

**CITY OF BERKELEY**

**FY 2022 PROPOSED BUDGET  
CITY MANAGER RECOMMENDATIONS**

**June 14, 2021**

## OVERVIEW

- FY 2022 General Fund Budget Status
- American Rescue Plan Act
- City Manager Proposed Budget Recommendations
- Issues to Consider
- Questions

# CITY OF BERKELEY

## BUDGET PROCESS

5/25: Public Hearing #1,  
Budget Introduced

6/1: Public Hearing #2

6/2: Budget and Finance  
Policy Comm.

6/10: Budget and  
Finance Policy Comm.

6/14: Budget and  
Finance Policy Comm.

6/15: Public Hearing #2,  
CM Recommendation

6/24: Budget and  
Finance Policy Comm.

6/29: Public Hearing #3,  
Budget Adopted





## WHAT DOES THIS BUDGET ACHIEVE?

- Economic recovery
- Equity
- Continuity in government operations
- Critical, immediate infrastructure needs and planning for the future
- Addressing Climate Emergency and Sustainability Initiatives
- Focus on FY 2023

## OVERVIEW OF PROGRAMS AND SERVICES

### Equity

Addressing Homelessness

Specialized Care Unit

Fair Chance Ordinance

EBMUD Discount Program

Police Accountability Board

### Economic Recovery

Support for Arts Organizations

Visit Berkeley

Small Business Technical Assistance

### Infrastructure (1)

Vision 2050

Marina Projects

West Campus Pool

Restore Traffic Improvements

Echo Lake ADA

### Climate Emergency

Building Emissions Savings Ordinance

Solar + Storage - Municipal Facilities

Fleet Electric Vehicles

Wildfire Mitigation / Veg. Management

Drought Tolerant Median Pilot

### Continuity of Govt. Services

Reserves and Section 115 Trust

General Fund Deficit

Parking Funds Deficit

Marina Fund Deficit

Camps Fund Deficit

Community Agency Funding

1. Excludes projects that are part of the Capital Improvement Program.

## FY 2022 GENERAL FUND BUDGET STATUS

		Notes
Projected Revenue (1)	\$190,875,002	Excludes Measures P and U1, Transfer Tax > \$12.5M
Project Expenditures	\$213,295,389	Includes \$8.6M in deferrals for FY 2022
<b>Estimated Surplus / (Deficit)</b>	<b>(\$22,420,387)</b>	

1. Reflects revised projected revenues presented to the Budget and Finance Policy Committee on June 3, 2021.



## FY 2022 GENERAL FUND BUDGET STATUS

FY 2022 General Fund Deficit	(\$22,420,387)
Selected Department Funding Requests	(\$2,153,580)
Unfunded Budget Referrals	TBD
<b>Revised FY 2022 General Fund Deficit</b>	<b>(\$24,573,967)</b>

## DEPARTMENT FUNDING REQUESTS (Tiers 1, 2, &3)

City Attorney Modernization of Office to Electronic Environment - \$26,000 (Tier 1)	Project Based Senior Planner in Land Use - \$180,374 (Tier 1)
Finance ERMA Phase II Staff - \$100,000 (Tier 1)	Improve Open Data Portal - \$40,000 (Tier 1)
West Campus Pool Tile & Plaster - \$510,000 (Tier 1)	Officer Development Training Programs - \$150,000 (Tier 1)
Building Emissions Savings Ordinance (BESO) Mandatory Requirements: Implement 2020 Amendments - \$20,000 (Tier 1)	Portable Radio Replacement - \$600,000 (Tier 1)
Zoning Ordinance Revision Project Publishing Costs- \$15,000	Vision 2050 Master Planning - \$400,000 (Tier 1)
Planning Technician - \$57,206 (Tier 1)	EBMUD Discount Program for Low-Income Customers - \$55,000 (Tier 3)
<b>Total Amount : \$2,153,580</b>	



## American Rescue Plan Act of 2021 (ARPA) Coronavirus State and Local Fiscal Recovery Funds\*

Amount	<ul style="list-style-type: none"> <li>• \$66,646,289</li> </ul>	
Timing	<ul style="list-style-type: none"> <li>• Two payments (12 months apart)</li> <li>• Cover costs incurred from March 3, 2021 to December 31, 2026 (funds must be obligated by December 31, 2024)</li> </ul>	
Allowable Uses	<ul style="list-style-type: none"> <li>• Respond to the COVID-19 emergency and address its economic effects including assistance to small businesses, households, non-profits and hard-hit industries</li> <li>• Revenue replacement for the provision of government services (entity-wide analysis)</li> <li>• Premium pay for essential workers (telework excluded from premium pay)</li> <li>• Water, sewer, and broadband infrastructure</li> </ul>	
Ineligible Uses	<ul style="list-style-type: none"> <li>• Federal matching requirement</li> <li>• Offset revenue resulting from a tax cut</li> </ul>	<ul style="list-style-type: none"> <li>• Deposits into pension and rainy day funds or financial reserves</li> <li>• Funding debt service</li> </ul>

\* Based on Interim Final Guidelines issued on May 10, 2021 (<https://public-inspection.federalregister.gov/2021-10283.pdf> )

\* Excludes \$2,777,361 in Homelessness Assistance Grants to develop affordable rental housing, to help acquire non-congregate shelter to be converted into permanent affordable housing or used as emergency shelter.

## ARPA FUND OVERVIEW

	FY 2021	FY 2022	FY 2023
<b>Beginning Fund Balance</b>	<b>\$0</b>	<b>\$33,323,144</b>	<b>\$18,991,322</b>
Projected Revenue	\$33,323,144	\$33,323,144	\$0
Project Expenditures	0	\$47,654,967	\$4,050,000
<b>Ending Fund Balance</b>	<b>\$33,323,144</b>	<b>\$18,991,322</b>	<b>\$14,941,322</b>

# ARPA FUND ALLOCATIONS

## Provision of Government Services

FUND	FY 2022	FY 2023
General Fund	\$24,573,967	To be determined (1)
Marina Fund	1,400,000	\$1,150,000
Parking Meter Fund	4,340,000	\$2,700,000
Off-Street Parking Fund	3,940,000	\$200,000
Camps Fund	1,000,000	0
Sports Field Fund	196,000	0
<b>Total</b>	<b>\$35,484,967</b>	<b>\$4,050,000</b>

1. Long-term projections presented to City Council as part of the [Unfunded Liability Report \(https://www.cityofberkeley.info/Clerk/City\\_Council/2021/03\\_Mar/Documents/2021-03-16\\_WS\\_Item\\_02a\\_Unfunded\\_Liability\\_Obligations\\_pdf.aspx\)](https://www.cityofberkeley.info/Clerk/City_Council/2021/03_Mar/Documents/2021-03-16_WS_Item_02a_Unfunded_Liability_Obligations_pdf.aspx) indicate that additional resources will be needed to offset future deficits / program needs.



# ARPA FUND ALLOCATIONS

## Economic Recovery and COVID-19 Response

PROGRAMS	FY 2022 ALLOCATION
Emergency Operations Center (1)	\$1,500,000
Programs Addressing Community Safety and Crisis Response (Specialized Care Unit) (2)	\$8,000,000
Program to Support Arts in their Re-Opening (3)	\$2,000,000
Visit Berkeley (4)	\$500,000
Business Retention Program / Small Business Technical Assistance (5)	\$100,000
#DiscoveredinBerkeley Campaign	\$50,000
“Berkeley Ventures Berkeley Values” Initiative	\$20,000

1. Includes resources for the acquisition of PPE, community port-a-potties and handwashing stations, zoom account for city council meetings, and communication activities.
2. Includes short-term programs to address community safety and crisis response and resources to establish a Specialized Care Unit.
3. Portion of allocation for the arts will be needed to augment staffing resources to effectively implement the program.
4. Unlike other business improvement districts, Visit Berkeley revenues are tied to Transient Occupancy Tax.
5. ARPA resources augment General Fund resources allocated to small business technical assistance for a total of \$150,000.

## ADDRESSING COMMUNITY SAFETY AND CRISIS RESPONSE

Proposal to address community safety concerns until a community-informed Specialized Care Unit is developed and deployed:

- Expanding prevention and outreach
  - Leverage existing teams and community-based organizations
  - Address basic needs (wellness checks, food, shelter, clothing, etc.)
  - Equipment and supplies
  - Estimated cost - \$1.2 million
- Crime Prevention and Data Analysis to support data driven policing / identify areas of community need
  - Establish data analysis team (2 non-sworn positions)
  - Deploy Problem Oriented Policing Team (overtime)
  - Estimated cost - \$1.0 million



## ISSUES TO CONSIDER

- Future deficits / resource needs
  - General Fund
  - Marina Fund
  - Parking Meter Fund / Off-street Parking Fund
  - Permit Service Center
  - Other Funds ???
- ARPA Funds spent quickly
- Pace of economic recovery



## CRITICAL UNFUNDED NEEDS

- Reserves Replenishment
  - General Fund (Stability and Catastrophic)
  - Parking Funds
- Section 115 Trust
- Workforce
  - Cost of living adjustments
  - PEPRA employee pension contributions (1)
- Unfunded Infrastructure
- Other post-employment benefits

1. For Miscellaneous employees (all employees with the exception of sworn police and fire employees), "Classic" employee pension contributions are 8% of salary, whereas employees that receive a pension under the Public Employees' Pension Reform Act of 2013 (PEPRA) contribute 15.25% of salary.

## ADDITIONAL RESOURCES TO ADDRESS UNFUNDED NEEDS

- Remaining American Rescue Plan Act Resources
- Adjust Transfer Tax Baseline
- Future revenue adjustments due to pace of economic recovery



## NEXT STEPS

- November AAO#1 Process
  - Unfunded citywide referrals
  - Revisit Tier 2 and 3 Department requests
  - Address capital needs (excess property transfer tax)
  - Evaluate use of American Rescue Plan Act resources
  - Adjust revenue projections
  
- FY 2023 & FY 2024 Biennial Budget Process



CITY OF BERKELEY

**QUESTIONS?**