



Office of the City Manager

ACTION CALENDAR

November 19, 2019

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Teresa Berkeley-Simmons, Budget Manager
 Subject: FY 2019 Year-End Results and FY 2020 First Quarter Budget Update

RECOMMENDATION

Discuss and determine funding allocations for FY 2020 based on the FY 2019 General Fund Excess Equity and Excess Property Transfer Tax for the following: 1) the General Fund Reserves 2) the Mayor's June 25, 2019, Supplemental Budget Recommendations approved by the Council and 3) the Council's Budget Referrals approved during FY 2020 to be considered in November 2019.

INTRODUCTION

This budget update presents the FY 2019 Year-End (Year-End) results as well as reports on the FY 2020 First Quarter. The FY 2019 Year-End budget summary covers the period starting July 1, 2018, through June 30, 2019 (FY 2019). This report also provides preliminary revenue information for the first quarter of the current fiscal year, 2020. The FY 2020 First Quarter Budget Update covers the period July 1, 2019, through September 30, 2019. The FY 2019 General Fund Year-End balance was \$38.8 million. Amounts restricted, committed, and assigned totaled \$35.5 million. Allocations to the General Fund reserves totaled \$1.2 million¹. The amount of Unassigned Excess Equity totaled \$2.2 million.

The information in this report should be reviewed in conjunction with the Amendment to the FY 2020 Annual Appropriations Ordinance (AAO) also on tonight's agenda. The AAO#1 establishes the expenditure limits by fund for FY 2020. The adopted budget is amended annually to reflect the re-appropriation of prior year funds for contractual commitments (i.e. encumbrances) as well as unencumbered carryover of unexpended funds previously authorized for one-time, non-recurring purposes. These budget modifications are presented to the Council twice a year in the form of an AAO. However, this fiscal year we will present three AAOs to Council for approval.

¹ Starting in FY 2018, to achieve the City's intermediate and long-term Reserves goals, 50% of Excess Equity above the first \$1M is allocated to Reserves. The General Fund Reserve consists of the total of the Stability Reserve and the Catastrophic Reserve.

The first AAO is on tonight's agenda. The second AAO will go to Council in late February or early March. The third and final AAO will go to Council in May.

Included on tonight's agenda is the First Amendment to the FY 2020 Annual Appropriations Ordinance report (AAO#1). The information included in this Year-End report is supplemented by the detailed information included in the AAO#1. Recommendations in the AAO#1 augments the adopted General Fund budget by \$22.2 million. The \$22.2 million includes encumbrances of \$5.5 million, unencumbered carry-over requests of \$4.2 million, and adjustments of \$12.5 million.

CURRENT SITUATION AND ITS EFFECTS

FY 2019 Year-End Summary

General Fund

On June 26, 2018, the City Council adopted the FY 2019 budget (Adopted Budget).² The FY 2019 adopted General Fund revenues were \$184.8 million. The actual FY 2019 year-end General Fund revenues were \$208.5 million.

Included in the FY 2019 Adopted Budget were General Fund expenditures of \$184.3 million. During the fiscal year, there were two Adjustments to the Appropriation Ordinance totaling \$42.2 million, thus the total FY 2019 General Fund adjusted expenditure budget was \$226.5 million³. At the end of FY 2019, \$5.5 million was encumbered and rolled into FY 2020 resulting in an FY 2019 year-end adjusted expenditure budget of \$220.9. Not all of the budgeted funds were expended in FY 2019, so the FY 2019 year-end actual General Fund expenditures were \$212.4 million.

Revenues

At FY 2019 year-end, actual General Fund revenues were \$208.5 million. This was \$23.7 million above the adopted budget of \$184.8 million. The largest contributors to the revenue increase were Property Transfer Tax, which exceeded the budgeted amount by \$7.5 million; Measure P – Transfer Tax⁴, which exceeded the budgeted amount by \$2.9 million, and Business License Tax generated from Measure U1 – Rental Unit Business License Tax⁵, which exceeded the budgeted amount by \$4.8 million. Together, these three revenue streams generated \$15.2 million above the FY 2019 adopted revenues for the General Fund.

² https://www.cityofberkeley.info/Clerk/City_Council/2018/06_June/City_Council_06-26-2018_-_Regular_Meeting_Agenda.aspx (Items 40 & 41)

³ https://www.cityofberkeley.info/Clerk/City_Council/2019/05_May/City_Council_05-28-2019_-_Regular_Meeting_Agenda.aspx (Item #1, Exhibit A)

⁴ https://www.cityofberkeley.info/Clerk/Elections/Ballot_Measure_Archive_Page.aspx

⁵ Business License Tax of five or more units (U1)

Expenditures

Actual FY 2019 General Fund expenditures were \$212.4 million. This was \$28.1 million above the initial adopted budget of \$184.3 million and \$8.4 million below the adjusted budget of \$220.9 million.

The actual General Fund expenditures came in below the adjusted budget due to salary savings and cost of living adjustments that were substantially absorbed by many departments. FY 2019 General Fund salary savings were \$4.0 million. In addition, there were several capital projects that were budgeted but not completed in FY 2019. Funding allocations for ongoing projects are being carried over to FY 2020.

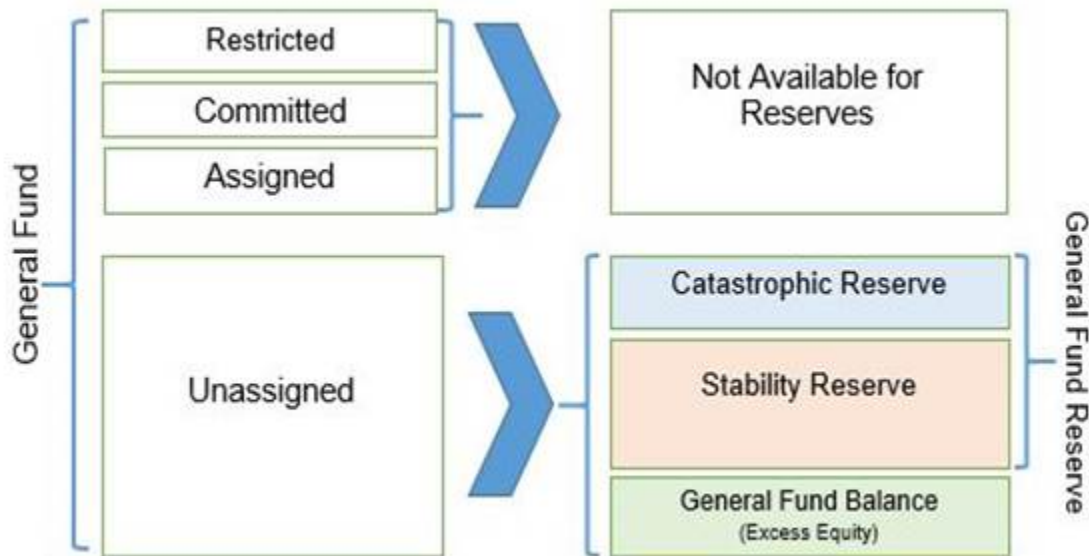
Details of the variances are included in Attachment 3 of this report.
Details of the carryover requests are included in the AAO#1 on tonight’s agenda.

Excess Equity

Starting in FY 2018 to achieve the City’s intermediate and long-term General Fund Reserves goals, 50% of Excess Equity above the first \$1 million is allocated to General Fund Reserves. The chart below illustrates the FY 2019, \$1.16 million reserve calculation as well as the \$2.16 million calculation for the unassigned excess equity.

GENERAL FUND EXCESS EQUITY	
FY 2019 Beginning Balance	\$ 42.75
FY 2019 Revenues	\$ 208.46
FY 2019 Expenditures	\$ (212.45)
Available Balance	\$ 38.77
Less:	
<i>Committed</i>	
Excess Property Transfer Tax	\$ (7.45)
Excess Business License Tax U1*	\$ (8.99)
Encumbered Rollovers (AAO#1)	\$ (5.51)
<i>Assigned</i>	
General Fund Carryover & Adjustments (AAO#1 - Excludes U1**)	\$ (13.50)
Total Committed & Assigned	\$ (35.45)
Excess Equity	\$ 3.32
<i>Allocation to Reserves</i>	\$ 1.16
<i>Unassigned Excess Equity</i>	\$ 2.16
*U1 revenues were \$4.16M (FY18) and \$4.83M (FY19)	
** U1 allocations are discussed later in this report	

The calculation for excess equity is documented in the graphic below.



The graphic above shows the relation between excess equity as well as other restricted, committed, and assigned General Fund monies.

- The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

General Fund Reserve

The General Fund Reserve is distinctly separate from the General Fund Balance (Excess Equity). On January 24, 2017, the City Council established [Resolution No. 67,821](#) – N.S., a policy for the General Fund Reserves.⁶ The General Fund reserves are comprised of two elements: a Stability Reserve and a Catastrophic Reserve.

The Stability Reserve was established to mitigate the loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls. Fifty-five percent of the General Fund Reserve is allocated to the Stability Reserve.

The Catastrophic Reserve was established to sustain the General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event. The Catastrophic Reserve may be used to respond to extreme onetime events, such as earthquakes, fires, floods, civil unrest, and terrorist attacks. Forty-five percent of the General Fund Reserve is allocated to the Catastrophic Reserve.

When the Council adopted the General Fund Reserve Policy the target level established for the Reserve was a minimum of 13.8% of Adopted General Fund Revenues with an Intermediate Goal of a minimum of 16.7% by the end of Fiscal Year 2020, if financially feasible. In addition, the Council adopted a Long-Term Goal of 30% of General Fund revenues, to be achieved within no more than 10 years. The Council demonstrated their commitment to these goals in the policy by assigning 50% of the General Fund Excess Equity above the first \$1 million to be allocated to Reserves. Additional Excess Equity may be allocated to Reserves by a majority vote of the Council. The chart directly below illustrates the FY 2019 allocation of the \$1.16 million distributed to the General Fund Reserves, resulting in an actual Reserves level of 17.43%⁷.

General Fund Reserves	Stability Reserve	Catastrophic Reserve	Reserve %
Beginning Cash Balance - Reserves	\$ 20.25	\$ 16.39	
FY 2019 Allocation to Reserves	\$ 0.64	\$ 0.52	
% Allocation	55%	45%	
Reserve Balance	\$ 20.89	\$ 16.91	
Reserved for Camps Fund - Tuolumne Cam	-	\$ (3.30)	
Ending Cash Balance - Reserves	\$ 20.89	\$ 13.61	17.43%

The allocations to the General Fund reserves are not included in AAO#1.

⁶ <https://www.cityofberkeley.info/recordsonline/export/17153922.pdf>

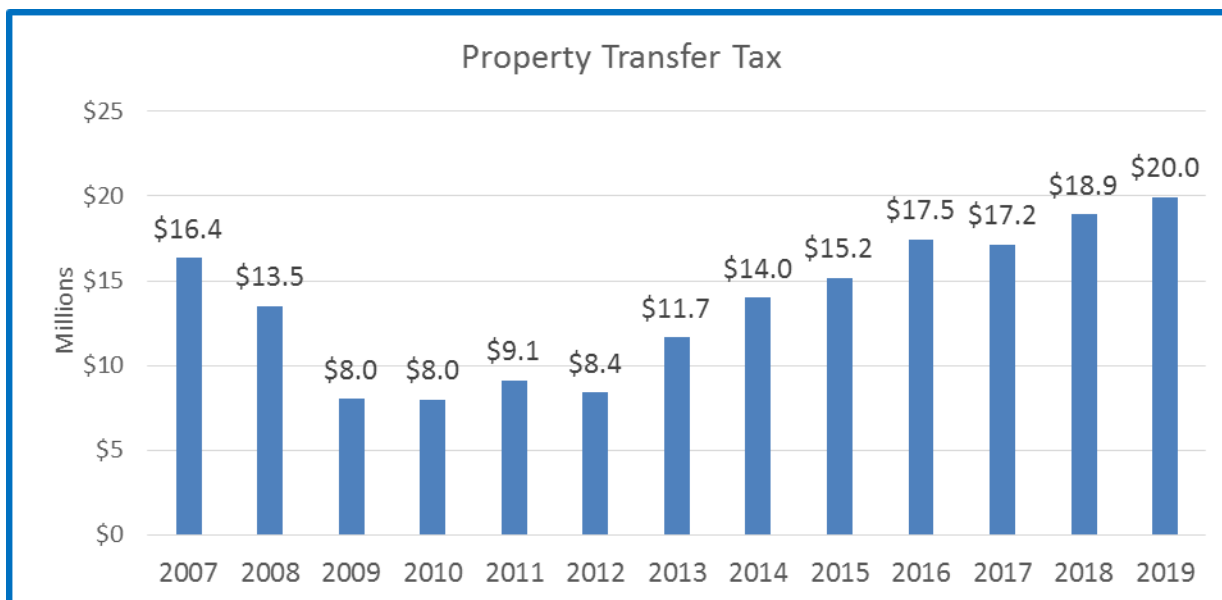
⁷ Based on the FY 2020 Adopted General Fund Revenues of \$198.0 million.

Funding for Capital Improvements

Property Transfer Tax

One of Council’s fiscal policies stipulates that the Property Transfer Tax in excess of the \$12.5 million operating baseline will be treated as one-time revenue to be used for the City’s capital infrastructure needs.

The chart below documents the historical trend of the City’s Property Transfer Tax from FY 2007 through FY 2019.



In FY 2019 the Property Transfer Tax included in the Adopted Budget was \$12.5 million. By year-end, the actual Property Transfer Tax was \$20.0 million. This is \$7.5 million over the \$12.5 million operating baseline threshold established by Council.

Of the \$7.5 million in excess Property Transfer Tax, Council committed \$3.4 million when the budget was adopted on June 25, 2019. Staff is recommending additional one-time allocations totaling \$1.4 million. Thus, the Unassigned Excess Property Transfer Tax is \$2.6 million. The chart below displays the allocations from the FY 2019 Excess Property Transfer Tax. These allocations are included in the AAO#1 on tonight’s agenda.

FY 2019 Property Transfer Tax	
Adopted Property Transfer Tax	\$ 12,500,000
Actual Property Transfer Tax	\$ 19,952,981
Excess Property Transfer Tax	\$ 7,452,981
Excess Property Transfer Tax	\$ 7,452,981
Restricted: Approved by Council 6/25/19	
Relocate PEOs to Marina	\$ 250,000
Software Costs Above ERMA	\$ 120,000
Pedestrian/Bicycle Safety Imprv	\$ 100,000
50/50 Sidewalk (backlog)	\$ 500,000
EV Charging Stations	\$ 600,000
Waterfont Capital Needs	\$ 1,505,000
1.0 FTE Associate Civil Engineer	\$ 143,802
1.0 FTE (Traffic) Engineering Inspector	\$ 80,986
Convert Asst Architect to Asst Eng	\$ 14,643
Convert Sr. Bldg Insp to Sr. Eng Insp	\$ 20,000
1.0 FTE Sr. Mgmnt Analyst 20%	\$ 35,503
Intern	\$ 42,000
Sub-Total	\$ 3,411,933
New Request: AAO#1 11/19/19	
IT Move to 1947 Center St & remodel	\$ 500,000
7th/Anthony Traffice Signal Imprv	\$ 12,380
1951 Shattuck Traffic Signal	\$ 800,000
Convert Temp. Assoc Civil Eng to Perm	\$ 116,260
Sub-Total	\$ 1,428,640
Committed and Assigned Total	\$ 4,840,573
Unassigned Excess Property Transfer Tax	\$ 2,612,408

In prior years the majority of the Excess Property Transfer Tax was used to finance the \$15.1 million required to replace the City's obsolete financial system, FUND\$. However, with the adoption of the FY 2020 budget, funding was available to support other Council priorities projects as noted in the chart above. The \$2.6 million Unassigned Excess Property Transfer Tax should be allocated to one-time Council priority projects.

Enterprise Resource Planning (ERP) Software (FUND\$ Replacement)

The total estimated cost for the FUND\$ Replacement project was \$15.1 million. This estimate was for work orders, business licensing, facilities and fleet management, performance evaluation, and refuse billing software solutions. Additionally, staff determined that there is a need to implement performance evaluation software and there will be some current solutions that will no longer work with a new ERP and will also require replacement. The solutions for these services will either be through the expansion of the ERP system or an additional technology-based service for staff to maintain the service we deliver currently. The \$15.1 million costs also included 8.3 dedicated ERP implementation staff for three years.

In November 2018 the City launched Phase IA which included Chart of Accounts / General Ledger, Requisition, Purchase Orders, Contracts, Project Ledger, Accounts Payable Modules. In January 2019, the City began working on the Phase 1B Payroll and HR modules which are expected to go-live on July 1, 2020. This goal requires four consecutive successful parallel runs to test the new system. In parallel, the City is working with Tyler to develop a timeline for Phase 1C which includes launching Budget prep, Accounts Receivables, General Billing and Cashiering in FY 2021.

Project Challenges - The team started with dedicated team members. However, the project team had few setbacks with staffing challenges due to retirements and staff moving on to new roles within the organization. Mitigation plans include contracting with an outside project manager to assist with go-live and project implementation. Both positive and negative lessons learned from Phase 1A have been documented. Due to the age of the existing financial system, data conversion was a challenge and a significant portion of the data needed to be converted manually. These challenges are being addressed, and a new project plan is being developed including the additional requirements from the lessons learned from Phase 1A.

There are additional costs associated with the FUND\$ Replacement project in the amount of \$1,250,000⁸ for FY 20. These additional costs are included in AAO#1 on tonight's agenda and are described below:

Additional Staffing - City Auditors Office	\$ 30,000.00
Additional Server Environment for 2017 to 2019 upgrade	\$ 34,000.00
NEW - Expense Reimbursement Module	\$ 180,000.00
Additional Project Management / Implementation Services	\$ 616,000.00
Additional Consulting - HR Payroll	\$ 100,000.00
Data Integrations / Data Conversion	\$ 290,000.00

⁸Note There will be additional expenses in FY 2021 through FY 2023 which will be brought back to Council as the Phase2 Projects go through implementation.

The implementation of the new system provides the City with a suite of modern software that will work in harmony to support efficiency and transparency in our work and allow staff to dedicate more time addressing community priorities.

Workers' Compensation Repayment for Purchase of University Avenue Property
The City appropriated \$6.7 million from the Workers' Compensation Fund for the Acquisition of Real Property at 1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street (formerly Premier Cru) with the purpose of redeveloping the majority of the site for below market-rate housing. In addition, a portion of the property was identified for use as an interim City Council Chamber with a seating capacity of 150-200 persons. Meetings of the City Council, the Rent Board, and the Zoning Adjustments Board would utilize the interim Council Chamber.⁹

Proposed repayment to the Worker's Compensation fund was to be made with revenue generated from a combination of the Business License Tax of five or more units (U1) and excess Property Transfer Tax. The proposed repayment schedule is illustrated below.

Summary of Proposed Funds for Repayment

Total Purchase Price: \$6,650,000

Repayment Source	Principal Repayment Amount	Percent of Purchase Price
General Fund Excess Property Transfer Tax	\$ 2,000,000	30%
Measure U1 Business Tax Revenue	\$ 4,650,000	70%

Annual Repayment Amounts by Source (with interest)

Total Repayment Amount: \$6,765,575

Repayment Source	General Fund Excess Property Transfer Tax*	Measure U1 Business Tax Revenue**
FY 2017-18	406,952	946,163
FY 2018-19	406,952	946,163
FY 2019-20	406,952	946,163
FY 2020-21	406,952	946,163
FY 2021-22	406,952	946,163
Total	\$2,034,760	\$4,730,815

* Total General Fund excess Property Transfer Tax has averaged \$5.8 million over the last two years.

** Total Measure U1 Business Tax revenue is estimated at \$3 million annually.

⁹ https://www.cityofberkeley.info/Clerk/City_Council/2017/03_Mar/City_Council_03-28-2017_-_Regular_Meeting_Agenda.aspx (Item #32)

Included in the AAO#1 on tonight’s agenda is a \$406,952 General Fund allocation to repay the Workers’ Compensation Fund for the portion of the property that will be used for the Council Chambers. There is also a \$946,163 allocation from U1 to pay for the remainder of the property proposed for below market-rate housing. Additional U1 funding allocations are shown in the chart below.

FY 2019 Measure U1	
Actual U1 Revenues	\$ 5,828,443
Actual U1 Expenditures	\$ 1,995,280
Excess U1 Revenues	\$ 3,833,163
Excess U1 Revenues	\$ 3,833,163
Committed: New Request AAO#1 11/19/19	
2001 Ashby Avenue*	\$ 368,000
HTF Predevelopment Applications*	\$ 1,750,000
Measure O Staff Person	\$ 167,212
Worker's Comp Fund (Premier Cru)	\$ 946,163
Reserve for 2001 Ashby Avenue approved by Reso 68,824 by Council on 4/23/19. Reserve for HTF Predevelopment Applications approved by Council on 10/29/19.*	
Committed Total	\$ 3,231,375
Available Excess FY 19 U1 Revenue	\$ 601,788

Other Funding Needs For Council's Consideration**Excess Transfer Occupancy Tax (Short Term Rentals)**

Included in Council's fiscal policies is the methodology to allocate General Fund revenues generated from Short Term Rentals. Starting in FY 2018, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with primary allocation of the rental tax to the purposes listed below:

- Two thirds (66.7%) allocated to the Affordable Housing Trust Fund.
- One third (33.3%) allocated to the Civic Arts Grant Fund.

In order to facilitate the Civic Arts Grant Funding allocation process, Council reset the Civic Arts Grants Funding allocation to \$500,000 as part of the FY 2020 and FY 2021 Biennial Budget adoption in June. This would ensure that a baseline of \$500,000 was available for allocation and would eliminate the allocation delay resulting from the excess Short-Term Rentals November calculation. However, in order to fund the Civic Arts Grant to the \$500,000 level in June, funding allocations to other critical City functions were deferred.

Included in the FY 2019 Adopted budget was \$840,000 of General Fund revenue from short-term rentals. The actual revenue was \$1.8 million. The excess over the budgeted amount was \$990,983. One-third of the excess is \$327,024. Two-thirds of the excess is \$654,049. These allocations are currently not included in AAO#1.

Council's Fiscal Policies are scheduled to be discussed and reviewed by the Budget and Finance Policy Committee. The policy tied to the Short-Term Rentals will be part of that discussion.

Unfunded Liabilities

On April 4, 2017, there was a Council Worksession in which the City's outside actuary presented the [Projections of Future Liabilities - Options to Address Unfunded Liabilities Tied to Employee Benefits](#). The actuary provided several options for Council's consideration that would reduce the City's unfunded liabilities tied to post-employee benefits. Included in the recommendations were the following:

- Investing for the long-term to generate more earning to meet long-term funding targets,
- Increase annual contribution by approximately \$4.5 million per year and fully pre-fund the plans, and
- Establish an irrevocable supplemental trust for CalPERS to stabilize the increasing employer contribution rates.

On June 26, 2018, Council authorized the City Manager to establish an IRS Section 115 Pension Trust Fund (Trust) to be used to help pre-fund pension obligations¹⁰. On May 14, 2019, Council authorized the City Manager to execute a contract with Keenan Financial Services to establish, maintain, and invest the pension Section 115 Trust¹¹. To date, Council has allocated \$9.1 million to fund the Trust, which consists of the following:

- ✓ \$4 million set aside in the PERS Savings Fund
- ✓ \$4 million allocated by Council in November 2018
- ✓ \$1.1 million discount the City saved by prepaying the FY 2019 unfunded liability payments required by CalPERS

Ongoing funding of the Trust has not yet been identified and is needed to ensure continuity of services as the City's pension contributions increase. As the Budget and Finance Policy Committee review Council's Fiscal Policies, a policy to identify ongoing funding of the Trust will be part of that discussion. No additional funding of the Trust is included in the AAO#1 on tonight's agenda. However, Council may vote to allocate additional Excess Equity to fund the Trust.

Negotiations with Labor

As a service organization, the majority of the City's costs are tied to staffing. Salary and benefit costs made up approximately 55% of the citywide budget on an All Funds basis and 74% of the General Fund operating budget. As such, labor costs are a major factor for budgetary stability. All 7 of the labor contracts are scheduled to expire June 2020.

The City treats employees fairly and equitable and also has a policy of minimizing the layoff of career employees. Controlling expenditures has been, and will continue to be a necessity in managing the City's budget, and labor costs are a critical factor in that approach. Last year Council set aside \$1.5 million of the FY 2018 Excess Equity to address the impacts of the COLAs. Currently, there is no set aside in the FY 2020 AAO#1 on tonight's agenda to address future negotiations.

Council Budget Referrals Deferred for Consideration in November 2019

On June 25, 2019, Council referred the following Supplemental Budget Recommendations to the budget process for consideration in November 2019. Funding for these budget referrals is not included in AAO#1.

¹⁰ https://www.cityofberkeley.info/Clerk/City_Council/2018/06_June/Documents/2018-06-26_Item_19_Authorization_to_Establish_IRS.aspx

¹¹ https://www.cityofberkeley.info/Clerk/City_Council/2019/05_May/City_Council_05-14-2019_-_Regular_Meeting_Agenda.aspx (Item #5)

For Funding Consideration - November 2019

Item #	Department/ Program	Fund Name	Description	FY 2020 Amount	FY 2021 Amount
1	HHCS	Excess Equity or Measure P	Youth Spirit Artworks Tiny House Village Services	78,000	-
2	Public Works/Fire	Excess Property Tax or Excess Equity	Outdoor Emergency Warning System	1,100,000	-
3	Public Works	Excess Property Tax or Excess Equity	Traffic Light at University/Acton (up to)	400,000	
4	Public Works	Excess Property Tax or Excess Equity	RRFP Light at San Pablo and Addison	100,000	
5	Public Works	Excess Property Tax or Excess Equity	Traffic Calming at MLK and Stuart Street (up to)	400,000	
6	Public Works/ Transportation	Excess Equity	Traffic Study on Alcatraz Avenue (unknown)	unknown	-
For Funding Consideration - November 2019 Total				2,078,000	-

In addition, between June 25, 2018, and November 19, 2019, there were 22 Council items referred to the budget process for consideration in November 2019. These budget referrals are listed below.

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
1. Budget Referral: Remediation of Lawn Bowling, North Green and Santa Fe Right-of-Way, FY2020-2021 ¹²	June 25, 2019	Refer to the FY20 (2020/2021) RRV Budget Process for consideration of at least \$150,000 and up to remediate the Lawn Bowlers, North Green and Santa Fe Right-of Way in advance of Request for Proposal (RFP) for these areas that potentially could provide much needed affordable alternative housing.	\$150,000	Davila
2. Adopt an Ordinance adding a new Chapter 12.80 to the Berkeley Municipal Code Prohibiting Natural Gas Infrastructure in New Building ¹³	July 9, 2019	Refer to the November 2019 budget process for consideration of up to \$273,341 per year to fund a new career position in the Building & Safety Division of the Department of Planning and Development. The staff person will assist with implementing the gas prohibition ordinance and reach codes, and perform other duties as specified in the Financial Implications section of this item	\$273,341	Harrison, Davila, Bartlett and Hahn
3. Funding the Pavement of Derby Street Between Telegraph Avenue and Shattuck Avenue ¹⁴	September 10, 2019	Refer to the budget process for the paving of Derby St. between Shattuck Ave. and Telegraph Ave. in order to repair deteriorating street that serves as a part of major commuter corridor.	\$1.6 million for pavement reconstruction Per 2017 Bicycle Plan: \$60,000 for traffic diverter at Fulton \$360,000 for Ped. Hybrid Signal at Shattuck	Bartlett

¹² https://www.cityofberkeley.info/Clerk/City_Council/2019/07_Jul/Documents/2019-07-09_Item_21_Adopt_an_Ordinance_adding_a_new.aspx

¹³ https://www.cityofberkeley.info/Clerk/City_Council/2019/06_June/Documents/2019-06-25_Item_38_Budget_Referral_Remediation_of_Lawn.aspx

¹⁴ https://www.cityofberkeley.info/Clerk/City_Council/2019/09_Sep/Documents/2019-09-10_Item_44_Pavement_of_Derby_Street_and_Ward.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
4. Funding the Construction of a Pedestrian Signal at Ashby Street and Fulton Street ¹⁵	September 10, 2019	Refer to the November budget AAO process for the construction of a pedestrian crossing signal at the intersection of Ashby and Fulton St. in order to reduce traffic accidents, and further safeguard the community.	\$400,000 - \$800,000	Bartlett
5. Funding for Pedestrian Crossing Signal at Intersection of Shattuck and Prince ¹⁶	September 10, 2019	Refer to the November Budget Annual Appropriations Ordinance to fund pedestrian crossing signals on all directions of the Shattuck Avenue and Prince Street intersection in order to address inadequate traffic control and ensure the safety of travelers along these streets.	\$400,000 - \$800,000	Bartlett
6. Funding Streetlight Near South East Corner of Otis Street ¹⁷	September 10, 2019	Council refers to the City Manager to fund construction of a streetlight on the corner of Otis near Ashby.	\$10,000 to \$20,000	Bartlett

¹⁵ https://www.cityofberkeley.info/Clerk/City_Council/2019/09_Sep/Documents/2019-09-10_Item_45_Funding_the_Construction_of_a_Pedestrian.aspx

¹⁶ https://www.cityofberkeley.info/Clerk/City_Council/2019/09_Sep/Documents/2019-09-10_Item_46_Funding_for_Pedestrian_Crossing_Signal.aspx

¹⁷ https://www.cityofberkeley.info/Clerk/City_Council/2019/09_Sep/Documents/2019-09-10_Item_47_Funding_Streetlight_Near_South_East.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
7. RFP for a Freestanding Public restroom Facility ¹⁸	September 24, 2019	Refer to the budget process to set aside up to \$100,000 to issue an RFP for a freestanding, 24/7 public restroom facility in the Telegraph Business Improvement District.	\$100,000	Robinson
8. Grant referral for Capoeira Arts Foundation ¹⁹	October 15, 2019	Refer a Grant of \$150,000 for the benefit of the Capoeira Arts Foundation (CAF) to the mid-year budget process to support their purchase of the Casa De Cultura-1901 San Pablo Ave-in partnership with BrasArte to create a permanent home for their organizations, their school, the United Capoeira Association (UCA) Berkeley, and for other Brazilian art forms.	\$150,000	Arreguin, Kesarwani and Davila

¹⁸ https://www.cityofberkeley.info/Clerk/City_Council/2019/09_Sep/Documents/2019-09-24_Item_28_Budget_Referral_RFP_for_a_Freestanding_Public.aspx

¹⁹ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-15_Item_18_Grant_Referral_for_Capoeira_Arts.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
9. Health Impact Assessment Outreach Coordinator²⁰	October 15, 2019	Refer to the Mid-Year Budget Process an amount of \$25,000 for Berkeley's contribution towards a budget of \$50,000 to support an Outreach Coordinator for the purpose of community education about the health impacts associated with the proposed closure of Alta Bates Hospital as indicated in the Health Impact Analysis completed by the Institute of Urban and Regional Development, UC Berkeley in December 2018.	\$25,000	Arreguin, Harrison, and Droste
10. RFP for a Freestanding Public restroom Facility²¹	October 15, 2019	<i>Continued from September 24, 2019 Council Meeting</i>		Robinson
11. Berkeley Age-Friendly Continuum²²	October 29, 2019	Refer to the mid-year budget process \$20,000 for the Berkeley Age-Friendly Continuum.	\$20,000	Mayor Arreguin and Bartlett

²⁰ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-15_Item_19_Health_Impact_Assessment_Outreach.aspx

²¹ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-15_Item_28_Budget_Referral_RFP_for_a_Freestanding.aspx

²² https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-29_Item_14_Budget_Referral_Berkeley_Age-Friendly.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
12. Funding Illegal Dumping Component of “Clean & Livable Commons Initiative” ²³	October 29, 2019	Refer to the November budget process consideration for providing \$200,000 to fund a key component of the “Clean & Livable Commons Initiative” unanimously passed by the City Council on February 28, 2019.	\$200,000	Kesarwani, Harrison, and Mayor Arreguin
13. Allocate \$27,000 from the General Fund to Secure Potential Matching State Certified Local Government Landmarks Preservation Grants ²⁴	October 29, 2019	Refer to the FY 2021 November Budget Process to allocate \$27,000 from the General Fund to secure potential matching state Certified Local Government landmarks preservation grant.	\$27,000	Harrison and Hahn
14. Budget Referral and Approving Installation of Cameras at Ohlone Park Mural ²⁵	October 29, 2019	Refer \$6,000 to the FY20 November 2019 AAO Process for the purpose of purchasing and installing a surveillance camera.	\$6,000	Harrison and Kesarwani

²³ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-29_Item_16_Budget_Referral_Funding_Illegal_Dumping.aspx

²⁴ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-29_Item_21_Budget_Referral_Allocate_27,000.aspx

²⁵ https://www.cityofberkeley.info/Clerk/City_Council/2019/10_Oct/Documents/2019-10-29_Item_24_Budget_Referral_and_Approving_Installation.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
15. Wildfire Mitigation Mid-Year Budget Referral ²⁶	November 12, 2019	Refer to the Mid-Year Budget Process an amount of \$550,000 for wildfire mitigation measures, including the removal of fire fuel on City properties and the extension by six additional months of the Fire Captain position to provide wildfire safety planning, Safe Passages implementation, and oversight of mitigation programs and public education.	\$550,000	Wengraf
16. BART Station Environmental Planning ²⁷	November 12, 2019	Refer to the budget process \$250,000 for BART station planning. This budget allocation will allow the initiation of environmental review required as part of developing and adopting zoning for the Ashby and North Berkeley BART Stations that is in conformance with Assembly Bill 2923.	\$250,000	Mayor Arreguin

²⁶ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_20_Wildfire_Mitigation_Mid-Year_Budget.aspx

²⁷ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_12_Budget_Referral_BART_Station.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
17. Additional funding to Enhance Services at the Berkeley Drop-In Center ²⁸	November 12, 2019	Refer to the November Budget Annual Appropriations Ordinance to fund \$210,000 to enhance services at the Berkeley Drop-In Center, specifically for the installation of a public shower, installation of washer and dryer, renovation of the existing publicly accessible restroom, and additional payee service capacity.	\$210,000	Bartlett
18. Expansion of Homeless Navigation Facilities and Programs ²⁹	November 12, 2019	Refer to the budget process to allocate funds to establish a third sleeping unit and additional facilities as needed to increase capacity at the STAIR Center, and to fund operational and programmatic needs.	unknown	Hahn and Mayor Arreguin
19. Transportation to Support Mobility-Impaired Individuals Experiencing Homelessness who are Engaged in Rehousing and other Services ³⁰	November 12, 2019	Refer to the budget process to allocate funds to provide transportation for mobility-impaired individuals experiencing homelessness who are engaged with rehousing and other services through the STAIR Center, The Hub, or other City of Berkeley-funded homeless services	unknown	Hahn and Mayor Arreguin

²⁸ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_15_Additional_Funding_to_Enhance_Services.aspx

²⁹ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_19_Budget_Referral_Expansion_of_Homeless.aspx

³⁰ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_19_Budget_Referral_Expansion_of_Homeless.aspx

Title and Item #	Council Date	Description (Purpose)	Amount	Referred by: Council Member Name
20. Evaluation and Implementation of Pedestrian and Bicycle Safety Along Oxford Street ³¹	November 12, 2019	Refer \$75,000 to the FY20 2019 AAO Process for the purpose of assessing, identifying, and implementing improvements to pedestrian and bicycle safety across Oxford Street, particularly between University Avenue and Bancroft Street.	\$75,000	Harrison
21. Additional funding for Berkeley Community Gardening Collaborative/ Moving South Berkeley Forward ³²	November 12, 2019	Refer to the November Budget AAO to fund \$10,582.06 to Berkeley Community Gardening Collaborative for a coordinator for the year-long Moving South Berkeley Forward project	\$10,582	Bartlett and Mayor Arreguin
22. BigBelly Trash Receptacles in Ohlone Park ³³	November 19, 2019	Refer \$15,000 to the November 2019 Annual Appropriations Ordinance Budget Process to purchase two BigBelly trash receptacles for Ohlone Park.	\$15,000	Harrison
TOTAL			\$5,701,923	

Funding for these budget referrals is not included in AAO#1.

³¹ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_17_Budget_Referral_Evaluation_and_Implementation.aspx

³² https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_16_Additional_funding_for_Berkeley.aspx

³³ https://www.cityofberkeley.info/Clerk/City_Council/2019/11_Nov/Documents/2019-11-12_Item_16_Additional_funding_for_Berkeley.aspx

All Funds

On an All Funds basis, the City finished FY 2019, \$86.8 million (15%) under the adjusted budget. These fund balances are largely dedicated to projects, capital improvements that have not yet been completed, and personnel cost savings. For example, \$32.0 million is in the Department of Public Works. A sampling of the \$32 million underspending includes the following:

- \$5.80 million is tied to the Sewer Fund: \$1.9 million in personnel savings due to vacancies, \$3.7 million in continuing and deferred sewer projects scheduled for completion in FY 2020
- \$4.9 million is tied to the Capital Improvement Fund: \$0.6 million in salary savings and \$3.9 million in project fund carryover for transportation, street, facilities project funds to FY 2020 due to project timing, including ADA Transition Plan, Shattuck Reconfiguration, FY 19 Street Rehab and FY 19 Sidewalk Repair projects.
- \$3.1 million is tied to the State Transportation Tax: \$0.8 million in salary savings and \$2.3 million in project funding for various street and storm drain program projects continued for completion in FY 2020.
- 3.6 million is tied to T1: \$3.6 million in carryover for various T1 projects begun in FY 2019 with work continuing into FY 2020
- \$2.9 million is tied to the Equipment Replacement Fund to replace purchases initially scheduled for FY 2019 that will be completed in FY 2020.

In addition, the Department of Health Housing and Community Services had \$13.2 million in underspending primarily as a result of funds allocated to projects and programs not fully expended by the end of the fiscal year that will be carried forward to FY 2020, new positions being filled after the start of the fiscal year and vacancies throughout the department. Of the \$13 million, approximately \$3.5 million was accumulated in the Housing Trust Fund to be disbursed for various Housing Development projects at a later date, almost \$1.5 million were CDBG funds committed to programs that were not expended during the fiscal year and will be carried forward, and over \$2 million in unspent Mental Health Service Act Funds budgeted for the renovation of the Mental Health Adult Clinic and the new MH Wellness Center.

Information Technology had \$11.6 million in underspending due to General Fund, FUNDS\$ Replacement Funds, and the IT Cost Allocation Fund not being fully spent in FY 2019. These funds will be carried over to FY 2020.

Parks Recreation and Waterfront had \$13.0 million in underspending due to personnel savings and unexpended project funds in the Playground Camp, Parks Tax Fund, Measure WW Parks Bond Grant Fund, Capital Improvement Fund, and Measure T1 Fund. Only certain unspent project funds will be carried over to FY 2020.

Planning had \$4.1 million in underspending as a result of the FEMA Funds for the Hazard Mitigation Grant Program not being fully spent in FY 2019. The FY 2019 budget was based on an estimate of seismic retrofit grants that we may be required to pay through the funding received from the FEMA grant. Actual grant funding requests were much lower than anticipated. However, Planning may make revisions this year for the FY 2020 FEMA budget if they get better estimates. The Permit Service Center Fund also had personnel and non-personnel savings of \$2.2 million in FY 2019

Finally, the Library Fund had underspending of \$4.9 million from unexpected delays to the Central Library Improvement Project. The Central Library capital improvement project did not advance to construction as was expected. Budgeted savings were realized from design, engineering, construction time lags, and personnel costs.

Attachment 1 provides information on the FY 2019 Year-End General Fund Revenues and includes a variance analysis.

Attachment 2 provides information on unspent FY 2019 Year-End Expenditures. Additional detailed information on unspent funds can be found in the AAO#1 on tonight's agenda.

FY 2020 First Quarter Summary

General Fund Revenues

The first quarter review focuses primarily on the major General Fund revenue fluctuations, and changes that have occurred that might significantly impact future projections. FY 2020 General Fund revenues are tracking slightly over what was received during the same period in FY 2019. During the first quarter of FY 2020, we received 17.46% of the adopted revenues compared to 16.09% received in FY 2019. Staff will present more refined revenue projections based on additional information during the mid-year update.

Several of the underlying revenue assumptions for FY 2020 are sensitive to economic changes. Staff will continue to monitor these revenue streams and report on the impact of economic changes on revenue projections. For additional information on the First Quarter General Fund Revenues please see Attachment 3.

General Fund Expenditures

General Fund expenditures are currently tracking within budget. Staff will continue to monitor the budget and report back at mid-year on the impacts of the key challenges discussed earlier in this report.

Attachment 3 provides additional information on the FY 2020 First Quarter General Fund Revenues and includes a variance analysis

Attachment 4 provides additional information on the FY 2020 First Quarter Expenditures by department and includes a variance analysis

Next Steps

Staff will present second-quarter revenue and expenditure projections at the FY 2020 mid-year update in March 2020.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City's environmental sustainability goals and requirements.

CONTACT PERSON

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Henry Oyekanmi, Finance Director, Department of Finance, 981-7300
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Attachments:

- 1: FY 2019 Year End General Fund Revenues
- 2: FY 2019 Year End General Fund and All Funds Expenditures
3. FY 2020 1st Quarter General Fund Revenues
4. FY 2020 1st Quarter General Fund and All Funds Expenditures

General Fund Revenue for FY 2019 and Comparison with FY 2018

Revenue Categories	FY 2019				FY 2018				Comparison FY19 vs FY18	
	Adopted	Actual	Variance	% Received	Adopted	Actual	Variance	% Received	Amount	%
	(a)	(b)	c= (b) - (a)	(d) = (b)/(a)	(e)	(f)	g= (f) - (e)	(h) = (f)/(g)	(i) = (b) - (f)	(j) = (i)/(f)
Secured Property	\$57,966,998	\$59,178,773	\$1,211,775	102.09%	\$50,018,636	\$56,038,218	\$6,019,582	112.03%	3,140,555	5.60%
Redemptions -Regular	668,140	590,395	(77,745)	0.88	1,443,800	680,975	(762,825)	47.17%	(90,580)	-13.30%
Supplemental Taxes	1,400,000	2,174,903	774,903	1.55	1,100,000	2,237,649	1,137,649	203.42%	(62,746)	-2.80%
Unsecured Property Taxes	2,500,000	2,878,275	378,275	1.15	2,767,684	2,687,198	(80,486)	97.09%	191,077	7.11%
Property Transfer Tax	12,500,000	19,952,981	7,452,981	1.60	12,500,000	18,911,368	6,411,368	151.29%	1,041,613	5.51%
Property Transfer Tax-Measure P	0	2,932,313	2,932,313		0	0	0		2,932,313	
Sales Taxes	18,140,977	18,663,550	522,573	1.03	18,000,000	17,435,591	(564,409)	96.86%	1,227,959	7.04%
Soda Taxes (new in May 2015)	1,500,000	1,547,349	47,349	1.03	1,721,456	1,457,003	(264,453)	84.64%	90,346	6.20%
Utility Users Taxes	15,000,000	13,973,744	(1,026,256)	0.93	14,282,375	14,828,120	545,745	103.82%	(854,376)	-5.76%
Transient Occupancy Taxes	7,800,000	7,995,188	195,188	1.03	8,769,633	7,664,473	(1,105,160)	87.40%	330,715	4.31%
Short-term Rentals	840,000	1,830,983	990,983	2.18	800,000	1,053,815	253,815	131.73%	777,168	73.75%
Business License Tax, ex Recr. Cannabis	18,360,000	19,848,803	1,488,803	1.08	17,651,191	19,878,912	2,227,721	112.62%	(30,109)	-0.15%
Recreational Cannabis	500,000	1,168,794	668,794	2.34	0	0	0	-	1,168,794	-
U1 Revenues	1,000,000	5,828,443	4,828,443	5.83	650,000	5,161,615	4,511,615	794.09%	666,828	12.92%
Other Taxes	1,889,800	1,688,101	(201,699)	0.89	1,466,381	933,462	(532,919)	63.66%	754,639	80.84%
Vehicle In-Lieu Taxes	12,381,128	12,540,784	159,656	1.01	10,320,402	11,822,917	1,502,515	114.56%	717,867	6.07%
Parking Fines-Regular Collections	5,818,123	6,002,211	184,088	1.03	6,299,322	6,376,463	77,141	101.22%	(374,252)	-5.87%
Parking Fines-Booting Collections	200,000	211,913	11,913	1.06	204,000	231,538	27,538	113.50%	(19,625)	-8.48%
Moving Violations	235,000	177,824	(57,176)	0.76	239,770	188,443	(51,327)	78.59%	(10,619)	-5.64%
Ambulance Fees	4,613,194	4,424,808	(188,386)	0.96	4,823,720	4,343,453	(480,267)	90.04%	81,355	1.87%
Interest Income	2,500,000	4,334,404	1,834,404	1.73	2,211,000	3,636,989	1,425,989	164.50%	697,415	19.18%
Franchise Fees	1,984,643	1,821,316	(163,327)	0.92	1,955,314	2,009,931	54,617	102.79%	(188,615)	-9.38%
Other Revenues	7,620,152	8,116,908	496,756	1.07	5,916,158	9,121,889	3,205,731	154.19%	(1,004,982)	-11.02%
IDC Reimbursement	4,952,317	5,223,725	271,408	1.05	4,553,189	6,149,619	1,596,430	135.06%	(925,894)	-15.06%
Transfers	4,385,568	5,356,132	970,564	1.22	5,197,771	5,792,575	594,804	111.44%	(436,443)	-7.53%
Total Revenue:	\$184,756,040	\$208,462,620	\$23,706,580	112.83%	\$172,891,802	\$198,642,216	\$25,750,414	114.89%	\$9,820,404	4.94%

Note: This statement is presented on a budgetary basis.

During FY 2019, General Fund revenues and transfers increased \$9,820,404 or 4.94%, from \$198,642,216 in FY 2018 to \$208,462,620 in FY 2019.

The following FY 2019 review focuses primarily on the major revenue fluctuation.

Secured Property Tax (+\$3,140,555 over FY 2018 Actual)

During FY 2019, Secured Property Tax revenues totaled \$59,178,773 which was \$3,140,555 or 5.60% more than the \$56,038,218 received for FY 2018. The FY 2019 total of \$59,178,773 is \$1,211,775 more than the adopted budget amount of \$57,966,998. The growth in annual property tax revenues is generally close to the growth in annual assessed values. Differences between the two result primarily from reassessment refunds and changes in delinquency rates

Property Transfer Tax (+\$1,041,613 over FY 2018 Actual)

For FY 2019, Property Transfer Tax revenue totaled \$19,952,981, which is an increase of \$1,041,613 or 5.51% from the \$18,911,368 received in FY 2018. The amount of \$19,952,981 received in FY 2019 was \$7,452,981 more than the adopted budget amount of \$12,500,000. The number of property transactions decreased by 80 or 8.60% from 926 in FY 2018 to 846 in FY 2019. The decline in property transactions in FY 2019 was more than offset by a greater number of properties that sold for more than \$4 million in FY 2019 than in FY 2018 (15 transactions with an average sales price of \$13.1 million in FY 2019 versus 11 transactions with an average sales price of \$7.1 million in FY 2018).

This revenue source is budgeted at \$12.5 Million as any excess above that amount is transferred to the reserve fund and the Capital Improvement Fund the following fiscal year.

Sales Tax (+\$1,227,959 over FY 2018 Actual)

For FY 2019, Sales Tax revenue totaled \$18,663,550, which is \$1,227,959 or 7.04% more than the \$17,435,591 received in FY 2018. The amount of \$18,663,550 received in FY 2019 was \$522,573 more than the adopted budget amount of \$18,140,977. However, the apparent big jump in revenue in FY 2019 was actually a misallocation of revenues between FY 2018 and FY 2019. When the California Department of Tax and Fee Administration (Formerly State Board of Equalization) changed the allocations from three advances and a cleanup to two advances and a cleanup, they underpaid most cities' Sales Tax revenue in the first quarter of FY 2018. This was because CDTFA had issues with the processing of payments. As a result, Berkeley was underpaid \$555,600 in Sales Tax revenue in FY 2018 and that amount was paid during FY 2019. For that reason, staff is projecting a decline of 2.28%, rather than an increase, in Sales Tax revenue in FY 2019.

Utility Users Taxes (-\$854,376 under FY 2018 Actual)

UUT revenue in FY 2019 decreased by \$854,376 or 5.76%, to \$13,973,744 from the \$14,828,120 received in FY 2018. The \$13,973,744 collected in FY 2019 was \$1,026,256 or 6.84% less than the adopted budget amount of \$15,000,000.

The decrease in FY 2019 is primarily attributable to a \$302,633 or 14.20% decrease in Cellular charges, a \$403,178 or 4.30% decrease in Gas/Electric charges, and a \$100,971 or 7.50% decrease in Cable charges.

Transient Occupancy Tax (+\$330,715 over FY 2018 Actual)

Transient Occupancy Tax (TOT) revenue for FY 2019 totaled \$7,995,188 which is \$330,715 or 4.31% more than the \$7,664,473 received in FY 2018. The FY 2019 results reflect a rebound from a continuing slowdown in the growth rate of the City's major hotels. The increase resulted from the five largest hotels showing an increase in revenue of \$203,131 or 3.40% during fiscal the year.

Short-term Rentals (+\$777,168 over FY 2018 Actual)

This is a tax on Berkeley residents who host short-term rentals. They are required to register with the City and pay a 12% Transient Occupancy Tax on such rentals.

For FY 2019, Short-term Rentals totaled \$1,830,983 which is \$777,168 or 73.75% more than the total of \$1,053,815 received in FY 2018. It was also \$990,983 more than the adopted Budget total of \$840,000.

Business License Tax (-\$30,109 less than FY 2018 Actual)

For FY 2019, BLT revenue totaled \$19,848,803, which is \$30,109 or .015% less than the \$19,878,912 received in FY 2018. The \$19,848,803 collected in FY 2019 was \$1,488,803 or 8.11% more than the adopted budget amount of \$18,360,000.

U1 Business License Revenue

For FY 2019, U1 Business License Tax revenue totaled \$5,828,443 which is \$666,828 more than the \$5,161,615 received in FY 2018. The \$5,828,443 collected in FY 2019 was \$4,828,443 more than the adopted budget amount of \$1,000,000.

Vehicle In-Lieu Taxes (+\$717,867 over FY 2018 Actual)

For FY 2019, VLF revenue totaled \$12,540,784, which is \$717,867 or 6.07% more than the \$11,822,917 received in FY 2018, and is consistent with the 6.93% increase in assessed values for FY 2019. The amount of \$12,540,784 received in FY 2019 was \$159,656 more than the adopted budget amount of \$12,381,128.

Parking Fines (-\$374,252 less than FY 2018 Actual)

For FY 2019, Parking Fines revenue (excluding booting fines) decreased by \$374,252 or 5.87% to \$6,002,211 from \$6,376,463 in FY 2018. This decrease was generated partly as a result of a decrease in ticket writing of 5,770 tickets issued, from 145,286 in FY 2018 to 139,516 issued in FY 2019.

The vehicle booting program, which started in October 2011, decreased during FY 2019. During that period, booting collections totaled \$211,913, a decrease of \$19,625 or 8.48% from the total of \$231,538 received in FY 2018. The total of \$211,913 received in FY 2019 was \$11,913 more than the adopted budget amount of \$200,000.

Interest Income (+\$697,415 over FY 2018 Actual)

For FY 2019, Interest Income totaled \$4,334,404, which was \$697,415 or 19.18% more than the \$3,636,989 received in FY 2018. It was also \$1,834,404 more than the adopted budget amount of \$2,500,000. The interest income in FY 2019 was significantly more than projected primarily because interest rates were significantly higher in FY 2019 than in FY 2018, especially for the short-term portion of the City's portfolio. However, the trend toward higher interest rates abruptly reversed course towards the end of FY 2019 and has continued into FY 2020.

Other Revenue (-\$1,004,982 less than FY 2018 Actual)

For FY 2019, other income totaled \$8,116,908 which is \$1,004,982 or 11.02% less than the total of \$9,121,889 received in FY 2018. This decrease is primarily due to some reclassifications exercise done during fiscal year 2019.

IDC Reimbursement (-\$925,894 less than FY 2018 Actual)

IDC Reimbursement for FY 2019 totaled \$5,223,725 which is \$925,894 or 15.06% less than the \$6,149,619 received in FY 2018. IDC Reimbursement are indirect cost allocation base that are utilized to allocate cost to enterprise funds.

FY 2019 Year End Expenditures

General Fund

Department	FY 2019 Adopted	FY 2019 Adjusted	Year-End Actuals	Balance	Percent Expended
Mayor & Council	2,020,693	2,062,715	2,081,536	(18,821)	101%
Auditor	2,322,174	2,359,452	2,266,839	92,613	96%
Rent Board		265,419	265,419	-	100%
City Manager	10,109,574	11,162,229	10,633,155	529,074	95%
City Attorney	2,186,657	2,180,010	2,181,489	(1,479)	100%
City Clerk	2,534,266	2,756,322	2,643,486	112,836	96%
Finance	6,080,806	5,877,392	5,474,314	403,078	93%
Human Resources	2,016,349	2,267,835	2,045,393	222,442	90%
Information Technology	7,711,017	2,787,859	1,525,916	1,261,943	55%
Health, Housing & Community Services	14,766,894	19,679,660	19,169,534	510,126	97%
Parks, Recreation and Waterfront	5,747,738	6,127,211	5,943,167	184,044	97%
Planning	1,975,461	2,486,571	1,885,755	600,816	76%
Public Works	3,307,978	5,082,298	4,691,231	391,067	92%
Police	62,219,080	62,339,098	65,493,664	(3,154,566)	105%
Fire	31,800,695	32,842,409	34,172,733	(1,330,324)	104%
Non-Departmental	29,450,664	60,574,051	51,972,083	8,601,968	86%
Total	184,250,046	220,850,531	212,445,713	8,404,818	96%

All Funds (including General Fund)

Department	FY 2019 Adopted	FY 2019 Adjusted	Year-End Actuals	Balance	Percent Expended
Mayor & Council	2,020,693	2,062,715	2,081,536	(18,821)	101%
Auditor	2,419,749	2,457,027	2,416,689	40,338	98%
Rent Board	5,231,605	5,378,423	5,109,453	268,970	95%
City Manager	13,767,449	16,530,109	14,685,013	1,845,096	89%
Library	23,333,610	23,576,923	18,720,976	4,855,947	79%
City Attorney	4,224,401	5,926,452	5,333,550	592,902	90%
City Clerk	2,534,266	2,756,322	2,643,486	112,836	96%
Finance	7,924,435	7,759,818	7,226,820	532,998	93%
Human Resources	3,888,726	4,387,083	3,939,247	447,836	90%
Information Technology	17,537,825	24,858,762	13,239,636	11,619,126	53%
Health, Housing & Community Services	49,197,874	63,207,185	50,027,411	13,179,774	79%
Parks, Recreation and Waterfront	28,150,223	44,591,944	31,621,644	12,970,300	71%
Planning	21,372,934	22,447,576	18,325,495	4,122,081	82%
Public Works	115,819,678	144,053,865	111,984,358	32,069,507	78%
Police	67,277,591	67,626,360	69,567,103	(1,940,743)	103%
Fire	40,008,265	41,407,170	42,992,558	(1,585,388)	104%
Non-Departmental	56,940,782	92,475,521	84,752,912	7,722,609	92%
Total	461,650,106	571,503,255	484,667,887	86,835,368	85%

FY 2019 Year-End Expenditures Variance Analysis

Significant General Fund Variances

- City Manager's Office (+529,074), Finance (+403,078), and Health, Housing and Community Services (\$510,126) was due to salary savings from vacant positions and underspending of non-personnel funds. The City Manager's Office and Health, Housing & Community Services will be carrying over some of the unspent funds to FY 2020.
- Information Technology (+\$1,261,943) was primarily due to non-personnel savings for a number of Digital Strategic Plan projects that were not completed in FY 2019. Most of the unspent funds will be carried over to FY 2020 to complete these projects.
- Planning (\$600,818) was due to the allocations approved by Council that have not been fully spent yet. These allocations are being carried over to FY 2020.
- Police (-\$3,154,631) was due to overtime expenditures being \$3,197,795 over budget. The overage in overtime expenditures was due to sworn vacancies and medical leave and needing to maintain minimum staffing for public safety. Salary and benefit savings resulted in the total personnel budget being over budget by -\$2,976,279. The non-personnel budget was over budget by -\$178,352 which was due to higher costs for vehicle maintenance and replacement. These costs were offset by savings in other non-personnel categories in FY 2019.
- Fire (-\$1,330,323) was primarily the result of the personnel budget being over budget by -\$1,424,608. Shortly after FY 2019 started, the Council approved the new Memorandum of Understanding for the Berkeley Fire Fighters Association. The new agreement authorized a 4% wage increase effective the first pay period after Council approval; \$2,000 one-time stipend effective the first pay period after Council approval; 2% wage increase effective the first full pay period in July 2019. These wage increases were not budgeted in the Fire Department's budget but were set aside in Non-Departmental. Overtime expenses were over budget by \$265,418. The department received \$449,091 in mutual aid reimbursements which was not added to the expenditure budget. Non-personnel savings of \$94,285 helped to reduce the total overage down to the final -\$1,330,323 figure.
- Non-Departmental (+8,601,968) was due to \$6,560,535 set aside for General Fund cost of living adjustments for Police, Fire, and Miscellaneous employees. These funds were budgeted in Non-Departmental but were not allocated out to departments for the salary increases that were approved early in FY 2019. An allocation of \$1,000,000 for the Service Employees International Union Fair Labor Standards Act overtime payment issue was approved as part of the First Amendment to the FY 2019 Annual Appropriations Ordinance. Only \$480,971 of this allocation was spent and left a balance of \$519,028. Funds were also budgeted and not spent for the following items:
 - Pedestrian Activated Crosswalk at Cedar/Rose Park (\$100,000)
 - Pedestrian Activated Crosswalk at Grant and University (\$100,000)
 - Rectangular Rapid Flashing Beacons at Eton and Claremont (\$50,000)

- Rectangular Rapid Flashing Beacons at Claremont and Russell (\$50,000)
- Hopkins Corridor Study (\$200,000)
- RFP to address gaps for marginalized youth in Berkeley (\$50,000)
- Funds for City Minimum Wage to Youth Works employees (\$86,924)
- Age Friendly Berkeley Study (\$20,000)

Significant All Funds Variances

- Information Technology (+\$11,619,126) was due to General Fund, FUND\$ Replacement Funds, and the IT Cost Allocation Fund not being fully spent in FY 2019. These funds will be carried over to FY 2020.
- Health, Housing & Community Services fund balance (+\$13,179,774) was primarily the result of funds allocated to projects and programs not fully expended by the end of the fiscal year which will be carried forward to FY20, new positions being filled after the start of the fiscal year and vacancies throughout the department. The transition from FUND\$ to ERMA resulted in planned FY19 purchases being postponed. Of the \$13 million, approximately \$3.5 million was accumulated in the Housing Trust Fund to be disbursed for various Housing Development projects at a later date, almost \$1.5 million were CDBG funds committed to programs that were not expended during the fiscal year and will be carried forward, over \$2 million in unspent Mental Health Service Act Funds budgeted for the renovation of the Mental Health Adult Clinic and the new MH Wellness Center. Almost \$1 million was added to the fund balance in Realignment to be used as an audit liability reserve as the state and federal funding agencies increase the audits. An additional \$800,000 was in the State Health Grant fund which includes 16 unique grants from the state to support our public health efforts and reflects various vacancies and cost shifts throughout those programs with an additional \$200,000 in cost reductions to match a reduction in revenue.
- Public Works (+\$32,069,507) were largely due to the following:
 - General Fund (+\$0.3 million): \$0.3 million in carryover for projects to be completed in FY 20.
 - Sewer Fund (+\$5.8 million): \$1.9 million in personnel savings due to vacancies, \$3.7 million in continuing and deferred sewer projects scheduled for completion in FY 2020.
 - State Transportation Tax (+\$3.1 million) \$0.8 million in salary savings and \$2.3 million in project funding for various street and storm drain program projects continued for completion in FY 2020.
 - Capital Improvement Fund (+\$4.9 million): \$0.6 million in salary savings and \$3.9 million in project fund carryover for transportation, street, facilities project funds to FY 2020 due to project timing, including ADA Transition Plan, Shattuck Reconfiguration, FY 19 Street Rehab and FY 19 Sidewalk Repair projects.
 - Measure BB (+1.7 million) \$0.3 million in salary savings and \$1.3 million in street improvement projects project budget to be carried over into FY 2020 for completion

- Measure M Fund (+\$0.2 million): \$0.2 million in Measure M funds carried over for one final green infrastructure project now scheduled for completion in FY 2020
 - Off Street Parking (+0.7 million) and Parking Meter (+0.9 million): A combined total of \$0.2 million in salary savings and \$0.7M Off Street Parking Fund savings due to project budget carryover to FY 2020 and \$0.9M Parking Meter Fund savings due to project budget carryover to FY2020.
 - UCLRP (+\$0.2 million) \$0.2 million of project carryover into FY 2020 for completion of various capital projects.
 - MTC (+\$0.2 million) \$0.2 million in project carryover for transportation projects.
 - T1 (+\$3.6 million) \$3.6 million in carryover for various T1 projects begun in FY 2019 with work continuing into FY 2020.
 - Streetlight Assessment (+\$0.6 million) \$0.4 million in salary savings, and \$0.1 million in capital project carryover/deferral for Shattuck Avenue Reconfiguration scheduled for completion in FY2020 and City Streetlight Replacement and Maintenance Program.
 - Building Maintenance (+\$0.2 million) \$0.2 million in salary savings due to vacancies.
 - Equipment Replacement (+\$2.9 million) \$2.9 million for replacement purchases initially scheduled for FY 2019 but to be completed in FY 2020.
 - Equipment Maintenance (+\$0.4): \$0.3 million in non-personnel savings, including parts, fuel and oil, and \$0.2 million in personnel savings due to vacancies.
- Parks Recreation and Waterfront (+\$12,970,300) due to personnel savings and unexpended project funds in the Playground Camp, Parks Tax Fund, Measure WW Parks Bond Grant Fund, Capital Improvement Fund, and Measure T1 Fund. Only certain unspent project funds will be carried over to FY 2020.
 - Planning (+\$4,122,081) due to unspent FEMA Funds for the Hazard Mitigation Grant Program not being fully spent in FY 2019. The FY 2019 budget was based on an estimate of seismic retrofit grants that we may be required to pay through the funding received from the FEMA grant. Actual grant funding requests were much lower than anticipated. However, Planning may make revisions this year for the FY 2020 FEMA budget if they get better estimates. The Permit Service Center Fund also had personnel and non-personnel savings of \$2,170,252 in FY 2019.
 - Library (+\$4,855,947) due to unexpected delays to the Central Library Improvement Project. The Central Library capital improvement project did not advance to construction as was expected. Budgeted savings were realized from design, engineering, and construction time lags; and personnel costs also contributed to significant savings as a result of staffing vacancies throughout the organization.

General Fund Revenue for 1st Quarter FY2020 and Comparison With 1st Quarter of FY2019

Revenue Categories	FY 2020				FY 2019				Comparison FY20 vs FY 19	
	Adopted	1st Qtr-Actual	Variance	% Received	Adopted	1st Qtr-Actual	Variance	% Received	Amount	%
	(a)	(b)	c=(a) - (b)	(d) = (b)/(a)	(e)	(f)	g=(e) - (f)	(h) = (f)/(g)	(i) = (b) - (f)	(j) = (i)/(f)
Secured Property	\$63,199,622	\$306,451	\$62,893,171	0.48%	\$57,966,998	\$365,288	\$57,601,710	0.63%	(58,837)	-16.11%
Redemptions- Regular	668,140	69,946	598,194	10.47%	668,140	72,176	595,964	10.80%	(2,230)	-3.09%
Supplemental Taxes	1,400,000	310,455	1,089,545	22.18%	1,400,000	275,075	1,124,925	19.65%	35,380	12.86%
Unsecured Property Taxes	2,500,000	2,650,502	(150,502)	106.02%	2,500,000	2,439,085	60,915	97.56%	211,417	8.67%
Property Transfer Tax	12,500,000	6,887,018	5,612,982	55.10%	12,500,000	5,722,325	6,777,675	45.78%	1,164,693	20.35%
Property Transfer Tax-Measure P (New December 21, 2018)	1,509,218	2,999,630	(1,490,412)	198.75%			-		2,999,630	
Sales Taxes	18,238,000	4,680,703	13,557,297	25.66%	18,140,977	4,352,090	13,788,887	23.99%	328,613	7.55%
Soda Taxes	1,459,057	383,166	1,075,891	26.26%	1,500,000	384,903	1,115,097	25.66%	(1,737)	-0.45%
Utility Users Taxes	15,000,000	3,250,324	11,749,676	21.67%	15,000,000	3,365,240	11,634,760	22.43%	(114,916)	-3.41%
Transient Occupancy Taxes	7,800,000	2,256,945	5,543,055	28.94%	7,800,000	2,223,554	5,576,446	28.51%	33,391	1.50%
Short-term Rentals	1,020,000	417,070	602,930	40.89%	840,000	485,528	354,472	131.05%	(68,458)	-14.10%
Business License Tax	19,584,000	222,263	19,361,737	1.13%	19,200,000	825,389	18,374,611	4.30%	(603,126)	-73.07%
Recreational Cannabis	510,000	481,424	28,576	94.40%	500,000	129,724	370,276	25.94%	351,700	271.11%
U1 Revenues	1,000,000	62,278	937,722	6.23%	1,000,000	23,328	976,672	2.33%	38,950	166.97%
Other Taxes	1,116,860	310,154	806,706	27.77%	1,049,800	216,562	833,238	20.63%	93,592	43.22%
Vehicle In-Lieu Taxes	13,333,826	-	13,333,826	0.00%	12,381,128		12,381,128	0.00%	-	0.00%
Parking Fines-Regular Collections	6,600,000	1,604,681	4,995,319	24.31%	5,818,123	1,602,343	4,215,780	27.54%	2,338	0.15%
Parking Fines-Booting Collections	200,000	47,378	152,622	23.69%	200,000	47,378	152,622	23.69%	-	0.00%
Moving Violations	190,000	59,426	130,574	31.28%	235,000	33,124	201,876	14.10%	26,302	79.40%
Ambulance Fees	4,200,000	1,350,509	2,849,491	32.15%	4,613,194	1,039,816	3,573,378	22.54%	310,693	29.88%
Interest Income	3,500,000	1,520,513	1,979,487	43.44%	2,500,000	858,556	1,641,444	34.34%	661,957	77.10%
Franchise Fees	2,068,928	216,794	1,852,134	10.48%	1,984,643	238,480	1,746,163	12.02%	(21,686)	-9.09%
Other Revenues	8,044,544	1,901,235	6,143,309	23.63%	7,620,152	2,193,174	5,426,978	28.78%	(291,939)	-13.31%
IDC Reimbursement	6,100,000	1,260,850	4,839,150	20.67%	6,100,000	1,522,489	3,429,828	30.74%	(261,639)	-17.18%
Transfers	5,266,688	1,149,075	4,117,613	21.82%	4,385,568	1,310,256	3,075,312	29.88%	(161,181)	-12.30%
Total Revenue:	\$197,008,883	\$34,398,790	\$162,610,093	17.46%	\$184,756,040	\$29,725,883	\$155,030,157	16.09%	\$4,672,907	15.72%

Note: This statement is presented on a budgetary basis.

During the first quarter of FY 2020, General Fund revenue increased from the first quarter of FY 2019 by \$4,672,907 or 15.72%, due primarily to the new Measure P Property Transfer Tax (+2,999,630), an increase in Property Transfer Taxes (+1,164,693), and an increase in Interest Income(+661,957).

The first quarter review focuses primarily on the major revenue fluctuation and changes that have occurred that might result in significant changes in future projections. Staff will present more refined revenue projections based on additional information during the mid-year update.

Secured Property Tax (-\$58,837 less than FY 2019 Actual)

During the first quarter of FY 2020, Secured Property Tax revenues totaled \$306,451, which was \$58,837 or 16.11% less than the \$365,288 received for FY 2019. This first quarter reflects a relatively small amount received from the previous year's levy that was unpaid during that fiscal year. The amount received is typical of what is historically received in the first quarter. Staff revenue projection reflected in the Adopted Budget assumes a 6.80%% growth for the year, consistent with the County's Certification of Assessed Valuation growth of 6.60%.

Property Transfer Tax (\$1,164,693 more than FY 2019 Actual)

During the first quarter of FY 2020, Property Transfer Tax totaled \$6,887,018, which was \$1,164,693 or 20.35% more than the \$5,722,325 received for the first quarter of FY 2019. The primary reason for the \$1,164,693 increase in Property Transfer Tax was the sale of a group of properties totaling \$87.5 million that resulted in Property Transfer Tax of \$1,312,500. Staff will closely monitor this revenue for a probable increase in the FY 2020 projection.

In addition, \$2,999,630 in Measure P taxes was collected during the first quarter of FY 2020 compared to zero collected during the first quarter of FY 2019, as the tax took effect December 21, 2018.

Sales Tax (\$328,613 more than FY 2019 Actual)

For the first quarter of FY 2020, Sales Tax revenue totaled \$4,680,703, which is \$328,613 or 7.55% more than the \$4,352,090 received for the first quarter of FY 2019. Staff will closely monitor this revenue for a probable increase in the FY 2020 projection.

Utility Users Taxes (- \$114,916 less than FY 2019 Actual)

Utility Users Taxes revenue for the first quarter of FY 2020 totaled \$3,250,324, which is \$114,916 or 3.41% less than the \$3,365,240 received for the same period in FY 2019. This is a continuation of the sharp decline in FY 2019 that reflected significant declines in cellular, gas/electric and cable charges. An analysis is being performed by staff to determine the reasons for the large, unexpected drop in the FY 2019 revenue from the \$15 million level that this revenue source has been at over the last several years. Staff will determine whether future projections need to be revised.

Transient Occupancy Tax (+\$33,391 more than FY 2019 Actual)

Transient Occupancy Tax (TOT) revenue for the first quarter of FY 2020 totaled \$2,256,945 which is \$33,391 or 1.50% more than the \$2,223,554 received for the first quarter of FY 2019. The increase in FY 2020 is attributable to flat growth at the five largest hotels in Berkeley during the quarter and a \$49,207 receipt during the quarter that was applicable to FY 2019.

Business License Taxes (-\$603,126 less than FY 2019 Actual)

Business license Taxes (BLT) revenue for the first quarter of FY 2020 totaled \$222,263 which is \$603,126 or 73.07% less than the \$825,389 received for the first quarter of FY 2019. The decrease in FY 2020 is primarily attributable to \$422,304 non-profit paid in the first quarter of FY 2019 versus zero paid in the first quarter of FY 2020.

Parking Fines (+2,338 more than FY 2019 Actual)

Parking Fines revenue for the first quarter of FY 2020 totaled \$1,604,681 which is \$2,338 or .15% more than the \$1,602,343 received for the first quarter of FY 2019, despite a decline in ticket writing from the first quarter of FY 2019. Staff will be researching and monitoring this revenue source closely.

Interest Income (+\$661,957 more than FY 2019 Actual)

For the first quarter of FY 2020, interest income totaled \$1,520,513 which is \$661,957 or 77.10% more than the total of \$858,556 received for the same period in FY 2018. This increase is primarily attributable to a rise in short-term and long-term interest rates. Staff will monitor this revenue source closely for an adjustment in the projection. The Federal Reserve reversed course on July 31, 2019 by cutting interest rates by 25 basis points. Also, on September 18, 2019 the Federal Reserve made another 25 basis point interest rate cut.

Indirect Cost Reimbursements (-\$261,639 less than FY 2019 Actual)

IDC Reimbursement for the first quarter of FY 2020 totaled \$1,260,850 which is \$261,639 or 17.18% less than the \$1,522,489 received for the same period in FY 2019. This is primarily attributable to an increase in the indirect cost rates charged in the first quarter of FY 2020 (24.26%) from the indirect cost rates charged in the first quarter of FY 2019 (19.6% to 20.44%). IDC Reimbursement increases result from increases in the indirect cost allocation base (i.e., total direct salaries and wages in the fund), an increase in the indirect cost rate or both.

Other Revenues (-\$291,939 less than FY 2019 Actual)

Other Revenues consists of licenses and permits; grants; preferential parking fees; general government charges for services; public safety charges for services; health charges for services;

culture and recreation charges for services; rents and royalties; and other miscellaneous revenues that are not considered major.

Other Revenues Income for the first quarter of FY 2020 totaled \$1,901,235 which is \$291,939 or 13.31% less than the \$2,193,174 received for the first quarter of FY 2019,

FY 2020 First Quarter Expenditures (7/1/19 – 9/30/19)

General Fund

Department	FY 2020 Adopted	FY 2020 Adjusted*	Year-To-Date		Percent Expended
			Actuals + Encumbrances	Balance	
Mayor & Council	2,398,876	2,572,196	448,696	2,123,500	17%
Auditor	2,625,103	2,642,278	445,867	2,196,411	17%
Rent Board	0	602,015	52,015	550,000	9%
City Manager	11,037,283	12,192,216	2,956,817	9,235,399	24%
City Attorney	2,516,581	2,621,658	428,621	2,193,037	16%
City Clerk	3,004,901	3,069,440	499,784	2,569,656	16%
Finance	6,797,353	8,349,912	2,496,390	5,853,522	30%
Human Resources	2,329,292	2,631,604	468,167	2,163,437	18%
Information Technology	213,210	1,670,395	1,317,014	353,380	79%
Health, Housing & Community Services	17,553,283	27,697,978	10,581,818	17,116,160	38%
Parks, Recreation and Waterfront	7,105,343	7,712,188	2,403,297	5,308,890	31%
Planning	2,426,051	2,774,115	601,099	2,173,016	22%
Public Works	4,404,030	4,917,425	1,375,983	3,541,443	28%
Police	70,622,557	71,110,036	14,041,819	57,068,217	20%
Fire	36,019,089	39,281,584	8,757,570	30,524,014	22%
Non-Departmental	27,860,897	16,544,178	5,341,570	11,202,608	32%
Total	196,913,849	206,389,218	52,216,527	154,172,691	25%

*FY 2020 Adjusted includes FY 2019 Encumbrance Rollover

All Funds (including General Fund)

Department	FY 2020 Adopted	FY 2020 Adjusted*	Year-To-Date		Percent Expended
			Actuals + Encumbrances	Balance	
Mayor & Council	2,398,876	2,572,196	448,696	2,123,500	17%
Auditor	2,714,111	2,731,286	471,902	2,259,384	17%
Rent Board	5,334,943	6,099,664	1,594,895	4,504,769	26%
City Manager	14,548,957	16,523,708	4,270,156	12,253,552	26%
Library	26,114,585	26,830,114	6,915,374	19,914,740	26%
City Attorney	4,594,533	4,778,463	1,603,886	3,174,577	34%
City Clerk	3,004,901	3,069,440	499,784	2,569,656	16%
Finance	8,766,934	10,391,782	2,902,799	7,488,983	28%
Human Resources	4,240,103	4,547,397	767,132	3,780,265	17%
Information Technology	19,404,413	22,498,136	5,097,417	17,400,719	23%
Health, Housing & Community Services	54,597,950	77,635,853	23,717,022	53,918,831	31%
Parks, Recreation and Waterfront	46,600,585	62,804,576	14,784,601	48,019,975	24%
Planning	24,506,913	26,009,740	4,984,460	21,025,280	19%
Public Works	133,015,850	185,759,006	81,411,215	104,347,791	44%
Police	74,979,834	75,683,603	15,432,614	60,250,989	20%
Fire	44,379,144	48,128,218	10,824,797	37,303,421	22%
Non-Departmental	56,654,177	45,336,683	15,137,475	30,199,208	33%
Total	525,856,809	621,399,865	190,864,224	430,535,641	31%

*FY 2020 Adjusted includes FY 2019 Encumbrance Rollover

FY 2020 First Quarter Expenditures Variance Analysis

First Quarter Assumptions

- Personnel year-to-date actuals are through 09/30/19 and represent 23.08% expended. All departments are tracking at or below 23.08% in personnel expenditures. General Fund personnel costs represent almost 74% of the total City's General Fund budget and are tracked on a monthly basis. As in prior years, Police overtime continues to be a concern and is being monitored by staff.

Generally, on an all funds basis, expenditures over 23.08% are related to non-personnel costs, such as encumbrances for contracts, supplies, and materials.

First Quarter Variances

General Fund

- Finance: Banking Services contracts and other professional services contracts were encumbered in the 1st Quarter.
- Information Technology: A significant portion of the General Fund budget is contracts for professional services contracts, computer maintenance, and software licenses that were encumbered in FY 2019 and rolled over to FY 2020
- Health, Housing & Community Services: First three months is when summer youth workers are hired. Community Agency contract funds were moved from Non-Departmental so that contracts purchase orders could be created.
- Public Works: Funds were encumbered for gas and electricity payments.
- Parks Recreation & Waterfront: 1st quarter was peak season for Recreation programs.
- Non-Departmental: Funds for the City's Outside Auditors, Legislative and Professional Services, Insurance were encumbered or paid in the first three months of FY 2020. Funds for FLSA payments to Fire and Police approved by Council in Closed Session were paid out.

All Funds

- City Attorney: Funds for outside counsel contracts were encumbered at the start of the fiscal year.
- Public Works: Funds were encumbered for capital improvement projects early in the fiscal year.
- Non-Departmental: Debt service payments were made in August.