



**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE
REGULAR MEETING**

**Thursday, June 4, 2020
10:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Cheryl Davila and Lori Droste
Alternate: Councilmember Kate Harrison

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH
VIDEOCONFERENCE AND TELECONFERENCE**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council Budget & Finance Committee will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL - <https://us02web.zoom.us/j/82645200001> If you do not wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial **1-669-900-9128** and Enter Meeting ID: **826 4520 0001**. If you wish to comment during the public comment portion of the agenda, press *9 and wait to be recognized by the Chair.

Written communications submitted by mail or e-mail to the Budget & Finance Committee by 5:00 p.m. the Friday before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record. City offices are currently closed and cannot accept written communications in person.

AGENDA

Roll Call

Public Comment on Non-Agenda Matters

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - May 26, 2020

Committee Action Items

The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.

Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.

2. Fiscal Year 2021 Budget Update

From: City Manager

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

3. Councilmember Budget Recommendations received June 2, 2020

From: City Manager

Contact: Dee Williams-Ridley, City Manager, (510) 981-7000

4. Amendments to General Fund Reserve Policy

From: City Manager

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

5. Marina Update

From: City Manager

Contact: Scott Ferris, Parks, Recreation and Waterfront, (510) 981-6700

6. Homeless Services Report

From: City Manager

Contact: Dave White, City Manager's Office, (510) 981-7000; Lisa Warhuus, Housing and Community Services, (510) 981-5400

Unscheduled Items

These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.

- 7. Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic**
(Item contains revised materials)
From: Councilmember Davila (Author)
Referred: March 30, 2020
Due: September 27, 2020
Recommendation: Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.
Financial Implications: \$270,100
Contact: Cheryl Davila, Councilmember, District 2, (510) 981-7120
- 8. Housing Trust Fund Resources**
From: City Manager
Contact: Lisa Warhuus, Housing and Community Services, (510) 981-5400
- 9. Review of Council's Fiscal Policies**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Items for Future Agendas

- **Discussion of items to be added to future agendas**

Adjournment

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*Written communications addressed to the Budget & Finance Committee and submitted to the City Clerk Department will be distributed to the Committee prior to the meeting.*

*This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Members of the City Council who are not members of the standing committee may attend a standing committee meeting even if it results in a quorum being present, provided that the non-members only act as observers and do not participate in the meeting. If only one member of the Council who is not a member of the committee is present for the meeting, the member may participate in the meeting because less than a quorum of the full Council is present. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Mark Numainville, City Clerk, (510) 981-6900.*



**COMMUNICATION ACCESS INFORMATION:**

To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date.

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I hereby certify that the agenda for this meeting of the Standing Committee of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on May 29, 2020.

Mark Numainville, City Clerk

Communications

Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA.

**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE
SPECIAL MEETING MINUTES**

**Tuesday, May 26, 2020
10:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Cheryl Davila and Lori Droste
Alternate: Councilmember Kate Harrison

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH
VIDEOCONFERENCE AND TELECONFERENCE**

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AGENDA

Roll Call: 10:00 a.m. Mayor Arreguin absent.

Public Comment on Non-Agenda Matters – 2 speakers

Mayor Arreguin present at 10:05 a.m.

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - May 19, 2020

Action: M/S/C (Davila/Arreguin) to approve the minutes of May 19, 2020.

Vote: All Ayes.

Committee Action Items

The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.

Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.

2. Fiscal Year 2021 Budget Update

From: City Manager

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Action: 4 speakers. Presentation made and discussion held

Item continued to June 4, 2020.

Unscheduled Items

These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.

3. **Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic**
(Item contains revised materials)
From: Councilmember Davila (Author)
Referred: March 30, 2020
Due: September 27, 2020
Recommendation: Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.
Financial Implications: \$270,100
Contact: Cheryl Davila, Councilmember, District 2, (510) 981-7120
4. **Housing Trust Fund Resources**
From: City Manager
Contact: Lisa Warhuus, Housing and Community Services, (510) 981-5400
5. **Homeless Services Report**
From: City Manager
Contact: Dave White, City Manager's Office, (510) 981-7000
6. **Review of Council's Fiscal Policies**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Items for Future Agendas

The June 4, 2020, agenda will include the following items:

1. Fiscal Year 2021 Budget Update
2. Amendments to the General Fund Reserve Policy
3. Homeless Services Report
4. Marina Update
5. Councilmember Budget recommendations as presented June 2, 2020

Adjournment

Action: M/S/C (Arreguin/Davila) to adjourn the meeting.

Vote: All Ayes.

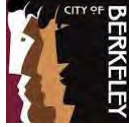
Adjourned at 12:02 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on May 26, 2020.

April Richardson, Assistant City Clerk

Communications

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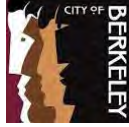


FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

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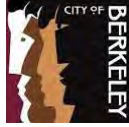
Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>City Auditor</u>	<i>Recommended Deferral</i>	\$ 243,076	\$ 291,692	\$ 364,615		
	Reduce travel cost, equipment and supplies	\$ 28,000	\$ 28,000	\$ 28,000		Service Impacts: decrease of 5 percent of performance audits and would assume some of the responsibilities for this position in the interim. No significant service impacts from Auditor II underfill. Lack of travel will reduce ability to receive high quality audit training.
	<i>Sub-Total</i>	<i>\$ 28,000</i>	<i>\$ 28,000</i>	<i>\$ 28,000</i>		
<u>City Attorney</u>	<i>Recommended Deferral</i>	\$ 282,106	\$ 338,527	\$ 423,159		
	40% reduction in Supplies, books, and subscription	\$ 26,200	\$ 26,200	\$ 26,200		
	<i>Sub-Total</i>	<i>\$ 26,200</i>	<i>\$ 26,200</i>	<i>\$ 26,200</i>		
<u>City Clerk</u>	<i>Recommended Deferral</i>	\$ 266,766	\$ 320,119	\$ 400,148		
	Deferral of purchase for e-filing software for Lobbyist Filings	\$ 20,000	\$ 20,000	\$ 20,000	Yes	
	Deferral from software account	\$ 10,000	\$ 10,000	\$ 10,000		
	<i>Sub-Total</i>	<i>\$ 30,000</i>	<i>\$ 30,000</i>	<i>\$ 30,000</i>		

Notes: Additional savings could be generated from Elections Costs Deferral and Fair Elections Fund Deferral depending on the number of measures placed on the ballot and potential new costs from Registrar of Voters (ROV) related to COVID-19.



FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
CMO - Admin	<i>Recommended Deferral</i>	\$ 687,632	\$ 825,158	\$ 1,031,448		
	Census 2020 (FY20)	\$ 125,000	\$ 125,000	\$ 125,000	Yes	unspent funds in FY20 due to COVID-19
	Printing and Binding	\$ 7,000	\$ 7,000	\$ 7,000		
	Advertising	\$ 5,000	\$ 5,000	\$ 5,000		
	Postage	\$ 5,000	\$ 5,000	\$ 5,000		
	Office Supplies	\$ 5,000	\$ 5,000	\$ 5,000		
	Miscellaneous	\$ 5,000	\$ 5,000	\$ 5,000		
	Solano Avenue Revitalization Plan	\$ 300,000	\$ 300,000	\$ 300,000	Yes	FY 20 Excess equity - Carried over to FY 21, Part of Baseline 1-time allocation
	Citywide Risk Assessment	\$ 100,000	\$ 100,000	\$ 100,000	Yes	FY 20 Excess equity, no contract, no funds spent
	Code Enforcement Workload Analysis, Licensing and Support Equipment	\$ 81,185	\$ 81,185	\$ 81,185		FY 19 Carryover to FY 20 Budget
	Sub-Total	\$ 633,185	\$ 633,185	\$ 633,185		
CMO-Animal Services	Pride industries		\$ 9,177	\$ 9,177		
	Airfare		\$ 3,000	\$ 3,000		
	Lodging		\$ 2,000	\$ 2,000		
	Field Supplies		\$ 7,000	\$ 7,000		
	Other Supplies		\$ 6,000	\$ 6,000		
	Sub-Total		\$ 27,177	\$ 27,177		



FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

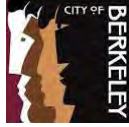
Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>CMO - OED</u>	<i>Recommended Deferral</i>	\$ 288,649	\$ 346,379	\$ 432,974		
	<i>Adjusted Deferral per OED*</i>	\$ 157,831	\$ 189,397	\$ 236,746		
	Festival Grants Program	\$ 158,315	\$ 158,315	\$ 158,315		The City will likely be discouraging large gatherings through FY21 (although some of these events may still occur by pivoting to online or other media).
	Berkeley Film Foundation		\$ 25,000	\$ 25,000		
	15% Berkeley Arts Center Reduction		\$ 12,998	\$ 12,998		
	Small Business Support		\$ 75,000	\$ 75,000		Funding for support for businesses at risk of displacement or closure, provided by nonprofit partners.
	Bayer Development Agreement		\$ 25,000	\$ 25,000	Yes	FY 20 Excess Equity, No Contract, Not Spent
	Reduce Civic Arts Grants		\$ 50,000	\$ 50,000		10% reduction, eliminate project grants to individual artists
	Sub-Total	\$ 158,315	\$ 346,313	\$ 346,313		

*Adjusted for the Downtown PBID

Notes: Assessment and Visit Berkeley (pass through allocations)

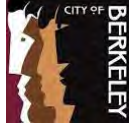
Downtown PBID Assessment: Under the provisions of Prop 218 the City is obligated to pay this special assessment \$ 158,187

Visit Berkeley TOT Share: This amount will automatically scale down, as the actual payment is calculated as one twelfth of TOT revenues. \$ 650,000



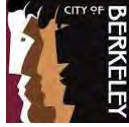
FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
Finance	<i>Recommended Deferral</i>	\$ 640,155	\$ 768,186	\$ 960,233		
	No non-personnel items proposed					
Fire	<i>Recommended Deferral</i>	\$ 3,295,464	\$ 3,954,556	\$ 4,943,196		
	Travel	\$ 5,000	\$ 5,000	\$ 5,000		Defer 6 months of travel budget since usage is all year.
	Eliminate Exam Testing	\$ 14,000	\$ 14,000	\$ 14,000		Eliminate outside consultant and conduct in-house promotional exam process.
	Vegetation Mgmt. non-personnel budget		\$ 334,000	\$ 334,000	Yes	Due to pandemic, veg mgmt. plans weren't able to be executed and \$334k was routed to EOC budget.
	<i>Sub-Total</i>	<i>\$ 19,000</i>	<i>\$ 353,000</i>	<i>\$ 353,000</i>		
HHCS	<i>Recommended Deferral</i>	\$ 1,468,827	\$ 1,762,593	\$ 2,203,241		
	Health Officer (HO) - Infectious Disease grant	\$ 80,000	\$ 80,000	\$ 80,000		Use to fund Covid efforts in FY21
	Sugar Sweetened Beverage (SSB) program		\$ 30,000	\$ 30,000		Save funds from FY21
	<i>Sub-Total</i>	<i>\$ 80,000</i>	<i>\$ 110,000</i>	<i>\$ 110,000</i>		



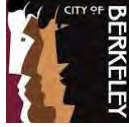
FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>Human Resources</u>	<i>Recommended Deferral</i>	\$ 237,075	\$ 284,490	\$ 355,612		
	Employee Relations Professional Service Contract			\$ 25,000		
	From Personnel and Admin Services Advertising account			\$ 15,247		
	Navex Contract			\$ 16,989		Equal Employment Opportunity Training contract - savings (software and licenses) for FY21. Sexual harrassment training will be covered by Department of Fair Employment and Housing for free.
	<i>Sub-Total</i>	\$ -	\$ -	\$ 57,236		
<u>Information Technology</u>	<i>Recommended Deferral</i>	\$ 940,293	\$ 1,128,351	\$ 1,410,439		
	Fund 891 Division 2701					
	MISC PROF SVCS	\$ 27,445	\$ 63,503	\$ 102,731		
	PROFESSIONAL DUES AND FEE	\$ 18,000	\$ 24,800	\$ 50,000		Cancelled Gartner Subscription
	COMMERCIAL TRAVEL	\$ 7,200	\$ 7,200	\$ 7,200		
	BOOKS AND PUBLICATIONS	\$ 3,000	\$ 10,000	\$ 12,000		
	Fund 891 Division 2702					Cancelled: GIS Master Address Database Project
	MISC PROF SVCS	\$ 60,000	\$ 90,000	\$ 180,000		
	PROFESSIONAL DUES AND FEE	\$ 15,000	\$ 20,000	\$ 30,000		
	FURNITURE AND FIXTURES	\$ 5,000	\$ 5,000	\$ 5,000		
	COMPUTERS & PRINTERS	\$ 2,500	\$ 5,000	\$ 7,500		
	SMALL EQUIPMENT	\$ 2,500	\$ 2,500	\$ 2,500		
	Fund 891 Division 2703					Cancelled: Deployment of additional ServiceNow modules
	MISC PROF SVCS	\$ 105,000	\$ 120,000	\$ 125,000		



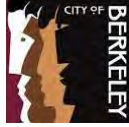
FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>Information Technology</u>						
<u>Continuation</u>	COMPUTER SOFTWARE/LIC MTC	\$ 100,000	\$ 100,000	\$ 100,000		Cancelled: Scripting project
	PROFESSIONAL DUES AND FEE	\$ 15,000	\$ 15,000	\$ 15,000		
	FURNITURE AND FIXTURES	\$ 5,000	\$ 5,000	\$ 5,000		
	COMPUTERS & PRINTERS	\$ 2,500	\$ 5,000	\$ 10,000		
	SMALL EQUIPMENT	\$ 7,000	\$ 7,000	\$ 7,000		
	Fund 891 Division 2704					
	MISC PROF SVCS	\$ 10,000	\$ 12,000	\$ 27,260		Cancelled: Help Desk training and education services
	MISC PROF SVCS	\$ 54,000	\$ 112,000	\$ 162,000		Cancelled: Two cyber security priority 2 projects
	SMALL EQUIPMENT	\$ 5,000	\$ 7,000	\$ 21,250		Cancelled: cables and components for citywide distribution
	Fund 891 Division 2709					Cancelled: CRM Project (Lagan replacement)
	COMPUTER SOFTWARE/LIC MTC	\$ 40,000	\$ 50,000	\$ 60,000		
	TELEPHONES	\$ 7,000	\$ 15,000	\$ 25,000		
	PRINTING AND BINDING	\$ 1,500	\$ 2,500	\$ 3,650		
	COMMERCIAL TRAVEL	\$ 3,000	\$ 4,000	\$ 5,000		
	BOOKS AND PUBLICATIONS	\$ 350	\$ 350	\$ 350		
	OFFICE SUPPLIES	\$ 1,500	\$ 2,000	\$ 2,500		
	FURNITURE AND FIXTURES	\$ 1,500	\$ 2,000	\$ 2,500		
	SMALL EQUIPMENT	\$ 1,000	\$ 1,200	\$ 1,700		
	Fund 891 Division 2750					
	COMPUTERS & PRINTERS	\$ 67,298	\$ 67,298	\$ 67,298		Cancelled: FY21 Wifi and Uninterrupted Power Supplies Replacement Programs
	1947 MOVE	\$ 572,000	\$ 572,000	\$ 572,000	Yes	
	Fund 608 Division 2750					
	VOIP	\$ 198,000	\$ 198,000	\$ 198,000		Cancelled FY21 Annual GF transfer to VoIP
	Sub-Total	\$ 1,337,293	\$ 1,525,351	\$ 1,807,439		



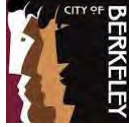
FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>Planning</u>	<i>Recommended Deferral</i>	\$ 213,391	\$ 256,069	\$ 320,086		
	CEQA student housing	\$ 45,000	\$ 45,000	\$ 45,000	Yes	
	Density Standards	\$ 8,000	\$ 8,000	\$ 8,000	Yes	
	Southside EIR	\$ 58,000	\$ 58,000	\$ 58,000	Yes	
	Missing Middle RFP Study	\$ 100,000	\$ 100,000	\$ 100,000	Yes	
	BART Station Env Planning		\$ 50,000	\$ 50,000	Yes	
	Landmarks Pres Grants			\$ 20,000	Yes	
	BART Station Env Planning (ph 3 deferral)			\$ 40,000	Yes	
	Sub-Total	\$ 211,000	\$ 261,000	\$ 321,000		
<u>Police</u>	<i>Recommended Deferral</i>	\$ 6,985,110	\$ 8,382,132	\$ 10,477,665		
	Non-mandatory training and travel along with eliminating non-essential purchases	\$ 500,000	\$ 500,000	\$ 500,000		
	Defer purchase of vehicles	\$ 412,483	\$ 412,483	\$ 412,483		
	Gun buyback program	\$ 60,000	\$ 60,000	\$ 60,000	Yes	
	Sub-Total	\$ 972,483	\$ 972,483	\$ 972,483		



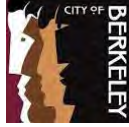
FY 2021 General Fund Proposed Target Deferrals
 All Departments
 Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
PRC	<i>Recommended Deferral</i>	\$ 62,610	\$ 75,132	\$ 93,915		
	Services and Materials	\$ 13,509	\$ 13,509	\$ 13,509		Substantial savings in the Registration, Travel, and Meals & Lodging categories, due to cancellation of the NACOLE conference. The conference is being reformulated as a series of webinars, for a fee, so a small amount remains in the Registration category.
	Services and Materials		\$ 1,425	\$ 1,425		Postage and Rental of Office Equipment & Furniture (copier) expenses are reduced by a greater reliance on electronic agenda packets, and perhaps a reduction in the number of meetings. This would also reduce the amount of office supplies needed.
	Services and Materials			\$ 4,275		Charges for using the South Berkeley Senior Center (Rental of Land) for Commission meetings could be reduced by having fewer meetings or holding them via videoconferencing
	<i>Sub-Total</i>	<i>\$ 13,509</i>	<i>\$ 14,934</i>	<i>\$ 19,209</i>		



FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
<u>PRW</u>	<i>Recommended Deferral</i>	\$ 609,205	\$ 731,046	\$ 913,807		
	Echo Lake ADA (CIP PRW Camps Capital)	\$ 445,388	\$ 445,388	\$ 445,388	Yes	We met our Echo Lake ADA obligation by engaging in the design process. This is complete.
	John Hinkel Play Area (CIP PRW Parks Capital)	\$ 193,029	\$ 300,000	\$ 300,000		Projects will be cost-shifted from CIP to Parks Tax. The Ohlone mural and play project (funded by Parks Tax) would be reduced from construction to design to accommodate the funding shift.
	Skate Parks Improvements (CIP PRW Parks Capital)		\$ 20,713	\$ 100,000		Projects will be cost-shifted from CIP to Parks Tax. The Ohlone mural and play project (funded by Parks Tax) would be reduced from construction to design to accommodate the funding shift.
	<i>Sub-Total</i>	<i>\$ 638,417</i>	<i>\$ 766,101</i>	<i>\$ 845,388</i>		
<u>Public Works</u>	<i>Recommended Deferral</i>	\$ 351,813	\$ 422,175	\$ 527,719		
	Equipment Replacement			\$ 1,366,699		Annual Transfer from the General Fund to Fund 671
	<i>Sub-Total</i>			<i>\$ 1,366,699</i>		



FY 2021 General Fund Proposed Target Deferrals
All Departments
Capital & Non- Personnel Services

Department	Program/Item	PROPOSED			FY 2020 Allocations	Comments
		10%	12%	15%		
Mayor/Council Budget Referral/ Recommendation	City-wide Undergrounding (PWENUD1602)	General Fund	FY 2020	\$ 100,000	Yes	<u>\$16,479 has been spent/encumbered</u> Project that has not started and can be delayed Amount Budgeted in Public Works
	Freestanding Public Restroom - TBID	Capital Improvement Fund	FY 2020	\$ 100,000	Yes	Project that has not started and can be delayed Amount Budgeted in Public Works
	Ped Xing Signal @ intersec of Shattuck & Prince	Capital Improvement Fund	FY 2020	\$ 100,000	Yes	Project that has not started and can be delayed Amount Budgeted in Public Works
	Ped/Bike Safety along Oxford St	Capital Improvement Fund	FY 2020	\$ 75,000	Yes	Project that has not started and can be delayed Amount Budgeted in Public Works
	Reserved for Pedestrian/Bicycle Safety Improvements	Capital Improvement Fund	FY 2020	\$ 100,000	Yes	Project that has not started and can be delayed ; \$100K-FY20 Amount Budgeted in Public Works - \$100K
	Traffic Calming at MLK and Stuart Street (up to)	Excess Property Transfer Tax	FY 2020	\$ 100,000	Yes	Project that has not started and can be delayed
	Sub-Total				\$ 575,000.00	
<p><i>Notes: The list excludes all projects that have started and will be completed and/or were completed per PW GF/CIP/Excess Prop. Tax projects.</i></p>						
Total Capital and Non-Personnel Deferral		\$ 4,147,402.00	\$ 7,035,443.00	\$ 7,518,329.35		



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
<u>City Attorney</u>	<i>Recommended Deferral</i>	\$ 282,106	\$ 338,527	\$ 423,159	
	Legal Office Manger (vacant)	\$ 144,998	\$ 144,998	\$ 144,998	defer hiring to FY 22
	Deputy City Attorney III (vacant)	\$ 117,130	\$ 117,130	\$ 117,130	Defer hiring 1 DCA to Dec. 2020 (10%)
	Deputy City Attorney III (vacant)		\$ 46,852	\$ 46,852	Defer hiring 1 DCA to Feb. 2021 (12%)
	Deputy City Attorney III (vacant)			\$ 117,130	Defer hiring 1 DCA to FY 2022 (15%)
	<i>Sub-Total</i>	\$ 262,128	\$ 308,980	\$ 426,110	
<u>City Clerk</u>	<i>Recommended Deferral</i>	\$ 266,766	\$ 320,119	\$ 400,148	
	No vacant positions, achieving target savings could impact existing personnel				
	<i>Sub-Total</i>	\$ -	\$ -	\$ -	
<u>CMO - Admin</u>	<i>Recommended Deferral</i>	\$ 687,632	\$ 825,158	\$ 1,031,448	
	Associate Management Analyst (vacant)	\$ 154,803	\$ 154,803	\$ 154,803	Reassign Commission Secretary, reduced / reassigned sidewalk enforcement
	Digital Communications Position - CSS (vacant)	\$ 163,000	\$ 163,000	\$ 163,000	
	<i>Sub-Total</i>	\$ 317,803	\$ 317,803	\$ 317,803	
<u>CMO-Animal Services</u>	Senior Animal Control Officer (vacant)	\$ 132,917	\$ 132,917	\$ 132,917	
	<i>Sub-Total</i>	\$ 132,917	\$ 132,917	\$ 132,917	
<u>CMO - OED</u>	<i>Recommended Deferral</i>	\$ 288,649	\$ 346,379	\$ 432,974	
	<i>Adjusted Deferral per OED</i>	\$ 157,831	\$ 189,397	\$ 236,746	
	No vacant positions. Target deferrals met in non-personnel proposal				



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
Finance	<i>Recommended Deferral</i>	\$ 640,155	\$ 768,186	\$ 960,233	
	Customer Service Specialist II (vacant)	\$ 119,349	\$ 119,349	\$ 119,349	<p>Proposal 1: \$642K savings or roughly 10% of the projected shortfall from FY2021. A moderate plan; creating a leaner Finance Department that is able to deliver baseline services. This proposal would defer the vacancies for the Customer Service Specialist II and two Field Representative positions for the full year and defer the Revenue Development Specialists I and II for 11 months.</p> <p>Proposal 2: \$767K savings or roughly 12% of the projected shortfall from FY2021. A more aggressive plan; prolonging some deferments and leaving more positions vacant. This will reduce the department's ability to generate additional sources of revenue and may lead to longer wait times at the Customer Service Counter. The Contract Administrator vacancy would be deferred for three months; one Customer Service Specialist II for six months; and the remaining positions, Customer Service Specialist II, Revenue Development Specialists I & II, as well as the two Field Representatives for the full year.</p> <p>Proposal 3: \$964K savings, or roughly 15.1% of the projected shortfall from FY2021. The most aggressive plan; leaving the majority of positions unfilled and only hiring critical</p>
	Rev Dev Specialist I (vacant)	\$ 120,291	\$ 131,226	\$ 131,226	
	Rev Dev Specialist II	\$ 147,430	\$ 160,833	\$ 160,833	
	Field Representative (vacant)	\$ 127,745	\$ 127,745	\$ 127,745	
	Field Representative (vacant)	\$ 127,745	\$ 127,745	\$ 127,745	



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
Finance Continuation	Contract Administrator (vacant)		\$ 40,876	\$ 122,628	positions for a few months in FY2021. The Accounting Manager and one Customer Service Specialist II would remain vacant for six months, and the Contract Administrator would remain vacant for nine months. The remaining positions, Customer Service Specialist II, Revenue Development Specialists I and II, and two Field Representatives would be deferred for the full year.
	Customer Service Specialist II (vacant)		\$ 59,675	\$ 59,675	
	Accounting Manager (vacant)			\$ 114,978	
	<i>Sub-Total</i>	<i>\$ 642,561</i>	<i>\$ 767,449</i>	<i>\$ 964,180</i>	

[Fire](#)

<i>Recommended Deferral</i>	<i>\$ 3,295,464</i>	<i>\$ 3,954,556</i>	<i>\$ 4,943,196</i>	
OT Deferral and Reduction	\$ 521,328	\$ 521,328	\$ 521,328	One time reduction of \$521,328 from the Suppression division General Fund overtime budget, which will lead the elimination of most if not all discretionary overtime. (Meas GG to cover minimum staffing overtime of \$523k).
OT Deferral and Reduction	\$ 273,352	\$ 273,352	\$ 273,352	OT deferral
Firefighter/Paramedic open requisitions (8)	\$ 1,443,941	\$ 1,443,941	\$ 1,443,941	One year of salary savings for 8 budgeted benefited positions. Estimated OT costs to backfill these positions for a year is \$1.30 million and would have a significant impact on existing personnel working mandatory overtime.



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
Fire Continuation	Retirement of Firefighter/Paramedic (4)	\$ 447,830	\$ 447,830	\$ 447,830	Anticipated retirements of four firefighters in December 2020 (six month savings). Estimated OT costs to backfill these positions for six months is \$371,716 and would have a significant impact on existing personnel working mandatory overtime.
	Fire Prevention Inspector (Sworn)	\$ 245,459	\$ 245,459	\$ 245,459	Delay replacement of Fire Prevention Inspector Sworn for a year.
	Emergency Services Coordinator	\$ 145,344	\$ 145,344	\$ 145,344	Redirect 12 months of Emergency Services Coordinator position funding to Measure GG.
	Vegetation Mgmt. personnel budget		\$ 97,800	\$ 97,800	Due to pandemic, staff weren't able to work on this project which left a remaining balance of \$97,800 (total was \$107,800).
<p><i>Note: 12% reduction not achieved. An additional \$240,000 in saving needed to reach 12%. This and any additional savings to get to 15% would have a signifant impacts on existing personnel.</i></p>					
<i>Sub-Total</i>		<i>\$ 3,077,254</i>	<i>\$ 3,175,054</i>	<i>\$ 3,175,054</i>	

[HHCS](#)

<i>Recommended Deferral</i>	<i>\$ 1,468,827</i>	<i>\$ 1,762,593</i>	<i>\$ 2,203,241</i>
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PHEP New Funding FY21

HSPS (40%):	\$ 48,290	\$ 48,290	\$ 48,290	Use 85% of new PHEP COVID funds in FY21 for PHEP staffing. Total of \$56,812 but three months in FY20, took 90% for FY21
HSPS (33%):	\$ 38,697	\$ 38,697	\$ 38,697	
SHSPS (40%):	\$ 70,944	\$ 70,944	\$ 70,944	
Reduce Youthworks for summer 2020				
Youth Wages Savings	\$ 303,225	\$ 303,225	\$ 303,225	Started with \$543,725, subtracted \$140,000 for 50 youth @15.50 for 30 hr for 6 weeks. Subtracted \$110,000 for Extended Program.



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
HHCS Continuation	Defer filling CSSIII (3 month vacancy - PC#XX):	\$ 47,500	\$ 47,500	\$ 47,500	Limit summer program to 50 highest need applicants. Continue reduced Extended Program. Defer replacements: CSSII by 3 months and CSSI by 6 months.
	Defer filling CSSI (6 month vacancy - PC#9):	\$ 68,000	\$ 68,000	\$ 68,000	
	PH Vacancies				6 months savings for HSS, full year savings for PHN and SHSPS.
	Defer filling 1.0 FTE HSS - PC#3	\$ 111,000	\$ 111,000	\$ 111,000	
	Defer filling 1.0 FTE SHSPS - PC#11	\$ 206,000	\$ 206,000	\$ 206,000	
	Defer filling 1.0 FTE PHN - PC#13	\$ 174,000	\$ 174,000	\$ 174,000	
	AG Vacancy				
	Defer filling Aging vacancy (OSII - PC#212)	\$ 105,000	\$ 105,000	\$ 105,000	reduce clerical support
	EH Vacancy				
	Defer filling 1.0 REHS	\$ 154,000	\$ 154,000	\$ 154,000	Longer term reduction in REHS; may need to
	Defer filling Vector Control Tech vacancy (.27FTE gf)	\$ 31,500	\$ 31,500	\$ 31,500	reduce number and/or frequency of inspections.
	HCS Admin Funds				
	Reallocate GF psrsonnel costs to HEAP Admin funds	\$ 50,000	\$ 50,000	\$ 50,000	Funds unavailable for other purposes
	AG Redistribution				
	Use 056 Fund balance for .50FTE (CSS1 PC#28)		\$ 74,100	\$ 74,100	Reduce TCM fund balance
	OD Vacancy				Would continue high load on current Payroll Staff
	Defer filling OD vacancy (AOSIII - PC#7)		\$ 109,000	\$ 109,000	
	HCS Fed funds Admin redistribution:				
	Fund Deputy Director position/other through Fed. Admin funds:		\$ 75,000	\$ 75,000	Additional Documentation requirements
	HCS Admin Funds				
	Reallocate GF personnel costs to county Boomerang funds			\$ 90,000	Funds unavailable for other purposes



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
<u>HHCS Continuation</u>	MH Vacancy				
	Defer filling MH vacancy (MHCS - PC#8)			\$ 150,000	Would result in continued reduction in hours of operation and unavailability of staff to respond to MH crises
	Defer filling MH vacancy (BHCII - PC#2)			\$ 175,000	
	<i>Sub-Total</i>	<i>\$ 1,408,157</i>	<i>\$ 1,666,257</i>	<i>\$ 2,081,257</i>	
<u>Human Resources</u>	<i>Recommended Deferral</i>	<i>\$ 237,075</i>	<i>\$ 284,490</i>	<i>\$ 355,612</i>	
	Vacant Associate HR Analyst and 40% HR Manager positions	\$ 237,075	\$ 249,188	\$ 249,188	
	Vacant HR Technician position (7 months)		\$ 35,302	\$ 49,188	Both of those positions would be open for three months in FY21 due to recruitment time and could claim those savings to adjust. However, if we need to adjust for the data in a larger capacity we are prepared to hold 1 position open for the whole year, and account for 3 months for a 2nd position to meet the 15% target. These are updates that were not included in the proposal but can be only if necessary
	<i>Sub-Total</i>	<i>\$ 237,075</i>	<i>\$ 284,490</i>	<i>\$ 298,376</i>	
	<i>Recommended Deferral</i>	<i>\$ 213,391</i>	<i>\$ 256,069</i>	<i>\$ 320,086</i>	
<u>Planning</u>	OS II - Toxics/OESD (42%)			\$ 47,414	Cost shift to PSC
	CSSI - OESD (48%)			\$ 63,597	
	OSII - Toxics/OESD (25%)			\$ 28,223	
	Haz Mat II (3 positions related to GF projects) - Toxics (28%)			\$ 43,102	Cost shift to CUPA fund
	Haz Mat Manager - Toxics (23%)			\$ 53,967	
	<i>Sub-Total</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 236,303</i>	



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
<u>Police</u>	<i>Recommended Deferral</i>	\$ 6,985,110	\$ 8,382,132	\$ 10,477,665	
	General Fund (Fund 011)	\$ 5,514,176	\$ 5,514,176	\$ 5,514,176	In order to meet the 10% reductions, it would require a total of 25 police department positions to be vacant and an 8.7% reduction in staff from 285 positions to 260. Of the 25 police department positions, 16 would be Police Officer positions which will generate savings of \$3,888,368
	Prop 172 (Fund 126)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
	Citizens Option Public Safety (Fund 159)	\$ 600,000	\$ 600,000	\$ 600,000	
	General Fund (Fund 011)		\$ 1,458,138	\$ 1,458,138	In order to meet the 12% reductions, it would require a total of 31 police department positions to be vacant and a 10.8% reduction in staff from 285 positions to 254. Of the 31 police department positions, 22 would be Police Officer positions, which will generate savings of \$5,346,506
<u>Police Continuation</u>	General Fund (Fund 011)			\$ 1,701,161	In order to meet the 15% reductions, it would require a total of 38 police department positions to be vacant and a 13.3% reduction in staff from 285 positions to 247. Of the 38 police department positions, 29 would be Police Officer positions, which will generate savings of \$7,047,668
	<i>Sub-Total</i>	\$ 7,114,176	\$ 8,572,314	\$ 10,273,475	

Note: 10% reduction not achieved with vacancies. This and any additional savings to get to 15% would have a significant impacts on existing personnel.



FY 2021 General Fund Proposed Target Deferrals
All Departments
Personnel Services

Department	Program/Item	PROPOSED			Notes
		10%	12%	15%	
<u>PRC</u>	<i>Recommended Deferral</i>	\$ 62,610	\$ 75,132	\$ 93,915	Any deferrals tied to personnel would have an impact on supporting Commission meetings and their policy work, while effects on complaint investigations would vary depending on the complaint caseload, but would be significant if the number of filings return to normal.
	No vacant positions, achieving target savings could impact existing personnel				
	<i>Sub-Total</i>	\$ -	\$ -	\$ -	
	<i>Note: 10% reduction not achieved. This and any additional savings to get to 15% would have a signifant impacts on existing personnel.</i>				
<u>PRW</u>	<i>Recommended Deferral</i>	\$ 609,205	\$ 731,046	\$ 913,807	Reduced programming provided by Recreation. This position provides programming for our Teens and Playground Programs.
	Assistant Recreation Coordinator (vacancy)			\$ 111,992	
	<i>Sub-Total</i>	\$ -	\$ -	\$ 111,992	
<u>Public Works</u>	<i>Recommended Deferral</i>	\$ 351,813	\$ 422,175	\$ 527,719	
	Target met with capital & non personnel proposal				
	Total Personnel Deferral	\$ 13,192,071	\$ 15,225,264	\$ 18,017,467	




FY 2021 General Fund Proposed Target Deferrals
All Departments - Personnel, Capital and Non-Personnel
Acronyms Used

AG Vacancy	– Aging Services
AOS III	– Accounting Office Specialist III
BHC II	– Behavioral Health Clinician II
CEQA	– California Environmental Quality Act
CIP	– Capital Improvement Program
CRM	– Customer Relationship Management
CSS	– Community Services Specialist
CUPA	– Certified Unified Program Agency
DCA	– Deputy City Attorney
EOC	– Emergency Operations Center
EP	– Emergency Preparedness
FTE	– Full Time Equivalent
GF	– General Fund
GIS	– Geographic Information System
Haz Mat	– Hazardous Materials
HCS	– Housing and Community Services
HEAP	– Homeless Emergency Aid Program
HO	– Health Officer
HR	– Human Resources
HSPS	– Health Services Program Specialist
HSS	– Health Services Supervisor
MH	– Mental Health
MHCS	– Mental Health Clinical Supervisor
NACOLE	– National Association for Civilian Oversight of Law Enforcement
OD	– Office of the Director
OESD	– Office of Energy and Sustainable Development
OS II	– Office Specialist II
OT	– Overtime
PBID	– Property-Based Business Improvement District
PC#	– Position Control
PH	– Public Health
PHEP	– Public Health Emergency Preparedness
PHN	– Public Health Nurse
PSC	– Permit Service Center
REHS	– Registered Environmental Health Specialist
Rev Dev	– Revenue Development
ROV	– Registrar of Voters
SHSPS	– Senior Health Services Program Specialist
SSB	– Sugar Sweetened Beverage
TBID	– Telegraph Business Improvement District
TCM	– Target Case Management
TOT	– Transient Occupancy Tax
VOIP	– Voice Over IP

Updated 5.26.20

Budget Development Timeline		
June 2, 2020	City Council Meeting	<ul style="list-style-type: none"> Public Hearing #2 Department Presentation Council budget items due
June 4, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> Homeless Services Marina
June 11, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> City Manager FY 2021 Deferral Recommendations Reserves Policy Strategic Plan Impacts
June 16, 2020	City Council Meeting	<ul style="list-style-type: none"> City Manager FY 2021 Deferral Recommendations Strategic Plan Impacts Fiscal Emergency Ordinance Reserve Policy
June 18, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> Discuss on budget recommendation continues
June 23, 2020	Special City Council Meeting	<ul style="list-style-type: none"> Discussion on budget recommendations continues
June 25, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> Discussion on budget recommendations continues
June 30, 2020	City Council Meeting	<ul style="list-style-type: none"> Adoption of FY 2021 Budget Update Adoption of the Appropriation Ordinance



No Material
Available for
this Item

There is no material for this item.

City Clerk Department
2180 Milvia Street
Berkeley, CA 94704
(510) 981-6900

The City of Berkeley Budget & Finance Policy Committee Webpage:
https://www.cityofberkeley.info/Clerk/Home/Policy_Committee_Budget_Finance.aspx



Office of the City Manager

04

Date: June 4, 2020

To: Budget & Finance Policy Committee

From: Dee Williams-Ridley, City Manager

Submitted by: Teresa Berkeley Simmons, Budget Manager

Subject: Amending the City Council's Policy for the General Fund Reserves

RECOMMENDATION

Request that the Budget and Finance Policy Committee review and approve the changes to the General Fund Reserves Policy. If approved staff will request that the City Council amend Resolution 68,332-N.S. to modify the General Fund Reserve policy. The policy should be amended as recommended by the City Auditor to include long-term planning. In addition the use policy should be amended to state that when using reserves, the City should specify:

- a. the specific purpose for the use of reserve funds;
- b. the time frame in which the reserve funds can be used;
- c. how much will be used during that time frame.
- d. allow flexibility in the timeframe in which the reserve funds can be used; and
- e. amend the definition of catastrophic reserve to include public health emergencies and pandemics

FISCAL IMPACTS OF RECOMMENDATION

Amending the definition of the catastrophic reserve will give the City Council more flexibility in directing the use of the General Fund Reserve.

CURRENT SITUATION AND ITS EFFECTS

The economic and financial impacts of the COVID-19 pandemic on Berkeley's finances are significant. As a result of whirlwind declines in the City's General Fund revenue streams, we are facing a \$28.7 million General Fund shortfall in FY 2021. Staff has been conducting analyses on the City's General Fund revenue sources to assess the impacts of COVID-19 to the City's revenue stream. In order to help mitigate this General Fund shortfall, departments were required to provide tiered General Fund expenditure deferrals or 1-time reductions for consideration. However, these proposals might not be enough to resolve the shortfall; thus, requiring the use of the General Fund Reserves.

On May 11, 2020, the City Auditor presented her report which recommended that the Reserves Use Policy be amended to specify: 1) the specific purpose for the use of reserve funds, 2) the time frame in which the reserve funds can be used, and 3) how much will be used during that time frame. The Policy Committee voted to move the item with a positive recommendation to the City Council to modify the General Fund Reserve policy as recommended by the City Auditor with the following amendments:

1. Allow flexibility in the timeframe in which reserve funds can be used and;
2. Amend the definition of catastrophic reserve to include public health emergencies and pandemics.

BACKGROUND

On January 24, 2017, the Berkeley City Council voted to establish a minimal General Fund Reserve level and designate specific portions of the reserve for stabilization and catastrophic purposes.

On October 3, 2017, Council members Droste, Harrison, Wengraf and Worthington formed an ad-hoc subcommittee to review and propose General Fund Stability Reserve Usage criteria.

On February 13, 2018, the Berkeley City Council voted to include General Fund Usage criteria establishing that the General Fund Stability Reserve, shall only be drawn upon if the following specific criteria are met.

1. City revenues are insufficient to meet normal operating expenses.
2. A hiring freeze has been implemented, with exceptions only for designated positions as appropriate to maintain essential and core services to the public that support public health, safety, and welfare. Essential services will be determined at the time of fiscal emergency with a recommendation from the City Manager to be approved by City Council.
4. User fees and services charges are being fully utilized for those services for which they were collected.
5. A declaration of fiscal emergency is made by ordinance before drawing on the reserves. Fiscal emergency is defined as the following:
 - a. When general revenues increase less than 3% from the prior fiscal year.
 - b. When the City needs to mitigate State or Federal budget actions that may reduce revenue or increase expenditures.
 - c. When the City must absorb liability settlements in in excess of available resources in the City's litigation designation.

The General Fund Stability Reserve shall only be used in the following manner:

1. Stability Reserve funds shall be prioritized to preserve essential services and necessary staffing levels determined at the time of fiscal emergency

with a recommendation from the City Manager to be approved by City Council.

2. All other reasonable and available expenditure reduction measures shall have been considered by the City Manager and the City Council before using one-time funding to support operational positions.
3. Operational positions shall not receive Stability Reserve funds for longer than two years except in extreme conditions.

For any draw-down of Stability Reserve funds, Council shall adopt a plan to repay the dollar amount of the drawdown within three months of the withdrawal. Restoration of Reserves begins within 24 months after first use. A timeline for full reimbursement must be included in the repayment plan.

ENVIRONMENTAL SUSTAINABILITY

None

RATIONALE FOR RECOMMENDATION

Defining the purpose, time frame, and amount before using reserves will help ensure accountability and transparency in the City's use of the General Fund Reserves and establish clear expectations with the public. Allowing flexibility in the timeframe in which the reserve funds can be used and amending the definition of catastrophic reserve to include public health emergencies and pandemics allows the City the agility needed to effectively respond to the COVID-19 pandemic.

CONTACT PERSON

Teresa Berkeley-Simmons, Budget Manager, City Manager's Office, 981-7000

Attachments:

1: Resolution

Exhibit A: General Fund Reserve Policy

AMENDING THE CITY COUNCIL'S POLICY FOR THE GENERAL FUND RESERVES

WHEREAS, the General Fund Reserves ensures the City's ability to maintain vital services to the community during times of economic uncertainty; and

WHEREAS, the City is committed to achieving long-term fiscal stability as well as mitigating the negative impacts of extraordinary risk such as earthquakes, fires, floods, public health emergencies and pandemics; and

WHEREAS, the current General Fund Reserve level of 17.43% is consistent with GFOA's best practice recommended minimum General Fund level of 16.7%; and

WHEREAS, specific portions of the reserves should be designated for catastrophic and stabilization purposes and should be reported separately from the General Fund Balance; and

WHEREAS, when using the General Fund Reserves the City should specify the purpose for the use of reserve funds, the time frame in which the reserve funds can be used, and how much will be used during that time frame. In addition the use and replenishment of the General Fund Reserves policy should allow flexibility in the timeframe in which the reserve funds can be used and the definition of catastrophic reserve should be amended to include public health emergencies and pandemics.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the attached exhibit titled General Fund Reserve Policy is hereby adopted.

Page 5 of 8
City of Berkeley
General Fund Reserve Policy

Policy

The General Fund is the City's primary operating fund. It is not connected to any one revenue source and may be used at the City's discretion. The General Fund is the operation fund that pays for general services provided by the City as well as public safety and capital improvements. The General Fund accounts for all general revenues and expenditures of the City related to the delivery of the City's general services not specifically collected or levied for other City funds.

The City of Berkeley is committed to achieving long-term fiscal stability as well as mitigating the negative impacts of extraordinary risk such as earthquakes, fires, floods, public health emergencies, pandemics, and economic volatility. A key attribute of a financially stable organization is appropriate reserves. Strong reserves position an organization to weather significant economic downturns more effectively, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies such as natural disasters and other catastrophic events. Establishing an adequate General Fund reserve policy allows the City to mitigate current and future financial risks resulting from economic instability or catastrophic loss.

Functions of Reserves: Stability and Catastrophic

The City of Berkeley will establish and maintain an adequate General Fund Reserve ("Reserve") to prepare for the impact of economic cycles and catastrophic events and assure fluctuations in revenue do not impede the City's ability to meet expenditure obligations. When revenues fail to meet the City's normal operating requirements, or the need for disbursements temporarily exceeds receipts, General Fund reserves, upon a two-thirds vote of the City Council, may be used in accordance with the standards set forth herein.

The Reserve shall be comprised of two elements: a Stability Reserve and a Catastrophic Reserve. The Reserve shall not be used for ongoing or new programs or services.

A **Stability Reserve** will be maintained to mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls, and not to serve as a funding source for new programs or projects.

A **Catastrophic Reserve** will be maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event. The Catastrophic Reserve will be used to respond to extreme, onetime events, such as earthquakes, fires, floods, civil unrest, terrorist attacks, public health emergencies and pandemics. The Catastrophic Reserve will not be accessed to meet operational shortfalls or to fund new programs or projects.

Funding and Functions that are NOT Part of the General Fund Reserves

Not included in the General Fund Reserves are funds that are set aside for a specific purpose. This would include restricted, committed, and assigned funds.

- 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 by the City Council.
- 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.

Target Reserve Levels

The General Fund Reserve consists of the total of the Stability Reserve and the Catastrophic Reserve. 55% of the Reserve shall be allocated to the Stability Reserve and 45% to the Catastrophic Reserve.

Effective immediately, the target level for the Reserve shall be a minimum of 13.8% of 2017 Adopted General Fund Revenues with an Intermediate Goal of a minimum of 16.7% by the end of Fiscal Year 2020, if financially feasible. The Council hereby adopts a Long Term Goal of a Reserve of a minimum of 30% of General Fund Revenues, to be achieved within no more than 10 years. Based on a risk assessment (according to best practices), to be updated at least every five years, the Council may consider increasing or lowering the General Fund Reserve level.

Starting in Fiscal Year 2018, to achieve the City's Intermediate and Long Term Reserve Goals, 50% of Excess Equity above the first \$1 M shall be allocated to Reserves. Additional Excess Equity may be allocated to Reserves by a majority vote of the City Council.

Methodology to Meet Reserve Levels

The General Fund Reserve is separate from the General Fund Balance. The sum of the Stability Reserve and the Catastrophic Reserve and the amount determined to be Excess Equity is deemed to be General Fund Unassigned Fund Balance. Unassigned Fund Balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications.

Excess Equity is most commonly a non-recurring source of revenue and shall only be used for one-time, non-recurring expenditure needs of the City. Excess Equity should be reported separately from the General Fund Reserves.

Attaining the Long-Term Goal of a General Fund Reserve of a minimum of 30% of General Fund Revenues is important to the long-term financial health and stability of the City.

Replenishment of the General Fund Reserves

The City Manager shall recommend a replenishment schedule for all monies proposed for appropriation from the General Fund Reserves. The replenishment schedule shall be adopted simultaneous with the appropriation to withdraw Reserve funds or, if infeasible due to emergency circumstances, no more than 3 months from the date of the withdrawal appropriation. Repayment shall begin no more than 5 years from the date of withdrawal and be completed within 10 years from the date of withdrawal. While staff envisions that, in most cases, repayment will start as soon as possible, the repayment guidelines are meant to reflect a commitment to maintain a sufficient Reserve, while also recognizing that a use of Reserve funds may occur during an economic downturn and it may be necessary to postpone repayment while the economy improves.

Usage of the General Fund Stability Reserve

The General Fund Stability Reserve shall only be drawn upon if all of the following criteria are met:

1. City revenues are insufficient to meet normal operating expenses.
2. A hiring freeze has been implemented, with exceptions only for designated positions as appropriate to maintain essential and core services to the public that support public health, safety, and welfare. Essential services will be determined at the time of fiscal emergency with a recommendation from the City Manager to be approved by City Council.
3. User fees and services charges are being fully utilized for those services for which they were collected.
4. A declaration of fiscal emergency is made by ordinance before drawing on the reserves. Fiscal emergency is defined as the following:
 - a. When General Fund revenues increase less than 3% from the prior fiscal year.
 - b. When the City needs to mitigate State or Federal budget actions that may reduce revenue or increase expenditures.
 - c. When the City must absorb liability settlements in excess of available resources in the City's litigation designation.


The General Fund Stability Reserve shall only be used in the following manner:

1. Stability Reserve funds shall be prioritized to preserve essential services and necessary staffing levels determined at the time of the fiscal emergency with a recommendation from the City Manager to be approved by the City Council.
2. All other reasonable and available expenditure reduction measures shall

have been taken by the City Manager and the City Council before using one-time funding to support operational positions.

3. Operational positions shall not receive Stability Reserve funds for longer than two years except in extreme conditions.

For any draw-down of Stability Reserve funds, Council shall adopt a plan that identifies the specific purpose for the use of the Stability Reserve funds, the amount of Stability Reserve funds that are needed and, to the extent practicable, a timeframe in which Stability Reserve funds will be repaid. If it is not possible to estimate the timeframe in which Stability Reserve funds will be repaid at the time that they are appropriated, a repayment plan will be presented to City Council no more than 3 months from the date of the withdrawal appropriation. It is the City's goal to repay Stability Reserve funds within 24 months after they are appropriated, however, economic conditions may require flexibility in meeting this timeframe.




No Material
Available for
this Item

There is no material for this item.

City Clerk Department
2180 Milvia Street
Berkeley, CA 94704
(510) 981-6900

The City of Berkeley Budget & Finance Policy Committee Webpage:
https://www.cityofberkeley.info/Clerk/Home/Policy_Committee_Budget_Finance.aspx



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Cheryl Davila
Councilmember
District 2

CONSENT CALENDAR

April 14, 2020

To: Honorable Mayor and Members of the City Council

From: Councilmember Cheryl Davila

Subject: Open Pathways (including laundry services), West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations and provide the ability for our community to shower during the COVID 19 pandemic.

~~Subject: Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic.~~

RECOMMENDATION

Direct the City Manager to open the Pathways (including laundry services), West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening these locations will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

~~Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.~~

FINANCIAL IMPLICATIONS

To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 plus for the two locations.

~~To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 for both locations.~~

BACKGROUND

Berkeley, now impacted by the COVID19 pandemic crisis, a housing affordability crisis, and a homelessness crisis. COVID 19 requires one to have good personal hygiene and washing one's

hands multiple times during the day for 20+ seconds, wiping surfaces, and enhanced cleanliness. Currently, there are no shower programs in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community spread transmissions.

~~The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc. Currently, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community transmissions.~~

The Willard Shower program is operated by the Parks, Recreation and Waterfront Department (PRW) at the Willard Recreation Administration office, 2701 Telegraph Avenue. The Telegraph location is not convenient for the curbside community in West and South Berkeley. Pathways, West Campus Pool and the Martin Luther King Jr. Middle School pool will enable the curbside community in West and South Berkeley access to showers closer to their location.

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Pathways should open their showers and laundry facilities to be utilized, as well during the COVID 19 pandemic.

In January 2018, the City Council considered Council Item¹⁴. "Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool". Months later, the City Manager provided a response ² to the City Council in June 2018, where it identified the cost to establish a shower program similar to the Willard Shower Program at West Campus pool. The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents.

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ENVIRONMENTAL SUSTAINABILITY

Access to the West Campus pool and Martin Luther King Jr. Middle School Pool is an important part of a healthy living lifestyle for the residents in West, South and all of Berkeley.

REFERENCES

1. Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool
2. https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Shower%20Referral%20Response%20061218.pdf

CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120
cdavila@cityofberkeley.info

ATTACHMENTS:

1. Resolution

CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120, cdavila@cityofberkeley.info

RESOLUTION NO. ##,###-N.S.

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN PATHWAYS (INCLUDING LAUNDRY SERVICES), WEST CAMPUS POOL AND MARTIN LUTHER KING JR. POOL (KING POOL) TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDE THE ABILITY FOR OUR COMMUNITY TO SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.

~~A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN THE WEST CAMPUS POOL AND MARTIN LUTHER KING JR. MIDDLE SCHOOL POOL TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDING THE ABILITY FOR OUR COMMUNITY TO SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.~~

WHEREAS, Berkeley, now impacted by the COVID19 pandemic crisis, a housing affordability crisis, and a homelessness crisis; and

WHEREAS, the Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc.; and

~~WHEREAS, The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc., and~~

WHEREAS, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers; and

~~WHEREAS, There is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers and,~~

WHEREAS, The Telegraph location is not convenient for the curbside community in West and South Berkeley. West Campus Pool and the Martin Luther King Jr. Middle School pool will enable the curbside community in West and South Berkeley access to showers closer to their location; and

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~~enable the curbside community in West and South Berkeley access to showers closer to their location, and,~~

WHEREAS, In January 2018, the City Council considered Council Item: “Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool”.

WHEREAS, The COVID 19 Pandemic is upon us we must do all that we can to mitigate the dire consequences. We need to ensure that the shower program is also accessible and equitable to all residents; and

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NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley, hereby directs the City Manager to open the Pathways, West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening these locations will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

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Cheryl Davila
Councilmember
District 2

CONSENT CALENDAR

April 14, 2020

To: Honorable Mayor and Members of the City Council

From: Councilmember Cheryl Davila

Subject: Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic.

RECOMMENDATION

Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

FINANCIAL IMPLICATIONS

To operate a year-round shower program that duplicates the program at the Willard Pool would cost to establish a shower program would be approximately \$270,100 for both locations.

BACKGROUND

The Coronavirus or COVID 19 pandemic requires cleanliness, washing our hands, often for twenty seconds or longer, washing our face, etc. Currently, there is no shower program in West or South Berkeley where there are high concentrations of our curbside communities who do not have access to showers. The contract with Project WeHope / Dignity on Wheels that provides homeless individual access to clean showers, laundry service and bathroom facilities is pending. Therefore, Project WeHope / Dignity on Wheels is not available at this time. We are in a pandemic which requires ways for our community to be cleaner to prevent further community transmissions.

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ENVIRONMENTAL SUSTAINABILITY

Access to the West Campus pool and Martin Luther King Jr. Middle School Pool is an important part of a healthy living lifestyle for the residents in West, South and all of Berkeley.

REFERENCES

1. Open the West Campus Pool All Year Round and Start the Shower Program at the West Campus Pool
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_General/Shower%20Referral%20Response%20061218.pdf](https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Shower%20Referral%20Response%20061218.pdf)

CONTACT PERSON

Cheryl Davila
Councilmember District 2
510.981.7120
cdavila@cityofberkeley.info

RESOLUTION NO. ##,###-N.S.

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF BERKELEY DIRECTING THE CITY MANAGER TO OPEN THE WEST CAMPUS POOL AND MARTIN LUTHER KING JR. MIDDLE SCHOOL POOL TO IMPLEMENT THE CITY OF BERKELEY SHOWER PROGRAM AT THESE LOCATIONS, AND PROVIDING THE ABILITY FOR OUR COMMUNITY TO

Page 8 of 8
SHOWER DURING THE COVID 19 PANDEMIC, A HUMANE ACTION REQUIRED DURING THIS CRISIS.

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Health Housing and
Community Services Department
Office of the Director

MEMORANDUM

To: David White, Deputy City Manager

From: Kelly Wallace, Interim Director

Date: March 3, 2020

Subject: **City of Berkeley Housing Trust Fund Resources**

The purpose of this memo is to provide an overview of the City's Housing Trust Fund (HTF), the current balance of HTF program funds, and an overview of how HTF funds can be used.

The City of Berkeley created its HTF program in 1990¹. Berkeley's HTF pools funds for affordable housing development and predevelopment costs from a variety of sources with different requirements, and makes them available through one single application process to local developers. The purpose of the HTF is to develop and preserve long-term below market rate housing for low, very low, and extremely-low income households in order to maintain and enhance the ethnic and economic diversity of the City.

Revenues for the HTF come from the following sources:

- Federal HOME Partnership for Investment Program (HOME Program) annual allocations;
- Allocated Community Development Block Grant (CDBG) funds;
- Housing fees provided by development projects, demolitions and condominium conversions;
- Proceeds obtained from the sale of City-owned residential properties;
- Payments of interest and principal due to the City from borrowers of previous HTF loans;
- Funds from other sources authorized by the City Council and the voters.

Under the HTF Guidelines, the Housing Advisory Commission advises Council on HTF allocations. HTF proceeds are awarded to eligible projects as loans that must be repaid on favorable terms.

¹ <http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=6532>

Total Housing Trust Fund Resources

While the "Housing Trust Fund" name may imply that all funds are pooled together in a single fund code for accounting purposes, the City maintains each source separately. The balance of funds available for the HTF program as of this writing on March 3, 2020 is \$6,704,128.

Table 1. Housing Trust Fund Available Balance 3/3/2020	
Source of Funds	Amount
HOME (310)	\$0
Housing Mitigation Fee (Commercial) (331)	\$1,084,680
Inclusionary In Lieu Fee (122)	\$329,778
Condo Conversion Fee (123)	\$1,109,459
Housing Mitigation Fee (Residential) (120)	\$4,180,210
HTF Total	\$6,704,128

Housing Trust Fund Mitigation Fee Revenue

The majority of the funding now available for allocation in the HTF came from fees, and has accrued over time. Fee income is variable with the market and the timing difficult to predict precisely because it depends on individual development project timelines.

Table 2 provides an overview of the total HTF fees collected over time. The vast majority of the AHMF have been collected in the past year. The first AHMF was collected in 2015 with a payment of \$280,000 for the Aquatic at 800 University then \$1.58M for the Varsity on Durant. Over the next three years, \$2.9 million in AHMF were collected. Since January 2019, over \$7.8 million in AHMF have been collected.

Table 2. Housing Trust Fund Fees Collected Over Time		
Fee Program and Fund Code	First Year	Total Received
Inclusionary Housing Fund (254)	FY 2006	\$1,533,441
Condo Conversion Fund (258)	FY 2009	\$2,960,826
Affordable Housing Mitigation Fee (249)	FY 2015	\$12,604,968
Housing Mitigation Fee on Commercial Development (250)	FY 1992	\$4,486,275
Total		\$21,585,510

Housing Mitigation Fee (Commercial)

In 1993, the City established a housing linkage fee on commercial development, designed to mitigate the need for affordable housing it creates. On June 3, 2014 Council adopted Resolution 66,617 N.S. which updated this fee which applies to all new commercial construction in which the net additional, newly constructed gross floor area is over 7,500 square feet. Most commercial new construction projects in the City are below this threshold. Applicants may either 1) create one unit of housing either on site or off site within the City of Berkeley (with an average size of two bedrooms) affordable to households whose income is at or below 30% of the area median income, or 2) pay an equivalent In-Lieu Impact Fee according to a schedule. None of these funds can be used for administration.

Inclusionary In Lieu Fee [BMC 23C.12](#)

In 1986 the City adopted an Inclusionary Housing Ordinance (IHO), which required, among other things, that a percentage of all new residential rental units in projects of 5 or more units be provided at below market rates for the life of the project. The IHO only includes an in-lieu fee option for ownership units, not for rental, although it does allow for fractional unit fees for rental. A 2009 decision of the California Court of Appeal (Palmer/Sixth Street Properties v. City of Los Angeles (2009) 175 Cal. App. 4th 1396) held that the City may not require rents to be limited in rental projects unless it provides assistance to the rental project, thus invalidating the City's IHO requirements for rental projects. The City still enforces the IHO for ownership projects, but this year's Bloom project is the first new condo development since 2007. 100% of the fee must be deposited in the City's HTF; none of these funds can be used for administration.

Condominium Conversion Fee [BMC 21.28.070](#)

The Condominium Conversion Ordinance allows property owners to convert rental units to ownership units subject to certain requirements and payment of an Affordable Housing Mitigation Fee (AHMF). This fee shares a name with—but is different from—the AHMF for new construction market-rate housing in BMC 22.20.065. The ordinance went through a period of frequent revisions so previously converted properties were subject to a variety of requirements. Currently, the fee is based on the appraised value or sales price of the unit and is 4% for properties with two units and 8% for properties with three or more units. Not more than 10% of revenues can be used for HTF program delivery. Not more than 10% of revenues can be used for HTF program and project monitoring and enforcement. Not less than 80% of revenues must be placed into the City of Berkeley HTF to finance activities described as eligible in the City of Berkeley HTF Program Guidelines.

Affordable Housing Mitigation Fee (Residential)

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=74682>

In 2010, as a result of the Palmer court decision, the City replaced its IHO requirements for rental housing with the Affordable Housing Mitigation Fee (AHMF). Developments are subject to whichever requirement was in place at the time they obtained a Use Permit. Together these requirements are referred to as the City's Below Market Rate (BMR) program.

The AHMF requires new market rate developments to provide affordable housing units equal in number to 20% of the market rate units, or to pay a fee per market rate unit, or provide a combination of units and fee. Effective July 1, 2018, the AHMF is \$37,962 per new unit of rental housing, payable at the issuance of Certificate of Occupancy. If the AHMF is paid in its entirety no later than issuance of the building permit, the fee is \$34,884 per new unit of rental housing. Resolution 68,074-N.S. established the fee and the method to adjust the fee every other year. In most cases, developers choosing to provide units on site in lieu of paying the fee also receive credit under the state Density Bonus law, allowing them to increase the number of market rate units produced. Ten percent of the funds can be used for program delivery.

HOME Investment Partnership Program

Historically, the most consistent source of funds in the HTF has been HOME funds. From FY 2000 through FY 2012, the City received an average of nearly \$1.3M in HOME funds annually. The HOME allocation peaked in FY 2005 when the City received \$1.5M. In FY 2013, however, the allocation was cut by over one-half and has remained near this level ever since. The City's FY2020 allocation of HOME funds is \$737,273. Ninety percent of this allocation is placed in the HTF and ten percent is used for program delivery costs. HOME funds come with many federal requirements, including onerous commitment deadlines and required scopes of work, that make administering decreasing funds increasingly challenging. For at least five years each federal budget process has involved proposals to greatly reduce or eliminate HOME, though City of Berkeley HOME funding has not changed appreciably.

Council's Fiscal Policies

The fiscal policies adopted by the Council include:

- ❖ Focusing on the long-term fiscal health of the City by adopting a two-year budget and conducting multi-year planning;
- ❖ Building a prudent reserve;
- ❖ Developing long-term strategies to reduce unfunded liabilities;
- ❖ Controlling labor costs while minimizing layoffs;
- ❖ Allocating one-time revenue for one-time expenses;
- ❖ Requiring enterprise and grant funds to balance and new programs to pay for themselves; and
- ❖ Any new expenditure requires new revenue or expenditure reductions.
- ❖ Transfer Tax in excess of \$12.5 million will be treated as one-time revenue to be used for the City's capital infrastructure needs (Fund 501).
- ❖ As the General Fund subsidy to the Safety Members Pension Fund declines over the next several years, the amount of the annual decrease will be used to help fund the new Police Employee Retiree Health Plan (Fund 731).
- ❖ Starting in FY 2019, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with the primary allocation of the rental tax to the purposes listed below:
 - Two thirds (66.7%) allocated to the Affordable Housing Trust Fund.
 - One third (33.3%) allocated to the Civic Arts Grant Fund.

Proposed new policy:

- ❖ Funding the 115 Pension Trust

Additional Information

At the meeting on January 23, 2020, the Committee stated it will continue to review and revise specific policies and added the following items to future agendas:

1. Transfer tax revenue policy amendment for Measure P
2. Provide more flexible language in policy that new programs need to pay for themselves
3. Change CIP to longer-term (possibly 5 years)
4. Short-term rental distribution – no longer use percentages for distribution; set priorities and prioritize programs
5. Community agency funding process overview – what role can the Budget & Finance committee play in this process?
6. 115 Pension Trust funding

