



Office of the Mayor

## ACTION CALENDAR

June 27, 2017

To: Honorable Members of the City Council  
From: Mayor Jesse Arreguín  
Subject: FY 2018 & 2019 Biennial Budget Adoption

### RECOMMENDATION

1. Make the following amendments to the City Manager's revised budget:

a. Modify the proposed allocation to Anti-Displacement Programs as follows:

- \$300,000 for Eviction Defense and Housing Counseling
- \$250,000 for the Housing Retention Program
- \$100,000 for Flexible Housing Subsidies Pool

**Total:** \$650,000 (for FY 2018 and 2019)

**Proposed Source of Funding:** Advance General Fund Revenues to be repaid through Measure U1 tax receipts, contingent on HAC recommendation

b. Allocate \$195,000 from University Avenue Council Chambers line item (\$658,610 reserved from Excess Property Transfer Tax) to the following one-time appropriations:

- \$150,000 for Capital Expenses for Pathways Project
- \$45,000 for RFP for Step Up Housing

c. Refer \$650,000 for staffing needed to operate a combined BRIDGE/STAIR Center to implement the Pathways Project to the November 2017 budget discussion.

2. Adopt a Resolution: 1) Adopting the FY 2018 and FY 2019 Budget as contained in the City Manager's FY 2018 & FY 2019 Proposed Biennial Budget that includes the Proposed Capital Budget, presented to Council on May 2, 2017 and as amended by subsequent Council action, and 2) Authorizing the City Manager to provide applicable advances to selected community agencies receiving City funds in FY 2018, as reflected in Attachment 2, and as amended by subsequent Council action.

FINANCIAL IMPLICATIONS

\$650,000 from General Fund to be repaid through Measure U1 tax receipts, \$195,000 of Excess Property Transfer Tax revenue.

BACKGROUND

City Council will adopt its biennial budget for FY 2018 and FY 2019 on June 27, 2017.

Since January 2017, Council has referred a number of expenditures to the budget process for consideration. Many of these expenditures were not included in the City Manager's proposed budget presented to Council on May 2, 2017.

The Mayor, working with the City Manager and Budget staff, developed proposed supplemental budget recommendations totaling \$2.6 million. Of the \$2.6 million, \$300,000 would be revisited in November 2017. Council asked staff to identify balancing solutions to incorporate the Mayor's budget recommendations while maintaining a balanced budget.

Staff have proposed a number of balancing measures to incorporate Council referrals in the budget. Since the staff report was issued further amendments are being proposed to fund capital costs for the implementation of the Pathways Project, based on numbers recently provided by staff. In addition, the Mayor is proposing that Council fund the issuance of a RFP to explore the "Step Up Housing" referral adopted by Council in January. This will allow the City to consider multiple options in order to implement this innovative low-cost housing model. These allocations would come from Excess Real Property Transfer Tax.

In further conversations with members of the Housing Advisory Commission, legal service providers, and City staff, we are proposing to reduce the allocation from Measure U1 General Fund revenues for Anti-Displacement programs from \$1.07 million to \$650,000, contingent on HAC making a recommendation. The programs to be funded would include Eviction Defense and Housing Counseling; adding funding to the Housing Retention Program; and the creation of a new Flexible Housing Subsidies Pool. Given the recent commitment of Alameda County Boomerang Funds for anti-displacement, the City of Berkeley does not need to put a significant contribution to anti-displacement programs, since the City's funding can be matched through county funds. This will free up additional U1 funding for other priorities.

The text of Measure U1 stated that the tax proceeds would be deposited to the General Fund, however the Housing Advisory Commission would make recommendations on U1 revenues. This revised budget recommendation would pre-commit General Fund revenues to be re-paid through U1 proceeds, similar to what the Council did in 2015 with the Sugar Sweetened Beverage Tax.

CONTACT PERSON

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