

CITY OF BERKELEY

# FY 2022 PROPOSED BUDGET

**May 25, 2021**

## OVERVIEW

- FY 2021 Budget & FY 2022 Budget Process
- FY 2022 Proposed All Funds Budget
- FY 2022 Proposed General Fund Budget
- American Rescue Plan Act
- Special Funds

## OVERVIEW

- FY 2022 Capital Improvement Program Budget
- FY 2022 Staffing
- Tax Rates & Community Agencies
- Schedule
- Questions

## FY 2021 BUDGET

- \$40M General Fund budget deficit due to COVID-19 pandemic / shelter-in-place orders
- Achieved a balanced budget by:
  - Implementing a hiring freeze and maintaining vacant positions
  - Delaying capital expenditures
  - Reducing non-personnel expenditures
  - Drawing on reserve funds
  - Reducing transfers to Internal Service Funds
  - Suspending Council policy regarding Property Transfer Tax
- Budget was balanced with no layoffs

## FY 2022 BUDGET DEVELOPMENT

- Shifted from a 2 Year Budget to a 1 Year Budget for FY 2022
- Provides time to evaluate the impacts of COVID-19 on the local economy and finances in a post vaccine environment

## BUDGET STRATEGIES PRINCIPLES

- Continue serving the community.
- Live within our means
- Identify expenditures that can be deferred
- Pursue other revenue and assistance.
- Manage use of, and replenish, reserves
- Be data-driven and transparent

# STRATEGIC PLAN PRIORITIES

COVID-19 Response and Reopening

Sustainability

Vision 2050

Police Accountability Board

Reimagining Public Safety

Addressing Homelessness

Housing Element

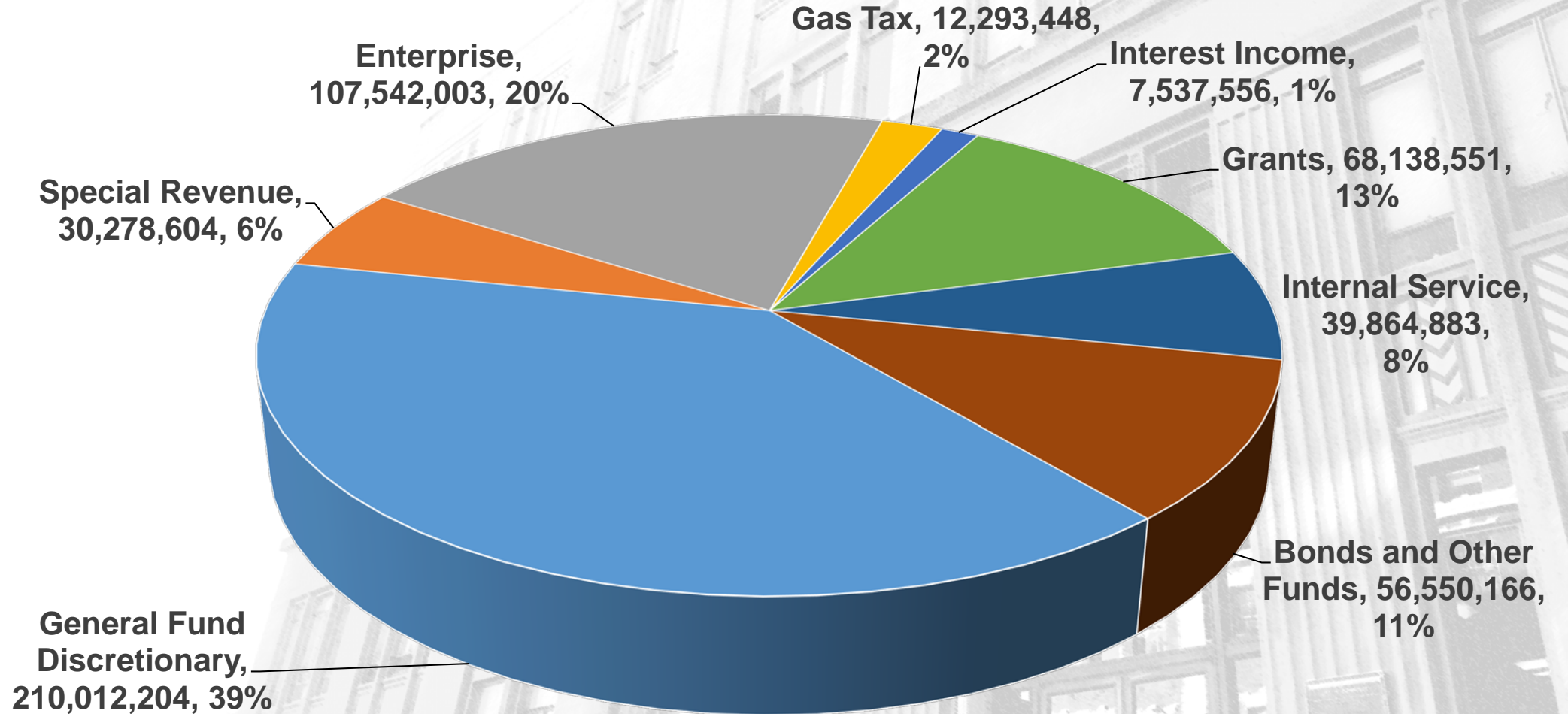
## FY 2022 PROPOSED ALL FUNDS BUDGET

REVENUES*	EXPENDITURES*
\$532,217,415	\$593,725,597

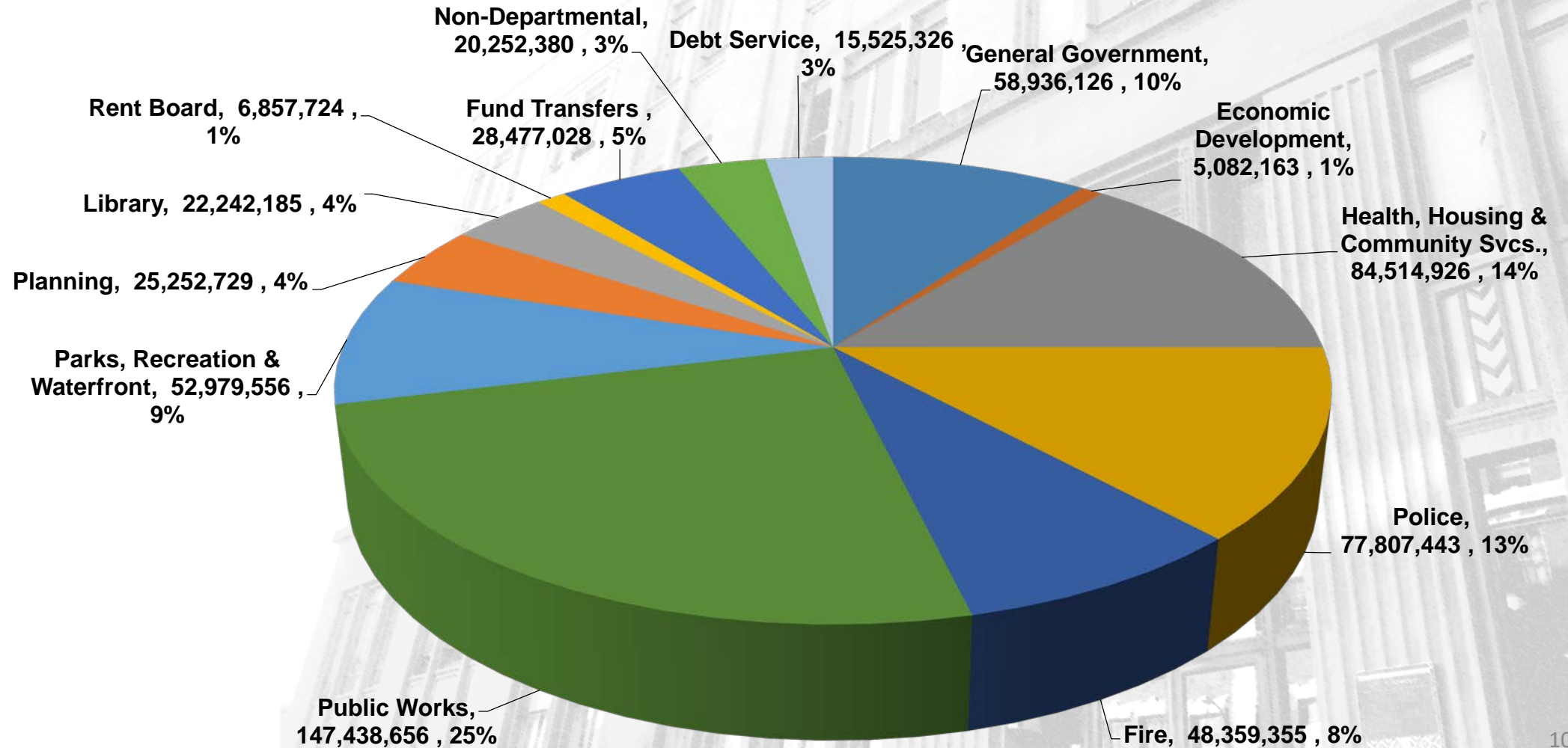
**\*While the numbers above indicate an unbalanced budget, they do not take into account the use of fund balances that are used to help balance the revenues with the expenditures. Also do not include the American Rescue Plan funds or Measure FF**



# FY 2022 PROPOSED ALL FUNDS REVENUE BUDGET



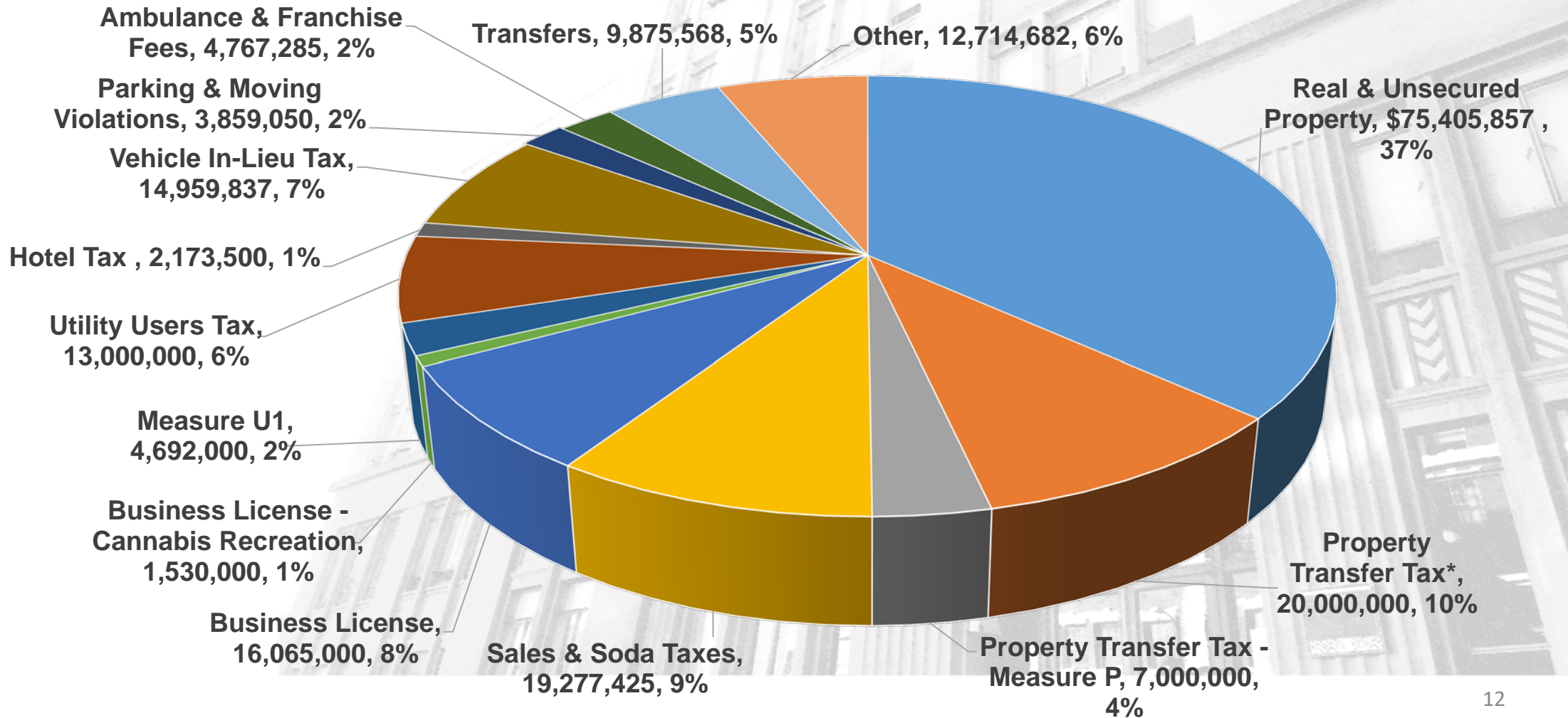
# FY 2022 PROPOSED ALL FUNDS EXPENDITURE BUDGET



## FY 2022 PROPOSED GENERAL FUND BUDGET

		Notes
Projected Revenue	\$186,128,204	Excludes Measures P and U1, Transfer Tax > \$12.5M
Project Expenditures	\$206,092,576	Includes \$8.6M in deferrals for FY 2022
<b>Estimated Surplus / (Deficit)</b>	<b>(\$19,964,372)</b>	

# FY 2022 PROPOSED GENERAL FUND REVENUE BUDGET



				Projected General Fund Revenue FY 2021 through FY 2025								
	FY 2018	FY 2019	FY 2020	FY 2021 Adopted	FY 2021 YTD Mar	FY 2021 Revised	Chg	%	FY 2022	FY 2023	FY 2024	FY 2025
<b>Undesignated Revenues</b>												
Secured Property Taxes	56,038,218	59,178,773	63,192,678	61,165,454	44,015,461	68,058,516	6,893,062	11.3%	70,780,857	73,258,187	75,822,223	78,476,001
Supplemental Taxes	2,237,649	2,174,903	2,334,597	1,260,000	855,050	2,000,000	740,000	58.7%	2,000,000	2,000,000	2,000,000	2,000,000
Unsecured Property Taxes	2,687,198	2,878,275	3,164,168	2,250,000	3,492,078	3,500,000	1,250,000	55.6%	2,625,000	2,625,000	2,625,000	2,625,000
Property Transfer Taxes	18,911,368	19,952,981	22,137,492	16,500,000	16,355,532	16,500,000	0	0.0%	12,500,000	12,500,000	12,500,000	12,500,000
Property Transfer Tax - Measure P		2,932,313	9,512,603	4,747,414	6,786,267	8,200,000	3,452,586	72.7%	7,000,000	7,000,000	7,000,000	7,000,000
Sales Taxes	17,435,591	18,663,550	17,557,539	15,786,200	12,097,591	15,985,141	198,941	1.3%	18,287,215	19,827,678	20,660,832	21,528,995
Soda Tax	1,457,003	1,547,349	1,331,313	970,794	731,711	970,794	0	0.0%	990,210	1,010,014	1,030,214	1,050,819
Utility Users Taxes	14,828,120	13,973,744	13,475,915	12,750,000	10,373,713	13,269,760	519,760	4.1%	13,000,000	13,000,000	13,000,000	13,000,000
Transient Occupancy Taxes(TOT)	7,807,273	7,995,188	6,387,495	5,070,000	1,550,242	2,070,000	(3,000,000)	-59.2%	2,173,500	2,282,175	2,396,284	2,516,098
Short-term Rentals	911,015	1,830,983	1,280,460	676,260	367,359	476,260	(200,000)	-29.6%	500,073	525,077	551,330	578,897
Business License Taxes	19,878,912	19,848,803	20,863,638	12,984,192	13,421,057	15,300,000	2,315,808	17.8%	16,065,000	16,868,250	17,711,663	18,597,246
Recreational Cannabis		1,168,794	1,446,655	1,300,000	1,173,584	1,500,000	200,000	15.4%	1,530,000	1,560,600	1,591,812	1,623,648
Measure U1	5,161,615	5,828,443	5,597,359	2,700,000	3,894,230	4,600,000	1,900,000	70.4%	4,692,000	4,785,840	4,881,557	4,979,188
Other Taxes		2,278,496	2,117,691	1,456,560	1,561,541	1,572,048	115,488	7.9%	1,603,489	1,635,559	1,668,270	1,701,635
Vehicle In Lieu Taxes	11,822,917	12,540,784	13,356,044	12,421,597	7,190,227	14,384,459	1,962,862	15.8%	14,959,837	15,483,432	16,025,352	16,586,239
Parking Fines - Regular Collections	6,608,001	6,002,211	3,897,580	5,049,000	2,721,104	3,549,000	(1,500,000)	-29.7%	3,726,450	3,912,773	4,108,411	4,313,832
Parking Fines - Booting Collections		211,913	8,685	0	0	0	0	0.0%	0	0	0	0
Moving Violations	188,443	177,824	209,894	190,000	79,471	130,000	(60,000)	-31.6%	132,600	135,252	137,957	140,716
Ambulance Fees	4,343,453	4,424,808	4,962,919	5,103,208	2,218,081	3,092,159	(2,011,049)	-39.4%	3,154,002	3,217,082	3,281,424	3,347,052
Interest Income	3,636,989	4,334,404	7,853,460	2,851,200	3,691,892	4,411,120	1,559,920	54.7%	4,411,120	4,411,120	4,411,120	4,411,120
Franchise Fees	2,009,931	1,821,316	1,839,102	1,551,696	540,563	1,581,650	29,954	1.9%	1,613,283	1,645,549	1,678,460	1,712,029
Other Revenues	10,736,326	8,116,908	8,065,884	6,246,348	7,900,032	8,600,000	2,353,652	37.7%	6,200,000	6,200,000	6,200,000	6,200,000
Indirect cost reimbursements	6,149,619	5,223,725	5,489,783	5,490,000	3,872,835	5,490,000	0	0.0%	5,490,000	5,490,000	5,490,000	5,490,000
Transfers	5,792,575	5,356,132	5,386,188	17,274,293	13,297,923	13,935,550	(3,338,743)	-19.3%	5,874,293	5,874,293	5,874,293	5,874,293
<b>Total Undesignated Revenues</b>	<b>198,642,216</b>	<b>208,462,620</b>	<b>221,469,143</b>	<b>195,794,216</b>	<b>158,187,544</b>	<b>209,176,457</b>	<b>13,382,241</b>	<b>6.8%</b>	<b>199,308,929</b>	<b>205,247,879</b>	<b>210,646,201</b>	<b>216,252,808</b>
<b>Designated Revenues</b>												
Prop. Transfer Taxes for capital improvements						3,500,000	3,500,000		7,500,000	7,500,000	7,500,000	7,500,000
<b>Total Designated Revenues</b>				<b>0</b>	<b>0</b>	<b>3,500,000</b>	<b>3,500,000</b>		<b>7,500,000</b>	<b>7,500,000</b>	<b>7,500,000</b>	<b>7,500,000</b>
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>198,642,216</b>	<b>208,462,620</b>	<b>221,469,143</b>	<b>195,794,216</b>	<b>158,187,544</b>	<b>212,676,457</b>	<b>16,882,241</b>	<b>8.6%</b>	<b>206,808,929</b>	<b>212,747,879</b>	<b>218,146,201</b>	<b>223,752,808</b>

## FY 2022 PROPOSED GENERAL FUND REVENUE BUDGET

### Basis for Projections:

#### Property Taxes

- County Assessor's Estimate of Assessed Values
- Delinquency Rate

#### Property Transfer Tax

- Sales Price Trend
- Predicted Sales Volume

#### Vehicle In Lieu Taxes (VLF)

- Growth in Assessed Property Values
- New Vehicle Sales; DMV Admin Costs

#### Franchise Fees

- Gross Receipts; PEG Fees

#### Business License Taxes

- Bay Area Economic Growth
- Attraction/Loss of Businesses
- Projected Renewal Rates

#### Transient Occupancy Taxes

- Occupancy Rates
- Average Room Rates
- Large Hotel Projections

#### Utility Users Taxes

- Utility Consumption Trends
- Evolution of Technology / Consumer Adoption
- PUC Rate Changes; Other Regulatory Actions

#### Interest Income

- Liquidity Projections
- Market Rates; Leeway for Timing Securities Purchases

#### Ambulance Fees

- Collection Vendor Estimates
- Service Billing Trend Analysis

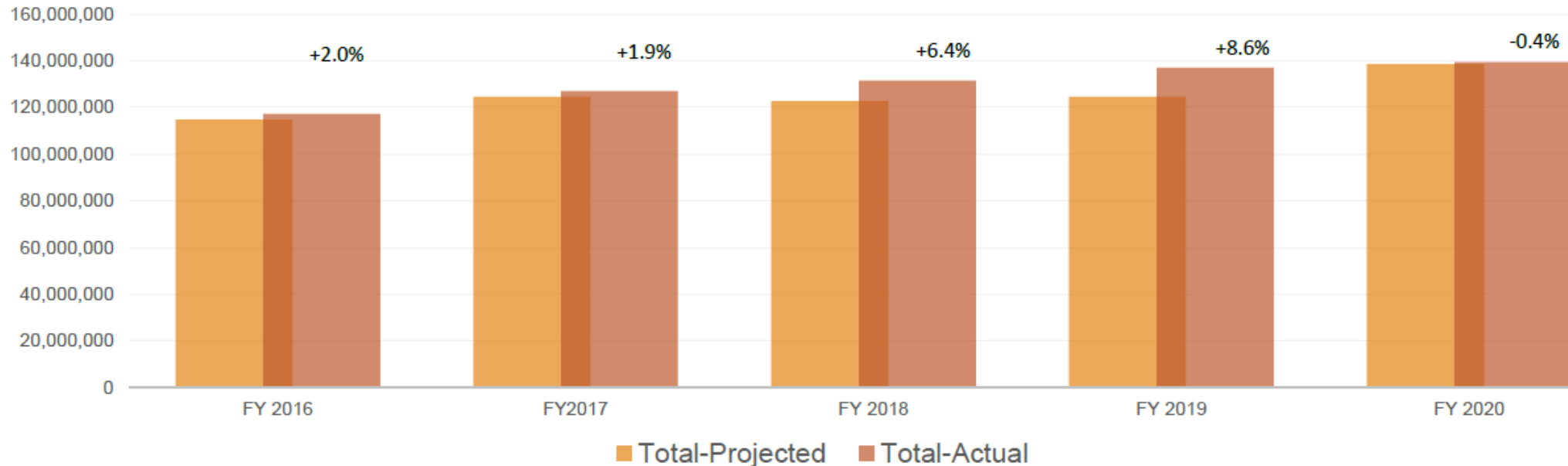
#### Parking Fines

- Rate Changes
- Count of Operable Meters/Paystations
- Collection Rate Analysis

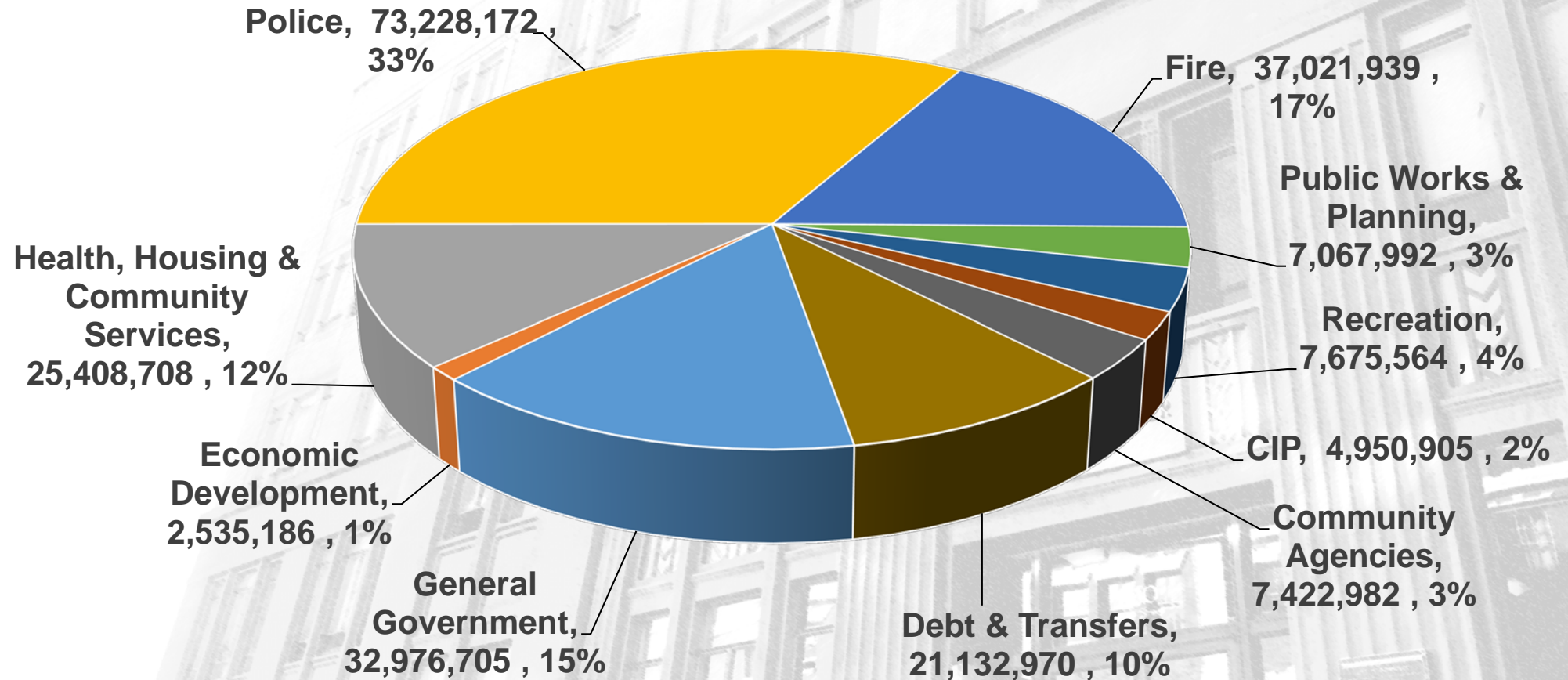
# CITY OF BERKELEY

## 5-Year Historical Comparison of Projected vs Actual of Major General Fund Revenues

	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
<b>Property Taxes</b>	49,145,719	50,708,000	58,626,587	54,043,637	52,786,320	58,725,416	53,577,365	62,057,048	64,599,622	66,356,846
<b>Sales Taxes</b>	18,116,161	15,944,001	17,210,353	20,105,287	18,000,000	17,435,591	18,522,000	18,663,550	18,238,000	17,557,539
<b>UUT</b>	14,477,392	14,211,318	14,194,436	15,109,305	14,282,375	14,828,120	14,496,610	13,973,744	15,000,000	13,475,915
<b>Business License Tax Revenue</b>	16,320,000	18,089,403	17,097,934	18,829,739	18,451,191	19,878,912	18,727,959	19,848,803	19,584,000	20,863,638
<b>TOT</b>	6,561,872	7,813,366	7,152,440	7,810,884	8,769,633	8,718,288	8,640,000	9,826,171	7,800,000	7,667,955
<b>Vehicle In-Lieu Taxes</b>	10,167,383	10,308,802	10,269,057	10,994,452	10,320,402	11,822,917	10,475,208	12,540,784	13,333,826	13,356,044
<b>Total:</b>	<b>114,788,527</b>	<b>117,074,890</b>	<b>124,550,807</b>	<b>126,893,304</b>	<b>122,609,921</b>	<b>130,498,229</b>	<b>124,439,142</b>	<b>135,079,117</b>	<b>138,555,448</b>	<b>137,997,477</b>

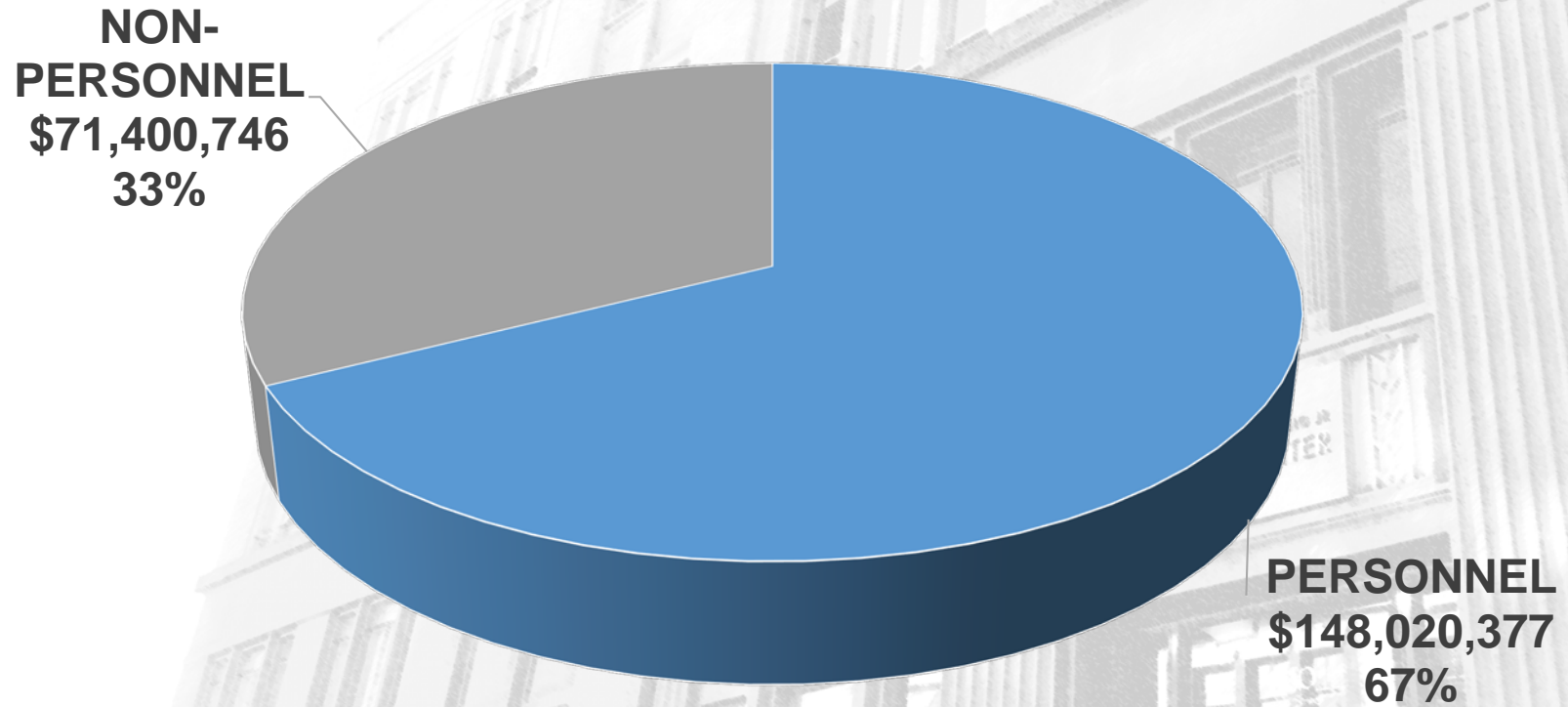


# FY 2022 PROPOSED GENERAL FUND EXPENDITURE BUDGET





# FY 2022 PROPOSED GENERAL FUND BUDGET



## FY 2022 PROPOSED GENERAL FUND BUDGET

- General Fund Baseline Budget includes \$24.5M in allocations including \$8.6 million in deferrals for FY 2022
- Funding Requests for FY 2022 were reviewed and prioritized into three tiers using the following criteria:
  1. Items that must be paid for
  2. Mandates
  3. Public Safety
  4. Critical Infrastructure
  5. Revenue Generation
  6. Grant Funded
- Tier 1 Funding Requests = \$8.3M

## American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds\*

Amount	<ul style="list-style-type: none"> <li>• \$66,646,289</li> </ul>	
Timing	<ul style="list-style-type: none"> <li>• Two payments (12 months apart)</li> <li>• Cover costs incurred from March 3, 2021 to December 31, 2026 (funds must be obligated by December 31, 2024)</li> </ul>	
Allowable Uses	<ul style="list-style-type: none"> <li>• Respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries</li> <li>• Revenue replacement for the provision of government services (entity-wide analysis)</li> <li>• Premium pay for essential workers (telework excluded from premium pay)</li> <li>• Water, sewer, and broadband infrastructure</li> </ul>	
Ineligible Uses	<ul style="list-style-type: none"> <li>• Federal matching requirement</li> <li>• Offset revenue resulting from a tax cut</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits into pension and rainy day funds or financial reserves</li> <li>• Funding debt service</li> </ul>

\* Based on Interim Final Guidelines issued on May 10, 2021 (<https://public-inspection.federalregister.gov/2021-10283.pdf>)

\* Excludes \$2,777,361 in Homelessness Assistance Grants to develop affordable rental housing, to help acquire non-congregate shelter to be converted into permanent affordable housing or used as emergency shelter.

# CAPITAL IMPROVEMENT PROGRAM

## FY2022 CAPITAL BUDGET- PROPOSED

City Facilities	Equipment & Fleet	Parks, Recreation, & Waterfront	Sanitary Sewer	Sidewalk Repairs	Storm Water System	Streets	Transportation	Other Infrastructure
Total Budget \$2,340,000	Total Budget \$4,612,186	Total Budget \$25,899,000	Total Budget \$21,794,583	Total Budget \$2,735,000	Total Budget \$1,815,000	Total Budget \$6,925,303	Total Budget \$5,047,119	Total Budget \$4,743,430
Total GF/CIP \$900,000	Total GF/CIP \$0	Total GF/CIP \$4,949,000	Total GF/CIP \$0	Total GF/CIP \$635,000	Total GF/CIP \$0	Total GF/CIP \$1,925,000	Total GF/CIP \$29,000	Total GF/CIP \$1,550,000

**\$12,015,000**

- FY 2022 Measure T1 Funding

**\$10,889,438**

- FY 2022 General Fund Resources Funding

- ❖ Includes Debt Service of \$901,438 not listed in table

78 Proposed Capital Projects

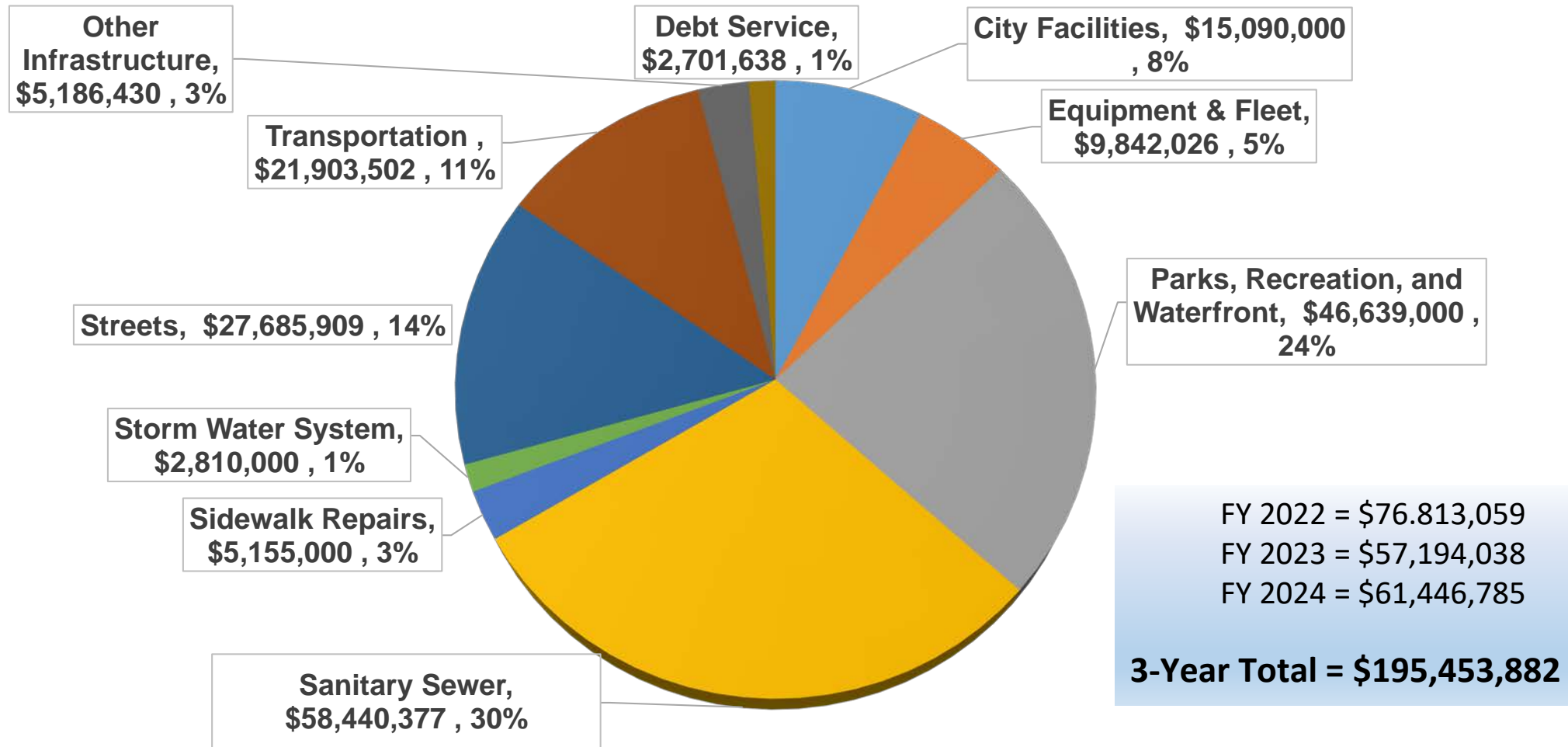
68 Proposed Vehicle Replacements

**TOTAL FY 2022 PROPOSED CAPITAL BUDGET**

**\$76,813,059**

# FY 2022 BUDGET

## FY 2022, FY 2023, FY 2024 CAPITAL IMPROVEMENT PROGRAM BY PROGRAM CATEGORY - PROPOSED



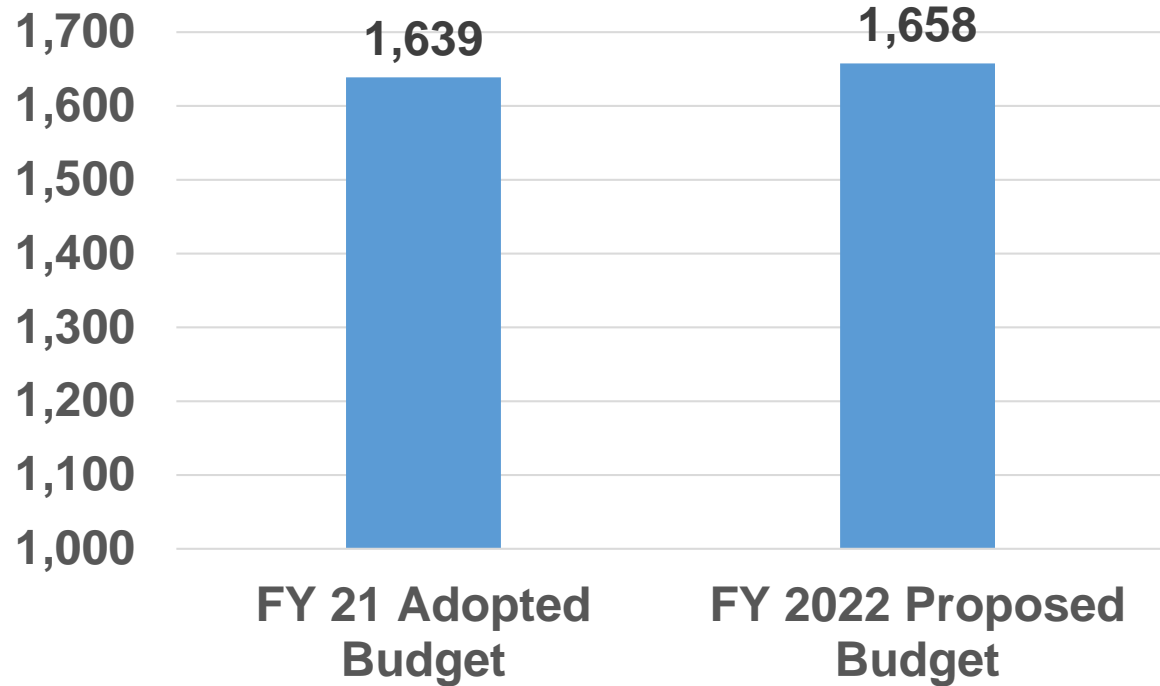
## SPECIAL / ENTERPRISE FUNDS

➤ The following funds experienced significant revenue loss due to the COVID-19 pandemic:

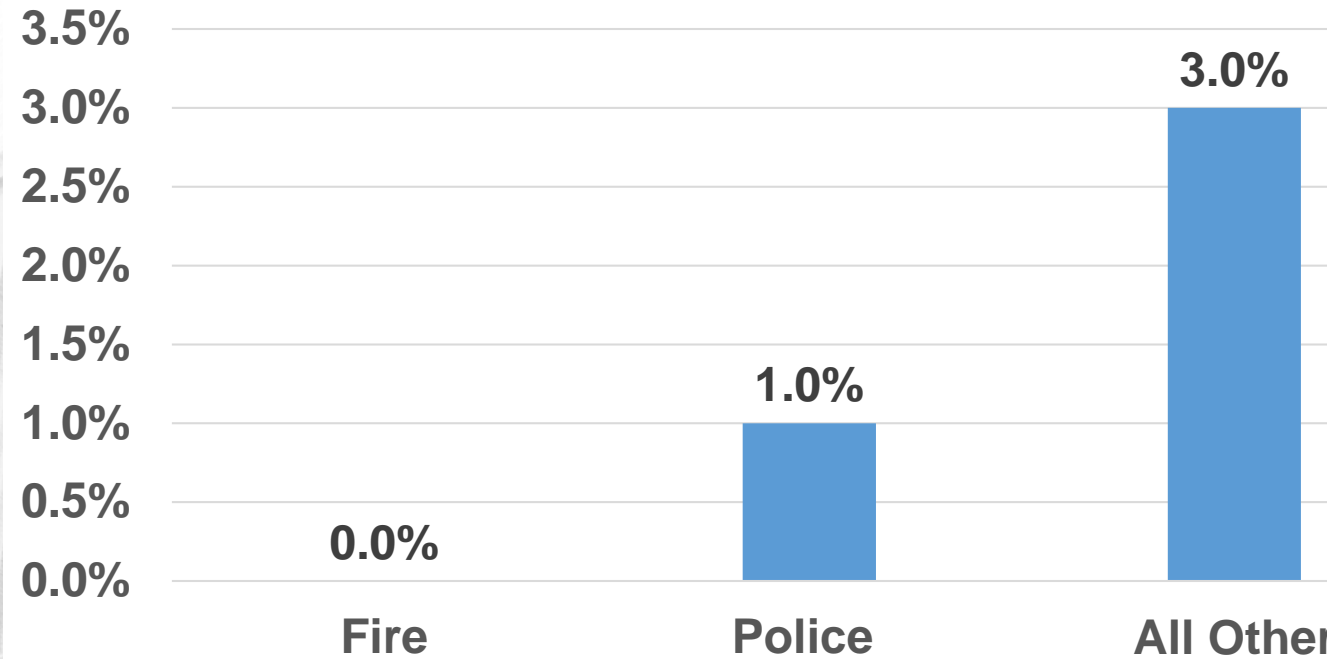
- Marina Fund
- Camps Fund
- Sports Field Fund
- Parking Meter Fund
- Off-Street Parking Fund

# STAFFING / VACANCY ASSUMPTIONS

### Full-Time Equivalent Employees



### Budgeted Vacancy Rate



## TAX RATES

- Growth Index for Paramedic Tax is April Consumer Price Index
- The Emergency Services for the Disabled Tax, the Library Tax, Parks Tax, and the Measure GG Fire Services and Disaster Preparedness Tax growth is either the higher of the CPI or the Personal Income Growth (PIG).
- For FY 2022, the PIG increase of 5.73% was higher than the CPI increase of 3.806% and was used for all of the tax rate increases except for the Paramedic Tax.



## COMMUNITY AGENCIES

- FY 2022 is 3<sup>rd</sup> Year of a Four-Year Funding Cycle
- FY 2022 Allocation All Funding Sources = \$20,494,394
- Decrease of 26% from FY 2021 Actual of \$26,311,113
- FY 2021 was more due to CARES Act Funding and COVID-19 Housing Retention Program (\$900,000 in U1 and \$1.8M in CDBG CARES Act)

## FY 2022 BUDGET CALENDAR

Date	Action/Topic
May 25, 2021	City Council: <ul style="list-style-type: none"> <li>• FY 2022 Proposed Budget Presentation</li> <li>• Public Hearing #1: Budget</li> <li>• FY 2022 Proposed Fee Increases</li> </ul>
May 27, 2021	Budget & Finance Policy Committee Meeting
June 1, 2021	City Council: <ul style="list-style-type: none"> <li>• Public Hearing #2: Budget</li> <li>• Last date for formal budget referrals to the FY 2022 Budget Process</li> </ul>
June 10, 2021	Budget & Finance Policy Committee Meeting
June 15, 2021	City Council: <ul style="list-style-type: none"> <li>• Council discussion on budget recommendations</li> </ul>
June 24, 2021	Budget & Finance Policy Committee Meeting
June 29, 2021	City Council: <ul style="list-style-type: none"> <li>• Adopt FY 2022 Proposed Budget &amp; FY 2022 Annual Appropriations Ordinance</li> </ul>

CITY OF BERKELEY

**QUESTIONS?**