

City Beat

APRIL 2009

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* SPECIAL BUDGET ISSUE * SPECIAL BUDGET ISSUE *

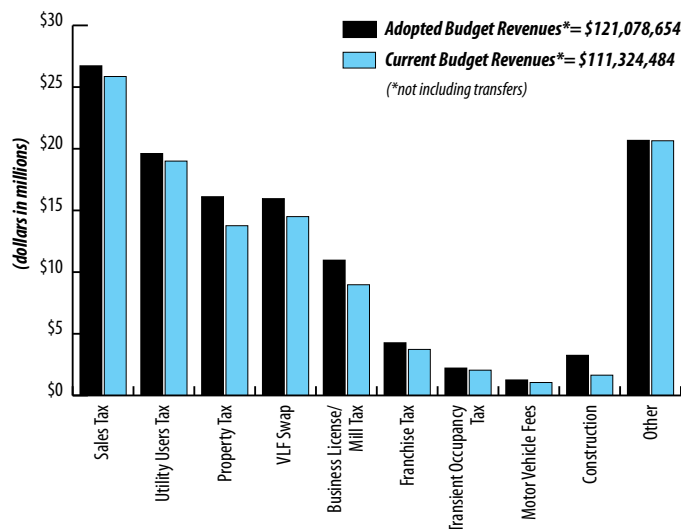
THE CITY'S BUDGET... *how it works and where we are*

The General Fund is the City's primary operating fund. Its main sources of revenue include: sales and property taxes, utility users' tax, franchise fees, and business license fees as well as a number of general purpose revenues from the State of California.

General Fund dollars support a wide variety of or general government programs and activities including public safety programs in Police and Fire (which make up the bulk of General Fund spending), recreation programs, park maintenance, graffiti abatement, street maintenance, planning, economic development, and general government.

Enterprise funds are tracked separately and may only be used for designated purposes. The Water and Wastewater Funds are good examples of enterprise funds. These funds collect monies from utility customers and other program specific fees to support efforts related to the delivery of water and sewer service. In the enterprise funds, the City's goals are to provide quality service that meets all federal and state requirements but to do so in a manner which keeps rate increases at a minimum.

As you are aware, the City has seen its revenues dwindle over the past two years. In June 2008, Council adopted a General Fund operating budget that included \$120 million in spending balanced by an estimated \$121 million in revenue. Over the course of the year, projected revenues declined by about \$8 million with substantial reductions in both property tax and sales tax revenues.



In response to this dramatic decline, the City has done exactly what so many American households have done when the budget gets tight. The City reduced budgeted spending by \$5.2 million in October which included an across-the-board 10% reduction in operating budgets for all departments. More recently, the City has begun meeting with all of its employee labor associations on ways that the City can partner with them to further reduce spending.

GET INVOLVED!

The Finance Committee of the Modesto City Council will hold a series of workshops on the Fiscal Year 2009/2010 proposed budget as presented by the Mayor and City Manager.

Modesto citizens are encouraged to attend the Finance Committee workshops, which are scheduled* as follows:

- **Monday, May 18** - General Fund
- **Tuesday, May 19** - General Fund and Insurance Funds
- **Wednesday, May 20** - Transportation-Related Funds
- **Thursday, May 21** - Utilities and Other Enterprise Funds
- **Friday, May 22** - If needed to complete reviews

** All workshops are tentatively scheduled to begin at 9 a.m. in the Council Chambers of Tenth Street Place. For up-to-date start times and topics, visit www.modestogov.com and click on "Budget Information." ***

The Committee will also hold a public comment period on May 20 from 5:30-7:30 p.m., in Council Chambers.

The City Council will hold a public hearing at its regularly scheduled meeting on May 26 at 5:30 p.m. in the Council Chambers to hear additional public comments regarding the proposed budget.

Adoption of the FY 2009/2010 budget is tentatively scheduled for June 2, 2009, at 5:30 p.m. in the Council Chambers of Tenth Street Place.

For more information on the workshops or public hearings, call the City Clerk's Office at (209) 577-5396, or visit www.modestogov.com and click on "Budget Information."

PARTNER WITH US

We want to partner with you to make our community better. After all, we all live and work here! There are many ways that you can get involved, how much is up to you. Here are just a few ways you can get involved:

ATTEND THE BUDGET WORKSHOPS!

The Finance Committee reviews the Proposed Budget during budget workshops held during the third week of May. Citizens are encouraged to attend and participate as it is a good venue to express concerns, priorities, etc. See the front of this insert for detailed information on the budget workshops for the coming fiscal year.

BE INFORMED!

City services, policies and spending are discussed year-round at the City Council meetings. Come to meetings, view them on the local cable channel, view them live online, or review archived meetings.

KNOW YOUR COUNCILMEMBERS!

Go online to www.modestogov.com and click on "City Council" under the Government tab to view the biographies of your elected officials. You can also find out information on the various committees of the Council, the terms of office, review current agendas and/or past Council meeting minutes.

CONTACT YOUR COUNCILMEMBERS!

You are encouraged to call your City Council Members at (209) 571-5169 or fax them at (209) 571-5586.



BUILDING THE CITY'S BUDGET... *the process and next steps*

The process of building the City's budget finishes each year the first week of June when the City Council adopts the budget for the next fiscal year. That action by the Council is really just the final act of a very lengthy and critical process that engages the public, City staff, and Council as they collectively determine the City's service priorities and how best to accomplish those priorities.

The nation's poor economy has impacted us all and it's affected the way the City provides services making the preparations for the budget for Fiscal Year 2009-2010 exceptionally difficult. Work actually began in November 2008 as departments looked ahead to the upcoming year anticipating how much revenue would be available to provide the community's core services and what services would need to be reduced, delayed, or eliminated.

In late February and into March, the Mayor and City Manager began their collaborative review of the budget. They look at all areas of the budget from both an income (revenue) and spending perspective and they also meet with each department to review their plans for the coming year. After this process, the City Manager is ready to submit his proposed budget to the Mayor and later, the full City Council for review.

By City Charter, the Mayor plays a crucial role in the budget process. It is the Mayor's responsibility to review the City Manager's draft budget and recommend any changes to the Council prior to adoption. The City Manager's draft budget along with any recommended changes from the Mayor becomes the City's Proposed Budget.

The City Council's Finance Committee takes the lead role in reviewing the Proposed Budget. This occurs at budget workshops held during the third week of May. In these unprecedented fiscal times, it will likely mean reductions in many of the services our citizens appreciate and enjoy. The Mayor and City Council need to know what services you value the most. Would you prefer to see less park rest room maintenance and more recreation programs for children? How about graffiti abatement? Is that more important to you than pothole patching? Your input on the budget will help the Council and City staff as the budget for next year is put into place. You can do this by participating in the budget workshops. These meetings are held in the Council Chambers at Tenth Street Place, 1010 Tenth Street, and everyone is welcome to attend. The meetings are also televised if you are interested but unable to attend and can be viewed on Comcast Cable channel 7 and Charter Communications channel 19; unfortunately City Council meetings are not currently televised on satellite television.

See the front of this insert for detailed information on these budget workshops and information on the adoption of the FY 2009/2010 budget by the full City Council. Once adopted, the budget can be found online at www.modestogov.com by clicking on "Budget Information."