

City of Brisbane

Agenda Report

To: City Council via City Manager
From: Administrative Services Director
Subject: Long-term Financial Planning
Date: January 23, 2012

Purpose:

Review the work done by City Council on September 26, 2011 related to the development of categories in which to place community-wide services, provided by the City.

Continue the process of ensuring the 2012/13 budget meets the community values and desires while providing for the long-term financial stability of the City.

Recommendation:

Provide the Subcommittee feedback related to the progress made so far in determining a process for developing the FY 2012/13 budget.

Background:

The City Council reviewed the FY 2011/12 and 2012/13 proposed budget during the months of May and June. The Council voted to only adopt FY 2011/12 budget due to the uncertainty of revenues for FY 2012/13. They also asked one of their subcommittee to develop a course of action for the FY 2012/13 budget approval process.

The subcommittee has met over nine times since June spending over 18 hours developing the process. The subcommittee's process is outlined below:

- Categorize all of the programs the City offers in on of three categories
- Determine the funding available to provide City programs and services
- Determine the costs of all of the programs and services
- Determine which programs and services the City can afford to provide
- Determine if there are changes we can make in the method of providing the services to save costs
- Develop the new budget based on the above steps

The Subcommittee developed a proposed ranking system for all of the City's programs and services. The three categories they looked at were

On September 26, 2011 the subcommittee presented its work to the City Council (Powerpoint presentation attached). The City Council reviewed and the definitions presented for Must Services, Important Services and Valuable Services.

- Must
 - Services minimally required for a City to function which provide for the health and safety of the Community or required by law (Federal, State, Local)
- Important
 - Service or activity that affects a broad spectrum of the community
 - Critical to the effective and efficient operation of a City Department
- Valuable
 - Adds to the quality of life of the community
 - Not critical to provide for the safety or health of the community

Council then placed which services provided by the City, funded by the General Fund, in the Must category. City Council did not classify any service which was not categorized as a Must service (Attached).

The ranking of a service in one of the three categories does not signify whether or not it will be provided in the future, or how the service would be funded, or who will provide the service. Placing a service in one of the three categories provides another level of information for Council to make future budget decisions from.

Discussion:

The Subcommittee directed staff to develop projections based on the Must category. Attached is a revenue and expenditure projection based on this direction. The projection based on VWR leaving town, RDA being dissolved, and a \$400,000 transfer from the Marina to the General Fund since it no longer needs to fund Parks and Recreation programs. The chart shows there are not enough revenues to cover the cost of the programs and services previously described as Must services.

The City Manager has attached a memo describing a process which the Department Heads and other staff members went through to provide additional options and ways to look at the budget process and create long-term fiscal stability.


Fiscal Impact:

Since no decisions are being made tonight regarding which programs will be funded and which will not there is no impact on the City's financial condition. However, based on the final outcome of the overall budget process for FY 2012/13 there is an expectation the long-term impact will be to continue to have a financial stable City structure.

Measure of Success

The long-term financial stability of the City.


Administrative Services Director
Stuart Schillinger


City Manager
Clay Holstine

PRIORITY SETTING

City Council September 26, 2011

Impact of VWR Leaving

- Approximately 50% of City's Sales Tax
 - \$2,000,000
 - 4.7% growth from 2008-2010
- Top 25 Sales Tax producers
 - 95.62% of overall Sales Tax
 - -5.2% decrease from 2008-2010
- Cost of Some Programs
 - Admin Services \$1,250,000
 - Recreation net of revenues \$1 million
 - Fire Department - \$2.5 Million

Includes VWR

