



Council Meeting: December 2, 2008

SUBJECT: Carryover of Unexpended City Funds from FY 2007/08 to FY 2008/09 for State of the City Event and Restoration of Funding for the FY 2008/09 State of the City Event and Approval of Budget Modification No. 17 continued from November 18, 2008

REPORT IN BRIEF

The purpose of this report is two-fold. The first purpose is to recommend the carryover of allocated but unexpended State of the City event funds from FY 2007/08 to FY 2008/09 in the amount of \$50,620. Second, staff requests that Council restore \$28,000 in funding for the FY 2008/09 State of the City event.

Staff recommends that Council approve Budget Modification No. 17 to authorize carryover of allocated but unexpended funds from FY 2007/08 to FY 2008/09 for State of the City and to restore funding for the 2008/09 State of the City Event.

BACKGROUND

Carryover of Unexpended Funds for State of the City from FY 2007/2008 to FY 2008/2009

The State of the City event has been held each year since 1981 to provide an opportunity for the mayor and Council to present the public with a review of issues affecting the community and an outlook for the future. Traditionally, the event was conducted each spring using funds allocated for the fiscal year in which the event occurred. For the past several years, however, Mayors have moved the event to after the start of a new fiscal year and Council approved a shift of allocated funds each year to properly fund the event.

For FY 2007/08, Mayor Spitaleri selected an event date of September 13, 2008. On June 19, 2008, the city manager informed Council that staff would return to Council with a budget modification requesting carryover of the unused funds from FY 2007/08 to FY 2008/09 for this event that took place after the start of a new fiscal year. The amount of remaining funds being requested for carryover is \$50,620. These monies will be used to pay for expenditures related to the FY 2007/08 event which were made in FY 2008/09.

Restore Funding for 2008/2009 State of the City Event

On June 10, Council adopted a budget that contained reduced funding for the FY 2008/09 (yet to be planned or conducted) State of the City event. Unless

Council restores the \$28,000 reduction it adopted on June 10, the Mayor will have \$46,167 to conduct the FY 2008/09 event. Based on actual expenditures for the last several years, this amount would not be enough to cover the costs of the event. If Council does restore the funding, the Mayor will have a total of \$74,167 for the event. It is for this reason that staff is requesting that \$28,000 in funding be reinstated for the FY 2008/09 State of the City event to bring the total amount to \$74,167.

EXISTING POLICY

The following documents contain policy direction on this issue:

- **Fiscal Administration Article XIII, Section 1305 City Charter:** From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several departments, offices, and agencies for the respective objects and purposes therein named. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been lawfully expended. However, approved appropriations for Capital Improvement Projects shall not lapse at the end of the fiscal year unless the Capital Improvement Project has been completed and closed out or the City Council takes affirmative action to modify the budget appropriation for the Capital Improvement Project. At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose, or to appropriate available revenue not included in the budget.
- **Planning and Management Element 7.1B:** Maintain sound financial practices, which meet all applicable standards and direct the City's financial resources toward meeting the City's long term goals.
- **Community Engagement Sub-Element 7.2 of the City's General Plan:**
 - **Policy A.1:** Assure that all community members have reasonable access to City information, services, programs, policymakers and staff within budgeted resources.

DISCUSSION

Carryover of unexpended funds for State of the City from FY 2007/2008 to FY 2008/2009

The State of the City event has been held each year since 1981 to provide an opportunity for the mayor to present the public with a review of issues affecting the community and an outlook for the future. Traditionally, the event was conducted each spring using funds allocated for the fiscal year in which the event occurred. However, in FY 2003/04, then-Mayor Howe moved the event to

July 4, 2004. Because the event fell outside the fiscal year for which it was budgeted, staff requested Council carryover the allocated funds from FY 2003/04 to FY 2004/05. For the past four years, this process has repeated itself, and will continue to repeat itself so long as the mayor conducts the State of the City outside of the fiscal year for which it was budgeted.

Consistent with the past several years, Council is asked to approve the carryover of allocated but unspent funds from FY 2007/08 to FY 2008/09 in the amount of \$50,620 to properly fund Mayor Spitaleri's 2007/08 State of the City event which was not held during FY 2007/08, but rather during FY 2008/09 (on September 13, 2008).

Restore funding for 2008/2009 State of the City Event

Staff is requesting that \$28,000 in funding be reinstated for the FY 2008/09 State of the City event to bring the total amount to \$74,167. This amount includes staff time to plan and coordinate the event and direct costs to cover: facilities, advertising services, community awards, equipment rental, printing, postage, entertainment, supplies and food. Over the past several years, the costs for salaries and hard costs have been divided fairly evenly. The following illustrates a rough breakdown of anticipated expenditures for the annual event.

ESTIMATED COSTS FOR STATE OF THE CITY EVENT

Tent Rentals	\$ 8,000
Tables and Chairs	\$ 4,000
Decorations and balloons	\$ 1,500
Entertainment	\$ 1,000
Stage, PA system, generator, ramp	\$ 5,000
Bounce houses, face painters, etc.	\$ 1,000
Poster Design and printing	\$ 3,000
Invitations, envelopes, postage	\$ 1,000
Event program printing	\$ 500
Banner and signage	\$ 2,000
Food services	\$ 8,000
Linens	\$ 1,000
Misc. supplies	\$ 1,000
Subtotal of estimated hard costs	\$37,000
Staff costs	\$37,000
Total Budget	\$74,000

On June 10, Council adopted a budget that contained a reduction of \$28,000 in funding for the FY 2008/09 (yet to be planned or conducted) State of the City event. Unless Council restores the funding, the Mayor will have \$46,167 to conduct the FY 2008/09 State of the City event. If Council does restore the

funding, the Mayor will have a total of \$74,167 for the event, an amount comparable with actual expenditures for the last several years.

FISCAL IMPACT

The total cost to the City for these requests is \$78,620. Of this amount, \$50,620 represents unspent funds from FY 2007/08 that is being requested for carryover into FY 2008/09. The remaining \$28,000 is to restore funding for the FY 2008/09 State of the City event. As of the close of FY 2007/08, General Fund expenditures were approximately \$350,000 lower than anticipated in the FY 2008/2009 Recommended Budget. As a result, the \$78,620 requested can be funded from the General Fund's 20-Year Resource Allocation Plan (RAP) Reserve without impacting the fully balanced long-term financial plan. Budget Modification No. 17 has been prepared to appropriate \$78,620 from the 20-Year RAP Reserve into various operating activities and projects.

**BUDGET MODIFICATION NO. 17
 FISCAL YEAR 2008/2009**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
General Fund			
<u>Expenditures:</u>			
Activity 739210 – Annual State of the City Event	\$46,167	\$28,000	\$74,167
Activity 739220 – State of the City Carryover	\$0	\$50,620	\$50,620
<u>Reserves:</u>			
20-Year Resource Allocation Plan	\$45,947,167	(\$78,620)	\$45,868,547

CONCLUSION

Because the State of the City event for FY 2007/08 took place after the start of FY 2008/09, staff is recommending the carryover of any allocated but unexpended State of the City event funds from FY 2007/08 to FY 2008/09. Further, staff is requesting that Council restore the funding for the FY 2008/09 State of the City event.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Approve carryover of \$50,620 in allocated but unexpended State of the City funds from FY 2007/08 to FY 2008/09.
2. Do not approve carryover of \$50,620 in allocated but unexpended State of the City funds from FY 2007/08 to FY 2008/09.
3. Restore \$28,000 in funding for the FY 2008/09 State of the City Event.
4. Do not restore \$28,000 in funding for the FY 2008/09 State of the City Event.
5. Determine an alternate funding mechanism.

RECOMMENDATION

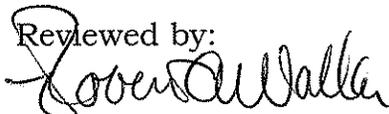
Staff recommends Alternatives 1 and 3. Approve carryover of \$50,620 in allocated but unexpended State of the City funds from FY 2007/08 to FY 2008/09. Restore \$28,000 in funding for the FY 2008/09 State of the City Event.

Because the FY 2007/08 State of the City event took place after the start of FY 2008/09, staff is recommending the carryover of allocated but unexpended State of the City funds from FY 2007/08 to FY 2008/09.

Further, staff is requesting that Council restore \$28,000 in funding for FY 2008/2009 State of the City event.

Staff believes these actions will provide the level of funding required to carry out service levels expected by Council.

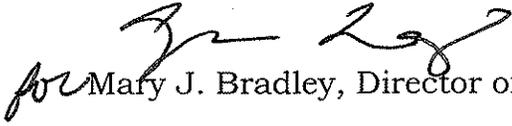
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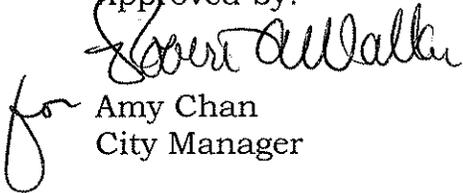
Robert Walker, Assistant City Manager

Prepared by: Patricia Lord, Community Resources Manager

Reviewed by:


for Mary J. Bradley, Director of Finance

Approved by:


for Amy Chan
City Manager