

RESOLUTION 2011-094

A RESOLUTION ADOPTING BUDGET PRINCIPLES

WHEREAS, The City Council previously adopted resolution 2009-086 which approved the adoption of 13 budget principles, and

WHEREAS, It is appropriate to revise some of these principles in light of continued economic trends, and

WHEREAS, The principles will allow the City to continue to make organizational and other changes to reduce expenditures over a period of time while continuing to supply essential services to the community;

NOW, THEREFORE, BE IT RESOLVED, That the City Council hereby adopt the attached budget principles listed as exhibit A to this resolution.

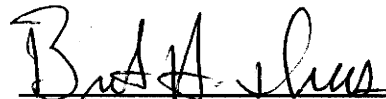
The foregoing Resolution 2011-094 was passed and adopted by the Tracy City Council on the 3rd day of May, 2011, by the following vote:

AYES: COUNCIL MEMBERS: ABERCROMBIE, ELLIOTT, MACIEL, RICKMAN, IVES

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: NONE

ABSTAIN: COUNCIL MEMBERS: NONE


MAYOR

ATTEST:



CITY CLERK

EXHIBIT "A" TO RESOLUTION 2011-094

**CITY OF TRACY
BUDGET PRINCIPLES**

1. **General Fund Reserves:** Through FY 2015/2016, the City shall maintain a General Fund reserve of at least 20% of the City's General Fund Operating Budget.
2. **Budget:** Reserves may be used to balance the General Fund Operating Budget through FY 13/14. The General Fund Operating Budget to be adopted by City Council for FY 14/15 must be balanced without the use of reserves.
3. **Economic Uncertainty Fund:** When conditions permit begin building up the Economic Uncertainty Fund.
4. **Structurally Balanced Budget:** The annual budgets for all City funds shall be structurally balanced throughout the budget process. Ongoing revenues shall equal or exceed ongoing expenditures in both the proposed and adopted budgets. If a structural imbalance occurs, a plan shall be developed and implemented to bring the budget back into structural balance.
5. **Proposed Budget Revisions:** The annual General Fund proposed budget balancing plan shall be presented and discussed in context of the updated five-year forecast. Any revisions to the proposed budget shall include an analysis of the impact on the forecasted years. If a revision creates a negative impact on the forecast, a funding plan shall be developed and approved to offset the impact.
6. **Use of One-Time Resources:** Once the General Fund budget is brought into structural balance, one-time resources (e.g., revenue spikes, budget savings, sale of property, or similar nonrecurring revenue) shall not be used for current or new ongoing operating expenses. Examples of appropriate uses of one-time resources include rebuilding the Economic Uncertainty Reserve, early retirement of debt, capital expenditures without significant operating and maintenance costs, and other nonrecurring expenditures.
7. **Reserves:** All City funds shall maintain an adequate reserve level and/or ending fund balance, as determined annually and as appropriate for each fund. For the General Fund, a contingency reserve amount which is a minimum of 20% of the operating budget shall be maintained.
8. **Prudent Use of Debt:** The City shall not issue long-term (over one year) General Fund debt to support ongoing operating costs. All General Fund debt issuance shall identify the method of repayment or have a dedicated revenue source. General obligation debt shall be limited to 8% of the operating budget.
9. **Capital Improvement Projects:** Capital Improvement Projects shall not proceed for projects with annual operating and maintenance costs exceeding \$25,000 without City Council certification that funding will be made available in the applicable year of the cost impact.

10. **Fees and Charges:** Fee increases shall be utilized, where appropriate, to assure that the program operating costs are fully covered by fee revenue and explore opportunities to establish new fees for services where appropriate.
11. **Grants:** City staff shall seek out, apply for and effectively administer federal, state and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before the grant is pursued, staff shall provide a detailed pro-forma that addresses the immediate and long-term costs and benefits to the City. One-time operating grant revenues shall not be used to begin or support the costs of ongoing programs.
12. **Personnel Services Costs:** Total General Fund personnel services costs shall not exceed 75% of the General Fund operating budget.
13. **Performance Measures:** All requests for departmental funding shall include performance measurement data so that funding requests can be evaluated and approved based on effective accomplishment of community desired outcomes and priorities.
14. **Budget Offsets:** City Council approval of a General Fund supplemental appropriation (additional monies after the adoption of the budget for the fiscal year), shall be accompanied by a corresponding action to reduce the General Fund budget in another area.