



## MEMORANDUM

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

During the March 11<sup>th</sup> 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:

<b>Expense Category</b>	<b>FY 23 Actuals</b>	<b>FY 24 Budget</b>	<b>Actual / Budget</b>	<b>% Inc/Dec</b>
Base Salaries	\$14,441,516	\$16,014,663	\$1,573,147	10.9%
Overtime	\$1,504,603	\$1,481,147	\$(23,456)	-1.6%
Other Pay	\$137,597	\$158,239	\$20,642	15.0%
FICA/Medicare	\$1,150,358	\$1,569,524	\$419,166	36.4%
TMRS	\$2,898,173	\$4,006,595	\$1,108,422	38.2%
Health Insurance	\$2,072,282	\$2,823,840	\$751,558	36.3%
Other Benefits	\$25,155	\$36,458	\$11,303	44.9%
<b>Total</b>	<b>\$22,229,684</b>	<b>\$26,090,466</b>	<b>\$3,860,782</b>	<b>17.4%</b>

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. While a minor overall impact, DME did add three new positions in FY 24 that increased total positions to 187 vs the 184 that were budgeted in FY 23. In addition, staff would point out that DME has decreased positions from a high of 199 in FY 18 but as we continue to be challenged with unprecedented growth, additional positions will be needed to provide the level of service our customers expect.

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 represent a 5.6% increase over FY 23 actuals or \$1,251,735.

## OUR CORE VALUES

Inclusion • Collaboration • Quality Service • Strategic Focus • Fiscal Responsibility