



Office of the City Manager

Date: December 13, 2021
To: Budget & Finance Policy Committee
From: Dee Williams-Ridley, City Manager
Submitted by: Rama Murty, Senior Management Analyst
Subject: FY 2021 Year-End Results and FY 2022 First Quarter Budget Update

RECOMMENDATION

Discuss FY 2021 Year-End and FY 2022 First Quarter Results and determine funding allocations for FY 2022 based on the FY 2021 General Fund Excess Equity and Excess Property Transfer Tax for the following: 1) the General Fund Reserves 2) City Manager Budget Recommendations and 3) the Council's Budget Referrals approved during FY 2022 to be considered in November 2021.

BACKGROUND

This budget update is the second discussion with the Budget & Finance Policy Committee on the FY 2021 Year-End (Year-End) results as well as reports on the FY 2022 First Quarter. The first discussion with the Budget & Finance Policy Committee took place on December 9, 2021.

Following the first discussion and based on input during that meeting and action taken by the City Council during Closed Session held on December 9, 2021, there were adjustments that needed to be made to the Excess Equity calculations and the November 2021 General Fund Budget Recommendations that were presented to the Budget & Finance Policy Committee.

The changes are as follows:

1. Added to the list of mandated items that must be removed from the General Fund available balance was funding for the Fair Labor Standards Act Settlement Agreements in the amount of \$207,452. This was approved by the City Council in Closed Session on December 9, 2021
2. Moved the R2 Training/R2 Shift Cancellation funding request from the Tier 1 Funding List to mandated items that must be removed from the General Fund available balance. This item was approved by the City Council on July 29, 2021 with adoption of new labor contract with 1021 Community Services and Part-Time Recreation Leaders Association. Therefore, it is a mandated cost that must be funded.

- Moved the Enterprise Zoom License funding request for \$68,832 from Tier 2 to Tier 1 based on discussions during the December 9, 2021 Budget & Finance Policy Committee meeting

These changes resulted in revisions to the Excess Equity calculations as shown below:

GENERAL FUND EXCESS EQUITY CALCULATION			
FY 2021 Beginning Balance		\$	40,594,945
FY 2021 Revenues (Includes \$11.4 million from Reserve Funds)		\$	232,028,202
FY 2021 Expenditures		\$	(226,901,811)
G. F. Encumbrances Restricted (AAO #1)		\$	(8,451,781)
City Manager Salary Increase		\$	(52,958)
Salary Adjustments for Department Head		\$	(127,430)
Legislative Assistants Salary & Fringe Benefit		\$	(709,695)
Mayor and Council Annual Salary per Measure JJ		\$	(30,121)
FY 2022 General Fund COLAs		\$	(3,775,783)
FY 2022 PEPRA Ramp Down		\$	(339,008)
R2 Shift Training; R2 Shift Cancellation		\$	(214,000)
Fair Labor Standards Act Settlement Agreements		\$	(207,452)
Available Balance		\$	31,813,108
Less:			
Measure U1 Ending Fund Balance		\$	(973,695)
Measure P Ending Fund Balance		\$	(17,032,253)
G.F. Carryover (AAO #1)		\$	(4,405,774)
Total Restricted & Carryovers		\$	(22,411,722)
FY 2022 Available Excess Equity*		\$	9,401,386
Allocation to Reserves		\$	4,200,693
Excess Equity Balance		\$	5,200,693
<i>*Includes excess FY 2021 Excess Property Transfer Tax revenue of \$4,969,955. \$406,952 to repay loan to the Workers Compensation fund for the purchase of Premier Cru will be included in AAO#1.</i>			

Attachment 1 provides an updated version of the November 2021 General Fund budget recommendations. With the changes above, the total Tier 1 requests are now at \$4.4 million and the balance not allocated is at \$791,737.

The change to the allocation to the reserves from \$4.41 million to \$4.20 million results in the following update to our General Fund Reserves chart shown below:

General Fund Reserves	Stability Reserve	Catastrophic Reserve	Reserve %
Beginning Cash Balance -	\$ 15.81	\$ 10.60	
FY 2021 Allocation to Reserves	\$ 2.31	\$ 1.89	
% Allocation	55%	45%	
Reserve Balance	\$ 18.12	\$ 12.49	
Reserved for Camps Fund - Tuolumne Camp		\$ (3.30)	
Ending Cash Balance - Reserves	\$ 18.12	\$ 9.19	13.95%

This updated information will be provided to the full City Council in revised report to be included in the Supplemental #2 Agenda Packet that will go out on December 13, 2021.

Next Steps

Staff will present second-quarter revenue and expenditure projections at the FY 2022 Mid-Year Update in February/March 2022. We are also beginning the development of the FY 2023 & FY 2024 Biennial Budget.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City’s environmental sustainability goals and requirements.

CONTACT PERSON

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Attachments:

1. November 2021 General Fund Budget Recommendations

November 2021 General Fund Budget Recommendations

Tier 1 Funding Requests (Council Approved Items, Critical Operational Needs, Public Safety Items, or Legislative Mandates)

Department Items

Department	Item	Amount	Comments
City Clerk	Konica Minolta Business Systems/OnBase Version Upgrade and Training	50,000	For agenda review and packet creation software; Project to start in February 2022
City Manager	Data Entry to input pages into Website project	70,000	Funds needed to complete website project in January 2022
Finance	Deputy Director of Finance	268,812	Position is essential to managing the operations of the Finance Department and provide support to the Director of Finance
Fire	Priority Dispatching	83,000	Funding needed for the development of a Priority Dispatching program in Fire
Fire	FY 2015 Ground Emergency Medical Transport Overpayment	150,660	City was overpaid by the State in FY 2015 for Ground Emergency Medical Transport program and must now return those funds to the State.
Fire	Gurneys	39,714	Funds needed to maintain the City's lease contract for ambulance gurneys
Health, Housing & Community Svcs.	African American Holistic Resource Center	52,037	Funds needed for development of the African American Holistic Resource Center
Health, Housing & Community Svcs.	COLA/CalPERS PEPR coverage	179,551	Allocation for COLA's, CalPERS, and bonuses for HHCS that cannot be absorbed by grant funds in FY 2022 for labor contracts approved by Council.
Information Technology	Enterprise Zoom License	68,832	Funds for Enterprise for Zoom Government License pilot program
Non-Departmental	Transfer to Workers' Compensation Fund for Premier Cru loan repayment	406,952	Loan from Workers' Compensation Fund and repayment plan approved by Council on 3/28/17
Parks, Recreation & Waterfront	West Campus Pool Filters/Plaster	510,000	Approved for Pre-Funding in AAO #1 in June 2021. Work can not be delayed, otherwise we may impact summer programming or may be subject to an indefinite closure at West Campus pool.
Planning	Deputy Director of Planning	32,163	Restoring the Deputy Director position in the Planning Department is necessary to improve operations, customer service and succession planning.
Public Works	Dwight-California Intersection Improvements	323,807	Appropriate balance of Mayor/Council Budget referral from FY 2019 AAO#1 process so that project can continue. Project was put on hold.
Public Works	BerkDOT	100,000	To continue the study of potential BerkDOT or alternate organizational structure (Council referral)

Public Works	Public Restroom People's Park	83,428	Appropriate funds received from Enclave Partners for a public restroom at People's Park
Total Department Requests		2,418,956	

Council Referrals

Referred By	Item	Amount	Comment
Taplin and Kesarwani	Security Cameras in the Public Right Of Way at Intersections Experiencing Increased Violent Crime, and Environmental Safety Assessment for High Crime Areas	1,330,000	
Taplin, Mayor Arreguin, Harrison, and Hahn	Resolution Recognizing Housing as Human Right; Referring to City Manager Several Measures to Begin Developing Social Housing in the City of Berkeley	300,000	
Bartlett	Homeless Outreach Coordinator for South Shattuck Avenue and Adeline Street	100,000	
Robinson and Mayor Arreguin	Durant Parklet and Telegraph Plaza Improvements	60,000	
Taplin, Bartlett, Mayor Arreguin, and Wengraf	Berkeley Ceasefire	200,000	
Total Council Referrals		1,990,000	
Total Tier 1 Funding Requests		4,408,956	
Unspent Excess Equity Funds		791,737	

Tier 2 (Non-Critical Operational Needs that maybe on hold or have existing funding)

Department	Item	Amount	Comments
Finance	Tax Assessment System Replacement	300,000	Project on hold till FY 2023
Information Technology	IT Move to 1947 Center Street	770,000	Adjustment to FY 2022 General Fund Baseline recommended for Pre-Funding in AAO #1. Move is currently on hold
Information Technology	IT 2180 Milvia/4th Floor Rent	106,017	Adjustment to FY 2022 General Fund Baseline recommended for Pre-Funding in AAO #1. Could possibly fund from existing budget
Information Technology	Cybersecurity for Telecommuting Needs	819,000	2nd Half of \$1.638 million allocation; Initial funds still have not been fully spent yet in FY 2022
Police	Police Overtime	1,000,000	Adjustment to FY 2022 General Fund Baseline recommended for Pre-Funding in AAO #1. Baseline funding for overtime may be sufficient for overtime costs in FY 2022
Police	School Crossing Guards	77,156	Hire 4 School Crossing Guard positions to fully cover all 18 Crossing Guard posts
Public Works	Ped Xing Signal @ intersection of Shattuck & Prince	100,000	Adjustment to FY 2022 General Fund Baseline recommended for Pre-Funding in AAO #1.
Public Works	Traffic Calming at MLK and Stuart Street	100,000	Adjustment to FY 2022 General Fund Baseline recommended for Pre-Funding in AAO #1.
Public Works	George Florence Park/10th Street Traffic Calming	220,000	Approved for Pre-Funding in AAO #1 in June 2021.
Total Department Items		3,492,173	

Council Referrals

Referred By	Item	Amount	Comment
Bartlett	Infrastructure and Affordable Housing Finance Plan for Adeline Corridor	200,000	
Robinson, Mayor Arreguin, and Hahn	Telegraph Public Realm Plan Implementation	500,000	
Hahn	Solano-Peralta Park restoration and improvements	80,000	
Taplin	Strawberry Creek Lodge Food Program	100,000	
Taplin	Curtis Street Traffic Diverters	100,000	
Bartlett and Mayor Arreguin	Commitment to Habitat Recovery	100,000	
Wengraf	Budget Referral to the City Manager to Improve Pedestrian Safety where Sidewalks are Not Provided	100,000	
Taplin	Pedestrian Crossing Improvements at Ashby and Acton	100,000	
Taplin	Russell Street Bicycle and Pedestrian Improvements	360,000	
Total Council Referrals		1,640,000	
Total Tier 2 Funding Requests		5,132,173	

Tier 3 (Non-Urgent Operational Needs Recommend FY 2023 & FY 2024 Budget Consideration)

Department	Item	Amount	Comments
City Manager	Community Survey	85,000	Approved for Pre-Funding in AAO #1 in June 2021. Funds not needed as funds for community survey were approved with allocation for Vision 2050 plan
City Manager	Communications Specialist	116,854	Department request to add additional staff person to to meet a baseline need for community engagement, daily and emergency PIO response, as well as multi-department and multi-agency coordination.
City Manager	Office of Diversity & Equity: Assistant to the City Manager	268,812	Funding to address Council referral
Fire	Medical Supplies for Life Assist	90,200	Funds for additional medical supplies for ambulances
Finance	Grant Writer	TBD	Funding to address Council referral
Police	Portable Radio Replacement	600,000	Approved for Pre-Funding in AAO #1 in June 2021. Funds not needed till FY 2023 when first payment occurs.
Public Works	Restore Deferral	1,283,765	FY 2021 General Fund Budget Deferral. Could be funded through ARPA Funds as deferral was due to General Fund budget deficit caused by COVID-19
Public Works	Citation Appeals Assistance	109,861	Funding to add an Office Specialist II position to support the Citation Appeals process
Total Tier 3 Items		2,554,492	

Referred By	Item	Amount	Comment
Mayor Arreguin	Supply Bank	25,000	
Harrison	Allocate General Fund Revenues to Support Pilot Program Offering Free AC Transit on Sundays in Berkeley	500,000	
Robinson	Public Bank East Bay	50,000	
Taplin	Sidewalk Repair on Arterial Streets	600,000	
Taplin	Reckless Driving and Sideshow Deterrence Improvements	unknown	
Taplin	West Berkeley Residential Preferential Parking (RPP)	1,590,151	

Harrison and Bartlett	Budget Referral and Resolution Establishing a Pilot Existing Building Electrification Installation Incentives and Just Transition Program with Pre-Qualified Contractors Meeting Minimum Labor Standards to Assist New Property Owners, Renters and Existing Property Owners with Transition to Zero-Carbon Buildings	1,500,000	
Bartlett and Mayor Arreguin	Commitment to Habitat Recovery	100,000	
Mayor Arreguin	Berkeley Age-Friendly Continuum	20,000	
Taplin, Droste, and Wengraf	Automated license plate readers for community safety improvement	unknown	
Total Council Referrals		4,385,151	
Total Tier 3 Funding Requests		6,939,643	

Measure P

Department	Item	Amount	Comments
City Manager's Office	Homeless Response Team Vehicle	33,120	Vehicle purchase was included in FY 2021 Measure P allocations. Purchase not made till FY 2022.
City Manager's Office	Off-street safe parking program for Recreational Vehicles at 742 Grayson Street and other shelter operational costs	439,420	Funding approved by Council on 10/26/21
Total Measure P Adjustments		472,540	

Measure U1

Department	Item	Amount	Comments
Non-Departmental	Transfer to U1 Fund	973,695	
Total Measure U1 Adjustments		973,695	