young adults and seniors. Community classes take place in many City facilities including the Onetta Harris Community Center, the Burgess Recreation Center and Burgess Gym. Classes include dance, computer training, arts and crafts, ceramics, creative writing, web page design, foreign language and martial arts. Total enrollment for classes last year was 3,256.

Expenses: \$766,000 } Net Cost: \$368,000
Revenues: \$398,000 }

Eliminating or reducing the Community Classes program would decrease the availability of courses for children, teens, young adults and seniors.

25 Events and Concerts

There are six major events held throughout the year along with eight park concerts, mini celebrations and park dedications. Events include – Halloween Parade and Trick or Treat, 4th of July, Kite Day, Egg Hunt, Breakfast with Santa, and Black History Week. These events are provided with the support of various community partners who provide in-kind services or share certain event expenses to reduce the cost to the City. Over 9,700 people join in City events and concerts annually. Concerts are free of charge and are open to the public. There is a minimal fee charged to defray the direct costs of some of the events.

Expenses: \$183,000 } Net Cost: \$178,000
Revenues: \$5,000 }

If these services were cut there would be fewer events and concerts.

**Libraries****26 Library Services – Main Library**

The Main Library provides information and materials to the community through print, visual, audio, and online resources. With a collection of over 150,000 items, 295 series titles, and more than 30 databases, the Library serves residents online “24/7”, and is a wi-fi hot spot. More than 560,000 items circulated from the collection last year, 50,000 reference questions were answered and 17,000 children attended story hours and other events. An outreach program for seniors, the homebound and the visually impaired is offered. Project Read has more than 100 volunteer tutors helping over 200 adults learn to read and write in English. The library is currently open 59 hours per week.

Expenses: \$2,026,000 } Net Cost: \$1,681,000
Revenues: \$345,000 }

Cuts in library resources would result in reduced hours of operation, fewer books and other materials purchased and less assistance from staff. There could be fewer programs offered for children and youth. Cuts could reduce literacy efforts.

27 Library Services – Belle Haven Branch

The Belle Haven Branch Library provides services and materials tailored to students at the Belle Haven Elementary School and the broader Belle Haven community. Through an arrangement with the Ravenswood School District, school-age children attend regular library instructional programs and receive assistance identifying materials for school assignments. The Bookbag program for children preschool to third grade sends books home for reading and study. More than 13,000 items circulated from the collection last year, 2,700 reference questions were answered and 26,000 children attended story and educational programs. 30% of the collection is in the Spanish language. The library has access to all of the online resources of the Main Library and offers public access Internet terminals.

Expenses: \$359,000 } Net Cost: \$263,000
Revenues: \$96,000 }

Cuts to Belle Haven Branch services could result in reduced hours, largely confining the branch to servicing the school population, further limiting access of the broader community. Fewer educational programs and less assistance to the school’s children could result. The Bookbag program could be eliminated.

Community Development Services**28 Comprehensive Planning**

This program evaluates and updates the policies and regulations that guide the city’s physical development. The General Plan sets goals and policies on land use, transportation, housing, open space, conservation, noise and safety. The Zoning Ordinance implements the General Plan by establishing specific uses, densities and development rules. Together, the documents provide guidelines for development projects. This program also includes neighborhood studies that address changes in land use and traffic in specific geographic areas of the city.

Expenses: \$194,000 } Net Cost: \$194,000
Revenues: \$0 }

A comprehensive update of both the General Plan and Zoning Ordinance is overdue and is not possible under current funding levels. If the City were to reduce this program, the City’s key planning documents would become more outdated. Neighborhood studies would be curtailed and development applications could take longer.

29 Development Information Services

This program provides potential applicants and interested parties such as residents, property owners, business owners, architects, real estate brokers, and appraisers with timely and accurate information regarding applicable City policies, ordinances, guidelines, and other requirements related to land use development. Part of the revenue collected through building permits is used to support this service.

Expenses: \$323,000 } Net Cost: \$68,000
Revenues: \$255,000 }

If this program were reduced, City staff would be less able to provide information on properties and development proposals in a timely manner, which would make it more difficult and time-consuming for applicants. Those seeking development of their property could submit required materials without the benefit of information from staff in advance, thus delaying their project.

Please return the enclosed postage paid survey or complete online by October 3, 2005.

30 Planning Level Review

This program provides timely review, including public input, of proposed development projects and land use permits. Either City staff, the Planning Commission or the City Council reviews proposals against established criteria and decides whether to approve as proposed, require modifications or deny a project.

Expenses: \$644,000 } Net Cost: \$474,000
Revenues: \$170,000

If this program were reduced, the City would be less able to implement the policies of the General Plan and discretionary requirements of the Zoning Ordinance. Some services are mandated by State law and cannot be eliminated.

31 Permit and Inspection Services

This program provides plan checking, permitting, inspections and monitoring of all development projects, which range from installing a replacement roof on a residence to the construction of an office building.

Expenses: \$1,208,000 } Net Cost: \$171,000
Revenues: \$1,037,000

State law mandates the provision of plan check services. State law also requires every city to designate a Building Official with authority to enforce building codes. If resources budgeted for permit and inspection services were reduced, there would be delays of plan check and permitting services. Inspections would also take longer, impacting construction schedules and delaying project completions.

Other Services

32 Community Funding

Each year the City evaluates funding requests and makes small grants to selected non-profit agencies serving Menlo Park residents. Priority service areas include emergency assistance for homeless and low-income people, the disabled, seniors and youth in crisis. Last year 14 agencies received grants from the City.

Expenses: \$87,000 } Net Cost: \$87,000
Revenues: \$0

Cuts in this program would result in a reduction of financial support available to non-profit community agencies that provide services in Menlo Park.

33 Community Relations

This program informs residents about City services, activities and policies and provides an opportunity for community members to be engaged in their local government. Through this program, the City produces a citywide newsletter twice a year, develops outreach materials, conducts surveys, televises City Council meetings, provides local newspapers and other media outlets with information about the City, and oversees the City's website and City departments in their outreach efforts. This program also includes the recruitment and oversight of volunteers, who provide more than 800 hours of service to the Administrative Services Department.

Expenses: \$155,000 } Net Cost: \$155,000
Revenues: \$0

If this program were cut back, the number of newsletters and other materials would be reduced, content on the website would be updated less frequently and outreach efforts would be decreased, thus reducing residents' options for getting up-to-date information about City services, activities and policies.



34 Business Development

A primary objective of the Business Development program is to increase revenue and provide a stable tax base for municipal services by identifying and cultivating business opportunities for Menlo Park. Near-term revenue-enhancing activities include business retention and attraction. This program helps new, relocated, or remodeled businesses open as quickly as possible. This program also supports the exploration and development of projects with significant benefit to long-term revenues. The program also seeks to increase the diversity of goods and services available to the community and to reduce the negative fiscal impact of economic cycles.

Expenses: \$151,000 } Net Cost: \$151,000
Revenues: \$0

Cuts in this program could reduce the City's ability to respond effectively to a changing economy and tax base, and reduce the likelihood of creating a viable business environment that encourages new, revenue-producing commercial ventures.

Revenue Options

Following is a list of some of the new or increased taxes and fees that could be used to fund City services.

Taxes

35 Utility Users Tax

Rate: 1.0%
Estimated Annual Yield: \$800,000
Cost per resident (3% example): \$5.25 per month (\$63 per year)

This would be a new tax for Menlo Park. A Utility Users Tax (UUT) may be levied on utility charges for electricity, gas, cable, phone, and water services within the City limits. The tax would be levied by the City, collected by the utility as part of its regular billing procedure, and then remitted



to the City. A UUT imposed as a general tax must be placed on the ballot and receive majority voter approval. Because most large cities have UUTs, the majority of California residents (over 54%) and businesses pay a utility user tax (the most common rate of UUT is 5%). Each 1% increment of UUT rate would yield Menlo Park approximately \$800,000, assuming typical exemptions and caps are in place. For a household with combined monthly utility bills of \$175 per month, a 3% UUT would increase the bill by \$5.25 per month.

36 Increase Business License Tax

Rate: Varied increase to current tax schedule
Maximum Annual Yield: \$200,000

The City's current business license tax generates approximately \$1.3 million on an annual basis. The tax is paid by entities located in or doing business in Menlo Park, and is based on annual gross receipts of the business. The tax increases on a sliding scale, with a maximum tax of \$8,000 for receipts of \$30 million. (Most Menlo Park businesses pay an annual tax of less than \$200.) By increasing the rate of tax charged and increasing the cap to a maximum charge of \$13,250, this tax could bring increased revenues of up to \$200,000 annually. Any change to the City's business license tax ordinance would need to be placed on a ballot and receive majority voter approval.

37 Parcel Tax

Rate: \$100 per parcel
Estimated Annual Yield: \$990,000
This would be a new tax for the City of Menlo Park. Parcel tax assessments are placed on the property tax bills and collected with the property tax by the county, then remitted to the City. Parcel taxes require a two-thirds majority voter approval. Each \$100 per parcel of land in Menlo Park would generate revenue of \$990,000 (without reductions for exemptions).

38 Special Assessment Districts

Rate: Varies by parcel
Estimated Annual Yield: up to \$2 million (depends on annual maintenance costs to be covered)

City-wide assessment districts could be created to finance infrastructure maintenance, (streets, sidewalks, storm drains, etc.) the cost of which accounts for a significant portion of the City's operating deficit. Unlike a parcel tax, the amount of each assessment must be based on the "benefit derived" by the owner of the property from the maintenance activities being financed. The assessments would appear on property tax bills. Prior to creating an assessment district, the City must hold a public hearing and conduct a ballot by mail, receiving approval from a majority of the affected property owners.

Here's the Problem

Many cities in California are facing a financial crisis. For the past five years, Menlo Park has experienced difficulty balancing its budget because revenues have fallen dramatically while the cost of providing services has increased. If nothing is done, the City of Menlo Park will face a \$2.9 million deficit in 2006-07, and this gap will widen over time. There are three main reasons for the gap:

- The severity of the **economic downturn**, especially in Silicon Valley, and its impact on municipal revenue – Since its peak in 2001-02, sales tax revenue, once the largest source of funding for Menlo Park services, has declined by \$6 million (a 50% drop). Anticipated growth in sales tax revenue will likely be gradual and insufficient to allow the City to sustain current service levels.

- The **State's use of local revenues** to balance its budget – Since 1992, the State has taken \$11.2 million of Menlo Park's revenues, and has cut grants the City once counted on to provide services.

- The **increasing costs** of providing services primarily in the area of employee retirement costs, which have gone up \$2.8 million since 2001-02.

Here's What the City Has Done

To close the budget gap in recent years, the City has used a mix of:

- **Reduced Costs.** Department budgets have been cut by more than \$4 million since 2001-02 and the equivalent of 28 full-time positions has been eliminated. Operations have been made more efficient. Use of volunteers has increased. Service levels have been reduced.

- **Increased Revenues.** Fees for services – from adult sports to building permits – have been raised to help those services pay for themselves.

- **Temporary Fixes.** For two years, the City stopped investing in infrastructure maintenance and placed a moratorium on replacing police cars and other City vehicles and equipment. We took advantage of some one-time revenues and we dipped into the City's reserve account for the first time.

Why We Need to Do More

Despite the actions taken to-date, the budget gap continues and will widen over time. It is not possible to make up the \$2.9 million shortfall through small, incremental cuts or additional efficiencies. Ongoing reliance on the City's reserves endangers resources needed for emergencies, legal obligations and capital projects, and is not a fiscally prudent way to cover ongoing operating costs.

The City must make hard decisions regarding which services to reduce and/or which fees or taxes to increase. In order to make those decisions, we need YOUR INPUT.

Questions You May Have

How do cities choose what services to provide?

Menlo Park is considered a "full-service" city; it provides more services than some cities in the Bay Area, but less than others. After meeting legal requirements, it is a matter of choice as to what services Menlo Park provides. Through annual budgets and program planning, the City sets forth its choices to meet the diverse needs of the community, address the highest priorities and create the best possible quality of life. *Your City/Your Decision* is an opportunity for the Council to hear what choices you would make.

What services are provided by other government entities (not by the City)

- Schools (K-12)
- Fire protection
- Sanitary sewer system
- Regional transit
- Health care
- Courts
- Community college
- Mental health services
- Job training
- Jails
- Welfare payments



Can the City save money by being more efficient?

The City is committed to providing quality services in the most cost-effective way possible. Efficiencies already implemented include: partnering with other agencies to share costs; consolidating departments and programs to reduce the number of managers; renegotiating agreements with vendors and contractors to receive more favorable rates; contracting out some services and bringing others "in-house" to secure the lowest cost; and automating certain functions to increase productivity. While efficiency alone will not close the \$2.9 million budget gap, the City continues to do its part to become more efficient and save money. We welcome your suggestions in Part II of the survey.

Why have employee retirement costs gone up?

Local government is inherently labor intensive. Seventy percent of the City's General Fund budget pays the salaries and benefits of employees who provide City services. Labor costs have gone up significantly since 2001, driven largely by retirement costs. The California Public Employee Retirement System (CalPERS) covers State employees and most cities and counties. In Menlo Park, employees pay 7-9% toward their retirement, instead of a comparable amount to Social Security. The City then makes the contribution necessary to fund the benefit level specified in labor contracts. The amount contributed varies year to year and by employee group, ranging from 0 to 26% over the past 10 years. The average City retirement contribution for the past 10 years has been 7.3% for police employees and 3.5% for all other employees. This compares with a 6.2% contribution for employers participating in Social Security. Retirement costs have increased \$2.8 million over the past four years as a result of an enhanced

benefit for police officers, allowing them to retire at an earlier age, and the economic downturn's impact on the value of the State Retirement Fund. The City is participating in statewide efforts to reform the CalPERS system and working to provide public services in a cost-effective manner.

Isn't balancing the budget what we elect the City Council to do?

The City Council adopts a balanced budget each year. Over the past five years, choices for closing the budget shortfall have become more difficult. The City Council wants your input to help them make the hard choices ahead and develop a budget that has the community's support.

Why not use the City's reserves to balance the budget?

The City has dipped into reserves, but cannot continue to do so. Menlo Park's reserve fund must cover a wide range of needs, including natural disasters and other emergencies, legal liabilities and capital projects. If the City were to spend its reserve, it would jeopardize its ability to cover these needs. Furthermore, since the budget shortfall is expected to be ongoing, it would not be prudent to rely on savings to cover annual operating expenses.

Won't an economic recovery solve the problem?

What was once the City's main source of funding, sales tax revenue, has decreased by 50% since its peak in 2001-02 and Menlo Park has not had a year of positive sales tax growth since. While we do anticipate a return to positive growth in sales tax revenue, and there are some potential new revenue generators on the horizon, a turnaround will not happen overnight.

Why spend money on Your City/Your Decision if we have a budget shortfall?

The City believes that the budget situation is so serious that input about your priorities is imperative. The estimated budget for publications and outreach is \$75,000, which equates to \$2.50 per resident.

Why do you think people will take the time to complete the budget balancing survey?

We believe that people care about Menlo Park and want to participate in their local government. At a time when public debate seems to be dominated by sound bites and polling, we believe that *Your City/Your Decision* provides a meaningful way to engage the public in addressing the important issues that impact us all. Participation levels have been high in other cities that have gone through this process.

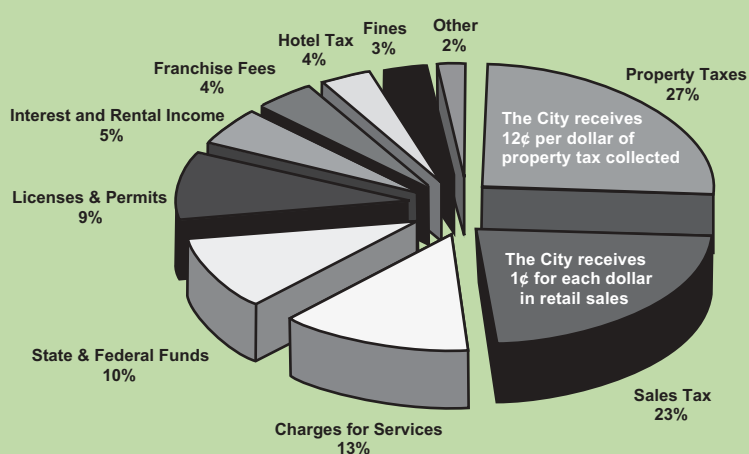
What will the City do with the survey data?

Once the survey results have been tallied, the City will have a quantitative picture of the community's priorities. Staff will develop strategies to address these priorities, and will seek feedback during the workshops planned for February 2006. The City will use the input from the survey and the workshops to develop the 2006-07 budget for Council's adoption in June 2006.

Revenue Sources

\$29,510,000

(projected for 2006-07)



City Expenditures

\$32,385,000

(projected for 2006-07)

