

Memorandum

City Manager's Office



Date: February 12, 2009
To: Mayor and Council
From: Charlie Meyer, City Manager
Subject: Budget Process

As you know, City Council will be considering the Budget Balancing Proposal, attached, at the 3 pm, February 19th, Budget Review meeting. This proposal is a recommendation for fiscal stability allowing us to effectively manage our resources to sustain superior levels of public service and programs. As such, it is a blueprint to guide us in preparing the FY 2009/10 budget and subsequent years.

The proposal is a comprehensive review of the entire General Fund revenues and expenditures for City of Tempe involving a variety of recommendations to meet the projected \$34.5 million budget deficit for FY 2009/10 and provide for a balanced budget in future years. The magnitude of these recommendations impact city services and programs, staffing and our organization. Certainly, these recommendations will generate a number of questions, comments and direction from City Council.

Gaining City Council direction on a few items during the February 19th meeting would be helpful to move this process forward. A few questions that I am seeking direction from City Council are:

- To provide for further information, clarification about this proposal as requested by City Council, are additional meetings needed? The objective is to provide City Council sufficient opportunity to review the budget decisions. The next scheduled budget discussion is March 26th where the focus would be on the FY2009/10 budget.
- In order to advance the preparation of plan documents for retiree health care, does Council wish to change the OPEB Option 2?

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- A retirement incentive is included as part of the proposal. Does Council support a retirement incentive and, if so, to what extent?
- Lastly, this proposal offers a number of program and service recommendations. Are there specific areas where Council needs additional information to be prepared by staff for subsequent consideration? Are there areas Council would like staff to look to?

It is our intent to address the long-term financial stability and health of the City of Tempe organization, while preserving superior service delivery to our Tempe community.

As such, City staff seeks Council direction on the Budget Balancing Proposal and the time line for review.