



## Budget, Finance & Economic Development Committee

June 25, 2024

### Summary and Motions

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Chair James Brown called the meeting to order at 1:05 p.m. Vice Mayor Dan Wu and Council Members Chuck Ellinger, Hannah LeGris, Liz Sheehan, Preston Worley, Fred Brown, Jennifer Reynolds, and Kathy Plomin were in attendance. Council Members Tayna Fogle, Shayla Lynch, and Dave Sevigny were also present as non-voting members. Council Member Whitney Baxer was absent.

#### **I. Approval of March 19, 2024 Committee Summary**

A motion by Sheehan to approve the March 19, 2024 Committee Summary, seconded by LeGris, the motion passed without dissent.

#### **II. Monthly Financial Update – March 2024**

Commissioner Hensley provided a brief update on the monthly financials. Revenue continues to run a positive variance to budget, primarily due to greater than budgeted insurance premium tax collections, investment income, and EMS fees. Payroll withholding tax collections fell slightly to 5.6% growth over prior year. Net profits are trending under FY2023 collections.

While there are significant budgetary savings shown, 10% more has been spent in FY2024 on operating costs than in FY2023. The operating budget currently shows a \$25.7 million positive variance, however, much of that savings is encumbered and will be carried forward to FY2025.

No action was taken on this item.

#### **III. Public Infrastructure Program Update**

This item was reported out early at the July 2nd, 2024 Work Session.

#### **IV. Economic Contingency Fund Update**

Ashley Simpson, Deputy Chief of Finance, presented on the economic contingency fund update. A history of the ordinance was shared. The original ordinance was approved in 1996 with a budget of \$8.3 million intended to provide sufficient working capital for emergencies and to reduce borrowing costs. The ordinance was also updated in 2006 and 2016 with modifications to the policy and budgetary contributions.

The COVID-19 pandemic caused unpredictable budget years that required budgeting based on projected decreases or very low growth in business taxes. Contributions to the Economic

Contingency fund were suspended during the FY20 – FY22 budget cycles. Federal funding created unexpected fund balances during early COVID years, allowing for additional influx to offset suspended contributions.

LFUCG saves for financial strength, to provide stability during economic volatility, and to provide cash flow and available resources in a state of emergency. Saving provides strong basis for credit ratings and ensures the ability to borrow funds for capital. Moody's scorecard recommends that a AA rated government have between 30-15% of revenue saved as a fund balance.

The proposed changes to the Economic Contingency fund ordinance are to increase the monthly contributions to \$75,000 instead of \$50,000 and to recommend allocating 10% of the unassigned fund balance to be deposited into the fund unless the 10% funding goal has been met. Only the amount needed to attain the 10% goal will be committed to the fund. For example, an estimated contribution of \$4 million would be necessary to reach the 10% goal for FY24.

A motion by Plomin to amend ordinance 50-2016 pertaining to the contingency designation fund policy, seconded by Sheehan, the motion passed without dissent.

## **V. Adjournment**

A motion by LeGris to adjourn at 2:46pm, seconded by Wu, the motion passed without dissent.