



MEMORANDUM

TO: MAYOR AND BOARD OF COMMISSIONERS

FROM: CLAIR MCCLOY, CHAIRMAN
BUDGET ADVISORY COMMITTEE

SUBJECT: FY 2023 BUDGET RECOMMENDATIONS

DATE: JULY 15, 2022

Based on the collective input of the BAC, the following recommendations are made to the Board of Commissioners when reviewing the 2023 budget.

1. The BAC supports the 5% general employee salary scheduled for October 1, 2022 in the 2023 Budget.

Reason: During this period of high inflation/gas prices, the 5% increase keeps Tarpon Springs competitive in the market place and allows us to retain our dedicated, experienced workforce. The October 1, 2022, implementation date allows us to make this a 2023 budget item and to address the inflationary issues on a timely basis.

2. Maximize the 2023 budgeted dollar amount included in the Unassigned Fund Balance. The Budget currently has this amount as \$482,000. Defer any tax mileage changes until future economic conditions are better known.

Reason: In the near term, Tarpon Springs should experience a healthy cash flow with the estimated 12+% increase projected in the real estate assessments, the American Rescue Plan (\$12.8 million), and the COVID Cares (\$524K) funding. Increasing the Unassigned Fund Balance allows Tarpon Springs to maintain its strong financial position while addressing any emergencies or future economic down turns. The unassigned Fund Balance has been maintained a flat balance for several years (approximately \$8.7 million) while our expenses have grown. In short, our percentage coverage protection has decreased. With the economic uncertainty, currently confronting us, now would be a good time to "squirrel away some acorns."

3. The BAC recommends that the headcount increase in 2023 be minimized, only consider positions absolute essential to maintain the excellent level of service provided by Tarpon Springs.

At the June 30th, Budget Advisory meeting a "Vacant Positions" report was presented. The report included new positions that were approved the 2022 budget but not yet filled PLUS existing positions which have been vacated (accepting employment elsewhere, fired) during 2022. Report included 28 positions with an annual salary and benefits of \$ 1.6 million.

Reason: Economic uncertainty. While salaries and benefits may be viewed as a "variable" expense, they should be viewed as "semi-fixed" as they are very difficult to adjust downward once a position is filled.

The BAC appreciates the opportunity to have the initial review of the 2023 Budget and stands ready to address any questions.