

City Budget Office & Central Staff Budget and Fiscal Policy Workgroup

Report: Response to Statement of Legislative Intent LEG-322-A-001-2023

June 2023

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Executive Summary

Background

Statement of Legislative Intent LEG-322-A-001-2023, requested recommendations from a Council Central Staff (CS) and the City Budget Office (CBO) workgroup related to the annual budget process and treatment of General Fund planning reserves.

The workgroup met six times between February and April 2023 and included:

- **CBO:** Jeannette Blankenship, Deputy Director; Zack Kuentz, Fiscal & Capital Manager; Caleb Wagenaar, Fiscal & Policy Analyst; Trisha Patek, Budget Process Coordinator
- **CS:** Esther Handy, Director; Aly Pennucci, Deputy Director; Tom Mikesell, Analyst; Edin Sisic, Fiscal Policy Analyst

Collectively, the recommendations are intended to:

- Increase transparency in City budgeting, reporting, and use of City resources.
- Create sustainable budgets, which maintain appropriate service levels and enable City Departments, and the contracted partners that deliver city services, to focus on service performance.
- Shift second-year budget process goals towards financial monitoring and planning, to improve the City’s financial management and the information available to budget decision-makers.

Recommendations

Biennial Budgeting

1. Implement new practices for a Mid-Biennial Budget Review that shift City practices away from a full budget process for even-year-budgets, to the review, update and adoption of an endorsed budget.

Mid-year Budget Changes

2. Accept and appropriate grants up to three times per year in a Grants Ordinance to enable Departments to utilize grant resources more efficiently. This new cadence will be revisited throughout 2023 as additional acceptance/appropriation ordinances are completed using the revised guidelines.
3. Resolve for Council review of citywide supplemental budget ordinances twice a year (barring an emergency). Together, mid-year legislative changes to appropriations would follow this cadence:
 - a. First Quarter Grants Acceptance Ordinance (Feb/Mar)
 - b. Mid-year Supplemental & Grants Ordinances (June/July)
 - c. Year-End Supplemental & Grants Ordinances (September)
4. Expand the Budget Director's administrative transfer authority to allow up to \$250,000 transfers to BCLs with appropriations under \$2.5 million and retain existing authority that allows cumulative transfers of up to 10 percent or \$500,000 to any BCL's original budgeted allowance (to include \$0 BCLs). The Council remains open to additional proposals from the Executive about changes to [SMC 5.08.020](#) to reduce the occurrence of budget exceptions and to improve the efficiency and administration of government.

Financial Planning, Monitoring & Policies

5. Standardize financial plan guidelines.
6. Implement CBO/City Finance's new financial monitoring programs and provide CS updates about significant budget-to-actual variances. In 2024, or when the financial monitoring program is fully operational, CS and CBO will re-establish quarterly meetings that include discussion about budget-to-actuals variances by Department.
7. Establish the review, revision, and/or consolidation of financial policies as a future shared workplan item and revisit timetable for this work based on staffing capacity.

Planning Reserves

8. Explore new planning reserve practices in the 2025-2026 Biennial Budget including briefing the Select Labor Committee on the labor reserves prior to budget transmittal and explore creation of an appropriated Risk Reserve.

I. Biennial Budgeting

[Revised Code of Washington \(RCW\) 35.32A](#) provides the framework for adoption of the City of Seattle’s annual budget, that is further guided by [Resolution \(RES\) 28885](#) (1994).

Each year, the City legally adopts a budget for the upcoming year, consistent with RCW 35.32A. The City’s process is unique in that, consistent with RES 28885, in the fall of even-numbered years the Council also “endorses” a budget for the following year, with spending and resources balanced over the two-year period. Starting with the endorsed budget, in the fall of the odd-numbered year the City Council considers and approves the second year’s budget. This process is different from a true biennial budget, in which a city legally adopts appropriations for two fiscal years, and in the second year, incrementally modifies the existing appropriation.

In practice, the Executive’s process for developing a proposed budget and the Council’s process for review and adoption are similar in even and odd years. The result is a perpetual City budget cycle – as soon as a budget is adopted, departments begin work on the next proposal. This budgeting cycle encourages short-term, annual thinking and requires extensive fiscal policy resources including in Departments, in CBO and at Council’s CS, leaving limited capacity for activities that could improve budget decisions and service delivery like longer term planning, financial monitoring, program evaluation and analysis.

Recommitting to both the spirit and practice of biennial budgeting in order to realize the benefits of better and more durable resource decisions, requires citywide change in practice and culture.

Recommendation 1: Define New Practices for a Mid-Biennium review.

(1) In 2023, the Executive and Council, under leadership of CBO Director Julie Dingley and the Council’s Select Budget Committee Chair Teresa Mosqueda, are establishing new direction for the Mid-Biennium review of an even-year budget, that aligns practice to current policy:

- a. Departments are asked to balance new requests and needs within endorsed amounts.
- b. The Council will review the Executive’s proposal as compared to the 2024 Endorsed Budget through an abbreviated budget deliberation process that only considers self-balanced amendments.

The full scope and guidelines of this process will be further refined and negotiated between the Executive and the Council.

After the 2024 Budget is adopted, CBO and CS will evaluate the process together with the following areas:

1. Review the 2024 Adopted Budget – where does it deviate from the endorsed and why?
2. Review budget document components for those that can be excluded in the year-two document (that are included in the year-one budget book).
3. Review the new practices implemented in the Mid-Biennial review against goals for saved staff capacity and shifting focus to financial monitoring and planning.

Based on what we learn, CBO and CS may draft a new policy to replace RES 28885 to memorialize year-two practices the Mayor and the Council want to continue.

Documenting the Approach to the 2024 Budget

Executive Process

The Executive, under the leadership of the CBO, is approaching the annual budget process with the following direction:

- Direction to departments: [2024 Baseline Budget and General Policies](#)
- The process starts with the 2024 Endorsed Budget: [RES 32072](#), that should guide 2024 spending barring revenue changes, significant changes in policy, and other technical adjustments.
 - CBO anticipates that department needs in baseline are already largely addressed in the 2024 Endorsed Budget.
 - Departments should plan on absorbing any proposed GF increases in their baseline budgets.
 - Change Requests to fund a new proposal utilizing General Fund resources should be paired with an offsetting reduction Change Request.

Council Process

The Council is developing a new “Mid-biennium” review process, with the following direction:

- The 2024 Endorsed is balanced, and the starting point for Council’s review
- Amendments are expected to be more limited, and the Fall 2023 Budget Process will be a “lighter touch”:
 - Council will receive a revenue forecast earlier in its process (mid-October versus first week of November) so that proposed amendments are informed by the revenues available.
 - All Councilmember proposed budget amendments must be self-balanced.
 - The committee will vote on individual amendments vs a balancing package; this could include grouping individual self-balanced amendments into a consent group to streamline the committee vote.
 - Some version of a balancing package may be needed to address forecast changes.

Council anticipates receiving a 2024 Endorsed Budget update that does not deviate significantly from the 2024 Endorsed Budget and the Executive likewise anticipates that the final budget adopted by the Council will not deviate significantly from the 2024 Endorsed Budget. The revenue forecast updates in April and August may require changes, in which case, the Executive and Council will endeavor to work collaboratively to identify strategies that adjust spending in 2023 and 2024 to avoid surprises in the proposed budget or the yearend supplemental.

II. Mid-Year Budget Changes

Realizing more sustainable service levels through a biennial budget are supported by defined guidelines for mid-year budget changes, that encourage City Departments to adhere to their biennial appropriations when possible while also allowing the City to adapt to emerging community needs and circumstances when needed.

Pursuant to [RCW 35.32A](#), after adoption, the annual budget can be modified under the following circumstances:

- Modify appropriations (i.e., abrogate, decrease, reappropriate) within the adopted budget in a manner that does not increase total appropriations above what was assumed in the adopted budget ([RCW 35.32A.050](#));
- Appropriate funds from the emergency fund, or other designated funds, to meet specific expenses or obligations outlined in [RCW 35.32A.060](#)¹.
- By a ¾ majority of all its members, appropriate from the emergency fund, or other designated funds, an amount sufficient to meet the actual necessary expenditures of the city for which insufficient or no appropriations have been made due to causes which could not reasonably have been foreseen at the time of the making of the budget.

The City's current practice is to interpret the provisions under RCW 35.32A.060 broadly and there is not clear guidance on what budget actions do or do not meet the "to meet the actual necessary expenditures of the city...which could not reasonably have been foreseen at the time of the making of the budget."

Supplemental appropriation legislation can either be 'standalone' and add funding for a single discrete City program, or more 'comprehensive', increasing several City departments and funds in a single bill, and typically comes to the Council in the following forms:

- Annual Carryforward: requests that a portion of select department's unspent prior year budget be reappropriated in the current year to continue/complete a discrete program or project for which the funding was originally provided, but which could not be fully completed.
- Annual Exceptions: Typically introduced several months after the fiscal year end, this bill provides retroactive budget authority to the prior-year's budget for spending that has exceeded the revised budget after all automatic and legislated appropriation increases.
- Mid-year and Year-end Supplemental Budget Bills: These bills include requests from multiple departments to spend dollars generated through year end fund reconciliation and revenue forecast updates, and to provide spending authority for grant revenues that are described and detailed in accompanying grant acceptance bills.

Prior to 2020, the Council typically received three to four quarterly supplemental spending bills, including a supplemental budget bill in the fourth quarter, after adoption of the next year's annual budget. This meant that decisions made during the comprehensive budget process for the next year, in October and November, did not incorporate the full financial status of available resources and needs in the current year. In addition, the short time frame between the end of the fiscal year and the available time for deliberation in early to mid-December, placed the Committee and City Council in the position of

¹ Note: the City requires a higher voting threshold to appropriate funds from the emergency fund than what is required by state law: 3/4 majority versus a 2/3 majority required by state law

making resourcing decisions without time for robust follow-up and deliberation. With that in mind, in 2021 the Council requested that the Executive transition to a mid-year and a year-end supplemental budget bill. This practice has continued but is not memorialized in any City policy.

Historically, the appropriation of grants was authorized via a supplemental appropriations ordinance, while grants were accepted through a separate, grant acceptance ordinance. In 2023, CS, CBO and Law worked together to create a standalone ordinance that both accepts and appropriates grant resources to improve grant legislation processes.

City Charter, Article VII Section 15, requires that transfer of money between Funds shall be by ordinance² and SMC 5.08.0203 defines what can be transferred outside of an ordinance. The SMC authorizes the City Budget Director to approve net annual transfers of appropriations up to \$500,000 within a department Budget Control Level (BCL) so long as the total is not more than 10% of the receiving BCL and does not cumulatively result in transferring more than 25% of the total BCL from which the transfer is made. [SMC 5.08.040](#) further requires that the CBO Director will notify the Chair of the Budget Committee of the City Council and the Director of Finance and Administrative Services of any such transfers, by sharing a copy of the approved request.

To increase transparency around mid-year budget changes, and to provide the CBO Director with the appropriate authority to manage within a biennial budget, the workgroup recommends adopting the following policies.

Recommendations 2-4: Establish a cadence for mid-year budget changes and expand CBO Director's administrative transfer authority.

(2) To improve Departments' ability to efficiently accept and use grant resources, the Council should consider a Grants Ordinance that accepts and appropriates grant resources up to three times per year. Streamlining acceptance and appropriation of grants will:

- Reduce a backlog of awarded but not yet accepted and appropriated grants, thus reducing project and operational interruptions as a result of grant appropriation delays.
- Improve timing issues, as grant awards don't always follow the supplemental budget processes.
- Enhance visibility and transparency of the City's grant legislation processes for the Council and the public.

(3) This cadence may be revisited to address any issues that emerge during the 2023 ordinances which utilize updated guidelines.

To increase the transparency and predictability of mid-year budget changes, the workgroup recommends adopting policy that the Council review a supplemental budget ordinance twice a year.

Together, mid-year legislative changes to appropriations would follow this cadence:

- First Quarter Grants Ordinance (Feb/March)
- Mid-Year Supplemental & Grants Ordinances (June/July)
- Year-End Supplemental & Grants Ordinances (Sept., transmitted with next year's proposed budget)

² City Charter: [Article VIII Section 15 - GENERAL FUND; SPECIAL FUNDS](#):

³ [SMC 5.08.020 Transfer between budget control levels](#)

(4) To reduce the number of items within the City's Budget Exceptions Ordinance, which retroactively adds budget authority to address departmental overspending within budget control levels (BCLs), the workgroup recommends amending Chapter 5.08 of the Seattle Municipal Code to enhance the City Budget Director's administrative transfer authority and allow up to \$250,000 transfers to BCL's with appropriations under \$2.5 million. Current SMC guidance allows cumulative transfers of up to 10 percent (with a maximum limit of \$500,000) to any BCL's original budgeted allowance. However, items that make the exceptions ordinance often include transfers to BCL's with no budget appropriation, so the 10 percent provision doesn't allow any administrative transfer authority to the City Budget Director. Adding the greater of 10 percent or \$250,000 provision will reduce the number of budget exception items and provide appropriate flexibility to the Executive to manage resources within a Department mid-year.

Proposed Revised Code: 5.08.020 A2.

The amount of the appropriation transferred, together with all previous transfers during the same budget year to that budget control level, does not exceed ten percent or \$250,000, whichever is greater, of the original budgeted allowance for the budget control level to which the transfer is made.

The Council remains open to additional proposals from the Executive about changes to SMC 5.08.020 to reduce the occurrence of budget exceptions and to improve the efficiency and administration of government.

III. Financial Planning

Good financial planning allows the decision-makers to improve budget decisions through more transparent and better information about future year costs, and to minimize the occurrence of future budget deficits through better projection of growth in revenues and expenses, allowing gaps to be addressed sooner.

[RES 31954](#) represents the most recent codified framework for financial planning. It requires CBO to provide to CS by October 1st of each year “...a six-year financial forecast, including disclosure of embedded assumptions”.

In recent practice, financial plans for most funds have been produced by departments, and CBO produces the plan for the General Fund, and other funds that cross departments (e.g., Real Estate Excise Tax Funds, JumpStart Payroll Expense Tax Fund). The financial plans are included in budget document appendices and cover multiple years beyond the current year. In 2022, the GF financial plan was presented to the Finance & Housing Committee and the Select Budget Committee at key budget development milestones, including:

- [May presentation](#): included year-end adjustments, preliminary estimate or range of baseline expenditure changes, and the April Office of Economic and Revenue Forecasts (OERF)/CBO revenue forecast update;
- [August presentation](#): included actual baseline expenditure changes and the August OERF/CBO revenue forecast update; and
- [November presentation](#): include Select Budget Committees approved budget adjustments and included impacts from the November OERF/CBO revenue forecast update.

Recommendation 5: Establish financial planning practices in policy.

(5) The workgroup recommends the City adopt the following financial planning practice into policy. City financial plans for all funds will:

1. Reflect current law or propose changes in law transmitted with the budget; this includes incorporating projected growth in contract provisions, where applicable.
2. Be informed by best available data about revenues and spending, and with transparency in the plan about the lines of expenditures being inflated (e.g., internal service costs for fleet, fuel, and technology, capital improvement project inflators and methodology of any growth escalators used).
3. Define the six-year financial plan period as: prior year, current year (Adopted and Revised), budget year and three forecasted years.

CBO and CS intend to partner on financial plan development and analysis in ways that support transparent and efficient information sharing. We share a goal of working with financial plan documents that have formula models embedded and growth escalators defined and will work towards a regular practice of transmitting Financial Plans in this form.

IV. Financial Monitoring

Monitoring revenue and expenditure performance during the year is a prudent financial management practice. City code requires quarterly reporting for cash balances, investments, and interfund loans, as well as key GF and other revenues. However, without regularly communicated budget monitoring, it is challenging to see the full picture of the City's financial health during the fiscal year, including during supplemental budget processes.

Recommendation 6: Implement new Financial Monitoring Program

(6) To improve budget monitoring, in 2023, CBO and the Office of City Finance implemented a new Financial Monitoring pilot program with select City Departments, including Seattle Center, Human Services Department, Seattle City Light, and the Seattle Fire Department. The new practices will result in better budget-to-actual information to inform Department and Executive budget management decisions, and to inform the Council on any significant deviations from the budget. When the program is fully established in 2024 and beyond, the practices will inform Council Budget decisions by providing better information about the cost to provide city services. This pilot program involves:

- Quarterly meetings between a Finance Manager (Department), Accountant (City Finance) and Budget Analyst (CBO) to review a set of financial performance characteristics, including:
 - Transactional processing, to ensure accuracy of financial data.
 - Balance sheet, to identify and correct anomalies.
 - Grants, to monitor compliance with the City's grant model to support accurate and timely grant reporting on SEFA reports; and,
 - Expenditure and revenue variances to budget, to foster effective resource allocation.
- Variances greater than five percent (or at least \$500,000) will be discussed, documented, and evaluated to determine if the variance is temporary or potentially a trend.
- The data and discussion will inform financial management within departments and will provide more context to Council budget decisions.

The project started with four pilot departments noted above and will roll-out to most departments to review first quarter financial in late-April/early-May of 2023.

The first iteration of the monitoring program utilizes a straight-line approach to analyze budgets vs actuals which assumes level-spending and does not account for seasonality in expenditures (e.g., some months have more payroll expenses than others). In time the program will advance to an analysis that accommodates this seasonality component based on the timing of planned expenses and/or revenues.

In 2023, CBO will collaborate with CS Leadership in the development and refinement of the monitoring program, and CBO will provide CS updates about significant budget-to-actual variances as they arise.

In 2024, or when the Financial Monitoring program is fully operational, CS and CBO will re-establish quarterly meetings that include discussion about budget-to-actual variances by Department.

V. Financial Policies

Financial policies for City funds are adopted into policy by Resolution or by Ordinance. Those that are codified exist throughout the code, depending on the subject matter and fund. As a result, there is not a comprehensive inventory or single place to look to refer to current financial policy. Adhering to all policy relies on institutional knowledge and memory of staff by subject area.

Recommendation 7: Set Long-term goal for financial policy consolidation.

(7) To improve adherence to financial policies across all funds, and to improve efficiency and collaboration, the work group recommends a long-term goal of reviewing, revising, and/or consolidating the city's financial policies.

Advancing this project is not a near-term priority for CBO due to the capacity needed for other priorities. As a first step, and as time allows, CS will work to develop an initial inventory of financial policies and conduct best practice research from other jurisdictions about how they consolidate and track financial policies (e.g., in a specific section of their code, or in a manual).

VI. Planning Reserves

Seattle, like all public bodies, grapples with the issue of how to appropriately reserve resources for current year and future needs when there are aspects of confidentiality and/or lack of precise cost information at the time of budgeting. The City of Seattle's current practice for addressing this issue is through planning reserves, for which there are no formal policies in place.

The City's formal financial reserves follow the RCW which permits the City to maintain two financial reserves to draw upon in the event of certain unanticipated expenditure or revenue pressures: the General Fund's Emergency Fund (EMF) and a second reserve called the Revenue Stabilization Fund (RSF). The EMF is the principal reserve for the City to draw upon when certain unanticipated expenses occur during the fiscal year. Eligible expenses include costs related to storms or other natural disasters. In 2022, the City updated its financial policies to define a process for rebuilding the EMF reserve following a significant drawdown of funds, requiring that the EMF be replenished to its target balance within a period of five years.

The RSF, also known as the "Rainy Day Fund," provides resources for the City to draw upon to maintain City services in the event of a sudden, unanticipated shortfall in revenue due to economic downturns or other factors. The RSF's annual contribution is indexed to a percentage of GF tax revenue and is recalculated annually as part of the budget process and year-end close.

Financial plans presented in the budget document also reserve unspent amounts from the prior fiscal year that must be retained to satisfy a legal obligation, for example, unspent grant funds, amounts for encumbrances, and amounts legally allowed to carryforward into future years. These funds do not constitute financial reserves as defined above but rather are restricted fund balances until the carryforwards/encumbrances are either expensed or abandoned through subsequent legislation.

Planning Reserves are amounts set aside in unappropriated fund balances for a future purpose that is generally known and broadly quantifiable. Within Planning Reserves, labor reserves are set aside to satisfy requirements of under-negotiation labor contracts or potential labor litigation which would result in an increased labor related expense for the City. This amount can represent both current year and prior years' estimated obligations and becomes the funding source for a request for appropriation as labor contracts are approved by the Council. The non-labor planning reserves are for a variety of items such as additional risk reserves for Judgement & Claims Fund and for reserving a restricted revenue that has a prescribed use (e.g. for the Trial Court Improvement Account). During the year, the planning reserves are used to identify a need for resources for emerging needs. For example, when a citizen's initiative passed mid-year, CBO noted the likely need for implementation resources with a planning reserve assumption. These policy-oriented reserves become a proposed appropriation in the Proposed Budget or are addressed with existing resources. Occasionally, these expenditures of a policy nature remain in the planning reserves when the budget is transmitted to the Council. For example, in the Proposed 2023-2024 Budget, the 2024 planning reserves estimate included \$4 million for a potential new public safety agency that was not yet part of a public budget proposal.

The planning reserve amounts are shared confidentially with the CS Director and are not presented at length as part of the budget process due to their ongoing sensitivity at the time of budget transmission.

Recommendation 8: Explore new planning reserve practices in the 2025-2026 Biennial Budget

(8) To increase transparency, and a shared ownership of reserve decisions between the Council and Executive, the work group recommends updating the City's planning reserve practices to appropriate planning reserves, where possible, during the annual budget process, and to retain a planning reserve to track changing conditions mid-year. For the 2025-2026 Biennial budget, the following strategies should be explored:

1. Develop an approach to brief the Select Labor Committee on labor reserves as they relate to current negotiations, prior to budget transmittal.
2. Explore the creation of an appropriated Risk Reserve as a combined reserve for items with confidentiality considerations like labor reserves and reserves for the Judgment & Claims fund.

Table 1 – Summary of Recommendations

Topic	Workgroup Recommendations	Key Benefits
<p>Biennial Budgeting</p>	<p>1. Implement new practices for a Mid-Biennium Review that shifts city practices away from a full budget process for even-year-budgets, to the review, update, and adoption of an endorsed budget.</p> <ul style="list-style-type: none"> • Departments are asked to balance new requests and needs within endorsed totals. • Council reviews the proposal against the Endorsed Budget and require self-balanced amendments. <p>Evaluate the 2023 process to inform future discussions.</p>	<p>Create sustainable budgets, which maintain appropriate service levels and enable City Departments, and the contracted partners that deliver city services to focus on service performance.</p> <p>Re-focus staff time on activities that will improve the information available for policy and budget decisions:</p> <ul style="list-style-type: none"> • financial planning and monitoring • program planning and impact evaluation
<p>Mid-year Budget Changes</p>	<p>2. Accept and appropriate grants up to three times per year in a Grants Ordinance to enable Departments to utilize grant resources more efficiently.</p> <p>This new cadence will be revisited throughout 2023 as additional acceptance/appropriation ordinances are completed using the revised guidelines.</p> <p>3. Resolve for Council review of citywide supplemental budget ordinances twice a year (barring an emergency). Together, mid-year legislative changes to appropriations would follow this cadence:</p> <ul style="list-style-type: none"> • First Quarter Grants Acceptance ORD (Feb/Mar) • Mid-year Supplemental & Grants ORDs (June/July) • Year-End Supplemental & Grants ORDs (Sept) <p>4. Expand the Budget Director’s administrative transfer authority to allow up to \$250,000 transfers to BSLs with appropriations under \$2.5 million and retain existing authority that allows cumulative transfers of up to 10 percent or \$500,000 to any BCL’s original budgeted allowance.</p>	<p>Improve departments’ ability to efficiently accept and use grant resources.</p> <p>Achieve more predictable and durable resource decisions by:</p> <ul style="list-style-type: none"> • minimizing mid-year budget changes • Council consideration of the year-end supplemental alongside the proposed Budget. <p>Reduce budget exceptions and provide appropriate Executive authority for the City to respond to emerging needs.</p>

Topic	Workgroup Recommendations	Key Benefits
Financial Planning	<p>5. Update financial plan requirements in policy. Financial plans will:</p> <ul style="list-style-type: none"> a. Reflect current law or propose changes in law transmitted with the budget; this includes incorporating projected growth in contract provisions, where applicable. b. Be informed by best available data about revenues and spending, and with transparency in the plan about the lines of expenditures being inflated (e.g., internal service costs for fleet, fuel, and technology, capital improvement project inflators and methodology of any growth escalators used). c. Define the six-year financial plan period as: prior year, current year (Adopted and Revised), budget year and three forecasted years. <p>CBO and CS will work towards a regular practice of transmitting Financial Plans with all formulas embedded and growth escalators defined.</p>	<p>Improve budget decisions through more transparent and better information about future year costs.</p> <p>Minimize the occurrence of future budget deficits through better projections of growth in revenues and expenses, allowing gaps to be addressed sooner.</p>
Financial Monitoring	<p>6. Implement CBO’s new financial monitoring practices.</p> <p>In 2023, CBO will collaborate with CS Leadership in the development and refinement of the monitoring program, and CBO will provide CS updates about significant budget-to-actual variances as they arise.</p> <p>In 2024, or when the Financial Monitoring program is fully operational, CS and CBO will re-establish quarterly meetings that include discussion about budget-to-actual variances by Department.</p>	<p>Develop better budget-to-actual information including about mid-year and year-end variances, and the cost of delivery city services, to inform budget decisions.</p>
Financial Policy Review and Consolidation	<p>7. Establish a shared goal for reviewing, revising, and/or consolidating financial policies in the future.</p> <p>As a first step CS, with input from City Finance, will inventory financial policies and do best practice research on how other cities track their policies (e.g. in code, through a financial policy manual).</p>	<p>Improve transparency, consistency and adherence to financial policies</p>
Planning Reserves	<p>8. Explore new planning reserve practices in the 2025-2026 Biennial Budget including briefing the Select Labor Committee on the labor reserves prior to budget transmittal and explore creation of an appropriated Risk Reserve.</p>	<p>Increase transparency and shared ownership of reserve decisions between the Council and Executive.</p>