

RECEIVED AT  
COUNCIL MEETING OF:

MAY 7 2019

OFFICE OF THE CITY CLERK  
CITY OF BERKELEY

**FY 2020  
AND  
FY 2021  
PROPOSED BIENNIAL  
BUDGET**

## DISCUSSION

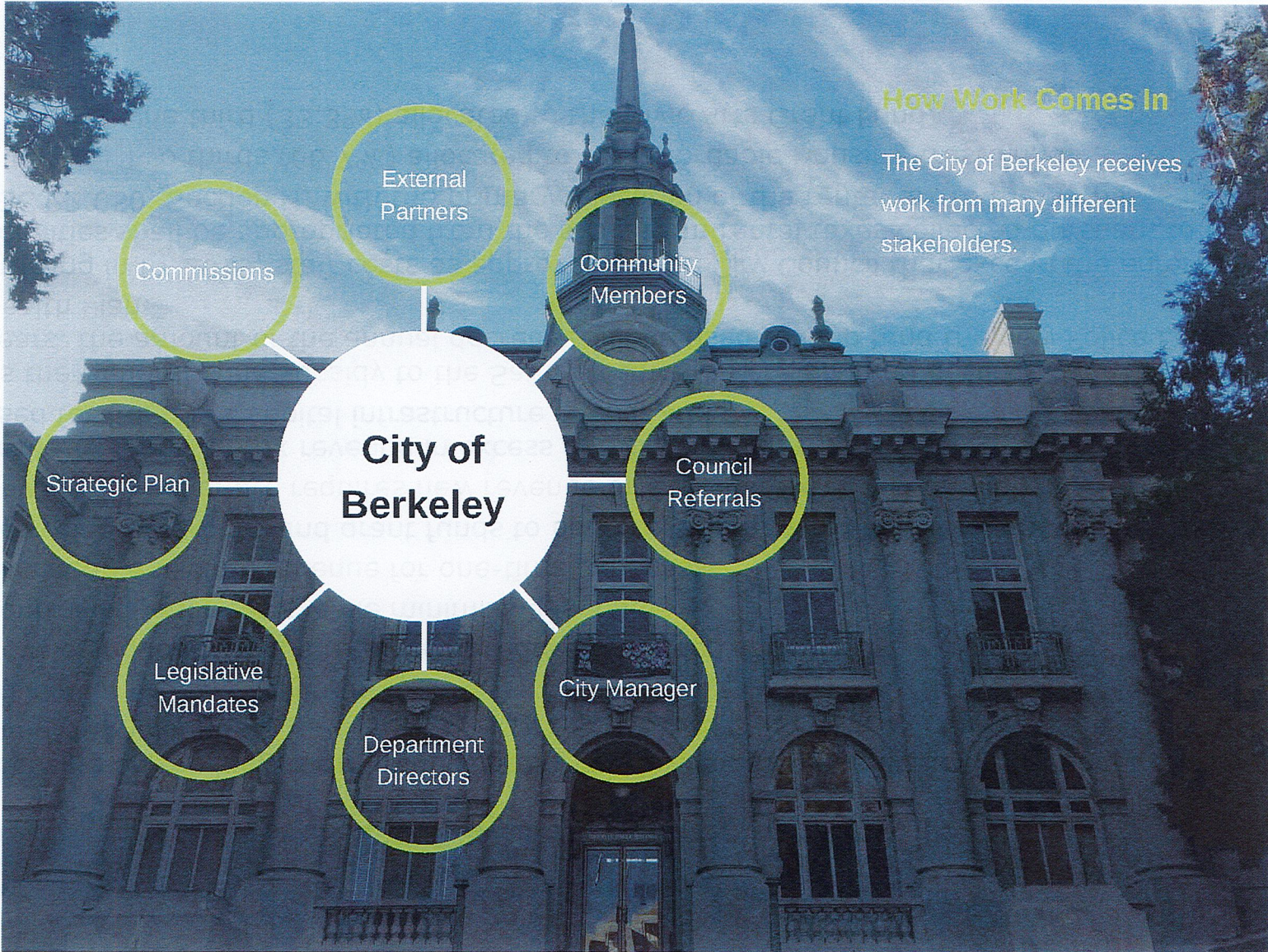
1. General Fund Overview
  - Revenues
  - Expenditures
2. All Funds
3. Staffing
4. Unfunded Liabilities
5. CIP
6. Strategic Plan
7. Funding Requests
8. Next Steps

CITY OF BERKELEY  
OFFICE OF THE CITY CLERK

MAY 15 2018

COUNCIL MEETING OF  
RECEIVED VI





### How Work Comes In

The City of Berkeley receives work from many different stakeholders.

**City of  
Berkeley**

External  
Partners

Community  
Members

Council  
Referrals

City Manager

Department  
Directors

Legislative  
Mandates

Strategic Plan

Commissions



## COUNCIL'S FISCAL POLICIES

1. Focusing on the long-term fiscal health of the City by adopting a two-year budget and conducting multi-year planning;
2. **Building a prudent reserve;**
3. Developing long-term strategies to reduce unfunded liabilities;
4. **Controlling labor costs while minimizing layoffs;**
5. Allocating one-time revenue for one-time expenses;
6. **Requiring enterprise and grant funds to balance, and new programs to pay for themselves;**
7. Any new expenditure requires new revenue or expenditure reduction;
8. **Property Transfer Tax revenue in excess of \$12.5 million will be treated as one-time revenue to be used for the City's capital infrastructure needs; and**
9. As the General Fund subsidy to the Safety Members Pension Fund declines over the next several years, the amount of the annual decrease will be used to help fund the new Police Employee Retiree Health Plan.
10. **Starting in FY 2019, 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 the 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.

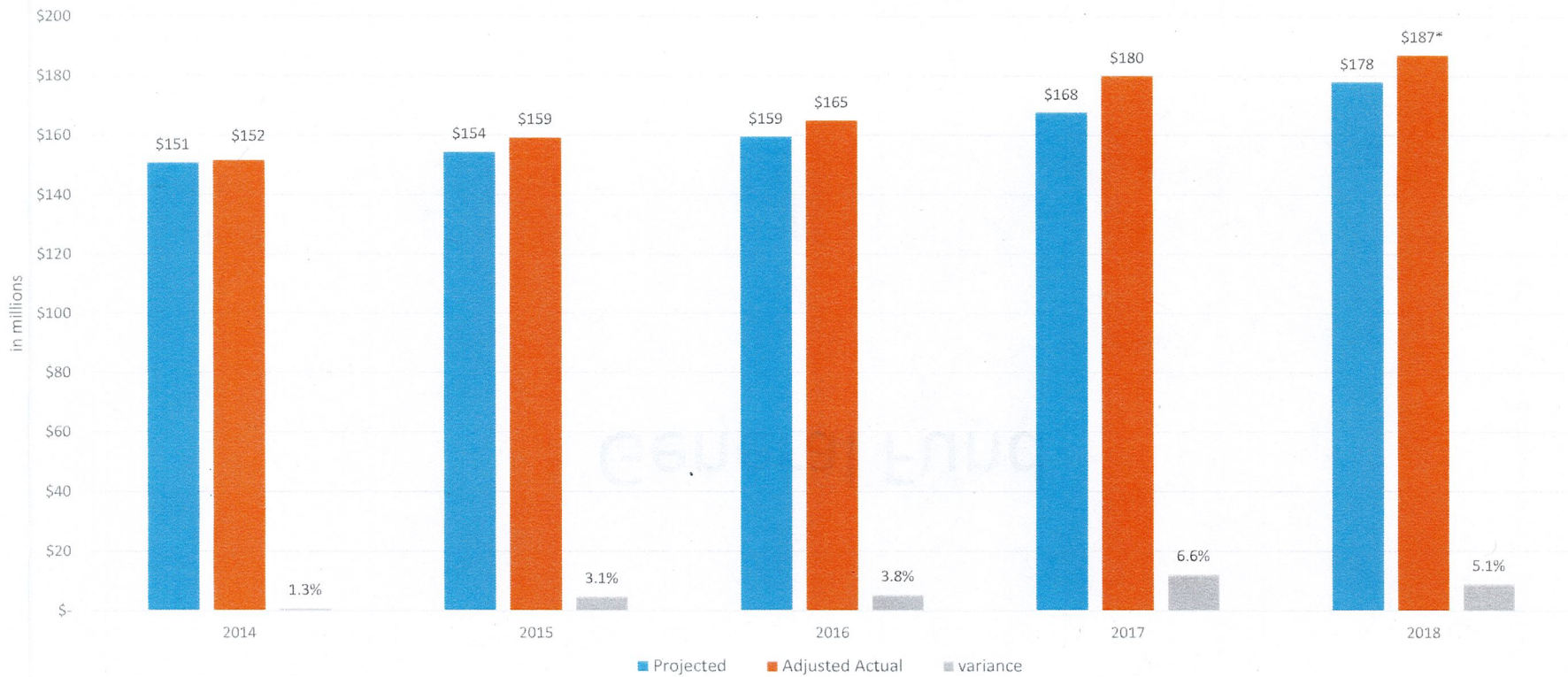


# General Fund



# BUDGET VS ACTUALS OVER TIME – GENERAL FUND REVENUES

Final Adjusted vs. Actual Revenues (exclude excess transfer tax)

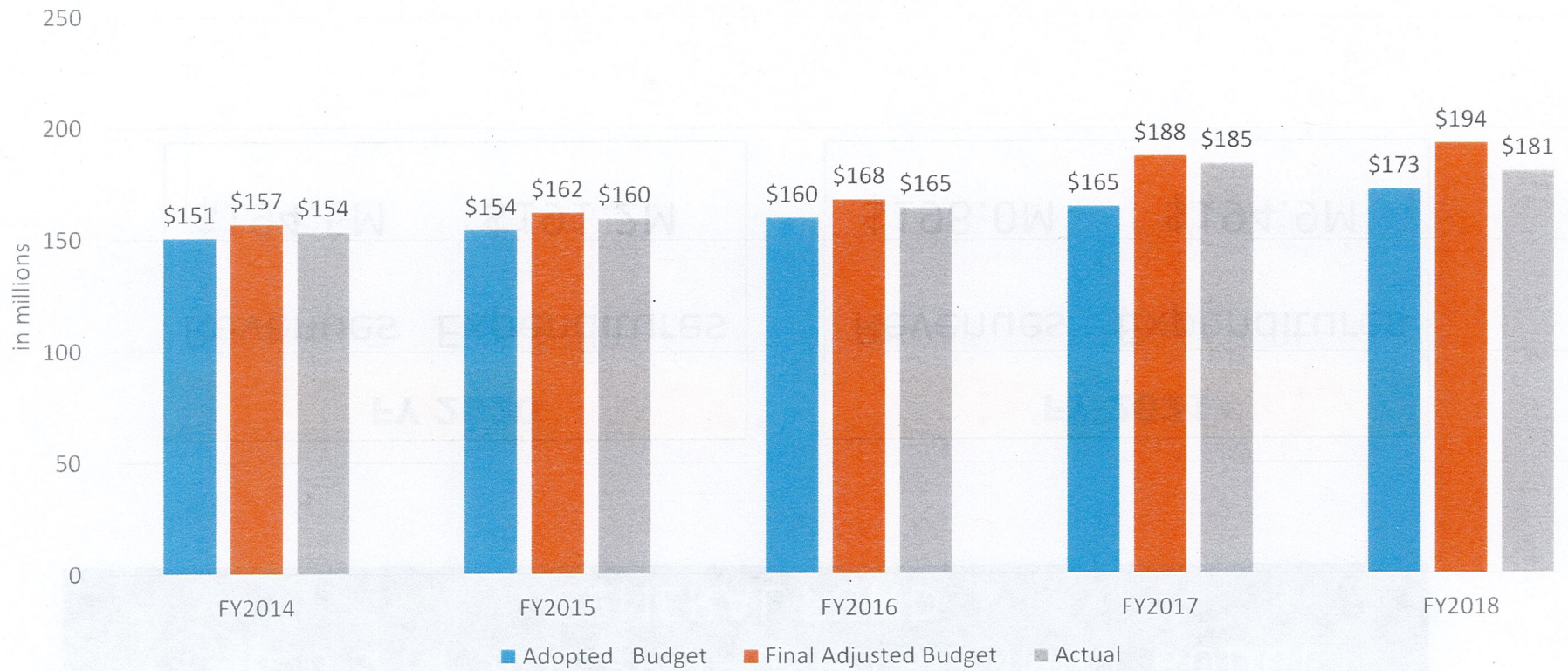


\*excludes both excess transfer tax and Measure U1



# BUDGET VS ACTUALS OVER TIME – GENERAL FUND EXPENDITURES

Adopted and Final Adjusted Budgets  
vs. Actual Expenditures





FY 2020 & FY 2021 PROPOSED BIENNIAL BUDGET  
GENERAL FUND

FY 2020	
Revenues	Expenditures
\$194.5M	\$191.2M

FY 2021	
Revenues	Expenditures
\$198.0M	\$194.9M



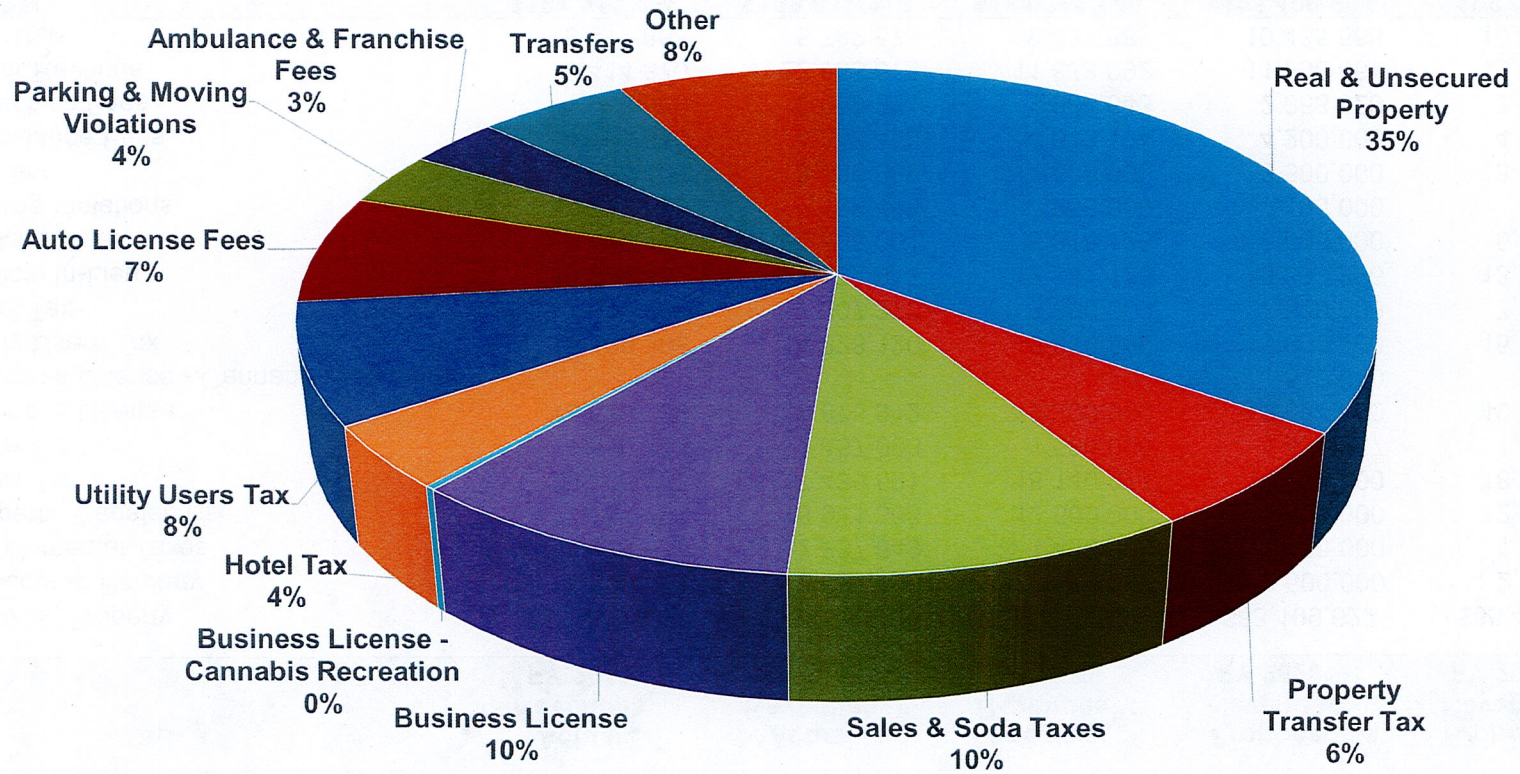
# GENERAL FUND REVENUES SUMMARY

	Actual Revenues FY 2017	Actual Revenues FY 2018	Adopted Revenues FY 2019	Proposed Revenues FY 2020*	Proposed Revenues FY 2021*
Secured Property	\$51,474,746	\$56,038,218	\$57,966,998	\$63,199,622	\$65,417,599
Unsecured Property	2,568,891	2,687,198	2,500,000	2,500,000	2,500,000
Supplemental Taxes	1,874,630	2,237,649	1,400,000	1,400,000	1,400,000
Property Transfer Tax	17,151,793	18,911,368	12,500,000	12,500,000	12,500,000
Sales Tax	20,105,287	17,435,591	18,140,977	18,238,000	18,572,000
Soda Tax	1,550,222	1,457,003	1,500,000	1,459,057	1,429,876
Business License	18,829,739	19,878,912	19,200,000	19,584,000	19,975,680
Business License - Cannabis Recreation				510,000	520,200
Utility Users Tax	15,109,305	14,828,120	15,000,000	15,000,000	15,000,000
Hotel Tax	7,810,884	7,807,273	7,800,000	7,800,000	7,800,000
Vehicle In-Lieu	10,994,452	11,822,917	12,381,128	13,333,826	13,801,774
Parking Fines	6,120,474	6,608,001	5,818,123	6,600,000	6,600,000
Moving Violations	232,523	188,443	235,000	190,000	190,000
Interest	2,385,492	3,636,989	2,500,000	3,500,000	3,500,000
Ambulance Fees	4,183,673	4,343,453	4,613,194	4,200,000	4,200,000
Franchise Fees	1,988,589	2,009,931	1,984,643	2,068,928	2,110,307
Other Revenue	9,414,370	22,958,575	11,878,092	11,930,664	12,013,198
Transfers	9,417,888	5,792,575	9,337,885	10,485,568	10,485,568
<b>TOTAL</b>	<b>\$181,212,958</b>	<b>\$198,642,216</b>	<b>\$184,756,040</b>	<b>\$194,499,665</b>	<b>\$198,016,202</b>

\*FY 2020 Proposed & FY 2021 Proposed do not include U1 Revenues of \$5.0 Million and Measure P Revenues of \$6.0 Million



# GENERAL FUND REVENUES SUMMARY



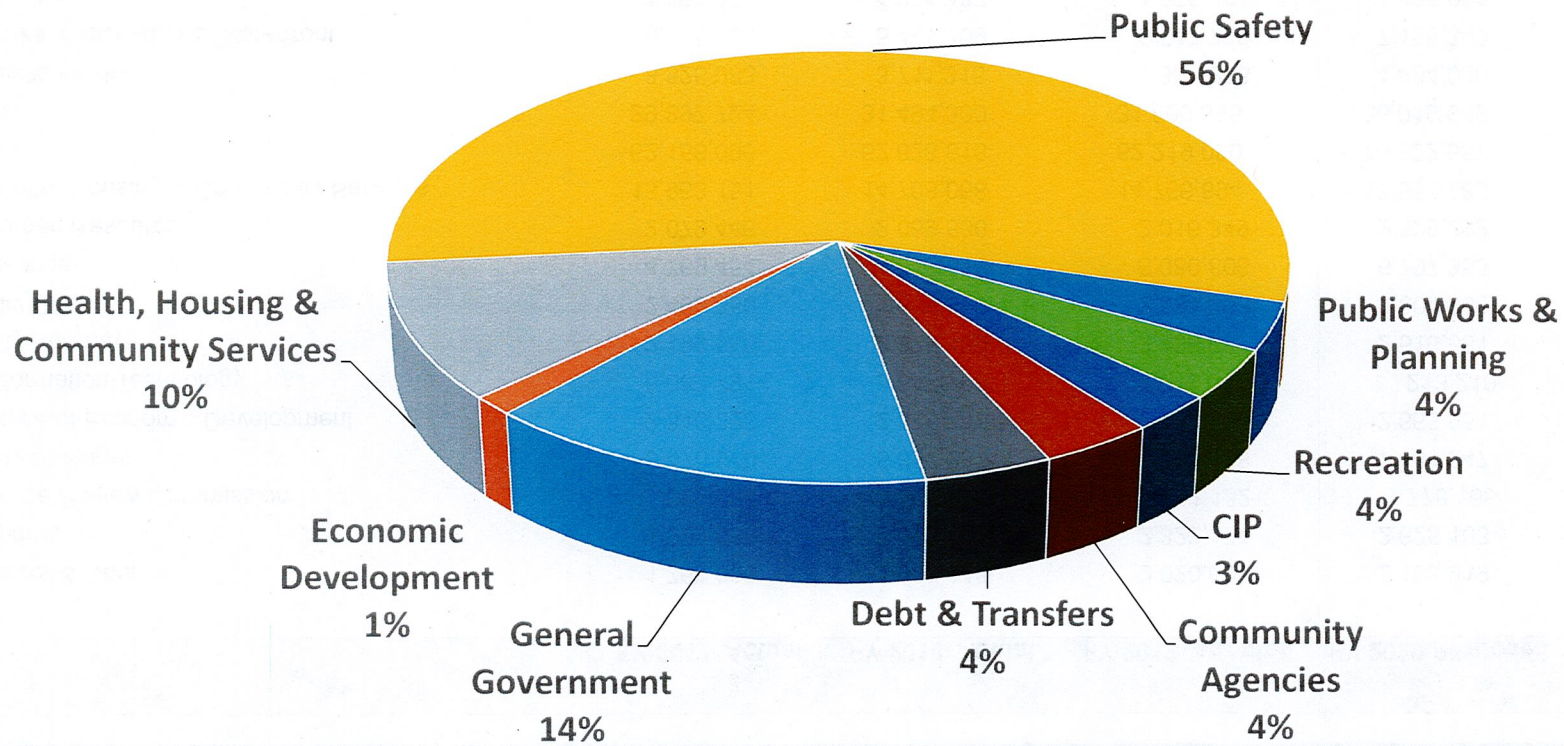


# GENERAL FUND EXPENDITURES SUMMARY BY DEPARTMENT

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	FY 2020 Proposed	FY 2021 Proposed
Mayor & Council	1,761,098	1,938,448	2,020,693	2,195,919	2,240,947
Auditor	1,962,038	2,025,138	2,322,174	2,625,103	2,690,138
Police Review Commission	602,055	720,978	731,132	778,165	795,021
City Manager	5,470,970	5,857,267	6,894,178	7,484,247	7,504,010
Office of Economic Development	2,318,386	2,575,749	2,484,264	2,663,951	2,693,779
Information Technology	5,682,791	5,847,105	7,711,017	213,210	213,210
City Attorney	2,199,910	2,275,139	2,186,657	2,516,581	2,572,785
City Clerk	2,499,350	1,658,990	2,534,266	3,004,901	2,859,283
Finance	4,769,454	4,913,318	6,080,806	6,797,353	6,959,517
Human Resources	2,079,446	2,069,530	2,016,349	2,329,292	2,385,052
Health, Housing & Community Services	13,963,151	14,708,068	14,766,894	17,553,283	17,850,408
Police	62,156,096	62,628,518	62,219,080	70,622,557	72,774,334
Fire	29,897,724	31,494,300	31,800,695	36,019,089	36,934,854
Public Works	3,325,083	3,711,215	3,307,978	4,404,030	4,485,368
Parks, Recreation & Waterfront	5,755,400	5,491,709	5,747,738	7,105,343	7,182,631
Planning	1,561,673	1,691,487	1,975,461	2,426,051	2,475,253
Rent Board		476,161			
Community Agencies	6,580,980	7,208,744	6,660,993	7,071,225	7,071,225
Non-Departmental	53,090,735	24,716,331	22,789,671	15,425,536	15,170,536
<b>Total General Fund</b>	<b>\$205,676,340</b>	<b>\$182,008,195</b>	<b>\$ 184,250,046</b>	<b>\$ 191,235,836</b>	<b>\$ 194,858,351</b>

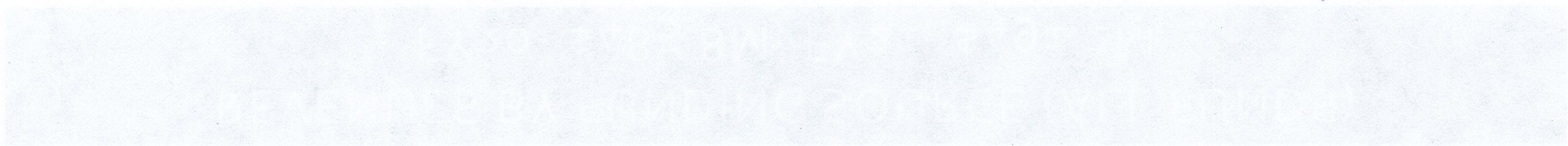


# GENERAL FUND EXPENDITURES BY SERVICE AREA





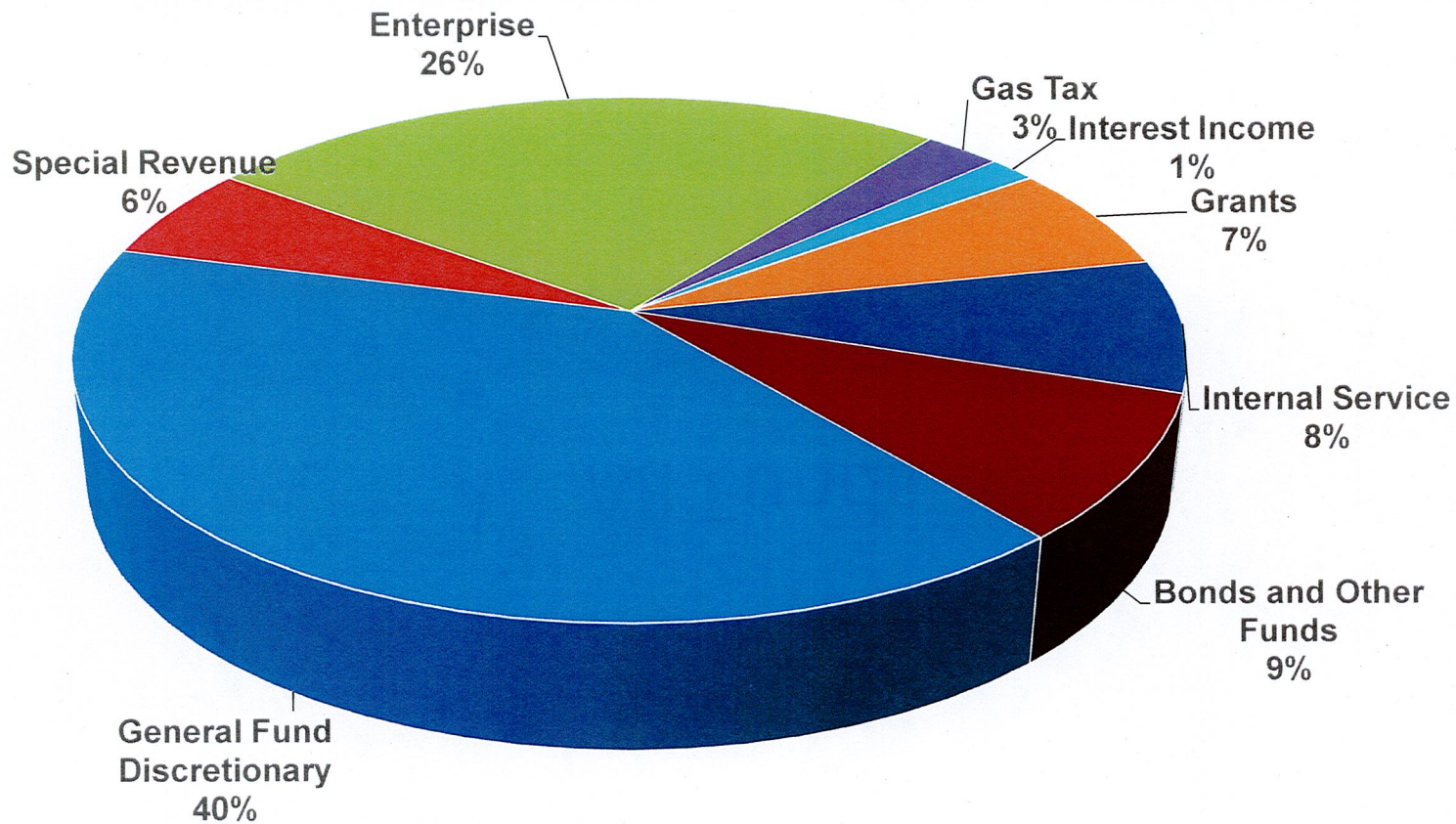
# All Funds





# REVENUES BY FUNDING SOURCE (ALL FUNDS)

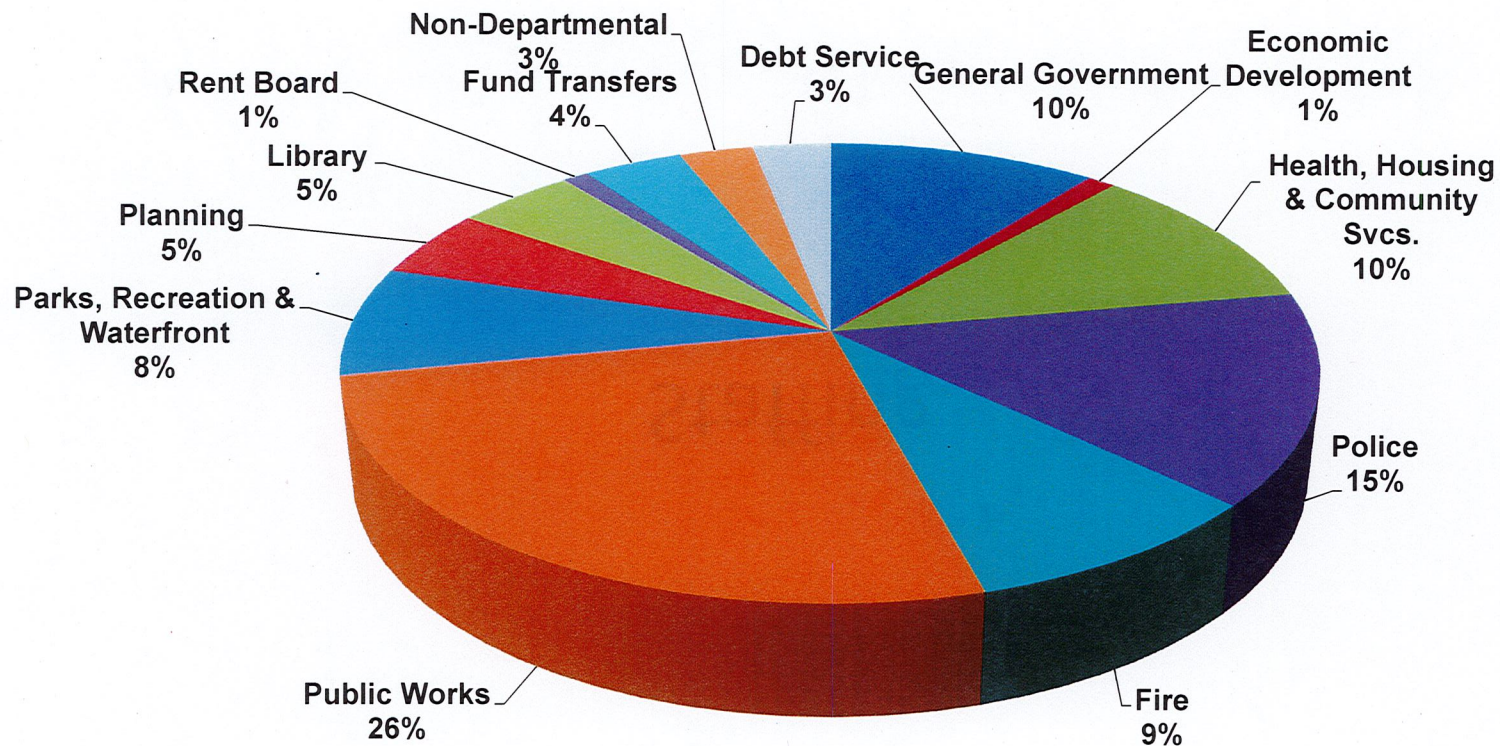
FY20- \$485.8M; FY21- \$491.2M





# EXPENDITURES BY DEPARTMENT (ALL FUNDS)

FY20 - \$455.3M; FY21 - \$440.4M

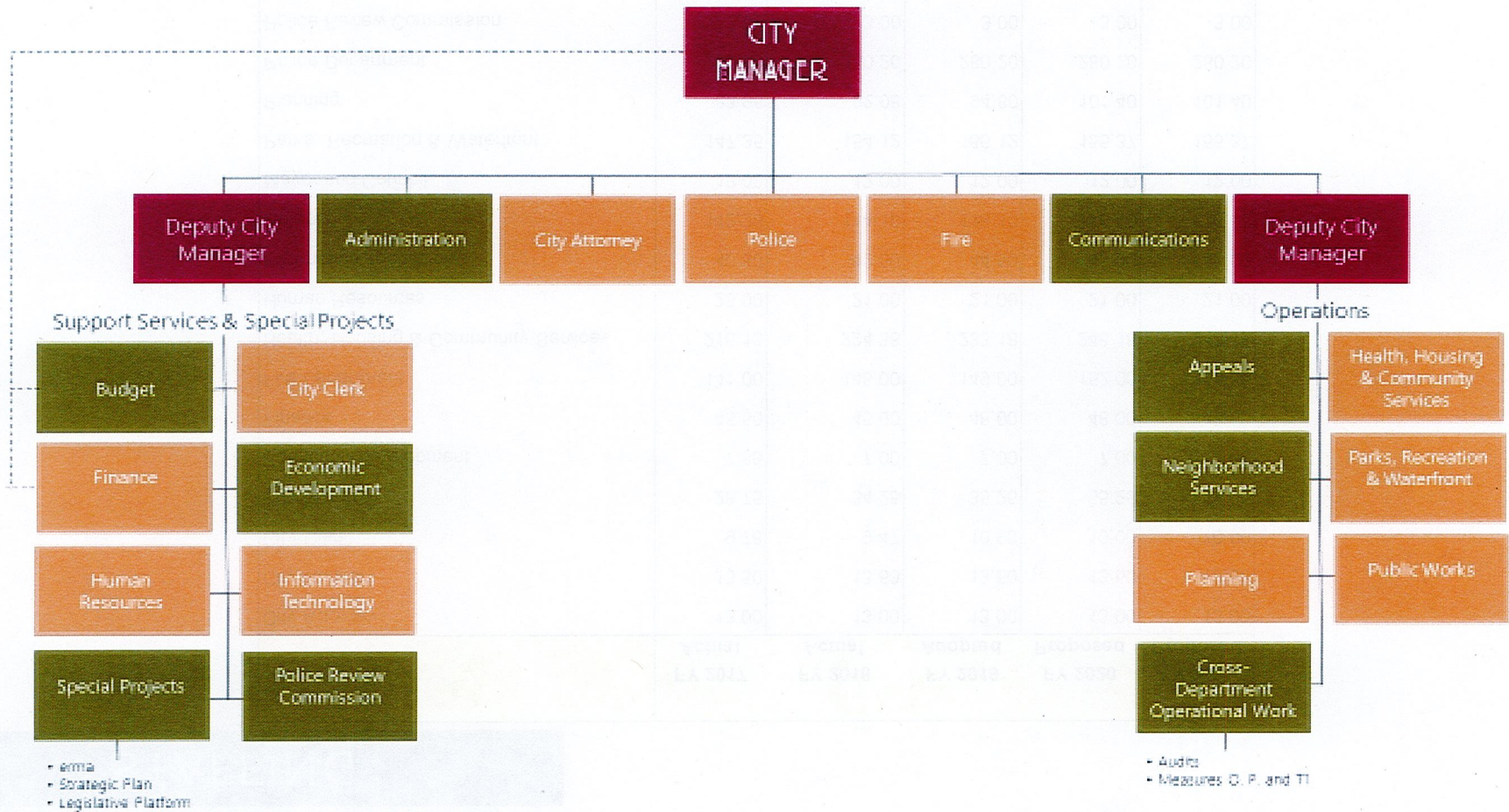




# Staffing



# ORGANIZATIONAL CHART





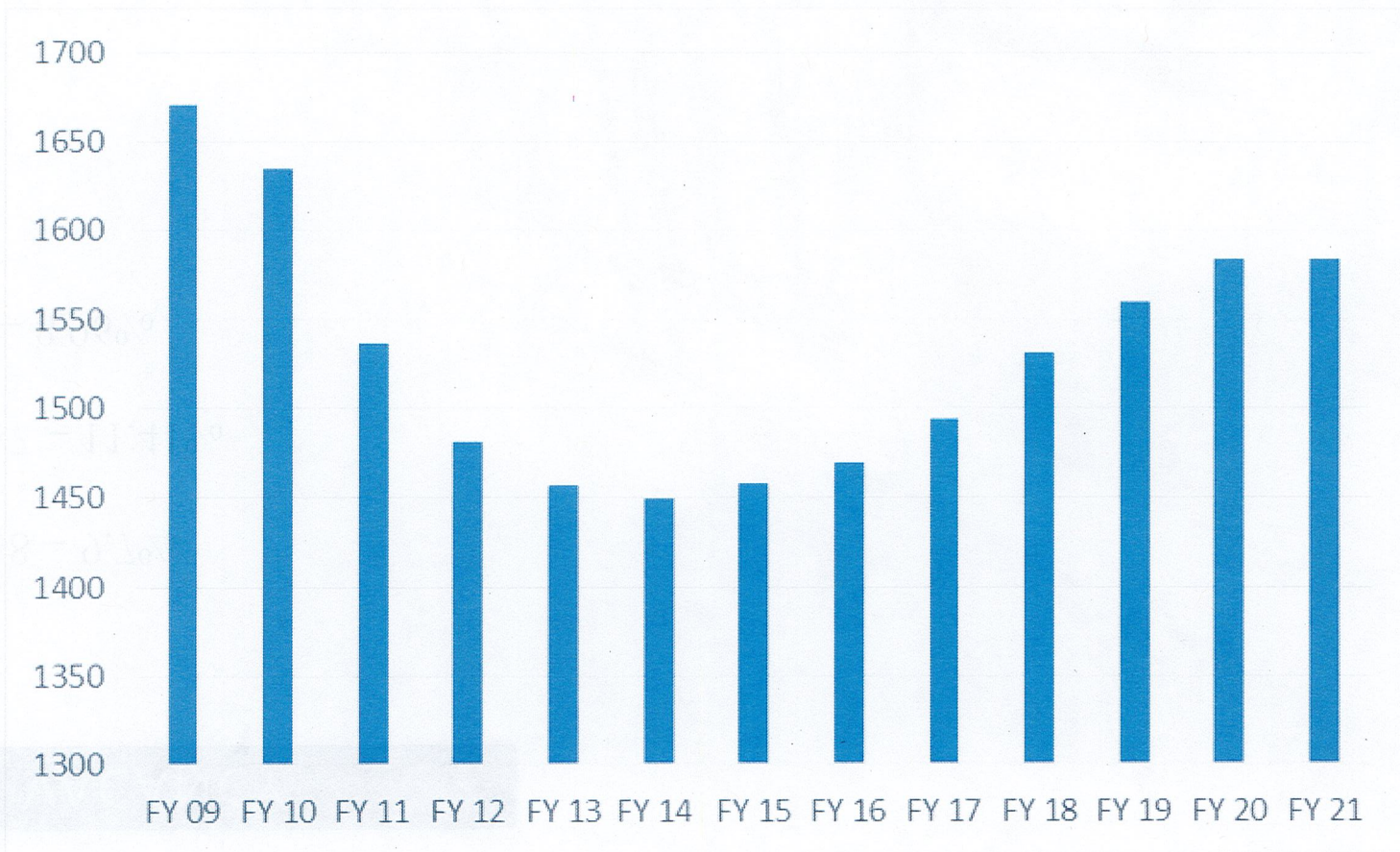
# STAFFING

	FY 2017 Actual	FY 2018 Actual	FY 2019 Adopted	FY 2020 Proposed	FY 2021 Proposed
City Attorney	13.00	13.00	13.00	13.00	13.00
City Auditor	13.50	13.50	13.50	13.50	13.50
City Clerk	9.78	9.47	10.00	10.00	10.00
City Manager	28.75	34.25	35.25	35.25	35.25
Economic Development	7.85	7.00	7.00	7.00	7.00
Finance	45.50	45.00	48.00	48.00	48.00
Fire Department	141.00	148.00	149.00	152.00	152.00
Health, Housing & Community Services	216.13	224.38	233.18	246.18	246.18
Human Resources	23.00	21.00	21.00	21.00	21.00
Information Technology	40.50	42.50	44.50	45.00	45.00
Library	112.28	114.10	116.10	116.10	116.10
Mayor and Council	12.00	12.00	12.00	12.00	12.00
Parks, Recreation & Waterfront	147.35	154.12	156.12	155.37	155.37
Planning	83.95	92.08	94.80	101.40	101.40
Police Department	280.20	280.20	280.20	280.20	280.20
Police Review Commission	3.00	3.00	3.00	3.00	3.00
Public Works	293.60	295.60	300.60	302.00	302.00
Rent Board	22.35	22.35	22.35	22.35	22.35
<b>FTE Total</b>	<b>1493.74</b>	<b>1531.55</b>	<b>1559.60</b>	<b>1583.35</b>	<b>1583.35</b>

\*It should be noted that the FTE totals may not include all hourly FTEs and may vary. Changes that have occurred during FY 2019 are reflected in the FY 2020 Proposed figures.



## STAFFING







## VACANCY

- FY 2018 – 9.7%
- FY 2017 – 11.41%
- FY 16 – 8.96%



# Unfunded Liabilities



# CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM

	CalPERS Actuals FY 2019	CalPERS Actuals FY 2020	CalPERS Projections for FY 2021	CalPERS Projections for FY 2022
<b>Police</b>	60.8%	66.6%	70.7%	73.6%
<b>Fire</b>	44.0%	48.2%	51.2%	54.0%
<b>Miscellaneous</b>	30.5%	32.5%	34.7%	36.4%
<b>Rates are based on CalPERS' projected payroll</b>				



# CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM

California Public Employees Retirement System Funded Status

Fund Name	Valuation Date	Actuarial Source	Estimated Liability	Plan Assets	Unfunded Liability	% Funded
Miscellaneous	6/30/2017	CalPERS	\$ 969.5	\$ 694.6	\$ 274.9	71.6%
Police	6/30/2017	CalPERS	\$ 399.2	\$ 244.3	\$ 154.9	61.2%
Fire	6/30/2017	CalPERS	\$ 262.4	\$ 188.5	\$ 73.90	71.8%
<b>TOTAL</b>			<b>\$ 1,631.1</b>	<b>\$ 1,127.4</b>	<b>\$ 503.70</b>	<b>69.1%</b>

## RETIREE MEDICAL PLANS

Retiree Medical Plan Actuarial Data								
<i>(dollars in millions)</i>								
Plan	Measurement Date	Actuarial Estimated Liabilities	Plan Assets	Net Pension Liability	Actuarially Determined Contribution (ADC)	Actual Contribution *	% Funded	Total Plan Members
Police Employee Retiree Income Benefit Plan (closed)	6/30/2018	\$ 73.00	\$ 6.35	\$ 66.65	\$ -	\$ 1.86	8.70%	151
Police Employees Retiree Health Premium Assistance Plan (new)	6/30/2018	\$ 43.46	\$ 1.80	\$ 41.66	\$ 4.93	\$ 0.30	4.20%	184
Fire Employees Retiree Health Plan	6/30/2018	\$ 27.50	\$ 10.20	\$ 17.30	\$ 2.16	\$ 0.74	37.20%	230
Retiree Health Premium Assistance Plans (Non-Safety Members) *	6/30/2018	\$ 59.39	\$ 25.17	\$ 34.22	\$ 4.73	\$ 2.00	42.38%	1605
Safety Members Pension Fund	6/30/2018	\$ 2.49	\$ 0.97	\$ 1.52	\$ -	\$ 0.45	0.00%	11
		<b>\$ 205.84</b>	<b>\$ 44.49</b>	<b>\$ 161.35</b>	<b>\$ 11.82</b>	<b>\$ 5.35</b>	<b>21.61%</b>	<b>2181</b>
*Actual contribution does not include interest income								





## CAPITAL IMPROVEMENTS

<b>All Funds (in millions)</b>	<b>Adopted FY 2019</b>	<b>Proposed FY 2020</b>	<b>% Change</b>	<b>Proposed FY 2021</b>	<b>% Change</b>
Operating Budget	\$ 366.9	\$ 343.3	-6.4%	\$ 380.6	3.7%
Capital Budget	\$ 39.9	\$ 112.0	180.7%	\$ 59.8	49.9%
<b>Total:</b>	<b>\$ 406.8</b>	<b>\$ 455.3</b>	<b>11.9%</b>	<b>\$ 440.4</b>	<b>8.3%</b>
<b>General Fund (in millions)</b>	<b>Adopted FY 2019</b>	<b>Proposed FY 2020</b>	<b>% Change</b>	<b>Proposed FY 2021</b>	<b>% Change</b>
Operating Budget	\$ 176.6	\$ 182.6	3.4%	\$ 187.0	5.9%
Capital Budget	\$ 7.7	\$ 8.6	11.7%	\$ 7.9	2.6%
<b>Total:</b>	<b>\$ 184.3</b>	<b>\$ 191.2</b>	<b>3.7%</b>	<b>\$ 194.9</b>	<b>5.8%</b>



## CAPITAL IMPROVEMENTS (GENERAL FUND)

(dollars in millions)	Proposed FY 2020	Proposed FY 2021	Planned FY 2022	Planned FY 2023	Planned FY 2024	Total
Facilities	1.6	0.9	0.9	0.9	0.9	
Parks and Marina	0.4	0.4	0.4	0.4	0.4	
Sidewalks	1.6	2.6	1.6	1.6	1.6	
Streets	1.9	1.9	1.9	1.9	1.9	
Transportation	0.7	-	-	-	-	
Other Infrastructure	1.1	0.8	0.3	0.5	0.5	
Debt Service	1.3	1.3	1.3	1.3	1.3	
<b>Total General Fund</b>	<b>8.6</b>	<b>7.9</b>	<b>6.4</b>	<b>6.6</b>	<b>6.6</b>	<b>36.1</b>

### Use of General Fund Capital Improvement Fund

Note: Not included in the chart above are personnel costs in excess of \$1 million per year that will ultimately be charged to projects supported by other funds.

# Strategic Plan



CITYWIDE

# STRATEGIC PLAN

PROPOSED FY20-21

90

NEW

53

CARRYOVER



23%

INCREASE IN PRIORITIES



## FUNDING REQUESTS

Departmental Requests – Over \$13M

\$9M General Fund

\$4M Special Funds

Council Budget Referrals – Over \$3M (as  
of 4/23/19)



## NEXT STEPS/ACTION

FY 2020 & FY 2021 Proposed Budget Calendar	
Date	Action/Topic
March 19, 2019	<ul style="list-style-type: none"> <li>🕒 Projection of Future Liabilities</li> <li>🕒 FY 2019 Mid-Year Update</li> </ul>
April 23, 2019	<ul style="list-style-type: none"> <li>🕒 Public Hearing on CDBG &amp; ESG Annual Action Plan and proposed funding allocations to community agencies</li> </ul>
May 1 & May 3	<ul style="list-style-type: none"> <li>🕒 Department Budget &amp; Capital Improvement Program Presentations to Budget &amp; Finance Policy Committee and City Council</li> </ul>
May 7, 2019	<ul style="list-style-type: none"> <li>🕒 FY 2020 &amp; FY 2021 Proposed Biennial Budget</li> </ul>
May 14, 2019	<ul style="list-style-type: none"> <li>🕒 Public Hearing #1: Budget</li> <li>🕒 FY 2019 Annual Appropriations Ordinance Amendment #2</li> <li>🕒 Proposed Fee Increases</li> <li>🕒 Council Budget Referrals due to City Manager</li> </ul>
May 28, 2019	<ul style="list-style-type: none"> <li>🕒 Public Hearing #2: Budget</li> <li>🕒 Council recommendations on budget due to the City Manager</li> </ul>
June 11, 2019	<ul style="list-style-type: none"> <li>🕒 Council discussion on budget recommendations</li> </ul>
June 25, 2019	<ul style="list-style-type: none"> <li>🕒 Adopt FY 2020 &amp; FY 2021 Biennial Budget and the FY 2020 Appropriations Ordinance</li> </ul>



# FY 2020 & FY 2021 PROPOSED BIENNIAL BUDGET

