

# Council Mid-Year Retreat

June 14, 2024



## 2025 Budget Discussion/Approach

# Discussion Topics

- Financial Resilience Strategy
  - Budget Guidelines
  - Prioritization Criteria
  - Long-Term Financial Strategy
- 2025 Budget Approach – Direction to Staff
- Early Reduction Ideas
- Council Discussion – Working Together on the 2025 Budget
- Update – Budget Sustainability Team

# Financial Resilience Strategy - Budget Guidelines

- Comprehensive Plan/Focus Areas
- Master Plans
- Voter Approved Initiatives
- Continuous Improvement & Innovation
- Long-Term Financial Strategy Principles



# Financial Resilience Strategy - Prioritization Criteria

- Regulatory Requirement
- Minimizing/Limiting Impacts to Employees
- Sustaining City services to Support the Community
- Council/Community Priority
- Climate/Equity Framework
- Declared Emergencies

# Financial Resilience Strategy - Long Term Financial Strategy

Long-term financial planning encourages strategic thinking and provides decision-makers with the tools to allow for making better business decisions by focusing on long-term objectives and the future impact of current decisions.

Long-term financial planning provides a platform for analyzing trends as well as risk factors that may impact the City's financial standing and, allows for the organization to be proactive in addressing any issues.

# Financial Resilience Strategy - Long Term Financial Strategy

1. The city maintains 10-year financial forecasts for five (General Fund, Water, Sewer, Solid Waste, and Storm Water) major funds as reported in the city Annual Comprehensive Financial Report (ACFR). These forecasts provide a forward-looking view of these funds allowing City officials and others to evaluate their long-term sustainability. All forecasts are built assuming status quo operations meaning that no new positions, programs, or rates are included in the forecast. Increases in charges for service or sales revenue is based on growth.
2. Maintaining, updating, and creating financial policies aligning with best practices to guide financial operations and financial decision making.
3. Integrating and aligning financial planning in other City strategic planning processes including the Comprehensive Plan, Transportation Improvement Plan, Utility Improvement Plans, and the Capital Facilities Plan.

# Financial Resilience Strategy - Long Term Financial Strategy

4. Identify and assess potential risks, including unfunded liabilities, changes in the economy, regulatory changes, and other issues that may impact the City's financial position and proactively take steps to help mitigate these identified risks.
5. When initiating a new program or activity, ensure that revenue to pay for the service is sustainable over time, ensure the service provided can be done well and pursue innovative service delivery methods, seek partnerships and other cost sharing strategies, be entrepreneurial, and continue to seek operational efficiencies.
6. Assess infrastructure condition and preserve and maintain current infrastructure through maintenance and repair schedules to achieve at least the full useful life of the asset.

# Approach – 2025 Budget Direction to Staff

- Hold The Line – No Increases
- No Enhancements without Revenue Offset
  - Must be Mission Critical
- No Utility Enhancements Unless Mission Critical
- Soft Hiring Freeze – July 1, 2024
  - City Manager Approval Required
- Reductions in Parks/Public Works Seasonals – 2025
- PC Lifecycle Delays
- Use of Fund Balance to Close Gap - \$4M-\$5M



# Early Possible 2025 Reductions Ideas

- Clean Team Funded by Waste ReSources Utility - \$700,000
- PC Lifecycle Delay - \$175,000
- Reductions in Seasonals - \$50,000
- Soft Hiring Freeze (Delayed Hirings) - \$200,000
- Other Operating/GF Budget Savings - \$500,000
  - Allocations
  - Operations

GF Reduction Goal - \$1 Million - \$1.5 Million

# Council Discussion

- Request – No Additions w/o Revenue Offset
  - Youth Council Support Position Needed – Planned for 2025 Budget
  - COLE Support Position Needed – Funded by Prop 1
- Council Interests/Discussion for 2025?

# Budget Sustainability Update

## **Planning**

May – July 2024

## **Phase 1: Learn & Define the Problem**

August – October 2024

## **Phase 2: Open Dialogue**

October 2024 – January 2025

## **Phase 3: Scenario Testing**

February – May 2025

# Budget Sustainability Update

## Planning Phase (May-July):

- Community polling
- Comparable cities budget analysis
- City finance reporting and website updates
- Speaker's bureau to share progress on community priorities
- Employee communication and engagement
- Community communication and engagement strategy development



Questions?  
Thank you!