

6/10/2024

DRAFT

Agenda Item Number 1b

Budget Committee

Vice Mayor Stephen Zollman
Councilmember Sandra Maurer



City of Sebastopol

City Manager
Don Schwartz
dschwartz@cityofsebastopol.gov
Assistant City Manager/City Clerk, MMC
Mary Gourley
mgourley@cityofsebastopol.gov
Administrative Services Director
Ana Kwong
akwong@cityofsebastopol.gov

Date: June 10, 2024

To: Sebastopol City Council Budget Committee – Vice Mayor Zollman and Councilmember Maurer

CC: Mayor Rich, Councilmember Hinton, Councilmember McLewis
Department Heads

From: Don Schwartz, City Manager

Re: Explanation of Budget Materials

=====

I am pleased to provide this memo to explain the budget materials that we are sharing with the Budget Committee and the public. These materials include:

1. Matrix Summarizing Budget Changes: We are preparing a matrix to summarize changes in the budgets for each Department. Each matrix includes the following:
 - a. Expense Column: Under the "Expense" column is a list of the high-level categories of expenses for each Department (salaries and wages, benefits, contracted services, etc.). These categories match those in our budget system and in the attachments.
 - b. 2023-2024 Adjusted Budget: This column shows the amount in each category of expenses in the budget for the current Fiscal Year (FY 2023-2024), with any adjustments made during the course of the Fiscal Year. The Fiscal Year runs from July 1 through June 30 of the following year. The intent is to provide a baseline to compare the amounts in FY 2023-2024 with the amounts in the proposed budget for FY 2024-2025.
 - c. 2024-2025 Proposed Budget: This shows the amount by budget category proposed for Fiscal Year 2024-2025.
 - d. \$ (Inc/Dec): This column reflects the difference (increased or decreased) by expense category between FY 2023-2024 and FY 2024-2025.
 - e. Explanation and Impacts: This column summarizes the changes by expense category when doing so is helpful. It also explains the implications of the proposed changes at a high level.

An example of the new matrix is included below:

MATRIX SUMMARIZING BUDGET CHANGES - SUMMARY - CITY CLERK DESCRIPTION OF CHANGES					
EXPENSE	2023-24 Adjusted Budget	2024-25 Proposed Budget	\$ Inc/(Dec) *	Type On-Going One Time	Explanation and Impacts
4010 - 4023 - Salaries & Wages	236,537	233,465	(3,072)	One Time	Removal of the One Time Payout - This was a payout that was paid to all City employees; Assistant City Manager/City Clerk voluntarily gave up the one time payment; therefore it was a reduction to this budget. Employee also took a 3% reduction in pay as well as a suspension of deferred compensation pay. However, said employee's contract has a re-opener; therefore the final budget numbers are unknown at this time as negotiations have not been completed.
4105 - 4184 - Benefits	83,264	50,279	(32,984)	One Time	The bulk of the reduction is due to removal of UAL (unfunded liabilities). The UAL is no longer listed in individual departments and is now shown in the non departmental budget for all departments.
4210 - 4270 - Contract Services	50,120	35,125	(14,995)	One Time	Filers would be required to file through the FPCC website (8200 Filers); and other filers would be required to file hard copy to City Clerk's office) - There has been mixed reactions to the use of the campaign portal and you cannot make someone file Form 700 on line only; Also City uses Code Publishing to update the City Municipal Code when there are Code changes. At this time there is no negative impact unless the city has unexpected Municipal Code Changes; if there are unexpected increases to code changes; this cost will need to be reassessed for increases/No negative impact unless City Council places more than one ballot measure on the November 2024 Election; this is for hard Costs to the County only; and is not for any consulting costs for education/writing of ballot measure/ordinance/staff reports, etc. NOTE: Contractor is requesting immediate payment for FY 24 25 - if we do not pay this soon; it may automatically cancel and we will need to use paper format submission .
4310 - 4345 - Services and Supplies	4,660	5,540	880	On Going	This department has worked to reduce supplies. However, the budget amount has been requested to be increased due to the upcoming November 2024 Election. There will be additional supplies needed for printing of City Council Candidate Handbooks and election materials.
4375 - Equipment Rental/Maintenance	3,500	3,500	-	N/A	NO CHANGE
4510 - 4515 - Conferences and Trainings	3,850	2,225	(1,625)	One Time	This budget has been reduced with the elimination of attendance at once conference. Typically the Clerk attends the two major conferences each year; but due to the fiscal emergency, is recommending attend one conference. Each conference ranges from \$500-\$600 for registration fee; and about \$1225 for lodging and transportation. Removal of One Conference for CAL Cities City Clerks - Impact could lead to lack of training; missing of critical election laws; which could impact City in a potential litigation issue depending on the issue.
4750 - Telecommunications	2,910	2,910	-	N/A	NO CHANGE
4996 - Allocated Insurance	41,904	42,605	701	On-Going	This is per our JPA with REMIFF/CIRA - It is based on their costs to the City.
Total Expense	426,745	375,649	(51,096)		

2. Along with the Matrix, we have included a table titled Summary-Department Name that includes much of the information above, along with additional columns to provide context. These columns include:
 - a. 2022-23 Actual: This column shows the actual spending by expense category in Fiscal Year 2022-23. We include it to provide historical context on past expenses.
 - b. 2023-2024 Adopted Budget: This reflects the amount in the Adopted FY 2023-2024 budget, before any adjustments. In almost all cases the Adopted and Adjusted budgets for FY 2023-2024 are the same. An example of where it is not the same is in the City Manager budget. The adopted budget was adjusted to include the addition of the \$200,000 allocation of funds to the City's solid waste delivery consultant (R3)
 - c. 2023-2024 Estimated Actual: This column reflects our best estimate at the actual expenses per category for the current Fiscal Year. Department directors were requested to review anticipated expenditures between now and June 30, 2024 .
 - d. % change: This column reflects the change in percentage terms between the 2024-25 Proposed Budget and the 2023-24 Adopted Budget.

An example of this matrix is shown below:

SUMMARY - CITY CLERK							
EXPENSE	2022-23 Actual	2023-24 Adopted Budget	2023-24 Adjusted Budget	2023-24 Estimated Actual	2024-25 Proposed Budget	\$ Inc/(Dec)	% Change
Salaries & Wages	226,113	236,537	236,537	225,800	233,465	(3,072)	-1.3%
Benefits	82,951	83,264	83,264	82,603	50,279	(32,984)	-39.6%
Contracted Services	72,918	50,120	50,120	42,500	35,125	(14,995)	-29.9%
Services & Supplies	4,612	4,660	4,660	5,000	5,540	880	18.9%
Equipment Rental/Maintenance	3,060	3,500	3,500	3,050	3,500	-	0.0%
Conference & Training Expense	387	3,850	3,850	500	2,225	(1,625)	-42.2%
Telecommunications	2,454	2,910	2,910	2,500	2,910	-	0.0%
Allocated Insurance	32,222	41,904	41,904	41,904	42,605	701	1.7%
Total Expense	424,717	426,745	426,745	403,857	375,649	(51,096)	-12.0%

3. We have also included a table titled 'Budget Expenditures' for each Department. This provides greater detail, with sub-categories for each of the budget categories. These tables include 4-digit labels for each sub-category. These 4-digit labels are known as "Objects," a term commonly used in local government

budgeting. The labels are consistent across the budgets of different departments. For example, we use 4010 in all budgets for full-time salaries and 4210 for contracts for professional services.

An example of this matrix is shown below:

Budget Expenditures							
City Clerk							
Account Number	2022-23 Actual	2023-24 Adopted Budget	2023-24 Adjusted Budget	2023-24 Estimated Actual	2024-25 Proposed Budget	\$ Inc/(Dec)	% Change
Salaries & Wages							
4010 - Salaries - Full Time	220,814	234,037	234,037	225,800	233,465	(572)	-0.2%
4011 - Salaries - Part Time	300	-	-	-	-	-	0.0%
4023 - One Time Payment	5,000	2,500	2,500	-	-	(2,500)	-100.0%
Total Salaries & Wages	226,113	236,537	236,537	225,800	233,465	(3,072)	-1.3%
Benefits							
4105 - Medicare & Fica	3,316	3,394	3,394	3,300	3,385	(8)	-0.2%
4106 - Vehicle Allowance	-	-	-	-	-	-	0.0%
4107 - Electronic Allowance	1,800	1,800	1,800	750	-	(1,800)	-100.0%
4110 - CalPERS Employer Rate	57,990	57,568	57,568	60,900	29,230	(28,338)	-49.2%
4121 - Deferred Compensation	4,200	4,200	4,200	1,933	4,200	-	0.0%
4130 - Health Insurance	9,662	10,217	10,217	9,800	11,221	1,004	9.8%
4140 - Retiree Health Insurance OPEB	3,733	3,700	3,700	3,700	-	(3,700)	-100.0%
4150 - Dental Insurance	934	933	933	920	961	28	3.0%
4151 - Vision Insurance	101	108	108	100	101	(7)	-6.3%
4181 - Long Term Disability Insurance	785	795	795	785	795	-	0.0%
4182 - Short Term Disability Insurance	314	432	432	300	269	(163)	-37.7%
4183 - EAP (Employee Asst Prog)	34	35	35	35	35	-	0.0%
4184 - Life Insurance	81	81	81	80	81	-	0.0%
Total Benefits	82,951	83,264	83,264	82,603	50,279	(32,984)	-39.6%
Contracted Services							
4210 - Professional Contract Services	56,778	10,120	10,120	2,500	5,125	(4,995)	-49.4%
4212 - Internet & Network /Technology Maint	-	-	-	-	-	-	0.0%
4270 - Elections	16,139	40,000	40,000	40,000	30,000	(10,000)	-25.0%
Total Contracted Services	72,918	50,120	50,120	42,500	35,125	(14,995)	-29.9%
Services & Supplies							
4310 - Office Supplies	2,278	2,500	2,500	2,500	1,900	(600)	-24.0%
4330 - Misc Supplies & Services	175	500	500	-	1,280	780	156.0%
4340 - Postage & Printing	9	100	100	-	-	(100)	-100.0%
4345 - Dues & Subscriptions	2,149	1,560	1,560	2,500	2,360	800	51.3%
Total Services & Supplies	4,612	4,660	4,660	5,000	5,540	880	18.9%
Equipment Rental/Maintenance							
4375 - Equipment Rental/Expenses	3,060	3,500	3,500	3,050	3,500	-	0.0%
Total Equipment Rental/Maintenance	3,060	3,500	3,500	3,050	3,500	-	0.0%
Conference & Training Expense							
4510 - Conference & Training	264	1,600	1,600	-	800	(800)	-50.0%
4515 - Meetings & Travel	123	2,250	2,250	500	1,425	(825)	-36.7%
Total Conference & Training Expense	387	3,850	3,850	500	2,225	(1,625)	-42.2%
Telecommunications							
4750 - Telecommunications	2,454	2,910	2,910	2,500	2,910	-	0.0%
Total Telecommunications	2,454	2,910	2,910	2,500	2,910	-	0.0%
Allocated Insurance							
4996 - Allocated Liability Insurance	15,969	19,130	19,130	19,130	21,055	1,925	10.1%
4997 - Allocated Wrks Comp Insurance	16,253	22,774	22,774	22,774	21,550	(1,224)	-5.4%
Total Allocated Insurance	32,222	41,904	41,904	41,904	42,605	701	1.7%
Total Operation	424,717	426,745	426,745	403,857	375,649	(51,096)	-12.0%

- Object Details: The last table document provides a further level of detail for some of the Objects. For example, different contracts are listed within Object 4210 for that Department. We also include the cost per unit of service, and the number of units anticipated for purchase.

An example of this is table is shown below:

City of Sebastopol*				
Object Details				
Object	Worksheet Description	Worksheet Unit Price	Worksheet Quantity	Worksheet Total
Grand Total		44720	44	45800
4210 - Professional Contract Services				
4210 - Professional Contract Services	Annual Muni-Code Updates	5,000	1	5,000
4210 - Professional Contract Services	Annual Zoom Contract	125	1	125
4210 - Professional Contract Services	Granicus Contract	1,835	0	-
Total 4210 - Professional Contract Services		6,960	2	5,125
4270 - Elections				
4270 - Elections	1 Ballot Measure	14,500	1	14,500
4270 - Elections	2 Council Seats	15,000	1	15,000
4270 - Elections	Election Materials	500	1	500
Total 4270 - Elections		30,000	3	30,000
4310 - Office Supplies				
4310 - Office Supplies	Misc Routine Supplies (tapes/labels/folders/paper allocation)	1,900	1	1,900
Total 4310 - Office Supplies		1,900	1	1,900
4330 - Misc Supplies & Services				
4330 - Misc Supplies & Services	Canon Copier Lease	65	12	780
4330 - Misc Supplies & Services	Clerk/Notary Supplies	500	1	500
Total 4330 - Misc Supplies & Services		565	13	1,280
4345 - Dues & Subscriptions				
4345 - Dues & Subscriptions	Adobe	300	1	300
4345 - Dues & Subscriptions	Annual Code Publishing	1,100	1	1,100
4345 - Dues & Subscriptions	CCAC (City Clerks Association of California)	125	1	125
4345 - Dues & Subscriptions	Doodle Subscription	345	1	345
4345 - Dues & Subscriptions	ICMA (International City/County Management Association)	200	1	200
4345 - Dues & Subscriptions	IIMC (Internation Institute of Municipal Clerks)	215	1	215
4345 - Dues & Subscriptions	MMANC (Municipal Management Association of Northern California)	75	1	75
Total 4345 - Dues & Subscriptions		2,360	7	2,360
4510 - Conference & Training				
4510 - Conference & Training	League of California City Annual Clerk Conference	500	1	500
4510 - Conference & Training	Other Various Webinar	300	1	300
Total 4510 - Conference & Training		800	2	800
4515 - Meetings & Travel				
4515 - Meetings & Travel	Clerks Conference (Air/Hotel)	1,275	1	1,275
4515 - Meetings & Travel	M&C Meeting Dinner (\$50 x 3)	150	1	150
Total 4515 - Meetings & Travel		1,425	2	1,425
4750 - Telecommunications				
4750 - Telecommunications	Fax Line Shared	150	1	150
4750 - Telecommunications	Land Line Phone Allocation	360	1	360
4750 - Telecommunications	Sonic Shared	200	12	2,400
Total 4750 - Telecommunications		710	14	2,910

We hope that these materials promote transparency and make it easier for the City Council and members of the public – as well as staff – to understand the budgets for Departments, possible changes, and the implications of those changes. We are focused on the City's General Fund, which pays for most City functions.

We strongly encourage all Councilmembers to review this memo, all subsequent report outs, the transmittal letter associated with the final proposed budget along with associated materials in detail prior to the meetings to facilitate a thorough and informed discussion. Please pay particular attention to the 'Explanation and Impacts' column, as it outlines the reasons behind budget changes and their potential effects on city operations. Understanding these details is crucial for maintaining transparency and making informed decisions that best serve our community.

If you have any questions or require further clarification on any section, please do not hesitate to contact the following staff members:

Don Schwartz, City Manager | dschwartz@cityofsebastopol.gov | 707-823-1153

Mary Gourley, Assistant City Manager/City Clerk | mgourley@cityofsebastopol.gov 707-823-1153

Ana Kwong, Administrative Services Director | akwong@cityofsebastopol.gov | 707-824-4879