

# SUPPLEMENTAL COMMUNICATION

6/4/2024

Meeting Date: \_\_\_\_\_

**From:** [Janet Michels](#)  
**To:** [CITY COUNCIL \(INCL. CMO STAFF\)](#); [supplementalcomm@surfcity-hb.org](mailto:supplementalcomm@surfcity-hb.org)  
**Subject:** Budget Concerns  
**Date:** Sunday, June 2, 2024 2:12:27 PM

19 (24-420)

Agenda Item No.: \_\_\_\_\_

Dear City Council,

Since the Finance Commission will not be meeting prior to your consideration of the proposed 24/25 city budget, I would like to bring to your attention a few areas of concern as you make your own review.

Overall:

Benefit costs in 23/24 seems to be a major driver of over budget results for the year, and assumptions for 24/25 show a significant drop is planned. It is not clear why it went up so much or why the expectation is that it will drop again.

Given our lack of Housing Element, the City no longer qualifies for many grants and other funding opportunities that may exceed several million dollars. This may be important to determine what programs will be directly impacted by these reductions. My early assessment is that Homelessness Support and Grants to Non Profits will be hard hit.

Key Department specific variances:

City Attorney

Spending continues to outpace every other department. In 23/24, salaries rose by 55% and in proposed 24/25 another 17%. Given the stated concerns about spending levels, this seems peculiar and I see no evidence that there has been a commensurate reduction in professional services as stated for the move from contract work to permanent positions. The spending for professional./contact has only gone down by \$150,000 while salary cost has increased by \$1,225,000 during the same time period, an overall increase over \$1,000,000.

Of note, the performance metrics stated by City Attorney as key drivers of work have actually gone down over the reporting horizon, making this increase in staff cost even more concerning.

City Clerk

In 23/24 the Contract Services were nearly \$500,000 over approved levels. It's unclear what drives this cost, most significant for this department.

City Manager

Professional services was 3x what was adopted, and almost \$1,500,000 over the planned cost. As I look at 24/25, I question that OT and benefits will really drop that much and the trending of professional services continues to increase (but not nearly at the level of 23/24). As with all other departments, benefits were roughly 50% over adopted.

Community Development

23/24 increase over the adopted budget driven by professional services over adopted budget of \$1,000,000. 24/25 projects a drop of 70% in Prof Services, a rate much lower than seen in the

past several fiscal years. I can see no reason unless they have stopped doing something.

#### Information Services

Outside of the benefits increase, the most glaring anomaly is an approved budget for prof services of \$23,000 and actual spending of \$283,000. The 24/25 amount for this category (\$72,000) is quadruple the run rate prior to 23/24 for several years. Utilities for this department

are also going down by \$100,000 in 24/25 but I'm not sure why.

Thank you for questioning or considering some of this as you assess the budget approval for the coming year

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**From:** [Fikes, Cathy](#)  
**To:** [Agenda Alerts](#)  
**Subject:** FW: Budget .....6/4/24 supplemental communication  
**Date:** Tuesday, June 4, 2024 8:51:45 AM

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**From:** pacj <pacj\_03@yahoo.com>  
**Sent:** Monday, June 3, 2024 8:58 PM  
**To:** CITY COUNCIL (INCL. CMO STAFF) <city.council@surfcity-hb.org>  
**Subject:** Budget .....6/4/24 supplemental communication

As the council considers cost savings and the suggested budget, as well a resolution to create a new executive position within the Department of Public Works, it seems appropriate to take a step back and analyze what executive positions are actually necessary.

Is the Deputy City Manager position which is currently posted for recruitment really needed?

Sincerely,  
Pat Quintana