



BUDGET INTRO AND NEW METHODOLOGY

APRIL 24, 2023



25 YEARS

1999

- General Fund \$7,130,511
- Enterprise Funds \$20,524,365
- Projects over \$100k 15
- FTE 175

2024

- General Fund \$29,662,550 **416%**
 - Enterprise Funds \$54,726,369 **267%**
 - Projects over \$100k 42 **280%**
 - FTE 333 **190%**
-
- Inflation 96% (CPI-W)
 - Growth 79%

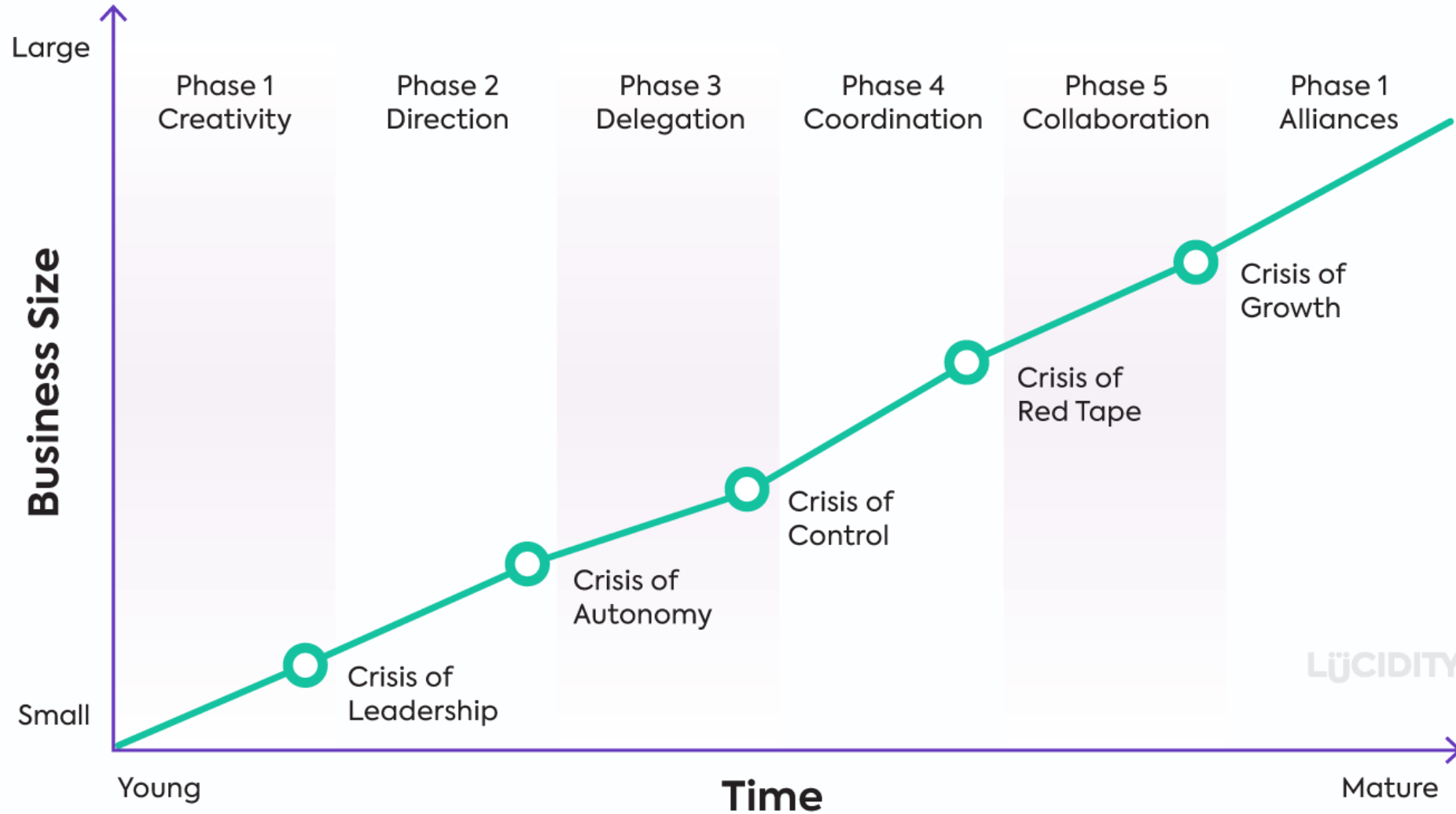


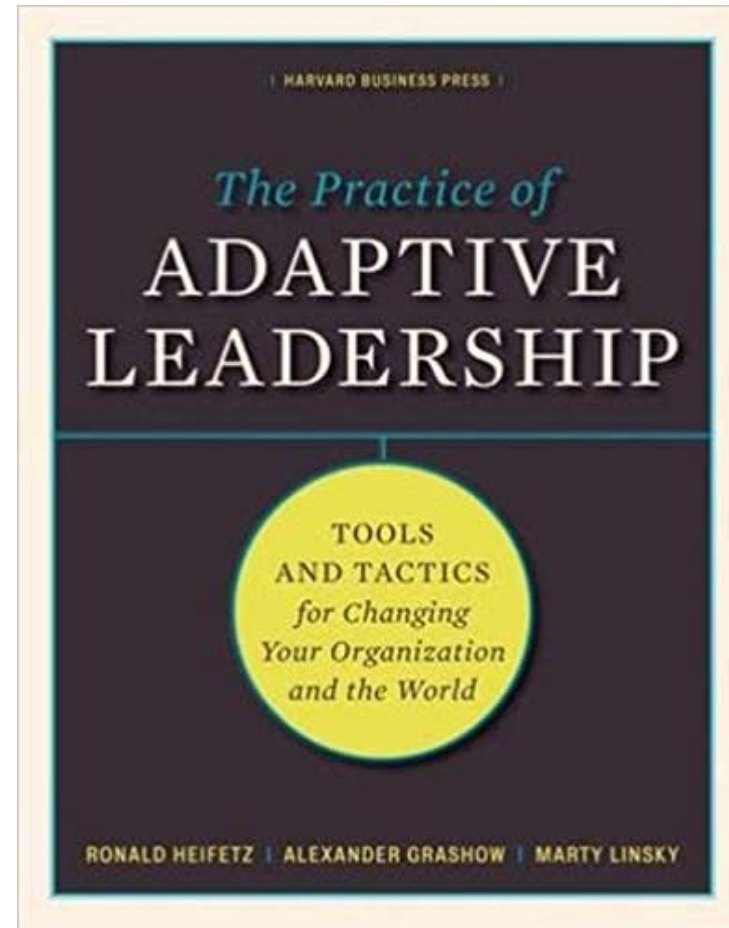
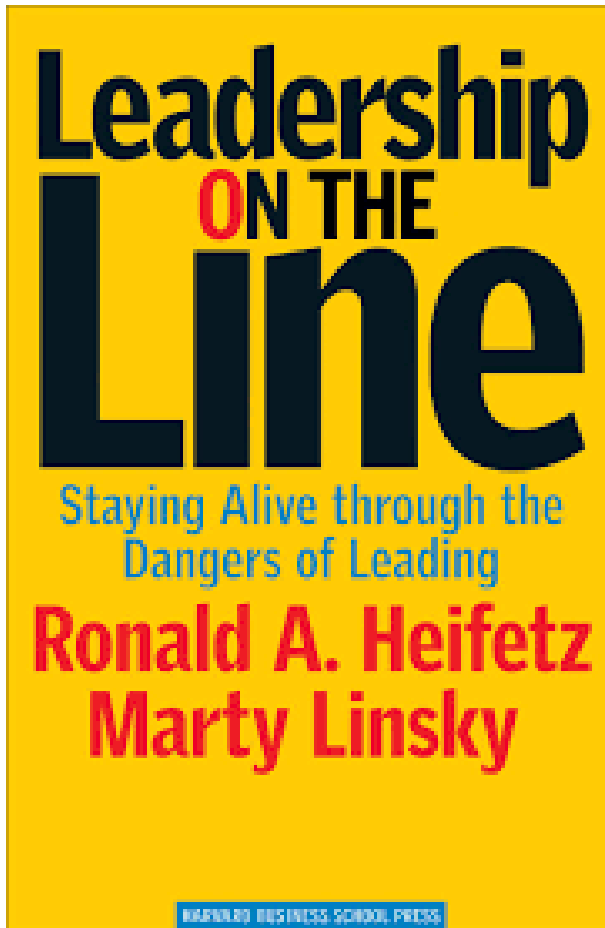
HIROSHI MIKITANI'S RULE OF 3 AND 10





Greiner's Growth Model

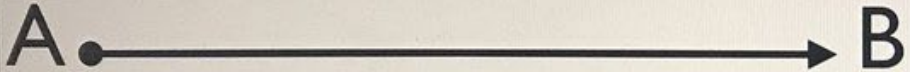




Adaptive challenges are ambiguous, systemic problems with no easy answers. There is no map or blueprint for action—and the solutions don't reside in the formal leaders at HQ.



Technical and Adaptive Change

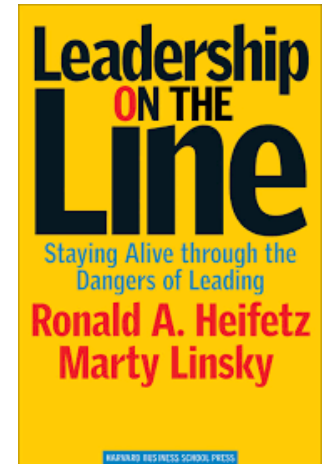
Technical Change ^{-first order}	Adaptive Change ^{-second order}
	
extend and refine past practices	ends past practices, requires new practices
maintains current organizational ways of working	demands new organizational ways of working
aligns with personal values and beliefs	challenges previously held values, beliefs and assumptions
can be implemented easily using current knowledge and skills	requires new knowledge and new skills of listening and working

Fullan, Heifetz, and Linsky (2002-05)



CHALLENGES WE ARE FACING - A SAMPLING

- New Boards and Commissions
- Dealing with staff turnover and the lack of qualified replacements
- Inter-department Coordination to improve development processes
- Adjusting HR processes to allow for the variety of department's needs
- Shallow experience of frontline supervisors who may be unaware of our mission and culture
- Creating a mission, vision, culture and unity for adjusted departments
- Ensuring adequate internal controls in a growing and increasingly complex organization
- Empowering supervisors to take responsibility for their own legal and risk management issues



“While technical problems may be very complex and critically important (like replacing a faulty heart valve during cardiac surgery), they have known solutions that can be implemented by current know-how. They can be resolved through the application of authoritative expertise and through the organization’s current structures, procedures, and ways of doing things.

Adaptive challenges can only be addressed through changes in people’s priorities, beliefs, habits, and loyalties. Making progress requires going beyond any authoritative expertise to mobilize discovery, shedding certain entrenched ways, tolerating losses, and generating the new capacity to thrive anew.”

— Ronald A. Heifetz, [The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World](#)



ADAPTIVE LEADERSHIP IS COUNTER-INTUITIVE

Authority figures in the situations I just described are expected to have answers, and they will feel tremendous pressure to provide direction, protection, and order. And yet, and this is where it gets really interesting, if we are facing an adaptive challenge, leadership is **resisting the urge** and the expectations **to provide direction, protection, and order**. Leadership is giving the work back to the people, moving them into a place of disequilibrium—out of the status quo—and putting them into the proverbial “pressure cooker.” Exposing people to the risks, asking them tough questions, and putting the work on their shoulders. Leading through adaptive challenges must include getting people fully engaged and involved and not avoiding the important work that needs to be done.

- Leading Through Adaptive Challenges, [February 3, 2019](#) by [Tony Burgess](#)



WELCOME TO THE PRESSURE COOKER





NEW METHOD - SAME LOOK

- OLD

- CIP
- Operations
- New Programs and Employees
- Revenues largely projected by Finance
- Budget makers work back to zero

- NEW

- CIP
- New Service Levels
- Revenues largely produced by Directors
- Base Budget Allocations provided
- Directors spend allocation on operations, programs and employees within allocation
- Guidance comes from Admin and Finance as budget is already balanced



THOUGHTS FROM DIRECTORS

- *It was an escape from the path dependence to which the former process felt subject.*
- *I think one of the biggest positives in the new process is ownership.*
- *The Directors know their departments intimately, hence nuances necessitating change that may not have been fully understood by you or Bruce can now be addressed directly. I do appreciate your continued high-level oversight, which provides a critical “checks & balances” layer as the overall City budget is crafted.*
- *The new process helped/forced me to learn more about my budget. I will also be more motivated to track my budget throughout the year.*



POSITIVES

- Directors have significantly more control over their budget.
- Directors are much more focused on their revenue streams.
- Directors understand their entire budget much more.
- Directors have multiple incentives to identify their service levels and to maintain or improve them.
- Savings from service level reductions are quickly identified and these savings can be reallocated to increase other service levels.
- Granting control to the directors makes the process more scalable as the City grows.



RISKS

- The risk is spread. (This is technically a positive!)
- With choice comes accountability (and consequences.)
- The tools to assist when a department misses budget are limited.



KUDOS



TRANSFERS



			FY2024	FY2025	FY2025
		FY2023	APPROVED	TENTATIVE	VS FY2024
<u>GL Acct</u>	<u>Line Description</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>INC/(DEC)</u>
UTILITY EXPENSES					
10-9000-850	ELECTRIC UTILITY EXPENSE	540,351	700,000		(700,000)
10-9000-851	WATER UTILITY EXPENSE	82,049	90,049		(90,049)
10-9000-852	SEWER UTILITY EXPENSE	79,533	87,288		(87,288)
10-9000-853	STORM WATER UTILITY EXPENSE	20,990	22,606		(22,606)
10-9000-875	FACILITY SERVICE CHARGE	1,453,907	1,594,012		(1,594,012)
TRANSFERS					
10-9000-845	TRANSFER C ROAD RESERVES TO CIP	537,890	599,603	579,418	(20,185)
10-9000-846	TRANSFER TRANSPORTATION SALES TAX RESERVES TO CIP			50,087	
10-9000-849	TRANSFER PUBLIC ART RESERVES TO	75,000	-	-	
10-9000-870	TRANSFER TO DEBT SERVICE	1,345,538	1,344,338	1,344,788	450
10-9000-873	TRANSFER TO GOLF FUND	725,004	-		-
10-9000-874	TRANSFER TO CAPITAL IMPRV. FD.	5,765,904	4,213,138	3,483,685	(729,453)
10-9000-876	PAYMENT TO MBA FUND	404,165	405,878	412,571	6,693
10-9000-877	TRANSFER TO RDA FUND	15,000	-	-	-
10-9000-881	INC C-ROAD FUNDS RESERVES				-
10-9000-882	TRANSFER TO SID FUND				-
10-9000-886	TRANSFER VEHICLE FUND	1,244,426	1,340,045		(1,340,045)
	INC GENERAL FUND RESERVES				-
10-9000-889	INC PUBLIC ART RESERVES	-	107,294		(107,294)
10-9000-890	INC TRANSP. SALES TAX RESERVES		72,500		(72,500)
	TOTAL TRANSFERS	12,289,757	10,576,751	5,870,549	(4,756,289)



LIBRARY

\$2,001,997
- \$536,263
\$1,465,734

3.9%

		FY2023	FY2024	FY2024	FY2025	FY2025
		ACTUAL	APPROVED	MIDYEAR	TENTATIVE	VS FY2024
GL ACCT	LINE ITEM DESCRIPTION		BUDGET	ACTUAL	BUDGET	INC/(DEC)
PERSONNEL						
10-4580-110	PAYROLL - LIBRARIANS	349,865	364,823	186,135	395,442	30,619
10-4580-120	PART-TIME EMPLOYEE SALARIES	386,644	421,906	216,589	480,968	59,062
10-4580-130	EMPLOYEE BENEFITS	174,183	184,342	97,388	195,525	11,183
10-4580-140	OVERTIME PAY	177	750	296	750	-
10-4580-160	EMPLOYEE RECOGNITION	3,649	18,750	1,008	10,750	(8,000)
	TOTAL PERSONNEL	914,519	990,571	501,416	1,083,435	92,864
OPERATIONS						
10-4580-200	BUSINESS LUNCHES	741	1,100	337	900	(200)
10-4580-220	ORDINANCES AND PUBLICATIONS					
10-4580-230	MILEAGE AND TRAVEL ALLOWANCE	237	450	166	400	(50)
10-4580-236	TRAINING & EDUCATION	7,542	12,400	132	2,300	(10,100)
10-4580-237	EDUCATION REIMBURSEMENT	1,850	-	-	-	-
10-4580-240	OFFICE EXPEND. & CATALOGUE SUP	21,841	21,800	8,748	16,100	(5,700)
10-4580-241	BOOKS, MEDIA, ETC - ADULT	81,844	77,850	32,174	70,700	(7,150)
10-4580-242	BOOKS, MEDIA, ETC - FINES& RENT	50,289	61,250	34,697	53,177	(8,073)
10-4580-243	GRANTS	21,144	30,600	26,291	10,000	(20,600)
10-4580-245	BOOKS, MEDIA, ETC-CHILDREN&Y/A	40,563	42,800	17,749	42,950	150
10-4580-250	EQUIPMENT EXPENSE	2,572	2,100	1,162	600	(1,500)
10-4580-252	MAINTENANCE CONTRACTS	54,547	56,200	20,022	59,300	3,100
10-4580-255	COMPUTER OPERATIONS	193	2,000	270	1,500	(500)
10-4580-260	UTILITIES	32,702	26,000	10,274	32,000	6,000
10-4580-265	COMMUNICATION/TELEPHONE	6,570	6,933	2,507	4,947	(1,986)
10-4580-310	PROFESSIONAL & TECHNICAL	7,239	2,500	141	1,375	(1,125)
10-4580-510	INSURANCE & BONDS	10,610	9,900	12,432	12,900	3,000
10-4580-550	UNIFORMS	2,193	3,150	1,528	1,150	(2,000)
10-4580-610	LIBRARY PROGRAMS	44,342	46,300	12,406	50,600	2,300
10-4580-651	LIBRARY OPERATED SODA SALES	67	-	-	-	-
0-4580-ne	CITY UTILITIES				137,007	137,007
0-4580-ne	INTERNAL SERVICES CHARGE				378,797	378,797
0-4580-ne	VEHICLE & EQUIPMENT LEASE				20,459	20,459
10-4580-710	COMPUTER HARDWARE & SOFTWARE	15,602	9,250	5,070	18,900	9,650
10-4580-720	OFFICE FURNITURE & EQUIPMENT	2,753	6,000	-	2,500	(3,500)
	TOTAL OPERATIONS	405,643	420,583	186,105	918,562	497,979
	TOTAL LIBRARY	1,320,161	1,411,154	687,520	2,001,997	590,843



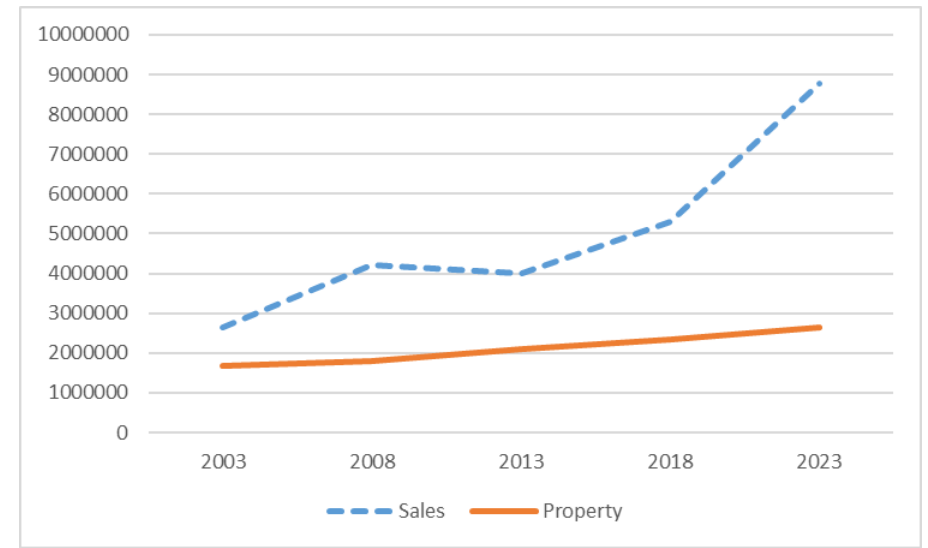
BUDGETED REVENUES

FY2024	\$37,363,075	
FY2025	\$39,355,962	
Change	\$ 1,992,887	5.3% Inc
Decrease in Development Related Budget	(\$ 872,750)	
Increase in Streets Revenues	\$ 439,623	



BUDGET HIGHLIGHTS

- All Budgets are balanced
 - No excess funds
 - Spent on Police
- Revenues include a 4% Property Tax Increase (\$10 / year on Average home)
- Utilities increase about \$60 per year on average home



Utility	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10y Ave	3y Ave
Power	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	1.0%	4.0%	11.00%	0.00%	1.7%	5.0%
Residential Water	3.0%	3.0%	9.0%	0.0%	2.5%	0.0%	3.0%	10.0%	9.75%	3.50%	4.0%	7.8%
Commercial Water	3.0%	5.0%	9.0%	0.0%	2.5%	0.0%	3.0%	10.0%	9.75%	3.50%	4.2%	7.8%
Secondary Water	0.0%	0.0%	0.0%	0.0%	2.5%	0.0%	3.0%	10.0%	9.75%	3.50%	3.2%	7.8%
Wastewater - Industrial	4.0%	0.0%	1.5%	3.0%	2.5%	0.0%	5.0%	7.0%	14.50%	3.50%	3.9%	8.3%
Wastewater - Other	6.0%	0.0%	1.5%	2.0%	2.5%	0.0%	3.0%	7.0%	9.75%	3.50%	3.3%	6.8%
Storm Water	0.0%	10.0%	0.0%	2.0%	2.5%	0.0%	12.0%	7.0%	7.70%	3.50%	4.2%	6.1%
Solid Waste	0.0%	4.20%	0.0%	3.0%	2.5%	0.0%	1.4%	7.0%	6.80%	0.00%	2.4%	4.6%
Recycling	0.0%	8.7%	16.0%	0.0%	2.5%	10.0%	1.4%	7.0%	8.80%	0.00%	5.1%	5.3%
Average of Big 3 (Power, Water, Wastewater-Residential)	3.0%	1.0%	3.5%	0.7%	2.5%	0.0%	2.3%	7.0%	10.2%	2.3%	3.3%	6.5%
Inflation - CPI-U	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	2.4%		2.56%	5.0%
CPI-U West Region	1.2%	1.9%	2.8%	3.1%	2.8%	1.5%	7.1%	6.2%			3.00%	4.9%
Social Security Increases	0.0%	0.3%	2.0%	2.8%	1.6%	1.3%	5.9%	8.7%	3.20%		2.75%	5.9%
Inflation on Calendar years												
Residential only Forecast												