

# City of Berkeley Budget Development Calendar

The City Council approved a budget development calendar in October 2010, but changes are made throughout the budget process.

Please visit:  
[www.CityofBerkeley.info/budget](http://www.CityofBerkeley.info/budget) to confirm dates, times and agendas of Council meetings, as the schedule occasionally changes. The public is invited to all meetings and there is a public comment period at every budget meeting.

## City Budget Policies

The City has established budget policies to help manage financial pressures to address growing demands upon City resources, while preserving long-term fiscal stability.

1. Focus on the long-term health of the City by adopting a two-year budget and conducting multi-year planning;
2. Build a prudent reserve;
3. Develop long-term strategies to reduce unfunded liabilities;
4. Control labor costs while minimizing layoffs;
5. Allocate one-time revenues to one-time expenses;
6. Require enterprise and grant funds to balance, and new programs to pay for themselves; and
7. Any new expenditure requires revenue or an expenditure reduction.

Date	Action/Discussion Topic
October 26	FY 2011 Citywide Work plan Review and Adoption of Budget Development Calendar
December 7	FY 2010 Year End Review
December 7	FY 2011 first amendment to the Annual Appropriations Ordinance and FY 2011 First quarter update
December 7	FY 2012 & FY 2013 Priority Setting/Program Discussion: Mental Health
December 14	Review Work plan in context of fiscal realities
February 15	FY 2012 & FY 2013 Priority Setting
February 15	FY 2011 Mid-Year Update; FY 2012 & FY 2013 Budget Forecast
March 8	FY 2012 & FY 2013 Priority Setting/Program Discussion: Refuse Study
March 22	FY 2012 & FY 2013 Budget Presentation
March 29	Capital Improvement Program
April 26	Public Hearing: CDBG & ESG Action Plan, proposed community agency funding
May 3	<b>FY 2012 &amp; FY 2013 Proposed Biennial Budget</b>
May 3	Adopt funding allocations and Annual Action Plan for CDBG and ESG
May 17	Public Hearing # 1: Budget and Fees
May/June	Community Meetings
June 7	Public Hearing #2: Budget and Fees
June 14	Council recommendations on budget due to City Manager
June 28	<b>Adopt FY 2012 &amp; FY 2013 Biennial Budget and Tax Rates</b>

# Budget Basics FY 2012 & FY 2013



[www.CityofBerkeley.info/budget](http://www.CityofBerkeley.info/budget)

## Introduction to the FY 2012 & 2013 Budget

“We are focusing on preserving services that provide for the health and safety of residents, maintaining the City’s long-term fiscal health...”

Across the country, families and businesses continue to struggle under the recession that began in Fall 2008. Many state and local governments were forced to cut services almost immediately after markets all over the world began to fall apart.

The City of Berkeley’s budget was more stable and we did not have to take such drastic measures at the time. We were able to maintain services because of a hiring freeze, staff attrition, a reliable property tax base, and voter support for City services.

Since that time, however, other City revenues have declined, costs have continued to rise, and the size of the City government has shrunk. While police

and fire station staffing levels have been maintained, the number of non-uniformed staff has fallen by 10% and many City offices are closed two days a month. Maintaining the previous level of City services has become even more challenging, and we have been monitoring the effect on services throughout the year.

With no economic rebound in site, the City is facing a serious deficit in the FY 2012 & 2013 budget. The effects of the economy and additional State budget cuts may cause this deficit to grow. The economy is still volatile and tax revenues are not improving, which means that stopgap measures can no longer be used to maintain City services and we face difficult choices as a community.

### The City’s Approach

The City Council has made sound fiscal policy decisions that continue to provide a solid budget framework. Those decisions include using one-time revenue for one-time costs (like streets projects) and establishing five-year plans for revenue and spending.

We know that in tough economic times, residents depend on City services. We are focusing on preserving services that provide for the health and safety of residents, maintaining the City’s long-term fiscal health, and providing services efficiently and effectively.

## Public Engagement

The next budget will not be adopted by Council until June 28, 2011, but the conversation has already begun. On October 26, the Council received the Citywide Work Plan, which detailed the services that are currently being provided by City departments. A long and open budget discussion is planned in order for City staff and the Council to receive more input from the public about how the City should cut services or increase revenue to preserve services.

It is critical that the entire community works together to identify both long-term and short-term solutions for the City’s budget, within the framework of the Council budget policies. For information about the budget policies and the budget development calendar, please see the back page of this handout.

## Key Facts and Definitions

### What is a budget?

A budget is a document that is used to plan and control an organization's expected revenue (income) and expenditures (costs and services) for a given period of time, usually one year. In other words, the budget tells the story of what the City plans to do in the coming year. Our budget includes service and spending plans for the many different funds that support services across the City.

### What services does the City provide?

Most City services are directly related to health and safety. Police protection, fire protection, safe roads, and safe sewer and storm water systems are some of the basics, as well as libraries, parks, pools, and recreation programs.

Berkeley also has a Rent Stabilization Board and its own Health department. The City places a high priority on environmental and quality of life issues, and so the budget includes funding for those service areas as well.

### Where does the City of Berkeley get the revenue it spends on services?

The City allocates about \$318 million to provide services to residents every year. The City's revenue comes from a variety of sources, including state and federal funds, local property taxes, fees, and dedicated taxes, like those for the library and parks.

### What is a Fund?

Funds operate a little like separate checking accounts, with different sources of revenue that support different services. The total City budget consists of the General Fund (\$146M) and special funds (\$172M).

### What is a Fiscal Year?

A fiscal year (FY) is a 12-month period that is usually different from the calendar year. In Berkeley, FY 2011 began July 1, 2010 and runs to June 30, 2011.

### What is a Biennial Budget?

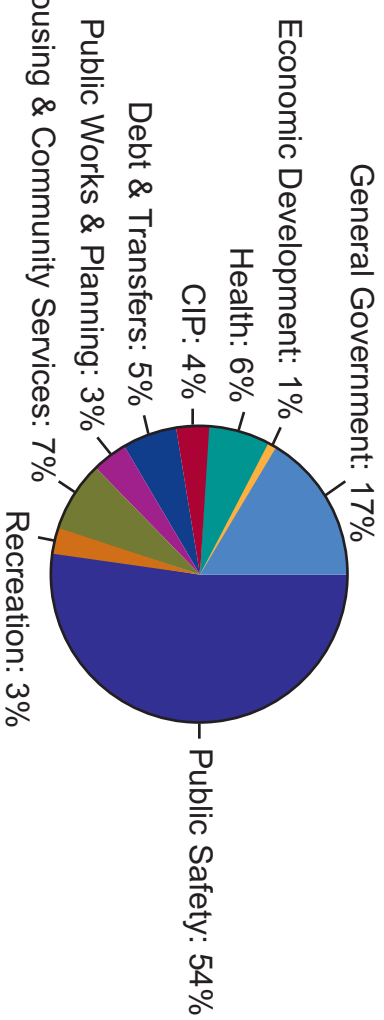
Berkeley is on a biennial budget cycle, which means that the City Council adopts a budget to last two years (although adjustments are made throughout both years). In October 2010, the City Council began developing the FY 2012 & FY 2013 biennial budget.

## The General Fund: \$146 Million

### What is the General Fund spent on?

When people talk about the City's budget, they are usually referring to the General Fund because that's where the City Council has the most discretion to spend. Although the General Fund is not restricted in its use, more than half of it is dedicated to public safety.

## FY 2011 General Fund Expenditures



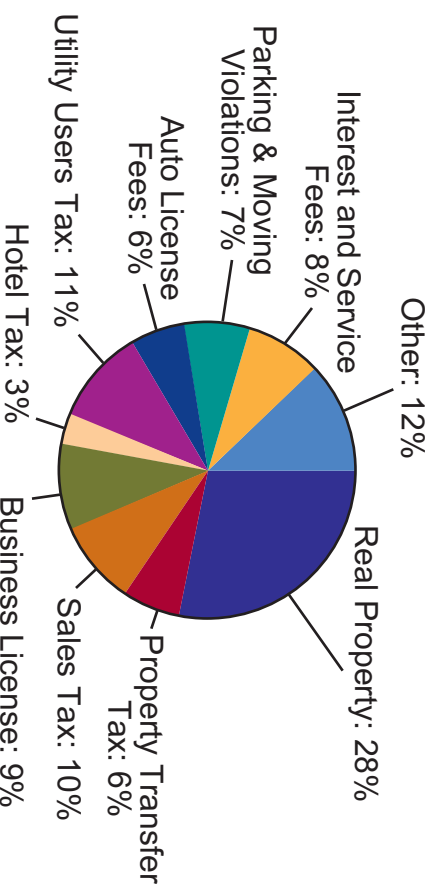
"General Government" includes eight departments: City Manager, City Attorney, City Clerk, Finance, Information Technology, Human Resources, City Auditor, and the Police Review Commission. Those departments are funded almost exclusively by the General Fund and are only 8% of the total City budget. "CIP" = Capital Improvement Projects.

### Where does the General Fund money come from?

The General Fund receives several kinds of revenue, but it's mostly property and sales taxes. Property transfer tax, which is paid upon sale of a property, showed the most dramatic drop in recent years: it fell from \$16.4M in FY 2007 to \$8M in FY 2010, a reduction of more than half.

The sales tax, utility user tax, hotel tax, and business license tax also support the General Fund.

## FY 2011 General Fund Revenue



## Special Funds: \$172 Million Combined

The balance of the City's budget is made up of special funds, of which there are three broad categories. These funds are dedicated to specific services: just because the revenue is dedicated doesn't mean it's guaranteed: special funds also shrink in tough economic times.

**Special Revenue and Grant Funds** are legally restricted to a specific service. For example, Federal transportation funds, state public health funds, and the Parks, Library, and Paramedic Tax Funds.

**Special Assessment Funds** are for the financing of public improvements or services, such as the Clean Storm Water Fund and the Streetlight Assessment District Fund. Those two funds are examples of special funds where the revenues have not kept pace with the cost of delivering the service.

**Enterprise Funds** come from the collection of the fees associated with providing the service or program. For example, the Refuse Fund pays for the pick up and collection of garbage, recycling, and green waste.

Services in this category include the Permit Service Center, the Sanitary Sewer Fund, and the Marina Enterprise Fund.

### Did you know?

Only about 33¢ of your property tax dollar goes to City services. California

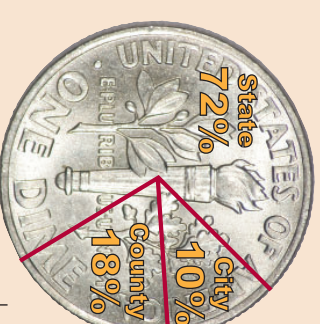
property taxes are set at 1% of the assessed value of the property. The City receives

about a third of every property tax dollar collected in Berkeley, and schools get 43% of every property tax dollar. These proportions have been about the same since 1979.

### Doesn't the City get all the sales tax collected in Berkeley?

No – most sales tax goes to the State. Sales tax in Berkeley is 9.75¢ on every dollar. Of that, the State gets 7¢, the county gets 1.75¢, and the City gets a penny. In some cities, the economic downturn led to tremendous losses in sales tax revenue.

Berkeley's sales tax has decreased, but is expected to remain steady going forward because of our efforts to retain our diverse retail mix. Sales tax is not expected to rebound to prior levels for another couple years.



To learn more about City services, read the Citywide Work Plan at [CityofBerkeley.info/budget](http://CityofBerkeley.info/budget)