



Finance & Economic Development Committee Budget Hearing
Finance Department
April 7, 2025

Addendum Questions (not part of PowerPoint)

- Why is the Water/Sewer Fund's portion of the Finance Department increasing from \$6.4 million (Actual) in FY2022 to a proposed budget of almost \$9.7 million in FY2026, a 52% increase?
- When the General Fund's portion of the Finance Department only increased from \$9.5 million (Actual) in FY2022 to a proposed budget of \$11 million in FY2026, a 16% increase?
- How was it determined that out of a \$4.8 million increase in the Finance Department's total budget from FY2022 (Actual) to FY2026 (Proposed), almost 70% of that increase was allocated to expenses paid for by the Water/Sewer Fund, and just 30% went to the portion paid for by the General Fund?
- Why has the total portion of the Finance Dept. expenses paid for by the Water/Sewer Fund increased from 40% to 46% since FY2022?
- How is it possible that almost 1/2 of all the expenses of the Finance Department go towards supporting the needs of one department, Water/Sewer, and all the other departments are supported with the other half of Finance Dept. expenses?

Answers: It is useful to consider the types of customers that the Department of Finance serves. For example, there are approximately 40,000 utility customers who receive monthly bills. This produces over 480,000 bills printed and distributed (Billing Division) and subsequently processed and reconciled when paid (Central Cashiering and Customer Service). In addition, the majority of our collection activity (Account Services and legal partners) encompasses utility delinquencies totaling \$19 million.

The average cost increase to the General Fund over 5 years is 3.2%, reflecting standard personnel services and modest consultant costs. Our property tax billings (General Fund) occur only once a year for the initial bill and a limited number of delinquent bills three times a year. Most payments are submitted by mortgage companies. Wage tax withholdings (General Fund) are filed on a monthly, quarterly, or yearly basis, depending on the employer, but the majority of which are submitted in bulk by the top 25 companies. Most of the remainder of the operations are dedicated to procurement, accounting, and parking enforcement. In sum, the water sewer financial operations are more customer and labor-intensive, requiring significant time allocation of staff, consultants, and law firms.

The changes to the budget have occurred by reallocating personnel to meet demand. In addition, we have added more resources to the collection activity (legal fees, primarily). Operational and maintenance costs associated with the new utility billing system (UBCIS).

Please keep in mind that the new utility billing system is expected to return an additional \$1.5 to \$2.5 million per year due to more accurate bills, greater notification to customers of delinquencies, and reductions in costs of operations once implemented.

Lastly, the Water Sewer Fund has posted positive cash flows since adopting monthly billing. Reserves remain strong despite increasing costs of operations. This is due to maintaining a sufficient amount of revenue through better billing and collections.