



Office of the City Manager

December 13, 2021

To: Budget and Finance Policy Committee  
From: Dee Williams-Ridley, City Manager  
Submitted by: Rama Murty, Interim Budget Manager  
Subject: Response to Questions from Budget and Finance Policy Committee

**Question:**

What is the actual vacancy rate for the city departments to include the following:

1. What is vacant,
2. how long it has been vacant
3. and if there is a recruitment for the position?

**Staff Response:**

Attachment 1 to this memorandum is a revised summary vacancy report of all the position that are vacant as of December 8, 2021. As of December 8, 2021, there are 233 full-time equivalent positions that are vacant. The table below provide a high-level summary of vacancy by department and by fund.

**Summary of Vacancy by Department**

<b>Department</b>	<b>Vacant Positions (# of FTE)</b>
City Attorney's Office	4
City Auditor's Office	2
City Manager's Office	11
City Clerk's Office	1
Finance	10
Fire	11
Health, Housing and Community Services	25
Human Resources	7
Information Technology	6
Library	34
Mayor and Council	2
Parks, Recreation and Waterfront	12
Planning	18
Police	48
Public Works	41
Rent Board	2
<b>Total</b>	<b>233</b>

**Summary of Vacancy by Fund  
As of December 8, 2021**

<b>Fund Name</b>	<b>Vacant Positions (# of FTE)</b>
General Fund	114
Library Tax Fund	32
Permit Service Center	12
Zero Waste	11
Equipment Maintenance	7
Sanitary Sewer Operations	7
All Other Funds	50
<b>Total</b>	<b>233</b>

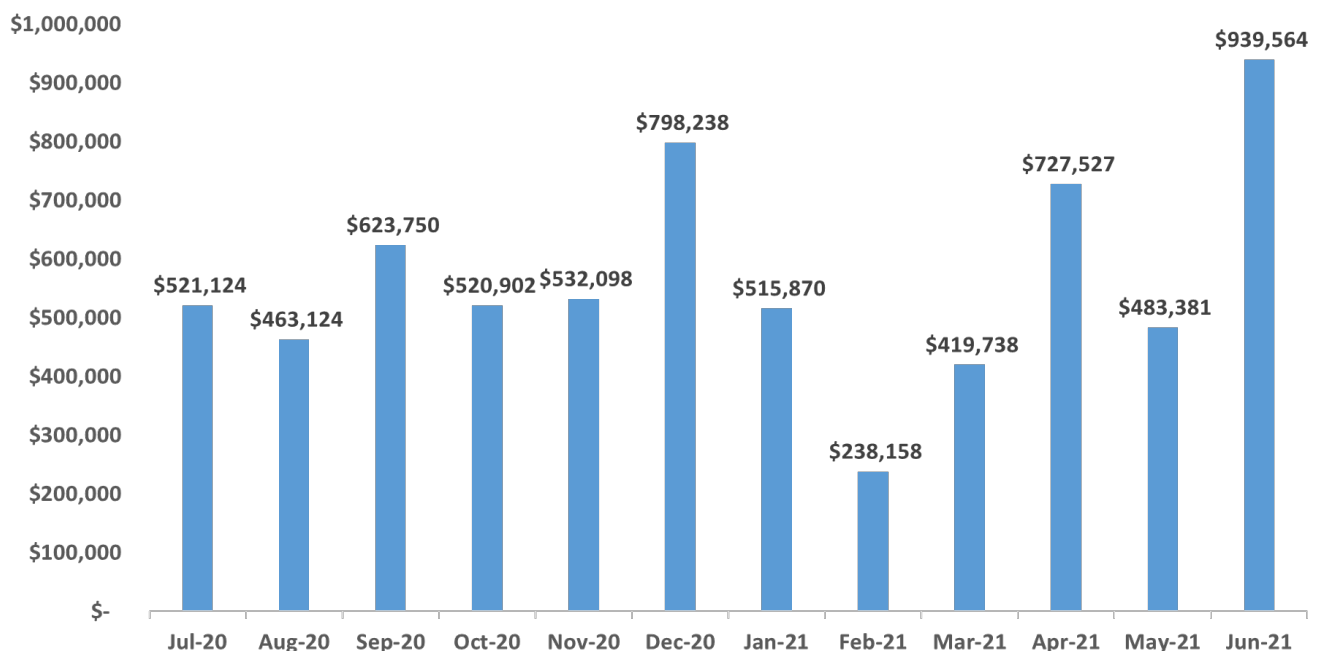
Attachment 1 also provides detailed statistics on requisitions and recruitments as well as detailed chart of positions that have been vacant for more than one year.

**Question:**

What is the overtime for police: level of position, purpose of the OT for police  
Special Fund balance for the police and where all the funds are being spent

**Staff Response:**

FY 2021 Overtime for Police by month is summarized in the chart below:



The following chart provides a detail breakdown on the FY 2021 Police Department Overtime budget and expenditures:

<b>Total Amount Allocated to Overtime</b>	<b>\$5,868,606</b>
<b>(Revised Budget. Includes \$180,000 from Overtime Reserve, Excludes Unallocated Reserve)</b>	
Less: Total Overtime Incurred first half FY 21 (Jul 2020 thru Dec 2020)	3,459,236
Less: Total Overtime Incurred second half FY21 (Jan 2021 thru Jun 2021)	<u>3,324,238</u>
<b>FY21 Total Actual Overtime Expenditures</b>	<b>\$6,783,474</b>
FY21 Overtime Actual Expenditures Vs. Overtime Budget	<b>(\$914,868)</b>
Add: \$600,000 each from 2 Special Funds (Expenses Moved from General Fund to Special Funds)	1,200,000
FY21 Overtime Balance Available After Moving Expenses to Special Funds	\$285,132
<b>FY21 Overtime Ending Balance after all offsets</b>	<b>\$540,186</b>
<b>Remaining Overtime Reserve (From Council \$1,000,000 OT reserve allocation)</b>	<b>\$820,000</b>

Police will be making a presentation on December 13<sup>th</sup> to the Budget & Finance Policy Committee on Police Overtime (Attachment 2) and will be addressing the special fund balances for the Police Department and how the funds are currently being spent.

**Question:**

How did we calculate revenue: Hotel tax, Short Term rental?

**Staff Response:**

**TRANSIENT OCCUPANCY TAXES**

Transient Occupancy Tax (TOT) is assessed at the rate of 12% on the room charge for rental of transient lodging when the period of occupancy is 30 days or less. This is sometimes referred to as a “hotel tax.” Hotel guests pay the 12% tax.

**Analysis of TOT**

Factors that affect the revenue generated by TOT are: the number of hotel rooms available for occupancy; their level of occupancy; and the average room rates charged. Economic cycles that impact personal or business discretionary spending also impact travel, and thus affect the number of occupied rooms in a particular economic cycle.

Transient Occupancy Tax (TOT) revenue for FY 2021 totaled \$2,292,480 which is \$4,095,015 or 64.1% less than the \$6,387,495 received in FY 2020. The FY 2021 decline in revenue is attributable to a substantial decline in room occupancy, due to the impact of the COVID-19 pandemic. More specifically, the pandemic resulted in a decline of \$3,296,482 or 22.6% in TOT revenue at the City’s five largest hotels during FY 2021, versus a 22.6% decrease during FY 2020, with a range of 34.5% to 83.5%.

### Forecast of TOT Revenue

The Adopted Budget TOT revenue forecast is based on projections for the 12 largest hotels (TOT = number of rooms times hotel's estimate of occupancy rate times average room rate). Revenues are currently projected to decrease by 67.59% in FY 2021, and then increase by 5% in FY 2022 and FY 2023.

<b>TRANSIENT OCCUPANCY TAX</b>						
	Actual Revenue			Projected Revenue		
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Total Collections</b>	\$7,995,133	\$6,387,495	\$2,292,480	\$2,173,500	2,282,175	2,396,284
<b>\$ Change</b>	187,860	(1,607,638)	(4,095,015)	118,980	108,675	114,109
<b>% Change</b>	2.41%	(20.11%)	(64.1%)	5.19%	5%	5%

### **SHORT TERM RENTALS**

This revenue stream is also assessed the same as the Transient Occupancy Tax (TOT) of 12%. Economic cycles that impacts personal or business discretionary spending impacts travel and thus affect this revenue source. Staff also reviews and analyze projections from Airbnb, the City's biggest source of this revenue and with that analysis project the revenue that the City will most likely receive. The projections are modified after quarterly closings as needed.

#### **Question:**

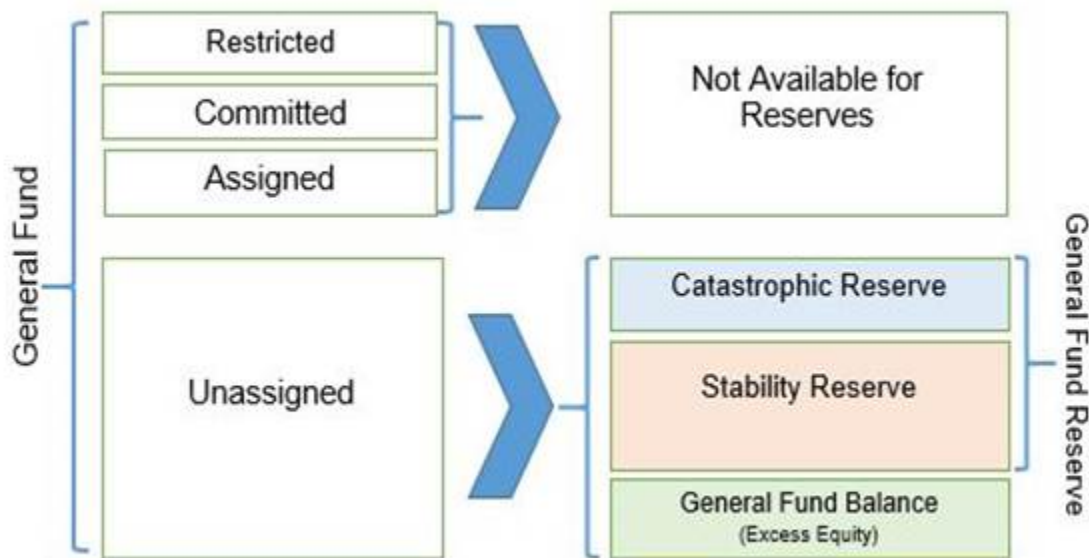
Excess Equity Discussion

#### **Staff Response:**

Starting in FY 2018 to achieve the City's intermediate and long-term General Fund Reserves goals, 50% of Excess Equity above the first \$1 million is allocated to General Fund Reserves. The chart below illustrates the FY 2021, \$4.20 million reserve calculation as well as the \$5.20 million calculation for the unassigned excess equity.

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 PEPRAs Ramp Down		\$	(339,008)
R2 Shift Training; R2 Shift Cancellation		\$	(214,000)
Fair Labor Standards Act Settlement Agreements		\$	(207,452)
<b>Available Balance</b>		\$	<b>31,813,108</b>
<b>Less:</b>			
Measure U1 Ending Fund Balance		\$	(973,695)
Measure P Ending Fund Balance		\$	(17,032,253)
G.F. Carryover (AAO #1)		\$	(4,405,774)
<b>Total Restricted &amp; Carryovers</b>		\$	<b>(22,411,722)</b>
<b>FY 2022 Available Excess Equity*</b>		\$	<b>9,401,386</b>
<b>Allocation to Reserves</b>		\$	<b>4,200,693</b>
<b>Excess Equity Balance</b>		\$	<b>5,200,693</b>
<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>			

Excess equity is and the calculation for excess equity is documented in the graphic below.



The graphic above shows the relation between excess equity as well as other restricted, committed, and assigned General Fund monies.

- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

**Question:**

The City is receiving \$33 million in ARPA money and the Arts Community is owed \$2 million.

Can you project what we are getting, where we are and lay out what is remaining?

**Staff Response:**

The following chart shows what the what the City has received and will be receiving, is planning to spend in FY 2022 and FY 2023, and the remaining balance at the end of FY 2023:

	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Beginning Fund Balance</b>	<b>0</b>	<b>\$33,323,145</b>	<b>\$20,345,935</b>
Projected Revenues	\$33,323,145	\$33,323,145	0
Projected Expenditures	0	\$46,300,355	\$4,050,000
<b>Ending Fund Balance</b>	<b>\$33,323,145</b>	<b>\$20,345,935</b>	<b>\$16,295,935</b>

Staff was accepting applications till December 9, 2021 for the \$2 million for the Arts Community.

Regarding the use of ARPA funds for building electrification, staff recently consulted with the United States Treasury Department and were told that based on the guidelines this is not an eligible use of the funds.

The FY 2021 Year-End and FY 2022 First Quarter Report that is on the December 14<sup>th</sup> Council Agenda contains a detail discussion on the American Rescue Plan and the use of the funds for FY 2022 and FY 2023. The section of that report on ARPA can be found in Attachment 3.

**Question:**

Can the Priority Dispatching Program allocation of \$83,000 listed in Tier 1 be funded through Measure FF?

**Staff Response:**

Yes, the Priority Dispatching Program can be paid for from Measure FF.

1. Vacancy Report
2. Police Overtime Presentation
3. American Rescue Plan Update