

Agenda Report

TO: CITY COUNCIL

DATE: JULY 28, 2008

FROM: CITY MANAGER

SUBJECT: APPROVAL OF A JOURNAL VOUCHER APPROPRIATING \$55,000 FROM UNAPPROPRIATED GENERAL FUND BALANCE TO THE FY 2009 OPERATING BUDGET FOR THE PURPOSE OF FUNDING AN ACTION PLAN TO FACILITATE ADDRESSING BUDGETARY CHALLENGES.

RECOMMENDATION:

It is recommended that the City Council approve a journal voucher appropriating \$55,000 from the General Fund unappropriated fund balance to the Department of Finance's Fiscal Year 2009 operating budget for the purpose of funding an action plan to facilitate addressing budgetary challenges.

BACKGROUND:

The Fiscal Year 2009 operating budget transmittal letter highlighted the fact that the General Fund is showing signs of a structural deficit, with expenditures expected to exceed revenues for the foreseeable future. In order to reverse this trend, it was suggested that the City should undertake a process of analyzing/prioritizing the services it provides and how they are delivered with the thought that some services could be made more efficient or discontinued altogether in order to bring expenses in line with revenues.

In order to further this effort, staff has consulted with the Public Strategies Group (PSG). PSG has assisted a number of governmental entities address budget challenges through a process called Budgeting for Outcomes; a comprehensive approach aimed at restructuring the budget around priorities. The Budgeting for Outcomes process takes about six months and cost several hundred thousand dollars. Given that Pasadena is currently in the process of selecting a new City Manager, rather than engage in such an expansive effort at this time, staff wishes to proceed with the development of an action plan at a cost of \$55,000. The action plan would involve the following tasks and could be used as the basis for a broader effort:

Task 1: Perform a diagnostic appraisal through the collection of data and interviews with staff.

Task 2: Prepare a draft list of strategic opportunities which may include:

- Creating systems to help managers use performance information to continuously improve results;
- Creating a budget system that aligns resources with those strategies most likely to deliver the outcomes citizens care about and creates the best value for each tax dollar;
- Re-engineering work processes for efficiency and effectiveness and using technology to improve service delivery;
- Creating a culture of trust, focused on improving results through continuous improvement.

Task 3: Provide a presentation on transformation as a context for understanding the nature of transformational change.

Task 4: Facilitate a retreat of key personnel to reach agreement on change strategies to recommend to the new City Manager.

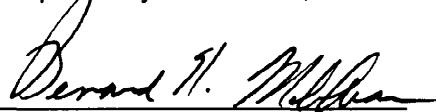
Task 5: Prepare and present a report for the new City Manager including options for action, rationales, and investments for the recommendations.

Whether this workscope leads to undertaking the Budgeting for Outcomes process or not, it is anticipated that its results will be of value to the organization and help inform the fiscal year 2010 budget process.

FISCAL IMPACT:

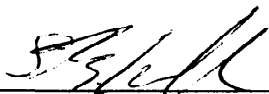
Funding for this appropriation is available in the General Fund. It is anticipated that the results of the work, the requested appropriation will support, will ultimately strengthen the position of the General Fund by helping to align expenditures with revenues.

Respectfully submitted,



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City Manager

Prepared by:



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