

# Mid-Year Budget Adjustment

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CITY COUNCIL

JANUARY 28, 2025

PRESENTER:

ALAN ALTON, CHIEF FINANCIAL OFFICER



# Background

October 22, 2024, Study Session

- Presented Forecast showing significant deficit
- Presented Budget Reduction Strategy
- Identified cuts to take place immediately and as part of FY 2025-26 budget development

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Revenues	\$213.0	\$218.1	\$224.8	\$230.0	\$235.0
Transfers In	2.3	2.3	2.3	2.3	2.3
<b>Total Revenues &amp; TI</b>	<b>\$215.3</b>	<b>\$220.4</b>	<b>\$227.1</b>	<b>\$232.3</b>	<b>\$237.3</b>
Expenditures	220.2	227.0	238.5	252.3	263.8
Transfers Out	8.4	9.8	13.2	10.3	9.8
<b>Total Expenditures &amp; TO</b>	<b>\$228.6</b>	<b>\$236.8</b>	<b>\$251.7</b>	<b>\$262.6</b>	<b>\$273.7</b>
<b>Budgeted Deficit</b>	<b>(\$13.3)</b>	<b>(\$16.4)</b>	<b>(\$24.6)</b>	<b>(\$30.3)</b>	<b>(\$36.4)</b>

# Council Action

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This Council Item involves three council actions:

- Council action required to make FY 2024-25 reductions effective
- Amend the FY 2024-25 to create a new position for Water department
- Appropriation to pay \$50,000 member assessment from Renewal Enterprise District (RED)

# Department Reductions

OCTOBER 22, 2024, STUDY SESSION

CURRENT LIST

<b>One-Time Savings</b>	
PGE Funded Projects	\$9.2 million
Withdrawal Pension 115 Trust	\$12.0 million
<b>Total One-time Savings</b>	<b>\$21.2 million</b>
<b>Ongoing Savings</b>	
Hiring Freeze	\$2.0 million
FY 24-25 Reductions (20 FTE)	\$3.3 million
FY 24-25 Ops Reductions	\$1.4 million
FY 25-26 Pos. Reductions (5 FTE)	\$1.0 million
FY 25-26 Ops Reductions	\$400,000
<b>Total Ongoing Savings</b>	<b>\$8.2 million</b>
<b>Total Revised Reductions</b>	<b>\$29.4 million</b>

<b>One-Time Savings</b>	
PGE Funded Projects	\$9.2 million
<b>Total One-time Savings</b>	<b>\$9.2 million</b>
<b>Ongoing Savings</b>	
Hiring Freeze	\$2.0 million
FY 24-25 Reductions (19 FTE)	\$2.6 million
FY 24-25 Ops Reductions	\$1.4 million
FY 25-26 Pos. Reductions (5 FTE)	\$1.0 million
FY 25-26 Ops Reductions	\$380,000
<b>Total Ongoing Savings</b>	<b>\$7.4 million</b>
<b>Total Revised Reductions</b>	<b>\$16.6 million</b>

# Department Reductions

Department	Midyear Cut	Cut %	2024-25 Budget
City Manager's Office	359,900.00	10.54%	3,415,943.65
City Attorney's Office	2,500.00	0.05%	4,883,549.28
Human Resources	202,435.00	4.08%	4,958,961.65
Finance	10,000.00	0.13%	7,715,900.95
Fire	900,000.00	1.54%	58,365,298.65
PED	457,590.00	2.27%	20,122,902.85
Rec & Parks	513,256.00	2.70%	18,999,506.55
TPW	1,191,605.00	4.41%	27,001,149.94
HCS	8,000.00	6.39%	125,206.99
Storm Water	40,000.00	5.01%	798,969.00
Police	160,502.00	0.20%	80,298,552.61
CIRO	211,368.00	17.70%	1,194,117.78

\* Adjustments to be made post election

# Department Position Reductions

FY 2024-25 Budget Reductions - <b>Effective January 28, 2025</b>			
Dept	Key	Description	Amount
CMO	020101	1.0 FTE Clean Energy Manager	225,000
CMO	020101	1.0 FTE Administrative Technician – Confidential	134,900
HR/Risk	040101	1.0 FTE Organization Development & Training Manager	202,435
Fire	060200	4.0 FTE Firefighter/ Paramedic	900,000
Rec & Parks	090208	1.0 FTE Recreation Supervisor	138,328
TPW	100402	1.0 FTE Administrative Technician	132,000
TPW	100406	1.0 FTE Senior Admin Assistant	22,000
TPW	100503	1.0 FTE **	153,000
TPW	100304	1.0 FTE Assistant Civil Engineer	43,000
TPW	100404 & 2@100403	3.0 FTE Civil Engineer Technician	99,000
TPW	100502	2.0 Skilled Maintenance Workers - Streets	210,000
Police	170601	1.0 FTE Field & Evidence Technician	160,502
CIRO	220101	1.0 FTE Marketing & Outreach Coordinator	211,368
		<b>Total FTE Reductions</b>	<b>2,631,533</b>

# Department Operational Reductions

FY 2024-25 Budget Reductions - Effective January 28, 2025			
Dept	Key	Description	Amount
CAO	0300000	Operational Expenditures	2,500
Finance		Operational Expenditures	10,000
PED		Professional Services	457,590
Rec & Parks	390403-5320	Pony Express Contract	178,000
Rec & Parks	090303	Temporary Groundskeeper	84,525
Rec & Parks	390307-5341 & 390309-5341	Aquatics and Howarth Park Concessions	56,203
Rec & Parks	3900009-XXXX ?	Steele Lane Community Center	56,200
TPW		10% Reduction in light-duty Vehicles	198,596
TPW	100507-5320& 5321	10% Reduction in Facilities Services	120,854
TPW	100502-5341	Reduced Asphalt/ Pothole Maintenance	114,374
TPW	100503-5341	Reduced Street Light Maintenance	98,781
HCS	340707-5341 (5K) 5347 (3K)	Homeless Services Administration	8,000
Water		Storm Water staffing costs	40,000
		<b>Total Operational Reductions</b>	<b>1,425,623</b>

# Changes from Study Session

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## Position Reductions

- Removed 4 FTE vacant TPW positions from cut list
  - 1 FTE Electrician – Streets
  - 2 FTE Skilled Maintenance Worker – Streets
  - 1 FTE Maintenance Worker – Facilities
- These positions were removed from the reductions as an emphasis is placed on maintaining the high-level of customer service achieved over the last two years
- Additionally, there is an ongoing assessment indicating that these positions typically experience a high turnover rate, often remaining vacant
- This situation underscores the need for thoughtful consideration in sustaining service quality while evaluating which roles should be filled to effectively address resident expectations and operational efficiency

# Changes from Study Session

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Recreation and Parks Reductions added back to budget:

- Emergency Tree Removal Contract (\$110,000). Proposed to cut portion of \$260,000 contract, leaving \$150,000 for emergency tree.
  - Resources would be reallocated to continue the improvements the City has made in managing overgrown weeds and enhancing aesthetics.
- Tiny Tots (\$20,849) and Youth sports programs including L'il Sluggers and L'il Kickers (\$33,470). Per City Council direction from Study Session, adding amount back to budget and will look for outside funding source for program, or absorb in budget.
- 1.0 FTE Recreation Coordinator is needed in order to retain youth programming including City Booters, City Sluggers and the Tiny Tots program. Softball (net cost \$9,278). Recreation restructuring program, and along with \$50 increase in registration fees per softball team should be able to maintain program by reducing savings amount by \$9,278.

# Changes from Study Session

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## One Time reductions:

- PERS Pension 115 Trust (\$12 million). Initial proposal to withdraw the \$12 million principal and earnings from Pension fund. Council provided direction not to withdraw funds at this time but could revisit in the future should General Fund operations require that action.

# One-Time Funds: PG&E Projects

Department	Description	Amount
City Council	Translation Services (Written and Oral)	402,091
Comm. Engagement	Community Equity Capacity Building	34,846
Comm. Engagement	Youth Promotores/Youth Council	50,000
Comm. Engagement	DEI Spaces	57,860
Comm. Engagement	Community Empowerment Plan	127,766
Fire	Wildland Resiliency Planning "Response"	261,791
Fire	Vegetation Management	2,000,000
HCS	Down Payment Assistance	1,451,606
HR	City Staff Equity Capacity Training	115,000
HR (DEI)	SEED Equity Plan Prioritized Recommendations	150,000
PED	Climate Action Plan Implementation	150,000
TPW	Fire Station 5 Rebuild	500,000
TPW	PGE Fire Damaged Pavement - Non-Reimbursable	542
TPW	Fire Damaged Tree Removal Phase 2	82,407
TPW	FEMA Fire Damage Fountaingrove	3,800,000
	<b>Total</b>	<b>\$9,183,909</b>

# Classification Change

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- Delete 1 vacant FTE Environmental Compliance Inspector III, and add 1 FTE Trucked Waste Program Coordinator
  - Net change in position is 0
  - Vacant Environmental Compliance Inspector III was approved as part of FY 2024-25 budget as a place holder while the Trucked Waste Program Coordinator position was created
- Position is mid-management and will coordinate the field and office work relative to the Trucked Waste Program and activities required by numerous regulatory permits and agencies
- Position will also monitor discharges by waste haulers into the subregional wastewater treatment system
- Position in Unit 18, Miscellaneous Mid-Management with annual salary range of \$93,886 - \$113,319

# RED Member Assessment

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- In 2021, City loaned \$10M to establish the Renewal Enterprise District (RED)
  - This amount was matched by the County of Sonoma
- At the same time, the City and County contributed \$50,000 each to establish a General Fund reserve for the District
- In February 2023, the RED requested a one-time member assessment of \$50,000 to support basic operations, which was paid
- In December 2024, the RED is requesting a one-time member assessment of \$50,000 to support operations
- Funding for this request is not currently appropriated; payment would come from the unassigned General Fund reserves

# Fiscal Impact

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- Approval of the budget reductions in this item provide approximately \$4.0 million in ongoing savings to the General Fund; and \$9.2 million of one-time savings to increase the General Fund unassigned reserves
- This item also identifies and affirms another \$1.4 million in ongoing savings that will be implemented as part of the FY 2025-26 budget development
- The position change has no impact on the General Fund, and the cost differential of approximately \$5,300 will be absorbed in Water budget for FY 2024-25, and included in future Water operating budgets
- The \$50,000 RED member assessment represents a one-time cost to the unassigned General Fund reserves.

# Recommendation

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It is recommended by Finance Department that the City Council, by two resolutions: 1) amend the Fiscal Year (FY) 2024-25 general fund budget to make budget reductions as set forth in Exhibit A of the resolution; 2) amend the FY 2024-25 Salary and Classification plan to include a new classification of Trucked Waste Coordinator in Unit 18 – Miscellaneous Mid-Management; and 3) increase appropriations from the General Fund unassigned reserves by \$50,000 to provide additional funding to the Renewal Enterprise District (RED).

# Questions?

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