



2023 Budget

City Manager's Recommendations

Internal Service Funds

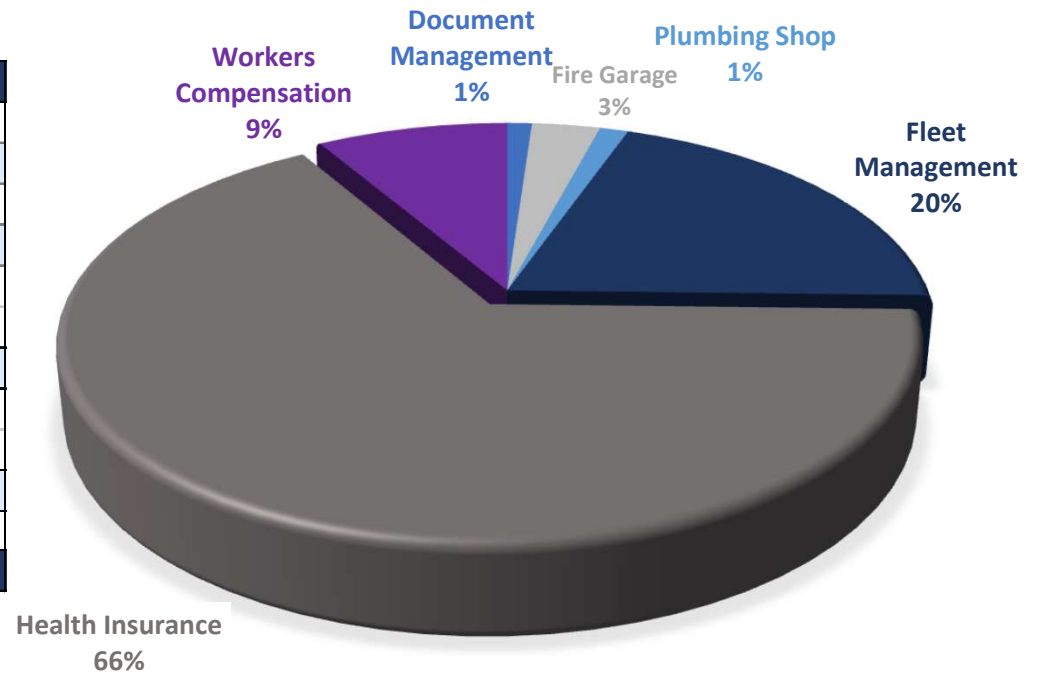
November 30, 2022



Internal Service Funds

Recommended Allocation by Program Area

Internal Service Funds by Program	
Document Management Services	548,100
Total Information Technology Programs	\$ 548,100
Fire Garage	1,515,600
Total Fire Department Programs	\$ 1,515,600
Plumbing Shop	633,100
Fleet Management	9,971,900
Total Public Works Programs	\$ 10,605,000
Health Insurance Fund	32,974,900
Workers Compensation Fund	4,251,600
Total Human Resources Programs	\$ 37,226,500
Total Internal Service Funds	\$ 49,895,200



Internal Service Funds: Document Management Services

Source & Uses by Program Area

Document Management Services				
	Projected 2022 Actuals	2023 Proposed Budget	\$ Chg.	% Chg.
Estimated Sources				
Beginning Cash Balance	349,600	344,800	(4,800)	-1.4%
Projected Revenue	518,600	737,000	218,400	42.1%
Total Sources and Cash Balance	\$ 868,200	\$ 1,081,800	\$ 213,600	24.6%
Estimated Uses				
Personnel Costs	94,400	100,600	6,200	6.6%
Contracts & Materials				
Tools and Equipment	365,100	100,000	(265,100)	-72.6%
External Vendors	17,600	16,000	(1,600)	-9.1%
Supplies & Inventory	45,000	69,000	24,000	53.3%
Other Professional Services	-	50,000	50,000	N.A.
Postage	-	210,000	210,000	N.A.
All Others	1,300	2,500	1,200	92.3%
Contracts & Materials	429,000	447,500	18,500	4.3%
Total Expenses	\$ 523,400	\$ 548,100	\$ 24,700	4.7%
Revenue over Expenses	\$ (4,800)	\$ 188,900	\$ 193,700	-4035.4%
Ending Cash Balance	\$ 344,800	\$ 533,700	\$ 188,900	54.8%

2023 Program Budget Highlights & Special Issues

- 2023 Projected Revenue is \$737,000 or 42.1% higher than 2022 due to the planned merger of mail services with reproduction.
- Personnel Costs are up 6.6%, in line with inflationary wage growth.
- Tools and Equipment is down \$265,100 or 72.6% due to the expiration of the lease and purchase of equipment in 2022.
- Other Professional Services and Postage are new additions to the budget in 2023 to support the planned transition of mail services expenses from General Fund to Document Management Services.
- 2022 assumes a small use of cash reserves; however, 2023 projected cash balance is higher due to the decrease in Tools and Equipment costs.

Internal Service Funds: Fire Garage

Source & Uses by Program Area

Fire Garage				
	Projected 2022	2023 Proposed		
	Actuals	Budget	\$ Chg.	% Chg.
Estimated Sources				
Beginning Cash Balance	193,100	66,300	(126,800)	-65.7%
Projected Revenue	1,286,000	1,527,900	241,900	18.8%
Total Sources and Cash Balance	\$ 1,479,100	\$ 1,594,200	\$ 115,100	7.8%
Estimated Uses				
Personnel Costs	677,800	951,600	273,800	40.4%
Contracts & Materials				
Supplies & Miscellaneous	472,900	395,000	(77,900)	-16.5%
Other Maintenance	203,100	110,000	(93,100)	-45.8%
Utilities	23,600	21,000	(2,600)	-11.0%
Insurance	22,000	22,000	-	0.0%
Other Professional Services	5,000	10,000	5,000	100.0%
All Others	8,400	6,000	(2,400)	-28.6%
Contracts & Materials	735,000	564,000	(171,000)	-23.3%
Total Expenses	\$ 1,412,800	\$ 1,515,600	\$ 102,800	7.3%
Revenues over Expenses	\$ (126,800)	\$ 12,300	\$ 139,100	-109.7%
Ending Cash Balance	\$ 66,300	\$ 78,600	\$ 139,100	18.6%

2023 Program Budget Highlights & Special Issues

- The projected 2022 revenue is \$1.3 million, which is lower than the nearly \$1.6 million of budgeted revenue. This is largely due to continued difficulties retaining mechanics.
- Revenues are expected to improve in 2023 as staffing levels stabilize.
- Personnel Costs are up 40.4%, reflecting the full burden of a fully staffed garage. The Division is working on strategies to increase the number of applicants for available positions.
- Contracts & Materials expenses are down 23.3%, due to higher costs associated with contracted fleet repair services in 2022.

Internal Service Funds: Fleet Management

Source & Uses by Program Area

Fleet Management				
	Projected 2022	2023 Proposed		
Estimated Sources	Actuals	Budget	\$ Chg.	% Chg.
Beginning Cash Balance	1,456,900	1,527,700	70,800	4.9%
Projected Revenue	9,673,200	9,971,900	298,700	3.1%
Total Sources and Cash Balance	\$ 11,130,100	\$ 11,499,600	\$ 369,500	3.3%
Estimated Uses				
Personnel Costs	2,892,100	3,578,900	686,800	23.7%
Contracts & Materials				
Inventory	2,068,600	2,300,000	231,400	11.2%
Gasoline & Diesel	3,232,800	2,700,000	(532,800)	-16.5%
Other Equipment Maintenance	1,070,400	843,500	(226,900)	-21.2%
Other Professional Services	64,500	80,000	15,500	24.0%
Supplies & Miscellaneous	117,900	112,000	(5,900)	-5.0%
Facility Maintenance & Custodial	83,000	95,000	12,000	14.5%
All Others	26,300	57,500	31,200	118.6%
Total Contracts & Materials	6,663,500	6,188,000	(475,500)	-7.1%
Capital Equipment/Improvements	46,800	205,000	158,200	338.0%
Total Expenses	\$ 9,602,400	\$ 9,971,900	\$ 369,500	3.8%
Revenues over Expenses	\$ 70,800	\$ -	\$ (70,800)	-100.0%
Ending Cash Balance	\$ 1,527,700	\$ 1,527,700	\$ -	0.0%

2023 Program Budget Highlights & Special Issues

- The Fleet Shop is projected to end 2022 with \$9.7 million of revenue. This is up almost 36% over 2021, largely due to inflationary increases for fuel and inventory and their associated reimbursement to the Fleet Shop based on Departments' usage.
- Assuming full staffing levels, the revenue projection in 2023 is \$9,971,900.
- Personnel Costs are up 23.7% due to rate increases to align with the competitive hiring market and one additional position that was not included in the 2022 budget.
- Contracts and Materials are projected to be 7.1% lower largely due to uncertainty with fuel prices in 2023. Fuel prices were exceptionally high in 2022, driving up costs for the Division.
- 2023 Capital Equipment and Improvements budget is up \$158,200 for fleet shop upgrades.

Internal Service Funds: Plumbing Shop

Source & Uses by Program Area

Plumbing Shop				
	Projected 2022 Actuals	2023 Proposed Budget	\$ Chg.	% Chg.
Estimated Sources				
Beginning Cash Balance	160,700	278,500	117,800	73.3%
Projected Revenue	700,600	689,800	(10,800)	-1.5%
Total Sources and Cash Balance	\$ 861,300	\$ 968,300	\$ 107,000	12.4%
Estimated Uses				
Personnel Costs	448,100	469,100	21,000	4.7%
Contracts & Materials				
Supplies & Materials	126,000	150,000	24,000	19.0%
Fleet & Fuel	8,700	14,000	5,300	60.9%
Total Contracts & Materials	134,700	164,000	29,300	21.8%
Total Expenses	\$ 582,800	\$ 633,100	\$ 50,300	8.6%
Revenues over Expenses	\$ 117,800	\$ 56,700	\$ (61,100)	-51.9%
Ending Cash Balance	\$ 278,500	\$ 335,200	\$ 56,700	20.4%

2023 Program Budget Highlights & Special Issues

- 2022 represents the first full year with the Plumbing Shop's updated rates, increasing from \$65/hr. to \$90/hr. Revenues have improved and are expected to end 2022 39.7% higher than 2021.
- Revenue projections for 2023 are in line with 2022 performance.
- Personnel costs are up 4.7% in 2023, in line with budgeted wage and fringe increases.
- The Supplies & Materials budget is up \$24,000, or 19.0%, to align with actual spending trends.

Internal Service Funds: Health Insurance Fund

Source & Uses by Program Area

Health Insurance Fund				
	Projected 2022 Actuals	2023 Proposed Budget	\$ Chg.	% Chg.
Estimated Sources				
Beginning Cash Balance	14,184,000	13,781,000	(403,000)	-2.8%
Revenue	24,923,100	29,459,700	4,536,600	18.2%
Total Sources & Cash Balance	\$ 39,107,100	\$ 43,240,700	\$ 4,133,600	10.6%
Estimated Uses				
Personnel Costs	319,000	350,400	31,400	9.8%
Wellness Incentives	92,800	300,000	207,200	223.3%
Insurance Claims	26,059,500	33,105,300	7,045,800	27.0%
Offset: Est. Claims Credits	(2,700,000)	(2,700,000)	-	0.0%
Clinic Claims	1,190,000	1,237,200	47,200	4.0%
Professional Services	209,100	383,000	173,900	83.2%
Other Expenses	155,700	299,000	143,300	92.0%
Contracts & Materials	25,007,100	32,624,500	7,617,400	30.5%
Total Expenses	\$ 25,326,100	\$ 32,974,900	\$ 7,648,800	30.2%
Revenues over Expenses	\$ (403,000)	\$ (3,515,200)	\$ (3,112,200)	772.3%
Ending Cash Balance	\$ 13,781,000	\$ 10,265,800	\$ (3,515,200)	-25.5%

2023 Program Budget Highlights & Special Issues

- 2023 revenues are projected to increase 18.2% based on a 3% increase in the employee's monthly contribution and absence of 2 health insurance holidays.
- Personnel costs within the fund are up 9.8% due to the fund sharing a percentage of applicable costs with the General Fund.
- Wellness Incentives are projected to be 223.3% higher in 2023 based on timing of payments.
- Insurance Claims are projected to grow 27.0% as staff increase usage of health services following pandemic declines.
- Professional Services reflect an increase of \$173,900 due to increased costs with the Electronic Open Enrollment vendor as well as RWC maintenance and equipment replacement.
- The projected 2023 year-end balance of \$10.3 million is greater than our actuary target of 1.5 to 2.0 times the actuarial amount, or \$4.4 to \$5.9 million.

Internal Service Funds: Workers Compensation

Source & Uses by Program Area

Workers Compensation Fund				
	Projected 2022 Actuals	2023 Proposed Budget	\$ Chg.	% Chg.
Estimated Sources				
Beginning Cash Balance	19,069,300	18,311,700	(757,600)	-4.0%
Revenue	2,914,200	3,016,200	102,000	3.5%
Total Sources & Cash Balance	\$ 21,983,500	\$ 21,327,900	\$ (655,600)	-3.0%
Estimated Uses				
Personnel Costs	540,700	578,900	38,200	7.1%
BWC Claims Payments	2,115,500	2,189,500	74,000	3.5%
Professional Services	658,400	1,024,900	366,500	55.7%
Indirect Costs	93,000	104,300	11,300	12.2%
Supplies & Materials	125,100	175,000	49,900	39.9%
Other Expenses	139,100	179,000	39,900	28.7%
Contracts & Materials	3,131,100	3,672,700	541,600	17.3%
Total Expenses	\$ 3,671,800	\$ 4,251,600	\$ 579,800	15.8%
Revenues over Expenses	\$ (757,600)	\$ (1,235,400)	\$ (477,800)	63.1%
Ending Cash Balance	\$ 18,311,700	\$ 17,076,300	\$ (1,235,400)	-6.7%

2023 Program Budget Highlights & Special Issues

- The City has committed to a multi-year plan to reduce the cash balance of the fund, and as such the transfer rate was reduced from 2.5% to 2.0% from 2021 to 2022.
- The transfer rate will be held at 2.0% in 2023, but there will be three Worker's Compensation holidays to reduce the cash balance in lieu of a continued rate reduction.
- Personnel costs are up 7.1% in 2023, reflective of the cost sharing arrangement based on the inclusion of applicable costs.
- Professional Services are higher in 2023 due to inflationary increases with annually licensing, health and safety fair costs and copying services.
- The fund is projected to have a year-end cash balance of \$17.1 million in 2023, down \$1.2 million from 2022.