Goal Setting and the Budget Process

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

Advisory Bodies

Community Surveys

Community Forum
January 15, 2009

Current 2-Year Goals *

* November 20, 2008 “Setting the Table” Workshop

Goal-Setting Input

Letters from Community Groups

Letters from Individuals

Fiscal Forecast **

Long-Term Plans, Goals & Policies *

* December 16, 2008 “Budget Foundation” Workshop

Council Goal Setting Workshop
January 31, 2009

Major City Goal Work Programs and “Strategic Budget Direction:” April 14
Preliminary Budget: May 28
Budget Workshops: June 4, 9 and 11
Adopted Budget: June 16, 2009
2009-11 Major City Goals
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, 2009

TO: All Council Advisory Body Members

FROM: Ken Hopfinger, City Administrator

Re: Advisory Body Recommendations

As part of the City’s budget process, Advisory Body recommendations play a critical role in ensuring that the City’s spending aligns with its strategic priorities. Each Advisory Body is encouraged to review the City’s financial plan and provide input on how the City can best allocate resources to support its goals.

The Advisory Bodies are:

- Planning & Zoning Advisory Board
- Parks & Recreation Advisory Committee
- Cultural Arts Advisory Committee
- Environmental Advisory Committee
- Economic Development Advisory Committee
- Transportation Advisory Committee

Each Advisory Body is responsible for:

1. Reviewing the City’s financial plan
2. Identifying areas for potential savings
3. Recommending adjustments to the budget
4. Providing feedback on specific program priorities

The Advisory Bodies should:

- Meet regularly to discuss budget issues
- Attend City Council meetings to present their recommendations
- Provide written reports to the City Council

The City Council will consider the Advisory Body recommendations and make final decisions on the budget.

Ken Hopfinger, Administrator
Community Groups

Over 200 community groups and interested individuals invited to participate in the 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.
Community Budget Bulletin

14,000 inserted into our utility bills

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 declined from two years ago. Key challenges include:

- Adverse Economy. The national and state economies are experiencing their greatest downturn 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 unprecedented staffing cost increases of $2.3 million annually due to an arbitration decision in June 2009.

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 delay $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 budget surplus 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 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 Oldbridge Community Center, 844 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 into 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 11, 2009, when the Council will consider all of the public input it has received in setting major City goals for the next two years.
What are the most important things for the City to accomplish over the next two years?
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.

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.sloclity.org](http://www.sloclity.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 (TDD) 781-7410. Please speak to the City Clerk prior to the meeting if you require a hearing amplification device or other assistance.
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
Community Forum Feedback

Thank you for participating in the Community Forum for the City of San Luis Obispo’s 2009-11 goal-setting process. Please take a few minutes to share your community priorities with us.

**How would you suggest prioritizing the City’s activities?** For each budget community priority below, please indicate what level of attention would be desirable for it compared to the current situation, any suggestions about specific changes or potential goals and ideas about possible ways to achieve them.

<table>
<thead>
<tr>
<th>Community Priorities</th>
<th>Level of Attention (Compared to Current)</th>
<th>Suggested Changes or Potential Goals</th>
<th>Possible Ways to Accomplish Them</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less</td>
<td>Same</td>
<td>More</td>
</tr>
<tr>
<td>Public Safety (Police, Fire &amp; Paramedic Services)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Maintenance/Paving</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic Congestion Relief</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creek &amp; Flood Protection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Services &amp; Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighborhood Code Enforcement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open Space Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downtown Protection/Improvements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 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).

<table>
<thead>
<tr>
<th>Fees and Assessments</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Permit Applications</td>
<td>Parcel Tax (Flat amount per property) *</td>
</tr>
<tr>
<td>Recreation Programs</td>
<td>Sales Tax</td>
</tr>
<tr>
<td>Paramedic Services *</td>
<td>Property Transfer Tax</td>
</tr>
<tr>
<td>Fire Business Inspections *</td>
<td>Transient Occupancy Tax</td>
</tr>
<tr>
<td>Creek &amp; Flood Protection Fees *</td>
<td>Business Tax</td>
</tr>
<tr>
<td>Street Lighting Assessment *</td>
<td>Utility Users Tax</td>
</tr>
<tr>
<td>Landscape Maintenance Assessment *</td>
<td></td>
</tr>
</tbody>
</table>

*Note: The City does not have these in place 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.

<table>
<thead>
<tr>
<th>Public Safety</th>
<th>Community Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood Services/Crime Prevention</td>
<td>Planning: Development Review</td>
</tr>
<tr>
<td>Police Investigations</td>
<td>Planning: Long-Range Planning</td>
</tr>
<tr>
<td>Police Traffic Safety</td>
<td>Building &amp; Safety</td>
</tr>
<tr>
<td>Police Patrol</td>
<td>Engineering: Development Review</td>
</tr>
<tr>
<td>Fire Emergency Response/Paramedic Services</td>
<td>Engineering: Capital Projects</td>
</tr>
<tr>
<td>Fire Hazard Prevention</td>
<td>Natural Resource Protection</td>
</tr>
<tr>
<td>Disaster Preparedness</td>
<td>Tourism Promotion</td>
</tr>
<tr>
<td>Transportation</td>
<td>Economic Development</td>
</tr>
<tr>
<td>Traffic Safety/Neighborhood Traffic Management</td>
<td>General Government</td>
</tr>
<tr>
<td>Pavement Maintenance</td>
<td>Human Resources/Risk Management</td>
</tr>
<tr>
<td>Sidewalks</td>
<td>Financial Management</td>
</tr>
<tr>
<td>Traffic Signals &amp; Signs</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Street Lights</td>
<td>Building Maintenance</td>
</tr>
<tr>
<td>Creek &amp; Flood Protection</td>
<td>Fleet Maintenance</td>
</tr>
<tr>
<td>Leisure, Cultural &amp; Social Services</td>
<td>Other Services</td>
</tr>
<tr>
<td>Recreation Programs</td>
<td></td>
</tr>
<tr>
<td>Park &amp; Tree Maintenance</td>
<td></td>
</tr>
<tr>
<td>Swim Center</td>
<td></td>
</tr>
<tr>
<td>Cultural Services</td>
<td></td>
</tr>
<tr>
<td>Social Services</td>
<td></td>
</tr>
</tbody>
</table>
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
And after goal-setting

Some more notice!
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 year-to-year revenue, expenditure, rate improvement management, debt management, minimum fund balance, and reserve levels, human resource management, productivity and contracting for services.

www.slocity.org/finance/budget.asp

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

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.
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.