



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: July 7, 2009

ITEM NUMBER:

**SUBJECT:** Request of Mayor Pro Tem Leece and Council Member Foley for City Council Consideration of the Various Programs for Inclusion in the FY 2009-2010 Municipal Budget

**DATE:** June 30, 2009

**FROM:** Mayor Pro Tem Leece and Council Member Foley

**PRESENTATION BY:** Mayor Pro Tem Leece and Council Member Foley

**FOR FURTHER INFORMATION CONTACT:** Allan L. Roeder, City Manager  
(714) 754-5328

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## **RECOMMENDATION:**

Consider requests.

## **BACKGROUND:**

At the regular meeting of June 16, 2009 the City Council took a number of actions in adopting the Fiscal Year 2009-2010 Operating and Capital Improvement Budget. Among those actions were the cancellation of a number of programs that directly serve the Costa Mesa community. Mayor Pro Tem Leece and Council Member Katrina Foley subsequently requested the placement of these items on the City Council Agenda for consideration as amendments to the adopted budget.

In light of current economic conditions and continued use of fund balance, significant reductions were proposed in submission of this year's budget for public consideration and City Council adoption. Those reductions followed the 10 Point Management Budget Strategy (hereinafter referred to as the "10 Point Plan") as approved by the City Council on April 14, 2009. Subsequent to the actions of April 14, 2009, all Departments conducted one final review of their operating budgets with the intent of achieving an average 10% reduction in the cost of operations. These actions were exclusive of and in addition to the measures in the 10 Point Plan.

As stated several times throughout the course of the budget adoption, this year's financial plan will require continuing action by the City Council and management. Those

actions will include both additions and deletions to the financial plan over the next 12 months.

### **ANALYSIS:**

Council Member Foley and Mayor Pro Tem Leece identified the following programs that they wanted to bring forward to the City Council as budget amendments. A more detailed explanation of each program is included in Attachment A.

1. Neighbors for Neighbors
2. Sister City Program
3. Grad Night Contributions
4. Mobile Recreation Program
5. Teen Programs – TeWinkle School/Downtown Recreation Center
6. Youth Sports Programs
7. Concerts in the Park

As the City Council is aware, each of these programs along with certain other proposed expenditures were dropped from the final, approved budget. Mayor Pro Tem Leece and Council Member Foley will explain at your meeting the basis for bringing these matters forward for consideration at this time. The following are key arguments expressed by the City Council members in support of reinstating these programs:

- Lack of notice to the public on the program cuts;
- Lack of opportunity for the public to address the proposed program cuts at the June 16, 2009 City Council meeting;
- Reductions were above and beyond the strategies previously approved by the City Council in the 10 Point Plan only 60 days prior to budget adoption;
- The budget cuts fall disproportionately on programs for children, lower income neighborhoods and seniors; and
- The reductions resulted in no significant savings in the final adopted budget.

Because the identified programs were not included in the adopted budget, staff has already initiated steps to either re-assign personnel or reduce part-time hours; cancel contracts with vendors and surplus equipment that may no longer be needed. Some of the programs involving the use of private vendors (Concerts in the Park being the best example) required cancellation notices be issued a minimum number of days before the scheduled event. As a consequence, the impact of deletion from the budget was immediate. Other programs (the Sister City program for example) has not experienced any immediate impact by the budget action but will be impacted later in the fiscal year. The importance of this is a recognition that programs cannot be immediately “shut down” or “restarted” by City Council action. Contractual obligations, personnel actions, provision of materials and supplies – all of these are factors in how quickly a program can be terminated or reinitiated.

## **FISCAL REVIEW:**

For purposes of this report, staff was requested to identify the direct and indirect cost for each program; the percentage each represents of the adopted FY 2009-2010 Operating Budget and the percentage each represents of the 10 Point Plan.

### **Neighbors for Neighbors**

Direct Cost - \$24,517

Indirect Cost - \$67,128

Total Cost - \$91,645

Percent of All Funds Operating Budget – 0.080%

Percent of 10 Point Plan – 0.434%

### **Sister City Program**

Direct Cost - \$10,000

Indirect Cost – 0

Total Cost - \$10,000

Percent of All Funds Operating Budget – 0.009%

Percent of 10 Point Plan – 0.047%

### **Grad Night Contributions**

Direct Cost - \$3,000

Indirect Cost – 0

Total Cost - \$3,000

Percent of All Funds Operating Budget – 0.003%

Percent of 10 Point Plan – 0.014%

### **Mobile Recreation Program**

Direct Cost – \$35,663

Indirect Cost – \$0

Total Cost – \$35,663

Percent of All Funds Operating Budget – 0.031%

Percent of 10 Point Plan – 0.169%

### **Teen Programs-TeWinkle School/Downtown Recreation Center**

Direct Cost – \$37,292

Indirect Cost - \$0

Total Cost – \$37,292

Percentage of All Funds Operating Budget – 0.033%

Percentage of 10 Point Plan – 0.177%

**Youth Sports Program** (No reductions actually made. Established a fee of \$58 for football and \$39 for basketball. Since this is a new fee, it is not known how the fee may impact participation in the program or whether the program will be full cost recovery as a result of the fee)

Direct Cost – \$61,553

Indirect Cost – \$13,784

Total Cost – \$75,337

Percentage of All Funds Operating Budget – 0.066%

Percentage of 10 Point Plan – 0.357%

**Concerts in the Park**

Direct Cost – \$28,910

Indirect Cost – \$4,828

Total Cost – \$33,738

Percentage of All Funds Operating Budget – .029%

Percentage of 10 Point Plan – 0.160%

In considering the preceding, it is important to keep in mind that the costs identified are the program costs as submitted for the FY 2009-2010 budget. There may be alternative means of either reducing the impact on the General Fund of certain programs and/or reducing the cost of the program. City staff will be available to respond to questions in this regard.

**LEGAL REVIEW:**

No legal review is required on this subject.

**CONCLUSION:**

Should the City Council approve one or more of the requests submitted by Council Member Foley and Mayor Pro Tem Leece, staff will process budget adjustments to include these programs and identified expenses to the current FY 2009-201 Operating Budget.

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ALLAN L. ROEDER

City Manager

DISTRIBUTION: Finance Director  
Budget & Research Manager  
Administrative Services Director  
Recreation Manager

ATTACHMENTS: A [Program Descriptions](#)

