



Office of the Mayor

Mayor's Fiscal Year 2019 Budget Message



June 24, 2018

Honorable Members of the City Council,

I am honored to present my proposed Supplemental Budget Recommendations for Fiscal Year 2019.

In partnership with our outstanding City Manager Dee Williams-Ridley, Budget Director Teresa Berkeley-Simmons, and the entire City Council, I am pleased we have arrived at a budget that is balanced, increases long-term fiscal sustainability and addresses important community priorities. It was my intention, and I think we have succeeded in balancing fiscal responsibility and organizational effectiveness, while also addressing basic human needs.

I am taking perhaps an unprecedented step in asking my colleagues not to vote tonight to spend all of the unallocated General Fund balance identified in the City Manager's Proposed FY 19 Budget Update. Each of us have multiple ideas and aspirations for exciting new projects. In fact, City Council referrals for new spending would cost millions of dollars. But at this time, in this city, it is imperative that we exercise restraint. There are multiple essential services that need carefully calibrated attention and we must insure flexibility to be prepared to meet the challenges and opportunities we face.

Key components of this budget include the highest Reserves in city history, critical efficiency improvements on software licensing, restoring the Public Liability Fund, and putting structures in place to address unfunded liabilities for pensions and infrastructure. These nuts and bolts

expenditures may not make headlines, but they are crucial to maintaining Berkeley as a well-run city.

One of my primary concerns as Mayor is to improve our community's safety and to make sure that Berkeley attracts the best and the brightest to maintain our Police Department's long-standing reputation for innovation and outstanding community service. We need flexibility to address whatever results come out of negotiations with the Berkeley Police Association. Even beyond the official contract, I am committed to working with our Chief of Police to provide incentives to help us recruit to fill our vacant positions. Public Safety is a fundamental cornerstone of civil society, so we must prioritize the required resources. With an expanded police force we can restore bike patrols, implement a Crime Suppression Unit and enhance our community involved policing efforts.

In my first year as Mayor, I am proud that we dramatically increased homeless services. In our first month we doubled the number of Winter Shelter beds. We funded the newly launched innovative Pathways Project. To build on those successes, I am hereby proposing to once again fund an extended Winter Shelter program, once we identify the appropriate location or locations. This program was popular to many homeless residents who have not accessed other city shelters and deserves to continue. The proposed \$400,000 will allow us to maintain the past years significant increase in shelter resources. A Request for Proposal (RFP) process is out for the current shelter location at 1925 Ninth Street, so other locations need to be considered. Additionally, I am asking the City Council to fund \$400,000 for responding to illegal dumping and sanitation at encampments.

In summary, the attached proposed budget delays significant new expenditures, while strengthening and sustaining our City. It offers a path forward that balances caring for our most vulnerable, along with public safety and fiscal responsibility. Please support this principled and practical proposed Budget.

BUDGET HIGHLIGHTS

Structural Solutions to UNFUNDED LIABILITIES

To help address unfunded pension obligations, this is the first budget that will include the establishment of a Section 115 Trust. If the City Council accepts this proposal tonight we will soon deposit approximately four million dollars into the Trust. When I first proposed that Berkeley set a goal of fully funding unfunded pension obligations it was considered idealistic and unobtainable. Now CalPERS has adopted that goal themselves, albeit at a slower pace than would be desirable.

INFRASTRUCTURE IMPROVEMENTS

With leadership by former Councilmember Gordon Wozniak, we are undertaking a comprehensive infrastructure planning process. This small investment in Vision 2050 will enable us to prioritize the nuts and bolts of basic city services and create infrastructure that is resilient, climate smart and technologically advanced.

ROBUST RESERVES

This budget reveals the benefits of our new reserve policies. We have implemented suggestions to create two City Reserve Funds based on a report by City Auditor Ann Marie Hogan. Special thanks to Councilmembers Droste, Harrison, Wengraf and Worthington for amending the original language to provide additional clarity in the policy.

LEGAL LIABILITIES

The Public Liability Fund has been depleted and will be replenished with \$1.3 million dollars this year. While the city has achieved significant legal successes, we must maintain sufficient resources to be prepared for any potential litigation.

FISCAL RESPONSIBILITY

I am proposing the unusual step of not spending all of the unallocated General Fund balance identified in the City Manager's Proposed FY 19 Budget Update. The "Christmas Tree budgets" of the past where major new expenditures crowd out the necessities are not affordable in the current economic climate. There are no significant new programs funded from the millions of dollars in City Council referrals. We do manage to include very small amounts for Council Member referrals out of respect for the items they brought forward on behalf of their constituents.

ACHIEVING AFFORDABLE HOUSING

We are continuing to move forward with the Bridge/Berkeley Food and Housing Project development on the city's Berkeley Way Parking Lot. The project will provide 89 low-income units plus 53 units of permanent supportive housing for the homeless. Additionally, we are exploring new sources to fund affordable housing.

HELPING HOMELESS RESIDENTS

Addressing homelessness continues to be a top priority for me as Mayor. Two items initiated last year deserve to be continued this year. First is the popular extended Winter Shelter. Second is increasing attention to illegal Dumping/ sanitation at encampments.

**Attachment A: Mayor's Supplemental Budget Recommendations
Fiscal Year 2019**

TABLE 1: SUPPLEMENTAL BUDGET RECOMMENDATIONS FOR FISCAL YEAR 2019		
Item Title	Source of Revenue	Amount
Berkeley Youth Alternatives After School Center	General Fund	30,000.00
Indigenous Peoples Day Pow Wow	General Fund	2,000.00
Staff Analysis of Berkeley Deep Green Building Initiative	General Fund	50,000.00
Berkeley City Welcome Signage*	General Fund	3,000.00
Supplybank.org - School Supply Distribution	General Fund	30,000.00
CEQA Study for Student Housing Zoning Amendments	General Fund	45,000.00
Solar Powered Lights and Signage for Paths Pilot	General Fund	5,000.00
Holocaust Remembrance Day Event Funding	General Fund	2,000.00
Mayor's Office Budget - Increase FTE	General Fund	50,000.00
Expanded Emergency Shelter Program**	General Fund	400,000.00
Funding for Portable Restrooms/Garbage Service Near Encampments & Addressing Illegal Dumping	Zero Waste Fund	400,000.00
Total General Fund Expenditures		587,000.00
Total Supplemental Expenditures		987,000.00

*Funding for City Welcome Signage not earmarked for a specific message. Messaging to be developed through community process

**Funding for Expanded Emergency Shelter not tied to a specific location. Program to be developed by City staff and Council.

TABLE 2: OTHER FUNDS		
Item Title	Source of Revenue	Amount
Increase Civic Arts Grants to \$500,000 annually	To be funded by excess TOT from Short Term Rentals per Council policy.	\$75,000
Total		\$75,000

TABLE 3: COUNCIL REFERRALS DEFERRED TO NOVEMBER 2018 PROCESS	
Item Title	Amount
Develop Plan for San Pablo Avenue	Recommended that staff complete for regional grants
Temporary Staff Position to Support Undergrounding Project	\$200,000

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Police Foot Patrol Downtown	\$343,532. Address with overtime due to current staffing shortage.
ADU Pilot Program for Homeless Housing	\$550,000. Could be funded through housing funds (Measure U1, Housing Bond)
Expanded Secure Storage Program	\$100,000
2nd Year Funding for STAIR Center	\$2,400,000
ERMA Additional Funding	1,700,000
Total	\$5,293,532

TABLE 4: CAPITAL PROJECTS DEFERRED TO NOVEMBER 2018 PROCESS	
Item Title	Amount
California/Dwight Traffic Calming	Up to \$400,000
Pedestrian Activated Crosswalk at Cedar/Rose Park	\$100,000
Pedestrian Activated Crosswalk at Grant/University	\$100,000
RFFP Light at Eton/Claremont - Partially Funded	\$50,000
Hawk Light at Claremont/Russell - Partially Funded	\$50,000 RFFB; \$350,000 for Hawk Light
Hopkins Corridor Study	\$200,000
California/Ashby Traffic Calming	\$400,000
Ohlone Greenway Improved Lighting through Cedar Rose Park	\$50,000
Pedestrian Activated Crosswalk at Peralta/Gilman	\$100,000
Enhanced Lighting Along Ohlone Park	\$120,000. Look at Parks Tax Funding
Total	\$1,870,000
TOTAL UNFUNDED ITEMS DEFERRED TO NOVEMBER 2018	\$7,163,532