



Agenda Item

City Council

Item #: 9.2.

7/23/2024

File #: 24-0444

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Fiscal Year 2024-25 Proposed Budget Amendment No. 1.

2. SUMMARY

On June 25, 2024, the City Council adopted the Fiscal Year 2024-25 budget with a projected operating deficit of almost \$8.0 million. Per City Council direction, and additional staff recommendations, staff is proposing an additional \$1.4 million in budget reductions to the Fiscal Year 2024-25 budget.

3. RECOMMENDED ACTION

1. Approve the \$1.4 million in additional proposed budget reductions.
2. Approve the position changes and total Full-time Equivalent for Fiscal Year 2024-25.
3. Adopt Resolution No. 11562. A Resolution of the City Council of The City of Orange Rescinding Resolution No. 11533 and amending the Citywide Pay Schedule in accordance with the requirements of California Code of Regulations, Title 2, Section 570.5.
4. Provide staff with direction on any additional reductions to the Fiscal Year 2024-25 budget.

4. FISCAL IMPACT

Upon approval of the budget reductions, the General Fund total expenditures for Fiscal Year 2024-25 is approximately \$154.8 million. Any additional direction for budget amendments provided by the City Council will be brought forward for approval at a future date.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- b: Analyze future fiscal needs and potential revenue opportunities.
- c: Provide appropriate reserves.

6. DISCUSSION AND BACKGROUND

Background:

The City Council adopted the Fiscal Year 2024-25 (FY25) budget on June 25th and directed staff to continue collaborating with the Budget Ad Hoc Committee to identify additional budget reductions. The FY25 adopted budget includes almost \$4.1 million in budget reductions, over \$4.2 million of

additional revenues, of which \$3 million is one-time monies.

Tonight, staff is proposing an additional \$1.4 million in budget reductions as a result of City Council direction and City Manager recommendation. This reduction includes:

Description	Amount
Part-time staff for special events	\$45,500
Tree lighting decorations	16,000
Movies in the Park	9,200
Concerts in the Park	26,700
Veteran's Day	2,245
Treats in the Streets	14,141
Tree Lighting Ceremony	55,425
Special event supplies	23,650
Police overtime for special events	112,833
Holding six (6) vacancies in the Police Department	1,024,844
Total Additional Reductions	\$1,423,306

In addition, the FY25 adopted budget included costs associated with staffing changes and maintaining frozen positions as illustrated in Attachment B. The additional six vacancies (noted above) will bring the total Full-time Equivalent (FTEs) for FY25 to just under 712. This is a reduction of over 50 FTEs from Fiscal Year 2023-24 (FY24). Details of the total FTEs can be found in Attachment B.

Approval of the proposed FY25 budget amendment will reduce the projected operating deficit to \$6.6 million, down \$1.4 million from the original estimate of \$8.0 million. The following is the updated FY25 General Fund's fiscal position.

Fiscal Year 2025	1-time	Recurring	Total
Proposed Revenue budget (1st study session)	\$0	\$144,006,541	\$144,006,541
Additional Revenues	0	1,201,000	1,201,000
Transfers In (CR&R)	3,000,000	0	3,000,000
Total Adopted Revenues	3,000,000	145,207,541	148,207,541
Proposed Expenditures (1st study session)	0	161,236,003	161,236,003
Changes from 1st budget study session	-960,000	0	-961,000
Budget Reductions (6/25 budget adoption)	0	-4,074,242	-4,074,242
Proposed Reductions (7/23)	0	-1,423,306	-1,423,306
Transfers Out	0	0	0
Total Revised Expenditures	-960,000	155,738,455	154,778,455
Revised Operating Surplus (Deficit)	\$3,000,000	\$10,530,914	\$6,569,914

7. ATTACHMENTS

- Attachment A - FY25 Budget Reductions
- Attachment B - FY25 Position Changes and FTEs
- Attachment C - Resolution No. 11562