

# **Budget Planning & Process Review**

**January 15, 2004**

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## **Presentation Preview**

- **Looking Back.....Review of fiscal year 2004 Budget & Lessons Learned**
- **Looking forward.....Review Forecast Assumptions / Cost Drivers**
- **Review FY 2005 Budget Calendar**
- **Review of Quarterly Economic Update *(format)***

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## **FY 2004 Major Budget Goals**

- **Protect public health & safety**
- **Maintain basic services**
- **Make substantial headway towards a structurally balanced budget**

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## **FY 2004 Budget Environment**

- **Assessed valuation down (3.8%)  
– first time in twelve years**
- **Sales tax revenues continued to be weak – Over 20 consecutive months of negative to flat revenues**
- **Increased demand for city services**

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## **FY 2004 Key Budget Actions (General Fund)**

- **\$ 38.2 million in expenditure reductions**  
– almost 90% were permanent
- **344 positions eliminated (519 city-wide)**  
**Primary focus on reduction of Executive, Management and administrative positions**
- **2<sup>nd</sup> year of wage freezes for non-civil service employees**
- **Delayed opening of 10 new/expanded facilities**

**Reached Structural Balance!!!**

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## **Applying Lessons Learned**

- **Maintain structural balance –**  
***'holding the line'***
- **Focus on a multi-year budget horizon**
- **Contain and monitor built-in cost drivers**

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## **Planning For FY 2005 – Assumptions**

### **REVENUES:**

- **Property Tax**
  - One more year of reduced assessed valuation
    - FY 2005 (3.3%)
    - FY 2006 +5.0%
  - Effective Rate in FY 2005
- **Sales Tax**
  - Moderate growth
    - 2% each year (including current year)

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## **Planning For FY 2005 – Cost Drivers**

### **1. Public Safety Expenditures**

- Maintain current 2.0 Officers per 1,000 policy
- Maintain Task Force Staffing in Fire Department
- Funding of all public safety step & longevity pay increases
- Funding for 2% Public Safety Premium
- Expiring Grants

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## **Planning For FY 2005 – Cost Drivers**

- 2. O&M for new/expanded facilities scheduled to open**
- 3. Public Health services**
  - Indigent health care**
  - Homeless services**
- 4. Wage Adjustments**
- 5. Health Insurance Increases**

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## **FY 2005 Early Forecast**

	<b>2005</b>
	<b>Forecast</b>
<b>Revenues</b>	<b>\$ 465.75</b>
<b>Expenditures</b>	<b>\$ 494.87</b>
<b>Excess / (Deficit)</b>	<b>\$ (29.12)</b>

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## **Planning For FY 2005 – Process / Calendar**

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## **Key Dates**

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- **November 2003 thru December 2003**
  - Re-evaluate / update Business Plans and Performance Measures
- **December 2003 thru January 2004**
  - Analysis of fiscal year 2003 actual year-end results

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## **Key Dates**

- **January 2004**
  - **City Manager reviewing Financial Forecast assumptions & cost drivers**
  - **Brief City Council on upcoming budget process**
  - **City Manager develops goals & objectives and guidelines for preparation of 5 Yr. Financial Forecast**

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## **Key Dates**

- **January**
  - **Continue Innovations Initiative & begin Revenue Initiative**
  - **January 31<sup>st</sup> - Departments begin preparation of 5 Yr. Financial Forecast**
- **February**
  - **February 5<sup>th</sup> - Economic Update To City Council**
  - **Ongoing**
    - **Financial Forecast**
    - **Innovations Initiative**
    - **Revenue Initiative**

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## **Key Dates**

- **March**
  - **Complete current year Revenue and Innovation initiatives – develop recommendations**
  - **Departments Complete 5 Yr. Financial Forecast**
- **March – April**
  - **Finalize 5 Yr. Financial Forecast**

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## **Key Dates**

- **April**
  - **April 15<sup>th</sup> – Present 5 Yr. Financial Forecast To City Council**
  - **Departments begin development of Draft Policy Budget**
- **May**
  - **May 6<sup>th</sup> - Economic Update To City Council**
  - **May 28<sup>th</sup> – Present Draft Policy Budget To City Council**

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## **Key Dates**

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- **June – July**
  - **Ongoing**
    - **Departments preparing Proposed Budgets**
    - **City Manager finalizes Proposed Budget**
    - **July 29<sup>th</sup> – City Manager Proposed Budget submitted to City Council**
- **August – September**
  - **Budget Presentations To City Council (including Economic Update)**
  - **Budget Public Hearings**
  - **Budget Readings**

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## **Planning For FY 2005 – Economic Update**

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### **Review Of Update Format**

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## **Economic Update Format**

- **Quarterly Updates To City Council**
  - February 5<sup>th</sup>
  - May 6<sup>th</sup>
  - August
- **Review Major National & State Economic Indicators**
  - Gross Domestic Product
  - Consumer Confidence
  - Unemployment

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## **Economic Update Format**

- **Focus on Key Local Indicators**
  - Employment Growth
  - Sales Tax Revenues
  - Hotel/Motel Bed Tax Revenues
  - Airport Passenger Counts
  - Building Permits Issued
  - Site Plans Reviewed
  - Utility Customer Connections

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## **Economic Update Format**

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- **Review activity related to City's Economic Development Policy**
  - **Quarterly focus on specific area of policy**
    - **Recruitment & Retention – Jobs**
    - **Small Business Development**
    - **Cultural Vitality**
  - **Update on Economic Development projects and new companies and developments**
  - **Report from Economic Development Partners**