

Item: 23-1408 Resolution #14-R-23 Changing the Timeline for Budget Delivery to the Common Council

Finance Committee

Mon, Dec 11, 2023 5:30PM

Aldersperson Brad Firkus (District 3) 49:13

All right. We do have some other items on the agenda tonight. So, I'll move on to 23-1408 Resolution 14-R-23 Changing—yeah, changing the timeline for budget delivery to the Common Council.

Aldersperson Denise Fenton (District 6) 49:29

Move for approval.

Aldersperson Chris Croatt (District 14) 49:30

Second for discussion.

Aldersperson Brad Firkus (District 3) 49:31

All right. We have a motion and a second. And Alder Doran, would you like to set us off with this?

Aldersperson Chad Doran (District 15) 49:38

Thank you. This is something that I've been thinking about for a while now and sort of been paying attention to how other cities operate when it comes to budget delivery and timing. And there are some other communities out there that do it sort of more in the mid-September timeframe. There are some that will deliver their Capital Budget earlier than the sort of general fund budget. There are a number of different ways, I guess, communities tackle this issue.

Aldersperson Chad Doran (District 15) 50:14

What it really boils down to is: are we comfortable, I guess, where we're at and the amount of time that we get to review, offer input and potential changes to the budget under the sort of timeline we have now? Obviously, this year, as an example, we had some fairly major changes made to the budget, that I feel probably were worthy of some committee consideration outside of the budget process. That didn't happen, and this was something that I discussed with Director Ohman and her deputy director even prior to, I think, the budget being delivered to us. So just from the standpoint of, kind of, what are our options and what does staff feel comfortable with? And we probably talked for hour, hour and a half, about sort of the impacts, that moving up the timeline for delivering the budget to the Council would have on staff and what that sort of means for us and for staff.

Aldersperson Chad Doran (District 15) 51:24

And I think the best way to sort of put it to the committee and our colleagues is that this change really probably amounts to some tradeoffs in terms of certainty, I think maybe Director Ohman would say in the budget numbers that are presented to us. I think the way she said to me was the budget as is now when it comes to us is sort of the staff's best guess as to what they've put together with all the information they have. Moving the timeline up two weeks, makes that maybe just a slight amount less certain. And if potential changes come up, for example, if more money is is—comes in from a fund that wasn't expected, then it becomes the sort of Council's decision as to how to allocate those funds, because the budget has already been delivered to us versus the staff making a change at the last minute before it gets delivered to Council at the first meeting in October.

Alderman Chad Doran (District 15) 52:29

So, you know, we talk a lot about trying to get more people involved in doing this job, and I think one of the biggest challenges we all face is taking a look at the budget every year. It's an awful lot of work, just to make it through the budget in in in the whole scheme, I guess, if we're really looking through page by page, trying to review numbers and look at allocations and to put together questions that we have. Leaves very little time, I think, for all of us to kind of ask our questions, potentially process some feedback, and look at alternatives.

Alderman Chad Doran (District 15) 53:10

So, I guess I'm comfortable just bringing this forward for discussion. Because I think as we sort of settled, it's really just a tradeoff. That that it doesn't seem in my mind (and Director Ohman can certainly speak to this too, from the staff perspective) that that moving this budget up two weeks is something that makes the job impossible for staff. It sounds doable. As I said, there's maybe a slight trade off there. But it also, I think, makes this a little bit easier for us, gives us a little more breathing room, and potentially makes this process perhaps even a little bit smoother as we go through reviewing the budget in our committee sessions. And looking forward to budget Saturday, and then beyond sort of makes that timeline a little less compressed and a little less stressful for everybody. So, I guess I will just put it out there as that for now.

Alderman Brad Firkus (District 3) 54:09

All right. Alder Croatt.

Alderman Chris Croatt (District 14) 54:10

I think the second part of the resolution that's important is this review at committee in July. I guess when I read it, I had a little bit of a concern about how that would how that might work and what we would be presented with in July. You know, not all the way to the finish line, what type of information would be shared by the departments? So.

Alderman Chris Croatt (District 14) 54:10

Thank you, Chair. I would certainly like to hear from the Finance Director on this potential trade off scenario for one. I think we'd all agree a little more time would be better to review a very thick binder with a lot of important information. But when I get the book, I'd like it to be as close to accurate as it can be. But I would be—I would definitely be in favor of getting it earlier.

Director Jeri Ohman (Finance) 55:01

All right, not really sure where I should start with all this. If no one's opposed, I'll start with the state revenues and when we get our estimated numbers from the state. One of the biggest ones is our levy limit worksheet. That tells us how much our net new construction is according to the state and what we can increase the tax levy by. We receive that—this last year we received that September 5. So, if we would move the budget presentation or—to Council up by two weeks, that would give us not even two weeks to look at revising any numbers that we need to get within the levy limit.

Director Jeri Ohman (Finance) 55:52

Shared revenue estimates, general transportation aids, video service provider aids, exempt computer aids, expenditure restraint information that works into all those is from the 15th through the 30th of September. So, some of those are—we're still working with estimates. However, for example, the DOR releases CPI information that's used for expenditure restraint on September 21. That's when I get to go through and look at what the calculation is, and make sure that our expenditures are within that amount, and make any revisions that's needed so that we don't lose our expenditure restraint funding. County sales tax comes in mid-August. That's for

the first half payment. So, we use that along with the prior year to estimate to see what the trend is there and work that in.

Director Jeri Ohman (Finance) 56:54

One of the—the way our process works is Finance—with the current timeline, Finance starts working to assemble the documents for departments in early April. We begin that process after the auditors leave. So, we're not completely done with the audit, but we're already starting to work on the budget. CIP forms are sent to departments by mid-April. Budget forms and instructions are sent to departments by mid-May. Preliminary payroll projections are sent to departments by the end of May. Then we start receiving some of this information back. So, CIP and budget requests are due back from some of the smaller departments—CEA, Risk Management, and Facilities by Jun 12. Finance then takes CEA, Risk Management, Facilities reviews those budgets and does the calculations for the internal service charges that goes out to all the other departments. Those are usually distributed by the Fourth of July.

Director Jeri Ohman (Finance) 58:02

About the same time, we're waiting—we're updating payroll projections and we're waiting for WRS rates for the next year to be released. That usually happens around June 28. This year, we sent those updated payroll projections to departments on June 29. The departments who haven't already turned in their budgets are using all of that information to finalize budgets, which are due back to Finance by July 10th.

Director Jeri Ohman (Finance) 58:33

Finance then works on reviewing all Department Budgets and sending questions out to departments for anything that we're noticing doesn't quite line up. If your actuals for the last few years have been here, but you're budgeting here, should there be a change there? We're doing that preliminary review with departments going back and forth starting when we receive those budgets. Once we go through that we set up a meeting between the department, Finance and the mayor, and those meetings take place between mid-July through mid-September.

Director Jeri Ohman (Finance) 59:10

During September, the leadership team will discuss supplemental requests, and we're estimating how much funding we have available to fulfill those supplemental requests, and we'll work together as a team to see what we're able to still work within the budget or not. And a lot of times we're waiting for some of those final numbers to come in from the state so that we know we have—"Okay, we have another \$10,000; we can do this."

Director Jeri Ohman (Finance) 59:37

Um after the budget department—after the department budget meetings, final edits are made on all those budgets and the pages by Finance staff and then sent out to the departments for a final review. We also go through with—Finance staff goes through. We prepare the intro sections, the General Government Section, debt, supplemental—all those, like, basic where everything all those numbers are being pulled together.

Director Jeri Ohman (Finance) 1:00:02

When we have changes in numbers, it's not just one page that changes, it's that first page of the department budget, it's the pages at the end of the budgets, it's the totals way up front, it's the CIP pages in the back. So, there's multiple—one change affects many, many pages. And that's all finance staff that make those changes. So, we're working on doing all of that. Once all that's done, I do a final review where I take that budget book. And I go through each page and skim it just to see if there's anything that jumps out at me that we missed. And

we need three days to print and put those books together, just because that's how long it takes to print 45 copies of it.

Director Jeri Ohman (Finance) 1:00:52

So, moving up by even two weeks doesn't sound like it's a lot—"we'll lose some of the accuracy"—but really what it's going to affect is—we shift all those timelines, we're going to be starting the budget process before the auditors are even out in our office. We're going to be sending out payroll projections that don't have current WRS rates, but on top of that, we're using every minute we can for the health insurance, to see where those trends are, and figure out what we need to do for premiums for the next year, where we think we're going to be.

Director Jeri Ohman (Finance) 1:01:25

Um not just my staff, but comments from—I have comments from all the other directors about how it would affect their staff. They're tight meeting their deadline. So, if we push that up, that's also affecting the other departments as well. Any—a lot of them also referenced, like, year to date actuals. Whether it's revenue or expenses, a lot of them maybe don't have all the information that they need to make those estimates for the new year. I think Public Health Officer Sepers mentioned that some of his billing doesn't even take place until June. So, he has nothing to go by for what his revenues might be for the following year. So, there's a lot of things that work in there besides just those revenue estimates that we get in September. It's really the entire process that would be shifted and take away from the accuracy from what's presented to Council at the beginning of October.

Director Jeri Ohman (Finance) 1:01:25

Alder Croatt, one of the other questions you asked is what those July meetings would look like? I honestly don't have an answer for that because we would have to understand what we're expected to present in July. Like I said, a lot of these budgets haven't even had their first review at that point.

Aldersperson Chris Croatt (District 14) 1:02:49

Okay, yep. The resolution says "present a preliminary budget review to the assigned committee of jurisdiction." So, what that would look like I don't know, but it sounds like a very challenging timeline as it is. Thank you very much for sharing all that information. It's very helpful for me. I knew there was some significant timeline challenges with moving this up. I don't think the benefits of having two weeks, two—one to two more weeks of review time, outweighs all of the challenges that would present all departments including Finance. So, I will struggle to support this resolution.

Aldersperson Brad Firkus (District 3) 1:03:29

Thank you. Thank you. Alder Fenton.

Aldersperson Denise Fenton (District 6) 1:03:33

Thank you, Chair. I'm going to preface everything I'm staying with most of it was information that was provided to me by Alder van Zeeland, who put a lot of work. I know that she has discussed all of this with Director Ohman. And with apologies to Alder Siebers, who's sitting there, I know that what we vote on is the "therefore be it resolved," but a lot of the research that Alder van Zeeland did was related to the third whereas that states that the City of Appleton Executive Budget lags behind that of many other municipalities in the state by as much as three weeks. So, and I'm quoting and I'm and Alder van Zeeland has said that I can provide this. Director Ohman has it already. And so we'll make sure it gets attached to the full item in the full Council. But just looking through—and I filtered her very big spreadsheet just for cities that are generally comparable cities that are classified as second class like, this means nothing about the city, but the size, like Appleton. New Berlin,

distributed September 1. Sheboygan, they have a presentation and a discussion, La Crosse—on the fifth, Sheboygan. La Crosse has a board of es—it goes to Board of Estimates on September 7, but it goes to Council on October 20—went to Council, October 20. These are actual dates from last year. Fon du Lac September 20. Eau Claire September 29. Brookfield September 30. Wauwatosa October 3. Appleton October 4. Janesville October 9. Waukesha October 10. Wausau October 10. Kenosha October 16. West Allis (I'm almost through) October 17. Green Bay, October 18. Oshkosh October 23. And Racine November 2.

Aldersperson Denise Fenton (District 6) 1:05:45

Ordinances—I'm not going to go through all of those, but the ordinances are very comparable in timeline. So, again, we're not voting on the whereas clauses, but I kind of dispute the premise of the resolution that other cities are far ahead of Appleton. It seems like cities of comparable size. Clearly, Director Omen has given us a very, very detailed process that the city of Appleton goes through, and I would—and I would just assume and hope that our colleagues in other cities of similar sizes go through the same process, and that it takes the same amount of time. They get their estimates from the state at the same time, they get—you know, their health department gets their revenue at the same time. So, again, I dispute the premise, and based on what I hear Director Ohan say, I agree, that I don't think having the budget an extra week early is worth putting our staff through that sort of—I don't know—turmoil. Anyway. Thank you.

Aldersperson Brad Firkus (District 3) 1:07:05

Alder Hartzheim.

Aldersperson Sheri Hartzheim (District 13) 1:07:06

Thank you, Chair. I appreciate the spirit of this this resolution, because it is difficult for both staff to get it to us and for us to be able to quickly zip through it and try to figure out what we could amend to figure out millions of dollars in places if that's what we wished to do as council people. I understand the challenges that were presented by Director Ohman and I appreciate them very much. I, I think what Aldersperson Fenton said, it may not be worth—the view may not be worth the climb in that regard.

Aldersperson Sheri Hartzheim (District 13) 1:07:45

But I like the last portion of this resolution, and think that perhaps this is something that we can build upon to get us closer to what the Council would like, which is a little bit more time to mull over what is happening, but not so much so that it has to be "Here are our strict numbers, and we know them by heart. And this is exactly what the roll up looks like." What disappointed me in this past budget season is that one of our Council members was able to get any kind of information from the mayor in regards to the initial roll up. Our Council President Van Zeeland, knew long ago before any of the rest of us knew that there was a big discrepancy in the initial roll up. And if she were privy to that, and the rest of us would have been privy to that there might have been some different discussion in that regard, or there might have been some different thoughts from the rest of the Council in that regard.

Aldersperson Sheri Hartzheim (District 13) 1:08:45

So, my concern is that we should be involved—closely involved—because that is our job as people who serve our districts, but I don't want to, again, put undue stress upon the entire system that has been detailed very strongly for us there. Might it be possible, Director Ohman, to keep that last "All city department heads, as an informational item, will present preliminary budget overview information," and still—and we would still then get kind of the meat of what we can expect when it comes to September/October?

Director Jeri Ohman (Finance) 1:09:40

I would have to know to what ex—like what exactly would be expected in July as far as whether or not we'd be able to have it as an informational item.

Aldersperson Sheri Hartzheim (District 13) 1:09:53

I understand, and I don't I don't necessarily know what that would be either. But is there enough information on a director's table at that time that they can come to their committee of jurisdiction and say, "Here's what it's looking like?"

Aldersperson Brad Firkus (District 3) 1:10:06

I just want to point out at this point that we do have mid-year reviews within each committee. So, I mean, we can—

Aldersperson Sheri Hartzheim (District 13) 1:10:13

That's absolutely true.

Aldersperson Brad Firkus (District 3) 1:10:13

—we can utilize that time for asking questions. I don't think the process would necessarily have to change. But I think those conversations can be had. And one thing that's—

Aldersperson Sheri Hartzheim (District 13) 1:10:23

That tends to be a mid-year review of the previous budget, not so much a new budget, but I see where you're going with that. Thank you.

Aldersperson Brad Firkus (District 3) 1:10:28

Right. I, those, why those you are review, but those also have had usually like, "Hey, this is coming up, has...?" Those kinds of conversations have taken place within those meetings. So, I think those mid-year reviews as they exist, are pretty close to what we're looking for, I think.

Aldersperson Brad Firkus (District 3) 1:10:29

With maybe a smidge more into the next year.

Aldersperson Brad Firkus (District 3) 1:10:29

Yeah. So, I just want to—

Aldersperson Sheri Hartzheim (District 13) 1:10:30

Thank you.

Aldersperson Brad Firkus (District 3) 1:10:32

—I'll stop.

Aldersperson Sheri Hartzheim (District 13) 1:10:32

No, no, that's perfect. Thank you.

Aldersperson Brad Firkus (District 3) 1:10:35

All right. Um, I guess with that I want, one thing that kind of concerns me with this is I can understand and appreciate wanting to be more involved with the budget, but we do have a separation of powers, and the legislature does have its role, and the executive does have its role. And I think it could get very messy if you end

up having, you know, 15 alders trying to act like mayors. I—that's what I worry about, is that that becomes a possibility if we start injecting ourselves into the process even earlier, when it's not really the bread—you know, the dough is not quite set yet. That's the thing.

Aldersperson Brad Firkus (District 3) 1:11:30

I mean, using this year's example of like, there's a shortfall and stuff, staff needs time, the executive branch needs time to digest that and come up with ideas. I don't know if all of a sudden all of us just throwing ideas at the staff is necessarily going to make that a more orderly and efficient process. I think it's good to have that time built in where the department heads, leadership can get together and say, "Okay, what are we going to do about this? Let's throw together some proposals. Let's kind of look at the ins and outs," before it kind of gets into our hands and we start just tearing it apart. I mean, it can be feeding season. So that's a concern that I have with some of this here. Does anyone else have any com—Alder Alfheim.

Aldersperson Kristin Alfheim (District 11) 1:12:20

Thank you, Chair. First, I'd like to say I never ever, ever want Director Ohman's job, ever. I think what's—you know, and how wonderful of you to walk through that painful, painful process with us because 700 pages is daunting to all of us. But in those 700 pages, I remember only a handful of actual typos that have been found over the three years that I've been on this situation, which means the staff is ridiculously thorough and tries to be perfect before they even give it to us.

Aldersperson Kristin Alfheim (District 11) 1:12:57

So, what I don't want to do is read 700 pages of inaccurate information. What I don't want to do is read 700 pages twice. I don't want to do that. And I think that all we're asking for is for people to cause redundancy. I actually didn't mind the idea of a couple of weeks early, but after a great thorough understanding, that's not fair to us, and it's inappropriate.

Aldersperson Kristin Alfheim (District 11) 1:13:20

I am also concerned about the process. Our process as I understood it was the departments create their budgets, they take—it goes from the department heads to the mayor, becomes the mayor's budget, then the mayor presents it to the Council, and then it's the Council's budget. That's our process. So, by asking us to do this July summit, it seems like we're trying to be the mayor. And I don't think that's the way that it's built. So, what I do like in three budgets that I've sat through so far, I have heard complaints or questions about parking utilities and water and bigger issues. I like that there are actually resolutions on the floor that talk about those issues. It gives us a chance to say "Maybe we could be doing something different." It's not the right time at budget season to say "Here's our 700-page budget. I don't like it. Let's now get a big eraser and start." So, what I'm promoting is these conversations during the year of major changes so we can give them time to talk about it and then as a Council. I do not think that we need to be using an eraser at May.

Aldersperson Kristin Alfheim (District 11) 1:14:28

We are not the people that understand how to build a budget. Our job is to let the professionals go through, work through the status, and then come to it. But that doesn't mean don't ask questions. It means there's a process for a reason, and we have a role to fill. Let's not add more work than necessary, and let's be as good at our jobs as we can. So, I would vote against this amendment altogether.

Aldersperson Brad Firkus (District 3) 1:14:53

All right. Thank you. Is there anything else? Alder Meltzer.

Aldersperson Vered Meltzer (District 2) 1:14:59

Thank you. Um, I appreciate that we were presented with a budget that didn't have a shortfall. We were presented with a complete, finished product. We didn't have a mayor who said "Sorry, I ran out of time. So now this is your problem." I think that that shows that Appleton is healthy, that the system is working. The last thing I want to do is take time away from staff and break that system. I think that also is as we're comparing ourselves to other municipalities, we shouldn't just think of their size as far as population. Do they have the same number of departments? Do they have the same number of staffing? If somebody had—you know, if there's another community that has twice as many staff in their health department, then maybe they actually, you know, have a completely different process than we do with a different allocation of resources. So, I think it's really important to consider how beautiful it is that we have such a functional budget system and that we have not not—not during the time that I've been on Council, have we ever been presented with a broken, unfinished budget where the legislative branch needed to do the executive work. Thank you.

Aldersperson Brad Firkus (District 3) 1:16:21

All right. Is there anyone else? All right, seeing none, we will go ahead and vote. All those in favor? All those opposed? Nay. All right, that fails 0-4. So, do we have to...? Alright, so—

Aldersperson Sheri Hartzheim (District 13) 1:16:37

Move to deny.

Aldersperson Chris Croatt (District 14) 1:16:38

Second.

Aldersperson Brad Firkus (District 3) 1:16:38

All right, have a motion a second. All those in favor? Aye. Opposed? Abstentions. That passes four to zero.