

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 25

DATE: January 6, 2004

STAFF: John F. Fischbach

SUBJECT

Resolution 2004-005 Establishing a Budget Advisory Committee (Option A or B).

RECOMMENDATION

Staff recommends adoption of the Resolution.

EXECUTIVE SUMMARY

As staff and Council wrestle with the many issues related to reconciling resources with services and facility demands, the Council has determined that a citizen budget committee would be beneficial.

Purpose of the Committee

The purpose of the proposed Budget Advisory Committee would be to assist the City Council in considering the City Manager's recommended budget. Initially the Committee would work with staff to review the proposed exceptions to the 2005 budget including the projected revenues and any adjustments (increases or reductions) to proposed expenditures. The Committee's charge is to help Council make the best possible decisions regarding the 2005 budget exceptions within the framework of existing City policies and programs.

Term of the Committee

The Budget Advisory Committee would serve an initial term of one year. This will enable the Committee to work with Council and staff on the 2005 Budget Exception Process and participate in an assessment of whether or not the Budget Advisory Committee is to continue and, if so, whether any changes should be made to the Committee's purpose, structure, membership or term.

Composition of the Committee

There were several suggestions by members of the City Council regarding the size, composition and selection of the Budget Advisory Committee. The suggested options are:

- Option A - A committee of seven (7) selected by the City Council — each Councilmember selects one member of the Committee.
- Option B - A committee of nine (9) — seven would be appointed by the City Council (with each Councilmember selecting one member) and two would be appointed by the City Manager.

With either option a pool of names, suggested by Councilmembers and the City Manager, will be prepared and distributed. As suggested by City Councilmembers, potential Budget Advisory Committee members should have knowledge and experience in developing and administering organizational budgets—preferably large and multifaceted organizations.

Under Option A, each Councilmember will select a name from the pool to be a member of the Budget Advisory Committee. If Option B is used, each Councilmember will select a member from the pool and the City Manager would select two additional members from the pool.

The membership of the Budget Advisory Committee will be confirmed by a Council Resolution no later than February 17, 2004.

ATTACHMENTS

Notes from Council regarding the Budget Advisory Committee

**Budget Advisory Committee
Notes from Council Interviews
December 9, 2003**

1. What is the purpose of the Budget Advisory Committee

- a. To look at the elements of the budget—revenues and expenditures
- b. Need to look at the bigger (budget) picture than the exception process and a particular year.
- c. To advise on the aspects of the budget as we approach the Exception Process for 2005:
 - Examine the exception process
 - Review the projected revenues—what percent; what are we going to do (or not) as a result of these projections, i.e., do we need to cut more or what do we phase back into the budget
 - Help formulate the recommended changes (exceptions)
- d. Don't want to re-evaluate the policy regarding our primary, secondary, support service categorization.
- e. To help Council work effectively with the tight budget situation
- f. To provide another set of eyes to review the elements of the budget—revenues and expenditures; and look for opportunities and strategies to bolster funding for programs like pavement management
- g. The most important part of governing is the ability to fund (services)
- h. Keep Council goals clarified regarding the budget constraints and the budget process
- i. Bring it (the budget) closer to Council help make it more understandable—Council only seems to skim the surface
- j. Committee should focus on the budget mechanics..stay away from policy:
 - Is the budget process efficient
 - Is the budget language easy to read
 - Is the reporting okay
- k. Help with determining the budget priorities—within each area are things clearly identified.
- l. Look at reserves—are we allocating too much or too little from reserves?
- m. Consistency—opportunities for areas that need to be addressed.
- n. Committee should review the budget and answer particular questions that Council has.
- o. To help Council make the best possible decisions on the 2005 budget exceptions process by adding to the staff information the options that a group of budget experts might suggest.
 - In the exception process, there may be alternatives or different approaches that we are NOT considering because they are not being suggested by staff. Council could benefit from having some alternatives to look at.

- The anticipated deliverable from the Committee would be a recommendation for the 2005 exception process that either supports the City Manager's budget or that provides alternatives to consider
- c. To analyze the budget and give advice about the budget to Council
- d. To act as a sounding board, for staff, for new ideas and strategies about the budget
- e. If the Committee is made up of people with valuable experience (in budgeting), they may see things that we haven't about the budget.
- f. It's important to focus on the purpose (of the Committee) and the longevity of the group.

7. Budget Advisory Committee Structure and Representation

Representation

- a. Maybe draw from existing Boards and Commissions, but don't like the restrictions.
- b. Members of the Committee should be knowledgeable people—people with some understanding/experience of budgets.
- c. Committee needs to be some kind of mix—who have experience (w/operating services based on a budget...not just a person who is familiar w/numbers and accounting). For example, non-profits understand the relationship between a budget and delivering services and don't take money for granted. Not all from the same persuasion. (///)
- d. Committee members should have:
 - Financial background
 - Business experience
 - Budget and economic experience
- e. Select members who are/deal with everyday business matters
- f. Select members who understand budgeting
- g. Members of the committee should have large budget expertise from business, government or education
- h. Members should have developed large scale budgets (whether in the field of business, environment, education, government)—were looking for advice on applying existing policies in the context of a large scale budget. This is not policy development; it's developing a large scale budget around an established set of policies for services and facilities. It's important to choose people (for the Committee) that have experience doing this.

Size of Committee

- a. Committee of 7 people (///)
- b. Council members each appoint a member and John appoints 2—total Committee would be 9 members
- c. Doesn't matter; just should be an odd number (e.g., 7, 9, 11)

- d. Probably 9 to 11—each Council member selects one member; John selects two to four to balance it out.

Selection Process

- a. Each Council member should select a person to set in the Committee
- b. Each Council member appoint a person and John appoint two additional members to balance it out.
- c. Open the process up to the community and solicit applications similar to the Board and Commission process (this is my first choice); as a second choice, each member of Council select a person to be on the Committee.
- d. Council members suggested three names each and John selects the Committee
- e. Start with the list John put together and ask him to add information about each person regarding their area of expertise. Council members could suggest additional names to the “pool.” Then Council members would give John their choice and John will call to find out if they are willing to serve; if the person a Council member selected was NOT willing or able to serve, that Council member would suggest another name (either from the list or from their own choice).
- f. It would be helpful for Council to see the list that John originally put together; then each Council member select someone from that list. John could select an additional 2 to 4 members to sit on the committee.

Term of the Committee

- a. The Committee should sunset no later than April 2005; the Council would then re-evaluate its function, purpose, membership, etc.
- b. The Committee should serve through the 2005 Exception Process; then Council should re-evaluate (the Committee’s function, purpose). Have the committee make a recommendation regarding whether or not to continue.
- c. Consider the Committee a pilot effort through the 2005 Exception Process; then reassess if we want a group like this to work on the 2006/07 budget. (This effort is to just test a model we might want to use in the future).
- d. The Committee should have a term of 1 to 1 ½ years. Council should evaluate at the end of this time and also have the option of asking the members to continue or open it up to the community (like the selection of other Board and Commission members).
- e. The Committee should be a “permanent” one like other Boards and Commissions.
- f. Council should assess whether the Committee is to continue after the initial effort (the 2005 Exception Process).
- g. Initially, the Committee should serve through the 2005 Exception Process; then maybe continue and work on the 2006/2007 budget. At the end of the 2005 Exception Process, we should assess and get feedback from the Committee, Council and staff regarding whether or not to continue and if any changes are needed if we do continue the Committee

3. Other Notes/Comments

- a. Council members generally agreed that the Committee, once formed, should select a chair or convener; for now, don't see the need for additional facilitation.
- b. There was a suggestion that the Committee report back to the Council on a regular (monthly or quarterly) basis.

RESOLUTION 2004-005
OF THE COUNCIL OF THE CITY OF FORT COLLINS
ESTABLISHING A CITIZEN BUDGET ADVISORY COMMITTEE

WHEREAS, under Article III, Section 2 of the City Charter, the City Manager is responsible for annually preparing a City budget, the term of which is to be determined by the City Council by ordinance; and

WHEREAS, pursuant to Section 8-1 of the City Code, the budget term is presently fixed at two years; and

WHEREAS, under Article V, Section 4 of the City Charter, the City Council is to adopt the City budget for the ensuing budget term before the last day of November preceding the budget term; and

WHEREAS, the City Council wishes to appoint a citizen committee to assist the City Council in considering the City Manager's recommended budget.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby establishes a Budget Advisory Committee (the "Committee") to assist the City Council in considering the City Manager's recommended budget.

Section 2. That the purposes of the Committee shall be as follows:

- a. To work with City staff to review the proposed exceptions to the 2005 budget, including projected 2005 revenues and any adjustments (increases or reductions) to proposed 2005 expenditures.
- b. to advise Council with respect to its decisions regarding the 2005 budget exceptions, within the framework of existing City policies and programs.

Section 3. That the Committee shall consist of seven members, with each member of the Council selecting one member of the Committee from a pool of names suggested by City Councilmembers and the City Manager.

Section 4. That the term of the initial members shall be for a period of one year, pending Council appointment of members no later than February 17, 2004. At the end of the first year, the Council will re-evaluate the Budget Advisory Committee and determine whether or not the Committee will continue and if so, identify any modifications as to the Committee's purpose, structure, membership and term.

Passed and adopted at a regular meeting of the City Council held this 6th day of January,
A.D. 2004.

Mayor

ATTEST:

City Clerk

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