



MEMORANDUM

DATE: March 25, 2024
TO: Public Utilities Board
FROM: Tony Puente, DME General Manager
SUBJECT: DME Personnel Expenses

During the March 11th PUB meeting, Board Members requested information regarding the variance in personnel expenses from FY 23 to FY 24. The figures shown on the FY 2024 Updated Financial Forecast reflected actual year-end expenses of \$20,533,872 for FY 23 and budgeted expenses of \$26,881,551 for FY 24. After further review of FY 23 expenses, staff determined that a year-end entry was incorrectly posted that reduced reported expenses by \$1,695,812. Therefore, the corrected actual year-end personnel expenses for FY 23 should be \$22,229,684.

Below is a detailed breakdown and comparison of corrected FY 23 actuals to FY 24 budget:

Table with 5 columns: Expense Category, FY 23 Actuals, FY 24 Budget, Actual / Budget, % Inc/Dec. Rows include Base Salaries, Overtime, Other Pay, FICA/Medicare, TMRS, Health Insurance, Other Benefits, and Total.

To better compare year-over-year amounts, staff recommends that the analysis center on budgeted amounts. As such, the FY 23 Budget was \$24,893,470 versus the FY 24 Budget of \$26,090,466. This represents an increase of \$1,196,996 or 4.8%. The year-over-year increase is primarily attributed to the impact of cost of living/merit increases, implementation of compensation study salary adjustments, and market-driven health insurance and retirement benefits.

Finally, our current best estimate for FY 24 is that we will likely end the year about 10% below the budget amount or \$23,481,419. This is based on historical outcomes based on employee turnover, capitalized labor, and mutual aid responses, and would represents a 5.6% increase over FY 23 actuals or \$1,251,735.

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