

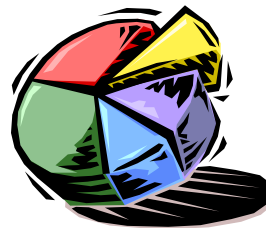
Goal Setting and the Budget Process

Linking resources with goals and
meaningfully involving the community
in the budget process



Purpose of the City's Budget

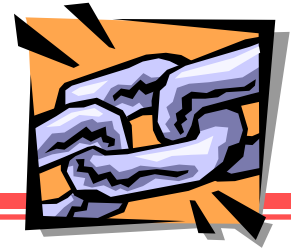
- Like most cities, we have a bunch of long-term policies and plans:
 - General Plan (and all its elements)
 - Water and Wastewater Master Plans
 - Pavement Management Plan
 - Access and Parking Management Plan
 - Short-Range Transit Plan
 - Bicycle Plan
 - Public Art Policy
 - Downtown Plan
 - IT Strategic Plan
- Our budget is the key tool for programming the implementation of these plans by allocating the resources needed to do so.
 - *Over the next two-years, which of all these goals – many of which compete for the same resources – will get done.*
 - *And which ones won't.*



Because

- We can do anything.
- It's everything we can't do.

Linking Goals and Resources



- This requires a process that:
 - Clearly identifies the “highest priority, most important” things for us to do during the next two years at the beginning of the process.
 - ❖ *Goal-setting should drive the budget process, not follow it.*
 - Establishes reasonable timeframes and organizational responsibility for getting them done.
 - Allocates required resources.

Five Step Goal-Setting Process

- Council Budget Workshops – Before Issuing the Preliminary Budget
 - ① Setting the Table (November)
 - ② Building the Foundation (December)
 - ③ Community Forum (January)
 - ④ Council Goal-Setting (January)
 - ⑤ Major City Goal Work Programs (April)

1 Setting the Table

- We don't start this process with a blank slate, so what's on the menu?
 - What the status of General Plan implementation?
 - What are our long-term CIP needs through General Plan build-out?
 - What's the status of current major City goals and objectives?
 - What's the status of our current CIP projects?
 - What's our general fiscal outlook?

② Building the Foundation

- Finalize the goal-setting process
- Review (and modify as appropriate) budget and fiscal policies
- Review and discuss audited financial results for prior year (CAFR)
- General Fund five-year fiscal forecast

3 Community Forum

- Extensive preparation for well-attended community forum
 - Letters to over 200 community groups and interested individuals
 - Display ads in media
 - Web site
 - “Community Budget Bulletin” inserts in utility bills
 - Lot’s of thought and planning on what this should look like

4 Council Goal-Setting

- All day workshop to answer the question:
What are the most important, highest priority things for the City to accomplish over the next two years?
- Council members provide 5 to 7 goals before workshop, organized by staff by “themes;” distributed before workshop
- With help of professional facilitator and use of previously-agreed ranking process, organized into three priorities:
 - Major City Goals
 - Other Council Objectives
 - Address as Resources Permit

5 Major City Goal Work Programs

■ We need to:

- Clearly define and scope the work
- Ensure clear understanding of how to accomplish the goal
- Convert the goal into specific action steps so we can measure progress in achieving it.
- And assure that we link the “action steps” with required resources

■ Detailed Work Programs

- Objective
- Discussion: key issues, background, challenges, stakeholders
- Action Plan: Key steps and schedule
- Responsible Department
- Required Resources
- Outcome: Final Work Product

The Council said they wanted a swing . . .



How
Engineering
saw it



What Parks
& Recreation
thought they
meant



What
Finance
hoped they
meant



All the
Council
wanted

Goal-Setting and the Budget Process

2009-11 Financial Plan



2009-11 Major City Goals



Infrastructure
Maintenance



Economic
Development

Traffic
Congestion Relief



Preservation
of Essential
Services

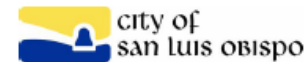


Advisory Bodies

- What are the most important, highest priority things for the City to do over the next two years?
 - Architectural Review Commission
 - Bicycle Committee
 - Cultural Heritage Committee
 - Downtown Association
 - Housing Authority
 - Human Relations Commission
 - Jack House Committee
 - Joint Recreational Use Committee
 - Mass Transportation Committee
 - Parks and Recreation Commission
 - Planning Commission
 - Promotional Coordinating Committee
 - Tree Committee

Advisory Bodies

- Briefing with Chairs/Mayor at Quarterly Meeting
- Briefing with support staff
- Presentations at meetings
- Results shared with all advisory bodies



MEMORANDUM

August 26, 2008

TO: All Council Advisory Body Members

FROM: Ken Hampian, City Administrative Officer
Bill Statler, Director of Finance & Information Technology *WBS/Statler*

FINANCIAL PLAN – AND YOUR IMPORTANT ROLE IN IT

Now, it is now time to begin preparing the City's next two-year Financial Plan 09-11. Council advisory body recommendations are an important part of the advisory body recommendations received in the past as part of this process. This memorandum is to provide you with an overview of the City's goal-setting process and your important role in this process.

city of san luis obispo

ADVISORY BODIES, GOAL-SETTING & THE BUDGET PROCESS

PURPOSE OF THE CITY'S BUDGET

The City has adopted a number of long term goals and plans – General Plan, Water and Sewer Master Plans, Source Reduction, Recycling & Hazardous Materials Plans, Pavement Management Plan, Short Range Transit Plan, Downtown Access and Parking Plan, Waterways Management Plan, Neighborhood Traffic Management Program, Bicycle Plan, Public Art Policy, Conceptual Physical Plan for the City's Center and Facilities Master Plan.

The Financial Plan is the key tool for programming implementation of these goals, plans and policies by allocating the resources necessary to do so.

This requires a budget process that:

- Clearly sets major City goals and other important objectives.
- Establishes reasonable timeframes and organizational responsibility for achieving them.
- Allocates resources for programs and projects.

FINANCIAL PLAN FEATURES

- Goal-Driven
- Policy-Based
- Multi-Year
- Highly-Automated, Rigorous, Technically Sound

COUNCIL GOAL-SETTING

First Step in the Budget Process. Linking goals with resources requires a budget process that identifies key objectives at the very beginning of the process. Setting goals and priorities should drive the budget process, not follow it.

FIVE-STEP PROCESS FOR 2009-11

① **Setting the Table:** November 20, 2008. Review the status of the General Plan programs, current Major City Goals, long-term Capital Improvement Plan, any emerging service level concerns and the City's general fiscal condition and outlook. This year, the Council will also consider the results of the

cost of services study, which is the foundation for the cost recovery via fees.

② **Budget Foundation:** December 16, 2008. Finalize plans for the goal-setting process, review fiscal policies, present audited financials for 2007-08 and discuss results of the study.

③ **Community Forum:** January 1. Consider candidate goals from Council bodies, community groups and interested individuals.

④ **Council Goal-Setting Workshop:** January 14 workshop, discuss Council member priorities and set major City goals for 2009-11.

⑤ **Major City Goal Work Program:** 2009. Conceptually approve detailed programs for major City goals and budget direction for 2009-11.

ADVISORY BODY ROLE

By providing the Council with their recommendations, advisory bodies play an important part in this process. For virtually all of the advisory body recommendations received as part of this process two included in some way in the 2007-08 Financial Plan.

Council goals, by their nature, tend to be more specific than those developed by advisory bodies. Your recommendations to the Council consider what you believe would be the best goals, both from the perspective of the City's purpose, as well as any particular community-wide concerns and needs.

Council advisory bodies will receive a listing of all recommended advisory body recommendations on November 17, 2008. This provides with an early opportunity to review advisory bodies see as high common and while not required, it is also an opportunity to revise goals in light of these if they are. The Council will receive the final advisory body recommendations by the goal-setting process in January.

2009-11 Financial Plan

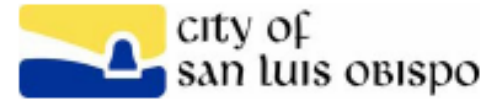
Council Advisory Body RECOMMENDED GOALS

January 2009

city of san luis obispo

Community Groups

- Over 200 community groups and interested individuals invited to participate in the process



2009-11 Financial Plan

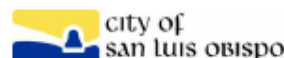
What are the most important things for the City to accomplish over the next two years?

The Council wants your help in answering this question.

And with the very tough fiscal outlook facing the City, which would be much worse without Measure Y revenues, it's an especially important question this budget season.

Community Budget Bulletin

■ 14,000
inserted into
our utility bills



COMMUNITY BUDGET BULLETIN

What are the most important things for the City to accomplish over the next two years?

The Council wants your help in answering this question.

And with the very tough fiscal outlook facing the City, which would be much worse without Measure Y revenues, it's an especially important question this budget season.

Next June, the Council will approve a two-year budget for 2009-11. In San Luis Obispo, this is much more than a "numbers" document: the budget determines the City's priorities and sets our course for the next two years.

Very Tough Fiscal Outlook. The City is facing another very tough budget season. While Measure Y revenues continue to be a bright spot – in fact, without them we would be facing a dire fiscal situation instead of "just" a very tough one – all of the other bright spots have dimmed from two years ago. Key challenges include:

- **Adverse Economy.** The national and state economies are experiencing their greatest downturns since the Great Depression. While we are better positioned than many communities to deal with this, we are not immune to these powerful economic forces. We have seen – and will continue to see – adverse trends in our top three General Fund revenues of sales, property and transient occupancy taxes.
- **Adverse State Fiscal Outlook.** Our City was spared large budget reductions in the State budget process earlier this year. However, the State is now facing an added \$28 billion deficit on top of the cuts it has already made for the current fiscal year. While it is possible that we may again escape any deep State budget cuts, this major threat will continue to hang over us for the foreseeable future.

Along with these challenges, the City will face unanticipated staffing cost increases of \$2.3 million annually due to an arbitration decision in June 2008.

Short-Term Budget Actions So Far. On September 30, 2008, the Council took action to "re-balance" the budget by closing a gap of \$4.8 million in the current year. The most significant of these actions was to "freeze"

implementation of a new neighborhood patrol program and delete \$2.4 million in capital projects, including \$925,000 for street paving. Because of these short-term actions, we will begin 2009-11 with a balanced budget. Long-term budget-balancing strategies will be developed as part of the 2009-11 Financial Plan.

Goal-Setting Process. Our City's budget is based on goals established by the Council before the staff begins preparing the preliminary budget. The Council develops these goals only after hearing from the community. Even with the passage of Measure Y in November 2006, which established a City 1/4-cent sales tax, our resources are very limited. This is especially true given the tough fiscal economic situation facing us, so we need to hear from you about what is truly important for our community – what our highest priorities should be over the next two years.

We need your help in two important ways:

• **Fill out and return to us the brief questionnaire on the reverse side of this bulletin.** You can mail it, fax it, email it or drop it by any City office.

• **Attend our Community Forum on January 15, 2009 from 6:30 to 9:30 PM at the Ludwick Community Center, 864 Santa Rosa Street.** This forum is an opportunity to present your ideas to the Council and discuss them with other community members. It's a chance not only to provide your own input but also to see how your ideas fit in a broader community context.

City staff will compile the results for the Council to review in advance of its goal-setting workshop on Saturday, January 31, 2009, when the Council will consider all of the public input it has received in setting major City goals for the next two years.

If you have any questions about the City's goal-setting and budget process, please contact Bill Statler, Director of Finance & Information Technology, at 781-7125 or bstatler@slcity.org.



The City of San Luis Obispo is committed to including disabled persons in all of our services, programs and activities. Telecommunications Device for the Deaf (805) 781-7410.

Community Budget Bulletin

- What are the most important things for the City to accomplish over the next two years?

What are the most important things for the City to accomplish over the next two years?

Please share with us the three to five things that you believe should be the City of San Luis Obispo's most important, highest priority goals to achieve during 2009-11.

1	
2	
3	
4	
5	

Are there any services or programs that you believe the City should reduce or eliminate to save money in funding your top priorities?

Current Measure Y Priorities

For background information in preparing your goals, the following emerged as Measure Y priorities two years ago in the 2007-09 Financial Plan:


- Public safety, including restoring cut traffic patrol, Fire Marshall and training positions
- Neighborhood paving and deferred street maintenance
- Traffic congestion relief
- Creek & flood protection
- Senior services and facilities programs
- Neighborhood code enforcement
- Open space preservation
- Downtown improvements

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FIRST-CLASS MAIL PERMIT NO. 369 SAN LUIS OBISPO, CA
POSTAGE WILL BE PAID BY ADDRESSEE

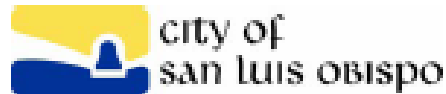
NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

CITY ADMINISTRATIVE OFFICER
CITY OF SAN LUIS OBISPO
690 PALM ST
SAN LUIS OBISPO CA 93401-9938



Community Budget Bulletin Results

- Over 400 responses
- 15 “Top Themes”
 - Street repair/neighborhood paving
 - Open space preservation
 - Traffic congestion relief
 - Public safety
 - Creek & flood protection
 - Senior services & facilities
 - Neighborhood code enforcement
 - Downtown protection/enhancement
 - Spending reductions
 - Bikeway improvements
 - Binding arbitration repeal
 - Parks & recreation
 - Transit system
 - Homeless concerns
 - Affordable housing



2009-11 Goal-Setting and Budget Process

What are the most important things for the City to accomplish over the next two years?

The Council wants your help in answering this question.

And with the very tough fiscal outlook facing the City, which would be much worse without Measure Y revenues, it's an especially important question this budget season.

The City is starting to prepare our next two-year budget: the 2009-11 Financial Plan. Its purpose is to link the most important, highest priority things for the City to achieve over the next two years with the resources needed to do so.

In setting goals for 2009-11 as part of the budget process, and in considering priorities for the use of revenues from Measure Y (the ½-cent City sales tax approved by voters in November 2006), the Council wants to know what you think are important community priorities for the next two years.

Community Forum

January 15, 2009
6:30 to 9:30 PM
Ludwick Community Center
864 Santa Rosa Street

Please join us at the Community Forum on the evening of January 15, 2009, where participants will have a meaningful opportunity to share with the Council (and each other) what they believe are the most important priorities for the City over the next two years. The comments and suggestions received at this forum will play an important role in shaping the City's spending priorities.

Want more information? Please call us at 781-7125 or visit the City's web site at www.slocity.org for more information about the Community Forum or the City's goal-setting and budget process.



The City of San Luis Obispo is committed to including community members with disabilities in all of its services, programs, and activities. Telecommunications Device for the Deaf (805) 781-7410. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device or other assistance.

Display Ads

Community Forum



- 275 participants
- Great learning opportunity – for community, Council and staff

■ Agenda

- Welcome
- Introduction: City's budget process; status of current goals; general fiscal outlook; Forum purpose and approach
- Public Comments
- Post-its"
 - ❖ Green: Resource Suggestions
 - ❖ Pink: Questions or Concerns
- "Voting with Dots"
- Feedback Survey

22

[illegible]

Budget Balancing Ideas

Possible Actions to Achieve Goals & Balance the Budget

Potential Revenue Enhancements for Further Consideration. Please check or list any revenue enhancement opportunities that you would like the Council to consider in balancing the budget for 2009-11. (Please note that tax or assessment measures require voter approval).

Fees and Assessments

- ☐ Development Permit Applications
- ☐ Recreation Programs
- ☐ Paramedic Services *
- ☐ Fire Business Inspections *
- ☐ Creek & Flood Protection Fees *
- ☐ Street Lighting Assessment *
- ☐ Landscape Maintenance Assessment *

Taxes

- ☐ Parcel Tax (Flat amount per property) *
- ☐ Sales Tax
- ☐ Property Transfer Tax
- ☐ Transient Occupancy Tax
- ☐ Business Tax
- ☐ Utility Users Tax

** Note: The City does not have these in place in today; these would be new revenue sources. The other measures would be an increase in current fees or taxes.*

Other Revenue Enhancement Ideas

Potential General Fund Cost or Service Reductions for Further Consideration. Please check or list any service areas that you would like the Council to consider for reduction in balancing the budget for 2009-11.

Public Safety

- ☐ Neighborhood Services/Crime Prevention
- ☐ Police Investigations
- ☐ Police Traffic Safety
- ☐ Police Patrol
- ☐ Fire Emergency Response/Paramedic Services
- ☐ Fire Hazard Prevention
- ☐ Disaster Preparedness

Transportation

- ☐ Traffic Safety/Neighborhood Traffic Management
- ☐ Pavement Maintenance
- ☐ Sidewalks
- ☐ Traffic Signals & Signs
- ☐ Street Lights
- ☐ Creek & Flood Protection

Leisure, Cultural & Social Services

- ☐ Recreation Programs
- ☐ Park & Tree Maintenance
- ☐ Swim Center
- ☐ Cultural Services
- ☐ Social Services

Community Development

- ☐ Planning: Development Review
- ☐ Planning: Long-Range Planning
- ☐ Building & Safety
- ☐ Engineering: Development Review
- ☐ Engineering: Capital Projects
- ☐ Natural Resource Protection
- ☐ Tourism Promotion
- ☐ Economic Development

General Government

- ☐ Human Resources/Risk Management
- ☐ Financial Management
- ☐ Information Technology
- ☐ Building Maintenance
- ☐ Fleet Maintenance

Other Services

- ☐
- ☐
- ☐
- ☐
- ☐

Community Forum Outcome

- Great sense of community
- “Voices heard”
- Opportunity for dialog
- Great feedback
- Deliverables
 - 275 participants
 - 68 speakers: “what & why”
 - “Voting with dots” on priorities
 - Survey results
 - ❖ “Level of attention” on services (less, same, more)
 - ❖ Potential revenue enhancements
 - ❖ Potential service reductions
 - ❖ Ways to achieve goals

Web Site

City of San Luis Obispo Welcome

Visiting SLO
Government
Development
Doing Business
Neighborhoods
Emergency Preparedness
Job Openings
Bids & Proposals
Agendas
Advisory Bodies
City Budget
Improvement Projects
Organizational Values
Pay Utility Bill

Facilities Reservations | **Report a Problem** | **Site Info** | **Feedback**

City Departments Search  

What's New in SLO

What's New

City Adopts 2009-11 Financial Plan
On June 16, 2009, the Council approved a two-year budget for 2009-11. In San Luis Obispo, this is much more than a "numbers" document: the budget determines the City's priorities and sets our course for the next two years. For this reason, the central question facing us in both good times and bad is: *What are the most important things for the City to accomplish over the next two years?* And with the very tough fiscal outlook facing the City, which would be much worse without Measure Y revenues, it's an especially important question this budget season.

[Click here](#) for more information about the goal-setting and budget process, including the [Preliminary 2009-11 Financial Plan](#), results of the Council's [strategic budget direction](#), [Council Goals for 2009-11](#), detailed background information about the [Community Forum](#) that was held on January 15, 2009, the [Council Goal Setting Workshop](#) on January 31, 2009 and the [Five Year General Fund Fiscal Forecast](#).

Other Hot Topics

Neighborhood Services Action Team Meeting	Housing Element Update Workshop to be held August	Movie at the Mission Saturday, August 22nd, 7:00 p.m.
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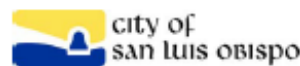


Photo Gallery »

San Luis Obispo
SMOKE
72°F
VARIABLE 3 MPH
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And after goal-setting

■ Some more notice!



990 Palm Street ■ San Luis Obispo, CA 93401 ■ (805) 781-7125 ■ Fax: (805) 781-7401 ■ Email: bstatler@slcoity.org

UPCOMING BUDGET WORKSHOPS AND HEARINGS

May 21, 2009

The City's Preliminary 2009-11 Financial Plan will be distributed to the Council on May 28, 2009. This will be followed by series of public workshops and hearings as outlined below. Each of these will be held in the Council Chambers at City Hall, 990 Palm Street.

Council Budget Review Schedule			
June 4	4:00 pm	Preliminary Financial Plan and General Fund Overview	
	7:00 pm	General Fund Operating Programs	
June 9	7:00 pm	General Fund Capital Improvement Plan Projects	
June 11	4:00 pm	Enterprise Fund Budget and Rate Reviews: Golf and Parking Funds	
	7:00 pm	Enterprise Fund Rate and Budget Reviews: Transit, Water and Sewer Funds	
June 16	7:00 pm	Continued Preliminary Financial Plan Review and Adoption of the Financial Plan	

All interested community groups and individuals are encouraged to attend any of these public meetings.

Another Very Tough Budget that Would Be Much Worse Without Measure Y

The City is facing a very tough fiscal situation in 2009-11 that is largely due to the greatest economic downturn since the Great Depression. Based on the strategic budget direction approved by the Council on April 14, 2009, the Preliminary Financial Plan details how the City plans to address this challenge. It also shows how the City will accomplish the top goals adopted by the Council for 2009-11.

Copies of the Preliminary 2009-11 Financial Plan and supporting documents (Appendix A for Significant Operating Program Changes and Appendix B for Capital Improvement Plan Projects) are available for public review as follows:

- Electronic copies are available at no cost on the City's web site at: www.slcoity.org.
- Printed copies are available as follows:

<i>Selections at no cost</i>	• Budget Message, Financial Highlights, Major City Goals and up to 10 other selected pages from the Preliminary Financial Plan, Appendix A or Appendix B
<i>Review copies at no cost</i>	• City Clerk's Office, 990 Palm Street, San Luis Obispo
	• City/County Library, 995 Palm Street, San Luis Obispo

Complete "hard copies" of these documents are available at the City's direct printing costs. If you have any questions concerning the City's budget process, or require additional information, please call me at 781-7125 or email me at bstatler@slcoity.org. Please join us at any of these sessions as we finalize the City's course of action in these difficult economic times for the next two years.

Sincerely,

Bill Statler, Director of Finance & Information Technology



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Budget-In-Brief

2009-11 Financial Plan

Another very tough budget that would be much worse without Measure Y

The purpose of this "budget-in-brief" is to summarize the City's 2009-11 Financial Plan and 2009-10 Budget by highlighting the City's budget process, key budget features, major City goals and basic "budget facts." It also highlights how added resources available because of Measure Y will be used over the next two years. If you have any questions about the City's budget or would like a complete copy of the Financial Plan, please call us at 781-7125 or visit our web site at www.slocity.org.

Purpose of the City's Two-Year Financial Plan

The fundamental purpose of the City's Financial Plan is to link what we want to accomplish for the community with the resources necessary to do so. Our two-year Financial Plan process does this by: clearly setting major City goals and other important objectives; establishing reasonable timeframes and organizational responsibility for achieving them; and then allocating the resources required for implementation.

While appropriations are still made annually under this two-year process, the Financial Plan is the foundation for preparing the budget in the second year.

Major City Goals

Linking important objectives with necessary resources requires a process that identifies key

goals at the very beginning of budget preparation. Setting goals and priorities should drive the budget process, not follow it.

For this reason, the City began the 2005-07 Financial Plan process with a series of in-depth workshops where Council members considered candidate goals presented by community groups, Council advisory bodies and interested individuals; reviewed the City's fiscal outlook for the next five years and the status of current goals; presented their individual goals to fellow Council members; and then set and prioritized goals for the next two years.

City staff then prepared the Preliminary Financial Plan based on this policy guidance from the Council.



A number of budget workshops and hearings followed, resulting in final Council adoption of the 2005-07 Financial Plan on June 21, 2005.

Financial Plan Policies

Formally articulated budget and fiscal policies provide the fundamental foundation for preparing and implementing the Financial Plan. Included in the Financial Plan itself, these policies cover a broad range of areas such as user fee cost recovery, goal rates,

improvement management, capital debt management, minimum fund balance and reserve levels, human resource management, productivity and contracting for services.

■ Budget-in-Brief

- Mailed to all residents and businesses
- On City web site (along with other budget information and financial reports)

www.slocity.org/finance/budget.asp

city of san luis obispo

Process relies on one simple question

- What are the most important, highest priority things for the City to accomplish over the next two years?

Doesn't this raise false expectations?

■ No.

- While they may appear to be, goal-setting and tough fiscal times are not conflicting concepts.
- In fact, the need to set goals for the *most important, highest priority things* for us to do is even more important when resources are tight.
- And creating meaningful opportunities for community involvement provides the best possible “campfire” for telling your fiscal story.

This is the essence of the budget process

- Of all the things we want to do in making our community an even better place to live, work and play, what are the most important?
 - *In tough fiscal times, this may mean that preserving existing essential services is the highest priority.*
- And making difficult resource trade-offs to do them is what the budget process is all about.

