



Fiscal Years 2023 & 2024 Proposed Biennial Budget

Budget and Finance Policy Committee
9 June 2022

OVERVIEW

- Recap of Budget Balancing Strategies and Updates
- New Funding Requests
- Discussion on Tier Funding Requests and Proposed Budget
- Discussion on Council Fiscal Policies and Recommended Changes

UPDATES TO PROPOSED BUDGET

- Reconciliation of funding request matrix
- Refined salary savings assumptions
- FY 22 Excess Property Transfer Tax Available for Capital of \$8.6M

RECOMMENDATION: FY 22 EXCESS PROPERTY TRANSFER TAX

FY 22 Excess Property Transfer Tax
\$27.4M

Reserves
\$1.5M

Operations
\$17.3M

Capital
\$8.6M

City Manager's FY 23 & 24 Recommended Budget & Balancing Strategies

	FY 23	FY 24
All Projected Expenditures	247,131,978	249,539,772
Less Measure P Expenditures	(13,040,382)	(12,835,757)
Less U1 Expenditures	(4,900,000)	(4,900,000)
Baseline Expenditures	229,191,596	231,804,015
Budget Enhancements		
New-Tier 1 Reimaging Items	4,871,462	4,186,462
New-Tier 1 Personnel	3,690,720	3,899,496
New-Tier 1 Operating	8,459,831	1,292,760
<i>New-Tier 1 Subtotal</i>	<i>17,022,013</i>	<i>9,378,718</i>
Revised Expenditures w/ Tier 1	246,213,609	241,182,733
All Projected Revenues (includes \$12.5M of Excess Property Transfer Tax)	263,409,219	245,077,313
Less Excess Property Transfer Tax Projection Over \$12.5M to Capital	(16,462,172)	(16,462,172)
Less Measure P Revenue	(14,073,750)	(14,073,750)
Less U1 Revenue Transfer	(4,900,000)	(4,900,000)
Baseline Revenues	227,973,297	209,641,391
Projected Surplus/(Deficit)	(18,240,312)	(31,541,342)
<i>Recommended Strategies</i>		
Difference in Baseline Salary Savings Assumptions	5,320,618	4,796,798
IT Salary Savings to General Fund	454,772	454,772
Implementation Savings Tier 1	2,339,576	2,196,856
Increase Excess Property Transfer Tax Baseline to \$18M	5,500,000	5,500,000
One-Time Use of Measure P for Nexus Community Programs	2,722,903	2,722,903
One-Time Use of Measure P for Nexus New Tier 1 Requests	500,000	100,000
FY 22 Excess Property Transfer Tax to Reserves for Operations	12,174,403	5,093,767
Reduce FY 23 Projected ARPA Transfer/Use in FY 24	(10,697,743)	10,697,743
Projected Surplus/ (Deficit) Operating Budget	74,216	21,496
Use of FY 23 & 24 Excess Property Tax to Replenishing Reserves	1,500,000	1,500,000
<i>Use of FY 22 Excess Property Transfer Tax to Reserves</i>	<i>1,500,000</i>	<i>-</i>
Proposed Funding for Reserves	3,000,000	1,500,000
Projected FY 23 & 24 Excess Property Transfer Tax to Capital	9,462,172	9,462,172
<i>Use of FY 22 Excess Property Transfer Tax to Capital</i>	<i>4,587,828</i>	<i>3,957,828</i>
Proposed Funding to Capital	14,050,000	13,420,000

CAPITAL FUNDING CONSIDERATIONS

- FY 23 & 24 Paving Initially at \$8.5M (\$2.5M in FY 23 and \$6.0M in FY 24)
- Use FY 22 Excess Property Transfer Tax Over Two Years to Increase Paving to \$14M
 - \$9M into the CIP Fund to meet additional contribution over baseline in future years **or**
 - *\$5M in FY 23, \$3M in FY24, \$3M in FY 25 and \$3M in FY 26*
 - Spread over two years (\$5M in FY 23 and \$9M in FY 24) for immediate use
- FY 22 Excess Property Transfer Tax of \$8.6M for new and existing funding requests (Tier 1-3)

NEW FUNDING REQUESTS

- Funding request for additional \$100,000 for Hopkins Corridor Bike, Pedestrian and Placemaking Improvement
 - Councilmember Hahn (Author), Councilmembers Wengraf and Robinson (Co-Sponsors)
 - Initial refer \$300,000 (\$150,000 each fiscal year) to budget process for bike, pedestrian, and streetscape improvements for Hopkins Corridor on 4/26/22. Included in Tier 1.
 - Conceptual Plan approved with amendments including additional landscaped elements from Sutter to The Alamenda on 5/10/22
 - New request for \$400,000 (\$200,000 each fiscal year) for additional landscaping costs
- Funding request of \$212,000 (\$106,000 annually) to continue administration of Fair Chance Ordinance by Rent Board

FISCAL POLICY CHANGE

- **Recommended Changes to Existing Fiscal Policy for FY 23 & 24**
 - Increase baseline for operations to \$18.0M in FY 23 & 24
 - Use excess property transfer tax for operations, reserves and capital
 - Allocate all property transfer tax projected revenue as part of the budget process
- **Considerations for Other Changes**
 - Excess property transfer tax baseline increased to \$16.0M starting in FY 25
 - Discount from prepayment of CalPERS unfunded liability to Section 115 Trust
 - Additional revenue over investment baseline to Reserves, Trust and Capital
 - Salary saving over budget to Trust, OPEB and Reserves