

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to 2024-25 budgetary concerns and initial recommendations to restore the Reserve Fund.

Recommendations for Council action:

1. RETAIN the Prioritized Critical Hiring Process, pending review and recommendations from the City Administrative Officer (CAO) in future Financial Status Reports.
2. DEFER all requests for interim budget appropriations, including new requests for reappropriations, insofar as they require the use of the General Fund.
3. INSTRUCT departments to absorb overspending within their budgeted resources and adjust operations, where necessary, to do so.
4. INSTRUCT the CAO to provide recommendations in its Financial Status Reports to protect and restore the Reserve Fund to the five percent Financial Policy minimum.
5. INSTRUCT the CAO; and, REQUEST the City Attorney to report on potential strategies to limit future liability payouts.

Fiscal Impact Statement: The CAO reports that the recommendations in this report have no fiscal impact. If adopted, they will support the City's efforts to restore the Reserve Fund to the five percent Financial Policy minimum.

Financial Policies Statement: The CAO reports that the recommendation in this report complies with the City's Financial Policies as they will: 1. Help the City take steps to return the Reserve Fund to the five percent policy level. 2. Reinforce the Fiscal Policy that interim budget appropriations should only be approved in extreme circumstances. 3. Reinforce the General Fund Reserves policy discouraging reappropriations, unless the adopted budget or year-end reporting included them.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on October 9, 2024, your Budget, Finance and Innovation Committee considered a CAO report relative to 2024-25 budgetary concerns and initial recommendations to restore the Reserve Fund.

After an opportunity for public comment was held, the Committee recommended to move forward the recommendations contained in the CAO report, as detailed above. This matter is now submitted to the Council for consideration.

Respectfully Submitted,



BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
RODRIGUEZ:	YES
McOSKER:	YES
YAROSLAVSKY:	YES
PARK:	YES

LV 10.9.24