CITY OF EMERYVILLE

MEMORANDUM

DATE: February 27, 2012

TO: Finance Committee

FROM: Karan Reid, Chief Financial Officer

SUBJECT: Operating Budget Process

Action Requested:

No action requested; this is an information item.

Discussion:

The City has been preparing two-year budgets since 1999, a format that allows a longer-term look at the City's financial condition. The Budget includes information regarding how the City is organized and how resources are allocated to achieve the policy goals of the City Council.

On December 20, 2011, the City Council confirmed the dates for workshops and hearings associated with the preparation of the FY12/13 & FY 13/14 Budget; a copy of the final calendar is attached. The required public hearings are scheduled for May 21 and 22. A third workshop/public hearing is scheduled for May 23, if needed. The May 21 meeting conflicts with the next regularly scheduled Finance Committee meeting; therefore, this meeting has been cancelled. A Special Finance Committee Meeting is scheduled for April 23 in order for the Finance Committee to meet and review the proposed budget before it is presented to the full City Council.

The elimination of the redevelopment agency will have a significant impact in the City's upcoming operating budget. Current estimates show a net loss to the General Fund of approximately $1.7 million. However, this loss will be partially offset by new revenues associated with the recent voter approved increase to the Business License Tax, estimated to be $750k, as well as $1.2 million anticipated from improvements in sales and hotel taxes.

At its April 23 meeting, the Finance Committee will review and provide direction to staff regarding the proposed budget including the revenue and expenditure assumptions incorporated into the budget. The proposed budget is premised on the long-term budget philosophy of the City Council and includes the following major principles:

1. Current year expenditures should be supported by current year revenues. One-time revenues should not be used for ongoing costs, but should instead be used for necessary one-time expenditures or to strengthen fund reserves.

2. Fund balances should be maintained in all major operating funds that provide for unforeseen circumstances per the Reserve Policies adopted with the FY10/11 & FY11/12 budget.

3. Unfunded liabilities should be identified and funded with surplus funds when they are available. Liabilities that are currently accruing should be funded currently.

4. When necessary, a strategy should be formulated and implemented to address potential impacts of the State budget and other State actions that may affect City and Agency revenues.

5. The operating costs of any planned capital improvement should be estimated in the planning stage, so that these amounts can be recognized and budgeted.

Attachment:
Council approved Budget Calendar

CITY OF EMERYVILLE

MEMORANDUM

DATE: **December 20, 2011**

TO: **Patrick O'Keeffe, City Manager**

FROM: **Finance Division**
Administrative Services Department

SUBJECT: **Consideration of FY12/13 & FY13/14 Budget Preparation Schedule**

Recommendation

Council is asked to discuss the budget calendar and to confirm dates for the proposed workshops and hearings.

Discussion

This agenda item outlines a proposed calendar for the fiscal year 2012-13 and 2013-14 budget.

Proposed Schedule

Date	*Item*
Tuesday, Feb 28	Visioning Work Session
Months of February/March	Development of department budgets, expenditure and revenue estimates
Monday, April 16	Proposed Budget distributed to Finance Committee
Monday, April 23	5:30 pm Special Finance Committee Meeting to consider budget and Community Grants
Monday, May 14	Final Proposed budget released
Tuesday, May 15	Governor's May Revision to proposed state budget
Monday, May 21	Cancel Regular Finance Committee Meeting 5:30 pm Council budget workshop/hearing
Tuesday, May 22	5:30 pm Council budget workshop/hearing
Wednesday, May 23	5:30 pm Council budget workshop/hearing, if needed
Tuesday, June 19	Budget adoption

Submitted by:

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Karan Reid, Chief Financial Officer

Approved by:

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Delores Turner, Assistant City Manager

Approved and Forwarded to the City Council

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Patrick O'Keeffe, City Manager