



City Council Study Session 2018/19 & 2019/20 Biennial Budget



Meeting Agenda

- Discuss the projected biennial budget
- Present budget balancing options
- Receive public comments
- Provide direction to staff on balancing the budget

Budget Time Line

- **Tonight:** Provide direction where possible
- **May 14:** Continue discussion as needed
- **May 28:** Present balanced budget
- **June 11:** Adopt budget

Background

Previous cost reduction steps taken:

- Reduced budget by \$1,200,000 in FY 17/18
- Added \$600,000 in further reductions in FY 18/19
- Hiring freezes on certain positions
- No cost of living adjustments in most recently completed negotiations

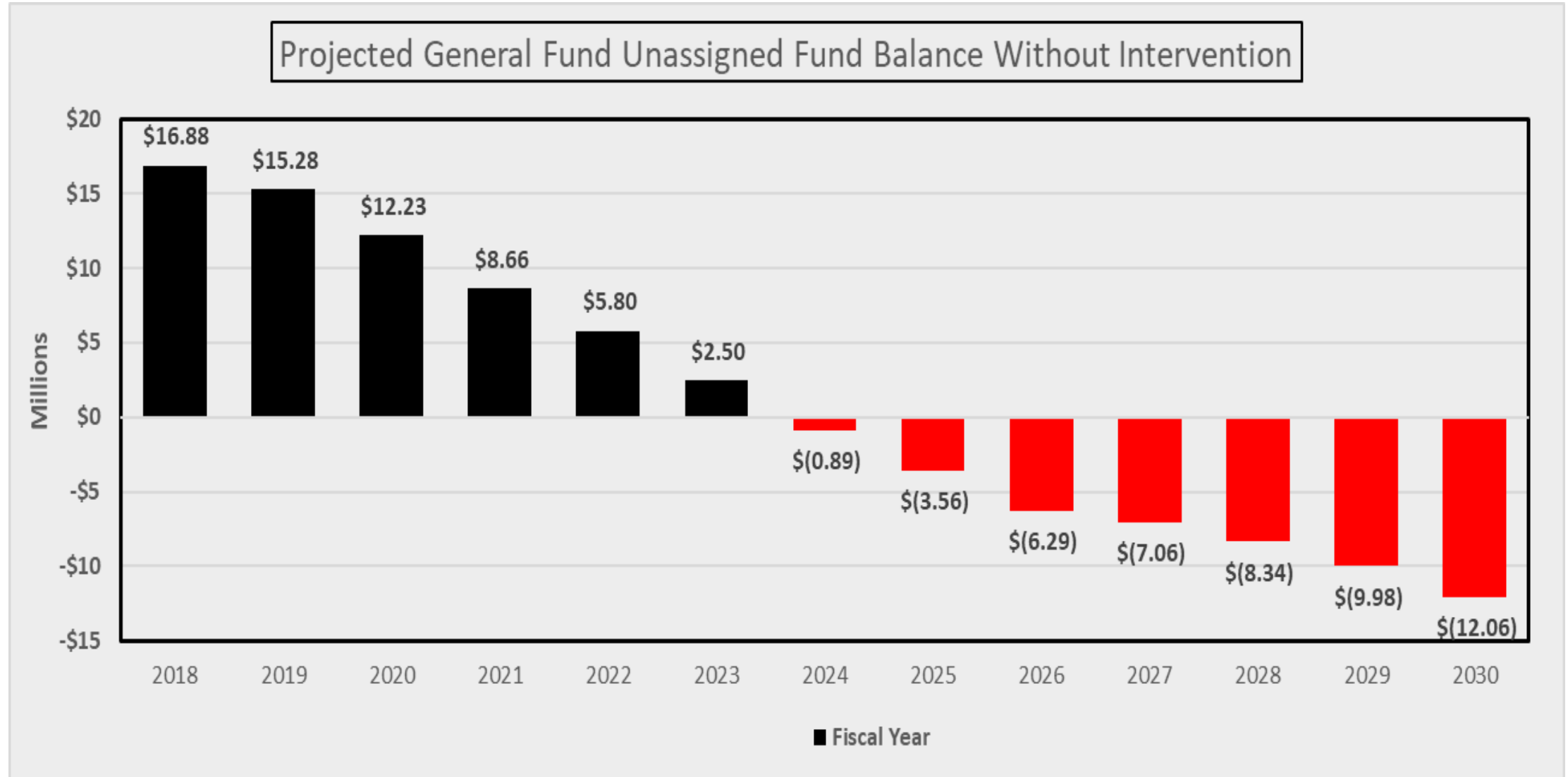
Background

- Introduced 10 year forecasting model
- Created a Fiscal Stability Committee
- Voters approved a Cannabis Business Tax
- Voters rejected a Charter City Measure with an Enhanced Real Estate Property Transfer Tax

Current Budget Projections (in millions)

	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Revenues	\$ 57,799	\$ 59,667	\$ 61,974	\$ 62,937
Expenditures	60,849	63,236	64,827	66,241
Net	\$ (3,050)	\$ (3,569)	\$ (2,853)	\$ (3,304)

- Revenue projections are middle of the road
- No adjustment for recessionary concerns
- Expenses based on most current estimates
- No change in staffing or wages



Budget Balancing Options

- **Goal:** To be transparent and to present all significant options
- Developed with input from the public and employees
- Presentation contains high-level information
- Presented in order of fiscal significance
- All of the savings impact the General Fund

Budget Balancing Options

Option - Closure of Fire Station 30

Annual Savings - \$1,900,000 to \$2,400,000

Staffing Impact – None

Budget Balancing Options

Option – Closure of Mark Green Sports Center

Annual Savings - \$550,000 to \$650,000

Staffing Impact – 8 full time positions

Budget Balancing Options

Option – Brown out 100 Fire Station Shifts

Annual Savings - \$470,000

Staffing Impact - None

Budget Balancing Options

Option – Closure of Other Recreation Centers

Annual Savings - \$250,000 to \$350,000 per Center

Staffing Impact – To be determined

Budget Balancing Options

Option – Reduction of Parks Grounds Maintenance

Annual Savings - \$200,000 to \$400,000

Staffing Impact – 2 to 4 full time positions

Budget Balancing Options

Option – Reduce or Eliminate Non Profit and Chamber Subsidies

Annual Savings - \$50,000 to \$255,000

Staffing Impact – None

Budget Balancing Options

Option – Leave Certain Currently Vacant Positions Unfilled

Annual Savings - \$28,000 to \$350,000

Staffing Impact – 3 Full Time Positions
(currently vacant)

Budget Balancing Options

Option – Reduction in Library Operating Hours

Annual Savings - \$17,000 to \$34,000

Staffing Impact – None

Budget Balancing Options

Option – Reduction in Recreation Center
Operating Hours

Annual Savings - \$10,000 to \$25,000

Staffing Impact – None

Budget Balancing Options

Option – Reduction in City Staffing Beyond Vacancies

Annual Savings - Undetermined

Staffing Impact – Undetermined

Budget Balancing Options

Option – Closing City Hall to Public on Work Fridays

Annual Savings – Provide staff uninterrupted work time

Staffing Impact – None

Budget Balancing Options – One Time

Option – Sell Excess Properties

Annual Savings – To be determined

Staffing Impact – None

Unassigned General Fund Reserves

Anticipated 06/30/2019	25%	\$15.2m
City Council Policy	20%	<u>\$12.5m</u>
Excess Reserves		\$2.7m

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Unassigned General Fund Reserves

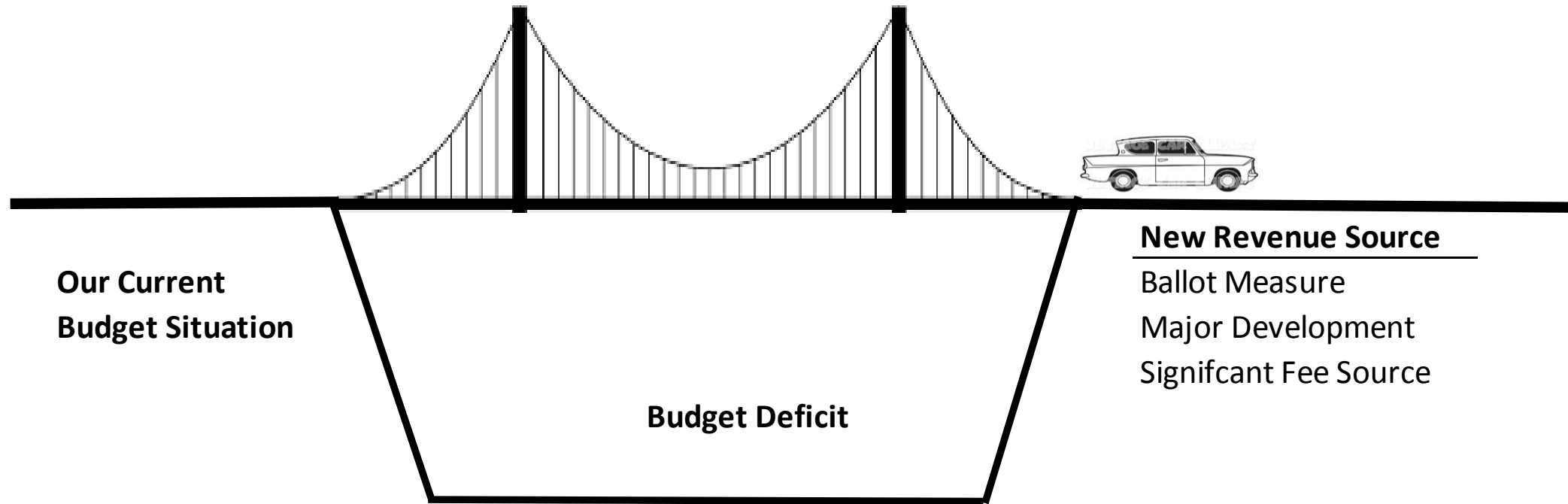
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Excess Reserves		\$2.7m
Excess Liability Reserves		<u>\$2.0m</u>
Total Available Reserves		<u><u>\$4.7m</u></u>

Using One Time Reserves

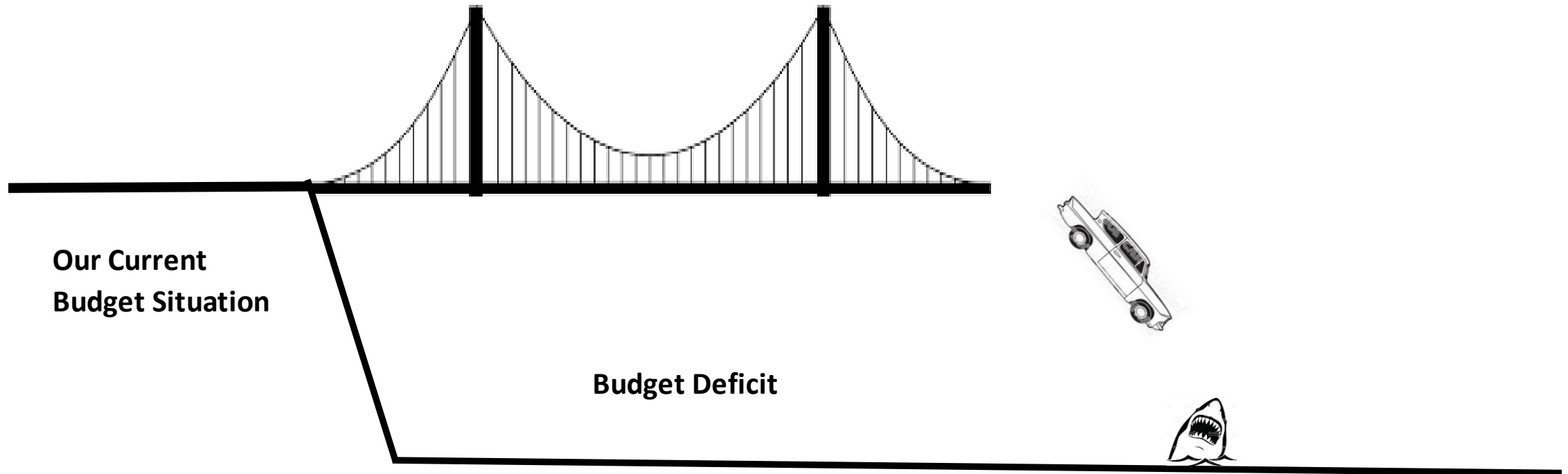
Using reserves to “**bridge**” a budget gap is a common short term solution

Works well when there is a landing spot for the bridge such as a significant new source of revenue (ballot measure, fee or development)

Using One Time Reserves to Bridge a Deficit



Using One Time Reserves to Bridge a Deficit



Using One Time Reserves to Bridge a Deficit

- Using reserves needs to be strategically considered
- Once reserves are used they are gone forever
- Without a landing spot using reserves simply delays the inevitable

Looming Issues

- IT Capital Demands
- Fire Equipment
- Facility Maintenance
- CalPERS
- Measure QQ
- Expiration of Employee MOU's

Community Survey Results

- Launched on April 3rd
- Not a scientific survey/poll
- 650+ unique responses
- Average of 80 written responses per question
- Survey results will be fully disclosed to the City Council and the public by the end of the week.

Next Steps...

- City Manager Comments
- Take Public Comments
- Discussion by City Council
- Provide Direction to Staff



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