

Mid-Cycle Budget Update 2020-21

City Council Workshop
May 20, 2020



Mid-Cycle Budget Workshop Objectives

1. Provide update on current 2-year budget
 - a. Current year FY 2019-20
 - b. Upcoming year FY 2020-21
2. Look ahead to 5-year forecast through 2024
3. Discuss mid-cycle policy options
 - a. Department program requests
 - b. Pension funding
 - c. Expenditure reductions

2019-20 General Fund Status

How does the current year look?

2019-20 General Fund Status

- Actions at March 2020 mid-year update
 - Revenues: +\$7 million
 - Expenditures: +\$8.9 million, including proposed \$7.4 million pension reserve payment

2019-20 General Fund Status

- COVID-19 updated projection
 - Revenues: \$(7.7) million due to projected decreases in sales and use tax, utility users tax, transfer tax, and hotel tax
 - Expenditures: projected to come in under budget
 - Budget amendments: Direct and indirect economic assistance
 - Council took action to skip the discretionary \$7.4 million pension payment for budget balancing purposes

2019-20 General Fund Status

Due to the Budget projections showing a deficit in 2020 -2021, the City Manager is presenting a proposed flexible mid-cycle based on the below values and approaches.

- The approach to the budget is to limit layoffs. Unfortunately, the City had to furlough many part-time employees this Spring. We anticipate bringing part-time employees back as we open areas such as the Library and Rec and Parks.
- We are presenting a budget that does not lay-off any full-time employees at this time by using the following approaches:

2019-20 General Fund Status

- The budget reduces funding for anticipated capital projects.
- The budget proposes approximately \$2 million in salary savings through vacancies in Police and Fire and holding positions through quasi-soft freezes in non-public safety positions to save a minimum of \$400,000.
- The fourth ambulance will be delayed in going on-line.

2019-20 General Fund Status

- Some capital projects are still budgeted, but will be delayed to later in the Fiscal Year to ensure revenues are available to start the project.
- \$2 million being expended from Fund Balance is proposed to stabilize the service level.
- An evaluation will be done at the end of the first quarter as a part of the flexible budget strategy with a report back in October.

While the above is the City Manager's proposed flexible budgeting approach, it does come with risk due to the unknowns of both revenues this Fiscal Year and potential future impacts to property taxes.

2020-21 General Fund Revenue Update

How does next year look? 2nd year of the 2-year budget

2020-21 General Fund Revenues

	Original	Baseline	Favorable Estimate	Unfavorable Estimate	Projected Revenues
Property Taxes	43,205,000	43,205,000	46,173,000	43,205,000	44,160,000
Sales and Use Tax	15,100,000	15,100,000	15,100,000	9,000,000	13,800,000
Utility User Tax	9,797,000	9,797,000	9,797,000	8,465,000	9,047,000
Franchise Fees	5,642,000	5,642,000	5,642,000	5,078,000	5,642,000
Transfer Tax	11,000,000	11,000,000	11,000,000	6,600,000	10,000,000
Hotel Tax	2,100,000	2,100,000	2,100,000	1,050,000	1,200,000
Business Licenses	2,309,000	2,309,000	2,309,000	1,732,000	2,200,000
Investments/Misc	1,788,000	1,788,000	1,788,000	894,000	1,679,000
Program Revenues	7,725,664	7,754,164	7,754,000	6,203,000	7,649,000
Transfers In	4,534,000	4,534,000	4,534,000	4,534,000	4,534,000
	103,200,664	103,229,164	106,197,000	86,761,000	99,911,000

2020-21 General Fund Revenues

- Total \$(3.3) million from adopted budget
- Property Tax +\$1.0 million
- Sales and Use Tax \$(1.3) million
- Utility User Tax \$(750,000)
- Transfer Tax \$(1.0) million
- Transient Occupancy Tax \$(900,000)
- Business Licenses \$(109,000)
- Program Revenues \$(105,000)

2020-21 Budget Recommendations

Given the financial outlook, how should we re-align the City's budget?

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
City Atty	Move money from Consulting Srv to fund Chief ACA and Part-Time Law Fellow and Clerk	\$90,000; net \$0
City Atty	Supplies for Prosecution Unit	\$5,000
City Clerk	Reduce contractual services	\$(3,000)
Comm Dev	Enforcement of Minimum Wage program	\$50,000
Comm Dev	Rent Registry Fee Waiver for Voucher acceptance	\$95,000
Comm Dev	Reclassify Management Analyst to Development Manager	\$28,000

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
Finance	Personnel reorganization	\$150,000
Finance	Procurement Analyst (previously approved)	\$(148,000)
Finance	Contractual services	\$(111,000)

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
Fire	Promotional testing, fingerprinting, sewer assessment	\$30,000
Fire	Ground EMT Fee & Ambulance Billing	\$120,000
Fire	Fire Prevention ongoing training	\$10,500
Fire	Community Paramedicine position (6 months)	\$110,000
Fire	Reallocate Division Chief from grant funding source	\$367,000
Fire	Vacancy savings	\$(848,000)
Fire	Reclassify Fire Inspector to App. Operator (6 months)	\$0 net

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
HR	Safety Consultant	\$60,000
HR	Contractual services	\$(10,150)
IT	Reduce General Fund transfer for ERP	\$(262,000)
Library	Library Technician (previously approved)	\$(45,000)
Library	LINK PLUS interlibrary loan software – grant match	\$37,000
Library	Japantown Historical Walk markers	\$25,000

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
Misc	Reduce Facility Replacement Charges (rate holiday)	\$(784,669)
Non-Dept	Reduce Contingency Reserve	\$(105,000)
Non-Dept	Non-Public Safety Vacancy Savings	\$(400,000)
Non-Dept	COVID-19 Expenses	\$297,000
Police	Add Animal Control Officer (January hire)	\$50,000
Police	Vacancy savings (baseline)	\$(1,285,000)

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
Pub Works	Contract for removal of homeless encampment debris	\$50,000
Pub Works	Sea level rise planning capital project	\$110,000
Pub Works	Intersection safety improvements	\$200,000
Pub Works	Reduce Street Lighting capital project	\$(120,000)
Pub Works	Reduce Master Tree Plan	\$(150,000)
Pub Works	Reduce Veteran's Court Seawall project	\$(300,000)

2020-21 Budget Recommendations – General Fund

Department	Description	City Manager Recommendation
Rec & Parks	Reduce General Fund transfer to Recreation Fund	\$(200,000)
Rec & Parks	Reduce Playground Replacement capital project	\$(250,000)
Rec & Parks	Emergency repair capital projects	\$125,000
Rec & Parks	EBMUD water increase	\$31,600

2020-21 Budget Recommendations – General Fund

Administration	\$(319,150)
Community Development	\$173,000
Fire	\$(210,500)
Library	\$17,000
Miscellaneous	\$(784,669)
Non-Departmental	\$(208,000)
Police	\$50,000
Public Works	\$(210,000)
Recreation & Parks	\$(293,400)
TOTAL	\$(1,785,719)

2020-21 Budget Recommendations – General Fund

Expenditures	Original	Baseline	Departmental Requests	City Manager Adjustments	City Manager Proposed
Police	36,831,540	37,040,540	312,500	(411,565)	36,941,475
Fire	38,847,326	38,847,326	934,500	(1,413,497)	38,368,329
Public Works	2,489,443	2,489,443	75,500	(49,679)	2,515,264
Economic Development	170,000	170,000	50,000	-	220,000
Recreation & Parks	6,743,956	6,827,541	551,600	(649,234)	6,729,907
Library	2,081,000	2,081,000	725,000	(733,000)	2,073,000
Administration	6,155,191	6,465,191	1,079,800	(1,250,644)	6,294,347
Non-Department	9,775,487	9,775,487	1,418,000	(2,425,000)	8,768,487
	103,093,943	103,696,528	5,146,900	(6,932,619)	101,910,809

2020-21 Budget Recommendations – General Fund

Workforce Recommendations:

- Add one Gardener
- Add one Library Technician – January 1, 2021
- Add one Animal Control Officer – January 1, 2021
- Upgrade Senior Fire Code Compliance Officer to Fire Apparatus Operator
- Upgrade Management Analyst in the Community Development Department to Development Manager

2020-21 Budget Recommendations – General Fund

Workforce Recommendations:

- Reclassify, without changing hourly compensation, one Paralegal position in the City Attorney's Office to Paralegal Investigator
- Establish the Paralegal Investigator Position and Assistant/Deputy City Prosecutor Positions as 37.5 hours per week positions
- Studying three existing positions to determine if they are correctly classified

2020-21 Budget Recommendations – General Fund

	FY20-21 Mid-Cycle
Revenues	\$ 99,911,000
Expenditures	\$ 101,910,809
Pension/OPEB Reserve Payment	-
	\$ 101,910,809
Net Annual Activity (Use of Reserves)	\$ (1,999,809)

2020-21 Budget Recommendations – Non-General Fund

Department	Description	City Manager Recommendation
City Atty	General Liability – Insurance premium increases	\$420,000
City Atty	Workers Comp	\$50,000
Comm Dev	HOME – Increase available HOME funds	\$(78,200)

2020-21 Budget Recommendations – Non-General Fund

Department	Description	City Manager Recommendation
Comm Dev	Base Reuse – Reduce rental income	\$1,000,000
Comm Dev	Base Reuse – Reduce contractual services	\$(1,740,000)
Comm Dev	Base Reuse – Reduce outside structural repair	\$(1,500,000)
Comm Dev	Base Reuse - Alameda Point Financial Model	\$150,000
Comm Dev	Tidelands - Seaplane Lagoon Ferry Terminal parking	\$300,000
Comm Dev	Alameda Point (AP) CFD 17-1 - Pass thru to Alameda Transportation Management Assoc.	\$130,000
Comm Dev	AP CFD 17-1 – Increase special assessment revenue	\$(246,900)

2020-21 Budget Recommendations – Non-General Fund

Department	Description	City Manager Recommendation
Fire	EOC - AV equipment maintenance agreement	\$4,500
IT	IT Replacement - OpenGov contract alignment	\$188,000; net \$0
PBT	Comm Dev – Reclass Combination Bldg Inspector to Sr.	\$6,600
PBT	CIP/Grant – Otis Drive Traffic Calming	\$175,000; net \$0
PBT	Comm Dev/Grant – General Plan Update	\$310,000; net \$0
PBT	Comm Dev Grant – LEAP Grant	\$(300,000)

2020-21 Budget Recommendations – Non-General Fund

Department	Description	City Manager Recommendation
Pub Works	Urban Runoff – New stormwater fee	\$(2,730,000)
Pub Works	Facility Maintenance – Mold abatement	\$175,000
Pub Works	Convert streetlights to LED (debt financed)	\$2,100,000
Pub Works	Sewer – Payment in Lieu of Taxes (cleanup)	\$771,000
Pub Works	Civic Center Garage – Part-time Meter Collections/Maintenance	\$30,000

2020-21 Budget Recommendations – Non-General Fund

Department	Description	City Manager Recommendation
Rec & Parks	AP CFD 17-1 – Add Gardener & Maintenance Worker (4 months)	\$78,000
Rec & Parks	AP CFD 17-1 – Equipment for new workers	\$165,000
Rec & Parks	AP CFD 17-1 – Services and supplies for new parks	\$46,000

Budget Considerations for Future Years

How would departments adjust resources to optimize service provision?

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
City Atty	Materials and supplies for Prosecution staff	\$11,800	General Fund
City Mgr	Add Management Analyst	\$146,000	General Fund
City Mgr	Communications Plan for CARP Implementation	\$50,000	General Fund
City Mgr	Granicus communications	\$25,000	General Fund

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
Comm Dev	Public Art Fund for program administration	\$10,000	General Fund
Comm Dev	Sister Cities program administration	\$10,000	General Fund
Comm Dev	Add Management Analyst	\$146,000	Non-General Fund
Comm Dev	Reclass Econ Dev Mgr to Division Mgr	\$18,000	Non-General Fund
Comm Dev	Add Development Manager	\$174,000	Non-General Fund

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
Fire	Safety Town, Community Outreach, Professional Development	\$28,000	General Fund
Fire	Reclassify Fire Inspector to Fire Apparatus Operator, new vehicle	\$188,000	General Fund
Fire	Dorm gender upgrades	\$50,000	General Fund
HR	Add Safety Analyst	\$164,000	General Fund
HR	Healthcare benefits for part-time staff	\$400,000	General Fund

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
IT	Add GIS Analyst	\$160,000	Non-General Fund
IT	Separate administrative network from AMP	\$347,000	Non-General Fund
IT	Add Network Analyst	\$160,000	Non-General Fund

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
Library	Personnel, supplies, and utilities for added open hours	\$688,000	General Fund
PBT	Part-time transportation planners	\$102,000	Non-General Fund
PBT	Add Building Code Compliance Officer	\$118,000	Non-General Fund
PBT	Add Supervising Planner	\$177,000	Non-General Fund
PBT	Add Planner III	\$141,000	Non-General Fund
PBT	Line 19 Service Funding Agreement	\$155,000	Non-General Fund

Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
Police	Reclassify Tech Services Coordinator to Police IT Systems Analyst	\$6,500	General Fund
Police	Add Senior Crime Prevention Specialist	\$135,000	General Fund
Police	Add Admin Tech I	\$74,000	General Fund
Pub Works	Sidewalk Repair capital project	\$1,000,000	General Fund
Pub Works	Streetlight Conduit capital project	\$1,800,000	General Fund
Pub Works	Repair bike/ped paths on Island Dr and Mecartney	\$250,000	General Fund
Pub Works	Review City building security	\$100,000	General Fund

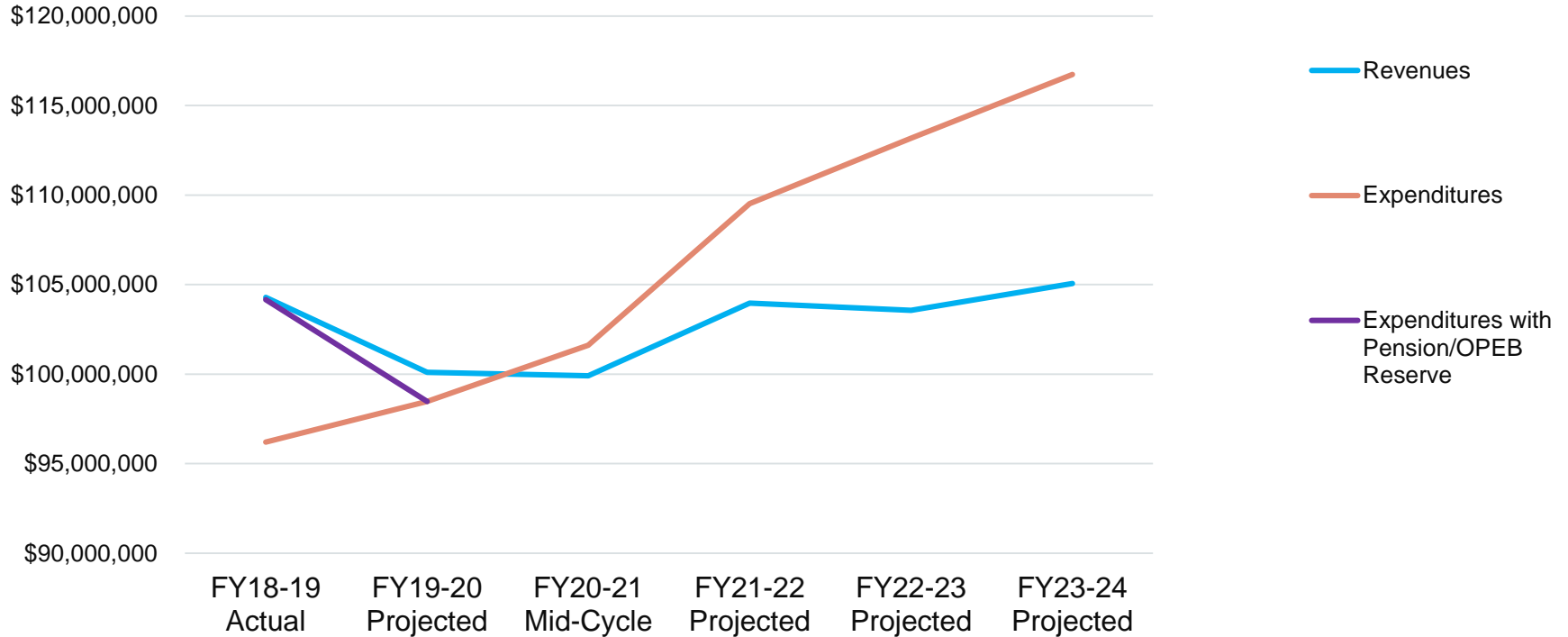
Budget Considerations for Future Years

Department	Description	Proposal	Funding Source
Pub Works	Restore 10% reduction to Fleet ISF	\$248,000	General Fund
Pub Works	Add Associate Engineer	\$178,000	Non-General Fund
Pub Works	Add Management Analyst	\$146,000	Non-General Fund
Pub Works	Add Maintenance Worker II	\$102,000	Non-General Fund
Rec & Parks	Add Executive Assistant	\$127,000	General Fund
Rec & Parks	Add Senior Management Analyst	\$180,000	General Fund
Rec & Parks	DePave Park Master Planning	\$100,000	General Fund

General Fund 5-Year Forecast

What is the future trend?

2020-21 General Fund 5-Year Forecast



2020-21 General Fund 5-Year Forecast

	FY18-19 Actual	FY19-20 Projected	FY20-21 Mid-Cycle	FY21-22 Projected	FY22-23 Projected	FY23-24 Projected
Revenues	104,295,117	100,103,000	99,911,000	103,967,000	103,567,000	105,064,000
Expenditures	96,209,539	98,471,000	101,910,809	109,830,000	113,488,000	117,063,000
Pension/OPEB Reserve Payment	7,947,171	-	-	-	-	-
	104,156,710	98,471,000	101,910,809	109,830,000	113,488,000	117,063,000
Net Annual Activity	138,407	1,632,000	(1,999,809)	(5,863,000)	(9,921,000)	(11,999,000)

Mid-Cycle Budget Workshop

- **Questions**
- **Next Steps**