



ADMINISTRATIVE SERVICES

Council Meeting: May 10, 2005
Staff Report #: 05-074
Agenda Item D-3

CONSENT:

Authorization of the City Manager to Enter Into an Agreement in the Amount of \$62,280 with Community Focus, a Project of the Tides Center, to Provide Community Engagement Services to Assist in the Development of the 2006-07 Priority-Driven Budget; Adoption of a Resolution Appropriating \$29,280 from the General Fund Reserve to Cover the Unfunded Portion of This Expense and Approval of a Draft Work Plan.

RECOMMENDATION

Staff requests that the City Council:

- 1) Authorize the City Manager to enter into an agreement in the amount of \$62,280 with Community Focus, a Project of the Tides Center, to provide community engagement services to assist in the development of the 2006-07 Priority-Driven Budget
- 2) Adopt a resolution appropriating \$29,280 from the General Fund Reserve to cover the unfunded portion of the project expense
- 3) Approve a draft work plan for the Priority-Driven Budget process

BACKGROUND

Since 2000-01, the City has faced an imbalance between General Fund operating revenues and expenses. In total, over the past four fiscal years, the City has trimmed its expenses by over \$4 million (approximately 15% of the City's annual budget) and reduced its workforce by more than 30 regular and part-time FTEs.

The ten-year forecast presented to Council at the February 1, 2005 Budget Workshop projected continued deficits until 2012-13, with an estimated \$4.5 million cumulative shortfall from 2004-05 through 2011-12. The budget balancing strategies used by the City to-date, including deferred maintenance, across the board cuts, fee increases and transfers from the General Fund Reserve, do not provide a sustainable solution to the structural gap between revenues and expenses. Continued incremental cutbacks will either cease to produce sufficient savings or result in services that do not meet

customer or community needs. Continued use of the reserves will deplete funds needed for infrastructure maintenance, emergencies and legal obligations.

Consequently, at the February 1 Budget Workshop, staff proposed a new ground-up, priority-driven approach to achieving a balanced budget. In this approach, staff and the Council would engage the community in order to understand its priorities and develop a budget designed to address these priorities effectively. This approach looks at all policy areas and services and focuses on what the City decides to “keep” rather than what it decides to “cut.” The public’s willingness to pay for services is also assessed so that opportunities to develop new funding streams and resource constraints are fully understood. Using such an approach facilitates strategic, explicit decision-making, achieving a comprehensive, long-term solution that often cannot be reached through successive rounds of incremental measures.

At the February 1 Budget Workshop, Council approved the use of the priority-driven approach to create the 2006-07 budget. To allow sufficient time for this process, Council approved a “status quo” approach to the 2005-06 budget, in which the 2004-05 budget would essentially be rolled over without changing existing service levels. Staff plans to present the 2005-06 budget for adoption on May 17, 2005.

As stated during the February 1 Budget Workshop, a next step in the 2006-07 Priority-Driven Budget process was to return to Council with a work plan and a request for an appropriation of funds to support community outreach. The purpose of this staff report is to present a draft work plan and seek Council authorization to enter into a consultant agreement to receive assistance with the community engagement process necessary to the successful creation of a Priority-Driven Budget. Once hired, the consultant will work with staff to revise the work plan with the input of the Budget Advisory Committee, which was appointed by Council at its April 19, 2005 meeting.

ANALYSIS

Community Engagement Goals and Challenges

Public engagement is central to the Priority-Driven Budget approach in order to better understand the mix and level of City services residents want and how much they are willing to pay for these services. While public input is always valued in the budget-making process, it is especially essential now, as the City faces increasingly difficult decisions to bring the budget back into structural balance. By understanding the community’s priorities, the City Council will be better able to determine the best measures for balancing the budget with the highest degree of public support.

There are many challenges to engaging residents in a meaningful way in the budget process. First and foremost, Menlo Park residents lead busy lives and must fit civic participation in with many other demands on their time. Second, citizens often do not feel that government, in general, listens to them or that they can have a significant influence on community decisions. Third, budget issues can be seen as uninteresting and complex, leading people to feel either disinterested or not well enough informed to

participate. Often it is not until a particular service cut or fee increase has been identified that impacted residents get involved in opposition. While such feedback is understandable and valuable, it does not provide the decision makers with a comprehensive understanding of community priorities or a viable alternative for solving the budget problem.

Due to these challenges, the City has had only moderate success in involving large numbers of people in budget matters. Consequently, and because staff resources are limited, staff recognizes the need for outside expertise. The goal of such assistance is to help staff secure healthy levels of input from a broad range of the public, including those who are not typically involved in municipal matters. With the help of experts in the field of outreach and communication, staff hopes to not only obtain meaningful input leading to sound budget solutions, but also to provide a positive experience in civic participation that further builds the relationship between residents and their local government.

Consultant Selection Process

On March 31, 2005, staff sent a Request for Proposals (RFP) to 14 firms seeking assistance in the development and implementation of a plan to engage community members in the Priority-Driven Budget process. Four proposals were received by the deadline of April 18 from the following firms: Community Focus, Community Research and Development, SAE Communications, and Solem & Associates. Staff reviewed all proposals considering the following criteria: demonstrated understanding of the issues related to public sector budgets and civic engagement; comprehensiveness and feasibility of the proposed approach; prior relevant experience and cost.

Based on this review, staff has selected Community Focus as the organization best qualified to assist the City in engaging the public in the Priority-Driven Budget process. The proposal from Community Focus represents a combination of strengths, including community organizing, policy analysis, communication strategy and polling, that was not matched by the other proposals, which tended to list experience in only a subset of these areas. (The Community Focus proposal is included in this report as Attachment B.) In particular, members of the Community Focus team have specific experience engaging the public in the budget balancing process in other communities. The other respondents did not present this experience. Also, as a project of the Tides Center, a national nonprofit organization, Community Focus is oriented toward outreach as a community-building and problem-solving exercise rather than a marketing or public relations strategy. The former approach is more appropriate for the City of Menlo Park's needs. Finally, the proposal from Community Focus was the most cost-effective.

Proposed Work Plan

The work plan proposed by Community Focus is summarized below and further described in Attachment B. The work plan will be reviewed with the Budget Advisory Committee and revised as necessary.

The proposed work plan is based on the practice of deliberative democracy, which seeks to revitalize civic participation, improve the nature of public discourse and generate the political will necessary to take effective action on pressing problems. A community engagement process based on this practice was conducted in Sacramento, CA and Eugene, OR by Community Focus team member Professor Ed Weeks, Director of the Graduate Program in Public Policy and Management at the University of Oregon. (Please see Attachment C for an article describing deliberative democracy and the process undertaken in Sacramento and Eugene.)

The goals of the work plan are to:

- Achieve broad public participation
- Enable informed public judgment
- Provide an opportunity for the public to express its priorities and build a budget accordingly
- Gather feedback on specific budget balancing options
- Facilitate opportunities for residents to deliberate with each other and experience the trade offs and different points of view inherent in local government budget-making
- Generate an understanding of and support for the final budget solutions

The elements of the work plan are as follows, with particular deliverables identified in bold print:

- Education – Community Focus will work with staff and the Budget Advisory Committee to develop and distribute a **publication** providing background about the City's budget situation, information about the cost of General Fund services and a description of the impacts of service cuts. This publication will be mailed citywide (approximately 17,000 addresses). Community Focus will also develop a page on the City's **website** to provide this information and keep the public up-to-date on the priority-driven budget process.
- Identification of Community Priorities – Community Focus will develop a **citywide survey**, which will be included in the above publication to ascertain specifically how each resident would achieve a balanced budget and bring the shortfall to zero. The survey will ask residents to specify desired funding levels or reductions, service-by-service, essentially building the budget based on their own priorities. The survey will also ask residents which new or increased funding sources, if any, they would support. Finally, the survey will allow residents the opportunity to specify the areas in which they would like to see service enhancements and therefore increased funding levels. Because the goal is to eliminate the shortfall, the survey is structured to illustrate and help participants work through the trade-offs to reach balance. Community Focus' past experience indicates that while surveys such as this take time to fill out, response rates tend to be very good, as residents welcome the opportunity to provide informed input and to contribute in a meaningful way. In addition to sending the survey to all homes, Community Focus will conduct a **random sample survey** of 400 residents. The purpose is to provide methodological soundness to confirm the representativeness of the citywide survey. Community

Focus will collect and analyze the responses from both the citywide and random sample survey and develop a **written report of findings**.

- **Deliberation and Feedback on Specific Budget Balancing Strategies** – Based on the priorities identified through the survey above, staff will develop a range of budget balancing strategies and will review these with the Budget Advisory Committee and revise them as necessary. Community Focus will then help plan and facilitate three **community workshops** to get feedback on these strategies. The goal is to involve a total of at least 150 people, divided into small breakout sessions, during which participants will deliberate and attempt to reach group consensus. Community Focus will train Budget Advisory Committee members and/or other volunteers to assist in session facilitation. Community Focus will compile the data collected from these sessions along with the findings from the survey and submit a **written final report**. To ensure participation in the workshops, Community Focus will make follow up phone calls, assist with media contacts and otherwise support staff and the Budget Advisory Committee in outreach. Recognizing the previously mentioned challenges in engaging the public, the Budget Advisory Committee, Community Focus team and staff will work together to be creative and thorough in reaching out to the public to encourage involvement of a representative cross-section of the community.

Role of the Budget Advisory Committee

As referenced above, the Budget Advisory Committee will have an important role in refining and implementing the community engagement work plan. They will: become informed about the City's budget situation and services; help make sure that outreach materials are appropriate and effective; facilitate broad participation in the process; assess citizen feedback on spending priorities and review and provide input to the work of staff and Community Focus.

Timeline

At the conclusion of the outreach process, staff will use the data gathered from the community and the input of the Budget Advisory Committee to develop a budget proposal. The traditional schedule of Council meetings and actions will then commence. Staff will provide periodic information reports to keep Council up to date on the process. Key milestones in the process are as follows:

June/July 2005	Develop outreach materials and plan
August/September 2005	Conduct citywide and random sample surveys
October/November 2005	Hold community workshops
February 2006	Council Budget Workshop
March 2006	Council Project Priority-Setting
April 2006	Council Master Fee Schedule
May 2006	Council Budget Public Hearing
June 2006	Council FY2006-2007 Budget Adoption

IMPACT ON CITY RESOURCES

The cost of the above scope of services is \$62,280, covering consultant time and the printing and mailing of the noted publications, surveys and meeting materials. Funds in the amount of \$33,000 are available in the 2004-05 budget. Staff requests an additional appropriation of \$29,280 to cover the balance of the cost.

POLICY ISSUES

The proposed action is consistent with existing policy and Council's direction to engage the community in a Priority-Driven Budget process for 2006-07.

Audrey Seymour, Assistant City Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. [Resolution](#) Appropriating \$29,280 from the General Fund Reserve
- B. [Community Focus Proposal](#)
- C. ["The Practice of Deliberative Democracy"](#) Article

cc: Budget Advisory Committee

ATTACHMENT A

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AUTHORIZING A BUDGET AMENDMENT FROM THE GENERAL FUND RESERVE IN THE AMOUNT OF \$29,280 FOR THE PROVISION OF COMMUNITY ENGAGEMENT SERVICES TO ASSIST IN THE DEVELOPMENT OF THE 2006-07 PRIORITY DRIVEN BUDGET

WHEREAS, the City Council of Menlo Park, having considered and been fully advised in the matter and good cause appearing thereof,

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of Menlo Park that the Council does hereby appropriate \$29,280 from the General Fund Reserve for Community Engagement Services to assist in the development of the 2006-07 Priority-Driven budget.

I, Silvia M. Vonderlinden, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing resolution was duly and regularly passed and adopted at a meeting of said City Council on May 10, 2005 by the following votes:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the _____ day of _____, 2005.

Silvia M. Vonderlinden
City Clerk