



ADMINISTRATIVE SERVICES

Council Meeting: June 21, 2005
Staff Report #: 05-112
Agenda Item F-2

REGULAR BUSINESS: Approval of the Charge of the Budget Advisory Committee

RECOMMENDATION

Staff recommends that the City Council approve the charge of the Budget Advisory Committee (BAC) as described below.

BACKGROUND

At Council's Budget Workshop on February 1, 2005, staff proposed a new ground-up, priority-driven approach to address the City's structural budget imbalance. (The report for this meeting is available on the City's website or upon request in the City Manager's Office.) Since the City had already implemented several years of cuts and the shortfall between revenues and expenses was projected to continue through 2011-12, staff did not recommend further incremental cuts or reliance on the General Fund Reserve. Rather, staff suggested that future budget solutions would likely entail significant service reductions, new revenue measures, or some combination of the two. Consequently, staff proposed a process for 2006-07 that would look at all services, engage the community to understand its priorities and develop a budget designed to address these priorities effectively. At the February 1 Budget Workshop, Council approved this approach.

During its discussion on February 1, Council also directed that a "residents ad hoc advisory committee" be established. Originally, the committee was to be constituted by the City Manager, with recommended names provided by individual Council Members. On March 22, 2005, the City Manager brought the item back to Council and proposed that the committee be appointed by the Council. The Council agreed and gave general direction that committee members be recruited through a well-advertised application process. The Council also established the goal to appoint 12 members (two selected by each Council Member and two selected by the Council as a body). Staff developed an application for a Budget Advisory Committee, sent it to the Council and distributed it broadly. (See Attachment A.) Fifteen applications were received by the deadline of April 13. At its April 19 meeting, Council decided to appoint all 15 applicants and designated Council Members Cohen and Duboc as non-voting liaisons to the group.

During the February 1 Budget Workshop, staff stated that a next step in the 2006-07 Priority-Driven Budget process was to return to Council with a work plan and a request for an appropriation of funds to support community outreach. On May 10, staff sought Council authorization to enter into a consultant agreement with Community Focus and approval of a draft work plan. (This report is available on the City's website and at the City Manager's Office.) The Council approved this recommendation. During the meeting, a question was raised about the role of the Budget Advisory Committee in establishing the work plan. Staff stated its intent to review the work plan with the committee and get its input.

ANALYSIS

The Budget Advisory Committee (BAC) held its first meeting on June 8, 2005. During this meeting, staff presented a work plan/roles matrix (see Attachment B) and a project timeline (see Attachment C). The work plan was consistent with the "deliberative democracy" approach outlined in the May 10 staff report. This approach seeks to generate broad participation and informed public opinion to determine the mix and level of City services residents want and how much they are willing to pay for these services.

During the discussion of the work plan, questions were raised about the scope and role of the BAC. Understandably, BAC members wanted to be clear about what was expected of them, maximize the impact of their time and talents and ensure that the work of the BAC would be meaningful and consistent with their interests. A summary of the discussion is below.

Some BAC members stated the view that the work plan limited the role of the committee too much. These members expressed the desire to look at a range of topics that they considered to be very important, such as economic development, fee structures, efficiencies, budgeting processes, capital spending, compensation levels, retirement benefits, and outsourcing. Other issues that were raised related to the relationship between the Council, the BAC and the staff, with the suggestion being made that the BAC should be independent of staff to ensure objectivity and the exploration of options that it might not be in staff's self-interest to pursue. A final question was raised regarding the size of the BAC and the possibility of using subcommittees as a way to divide the work and be more efficient.

Other members stated that the work plan presented by staff was meaningful and met their expectation of what they had signed on to do. They stressed the importance of basing the budget solutions that would be proposed to Council on the priorities of the community. They stated that they did not feel it had been Council's direction for the BAC to work independently of staff and develop its own set of findings about City operations or budget recommendations.

A general concern was raised that the survey and workshops would not provide a good sense of community priorities if participation levels were low and/or the participants were not broadly representative of the community. Consequently, there was agreement that the outreach process was critical. Another shared concern related to the ambitiousness of the timeline and some doubts were expressed as to whether everything could be completed in the time allotted.

Staff acknowledged and appreciated the different views expressed. Staff attempted to reassure the committee that it would have a meaningful role in helping develop strategies to address the community priorities identified through the survey and that staff was open to changes in current operations in order to maximize service levels and minimize costs. Staff also stated that a next step was to provide the BAC with a budget primer covering the City's finances and services. Staff suggested that the primer would give the BAC a sense of the cost saving measures that have already been pursued and those that it might make sense to explore further. Staff concluded the meeting with a sense that the work plan presented was consistent with Council direction and with the expectations of the majority of BAC members.

Following the meeting, staff received a letter from a BAC member who asked that it be placed before the BAC for discussion. This letter (see Attachment D) proposes a role and work plan for the BAC significantly different from the one presented by staff. This role would be independent of the staff process to seek community input and would entail the BAC selecting a chair, setting its own agenda and work plan and developing its own findings and recommendations. Since the Council has not acted as a body to define the role of the BAC, staff is seeking clarification at this point to make sure that staff is accurately carrying out Council's direction and that the work of the BAC will meet the needs and expectations of the Council.

As reflected in the BAC application developed by staff, staff proposes that the role of the BAC is to facilitate public understanding of and feedback regarding the budget process and provide advice and input into the City's 2006-07 budget. The duties of the BAC are to: become informed about City services and the City's current structural budget issues and financial situation; facilitate broad citizen participation in the budget process; and assess citizen feedback on spending priorities and how much the community is willing to spend on government provided services. The BAC's role is further defined in the work plan/roles matrix (Attachment B) that was developed for, and distributed and discussed at the June 8 BAC meeting.

IMPACT ON CITY RESOURCES

The cost of the scope of services associated with the proposed work plan is \$62,280, covering consultant time, printing and mailing. Staff time is fully allocated to work with the consultants and the BAC to implement this work plan. As Attachment C shows, there is a very tight timeline to complete the community process, including a citywide survey, random sample survey, extensive outreach and series of community workshops, in time for Council adoption of the 2006-07 Budget in June of 2006.

POLICY ISSUES

Council action on this item will establish the charge of the Budget Advisory Committee.

Audrey Seymour, Assistant City Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

- A. [BAC Application](#)
- B. 2006-07 [Priority-Driven Budget Work Plan](#) and Roles
- C. Community Engagement [Project Timeline](#)
- D. [Letter](#) from BAC Member Chuck Bernstein

cc: Budget Advisory Committee