



Finance and Budget Committee
Tuesday, November 8, 2022 @ 5:00 PM
Lorraine H. Morton Civic Center

COMMITTEE MEMBER PRESENT:

Shari Reiches, Resident, David Livingston, Resident, Leslie McMillan, Resident, Melissa Wynne, Councilmember, Clare Kelly, Councilmember, and Jonathan Nieuwsma, Councilmember

COMMITTEE MEMBER ABSENT:

Bobby Burns, Councilmember

STAFF PRESENT:

Jessica Tapia, Finance Analyst, Hitesh Desai, Chief Financial Officer/Treasurer, and Clayton Black, Budget Manager

1. CALL TO ORDER/DECLARATION OF A QUORUM

Chair David Livingston called the meeting to order at 5:07 PM.

2. PUBLIC COMMENT

A. Trisha Connolly wants a written report from the Finance & Budget committee detailing all City debt.

Ray Friedman inquired about the City debt and how much the debt service is every year.

3. APPROVAL OF MINUTES

A. Approval of the October 11, 2022 Finance & Budget Committee minutes

4. DISCUSSION

A. 2023 Budget Discussion

Clayton Black, Budget Manager and Hitesh Desai, CFO presented a revised budget for 2023. The revised budget resulted in an overall reduction of approximately \$2 million from the original budget that was proposed last month. The total revised budget represents a \$40 million increase from the 2022 budget. A large part of this increase is due to a water intake project that is being funded by federal and state low-interest loans. The project is being reimbursed by water wholesale customers that the City sells water to.

There was a lengthy discussion about capital improvement projects and how they will be funded. Members of the committee spoke on their desire for the City to minimize the issuance bonds in 2023 for these projects and would like to see staff reprioritize what projects actually have to be done.

Staff is projecting a \$14 million operating General Fund surplus FY 2022 that is the result of revenues that are over performing like the Real Estate Transfer Tax and Personal Property Replacement Tax as well as savings from vacancies across various departments. There were several expenses that were not budgeted in 2022 that were approved by City Council throughout the year. At the fund level, there is a budget amendment for any funds that go over budget. Committee members would like to see regular reporting from staff on any projected overage in expenses.

After several discussions with residents and councilmembers, there have been several changes made to the revised budget. These changes include a change in vacancy rate from 2% to 4%, a reduced number of proposed new positions, and the elimination of the property tax increase.

The committee aligned on a plan to get the City on a path towards 100% funding of the pensions. With the increase in contributions estimated at \$4.5 million, they recommended that in FY 23, the City increase the property tax levy in an amount not to exceed \$2 million while the remaining \$2.5 million would come from General Fund excess reserves. Council Member Kelly was concerned that the property tax increase may not be supported by the City Council so she said that we should, at a minimum, do the \$2.5 million transfer to the pensions from General Fund excess reserves. Council Member Nieuwsma stated that the discussion on funding of any incremental pension contribution would be continued with the full City Council.

5. ADJOURNMENT

Meeting was adjourned by Chair Livingston at 6:46 PM.