Creative Budget Management Strategies

Presenter:
Lauren Lai, CPA, MPA,
Finance Director, City of Milpitas
Submit questions via email during the session to our panelists at

QuestionsCalCities@gmail.com
Lauren Lai, MPA, CPA

Biography

- 25 years of professional experience
- Finance Director of City of Milpitas, Monterey, Marina, Capitola
- Two decades of award-winning budget & ACFRs
- Forward thinking, innovative, strategic in finances & public engagement
Creative strategies to manage a complex, multi-faceted City budget.

Tips and tricks in key areas
• Create transparency and defining engagement
• **Set the roles** – “budget liaisons”, department leads, with a focus on collaboration, expertise
• **Set calendar for budget development** – with flexibility, consideration of other organization calendar demands and includes public engagement
• **Set calendar for public engagement** – i.e. polling, online surveys, etc
• **Schedule meetings for review** – with departments, city manager and council briefings, oversight committees.
• Collaborate to develop the calendars and publish
Use Effective Budget Development Tools.

More than just spreadsheets and Outlook calendars
Project Management Tools – collaboration!

- **OneNote** – agenda and discussion details
- **Smartsheet** – collaboration project management tool, assigns, workflow, calendars and dashboards,
- **OneDrive (SharePoint)** – collaborative file sharing
- **Tableau** – dynamic, financial reporting
- **Mach Forms** – budget request submittals by departments
- **OpenGov** – budget development
- **wDesk** – publication tool
- **Adobe cloud** – PDF review and collaboration
<table>
<thead>
<tr>
<th>Risk</th>
<th>Task</th>
<th>Description</th>
<th>City Staff</th>
<th>New Assignments</th>
<th>Assigned To</th>
<th>Start Date</th>
<th>Finish Date</th>
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</thead>
<tbody>
<tr>
<td>29</td>
<td>CMO Meeting to discuss funding requests</td>
<td>Department Head meeting with CMO to discuss funding requests</td>
<td>Michael</td>
<td></td>
<td></td>
<td>12/05/22</td>
<td>12/09/22</td>
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<tr>
<td>30</td>
<td>City Manager Office Following Up</td>
<td>Follow up meeting may be requested after review of preliminary funding requests.</td>
<td>Michael</td>
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<td></td>
<td>12/11/22</td>
<td>12/22/22</td>
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<tr>
<td>31</td>
<td>Briefing with the City Manager</td>
<td>Briefing with the City Manager regarding preliminary 10 year forecast and base budget</td>
<td>Budget Team</td>
<td></td>
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<td>12/17/22</td>
<td>12/17/22</td>
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<tr>
<td>32</td>
<td>Days to Submit Mid-Year Budget Adjustments</td>
<td>Submit Phase II Mid-Year Budget Adjustments, announce via memo from CMO</td>
<td>Victoria</td>
<td>Christine</td>
<td></td>
<td>12/04/22</td>
<td>12/18/22</td>
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<tr>
<td>33</td>
<td>Base Budget Reconciliation Worksheet</td>
<td>Reconcile base budget, compare and contrast with FY base budget</td>
<td>Budget Team</td>
<td>Christine</td>
<td></td>
<td>12/04/22</td>
<td>12/18/22</td>
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<tr>
<td>34</td>
<td>Telephone and Online Community Polling by FM3</td>
<td>Telephone and Online Community Polling by FM3</td>
<td>Charmaine</td>
<td></td>
<td></td>
<td>01/02/23</td>
<td>01/13/23</td>
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<td>35</td>
<td>Community Polling Survey FM3 - update the website as an FY1</td>
<td>Community Polling Survey FM3 - update the website as an FY1</td>
<td>Charmaine</td>
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<td></td>
<td>11/28/22</td>
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<td>36</td>
<td>Conduct Community Polling Survey FM3</td>
<td>Conduct Community Polling Survey FM3</td>
<td>Charmaine</td>
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<td>12/05/22</td>
<td>12/19/22</td>
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<tr>
<td>37</td>
<td>Press Release for Community Polling Survey</td>
<td>Press Release on Community Policy Results/Next Steps</td>
<td>Charmaine</td>
<td></td>
<td></td>
<td>01/18/23</td>
<td></td>
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<tr>
<td>38</td>
<td>Community Survey FM3 briefing to ELT</td>
<td>Community Survey FM3 briefing to ELT</td>
<td>Charmaine</td>
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<td></td>
<td>01/10/23</td>
<td>01/10/23</td>
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<td>39</td>
<td>Community Survey FM3 briefing to City Council</td>
<td>Community Survey FM3 briefing to City Council</td>
<td>Charmaine</td>
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<td></td>
<td>01/17/23</td>
<td>01/17/23</td>
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<td>40</td>
<td>Open Townhall Survey - PIO to decide with CMO</td>
<td>Open Townhall Survey - PIO to decide with CMO</td>
<td>Charmaine</td>
<td></td>
<td></td>
<td>11/14/22</td>
<td></td>
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<tr>
<td>41</td>
<td>Update workforce plan</td>
<td>Update workforce plan with payroll snapshot</td>
<td>Victoria</td>
<td>Christine</td>
<td></td>
<td>01/02/23</td>
<td>01/05/23</td>
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<td>42</td>
<td>Dept Budget Proposal Submission in OpenGov</td>
<td>Dept Budget Proposal Submission in OpenGov</td>
<td>Budget Team</td>
<td></td>
<td></td>
<td>01/05/23</td>
<td>01/11/23</td>
</tr>
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</table>
• Collaboration tools
• Integrate figures
• Integrate edits
• Improve efficiency
• Improve outcome
Transparent Accessibility for different audiences
- Create a robust budget model (excel, OpenGov or other tools)
- Identify significant factors
- Focus on critical assumptions
- Cross verify results – (i.e. actuarial reports)
- Vacancy Assumption
- Calculate 1% labor COLA for contingency planning
Fund Balance – Why it Matters?

- Compliance!
- Maximize funding
- Reduce claw-back

- Policy matters
- Council Prioritizations

- Creative strategies
Fund Sources – Put it into Action!

- Incorporate resources into fiscal planning & budget development

- Dashboards
  - Current & projected balances
  - Trends, analytics

- Summarize in a spreadsheet
  - Sources/restrictions
  - Governing rule(s)
  - Links to file(s)

Fiscal Plans

Collaboration Tools

Define & Summarize
Long-Range Forecasting

Examples

- General Fund
- Enterprise funds –
  - Utility Master Infrastructure Plans
  - Utility Financial Plans
- Other significant funds - RDA
- Pension
- Facility
- Fleet

Tips

- Create models that are easy to understand
- Make the assumptions apparent (avoid imbedding assumptions in formulas)
- Make the model dynamic for scenario planning
- Articulate goals, objectives, risks, contingencies
- Disclose what is not considered or unfunded
Fiscal Policies — so much room for creativity!

Key Objectives
• Fiscal discipline
• Fiscal sustainability
• Accountability
• Transparency
• Internal Controls
• Operational efficacy
• Compliance with mandates
• Achieve public priorities
➔ guides budget development

Short list of Favorites
• Reserve policies (% varies)
• Internal service funds (i.e. fleet, IT)
• Pension Reserve policy
• City Manager budget authority
• City Manager contract authority
• City Manager staffing authority (i.e. overstrength, add/delete)
• City Manager unanticipated expenditure reserve
• Periodic reporting
Succeeding with the Council – and their requests

• Challenge – so many requests and often unfunded

• Solutions
  ▪ Policies (i.e. request requires funding)
  ▪ Staffing impact (i.e. a request that takes 4+ hours requires council approval)
  ▪ Voting tool for prioritization

• Provide Council with plan for engagement
  ▪ Budget study sessions
  ▪ Council retreats
  ▪ Mid-year Updates
  ▪ Proposed budget discussion and direction
Public Engagements – How to effectively listen?

• Formal Community Survey
  - Community perception, priorities,
  - Use trends for services, budget
  - Use trends to inform new revenue options

• Online City Townhall Budget Survey
  - Informal
  - Open-ended questions
  - Information gathering

• In-person engagements
  - Community gathering places
  - Business groups
  - Chambers
  - Local Committees

Survey Specifications

<table>
<thead>
<tr>
<th>Sample Universe</th>
<th>Adult Residents in the City of Milpitas</th>
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<tbody>
<tr>
<td>Total Interviews</td>
<td>795</td>
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<tr>
<td>Dates</td>
<td>January 5-January 20, 2021</td>
</tr>
<tr>
<td>Contact Method</td>
<td>Telephone Calls, Email Invitations, Postcards</td>
</tr>
<tr>
<td>Data Collection Mode</td>
<td>Telephone Calls, Online Survey</td>
</tr>
<tr>
<td>Language</td>
<td>English, Spanish, Vietnamese and Chinese</td>
</tr>
<tr>
<td>Margin of Sampling Error</td>
<td>+/-4.0% at the 95% confidence level</td>
</tr>
</tbody>
</table>
Presenting the Budget – telling the story

- Concise and easy to understand
- Reflective of Council priorities, Community feedback, polls
- Economic landscape – macro and micro/local
- Emerging legislation
- Current finances and urgencies
- Continued policy improvements
- Unfunded mandates – what and why
- Optimism & concerns ahead, strategies, continued long-term planning
- Integrity and confidence comes with monitoring and reporting to the Council and public
Closing Remarks

- Use tools to improve project management, collaboration and better results
- Engagement is critical
- Council priorities and excellent public service are essential drivers of creative solutions
- Continue professional develop (CSMFO, GFOA, League)
- Hire & retain talent -- it takes a TEAM.
- Continue to enjoy the creative journey and embrace innovations.