



STAFF REPORT

City Council

Meeting Date: 3/12/2019
Staff Report Number: 19-049-CC

Informational Item: City Council adopted fiscal year 2019-20 budget principles and 2019 priorities and work plan

Recommendation

This is an informational item and does not require City Council action.

Policy Issues

The City Council conducts an annual goal setting session to provide the policy direction necessary for staff to prioritize the allocation of City resources both through the end of the fiscal year and for the upcoming year. With clear priorities from the City Council, staff then develop the annual operating budget and the five-year capital improvement program (CIP) budget for the upcoming fiscal year. The City's fiscal year begins July 1.

Background

The City Council held its annual goal setting session as a special meeting Saturday, February 2, to review the 10-year financial forecast and proposed fiscal year 2019-20 budget principles, receive an update on 2018 City Council work plan, and provide some guidance to staff on projects to consider for prioritization in 2019. The City Council did not provide direction on the prioritization of projects for 2019, deferring such action to February 26. At their meeting on February 26, the City Council received staff's presentation on the agenda item and heard public comment. Due to time, the City Council closed public comment and deferred discussion and action to March 5. On March 5, the City Council took action on staff's recommendations, Attachment A. No new projects were added to the list however, the City Council directed several changes to the staff recommendation.

Analysis

Staff is in the process of formatting the City Council adopted 2019 priorities and work plan document following City Council approval on March 5. Given the timing of the work plan's approval and the need to begin the budget process, staff is presenting this summary to document the City Council's actions to adopt the fiscal year 2019-20 budget principles and the 2019 priorities and work plan.

Budget principles

As part of the annual goal setting process, staff requests City Council approval of the budget principles that will be used to guide the development of the upcoming fiscal year budget. At the February 2 meeting, the City Council directed staff to add two significant modifications to the staff proposed changes. On March 5 the City Council voted 4-1 to approve the following budget principles for the upcoming fiscal year:

Promote the City's long-term fiscal sustainability

- Monitor and report on changes in CalPERS liabilities and include those changes in the City's 10-year financial forecast; actively pursue strategies to reduce pension costs as opportunities arise
- Incorporate a budgetary assumption for salary savings resulting from employee vacancies in the current year budget and the 10-year financial forecast
- Actively pursue revenue enhancements and strive to achieve full cost recovery for all fee-based services, except where the City Council sees a clear public interest in providing a subsidy
- Find areas, which may include shared services, to provide more efficient use of funds

Enhance and maintain core City services and infrastructure

- Strive to balance the resources and requirements of each area of the City in an equitable manner
- Prioritize City Council adopted initiatives and strategies that contribute to the quality of life in Menlo Park
- Evaluate one-time revenues for highest and best investment
- Recognize the benefit of leveraging near term investments for long-term gains in financial sustainability and/or quality of life

Manage staff capacity to efficiently deliver services to the community

- Invest in new technologies that drive efficiency and productivity
- Incorporate programs and initiatives that strengthen Menlo Park's standing as an employer of choice to retain and attract highly qualified personnel
- Proactively manage the loss of institutional knowledge through documentation of procedures, practices, and processes and succession planning efforts including the ability to provide for overlap in critical positions at the discretion of the city manager

Communicate the City's financial position

- Continue to refine the budget document and provide additional finance-related communication to enhance the public's access to the City's financial information
- Document, review, and maintain proper internal controls over the City's resources with transparency

CIP budget project prioritization

New for 2019, the request that the City Council consider and approve prioritization of existing CIP budget projects. The CIP contains nearly 80 distinct capital improvement projects; many carried over from prior years that are underway. Staff categorized the approved projects in relative priority based on several factors as outlined in Attachment A. Tier 1 indicates that a project will receive the highest relative priority for staff and consultant resources. Tier 2 indicated that a project will receive significant resources only after the higher tier projects have received the necessary resources. Tier N/A indicates that a project is not currently competing for resources. Staff is committed to completing the projects outlined in the CIP budget, regardless of tiers.

In their review of staff's recommendation, the City Council directed that the downtown parking structure study project return to the City Council for further discussion. The City Council voted 5-0 to approve staff's recommended CIP prioritization as revised and presented at the February 26 meeting.

2019 top priorities

As part of the annual goal setting process, staff requests that the City Council identify its top priorities for the year. As a "top priority" project, staff will strategically realign all available resources necessary to achieve the milestones outlined in the project description. If there is a challenge meeting major milestones for a top

priority project, staff may choose to strategically defer work on other projects to keep the top priority project on schedule, to the greatest extent possible. While the focus will be on the top priority projects, staff will continue to work diligently on all the projects included in the work plan. Also, staff will continue to work on the CIP and deliver daily services to the community. The City Council voted 5-0 to approve staff's recommended CIP prioritization as revised and presented at the February 26 meeting as follows:

- Transportation master plan (lead department: public works)
- Chilco Street improvement project (lead department: public works)
- Middle Avenue pedestrian and bicycle rail crossing (lead department: public works)
- Heritage tree ordinance update (lead department: city manager's office)
- Belle Haven Branch library (lead department: library)

2019 work plan

In addition to the top priorities, the annual goal setting process identifies a number of other projects of importance to the City Council for work in 2019. The City Council voted 5-0 to approve staff's recommended work plan as presented on February 26 with two revisions. The first revision added the word "and accessibility" to the project titled develop and implement near-term downtown parking strategies. The second revision removed the "teacher housing – flood school site" project. The 2019 work plan contains of the following projects:

- Formation of a transportation management association
- El Camino Real/ Downtown specific plan update
- Market affordable housing preservation
- Short-term rental ordinance
- Single-Family residential design review
- Develop and implement near-term downtown parking and accessibility strategies
- Zero waste implementation
- Implement the information technology master plan (year 2; land management)

Impact on City Resources

There is no impact on City Resources.

Environmental Review

This action is not a project under the California Environmental Quality Act ("CEQA") and therefore not subject to the provisions of the CEQA Guidelines under Sections 15378 and 15061(b)(3).

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. Hyperlink: <https://www.menlopark.org/DocumentCenter/View/20789/E2---Work-plan>

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