



**Council Meeting: January 10, 2012**

**SUBJECT: Annual Public Hearing - Potential Council Study Issues and Budget Issues for Calendar Year 2012**

**BACKGROUND**

On February 3, 2012 Council will conduct a workshop devoted to a review of all proposed study and budget issues. At the workshop, Council will rank study issues for completion during 2012 and will identify budget issues to be forwarded to the City Manager for consideration in the FY 2012/13 budget. A **study issue** is a topic of concern that can result in a new City policy or a revision to an existing policy. A **budget issue** represents a new City service or a change in the level of an existing City service (including possible elimination). With the exception of emergency issues, Council reviews all study and budget issues once a year at the annual Workshop which provides the opportunity for members of the public to comment on proposed issues for study or budget consideration, and/or to suggest potential new issues.

**Study and Budget Issues Process**

The study issues process provides a method for identifying, prioritizing and analyzing policy issues important to the community. It provides a structured approach for addressing the large number of issues that are raised each year, allowing Council to rank the issues and set priorities within the limits of time and resources.

The budget issues process provides a method for identifying and addressing proposals to add a new service, eliminate a service, or change the level of an existing service.

**Major Steps in the Process Leading to the Public Hearing**

- Study and budget issues are proposed year round by Council, boards and commissions, the public, or the city manager.
- Staff prepares study issue papers or budget issue papers for all qualifying issues. These issue papers describe the topic of concern and provide information Council will use to determine whether or not to further explore each issue. The study issue paper is also designed to capture the intent and interests that originated the issue. The purpose of the budget issue summary form is to briefly summarize the issue and provide an initial estimate of the fiscal impact.

- In October and November boards/commissions review their proposed budget and study issues and prioritize proposed study issues under their purview; these rankings are forwarded to Council for consideration.

### **EXISTING POLICY**

#### **Council Policy 7.3.26** *Study Issues Process*

**Council Fiscal Policy 7.1.1 A.1.2** which states, “A Fiscal Issues Workshop will be held each year prior to preparation of the City Manager’s Recommended Budget to consider budget issues for the upcoming Resource Allocation Plan.”

### **DISCUSSION**

Staff has prepared write-ups of the study issues and budget issues proposed to date. These study issue papers, budget issue papers, and other materials can be viewed on the City’s Study Issues Web Site at [StudyIssues.inSunnyvale.com](http://StudyIssues.inSunnyvale.com), or at the library, or the City Clerk’s office. Copies will also be available to the public at the Study Issues/Budget Issues Public Hearing.

#### *Study Issues/Budget Issues Public Hearing*

The public hearing is scheduled for January 10, 2012 and is a critical step in the City’s policy-setting process. A number of policy issues are submitted annually for possible study by City Council in the upcoming calendar year. The purpose of the hearing is to invite public comment on the relative importance of proposed issues, and for the public to suggest new issues for Council’s consideration. Issues proposed at the public hearing by a member of the public must be sponsored by Council in order to be considered at the Study/Budget Issues Workshop. Council sponsorship of study issues requires a minimum of two Councilmembers. Staff has advised the board and commission chairs that this is also the appropriate time for them to testify on issues recommended by their board or commission.

Should new issues be added during the January 10 Public Hearing, those issue papers will be developed and distributed to Council as soon as possible prior to the February 3 workshop. The deadline for Council-initiated study issue papers this year is January 13 – three weeks prior to the Workshop.

#### *Study Issues/Budget Issues Workshop*

On February 3, Council will conduct a workshop devoted to a review of all proposed study and budget issues. For study issues, Council will make a determination as to whether to study them in more detail by first selecting the issues that will be dropped from further consideration or deferred to future years. Remaining study issues are prioritized or ranked by Council and forwarded to the city manager. Budget issues are not ranked, but those receiving majority support from Council are forwarded to the city manager for

consideration in the upcoming fiscal year's recommended budget. Public testimony at the workshop is limited.

Following the Council workshop, and based on Council's priority rankings, the city manager identifies the number of Council-ranked study issues that can be completed during the calendar year without disrupting service delivery or modifying service levels set by Council. Staff updates the Tentative Council Meeting Agenda Calendar for the coming year, identifying when the results of staff's study of specific policy issues will be brought back to Council for action. Lower-priority issues ranked by Council, but not placed on the Council calendar, are automatically reconsidered during the next year's study issue process.

All budget issues referred to the city manager are returned for Council's consideration as a part of the city manager's recommended budget for the next fiscal year in the form of *budget supplements*. These *supplements* are considered by the city manager in the context of all of the other City projects and services and are not automatically recommended by the city manager for funding.

For many years this approach has provided both City Council and City staff with a valuable planning and management tool that allows Council to set priorities for examining policy issues, provides preliminary review of budget issues, and allows staff to balance policy study with the delivery of day-to-day City services.

### **FISCAL IMPACT**

There is no fiscal impact associated with this report. Each issue paper provides information regarding fiscal impact where warranted, including an estimated cost of studying the issue and estimated implementation costs.

It is important to note, however, that when the General Fund Long-Term Financial Plan was adopted for FY 2011/12, it contained a structural deficit that resulted in the depletion of the Budget Stabilization Fund in FY 2028/29. Given this, any unbudgeted increase in costs (including those needed to study an issue) will require Council to identify a corresponding revenue increase or service level decrease in another service area to ensure that the General Fund's deficit does not increase. A list of the proposed 2012 study issues that would require additional budget for a study to be undertaken will be included in Council's Workshop packet. Staff recommends any study issues that Council prioritizes that require funding be resubmitted as a budget supplement to be considered within the context of all new requests for funding in the FY 2012/2013 Recommended Budget. This is consistent with the approach that Council took for all 2011 study issues.

**PUBLIC CONTACT**

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

The public hearing is open to the public and public testimony regarding study issues and budget issues will be heard by Council. Copies of study and budget issue papers may be viewed by accessing the City's Study Issues Web Site at [StudyIssues.inSunnyvale.com](http://StudyIssues.inSunnyvale.com).

The February 3 workshop is open to the public and will be televised live and rebroadcast on KSUN, Channel 15. Consistent with past Council practice, however, public testimony will be limited.

**ALTERNATIVES/RECOMMENDATIONS**

No action is needed at this time. Councilmembers may request new study issues and/or budget issues brought up by the public in the course of the public hearing be developed for review at the Annual Study Issues/Budget Issues Workshop. A minimum of two Councilmembers is required to sponsor a study issue.

Reviewed by:

Robert Walker, Assistant City Manager  
Prepared by: Coryn Campbell, Assistant to the City Manager

Reviewed by:

Grace Leung, Director of Finance  
Prepared by: Drew Corbett, Budget Manager

Approved by:

Gary M. Luebbers  
City Manager