



For Immediate Release: 05.15.2019

Fiscal Year 2019/20 & 2020/21 Biennial Budget Mid-Process Update

The City Council held its second biennial budget session for Fiscal Years 2019/2020 & 2020/2021 on Tuesday, May 14 at its regular City Council meeting. The purpose of the budget session was to provide background information on the biennial budget and to receive direction from the City Council on how to balance the General Fund budget for the next two years.

Budget Background

A news release was issued by the City in early April informing the public about the challenges it faces with a \$3.5 million ongoing annual budget deficit. Long-term budget challenges have been partly caused by the impacts of low investment returns by the California Public Employees' Retirement System (CalPERS) over many years, which has resulted in increased employee pension obligations for the City. In addition, increases to contractual services and the rising cost of providing city services has also contributed to the City's budget deficit.

The City conducted an employee and public outreach process in April to assess community attitudes on potential cuts to services that would help to balance the General Fund budget. Some of the considerations included reducing fire station hours or closing a fire station, reducing community center hours or closing a community center and reducing park maintenance, among others. These budget reduction measures were also presented at the April 23 and May 14 City Council meetings for discussion and direction. Results of this survey are provided below under **Important Budget Resources**.

An organizational management audit was conducted late last year that recommended some of the budget reduction measures presented to the public and the City Council. The management audit was a recommendation made by an ad hoc Fiscal Stability Committee last year as a way to identify opportunities to improve the efficiency and delivery of services within the context of a long-term structural. The management audit is currently in draft form and is set to be finalized by June when a formal presentation by the independent audit consultant will be made to the City Council. It is likely that a new ad hoc Fiscal Stability Committee will convene soon to discuss and determine future direction on the audit's recommendations.

At last night's City Council meeting, staff received direction to come back to the City Council at the May 28 City Council meeting with additional data on the budget reduction measures and to allow for more discussion on the budget reduction measures.

Important Dates

Tuesday, May 28, 2019 – Discussion on budget reduction measures

Tuesday, June 11, 2019 – Presentation of Balanced Budget



(cont)

Tuesday, June 25, 2019 - Public Hearing and Adoption of Balanced Budget

Important Budget Resources

Survey Results - <https://www.surveymonkey.com/results/SM-KC8RHNYBV/>.

Frequently Asked Questions - <https://www.unioncity.org/DocumentCenter/View/2716/Biennial-Budget-FAQs?bidId=>

Budget Updates - <https://www.unioncity.org/413/FY-201920-202021-BIENNIAL-BUDGET>

Draft Management Audit - <https://www.unioncity.org/DocumentCenter/View/2715/042919-Union-City-Organizational-Management-Audit---Final-Draft-Executive-Summary-040419-004?bidId=>

April 4, 2019 Biennial Budget News Release - <https://www.unioncity.org/DocumentCenter/View/2717/News-Release---City-Budget-Update?bidId=>

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