



Fiscal Year 2019-20 and
Fiscal Year 2020-21

Mayor's Budget Update and Instructions

FIRE COMMISSION

JANUARY 9, 2019



FY 19-20 and FY 20-21 Budget

Agenda

1. Budget Process & Background
2. Five-Year Financial Plan Update
3. City's Fiscal Concerns
4. SFFD Budget and Budget Instructions
5. Budget/Fire Commission Timelines
6. Open for Discussion/Questions



FY 19-20 and FY 20-21 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



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Five-Year Financial Plan Updates

- Mayor's Office/Controller's Office/Budget Analyst have released updates to the City's Five-Year Financial Plan last week
- This report gives an overview of the City's current financial status, as well as a base projection for the next five years for the economic overview of the City.
- The report highlights a number of structural revenue and expenditure issues over the next five years
- These projections drive the budget instructions to City Departments, as estimates for a budget deficit/surplus is included in the report.



FY 19-20 and FY 20-21 Budget

City Fiscal Concerns

- Revenues stabilizing (slower growth) but expenditures anticipated to keep growing in future years to outpace
- Total general fund-supported expenditures anticipated to grow by 25% over next five years as compared to FY18-19, while revenues are anticipated to only grow by 14% over that same time period
- Majority of expenditure increases due to personnel costs projected in the upcoming years, both salary and benefits
- Structural deficit issues that need to be resolved in coming years (\$644 mil deficit projected in FY23-24)



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City Fiscal Concerns (cont.)

- Pension costs cause for rapid employee cost growth
- Double-digit cost growth for health benefits
- All MOUs (other than Police and Fire) up for negotiation
- Other Issues:
 - Baselines and set-asides
 - Uncertainty/Potential legislative changes at the Federal and State levels
 - One-time ERAF allocation not considered on-going
 - Recession Risks



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Mayoral Budget Priorities

- Homeless Issues
- Affordable Housing
- Addressing behavioral health needs
- Clean and safer streets
- Create equitable opportunities
- Governmental accountability



FY 19-20 and FY 20-21 Budget

Budget Instructions Summary

- City is looking at projected deficits over the next two fiscal years of approximately \$107.4 million in FY19-20 and \$163.4 million in FY20-21 (\$271 million cumulative), with deficits increasing in subsequent years
- Departments to propose on-going reductions to general fund support equal to 2% in each year (cumulative 4% in second year), with 1% contingency proposal provided to Mayor's Office
- Internal reallocation of existing positions if needed; New positions may be considered that align with Mayoral priorities



FY 19-20 and FY 20-21 Budget Budget Timeline

<u>Date</u>	<u>Description</u>
December 12th, 2018	Budget Instructions released to Department heads
January 11th, 2019	Capital Budget/Technology Project requests due
February 21st, 2019	Budget Submissions Due from Departments
May 31st, 2019	Mayor's Budget Submitted to Board of Supervisors
June 2019	Department Budget Committee Hearings
July 2019	Budget considered at Board of Supervisors



FY 19-20 and FY 20-21 Budget Fire Commission Timeline

<u>Meeting Date</u>	<u>Item for Consideration</u>
January 9th, 2019	Budget Instructions presented to Commission
January 9th, 2019	Capital/IT/Equipment Budget to be heard at Fire Commission
January 23rd, 2019	Budget Discussion Continues at Commission
February 13th, 2019	Submission of Final Budget for Commission Approval
February 14 th -20 th , 2019	Special meeting called if necessary
February 21st, 2019	Department budget submitted to CON/MYR