

Memorandum

To: City Council
From: Carolina Yuen
Date: June 29, 2023
Re: Additional Department Expense Review for FY2023/24 Budget Workshop

Mayor Davis and Councilmember O'Connell as members of the Fiscal and Administrative Policy Subcommittee met with City Manager Clay Holstine and Finance Director Carolina Yuen on June 27th for a preliminary look at revised budget schedules issued as part of the agenda packet for the continued FY2023/24 Budget Workshop scheduled for the City Council June 29 Meeting.

No adjustments were made to the original budget request, with revenues projected at \$26,695,707, and General Fund expenditures and transfers requested at \$28,599,443. Included in the packet to fulfill City Council's request was a comparison to the FY23 budget for each department for context. Staff reiterates that the City has a healthy Fund Balance but maintains a conservative outlook on revenues. Staffing changes requested are staffing reclassifications or upgrades to certain positions in order to provide opportunities for career growth and retention, but no headcount has been added unless authorized by Council at previous meetings. Department schedules provided included budget requests as well as explanations for other year-over-year variances including increases dictated by external sources, corrections from previous year's budget, transfers between departments and discontinued programs or reductions in expenses.

The Mayor and Councilmember expressed concerns for the request to use Fund Balance in order to balance the budget. Staff agreed to provide additional information on budget requests where there are potential savings, either built in due to open positions or program timing, or where staff could delay rollouts of some purchases until after the mid-year results are known. A delay will lessen any immediate stress to the fund balance. Attached is the resulting list of staff-identified potential savings for the FY24 budget. The result is a total of \$551,990, or 2% of requested budget.

At the top of the attachment staff has also provided a list of items that are not necessarily new budget requests but increases that impact the entire organization, including an increase to our workers' compensation and general liability insurance premiums. The workers' compensation increase is a lag based on increases to worker's compensation cases in recent years. If incidents decrease, we can see a decrease in the premium in future years.

Staff also wanted to highlight that as part of the initial FY24 budget preparation, staff identified there were a few ongoing expenses omitted from the FY23 budget and needed to be restored. Although there were extensive reviews and tests as part of the FY23 budget software implementation, there were a few items that were missed. These are not budget requests but restoration of ongoing programs or expense items.

This information is provided for your review ahead of the meeting in an attempt to answer questions as you review department expenses, to address areas where departments have no control of the change and highlight areas that we can potentially see savings.

