TO: HONORABLE CITY COUNCIL

ATTENTION: FINANCE COMMITTEE

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: MARCH 5, 2002 CMR:165:02

SUBJECT: AMENDMENTS TO THE FORMAT OF THE FY 2002-03 OPERATING BUDGET

This is an informational report and no Council action is required.

BACKGROUND
On June 11, 2001, the City Council approved a two-year (2001-03) budget document. This document reflected an adopted budget for 2001-02 and an adopted-in-concept budget for 2002-03. Staff typically prepares an interim year budget volume to reflect necessary adjustments to the adopted-in-concept spending plan. In addition to adjustments, the interim year document also typically contains a majority of content that did not change from the prior year’s adopted-in-concept budget. In an effort to reduce the size of the document, and to implement the City Council’s request for additional information on new programs and Council priority implementation, staff is amending the format of the 2002-03 interim year budget volume.

DISCUSSION
Amending the format of the 2002-03 interim year budget document to reflect only the changes in the 2002-03 adopted-in-concept budget will impact the departmental budget sections through the elimination of functional area detail (see Attachment A – Police Department Budget Section Sample). This will remove key plans and impact measures, as they have already been published in the 2001-03 Adopted Budget document. The Major Activity financial tables and the Comprehensive Plan overview section will also be removed. Elements of the departmental budget sections that will be retained include an expanded department overview section, a financial summary by functional area, a detailed summary of revenue and expenditure adjustments, and the position allocation summary across functional areas.
Upon City Council’s request, the department overview will be expanded to include two new elements (see Attachment A). A new program update section will describe what departments have accomplished in implementing budgeted programs over the past two years. A Council priority implementation section will describe how each department is implementing the City Council’s top five priorities in the proposed budget.

The final change is the creation of a separate stand-alone document for all Capital Improvement Program (CIP) project descriptions. Capital project descriptions are published in this manner annually for the Planning Commission’s review prior to Council approval. These descriptions are subsequently sorted by funding source and incorporated into the budget volume. The number of capital project descriptions (approximately 276 pages of the 760 pages in the 2001-03 budget) contributes greatly to the voluminous nature of the budget document. The creation of a small portable reference volume that consolidates all project descriptions will facilitate quick and easy access to specific information. Additionally, a separate CIP volume will make the City eligible for the California Society of Municipal Finance Officers (CSMFO) Excellence in Capital Budgeting Award. The City recently received four awards as part of the CSMFO 2001-02 municipal budget awards program, which is designed to recognize agencies that have prepared a budget document or communication tool meeting its high standards.

With the exception of the CIP change, all other changes mentioned in this report will only effect the interim year of two-year budgets beginning in 2002-03. These format changes will be evaluated for effectiveness during the next budget cycle. Therefore, it is anticipated that further modifications to the budget document may become evident at that time.

**ATTACHMENT**

Attachment A: Sample Police Department Budget Section

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