



**Fiscal Year 2018-19 and
Fiscal Year 2019-20**

Mayor's Budget Update and Instructions

FIRE COMMISSION

DECEMBER 13, 2017



FY 18-19 and FY 19-20 Budget

Agenda

1. Budget Process & Background
2. Joint Report Update
3. Short/Long-term Fiscal Concerns
4. SFFD Budget and Budget Instructions
5. Budget/Fire Commission Timelines
6. Open for Discussion/Questions



FY 18-19 and FY 19-20 Budget

Budget Process & Background

- Department receives target for general fund support in December
- Department submits its proposed budget to the Mayor's Office on February 21st
- Mayor reviews Departmental submissions and must submit a balanced budget to the Board of Supervisors by June 1 (Charter Requirement)
- Budget Hearings in late June/early July at the Board of Supervisors
- Continuation of two-year rolling budget cycle



FY 18-19 and FY 19-20 Budget

Joint Report Updates

- Mayor's Office/Controller's Office/Budget Analyst to release City's Joint Report update this week
- Joint Report gives an update on the City's projected financial health and outlook over the next five fiscal years, both for revenues and expenditures
- These projections drive the budget instructions to City Departments



FY 18-19 and FY 19-20 Budget

City Fiscal Concerns

- Revenues stabilizing (slower growth) but expenditures anticipated to keep growing in future years to outpace
- Majority of expenditure increases due to personnel costs projected in the upcoming years
- Structural deficit issues that need to be resolved in coming years (\$709 mil deficit projected in FY21-22)



FY 18-19 and FY 19-20 Budget

City Fiscal Concerns (cont.)

- Personnel Costs:
 - Pension costs cause for rapid employee cost growth
 - CPI increases for wages and costs of new employee
 - Double-digit cost growth for health benefits
- Other Issues:
 - Baselines and set-asides increased to over 30% of General Fund spending
 - Uncertainty at the Federal/State level
 - Economic climate risk



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Budget Instructions Summary

- City is looking at projected deficits over the next two fiscal years of approximately \$88 million in FY18-19 and \$173 million in FY19-20 (\$262 million cumulative), with deficits increasing in subsequent years
- Departments to propose on-going reductions to general fund support equal to 2.5% in each year (cumulative 5% in second year)
- Instruction of no new net positions for Departmental budgets
- Budget should align with Departments' Strategic Plans



FY 18-19 and FY 19-20 Budget Budget Timeline

<u>Date</u>	<u>Description</u>
December 6th, 2017	Budget Instructions released to Department heads
January 12th, 2018	Capital Budget/IT Projects/Equipment requests due
February 21st, 2018	Budget Submissions Due from Departments
June 1st, 2018	Mayor's Budget Submitted to Board of Supervisors
June 2018	Department Budget Committee Hearings
July 2018	Budget considered at Board of Supervisors



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Fire Commission Timeline

<u>Meeting Date</u>	<u>Item for Consideration</u>
December 13th, 2017	Budget Instructions presented to Commission
January 10th, 2018	Capital/IT/Equipment Budget to be heard at Fire Commission
January 24th, 2018	Budget Discussion Continues at Commission
February 14th, 2018	Submission of Final Budget for Commission Approval
February 15 th -20 th , 2018	Special meeting called if necessary
February 21st, 2018	Department budget submitted to CON/MYR