



To: The Mayor and City Council

From: Phil Nelson, City Manager

Subject: Proposed Revenue Enhancements and Expenditure Reductions

Date: February 11, 2009

Background:

- The City of Troy is faced with a substantial budget expenditure to revenue deficit that was originally estimated at about \$5 million dollars
- Administration made substantial cuts to preliminary budget requests and Council instructed staff to develop potential revenue and expenditure ideas and present the ideas for Council review and disposition.
- Over the course of several study sessions, the Council not only determined their three primary Outcomes, but also ranked multiple Outputs that staff will use to develop an appropriation theme to fund the adopted Outcomes in accordance with Council priorities.
- Staff was directed to develop a resolution indicating all of the items that the Council considered so that budget input could be completed.

Budget Considerations:

- Revenue enhancements indicated as “favored” by the Council could add up to \$2,023,850 in additional General Fund revenues
- Expenditure reductions indicated as favored by the Council could reduce General Fund expenditures by \$1,743,880.
- The Council also favored other revenue and expenditure elements that could reduce overall impacts but that could not be given an estimated budget impact at the time of consideration.
- Utilizing favored revenue and expenditure elements, coupled with using \$250,000 of Budget Stabilization funds and early retirement incentive savings should totally balance the proposed budget for the 2009/2010 fiscal year.

Legal Considerations:

- If the Council approves the revenue and expenditure elements, some of the proposed elements will require substantive ordinance changes that will have to be approved by the Council.
- Approval of the revenue and expenditure elements is within the legal purview of the Council

Policy Considerations:

- The majority of the proposed revenue enhancements will not impact the general population of Troy, but are more directly focused on the users of the services.
- While the budget will be balanced, the impacts of the recession will continue to have significant impacts on future operating and construction accounts of the budget. City staff will continue to investigate ways to increase operating efficiencies and to stay within available resources.
- Attention should be given to preparing the community for significant changes such as land redevelopment options, improving technological and physical infrastructure, demographics, and continued shifts in the economic base.

Options:

- The Council can approve the resolution as presented
- The Council can amend the resolution as presented
- The Council can reject the resolution as presented