



Office of the Mayor

## **SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2**

**Meeting Date:** December 13, 2022

**Item Number:** # 23

**Item Description:** Amendment: FY 2023 Annual Appropriations Ordinance

**Submitted by:** Mayor Arreguin

This supplemental material reflects the Mayor's proposed adjustments to the FY 23 Annual Appropriations Ordinance, and the unanimous recommendation of the Budget and Finance Committee on December 8, 2022.



Office of the Mayor

ACTION CALENDAR  
December 13, 2022

To: Members of the City Council

From: Mayor Jesse Arreguín

Subject: Recommended Adjustments to the FY 2023 Annual Appropriations Ordinance

RECOMMENDATION

- 1) Adopt Item # 23 as revised to include the following adjustments to the FY 23 Annual Appropriations Ordinance as recommended by the Budget and Finance Policy Committee:

- [Closing the Southside Complete Streets Funding Gap](#): **\$1,000,000**
- [Labor Standards Enforcement Position in HHCS](#): **\$230,000**
- [La Peña Cultural Center Capital Grant](#): **\$150,000**
- [MLK and Addison Intersection Improvements](#): **\$50,000**
- Outreach to Businesses on Fair Work Week Ordinance: **\$50,000**
- [Strawberry Creek Lodge Food Program](#): **\$50,000**
- [Berkeley Junior Jackets Field Use Expenses](#): **\$6,000**

Total General Fund Excess Equity: **\$1,536,000**

Remaining Unallocated General Fund Excess Equity: **\$986,439**

- 2) Recommend that the following Council Referral be funded through Measure U1 tax receipts:

- [1638 Stuart St. Affordable Housing Project Completion](#): **\$50,000**

- 3) Recommend that the following be funded through unallocated Measure P tax receipts:

- An additional **\$120,000** to fund the operations of the Inclement Weather Shelter at Old City Hall
- Fund the “Equitable Clean Streets” referral in the amount of **\$327,293** from Measure P tax receipts (Page 20 of 39, AAO Table, Item # 33)

- 4) Refer the following unfunded Council Referrals to the FY 2024 Budget Process:

- Establishing an Electric Bike Rebate Program and Expanding Low-Income E-Bike Ownership through the Climate Equity Action Fund: **\$500,000**
- No Right on Red Signs: **\$135,000**

- Down Payment Assistance (DPA) and Closing Cost Assistance Revolving Loan Fund Pilot: **\$500,000**
- All unfunded Tier 2 and Tier 3 items from the “FY 23 & 24 Proposed Budget Enhancements to Baseline Budget, Funding Requests by Tier”

### BACKGROUND

Due to unexpected and robust property and transfer tax receipts and a rebounding of sales tax revenues to pre-pandemic levels, the FY 2022 Fiscal Year closed with unaudited actual General Fund revenues of \$284.5 million, or \$48.4 million more than the adopted FY 22 Budget of \$236.1 million. While actual expenditures trended slightly higher than the adopted budget, **the result is an available General Fund balance of \$47.4 million at the close of FY 22, excluding Measure P tax receipts.**

As part of the First Amendment to the FY 2023 Annual Appropriations Ordinance, the City Manager is proposing the allocation of General Fund Encumbrances in the amount of \$8,980,951, General Fund Carryover of prior appropriations in the amount of \$6,263,403 and proposed General Fund Adjustments of \$773,412. The City Manager’s proposed list of additional adjustments is summarized below. This includes the Council’s referral of \$100,000 for a Tenant Advocate position for Harriet Tubman Terrace:

<b>RECOMMENDED FY23 GENERAL FUND ADJUSTMENTS</b>		
<b>Adjustment</b>	<b>Description</b>	<b>Funding Amount</b>
City Manager’s Office/OED	Aquatic Park Public Art Project - Tile Wall	\$35,000
City Manager’s Office	Project Manager II-Special Projects Unit	71,075
City Manager’s Office	Municipal Resource Group Contract- Employer of Choice Initiative	67,675
Police Department	Recruitment and retention proposal	207,750
Mayor and Council	Measure JJ Salary/Benefit Increases	82,017
Public Works	FY 2019 Fire Prevention & Safety funds to create connection to the Upper Columbia Pathways, currently dirt and not accessible	109,894
Public Works	Claremont/Russell & Claremont/Eton light	100,000
<b>Subtotal</b>		<b>673,412</b>
<b>New Recommendation</b>	Tenant Advocate position for Harriet Tubman Terrace (11/3/22)	<b>100,000</b>

After accounting for encumbrances, carryover of funds and new adjustments, there is a remaining positive General Fund balance of \$31.3 million. Prior Council action in June to balance the FY 23-24 Biennial Budget required pre-commitment of General Fund Excess Equity in the amount of \$17,268,170. Additionally, Council adopted policy requires the allocation of additional General Fund revenues to the Reserves and Capital

Improvement Fund. This has resulted in a remaining unallocated balance of **General Fund Excess Equity** in the amount of **\$2,522,439**, which is available for allocation as part of the AAO adoption.

<b>GENERAL FUND EXCESS EQUITY CALCULATION (EXCLUDES MEASURE P)</b>		
FY 2022 Beginning Balance	\$	19,806,333
FY 2022 Revenues	\$	263,936,692
FY 2022 Expenditures	\$	(236,342,638)
<b>Available Balance</b>	\$	<b>47,400,387</b>
<b>Less:</b>		
FY 2022 G. F. Encumbrances Restricted (AAO #1)	\$	(8,980,951)
FY 2022 G.F. Carryover (AAO #1)	\$	(6,263,403)
FY 2023 Other Adjustments (AAO #1)	\$	(773,412)
<b>Available Balance After AAO #1 Items</b>	\$	<b>31,382,621</b>
Excess Property Transfer Tax to Balance FY 23 & 24 Operating Budget	\$	(17,268,170)
Excess Property Transfer Tax to Replenish Reserves	\$	(1,500,000)
Excess Property Transfer Tax Available for Capital	\$	(8,569,573)
<b>Available Balance After Pre-Funding of Excess Property Transfer Tax</b>	\$	<b>4,044,878</b>
<b>Allocation to Reserves</b>	\$	<b>1,522,439</b>
<b>Excess Equity Balance</b>	\$	<b>2,522,439</b>

The Mayor carefully reviewed the list of Council referrals to the mid-year budget adjustment (AAO) process and prioritized expenditures for one-time capital projects, programs to improve health and wellness, and the implementation of the Fair Work Week Ordinance to be finally adopted on December 13<sup>th</sup>.

- [Closing the Southside Complete Streets Funding Gap: \\$1,000,000](#)
- [Labor Standards Enforcement Position in HHCS: \\$230,000](#)
- [La Peña Cultural Center Capital Grant: \\$150,000](#)
- [MLK and Addison Intersection Improvements: \\$50,000](#)
- Outreach to Businesses on Fair Work Week Ordinance: \$50,000
- [Strawberry Creek Lodge Food Program: \\$50,000](#)
- [Berkeley Junior Jackets Field Use Expenses: \\$6,000](#)

The proposed additional General Fund appropriations amount to **\$1,536,000** from General Fund Excess Equity, **\$50,000** from Measure U1 and **\$447,293** from Measure P. The remaining unallocated General Fund balance is **\$986,439** which can be used for unanticipated costs or go towards the Section 115 Trust.

Remaining unfunded Council Referrals are proposed to be formally referred to the FY 24 Budget process. Many of these proposals are for new programs, some of which require additional analysis and development. The intent of this referral is to ensure that these items are considered in the next budget cycle, and costing can be provided so Council can fully evaluate these requests.

In addition, during the FY 23-24 Budget process in June, the City Manager prioritized different General Fund requests in tiers (See Attachment 1). All Tier 1 requests were built into the baseline budget and some Tier 2 requests were also funded through additional Council action. The remaining requests from Council and Departments were not formally referred to future budget discussions. This recommendation requests that these Tier 2 and 3 requests also be referred to the FY 24 Budget process.

On December 8, 2022 the Budget and Finance Policy Committee adopted the following motion:

*M/S/C Harrison/Arreguin to recommend that the City Council approve the Mayor's proposed adjustments to the AAO with one addition:  
Fund the "Equitable Clean Streets" referral in the amount of **\$327,293** from Measure P tax receipts  
Yes: Harrison, Arreguin  
Absent: Droste*

#### FINANCIAL IMPLICATIONS

\$1,536,000 in General Fund Excess Equity. \$50,000 in General Fund revenues from Measure U1 tax receipts, and \$447,293 from Measure P tax receipts.

#### ENVIRONMENTAL SUSTAINABILITY

The proposed additional budget adjustments would improve traffic safety on key intersections in the Downtown and Southside area, reconfigure roads to include bus priority lanes, and install protected bike infrastructure and pedestrian improvements. These projects will improve safety and encourage non-automobile modes of transportation. This will help reduce greenhouse gas emissions from transportation which still account for Berkeley's largest percentage of GHG.

#### CONTACT PERSON

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#### Attachments:

1. "Supplemental Information for Agenda Item #2 City Manager's Funding for the FY 2023 and FY 2024 Biennial Budget Discussion and Possible Action", June 17, 2022