

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

Agenda Date: November 21, 2011

Reviewed by: BP

SUBJECT: Follow up on budget balancing strategies from 2011-12 fiscal year discussions

REPORT BY: Beth Pollard, City Manager

STAFF RECOMMENDATION

- 1) That Council review the strategies that have emerged to date for continued budget balancing, and provide initial direction to staff on additional information needed and/or priorities to continue to pursue
- 2) That Council consider conducting a public opinion survey to help inform choices among the strategies and potential approaches to pursue implementation

BACKGROUND

The City of Albany, like most cities, has been adjusting its budget to reflect stagnant revenues and increased costs. The majority of budget changes over the past three years have been to decrease expenditures by reducing the number of filled staff positions and having employees pay a portion of pension costs.

Prospects for economic growth, and the potential for increases in revenue to the city, are uncertain at best. Meanwhile, the 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; and it does not provide sufficient capacity for new initiatives, projects, and policy development that are desirable for new directions, innovation and growth.

As reported when the City Council adopted the revised 2011-12 budget, while staff believes the budget presented is achievable and appropriate at this time, it does not provide solutions for future periods, and the challenging task of planning for fiscal year 2012-13 and beyond should remain in the forefront of tasks to be performed in fiscal year 2011-12.

DISCUSSION

During the spring of 2011, the City Council, employees, and community developed suggestions for reducing costs, increasing revenues, or operating differently. Some of these were incorporated into the budget balancing for the 2011-12 fiscal year. Others were identified as medium to long range strategies. In July, the City Council Members engaged in “dot voting” to indicate which medium to long range items were seen as worth pursuing, which were not, and which were “maybe.”

Staff has identified those items on the list of ideas that the majority of Council Members indicated, through dot voting, were worthy of further consideration. Attached is the listing of those items, along with preliminary analysis such as policy changes needed, some pros and cons, and impact on resources. There are separate listings for those items that are new policy initiatives, and those that are already underway, administrative, or would have a minor impact.

The primary items for discussion at this meeting are those that require policy direction. These include potential ballot measures for expanded revenues, the use of city property and media, the delivery and funding of staff services, and new fees – most notable of which is for parking. Such as:

- Sales tax ballot measure
- Property transfer tax ballot measure
- Parking meters and other paid parking
- Sponsorships, underwriting, and advertising for city media, communications, and special events
- Lease city-owned property for wireless or electronic billboard facilities
- Fees for community development staff consultation to applicants
- Streamlined process for independent businesses to open
- Limitations in taking on new policy issues
- Shared services
- Increased enforced street sweeping areas

ANALYSIS

Each item contains a preliminary analysis of issues to consider.

It has been almost ten years since the City of Albany conducted a random-sample community phone survey to assess interest and support for new funding for capital projects or services. With the range of ideas presented, concerns about the economy, and the potential impacts to residents, business owners, and the community, learning what options have support could be useful to Council in evaluating which strategies to pursue. The survey could also help advise the Council about whether certain approaches to a strategy would have more support than others, and provide an opportunity to survey other ideas. It is a fairly common practice in cities to find out in this manner the extent of public support for tax measures, as well as projects or policy changes.

In addition to General Fund revenue needs, there are capital projects that require additional funds that could also be evaluated in a community survey. The utility users tax recommendation from the Sustainability Committee for implementation of the Climate Action Plan could be incorporated into a survey as well.

SUSTAINABILITY IMPACT

Each strategy will need to be separately evaluated for its sustainability impact.

FINANCIAL IMPACT

The sales tax and property transfer tax measures have potential revenues identified. Other strategies will require additional research and analysis to determine cost/benefit.

The cost to conduct a random sample public opinion telephone survey is estimated at approximately \$20,000. A less statistically valid survey could be accomplished with a smaller budget.

Attachments

Budget Balancing Strategies