TO:               HONORABLE CITY COUNCIL

FROM:          CITY MANAGER           DEPARTMENT:       ADMINISTRATIVE SERVICES

DATE:   FEBRUARY 17, 2004                  CMR: 131:04

SUBJECT:     REVIEW OF COUNCIL’S TOP 5 BUDGET PRIORITIES

This is an information item and no Council action is required.

BACKGROUND
On February 18, 2003, the Council’s Top 5 Priorities and related milestones were discussed and modified for the 2003-05 budget cycle (CMR:161:03). It was agreed at this meeting that only minor changes to some milestones were needed and the priorities themselves would remain the same. A final list of 2003-05 approved milestones were distributed at the meeting of August 4, 2003 (CMR:392:03). The current Top 5 Priorities are:

- City Finances
- Infrastructure
- Affordable Housing
- Land Use Planning
- Alternative Transportation/Traffic Calming

DISCUSSION
This is the second year of a two-year budget cycle. The Council adopted a two-year budget in order to do longer range planning and to save administrative costs in the second year. A two-year or 24 month time span allows the City to focus resources on specific, high priority items that merit the attention a one-year or 12 month budget cannot. In addition, the two-year format allows staff, who would ordinarily devote considerable time to a one-year budget process, to perform other, value added tasks for the City.

Staff will return to the Council as part of the budget process with proposed objectives and milestones for the Top 5 Priorities in 2004-05.
RESOURCE IMPACT
As noted in the 2003-05 Adopted Operating Budget document (pp. 51-56), the annual, estimated budget impact related to the Top 5 Priorities is approximately $34.0 million. This amount includes both operating and capital expenses directly tied to making these priorities a reality. Expenses are broken down as follows:

- City Finances – $0.7 million
- Infrastructure – $21.9 million
- Affordable Housing – $1.5 million
- Land Use Planning – $4.5 million
- Alternative Transportation/Traffic Calming – $5.4 million

ATTACHMENT
Attachment 1: The Top 5 Priorities (Oct – Dec 2003)
Attachment 3: Proposed Top 5 Priorities FY 2004-05

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