

CITY OF BERKELEY

FY 2021 BUDGET UPDATE

May 26, 2020

UPDATE

- General Fund Overview
- Capital Projects & Other Non-Personnel Proposed Deferrals
- Personnel Proposed Deferrals
- General Fund Reserves Policy
- Timeline

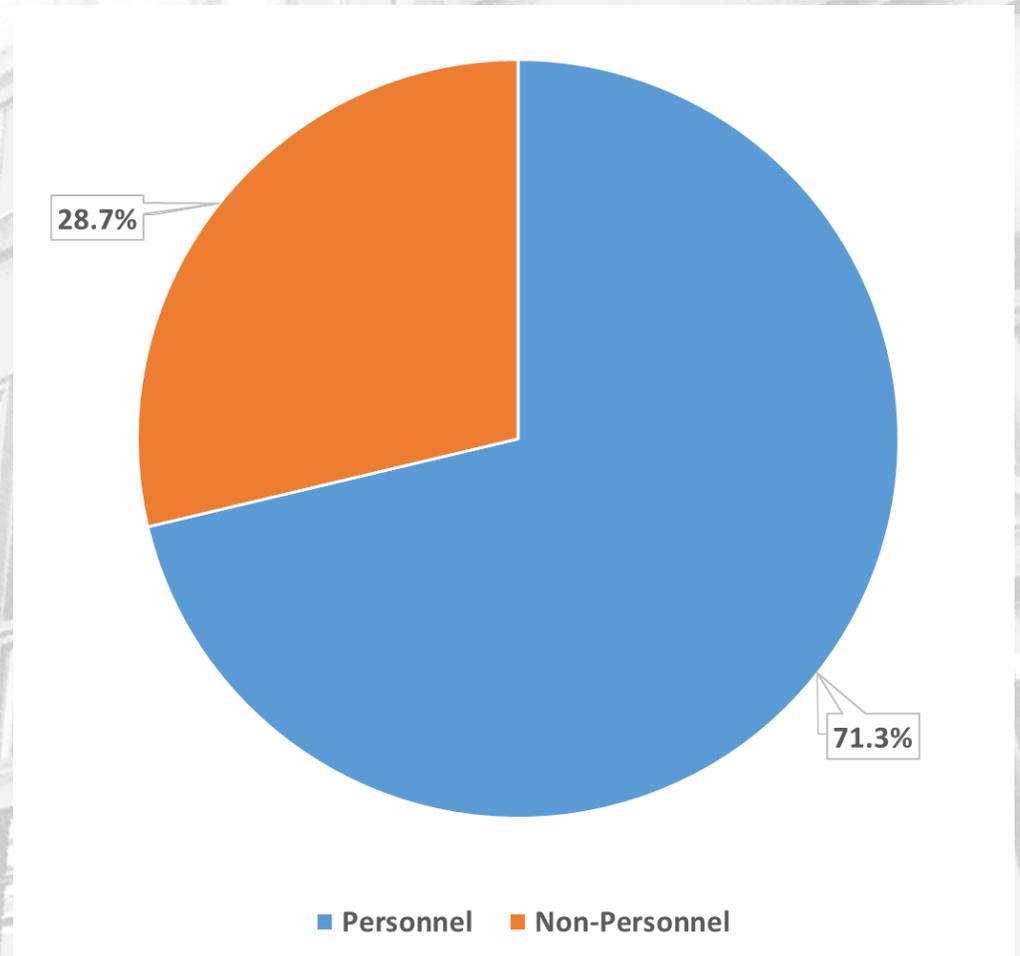
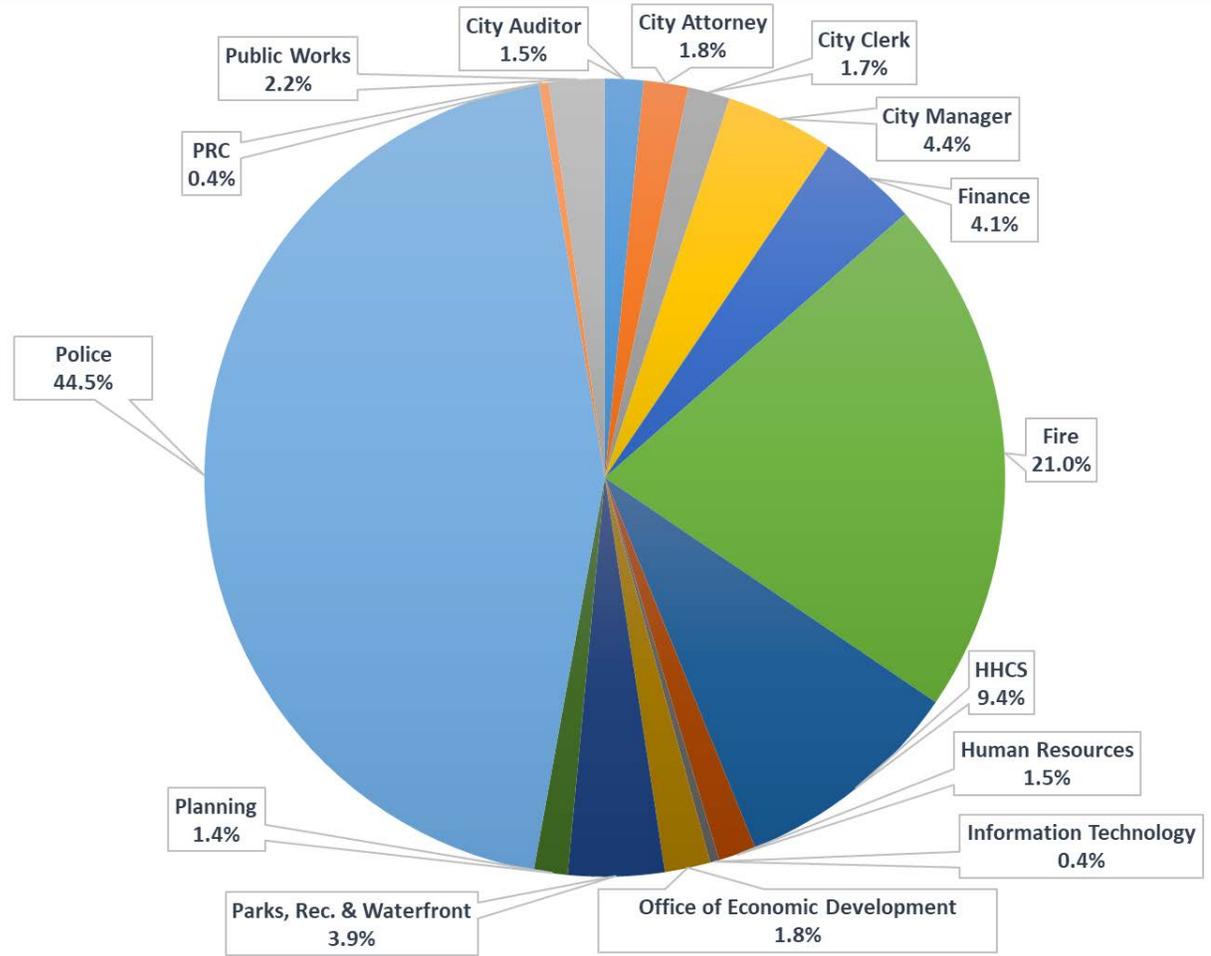
FY 2021 GENERAL FUND
BUDGET UPDATE (COVID-19)

FY 2021 Adopted	
Revenues	Expenditures
\$201.7M	\$201.7M

FY 2021 Updated COVID-19	
Revenues	Expenditures
\$177.1M	\$205.8M

CITY OF BERKELEY

FY 2021 GENERAL FUND ADOPTED BUDGET BY DEPARTMENT* BY EXPENDITURE



* EXCLUDES internal service fund charges..

CITY OF BERKELEY

Department	FY 2021 Revised Baseline Budget	FY 2021 Internal Service Costs	FY 2021 Adjusted Budget*	10% Deferral	12% Deferral	15% Deferral
City Auditor	2,657,863	227,099	2,430,764	243,076	291,692	364,615
City Attorney	3,039,583	218,523	2,821,060	282,106	338,527	423,159
City Clerk	2,849,880	182,225	2,667,655	266,766	320,119	400,148
City Manager	7,481,872	605,555	6,876,317	687,632	825,158	1,031,448
Finance	7,172,555	771,001	6,401,554	640,155	768,186	960,233
Fire	35,795,902	2,841,265	32,954,637	3,295,464	3,954,556	4,943,196
Health, Housing, & Community Services	17,701,995	3,013,721	14,688,274	1,468,827	1,762,593	2,203,241
Human Resources	2,635,819	265,070	2,370,749	237,075	284,490	355,612
Information Technology	580,710	-	580,710			
Office of Economic Development	2,959,800	73,306	2,886,494	288,649	346,379	432,974
Parks Rec & Waterfront	6,943,078	851,031	6,092,047	609,205	731,046	913,807
Planning	2,534,191	400,284	2,133,907	213,391	256,069	320,086
Police	73,986,482	4,135,383	69,851,099	6,985,110	8,382,132	10,477,665
PRC	788,001	161,898	626,103	62,610	75,132	93,915
Public Works	4,408,589	890,461	3,518,128	351,813	422,175	527,719
TOTAL	171,536,320	14,636,822	156,899,498	15,631,879	18,758,255	23,447,818
**FY 2021 Adjusted Budget = FY 2021 Revised Budget - FY 2021 Internal Services						
Internal Service Costs include the following:						
Facilities Maintenance						
IT Cost Allocation						
Mail Services						
Vehicle Maintenance						
Vehicle Replacement						

BUDGET STRATEGIES PRINCIPLES

1. *Continue serving the community.* Public health and safety functions, as well as essential municipal services will be preserved to the maximum extent possible. In so doing, the City will make every effort to avoid service and workforce reductions.
2. *Live within our means.* Strive for long-term sustainability that aligns available resources with needs and the City's values that embrace a commitment to advancing racial, social, and just equity, serving those who are most in need, and environmental sustainability.
3. *Identify expenditures that can be deferred.* Take a deferment first approach by thoroughly assessing expenditures with a special emphasis on large capital projects, equipment purchases, and new projects.
4. *Pursue other revenue and assistance.* Vigorously pursue cost recovery efforts, secure alternative sources of revenue, and be positioned to capitalize on federal and state assistance.
5. *Manage use of, and replenish, reserves.* In drawing on reserves, the City will adopt a long-term orientation to ensure that funds are available for the duration of the economic downturn. The City will look to its existing policies to ensure that any reserves that are utilized are restored when the economy improves.
6. *Be data-driven and transparent.* Budget decisions will be informed by data and be transparent. Staff will work collaboratively with the Budget and Finance Committee with on-going communication and updates provided to the entire City Council.

FY 2021 Deferrals

➤ Non-personnel items: capital, projects, and supplies, professional services, training, etc.

- ❖ 10% - \$4.1M
- ❖ 12% - \$7.0M
- ❖ 15% - \$7.5M

➤ Personnel:

- ❖ 10% - \$13.2M
- ❖ 12% - \$15.2M
- ❖ 15% - \$18.0M

Areas of Risk / Unknowns

- FY 21 COVID-19 response \$\$
- Duration of pandemic – second wave? third wave?
- Depth of Recession / Timing of economic recovery
- The next emergency: public safety power shut-off, earthquake, fire

Areas of Risk / Unknowns

- Limited data / information
 - Time
 - Review
 - Update
 - Communicate

CITY OF BERKELEY

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

General Fund Reserves Policy

- Stability – mitigate loss of service delivery and unexpected revenue shortfalls
- Catastrophic – sustain operations in the case of a public emergency (earthquakes, fires, floods, civil unrest, terrorist attacks)
- Use Policy to be amended as recommended by the City Auditor and include long-term planning
- Also amended to state that when using reserves, the City should specify:
 - the specific purpose for the use of reserve funds;
 - the time frame in which the reserve funds can be used;
 - how much will be used during that time frame.
 - allow flexibility in the timeframe in which the reserve funds can be used; and
 - amend the definition of catastrophic reserve to include public health emergencies and pandemics

Budget Development Timeline

June 2, 2020	City Council Meeting	<ul style="list-style-type: none"> • Public Hearing #2 • Department Presentation • Council budget items due
June 4, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> • Reserves • Homeless Services • Marina
June 11, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> • City Manager FY 2021 Deferral Recommendations • Reserves Policy • Strategic Plan Impacts
June 16, 2020	City Council Meeting	<ul style="list-style-type: none"> • City Manager FY 2021 Deferral Recommendations • Strategic Plan Impacts • Fiscal Emergency Ordinance • Reserve Policy
June 18, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> • Discuss on budget recommendation continues
June 23, 2020	Special City Council Meeting	<ul style="list-style-type: none"> • Discussion on budget recommendations continues
June 25, 2020	Budget & Finance Policy Committee	<ul style="list-style-type: none"> • Discussion on budget recommendations continues
June 30, 2020	City Council Meeting	<ul style="list-style-type: none"> • Adoption of FY 2021 Budget Update • Adoption of the Appropriation Ordinance