



Jesse Arreguín
Councilmember, District 4

ACTION CALENDAR
June 4, 2013

To: Honorable Mayor and Members of the City Council

From: Councilmembers Jesse Arreguín and Gordon Wozniak

Subject: Budget Referral: Reduction in City Council Non-Personnel Office Budgets

RECOMMENDATION:

Refer the following to the FY 2014/2015 Budget Process: A recurring reduction to City Council Non-Personnel Office Budgets.

BACKGROUND:

Due to decreases in projected revenue and increased costs, the General Fund faces a projected \$3 million dollar deficit in Fiscal Year 2014 and \$2.1 million in Fiscal Year 2015. This projection does not account for additional state and federal funding cuts as well as further decreases in revenue beyond current projection. Additionally a number of other funds face deficits resulting in a total \$6.5 million dollar deficit for all funds for Fiscal Year 2014 alone. Moreover, with increased CALPERS rates, declining infrastructure and potentially further reductions in federal funding due to the effects of Sequestration there may be additional cuts needed. Staff have also projected future General Fund deficits without any balancing measures in Fiscal Years 2016, 2017 and 2018.

In preparation for the biennial budget process, the City Manager requested that each Department provide recurring revenue reductions of 2% per year. The proposed budget accounts for these revenue reductions, and a number of positions are proposed to be eliminated in order to cut costs. Also Refuse and Sewer Fee increases have been proposed as a way to generate additional revenue to reduce deficits in those special funds. Additionally, some bargaining units in their contracts have agreed to forego cost of living increases and contribute more towards their pensions as a way to help the city address current and future financial challenges. The proposed budget balancing plan while not resulting in layoffs of employees will result in increased workload in some departments.

The Mayor and City Council Department has not faced any cuts in funding over the past few years despite cuts in all other departments. The Mayor and Council offices receive funds for Councilmember salaries and for hiring Legislative Assistants (personnel budget) and as of Fiscal Year 2013 Council offices received \$9,640 in Non-Personnel funds to pay for office expenses and supplies.

The proposed FY 2014/2015 budget proposes to increase funding for Mayor and Council office budgets, including to account for cost of living increases for Councilmembers and Council aides.

While Mayor and Council salaries are set by City Charter and automatically receive a CPI increase, and current Legislative Assistant salaries are necessary to hire qualified staff people and should not be cut, the non-personnel Council office budget could absorb some reduction in funding while still providing adequate resources for Councilmembers to purchase office supplies and pay for office expenses. The City Manager's office as part of its balancing plan is proposing to reduce its non-personnel budget.

This budget referral proposes that Council consider reducing the non-personnel budget for the Mayor's Office and Councilmembers, to provide needed revenue to balance the budget. With employees forgoing cost of living increases, departments facing cuts, and proposed fee increases, it is important that the Council entertain a reduction in its office budget which would overall have a modest impact, but could go a long way in showing employees and the community that the Mayor and City Council are leading by example.

FINANCIAL IMPLICATIONS:

The proposed budget referral to reduce City Council non-personnel office budgets will result in decreased funding for non-personnel expenses and office supplies for Council offices, but will result in increased revenue to the General Fund to address the projected deficits in Fiscal Years 2014 and 2015.

CONTACT PERSON:

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