Anacortes City Council

City Council Retreat
June 12, 2025
8:00 a.m.

NW ESD Reid Harbor Room
1601 R Avenue, Anacortes WA

AGENDA

- Call to Order
- Welcome and Agenda Overview
- Adjourn

Budget Discussion

Steve Hoglund

June 12, 2025

Agenda

- 2025 Budget Status
- Budget Outlook and Strategies
  - Goals for today
  - 2026 Resource Cost Projections
  - Revenue Overview
  - Expense Overview
  - Next Steps

2025 Budget Status & Overview

Cash Reserves – to begin 2025

2024 Year end Current Expense Fund cash balances after year end reconciliations.

001 **GENERAL FUND**

Account Number				*Debits*	*Credits*	*YTD Debits*	*YTD Credits*	*Balance*
Assets								
111.10.00.00	Cash	196,773.58		68,858,020.94	68,178,573.93	68,858,020.94	68,178,573.93	876,220.59
111.11.00.00	Cash - Savi Bank	1,369.58		0.00	0.00	0.00	0.00	1,369.58
111.12.00.00	Restricted Capital Cash	0.00		700,000.00	0.00	700,000.00	0.00	700,000.00
111.13.00.00	Cash - Court Judges Salaries Reimb	173.96		0.00	0.00	0.00	0.00	173.96
111.14.00.00	Go Bond Fiber	0.00		7,483,141.92	0.00	7,483,141.92	0.00	7,483,141.92
111.15.00.00	Cash - Museum/Preston Donations	66,516.74		11,950.36	0.00	11,950.36	0.00	78,467.10
111.17.00.00	Cash - Police Donations	73,617.58		11,164.00	795.00	11,164.00	795.00	83,986.58
111.19.00.00	Capitalized Bond Interest	0.00		519,204.34	0.00	519,204.34	0.00	519,204.34
111.20.00.00	Washington Federal Account	88,033.17		863,255.51	822,576.27	863,255.51	822,576.27	128,712.41
111.30.00.00	Restricted Emergency Cash	4,802,026.21		534,202.79	0.00	534,202.79	0.00	5,336,229.00
111.31.00.00	PARAMEDIC DONATION FUND	36,198.90		0.00	0.00	0.00	0.00	36,198.90
111.70.00.00	Petty Cash	1,750.00		0.00	0.00	0.00	0.00	1,750.00
111.71.00.00	Change Funds	1,650.00		0.00	0.00	0.00	0.00	1,650.00
111.72.00.00	Postage Machine Balance	3,408.24	*CR*	3,408.24	-660.24	3,408.24	-660.24	660.24
111.80.00.00	Deposits Trust	43,270.39		0.00	168.20	0.00	168.20	43,102.19
115.71.00.00	Court Bank Account	1,302.20		7,328.32	4,141.33	7,328.32	4,141.33	4,489.19
151.10.00.00	Restricted Cash- WSDOT Blanket Bo	10,000.00		0.00	0.00	0.00	0.00	10,000.00
151.11.00.00	Restricted Cash - FSA	16,174.24		51,845.40	57,841.97	51,845.40	57,841.97	10,177.67
151.12.00.00	PEG Fees	24,820.29		7,638.97	18,519.51	7,638.97	18,519.51	13,939.75
151.14.00.00	Restricted Cash- Ziply CD 10400387	10,000.00		0.00	0.00	0.00	0.00	10,000.00
151.18.00.00	Restricted Cash - Opioid Settlement	0.00		305,876.39	40,957.58	305,876.39	40,957.58	264,918.81
151.30.00.00	Cash DIS Reserve for Technology	933,857.92		224,506.17	0.00	224,506.17	0.00	1,158,364.09

Year end cash vs. Cash reserves used to balance budget

This illustrates 2024 year-end cash, and the amount of cash reserves used to fund the 2025 budget.

		2024	Impact to balance 2025 Budget	Remaining
Fund #	Fund Name	Year end Cash	2025 Fund Bal	Balance
001	General	12,642,388	2,675,660	9,635,896
101	Parks	709,170	257,367	451,803
102	Cemetery	220,401	34,688	185,713
103	Library	766,553	165,932	600,621
104	Road Maint	543,423	205,704	337,719
105	Road Const	309,612	74,670	234,941
107	Wa Park	256,142	-105,666	361,808
108	Parks Const	87,996	31,892	56,104
109	Aff House	118,596		118,596
112	Impact Fees	686,541	192,145	494,395
113	ACFL	506,000	111,901	394,098
114	Forest Endow	2,632,850		2,632,850
135	Lodging Tax	1,751,294	342	1,750,952
335	REET	3,428,791	2,086,103	1,342,688

Fund #	Fund Name	Year end Cash	2025 Fund Bal	Balance
401	Water	30,791,599	6,641,534	21,916,565
440	Sewer	9,320,637	8,095,417	1,225,221
445	Storm	1,875,568	876,092	999,476
450	Solid Waste	2,001,589	872,217	591,192
501	ERR	6,189,064	-1,726,693	7,915,757
611	Firemen's Pen	177,681	-11,497	189,178

Year end cash vs. Cash reserves used to balance budget

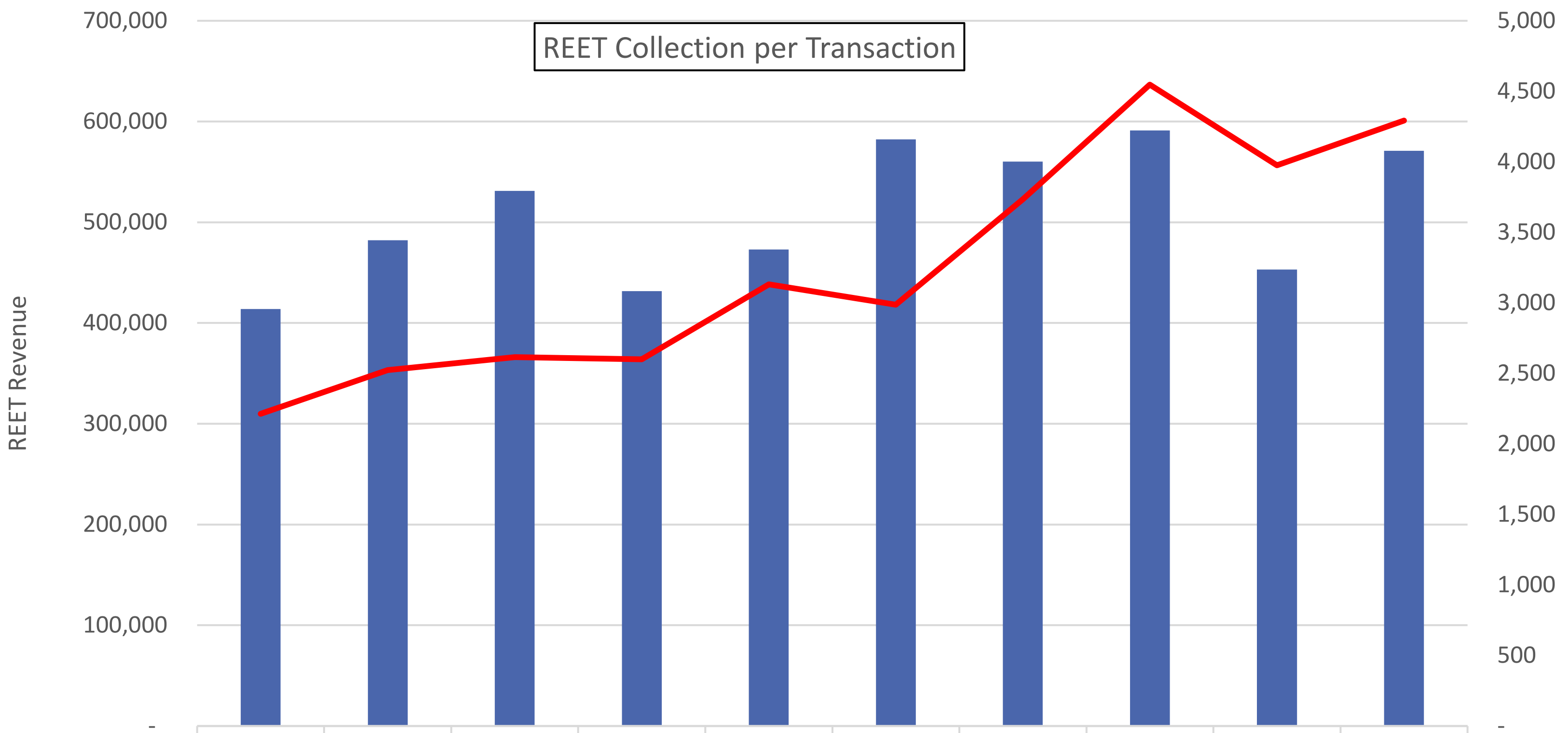
- This is the calculation to determine the 17% rainy day fund as established in Ordinance 4003.

- An amount of cash equal to 17% of cash transactions in the 4 operating funds noted, which is then set aside in the Balance Sheet for the following year.

	Expenditures	Capital	Writeoffs		**Total Expenses**	17% Rainy Day
General Fund 001	38,631,929	10,680,719	1,142,994		26,808,217	4,557,397
Parsk 101	2,617,777				2,617,777	445,022
Cemetery 102	289,336				289,336	49,187
Library 103	1,772,525				1,772,525	301,329
						5,352,935
			12/31/24 balance:		Rainy Day:	4,802,026
					Adjustment:	550,909

REET

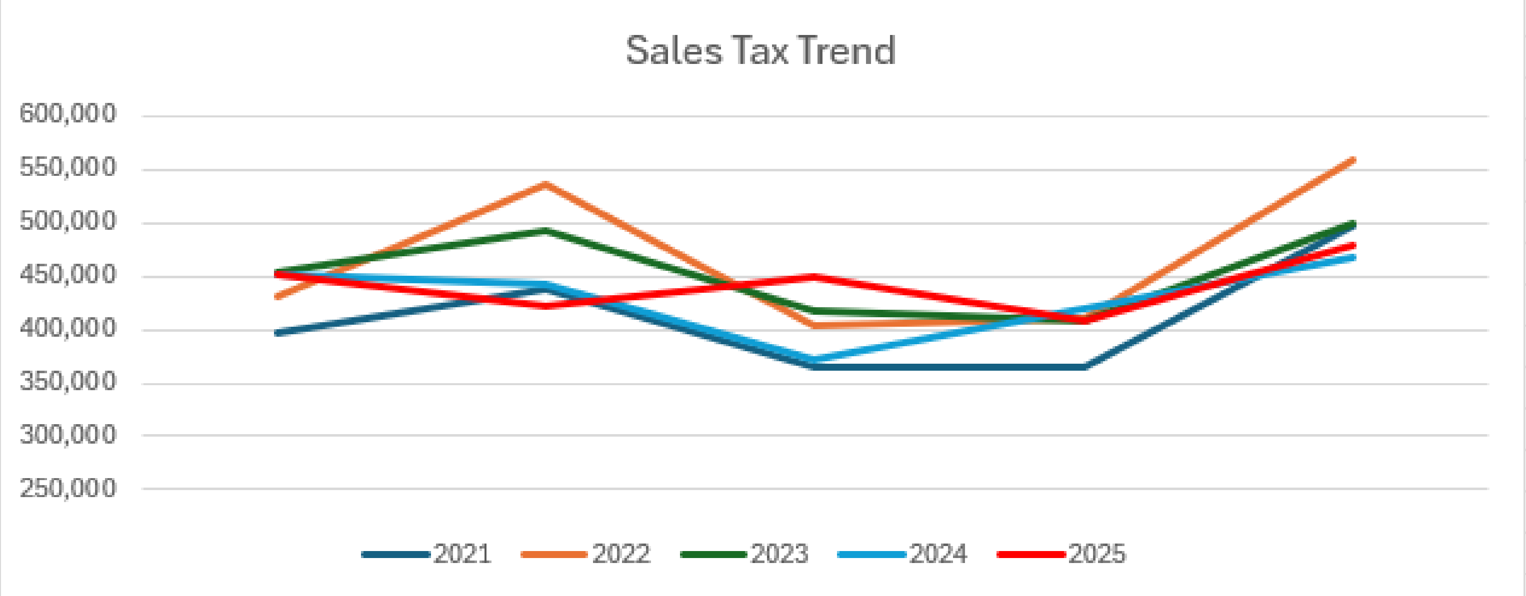
- REET revenue receipts are back up to post Covid norm YTD, but the number of units sold is down, indicating average cost per sale is up.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REET Jan - May	413,927	482,143	531,087	431,578	472,965	582,270	560,388	591,159	453,195	570,827
REET per Sale	2,214	2,524	2,616	2,600	3,132	2,986	3,736	4,547	3,975	4,292
Home Sales	87	191	203	166	151	195	150	130	114	133

SALES TAX

- 2010 was the first year after the Great Recession sales tax increased.
- From then to the peak in 2022, sales tax averaged 7% year over year increase.
- Jan-May receipts in 2025 is down 5.5% vs 2022.



	2021	2022	2023	2024	2025
	396,463	430,965	454,978	451,111	452,017
	437,146	536,144	493,366	442,620	421,568
	365,464	404,203	418,439	372,440	450,167
	364,730	410,901	407,381	419,899	407,844
	498,122	557,907	499,200	468,600	478,856
Total	**5,502,976**	**6,033,290**	**5,917,465**	**5,725,304**	**2,210,452**
Jan - May History:	**2,061,924**	**2,340,119**	**2,273,364**	**2,154,671**	**2,210,452**
Month to month change		13.5%	-2.9%	-5.2%	2.6%
				2022 to 2025	(129,667)
					-5.5%

Expense Overview

- 2025 spend is through May; normalized utilization would be **42%**
- Enterprise funds comprise 48% of our 2025 budget
  - Budget utilization of **29%** is pacing slower than plan due to capital expenses
- Governmental funds comprise 52% of our 2025 budget
  - Budget utilization of **30%** is pacing slower than plan due to capital expenses and unfilled budgeted positions

Expense Category	2024 Actual Spend	Budget Utilization	2025 Budget Remaining	2025 Budget	Budget %	2025 Spend
Enterprise	42,652,339	29%	57,044,194	59,919,070	48%	17,656,811
Governmental	63,050,860	30%	30,566,535	64,421,676	52%	19,073,206
Total	105,703,200	30%	87,610,729	124,340,747	100%	36,730,018
Salaries & Wages	22,183,941	39%	15,025,700	24,452,508	20%	9,426,807
Student Rec Wages	25,106	20%	28,930	36,000	0%	7,070
Overtime	1,017,323	52%	440,896	913,403	1%	472,507
Salaries & Wages (Volunteer)	39,612	9%	68,791	75,503	0%	6,712
Personnel Benefits	8,451,457	39%	6,256,005	10,317,052	8%	4,061,047
Uniforms	32,763	45%	82,957	150,000	0%	67,043
Supplies	2,657,297	26%	2,645,606	3,566,943	3%	921,338
Fuel Consumed	393,732	48%	227,439	438,900	0%	211,461
Inventory/Resale	670,355	39%	394,613	643,181	1%	248,568
Small Tools (ect)	569,220	66%	175,225	518,823	0%	343,598
Interfund	9,152,190	40%	4,409,329	7,343,337	6%	2,934,008
Professional Services	7,147,431	37%	5,404,484	8,558,092	7%	3,153,608
Communication	330,542	39%	224,855	369,734	0%	144,879
Travel & Training	333,838	33%	282,154	419,985	0%	137,831
Taxes	4,133,252	55%	1,764,788	3,908,701	3%	2,143,913
Rentals	352,039	57%	198,692	464,071	0%	265,379
Insurance	1,196,220	99%	10,548	1,217,519	1%	1,206,972
Utility Services	5,399,902	33%	4,115,856	6,143,136	5%	2,027,280
Repairs & Maintenance	1,440,738	33%	1,335,540	2,008,042	2%	672,502
Capital Outlays	4,989,784	24%	1,868,360	2,445,000	2%	576,640
Buildings	437,016	5%	744,683	785,000	1%	40,318
Other Improvements	27,714,819	17%	35,312,330	42,388,678	34%	7,076,348
Machinery & Equipment	280,378	52%	466,101	962,970	1%	496,869
Debt Service	7,016,594	7%	969,552	1,046,665	1%	77,113
Misc Internal	(262,349)	0%	5,157,297	5,167,504	4%	10,207

Budget Outlook and Strategies

What is our Goal for today?

Discuss and identify upcoming anticipated budget shortfalls and obtain policy direction on how to balance 2026 budget.

NOTE: Budget Shortfall = Expenditures higher than Revenues

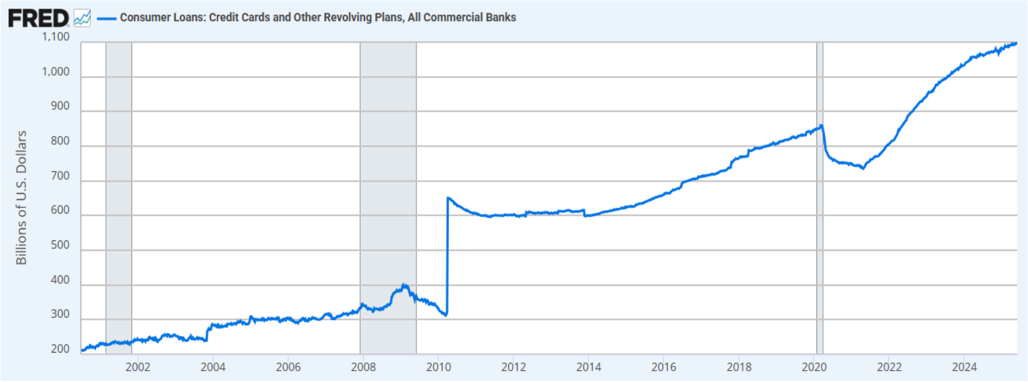
Why anticipate a budget shortfall?

- Indicators in the <u>local</u> economy:
  - Decreasing sales tax:
    - 2025 is the 3rd consecutive year of decreasing sales tax for the City. The only NAICS codes that increased are Boat Sales, and Full-Service Restaurants.
    - Leading NAICS codes during the City's best economies has always been construction categories
      - YTD building permit activity is less than 1/3 of what it was in 2022. This tells us to expect continued low sales tax in construction for 2026.

Why anticipate a budget shortfall?

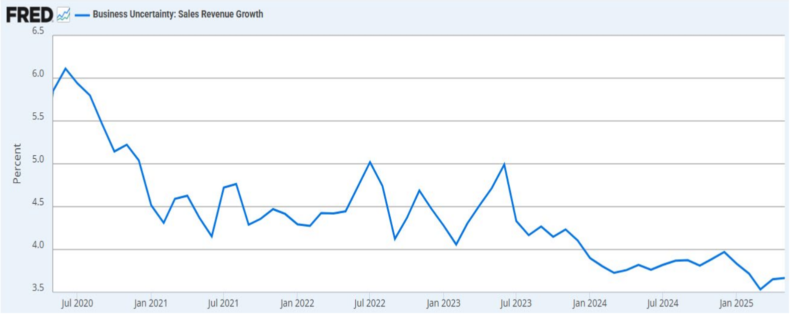
- Indicators in the <u>broader</u> economy:
  - Consumer spending makes up 70% of GDP
  - Nation wide, average hours worked are the lowest they've been since Covid.
  - Consumer debt at all time high.
  - Delinquency rate on credit cards highest since 1Q 2012 (higher than during Covid)

Consumer credit card debt

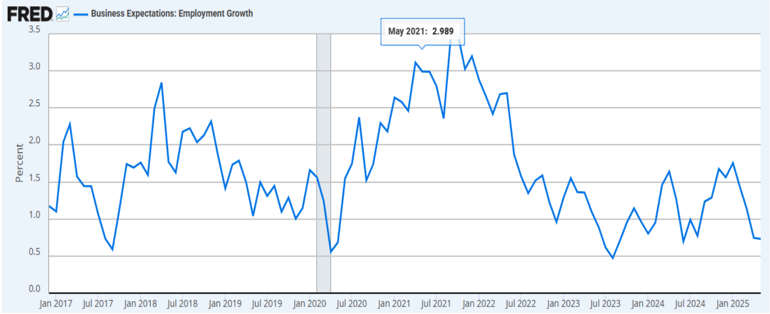


Credit card delinquency rate

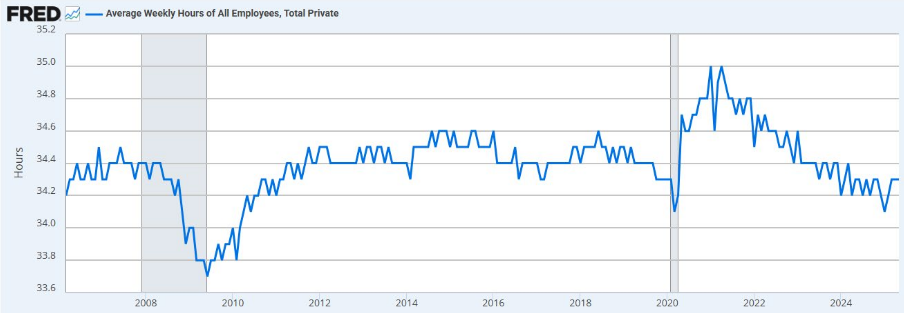
Business revenue projections



Business employment projections

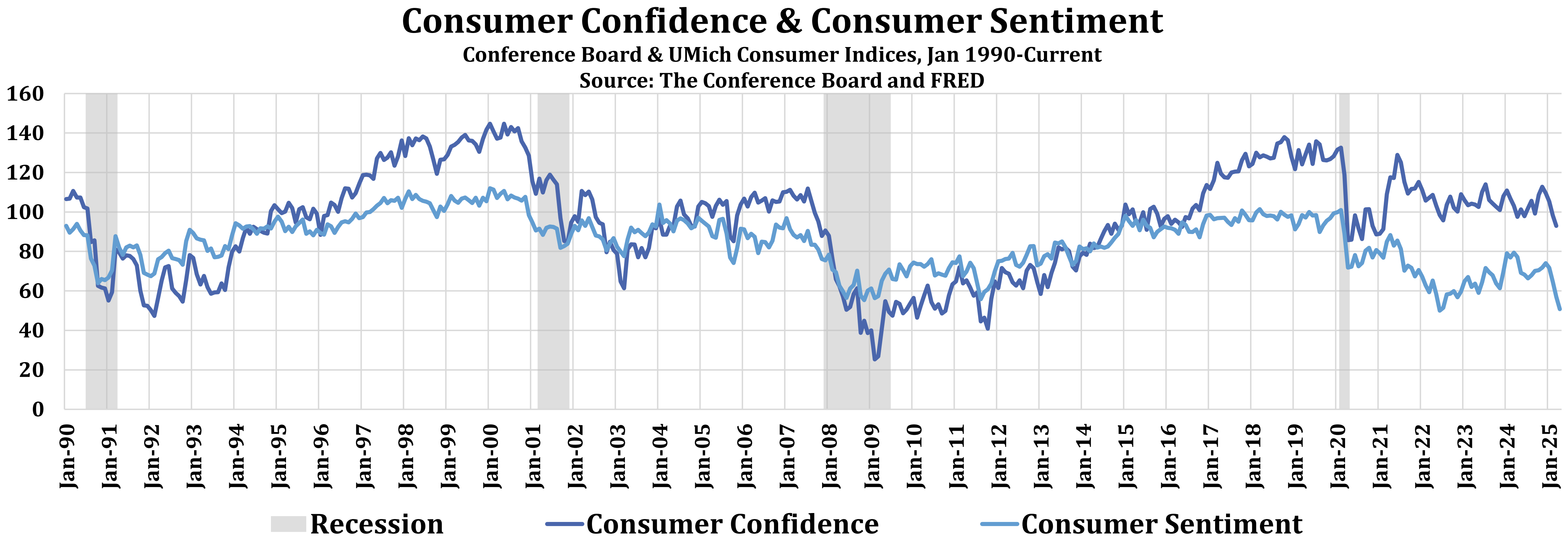


Hours worked per week



External Considerations

- Consumer Confidence surveys 3000 households on their economic outlook for the next 6 months.
- Consumer Sentiment surveys 500 households on current expectations of the economy.
- Going back to 1990, when Consumer Confidence and Sentiment decline the economy slows.



2026 Resource Cost Projections

Estimated increase for resource costs is roughly $2M

	24 Actual Spend	2025 Budget Utilization	2025 Budget Remaining	2025 Budget	Budget %	25 Spend (through May)	Estimated 2026 increase
Salaries & Wages	22,183,941	39%	15,025,700	24,452,508	20%	9,426,807	1,328,579
Personnel Benefits	8,451,457	39%	6,256,005	10,317,052	8%	4,061,047	825,364
						Total	2,153,943
Governmental							
Salaries & Wages	15,767,936	38%	10,945,478	17,639,729	38%	6,694,251	958,420
Personnel Benefits	6,461,744	39%	4,460,973	7,322,687	16%	2,861,713	585,815
Enterprise							
Salaries & Wages	6,416,005	40%	4,080,222	6,812,778	9%	2,732,556	370,159
Personnel Benefits	1,989,713	40%	1,795,032	2,994,366	4%	1,199,334	239,549

- Salary & Benefits for employees is 28% of total budget
- Salary estimate based on information provided by HR
- Assumes fully staffed to budget approved positions for 2025
- Roughly 8% estimated benefits increase

How do we fund $2M?

Increase Revenue

Decrease Expenses

Exploring Revenues and Expenses

REVENUE

Revenue considerations

Revenue potential high
Revenue potential low
Exposure risk high

1% Property Tax

Recommend moving forward with the annual 1% increase ($85k for 2025)

Traffic Fees / Violation Fines

2025 budget has $82.7k, roughly .13% of total Governmental revenue

Lease Rates

Lease revenue is ~ .4% of total Governmental revenues or $243k in 2025 budget

Surplus Sales

Determine if items would sell if priced higher

FEMA Funding

Feeling more hopefully of receiving ~ $2M

Other Grants

Teams are making efforts where possible to pursue grants

Annexation Expansion

Increasing our base for property taxes

Sales Tax

Grow tourism, offer incentives, partner with retail owners and chamber of commerce

Lid Lift

Go to the voters to support operational growth across Anacortes

Property Sales

Evaluate what we own, determine if we want to sell (DNR lease area)

General Obligation Bond

With the upcoming TBD expiration, should this be explored to support overlay efforts

B&O Taxes

Taxing our retail partners

Headcount Tax

Taxing our largest employers; hospital & schools

Utility Tax

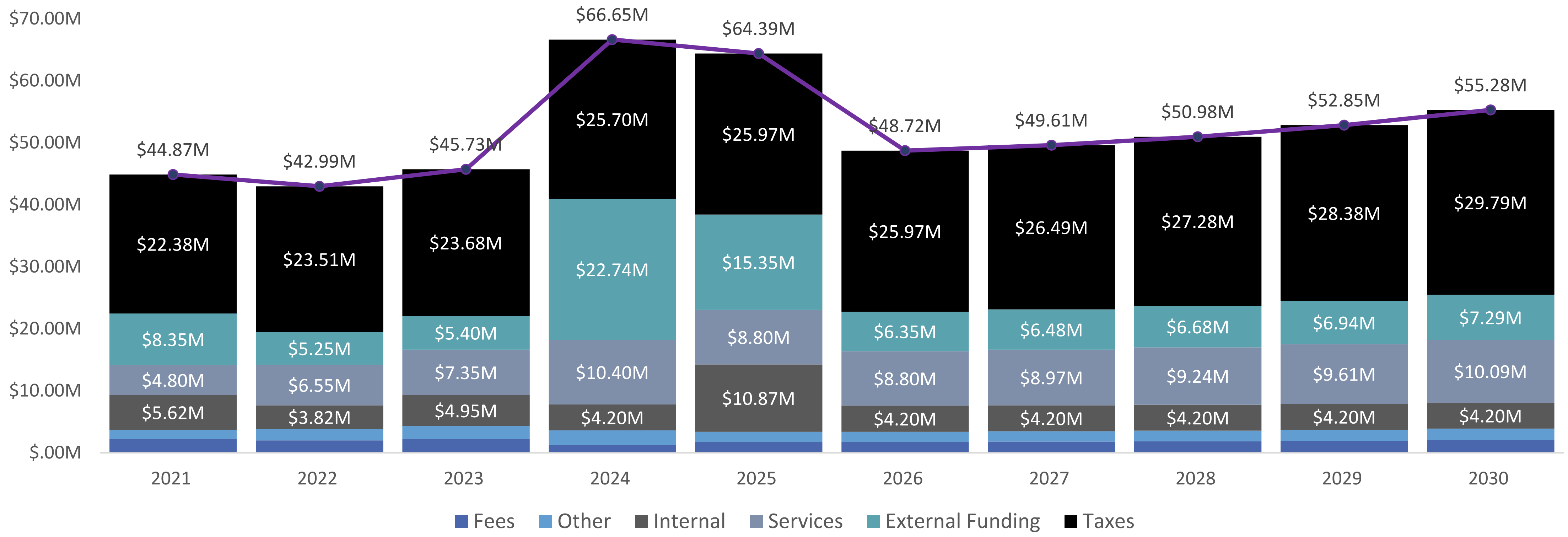
Increase our tax rate on City utilities

Fiber Rate

Raising rates for current and future customers

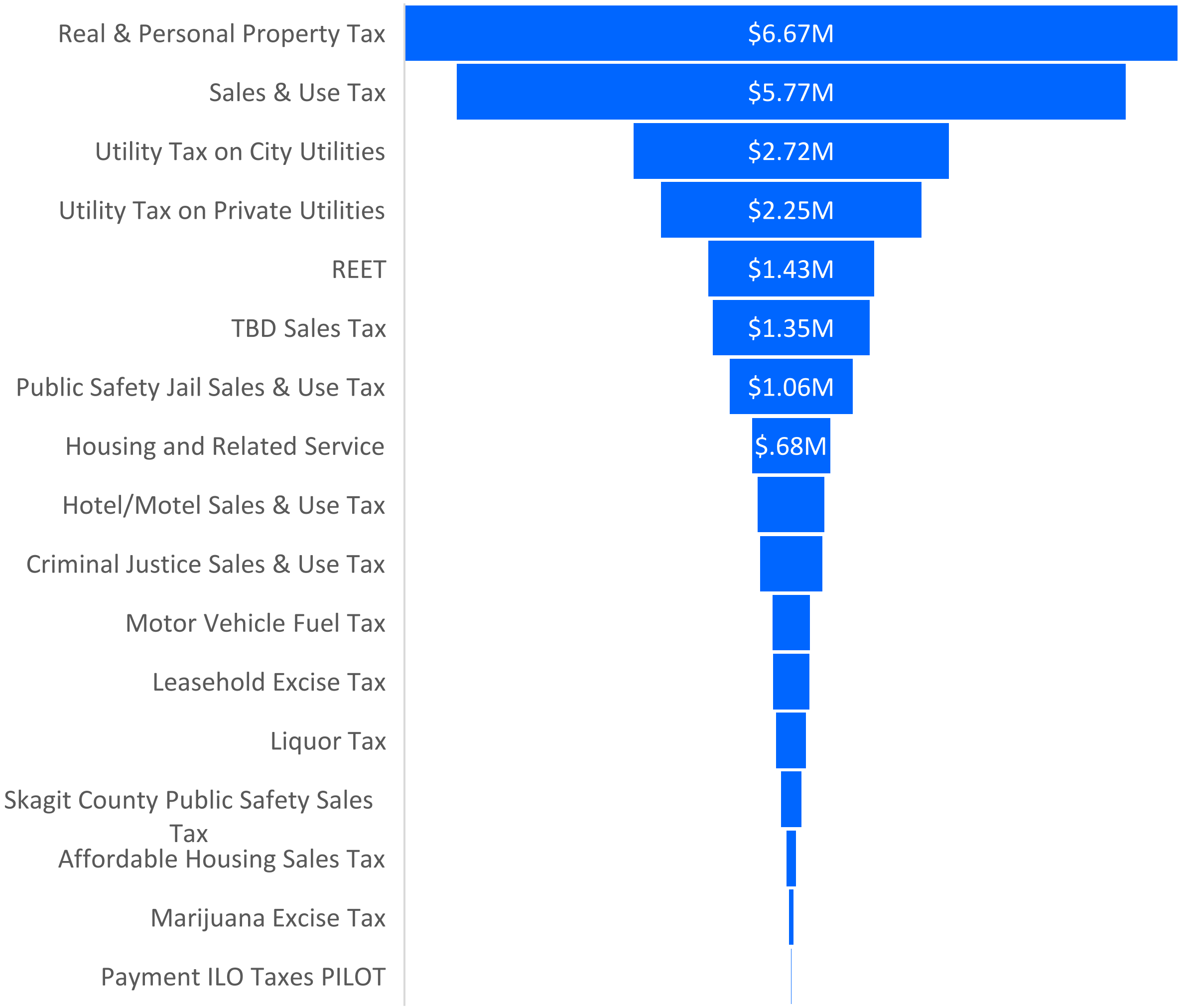
Governmental Revenue

- Revenue growth in 2024 attributed to Bond proceeds and DOT & Department of Commerce grants
- Revenue decline in 2026 attributed anticipating less grant funding and declining use of reserve funds with the potential to increase based on the upcoming CFP
- Our leading Governmental revenue contributor is "**Taxes**"

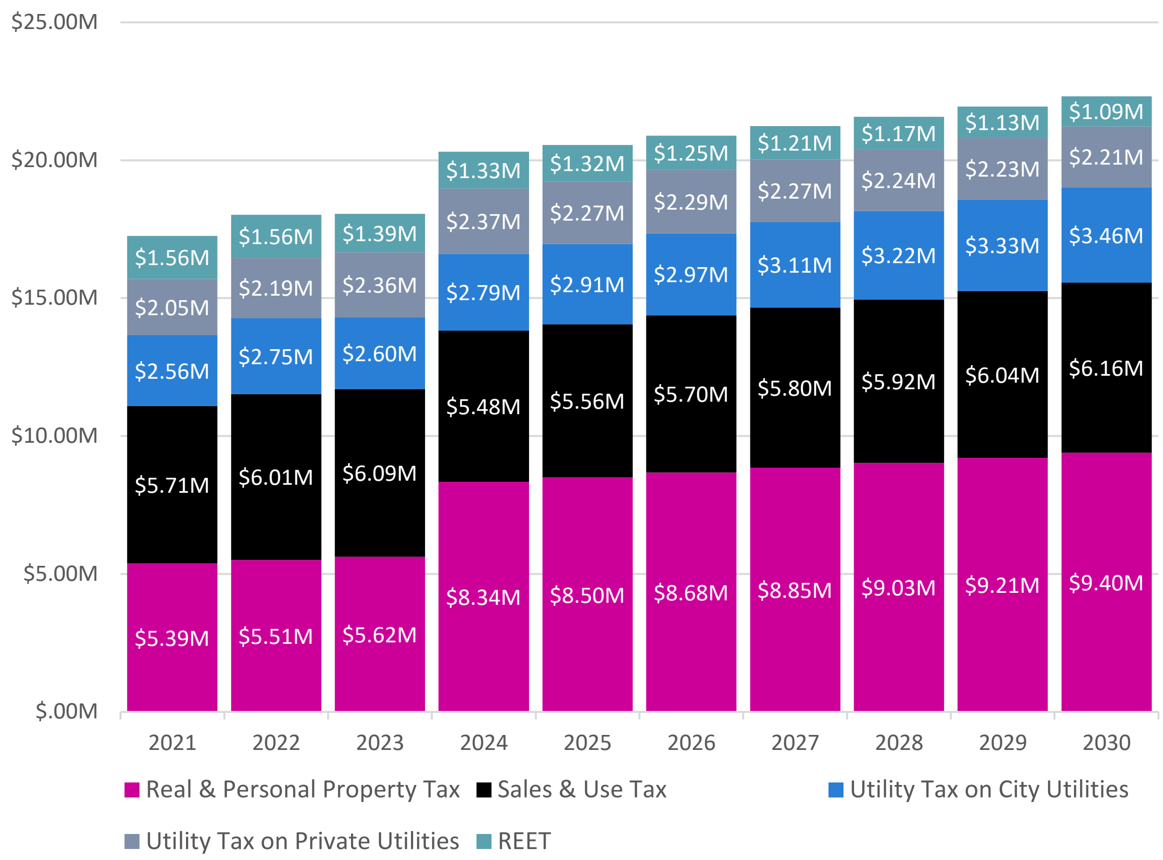


Tax Revenue by Type

5-yr Average (2021 – 2025)



Forecast | Top 5 Tax Types



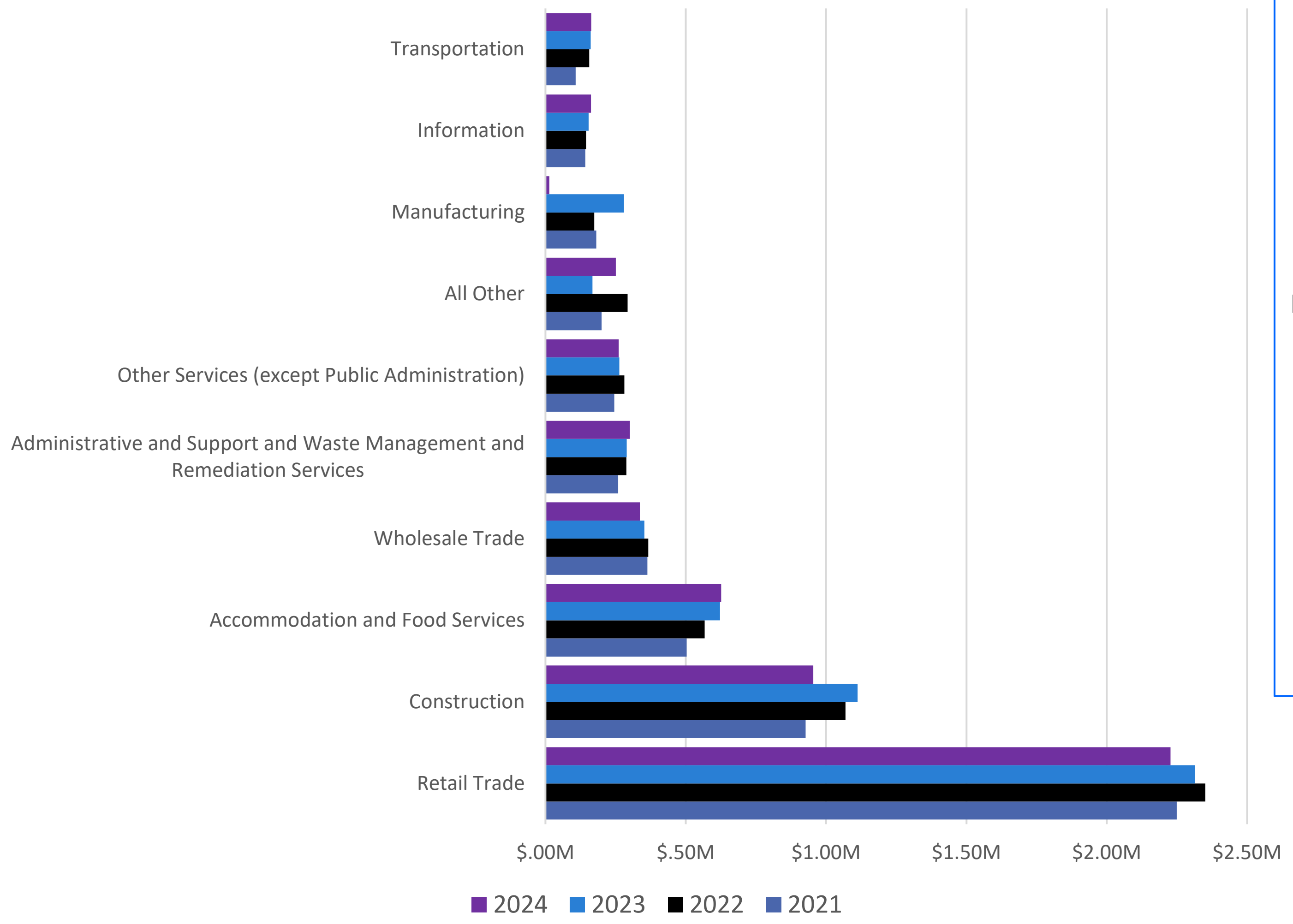
Modeling based on prior 3-year trend

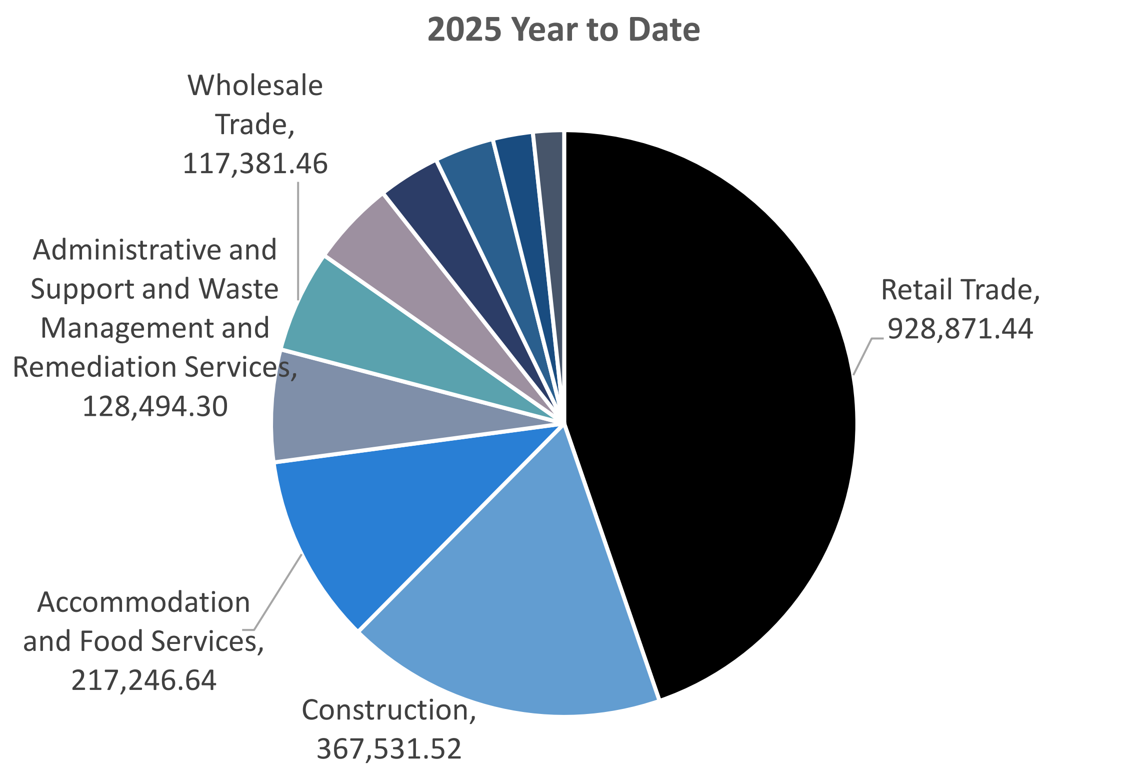
Sales Tax | Historical trends by category

Sales Tax

Grow tourism, offer incentives, partner with retail owners and chamber of commerce

2021 – 2024 Tax Received | Top 10 Categories



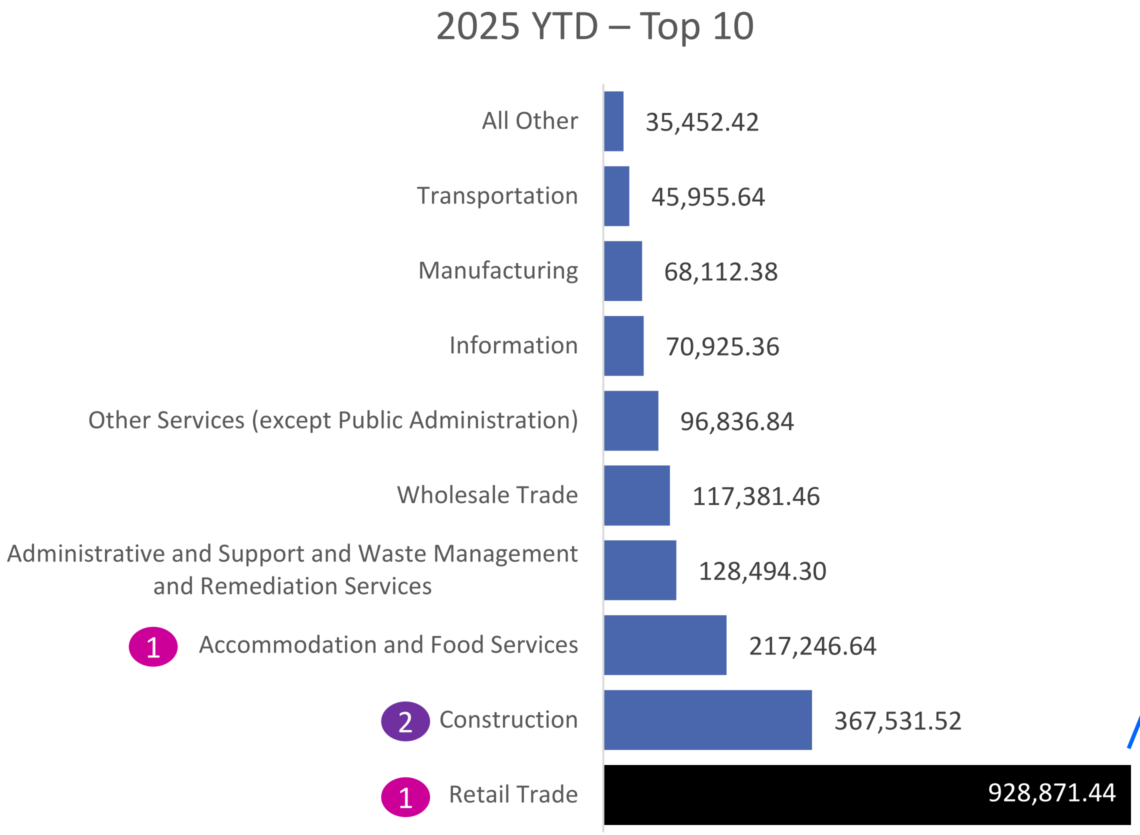


2025 revenue categories are aligned with prior years

2025 Deep Dive | How can we help?

Sales Tax

Grow tourism, offer incentives, partner with retail owners and chamber of commerce



Retail Trade Top 7	Tax
All Other Miscellaneous Retailers (mainly online sales)	$ 260,745.44
Car Dealers	$ 175,531.70
Boat Dealers	$ 101,258.82
Supermarkets and Other Grocery (except Convenience) Stores	$ 66,007.18
Electronics & Appliance Retailers	$ 39,460.16
Hardware Retailers	$ 35,065.96
Health & Personal Care Retailers	$ 30,645.98

1 **Tourism** – thoughts to bring more people to town

2 **Incentives** – encourage construction; code changes, zoning updates, etc.

1 **Cruise Ship Schedule alignment** – many shops are closed on Sunday and Monday

Rate changes – driven by tariffs or other will increase revenue

2025 Deep Dive | How can we help?

Revenue potential high
Revenue potential low
Exposure risk high

Fiber Billing Rates

Raising rates for current and future customers

Revenue	2021	2022	2023	2024	2025
Fiber Internet Services	578,756.33	1,019,082.28	1,415,937.36	1,732,267.47	2,192,276.00

We currently have roughly 2,680 customers. For every $1 increase, we get $32,160 in annual revenue (*based on current customer count*)

Surplus Sales

Determine if items would sell if priced higher

Revenue	2021	2022	2023	2024	2025
Sale of Scrap & Surplus	1,996.60	12,643.24	2,386.55	8,267.10	6,438.75

Revenue from surplus sales is minimal. Ask operations and IT to determine if sales would be hindered if we aimed higher.

2025 Deep Dive | How can we help?

Revenue potential high
Revenue potential low
Exposure risk high

Utility Taxes

Increasing tax rate

Utility tax of 7% is currently embedded in our rates except for our Wholesale customers.

1 • For each 1% increase we achieve ~ $303k additional revenue. The impact of a 1% increase to our residential customers is roughly $1.22 per month

2 • If we apply a 3% tax to our wholesale customers, we achieve ~ $90k additional revenue

based on 2024 data				
Current Rate	**7%**	**0**	**1,952,401.69**	
Proposed Rate	8%	9%	10%	11%
CUT $ Impact Retail (water, storm, sewer) 1	303,167.96	612,998.96	929,715.09	1,253,548.44
	16%			
Proposed Rate	3%	3%	3%	3%
CUT $ Impact Wholesale water 2	89,944.70	89,944.70	89,944.70	89,944.70
Revenue $ change	393,112.67	702,943.66	1,019,659.79	1,343,493.14
Revenue % change	*20%*	*36%*	*52%*	*69%*
Resident % Impact	1.2%	2.4%	3.6%	4.8%
Resident $ Impact/month 1	1.22	2.46	3.74	5.04

2025 Deep Dive | How can we help?

Revenue potential high
Revenue potential low
Exposure risk high

B&O Taxes

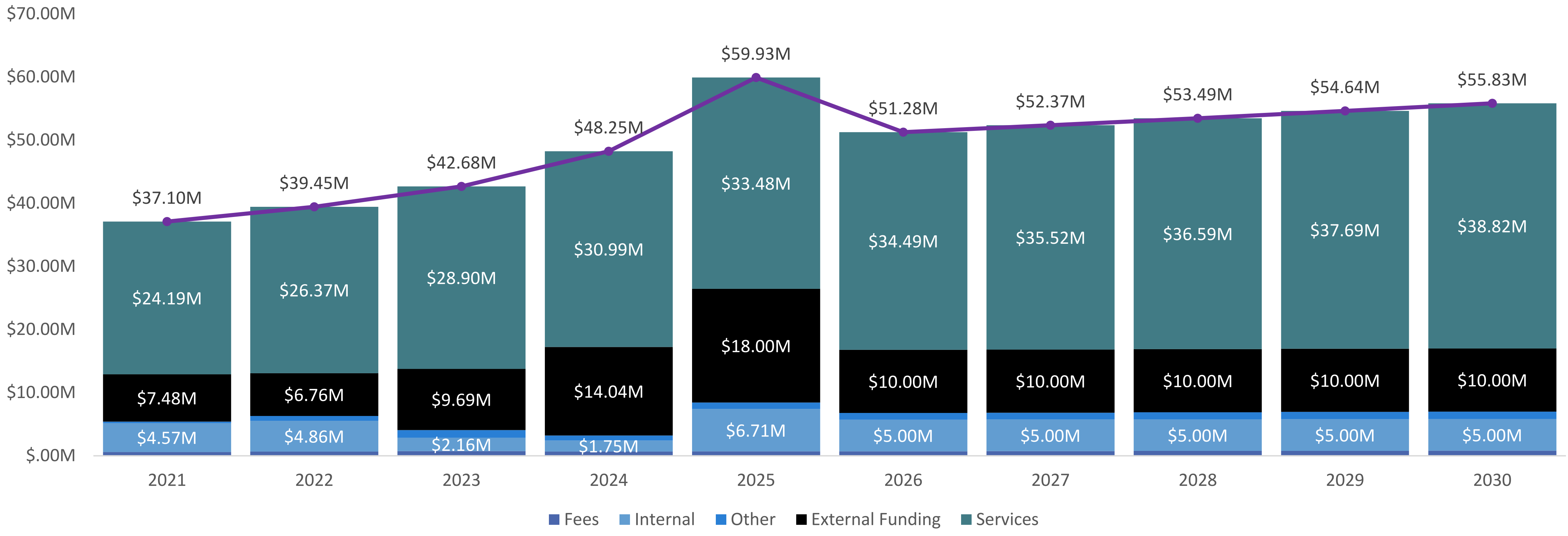
Taxing our retail partners

Burlington implemented a B&O tax in 2021

- It’s the City's responsibility to apply, collect, and monitor.
- We would need to contract with someone for implementation.
- Likely require an additional FTE in Finance.
- City would set parameters on application.
- Based on parameters it could be $10k or $400k.

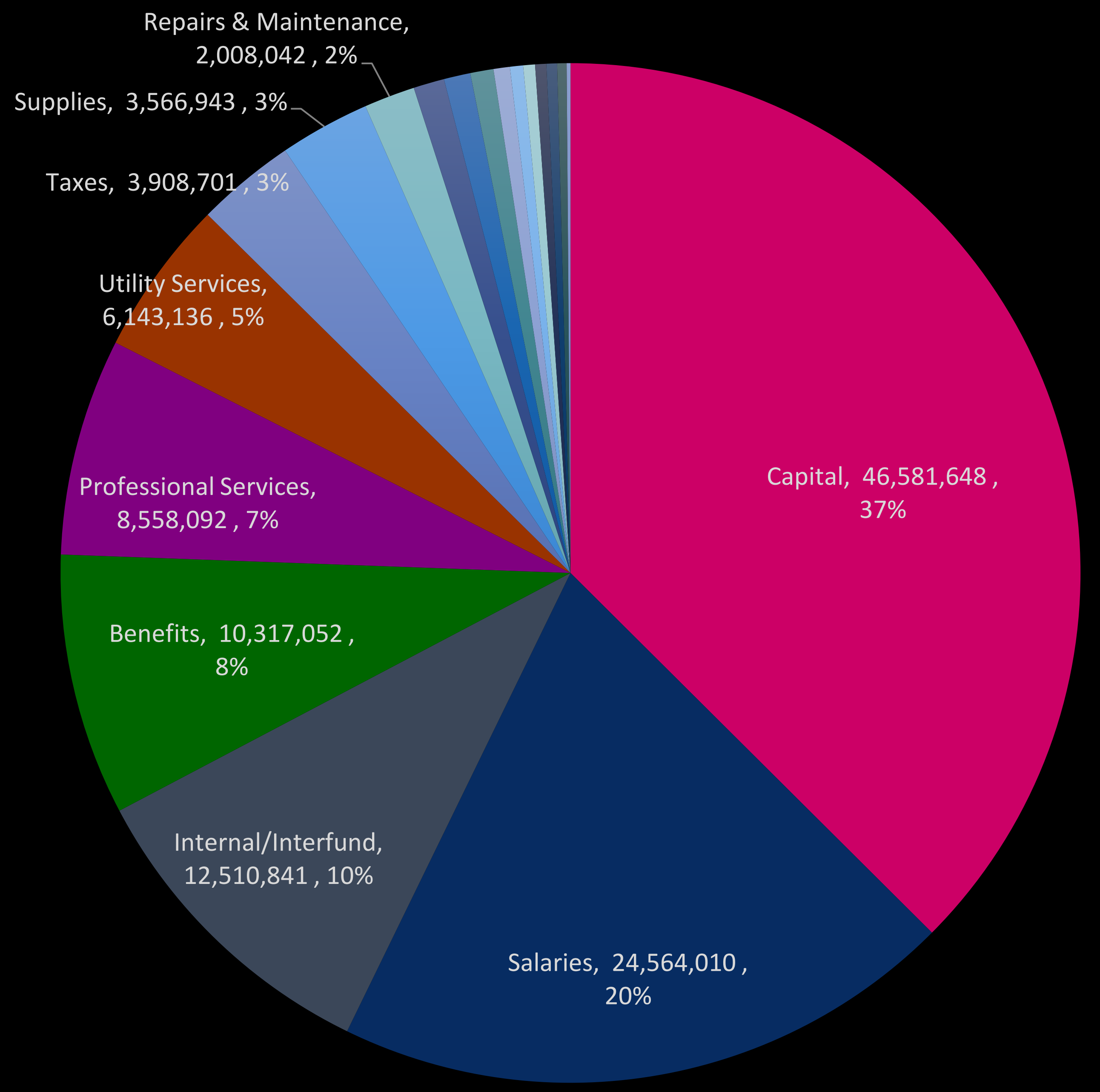
Enterprise Revenue

- Revenue growth in 2024 & 2025 attributed grant funding
- Revenue decline in 2026 attributed to less grant funding, however, this could increase based on the upcoming CFP
- Our leading Enterprise revenue contributor is “**Services**”
  - Modeled with 3-year growth average of 3%



EXPENSES

2025 Budget by Expense Category



Expense Reduction methodologies

Reserve Level Adjustment

Reduce the 17% from Ordinance 4003. Current reserve balance is $5.35M

ERR Funding Level

Reduce ERR level below 50%

Zero Based Budget

Have each department submit detailed requests for Professional Services

Percentage cut

Reduce top level budgets by the same percentage for everyone

Furlough

32 Hour Work Week

Staffing Cuts

Explore impact of lower staffing levels

Different Strategies

Should we modify our approach based on Enterprise vs. General funds

Proposition 1

Should we exclude Fire and Police in cost reduction exercises?

Expense Reduction | guidance considerations

Reserve Level Adjustment

Reduce the 17% from Ordinance 4003

Reserve %	17%	15%	12%	10%
Reduction Amount		**629,757**	**1,574,393**	**2,204,150**
Total Reserve	5,352,935	4,723,178	3,778,543	3,148,786

Reducing our reserve to 10% would save $2.2M

ERR Funding Level

Reduce ERR level below 50%

	2025 Budget	Replacement %	@ 100%	@ 0%
Governmental	$645,912.71	50%	$1,291,825.42	($645,912.71)
Enterprise	$1,617,222.40	100%	$1,617,222.40	$1,617,222.40
Total	$2,263,135.12		$2,909,047.83	$971,309.69

ERR of $2.26M for 2025 has some opportunity for savings if you drop to 0% for 2026, we will save $646k

Expense Reduction | guidance considerations

Zero Based Budget

Have each department submit detailed requests for Professional Services

Governmental:

Department	2025 Budget
POLICE	1,347,576.16
PLANNING	1,301,671.06
NONDEPARTMENTAL	732,014.11
FINANCE	731,650.00
IT	569,830.88
FIBER	401,644.00
COURT	293,834.40
FIRE	273,600.00
PARKS & RECREATION	215,000.00
HR	176,711.00
VEHICLE & EQUIPMENT FLEET	175,000.00
LEGISLATIVE	173,180.00
ENGINEERING	112,000.00
LEGAL	80,000.00
LIBRARY	50,150.00
FACILITIES	40,000.00
STREET MAINT/CONSTRUCTION	22,000.00
MUSEUM	8,000.00
EXECUTIVE	7,000.00
CEMETERY	200.00
Governmental	**6,711,061.61**

Enterprise:

Department	2025 Budget
ADMINISTRATION	710,000.00
WATER TREATMENT PLANT	359,750.00
SEWER TREATMENT	244,780.00
WATER MAINTENANCE	207,000.00
ENGINEERING	150,000.00
SANITATION SERVICES	104,000.00
STORM DRAINAGE SYSTEM	60,000.00
SEWAGE COLLECTION	11,500.00
Enterprise	**1,847,030.00**

- Total Professional Services budget for 2025 is $8.56M or 7%
- Many of the costs are attributed to annual renewals or agreements

Expense Reduction | guidance considerations

Percentage cut

Reduce top level budgets by the same percentage for everyone

Identify categories of spend where expense reductions are not likely to constrain city operations

	2025 Budget			Percentage Cut		Potential Savings		
Category	Enterprise	Governmental	Grand Total	Enterprise	Governmental	Enterprise	Governmental	Grand Total
Salaries & Wages	6,812,778.40	17,639,729.49	24,452,507.89					
Student Rec Wages		36,000.00	36,000.00					
Overtime	195,756.62	717,646.76	913,403.38	20%	20%	39,151.32	143,529.35	182,680.68
Salaries & Wages - Volunteers		75,502.56	75,502.56					
PERSONNEL BENEFITS	2,994,365.60	7,322,686.55	10,317,052.15					
Uniforms		150,000.00	150,000.00					
Supplies	2,611,000.00	950,943.00	3,561,943.00	20%	20%	522,200.00	190,188.60	712,388.60
Fuel Consumed	38,900.00	400,000.00	438,900.00					
Inventory/Resale	542,400.00	100,781.00	643,181.00					
Small Tools (ect)	46,500.00	472,322.98	518,822.98					
Interfund Services	4,202,578.84	3,140,758.64	7,343,337.48					
Professional Services	1,847,030.00	6,711,061.61	8,558,091.61	25%	25%	461,757.50	1,677,765.40	2,139,522.90
Communication	67,510.00	302,224.00	369,734.00	10%	10%	6,751.00	30,222.40	36,973.40
Travel & Training	129,579.00	290,406.00	419,985.00	50%	50%	64,789.50	145,203.00	209,992.50
Taxes	3,849,738.98	58,962.00	3,908,700.98					
Rental/Lease	-	464,071.00	464,071.00					
Insurance	899,606.29	317,913.06	1,217,519.35					
Utility Services	5,398,320.00	744,816.00	6,143,136.00					
Repairs & Maintenance	1,578,342.00	429,700.00	2,008,042.00					
Capital Outlays	-	2,445,000.00	2,445,000.00					
Buildings	120,000.00	665,000.00	785,000.00					
Other Improvements	27,494,000.00	14,894,678.00	42,388,678.00					
Machinery & Equipment	44,000.00	918,970.00	962,970.00					
Debt Service: Interest & Related Costs	1,046,664.63	-	1,046,664.63					
Art Commissions Paid		2,000.00	2,000.00					
Misc Internal	-	5,170,503.81	5,170,503.81					
Grand Total	**59,919,070.36**	**64,421,676.46**	**124,340,746.82**			**1,094,649.32**	**2,186,908.75**	**3,281,558.08**

Expense Reduction | guidance considerations

Furlough

32 Hour Work Week

Using Budget allocated positions, reducing paid work to 32 hours per week would reduce Salaries by:

Enterprise | $1.36M
Governmental | $3.52M

Staffing Cuts

Explore impact of lower staffing levels

Using Budget allocated positions, reducing headcount would reduce Salary and Benefits by:

Enterprise | $126.5k per employee
Governmental | $138.5k per employee

Expense Reduction | guidance considerations

- While considering the different working models, approaches, and responsibilities of Enterprise vs. Governmental, should we modify our approach to how we reduce expenses

Different Strategies

Should we modify our approach based on Enterprise vs. General funds

Expense Reduction | guidance considerations

Proposition 1

Should we exclude Fire and Police in cost reduction exercises?

Additional funding of $180,916 result of assessed value increase that occurred between the vote and the levy calculation.

Millage Pre Prop 1			
2023 millage:	0.9808		73.0%
Prop 1 millage:	0.3624		27.0%
2024 millage (effective fy 2024)	1.3432		100%
2024 valuation	6,257,125,354		
Original millage (.9808)	6,136,989		
Additional millage (.3624)	2,267,582	2,267,582	
Total 2024 Levy:	8,404,571		
Cost Analysis			
5 Police Staff	775,423		
8 Fire Staff	1,240,719		
PD Gear	64,125		
FD Gear	6,400		
Total Annual Cost:	2,086,667	2,086,667	
Additional Levy funding:		**180,916**	

The additional funding resides in cash reserves for future needs, as the Prop 1 expenditure stream grows faster than the Prop 1 revenue stream.

Expense Reduction | guidance considerations

Proposition 1

Should we exclude Fire and Police in cost reduction exercises?

- 5 open positions in 2024 resulted in savings of $603k
- Considerations :
  - Additional patrol cars for unfilled positions
  - Balance the general fund
  - Hold in reserve for future public safety equipment needs

ACTIONS/NEXT STEPS