

# FY 2024 Proposed Budget

City Council  
13 June 2023

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CIVIC CENTER

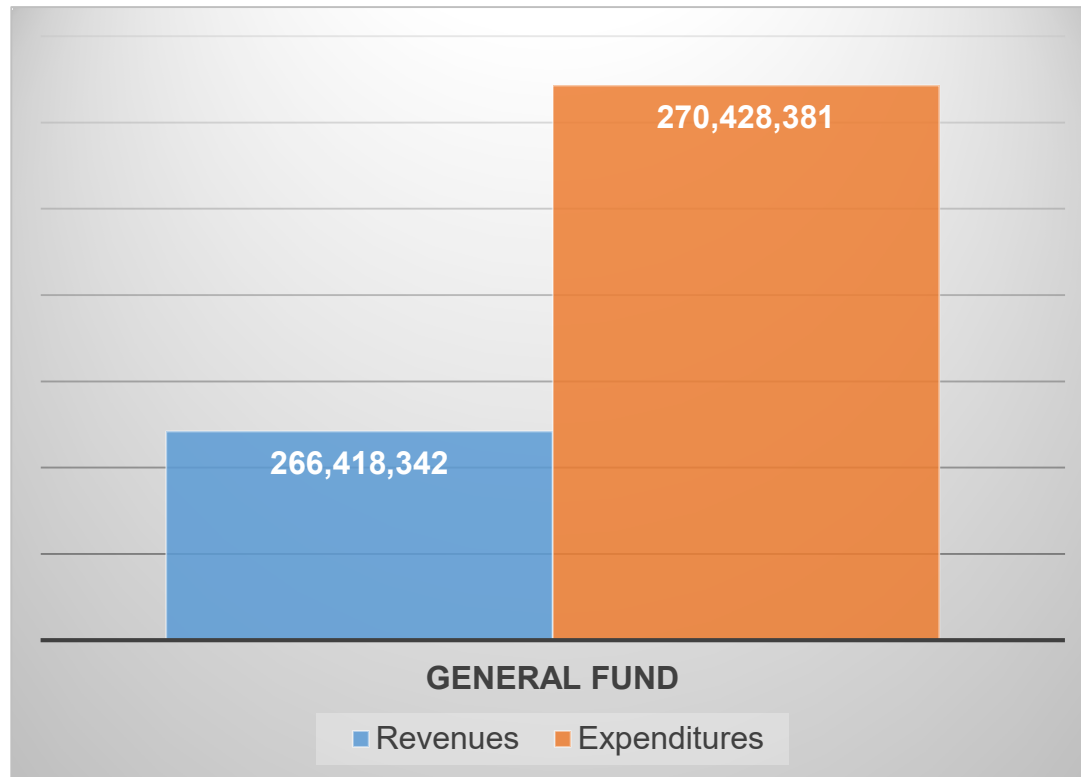
- Recap of FY 24 Proposed Expenditures
- Updated General Fund Revenues
- Updated General Fund Status
- Recommendations
- Timeline and Next Steps

# FY 23 & 24 BUDGET SUMMARY

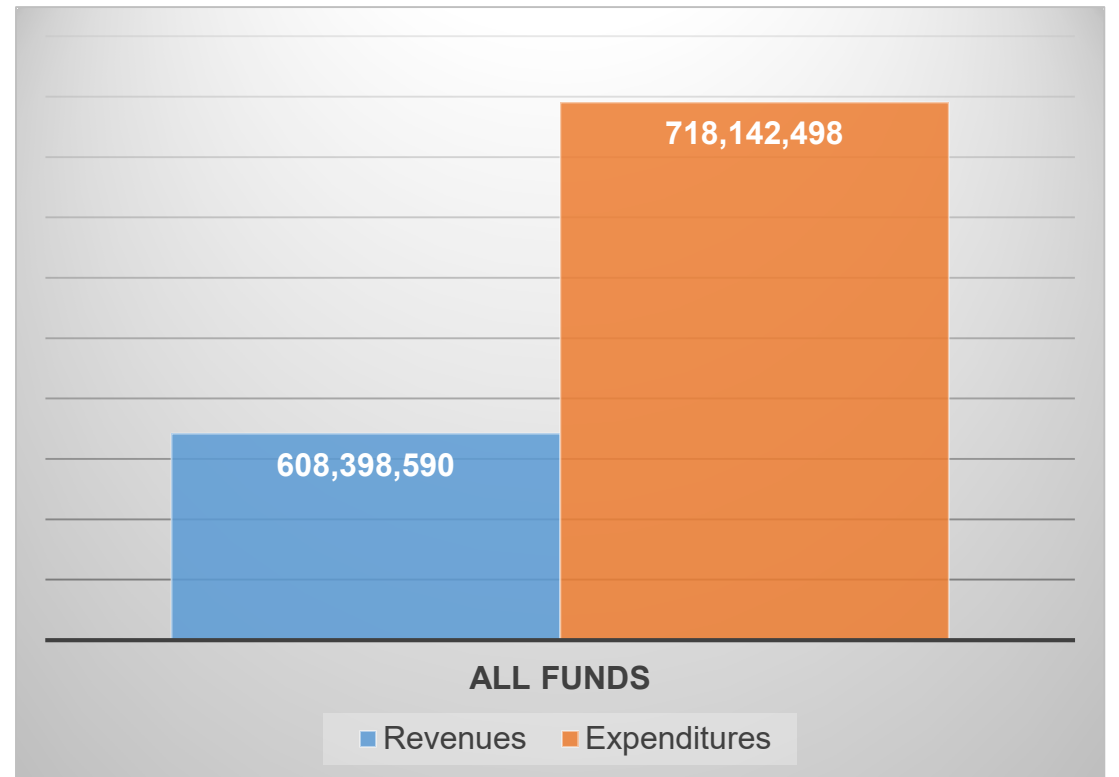
<b>Expenditures</b>	<b>FY 2022 Adopted</b>	<b>FY 2023 Adopted</b>	<b>FY 2024 Adopted</b>	<b>FY 2024 Proposed</b>
All Funds	\$673.6M	\$754.2M	\$723.0M	\$718.1M
General Fund	\$234.8M	\$280.7M	\$273.9M	\$270.4M

# FY 2024 PROPOSED UPDATE BUDGET SUMMARY

## General Fund Revenue and Expenditures



## All Funds Revenues and Expenditures



# ENTERPRISE FUNDS

Enterprise Fund are intended to be self-supporting and are used for activities which fees are charged to external customers for goods or services.

Fund	FY 2024 Proposed Update Revenues	FY 2024 Proposed Update Expenditures	Surplus/ (Deficit)	Use of Fund Balance
Zero Waste Fund	\$46,767,263	\$59,489,630	(\$12,722,367)	\$12,722,367
Marina Fund	\$6,500,211	\$8,027,559	(\$1,527,348)	\$1,527,348
Sanitary Sewer Fund	\$24,986,977	\$32,561,256	(\$7,574,279)	\$7,574,279
Clean Storm Water Fund	\$4,551,890	\$6,111,869	(\$1,559,979)	\$1,559,979
Permit Service Center Fund	\$19,709,270	\$25,508,236	(\$5,798,966)	\$5,798,966
Off Street Parking Fund	\$5,091,895	\$6,940,921	(\$1,849,026)	\$1,849,026
Parking Meter Fund	\$9,712,789	\$10,122,167	(\$409,378)	\$409,378

# SPECIAL REVENUE FUNDS

Special Revenue Funds are restricted or committed to expenditures for specific purposes and therefore cannot be used for other expenses.

Fund	FY 2024 Proposed Update Revenues	FY 2024 Proposed Update Expenditures	Surplus/ (Deficit)	Use of Fund Balance
Paramedic Tax	\$4,500,543	\$4,981,166	(\$480,623)	\$480,623
Playground Camp Fund	\$3,109,285	\$2,735,587	\$373,698	\$0
State Transportation Tax	\$6,696,569	\$5,868,962	\$827,607	\$0
CDBG Fund	\$4,437,743	\$4,792,214	(\$354,471)	\$354,471
Rental Housing Safety	\$1,783,780	\$2,356,542	(\$572,762)	\$572,762
Parks Tax Fund	\$17,813,646	\$15,963,245	\$1,850,401	\$0

# SPECIAL REVENUE FUNDS (CONT.)

Special Revenue Funds are restricted or committed to expenditures for specific purposes and therefore cannot be used for other expenses.

Fund	FY 2024 Proposed Update Revenues	FY 2024 Proposed Update Expenditures	Surplus/ (Deficit)	Use of Fund Balance
Measure GG	\$5,677,795	\$5,704,447	(\$26,652)	\$26,652
Street Light Assessment District	\$2,240,939	\$3,217,317	(\$976,378)	\$976,378
Mental Health State Aid Realignment	\$3,320,985	\$4,031,749	(\$710,764)	\$710,764
Measure FF	\$9,770,233	\$8,525,459	\$1,244,774	\$0

# INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for goods and services provided by certain City departments or programs to other City departments or programs of the City on a cost-reimbursement fee basis.

Fund	FY 2024 Proposed Update Revenues	FY 2024 Proposed Update Expenditures	Surplus/ (Deficit)	Use of Fund Balance
Building Purchase & Management Fund	\$2,968,817	\$3,697,419	(\$728,602)	\$728,602
Equipment Replacement Fund	\$4,754,926	\$6,300,512	(\$1,545,586)	\$1,545,586
Equipment Maintenance Fund	\$6,461,013	\$9,296,717	(\$2,835,704)	\$2,835,704
Building Maintenance Fund	\$3,821,039	\$4,627,672	(\$806,633)	\$806,633
IT Cost Allocation Fund	\$14,806,185	\$17,311,329	(\$2,505,144)	\$2,505,144



# SUMMARY STAFFING BY DEPARTMENT

	FY 2021 Actual	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2024 Proposed Update		
					FY 2024 Proposed	General Fund	All Other Funds
City Attorney	15.00	15.00	17.00	17.00	17.00	15.50	1.50
City Auditor	13.75	13.50	14.75	14.75	14.75	14.25	0.50
City Clerk	10.00	10.00	10.00	10.00	10.00	9.47	0.53
City Manager	39.50	40.50	45.50	45.50	46.50	45.50	1.00
Economic Development	7.00	7.00	8.00	8.00	8.00	7.12	0.88
Finance	50.00	51.00	56.00	56.00	56.00	45.75	10.25
Fire Department	153.00	153.00	203.00	203.00	203.00	129.11	73.89
Health, Housing & Community Services	257.38	260.58	265.58	265.58	274.68	79.37	195.31
Human Resources	22.00	22.00	22.00	22.00	25.00	16.70	8.30
Information Technology	46.00	47.00	52.00	52.00	51.00	0.00	51.00
Library	116.05	115.60	115.60	115.60	119.35	0.00	119.35
Mayor and Council	15.00	15.00	19.00	19.00	19.00	19.00	0.00
Office of the Director of Police Accountability*		4.00	5.00	5.00	5.00	5.00	0.00
Parks, Recreation & Waterfront	156.87	159.87	165.62	165.62	166.62	28.74	137.88
Planning & Development	104.70	110.33	116.04	118.04	119.04	15.99	103.05
Police Department	285.20	288.20	313.20	313.20	313.20	282.00	31.20
Police Review Commission*	3.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works	322.00	323.00	340.00	340.00	344.94	25.18	319.76
Rent Board	22.35	24.55	23.55	23.55	25.00	0.00	25.00
<b>Full Time Equivalent Employee (FTE) Total</b>	<b>1,638.80</b>	<b>1,660.13</b>	<b>1,791.84</b>	<b>1,793.84</b>	<b>1,818.08</b>	<b>738.68</b>	<b>1,079.40</b>

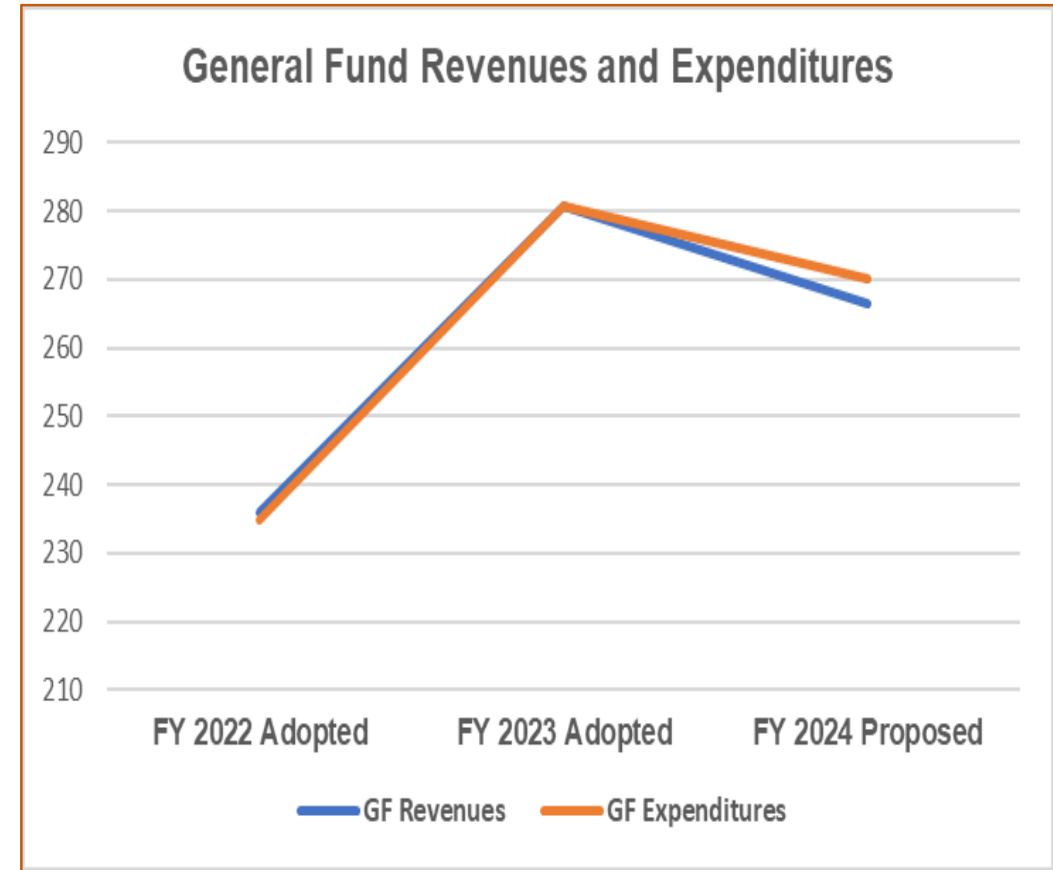
\*Police Review Commission became the Office of the Director of Police Accountability in FY 2022.

- **Personnel Costs (Salaries and Benefits) in FY 24 Proposed:**
  - \$342M, or 48%, of All Funds Expenditures
  - \$168M, or 57%, of General Fund Expenditures
  - Increasing costs in out years due to pension and healthcare liability
- Positions Added in FY 23:
  - Reimagining Public Safety Pilot
  - Fire Reorganization
  - Across Departments to Respond to Operational Needs
- Only minor changes to FY 24 Proposed General Fund Expenditures at this time

- **FY 24 – A Time to Pause on Additional Positions/Expenditures**
  - HR working diligently to fill vacant and newly adopted positions
  - Time to implement and evaluate impact to services and costs
  - As positions are filled, there will be less one-time salary savings available to rely upon for unanticipated expenses, projects, etc.
  - Employer of Choice Initiative:
    - Focus is now on retention and recruitment efforts for vacant/funded positions

# FY 2024 GENERAL FUND SUMMARY

	Revenue	Expenditure	Surplus/ (Deficit)
Measure P	\$10,189,500	\$16,703,305	\$(6,513,805)*
Measure U1	5,900,000	5,900,000	0
Soda Tax	1,147,387	1,147,387	0
Remaining General Fund	249,181,455	246,677,689	2,503,706
<b>Total</b>	<b>266,418,342</b>	<b>270,428,381</b>	<b>(4,010,039)</b>



- **Delta between revenues and expenditures is beginning to grow**
- **Expenditures exceeding revenues in key funding source – Measure P**
- **General Fund expenditures need to be closely monitored and managed**

# GENERAL FUND REVENUE PROJECTION

	FY 2023 Adopted	FY 2022 Actual	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Undesignated Revenues</b>							
Secured Property Taxes	75,664,920	71,607,561	79,091,256	84,725,717	89,385,632	92,514,129	95,752,123
Supplemental Taxes	2,000,000	2,317,723	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Unsecured Property Taxes	3,516,000	3,472,334	3,806,995	3,806,995	3,806,995	3,806,995	3,806,995
Property Transfer Taxes	18,000,000	18,000,000	18,000,000	18,000,000	16,000,000	16,000,000	16,000,000
Property Transfer Tax - Measure P	14,073,750	20,591,313	10,189,500	10,189,500	10,698,975	11,233,923	11,795,619
Sales Taxes	19,016,546	18,928,278	19,449,474	19,654,225	20,351,959	21,215,626	22,061,376
Soda Tax	990,210	1,025,800	1,147,387	1,147,387	1,147,387	1,147,387	1,147,387
Utility Users Taxes	13,800,000	14,750,065	17,454,320	17,454,320	17,054,320	17,054,320	17,054,320
Transient Occupancy Taxes (TOT)	5,000,000	5,727,046	7,022,353	8,374,588	8,655,826	9,621,409	10,683,549
Short-term Rentals	1,000,000	1,295,798	1,497,432	1,400,000	1,400,000	1,400,000	1,400,000
Business License Taxes	19,000,000	20,403,974	21,138,023	21,560,783	21,991,999	22,431,839	22,880,476
Recreational Cannabis	1,400,000	1,250,792	1,000,000	1,000,000	1,020,000	1,040,400	1,061,208
Measure U1	4,900,000	4,913,872	5,865,147	5,900,000	5,900,000	5,900,000	5,900,000
Vacancy Tax					2,500,000	5,000,000	5,150,000
Other Taxes	2,631,441	3,189,999	4,453,059	4,453,059	4,453,059	4,453,059	4,453,059
Vehicle In Lieu Taxes	15,926,168	15,006,003	16,626,651	17,811,134	18,790,746	19,448,422	20,129,117
Parking Fines - Regular Collections	4,326,450	4,765,819	5,800,000	5,800,000	5,300,000	5,300,000	5,300,000
Moving Violations	132,600	156,253	132,600	132,600	135,252	137,957	137,957
Ambulance Fees	3,880,779	3,833,730	5,330,779	5,350,779	3,880,779	3,880,779	3,880,779
Interest Income	6,000,000	6,694,122	7,618,485	8,826,211	8,826,211	8,826,211	8,826,211
Franchise Fees	1,613,283	1,720,056	1,720,056	1,720,056	1,720,056	1,720,056	1,720,056
Other Revenues	6,729,977	7,546,099	6,640,308	6,640,308	6,640,308	6,640,308	6,640,308
Indirect cost reimbursements	5,490,000	5,074,695	6,604,970	6,604,970	6,604,970	6,604,970	6,604,970
Transfers	17,096,148	27,354,923	17,096,148	7,591,924	4,472,621	4,562,074	4,562,074
<b>Total Undesignated Revenues</b>	<b>242,188,272</b>	<b>259,626,255</b>	<b>261,084,943</b>	<b>261,544,556</b>	<b>264,137,095</b>	<b>273,339,864</b>	<b>280,347,585</b>
Designated Revenue- PTT for Capital	16,462,172	24,901,750	4,873,786	4,873,786	8,017,475	9,218,349	10,479,266
<b>TOTAL REVENUES AND TRANSFERS</b>	<b>258,650,444</b>	<b>284,528,005</b>	<b>265,958,729</b>	<b>266,418,342</b>	<b>272,154,570</b>	<b>282,558,213</b>	<b>290,826,851</b>

# FY 2024 GENERAL FUND PROPOSED CHANGES

- Minimal proposed changes – mostly one-time costs absorbed by departmental budgets
  - No increase to FY 24 Proposed Expenditures
- Efforts are focused on addressing already funded vacancies and aligning efforts with Employer of Choice initiative:
  - \$194k in Fire Department for recruitment and retention programs
  - \$200k in Police Department to continue recruitment and retention program from FY 2023
- One ongoing expense of \$54,000 in IT Budget is proposed:
  - Necessary increase in the contract with Berkeley Community Media (no change in funding since 2005 - despite increases in operational expenditures)

# FY 2024 OTHER FUNDING NEEDS

- General Liability & Property Insurance Premium Increase
- Implementation of Hardhat Ordinance
- Implementation of Employer of Choice Initiative
- Personnel/Labor Costs
- Marina Fund Operational Shortfall
- Parking Funds Operational Shortfall
- Paramedic Tax Operational Shortfall

## Recommendations

- Work with Budget and Finance Policy Committee on Closing General Fund Deficit
  - Measure P program expenditures in particular
- Defer Consideration of General Fund funding requests until AAO#1
- **Budget and Finance Policy Committee**
  - June 22 scheduled meeting
- **Council**
  - FY 24 Budget and AAO Adoption on June 27