

## REPORT TO THE CITY COUNCIL

**DATE: MAY 18, 2005**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: GREG RAMIREZ, CITY MANAGER**

**SUBJECT: FY 2005-06 BUDGET PRIORITIES**

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As part of our annual budget goal setting, city staff is seeking Council direction on two issues:

- 1) Finalize the City Council project list to be incorporated into the FY 2005-06 budget, and
- 2) Identify uses and long term commitments for the General Fund reserves

### City Council Project List:

Staff is proceeding with the development of the FY 2005-06 budget. To that end, we have requested input from City Council on potential projects that could be incorporated into the budget and staff workload. These items were then categorized and sent to various Council committees for discussion and ranking.

Page 1 of Attachment 1 shows 10 Council identified priorities that have already been scheduled into the FY 05-06 work plan based upon previous City Council direction. In addition, pages 2-4 show the committee recommendations ranked from high to low, for the various projects.

A total of 5 projects are identified in the “high priority” category (page 2). The estimated cost for these projects is \$110,000. It should be noted that the tourism bureau project does not have a dollar value attached to it as this project will require additional time to fully explore and coordinate.

General Fund reserves will be necessary to complete the high priority list or any other items the Council wishes to implement.

### General Fund Reserve:

As discussed at the April 13, 2005 City Council meeting, the City has approximately \$10.8 million in General Fund reserve. At the meeting, it was recommended that the Council adopt by resolution a “minimum” General Fund reserve based on 40% of the City’s annual operating budget. Staff feels strongly the Council should consider this policy.

Attachment 2 is a chart that was displayed at the meeting with “ideas” as to how the balance of the reserves can be designated. By no means does the Council need to designate the funds at this time. Even if the funds are designated and reserved for a particular project, these funds could be reevaluated by City Council at any time and undesignated.

It is recommended that City Council provide direction on how they would like to prioritize and obligate the \$10.8 million of general fund reserves.

### **RECOMMENDATION**

It is respectfully recommended the City Council provide staff with direction on:

- 1) the priority items to be included in the FY 2005-06 budget, and
- 2) the designation of the City’s general fund reserves.

Attachments: 1) City Council Project List  
2) General Fund Reserve Chart