

Office of the Mayor

SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2

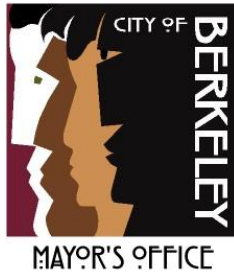
Meeting Date: December 3, 2019

Item Number: #24

Item Description: FY 2019 Year-End Results and FY 2020 First Quarter Budget Update

Submitted by: Mayor Arreguin

Attached is a Budget Message from Mayor Arreguin describing his proposed Mid-Year Budget Recommendations which were included in Supplemental Packet 1.



Mayor's Fiscal Year 2020 Mid-Year Budget Message



December 3, 2019

To the Honorable Members of the City Council and fellow Berkeley residents,

I am pleased to present my proposed Budget Recommendations for the allocation of Fiscal Year 2019 Excess Equity and Property Transfer Tax revenues. These recommendations are based on key priorities expressed by residents and proposals submitted by City Councilmembers.

These recommendations build off of the work of the City Council over the past two years to prioritize the long-term fiscal health of the city. On January 24, 2017, the Council adopted a General Fund Reserve policy to establish a Catastrophic Reserve to address one-time extreme events such as natural disasters, and a Stability Reserve to provide funding in the event of unexpected downturns or revenue shortfalls. The Council set an intermediate goal of reaching 16.7% of total General Fund revenues by the end of FY 2020 and a 30% fund goal over a ten year horizon. I am happy to report that we have already exceeded our intermediate goal, and by approving my proposed Budget Recommendations we will achieve an 18% Reserves goal, with the Reserves to grow in the coming years, well on track to meeting our 30% goal.

To address the growing costs of unfunded employee pension benefits, the City Council this year

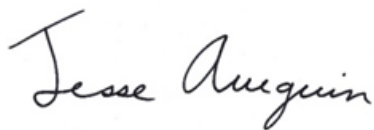
established a Section 115 Trust and deposited \$9 million in funding, which will earn interest over time. This will help the City address rate increases or pre-pay pension obligations. I am also recommending that our City Manager pre-fund this year's CALPERS which will help us achieve a savings.

In addition to setting aside funding to address future costs and CALPERS obligations, the recommendations I am putting forward are also based on the understanding that the City will achieve savings through vacancies and not fully expending budgeted amounts. These savings can provide an additional contingency in the case of unanticipated costs in FY 2020.

Highlights in these recommendations include addressing issues the entire region faces in regards to sanitation, addressing major public safety concerns such as wildfire preparedness and pedestrian/bicyclist safety, and preserving many of our existing community resources while funding new initiatives.

Our budget is a reflection of our values and priorities. My budget recommendations help advance important Council priorities and will ensure a more equitable and sustainable city. For more specific information on my recommendations please read below.

I want to thank our City Manager Dee Williams-Ridley and Budget staff for their work on creating a strong and responsible budget. I look forward to your input on these recommendations between now and the mid-year budget adoption on December 3, 2019. Thank you for the honor of serving as your Mayor.

A handwritten signature in cursive script that reads "Jesse Arreguin".

Mayor Jesse Arreguín

BUDGET HIGHLIGHTS

Creating a Clean and Sanitary City

Illegal dumping has spiked across the Bay Area in recent years, threatening our health and environment. Over recent budgets, we have stepped up our funding to address this issue. This mid-year budget is no different, allocating \$200,000 to fund the illegal dumping component of the Clean and Livable Commons Initiative passed by Council in February 2019. Most of this Initiative is being funded through Homeless Emergency Aid Program (HEAP) funds, such as encampment trash removal, portable toilet and handwashing stations, and a homeless storage

locker program. As illegal dumping is too broad an issue to be aligned with HEAP funds, this money will be used to add lighting, cameras and signs at strategic locations in Berkeley to help deter illegal dumping and to explore increasing the penalties for illegal dumping. Additionally, we are spending \$15,000 to expand the successful BigBelly trash receptacles program, which is currently in the Downtown and Telegraph areas into Ohlone Park. This will help reduce trash build-up in the park, making the park cleaner while saving staff time.

Access to restrooms are essential in creating a dignified way to prevent the public exposure to human waste, eliminating health and environmental hazards associated with improper disposal. It also creates more vibrant and inviting conditions in our commercial corridors, which is helpful for our small businesses. This budget allocates \$100,000 towards the installation of a public restroom in the Telegraph area, which will match existing funding to move this project forward.

Addressing Public Safety

An estimated 15% of Berkeleyans walk to work and 10% bike. These numbers are some of the highest in the country for a city of our size. We need to make sure that our infrastructure reflects the growing demand for alternative forms of transportation, in line with our Vision Zero policy. While significant investment was made in the budget approved in June to promote pedestrian and bicyclist safety, several more projects will be funded in this round. This includes \$100,000 for a rapid flashing beacon at Shattuck Ave and Prince St, an intersection that has experienced multiple crashes involving motorists and pedestrians. \$100,000 will also be spent for pedestrian crossing improvements at Martin Luther King Jr. Way and Stuart Street. \$75,000 will be allocated towards pedestrian and bicycle safety along Oxford Street between University Avenue and Bancroft Way. Thousands of people bike or walk across this road daily, with over a dozen crashes involving pedestrians and bicyclists along this stretch of road over the past decade.

In the June budget process, we allocated \$545,000 towards wildfire mitigation. While this has been beneficial in preparing and preventing fires, more needs to be done given the very high risks parts of Berkeley are exposed to. An additional \$550,000 is being proposed for the removal of dry vegetation, allow the continuation of the temporary Fire Captain position for wildfire safety planning, implementation of the Safe Passages program to make it easier for fire trucks to navigate narrow roads in the hills, and oversight of mitigation programs and public education.

Preserving Community Resources

At the November 19th Council meeting, Council agreed to award \$150,000 to the Capoeira Arts Foundation for the purchasing of their long-time home, Casa de Cultura, which is also home to

BrasArte. These organizations bring Brazilian dance and culture to the Bay Area, providing a cultural center for the Brazilian-American community. Over \$10,500 is proposed to the Berkeley Community Gardening Collaborative for their Moving South Berkeley Forward Program. This program pairs UC Berkeley mentors with high school students to teach urban farming along the Santa Fe Right-of-Way. The program gives an opportunity to understand urban environmental science fundamentals through hands-on experience by collecting, testing, and studying soil samples.

To help preserve out historic buildings, \$27,000 is being proposed to be used as matching funds for the Certified Local Government landmarks preservation grant, totaling \$67,000. This can be used for a variety of applications, including: design guidelines for historic properties, historic structure reports/preservation plans, historic context studies and surveys, National Register of Historic Places District applications, archaeological preservation plans/ordinances, and preservation education and outreach programs

Finally, a critical community resource that is in danger of closing is Alta Bates Medical Center. Sutter Health has announced its intention to close the hospital by 2030, leaving hundreds of thousands of residents along the I-80 corridor without nearby access to a full service hospital. A couple of years ago, we spent \$25,000 to develop a comprehensive report on the consequences of such a closure. Now, an additional \$25,000 is proposed for the purpose of an outreach coordinator to educate the community on the findings of the Health Impact Assessment report.

Supporting Seniors

Earlier this year, the City of Berkeley received an award for its Age-Friendly Berkeley Action Plan. Published in December 2018, the Plan provides the framework for four major goals: accessible and affordable housing, equitable transportation options, an integrated system of services and support, and inclusive social connectedness and neighborhood cohesion. \$20,000 is being proposed to help Ashby Village, the Plan's fiscal sponsor, implement the 3-year plan.

\$100,000 will be allocated to the Strawberry Creek Lodge, a 150-unit senior housing complex. This is for the purpose of funding their food program while their kitchen undergoes renovations. With many of the Lodge's residents under a fixed-income, this money is critical in providing meals to low-income seniors.

Moving Forward on BART Housing

Under AB 2923, a State Law, the City of Berkeley is obligated to provide zoning changes to lots occupied by the North Berkeley and Ashby BART stations to conform to BART transit-oriented

development (TOD) standards by July 1, 2022. While a lengthy community process is underway, \$250,000 is needed to move forward on the environmental review of the proposed changes, as required under the California Environmental Quality Act (CEQA). This process will help shape the future of the sites to ensure that housing and multi-modal use on the sites best fits the environmental standards of the State and our Climate Action Plan.

Lifting Up Homeless Communities

With the rainy season upon us, we are allocating additional resources to make sure the inclement weather shelter at Old City Hall is operational when temperatures drop below 45F, rain is forecast, or the Air Quality Index goes above 151. \$60,000 is being allotted for this purpose, allowing the shelter to be open for up to 45 days, providing 65 beds on a first-come, first-served basis.

Additional funding for homeless services will also be discussed at the December 3rd Council meeting. However this will be under a different process outside the scope of the mid-year budget update. Specifically, this will take place under the Measure P allocation recommendations. Measure P, passed by Berkeley voters in 2018, provides \$6-8 million annually generated from the transfer tax towards homeless and mental health services. A new citizen commission, the Homeless Services Panel of Experts, was formed to provide recommendations to Council on how to spend the funds.

Implementing the Natural Gas Ordinance

In July 2019, the City Council made history by becoming the first city in the nation to prohibit the use of natural gas in new construction. Dozens of other cities are now looking into proposals based on Berkeley's law, which goes into effect on January 1, 2020. To help with the implementation, a two-year position is being created at a cost of \$273,341. Their role would be to assist the City of Berkeley in advancing its leadership in electrifying buildings; assist in development of future code amendments would be the lead staff for managing implementation of new energy-related ordinances and codes, including the Deep Green Building Standards; provide training to staff, and also assistance and consultation for permit applicants; and assist property owners with incentives.