



MEMORANDUM

TO: Council Members

FROM: Jesús Garza, Interim City Manager

DATE: March 24, 2023

SUBJECT: **Strategic Plan & Fiscal Year 2023-24 Budget Process**

Upon my appointment as Interim City Manager, I began discussing with each of you our priorities as a City including how to incorporate these priorities in the strategic planning and budget development processes. This memo will provide you with an update on the changes I am implementing on these two important processes.

Strategic Planning

We will transition from the City's former strategic plan, Strategic Direction 2023, to a new, management-driven, strategic planning model that will rapidly and effectively respond to the priorities of the City Council. The plan will continue to use the City's established vision and values; however, it will now incorporate specific and achievable goals, performance measures within the City's span of control, and actionable strategies that support progress on each measure.

Over the next several months, staff will work to finalize the organizational goals for inclusion in the proposed budget with the intent to complete measure and strategy creation by December 2023. This plan will be a living document that will inform management, council, and the community of the progress we make as an organization, while remaining agile enough to address new or evolving priorities and challenges as they come.

Fiscal Year 2024-2028 Financial Forecast

The budget development process begins with presenting a five-year financial forecast to provide a preliminary high-level projection of the City's financial outlook based on anticipated revenues and baseline cost drivers. Over the last several years the financial forecast has been presented only in report format. This year we will be adding a work session where we will provide a forecast presentation that will focus on the General Fund, large enterprise funds and the capital improvement program.

No-New-Revenue Rate

As we launch the Fiscal Year 2023-24 (FY24) budget process, it is essential that we take a holistic and disciplined approach to ensure that we are making the best operational and financial decisions for the coming fiscal year. It is my intention to start the process by building a preliminary budget that does not require a property tax increase. Likewise, all departments - enterprise and internal services funds - will

begin the budget process assuming no increases in rates and fees. The objective of this shift from past practice is to infuse a heightened degree of fiscal discipline into the budget development process.

Vacancies

Although we have made great progress in addressing our vacancies despite the challenges presented by the highly competitive labor market, we are still experiencing a high citywide vacancy rate. To support the goal of examining a budget with no tax or fee increases, and to increase funding available for new investments to advance City priorities, we must address vacancies directly and proactively. Therefore, I have issued two directives for the FY2024 budget process: First, departments with vacancy rates higher than 15% will not be authorized to include requests for new positions in their FY2024 budget submittals. Second, any positions that have been vacant for two years or longer, as of the pay period ending April 8, 2023, will be eliminated.

Budget Timeline

Although the budget process will generally remain in place as listed on the current council calendar, there are a few changes that I would like to highlight for your awareness. In addition to the financial forecast report being distributed on April 28, 2023, staff will provide a financial forecast presentation on Tuesday, May 2, 2023, during the regularly scheduled council work session.

The FY2023-24 Proposed Budget document will be delivered to each council office on Friday, July 14, 2023. Staff will also provide a proposed budget presentation to the full council on Wednesday, July 19, 2023. The full proposed budget calendar dates are below.

April	
Friday, April 28, 2023	Financial Forecast Report Delivered
*Tuesday May 2, 2023	Financial Forecast Presentation

July	
Friday July 14, 2023	Proposed Budget Distributed
*Wednesday, July 19, 2023	Proposed Budget Presentation
Wednesday, July 26, 2023	Council Budget Work Session & Input Meeting (10am)

August	
Tuesday, August 1, 2023	Council Budget work session (10am)
Thursday, August 3, 2023	Council Budget Work Session (10am), *set max tax rate & community input (3pm)
Tuesday, August 8, 2023	Council budget work session (10am)
Thursday, August 10, 2023	Council Budget Work session (10am)
Wednesday, August 16, 2023	Budget Public Hearing & Public Hearing on Tax Rate
Wednesday-Friday, August 16-18, 2023	Budget Readings(10am); includes ratify increase and adopt tax rate (10am); call election, if necessary

***New Calendar Dates**

cc: CMO Executive Team
 Ed Van Eenoo, Chief Financial Officer
 Kerri Lang, Budget Officer