



Ted Brandvold, Mayor
City of Modesto
1010 Tenth Street, Suite 6200
Modesto, CA 95354
tbrandvold@modestogov.com

MAYOR'S PROPOSED BUDGET PRIORITIES AND DIRECTION FOR FISCAL YEAR 2020/2021

As Mayor, I have the duty to prepare and deliver to the City Council the Mayor's Proposed Budget Priorities and Direction under Modesto City Charter Section 1302.1/1302A.

Under the City Charter, the Mayor has specific duties related to the budget, such as providing this message on budget priorities and direction to the City Council and our citizens.

Operating Budget. First, as we have anticipated, and as I have stated before, the City's operating budget will be adversely impacted by higher payments to CalPERS for the solvency of pensions committed by the City of Modesto to current and future city government retirees. The actual general fund pension expense (including public safety) was \$18.75 million in FY 2019 and \$16.5 million in 2018. For FY 2020, the projected pension cost (including public safety) from the general fund will be \$23.64 million; looking ahead to 2024, the projected pension cost (including public safety) is \$26.9 million.

As a City Council, we have discussed the CalPERS strain to our general fund budget without committing to a specific roadmap to absorb these additional costs. We have explored some innovative ideas like establishing a pension liability trust to help fund these additional expenses, but year after year we do not commit to a specific road map.

This City Council must take this seriously. The can has been kicked down the road so long, we have now reached the end of our road. This next budget year, we must put forward a clear written road map. The road map development should include input, and involvement, of our valued public employee organizations, citizens, taxpayers and other stakeholders.

Second, it is important to maintain (at a minimum) the level of funding that the City Council authorized in the 2016/2017 allowing the addition of 22 police officers to our police department. We should consider increasing the number of authorized positions to enhance public safety.

Capital Budget. Because I believe we should provide the written CalPERS road map discussed above, there are no specific items from me involving the capital budget. I welcome input from the City Council, our citizens, and our employees on any pressing issues in the capital budget.

My first and foremost priorities have been full accountability to our citizens and the long-term strengthening of the financial condition of our City. I believe we are on our way to a sustainable budget. It is imperative that we appropriately plan and prioritize the needs of the City to ensure the future of the City remains bright and encourages prosperity for our citizens.

I have asked the City Clerk to place this matter on a City Council meeting agenda for the required public hearing and City Council and public input.

MAYOR TED BRANDVOLD