



**TO:** T.C. Broadnax, City Manager  
**FROM:** *TW* Tadd Wille, Budget Director, Office of Management & Budget  
Andy Cherullo, Director, Finance Department  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution – Amending Budget and Contingency Policies of the Financial and Budget Policy Statement – November 22, 2016  
**DATE:** November 16, 2016

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**SUMMARY:**

This resolution would adopt amendments to the Budget and Contingency Policies section of the City’s Financial and Budget Policy Statement.

**STRATEGIC POLICY PRIORITY:**

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

The Financial and Budget Policy Statement incorporates “best practices” of budgeting, financial, and debt management and provides a framework for development of biennial budgets. The City last updated its Financial and Budget Policy Statement in November 2016 to amend the Capital Planning policies. The proposed amendments to the Budget and Contingency Policies section would revise the policies that govern the City Council Contingency Fund.

During the first reading of Ordinance No. 28399 concerning the adoption of the 2017-2018 Biennial Operating Budget, City Council passed a motion requesting an amendment that reflected a reduction in the proposed appropriation for the Council Contingency Fund and establishing a reduced biennial appropriation amount of \$500,000 for future bienniums. The proposed amendments would eliminate the Council Contingency Fund’s reserve requirement and establish a biennial appropriation of \$500,000 in the fund at the beginning of each biennium. The appropriation would still be subject to Ordinance No. 22569, which requires that six Council Members agree to any withdrawals within the Fund. Unspent funds committed by City Council via resolution in previous bienniums may be eligible for reappropriation.

**ISSUE:**

Updates to the Budget and Contingency Policies section of the Financial and Budget Policy Statement are being requested to fully incorporate into City policies a budget amendment requested by the City Council.

**ALTERNATIVES:**

The City could keep the Financial and Budget Policy Statement as is without changes. However, this would not provide needed savings to fund the proposed City Council budget amendments for the 2017-2018 biennium with recurring costs.

**RECOMMENDATION:**

Approval by City Council is requested. The proposed policy amendments reflect a City Council request to redirect Council Contingency Funds to be used in support of recurring Public Safety enhancements.



**FISCAL IMPACT:**

There is no fiscal impact from this action. The 2017-2018 Operating Budget will be in alignment with the amended policies. City Council is scheduled to adopt the 2017-2018 Biennial Operating Budget on November 22, 2016.