

# Budget Director Reappointment Hearing



**Reappointment of Nik Kovac to serve as  
Director of the Department of Administration Budget  
and Management Division by Mayor Cavalier Johnson**

**File # 240125**

**Finance & Personnel Committee  
Reappointment Hearing: Wednesday, June 26, 2024**



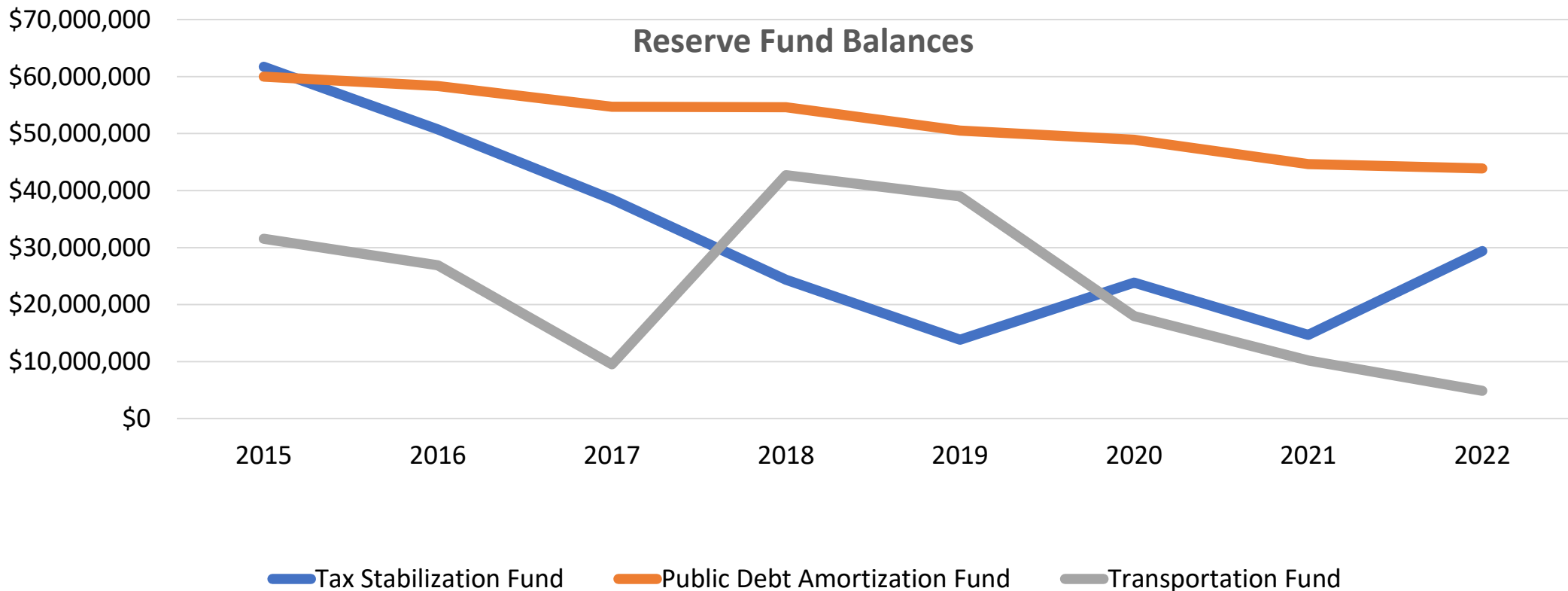
# **Budget and Management Division (BMD)**

## **Significant Recent Accomplishments**

- 1) Together with the Mayor, IRD, and the Common Council, achieved generational and ongoing revenue increases via Act 12 in 2023**
- 2) Leveraged the 1-year overlap of new revenues and expiring ARPA grants to strategically pivot annual budgets for 2025 and beyond**
- 3) Re-organized budget staff and re-framed budget books to better measure service investments and outcomes, with an emphasis on equity impacts**
- 4) New staff trained, promoted: 8/10 hired since May 2022**

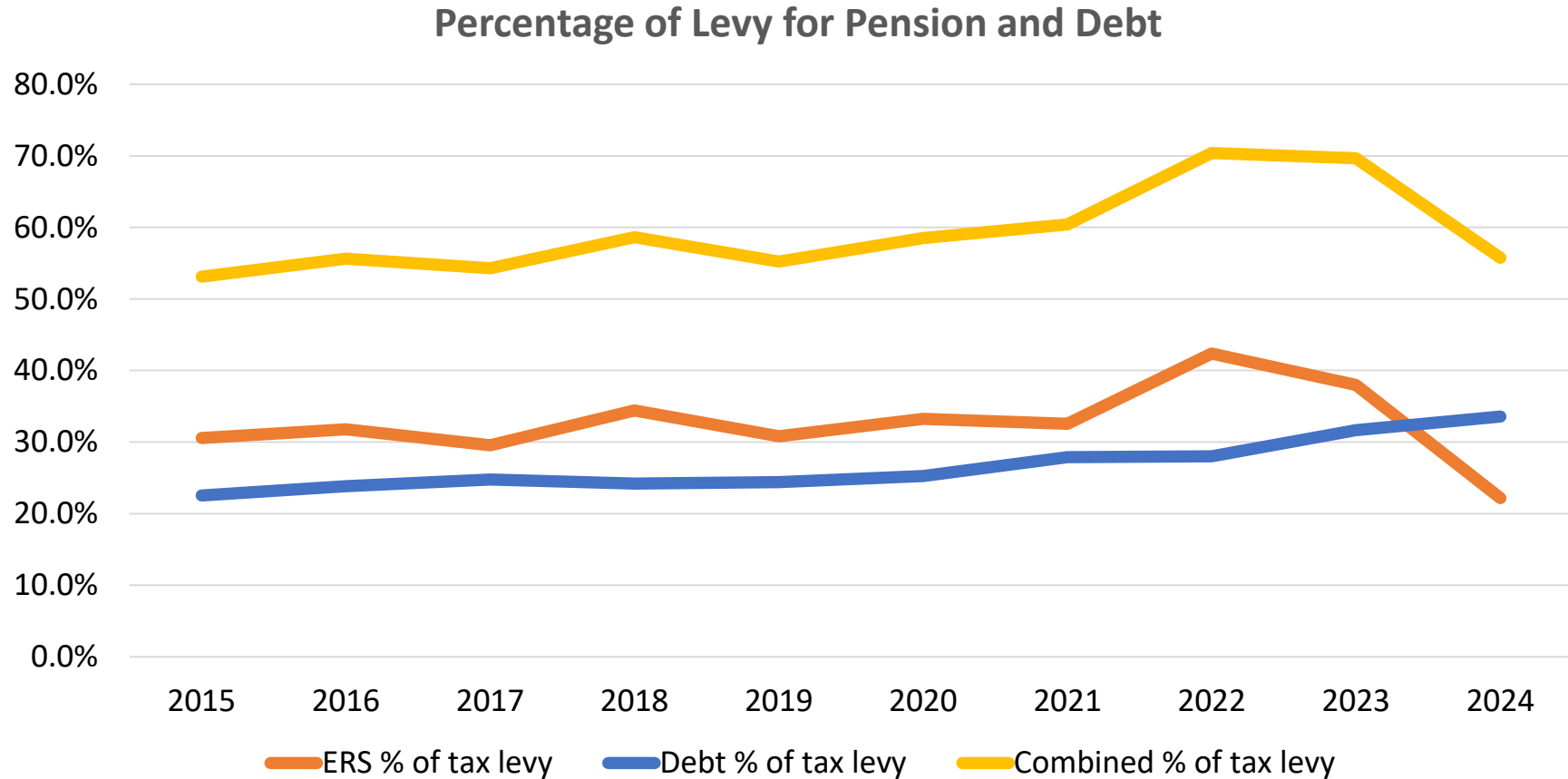
# BMD Key Performance Indicator #1

- Sustainable annual withdrawals and balances in reserve funds
- 2024 Budget made no withdrawal from reserve funds, so all three balances expected to show an increase once the new ACFR is released



# BMD Key Performance Indicator #2

➤ Annual % of adopted budget funding pension and debt under 60%



# Analysis of KPI trends and future outlooks

- Pre-Act 12 there were no viable options to:
  - KPI #1: Stabilize reserves
    - Would have meant deeper service cuts
  - KPI #2 Reduce % of tax levy funding pension and debt
    - Debt and pension cost increases are outside of our year-to-year control, meaning the only immediate way to lower this % is to increase revenues
- Post-Act 12 and the 2024 “Pivot Year” budget, both KPIs will improve immediately, but will require continued fiscal planning and prudence to maintain long-term

# BMD Position Titles Chart **with Analysts' Dept. Assignments**

<b>Administrative Specialist</b> Amanda Cervantes	<b>Budget and Management Director</b> Nik Kovac	<b>Budget and Fiscal Policy Operations Manager</b> Bryan Rynders Budget Process Manager (position vacant) ERS, MPD, DEC	<b>ARPA Director</b> Andrea Fowler
<b>Budget Analyst</b> Angelique Pettigrew MFD, Port, City Attorney, Muni Court, Comptroller	<b>Capital Budget Manager</b> Mason Lavey DPW Ops and Infrastructure, City Debt and Reimbursables	<b>Analytics Manager</b> Sarah Osborn DOA, MHD, DCD, Transportation Fund	<b>Budget Analyst</b> Tyler Calligaro DER, Elections, Mayor, Treasurer, Deferred Comp.
	<b>Budget Analyst</b> Shaketa Winters DNS, FPC, BOZA, City Clerk, Water Works, SPAs	<b>Budget Analyst</b> Nathaniel Haack MPL, DPW Admin, Sewer, Assessor, City Revenues	

# BMD Significant Ongoing Challenges

1) Closing smaller annual budget gaps with fewer options and increased annual revenue and expenditure volatility

→ 2025 gap is smaller than last two years (\$151M in 2023 and \$183M in 2024), but Act 12 sworn staffing requirements and negotiations with sworn unions create immediate difficulties, and the elimination of the five-year stable pension funding formula and the uncertainty of future sales tax and shared revenue payments complicate long-range planning

2) Transitioning to a new Enterprise Resource Program

→ Switching from PeopleSoft to WorkDay is already a major pressure on staff time

# BMD Innovation Ideas for Better Services

## 1) Align Investments with Outcomes

Budget books emphasize service tables and KPIs

## 2) Shared Services and Innovations/Efficiencies

Using E&Y and WPF reports, Disparity Study, peer city examples

## 3) Become a Public Safety/Health Best Practice

Other cities will study our DPW/V0/OCWS/MPD/MFD/MHD collaboration model



# BMD Collaboration with Common Council

- BMD is committed to sharing important information in time for constructive feedback
  - Please share your district's priorities with us now as we analyze the 2025 budget requests
- Service tables and KPIs in departmental narratives should make the 2025 budget more transparent for the Council and the public