


CITY OF SAN LEANDRO

MEMORANDUM

DATE: March 23, 2009

TO: City Council

FROM: Steve L. Hollister, City Manager 

SUBJECT: Preliminary General Fund Budget Reductions for 2009-10

In November of last year, staff presented to Council a budget workshop to discuss the downturn in the economy and its specific impact on the City of San Leandro. As is the case with many California cities across the state, San Leandro is facing potential deficits in its General Fund due to revenue shortfalls, particularly in sales tax, the Real Property Transfer Tax, and property tax.

At the workshop, staff proposed a three year "work out" plan, whereby San Leandro would attempt to balance an emerging revenue shortfall over three fiscal years, starting in 2009-10. This approach would allow the City to make service reductions in the least disruptive manner and; provide some time to see if the economy recovers. Council was supportive of this approach and staff committed to return to the Council Finance Committee in January of 2009 with a summary of proposed General Fund Budget reductions.

In January, 2009 staff presented to the Finance Committee a status report on the 2009-10 budget process. At the Finance Committee's February 17, 2009 meeting staff presented a detailed proposal for General Fund budget reductions for 2009-10. The Finance Committee reviewed the plan over three Finance Committee meetings which included February 17, February 24 and March 17, 2009.

At the conclusion of the Finance Committee's review, the Committee provided staff with both comments regarding the reduction plan and specific instructions. The Committee's comments and instructions are noted below:

- Revenues: The Committee commented that the City must pursue both expenditure reductions and revenue enhancements. The Committee instructed staff to continue to develop revenue options identified by the Council's Revenue Ad Hoc Committee.
- Staff was instructed to continue to review the City's Self Insurance Fund to see if additional resources might be made available to the General Fund for 2009-10
- Staff was instructed to continue to pursue grants from and report on the Federal Stimulus legislation and any impact on the City's finances.

- Staff was instructed to review the proposed cuts to the Library budget. The Committee was **not** in favor of closing the Mulford-Marina and South Branch libraries and asked to see the Library budget at the 10% reduction level versus the 15% reduction level
- The Committee was generally in favor of funding the Youth Employment Program at 100% as opposed to the recommended 50% level
- Community Assistance Program. A member of the public commented as to the severe impact the economic recession is having on non-profit community assistance providers. The Committee received these comments without further discussion.
- In the Power Point attachment to this transmittal, Council will be able to review the material presented to the Finance Committee and staff's responses to the Finance Committee's comments and instructions. Staff will be reviewing this information with Council at the March 23, 2009 meeting.

In closing, I would like to note that the council Finance Committee spent significant time thoroughly reviewing and discussing staff's proposed budget reductions over three separate meetings. I think all San Leandro residents can be justifiably proud of the serious consideration given by the Finance Committee to the significant budget challenges facing the City. I am also proud of the work done by staff to provide Council with what I think is both a reasonable and responsible budget reduction plan.

Following Council's review of and direction regarding the proposed fiscal year 2009-10 budget reductions, staff will continue implementation of budget strategies, including a targeted Golden Handshake, and revenue enhancements, and present to council a final draft budget in May.

Finance Committee Comments and Recommendations

53

- On March 17th, the Finance Committee completed a series of three meetings to review proposed budget reductions for the FY2009-10 General Fund Budget.
- Finance Committee provided staff with both comments & direction for the FY2009-10 proposed reductions including:
 - Revenue Enhancements – develop revenue options
 - Self Insurance Fund Unrestricted Reserve availability
 - Federal Stimulus Programs to be pursued
 - Decrease Library's reductions and add adequate funding for Mulford & South Branch Libraries, Casa Peralta, History Museum and some Youth Programs
 - Reinstate Youth Employment Program to 100%
 - Citizen request for restored Community Assistance funding

54

City Manager Comments

- Reductions recommended by Department Heads & CMO
- Recommendations from Finance Committee
- Any restoration of cuts must be offset within department
- Impacts must be equitable
- Further Reductions needed FY2010-11 & FY2011-12
- Beginning Long-Term Sustainable approach (furloughs are short-term responses)
- Golden Handshakes – targeted reduction, expand to Management except Public Safety (Police)
- Effect of Stimulus – limited impact on personnel except PD

55

City Manager Comments (cont)

- Employee Briefings and Feedback
 - Four Employee Meetings held in March on proposed budget reductions
 - Requested written feedback and suggestions from Employees (can be anonymous)
- City must be flexible in responding to changing conditions:
 - Stimulus Package
 - Economic Conditions
 - State Budget

56

CITY OF SAN LEANDRO

General Fund

Preliminary Budget Reductions

2009-2010

Finance Committee

February 17, 2009

1

Overview


- Timelines and Actions Requested
- Financial Overview
- Reductions Strategy and Guidelines
- Departmental/Program Budget Reductions
- Supplemental Strategies
- Summary/Conclusion

2



TIMELINE

3



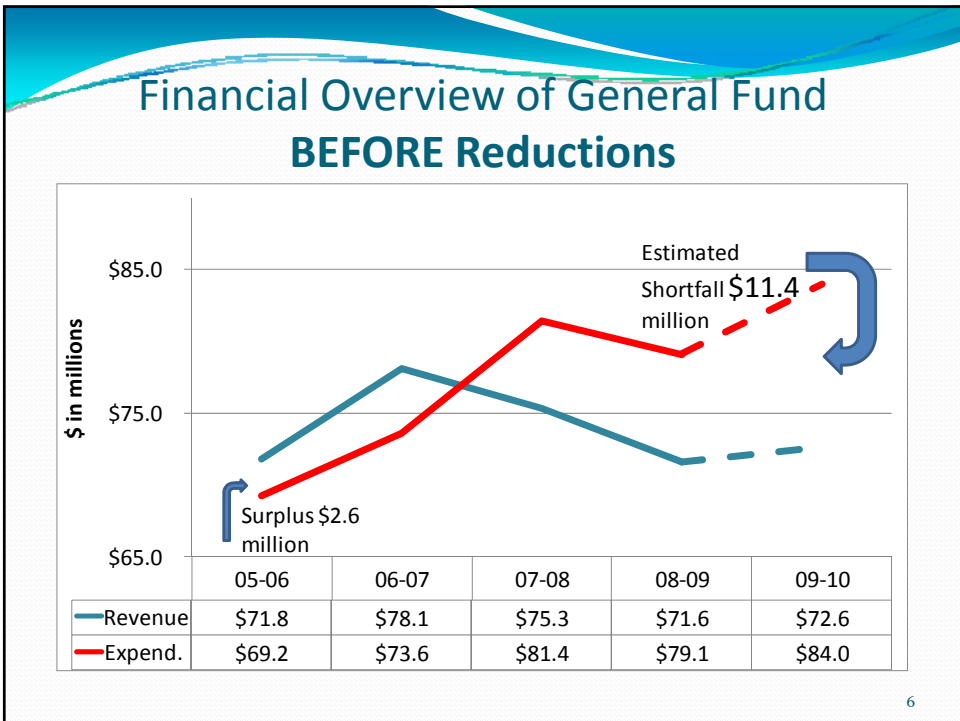
Timeline

Date	Event	Committee/ Council Action
2/17/2009	Staff Presentation of Budget Reductions to Finance Committee	Discussion and Direction to Staff
3/23/2009	Staff Presentation of Preliminary Budget to City Council	Discussion and Direction to Staff
April and May 2009	Period available for additional Council/Public review	Discussion and Direction to Staff
May 2009	Proposed City Budget All Funds to Council, first public hearing	Review, Direction to staff
June 13, 2009	Final Public Hearing	Adopt Budget

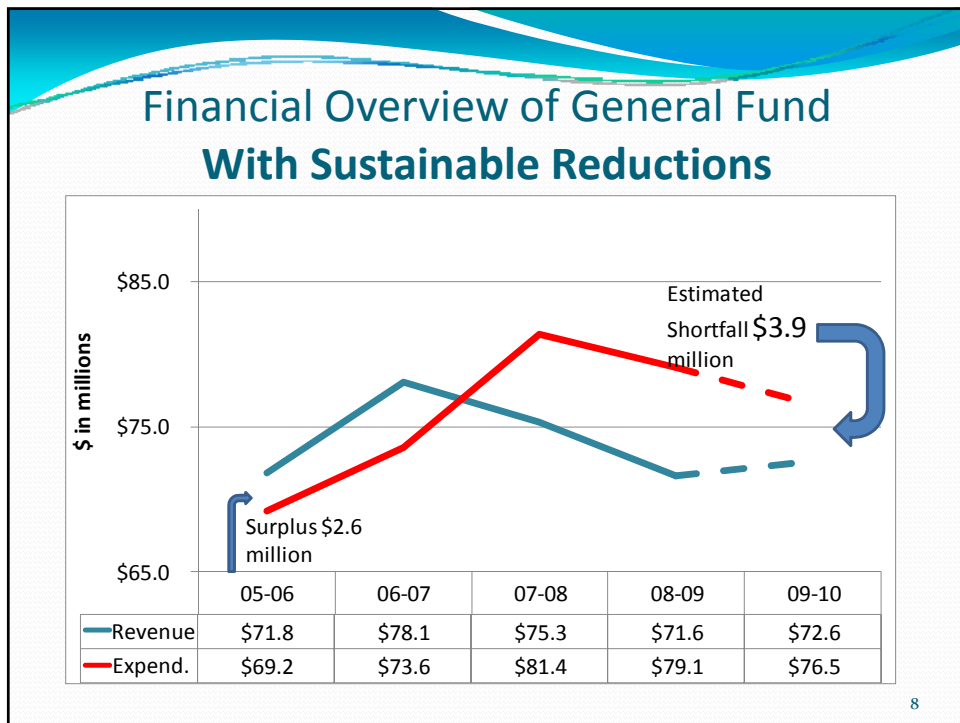
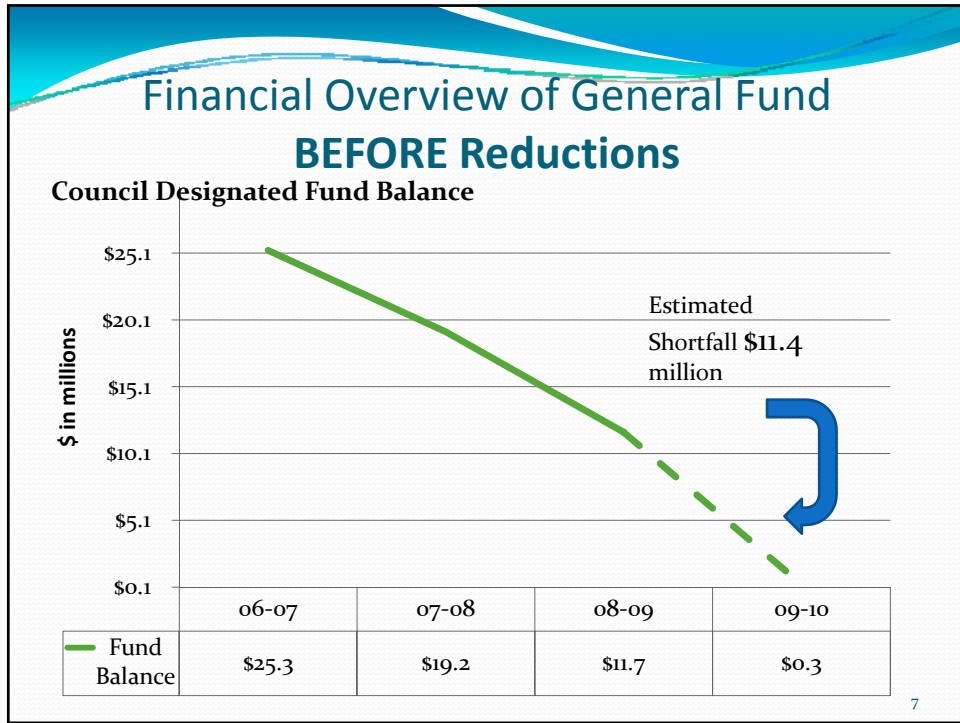
4

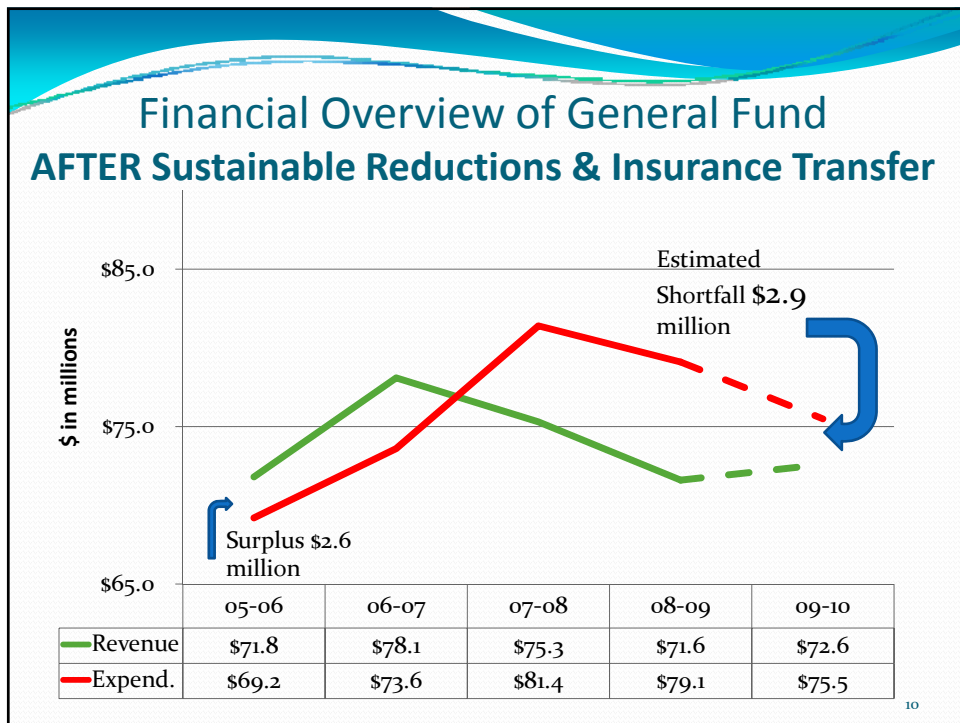
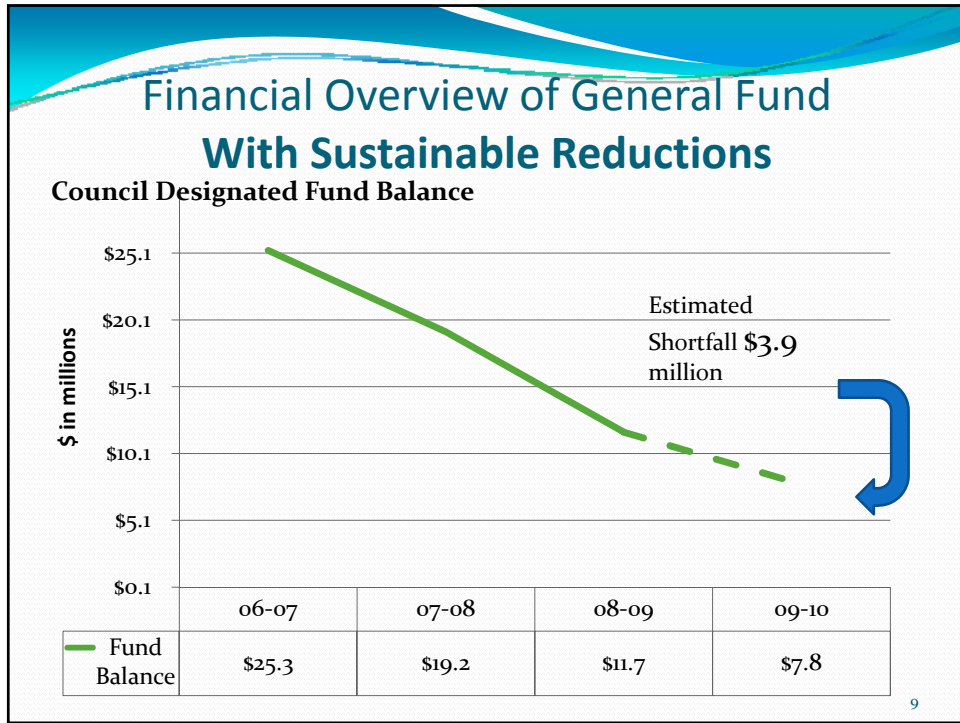
FINANCIAL OVERVIEW

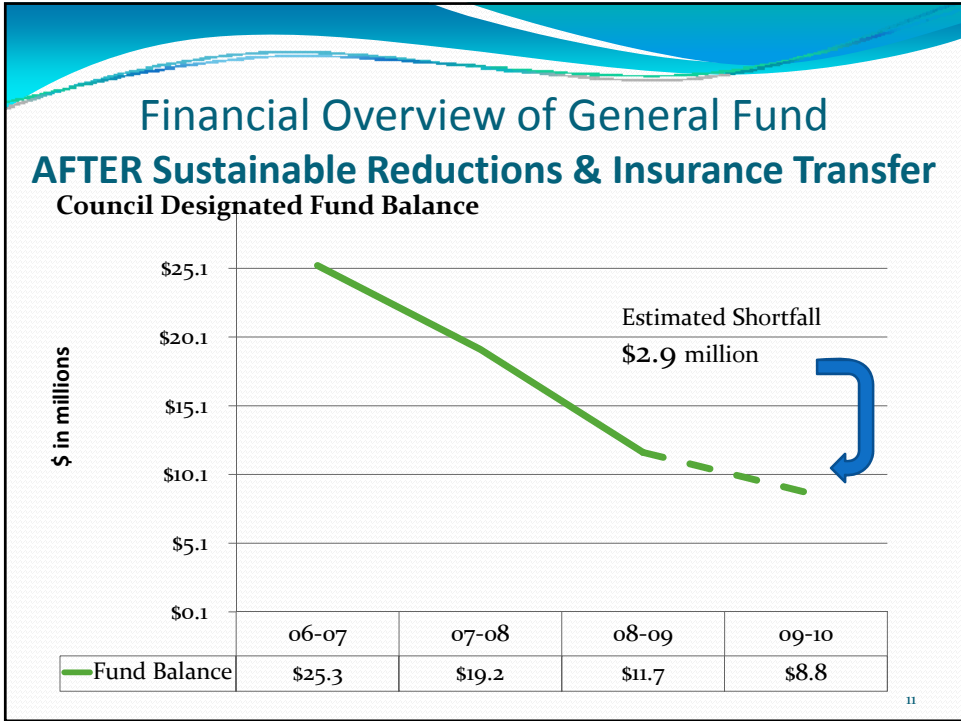
5



6







STRATEGY AND GUIDELINES

12

Strategy and Guidelines

- FY2008-09 Budget is baseline for FY2009-10
- This is the 1st Full Year of the 3 Year Budget Strategy
- Public Safety (Police and Fire) reductions = 5%
- Other Department target reductions = 15%
- Where possible, vacant positions were eliminated vs. filled positions (attrition & Golden Handshake)
- Reductions applied to General Fund and Internal Service Funds
- Program efficiency and effectiveness were major criteria
- Changes to proposed reductions must have equal offset elsewhere

13

DEPARTMENT/ PROGRAM BUDGET REDUCTIONS

14

Department/Program Reductions Mayor/City Council/City Manager

- Department includes:
 - City Council and Mayor
 - City Clerk
 - City Manager's Office
 - Emergency Services
 - City Attorney
 - Information Services – Internal Service Fund (ISF)
- Reduction Target = 15%
- FTE Reductions = 3
 - Vacant = 1 Admin Asst. position – City Clerk's Office
 - Filled = 1 Admin Asst., .75 Public Information Officer (PIO), .25 Assistant to the City Manager
 - Impacts:
 - Limited PIO duties will be absorbed by existing staff
 - Reduced support for Mayor and City Council

15

Department/Program Reductions Mayor/City Council/City Manager

- Program Reductions/Changes:
 - City Council, Mayor & City Manager travel reduced by 25%
 - City Council & Mayor empowerment funds reduced by 50%
 - Meals during Closed Session eliminated
 - City Council & Mayor's misc. supplies reduced
 - Funding for receptions eliminated
 - Grant Writing consultant funding eliminated
 - City Corner notices in SL Times reduced by 50%
 - City Newsletter suspended
 - Cable Channel 15 bulletin notices suspended
 - Emergency Services Ark program & CARD contract eliminated
 - League of California Cities Meetings & other conferences reduced staff funding by 50%
 - City Attorney costs reduced by 10%

16

Department/Program Reductions City Manager – Information Services ISF

- Reduction Target = 5%
- No FTE Reductions
- Program Reductions/Changes:
 - Internet band width increase delayed
 - Agenda Preparation software delayed
 - Reduce IS Committee Yearly Funding by 50%
 - Delete IS dedicated City Vehicle
 - Replace servers every 5 years instead of every 3 years
 - Replace PCs every 4 years instead of every 3 years
 - Reduce City-wide computer and technical training by 50%
 - Remove software maintenance & telecommunication costs through efficiencies gained from completed projects this fiscal year
 - Public Works to use IS Help Desk work order software

17

Department/Program Reductions Community Development

- General Fund Divisions Include:
 - Planning & Building Plan Check Services/Records Management
 - Land Use & Zoning Administration
 - Rent Review Program
 - Building Regulations and Inspections
 - Resident Foundation
 - Airport Noise Abatement Administration

18

Department/Program Reductions Community Development (cont)

- Reduction Target = 15%
- FTE Reductions = 4.7
 - Vacant = 3 FTEs:
 - 1 Project Specialist, 1 Admin Asst., 1 Sr. Bldg. Inspector (all full-time positions)
 - Filled = 1.7 FTEs:
 - 1 FT Permit Clerk and .5 PT Permit Clerk; .2 FTEs transferred to RDA

19

Department/Program Reductions Community Development (cont)

- Program Reductions/Changes:
 - Delay in planning & zoning entitlements from 2-3 months to 4-6 months
 - Delays in zoning code & General Plan changes, special planning projects for up to 18 months
 - Reduced public responsiveness, delays in building inspections, no “same-day” inspections
 - Reduce Public Counter hours up to 50%
 - Delay in Planner of the Day (POD) line inquiries as much as 3 days
 - Significant delays to Climate Action Plan
 - Reduce public access to & accuracy of property & permit information
 - May require merger of Planning Commission and BZA
 - Eliminate “over-the-counter” zoning reviews; delay business licenses from 3 days to 5 days
 - Eliminate Rent Review Program

20

Department/Program Reductions Engineering & Transportation

- General Fund Impacted Divisions and Programs:
 - Sidewalk Program
 - Project Development
 - Land Use
 - Administration
- Reduction Target = 15%
- FTE Transferred from General Fund = 2.25
- Transfer a portion of salaries to Measure B and CIP funds, for example, the Sidewalk Program

21

Department/Program Reductions Engineering & Transportation (cont)

- Program Reductions/Changes:
 - Transportation Impact – 100% increase in number of days to respond to transportation-related inquiries
 - Land Development Impact – 75% increase in number of days to provide engineering services on permits & developments
 - Road Rehabilitation Impact – 30% decrease in the annual average number of street repairs funded by Measure B
 - Additional Federal Funding – if Economic Stimulus package is approved, the City may benefit by as much as \$2.5 million in additional funding

22

Department/Program Reductions Finance

- Department Includes:
 - Administration
 - Accounting Operations
 - Budget & Compliance
 - Business Licenses
 - Debt Management
 - Payroll
 - Purchasing
 - Revenue
 - Risk Management
 - Treasury Function
- Reduction Target = 15%
- FTE Reductions = 3 vacant positions:
 - .5 Finance Director, .5 PT Adm. Asst., 1 FT Acct. Clerk, 1 FT Budget Analyst /Accountant I

23

Department/Program Reductions Finance (cont)

- Program Reductions/Changes:
 - Finance Director position remains at ½ time for 2009-10
 - Business License reduced from 3 to 2 FTEs which will cause significant delays in serving business customers may attempt to backfill with other staff
 - Reduced response time for reports, analyses and projects
 - Decreased departmental support (analyses & special projects)
 - Cost Allocation Study performed on bi-annual basis
 - Eliminated overtime and reduced misc. expenditures

24

Department/Program Reductions Fire Suppression

- Department Includes:
 - Administration
 - Fire Suppression
 - Emergency Medical Services
 - Fire Prevention
 - Training
- Reduction Target = 5%
- FTE Reductions = 1.75 (all filled)
 - Filled positions: 1 Deputy Fire Marshal, .5 Fire Inspector and .25 Emergency Manager

25

Department/Program Reductions Fire Suppression

- Program Reductions/Changes:
 - Fire response and suppression services are not compromised
 - Deputy Fire Marshal position eliminated, impacts fire prevention and development activities
 - Eliminate Part-time Code Compliance Officer, impacts response time for inspections and code compliance
 - Reduce share of Emergency Preparedness Manager, impacts ongoing community and City preparedness planning and training
 - Reclassification of Emergency Medical Services Director to Staff Captain
 - Postpone acquisition of second Fire Engine (one purchased, three more to be purchased), existing engines continue in service, increasing repair costs and decreasing reliability

26

Department/Program Reductions Human Resources

- Department Includes:
 - Recruitment & Organization Development
 - Benefits, Workers Compensation & Safety
 - Classification & Compensation
 - Administration
- Reduction Target = 15%
- FTE Reduction = .66 FTEs
 - Eliminate 1 PT vacant Admin Asst. position (.37 FTE)
 - Reduce filled PT Admin Asst. hours (.29 FTE)

27

Department/Program Reductions Human Resources (cont)

- Program Reductions/Changes:
 - Processing, managing and filling vacancies will be limited from 8-10 to 6-8 active recruitments
 - Filling promotional vacancies will be delayed from 2 mos. to 3 mos.; open vacancies from 3 mos. to 4 mos.
 - Forwarding of part-time application materials to departments will be delayed
 - Fast-track special requests to fill will be delayed
 - Safety/IIPP & compliance training and supporting database management will be limited
 - Recruitment advertisements will be restricted
 - Negotiation support, salary surveys and comparison analyses will be delayed
 - Departments will be responsible for Personnel Action Forms (PAF) preparation & evaluation completion

28

Department/Program Reductions Human Resources (cont)

- Program Reduction/Changes (cont):
 - Database management for Eden & special projects will be delayed (e.g. physical requirements, class specs)
 - Safety Committee meetings changed from bi-monthly to quarterly
 - Safety Plan of Action extended and HR ability to conduct/follow-up on activities with dept. staff and vendors will be restricted
 - Development & implementation of hazard-specific programs reduced from 6 to 2 annually
 - Reduction of 41% in consulting fees for testing and training, database management, program audits and legal analysis
 - HR Newsletter suspended
 - Reduction or elimination of Service Award Dinner program
 - Reduction in misc. expenses including subscriptions, testing materials and medical expense

29

Department/Program Reductions Human Resources (cont)

- Program Reduction/Changes-**Internal Service Funds**:
 - Workers Compensation Self-Insurance ISF:
 - Settlement budget reduced by \$290,000
 - Safety consulting services reduced by \$50,000
 - Bragg consulting services reduced by \$25,000
 - Unemployment Insurance ISF:
 - No decrease due to costs associated with increase in employee separations

30

Department/Program Reductions Library


- Department Includes:
 - Administration:
 - Main Library and Branches
 - Casa Peralta, San Leandro History Museum & Art Gallery
 - Friends of the Library
 - Bookmark Café
 - Support Services
- Reduction Target = 15%
- FTE Reductions = 11.34 (1 vacant & 10.34 filled):
 - Eliminates two full time positions, one vacant, one filled
 - Remaining reductions in Part Time Filled positions

31

Department/Program Reductions Library (cont)

- Facility Reductions:
 - Close Mulford-Marina and South Branch libraries
 - Close Main Library 10 hours per week
 - Close Meeting Rooms 10 hours per week
 - Close Casa Peralta
 - Close SL History Museum & Art Gallery
 - Close San Leandro History Room
 - Close Manor Library Homework Center


32



Department/Program Reductions Library (cont)

- Program Reductions:
 - Eliminate all library services in the Marina/South areas of San Leandro
 - Eliminate all children's programs, including Summer Reading Program
 - Eliminate all adult programs
 - Eliminate all cultural, ethnic and family programs
 - Casa Peralta, Art Gallery & Museum open for tours by appointment only
 - End Casa Peralta Docent Program
 - Reduce reference services at Main Library
 - Reduce reference services at Manor Branch Library
 - Reduce book budget, fewer titles purchased, longer wait for popular titles
 - Reduce budget for periodicals
 - Longer lines to check out materials
 - Eliminate Historic Preservation program, including all financial assistance for historic restoration

33



Department/Program Reductions Library (cont)

- Program Reductions (cont):
 - Extend time to reshelve library material from 1 day to 4 to 5 days
 - No staff to process new materials, substitute at branches, or provide school tours and outreach
 - Bookmark Café, eliminate Café Assistant position, reduce hours of operation, Library staff will need to order products/supervise operation
 - Eliminate part-time management position, reduced management oversight and planning of department activities
 - Eliminate all funds for staff training and travel
 - Eliminate library security staff at Manor Branch and reduce at Main Library

34

Department/Program Reductions Police

- Department Includes:
 - Administration
 - Crime Prevention and Training
 - Records, Communications & ID
 - Patrol
 - Traffic
 - Investigations
 - Community Standards
 - Emergency Communications System
 - Red Light Safety Program
 - Animal Control

35

Department/Program Reductions Police (cont)

- Reduction Target = 5%
- FTE Reductions = 11.8
 - 8 FTEs will become vacant in 2009-10
 - Approximately 20 part time crossing guard positions are eliminated = 3.8 FTEs
- Program Reduction/Changes:
 - Reorganization of senior staff, savings \$25,000
 - Eliminate Administrative Specialist Police, Station Supervisor to assume duties
 - Eliminate Police Services Aide, less timely data entry, some overtime, eliminate midnight shift
 - Eliminate 2 patrol vehicles

36

Department/Program Reductions Police (cont)

- Program Reductions/Changes (cont):
 - Eliminate Crossing Guard Program, transfer to schools, \$100k savings
 - Eliminate Bicycle Officer, increase in Downtown panhandling and homeless issues, TOD safety, robbery suppression
 - Eliminate Motor Cycle Officer, less traffic enforcement, reduction in first responders, delayed response to traffic issues
 - Reduce two School Resource Officers (SRO's) , retain High School coverage, no middle school coverage
 - Eliminate Property Detective , minor property crimes not investigated, most misdemeanor cases without suspects not investigated (petty theft, vandalisms and auto thefts)
 - Eliminate Police Officer TAC Unit, reduce special enforcement team to three, loss of first responder

37

Department/Program Reductions Public Works – General Fund

- General Fund Divisions Include:
 - Administration
 - Streets & Highways – Electrical
 - Streets & Highways – Street Maintenance
 - Median Landscaping – Street Tree Maintenance
 - Median Landscaping – Median Maintenance
 - Parks Maintenance
- Reduction Target = 15%
- FTE Reductions = 5.45
 - 1.95 FTEs filled, 3.45 FTEs vacant & .05 FTEs transferred

38

Department/Program Reductions Public Works – General Fund (cont)

- Program Reductions/Changes:
 - Administration:
 - Reduced funding for administrative functions
 - Reallocate 5% of the PW Director cost to Enterprise Fund
 - Traffic Maintenance:
 - Eliminate Street Maintenance Worker I
 - Reduced traffic signal and street light maintenance
 - Delayed response to street light outages
 - Street Maintenance:
 - Eliminate Vacant Street Maintenance Worker I
 - Limited curb and gutter repairs and street rehab projects
 - Partially restore response to graffiti and spills by reallocating downtown maintenance worker (“Stepping Stones”)

39

Department/Program Reductions Public Works – General Fund (cont)

- Program Reductions/Changes (cont):
 - Median Maintenance - no funding for new landscaped medians
 - Park Maintenance:
 - Eliminate 4 Park Maintenance Workers (3 Vacant, 1 Filled)
 - Reduced equipment and supplies for maintenance
 - Limited graffiti response
 - No restoration projects
 - Tree Services – Eliminate 1 Vacant Tree Trimmer I and replace with contract services

40

Department/Program Reductions Public Works – Non-General Fund

- Non-General Fund Divisions Include:
 - Gas Tax Fund
 - Building Maintenance (Internal Service Fund)
 - Equipment Maintenance (Internal Service Fund)
- FTE Reductions = 2.8 = 1 filled, 1.5 vacant & .3 transferred
- Program Reductions/Changes:
 - Gas Tax Fund:
 - Eliminate Vacant PT Maintenance Worker
 - No vacation relief
 - Main thoroughfares striped bi-annually instead of annually
 - Building Maintenance **Internal Service Fund**:
 - Eliminate Vacant Electrician I
 - Reduced funding for building renovations and projects
 - Limited ability to address low priority maintenance items
 - Equipment Maintenance **Internal Service Fund**:
 - Eliminate Equipment Services Technician
 - Slower turnaround in vehicle preventative maintenance

41

Department/Program Reductions Recreation & Human Services

- Department Includes:
 - Administration
 - Recreation Programs:
 - Basic
 - Adults
 - Senior Programs
 - Youth Sports
 - Kiddie Kollege
 - Day Camp
 - Summer Adventure
 - Youth Subsidy
 - Teen Program
 - Kids Club

42

Department/Program Reductions Recreation & Human Services (cont)

- Department Includes (continued):
 - Monarch Butterfly Program
 - Friends of the Creek
 - Community Promotion
 - Community Assistance
 - San Leandro Cherry Festival
 - Child/Youth/Family Collaborative
 - Volunteer Services
 - Youth Advisory Commission
 - Community Facilities
 - Park Reservations & Security
 - Field Rental
 - Swimming Pools (SLFAC, Farrelly, Boys & Girls Club)

43

Department/Program Reductions Recreation & Human Services (cont)

- Reduction Target = 15%
- FTE Reductions = 11.56 all vacant, 1 FT & 10.56 PT
- Program Reductions/Changes:

Overall reductions of Salaries, Supplies, Training & Marketing will not impact the current service levels except for the following:

 - Senior Programs:
 - Reduce Senior Classes where partnerships are available
 - Move Senior Swingers from Odd Fellows Hall to MCC

44

Department/Program Reductions Recreation & Human Services (cont)

- Program Reductions/Changes (continued):
 - Community Promotions:
 - Eliminate Community Benefit Grant Program which includes Flag Day, Admission's Day, Veteran's Day, SL Municipal Band & Cultural Art Grants
 - Reduce Youth Employment Program by 50%
 - Eliminate Holiday Banners
 - Eliminate Special Events such as MLK, Cinco de Mayo, Egg Hunt and Tree Lighting

45

Department/Program Reductions Recreation & Human Services (cont)

- Program Reductions/Changes (continued):
 - Community Assistance Program:
 - Reduce contribution to Eden Information & Referral by 20%
 - Reduce General Fund portion of Community Assistance Program by 50%
 - Reduce Youth Subsidy by 50%, no impact based on current use
 - Facilities:
 - Defer replacement of MCC hardwood floor
 - Eliminate replacement of MCC sound system
 - Close Farrelly Pool for one season
 - Eliminate the Cherry Festival

46

GENERAL FUND FTE REDUCTION SUMMARY

47

General Fund & ISF FTE's BEFORE Reductions = 419

Dept	Vacant	Filled	Transfer	Total
CMO	1.00	2.00	-	3.00
Com Dev	3.00	1.50	.20	4.70
E&T	-	-	2.25	2.25
Finance	3.00	-	-	3.00
Fire	-	1.75	-	1.75
HR	.37	.29	-	.66
Library	1.00	10.34	-	11.34
Police	8.00	3.80	-	11.80
PW	3.45	1.95	.05	5.45
Recreation	11.56	-	-	11.56
ISF – Bldg	1.50	-	-	1.50
ISF – Equip	-	1.00	0.30	1.30
ISF – IS	-	-	-	-
ISF – Insur	-	-	-	-
TOTAL	32.88	22.63	2.80	58.31

48

SUPPLEMENTAL STRATEGIES

49

Supplemental Strategies

- **Golden Handshake:**
 - May be offered on a selective basis by employee classification
 - Cost is a factor
 - Impact to operations must be considered
- **Reduced Work Week:**
 - Numerous variations (i.e. Alternative Fridays, Furloughs)
 - Impact to service delivery
 - Retirement and other cost issues
- **Revenue Enhancements:**
 - Gas Tax, Sales Tax, Parcel Tax, etc.

50

SUMMARY/ CONCLUSION

51

Summary/Conclusion

- General Fund Shortfall BEFORE Reductions = \$11.4 million
- General Fund Shortfall AFTER Reductions = \$2.9 million
- General Fund budget reductions=15%; Safety and IS=5%
- Focused on eliminating vacant positions, reducing Internal Service Funds and maintain efficiency and effectiveness
- Reductions result in service delays and some program closures
- FTE Reductions = 58.3 (32.9 vacant , 22.6 filled, 2.8 transferred)
- Supplemental Strategies being considered
- Revenue projections monitored & updated routinely
- Financial crisis may not allow City to continue full spectrum of services to Community

52