



**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE  
SPECIAL MEETING**

**Tuesday, September 17, 2024  
12:00 PM**

2180 Milvia Street, 6th Floor - Redwood Room

Committee Members:

Mayor Jesse Arreguin, Councilmembers Rashi Kesarwani and Sophie Hahn  
Alternate: Councilmember Susan Wengraf

This meeting will be conducted in a hybrid model with both in-person attendance and virtual participation. All Committee meetings are recorded.

To access the meeting remotely use this URL - <https://cityofberkeley-info.zoomgov.com/j/1617370401>. To request to speak, use the “raise hand” function in Zoom. To join by phone: Dial **1-669-254-5252** or **1-833-568-8864 (Toll Free)** and Enter **Meeting ID: 161 737 0401**. To provide public comment, press \*9 and wait to be recognized by the Chair. To submit a written communication for the Committee’s consideration and inclusion in the public record, email [policycommittee@berkeleyca.gov](mailto:policycommittee@berkeleyca.gov).

This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Any member of the public may attend this meeting, however, if you are feeling sick, please do not attend the meeting in person.

Pursuant to the City Council Rules of Procedure and State Law, the presiding officer may remove, or cause the removal of, an individual for disrupting the meeting. Prior to removing an individual, the presiding officer shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding officer may then remove the individual if they do not promptly cease their disruptive behavior. “Disrupting” means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, a failure to comply with reasonable and lawful regulations adopted by a legislative body, or engaging in behavior that constitutes use of force or a true threat of force.

**California Government Code Section 84308 (Levine Act)** Parties to a proceeding involving a license, permit, or other entitlement for use are required to disclose if they made contributions over \$250 within the prior 12 months to any City employee or officer. Parties and participants with a financial interest are prohibited from making more than \$250 in contributions to a decisionmaker for the 12 months after the final decision is rendered on the proceeding. The above contribution disclosures and restrictions do not apply when the proceeding is competitively bid, or involves a personnel or labor contract. For more information, see Government Code Section 84308.

# AGENDA

## Roll Call

## Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

### 1. Minutes - June 19, 2024

## Committee Action Items

*The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.*

*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

### 2. **Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC**

**From: Councilmember Harrison (Author)**

**Referred: December 5, 2023**

**Due: September 25, 2024**

**Recommendation:** Refer to City Manager and the Budget and Finance Committee to consider establishing an ongoing General Fund policy of allocating 50% of annual TNC Tax revenues to a citywide traffic calming budget and the remaining 50% to tier 1 bike/pedestrian/transit priority projects as specified under 3. a-c.

**Financial Implications:** None

Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

### 3. **City Council Legislative Systems Redesign**

**From: City Manager**

**Referred: January 16, 2024**

**Due: September 30, 2024**

**Recommendation:** *\*\*\*On January 16, 2024, the Agenda and Rules Committee referred the questions in the supplemental materials to the Budget and Finance Policy Committee for review and response.\*\*\**

**Financial Implications:** See report

Contact: Mark Numainville, City Clerk, (510) 981-6900

## Committee Action Items

### 4a. Achieving Goals of 2018 Berkeley Age-Friendly Action Plan

**From: Commission on Aging**

**Referred: May 7, 2024**

**Due: October 13, 2024**

**Recommendation:** Refer to the City Manager steps to revisit and act on the recommendations of the Berkeley Age-Friendly Action Plan as outlined in the report, by building on what is already occurring in the community, expanding the Plan's impact, and addressing gaps by increasing funding for personnel and other services currently being offered, as well as others identified in the Age-Friendly Plan.

The Aging Commission identified as first steps four (4) priority areas and goals for the Action Plan:

1. **Housing and Economic Security:** Develop a continuum of affordable, accessible housing options for older adults to age in their community regardless of their health or financial status.
2. **Transportation and Mobility:** Advance a network of public and private transportation (including transit, assistive devices, e-bikes and e-scooters and bicycling and walking) that equitably serves residents and connects them to services, social activities, and employment opportunities.
3. **Health and Wellness:** Develop a more integrated system of services and supports that is person-centered and ensures that all residents have the opportunity to engage in health promoting activities.
4. **Social Participation and Civic Engagement:** Enhance neighborhood cohesion and social connectedness of all Berkeley residents with community events and activities that are inclusive, affordable, and accessible.

In the short term, the Commission recommends that these plans should include a budget referral to the City Manager for consideration in the biennial budget process.

**Financial Implications:** See report

Contact: Darleen Bronson, Commission Secretary, (510) 981-5400

## Committee Action Items

### 4b. Companion Report: Achieving Goals of 2018 Berkeley Age-Friendly Action Plan

**From: City Manager**

**Referred: May 7, 2024**

**Due: October 13, 2024**

**Recommendation:** Refer to the City Manager to review and prioritize the recommendations of the City of Berkeley's Age-Friendly Action Plan, in conjunction with the results of the Community Health Assessment that will be conducted by the Health, Housing, and Community Services Department in the 2024 calendar year. In addition, to consider the following referrals:

1. Refer to the Transportation Commission to collaborate with the Commission on Aging to assess the equitable accessibility of public transportation options for the older adult and disabled community in Berkeley
2. Refer to Housing Advisory Commission to collaborate with staff to assess the level of affordable, accessible housing options for older adults to age in the Berkeley community.
3. Refer the Commission on Aging's request for increased funding to the Budget and Finance Policy Committees for further deliberation.

**Financial Implications:** See report

Contact: Scott Gilman, Health, Housing, and Community Services, (510) 981-5400

### 5a. Measure P Allocations, Fiscal Year 2025-2026

**From: Homeless Services Panel of Experts**

**Referred: May 21, 2024**

**Due: October 29, 2024**

**Recommendation:** That Council approve the Homeless Services Panel of Experts recommendations to allocate Measure P revenue providing homeless services as detailed in Attachment 1, Exhibit A.

**Financial Implications:** See report

Contact: Josh Jacobs, Commission Secretary, (510) 981-5400

### 5b. Companion Report: Measure P Allocations, Fiscal Year 2025-2026

**From: City Manager**

**Referred: May 21, 2024**

**Due: October 29, 2024**

**Recommendation:** Approve the Homeless Services Panel of Experts recommendations for Fiscal Years 2025-2026, but continue to partially fund 5150 transports from Measure P until alternative sources can be identified.

**Financial Implications:** See report

Contact: Peter Radu, City Manager's Office, (510) 981-7000, David Sprague, Fire, (510) 981-3473

## Committee Action Items

**6. Accept the Risk Analysis for Long-Term Debt (Bonding Capacity) Report provided by Government Finance Officers Association**

**From: City Manager**

**Referred Date: June 25, 2024**

**Due Date: January 21, 2025**

**Recommendation:** (Reviewed by the Budget & Finance Committee)

Accept the report titled 'Risk-Based Analysis and Stress Test of Long-Term Debt Affordability' as provided by the Government Finance Officers Association (GFOA).

This report is based on their research and development of a risk-modeling tool to address issuing long-term debt related to City of Berkeley Vision 2050.

On April 26, 2022, the City Council referred this item to the City Manager and Budget & Finance Committee to return to Council with recommendations or analysis on as many of the following items as possible by October 2022, if feasible. 1) Consideration of reserves policies for operational funds other than the General Fund; 2) Potential reduction of the maximum indebtedness rate from 15% of assessed property value down to 4-8% range; 3) A new policy to not incur indebtedness when interest rates go above 5% or a different specific threshold; 4) Tools for increased transparency for taxpayers; 5) Updated report and discussion of pension and healthcare costs; 6) Refer the full Report to the Budget & Finance Committee for consideration.

Policy Committee Recommendation: No final action taken. Item is automatically returning to the Council agenda pursuant to the time limit for items referred to policy committees.

**Financial Implications:** None

Contact: Henry Oyekanmi, Finance, (510) 981-7300

## Unscheduled Items

*These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.*

**7. Audit Status Reports: Fleet Replacement Fund Short Millions & Rocky Road: Berkeley Streets at Risk and Significantly Underfunded**

**From: City Manager**

**Recommendation:** \*\*\*On May 23, 2023, the City Council referred to the Budget and Finance Policy Committee to prioritize funding to the vehicle replacement fund to make up the shortfall over time in order to stabilize the fund.\*\*\*

**Financial Implications:** See report

Contact: Terrance Davis, Public Works, (510) 981-6300

## Items for Future Agendas

- Requests by Committee Members to add items to the next agenda

## Adjournment

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*Written communications submitted by mail or e-mail to the Budget & Finance Committee by 5:00 p.m. the Friday before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record.*

*This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953 and applicable Executive Orders as issued by the Governor that are currently in effect. Members of the City Council who are not members of the standing committee may attend a standing committee meeting even if it results in a quorum being present, provided that the non-members only act as observers and do not participate in the meeting. If only one member of the Council who is not a member of the committee is present for the meeting, the member may participate in the meeting because less than a quorum of the full Council is present. Any member of the public may attend this meeting. Questions regarding public participation may be addressed to the City Clerk Department (510) 981-6900.*



**COMMUNICATION ACCESS INFORMATION:**

This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date. Attendees at public meetings are reminded that other attendees may be sensitive to various scents, whether natural or manufactured, in products and materials. Please help the City respect these needs.

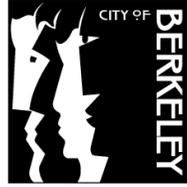
~~~~~  
I hereby certify that the agenda for this meeting of the Standing Committee of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on September 12, 2024.

A handwritten signature in black ink that reads "Mark Numainville".

Mark Numainville, City Clerk

**Communications**

*Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA, and are available upon request by contacting the City Clerk Department at (510) 981-6908 or [policycommittee@berkeleyca.gov](mailto:policycommittee@berkeleyca.gov).*



**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE  
SPECIAL MEETING**

**Wednesday, June 19, 2024  
12:00 PM**

2180 Milvia Street, 1<sup>st</sup> Floor - Cypress Room

Committee Members:

Mayor Jesse Arreguin, Councilmembers Rashi Kesarwani and Sophie Hahn  
Alternate: Vacant

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# AGENDA

## Roll Call

## Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

### 1. Minutes - June 5, 2024

## Committee Action Items

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*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

### 2. FY25/26 Proposed Budget

**From: City Manager**

**Recommendation:** Discussion and Recommendations on the FY25/26 Proposed Budget including funding requests, Council budget referrals and budget balancing strategies

**Financial Implications:**

Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

## Items for Future Agendas

- Requests by Committee Members to add items to the next agenda

## Adjournment

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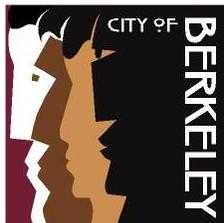
Mark Numainville, City Clerk

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On December 5, 2023, the City Council adopted recommendation A in this revised report, and referred recommendation B to the Budget and Finance Policy Committee.



Councilmember Kate Harrison  
Councilmember District 4

## REVISED AGENDA MATERIAL for Supplemental Packet 1

**Meeting Date:** December 5, 2023

**Item Number:** 12

**Item Description:** **Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC**

**Submitted by:** Councilmember Harrison

- Revised the budget referral pursuant to the advice from the Agenda and Rules Committee to specify that recommendation #5 includes a referral to the Budget and Finance Committee.
- Clarified the item to highlight that the Council already budgeted \$900,000 as part of the FY 2024 budget, and that the allocations suggested by this item in Recommendations A. 1-4 do not require any new budget outlays and do not have any impact on the General Fund.
- Clarified that the City's Budget Office reports that the \$900,000 in TNC funds budgeted in FY 2024 are not encumbered at this time. However, Public Works is actively planning to allocate \$200k for traffic signal detection upgrades from analog to video detection at high priority bike/ped/high-injury intersections.



Kate Harrison  
Councilmember, District 4

CONSENT ACTION  
CALENDAR  
December 5, 2023

To: Honorable Members of the City Council  
From: Councilmembers Harrison (Author) and Taplin (Co-sponsor)  
Subject: Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

RECOMMENDATION

A. Designate existing (already budgeted and not requiring new outlays) \$900,000 in FY 2024 Transportation Network Company (TNC) Tax allocation as follows:

1. \$100,000 in short, medium, and long-term traffic calming measures in the vicinity of 2023 Halloween Derby St. hit-and-run incident involving a minor to include speed tables, highlighting designation of crosswalks, and consideration of a stop sign on Mabel at Carleton and Derby.
2. \$25,000 to purchase five additional portable speed radar trailers bringing the City's total to seven for targeted traffic calming; and
3. \$325,000 to increase the citywide Traffic Calming Budget on a one-time basis to \$400,000 (up from the current \$75,000); and
4. \$450,000 ~~to~~ citywide to fund:
  - a. tier 1 protected bicycle lanes and crossings identified in the 2017 Bicycle Plan, including but not limited to quick-build projects; and
  - b. priority pedestrian street crossings identified in the 2020 pedestrian plan, including but not limited to quick-build projects; and
  - c. priority quick-build public transit projects under the Street Repair Program; and

~~5.~~ B. Refer to City Manager and the Budget and Finance Committee staff to consider establishing an ongoing General Fund policy of allocating 50% of annual TNC Tax revenues to a citywide traffic calming budget and the remaining 50% to tier 1 bike/pedestrian/transit priority projects as specified under 3. a-c.

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BACKGROUND

A child was hit by a speeding car Halloween night 2023 while trick-or-treating on Derby Street in southwest Berkeley, resulting in serious injuries. The driver did not stop.

2180 Milvia Street, Berkeley, CA 94704 • Tel: (510) 981-7140 • TDD: (510) 981-6903 • Fax: (510) 644-1174  
E-Mail: KHarrison@cityofberkeley.info

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

CONSENT ACTION  
CALENDAR  
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Miraculously, the child survived and is expected to make a full recovery, but not without significant trauma for the victim, family, and community. The hit-and-run suspect is still at large.

The family of the victim of this horrifying traffic violence incident started a petition to address the lack of adequate traffic safety measures, specifically the absence of speed bumps, daylighted crosswalks, and stop signs.

As Chair of the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, Councilmember Harrison scheduled a hearing on November 15, 2023 to provide the family with an opportunity to speak about their experience and petition, and to provide Transportation Division and Berkeley Police Department staff with an opportunity to respond and consider traffic calming measures.

Specifically, the petition, which now includes more than 16,000 signatures, requests that the Mayor, Council, the Berkeley Police Department and the Berkeley Department of Public Works:

1. install **speed bumps** on all streets running east to west between Sacramento and San Pablo, and from Dwight Way to Ashby. These include Dwight, Blake, Parker, Carleton, Derby, Ward, Stuart, Oregon, Russell and Julia streets. Speed bumps have been proven effective in reducing vehicle speeds by 20-25% (source: Federal Highway Administration), making our roads safer.
2. establish **brightly marked crosswalks at key intersections**. Pedestrian fatalities are twice as likely to occur at unmarked crossings compared to those with crosswalks (source: National Highway Traffic Safety Administration).
3. add **stop signs at critical locations**, specifically on Mabel at Carleton and at Derby. Stop signs not only regulate traffic flow but also prioritize pedestrian safety by forcing drivers to come to a complete halt.

This budget referral seeks to revise already allocated funds from FY 2024. In June 2023, the Council approved Councilmember Harrison’s budget referral, submitted in January 2022, to allocate up to \$2 million in TNC revenues to tier 1 bike/pedestrian/mobility/transit projects.<sup>1</sup> Councilmember Harrison had previously proposed allocating TNC revenues to such purposes in early 2021.<sup>2</sup>

<sup>1</sup>Budget Referral: Allocate Projected Revenues from Voter-approved Transportation Network Company User Tax to Support Priority Mobility Infrastructure, Including Tier 1 Protected Bicycle Lanes and Crossings, Pedestrian Street Crossings, and Quick-build Public Transit Projects,” January 18, 2022, <https://records.cityofberkeley.info/PublicAccess/api/Document/AYihhfV5w8HzhLOFURtCVnuzC%3D%89L08MaMb7h8yeczajQXCe8nTt4CrnqA1hIk9fBiQvytqZyp9gxr22wMc75S00%3D/>

<sup>2</sup>Budget Referral: Allocate Transportation Network Companies User’s Tax Proceeds and other General Fund Revenues to Support Priority Protected Bicycle Boulevards and the Street Repair Program,” March 9,

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

CONSENT ACTION  
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Berkeley voters overwhelmingly passed the TNC User’s Tax (Measure GG) in 2020 with a 50-cent fee per rideshare trip specifically in order to generate “at least \$900,000 annually to support general municipal services like paving streets and improving pedestrian and bicycle infrastructure.”<sup>3</sup> City staff estimate that the tax will bring in approximately \$1-1.5 million per year. As the legislative record demonstrates, it is difficult to budget on periodic basis based on revenues. Rather, as included in this item, the Council should establish a general fund revenue policy to ensure that the funding is allocated automatically.

Of the total \$900,000 FY 2024 TNC allocation, this budget referral would designate \$100,000 to short, medium and long-term traffic calming upgrades in the vicinity of the neighborhood where the traffic violence occurred. This includes \$100,000 in dedicated funding for speed tables, daylighting and consideration of a stop sign and \$25,000 for purchasing approximately five additional speed trailers that can be deployed across the City to calm traffic (bringing the City’s total to seven). All of these measures were discussed in detail during the November 15, 2023 FITES Committee meeting.

In addition, in recognition of the FITES discussion, the petition, and historic citywide concerns about the City’s woefully underfunded traffic calming budget, this item increases the citywide budget from \$75,000 to \$400,000.

Consistent with Council’s action in adopting Councilmember Harrison’s 2022 budget referral as part of the FY 2024 budget, this item allocates the remaining \$450,000 to citywide priority bike/pedestrian/mobility/transit projects.

The City’s Budget Office reports that the \$900,000 in TNC funds budgeted in FY 2024 are not encumbered at this time. However, Public Works is actively planning to program \$200k for traffic signal detection upgrades from analog to video detection at six high priority bike/ped/high-injury intersections. Public Works has also been considering replacing existing analog detection at some intersections and adding leading pedestrian intervals and to support existing Bicycle and Pedestrian safety project(s) that have budget gaps. All of these measures are consistent with either A. 3 and A. 4 of the item’s recommendation.

Finally, this budget referral refers to the City Manager and Budget staff to establish an ongoing General Fund policy of allocating 50% of annual TNC Tax revenues to a

2021, <https://records.cityofberkeley.info/PublicAccess/api/Document/ARkxRrGkx0%C3%89GGtZtKu8TUcvBWPF1qgSC4d8o5Waq20km4RcyQp4H%C3%89q5seu%C3%8130xYc5NRj2NaGiW3uaJStC%C3%89NLo%C3%89k%3D/>

<sup>3</sup> “Argument in Favor of Measure GG,” Berkeley City Clerk, August 2020, <https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/GG%20-%20Primary%20in%20Favor%20-%20FINAL.pdf>

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

~~CONSENT ACTION~~  
CALENDAR  
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citywide traffic calming budget and the remaining 50% to tier 1 bike/pedestrian/transit priority projects as specified under recommendation 3. a-c.

It is in the public interest to immediately allocate these funds to protect children and other community members from traffic violence in West Berkeley, expand the historically underfunded traffic calming budget, and establish an ongoing policy of allocating TNC revenues consistent with voter intent to enhance low-carbon transportation infrastructure and mitigate for increase car traffic.

FISCAL IMPACTS OF RECOMMENDATION

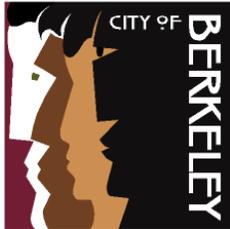
No impact on the general fund as the Council already allocated \$900,000 from TNC tax revenues as part of the FY 2024 budget.

ENVIRONMENTAL SUSTAINABILITY

Traffic calming measures enhance community safety and can enhance usage of low-carbon pedestrian/bike/mobility/transit trips consistent with the City's Climate Action Plan goals.

CONTACT PERSON

Councilmember Kate Harrison, (510) 981-7140



Kate Harrison  
Councilmember, District 4

ACTION CALENDAR  
December 5, 2023

To: Honorable Members of the City Council  
From: Councilmembers Harrison (Author) and Taplin (Co-sponsor)  
Subject: Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

RECOMMENDATION

Designate existing \$900,000 FY 2024 Transportation Network Company (TNC) Tax allocation as follows:

1. \$100,000 in short, medium, and long-term traffic calming measures in the vicinity of 2023 Halloween Derby St. hit-and-run incident involving a minor to include speed tables, highlighting designation of crosswalks, and consideration of a stop sign on Mabel at Carleton and Derby.
2. \$25,000 to purchase five additional portable speed radar trailers bringing the City's total to seven for targeted traffic calming; and
3. \$325,000 to increase the citywide Traffic Calming Budget on a one-time basis to \$400,000 (up from the current \$75,000); and
4. \$450,000 to citywide to fund:
  - a. tier 1 protected bicycle lanes and crossings identified in the 2017 Bicycle Plan, including but not limited to quick-build projects; and
  - b. priority pedestrian street crossings identified in the 2020 pedestrian plan, including but not limited to quick-build projects; and
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5. Refer to City Manager and Budget staff to establish an ongoing General Fund policy of allocating 50% of annual TNC Tax revenues to a citywide traffic calming budget and the remaining 50% to tier 1 bike/pedestrian/transit priority projects as specified under 3. a-c.

BACKGROUND

A child was hit by a speeding car Halloween night 2023 while trick-or-treating on Derby Street in southwest Berkeley, resulting in serious injuries. The driver did not stop. Miraculously, the child survived and is expected to make a full recovery, but not without

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

ACTION CALENDAR  
December 5, 2023

significant trauma for the victim, family, and community. The hit-and-run suspect is still at large.

The family of the victim of this horrifying traffic violence incident started a petition to address the lack of adequate traffic safety measures, specifically the absence of speed bumps, daylighted crosswalks, and stop signs.

As Chair of the Facilities, Infrastructure, Transportation, Environment & Sustainability Policy Committee, Councilmember Harrison scheduled a hearing on November 15, 2023 to provide the family with an opportunity to speak about their experience and petition, and to provide Transportation Division and Berkeley Police Department staff with an opportunity to respond and consider traffic calming measures.

Specifically, the petition, which now includes more than 16,000 signatures, requests that the Mayor, Council, the Berkeley Police Department and the Berkeley Department of Public Works:

1. install **speed bumps** on all streets running east to west between Sacramento and San Pablo, and from Dwight Way to Ashby. These include Dwight, Blake, Parker, Carleton, Derby, Ward, Stuart, Oregon, Russell and Julia streets. Speed bumps have been proven effective in reducing vehicle speeds by 20-25% (source: Federal Highway Administration), making our roads safer.
2. establish **brightly marked crosswalks at key intersections**. Pedestrian fatalities are twice as likely to occur at unmarked crossings compared to those with crosswalks (source: National Highway Traffic Safety Administration).
3. add **stop signs at critical locations**, specifically on Mabel at Carleton and at Derby. Stop signs not only regulate traffic flow but also prioritize pedestrian safety by forcing drivers to come to a complete halt.

This budget referral seeks to revise already allocated funds from FY 2024. In June 2023, the Council approved Councilmember Harrison's budget referral, submitted in January 2022, to allocate up to \$2 million in TNC revenues to tier 1 bike/pedestrian/mobility/transit projects.<sup>1</sup> Councilmember Harrison had previously proposed allocating TNC revenues to such purposes in early 2021.<sup>2</sup>

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<sup>1</sup>"Budget Referral: Allocate Projected Revenues from Voter-approved Transportation Network Company User Tax to Support Priority Mobility Infrastructure, Including Tier 1 Protected Bicycle Lanes and Crossings, Pedestrian Street Crossings, and Quick-build Public Transit Projects," January 18, 2022, <https://records.cityofberkeley.info/PublicAccess/api/Document/AYihhfV5w8HzhLOFURtCVnuzC%3D%89L08MaMb7h8yezajQQXce8nTt4CrnqA1hIk9fBiQvytqZyp9gxr22wMc75S00%3D/>

<sup>2</sup>"Budget Referral: Allocate Transportation Network Companies User's Tax Proceeds and other General Fund Revenues to Support Priority Protected Bicycle Boulevards and the Street Repair Program," March 9, 2021, <https://records.cityofberkeley.info/PublicAccess/api/Document/ARkxRrGkx0%3D%89GGtZtKu8>

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

ACTION CALENDAR  
December 5, 2023

Berkeley voters overwhelmingly passed the TNC User’s Tax (Measure GG) in 2020 with a 50-cent fee per rideshare trip specifically in order to generate “at least \$900,000 annually to support general municipal services like paving streets and improving pedestrian and bicycle infrastructure.”<sup>3</sup> City staff estimate that the tax will bring in approximately \$1-1.5 million per year. As the legislative record demonstrates, it is difficult to budget on periodic basis based on revenues. Rather, as included in this item, the Council should establish a general fund revenue policy to ensure that the funding is allocated automatically.

Of the total \$900,000 FY 2024 TNC allocation, this budget referral would designate \$100,000 to short, medium and long-term traffic calming upgrades in the vicinity of the neighborhood where the traffic violence occurred. This includes \$100,000 in dedicated funding for speed tables, daylighting and consideration of a stop sign and \$25,000 for purchasing approximately five additional speed trailers that can be deployed across the City to calm traffic (bringing the City’s total to seven). All of these measures were discussed in detail during the November 15, 2023 FITES Committee meeting.

In addition, in recognition of the FITES discussion, the petition, and historic citywide concerns about the City’s woefully underfunded traffic calming budget, this item increases the citywide budget from \$75,000 to \$400,000.

Consistent with Council’s action in adopting Councilmember Harrison’s 2022 budget referral as part of the FY 2024 budget, this item allocates the remaining \$450,000 to citywide priority bike/pedestrian/mobility/transit projects.

Finally, this budget referral refers to the City Manager and Budget staff to establish an ongoing General Fund policy of allocating 50% of annual TNC Tax revenues to a citywide traffic calming budget and the remaining 50% to tier 1 bike/pedestrian/transit priority projects as specified under recommendation 3. a-c.

It is in the public interest to immediately allocate these funds to protect children and other community members from traffic violence in West Berkeley, expand the historically underfunded traffic calming budget, and establish an ongoing policy of allocating TNC revenues consistent with voter intent to enhance low-carbon transportation infrastructure and mitigate for increase car traffic.

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<sup>3</sup> “Argument in Favor of Measure GG,” Berkeley City Clerk, August 2020, <https://www.cityofberkeley.info/uploadedFiles/Clerk/Elections/GG%20-%20Primary%20in%20Favor%20-%20FINAL.pdf>

Budget Referral: Allocate the Existing \$900,000 Transportation Network Company (TNC) Tax to Calm Traffic in Vicinity of Derby St., Increase Citywide Traffic Calming Budget, and Establish Ongoing General Fund Allocation Policy for the TNC

ACTION CALENDAR  
December 5, 2023

FISCAL IMPACTS OF RECOMMENDATION

No impact on the general fund as the Council already allocated \$900,000 from TNC tax revenues as part of the FY 2024 budget.

ENVIRONMENTAL SUSTAINABILITY

Traffic calming measures enhance community safety and can enhance usage of low-carbon pedestrian/bike/mobility/transit trips consistent with the City's Climate Action Plan goals.

CONTACT PERSON

Councilmember Kate Harrison, (510) 981-7140



## Agenda Committee 1/16/2024

### Item 10 - City Council Legislative Systems Redesign

#### Discussion Items - Part 1

#### Background:

The Agenda Committee presented materials and solicited input from the City Council during fall of 2023 regarding possible Legislative Systems Redesign options. The goal of Systems Redesign is to improve processes for developing, introducing, vetting, passing, funding, and implementation of Major Council Items and initiatives. Based on City Council input, the Agenda Committee has been tasked with proposing a new set of improvements to:

1. Consider possible refinements to the definition of Major Items
2. Make the Council Item Guidelines mandatory for Major Items (formerly referred to as "Policy Track Items")
3. Establish transparent deadlines for budget processes and clarity about what kind of "asks" can be submitted/considered at each budget cycle
4. Strengthen the Committee System to provide more in-depth review and vetting of Major Items
5. Clarify levels of input from Staff and City Attorney at all stages, from development to implementation
6. Clarify processes and timelines for implementation of items once passed and funded
7. Establish protocols for one-time vetting/disposition of currently backlogged items
8. Consider yearly prioritization processes in light of the intended outcome of fewer, more fully considered Major Items in the queue

To facilitate focused discussion, this memo only addresses proposals related to items 1, 2, and 3, above. Additional considerations will be discussed at subsequent meetings.

#### **1. Consider possible refinements to the definition of Major Items**

"Major Items" are items meeting the current definition of *Policy Committee Track Items*:

*"Moderate to significant administrative, operational, budgetary, resource, or programmatic impacts."*

Some Councilmembers expressed that the definition might be further clarified. After discussing a variety of options, and considering times when the definition might have

proved problematic, it was decided that no changes should be proposed; the definition appears to provide good guidance to members of the Agenda & Rules Committee and has not been a source of controversy to date.

Consideration was given to potentially require all Ordinance changes to be labeled Major Items, but on further discussion, it was concluded that only Ordinance changes/new Ordinances with “moderate to significant administrative, operations, budgetary, resources, or programmatic impacts” would be worthy of being considered as Major Items - thus reinforcing the appropriateness of the existing definition.

One possible improvement could be to add examples of items that may be considered Major Items, rather than to amend the rule:

*“Examples may include, but are not limited to Items that:*

- *Clarify or extend existing Plans, Programs, Policies and Laws in moderate to significantly impactful ways*
- *Change/Amend existing Plans, Programs, Policies and Laws in moderate to major ways*
- *Create a new and meaningful exception to existing Plans, Programs, Policies and Laws*
- *Reverse/change existing Plans, Programs, Policies and Laws in moderate to significant ways*
- *May require moderate to significant increases in funding or additional FTE for start-up and/or ongoing operations”*

**Recommendation:** Keep existing definition, add examples, and revisit should controversies occur.

## **2. Make the Council Item Guidelines mandatory for Major Items (formerly referred to as “Policy Track Items”)**

In discussing this seemingly straightforward concept, a number of considerations arose that are addressed in the following proposed path forward.

The Council Rules of Procedure and Order already include an outline of what is “required” for Council items, in Section XXX of the Rules. The Guidelines – suggested but not required and included in an Appendix to the Rules – were built from the Rules, providing more elaboration and specificity.

As suggested but not required, the Guidelines have not been “in conflict” with the Rules. However, adopting the Guidelines as requirements changes this equation; *the existing Rules and the Guidelines cannot both be simultaneously required*. The proposed path forward addresses the potential conflict that arises when the Guidelines are adopted as mandatory for Major Items.

In addition, if the Guidelines are mandatory only for Major Items, we must consider what will be mandatory for “all other” items – hereinafter referred to as “Standard Items.” The proposed path forward thus addresses both Major Item and Standard Item requirements.

Another consideration is how the Agenda Committee will evaluate whether an item - Major or Standard - is in compliance with mandatory requirements, and what the Agenda Committee must or may do if it finds an item falls short of the requirements. The following proposal addresses these issues as well.

Finally, the Guidelines were reviewed to identify any possible edits that might be suggested prior to adoption of the Guidelines as mandatory.

**Proposal:**

1. Make Edits to Guidelines:
  - a. Remove “preamble” language
  - b. Make light changes to the Guidelines and expand illustrative examples
  - c. *See Edited Version of the Guidelines*
  
2. Remove/eliminate existing Rules about how to present/write Items and adopt a two-tiered set of Rules for **Standard Items** and **Major Items**, based on the Guidelines.
  - a. For **Major Items**, make the full Guidelines MANDATORY
  - b. For **Standard Items**, make elements **1, 2, 3, 4, 5, 14 and 15** of the Guidelines MANDATORY, with other elements RECOMMENDED.
  - c. **Drafting Consideration** - Keep the Guidelines as an Appendix – incorporated by reference into the Rules – rather than “pasting” the full Guidelines directly into the Rules.

- d. **Clerk Templates** - the Clerk's Office will create updated, more user-friendly and easily accessible templates for Major and Standard Items, as well as for Supplemental, Late, and other Submissions.
  - e. For "**Speciality Items**" such as D13 Account grants, letters and resolutions in support of State or Federal Legislation, and other "special" Item types, the Clerk's Office will provide updated RECOMMENDED templates.
3. **For MANDATORY elements of both Major and Standard Items**, suggest adopting the following (or similar) standard for review by the Agenda Committee:

*If a Major or Standard Item, as submitted by the Primary Author, does not substantially and materially meet reasonably applicable Mandatory Elements of the Guidelines, the Agenda & Rules Committee shall request, and may require, that the Primary Author provide additional analysis and/or consultation to fulfill Guideline requirements.*

*If the Agenda & Rules Committee requests or requires the Primary Author to provide additional analysis or consultation, the Item may or shall be referred back to the Primary Author and may be resubmitted for a future Agenda.*

4. **For RECOMMENDED elements of Standard Items and Speciality Items**, authorize the Agenda Committee to do what it currently has the power to do under Rules Section (C)(1) (with some edits):

*Refer the item back to the Primary Author for adherence to ~~required~~ recommended form or for additional analysis as ~~required~~ recommended in Section III.B.2 (Primary Author may decline and request Policy Committee assignment).*

5. **For Emergency/Time Sensitive Items**, Items can bypass mandatory Guidelines requirements if the Agenda Committee makes the findings for a Time Critical Track Item (existing definition).

**Proposed Standard for allowing Emergency/Time Sensitive Items to go forward without fulfilling the Mandatory Guidelines:**

*The Agenda Committee may make an exception to Mandatory Guidelines requirements for a Major or Standard Item if the Item meets the definition of a Time Critical Track Item, as provided in Section (3)(g)(1) of the Rules, in which case the Item may go forward as submitted on the Action Calendar for the Agenda under consideration with a notation, added by the Clerk's Office, that additional materials have been requested by the Agenda Committee. The Primary Author shall submit such additional materials as a Supplemental 1 filing.*

**Time Critical Track Item Definition (existing, Section (3)(g)(1)):**

*A Time Critical item is defined as a matter that is considered urgent by the sponsor and that has a deadline for action that is prior to the next meeting of the Council.*

**6. Appeals - provide a mechanism to appeal Agenda Committee decisions to the full Council?**

May be advisable to have a bypass mechanism - or not?

**3. Establish transparent deadlines for budget processes and clarity about what kind of "asks" can be submitted/considered at each budget cycle**

The Council did not support a single, yearly cycle for submitting Council items, but expressed a desire for clear deadlines to be established for submission/consideration of items for various budget processes. In addition, questions have arisen regarding what kinds of requests can/should be submitted for consideration at various junctures in the yearly/biennial budget cycle.

Overall, it was determined that *the Agenda Committee should formally ask the Budget Committee for guidance on these questions*, as they fall more squarely into the Budget Committee's purview.

- By when should Standard and Major Items with budgetary considerations be passed out from Council to be considered in the June budget adoption/update?
- Working back from that date, by when should a Major Item or Standard Item be submitted, to allow time for consideration by the appropriate

Policy Committee and/or the City Council? (This may be a question for Agenda & Rules Committee to determine, once B&F sets the deadline)

- What kinds of budget requests are allowed/appropriate for the June budget?
- Consider establishing deadlines for the City Manager to bring Budget Updates (Fall and Spring) to the City Council.
- With established deadlines for Budget Updates, work back to establish deadlines for Major and Standard items to be submitted for consideration at each Budget Update. (This may be a question for Agenda & Rules Committee to determine, once B&F sets the deadline)
- What kinds of budget requests will be considered at Fall and Spring updates - from both Council and from the City Manager/Staff?
- If only emergency/time sensitive requests will be considered (or, for example, expansions of existing programs but not new programs, etc.), how will excess funds, if any, be rolled over and made available for Council priorities at the next June budget?

## APPENDIX B. GUIDELINES FOR DEVELOPING AND WRITING COUNCIL AGENDA ITEMS

~~These guidelines are derived from the requirements for Agenda items listed in the Berkeley City Council Rules of Procedure and Order, Chapter III, Sections B(1) and (2), reproduced below. In addition, Chapter III Section C(1)(a) of the Rules of Procedure and Order allows the Agenda & Rules Committee to request that the Primary Author of an item provide “additional analysis” if the item as submitted evidences a “significant lack of background or supporting information” or “significant grammatical or readability issues.”~~

~~These guidelines provide a more detailed and comprehensive overview of elements of a complete Council item. These Guidelines are mandatory for all Major Items and strongly recommended for all other council reports Standard Items. While not all elements ~~would be~~ are applicable to every type of A ~~agenda~~ item, the Guidelines ~~are intended to~~ prompt Authors to consider important elements of a complete item and to present ~~presenting~~ items with as much relevant information and analysis as possible.~~

~~Chapter III, Sections (B)(1) and (2) of Council Rules of Procedure and Order:~~

- ~~2. Agenda items shall contain all relevant documentation, including the following as Applicable:~~
  - ~~a. A descriptive title that adequately informs the public of the subject matter and general nature of the item or report and action requested;~~
  - ~~b. Whether the matter is to be presented on the Consent Calendar or the Action Calendar or as a Report for Information;~~
  - ~~c. Recommendation of the City Manager, if applicable (these provisions shall not apply to Mayor and Council items.);~~
  - ~~d. Fiscal impacts of the recommendation;~~
  - ~~e. A description of the current situation and its effects;~~
  - ~~f. Background information as needed;~~
  - ~~g. Rationale for recommendation;~~
  - ~~h. Alternative actions considered;~~
  - ~~i. For awards of contracts; the abstract of bids and the Affirmative Action Program of the low bidder in those cases where such is required (these provisions shall not apply to Mayor and Council items.);~~
  - ~~j. Person or persons to contact for further information, with telephone number. If the Primary Author of any report believes additional background information, beyond the basic report, is necessary to Council understanding of the subject, a separate compilation of such background information may be developed and copies will be available for Council and for public review in the City Clerk Department, and the City Clerk shall provide limited distribution of such background information depending upon quantity of pages to be~~

~~duplicate. In such case the agenda item distributed with the packet shall so indicate.~~

Guidelines for City Council Items:

1. Title
2. Consent/Action/Information Calendar
3. Recommendation
4. Summary Statement/Current situation and its effects
5. Background
6. Review of Existing Plans, Programs, Policies and Laws
7. Actions/Alternatives Considered
8. Consultation/Outreach Overview and Results
9. Rationale for Recommendation
10. Implementation, Administration and Enforcement
11. Environmental Sustainability
12. Fiscal ~~Impacts~~ Considerations
13. Outcomes and Evaluation
14. Contact Information
15. Attachments/Supporting Materials

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**1. Title**

A descriptive title that adequately informs the public of the subject matter and general nature of the item or report and action requested.

**2. Consent/Action/Information Calendar**

Whether the matter is to be presented on the Consent Calendar or the Action Calendar or as a Report for Information.

**3. Recommendation**

Clear, succinct statement of action(s) to be taken. Recommendations can be further detailed within the item, by specific reference.

Common action options, that can be presented singularly or in combination with others, include:

- Adopt first reading of ordinance
- Adopt a resolution
- Referral to the City Manager (City Manager decides if it is a short term referral or is placed on the RRV ranking list)
- Direction to the City Manager (City Manager is directed to execute the recommendation right away, ~~it is not placed on any referral list~~)
- Referral to a Commission, ~~or to a Standing or Ad Hoc~~ Council Policy Committee, or other Legislative Body

- Referral to the budget process
- Send letter of support
- Accept, Approve, Modify or Reject a recommendation from a Commission or Committee
- Designate members of the Council to perform some action

**4. Summary Statement/“Current situation and its effects”**

A short resume of the circumstances that give rise to the need for the recommended action(s).

- Briefly state the opportunity/problem/concern that has been identified, and the proposed solution.
- Example (fictional):  
*Winter rains are lasting longer than expected. Berkeley’s winter shelters are poised to close in three weeks, but forecasts suggest rain for another two months. If they do not remain open until the end of the rainy season, hundreds of people will be left in the rain 24/7. Therefore, this item seeks authorization to keep Berkeley’s winter shelters open until the end of April, and refers to the Budget Process \$40,000 to cover costs of an additional two months of shelter operations.*

**5. Background**

A full discussion of the history, circumstances and concerns to be addressed by the item.

- For the above fictional example, Background would include *information and data about the number and needs of homeless individuals in Berkeley, the number and availability of permanent shelter beds that meet their needs, the number of winter shelter beds that would be lost with closure, the impacts of such closure on this population, the weather forecasts, etc.*

**6. Review of Existing Plans, Programs, Policies and Laws**

Review, identify and discuss relevant/applicable Plans, Programs, Policies and Laws, and how the proposed actions conform with, compliment, are supported by, differ from or run contrary to them. What gaps were found that need to be filled? What existing policies, programs, plans and laws need to be changed/supplemented/improved/repealed? What is missing altogether that needs to be addressed?

Review of all pertinent/applicable sections of:

- The City Charter
- Berkeley Municipal Code
- Administrative Regulations
- Council Resolutions
- Staff training manuals

Review of all applicable City Plans:

- The General Plan
- Area Plans
- The Climate Action Plan
- Resilience Plan
- Equity Plan
- Capital Improvements Plan
- Zero Waste Plan
- Bike Plan
- Pedestrian Plan
- Other relevant precedents and plans

Review of the City's Strategic Plan

Review of similar legislation previously introduced/passed by Council

Review of County, State and Federal laws/policies/programs/plans, if applicable

## 7. **Actions/Alternatives Considered**

- What solutions/measures have **other jurisdictions** adopted that serve as models/cautionary tales?
- What solutions/measures are recommended by **advocates, experts, organizations**?
- What is the range of actions considered, and what are some of their major pros and cons?
- Why were other solutions not as feasible/advisable?

## 8. **Consultation/Outreach Overview and Results**

- Review/list external and internal stakeholders that were consulted, as relevant.
  - **External:** constituents, communities, neighborhood organizations, businesses and not for profits, advocates, people with lived experience, faith organizations, industry groups, people/groups that might have concerns about the item, etc.
  - **Internal:** staff who would implement policies, the City Manager and/or deputy CM, Department Heads, City Attorney, City Clerk, etc.
  - **Commissions:** what Commissions were or will be consulted and what were their recommendations/concerns/suggestions?
- What reports, articles, books, websites and other materials were consulted?
- What was learned from these sources?
- What changes or approaches did they advocate for that were accepted or rejected?

## 9. **Rationale for Recommendation**

A clear and concise statement as to whether the item proposes actions that:

- Conform to, clarify or extend existing Plans, Programs, Policies and Laws

- Change/Amend existing Plans, Programs, Policies and Laws in **minor** ways
- Change/Amend existing Plans, Programs, Policies and Laws in **major** ways
- Create an exception to existing Plans, Programs, Policies and Laws
- Reverse/go contrary to or against existing Plans, Programs, Policies and Laws

Argument/summary of argument in support of recommended actions. The argument likely has already been made via the information and analysis already presented, but should be presented/restated/summarized. ~~Plus~~In addition, further elaboration of terms for recommendations, if any, should be spelled out with clarity.

- Example: Keeping winter shelters open for an extra three months extends the City's existing Winter Shelter program in a minor way. The shelters have been open during inclement weather every year for decades, and have been extended to accommodate extended rainy and cold seasons in previous years. Keeping winter shelters open through April ensures our homeless neighbors will continue to have a place to keep dry and warm and supports the City's strategic plan goal of providing services to those with critical needs in our community. All services associated with the Winter Shelter program, including but not limited to meal and storage services, are specifically included in the direction to extend the program.

#### **10. Implementation, Administration and Enforcement**

Discuss how the recommended action(s) would be implemented, administered and enforced. What staffing (internal or via contractors/consultants) and materials/facilities are likely required for implementation? Initial, high-level consultation with the City Manager and/or the City Attorney regarding implementation, administration, and enforcement is strongly recommended, but not required.

#### **11. Environmental Sustainability**

Discuss the impacts of the recommended action(s), if any, on the environment and the recommendation's positive and/or negative implications with respect to the City's Climate Action, Resilience, and other sustainability goals.

#### **12. Fiscal Impacts Considerations**

Review the recommended action's potential to generate funds or savings for the City in the short and long-term, as well as the potential direct and indirect costs and benefits. Initial, high-level consultation with the City Manager and/or the City Attorney regarding the fiscal impacts of the proposal is strongly recommended, but not required.

#### **13. Outcomes and Evaluation**

State the specific outcomes expected, if any.

- ~~(i.e., Example: “it is expected that 100-300 homeless people will be referred to housing every year able to access dry and warm shelter during the 3-month extension of the winter shelter program”)~~

Also state and what reporting or evaluation is recommended. \_

- Example: The shelter operator shall keep an accounting of the number and any available demographic information about individuals who use the shelter during the extension period and report to the City Council, through the City Manager, on success or challenges of the program extension).

#### **14. Contact Information**

#### **15. Attachments/Supporting Materials**

## **APPENDIX B. GUIDELINES FOR DEVELOPING AND WRITING COUNCIL AGENDA ITEMS**

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10. Implementation, Administration and Enforcement
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### **1. Title**

A descriptive title that adequately informs the public of the subject matter and general nature of the item or report and action requested.

### **2. Consent/Action/Information Calendar**

Whether the matter is to be presented on the Consent Calendar or the Action Calendar or as a Report for Information.

### **3. Recommendation**

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- Adopt a resolution

- Referral to the City Manager (City Manager decides if it is a short term referral or is placed on the RRV ranking list)
- Direction to the City Manager (City Manager is directed to execute the recommendation right away; it is not placed on any referral list)
- Referral to a Commission, Council Policy Committee, or other Legislative Body
- Referral to the budget process
- Send letter of support
- Accept, Approve, Modify or Reject a recommendation from a Commission or Committee
- Designate members of the Council to perform some action

#### **4. Summary Statement**

A short resume of the circumstances that give rise to the need for the recommended action(s).

- Briefly state the opportunity/problem/concern that has been identified, and the proposed solution.
- Example (fictional):  
*Winter rains are lasting longer than expected. Berkeley's winter shelters are poised to close in three weeks, but forecasts suggest rain for another two months. If they do not remain open until the end of the rainy season, hundreds of people will be left in the rain 24/7. Therefore, this item seeks authorization to keep Berkeley's winter shelters open until the end of April, and refers to the Budget Process \$40,000 to cover costs of an additional two months of shelter operations.*

#### **5. Background**

A full discussion of the history, circumstances and concerns to be addressed by the item.

- For the above fictional example, Background would include *information and data about the number and needs of homeless individuals in Berkeley, the number and availability of permanent shelter beds that meet their needs, the number of winter shelter beds that would be lost with closure, the impacts of such closure on this population, the weather forecasts, etc.*

#### **6. Review of Existing Plans, Programs, Policies and Laws**

Review, identify and discuss relevant/applicable Plans, Programs, Policies and Laws, and how the proposed actions conform with, compliment, are supported by, differ from or run contrary to them. What gaps were found that need to be filled? What existing policies, programs, plans and laws need to be changed/supplemented/improved/repealed? What is missing altogether that needs to be addressed?

Review of all pertinent/applicable sections of:

- The City Charter
- Berkeley Municipal Code
- Administrative Regulations
- Council Resolutions
- Staff training manuals

Review of all applicable City Plans:

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- Area Plans
- The Climate Action Plan
- Resilience Plan
- Equity Plan
- Capital Improvements Plan
- Zero Waste Plan
- Bike Plan
- Pedestrian Plan
- Other relevant precedents and plans

Review of the City's Strategic Plan

Review of similar legislation previously introduced/passed by Council

Review of County, State and Federal laws/policies/programs/plans, if applicable

## **7. Actions/Alternatives Considered**

- What solutions/measures have **other jurisdictions** adopted that serve as models/cautionary tales?
- What solutions/measures are recommended by **advocates, experts, organizations**?
- What is the range of actions considered, and what are some of their major pros and cons?
- Why were other solutions not as feasible/advisable?

## **8. Consultation/Outreach Overview and Results**

- Review/list external and internal stakeholders that were consulted, as relevant.
  - **External:** constituents, communities, neighborhood organizations, businesses and not for profits, advocates, people with lived experience, faith organizations, industry groups, people/groups that might have concerns about the item, etc.
  - **Internal:** staff who would implement policies, the City Manager and/or deputy CM, Department Heads, City Attorney, City Clerk, etc.
  - **Commissions:** what Commissions were or will be consulted and what were their recommendations/concerns/suggestions?
- What reports, articles, books, websites and other materials were consulted?

- What was learned from these sources?
- What changes or approaches did they advocate for that were accepted or rejected?

### **9. Rationale for Recommendation**

A clear and concise statement as to whether the item proposes actions that:

- Conform to, clarify or extend existing Plans, Programs, Policies and Laws
- Change/Amend existing Plans, Programs, Policies and Laws in **minor** ways
- Change/Amend existing Plans, Programs, Policies and Laws in **major** ways
- Create an exception to existing Plans, Programs, Policies and Laws
- Reverse/go contrary to or against existing Plans, Programs, Policies and Laws

Argument/summary of argument in support of recommended actions. The argument likely has already been made via the information and analysis already presented, but should be presented/restated/summarized. In addition, further elaboration of terms for recommendations, if any, should be spelled out with clarity.

- *Example: Keeping winter shelters open for an extra three months extends the City's existing Winter Shelter program in a minor way. The shelters have been open during inclement weather every year for decades, and have been extended to accommodate extended rainy and cold seasons in previous years. Keeping winter shelters open through April ensures our homeless neighbors will continue to have a place to keep dry and warm and supports the City's strategic plan goal of providing services to those with critical needs in our community. All services associated with the Winter Shelter program, including but not limited to meal and storage services, are specifically included in the direction to extend the program.*

### **10. Implementation, Administration and Enforcement**

Discuss how the recommended action(s) would be implemented, administered and enforced. What staffing (internal or via contractors/consultants) and materials/facilities are likely required for implementation? Initial, high-level consultation with the City Manager and/or the City Attorney regarding implementation, administration, and enforcement is strongly recommended, but not required.

### **11. Environmental Sustainability**

Discuss the impacts of the recommended action(s), if any, on the environment and the recommendation's positive and/or negative implications with respect to the City's Climate Action, Resilience, and other sustainability goals.

### **12. Fiscal Considerations**

Review the recommended action's potential to generate funds or savings for the City in the short and long-term, as well as the potential direct and indirect costs and benefits. Initial, high-level consultation with the City Manager and/or the City

Attorney regarding the fiscal impacts of the proposal is strongly recommended, but not required.

**13. Outcomes and Evaluation**

State the specific outcomes expected, if any.

- Example: *“It is expected that 300 homeless people will be able to access dry and warm shelter during the 3-month extension of the winter shelter program.”*

Also state what reporting or evaluation is recommended.

- Example: *“The shelter operator shall keep an accounting of the number and any available demographic information about individuals who use the shelter during the extension period and report to the City Council, through the City Manager, on success or challenges of the program extension).”*

**14. Contact Information**

**15. Attachments/Supporting Materials**





Commission on Aging

CONSENT CALENDAR  
May 7, 2024

To: Honorable Mayor and Members of the City Council  
 From: Commission on Aging  
 Submitted by: Margot Smith, Chair, Commission on Aging  
 Subject: Achieving Goals of 2018 Berkeley Age-Friendly Action Plan

RECOMMENDATION

Refer to the City Manager steps to revisit and act on the recommendations of the Berkeley Age-Friendly Action Plan by building on what is already occurring in the community, expanding the Plan's impact, and addressing gaps by increasing funding for personnel and other services currently being offered, as well as others identified in the Age-Friendly Plan.

While recommendations are too numerous to list here, the Aging Commission identified as first steps four (4) priority areas and goals for the Action Plan:

1. **HOUSING AND ECONOMIC SECURITY:** Develop a continuum of affordable, accessible housing options for older adults to age in their community regardless of their health or financial status.
2. **TRANSPORTATION AND MOBILITY:** Advance a network of public and private transportation (including transit, assistive devices, e-bikes and e-scooters and bicycling and walking) that equitably serves residents and connects them to services, social activities, and employment opportunities.
3. **HEALTH AND WELLNESS:** Develop a more integrated system of services and supports that is person-centered and ensures that all residents have the opportunity to engage in health promoting activities.
4. **SOCIAL PARTICIPATION AND CIVIC ENGAGEMENT:** Enhance neighborhood cohesion and social connectedness of all Berkeley residents with community events and activities that are inclusive, affordable, and accessible.

In the short term, the Commission recommends that these plans should include a budget referral to the City Manager for consideration in the biennial budget process.

These plans should at a *minimum* take into account and address the following:

1. It is important that we continue to track Berkeley's aging population (the original plan was based on earlier data that should be re-evaluated based on the 2020 United States Census, and later American Community Surveys). Berkeley must consider how to increase funding for aging services while our population continues to age (See Attachment 9 Highlights of Census Data on Aging in Berkeley). Also compare the rate of expenditure on services for this population in the Department of Health, Housing and Community Services to the overall size of the City's budget during the same period and to its growth or lack of growth in relation to the growth in the aging population (See Attachment 2 City Departmental Budgets; Attachment 3 HHCS Departmental Summary; Attachment 4 HHCS Division Summary and Attachment 9 Highlights of Census Data on Aging in Berkeley).

2. An examination and evaluation of staffing challenges and key needs in the Division of Aging Services as shown in the agency budget line items and staffing levels, as well as Berkeley's unique way of structuring aging services under the mantle of the Health, Housing and Community Services (one of only three cities in the state to do so), rather than the way most cities do, which is to put it under Parks and Recreation (See Attachment 5 Berkeley's Unique Structure for Aging Services).

There is an immediate need to expand the division from its current level of 21 full-time, and 5 part-time, career positions and 15 hourly positions by making 2 of the part-time positions full-time and adding 1 part-time, bringing the total to 23 full-time and 4 part-time. (The hourly workers assist with many of the face-to-face services offered at the two senior centers, including lunch service, front desk operations, Meals on Wheels deliveries, and facility rentals on nights and weekends. They supplement the work of 5 permanent staff, only 1 of whom is full-time; the Meals on Wheels program currently has no full-time program manager or case manager; they are currently 80% and 75% respectively. The program also needs another full-time senior center staff person; currently it is budgeted for a 50% position, but that is vacant; in order to fulfill the responsibilities of the position and to attract qualified candidates, this position, ideally, would be 100% and permanent.)

3. The dire need for increased outreach. Berkeley residents over 60 currently number approximately 20,000— or 1 in 5 residents. This number doubled in the decade from 2010 to 2020 and is projected to increase at a similar rate well into the future. Given this explosive growth, it is important that all Berkeley households and residences are made aware of the breadth of services available to individuals, their families, and their caregivers. At this time only a very small fraction of those over 60 years of age are receiving materials from the Berkeley

Senior Centers and the Division of Aging Services, due to staff and budgetary shortages that have made it difficult to upgrade outreach: for instance, the main communication is via a print newsletter that is mailed to several hundred people, with no way of tracking whether it has been received. We recommend that the City invest in outreach to this growing demographic group.

This could include:

- a city-wide mailing, similar to the citywide mailings by the City Parks and Recreation Department about activities,
- updating and keeping relevant websites current,
- investing in collecting email addresses and disseminating information by email,
- reaching out to civic institutions and groups to seek their help with outreach to the aging community and their families.

### SUMMARY

The Commission on Aging recommends that City Council refer to the City Manager steps to revisit and act on the recommendations of the Berkeley Age-Friendly Action Plan by building on what is already occurring in the community, expanding the Plan's impact, and addressing gaps by increasing funding for personnel and other services currently being offered, as well as others identified in the Age-Friendly Plan.

The Aging Commission identified as first steps four (4) priority areas and goals for the Action Plan:

1. **HOUSING AND ECONOMIC SECURITY:** Develop a continuum of affordable, accessible housing options for older adults to age in their community regardless of their health or financial status.
2. **TRANSPORTATION AND MOBILITY:** Advance a network of public and private transportation (including transit, assistive devices, e-bikes and e-scooters and bicycling and walking) that equitably serves residents and connects them to services, social activities, and employment opportunities.
3. **HEALTH AND WELLNESS:** Develop a more integrated system of services and supports that is person-centered and ensures that all residents have the opportunity to engage in health promoting activities.
4. **SOCIAL PARTICIPATION AND CIVIC ENGAGEMENT:** Enhance neighborhood cohesion and social connectedness of all Berkeley residents with community events and activities that are inclusive, affordable, and accessible.

The Commission recommends that these plans should include a budget referral to the City Manager for consideration in the biennial budget process.

### FISCAL IMPACTS OF RECOMMENDATION

Increased General Fund for to meet staffing needs of the Aging Services Division due to increased community need.

### CURRENT SITUATION AND ITS EFFECTS

In December 2018, the Mayor presented the Age-Friendly Berkeley Action Plan. This three-year plan was the result of two years of extensive outreach and engagement. It sought to ensure that older adults remain at the heart of our community and recognized them as a vital part of the fabric of our neighborhoods and civic life.

Among the motivations for the plan was the recognition of our city's rapidly changing demographics: at the time it was written—2017—it projected that by 2030 over 1 in 5 people in Berkeley would be over 65 years of age. (For the purposes of the City of Berkeley's Aging Services programs, the generally accepted age cut-off for determining that someone is a senior is 60 and above. That is the figure used in the rest of this report.) The number of older Berkeley residents was expected to double from 2018, when the plan was finalized. Those numbers have since been validated and expanded on by the 2020 Census and subsequent American Community Surveys. Berkeley residents over 60 currently number approximately 20,000—or 1 in 5 residents. This number doubled in the decade from 2010 to 2020 and is projected to increase at a similar rate well into the future. On behalf of the Commission on Aging, we would call on the Mayor, City Council and all agencies to consider how our aging city should ensure that residents 60 and older can remain a vital and active part of our community. (See Attachment 10 Understanding California's Middle-Income Older Adult Population and Attachment 11 Percent of Households with Seniors Age 65+, 2000 & 2021)

We would be remiss if we didn't seek to build on the investment that the city made in the Age-Friendly Berkeley Report, and allowed the Action Plan to languish. We call on our city's leadership to consider how we move forward and implement the many recommendations in the plan.

The issues of concern identified in the report—high cost of living, lack of affordable housing, limited reliability, coordination, and options for transportation, problems with sidewalks, poor lighting, lack of benches and limited parking, crime, widespread homelessness, insufficient number of affordable, desirable settings for out-of-home assisted living, limited options for subsidized services for moderate-income individuals, and lack of “human touch” for information, referral and system navigation assistance—are recognizable to many of us who live in Berkeley, and we need to ask ourselves whether we have made progress in addressing these issues.

BACKGROUND

At a regular Commission meeting on February 21, 2024, the Commission on Aging voted as follows:

Approve Council report that recommends Council refer to the City Manager steps to develop plans to revisit and act on the recommendations in the Berkeley Age-Friendly Action Plan by building on what is already occurring in the community, expanding the Plan's impact, and addressing gaps, by increasing funding for personnel and other services currently being offered as well as others identified in the Age-Friendly Plan.

M/S/C: Chisholm, Cochran, Collins, Evans, Lavault, Orrick, Porter, Smith, Yamaguchi  
Noes: None  
Abstain: None  
Absent: None

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

In December 2018, the Mayor presented the Age-Friendly Berkeley Action Plan. This three-year plan was the result of two years of extensive outreach and engagement. It sought to ensure that older adults remain at the heart of our community and recognized them as a vital part of the fabric of our neighborhoods and civic life.

Among the motivations for the plan was the recognition of our city's rapidly changing demographics: Berkeley residents over 60 currently number approximately 20,000—or 1 in 5 residents. This number doubled in the decade from 2010 to 2020 and is projected to increase at a similar rate well into the future. On behalf of the Commission on Aging, we would call on. We have identified a handful of small steps in increasing staffing and spending, but these are only the start of this long march toward fulfilling what was promised in the 2018 Plan.

We would be remiss if we didn't seek to build on the investment that the city made in the Age-Friendly Berkeley Report, and allowed the Action Plan to languish. We call on our city's leadership to consider how we move forward and implement the many recommendations in the plan.

ALTERNATIVE ACTIONS CONSIDERED

To leave the situation as is would not provide needed services in support of Berkeley's rapidly expanding over-60 population and fall short of the commitment it made when applying for and being awarded the designation of an Age-Friendly City in 2018.

CITY MANAGER

The City Manager refers to the budget process, the content and recommendations of the Commission's Report. See companion report.

CONTACT PERSON

Darlene Bronson, Commission Secretary, HHCS, 510-981-5194

Attachments:

Attachment 1 2018 Berkeley Age-Friendly Action Plan

Attachment 2 City Departmental Budgets

Attachment 3 HHCS Departmental Summary

Attachment 4 HHCS Division Summary

Attachment 5 Berkeley's Unique Structure for Aging Services & Division Activities Summary

Attachment 6 Aging in Alameda County: A Changing Landscape July 2022

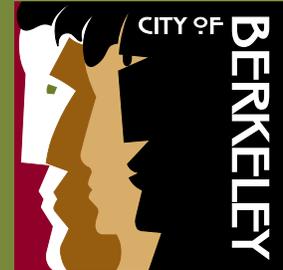
Attachment 7 Breakdown of Alameda Area on Aging Funds for Berkeley

Attachment 8 Highlights of Census Data on Aging in Berkeley

Attachment 9 Understanding California's Middle-Income Older Adult Population

Attachment 10 Percent of Households with Seniors Age 65+, 2000 & 2021

# Age-Friendly Berkeley Action Plan



# Mayor's Letter

n behalf of Berkeley, California and its residents, I am proud to present this three-year Age-Friendly Berkeley Action Plan. This roadmap, developed by residents, community organizations, and the city, demonstrates our commitment to a livable community where all generations are included and are able to thrive.

Older adults are at the heart of our community and a vital part of the fabric of our neighborhoods and civic life. Rapidly changing demographics drive the timing of this effort, with the number of residents 65 and older expected to more than double by 2030 to over 1 in 5 people in the city

In 2016 under former Mayor Tom Bates, Berkeley was accepted into the World Health Organization and AARP's network of Age-Friendly Communities, which now includes over 300 US cities and 37 countries. This Action Plan addresses several areas identified by the World Health Organization as key to ensuring an aging-friendly environment.

Planning was driven by the community through surveys, focus groups and discussions with community non profits and city departments. Three objectives emerged from this work that inform the recommendations. The action plan is designed to:

- Enable people to remain in their homes and communities as they navigate the transitions of aging
- Maintain and enhance the ethnic and economic diversity of Berkeley
- Ensure that people of all ages and abilities can enjoy the social and cultural assets Berkeley has to offer.

We look forward to forming broad partnerships across all sectors of our community including residents, nonprofit organizations, business leaders, faith communities and others as we move forward with these recommendations. Because services and supports cross city and regional boundaries, we will continue to work with neighboring cities and counties to address common goals.

Berkeley is uniquely positioned to address the needs of our rapidly growing older adult population and maximize the benefits of creating a more inclusive, equitable and accessible city. An extensive 2 year planning process has engaged residents, city officials and staff, nonprofits and community partners. Continued collaboration will be vital as we move forward with our next steps.

Age-Friendly communities benefit all of us and this Action Plan is part of an evolving community process for generations to come. For questions or additional information see [agefriendlyberkeley.org](http://agefriendlyberkeley.org) or contact Aging Services at (510) 981-5200.



Jesse Arreguin  
Mayor, City of Berkeley

# Executive Summary

## Background and Context

The population of older adults in Berkeley will double in the next 10 years, resulting in 1 in 5 adults being over 65 years of age. According to a study by AARP and the Age-Friendly Berkeley community survey, the vast majority of older adults want to age in their homes and communities.<sup>1</sup> With this shift in demographics and the desire of people to stay and thrive in their communities, policy makers need to look at how our neighborhoods are designed, including the affordability of places to live, the inclusivity of social activities, the accessibility of infrastructure, and the availability of jobs for older people. This Action Plan builds on the work of the World Health Organization’s (WHO) Age-Friendly Cities and Communities Initiative, launched in 2005 in partnership with AARP in the United States. This network has expanded to over 37 countries around the world and to over 300 cities in the United States.

The Age-Friendly Berkeley initiative helps prepare Berkeley for its rapidly aging population by gathering input from the community and pulling together public and private leaders, resources, ideas, and strategies to address the issues raised. Age-Friendly Berkeley is a collective effort whose goal is to ensure that all Berkeley residents are connected, healthy, and engaged in their environments. Planning for Age-Friendly Berkeley was guided by a Leadership Team of individuals and organization representatives who have been key voices in community conversations about aging. It has members from the city, the health sector, and the nonprofit sector (See Appendix A) who worked together to ensure that the recommendations are relevant and feasible.

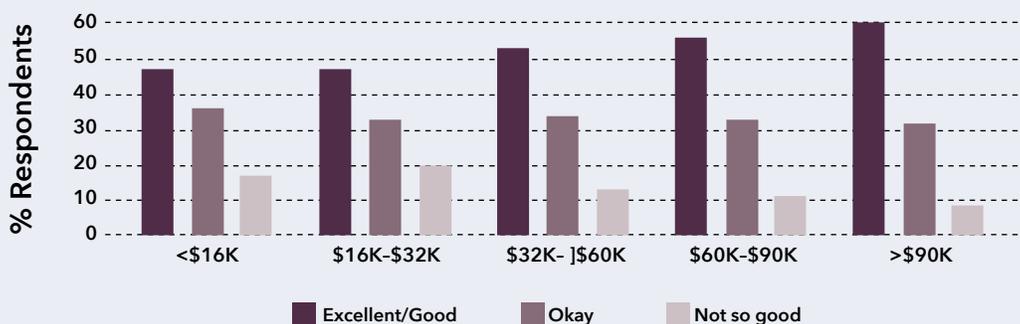
The Age-Friendly Communities movement focuses largely on collaborations with city and county governments to anticipate the wants and needs of their older populations, as well as on the growing demand for and cost of medical and social services. With Berkeley anticipating a doubling of its older adult population and with the support of former Mayor Tom Bates in 2016, the City of Berkeley completed an initial assessment, applied to and was accepted into the World Health Organization (WHO) and AARP’s Global Network of Age-Friendly Cities and Communities.

## Needs Assessment

Thus began a needs assessment and a 2- year process using the WHO framework to support Age-Friendly planning. The needs assessment included a review of related research and plans from other cities, a survey of over 1400 Berkeley seniors, 5 focus groups, and interviews with 18 city staff and numerous community partners. The findings are summarized in Appendix B and indicate that the needs of older adults in Berkeley are representative of findings across international, national and local studies and surveys. The community responses indicate that residents appreciate the service/activity rich environment of Berkeley, as well its walkability and its diverse people. Strikingly, residents’ feelings on whether Berkeley is a good place to age varied significantly depending on income. Those earning less than \$32,000 annually were more than twice as likely to rate Berkeley poorly when compared to top earners.

<sup>1</sup> AARP, 2012 and Age-Friendly Community Survey 2018

### Rating of Berkeley as a place to age by income group



Common issues raised by community responses included:

- The high cost of living
- Lack of affordable housing, including affordable home modification and in-home supports
- Limited reliability, coordination, and options of transportation
- Problems with sidewalks, poor lighting, lack of benches, and limited parking
- Crime
- Widespread homelessness
- Insufficient number of affordable, desirable settings for out-of-home assisted living
- Limited options for subsidized services for moderate income individuals
- Lack of “human touch” for information, referral and system navigation assistance.

The Age-Friendly planning process also leveraged and incorporated community feedback gathered as part of the city’s strategic planning process and the 2018 Health Status Report. The City’s strategic planning process includes a focus on affordable housing, improving ADA compatibility, investing in infrastructure and improving access to information. The Health Status Report found many strengths in Berkeley related to life expectancy, but troubling disparities for African Americans and other people of color. This Age-Friendly Plan is presented as a complementary, consistent and collaborative set of recommendations focused on creating a city that is inclusive, equitable, and accessible for people of all ages.



## Approach

Several themes cut across the plan’s recommendations and actions. These include the need to:

- **create complete neighborhoods** that have a mix of housing types and land uses, affordable housing and transportation options, and access to healthy foods, schools, retail, employment, community services, parks and recreation options
- **foster ongoing collaborations** within large organizations, such as municipal entities, and across sectors and community organizations, as these are key to implementing policy and programs
- **leverage existing resources** to support, expand and coordinate a system of services and supports for aging in community
- **capture emergent opportunities** and leverage innovations in both technology and care/service delivery to support community-based living
- **strengthen intergenerational relationships** because while programs abound, they are mostly age-specific
- **work with other regional jurisdictions** and Age-Friendly cities to address overlapping issues and services and to find solutions to common challenges.

***“Housing is not affordable.”***

***“It is a lively city with active people.”***

***“Does not have a welcoming downtown.”***

## Recommendations

The recommendations in this Action Plan are designed to build on what is already occurring in the community, improve impact, and address gaps. While recommendations are too numerous to list in the executive summary (see Appendix B), the leadership team reviewed local results using the 8 domains in the WHO framework and identified 4 priority areas and goals for the Action Plan: <sup>2</sup>

### HOUSING AND ECONOMIC SECURITY:

Develop a continuum of affordable, accessible housing options for older adults to age in their community regardless of their health or financial status.

### TRANSPORTATION AND MOBILITY:

Advance a network of public and private transportation that equitably serves residents and connects them to services, social activities, and employment opportunities.

### HEALTH AND WELLNESS:

Develop a more integrated system of services and supports that is person-centered and ensures that all residents have the opportunity to engage in health promoting activities.

### SOCIAL PARTICIPATION AND CIVIC ENGAGEMENT:

Enhance neighborhood cohesion and social connectedness of all Berkeley residents with community events and activities that are inclusive, affordable, and accessible.

<sup>2</sup> Detailed information for all 8 domains is included in Appendix B where each domain includes relevant resources, current efforts that are in process, survey results and information from focus groups, GIS maps, and information from the 2016 Alameda County Plan for Older Adults and the Berkeley Age-Friendly Continuum needs assessment.

## Implementation of the 3-year Action Plan

The prime objective of the Age-Friendly planning process was to develop a 3-year action plan to serve as a road map for collective action. Activities below are paced from Year 1 through Years 2-3, including evaluation and recommendations for continued improvement.

### Year 1

- Designate Health, Housing and Community Services as the lead city department and the Aging Services division as the backbone agency to coordinate the initiatives
- Form a leadership team from relevant sectors of the community to work with the city
- Solidify action teams for the priority areas; prioritize recommendations
- Finalize budget and Identify funding opportunities
- Develop shared metrics and begin data collection
- Implement internal and external communication plans, set up a dashboard on the Age-Friendly website
- Catalogue and track efforts already in development.

### Years 2-3

- Clarify desired outcomes and implement Year 2-3 recommendations
- Monitor progress and evaluate results using a Results Based Accountability framework
- Use the dashboard on the Age-Friendly website to track progress
- Integrate focus on aging into ongoing operations and partnerships
- Report back to the community on the status of all recommendations and begin to assess the next steps.

# Community Profile

**B**erkeley is located on the east shore of the San Francisco Bay in northern Alameda County, California. The current population is estimated to be 117,385.<sup>3</sup> Berkeley was recently named one of the most livable cities in America based on AARP's Livability Index. Health, Transportation/ Walkability, and access to activities, work and play are among the assets identified in Berkeley.

Cost of living and cost of housing present some of the greatest barriers to livability. Median home sale prices remain dramatically higher than the rest of the nation, now at \$1,200,000,<sup>4</sup> fueled by spillover from the San Francisco housing shortage, a local tech boom, and population growth. Local parcel taxes, approved by voters to support important local programs like the public schools, are generous but add to pressures on low and moderate income homeowners and renters. The high cost of living in the Bay Area was raised as a major challenge by older adults in all surveys and focus groups.

Historically, Berkeley has been a city of unexpected diversity and activity in social policy, such as fair housing legislation, voluntary school desegregation, and the independent living movement. However, current challenges threaten the economic and cultural diversity that make Berkeley a vibrant city. Recent gentrification has contributed to a 37% decline in the African American population,<sup>5</sup> especially in some historically African American neighborhoods in South

and West Berkeley. The mortality rate for African Americans remains twice as high as the mortality rate of Whites. Berkeley has the highest per capita rate of homelessness in Alameda County.<sup>6</sup> Low and moderate income individuals are finding it difficult to afford to live and work here and there is an increasing divide between income levels. Estimates in 2014 indicated that 23% of those 60+ in Berkeley were living under 200% of the Federal Poverty Level.<sup>7</sup> Significant policy changes are needed locally and regionally as Berkeley continues to tackle these challenges.

Berkeley has a number of assets to support an active, healthy and engaged community. Berkeley is one of three cities in the state of California with its own Public Health Jurisdiction. This distinction enables public health services and initiatives to be focused on and dedicated to a discrete population. Berkeley is also home to a number of educational institutions, including the University of California, Berkeley campus, the Lawrence Berkeley National Laboratory, Berkeley City College, and the Graduate Theological Union. These institutions enhance Berkeley's reputation as an intellectual mecca and are also an economic engine for the City. Thirty percent of local jobs are in education.<sup>8</sup> Berkeley's international reputation plus its active arts and culture scene and a dynamic social center contribute to making it a magnet for inventive people, an incubator for business start-ups, and a science and technology hub.

<sup>3</sup> Population number from the City of Berkeley based on projections from the 2010 census

<sup>4</sup> Median housing price based on information from Zillow.

<sup>5</sup> Summary of Our Beloved Community Proposal: Alameda County Anti-Displacement Funding Policy Plan, January 6, 2017 (unpublished), The Dellums Institute using census analysis 2010-2015.

<sup>6</sup> City of Berkeley Health Status Report, 2018

<sup>7</sup> American Community Survey 2010-2014, US Census Bureau

<sup>8</sup> From the City of Berkeley's Economic Profile.



Nancy Rubin

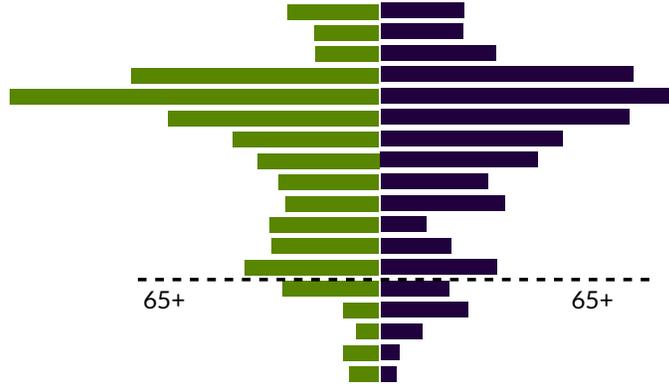
### City Demographics

#### Gender & Age

From American Community Survey 2016 5-year estimates Table S0101

##### Female

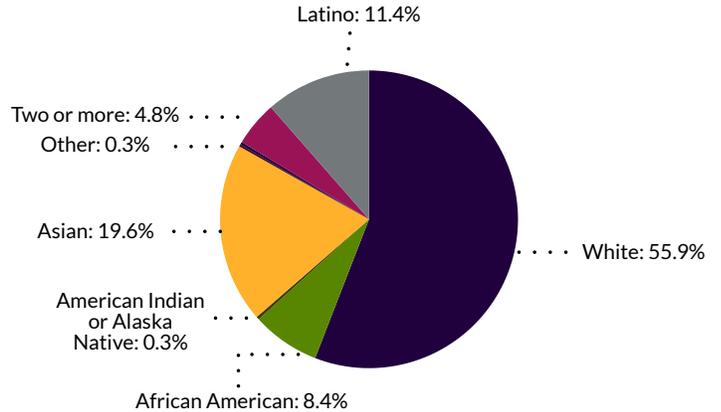
|                |        |
|----------------|--------|
| Under 5 years  | 2,641  |
| 5 to 9 years   | 1,856  |
| 10 to 14 years | 1,828  |
| 15 to 19 years | 7,202  |
| 20 to 24 years | 10,712 |
| 25 to 29 years | 6,108  |
| 30 to 34 years | 4,231  |
| 35 to 39 years | 3,532  |
| 40 to 44 years | 2,903  |
| 45 to 49 years | 2,693  |
| 50 to 54 years | 3,159  |
| 55 to 59 years | 3,114  |
| 60 to 64 years | 2,931  |
| 65 to 69 years | 3,903  |
| 70 to 74 years | 2,799  |
| 75 to 79 years | 1,036  |
| 80 to 84 years | 658    |
| 85 years +     | 847    |



##### Male

|                |       |
|----------------|-------|
| Under 5 years  | 2,365 |
| 5 to 9 years   | 2,339 |
| 10 to 14 years | 3,285 |
| 15 to 19 years | 7,200 |
| 20 to 24 years | 8,424 |
| 25 to 29 years | 7,072 |
| 30 to 34 years | 5,188 |
| 35 to 39 years | 4,488 |
| 40 to 44 years | 3,057 |
| 45 to 49 years | 3,544 |
| 50 to 54 years | 1,300 |
| 55 to 59 years | 2,011 |
| 60 to 64 years | 3,300 |
| 65 to 69 years | 1,952 |
| 70 to 74 years | 2,486 |
| 75 to 79 years | 1,187 |
| 80 to 84 years | 531   |
| 85 years +     | 452   |

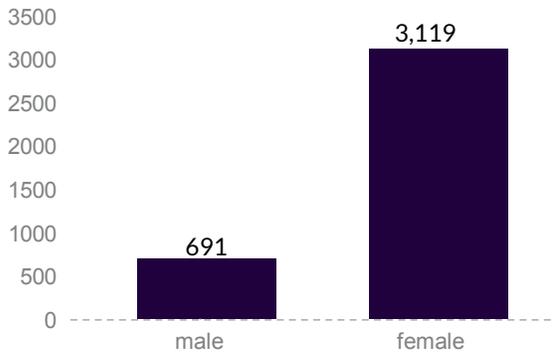
#### Race & Ethnicity



Race & Ethnicity data from:  
American Community Survey  
2011-2015 5-year estimates  
Table B03002

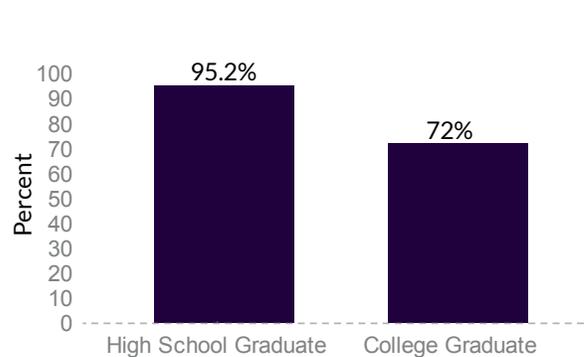
#### Adults Over 65 Living Alone

From American Community Survey 2017  
1-year estimate Table B09020



#### Education of Population 65+

From American Community Survey 2017  
1-year estimate Table S1501



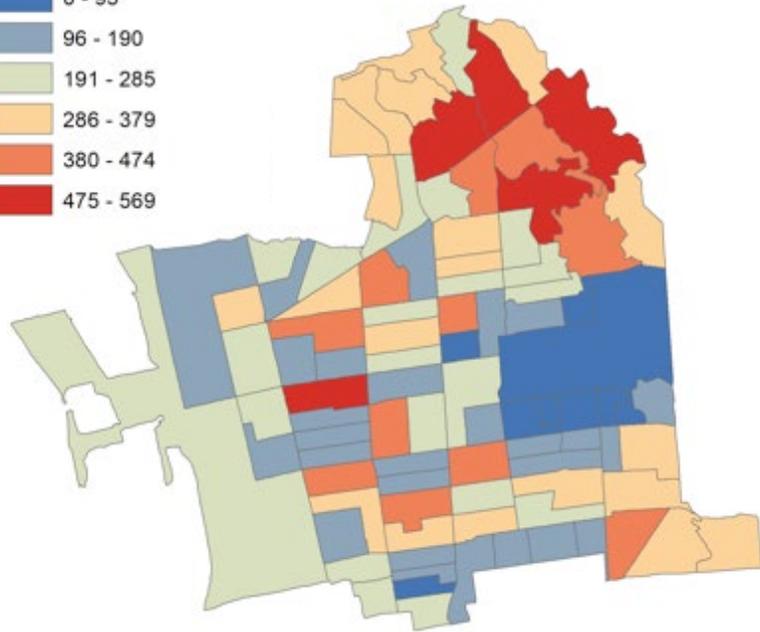
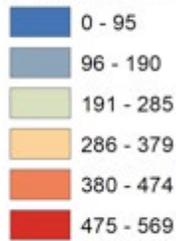
### Where do older adults live?

Many older adults live in the Berkeley hills in the north eastern part of the city.<sup>9</sup>

These raw estimates are of people over age 60 living in each block group. Some blocks near the center of the city have high numbers because of the location of high-density affordable senior apartments.

#### Legend

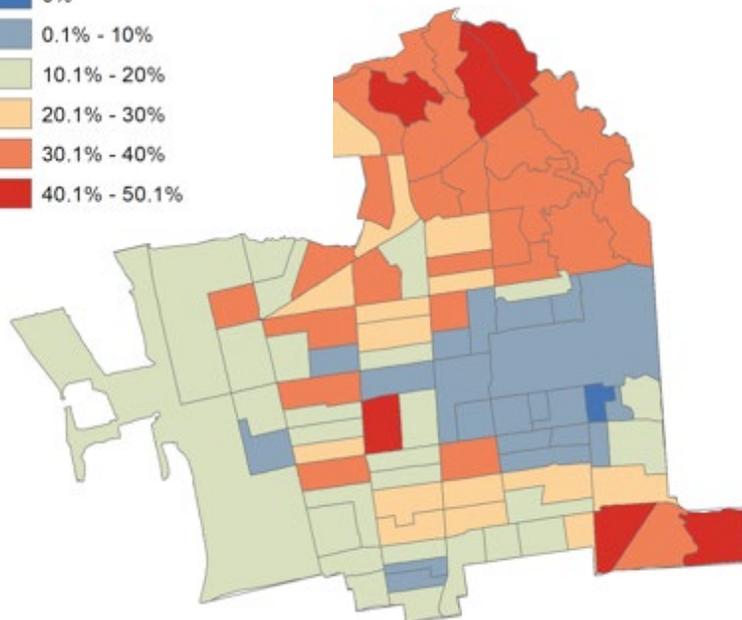
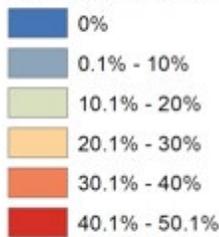
##### # adults age 60+



The high concentration of older adults living in the hills becomes even more apparent when looking at the percent of people over age 60 compared to the total population living in each block group.

#### Legend

##### % of total population age 60+



<sup>9</sup> Data are from the 2017 American Community Survey 5-year estimates table B01001 and were mapped using ArcGIS 10.5.1

# Why Now?

**T**he Census Bureau projects 2030 to be a transformative decade for the US population. Advancements in medicine and public health have led to more people living longer. The Census Bureau estimates that by 2035, older adults will outnumber children for the first time in US history. This rapid increase has major implications and will place un-precedented demands on cities and communities. In response, the World Health Organization's (WHO) Age-Friendly Cities and Communities Initiative was launched in 2005 in partnership with AARP in the United States. This network has expanded to over 37 countries around the world and to over 300 cities in the United States.

The demographic shifts projected nationally will be mirrored in Berkeley. The population of older adults in Berkeley will double in the next 10 years, resulting in 1 in 5 adults being over 65 years of age. Life expectancy in Berkeley is 86.7 years for women and 83 years for men, compared to 78.8 years nationally and 80.8 years in California. Mortality rates in Berkeley are lower than those of surrounding Alameda County and California—reflecting the city's long life expectancy.<sup>10</sup> As with health status, there are great disparities in longevity based on race and class.

According to a study by AARP and the Age-Friendly Berkeley community survey, the vast majority of older adults want to age in their homes and communities. An Age-Friendly community promotes policies, enhances services, and creates a built environment that enables a growing population of older adults to age in their community while supporting a more inclusive, equitable and accessible city for all.

## Toward an Age-Friendly Berkeley

Age Friendly Berkeley is a collective effort whose goal is to ensure that all Berkeley residents are connected, healthy and engaged in their environments. Enhanc-

ing the affordability of places to live, the inclusivity of social activities, the accessibility of infrastructure, the safety of our public spaces and improving communication and access to information are activities that will make Berkeley a better place to grow up and grow old. Addressing the needs of our older population benefits people of all ages.

To realize this vision, the Age-Friendly Berkeley initiative pulls together public and private leadership, resources, ideas, and strategies; it builds on information gleaned from the community. The leadership team for this project has local residents and members from the city, the health sector, and the nonprofit sector (see Appendix A) who have helped build partnerships to ensure the recommendations are relevant and feasible.

The World Health Organization's (WHO) Age-Friendly Cities and Communities Initiative provided a framework and network of similar efforts that supported the development of this Action Plan.



Natalie OrNSTein, BerkeleySide

<sup>10</sup> Health Status Report, City of Berkeley, 2018

# The Age-Friendly Framework

**T**he World Health Organization and AARP's Global Network of Age-Friendly Cities and Communities fosters the exchange of experiences and initiatives as cities strive to better meet the needs of their older residents. The Age-Friendly Cities Initiative provides guidance for assessing local conditions and identifying areas for change. The Initiative uses a framework with eight domains which identify social and environmental factors that influence how well we age and how long we live. These domains align closely with the social determinants of health as defined in Healthy People 2020.<sup>11</sup> Based on the information gleaned from the local needs assessment, the domains in this report include:

## 1. Housing:

Public and private housing options, home maintenance, home modification, safety and comfort, proximity to services and community life

## 2. Health and Community Services:

Promote, maintain and restore health, provide home care services, coordinate service delivery and emergency planning

## 3. Transportation:

Public and private transit options, reliability, specialized services for people with disabilities, priority seating, traffic flow, roads, driver education, parking

## 4. Outdoor Spaces and Buildings:

Public areas, green spaces, outdoor and indoor seating, walkways, bike paths, lighting, customer service arrangements, public toilets

## 5. Social and Civic Participation:

Venues, timing, affordability, events and activities, inclusion on decision-making bodies, fostering diversity and inclusion; combating social isolation

## 6. Employment and Economic Security:

Volunteer and employment options, job training, age discrimination, entrepreneurship, elder fraud abuse, cost of living

## 7. Respect and Social Inclusion:

Programs to support cultural and ethnic diversity, public images of aging, intergenerational and family dialogue, public education, recognition of contributions to past and present, economic inclusion

## 8. Communication and Information:

Distribution of information, person-to-person communication, printed information, media, access to and use of technology and the Internet

<sup>11</sup> <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

# Our Planning Process<sup>12</sup>

## 2016

- ✓ Convened leadership team and worked with the Mayor to launch the initiative
- ✓ Completed assessment and was accepted into the national and international Network of Age-Friendly Cities
- ✓ Included “Age-Friendly” planning in the City of Berkeley’s strategic plan

## 2016-2018: Action Planning cycle

- ✓ Researched background information
  - Reviewed WHO guidelines and other cities’ Age-Friendly Action Plans
  - Researched Age-Friendly assets and resources in Berkeley.
  - Reviewed Berkeley results from the 2016 Alameda County Plan for Older Adults
  - Collected relevant information from the 2017 Berkeley Age-Friendly Continuum Needs Assessment<sup>13</sup>
- ✓ Collected data from the community using WHO’s Global Age-Friendly framework
  - Conducted a community survey both online and by utilizing local organizations to distribute hard copies in English and Spanish
  - Interviewed City staff from all departments to assess how their work could align with Age-Friendly goals, and to assess resources and potential recommendations
  - Evaluated results
- ✓ Gathered additional community feedback from public sessions
  - Added two additional focus groups to the 3 focus groups<sup>14</sup> from the 2017 Berkeley Continuum needs assessment
  - Held several meetings and a public forum with the Commission on Aging
  - Presented progress report and solicited feedback from the Berkeley City Council
- ✓ Synthesized community data and worked with partners to frame recommendations.

## December 2018 -January 2021

- Finalize report and submit to AARP and WHO
- Implement Action Plan (see page 21)
  - Year 1 Set up action framework, convene work teams and begin data collection
  - Years 2-3: Execute, coordinate, and track progress of action items
    - Conduct an evaluation of the implementation process
    - Determine future needs
    - Update Action Plan

<sup>12</sup> The Age-Friendly planning process coincides and aligns with the city’s Strategic Planning process, including a focus on affordable housing, improving ADA compatibility, investing in infrastructure and improving access to information.

<sup>13</sup> For the detailed Needs Assessment and Strategic Plan of the Berkeley Age-Friendly Continuum’s 2017 report, with reference to Alameda County and national trends, go to [www.berkeleycontinuum.org](http://www.berkeleycontinuum.org).

<sup>14</sup> Thank you to Beatrice Leyva-Cutler and Faye Combs, community volunteers who organized the focus groups.



## Findings and Priority Areas

There are many programs and services in Berkeley that support an active and healthy community for people of all ages. The recommendations from this Action Plan are designed to build on what is already occurring, improve impact, and address gaps. Given the rapidly changing landscape and the pace of developing technology, we see this action plan as a living document, open to enhancement.

Several themes cut across the plan's recommendations and actions. These include the need to:

- **create complete neighborhoods** that have a mix of housing types and land uses, affordable housing and transportation options, and access to healthy foods, schools, retail, employment, community services, parks and recreation options
- **foster ongoing collaborations** within large organizations, such as municipal entities, and across sectors and community organizations, as these are key to implementing policy and programs
- **leverage existing resources** to support, expand and coordinate a system of services and supports for aging in community
- **capture emergent opportunities** and leverage innovations in both technology and care/service delivery to support community-based living
- **strengthen intergenerational relationships** because while programs abound, they are mostly age-specific
- **work with other regional jurisdictions** and Age-Friendly cities to address overlapping issues and services and to find solutions to common challenges.

After reviewing community responses and promising local efforts already underway, this Action Plan identified four priority areas:<sup>15</sup>

### Housing and Economic Security

### Transportation and Mobility

### Health and Wellness

### Social Participation and Civic Engagement

Within each of these 4 areas, recommendations fell into 3 categories:

### Equity and Inclusion

### Information

### Infrastructure and Policy

These priority areas and recommendations are summarized in the following pages along with local programs and policies already in development. Detailed information for all 8 domains can be found in *Appendix B*.

<sup>15</sup> Detailed information for all 8 domains is included in Appendix B where each domain includes relevant resources, current efforts that are in process, survey results and information from focus groups, GIS maps, and information from the 2016 Alameda County Plan for Older Adults and the Berkeley Age-Friendly Continuum needs assessment.

## HOUSING AND ECONOMIC SECURITY

**F**inancial and housing worries topped the list of concerns across all income levels. Given housing costs in the San Francisco Bay Area, most housing is no longer affordable; nor, is there a continuum of housing options (including assisted living) available in Berkeley as we age. More affordable housing is needed to prevent further displacement. Should older adults remain in their homes, they need affordable options for safety and accessibility home modifications. While there are several housing programs in Berkeley, and some programs specifically designed to help low income seniors, they are disconnected and it is clear from focus groups that people are unaware of them. Berkeley also needs to work with neighboring communities to expand eligibility criteria for those just above income guidelines who struggle without subsidized programs. Additionally, many residents believed that there are not enough flexible jobs with accommodations for older workers to stay employed. 20% of those who reported that they are retired are, in fact, "gigging" to make ends meet. The scale of these problems requires broad, often regional, policy solutions.

### Already In Development

- ✓ Senior and disabled home loan program
- ✓ Accessory Dwelling Unit (ADU) policies
- ✓ Expanded home safety inspection program
- ✓ Several pilot programs: Homeless Coordinated Entry, Berkeley Home Match and the development of a Service Linked Senior Housing/ Community Center model
- ✓ Business Succession Planning

### Goal and Recommendations

Develop a continuum of affordable, accessible housing options for older adults to age in their community regardless of their health or financial status.

#### → Equity and Inclusion:

- Include targets for the older adult population in the City Housing Element.
- Address the need for affordable, accessible housing at all levels of need; expand eligibility criteria for subsidized services to raise access levels to moderate income individuals.
- Expand access to supportive housing for vulnerable populations.

#### → Information:

- Provide an online resource and educational workshops at Senior Centers about renters' rights and strategies to qualify for access to both market and below market rate housing.
- Offer workshops and education on financial planning and elder fraud abuse.
- Assess and map housing options for the public via written materials and the internet.
- Provide broader communication of assistance with local taxes for low income residents.

#### → Infrastructure and Policy:

- Develop a program for housing cost relief for moderate income seniors who do not qualify for income restricted housing.
- Incorporate mixed zoning in all neighborhoods, increasing walkability and access to services and commercial areas.
- Pursue affordable settings for out-of-home assisted living (e.g., CCRC and alternatives).
- Enable increased development of accessory dwelling units (ADU) by streamlining the construction approval process.

## HEALTH AND WELLNESS <sup>16</sup>

**B**erkeley and surrounding cities have abundant healthcare and community service resources; however, most programs do not have the capacity to meet the increasing demand from seniors. Care navigation for accessing resources, affordable in-home care, and memory care are gaps in local resources. Participants in the Berkeley Continuum, Age-Friendly Berkeley and Alameda County planning consistently voiced a desire to bring services and supports to them in their home rather than requiring institutional care. Residents need access to providers and other health and wellness services such as venues for fitness, especially in South and West Berkeley. Berkeley is unique in having its own public health jurisdiction, however, there needs to be more coordination with the County Public Health Department and neighboring cities' Age-Friendly efforts to address and prevent common health issues.

### Already In Development

- ✓ Emergency preparedness and resiliency planning
- ✓ Healthy food access and cooking programs
- ✓ Whole Person Care pilot, an Alameda County wrap around program for the homeless
- ✓ Alameda County's Senior Injury Prevention Program (SIPP)

### Goal and Recommendations

Develop a more integrated system of services and supports that are person-centered and ensure that all residents have the opportunity to engage in health promoting activities.

#### → Equity and Inclusion:

- Implement additional health related programs around nutrition and exercise, with special outreach to underserved groups.
- Broaden outreach for dental care to low income and vulnerable seniors.
- Expand eligibility criteria for subsidized services to raise access levels to moderate income individuals.

#### → Information:

- Provide affordable, local navigators to help address basic systems navigation needs, e.g., public benefits, housing, and service referrals.

#### → Infrastructure and policy:

- Obtain funding for additional geriatric case managers and navigators.
- Convene a summit on memory care to plan a community response to dementia and related diseases.
- Improve the workforce pipeline of home care workers and create a centralized source of vetted referrals.
- Champion lower costs for in-home services, while ensuring a living wage for home health care workers.

<sup>16</sup> In this context "wellness" refers to the social determinants of health, defined by the World Health Organization as "the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life." <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

## TRANSPORTATION AND MOBILITY

**T**ransportation is a major concern for older residents, especially those in isolated areas such as the Berkeley Hills and low-income residents in other areas of the city. Many older adults are unfamiliar with public transportation or do not trust its reliability. Uneven sidewalks and pedestrian safety concerns are also barriers for accessing transportation options. Public transit issues such as the absence of benches or shelter at station stops and inadequate lighting, often prevent people from using services. Better public transportation options can help seniors access needed services and combat feelings of isolation. Safe driving refresher courses are also needed but there are few local options.

### Already In Development

- ✓ New street policy and design approaches being used as streets are repaired and developed
- ✓ Master Pedestrian Plan being developed in commercial areas
- ✓ City sidewalks being assessed for repairs
- ✓ Mobility management and travel training being offered to seniors

### Goal and Recommendations

Advance a network of public and private transportation that equitably serves residents and connects them to services, social activities, and employment opportunities.

#### → Equity and Inclusion:

- Ensure that popular destinations are accessible via various transportation modes, particularly for those in outlying neighborhoods or with mobility challenges.

#### → Information:

- Extend education programs about transit options.
- Promote older driver safety by linking seniors to low-cost defensive driving workshops.

#### → Infrastructure and policy:

- Continue to develop 'complete streets' design to ensure safe travel and access for users of all ages and abilities regardless of their mode of transportation.
- Collaborate to advance affordability, availability, and reliability of public transportation.
- Improve transportation infrastructure (benches, pavement, shelters).
- Create well marked 'safe routes' to common destinations with smooth sidewalks, large print signs, and good lighting.

***“Good public transportation.”***

***“Walkability in ‘the flats’ ”***

***“Convenient parking in downtown is not easy to find.”***

***“Poor transportation options”***

## SOCIAL PARTICIPATION AND CIVIC ENGAGEMENT

**W**hile many Berkeley residents participate in local activities, organizers need to outreach broadly across race, immigration status, sexual identity and orientation, income level, and housing status. The population of isolated seniors needs to also be considered. Although there are various websites and newsletters indicating what is available in Berkeley, most residents are unaware of the offerings. Multiple modes of communication need to be used to ensure that older adults stay informed and engaged. The city website is difficult to navigate and needs to be regularly updated to be useful. In addition, many people call the county 2-1-1 information line, but data about why people call and how they manage referrals is not tracked. Being the home of the independent living movement, Berkeley was ahead of other cities in terms of accessibility. However, public buildings and parks need to continue to be updated with evolving standards to ensure residents with mobility challenges can participate. For the same reason, amenities to make parks safer and more accessible, like public bathrooms, lighting, and benches, are needed.

### Already In Development

- ✓ Development of a home visit program to isolated seniors
- ✓ Inclusion of older people in public images
- ✓ Intergenerational programming in the schools and community (e.g., active volunteers)
- ✓ Redesign of the city website to make it more accessible and easier to navigate
- ✓ Plans to increase access to broadband internet, up-to-date devices, and training, in partnership with nonprofit organizations
- ✓ Redevelopment of Berkeley's 3-1-1 line, an online service center
- ✓ Improved access to information about the options for social engagement in Berkeley
- ✓ Older adult inclusion in concept planning for the North Berkeley Senior Center
- ✓ Addition of older adult programs in parks and recreation venues and consideration of increased hours at public parks

### Goal and Recommendations

Enhance neighborhood cohesion and social connectedness of all Berkeley residents with community events and activities that are inclusive, affordable, and accessible.

#### → Equity and Inclusion:

- Re-frame senior centers and outreach to attract a broader community.
- Promote Age-Friendly business practices through an Age-Friendly Business Certification program.
- Seek older adult input into current municipal planning around resiliency and infrastructure.

#### → Information:

- Create an easier to access and navigate directory of Age-Friendly organizations, activities and engagement opportunities.
- Add a link to activities for older adults to the City of Berkeley website.

#### → Infrastructure and policy:

- Create safe routes to common destinations.
- Improve park bathrooms and facilities.
- Re-open Willard Pool to improve public access to swimming in South-East Berkeley.

# Implementation Plan

**Year 1**

**Infrastructure**  
Designate the City of Berkeley Health, Housing, and Community Services, Aging Services Division as the Backbone Agency and obtain funding to support the Aging Services Manager in coordinating the initiatives

**Solidify Action Teams**  
Use the potential partners list (page 22) to identify regional, city, and community based team members for each priority area

**Form a Leadership Team**  
consisting of 5-7 champions from relevant sectors (the City, local residents, health, transportation, business, etc.) to guide implementation of the action plan

**Create Communication Network**  
Identify City staff to be contacts for work within the City. All City Departments will be responsible for the Action Plan recommendations.



**Commit to the Action Plan & Work on Year 1 Goals**  
Community partners and city staff coordinate Year 1 activities for each priority area  
Leadership team finalizes funding needs and plans strategies to support year 2-3 recommendations



**Develop Shared Metrics**  
Action and Leadership team members Identify and agree on high level indicators and set up a framework using Results Based Accountability to measure progress in years 2-3



**Communicate Results of Year 1**  
Develop an online dashboard using the Age Friendly website to inform the public and track progress  
Ensure that the Commission on Aging is continually updated and consulted



**Prioritize and begin work**  
the remaining recommendations in collaboration with City and community partners



**Work on Year 2-3 Initiatives**  
Community partners and City staff work toward Year 2-3 targets



**Monitor & Improve**  
Monitor progress and continually improve processes using the Results Based Accountability framework



**Communicate Results of Year 2-3**  
Use the online dashboard on the Age-Friendly Berkeley website to inform the public and track progress

**Year 2-3**

## Potential City & Community Partnerships

A critical goal for Year 1 Implementation (see Plan on page 21) will be to solidify the teams that will address goals in each priority area. Partners come from City of Berkeley departments, local community organizations, county and regional entities, as well as other cities with Age Friendly initiatives. Below is a table with city departments, a partial list of relevant local organizations, and some regional linkages that can help address broad areas such as housing, health and transportation.

|                                         | Regional                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | City of Berkeley                                                                                                                                                                                                                                                                                  | Local Community                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Housing & Economic Security             | <ul style="list-style-type: none"> <li>Housing Authority of Alameda County</li> <li>BACS (Bay Area Community Services)</li> <li>SAHA (Satellite Affordable Housing Associates)</li> <li>RCD (Resources for Community Development)</li> <li>Covia</li> <li>Rebuilding Together</li> <li>Habitat for Humanity</li> <li>ASSETS</li> <li>Encore, Inc.</li> <li>East Bay Works</li> </ul>                                                                                                                                       | <p><b>Health Housing &amp; Community Services:</b><br/>Housing Services</p> <p><b>City Manager's Office:</b><br/>Office of Economic Development</p> <p><b>Health, Housing, &amp; Community Services:</b><br/>Community Services &amp; Administration</p> <p><b>Planning &amp; Development</b></p> | <ul style="list-style-type: none"> <li>Ashby Village</li> <li>BOSS (Building Opportunities for Self Sufficiency)</li> <li>UC Retirement Center</li> <li>Legal Assistance for Seniors</li> <li>Berkeley Chamber of Commerce</li> </ul>                                                                                                                                                                                                              |
| Transportation & Mobility               | <ul style="list-style-type: none"> <li>AC Transit</li> <li>BART</li> <li>East Bay Paratransit</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                   | <p><b>Health, Housing and Community Services</b><br/>Aging Services Division</p> <p><b>Public Works:</b><br/>Transportation Division</p>                                                                                                                                                          | <ul style="list-style-type: none"> <li>Senior Center Shuttles</li> <li>CIL Shuttles</li> <li>CEI Shuttles</li> <li>UC Berkeley: SafeTREC</li> <li>Ride share companies</li> </ul>                                                                                                                                                                                                                                                                  |
| Health & Wellness                       | <ul style="list-style-type: none"> <li>Alameda County Health Care Services Agency</li> <li>IHSS (In-Home Supportive Services)</li> <li>LifeLong Medical Care</li> <li>CEI (Center for Elders' Independence)</li> <li>Alzheimer's Services of the East Bay</li> <li>Alta Bates Medical Center</li> <li>Sutter Health</li> <li>Kaiser Permanente</li> <li>Alameda County IHSS Program</li> <li>CIL (Center for Independent Living)</li> <li>Legal assistance for seniors</li> </ul>                                          | <p><b>Health, Housing, &amp; Community Services:</b><br/>Public Health Division<br/>Community Services &amp; Administration<br/>Aging Services Division</p> <p><b>CARE Team</b></p> <p><b>Berkeley Fire Department</b></p>                                                                        | <ul style="list-style-type: none"> <li>SIPP (Senior Injury Prevention Program)</li> <li>Lifelong Over 60 Health Center</li> <li>YMCA</li> <li>Jewish Family Services</li> <li>Berkeley Continuum</li> </ul>                                                                                                                                                                                                                                        |
| Social Participation & Civic Engagement | <ul style="list-style-type: none"> <li>California Department of Aging</li> <li>CEI (Center for Elders' Independence)</li> <li>CIL (Center for Independent Living)</li> <li>Covia: Well Connected</li> <li>Jewish Community Center of the East Bay</li> <li>University of California Retirement Center</li> <li>Forget Me Not</li> <li>Lavender Seniors</li> <li>Gray Panthers</li> <li>East Bay Regional Park District</li> <li>BORP (Bay Area Outreach and Recreation Program)</li> <li>Eden I &amp; R (2-1-1)</li> </ul> | <p><b>Health, Housing &amp; Community Services:</b> Aging Services Division</p> <p><b>Public Works:</b><br/>Disability Compliance Program</p> <p><b>Parks, Recreation, &amp; Waterfront Department</b></p> <p><b>Information Technology</b></p> <p><b>Planning &amp; Development</b></p>          | <ul style="list-style-type: none"> <li>Ashby Village</li> <li>Alta Bates Tele-Care</li> <li>UC Botanical Garden</li> <li>Tilden Regional Park</li> <li>UC Berkeley: Center for Technology &amp; Aging</li> <li>Berkeleyside</li> <li>Berkeley Public Libraries</li> <li>J-Sei</li> <li>UC Berkeley Osher LifeLong Learning Institute</li> <li>UC Berkeley Bears for Elder Welfare</li> <li>Berkeley Student Co-op</li> <li>Elder Action</li> </ul> |



# Health & Community Services

Berkeley has numerous health care resources, including Alta Bates Summit Medical Center, part of the Sutter system, and LifeLong Medical Care, a network of community health centers. The ratio of primary care doctors to residents is well above the national average. Berkeley is located between Stanford and UCSF medical schools. Stanford Health Care and John Muir Health recently expanded to Berkeley. However, there remain stark health inequalities across ethnicity, income, and neighborhood that several community programs are addressing. These include access to dental care, especially for vulnerable and underserved populations. Additional care navigation and programs that de-stigmatize seeking help for mental health and other basic needs are necessary to improve the well-being of all residents.

## AGE FRIENDLY RESOURCES

Public

|                                                  |                                                                                                                                                                                                                          |                                        |                                                                                                                                                                                                                                  |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Senior Center Programs</b></p>             | <p>City Senior Centers provide recreation, affordable hot meals, health &amp; wellness education and other supportive services.</p>                                                                                      | <p><b>Case Management</b></p>          | <p>Targeted case management for Medi-Cal beneficiaries is available through the city; referrals are also available through City Aging Services, Jewish Family Services, LifeLong Medical Care, and the Public Health clinic.</p> |
| <p><b>In-Home Supportive Services (IHSS)</b></p> | <p>Alameda County, with federal, state, and local funding, provides personal care services that help seniors on Medi-Cal stay safely in their homes as long as possible.</p>                                             | <p><b>Senior Injury Prevention</b></p> | <p>City injury prevention workshops and education about geriatric health concerns are available from the Berkeley Fire Department that often responds to 9-1-1 calls from seniors.</p>                                           |
| <p><b>City Public Health Department</b></p>      | <p>The city has its own public health department, allowing a focus on local health issues residents face.</p>                                                                                                            | <p><b>GMOL</b></p>                     | <p>Getting the Most Out of Life is an Alameda County Health Care Services Agency program that promotes planning for end-of-life and hospice care before a medical emergency occurs.</p>                                          |
| <p><b>AC Care Connect</b></p>                    | <p>AC Care is a county program that provides complete services for those experiencing homelessness, including behavioral and physical health, housing, and legal services.</p>                                           | <p><b>Food Assistance</b></p>          | <p>There is meal delivery and food assistance available through Meals on Wheels, CalFresh, Food Bank, and the Area Agency on Aging</p>                                                                                           |
| <p><b>MSSP</b></p>                               | <p>The CA Dept. of Aging Multipurpose Senior Services Program (MSSP) provides healthcare management for seniors who qualify for nursing home care and prefer to remain in their home.</p>                                | <p><b>CARE Team</b></p>                | <p>Community Accessing Resources Effectively (CARE) is a cross disciplinary team that looks at improving care for high utilizers of emergency services.</p>                                                                      |
| <p><b>Heart to Heart</b></p>                     | <p>A mobile van run by the City and LifeLong Medical Care helps address inequities in treatment for hypertension and heart disease in South Berkeley by connecting residents with programs, resources, and services.</p> | <p><b>Health Status Report</b></p>     | <p>The Health Status report is a regular City report that provides information about residents' health status.</p>                                                                                                               |
| <p><b>Adult Immunization</b></p>                 | <p>Free flu shots and low-cost immunizations are available at the Ann Chandler Public Health Center.</p>                                                                                                                 | <p><b>Peer-to-Peer</b></p>             | <p>City community health advocates visit churches, parks, and community centers to let people know about programs.</p>                                                                                                           |

## AGE FRIENDLY RESOURCES

### Public



**Nurse of the Day**

A City public health nurse provides free health information, referrals, and education.



**CERT**

A Community Emergency Response Team provides education in disaster preparedness and training in basic emergency skills (Fire Department).



**Fire Dept. Collaboration**

Berkeley Fire refers 'at-risk' seniors to City Aging Services; emergency forms posted in seniors' homes notify EMS of critical health information.



**Ombudsman Program**

This Alameda County program, with funding from the Older Americans Act through the Area Agency on Aging, ensures residents of long-term care facilities are receiving safe, quality services.



**County Veterans Services**

This county program helps inform people about veteran services and assists people with claiming and maintaining benefits for which they are eligible.

### Nonprofit



**Over 60 Health Center**

Lifelong Medical Care's Over 60 Health Clinic offers primary care, chronic disease management, social services, and health education specifically for seniors.



**BP Drop-in Clinic**

There is a drop-in clinic for checking blood pressure at LifeLong's Over 60 Health Center to address health disparity in monitoring hypertension.



**Living Well With A Disability**

Free peer workshops are organized by CIL and designed for seniors (55+) who have a newly acquired disability.



**YMCA classes**

The YMCA in Berkeley offers Healthy Living Programs to help manage chronic diseases, as well as several senior aquatics, aerobics, chair exercise, and gentle yoga classes.



**Alzheimer's Services of the East Bay**

Alzheimer Services is a nonprofit organization that provides care services to people with dementia, support for caregivers, and education about dementia care.



**LAS**

Legal Assistance for Seniors (LAS), located in Oakland and serving all of Alameda County, is a nonprofit that provides legal advice, representation, and education to residents over 60.



**CEI PACE Program**

The Center for Elders' Independence is the only wrap-around service provider in Berkeley, offering medical care, transportation, adult day care, exercise classes, nutrition support, and social activities.



**Transitions Program**

Lifelong Medical Care manages a support program for patients following hospital discharge.



**ICR Personal Assistance**

Inclusive Community Resources provides mobility training, personal assistance, and attendant management services for adults with developmental disabilities.



**Ethiopian Community & Cultural Center**

This center is a nonprofit organization that, along with cultural, advocacy, and social activities, offers family caregiver support for Ethiopian-American elders.



**Cooking Matters**

LifeLong Medical Care offers Cooking Matters classes for patients in West Berkeley along with fresh produce giveaways.



**LifeLong Geriatric Dental Program**

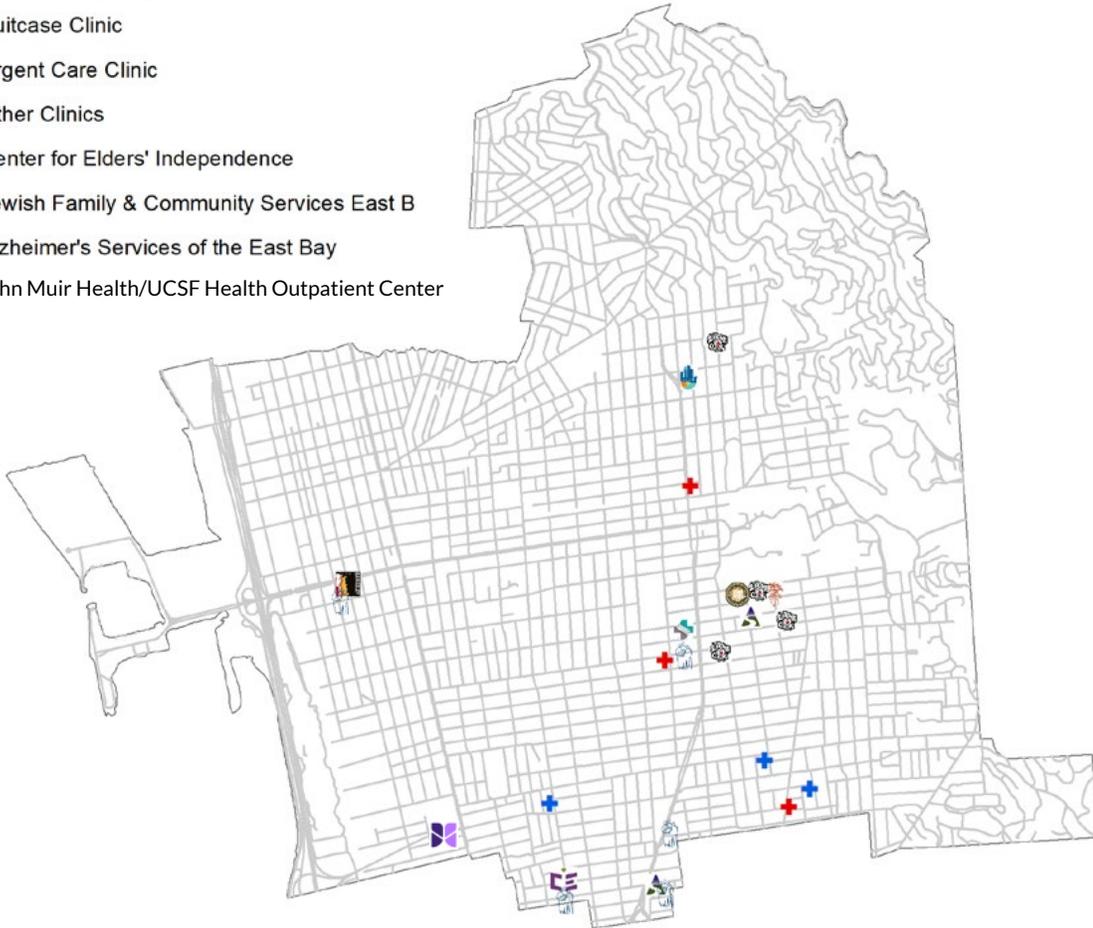
LifeLong Medical Care offers a Geriatric Dental Program at several locations and with a mobile van.

# HEALTH CARE MAP

## Legend

-  Alta Bates Summit Medical Center
-  LifeLong Medical Care
-  Ann Chandler Public Health Center
-  Berkeley Free Clinic
-  UC Berkeley Tang Center
-  Suitcase Clinic
-  Urgent Care Clinic
-  Other Clinics
-  Center for Elders' Independence
-  Jewish Family & Community Services East B
-  Alzheimer's Services of the East Bay
-  John Muir Health/UCSF Health Outpatient Center

*Alameda County is above the 90th percentile for the ratio of primary care doctors to population*

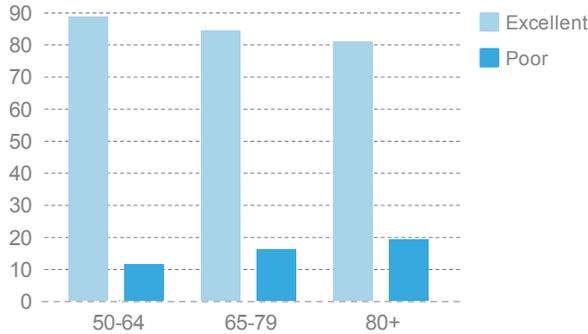


There are many healthcare options along the main city corridor which runs through downtown. Stanford and John Muir Health care have both moved into South Berkeley, but there are few options available in West Berkeley. Several service providers such as Alzheimer's Services of the East Bay, CEI, and Jewish Family & Community Services are also concentrated near downtown.



## COMMUNITY SURVEY RESULTS

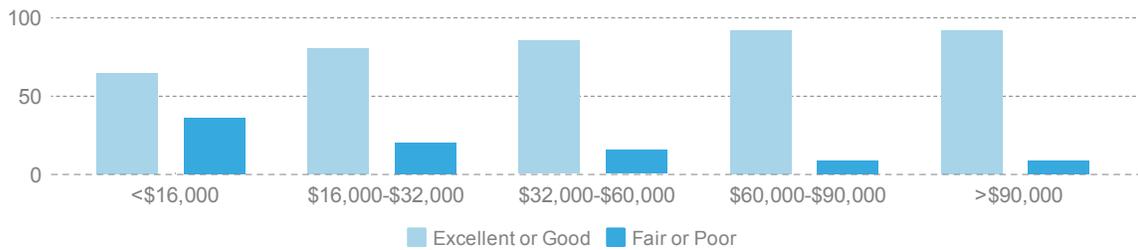
### Health by Age Group



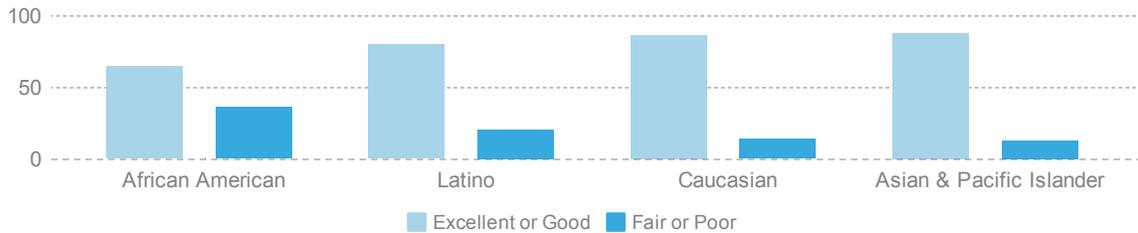
Overall, subjective reports of health are good among older adults in Berkeley who responded to our survey.

However, there are predictable disparities in self-reported health across income and race. The graph below shows a trend similar to what is found in most studies nationally of the relationship between health, race, and financial resources. Berkeley is continuing its work on eliminating disparities.

### Health by income



### Health by Race



### According to the Alameda County Plan for Older Adults 2016-2017,

**15.7%** of Berkeley residents over 60 have MediCal

**48%** of Alameda County older residents have avoided needed medical care because of cost

**39%** of older, low-income Alameda County residents are "very concerned" about being able to prepare healthy food as they get older

## TAKE AWAYS



**Equity and Inclusion:** Most subjective health reports from residents are good to excellent; however, disparities are apparent in Berkeley along socioeconomic and racial lines. Addressing this is a priority of the City and County Public Health Departments, and more is being done. However, this may require expanding current programs, adding new ones, and implementing policy changes.



**Information:** Even though there are abundant healthcare resources in Berkeley and surrounding cities, care navigation, in-home care and memory care are three areas where there is a gap. Seniors who need support to stay at home often need help finding service providers but may not be able to afford services unless they qualify for Medi-Cal. Those who are just above income guidelines struggle to find affordable services. A clear source of information about these services and their affordability is needed.



**Infrastructure and Policy:** While Berkeley has many excellent health and community service programs, most are not large or well-funded enough to meet the increasing demand for services. Also, with the planned closure of the local hospital scheduled for 2030, the city will need to continue to work on ensuring residents have access to emergency care.

## ACTION PLAN

In Process

Measure GG



The City continues to work on Measure GG, which focuses on Emergency Preparedness, resilience, & community response capacity. One focus is on utilizing nurses who have relationships with vulnerable community members.

Geriatric Housecalls



LfeLong Medical Care provides in-home primary care for homebound seniors and they are expanding this program into Berkeley.

Cooking Classes



The schools continue to explore creating an inter-generational program that teaches children to cook healthy food at school so they can bring those skills home.

Gateway Program



The Berkeley Continuum is piloting a prevention/intervention program that helps older adults proactively plan for their aging experience.

Year 1

CalFresh Restaurants



Encourage Berkeley restaurants to participate in CalFresh so those who are not able to cook can buy prepared meals as an alternative to the grocery program.

Exercise & Nutrition



Implement additional health related programs in senior centers and in the community, e.g., around nutrition and exercise, and walking groups. with targeted outreach to under served groups.

SIPP



Increase awareness of Alameda County's Senior Injury Prevention Program (SIPP) by educating seniors, healthcare providers, case managers, and emergency responders about fall prevention. Ensure there is equitable access to the program.

Memory Care Planning



Convene a summit on memory care to plan a community response to dementia and related diseases

Year 2-3

Case Managers



Identify funding for additional geriatric case managers and community health workers for the general population and for people experiencing homelessness.

In-home Service Providers



Develop and implement a plan, including new funding streams, to lower costs and expand access to in-home services.

Affordable Navigators



Launch a program of affordable navigators (as opposed to comprehensive care managers) to help older adults address basic system navigation needs (public benefits, housing, service referral).

Trusted Referrals



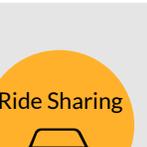
Focus efforts to recruit, train, and retain a quality workforce of home care workers and develop a centralized, easily accessible source for vetted referrals for in-home care.



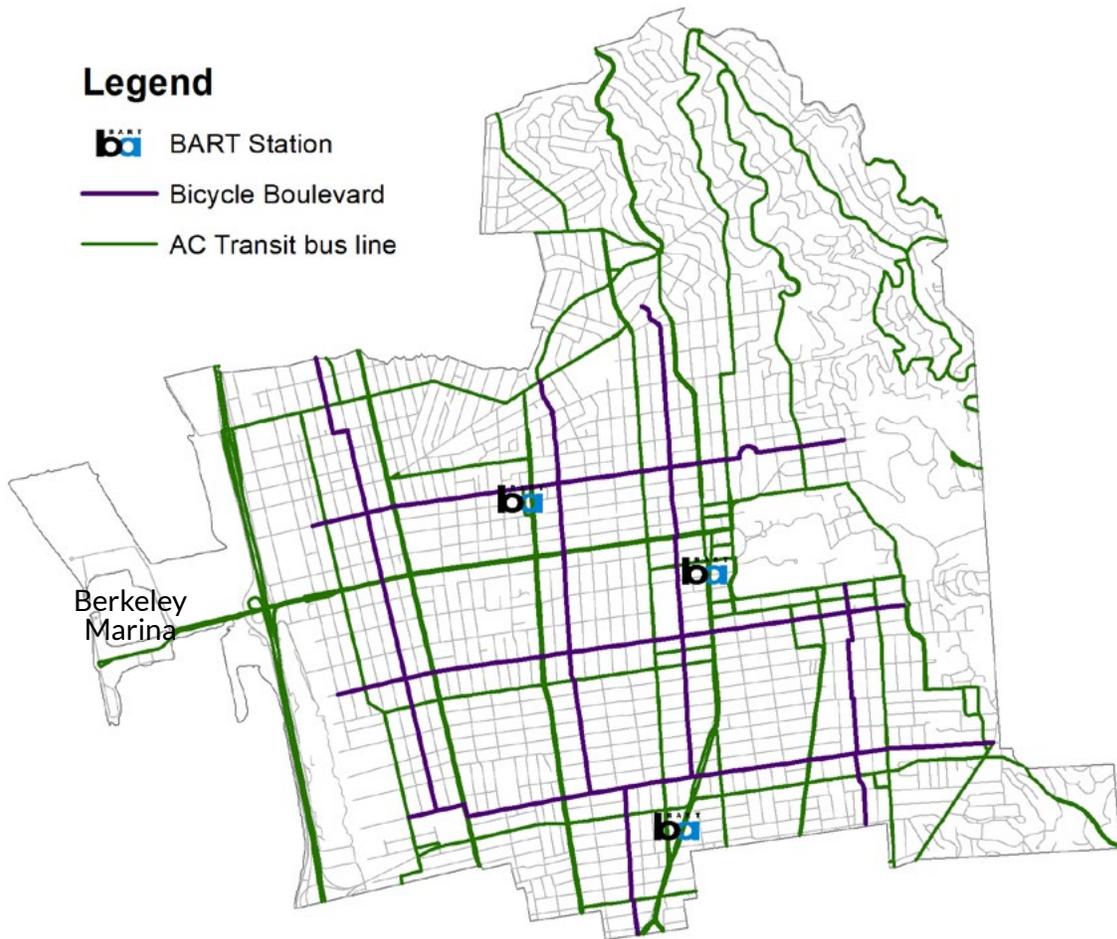
# Transportation

Berkeley is connected to the Bay Area by way of several public transportation options. Bay Area Rapid Transit (BART) has three stations in Berkeley and AC Transit, the bus line for the county, has 155 bus lines throughout the region. Currently, the city is working to improve transportation options with strategic plans that address barriers to walkability and transit safety. There need to be additional resources for addressing driving safety and improved collaboration between transportation, technology, and aging organizations in the county to ensure that the public's needs are met across neighborhoods and all modes of transit.

## AGE FRIENDLY RESOURCES

|                  |                                                                                     |                                                                                                                                                                                                  |                                                                                      |                                                                                                                                 |
|------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Public</b>    |    | AC Transit and BART have a senior discount and have priority seating for seniors.                                                                                                                |    | City Planning & Development department is addressing transportation and street safety to ensure comfortable, safe environments. |
|                  |   | App ride hailing vouchers and taxi script services are available through the City.                                                                                                               |   | East Bay Paratransit is available for door-to-door transportation services for people with disabilities.                        |
|                  |  | The Senior Center shuttle is available to bring people to the center and for organized outings.                                                                                                  |  | 511 is the phone number and website to plan travel on fixed-route public transportation throughout the Bay Area.                |
|                  |  | Bicycle Boulevards are streets with slower, lower traffic volume. Large painted street markers and street signs on each block clearly mark the designated bicycle areas.                         |                                                                                      |                                                                                                                                 |
|                  |                                                                                     |                                                                                                                                                                                                  |                                                                                      |                                                                                                                                 |
| <b>Nonprofit</b> |  | Free CIL travel training for people age 55+ and/or with disabilities: One-on-one instruction for accessing fixed route transit, mastering specific trips, and use of mobility device on transit. |  | This American Cancer Society program provides transportation to appointments for cancer patients.                               |
|                  |  | The Center for Elders' Independence runs a PACE center in Berkeley and has vans that provide transit for their elders to the center, medical appointments, and field trips.                      |                                                                                      |                                                                                                                                 |
| <b>Private</b>   |  | Bay Area companies like Uber, Lyft, SilverRide, and Chariot offer ride sharing services, including new programs that doctors can use to order rides for their patients.                          |                                                                                      |                                                                                                                                 |

# TRANSIT MAP



With three BART stations and major AC Transit bus lines, most of Berkeley is well connected by public transportation. However, residents who live in the Berkeley hills have less frequent buses and not all station stops throughout the city are covered or well lit.

Bicycle Boulevards help make cyclists and pedestrians safer. Plans for additional improvements are underway.

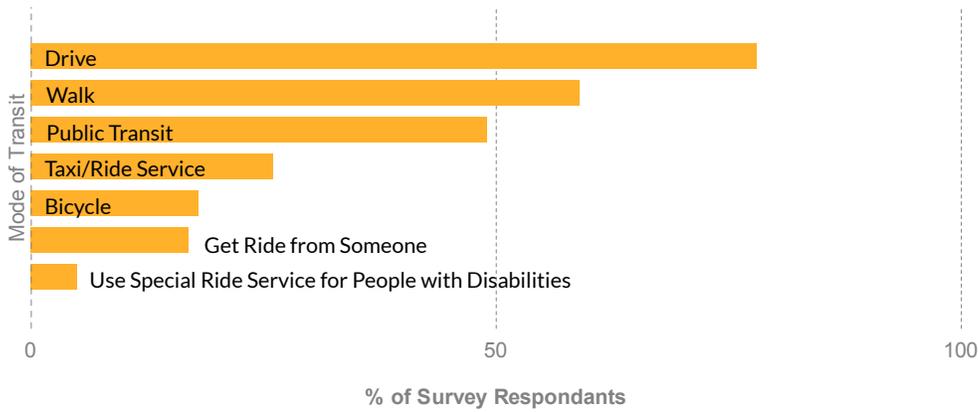
A new ferry boat, Tideline, connects the Berkeley Marina to downtown San Francisco for commuters.



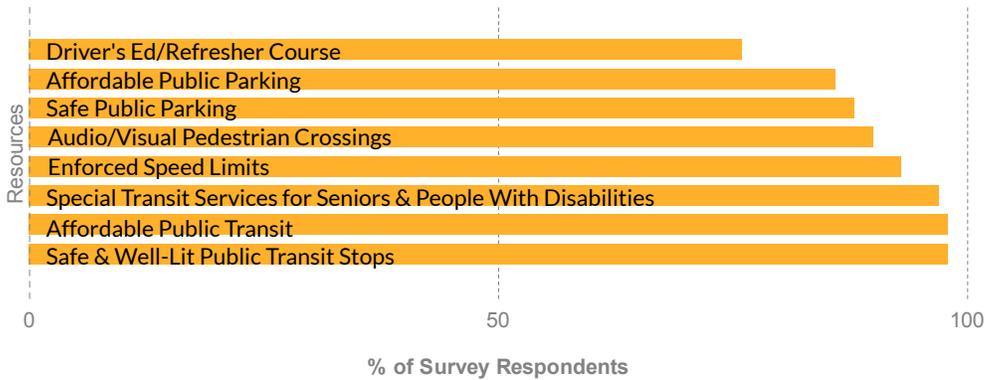
## DATA

One of the main reasons Berkeley was rated positively by survey respondents as a place to age was **walkability**. However, sidewalk disrepair and traffic safety are issues raised by many residents. While Berkeley has made an effort to be accessible (curb cuts, etc.), trees often cause sidewalks to become uneven and some survey respondents also reported feeling unsafe crossing the street. Most people who responded to the survey said they drive to get around town, and highlighted parking as a problem. Many people thought driver education for seniors would be an important resource to have.

### How Seniors Get Around Berkeley



### Top Very or Somewhat Important Transportation Resources



### According to focus groups conducted by the Berkeley Continuum

- Participants felt that the City's taxi voucher system is useful but is too limited by the number of times it can be used and the purposes for which it can be used. In addition, many people did not know that vouchers were available. Ride sharing apps can be helpful, but they are still too expensive for many people to use regularly.
- Participants said they want public transit to be more frequent and more flexible.

## TAKE AWAYS



**Infrastructure and Policy:** Many survey respondents felt that one of Berkeley's best traits is its walkability. However, sidewalk disrepair and pedestrian safety concerns can be a barrier. The Bicycle Boulevards and some new protected bike lanes are a safety improvement, but there is still more work to do.



**Equity and Inclusion:** Social activities, volunteer opportunities, and jobs are important, but without thoughtful infrastructure and transit programs that help seniors get where they need to go, these resources will not be utilized to their fullest extent. BART and AC Transit help connect Berkeley to the rest of the Bay Area, but issues like the "last mile," not having benches at station stops, and inadequate lighting can be a problem for some older people and prevent them from using these services.



**Information:** Even with abundant public transportation options, many people want to maintain the freedom of driving, and want to do so safely. Many people are interested in safe driving refresher courses, but there are limited local options for these courses. Stigma may be an issue and classes should be advertised carefully to prevent promoting stereotypes and to make sure people feel comfortable attending.

## ACTION PLAN

### In Process



Master Pedestrian Plan

A plan considering safety, walkability, lighting, etc., is in development for commercial areas.



Senior Shuttle

The City is in the early planning stages for a new senior shuttle, funded with County Measure BB funds, that will address some current public transportation limitations



Sidewalk Review

The City is developing a plan to address broken sidewalks throughout the city and working to prevent future problems.



BeST Plan

Berkeley's Strategic Transportation (BeST) plan strives to allow residents, students, and visitors of any age, background, and ability to have equal access to move throughout the city.



Senior Transit Coordinator

A new Aging Services Transportation Coordinator will oversee paratransit and senior center shuttles, will expand the senior shopper shuttle, and will expand mobility management and travel training.

### Year 1



Support Safe Driving

Promote older driver safety by linking them to defensive driving classes, such as those offered by AARP and the Safe Driver program promoted in the Berkeley Senior Center.



Transit Training

Help individuals learn how to use public transportation options with educational programs and a pool of volunteers willing to be companions on public transportation trips.

### Year 2-3



Partnering & Planning

Improve collaborative planning between City Planning, Aging Services, and local transportation companies to increase public transit access for older adults; partner with carpool and private transportation services.



Transit Infrastructure

Improve citizen experience of transportation infrastructure, e.g., benches, shelters, traffic signals, and pavement on pedestrian sidewalks.



Transit

Advance the reliability, frequency, and local travel destinations for transit, especially in such areas as the Berkeley hills that have limited access.



Utilize Shuttles

Partner with community agencies to increase transportation options by better utilizing and organizing shuttles during off-hours



## Outdoor Spaces & Buildings

Berkeley values its green space, with many city parks, parklets, and miles of walking trails. Thanks to Ed Roberts, who led the disability rights movement as a student at UC Berkeley in the 1960's, accessibility of outdoor spaces and public buildings was advanced with nearly universal curb cuts, accessible city-owned buildings, and a robust set of non-profit organizations dedicated to ensuring that the needs of all residents and visitors are considered in the built environment. Improvements that go beyond ADA compliance and additional programs for older adults with varied physical abilities will make the city even more livable for everyone.

## AGE FRIENDLY RESOURCES

### Public



**Parks & Rec Adult Classes**

City Parks & Recreation programs include adult classes such as painting, yoga, and Tai Chi.



**Accessible Streets**

Sidewalks, curb cuts, street lighting, benches, and traffic calming devices are developed in most areas.



**ADA Compliant Buildings**

New businesses, housing developments and redevelopments are required by the City to be ADA compliant.



**Senior Aquatics**

City Parks & Recreation organizes several aquatics classes specifically for older adults and people with disabilities.



**Parklets**

A city ordinance has allowed several 'parklets' to be built, which provide outdoor seating and tables in commercial areas; at least six more are planned.



**Customer Service Center**

The City's Customer Service Center has been renovated to be more accessible with lower counters, better lighting, and large screens.



**EBRPD**

East Bay Regional Park District, the largest urban regional park district in the US with about 120,000 acres, has a variety of free and affordable outdoor activities and volunteer opportunities.

### Nonprofit & University



**Bay Area Outreach & Recreation**

BORP provides opportunities for people with disabilities to enjoy the outdoors, including special programs for veterans.



**Berkeley Walks**

Berkeley Walks organizes 30 minute walks 3 days a week for all levels of UC Berkeley faculty and staff.



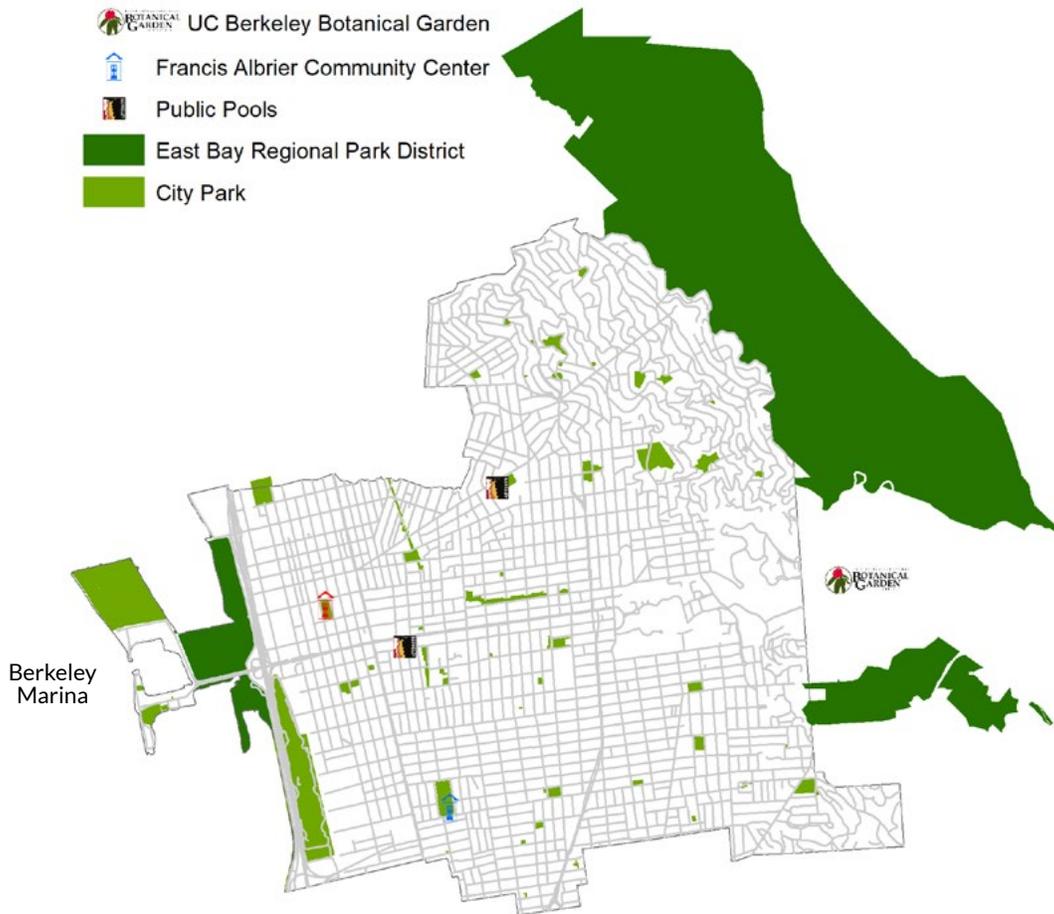
**UC Botanical Garden**

The UC Botanical Garden is 34-acres with over 10,000 different plant species. With paved paths throughout the garden, it is an accessible place to enjoy nature and learn about conservation.

# PARK MAP

## Legend

-  James Kenney Community Center
-  UC Berkeley Botanical Garden
-  Francis Albrier Community Center
-  Public Pools
-  East Bay Regional Park District
-  City Park



With parks spread out across the city, there are many opportunities to enjoy the outdoors. However, the quality and availability of amenities such as bathrooms, benches, and lighting vary across parks. There is a bus from downtown directly to the Marina and the Botanical garden, but public transit access to some other parks is limited. It may be necessary to drive to some parks, especially for those traveling from destinations other than downtown.

## DATA

One of the top reasons survey respondents rated Berkeley positively as a place to age was walkability.

**59%** said they walk      **18%** said they bike

...as a form of transportation for errands and appointments

However, sidewalk disrepair and traffic safety are issues raised by the community. While Berkeley has made an effort to be accessible (e.g., curb cuts), trees often cause sidewalks to become uneven and some survey respondents reported feeling unsafe crossing the street.

## TAKE AWAYS



**Infrastructure and Policy:** While there are many green spaces around the city, amenities to make spaces safer and accessible, like public bathrooms, lighting, and benches, are variable. In addition, while some areas of the city, such as downtown, have various public transportation options, accessing parks from other areas requires a car or multiple bus lines.



**Equity and Inclusion:** The city started implementing accessibility standards ahead of many other places, but improvements to sidewalks, bus stations, and other outdoor spaces have not continued with the same momentum. The city is aware of these problems and assessing where to invest in additional accessibility efforts.



**Information:** There are many wonderful parks throughout Berkeley, but information about these parks, their programs, and the accessibility of activities are not easy to find and the city website is not always up to date with information.

## ACTION PLAN

### In Process



More Classes

City Parks & Recreation staff are considering additional classes and programs for older adults.



ADA Self-Evaluation

The Public Works department is implementing a self-evaluation to review the built environment for ADA compliance, inviting comments from older adults



CPTED

The City Planning Department is using 'Crime Prevention Through Environmental Design' (CPTED) to address safety issues and uncomfortable spaces.



T1 Funds

Funds from local Measure T1 will be used to improve existing infrastructure and facilities in the city.

### Year 1



Age-Friendly Parks

Assess needs and secure funding to improve park bathrooms, lighting, parking, and other facilities for the older population; identify and advertise parks that are already Age-Friendly.



Park Access

Ensure that green spaces are accessible by various transportation modes and to those with mobility challenges, including shuttle access, smooth pathways, and room for wheelchairs next to benches.



Signage

Encourage large, easily visible street numbers on businesses and houses.



Web Information

Add a link on the City of Berkeley website to outdoor recreation activities for older adults.

### Year 2-3



Extend Park Hours

Open public park exercise areas (James Kenney & Live Oak Parks) during the day in addition to the current 3 nights/week.



Re-Open Pool

Re-open the Willard Pool to improve public access to recreational swimming in South-East Berkeley



Safe Routes

Create safe routes to common destinations that have well maintained sidewalks, large signs, and good lighting.; create safe route maps.



Older Pedestrian Input

Ensure that older adults have opportunities for input into the development of the Master Pedestrian Plan by reviewing meeting times and consulting the Commission on Aging.



## Social Participation & Civic Engagement

A variety of social opportunities are available for older adults in Berkeley. These include fitness, art, education, political and cultural activities. While the vast majority of survey respondents indicated that they participate in social activities at least a few times a week, transportation and affordability of activities were raised as barriers. Making activities more affordable, accessible, and widely advertised would help residents, particularly isolated seniors, participate.

### AGE FRIENDLY RESOURCES

#### Public



**Senior Centers**  
Senior Centers serve hundreds of people daily with group classes and activities including meals, foreign language, memoir writing, music, field trips, dance, and birding. They also have voter registration materials.



**City Boards & Commissions**  
The City's 43 Boards & Commissions attract numerous seniors from across the city, including to the Commission on Aging.

#### Nonprofit & University



**OLLI @ Berkeley**  
UC Berkeley Osher Lifelong Learning Institute offers a wide variety of classes for adults 50 and older.



**J-Sei Activities**  
J-Sei is a community center that offers a space for inter-generational activities and services that pass on Nikkei values and traditions.



**JCC**  
The Jewish Community Center organizes group "Trips Around Town" for seniors and has adult classes, lunches, clubs, and events.



**CEI Social Activities**  
The Center for Elders' Independence organizes social activities and has an adult day health center as part of their PACE program.



**CIL**  
The Center for Independent Living advocates with and for people of all ages with disabilities and offers organized social activities.



**Ashby Village**  
Ashby Village members organize events, volunteer activities and various interest groups that meet regularly including advocacy, poetry, bridge, movies, and technology.



**Lavender Seniors Group**  
A support and advocacy group for LGBTQ seniors, Lavender Seniors has a 'Friendly Visitor' program and monthly lunches to keep members connected.



**UC Retirement Center**  
As a major local employer, the UC Berkeley retirement center connects 2,245 UC retirees in Berkeley and Albany with volunteer opportunities, book clubs, workshops, and Retirees' Associations.



**BLBC**  
The Berkeley Lawn Bowling Club is a nonprofit outdoor sport club that has been active since 1928. Members offer free classes to the public.



**Gray Panthers**  
The East Bay Gray Panthers are an intergenerational advocacy group fighting for social justice and combating ageism.



**Elder-Action Group**  
A new advocacy and social justice interest group growing out of Ashby Village meets to discuss and plan advocacy efforts.



**Berkeley Continuum**  
The Berkeley Continuum is a non-profit group that is working to ensure that a continuum of services and supports are available for older people to age in their communities.

## DATA

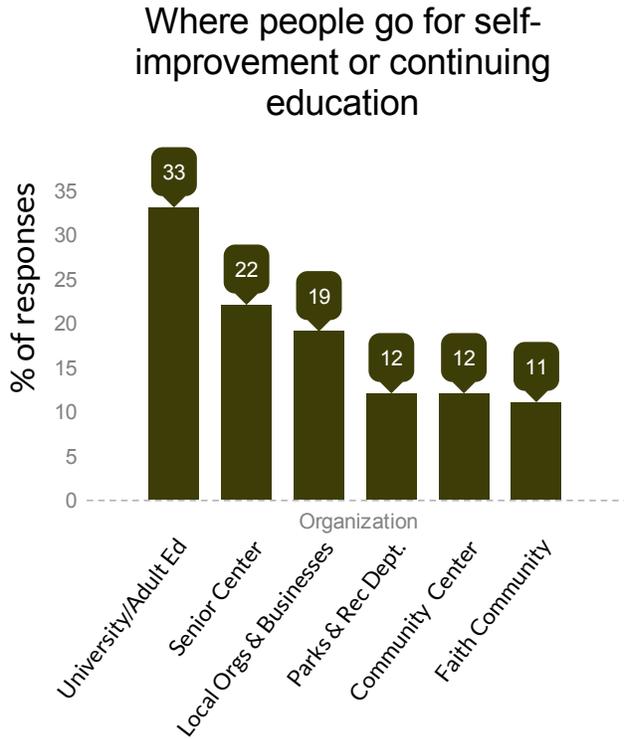
One of the top reasons Berkeley was rated positively by survey respondents as a place to age was the availability of many different services and activities. The vast majority of survey respondents said they are actively participating in social activities. However, various surveys indicate that 6-11% of Berkeley seniors socialize less than once a week and follow up is needed to identify the needs of these isolated seniors.

**89%** said they socialize at least a few times a week

**60%** said they participate in continuing education or self-improvement classes

**91%** said it is important for them to have a range of opportunities to volunteer

**31%** said they have transportation to and from volunteer activities



### According to focus groups moderated by the Berkeley Continuum

- Some people had been to the senior centers and liked them. However, a few people said they did not like the senior center, with some adding that it seemed "depressing".
- Participants who lived in multi-unit housing indicated that they needed more information about what activities were happening in the community.
- Those living in single family homes showed more interest in finding ways to be connected to social activities.

Berkeley has a long history of being at the center of social movements. Older adults in the community are heavily involved in local politics.

**54%** said it is very important to have opportunities to participate in local government and decision making

**>75%**

said their community has volunteer and civic engagement opportunities

**80%** said it is important for them to have opportunities to participate in local councils and committees

**78.1%**

of registered Berkeley voters participated in the 2016 election, higher than the county turnout (75.42%)

## TAKE AWAYS



**Infrastructure and Policy:** Transportation to activities, language accommodations, and making activities accessible is especially important for seniors who are at risk of isolation and are not typically included in community events. Reducing barriers to participation with infrastructure and policy improvements will make community events and activities more inclusive.



**Equity and Inclusion:** Active civic engagement has been a prominent part of Berkeley's history and continues to be important to residents of all ages. Opportunities for older adults with a variety of physical abilities, cultural backgrounds, and languages will help foster a stronger sense of community, both intergenerationally and among older adults in Berkeley.



**Information:** Having activities available will not be enough to ensure that everyone has a way to participate. We want to also ensure that there are various modes of communicating information about the programs so that those without computer access or who are more isolated will have information about services and activities they can participate in. This will also require communicating information in multiple languages and in written and audio formats.

## ACTION PLAN

In Process



Older adults are included in Measure GG (emergency preparedness) outreach and workshops, especially to consider isolated and low-income seniors.



The North Berkeley Senior Center building is being upgraded with \$5.8 million in local T1 funds to accommodate additional community programs. Input from older adults who use the senior centers was used in developing the plan.

Year 1



Reframe "senior centers" and modify programming to attract "younger" seniors.



Plan additional intergenerational community activities that encourage participation of different ages and cultures.



When possible, schedule public meetings when it is convenient for older adults and offer transportation options for people who may not feel comfortable traveling alone at night.



Consider older adult comments and public input to T1 infrastructure expenditures to ensure public spaces are developed with the needs of older adults in mind.

Year 2-3



Help neighborhood associations, formal and informal groups, and city agencies focus on providing opportunities for older people to participate, especially low-income, isolated and disabled seniors.



Create an easy to access directory of Age-Friendly organizations, activities and engagement opportunities for older adults.



# Employment & Economic Security

Our community survey and focus groups found that the cost of living throughout the Bay Area is a prominent concern among older adults. Many older people are worried they won't be able to afford their property taxes or rent, and the cost of transportation and food continue to rise. Retiring may be a financial impossibility for many people in Berkeley. It is critical to ensure there are local job opportunities for people of all ages and abilities and adequate financial support and advice for those who can no longer work.

## AGE FRIENDLY RESOURCES

### Public

Minimum Wage  
\$

In October 2018, Berkeley adopted a \$15 minimum wage which will help all those who work in Berkeley make a basic wage.

Clean City Program

The Clean City Program, managed by BOSS, hires people experiencing homelessness for temporary jobs cleaning sidewalks in the City while BOSS helps them navigate their housing and health services.

Very Low Income Tax Refund

For seniors 65+ who have a household income less than \$46,500, certain city taxes can be refunded, such as Sanitary Sewer fees and the School Maintenance tax.

### Nonprofit & University

ASSETS

ASSETS Senior Employment Program provides job training and job search assistance for Alameda County residents age 55+.

East Bay Works

The Berkeley Adult School & Career Center offers workshops, career fairs, computer access for job searching, and one-on-one assistance to help adult job seekers.

Legal Assistance for Seniors

LAS is a nonprofit legal assistance organization that helps senior clients with legal problems such as changes to public benefit payments and elder abuse cases including financial abuse.

Encore

Encore is a Bay Area company that helps adults 50+ find impactful work in the social sector, mentor younger adults, and participate in advocacy for older adults.

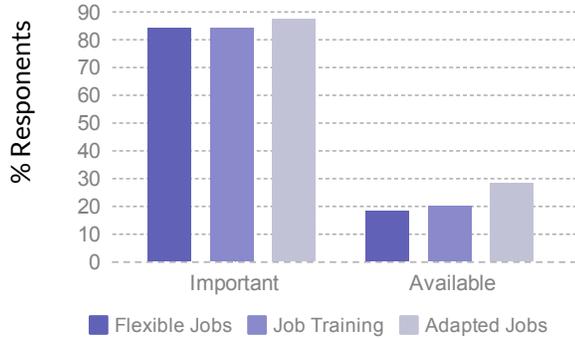
UC Retirement Center

The UC Berkeley Retirement Center gathers information about resources for retirees who are looking for part-time work or volunteer opportunities.

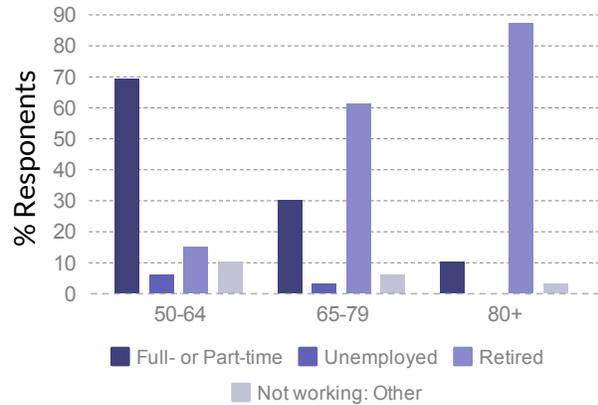
## DATA

While many older adults expressed interest in job training, flexible jobs for older people, and jobs that are adapted for older people, few thought these resources were available.

### Important and available employment resources

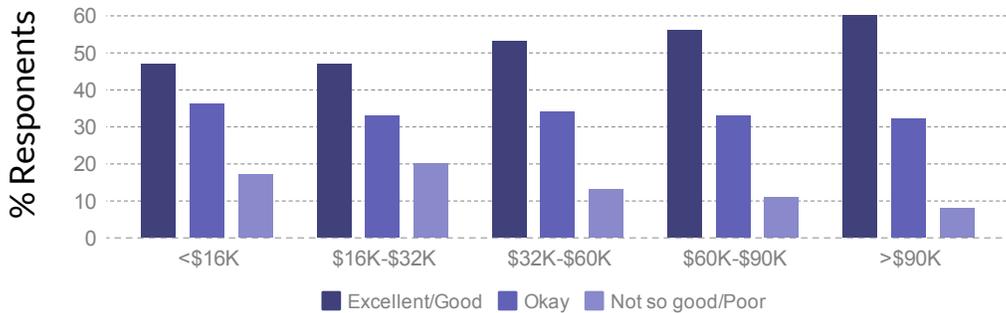


### Work Status



Focus groups and survey respondents consistently named financial security and the cost of living in the Bay Area as their top issues. When looking at how older adults rated Berkeley as a place to age on the survey, answers vary by income group, with higher income groups more likely to rate Berkeley as "Excellent/Good" and less likely to rate it as "Not so Good/Poor"

### Rating of Berkeley as a place to age by income group



According to the Alameda County Plan for Older Adults 2016-2017,

**51%**

of Berkeley residents age 60+ said they were "concerned" or "very concerned" about having enough income to meet their basic needs

**"Income for basic needs"**

was the top concern among older adults county-wide and in Berkeley

## TAKE AWAYS



**Infrastructure and Policy:** Financial stress is common among older adults in Berkeley. There is a wide range of incomes that are creating a disparity in how residents view the city as a place where they can stay as they age. To prevent further displacement, there needs to be more affordable housing units and other programs to help people stay in their communities.



**Equity and Inclusion:** There are not enough jobs that offer the flexibility and accommodations that some older workers are looking for. This is a major issue for those who are choosing to work longer and those who need to because of financial concerns. Access to jobs needs to be addressed through policy and business incentives.



**Information:** Though the city has a number of programs designed to help low-income seniors, it is clear from focus groups that not everyone is aware of these programs. Additionally, there is a need to expand these programs beyond what is considered "low-income" for the purposes of federal benefit programs because the cost of living in the Bay Area is so much higher than the national average.

## ACTION PLAN

In Process



The City Economic Development department is working on outreach and a small business forum regarding succession planning and how to help older adults plan for their next phase.

Year 1



Offer workshops and education on financial planning and elder fraud abuse.



Broaden communication of assistance with local taxes for low income residents.

Year 2-3



Consider a program of Elder Friendly business certification (Elders in Action provides this in Portland) which would indicate businesses that accommodate both older workers and customers.



# Respect & Social Inclusion

The students at UC Berkeley are an excellent example of a volunteer resource, from student groups specifically created to improve the welfare of older adults to individuals who sign up to volunteer, for example at the Senior Centers, Meals on Wheels and Ashby Village. Seniors in Berkeley are diverse and may have many intersecting identities that make them more or less vulnerable to agism and other forms of discrimination. Volunteer and service programs keep these issues in mind when engaging with local residents.

## AGE FRIENDLY RESOURCES

### Public

#### Accessible Documents



Large print materials of public documents are available through the City Clerk's office.

#### Accessible Customer Service



Counters in all city public service areas are accessible and staff are trained to assist people with disabilities.

#### Meals on Wheels



Volunteers in the community bring hot meals to isolated and frail seniors and socialize with them.

### Nonprofit & University

#### Bears for Elder Welfare



Bears for Elder Welfare is a student organization at UC Berkeley intended to help improve the well-being of local older adults and to foster respect for elders among Berkeley students.

#### Berkeley Student Co-Op



Members of UC Berkeley's student Co-Op volunteer to assist Berkeley seniors to remain in their homes as long as possible.

#### CIL Wellness Program



CIL runs 10 week workshops for older adults with new limitations that helps them gain skills they need to overcome barriers to independent living and so they can continue to participate in their communities.

#### Forget Me Not



Forget me Not is a phone call program that partners socially isolated older adults with compassionate high school volunteers for conversation and to forge social bonds.

#### AV Volunteers



Volunteers of all ages help facilitate Ashby Village activities, including support groups.

#### Lavender Seniors



Lavender Seniors give service providers who are LGBTQ allies "The Emblem" which is a marker that states "Safe, Visible and Celebrated."

#### AltaBates Tele-Care



AltaBates Medical Center runs a program where volunteers call daily to check-in on people who opt-in to the program and alert emergency contacts if unable to reach someone.

#### Well connected

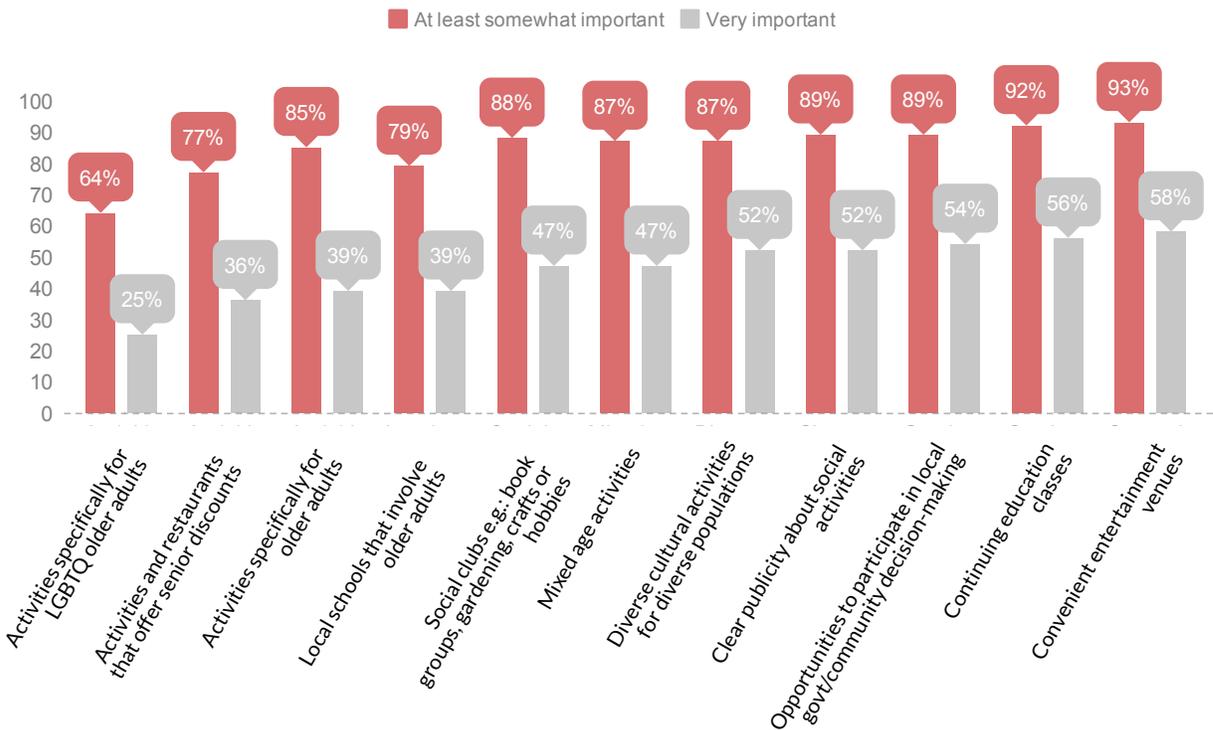


Covia manages Well Connected, an online and over the phone support for individuals and social groups.

## COMMUNITY SURVEY RESULTS

As a "college town", there are many activities and organizations in Berkeley that are focused on attracting the younger generations. Older adults are also active in the community and identified a wide variety of social resources they consider important.

### Top Responses for Important Social Resources



The vast majority of our survey respondents have someone to socialize with at least weekly and have friends or family to turn to when they need help. At least 6% of the respondents, however, socialize less than once a week and the survey did not capture some of the more isolated seniors.

94%

of survey respondents socialize at least once a week

68%

of survey respondents would turn to family, a friend, or a neighbor if they needed information about services

## TAKE AWAYS



**Equity and Inclusion:** Seniors in Berkeley are a diverse group, some with many intersecting identities. Language, race, immigration status, sexual orientation, gender, income level, housing status, and other factors all play a role in the way seniors experience life in Berkeley and it is important for volunteers and service providers to keep this in mind.



**Information:** The people who filled out our survey are involved in activities in the community and most are socially connected. However, we know this is not representative of the larger community because our survey relied on community organizations and social networks for distribution. Some of the reasons people don't participate in the community is because they are isolated and/or don't know about the activities or resources that could help them participate. The City and organizations need to communicate information clearly and reach out to people who may be more isolated.

## ACTION PLAN

### In Process



**Prevent Isolation**

Working with the Berkeley Continuum and established student groups, home visits are being offered to socially isolated seniors.



**Media Campaign**

Older adults are included in public imagery of local media campaigns, positively and without stereotypes; community members are consulted as to how best to portray older people.



**Public Schools**

Inter-generational programming is continuing to be fostered in schools and in the community, such as student interns and volunteers .



**Public meetings**

Communication devices are available to ensure that seniors with hearing difficulty are able to participate in public meetings.

### Year 1



**Part of the Family**

When "family" events or activities are organized by the City or other organizations, include older adults as part of the target audience, not only children and families.

### Year 2-3



**Inter-generational Event**

Organize an annual inter-generational event that celebrates the value of people of different ages and fosters understanding across generations

Richard Bernack



# Communication & Information

While there are a myriad of programs, events, and activities throughout Berkeley, it is often difficult for older adults to find what they want or need. Many older adults have internet access either through their mobile phone or at home, but websites are not intuitive or easy to navigate. Input from older adults about their needs and how they are currently getting information will help tailor existing communication to better meet their needs.

## AGE FRIENDLY RESOURCES

### Public



3-1-1

3-1-1 is a non-emergency single point of contact for the City that helps direct people to the appropriate department for information or services.



Accessible Documents

Large text and alternate formats of public records are available.



Eden I&R 2-1-1

Alameda County residents have access to a 2-1-1 phone line, managed by the nonprofit Eden I&R, for information and referral services.



My Senior Center App

This App is available in senior centers for information about daily activities and for internal tracking.



The Nugget

The monthly newsletter for Berkeley's senior centers is distributed to 200 seniors via email and is available in hard copy at the centers. It announces class schedules and events.



Public Libraries

There are 5 public libraries in Berkeley. They host the Berkeley Information Network, an online database of local resources that can be accessed on their website and that has a specific section for seniors.

### Nonprofit & University



CIL I&R

The Center for Independent Living's (CIL) Information and Referral (I&R) is a program that provides information on free disability-relevant community resources.



CTA

The Center for Technology & Aging (CTA) at UC Berkeley is designed specifically to encourage and enhance the development of new technologies for the aging population.

### Private



Berkeleyside

Berkeleyside is a local independent news site for Berkeley residents reporting on local events and issues that has an average of 270,000 unique users each month.



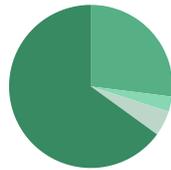
Nextdoor

The NextDoor website helps neighbors communicate. Individuals need to verify their address through the mail to use it. Many older people in Berkeley accessed our survey through announcements on this site.

# DATA

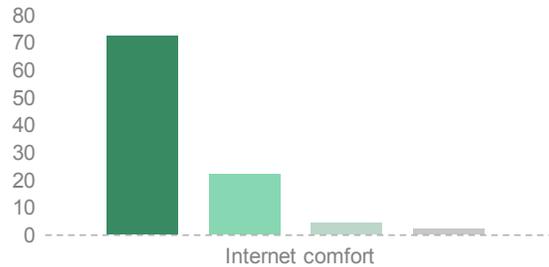
Some information regarding internet use among seniors emerged from the community survey. Many residents who submitted the survey did so online, making the sample slightly skewed towards more internet savvy people. Even though the majority of respondents said that they were comfortable using the internet, almost half indicated they would be interested in internet/technology classes if they were available.

## Internet Access



■ Home (27%) ■ Phone (3%) ■ None (5%)  
■ Both (65%)

## Comfort Using Internet



■ Very Comfortable ■ Somewhat Comfortable  
■ Not Very Comfortable ■ Not at All Comfortable

An independent needs assessment contracted by the city as part of their Digital Divide project found that some of the barriers for older adults in using technology include:

Basic Training

Quality Devices

Reliable Internet

46%

of survey respondents would be at least somewhat likely to use Internet/Technology training if it was free or low-cost

270,000

people on average read Berkeleyside each month

3,492

2-1-1 calls were made by Berkeley residents between January and August 2018

5,211

2-1-1 referrals were made between January and August 2018

## According to focus groups done by the Berkeley Continuum and the Age-Friendly Berkeley Initiative

- Many older people are concerned about how to navigate different systems in the city, including resources for transportation, housing, and healthcare
- Most people want to be able to call someone or go somewhere to find information about services, but they don't know of any "one stop shop" for different kinds of information.
- While people who are members of an organization like Ashby Village or who live in affordable housing with a service coordinator know where to go for help, this situation does not exist for most people.
- Most people said they prefer getting information from a person, either over the phone or face-to-face, rather than online. However, the number of people who can find information online if they need it is increasing.

## TAKE AWAYS



**Infrastructure and Policy:** The city website is difficult to navigate and needs to be updated more regularly in order to be a useful source of information for residents with varying degrees of comfort using the internet.



**Equity and Inclusion:** While most survey respondents said they use the internet, this may be a skewed sample because of the many surveys completed online. Focus groups indicated that older people also get information from schools, their children, or their neighbors. Multiple modes of communication, including paper and online formats, should be used to ensure that older adults are able to stay informed, particularly those who are isolated.



**Information:** While 2-1-1 receives hundreds of calls each month from Berkeley residents and makes referrals to services, it is not clear how many older people use this service and follow through on referrals (the system does not collect this data). This site is also difficult to navigate and does not contain information regarding activities and opportunities for social engagement.

## ACTION PLAN

In Process



The City website is being redesigned to reduce the number of pages (now 18,000 pages), make it more searchable, and address ADA compliance throughout.



The 311 line is being redeveloped with a new online solution; expected to roll out in 18 months.



A Master Plan is being created that includes improvement to infrastructure for high speed broadband internet access and technology for seniors; and that includes a collaboration with non-profit groups.

Year 1



Look at the frequency of 311 calls for different services from older residents in order to better understand and support the resources they are seeking.



As part of the City's IT strategic plan, gather input from older adults about how content can be best presented to them .



Create an Age Friendly website that provides updates on services, news, projects, and activities.

Year 2-3



Consider developing a City of Berkeley Mobile app, to facilitate how people in the field triage incidents involving older adults.



Piggyback on the popularity of local newspapers with a Senior Newsletter, similar to the one in Fremont, California, or an Age-Friendly page or link in local newspapers.

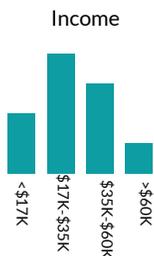
## Appendix C: Data Collection

- A. Survey: The AARP Age-Friendly Community Survey was used with a few minor adjustments
1. Circulation: The survey was available between March 1st and April 10
    - A link to the online version of the survey was posted on NextDoor and sent as an email blast through the following organizations:
      - The Mayor and City Council Member's websites
      - A City website news announcement
      - Ashby Village
      - University of California Retirement Center Newsletter
      - AARP mailing to local members
      - Member organizations of the Senior Services Coalition of Alameda County
    - A press release announcing the survey was sent out by the local paper, Berkeleyside,
    - Hard copies were made available at organizations:
      - All 5 Berkeley Public Library Locations
      - 2 Resources for Community Development senior housing locations
      - 6 Satellite Affordable Housing Associate senior housing locations
      - Both Senior Centers
      - J-Sei
      - Ashby Village
      - Meals on Wheels
      - LifeLong Medical Care Over 60 Health Center
      - Jewish Community Center of the East Bay
  2. 1402 residents responded. Analysis provided by Nancy Frank & Associates, Piedmont, CA
- B. Supplemental local reports:
- See [www.berkeleycontinuum.org](http://www.berkeleycontinuum.org) 2017 needs assessment and focus group information used in this report
  - See Alameda County Plan for older adults, May 2016 [https://alamedasocialservices.org/public/services/elders\\_and\\_disabled\\_adults/docs/planning\\_committee/5.2016\\_County\\_Area\\_Plan.pdf](https://alamedasocialservices.org/public/services/elders_and_disabled_adults/docs/planning_committee/5.2016_County_Area_Plan.pdf)
- C Interviews with 18 city staff in 9 City of Berkeley departments: April-May 2018
- D Additional Focus Groups, Public Forum, City Council Presentation and meetings with the Commission on Aging
- City Council Presentation and Workshop: July 17, 2018
  - Additional Focus Groups: September 22, 2018, October 24, 2018
  - Public Forum co-hosted with the Commission on Aging: October 27, 2018
  - Several meetings with the Commission on Aging throughout project

## FOCUS GROUPS SUMMARY

### Latinx Focus Group

**Location:** Bahia, inc.  
**Group size:** 10  
**Average age:** 59.4  
*All lived in Berkeley >20 years*



- What is working well?**
- Good Schools
  - Living close to work
  - Latinx community
  - Cultural diversity
  - Advocacy for rights & equality
  - Neighborhood is safe

- What is NOT working well?**
- Not informed about resources
  - Feel like we're being pushed out
  - Growing homelessness issue
  - Cost of living; children can't afford to live nearby
  - "Low-income" program cut-off doesn't match cost of living
  - Neighborhood permit parking
  - Homeowner sidewalk responsibility
  - High taxes
  - Disruption in church community; congregation spread out

#### Top Concerns

1. Affordable housing
2. Cost of living
3. Affordable health insurance
4. Accessible places to get services

#### Some Recommendations

- Linguistically/Culturally appropriate assisted living options
- Affordable dental care resources

### African American (faith-based) Focus Group

**Location:** St. Paul's AME Church  
**Group size:** 9  
**Average age:** 59.4

- What is working well?**
- Feel safe, not threatened: Berkeley is like a "Garden of Eden"
  - Diversity
  - Church as support system
  - Taxi scrip resource through Senior Centers

- What is NOT working well?**
- Vandalism
  - Not enough senior housing
  - Lack of community cohesion, support
  - Maintaining diversity; many are leaving for more affordable communities
  - Cost of living, pressure to sell home
  - Family/children live far away

#### Top Concerns

1. Cost of living
2. Affordable housing
3. Pressure to move out

#### Some Recommendations

- Centralized information in a senior resource guide
- Fill gaps in public transportation (more bus lines and stops)

### Berkeley Continuum Focus Groups

**Group size:** 57 across 3 groups  
**Age range:** 48-93  
*53% lived in Berkeley >10 years*

See *Berkeley Continuum Needs Assessment for details*  
[www.berkeleycontinuum.org](http://www.berkeleycontinuum.org)

**Main concerns:**

- Housing cost is too high, fear of having to leave Berkeley, affordable housing waitlists too long
- People want in-home supports, but are worried about where to find them, who to trust, and affordability
- Need more access to face-to-face or personalized over the phone systems for navigation support
- Need more frequent and flexible public transport
- Concerns about sidewalk safety



### Berkeley Commission on Aging Forum (2)

**Location:** St. Paul's AME Church  
**Group size:** 36  
**Age range:** 48-93  
*53% lived in Berkeley >10 years*

**Concerns were similar to those heard elsewhere and focused on:**

- how older adults can learn about what goes on in the community [housing health care and transportation were mentioned] and needing online and in-person ways to learn that);
- need for affordable housing
- need for sidewalk safety

**Location:** North Berkeley Senior Center  
**Group size:** 18

**Concerns and needs were similar to those heard elsewhere and focused on:**

- more employment opportunities
- affordable meals
- community navigators/advocates
- transportation in the hills
- more housing for seniors with different levels of care
- more help for those just above "low-income" level
- access to and knowledge of community events (not just for parents and children)

### Focus Group Question Guide

**Question 1:** Imagine that you are describing to people the experience you are having in Berkeley as you grow older. What do you like best about it? What is working well for you? What has been most challenging for you? What are the “age friendly” characteristics that are most important to you?

**Question 2:** Which of the characteristics we just mentioned are strongest or currently lacking in Berkeley?

**Question 3:** Of all the things we’ve listed here, what do think are the priorities? Where should we start if we are going to develop new services, supports or conditions?

*As time allows and depending on focus of discussion:*

**Question 5:** Do you have concerns about whether you will be able to live out your years in Berkeley? If so, why? Where would you go?

**Question 6:** How many of you have access to a computer and the internet in your home or building? Do you ever skype? Other uses?

**Question 7:** How do you want to be able to learn about resources that are available to you as your health and/or everyday needs change? A place (like a center?), a person (like a navigator?) the internet ?

**Question 8:** If someone offered to come to your home to check it out for fall hazards, talk to you about what is available in the community, needs you might have, help you plan and provide you with referrals and linkages, would that be attractive to you?

**Question 9:** If you had to move out of your home because you need more help day-to-day than you can get at home, where would you go? What would be your fears about living in assisted living or nursing situation?

### Focus Group Survey

1. How old are you? \_\_\_\_\_
2. What is your zip code? \_\_\_\_\_
3. Did you participate in any recent survey about aging either from Berkeley or Alameda County?
4. Are you on Medicare or MediCal?
5. Where do you get your medical care?
6. Income: What would you estimate was your income last year from ALL sources (social security, retirement, pension, savings, employment, tenants, other)

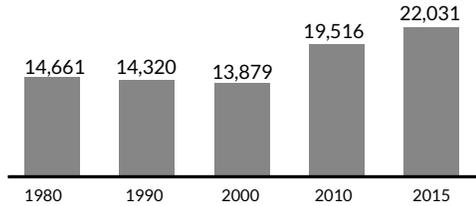
Does that income support: Only you, Yourself and a partner/spouse with no other income, Yourself and a partner/spouse with additional income from them, Includes another dependent

8. What are the biggest challenges you are facing (or anticipating) as you age in Berkeley:

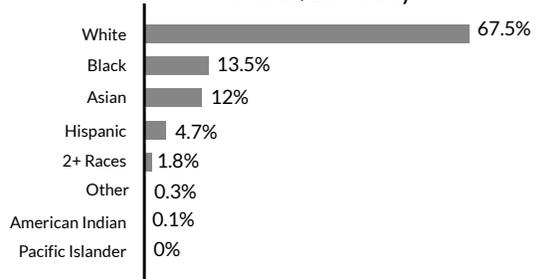
Is there anything else you would like to tell us?

**Berkeley Results from the  
ALAMEDA COUNTY PLAN FOR OLDER ADULTS  
2016-2017**

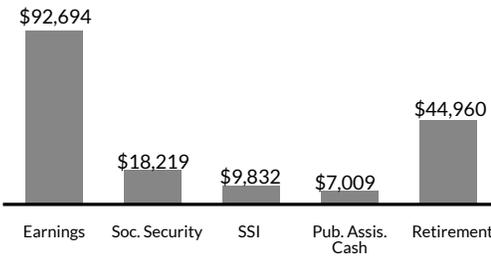
Growth of 60+ population



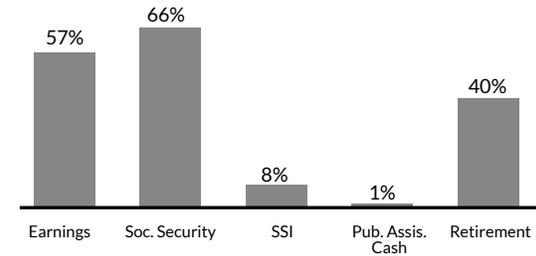
% Race/Ethnicity



Household avg. income by source



% Households with income source



Survey Top 10 Concerns

1. Income for Basic Needs
2. Inclusion in Decisions
3. Housing Affordable
4. Income for Future
5. Stay in Home
6. Maintain Home
7. Falling
8. Prepare Healthy Food
9. Anxiety of Stress
10. Confusion or Memory

Rating

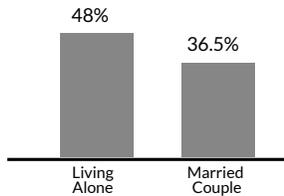
- |                           |     |
|---------------------------|-----|
| 1. Income for Basic Needs | 3.4 |
| 2. Inclusion in Decisions | 3.3 |
| 3. Housing Affordable     | 3.3 |
| 4. Income for Future      | 3.3 |
| 5. Stay in Home           | 3.3 |
| 6. Maintain Home          | 3.3 |
| 7. Falling                | 3.2 |
| 8. Prepare Healthy Food   | 3.0 |
| 9. Anxiety of Stress      | 2.9 |
| 10. Confusion or Memory   | 2.7 |

Survey Top 10 Resources Lacking

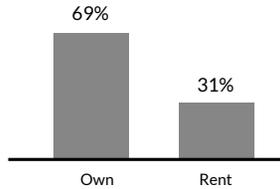
- | Resource Lacking                                    | % Without |
|-----------------------------------------------------|-----------|
| 1. Job Opportunities                                | 31.9%     |
| 2. Clean & Well-kept Sidewalks                      | 21.3%     |
| 3. Affordable Housing                               | 19.9%     |
| 4. Safe & Well-lit Streets                          | 16.9%     |
| 5. A Computer You Feel Comfortable Using            | 16.1%     |
| 6. Housing Suited to Your Needs                     | 15.3%     |
| 7. Resources to Feel Safe                           | 14.9%     |
| 8. Fresh Vegetables & Fruit I Can Afford            | 12.2%     |
| 9. A Trusted Source to Go for Needs                 | 11.8%     |
| 10. Health Services Culturally/Language Appropriate | 11.2%     |

% Without

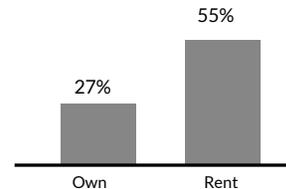
Living Arrangements



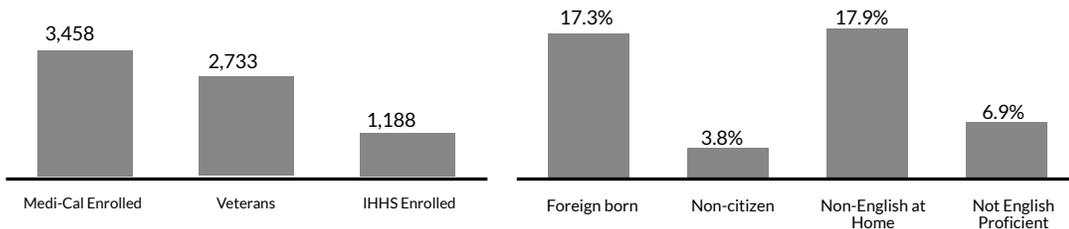
Own vs Rent



>30% Income on Housing



English Proficiency & Citizenship



Notes: Older Adults=60+; Survey Results from AC Older Adults Survey 2015; Concerns rated from high (5) to low (1) with the average of all ratings shown; Bar graphs from the US Census, ACS 2010-2014 Table S0102 and ESRI 2015

This page was copied from the Alameda County Plan for Older Adults 2016-2017 Appendix D

## Appendix D: Useful References

### AARP Livable Communities

<http://www.aarp.org/livable-communities/network-age-friendly-communities/>

AARP Livable Communities: Great Places to Age

<https://states.aarp.org/aarp-livable-communities-great-places-for-all-ages/>

### Age-Friendly Business Certification Programs

<http://www.programsforelderly.com/awareness-elders-in-action-age-friendly-business-certification.php>

### Age-Friendly Communities,

Grantmakers in Aging <https://www.giaging.org/issues/community-development/>

Scharlach, Andrew E.; Amanda Lehning, "Creating aging-friendly communities," *Generations*, vol. 33, no. 2

### Aging Survey-*The United States of Aging*; American Association of Retired Persons [AARP] (2012).

<https://www.aarp.org/livable-communities/learn/research-trends/info-12-2012/the-united-states-of-aging-2012.html>

### Alameda County Plan for Older Adults

[https://alamedasocialservices.org/public/services/elders\\_and\\_disabled\\_adults/docs/planning\\_committee/5.2016\\_County\\_Area\\_Plan.pdf](https://alamedasocialservices.org/public/services/elders_and_disabled_adults/docs/planning_committee/5.2016_County_Area_Plan.pdf)

### American Community Survey

<https://www.census.gov/programs-surveys/acs/>

### Berkeley Reports

Age-Friendly Berkeley Continuum Executive Summary and Needs Assessment, 2016

[www.berkeleycontinuum.org](http://www.berkeleycontinuum.org)

Health Status Report (2018)

[https://www.cityofberkeley.info/uploadedFiles/Health\\_Human\\_Services/Level\\_3\\_-\\_Public\\_Health/2018-health-status-report-berkeley.pdf](https://www.cityofberkeley.info/uploadedFiles/Health_Human_Services/Level_3_-_Public_Health/2018-health-status-report-berkeley.pdf)

Berkeley on AARP list of Top Ten "Livable Cities," *Streetsblog Cal*, June 21, 2018

<https://cal.streetsblog.org/2018/06/21/san-francisco-berkeley-on-aarp-list-of-top-ten-livable-cities/>

Broadband Equity Research Report, May 1, 2018, Nutter Consulting

[https://www.cityofberkeley.info/uploadedFiles/Manager/Economic\\_Development/2018-06-19%20WS%20Item%2002%20Referral%20Response%20Addressing.pdf](https://www.cityofberkeley.info/uploadedFiles/Manager/Economic_Development/2018-06-19%20WS%20Item%2002%20Referral%20Response%20Addressing.pdf)

### Community Need Assessment

Alta Bates Summit Medical Center Community Health Needs Assessment 2016 <https://www.sutterhealth.org/pdf/for-patients/chna/absmc-2016-chna.pdf>

### Fall Prevention

<http://www.cdc.gov/homeandrecrentialsafety/falls/adultfalls.html>

<https://www.ncoa.org/healthy-aging/falls-prevention/preventing-falls-tips-for-older-adults-and-caregivers/>

## Food Assistance

[http://www.alamedasocialservices.org/public/services/food\\_assistance/index.cfm](http://www.alamedasocialservices.org/public/services/food_assistance/index.cfm)

## Global Age-Friendly Cities: A Guide

[http://www.who.int/ageing/publications/Global\\_age\\_friendly\\_cities\\_Guide\\_English.pdf](http://www.who.int/ageing/publications/Global_age_friendly_cities_Guide_English.pdf)

## Poverty

Kushel, MD, Margot. "Growing Older, Getting Poor." New American Media, April, 2015, San Francisco

## Senior Center Transformation

<https://www.aarp.org/livable-communities/act/civic-community/info-12-2012/transforming-senior-center-into-21st-century-wellness-centers.html>

## Senior Center without Walls

<http://www.seniorcenterwithoutwalls.org/about/>

## Social Determinants of Health

<https://www.kff.org/disparities-policy/issue-brief/beyond-health-care-the-role-of-social-determinants-in-promoting-health-and-health-equity/>

<https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

## Technology, David Lindeman, MPH

<https://citris-uc.org/technology-older-adults-new-era-connected-aging/>

## Transportation Needs in an Aging Friendly Community

<https://www.aarp.org/livable-communities/learn/transportation-mobility/info-12-2012/meeting-transportation-needs-in-an-aging-friendly-community.html>

## City Departmental Budgets

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**SUMMARY OF EXPENDITURES BY DEPARTMENTS – ALL FUNDS**

| <b>SUMMARY OF EXPENDITURES BY DEPARTMENTS – ALL FUNDS</b> |                           |                           |                            |                               |                            |                            |
|-----------------------------------------------------------|---------------------------|---------------------------|----------------------------|-------------------------------|----------------------------|----------------------------|
|                                                           | <b>FY 2020<br/>Actual</b> | <b>FY 2021<br/>Actual</b> | <b>FY 2022<br/>Adopted</b> | <b>FY 2022<br/>Est Actual</b> | <b>FY 2023<br/>Adopted</b> | <b>FY 2024<br/>Adopted</b> |
| Mayor & Council                                           | 2,525,920                 | 2,708,844                 | 3,096,559                  | 3,334,707                     | 4,785,155                  | 4,835,380                  |
| Auditor                                                   | 2,527,125                 | 2,526,081                 | 2,805,883                  | 2,688,657                     | 3,101,376                  | 3,124,862                  |
| Police Review Commission <sup>(a)</sup>                   | 775,701                   | 744,950                   |                            |                               |                            |                            |
| Office of the Director of Police<br>Accountability        | -                         | -                         | 1,114,235                  | 815,258                       | 1,422,432                  | 1,374,911                  |
| City Manager                                              | 8,104,984                 | 8,432,572                 | 8,770,554                  | 9,733,300                     | 11,732,034                 | 11,763,275                 |
| Office of Economic Development                            | 8,951,152                 | 4,966,525                 | 5,082,163                  | 8,668,166                     | 7,555,553                  | 6,380,895                  |
| Information Technology                                    | 15,495,905                | 16,552,132                | 20,423,888                 | 16,448,551                    | 22,287,156                 | 22,500,474                 |
| City Attorney                                             | 4,555,976                 | 6,214,367                 | 7,278,096                  | 6,200,455                     | 8,562,688                  | 8,553,021                  |
| City Clerk                                                | 2,069,740                 | 3,194,204                 | 2,901,739                  | 2,402,842                     | 3,501,282                  | 3,190,547                  |
| Finance                                                   | 8,362,334                 | 8,146,012                 | 9,431,102                  | 8,722,333                     | 11,444,157                 | 11,669,774                 |
| Human Resources                                           | 3,924,687                 | 4,078,091                 | 4,438,053                  | 3,711,625                     | 5,009,883                  | 5,124,741                  |
| Health, Housing & Community Services                      | 60,608,060                | 81,811,330                | 84,514,926                 | 91,734,085                    | 95,182,974                 | 93,913,527                 |
| Police                                                    | 79,762,713                | 79,395,632                | 77,807,443                 | 82,704,040                    | 87,444,720                 | 88,658,439                 |
| Fire                                                      | 48,213,947                | 49,891,701                | 60,351,430                 | 58,014,192                    | 63,377,259                 | 63,450,868                 |
| Public Works                                              | 140,021,855               | 125,907,423               | 147,438,656                | 140,757,036                   | 203,608,562                | 190,276,318                |
| Parks, Recreation & Waterfront                            | 43,593,445                | 60,795,051                | 52,979,556                 | 63,569,334                    | 53,378,913                 | 53,954,977                 |
| Planning                                                  | 21,595,429                | 21,687,691                | 25,252,729                 | 22,485,141                    | 29,022,035                 | 27,993,361                 |
| Library                                                   | 18,865,464                | 20,255,244                | 25,566,341                 | 18,476,577                    | 24,918,604                 | 25,182,279                 |
| Rent Board                                                | 5,755,222                 | 5,517,190                 | 6,825,535                  | 5,803,127                     | 7,247,755                  | 7,406,431                  |
| Non-Departmental <sup>(b)</sup>                           | 60,402,889                | 95,581,042                | 127,522,399                | 106,147,842                   | 110,594,086                | 96,618,910                 |
| <b>Total All Funds</b>                                    | <b>536,112,550</b>        | <b>598,406,081</b>        | <b>673,601,287</b>         | <b>652,417,270</b>            | <b>754,176,624</b>         | <b>725,972,990</b>         |

(a) Police Review Commission has become the Office of the Director of Police Accountability in FY 2022

(b) Non-Departmental consists of operational overhead costs such as Property Insurance and School Board Salaries, General Fund allocation for Community Based Organizations, Workers' Compensation costs, Debt Service, and Interfund Transfers.

HHCS Departmental Summary

DEPARTMENT OF HEALTH, HOUSING AND COMMUNITY  
SERVICES FINANCIAL SUMMARY

|                              | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Adopted | FY 2022<br>Est.<br>Actual | FY 2023<br>Adopted | FY 2024<br>Adopted |
|------------------------------|-------------------|-------------------|--------------------|---------------------------|--------------------|--------------------|
| <b>EXPENDITURES</b>          |                   |                   |                    |                           |                    |                    |
| <b>By Type:</b>              |                   |                   |                    |                           |                    |                    |
| Salaries and Benefits        | 29,297,601        | 29,612,569        | 38,009,426         | 31,488,654                | 43,694,077         | 44,664,508         |
| Services and Materials       | 27,154,559        | 48,761,541        | 42,113,206         | 56,211,016                | 44,814,001         | 42,713,357         |
| Capital Outlay               | 665,935           | 20,652            | 247,062            | 63,054                    | 137,062            | 247,062            |
| Internal Services            | 3,471,744         | 3,380,540         | 3,956,417          | 3,917,790                 | 3,851,576          | 4,001,576          |
| Indirect Cost Transfer       | 18,221            | 36,028            | 188,815            | 53,571                    | 51,882             | 52,648             |
| Adopted Tier 1 Funding *     | -                 | -                 | -                  | -                         | 2,634,376          | 2,234,376          |
|                              | <b>60,608,059</b> | <b>81,811,330</b> | <b>84,514,926</b>  | <b>91,734,085</b>         | <b>95,182,974</b>  | <b>93,913,527</b>  |
| <b>By Division:</b>          |                   |                   |                    |                           |                    |                    |
| Office of the Director       | 4,785,842         | 7,149,835         | 8,386,513          | 10,242,281                | 10,224,323         | 10,716,725         |
| Aging Services               | 4,019,360         | 3,935,411         | 5,246,576          | 4,121,581                 | 5,708,535          | 5,768,626          |
| Environmental Health         | 1,804,421         | 1,845,027         | 2,423,328          | 1,980,543                 | 2,634,129          | 2,659,881          |
| Housing & Community Services | 19,528,452        | 39,861,365        | 38,447,750         | 46,486,427                | 39,149,783         | 39,356,464         |
| Mental Health                | 14,579,581        | 15,441,645        | 19,746,135         | 14,949,664                | 23,438,326         | 22,821,837         |
| Public Health                | 7,859,736         | 6,550,238         | 10,264,624         | 7,603,083                 | 11,393,502         | 10,355,619         |
| Community Funding            | 8,030,668         | 7,027,809         | -                  | 6,350,507                 | -                  | -                  |
| Adopted Tier 1 Funding *     | -                 | -                 | -                  | -                         | 2,634,376          | 2,234,376          |
|                              | <b>60,608,060</b> | <b>81,811,330</b> | <b>84,514,926</b>  | <b>91,734,085</b>         | <b>95,182,974</b>  | <b>93,913,527</b>  |
| <b>By Fund:</b>              |                   |                   |                    |                           |                    |                    |
| General Fund                 | 27,809,295        | 25,566,360        | 23,455,690         | 32,520,546                | 27,130,179         | 27,412,701         |
| U1 - Housing                 | 1,071             | 1,181,981         | 5,510,572          | 3,860,232                 | 5,781,330          | 5,501,451          |
| Capital Improv. Fund         | 74,145            | 80,887            | 74,170             | 80,769                    | 75,424             | 76,240             |
| Federal Funds                | 7,877,758         | 14,062,593        | 12,422,667         | 14,741,039                | 12,553,811         | 12,388,043         |
| State Funds                  | 14,793,788        | 17,935,905        | 23,002,415         | 19,116,703                | 27,963,550         | 26,817,359         |
| County Grants                | 1,845,459         | 1,975,663         | 2,587,122          | 2,406,856                 | 2,910,438          | 2,959,842          |
| Local and Foundation Grants  | 4,148,734         | 3,104,535         | 3,275,813          | 3,178,294                 | 3,797,526          | 4,138,539          |
| Rental Housing Safety        | -                 | -                 | -                  | 57                        | -                  | -                  |
| Measure E Disabled Tax       | 1,297,768         | 1,341,961         | 1,432,011          | 1,482,011                 | 1,569,911          | 1,601,060          |
| Measure B Paratransit        | 455,244           | 527,845           | 525,433            | 370,307                   | 36,797             | 36,797             |
| Measure BB Paratransit       | 142,168           | 49,074            | 447,741            | 296,138                   | 934,031            | 940,629            |
| Measure GG Fire Prep         | 137,856           | 204,136           | 242,527            | 78,912                    | 256,28             | 260,632            |
| Measure O                    | 0                 | 14,923,810        | 6,445,567          | 9,683,661                 | 6,445,567          | 6,445,567          |
| Sewer Fund                   | 184,481           | 343,797           | 437,189            | 235,598                   | 503,102            | 509,045            |
| Other Funds                  | 1,840,293         | 512,783           | 4,656,009          | 3,682,963                 | 5,225,020          | 4,825,622          |

## HHCS Division Summary

|                                         | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Adopted | FY 2022<br>Est<br>Actual | FY 2023<br>Adopted | FY 2024<br>Adopted |
|-----------------------------------------|-------------------|-------------------|--------------------|--------------------------|--------------------|--------------------|
| <b>DIVISION/ACTIVITY SUMMARY</b>        |                   |                   |                    |                          |                    |                    |
| <b>Office of the Director</b>           |                   |                   |                    |                          |                    |                    |
| Administration                          | 3,690,597         | 3,792,938         | 3,421,380          | 4,603,860                | 4,054,641          | 3,462,354          |
| Fiscal & Administration                 | 1,083,552         | 1,163,556         | 1,483,505          | 1,412,982                | 1,787,464          | 1,822,239          |
| Health Officer Unit                     | 11,694            | 2,193,340         | 3,481,628          | 4,225,439                | 4,382,218          | 5,432,132          |
| <b>Division Total</b>                   | <b>4,785,842</b>  | <b>7,149,835</b>  | <b>8,386,513</b>   | <b>10,242,281</b>        | <b>10,224,323</b>  | <b>10,716,725</b>  |
| <b>Environmental Health</b>             |                   |                   |                    |                          |                    |                    |
| Admin                                   | 1,607,288         | 956,478           | 2,099,820          | 417,107                  | 887,854            | 944,893            |
| Health Protection                       | 196,001           | 858,707           | 323,508            | 1,545,322                | 1,746,274          | 1,714,987          |
| Policy Development                      | 1,132             | 29,843            | -                  | 18,114                   | -                  | -                  |
| <b>Division Total</b>                   | <b>1,804,421</b>  | <b>1,845,027</b>  | <b>2,423,328</b>   | <b>1,980,543</b>         | <b>2,634,129</b>   | <b>2,659,881</b>   |
| <b>Mental Health</b>                    |                   |                   |                    |                          |                    |                    |
| Administration                          | 2,590,957         | 2,175,382         | 2,680,054          | 2,254,541                | 2,717,965          | 2,751,871          |
| Adult Services                          | 4,833,608         | 4,820,148         | 7,343,041          | 2,848,316                | 7,017,024          | 7,137,623          |
| Medical                                 | 1,113,480         | 721,094           | 2,036,694          | 423,638                  | 923,427            | 934,216            |
| Family & Youth<br>Services              | 207,236           | 783,936           | 97,787             | 1,173,048                | 1,067,770          | 1,098,405          |
| Access                                  | 1,370,356         | 1,131,770         | 1,583,108          | 903,406                  | 1,451,534          | 1,625,284          |
| Crisis Services                         | 2,396,419         | 926,332           | 4,769,438          | 102,077                  | 2,610,183          | 2,611,707          |
| MHSA                                    | 2,067,525         | 4,577,114         | -                  | 6,241,976                | 6,173,375          | 5,480,862          |
| Homeless Services                       | -                 | 305,868           | 1,236,013          | 1,002,661                | 1,477,048          | 1,181,868          |
| <b>Division Total</b>                   | <b>14,579,581</b> | <b>15,441,645</b> | <b>19,746,135</b>  | <b>14,949,664</b>        | <b>23,438,326</b>  | <b>22,821,837</b>  |
| <b>Housing &amp; Community Services</b> |                   |                   |                    |                          |                    |                    |
| Administration                          | 4,786,372         | 8,522,191         | 6,227,155          | 11,125,863               | 6,084,232          | 6,159,656          |
| Community Services                      | 112,146           | 1,306,734         | 1,245,846          | 386,157                  | 1,280,903          | 1,286,011          |
| Employment Services                     | 1,130,033         | 421,451           | 63,734             | 61,502                   | 123,727            | 129,955            |
| Housing Development<br>& Rehabilitation | 4,248,745         | 19,855,131        | 18,016,647         | 22,839,516               | 18,786,949         | 18,849,692         |
| Homeless Services                       | 9,251,157         | 9,755,858         | 12,894,368         | 12,073,389               | 12,873,972         | 12,931,150         |
| <b>Division Total</b>                   | <b>19,528,452</b> | <b>39,861,365</b> | <b>38,447,750</b>  | <b>46,486,427</b>        | <b>39,149,783</b>  | <b>39,356,464</b>  |
| <b>Aging Services</b>                   |                   |                   |                    |                          |                    |                    |
| Administration                          | 555,462           | 456,293           | 450,368            | 463,354                  | 455,029            | 453,220            |
| North BSC**                             | 740,300           | 682,381           | 990,399            | 647,703                  | 913,211            | 919,455            |
| North BSC –<br>Transportation**         | 685,594           | 698,955           | 1,129,864          | 751,677                  | 1,125,731          | 1,129,609          |
| South BSC**                             | 411,481           | 396,519           | 471,750            | 399,782                  | 534,844            | 547,747            |
| West BS - Case<br>Management**          | 1,005,102         | 1,024,535         | 1,220,913          | 1,143,840                | 1,690,341          | 1,734,436          |
| West BSC – Nutrition**                  | 577,080           | 638,383           | 805,613            | 649,233                  | 809,216            | 802,551            |
| <b>Division Total</b>                   | <b>4,019,360</b>  | <b>3,935,411</b>  | <b>5,246,576</b>   | <b>4,121,581</b>         | <b>5,708,535</b>   | <b>5,768,626</b>   |

\*\*Berkeley Senior  
Center (BSC)

## Berkeley's Unique Structure for Aging Services

The Mission of the Health, Housing, and Community Services Department is to enhance community life and support housing, health, and wellness for all.

### ORGANIZATIONAL CHART



### HEALTH, HOUSING & COMMUNITY SERVICES OVERVIEW

The Department of Health, Housing and Community Services (HHCS) is organized in an Office of the Director and five divisions which support the Department's mission: Aging Services, Housing and Community Services, Environmental Health, Mental Health, and Public Health. Together these divisions provide a wide array of services to the community, including Meals on Wheels for seniors, affordable housing development loans for nonprofit organizations, restaurant health inspections, mental health services for people with high level needs, health services at Berkeley High School, and much more. In addition, the Department currently staffs seven commissions, and also works closely with the Homeless Services Panel of Experts, now staffed in the City Manager's Office. Baseline activities of each division are described in more detail below.

#### Aging Division Activities Summary

- Aging Services:** The Aging Services Division enhances the well-being and independence of older adults by offering social connections, activities, and lifelong learning. The Division operates two vibrant senior centers that offer thousands of classes, events, workshops and day trips as well as a nutritious weekday lunch for older community members. The Meals on Wheels program provides nutritious meals to home-bound seniors. Case managers provide consultation, referral, and linkage to community resources. Additionally, Aging Services provides taxi and van trips for older adults and disabled Berkeley residents to improve quality of life and access to community resources.



SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

# Aging in Alameda County: A Changing Landscape

July 2022

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

**The Senior Services Coalition** represents 45 nonprofit and public community-based organizations that provide health and supportive services to over 85,000 older adults in Alameda County.

**Our Mission is to** strengthen and improve the network of support for older people in Alameda County, especially those disproportionately impacted or at risk because of fragile health, cognitive impairment, disability, language, culture, race, financial status, sexual orientation or gender identity.

**We do that by** advancing county and state policy change and facilitating collaborative solutions that bridge silos and sectors.

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## The Shifting Landscape of Needs and the Ecosystem of Supports...

- We are aging
- Increasing economic insecurity
- Medical and LTC increasingly out of reach
- High preventable use of ER and hospital
- Social isolation
- The pandemic toll
- From housing insecurity to homelessness

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## We are Aging

- Older adults are the fastest growing segment in Alameda County
- By 2030, older adults will make up 20% of the population
- Number of people with Alzheimer's Disease and Related Dementias (ADRD) is expected to triple among Alameda County residents over the age of 65, from 26,480 in 2020 to 89,792 in 2060

<https://agefriendly.acgov.org/aging-in-ac/aging-in-ac-overview.page>

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

Population Over Age 65 (Count)

County: Alameda Measurement Period: 2016-2020

County: Alameda

231,186

people

Source: American Community Survey

Measurement period: 2016-2020

Maintained by: Conduent Healthy Communities Institute

Last update: April 2022

Filter(s) for this location: State: California

Elder Index (Elderly Household Below Income Threshold)

County: Alameda Measurement Period: 2019-2020

County: Alameda

36.2%

Source: California Health Interview Survey

Measurement period: 2019-2020

Maintained by: Conduent Healthy Communities Institute

Last update: December 2021

Filter(s) for this location: State: California

<https://www.healthyalamedacounty.org/>

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group due to increased physical limitations, medical needs, and social isolation. Seniors often live on a fixed income from pensions or other retirement plans and social security. If this income is insufficient in the face of increasing prescription costs and other costs of living, most seniors have no way to supplement their income. Retirement plans may be vulnerable to fluctuations in the stock market as well; the increasing reliance of retirees on stock market based retirement plans may explain why more seniors nationwide are now slipping into

People 65+ Living Below Poverty Level

County: Alameda Measurement Period: 2016-2020

Filter: none (all Counties)

9.8%

Source: American Community Survey

Measurement period: 2016-2020

Maintained by: Conduent Healthy Communities Institute

Last update: April 2022

Filter(s) for this location: State: California

Graph Selections

INDICATOR VALUES

Change over Time

VIEW BY SUBGROUP

Age

Gender

Race/Ethnicity

COMPARED TO



CA Counties



U.S. Counties



CA Value  
(10.3%)



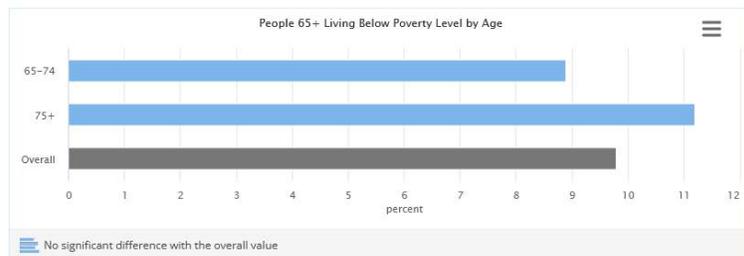
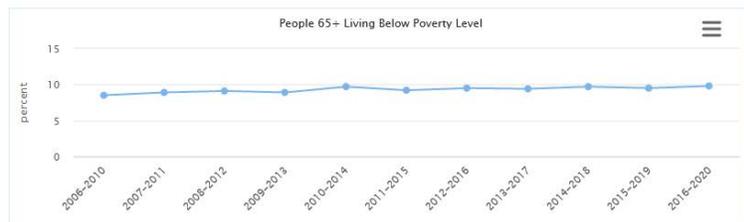
US Value  
(9.3%)



Prior Value  
(9.5%)



Trend



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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## Increasing Economic Insecurity

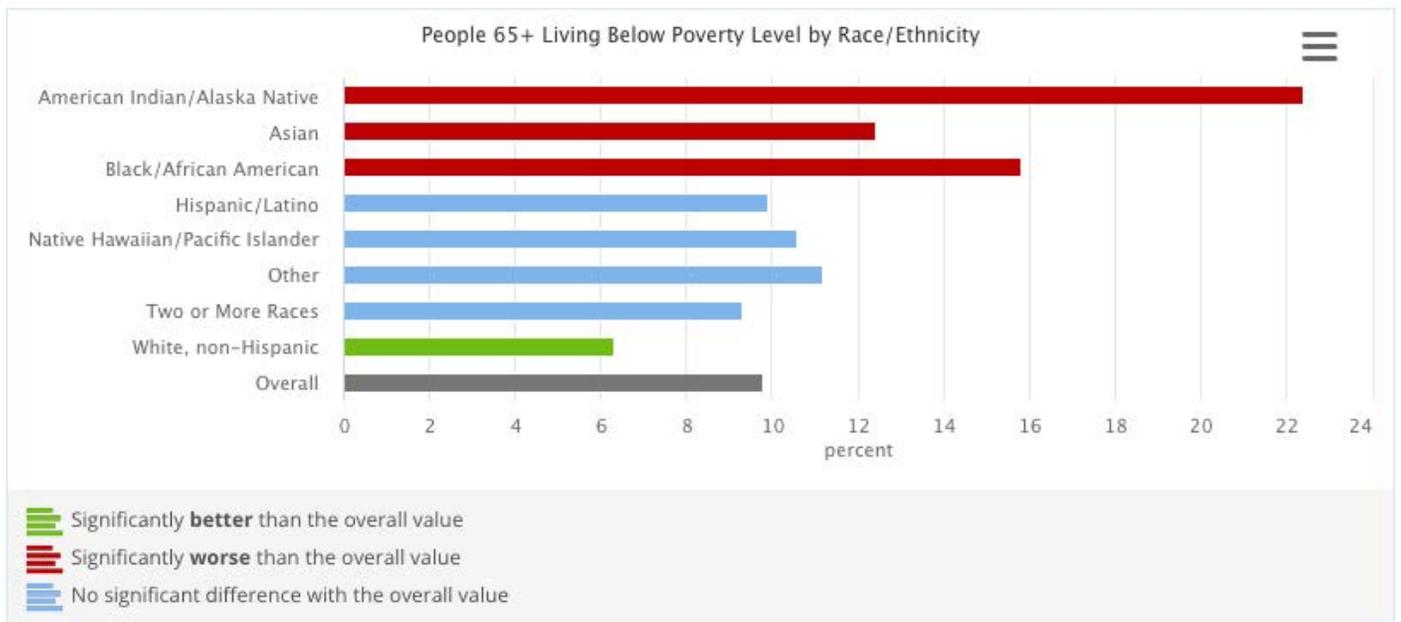
- Cost of Living & Inflation are outpacing income
- Half of single older adults in Alameda County can't cover basic living expenses
- One in six older adults in California lacks reliable access to enough affordable, nutritious food
- Income, wealth & savings at retirement all characterized by disparities

*“There is a disproportionate burden on people of color, women and LGBTQ individuals. These groups have less retirement savings and face a greater likelihood of aging into poverty.”*

- Report on Employment & Older Adults in Alameda County; Kakama, Chaudhuri; Alameda County Age-Friendly Council, July 27, 2020

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY



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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## Medical & Long-Term Care Increasingly out of Reach

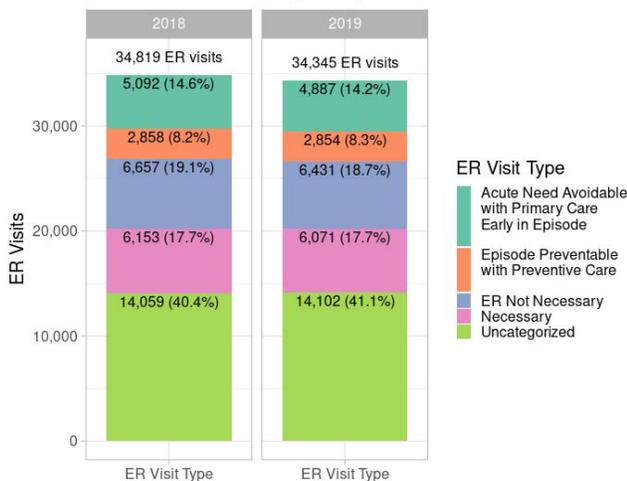
- For those of modest income who have Medicare coverage:
  - Out-of-pocket costs (copays & deductible) are unaffordable for many
  - Nursing Home covered first 90 days but a qualifying hospital stay is the entry point and copays apply after day 20
  - Assisted Living, Board & Care, and Adult Day Care are not covered
  - In-home support and care are not covered by Medicare
  - Those who are immigrants or who didn't work enough quarters may have to pay for Part A as well as Part B and D
- Medi-Cal Share of Cost
  - Older adults might be \$1 over the threshold to qualify for full-scope (free) Medi-Cal, and if so they must pay more than half their income towards health care in order to access Medi-Cal coverage in any given month
- Long-term care is unaffordable for the 83,000 seniors in the county with incomes below the Elder Index (Insight Center, 2017 HCBS LTC Costs).

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## Preventable is the Theme in ER & Hospital use

County ER Visits Among Analyzed Patients in Medicare FFS & Age 65+, 2018-19



Of the total 34,819 people age 65 visiting ERs in 2018:

- 25.9% (9,017) had two or more ADL deficits;
- 34.2% (11,897 people) had both two or more ADL deficits and cognitive impairment.
- A very small percentage (1.87% had cognitive impairment but no ADL deficits

[https://eldercare.shinyapps.io/eldercaredata\\_shinyapps/](https://eldercare.shinyapps.io/eldercaredata_shinyapps/) 10

SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## Living Alone at Risk of Social Isolation

### Population Over Age 65 (Count)

County: Alameda Measurement Period: 2016-2020

County: Alameda

**231,186**

people

Source: [American Community Survey](#)

Measurement period: 2016-2020

Maintained by: Conduent Healthy Communities Institute

Last update: April 2022

Filter(s) for this location: State: California

### People 65+ Living Alone (Count)

County: Alameda Measurement Period: 2016-2020

County: Alameda

**52,635**

people

Source: [American Community Survey](#)

Measurement period: 2016-2020

Maintained by: Conduent Healthy Communities Institute

Last update: April 2022

Filter(s) for this location: State: California

Individuals 65 and older have the highest rate of suicide deaths: 1 in 4 older adults who attempt suicide die, versus 1 in 200 younger persons

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## The Pandemic Toll

- Social and Health Impacts
  - Social Isolation
  - Deconditioning
  - Deferred health care
  - Family support networks destabilized
- Stark disproportionate impacts reflect historic disparities and structures of racism
  - Infection and death rates
  - Vaccination rates
  - Economic impacts
  - Need for and access to government aid
  - Use of virtual/telemedicine opportunities

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

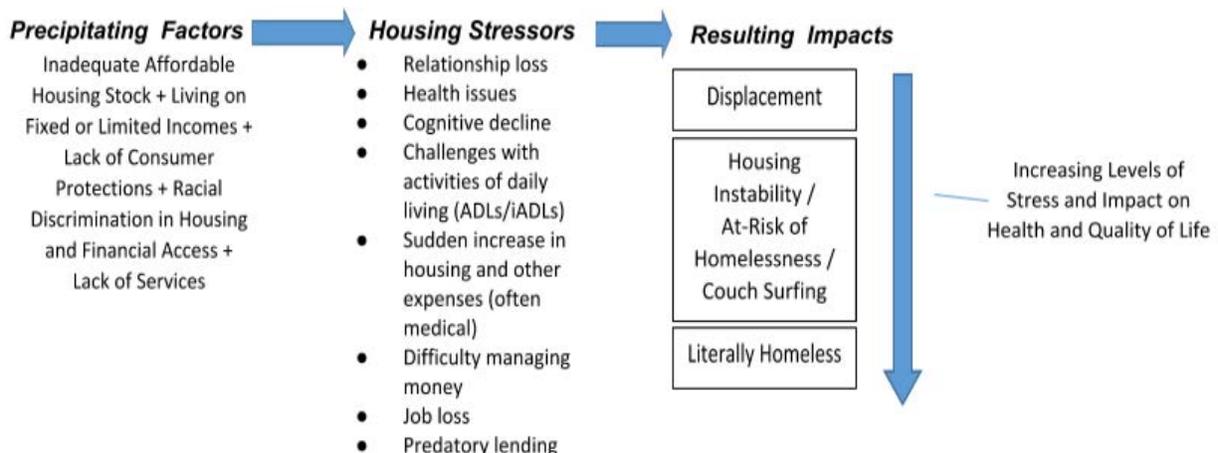
## From Housing Insecurity to Homelessness

- In 2019, 47.6% of senior renters in Alameda County are “housing cost burdened” (over 30% of their income goes to housing); 30% spend over half their income on housing.
- Of the 4,209 complete applications for COVID Rent Relief (2021/22 ERAP) from Oaklanders, 9.64% were from people between age 61 and 80; 71.2% were from people of color
- Financial, medical or other emergencies later in life can push those who were already struggling to make ends meet into homelessness.
- People over 50 now account for over half of the unhoused population in Oakland; People 65+ were over 10% of homeless Point In Time count.
- 2022 Point In Time count - Oakland’s unhoused population increased by 25% from 2019 (data re older adult component not yet available)

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

### HOUSING STRESS = LIFE STRESS



<https://agefriendly.acgov.org/aging-in-ac/housing.page?>

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## The shifting ecosystem of supports:

- Capacity is not adequate across the continuum
- Workforce needs to grow
- Caregivers need support

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## State and Local Funding for Older Adults and Aging Services:

- State funding opportunities
- Potential state funding opportunities
- Local funding

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SENIOR SERVICES COALITION  
OF ALAMEDA COUNTY

## Questions?

Wendy Peterson  
wendy@seniorservicescoalition.org  
(510) 332-4669

### Breakdown of Alameda Area on Aging Funds for Berkeley

Amounts below indicate FY2024 amounts; the percentages indicate the general breakdown overall, every year:

- Congregate Nutrition (dine-in lunch service): \$73,381 (15%)
- Home-Delivered Meals: \$140,192 (25%)
- Family Caregiver Support: \$99,528 (20%)
- Information Assistance: \$156,803 (30%)
- Senior Center Activities: \$47,363 (10%)

### Highlights of Census Data on Aging in Berkeley

#### Changes in >60 Population 2010 and 2020

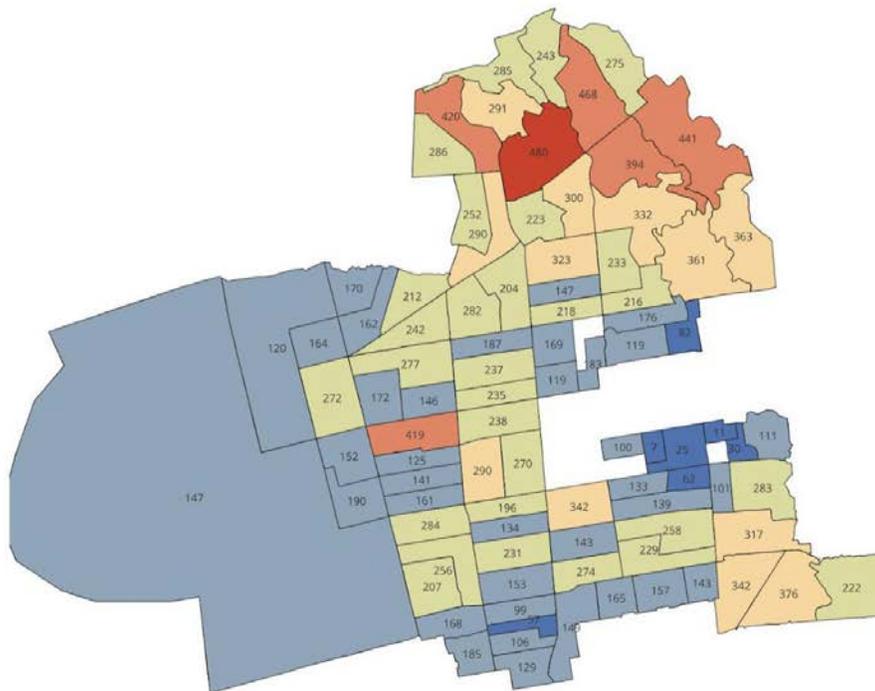
Red-orange high; blue low.

First two figures show absolute numbers. Second two are percentages of population.

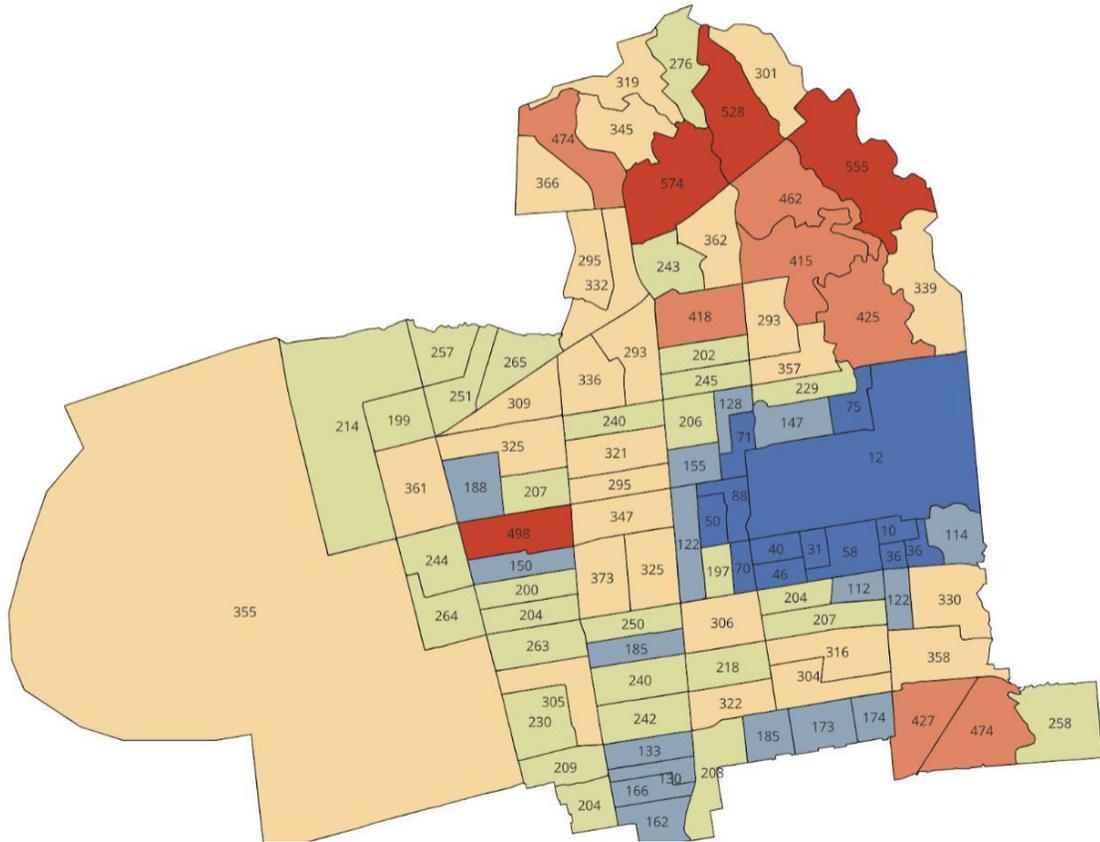
✓ Change In Senior Population ↶ ↷

@ | **B** | *I* | U | ~~S~~ | A | | | | | | | | |

2010 Age 60+ Population By Block Group



### 2020 Age 60+ Population By Block Group

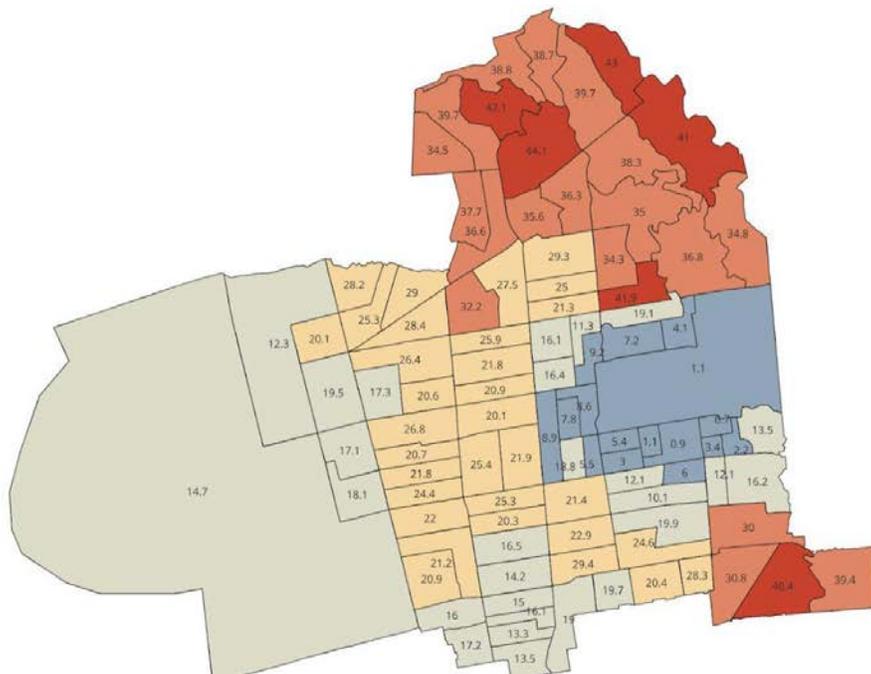




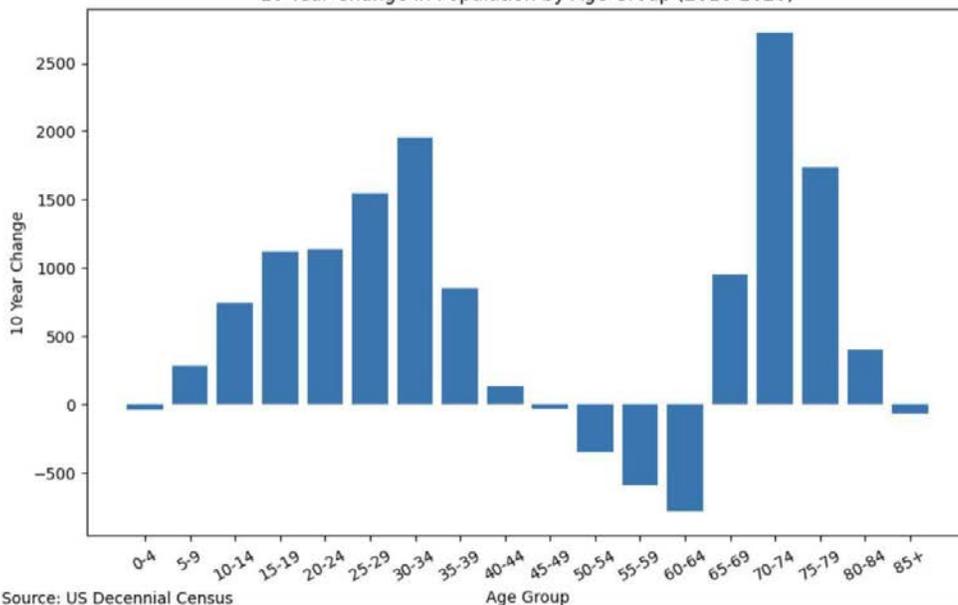
✓ Change In Senior Population

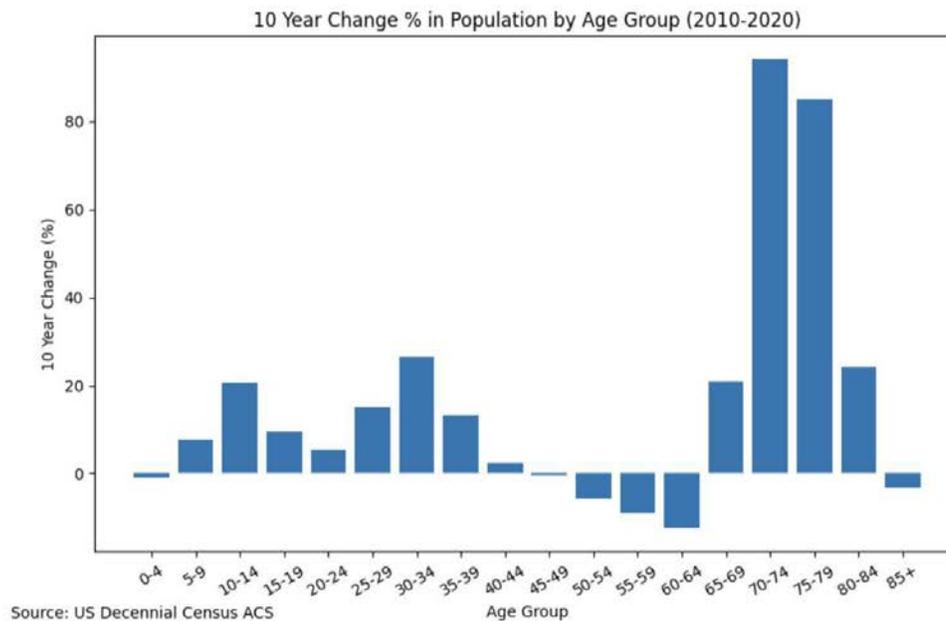


### 2020 60+ Population As A Percent Of Population



### 10 Year Change in Population by Age Group (2010-2020)





### Some narratives about the figures:

- About 8% of residents > 65 years either without a computer at home or internet access, ~1500 people
- About 2000 people > 60 below the poverty line in the last 12 months
- About 4000 people 65 years and older below 200% of the poverty line, ~20% of Berkeley's seniors
- About 700 kids living with "a grandparent householder" which I take to mean being raised by their grandparent
- About 5500 people over 65 who live alone
- About 4500 people > 65 work. Only 1900ish drive alone. 400 take transit, 200 carpool, 350 walk, 1500 work from home. Only 150 take a taxicab, motorcycle, bicycle, or other means
- Median household income in \$93,000
- About 2000 are on medicaid or other means tested public health insurance
- About 3000 > 65 with an ambulatory difficulty
- About 1200 with a cognitive difficulty

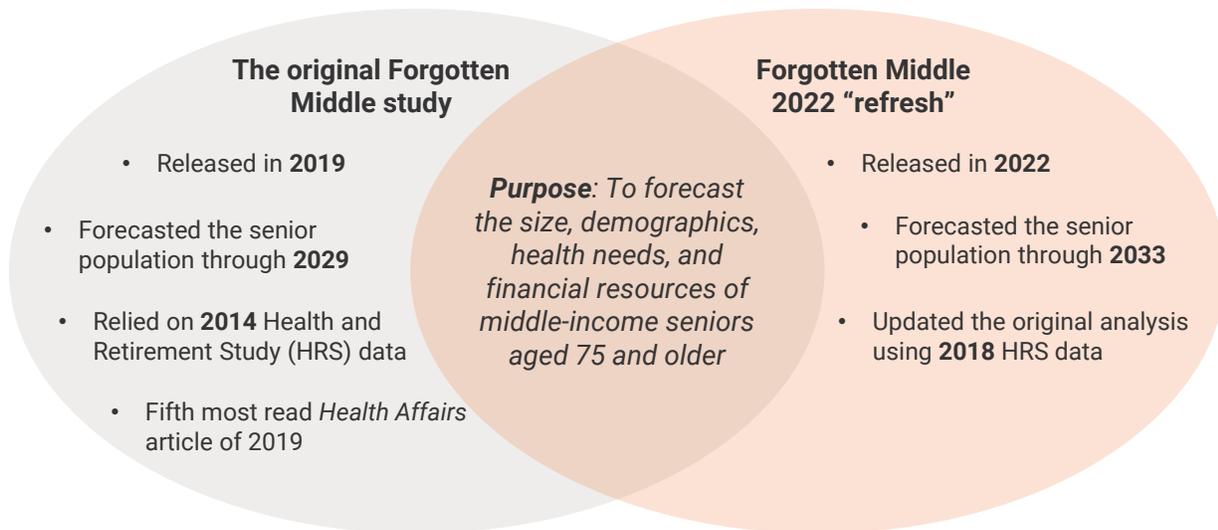
Margins of error on all these estimates are around 10-20%

# Understanding California's Middle-Income Older Adult Population

**NORC | The SCAN Foundation | West Health Institute**

October 3, 2022

The first Forgotten Middle studies brought national attention to the unmet needs of future middle-income seniors



Within California’s near duals group, 57% will have mobility limitations and nearly half will have 3+ chronic conditions in 2033

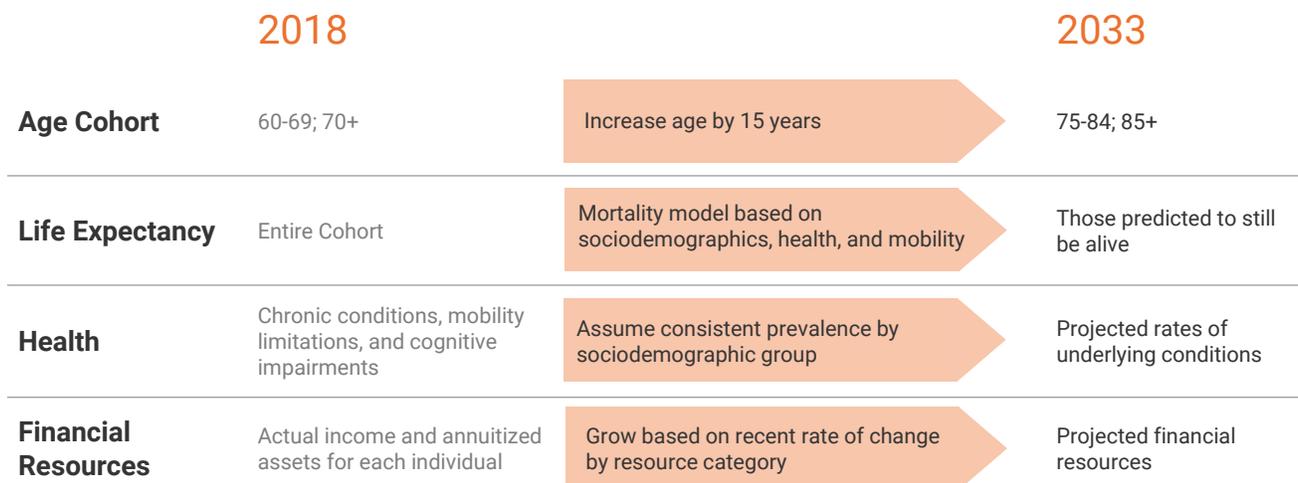
| Health or Functional Limitations        | All Seniors 75+ | 75-84 | 85+ |
|-----------------------------------------|-----------------|-------|-----|
| 3+ Chronic Conditions                   | 48%             | 49%   | 47% |
| 3+ Limits in Activities of Daily Living | 11%             | 7%    | 16% |
| High Needs*                             | 16%             | 12%   | 22% |
| Cognitive Impairment                    | 31%             | 20%   | 46% |
| Mobility Limitations                    | 57%             | 50%   | 67% |

\*High-needs is defined as those with three or more chronic conditions and one or more limitations in ADLs. Not mutually exclusive with other categories.



Over two-thirds of near duals over the age of 85 will have mobility limitations in 2033

The 2022 Forgotten Middle model uses the 2018 HRS to forecast characteristics of seniors in 2033



## Summary of findings from the 2022 Forgotten Middle update



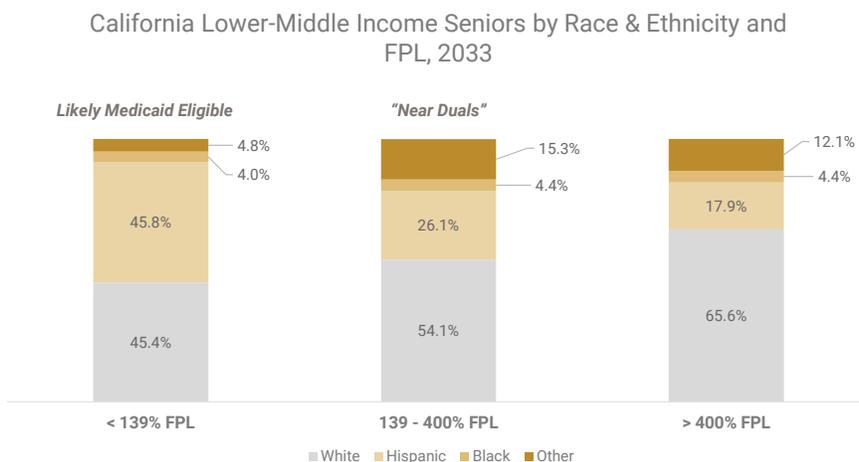
Over the next decade, the number of middle-income seniors will almost double by 2033—reaching 16M adults ages 75+ by 2033

Many older adults will have health needs, like mobility limitations and cognitive impairments, that make it hard to live independently



Without selling their homes, three-quarters (11.5M) of middle-income seniors have insufficient resources to pay for private assisted living

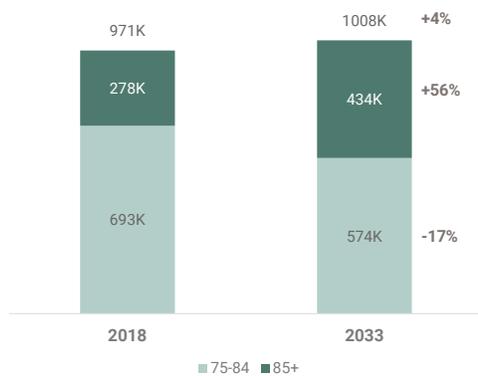
## Nearly 46% of California’s near duals cohort will consist of people of color in 2033



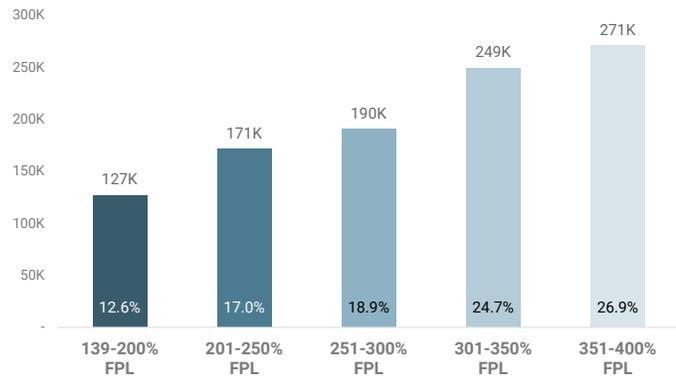
The lower-middle income cohort in California will have the highest percentage of “Other” races and ethnicities, compared to the <139% FPL and >400% FPL groups

By 2033, over 1M seniors in California are projected to have incomes within 139% to 400% of FPL

California's Lower-Middle Income Population by Age Group, 2018 & 2033



Projected Distribution of Low-Middle Income Seniors in California by FPL Range, 2033



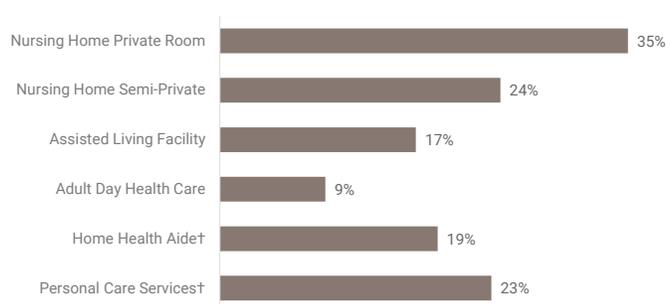
### Why create a California-specific model?

The sociodemographics and senior housing costs in California are meaningfully different from national averages

-  Significantly more racially and ethnically diverse than the U.S. overall
-  Higher percentage of individuals with less than a high school education and those with a college degree
-  More likely to not have children living within 10 miles
-  Average assisted living cost is 17% more expensive in California

### Senior housing and care costs are higher in California.

Percent Difference in California Housing and Care Costs Compared to the U.S. Average, 2018\*



\* Utilizes the 2021 Genworth Cost of Care Survey data converted to 2018 dollars  
 † Based on 44 hours of care per week

# Key Findings from California



NORC also examined California’s “near duals” cohort, which includes seniors with income-only resources close to Medicaid eligibility

- NORC’s national “Forgotten Middle” was designed to focus on individuals who are unlikely to qualify for Medicaid
- To understand the population at risk of spending down to Medicaid eligibility, NORC took an additional step to analyze the size California’s “near dual eligible” seniors in 2033
- Income thresholds for California’s near duals:



**Lower: 139% FPL** – Ineligible for Medi-Cal Aged & Disabled Program (138% FPL)



**Upper: 400% FPL** – Eligibility cutoff for federal marketplace exchange subsidies

*To align with Medi-Cal rules, this analysis only considers sources of income, not other assets or housing equity.*

# California Near Dual Eligibles



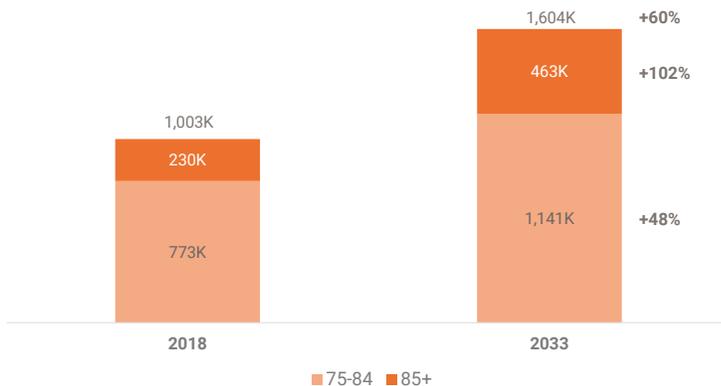
KEY FINDINGS : POPULATION SIZE



10

California is estimated to have 1.6M middle-income seniors age 75 and above in 2033

Number of California's Middle-Income Seniors by Age Group, 2018 and 2033

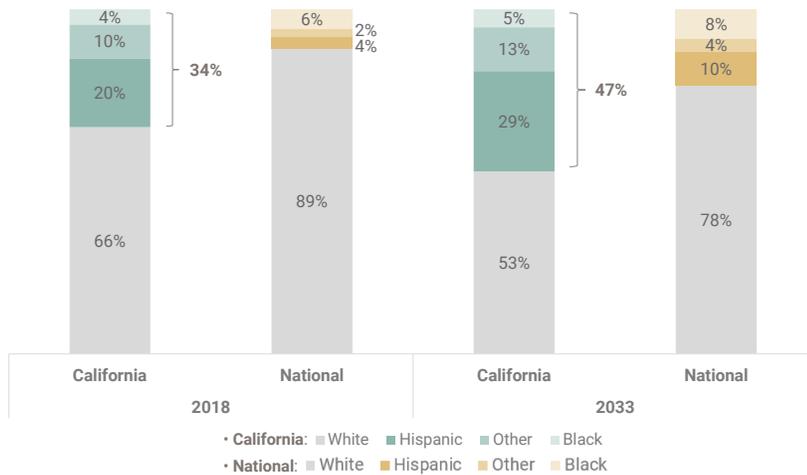


The size of California's middle-income senior population will increase by 60% (601K) by 2033

The number of California's middle-income seniors aged 85+ is expected to more than double (increasing by 233K)

## California's middle-income seniors will be more diverse in 2033, with people of color making up 47% of the population

Middle-Income Seniors 75+ by Race and Ethnicity, California vs. National, 2018 and 2033

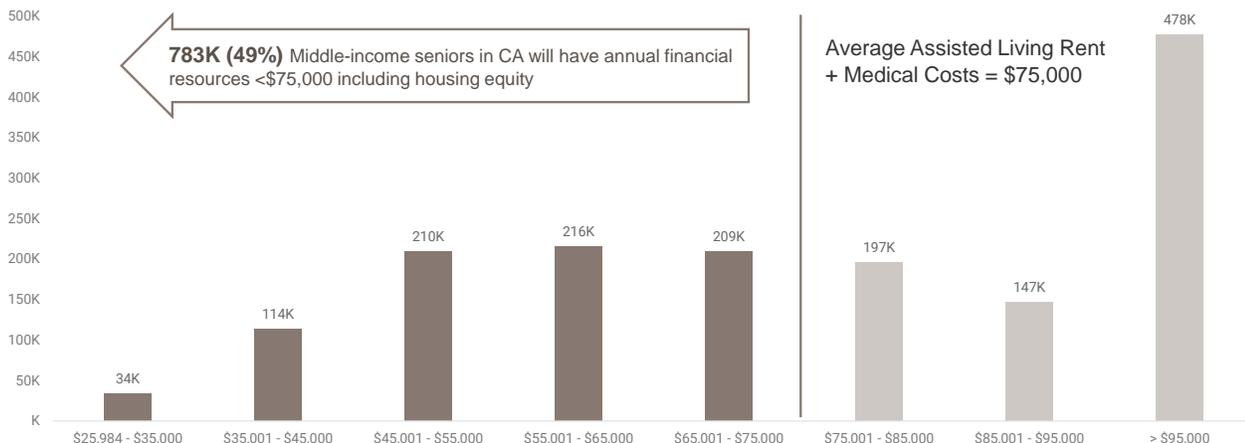


California remains significantly more racially and ethnically diverse than the U.S. overall

Policymaking will require high levels of cultural sensitivity to meet the needs of all older adults

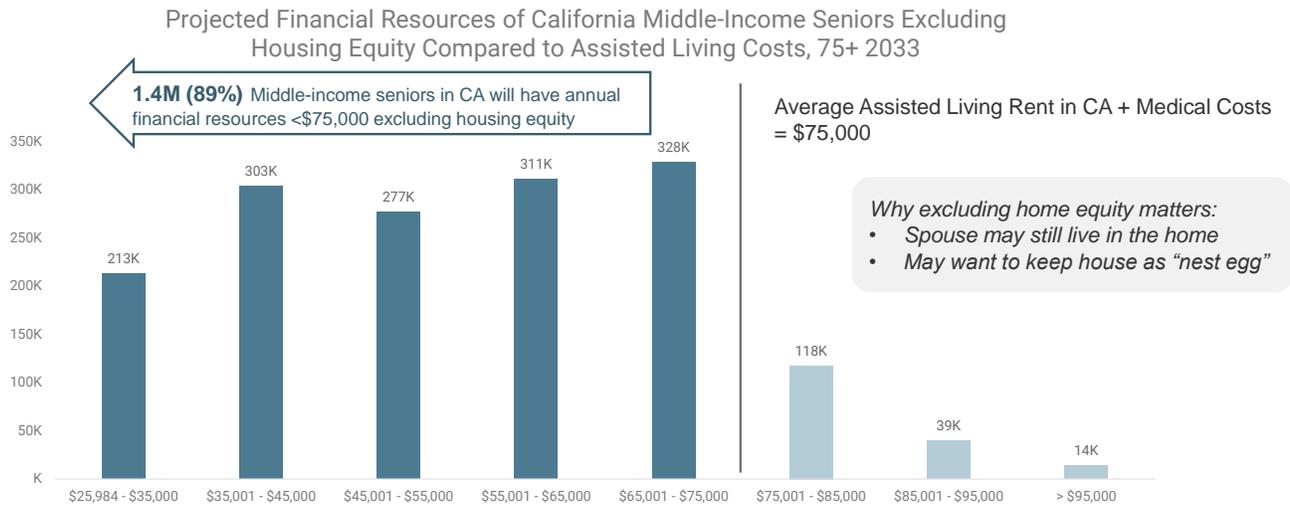
## Even if they sold their homes, half of California's middle-income seniors still will not have sufficient resources to pay for private assisted living

Projected Financial Resources of California Middle-Income Seniors Including Housing Equity Compared to Assisted Living Costs, 75+ 2033



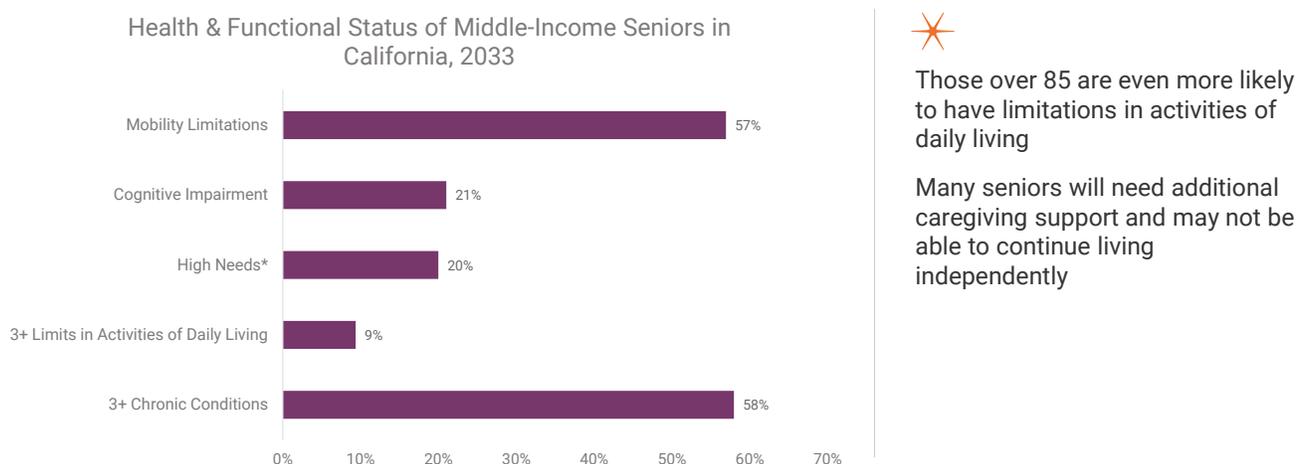
Average private-pay assisted living rent for California generated by applying the percent difference between national and California costs of assisted living in the 2021 Genworth Cost of Care Survey (17%) to the 2018 average cost of assisted living provided by the National Investment Center for Seniors Housing & Care. Average out-of-pocket medical costs and premiums from Kaiser Family Foundation.

## Excluding home equity, 89% of California’s middle-income seniors will have insufficient resources for private-pay assisted living



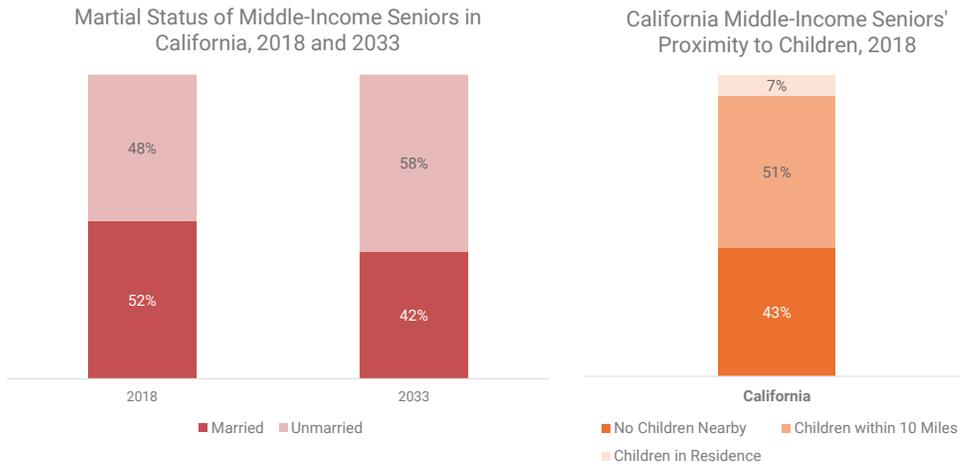
Average private-pay assisted living rent for California generated by applying the percent difference between national and California costs of assisted living in the 2021 Genworth Cost of Care Survey (17%) to the 2018 average cost of assisted living provided by the National Investment Center for Seniors Housing & Care. Average out-of-pocket medical costs and premiums from Kaiser Family Foundation.

## By 2033, the majority of California middle-income seniors 75+ will have 3+ chronic conditions and mobility limitations



\*High-needs" is defined as those with three or more chronic conditions and one or more limitations in ADLs. Not mutually exclusive with other categories.

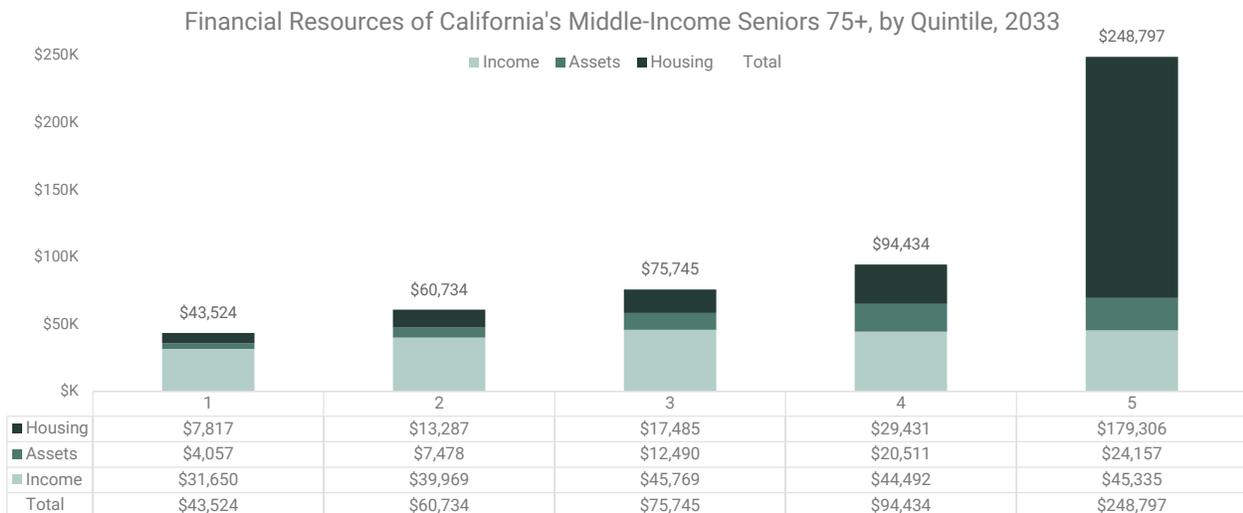
## Nearly 60% of California’s middle-income seniors will be unmarried in 2033 and 43% may not have children living within 10 miles



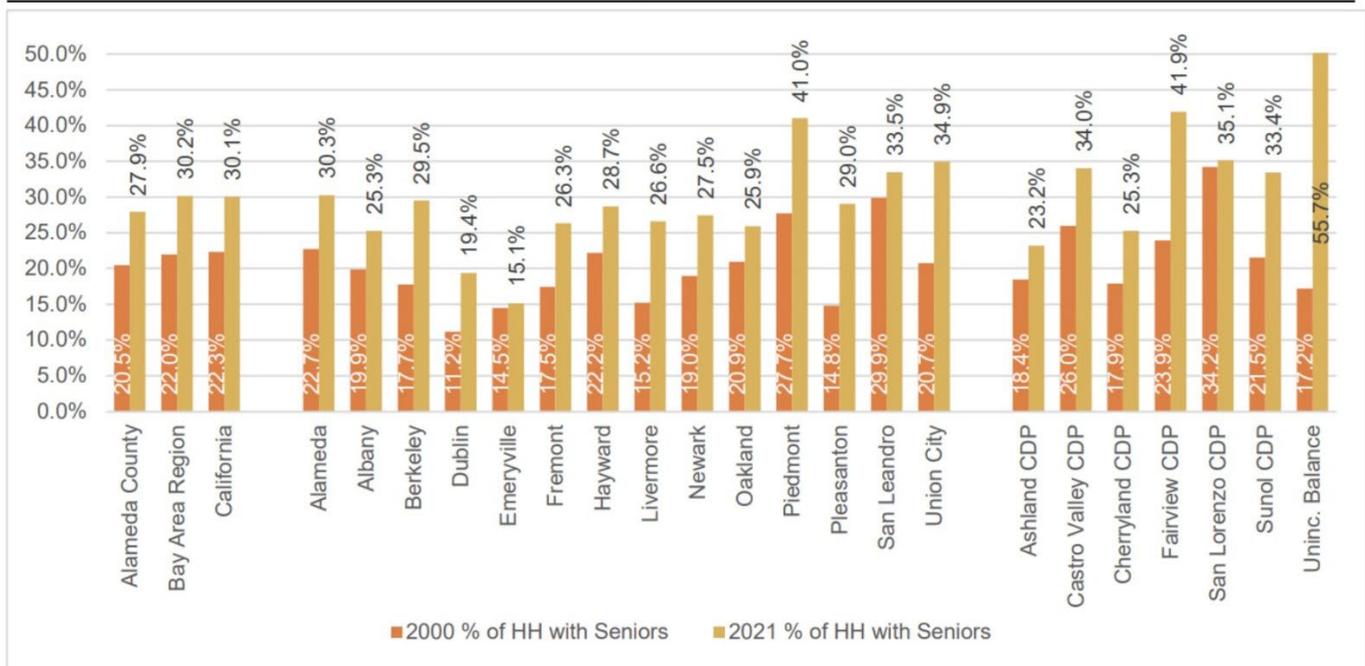
Family members, including spouses and adult children, provide most caregiving for older adults

Seniors who are unmarried (divorced or widowed) and those without children nearby may not have unpaid sources of care

## For California’s forgotten middle, income is the most important financial resource; 1 in 5 have significant housing equity



**Figure 10: Percent of Households with Seniors Age 65+, 2000 & 2021**



Sources: US Census 2000 Summary File 1 (SFQ1), US Census 2010 Summary File 1 (SF1), American Community Survey 2017-2021; The Housing Workshop 2023.





Office of the City Manager

CONSENT CALENDAR  
May 7, 2024

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Tanya Bustamante, Interim Deputy Director, Health, Housing, and Community Services Department  
Subject: Companion Report: Achieving Goals of 2018 Berkeley Age-Friendly Action Plan

RECOMMENDATION

Refer to the City Manager to review and prioritize the recommendations of the City of Berkeley’s Age-Friendly Action Plan, in conjunction with the results of the Community Health Assessment that will be conducted by the Health, Housing, and Community Services Department in the 2024 calendar year. In addition, to consider the following referrals:

1. Refer to the Transportation Commission to collaborate with the Commission on Aging to assess the equitable accessibility of public transportation options for the older adult and disabled community in Berkeley
2. Refer to Housing Advisory Commission to collaborate with staff to assess the level of affordable, accessible housing options for older adults to age in the Berkeley community.
3. Refer the Commission on Aging’s request for increased funding to the Budget and Finance Policy Committees for further deliberation.

FISCAL IMPACTS OF RECOMMENDATION

There are no fiscal impacts associated with this recommendation.

CURRENT SITUATION AND ITS EFFECTS

The Commission on Aging has requested that the City Manager take steps to act on the recommendations of Berkeley’s Age-Friendly Action Plan, and address gaps by increasing funding for personnel and other services provided by the City. The City Manager does not disagree with the potential merit of this request, but rather recommends that Council consider a more specific and streamlined recommendation that encourages relevant commissions and staff to work together to outline feasible and realistic options that are evidence-based and community-driven.

## BACKGROUND

At its regular meeting on February 21, 2024, the Commission on Aging voted to recommend to Council to refer to the City Manager steps to develop plans to revisit and act on the recommendations in the Berkeley Age-Friendly Action Plan by building on what is already occurring in the community, expanding the Plan's impact, and addressing gaps, by increasing funding for personnel and other services currently being offered as well as others identified in the Age-Friendly Plan.

M/S/C: Chisholm, Cochran, Collins, Evans, Lavault, Orrick, Porter, Smith, Yamaguchi.

Noes: None.

Abstain: None.

Absent: None.

## ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

## RATIONALE FOR RECOMMENDATION

The Aging Services Division of the City's Health, Housing, and Community Services Department provides a wealth of services to Berkeley's older adult community, including senior center classes and activities, food and nutrition services, transportation services, and case management for high need older adults with complex needs. Given that the older adult population is the fastest growing segment of the population in the United States<sup>1</sup>, it is prudent to clearly and thoughtfully assess the current needs of this population alongside the gaps and strengths that the results of the upcoming Community Health Assessment will highlight, and the thoughtful planning and deliberation of relevant commissions and staff.

## ALTERNATIVE ACTIONS CONSIDERED

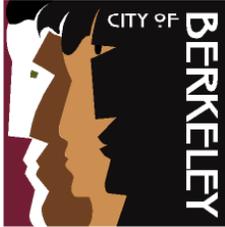
Council could refer this request directly to the budget process.

## CONTACT PERSON

Tanya Bustamante, Interim Deputy Director, HHCS, 510-981-5178.

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<sup>1</sup> <https://www.census.gov>



Homeless Services Panel of Experts

ACTION CALENDAR  
June 4, 2024

To: Honorable Mayor and Members of the City Council

From: Homeless Services Panel of Experts

Submitted by: Carole Marasovic, Chair, Homeless Services Panel of Experts

Subject: Measure P Allocations, Fiscal Year 2025-2026

RECOMMENDATION

That Council approve the Homeless Services Panel of Experts recommendations to allocate Measure P revenue providing homeless services as detailed in Attachment 1, Exhibit A.

SUMMARY

The Homeless Services Panel of Experts (HSPE) reviewed P funding requests for programs, and City staff personnel costs associated with Measure P, for the current annual funding cycle. This review directly followed 3 meetings associated with reviewing community agency allocation funding, a process that considers community agency allocation funding requests every 4 years (the current cycle last considered in 2019, 5 years ago, due to the pandemic), and made recommendations under that process.

During the community agency allocation funding process, HSPE commissioners independently reviewed and scored funding proposals and as a whole, made recommendations. HSPE recommendations were directed to the City Manager who considered them, the City Manager returning with her own recommendations. HSPE found that the earlier recommendations that they had made closely aligned with the City Manager's recommendations and made minor adjustments in some cases to almost perfectly align with the exception of one additional proposed new program.

While it was hoped that other funding gaps for homeless services needs could be addressed through Measure P monies, upon learning that the steep decline in projected Measure P revenue available had substantially decreased from \$10,189,500 to \$6,500,000, HSPE commissioners acknowledged that P revenue was in dire straits limiting funding for homeless services.

With one critical exception, HSPE commissioners aligned with the City Manager's recommendations for P monies with a caveat. That caveat was that there should be further discussion regarding the effectiveness and accountability of programs. However, rather than decreasing funding to providers, HSPE believed that funding for those

programs should be sustained and that following the current funding process, discussion was merited so that HSPE commissioners could receive additional information about the contract monitoring process, possibly making recommendations.

The one exception to the City Manager's recommendations for the use of P monies, where HSPE held steadfast, as it has in previous Measure P funding cycles, was that 5150 transports should not be funded under Measure P monies. While HSPE is fully aware that the language of Measure P provides that transportation can be funded with P revenue, the commissioners did not perceive 5150 transports as a wise use for over 1.3 million in P monies particularly with less monies currently available for needed homeless services.

In other annual P funding cycles, 40%-50% of unhoused persons, were identified as utilizers of 5150 transports. Also in those cycles, the City committed to identifying an alternative source of funding, other than Measure P, to fund 5150 transports.

Historically, funding for 5150 transports had been funded by the County until recent years following the County's decision that the City of Berkeley should fund its own 5150 transports given that the City of Berkeley has an independent mental health division with its own funding.

**FISCAL IMPACTS OF RECOMMENDATION**

As earlier stated, the current Measure P property tax revenue is projected as a substantial decrease from \$10,189,500 to \$6,500,000. The City's budget director issued a report on March 28, 2024 as follows:

**Measure P-Property Transfer Tax (-\$5,523,564 less than FY 2023 Actual)**

Measure P taxes totaling \$2,840,259 was collected during the first half of FY 2024, which was \$5,523,564 or 66.0% less than the \$8,363,823 collected during the same period of FY 2023. This decrease resulted primarily from the following: (1) A decrease of 61.0% in the dollar value of property sales amount in the first half of FY 2024 versus those in the first half of FY 2023 as reflected in Table 3; (2) The number of property sales transactions decreased by 131 or 60.9% during the first half of FY 2024, as illustrated in the table below; and,(3) There were only four property sales of \$10 million or more totaling \$75 million during this six-month period in FY 2024, compared to 9 transactions with total property sales of \$401 million for the same period in FY 2023. The Measure P1 Property Transfer Tax Revenue projection is being decreased from \$10,189,500 to \$6,500,000.

**Property Sales \$1.5 million+**

**In Million \$**

|          | July   | Aug    | Sept   | Oct    | Nov    | Dec    | Total   |
|----------|--------|--------|--------|--------|--------|--------|---------|
| FY 2024  | \$62.8 | \$87.2 | \$48.5 | \$51.9 | \$33.6 | \$42.5 | \$326.5 |
| FY 2023  | 114.4  | 271.1  | 84.1   | 63.3   | 203.7  | 99.8   | 836.4   |
| Change   | - 51.6 | -183.9 | -35.6  | -11.4  | -170.1 | -57.3  | -509.9  |
| % Change | -45.1% | -67.8% | -42.3% | -18.0% | -83.5% | -57.4% | -61.0%  |

**Property Transactions \$1.5 Million and Above**

|          | July   | Aug    | Sept   | Oct    | Nov    | Dec    | Total  |
|----------|--------|--------|--------|--------|--------|--------|--------|
| FY 2024  | 18     | 17     | 12     | 15     | 12     | 10     | 84     |
| FY 2023  | 52     | 41     | 48     | 31     | 24     | 19     | 215    |
| Change   | -34    | -24    | -36    | -16    | -12    | -9     | -131   |
| % Change | -65.4% | -58.5% | -75.0% | -51.6% | -50.0% | -47.4% | -60.9% |

**CURRENT SITUATION AND ITS EFFECTS**

With Measure P revenue diminished by over one-third, HSPE aligned with the City Manager to preserve the current homeless service programs, providing necessary services, as best could be done with the exception of recommending the 1,321,605 million in 5150 transports, continuing to contend that another source of funding for this purpose should be identified.

**BACKGROUND**

The Homeless Services Panel of Experts reviewed Measure P recommendations at its April 10, 2024 meeting and made the following recommendations as follows:

**Action:** M/S/C Jones/Meany HSPE does not recommend funding the 5150 transport out of Measure P monies.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* Segal. *Abstain:* None. *Absent:* Bookstein.

**Action:** M/S/C Marasovic/Meany the HSPE align with all of the city manager’s recommendations except for the \$1.3 million for 5150 transport.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* None. *Abstain:* Segal. *Absent:* Bookstein.

**Action:** M/S/C Marasovic/Jones HSPE will incorporate in the report that the reasoning behind not recommending the allocation for the \$1.3 million in 5150 transport is that the city should look towards alternative methods for funding and Measure P monies should be used for homeless services. This rationale is due to the diminished revenue needed for homeless services which do not make 5150 transport a priority for this stream of funding.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* Segal. *Abstain:* None. *Absent:* Bookstein.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental impacts excepting that whenever unhoused persons are housed in Berkeley, it leads to a better, healthier environment for all whether that be formerly homeless persons or the general community.

RATIONALE FOR RECOMMENDATION

The Homeless Services Panel of Experts generally concurred with the City Manager's recommendations as they were thoughtfully made with attention to the current budgetary limitations. HSPE could not concur with the proposed 1.3 million allocation for 5150 transports which is 20% of the total projected 6.5 million in this year's P revenue. Another source of funding needs to be identified so that Measure P monies can be used to fund homeless services.

ALTERNATIVE ACTIONS CONSIDERED

The Homeless Services Panel of Experts could have concurred on the 5150 transports but was uncomfortable in doing so given the standing objection to Measure P monies used for 5150 transports when there are so many other needed homeless services and less P revenue available.

CITY MANAGER

See City Manager companion report.

CONTACT PERSON

Josh Jacobs, Homeless Services Coordinator, (510) 225-8035

## Attachments:

1. Exhibit A: HSPE and City Manager Recommendations for P Funding.
2. City of Berkeley Budget Director report, March 26, 2024.

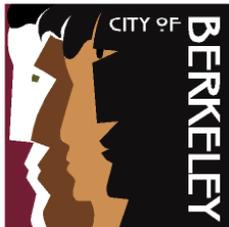
HSPE TRANSFER TAX -- MEASURE P PROGRAM LONG-TERM FORECAST----DRAFT

|                                                                                                                                                                                                         | Category of Spending                    | FY 2024 Adopted      | FY 2024 Adopted Mid-Biennial | FY 2024 Preliminary Estimate | FY 2025 Estimate      | FY 2026 Estimate      | FY 2027 Estimate      | FY 2028 Estimate      | FY 2029 Estimate       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------|------------------------------|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| <b>Revenues</b>                                                                                                                                                                                         |                                         |                      |                              |                              |                       |                       |                       |                       |                        |
| Beginning Fund Balance                                                                                                                                                                                  |                                         | \$ 19,887,422        | \$ 19,887,422                | \$ 19,887,422                | \$ 5,391,019          | \$ 3,142,708          | \$ (1,877,883)        | \$ (6,645,169)        | \$ (6,722,411)         |
| Measure P Revenues*                                                                                                                                                                                     |                                         | \$ 14,073,750        | \$ 10,189,500                | \$ 6,500,000                 | \$ 8,199,580          | \$ 8,609,559          | \$ 9,040,037          | \$ 9,492,039          | \$ 4,746,020           |
| <b>Total Revenues and Balance of Funds</b>                                                                                                                                                              |                                         | <b>\$ 33,961,172</b> | <b>\$ 30,076,922</b>         | <b>\$ 26,387,422</b>         | <b>\$ 13,590,599</b>  | <b>\$ 11,752,267</b>  | <b>\$ 7,162,154</b>   | <b>\$ 2,846,870</b>   | <b>\$ (1,976,392)</b>  |
| <b>LESS: Total Expenses</b>                                                                                                                                                                             |                                         | <b>\$ 14,045,913</b> | <b>\$ 19,160,846</b>         | <b>\$ 20,996,403</b>         | <b>\$ 10,447,891</b>  | <b>\$ 13,630,150</b>  | <b>\$ 13,807,322</b>  | <b>\$ 9,569,282</b>   | <b>\$ 10,077,605</b>   |
| <b>Personnel Costs (1)</b>                                                                                                                                                                              |                                         | <b>\$ 722,413</b>    | <b>\$ 722,413</b>            | <b>\$ 722,413</b>            | <b>\$ 780,206</b>     | <b>\$ 842,623</b>     | <b>\$ 910,032</b>     | <b>\$ 982,835</b>     | <b>\$ 1,061,462</b>    |
| CMO: Homeless Services Coordinator                                                                                                                                                                      | Staffing/Infrastructure                 | \$ 202,899           | \$ 202,899                   | \$ 202,899                   | \$ 219,131            | \$ 236,661            | \$ 255,594            | \$ 276,042            | \$ 298,125             |
| Finance: Accountant II                                                                                                                                                                                  | Staffing/Infrastructure                 | \$ 193,441           | \$ 193,441                   | \$ 193,441                   | \$ 208,916            | \$ 225,630            | \$ 243,680            | \$ 263,174            | \$ 284,228             |
| HHCS: 50% Senior Management Analyst                                                                                                                                                                     | Staffing/Infrastructure                 | \$ 116,560           | \$ 116,560                   | \$ 116,560                   | \$ 125,885            | \$ 135,956            | \$ 146,832            | \$ 158,579            | \$ 171,265             |
| HHCS: 2 Year Limited Term Community Services Specialist II                                                                                                                                              | Staffing/Infrastructure                 | \$ 209,513           | \$ 209,513                   | \$ 209,513                   | \$ 226,274            | \$ 244,376            | \$ 263,926            | \$ 285,040            | \$ 307,843             |
| <b>Non-Personnel Costs/ Program Expenses</b>                                                                                                                                                            |                                         | <b>\$ 13,323,500</b> | <b>\$ 18,438,433</b>         | <b>\$ 20,273,990</b>         | <b>\$ 9,667,685</b>   | <b>\$ 12,787,528</b>  | <b>\$ 12,897,290</b>  | <b>\$ 8,586,447</b>   | <b>\$ 9,016,143</b>    |
| Fire: 5150 Response & Transport - Measure P portion of contract                                                                                                                                         | Immediate Street Conditions and Hygiene | \$ 1,556,857         | \$ 1,321,605                 | \$ 1,321,605                 | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Dorothy Day House Shelter                                                                                                                                                                               | Emergency Shelter                       | \$ 566,000           | \$ 566,000                   | \$ 566,000                   | \$ 580,150            | \$ 594,654            | \$ 609,520            | \$ 624,758            | \$ 640,377             |
| Dorothy Day House Drop In                                                                                                                                                                               | Immediate Street Conditions and Hygiene | \$ 182,000           | \$ 182,000                   | \$ 182,000                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ 205,916             |
| BACS Pathways STAIR Center                                                                                                                                                                              | Emergency Shelter                       | \$ 2,499,525         | \$ 2,499,525                 | \$ 2,499,525                 | \$ 2,002,768          | \$ 2,499,527          | \$ 2,499,528          | \$ 2,499,529          | \$ 2,499,530           |
| BACS Coordinated Entry System (BACS HRC & Shallow Subsidies)                                                                                                                                            | Immediate Street Conditions and Hygiene | \$ 1,000,000         | \$ 829,498                   | \$ 829,498                   | \$ 1,371,411          | \$ 1,371,411          | \$ 1,371,411          | \$ 1,371,411          | \$ 1,371,411           |
| BACS Permanent Housing Subsidies / Shallow Subsidies                                                                                                                                                    | Permanent Housing                       |                      |                              |                              |                       |                       |                       |                       |                        |
| No Place Like Home - Scattered Unit Supportive Services                                                                                                                                                 | Permanent Housing                       | \$ 105,000           |                              |                              |                       |                       |                       | \$ 105,000            | \$ 105,000             |
| No Place Like Home - Scattered Unit Supportive Services                                                                                                                                                 | Permanent Housing                       |                      |                              |                              | \$ 138,800            | \$ 138,800            | \$ 138,800            | \$ 138,800            | \$ 43,800              |
| LifeLong Medical - Maudelle Shrek Affordable Housing (NPLH)                                                                                                                                             | Permanent Housing                       |                      | \$ 105,000                   | \$ 15,300                    | \$ 61,200             | \$ 61,200             | \$ 61,200             | \$ 61,200             | \$ 61,200              |
| Insight Housing Hope Center (NPLH)                                                                                                                                                                      | Permanent Housing                       | \$ 95,000            | \$ 95,000                    | \$ 95,000                    | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ 95,000              |
| Insight Housing - Men's Housing Program                                                                                                                                                                 | Emergency Shelter                       | \$ -                 | \$ 170,502                   | \$ 170,502                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ 170,502             |
| COVID-19 Emergency Housing Assistance - Housing Retention Program (EDC)                                                                                                                                 | Homelessness Prevention                 | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Anti-Displacement Programs (Legal Assistance, Housing Retention Program, Flexible Housing Funds) (100k to BACS HRC; 275K to EDC and remaining to EBCLC) - to be funded by U1 in FY 24                   | Homelessness Prevention                 | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| BDIC Locker Program                                                                                                                                                                                     | Immediate Street Conditions and Hygiene | \$ 50,000            | \$ 50,000                    | \$ 50,000                    | \$ -                  | \$ 50,000             | \$ 50,000             | \$ 50,000             | \$ 50,000              |
| LifeLong Medical - Street Medicine                                                                                                                                                                      | Immediate Street Conditions and Hygiene | \$ 525,000           | \$ 525,000                   | \$ 525,001                   | \$ 525,000            | \$ 525,000            | \$ 525,000            | \$ 525,000            | \$ 525,000             |
| YSA Tiny Home                                                                                                                                                                                           | Emergency Shelter                       | \$ 78,000            | \$ 78,000                    | \$ 78,000                    | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| DBA- Homeless Outreach Worker                                                                                                                                                                           | Immediate Street Conditions and Hygiene | \$ 40,000            | \$ 40,000                    | \$ 40,000                    | \$ 40,000             | \$ 40,000             | \$ 40,000             | \$ 40,000             | \$ 40,000              |
| Downtown Streets Team                                                                                                                                                                                   | Immediate Street Conditions and Hygiene | \$ 225,000           | \$ 225,000                   | \$ 225,000                   | \$ 225,000            | \$ 225,000            | \$ 225,000            | \$ 225,000            | \$ 225,000             |
| Shelter at 742 Grayson Street                                                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Shelter at 1720 San Pablo Ave Lease                                                                                                                                                                     | Emergency Shelter                       | \$ 908,796           | \$ 908,796                   | \$ 908,796                   | \$ 935,160            | \$ 962,315            | \$ 990,284            | \$ -                  | \$ -                   |
| Dorothy Day House Berkeley Emergency Storm Shelter (Winter Shelter)                                                                                                                                     | Emergency Shelter                       | \$ 350,000           | \$ 350,000                   | \$ 350,000                   | \$ 358,750            | \$ 367,719            | \$ 376,912            | \$ 386,335            | \$ 395,993             |
| Dorothy Day House - Inclement Weather Shelter                                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ 412,185                   | \$ 412,185                   | \$ 290,000            | \$ 290,000            | \$ 290,000            | \$ 290,000            | \$ 290,000             |
| Dorothy Day House Beyond Horizon - 1720 San Pablo Avenue - Supportive Services                                                                                                                          | Emergency Shelter                       | \$ 950,000           | \$ 950,000                   | \$ 950,000                   | \$ 950,000            | \$ 950,000            | \$ 950,000            | \$ -                  | \$ -                   |
| 1367 University Avenue Step Up Housing Project*                                                                                                                                                         | Permanent Housing                       |                      |                              |                              | \$ 1,040,027          | \$ 1,066,027          | \$ 1,092,678          | \$ 1,119,995          | \$ 1,147,995           |
| Russell Street Residence Acquisition                                                                                                                                                                    | Permanent Housing                       | \$ -                 | \$ 4,500,000                 | \$ 4,500,000                 | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| HHCS: Square One Hotel Vouchers                                                                                                                                                                         | Emergency Shelter                       | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Training and Evaluation                                                                                                                                                                                 | Staffing/Infrastructure                 | \$ 133,334           | \$ 133,334                   | \$ 133,334                   | \$ 133,334            | \$ 133,334            | \$ 133,334            | \$ 133,334            | \$ 133,334             |
| Homeless Response Team                                                                                                                                                                                  | Immediate Street Conditions and Hygiene | \$ 920,085           | \$ 920,085                   | \$ 920,085                   | \$ 920,085            | \$ 920,085            | \$ 920,085            | \$ 920,085            | \$ 920,085             |
| Berkeley Relief Fund                                                                                                                                                                                    | Homelessness Prevention                 | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Portable Toilets                                                                                                                                                                                        | Immediate Street Conditions and Hygiene | \$ 96,000            | \$ 96,000                    | \$ 96,000                    | \$ 96,000             | \$ 96,000             | \$ 96,000             | \$ 96,000             | \$ 96,000              |
| Old City Hall Sprinkler system                                                                                                                                                                          | Emergency Shelter                       | \$ -                 | \$ 400,000                   | \$ 400,000                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Permanent Housing                       | \$ 578,164           | \$ 578,164                   | \$ 578,164                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Immediate Street Conditions and Hygiene | \$ 976,207           | \$ 976,207                   | \$ 976,207                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Emergency Shelter                       | \$ 882,480           | \$ 882,480                   | \$ 882,480                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Staffing/Infrastructure                 | \$ 23,837            | \$ 23,837                    | \$ 23,837                    | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Homelessness Prevention                 | \$ 262,215           | \$ 262,215                   | \$ 262,215                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Reimagining Public Safety-Expand Downtown Streets Teams as placement for low-level violations                                                                                                           | Immediate Street Conditions and Hygiene | \$ 50,000            |                              |                              | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Equitable Clean Streets                                                                                                                                                                                 | Immediate Street Conditions and Hygiene | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Expand the scope of services for the Downtown Streets Team to address the need for enhanced services around commercial and industrial areas in the Gilman District twice weekly                         | Immediate Street Conditions and Hygiene | \$ 50,000            | \$ 50,000                    | \$ 50,000                    | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Reimagining Public Safety: Conduct a service needs assessment based on 911 and non-911 calls for service, dispatch, and response and capacity assessment of crisis response and crisis-related services | Staffing/Infrastructure                 | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Reimagining Public Safety: Funding to organizations for Respite from Gender/Domestic Violence                                                                                                           | Emergency Shelter                       | \$ 220,000           | \$ 220,000                   | \$ 220,000                   | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| 1654 5th Street Operations                                                                                                                                                                              | Emergency Shelter                       | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| 701 Harrison Transition - Site Security                                                                                                                                                                 | Emergency Shelter                       | \$ -                 | \$ 88,000                    | \$ 88,000                    | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Public facilities improvement                                                                                                                                                                           | Staffing/Infrastructure                 | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Encampment Resolution Fund 2 Awarded Grant Match- Rodeway Inn                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ -                         | \$ -                         | \$ -                  | \$ 2,496,456          | \$ 2,527,538          | \$ -                  | \$ -                   |
| <b>HCEB Contract- Interim Housing at Rodeway Inn</b>                                                                                                                                                    |                                         |                      |                              | <b>\$ 1,925,256</b>          |                       |                       |                       |                       |                        |
| Encampment Resolution Fund 3 Tentative Grant Match                                                                                                                                                      |                                         |                      |                              |                              |                       |                       |                       |                       |                        |
| <b>Fiscal Year Surplus (Shortfall)</b>                                                                                                                                                                  |                                         | <b>\$ 27,837</b>     | <b>\$ (8,971,346)</b>        | <b>\$ (14,496,403)</b>       | <b>\$ (2,248,311)</b> | <b>\$ (5,020,591)</b> | <b>\$ (4,767,285)</b> | <b>\$ (77,243)</b>    | <b>\$ (5,331,585)</b>  |
| <b>Ending Fund Balance</b>                                                                                                                                                                              |                                         | <b>\$ 19,915,259</b> | <b>\$ 10,916,076</b>         | <b>\$ 5,391,019</b>          | <b>\$ 3,142,708</b>   | <b>\$ (1,877,883)</b> | <b>\$ (6,645,169)</b> | <b>\$ (6,722,411)</b> | <b>\$ (12,053,997)</b> |

STAFF TRANSFER TAX -- MEASURE P PROGRAM LONG-TERM FORECAST-----DRAFT

|                                                                                                                                                                                                         | Category of Spending                    | FY 2024 Adopted      | FY 2024 Adopted<br>Mid-Biennial | FY 2024 Preliminary Estimate | FY 2025 Estimate      | FY 2026<br>Estimate   | FY 2027<br>Estimate    | FY 2028<br>Estimate    | FY 2029 Estimate       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------|---------------------------------|------------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| <b>Revenues</b>                                                                                                                                                                                         |                                         |                      |                                 |                              |                       |                       |                        |                        |                        |
| Beginning Fund Balance                                                                                                                                                                                  |                                         | \$ 19,887,422        | \$ 19,887,422                   | \$ 19,887,422                | \$ 5,391,019          | \$ 1,957,103          | \$ (4,249,093)         | \$ (10,201,984)        | \$ (11,464,831)        |
| Measure P Revenues*                                                                                                                                                                                     |                                         | \$ 14,073,750        | \$ 10,189,500                   | \$ 6,500,000                 | \$ 8,199,580          | \$ 8,609,559          | \$ 9,040,037           | \$ 9,492,039           | \$ 4,746,020           |
| <b>Total Revenues and Balance of Funds</b>                                                                                                                                                              |                                         | <b>\$ 33,961,172</b> | <b>\$ 30,076,922</b>            | <b>\$ 26,387,422</b>         | <b>\$ 13,590,599</b>  | <b>\$ 10,566,662</b>  | <b>\$ 4,790,944</b>    | <b>\$ (709,945)</b>    | <b>\$ (6,718,812)</b>  |
| <b>LESS: Total Expenses</b>                                                                                                                                                                             |                                         | <b>\$ 14,045,913</b> | <b>\$ 19,160,846</b>            | <b>\$ 20,996,403</b>         | <b>\$ 11,633,496</b>  | <b>\$ 14,815,755</b>  | <b>\$ 14,992,927</b>   | <b>\$ 10,754,887</b>   | <b>\$ 11,263,210</b>   |
| <i>Personnel Costs (1)</i>                                                                                                                                                                              |                                         | \$ 722,413           | \$ 722,413                      | \$ 722,413                   | \$ 780,206            | \$ 842,623            | \$ 910,032             | \$ 982,835             | \$ 1,061,462           |
| CMO: Homeless Services Coordinator                                                                                                                                                                      | Staffing/Infrastructure                 | \$ 202,899           | \$ 202,899                      | \$ 202,899                   | \$ 219,131            | \$ 236,661            | \$ 255,594             | \$ 276,042             | \$ 298,125             |
| Finance: Accountant II                                                                                                                                                                                  | Staffing/Infrastructure                 | \$ 193,441           | \$ 193,441                      | \$ 193,441                   | \$ 208,916            | \$ 225,630            | \$ 243,680             | \$ 263,174             | \$ 284,228             |
| HHCS: 50% Senior Management Analyst                                                                                                                                                                     | Staffing/Infrastructure                 | \$ 116,560           | \$ 116,560                      | \$ 116,560                   | \$ 125,885            | \$ 135,956            | \$ 146,832             | \$ 158,579             | \$ 171,265             |
| HHCS: 2 Year Limited Term Community Services Specialist II                                                                                                                                              | Staffing/Infrastructure                 | \$ 209,513           | \$ 209,513                      | \$ 209,513                   | \$ 226,274            | \$ 244,376            | \$ 263,926             | \$ 285,040             | \$ 307,843             |
| <i>Non-Personnel Costs/ Program Expenses</i>                                                                                                                                                            |                                         | \$ 13,323,500        | \$ 18,438,433                   | \$ 20,273,990                | \$ 10,853,290         | \$ 13,973,133         | \$ 14,082,895          | \$ 9,772,052           | \$ 10,201,748          |
| Fire: 5150 Response & Transport - Measure P portion of contract                                                                                                                                         | Immediate Street Conditions and Hygiene | \$ 1,556,857         | \$ 1,321,605                    | \$ 1,321,605                 | \$ 1,321,605          | \$ 1,321,605          | \$ 1,321,605           | \$ 1,321,605           | \$ 1,321,605           |
| Dorothy Day House Shelter                                                                                                                                                                               | Emergency Shelter                       | \$ 566,000           | \$ 566,000                      | \$ 566,000                   | \$ 580,150            | \$ 594,654            | \$ 609,520             | \$ 624,758             | \$ 640,377             |
| Dorothy Day House Drop In                                                                                                                                                                               | Immediate Street Conditions and Hygiene | \$ 182,000           | \$ 182,000                      | \$ 182,000                   |                       |                       |                        |                        | \$ 205,916             |
| BACS Pathways STAIR Center                                                                                                                                                                              | Emergency Shelter                       | \$ 2,499,525         | \$ 2,499,525                    | \$ 2,499,525                 | \$ 2,002,768          | \$ 2,499,527          | \$ 2,499,528           | \$ 2,499,529           | \$ 2,499,530           |
| BACS Coordinated Entry System (BACS HRC & Shallow Subsidies)                                                                                                                                            | Immediate Street Conditions and Hygiene | \$ 1,000,000         | \$ 829,498                      | \$ 829,498                   | \$ 1,235,411          | \$ 1,235,411          | \$ 1,235,411           | \$ 1,235,411           | \$ 1,235,411           |
| BACS Permanent Housing Subsidies / Shallow Subsidies                                                                                                                                                    | Permanent Housing                       |                      |                                 |                              |                       |                       |                        |                        |                        |
| No Place Like Home - Scattered Unit Supportive Services                                                                                                                                                 | Permanent Housing                       | \$ 105,000           |                                 |                              |                       |                       |                        | \$ 105,000             | \$ 105,000             |
| No Place Like Home - Scattered Unit Supportive Services                                                                                                                                                 | Permanent Housing                       |                      |                                 |                              | \$ 138,800            | \$ 138,800            | \$ 138,800             | \$ 138,800             | \$ 43,800              |
| LifeLong Medical - Maudelle Shrek Affordable Housing (NPLH)                                                                                                                                             | Permanent Housing                       |                      | \$ 105,000                      | \$ 15,300                    | \$ 61,200             | \$ 61,200             | \$ 61,200              | \$ 61,200              | \$ 61,200              |
| Insight Housing Hope Center (NPLH)                                                                                                                                                                      | Permanent Housing                       | \$ 95,000            | \$ 95,000                       | \$ 95,000                    |                       |                       |                        |                        | \$ 95,000              |
| Insight Housing - Men's Housing Program                                                                                                                                                                 | Emergency Shelter                       | \$ -                 | \$ 170,502                      | \$ 170,502                   |                       |                       |                        |                        | \$ 170,502             |
| COVID-19 Emergency Housing Assistance - Housing Retention Program (EDC)                                                                                                                                 | Homelessness Prevention                 | \$ -                 | \$ -                            | \$ -                         |                       |                       |                        |                        | \$ -                   |
| Anti-Displacement Programs (Legal Assistance, Housing Retention Program, Flexible Housing Funds) (100k to BACS HRC; 275K to EDC and remaining to EBCLC) - to be funded by U1 in FY 24                   | Homelessness Prevention                 | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| BDIC Locker Program                                                                                                                                                                                     | Immediate Street Conditions and Hygiene | \$ 50,000            | \$ 50,000                       | \$ 50,000                    |                       |                       | \$ 50,000              | \$ 50,000              | \$ 50,000              |
| LifeLong Medical - Street Medicine                                                                                                                                                                      | Immediate Street Conditions and Hygiene | \$ 525,000           | \$ 525,000                      | \$ 525,001                   | \$ 525,000            | \$ 525,000            | \$ 525,000             | \$ 525,000             | \$ 525,000             |
| YSA Tiny Home                                                                                                                                                                                           | Emergency Shelter                       | \$ 78,000            | \$ 78,000                       | \$ 78,000                    |                       |                       |                        |                        |                        |
| DBA- Homeless Outreach Worker                                                                                                                                                                           | Immediate Street Conditions and Hygiene | \$ 40,000            | \$ 40,000                       | \$ 40,000                    | \$ 40,000             | \$ 40,000             | \$ 40,000              | \$ 40,000              | \$ 40,000              |
| Downtown Streets Team                                                                                                                                                                                   | Immediate Street Conditions and Hygiene | \$ 225,000           | \$ 225,000                      | \$ 225,000                   | \$ 225,000            | \$ 225,000            | \$ 225,000             | \$ 225,000             | \$ 225,000             |
| Shelter at 742 Grayson Street                                                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Shelter at 1720 San Pablo Ave Lease                                                                                                                                                                     | Emergency Shelter                       | \$ 908,796           | \$ 908,796                      | \$ 908,796                   | \$ 935,160            | \$ 962,315            | \$ 990,284             | \$ -                   | \$ -                   |
| Dorothy Day House Berkeley Emergency Storm Shelter (Winter Shelter)                                                                                                                                     | Emergency Shelter                       | \$ 350,000           | \$ 350,000                      | \$ 350,000                   | \$ 358,750            | \$ 367,719            | \$ 376,912             | \$ 386,335             | \$ 395,993             |
| Dorothy Day House - Inclement Weather Shelter                                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ 412,185                      | \$ 412,185                   | \$ 290,000            | \$ 290,000            | \$ 290,000             | \$ 290,000             | \$ 290,000             |
| Dorothy Day House Beyond Horizon - 1720 San Pablo Avenue - Supportive Services                                                                                                                          | Emergency Shelter                       | \$ 950,000           | \$ 950,000                      | \$ 950,000                   | \$ 950,000            | \$ 950,000            | \$ 950,000             | \$ -                   | \$ -                   |
| 1367 University Avenue Step Up Housing Project*                                                                                                                                                         | Permanent Housing                       |                      |                                 |                              | 1,040,027             | 1,066,027             | 1,092,678              | 1,119,995              | 1,147,995              |
| Russell Street Residence Acquisition                                                                                                                                                                    | Permanent Housing                       | \$ -                 | \$ 4,500,000                    | \$ 4,500,000                 | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| HHCS: Square One Hotel Vouchers                                                                                                                                                                         | Emergency Shelter                       | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Training and Evaluation                                                                                                                                                                                 | Staffing/Infrastructure                 | \$ 133,334           | \$ 133,334                      | \$ 133,334                   | \$ 133,334            | \$ 133,334            | \$ 133,334             | \$ 133,334             | \$ 133,334             |
| Homeless Response Team                                                                                                                                                                                  | Immediate Street Conditions and Hygiene | \$ 920,085           | \$ 920,085                      | \$ 920,085                   | \$ 920,085            | \$ 920,085            | \$ 920,085             | \$ 920,085             | \$ 920,085             |
| Berkeley Relief Fund                                                                                                                                                                                    | Homelessness Prevention                 | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Portable Toilets                                                                                                                                                                                        | Immediate Street Conditions and Hygiene | \$ 96,000            | \$ 96,000                       | \$ 96,000                    | \$ 96,000             | \$ 96,000             | \$ 96,000              | \$ 96,000              | \$ 96,000              |
| Old City Hall Sprinkler system                                                                                                                                                                          | Emergency Shelter                       | \$ -                 | \$ 400,000                      | \$ 400,000                   |                       |                       |                        |                        |                        |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Permanent Housing                       | \$ 578,164           | \$ 578,164                      | \$ 578,164                   | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Immediate Street Conditions and Hygiene | \$ 976,207           | \$ 976,207                      | \$ 976,207                   | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Emergency Shelter                       | \$ 882,480           | \$ 882,480                      | \$ 882,480                   | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Staffing/Infrastructure                 | \$ 23,837            | \$ 23,837                       | \$ 23,837                    | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| One-Time Use of Measure P for Nexus Community Programs                                                                                                                                                  | Homelessness Prevention                 | \$ 262,215           | \$ 262,215                      | \$ 262,215                   | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Reimagining Public Safety-Expand Downtown Streets Teams as placement for low-level violations                                                                                                           | Immediate Street Conditions and Hygiene | \$ 50,000            |                                 |                              | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Equitable Clean Streets                                                                                                                                                                                 | Immediate Street Conditions and Hygiene | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Expand the scope of services for the Downtown Streets Team to address the need for enhanced services around commercial and industrial areas in the Gilman District twice weekly                         | Immediate Street Conditions and Hygiene | \$ 50,000            | \$ 50,000                       | \$ 50,000                    | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Reimagining Public Safety: Conduct a service needs assessment based on 911 and non-911 calls for service, dispatch, and response and capacity assessment of crisis response and crisis-related services | Staffing/Infrastructure                 | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Reimagining Public Safety: Funding to organizations for Respite from Gender/Domestic Violence                                                                                                           | Emergency Shelter                       | \$ 220,000           | \$ 220,000                      | \$ 220,000                   | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| 1654 5th Street Operations                                                                                                                                                                              | Emergency Shelter                       | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| 701 Harrison Transition - Site Security                                                                                                                                                                 | Emergency Shelter                       | \$ -                 | \$ 88,000                       | \$ 88,000                    | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Public facilities improvement                                                                                                                                                                           | Staffing/Infrastructure                 | \$ -                 |                                 |                              | \$ -                  | \$ -                  | \$ -                   | \$ -                   | \$ -                   |
| Encampment Resolution Fund 2 Awarded Grant Match- Rodeway Inn                                                                                                                                           | Emergency Shelter                       | \$ -                 | \$ -                            | \$ -                         | \$ -                  | \$ 2,496,456          | \$ 2,527,538           | \$ -                   | \$ -                   |
| <b>HCEB Contract- Interim Housing at Rodeway Inn</b>                                                                                                                                                    |                                         |                      |                                 | <b>\$ 1,925,256</b>          |                       |                       |                        |                        |                        |
| Encampment Resolution Fund 3 Tentative Grant Match                                                                                                                                                      |                                         |                      |                                 |                              |                       |                       |                        |                        |                        |
| <b>Fiscal Year Surplus (Shortfall)</b>                                                                                                                                                                  |                                         | <b>\$ 27,837</b>     | <b>\$ (8,971,346)</b>           | <b>\$ (14,496,403)</b>       | <b>\$ (3,433,916)</b> | <b>\$ (6,206,196)</b> | <b>\$ (5,952,890)</b>  | <b>\$ (1,262,848)</b>  | <b>\$ (6,517,190)</b>  |
| <b>Ending Fund Balance</b>                                                                                                                                                                              |                                         | <b>\$ 19,915,259</b> | <b>\$ 10,916,076</b>            | <b>\$ 5,391,019</b>          | <b>\$ 1,957,103</b>   | <b>\$ (4,249,093)</b> | <b>\$ (10,201,984)</b> | <b>\$ (11,464,831)</b> | <b>\$ (17,982,022)</b> |

## Attachment 2



Office of the City Manager

INFORMATION CALENDAR

March 26, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Sharon Friedrichsen, Budget Manager  
Henry Oyekanmi, Finance Director

Subject: Fiscal Year 2024 Mid-Year Budget Update

RECOMMENDATION

Council receive and file the Fiscal Year 2024 Mid-Year Budget Update.

INTRODUCTION

This report presents the Fiscal Year 2024 ("FY 2024") Mid-Year Budget Update including actual General Fund and Special Fund expenditures incurred from July 1, 2023 to December 31, 2023. It also provides an estimate of anticipated General Fund revenues and expenditures by June 30, 2024 and projected expenditures for All Funds by department for FY 2024.

CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley is currently in FY 2024, which covers the period of July 1, 2023 to June 30, 2024. On June 27, 2023 the City Council adopted the FY 2024 Budget, authorizing gross appropriations of \$728,631,293 and net appropriations of \$621,229,929 (net of dual appropriations). The General Fund portion of this appropriation is \$276,548,969.

As depicted on the next page, the *FY 2024 Mid-Year General Budget at a Glance*, shows that, as of December 31, 2023, General Fund revenues actuals are at 45.32% of the revised budget projection. Revenues received are less than 50% with half of the fiscal year elapsed, although the timing of the receipt of revenues varies through the course of the fiscal year. The year-end projected revenue is expected at \$1.67 million less than the Adopted and Revised revenue.

General Fund expenses are at 55.54%, compared to the projected 50%, halfway through the fiscal year. Based on the mid-year trend, expenditures are projected to end over the revised budget by approximately \$2.4 million. The FY 2024 mid-year projected ending shortfall is mostly due to increased personnel costs based upon approved labor agreements and public safety overtime offset by salary savings related to vacancies in other departments. However, the projections do not reflect all expenditures approved on January 16, 2024 by Council in the Amendment to the Annual Appropriation Ordinance (AAO#1).

**FY 2024 Mid-Year General Budget at a Glance**

| <b>\$'s in Millions</b>                                                                  | <b>Revenues</b> | <b>Expenditures</b> |
|------------------------------------------------------------------------------------------|-----------------|---------------------|
| FY 2024 Adopted Budget                                                                   | \$266.42        | (\$276.55)          |
| FY 2024 Revised Budget                                                                   | \$266.42        | (\$307.53)          |
| FY 2024 Mid-Year Actuals                                                                 | \$120.73        | (\$170.81)          |
| Percentage of Revenue Received/<br>Expended and Encumbered<br>compared to Revised Budget | 45.32%          | 55.54%              |
| FY 2024 Year-End Projected                                                               | \$264.75        | (\$309.96)          |
| Variance between Revised and<br>Projected                                                | (\$1.67)        | (\$2.43)            |

**FY 2024 Mid-Year Summary****General Fund Revenues**

*General Fund Revenue and Transfer In FY 2024 Mid-Year vs FY 2023 Mid-Year Comparison*, on the next page, shows FY 2024 General Fund Revenues through the first six months of the current fiscal year and compares the year-to-date revenues received to the first six months of FY 2023. General Fund revenue and transfers decreased \$7,143,655 or 5.59%, from \$127,875,604 in the first half of FY 2023, to \$120,731,949 for the same period in FY 2024.

Notable declines during the first half of FY 2024 were the following:

- |                                      |              |
|--------------------------------------|--------------|
| 1. Property Transfer Taxes           | \$ 6,619,374 |
| 2. Measure P Property Transfer Taxes | 5,523,564    |
| 3. Transfers In                      | 2,411,463    |
| 4. Sales Taxes                       | 382,339      |

As staff indicated in the FY 2023 General Fund Revenue report to Council, the City General Fund has, for the near term, lost at least two of its three primary drivers of annual growth (Property Transfer Taxes and Measure P Property Transfer Taxes). These drivers of annual growth are experiencing negative growth that will eventually lower growth for Secured Property Taxes as they have continued to decline sharply in the first half of FY 2024. As a result, the General Fund revenue and transfers projection for FY 2024 has been reduced by \$1,672,971 or .6% from \$266,418,342 to \$264,745,371.

The City's Sales Tax Consultant has noted softening in sales activity in several sales tax categories since the Adopted Budget was passed, resulting in a reduction in the Sales Tax revenue projection of \$1,278,425, from \$19,654,225 to \$18,375,800. The decline in Transfers In was due to a decline of \$4,507,934 in transfers from the American Rescue Plan Fund.

Three notable increases during the first half of FY 2024 were Unsecured Property Taxes (+\$729,509), Ambulance Fees (+\$1,335,904) and Interest Income (+\$2,580,861), which resulted in increases in the revenue projections for those revenue categories. Excluding Transfers, General Fund revenue decreased \$4,327,473 or 3.55%, from \$121,916,745 in the first half of FY 2023, to \$116,589,272 in the first half of FY 2024.

**General Fund Revenue and Transfer In FY 2024 Mid-Year vs FY 2023 Mid-Year Comparison**

| Revenue Categories                                      | FY 2024              |                      |                       |               | FY 2023              |                      |                       |               | Comparison FY24 vs FY23 |               |
|---------------------------------------------------------|----------------------|----------------------|-----------------------|---------------|----------------------|----------------------|-----------------------|---------------|-------------------------|---------------|
|                                                         | Adopted              | Actual               | Variance              | % Received    | Adopted              | Actual               | Variance              | % Received    | Amount                  | %             |
| Secured Property                                        | \$84,725,717         | \$42,904,620         | (\$41,821,097)        | 50.64%        | \$75,664,920         | \$40,237,811         | (\$35,427,109)        | 53.18%        | 2,666,809               | 6.63%         |
| Redemptions -Regular                                    | 831,441              | 524,404              | (307,037)             | 63.07%        | 831,441              | 461,026              | -370,415              | 55.45%        | 63,378                  | 13.75%        |
| Supplemental Taxes                                      | 3,400,000            | 1,197,265            | (2,202,735)           | 35.21%        | 2,000,000            | 1,229,929            | -770,071              | 61.50%        | (32,664)                | -2.66%        |
| Unsecured Property Taxes                                | 3,806,995            | 3,881,280            | 74,285                | 101.95%       | 3,516,000            | 3,151,771            | -364,229              | 89.64%        | 729,509                 | 23.15%        |
| Property Transfer Tax                                   | 22,873,786           | 10,056,934           | (12,816,852)          | 43.97%        | 34,462,172           | 16,676,308           | -17,785,864           | 48.39%        | (6,619,374)             | -39.69%       |
| Property Transfer Tax-Measure P (New December 21, 2018) | 10,189,500           | 2,840,259            | (7,349,241)           | 27.87%        | 14,073,750           | 8,363,823            | -5,709,927            | 59.43%        | (5,523,564)             | -66.04%       |
| Sales Taxes                                             | 19,654,225           | 9,305,556            | (10,348,669)          | 47.35%        | 19,016,546           | 9,687,895            | -9,328,651            | 50.94%        | (382,339)               | -3.95%        |
| Soda Taxes                                              | 1,147,387            | 581,705              | (565,682)             | 50.70%        | 990,210              | 642,874              | -347,336              | 64.92%        | (61,169)                | -9.51%        |
| Utility Users Taxes                                     | 17,454,320           | 7,801,328            | (9,652,992)           | 44.70%        | 13,800,000           | 7,638,612            | -6,161,388            | 55.35%        | 162,716                 | 2.13%         |
| Transient Occupancy Taxes                               | 8,374,588            | 4,393,772            | (3,980,816)           | 52.47%        | 5,000,000            | 4,785,735            | -214,265              | 95.71%        | (391,963)               | -8.19%        |
| Less: TOT rebates owed (3)                              |                      | (546,224)            |                       |               |                      | (498,566)            |                       |               | (47,658)                | 9.56%         |
| Short-term Rentals                                      | 1,400,000            | 687,271              | (712,729)             | 49.09%        | 1,000,000            | 712,661              | -287,339              | 1,000,000     | (25,390)                | -3.56%        |
| Business License Tax                                    | 21,560,783           | 1,592,902            | (19,967,881)          | 7.39%         | 19,000,000           | 1,010,143            | -17,989,857           | 5.32%         | 582,759                 | 57.69%        |
| Recreational Cannabis                                   | 1,000,000            | 76,512               | (923,488)             | 7.65%         | 1,400,000            | 237,669              | -1,162,331            | 16.98%        | (161,157)               | -67.81%       |
| U1 Revenues                                             | 5,900,000            | 181,607              | (5,718,393)           | 3.08%         | 4,900,000            | 113,893              | -4,786,107            | 2.32%         | 67,714                  | 59.45%        |
| Other Taxes (excluding Redemptions-Regular)             | 2,593,129            | 1,899,156            | (693,973)             | 73.24%        | 1,800,000            | 1,500,099            | -299,901              | 83.34%        | 399,057                 | 26.60%        |
| Vehicle In-Lieu Taxes                                   | 17,811,134           | 8,937,911            | (8,873,223)           | 50.18%        | 15,926,168           | 8,329,833            | -7,596,335            | 52.30%        | 608,078                 | 7.30%         |
| Parking Fines-Regular Collections                       | 5,800,000            | 3,253,087            | (2,546,913)           | 56.09%        | 4,326,450            | 3,104,161            | -1,222,289            | 71.75%        | 148,926                 | 4.80%         |
| Moving Violations                                       | 132,600              | 96,254               | (36,346)              | 72.59%        | 132,600              | 71,415               | -61,185               | 53.86%        | 24,839                  | 34.78%        |
| Ambulance Fees                                          | 5,350,779            | 3,815,272            | (1,535,507)           | 71.30%        | 3,880,779            | 2,479,368            | -1,401,411            | 63.89%        | 1,335,904               | 53.88%        |
| Interest Income                                         | 8,826,211            | 6,619,791            | (2,206,420)           | 75.00%        | 6,000,000            | 4,038,930            | -1,961,070            | 67.32%        | 2,580,861               | 63.90%        |
| Franchise Fees                                          | 1,720,056            | 307,634              | (1,412,422)           | 17.89%        | 1,613,283            | 335,043              | -1,278,240            | 20.77%        | (27,409)                | -8.18%        |
| Other Revenue                                           | 7,668,797            | 3,018,612            | (4,650,185)           | 39.36%        | 6,729,977            | 3,902,132            | -2,827,845            | 57.98%        | (883,520)               | -22.64%       |
| IDC Reimbursement                                       | 6,104,970            | 3,259,079            | (2,845,891)           | 53.38%        | 5,490,000            | 3,205,614            | -2,284,386            | 58.39%        | 53,465                  | 1.67%         |
| Transfers                                               | 8,091,924            | 4,045,962            | (4,045,962)           | 50.00%        | 17,096,148           | 6,457,425            | -10,638,723           | 37.77%        | (2,411,463)             | -37.34%       |
| <b>Total Revenue:</b>                                   | <b>\$266,418,342</b> | <b>\$120,731,949</b> | <b>-\$145,686,393</b> | <b>45.32%</b> | <b>\$258,650,444</b> | <b>\$127,875,604</b> | <b>-\$130,774,840</b> | <b>49.44%</b> | <b>(\$7,143,655)</b>    | <b>-5.59%</b> |

Notes: This statement is presented on a budgetary basis (i.e., cash).

Before getting into the FY 2024 General Fund revenue details, staff also want to point out that the City's General Fund revenue challenges have not ended now that the Fed's have apparently stopped raising short-term rates, for the following reasons:

1. The Fed's monetary tightening includes a program to sell \$95 billion/month (or \$1.14 trillion per year) of Agency and Mortgage-Backed securities from its Balance Sheet, which increases the supply of these securities and puts additional upward pressure on long-term rates, including mortgage rates. Prior to the monetary policy change, as the Fed's was the major purchaser of these long-term securities;
2. The proposed \$1.8 trillion federal budget deficit for the upcoming fiscal year will require the issuance of an additional \$1.8 trillion in Treasury Bonds to fund the deficit; and,
3. The Personal Consumption Expenditures (PCE) index (the Fed's favored inflation index) has declined from almost 9% during the pandemic to 2.93% in December 2023, close to the Fed's 2.0% target.

Despite that, the Fed is reluctant to lower short-term interest rates as soon as the market expected. The Fed Chairman indicated at the January 31, 2024 meeting that it will not start lowering interest rates until it is certain that inflation is on a sustainable path to the Fed's 2% goal.

The additional huge supply of bonds from these macroeconomic factors will probably overwhelm demand for long-term bonds and continue to put pressure on long-term interest rates, including mortgage rates. In addition to reducing consumer spending and slowing down the economy, it will keep mortgage rates high.

### **FY 2024 FIRST HALF GENERAL FUND REVENUE DETAILS**

#### **Supplemental Taxes (-\$32,664 less than FY 2023 Actual)**

During the first half of FY 2024, Supplemental Taxes totaled \$1,197,265, which was \$32,664 or 2.7% less than the \$1,229,929 received for the same period in FY 2023

#### **Secured Property Tax (+\$2,666,809 more than FY 2023 Actual)**

During the first half of FY 2024, Secured Property Tax revenues totaled \$42,904,620, which was \$2,666,809 or 6.63% more than the \$40,237,811 received for the same period in FY 2023.

This result was consistent with the County's Certification of Assessed Valuation (received from the County in August 2023), which reflects growth of 7.256%. However, the FY 2024 Adopted Budget assumed a 6.895% increase for FY 2024, so actual Secured Property Taxes are expected to be \$286,128 or .361% more than the Adopted Budget amount of \$84,725,717. The Secured Property Tax Revenue projection is being increased from \$84,725,717 to \$85,011,845.

#### **Unsecured Property Tax (+\$729,509 more than FY 2023 Actual)**

During the first half of FY 2024, Unsecured Property Tax revenues totaled \$3,881,280, which was \$729,509 or 23.2% more than the amount of \$3,151,771 received for the same period in FY 2023.

This amount is greater than the County's Certification of Assessed Valuation growth of 9.1% for FY 2024. The Unsecured Property Tax Revenue projection is being increased from \$3,806,995 to \$3,881,280.

#### **Property Transfer Tax (-\$6,619,374 less than FY 2023 Actual)**

During the first half of FY 2024, Property Transfer Tax totaled \$10,056,934, which was \$6,619,374 or 39.7% less than the \$16,676,308 received for the same period in FY 2023.

The primary reasons for the \$6,619,374 decrease in Property Transfer Tax were the following:

- (1) The dollar value of property sales decreased by \$487.2 billion or 42.2%, from \$1.154.7 billion in the first half of FY 2023 to \$667.5 million during the same period of FY 2024, as illustrated in Table 1 below.
- (2) There were ten property sales of \$10 million or more, with total sales of \$411 million in the first half of FY 2023 compared to 4 property sales of \$10 million or more, with total sales of \$74.9 million in the first half of FY 2024; and,

(3) The number of property sales transactions decreased by 126 or 23.7% from 532 in the first half of FY 2023 to 406 during the same period of FY 2024, as illustrated in the Table 3 below.

This decline in real estate activity is generally attributed to high and increasing mortgage rates and a slowing economy resulting from the Federal Reserve Board’s aggressive attempt to reduce the money supply and slowing down the US economy in order to reduce inflation, by sharply raising interest rates and selling \$95 billion/month of Agency and Mortgage-Backed securities from its Balance Sheet. The Property Transfer Tax Revenue projection is being decreased from \$22,873,786 to \$16,873,786.

**Property Sales In Million \$**

|          | July    | Aug     | Sept   | Oct    | Nov    | Dec    | Total   |
|----------|---------|---------|--------|--------|--------|--------|---------|
| FY 2024  | \$129.2 | \$152.5 | \$99.9 | \$95.7 | \$95.8 | \$94.4 | \$667.5 |
| FY 2023  | 188.9   | 320.0   | 134.6  | 113.9  | 254.9  | 142.4  | 1,154.7 |
| Change   | -59.7   | -167.5  | -34.7  | -18.2  | 159.1  | -48.0  | -487.2  |
| % Change | -31.6%  | -52.3%  | -25.8% | -16.0% | 62.4%  | -33.7% | -42.2%  |

**Number of Property Sales Transactions**

|          | July   | Aug    | Sept  | Oct    | Nov   | Dec  | Total  |
|----------|--------|--------|-------|--------|-------|------|--------|
| FY 2024  | 79     | 73     | 64    | 61     | 67    | 62   | 406    |
| FY 2023  | 113    | 101    | 108   | 79     | 74    | 57   | 532    |
| Change   | -34    | -28    | -44   | -18    | -7    | 5    | -126   |
| % Change | -30.1% | -27.7% | 40.7% | -22.8% | -9.5% | 8.8% | -23.7% |

**Measure P-Property Transfer Tax (-\$5,523,564 less than FY 2023 Actual)**

Measure P taxes totaling \$2,840,259 was collected during the first half of FY 2024, which was \$5,523,564 or 66.0% less than the \$8,363,823 collected during the same period of FY 2023. This decrease resulted primarily from the following: (1) A decrease of 61.0% in the dollar value of property sales amount in the first half of FY 2024 versus those in the first half of FY 2023 as reflected in Table 3; (2) The number of property sales transactions decreased by 131 or 60.9% during the first half of FY 2024, as illustrated in the table below; and,(3) There were only four property sales of \$10 million or more totaling \$75 million during this six-month period in FY 2024, compared to 9 transactions with total property sales of \$401 million for the same period in FY 2023. The Measure P1 Property Transfer Tax Revenue projection is being decreased from \$10,189,500 to \$6,500,000.

**Property Sales \$1.5 million+ In Million \$**

|          | July   | Aug    | Sept   | Oct    | Nov    | Dec    | Total   |
|----------|--------|--------|--------|--------|--------|--------|---------|
| FY 2024  | \$62.8 | \$87.2 | \$48.5 | \$51.9 | \$33.6 | \$42.5 | \$326.5 |
| FY 2023  | 114.4  | 271.1  | 84.1   | 63.3   | 203.7  | 99.8   | 836.4   |
| Change   | - 51.6 | -183.9 | -35.6  | -11.4  | -170.1 | -57.3  | -509.9  |
| % Change | -45.1% | -67.8% | -42.3% | -18.0% | -83.5% | -57.4% | -61.0%  |

**Property Transactions \$1.5 Million and Above**

|          | July   | Aug    | Sept   | Oct    | Nov    | Dec    | Total  |
|----------|--------|--------|--------|--------|--------|--------|--------|
| FY 2024  | 18     | 17     | 12     | 15     | 12     | 10     | 84     |
| FY 2023  | 52     | 41     | 48     | 31     | 24     | 19     | 215    |
| Change   | -34    | -24    | -36    | -16    | -12    | -9     | -131   |
| % Change | -65.4% | -58.5% | -75.0% | -51.6% | -50.0% | -47.4% | -60.9% |

**Sales Tax (-\$382,339 less than FY 2023 Actual)**

For the first half of FY 2024, Sales Tax revenue totaled \$9,305,556, which was \$382,339 or 3.95% less than the \$9,687,895 received for the same period in FY 2023. The City's Sales Tax Consultant has noticed a significant softening of sales in several categories since the Adopted Budget was passed and has revised revenue projections in the following categories:

| Category             | Adopted Budget Amount | Revised Projection   | Difference           |
|----------------------|-----------------------|----------------------|----------------------|
| General Retail       | \$ 4,514,430          | \$ 4,037,541         | (\$ 476,889)         |
| Food Products        | 5,584,993             | 5,332,044            | ( 252,949)           |
| Transportation       | 3,060,135             | 2,566,985            | ( 493,150)           |
| Construction         | 1,697,060             | 1,430,481            | ( 266,579)           |
| Business to Business | 1,692,394             | 1,729,113            | 36,719               |
| Miscellaneous        | 211,692               | 563,185              | 351,493              |
| County Pool          | 4,091,330             | 3,437,856            | ( 653,474)           |
| State Pool           | 9,402                 | 8,989                | (413)                |
| County Sharing       | (1,043,072)           | (955,310)            | 87,762               |
| CDTFA Administration | (164,139)             | (137,311)            | 26,828               |
| <b>Total</b>         | <b>\$19,654,225</b>   | <b>\$ 18,013,573</b> | <b>(\$1,640,652)</b> |

As a result, the FY 2024 Sales Tax Revenue projection is being decreased from \$19,654,225 to \$18,375,800.

**Utility Users Taxes (+\$162,716 more than FY 2023 Actual)**

Utility Users Tax revenue for the first half of FY 2024 totaled \$7,801,328, which was \$162,716 or 2.13% more than the \$7,638,612 received for FY 2023. This increase of \$162,716 resulted from increases/decreases in the following categories:

| <b>FY 2024 Actual Revenues Compared to FY 2023 Actual Revenues</b> |                    |                    |                  |                 |
|--------------------------------------------------------------------|--------------------|--------------------|------------------|-----------------|
|                                                                    | <b>FY2024</b>      | <b>FY 2023</b>     | <b>\$ Change</b> | <b>% Change</b> |
| Telephone                                                          | \$ 515,199         | \$ 545,243         | \$ -30,044       | -5.96%          |
| Cable                                                              | 475,793            | 503,785            | - 27,992         | -5.56%          |
| Cellular                                                           | 881,338            | 898,459            | -17,121          | -1.91%          |
| Electric                                                           | 4,792,052          | 4,346,334          | 445,718          | 10.26%          |
| Gas                                                                | 1,136,946          | 1,344,791          | -207,845         | -15.46%         |
| <b>Total</b>                                                       | <b>\$7,801,328</b> | <b>\$7,638,612</b> | <b>\$162,716</b> | <b>2.13%</b>    |

PG&E received an 8% increase in electricity rates in January 2022, another increase of 8.9% in March 2023, and another ranging between 1%-4.1% effective September 1, 2023. The UUT Revenue projection is being increased from \$17,454,320 to \$17,700,000.

**Transient Occupancy Tax (-\$391,963 less than FY 2023 Actual)**

The total gross Transient Occupancy Tax (TOT) revenue reported for the first half of FY 2024 totaled \$4,393,772 (before deducting \$546,224 in TOT rebates owed), which was \$391,963 or 8.2% less than the \$4,785,735 (before deducting \$498,566 in TOT rebates owed) received for the same period in 2023. The decline reported was \$439,621 or 10.3% after deducting the TOT rebates owed for the respective period.

However, four hotels with a total of \$293,467 in TOT and \$92,312 in TOT rebates owed were not reported in the period ending December 31, 2023. After considering these transactions, gross TOT revenue in the first half of FY 2024 declined \$98,496 or 2.1% and net TOT (after deducting TOT rebates owed) declined \$238,466 or 5.6%.

The revised decrease in the first half of FY 2024 was primarily attributable to a gross decrease of 3.7% and a net decrease of .2% at the six largest hotels in Berkeley.

**Short-Term Rentals (-\$25,390 less than FY 2023 Actual)**

Short-Term Rentals revenue for the first half of FY 2024 totaled \$687,271, which was \$25,390 or 3.6% less than the \$712,661 received for the same period in FY 2023.

**Business License Taxes (+\$582,759 more than FY 2023 Actual)**

Business license Taxes (BLT) revenue for the first half of FY 2024 totaled \$1,592,902, which was \$582,759 or 57.7% more than the \$1,010,143 received for the same period in FY 2023.

It is too soon to determine if this increase is due to growth or due to the timing of the processing of the Business License Tax receipts, as these taxes are not delinquent until March 1<sup>st</sup>.

**U1 Revenues (+\$67,714 more than FY 2023 Actual)**

U1 revenues for the first half of FY 2024 totaled \$181,607, which was \$67,714 or 59.5% more than the \$113,893 received for the same period in FY 2023.

It is too soon to determine if this increase is due to growth or due to the timing of the processing of the U1 receipts, as these taxes are not delinquent until March 1<sup>st</sup>.

**Vehicle In Lieu Taxes (+\$608,078 more than FY 2023 Actual)**

Vehicle in Lieu Taxes (VLF) for the first half of FY 2024 totaled \$8,937,911, which was \$608,078 or 7.30% more than the \$8,329,833 received for the same period in FY 2023. This result was consistent with the County's Certification of Assessed Valuation (received in August 2022), which reflects growth of 7.256%. Changes in VLF revenues are based on the growth in assessed values. However, the Adopted Budget reflects growth of 6.912%, so actual Vehicle In Lieu Taxes are expected to be \$57,356 or .3443% more than the Adopted Budget amount of \$17,811,134. The FY 2024 Vehicle In Lieu Tax projection is being increased from \$17,811,134 to \$17,868,490.

**Other Taxes (+\$399,057 more than FY 2023 Actual)**

Other Taxes (excluding Redemptions-Regular) for the first half of FY 2024 totaled \$1,899,156 which was \$399,047 or 26.6% more than the \$1,500,099 received for the same period in FY 2023. The primary reason for the increase was (1) an increase of \$199,570 in Parking Lot Taxes; (2) a decline of \$191,035 in BLT penalties; (3) a decline of \$97,637 in BLT interest; and, (4) \$406,213 in Transportation Network Company User Tax (i.e., a tax on ride sharing companies enacted during the height of the COVID-19 pandemic) was recorded as Other Revenue, instead of Other Taxes in FY 2023. After including Transportation Network Company User Taxes as Other Taxes, instead of Other Income, the FY 2024 Other Taxes projection is being increased from \$2,593,129 to \$4,621,618.

**Parking Fines (+\$148,926 more than FY 2023 Actual)**

Parking Fines revenue for the first half of FY 2024 totaled \$3,253,087, which was \$148,926 or 4.8% more than the \$3,104,161 received for the same period in FY 2023. The primary reason for the increase was the continued increase in ticket writing. For the first half of FY 2024, ticket writing increased by 4,986 or 7.06% from 70,592 in the first half of FY 2023 to 75,578 in the same period in FY 2024, as follows:

|              | July   | Aug    | Sept   | Oct    | Nov    | Dec    | Total  |
|--------------|--------|--------|--------|--------|--------|--------|--------|
| FY 2024      | 12,318 | 13,865 | 12,931 | 12,819 | 12,213 | 11,432 | 75,578 |
| FY 2023      | 10,881 | 11,414 | 12,984 | 12,419 | 12,369 | 10,525 | 70,592 |
| Difference   | 1,437  | 2,451  | -53    | 400    | -156   | 907    | 4,986  |
| % Difference | 13.2%  | 21.5%  | -.4%   | 12.6%  | -1.26% | 8.62%  | 7.06%  |

**Ambulance Fees (+\$1,335,904 more than FY 2023 Actual)**

Ambulance Fees revenue for the first half of FY 2024 totaled \$3,815,272, which was \$1,335,904 or 53.9% more than the \$3,833,730 received for the same period in FY 2023. This increase was primarily due to (1) an increase in the number of transports, which increased by 205 or 7% in the first half of FY 2024, from 2,941 to 3,146; and (2) the Public Provider Ground Emergency Medical Transportation (PPGEMT) program replacing the Quality Assurance Fee Program (QAF); The MEDI-CAL and MCAL HMO reimbursement rate increased to \$1,062 under the PPGEMT Program from \$339 under the QAF Program. As a result, the FY 2024 Ambulance Fee revenue projection is being increased from \$5,350,779 to \$6,944,117 in FY 2024.

**Interest Income (+\$2,580,861 more than FY 2023 Actual)**

For the first half of FY 2024, Interest Income totaled \$6,619,791, which was \$2,580,861 or 63.9% more than the total of \$4,038,930 received for the same period in FY 2023. This increase was primarily attributable to a significant increase in average interest rates earned after the Federal Reserve reversed course and started raising interest rates on March 17, 2022. Primarily as a result of the Fed's actions, the net interest rate earned by the City increased from a range of 1.837%-2.616% during the first half of FY 2023, to a range of 2.84%-3.10% during the first half of FY 2024, as follows:

| <b>Monthly Net Interest Rate Earned</b> |             |            |             |            |            |            |
|-----------------------------------------|-------------|------------|-------------|------------|------------|------------|
|                                         | <b>July</b> | <b>Aug</b> | <b>Sept</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> |
| FY 2024                                 | 3.10%       | 3.02%      | 2.95%       | 2.95%      | 2.88%      | 2.84%      |
| FY 2023                                 | 1.837%      | 2.025%     | 1.972%      | 2.258%     | 2.390%     | 2.616%     |

The FY 2024 Interest Income projection is being increased from \$8,826,211 to \$12,615,354.

**Indirect Cost Reimbursements (+\$53,465 more than FY 2023 Actual)**

**Indirect Cost Reimbursements (IDC)** for the first half of FY 2024 totaled \$3,259,079, which was \$53,465 or 1.67% more than the \$3,205,614 received for the same period in FY 2023. This increase was primarily accounted for by an increase in the indirect cost allocation base (total direct salaries and wages) from \$14,360,779 in the first half of FY 2023 to \$14,846,041 in FY 2024. The FY 2024 IDC revenue projection is being increased from \$6,104,970 to \$6,800,000.

**Transfers (-\$2,411,463 less than FY 2023 Actual)**

Transfers from other funds for the first half of FY 2024 totaled \$4,045,962 which was \$2,411,463 or 37.3% less than the \$6,457,425 received for the same period in FY 2023. This was primarily attributable to the Transfer of \$1,627,872 from the American Rescue Plan Fund to recover from the impact of the COVID-19 pandemic in FY 2024, compared to the Transfer of \$6,135,806 from the American Rescue Plan Fund for the same period in FY 2023.

**Other Revenues (-\$883,520 less than FY 2023 Actual)**

Other Revenues primarily 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 for the first half of FY 2024 totaled \$3,018,612 which was \$883,520 or 22.6% less than the \$3,902,132 received for the same period in FY 2023. This decrease of \$883,520 was primarily attributable to (1) the inclusion of \$406,213 in TNC User Taxes to Other Income, rather than Other Taxes in the first half of FY 2023; and (2) A premium of \$687,680 on the issuance of the Tax and Revenue Anticipation Notes (TRAN) in FY 2023 versus \$457,283 in FY 2024. The premium paid to the City was not actually revenue; it was a liability that was paid by the purchaser of the City’s Notes when the coupon interest rate was higher than the market rate when the Notes were issued. It will be used to offset the interest expense paid by the City on the Notes.

The FY 2023 total for Other Revenue was \$9,043,937, while the Adopted Budget total was \$7,668,797. The FY 2024 Other Revenue projection is being increased from \$7,668,797 to \$8,468,797.

**Based on the FY 2024 Mid-Year, the revised projection for the FY 2024 General Fund Revenues are \$264.75 million.**

**General Fund Expenditures**

On June 27, 2023 the City Council adopted the FY 2024 Budget, which authorized General Fund expenditures in FY 2024 of \$276.55 million. Subsequently, on December 12, 2023, the City Council approved General Fund recommended encumbered rollovers, unencumbered carryovers, and adjustments totaling \$50.04 million in the Amendment to the FY 2024 Annual Appropriations Ordinance (AAO#1) as shown in the table below:

**FY 2024 General Fund Revised Budget**

| <b>FY 2024 Adopted Budget</b> | <b>Encumbered Recommended</b> | <b>Unencumbered Recommended</b> | <b>Other Adjustments</b> | <b>FY 2024 Revised Budget</b> |
|-------------------------------|-------------------------------|---------------------------------|--------------------------|-------------------------------|
| \$ 276,548,969                | \$ 16,752,951                 | \$ 12,523,938                   | \$ 20,763,498            | \$ 326,589,356                |

\*FY 24 Revised Budget at mid-year totaled \$307.5 million. With AAO#1 amendment approved in January 2024, revised budget increases to \$326.6 million.

The encumbered rollovers of \$16.75 million reflect contractual obligations entered in FY 2023, which had not been paid as of June 30, 2023. Unencumbered carryovers of \$12.52 million are approved by Council for specific purposes that had not been completed by the end of FY 2023. Funding for these commitments is brought forward into the current fiscal year to provide for payment of these obligations. Adjustments are new allocations for projects and Council priorities as detailed in the AAO. Included in the other adjustments of \$20.76 million are Council authorized allocations approved through the adoption of the Amendment to the AAO on December 12, 2023 (first reading) and January 16, 2024 (second reading).

General Fund expenditures incurred by department as of December 31, 2023 are shown in the following chart along with projections regarding the expenditures likely to be incurred through June 30, 2024. The two projected savings/deficit columns in the chart below are an estimate of whether the department will be under or over the revised budget and their respective appropriation limit based upon the first six months of the year. Not all of the adopted AAO#1 funding is reflected in the FY 2024 Revised Budget as of December 31, 2023.

The General Fund expenditure is projected to be over original revised budget of \$3.08 million by \$2.43 million at the end of FY 2024 (Revised Budget minus Projected Expenses). The planned expenditures reflect increased personnel costs based upon approved labor agreements, and public safety overtime offset by salary savings related to vacancies in other departments and adjustments approved by Council on January 16, 2024 in the Amendment to the Annual Appropriation Ordinance (AAO#1). Projected expenditures will also fluctuate as departments (1) fill vacant positions; (2) increase overtime spending to provide critical public safety services; (3) spend more on consultants and other professional services (“non-personnel costs”) to mitigate vacant staff positions and/or respond to unanticipated events and (4) implementation of projects.

**FY 2024 Mid-Year General Fund Expenditures (as of December 21, 2023)**

| DEPARTMENT                     | FY 2024 ADOPTED BUDGET | FY 2024 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES      | AVAILABLE BUDGET   | PERSONNEL PERCENTAGE USED | NON-PERSONNEL PERCENTAGE USED | TOTAL PERCENTAGE USED | FY 2024 PROJECTED EXPENDITURES | FY 2024 PROJECTED ENDING BALANCE/(DEFICIT) |
|--------------------------------|------------------------|-------------------------|-----------------------|-------------------|--------------------|---------------------------|-------------------------------|-----------------------|--------------------------------|--------------------------------------------|
| MAYOR AND COUNCIL              | 4,772,190              | 4,849,542               | 1,923,297             | 62,410            | 2,863,835          | 40.5%                     | 44.7%                         | 40.9%                 | 4,849,542                      | -                                          |
| CITY AUDITOR                   | 3,136,323              | 3,221,934               | 1,391,210             | 102,047           | 1,728,678          | 43.9%                     | 63.1%                         | 46.3%                 | 3,089,758                      | 132,177                                    |
| RENT STABILIZATION BOARD       | 550,000                | 651,588                 | 302,231               | 349,356           | 1                  | 0.0%                      | 100.0%                        | 100.0%                | 651,588                        | -                                          |
| POLICE ACCOUNTABILITY          | 1,142,593              | 1,310,290               | 515,732               | 159,357           | 635,201            | 34.4%                     | 77.3%                         | 51.5%                 | 1,597,102                      | (286,812)                                  |
| CITY MANAGER'S OFFICE          | 13,150,234             | 16,294,107              | 7,458,276             | 2,303,030         | 6,532,801          | 45.4%                     | 81.4%                         | 59.9%                 | 15,758,044                     | 536,063                                    |
| CITY ATTORNEY                  | 4,304,039              | 5,003,419               | 2,038,057             | 395,637           | 2,569,725          | 39.6%                     | 77.3%                         | 48.6%                 | 5,273,499                      | (270,080)                                  |
| CITY CLERK                     | 2,547,276              | 2,759,548               | 972,288               | 325,627           | 1,461,633          | 48.0%                     | 45.7%                         | 47.0%                 | 2,886,744                      | (127,196)                                  |
| FINANCE                        | 8,179,370              | 9,110,602               | 3,281,701             | 1,063,527         | 4,765,374          | 39.6%                     | 71.4%                         | 47.7%                 | 8,047,068                      | 1,063,534                                  |
| HUMAN RESOURCES                | 3,467,541              | 4,127,222               | 1,728,648             | 142,944           | 2,255,629          | 45.6%                     | 44.8%                         | 45.3%                 | 4,125,275                      | 1,947                                      |
| INFORMATION TECHNOLOGY         | 1,526,760              | 2,233,165               | 891,132               | 308,646           | 1,033,388          | 0.0%                      | 53.7%                         | 53.7%                 | 1,702,432                      | 530,733                                    |
| HEALTH, HSG & COMMUNITY SVC    | 31,429,102             | 47,457,711              | 16,578,721            | 9,486,685         | 21,392,304         | 40.7%                     | 60.9%                         | 54.9%                 | 45,656,435                     | 1,801,276                                  |
| PARKS, RECREATION & WATERFRONT | 9,359,349              | 11,766,832              | 5,828,846             | 997,780           | 4,940,206          | 49.7%                     | 66.8%                         | 58.0%                 | 16,256,832                     | (4,490,000)                                |
| PLANNING & DEVELOPMENT         | 3,277,246              | 6,494,510               | 1,469,787             | 171,732           | 4,852,991          | 43.4%                     | 12.2%                         | 25.3%                 | 6,132,221                      | 362,289                                    |
| PUBLIC WORKS                   | 6,558,529              | 12,160,727              | 3,144,927             | 1,972,562         | 7,043,238          | 30.8%                     | 49.4%                         | 42.1%                 | 9,264,376                      | 2,896,351                                  |
| POLICE                         | 83,606,570             | 81,617,830              | 41,085,284            | 1,081,010         | 39,451,536         | 49.5%                     | 70.3%                         | 51.7%                 | 85,155,524                     | (3,537,694)                                |
| FIRE & EMERGENCY SERVICES      | 39,546,063             | 43,205,216              | 22,830,487            | 4,951,735         | 15,422,994         | 62.6%                     | 67.8%                         | 64.3%                 | 49,455,394                     | (6,250,178)                                |
| NON DEPARTMENTAL               | 59,995,782             | 55,262,131              | 35,120,397            | 378,568           | 19,763,166         | 1564.8%                   | 64.1%                         | 64.2%                 | 50,055,826                     | 5,206,305                                  |
| <b>GRAND TOTAL</b>             | <b>276,548,969</b>     | <b>307,526,375</b>      | <b>146,561,021</b>    | <b>24,252,653</b> | <b>136,712,701</b> | <b>49.1%</b>              | <b>62.7%</b>                  | <b>55.5%</b>          | <b>309,957,660</b>             | <b>(2,431,285)</b>                         |

\*FY 2024 Revised does not reflect as of December 31, 2023 all Council approved allocations included in the FY 2024 AAO #1.

Explanations for significant projected savings and overages are as follows:

- City Auditor's Office, \$132,177: The projected balance is mostly due to salary savings by underfilled positions and a vacancy.
- Office of the Director of Police Accountability, (-\$46,237): The projected deficit results from expenditure patterns driven by one-time investments in office infrastructure, which were funded as part of AAO1, but not reflected at this point in time.

- City Manager's Office, \$536,063: Projected balance from vacancies during the first half of the fiscal year as well as timing-related delays in implementing new programs.
- City Attorney's Office, (-\$270,080): Projected deficit is timing related as the report does not reflect Council approved increases in funding in the AAO#1. Based upon AAO#1, the department is projecting a positive balance due to not incremental filling of vacancies and the possible partial use of funding for outside legal counsel.
- City Clerk, (-\$127,196): Projected deficit is due to unplanned special elections costs.
- Finance, \$1,063,534: Projected balance due to vacancies and challenges in finding qualified candidates to fill specialized positions funded by the General Fund.
- Information Technology, \$530,733: Projected balance is due to various projects that will not be completed in FY 2024.
- Health, Housing & Community Services, \$1,801,276: Projected balance due to vacancies and challenges in hiring for specialized positions.
- Parks, Recreation, and Waterfront, (-\$4,490,000): Projected deficit is timing-related as the report does not include Council approved AAO#1 funding. Once the additional funding is accounted for, the department is expecting to be on budget. The projection includes projections for predictability pay, \$4.05M of General Fund FY 2024 contribution to the Workers Compensation Fund redirected to fill the T1 funding gap, \$300,000 for Dreamland design and \$140,000 for the Miyawaki Forest.
- Planning, \$362,289: Projected balance is primarily comprised of \$284,000 in salary savings due to vacancies.
- Public Works, \$2,896,351: Projected savings is primarily due to Facilities and Transportation projects that are expected to not be completed by FY 2024.
- Police, (-\$3,537,694): Projected deficit based on mid-year numbers do not reflect the Council approved funding in AAO#1 of \$4.3 million for the Berkeley Police Association Memorandum of Understanding (MOU). Once adjusted, the projected year-end is positive due to savings from vacant positions. It also consists of cost overruns related to Police fleet replacement fund contributions and fuel and maintenance costs.
- Fire, (-\$6,250,178): Projected deficit of \$6.25 million compared to the FY 2024 revised budget as of mid-year. This is expected to decrease once the \$1.89 million of approved AAO#1 funding for the Berkeley Fire Fighters Association's new MOU is entered into the financial system. However, the Fire department is still expected to end the fiscal year with a deficit due to challenges in staffing and increases in overtime cost and fringe benefits.
- Non-Departmental, \$5,206,305: Projected balance due to timing of implementation of various projects and programs.
- In addition, the Rent Board and Human Resources, are expected to finish the year either on budget or very slightly under budget.

## Projected General Fund Budget Summary

The FY 2024 Adopted Budget anticipated the use of \$10.13 million in fund balance to support increased expenditures that exceeded revenue projections, recognizing that revenues had not fully returned to pre-pandemic levels, the use of one-time federal funds from the American Rescue Plan Act would be exhausted, and that Measure P fund balance within the General Fund would be required to fund related programs and one-time expenditures such as the reservation for Project Homekey. Based on the projected decrease in General Fund revenue, and various assumptions related to non-personnel expenses incurred before June 30, 2024, the FY 2024 mid-year projection estimates an annual shortfall between \$18.2-45.21 million, with the latter upward projection assuming all non-personnel expenditures authorized within the revised budget are fully spent by June 30, 2024. However, it is important to emphasize that the revenue and expenditure projections provided are the best estimates staff has at this time for how the General Fund is projected to close in FY 2024. Between now and the end of the fiscal year, a number of assumptions could change that will impact projections, including, but not limited to, changes in economic conditions that may impact revenue, status of vacant positions, any increased operational costs, as well as the likely underspending in non-personnel costs related to timing delays in implementing projects and programs that would significantly reduce the projected shortfall. The actual FY 2024 year-end status will be known sometime in late December 2024 after the completion of the financial audit. Any General Fund shortfall will be absorbed by existing fund balance and will impact recommendations regarding carryover and encumbrances requests in FY 2025.

## All Funds Expenditures

The General Funds comprises about 32 percent of the total revised budget. The rest of the budget consists of various Special Funds. Special Funds are collected for a specific purpose; therefore, the projected balances are not considered to be discretionary and available to be re-allocated toward other programs, projects, and services. Included in the *FY 2024 Mid-Year All Funds Expenditures by Department* chart on the next page are both the General Fund and the Special Funds expenditures as of December 31, 2023. On an All Funds basis, the City is tracking on budget at 49.2 percent at mid-year and projected to close FY 2024 with a balance of \$75.51 million using the revised budget as of December 31, 2023.

**FY 2023 Mid-Year All Funds Expenditures (as of December 31, 2023)**

| DEPARTMENT                  | FY 2024 ADOPTED BUDGET | FY 2024 REVISED BUDGET* (as of 12/31/23) | FY 2024 EXPENDED (as of 12/31/23) | ENCUMBRANCES (as of 12/31/23) | AVAILABLE BUDGET (as of 12/31/23) | TOTAL PERCENTAGE USED | FY 2024 PROJECTED EXPENDITURES | FY 2024 PROJECTED ENDING BALANCE/(DEFICIT) |
|-----------------------------|------------------------|------------------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-----------------------|--------------------------------|--------------------------------------------|
| MAYOR AND COUNCIL           | 4,772,190              | 4,852,642                                | 1,923,297                         | 62,410                        | \$2,866,935                       | 40.9%                 | 4,852,642                      | -                                          |
| CITY AUDITOR                | 3,231,099              | 3,316,710                                | 1,436,197                         | 102,047                       | \$1,778,466                       | 46.4%                 | 3,185,336                      | 131,374                                    |
| RENT STABILIZATION BOARD    | 8,056,460              | 8,878,430                                | 3,321,869                         | 1,177,159                     | \$4,379,402                       | 50.7%                 | 8,878,430                      | -                                          |
| POLICE ACCOUNTABILITY       | 1,142,593              | 1,310,290                                | 515,732                           | 159,357                       | \$635,201                         | 51.5%                 | 1,597,102                      | (286,812)                                  |
| CITY MANAGER'S OFFICE       | 16,889,184             | 24,460,343                               | 10,369,281                        | 3,308,613                     | \$10,782,449                      | 55.9%                 | 23,849,537                     | 610,806                                    |
| BERKELEY PUBLIC LIBRARY     | 25,024,425             | 26,408,346                               | 11,707,927                        | 2,974,567                     | \$11,725,852                      | 55.6%                 | 31,726,777                     | (5,318,431)                                |
| CITY ATTORNEY               | 8,106,984              | 9,855,499                                | 3,859,904                         | 848,178                       | \$5,147,417                       | 47.8%                 | 10,253,763                     | (398,264)                                  |
| CITY CLERK                  | 3,159,486              | 3,371,758                                | 1,137,760                         | 325,627                       | \$1,908,371                       | 43.4%                 | 3,257,393                      | 114,365                                    |
| FINANCE                     | 10,607,143             | 11,608,386                               | 4,108,986                         | 1,214,803                     | \$6,284,597                       | 45.9%                 | 10,240,391                     | 1,367,995                                  |
| HUMAN RESOURCES             | 5,442,688              | 6,133,364                                | 2,524,897                         | 168,619                       | \$3,439,848                       | 43.9%                 | 6,098,578                      | 34,786                                     |
| INFORMATION TECHNOLOGY      | 22,237,720             | 29,316,274                               | 7,944,446                         | 3,165,053                     | \$18,206,775                      | 37.9%                 | 25,820,790                     | 3,495,484                                  |
| HEALTH, HSG & COMMUNITY SVC | 99,683,536             | 163,577,083                              | 39,384,181                        | 38,369,815                    | \$85,823,087                      | 47.5%                 | 132,358,390                    | 31,218,693                                 |
| PARKS, RECREATION & WF      | 53,688,581             | 89,082,692                               | 24,402,344                        | 9,740,801                     | \$54,939,546                      | 38.3%                 | 69,503,725                     | 19,578,967                                 |
| PLANNING & DEVELOPMENT      | 31,267,162             | 36,767,666                               | 12,207,816                        | 1,955,917                     | \$22,603,933                      | 38.5%                 | 32,394,732                     | 4,372,934                                  |
| PUBLIC WORKS                | 188,326,163            | 292,296,250                              | 71,665,023                        | 67,247,968                    | \$153,383,259                     | 47.5%                 | 267,668,149                    | 24,628,101                                 |
| POLICE                      | 88,188,161             | 88,587,883                               | 43,419,654                        | 1,496,074                     | \$43,672,155                      | 50.7%                 | 91,106,786                     | (2,518,903)                                |
| FIRE & EMERGENCY SERVICES   | 62,316,809             | 69,373,228                               | 31,462,153                        | 7,817,721                     | \$30,093,354                      | 56.6%                 | 75,998,874                     | (6,625,646)                                |
| NON DEPARTMENTAL            | 101,173,999            | 100,604,624                              | 65,445,388                        | 520,846                       | \$34,638,390                      | 65.6%                 | 95,504,624                     | 5,100,000                                  |
| <b>GRAND TOTAL</b>          | <b>733,314,383</b>     | <b>969,801,468</b>                       | <b>336,836,857</b>                | <b>140,655,573</b>            | <b>492,309,038</b>                | <b>49.2%</b>          | <b>894,296,021</b>             | <b>75,505,447</b>                          |

\*FY 2024 Revised does not reflect as of December 31, 2023 all Council approved allocations included in the FY 2024 AAO #1.

- City Auditor, City Manager's Office, City Clerk, Finance, Human Resources, Information Technology, Health, Housing, & Community Services, Parks, Recreation & Waterfront, Planning, Public Works, and Non-Departmental are anticipated to finish FY 2024 with balances compared to the Mid-Year FY 2024 Revised budget. The underspending is related to salary savings due to vacancies, as well as projects and grants that are not expected to be finished by the end of the fiscal year.

- The Office of the Director of Police Accountability, City Attorney, and Police Department anticipates an ending shortfall from the FY 2024 Revised Budget. However, after accounting for all of the approved AAO#1 funding, anticipated shortfalls will be less or end with a balance.
- The Fire Department is expected to end FY 2024 with a deficit due to high vacancy rate causing an increase in overtime expenses and underfunded fringe benefit costs
- The Berkeley Public Library shows a projected deficit of over \$5.0 million. This is mostly due to increasing 0.5 Part Time employees to 0.75 Part Time employees. The Library plans to reconcile this late third quarter in FY 2024 and going forward.

### **Next Steps:**

Staff is continuously monitoring the FY 2024 General Fund budget to make sure the City stays within budget and is also reviewing and analyzing data to make sure that the City remains agile should additional operating and capital needs arise in the fiscal year. Final FY 2024 year-end General Fund revenues and expenditures information will be included in the “FY 2024 Year-End Report and FY 2025 First Quarter Update” that will be presented to Council in December 2024.

The City’s annual Mid-Year Budget Update is a Strategic Plan Priority, advancing our goal to provide an efficient and financially-healthy City government.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

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

Maricar Dupaya, Senior Management Analyst, City Manager’s Office, 981-7000

### Attachments:

1. Table: General Fund Revenue and Transfer In FY 2024 Mid-Year vs FY 2023 Mid-Year Comparison
2. Table: FY 2024 Mid-Year General Fund Expenditures (as of December 31, 2023)
3. Table: FY 2024 Mid-Year All Funds Expenditures (as of December 31, 2023)

Attachment 2

General Fund Revenue and Transfer Mid Year FY 2024 vs Mid Year FY 2023 Comparison

Attachment 1

| Revenue Categories                                      | FY 2024              |                      |                       |               | FY 2023              |                      |                       |               | Comparison FY24 vs FY23 |               |
|---------------------------------------------------------|----------------------|----------------------|-----------------------|---------------|----------------------|----------------------|-----------------------|---------------|-------------------------|---------------|
|                                                         | 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                                        | \$84,725,717         | \$42,904,620         | (\$41,821,097)        | 50.64%        | \$75,664,920         | \$40,237,811         | (\$35,427,109)        | 53.18%        | 2,666,809               | 6.63%         |
| Redemptions -Regular                                    | 831,441              | 524,404              | (307,037)             | 63.07%        | 831,441              | 461,026              | -370,415              | 55.45%        | 63,378                  | 13.75%        |
| Supplemental Taxes                                      | 3,400,000            | 1,197,265            | (2,202,735)           | 35.21%        | 2,000,000            | 1,229,929            | -770,071              | 61.50%        | (32,664)                | -2.66%        |
| Unsecured Property Taxes                                | 3,806,995            | 3,881,280            | 74,285                | 101.95%       | 3,516,000            | 3,151,771            | -364,229              | 89.64%        | 729,509                 | 23.15%        |
| Property Transfer Tax                                   | 22,873,786           | 10,056,934           | (12,816,852)          | 43.97%        | 34,462,172           | 16,676,308           | -17,785,864           | 48.39%        | (6,619,374)             | -39.69%       |
| Property Transfer Tax-Measure P (New December 21, 2018) | 10,189,500           | 2,840,259            | (7,349,241)           | 27.87%        | 14,073,750           | 8,363,823            | -5,709,927            | 59.43%        | (5,523,564)             | -66.04%       |
| Sales Taxes                                             | 19,654,225           | 9,305,556            | (10,348,669)          | 47.35%        | 19,016,546           | 9,687,895            | -9,328,651            | 50.94%        | (382,339)               | -3.95%        |
| Soda Taxes                                              | 1,147,387            | 581,705              | (565,682)             | 50.70%        | 990,210              | 642,874              | -347,336              | 64.92%        | (61,169)                | -9.51%        |
| Utility Users Taxes                                     | 17,454,320           | 7,801,328            | (9,652,992)           | 44.70%        | 13,800,000           | 7,638,612            | -6,161,388            | 55.35%        | 162,716                 | 2.13%         |
| Transient Occupancy Taxes                               | 8,374,588            | 4,393,772            | (3,980,816)           | 52.47%        | 5,000,000            | 4,785,735            | -214,265              | 95.71%        | (391,963)               | -8.19%        |
| Less: TOT rebates owed (3)                              |                      | (546,224)            |                       |               |                      | (498,566)            |                       |               | (47,658)                | 9.56%         |
| Short-term Rentals                                      | 1,400,000            | 687,271              | (712,729)             | 49.09%        | 1,000,000            | 712,661              | -287,339              | 1,000,000     | (25,390)                | -3.56%        |
| Business License Tax                                    | 21,560,783           | 1,592,902            | (19,967,881)          | 7.39%         | 19,000,000           | 1,010,143            | -17,989,857           | 5.32%         | 582,759                 | 57.69%        |
| Recreational Cannabis                                   | 1,000,000            | 76,512               | (923,488)             | 7.65%         | 1,400,000            | 237,669              | -1,162,331            | 16.98%        | (161,157)               | -67.81%       |
| U1 Revenues                                             | 5,900,000            | 181,607              | (5,718,393)           | 3.08%         | 4,900,000            | 113,893              | -4,786,107            | 2.32%         | 67,714                  | 59.45%        |
| Other Taxes (excluding Redemptions-Regular)             | 2,593,129            | 1,899,156            | (693,973)             | 73.24%        | 1,800,000            | 1,500,099            | -299,901              | 83.34%        | 399,057                 | 26.60%        |
| Vehicle In-Lieu Taxes                                   | 17,811,134           | 8,937,911            | (8,873,223)           | 50.18%        | 15,926,168           | 8,329,833            | -7,596,335            | 52.30%        | 608,078                 | 7.30%         |
| Parking Fines-Regular Collections                       | 5,800,000            | 3,253,087            | (2,546,913)           | 56.09%        | 4,326,450            | 3,104,161            | -1,222,289            | 71.75%        | 148,926                 | 4.80%         |
| Moving Violations                                       | 132,600              | 96,254               | (36,346)              | 72.59%        | 132,600              | 71,415               | -61,185               | 53.86%        | 24,839                  | 34.78%        |
| Ambulance Fees                                          | 5,350,779            | 3,815,272            | (1,535,507)           | 71.30%        | 3,880,779            | 2,479,368            | -1,401,411            | 63.89%        | 1,335,904               | 53.88%        |
| Interest Income                                         | 8,826,211            | 6,619,791            | (2,206,420)           | 75.00%        | 6,000,000            | 4,038,930            | -1,961,070            | 67.32%        | 2,580,861               | 63.90%        |
| Franchise Fees                                          | 1,720,056            | 307,634              | (1,412,422)           | 17.89%        | 1,613,283            | 335,043              | -1,278,240            | 20.77%        | (27,409)                | -8.18%        |
| Other Revenue                                           | 7,668,797            | 3,018,612            | (4,650,185)           | 39.36%        | 6,729,977            | 3,902,132            | -2,827,845            | 57.98%        | (883,520)               | -22.64%       |
| IDC Reimbursement                                       | 6,104,970            | 3,259,079            | (2,845,891)           | 53.38%        | 5,490,000            | 3,205,614            | -2,284,386            | 58.39%        | 53,465                  | 1.67%         |
| Transfers                                               | 8,091,924            | 4,045,962            | (4,045,962)           | 50.00%        | 17,096,148           | 6,457,425            | -10,638,723           | 37.77%        | (2,411,463)             | -37.34%       |
|                                                         |                      |                      | -                     |               |                      |                      | 0                     |               | -                       |               |
| <b>Total Revenue:</b>                                   | <b>\$266,418,342</b> | <b>\$120,731,949</b> | <b>-\$145,686,393</b> | <b>45.32%</b> | <b>\$258,650,444</b> | <b>\$127,875,604</b> | <b>-\$130,774,840</b> | <b>49.44%</b> | <b>(\$7,143,655)</b>    | <b>-5.59%</b> |

Notes: (1) This statement is presented on a budgetary basis (i.e., cash).

(2) Current vendor no longer breaks out Regular and Booting Parking Fines Collections

(3) Includes the amount of TOT rebates owed for the period

(4) Total Other Taxes includes Redemptions-Regular

Attachment 2

| FY 2024 MID-YEAR GENERAL FUND EXPENDITURES (AS OF DECEMBER 31, 2023) |                        |                         |                       |                   |                    |                           |                               |                       |                                | Attachment 2                               |
|----------------------------------------------------------------------|------------------------|-------------------------|-----------------------|-------------------|--------------------|---------------------------|-------------------------------|-----------------------|--------------------------------|--------------------------------------------|
| DEPARTMENT                                                           | FY 2024 ADOPTED BUDGET | FY 2024 REVISED BUDGET* | YEAR TO DATE EXPENDED | ENCUMBRANCES      | AVAILABLE BUDGET   | PERSONNEL PERCENTAGE USED | NON-PERSONNEL PERCENTAGE USED | TOTAL PERCENTAGE USED | FY 2024 PROJECTED EXPENDITURES | FY 2024 PROJECTED ENDING BALANCE/(DEFICIT) |
| MAYOR AND COUNCIL                                                    | 4,772,190              | 4,849,542               | 1,923,297             | 62,410            | 2,863,835          | 40.5%                     | 44.7%                         | 40.9%                 | 4,849,542                      | -                                          |
| CITY AUDITOR                                                         | 3,136,323              | 3,221,934               | 1,391,210             | 102,047           | 1,728,678          | 43.9%                     | 63.1%                         | 46.3%                 | 3,089,758                      | 132,177                                    |
| RENT STABILIZATION BOARD                                             | 550,000                | 651,588                 | 302,231               | 349,356           | 1                  | 0.0%                      | 100.0%                        | 100.0%                | 651,588                        | -                                          |
| POLICE ACCOUNTABILITY                                                | 1,142,593              | 1,310,290               | 515,732               | 159,357           | 635,201            | 34.4%                     | 77.3%                         | 51.5%                 | 1,597,102                      | (286,812)                                  |
| CITY MANAGER'S OFFICE                                                | 13,150,234             | 16,294,107              | 7,458,276             | 2,303,030         | 6,532,801          | 45.4%                     | 81.4%                         | 59.9%                 | 15,758,044                     | 536,063                                    |
| CITY ATTORNEY                                                        | 4,304,039              | 5,003,419               | 2,038,057             | 395,637           | 2,569,725          | 39.6%                     | 77.3%                         | 48.6%                 | 5,273,499                      | (270,080)                                  |
| CITY CLERK                                                           | 2,547,276              | 2,759,548               | 972,288               | 325,627           | 1,461,633          | 48.0%                     | 45.7%                         | 47.0%                 | 2,886,744                      | (127,196)                                  |
| FINANCE                                                              | 8,179,370              | 9,110,602               | 3,281,701             | 1,063,527         | 4,765,374          | 39.6%                     | 71.4%                         | 47.7%                 | 8,047,068                      | 1,063,534                                  |
| HUMAN RESOURCES                                                      | 3,467,541              | 4,127,222               | 1,728,648             | 142,944           | 2,255,629          | 45.6%                     | 44.8%                         | 45.3%                 | 4,125,275                      | 1,947                                      |
| INFORMATION TECHNOLOGY                                               | 1,526,760              | 2,233,165               | 891,132               | 308,646           | 1,033,388          | 0.0%                      | 53.7%                         | 53.7%                 | 1,702,432                      | 530,733                                    |
| HEALTH, HSG & COMMUNITY SVC                                          | 31,429,102             | 47,457,711              | 16,578,721            | 9,486,685         | 21,392,304         | 40.7%                     | 60.9%                         | 54.9%                 | 45,656,435                     | 1,801,276                                  |
| PARKS, RECREATION & WATERFRONT                                       | 9,359,349              | 11,766,832              | 5,828,846             | 997,780           | 4,940,206          | 49.7%                     | 66.8%                         | 58.0%                 | 16,256,832                     | (4,490,000)                                |
| PLANNING & DEVELOPMENT                                               | 3,277,246              | 6,494,510               | 1,469,787             | 171,732           | 4,852,991          | 43.4%                     | 12.2%                         | 25.3%                 | 6,132,221                      | 362,289                                    |
| PUBLIC WORKS                                                         | 6,558,529              | 12,160,727              | 3,144,927             | 1,972,562         | 7,043,238          | 30.8%                     | 49.4%                         | 42.1%                 | 9,264,376                      | 2,896,351                                  |
| POLICE                                                               | 83,606,570             | 81,617,830              | 41,085,284            | 1,081,010         | 39,451,536         | 49.5%                     | 70.3%                         | 51.7%                 | 85,155,524                     | (3,537,694)                                |
| FIRE & EMERGENCY SERVICES                                            | 39,546,063             | 43,205,216              | 22,830,487            | 4,951,735         | 15,422,994         | 62.6%                     | 67.8%                         | 64.3%                 | 49,455,394                     | (6,250,178)                                |
| NON DEPARTMENTAL                                                     | 59,995,782             | 55,262,131              | 35,120,397            | 378,568           | 19,763,166         | 1564.8%                   | 64.1%                         | 64.2%                 | 50,055,826                     | 5,206,305                                  |
| <b>GRAND TOTAL</b>                                                   | <b>276,548,969</b>     | <b>307,526,375</b>      | <b>146,561,021</b>    | <b>24,252,653</b> | <b>136,712,701</b> | <b>49.1%</b>              | <b>62.7%</b>                  | <b>55.5%</b>          | <b>309,957,660</b>             | <b>(2,431,285)</b>                         |

\*FY 2024 Revised does not reflect as of December 31, 2023 all Council approved allocations included in the FY 2024 AAO #1.

## Attachment 2

## FY 2024 MID-YEAR ALL FUNDS EXPENDITURES (AS OF DECEMBER 31, 2023)

## Attachment 3

| DEPARTMENT                  | FY 2024<br>ADOPTED<br>BUDGET | FY 2024<br>REVISED<br>BUDGET*<br>(as of 12/31/23) | FY 2024<br>EXPENDED (as<br>of 12/31/23) | ENCUMBRANCES<br>(as of 12/31/23) | AVAILABLE<br>BUDGET<br>(as of 12/31/23) | TOTAL<br>PERCENTAGE<br>USED | FY 2024<br>PROJECTED<br>EXPENDITURES | FY 2024 PROJECTED<br>ENDING<br>BALANCE/(DEFICIT) |
|-----------------------------|------------------------------|---------------------------------------------------|-----------------------------------------|----------------------------------|-----------------------------------------|-----------------------------|--------------------------------------|--------------------------------------------------|
| MAYOR AND COUNCIL           | 4,772,190                    | 4,852,642                                         | 1,923,297                               | 62,410                           | \$2,866,935                             | 40.9%                       | 4,852,642                            | -                                                |
| CITY AUDITOR                | 3,231,099                    | 3,316,710                                         | 1,436,197                               | 102,047                          | \$1,778,466                             | 46.4%                       | 3,185,336                            | 131,374                                          |
| RENT STABILIZATION BOARD    | 8,056,460                    | 8,878,430                                         | 3,321,869                               | 1,177,159                        | \$4,379,402                             | 50.7%                       | 8,878,430                            | -                                                |
| POLICE ACCOUNTABILITY       | 1,142,593                    | 1,310,290                                         | 515,732                                 | 159,357                          | \$635,201                               | 51.5%                       | 1,597,102                            | (286,812)                                        |
| CITY MANAGER'S OFFICE       | 16,889,184                   | 24,460,343                                        | 10,369,281                              | 3,308,613                        | \$10,782,449                            | 55.9%                       | 23,849,537                           | 610,806                                          |
| BERKELEY PUBLIC LIBRARY     | 25,024,425                   | 26,408,346                                        | 11,707,927                              | 2,974,567                        | \$11,725,852                            | 55.6%                       | 31,726,777                           | (5,318,431)                                      |
| CITY ATTORNEY               | 8,106,984                    | 9,855,499                                         | 3,859,904                               | 848,178                          | \$5,147,417                             | 47.8%                       | 10,253,763                           | (398,264)                                        |
| CITY CLERK                  | 3,159,486                    | 3,371,758                                         | 1,137,760                               | 325,627                          | \$1,908,371                             | 43.4%                       | 3,257,393                            | 114,365                                          |
| FINANCE                     | 10,607,143                   | 11,608,386                                        | 4,108,986                               | 1,214,803                        | \$6,284,597                             | 45.9%                       | 10,240,391                           | 1,367,995                                        |
| HUMAN RESOURCES             | 5,442,688                    | 6,133,364                                         | 2,524,897                               | 168,619                          | \$3,439,848                             | 43.9%                       | 6,098,578                            | 34,786                                           |
| INFORMATION TECHNOLOGY      | 22,237,720                   | 29,316,274                                        | 7,944,446                               | 3,165,053                        | \$18,206,775                            | 37.9%                       | 25,820,790                           | 3,495,484                                        |
| HEALTH, HSG & COMMUNITY SVC | 99,683,536                   | 163,577,083                                       | 39,384,181                              | 38,369,815                       | \$85,823,087                            | 47.5%                       | 132,358,390                          | 31,218,693                                       |
| PARKS, RECREATION & WF      | 53,688,581                   | 89,082,692                                        | 24,402,344                              | 9,740,801                        | \$54,939,546                            | 38.3%                       | 69,503,725                           | 19,578,967                                       |
| PLANNING & DEVELOPMENT      | 31,267,162                   | 36,767,666                                        | 12,207,816                              | 1,955,917                        | \$22,603,933                            | 38.5%                       | 32,394,732                           | 4,372,934                                        |
| PUBLIC WORKS                | 188,326,163                  | 292,296,250                                       | 71,665,023                              | 67,247,968                       | \$153,383,259                           | 47.5%                       | 267,668,149                          | 24,628,101                                       |
| POLICE                      | 88,188,161                   | 88,587,883                                        | 43,419,654                              | 1,496,074                        | \$43,672,155                            | 50.7%                       | 91,106,786                           | (2,518,903)                                      |
| FIRE & EMERGENCY SERVICES   | 62,316,809                   | 69,373,228                                        | 31,462,153                              | 7,817,721                        | \$30,093,354                            | 56.6%                       | 75,998,874                           | (6,625,646)                                      |
| NON DEPARTMENTAL            | 101,173,999                  | 100,604,624                                       | 65,445,388                              | 520,846                          | \$34,638,390                            | 65.6%                       | 95,504,624                           | 5,100,000                                        |
| <b>GRAND TOTAL</b>          | <b>733,314,383</b>           | <b>969,801,468</b>                                | <b>336,836,857</b>                      | <b>140,655,573</b>               | <b>492,309,038</b>                      | <b>49.2%</b>                | <b>894,296,021</b>                   | <b>75,505,447</b>                                |

\*FY 2024 Revised does not reflect as of December 31, 2023 all Council approved allocations included in the FY 2024 AAO #1.



Homeless Services Panel of Experts

ACTION CALENDAR

June 4, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Peter Radu, Assistant to the City Manager, Neighborhood Services  
David Sprague, Fire Chief

Subject: Companion Report: Measure P Allocations, Fiscal Year 2025-2026

RECOMMENDATION

Approve the Homeless Services Panel of Experts recommendations for Fiscal Years 2025-2026, but continue to partially fund 5150 transports from Measure P until alternative sources can be identified.

FISCAL IMPACTS OF RECOMMENDATION

Based upon recommendations by the Budget and Finance Policy Committee, staff began to fund the transport contract with both Measure P and other General Fund revenues in Fiscal Years 2023 and 2024. As part of the proposed Fiscal Year 2025 and 2026 budget, staff have reduced the overall funding for the contract based upon invoiced calls (to a total budget of \$1,357,170) and increased the percentage of the cost allocated to other General Fund revenues (\$542,868). However, Measure P revenues are considered to be part of the General Fund. Shifting the allocation of the Measure P funded costs of the Section 5150 transports to other General Fund revenues would require reductions in expenditures across various programs and services that are already planned to be funded by General Fund revenues.

CURRENT SITUATION AND ITS EFFECTS

On April 10, the Homeless Services Panel of Experts (HSPE) voted to endorse the City Manager's recommendations for Measure P funding in FY25-26, presented to the Budget and Finance Policy Committee on May 13. The one exception to this was that the HSPE voted to shift the 5150 transports line item to another general fund source.

Staff recommend approving the HSPE's recommendations, except for the 5150 transports piece of their report, and instead continuing to partially fund 5150 transports from Measure P until alternative sources can be identified.

BACKGROUND

History of 5150 transports in Alameda County

Until 2019, the private ambulance provider for the Alameda County exclusive operating area (EOA) provided transport for non-emergency mental and behavioral health patients in Berkeley and the other three cities that have exclusive operating areas (EOA) for ambulance service in Alameda County. The four city EOAs correspond with the fire departments that started providing emergency ALS ambulance response and transport prior to 1980. When the new contract for Alameda County’s EOA ambulance provider went into effect on July 1st, 2019, the City of Berkeley was forced to assume responsibility for the transport of non-emergency mental and behavioral health patients in the City’s EOA without any financial assistance.

Current 5150 Transport Call Volume

The City of Berkeley Fire Department has historically been unable and continues to be unable to absorb the 5150 transport call volume within its system. Thus, in 2019, the City conducted an RFP and selected a vendor that has provided transport for mental health patients through a direct contract with the City. In calendar year 2023 the Department responded to 17,195 incidents, 10,560 of which were medical related. This does not take into account 681 mental health transports that were provided by the vendor contracted by the City.

| Mental Health Transports by Month |     |     |     |     |     |     |     |     |     |     |     |     |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                                   | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 2020                              | 33  | 42  | 48  | 76  | 62  | 67  | 78  | 84  | 73  | 57  | 69  | 77  |
| 2021                              | 72  | 69  | 63  | 76  | 75  | 65  | 68  | 74  | 81  | 71  | 62  | 58  |
| 2022                              | 67  | 67  | 71  | 58  | 50  | 60  | 65  | 55  | 59  | 74  | 53  | 55  |
| 2023                              | 49  | 58  | 78  | 63  | 63  | 47  | 50  | 55  | 47  | 57  | 59  | 55  |

Ambulance System Stretched Beyond Capacity

Berkeley’s ambulance operations are as busy as the largest metro agencies on the West Coast and cannot absorb any additional call volume.

System performance is measured using Unit Hour Utilization (UHU). The UHU percentage is calculated using the number of responses and duration of the responses to show the percentage of time that an ambulance is committed to an active incident during a given hour of the day. **A UHU of 30 percent or higher over multiple consecutive hours becomes the point at which other responsibilities, such as training, do not get completed.**

The following table illustrates a UHU summary for the City’s ambulances. **Three ambulances have several hours of 50 percent utilization and two ambulances each have one hour over 60 percent utilization and at least 13 consecutive hours at or above 30 percent utilization.** This demonstrates that the City must continue to contract with an external provider for 5150 transport services until the City can acquire a new ambulance deployment center and identify funding to hire additional personnel,

## Measure P Allocations, Fiscal Year 2025-2026

ACTION CALENDAR

June 4, 2024

purchase additional ambulances, equipment, and supplies to provide service to this community.

| Hour  | MEDIC 5 | MEDIC 2 | MEDIC 1 | MEDIC 3 |
|-------|---------|---------|---------|---------|
| 00:00 | 22.87%  | 17.48%  | 12.56%  | 9.32%   |
| 01:00 | 22.85%  | 15.75%  | 19.46%  | 9.27%   |
| 02:00 | 17.34%  | 16.40%  | 17.53%  | 7.35%   |
| 03:00 | 13.61%  | 16.98%  | 10.92%  | 4.04%   |
| 04:00 | 8.71%   | 14.86%  | 18.86%  | 6.86%   |
| 05:00 | 13.06%  | 14.24%  | 8.26%   | 3.46%   |
| 06:00 | 8.95%   | 13.17%  | 16.14%  | 2.94%   |
| 07:00 | 25.50%  | 34.83%  | 33.70%  | 12.56%  |
| 08:00 | 48.33%  | 29.77%  | 33.16%  | 15.43%  |
| 09:00 | 44.71%  | 39.61%  | 38.97%  | 27.70%  |
| 10:00 | 48.82%  | 45.75%  | 42.94%  | 33.54%  |
| 11:00 | 51.40%  | 60.08%  | 41.92%  | 34.01%  |
| 12:00 | 49.60%  | 55.48%  | 42.34%  | 27.61%  |
| 13:00 | 51.46%  | 44.70%  | 54.43%  | 42.82%  |
| 14:00 | 65.37%  | 47.39%  | 56.38%  | 36.85%  |
| 15:00 | 45.36%  | 37.26%  | 52.01%  | 28.99%  |
| 16:00 | 52.28%  | 54.10%  | 44.79%  | 36.74%  |
| 17:00 | 41.93%  | 46.57%  | 42.89%  | 27.86%  |
| 18:00 | 48.24%  | 46.87%  | 35.45%  | 25.95%  |
| 19:00 | 31.61%  | 34.82%  | 42.09%  | 19.44%  |
| 20:00 | 30.19%  | 34.40%  | 38.01%  | 15.91%  |
| 21:00 | 22.49%  | 30.65%  | 26.78%  | 17.02%  |
| 22:00 | 26.16%  | 22.41%  | 23.65%  | 11.37%  |
| 23:00 | 21.09%  | 26.63%  | 25.70%  | 6.88%   |

The Homeless Services Panel of Experts reviewed Measure P recommendations at its April 10, 2024 meeting and made the following recommendations as follows:

**Action:** M/S/C Jones/Meany HSPE does not recommend funding the 5150 transport out of Measure P monies.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* Segal. *Abstain:* None. *Absent:* Bookstein.

**Action:** M/S/C Marasovic/Meany the HSPE align with all of the city manager's recommendations except for the \$1.3 million for 5150 transport.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* None. *Abstain:* Segal. *Absent:* Bookstein.

**Action:** M/S/C Marasovic/Jones HSPE will incorporate in the report that the reasoning behind not recommending the allocation for the \$1.3 million in 5150 transport is that the city should look towards alternative methods for funding and Measure P monies should be used for homeless services. This rationale is due to the diminished revenue needed for homeless services which do not make 5150 transport a priority for this stream of funding.

**Vote:** *Ayes:* Meany, Marasovic, Kealoha-Blake, Jones, and Palmatier.  
*Noes:* Segal. *Abstain:* None. *Absent:* Bookstein.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental impacts associated with this report.

#### RATIONALE FOR RECOMMENDATION

While Measure P is generally used by the City for homeless programs, it is a general fund tax. Given the projected decline in Measure P revenue in Fiscal Years 2025 and 2026, other General Fund revenues are proposed to support programs that have been historically funded by Measure P. As there are many competing demands on the use of General Fund revenues, staff continued to fund transports from a combination of Measure P and other General Fund revenues. Shifting the approximately \$814,000 annual cost from Measure P to other General Fund revenues will require reductions in other expenditures funded by the General Fund. It is possible to revisit the funding arrangement as part of the Fiscal Year 2026 Mid-Biennial Update.

#### ALTERNATIVE ACTIONS CONSIDERED

None.

#### CONTACT PERSON

Peter Radu, Assistant to the City Manager, Neighborhood Services, 510-981-7045.



Office of the City Manager

ACTION CALENDAR  
June 25, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Henry Oyekanmi, Director, Finance

Subject: Accept the Risk Analysis for Long-Term Debt (Bonding Capacity) Report provided by Government Finance Officers Association

RECOMMENDATION

Accept the report titled 'Risk-Based Analysis and Stress Test of Long-Term Debt Affordability' as provided by the Government Finance Officers Association (GFOA). This report is based on their research and development of a risk-modeling tool to address issuing long-term debt related to City of Berkeley Vision 2050.

POLICY COMMITTEE RECOMMENDATION

No final action was taken by the Budget & Finance Committee. Item is automatically returning to the Council agenda pursuant to the time limit for items referred to policy committees.

FISCAL IMPACTS OF RECOMMENDATION

There are no fiscal impacts of accepting the report

CURRENT SITUATION AND ITS EFFECTS

The Risk-Based Analysis and Stress Test of Long-Term Debt Affordability (Bonding Capacity) report is a Strategic Plan Priority Project, advancing our goal to:

- Provide an efficient and financially-healthy City government

The City engaged GFOA to conduct this analysis of the City's bonding capacity through their risk-modeling approach. This analysis will support the City's later development of a thirty-year borrowing plan, which will enable the City to replace its aging infrastructure assets, maintain its General Obligation Bond rating at AA+ at S & P Global and Aa1 at Moody's, and keep the bond property tax rate at an affordable level (which was .0540% at June 30, 2020). The GFOA's risk model and report look at a comprehensive financial analysis with particular focus on options to maintain the City's debt affordability within the framework of the City's huge unfunded pensions and other post-employment benefits (OPEB) and overall City operations.

The study and report are intended to help develop recommendations for a combination of infrastructure-focused revenue measures slated for November 2022 and beyond.

The context provided for GFOA to build the risk model and draft the subsequent report was framed through initially providing these items to GFOA:

1. Vision 2050
2. Unfunded Liabilities Report
3. Capital Improvement Plan in the most recent biennial budget and five-year planning horizon
4. Annual Comprehensive Financial Reports (ACFR)
5. GO Bonds, Revenue Bonds, and Certificates of Participation Debt Repayment Schedules
6. Current Bond Authority and Outstanding Amounts (GO Bonds for the past 20 years as of 7/12/21)
7. City's Debt Policy
8. S and P Global Ratings Letter Re: GO Bonds
9. S and P Global Ratings Letter Re: Lease Revenue Bonds
10. Analysis of City's Debt and Contingent Liability Profile
11. GO Rating Report – April 2021
12. GO Rating Report – February 2020

The GFOA report details these and additional factors that GFOA researched and incorporated into their construction of the risk model and their drafting of the final report.

### BACKGROUND

The City has an extensive portfolio of capital assets and infrastructure, including 95 public buildings; 254 miles of public sanitary sewer mains and 130 miles of public sewer laterals; 52 parks, two pools; three camps; and 42 different facilities served by the City's IT systems. Maintaining these assets is costly and requires significant resources and constant attention. As an older city, 50% of Berkeley's \$837 million of capital assets have exceeded their useful life.

The City's FY 2021 Capital Plan called for spending of \$57 million/year on capital and maintenance needs. Even at this increased level of funding, Berkeley's infrastructure will deteriorate faster than it is being repaired and replaced, and construction cost escalation at four (4) percent/year will significantly increase replacement costs.

To modernize these old physical structures with resilient, durable, and climate-smart infrastructure will require substantial new investments. To adequately address the \$882 million in unfunded infrastructure liabilities, the City needs to double its annual capital spending over the next decade to \$80 million/year. Capital expenditures are typically funded through a combination of debt financing (pay-as-you-use) and cash (pay-as-you-go). Paying in cash avoids the cost of interest, but requires the City to accumulate sufficient cash to fund the project, while construction costs escalate. Using debt to finance

capital projects incurs interest expense but allows the project to start earlier, thereby avoiding escalation costs.

The City has an infrastructure system that has allowed it to thrive for over 100 years. Now, the City wants to incorporate new technologies and be able to adapt to meet environmental trends so that the infrastructure systems can continue to support the City for another 100 years. The risk analysis report shows the potential impact of multiple factors on the City's capacity to issue debt during the next thirty years.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable effects or opportunities associates with this item.

#### RATIONALE FOR RECOMMENDATION

The City administered Request for Proposals #21-11459-C for consulting services to determine the City's bonding capacity. The RFP was published twice with neither publication generating responses from the market. In the course of staff researching why no responses were received, staff met with GFOA. GFOA provided their relatively new risk-modeling approach to the bonding capacity topic. Thus, it was determined, since a traditional RFP was not generating market response, that it would be advantageous to contract with GFOA for their services to research and develop the risk-model for City of Berkeley to evaluate its capacity for issuance of long-term debt.

#### ALTERNATIVE ACTIONS CONSIDERED

Not conducting the study

#### CONTACT PERSON

Henry Oyekanmi, Director, Finance, 981-7326

#### Attachments:

1: Report: Risk-Based Analysis and Stress Test of Long-Term Debt Affordability (from GFOA, 2022)

# Risk Analysis for Long-Term Debt (Bonding Capacity) Report

Budget and Finance Policy Committee  
14 September 2023

- Council received report on 4/26/22: “Risk-Based Analysis and Stress Test of Long-Term Debt Affordability”
- Report produced by GFOA based on research and development of a risk-modeling tool to address issuing long-term debt related to City of Berkeley Vision 2050
- Report referred to Budget and Finance Policy Committee

# STATUS UPDATE

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| Recommended Item                                                                                            | Status                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consideration of reserves policies for operational funds other than the General Fund                        | Ongoing. CMO working with GFOA on a risk-based probability model to assess General Fund reserves. The outcome of this model will be used to help establish reserve policies for other citywide funds. Draft policies will be presented to the Budget and Finance Policy Committee and then Council for adoption once completed. |
| Potential reduction of the maximum indebtedness rate from 15% of assessed property value down to 4-8% range | Completed. Council adoption of revisions to Debt Management and Disclosure Policy on 6/27/23 changed debt capacity from 15% to 6%. Revised language: "The City is subject to debt capacity limit for its general obligation bonds: 6% of assessed value".                                                                       |

# STATUS UPDATE

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| Recommended Item                                                                                         | Status                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A new policy to not incur indebtedness when interest rates go above 5% or a different specific threshold | Ongoing. This scope is under review, especially with the current interest rate of the Federal Reserve Board and markets.                                                        |
| Tools for increased transparency for taxpayers                                                           | Ongoing. CMO researching cloud-based budgeting software and other tools to increase transparency.                                                                               |
| Updated report and discussion of pension and healthcare costs                                            | Completed. Council received Unfunded Liability Obligations and Unfunded Infrastructure Needs report; held a special meeting on 5/23/23 on pension and retiree healthcare costs. |
| Refer the full Report to the Budget & Finance Committee for consideration                                | Discussion of item on 9/14/23.                                                                                                                                                  |



Office of the City Manager

Date: April 25, 2023  
To: Budget & Finance Policy Committee  
From: Dee Williams-Ridley, City Manager  
Submitted by: Sharon Friedrichsen, Budget Manager  
Henry Oyekanmi, Finance Director  
Subject: Risk Analysis for Long-Term Debt (Bonding Capacity) Report

### RECOMMENDATION

Receive a status update on recommendations and analysis related to the Risk Analysis for Long-Term Debt (Bonding Capacity) Report and provide direction to staff.

### BACKGROUND

On April 26, 2022, the City Council considered accepting a report titled 'Risk-Based Analysis and Stress Test of Long-Term Debt Affordability' as provided by the Government Finance Officers Association (GFOA). Upon receiving the report, City Council referred this item to the City Manager and Budget & Finance Policy Committee to return to Council with recommendations or analysis on as many of the following items as possible by October 2022, if feasible. The purpose of this action item is to receive an update on the status of these items.

1. Consideration of reserves policies for operational funds other than the General Fund

**Status:** The City Manager's Office is working with the GFOA on a risk-based probability model to assess the appropriate level of General Fund reserves. The outcome of this model will be used to help establish reserve policies for other citywide funds. An internal working group comprised of the City Manager's Office, Finance, Planning, PRW and Public Works has been formed to develop reserve policies for enterprise funds. The draft policies will be presented to the Budget and Finance Policy Committee and then Council for adoption once completed.

2. Potential reduction of the maximum indebtedness rate from 15% of assessed property value down to 4-8% range

**Status:** The analysis is currently being conducted and completion is targeted for the June 27, 2023 Council date in conjunction with the statutory Annual GAAN Limit and Investment policy changes.

3. A new policy to not incur indebtedness when interest rates go above 5% or a different specific threshold

**Status:** This scope is also being reviewed especially with the current interest rate regime of the Federal Reserve Board and the markets. The target of completion is June 27, 2023.

4. Tools for increased transparency for taxpayers

**Status:** The City Manager's Office has begun research on cloud-based budget and performance management software systems that would allow a more interactive interface and transparency regarding the City's budget. However, additional time is needed to continue to explore these systems as well as other tools for increased transparency.

5. Updated report and discussion of pension and healthcare costs

**Status:** The Unfunded Liability Obligations and Unfunded Infrastructure Needs report, which includes a discussion on pension and other-post employment benefits, including retiree healthcare costs, was placed on the April 11, 2023 Council agenda. The item is being rescheduled for a future meeting date.

6. Refer the full Report to the Budget & Finance Committee for consideration

**Status:** The report has been submitted to the Committee for consideration.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects or opportunities associated with receiving an update on the bonding capacity report.

#### CONTACT PERSON

Sharon Friedrichsen, Budget Manager, City Manager's Office, 981-7000  
Henry Oyekanmi, Finance Director, 981-7200

# A Risk-Based Analysis and Stress Test of Long-Term Debt Affordability for the City of Berkeley, California

**April 2022**

**Produced by:**

**The Government Finance Officers Association**



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## Section 1 – Introduction

Long-term debt is an important tool for municipal governments to invest in long-term assets that serve their community. The City of Berkeley, California (City) is considering seeking authorization from its voters on a large amount of long-term debt, perhaps up to \$600 million, to support the City of Berkeley's infrastructure needs included in its Vision 2050 plan. The debt would be used to fund assets like streets, public buildings, and more. This would be the largest amount of debt the City has sought to authorize in at least the last 20 years.<sup>1</sup> Therefore, the City has, prudently, decided to analyze the long-term affordability of this debt and has engaged the Government Finance Officers Association (GFOA) to perform this analysis.

GFOA is a non-profit association of more than 21,000 state and local government finance professionals and elected officials from across the United States and Canada. A key part of GFOA's mission is to promote best practices in public finance, including analyzing important financial risks like the affordability of long-term debt. GFOA's approach to risk analysis is distinctive because we use the same basic methods used by insurance companies and climate scientists to evaluate risk. We use computer simulation to build hundreds, if not thousands, of scenarios of how the City's financial situation could play out over 30 years. Each scenario changes important variables that influence how affordable the City's debt might be. For example, each scenario features a different interest rate environment. The variation in these variables is governed by parameters we set, where the parameters keep the variation within the realm of possibility. To continue our interest rate example, we gathered data on the rate of change in bond interest rates since 1970. This information was used to create the parameters for the interest rate environments generated for each scenario. We then see how often the City's debt remains affordable over those thousands of scenarios. If the debt is shown to be affordable under a high proportion of those scenarios, then that suggests there is a good chance that the debt will ultimately be affordable in the real world. Conversely, if the debt is not affordable under a high portion of the scenarios that suggests the debt is unlikely to be affordable in the real world. This computer simulation is built in Microsoft Excel using open standards for the data.<sup>2</sup> We'll refer to this computer simulation as the GFOA "Risk Model". The Risk Model is completely available to the City to use as it sees fit, including the ability to adjust many of the assumptions utilized for the simulations.

The rest of this report is divided into the following sections:

- **Defining What is "Affordable" Debt.** This section describes our rationale for using a typical bond ratings analysis as the basis for determining what is "affordable" for the City government.
- **Key Financial Indicators and Assumptions.** This section examines the key indicators of debt affordability that are taken into consideration by bond ratings companies and our method of approximating how the indicators suggest debt affordability in our simulation of the City government's future.

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<sup>1</sup> History of the City's bond issuances compiled with the help of the City Clerk.

<sup>2</sup> Visit [probabilitymanagement.org](http://probabilitymanagement.org) for more information on the standards we use.

- **Results of the Analysis and Recommendations.** In this section, we will address the findings from our analysis, including recommendations to help the City retain its credit rating.

## Section 2 – Defining What is “Affordable” Debt

The definition of what is “affordable” debt is at the foundation of this analysis.

The first step to defining what is affordable is defining the type of debt the City is considering. The City is considering “general obligation (GO) debt”. This debt is paid for by a dedicated property tax levy. Thus, the City **does not** have to pay for this debt out of its existing revenue streams. This means that taking on more general obligation debt **will not** have a **direct** impact on the City’s operating budget. There is **indirect** impact – for example, perhaps the higher tax bills faced by taxpayers would cause them to vote against future tax measures intended to support the operating budget. Or, maybe residents or businesses feel the impact of higher taxes in their businesses or personal finances and decide to move. These are important considerations, but are outside the scope of this analysis, which is focused on the **direct** impacts to City government. That said, the financial indicators we will examine do include measures of personal income and the size of the tax base relative to the size of the population, which do provide some insight into affordability to taxpayers. It is also worth remembering that, according to California law, debt like the City is considering must be approved by two-thirds of voters in an election. If approval is not obtained, the debt cannot be issued. Thus, taxpayers evaluate the affordability of the proposed debt themselves by choosing to approve it or not. However, affordability to the taxpayers might not be that simple. We’ll have more to say on this topic later in the report.

The impact of general obligation debt on the City government’s finances is to add to the City’s total debt burden. Generally, the more debt a City takes on the less attractive its debt becomes to investors, all else being equal.<sup>3</sup> This is because, in theory, the more debt a City has, the less likely it is that it will be able to pay it all back. This is important because if the City’s debt becomes too unattractive, it will need to offer higher interest rates to investors. That would make it more expensive to borrow and, thus, more expensive for the City to make future investments in long-term assets. **Thus, we will define debt affordability as the extent to which issuing more debt in support of any City Council program might cause the City’s debt to cross a threshold point where the City has to offer a higher interest rate to attract investors.**

Threshold points where higher interest rates must be offered are known as bond ratings. There are three major agencies that issue bond ratings: Moody’s Investors Service, Standard and Poor’s, and Fitch Ratings. Each rating agency has its own approach, but there are broad similarities between all three. For purposes of this analysis, we will focus on Moody’s approach. This is because Moody’s method is: A) well documented; and B) makes use of quantitative financial information to help standardize the approach to issuing ratings. This means we can collect the same financial information Moody’s would collect and evaluate it in a similar, albeit much simplified, manner. By doing this, our Risk Model was able to essentially duplicate the City’s current rating, which is “Aa”, according to Moody’s. Aa is the second best rating on Moody’s scale (which is similar to the scales used by the other rating agencies). The complete scale is shown in the accompanying table. The reader should note that rating agencies also make finer grained distinctions within the rating tiers. For example, technically, the City’s rating is “Aa1”, which

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<sup>3</sup> Municipal governments might issue more debt, but their tax base and revenues might also continue to grow. In this case, all else has not remained equal so the debt of that municipality may not become less attractive.

indicates the City is a strong Aa or at the upper end of what is considered Aa. An Aa2 would be in the middle and Aa3 would be considered a weak Aa. For the majority of this report we will not refer to these finer grained distinctions. This is, first, in the interest of simplicity. Using just the ratings scale showing in our accompanying table, the reader will be required to track six different categories of ratings. Multiplying the number of categories by three might make this analysis much more difficult to follow. Second, we do not have access to reliable historical data on how big a difference these finer distinctions would make on the interest rate the City could obtain for its bonds. We have data back to 1970 for the differences between the tiers shown in our table. Therefore, most the analysis will take place at the level of these six tiers. Occasionally, though, we will refer to the finer distinctions (e.g., Aa1 vs. Aa2 vs. Aa3) to discuss how the City's credit rating could change in response to different conditions.

If the City's debt were to be downgraded to an "A" we would expect the City to have to pay a higher interest rate on future debt. How much more would depend on the interest rate environment at the time. Historically, the difference between the interest rate of Aa and A has ranged from 1.05 to 0.08 percentage points, with an average of 0.26 percentage points. If, for example, a \$100 million 30-year bond sold at 2.26% interest rather than 2.00% interest, this would translate to \$5 million more in total interest cost over the life of the bond.

| Moody's Rating Scale |            |
|----------------------|------------|
| The best->           | Aaa        |
|                      | Aa         |
|                      | A          |
|                      | Baa        |
|                      | Ba         |
| The worst->          | B or below |

To evaluate the affordability of the City of Berkeley's borrowing plan including its Vision 2050 debt issuance plan we can do the following:

1. Update the key financial indicators used within the Moody's rating system to reflect what the indicators would look like with the additional debt over the 30-year analysis period covered by our Risk Model.
2. Use computer simulation to vary key variables that impact the financial indicators over the 30-year analysis period. We'll describe what these variables are and the assumptions our analysis makes in the next section.

### Section 3 – Key Financial Indicators and Assumptions

The purpose of this section is to summarize the key financial indicators used to help frame bond ratings and to describe key assumptions we have made with respect to future values of the important variables that go into the analysis. Our analysis considers the next 30 years, so we had to make assumptions about how key variables would behave. Before we delve into these topics, we'd like to bring five important points to the attention of the reader:

1. The amount of debt the City takes on is not the only, or even primary, factor that determines bond ratings. Bond ratings take into account a number of factors besides debt. Therefore, our analysis include other factors that impact bond ratings, such as pensions, fund balance and tax base, along with debt.
2. Bond ratings are intended, primarily, to help investors decide how risky it is to invest in a municipality's debt. Though many of the factors bond ratings take into account are reflective of

the general financial health of a municipality, the ratings are not a perfect measure of financial health. This is because ratings are intended to judge the ability of the City to pay back its bondholders and nothing more. This is a limited perspective on financial health.<sup>4</sup>

3. Bond ratings method are not a purely mechanical exercise where a given value for the financial indicators leads to a perfectly predictable bond rating. For example, Moody's rating method includes "notching factors", which are essentially the wiggle room to adjust a municipality's rating up or down, based on local circumstances and the judgment of bond rating analysts. Nevertheless, given that our approximation of the financial indicators that Moody's uses did produce the City's current rating in our Risk Model, we can assume that the financial indicators will produce useful insights into what the City's rating might be under different circumstances.
4. Our analysis is based largely on the future looking a lot like the past in many important respects. For example, we will see that the size of the City's tax base is regarded as a big strength by the Moody's evaluation method. We will assume it will continue to be. Of course, it is plausible that that a large natural disaster, like an earthquake, could severely damage property stock in Berkeley to the point where the tax base is seriously impaired and is no longer the strength it once was. These kinds of extreme scenarios (e.g., natural catastrophes) are not within the scope of our analysis. This is not to say such scenarios are not important. In fact, GFOA analyzes the impact of catastrophic scenarios on municipal financial health on a regular basis. However, given the scope for this project we focused on the key financial indicators of the City's financial health that are described in the following pages and not on catastrophe events. The Risk Model is not intended as a perfect representation of reality. It has been said "all models are wrong, but some are useful". We would suggest that focusing on the trajectory of key financial indicators given the decisions that City makes is a useful perspective on the affordability of its debt plan.
5. Readers who are not interested in the details of the Moody's methods and the assumptions we made about the future of the City's finances are invited to skip the rest of this section and go directly to the next section for our findings and recommendations.

The rest of this section will delve into key financial indicators that are salient to bond ratings and which underlies how we are defining "debt affordability" for this study.

The key financial indicators Moody's considers are described by what Moody's calls its "scorecard". Moody's has four broad factors for its bond rating scorecard and a number of sub-factors, which are shown in Exhibit 3.1.<sup>5</sup> We will summarize each immediately following. With respect to the overview provided by Exhibit 3.1, the reader should note the factor weightings. We see that measures of the City's debt constitute only 10% of the total scorecard. Thus, the City's plan to issue more debt, by itself, can only have a marginal impact on the score. The City's actions with respect to its financial position, in whole, will be what really matters for debt affordability.

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<sup>4</sup> A comprehensive approach can be found in GFOA's Financial Foundations for Thriving Communities.

<sup>5</sup> Our primary source on Moody's methods is "US Local Government General Obligation Debt" dated January 26, 2021, published by Moody's Investors Service.

**Exhibit 3.1 – Moody’s Scorecard Factors and Weights (for Local Governments)**

| Broad Scorecard Factors | Factor Weighting | Sub-factors                                                           | Sub-factor Weighting |
|-------------------------|------------------|-----------------------------------------------------------------------|----------------------|
| Economy/Tax Base        | 30%              | Tax Base Size (full value)                                            | 10%                  |
|                         |                  | Full Value Per Capita                                                 | 10%                  |
|                         |                  | Wealth (median family income)                                         | 10%                  |
| Finances                | 30%              | Fund Balance (% of revenues)                                          | 10%                  |
|                         |                  | Fund Balance Trend (5-year change)                                    | 5%                   |
|                         |                  | Cash Balance (% of revenues)                                          | 10%                  |
|                         |                  | Cash Balance Trend (5-year change)                                    | 5%                   |
| Management              | 20%              | Institutional Framework                                               | 10%                  |
|                         |                  | Operating History                                                     | 10%                  |
| Debt/Pensions           | 20%              | Debt to Full Value                                                    | 5%                   |
|                         |                  | Debt to Revenue                                                       | 5%                   |
|                         |                  | Moody's-adjusted Net Pension Liability (3-year average) to Full Value | 5%                   |
|                         |                  | Moody's-adjusted Net Pension Liability (3-year average) to Revenue    | 5%                   |

Source: Moody's Investor Service

### Economy / Tax Base

The tax base ultimately determines if a city can pay back its debt. There are three sub-factors considered:

**Tax-base size:** The size of the property tax base is where a municipality draws its revenue from. Currently, full value of the property in the City’s tax base is almost double what is necessary to receive the highest possible score on Moody’s scorecard. We did not find a reason to think that a radical decline in the value of property in the tax base was a probable risk. Of course, events like the 2008 recession and bursting of the housing bubble can cause a temporary decline. These kinds of variations are captured in the Risk Model. The Risk Model assumes that tax base will grow (and occasionally shrink) at rate that is broadly consistent with historical patterns, but the Risk Model does not assume a constant rate of growth. For example, the Risk Model simulates market pullbacks like the Great Recession (and worse). However, we did not find a reason to think that a dramatic, long-term decline in the City’s property values was a high-probability risk. The Risk Model does provide the user with the ability to easily change growth rate assumptions in order to see the effect of more optimistic or pessimistic outlooks.

**Full-value per capita:** This indicator adds in population size to the size of the tax base. The per resident property wealth shows the availability of tax-generating resources relative to the users of public services. This measure is almost 1/3 above what is necessary to receive the highest score on Moody’s scorecard. We did not find reason to believe that the City’s population would outpace the growth in property values to the point where it would risk the City falling below the Moody’s threshold for the best score. In fact, a long-term forecast sourced from Association of Bay Area Governments (ABAG) shows the City’s population forecasted to grow just over 1% per year over the next 30 years. This growth does not seem to be so great that it puts a strain on City finances and, thus, pose a risk to the City’s bond ratings.

**Median Family Income:** A community with high-income taxpayers may have greater ability to cover the cost of debt. The City is almost exactly in the middle of the two threshold values that bound the second highest score on Moody's scale. Presumably, the large number of college students in Berkeley exert downward pressure on this measure. That said, we did not uncover a high probability risk that the City would fall out of the second-highest category over the next 30 years.

## Finances

This factor considers a local government's cushion against the unexpected, the City's ability to meet existing financial obligations, and its flexibility to adjust to new ones. There are four sub-factors considered:

**Fund Balance:** Fund balance describes the net financial resources available to a municipality in the short term. It is essentially the "rainy day fund" or "self-insurance" to react to unplanned, unavoidable costs (like natural disasters). More fund balance would presumably reduce the risk of a local government failing to repay debt because of a natural disaster or other catastrophe. For the City, this measure is currently almost 2/3 above what is necessary to receive the highest score on Moody's scorecard (Aaa). That said, fund balance is not nearly as stable a quantity as the economic forces we reviewed above. For example, in the years 2007 to 2013 the City's annually available reserves were less than half of what they've been in the last few years. In fact, the City would have been in the Aa, rather than Aaa, equivalent tier for six of the last 15 years (though not too far below the Aaa tier, at least). This means that we shouldn't take for granted that the City will continue to maintain reserves high enough to receive Moody's highest scores for the entire 30-year analysis period. The Risk Model assumes the City has a chance of falling out of the Aaa equivalent tier for fund balance. That chance is determined by the City's historical experience. Over the last 15 years the City was below the Aaa threshold six times. So, the Risk Model assumes a six in 15 chance (or two in five chance) per year that the City falls below the Aaa tier.

**Five-Year Dollar Change in Fund Balance as % of Revenues:** The reason for this measure is much the same as stated above, except this takes longer-term perspective on fund balance. Fund balance can change fairly rapidly, year to year, compared to some of the other indicators in the Moody's scorecard. So, this measure checks to see if fund balance is growing or shrinking and by how much. Currently, the City is just above the threshold required for the highest score. However, this is an example of a measure that is highly relevant to the interest of bondholders, but not as well aligned with the interests of the people who live in Berkeley. From the perspective of bondholders, it would not be a bad thing if the City continued to build its fund balance indefinitely. That continues to reduce the risk of a default. However, from the citizens' perspective there is a clear upper limit on the amount of fund balance a local government should hold. At some point the opportunity cost (in terms of higher taxes or foregone services) is not worth the benefit the public receives from the City having a larger fund balance. Thus, given that the City already, by Moody's own standards, has a large fund balance, it is questionable whether the City would continue to grow the fund balance in the future at the same rate it has in the past. Thus, it seems unlikely the City would continue to achieve the highest score under the Moody's rating system. However, that said, Moody's documentation does imply that local governments with a strong fund balance might be given consideration for maintaining that fund balance rather than continuing to grow it - Moody's might adjust ratings upwards to reward maintaining stability of a high level of fund balance. This means that the City

may not enjoy the top-rated scores it had gotten in the past on this measure, but if it maintains a high level of fund balance, it might only drop to the second highest score. The Risk Model gives the user the option to choose the growth rate, from maintaining a rate of growth equivalent to Aaa to remaining flat (equivalent to an A rating). For the purposes of this report, we chose to make this indicator equivalent to an Aa rating. The rationale is that the City probably can't keep historic levels of growth indefinitely, but the high amount of fund balance the City usually carries would, hopefully, be enough to avoid falling down to an A rating.

**Cash Balance:** Cash is a similar measure to fund balance – but focuses on “money in the bank”, whereas fund balance can include some non-liquid resources. For the City, this measure is currently almost three times above what is necessary to receive the highest score on Moody's scorecard. At the City, cash balances and fund balance levels tend to mirror each other. So, just as the City did not have nearly the same level of fund balance in the past as it does today, it did not have the same level of cash either. Thus, like fund balance, this means that we shouldn't take for granted that the City will continue to maintain cash high enough to receive Moody's highest scores for the entire 30-year analysis period. That said, given that cash appears to be so far above what Moody's is looking for that it would take much more extraordinary circumstances for the City's cash to fall below Aaa equivalence. The Risk Model assumes that the City has a 2 in 15 chance of falling to the Aa tier, each year. This chance is smaller than fund balances falling to the Aa tier. The rationale is the City's cash amounts are very high above the Aaa threshold, so would have a long way to fall to reach Aa territory.

**Five-Year Dollar Change in Cash Balance as % of Revenues:** The rationale and issues related to this measure are much the same as discussed above. Cash is a more liquid resource for dealing with unplanned, unavoidable expenditures and this measure shows the rate and direction of growth. The City is currently well above the amount required for Moody's highest score, but, again, the same rate of growth probably cannot keep up indefinitely. Like fund balance, though, it seems possible that Moody's might not penalize the City for mere stability in its amounts of cash on hand, if the amounts on hand were kept high. The Risk Model uses identical assumptions for this measure as for the fund balance trend, described above.

## Management

The legal structure of a local government and management under which it operates influence the government's ability to maintain a balanced budget, fund services, and continue to derive resources from the local economy. There are two measures in this category.

**Institutional Framework:** This factor measures the municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. For example, a local government with many mandated responsibilities, but with little ability to raise revenues would score poorly on this measure. Our examination of the City's prior Moody's bond ratings suggest that the City, for this measure, was rated consistently with its overall rating: Aa. In other words, the second best possible score. We found no high probability risk that the City's legal powers and responsibilities would change dramatically in the coming years, so we assume the City's score on this measure will remain constant throughout the analysis period.

**Operating History:** Operating history is essentially the extent to which the City runs annual surpluses or deficits. The City's current measure is well above what is required for Moody's highest score. However, because surpluses and deficits are determined annually, we shouldn't assume stability in this measure over a long-term period. We looked at the last 15 years of the City's history to see the size of surpluses (there were no deficits) and used those to simulate what surpluses will be in the future. This results in a more conservative assumption than simply continuing the most recent trends indefinitely into the future.

## Debt / Pensions

Debt and pension burdens are measures of the financial leverage of a community. The more leveraged a tax base is, the more difficult it is to service existing debt and to afford additional debt, and the greater the likelihood there will be difficulties funding debt service. There are four measures in this category.

We gave this category the most analytical attention for a number of reasons. First, debt was the primary focus of the City in commissioning this study. The amount of debt the City is considering issuing will have a direct impact on some of the measures in this category. Second, as we will see, the City's current performance on debt indicators is already weak compared to the other indicators we have reviewed. Third, this section includes pensions, which, as we will see, are the weak spot in the City's performance on the Moody's scorecard.

We will first briefly overview the four measures in this category and then go into details on the assumptions made for future values of these indicators.

**Debt to Full Value:** This evaluates net direct debt relative to full value of the property in the City's tax base. This metric tells us how onerous future debt service payments could be to the tax base. Currently, the City is in the second best category for scoring on this measure.

**Debt to Revenues:** This compares debt to the City's regular revenue stream. Moody's does not subtract from the calculation any debt whose principal and interest is paid by taxes, even if those costs are external to the General Fund. Under this definition, the City gets a score on the Moody's scorecard equivalent to an "A" rating.

**Three-year Average of Moody's-Adjusted Net Pension Liability to Full Value.** This measures the magnitude of a local government's pension obligations relative to its tax base.<sup>6</sup> Similar to the debt burden evaluation, the tax base serves as a proxy for future revenue-generating capacity to amortize accrued pension obligations. The City's score here is equivalent to a "Baa" bond rating.

**Three-year Average of Moody's-Adjusted Net Pension Liability to Operating Revenues.** This metric seeks to measure pension obligations relative to the size of the local government's budget. The metric attempts to reflect that amortization of accrued net pension obligations could divert revenues out of future budgets and lead to funding shortfalls. The City's score here is equivalent to a "Ba" bond rating (the second worst rating).

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<sup>6</sup> Note that Moody's adjusts the standard net pension liability measure found in government financial reports to include less favorable assumptions on the discount rate for pension investments. The details behind these calculations are available in the Risk Model supplied to the City by GFOA.

**Assumptions for Future Indebtedness:**

- The Risk Model includes all repayment schedules for the City’s existing debt and assumes debt will be repaid in the times and amounts currently scheduled.
- The Risk Model includes three categories of “new” debt. The detailed assumptions behind the new debt are described in more detail later, but the general categories of new debt are:
  - Debt that the voters have previously authorized, but which the City has not issued. This is in the amount of \$117 million in principal.
  - Debt issued to support Vision 2050 or other programs. The user defines the amount of principal in the Risk Model. The Risk Model assumes that the number entered by the user will be approved by the voters.
  - Debt issued in the far future. Given we are taking a long-term (30 years) perspective, we should not assume that future City Councils will not issue any more debt. The amounts and timings of these simulate future debt issues are described as part of the following bullets.
- For all new debt, the user can choose the length of the repayment schedule. For the purposes of this report, we assumed 30 years. This is consistent with the City’s past practices and current plans. We assume level repayment schedules (i.e., no front or back loading of repayment schedules). We assume no debt refunding, refinancing, etc.
- For all new debt, we simulate the interest rate, where historical rates are used as a model. Here are some key points:
  - We use forecasts of the yield on ten-year US Treasuries for the next two years to simulate the interest rate environment for the next two years. We do this so that the Risk Model does not generate short-term results that are divergent from short-term expectations.
  - After two years, the Risk Model randomly generates future interest rates, where the rate of change in the rates is entirely consistent with the rate of change in the interest rates for Aaa-rated GO bonds and US Treasuries since 1977. We used the historical rate of change to simulate downward, upward, and stable trajectories for long-term interest rates.
  - The Risk Model assumes bond interest rates will not go below zero. The user has the option to adjust this rate floor.
  - The Risk Model includes the City’s informal policy that the City will not borrow if rates are above 5%. If rates are simulated to go above 5% in any year any simulated, then borrowing is deferred until rates go back below 5%.
  - For the purpose of this report, the Risk Model assumes that rates are just as likely to go up in the future as they are to go down, with the exception of the first two years. As discussed above, the next first years are determined by the 10-year US Treasury forecasts produced by other organizations. For the years after that, the user is able to adjust how likely rates are to go up or down to explore assumptions other than what we assumed for this report. So, if the user wanted the Risk Model to simulate an interest environment where it is twice as likely rates would go up, then that assumption could be entered. In no case will the rates rise at a greater rate of change than has been observed historically.

- The Risk Model assumes that the City will issue new debt that has been previously authorized by voters, but which have not yet been issued. This amounts to \$117 million in additional principal that is added to the City's debt burden over the next five years. The debt is issued according to a user-defined schedule.
- For the debt to support more borrowing, including the City of Berkeley Vision 2050, in the Risk Model, the user can choose the amount of debt the City will issue. The Risk Model allows the user to choose between the options below. The options are completely user definable so the City can add, change, or delete options as it likes:
  - An option for \$300 million in debt, which represents the lower end of what the City Council has discussed. Note that the City Council has discussed supplementing this amount of debt with a parcel tax. The parcel tax would not impact the City government's performance on the key indicators in the Moody's scorecard other than requiring the City issue less debt. Hence, the parcel tax is not included in the Risk Model.
  - An option for \$600 million in debt, which represents the upper end of what the City Council has discussed.
  - An option for \$900 million in debt. This is included just for demonstration purposes, so the user can see what a larger amount of debt would do to the model results.
- Debt issued to support more borrowing for the 2050 Vision Plan are assumed to be issued in increments evenly throughout the 30-year analysis period. The user can change this assumption and make the debt issued on any schedule they would like.
- We should not assume that the debt issued to support the City of Berkeley Vision 2050 will be the last debt the City issues for 30 years. Since 2000, the City has tried to gain voters' approval to issue new debt in seven of ten election years. Thus, we must assume that future City Councils will have plans to issue debt to support future projects. The model simulates this under the following assumptions:
  - The City will not try to issue new debt again until 2028. This assumption can be easily changed by the user.
  - For any election year after 2028, there is a 70% chance that the City will try to gain approval to issue new debt. This is based on the fact the City has historically tried in 70% of election years, though this assumption can be adjusted by users.
  - The amount of debt the City attempts to issue in any given election year varies between \$13 million and \$150 million. This is based on the inflation adjusted amounts the City has tried to issue in the past. The Risk Model adjusts this amount upwards in future years to account for the effects of inflation.
  - The public approves proposed new issues at the same rate it has in the past, including partial approvals.

### **Assumptions for Future Pension Liabilities**

For pension liabilities, we developed a single alternative pension assumption, based on the work of the City's CPA firm. This assumption assumes a negative 1 percentage point adjustment to the discount rate applied to pension investments. So, if the baseline, status quo assumption is 7.15%, then the alternative would be 6.15%. The user can activate or deactivate the alternative assumption on the Risk Model

dashboard. If activated, the alternative assumption is applied across all of the thousands of scenarios the risk model produces. If is not activated, it is not applied to any of the scenarios.

The Risk Model also includes an assumption for annual increase in pension liability and the current annual rate of 3.96%. GFOA would like to acknowledge the assistance of Dan Matusiewicz, Senior Finance Consultant, at GovInvest for providing assistance on formulating this assumption, which is based on a 6.8% discount rate and wage growth of 2.5%.

## Section 4 – Results of the Analysis and Recommendations

In this section, we will address the finding from our analysis, including recommendations to help the City retain its credit rating.

### Let's Put Debt in Context of the Financial Indicators Used to Estimate Debt Affordability

The City's level of debt only impacts the financial indicators that comprise a total of 10% of the Moody's scorecard. Put another way, 90% of the scorecard result is determined by factors other than the City's debt! That means that long-term affordability of the City's debt will be influenced by things like how the City manages its tax base, fund balance, its pensions, and its budget. Exhibit 3.1 provided details on the relative importance of the different factors in the Moody's scorecard. To recap some of the more notable items:

- Pensions are equal to 10% of the scorecard result, or the same as debt.
- Fund balance and cash are equal to 30% or are three times the importance of debt.
- A balanced budget is equal to 10% of the scorecard result.
- Economic factors, like full value and median family income, are equal to 30% of the scorecard result.

According to our re-creation of the Moody's scoring method, today, the City is just short of a score that would be consistent with an Aaa rating. The City's pension liabilities are the main culprit for keeping the City from that score. This conclusion seems consistent with what bond analysts have conveyed to the City: that the City would have an Aaa rating if not for its pension situation. This means that the City has some "distance to fall" in order to get down to an A rating, at least according to the quantified scoring system and the assumptions we described in this report.

All this means that the City's decision to issue debt must be done in the context of the other factors that impact affordability when trying to determine the chance that additional debt will reduce the City's bond rating.

So, to review, the City's strengths are:

- The City's economic base is firmly in Aaa territory and there does not seem to be a plausible risk of it falling out of that tier. The economic base accounts for almost 1/3 of the rating.
- The City's fund balance and cash are firmly in Aaa territory as well. Even though these measures are, by nature, more volatile than the measures of the economic base there seems to be low risk that they would fall completely out of Aaa territory much less all the way down to an A-rating territory (assuming the City maintains a strong reserve policy, as further described in our recommendations). Fund balance and cash measures also constitute almost one-third of the rating.
- The City has also consistently maintained a balanced budget.

And, the City's weaknesses are:

- The City's pensions are in Baa territory currently. Some observers believe there is a case for a lower discount rate to estimate the City's pension liability. A lower discount rate would make the liability to go up substantially. The City's CPA firm produced the calculation for a 1 percentage point reduction and we included it in the Risk Model as an option for the user to activate, if they wish. If this scenario came to fruition, pensions would become an even greater drag on the City. In fact, the Risk Model shows a good chance that pensions reach B territory (the worst rating) well before the end of the 30-year analysis period. Finally, it is worth noting that the Risk Model shows that one of the pension measures in the scorecard (pension liabilities compared to revenues) is at risk of slipping down to a score equivalent to the next lower rating tier (Ba) within in the next five years. As we will discuss more later, a continued downward trajectory on pensions could influence bond ratings analysts to give the City a lower rating.
- Though the City's current indebtedness is not nearly the problem that pensions are, it is not helping the City's bond rating either. Currently, debt measures sit between Aa and A territory.

More debt reduces the City's score on the indicators. We can illustrate with the table below. The table shows the City's scores under different simulations, starting with the City's current score and ending with the City's simulated score at the end of 30 years. The simulation does not produce a single score for the end of 30 years, but rather produces a range of possible scores. For this reason, we show the average, optimistic, and pessimistic outcomes.<sup>7</sup> The table uses assumptions identical to that described earlier in this report and assumes \$600 million of new debt in support of the City's programs, including Vision 2050, plus debt issued by future City Councils, as described earlier. We can see that the score at the end of the 30 years is worse than the City's current score under all three perspectives in the table (average, optimistic, pessimistic). The good news is that when we consider just debt, at least the scores do remain broadly consistent with an Aa rating. But, what about if we consider more than just debt? Other factors do enter into the final bond rating of course.

**Exhibit 4.1 – Simulated Results on Moody's Scorecard under the Assumptions Described Earlier in the Report**

| Rating     | Score for Each Rating |     | City's Current Score | Average Score at end of 30 years | Optimistic Score at end of 30 years | Pessimistic Score at end of 30 years |
|------------|-----------------------|-----|----------------------|----------------------------------|-------------------------------------|--------------------------------------|
|            | Min                   | Max |                      |                                  |                                     |                                      |
| Aaa        | 0.05                  | 1.5 |                      |                                  |                                     |                                      |
| Aa         | 1.5                   | 2.5 | <b>1.65</b>          | <b>2.14</b>                      | <b>2.00</b>                         | <b>2.30</b>                          |
| A          | 2.5                   | 3.5 |                      |                                  |                                     |                                      |
| Baa        | 3.5                   | 4.5 |                      |                                  |                                     |                                      |
| Ba         | 4.5                   | 5.5 |                      |                                  |                                     |                                      |
| B or below | 5.5                   | 6.5 |                      |                                  |                                     |                                      |

<sup>7</sup> Optimistic and pessimistic are defined as the points at which 5% of the outcomes produced by the model are above or below the point indicated on the table.

To examine the other considerations that go into a rating, Exhibit 4.2 changes the assumptions in the Risk Model to be less favorable for the City, including: a lower discount rate on pensions (1 percentage point) and performance equivalent to an Aa rating for fund balances, cash balances, and operating history (which would be less favorable than the City's recent history would suggest). We can see that the City's scores now deteriorate enough that the pessimistic outcome places the City in the "A" rating equivalent scoring tier. What the table does not show is how the scores change for periods less than 30 years. The Risk Model tells us that the risk of a downgrade is present in the near-term future, not just the long-term future. This is because the City is close enough to the next lower tier of scoring for its debt and pension measures that it is plausible that the City will reach these lower tiers in five to ten years. We'll discuss this more detail in the next section. Over the long-term, the City's strong property tax base (and growth in that base) can balance out some of the nearer-term challenges (assuming the challenges don't also get worse).

#### Exhibit 4.2 – Simulated Results on Moody's Scorecard under Less Favorable Assumptions

| Rating     | Score for Each Rating |     | City's Current Score | Average Score at end of 30 years | Optimistic Score at end of 30 years | Pessimistic Score at end of 30 years |
|------------|-----------------------|-----|----------------------|----------------------------------|-------------------------------------|--------------------------------------|
|            | Min                   | Max |                      |                                  |                                     |                                      |
| Aaa        | 0.05                  | 1.5 |                      |                                  |                                     |                                      |
| Aa         | 1.5                   | 2.5 | 1.65                 | 2.39                             | 2.30                                |                                      |
| A          | 2.5                   | 3.5 |                      |                                  |                                     | 2.50                                 |
| Baa        | 3.5                   | 4.5 |                      |                                  |                                     |                                      |
| Ba         | 4.5                   | 5.5 |                      |                                  |                                     |                                      |
| B or below | 5.5                   | 6.5 |                      |                                  |                                     |                                      |

The reader will notice that even on this second table, the scores are certainly not disastrous, by any means: the average score is still within the Aa equivalent tier. That said, we must remember that the final bond rating a municipality receives is not a purely mechanical exercise, where the key financial indicators dictate the bond rating. According to Moody's: "The scorecard is not a calculator. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to begin viewing and comparing local government credits. It therefore acts as a starting point for a more thorough and individualistic analysis." Put another way, the rest of the rating is subject to a human element: the rating analyst. In a real-life scenario characterized by unfavorable performance across the indicators that Moody's looks at we can't discount the possibility that the analyst might decide to "put a thumb on the scale" and raise the chance of a downgrade. For example, perhaps a significant amount of new debt along with further deterioration in the City's pension situation dampens the rating analyst's enthusiasm for the City of Berkeley's debt even more than the Moody's scorecard suggests. Finally, it could be possible that rating agencies could change the weightings of the indicators they consider. GFOA has observed that the measures favored by rating agencies and the relative weight placed on them has evolved over time. It seems unlikely that debt and pensions would come to occupy a less important place in rating considerations given that they currently constitute a relatively small consideration compared to fund balance / cash and tax base. Given that pensions and debt are biggest risk to future debt affordability, we'll examine this risk more in the next subsection.

Finally, the model can address different interest rate environments and property markets. Some observers believe that sustained higher interest rates may result from efforts to combat inflation. This would result in economic stagnation and impact on the housing market. In fact, the Federal Reserve Bank of Dallas recently stated that the property market is showing "signs of a brewing U.S. housing bubble". The implication is that bubbles pop, with the types of consequences we saw in the 2008. To explore these concerns further, we adjusted the model assumptions to give more weight to a rising interest rate environment and to reduce, by half, the chances of growth in the City's revenue and property values. Note that the baseline assumptions in the Risk Model **did not** assume uninterrupted growth in property values, but did assume a good chance of a long-term upward trajectory. These new assumptions result in a good chance of long-term stagnation. Under these assumptions, unsurprisingly, the City's is at significantly greater risk of slipping below an Aa equivalent score. Interestingly, the City's informal policy of not borrowing at rates above 5% makes a noticeable difference in the high interest rate environment: the City stops borrowing at a certain point and pays back existing debt, which helps its score. The take-away is that unfavorable turns in the economic environment will have a noticeable impact on the financial indicators and increase the risk of a ratings downgrade.

### Pension, Debt and the Risk Posed to the City's Bond Rating

Though pension and debt do not dominate the Moody's scorecard and are not the most important consideration in bond ratings, they still can influence bond ratings. For example, especially poor performance or notable deterioration from previous performance might capture the attention of the bond ratings analyst. To illustrate, the table below displays results from one of thousands of simulations the Risk Model produced, using the more unfavorable assumptions described in the previous section. We chose to illustrate using the more unfavorable assumptions because it helps make the point we wish to make more clearly. Also, keep in mind this is just one of the thousands of simulations we developed, so it's not intended to show generalizable results (unlike the tables in the last section which summarized results from across the thousands of simulations).

The top set of rows in the table shows the City's current values for the key financial indicators associated with debt and pension in the Moody's scorecard. The next set of rows shows the scores the indicators receive under the Moody's methodology. The scores can range from 1 to 6, where 1 is the best (Aaa equivalent) and 6 is the worst (equivalent to B or below). The final row is the average of all indicators in the Moody's scorecard, which includes indicators not shown in the rows above (e.g., tax base, fund balance, etc.). Remember that the average is weighted towards the indicators Moody's deems most important (see Exhibit 3.1).

We see that the City's current score across all indicators is a 1.65 (bottom left corner), consistent with a strong Aa rating. However, as we move to right and further into the future, we see City's score on debt and pensions deteriorate (the numbers on the 1 through 6 scale get higher). We can also see the average score move upwards. The movement upwards is not as dramatic because debt and pensions only account for 20% of the total score. The measures that account for the other 80% perform well, often in Aaa territory. Nevertheless, we see that although the City's score remains consistent with an Aa rating, it has become consistent with a weak Aa (or Aa3 in Moody's terminology). It should be noted that the cutoff

points used in the table to differentiate strong from weak come directly from Moody's documentation.<sup>8</sup> With this in mind, it becomes more understandable why an analyst might decide to downgrade the City to an A rating, if they observe the City's scorecard result fall from a strong to a weak Aa. They might conclude that the possibility of continued decline, for example, merits a lower rating.

#### Exhibit 4.3 – Example Results from a Simulation the Risk Model Produced

|                                                                   | Now    | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    |
|-------------------------------------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>VALUES FOR INDICATORS</b>                                      |        |       |       |       |       |       |       |       |       |       |       |
| Net Direct Debt / Full Value                                      | 1.3%   | 2.2%  | 2.3%  | 2.2%  | 3.0%  | 2.9%  | 2.7%  | 3.5%  | 3.8%  | 3.8%  | 3.8%  |
| Net Direct Debt / Operating revenues (x)                          | 0.76   | 1.29  | 1.34  | 1.86  | 1.78  | 1.69  | 2.08  | 2.28  | 2.20  | 2.10  | 2.01  |
| Adjusted Net Pension Liability (3-Year Average) to Full Value (%) | 8.7%   | 13.7% | 13.7% | 13.8% | 14.0% | 14.1% | 14.7% | 15.2% | 16.4% | 17.7% | 18.8% |
| Adjusted Net Pension Liability (3-Year Average) to Revenues (x)   | 5.24   | 7.73  | 8.26  | 8.49  | 8.72  | 8.90  | 8.80  | 9.17  | 9.44  | 9.67  | 9.93  |
| <b>SCORE FOR DEBT &amp; PENSION INDICATORS (1 THRU 6 SCALE)</b>   |        |       |       |       |       |       |       |       |       |       |       |
| Net Direct Debt / Full Value                                      | 2      | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Net Direct Debt / Operating revenues (x)                          | 3      | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Adjusted Net Pension Liability (3-Year Average) to Full Value (%) | 4      | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 6     |
| Adjusted Net Pension Liability (3-Year Average) to Revenues (x)   | 4      | 5     | 5     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     |
| <b>SCORE FOR TOTAL OF ALL INDICATORS (1 THRU 6 SCALE)</b>         |        |       |       |       |       |       |       |       |       |       |       |
|                                                                   | 1.65   | 2.2   | 2.2   | 2.25  | 2.25  | 2.25  | 2.25  | 2.25  | 2.25  | 2.25  | 2.3   |
|                                                                   | ^      | ^     | ^     | ^     | ^     | ^     | ^     | ^     | ^     | ^     | ^     |
|                                                                   | Strong | Weak  |
|                                                                   | Aa     | Aa    | Aa    | Aa    | Aa    | Aa    | Aa    | Aa    | Aa    | Aa    | Aa    |

Finally, the Risk Model can be used to explore different weightings on financial indicators. For instance, we could give greater weight to pensions and debt and less to cash and fund balances (perhaps because cash and fund balance measures are very similar, so weighting both heavily in the analysis could be seen as "double counting"). This feature of the Risk Model could be used to mimic how a ratings analyst might decide to weigh the indicators differently than Moody's standard documentation suggests. Unsurprisingly, weighting debt and pensions more puts downward pressure on the City's scores.

#### Develop and Maintain Strong Financial Policies

Financial policies can help the City maintain its good bond rating. An example is the City's General Fund Reserve Policy. GFOA's review of the City's policy finds that it includes all the critical features of a good policy and calls for a reserve equal to Moody's Aaa equivalent threshold. That said, it is important to recall that Moody's looks across all "operating funds", which includes more than the General Fund. **Hence, there could be an argument for defining reserve policies for other critical operating funds.**

The City also has a debt policy. The policy has many of the features of a good policy, but there may be some opportunities for improvement. Particularly salient to our discussion of bond ratings is debt affordability. The City's debt policy notes that "the City is subject to debt capacity limit for its general obligation bonds: 15% of assessed value." This amount of debt would be equivalent to the second lowest rating, Ba, under Moody's scoring. **Hence, there may be a case for defining a more locally appropriate debt affordability policy.** For example, even under the most aggressive assumptions of how much debt the City might issue, the Risk Model did not show that there was a high chance that debt issued in support of the Vision 2050 would bring the City's scorecard result below an "A" equivalent score on the measure

<sup>8</sup> Note that Moody's doesn't use the terms "strong" and "weak", but rather a numeric code. We elected to use the more descriptive terms of "strong" and "weak" in order to make the table more understandable.

comparing debt to property value of the tax base. The A rating is defined as debt equal to between 1.75% and 4% of property value. This might be a good starting point for defining a locally affordable limit. The City could “stress test” affordability by simulating larger issues to see how much pressure is placed on the scorecard result by increasing the amount of debt. It could be that the City’s strong tax base and fund balance / cash practices would make it practical to incur debt beyond 4% of property value without putting the score at too much risk, but perhaps 15% is still too much. Of course, we must remind ourselves that bond ratings consider only the interest of the City’s creditors. Just because creditors are willing to lend does not mean the City should borrow. More debt also places more of a burden on taxpayers. Taxpayer burden should be analyzed as part of developing a debt affordability policy. We’ll discuss this more in one of our other recommendations, later in this report.

Another opportunity for improvement of the City’s debt policy might be to define interest rate ceilings for issuing debt. GFOA understands that the City has an informal policy that considers “5%” the interest rate ceiling beyond which the City will not issue debt. Formalizing this policy, or something like it, could help make a positive impression on rating analysts. The GFOA Risk Model can be used to help the City stress test different policy choices because the user can customize the interest rate ceiling the Risk Model uses and adjust assumed behavior of the interest rate environment.

Finally, **a structurally balanced budget policy could be helpful.** The City has a good history of running budget surpluses. A municipal government is subject to legislative requirements to pass a balanced budget. However, the definition of a balanced budget is just that inflows equal outflows for the year and says nothing about the long-term sustainability of how the budget is balanced. For example, according to the law, an asset could be sold to pay for the compensation of permanent City staff positions. An asset is a one-time revenue while staff compensation is a recurring expenditure, so this strategy would not be advisable even if it is legal. A structurally balanced budget policy commits a local government to adopting a budget that is balanced using sustainable strategies. GFOA is happy to provide the City with templates for such a policy, if the City is interested in pursuing it. This kind of policy would support both a strong score in the “operating history” and, perhaps, the “institutional framework” measures in the Moody’s system. For example, Moody’s recognizes “unusually strong budget management and planning” as a “notching factor” that could justify a higher score for a municipality than the ratios in the scorecard might suggest. A structurally balanced budget policy could be an illustration strong budget management and planning.

### Manage the Risk Posed by Pensions

As we've discussed, pensions are the Achilles' heel of the City's bond rating. The City has been considering strategies to manage its pension risk and has established an irrevocable supplemental (Section 115) pension trust. This could help support a good bond rating. This is supported by conversations the City's Finance Director has had with bond rating agencies: the City's current pension challenges has kept it from achieving an Aaa rating and continued deterioration in pension position could even lead to the City slipping to an A or a lower rating.

### Support a Strong Tax Base

If pensions are the City's Achilles heel, then its aegis is its tax base. Not only is the tax base directly responsible for 30% of the City's score on the Moody's scorecard, it directly impacts other measures as well. For example, the Moody's scorecard method compares debt and pensions to the full value of taxable property in the City. Of course, the tax base also determines how much revenue the City can raise, which influences fund balances and the City's ability to balance its budget. Therefore, the City should take active steps to preserve and to enhance its tax base. GFOA has found that there are unrealized opportunities for municipal governments to better reflect the financial interests of municipal government in land use planning. After all, land use planning will have an important influence on how the tax base develops and how the tax base develops will have an important impact on the quality of life in Berkeley (like the City's ability to invest in infrastructure!). The City can learn more about GFOA's findings and recommendations for how to make the connection between land use planning and city finances in [this report \[Note to reader: as of the date the City of Berkeley's report was posted the GFOA report on the intersection between land use planning and municipal finances has not be released to the public. It will be available soon\]](#).

### Develop and Maintain Measures of Tax Burden

General Obligation (GO) debt is paid for by a special tax levy. Therefore, more GO debt does not place a direct pressure on the City's budget. It does, however, place burden on the City's taxpayers. Voters approve the City's ability to authorize debt. In that way, voters are speaking as to whether debt is affordable to them or not. However, voters are unlikely to have a perfect understanding of the long-term implications of debt for their tax burden. In the past, the City has developed measures that show the average tax burden for a City of Berkeley homeowner. It may be wise to develop the ongoing capacity to monitor and project tax burden, especially if the City plans to continue making use of GO bonds and tax measures. The scope of the GFOA Risk Model covers only City government finances, but the Risk Model does provide much of the information that the City would need to examine the tax burden placed on residents and businesses by future debt. For example, it gives the full range of principal and interest that would need to be covered by taxes every year of the 30-year analysis period. It also provides range of the potential size of the tax base.

### Be Strategic about Debt Issuance

The City already has \$117 million in previously authorized debt that it plans to issue in the next few years. This is included in the Risk Model and in the information we've presented in this report. What the risk model doesn't capture is the City staff's capacity to manage the debt issuance and, critically, to manage

the projects that the debt is intended to finance. Prioritizing projects to make sure the City doesn't take on more than it can handle will not only make the best use of limited staff capacity it will help limit the total amount of debt the City takes on. The City has old debt that will gradually be paid down in the coming years. There is some opportunity to moderate the increase in the City's total debt burden by timing the issuance of new debt with expiration of old debt. That said, we must recognize that the amounts of new debt being contemplated do significantly exceed the amount by which old debt will decrease in the next number of years. So, a total increase in the City's debt burden would be inevitable under the assumption that there \$117 million would be issued along with some significant additional amount to support other projects including the Vision 2050 project.

## Section 5 – Conclusion and Summary

In conclusion, the City's performance on the key financial indicators used in the Moody's scorecard appears to be robust under a variety of circumstances. That said, the final bond rating the City receives is not purely a function of these indicators. Human judgment, applied by bond ratings analysts, determine the final score. Their judgment could be swayed, negatively, by the risks posed by debt and pensions, which we described earlier in this report. We have outlined a number of opportunities for the City to take proactive measures to preserve and protect its bond rating and, thus, its capacity to borrow at favorable interest rates.

To conclude, let's recap the key take-aways from this report.

- The City has important strengths that bolster its ability to borrow, including a strong tax base, fund balances, and a history of balanced budgets. That said, the City's current policy identifies a limit on borrowing equal to 15% of assessed value. Borrowing this much would place the City at the equivalent of a Ba score or the second lowest score for the key financial indicator of debt compared to the value of property in the City. That would, of course, exert strong downward pressure on the City's bond rating. The City should develop a more locally appropriate debt limit, rather than relying on statutory limits (which are set without regard to local context). For example, debt equal to 4% of property value would still provide room for the City to issue more debt (the City is currently at less than 2%), while keeping that measure with the scoring tier equivalent to an A rating. The GFOA Risk Model can be used to "stress test" different policies.
- An unfavorable turn in the economic environment could impact the City's bond rating. The Risk Model can be used to simulate high interest rate environments and stagnant (or even declining) housing markets. Unsurprisingly, these conditions increase the chances that the key financial indicators we analyzed will slip into territory associated with a lower bond rating. This is important because some observers believe that a higher interest rate environment and stagnant or declining property market are real possibilities.
- Growth in the City's tax base supports borrowing and repayment of debt. Hence, the City should consider how it can use the City's land use planning capabilities to support the financial capacity of City government. Land use planning could be used to improve the revenue productivity of the land uses in the City's jurisdiction.
- The City's pension liabilities are a drag on the City and its capacity to borrow. Pensions are clearly the weak spot in the City's bond rating given how the pensions stand today. Some observers believe that the current discount rates assumed for the pensions' investments may be too optimistic. Lower discount rates would increase the size of the liability even further. This emphasizes the need for the City to find ways to manage its pension debt.
- The City can adopt certain financial policies to maintain good management practices. This will help make a positive impression on bond rating analysts. It is important to remember that even though our Risk Models shows the City is likely to perform consistently with an Aa rating in most scenarios: A) in many scenarios the City's position deteriorates from strong Aa to a weak Aa; and B) ratings are ultimately the product of the judgment of the bond ratings analyst. An analyst's

enthusiasm for the City's debt might dampened enough by this deterioration that the analyst decides on a ratings downgrade for the City.

- Though our analysis focused on the direct impact of debt on the finances of City government, the City should also be mindful of the burden on taxpayers. The Risk Model provides much of the information the City would need to estimate burdens on taxpayers under different scenarios.
- The City already has \$117 million in previously authorized debt that it plans to issue in the next few years. Given the City's interest in issuing more debt to support the Vision 2050 and other programs, the City should remain mindful of the City staff's capacity to manage new debt issuance and, critically, to manage the projects that the debt is intended to finance. Prioritizing projects to make sure the City doesn't take on more than it can handle will not only make the best use of limited staff capacity, it will help limit the total amount of debt the City takes on.
- By following a prudent borrowing strategy, managing pensions, and following other recommendations in this report the City should have a good chance of making a positive impression on bond ratings analysts and maintaining its ratings, all while preserving some additional capacity for the City to borrow.

## Appendix 1 – Limitations of GFOA’s Analysis

This section highlights the most important limitations of our analysis.

**Our analysis is not predictive.** GFOA does not forecast bond ratings. Rather, our model generates hundreds or even thousands of different scenarios to show how the future could unfold. This helps the City think more broadly about risk so that it can be more prepared for whatever future event does eventually come to pass. Finally, it is important to note that low probability events are still possible events. Hence, even if our model says an event has a low probability, then that does not mean it won’t occur.

**GFOA is not a risk management consultant.** We worked with the City to find out which risks to bond ratings are most salient and then modeled those risks quantitatively to judge the potential impact. It is not our place to determine what the City’s attitude towards risk should be or to substitute GFOA’s attitude towards risk for the City’s. GFOA builds models to help you explore the questions, but ultimately you have to make the decisions.

**Our analysis is based on historical records.** Historical data is often a good way to model potential future outcomes. However, historical data will not be perfect.

**Our analysis is not inclusive of every risk the City could possibly face.** We examined the City’s past history and worked with City staff to identify the risks that posed the most clear and present danger to the City’s bond rating. However, it is possible that the City could experience a shock that no one was expecting or that the City could be impacted by a low probability, but high consequence event.

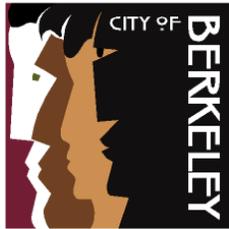
**The calculation of the key indicators is subject to some interpretation.** Though Moody’s does produce detailed documentation of their methods, there is still some interpretation required. For example, the measure of fund balance is supposed to include all “operating funds”. It is ultimately up to the analyst to decide which funds are operating funds and which aren’t. It could be that GFOA would have a different interpretation than Moody’s. That said, given that our Risk Model did duplicate the City’s current score, our interpretation should at least be close.

**Good decisions do not always lead to good outcomes.** Excel simulation tools can enhance one’s perception and understanding of uncertainty and risk.<sup>9</sup> However, when dealing with uncertainty, even the best decision may not lead to a good outcome, if luck goes against you.<sup>10</sup>

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<sup>9</sup> “To survive in an increasingly unpredictable world, we need to train our brains to embrace uncertainty,” Emre Soyer, Quartz Magazine, January 9, 2017 <https://qz.com/879162/to-survive-in-an-increasingly-unpredictable-world-we-need-to-train-our-brains-to-embrace-uncertainty/>.

<sup>10</sup> This is one of the primary lessons in: Annie Duke. *Thinking in Bets: Making Smarter Decisions When You Don’t Have All the Facts*. Portfolio. 2019.



Office of the City Manager

On May 23, 2023, the City Council adopted the recommendation outlined in this staff report, referring to the Budget and Finance Policy Committee to prioritize funding to the vehicle replacement fund to make up the shortfall over time in order to stabilize the fund.

## CONSENT CALENDAR

May 23, 2023

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Terrance Davis, Director, Department of Public

Subject: Audit Status Reports: Fleet Replacement Fund Short Millions & Rocky Road: Berkeley Streets At Risk and Significantly Underfunded

### POLICY COMMITTEE RECOMMENDATION

On April 13, 2023, the Facilities, Infrastructure, Transportation, Environment & Sustainability Committee adopted the following action: M/S/C (Hahn/Robinson) to send the item to City Council with a positive recommendation that Council:

1. Refer to the City Manager to establish a policy that the Public Works Department will be responsible for reviewing, submitting, and approving all departmental requests to Council for adding new vehicles to the fleet to facilitate maximum cost recovery through the vehicle replacement fund, consistency with fleet rightsizing studies, oversight, and timely electrification of the fleet.
2. Refer to the Budget and Finance Committee to prioritize funding to the vehicle replacement fund to make up the shortfall over time in order to stabilize the fund.

Vote: All Ayes.

### INTRODUCTION

On November 19, 2020, the City Auditor published the Rocky Road: Berkeley Streets at Risk and Significantly Underfunded Audit Report<sup>1</sup>, reviewing the funding resources to sufficiently maintain City streets, and asking if Public Works has clear policies and processes to guide paving decisions. This is the first status report regarding this audit. On June 2, 2021, the City Auditor published the Fleet Replacement Fund Short Millions Audit Report<sup>2</sup>, reviewing the solvency of the fund to sufficiently replace vehicles and asking if Public Works has the key information necessary to manage the Fleet program. This is the first status report to City Council on the efforts made to implement the Audit Report's recommendations for Fleet.

### CURRENT SITUATION AND ITS EFFECTS

The Street Paving Audit Report noted two findings and five recommendations for the Public Works Department to review, implement and report to Council. As of this report,

<sup>1</sup> Rocky Road: Berkeley Streets at Risk and Significantly Underfunded <https://berkeleyca.gov/sites/default/files/2022-01/Rocky-Road-Berkeley-Streets-at-Risk-and-Significantly-Underfunded.pdf>

<sup>2</sup> Audit: Fleet Replacement Fund Short Millions: <https://berkeleyca.gov/sites/default/files/2022-01/Fleet-Replacement-Fund-Short-Millions.pdf>

three recommendations have been implemented and two recommendations have been partially implemented.

The Fleet Audit Report noted two findings and twelve recommendations for the Public Works Department to review, implement and report to Council. As of this report, there are updates to the status of all twelve recommendations. The first set of seven recommendations was related to the underfunding of the replacement fund. One recommendation has been partly implemented, the remaining six recommendations have been started. The second set of five recommendations focused on Public Works having critical information available to inform management and decision making. All five recommendations under this finding have been started.

The attachment provides a detailed table of audit report recommendations, steps towards corrective action, and implementation updates. The next status report will be in May.

### BACKGROUND

Public Works' Engineering Division is responsible for capital projects to maintain over 216 centerline miles of streets in Berkeley, while the Streets & Utilities Division handles day-to-day maintenance of those streets. Public Works' Equipment Maintenance Division manages the maintenance, purchase, and replacement of the City's 730 fleet vehicles, heavy duty trucks and large equipment, including public safety, fire, and alternative fuel vehicles and equipment. Public Works' Administrative and Fiscal Services Division is responsible for the Department's budget and fiscal oversight, regulatory compliance and reporting, and analytical support for routine and special projects in all Public Works operating divisions.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Public Works replaces vehicles with alternative fuel, hybrid and electric vehicles whenever possible given availability of fleet technology, available budget and charging infrastructure. Streets that are improved to benefit all users help encourage more bicycling and walking, which lowers greenhouse gas emissions. Streets that are improved to include green infrastructure help reduce pollution and clean stormwater before it reaches the Bay.

### POSSIBLE FUTURE ACTION

Public Works will continue to address the remaining three partially implemented recommendations in the Streets Audit and the twelve started and partially implemented recommendations in Fleet Audit.

### FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

In the biennial budget adoption for FY 2023 and FY 2024, the City Council allocated an increase of \$5,000,000 (FY2023) and \$9,100,000 (FY2024) to street paving in the Capital Improvement Fund. The Council also passed a funding guideline to approve an \$8,000,000 increase in future fiscal years. This funding is intended to raise paving

funding to levels sufficient to maintain current pavement conditions. The Measure L Bond Measure, if approved by Berkeley voters on November 8, 2022, would raise \$300,000,000 towards street and traffic safety improvements, including improvements that advance bicycle and pedestrian use and safety. Project funding would be allocated over several years to raise the pavement condition index (PCI) to 70 or above, which is a "Good" status.

CONTACT PERSON

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Joe Enke, Manager of Engineering (510) 981-6411

Greg Ellington, Equipment Management Superintendent (510) 981-9469

Attachment:

1. Audit Findings and Recommendations Response Report – Streets
2. Audit Findings and Recommendations Response Report - Fleet

| <b>Audit Title: Rocky Road: Berkeley Streets at Risk and Significantly Underfunded</b>                                              |                       |                                                                                                                                                                                                                                                                                                                                                                                       |                        |                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| <b>Finding</b>                                                                                                                      | <b>Recommendation</b> |                                                                                                                                                                                                                                                                                                                                                                                       | <b>Lead Department</b> | <b>Expected or Actual Implementation Date</b> | <b>Status of Audit Recommendations, Corrective Action Plan, and Progress Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Without significant additional funding, Berkeley streets will continue to deteriorate and deferred maintenance costs will increase. | 1.1                   | Annually, conduct a budget analysis, based on the deferred maintenance needs at that point in time, to determine what level of funding is necessary to achieve the desired goals of the Street Rehabilitation Program. Report findings to City Council. This information will be helpful during updates to the Five-Year Street Rehabilitation Plan and during the budgeting process. | Public Works           | Ongoing                                       | <u>Partly Implemented:</u><br>The City received a PTAP grant to fund a consultant (PEI) to survey the entire City's paving condition. The consultant's report is pending. The newly adopted Street Rehab policy says that the City will conduct funding sufficiency analysis based on existing deferred maintenance. This analysis will be included as part of the biannual Paving Plan adoption. Public Works will propose a budget as part of the biannual CIP adoption to address the paving needs, based on available resources, and will present any funding shortfalls to the Council. |
| Without significant additional funding, Berkeley streets will continue to deteriorate and deferred maintenance costs will increase. | 1.2                   | Identify funding sources to achieve and maintain the goals of the Street Rehabilitation Program.                                                                                                                                                                                                                                                                                      | Public Works           | Ongoing                                       | <u>Partly Implemented:</u><br>Funding sources for street improvement are identified in the Capital Improvement Program budget. The City Council also approved a ballot measure for the November 2022 ballot which if passed, will provide up to \$300,000,000 to improve Berkeley's streets, sidewalks and bike and ped infrastructure. Approximately \$230 million would be allocated to Street Rehabilitation and Repair.                                                                                                                                                                  |

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| <p>The Streets Rehabilitation and Repair Policy is out-of-date and Public Works is not following it.</p> | <p>2.1</p> | <p>Update the Street Rehabilitation and Repair Policy annually and define who is responsible for ensuring the Policy is updated, as stated in the Policy.</p>                                                           | <p>Public Works</p> | <p>January 2022</p> | <p><u>Implemented:</u><br/>Public Works Commission approved a Street Rehabilitation and Repair Policy March, 2021, which was received and revised after consideration at the FITES Commission in May 2021, and ultimately adopted by City Council on January 25, 2022. The Policy and Five Year Paving Plan were considered and adopted on the same Council agenda. The Street and Maintenance Policy shall be adopted by City Council at a minimum interval of 5 years, after review by the Transportation and Infrastructure Commission.</p>                                                                                                                                                                                                        |
| <p>The Streets Rehabilitation and Repair Policy is out-of-date and Public Works is not following it.</p> | <p>2.2</p> | <p>When updating the Street Rehabilitation and Repair Policy, incorporate equity to align with Vision 2050 and clearly define how it will be applied to the street maintenance and rehabilitation planning process.</p> | <p>Public Works</p> | <p>January 2022</p> | <p><u>Implemented:</u><br/>The updated Street Rehabilitation and Repair Policy was adopted with clear language placing Equity as an objective: "The benefits of good infrastructure shall be distributed equally throughout the entire community regardless of income, political influence, or demographic characteristics of the residents in the area. Equity means that disadvantaged residents with more pressing needs experience benefits sooner than others, as defined by the City within the adopted Five Year Plan." The policy also calls for the designation of an Equity Zone, serving neighborhoods with historic underinvestment, which is to be prioritized to achieve the PCI goals of 70 sooner than the remainder of the City.</p> |

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| <p>The Streets Rehabilitation and Repair Policy is out-of-date and Public Works is not following it.</p> | <p>2.3</p> | <p>Define goals and performance measures to guide the Street Rehabilitation and Repair Policy and Street Rehabilitation Program that align with other plans and policies relevant to street paving (e.g., Complete Streets Policy, Vision 2050, etc.). Regularly report to Council on performance measures.</p> | <p>Public Works</p> | <p>January 2022</p> | <p><u>Implemented:</u><br/>Performance Metrics are included as a major part of the adopted Specific Policy. Key areas:<br/>1) The goal is to get to standard PCI of 70 for roadways: Arterials, Collectors, Bus Routes, Bikeway Network, and Equity Zone. 2) Funding should be prioritized with Equity in mind 3) Performance metrics reporting will be included with the biannual Paving Plan review.</p> |
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| <b>Audit Title: Fleet Replacement Fund Short Millions</b>   |                       |                                                                                                                                                                                                                                                                                                                                            |                        |                                               |                                                                                                                                                                                                                                                                                     |
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| <b>Finding</b>                                              | <b>Recommendation</b> |                                                                                                                                                                                                                                                                                                                                            | <b>Lead Department</b> | <b>Expected or Actual Implementation Date</b> | <b>Status of Audit Recommendations, Corrective Action Plan, and Progress Summary</b>                                                                                                                                                                                                |
| The Replacement Fund is underfunded by millions of dollars. | 1.1                   | Calculate the dollar value of the City’s replacement needs. Use results from the recent rate study to adjust departments’ replacement fees to cover their share of the costs associated with vehicle replacement, including customization and personnel.                                                                                   | Public Works           | Ongoing                                       | <u>Partly Implemented:</u><br>The current fleet replacements costs have been updated in FUND\$ Fleet Management System to include all costs, and have been reflected in the FY 23 & FY 24 Operating budget and the five year replacement schedule communicated in the FY 23-27 CIP. |
| The Replacement Fund is underfunded by millions of dollars. | 1.2                   | Conduct an analysis of the City’s current fleet and determine the optimal fleet size to provide services efficiently and effectively. This analysis should include fleet units identified as reserve, backup, and “pool” vehicles. The outcome of the analysis should be a plan to achieve and provide funding for the optimal fleet size. | Public Works           | February - May 2023                           | <u>Started:</u><br>Staff issued an RFP to analyze its fleet and received two solicitations. Public Works has selected Mercury Associates to be the consultant to lead the study.                                                                                                    |

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| <p>The Replacement Fund is underfunded by millions of dollars.</p> | <p>1.3</p> | <p>Work with the City Manager’s Office to adjust the funding model of the Equipment Replacement Fund or adopt a new one to ensure appropriate funding for timely fleet replacement, such as annually transferring money from the General Fund based on an assessment of the City’s overall fleet needs and priorities. Expand the current vehicle and equipment replacement policy to ensure transparency of key provisions of the new or updated model.</p> | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Public Works presented an Equipment Replacement Fund deficit reduction proposal in its departmental budget presentation to the Budget &amp; Finance Policy Committee and in submittals for General Fund consideration to the City Manager. While not funded in FY 23/24, the department will keep monitoring the fund health and make funding proposals in future budget development cycles.</p> |
| <p>The Replacement Fund is underfunded by millions of dollars.</p> | <p>1.4</p> | <p>Revise the vehicle and equipment replacement policy to include that Public Works should regularly assess the personnel expenditures related to vehicle and equipment replacement and ensure that they are appropriate and proportional to their duties.</p>                                                                                                                                                                                               | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Draft policy has been updated and is going through final departmental review.</p>                                                                                                                                                                                                                                                                                                                |
| <p>The Replacement Fund is underfunded by millions of dollars.</p> | <p>1.5</p> | <p>Revise the vehicle and equipment replacement policy to prevent replacing unfunded vehicles by ensuring that contributed funds are available for the purchase.</p>                                                                                                                                                                                                                                                                                         | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Draft policy has been updated and is going through final departmental review.</p>                                                                                                                                                                                                                                                                                                                |

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| <p>The Replacement Fund is underfunded by millions of dollars.</p>                              | <p>1.6</p> | <p>Develop an Administrative Regulation that clarifies Public Works’ responsibilities to manage the fleet and maintain sufficient fleet replacement funding.</p>                                                                                                                                                                                                                                        | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>The department has drafted a policy document use instead of an AR.</p>                                                                   |
| <p>The Replacement Fund is underfunded by millions of dollars.</p>                              | <p>1.7</p> | <p>To help secure the funding needed for transitioning to electric vehicles by 2030, work with the City Manager’s Office to develop a budgetary plan to purchase electric vehicles. The plan should align with the City’s fleet electrification goals and take into consideration the current economic downturn, funding availability, available infrastructure, and electric vehicle availability.</p> | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>EV purchases for FY 23-24 have been outlined in the budget. A budgetary plan for transitioning to EVs by 2030 is not yet available.</p>  |
| <p>Public Works lacks information on vehicle and equipment replacement for decision making.</p> | <p>2.1</p> | <p>Conduct a needs assessment of vehicles overdue for replacement and create a plan that documents a timeline and cost for replacement. Report the findings to City Council.</p>                                                                                                                                                                                                                        | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Backlog vehicles to be purchased have been included in the FY 23-24 budget, though a formal needs assessment has not been completed.</p> |

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| <p>Public Works lacks information on vehicle and equipment replacement for decision making.</p> | <p>2.2</p> | <p>Update the vehicle and equipment replacement policy to include criteria for prioritizing fleet replacement. The policy should include a requirement to communicate a delay in replacement of their fleet to affected departments. In Administrative Regulation described in recommendation 1.6, specify that the vehicle and equipment replacement policy should include such criteria.</p> | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Policy update is in draft form and awaits final approval.</p> |
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| Public Works lacks information on vehicle and equipment replacement for decision making. | 2.3 | <p>Work with the vendor of the new fleet management system to configure it to address the data issues identified in this report, including:</p> <ul style="list-style-type: none"> <li>• Tracking Replacement Funds collected and leftover funds by department;</li> <li>• Zeroing out the balance after a vehicle is replaced;</li> <li>• Adjusting the replacement date and reporting the rationale if a replacement is deferred;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• Displaying any information needed to prioritize replacements based on specified criteria.</li> </ul> | Public Works | December 2022 | <p><u>Started:</u><br/>Data issues have been presented to the vendor/project management team, though the new data system has not yet been implemented.</p>   |
| Public Works lacks information on vehicle and equipment replacement for decision making. | 2.4 | Clean and update the vehicle and equipment database before migrating it to the new fleet management system to ensure accuracy and data integrity.                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Public Works | December 2022 | <p><u>Started:</u><br/>Data cleanup is underway however the Assetworks implementation is behind schedule and the go-live date is planned for the future.</p> |

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| <p>Public Works lacks information on vehicle and equipment replacement for decision making.</p> | <p>2.5</p> | <p>Update the vehicle and equipment replacement policy or develop a separate policy to require staff manage the City's data appropriately to ensure accurate complete information to support management decisions.</p> | <p>Public Works</p> | <p>Ongoing</p> | <p><u>Started:</u><br/>Policy update is in draft form and awaits final approval.</p> |
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