



STAFF REPORT

City Council

Meeting Date:

6/9/2020

Staff Report Number:

20-122-CC

Public Hearing:

Public hearing on proposed fiscal year 2020-21 budget

Executive Summary

The city manager's proposed general fund budget is balanced for the fiscal year, beginning July 1. Overall, the proposed general fund budget results in a projected surplus of \$0.19 million. The proposed budget is balanced without the use of one-time money or increased revenue. Proposed general fund revenues total \$56.89 million a decline of \$13.72 million, or 19.4 percent, year-over-year. Proposed general fund expenditures total \$56.70 million, a decline of \$13.77 million, or 19.6 percent, year-over-year. The proposed budget reduces authorized full-time equivalent personnel from 286.75 in fiscal year 2019-20 to 236.75 in fiscal year 2020-21, a 17.1 percent reduction. Factors influencing the proposed budget include:

- A slow recovery of transient occupancy (hotel) and sales taxes.
- Reduction in charges for services resulting from event and program cancellations and closure of congregate facilities, including libraries, recreation centers, gymnasiums, the gymnastics center and the senior center through December 31.
- Structural program and service level reductions, including layoff of personnel, to offset revenue losses.
- No federal government assistance to help local governments such as Menlo Park.
- Rollover of baseline funding for childcare services even though baseline funding is insufficient to reactive the programs under San Mateo County Health Officer orders.

Other than the general fund, the proposed budgets for the City's additional 46 funds are substantially a rollover budget except for the capital improvement program (CIP) funds. The City Council discussed the CIP at length and ultimately deferred any significant financial changes to the CIP. Therefore, the proposed budget implements year two of the adopted 2019-20 CIP budget with several adjustments. The CIP budget retains all previously approved projects and maybe adjusted early in the fiscal year as directed by the City Council.

As the City Council reviews the proposed fiscal year 2020-21 budget, there are four additional considerations for City Council deliberation and direction. First, the program and service level reductions included in the proposed budget may be modified with replacement reductions, use of one-time money, or increased revenue. Second, the City Council has not had information sufficient to decide whether childcare programs should reactivate. Third, an update on the Belle Haven Community Services and Library project timeline may influence decisions on budget reductions. Finally, the City Council must direct the use of one-time money, if necessary, to balance the fiscal year 2020-21 budget.

Recommendation

City staff recommends that the City Council:

1. Hold a public hearing on the proposed fiscal year 2020-21 budget and capital improvement program and provide direction on any desired changes;
2. Provide direction on the reactivation of childcare services including the service fee rates and general

