

CITY COUNCIL REPORT

DATE: February 16, 2019

TO: Mayor and Councilmembers

FROM: Jerene Watson, Interim City Manager
Luis Pedroza, Finance Director City Treasurer

SUBJECT: RESPONSE TO A REQUEST FOR INFORMATION FROM MAYOR URIBE
ON EFFORTS TO BRING BUDGET INTO ALIGNMENT FROM DEFICIT
AT END OF 2ND QUARTER, 2018

The report is in response to a question from Mayor Uribe regarding where we are in our budget efforts to close the deficit in light of finances at the end of 2nd Quarter 2018.

DISCUSSION:

We have begun stepping away from the \$237,613 deficit at the end of last quarter. Following are the areas that were showing deficits at that time.

	FY 18/19 Budget	Adj Budget Thru Dec 31	Actuals thru Dec 31	Difference	Reasons
City Atty.	\$81,322	40,661	53,131	(12,470)	Salaries/Benefits over budget
Visitor Ctr.	62,385	31,193	32,614	(1,421)	Payment of platinum sponsorship UofA Scholarship \$2,000
Parking Lot	-	-	523	(523)	Utilities to be transferred to CBP
Human Res.	398,240	199,120	208,733	(9,613)	Liability Ins.pymt. \$71,036
Cemetery	151,887	75,944	77,198	(1,254)	Construction Material
Recreation	184,943	92,472	95,287	(5,815)	Sp. Events/Seasonal Salaries Overage
Fire	833,766	916,883	977,984	(61,101)	Response to Out of State Fire (O/T, Travel Travel) & Uniforms for the year
EMS	1,671,461	835,731	980,743	(145,012)	EMS response O/T
Call Center	41,757	20,879	21,288	(409)	Liability Ins. due at the beginning of year.

Noted is the primary factor of the EMS calls that accumulate high overtime expenses that ran over \$200,000 above the projected for the quarter.

There are several ways to strategically bring reductions rather than straight cut back management without regard to the unique services of each department. I have begun meeting with Department Directors to review their departmental budgets, programs and services. Later this coming week at Leadership Team meeting we will discuss specifics on what I'd like each Director to determine will yield meaningful reductions in their departmental spending to get us back in the black. I ascribe to keeping Directors responsible for overspending in line items and departmental budgets and ask they take the measures now to get budgets back into alignment.

In that regard, two Directors have already shared information on places they see savings they can manage into their budgets. In early January when Chief Lomeli took over the department,

he immediately began to look at ways to reduce the large overtime and EMS costs, primarily associated with our transport service for medical needs and emergencies. He has explained to his team that new policies regarding overtime are now in effect. Additionally, he provided information to the Finance Director and me about ways to continue the planned re-alignment of staff while freezing four positions to keep it basically cost-neutral. His assessment and evaluation of expenditures in his department continue, including a just-completed audit of the EMS billing practices. This is just one department but it shows the leadership that can bring the corrections needed.

It will be important to view the budget holistically with the revenues and savings shown along with the reductions. As we continue forward, we will have presentations to Council that will keep you apprised of our progress in course correction and budgetary actions to finish the year within budget, or very close. That's my goal along with presenting next year's budget and developing capacity to reach our goals.

RECOMMENDATION / CONCLUSION:

This report is for information only.