

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 5/16/11
Reviewed by: BP

SUBJECT: City of Albany Operating Budget
Fiscal Year 2011-12 and Beyond

REPORT BY: Beth Pollard, City Manager

STAFF RECOMMENDATION

- 1) That Council approve the recommended budget balancing strategies for 2011-12, and direct staff to return with an amended budget for adoption in June.
- 2) That Council, the community, and employees engage in discussion about the suggested revenue, expense, and operating options for future fiscal sustainability, and provide preliminary guidance on options for further consideration.

BACKGROUND

The City has been working to bridge a gap between projected revenues and expenses for the 2011-12 fiscal year, in the range of about \$500,000. During a Community Conversation on April 19th, and in meetings with employees, members of the public and City staff produced many suggestions for cutting costs, increasing efficiency, and generating new revenue. Questions about the City's revenues and operations were also raised during the April 19th workshop; answers were posted on the City's website and also are attached.

DISCUSSION

Most of the budget balancing suggestions would require policy changes, negotiations with other agencies, staff time for research, analysis, and evaluation, or other factors that make them more medium to long range strategies than ones that can be implemented immediately. There were some short-term suggestions which, combined with other opportunities that emerged and cuts that department managers prepared, have led to a recommended balanced budget for fiscal year 2011-12. A summary of the key recommended budget balancing strategies is attached.

ANALYSIS

The proposed 2011-12 budget leaves vacant several important positions. It does not sufficiently fund the technology and training the City needs to continually evolve to meet the public's needs. It stretches City staff in meeting current expectations and emergency response. It does not provide sufficient capacity for new initiatives, projects, and policy development that are desirable for new direction, innovation, and growth.

Nevertheless, staff believes the recommended budget changes are feasible, will allow the City to provide essential operations, and in some cases inspire new ways to meet community needs.

In looking ahead, staff recommends that the City develop new approaches to services and revenues so that the City has the quality and quantity of services the community wants. These changes would be developed over the next year or two for incorporation into the 2012-13 budget and beyond.

Attached is a matrix of the revenue and expense suggestions offered by employees and the public, with some initial staff comments. Staff recommends that after presentation of the proposed budget balancing strategies for 2011-12, the Council, community, and employees engage in roundtable discussions on the suggestions, and identify which suggestions are worth pursuing and which are non-starters. The results of this evaluation will be brought back to Council for direction on priorities of strategies to pursue.

SUSTAINABILITY IMPACT

The proposed 2011-12 budget amendments seek to maintain the City's mission of being environmentally and fiscally strong.

FINANCIAL IMPACT

The proposed budget changes will allow the City Council to adopt a balanced budget for fiscal year 2011-12. The suggested expense and revenue changes for the future will enhance the City's ability to maintain City services.

Attachment

1. 2011-12 Budget Balancing Recommendations, with attachment
2. Community and Employee Suggestions for future expense and revenue changes
3. Questions & answers from the April 19, 2011 City Council Community Conversation