

## REPORT TO THE CITY COUNCIL AND SUCCESSOR AGENCY

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**DATE:** December 3, 2013

**TITLE:** Budget and Financial Update - Fiscal Year 2013/14

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### RECOMMENDATION

1. Review proposed expenditure budget adjustments.
2. Direct staff to post budget adjustments, as shown in the attachments, with any changes requested by Council, to revenues and expenditures.

### DISCUSSION

Council directed staff to bring back an updated, detailed FY 2013/14 Consolidated General Fund Expenditure Budget. Staff has continued to reduce the City's estimated expenditures. The estimated FY 2013/14 expenditures, as of November 21, 2013 are now \$18.1 million. This is an additional decrease of approximately \$600,000. This results in an estimated deficit at June 30, 2014 of (\$1.1 million). The structural deficit, the difference between revenues and expenditures, is now estimated at (\$4.2 million).

City management is continuing to meet with the City's labor groups to negotiate salary and benefit concessions. City staff is also working with the City's various vendors and contractors, requesting a minimum of a ten percent reduction in fixed, or hourly, costs. These revised labor agreements and contracts will be brought back to City Council for your review and approval.

### FISCAL IMPACT

Additional cost savings, yet to be identified, will help the City reach its target goal of finishing Fiscal Year 2013/14 in "the black". A minimum acceptable level of Consolidated General Fund cash is \$1.5 million. This provides the minimum level of cash flow needed to cover operating costs, such as payroll, insurance, utilities, etc. Staff's goal is to identify an additional \$2.6 million in savings so that the City can end the fiscal year with enough cash, \$1.5 million, to fund operations going into Fiscal Year 2014/15.

Staff's eighteen-month goal is to eliminate the structural deficit in FY 2014/15. Our five-year goal is to put the City back on a sound financial footing, including the establishment of a higher General Fund reserve.

### EXHIBIT(S)

1. FY 2013/14 Expected Budget with Additional Savings Needed to Make Goal
2. FY 2013/14 Budget with Revenue & Expenditure Adjustments.
3. FY 2013/14 Consolidated General Fund Revenue Budget, by Line Item.
4. FY 2013/14 Detailed Expenditure Adjustments.
5. FY 2013/14 Consolidated General Fund Expenditure Budget, by Line Item.