

The Community Planner

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Planning, Financing, and Administration News

It's Budget Time Again!

Even for experienced Clerks and Administrators, the annual budget process has become much more difficult. The sluggish economy has had a major impact on historical revenue streams such as tax levies, Local Government Aid, and interest earnings on short-term investments. The revenue shortfall is placing great pressure on cities to make their daily operations more efficient and still be able to provide residents with the core services they come to expect.

Understandably so, many cities have resorted to short-term fixes such as hiring and pay freezes, and capital improvements delays to mitigate revenue shortfalls. Over time these solutions become less effective and will affect City services and infrastructure needs. As the economic downturn continues cities may take a harder look at the services they are providing and their user fee structures.

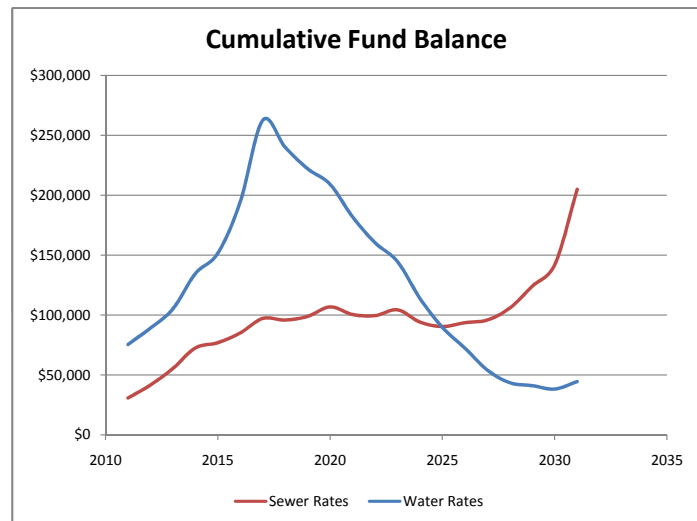
Upcoming Program Deadlines

June 1, 2011—DNR Fire Assistance Grants

June 30, 2011—Financial Statements Due to State Auditor's Office

August 1, 2011—DEED Redevelopment Grant Program

Ongoing—DEED Public Infrastructure Program



Many of the cities we talk to have delayed capital equipment replacement. In instances when equipment must be replaced, many cities have resorted to financing or leasing the replacement instead of outright purchasing. While financing/leasing still creates an expenditure in the budget, it could help you reduce expenditures from your budget in the short-term.

CAPITAL IMPROVEMENT/EQUIPMENT REPLACEMENT PLANNING

Capital Improvement Plans (CIP) and Equipment Replacement schedules are medium-range planning documents that municipalities utilize to prepare for infrastructure improvement and equipment replacement. CIP's usually include a broad range of projects, including utility improvements, street reconstructions, public buildings, and other major public infrastructure.

A CIP will generally project five years into the future, and is revisited on an annual basis. Typically CIP's include a summary per year of anticipated costs

broken down by department or work group. Each individual project often has a summary sheet to provide a description of the project, the basis for its need, a summary of estimated costs, and the anticipated timeframe for the project.

An equipment replacement schedule is a planning tool used to replacement equipment at the end of its life cycle; normally 10 – 12 years.

The data produce from both of these planning tools can easily be implemented into the City's annual budget and used in rate studies (see above graph).

At Your Service

We would be happy to assist you with any of these issues. Please feel free to contact us with any questions.

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